

Change The World
by Our Converting and Polishing Technologies

mipox

Summary briefing of Consolidated Financial Result
for the Fiscal year Ended March 31, 2022

Mipox Corporation

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01
Financial Summary
The Fiscal Year Ended March 31, 2022

Summary of Financial Results for the Fiscal Year Ending March 31, 2022.

Due to strong sales in both our Product Business and Processing Service Business , we have had the highest sales since the fiscal year ending in March 31, 2005.

Net Sales

10,449 (million yen)

YoY for 2021

+3,088 (million yen)

Operating Income

1,467 (million yen)

YoY for 2021

+1,108 (million yen)

【Sales Overview】

Sales in the Product Business and the Processing Service Business were strong and significantly exceeded YoY.

Due to the popularization of remote work and web conferencing accompanied with the increased demand for data, Product Business sales increased mainly in the high-tech industry.

For the Product Business , the primary factor of sales increase is because of our production ramp up for next generation display components.

Ordinary Income

1,613 (million yen)

YoY for 2021

+1,312 (million yen)

Net Income^{*} *Profit attributable to owners of parent

1,550 (million yen)

YoY for 2021

+1,463 (million yen)

The following items are recorded as described in the "Notice of Recognition of Non-operating Income, Extraordinary Loss and Deferred Tax Assets" dated May 13, 2022.

Non-operating Income

The Company recorded a foreign exchange gain of **207 million yen** in **non-operating income** due to the settlement of receivables and payables denominated in foreign currencies held by the Group and their revaluation at the year-end exchange rate.

Extraordinary Losses

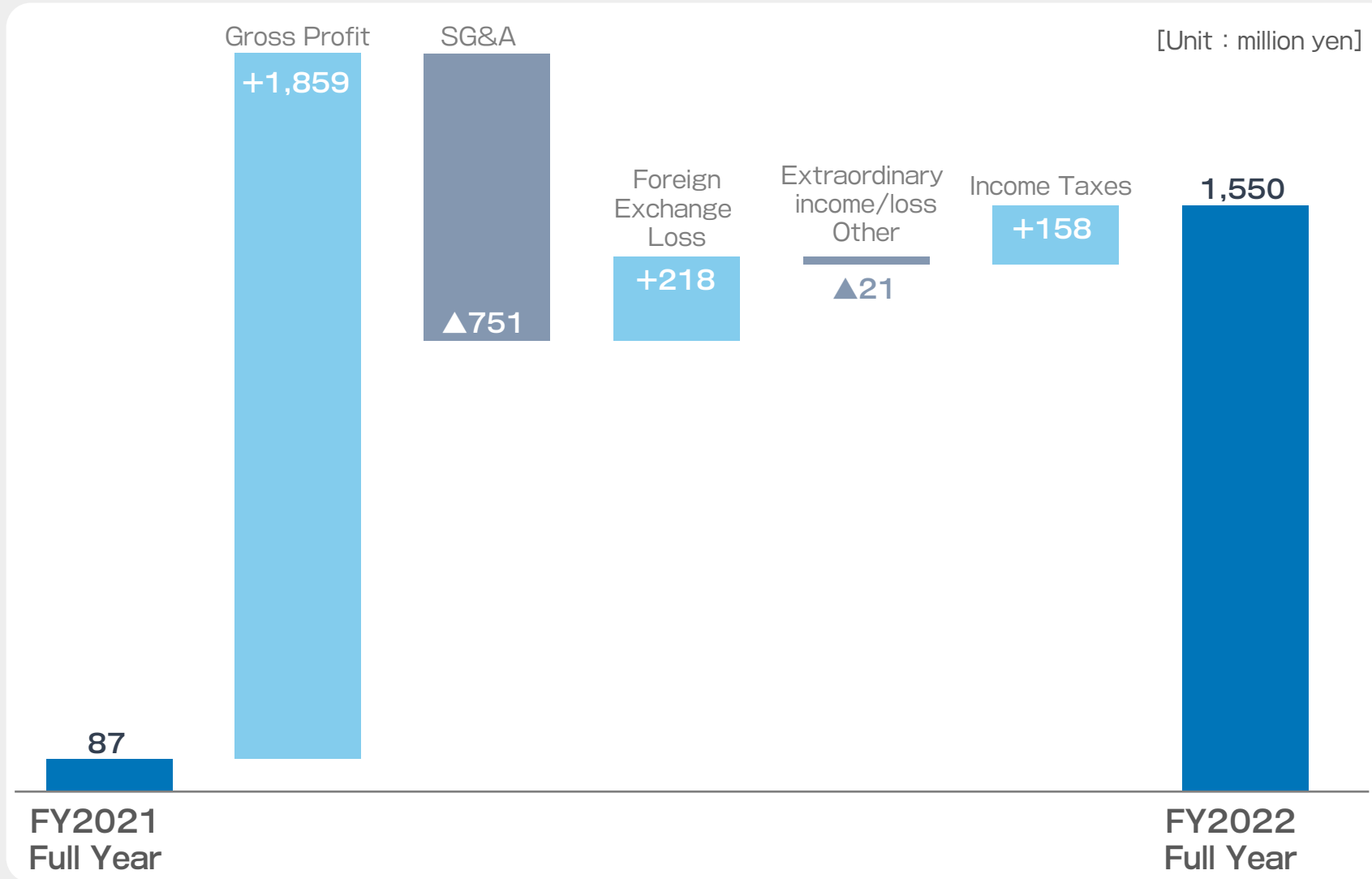
As stated in "Notice Concerning Dissolution and Liquidation of Consolidated Subsidiaries and Closure of Business Offices" dated March 22, 2022, with the resolution to dissolve and liquidate the consolidated subsidiary Mipox (Thailand) Co., Ltd. , an estimated amount of liquidation loss that will be incurred in the future, the provision for loss on consolidation of affiliated companies of **71 million yen** and the impairment loss of **82 million yen** have been recorded as an **extraordinary loss**.

Deferred Tax Assets

Based on the fiscal year ending on March 31, 2022, and on future business trends, in accordance with the "Guidance on Recoverability of Deferred Tax Assets", as a result of careful examination a deferred corporate tax amount of **▲436 million yen** was recorded (**▲ is profit**).

* Profit attributable to owners of parent

Increased profit due to higher sales composition of high-margin products.



FY2021 Full Year

Net Income*
* Profit attributable to owners of parent
87 (million yen)

| +1,463 (million yen)

FY2022 Full Year

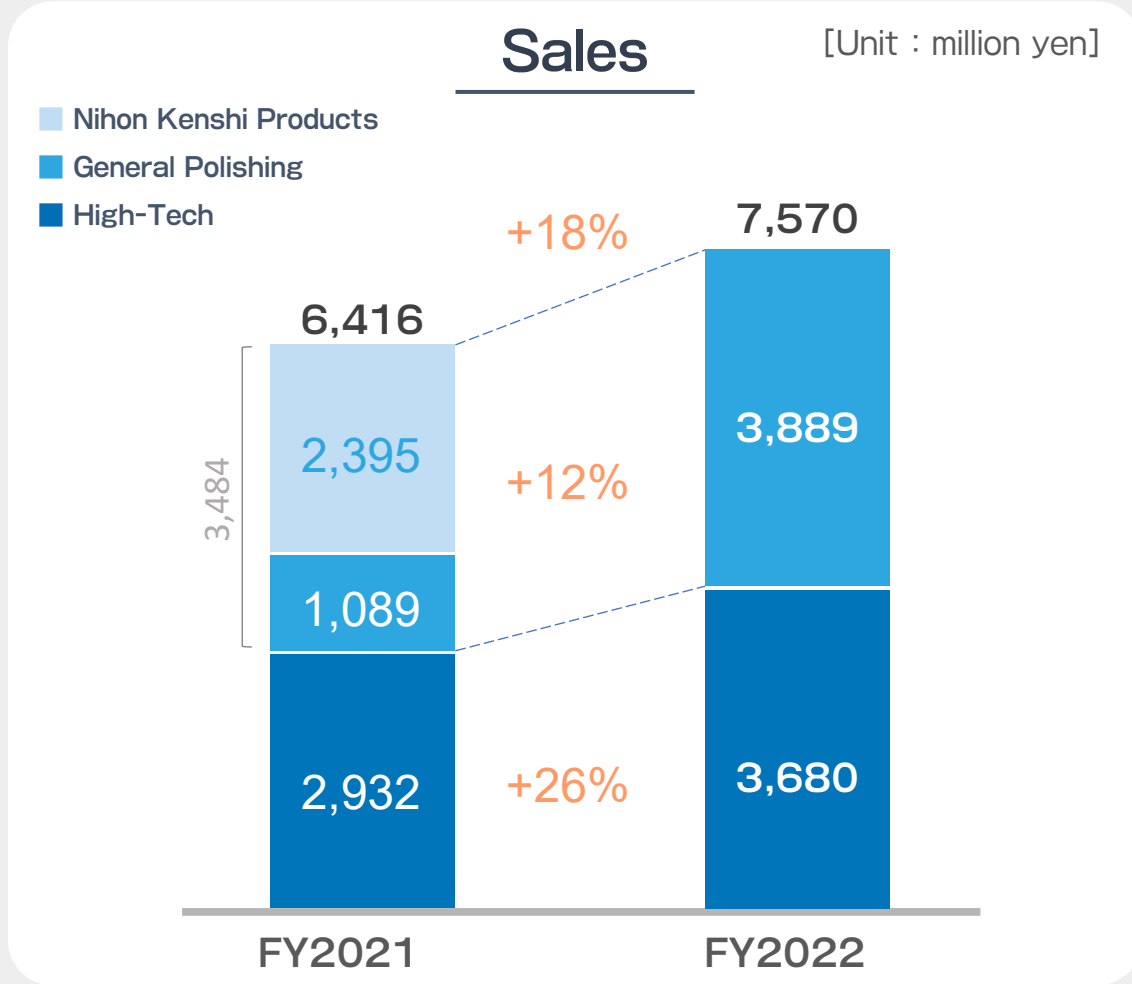
Net Income*
* Profit attributable to owners of parent
1,550 (million yen)

