

**Change The World
by Our Converting and Polishing Technologies**



1st Half FY2023 Financial Summary

Summary briefing of Consolidated Financial Result for the first half of Fiscal year Ended March 31,2023

Mipox Corporation

01 Financial Summary----- **First Half of FY2023**

02 Financial Forecast----- **FY2023 Fiscal year**

03 Initiatives----- **Second Half of FY2023**

04 Appendix----- **Company Profile**

01

Financial Results
First Half of FY2023

Summary of Financial Results for the first half of Fiscal Year

Sales rose steadily. Despite foreign exchange profit gains due to yen depreciation, our overall gross profit margin declined resulting in an increase in sales and a decrease in profits.

※MISUMI KAGAKU Co. Ltd. is non-consolidated subsidiary company.

Net Sales

5,469 (million yen)

YoY for 1H FY2022

415 (million yen) **UP**

Operating Income

357 (million yen)

YoY for 1H FY2022

483 (million yen) **DOWN**

Ordinary Income

725 (million yen)

YoY for 1H FY2022

66 (million yen) **DOWN**

Net Income*

* Profit attributable to owners of parent

588 (million yen)

YoY for 1H FY2022

64 (million yen) **DOWN**

【Operating Income Change Factors】

- Sharp rise in raw material and energy prices
- Changes in the sales mix

----- - 208million yen

- SG&A expenses increased mainly due to logistics and personnel expenses for expansion of production capacity

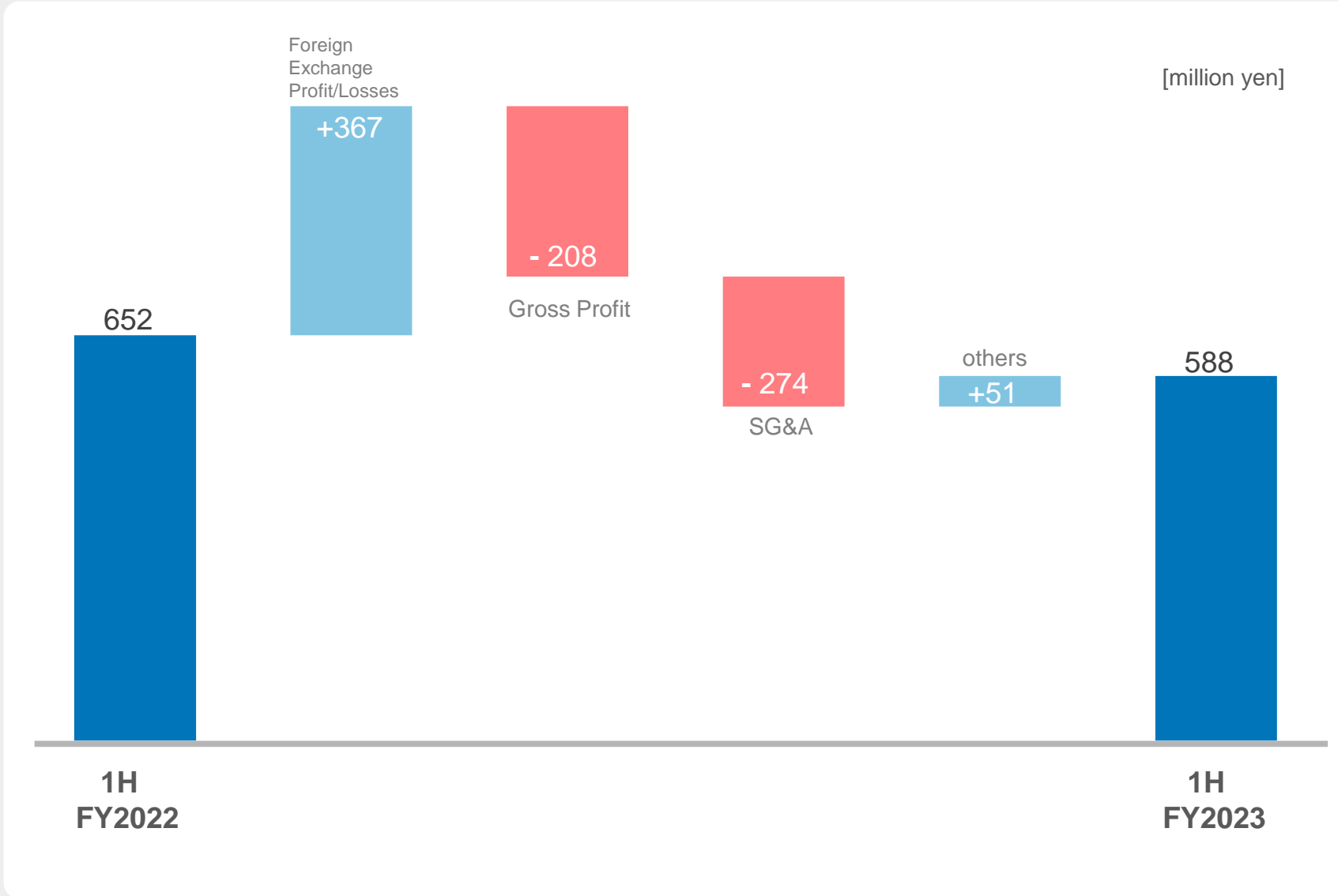
----- - 158million yen

【Ordinary Income Change Factors】

- Foreign exchange gains

----- + 350million yen

Profits decreased due to higher raw material prices and increased costs because of capacity expansion and reorganization of our production system.



FY2022
Profit(1H)
652 (million yen)

- 64 (million yen)

