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July 12, 2024

Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2024 (Under Japanese GAAP)

Company name: MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8155
 URL: <https://www.mimasu.co.jp/>
 Representative: Tatsuro Yako, Representative Director and President
 Inquiries: Takayuki Nakajima, General Manager of Management Headquarters
 Telephone: +81-27-372-2021
 Scheduled date of annual general meeting of shareholders: August 29, 2024
 Scheduled date to commence dividend payment: –
 Scheduled date to file annual securities report: August 29, 2024
 Preparation of supplementary material 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, 2024 (from June 1, 2023 to May 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|-------|------------------|-------|-----------------|-------|-----------------|-------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| May 31, 2024 | 89,109 | (2.0) | 10,312 | (7.7) | 10,152 | (7.7) | 7,146 | (6.2) |
| May 31, 2023 | 90,936 | 22.2 | 11,177 | 47.9 | 11,001 | 45.4 | 7,618 | 48.6 |

| | 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, 2024 | 222.47 | – | 9.0 | 8.3 | 11.6 |
| May 31, 2023 | 237.16 | – | 10.4 | 9.6 | 12.3 |

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

For the fiscal year ended May 31, 2024: ¥– million

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

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|--------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| May 31, 2024 | 121,181 | 81,589 | 67.3 | 2,539.85 |
| May 31, 2023 | 124,339 | 76,396 | 61.4 | 2,378.18 |

Reference: Equity

As of May 31, 2024: ¥81,589 million

As of May 31, 2023: ¥76,396 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, 2024 | 18,567 | (18,260) | (2,078) | 19,478 |
| May 31, 2023 | 14,272 | (10,494) | (1,862) | 21,240 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio | Ratio of dividends to net assets |
|--|----------------------------|--------------------|-------------------|-----------------|-------|------------------------------|--------------|----------------------------------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended May 31, 2023 | — | 32.00 | — | 32.00 | 64.00 | 2,055 | 27.0 | 2.8 |
| Fiscal year ended May 31, 2024 | — | 32.00 | — | 0.00 | 32.00 | 1,027 | 14.4 | 1.3 |
| Fiscal year ending May 31, 2025 (Forecast) | — | — | — | — | — | | — | |

Note: As announced in “Announcement of Revision of Year-End Dividend Forecast (No Dividend) for the Fiscal Year Ending May 31, 2024” dated April 25, 2024, the Company will not pay a year-end dividend for the fiscal year ended May 31, 2024, in light of the tender offer by Shin-Etsu Chemical Co., Ltd. (the “Tender Offeror”) for the common shares of the Company. In addition, as announced in “Announcement of Opinion in Support of the Commencement of the Tender Offer for Shares of the Company by the Company’s Affiliate Shin-Etsu Chemical Co., Ltd. and Recommendation to Tender” dated June 20, 2024, the Company has not presented the dividend forecast for the fiscal year ending May 31, 2025 due to the planned delisting of the Company’s shares after the tender offer by the Tender Offeror and a series of subsequent procedures are carried out.

3. Non-consolidated earnings forecasts for the fiscal year ending May 31, 2025 (from June 1, 2024 to May 31, 2025)

As announced in “Announcement of Opinion in Support of the Commencement of the Tender Offer for Shares of the Company by the Company’s Affiliate Shin-Etsu Chemical Co., Ltd. and Recommendation to Tender” dated June 20, 2024, the Company has not presented the earnings forecasts for the fiscal year ending May 31, 2025 due to the planned delisting of the Company’s shares after the tender offer by the Tender Offeror and a series of subsequent procedures are carried out.

*** 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, 2024 | 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 May 31, 2024 | 3,373,565 shares |
| As of May 31, 2023 | 3,373,211 shares |

(iii) Average number of shares outstanding during the period

| | |
|--------------------------------|-------------------|
| Fiscal year ended May 31, 2024 | 32,123,908 shares |
| Fiscal year ended May 31, 2023 | 32,124,283 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

As announced in “Announcement of Opinion in Support of the Commencement of the Tender Offer for Shares of the Company by the Company’s Affiliate Shin-Etsu Chemical Co., Ltd. and Recommendation to Tender” dated June 20, 2024, the Company has not presented the earnings forecasts for the fiscal year ending May 31, 2025 due to the planned delisting of the Company’s shares after the tender offer by the Tender Offeror and a series of subsequent procedures are carried out.

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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, 2024, the Japanese economy followed a trend of moderate recovery overall due to factors that include improvements in capital investments and personal consumption despite the impact of the worldwide surge in resource prices, a downswing in the global economy and other factors.

