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July 14, 2023

Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2023 (Under Japanese GAAP)

Company name: MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8155
 URL: <https://www.mimasu.co.jp/>
 Representative: Nobuaki Hosoya, Representative Director and President
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 Telephone: +81-27-372-2011
 Scheduled date of annual general meeting of shareholders: August 30, 2023
 Scheduled date to commence dividend payment: August 31, 2023
 Scheduled date to file annual securities report: August 30, 2023
 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, 2023 (from June 1, 2022 to May 31, 2023)

(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, 2023 | 90,936 | 22.2 | 11,177 | 47.9 | 11,001 | 45.4 | 7,618 | 48.6 |
| May 31, 2022 | 74,432 | – | 7,557 | 24.2 | 7,564 | 25.5 | 5,126 | 24.0 |

| | 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, 2023 | 237.16 | – | 10.4 | 9.6 | 12.3 |
| May 31, 2022 | 159.59 | – | 7.5 | 7.6 | 10.2 |

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

For the fiscal year ended May 31, 2023: ¥– million

For the fiscal year ended May 31, 2022: ¥– 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 previous fiscal year, 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 for 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 | Net assets per share |
|--------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| May 31, 2023 | 124,339 | 76,396 | 61.4 | 2,378.18 |
| May 31, 2022 | 104,280 | 70,602 | 67.7 | 2,197.78 |

Reference: Equity

As of May 31, 2023: ¥76,396 million

As of May 31, 2022: ¥70,602 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, 2023 | 14,272 | (10,494) | (1,862) | 21,240 |
| May 31, 2022 | 9,595 | (6,238) | (1,156) | 19,326 |

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, 2022 | Yen – | Yen 19.00 | Yen – | Yen 26.00 | Yen 45.00 | Millions of yen 1,445 | % 28.2 | % 2.1 |
| Fiscal year ended May 31, 2023 | – | 32.00 | – | 32.00 | 64.00 | 2,055 | 27.0 | 2.8 |
| Fiscal year ending May 31, 2024 (Forecast) | – | – | – | – | – | | – | |

Note: The Company has not yet made a dividend forecast for the fiscal year ending May 31, 2024.

3. Non-consolidated earnings forecasts for the fiscal year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

Earnings forecasts for the fiscal year ending May 31, 2024 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: 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, 2023 | 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 May 31, 2023 | 3,373,211 shares |
| As of May 31, 2022 | 3,372,572 shares |

(iii) Average number of shares outstanding during the period

| | |
|--------------------------------|-------------------|
| Fiscal year ended May 31, 2023 | 32,124,283 shares |
| Fiscal year ended May 31, 2022 | 32,124,727 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, 2023, the Japanese economy followed a trend of moderate recovery due to factors that include improvements in capital investments and personal consumption despite the impact of the worldwide surge in resource prices and other factors amid progress being made in the suppression of the novel coronavirus disease (COVID-19) and the normalization of social and economic activities.

Capital investments among semiconductor-related companies, the primary users of the products of MIMASU SEMICONDUCTOR INDUSTRY CO., LTD. (the “Company”), were favorable. In addition, production of semiconductor silicon wafers was steady overall despite being affected by inventory adjustments in the device market in the second half of the fiscal year.

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 ¥90,936 million (up 22.2% year on year), operating profit was ¥11,177 million (up 47.9% year on year), ordinary profit was ¥11,001 million (up 45.4%), and profit was ¥7,618 million (up 48.6%).

(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 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 ¥53,446 million (up 10.3% year on year), and segment profit (operating profit) was ¥8,201 million (up 43.4%).

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 products developed in-house and other products handled by the division increased, net sales in this division amounted to ¥39,401 million (up 43.2% year on year), and segment profit (operating profit) was ¥2,490 million (up 61.7%).

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 ¥7,823 million (up 53.7% year on year), and segment profit (operating profit) was ¥1,115 million (up 65.0%).

