

2020

MEIDENSHA REPORT



MEIDENSHA CORPORATION

ThinkPark Tower, 2-1-1, Osaki, Shinagawa-ku, Tokyo 141-6029 Japan

www.meidensha.com



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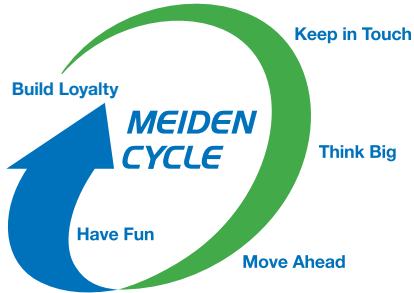
Quality connecting the next

Corporate Slogan
Expressing the corporate philosophy in a single phrase

The Meiden Group Corporate Philosophy is as follows: "We seek to delight customers by offering high quality products and services to help solve their problems. Through these business activities, we aim to fulfill our corporate social responsibility (CSR) by proactively solving global environmental problems and other social issues and helping achieve a more affluent future. We must continually tackle these challenges."

This is our legacy from Hosui Shigemune, who founded our company as a local factory to manufacture and repair electrical machinery. His will remains our common sense of values, even as these have evolved with the times, and remains at the core of all our business activities. Staying true to this Corporate Philosophy, the Meiden Group aims to grow with society and be indispensable to it. With that as our goal, we continually take the challenge of creating new technologies and value.

MEIDEN CYCLE



In order to realize our Group Corporate Philosophy, we must identify the direction for each individual employee to aim towards and provide signposts to help them proceed without losing their way. To enable us to do so, we have made these five actions our watchwords. The actions are mutually linked, with one action calling forth the next, creating a cycle of action and growth. Based on this image, we call this the MEIDEN CYCLE.

By sharing and practicing the MEIDEN CYCLE as the ethos underlying our actions, we seek to maximize the growth cycle for each of our employees.

Editorial Policy

The Meiden Group informs its stakeholders of its attitude and initiatives relating to social responsibility through the two media of the Meidensha Report (print edition and web edition) and the Meiden Group CSR (web edition).

With regard to the content of the reports, we work to collect and analyze information that meets our stakeholders' expectations and is of interest to our stakeholders, and distribute it through regular notices, IR activities, and interviews with each department.

Furthermore, the Meiden Group is conducting internal communication activities as part of the process of drafting reports in order to understand changes in the external environment and share future issues and trends. In addition, we work to strategically promote future CSR initiatives by exchanging opinions based on the reports that have been created, and having each department reflect on its own activities, taking into account outside perspectives.

Report Media

Meidensha Report print edition and web edition

A comprehensive collection of financial information concerning the Meiden Group and nonfinancial information such as initiatives that contribute to improving corporate value and management strategies.



Meiden Group CSR web edition

A summarized introduction focusing on specific initiatives to tackle CSR issues that the Meiden Group considers important.



Reporting Period

This report mainly covers initiatives taken in FY2019 (April 1, 2019 - March 31, 2020). It also includes some information from prior to FY2018 and until July 2020.

Subject Organizations

The report mainly covers initiatives of Meidensha Corporation and its affiliated companies. Human resources data applies to affiliated companies in Japan, while environmental reporting data applies to Meidensha and its 40 major affiliated companies (21 in Japan and 19 overseas).

Publication

- Publication of this report: September 2020
- Next scheduled publication: August 2021

Guidelines Used as References

- International Integrated Reporting Council (IIRC) "The International Integrated Reporting Framework"
- Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation"
- GRI "Sustainability Reporting Standards"
- * Although this report is based on the reporting principles, the content does not necessarily conform to them.
- Ministry of the Environment "Environmental Reporting Guidelines (FY2018 Version)"

Inquiries about This Report

Meidensha Corporation

Public & Investor Relations Section, Public & Investor Relations Division

ThinkPark Tower, 2-1-1, Osaki, Shinagawa-ku, Tokyo
141-6029 Japan
TEL: 81-3-6420-8100 FAX: 81-3-5745-3027

Disclaimer

In addition to past and current facts about the Meiden Group, this report contains forecasts for the future based on plans, outlooks and business policies and strategies in effect at the time of publication. These forecasts are our assumptions and judgments as based on information available at the time they were stated, and may differ from actual business activity results and events in future owing to changes in conditions.

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COVER STORY

What the Meiden Group Can Do for the Future

- Aiming for a safe and vibrant society where people can live in harmony with nature -



What will the world be like in 50 or 100 years?

What can the Meiden Group do to create a more vibrant and comfortable society in the future?

Since Meidensha's founding, the Meiden Group has created and supplied a variety of technologies and services, focusing on electrical equipment that supports social infrastructure, as well as contributing to the sustainable development of society. This is reflected in our corporate slogan of "quality connecting the next."

Meanwhile, there have been dramatic events and changes in the external environment in which we operate —economic climate, political and international situations, and the evolution of technology, all of which can easily overtake our predictions— making it extremely difficult to foresee the future.

Even in this age of uncertainty, the Meiden Group must respond flexibly to changes in the external environment and aim for sustainable growth going forward.

We believe that what the Meiden Group can do for the future is continue to pursue manufacturing that contributes to a future-oriented society, and for all employees to ceaselessly work to implement reform.

From the start, social contribution and a heartfelt attitude —the very DNA of the Meiden Group— has been the impetus behind the creation of a new business model. We will focus on social change and issues, continuing to embrace the challenge of realizing a safe and vibrant society in harmony with nature.



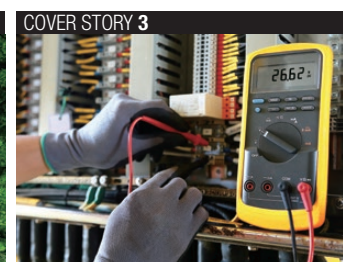
Continuing to support full, rich lifestyles through the ages

(P5-6)



Supporting a mobility society as it evolves, as a pioneer of EV drive systems

(P7-8)



Contributing to the availability of electricity that protects people's lives and livelihoods

(P9-10)

MEIDEN

Quality connecting the next



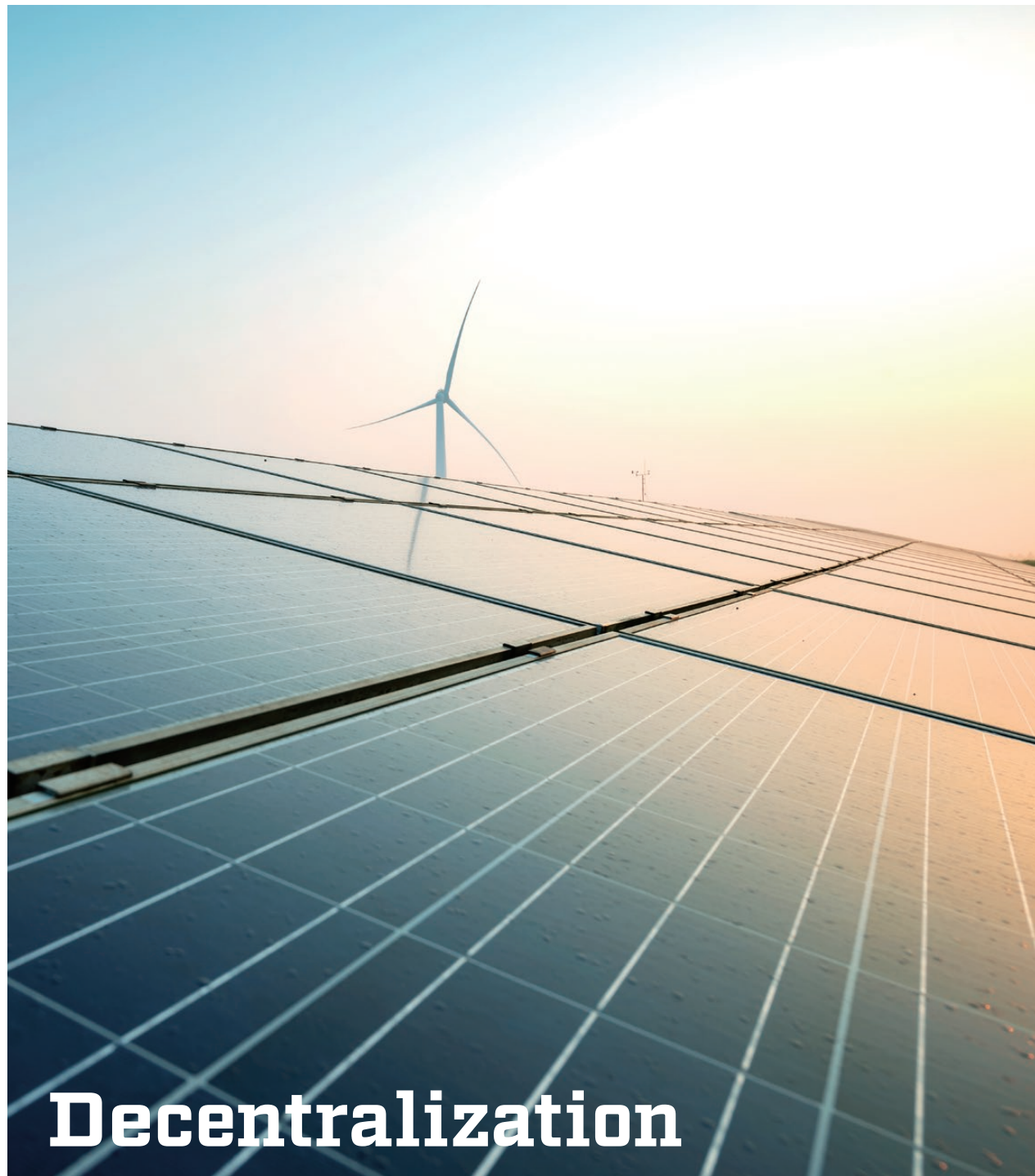
For us, our “quality” is not only about the quality of our products and services. There are two things that make our quality: “people” and “technology”. People at Meiden Group strengthen ties with customers around the world by being truthful and flexible. Meiden Group technology contributes to society with truly original products and reliable services created with expertise. These two attributes make Meiden Group's unique quality, and create new connections with the future. Making connections with our customers, society, and people living in it. These connections will expand, and the power we have built will become the energy for the next generation.

