

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



Summary of Consolidated Financial Results for the Year Ended February 28, 2025 (Based on Japanese GAAP)

April 14, 2025

Company Name: OXIDE Corporation
 Stock Exchange Listing: Tokyo
 Stock Code: 6521 URL: <https://www.opt-oxide.com>
 Representative: President (COO & CFO) Masayuki Yamamoto
 Inquiries: Director (CSO), General Manager of Corporate Management Division Seiji Uchida TEL +81-551-26-0022
 Scheduled date of ordinary general meeting of shareholders: May 29, 2025
 Scheduled date to file Securities Report: May 29, 2025
 Scheduled date to commence dividend payments: —
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 1.2025 (from March 1, 2024 to February 28, 2025)

(1) Consolidated operating results

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	%
Year ended February 28, 2025	8,394	27.1	126	-	230	-	(2,703)	-
Year ended February 29, 2024	6,606	-	(983)	-	(766)	-	(422)	-

Note: Comprehensive income Year ended February 28, 2025 JPY(2,458) million [-%]
 Year ended February 29, 2024 JPY(273) million [-%]

	Earnings per share	Diluted earnings per share	Net profit/equity the current period net margin	Total assets Ordinary profit	Operating profit/revenue
	Yen	Yen	%	%	%
Year ended February 28, 2025	(243.91)	-	(41.5)	1.2	1.5
Year ended February 29, 2024	(41.58)	-	(5.5)	(4.0)	(14.9)

Reference: Equity in earnings (losses) of affiliates Year ended February 28, 2025 -
 Year ended February 29, 2024 -

Notes: 1. As the Company started preparing consolidated financial statements from the fiscal Year ended February 29, 2024, year-on-year changes for the fiscal Year ended February 29, 2024 are not presented.
 2. Diluted the current period net earnings per share is not stated because there are dilutive shares, but there was a net loss per share in the current period.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2025	18,206	5,412	29.7	482.09
As of February 29, 2024	19,251	7,610	39.5	691.54

Reference: Equity As of February 28, 2025 JPY 5,412 million
 As of February 29, 2024 JPY 7,610 million

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 29, 2024	-	0.00	-	0.00	0.00	-	-	-
Year ending February 28, 2025	-	0.00	-	0.00	0.00	-	-	-
Year ending February 28, 2026 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of consolidated financial results for the year ending February 28, 2026 (from March 1, 2025 to February 28, 2026)

Percentages indicate year-on-year changes

	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
Full year	8,713	3.8	409	223.8	242	5.0	74	-	6.68

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

One new company (OXIDE Power Crystal Corporation)

(2) Changes in accounting policies, changes in accounting estimates, and restatements

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 28, 2025	11,228,823 Shares	As of February 29, 2024	11,005,525 Shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of February 28, 2025	796 Shares	As of February 29, 2024	467 Shares
-------------------------	------------	-------------------------	------------

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

Year ended February 28, 2025	11,084,595 Shares	Year ended February 29, 2024	10,155,329 Shares
------------------------------	-------------------	------------------------------	-------------------

* 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, 2026.

Revenue

Consolidated revenue is expected to be JPY 8.713 billion, an increase of 3.8% year on year.

Frontier Tech business is affected by the prolonged Israeli conflict, and the business environment surrounding Raicol remains highly uncertain. Therefore, we have a conservative view on Raicol's revenue compared to the previous fiscal year. Sales in this segment are expected to decline 19.4% year on year to JPY 1.987 billion. The rate of exchange is calculated based on the exchange rate of NIS 1 = JPY 43.01.

In the Semiconductor business, we expect a steady increase in demand for laser product maintenance. On the other hand, in light of the uncertainty in the semiconductor market as a whole and the business performance of some major semiconductor manufacturers, which are the end customers of the Company, the Company has made a more conservative estimate of the demand for new lasers and single crystals than the actual results for the previous fiscal year. Sales in this segment are expected to decline 3.1% year on year to JPY 4.555 billion.

In the Healthcare business, we expect to begin full-scale transactions with a new client, a top manufacturer of high-performance PET, in the fiscal year ending February 28, 2026. We project sales in this segment to increase 77.0% year on year to JPY 2.17 billion.

