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September 30, 2022

Non-consolidated Financial Results for the Three Months Ended August 31, 2022 (Under Japanese GAAP)

Company name: MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8155
 URL: <https://www.mimasu.co.jp/>
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 Scheduled date to file quarterly securities report: October 14, 2022
 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, 2022 (from June 1, 2022 to August 31, 2022)

(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, 2022 | 20,104 | 17.8 | 3,203 | 75.7 | 3,219 | 74.6 | 2,233 | 74.4 |
| August 31, 2021 | 17,069 | – | 1,823 | 14.5 | 1,843 | 19.0 | 1,280 | 19.9 |

| | Basic earnings per share | Diluted earnings per share |
|------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three months ended August 31, 2022 | 69.52 | – |
| August 31, 2021 | 39.86 | – |

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 previous fiscal year, and each figure for the first three months of 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 for the first three months of the fiscal year ended May 31, 2022 because they were 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 |
|-----------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| August 31, 2022 | 105,737 | 71,981 | 68.1 |
| May 31, 2022 | 104,280 | 70,602 | 67.7 |

Reference: Equity

As of August 31, 2022: ¥71,981 million

As of May 31, 2022: ¥70,602 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, 2022 | – | 19.00 | – | 26.00 | 45.00 |
| Fiscal year ending May 31, 2023 | – | | | | |
| Fiscal year ending May 31, 2023 (Forecast) | | 32.00 | – | 32.00 | 64.00 |

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

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

(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 |
| Fiscal year ending May 31, 2023 | 85,000 | 14.2 | 11,000 | 45.6 | 11,000 | 45.4 | 7,500 | 46.3 | 233.47 |

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

*** 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, 2022 | 35,497,183 shares |
| As of May 31, 2022 | 35,497,183 shares |

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

| | |
|-----------------------|------------------|
| As of August 31, 2022 | 3,372,609 shares |
| As of May 31, 2022 | 3,372,572 shares |

(iii) Average number of shares outstanding during the period

| | |
|------------------------------------|-------------------|
| Three months ended August 31, 2022 | 32,124,574 shares |
| Three months ended August 31, 2021 | 32,124,899 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, 2022” on page 3 of the attached materials.

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1. Qualitative information regarding financial results for the three months ended August 31, 2022

(1) Explanation of operating results

During the three months ended August 31, 2022, the Japanese economy followed a trend of moderate recovery overall as the effects of the novel coronavirus disease (COVID-19) eased, despite the impact of the worldwide surge in resource prices and other factors.

Capital investments among semiconductor-related companies, the primary users of the Company's products, were steady. 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 for the three months ended August 31, 2022 increased by 17.8% year on year to ¥20,104 million, operating profit was ¥3,203 million (up 75.7% year on year), ordinary profit was ¥3,219 million (up 74.6%), and profit was ¥2,233 million (up 74.4%).

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 ¥13,696 million (up 23.4% year on year), and segment profit (operating profit) was ¥2,752 million (up 96.2%).

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.

As a result, sales of other products handled by the division increased, net sales in this division amounted to ¥6,466 million (up 5.0% year on year), and segment profit (operating profit) was ¥392 million (up 33.1%).

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.

Nevertheless, due to delivery dates, net sales in this division amounted to ¥981 million (down 44.5% year on year), and segment profit (operating profit) was ¥143 million (down 40.1%).

(2) Explanation of financial position

Total assets as of August 31, 2022 were ¥105,737 million, up ¥1,456 million from the end of the previous fiscal year, mainly reflecting an increase in trade receivables. Total liabilities were ¥33,755 million, up ¥77 million, mainly reflecting an increase in trade payables. Total net assets were ¥71,981 million, mainly reflecting an increase of ¥1,397 million in retained earnings.

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

As for the outlook ahead, there are concerns regarding the risk of a downturn in overseas economies against the backdrop of global monetary tightening, etc. and the impact of rising resource prices, and the outlook is expected to remain uncertain.

Under such circumstances, the Company will continue striving 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 cash dividend forecasts for the fiscal year ending May 31, 2023, have been disclosed today. With respect to the full-year operating results, we forecast net sales of ¥85.0 billion, operating profit of ¥11.0 billion, ordinary profit of ¥11.0 billion, and profit of ¥7.5 billion.

In addition, the Company intends to pay annual dividends of ¥64 per share, which is ¥19 per share higher than in the previous fiscal year, consisting of an interim dividend and a year-end dividend each amounting to ¥32 per share.

