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September 29, 2023

Non-consolidated Financial Results for the Three Months Ended August 31, 2023 (Under Japanese GAAP)

Company name: MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8155
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 Scheduled date to file quarterly securities report: October 13, 2023
 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, 2023 (from June 1, 2023 to August 31, 2023)

(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, 2023	20,259	0.8	3,002	(6.3)	3,071	(4.6)	2,136	(4.3)
August 31, 2022	20,104	17.8	3,203	75.7	3,219	74.6	2,233	74.4

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
August 31, 2023	66.51	–
August 31, 2022	69.52	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2023	116,915	77,513	66.3
May 31, 2023	124,339	76,396	61.4

Reference: Equity

As of August 31, 2023: ¥77,513 million
 As of May 31, 2023: ¥76,396 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, 2023	–	32.00	–	32.00	64.00
Fiscal year ending May 31, 2024	–				
Fiscal year ending May 31, 2024 (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, 2024 (from June 1, 2023 to May 31, 2024)

(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, 2024	86,000	(5.4)	10,300	(7.8)	10,150	(7.7)	7,030	(7.7)	218.84

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, 2023	35,497,183 shares
As of May 31, 2023	35,497,183 shares

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

As of August 31, 2023	3,373,230 shares
As of May 31, 2023	3,373,211 shares

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

Three months ended August 31, 2023	32,123,953 shares
Three months ended August 31, 2022	32,124,574 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, 2023” on page 3 of the attached materials.

Attached Materials

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1. Qualitative information regarding financial results for the three months ended August 31, 2023

(1) Explanation of operating results

During the three months ended August 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.

Production of semiconductor silicon wafers was continuously affected by inventory adjustments in the device market. On the other hand, capital investments among semiconductor-related companies, the primary users of the products of MIMASU SEMICONDUCTOR INDUSTRY CO., LTD. (the “Company”), were firm.

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, 2023 increased by 0.8% year on year to ¥20,259 million, while operating profit was ¥3,002 million (down 6.3% year on year), ordinary profit was ¥3,071 million (down 4.6%), and profit was ¥2,136 million (down 4.3%).

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

The division was affected by inventory adjustments in the device market.

As a result, net sales in this division amounted to ¥11,812 million (down 13.8% year on year), and segment profit (operating profit) was ¥2,475 million (down 10.1%).

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 ¥8,789 million (up 35.9% year on year), and segment profit (operating profit) was ¥457 million (up 16.7%).

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 ¥1,330 million (up 35.6% year on year), and segment profit (operating profit) was ¥199 million (up 38.7%).

(2) Explanation of financial position

Total assets as of August 31, 2023 were ¥116,915 million, down ¥7,424 million from the end of the previous fiscal year, mainly reflecting a decrease in cash and deposits. Total liabilities were ¥39,402 million, down ¥8,540 million, mainly reflecting a decrease in trade payables. Total net assets were ¥77,513 million, mainly reflecting an increase of ¥1,108 million in retained earnings.

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

The future outlook is likely to remain uncertain due to the impact of inventory adjustments in the semiconductor device market and other factors.

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, 2024, have been disclosed today. With respect to the full-year operating results, we forecast net sales of ¥86.0 billion, operating profit of ¥10.3 billion, ordinary profit of ¥10.15 billion, and profit of ¥7.03 billion.

In addition, the Company intends to pay annual dividends of ¥64 per share, which is the same amount as 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, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	27,240	14,984
Notes and accounts receivable - trade	40,063	37,128
Merchandise and finished goods	4,692	3,617
Work in process	1,370	1,350
Raw materials and supplies	4,347	4,959
Other	3,349	1,525
Allowance for doubtful accounts	(4)	(3)
Total current assets	81,059	63,562
Non-current assets		
Property, plant and equipment		
Buildings, net	21,502	21,083
Machinery and equipment, net	8,461	7,940
Construction in progress	3,298	14,308
Other, net	4,521	4,966
Total property, plant and equipment	37,783	48,299
Intangible assets	809	845
Investments and other assets	4,687	4,207
Total non-current assets	43,280	53,353
Total assets	124,339	116,915
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,919	26,274
Income taxes payable	3,172	603
Provisions	110	491
Other	13,533	11,413
Total current liabilities	47,735	38,782
Non-current liabilities		
Provision for retirement benefits	41	6
Other	166	613
Total non-current liabilities	207	619
Total liabilities	47,943	39,402

(Millions of yen)

	As of May 31, 2023	As of August 31, 2023
Net assets		
Shareholders' equity		
Share capital	18,824	18,824
Capital surplus	18,778	18,778
Retained earnings	43,466	44,574
Treasury shares	(4,772)	(4,772)
Total shareholders' equity	76,295	77,404
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	140	170
Deferred gains or losses on hedges	(39)	(61)
Total valuation and translation adjustments	100	108
Total net assets	76,396	77,513
Total liabilities and net assets	124,339	116,915

(2) Quarterly non-consolidated statement of income

(Millions of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Net sales	20,104	20,259
Cost of sales	15,007	15,906
Gross profit	5,096	4,353
Selling, general and administrative expenses	1,892	1,350
Operating profit	3,203	3,002
Non-operating income		
Interest income	0	0
Dividend income	7	9
Foreign exchange gains	39	19
Surrender value of insurance policies	–	32
Other	6	18
Total non-operating income	54	80
Non-operating expenses		
Loss on sale and retirement of non-current assets	38	11
Other	0	0
Total non-operating expenses	38	11
Ordinary profit	3,219	3,071
Extraordinary income		
Gain on sale of investment securities	–	18
Total extraordinary income	–	18
Extraordinary losses		
Loss on sale of investment securities	–	2
Total extraordinary losses	–	2
Profit before income taxes	3,219	3,087
Income taxes - current	1,123	521
Income taxes - deferred	(137)	429
Total income taxes	985	950
Profit	2,233	2,136

(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, 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 and its sales are conducted through the Industrial Sales Division, it does not generate “Sales from external customers.”

Three months ended August 31, 2023

(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	11,812	8,447	–	20,259	–	20,259
Intersegment sales or transfers	0	341	1,330	1,672	(1,672)	–
Total	11,812	8,789	1,330	21,932	(1,672)	20,259
Segment profit	2,475	457	199	3,133	(130)	3,002

- 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 and its sales are conducted through the Industrial Sales Division, it does not generate “Sales from external customers.”