The effects of the U.S. tariff policy are expected to have both positive and negative impacts on revenue. It is difficult to reasonably estimate the amount of the effect at this point in time. Therefore, the impact of these effects is not reflected in the current forecast. However, the forecasts for each business have been conservatively estimated.

Operating profit

Consolidated operating profit is expected to be JPY 409 million, an increase of JPY 283 million year on year.

Based on the past performance and sales forecast for each major customer and product, the Company estimates the variable costs required in light of the purchasing trends and calculates the amount of marginal profit. Most of the variable costs required are variable costs in manufacturing costs, and variable selling, general and administrative expenses are expected to be minor. We expect the marginal profit ratio to be at around the same level as the fiscal year ending February 28, 2025.

Next, the fixed costs of manufacturing are calculated by estimating the depreciation and labor costs. As a result of calculating gross profit by subtracting the fixed costs of manufacturing costs from the amount of marginal profit, there is no significant change in the level of fixed costs of manufacturing. Therefore, we expect the gross profit rate to remain at the same level as the previous fiscal year. Thereafter, R & D expenses and selling, general and administrative expenses, which are expected to be invested for future growth, are calculated, and the amount of operating income is calculated by subtracting the amount of these expenses from gross profit.

In particular, R & D expenses are an important factor that has a significant impact not only on the income statement for the fiscal year ended February 28, 2026, but also on the business results for the fiscal year ending February 28, 2027 and beyond, estimates are made after conducts careful verification and discussions within the Group. We expect consolidated R & D investment to be 15.3% of consolidated sales. Research and development is essential for future growth, and we expect to maintain the same level of 15.4% of consolidated sales as in the previous fiscal year by continuing to invest in the future.

In addition, due to the impairment loss on goodwill related to Raicol that was incurred in the third quarter of the fiscal year ended February 28, 2025, amortization expenses for Raicol have not been factored in from the current fiscal year ending February 28, 2026.

For the fiscal year ending February 28, 2026, we expect a consolidated operating margin of 4.7%. Over the medium term, we aim to achieve a margin of around 12% by reducing the fixed cost ratio through sales growth and increasing capacity utilization rates.

The consolidated operating profit for each quarter is expected to start with a loss of JPY 215 million in the first quarter and turn to a profit of JPY 326 million in the fourth quarter. This trend in profits is expected to be linked to sales levels, and we forecast consolidated operating income of JPY 409 million for the full year.

Ordinary profit

Consolidated ordinary profit is expected to be JPY 242 million.

Non-operating expenses are expected to consist mainly of interest payments on bonds and loans.

Net profit attributable to owners of the Company

Profit before income taxes is expected to be approximately the same level as ordinary profit. In addition, we expect to incur JPY 162 million in income taxes, mainly due to our corporate income tax burden, and JPY 45 million in deferred income taxes. As a result, we expect to post a profit attributable to owners of parent of JPY 74 million for the current period, which is a turnaround from the net loss attributable to owners of parent of the fiscal year ended February 28, 2025.

Consolidated Financial Statements

(1) consolidated balance sheet

(Thousands of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	1,631,297	2,245,402
Notes receivable	1,035	2,643
Accounts receivable - trade	1,349,647	1,783,867
Electronically recorded monetary claims - operating	11,853	25,619
Merchandise and finished goods	207,458	676,140
Work in process	2,501,779	2,535,984
Raw materials and supplies	1,401,026	890,455
Other	455,007	368,162
Allowance for doubtful accounts	-	(4,119)
Total current assets	7,559,106	8,524,155
Non-current assets		
Property, plant and equipment		
Buildings and Structures, net	2,592,049	2,568,616
Machinery, equipment and vehicles, net	3,909,362	3,979,436
Land	188,068	188,068
Construction in progress	464,793	1,330,982
Other, net	977,352	838,557
Total property, plant and equipment	8,131,626	8,905,661
Intangible assets		
Goodwill	1,641,346	-
Customer-related assets	1,140,346	-
Other	262,290	286,646
Total intangible assets	3,043,983	286,646
Investments and other assets		
Deferred tax assets	212,836	193,328
Other	304,157	296,293
Total investments and other assets	516,994	489,621
Total non-current assets	11,692,604	9,681,929
Total Assets	19,251,711	18,206,085

