

Translation

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For Immediate Release

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**Q & A session of the Financial Result Meeting for the Six Months Ended August 31, 2024**

OXIDE Corporation held a financial result briefing for analysts and institutional investors yesterday (October 16, 2024). 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. Will the 52 million Yen decrease in R&D expenses in the second quarter PL (Profit and Loss) statement have any impact on future business growth? I understand that OXIDE has always emphasized balancing short-term profit and long-term growth. Have you given up on long-term growth by reducing R&D investment?

A. The main reason for the decrease in R&D expenses in the second quarter PL was the transfer of labor costs for researchers to manufacturing costs. This figure is included in the cost of production because researchers temporarily supported the production line.

The decrease in R&D expenses, as seen in this matter, is temporary and will not impact our mid-term management objectives.

Q. You disclosed that you booked 184 million Yen in foreign exchange gains. Did these gains contribute to the return on operating profit?

A. The gain on foreign exchange fluctuations is recognized as Non-operating income and is attributable to revaluation of loans to an overseas subsidiary. This is not related to the Company's return to operating profit.

## FY Feb 2025 2Q Financial Results

**OXIDE**

■ Revenues were 2,010 million Yen, an increase of 42 million Yen compared to the forecast of 1,968 million Yen.

■ Operating profit was 9 million Yen, an increase of 1 million Yen from the forecast of 8 million Yen, and turned to profitability for the first time since the 4Q of the fiscal year before last.

(Millions of Yen)	FY25 Feb 1Q			FY25 Feb 2Q			FY25 Feb 1H			FY 25 Feb Full Year
	Forecast	Result	Variance	Forecast	Result	Variance	Forecast	Result	Variance	Forecast
Revenue	1,514	1,388	- 126	1,968	2,010	42	3,482	3,398	- 84	8,553
Operating profit	- 270	- 406	- 135	8	9	1	- 262	- 396	- 133	202
(Operating margin)	-17.8%	-29.3%	-	0.4%	0.5%	-	- 7.5%	- 11.7%	-	2.4%
R&D expenses	354	315	- 38	363	311	- 52	718	627	-91	1,469
CAPEX	-	-	-	-	-	-	-	-	-	1,464
EBITDA※	-16	- 144	- 128	268	280	12	252	136	- 116	1,259
(EBITDA margin※)	-1.1%	-10.4%	-	13.6%	14.0%	-	7.3%	4.0%	-	14.7%

\* EBITDA is calculated by adding amortization (including Depreciation and amortization Goodwill) to Operating profit.

