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July 15, 2022

Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2022 (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, 2022
 Scheduled date to commence dividend payment: August 29, 2022
 Scheduled date to file annual securities report: August 26, 2022
 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, 2022 (from June 1, 2021 to May 31, 2022)

(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, 2022	74,432	–	7,557	24.2	7,564	25.5	5,126	24.0
May 31, 2021	85,051	(7.6)	6,085	2.6	6,027	7.1	4,133	6.7

	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, 2022	159.59	–	7.5	7.6	10.2
May 31, 2021	128.68	–	6.3	6.2	7.2

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

For the fiscal year ended May 31, 2022: ¥– million

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

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and each figure for the fiscal year ended May 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. Year-on-year changes have not been stated with respect to net sales that are significantly affected by application of said accounting standard and relevant ASBJ regulations.

(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, 2022	104,280	70,602	67.7	2,197.78
May 31, 2021	94,135	66,680	70.8	2,075.67

Reference: Equity

As of May 31, 2022: ¥70,602 million

As of May 31, 2021: ¥66,680 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, 2022	9,595	(6,238)	(1,156)	19,326
May 31, 2021	22,833	(16,916)	(1,129)	17,121

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			
Fiscal year ended May 31, 2021	Yen –	Yen 16.00	Yen –	Yen 17.00	Yen 33.00	Millions of yen 1,060	% 25.6	% 1.6
Fiscal year ended May 31, 2022	–	19.00	–	26.00	45.00	1,445	28.2	2.1
Fiscal year ending May 31, 2023 (Forecast)	–	–	–	–	–		–	

Note: The year-end dividend for the fiscal year ended May 31, 2022 has been changed from ¥21 to ¥26. The Company has not yet made a dividend forecast for the fiscal year ending May 31, 2023.

3. Non-consolidated earnings forecasts for the fiscal year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

Earnings forecasts for the fiscal year ending May 31, 2023 have yet to be determined given difficulties at this point in time in terms of rationally calculating the earnings forecasts. The Company will disclose the earnings forecasts 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: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: Yes
- (iv) Restatement: None

Note: For details, please refer to “Changes in accounting policies” and “Changes in accounting estimates” under “(5) Notes to non-consolidated financial statements” of “3. Non-consolidated financial statements and significant notes thereto” on pages 11 and 12 of the attached materials.

(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, 2022	35,497,183 shares
As of May 31, 2021	35,497,183 shares

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

As of May 31, 2022	3,372,572 shares
As of May 31, 2021	3,372,221 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended May 31, 2022	32,124,727 shares
Fiscal year ended May 31, 2021	32,125,382 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

MIMASU SEMICONDUCTOR INDUSTRY CO., LTD. (the “Company”) has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and each figure for the fiscal year ended May 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. Year-on-year changes have not been stated with respect to net sales that are significantly affected by application of said accounting standard and relevant ASBJ regulations.

(1) Overview of operating results for the fiscal year

(i) General overview

During the fiscal year ended May 31, 2022, the Japanese economy followed a trend of recovery overall given factors that include improvements in capital investments and production, despite the persisting effects of the novel coronavirus disease (COVID-19).

Capital investments among semiconductor-related companies, the primary users of the Company’s products, were vigorous. In addition, production of semiconductor silicon wafers remained at a high level, driven by strong demand for semiconductor devices.

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, net sales amounted to ¥74,432 million, operating profit was ¥7,557 million (up 24.2% year on year), ordinary profit was ¥7,564 million (up 25.5%), and profit was ¥5,126 million (up 24.0%).

(ii) Overview by segment

Operating results by segment are as follows. Note that the amounts of net sales and profit include the amounts related to intersegment transactions.

Semiconductor Division

In this division, production was strong 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 ¥48,449 million, and segment profit (operating profit) was ¥5,720 million (up 12.8% 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.

Meanwhile, sales of other products handled by the division decreased due to application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. As a result, net sales in this division amounted to ¥27,516 million, and segment profit (operating profit) was ¥1,540 million (up 72.2% 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.

As a result, net sales in this division amounted to ¥5,089 million, and segment profit (operating profit) was ¥676 million (up 22.6% year on year).