Production of semiconductor silicon wafers was continuously affected by inventory adjustments in the device market. However, 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 decreased by 2.0% year on year to ¥89,109 million, operating profit was ¥10,312 million (down 7.7% year on year), ordinary profit was ¥10,152 million (down 7.7%), and profit was ¥7,146 million (down 6.2%).

(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

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

As a result, net sales in this division amounted to ¥47,079 million (down 11.9% year on year), and segment profit (operating profit) was ¥7,249 million (down 11.6%).

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 ¥43,695 million (up 10.9% year on year), and segment profit (operating profit) was ¥2,600 million (up 4.4%).

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 ¥5,690 million (down 27.3% year on year), and segment profit (operating profit) was ¥866 million (down 22.4%).

(2) Overview of financial position for the fiscal year

Total assets as of the end of the fiscal year under review were ¥121,181 million, down ¥3,158 million from the end of the previous fiscal year, mainly reflecting decreases in cash and deposits and trade receivables, despite an increase in property, plant and equipment. Total liabilities were ¥39,592 million, down ¥8,350 million, mainly reflecting a decrease in accounts payable - other. Total net assets were ¥ 81,589 million mainly reflecting an increase of ¥ 5,090 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 ¥19,478 million, a decrease of ¥1,761 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 ¥18,567 million (up ¥4,294 million year on year). This was mainly due to an increase in cash largely attributable to profit before income taxes of ¥10,310 million, depreciation of ¥9,983 million, and a decrease in trade receivables of ¥4,877 million, despite a decrease in cash largely attributable to an increase in inventories of ¥1,134 million, and income taxes paid of ¥5,293 million.

Cash flows from investing activities

Net cash used in investing activities during the fiscal year under review amounted to ¥18,260 million (up ¥7,765 million year on year). This was mainly due to purchase of property, plant and equipment of ¥22,932 million, in association with capital investments carried out during the fiscal year under review.

Cash flows from financing activities

Net cash used in financing activities during the fiscal year under review amounted to ¥2,078 million (up ¥215 million year on year). This was mainly due to dividends paid of ¥2,055 million.

(4) Future outlook

The earnings forecasts for the fiscal year ending May 31, 2025 are not presented because, as stated in our news release “Announcement of Opinion in Support of the Commencement of the Tender Offer for Shares of the Company by the Company’s Affiliate Shin-Etsu Chemical Co., Ltd. and Recommendation to Tender” dated June 20, 2024, the Company’s stock is planned to be delisted due to a tender offer by the tender offeror and the implementation of a series of procedures subsequent to the tender offer.

(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.

Annual dividends for the fiscal year will be ¥32 per share because, as stated in the news release (in Japanese) “Notice concerning revision of expected year-end dividends (no dividends) for the fiscal year ending May 31, 2024,” dated April 25, 2024, a year-end dividend will not be paid.

In addition, concerning dividends for the following fiscal year, the dividend forecasts for the fiscal year ending May 31, 2025 are not presented because, as stated in our news release “Announcement of

Opinion in Support of the Commencement of the Tender Offer for Shares of the Company by the Company's Affiliate Shin-Etsu Chemical Co., Ltd. and Recommendation to Tender" dated June 20, 2024, the Company's stock is planned to be delisted due to a tender offer by the tender offeror and the implementation of a series of procedures subsequent to the tender offer.

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, 2023 | As of May 31, 2024 |
|-------------------------------------|--------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 27,240 | 20,478 |
| Notes receivable - trade | 961 | 1,351 |
| Accounts receivable - trade | 39,101 | 33,834 |
| Merchandise and finished goods | 4,692 | 4,016 |
| Work in process | 1,370 | 2,368 |
| Raw materials and supplies | 4,347 | 5,158 |
| Advance payments to suppliers | 374 | 41 |
| Prepaid expenses | 1,368 | 766 |
| Income taxes refund receivable | — | 51 |
| Other | 1,607 | 1 |
| Allowance for doubtful accounts | (4) | (3) |
| Total current assets | 81,059 | 68,066 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 21,502 | 20,997 |
| Structures, net | 934 | 1,181 |
| Machinery and equipment, net | 8,461 | 8,192 |
| Vehicles, net | 68 | 59 |
| Tools, furniture and fixtures, net | 831 | 1,100 |
| Land | 2,686 | 2,833 |
| Leased assets, net | — | 1,024 |
| Construction in progress | 3,298 | 12,862 |
| Total property, plant and equipment | 37,783 | 48,252 |
| Intangible assets | | |
| Software | 358 | 399 |
| Other | 451 | 391 |
| Total intangible assets | 809 | 790 |
| Investments and other assets | | |
| Investment securities | 461 | 607 |
| Long-term prepaid expenses | 148 | 89 |
| Prepaid pension costs | — | 316 |
| Deferred tax assets | 3,988 | 2,974 |
| Other | 88 | 83 |
| Total investments and other assets | 4,687 | 4,072 |
| Total non-current assets | 43,280 | 53,114 |
| Total assets | 124,339 | 121,181 |