(Thousands of yen)

	As of February 29, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	261,690	366,305
Short-term borrowings	1,500,000	2,900,000
Current portion of bonds payable	7,000	4,500
Current portion of long-term borrowings	905,866	1,103,366
Income taxes payable	32,844	64,625
Contract liabilities	219,238	433,394
Provision for bonuses	122,200	100,654
Provision for repairs	68,880	125,440
Provision for product warranties	108,734	121,271
Other	1,375,797	1,127,330
Total current liabilities	4,602,253	6,346,888
Non-current liabilities		
Bonds payable	154,500	150,000
Long-term borrowings	6,638,761	6,211,368
Deferred tax liability	237,234	73,611
Provision for employee stock compensation	5,654	9,780
Retirement benefit liability	522	425
Other	2,359	1,128
Total non-current liabilities	7,039,032	6,446,314
Total liabilities	11,641,285	12,793,202
Net assets		
Shareholders' equity		
Share capital	3,177,014	3,307,277
Capital surplus	3,633,837	3,764,099
Retained earnings	652,271	(2,051,342)
Treasury shares	(1,591)	(1,591)
Total shareholders' equity	7,461,530	5,018,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	962	914
Foreign currency translation adjustment	147,932	393,524
Total accumulated other comprehensive income	148,895	394,439
Total net assets	7,610,426	5,412,882
Total liabilities and net assets	19,251,711	18,206,085

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

(Consolidated statement of income)

(Thousands of yen)

	Fiscal Year ended February 29, 2024	Fiscal Year ended February 28, 2025
Revenue	6,606,974	8,394,851
Cost of sales	4,722,877	5,134,345
Gross profit	1,884,096	3,260,505
Selling, general and administrative expenses	2,867,233	3,134,184
Operating profit (loss)	(983,137)	126,320
Non-operating income		
Interest income	2,358	1,599
Foreign exchange gains	31,061	208,921
Subsidy income	386,864	2,323
Subsidy income	1,921	81,822
Other	4,695	8,885
Total non-operating income	426,901	303,551
Non-operating expenses		
Interest expenses	135,222	147,891
Commission expenses	49,805	36,828
Other	25,025	14,785
Total non-operating expenses	210,052	199,505
Ordinary profit (loss)	(766,288)	230,366
Extraordinary income		
Gain on sale of non-current assets	249,355	23,330
Subsidy income	2,979	5,196
Settlement income	34,155	-
Total extraordinary income	286,490	28,526
Extraordinary losses		
Loss on reduction of non-current assets	2,737	5,009
Loss on sale of non-current assets	-	0
Impairment loss	-	2,723,138
Loss on disposal of inventories	-	364,443
Total extraordinary losses	2,737	3,092,590
Loss before income taxes	(482,535)	(2,833,697)
Income taxes - current	9,172	30,276
Income taxes - deferred	(69,403)	(160,360)
Total income taxes	(60,231)	(130,084)
Loss	(422,303)	(2,703,613)
Net profit attributable to non-controlling Shares owners	-	-
Net loss attributable to owners of the parent owners of parent	(422,303)	(2,703,613)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal Year ended February 29, 2024	Fiscal Year ended February 28, 2025
Loss	(422,303)	(2,703,613)
Other comprehensive income		
Valuation difference on available-for-sale securities	683	(47)
Foreign currency translation adjustment	147,932	245,591
Total of other comprehensive income	148,615	245,544
Comprehensive income	(273,688)	(2,458,068)
Comprehensive income attributable to		
Comprehensive income attributable to Shares owners of the parent company	(273,688)	(2,458,068)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity
Fiscal Year ended 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	
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

Fiscal Year ended February 28, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,177,014	3,633,837	652,271	(1,591)	7,461,530
Changes during period					
Issuance of new shares	16,542	16,542	—	—	33,085
Issuance of new shares - exercise of share acquisition rights	113,720	113,720	—	—	227,440
Net loss attributable to owners of the parent owners of parent	—	—	(2,703,613)	—	(2,703,613)
Purchase of treasury shares	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	130,262	130,262	(2,703,613)	—	(2,443,087)
Balance at end of period	3,307,277	3,764,099	(2,051,342)	(1,591)	5,018,443

