

Notice of the Issuance of New Shares Based on Restricted Stock Units (RSUs)

Ferrotec Holdings Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that, at the meeting of Board of Directors held today, the Company has decided to conduct the issuance of new shares based on restricted stock units (hereinafter “RSUs”) provided through the remuneration system with shares to be issued after some conditions are satisfied (hereinafter “the New Share Issuance”). Details are as follows.

1. Overview of the New Share Issuance

(1)	Payment date	May 10, 2024
(2)	Type and number of shares to be issued	6,382 common shares of the Company
(3)	Issue price	2,975 yen per share
(4)	Total amount of the issue	18,986,450 yen
(5)	Planned allottees	Seven employees of our subsidiary located outside Japan

2. Purposes and reasons for the New Share Issuance

In January 2023, the Company adopted a remuneration system with shares to be issued after some conditions are satisfied (hereinafter “the System”) for mainly the employees of the Company and our subsidiaries as an incentive system for the employees of our corporate group.

The System is for providing the employees and others of the Company and our subsidiaries with the right to receive new common shares of the Company whose number is predetermined by the Company (hereinafter “the Shares of the Company”) under some conditions, including continuous employment for a certain period of time. This specifies (1) restrictions on transfer or other handling of said right during the period from the date of provision of RSUs and the date of issuance of the Shares of the Company, and (2) reasons for loss of said right, such as retirement and illegal acts.

In March 2023, the Company gave RSUs based on the System (hereinafter “the RSUs”) to the employees of Ferrotec (USA) Corporation, which is a subsidiary of the Company. The New Share Issuance will be carried out based on the resolution at the meeting of the Board of Directors of the Company held today, as the conditions for some of the RSUs have been satisfied.

<Details of the System>

(1) Subjects of the System

Employees of the Company, and directors, executive officers, and employees of our subsidiaries (hereinafter “the Subjects”)

(2) Outline of RSUs

The RSUs are stock-based compensation, in which a predetermined number of units are provided to the Subjects in advance and common shares of the Company, whose number is determined according to the continuous employment period of each of the Subjects, are issued.

(3) Method and timing of issuing the shares of the Company

Based on a resolution of the Board of Directors, the Company allocates common shares of the Company according to the number of units for which conditions of continuous employment have been satisfied (one share per unit) in exchange for the in-kind contribution of all monetary remuneration receivables provided to the Subjects every time the date of right allotment comes.

The paid-in amount per share for the shares of the Company issued through the RSUs is the closing price of shares of the Company at the Tokyo Stock Exchange on the business day preceding the date of a resolution by the Board of Directors regarding the issuance of common shares of the Company (or the closing price on the preceding trading day if transactions are not closed on said day.)

(4) Treatment at the time of resignation

In principle, the Subjects need to remain employees or the like of the Company or our subsidiaries for satisfying the conditions for RSUs, but even in the case where one of the Subjects loses the right before the right allotment for RSUs, if the reason for losing the right is one of the reasons specified by the Board of Directors of the Company in advance, the number of common shares of the Company to be issued and the timing of issuance may be adjusted based on the method specified by the Board of Directors of the Company.

News Release: Ferrotec Holdings Corporation (6890 TSE Standard)

3. Base for determining the paid-in amount and details thereof

The New Share Issuance will be carried out while assuming the monetary claims provided to planned allottees as contributed assets, and the paid-in amount was set at 2,975 yen, which was taken from the closing price of common shares of the Company at the Tokyo Stock Exchange on April 15, 2024 (the business day preceding the resolution of the Board of Directors) to remove arbitrariness. This is the market share price just before the date of the resolution of the Board of Directors, so we consider that this reflects our corporate value appropriately, is reasonable, and does not fall under advantageous prices for planned allottees.