

March 24, 2021

**Notice of the Conclusion of a Contract for Capital and Business Alliances  
with Ohizumi MFG. Co., Ltd.**

Ferrotec Holdings Corporation hereby announces that the Company resolved at a meeting of Board of Directors held on March 22, 2021 to sign a contract for capital and business alliances (hereinafter, the “contract for capital and business alliances”; capital and business alliances based on said contract will be hereinafter referred to as the “capital and business alliances”) with Ohizumi MFG. Co., Ltd. (hereinafter, “Ohizumi MFG.”).

Regarding this matter, Integral OS Investment Partnership No. 1, which is the largest shareholder of Ohizumi MFG., and Spring L.P., which is the second largest shareholder, (hereinafter collectively referred to as the “major shareholders”) have agreed to transfer 2,441,100 common shares (ratio of voting rights: 29.12%) of Ohizumi MFG. to the Company through off-market negotiation transactions (hereinafter, the “share transfer”). Through the share transfer, Ohizumi MFG. will become an equity-method affiliate of the Company. Details are as follows.

**1. Reasons for the capital and business alliances**

Ohizumi MFG. manufactures and sells electronic components using the thermistor of semiconductor ceramics, whose electrical resistance changes according to heat and temperature, and temperature sensors composed of these components, which are attached to products of our clients, that is, manufacturers of auto parts, air-conditioners, home appliances, etc. for measuring and controlling temperature. It boasts a top-class share in the global market of in-vehicle temperature sensors, which is expected to grow stably, and also has a large market share in Asia, especially in China, where the demand for air-conditioners is growing. Based on innovative, high-quality thermistors, it operates business with the aim of becoming an enterprise that will contribute to the earth environment and the comfortable living of people and will be trusted around the world.

By the way, due to the global trend of the tightening of environmental regulations, demand is increasing for high-efficiency, high-precision thermal control technologies for improving energy utilization efficiency among manufacturers of new energy vehicles (NEVs), such as PHEVs and EVs. The thermistors of Ohizumi MFG. are indispensable core components for the thermal control process for them, so we expect that the demand for the thermistors will remain stable for a long period of time as the market of NEVs will expand. In addition, we recognize that there is room for our business to expand further in China, because the market of NEVs in China is growing rapidly.

Under these circumstances, we consider that by utilizing the global network, including our relationships with Chinese NEV companies, which are our clients for thermal control devices, such as thermo-electric modules, and power semiconductors, we will be able to promote the sales of high-quality products of Ohizumi MFG. and by effectively using our managerial resources, including the experience and know-how for installing automation and production management systems (MES and ERP), technologies for materials, such as ceramics, and manufacturing, and quality control know-how, we will be able to enhance the corporate value of both companies in the medium/long term. After having discussions many times, we reached an agreement for the capital and business alliances.

**2. Descriptions, etc. of the capital and business alliances**

(1) Description of the business alliance

The Company is planning to form a business tie-up regarding the following business and operations, by utilizing the technologies, selling capabilities, and other managerial resources nurtured by the Company and Ohizumi MFG. The details of the following business tie-up are to be discussed by the two companies.

- a. Create new products, technologies, and business domains based on Ohizumi MFG.’s excellent technologies for temperature sensors for in-vehicle devices and air-conditioners and the Company’s excellent technologies for thermal control devices, such as thermo-electric modules.
- b. Secure development of the businesses of in-vehicle devices, air-conditioners, and elements of the Company and Ohizumi MFG. in China, utilizing our managerial resources for sales and marketing in the Chinese market, with the aim of promoting the

products and technologies of Ohizumi MFG. in the Chinese market, targeting the clients for strategic sales promotion of the Group for the foreseeable future.

c. Realize more effective and swift utilization of managerial resources of both companies, through the personnel exchange among production, technology, and sales divisions.

In the capital and business alliances, the Company and Ohizumi MFG. have agreed that the Company may nominate 1 director of Ohizumi MFG. only when the ratio of voting rights held by the Company with respect to Ohizumi MFG. is 15% or higher.

(2) Description of the capital alliance

The Company plans to acquire 2,441,100 shares of Ohizumi MFG. (ratio of voting rights: 29.12%) from the major shareholders.

**3. Outline of the partner of the capital and business alliances**

(1)	Name	Ohizumi MFG. Co., Ltd.		
(2)	Address	1-11-4 Shinsayama, Sayama City, Saitama Prefecture		
(3)	Title and name of representative	Toshiki Saburi, President and CEO		
(4)	Contents of business	Manufacture and sale of element products and temperature sensors using the thermistor of semiconductor ceramics		
(5)	Capital	1,046 million yen		
(6)	Date of establishment	March 25, 1944		
(7)	Major shareholders and shareholding ratio (as of March 31, 2020)	Integral OS Investment Partnership No. 1	26.22%	
		SPRING L.P.	2.90%	
		The Master Trust Bank of Japan, Ltd. (trust account)	2.66%	
		Ohizumi group employee shareholding association	2.41%	
		SOMAR Corporation	2.15%	
		NOMURA PB NOMINEES LTD OMNIBUS-MARGIN (CASHPB)	2.01%	
		Kazuo Takizawa	1.66%	
		Yasufumi Ishikawa	1.00%	
		Masahiro Murakami	0.84%	
Matsui Securities Co., Ltd.	0.68%			
(8)	Relationship between Ohizumi MFG. and the companies/individuals	Capital relationship	Nothing is applicable.	
		Personnel relationship	Nothing is applicable.	
		Business relationship	Nothing is applicable.	
		Situations of related parties	Nothing is applicable.	
(9)	Consolidated business performance and consolidated financial standing in the past 3 years (rounded down to the nearest million yen)			
	Accounting period	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Consolidated net assets	1,793 million yen	2,200 million yen	2,178 million yen
	Consolidated total assets	8,585 million yen	8,928 million yen	9,442 million yen
	Consolidated net assets per share	212.53 yen	259.73 yen	256.02 yen
	Consolidated net sales	12,392 million yen	12,470 million yen	11,441 million yen
	Consolidated operating income	694 million yen	735 million yen	465 million yen
	Consolidated ordinary income	454 million yen	752 million yen	393 million yen
	Net income attributable to owners	334 million yen	560 million yen	220 million yen

of parent			
Consolidated net income per share	40.00 yen	67.01 yen	26.40 yen
Dividend per share	-	8.00 yen	8.00 yen

**4. Schedule**

(1)	Date of resolution by Board of Directors	Monday, March 22, 2021
(2)	Date of conclusion of the share transfer contract	Wednesday, March 24, 2021
(3)	Date of conclusion of the contract for capital and business alliances	Wednesday, March 24, 2021

**5. Future outlook**

The effects of the above-mentioned alliances on the business performance in the current fiscal year are estimated to be minor. We think that they will help improve our business performance and corporate value in the medium/long term. If timely disclosure becomes necessary, we will disclose information swiftly.