(2) Overview of financial position for the fiscal year

Total assets as of the end of the fiscal year under review were ¥104,280 million, up ¥10,145 million from the end of the previous fiscal year, mainly reflecting an increase in trade receivables. Total liabilities were ¥33,677 million, up ¥6,223 million, mainly reflecting an increase in trade payables. Total net assets were ¥70,602 million, mainly reflecting an increase of ¥3,956 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 ¥19,326 million, up ¥2,205 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 ¥9,595 million (down ¥13,238 million year on year). This was mainly due to an increase in cash largely attributable to profit before income taxes of ¥7,503 million, depreciation of ¥13,219 million, and an increase in trade payables of ¥5,855 million, despite a decrease in cash largely attributable to an increase in trade receivables of ¥12,875 million, and income taxes paid of ¥2,253 million.

Cash flows from investing activities

Net cash used in investing activities during the fiscal year under review amounted to ¥6,238 million (down ¥10,677 million year on year). This was mainly due to purchase of property, plant and equipment of ¥5,969 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 ¥1,156 million (up ¥26 million year on year). This was mainly due to dividends paid of ¥1,155 million.

(4) Future outlook

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

Under such circumstances, in the semiconductor industry, a strong demand for silicon wafers is expected, which gives rise to the likelihood of persistently high levels of production over the medium to long term. However, with the environment surrounding the Company undergoing drastic changes, including energy costs and raw material prices rising due to higher resource prices, 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 had previously announced a year-end dividend forecast of ¥21 per share for the current fiscal year. However, after taking into consideration business performance and other factors, the Company plans to raise the amount of year-end dividend by ¥5 to ¥26 per share. Therefore, annual dividends will amount to ¥45 per share, an increase of ¥12 per share in comparison with the previous fiscal year.

Annual dividends for the next fiscal year have yet to be determined 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, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	23,121	25,326
Notes receivable - trade	897	1,071
Accounts receivable - trade	23,312	35,989
Merchandise and finished goods	774	1,101
Work in process	1,405	1,695
Raw materials and supplies	2,623	2,861
Advance payments to suppliers	152	1,021
Prepaid expenses	794	638
Other	1	7
Allowance for doubtful accounts	(2)	(4)
Total current assets	53,081	69,709
Non-current assets		
Property, plant and equipment		
Buildings, net	22,593	20,381
Structures, net	774	912
Machinery and equipment, net	8,782	4,794
Vehicles, net	43	58
Tools, furniture and fixtures, net	811	713
Land	1,974	2,084
Construction in progress	3,121	1,476
Total property, plant and equipment	38,100	30,422
Intangible assets		
Software	404	418
Other	532	439
Total intangible assets	936	858
Investments and other assets		
Investment securities	447	417
Long-term prepaid expenses	120	127
Deferred tax assets	1,362	2,657
Other	86	88
Allowance for doubtful accounts	(0)	-
Total investments and other assets	2,016	3,291
Total non-current assets	41,054	34,571
Total assets	94,135	104,280

(Millions of yen)

	As of May 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Notes payable - trade	845	1,093
Accounts payable - trade	17,421	23,028
Accounts payable - other	3,155	2,957
Accrued expenses	1,479	2,282
Income taxes payable	1,472	2,930
Contract liabilities	-	247
Advances received	129	-
Deposits received	40	39
Provision for bonuses for directors (and other officers)	86	89
Provision for product warranties	69	72
Other	1,890	384
Total current liabilities	26,590	33,126
Non-current liabilities		
Provision for retirement benefits	698	385
Asset retirement obligations	5	5
Other	160	160
Total non-current liabilities	864	551
Total liabilities	27,454	33,677
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	25,164	29,121
Total retained earnings	33,754	37,710
Treasury shares	(4,770)	(4,770)
Total shareholders' equity	66,585	70,541
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	109	112
Deferred gains or losses on hedges	(14)	(51)
Total valuation and translation adjustments	94	61
Total net assets	66,680	70,602
Total liabilities and net assets	94,135	104,280

