

August 6, 2021

Notice of Expected Extraordinary Loss and Discontinuation of Business of Korean Subsidiary

The Company hereby announces that, at the Board of Directors Meeting held on July 21, 2021, we resolved to discontinue the business of Ferrotec Advanced Materials Korea Corporation (hereinafter "FTAK," a dormant company), one of its consolidated subsidiaries in South Korea. As a result, the Company expects to incur an extraordinary loss in the first quarter of 2021. Details are as follows.

1. Reasons for discontinuing the business

The Company decided to withdraw from the CVD-SiC business of FTAK as mentioned in "Notice of Withdrawal from CVD-SiC Business at Korean Subsidiaries" disclosed on April 16, 2019 and has since carefully discussed alternative businesses with the government of Chungcheongnam-do Province, Dangjin City, and the Korea Industrial Complex Corporation. However, as a result of comprehensive consideration of the current status of the control of the COVID-19 infection, the profitability of the business diversion, the marketability of the business diversion, the securing of local management personnel, and the regulations of the business diversion, it was determined that the business diversion would be difficult. Therefore, the Board of Directors of the Company has decided to forgo the submission of the business plan to the Korea Industrial Complex Corporation, which was a precondition for the continuation of the business, and to discontinue the business of the company.

2. Outline of FTAK

(1)	Name	Ferrotec Advanced Material Korea Corporation
(2)	Address	120 Songsan-myeon, Dangjin City, Chungcheongnam-do, South Korea
(3)	Title and name of representative	Takeru Yamamura, President
(4)	Contents of business	Dormant
(5)	Capital	16 KRW billion (1,536 million yen) *1 KRW = 0.096 yen
(6)	Date of establishment	June 9, 2016
(7)	Major shareholders and shareholding ratio	The Company: 100%
(8)	Liquidation period	TBD

3. Estimated extraordinary loss and their details

The Company expects to record an extraordinary loss of approximately 900 million yen in its consolidated financial results for the first quarter of the fiscal year ending March 2022, due to the return of reduced land rent to Dangjin City, the return of subsidies for capital investments already received, and impairment losses on fixed assets.

4. Impact on consolidated business results

We are currently examining the consolidated business forecasts for the second quarter of the fiscal year ending March 2022, as well as the full-year business forecasts, and at present, there is no change to the forecast figures announced in "Notice of Extraordinary Income Expected to be Recorded and Revisions to Business Forecasts" dated July 15, 2021, but should we deem it necessary to revise them, we will make an announcement as soon as possible.

<Points to note>

This release does not mean that we are withdrawing our business in South Korea. South Korea is a strategically important area for the Company, and we will continue to expand our business through our consolidated subsidiary, Ferrotec Korea Corporation.