

Translation

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January 13, 2023

To whom it may concern

Company name	OXIDE Corporation	
Name of representative	President & CEO	Yasunori Furukawa
		(Stock code: 6521, TSE Growth)
Contact	Vice President & CFO, General Manager of Corporate Management	Masayuki Yamamoto
		(TEL. +81-551-26-0022)

Notification of the Acquisition of the Shares of Israel-based Raicol Crystals Ltd., Which Will Become a Subsidiary

At a meeting of the Board of Directors held today, OXIDE Corporation (“the Company”) resolved to acquire the shares of Raicol Crystals Ltd. (“Raicol”), as set out below, with the result that Raicol will become a subsidiary of the Company.

1. Reason for acquiring shares

Raicol is an Israeli manufacturer of crystals that was founded in 1995, and which is involved in the research, development, manufacture, and sale of nonlinear optical crystals and electro-optical devices used in a variety of fields, including aerospace & defense, medical aesthetics, energy, and quantum physics. Raicol’s products (KTP crystalsⁱ, RTP crystalsⁱⁱ, LBO crystalsⁱⁱⁱ, BBO crystals^{iv}, and PPKTP crystals^v) are characterized by high quality and reliability, and are utilized in academic laser research for a broad range of wavelengths from ultraviolet to mid-infrared, as well as in an extensive assortment of industrial fields.

Raicol uses cutting-edge flux-method equipment for crystal growing, processing equipment, quality inspection equipment, clean rooms, and coating equipment to provide products of high quality and reliability. It also has a sales team with extensive experience and marketing capabilities, and has opened up sales channels in every region of the world. Furthermore, Raicol has been able to expand its business even in an environment characterized by a global trend toward avoiding geopolitical risks such as those related to economic security and the situation in Ukraine. Moves by Western countries to suspend procurement from Russia and China have resulted in a surge in replacement demand for Raicol’s products.

OXIDE Corporation uses its technology base in optical single crystals and lasers to operate businesses in the three areas of Optical Measurement & New Fields, Semiconductors, and Healthcare. None of its products compete with those of Raicol, whose products complement those of OXIDE Corporation.

By making Raicol a subsidiary of OXIDE Corporation, we expect the following points to lead to expansion of the business.

The first point is an expansion of the Company’s fields of business, and an acceleration in its growth. OXIDE Corporation has worked on the Optical Measurement & Frontier Technology business with the intention of developing a new pillar

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alongside the two mainstay businesses of Semiconductors and Healthcare. By making Raicol a subsidiary, the Company will be able to enter the new business fields of Aerospace & Defense, Medical Aesthetics, and Energy. An example of a growth accelerant is the area of new materials development. By blending Raicol's strengths in flux-method crystal growth technology with OXIDE Corporation's single-crystal growth technology, we will be able to accelerate the development of products based on new materials that are anticipated by those in the semiconductor field, and others.

The second point is the generation of synergies in the business fields of both companies, and the enhancement of competitiveness. Each company manufactures and sells different crystals, but because of the enhanced product lineup, one-stop provision of products to customers will become possible. The field of quantum physics is an example of this. Raicol has already won many customers in every region of the world, but by adding the crystals and technology for turning them into devices from OXIDE Corporation's Optical Measurement & Frontier Technology business, it will become possible to provide almost every type of memory crystal and wavelength conversion crystal currently required by customers in the field of quantum physics.

The third point is synergistic effects in the area of marketing. Raicol has already opened up a range of sales channels in every region of the world, mainly in Europe and the United States, where it has accumulated experience and a variety of insights. We expect to be able to win new customers more efficiently as a result of cross-selling the products of both companies, and to strengthen the global sales network.

Beginning with this acquisition, the Company aims to become a global leading company in the field of optics. Going forward, it is our intention to continue to use the results of our research to benefit society, and to provide key materials to the world.

Products and main applications

Product	Field of business	Main applications
KTP crystals	Aerospace & Defense	Altimeters for artificial satellites, laser rangefinders
	Medical Aesthetics	Lasers for depilation, lasers for treating skin pigmentation, lasers for tattoo removal
RTP crystals	Aerospace & Defense	Altimeters for artificial satellites, laser rangefinders, laser sights
	Energy	Electric field sensors for smart grids
	Machinery	Lasers for industrial processing
LBO crystals	Semiconductors	UV to visible lasers for wafer inspection
	Precision equipment	UV to visible lasers for processing
	Medical Aesthetics	Lasers for depilation and tattoo removal
BBO crystals	Semiconductors	UV lasers for wafer inspection
	Precision equipment	UV lasers for processing
PPKTP crystals	Quantum physics	Quantum cryptography communication, quantum computing, quantum sensing

2. Method of acquiring shares

OXIDE Corporation is scheduled to acquire all the issued shares of Raicol from existing shareholders via Raicol Holdings Ltd. on March 1, 2023. As a result, Raicol is expected to become a consolidated subsidiary of OXIDE Corporation.

