

# Financial Statement for the Three Months Ended June 30, 2023



August 10, 2023

Name of listed company: Mipox Corporation      Stock exchange: Tokyo Stock Exchange Inc., Standard Market  
 Stock code: 5381      URL: <http://www.mipox.co.jp/>  
 Name and Title of Representative: Jun Watanabe, President  
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 Quarterly Report Filing Date (as planned): August 10, 2023  
 Expected start date of dividend payment: —  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

### (1) Consolidated Operating Results (year to date)

(% 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	%
Three months ended June 30, 2023	1,867	(33.9)	(336)	-	(231)	-	(175)	-
Three months ended June 30, 2022	2,826	9.2	62	(87.0)	331	(26.8)	293	(20.2)

(Note) Comprehensive income: Three months ended June 30, 2023 (195) million yen [- %]  
 Three months ended June 30, 2022 388 million yen [7.6%]

	Net income per share	Diluted Net Income Per Share
	Yen	Yen
Three months ended June 30, 2023	(12.32)	—
Three months ended June 30, 2022	20.64	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Three months ended June 30, 2023	15,986	7,659	47.9
March 31, 2023	16,195	7,997	49.4

(Reference) Equity capital: Three months ended June 30, 2023 7,659 million yen  
 March 31, 2023 7,997 million yen

## 2. Status of Distribution

	Dividends per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2022	—	0.00	—	10.00	10.00
FY2023	—	—	—	—	—
FY2023 (forecast)	—	0.00	—	—	—

(Notes) Revisions of forecast for dividends published most recently: None  
 Dividend for the fiscal year ending March 31, 2024 (forecast) has not been determined.

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

(% implies the rate of increase/decrease year-on-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 year	10,500	4.7	500	134.8	600	40.7	500	—	35.11

(Note) Revisions of financial forecast published most recently: None

\* 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) Adoptions of simplified accounting methods and accounting methods particular to the presentation of quarterly financial statements : None
- (3) 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

(4) Shares outstanding (common shares)

(i) Number of shares outstanding (including treasury shares)	As of June 30, 2023	14,451,920	As of March 31, 2023	14,451,920
(ii) Number of treasury shares	As of June 30, 2023	212,630	As of March 31, 2023	212,630
(iii) Average number of shares outstanding (cumulative, consolidated at the end of the 1st quarter)	As of June 30, 2023	14,239,290	Three months ended June 30, 2022	14,239,310

(Note) The number of treasury shares as of March 31, 2023 and June 30, 2023 includes the Company's shares of 23,300 shares and 23,300 shares that are held by the trust account, respectively.

\* Quarterly financial results are not subject to quarterly review procedures by certified public accountants or audit firms.

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

- The financial forecast 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. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

For the three months ended June 30, 2023, the Japanese economy witnessed a movement toward increased economic and social activities, and has been recovering moderately followed by the easing of restrictions on activities as Japan downgraded COVID-19 to a “common infectious disease.” On the other hand, economic trends remain uncertain due to downside risks to overseas economies caused by monetary tightening in various countries, hikes in raw material prices, and price increases caused by the yen’s depreciation.

Under these circumstances, based on our management styles of “Add values to product business with engineering approach,” “Change from OEM business to Engineering Service,” and “Improvement the Management base supporting rapid changes and diversity,” the Group has proceeded with various initiatives to add value for the success of our customers using “coating, slitting, and polishing” technologies that are our strengths and basis.

As a result, for the three months ended June 30, 2023, the Group posted net sales of 1,867 million yen (down 33.9% year-on-year), operating loss of 336 million yen (operating income of 62 million yen in the same period of the previous year), ordinary loss of 231 million yen (ordinary income of 331 million yen in the same period of the previous year), and loss attributable to owners of parent of 175 million yen (profit attributable to owners of parent of 293 million yen in the same period of the previous year).

Results by segment are as follows:

- Product Business

In the Product Business, net sales were 1,553 million yen (down 33.7% year-on-year).

Sales in the semiconductor, hard disk, and optical fiber markets declined due to a drop in demand in the high-tech market caused by a slowdown in data center investment. As a result, we posted a segment loss of 158 million yen (segment profit of 267 million yen in the same period of the previous year).

- Processing Service Business

The Processing Service Business posted net sales of 313 million yen (down 34.9% year-on-year).

