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November 14, 2024

## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange  
 Securities code: 5381  
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 Scheduled date to file semi-annual securities report: November 14, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	5,632	30.2	639	—	443	—	458	—
September 30, 2023	4,326	(20.9)	(509)	—	(369)	—	(396)	—

(Note) Comprehensive income: For the six months ended September 30, 2024 : ¥574 million [( — %)]  
 For the six months ended September 30, 2023: ¥(369) million [(—%)]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	32.19	—
September 30, 2023	(27.82)	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	15,703	8,058	51.3
March 31, 2024	15,977	7,484	46.8

(Reference) Equity: As of September 30, 2024: ¥8,058 million  
 As of March 31, 2024: ¥7,484 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2025	—	0.00			
Fiscal year ending March 31, 2025 (Forecast)			—	10.00	10.00

(Note) Revisions to the forecast of cash dividends most recently announced: Yes

Dividends for the fiscal year ending March 31, 2025 (forecast) have not yet been determined.

## 3. Consolidated earnings forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)									
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	10,000	6.9	900	—	800	—	600	—	42.14

(Note) Revisions to the most recently announced performance forecast: Yes

For details, see the announcement “Foreign Exchange Loss, Fiscal Year Ending March 31, 2025 Earnings and Dividend Forecast Revision” published today (November 14, 2024).

## Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: — (Company name: — )

Excluded: — (Company name: — )

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	14,451,920 shares
As of March 31, 2024	14,451,920 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	212,772 shares
As of March 31, 2024	212,732 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	14,239,177 shares
Six months ended September 30, 2023	14,239,279 shares

(Note) The number of treasury shares includes 23,300 shares held in trust for the fiscal year ended March 31, 2024 and 183,300 shares for the six months ended September 30, 2024.

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

- The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the company and certain assumptions deemed reasonable. Actual results may vary significantly due to various factors.

## Table of contents for attachments

1. Qualitative information on the interim financial results .....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position .....	2
(3) Explanation of consolidated financial forecasts and other forward-looking information .....	3
2. Consolidated financial statements and key notes .....	4
(1) Consolidated balance sheet.....	4
(2) Consolidated income statements & comprehensive income.....	6
(3) Consolidated statement of cash flows.....	7
(4) Notes to the consolidated interim financial statements .....	8
(Notes on going concern assumption).....	8
(Notes on significant changes in the amount of shareholders' equity).....	8
(Segment information, etc.) .....	8

## 1. Qualitative information on the interim financial results

### (1) Explanation of operating results

During the consolidated interim accounting period, the Japanese economy continued to experience rising prices due to the depreciation of the yen. Alongside widespread wage increases, the economic environment has transitioned into an inflationary phase. These macroeconomic changes have also led to an increase in market interest rates, signaling significant shifts in the broader economic landscape.

Amid these conditions, we have remained focused on its core management policies: enhancing the added value of its product business through an engineering-driven approach, transitioning from a contract-based business model to an engineering services business, and strengthening its management foundation to better respond to rapid changes and increasing market diversity. In alignment with its corporate mission—“Changing the World Through Coating, Cutting, and Polishing”—we continue to implement strategic initiatives to drive sustainable growth.

As a result, for the interim consolidated accounting period, net sales reached ¥5,632 million, representing a 30.2% increase compared to the same period in the previous year. Operating profit was ¥639 million, a significant improvement from the operating loss of ¥509 million recorded in the previous year. Ordinary profit was ¥443 million, compared to an ordinary loss of ¥369 million in the previous year. Profit attributable to owners of parent was ¥458 million, reversing the loss of ¥396 million recorded in the same period of the previous year. The financial performance of each business segment is outlined below.

#### ● Product Business

Net sales for the Product Business reached ¥4,836 million, representing a 44.1% increase compared to the same period in the previous year. The global AI server investment boom has led to a recovery in general data center investments, which had previously been restrained. This resurgence in the semiconductor and hard disk markets has driven strong sales performance across the company's high-tech-related products. As a result, segment profit was ¥778 million, a significant improvement from the segment loss of ¥355 million recorded in the same period of the previous year.

#### ● OEM Business

In the OEM Business, net sales amounted to ¥796 million, reflecting a 17.9% decline year-over-year. This segment primarily provides services for electronics-related products, including PCs, tablets, and smartphones, making it highly susceptible to fluctuations in demand for these end products. During the interim consolidated accounting period, sales declined due to changes in product specifications and other factors. Consequently, the segment recorded a loss of ¥139 million, compared to a segment loss of ¥153 million in the previous year.

