

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 13, 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 to file Quarterly Securities Report: October 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2023	3,323	–	(89)	–	(3)	–	(47)	–
Six months ended August 31, 2022	–	–	–	–	–	–	–	–

Note: Comprehensive income Six months ended August 31, 2023 ¥86 million [–%]
 Six months ended August 31, 2022 ¥– million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	(4.79)	–
Six months ended August 31, 2022	–	–

Notes: 1. The Company started preparing quarterly consolidated financial statements from the first quarter of the fiscal year ending February 29, 2024. Therefore, the figures and year-on-year changes for the six months ended August 31, 2022 and the year-on-year changes for the six months ended August 31, 2023 are not shown.

2. Diluted earnings per share for the six months ended August 31, 2023 are not shown because, although there are potentially dilutive shares, basic loss per share was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2023	18,873	5,125	27.2
As of February 28, 2023	–	–	–

Reference: Equity As of August 31, 2023 ¥5,125 million
 As of February 28, 2023 ¥– million

Note: The Company started preparing quarterly consolidated financial statements from the first quarter of the fiscal year ending February 29, 2024. Therefore, the figures as of February 28, 2023 are not shown.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2023	–	0.00	–	0.00	0.00
Year ending February 29, 2024	–	0.00			
Year ending February 29, 2024 (Forecast)			–	0.00	0.00

Note: Revisions to the cash dividend forecast most recently announced: No

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	Percentages indicate year-on-year changes								
Full year	8,773	–	471	–	652	–	430	–	43.09

Notes: 1. Revisions to the financial results forecast most recently announced: No

2. The Company started preparing quarterly consolidated financial statements from the first quarter of the fiscal year ending February 29, 2024. Therefore, the year-on-year changes are not shown.

4. Notes

(1) Changes in significant subsidiaries during the six months ended August 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of August 31, 2023	9,993,525 shares	As of February 28, 2023	9,958,800 shares
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Number of treasury shares at the end of the period

As of August 31, 2023	393 shares	As of February 28, 2023	360 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2023	9,977,352 shares	Six months ended August 31, 2022	9,832,728 shares
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Note: The Company implemented a two-for-one common share split effective March 1, 2023. The “total number of issued shares at the end of the period,” “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, 2023.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of August 31, 2023

Assets	
Current assets	
Cash and deposits	1,299,016
Notes and accounts receivable - trade	1,231,311
Electronically recorded monetary claims - operating	47,974
Merchandise and finished goods	324,381
Work in process	2,783,705
Raw materials and supplies	1,338,784
Other	588,962
Total current assets	7,614,136
Non-current assets	
Property, plant and equipment	
Machinery, equipment and vehicles	6,261,335
Accumulated depreciation	(2,135,491)
Machinery, equipment and vehicles, net	4,125,844
Other	5,178,888
Accumulated depreciation	(1,427,653)
Other, net	3,751,234
Total property, plant and equipment	7,877,078
Intangible assets	
Goodwill	2,866,234
Other	65,364
Total intangible assets	2,931,599
Investments and other assets	451,077
Total non-current assets	11,259,755
Total assets	18,873,892

(Thousands of yen)

As of August 31, 2023

Liabilities	
Current liabilities	
Notes and accounts payable - trade	271,168
Short-term borrowings	2,400,000
Current portion of bonds payable	7,000
Current portion of long-term borrowings	893,980
Income taxes payable	65,485
Provision for bonuses	117,721
Provision for repairs	66,000
Provision for product warranties	122,472
Other	1,300,254
Total current liabilities	5,244,082
Non-current liabilities	
Bonds payable	158,000
Long-term borrowings	8,317,314
Retirement benefit liability	840
provision for employee stock compensation	2,209
Other	26,095
Total non-current liabilities	8,504,460
Total liabilities	13,748,542
Net assets	
Shareholders' equity	
Share capital	1,754,439
Capital surplus	2,211,262
Retained earnings	1,026,784
Treasury shares	(1,433)
Total shareholders' equity	4,991,052
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	749
Foreign currency translation adjustment	133,547
Total accumulated other comprehensive income	134,297
Total net assets	5,125,350
Total liabilities and net assets	18,873,892

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)
	Six months ended
	August 31, 2023
Net sales	3,323,589
Cost of sales	2,104,868
Gross profit	1,218,721
Selling, general and administrative expenses	1,308,475
Operating loss	(89,753)
Non-operating income	
Interest income	6,950
Foreign exchange gains	60,236
Subsidy income	104,633
Other	2,516
Total non-operating income	174,336
Non-operating expenses	
Interest expenses	62,571
Commission expenses	19,191
Other	5,855
Total non-operating expenses	87,618
Ordinary loss	(3,035)
Extraordinary income	
Gain on sale of non-current assets	9,242
Other	768
Total extraordinary income	10,010
Extraordinary losses	
Loss on tax purpose reduction entry of non-current assets	562
Total extraordinary losses	562
Profit before income taxes	6,412
Income taxes - current	44,914
Income taxes - deferred	9,288
Total income taxes	54,202
Loss	(47,790)
Profit attributable to non-controlling interests	-
Loss attributable to owners of parent	(47,790)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2023
Loss	(47,790)
Other comprehensive income	
Valuation difference on available-for-sale securities	470
Foreign currency translation adjustment	133,547
Total other comprehensive income	134,018
Comprehensive income	86,228
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	86,228
Comprehensive income attributable to non-controlling interests	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2023
Cash flows from operating activities	
Profit before income taxes	6,412
Depreciation	251,665
Amortization of goodwill	70,853
Loss (gain) on sale of non-current assets	(9,242)
Loss on tax purpose reduction entry of non-current assets	562
Commission expenses	19,191
Increase (decrease) in provision for bonuses	(11,984)
Increase (decrease) in provision for repairs	(45,168)
Increase (decrease) in provision for product warranties	72,085
Increase (decrease) in provision for stock compensation	2,209
Increase (decrease) in accounts payable - other	(181,169)
Increase (decrease) in advances received	(169,784)
Increase (decrease) in Contract liabilities	(462)
Foreign exchange losses (gains)	(94,600)
Interest income	(6,950)
Interest expenses	62,571
Decrease (increase) in trade receivables	(344,813)
Decrease (increase) in inventories	(523,817)
Increase (decrease) in trade payables	(226,558)
Other, net	(279,657)
Subtotal	<u>(1,408,658)</u>
Interest received	2,050
Interest paid	(58,444)
Income taxes paid	(63,667)
Net cash provided by (used in) operating activities	<u>(1,528,719)</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(1,065,382)
Proceeds from sale of property, plant and equipment	20,309
Purchase of intangible assets	(8,455)
Payments of leasehold and guarantee deposits	(540)
Loan advances	(1,284,688)
Loan advances to employees	(294)
Proceeds from collection of loans receivable from employees	785
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,386,910)
Payments into Restricted deposit	(66)
Net cash provided by (used in) investing activities	<u>(5,725,243)</u>
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	1,800,000
Proceeds from long-term borrowings	6,000,000
Repayments of long-term borrowings	(733,312)
Proceeds from issuance of bonds	147,450
Redemption of bonds	(153,500)
Proceeds from issuance of shares	32,385
Repayments of lease liabilities	(902)
Repayments of installment payables	(719)
Purchase of treasury shares	(122)
Net cash provided by (used in) financing activities	<u>7,091,278</u>
Effect of exchange rate change on cash and cash equivalents	17,576
Net increase (decrease) in cash and cash equivalents	<u>(145,107)</u>
Cash and cash equivalents at beginning of period	<u>1,438,024</u>
Cash and cash equivalents at end of period	<u>1,292,917</u>