

Translation

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For Immediate Release

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Notice Regarding Change in Consolidated Subsidiary (Share Transfer) and Recognition of Extraordinary Loss

OXIDE Corporation (the "Company") hereby announce that, pursuant to a resolution of the Board of Directors meeting dated January 28, 2026, the Company has decided to transfer all shares of Raicol Crystals Ltd. (headquartered in Israel; hereinafter "Raicol"), a consolidated subsidiary of our company, as well as all loan receivables held by the Company. Following the completion of the share transfer, Raicol will be excluded from the Company's scope of consolidation.

1. Reason for the Share Transfer

In March 2023, the Company made Raicol a consolidated subsidiary. The purpose was to combine Raicol's nonlinear optical crystal and electro-optic device technologies, its sales network centered in Europe, with the Company's mass-production technologies and single crystal growth technologies, aiming to expand the product portfolio and sales channels, thereby driving long-term business growth.

However, in October 2023, immediately after Raicol became a consolidated subsidiary, the Israel conflict erupted. This led to rapid changes in Raicol's business environment, including the mobilization of employees for reserve military duty and the spread of boycotts against Israeli products in certain regions due to the prolonged conflict. These external environmental changes significantly impacted the originally anticipated business plan, and the Company decided to record an impairment loss on goodwill as of January 14, 2025.

(Reference)

Disclosure dated January 13, 2023: " Notification of the Acquisition of the Shares of Israel-based Raicol Crystals Ltd., Which Will Become a Subsidiary" [Notification-of-the-Acquisition-of-the-Shares-of-Israel-based-Raicol-Crystals-Ltd.-Which-Will-Become-a-Subsidiary-1.pdf](https://ssl4.eir-parts.net/doc/6521/tdnet/2245840/00.pdf)

March 1, 2023 Disclosure: "Notice Regarding Completion of Transfer of Shares in Raicol Crystals Ltd. (Israel)" <https://ssl4.eir-parts.net/doc/6521/tdnet/2245840/00.pdf>

January 14, 2025 Disclosure: "Notice concerning Non-operating expenses (foreign exchange losses) and Extraordinary losses (impairment losses)" [Notice-concerning-Non-operating-expenses-foreign-exchange-losses-and-Extraordinary-losses-impairment-losses.pdf](https://ssl4.eir-parts.net/doc/6521/tdnet/2245840/00.pdf)

[Raicol Performance Trends] (Unit: million yen)

	Revenue	Operating Profit/Loss	Notes
2022	1,913	97	
2023	2,294	97	March 2023 Raicol became a consolidated subsidiary October 2023 Israel conflict erupts
2024	1,842	18	
2025 (Projected)	1,560	(450)	

Note: For convenience, yen conversion amounts in this document are calculated using the Company's exchange rate as of November 2025 (NIS (New Israeli Shekel) 1 =JPY 48). Therefore, they differ from the figures recorded in the consolidated financial statements for each period (converted using the average exchange rate during the period).

Raicol's performance remained solid from 2022 through 2023, the year of acquisition. However, it deteriorated rapidly due to changes in the external environment following the outbreak of the conflict. In response, the Company implemented efficiency measures, including personnel reductions, fixed cost reductions, and a review of the cost structure, in an effort to restore performance.

However, the deterioration of the external environment continues at a scale exceeding these internal countermeasures. While global demand is expanding in the aerospace and defense applications, which are the main markets for Raicol products, a nationwide boycott of Israeli products continues in Turkey. Furthermore, similar movements have been observed among certain companies in Europe, resulting in a decrease in orders across a wide range of applications, not limited to aerospace and defense. This situation is difficult to improve through the efforts of our company and Raicol alone, and it is directly impacting business activities.

As a result, Raicol's standalone performance outlook for the current period is expected to be challenging, with sales of approximately JPY 1.56 billion and an operating loss of approximately JPY 450 million. Although the conflict between the Israeli government and Hamas is currently under a ceasefire, the external environment, including

the ongoing boycott movement due to the conflict's impact and inflation, shows no signs of improvement. Recovery of the business environment is not foreseeable at this time.

Considering the comprehensive impact of these external factors on performance and business plans, we have determined that restoring Raicol's performance to its previous levels and achieving the business plan envisioned at the time of acquisition is difficult. Given this situation, we concluded that promptly finalizing a share transfer policy and minimizing the impact of the external environment would contribute to enhancing corporate value.

Regarding the share transfer, after extensive discussions with multiple candidates, we determined that a Management Buy-Out (MBO) led by Raicol's current CEO, Mr. Aner Yarden, and the existing management team represents the most economically rational option for our company. The MBO structure involves transferring shares to an investment limited liability partnership (Israel Special Material Platform LP) formed primarily by this management team.

Furthermore, the Company and Raicol will continue their exclusive supply arrangement for critical crystals in next-generation semiconductor fields, the provision of crystal growth furnaces, and other collaborative relationships even after the share transfer.

The Company will focus its management resources on its core Semiconductor and Healthcare businesses, as well as on the quantum, data center, and power semiconductor fields, which it positions as future growth areas.