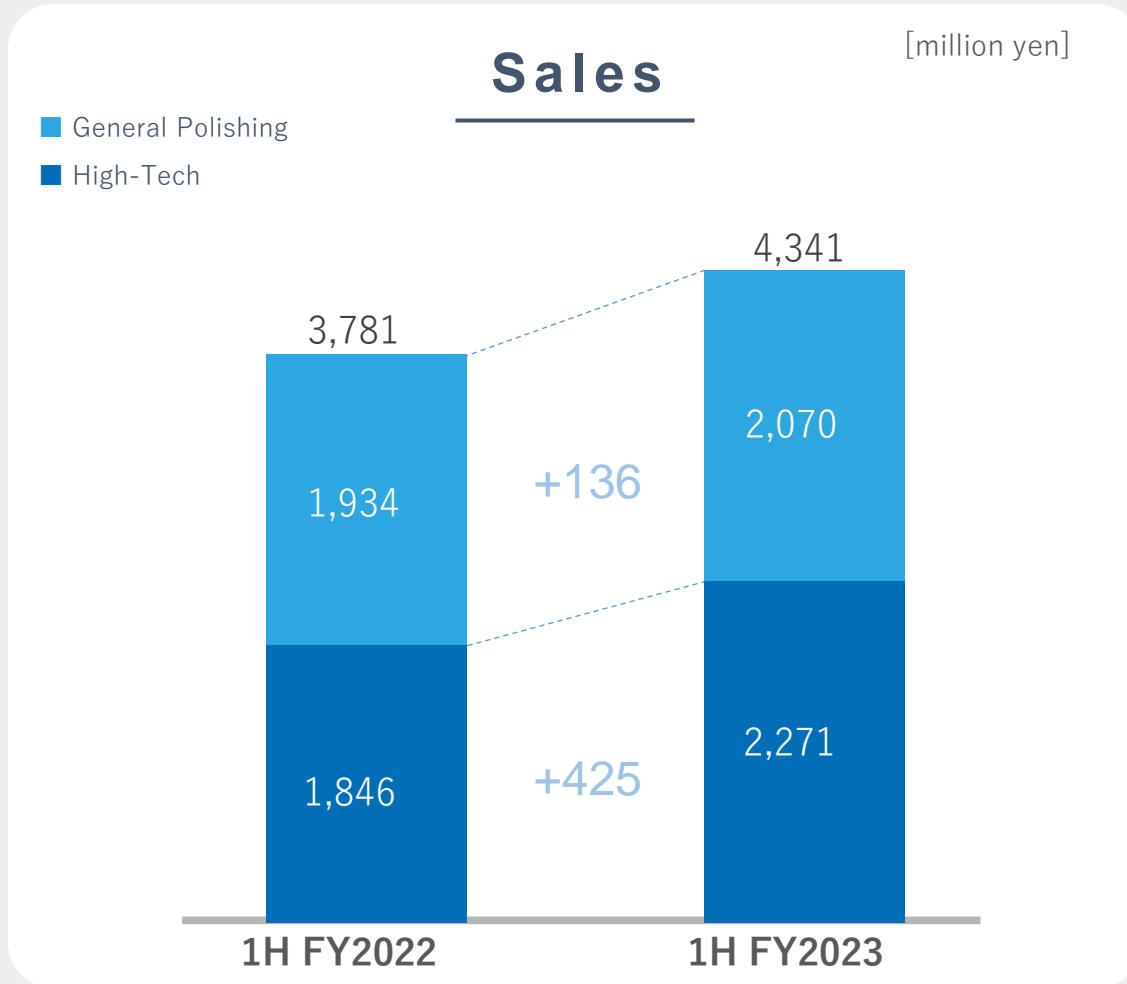
FY2023
Profit(1H)
588 (million yen)

【Profit Change Factors】

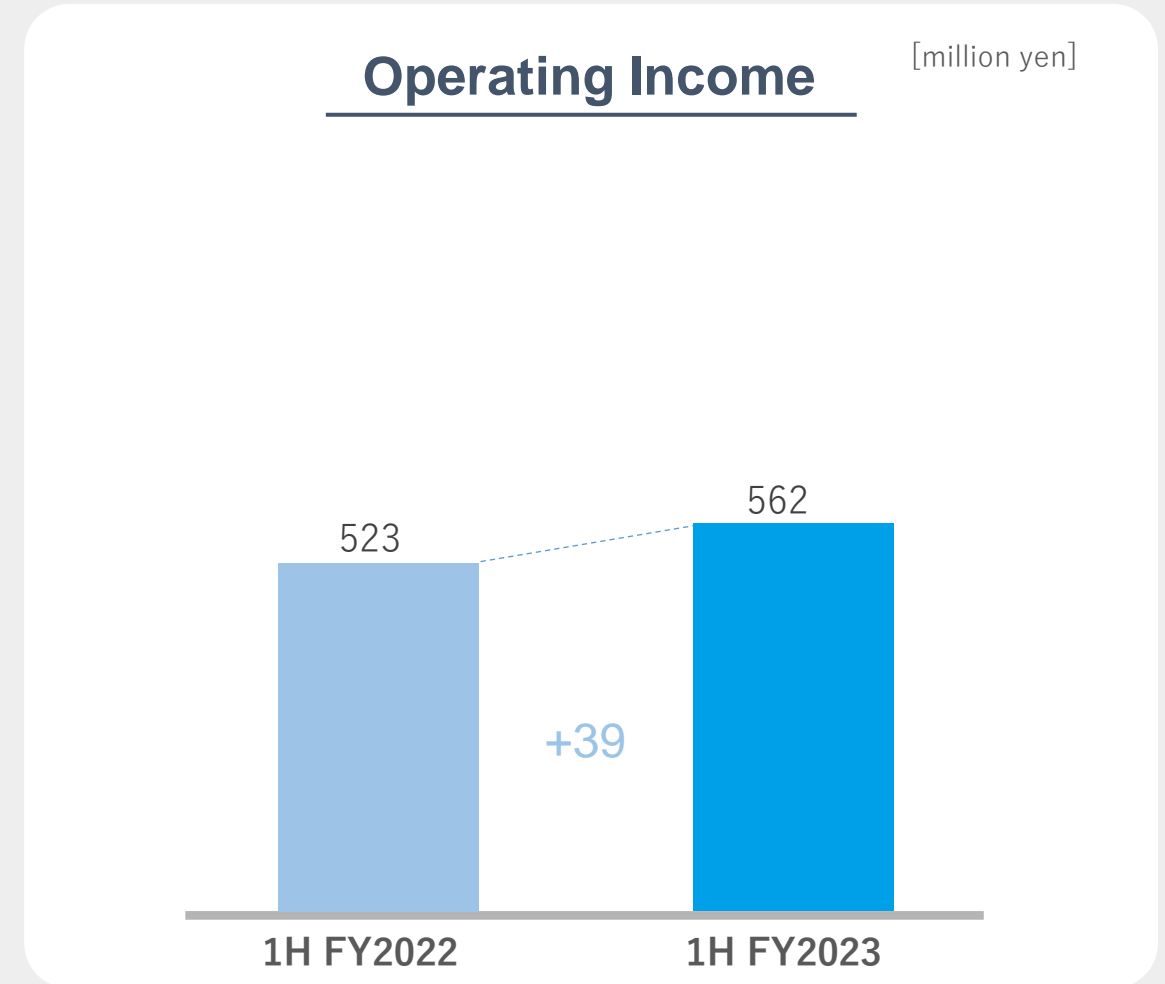
- Foreign exchange gains due to Yen depreciation.
- Decrease in gross profit due to rising raw material and energy costs and changing in sales composition.
- Increase in SG&A expenses centered on logistics and personnel costs as well as increases in raw material and energy costs

Sales increased mainly in high-tech related markets.

An increase in sales and profit due to the end of the Shanghai lockdown, gradual recovery in the automotive industry, and yen depreciation.