For the peace of mind and joy of our customers, and the precious lives of people beyond them, Meiden Group quality will connect with a more prosperous tomorrow. This is our never-changing mission.



Social Infrastructure Business

Continuing to support full, rich lifestyles through the ages



Continuing to Embrace Challenges with an Unchanging Attitude in an Ever-Changing World

In the Meiji era, one young man's strong conviction to "enrich society through the power of electricity" became the foundation of Meidensha. He believed that the age of electricity would come during an age of gas streetlights, and over the next 123-years, his motor repair business expanded to encompass not only motors, but the broader infrastructure business field. Although the interpretation of a "more affluent tomorrow" has evolved in the years since Meidensha's founding, the goal behind our corporate philosophy has not changed.

Since the industrial revolution, the economy has improved, resulting in a more convenient and prosperous society. However, greenhouse gas emissions have rapidly increased, resulting in damage throughout the world from the effects of climate change. On the other hand, the population of Japan has been declining in recent years, and as business income has tapered off, local governments are being forced to renew aging facilities in order to provide and maintain social infrastructure. Furthermore, new value is required to solve complex social issues such as deregulation of electricity, the expansion of renewable energy, and the response to changes in electricity supply systems and society due to depopulation.

In order to solve these issues, public and private institutions must share knowledge and technology, establishing the necessary cooperation between infrastructure areas. These areas share energy between different types of infrastructure such as water pipes and waste treatment facilities, as well as inter-regional cooperation, which shares infrastructure between local government areas. By leveraging our experience and network in several fields developed over many years, we provide optimal solutions by combining products, technologies, and services that transcend the bounds of individual businesses.

Creating New Energy Services that Work with Other Industries

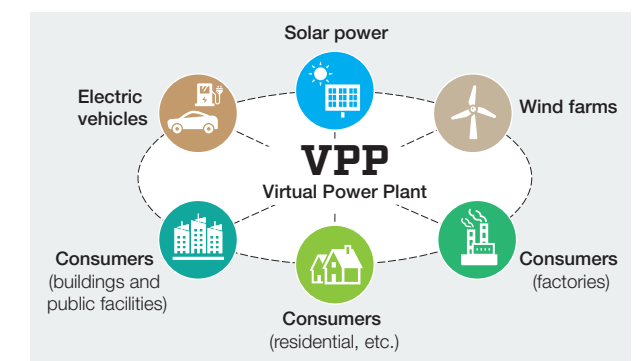
Due to needs such as the expansion of the introduction of renewable energy and the widening of infrastructure due to financial difficulties of local governments, expectations are rising for the ability to adjust*¹ by utilizing the energy resources of each local government and company. Power regulation will be traded via the Supply and Demand Adjustment Market*² to be established in 2021, and major issues to be addressed before full-scale operation is possible include securing control technology and establishing the business model.

We are promoting verification aimed at utilization of virtual power plants (VPP)*³ by employing consumers' energy

resources. To achieve this, we will leverage the knowledge relating to the operation of heavy electrical equipment amassed by local governments and companies over time. This will ensure that the multiple VPPs currently in operation participate in the structural verification program.

The verification program aims form a consortium with companies such as local governments and manufacturers, as well as a wide variety of businesses including academic institutions to expand energy resource capacity, improve control accuracy, and enter the supply and demand adjustment market.

Diagram of virtual power plants



To be a Company that Truly Contributes to Local Communities

It is essential that we enhance platform creation both inside and outside of the Company, and develop businesses from the perspective of solving social issues. Particularly in an age where global infrastructure is experiencing great change. Going forward, we will challenge ourselves to create new technologies and new value to contribute to the realization of a vibrant and comfortable future society.

*1 The ability of electricity generation equipment, power storage equipment, demand response (DR), other systems that control electricity supply, and other items that are essential for general electricity transmission and distribution businesses to control the frequency of electricity in the service area and adjust the balance of supply and demand.

*2 A market for general electricity transmission and distribution businesses to secure power in advance to eliminate the gap between supply and demand (power regulation).

*3 A system for connecting power generation equipment —for renewable energy such as solar power, batteries, and power equipment used by customers— to the network to function as if it were a single power station.

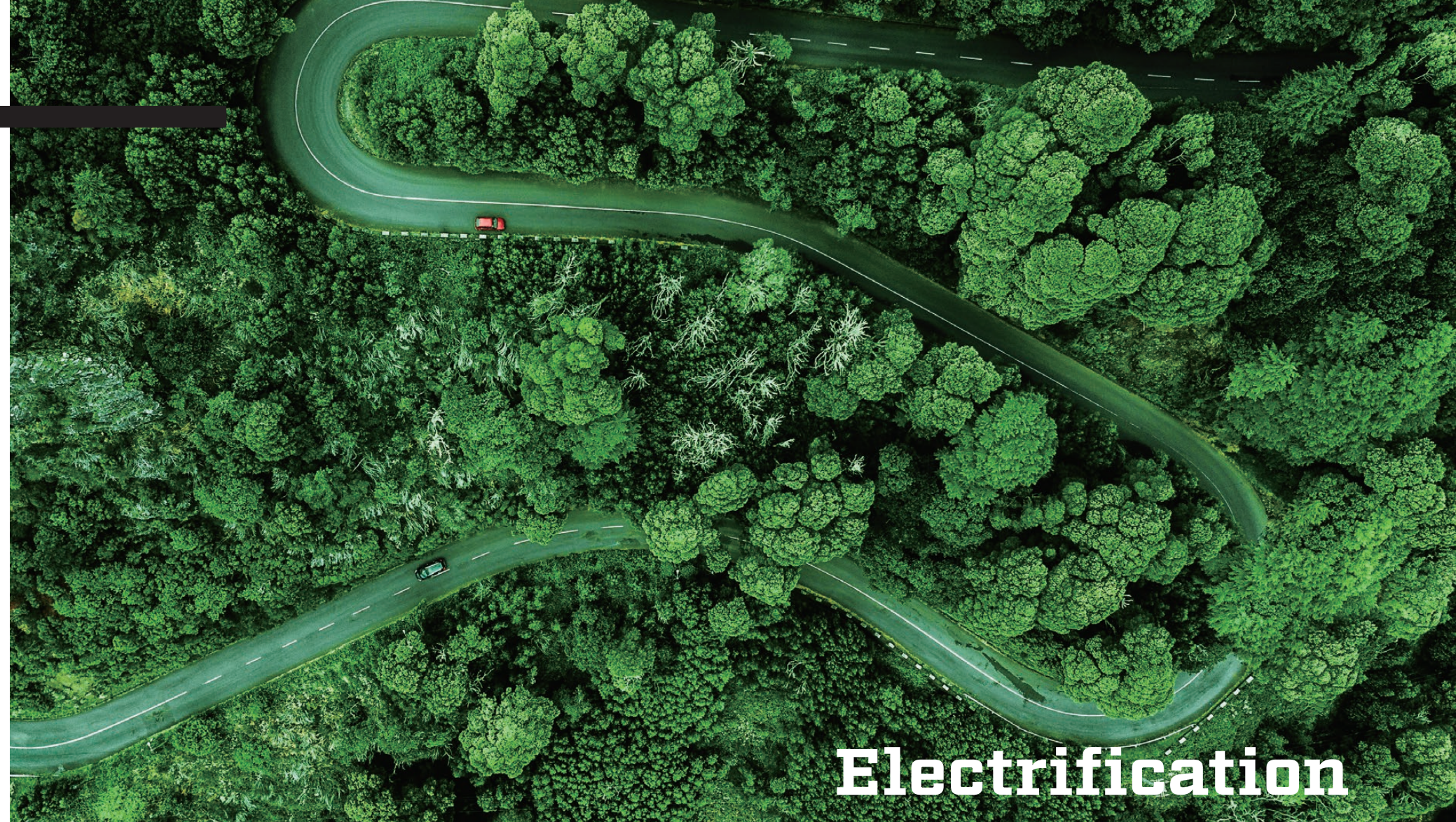
Related pages

► P.25 – 28 [Social Infrastructure Business]



