

Notice of the Determination of the Basic Policy to Transition from Being a Pure Holding Company to Being an Operating Company through a Merger with Our Consolidated Subsidiary

Ferrotec Holdings Corporation (Representative Director: He Xian Han; hereinafter “the Company”) hereby announces that, at the meeting of the Board of Directors held today, we passed a resolution on the basic policy to transition from being a pure holding company to being an operating company through an absorption merger (hereinafter “the Merger”) in which the Company will be the surviving company and its consolidated subsidiary Ferrotec Material Technologies Corporation (hereinafter “FTMT”) will be the disappearing company.

The Merger will be a simplified absorption merger of a consolidated subsidiary. Therefore, the Company is omitting the disclosure of some items and details here.

1. Backound to the determination of the basic policy and its purpose

After the Group transitioned to being a holding company through a company split on April 1, 2017, we strived to strengthen our group strategic functions, enhance corporate governance and realize group synergies under a divisional structure with the Company being a pure holding company. Since then, the Company has steadily expanded our business through proactive capital investment in response to robust demand from semiconductor customers mainly in China. At the same time, the Company has also expanded our business by implementing and realizing inter-business strategies, an important strategy, in many areas.

Meanwhile, the Company has been responding to changes in the management environment in recent times in order to re-strengthen our production bases in Japan. Nevertheless, to respond to the rapidly changing business environment surrounding the Group, the Company believes it would be more appropriate to resolve issues such as overlapping functions and personnel shortages through this business restructuring to operate our business more flexibly especially in Japan. Based on this belief, the Company has determined a basic policy to consider the establishment of the optimal structure for each of our businesses and functions.

After transitioning to being an operating company, the Company will optimally allocate human resources and other management resources to reform our profit structure. Together with this, the Company will aim to improve our medium- to long-term group corporate value by speeding up decision making, flexibly operating businesses and also expanding businesses through M&As.

2. Overview of the Merger

(1) Schedule of the Merger

February 13, 2025 (today)	Resolution passed by the Board of Directors on the basic policy
March 14, 2025 (planned)	Resolution to be passed by the Board of Directors on the absorption merger agreement (determination of the company to be absorbed and merged)
March 14, 2025 (planned)	Signing of the absorption merger agreement
July 1, 2025 (planned)	Absorption merger to come into effect

(Note) *The Merger is a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act. The wholly-owned subsidiary (FTMT) will be subject to a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act. Therefore, the Merger will take place without obtaining the approval of the General Meeting of Shareholders for the merger agreement in the surviving company and the disappearing company.

(2) Method of the Merger

This will be an absorption merger in which the Company will be the surviving company and FTMT (a wholly-owned subsidiary) will be the disappearing company.

(3) Details of the allocation relating to the Merger

This will be a merger with a wholly-owned subsidiary. Therefore, no shares will be issued or money paid.

(4) Handling of stock acquisition rights and corporate bonds with stock acquisition rights relating to the Merger

Not applicable

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3. Overview of the parties involved in the Merger as of March 31, 2024

	Surviving company	Disappearing company
(1) Name	Ferrotec Holdings Corporation	Ferrotec Material Technologies Corporation
(2) Address	2-3-4- Nihonbashi, Chuo City, Tokyo	2-3-4- Nihonbashi, Chuo City, Tokyo
(3) Title and name of representative	He Xian Han, Representative Director	Takeru Yamamura, Representative Director(*)
(4) Contents of business	Holding company	Manufacture and sale of products of the semiconductor and other equipment-related business, electronic device business and automotive-related business
(5) Capital	29,539 million yen	485.5 million yen
(6) Date of establishment	September 27, 1980	December 1, 1989
(7) No. of outstanding shares	47,111,567 shares	28,420 shares
(8) Account closing month	March	December
(9) Major shareholders and shareholding ratio	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.: 1.98% Akira Yamamura: 1.81% The Master Trust Bank of Japan, Ltd. (trust account): 1.81% STATE STREET BANK AND TRUST COMPANY 505223: 1.60% JP MORGAN CHASE BANK 385622: 1.51% INTERACTIVE BROKERS: 1.50% JP Morgan Chase & Co.: 1.44% JP MORGAN CHASE BANK 385781: 1.36% Custody Bank of Japan, Ltd. (trust account): 1.33% STATE STREET BANK WEST CLIENT-TREATY 505234: 1.24%	Ferrotec Holdings Corporation: 100%
(10) Latest operating results and financial standing		
Fiscal year	FY 3/24 (consolidated)	FY 12/23 (non-consolidated)
Net assets	278,166 million yen	12,105 million yen
Total assets	510,026 million yen	27,712 million yen
Net assets per share	4,348.01 yen	425,961.56 yen
Net sales	222,430 million yen	27,733 million yen
Operating profit	24,872 million yen	2,823 million yen
Ordinary profit	26,537 million yen	2,960 million yen
Profit attributable to owners of parent	15,154 million yen	2,003 million yen
Profit per share	322.65 yen	78,480.63 yen

*The Representative Director of Ferrotec Material Technologies Corporation is He Xian Han as of today.

4. Status of the Company after the Merger

The Merger will not result in any changes to the representative's title and name, capital, accounting period or head office location. The Company's trade name will be as in "Notice of the Change to the Trade Name and Partial Amendment to the

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Articles of Incorporation (Trade Name) of Ferrotec Holdings Corporation" dated today.

5. Future outlook

The Merger is a merger with a wholly-owned consolidated subsidiary of the Company. Therefore, the impact on the Company's consolidated performance will be minor.