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3. Overview of the company to be transferred (Raicol)

(1) Name	Raicol Crystals Ltd.		
(2) Location	Hamelacha 22, Rosh Ha' Ayin, Israel		
(3) Position and name of representative	Aner Yarden, CEO		
(4) Nature of business	Research, development, manufacture, and sale of nonlinear optical crystals and electro-optical devices		
(5) Capital	134,230 new Israeli shekels (5,092,686 yen)		
(6) Date founded	March 23, 1995		
(7) Major shareholder and percentage of shares held	Raicol Holdings Ltd. 82.10% (The percentage of shares held is as of January 13, 2023. By the time the shares are to be acquired, it is expected that Raicol Holdings Ltd. will own 100% of the shares.)		
(8) Relationship between the listed company and this company	Capital relations	N/A.	
	Personnel relations	N/A.	
	Transactional relations	Normal transactional relations related to the buying and selling of products.	
(9) Operating results and financial position of the company for the most recent three years			
Fiscal year	FY ended Dec. 31, 2019	FY ended Dec. 31, 2020	FY ended Dec. 31, 2021
Net assets	40,107 thousand shekels (1,521,646 thousand yen)	42,342 thousand shekels (1,606,474 thousand yen)	43,972 thousand shekels (1,668,289 thousand yen)
Total assets	55,871 thousand shekels (2,119,732 thousand yen)	58,618 thousand shekels (2,223,960 thousand yen)	69,098 thousand shekels (2,621,585 thousand yen)
Per share Net assets	3.01 shekels (114.35 yen)	3.17 shekels (120.44 yen)	3.27 shekels (124.17 yen)
Net sales	29,038 thousand shekels (1,101,719 thousand yen)	26,427 thousand shekels (1,002,622 thousand yen)	28,964 thousand shekels (1,098,897 thousand yen)
Operating profit	1,387 thousand shekels (52,613 thousand yen)	2,633 thousand shekels (99,911 thousand yen)	2,385 thousand shekels (90,473 thousand yen)
Ordinary profit	652 thousand shekels (24,739 thousand yen)	2,343 thousand shekels (88,912 thousand yen)	1,858 thousand shekels (70,483 thousand yen)
Profit	1,491 thousand shekels (56,559 thousand yen)	2,175 thousand shekels (82,535 thousand yen)	1,454 thousand shekels (55,153 thousand yen)
Per share Profit	0.11 shekels (4.25 yen)	0.16 shekels (6.19 yen)	0.11 shekels (4.11 yen)
Per share Dividends	0	0	0

Note: Figures within parentheses are calculated at the rate of 1 new Israeli shekel (NIS) = 37.94 JPY (as of December 23, 2022).

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4. Overview of counterparty to acquisition of shares

(1) Name	Raicol Holdings Ltd.
(2) Location	Begin St. 52 Tel Aviv – Jaffa, Israel
(3) Relationship between the listed company and this company	No noteworthy capital, personnel, or transactional relations exist.

5. Number of shares to be acquired, acquisition amount, and status of shares owned before and after acquisition

(1) Number of shares owned before transfer	0 (Number of voting rights: 0; proportion of total: 0%)
(2) Number of shares to be acquired	Common stock: 2,300,288 shares; preferred stock: 11,134,709 shares (Number of voting rights: 13,434,997)
(3) Total acquisition amount	Position amount: 25.3 million dollars (3,360 million yen) Advisory and other fees (rough estimate): 250 million yen
(4) Number of shares owned after transfer	Common stock: 2,300,288 shares; preferred stock: 11,134,709 shares (Number of voting rights: 13,434,997; proportion of total: 100%)

Note: Calculated at the rate of 1 USD = 132.82 JPY (as of December 23, 2022).

6. Timetable

(1) Date of resolution by Board of Directors	January 13, 2023
(2) Date of conclusion of agreement	January 13, 2023
(3) Date of execution of share transfer	March 1, 2023 (scheduled)

7. Overview of accounting treatment

As a result of this acquisition of shares, OXIDE Corporation intends to transition to consolidated accounting in the first quarter of the fiscal year ending February 29, 2024. Goodwill is expected to be recorded in relation to this transaction, but the amount is currently being looked into closely.

