Translation

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For Immediate Release

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Q & A session of the Financial Results Meeting for the fiscal year ended February 2025 (Summary)

OXIDE Corporation held a financial result briefing for analysts and institutional investors on April 15, 2025. The following is a summary of the responses to the main questions asked by those in attendance. To promote clarity, some additions and corrections have been made to the original transcript and are included in this summary.

Q. Please explain which businesses contributed to the increase over the revised budget and to what extent.

A. In terms of revenue, new orders in the Semiconductor business increased in the fourth quarter, driven by growing demand in China. In addition, new projects for data centers in the Frontier Tech business contributed to the increase in revenue.

Operating profit benefited from an increase in marginal profit due to higher revenue, as well as improved productivity mainly in the Semiconductor business. As a result, operating profit was JPY 126M, exceeding the previous budget of JPY 0M by JPY 126M.

01. Consolidated Results

FY2025 Feb Full year result

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- Revenue: JPY 8,394M (up JPY 94M from the revised budget; up JPY 1,788M from the previous year)
- Operating Profit: JPY 126M (up JPY 126M from the revised budget, up JPY 1,109M from the previous year)
- EBITDA: JPY 1,145M (up JPY 1,222M from the previous year)

(Unit : JPY M, %)

Item	FY24 Feb Full year	FY25 Feb					Variance
		1Q	2Q	3Q	4Q	Full year	
Revenue	6,606	1,388	2,010	2,322	2,673	8,394	1,788
Operating Profit	▲ 983	▲ 406	9	39	482	126	1,109
(Operating Profit Margin)	▲ 14.9%	▲ 29.3%	0.5%	1.7%	18.1%	1.5%	16.4%
R&D Expenditure	1,049	315	311	365	304	1,296	247
CAPEX	2,035	-	-	-	-	1,676	▲ 359
EBITDA*1	▲ 77	▲ 144	280	309	699	1,145	1,222
(EBITDA margin*2)	▲ 1.2%	▲ 10.4%	14.0%	13.3%	26.2%	13.6%	14.8%

*1 EBITDA: Operating Profit plus amortization (including depreciation and amortization of goodwill) *2 EBITDA Margin Ratio: EBITDA divided by Revenue

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Q. Regarding the budget for FY2026 Feb, the Semiconductor and Frontier Tech businesses are each forecasting lower revenue, while the Healthcare business is forecasting significantly higher revenue. Please explain the background to these.

A. In the Semiconductor business, we expect a steady increase in demand for maintenance of laser products. However, our estimate is more conservative than the result of the previous fiscal year, based on the uncertainties in the overall semiconductor market and the performance trends of some major semiconductor manufacturers, who are end customers of our customers. As a result, we are forecasting a slight decrease in revenue for the Full year compared to the previous year.

In the Frontier Tech business, the business environment surrounding Raicol remains uncertain due to the protracted Israeli conflict. Considering this impact, we have conservatively estimated Raicol's revenue compared to the previous year.

In the Healthcare business, transactions with a new customer that were postponed from the previous fiscal year are expected to be fully launched from FY2026 Feb onward. As a result, we expect record revenue for the Full year.

04. budget for the FY2026 Feb

FY2026 Feb budget (consolidated)

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- Revenue: JPY 8,713M (up JPY 319M from the previous year).
- Operating Profit Margin: JPY 409M (up JPY 283M from the previous year), Operating Profit Margin: 4.7%.
- EBITDA JPY 1,278M (up JPY 133M from the previous year), EBITDA margin 14.7%.

(Unit : JPY M, %)

