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July 15, 2021

Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2021 (Under Japanese GAAP)

Company name: MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8155
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 Representative: Nobuaki Hosoya, Representative Director and President
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 Scheduled date of annual general meeting of shareholders: August 26, 2021
 Scheduled date to commence dividend payment: August 27, 2021
 Scheduled date to file annual securities report: August 26, 2021
 Preparation of supplementary materials on financial results: None
 Holding of financial results meeting: None

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

1. Non-consolidated financial results for the fiscal year ended May 31, 2021 (from June 1, 2020 to May 31, 2021)

(1) Non-consolidated operating results

(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	%
Fiscal year ended								
May 31, 2021	85,051	(7.6)	6,085	2.6	6,027	7.1	4,133	6.7
May 31, 2020	92,075	(3.2)	5,930	5.0	5,626	2.7	3,874	1.8

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2021	128.68	–	6.3	6.2	7.2
May 31, 2020	120.60	–	6.2	5.7	6.4

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended May 31, 2021: ¥– million

For the fiscal year ended May 31, 2020: ¥– million

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2021	94,135	66,680	70.8	2,075.67
May 31, 2020	101,576	63,541	62.6	1,977.88

Reference: Equity

As of May 31, 2021: ¥66,680 million

As of May 31, 2020: ¥63,541 million

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 31, 2021	22,833	(16,916)	(1,129)	17,121
May 31, 2020	22,261	(20,246)	(1,097)	12,333

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio	Ratio of dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended May 31, 2020	–	16.00	–	16.00	32.00	1,028	26.5	1.7
Fiscal year ended May 31, 2021	–	16.00	–	17.00	33.00	1,060	25.6	1.6
Fiscal year ending May 31, 2022 (Forecast)	–	–	–	–	–		–	

Note: The Company has not yet made a decision concerning the forecast of cash dividends for the fiscal year ending May 31, 2022.

3. Non-consolidated earnings forecasts for the fiscal year ending May 31, 2022 (from June 1, 2021 to May 31, 2022)

The earnings forecasts for the fiscal year ending May 31, 2022, will be disclosed promptly once it is possible to do so.

*** Notes**

(1) 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

(2) Number of issued shares (common shares)

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

As of May 31, 2021	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 May 31, 2021	3,372,221 shares
As of May 31, 2020	3,371,224 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended May 31, 2021	32,125,382 shares
Fiscal year ended May 31, 2020	32,126,269 shares

* Financial results reports are exempt from audit 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 “(4) Future outlook” of “1. Overview of operating results and others” on page 3 of the attached materials.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

(i) General overview

During the fiscal year ended May 31, 2021, the Japanese economy faced challenging circumstances due to the novel coronavirus disease (COVID-19), yet also exhibited signs of improvement particularly with respect to production and exports amid resumption of economic activity.

Amid rebounding capital investment among semiconductor-related companies, primary users of MIMASU SEMICONDUCTOR INDUSTRY CO., LTD. (the “Company”)’s products, investment momentum overall also showed signs of recovery beginning in the latter half of the fiscal year. Moreover, rising demand for semiconductor devices associated with a resumption of economic activity gave rise to steady production of semiconductor silicon wafers despite the COVID-19 pandemic.

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 decreased by 7.6% year on year to ¥85,051 million, operating profit was ¥6,085 million (up 2.6% year on year), ordinary profit was ¥6,027 million (up 7.1%), and profit was ¥4,133 million (up 6.7%).

(ii) Overview by segment

Net sales by segment and overview of business are as follows. Note that the amounts of net sales include intersegment sales or transfers.

Semiconductor Division

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

As a result, net sales in this division amounted to ¥46,532 million (up 2.2% year on year).

Industrial Sales Division

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

Nevertheless, sales of products developed in-house as well as those of other products handled by the division decreased since a cautious approach toward capital investment overall were prevalent due to COVID-19.

As a result, net sales in this division amounted to ¥39,102 million (down 16.6% year on year).

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.

Despite these efforts, net sales in this division amounted to ¥3,203 million (down 44.7% year on year) due to sluggish capital investment among the division’s user companies.

