

Management's Discussion and Analysis

Overview

In fiscal 2019, we launched a five-year Medium-Term Management Plan called "Reiwa Prosperity 2023." The final year of the plan is fiscal 2023, when we will celebrate the 100th anniversary. Under the plan, we are promoting various growth strategies. These include focusing resources on growth fields—namely, power electronics systems and power semiconductors—while expanding our overseas business.

The operating environment in fiscal 2019 saw ongoing curtailment of investments, especially in China, resulting mainly from protracted U.S.-China trade friction that continued from the previous fiscal year, as well as bearish exports of machine tools from Japan due to slowdowns in overseas markets. Against this backdrop, the global COVID-19 pandemic, which struck during the fourth quarter, greatly restricted economic activities as unprecedented rules were enforced, including factory closures and limitations on people's movement. The result was a severe environment caused by a growing sense of uncertainty.

To help prevent the spread of COVID-19, the Company asked employees working at the head office, branches, and other business sites in Japan to work from home whenever possible. Employees who cannot work from home, including those working at production sites, were asked to take steps to prevent the spread of the virus through various measures, such as adopting staggered work hours and avoiding confined spaces, large gatherings, and close interactions. Overseas, we suspended operations at some factories at the instruction of local governments.

Financial Performance

Net Sales

Net sales in fiscal 2019 decreased by 1.6% year on year, to ¥900,604 million.

In the Electric Devices and Power Generation segment sales increased year on year. However, sales in Power Electronics Systems Energy, Power Electronics Systems Industry and Food and Beverage Distribution segment decreased year on year. Domestic sales decreased by 0.4%, to ¥679,719 million. Overseas sales decreased by 5.0%, to ¥220,885 million.

The ratio of overseas sales decreased by 0.9 percentage point, to 24.5% year on year.

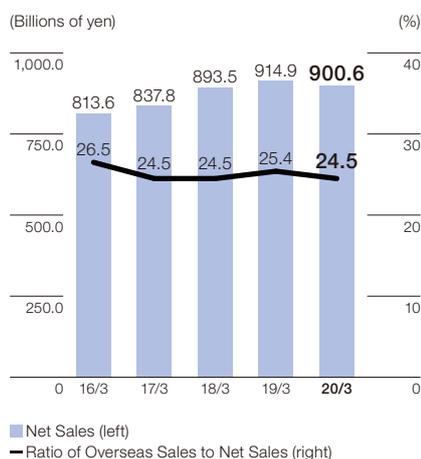
Cost of Sales, Selling, General and Administrative Expenses and Operating Income

The cost of sales was ¥680,068 million, which is the same level as the previous year, and the ratio of cost of sales to net sales increased by 1.2 percentage point, to 75.5%.

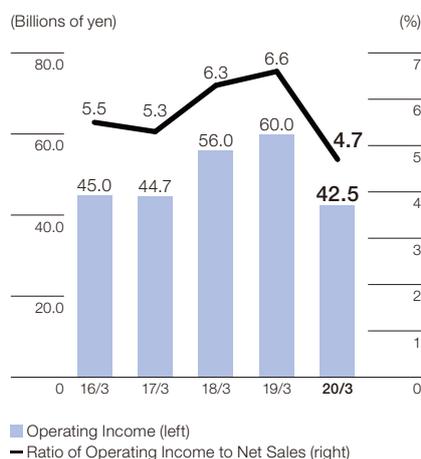
Selling, general and administrative expenses increased by 1.7% year on year, to ¥178,021 million. The ratio of selling, general and administrative expenses to net sales increased by 0.6 percentage point, to 19.8%.

Operating income decreased by ¥17,457 million year on year, to ¥42,515 million, due to a decrease in net sales and production volumes, impact of foreign exchange rate, and investment in the power semiconductor business, partially offset by cost reduction. The operating margin decreased by 1.8 percentage point, to 4.7% year on year.