Sales decreased due to a slowdown in demand in the end market affected by demand trends for PCs, tablets, and smartphones. As a result, we posted a segment loss of 177 million yen (segment loss of 205 million yen in the same period of the previous year).

### (2) Explanation of Financial Position

(Assets)

Total assets as of June 30, 2023, amounted to 15,986 million yen, a decrease of 208 million yen from March 31, 2023. This was mainly due to increases of 74 million yen in merchandise and finished goods, 88 million yen in work in process, and 130 million yen in other current assets, and decreases of 225 million yen in cash and deposits and 276 million yen in accounts receivable - trade.

(Liabilities)

Liabilities as of June 30, 2023, stood at 8,326 million yen, an increase of 129 million yen from March 31, 2023. The major factor for the increase was 861 million yen in short-term borrowings, and factors causing a decrease included 95 million yen in notes and accounts payable - trade, 255 million yen in accounts payable - other, 146 million yen in other current liabilities, and 235 million yen in long-term borrowings.

(Net assets)

Net assets as of June 30, 2023, decreased 337 million yen from March 31, 2023, to 7,659 million yen. The main factors included the recording of 175 million yen of loss attributable to owners of parent, and a decrease of 147 million yen in retained earnings due to the payment of dividends.

As a result, the equity ratio as of June 30, 2023, was 47.9%.

### (3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Information

There is no change to the consolidated financial forecasts for the fiscal year ending March 2024 announced on May 15, 2023.

## 2. Consolidated Financial Statements and Key Notes

### (1) Consolidated Balance Sheet

(Thousands of yen)

	End of previous fiscal year (March 31, 2023)	End of third quarter of current fiscal year (June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	2,613,396	2,388,394
Notes receivable - trade	281,098	234,409
Accounts receivable - trade	1,837,842	1,561,224
Electronically recorded monetary claims - operating	266,427	296,904
Merchandise and finished goods	786,882	861,240
Work in process	1,708,985	1,797,834
Raw materials and supplies	631,730	599,629
Other	908,918	1,039,122
Allowance for doubtful accounts	(2,895)	(78)
Total current assets	9,032,387	8,778,679
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,983,940	7,034,043
Machinery, equipment and vehicles	3,770,079	3,885,694
Tools, furniture and fixtures	435,865	473,795
Land	2,019,286	2,036,679
Leased assets	673,193	678,361
Construction in progress	115,500	28,624
Accumulated depreciation	(7,333,927)	(7,461,361)
Total property, plant and equipment	6,663,939	6,675,837
Intangible assets		
Goodwill	92,483	86,484
Software	23,127	29,487
Telephone subscription right	377	377
Total intangible assets	115,988	116,350
Investments and other assets		
Investment securities	55,000	55,000
Shares of subsidiaries and associates	38,102	38,102
Retirement benefit asset	213,148	249,702
Deferred tax assets	1,801	1,775
Other	74,909	71,023
Total investments and other assets	382,960	415,603
Total non-current assets	7,162,888	7,207,790
Total assets	16,195,275	15,986,470

(Thousands of yen)

	End of previous fiscal year (March 31, 2023)	End of first quarter of current fiscal year (June 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	793,570	698,567
Short-term borrowings	1,869,000	2,730,920
Current portion of bonds payable	27,500	15,000
Current portion of long-term borrowings	1,033,679	994,096
Lease liabilities	69,008	68,741
Accounts payable - other	664,371	409,252
Income taxes payable	33,238	30,568
Advances received	36,564	38,292
Provision for bonuses	155,315	239,199
Provision for loss on liquidation of subsidiaries and associates	6,727	4,222
Other	376,628	230,343
Total current liabilities	5,065,604	5,459,205
Non-current liabilities		
Bonds payable	15,000	7,500
Long-term borrowings	2,852,326	2,617,195
Lease liabilities	148,387	131,068
Deferred tax liabilities	106,509	101,872
Other	9,696	9,705
Total non-current liabilities	3,131,920	2,867,341
Total liabilities	8,197,524	8,326,547
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,379,569	3,379,569
Capital surplus	2,925,782	2,925,782
Retained earnings	1,536,725	1,218,633
Treasury shares	(104,230)	(104,230)
Total shareholders' equity	7,737,847	7,419,754
Accumulated other comprehensive income		
Foreign currency translation adjustment	259,903	240,168
Total accumulated other comprehensive income	259,903	240,168
Total net assets	7,997,750	7,659,923
Total liabilities and net assets	16,195,275	15,986,470