YoY comparison(1H)



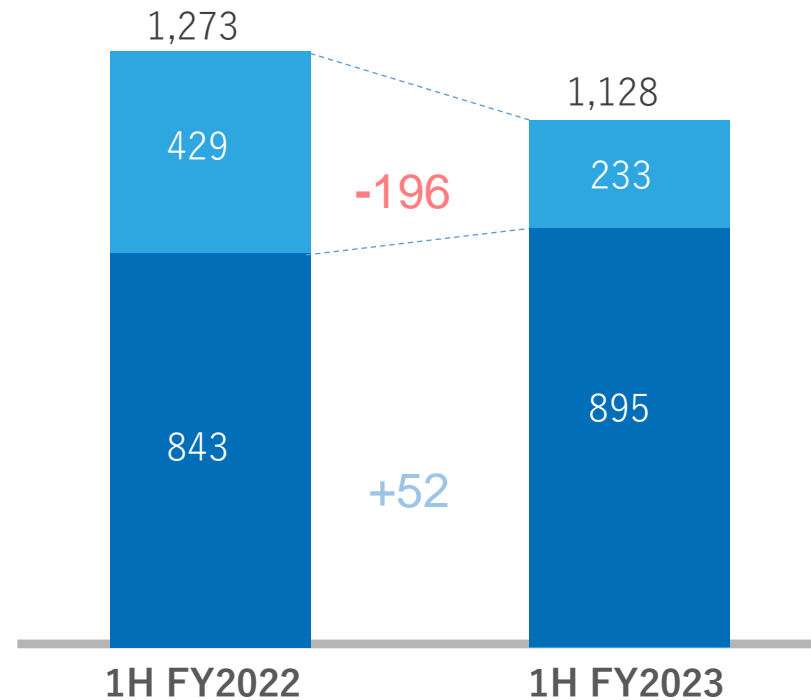
YoY comparison(1H)

Sales of coating and slitting services remained stable with improved production efficiency. Sales of polishing services declined due to the project completion.

[million yen]

- Polishing
- Coating/Slitting

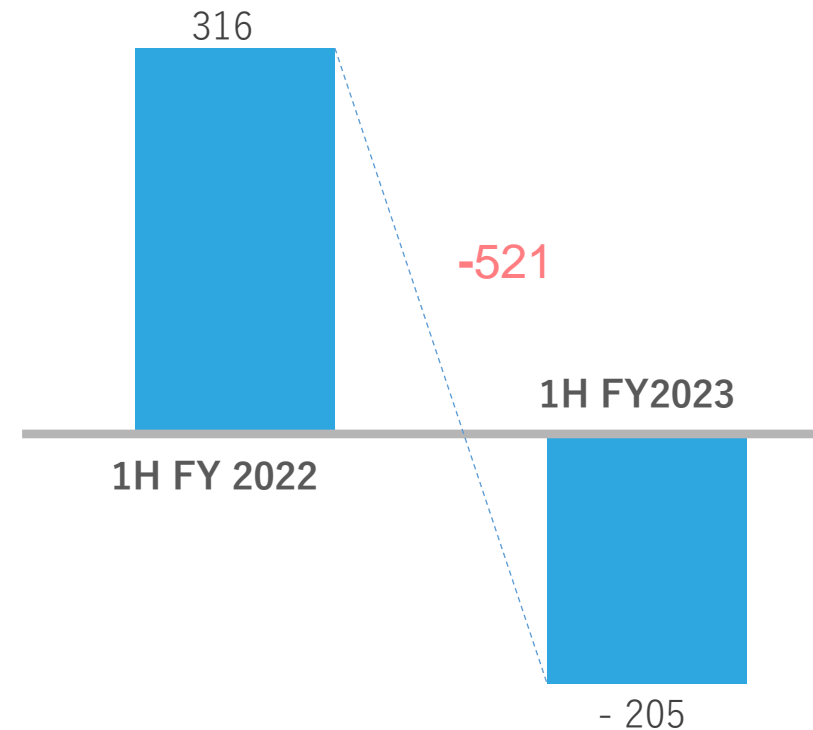
Sales



YoY comparison(1H)

[million yen]

Operating Income



YoY comparison(1H)

[million yen]

[million yen]	March 31, 2022	September 30, 2022	Difference
Current Assets	10,611	9,128	- 1,483
Cash and Deposits	2,394	2,852	458
Advance payment	2,755	0	- 2,755
Non-Current Assets	3,994	7,171	3,176
Property, Plant and Equipment	3,350	6,537	3,187
Total Assets	14,606	16,299	1,692
Current Liabilities	4,002	4,303	300
Short-term Borrowings (including corporate bond)	1,505	1,899	394
Non-Current Liabilities	2,512	3,411	898
Long-term Borrowing (including corporate bond)	2,215	3,158	943
Total Liabilities	6,515	7,714	1,199
Total Net Assets	8,091	8,584	493
Total Liabilities and Net Assets	14,606	16,299	1,692
Total Loans Payable	3,720	5,058	1,337

Reserve funds for
acquisition of
Kanuma Plant

April 1, 2022
Kanuma Plant
acquisition.
Expansion of
facilities including
machinery and other
equipment.

Increase in
Foreign currency
transition adjustment of
118 million yen

Decrease in retained
earnings from
dividends paid
213million yen

Sep. 30, 2022

Total Assets

16,299

(million yen)

Total Net Assets

8,584

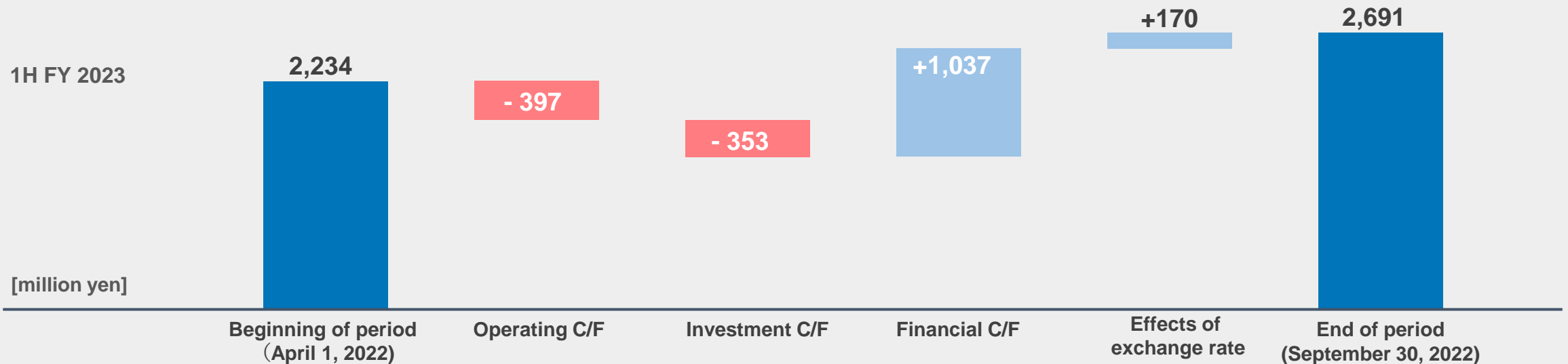
(million yen)

