

April 20, 2026

Notice of the Establishment of a New Company and Capital Investment (Construction of a New Factory) in the Wafer Reclaim Business, and Transfer of Subsidiary to Equity-method Affiliate due to Acceptance of Investment in Wafer Reclaim Business Subsidiary (CRSM)

Ferrotec Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that, at the meeting of Board of Directors held today, we have resolved to establish a new company and carry out capital investment (construction of a new factory) in the Wafer Reclaim Business in the Hefei region in China and to simultaneously change the status of Anhui Changjiang Reclaim Semiconductor Material Co., Ltd. (hereinafter, “CRSM”), which is a subsidiary engaging in the Wafer Reclaim Business, from a consolidated subsidiary into an equity-method affiliate as CRSM will conduct a capital increase through third-party allotment of shares and then implement part of that plan. Details are as follows.

1. Background and objectives

- As the global semiconductor industry continues to grow, reclaimed wafers are becoming increasingly important as they contribute to significant cost reductions in front-end semiconductor manufacturing processes.
- CRSM is a major wafer reclaiming company in China. It has advantages in production capacity, technology, market coverage, and other elements achieving a monthly production capacity of 180,000 wafers by the end of 2024. However, the wafer reclaim market is facing an increasing supply shortage, and demand exceeds even CRSM’s production capacity.
- Accordingly, the Company is aiming to promote the domestic production of wafer reclaim in China and to expand into overseas markets. To this end, the Company will expand its production capacity through a strategic partnership for CRSM with Hefei Construction Investment and Holding Co., Ltd. (hereinafter, the “Hefei Construction Investment Group”) and its investment platform Hefei State-owned Capital Venture Investment Co., Ltd. (hereinafter, the “Hefei State-owned Capital”). Specifically, the Company will establish a new company in Hefei City, Anhui Province and proceed to construct a new factory (Hefei Factory), while also expanding capacity at our existing factory (Tongling Factory). Through these measures, the Company intends to become a leading company in the wafer reclaim business.
- As part of this strategic partnership, the Company will accept investment in CRSM from the Hefei State-owned Capital and other funds. As a result, CRSM will be transferred from a subsidiary of the Company to an equity-method affiliate. In addition, the Hefei State-owned Capital is expected to become the largest shareholder in CRSM.

2. Overview of capital investment

(1)	Amount of investment and financing plan	2 billion Chinese yuan (approx. 46.6 billion yen) *1 Chinese yuan = 23.31 yen -New factory (Hefei Factory): 1.6 billion Chinese yuan (approx. 37.3 billion yen) -Capacity expansion at Tongling Factory: 400 million Chinese yuan (approx. 9.3 billion yen) (1.4 billion Chinese yuan will be financed through equity investment and 600 million Chinese yuan through loans.)
(2)	Total floor area of the new factory building	Approx. 80,000 m ²
(3)	Schedule	Start of construction: May 2026 Building completion: March 2027 Equipment installation: September 2027
(4)	Scheduled start of operation	December 2027

3. Overview of CRSM's capital increase through third-party allotment of shares

(1)	Issue price per share	1.2 yuan per yuan of capital (approx. 28 yen) *1 Chinese yuan = 23.31 yen	
(2)	Total contribution amount	1.4 billion yuan (approx. 32.6 billion yen)	
(3)	Due date of payment	April 2026	
(4)	Increased capital	1,166.67 million yuan (approx. 27.2 billion yen)	
(5)	Registered capital after third-party allotment	2,386.77 million yuan (approx. 55.6 billion yen)	
(6)	Ownership ratio of each allocatee	No. 1 Hefei Jinghui Juxin Investment Fund Partnership Enterprise (Limited Partnership) (Hefei Jinghui Juxin) No. 2 Suzhou Dongzheng Ruijing Venture Capital Partnership Enterprise (Limited Partnership) (Suzhou Dongzheng Ruijing) No. 3 TBD (under coordination)	0.87% 0.70% 47.12%

*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 Current Transaction under the third-party allotment Plan