【 Profit factors 】

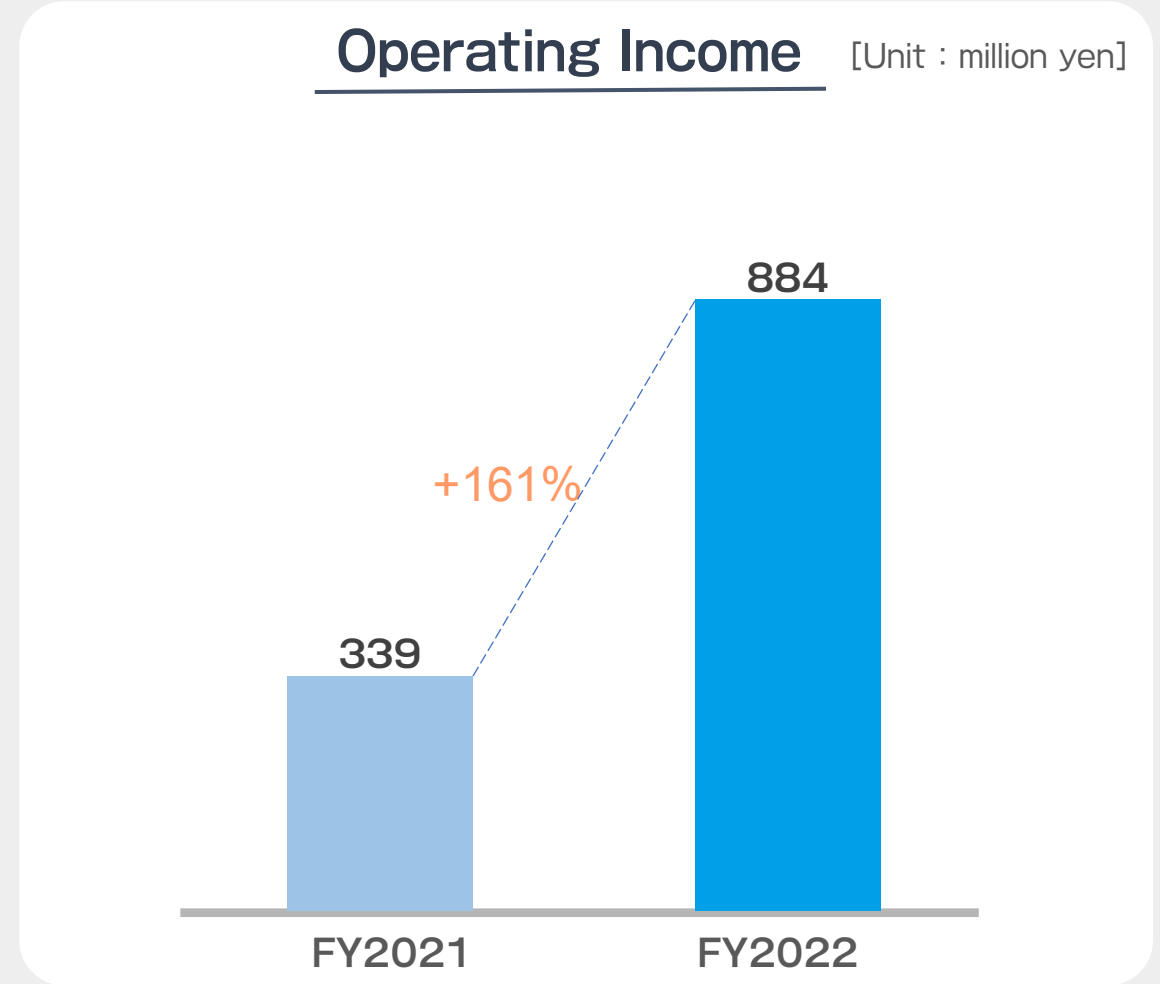
The increase is due to higher sales mix of high-margin products and sales growth mainly in semiconductor-related polishing services

