



Financial Statement for the Nine Months Ended December 31, 2023

February 13, 2024

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
 Inquiry to: Yosuke Nihira, Director (TEL) +81-289-99-9946
 Quarterly Report Filing Date (as planned): February 13, 2024
 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)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Result (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	%
Nine months ended December 31, 2023	6,644	(14.3)	(462)	—	(322)	—	(348)	—
Nine months ended December 31, 2022	7,753	(1.4)	249	(81.6)	488	(64.2)	186	(83.1)

(Note) Comprehensive income: Nine months ended December 31, 2023 (380) million yen [(—%)]
 Nine months ended December 31, 2022 241 million yen [(79.0%)]

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
Nine months ended December 31, 2022	(24.45)	—
Nine months ended December 31, 2021	13.06	—

(2) Consolidated Financial Position

	Total Assets	Net assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
Nine months ended December 31, 2023	16,149	7,474	46.3
March 31, 2023	16,195	7,997	49.4

(Reference) Equity capital: Nine months ended December 31, 2023 7,474 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
FY2023	—	0.00	—	10.00	10.00
FY2024	—	0.00	—		
FY2024 (Expected)				0.00	0.00

(Note) Revision of forecast for dividends published most recently: Yes

For details, please refer to the "Notice Regarding Revised Dividend Forecast (No Dividend)" announced today, February 13, 2024.

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 FY2024	9,000	(10.3)	(700)	—	(500)	—	(600)	—	(42.14)

(Note) Revision 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 December 31, 2023	14,451,920	As of March 31, 2023	14,451,920
(ii) Number of treasury shares	As of December 31, 2023	212,711	As of March 31, 2023	212,630
(iii) Average number of shares outstanding (cumulative, consolidated at the end of the 3rd quarter)	As of December 31, 2023	14,239,266	Nine months ended December 31, 2022	14,239,302

(Note) The number of treasury shares as of March 31, 2023 and December 31, 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 nine months ended December 31, 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, at the Group we have pursued a variety of initiatives aimed at adding value for the success of our customers by using our core technologies of coating, slitting, and polishing, which is our strengths and foundation, based on our management policies of “Add value to the product business with an engineering approach,” “Change from the OEM business to Engineering Services,” and “Improve the management base to respond to rapid changes and diversity.”

In addition, with Ookubo Ironwork Inc. becoming a consolidated subsidiary from the third quarter of the current fiscal year, the Group started the polishing service business in new fields to further expand and strengthen the business.

As a result, for the nine months ended December 31, 2023, the Group posted net sales of 6,644 million yen (down 14.3% year-on-year), operating loss of 462 million yen (operating income of 249 million yen in the same period of the previous year), ordinary loss of 322 million yen (ordinary income of 488 million yen in the same period of the previous year), and loss attributable to owners of parent of 348 million yen (profit attributable to owners of parent of 186 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 5,210 million yen (down 14.3% year-on-year).

Net sales of general polishing products continue to be stable. Although high-tech products are on a gradual recovery trend, it is still taking time for investment in data centers to recover, and net sales decreased in the semiconductor market and optical fiber market, centering on the hard disk market. As a result, we posted a segment loss of 161 million yen (segment profit of 601 million yen in the same period of the previous year).

· OEM Business

The Processing Service Business posted net sales of 1,434 million yen (down 14.2% year-on-year).

Net sales of coating/slitting services for the nine months ended December 31, 2023, remained at the same level as the same period of the previous year, but are on a declining trend due to the impact of demand trends for electronic products such as PCs, tablets, and smartphones. On the other hand, in the polishing service business, although orders for processing of advanced materials have increased, net sales declined due to a decrease in the number of processing service projects that we had anticipated at the beginning of the fiscal year. Furthermore, with Ookubo Ironwork Inc. joining our consolidated subsidiary, new fields such as polishing of parts for automobiles, medical care and 3D printers have been added to our polishing services. As a result, we posted a segment loss of 301 million yen (segment loss of 351 million yen in the same period of the previous year).