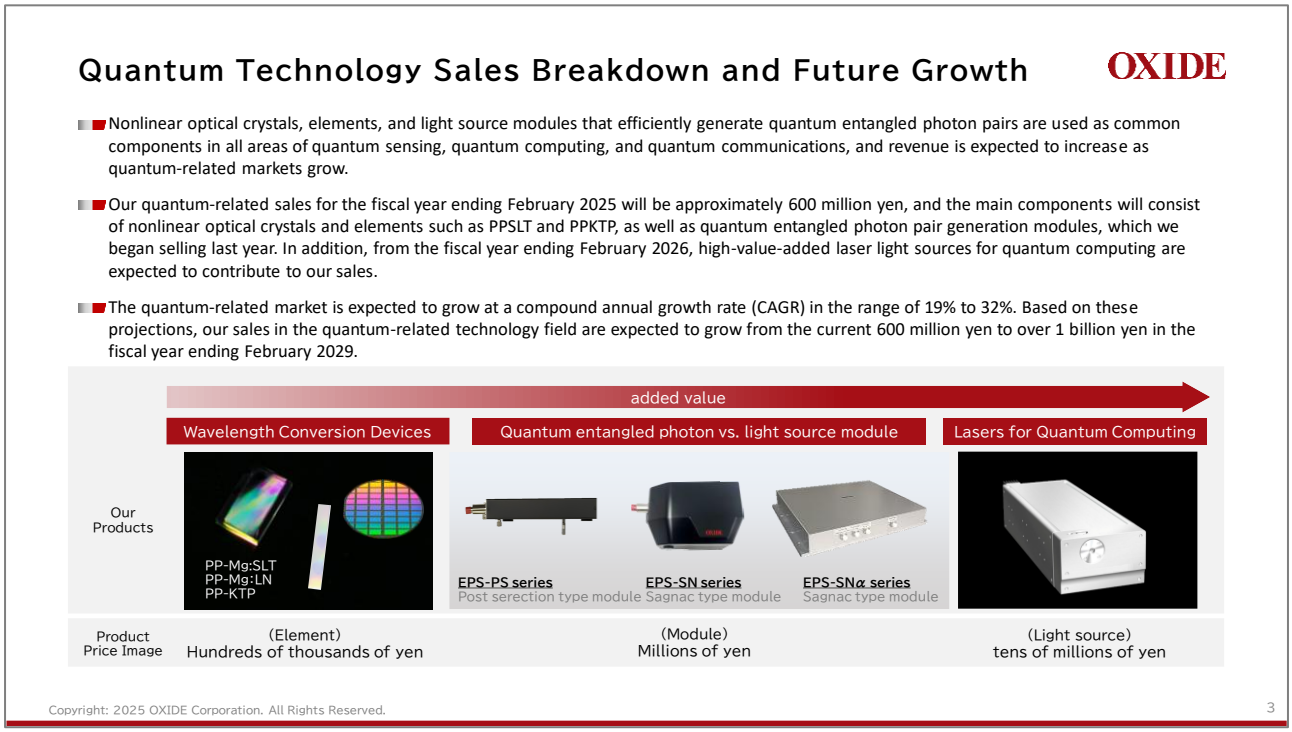
Item	FY25 Feb Full year	FY26 Feb					variance
		1Q	2Q	3Q	4Q	Full year	
Revenue	8,394	1,814	2,162	2,091	2,645	8,713	319
Semiconductor	4,703	890	1,068	1,061	1,534	4,555	▲ 148
Healthcare	1,226	401	584	534	649	2,170	944
Frontier Tech	2,464	521	509	495	461	1,987	▲ 477
Operating Profit	126	▲ 215	265	32	326	409	283
(Operating Profit Margin)	1.5%	(11.9%)	12.3%	1.5%	12.4%	4.7%	3.2%
R&D Expenditure	1,296	337	282	306	403	1,330	34
EBITDA*1	1,145	6	479	246	545	1,278	133
(EBITDA margin*2)	13.6%	0.4%	22.2%	11.8	20.6%	14.7%	1.0%

*1EBITDA: Operating Profit Margin plus Amortization *2EBITDA Margin Ratio: EBITDA divided by Revenue

Q. You mentioned revenue of JPY 600M for the quantum field in the previous fiscal year, but I cannot understand the relevance between the quantum field and your single crystals. What kind of products are you selling, and for what applications? Are your products used in quantum computing, which is a hot topic? Will your revenue for quantum applications continue to grow in the future?

A. Optic technology is critical in quantum. Nonlinear optical crystals, elements, and light source modules that efficiently generate quantum entangled photon pairs are common components in quantum sensing, computing, and communications, and revenue is expected to increase as the quantum-related market grows. Revenue of quantum-related products in FY2025 Feb was approximately JPY 600M, mainly consisting of PPSLT, PPKTP, and other nonlinear optical crystals and elements, as well as entangled photon pair generation modules, which we began selling last year. In FY2026 Feb, we expect to add laser light sources for quantum computing to our sales.

The quantum-related market is expected to grow at a CAGR in the range of 19% to 32%. Based on these projections, we expect our revenue in the quantum-related technology field to grow from the current JPY 600M to more than JPY 1B in FY2029 Feb.



Q. Please explain the specific details of the new project for the data center. Also, please tell us how much revenue can be expected in the medium to long term.

A. The construction of data centers that can operate large numbers of servers equipped with high-performance GPUs, which are indispensable for generative AI, is accelerating around the world, and demand for optical isolators used in these data centers is growing. The new project for data centers is the sale of "Faraday Rotators" for this optical isolator application. Faraday Rotator is a material that was researched and developed for long-haul optical communications several decades ago, and leading manufacturers have already entered the market.

Subsequently, demand increased again for telecommunications applications for 4G, but at that time the market supply could not keep up, and a supply-demand imbalance was observed.