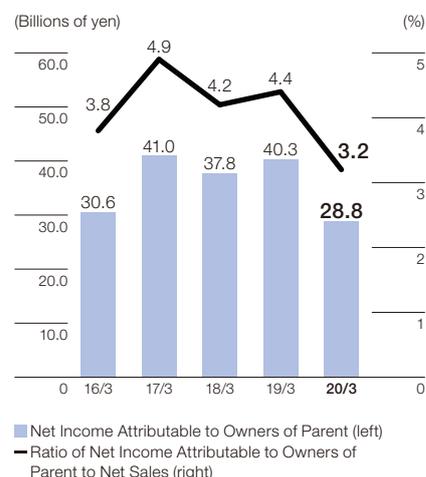
**Net Sales /
Ratio of Overseas Sales to Net Sales**



**Operating Income /
Ratio of Operating Income to Net Sales**



**Net Income Attributable to Owners of Parent /
Ratio of Net Income Attributable to Owners of Parent to Net Sales**



Non-Operating Income (Expenses) and Ordinary Income

Non-operating income (net) decreased by ¥1,509 million year on year, to ¥1,998 million. This decrease was primarily due to a foreign exchange loss of ¥1,326 million, compared to a foreign exchange gain of ¥89 million yen in the previous year.

As a result, ordinary income decreased by ¥18,966 million to 44,513 million.

Extraordinary Income (Loss), Income before Income Taxes and Non-Controlling Interests

Extraordinary income totaled ¥2,771 million and included a gain on sales of noncurrent assets and a gain in sales of investment securities. This represented a ¥320 million year-on-year increase due to an increase in gain on sales of investment securities, which were partially offset by a reduction in foreign currency translation adjustments reversal gains.

Extraordinary loss totaled ¥3,423 million and included a loss on disposal of noncurrent assets, a loss on devaluation of investment securities and a loss on compensation for damage. This represented a ¥220 million year-on-year decrease due to the impairment loss recorded in the previous fiscal year, partially offset by an increased devaluation of investment securities.

Net Income

Income before income taxes decreased by ¥18,427 million year on year, to ¥43,860 million. After subtracting ¥11,989 million in income taxes (the net of income taxes-current and income taxes-deferred) and ¥3,078 million in net income attributable to non-controlling interests, net income attributable to owners of parent decreased by ¥11,474 million from the previous fiscal year, to ¥28,793 million.

Results by Business Segment

Power Electronics Systems—Energy Solutions

Net sales: ¥218,013 million (a decrease of 2.7% year on year)

Operating income: ¥12,322 million (a decrease of ¥4,507 million year on year)

Net sales and operating income decreased year on year mainly due to a decline in demand for the ED&C components business, partially offset by strong demand in facility / power source system business.

- In the energy management business, net sales and operating income decreased year on year primarily due to the lower demand for smart meters and the impact of large-scale orders for overseas in the previous fiscal year, partially offset by strong demand in power supply equipment for industry and railways.
- In the facility / power source system business, net sales and operating income increased primarily driven by increased large-scale orders from overseas, partially offset by the impact of large-scale domestic projects in the previous fiscal year.
- In the ED&C components business, sales decreased year-on-year due to a decrease in demand from machine set manufacturers and operating income decreased due to a decrease in demand and an increase in costs associated with product defects.

Orders received in fiscal 2019 (Power Electronics Systems—Energy Solutions segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥132.6 billion.

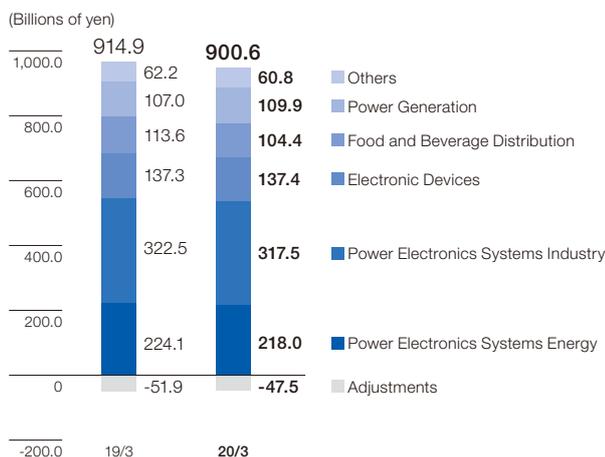
Power Electronics Systems—Industry Solutions

Net sales: ¥317,482 million (a decrease of 1.6% year on year)