Shareholder's
Equity Ratio

52.7%

*Rounded down to the nearest million after calculation of increase/decrease

[million yen]	1H FY2022	1H FY2023	Main Factors for Change
Cash flow from operating activities	772	- 397	Profit before income taxes 722 Depreciation 248 Decrease (Increase) in Inventories 150 Decrease from other operating activities 423 Income taxes paid 275 Decrease(increase) in trade receivables 87 Decrease(increase) in accounts receivable 191
Cash flow from investment activities	- 65	- 353	Purchase of Property, Plant and Equipment 304
Cash flow from financing activities	- 451	1,037	Income from long-term borrowings 1,717 Repayment of long-term borrowings 614 Dividends paid 211
Effect of exchange rate change on cash and cash equivalents	3	170	
Cash and cash equivalents at beginning of the period	2,862	2,234	
Cash and cash equivalents at the end of period	3,122	2,691	



02

Financial Forecast

The Fiscal Year Ended March 31,2023

Downward revision to FY2023 Full-year financial forecast

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023(April,2022-March 31,2023)

- Sales are expected to decline due to the temporary adjustment in the electronic device market and the impact of a decrease in orders received due to inventory adjustments and production changes for our customers in the processing service business.
- Profits are expected to decline due to soaring raw material prices, changes in sales mix, and an increase in upfront investment costs for logistics and human resources to expand production capacity.

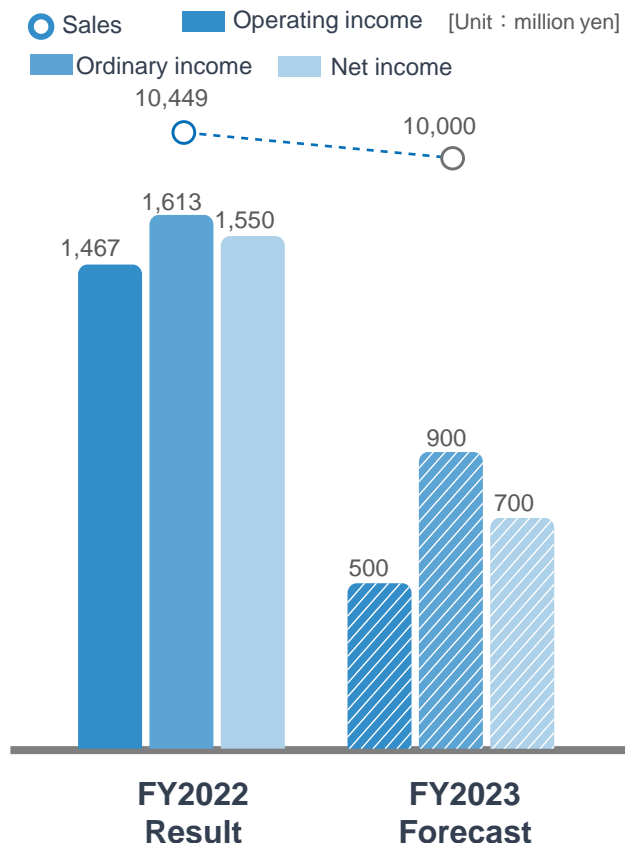
FY 2023 Financial Forecast

[million yen]	Previous Announcement	FY2023 Forecast	Difference	Difference%	FY2022 Result
Sales	10,500	10,000	- 500	- 4.8%	10,449
Operating income	1,000	500	- 500	- 50.0%	1,467
Ordinary income	1,100	900	- 200	- 18.2%	1,613
Net Income*	900	700	- 200	- 22.2%	1,550

*Profit attributable to owners of parent

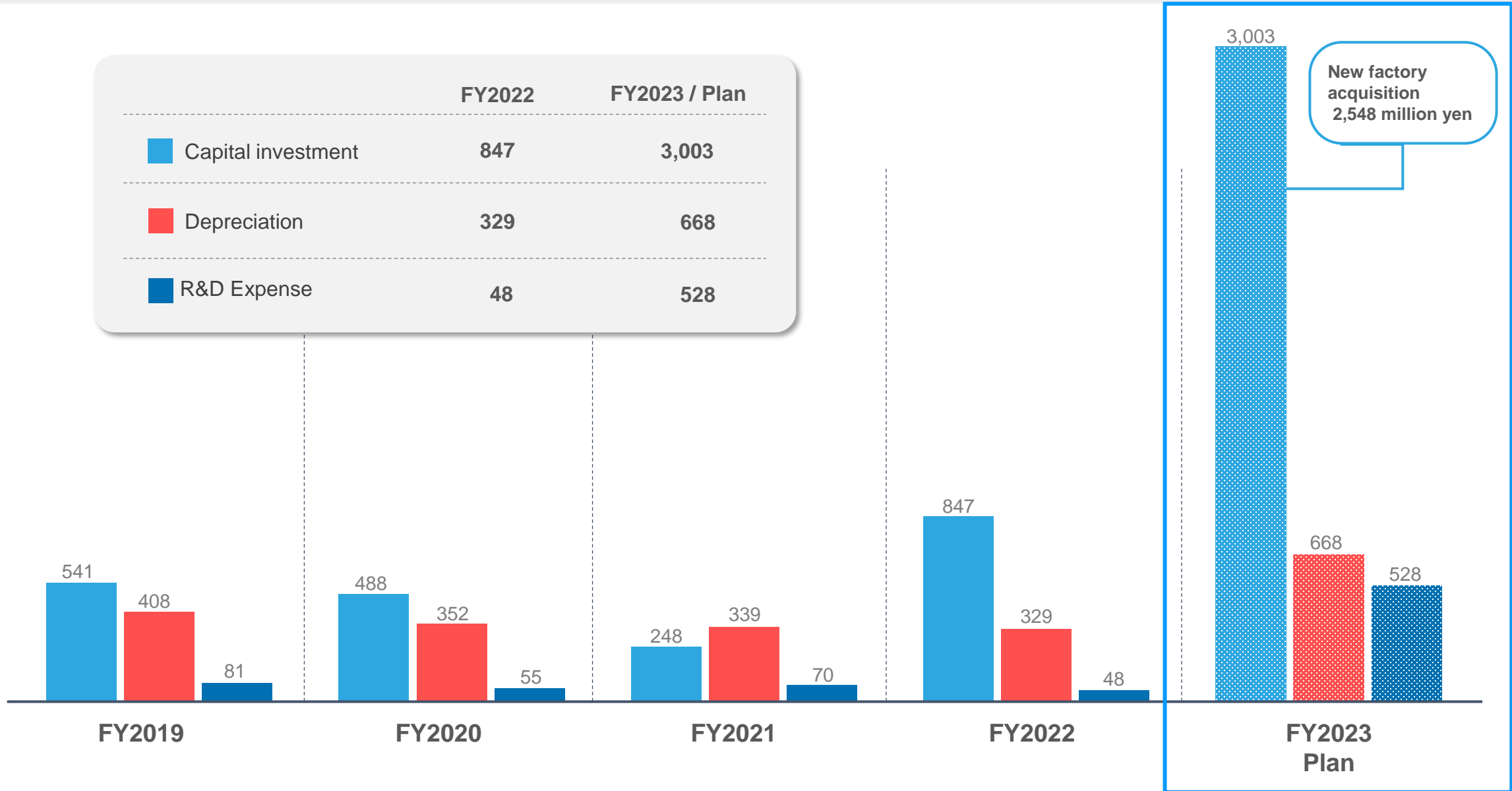
This figure is based on the information obtained as of November 14 and certain assumptions that we judge to be reasonable and actual business results may differ significantly due to various factors.