2. Quarterly non-consolidated financial statements and significant notes thereto**(1) Quarterly non-consolidated balance sheet**

(Millions of yen)

| | As of May 31, 2022 | As of August 31, 2022 |
|---------------------------------------|--------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 25,326 | 25,222 |
| Notes and accounts receivable - trade | 37,060 | 38,718 |
| Merchandise and finished goods | 1,101 | 1,138 |
| Work in process | 1,695 | 2,847 |
| Raw materials and supplies | 2,861 | 2,682 |
| Other | 1,668 | 1,601 |
| Allowance for doubtful accounts | (4) | (4) |
| Total current assets | 69,709 | 72,205 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 20,381 | 19,896 |
| Machinery and equipment, net | 4,794 | 3,820 |
| Other, net | 5,246 | 5,569 |
| Total property, plant and equipment | 30,422 | 29,287 |
| Intangible assets | 858 | 816 |
| Investments and other assets | 3,291 | 3,427 |
| Total non-current assets | 34,571 | 33,531 |
| Total assets | 104,280 | 105,737 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 24,122 | 24,846 |
| Income taxes payable | 2,930 | 1,235 |
| Provisions | 162 | 547 |
| Other | 5,911 | 6,609 |
| Total current liabilities | 33,126 | 33,238 |
| Non-current liabilities | | |
| Provision for retirement benefits | 385 | 351 |
| Other | 165 | 165 |
| Total non-current liabilities | 551 | 517 |
| Total liabilities | 33,677 | 33,755 |

(Millions of yen)

| | As of May 31, 2022 | As of August 31, 2022 |
|---|--------------------|-----------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 18,824 | 18,824 |
| Capital surplus | 18,778 | 18,778 |
| Retained earnings | 37,710 | 39,108 |
| Treasury shares | (4,770) | (4,771) |
| Total shareholders' equity | 70,541 | 71,939 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 112 | 99 |
| Deferred gains or losses on hedges | (51) | (57) |
| Total valuation and translation adjustments | 61 | 41 |
| Total net assets | 70,602 | 71,981 |
| Total liabilities and net assets | 104,280 | 105,737 |

(2) Quarterly non-consolidated statement of income

(Millions of yen)

| | Three months ended August 31, 2021 | Three months ended August 31, 2022 |
|---|---------------------------------------|---------------------------------------|
| Net sales | 17,069 | 20,104 |
| Cost of sales | 14,125 | 15,007 |
| Gross profit | 2,944 | 5,096 |
| Selling, general and administrative expenses | 1,120 | 1,892 |
| Operating profit | 1,823 | 3,203 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 7 | 7 |
| Foreign exchange gains | 1 | 39 |
| Other | 14 | 6 |
| Total non-operating income | 23 | 54 |
| Non-operating expenses | | |
| Loss on sale and retirement of non-current assets | 4 | 38 |
| Other | 0 | 0 |
| Total non-operating expenses | 4 | 38 |
| Ordinary profit | 1,843 | 3,219 |
| Profit before income taxes | 1,843 | 3,219 |
| Income taxes - current | 493 | 1,123 |
| Income taxes - deferred | 69 | (137) |
| Total income taxes | 562 | 985 |
| Profit | 1,280 | 2,233 |

(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 and profit or loss for each reportable segment

Three months ended August 31, 2021

(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 | 11,099 | 5,969 | – | 17,069 | – | 17,069 |
| Intersegment sales or transfers | 0 | 187 | 1,768 | 1,955 | (1,955) | – |
| Total | 11,099 | 6,157 | 1,768 | 19,025 | (1,955) | 17,069 |
| Segment profit | 1,403 | 294 | 240 | 1,937 | (114) | 1,823 |

- Notes: 1. The figure of “Adjustments” in “Segment profit” indicates the elimination of intersegment transactions.
2. Segment profit is adjusted with operating profit in the quarterly 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.

Three months ended August 31, 2022

(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 | 13,695 | 6,409 | – | 20,104 | – | 20,104 |
| Intersegment sales or transfers | 1 | 57 | 981 | 1,040 | (1,040) | – |
| Total | 13,696 | 6,466 | 981 | 21,144 | (1,040) | 20,104 |
| Segment profit | 2,752 | 392 | 143 | 3,288 | (85) | 3,203 |

- Notes: 1. The figure of “Adjustments” in “Segment profit” indicates the elimination of intersegment transactions.
2. Segment profit is adjusted with operating profit in the quarterly 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.