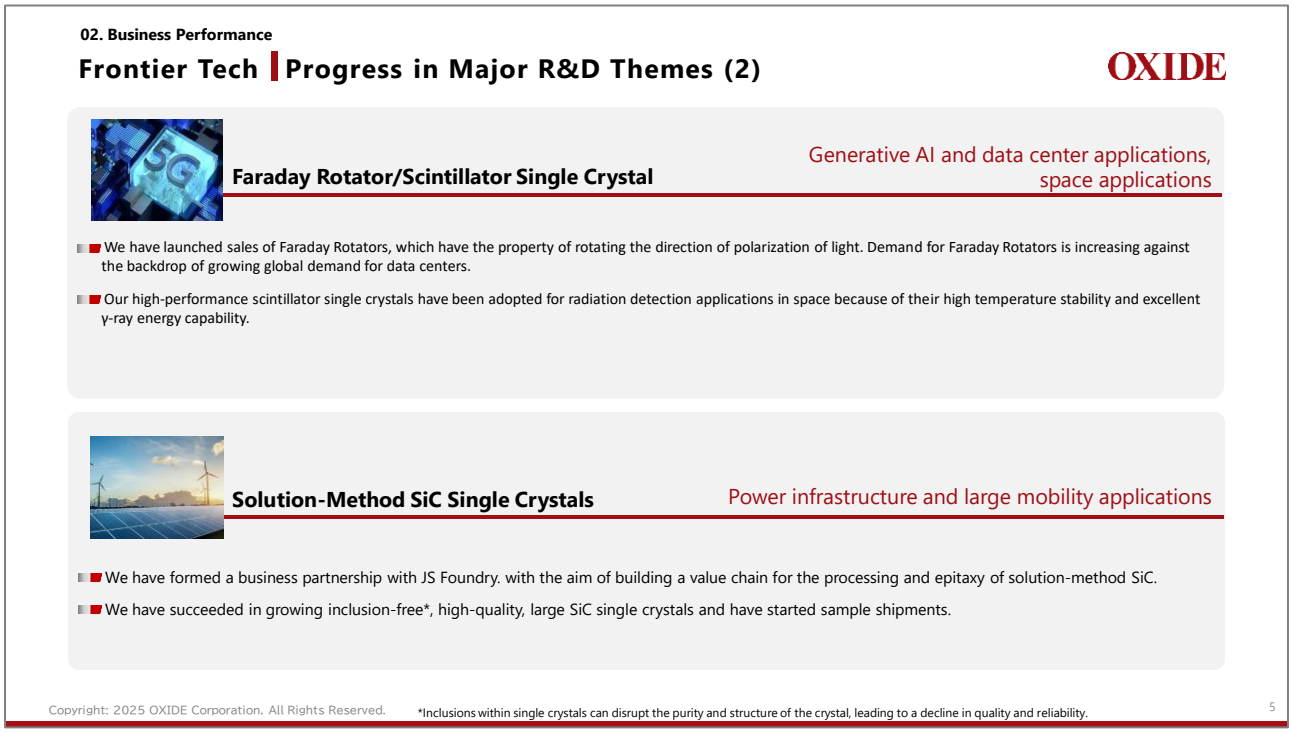
In light of these market trends, we have been preparing to enter the business in anticipation of post-5G communications applications.

The increased demand for our products for data centers has led to new project transactions as a result of our technology being recognized.

For parts of the Faraday Rotator manufacturing process where high profit margins are not expected, we provide the technology to partners looking to enter the market.

On top of that, we continue to retain our own technology for processes that are expected to be highly profitable and ensure the profitability of our business. As investment in data centers increases in the future, we expect our business to expand as well.

In addition to this case, we are also promoting a profit-making model that leverages our proprietary technologies. Specifically, we are working to optimize our technology portfolio and strengthen our revenue base through technology licensing, technology transfers, and business sales.



Q. Please indicate the specific impact of tariff policies and export controls in the U.S. and China on your business performance. Also, please provide specific measures to address these issues.

A. While keeping a close eye on regulatory trends and other factors regarding the impact of tariff policies and export restrictions in the U.S. and China on our company, we are acting proactively in response to business opportunities. Specifically, in the Semiconductor business, Chinese companies that procure laser products from the U.S. will either not be able to buy the lasers themselves or the prices will rise, and inquiries to us are increasing. For other details on our views at this time, please refer to page 21 of the Supplementary Explanatory Materials for Financial Results.

06. Impact of Tariff Policies and Export Controls by the U.S. and China

Impact of Tariff Policies and Export Controls by the U.S. and China

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- The following is a summary of our current views on the impact of tariff policies and export controls by the U.S. and China.
- We will continue to monitor regulatory trends and take proactive action in response to business opportunities.