Driven by strong sales in the high-tech market, sales and income increased

*Nihon Kenshi Products → General polishing related due to merger of subsidiaries

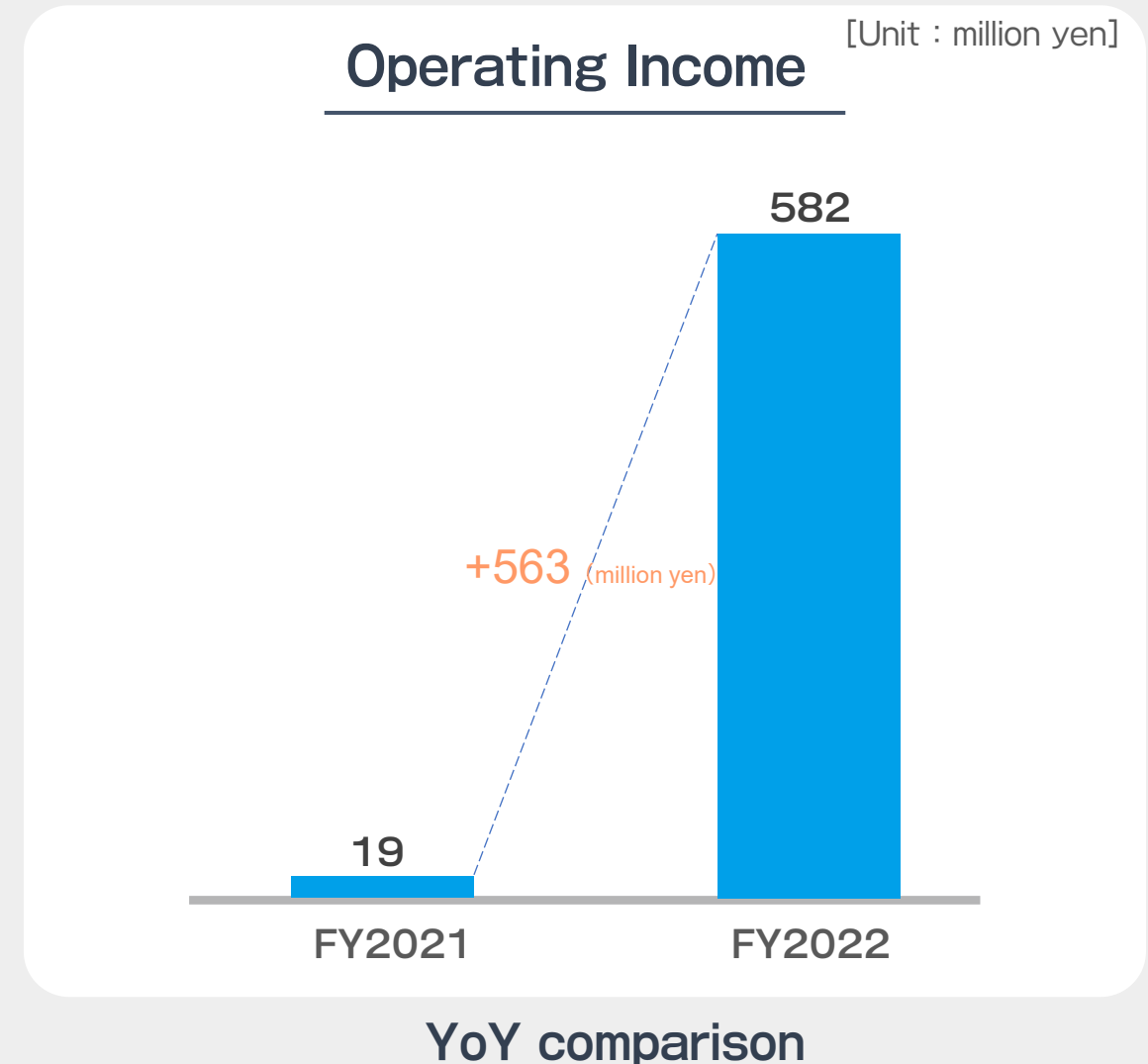
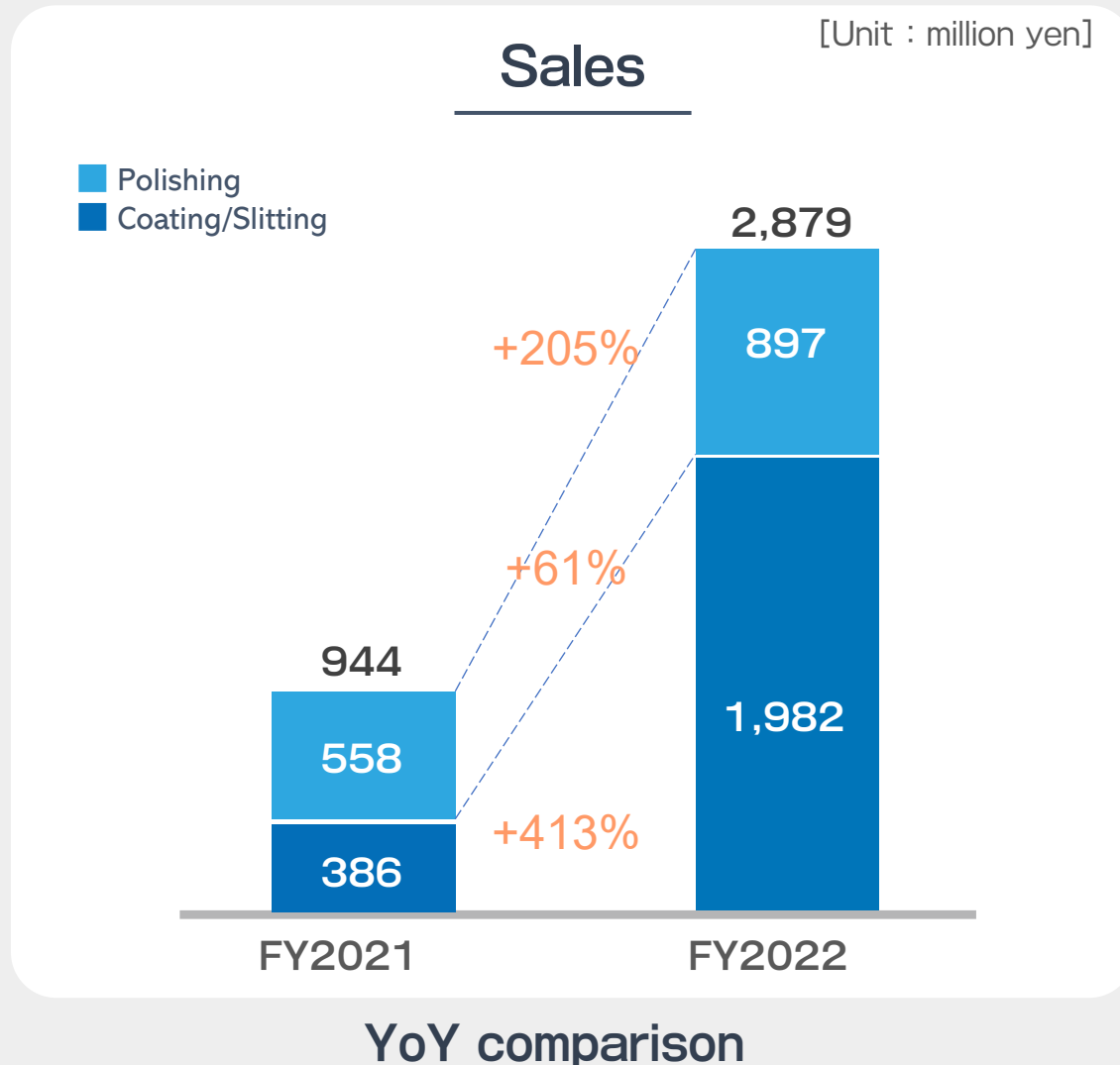


YoY comparison



YoY comparison

Increase Sales of Contract Polishing , Coating and Slitting results in higher sales and profit.



Balance Sheet

[million yen]

	March 31, 2021	March 31, 2022	Difference
Current Assets	7,802	10,611	2,809
Cash and Deposits	3,020	2,394	▲ 626
Advance payments	0	2,755	2,755
Non-Current Assets	3,498	3,994	496
Property, Plant and Equipment	3,172	3,350	177
Total Assets	11,300	14,606	3,305
Current Liabilities	3,329	4,002	673
Short-term Loans Borrowings (included corporate bond)	1,684	15,05	▲179
Non-Current Liabilities	3,598	2,512	▲ 1,085
Long-term Borrowing (included corporate bond)	3,031	2,215	▲ 816
Total Liabilities	6,928	6,515	▲ 412
Total Net Assets	4,372	8,091	3,718
Total Liabilities and Net Assets	11,300	14,606	3,305
Total Loans Payable	4,716	3,720	▲995

FY2022

Total Assets

14,606

(million yen)

Total Net Assets

8,091

(million yen)

