

Translation

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For Immediate Release

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Notice of Revision to Full-Year Financial Forecasts

The Company hereby announces that, in light of the most recent performance trends and other factors, the full-year financial forecasts for the fiscal year ending February 29, 2024, which were announced on April 14, 2023, have been revised as shown below.

1. Revision of Full-Year Financial Forecasts

(1) Revision of consolidated financial forecasts for the fiscal year ending February 29, 2024

(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)
Previous forecast (A)	8,773	471	652	430	43.02
Current forecast (B)	6,511	-833	-733	-483	-48.32
Change (B-A)	-2,262	-1,304	-1,385	-913	
Pct. change (%)	-25.8	—	—	—	

(Note) Results for the previous fiscal year are not shown because the Group has begun preparing consolidated financial statements from the second quarter of the fiscal year ending February 29, 2024.

(2) Revision of non-consolidated financial forecasts for the fiscal year ending February 29, 2024

(March 1, 2023 to February 29, 2024)

	Net sales	Operating profit	Ordinary profit	Profit	Earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A)	7,294	681	945	663	66.33
Current forecast (B)	5,128	-752	-374	-136	-13.60
Change (B-A)	-2,166	-1,433	-1,319	-799	

Pct. change (%)	-29.7	—	—	—	
(Reference) Previous fiscal year results (FYE February 28, 2023)	5,752	537	687	557	56.50

(Note) On March 1, 2023, the Company conducted a 2-for-1 stock split of its common stock. This stock split has been taken into account in the forecast for earnings per share in the fiscal year ending February 29, 2024.

2. Reason for revision

Consolidated

The Group's Semiconductor business has engaged in making improvements since defects occurred with some components in the latter half of the fiscal year ended February 28, 2023. In the second quarter of the fiscal year ending February 29, 2024, the physical mechanism of the defects was determined, and performance verification of prototype modified components was completed. However, there are problems with the vendor's engineering, and establishment of mass production is taking longer than anticipated. Specifically, there is variation in quality, and reproducibility in mass production cannot be achieved. Various conditions of manufacturing processes are being verified one at a time with the vendor, but this is taking time.

For this reason, it is difficult to achieve the sales initially expected for the third and fourth quarters, and net sales in the Semiconductor business are expected to be 1,928 million yen below the previous forecast. We have been proceeding to build a system for purchasing from multiple companies. The second vendor succeeded in mass production of components based on OXIDE designs, and passed a long-term reliability evaluation with a high yield. OXIDE's lasers equipped with the second vendor's components are scheduled to be shipped from mid-January 2024. We intend to replace the main vendor's components with those of the second vendor.

The Healthcare business exceeded budget in the six months ended August 31, 2023. However, in the third quarter, demand has recently weakened due to uncertainty in the market environment surrounding the Company's major customers, and full-year net sales are expected to decrease by 107 million yen compared to the previous forecast.

In the Frontier Technology business, results were generally steady until the second quarter. However, there have been delays in some large projects for laboratory applications, and full-year net sales are expected to decrease by 226 million yen compared to the previous forecast.

For this reason, the Company has made a downward revision to the full-year financial forecasts for the fiscal year ending February 29, 2024 announced on April 14, 2023. Net sales are expected to be 6,511 million yen, down 2,262 million yen from the previous forecast. In contrast to the decrease in marginal profit associated with the forecast decrease in sales by 2,262 million yen, fixed expenses in the cost of manufacturing are expected to be at the level previously forecast, and selling and general administrative expenses other than part of the 158 million yen in share-based compensation expenses expected to be recorded from next fiscal year are also expected to be at the level previously forecast, and operating profit is forecast to be -833 million yen, which is 1,304 million yen lower than the previous forecast. In terms of non-operating profit and loss, additional commission expenses to financial institutions have arisen in non-operating expenses, and ordinary profit is forecast to be -733 million yen, which is 1,385 million yen lower than the previous forecast. Furthermore, as a result of recording a 239 million yen gain on sale of non-current assets that were idle assets held by the Company in extraordinary income, and the decrease in the burden of income taxes due to recording a loss, profit attributable to owners of parent is forecast to be -483 million yen, which is 913 million yen lower than the previous forecast.

Non-consolidated (OXIDE Corporation)

For generally the same reasons as the consolidated forecasts above, the Company has made a downward revision to the full-year financial forecasts for the fiscal year ending February 29, 2024 announced on April 14, 2023. The details are as follows.

In non-consolidated financial forecasts, net sales in the Semiconductor business are forecast to decrease by 1,928 million yen compared to the previous forecast. Furthermore, net sales are forecast to decrease by 107 million yen in the Healthcare business and 131 million yen in the Frontier Technology business.

For this reason, the Company has made a downward revision to the full-year financial forecasts for the fiscal year ending February 29, 2024 announced on April 14, 2023. Net sales are expected to be 5,128 million yen, down 2,166 million yen from the previous forecast. In contrast to the decrease in marginal profit associated with the forecast decrease in sales by 2,166 million yen, fixed expenses in the cost of manufacturing are expected to be at the level previously forecast, and selling and general administrative expenses other than part of the share-based compensation expenses expected to be recorded from next fiscal year are also expected to be at the level previously forecast, and operating profit is forecast to be -752 million yen, which is 1,433 million yen lower than the previous forecast. In terms of non-operating profit and loss, additional commission expenses to financial institutions have arisen in non-operating expenses while there have been foreign exchange gains, and ordinary profit is forecast to be -374 million yen, which is 1,319 million yen lower than the previous forecast. Furthermore, as a result of recording a 239 million yen gain on sale of non-current assets that were idle assets held by the Company in extraordinary income, and the decrease in the burden of income taxes due to recording a loss, profit is forecast to be -136 million yen, which is 799 million yen lower than the previous forecast.

* The financial forecasts above are based on information available as of the date of this announcement. Actual results may differ from these forecasts due to various factors.