	Semiconductor	Healthcare	Frontier Tech
Our production sites	Japan	Japan	Japan and Israel
U.S. Policy Effects	[Risk] We believe that the impact of the U.S. tariff policy will be limited due to our low dependence on U.S. shipments of laser products. The market share of wavelength conversion single crystals is over 95%, and we believe that replacement with other companies' products will be difficult in terms of quality and production system, and that the impact of the U.S. tariff policy will be limited. [Business Opportunity] U.S. export controls may limit purchases of U.S. products by Chinese Semiconductor equipment manufacturers. Therefore, inquiries to our company are increasing.	[Risk] The degree of impact of the U.S. tariff policy is currently under scrutiny. [Business Opportunity] Even if not affected by Chinese export controls, U.S. crystal manufacturers may see their business development affected by the U.S. tariff policy. Therefore, inquiries to our company may increase.	[Risk] We believe that the impact of the U.S. tariff policy will be limited due to the low dependence on U.S. shipments of Frontier Tech business products. The impact of the U.S. tariff policy on Raicol's products is expected to be limited, as tariffs on Israeli products are lower than those in other major countries. [Business Opportunity] U.S. customers may be reluctant to purchase Chinese products due to the U.S. tariff policy and long-term procurement concerns. As a result, the number of inquiries to us and Raicol may increase.
China Policy Effects	[Business Opportunity] China's tariff policy may affect Chinese Semiconductor equipment manufacturers when they purchase products from the United States. Therefore, inquiries to our company are increasing.	[Risk] We are currently examining the degree of impact of China's export controls. [Business Opportunity] China's export controls may limit the purchase of Chinese raw materials by U.S. crystal manufacturers. This may lead to an increase in inquiries to our company.	[Business Opportunities] Prices of laser products, which are not affected by U.S. export controls, may rise due to China's tariff policy. For this reason, inquiries to our company are increasing.

Q. Looking at the quarterly revenue in the Semiconductor business, the second half of the last fiscal year was about JPY 3B, a significant increase from the first half. You mentioned that this was due to an increase in demand from Chinese customers; to what extent did this have an impact? Also, revenue is expected to decrease by half for the first quarter of this fiscal year compared to the fourth quarter of the previous fiscal year. Please explain the reason behind this decline.

A. In the previous fiscal year, demand was strong, including from Chinese customers. However, we were unable to fully meet customer demand due to a protracted component failure issue through the first half of the previous year, resulting in a backlog of orders. In the second half of the previous year, the failure issue was completely resolved, and manufacturing capacity was expanded, which led to an increase in shipments and contributed to the increase in revenue.

For the first quarter of the current fiscal year, we have adopted a conservative outlook in light of the fact that shipments to such order backlogs have settled down and that the trends of our customers' end-customers are uncertain.

Q. In the Healthcare business, revenue was weak in the fourth quarter of the previous fiscal year, at JPY 147M. What is the situation with existing customers? Also, revenue is expected to exceed JPY 400M in the first quarter of the current fiscal year. What is the situation with new customers?

A. As for existing customers, demand decreased.
There was a delay from the previous fiscal year for new customers due to the time required to finalize product specifications. Since full-scale shipments are expected to begin in the current fiscal year, this is expected to contribute to revenue.

Q. You mentioned that revenue in the quantum field is around JPY 600M. What proportion of this is accounted for by Raicol products? Also, do you have any concerns about the outlook for this fiscal year?

A. Revenue for Raicol in the quantum field was approximately JPY 200M. Regarding the outlook for the future, although there is some uncertainty regarding the status of the Israeli conflict, we expect revenue to remain flat or increase slightly in the current fiscal year because of the competitive advantage of Raicol's quantum field products.

Q. Regarding this year’s forecast, performance is expected to start in the red in the first quarter, recover in the second quarter, but decline again in the third quarter. Please explain the reasons behind the projected first-quarter deficit and the factors expected to cause a profit decrease of approximately JPY 200M from the second to the third quarter.

A. For the first quarter, we expect to post a loss, mainly reflecting the uncertainty in the semiconductor market. The reason for the decrease in profit from the second to the third quarter is that R&D expenditure increases in the third quarter and the profit margin varies due to differences in the product mix of each business.

Q. I understand that you continue investing aggressively in solution-method SiC despite the headwinds in the SiC market environment. What risks do you see in continuing to invest in the SiC business in the future?

A. Existing SiC wafer manufacturing uses a technology called sublimation method, and the supply of sublimation method SiC wafers is increasing, mainly from Chinese manufacturers. We are trying to differentiate our solution-method SiC wafers with the aim of entering the business in the field of ultra-high voltage, which is difficult to achieve with the sublimation method.
We have succeeded in developing inclusion-free solution-method SiC single crystals and have begun shipping samples. We aim to commercialize the product for ultra-high voltage applications and have received concrete inquiries. One potential risk is that the commercialization of the technology may be delayed due to fluctuations in the SiC market..