Industrial Systems Business

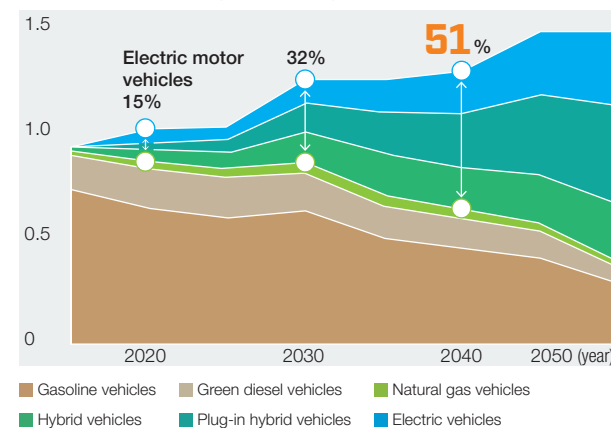
Supporting an evolving mobility society as a pioneer of EV drive systems



The proliferation of electric vehicles is the key to limiting the global average temperature increase to 2°C or less

The International Energy Agency's (IEA) clean technology scenario (if the target of an average temperature increase of 2°C* is accomplished)

Motor vehicles sold (100 million units)



Source: Ministry of Economy, Trade and Industry "Materials for the Meeting on New-age Vehicle Strategy (1st)"

* The global target of limiting temperature increase since the industrial revolution to 2°C or less, from the perspective of mitigating the negative effects of climate change, agreed to as part of the 2015 Paris Agreement.

The Impact on Society of Reforms in the Automobile Industry and Realizing a Mobility Society

In the automotive industry, the automobile concept is changing dramatically as technological innovation progresses in the new field of CASE (connected, autonomous, shared, electric). This change is notable because it not only impacts industrial structure, but it also the state of society. Against this backdrop are environmental problems, social problems such as traffic accidents and congestion, and financial problems such as inequality. Various additional external changes are also occurring, including demographic changes such as the declining birthrate, aging and decreasing population, as well as changes in customer needs, such as changes in values for ownership.

Electrification and digitalization of automobiles solves these social issues, and it is an important aspect of realizing a mobility society in which freedom of movement is ensured for all.

* References to EV include EV, PHEV, and HV.

Creation of New Technology and Value Relating to Electrification and Digitalization of Automobiles

Since its founding in 1897, Meidensha has overcome countless challenges, and we have become known as "Motor Meiden" for our manufacturing industrial motors and threshing machines. We subsequently accumulated a range of technologies, including motors for uses such as elevators and forklifts, and the inverters to control them. In 1990, we used this knowledge as a base for the development of motors and inverters for EVs. Since the adoption of the world's first mass-produced EV in 2009, we can boast a total record of 350,000 mass-produced EVs.

We have also greatly contributed to the development of automotive technology through dynamic measurement systems —e.g. by delivering Japan's first electric dynamometer in 1920 as well as the nation's first chassis dynamometer in 1927. The current automobile market is heading for a vast technological transition to electric and self-driving vehicles. We are providing the model-based testing equipment systems for more efficient development.

Meidensha is the only company with both a product and testing equipment system business for EV motors and inverters, making us a pioneer in the field. We will continue improving quality and mass-production technology in the product business, increasing the scale of operations

by improving the performance of testing equipment and enhancing simulations and analysis for the electrification of automobiles, while continuing to create new technology and value alongside our customers and partners.

One of the Creators of the Age of Electric Vehicles

Engineers 120 years ago, in addition to attending to the tasks immediately before them, must have believed they could create the future through motors. Our EV drive systems represent the culmination of motor technology and that ambition for the future handed down through the generations.

Great expectations have been placed on electrification of automobiles to enable more people to enjoy the value provided by realization of a mobile society. We will continue to embrace the challenge of creating new technologies and value, contributing to the development of EV systems and the solution of social issues as one of the pioneers of the age of electric vehicles.

Related pages

► P.29-30 [Industrial Systems Business]



Maintenance and Servicing Business

Contributing to the availability of electricity that protects people's lives and livelihoods

■ Social Responsibility as a Heavy Electrical Equipment Manufacturer

Modern life is made possible by social infrastructure such as electricity and plumbing. In recent years, natural disasters such as typhoons and torrential rains have become more frequent and intense as a result of global climate changes, having a serious impact on a range of areas from daily life to threatening the business continuity of companies and local governments. Interruptions to electricity and water supply could cause even more damage. If high-rise buildings, hospitals, and factories, for example, were to suffer blackouts, they would be blanketed in darkness. Elevators powered by electricity would stop and disaster prevention tools such as fire-fighting equipment would be rendered inoperable.

As a result —and due to the growing awareness of BCP (Business Continuity Plan) and disaster prevention, and the accompanying revision of the Fire Service Act— the demand for maintenance of emergency generators, extension of life of equipment, repair and inspection is increasing. In addition, comprehensive outsourcing of upkeep and maintenance to private institutions has been increasing due to labor shortages caused by the declining labor force and financial difficulties of local governments. Thus, the need for inspection and maintenance continues to increase.

For example, if essential services such as electricity, water, rail, and broadcasting are affected by a disaster such as the Great East Japan Earthquake, it is the Meiden Group's social

responsibility as a heavy electrical equipment manufacturer to contribute to the normalization of daily life through the prompt restoration of those services. Which we consider to be our ultimate mission.

■ Contributing to the Solution of Customer Issues Through Support for the Whole of Equipment Lifecycle

The Meiden Group provides support throughout the lifecycle of our equipment —from customer planning for new equipment to renewal or disposal— for that equipment to continue to fulfill its role. After equipment has been delivered, we propose a maintenance plan suited to the customer, conducting regular inspections, managing operations such as conducting diagnostics or permanently stationing staff, providing technological training support, and taking steps to prolong the service life while presenting replacement proposals for equipment that is in long-term operation to prevent accidents and ensure the stable operation of customer equipment. Furthermore, in addition to responding to other companies' products and proposing energy savings to customers, we also contribute to the solution of customer issues by improving our capacity to make proposals that meet market needs through our one-stop services that singlehandedly support customers through all complications involving their equipment.

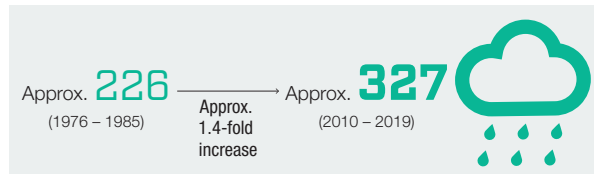
■ Our Customers' Closest Ally

We are our customers' closest ally when it comes to our products. The Maintenance and Servicing Business is essential for the secure, safe, and stable continuation of infrastructure support, even after products have been delivered to the customer. We aim to realize a society in which electricity can be used with confidence, even in times of emergency, and our customers feel secure in relying on our undeniable knowledge and technology. Going forward, the Meiden Group will work even more closely with customers to perfect technology and accomplish our mission of ensuring efficient use and the stable supply of electricity.