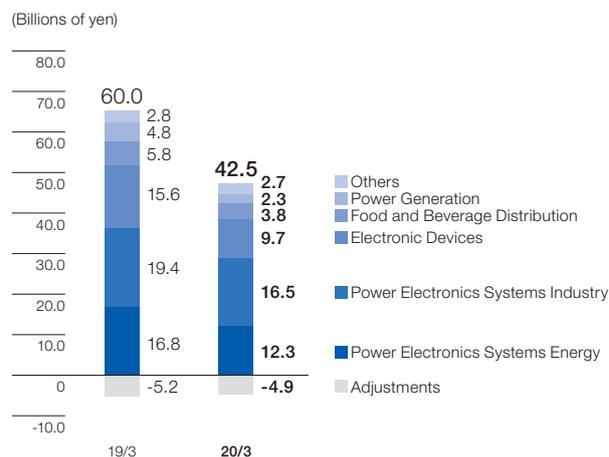
Operating income: ¥16,547 million (a decrease of ¥2,870 million year on year)

Net sales and operating income decreased due to weak demand in the factory automation business, caused by the impact of U.S.-China trade friction and COVID-19, and the impact of large-scale orders in the equipment construction

Net Sales by Segment



Operating Income (Loss) by Segment



business in the previous year. These decreases were partially offset by strong demand in IT solutions business.

- In the factory automation business, net sales and operating income decreased due to weak demand mainly in domestic and Chinese markets for low-voltage inverters and FA components, affected by U.S.-China trade friction. In addition, these decreases were attributable to the suspension of operations in China, caused by COVID-19 and decreased demand in Asia and Europe.
- In the social solutions business, net sales decreased year on year primarily due to large-scale orders in the previous fiscal year, but operating income increased due to cost reductions.
- In the equipment construction business, net sales decreased mainly due to large-scale orders in the previous fiscal year, but operating income increased due to cost reductions.
- In the IT solutions business, net sales and operating income increased year on year due to increases in orders from the academic sector and the public sector.

Orders received in fiscal 2019 (Power Electronics Systems Industry segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥162.3 billion.

Electronic Devices

Net sales: ¥137,421 million (the same level as the previous year)
Operating income: ¥9,718 million (a decrease of ¥5,905 million year on year)

- In the electronic devices business, net sales were the same level as the previous year due to lower demand in industrial fields, primarily in the Chinese market caused by the impact of U.S.-China trade friction and COVID-19, and the impact of foreign exchange, partially offset by increased demand for power semiconductors for electric vehicles (xEV). Operating income decreased due to an increase in expenses for investment relating to power semiconductor production capacity enhancement for electric vehicles (xEV), foreign exchange effects, and product repair costs.

Orders received in fiscal 2019 (Electronic Devices segment

of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥94.8 billion.

Food and Beverage Distribution

Net sales: ¥104,413 million (a decrease of 8.1% year on year)
Operating income: ¥3,842 million (a decrease of ¥1,914 million year on year)

- In the vending machine business, net sales and operating income decreased year on year primarily due to weak demand in domestic and Chinese market and extension of the installation plan in those areas, caused by the impact of COVID-19.
- In the store distribution business, net sales decreased due to weak demand, affected by COVID-19, for store equipment used in convenience stores. However, operating income increased, driven by cost reduction.

Orders received in fiscal 2019 (Food and Beverage Distribution segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥95.4 billion.

Power Generation

Net sales: ¥109,891 million (an increase of 2.7% year on year)
Operating income: ¥2,298 million (a decrease of ¥2,452 million year on year)

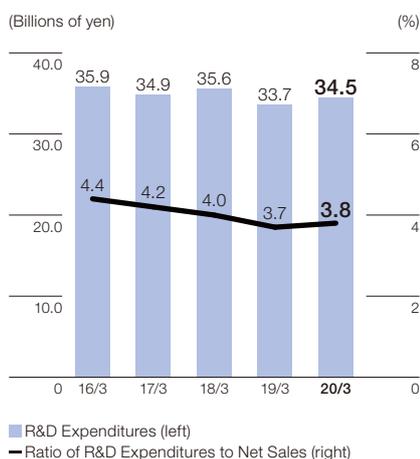
- In the power generation plant field, net sales increased year on year due to large-scale orders for thermal power generation facilities. However, operating income decreased year on year as a result of an unfavorable sales mix and an increase in expenses for large overseas projects.

Orders received in fiscal 2019 (Power and New Energy segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥74.8 billion.