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Net sales	85,051	74,432
Cost of sales	73,998	60,479
Gross profit	11,052	13,953
Selling, general and administrative expenses	4,967	6,396
Operating profit	6,085	7,557
Non-operating income		
Interest income	1	1
Dividend income	10	13
Foreign exchange gains	4	56
Insurance claim income	3	20
Gain on sale of non-current assets	20	10
Other	31	29
Total non-operating income	71	131
Non-operating expenses		
Interest expenses	0	0
Loss on sale and retirement of non-current assets	128	123
Other	0	0
Total non-operating expenses	128	124
Ordinary profit	6,027	7,564
Extraordinary losses		
Impairment losses	–	45
Loss on sale of investment securities	–	16
Total extraordinary losses	–	61
Profit before income taxes	6,027	7,503
Income taxes - current	1,888	3,645
Income taxes - deferred	5	(1,269)
Total income taxes	1,894	2,376
Profit	4,133	5,126

(3) Non-consolidated statement of changes in equity

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
Cumulative effects of changes in accounting policies						-		-
Restated balance	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
Cumulative effects of changes in accounting policies				-
Restated balance	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

Fiscal year ended May 31, 2022

(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	25,164	33,754	(4,770)	66,585
Cumulative effects of changes in accounting policies					(13)	(13)		(13)
Restated balance	18,824	18,778	689	7,900	25,150	33,740	(4,770)	66,572
Changes during period								
Dividends of surplus					(1,156)	(1,156)		(1,156)
Profit					5,126	5,126		5,126
Purchase of treasury shares							(0)	(0)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	3,970	3,970	(0)	3,969
Balance at end of period	18,824	18,778	689	7,900	29,121	37,710	(4,770)	70,541

	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	109	(14)	94	66,680
Cumulative effects of changes in accounting policies				(13)
Restated balance	109	(14)	94	66,667
Changes during period				
Dividends of surplus				(1,156)
Profit				5,126
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	2	(36)	(33)	(33)
Total changes during period	2	(36)	(33)	3,935
Balance at end of period	112	(51)	61	70,602

(4) Non-consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,027	7,503
Depreciation	16,505	13,219
Impairment losses	–	45
Increase (decrease) in allowance for doubtful accounts	(1)	1
Increase (decrease) in provision for bonuses for directors (and other officers)	1	2
Increase (decrease) in provision for product warranties	2	3
Increase (decrease) in provision for retirement benefits	(150)	(313)
Interest and dividend income	(11)	(14)
Interest expenses	0	0
Foreign exchange losses (gains)	(0)	(4)
Loss on retirement of property, plant and equipment	49	30
Decrease (increase) in trade receivables	3,098	(12,875)
Decrease (increase) in inventories	(343)	(838)
Increase (decrease) in trade payables	(2,018)	5,855
Other, net	497	(782)
Subtotal	23,655	11,833
Interest and dividends received	12	14
Interest paid	(0)	(0)
Income taxes paid	(834)	(2,253)
Net cash provided by (used in) operating activities	22,833	9,595
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	(16,568)	(5,969)
Proceeds from sale of property, plant and equipment	20	15
Purchase of intangible assets	(266)	(196)
Purchase of investment securities	(15)	(15)
Proceeds from sale of investment securities	–	29
Other, net	(86)	(101)
Net cash provided by (used in) investing activities	(16,916)	(6,238)
Cash flows from financing activities		
Repayments of long-term borrowings	(100)	–
Purchase of treasury shares	(2)	(0)
Dividends paid	(1,026)	(1,155)
Net cash provided by (used in) financing activities	(1,129)	(1,156)
Effect of exchange rate change on cash and cash equivalents	0	4
Net increase (decrease) in cash and cash equivalents	4,787	2,205
Cash and cash equivalents at beginning of period	12,333	17,121
Cash and cash equivalents at end of period	17,121	19,326

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

Not applicable.

Changes in accounting policies*Application of Accounting Standard for Revenue Recognition, etc.*

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

Major changes due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations are as follows:

- Whereas revenue from export sales was previously recognized primarily at the shipping date, the Company has changed this method such that revenue is to be recognized at the point in time when assumption of risk transfers to the customer pursuant to the Incoterms and other trade terms.
- For transactions in which the Company acts as an agent, the full amount of the consideration received from customers was previously recognized as revenue, but the Company has changed this method such that revenue is to be recognized at the net consideration amount.
- For some sales in which revenue has been recognized at a certain point in time, the Company has changed its method of recognizing revenue such that revenue is to be recognized over time in accordance with progress made in satisfying performance obligations.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance.

