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September 25, 2020

Non-consolidated Financial Results for the Three Months Ended August 31, 2020 (Under Japanese GAAP)

Company name: MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8155
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 Scheduled date to file quarterly securities report: October 15, 2020
 Scheduled date to commence dividend payment: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

1. Non-consolidated financial results for the three months ended August 31, 2020 (from June 1, 2020 to August 31, 2020)

(1) Non-consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended August 31, 2020	22,913	(3.8)	1,593	0.5	1,549	2.9	1,067	3.0
August 31, 2019	23,806	3.4	1,585	6.0	1,505	1.5	1,036	1.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2020	33.24	–
August 31, 2019	32.26	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of August 31, 2020	96,243	64,099	66.6
May 31, 2020	101,576	63,541	62.6

Reference: Equity

As of August 31, 2020: ¥64,099 million
 As of May 31, 2020: ¥63,541 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2020	–	16.00	–	16.00	32.00
Fiscal year ending May 31, 2021	–				
Fiscal year ending May 31, 2021 (Forecast)		16.00	–	–	–

Note: Revisions to the forecast of cash dividends most recently announced: Yes

The Company has not yet made a decision concerning the amount of the year-end dividend for the fiscal year ending May 31, 2021.

3. Non-consolidated earnings forecasts for the six months ending November 30, 2020 (from June 1, 2020 to November 30, 2020)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 30, 2020	43,000	(8.9)	3,200	1.4	3,100	3.0	2,130	2.9	66.30

Note: Revisions to the earnings forecasts most recently announced: Yes

Earnings forecasts for the fiscal year ending May 31, 2021, have not yet been determined as it is difficult to quantitatively forecast a future outlook due to the uncertain conditions, such as the spread of the novel coronavirus disease (COVID-19).

*** Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2020	35,497,183 shares
As of May 31, 2020	35,497,183 shares

- (ii) Number of treasury shares at the end of the period

As of August 31, 2020	3,371,380 shares
As of May 31, 2020	3,371,224 shares

- (iii) Average number of shares outstanding during the period

Three months ended August 31, 2020	32,125,841 shares
Three months ended August 31, 2019	32,126,676 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*** Proper use of earnings forecasts, and other special matters**

Forward-looking statements, including the earnings forecasts stated in these materials, are based on information currently available to the Company and assumptions deemed reasonable. Actual business and other results may differ materially from the earnings forecasts due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts, please refer to “(3) Explanation of earnings forecasts and other forward-looking statements” of “1. Qualitative information regarding financial results for the three months ended August 31, 2020” on pages 2 and 3 of the attached materials.

Attached Materials

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1. Qualitative information regarding financial results for the three months ended August 31, 2020

(1) Explanation of operating results

During the three months ended August 31, 2020, the Japanese economy continued to face challenging circumstances due to the impact of COVID-19, yet amid such circumstances, some areas of the economy have been showing improvement as economic activity has gradually resumed.

Even during the COVID-19 pandemic, production of semiconductor silicon wafers remained firm, despite the cautious stance on capital investments among semiconductor- and electronic component-related companies, primary users of the products of MIMASU SEMICONDUCTOR INDUSTRY CO., LTD. (the “Company”).

Amid such business environment, the Company engaged in concerted efforts to improve its operating results, which entailed striking a balance between promoting its cutting-edge processing technologies and lowering costs, while also actively proceeding to promote sales of products developed in-house.

As a result, although net sales for the three months ended August 31, 2020 decreased by 3.8% year on year to ¥22,913 million, operating profit was ¥1,593 million (up 0.5% year on year), ordinary profit was ¥1,549 million (up 2.9%), and profit was ¥1,067 million (up 3.0%).

Semiconductor Division

In this division, production as a whole was steady, mainly for 300-millimeter wafers (including reclaimed wafers). Under these circumstances, we have further promoted quality improvement and cost reduction.

Industrial Sales Division

In this division, we actively engaged in sales promotions of products developed in-house and other products handled by the division. However, sales of other products handled by the division decreased.

Engineering Division

This division specifically assumes the role of development and as such has been actively developing in-house products and selling them through the Industrial Sales Division.

In addition, the division has been actively engaged in developing, designing and manufacturing devices for use in the Semiconductor Division.

(2) Explanation of financial position

Total assets as of August 31, 2020 were ¥96,243 million, down ¥5,332 million from the end of the previous fiscal year, mainly reflecting a decrease in cash and deposits. Total liabilities were ¥32,144 million, down ¥5,890 million, mainly reflecting a decrease in trade payables. Total net assets were ¥64,099 million, mainly reflecting an increase of ¥553 million in retained earnings.

(3) Explanation of earnings forecasts and other forward-looking statements

The outlook of the Japanese economy is likely to remain uncertain due to concerns of the spread of COVID-19 and the US-China trade friction affecting the global economy.