(2) Overview of financial position for the fiscal year

Total assets as of the end of the fiscal year under review were ¥94,135 million, down ¥7,441 million from the end of the previous fiscal year, mainly reflecting a decrease in property, plant and equipment. Total liabilities were ¥27,454 million, down ¥10,580 million, mainly reflecting a decrease in accounts payable - other. Total net assets were ¥66,680 million mainly reflecting an increase of ¥3,105 million in retained earnings.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents (“cash”) as of the end of the fiscal year under review amounted to ¥17,121 million, up ¥4,787 million from the end of the previous fiscal year.

The status of the respective cash flow categories and factors thereof were as follows:

Cash flows from operating activities

Net cash provided by operating activities during the fiscal year under review amounted to ¥22,833 million (up ¥571 million year on year). This was mainly due to an increase in cash largely attributable to profit before income taxes of ¥6,027 million, depreciation of ¥16,505 million, and a decrease in trade receivables of ¥3,098 million, despite a decrease in cash largely attributable to a decrease in trade payables of ¥2,018 million, and income taxes paid of ¥834 million.

Cash flows from investing activities

Net cash used in investing activities during the fiscal year under review amounted to ¥16,916 million (down ¥3,329 million year on year). This was mainly due to purchase of property, plant and equipment of ¥16,568 million, in association with capital investments carried out during the fiscal year.

Cash flows from financing activities

Net cash used in financing activities during the fiscal year under review amounted to ¥1,129 million (up ¥32 million year on year). This was mainly due to dividends paid of ¥1,026 million.

(4) Future outlook

As for the outlook ahead, despite concerns of the spread of COVID-19 affecting the global economy, the Japanese economy is likely to encounter persisting momentum toward gradual recovery on the back of various economic measures and improvement in overseas economies.

Under such circumstances, demand for 300-millimeter silicon wafers is poised to mount a recovery amid strong demand with respect to wafers for logic use followed by expected recovery in wafers for memory use, which gives rise to the likelihood of persistently high levels of production over the medium to long term. Moreover, with the environment surrounding the Company undergoing drastic changes largely as a consequence of the international semiconductor shortage, the Company’s earnings forecasts for the next fiscal year have yet to be determined given difficulties at this point in time in terms of rationally calculating the earnings forecasts for the coming year.

The Company will disclose the earnings forecasts promptly once it is possible to do so.

(5) Basic policy on profit sharing and dividends for the current fiscal year and the next fiscal year

The Company considers improvement of operating results and sharing of profits with its shareholders as important management issues. The Company’s basic policy is to provide shareholders with sustainable and stable dividends while securing internal reserves necessary for the enhancement of

management base. As such, we will make use of our internal reserve funds making effective investment for business enhancement toward future growth.

The Company intends to pay a year-end dividend of ¥17 per share, which is ¥1 per share higher than the interim dividend paid earlier. Therefore, annual dividends will amount to ¥33 per share, an increase of ¥1 per share in comparison with the previous fiscal year.

Annual dividends for the next fiscal year are as yet undetermined given difficulties inherent in calculating the earnings forecasts at this point in time.

The Company will disclose the forecast of cash dividends promptly once it is possible to do so.

2. Basic policy on selection of accounting standards

The Company's policy, for the time being, is to prepare the non-consolidated financial statements in accordance with the Japanese GAAP taking into consideration the comparability between non-consolidated financial statements over different accounting periods and of different companies.

The Company will respond appropriately concerning the adoption of the International Financial Reporting Standards (IFRS) upon consideration of various factors in Japan and overseas.