In addition, “Advances received” under current liabilities of the non-consolidated balance sheet as of the end of the previous fiscal year has been included in “Contract liabilities” under current liabilities from the fiscal year under review. However, in accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

As a result of this change, for the fiscal year under review, net sales decreased by ¥19,488 million, cost of sales decreased by ¥19,451 million, and operating profit, ordinary profit and profit before income taxes each decreased by ¥36 million. In addition, the balance of retained earnings at beginning of period decreased by ¥13 million.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no effect on the non-consolidated financial statements.

Changes in presentation*Non-consolidated statement of income*

“Foreign exchange gains” and “Insurance claim income,” which were included in “Other” under non-operating income in the previous fiscal year, have been separately presented from the fiscal year under review due to increased materiality of the amounts. To reflect this change in presentation, the non-consolidated financial statements for the previous fiscal year have been reclassified.

“Purchase discounts” under non-operating income, which was separately presented in the previous fiscal year, has been included in “Other” under non-operating income from the fiscal year under review due to decreased materiality of the amount. To reflect this change in presentation, the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, of items under non-operating income, ¥7 million presented as “Purchase discounts” and ¥31 million presented as “Other” in the non-consolidated statement of income for the previous fiscal year have been reclassified as “Foreign exchange gains” of ¥4 million, “Insurance claim income” of ¥3 million and “Other” of ¥31 million.

Changes in accounting estimates*Changes in useful lives*

Having reviewed the usage conditions, etc. of some air-conditioning facilities, the Company has found that there are differences between numbers of years of useful life applied in the past and expected economic life with respect to such facilities. Accordingly, from the fiscal year under review, the Company has revised figures for useful life and has applied the change prospectively.

Following this change, for the fiscal year under review, depreciation increased by ¥2,391 million relative to the previous approach, while operating profit, ordinary profit and profit before income taxes each decreased by ¥2,366 million.

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, 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.

Fiscal year ended May 31, 2022

(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	48,447	25,984	–	74,432	–	74,432
Intersegment sales or transfers	2	1,531	5,089	6,623	(6,623)	–
Total	48,449	27,516	5,089	81,056	(6,623)	74,432
Segment profit	5,720	1,540	676	7,937	(380)	7,557
Segment assets	52,402	23,037	3,718	79,159	25,121	104,280
Other items						
Depreciation	13,155	19	17	13,192	27	13,219
Impairment losses	45	–	–	45	–	45
Increase in property, plant and equipment and intangible assets	5,455	28	16	5,500	46	5,547

Notes: 1. “Adjustments” include the following:

- (1) “Adjustments” of negative ¥380 million in “Segment profit” indicate the elimination of intersegment transactions.
 - (2) “Adjustments” of ¥25,121 million in “Segment assets” include negative ¥3,789 million for the elimination of intersegment transactions and ¥28,911 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 ¥27 million in “Depreciation” and “Adjustments” of ¥46 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.

4. Matters concerning changes to reportable segments

As described in “Changes in accounting policies,” the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations from the beginning of the fiscal year under review, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of business segments.

For the fiscal year under review, as a result of this change, and compared with the figures obtained by the previous method, net sales and segment profit decreased by ¥54 million and ¥32 million, respectively, for the Semiconductor Division, and net sales and segment profit decreased by ¥19,433 million and ¥3 million, respectively, for the Industrial Sales Division.

Per share information

(Yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Net assets per share	2,075.67	2,197.78
Basic earnings per share	128.68	159.59

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, 2021	As of May 31, 2022
Total net assets (Millions of yen)	66,680	70,602
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)	66,680	70,602
Number of issued common shares (Thousands of shares)	35,497	35,497
Number of common shares held as treasury shares (Thousands of shares)	3,372	3,372
Number of common shares at the end of the fiscal year used for calculation of net assets per share (Thousands of shares)	32,124	32,124

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

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Basic earnings per share		
Profit (Millions of yen)	4,133	5,126
Amount not attributed to common shareholders (Millions of yen)	–	–
Profit related to common share (Millions of yen)	4,133	5,126
Average number of common shares outstanding during the period (Thousands of shares)	32,125	32,124

Significant subsequent events

Not applicable.