### (2) Explanation of financial position

#### (Assets)

As of the end of the consolidated interim accounting period, total assets amounted to ¥15,703 million, a decrease of ¥274 million compared to the end of the previous consolidated fiscal year. The primary factors contributing to this change were an increase of ¥111 million in property, plant and equipment, a decrease of ¥216 million in cash and deposits, and a decrease of ¥239 million in accounts receivable.

#### (Liabilities)

As of the end of the consolidated interim accounting period, total liabilities amounted to ¥7,644 million, a decrease of ¥848 million compared to the end of the previous consolidated fiscal year. The primary factors contributing to this change were an increase of ¥119 million in short-term borrowings, a decrease of ¥216 million in accounts payable, and a decrease of ¥666 million in long-term borrowings.

#### (Net assets)

As of the end of the consolidated interim accounting period, total net assets amounted to ¥8,058 million, an increase of ¥574 million compared to the end of the previous consolidated fiscal year. The primary factors contributing to this increase were a ¥458 million interim profit attributable to owners of parent and a ¥115 million increase in foreign currency translation adjustments.

As a result, the equity-to-asset ratio at the end of the consolidated interim accounting period stood at 51.3%.

#### (Overview of cash flows)

As of the end of the consolidated interim accounting period, cash and cash equivalents (hereinafter, “funds”)

amounted to ¥2,383 million, representing a decrease of ¥110 million from the end of the previous consolidated fiscal year.

(Cash flows from operating activities)

Funds for operating activities increased by ¥848 million (compared to an increase of ¥221 million in the same period of the previous year). Key contributing factors include ¥443 million in profit before income taxes, ¥301 million in depreciation, an increase of ¥306 million due to a decrease in accounts receivable, and a decrease of ¥168 million in accounts payable.

(Cash flows from investing activities)

Funds used in investing activities decreased by ¥282 million (compared to a decrease of ¥335 million in the same period of the previous year). This was mainly due to ¥140 million in proceeds from the withdrawal of time deposits and ¥382 million in expenditures for the acquisition of property, plant, and equipment.

(Cash flows from financing activities)

Funds used in financing activities decreased by ¥622 million (compared to a decrease of ¥169 million in the same period of the previous year). This was primarily due to a net increase of ¥114 million in short-term borrowings and ¥689 million in repayments of long-term borrowings.

### (3) Explanation of consolidated financial forecasts and other forward-looking information

The consolidated earnings forecast for the fiscal year ending March 31, 2025, which was announced on August 9, 2024, has been revised as follows. For further details, please refer to the announcement released today (November 14, 2024), titled “Foreign Exchange Loss, Fiscal Year Ending March 31, 2025 Earnings and Dividend Forecast Revision.”

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of the parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	10,000	700	800	600	42.14
Revised forecast (B)	10,000	900	800	600	42.14
Difference (B – A)	0	200	0	0	—
Change rate (%)	0.0	28.6	0.0	0.0	—
(Reference) Results for the fiscal year ending March 31, 2024	9,354	(442)	(186)	(408)	(28.70)

This forecast is based on information available as of the date of this release. Actual results may differ from the projected figures due to various factors.

## 2. Consolidated financial statements and key notes

### (1) Consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (as of March 31, 2024)	Current consolidated interim period (as of September 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	2,692,205	2,475,800
Notes receivable - trade	170,410	98,340
Accounts receivable - trade	2,492,203	2,252,460
Electronically recorded monetary claims operating	400,760	428,245
Merchandise and finished goods	746,988	742,299
Work in process	1,351,512	1,380,151
Raw materials and supplies	572,336	596,782
Other	347,085	417,193
Allowance for doubtful accounts	(80)	(76)
Total current assets	8,773,422	8,391,197
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,123,116	7,275,104
Machinery, equipment and vehicles	4,266,999	4,370,721
Tools, furniture and fixtures	512,259	579,106
Land	2,066,244	2,068,222
Leased assets	748,296	769,339
Construction in progress	53,922	166,972
Accumulated depreciation	(8,174,391)	(8,521,203)
Total property, plant and equipment	6,596,446	6,708,264
Intangible assets		
Goodwill	52,689	46,505
Software	37,645	46,372
Telephone subscription right	377	377
Total intangible assets	90,712	93,255
Investments and other assets		
Investment securities	55,000	55,000
Shares of subsidiaries and associates	38,102	38,102
Retirement benefit assets	276,176	276,876
Deferred tax assets	14,044	21,615
Other	133,489	118,703
Total investments and other assets	516,812	510,297
Total non-current assets	7,203,972	7,311,816
Total assets	15,977,394	15,703,014