(Millions of yen)

| | As of May 31, 2023 | As of May 31, 2024 |
|--|--------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 1,315 | 235 |
| Accounts payable - trade | 29,604 | 30,367 |
| Lease liabilities | — | 59 |
| Accounts payable - other | 9,441 | 4,938 |
| Accrued expenses | 3,008 | 1,984 |
| Income taxes payable | 3,172 | — |
| Contract liabilities | 644 | 275 |
| Deposits received | 42 | 43 |
| Provision for bonuses for directors (and other officers) | 94 | 66 |
| Provision for product warranties | 16 | 12 |
| Other | 396 | 505 |
| Total current liabilities | 47,735 | 38,488 |
| Non-current liabilities | | |
| Lease liabilities | — | 974 |
| Provision for retirement benefits | 41 | — |
| Asset retirement obligations | 5 | 5 |
| Other | 160 | 124 |
| Total non-current liabilities | 207 | 1,103 |
| Total liabilities | 47,943 | 39,592 |
| 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 | 34,876 | 39,967 |
| Total retained earnings | 43,466 | 48,556 |
| Treasury shares | (4,772) | (4,773) |
| Total shareholders' equity | 76,295 | 81,385 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 140 | 256 |
| Deferred gains or losses on hedges | (39) | (52) |
| Total valuation and translation adjustments | 100 | 204 |
| Total net assets | 76,396 | 81,589 |
| Total liabilities and net assets | 124,339 | 121,181 |

(2) Non-consolidated statement of income

(Millions of yen)

| | Fiscal year ended May 31, 2023 | Fiscal year ended May 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Net sales | 90,936 | 89,109 |
| Cost of sales | 69,540 | 73,087 |
| Gross profit | 21,395 | 16,021 |
| Selling, general and administrative expenses | 10,218 | 5,709 |
| Operating profit | 11,177 | 10,312 |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Dividend income | 12 | 15 |
| Foreign exchange gains | 44 | 29 |
| Gain on sale of valuable resource | 15 | 19 |
| Surrender value of insurance policies | — | 32 |
| Gain on sale of non-current assets | 4 | 3 |
| Other | 24 | 32 |
| Total non-operating income | 103 | 134 |
| Non-operating expenses | | |
| Interest expenses | 0 | 10 |
| Loss on sale and retirement of non-current assets | 277 | 283 |
| Other | 1 | 1 |
| Total non-operating expenses | 278 | 294 |
| Ordinary profit | 11,001 | 10,152 |
| Extraordinary income | | |
| Gain on sale of investment securities | — | 18 |
| Subsidy income | — | 100 |
| Compensation income | — | 42 |
| Total extraordinary income | — | 160 |
| Extraordinary losses | | |
| Loss on sale of investment securities | — | 2 |
| Total extraordinary losses | — | 2 |
| Profit before income taxes | 11,001 | 10,310 |
| Income taxes - current | 4,719 | 2,188 |
| Income taxes - deferred | (1,336) | 975 |
| Total income taxes | 3,383 | 3,164 |
| Profit | 7,618 | 7,146 |

(3) Non-consolidated statement of changes in equity

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 |
| 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 |
| 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 |

Fiscal year ended May 31, 2024

(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 | 34,876 | 43,466 | (4,772) | 76,295 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | (2,055) | (2,055) | | (2,055) |
| Profit | | | | | 7,146 | 7,146 | | 7,146 |
| Purchase of treasury shares | | | | | | | (1) | (1) |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | — | — | — | — | 5,090 | 5,090 | (1) | 5,089 |
| Balance at end of period | 18,824 | 18,778 | 689 | 7,900 | 39,967 | 48,556 | (4,773) | 81,385 |

| | 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 | 140 | (39) | 100 | 76,396 |
| Changes during period | | | | |
| Dividends of surplus | | | | (2,055) |
| Profit | | | | 7,146 |
| Purchase of treasury shares | | | | (1) |
| Net changes in items other than shareholders' equity | 116 | (13) | 103 | 103 |
| Total changes during period | 116 | (13) | 103 | 5,192 |
| Balance at end of period | 256 | (52) | 204 | 81,589 |