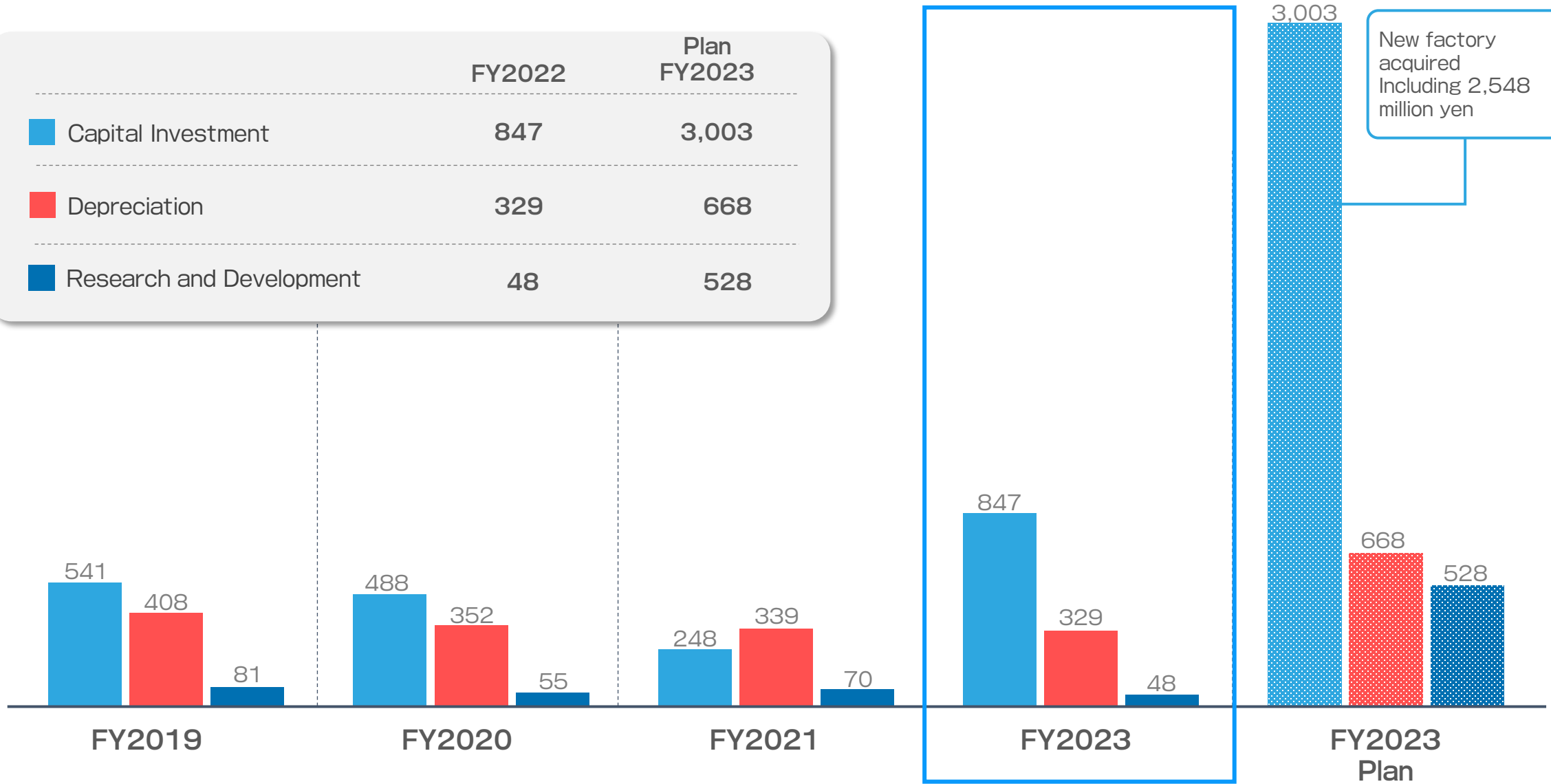
Capital Adequacy Ratio

55.4%

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

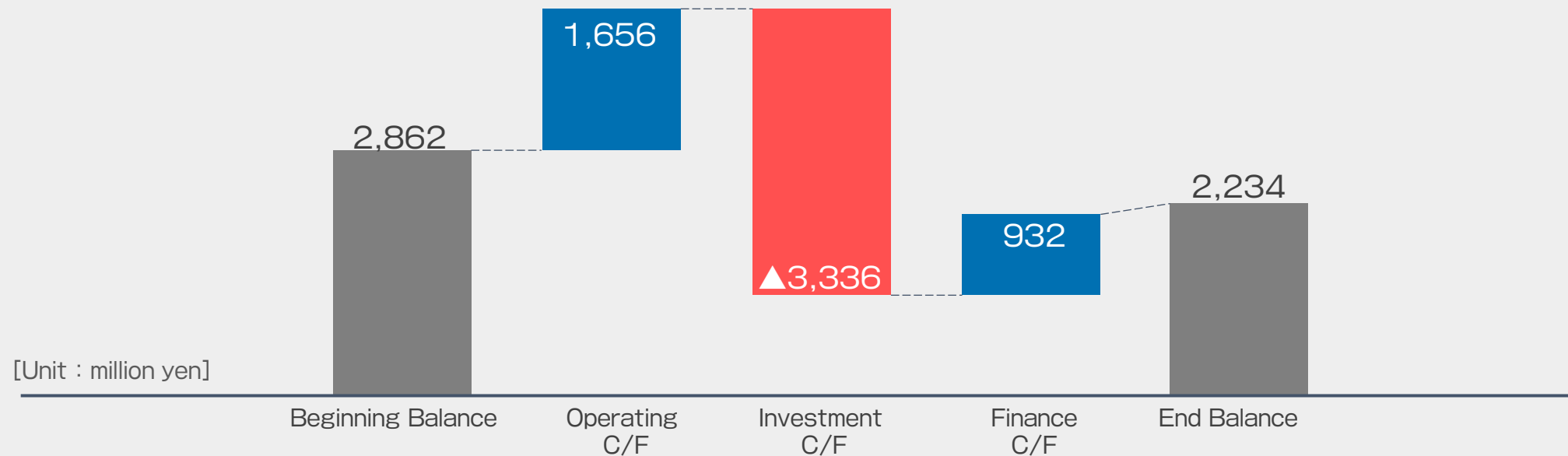
[Unit: million yen]

	FY2022	Plan FY2023
Capital Investment	847	3,003
Depreciation	329	668
Research and Development	48	528



New factory acquired including 2,548 million yen

[Unit : million yen]	FY2021	FY2022	Main Factors for Change
Cash flows from operating activities	▲114	1,656	Income Before Income Taxes 1,419 Depreciation and Amortization 329 (Decrease) Increase in Notes and Accounts Receivable Trade 158 (Decrease) Increase in Inventories 325
Cash flows from investing activities	▲225	▲3,336	Purchase of Property Plant and Equipment 3,301
Cash flows from financing activities	575	932	Repayment Of Long -Term Loans Payment 1,158 Proceeds From Issuance of Common Stock 2,014
Cash and cash equivalents at end of year	2,862	2,234	



02
Financial Forecast
The Fiscal Year Ended March 31, 2023

Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

Sales forecast for the full year ending March 31, 2023 is expected to remain flat.

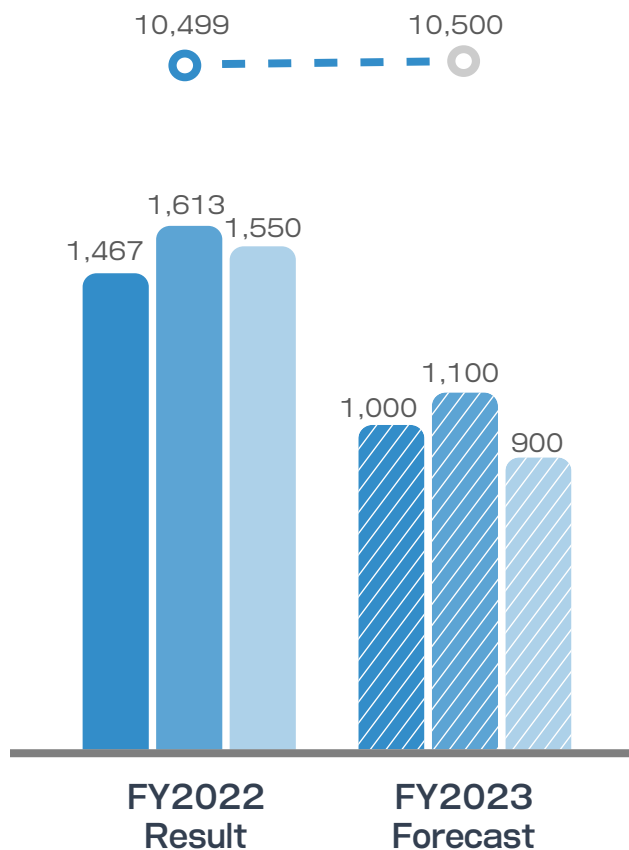
[Unit : million yen]	FY2022 Result	FY2023 Forecast	Difference	Difference%
Sales	10,449	10,500	51	0.5%
Operating income	1,467	1,000	▲467	▲31.8%
Ordinary income	1,613	1,100	▲513	▲31.8%
Net Income Profit attributable to owners of parent	1,550	900	▲650	▲41.9%

This figure is based on the information obtained as of May 13 and certain assumptions that we judge to be reasonable and actual business results may differ significantly due to various factors.

Expected Exchange Rate : 111円

○ Sales ■ Operating income [Unit : million yen]

■ Ordinary income ■ Net income



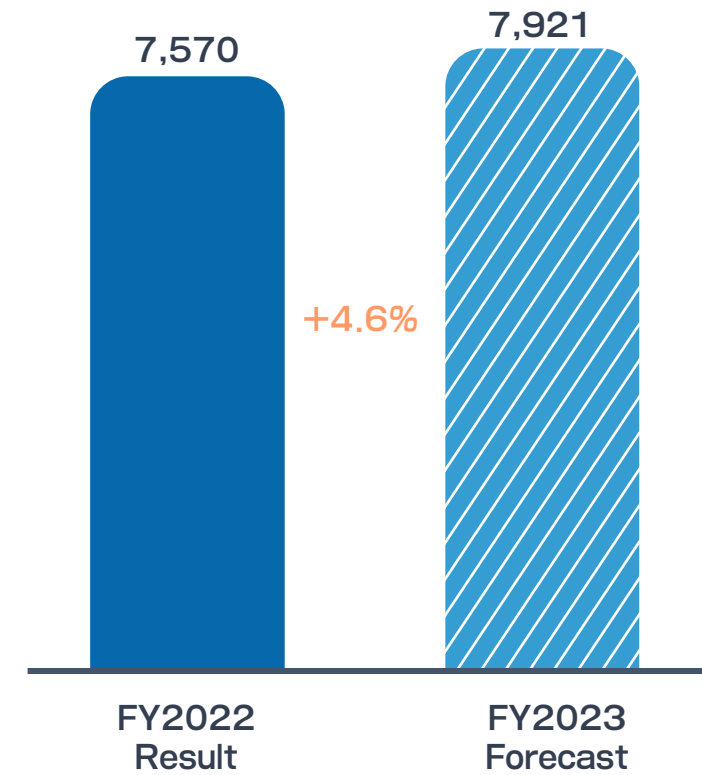
Sales in the product business are expected to remain strong, although the impact of the shortage of semiconductors is uncertain.

Product Business

General Polishing/High-Tech

- In addition to strong demand for semiconductors, sales for data centers and high-speed communications are expected to remain strong.
- Recovery in the automotive market is expected to be moderate due to the shortage of semiconductors.
- By shortening the production lead time and improving the inventory to appropriate levels, we are able to build an immediate delivery system and expect an increase in sales by improving services.
- By establishing a new product development division within the business unit as part of reorganization, we aim to increase sales by the integrated organization from invigorated new product development to Sales.

[Unit : million yen]



*Figures are rounded down to the nearest million after calculation of increase/decrease.

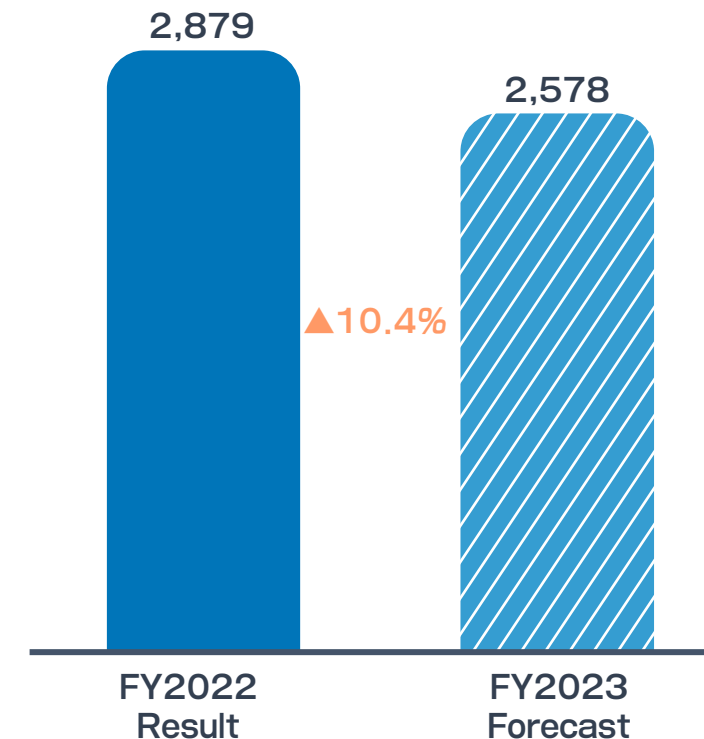
Although it is expected to decrease partially, the overall Processing Service Business is expected to remain strong.

