



Financial Statement for the Year Ended March 31, 2023

May 15, 2023

Name of listed company: Mipox Corporation Stock exchange: Tokyo Stock Exchange Inc., Standard Market
 Stock code: 5381 URL 5381
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 Expected date of the Shareholders' Meeting: June 27, 2023
 Expected start date of dividend payment: June 28, 2023
 Expected date of the release of Asset Security: June 28, 2023
 Report:
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

(Figures are rounded down to the nearest million)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022, to March 31, 2023)

(1) Consolidated operating results

(% implies the rate of increase/decrease year-on-year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	10,029	(4.0)	212	(85.5)	426	(73.6)	45	(97.1)
FY2022	10,449	41.9	1,467	308.3	1,613	435.4	1,550	—

(Note) Comprehensive income: FY2023 120 million yen [(92.9%)]
 FY2022 1,691 million yen [606.1%]

	Net Income Per Share	Diluted Net Income Per Share	Net income / capital equity	Ordinary income / total assets	Operating income / net sales
	Yen	Yen	%	%	%
FY2023	3.18	—	0.6	2.8	2.1
FY2022	124.89	124.68	24.9	12.5	14.0

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

FY2023 — million yen
 FY2022 — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2023	16,195	7,997	49.4	561.67
FY2022	14,606	8,091	55.4	568.24

(Reference) Equity capital: FY2023 7,997 million yen
 FY2022 8,091 million yen

(3) Consolidated Statement of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023	(423)	(1,068)	1,638	2,452
FY2022	1,656	(3,336)	932	2,234

2. Status of Distribution

	Dividends per share					Total dividend (Year)	Dividend ratio (Consolidated)	Net asset dividend rate (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	Yen
FY2022	—	0.00	—	15.00	15.00	213	12.0	3.2
FY2023	—	0.00	—	10.00	10.00	142	314.5	1.8
FY2024 (Expected)	—	0.00	—	—	—		—	

(Note) Dividend for the fiscal year ending March 31, 2024 (Expected) has not been determined.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023, to March 31, 2024)

(% changes as compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full FY2023	10,500	4.7	500	134.8	600	40.7	500	—	35.11

* Others

- (1) Change in important subsidiaries during the period : None
 (Changes in certain specified subsidiaries resulting in revised scope of consolidation)
 Addition — company (Company name)
 Excluded — company (Company name)
- (2) Changes in accounting principles, changes in accounting estimates and restatement
- (i) Changes in accounting principles associated with revisions to accounting standards and other regulations : None
- (ii) Changes in accounting principles due to other reasons : None
- (iii) Changes in accounting estimates : None
- (iv) Restatement : None

(3) Shares outstanding (common shares)

(i) Number of shares outstanding (including treasury shares)	As of March 31, 2023	14,451,920	As of March 31, 2022	14,451,920
(ii) Number of treasury shares	As of March 31, 2023	212,630	As of March 31, 2022	212,610
(iii) Average number of shares outstanding	As of March 31, 2023	14,239,299	As of March 31, 2022	12,413,221

* The number of treasury shares as of March 31, 2022 and 2023 includes the Company's shares of 23,300 shares and 23,300 shares that are held by the trust account, respectively.

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022, to March 31, 2023)

(1) Non-Consolidated Operating Result

(% changes as compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	8,401	(12.0)	(402)	—	15	(99.2)	(151)	—
FY2022	9,550	47.2	1,406	386.5	1,892	539.1	1,728	—

	Net income per share	Diluted Net Income Per Share
	Yen	Yen
FY2023	(10.62)	—
FY2022	139.26	139.03

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2023	15,266	7,523	49.3	528.38
FY2022	13,839	7,889	57.0	554.03

(Reference) Equity capital: FY2023 7,523 million yen
FY2022 7,889 million yen

* Consolidated Financial Results are not subject to audit by certified public accountants or audit firms.

* Explanation on proper use of financial forecasts and other special notes

- The financial forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual results may differ significantly due to various factors.