The frequency of torrential rains increasing in Japan

National (AMeDAS) annual frequency of rainfall of 50 mm or more in one hour

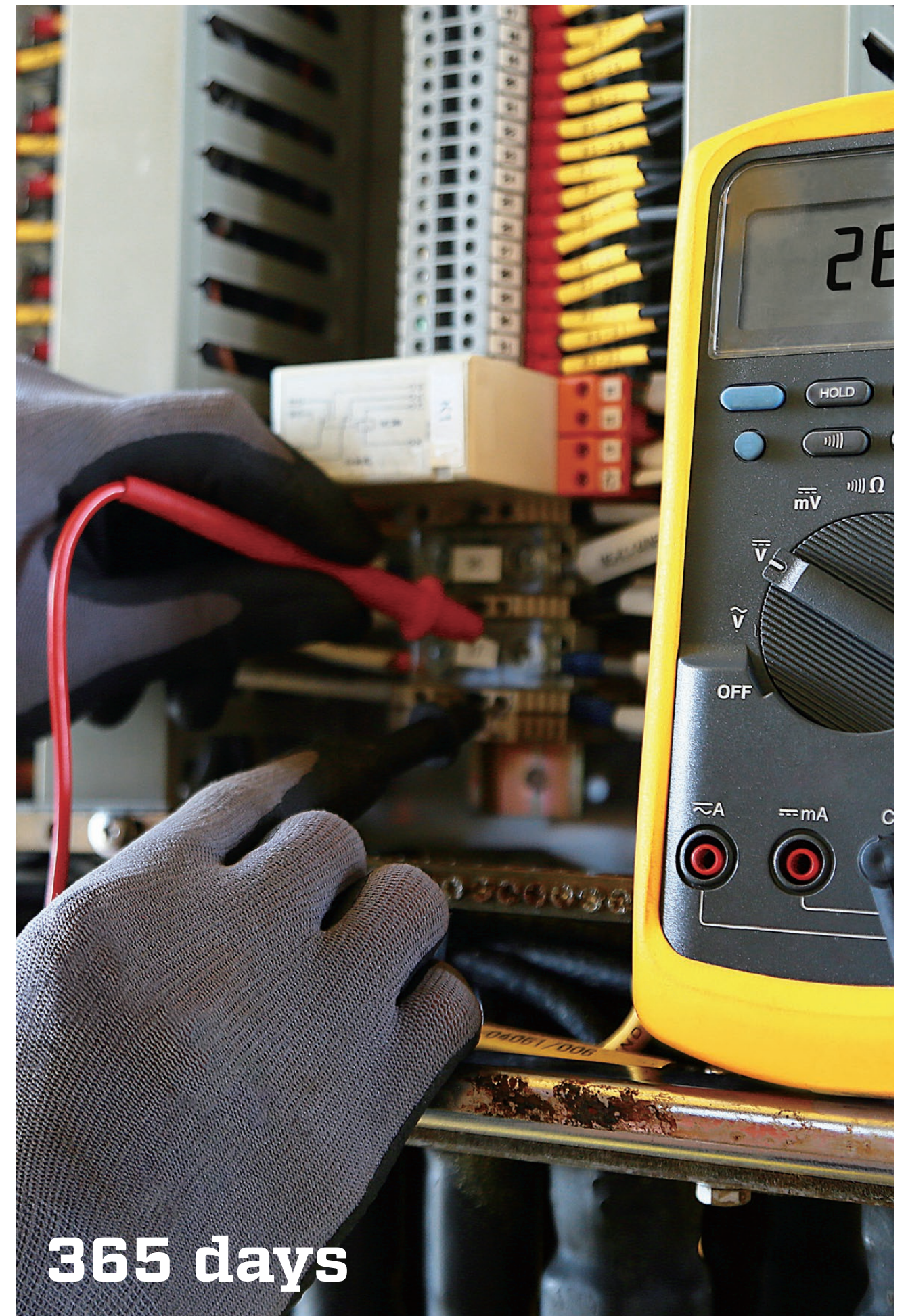
Average annual frequency over the last 10 years



Source: Japan Meteorological Agency website "Long-term Changes in Heavy Rain and Extreme Heat, etc. (Extreme Phenomena)"

Related pages

▶ P.31-32 [Maintenance and Servicing Business]



365 days

Based on our company's founding beliefs, we will carry out the Medium-term Management Plan 2020 and aim for continuous improvement of our corporate value.

Takeshi Miida
Representative Director, President

三井田 健



The Meiden Group's Purpose

Since its founding in 1897, Meidensha has single-mindedly pursued manufacturing excellence by contributing to the sustainable growth of society through the creation and provision of a variety of technologies, products, and services, with a focus on electrical equipment relating to social infrastructure.

Shigemune Hosui founded Meidensha with the conviction that the “age of electricity will come” and the ambition to “build a more affluent world through the power of electricity.” In the Meiji Era, the name of Meidensha represented the concept of creating “a place where ambitious friends can come together to build a more affluent world through the power of electricity.”

Our Founder surely believed that when the age of electricity arrived, it would not only mean the proliferation of motors, but that the transmission and distribution of electricity would be necessary, requiring static equipment such as transformers to achieve this. Since our inception, we have manufactured transformers for electric lights as well as motors, contributing to the advancement of electricity in Japan. Our business, which began with

motors, has led to the development and production of a range of heavy electrical equipment, allowing us to grow into the Meiden Group, and supporting modern social infrastructure. Meidensha's commitment to manufacturing excellence, inquisitiveness, and spirit of challenge originate in the determination to enrich society through the power of electricity present from the company's inception. Our many business fields grew from the belief in looking beyond products to envision prosperous lives for the many people who use them, refining technologies to enrich society through business. This is Meidensha's true mission and drive as a manufacturer of heavy electrical equipment.

From time to time, we are asked to repair equipment that has been in service for 50 or even 80 years. I believe this to be evidence of the trust and confidence placed in Meidensha by our customers, as well as proof that we are a company that has continued to deliver a range of systems and conduct maintenance services long-term throughout Japan.

Our Current Operations

In FY2019, the Group recorded net sales of 255.7 billion yen. Net sales, operating income, and ordinary income

were all the highest ever recorded by us. In spite of the relatively minor impact of the novel coronavirus (COVID-19) on our FY2019 results, concerns remain about possible declines in private demand for capital investment, delays in overseas projects, and impact on procurement, leading us to anticipate an unavoidable decline in earnings and profit. In addition to thoroughly implementing measures to limit the risk of infection to the Group's employees, we will roll out measures to minimize any decline in performance.

In addition, the current medium-term management plan positions the current phase as a “powerful step” towards additional gains, and we hope to steadfastly promote initiatives aimed at this future jump. In FY2020, we established new production lines at Kofu and Nagoya to expand our EV component business, and we plan to reach full operation of our new US company established to handle transformer products. This is in addition to commencing operations at our new technology center, aimed of achieving transmission of technology and further improvements in safety awareness. Although conditions are extremely difficult, we are working to achieve balanced management that attends to both current performance as well as sowing seeds for the future.

Awareness of Societal Change

In recent years, increasingly severe global environmental problems, larger-scale natural disasters, and social issues such as increasing inequality have come to the fore around the world. Market downsizing due to a declining population, a major issue, is also being faced by Japanese companies and local governments in many industries. And while the post-coronavirus needs of customers may change suddenly, these changes in social structure always bring new issues along with the solutions to address them. As a company that supports social infrastructure, in addition to ensuring that we make products and services our customers need, we have also proposed many solutions to social issues in recent years. For example, the MEIDEN e-Axle EV drive system has contributed to the drivability of automobiles by increasing the speed of automotive development – effectively utilizing in-car space and slimming components, through the integration of motors, inverters, and gears into a single unit. The Catenary Eye catenary inspection mechanism can be mounted on small, commercially available vehicles, and the most recent

model can even detect objects around the catenary (such as fallen trees) with technology that uses camera images to inspect catenary abrasion. Proposing solutions to solve issues such as these are a benefit of the technology we have developed over many years, and proposals backed by this technology are compelling to our customers.

From the perspective of the 2015 UN-adopted Sustainable Development Goals (SDGs), the Meiden Group's business activities are extremely compatible with each of the SDGs, including issues and fields that utilize the Meiden Group's existing technologies and knowledge to contribute to solutions.


The Meiden Group's Approach to ESG

The Meiden Group President's CSR Policy lists the three key issues of environment, society, and human resources. By tackling these key issues on the management foundation of compliance, corporate governance, and risk management, we will continue to provide value to society.

In terms of communication with stakeholders, we have recently held technological exhibitions with the theme of products, technologies, and services that solve social issues, in addition to our normal marketing, PR, and other promotional activities. By conveying the details of Meidensha's purpose, aim, and social contributions through communication with our stakeholders, we acknowledge customer expectations and hopes that Meidensha will be able to solve the issues they are facing, leading to improved employee engagement in which they feel they are playing a valuable role. We believe that this will result in development of better business operations. I am proud that each and every Meiden Group employee works with the belief that they are supporting infrastructure and benefiting society. I sincerely hope that Meidensha continues to be a company that supports infrastructure 150 or even 200 years from now, continuing as a place where people take pride in their work. Going forward, we will embrace the challenge of realizing a safe and vibrant society where people work in harmony with nature, while valuing our thoughts on social contribution and a sincere attitude, the very DNA of Meidensha.

Supporting social infrastructure for more than 120 years.

The Meiden Group's quality will lead to a more affluent future.

 A more detailed timeline may be found on our website.
https://www.meidensha.com/corporate/corp_05/index.html

1897

The 1970s -

The 1980s -

The 1990s -

The 2010s -

Founding and Birth of “Meiden a Motor Company”

In 1897, our founder Hosui Shigemune started a factory in the belief that one day Japan would build its own electric machinery. Meanwhile, Japan depended on imported products for much of its industrial machinery. His business at that time was mainly repair of electrical equipment and manufacture of switches. However, his efforts to build made-in-Japan motors gave him several new ideas for development of own products.