Processing Service Business

Polishing
Coating/Slitting

- Sales for Processing Service Business coating and slitting are expected to remain strong.
- Inquiries for new Processing Service Business polishing projects are expected to increase steadily in response to rising domestic and overseas demand for next-generation semiconductor-related products.
- Overall Processing Service Business polishing sales are expected to decrease due to the completion of some large orders.
- Orders are expected to increase as the company continues to build a track record in new Processing Service Business polishing services.

[Unit: million yen]



*Figures are rounded down to the nearest million after calculation of increase/decrease.

	Annual Dividend
FY2022	15 yen
FY2023	10 yen (Expected)

By improving long-term stable corporate value, continuing to pay stable dividends to shareholders is the most important management matter. Our basic policy is to return profits appropriately by comprehensively considering consolidated business performance and dividend payout ratio.

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

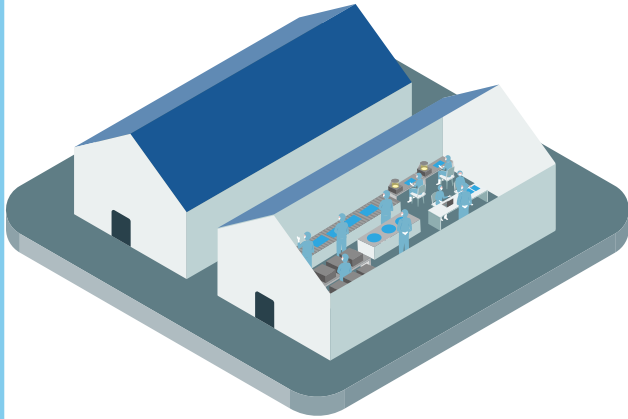
The Fiscal Year Ended March 31, 2023

New factory launch and future initiatives

Kanuma Plant

Site area: approx. 60,000m²

Total floor area: approx. 46,000m²



Reason For Acquisition

Expansion of production capacity in the contract business

To secure a location for business growth

Production system from the viewpoint of BCP Diversification of risk

Efforts for Full Scale Operation

Install and augment equipment, machinery, and personnel, with a focus on Processing Service Business.



Plan at KANUMA Plant

Expansion of production capacity for the Processing Service Business.

Introduction of processes that were difficult to undertake due to space limitations

Transfer of production from Kyoto Plant



Group-wide movements following the operation of the Kanuma Plant

To reduce intra-group complications, we start integrated production systems inside Japan

Reorganization of the Group's production system



Accelerate the transition to a smart factory, including all bases, in preparation for the operation of the new plant.

We are targeting a SMART FACTORY that connect 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.

Unstoppable



Visible



Connected



Cultivation of Human Resources of DX from Manufacturing / Development / production

Advantages

- Enable corresponding processes visually on the factory floor
- Enable unique company process unification
- Shorten steps from introduction to implementation
- Enabling a system that is user friendly

Quality Assurance

[Automated Inspection Process]



Reducing the number of processes by automating what had been done manually

Production Control

[Digitalization of Manufacturing Instructions]



Further efficiency through automatic importing and linking to ERP by self-developed apps

Manufacturing

[Automated Detection]



Labor saving by automating defects detection systems

Manufacturing
Cost
Reduction
by
2.5%



Heading toward a digital society, "challenges" with various needs will rise to be resolved.

Digital Society

Demand for data centers increases with the advancement of digitization. Data center power consumption is growing enormously, and there is an urgent need to go green by reducing power consumption to achieve a carbon-neutral society.

Energy-Saving Society

Globally we are accelerating toward the realization of a carbon neutral future, and the demand for next generation power semiconductor for electric vehicles, renewable energy, and data centers is expanding.



We will respond to the needs for solving "Issues" of next-generation semiconductors by "creation" x "engineering" that combines Mipox's core technologies.

Not considered as an outsourced contractor, but an engineering partner that works together to address issues and provide the added value that only Mipox can offer.

By sharing the know-how, equipment, and human resources of both the Product Business and the Processing Service Business, we improve our product capabilities and development capabilities to meet the latest needs in both businesses.

塗る
Coating

切る
Slitting

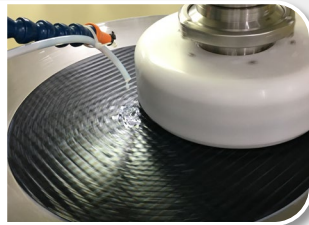
磨く
Polishing

観る
Observation

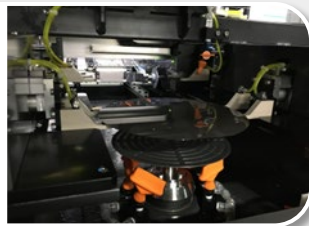
Focus on Mipox's core technologies [Polishing].

- Significantly strengthen production capacity for both Processing Service Business polishing applications and development of equipment and abrasives to meet rapidly growing semiconductor-related demand.
- With the acquisition of the new plant, the company has expanded its clean room space and started providing wafer precision cleaning services in addition to flat surface polishing (CMP), edge polishing, and room temperature bonding services.
- Launched a project to create next-generation compound semiconductor wafers in response to our company's selection for the NEDO Green Innovation Fund Projects, based on the national policy "the challenge of achieving carbon neutrality by 2050 as part of its new Growth Strategy".

Chemical Mechanical Polishing (CMP) with high precision planarization of any kind of material.



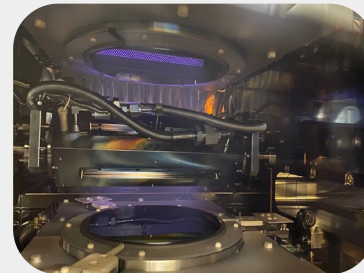
Development of dedicated polishing equipment for next-generation semiconductor wafers



Creation of Next-Generation Hybrid Wafers [Engineered Substrate]



Development of one-stop solution for polishing (CMP), cleaning, and room temperature bonding



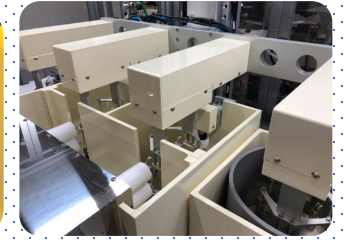
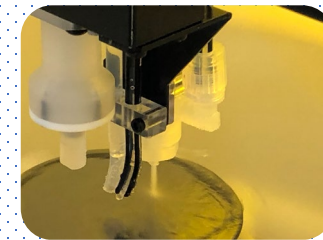
Development of next generation compound semiconductor wafers based on the NEDO GI Fund Projects.



New Service

Wafer Precision Cleaning Treatment Service

Select the detergent and cleaning method according to the material and remove the abrasives and other deposits that adhered during the flat surface polishing process.



Green Innovation Fund Project / Construction of Next Generation Digital Infrastructure
 Development of wafer technology for next-generation power semiconductors

Green Innovation Fund Project
<https://green-innovation.nedo.go.jp/en>

Development of ultra-high quality, 8-inch, low-cost SiC wafers

Consortium

Organizer

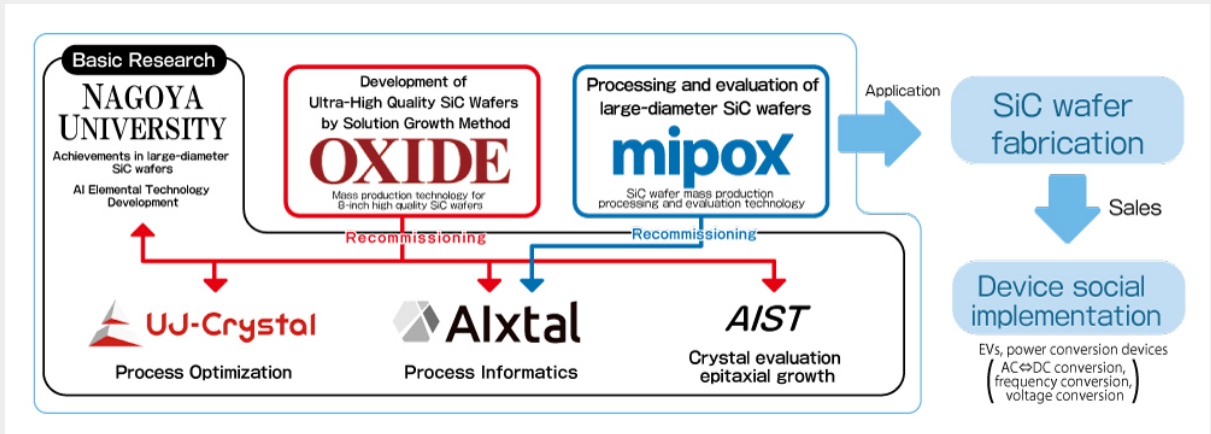


Nagoya University



With Oxide Corporation as the managing company, Mipox Corporation, UJ-Crystal Corporation, Tokai National University Organization Nagoya University, Alxtal corporation, and National Institute of Advanced Industrial Science and Technology (AIST) are jointly commissioned.