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1. Information on Financial Results

(1) Explanation of Operating Results

For the consolidated fiscal year ended March 31, 2023, the Japanese economy experienced a surge in energy prices arising from the global impacts from the prolonged situation in Ukraine, geopolitical risks in U.S.-China relations, and monetary tightening measures aimed at controlling inflation, as well as a price increases stemming from volatile FX rates mainly a weaker yen, though restrictions on economic activities due to COVID-19 were eased. Recently, growing concerns over bankruptcy or financial difficulties of financial institutions in Europe and the U.S. have put downward pressure on the Japanese economy. Thus, we have to pay attention to future interest rate policies and foreign exchange movements though the number of foreign visitors to Japan has increased and consumer spending has also recovered as we are in the age of living with COVID-19.

Under these circumstances, at the Group we have continued to make efforts to “Change The World by our Converting and Polishing Technologies,” which is our value, based on our management policies of “Add value to the product business with an engineering approach,” “Change from the Processing Service Business to Engineering Services,” and “Improve the management base to respond to rapid changes and diversity.”

In terms of our business environment, the semiconductor market remained strong in the first half of the current fiscal year as it had been in the previous fiscal year. But due to world monetary tightening measures aimed at controlling inflation, from the second half, we witnessed inventory adjustments for semiconductors and high-tech products, and employment adjustments and a restraint in investment mainly by GAFAM in the U.S. These things led to a rapid decline in investments in data centers and demand for semiconductor-related products related to hard disk drives, optical fibers, PCs and electronic devices, which are markets of our major customers. On the other hand, the reorganization of our production system centered on the Kanuma Plant, which was acquired and started operation in the current fiscal year, under review has shown certain progress and results, and we are increasing our production capacity including the acquisition of new OEM needs, and improving the production efficiency.

As a result, for the consolidated fiscal year ended March 31, 2023, the Group posted net sales of 10,029 million yen (down 4.0% year-on-year), operating income of 212 million yen (down 85.5% year-on-year), ordinary income of 426 million yen (down 73.6% year-on-year), and profit attributable to owners of parent of 45 million yen (down 97.1% year-on-year).

Results by segment are as follows:

· Product Business

In the Product Business, net sales were 7,948 million yen (up 5.0% year-on-year), and segment profit was 753 million yen (down 14.9% year-on-year). Sales increased but profit decreased as sales of hard disk drives declined due to a restraint in investment in data centers worldwide and a slump in the electronic-device-related market while sales of general polishing products for automobiles and steel-related products remained stable.

· Processing Service Business

The Processing Service Business posted net sales of 2,080 million yen (down 27.7% year-on-year), and segment loss of 540 million yen (segment profit of 582 million yen in the previous year). Sales dropped due to a decrease in orders affected by inventory adjustments and production changes of customers, and increased fixed costs, mainly office maintenance costs, reduced profit.

(2) Explanation of Financial Position

(Assets)

Total assets as of March 31, 2023, amounted to 16,195 million yen, an increase of 1,588 million yen from March 31, 2022.

This was mainly due to increases of 219 million yen in cash and deposits, 343 million yen in work in process, 496 million yen in other current assets, and 3,313 million yen in property, plant and equipment, and decreases of 2,755 million yen in advance payment and 199 million yen in deferred tax assets.

(Liabilities)

Liabilities as of March 31, 2023, stood at 8,197 million yen, an increase of 1,682 million yen from March 31, 2022.

Major factors were increases of 1,469 million yen in short-term borrowings, 679 million yen in long-term borrowings and 105 million yen in deferred tax liabilities, and decrease factors included 275 million yen in income taxes payable, and 200 million yen in advances received.

(Net assets)

Net assets as of March 31, 2023, decreased 93 million yen from March 31, 2022, to 7,997 million yen.

The main factors included the recording of 45 million yen of profit attributable to owners of parent, an increase of 75 million yen in foreign currency translation adjustments, and a decrease of 213 million yen in retained earnings due to the payment of dividends.

As a result, the equity ratio as of March 31, 2023, was 49.4%.

(3) Explanation of Cash Flows

Cash and cash equivalents as of March 31, 2023, were 2,452 million yen, an increase of 218 million yen from March 31, 2022.