In 1901, Shigemune successfully developed a three-phase induction

motor and sold 18 motors between 1903 and 1904. He continued with research and made prototypes in the desire to develop more products of his own. His efforts led him to devise an induction motor design method in 1905. In the following year, he started production of motors to his own design method.

Meidensha's motor production helped to modernize Japanese industry and became the cornerstone of value-building at Meidensha that still persists today.

Evolving into “Meiden a Power Electronics Company”

During Japan's postwar economic boom, Meidensha actively expanded into the industrial systems business and contributed to the development of industry in Japan. In about 1970, society was beginning to prize quality over quantity. Likewise, Meidensha switched its management strategy from quantity base to quality base. On the technical side, our aim was to develop new products that made full use of our employees' creativity. At this time, we began to cement our status as a manufacturer of heavy electrical equipment, having developed new products that combined heavy electrical technology (power) with the latest electronics technology.

Evolving into “Meiden a System Engineering Company”

In the latter half of the 1980s, economic expansion led Meidensha to boost its production capacity at factories and upgrade its production system. We added to our family of Group companies and developed a variety of businesses to make us a stronger enterprise.

We grew to have three core business areas, adding mechatronics and electronics to our existing power electronics field. The integration of technologies from each of these fields to create management, monitoring, and control systems, evolves our Group into a company known as “Meiden a System Engineering Company.”

Approaching Our Centenary

Meidensha celebrated its 100th anniversary in 1997. Japan's business environment changed drastically after the collapse of the bubble economy, and management had to deal with a time of crisis. However, the legacy we had inherited from our predecessors, technologies and well-developed human resources, became the base for a new era of expansion as we hit the 100-year milestone.

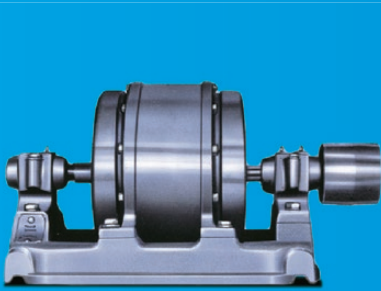
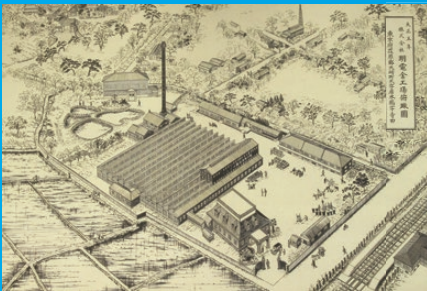
Upon our 110th anniversary in 2007, we christened ThinkPark Tower, a facility combining our head office building with pleasant greenery in Osaki, Shinagawa City, Tokyo, where our company was founded.

Aiming to Be “Meiden a Global Company”

Today, the Meiden Group is expanding its presence in markets outside Japan, especially in the ASEAN region. As part of this, we transferred to our overseas subsidiaries a stronger regional supervisory role; e.g. building partnerships with enterprises outside Japan, and opening training centers for local staff.

We are using IoT and AI to increase our product competitiveness and system technology. We also enhanced one-stop service business ranging from equipment manufacture to maintenance, inspection, and operations and management.

The world is undergoing vast change, but Meidensha will never stop endeavoring to contribute to the formation of an “affluent future society.”



Meiden Group History

- 1897

Company founded as a privately operated factory for electrical machinery
- 1913

Osaki Factory established
- 1917

Change of corporate structure from a private company to a listed company
- 1935

Nagoya Works established
- 1937

Shinagawa Works established
- 1950

KOFU MEIDENSHA ELECTRIC MFG. CO., LTD. established
- 1958

Headquarters moved to Otemachi, Chiyoda-ku, Tokyo
- 1961

Numazu Works established
- 1965

MEIDEN ENGINEERING CORPORATION established
- 1970

The Shinagawa Works and move to the Numazu Works closed
- 1975

MEIDEN SINGAPORE PTE. LTD. established
- 1976

Gotanda Office opened
- 1977

Ota Works established
- 1987

Technological exhibition held to celebrate the company's 90th anniversary
- 1993

The R&D Center opened in Osaki, Shinagawa-ku
- 1995

Headquarters moved to Hakozaeki, Chuo-ku, Tokyo
- 1997

Celebrated 100th anniversary
- 2001

A joint venture company, Japan AE Power Systems Corporation established
- 2003

Merger with MEIDEN ENGINEERING CORPORATION
- 2005

Work started on a development project near the West Exit of Osaki Station
- 2007

Headquarters moved to Osaki, Shinagawa-ku, Tokyo due to completion of ThinkPark Tower
- 2012

Japan AE Power Systems Corporation joint venture dissolved
- 2014

Stake acquired in the Indian company, Prime Electric (now PRIME MEIDEN LIMITED)
- 2015

Maintenance and after-sales service businesses reorganized into MEIDEN O&M CORPORATION and MEIDEN ENGINEERING CORPORATION
- 2017

TRIDELTA (now TRIDELTA MEIDENSHA GmbH) acquired from TRIDELTA GmbH
- 2017

Celebrated our 120th anniversary by holding events such as the Meiden Expo
- 2018

Formulation of Medium-term Management Plan 2020
- 2018

Decided to invest 7.0 billion yen in the Electric Vehicle (EV) Parts business
- 2019

MEIDEN HANGZHOU DRIVE TECHNOLOGY CO., LTD. established
- 2020

MEIDEN AMERICA SWITCHGEAR INC. established

Aiming for sustainable development of the Meiden Group and society

The Meiden Group's corporate mission is "illuminating a more affluent tomorrow" and we are conducting corporate activities according to the corporate philosophy of "for customer peace of mind and satisfaction." By continuing to improve the quality of people and technology, which is the driving force behind all of our business activities, we will provide unique products and reliable services, and contribute to society as appropriate for the age and the market.

Through this, we aim to provide increased value to the customer by implementing a business strategy that integrates development, production, sale, and maintenance while strengthening our foundations, and achieve sustainable development for both the Meiden Group and society.

Strategy

Medium-term Management Plan 2020 (FY2018 to FY2020)

- Growth Businesses: Overseas Business and Automobile-related Business**
 - Expanding the scale of businesses in line with market growth
- Earnings-base Businesses: Public Infrastructure Business and Maintenance and Servicing Business**
 - Strengthening earnings power through generation of new values
- Strengthening Business Foundations**
 - Manufacturing, development and business promotion capabilities, human assets fostering and financial strategies

The Business Environment in which the Group Operates (anticipated)

| Overseas Market | Domestic Market | Business Key Words |
|--|---|---|
| <ul style="list-style-type: none"> Increasing population in developing countries Increased infrastructure demand | <ul style="list-style-type: none"> Declining population Slumping economic growth rate Difficulty in implementing national and local government fiscal policies | <ul style="list-style-type: none"> Environmental regulations Automobile electrification and digitalization Development of the IoT and AI |

Customers

Electrical power

Energy

Railway systems

Water and environmental systems

ICT production

Automobile testing systems

Logistics

Plant construction engineering

Maintenance

Areas in which we will contribute to the solution of social issues through our business strategy



Investments for growth and steady expansion in business performance

The Meiden Group will establish competitive superiority and secure business opportunities by proactively engaging with social issues. Under Medium-term Management Plan 2020, we are actively investing and strategizing with regard to equipment, HR, research and development, and strengthening partnerships, etc., for a further leap forward.

OUTCOME

Solving social issues by providing value to customers

The Meiden Group will contribute to the solution of social issues, including Sustainable Development Goals (SDGs) by providing value to customers. Furthermore, we provide value to society, such as stable power supply, energy efficiency, access to safe water resources, creation of employment, and shareholder returns.