Expected Exchange Rate : 135 yen



[million yen]

	FY2022	FY2023 / Plan
Capital investment	847	3,003
Depreciation	329	668
R&D Expense	48	528



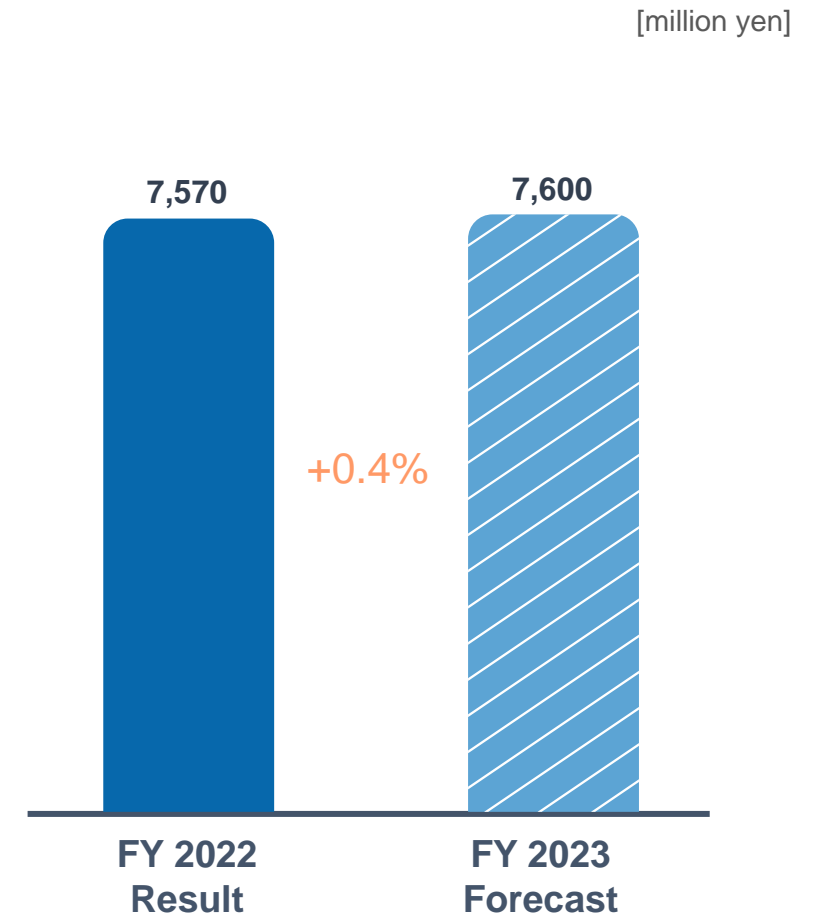
New factory acquisition
2,548 million yen

Sales of products business expect to level off due to temporary adjustment in market

Products Business

General Polishing/High-tech

- Sales are expected to decrease due to temporary adjustments in electronic device markets including semiconductor and hard disk.
- The automotive sector is expected to show moderate recovery.
- We are expecting to increase sales through improved service by building an immediate delivery system, by shortening production lead time, and establishing appropriate inventory.
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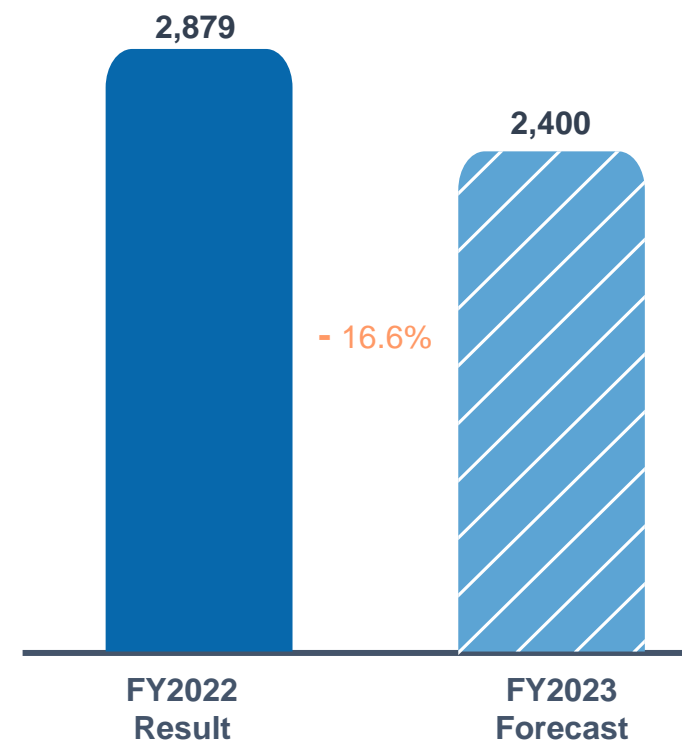
Sales of Coating and Slitting service is expected to remain firm. However, overall sales in processing service business is expected to decrease due to customer’s inventory adjustment and change in demand.

Processing Service Business

Polishing/Coating · Slitting

- Sales of Coating and Slitting expect to remain firm
- Sales of Polishing Service Business expect to increase steadily due to inquiries for new projects in response to growing domestic and overseas demand for next-generation semiconductors.
- Sales of Polishing Service Business expected to decrease due to the completion of some large customer orders.
- Sales expected to increase by promoting the achievements of a new polishing service business.

[million yen]



	Annual Dividend
FY2022	15yen
FY2023	10yen (Expected)

Dividend Policy

Our basic policy is to secure the internal reserves necessary for future business development and strengthening of the management structure, while aiming for stable dividends to our shareholders and striving for appropriate profit distribution in consideration of our business performance.

Disclaimer and Cautionary Statement Regarding any Forward-Looking Statements

Based on currently available information on domestic and foreign economic conditions, as well as exchange rate fluctuations and other factors affecting performance, including a review of industry trends for the Company and its divisions. Please note that the actual business results, etc. may differ significantly from the forward-looking statements described in this material.