By 2030, aiming to develop and sell ultra-high quality, 8-inch, low-cost SiC wafers



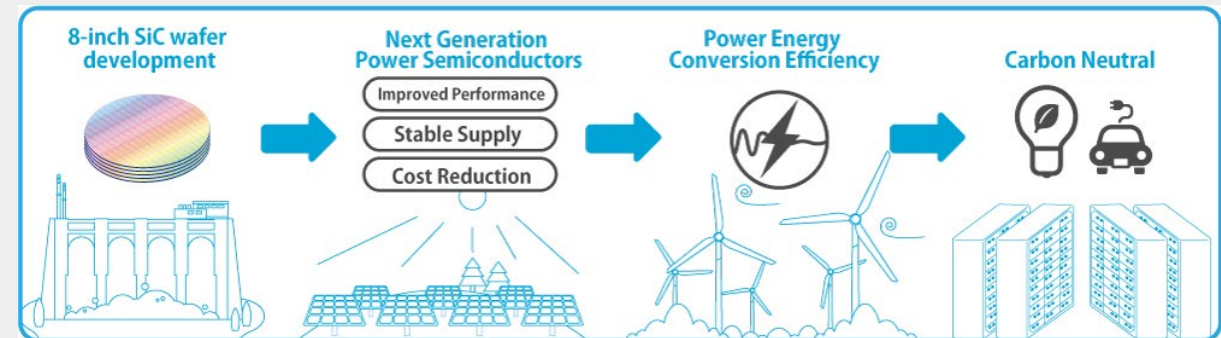
Business Scale

Business (Project) scale: Approx. 25.8 billion yen

※
 Scale of support : approx. 18.6 billion yen

※Including incentive amount. The amount is subject to change according to the progress of the project at stage gates, etc. in the future.

Subsidy rate, etc.: 9/10 commission → 2/3 subsidy → 1/2 subsidy (incentive rate is 10%)



Responding to diversifying needs with a focus on Customer Experience (CX)

Strengthen product and service delivery capabilities

- **Realize customer experience (CX)**

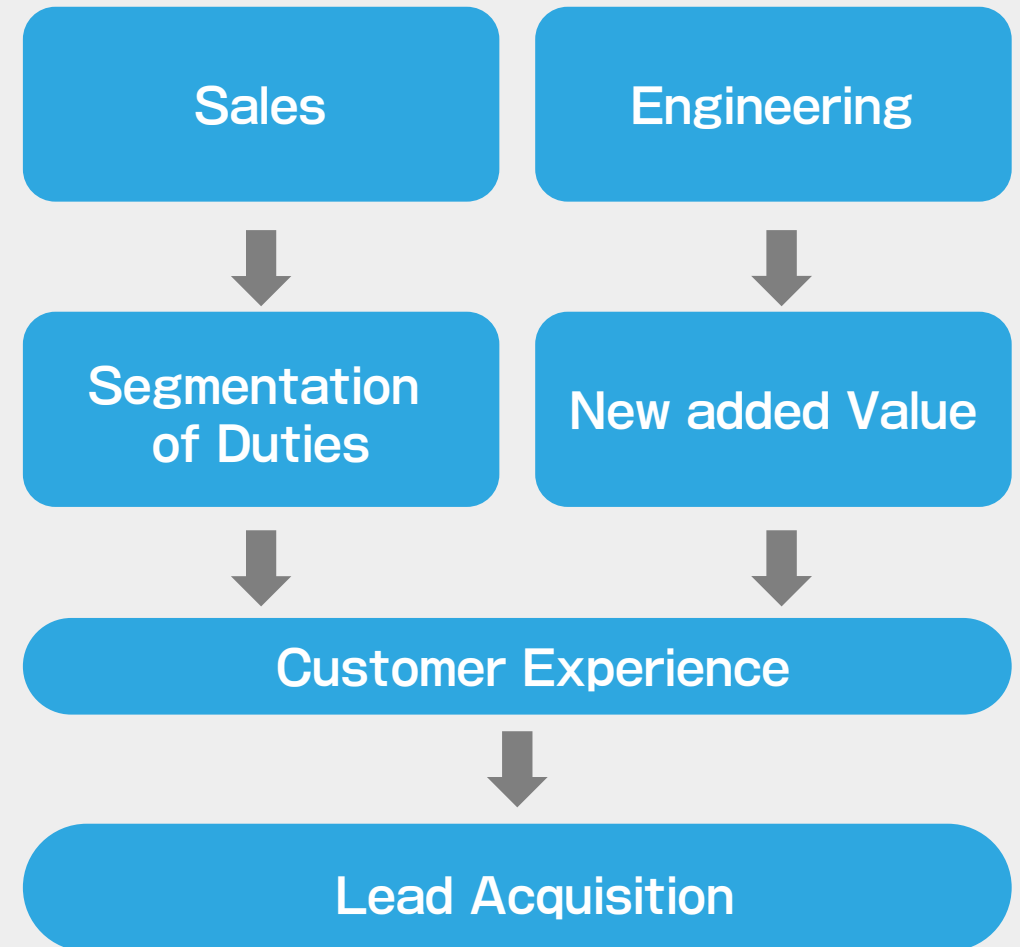
- Segmentation of sales department

- ➔ Inside · Field · Customer Success Strengthening
 - ➔ Proposal of services and products that meet needs

- Shortening of production lead time and review of appropriate inventory. Establishment of an immediate delivery system

- Engineering (technology development and improvement)

- ➔ Improved performance of products and services
 - ➔ Development and sales of new products



04 Appendix

Company Profile

Financial Highlights

Corporate Name Mipox Corporation

Founded November 21, 1925

Incorporated December 12, 1941

President & CEO Jun Watanabe

Address 16F, D-Tower Nishishinjuku, 6-11-3, Nishishinjuku,
Shinjuku-ku Tokyo, 160-0023 Japan

Stock Market Tokyo Stock Exchange Standard Market

Stock Code 5381



Mipox Name Origin

The name "Mipox" is derived from the first letters of both "MICRO POLISH" and "MIRROR POWER," which represent micro-polishing and the power of mirror finish, respectively, and the "X" which represents infinite possibilities.

MICRO POLISH

MIRROR POWER

(Infinite Possibilities)

X

1925

General partnership company

Spin-off pigment and foil department of L. Raybould office



1981

Japan Micro Coating Co. Ltd.,

Integrate product brands to "Mipox"

MIPOX



2013

Mipox Corporation

mipox

Change The World by Our Converting and Polishing Technology

Since our founding in 1925, we have developed along with our core technology "Coating," "Slitting," and "Polishing" cultivated over the years. Through this core technology, we will support the change of the world as our mission.

Management Policy

Add value to product business with engineering approach

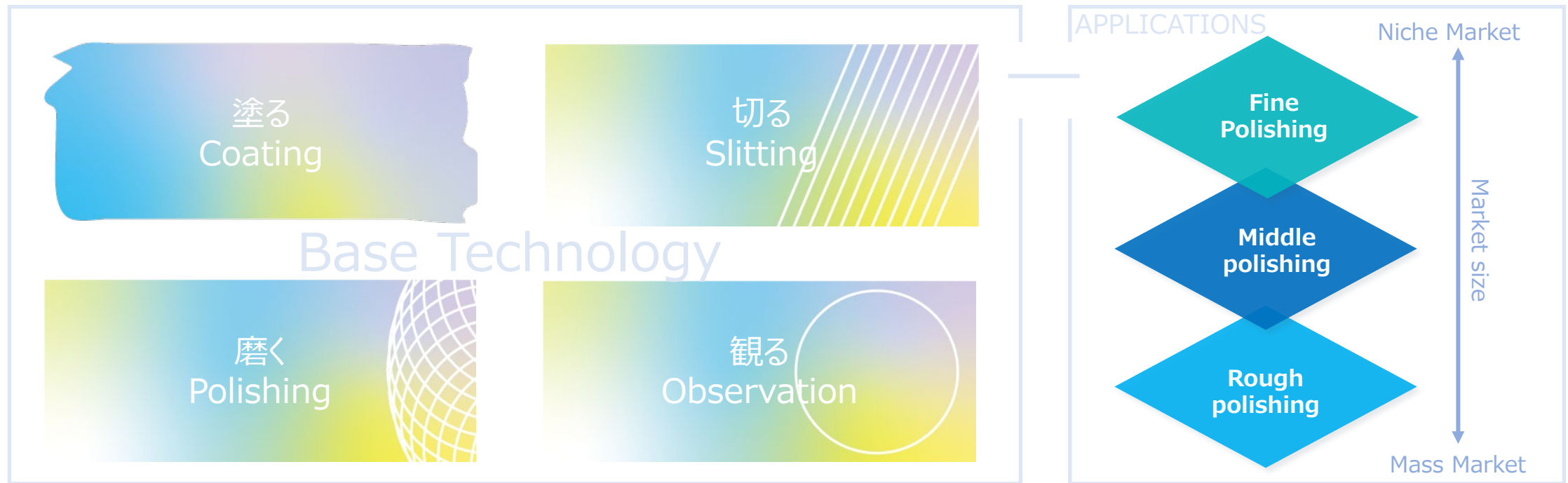
Change from OEM business to Engineering Service

Improvement to the Management base to support rapid changes 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 technology.



