

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2024 (Based on Japanese GAAP)

October 15, 2024

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), Head of Corporate Strategy Division Seiji Uchida TEL +81-551-26-0022
 Scheduled date of filing of quarterly report: October 15, 2024
 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 six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

(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, 2024	3,398	2.3	(396)	-	(317)	-	(242)	-
Six months ended August 31, 2023	3,323	-	(112)	-	(26)	-	(63)	-

Note: Comprehensive income Six months ended August 31, 2024 ¥84 million [21.6%]
 Six months ended August 31, 2023 ¥69 million [-%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2024	(22.01)	-
Six months ended August 31, 2023	(6.37)	-

Notes: 1. The Company started preparing quarterly consolidated financial statements from the first quarter of the fiscal year ending February 28, 2025. Therefore, the figures and year-on-year changes for the Six months ended August 31, 2024.

2. Diluted interim net income per share is not stated because there are dilutive shares but there is an interim net loss per share.

3. As of fiscal year ended February 29, 2024, the Company finalized the provisional accounting treatment for the business combination, and the figures for the interim period of the fiscal year ended February 29, 2024 reflect the details of the finalized provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	20,843	7,810	37.4
As of February 29, 2024	19,251	7,610	39.5

Reference: Equity As of August 31, 2025 ¥7,788 million
 As of February 29, 2024 ¥7,610 million

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

Note: Revision to the most recent dividend forecast: No

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

	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	8,553	29.5	202	-	129	-	16	-	1.45

Note: Revisions to the financial results forecast most recently announced: No

* Notes

(1) Significant changes in the scope of consolidation during the interim period: No

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

(3) 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

(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, 2024	11,077,125 Shares	As of February 29, 2024	11,005,525 Shares
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Number of treasury shares at the end of the period

As of August 31, 2024	737 Shares	As of February 29, 2024	467 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, 2024	11,010,781 Shares	Six months ended August 31, 2023	9,977,352 Shares
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* This summary of financial results for the 2nd quarter (interim) is not subject to review by certified public accountants or an audit firm.

* 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.

Interim consolidated financial statements

(1) Interim consolidated balance sheet

(Thousands of yen)

	As of February 29, 2024	Six months ended August 31, 2024
Assets		
Current assets		
Cash and deposits	1,631,297	2,178,706
Notes and accounts receivable - trade	1,350,683	1,094,418
Electronically recorded monetary claims - operating	11,853	29,700
Merchandise and finished goods	207,458	310,862
Work in process	2,501,779	3,106,629
Raw materials and supplies	1,401,026	1,159,311
Other, net	455,007	420,081
Total Current Assets	7,559,106	8,299,709
Non-current assets		
Property, plant and equipment		
Buildings and Structures, net	2,592,049	2,607,260
Machinery, equipment and vehicles, net	3,909,362	3,969,330
Other, net	1,630,214	2,168,904
Total property, plant and equipment	8,131,626	8,745,496
Intangible assets		
Goodwill	1,641,346	1,701,534
Customer-related assets	1,140,346	1,205,865
Other	262,290	275,863
Total Intangible assets	3,043,983	3,183,263
Investments and other assets	516,994	606,041
Total non-current assets	11,692,604	12,534,802
Total assets	19,251,711	20,834,511

(Thousands of yen)

	As of February 29, 2024	Six months ended August 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	261,690	294,326
Short-term borrowings	1,500,000	2,700,000
Current portion of bonds payable	7,000	8,000
Current portion of long-term borrowings	905,866	1,064,560
Income taxes payable	32,844	27,982
Provision for bonuses	122,200	121,725
Provision for repairs	68,880	108,584
Provision for product warranties	108,734	94,246
Other	1,595,035	1,726,324
Total Current Liabilities	4,602,253	6,145,748
Non-current liabilities		
Bonds payable	154,500	150,000
Long-term borrowings	6,638,761	6,445,568
Provision for employee stock compensation	5,654	8,163
Retirement benefit liability	522	572
Other	239,593	273,858
Total non-current liabilities	7,039,032	6,878,162
Total liabilities	11,641,285	13,023,910
Net assets		
Shareholders' equity		
Share capital	3,177,014	3,223,347
Capital surplus	3,633,837	3,680,170
Retained earnings	652,271	409,934
Treasury shares	(1,591)	(1,591)
Total shareholders' equity	7,461,530	7,311,861
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	962	682
Foreign currency translation adjustment	147,932	475,467
Total accumulated other comprehensive income	148,895	476,150
Subscription rights to shares		22,589
Total net assets	7,610,426	7,810,600
Total liabilities and net assets	19,251,711	20,834,511