(2) Overview of financial position for the fiscal year

Total assets as of the end of the fiscal year under review were ¥124,339 million, up ¥20,059 million from the end of the previous fiscal year, mainly reflecting an increase in property, plant and equipment. Total liabilities were ¥47,943 million, up ¥14,265 million, mainly reflecting an increase in trade payables. Total net assets were ¥76,396 million, mainly reflecting an increase of ¥5,755 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 ¥21,240 million, up ¥1,913 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 ¥14,272 million (up ¥4,677 million year on year). This was mainly due to an increase in cash largely attributable to profit before income taxes of ¥11,001 million, depreciation of ¥8,239 million, and an increase in trade payables of ¥6,797 million, despite a decrease in cash largely attributable to an increase in inventories of ¥4,751 million, and income taxes paid of ¥4,487 million.

Cash flows from investing activities

Net cash used in investing activities during the fiscal year under review amounted to ¥10,494 million (up ¥4,256 million year on year). This was mainly due to purchase of property, plant and equipment of ¥10,119 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 ¥1,862 million (up ¥706 million year on year). This was mainly due to dividends paid of ¥1,861 million.

(4) Future outlook

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 as the recent outlook for changes to the environment surrounding the silicon wafer business is uncertain. 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 ¥32 per share, which is the same amount per share as the interim dividend paid earlier. Therefore, annual dividends will amount to ¥64 per share, an increase of ¥19 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, 2022 | As of May 31, 2023 |
|--|--------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 25,326 | 27,240 |
| Notes receivable - trade | 1,071 | 961 |
| Accounts receivable - trade | 35,989 | 39,101 |
| Merchandise and finished goods | 1,101 | 4,692 |
| Work in process | 1,695 | 1,370 |
| Raw materials and supplies | 2,861 | 4,347 |
| Advance payments to suppliers | 1,021 | 374 |
| Prepaid expenses | 638 | 1,368 |
| Other | 7 | 1,607 |
| Allowance for doubtful accounts | (4) | (4) |
| Total current assets | 69,709 | 81,059 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 20,381 | 21,502 |
| Structures, net | 912 | 934 |
| Machinery and equipment, net | 4,794 | 8,461 |
| Vehicles, net | 58 | 68 |
| Tools, furniture and fixtures, net | 713 | 831 |
| Land | 2,084 | 2,686 |
| Construction in progress | 1,476 | 3,298 |
| Total property, plant and equipment | 30,422 | 37,783 |
| Intangible assets | | |
| Software | 418 | 358 |
| Other | 439 | 451 |
| Total intangible assets | 858 | 809 |
| Investments and other assets | | |
| Investment securities | 417 | 461 |
| Long-term prepaid expenses | 127 | 148 |
| Deferred tax assets | 2,657 | 3,988 |
| Other | 88 | 88 |
| Total investments and other assets | 3,291 | 4,687 |
| Total non-current assets | 34,571 | 43,280 |
| Total assets | 104,280 | 124,339 |

(Millions of yen)

| | As of May 31, 2022 | As of May 31, 2023 |
|--|--------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 1,093 | 1,315 |
| Accounts payable - trade | 23,028 | 29,604 |
| Accounts payable - other | 2,957 | 9,441 |
| Accrued expenses | 2,282 | 3,008 |
| Income taxes payable | 2,930 | 3,172 |
| Contract liabilities | 247 | 644 |
| Deposits received | 39 | 42 |
| Provision for bonuses for directors (and other officers) | 89 | 94 |
| Provision for product warranties | 72 | 16 |
| Other | 384 | 396 |
| Total current liabilities | 33,126 | 47,735 |
| Non-current liabilities | | |
| Provision for retirement benefits | 385 | 41 |
| Asset retirement obligations | 5 | 5 |
| Other | 160 | 160 |
| Total non-current liabilities | 551 | 207 |
| Total liabilities | 33,677 | 47,943 |
| 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 | 29,121 | 34,876 |
| Total retained earnings | 37,710 | 43,466 |
| Treasury shares | (4,770) | (4,772) |
| Total shareholders' equity | 70,541 | 76,295 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 112 | 140 |
| Deferred gains or losses on hedges | (51) | (39) |
| Total valuation and translation adjustments | 61 | 100 |
| Total net assets | 70,602 | 76,396 |
| Total liabilities and net assets | 104,280 | 124,339 |

