

Translation

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For Immediate Release

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Q & A session of the Financial Results Meeting for the Six Months ended August 31, 2026 (Summary)

OXIDE Corporation held a financial result briefing for analysts and institutional investors on October 16, 2026. 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. In the first half of the fiscal year, operating profit exceeded the budget by a greater margin than revenue did. Please explain the factors behind this. Also, were there any one-time factors contributing to the outperformance?
- A. This upward deviation was mainly attributable to business growth and improved profitability. Compared with our initial budget for the first half, revenue exceeded the initial budget by JPY 275 million and operating profit by JPY 381 million; the amount by which operating profit exceeded the initial budget was approximately JPY 106 million greater than that for revenue. The three main factors were as follows: First, marginal profit increased as a result of higher revenue. Revenue exceeding the budget increased marginal profit and boosted operating profit. Second, the product mix improved. The high-margin Semiconductor Business recorded revenue JPY 338 million above the initial budget, driving company-wide revenue growth. As a result, the company-wide gross profit margin improved. Third, costs were below our initial budget due to improved operational efficiency and productivity. Research and development activities are proceeding as planned, and we did not curb growth investments to secure profits. As outlined above, this better-than-expected performance was attributable to growth in our core business and improved profitability. In light of this improvement in earnings power, we have revised our full-year operating profit margin budget upward to 13.2%.
- Q. The Semiconductor Business recorded significant growth, with revenue up 70% year-over-year. Could you explain the factors behind this? Also, as orders continue to increase, please tell us whether the Company's production capacity could become a constraint on future growth.

- A. Our core products in the Semiconductor Business are single crystals and deep-UV lasers used in wafer defect inspection systems for front-end semiconductor manufacturing processes. In this application, we hold a global market share of approximately 95% for single crystals and over 30% for deep-UV lasers, and our business structure is such that our sales grow in tandem with the expansion of the inspection equipment market. According to SEMI's forecast, the semiconductor manufacturing equipment market is projected to grow by 23.2% year-over-year in 2026. Against the backdrop of investment in AI data centers, semiconductor miniaturization and higher integration are advancing, and the importance of inspection processes is increasing further. Against this backdrop, revenue in the Semiconductor Business for the first half of the fiscal year increased by 70% year-over-year, and orders received reached a record high for a first half at JPY 3.456 billion. Although quarterly fluctuations are possible, we expect inspection demand to continue expanding over the medium to long term. Regarding production capacity, we currently have the production capacity needed to fulfill our orders. Furthermore, to ensure that we can fully capture expanding demand, we will continue to gradually increase production capacity while monitoring demand trends.
- Q. The revenue budget for the Healthcare Business in the second half of the fiscal year has been significantly lowered, with fourth-quarter revenue projected at JPY 59 million. Please explain your future business strategy, taking into account the current status of raw material procurement. Are you also considering scaling back or withdrawing from this business?
- A. In light of the deteriorating procurement environment and rising prices for key raw materials, we are in discussions with our major customers to review transaction terms. To mitigate the risk of results falling below our earnings forecast, we have factored in only those projects with a high degree of certainty at this time. For projects where discussions have progressed, we will proceed with orders and production accordingly. Regarding raw material procurement, we are proceeding with discussions with new suppliers in addition to our existing ones, while also exploring the use of recycled materials within our own factories. Our strength lies in operating multiple businesses on the common technological foundation of single-crystal growth. The factories, facilities, and personnel used to manufacture Healthcare products can also be utilized to produce Faraday rotators and products for semiconductor applications, for which demand is expanding. We will flexibly allocate management resources to growth areas in response to the demand environment in each business, thereby improving company-wide capital efficiency and accelerating growth.
- Q. Please explain the competitive landscape and supply-demand trends in the Faraday rotator market, as well as the background behind the decision to make an additional investment approximately two months after the August investment decision.
- A. In the optical transceiver market for data centers, development toward higher speeds and lower power consumption is progressing rapidly. Lasers are essential for optical communications, but mainstream semiconductor lasers can become unstable due to reflected light. Optical isolators are therefore required to prevent such reflected light, and the Faraday rotator is a core component of these isolators. Currently, supply and demand for optical communication-related components is generally tight, and because there are only a

limited number of suppliers of Faraday rotators, supply remains tight relative to demand. We view this supply-demand environment as an opportunity for business expansion and will increase our production capacity to steadily capture demand. When making investment decisions, we comprehensively consider market growth potential, customer inquiries, our order trends, and our growth strategy. Since the investment decision in August, we have continued discussions with customers and verified our production expansion plans in stages. Having reconfirmed the continuity of demand, we decided to make an additional investment in October.

Q. To what extent do you expect depreciation to increase as a result of the additional CAPEX of approximately JPY 2.3 billion related to Faraday rotators?

A. This investment is based on our judgment that, even after factoring in the increase in depreciation, we can achieve growth in both earnings and our business from the next fiscal year onward. We will appropriately disclose the outlook for depreciation in our future earnings forecasts and medium-term management plan.

Q. Orders in the Semiconductor Business increased significantly in the first half of the fiscal year. Is there a trend toward orders being placed ahead of schedule or duplicate orders? Also, are there any challenges on the production side?

A. Against the backdrop of rising demand, there are cases where customers place orders earlier than usual to ensure that they can reliably procure our products by their desired delivery dates. However, we are not aware of any duplicate orders or orders that deviate from normal patterns. When customers place orders early, it allows us to secure the necessary materials and personnel and level out our production schedules, which in turn leads to more stable delivery times. At this point, we do not believe these ordering trends are causing any production challenges.

Q. Regarding the Frontier Tech Business, have sales of Faraday rotators grown year-over-year? Also, please explain why some projects shifted to a later period and identify the key areas where growth is expected in the future.

A. Sales of Faraday rotators have grown year-over-year, and progress in the first half of the fiscal year was generally in line with our plans. We have revised our full-year revenue budget for the Frontier Tech Business upward by JPY 288 million, primarily due to increased shipments of Faraday rotators. Starting in the second half of the fiscal year, we expect the increased production resulting from the additional investments decided in August and October to contribute gradually. The timing shifts in some projects resulted from changes in delivery schedules due to customer circumstances, primarily involving relatively small-scale projects outside the Faraday rotator and quantum fields. We do not view this as having an impact on our business strategy. In the quantum field—one of our key focus areas—investment and development are advancing globally toward the practical implementation of quantum computers around 2030. In particular, neutral-atom quantum computers are gaining prominence, and we recognize that the importance of our single crystals and devices is also increasing. The business is progressing as planned, and inquiries regarding lasers

for quantum computers, which we began selling this fiscal year, are in line with expectations. We will continue to advance the business toward achieving the goals of our medium-term management plan, for which the fiscal year ending February 2029 is the final year.

Q. How will the Company be involved in the advancements in photonic-electronic integration and CPO (Co-Packaged Optics)?

A. Optical transceivers are expected to continue evolving toward higher speeds and greater density, progressing from 800 Gbps to 1.6 Tbps and further to 3.2 Tbps. As a technology to address the resulting increase in power consumption, CPO is becoming increasingly important. There are two main areas where our company can contribute. First, as the number of lasers used increases, demand is expected to grow for Faraday rotators, the core components of optical isolators that prevent reflected light. Second, as demand for microfabrication increases in high-density advanced packaging, we aim to capture market share through high-precision microfabrication utilizing our short-wavelength laser technology.