(2) Interim consolidated statement of income and consolidated statement of comprehensive income
(Interim consolidated statement of income)
(Interim Consolidated Accounting Period)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Revenue	3,323,589	3,398,670
Cost of sales	2,131,184	2,242,795
Gross profit	1,192,405	1,155,874
Selling, general and administrative expenses	1,305,270	1,552,116
Operating loss	(112,865)	(396,242)
Non-operating income		
Interest income	6,950	439
Foreign exchange gains	60,236	184,472
Subsidy income	104,633	2,323
Other	2,516	3,169
Total non-operating income	174,336	190,405
Non-operating expenses		
Interest expenses	62,571	70,857
Commission expenses	19,191	29,520
Other	5,855	11,013
Total non-operating expenses	87,618	111,391
Ordinary loss	(26,147)	(317,227)
Extraordinary income		
Gain on sale of non-current assets	9,242	7,450
Subsidy income	768	5,196
Total extraordinary income	10,010	12,646
Extraordinary losses		
Loss on sales of non-current assets	-	13,325
Loss on reduction of non-current assets	562	5,009
Total extraordinary losses	562	18,334
Interim net loss before taxes	(16,699)	(322,916)
Income taxes - current	44,914	4,580
Income taxes - deferred	1,984	-85,160
Total income taxes	46,898	-80,580
Interim net loss	(63,598)	(242,336)
Profit attributable to non-controlling interests	-	-
Interim net loss Profit attributable to owners of parent	(63,598)	(242,336)

(Interim consolidated statement of comprehensive income)
(Interim Consolidated Accounting Period)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit or Loss	(63,598)	(242,336)
Other comprehensive income		
Valuation difference on available-for-sale securities	470	(279)
Foreign currency translation adjustment	132,958	327,534
Total of other comprehensive income	133,429	327,255
Comprehensive income	69,831	84,919
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	69,831	84,919
Comprehensive income attributable to non-controlling interests	-	-

(3) Interim Consolidated statement of cash flow

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Interim net loss before taxes	(16,699)	(322,916)
Depreciation	283,434	396,998
Amortization of goodwill	42,861	93,531
Amortization of Customer-related assets	19,334	42,181
Loss (gain) on sales of non-current assets	(9,242)	5,875
Loss on reduction of non-current assets	562	5,009
Subsidy income	-	(7,519)
Commission expenses	19,191	29,520
Increase (decrease) in provision for bonuses	(11,984)	(475)
Increase (decrease) in provision for repairs	(45,168)	39,704
Increase (decrease) in provision for product warranties	72,085	(16,974)
Increase (decrease) in provision for share awards for employees	2,209	2,508
Increase (decrease) in accounts payable-other	(181,169)	(68,176)
Increase (decrease) in advances received	(169,784)	(218,084)
Increase (decrease) in contract liabilities	(462)	417,178
Foreign exchange losses (gains)	(94,600)	(170,332)
Interest income	(6,950)	(439)
Interest expenses	62,571	70,857
Decrease (increase) in trade receivables	(344,813)	277,017
Decrease (increase) in inventories	(523,817)	(357,800)
Increase (decrease) in trade payables	(226,558)	25,092
Other	(279,657)	18,371
Subtotal	(1,408,658)	261,127
Interest received	2,050	327
Interest paid	(58,444)	(69,472)
Subsidies received	-	5,009
Settlement package received	-	37,455
Income taxes paid (paid) refund	(63,667)	55,776
Cash flows from operating activities	(1,528,719)	290,223
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,065,382)	(990,172)
Proceeds from sale of property, plant and equipment	20,309	72,250
Purchase of intangible assets	(8,455)	(7,260)
Payments of leasehold and guarantee deposits	(540)	(116)
Proceeds from collection of leasehold deposits and guarantee deposits	-	79
Loan advances	(1,284,688)	-
Payments of loans receivable to employees	(294)	(164)
Collection of loans receivable from employees	785	896
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,386,910)	-
Payments into restricted deposits	(66)	-
Net cash provided by (used in) investing activities	(5,725,243)	(924,486)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	1,800,000	1,200,000
Proceeds from long-term borrowings	6,000,000	320,000
Repayments of long-term borrowings	(733,312)	(419,923)
Proceeds from issuance of bonds	147,450	-
Payments for redemption of bonds	(153,500)	(3,500)
Proceeds from issuance of shares	32,385	114,279
Repayments of lease liabilities	(902)	(854)
Repayments of installment payables	(719)	-
Purchase of treasury shares	(122)	-
Other	-	(35,907)
Net cash provided by (used in) financing activities	7,091,278	1,174,094
Effect of exchange rate change on cash and cash equivalents	17,576	7,009
Net increase (decrease) in cash and cash equivalents	(145,107)	546,841
Cash and cash equivalents at beginning of period	1,438,024	1,626,592
Cash and cash equivalents at end of first half of the fiscal year	1,292,917	2,173,433