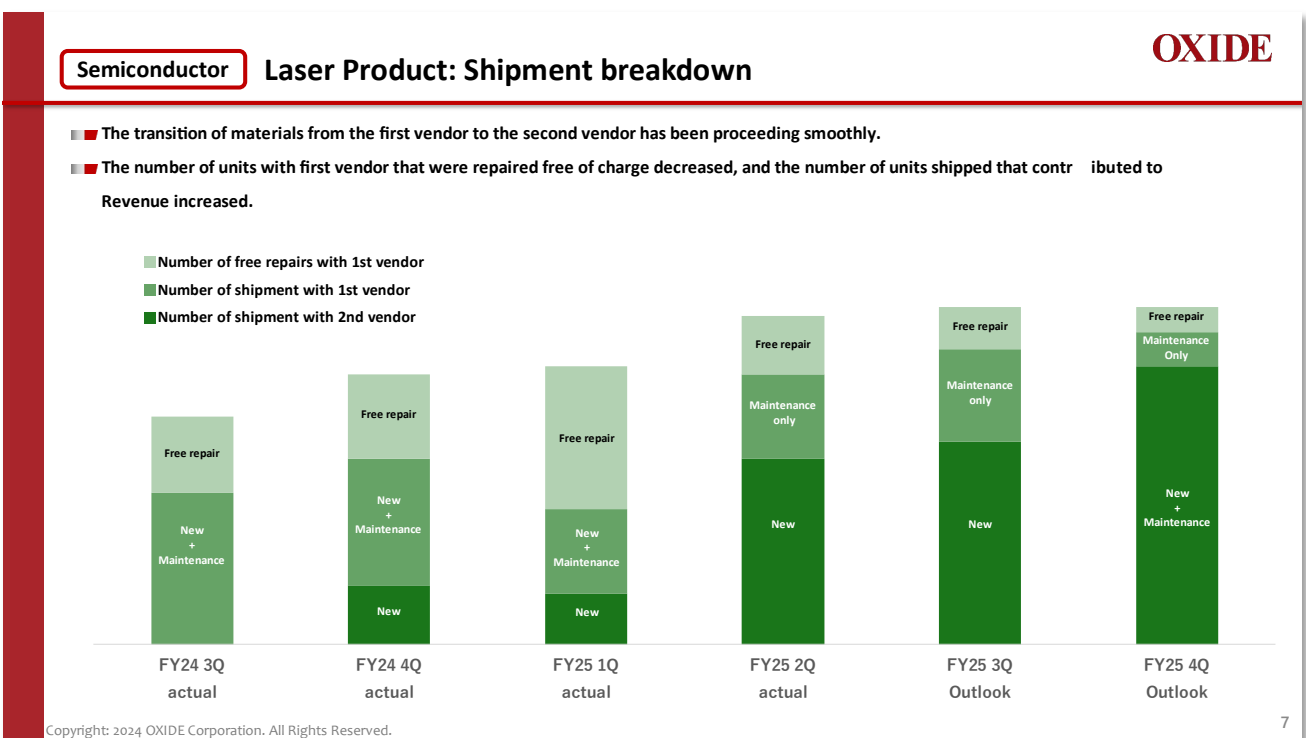
Q. I saw the press release announcing the completion of the construction of the second phase of the No. 4 Plant. We expect that the shipment volume of Laser Products will increase in the future due to an increase in manufacturing capacity. Also, are you securing enough second vendor components for Laser Products?

A. Construction of the second phase of the No. 4 Plant has been completed, increasing production capacity. In addition to planned new shipments, maintenance on Laser Products will increase as needed.

In addition, with the completion of the second phase of construction at the No. 4 Plant, we will move from the Yokohama Office, which handles maintenance, to the No. 4 Plant in earnest. This will secure space at the Yokohama Office and is expected to accelerate the development of the next model that has already been ordered.

From the second quarter, new shipments of Laser Products were entirely replaced by second vendor component.

We have secured sufficient quantities of second vendor parts and materials. The yield has also remained stable at 100%.



- Q. I would like to ask about the SiC business. The previous disclosure stated that the shipment of SiC wafer samples would start in the summer of 2024, but is this delayed?
- A. We cannot provide the specific company's name due to confidentiality obligations, but we have already shipped samples this summer. Regular sample shipments are scheduled by the end of this fiscal year.

Frontier Tech

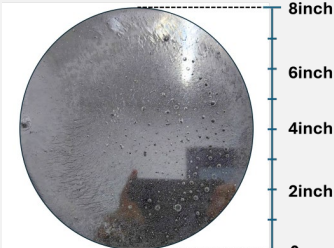
**Progress of SiC Business**

**OXIDE**

■ The development of solution-Method SiC wafers is making steady progress.

Content of disclosure

<b>April</b>	<b>2024</b>	<ul style="list-style-type: none"> <li>● <b>Green Innovation Fund passed the stage gate.</b></li> </ul>
<b>September</b>	<b>2024</b>	<ul style="list-style-type: none"> <li>● <b>Participated in ICSCRM2024.</b> <ul style="list-style-type: none"> <li>• 6-inch SiC wafer display</li> <li>• 8-inch SiC Single Crystal ingot display</li> </ul> </li> </ul>
<b>October</b>	<b>2024</b>	<ul style="list-style-type: none"> <li>● <b>Established and disclosed Oxide Power Crystal Corporation.</b> <ul style="list-style-type: none"> <li>• October 18: Company Established (scheduled)</li> <li>• December 1st Launch (scheduled)</li> </ul> </li> </ul>
<b>October</b>	<b>2024</b>	<ul style="list-style-type: none"> <li>● <b>Business alliance with JS Foundry KK.</b></li> </ul>