03 **Initiatives**

The Second Half of FY2023

Our policy to create added value and to meet diversified needs

4X

SX (Sustainability Transformation)

Create a sustainable corporate value

New research and development site/ BCP

Environmental measures for factories

CX (Customer Experience)

Providing new value

Initiatives for immediate delivery system

DX (Digital Transformation)

DX / Smart Factory as a manufacturer

Data linkage between the manufacturing site and each department

GX (Green Transformation)

Mipox's core technology

Green innovation

Change The World by Our Converting and Polishing Technology

Address social challenges and needs with Mipox's core technology "Coating, Slitting, Polishing."

We are working on the development and research for the social implementation of next-generation semiconductors, with SiC (silicon carbide) and GaN (gallium nitride) at the forefront.

We meet the various electronics-related needs and challenges with Mipox's "Engineering" that combines our core technologies.

Development of dedicated polishing equipment for next-generation polishing films



We are developing a next-generation polishing film in collaboration with AIST (TPEC) and aim to release it in FY2024. We are also working on the development of dedicated polishing equipment. We are building a process that can quickly, and with low-damage, polish SiC wafers and contribute to the early realization of a low-carbon society that SiC plays a role in.

Development of next-generation cleaning sheets for semiconductor inspection (probe cards)



With the rapid development of EV charging infrastructure and SiC power modules for automotives, there is an urgent need to develop inspection probe card cleaning sheets for next-generation semiconductors that can withstand unprecedentedly harsh temperature environments. We are investing resources to the development of new product designs and materials. We aim to release the product within FY2023.

Strengthening of room temperature bonding for the process servicing business



We are strengthening the capacity of our regular polishing service and our increasingly popular "room temperature bonding processing service business," from the Second Half of March 2023 Fiscal Year. New pretreatment methods (polishing and cleaning) have been developed for difficult-to-bond materials. Combining Mipox's core technology with room temperature bonding technology, we are meeting the needs for the development of next-generation semiconductor substrates (hybrid wafers).

FOM(Future Of Mipox) Next Generation Semiconductor Project

Green transformation is urgently needed to efficiently convert renewable, clean energy for a decarbonized society and to transform economic, social systems, and industrial structures for growth.

The need for next-generation green power semiconductors and green data centers is increasing, and we are working towards mass-producing high-quality, large-diameter next-generation semiconductor wafers through industry-government-academia collaboration.

Process Development

NEDO Green Innovation Fund Project
Construction of Next Generation Digital Infrastructure

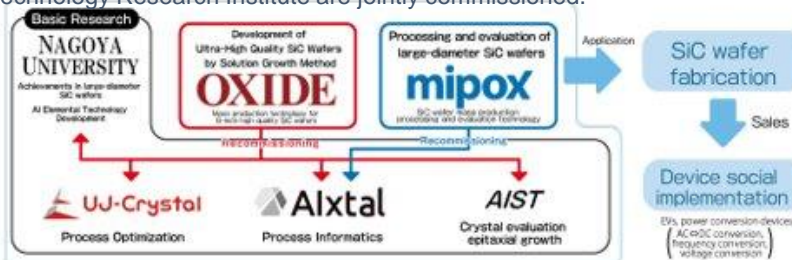
Development of a large-diameter SiC wafer processing line

Reduction of overall wafer processes

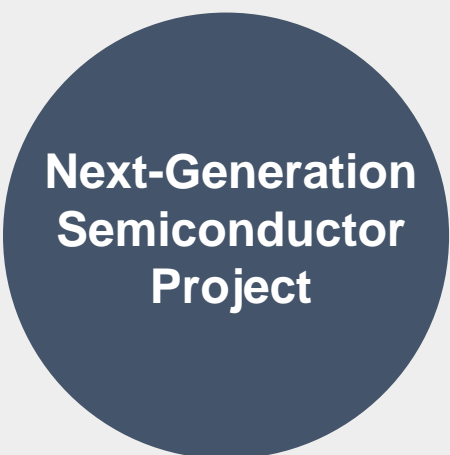
Development of wafer technology for use in next-generation power semiconductors

Establishment of evaluation technology for solution-grown crystals

With Oxide Corporation as the managing company, Mipox Corporation, UJ-Crystal Co., Ltd., Tokai National Higher Education Organization Nagoya University, Eye Crystal Co., Ltd., and National Research and Development Corporation Industrial Technology Research Institute are jointly commissioned.



Development of mass production processing technology for large-diameter SiC wafers



Evaluation of SiC crystal defeat

Observation technology and Machine development

Evaluation Development

NEDO Materials Innovation Technology
Leading Research Program

Development of SiC Ingot inspection equipment

Central Research Institute of Electric Power Industry, Nagoya University (Prof. Toru Ujihara), RIKEN, iCrystal

NEDO Public-Private Young Researcher
Discovery Support Project

Development of a killer defect automatic observation system to improve the productivity of semiconductor manufacturing

Nagoya University (Associate Professor Shunta Harada)



XS-1

Crystal Defect & Distortion
Detection Microscope

New Product Development and Optimization Efforts

Existing products



Polishing Film



Polishing Slurry



Abrasive Cloth and Paper



Polishing Equipment



New Products

Flexible files that change the concept of conventional files with our patented and unique manufacturing method **Omuni sheet**



Product development for CFRP (Carbon Fiber Reinforced Plastics)



Aerospace, Automotive/Motorcycles, Industrial Equipment, Construction Material, large and small UAVs that need to be lightweight (Unmanned Aerial Vehicles/Drones), Air Mobility (Flying Cars/Hoverbikes)

MISUMI KAGAKU Co. Ltd. product

By combining Mipox's technology with MISUMI Kagaku's expertise in products for shipbuilding, we aim to optimally blend traditional Nikken products and MISUMI.



Low-cost and High-quality product development

Launched Ref Lite New Product 「Ultra Light Reflector」



Ultra Light Reflector

Ref Lite Ultralight Reflector, the world's thinnest and lightest reflector cloth (retroreflective material), has been jointly developed with Kajirene Inc., (Headquarters: Kahoku City, Ishikawa Prefecture President Masataka Kaji), a company that boasts advanced manufacturing technology for ultralight fabrics. The technology is currently pending a patent and will be in stock by November 2022

※1 The thinnest and lightest per square meter as an open-lens type reflector product in Japan (according to our research)

As the apparel industry continues to innovate with lightweight clothing, we have developed the world's thinnest reflector product at 0.14 mm and the lightest at 160 g per square meter in response to the demand for thinner and lighter reflectors. This product is suitable for incorporation into fashion items such as sportswear and work clothes that require reduced burden, as well as clothing and sundries that prioritize comfort.