Cash flows from each activity for the fiscal year ended March 31, 2023, are as follows:

(Cash flows from operating activities)

Net cash used in operating activities was 423 million yen, compared with net cash provided of 1,656 million yen in the previous fiscal year.

Major factors included the recording of income before income taxes of 429 million yen, depreciation of 527 million yen, a decrease in provision for bonuses of 83 million yen, a decrease in provision for loss on liquidation of subsidiaries and associates of 87 million yen, an increase in Inventories of 321 million yen, an increase in accounts receivable–other of 171 million yen, a decrease in advances received of 200 million yen and income taxes paid of 429 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,068 million yen, compared with 3,336 million yen in the previous fiscal year.

This included purchase of property, plant and equipment of 984 million yen, purchase of shares of subsidiaries and associates of 38 million yen, and payments for acquisition of businesses of 30 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 1,638 million yen, compared with 932 million yen in the previous fiscal year.

This was mainly due to a net increase in short-term borrowings of 1,469 million yen, proceeds from long-term borrowings of 2,034 million yen, repayment of long-term borrowings of 1,334 million yen, repayment of lease liabilities of 218 million yen, and dividends paid of 212 million yen.

(4) Future Outlook

With prolonged credit tightening worldwide, the recovery in the high-tech sector, including demand for hard disk drives, semiconductors and optical fibers, is affected by global economic trends, and the situation remains uncertain. The Processing Service Business is also affected by trends in demand for electronic devices and other products, so it is difficult to make forecasts. With regard to expenses, we expect that a surge in energy prices, an increase in personnel expenses and, further, a rise in raw material costs will continue.

The Group has decided to relocate its head office and main office to the Kanuma Plant. The Group, as a manufacturing entity, has long enjoyed a synergy effect through the close exchange of information and ideas between manufacturing sites and organizations attached to its head office including sales and development. While we expect the uncertain economic and business environment to continue, we will once again promote swift and flexible business operations through integrated operations at the manufacturing site and the head office, which are the foundation of manufacturing and the source of growth.

For the fiscal year ending March 31, 2024, the Company expects net sales of 10,500 million yen, operating income of 500 million yen, ordinary income of 600 million yen and profit attributable to owners of the parent of 500 million. This is mainly due to contributions of the general polishing sector that is expected to see relatively stable demand and the high-tech sector that is expected to see a recovery in demand to some extent, along with the expansion of production capacity at the Kanuma Plant which has started the Processing Service Business.

(Note) Forecast figures of sales and profit contained in this material are based on currently available information about the economic conditions in Japan and other countries, as well as exchange rate fluctuations and other factors that may affect business results, including a review of industry trends in each division of the Company and the Group. Please note that actual results may differ significantly from these forecasts contained in this material.

2. Basic Policies Concerning Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements under Japanese GAAP for the time being, taking into account the comparability of consolidated financial statements between periods and between companies.

With regard to the adoption of IFRS, our policy is to take appropriate measures in light of domestic and international developments.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Thousands of yen)

	End of previous fiscal year (March 31, 2022)	End of current fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and deposits	2,394,382	2,613,396
Notes receivable–trade	309,907	281,098
Accounts receivable–trade	1,789,097	1,837,842
Electronically recorded monetary claims–operating	216,222	266,427
Merchandise and finished goods	789,147	786,882
Work in process	1,365,509	1,708,985
Raw materials and supplies	582,096	631,730
Advance payments	2,755,980	—
Other	412,225	908,918
Allowance for doubtful accounts	(2,943)	(2,895)
Total current assets	10,611,626	9,032,387
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,899,229	6,983,940
Machinery, equipment and vehicles	3,232,820	3,770,079
Tools, furniture and fixtures	378,283	435,865
Land	859,156	2,019,286
Leased assets	835,496	673,193
Construction in progress	391,626	115,500
Accumulated depreciation	(7,246,189)	(7,333,927)
Total property, plant and equipment	3,350,423	6,663,939
Intangible assets		
Goodwill	80,978	92,483
Software	9,755	23,127
Telephone subscription right	377	377
Total intangible assets	91,111	115,988
Investments and other assets		
Investment securities	55,000	55,000
Shares of subsidiaries and associates	—	38,102
Retirement benefit asset	224,480	213,148
Deferred tax assets	201,601	1,801
Other	72,363	74,909
Total investments and other assets	553,445	382,960
Total non-current assets	3,994,979	7,162,888
Total assets	14,606,606	16,195,275

