

July 15, 2020

Notice of Revision to Investment Plan for the Semiconductor Silicon Wafer Recycling Business

At the Board of Directors Meeting held today, Ferrotec Holdings Corporation approved a resolution to revise the investment plan for the wafer recycling business, which was announced on April 15, 2020 in a release titled "Notice Regarding Decision on Capital Investment in Semiconductor Silicon Wafer Recycling Business."

1. Reason for the investment plan revision

As announced in the press releases titled "Notice of Establishment of a New Company in China for Semiconductor Silicon Wafer Recycling Business" dated August 30, 2019 and "Notice Regarding Decision on Capital Investment in Semiconductor Silicon Wafer Recycling Business" dated April 15, 2020, our Chinese subsidiary Shanghai Shenhe ThermoMagnetics Electronics Co., Ltd. (hereinafter referred to as FTS) and the Government of Tongling City, Anhui Province, People's Republic of China (hereinafter referred to as Tongling City Government) have jointly established a new company, Ferrotec (Anhui) Semiconductor Materials Co., Ltd. (hereinafter referred to as FTASM), in Tongling City, Anhui Province in September 2019, with the intention of entering the business of semiconductor silicon wafer recycling services business. In addition, capital investments at the FTASM were approved in April 2020. Following the decision regarding capital investments, this investment plan was reexamined based on current market conditions in China for 12-inch prime grade wafers and the decision was made to revise this plan as follows.

2. Summary of Capital Expenditures (Including revisions)

(1)	Content of capital investment	Construction of wafer recycling factory building, interior (including clean room), auxiliary equipment, dedicated equipment (polishing, cleaning, inspection, and measurement equipment)	
(2)	Investment amount	Initial (as of April 15, 2020)	Revised
		500 million yuan* (about 7.65 billion yen)	893 million yuan* (about 13.66 billion yen)
		*Includes capital expenditures and some working capital (1 yuan = 15.3 yen)	
(3)	Location	Jinqiao Economic and Technological Development Zone, Tongling City, Anhui Province, China	
(4)	Site area	About 50,000m ² *Total floor area of the factory approximately 40,000m ²	
(5)	Production items and capacity	Product: Recycled semiconductor silicon wafers	
		Capacity: Due to the revised investment plan, plan to produce 120,000 recycled wafers (12-inch) per month	
		< Production capacity plan >	
		Initial (as of April 15, 2020)	Revised
		65,000 wafers/month	120,000 wafers/month
		*Additional investments are planned to increase monthly capacity to 200,000 wafers	
(6)	Financing method	Funds provided by FTS and Tongling City Government and loans from banks in China	

(7) Future schedule	Sept. 2019	Investment agreement with Tongling City, establishment of FTASM
	Oct. 2019	Construction commenced
	Sept. 2020	Construction completed
	Dec. 2020	Equipment loading, installation, and testing
	Jan. 2021	Commencement of manufacturing trials, and customer certifications
	April 2021	Mass production started

3. Outlook

This investment plan revision is expected to have only a negligible effect on consolidated results of operations in the fiscal year ending March 2021. An announcement will be made promptly if there is new information that needs to be disclosed.

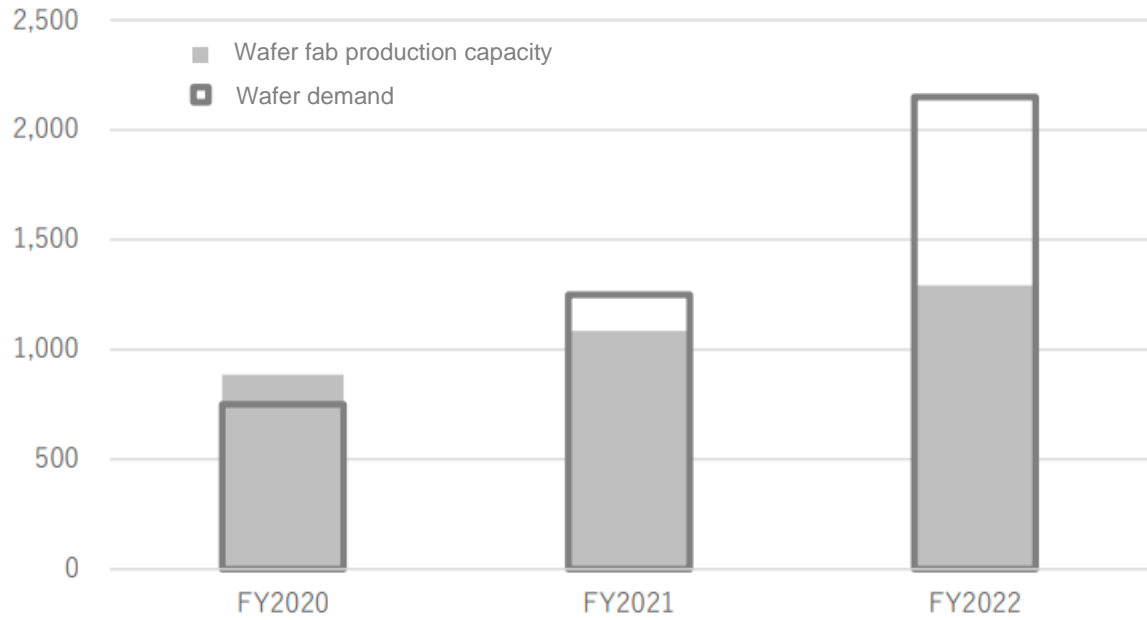
Appendix 1 Profile of the subsidiary

(1) Name	Ferrotec (Anhui) Semiconductor Materials Co., Ltd. (FTASM)	
(2) Location	Within the Jinqiao Economic and Technological Development Zone, Tongling City, Anhui Province, China	
(3) Job Title/Name of Representative	He Xian Han, Representative Director	
(4) Business outline	Recycling service for semiconductor wafers	
(5) Capital	500 million yuan * (Japanese yen conversion: 7.65 billion yen * Exchange rate RMB = 15.3 yen)	
(6) Establishment date	September 2019	
(7) Major Shareholders and Shareholding Ratio*	<ul style="list-style-type: none"> ▪ Shanghai Shenhe Thermo-Magnetics Electronics Co., Ltd. (FTS): 350 million yuan (70%) (Of which, 100 million yuan is planned to be invested in cash and 250 million yuan is planned to be invested in kind within 3 years) ▪ Tongling Development Investment Group Co., Ltd. (Tongling Development Investment): 75 million yuan (15%) ▪ Tongling Municipal Construction Investment Holding Co., Ltd. (Tongling Municipal Construction Investment): 75 million yuan (15%) <p>* Tongling Development Investment and Tongling Municipal Construction Investment are funds managed by Tongling City.</p>	
(8) Relationship with our company	Capital relationship	A sub-subsiary jointly owned by Shanghai Shenhe Thermo-Magnetics Electronics Co., Ltd., which is wholly-owned subsidiary of the Company, and by Tongling City Government.
	Personal relationship	Not applicable
	Business relationship	There are no business relationships to be stated

* The figures given are the final capital amounts and holding ratios as currently determined.

Appendix 2 Supply-Demand Forecast for 12-inch Prime Grade Wafers in China

Thousand Wafers/Month



*Ferrotec estimates based on market survey data from several sources