

Ferrotec Group Responses to the Coronavirus (COVID-19) Outbreak

Ferrotec Holdings Corporation wishes to express its sincere condolences to those who have lost family members or other loved ones due to the coronavirus disease (COVID-19) outbreak and for the rapid recovery of those who have been infected by this virus. On January 21, 2020, Ferrotec Holdings established an emergency response headquarters led by vice president and representative director He Xian Han. This headquarters is overseeing activities to collect information, ensure the safety of employees and prevent the spread of infections while working closely with subsidiaries in China. Specific activities of the Ferrotec Group concerning COVID-19 are as follows.

1. Safety of employees

The safety of employees is the highest priority of Ferrotec Group companies in China. These companies are checking the safety and health of more than 6,000 employees in China on a daily basis. Companies are monitoring body temperatures, requiring the use of masks, implementing a strict hygiene program that includes quarantines as needed, and taking other actions to prevent the spread of infections. At this time, no one at any our business site in China (see below) has been infected with COVID-19. More information about specific activities in China is in the two attachments to this release titled "Measures to Prevent COVID-19 Infections at Ferrotec Group China Business Sites."

Note: In China, Ferrotec has subsidiaries in Shanghai, Hangzhou, Tianjin, Dalian, Sichuan province, Anhui province, Jiangsu province, and Ningxia.

2. Support for subsidiaries in China

Ferrotec Holdings is sending its emergency supplies of masks, contactless thermometers and other supplies to subsidiaries in China. Assistance is provided in a manner that will not be detrimental in any way to the ability to continue business operations. Ferrotec Holdings will continue to provide support in response to the requests of group companies in China.

3. Business operations of subsidiaries in China

Even during the Spring Festival period, operations continued to some degree, except at a few subsidiaries and business units. Subsidiaries in China acted quickly to prevent the spread of COVID-19 by establishing rigorous hygiene management programs during the Spring Festival period. As a result, these companies were able to receive government permission to continue operations even as restrictions on the operations of an increasing number of other companies were announced following this holiday period. Currently, many activities are under way to return manufacturing activities to normal by gradually increasing production volume. Capacity utilization rates will differ depending on the circumstances of each subsidiary and product category.

4. Logistics at business sites in China

The COVID-19 outbreak is not having a significant impact on logistics operations in China at this time. The Ferrotec Group will take actions as needed while continuing to monitor events involving this crisis.

5. Effect on results of operations

Ferrotec Holdings is examining the effect of the COVID-19 outbreak on sales and earnings. In the current fiscal year, which ends in March 2020, the impact of this crisis is expected to be minimal because subsidiaries in China use a fiscal year that ends in December. An announcement will be made promptly if there is new information about this crisis that requires disclosure.

1 Hygiene management

- 1) Requirement to wash hands two times: at the entrance security station and at entrances to buildings and to disinfect shoes before entering buildings
- 2) Building interiors (manufacturing areas, corridors, rest rooms, offices, cafeterias, doors and other locations) are disinfected every day and results of disinfecting activities are supervised
- 3) Tissues are placed beside doors so that people do not touch knobs directly
- 4) As a rule, meetings and other gatherings of 10 or more people are prohibited
- 5) Cafeteria operations have been suspended at all locations and employees receive lunch boxes (disposable) from an external vendor; the hygiene management processes of this vendor are checked too
- 6) Meal times are different for each business unit, face-to-face seating is prohibited and a suitable amount of space is maintained between people
- 7) As a rule, no external visitors other than government officials are allowed starting on Monday February 10
- 8) When the entry of an external individual other than a government official cannot be avoided, entry is allowed only with the permission of He Xian Han, Representative and after completing a questionnaire concerning personal information and recent activities
- 9) Human resources, administrative and security personnel who have frequent contact with employees must strictly supervise their own health
- 10) When arriving for work, everyone must complete an application in advance and be checked for a fever at the security station; only people with no signs of a problem are allowed to enter
- 11) At each business site, employees who are not natives of where the site is located are divided into three groups based on the level of infection risk for the supervision of their health: (a) people who were in Hubei province during the Chinese new year; (b) people who may have had contact with people who were in Hubei province; and (c) people who did not leave the city where the site is located
- 12) Even when an individual is diagnosed by a physician with a cold or flu rather than COVID-19, the individual must receive a certificate from a clinic after the disease is gone and return to work only after receiving the permission of the COVID-19 Infection Prevention Management Team

2 Support for employees

- 1) The Ferrotec Group will issue letters of appreciation and provide a broad range of support to employees who have returned from a Chinese new year holiday in Hubei province and to people from Japan who were assigned to work at a subsidiary in China or sent on an extended business trip to one of these subsidiaries.
- 2) Employees at business sites who have returned from a Spring Festival holiday in another region of China receive three meals every day at company housing and supplies as needed. These individuals are asked to complete a quarantine period as instructed by the government. Individuals who are then unable to return to their homes due to government instructions will receive from the company a separate place to stay.

Appendix 2 Measures to Prevent COVID-19 Infections at Ferrotec Group China Business Sites

(1) Checking for a fever at the security station



(2) Employees must be thoroughly checked before going to their workplaces



(3) A visitor arriving by car undergoes a fever check



(4) Disinfecting a bus used to transport employees



(5) People cannot sit side by side or face to face in the cafeteria



(6) An employee housing disinfecting procedure



(7) Tissues are used to press elevator buttons



(8) A disinfectant is sprayed in a conference room