(4) Non-consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended May 31, 2023 | Fiscal year ended May 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 11,001 | 10,310 |
| Depreciation | 8,239 | 9,983 |
| Increase (decrease) in allowance for doubtful accounts | (0) | (0) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 4 | (27) |
| Increase (decrease) in provision for product warranties | (56) | (4) |
| Increase (decrease) in provision for retirement benefits | (343) | (41) |
| Decrease (increase) in prepaid pension costs | – | (316) |
| Interest and dividend income | (14) | (17) |
| Interest expenses | 0 | 10 |
| Foreign exchange losses (gains) | 1 | (9) |
| Loss on retirement of property, plant and equipment | 56 | 13 |
| Compensation income | – | (42) |
| Subsidy income | – | (100) |
| Decrease (increase) in trade receivables | (3,002) | 4,877 |
| Decrease (increase) in inventories | (4,751) | (1,134) |
| Increase (decrease) in trade payables | 6,797 | (316) |
| Other, net | 814 | 524 |
| Subtotal | 18,745 | 23,709 |
| Interest and dividends received | 14 | 17 |
| Interest paid | (0) | (8) |
| Income taxes paid | (4,487) | (5,293) |
| Proceeds from compensation | – | 42 |
| Subsidies received | – | 100 |
| Net cash provided by (used in) operating activities | 14,272 | 18,567 |
| Cash flows from investing activities | | |
| Payments into time deposits | (12,000) | (4,000) |
| Proceeds from withdrawal of time deposits | 12,000 | 9,000 |
| Purchase of property, plant and equipment | (10,119) | (22,932) |
| Proceeds from sale of property, plant and equipment | 9 | 12 |
| Purchase of intangible assets | (142) | (196) |
| Purchase of investment securities | (14) | (13) |
| Proceeds from sale of investment securities | – | 43 |
| Other, net | (227) | (174) |
| Net cash provided by (used in) investing activities | (10,494) | (18,260) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (1) | (1) |
| Dividends paid | (1,861) | (2,055) |
| Other, net | – | (21) |
| Net cash provided by (used in) financing activities | (1,862) | (2,078) |
| Effect of exchange rate change on cash and cash equivalents | (1) | 9 |
| Net increase (decrease) in cash and cash equivalents | 1,913 | (1,761) |
| Cash and cash equivalents at beginning of period | 19,326 | 21,240 |
| Cash and cash equivalents at end of period | 21,240 | 19,478 |

(5) Notes to non-consolidated financial statements

Notes on premise of going concern

Not applicable.

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

Not applicable.

Segment information

1. Overview of reportable segments

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

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

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

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

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

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

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

Fiscal year ended May 31, 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.”

Fiscal year ended May 31, 2024

(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 | 47,077 | 42,031 | – | 89,109 | – | 89,109 |
| Intersegment sales or transfers | 2 | 1,663 | 5,690 | 7,356 | (7,356) | – |
| Total | 47,079 | 43,695 | 5,690 | 96,465 | (7,356) | 89,109 |
| Segment profit | 7,249 | 2,600 | 866 | 10,716 | (404) | 10,312 |
| Segment assets | 63,399 | 32,144 | 4,079 | 99,623 | 21,558 | 121,181 |
| Other items | | | | | | |
| Depreciation | 9,898 | 25 | 22 | 9,946 | 36 | 9,983 |
| Impairment losses | – | – | – | – | – | – |
| Increase in property, plant and equipment and intangible assets | 20,406 | 7 | 5 | 20,419 | 36 | 20,456 |

Notes: 1. “Adjustments” include the following:

- (1) “Adjustments” of negative ¥404 million in “Segment profit” indicate the elimination of intersegment transactions.
 - (2) “Adjustments” of ¥21,558 million in “Segment assets” include negative ¥3,052 million for the elimination of intersegment transactions and ¥24,610 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 ¥36 million in “Depreciation” and “Adjustments” of ¥36 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, 2023 | Fiscal year ended May 31, 2024 |
|--------------------------|--------------------------------|--------------------------------|
| Net assets per share | 2,378.18 | 2,539.85 |
| Basic earnings per share | 237.16 | 222.47 |

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, 2023 | As of May 31, 2024 |
|--|--------------------|--------------------|
| Total net assets (Millions of yen) | 76,396 | 81,589 |
| 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) | 76,396 | 81,589 |
| Number of issued common shares (Thousands of shares) | 35,497 | 35,497 |
| Number of common shares held as treasury shares (Thousands of shares) | 3,373 | 3,373 |
| Number of common shares at the end of the fiscal year used for calculation of net assets per share (Thousands of shares) | 32,123 | 32,123 |