(Thousands of yen)

	End of previous fiscal year (March 31, 2022)	End of current fiscal year (March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	756,521	793,570
Short-term borrowings	400,000	1,869,000
Current portion of bonds payable	100,000	27,500
Current portion of long-term borrowings	1,005,392	1,033,679
Lease liabilities	88,588	69,008
Accounts payable–other	418,090	664,371
Income taxes payable	308,831	33,238
Advances received	237,350	36,564
Provision for bonuses	237,754	155,315
Provision for loss on liquidation of subsidiaries and associates	92,109	6,727
Other	357,938	376,628
Total current liabilities	4,002,578	5,065,604
Non-current liabilities		
Bonds payable	42,500	15,000
Long-term borrowings	2,173,056	2,852,326
Lease liabilities	280,828	148,387
Deferred tax liabilities	919	106,509
Other	15,436	9,696
Total non-current liabilities	2,512,740	3,131,920
Total liabilities	6,515,318	8,197,524
Net assets		
Shareholders' equity		
Share capital	3,379,569	3,379,569
Capital surplus	2,925,782	2,925,782
Retained earnings	1,705,371	1,536,725
Treasury shares	(104,219)	(104,230)
Total shareholders' equity	7,906,504	7,737,847
Accumulated other comprehensive income		
Foreign currency translation adjustment	184,783	259,903
Total accumulated other comprehensive income	184,783	259,903
Total net assets	8,091,287	7,997,750
Total liabilities and net assets	14,606,606	16,195,275

(2) Consolidated Income Statements & Comprehensive Income

	(Thousands of yen)	
	FY2022 (April 1, 2021, to March 31, 2022)	FY2023 (April 1, 2022, to March 31, 2023)
Net sales	10,449,497	10,029,181
Cost of sales	5,900,807	6,564,738
Gross profit	4,548,689	3,464,442
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	116,069	111,158
Salaries and bonuses	895,852	897,668
Provision for bonuses	96,874	47,892
Retirement benefit expenses	34,032	46,936
Packing and transportation costs	310,854	354,820
Depreciation	71,214	110,015
Research and development expenses	48,001	133,049
Provision of allowance for doubtful accounts	(211)	(64)
Other	1,508,874	1,549,983
Total selling, general and administrative expenses	3,081,562	3,251,460
Operating income	1,467,126	212,982
Non-operating income		
Interest income	5,190	7,502
Dividend income	360	360
Rental income	—	165,612
Foreign exchange gains	207,779	204,786
Other	10,004	26,550
Total non-operating income	223,334	404,810
Non-operating expenses		
Interest expenses	50,394	69,438
Commission expenses	19,080	65,198
Rental expenses	—	51,530
Guarantee commission	1,163	503
Other	6,552	4,789
Total non-operating expenses	77,190	191,459
Ordinary income	1,613,270	426,333

(Thousands of yen)

