

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 14, 2023

Company name: OXIDE Corporation
 Stock exchange listing: Tokyo
 Stock code: 6521 URL <https://www.opt-oxide.com>
 Representative: President and CEO Yasunori Furukawa
 Inquiries: Vice President and CFO Masayuki Yamamoto TEL +81-551-26-0022
 Scheduled date of ordinary general meeting of shareholders: May 26, 2023
 Scheduled date to file Securities Report: May 26, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(1) Non-consolidated operating results Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2023	5,752	20.9	537	(10.0)	687	14.8	557	12.4
Year ended February 28, 2022	4,756	32.9	596	63.2	598	85.5	495	59.7

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2023	56.50	51.17	11.4	7.1	9.3
Year ended February 28, 2022	52.53	46.38	16.3	7.8	12.5

Reference: Equity in earnings (losses) of affiliates For the fiscal year ended February 28, 2023: ¥– million

For the fiscal year ended February 28, 2022: ¥– million

Notes: 1. As the Company's shares were listed on the Mothers section of the Tokyo Stock Exchange on April 5, 2021, the diluted earnings per share for the fiscal year ended February 28, 2022 are calculated using the average share price from the date the shares were newly listed to the end of the fiscal year ended February 28, 2022, deemed as the average share price during the period.

2. The Company implemented a two-for-one common share split effective March 1, 2023. The earnings per share and diluted earnings per share were calculated on the assumption that the share split had been conducted at the beginning of the fiscal year ended February 28, 2022.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2023	10,791	5,228	48.4	525.00
As of February 28, 2022	8,710	4,587	52.7	467.83

Reference: Equity As of February 28, 2023 ¥5,228 million

As of February 28, 2022 ¥4,587 million

Note: The Company implemented a two-for-one common share split effective March 1, 2023. The net assets per share were calculated on the assumption that the share split had been conducted at the beginning of the fiscal year ended February 28, 2022.

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2023	(119)	(1,732)	1,121	1,438
Year ended February 28, 2022	443	(849)	1,375	2,146

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2022	—	0.00	—	0.00	0.00	—	—	—
Year ended February 28, 2023	—	0.00	—	0.00	0.00	—	—	—
Year ending February 29, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast of non-consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

The Company will prepare consolidated balance sheets starting from the first quarter of the fiscal year ending February 29, 2024 and consolidated statements of income starting from the second quarter of the fiscal year ending February 29, 2024. Regarding consolidated financial forecasts for the fiscal year ending February 29, 2024 (March 1, 2023 to February 29, 2024), please refer to “Notice of Consolidated Financial Forecasts in Conjunction with Start of Consolidated Accounting” released on April 14, 2023.

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	Yes
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(2) Number of issued shares (common shares)

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

As of February 28, 2023	9,958,800 shares	As of February 28, 2022	9,805,800 shares
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Number of treasury shares at the end of the period

As of February 28, 2023	360 shares	As of February 28, 2022	50 shares
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Average number of shares during the period

Year ended February 28, 2023	9,865,361 shares	Year ended February 28, 2022	9,437,144 shares
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Note: The Company implemented a two-for-one common share split effective March 1, 2023. The “number of issued shares (common shares),” “number of treasury shares at the end of the period” and “average number of shares during the period” were calculated on the assumption that the share split had been conducted at the beginning of the fiscal year ended February 28, 2022.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including the financial results forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to achieve the stated performance. Actual business and other results may differ substantially due to various factors.

Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	2,146,368	1,438,024
Electronically recorded monetary claims - operating	23,000	25,744
Accounts receivable - trade	622,684	628,207
Finished goods	48,762	229,670
Work in process	1,290,021	1,726,941
Raw materials and supplies	460,466	999,948
Prepaid expenses	42,560	53,836
Advance payments to suppliers	2,938	30,976
Other	124,301	339,170
Total current assets	4,761,103	5,472,520
Non-current assets		
Property, plant and equipment		
Buildings	1,126,572	1,402,214
Accumulated depreciation	(491,362)	(552,970)
Buildings, net	635,209	849,243
Structures	19,424	19,424
Accumulated depreciation	(14,064)	(14,570)
Structures, net	5,360	4,854
Machinery and equipment	3,132,645	3,374,800
Accumulated depreciation	(972,887)	(1,113,695)
Machinery and equipment, net	2,159,758	2,261,104
Tools, furniture and fixtures	581,436	900,468
Accumulated depreciation	(373,411)	(453,684)
Tools, furniture and fixtures, net	208,025	446,784
Land	154,858	186,048
Leased assets	19,088	14,589
Accumulated depreciation	(10,030)	(9,061)
Leased assets, net	9,058	5,528
Construction in progress	389,495	96,966
Equipment advance payment	–	681,095
Other	35,624	66,836
Accumulated depreciation	(22,271)	(32,826)
Other, net	13,352	34,010
Total property, plant and equipment	3,575,119	4,565,635
Intangible assets		
Software	64,104	53,301
Other	13,781	15,092
Total intangible assets	77,885	68,393
Investments and other assets		
Investment securities	8,000	67,264
Investments in capital	10	10
Long-term prepaid expenses	26,465	37,679
Deferred tax assets	160,513	154,851
Other	101,899	425,185
Total investments and other assets	296,889	684,990
Total non-current assets	3,949,894	5,319,020
Total assets	8,710,998	10,791,540

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	266,993	374,226
Short-term borrowings	–	600,000
Current portion of bonds payable	7,000	157,000
Current portion of long-term borrowings	272,326	397,536
Lease liabilities	3,096	1,805
Accounts payable - other	320,044	367,973
Current portion of long-term accounts payable	24,088	719
Accrued expenses	86,408	119,288
Income taxes payable	137,666	84,970
Contract liabilities	–	147,681
Advances received	292,174	367,493
Deposits received	115,752	152,843
Provision for bonuses	102,000	129,705
Provision for repairs	140,277	111,168
Provision for product warranties	17,347	27,700
Other	479	740
Total current liabilities	1,785,653	3,040,852
Non-current liabilities		
Bonds payable	168,500	11,500
Long-term borrowings	2,157,857	2,506,890
Lease liabilities	6,723	4,165
Other	4,833	–
Total non-current liabilities	2,337,913	2,522,555
Total liabilities	4,123,567	5,563,407
Net assets		
Shareholders' equity		
Share capital	1,695,621	1,737,696
Capital surplus		
Legal capital surplus	2,152,443	2,194,518
Total capital surplus	2,152,443	2,194,518
Retained earnings		
Other retained earnings		
Retained earnings brought forward	739,554	1,296,950
Total retained earnings	739,554	1,296,950
Treasury shares	(189)	(1,311)
Total shareholders' equity	4,587,430	5,227,853
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	–	279
Total valuation and translation adjustments	–	279
Total net assets	4,587,430	5,228,132
Total liabilities and net assets	8,710,998	10,791,540

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	4,756,708	5,752,663
Cost of sales		
Beginning finished goods inventory	43,133	48,762
Cost of products manufactured	3,130,094	3,652,788
Purchase of finished goods	1,916	1,814
Total	3,175,144	3,703,365
Transfer to other account	52	279
Ending finished goods inventory	48,762	229,670
Total cost of sales	3,126,329	3,473,414
Gross profit	1,630,379	2,279,248
Selling, general and administrative expenses	1,033,595	1,742,189
Operating profit	596,784	537,058
Non-operating income		
Interest income	124	1,529
Rental income from land and buildings	11,084	3,454
Foreign exchange gains	1,220	173,865
Subsidy income	67,016	98,566
Other	2,792	10,598
Total non-operating income	82,238	288,015
Non-operating expenses		
Interest expenses	50,323	34,023
Commission expenses	–	95,905
Share issuance costs	14,455	960
Listing expenses	11,716	–
Other	3,535	6,312
Total non-operating expenses	80,031	137,202
Ordinary profit	598,991	687,871
Extraordinary income		
Gain on sale of non-current assets	–	5,538
Total extraordinary income	–	5,538
Extraordinary losses		
Loss on sale of non-current assets	–	141
Impairment losses	8,155	–
Total extraordinary losses	8,155	141
Profit before income taxes	590,836	693,268
Income taxes - current	133,993	130,329
Income taxes - deferred	(38,896)	5,542
Total income taxes	95,096	135,872
Profit	495,740	557,395