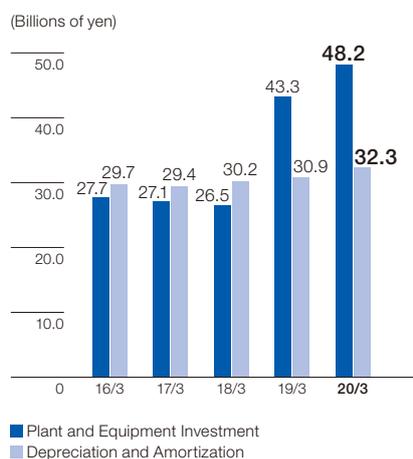
Others

Net sales: ¥60,846 million (a decrease of 2.2% year on year)
Operating income: ¥2,697 million (a decrease of ¥71 million year on year)

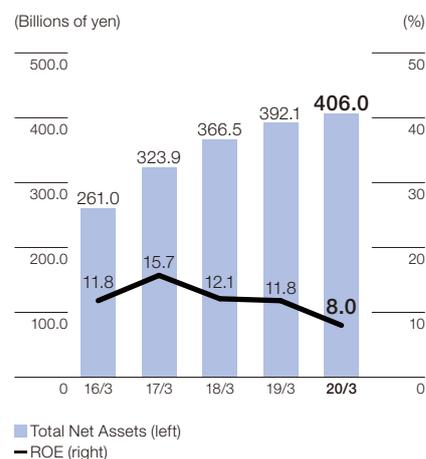
R&D Expenditures / Ratio of R&D Expenditures to Net Sales



Plant and Equipment Investment / Depreciation and Amortization



Total Net Assets / ROE



R&D Investment and Plant and Equipment Investment

R&D

In order to establish a foundation as a sustainable growth company, Fuji Electric is focused on research and development activities that create solutions producing value for customers by utilizing the synergies of power electronics technology and power semiconductor technology as well as combining competitive components, systems and fundamental technologies.

In addition, the company works to develop new products in line with its business strategy, localize overseas product development, enhance theme exploration through utilizing technology marketing, and improve development productivity.

The Company's R&D expenditures in fiscal 2019 totaled ¥34,457 million.

As of March 31, 2020, the number of industrial property rights which were registered in Japan and overseas and held by Fuji Electric stood at 12,956.

Plant and Equipment Investment

Plant and equipment investment, including leases, amounted to ¥48,208 million in fiscal 2019. These were directed toward increasing production capacity and streamlining production lines, mainly for power electronics systems and electronic devices.

Major investments were as follows.

In the Power Electronics Systems Energy segment, we completed construction of a new production facility at Fuji Electric Manufacturing (Thailand) Co., Ltd. aimed at expanding our systems business in Asia. We also started construction of an engineering center at the Chiba Factory to strengthen our lineup of energy-related products.

In the Power Electronics Systems Industry segment, we made investments to streamline production lines at the Suzuka Factory and Tokyo Factory. These were aimed at increasing in-house production and thus enhancing the competitiveness of our inverters and measuring instruments.

In the Electronic Devices segment, we continued making large-scale investments in the Yamanashi Factory, as we did in the previous year, aimed at increasing production capacity of power semiconductor chips, mainly for automobiles. We also made investments for back-end processes in our domestic and overseas factories to increase production of in-vehicle pressure sensors and large-capacity IGBT modules for power converters.

In the Food and Beverage Distribution segment, we invested in streamlining production at the Mie Plant using the IoT to establish an integrated production line for vending machines.

Financial Position

Total Assets

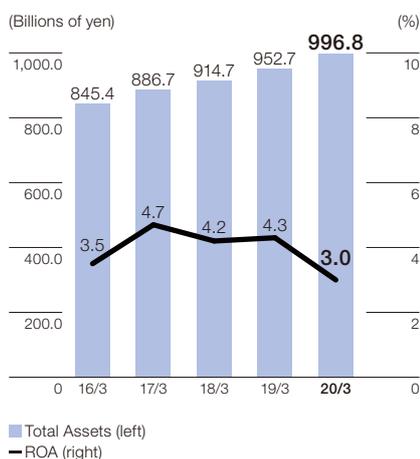
Total assets on March 31, 2020, stood at ¥996,827 million, an increase of ¥44,168 million from the end of the previous fiscal year.

