



Notice Concerning Issuance of New Shares and Secondary Offering of Shares

November 22, 2021

Company name	Ferrotec Holdings Corporation
Listings	Tokyo Stock Exchange JASDAQ Market [Standard]
Securities code	6890
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Ferrotec Holdings Corporation (the “Company”) hereby announces that its Board of Directors resolved on November 22, 2021 to issue new share and conduct a secondary offering of its shares as set forth below.

1. Issuance of New Shares by way of Public Offering (the “Primary Offering”)

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| (1) Class and Number of Shares to be Offered | 4,858,300 shares of common stock of the Company |
| (2) Method of Determination of the Amount to be Paid | The amount to be paid shall be determined on the date of determination of the issue price, etc. (which shall be a day falling in the period from Wednesday, December 1, 2021 to Tuesday, December 7, 2021) (the “Pricing Date”) pursuant to Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association (the “JSDA”). |
| (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased | The amount of stated capital to be increased shall be half of the maximum amount of stated capital to be increased, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the additional paid-in capital to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the maximum amount of stated capital to be increased. |
| (4) Method of Offering | The offering will be a public offering in Japan. All of the new shares shall be purchased for sale by the underwriting syndicate (the “Underwriters”). |

The issue price (offer price) with regard to the offering shall be determined based

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This press release does not constitute an offer of investment in nor solicitation for purchase securities within the United States or elsewhere. The securities referred to in this press release have not been, and will not, registered under the U.S. Securities Act of 1933 or any relevant securities law of any state. The securities may not be offered or sold in the United States absent registration or an exemption from registration requirements under the U.S. Securities Act of 1933. No offer of securities for sale in the United States will be made in connection with the above-mentioned transactions.

on the provisional range calculated by multiplying the closing price in regular trading of shares of common stock of the Company on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by between 0.90 and 1.00 (with any fraction less than one yen being rounded down), in accordance with Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the JSDA, taking into account market demand and other conditions.

As part of the offering, shares may be sold to investors in overseas markets such as Europe and Asia (excluding the United States and Canada).

- (5) Consideration to be paid to the Underwriters The Company shall not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between (a) the issue price (offer price) with respect to the offering and (b) the amount to be paid to the Company by the Underwriters shall constitute proceeds to the Underwriters.
- (6) Payment Date The payment date shall be a day falling in the period from Tuesday, December 7, 2021 to Monday, December 13, 2021; provided, however, that such day shall be the fourth business day following the Pricing Date.
- (7) Mr. He Xian Han, Representative Director, President, Group CEO of the Company has been authorized to determine the amount to be paid, the amounts of stated capital and additional paid-in capital to be increased and any other matters necessary for the issuance of new shares.
- (8) Each item above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan (the “FIEA”).

2. Secondary Offering of Shares of the Company by way of Over Allotment (the “Secondary Offering”)
(See paragraph 1. of “References” below)

- (1) Class and Number of Shares to be Sold 728,700 shares of common stock of the Company.
The number of shares set out above is the maximum number of shares which may be sold. The above number may decrease, or the Secondary Offering may be cancelled in its entirety, depending on market demand and other conditions. The number of shares to be sold shall be determined on the Pricing Date, taking into account market demand and other conditions.
- (2) Seller The lead manager
- (3) Selling Price Undetermined. (The selling price shall be determined on the Pricing Date; provided, however, that such selling price shall be the same as the issue price (offer price) in the Primary Offering.)

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- (4) Method of Secondary Offering Taking into account market demand and other conditions for the Primary Offering, the lead manager will undertake a Secondary Offering of shares of common stock of the Company (up to 728,700 shares) borrowed from certain shareholder(s) of the Company.
- (5) Delivery Date The delivery date shall be the next business day after the payment date in respect of the Primary Offering.
- (6) Mr. He Xian Han, Representative Director, President, Group CEO of the Company has been authorized to determine the selling price and any other matters necessary for the Secondary Offering.
- (7) Each item above shall be subject to the effectiveness of the securities registration statement filed under the FIEA.