Under such circumstances, the semiconductor industry is expected to see an increase in demand for semiconductors over the medium to long term in association with the penetration of artificial intelligence (AI) and next-generation telecommunication standard (5G).

In this business environment, the Company will strive to improve its operating results by actively proceeding to promote sales particularly of in-house products, while endeavoring to enhance its

competitive strengths by establishing fabrication processes featuring greater precision and substantial productivity.

The previously pending earnings and interim dividend forecasts for the six months ending November 30, 2020, have been separately disclosed today in the “Notice Regarding Earnings and Interim Dividend Forecasts.” With respect to the operating results for the six months ending November 30, 2020, we forecast net sales of ¥43.0 billion, operating profit of ¥3.2 billion, ordinary profit of ¥3.1 billion, and profit of ¥2.13 billion.

In addition, the Company intends to pay an interim dividend of ¥16 per share, which is the same amount as in the previous fiscal year.

Sales of the Semiconductor Division, the Company’s core business, have been on a recovery trend since bottoming out in the fourth quarter of the previous fiscal year.

However, the earnings forecasts for the fiscal year ending May 31, 2021, have not yet been determined as it is difficult to quantitatively forecast a future outlook due to the uncertain conditions, such as the spread of COVID-19. The Company will disclose the earnings forecasts promptly once it is possible to do so.

2. Quarterly non-consolidated financial statements and significant notes thereto

(1) Quarterly non-consolidated balance sheet

(Millions of yen)

	As of May 31, 2020	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	18,333	16,161
Notes and accounts receivable - trade	27,308	27,616
Merchandise and finished goods	1,053	373
Work in process	1,007	862
Raw materials and supplies	2,398	2,338
Other	1,029	681
Allowance for doubtful accounts	(4)	(4)
Total current assets	51,126	48,031
Non-current assets		
Property, plant and equipment		
Buildings, net	23,545	23,558
Machinery and equipment, net	16,397	17,842
Other, net	7,365	3,878
Total property, plant and equipment	47,308	45,279
Intangible assets	1,135	1,081
Investments and other assets		
Other	2,007	1,852
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,006	1,852
Total non-current assets	50,450	48,212
Total assets	101,576	96,243
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,284	19,424
Short-term borrowings	100	75
Income taxes payable	387	425
Provisions	151	521
Other	16,096	10,719
Total current liabilities	37,020	31,166
Non-current liabilities		
Provision for retirement benefits	849	812
Other	165	165
Total non-current liabilities	1,015	978
Total liabilities	38,035	32,144

(Millions of yen)

	As of May 31, 2020	As of August 31, 2020
Net assets		
Shareholders' equity		
Share capital	18,824	18,824
Capital surplus	18,778	18,778
Retained earnings	30,648	31,202
Treasury shares	(4,767)	(4,767)
Total shareholders' equity	63,482	64,036
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	58	50
Deferred gains or losses on hedges	0	12
Total valuation and translation adjustments	58	63
Total net assets	63,541	64,099
Total liabilities and net assets	101,576	96,243

(2) Quarterly non-consolidated statement of income

(Millions of yen)

	Three months ended August 31, 2019	Three months ended August 31, 2020
Net sales	23,806	22,913
Cost of sales	20,941	20,180
Gross profit	2,864	2,732
Selling, general and administrative expenses	1,279	1,139
Operating profit	1,585	1,593
Non-operating income		
Interest income	0	0
Dividend income	7	6
Other	6	9
Total non-operating income	15	17
Non-operating expenses		
Interest expenses	0	0
Loss on sale and retirement of non-current assets	80	53
Other	14	7
Total non-operating expenses	95	61
Ordinary profit	1,505	1,549
Profit before income taxes	1,505	1,549
Income taxes - current	364	351
Income taxes - deferred	104	129
Total income taxes	468	481
Profit	1,036	1,067

(3) Notes to quarterly non-consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes when there are significant changes in amounts of equity

Not applicable.

Segment information

Information on the amounts of net sales for each reportable segment

Three months ended August 31, 2019

(Millions of yen)

	Reportable segments				Adjustments	Amounts in the quarterly non-consolidated statement of income
	Semiconductor Division	Industrial Sales Division	Engineering Division	Total		
Net sales						
Sales from external customers	11,651	12,154	–	23,806	–	23,806
Intersegment sales or transfers	0	48	710	759	(759)	–
Total	11,652	12,202	710	24,565	(759)	23,806

Three months ended August 31, 2020

(Millions of yen)

	Reportable segments				Adjustments	Amounts in the quarterly non-consolidated statement of income
	Semiconductor Division	Industrial Sales Division	Engineering Division	Total		
Net sales						
Sales from external customers	11,317	11,595	–	22,913	–	22,913
Intersegment sales or transfers	1	136	1,096	1,234	(1,234)	–
Total	11,319	11,732	1,096	24,147	(1,234)	22,913