	FY2022 (April 1, 2021, to March 31, 2022)	FY2023 (April 1, 2022, to March 31, 2023)
Extraordinary income		
Gain on sale of non-current assets	—	11,047
Reversal of provision for loss on liquidation of subsidiaries and associates	—	29,643
Total extraordinary income	—	40,691
Extraordinary losses		
Loss on sale of non-current assets	137	31,101
Loss on retirement of non-current assets	40,133	6,386
Impairment losses	82,241	—
Provision for loss on liquidation of subsidiaries and associates	71,312	—
Total extraordinary losses	193,824	37,488
Profit before income taxes	1,419,446	429,536
Income taxes—current	305,385	78,705
Income taxes—deferred	(436,185)	305,537
Total income taxes	(130,799)	384,242
Profit	1,550,246	45,293
Profit attributable to		
Profit attributable to owners of parent	1,550,246	45,293
Profit attributable to non-controlling interests	—	—
Other comprehensive income		
Foreign currency translation adjustment	140,991	75,119
Total other comprehensive income	140,991	75,119
Comprehensive income	1,691,237	120,413
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,691,237	120,413
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity
 FY2022 (April 1, 2021, to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,365,898	1,912,110	155,124	(104,096)	4,329,036
Changes during period					
Issuance of new shares	1,013,671	1,013,671			2,027,343
Profit attributable to owners of parent			1,550,246		1,550,246
Purchase of treasury shares				(123)	(123)
Net changes in items other than shareholders' equity					
Total changes during period	1,013,671	1,013,671	1,550,246	(123)	3,577,467
Balance at end of period	3,379,569	2,925,782	1,705,371	(104,219)	7,906,504

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	43,792	43,792	4,372,829
Changes during period			
Issuance of new shares			2,027,343
Profit attributable to owners of parent			1,550,246
Purchase of treasury shares			(123)
Net changes in items other than shareholders' equity	140,991	140,991	140,991
Total changes during period	140,991	140,991	3,718,458
Balance at end of period	184,783	184,783	8,091,287

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,379,569	2,925,782	1,705,371	(104,219)	7,906,504
Changes during period					
Dividends of surplus			(213,939)		(213,939)
Profit attributable to owners of parent			45,293		45,293
Purchase of treasury shares				(11)	(11)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(168,645)	(11)	(168,656)
Balance at end of period	3,379,569	2,925,782	1,536,725	(104,230)	7,737,847

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	184,783	184,783	8,091,287
Changes during period			
Dividends of surplus			(213,939)
Profit attributable to owners of parent			45,293
Purchase of treasury shares			(11)
Net changes in items other than shareholders' equity	75,119	75,119	75,119
Total changes during period	75,119	75,119	(93,536)
Balance at end of period	259,903	259,903	7,997,750

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY2022 (April 1, 2021, to March 31, 2022)	FY2023 (April 1, 2022, to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	1,419,446	429,536
Depreciation	329,214	527,508
Amortization of goodwill	8,997	18,495
Impairment losses	82,241	—
Increase (decrease) in allowance for doubtful accounts	(1,757)	(64)
Increase (decrease) in provision for bonuses	99,873	(83,018)
Increase (Decrease) in net defined benefit asset	(9,260)	11,332
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	71,312	(87,775)
Interest and dividend income	(5,550)	(7,862)
Rental income	—	(165,612)
Interest expenses	50,394	69,438
Commission fee	19,080	65,198
Loss (gain) on sale of non-current assets	137	20,054
Loss on retirement of non-current assets	40,133	6,386
Decrease (increase) in notes and account receivable trade	(158,102)	(39,354)
Decrease (increase) in inventories	(325,222)	(321,406)
Decrease (increase) in accounts receivable - other	45,248	(171,440)
Increase (decrease) in notes and account payable trade	49,307	(35,889)
Increase (decrease) in accounts payable - other	(68,345)	178,981
Increase (decrease) in advances received	1,007	(200,290)
Other, net	154,084	(263,935)
Subtotal	1,802,239	(49,719)
Interest and dividends received	5,594	7,862
Proceeds from rental income	—	180,032
Interest expense paid	(50,816)	(66,468)
Commission fee paid	(19,080)	(65,198)
Income tax paid	(81,652)	(429,624)
Net cash provided by (used in) operating activities	1,656,283	(423,115)

(Thousands of yen)

