

February 9, 2021
Mipox Corporation

Notice of Recording of Extraordinary Loss (Impairment Loss)

We hereby announce that our Board of Directors has resolved at a meeting held today to post an extraordinary loss (impairment loss) for the third quarter of the fiscal year ending March 31, 2021 (October 1, 2020 to December 31, 2020), as described below.

1. Extraordinary loss (impairment loss) related to the retirement of fixed assets associated with the relocation of a consolidated subsidiary's factory.

- (1) Details of extraordinary loss (impairment loss)

The Company will record an extraordinary loss of 60 million yen due to the impairment of factory buildings, structures and restoration costs owned by MMS.

- (2) Reason for relocation

The land and buildings for the MMS plant are leased from the Penang Development Corporation (hereinafter referred to as "PDC").

However, we received a notice of termination of the lease agreement from PDC due to a review of the purpose of use of the land and building for the factory. Therefore, we are discussing with PDC regarding the timing and conditions of the relocation. As the final contract renewal period has been finalized, we have decided to relocate the plant in May 2022 by increasing the floor space of the adjacent MMS-owned plant, giving top priority to the continuation of MMS' business.

2. Extraordinary loss (impairment loss) related to the retirement of fixed assets due to the replacement of the ERP system.

- (1) Details of extraordinary loss (impairment loss)

The Company will record an extraordinary loss of 75 million yen because of the impairment loss on the ERP system.

- (2) Reasons for switching ERP systems

We implemented an ERP system in November 2019 to seamlessly manage customer information, sales and order activities, and production activities, to promote IoT on the

manufacturing floor, and to increase the speed and quality of information sharing within the company to make it more efficient. However, after a year, the company decided to switch ERP systems because the objectives had not been realized.

3. Future Outlook

We are currently examining the full-year consolidated earnings forecast for the fiscal year ending March 31, 2021, which includes the extraordinary loss.

We will announce the results as soon as we have a forecast.