Current Assets and Current Liabilities

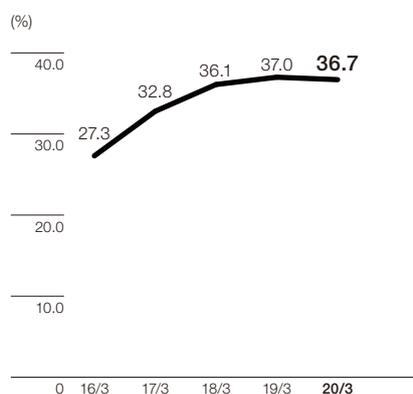
Total current assets increased ¥22,596 million from the previous fiscal year-end, to ¥595,692 million. This increase is primarily due to an increase of ¥34,612 million in cash and cash equivalents and ¥11,141 million in inventories, partially offset by a decrease of ¥14,327 million in trade receivables.

Total current liabilities decreased ¥2,734 million from the previous fiscal year-end, to ¥423,160 million. This decrease is primarily due to a decrease of ¥9,717 million in current portion of long-term debt and ¥16,755 million in trade payables, partially offset by an increase of ¥41,263 million in short-term debt.

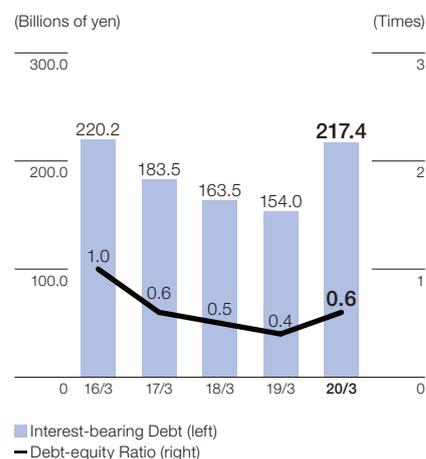
Total Assets / ROA



Equity Ratio



Interest-bearing Debt / Debt-equity Ratio



Noncurrent Assets

Total noncurrent assets increased by ¥21,572 million year on year, to ¥401,135 million on March 31, 2020. Net property, plant and equipment were ¥201,892 million, an increase of ¥19,768 million year on year. Total investments and other assets amounted to ¥199,243 million, an increase of ¥1,804 million year on year. This increase is mainly due to a ¥7,208 million increase in other investments and other assets, partially offset by a decrease of ¥5,060 million, due to the sale.

Long-term Liabilities

Total long-term liabilities increased by ¥32,961 million from the previous fiscal year-end, to ¥167,665 million. This increase is mainly due to an increase in long term debt and lease obligations by ¥13,056 million and ¥14,049 million, respectively.

Net Assets

Net assets as of March 31, 2020, totaled ¥406,002 million, an increase of ¥13,941 million from the previous fiscal year-end. This increase was mainly attributable to an increase of ¥17,365 million in retained earnings. As a result, the equity ratio stood at 36.7%, a decrease of 0.3 percentage points year on year.

Debt

Interest-bearing debt as of the fiscal year-end totaled ¥217,364 million, an increase of ¥63,379 million year on year. The ratio of interest-bearing debt to total assets was 21.8%, an increase of 5.6 percentage points year on year.

Cash Flow

Consolidated free cash flow (net cash provided by (used in) operating activities + net cash provided by (used in) investing activities) was a positive ¥18,466 million, a ¥15,035 million decrease from the previous fiscal year's positive free cash flow of ¥33,501 million.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥46,087 million, compared with ¥54,949 million in the previous fiscal year. Major factors of cash increase included income before income taxes and a decrease in trade receivables. Major factors of cash decrease included payment of income taxes, an increase in inventories and a decrease in trade payables. Cash flows from operating activities decreased by ¥8,862 million year on year.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥27,621 million, compared with net cash used in investing activities of ¥21,448 million, in the previous fiscal year. This was primarily a result of the purchase of property, plant and equipment.

Net cash used in investing activities increased by ¥6,173 million year on year.