2. Overview of the Transferred Subsidiary (Raicol)

(1) Name	Raicol Crystals Ltd.	
(2) Location	Hamelacha 22, Rosh Ha'Ayin, Israel	
(3) Representative's Title and Name	CEO Aner Yarden	
(4) Business	Research, development, manufacturing, and sales of nonlinear optical crystals and electro-optic devices	
(5) Capital	NIS 134,350 (JPY 6,448,800)	
(6) Date of Establishment	March 23, 1995	
(7) Major Shareholders and Shareholding Ratios	OXIDE Corporaiton 100%	
(8) Relationship between the Listed Company and the Subsidiary	Capital Relationship	It is a consolidated subsidiary of our company.
	Personnel Relationship	Two of our directors serve as directors of the company.
	Transaction Relationship	We engage in transactions related to loans and the purchase of fixed assets.

(9) Financial Condition and Operating Results of the Transferred Subsidiary for the Past Three Years			
Fiscal Year	Fiscal Year Ended December 2022	Fiscal Year Ended December 2023	Fiscal Year Ending December 2024
Net Assets	NIS 20,363 thousand (JPY 977,424 thousand)	NIS 17,626 thousand (JPY 846,048 thousand)	NIS 22,947 thousand (JPY 1,101,456 thousand)
Total Assets	NIS 90,235 thousand (JPY 4,331,280 thousand)	NIS 99,821 thousand (JPY 4,791,408 thousand)	NIS 99,795 thousand (JPY 4,790,160 thousand)
Net Assets per Share	NIS 1.52 (JPY 73.0)	NIS 1.31 (JPY 62.9)	NIS 1.71 (82.1 yen)
Sales	NIS 39,860 thousand (JPY 1,913,280 thousand)	NIS 47,792 thousand (JPY 2,294,016 thousand)	NIS 38,390 thousand (JPY 1,842,720 thousand)
Operating profit	NIS 2,038 thousand (JPY 97,824 thousand)	NIS 2,028 thousand (JPY 97,344 thousand)	NIS 385 thousand (JPY 18,480 thousand)
Net Income/Loss for the Period	NIS (781) thousand (JPY (37,488) thousand)	NIS (2,737) thousand (JPY (131,376) thousand)	NIS 5,321 thousand (JPY 255,408 thousand)
Per Share Net Income/Loss	NIS (0.06) (JPY (2.9))	NIS (0.20) (JPY (9.6))	NIS 0.40 (JPY 19.2)
Dividend per share	0	0	0

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3. Overview of Counterparties for Share and Loan Receivables Transfer

(1)	Name	Israel Special Material Platform LP	
(2)	Address	12 Y.L. Baruch St, Herzliya, Israel ,4633012	
(3)	Legal Basis	Limited Partnership under the Partnership Ordinance (New Version) 5735-1975 of Israel	
(4)	Business	Acquisition of Raicol shares	
(5)	Total Investment Amount	JPY 1,000,000,000	
(6)	Date of Establishment	December 29, 2025	
(7)	Overview of Managing Partner (Location, Business Description, Capital)	Name	A.O Deeptech Ltd.
		Location	22 Hamalacha St., Rosh Ha'ayin 4809162, Israel
		Representative's Title and Name	Mr. Aner Yarden, CEO of Raicol
		Business Description	Limited liability company established as the General Partner (GP) of Israel Special Material Platform LP
		Capital	NIS 21,000 thousand (JPY 1,008,000 thousand)
(8)	Investors and Investment Ratios	Mr. Aner Yarden 66.5%, Mr. Ori Levin 26%, Mr. Bezalel Gleiser 7.5%	
(9)	Relationship Between the Listed Company and the Partnership	Capital Relationship	None
		Personnel Relationship	The representative of A.O Deeptech Ltd., the General Partner of the company, is Mr. Aner Yarden, CEO of Raicol.
		Transaction Relationship	None.
		Status as Related Party	None.

4. Number of Shares Transferred, Loan Amount, Transfer Price, and Shareholding Status Before and After Transfer

(1) Number of shares held before the change	2,300,288 common shares and 11,134,709 preferred shares (Number of voting rights: 13,434,997, Ownership ratio: 100%)
(2) Number of shares transferred and amount of loan receivables	2,300,288 common shares and 11,134,709 preferred shares (Number of voting rights: 13,434,997, Ownership ratio: 100%) Amount of Loan Receivables: JPY 2,135,617,675
(3) Transfer Price	JPY 1,000,000,000
(4) Number of Shares Held After Transfer	- shares (Voting rights ownership ratio: -%)

5. Schedule

(1) Board of Directors Meeting	January 28, 2026
(2) Contract Signing Date	January 28, 2026 (planned)
(3) Share Transfer Execution Date	February 15, 2026 (planned)

6. Future Outlook

In connection with the transfer of these shares and loan receivables, a temporary extraordinary loss of approximately JPY 1,700 million is expected to be recorded in the current fiscal year (ending February 2026). This loss is based on accounting valuation and will have no impact on cash flow.