8. Outlook

As a result of this acquisition of shares, Raicol is expected to become a consolidated subsidiary of the Company on March 1, 2023. This transaction will have no impact on the performance of the Company for the fiscal year ending February 28, 2023. With regards to the fiscal year ending February 29, 2024, the impact on the consolidated performance of the Company is currently under scrutiny, but we believe that it will make a positive contribution. Furthermore, forecasts for the fiscal year ending February 29, 2024, are scheduled to be announced on a consolidated basis at the time of the announcement of results for the fiscal year ending February 28, 2023.

If matters that require an announcement emerge going forward, we will make prompt notification of the same.

End

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(Reference) Earnings forecasts for the fiscal year ending February 28, 2023, as announced on January 13, 2023, and results for the previous fiscal year

	Net sales	Operating profit	Ordinary profit	Profit
Earnings forecasts for the fiscal year ending February 28, 2023 (FY2023)	Million yen 5,870	Million yen 516	Million yen 550	Million yen 387
Results for the previous fiscal year (FY2022)	4,756	596	598	495

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[OXIDE Corporation]

OXIDE was established in 2000 as a startup originating in the National Institute for Materials Science. The Company's head office and factory are located in Hokuto City, Yamanashi Prefecture, with an office in Hodogaya Ward in the city of Yokohama, Kanagawa Prefecture. With a focus on the development, manufacture, and sale of the single crystals, optical components, laser sources and optical measuring equipment that will be essential for the 21st century's "era of optics," it operates businesses in the three areas of Optical Measurement & Frontier Tech, Semiconductors, and Healthcare. In 2014 it was included in the Ministry of Economy, Trade and Industry's "Global Niche Top Companies Selection 100" program, and in February 2021 it won a Grand Prix prize in the SMALL GIANTS AWARD 2021, hosted by Forbes Japan. Two important characteristics of the Company are (1) that it employs many experts and engineers in the areas of single crystals and optics, and has grown as an operating company based on a research and development business model, and (2) that it has the know-how to acquire optical technology from companies both in Japan and overseas for the creation of products that will subsequently be commercialized. These are the sources of its creativity and its competitive advantage.

OXIDE Corporation website: <https://www.opt-oxide.com>

Contact: ir@opt-oxide.com

[Raicol Crystals Ltd.]

Raicol was established in 1995. It has an office in Rosh HaAyin, a city in the central district of Israel. The company grows non-linear optical crystals and manufactures electro-optical devices. Raicol's flux-grown KTP, LBO, BBO, and RTP single crystals are of high quality and outstanding reliability, and are used all over the world in fields such as Aerospace & Defense, Medical Aesthetics, Energy, and Quantum physics.

Raicol corporate website : <https://raicol.com/>

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[Explanation of terminology]

i KTP crystal (KTiOPO_4 , potassium titanyl phosphate)

This crystal is highly resistant to damage from laser radiation. Wavelength conversion is highly efficient, and it also has outstanding thermal stability. It is used in second harmonic generation for solid-state lasers and other applications.

ii RTP crystal (RbTiOPO_4 , rubidium titanyl phosphate)

This crystal is highly resistant to damage from laser radiation. It exhibits an electro-optical effect whereby the light propagated is controlled by electricity. It is used in products designed for high-powered lasers and other applications.

iii LBO crystal (LiB_3O_5 , lithium triborate)

This crystal offers highly efficient wavelength conversion, and is also highly resistant to damage from laser radiation. It is used in products designed for high-powered lasers and other applications. It is widely used in elements for the generation of second and third harmonics for solid-state lasers.

iv BBO crystal ($\beta\text{-BaB}_2\text{O}_4$, beta-barium borate)

This crystal is compatible with a wide range of spectra, and is used in the generation of second, third, fourth, and fifth harmonics for solid-state lasers.

v PPKTP crystal (periodically poled KTP)

This is a KTP crystal with a periodically poled structure. It has higher resistance to damage from laser radiation and higher wavelength conversion efficiency than KTP crystal.

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(From left)

Yasunori Furukawa, Representative Director (CEO), OXIDE Corporation

Aner Yarden, CEO, Raicol Crystals Ltd.

Micha Jesselson, Board Member, Raicol Holdings Ltd.

Masayuki Yamamoto, Director and Vice President (CFO), OXIDE Corporation