

Engaged in business that applies microwave processes to chemical manufacturing processes

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For inquiries concerning the report, please contact info@stock-r.org

[9227 Microwave Chemical Sector : Services]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2021	458	-56.5	-348	-	-355	-	-1,036	-	-414.6	-1,534.5	0.0
Mar. 2022	860	87.9	-87	-	-98	-	-110	-	-43.6	46.5	0.0
Mar. 2023 f	1,113	31.7	67	-	30	-	45	-	3.1	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending March 2023 are the company's forecasts.
It conducted 1-to-100 stock split on April 1, 2022 . Per share indices are adjusted retroactively.

Application of Microwave Processes to Chemical Manufacturing Processes

Microwave Chemical is a one-stop provider for chemical manufacturers with microwave process services ranging from research and development to engineering and manufacturing support.

Microwaves are electromagnetic waves with a wavelength of approximately 1 mm to 1 m. The electric and magnetic fields are perpendicular to each other. These waves can transfer energy directly and selectively to specific materials from within, eliminating the need for energy transfer through a medium and requiring only minimal energy. In addition, by radiating microwaves at a frequency that resonates only with the target material, energy can be transmitted uniformly, eliminating waste and unevenness and achieving high yield and quality.

In 2014, the company completed the world's first large-scale microwave chemical plant and began commercial shipment of fatty acid butyl esters, a raw material for newspaper inks.

Solutions Provided

Since the application of microwave processes to chemical manufacturing is in its dawning age and most customers are still in the R&D phase, the company offers solutions for customers in multiple phases, from R&D to commercialization. Therefore, the company is an R&D company that aims to solve the issues of its customers as well as an engineering company that designs microwave processes and delivers reactors.

The company provides R&D and engineering/manufacturing support solutions in four phases. Phase 1 is lab development and proof-of-concept; phase 2 is demonstration development, phase 3 is actual equipment installation (equipment sales), and phase 4 is manufacturing support. In the fiscal year ended March 2022, net sales for phase 1 accounted for 36.0%, phase 2 for 37.2%, phase 3 for 3.5% and phase 4 for 23.3%.

Microwave Chemical (9227 TSE Growth) ----- June 28 ,2022**Financial Statements**

Statement of income	Fiscal Year	Mar.2020		Mar.2021		Mar.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		1,052	100.0	458	100.0	860	100.0
Cost of sales		401	38.1	219	48.0	202	23.6
Gross profit		651	61.9	238	52.0	657	76.4
Selling, general and administrative expenses		622	59.2	586	128.1	745	86.6
Operating profit		28	2.7	-348	-76.1	-87	-10.2
Non-operating income		6	-	3	-	2	-
Non-operating expenses		7	-	11	2.4	13	1.6
Ordinary profit		27	2.6	-355	-77.6	-98	-11.5
Profit before income taxes		35	3.4	-1,033	-225.7	-107	-12.5
Net profit		32	3.1	-1,036	-226.3	-110	-12.8

Balance sheet	Fiscal Year	Mar.2020		Mar.2021		Mar.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		962	34.6	577	33.9	515	32.6
Cash and deposits		812	29.2	382	22.5	220	13.9
Accounts receivable-trade		55	2.0	68	4.0	159	10.1
Inventories		10	0.4	17	1.0	13	0.9
Non-current assets		1,821	65.4	1,124	66.1	1,066	67.4
Property, plant and equipment		717	25.8	701	41.2	651	41.1
Intangible assets		12	0.5	16	0.9	15	1.0
Investments and other assets		1,090	39.2	406	23.9	400	25.3
Total assets		2,784	100.0	1,701	100.0	1,582	100.0
Current liabilities		387	13.9	360	21.2	211	13.4
Accounts payable - trade		2	0.1	8	0.5	4	0.3
Current portion of long-term borrowings		50	1.8	-	-	50	3.2
Non-current liabilities		625	22.5	605	35.6	745	47.1
Long-term borrowings		250	9.0	250	14.7	410	25.9
Lease liabilities		375	13.5	355	20.9	335	21.2
Net assets		1,772	63.6	735	43.2	625	39.5
Owners' equity		1,772	63.6	735	43.2	625	39.5

Statement of cash flows	Fiscal Year	Mar.2020	Mar.2021	Mar.2022
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		55	-287	-226
Depreciation		41	65	69
Cash flows from investing activities		-528	-72	-125
Cash flows from financing activities		537	-69	190
Dividends paid		-	-	-
Net increase in cash and cash equivalents		63	-430	161
Cash and cash equivalents		812	382	220

Note: Non-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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