Ref Lite will continue to respond to customer needs and pursue new possibilities for reflectors.

Ref Lite series



Customer Experience (CX) Focus and Responding to Diversified Needs

Establishment of an Immediate Delivery System

Implemented mass production plan along with shortening production lead time and reviewing appropriate inventory



Reinforcement of logistics system centered on Fukuyama Plant and Kanuma Plant



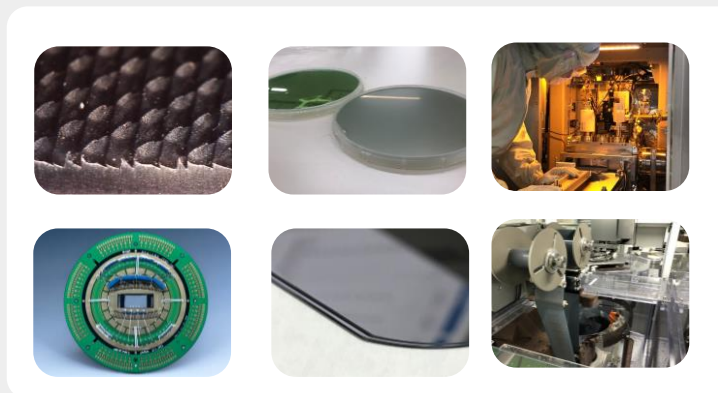
Flexibility of inventory transfer between each location using in-house delivery trucks



New Value Creation

Improved performance of products and services

New product and new service sales and development



Engineering(Technology Development and Improvement)

Mipox's "engineering" represents our spirit and attitude to continue creating added value for society and our customers. With our core technologies of "coating, slitting, and polishing," we will continue to challenge ourselves as professionals in our field, embody what society and our customers want to realize, and change the world. Furthermore, we will promote diverse work styles to create an environment that creates added value for our customers' success.

Owned Media

The Sharing of our "Know-How"

Renewal of our owned media "KENMA LAB" to provide various information on polishing technologies and abrasives cultivated in a wide range of genres from rough grinding to precision polishing.



*Japanese Only

Creating Sustainable Corporate Values

Sustainability Transformation (SX)

Product Business

Consolidating facilities and personnel from overseas and other domestic sites to the Kanuma Plant to streamline domestic production.

Consolidation within Japan reduces transportation costs from overseas and between locations through in-house trucking services.

Enhancing the stable product supply as part of the abrasive supply chain

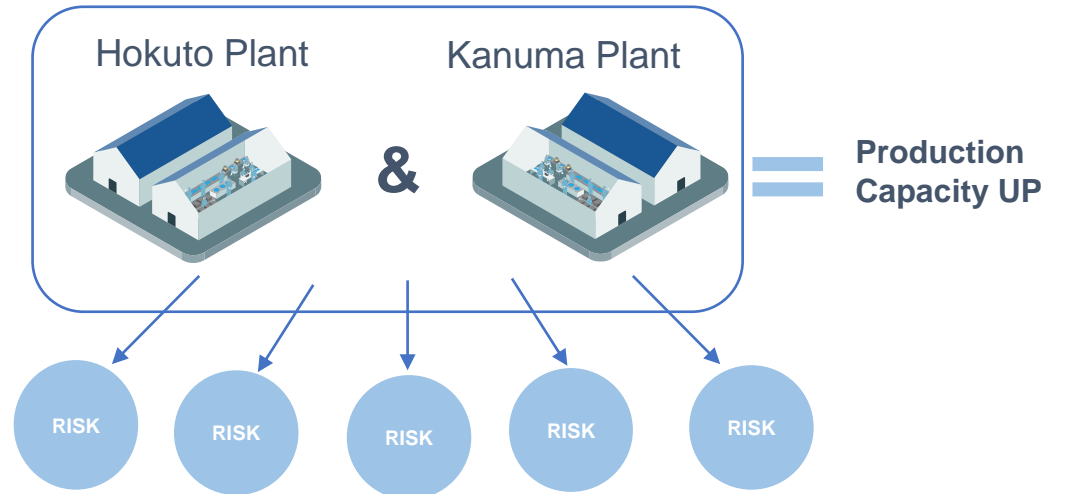
In order to improve CX, construct immediate delivery system



Processing Service Business

Expansion of production capacity in the processing service business

Risk diversification from a BCP perspective



Environmental Measures

RTO Regenerative Thermal Oxidizer



Equipment that detoxifies organic solvent gases (VOCs) generated in the coating drying process of polishing film production by collecting and burning them. Excess heat from combustion is used as a heat source for the plant through a waste heat boiler.

LNG (Liquefied Natural Gas) boiler



LNG (Liquefied Natural Gas) emits less CO2 and Nox(Nitrogen Oxides) than petroleum and does not produce Sox(Sulfur Oxides) or soot dust. Converting heat sources to LNG reduces emissions of hazardous substances into the atmosphere.

Solar Panel



Currently installed on the Hokuto Plant's roof and panel racks, with a maximum output of 120 kW. A new installation is planned and expected to generate 750,790 kWh per year.

Full-scale operation of facilities at the Kanuma Plant, which have been operating in phases and by process, will begin in April as planned.

Continuing to plan to move some domestic and overseas product manufacturing processes to the Kanuma Plant.

