

March 13, 2020

Ferrotec Group Responses to the Coronavirus (COVID-19) Outbreak Part 2

As about three weeks has passed since we last reported about the status of our Group's initial response in the report "Ferrotec Group Responses to the Coronavirus (COVID-19) Outbreak" on February 20, 2020, we would like to report the current status in this second report.

1. Safety of Employees

For all our Group's subsidiaries in China, we are continuing to ensure safety and check health status of over 6000 local staff members after developing a well-prepared system for prevention of epidemics ensuring checking of body temperature, wearing of face masks, hygiene control, quarantine, etc. As of now (March 12), no affected individual from our Chinese subsidiaries* has been reported. Also, we are taking the same safety measures for our bases in Japan, other Asian countries excluding China, Europe, and the U.S.

2. Operational Condition of Chinese Subsidiaries

Although we continued constant operations in the production bases in China even during the Chinese New Year except some subsidiaries and offices, many employees who took holidays from February 10 returned to the workplace, with the rate of return to work being approx. 97% as of March 12, and the production system has almost regained efficiency to ensure normal operations.

3. Logistics Status of Chinese Bases

At the moment, no major effect has been observed on parts procurement or product supply to customers, but we will continue to pay attention to the situation and implement necessary measures.

4. Impact on Business Performance

We are continuing to closely investigate the impact of the concerned subject on our business performance. According to reports, the spread of the coronavirus in China has passed its peak and entered the phase of gradual containment, but its impacts are increasingly observed in countries and regions like Japan, Europe and the U.S., and therefore, we are paying close attention to the matter considering uncertainties. Further, we expect limited effects of the coronavirus on the performance of the current term as the account closing month for our Chinese subsidiaries is December, however, we will notify you immediately if any event to be disclosed occurs.