3. Issuance of New Shares by way of Third-Party Allotment (See paragraph 1. of “References” below)

- (1) Class and Number of Shares to be Offered 728,700 shares of common stock of the Company.
- (2) Method of Determination for the Amount to be Paid The amount to be paid shall be determined on the Pricing Date; provided, however, that such amount to be paid shall be the same as the amount to be paid in respect of the Primary Offering.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum amount of stated capital to be increased, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the additional paid-in capital to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the maximum amount of stated capital to be increased.
- (4) Allottee The lead manager
- (5) Payment Date Tuesday, December 28, 2021
- (6) Shares not subscribed within the subscription period shall not be issued.
- (7) Mr. He Xian Han, Representative Director, President, Group CEO of the Company has been authorized to determine the amount to be paid, the amounts of stated capital and additional paid-in capital to be increased and any other matters necessary for the issuance of new shares by way of third-party allotment.
- (8) Each item above shall be subject to the effectiveness of the securities registration statement filed under the FIEA.

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1. Secondary Offering and other matters

The Secondary Offering described under “2. Secondary Offering of Shares of the Company by way of Over Allotment” above is a secondary offering of shares of common stock of the Company, to be made in conjunction with the Primary Offering described under “1. Issuance of New Shares by way of Public Offering” above in an amount not exceeding 728,700 shares, which will be borrowed by the lead manager from certain shareholder(s) of the Company, taking into account market demand and other conditions. The maximum number of shares to be offered in the Secondary Offering will be 728,700 shares; provided, however, that the number may decrease or the Secondary Offering may be cancelled entirely, depending on market demand and other conditions.

In connection with the Secondary Offering, the board of directors of the Company resolved, at the meeting held on Monday, November 22, 2021, that the Company will issue 728,700 shares of common stock to the lead manager, the allottee, by way of the third-party allotment described under “3. Issuance of New Shares by way of Third-party Allotment”, with a payment date of Tuesday, December 28, 2021, for the purpose of enabling the lead manager to procure the shares necessary to return the shares borrowed from the Company’s shareholder(s) (the “Borrowed Shares”).

2. Use of Proceeds

With respect to the total approximate amount of the proceeds of up to 22,255,906,700 yen to be received by the Company from the Primary Offering and the issuance of new shares by way of third-party allotment, approximately 17,300 million yen is scheduled to be used to fund capital investments in consolidated subsidiaries by the end of December 2022; approximately 2,600 million yen is scheduled to be used to fund redemption of 10th unsecured corporate bonds scheduled to redeem on March 25th, 2022; and any remaining amount will be used to repay borrowings by end of June 2022.

In respect of the proposed capital investments in consolidated subsidiaries: Approximately 1,500 million yen is scheduled to be used to fund capital investments in quartz product manufacturing equipment, etc. in Dongtai Factory of Ferrotec Quartz Technology Co.,Ltd., by the end of December 2021; approximately 5,000 million yen is scheduled to be used to fund investments in metal processing equipment, etc. in Changshan Factory of Zhejiang Advanced Precision Machinery Co., Ltd., by the end of December 2022; approximately 3,000 million yen is scheduled to be used to fund capital investments in special ceramic manufacturing equipment, etc. in Ishikawa Factory No.2 of Ferrotec Material Technologies Corporation, by the end of October 2022; approximately 3,300 million yen is scheduled to be used to fund capital investments in manufacturing equipment, etc. for thermo-electric module products and consumer product in Changshan Factory of Zhejiang Advanced Thermoelectric Technology Co., Ltd. by the end of October 2022; and approximately 4,500 million yen is scheduled to be used to fund investments to strengthen the head office in China and R&D functions by Shanghai Hanhong Precision Machinery Co., LTD.

Until used as set forth above, the Company intends to invest the unused portion of the net proceeds in

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investment-grade debt or other similar instruments.

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