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.

Products Business

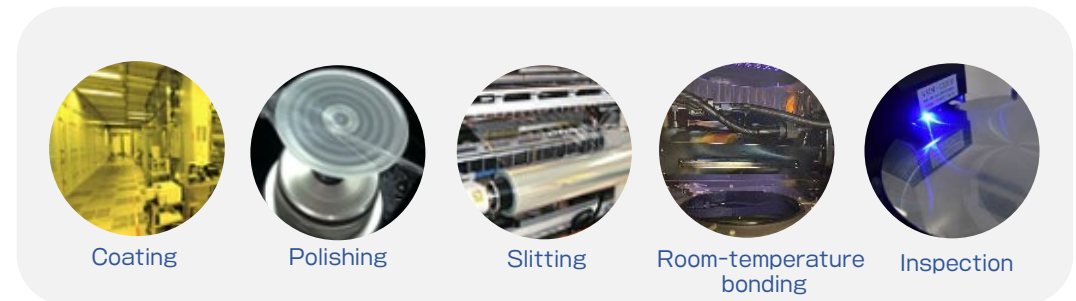
We develop, manufacture, and market abrasive materials. From ultra-precision polishing to general polishing, equipment and reflective materials, our products are used in a wide range of applications worldwide.



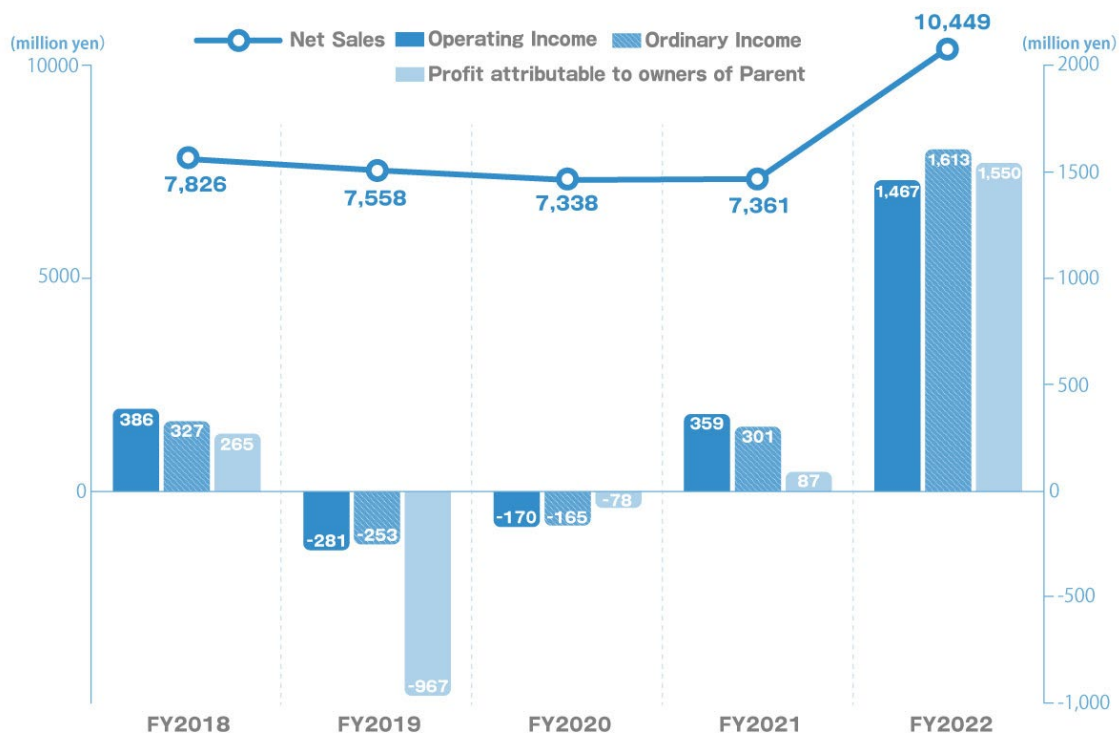
Processing Service Business

For contract polishing, 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.

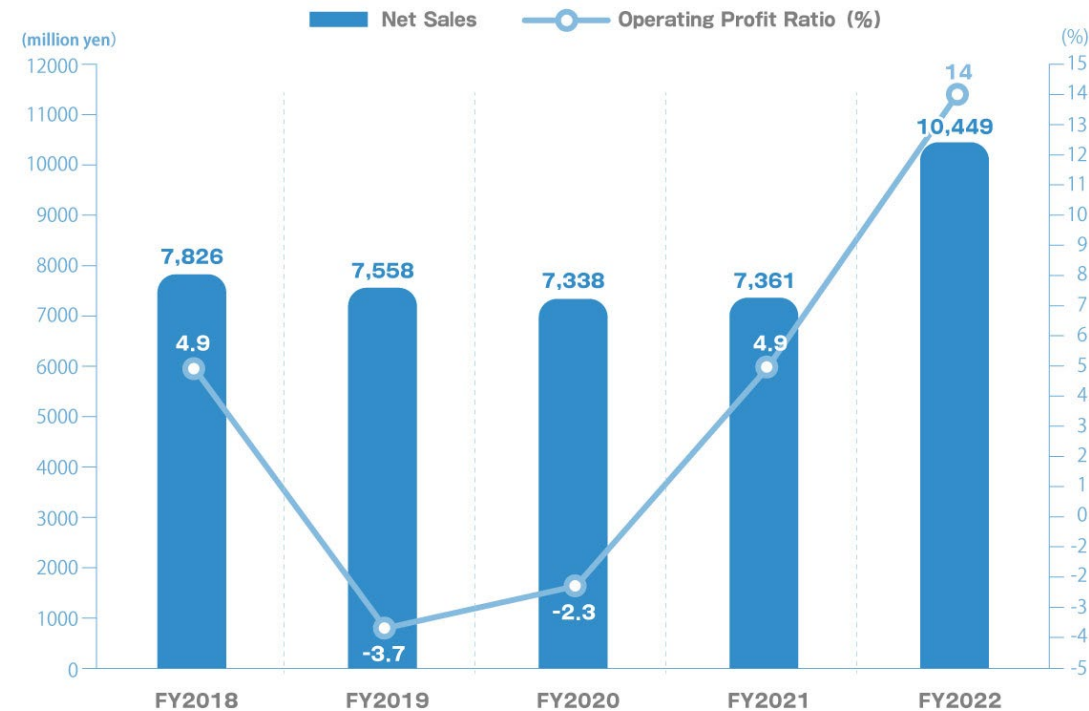
For contract coating and slitting, we receive base materials (films, etc.) and coating materials from customers and convert them into films using our own equipment (mixing, coating, slitting).