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

| | Fiscal year ended May 31, 2023 | Fiscal year ended May 31, 2024 |
|---|--------------------------------|--------------------------------|
| Basic earnings per share | | |
| Profit (Millions of yen) | 7,618 | 7,146 |
| Amount not attributed to common shareholders (Millions of yen) | — | — |
| Profit related to common share (Millions of yen) | 7,618 | 7,146 |
| Average number of common shares outstanding during the period (Thousands of shares) | 32,124 | 32,123 |

Significant subsequent events*Tender offer for shares of the Company*

The Company resolved, at its Board of Directors meeting held on June 20, 2024, to express its opinion in support of the tender offer (the “Tender Offer”) for common shares of the Company by the Company’s affiliate Shin-Etsu Chemical Co., Ltd. (the “Tender Offeror”), and to recommend that shareholders of the Company tender their shares in the Tender Offer. The above resolution of the Board of Directors was reached on the premise that the Tender Offeror intends to make the Company its wholly-owned subsidiary through the Tender Offer and a series of subsequent procedures, and that the Company’s stock will be delisted.

(1) Overview of the Tender Offeror

| | | | |
|--|---|--|--------|
| (i) | Name | Shin-Etsu Chemical Co., Ltd. | |
| (ii) | Address | 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | |
| (iii) | Title and name of the representative | Yasuhiko Saitoh, President and Representative Director | |
| (iv) | Business description | Infrastructure materials business, electronics materials business, functional materials business, and processing & specialized services | |
| (v) | Capital amount | 119,419 million yen (as of March 31, 2024) | |
| (vi) | Date of establishment | September 16, 1926 | |
| (vii) | Major shareholders and shareholding ratio (As of March 31, 2024) (Note 1) | The Master Trust Bank of Japan, Ltd. (Trust account) | 18.46% |
| | | Custody Bank of Japan, Ltd. (Trust account) | 6.98% |
| | | JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 4.03% |
| | | Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.) | 3.85% |
| | | The Hachijuni Bank, Ltd. (Standing proxy: The Master Trust Bank of Japan, Ltd.) | 2.95% |
| | | Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.) | 2.68% |
| | | SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 2.31% |
| | | GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch) | 1.99% |
| | | STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 1.79% |
| | | JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 1.33% |
| (viii) Relationship between the Company and the Tender Offeror | | | |
| | Capital relationship | As of June 20, 2024, the Tender Offeror directly owns 13,733,824 shares of the Company’s stock (ownership ratio (Note 2): 42.75%) and indirectly owns 359,424 shares of the Company’s stock (ownership ratio (Note 2): 1.12%) through Shin-Etsu Handotai Co., Ltd., a wholly-owned subsidiary of the Tender Offeror, and thus holds a total of 14,093,248 shares of the Company’s stock (ownership ratio (Note 2): 43.87%), thereby making the Company an equity-method affiliate. | |
| | Personnel relationship | As of June 20, 2024, one of the Company’s Audit & Supervisory Board members was formerly with the Tender Offeror. | |
| | Business relationship | The Tender Offeror mainly entrusts the Company with the processing of semiconductor silicon wafers for the Tender Offeror group. The Company mainly sells products to the Tender Offeror group. | |
| | Status as a related party | The Company is an equity-method affiliate of the Tender Offeror and therefore is a related party. | |

- Notes: 1. “Major shareholders and shareholding ratio (as of March 31, 2024)” is taken from “Status of Major Shareholders” in the annual securities report (for the 147th fiscal year) submitted by the Tender Offeror on June 20, 2024.
2. “Ownership ratio” reflects the ratio (rounded off to two decimal places) against the number of shares (32,123,881 shares) derived by taking the Company’s total number of issued shares as of February 29, 2024 (35,497,183 shares) and deducting the number of treasury shares owned by the Company as of the same date (3,373,302 shares) stated in the “Non-consolidated Financial Results for the Nine Months Ended February 29, 2024 (Under Japanese GAAP)” disclosed by the Company on March 29, 2024.

(2) Overview of the Tender Offer

- (i) Class of shares, etc. to be tendered, etc.
Common shares
- (ii) Period of the Tender Offer, etc.
From Friday, June 21, 2024 to Monday, August 5, 2024 (31 business days)
- (iii) Share price of Tender Offer, etc.
¥3,700 per common share
- (iv) Number of shares planned to be purchased

| | |
|--|-------------------|
| Number planned to be purchased | 18,390,057 shares |
| Minimum number planned to be purchased | 7,682,076 shares |
| Maximum number planned to be purchased | — shares |