(Unit: thousands of yen)

	Previous consolidated fiscal year (as of March 31, 2024)	Current consolidated interim period (as of September 30, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	679,681	692,626
Short-term borrowings	1,649,960	1,769,580
Current portion of bonds payable	15,000	7,500
Current portion of long-term borrowings	1,367,172	1,370,400
Lease liabilities	75,113	51,585
Accounts payable - other	737,400	521,267
Income taxes payable	65,591	96,537
Advances received	48,081	3,356
Provision for bonuses	124,256	136,397
Provision for loss on liquidation of subsidiaries and associates	2,509	2,660
Other	165,606	141,528
Total current liabilities	4,930,373	4,793,440
Non-current liabilities		
Long-term borrowings	3,141,020	2,474,876
Lease liabilities	119,293	103,619
Deferred tax liabilities	275,261	192,742
Net defined benefit liability	17,536	18,285
Asset retirement obligations	—	52,208
Other	9,891	9,815
Total non-current liabilities	3,563,003	2,851,547
Total liabilities	8,493,377	7,644,987
Net assets		
Shareholders' equity		
Share capital	3,379,569	3,379,569
Capital surplus	2,925,782	2,927,441
Retained earnings	985,440	1,443,744
Treasury shares	(104,280)	(105,959)
Total shareholders' equity	7,186,512	7,644,796
Accumulated other comprehensive income		
Foreign currency translation adjustment	297,505	413,230
Total accumulated other comprehensive income	297,505	413,230
Total net assets	7,484,017	8,058,026
Total liabilities and net assets	15,977,394	15,703,014



## (2) Consolidated income statements & comprehensive income

	(Unit: thousands of yen)	
	Previous consolidated interim period (from April 1, 2023 to September 30, 2023)	Current consolidated interim period (from April 1, 2024 to September 30, 2024)
Net sales	4,326,222	5,632,744
Cost of sales	3,316,064	3,400,942
Gross profit	1,010,157	2,231,801
Selling, general and administrative expenses	1,519,871	1,592,793
Operating income	(509,714)	639,008
Non-operating income		
Interest income	5,713	21,053
Dividend income	360	360
Rental income	91,282	90,617
Foreign exchange gains	111,822	—
Other	3,618	2,830
Total non-operating income	212,796	114,861
Non-operating expenses		
Interest expenses	35,065	35,227
Commission expenses	2,907	1,553
Rental expenses	34,347	34,132
Foreign exchange losses	—	238,789
Guarantee commission	102	26
Other	132	503
Total non-operating expenses	72,555	310,232
Ordinary Income	(369,473)	443,637
Extraordinary income		
Gain on liquidation of subsidiaries and associates	74,250	—
Total extraordinary income	74,250	—
Extraordinary losses		
Loss on retirement of non-current assets	5,937	315
Total extraordinary losses	5,937	315
Profit before income taxes	(301,160)	443,322
Income taxes - current	26,575	75,423
Income taxes - deferred	68,426	(90,405)
Total income taxes	95,002	(14,982)
Profit	(396,162)	458,304
Profit attributable to		
Profit attributable to owners of parent	(396,162)	458,304
Profit attributable to non-controlling interests	—	—
Other comprehensive income		
Foreign currency translation adjustments	26,731	115,724
Total other comprehensive income	26,731	115,724
Comprehensive income	(369,430)	574,028
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(369,430)	574,028
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated statement of cash flows**

(Unit: thousands of yen)