(2) Non-consolidated statement of income

(Millions of yen)

| | Fiscal year ended May 31, 2022 | Fiscal year ended May 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Net sales | 74,432 | 90,936 |
| Cost of sales | 60,479 | 69,540 |
| Gross profit | 13,953 | 21,395 |
| Selling, general and administrative expenses | 6,396 | 10,218 |
| Operating profit | 7,557 | 11,177 |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Dividend income | 13 | 12 |
| Foreign exchange gains | 56 | 44 |
| Insurance claim income | 20 | – |
| Gain on sale of valuable resource | 13 | 15 |
| Gain on sale of non-current assets | 10 | 4 |
| Other | 15 | 24 |
| Total non-operating income | 131 | 103 |
| Non-operating expenses | | |
| Interest expenses | 0 | 0 |
| Loss on sale and retirement of non-current assets | 123 | 277 |
| Other | 0 | 1 |
| Total non-operating expenses | 124 | 278 |
| Ordinary profit | 7,564 | 11,001 |
| Extraordinary losses | | |
| Impairment losses | 45 | – |
| Loss on sale of investment securities | 16 | – |
| Total extraordinary losses | 61 | – |
| Profit before income taxes | 7,503 | 11,001 |
| Income taxes - current | 3,645 | 4,719 |
| Income taxes - deferred | (1,269) | (1,336) |
| Total income taxes | 2,376 | 3,383 |
| Profit | 5,126 | 7,618 |

(3) Non-consolidated statement of changes in equity

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 |

Fiscal year ended May 31, 2023

(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 | 29,121 | 37,710 | (4,770) | 70,541 |
| Cumulative effects of changes in accounting policies | | | | | | - | | - |
| Restated balance | 18,824 | 18,778 | 689 | 7,900 | 29,121 | 37,710 | (4,770) | 70,541 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | (1,863) | (1,863) | | (1,863) |
| Profit | | | | | 7,618 | 7,618 | | 7,618 |
| Purchase of treasury shares | | | | | | | (1) | (1) |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | - | - | - | - | 5,755 | 5,755 | (1) | 5,753 |
| Balance at end of period | 18,824 | 18,778 | 689 | 7,900 | 34,876 | 43,466 | (4,772) | 76,295 |

| | 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 | 112 | (51) | 61 | 70,602 |
| Cumulative effects of changes in accounting policies | | | | - |
| Restated balance | 112 | (51) | 61 | 70,602 |
| Changes during period | | | | |
| Dividends of surplus | | | | (1,863) |
| Profit | | | | 7,618 |
| Purchase of treasury shares | | | | (1) |
| Net changes in items other than shareholders' equity | 28 | 11 | 39 | 39 |
| Total changes during period | 28 | 11 | 39 | 5,793 |
| Balance at end of period | 140 | (39) | 100 | 76,396 |

(4) Non-consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended May 31, 2022 | Fiscal year ended May 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 7,503 | 11,001 |
| Depreciation | 13,219 | 8,239 |
| Impairment losses | 45 | - |
| Increase (decrease) in allowance for doubtful accounts | 1 | (0) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 2 | 4 |
| Increase (decrease) in provision for product warranties | 3 | (56) |
| Increase (decrease) in provision for retirement benefits | (313) | (343) |
| Interest and dividend income | (14) | (14) |
| Interest expenses | 0 | 0 |
| Foreign exchange losses (gains) | (4) | 1 |
| Loss on retirement of property, plant and equipment | 30 | 56 |
| Decrease (increase) in trade receivables | (12,875) | (3,002) |
| Decrease (increase) in inventories | (838) | (4,751) |
| Increase (decrease) in trade payables | 5,855 | 6,797 |
| Other, net | (782) | 814 |
| Subtotal | 11,833 | 18,745 |
| Interest and dividends received | 14 | 14 |
| Interest paid | (0) | (0) |
| Income taxes paid | (2,253) | (4,487) |
| Net cash provided by (used in) operating activities | 9,595 | 14,272 |
| 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 | (5,969) | (10,119) |
| Proceeds from sale of property, plant and equipment | 15 | 9 |
| Purchase of intangible assets | (196) | (142) |
| Purchase of investment securities | (15) | (14) |
| Proceeds from sale of investment securities | 29 | - |
| Other, net | (101) | (227) |
| Net cash provided by (used in) investing activities | (6,238) | (10,494) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (0) | (1) |
| Dividends paid | (1,155) | (1,861) |
| Net cash provided by (used in) financing activities | (1,156) | (1,862) |
| Effect of exchange rate change on cash and cash equivalents | 4 | (1) |
| Net increase (decrease) in cash and cash equivalents | 2,205 | 1,913 |
| Cash and cash equivalents at beginning of period | 17,121 | 19,326 |
| Cash and cash equivalents at end of period | 19,326 | 21,240 |