8 inch SiC Single Crystals Ingot

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- Q. In the Semiconductor business, please tell us about the maintenance revenues for the first half of this fiscal year and the outlook for the second half. Also, what is the outlook for the next fiscal year and beyond?
- A. Maintenance revenues for the first half of this fiscal year were approximately less than 250 million yen. Maintenance revenues are expected to increase in the second half of the year, and are expected to be in line with the initial forecast for the full year. Maintenance services are expected to be provided 1-2 years after shipment. Cumulative shipments of Laser products to date have exceeded 200 units, and are expected to increase in the next fiscal year and beyond.
- Q. In the Healthcare business, how are existing customers adjusting inventory levels due to the slowdown in the Chinese market? Also, with regard to the acquisition of new customers, could you say the evaluation period has already been completed and full-scale production has begun?
- A. We have heard that there have been no major changes in the Chinese market, but we believe that inventory adjustments by existing customers are almost completed. We expect to start full-scale mass production of this product for new customers during the current fiscal year.

- Q. In the Frontier Tech business, what are the goals of establishing the subsidiary OXIDE Power Crystal Corporation and the business alliance with JS Foundry?
- A. The establishment of the subsidiary is intended to accelerate the development of mass-production technology further and increase fundraising flexibility.  
As an independent foundry company with roots in Japan, JS Foundry has extensive knowledge in processing and epitaxy, and we believe it is an important partner in the construction of the manufacturing value chain.
- Q. Regarding component failure issues in the Semiconductor business, have you identified the causes of failures at the first vendor? Otherwise, did you move to the second vendor without knowing the cause?
- A. We analyzed the failure of the first vendor component and clarified the physical phenomenon that caused it. Based on the results of this analysis, we developed component that do not cause problems in collaboration with a second vendor. We have completely shifted to the second vendor component and the problem has been solved.
- Q. I remember that out of approximately 100 employees at Raicol, 15 were called up for reserve duty after the start of the Israeli conflict in October last year. What is the current situation?
- A. Currently, no Raicol employees have been called to reserve duty. At this time, there is no direct damage to Raicol's buildings, manufacturing facilities, R&D equipment, or employees, and business activities are continuing. As for human traffic, direct flights between Israel and Tokyo continue to operate, and there are regular business travelers from Raicol to OXIDE. In the first half of this fiscal year, a total of five people from Raicol stayed in OXIDE for a total of more than 40 days to conduct joint R&D and other activities. In addition, in order to stabilize the supply chain, a portion of the manufacturing of major products between the two companies is being transferred.
- Q. In terms of the Semiconductor business, we estimate that new order received in the second quarter were slightly under 900 million yen. What are your thoughts on this new order received? Also, please tell us your outlook for the third quarter and beyond.
- A. Regarding the new order received, we do not receive a regular order every month. Accordingly, the Company monitors the new order received on a semi-annual basis on an ongoing basis. We believe that the new order received of 2,851 million yen in the first half is a solid performance. As for the second half of the year, we have heard from our major customers that there will be no significant changes in demand trends.
- Q. Will the Semiconductor business's second vendor production capacity continue to expand in the second half of the year? Also, is the yield rate continuing at 100%?
- A. We share our production plan with the second vendor and confirm that we can secure the sufficient quantity corresponding to it. The second vendor has been able to secure high-quality components and materials, and the yield has continued to be 100% even after the increase in production capacity.
- Q. I understand that there is no change in the consolidated full-year forecast, although you see the growing uncertainty of the situation in Israel. Is there a slight change in the contents of the forecast for each business, or do you expect to recover from the decline of Raicol's revenue in the Frontier Tech business alone?
- A. As we are all aware, the situation in Israel is becoming increasingly uncertain. Although it is difficult to predict, we believe it is appropriate to make a conservative outlook on Raicol forecast. As for the consolidated full-year forecast, we expect that the Semiconductor business and Healthcare business will be able to offset the decline of Raicol in the Frontier Tech business.