	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	
Balance at beginning of period	962	147,932	148,895	7,610,426
Changes during period				
Issuance of new shares	—	—	—	33,085
Issuance of new shares - exercise of share acquisition rights	—	—	—	227,440
Net loss attributable to owners of the parent owners of parent	—	—	—	(2,703,613)
Purchase of treasury shares	—	—	—	—
Net changes in items other than shareholders' equity	(47)	245,591	245,544	245,544
Total changes during period	(47)	245,591	245,544	(2,197,543)
Balance at end of period	914	393,524	394,439	5,412,882

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal Year ended February 29, 2024	Fiscal Year ended February 28, 2025
Cash flows from operating activities		
Loss before income taxes	-482,535	-2,833,697
Depreciation	715,667	816,636
Impairment loss	-	2,723,138
Amortization of goodwill	130,699	139,651
Amortization of customer-related assets	58,943	62,980
Loss (gain) on sales of non-current assets	-249,355	-23,330
Loss on retirement of non-current assets	-	6,897
Loss on reduction of non-current assets	2,737	5,009
Subsidy income	-1,921	-81,822
Subsidy income	-386,864	-7,519
Commission expenses	49,805	36,828
Settlement income	-34,155	-
Increase (decrease) in allowance for doubtful accounts	-	3,896
Increase (decrease) in provision for bonuses	-7,504	-21,546
Increase (decrease) in provision for repairs	-42,288	56,560
Increase (decrease) in provision for product warranties	58,451	9,905
Increase (decrease) in provision for share awards for employees	5,654	4,125
Increase (decrease) in retirement benefit liability	-311	-145
Increase (decrease) in accounts payable-other	-50,706	76,483
Increase (decrease) in advances received	-160,302	-43,296
Increase (decrease) in contract liabilities	65,374	212,831
Foreign exchange losses (gains)	-36,890	-205,130
Interest income	-2,358	-1,599
Interest expenses	135,222	147,891
Decrease (increase) in trade receivables	-450,720	-397,271
Decrease (increase) in inventories	-186,915	127,768
Increase (decrease) in trade payables	-216,701	92,202
Other	-26,895	-51,467
Subtotal	-1,113,870	855,979
Interest received	2,358	1,448
Interest paid	-134,334	-146,978
Proceeds from subsidy income	1,921	81,432
Subsidies received	420,239	1,189
Settlement package received	-	37,455
Income taxes paid or refunded ((paid))	-130,088	54,637
Cash flows from operating activities	-953,774	885,164
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-1,676,452	-1,660,574
Proceeds from sale of property, plant and equipment	300,511	146,686
Purchase of intangible assets	-90,549	-48,335
Payments of leasehold and guarantee deposits	-3,513	-1,297
Proceeds from collection of leasehold deposits and guarantee deposits	-	229
Loan advances	-1,284,688	-
Payments of loans receivable to employees	-1,559	-518
Collection of loans receivable from employees	3,217	1,683
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-3,386,910	-
Withdrawals from restricted deposits	1,288	-
Other	-4,227	17,295
Net cash provided by (used in) investing activities	-6,142,884	-1,544,831

(Thousands of yen)

	Fiscal Year ended February 29, 2024	Fiscal Year ended February 28, 2025
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	900,000	1,400,000
Proceeds from long-term borrowings	7,100,000	620,000
Repayments of long-term borrowings	(3,501,081)	(918,846)
Proceeds from issuance of bonds	147,450	-
Payments for redemption of bonds	(157,000)	(7,000)
Proceeds from issuance of shares	2,863,720	223,358
Proceeds from issuance of new Shares subscription warrants	-	23,078
Purchase of new Shares subscription warrants	-	(22,068)
Repayments of lease liabilities	(1,805)	(1,805)
Repayments of installment payables	(719)	-
Purchase of treasury shares	(280)	-
Other	(49,788)	(39,038)
Net cash provided by (used in) financing activities	7,300,495	1,277,677
Effect of exchange rate change on cash and cash equivalents	(15,268)	(4,660)
Net increase (decrease) in cash and cash equivalents	188,567	613,349
Cash and cash equivalents at beginning of period	1,438,024	1,626,592
cash and cash equivalents at the at end of period the year	1,626,592	2,239,942