

July 18, 2024

Notice of the Capital Investment (Construction of a New Factory) by a Sensor Business Subsidiary in Lishui, China

Ferrotec Holdings Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that, at the meeting of the Board of Directors held yesterday, we resolved to invest 522.33 million yuan (approx. 11.6 billion yen) to construct a new factory for Ferrotec (Zhejiang) Sensor Technology Co., Ltd. (hereinafter “FTSL”), which is a sensor business subsidiary in China. Details are as follows.

This matter is capital investment in relation to an investment agreement disclosed in “Notice of the Conclusion of an Investment Agreement between Our Subsidiary Managing the Business in China and Lishui City, Zhejiang, China” dated December 15, 2023. Please also refer to the disclosure entitled “Notice of the Establishment of a New Company (Specified Subsidiary) for the Sensor Business in Lishui, Zhejiang, China” released on November 14, 2023 to learn about FTSL, which is the investment target.

Please note that we called FTSL “Ferrotec (Zhejiang) **Information** Technology Co., Ltd.” up to the notice on December 15, 2023. However, from this disclosure, we will call FTSL “Ferrotec (Zhejiang) **Sensor** Technology Co., Ltd.” as it is its official name.

1. Outline of the capital investment

(1)	Investment amount	522.33 million yuan (approx. 11.6 billion yen) *1 Chinese yuan = 22.16 yen [Breakdown] Factory building: 456.57 million yuan (approx. 10.1 billion yen) Machinery and equipment: 65.76 million yuan (approx. 1.5 billion yen)
(2)	Location	Economic Development Zone, Liandou District, Lishui City, People’s Republic of China
(3)	Total floor area of the building	Approx. 120,000 m ²
(4)	Schedule	Start of building construction: July 2024 Completion of the building: January 2025 Completion of equipment delivery: January 2025
(5)	Scheduled date of start of operation	March 2025

2. Overview of the subsidiary as of June 30, 2024

(1)	Name	Ferrotec (Zhejiang) Sensor Technology Co., Ltd. (FTSL)	
(2)	Address	Economic Development Zone, Liandou District, Lishui City, People’s Republic of China	
(3)	Title and name of Representative	He Xian Han, Representative Director	
(4)	Contents of business	Manufacturing and sale of electronic materials, such as sensors, development of related technologies, etc.	
(5)	Capital	2 billion yuan (approx. 41.5 billion yen) *1 Chinese yuan = 22.16 yen	
(6)	Date of establishment	November 27, 2023	
(7)	Major shareholders and shareholding ratio	Shareholder	
		Ferrotec Holdings Corporation	Shareholding ratio 44.8%
		Shanghai Shenhe Investment Co., Ltd. (FTS)	6.2%
		Lishui Nancheng New District Investment Development Co., Ltd.	29.0%
		Lishui High Tech Financial Investment Holdings Co., Ltd.	20.0%
(8)	Relationship between FTSL	Capital	FTSL is a subsidiary 51.0% of whose voting rights are held

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and the companies	relationship	by the Company and FTS, a consolidated subsidiary of the Company.
	Personnel relationship	The director of the Company concurrently serves as director of the subsidiary.
	Business relationship	Nothing is applicable.

3. 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.