(2) Explanation of Financial Position

(Assets)

Total assets as of December 31, 2023, amounted to 16,149 million yen, a decrease of 45 million yen from March 31, 2023. This was mainly due to increases of 216 million yen in cash and deposits, 358 million yen in accounts receivable - trade and 272 million yen in merchandise and finished goods, and decreases of 260 million yen in work in process and 608 million yen in other current assets.

(Liabilities)

Liabilities as of December 31, 2023, stood at 8,674 million yen, an increase of 477 million yen from March 31, 2023. Major factors for the increase were 331 million yen in the current portion of long-term borrowings, 622 million yen in long-term

borrowings, and 111 million yen in deferred tax liabilities, and factors causing decreases included 707 million yen in short-term borrowings.

(Net assets)

Net assets as of December 31, 2023, decreased 522 million yen from March 31, 2023, to 7,474 million yen. The main factors included the recording of 348 million yen of loss attributable to owners of parent and a decrease of 142 million yen in retained earnings due to the payment of dividends.

As a result, the equity ratio as of December 31, 2023, was 46.3%.

(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 31, 2024, announced on November 13, 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 (December 31, 2023)
Assets		
Current assets		
Cash and deposits	2,613,396	2,829,815
Notes receivable - trade	281,098	235,438
Accounts receivable - trade	1,837,842	2,196,305
Electronically recorded monetary claims - operating	266,427	329,945
Merchandise and finished goods	786,882	1,059,577
Work in process	1,708,985	1,447,998
Raw materials and supplies	631,730	575,292
Other	908,918	300,272
Allowance for doubtful accounts	(2,895)	(76)
Total current assets	9,032,387	8,974,570
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,983,940	7,070,071
Machinery, equipment and vehicles	3,770,079	4,124,699
Tools, furniture and fixtures	435,865	493,688
Land	2,019,286	2,003,428
Leased assets	673,193	719,509
Construction in progress	115,500	120,253
Accumulated depreciation	(7,333,927)	(7,922,325)
Total property, plant and equipment	6,663,939	6,609,325
Intangible assets		
Goodwill	92,483	105,268
Software	23,127	32,852
Telephone subscription right	377	377
Total intangible assets	115,988	138,498
Investments and other assets		
Investment securities	55,000	55,000
Shares of subsidiaries and associates	38,102	38,102
Retirement benefit asset	213,148	248,987
Deferred tax assets	1,801	18,123
Other	74,909	67,189
Total investments and other assets	382,960	427,402
Total non-current assets	7,162,888	7,175,226
Total assets	16,195,275	16,149,797

(Thousands of yen)

	End of previous fiscal year (March 31, 2023)	End of third quarter of current fiscal year (December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	793,570	713,384
Short-term borrowings	1,869,000	1,161,720
Current portion of bonds payable	27,500	15,000
Current portion of long-term borrowings	1,033,679	1,365,642
Lease liabilities	69,008	73,949
Accounts payable - other	664,371	755,917
Income taxes payable	33,238	40,341
Advances received	36,564	133,954
Provision for bonuses	155,315	60,885
Provision for loss on liquidation of subsidiaries and associates	6,727	2,491
Other	376,628	513,804
Total current liabilities	5,065,604	4,837,092
Non-current liabilities		
Bonds payable	15,000	—
Long-term borrowings	2,852,326	3,475,086
Lease liabilities	148,387	116,919
Deferred tax liabilities	106,509	218,179
Net defined benefit liability	—	17,630
Other	9,696	9,925
Total non-current liabilities	3,131,920	3,837,741
Total liabilities	8,197,524	8,674,833
Net assets		
Shareholders' equity		
Share capital	3,379,569	3,379,569
Capital surplus	2,925,782	2,925,782
Retained earnings	1,536,725	1,045,946
Treasury shares	(104,230)	(104,271)
Total shareholders' equity	7,737,847	7,247,028
Accumulated other comprehensive income		
Foreign currency translation adjustment	259,903	227,935
Total accumulated other comprehensive income	259,903	227,935
Total net assets	7,997,750	7,474,963
Total liabilities and net assets	16,195,275	16,149,797