Non-consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity							Total net assets
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings			
				Retained earnings brought forward				
Balance at beginning of period	405,500	862,322	862,322	243,814	243,814	–	1,511,637	1,511,637
Changes during period								
Issuance of new shares	1,175,171	1,175,171	1,175,171				2,350,342	2,350,342
Issuance of new shares - exercise of share acquisition rights	114,950	114,950	114,950				229,900	229,900
Purchase of treasury shares						(189)	(189)	(189)
Profit				495,740	495,740		495,740	495,740
Total changes during period	1,290,121	1,290,121	1,290,121	495,740	495,740	(189)	3,075,793	3,075,793
Balance at end of period	1,695,621	2,152,443	2,152,443	739,554	739,554	(189)	4,587,430	4,587,430

Fiscal year ended February 28, 2023

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	1,695,621	2,152,443	2,152,443	739,554	739,554	(189)	4,587,430
Changes during period							
Issuance of new shares - exercise of share acquisition rights	42,075	42,075	42,075	-	-	-	84,150
Purchase of treasury shares	-	-	-	-	-	(1,122)	(1,122)
Profit	-	-	-	557,395	557,395	-	557,395
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-
Total changes during period	42,075	42,075	42,075	557,395	557,395	(1,122)	640,423
Balance at end of period	1,737,696	2,194,518	2,194,518	1,296,950	1,296,950	(1,311)	5,227,853

(Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period			4,587,430
Changes during period			
Issuance of new shares - exercise of share acquisition rights	–	–	84,150
Purchase of treasury shares	–	–	(1,122)
Profit	–	–	557,395
Net changes in items other than shareholders' equity	279	279	279
Total changes during period	279	279	640,702
Balance at end of period	279	279	5,228,132

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	590,836	693,268
Depreciation	268,881	356,430
Amortization of goodwill	644	–
Loss (gain) on sale of non-current assets	–	(5,396)
Impairment losses	8,155	–
Increase (decrease) in provision for bonuses	17,000	27,705
Increase (decrease) in provision for repairs	(67,227)	(29,109)
Increase (decrease) in provision for product warranties	5,527	10,353
Decrease (increase) in accounts receivable - other	(9,987)	570
Increase (decrease) in accounts payable - other	(47,218)	188,516
Increase (decrease) in advances received	49,511	345,670
Increase (decrease) in Contract liabilities	–	(115,761)
Foreign exchange losses (gains)	(4,840)	(213,856)
Interest income	(124)	(1,529)
Interest expenses	50,323	34,023
Decrease (increase) in trade receivables	125,321	(8,266)
Decrease (increase) in inventories	(433,317)	(1,157,310)
Increase (decrease) in trade payables	72,011	107,232
Other, net	(60,078)	(47,093)
Subtotal	565,419	185,449
Interest received	124	1,529
Interest paid	(53,555)	(33,944)
Payment of commission	–	(95,905)
Income taxes paid	(68,607)	(176,384)
Net cash provided by (used in) operating activities	443,381	(119,255)
Cash flows from investing activities		
Purchase of property, plant and equipment	(789,738)	(1,483,042)
Proceeds from sale of property, plant and equipment	–	22,633
Purchase of intangible assets	(36,466)	(13,130)
Purchase of investment securities	(8,000)	(58,985)
Payments of leasehold and guarantee deposits	(24,959)	(88,511)
Cancellation of secured deposits	10,000	–
Other, net	–	(111,219)
Net cash provided by (used in) investing activities	(849,165)	(1,732,255)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(850,000)	600,000
Proceeds from long-term borrowings	–	1,200,000
Repayments of long-term borrowings	(275,972)	(725,757)
Redemption of bonds	(23,000)	(7,000)
Proceeds from issuance of shares	2,565,786	83,189
Repayments of lease liabilities	(3,096)	(3,849)
Repayments of installment payables	(37,578)	(24,088)
Purchase of treasury shares	(189)	(1,122)
Net cash provided by (used in) financing activities	1,375,950	1,121,372
Effect of exchange rate change on cash and cash equivalents	4,840	21,795
Net increase (decrease) in cash and cash equivalents	975,007	(708,343)
Cash and cash equivalents at beginning of period	1,171,360	2,146,368
Cash and cash equivalents at end of period	2,146,368	1,438,024