OUTPUT

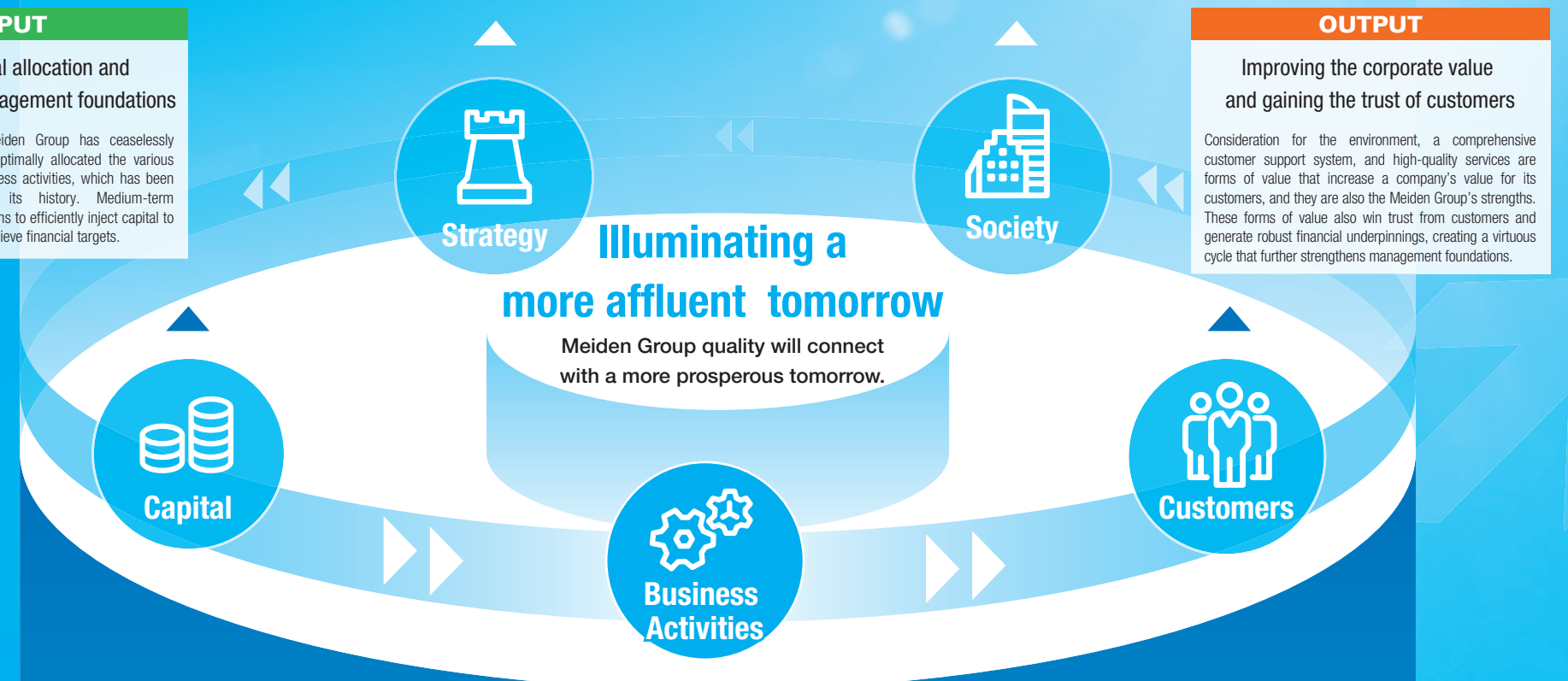
Improving the corporate value and gaining the trust of customers

Consideration for the environment, a comprehensive customer support system, and high-quality services are forms of value that increase a company's value for its customers, and they are also the Meiden Group's strengths. These forms of value also win trust from customers and generate robust financial underpinnings, creating a virtuous cycle that further strengthens management foundations.

INPUT

Optimal capital allocation and strengthening management foundations

Over 120 years, the Meiden Group has ceaselessly continued to adapt, and optimally allocated the various capital that supports business activities, which has been accumulated throughout its history. Medium-term Management Plan 2020 aims to efficiently inject capital to support businesses and achieve financial targets.

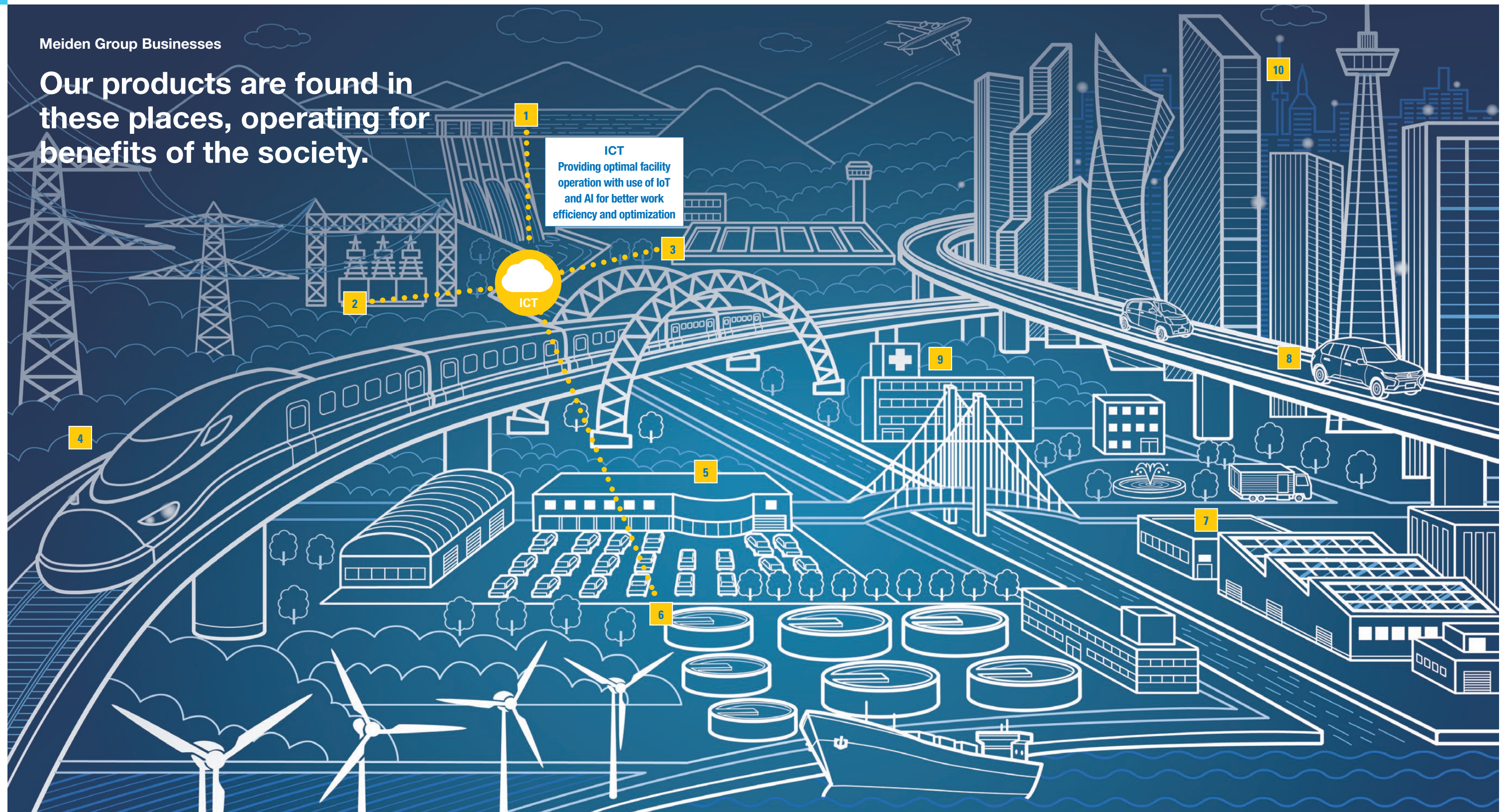


Challenge to create new technologies and value / Further honing of quality

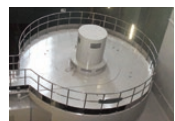
For the peace of mind and satisfaction of our customers, and the precious lives of the people beyond them, the Meiden Group will continue to refine products and services to increase the quality of people and technologies, and embrace the challenge of constantly creating new technologies and value.

Quality connecting the next

Our products are found in these places, operating for benefits of the society.



1 Power Stations



Hydro turbine generator



Mobile power generating system



Substation plant



Supervisory control and data acquisition system (SCADA)



Comprehensive monitoring system for a water supply system



Ceramic flat-sheet membrane unit

4 Railways



Tank type vacuum circuit breaker



SCADA system for railways



OCS inspection system



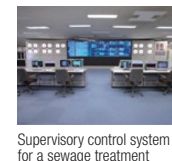
Dynamometer



Operation Transmission testing and measurement systems



Supervisory control system for a sewage treatment



Ceramic flat-sheet membrane unit

6 Sewage Treatment Plant

7 Various Factories



Energy storage system



Photovoltaic power generating system



Automated guided vehicles (AGV)



Industrial controller



PM motor



Inverter



Motor drive unit for battery forklifts

8 Electric Vehicles



Drive system for EV and HEV

9 Hospitals



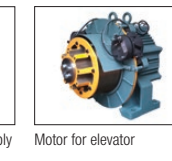
Emergency gas turbine generator



Cogeneration system



Uninterruptible power supply



Motor for elevator



Inverter for elevator

10 High-rise Buildings

Progress of the Medium-term Management Plan

The Meiden Group's vision for the future is to be a heavy electric machinery maker that supports the future of social infrastructure and industrial advancement, while realizing sustainable growth and development. With environmental issues and sustainable growth as major management issues, strategic development is extremely important from a medium- to-long-term perspective.