3. Non-consolidated financial statements and significant notes thereto**(1) Non-consolidated balance sheet**

(Millions of yen)

	As of May 31, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	18,333	23,121
Notes receivable - trade	1,220	897
Accounts receivable - trade	26,087	23,312
Merchandise and finished goods	1,053	774
Work in process	1,007	1,405
Raw materials and supplies	2,398	2,623
Advance payments to suppliers	230	152
Prepaid expenses	794	794
Other	4	1
Allowance for doubtful accounts	(4)	(2)
Total current assets	51,126	53,081
Non-current assets		
Property, plant and equipment		
Buildings, net	23,545	22,593
Structures, net	794	774
Machinery and equipment, net	16,397	8,782
Vehicles, net	54	43
Tools, furniture and fixtures, net	654	811
Land	1,951	1,974
Construction in progress	3,911	3,121
Total property, plant and equipment	47,308	38,100
Intangible assets		
Software	346	404
Other	788	532
Total intangible assets	1,135	936
Investments and other assets		
Investment securities	361	447
Long-term prepaid expenses	177	120
Deferred tax assets	1,381	1,362
Other	86	86
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,006	2,016
Total non-current assets	50,450	41,054
Total assets	101,576	94,135

(Millions of yen)

	As of May 31, 2020	As of May 31, 2021
Liabilities		
Current liabilities		
Notes payable - trade	1,219	845
Accounts payable - trade	19,065	17,421
Current portion of long-term borrowings	100	–
Accounts payable - other	13,336	3,155
Accrued expenses	1,557	1,479
Income taxes payable	387	1,472
Advances received	234	129
Deposits received	95	40
Provision for bonuses for directors (and other officers)	85	86
Provision for product warranties	66	69
Other	872	1,890
Total current liabilities	37,020	26,590
Non-current liabilities		
Provision for retirement benefits	849	698
Asset retirement obligations	5	5
Other	160	160
Total non-current liabilities	1,015	864
Total liabilities	38,035	27,454
Net assets		
Shareholders' equity		
Share capital	18,824	18,824
Capital surplus		
Legal capital surplus	18,778	18,778
Total capital surplus	18,778	18,778
Retained earnings		
Legal retained earnings	689	689
Other retained earnings		
General reserve	7,900	7,900
Retained earnings brought forward	22,058	25,164
Total retained earnings	30,648	33,754
Treasury shares	(4,767)	(4,770)
Total shareholders' equity	63,482	66,585
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	58	109
Deferred gains or losses on hedges	0	(14)
Total valuation and translation adjustments	58	94
Total net assets	63,541	66,680
Total liabilities and net assets	101,576	94,135

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Net sales	92,075	85,051
Cost of sales	81,310	73,998
Gross profit	10,765	11,052
Selling, general and administrative expenses	4,834	4,967
Operating profit	5,930	6,085
Non-operating income		
Interest income	2	1
Dividend income	12	10
Purchase discounts	7	7
Gain on sale of non-current assets	1	20
Other	23	31
Total non-operating income	47	71
Non-operating expenses		
Interest expenses	0	0
Loss on sale and retirement of non-current assets	334	128
Other	17	0
Total non-operating expenses	352	128
Ordinary profit	5,626	6,027
Profit before income taxes	5,626	6,027
Income taxes - current	1,210	1,888
Income taxes - deferred	541	5
Total income taxes	1,751	1,894
Profit	3,874	4,133

(3) Non-consolidated statement of changes in equity

Fiscal year ended May 31, 2020

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus	Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
				General reserve	Retained earnings brought forward			
Balance at beginning of period	18,824	18,778	689	7,900	19,180	27,769	(4,766)	60,605
Changes during period								
Dividends of surplus					(995)	(995)		(995)
Profit					3,874	3,874		3,874
Purchase of treasury shares							(1)	(1)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	2,878	2,878	(1)	2,877
Balance at end of period	18,824	18,778	689	7,900	22,058	30,648	(4,767)	63,482

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	58	1	59	60,665
Changes during period				
Dividends of surplus				(995)
Profit				3,874
Purchase of treasury shares				(1)
Net changes in items other than shareholders' equity	(0)	(0)	(1)	(1)
Total changes during period	(0)	(0)	(1)	2,875
Balance at end of period	58	0	58	63,541

Fiscal year ended May 31, 2021

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus	Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
				General reserve	Retained earnings brought forward			
Balance at beginning of period	18,824	18,778	689	7,900	22,058	30,648	(4,767)	63,482
Changes during period								
Dividends of surplus					(1,028)	(1,028)		(1,028)
Profit					4,133	4,133		4,133
Purchase of treasury shares							(2)	(2)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	3,105	3,105	(2)	3,103
Balance at end of period	18,824	18,778	689	7,900	25,164	33,754	(4,770)	66,585

