

Translation

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**Summary of Consolidated Financial Results for the Year Ended February 29, 2024  
(Based on Japanese GAAP)**

April 15, 2024

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 30, 2024  
 Scheduled date to file Securities Report: May 30, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Year Ended February 28, 1.2024 (from March 1, 2023 to February 29, 2024)

(1) Consolidated Operating Results

Percentages indicate year-on-year changes

	Revenue		Operating profit		Ordinary profit		Net profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2024	6,606	-	(983)	-	(766)	-	(422)	-
Year ended February 28, 2023	-	-	-	-	-	-	-	-

Note: Comprehensive income (million yen) FY 2/24: -273(-%) FY 2/23: —(- %)

	Per share Profit	Diluted Earnings per share	Net profit/equity the current period net margin	Total assets Ordinary profit	Operating profit/revenue
	Yen	Yen	%	%	%
Year ended February 29, 2024	(41.58)	-	(5.5)	(4.0)	(14.9)
Year ended February 28, 2023	-	-	-	-	-

Reference: Equity in earnings (losses) of affiliates (million yen) FY 2/24: — FY 2/23: —

Note: The Company started preparing consolidated financial statements from the fiscal year ended February 29, 2024. Therefore, the figures for the fiscal year ended February 28, 2023 and the year-on-year changes for the fiscal year ended February 29, 2024 are not shown. As the fiscal year ended February 29, 2024 is the first fiscal year of the Group's consolidation, the current period net profit to net assets and ordinary profit to total assets are calculated based on the net assets and total assets at the end of the fiscal year, respectively.

Diluted earnings per share for the fiscal year ended February 29, 2024 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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	19,251	7,610	39.5	691.54
As of February 28, 2023	-	-	-	-

Reference: Equity (million yen) FY 2/24: 7,610 FY 2/23: —

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

(3) consolidated cash flows

	operating activities Cash flows from	investment activities Cash flows from	financing activities Cash flows from	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2024	(953)	(6,142)	7,300	1,626
Year ended February 28, 2023	-	-	-	-

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

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (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, 2023	-	0.00	-	0.00	0.00	-	-	-
Year ended February 29, 2024	-	0.00	-	0.00	0.00	-	-	-
Year ending February 28, 2025 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Ordinary profit		Net profit attributable to owners of the Company		Per share Profit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,553	29.5	202	-	129	-	16	-	1.57

\* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of February 29, 2024	11,005,525 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 February 29, 2024	467 shares	As of February 28, 2023	360 shares
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Average number of shares during the period

Year ended February 29, 2024	10,155,329 shares	Year ended February 28, 2023	9,865,361 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, 2023.

\* This report is not subject to audit procedures by certified public accountants or 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. Preconditions for the Earnings Forecasts and Notes on the Use of Earnings Forecasts For more details, please refer to "4. Basis for establishment of financial forecasts

#### 4. Basis for establishment of financial forecasts

We have used the figures below in our financial forecasts for the fiscal year ending February 28, 2025.

##### Revenue

We expect consolidated revenue of 8,553 million yen, up 29.5% from the previous year.

In the Semiconductor Business, the first quarter is expected to be a slow start due to insufficient supply capacity of the second vendor, which is an alternative supplier of defective parts and materials that led to the downward revision of the previous term's business results. However, from the second quarter, the second vendor is expected to increase supply volume and quarterly sales are expected to reach a record high. We expect revenue in this business to increase 40.9% year on year to 4,425 million yen.

In the Healthcare Business, inventory adjustments by major users have been somewhat prolonged, and a full-scale increase in demand for cranial PET is expected from the next fiscal year onwards. As a result, revenue are expected to remain almost unchanged from the previous fiscal year at 1,600 million yen.

In the Frontier Technology Business, we expect a 35.5% increase year on year to 2,527 million yen, with full contributions from sales of Raicol Crystals Ltd., which we acquired in March 2023. The exchange rate is calculated at JPY 40.19 to NIS 1.

##### Operating profit

We expect consolidated operating profit of 202 million yen, reversing the operating loss of the previous fiscal year.

The amount of marginal profit is calculated by estimating the variable cost required for each major customer and product based on the past performance and purchasing trends against expected sales. The majority of variable costs are related to manufacturing costs, while variable SG & A expenses are minimal. The marginal profit ratio is expected to remain at the same level as in the fiscal year ended February 29, 2024.

Next, we estimate the increase in depreciation due to the previous term's results and new investments, as well as the increase in labor costs due to the increase in personnel to cope with the increase in sales, and other factors to calculate the fixed costs of manufacturing. Construction of the second phase of the No. 4 Plant was completed in September 2024, and depreciation expenses have been recognized.