## (2) Consolidated Income Statements &amp; Comprehensive Income

First nine-month period

(Thousands of yen)

	First nine-month period of previous fiscal year (April 1, 2022 to June 30, 2022)	First nine-month period of current year (April 1, 2023 to June 30, 2023)
Net sales	2,826,332	1,867,179
Cost of sales	1,852,072	1,457,236
Gross profit	974,260	409,943
Selling, general and administrative expenses	911,805	746,155
Operating Income or operating loss account	62,455	(336,211)
Non-operating income		
Interest income	1,213	1,883
Dividend income	360	360
Rental income	41,116	45,666
Foreign exchange gains	270,395	90,888
Miscellaneous income	1,843	1,153
Total non-operating income	314,928	139,950
Non-operating expenses		
Interest expenses	14,556	17,553
Commission expenses	18,474	250
Rental expenses	12,643	17,173
Guarantee commission	196	68
Other	130	50
Total non-operating expenses	46,000	35,095
Ordinary Income	331,382	(231,356)
Extraordinary income		
Loss on sale of non-current assets	1,022	—
Gain on liquidation of related company	—	74,250
Total extraordinary income	1,022	74,250
Extraordinary losses		
Loss on retirement of non-current assets	273	3,321
Total extraordinary losses	273	3,321
Profit before income taxes	332,132	(160,427)
Income taxes - current	80,864	20,060
Income taxes - deferred	(42,617)	(5,022)
Total income taxes	38,247	15,038
Net income / loss	293,884	(175,466)
Profit attributable to		
Profit attributable to owners of parent	293,884	(175,466)
Profit attributable to non-controlling interests	—	—
Other comprehensive income		
Foreign currency translation adjustment	94,119	(19,735)
Total other comprehensive income	94,119	(19,735)
Comprehensive income	388,004	(195,201)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	388,004	(195,201)
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes on Changes in the Scope of Consolidation or the Scope of Application of the Equity Method)

MIPOX Precision Polishing Product (Shanghai) Co., Ltd., which was a consolidated subsidiary of the Company, was liquidated in April 2023 and excluded from the scope of consolidation from the first quarter in FY2023.



(Segment Information, etc.)

[Segment Information]

I First nine-month period of previous fiscal year (April 1, 2022 to June 30, 2022)

Information on the amount of net sales and income or loss by reportable segment and information on the breakdown of profit

(Thousands of yen)

	Reportable segment			Amount reported on consolidated income statements & comprehensive income
	Product Business	OEM Business	Full year	
Net Sales				
Japan	878,279	466,076	1,344,355	1,344,355
Asia	1,146,117	3,151	1,149,269	1,149,269
North America	254,715	11,725	266,440	266,440
Europe	64,652	385	65,038	65,038
Other regions	1,228	—	1,228	1,228
Revenue from contracts with customers	2,344,992	481,339	2,826,332	2,826,332
Sales to external customers	2,344,992	481,339	2,826,332	2,826,332
Intersegment sales or transfers	—	—	—	—
Total	2,344,992	481,339	2,826,332	2,826,332
Segment profit	267,740	(205,284)	62,455	62,455

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

II First nine-month period of current fiscal year (April 1, 2023 to June 30, 2023)

Information on the amount of net sales and income or loss by reportable segment and information on the breakdown of profit

(Thousands of yen)

	Reportable segment			Amount reported on consolidated income statements & comprehensive income
	Product Business	OEM Business	Full year	
Net Sales				
Japan	872,304	312,108	1,184,412	1,184,412
Asia	513,735	—	513,735	513,735
North America	163,166	549	163,715	163,715
Europe	4,713	602	5,316	5,316
Other regions	—	—	—	—
Revenue from contracts with customers	1,553,919	313,260	1,867,179	1,867,179
Sales to external customers	1,553,919	313,260	1,867,179	1,867,179
Intersegment sales or transfers	—	—	—	—
Total	1,553,919	313,260	1,867,179	1,867,179
Segment profit or loss	(158,231)	(177,980)	(336,211)	(336,211)

(Note) The total amount of segment profit or loss is consistent with operating income in consolidated income statements and comprehensive income.