Kanuma Plant
 Site Area : approx. 60,000m²
 Floor Space : approx. 46,000m²

Expansion of production capacity
 in Processing Service Business

 To secure location for business growth

Production system from the viewpoint
 Of BCP Diversification of risk

Polishing

Start operation

Slitting

Completed relocating from Hokuto Plant
 Planned process transfer from Malaysia

Coating

Plans to start operation
 April, 2023

Environmentally friendly facility

RTO
 Completed installation

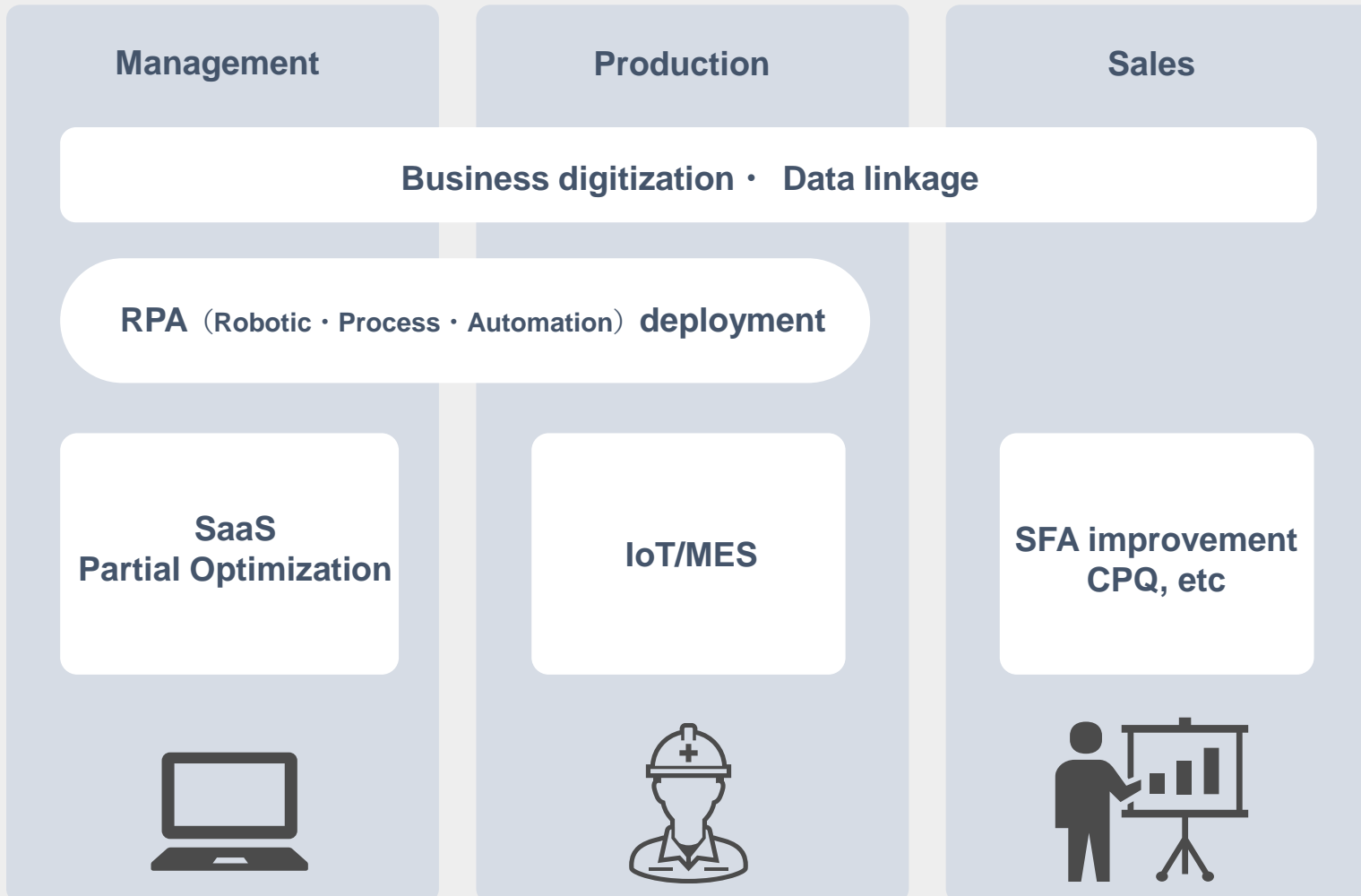
Die Cut

Plans to relocate from Thai Plant
 November 2022

Logistics

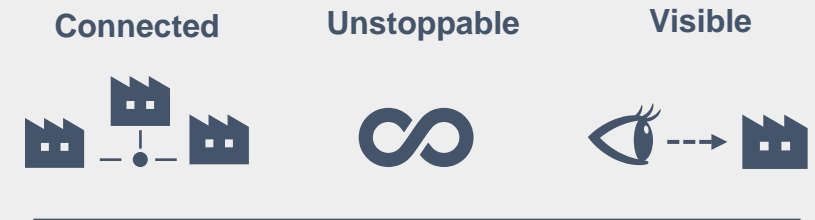
Operation
 In-House truck delivery operation started

We will work to improve production efficiency through cross-functional collaboration across all departments through DX, and to visualize and solve issues by expanding new solutions.



Acceleration of smart factory implementation at manufacturing sites.

We are targeting a SMART FACTORY that connects people, things, and information. We will continue to strengthen efforts toward factories that continuously develops and reforms operation processes and improve quality and productivity by utilizing digital data.



Work Efficiency by RPA

- Routine tasks automation
- Supporting telephone and e-mail operations
- Inspected data collection and analysis

04

**Appendix
Company Profile**

Corporate Name Mipox Corporation

Founded November 21, 1925

Incorporated December 12, 1925

President & CEO Jun Watanabe

Address 10F, Nippon TV Bldg., 5-3-23, Kojimachi, Chiyoda-ku Tokyo, 102-0083 Japan

Market Tokyo Stock Exchange JASDAQ

Stock Code 5381

Employees 466 (At the end of March,2022)



Change The World By Our Converting and Polishing Technology

Since our founding in 1925, we have developed together with our core technologies of “Coating,” Slitting”, and “Polishing” , which we have cultivated as a manufacturer.. Our role and reason for existence is to support global change through “Coating”, Slitting, and Polishing”.

Management Policy

Enhance added value of our product business with an engineering approach

Transform from OEM business to Engineering Service Business

Improve a management foundation that can respond to rapid change and diversity

Coating, Slitting, Polishing, and Observation

With our original technology based on the foil production we modified this to evolve our “Coating”, “Slitting”, and “Polishing” core technologies. Recently, our polishing quality has reached a level where “there is no equipment on the market that can inspect it”, which has encouraged us to expand our inspection equipment, and now we have added the “Observation” technology to our core technology, making “Coating, Slitting, Polishing, Observation” our core technologies.



Mipox not only manufactures products but is also involved in the Processing Service business. In regard to the global polishing industry, we hold a notable global share as a niche top converter.

Product Business

We develop, manufacture, and market abrasive materials. We provide our products for a wide range of applications worldwide from ultra-precision polishing to general polishing, equipment and reflective materials.



Polishing Film



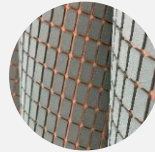
Polishing Slurry



Polishing related products



Abrasive Cloth and Paper



Grinding wheel product



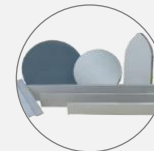
Polishing Machine



Inspection Equipment



Retroreflective Materials(Ref Lite)



Files

Processing Service Business

For polishing services, we receive wafers and other materials from customers, mainly for semiconductor applications, and provide polishing services that meet the customer's requirements using our own equipment (polishing equipment, cleaning equipment, inspection equipment) and our own polishing materials.

For coating and slitting services, we receive base materials (films, etc.) and coating materials from customers and convert them into films using our own equipment (mixing, coating, slitting).



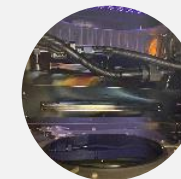
Coating



Polishing



Slitting



Room-temperature bonding



Inspection

IR Inquiries

https://www.mipox.co.jp/en/en_inquiry.html



From the perspective of fair disclosure, We do not respond to IR inquiries by telephone in consideration of maintaining a fair information disclosure system and responding to inquiries to shareholders and investors. Please use the HP inquiry form.

