

April 30, 2026

(Progress of Disclosed Matter) Notice of Acquisition and Cancellation of Treasury Shares of the Company's Chinese Subsidiary (FTSVA) pursuant to the Profit Indemnity Agreement

Ferrotec Corporation (hereinafter "the Company") announces that, as previously disclosed in the "(Progress of a Disclosed Item) Notice of the Acquisition of Shares in a Subsidiary Manufacturing Power Semiconductor Substrates (FLH) by Our Chinese Subsidiary Operating the Parts Cleaning Business (FTSVA)" dated November 26, 2024, and other disclosures, the Company's subsidiary, Ferrotec (Anhui) Technology Development Co., Ltd. (hereinafter "FTSVA"), and the Company's subsidiary, Shanghai Shenhe Investment Co., Ltd. (hereinafter "FTS"), have entered into a profit indemnity agreement based on the financial performance of Jiangsu Ferrotec Semiconductor Technology Co., Ltd. (hereinafter "FLH"). As the actual financial results for the compensation period under this agreement have now been confirmed, FTSVA has resolved to repurchase and cancel the shares of FTSVA held by FTS. Details are as follows.

1. Profit Indemnity Agreement and Background

The profit indemnity agreement was entered into between FTSVA and the shareholders of FLH, including FTS, when FTSVA made FLH a subsidiary in 2024, for purpose of protecting the interests of existing shareholders of FTSVA. Under this agreement, if the actual net profit FLH during the compensation period falls short of the committed net profit, the shortfall shall be compensated through the repurchase of FTSVA shares held by FTS at RMB 1.00 per share and the cancellation of such shares,

Agreement summary	- If the actual profit of FLH for the three-year period falls short of the committed target profit for the same period, FTS shall compensate FTSVA by repurchasing the number of shares calculated pursuant to the prescribed formula.
Calculation formula	- Amount to be compensated in the applicable fiscal year = (Cumulative committed net profit up to the end of the applicable fiscal year - Cumulative actual net profit up to the end of the applicable fiscal year) / Total committed net profit for each year within the compensation period x Transaction price of target assets - Cumulative amount already compensated (if any) - Number of shares to be compensated in the applicable fiscal year = Amount to be compensated in the applicable fiscal year / Issue price of the initially issued shares (16.3 RMB) (Unit: million RMB) FY2025 FY2026 FY2027 Total 3 years Committed net profit 285.2 342.1 414.2 1,041.5 *Fiscal year is from January to December.
Procedure	- In the event that FTS must pay compensation in shares, FTSVA will hold a general meeting of shareholders, at which FTSVA will repurchase and retire the shares to be compensated by FTS for the applicable year at the total price of 1.00 RMB.
Force majeure provisions	- These include, but are not limited to, floods, fires, typhoons, earthquakes, strikes, riots, wars, national laws, and policy adjustments.

*Committed net profit is based on the evaluation of FLH shares conducted by a third-party valuation firm.

As the actual profit of FLH fell short of the committed net profit, the Company has initiated the compensation procedures pursuant to the prescribed formula.

The conclusion of this agreement was unavoidable for FTSVA to acquire shares in FLH, by the regulations and requests of the stock exchange.

This matter was disclosed by FTSVA on April 29, 2026, along with the confirmation of its financial results for FY2025.

2. Outline of share repurchase and cancellation (by FTSVA)

FTSVA will carry out the repurchase and cancellation of shares as follows.

(1) Type of shares to be repurchased and cancelled	FTSVA common shares
(2) Number of shares to be acquired and cancelled (compensation shares)	63,070,203 shares *Basis of calculation: Calculated pursuant to the contractual formula based on the difference between the cumulative committed net profit and the cumulative

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	actual net profit. <Calculation>		
	① Committed net profit for FY2025	285.2 million RMB	
	② Actual net profit of FY2025 (results)	124.2 million RMB	
	③ Total committed net profit for each year in the compensation period	1,041.5 million RMB	
	④ Transaction price of target assets (Value of FLH shares at the time of exchange)	6,550 million RMB	
	⑤ Cumulative amount compensated	-	
	⑥ Amount to be compensated in the applicable fiscal year (① - ②)/③ × ④ - ⑤	1,028 million RMB	
	⑦ Issue price of the initially issued shares	16.3 RMB	
	⑧ Number of shares to be compensated in the applicable fiscal year: ⑥/⑦	63,070,203	
	* The figures in ① through ⑥ are rounded to to one decimal place.		
(3) Acquisition price	1.00 RMB in total		
(4) Acquired from	Shanghai Shenhe Investment Co., Ltd. (FTS)		
(5) Scheduled cancellation date	To be carried out promptly upon resolution at the FTSVA general meeting of shareholders and completion of required procedures with Chinese authorities. Expected to take place around June 2026.		
(6) Capital contribution ratio of FTS To FTSVA		Current	After cancellation
	FTS	52.67%	48.28%

3. Future procedures

In connection with this matter, FTSVA will convene a general meeting of shareholders to pass resolutions regarding the acquisition of treasury shares and the reduction of capital (cancellation). The Company will also proceed with the necessary notifications and registration procedures with the relevant authorities, including the Shenzhen Stock Exchange.

4. Impact on business performance

The repurchase and cancellation of shares is a transfer of shares between subsidiaries of the Company's consolidated group, and the controlling relationship over these subsidiaries will be unchanged, there will be no impact on the Company's consolidated profit or loss.

As a result of this transaction, the number of FTSVA shares held by FTS and the total number of outstanding shares of FTSVA will decrease, so the capital contribution ratio of FTS to FTSVA will drop. However the impact on the consolidated performance of the Company will be minor.

This will not lead to changes in the policies for selling group assets and acquiring treasury shares, which were announced in our Mid-Term Management Plan and other disclosed.

5. Notes

For further information on this matter, please refer to "(Progress of a Disclosed Item) Notice of the Acquisition of Shares in a Subsidiary Manufacturing Power Semiconductor Substrates (FLH) by Our Chinese Subsidiary Operating the Parts Cleaning Business (FTSVA)" dated November 26, 2024, "(Correction of a Disclosed Item) (Progress of a Disclosed Item) Notice of the Acquisition of Shares in a Subsidiary Manufacturing Power Semiconductor Substrates (FLH) by Chinese Subsidiary Operating the Parts Cleaning Business (FTSVA)" dated April 30, 2026, and "Announcement of the Acquisition of Assets Through the Issuance of Shares and Convertible Bonds, Related Fund Procurement, the Progress of Fulfillment of Promises for Business Performance in FY2025 and Proposal for Compensation Regarding Related Transactions, the Shares Repurchased and Retired Based on the Profit Indemnity Agreement, and Apologies (Chinese)," an announcement of FTSVA dated April 29, 2026.

•Announcement of the Acquisition of Assets Through the Issuance of Shares and Convertible Bonds, Related Fund Procurement, the Progress of Fulfillment of Promises for Business Performance in FY2025 and Proposal for Compensation

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Regarding Related Transactions, the Shares Repurchased and Retired Based on the Profit Indemnity Agreement, and Apologies (in Chinese)

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