	FY2022 (April 1, 2021, to March 31, 2022)	FY2023 (April 1, 2022, to March 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,301,842)	(984,043)
Proceeds from sale of property, plant and equipment	215,359	6,910
Payments for retirement of property, plant and equipment	(32,200)	—
Purchase of intangible assets	(26,869)	(16,651)
Purchase of investment securities	(45,000)	—
Purchase of shares of subsidiaries and associates	—	(38,102)
Expenditure due to absorption split	(100,000)	—
Payments for acquisition of businesses	—	(30,000)
Other, net	(46,037)	(6,802)
Net Cash provided by (used in) investing activities	(3,336,589)	(1,068,688)
Cash flows from financing activities		
Net increase in short-term borrowings	—	1,469,000
Proceeds from long-term borrowings	318,122	2,034,780
Repayments of long-term borrowings	(1,158,285)	(1,334,731)
Redemption of bonds	(160,000)	(100,000)
Purchase of treasury shares	(123)	(11)
Proceeds from issuance of shares	2,014,380	—
Proceeds from issuance of subscription rights to shares	12,963	—
Repayments of lease liabilities	(94,089)	(218,466)
Dividends paid	(66)	(212,449)
Net cash provided by (used in) financing activities	932,900	1,638,122
Effect of exchange rate change on cash and cash equivalents	119,398	71,932
Net increase (decrease) in cash and cash equivalents	(628,007)	218,251
Cash and cash equivalents at beginning of period	2,862,715	2,234,708
Cash and cash equivalents at end of period	2,234,708	2,452,960

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Change in Presentation Method)

(Consolidated income statements)

“Subsidy income,” which was separately presented in “Non-operating income” in the previous fiscal year, was included in “Other” in “Non-operating income” in the current fiscal year due to a decrease in materiality. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, “Subsidy income” of 3,548 thousand yen and “Other” of 6,455 thousand yen, which were presented in “Non-operating income” in the consolidated income statements for the previous fiscal year, have been reclassified as “Other” of 10,004 thousand yen.

(Consolidated statement of cash flows)

“Subsidy income” and “Proceeds from subsidy,” which were separately presented in “Cash flows from operating activities” in the previous fiscal year, were included in “Income before income taxes” for the current fiscal year due to decrease in materiality. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, “Subsidy income” of (3,548) thousand yen, “Subtotal” of 1,798,690 thousand yen, and “Proceeds from subsidy” of 3,548 thousand yen, which were presented in “Cash flows from operating activities” in consolidated statement of cash flows, respectively, have been reclassified as “Subtotal” of 1,802,239 thousand yen.

(Additional Information)

(Transactions of delivering the Company’s own shares to employees etc. through trusts)

The Company introduced an Employee Share Ownership Plan (J-ESOP) (hereinafter, referred to as the “Plan”) in March 2013, which delivers the Company’s shares to its employees to share economic interests with shareholders, with the aim of enhancing their motivation and morale regarding increasing the stock price, improving business performance and expanding corporate value over the medium to long term.

Under the Plan, the Company’s shares are delivered to its employees when they are eligible to be vested in accordance with the predetermined share distribution rules.

The Company awards points to employees according to the level of their business achievement and performance, and delivers the Company’s shares corresponding to their points to employees who are eligible to be vested under certain conditions. The Company acquires shares to be delivered to employees, including those to be distributed in future, using money set aside in a trust in advance, and manages them in a segregated account as trust assets.

The Company records the balance of the Company’s shares remaining in the trust as treasury shares in the net assets section at the carrying amount (excluding the amount of ancillary expenses) in the trust. The carrying amount and the number of treasury shares were 8,686 thousand yen and 23,300 shares in the previous fiscal year and 8,686 thousand yen and 23,300 shares in the current fiscal year, respectively.

(Consolidated income statements of and consolidated comprehensive income)

Impairment losses

FY2022 (April 1, 2021, to March 31, 2022)

For the fiscal year ended March 31, 2022, the Group recognized impairment losses on the following asset groups:

Location	Applications	Asset category	Impairment loss (thousands of yen)
Mipox (Thailand) Co., Ltd.	Plant production facilities	Buildings and structures	7,050
		Tools, furniture and fixtures	9,227
		Leased assets	41,356
		Software	24,606
Total			82,241

The Group groups its business assets mainly based on the category under managerial accounting. We group idle assets and assets to be disposed of independently.

- Plant production facilities

The Company, at the meeting of the Board of Directors held on March 22, 2022, resolved to dissolve and liquidate its consolidated subsidiary, Mipox (Thailand) Co., Ltd.