		No. 1	No. 2
(1)	Name	Hefei Jinghui Juxin	Suzhou Dongzheng Ruijing
(2)	Capital	500 million yuan	200 million yuan
(3)	Date of establishment	November 23, 2023	January 28, 2024
(4)	Major shareholders and shareholding ratio	Nexchip Semiconductor Corporation: 40% Anhui New Generation Information Technology Industry Fund Partnership Enterprise(Limited Partnership): 20% Union Semiconductor (Hefei) Co., Ltd.: 12.79% And others	Shanghai Yougu Investment Management Co., Ltd.: 40% Shanghai Orient Securities Capital Investment Co., Ltd.: 30% Suzhou History Cultural Famous City Development Venture Capital Company Limited: 20% And others
(5)	Representative	GP: Shanghai Gaoxin Private Equity Fund Management Co., Ltd. (Delegated representative: Cao Bin)	GP: Shanghai Orient Securities Capital Investment Co., Ltd. (Delegated representative: Jin Wen Zhong)
(6)	Business	Investment in ventures and businesses	Investment in ventures and businesses
(7)	Relationship between CRSM and the 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.
(8)	Contribution amount	25 million yuan (600 million yen)	20 million yuan (500 million yen)

1 Chinese yuan = 23.31 yen

5. Overview of a new subsidiary and CRSM

1) New subsidiary

(1)	Name	Ferrotec Yangtze (Hefei) Semiconductor Material Co., Ltd.	
(2)	Address	Xinzhan, Hefei, Anhui Province, Peoples Republic of China	
(3)	Title and name of representative	He Xian Han, Representative Director	
(4)	Business	Wafer Reclaim Business, etc.	
(5)	Capital	1 billion yuan (approx. 23.3 billion yen) *1 Chinese yuan = 23.31 yen (Capital at the time of establishment: 100 million yuan (approx. 2.3 billion yen))	
(6)	Date of establishment	March 3, 2026	
(7)	Major shareholder and shareholding ratio	Anhui Changjiang Reclaim Semiconductor Material Co., Ltd. (CRSM): 100%	
(8)	Relationship between Ferrotec Yangtze and the Company	Capital relationship	Ferrotec Yangtze is a company whose whole voting rights are held by CRSM, which is a subsidiary of the Company.
		Personnel relationship	Representative Director of the Company concurrently serves as the Director of Ferrotec Yangtze.
		Business relationship	Not applicable

2) CRSM as of December 31, 2025

(1)	Name	Anhui Changjiang Reclaim Semiconductor Material Co., Ltd. (CRSM)		
(2)	Address	No. 21 Nanhai Road, Yian Economic Development Zone, Yian, Tongling City, Anhui Province, Peoples Republic of China		
(3)	Title and name of representative	He Xian Han, Representative Director		
(4)	Business	Wafer Reclaim Business, etc.		
(5)	Capital	1,220.1 million yuan (approx. 28.4 billion yen) *1 Chinese yuan = 23.31 yen		
(6)	Date of establishment	September 6, 2019		
(7)	Major shareholder and shareholding ratio	Shareholder	Current	After third-party allotment
		Shanghai Shenhe Investment Co., Ltd. (FTS)	40.65%	25.85%
(8)	Relationship between CRSM and the Company	Capital relationship	CRSM is a subsidiary 40.65% of whose voting rights are held by FTS, a wholly-owned consolidated subsidiary of the Company.	
		Personnel relationship	Representative Director of the Company concurrently serves as the Director of CRSM.	
		Business relationship	Not applicable	
(9)	Financial position and operating results in the last three years (unit: million yen)			
	Fiscal year	FY3/23	FY3/24	FY3/25
	Total assets	26,212	24,842	25,299
	Net assets	17,924	16,375	16,505
	Net asset per share (yen)	17.74	13.31	13.41
	Net sales	1,501	1,774	2,869

Operating profit	-1,251	-1,329	-1,483
Ordinary profit	-864	-816	-1,267
Profit attributable to owners of parent	-260	-282	-515
Profit per share (yen)	-0.26	-0.23	-0.42
Dividend per share (yen)	-	-	-

6. Outlook

CRSM will be transferred from a consolidated subsidiary of the Company to an equity-method affiliate due to the capital increase through third-party allotment of shares, and the impact on the Company's profit or loss is expected to be minor. The Company will promptly disclose additional items as soon as they arise.

This transaction is intended to raise funds for the business growth of CRSM, and it also positioned as an initiative to improve profitability and deconsolidated businesses in line with the "Selection and concentration of businesses" outlined in the Company's Medium-term Management Plan.