The Medium-term Management Plan 2020, which we have been operating since FY2018, has been positioned as a phase for actively making a range of investments in order to take a "powerful step" toward future "jump". As a result of these efforts, we aim to realize "high-quality" growth in the "jump" phase under the next medium-term management plan from FY2021.

Director, Executive Vice President

Shosuke Mori



Basic Policies of the Medium-term Management Plan 2020

In the Medium-term Management Plan 2020 from FY2018, as part of the "powerful step forward" phase, we will actively invest and implement equipment, personnel resources, research and development, and strengthen business partnerships. Positioning the next medium-term management plan and beyond as a "jump" period, we aim to achieve "high quality" growth by improving business profitability and creating a balanced business structure. As a fundamental policy under the current Medium-term Management Plan, business areas

are divided into the following three areas: Growth Businesses, Earnings-base Businesses, and New Growth Businesses to distribute of company resources, with each area implementing its own strategies. Based on these policies, we will actively invest and work to strengthen earning potential with the goal of further increasing corporate value. The following is an explanation of the progress of the Medium-term Management Plan 2020 in FY2019.

Medium-term Management Plan 2020 (FY2018-2020)

Powerful Step for a Jump



Key Measures for the Accomplishment of the Medium-term Management Plan 2020

① Growth Businesses

The Overseas T&D Business, which is expected to expand mainly in emerging Asian countries, and the Automobile-related Business, have made significant progress in the electrification and digitization of cars, positioning it as a Growth Businesses. We are actively investing resources into these businesses to expand our business scale.

In the Overseas T&D Business in January 2020, we reached an investment agreement to acquire a 41% stake in Vietstar Industry Corporation, a Switchgear Manufacturer in Vietnam (hereinafter "Vietstar"). Through this acquisition of shares, we will combine Vietstar's commercial distribution and production capabilities with the Meiden Group's product technology to enter the Vietnamese electricity market, particularly in the field of medium-voltage switchgear, and in future, we aim to enhance the value chain in the ASEAN region by positioning Vietstar as our key production base in the Mekong region.

As environmental regulations increase, MEIDEN AMERICA SWITCHGEAR, INC. was established in April 2020 in the U.S. to manufacture vacuum circuit breakers in the U.S., where there is a strong demand to replace aging power equipment. Through this subsidiary, we will strengthen manufacturing and sales of vacuum circuit breakers and vacuum interrupters in

North America, and at the same time, we aim to expand the Overseas T&D Business.

In the EV Business, we aim to start mass production in FY2020 by commencing operation of new production lines in Nagoya and Kofu. In China, the world's largest automobile market, we establish MEIDEN HANGZHOU DRIVE TECHNOLOGY CO., LTD. as the first overseas production site for the EV Business, and we will focus on business expansion in that market.

In the Dynamometer Systems Business, we are accelerating our customers' model-based development of automobile-related products and supporting reduction of development times, through the commencement of operation of an EV motor evaluation bench embedded software from FEV Japan Co., Ltd. (FEV), with which we formed a business partnership in March 2019. In this way, we will continue to strengthen our business and achieve synergies with our EV Business.

② Earnings-base Businesses

We have placed the Water Treatment and Public Infrastructure Business, the Electricity and Renewable Energy Business, and the Maintenance and Servicing Business in Japan, etc., in the Earnings-base Business group. We are striving to strengthen profitability by reforming business models and improving productivity.

In the Water Infrastructure Business and the Electrical Energy Business, we established a new Public Infrastructure Business Planning Group in April 2020 to respond in order to respond to diversifying social needs. The Headquarters will promote activities to propose cross-business solutions in order to solve social issues including crossing and expanding the scope of infrastructure services, decarbonization, and Business Continuity Plan (BCP). We will devote ourselves to the creation of new business models by leveraging our extensive record of delivering numerous products and services, as well as through partnerships with local governments and companies in other industries.

In the Railway Systems Business, it is now possible to detect abnormalities in structures, etc. around the catenary (damage from fallen trees due to typhoons, etc.), and to improve the maintenance efficiency of railway operator inspections by further improving our catenary inspection equipment that

detects deterioration and abrasion through image analysis technology, and by combining image analysis and AI.

In addition, in the Maintenance and Servicing Business, demand for maintenance of emergency generators and life-prolonging and overhauling of facilities is increasing due to heightened awareness of BCP and disaster prevention. Comprehensive outsourcing of maintenance and management to private sector is becoming increasingly common against the backdrop of a declining labor force and financial difficulties for local governments, etc., and the need for maintenance is increasing. We are focusing on maintenance support for other companies' products, energy-efficient proposals, development of new services such as operation and management work, and proposals for walkthrough activities in which we walk around the site with customers to examine and diagnose equipment.

③ New Growth Businesses

We are promoting new markets and new products development in New Growth Businesses such as the Semiconductor-related Businesses.

In April 2020, MEIDEN NANOPROCESS INNOVATIONS, INC., was established commenced sales of a new product, the ALD/OER film deposition equipment, in order to commercialize room-temperature film deposition technology using 100% pure ozone generated by Meidensha's proprietary technology. By making this business a subsidiary, we will conduct rapid decision-making and collaboration with parties outside of the Group, and accelerate its commercialization.

We have also restructured the Business Development Department in order to further strengthen and promote new businesses development and open innovation even more than before. We are thus working to identify synergies and create new businesses through collaboration with companies in Silicon Valley in North America as well as other industries in Japan and abroad.

Progress of the Medium-term Management Plan

Major Initiatives and Results in FY2019

| Strategy of the Medium-term Management Plan 2020 | | | FY2019 initiatives (progress) |
|--|------------------------------------|---|---|
| Growth Businesses | Social Infrastructure Business | Overseas Power Business <ul style="list-style-type: none">Partnerships with local businessesRealize entry into the market where power companies purchase power equipmentRealization of autonomous operation of PRIME MEIDEN LIMITED and enhancement of business expansion in India and markets located west of India, including Africa | Power Generation and T&D Equipment <ul style="list-style-type: none">Strengthen our overseas business structure, including the establishment of a new switchgear company in the U.S. |
| | | Overseas Railway Business <ul style="list-style-type: none">Capturing further demandStrengthen the project implementation system | <ul style="list-style-type: none">Promote activities to secure orders for new overseas projects |
| | Industrial Systems Business | EV Business <ul style="list-style-type: none">Increase production equipment and development capabilitiesPromote miniaturization, efficiency, and integration | <ul style="list-style-type: none">Operate new production lines (in Kofu and Nagoya)Watch market and customer trends due to the spread of the novel coronavirus (COVID-19) |
| | | Dynamometer Systems Business <ul style="list-style-type: none">Enhanced engineering capabilities for model-based developmentAchieve synergies through collaboration with the EV Business | <ul style="list-style-type: none">Swift response to R&D budget restrictions of automobile manufacturersConstruct a business foundation through partnerships |
| Earnings-base Businesses | Social Infrastructure Business | Water Treatment and Public Infrastructure Business Electrical Energy Business <ul style="list-style-type: none">Non-sequential cost reduction of products and systemsProvide new value utilizing IoT and AI technologiesBuild a sales structure to meet diversified needs | Water Infrastructure <ul style="list-style-type: none">Thoroughly manage an agile schedule in response to changing circumstancesPublic private partnerships (PPP) projects, use of ICT and AI technologies, etc. <ul style="list-style-type: none">Improve profitability by strengthening product strategies in response to the restructuring of electric power industryPromote targets for the decarbonized market and create synergies through comprehensive proposals for renewable energy and battery technologyStrengthen the hydroelectric power business through collaboration with EAML Engineering CO., LTD. |
| | | Private Sector Business <ul style="list-style-type: none">Reduce product costs and collaborate with maintenance services | <ul style="list-style-type: none">Enhance project management of large-scale/overseas projectsCapture the demand to replace aging equipment by proposing integration with maintenance services |
| | Industrial Systems Business | Applied Electromotive Products Business <ul style="list-style-type: none">Launch high-speed motors and transformerless high-voltage inverters | <ul style="list-style-type: none">Expand business by enhancing product capabilities and launching new products timely |
| | | Logistics Business <ul style="list-style-type: none">Create unique products through collaboration with system integrators | <ul style="list-style-type: none">Establish a production system in line with changes in load due to the impact of the novel coronavirus (COVID-19) |
| | Maintenance and Servicing Business | Enhanced Rollout of One-stop Services <ul style="list-style-type: none">Partnerships and walkthrough activitiesExpand into developing countries | <ul style="list-style-type: none">Promote total maintenance of machinery and electrical equipment, including products from other companiesStrengthen proposal capabilities through walkthrough activities and integration with product sales |
| | | Rollout of Facility Management <ul style="list-style-type: none">Provide new value by utilizing IoT and AI technologiesEnhance human resource development and skill transfer by reinforcing facilities | <ul style="list-style-type: none">Improve HR capabilities by establishing a new technology center<ul style="list-style-type: none">Strengthen HR development and recruitment, and to improve workplace efficiency through the use of IoT and AI technologyImprove work style reform and cost competitiveness by developing and strengthening partner companies |
| New Growth Businesses | Industrial Systems Business | Electronics Products Business <ul style="list-style-type: none">Reinforce production equipment and develop new products | <ul style="list-style-type: none">Deploy of the innovation business through the Dejima strategy by establishing a new pure ozone companyLaunch the new product, "Cold-cathode X-ray Tubes" |