Gross profit is calculated by subtracting the fixed costs of those manufacturing costs from the amount of marginal profit. The increase in costs in the semiconductor business in the previous term due to problems with procured materials was resolved in the current term, and the gross profit margin is expected to remain at the same level as the year before. Subsequently, we estimate selling, general and administrative expenses and research and development expenses based on the actual results of the previous fiscal year and increased personnel expenses corresponding to the increase in sales, and calculate operating profit by deducting these from gross profit. In particular, R & D expenses have a significant impact not only on the Company's income and expenses for the fiscal year ended February 28, 2025, but also on the Company's performance from the fiscal year ended February 28, 2026 onwards. Accordingly, the Company conducts careful verification and discussions within the Group to make estimates.

The consolidated operating profit estimate assumes amortization of goodwill, etc. of 228 million yen over a 10-15 year amortization period and an adjustment expense of 50 million yen for accounting standards differences.

Research and development expenses will account for approximately 17.2% of consolidated revenue. This is expected to be slightly higher than the 15.9% of consolidated revenue recorded in the previous fiscal year, mainly due to a change in the subsidy rate (from 100% subsidy in the conventional stage to 2/3 of development costs) of NEDO for the development of power semiconductors.

The consolidated operating income margin for the fiscal year ending February 28, 2025 is projected at 2%, but over the medium term we aim to achieve around 11% mainly by increasing capacity utilization.

The consolidated operating profit for each quarter is expected to start with a loss of 270 million yen in the first quarter and a net profit of 265 million yen in the fourth quarter, with the procurement volume of some components in the semiconductor business being the main rate-determining factor. The full year consolidated operating profit forecast is 202 million yen.

Ordinary profit

Consolidated ordinary profit is expected to turn from a deficit in the previous fiscal year to a surplus of 129 million yen.

Non-operating profit is expected to consist of approximately 81 million yen in grant income from local governments for capital investment, and non-operating expenses are expected to consist mainly of interest payments on bonds and loans payable.

Net profit attributable to owners of the Company

We expect the current period profit before income taxes and minority interests to be in line with ordinary profit. In addition, we expect to incur income taxes of 68 million yen, mainly from the corporation tax burden on the parent company, and deferred income taxes of 45 million yen. As a result, we expect the current period net profit attributable to owners of the Company to be 16 million yen, which is in the black compared to the the current period net loss for the previous fiscal year.

5. Consolidated Financial Statements  
(1) Consolidated balance sheets

(Thousands of yen)

As of February 29, 2024	
<b>Assets</b>	
Current assets	
Cash and deposits	1,631,297
Notes receivable	1,035
Accounts receivable - trade	1,349,647
Electronically recorded monetary claims - operating	11,853
Merchandise and finished goods	207,458
Work in process	2,501,779
Raw materials and supplies	1,401,026
Other	455,007
<b>Total current assets</b>	<b>7,559,106</b>
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	2,592,049
Machinery, equipment and vehicles, net	3,909,362
Construction in progress	464,793
Other, net	1,165,420
<b>Total property, plant and equipment</b>	<b>8,131,626</b>
Intangible assets	
Goodwill	1,641,346
Customer-related assets	1,140,346
Other	262,290
<b>Total intangible assets</b>	<b>3,043,983</b>
Investments and other assets	
Deferred tax assets	212,836
Other	304,157
<b>Total investments and other assets</b>	<b>516,994</b>
<b>Total non-current assets</b>	<b>11,692,604</b>
<b>Total assets</b>	<b>19,251,711</b>

(Thousands of yen)

As of February 29, 2024

<b>Liabilities</b>	
Current liabilities	
Notes and accounts payable - trade	261,690
Short-term borrowings	1,500,000
Current portion of bonds payable	7,000
Current portion of long-term borrowings	905,866
Income taxes payable	32,844
Contract liabilities	219,238
Provision for bonuses	122,200
Provision for repairs	68,880
Provision for product warranties	108,734
Other	1,375,797
<b>Total current liabilities</b>	<b>4,602,253</b>
Non-current liabilities	
Bonds payable	154,500
Long-term borrowings	6,638,761
Deferred tax liability	237,234
Provision for employee stock compensation	5,654
Retirement benefit liability	522
Other	2,359
<b>Total non-current liabilities</b>	<b>7,039,032</b>
<b>Total liabilities</b>	<b>11,641,285</b>
<b>Net assets</b>	
Shareholders' equity	
Share capital	3,177,014
Capital surplus	3,633,837
Retained earnings	652,271
Treasury shares	(1,591)
<b>Total shareholders' equity</b>	<b>7,461,530</b>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	962
Foreign currency translation adjustment	147,932
<b>total accumulated other comprehensive income</b>	<b>148,895</b>
<b>Total net assets</b>	<b>7,610,426</b>
<b>Total liabilities and net assets</b>	<b>19,251,711</b>

(2) Consolidated statement of income and consolidated statement of comprehensive income  
(Consolidated statement of income)

(Thousands of yen)