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

Not applicable.

Changes in presentation*Non-consolidated statement of income*

“Gain on sale of valuable resource,” which was included in “Other” under non-operating income in the previous fiscal year, has 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.

As a result, ¥29 million presented as “Other” under non-operating income in the non-consolidated statement of income for the previous fiscal year has been reclassified as “Gain on sale of valuable resource” of ¥13 million and “Other” of ¥15 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, 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 and its sales are conducted through the Industrial Sales Division, it does not generate “Sales from external customers.”

Fiscal year ended May 31, 2023

(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 | 53,443 | 37,493 | – | 90,936 | – | 90,936 |
| Intersegment sales or transfers | 2 | 1,907 | 7,823 | 9,734 | (9,734) | – |
| Total | 53,446 | 39,401 | 7,823 | 100,671 | (9,734) | 90,936 |
| Segment profit | 8,201 | 2,490 | 1,115 | 11,808 | (631) | 11,177 |
| Segment assets | 61,469 | 30,134 | 3,858 | 95,462 | 28,877 | 124,339 |
| Other items | | | | | | |
| Depreciation | 8,161 | 21 | 19 | 8,202 | 37 | 8,239 |
| Impairment losses | – | – | – | – | – | – |
| Increase in property, plant and equipment and intangible assets | 15,419 | 85 | 34 | 15,539 | 60 | 15,600 |

Notes: 1. “Adjustments” include the following:

- (1) “Adjustments” of negative ¥631 million in “Segment profit” indicate the elimination of intersegment transactions.
 - (2) “Adjustments” of ¥28,877 million in “Segment assets” include negative ¥4,970 million for the elimination of intersegment transactions and ¥33,848 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 ¥37 million in “Depreciation” and “Adjustments” of ¥60 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 and its sales are conducted through the Industrial Sales Division, it does not generate “Sales from external customers.”

Per share information

(Yen)

| | Fiscal year ended May 31, 2022 | Fiscal year ended May 31, 2023 |
|--------------------------|--------------------------------|--------------------------------|
| Net assets per share | 2,197.78 | 2,378.18 |
| Basic earnings per share | 159.59 | 237.16 |

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, 2022 | As of May 31, 2023 |
|--|--------------------|--------------------|
| Total net assets (Millions of yen) | 70,602 | 76,396 |
| 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) | 70,602 | 76,396 |
| 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 | 3,373 |
| Number of common shares at the end of the fiscal year used for calculation of net assets per share (Thousands of shares) | 32,124 | 32,123 |

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

| | Fiscal year ended May 31, 2022 | Fiscal year ended May 31, 2023 |
|---|--------------------------------|--------------------------------|
| Basic earnings per share | | |
| Profit (Millions of yen) | 5,126 | 7,618 |
| Amount not attributed to common shareholders (Millions of yen) | – | – |
| Profit related to common share (Millions of yen) | 5,126 | 7,618 |
| Average number of common shares outstanding during the period (Thousands of shares) | 32,124 | 32,124 |

Significant subsequent events

Not applicable.