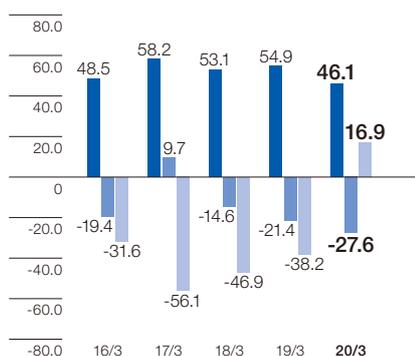
Cash Flows from Financing Activities

Net cash provided by financing activities was ¥16,918 million, compared with net cash used in financing activities of ¥38,172 million, in the previous fiscal year. This was primarily due to an increase in short-term loans payable.

Net cash provided by financing activities increased by ¥55,090 million year on year.

Cash Flows

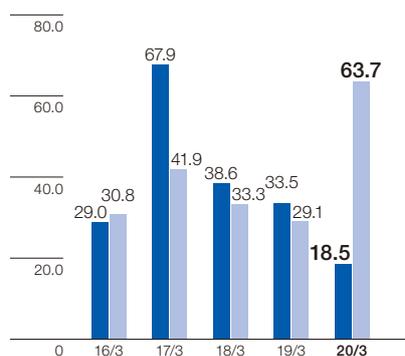
(Billions of yen)



■ Cash Flows from Operating Activities
■ Cash Flows from (Used in) Investing Activities
■ Cash Flows from (Used in) Financing Activities

Free Cash Flow / Cash and Cash Equivalents

(Billions of yen)



■ Free Cash Flow
■ Cash and Cash Equivalents

Risk Factors

Fuji Electric manages business and other risks in a coordinated, systematic manner and takes appropriate measures to minimize the impact of such risks. The following factors were judged to have a potential future effect on Fuji Electric's business performance and financial position. Any forward-looking statements in the following are based on the judgment of management as of the date of submitting the securities report (August 6, 2020).

(1) Management Strategies, Business Strategies, and Operating Environment

Fuji Electric works to swiftly concentrate management resources on businesses earmarked for growth while making capital and R&D investments aimed at expanding and developing its businesses. With respect to semiconductor-related capital investments, which require large amounts of money, we make decisions based on negotiations with customers regarding physical quantities and pricing. Regarding R&D investments, we emphasize consistency with our business strategies and contribution to our businesses. Based on our roadmap, we pursue R&D on fundamental and advanced technologies that support Fuji Electric's future. Here, the management engages in regular deliberations about key development themes and constantly reviews the roadmap according to market changes. However, the semiconductor field is characterized by short product cycles, major fluctuations in product supply/demand levels, and intense competition. In some cases, therefore, we may be unable to recover our investment, which may affect its business performance and financial position.

Fuji Electric considers protection of the global environment to be an important management priority and announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, we created our Environmental Vision 2050, which aims to make efforts across the supply chain aimed at realizing a low-carbon society, recycling-oriented society, and a society in harmony with nature. In these and other ways, we are advancing efforts to realize a sustainable society through our energy- and environment-related businesses and continuously disseminating such information. However, stricter enforcement of the Paris Agreement and other environmental regulations, as well as assessments by ESG evaluation institutions may lead to stronger criticism of part of Fuji Electric's operations (coal-fired power generation business), which may affect its business performance and financial position.

Fuji Electric has business bases around the world and provides products and services to markets and customers in multiple regions. The spread of COVID-19 in many countries has led to emergency declarations, lockdowns, and other restrictions on economic activities. These have had various effects on Fuji Electric's business activities, including restrictions on sales activities, factory operation suspensions,

and limitations on construction site visits. If restrictions are further tightened, it could increase the impact on Fuji Electric's business activities, which may affect its business performance and financial position.

(2) Corporate Governance

Fuji Electric is working to strengthen its corporate governance by improving management transparency and auditing functions during normal times. However, an unprecedented event may lead to deficiencies in our internal control and audit functions, resulting in corporate governance breakdown and business disruption, etc., which may affect our business performance and financial position.

(3) Business Reorganizations, Alliances, and Withdrawals

Fuji Electric actively engages in M&As, joint ventures, business alliances, and the like with third parties in order to strengthen its competitiveness in each business field. As part of these activities, we share our corporate philosophy, management policy, code of conduct, business plans, business strategies, and so on to facilitate integration of our business strategies, technologies, products, and human resources. Through management meetings and other forums, we strive to maintain close communication with partners and build good relationships with them. Due to differences in systems and cultures, however, we may be unable to achieve the desired outcomes, which may affect our business performance and financial position.

