October 22, 2025

Notice of the (Third) Issuance of New Shares through Third-Party Allotment by Our Equity-method Affiliate (Semiconductor Wafer Business)

Ferrotec Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that Hangzhou Semiconductor Wafer Co., Ltd. (hereinafter “CCMC”), which is an equity-method affiliate of the Company and manufactures semiconductor wafers, will increase capital by conducting the third issuance of new shares through third-party allotment. Details are as follows.

1. Background of the third-party allotment

・CCMC possesses the capacity of manufacturing silicon wafers with small diameters (6 inches or less), a diameter of 8 inches, and a diameter of 12 inches, and has enhanced its presence in China by boosting its production capacity. Recently, it established the second factory in Lishui that lifts ingots for 12-inch wafers and manufactures polished wafers in a seamless manner in December 2024, following the first factory (for processing epitaxial wafers) in Lishui, Zhejiang, further boosting the supply capacity.

<Current monthly output> Small-diameter: 400,000 wafers/month, 8-inch: 400,000 wafers/month, 12-inch: 300,000 wafers/month

・Regarding fund procurement, we increased capital by conducting the issuance of new shares through third-party allotment twice (2021 and 2022), to boost our production capacity. We also strove to procure funds by getting listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, but withdrew our application in response to changes in the business environment, and then obtained approval for registration in the National Equities Exchange and Quotations (hereinafter “the New Third Board”), which is an over-the-counter market in China, in September 2025, and proceeded with procedures for making the shares in CCMC tradable on the over-the-counter market. On October 22, 2025, the shares in CCMC became tradable on the New Third Board. Through the New Third Board, we issued new shares for capital increase. We hereby announce this, as the above content was disclosed in China on October 21, 2025.

・Going forward, we will brush up the manufacturing equipment at existing bases (Hangzhou, Shanghai, and Yinchuan) while enhancing the production capacity of the second factory in Lishui stepwise, and strive to improve quality further and promote automation and labor saving.

2. Purpose of use of the proceeds to be raised

We plan to allocate the procured 610 million yuan (approx. 13.1 billion yen) to mainly the purchase of fixed assets and the repayment of interest-bearing liabilities.

3. Overview of third-party allotment

(1)	Issue price per share	3 yuan per yuan of capital (approx. 64 yen) *1 Chinese yuan = 21.19 yen	
(2)	Total contribution amount	610 million yuan (approx. 12.9 billion yen)	
(3)	Due date of payment	September 2025 (shares issued on October 22, 2025)	
(4)	Increased capital	203,333,000 yuan (approx. 4.3 billion yen)	
(5)	Registered capital after third-party allotment	5,235 million yuan (approx.110.9 billion yen)	
(6)	Ownership ratio of each allocatee	No.1 Hangzhou Dahe Thermo-Magnetics Co., Ltd. (FTH)	1.27%
		No.2 Hangzhou Gongrong Innovation Equity Investment Partnership Enterprise (Limited Partnership)	1.27%
		No.3 Zhuji Leqian Equity Investment Partnership Enterprise (Limited Partnership)	0.13%
		No.4 Lishui Green Industry Development Fund Co., Ltd.	0.38%
		No.5 Lishui State-owned Capital Operation Co., Ltd.	0.25%
		No.6 Hainan Yijun Investment Management Partnership Enterprise	0.29%

		(Limited Partnership) No.7 Chenjitou (Danzhou) Center (Limited Partnership)	0.29%

*The issue price was determined based on an evaluation of the stock's fair value by a third-party organization that is independent from the Company and allottees, and then the shares will be allotted.