Consolidated Statements of Income

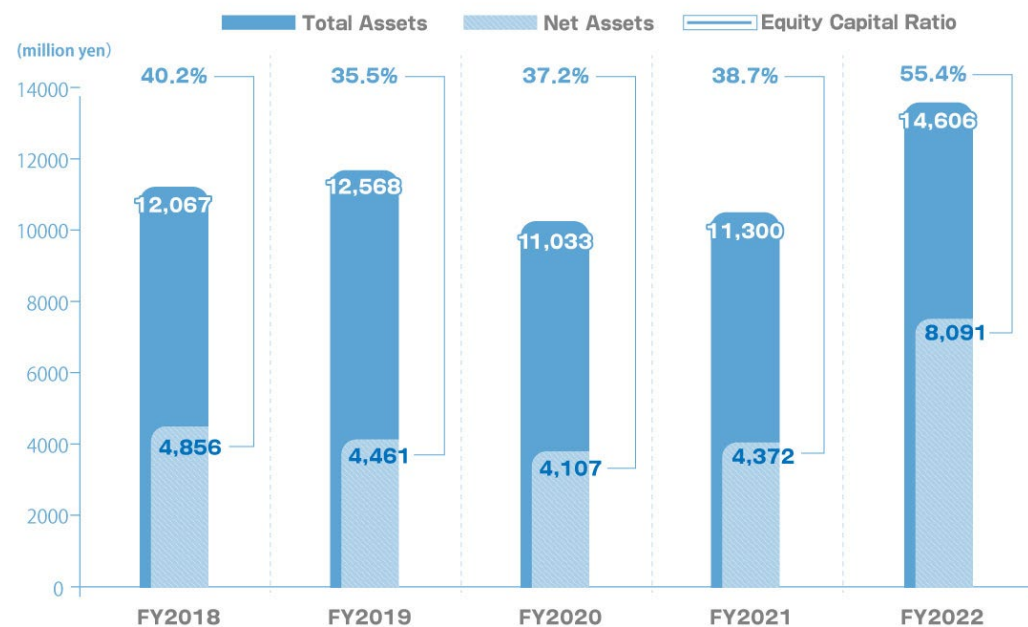


	FY2018	FY2019	FY2020	FY2021	FY2022
Net Sales	7,826	7,558	7,338	7,361	10,449
Operating Income	386	-281	-170	359	1467
Ordinary Income	327	-253	-165	301	1613
Profit attributable to owners of Parent	265	-967	-78	87	1550

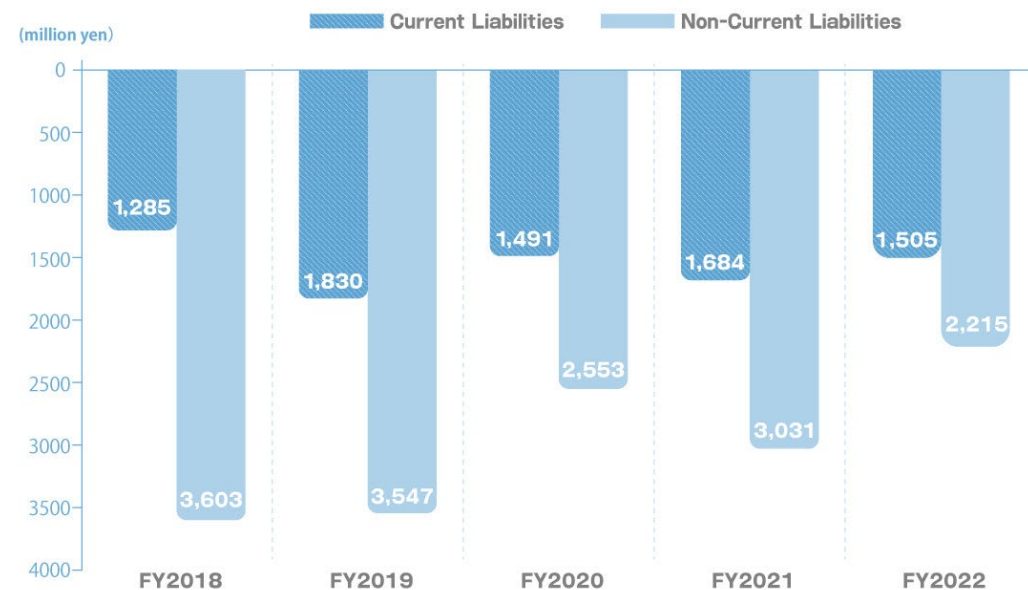


	FY2018	FY2019	FY2020	FY2021	FY2022
Net Sales	7,826	7,558	7,338	7,361	10,449
Operating Profit Ratio (%))	4.9	-3.7	-2.3	4.9	14.0

Consolidated Balance Sheets

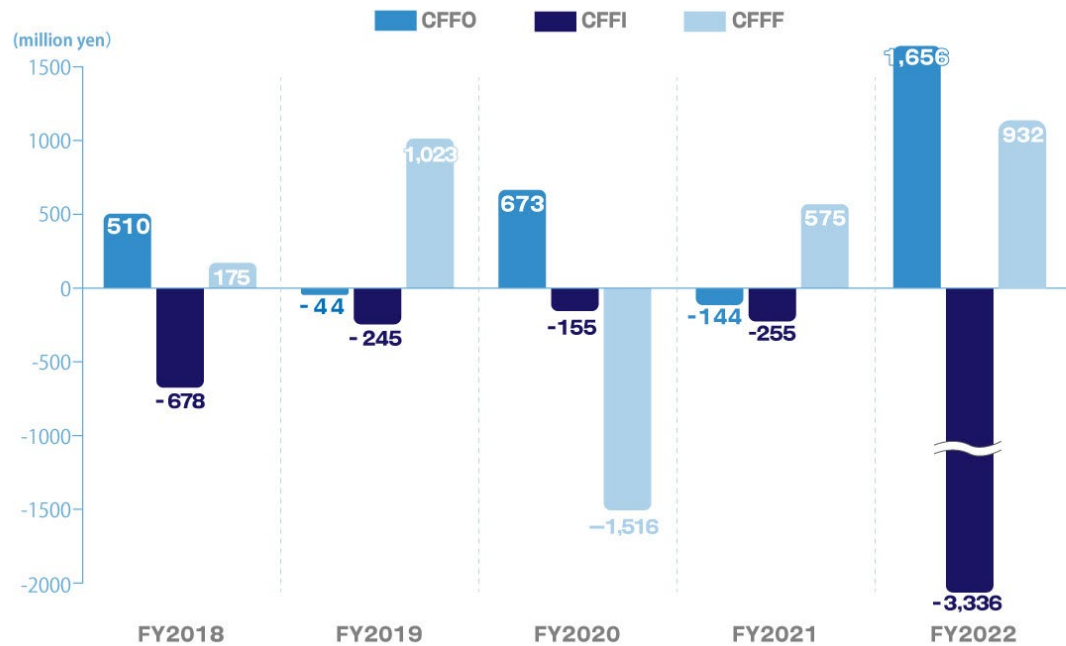


	FY2018	FY2019	FY2020	FY2021	FY2022
Total Assets	12,067	12,568	11,033	11,300	14,606
Net Assets	4,856	4,461	4,107	4,372	8,091
Equity Capital Ratio (%)	40	35.5	37.2	38.7	55.4



	FY2018	FY2019	FY2020	FY2021	FY2022
Current Liabilities	1,285	1,830	1,491	1,684	1,505
Non-Current Liabilities	3,603	3,547	2,553	3,031	2,215

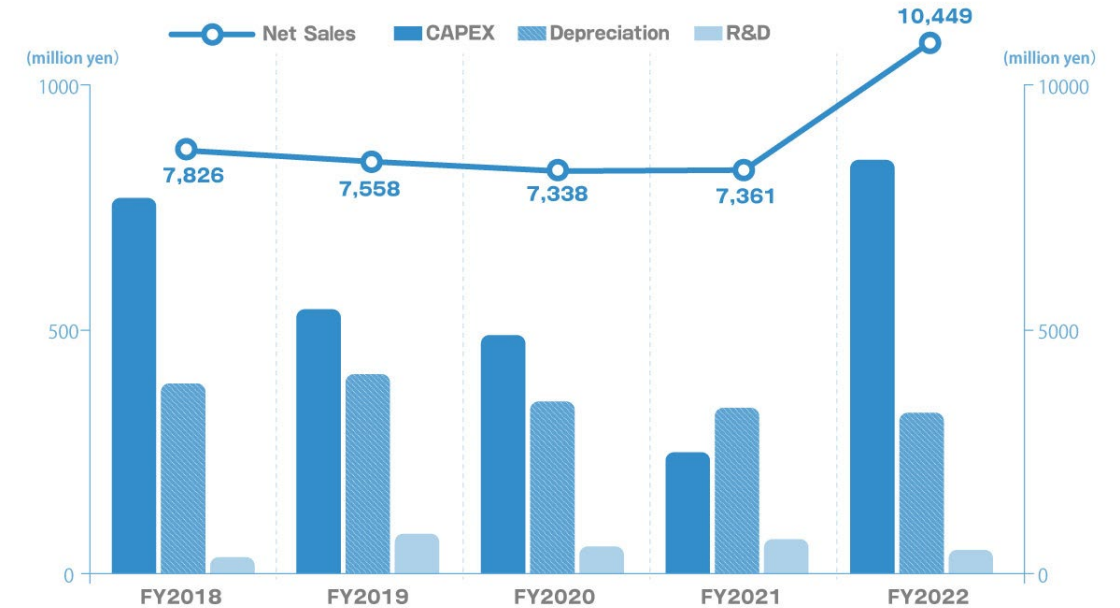
Cash Flows



	FY2018	FY2019	FY2020	FY2021	FY2022
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Cash flows from Operating activities	510	-44	673	-114	1656
Cash flows from Investing activities	-678	-245	-155	-225	-3336
Cash flows from Financing activities	175	1023	-1516	575	932

CAPEX / R&D



	FY2018	FY2019	FY2020	FY2021	FY2022
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Capital Investment	769	541	488	248	847
Depreciation	389	408	352	339	329
Research and development expenses	33	81	55	70	48

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.