(4) Orders, Marketing, and Sales Promotion

Fuji Electric is developing operations actively in overseas markets, focusing particularly on expanding sales in China and other Asian markets. We have sales offices in various markets to better understand customer trends and centrally manage the information we collect for analysis and consideration and otherwise strive not to miss business opportunities. We also work to reduce costs and expenses in order to minimize the impact of domestic and overseas trends on our business performance. However, any number of events may affect our business performance and financial position. These include deteriorating market conditions in each country—including private capital investments and public expenditures—as well as sudden changes in supply and demand of products, intensifying competition, and the resultant significant falls in prices.

Fuji Electric receives orders for large-scale plant projects in power electronics systems and power generation. In order to secure appropriate profits in each project, we work to improve the accuracy of our quotations at the time of order receipt and strengthen project management afterwards. After receipt of orders, however, any number of events may affect our business performance and financial position. These include unanticipated specification changes, process delays, and profitability declines due to natural disasters and the like.

(5) Development and Design Engineering

Fuji Electric has established an R&D system to accelerate research and development and constantly monitors market, customer needs and the latest technological trends. At the same time, we conduct R&D aimed at creating strong components and systems, focused on power electronics and power semiconductor technologies, and R&D to develop solutions that generate customer value through combinations of elemental technologies. Due to rapid technological advances, however, we may lose our advantage over other companies, and product development may not proceed as planned, making it impossible to launch new product at the right time. Any of these events may affect our business performance and financial position.

(6) Procurement

Fuji Electric deploys various means, including product swaps, to reduce the risk of rising raw material prices. However, in addition to increasing raw material and components prices against the background of a weak yen, such changes as the drastically increasing demand in emerging nations may result in tightened supply and demand as regards materials and raw materials and significant increases in their prices. Any of these events may affect our business performance and financial position.

(7) Production, Manufacturing, Shipping, Logistics, Installation, Delivery, and Service

Fuji Electric always keeps track of the latest physical quantity flows by sharing information between its sales and business departments at management meetings and other forums. We have also built an optimal production management system that can respond to changes in physical quantity flows by such as improving productivity and promoting local production for local consumption. However, an unprecedented event could result in increased/decreased demand and other changes in physical quantity flows, leading to delayed responses and inventory shortages/surpluses, which may affect our business performance and financial position.

Through reforms of its supply chain, Fuji Electric works to promote “completely localized” manufacturing through local production for local consumption while also emphasizing global procurement. However, an unprecedented event could result in restrictions on human and commodity movements and disruptions to our distribution network. This could prevent our supply chain from functioning and cause delays in deliveries, which may affect our business performance and financial position.

(8) Quality Assurance

Fuji Electric has established a quality control system for the products it manufactures and sells and strives to ensure high quality standards. Although we have made the necessary insurance arrangements, an unprecedented event could cause quality-related problems to arise, which may affect our business performance and financial position. In addition, we have received reports of a defect in some of our power semiconductors used in specific fields. We are currently examining the degree of potential risk and will make appropriate disclosures if we identify any significant impact on our business performance and financial position.

(9) Human Resources and Labor

The business activities of Fuji Electric depend heavily on its human resources. To attract and develop excellent human resources in various fields—such as technology, production, sales, and business management—we focus on cultivating professional human resources who will help strengthen our global competitiveness. We also actively conduct employee education and training and are expanding mid-career recruitment and other measures to attract exceptional human resources. However, failure to attract and develop such important human resources may have an impact on our business performance and financial position.

(10) Finance and Accounting

Seeking to minimize fund-raising costs, Fuji Electric constantly examines the optimal mix of corporate bonds, commercial paper, and short-term and long-term borrowings, in order to ensure flexible and stable financing arrangements. However, an unexpected increase in interest rates could raise the interest rate burden on our interest-bearing debt, which may have an impact on our business performance and financial position.

Fuji Electric works to strengthen credit management, including by monitoring long-overdue receivables and the financial status of business partners, in order to enhance its collection of trade receivables. However, restrictions on economic activities and economic downturn could cause business partners' cash flows to deteriorate and prevent us from recovering debts, which may have an impact on our business performance and financial position.