4. Overview of the allottees

		No. 1	No. 2
(1)	Name	Hangzhou Dahe Thermo-Magnetics Co., Ltd. (FTH)	Hangzhou Gongrong Innovation Equity Investment Partnership Enterprise (Limited Partnership)
(2)	Capital	677,512,000 yuan	5 billion yuan
(3)	Date of establishment	January 31, 1992	December 5, 2024
(4)	Representative	He Xian Han	GP: ICBC Capital Management Co., Ltd.
(5)	Contents of business	Semiconductor equipment-related business, and electronic device business	Investment in shares and business start-ups
(6)	Relationship between CCMC and the prospective allottees	A wholly-owned consolidated subsidiary of the Company	There are no capital, personnel, or business relationships. The company does not belong to related parties.
(7)	Contribution amount	200 million yuan (4.2 billion yen)	200 million yuan (4.2 billion yen)

1 Chinese yuan = 21.19 yen

		No. 3	No. 4
(1)	Name	Zhuji Yueqian Equity Investment Partnership Enterprise (Limited Partnership)	Lishui Green Industry Development Fund Co., Ltd.
(2)	Capital	50.01 million yuan	501 million yuan
(3)	Date of establishment	April 11, 2024	June 13, 2019
(4)	Representative	GP: Hangzhou Yuanheng Lizhen Private-Equity Fund Management Co., Ltd.	Rao Kang
(5)	Contents of business	Investment in shares and business start-ups (investment in unlisted companies)	Investment in business and investment management
(6)	Relationship between CCMC and the prospective allottees	There are no capital, personnel, or business relationships. The company does not belong to related parties.	There are no capital, personnel, or business relationships. The company does not belong to related parties.
(7)	Contribution amount	20 million yuan (400 million yen)	60 million yuan (1.3 billion yen)

1 Chinese yuan = 21.19 yen

		No. 5	No. 6
(1)	Name	Lishui State-owned Capital Operation Co., Ltd.	Hainan Yijun Investment Management Partnership Enterprise (Limited Partnership)
(2)	Capital	1.5 billion yuan	10 million yuan
(3)	Date of establishment	October 18, 2017	January 18, 2022
(4)	Representative	Shi Hai Bin	Tang Rong
(5)	Contents of business	Investment activities and so on with own funds	Investment activities with own funds, export and import of cargoes and technologies, consulting services, etc.

(6)	Relationship between CCMC and the prospective allottees	There are no capital, personnel, or business relationships. The company does not belong to related parties.	There are no capital, personnel, or business relationships. The company does not belong to related parties.
(7)	Contribution amount	40 million yuan (800 million yen)	45 million yuan (1 billion yen)

1 Chinese yuan = 21.19 yen

		No. 7
(1)	Name	Chenjitou (Danzhou) Center (Limited Partnership)
(2)	Capital	2 million yuan
(3)	Date of establishment	March 1, 2024
(4)	Representative	Shi Pei Yu, GP: Chenji Enterprise Management (Wuxi) Co., Ltd. (Delegated Representative: Shi Pei Yu)
(5)	Contents of business	Asset management services for investment of own funds, loan consulting services, investment activities with own funds, investment in shares with private-placement funds, investment management, asset management, management of private-placement stock investment funds, services for managing start-up investment funds and private-placement securities investment funds, and other services
(6)	Relationship between CCMC and the prospective allottees	There are no capital, personnel, or business relationships. The company does not belong to related parties.
(7)	Contribution amount	45 million yuan (1 billion yen)

1 Chinese yuan = 21.19 yen

5. Overview of CCMC as of August 31, 2025

(1)	Name	Hangzhou Semiconductor Wafer Co., Ltd. (CCMC)	
(2)	Address	No. 888 Dongken Road, Qiantang New District, Hangzhou, Zhejiang, Peoples Republic of China	
(3)	Title and name of representative	He Xian Han, Legal representative	
(4)	Contents of business	Manufacture and sale of semiconductor wafers	
(5)	Capital	5,032 million yuan (approx. 106.6 billion yen) (1 Chinese yuan = 21.19 yen)	
(6)	Date of establishment	September 28, 2017	
(7)	Our shareholding ratio	(Current) 23.05% → (After third-party allotment) 23.43%	
(8)	Relationship between CCMC and the Company	Capital relationship	CCMC is an equity-method affiliate of the Company.
		Personnel relationship	One Director of the Company concurrently serves as the Representative Director of CCMC.
		Business relationship	None applicable

6. Future outlook

The impact on the business performance of the Company for the current fiscal year is expected to be minor through this matter. However, we will promptly disclose relevant items as soon as they are confirmed.