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	58	0	58	63,541
Changes during period				
Dividends of surplus				(1,028)
Profit				4,133
Purchase of treasury shares				(2)
Net changes in items other than shareholders' equity	51	(14)	36	36
Total changes during period	51	(14)	36	3,139
Balance at end of period	109	(14)	94	66,680

(4) Non-consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Cash flows from operating activities		
Profit before income taxes	5,626	6,027
Depreciation	18,585	16,505
Increase (decrease) in allowance for doubtful accounts	(7)	(1)
Increase (decrease) in provision for bonuses for directors (and other officers)	-	1
Increase (decrease) in provision for product warranties	1	2
Increase (decrease) in provision for retirement benefits	(478)	(150)
Interest and dividend income	(15)	(11)
Interest expenses	0	0
Foreign exchange losses (gains)	0	(0)
Loss on retirement of property, plant and equipment	70	49
Decrease (increase) in trade receivables	(855)	3,098
Decrease (increase) in inventories	952	(343)
Increase (decrease) in trade payables	(470)	(2,018)
Other, net	830	497
Subtotal	24,240	23,655
Interest and dividends received	15	12
Interest paid	(0)	(0)
Income taxes paid	(1,992)	(834)
Net cash provided by (used in) operating activities	22,261	22,833
Cash flows from investing activities		
Payments into time deposits	(12,000)	(12,000)
Proceeds from withdrawal of time deposits	12,000	12,000
Purchase of property, plant and equipment	(19,507)	(16,568)
Proceeds from sale of property, plant and equipment	13	20
Purchase of intangible assets	(475)	(266)
Purchase of investment securities	(15)	(15)
Other, net	(261)	(86)
Net cash provided by (used in) investing activities	(20,246)	(16,916)
Cash flows from financing activities		
Repayments of long-term borrowings	(100)	(100)
Purchase of treasury shares	(1)	(2)
Dividends paid	(995)	(1,026)
Net cash provided by (used in) financing activities	(1,097)	(1,129)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	917	4,787
Cash and cash equivalents at beginning of period	11,415	12,333
Cash and cash equivalents at end of period	12,333	17,121

(5) Notes to non-consolidated financial statements

Notes on premise of going concern

Not applicable.

Share of profit (loss) of entities accounted for using equity method, etc.

Not applicable.

Segment information

1. Overview of reportable segments

Reportable segments are constituent units of the Company for which financial information is separately available. These segments have their operating results and allocation of business resources reviewed periodically by the Company's Board of Directors.

The Company engages in business through its three business divisions, namely the Semiconductor Division, Industrial Sales Division and Engineering Division, all three of which serve as reportable segments.

The Semiconductor Division engages in processing and sales of semiconductor materials such as prime wafers and reclaimed wafers. The Industrial Sales Division engages in sales of precision instruments such as measuring instruments, testing devices, and products incidental to such products, as well as products manufactured by the Engineering Division. The Engineering Division engages in development, design and manufacturing of devices that include semiconductor-related automation equipment.

2. Methods of calculating the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting treatment method for reported business segments is in accordance with the accounting policies adopted for preparing the non-consolidated financial statements.

The profit stated for a reportable segment is a figure based on operating profit. Intersegment revenue and transfer figures are based on prevailing market prices.

