

Translation

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For Immediate Release

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

OXIDE Corporation held a financial result briefing for analysts and institutional investors on July 15, 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. Why did the company post an operating profit starting in the first quarter of this fiscal year? Previously, your earnings tended to be concentrated in the fourth quarter. Can we assume that the company's earnings structure has changed?

A. As planned, we started the fiscal year with an operating profit in the first quarter, supported by steady demand, especially in the Semiconductor Business, and company-wide improvements in profitability.

In the past, our performance tended to be skewed toward the fourth quarter due to factors such as the timing of revenue recognition for large-scale projects; however, in recent years, we have diversified our business portfolio and strengthened our earnings base, resulting in relatively smaller quarterly fluctuations in earnings.

That said, as our business continues to be influenced by customer demand and project progress, there remains a possibility that revenue could be concentrated in specific quarters in the future. However, we believe that this first-quarter profit is not due to temporary factors but rather reflects an improvement in our earning power.

We will continue to invest in growth areas while aiming for stable and sustainable growth in earnings.

Q. Are you able to secure sufficient production capacity to meet the increase in semiconductor demand? Is there a possibility that capacity shortages could become a bottleneck in the future?

A. At this point, we believe we have secured sufficient production space and spare capacity to adequately meet the growing demand for semiconductors. We have established a system that allows us to gradually expand production capacity in response to future demand growth, including the utilization of Factory No.4, which was established through our capital investments to date. Therefore, we do not currently view our facilities as a major bottleneck. However, we recognize that securing personnel and developing manufacturing talent will be critical to achieving further business expansion in the future.

We will continue to monitor demand trends while proceeding with necessary investments and strengthening our workforce to build a system that can reliably meet customer demand.

Q. Regarding Faraday rotators for data centers, could you explain the background behind the delays in material deliveries that caused the timing discrepancy in the first quarter? Also, is it correct to assume that the sales affected by this timing discrepancy are expected to be recorded during the second quarter? Furthermore, while we expect the Faraday rotator market to continue expanding, please tell us about your future measures, such as stabilizing material procurement, securing inventory, and expanding production capacity.

A. First, as a general premise, the Faraday rotators in question are sold under agreements with customers that involve making consolidated shipments of a specified volume. Consequently, our quarterly sales figures, both in the previous fiscal year's results and this fiscal year's forecasts, tend to be uneven in Frontier Tech Business.

Regarding the specific materials and their countries of origin that caused this timing discrepancy, we are unable to disclose this information as it pertains to the terms of our agreements with customers and constitutes our business confidential information. We appreciate your understanding in this matter.

However, shipments of these materials are already underway, and we expect the revenue deferred from the first quarter to be recognized in the second quarter.

We recognize the Faraday rotator market as an important market with significant growth potential. In anticipation of this expanding demand, we will continue to take steps to stabilize material procurement and strengthen our production and supply systems.

Furthermore, taking into account the timing difference in the first quarter, we maintain a positive outlook for first-half sales in Frontier Tech Business. We will provide further details when we disclose our second-quarter financial results.

Q. You announced a 302 nm laser for quantum computers in March of this year. Could you please provide an update on the status of business development since then?

A. Since the announcement, we have received numerous inquiries from customers and partner companies both in Japan and overseas. We are currently evaluating multiple projects and engaging in discussions toward implementation and deployment, and we are seeing firsthand the high level of market interest. The quantum computing field is a market expected to grow in the future, and our 302 nm laser is highly regarded as a differentiated technology.

As this is a new business area, it will take some time before making a significant contribution to revenue; however, we aim to steadily build up our project portfolio so that this business becomes a new growth driver for the Company in the medium- to long-term.

Q. First-quarter operating income exceeded forecasts by approximately 17 million yen, while R&D expenses fell short of forecasts by approximately 44 million yen. Please explain whether this shortfall in R&D expenses was the result of intentional cost containment or a consequence of the progress of your investments, including its impact on operating income.

A. We will explain the variances between actual and forecast figures for first-quarter operating income and R&D expenses. The Company does not intentionally curb R&D expenses for the purpose of securing short-term profits. The variance between the forecast and actual R&D expenses for the first quarter was due to the progress of projects and the timing of expense recognition, as well as the reclassification of certain expenses to manufacturing costs following the transition to mass production. Since R&D is not a quarterly endeavor, we plan, execute, and manage it from a full-year and even multi-year perspective.

R&D is a critical investment for maintaining our competitiveness over the medium- to long-term. Going forward, we will continue to strike a balance between achieving our full-year operating income forecast and investing in research and development to drive medium- to long-term growth.

Q. At this stage, what is your outlook for operating income and R&D expenses from the second quarter onward? In particular, based on the first quarter results of your Frontier Tech Business, please share your outlook for the first half of the fiscal year.

A. Taking into account the timing difference for Faraday rotators in the first quarter, we maintain a solid outlook for first-half sales in Frontier Tech Business. Our first priority is to steadily achieve our first-half sales forecast, and we also aim to make progress on profits in line with our plan. For R&D expenses, we will continue to make the necessary investments for business development and medium- to long-term growth.

Q. Sales in the Semiconductor Business exceeded expectations in the first quarter. Do you expect this upward trend to continue in the second quarter and beyond? Please explain in the context of recent changes in the semiconductor market environment.

A. We recognize that the current business environment is more favorable for our semiconductor business compared to when we formulated the budget of this fiscal year. Against the backdrop of this strong market, first-quarter sales exceeded expectations.

On the other hand, we believe it is necessary to continue carefully assessing future market trends and the resulting customer demand. We will strive to steadily expand our business by closely monitoring the market environment and engaging in discussions with our customers.

Q. Please provide as much detail as possible regarding negotiations with customers on transaction terms in Healthcare Business.

A. Our Healthcare Business is being affected by changes in the external environment, such as shifts in the raw materials procurement landscape and soaring prices. Considering these circumstances, we are currently engaged in discussions with customers regarding transaction terms. However, as the details of these discussions involve confidential information shared with our customers, we are unable to provide further details.

Q. Regarding areas other than Faraday rotators in the Frontier Tech Business, such as quantum technology, optoelectronics, and SiC, please provide an update on actual versus budgeted performance for the first quarter.

A. The main reason for the difference between forecast and actual first-quarter results in the Frontier Tech Business was the timing difference related to Faraday rotators. Performance in other areas was generally in line with expectations.

Q. Please tell us about the specific initiatives and future directions for each field, such as quantum technology, photonic-electronic integration, and SiC.

A. Regarding the quantum field, development toward the societal implementation of quantum computers is proceeding ahead of schedule, and there are signs that the market may take off earlier than initially anticipated.

Our 302 nm laser has also attracted stronger interest than expected, and we believe it has the potential to become a core technology for future societal implementation.

In quantum communication, while full-scale implementation as infrastructure is likely to take time, concrete initiatives such as demonstration experiments are moving forward. We therefore believe that our newly developed 436 nm laser also has the potential to grow into a major business in the future.

In photonic-electronic integration, the market continues to grow, driven mainly by CPO (Co-Packaged Optics). We are also pursuing business development in microfabrication for advanced packaging, leveraging our deep-ultraviolet laser technology.

Regarding SiC for power semiconductors, we are also pursuing long-term initiatives aimed at societal implementation for power infrastructure and are currently in the stage of conducting customer evaluations through the provision of samples.

We view all these fields as drivers of medium- to long-term growth rather than sources of short-term revenue, and we will work toward commercializing them.