	Fiscal Year ended February 29, 2024
Revenue	6,606,974
Cost of sales	4,722,877
Gross profit	1,884,096
Selling, general and administrative expenses	2,867,233
operating loss	(983,137)
Non-operating income	
Interest income	2,358
Subsidy income	386,864
Other	37,678
Total non-operating income	426,901
Non-operating expenses	
Interest expenses	135,222
Commission expenses	49,805
Other	25,025
Total non-operating expenses	210,052
Ordinary loss	(766,288)
Extraordinary income	
Gain on sale of non-current assets	249,355
Settlement income	34,155
Other	2,979
Total extraordinary income	286,490
Extraordinary losses	
Loss on tax purpose reduction entry of non-current assets	2,737
Total extraordinary losses	2,737
Loss before income taxes	(482,535)
Income taxes - current	9,172
Income taxes - deferred	(69,403)
Total income taxes	(60,231)
Loss	(422,303)
Profit attributable to non-controlling interests	-
Loss attributable to owners of parent	(422,303)

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal Year ended February 29, 2024
Loss	(422,303)
Other comprehensive income	
Valuation difference on available-for-sale securities	683
Foreign currency translation adjustment	147,932
Total of other comprehensive income	148,615
Comprehensive income	(273,688)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(273,688)
Comprehensive income attributable to non-controlling interests	-



(3) Consolidated statement of changes in equity  
 FY2/24 (from March 1, 2023 to February 29, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,737,696	2,194,518	1,074,575	(1,311)	5,005,478
Changes during period					
Issuance of new shares	1,414,018	1,414,018	-	-	2,828,036
Issuance of new shares - exercise of share acquisition rights	25,300	25,300	-	-	50,600
Net loss attributable to owners of the parent owners of parent	-	-	(422,303)	-	(422,303)
Purchase of treasury shares	-	-	-	(280)	(280)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	1,439,318	1,439,318	(422,303)	(280)	2,456,052
Balance at end of period	3,177,014	3,633,837	652,271	(1,591)	7,461,530

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities net unrealized holding gains	Foreign currency translation adjustment	Total accumulated other comprehensive income cumulative total total	
Balance at beginning of period	279	-	279	5,005,757
Changes during period				
Issuance of new shares	-	-	-	2,828,036
Issuance of new shares - exercise of share acquisition rights	-	-	-	50,600
Net loss attributable to owners of the parent owners of parent	-	-	-	(422,303)
Purchase of treasury shares	-	-	-	(280)
Net changes in items other than shareholders' equity	683	147,932	148,615	148,615
Total changes during period	683	147,932	148,615	2,604,668
Balance at end of period	962	147,932	148,895	7,610,426

## (4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal Year ended February 29, 2024
<b>Cash flows from operating activities</b>	
Loss before income taxes	(482,535)
Depreciation	715,667
Amortization of goodwill	130,699
Loss (gain) on sales of non-current assets	(249,355)
Loss on reduction of non-current assets	2,737
Subsidy income	(386,864)
Commission expenses	49,805
Settlement received	(34,155)
Increase (decrease) in provision for bonuses	(7,504)
Increase (decrease) in provision for repairs	(42,288)
Increase (decrease) in provision for product warranties	58,451
Increase (decrease) in provision for share awards for employees	5,654
Increase (decrease) in retirement benefit liability	(311)
Increase (decrease) in accounts payable-other	(50,706)
Increase (decrease) in advances received	(160,302)
Increase (decrease) in contract liabilities	65,374
Foreign exchange losses (gains)	(36,890)
Interest income	(2,358)
Interest expenses	135,222
Decrease (increase) in trade receivables	(450,720)
Decrease (increase) in inventories	(186,915)
Increase (decrease) in trade payables	(216,701)
Other	32,048
Subtotal	<u>(1,111,948)</u>
Interest received	2,358
Interest paid	(134,334)
Subsidies received	420,239
Income taxes paid	(130,088)
Net cash provided by (used in) operating activities	<u>(953,774)</u>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(1,676,452)
Proceeds from sale of property, plant and equipment	300,511
Purchase of intangible assets	(90,549)
Payments of leasehold and guarantee deposits	(3,513)
Loan advances	(1,284,688)
Payments of loans receivable to employees	(1,559)
Collection of loans receivable from employees	3,217
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,386,910)
Withdrawals from restricted deposits	1,288
Other	(4,227)
Net cash provided by (used in) investing activities	<u>(6,142,884)</u>

(Thousands of yen)

	Fiscal Year ended February 29, 2024
Cash flows from financing activities	
Increase (decrease) in short-term borrowings	900,000
Proceeds from long-term borrowings	7,100,000
Repayments of long-term borrowings	(3,501,081)
Proceeds from issuance of bonds	147,450
Payments for redemption of bonds	(157,000)
Proceeds from issuance of shares	2,863,720
Repayments of lease liabilities	(1,805)
Repayments of installment payables	(719)
Purchase of treasury shares	(280)
Other	(49,788)
Net cash provided by (used in) financing activities	7,300,495
Effect of exchange rate change on cash and cash equivalents	(15,268)
Net increase (decrease) in cash and cash equivalents	188,567
Cash and cash equivalents at beginning of period	1,438,024
Cash and cash equivalents at end of period	1,626,592