3. Information on the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment

Fiscal year ended May 31, 2020

(Millions of yen)

	Reportable segments				Adjustments (Note) 1	Amounts in the non- consolidated financial statements (Note) 2
	Semiconductor Division	Industrial Sales Division	Engineering Division	Total		
Net sales						
Sales from external customers	45,533	46,541	–	92,075	–	92,075
Intersegment sales or transfers	4	363	5,797	6,165	(6,165)	–
Total	45,538	46,905	5,797	98,240	(6,165)	92,075
Segment profit	4,356	1,331	1,000	6,688	(758)	5,930
Segment assets	62,031	18,501	3,877	84,410	17,166	101,576
Other items						
Depreciation	18,534	15	12	18,562	22	18,585
Impairment losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	22,630	17	10	22,658	26	22,684

Notes: 1. “Adjustments” include the following:

- (1) “Adjustments” of negative ¥758 million in “Segment profit” indicate the elimination of intersegment transactions.
 - (2) “Adjustments” of ¥17,166 million in “Segment assets” include negative ¥3,398 million for the elimination of intersegment transactions and ¥20,565 million of corporate assets that are not allocated to any reportable segment. The corporate assets are mainly funds to manage surplus assets (cash and deposits) and assets related to administration departments that are not attributable to a reportable segment.
 - (3) “Adjustments” of ¥22 million in “Depreciation” and “Adjustments” of ¥26 million in “Increase in property, plant and equipment and intangible assets” under “Other items” are mainly related to corporate assets that are not attributable to a reportable segment.
2. Segment profit is adjusted with operating profit in the non-consolidated statement of income.
 3. Because the Engineering Division specifically assumes the role of development it does not generate net sales through business with external customers. Instead, sales with respect to the Engineering Division are conducted through the Industrial Sales Division.

Fiscal year ended May 31, 2021

(Millions of yen)

	Reportable segments				Adjustments (Note) 1	Amounts in the non- consolidated financial statements (Note) 2
	Semiconductor Division	Industrial Sales Division	Engineering Division	Total		
Net sales						
Sales from external customers	46,529	38,522	–	85,051	–	85,051
Intersegment sales or transfers	3	579	3,203	3,786	(3,786)	–
Total	46,532	39,102	3,203	88,838	(3,786)	85,051
Segment profit	5,071	894	551	6,517	(432)	6,085
Segment assets	53,321	14,543	1,962	69,826	24,308	94,135
Other items						
Depreciation	16,445	18	15	16,479	26	16,505
Impairment losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	7,089	24	26	7,140	7	7,148

Notes: 1. “Adjustments” include the following:

- (1) “Adjustments” of negative ¥432 million in “Segment profit” indicate the elimination of intersegment transactions.
 - (2) “Adjustments” of ¥24,308 million in “Segment assets” include negative ¥1,101 million for the elimination of intersegment transactions and ¥25,410 million of corporate assets that are not allocated to any reportable segment. The corporate assets are mainly funds to manage surplus assets (cash and deposits) and assets related to administration departments that are not attributable to a reportable segment.
 - (3) “Adjustments” of ¥26 million in “Depreciation” and “Adjustments” of ¥7 million in “Increase in property, plant and equipment and intangible assets” under “Other items” are mainly related to corporate assets that are not attributable to a reportable segment.
2. Segment profit is adjusted with operating profit in the non-consolidated statement of income.
 3. Because the Engineering Division specifically assumes the role of development it does not generate net sales through business with external customers. Instead, sales with respect to the Engineering Division are conducted through the Industrial Sales Division.

Per share information

(Yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Net assets per share	1,977.88	2,075.67
Basic earnings per share	120.60	128.68

Notes: 1. Diluted earnings per share are not presented because there are no potential shares.
2. The basis for calculation of net assets per share is as follows:

	As of May 31, 2020	As of May 31, 2021
Total net assets (Millions of yen)	63,541	66,680
Amount deducted from total net assets (Millions of yen)	–	–
Amount of net assets at the end of the fiscal year related to common share (Millions of yen)	63,541	66,680
Number of issued common shares (Thousands of shares)	35,497	35,497
Number of common shares held as treasury shares (Thousands of shares)	3,371	3,372
Number of common shares at the end of the fiscal year used for calculation of net assets per share (Thousands of shares)	32,125	32,124

3. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Basic earnings per share		
Profit (Millions of yen)	3,874	4,133
Amount not attributed to common shareholders (Millions of yen)	–	–
Profit related to common share (Millions of yen)	3,874	4,133
Average number of common shares outstanding during the period (Thousands of shares)	32,126	32,125

Significant subsequent events

Not applicable.