As a result of reviewing future recoverability of its assets, we wrote down their carrying value to the recoverable amount, while recognizing an impairment loss of 82,241 thousand yen in extraordinary loss.

The recoverable amount is calculated based on value in use which is calculated as the amount equivalent to depreciation for the expected period of use.

FY2023 (April 1, 2022, to March 31, 2023)

Not applicable.

Provision for loss on liquidation of subsidiaries and associates

FY2022 (April 1, 2021, to March 31, 2022)

In line with the resolution to dissolve and liquidate the consolidated subsidiary, Mipox (Thailand) Co., Ltd., the estimated amount of such losses is provided in order to prepare for losses that may be incurred in the future.

FY2023 (April 1, 2022, to March 31, 2023)

Not applicable.

(Segment Information, etc.)

[Segment Information]

1. Reportable segment

Reportable segments of the Group are components of the Company, for which separate financial statements are available, that are evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing performance.

The Group operates the Product Business and Processing Service Business.

The Product Business is mainly engaged in manufacturing and sale of polishing-related products, including precision polishing materials such as polishing films and liquid polishing agents (slurries), as well as dedicated polishing equipment.

The Processing Service Business is a manufacturing service that receives materials provided by clients and carries out coating, converting and polishing with Mipox-owned equipment.

The Group develops a comprehensive strategy and conducts business activities based on these two business units.

Accordingly, the Group's reportable segments consist of these two business segments.

2. Method of calculating sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting treatment of reported business segments is generally the same as that described in Important Basic Matters for Preparation of Consolidated Financial Statements.

Reportable segment income is based on operating income.

3. Information on the amount of sales, income or loss, assets, liabilities and other items by reportable segment and information on the breakdown of profit

FY2022 (April 1, 2021, to March 31, 2022)

(Thousands of yen)

	Reportable segment			Amount reported on consolidated financial statements
	Product Business	Processing Service Business	Total	
Net sales				
Japan	3,561,269	2,402,715	5,963,985	5,963,985
Asia	2,838,044	17,100	2,855,144	2,855,144
North America	1,031,769	459,044	1,490,814	1,490,814
Europe	117,863	603	118,467	118,467
Other regions	21,085	—	21,085	21,085
Revenue from contracts with customers	7,570,032	2,879,464	10,449,497	10,449,497
Sales to external customers	7,570,032	2,879,464	10,449,497	10,449,497
Intersegment sales or transfers	—	—	—	—
Total	7,570,032	2,879,464	10,449,497	10,449,497
Segment profit	884,695	582,431	1,467,126	1,467,126

(Notes) 1. The total amount of segment profit is consistent with operating income in consolidated income statements and comprehensive income.

2. Because the Company produces business items belonging to each segment using common facilities, it is practically difficult to classify assets, liabilities and other items by segment. In addition, information on the status of assets, liabilities and other items by segment is omitted because these items are not subject to the Board of Directors' decision on the allocation of management resources and performance evaluation.

	Reportable segment			Amount reported on consolidated financial statements
	Product Business	Processing Service Business	Total	
Net sales				
Japan	3,482,353	2,045,776	5,528,129	5,528,129
Asia	3,231,239	14,572	3,245,811	3,245,811
North America	1,009,042	15,693	1,024,736	1,024,736
Europe	214,695	4,600	219,295	219,295
Other regions	11,207	—	11,207	11,207
Revenue from contracts with customers	7,948,538	2,080,642	10,029,181	10,029,181
Sales to external customers	7,948,538	2,080,642	10,029,181	10,029,181
Intersegment sales or transfers	—	—	—	—
Total	7,948,538	2,080,642	10,029,181	10,029,181
Segment profit or loss	753,042	(540,060)	212,982	212,982

- (Notes) 1. The total amount of segment profit or loss is consistent with operating income in consolidated income statements and comprehensive income.
2. Because the Company produces business items belonging to each segment using common facilities, it is practically difficult to classify assets, liabilities and other items by segment. In addition, information on the status of assets, liabilities and other items by segment is omitted because these items are not subject to the Board of Directors' decision on the allocation of management resources and performance evaluation.

