

Notice of Capital Investment (Construction of a New Factory) by Subsidiary that Manufactures Insulated Heat Dissipating Substrates for Power Semiconductors

Ferrotec Holdings Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that, at the meeting of Board of Directors held today, we resolved to construct a new factory in Ferrotec (Jiangsu) Semiconductor Technology Co., Ltd. (FTSJ), which is a subsidiary that manufactures insulated heat dissipating substrates for power semiconductors. Details are as follows.

1. Background for the investment, etc.

- The power semiconductor business of the Company has been expanding rapidly, and the factories in Shanghai and Dongtai, which are current production sites, do not have available land for further enlargement, so we discussed the construction of the third factory for power semiconductor substrates. Then, we have proceeded with the plan of constructing a new factory after securing land suited for the new factory in Neijiang City, Sichuan Province, where our business base is located and which has good access to the hub of the automobile-related industry in western China, where our products are demanded. Through the construction of this new factory, we will meet the demand in the rapidly growing power semiconductor market and concentrate on the expansion of our business.
- For building the new factory, we established Ferrotec (Sichuan) Semiconductor Technology Co., Ltd. as a subsidiary of FTSJ. It will manage and operate this factory.
- The previous disclosure items are written in < Reference> “Appendix I: List of releases on FTSJ.” Please refer to them.

2. Outline of the capital investment

(1)	Investment amount	832,695,000 yuan (approx. 17.1 billion yen) *1 Chinese yuan = 20.51 yen → This corresponds to the investment for the first phase (2023) We will apply for the investment for the second phase (2025), according to the recent situation.
(2)	Construction site for the new factory	Inside the National Economic and Technological Development Zone in Neijiang City, Sichuan Province, China
(3)	Breakdown of the first-phase investment	Factory building, etc.: 368,400,000 yuan (approx. 7.6 billion yen) *1 Chinese yuan = 20.51 yen (Total floor area of the building: Approx. 80,000 m ²) Machinery and equipment: 464,295,000 yuan (approx. 9.5 billion yen)
(4)	First-phase schedule	•Commencement of construction: July 2022 •Completion of the factory building, etc.: June 2023 •Installation of machinery and equipment: December 2023
(5)	Scheduled date of start of operation	January 2024

3. Overview of the subsidiary

(1) Outline of FTSJ as of June 30, 2022

(1)	Name	Ferrotec (Jiangsu) Semiconductor Technology Co., Ltd. (FTSJ)
(2)	Address	18 Hongda Road, Chengdong New District, Dongtai City, Jiangsu Province, China
(3)	Title and name of Representative	He Xian Han, Representative Director
(4)	Contents of business	Manufacture and sale of power semiconductor substrates
(5)	Capital	379,158,000 yuan (approx. 7.8 billion yen) *1 Chinese yuan = 20.51 yen

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(6)	Date of establishment	March 16, 2018	
(7)	Major shareholders and shareholding ratio	Shareholder	
		Shareholding ratio	
		Shanghai Shenhe Investment Co., Ltd. (abbr.: FTS)	
(8)	Relationship between FTSJ and the company	Capital relationship	FTSJ is a subsidiary 60.6% of whose voting rights are held by FTS, a consolidated subsidiary of the Company.
		Personnel relationship	The representative director and president of the Company concurrently serves as director of the subsidiary.
		Business relationship	Nothing is applicable.

(2) Outline of Ferrotec (Sichuan) Semiconductor Technology Co., Ltd. as of June 30, 2022

(1)	Name	Ferrotec (Sichuan) Semiconductor Technology Co., Ltd.	
(2)	Address	888-8 Han Chen Road, National Economic and Technological Development Zone in Neijiang City, Sichuan Province, China	
(3)	Title and name of Representative	He Xian Han, Representative Director	
(4)	Contents of business	Manufacture and sale of power semiconductor substrates	
(5)	Capital	30,000,000 yuan (approx. 600 million yen) *1 Chinese yuan = 20.51 yen	
(6)	Date of establishment	April 20, 2022	
(7)	Major shareholders and shareholding ratio	Shareholder	
		Shareholding ratio	
		Ferrotec (Jiangsu) Semiconductor Technology Co., Ltd. (FTSJ)	
(8)	Relationship between the company and FTSJ	Capital relationship	The company is a wholly owned subsidiary of a subsidiary 60.6% of whose voting rights are held by FTS, a consolidated subsidiary of the Company.
		Personnel relationship	The representative director and president of the Company concurrently serves as director of the subsidiary.
		Business relationship	Nothing is applicable.

4. Future outlook

The impact on the business performance of the Company for the current fiscal year through this matter is expected to be minor. However, we will promptly disclose relevant items as soon as they are confirmed.