<In case of any discrepancy between the Japanese and English version of this document, the Japanese version shall prevail. >

<For your reference>

Appendix: List of press releases on CCMC regarding listing and capital increase

Release date	Title
October 22, 2025	(Progress of a Disclosed Item) Notice of the Start of Transaction of Shares of Our Equity-method Affiliate (Semiconductor Wafer Business) in the “New Third Board” (OTC Market) in China
September 24, 2025	(Progress of a Disclosed Item) Notice of the Approval of an Application for Listing on the “New Third Board” (OTC Market) in China Submitted by Our Equity-method Affiliate (Semiconductor Wafer Business)
July 3, 2025	Notice of the Acceptance of Application for Listing on the “New Third Board” (OTC Market) in China Submitted by Our Equity-method Affiliate (Semiconductor Wafer Business)
July 4, 2024	Notice of the Withdrawal of a Listing Application by Our Equity-Method Affiliate (Semiconductor Wafers)
August 30, 2022	Notice of an Application for Listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange by a Semiconductor Wafer Equity-Method Affiliate
October 20, 2021	Notice of the Conclusion of an Advisory Contract for Listing Between Our Equity-Method Affiliate (Semiconductor Wafer Business) and Haitong Securities Co. Ltd. (Managing Underwriter) and the Approval for Registration by the China Securities Regulatory Commission
September 15, 2021	Notice of the Completion of Payment of the (Second) Issuance of New Shares through Third-Party Allotment at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
September 15, 2021	(Correction and Change of a Disclosed Item) Notice of the (Second) Issuance of New Shares through Third-Party Allotment and Capital Investment (Acquisition of Fixed Assets) at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
July 15, 2021	(Change of a Disclosed Item) Notice of the (Second) Issuance of New Shares through Third-Party Allotment and Capital Investment (Acquisition of Fixed Assets) at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
June 30, 2021	(Correction of a Disclosed Item) Notice of Listing of an Equity-Method Affiliate That Manufactures Semiconductor Wafers
June 29, 2021	Notice of Listing of an Equity-Method Affiliate That Manufactures Semiconductor Wafers
April 15, 2021	Notice of the (Second) Issuance of New Shares through Third-Party Allotment and Capital Investment (Acquisition of Fixed Assets) at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
February 10, 2021	Notice of Change of Specific Subsidiaries that Manufacture Semiconductor Wafers
November 13, 2020	(Addition/Correction of a Disclosed Item) Notice of the Issuance of New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Wafer
November 13, 2020	(Correction of a Disclosed Item) Notice of the Completion of Payment for New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Silicon Wafers
November 5, 2020	(Correction of a Disclosed Item) Notice of the Completion of Payment of the Price for Transfer of Shares of the Subsidiary that Manufactures Semiconductor Silicon Wafers
November 2, 2020	(Progress of a Disclosed Item) Notice of the Completion of Payment for New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Wafer
October 19, 2020	(Progress of a Disclosed Item) Notice of the Completion of Payment of the Price for Transfer of Shares of the Subsidiary that Manufactures Semiconductor Silicon Wafers
October 16, 2020	Notice of the Issuance of New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Wafer
September 17, 2020	(Addition/Revision of Contents) Notice of Transfer of Some Shares of the Subsidiary that Manufactures Semiconductor Wafers
September 15, 2020	Notice of Transfer of Some Shares of the Subsidiary that Manufactures Semiconductor Wafers