

Regarding the Difference Between the Full-year Forecast and the Actual Result for the Fiscal Year Ending March 31, 2019 and Recording of Extraordinary Losses and Reversal of Deferred Tax Assets

Mipox Corporation (hereafter the “Company”) announced today the difference between the full-year consolidated financial forecast, announced on February 14, 2019, and the actual result. It also announced that it recorded extraordinary losses and reversed deferred tax assets. Details are provided below.

1. Consolidated business result for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

	Net sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Net Income (loss) per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	7,553	20	54	17	1.52
Actual result (B)	7,558	△281	△253	△967	△83.74
Change (B-A)	5	△301	△307	△984	
Change (%)	0.1	—	—	—	
(Reference) Actual consolidated totals for previous fiscal year (April 1, 2017 to March 31, 2018)	7,826	386	327	265	25.25

2. Reasons for the difference

Demand for the products with high profit margin related to hard disk markets further decreased, and demand for contract special application of optical special film also decreased, which resulted in low profit. In addition, additional valuation loss on inventories and disposal loss of ¥ 103 million were recorded as cost of sales due to review of appropriate stock. In addition, impairment losses on goodwill and fixed assets for subsidiaries were recorded. Mainly based on these factors, the actual business result was far below the previous forecast.

3. Recording of extraordinary losses and reversal of deferred tax assets:

Nihon Kenshi Co., Ltd., a consolidated subsidiary of the Company, posted an impairment loss of ¥ 579 million on goodwill and fixed assets as the result of more conservative review of profitability prospects where progress on the business plan is much lower than originally planned. In addition, as a result of carefully examining the recoverability, deferred tax assets was reversed, and ¥ 62 million income tax adjustment was recorded.

4. Regarding a mid-term management plan

The Company has been promoting a medium-term management plan from the fiscal year ending March 2019. However, based on the results of the fiscal year ending March 2019 announced today and the latest business environment, the numerical targets have been revised as follows.

Numeric Target

(Unit: one million yen)

	FY2019		FY2020		FY2021	
	Original	Result	Original	Revised	Original	Revised
Sales	8,400	7,558	9,300	8,302	11,000	9,300
Operating Profit	417	△281	650	56	990	650
Operating Profit (%)	5%	-	7%	1%	9%	7%

Notes: Request for appropriate use of the business outlook and other special remarks

Forecasts are based on information available to the management at the time of an announcement. Forecasts contain a lot of the element of the uncertainty. Actual results may differ from the figures provided above due to changes in business conditions.