(2) Consolidated Income Statements & Comprehensive Income

First nine-month period

(Thousands of yen)

	First nine-month period of previous fiscal year (April 1, 2022 to December 31, 2022)	First nine-month period of current year (April 1, 2023 to December 31, 2023)
Net sales	7,753,207	6,644,928
Cost of sales	5,001,187	4,811,140
Gross profit	2,752,019	1,833,787
Selling, general and administrative expenses	2,502,099	2,296,601
Operating Income	249,920	(462,814)
Non-operating income		
Interest income	4,730	10,908
Dividend income	360	360
Rental income	124,118	136,670
Foreign exchange gains	208,510	48,565
Subsidy income	—	51,741
Other	19,298	5,053
Total non-operating income	357,017	253,297
Non-operating expenses		
Interest expenses	53,843	52,041
Commission expenses	24,839	8,903
Rental expenses	38,660	51,520
Guarantee commission	427	128
Other	893	348
Total non-operating expenses	118,664	112,942
Ordinary Income	488,273	(322,458)
Extraordinary income		
Gain on sale of non-current assets	3,891	77,534
Gain on liquidation of subsidiaries and associates	—	74,250
Total extraordinary income	3,891	151,785
Extraordinary losses		
Loss on sale of non-current assets	30,133	—
Loss on retirement of non-current assets	4,792	6,422
Total extraordinary losses	34,925	6,422
Profit before income taxes	457,238	(177,095)
Income taxes - current	65,357	52,114
Income taxes - deferred	205,846	118,942
Total income taxes	271,203	171,057
Profit	186,034	(348,152)
Profit attributable to		
Profit attributable to owners of parent	186,034	(348,152)
Profit attributable to non-controlling interests	—	—
Other comprehensive income		
Foreign currency translation adjustment	55,445	(31,967)
Total other comprehensive income	55,445	(31,967)
Comprehensive income	241,480	(380,120)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	241,480	(380,120)
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.

Furthermore, as of the third quarter of the consolidated fiscal year, we have included the acquisition of shares of Okubo Tekkojo Co., Ltd., within the scope of consolidation.

(Segment Information, etc.)

[Segment Information]

I First nine-month period of previous fiscal year (April 1, 2022 to December 31, 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	2,579,127	1,645,687	4,224,815	4,224,815
Asia	2,613,376	10,488	2,623,865	2,623,865
North America	711,371	11,725	723,097	723,097
Europe	170,289	4,185	174,475	174,475
Other regions	6,953	—	6,953	6,953
Revenue from contracts with customers	6,081,118	1,672,088	7,753,207	7,753,207
Sales to external customers	6,081,118	1,672,088	7,753,207	7,753,207
Intersegment sales or transfers	—	—	—	—
Total	6,081,118	1,672,088	7,753,207	7,753,207
Segment profit	601,091	(351,171)	249,920	249,920

(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 December 31, 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	2,656,720	1,413,201	4,069,922	4,069,922
Asia	1,815,928	605	1,816,533	1,816,533
North America	657,834	19,764	677,598	677,598
Europe	71,472	1,224	72,697	72,697
Other regions	8,176	—	8,176	8,176
Revenue from contracts with customers	5,210,131	1,434,796	6,644,928	6,644,928
Sales to external customers	5,210,131	1,434,796	6,644,928	6,644,928
Intersegment sales or transfers	—	—	—	—
Total	5,210,131	1,434,796	6,644,928	6,644,928
Segment profit or loss	(161,534)	(301,279)	(462,814)	(462,814)

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