	Previous consolidated interim period (from April 1, 2023 to September 30, 2023)	Current consolidated interim period (from April 1, 2024 to September 30, 2024)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(301,160)	443,322
Depreciation	306,336	301,784
Amortization of goodwill	11,997	6,184
Increase (decrease) in allowance for doubtful accounts	(2,953)	—
Increase (decrease) in provision for bonuses	6,497	11,069
Increase (decrease) in net defined benefit asset	(21,165)	(699)
Increase (decrease) in net defined benefit liabilities	—	748
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(3,074)	—
Interest and dividend income	(6,073)	(21,413)
Rental income	(91,282)	(90,617)
Interest expenses	35,065	35,227
Commission expenses	2,907	1,553
Loss on retirement of non-current assets	5,937	315
Loss (gain) on liquidation of subsidiaries and associates	(74,250)	—
Decrease (increase) in notes and account receivable trade	(169,723)	306,424
Decrease (increase) in inventories	73,959	(15,852)
Decrease (increase) in accounts receivable - other	412,963	95,499
Increase (decrease) in notes and account payable trade	(38,303)	34,169
Increase (decrease) in accounts payable - other	(97,416)	(168,541)
Increase (decrease) in advances received	24,065	(45,224)
Other, net	18,152	(77,379)
Subtotal	92,481	816,569
Interest and dividend received	6,073	21,413
Proceeds from rental income	92,826	90,617
Interest expense paid	(35,293)	(33,446)
Commission fees paid	(2,907)	(1,553)
Income taxes refund (paid)	68,700	(45,234)
Net cash provided by (used in) operating activities	221,881	848,365
<b>Cash flows from investing activities</b>		
Payments into time deposits	—	(36,783)
Proceeds from withdrawal of time deposits	—	140,000
Purchase of property, plant and equipment	(318,821)	(382,636)
Payments for retirement of property, plant and equipment	(3,300)	—
Purchase of intangible assets	(16,405)	(10,201)
Other, net	2,705	7,366
Net Cash provided by (used in) investing activities	(335,821)	(282,254)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(607,360)	114,000
Proceeds from long-term borrowings	1,200,000	—
Repayments of long-term borrowings	(564,234)	(689,440)
Redemption of bonds	(20,000)	(7,500)
Purchase of treasury shares	(23)	(20)
Repayments of lease liabilities	(36,232)	(39,201)
Dividends paid	(141,194)	(331)
Net cash provided by (used in) financing activities	(169,045)	(622,494)

	(Unit: thousands of yen)	
	Previous consolidated interim period (from April 1, 2023 to September 30, 2023)	Current consolidated interim period (from April 1, 2024 to September 30, 2024)
Effect of exchange rate change on cash and cash equivalents	58,192	(54,079)
Net increase (decrease) in cash and cash equivalents	(224,792)	(110,462)
Cash and cash equivalents at beginning of period	2,452,960	2,494,032
Cash and cash equivalents at end of period	2,228,167	2,383,569

#### (4) Notes to the consolidated interim financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

#### Segment information

##### I Previous cumulative consolidated six months (from April 1, 2023 to September 30, 2023)

Information on net sales, profit, or loss by reportable segment and breakdown of revenue

	Reportable segments			Consolidated interim profit and comprehensive income
	Product Business	OEM Business	Total	
Net Sales				
Japan	1,839,663	964,308	2,803,972	2,803,972
Asia	1,093,556	395	1,093,952	1,093,952
North America	385,289	3,842	389,132	389,132
Europe	37,506	602	38,109	38,109
Other regions	1,055	—	1,055	1,055
Revenue from contracts with customers	3,357,072	969,149	4,326,222	4,326,222
Sales to external customers	3,357,072	969,149	4,326,222	4,326,222
Intersegment sales or transfers	—	—	—	—
Total	3,357,072	969,149	4,326,222	4,326,222
Segment loss	(355,762)	(153,951)	(509,714)	(509,714)

(Note) The total amount of segment loss corresponds to operating loss as reported in the consolidated interim income statements and comprehensive income.

II Current cumulative consolidated six months (from April 1, 2024 to September 30, 2024)  
Information on net sales, profit, or loss by reportable segment and breakdown of revenue

(Unit: thousands of yen)

	Reportable segments			Consolidated interim profit and comprehensive income
	Product Business	OEM Business	Total	
Net Sales				
Japan	1,799,165	772,058	2,571,223	2,571,223
Asia	2,170,853	1,322	2,172,175	2,172,175
North America	792,647	22,727	815,375	815,375
Europe	71,418	—	71,418	71,418
Other regions	2,551	—	2,551	2,551
Revenue from contracts with customers	4,836,635	796,108	5,632,744	5,632,744
Sales to external customers	4,836,635	796,108	5,632,744	5,632,744
Intersegment sales or transfers	—	—	—	—
Total	4,836,635	796,108	5,632,744	5,632,744
Segment profit (loss)	778,369	(139,361)	639,008	639,008

(Note) The total amount of segment profit or loss corresponds to operating profit as reported in the consolidated interim income statements and comprehensive income.