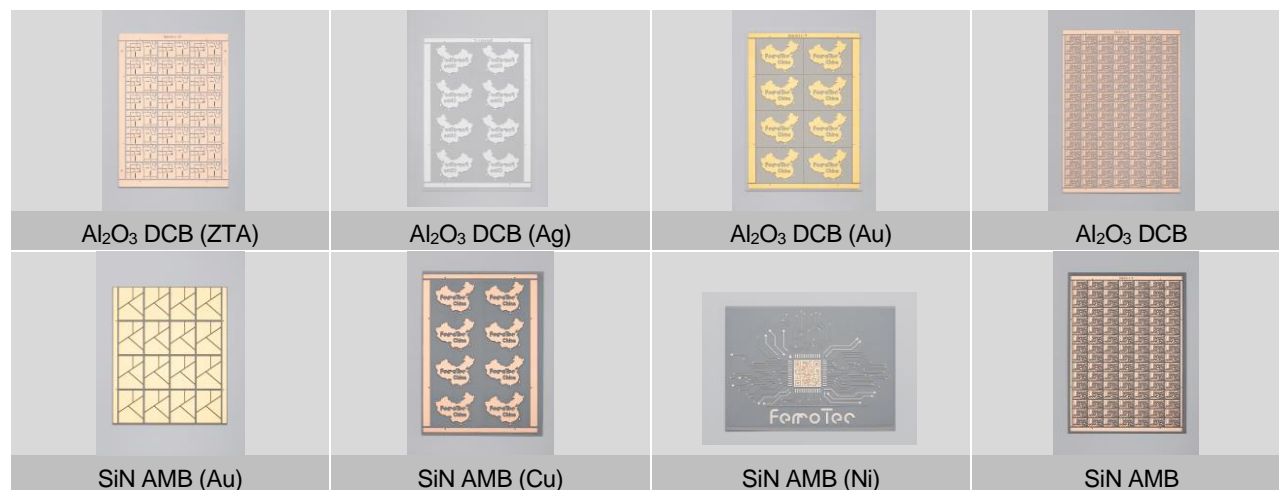
News Release: Ferrotec Holdings Corporation (6890 TSE Standard)

<Reference>

Appendix I: List of releases on FTSJ

Release date	Title
May 27, 2022	(Correction and Change of a Disclosed Item) Notice of Fourth Issuance of New Shares through Third-Party Allotment by Subsidiary that Manufactures Insulated Heat Dissipating Substrates for Power Semiconductors
Mar. 17, 2022	(Correction of a Disclosed Item) Notice of Fourth Issuance of New Shares through Third-Party Allotment by Subsidiary that Manufactures Insulated Heat Dissipating Substrates for Power Semiconductors
Mar. 16, 2022	Notice of Fourth Issuance of New Shares through Third-Party Allotment by Subsidiary that Manufactures Insulated Heat Dissipating Substrates for Power Semiconductors
Mar. 7, 2022	Notice of the Conclusion of an Investment Contract by a Subsidiary that Manufactures Insulated Heat Dissipating Substrates for Power Semiconductors
Feb. 25, 2022	Notice of the Conclusion of an Advisory Contract for Listing Between a Subsidiary that Manufactures Insulated Heat Dissipating Substrates for Power Semiconductors and Huatai United Securities and the Registration by the China Securities Regulatory Commission
Aug. 6, 2021	Notice of Issuance of New Shares through Third-Party Allotment by Subsidiary that Manufactures Insulated Heat Dissipating Substrates for Power Semiconductors
Apr. 28, 2021	(Change of a Disclosed Item) Notice of the Establishment of a Research Institute in the Subsidiary that Manufactures Power Semiconductor Substrate
Apr. 15, 2021	Notice of the Establishment of a Research Institute in the Subsidiary that Manufactures Power Semiconductor Substrate
Mar. 19, 2021	(Addition/Correction of a Disclosed Item) Notice of the (Second) Issuance of New Shares through Third-Party Allotment by the Subsidiary that Manufactures Power Semiconductor Substrate
Feb. 10, 2021	Notice of the (Second) Issuance of New Shares through Third-Party Allotment by the Subsidiary that Manufactures Power Semiconductor Substrate
Nov. 17, 2020	Notice of the Issuance of New Shares through Third-Party Allotment by the Subsidiary that Manufactures Power Semiconductor Substrate

Appendix II: Some of the insulated heat dissipating substrates for power semiconductors handled by FTSJ



Appendix III: Type of power semiconductors and their pressure resistance/application

Main market fields for DCB/AMB: Industrial machinery, motor vehicles, electrical railway, and renewable energy