[Related Information]

FY2022 (April 1, 2021, to March 31, 2022)

1. Information by product and service

Information is omitted because similar information is disclosed in segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

	Japan	United States	Other	Total
Net sales	5,963,985	1,455,720	3,029,791	10,449,497

(Note) Net sales are based on customer locations and are classified by country or region.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Malaysia	Other	Total
2,852,434	373,921	124,067	3,350,423

3. Information by major customer

(Thousands of yen)

Name of customer	Net sales	Related segment
Dexerials Corporation	1,914,613	Processing Service Business

FY2023 (April 1, 2022, to March 31, 2023)

1. Information by product and service

Information is omitted because similar information is disclosed in segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

	Japan	Other	Total
Net sales	5,528,129	4,501,051	10,029,181

(Note) Net sales are based on customer locations and are classified by country or region.

(2) Property, plant and equipment

Information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of such amount stated in the consolidated balance sheet.

3. Information by major customers

(Thousands of yen)

Name of customer	Net sales	Related segment
Dexerials Corporation	1,383,271	Processing Service Business

[Information on Impairment Losses on Fixed Assets by Reportable Segment]

FY2022 (April 1, 2021, to March 31, 2022)

(Thousands of yen)

	Reportable segment			Corporate/Elimi nation	Total
	Product Business	Processing Service Business	Total		
Impairment losses	82,241	—	82,241	—	82,241

FY2023 (April 1, 2022, to March 31, 2023)

Not applicable.

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

FY2022 (April 1, 2021, to March 31, 2022)

(Thousands of yen)

	Reportable segment			Corporate/Elimi nation	Total
	Product Business	Processing Service Business	Total		
Amortization	8,997	—	8,997	—	8,997
Balance at end of period	80,978	—	80,978	—	80,978

FY2023 (April 1, 2022, to March 31, 2023)

(Thousands of yen)

	Reportable segment			Corporate/Elimi nation	Total
	Product Business	Processing Service Business	Total		
Amortization	18,495	—	18,495	—	18,495
Balance at end of period	92,483	—	92,483	—	92,483

[Information on Gain on Bargain Purchase by Reportable Segment]

FY2022 (April 1, 2021, to March 31, 2022)

Not applicable.

FY2023 (April 1, 2022, to March 31, 2023)

Not applicable.

(Per Share Information)

	FY2022 (April 1, 2021, to March 31, 2022)	FY2023 (April 1, 2022, to March 31, 2023)
Net assets per share	568.24 yen	561.67 yen
Net income per share	124.89 yen	3.18 yen
Diluted net income per share	124.68 yen	- yen

Notes: 1. Diluted net income per share for FY2023 is not presented as there are no dilutive shares.

2. The basis for calculation of net income per share and diluted net income per share is as follows.

Item	FY2022 (April 1, 2021, to March 31, 2022)	FY2023 (April 1, 2022, to March 31, 2023)
Net income per share		
Profit attributable to owners of the parent (thousands of yen)	1,550,246	45,293
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of the parent on common shares (thousands of yen)	1,550,246	45,293
Average number of shares of common shares outstanding during the period (shares)	12,413,221	14,239,299
Diluted net income per share		
Adjustments to profit attributable to owners of the parent (thousands of yen)	—	—
Increase in common shares (shares)	20,153	—
(of which, subscription rights to shares (shares))	(20,153)	(—)
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	—	—

3. The Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in the number of treasury shares deducted in calculating the average number of shares during the period for calculating net income per share, and are included in the number of treasury shares deducted from the total number of shares outstanding at the end of the period for calculating net assets per share.

For the fiscal years ended March 31, 2022, and 2023, for the purpose of calculating net income per share, the average number of treasury shares during the period that were deducted was 23,300 shares and 23,300 shares, respectively. For the purpose of calculating net assets per share, the number of treasury shares at the end of the period that were deducted was 23,300 shares and 23,300 shares, respectively.

(Significant Subsequent Event)

Not applicable.