(11) Legal and Ethical

Fuji Electric engages in business in various fields and regions, and as such is subject to the laws and regulations of each country. The Fuji Electric Compliance Promotion Committee, chaired by our representative director, spearheads efforts to ensure rigorous compliance with laws and regulations. We also have a compliance program that clearly identifies roles and responsibilities covering each aspect of legal regulations—namely, internal rules, monitoring, auditing, and education—and our compliance structure also includes a whistleblowing system. However, any occurrence of legal violations and the like may have an impact on our business performance and financial position.

In preparation for lawsuits and other legal disputes, Fuji Electric has formed a task force aimed at building a system to ensure that necessary procedures (fact investigation, corrective action, recurrence prevention, internal write-down, and disclosure) and are conducted promptly. However, we may be ordered to pay unexpectedly large amounts of damages, which, depending on the nature of the decision, may have an impact on our business performance and financial position.

Fuji Electric strives to effectively protect intellectual property rights and develop products and technologies that respect the rights of other companies. Due to the speed of technological innovation and the global expansion of our business activities, however, intellectual property disputes could arise, which may have an impact on our business performance and financial position.

(12) Political and Socioeconomic Trends

Fuji Electric engages in currency exchange contracts, based on certain criteria, to minimize the impact of foreign exchange fluctuations. However, any changes in exchange rates, primarily between the yen and the U.S. dollar, may have an impact on our business performance and financial position.

Fuji Electric develops its business in many overseas markets, mainly in China and other Asian markets, and always closely monitors the latest information on geopolitical risks. We are also diversifying our production and sales bases in preparation for unexpected risks.

However, any of the following events may have an impact on our business performance and financial position:

- Unexpected enactment of laws/regulations and changes in tax systems with adverse effects
- Disadvantageous political situations
- Social turmoil due to social upheaval, terrorism, war, and the like

(13) Trends of Shareholder and Other Investors

Fuji Electric attaches great importance to disclosure of financial information, active disclosure of non-financial information, and communication with shareholders and institutional investors. We also strive to foster understanding of our management through sincere and accurate disclosure of information according to our Disclosure Policy. However, the intentions of stockholders and other investors may differ

from those of the Company's management, which could result in a vote against the election of directors. Also, a shareholder proposal against management could cause disruption of our operations. These and other events may have an impact on our business performance and financial position.

(14) Natural Disasters and Accidents

Fuji Electric has business bases all over the world and is committed to fulfilling its responsibilities to customers and society by continuously supplying products and services in the event of disaster or accident. To this end, we established a dedicated crisis management team to spearhead fire and disaster prevention efforts, formulation of a business continuity plan (BCP), and adoption of necessary insurance arrangements in order to “strengthen our business continuity capability.” However, any number of events may have an impact on our business performance and financial position. These include large-scale disasters or accidents at/near our business sites, which could cause damage of production equipment, interruption of operations, and delays in product shipments.

(15) External Attacks

To address increasingly diversified and sophisticated cybersecurity threats, Fuji Electric established a countermeasure system and a security response organization (CSIRT/SOC) to monitor and suppress any attacks. We are also continuously strengthening our response capabilities—in such areas as defense, detection system reinforcement, and cyber training—to prepare for the emergence of new threats. However, any number of events may have an impact on our business performance and financial position. These include system malfunction and information leakage due to external attacks (such as cyber-terrorism), resulting in loss of social trust.

(16) Individual Event (Impact of COVID-19)

Fuji Electric has established a set of “Contingency Plan” to implement in times of emergency resulting from various risks that may affect its operations. Based on these procedures, we set up the “New Coronavirus Infection Prevention and Business Continuity Promotion Countermeasures Headquarters,” chaired by the president, to address the COVID-19 pandemic. The stated policy is to “take prompt and appropriate measures with top priority on respecting human life, preventing the spread of infections, and minimizing damage.” Under this policy, we are collecting and aggregating information related to COVID-19 and taking measures to prevent the spread of infections (for example, enforcing rules, such as hand washing and hand sanitizing; avoiding confined spaces, large gatherings, and close interactions; and asking employees to work from home and staggered work hours), while also emphasizing business continuity. However, we may be forced to suspend various business activities, including production and sales, if infections occur in the workplace or among customers and business partners, which may have an impact on our business performance and financial position.