| Measures | |
|----------|---|
| E | Environment <ul style="list-style-type: none">Allocate the electricity generated by wind farms owned by Group companies to the use of our own R&D center and the Osaki Kaikan Hall to reduce the CO₂ emissions associated with electricity consumption to zero |
| S | Quality <ul style="list-style-type: none">Conduct appropriate design review using risk mapsEstablish quality management standards for purchased productsEnhance change-point management based on quality data Safety <ul style="list-style-type: none">Expand ISO 45001 certificationImplement internal education through the Safety Promotion Center to prevent risk awareness lessons from fadingVarious measures to improve health based on the President's Health and Wellness Management Policy Statement Work Style Reforms <ul style="list-style-type: none">Promote operational reforms and telework through RPA, etc.Systematically reduce overtime and promote the use of paid leavePromote flexible working styles through measures to support childcare and nursing care, etc.Introduce a mandatory retirement at 65 years of age |
| G | Corporate Governance <ul style="list-style-type: none">Transfer to a company with an audit and supervisory committeeEnhance discussions and supervisory functions of the Board of Directors by expanding the proportion of outside directors, etc., and enhance internal controlsEstablish the voluntary Nomination and Remuneration CommitteeImprove the effectiveness of the Board of Directors through conducting meetings to exchange opinions with the themes of management issues and strategy |

Financial Strategy

Building a Robust Financial Base

Meidensha is working to strengthen the Group's position based on the following capital procurement policies, in order to complete its Medium-term Management Plan 2020.

Our basic policy for funding is to select the most optimal financing method while balancing the long-to-short-term ratio and direct to indirect financing. In principle, we use capital for investment within the scope of depreciation expenses; however, in the expansion phase of investment, we plan to raise funds with a D/E ratio (debt to equity ratio) of 0.5 for capital procurement. In the past few years, as we have expanded our long-term financing of investments, our long-term ratio has grown to 72%, thereby reducing the risk of short-term refinancing.

In FY2019, we issued green bonds for the purpose of funding mass-production equipment for EV motors and inverters, and promoted the diversification of our funding sources. Furthermore, we are also working to increase the size of our commitment line with a view to ensure a complete procurement system.

ESG/SDGs finance such as green bonds and green loans are highly compatible with Meidensha's businesses, and we believe they are a financing method that enables both business expansion and environmental/social contribution. We will consider forming sustainability bonds and sustainability loans, according to future funding demands.

From the perspective of asset efficiency, we consider ROIC (return on invested capital) as an important indicator, and we are working to improve our CCC (cash conversion cycle) through improved accounts receivable turnover and inventory reduction. In terms of financial targets, we are aiming to secure medium-to-long-term ROE (return on equity) of 10% and ROIC of 7%.

Furthermore, we aim to achieve equity capital of at least 100 billion yen through profitability improvement.

Shareholder Return Policy

Meidensha considers the appropriate distribution of profits to shareholders to be a major management priority, and our basic policy is to improve shareholders' equity and return on shareholders' equity while paying appropriate dividends according to our performance. In addition, we pay surpluses twice yearly, as an interim and a year-end dividend, aiming to maintain a stable payout ratio of approximately 30%.

With regard to internal reserves, we use them effectively for capital investment and investment in research and development, in order to maintain and improve our market competitiveness.

Financial Targets (consolidated)

(In billion yen)

| | FY2019 (results) | FY2020 (forecast) | FY2020 (targets) |
|---|------------------|-------------------|------------------|
| Net sales | 255.7 | 236.0 | 280.0 |
| Operating income | 12.7 | 7.0 | 14.0 |
| Ordinary income | 11.4 | 6.6 | 13.5 |
| Net income attributable to owners of parent | 8.2 | 4.7 | 9.4 |

| | | | | |
|---------------------------|------------------|-------|-------|-------|
| Social infrastructure | Net sales | 146.0 | 138.0 | 157.0 |
| | Operating income | 3.6 | 2.7 | 4.8 |
| Industrial systems | Net sales | 65.8 | 55.0 | 77.0 |
| | Operating income | 3.2 | (0.9) | 5.5 |
| Maintenance and servicing | Net sales | 38.8 | 38.0 | 39.0 |
| | Operating income | 5.6 | 5.5 | 4.4 |
| Real estate | Net sales | 3.4 | 3.5 | 3.5 |
| | Operating income | 1.3 | 1.3 | 1.3 |
| Others | Net sales | 1.5 | 1.5 | 3.5 |
| | Operating income | (1.3) | (1.6) | (2.0) |
| Total | Net sales | 255.7 | 236.0 | 280.0 |
| | Operating income | 12.7 | 7.0 | 14.0 |

| | | | |
|-------------------------|-----|---|----|
| Profitability (%) | | | |
| ROE | 9.6 | — | 10 |
| ROIC | 6.9 | — | 7 |
| Operating profit margin | 5 | 3 | 5 |

Investment Plan (In billion yen)

| | FY2019 (results) | FY2018—2020 Cumulative amount over three years |
|--------------------------------------|------------------|--|
| Capital investment | 9.5 | 30.0 |
| Growth investment budget | 6.9 | 20.0 |
| Research and development expenditure | 10.4 | More than 30 |

Net Worth / Dividend Payout Ratio

| | FY2019 (results) | FY2020 (targets) |
|------------------------------------|------------------|------------------|
| Net worth | ¥87.1 billion | ¥100.0 billion |
| Consolidated dividend payout ratio | 27.6% | Stably at 30.0% |

Research and Development Strategy

Since Meidensha was founded, we have been focusing on the development of products and technologies to support social infrastructure based on our corporate philosophy of “illuminating a more affluent tomorrow.” In our Medium-term Management Plan 2020, we have been enhancing our research and development in response to environmental regulations, the electrification of vehicles, and IoT and AI technologies, with an eye to solving the environmental problems we have been facing in recent years, as well as issues such as population decline.

In addition to strengthening our existing products to contribute to society, we will continue to develop new products and technologies that will contribute to solve the problems of a rapidly changing society, such as the increasing severity of natural disasters and the new normal caused by the novel coronavirus (COVID-19).

Representative Director, Executive Vice President

Masamichi Kuramoto



Priority Areas

Compliance with Environmental Regulations

With regard to vacuum circuit breakers, which are an important component of electrical power system equipment, we have completed the development of a 145kV Ecotank Type Vacuum Circuit Breaker, which is the world's first vacuum circuit breaker in the class of over 100kV.

This product does not use SF₆ gas, which has a high global warming potential, and was launched in April 2020, mainly in North America, where demand for replacement of aging power equipment is high and environmental regulations are strict. We also commercialized high-output (1 MW class) PM motors and drive inverters to meet the need for high-speed blowers and compressors, etc. We contributed to lower environmental impact by reducing energy consumption by 20% and achieving a 1/5th reduction in motor volume compared to systems using conventional step-up gears by operating the motors at 10,000 rpm or more.

Response to Electrification of Automobiles

We developed the MEIDEN e-Axle, which integrates gears as well as a motor and inverter, with the aim of further reducing the size and weight of EV drive systems. This product achieves a compact size, weight reduction, and high power output, and increases output density by approximately 60% (compared to previous Meiden models). In addition, it also contributes to improved handling stability due to a lower center of gravity and increased cabin space through optimal placement of components and a thinner components with less height.

We also worked to improve the functionality of EV motor evaluation systems. The system makes it possible to evaluate fuel consumption and power costs in the vehicle's running condition, contributing to the speed of our customers' development.

Enhancing Digital Technology including IoT and AI

In order to expand our services in water infrastructure systems, we are attempting to provide information to citizens by using IoT technology to measure and visualize the level of water in sewer pipes and overflowing water on the ground with sensors attached to manhole covers, which will be used to make decisions such as issuing evacuation orders.

In addition, as a response to social issues such as automation/labor saving of manual/skilled work, we have commercialized the RocoMo-V, an automatic guided vehicle equipped with a small cooperative robot that can carry a weight of 14 kg. Through digital technology, it is now possible for the robots to estimate their positions and respond flexibly to changes in the layout of the location where they run.

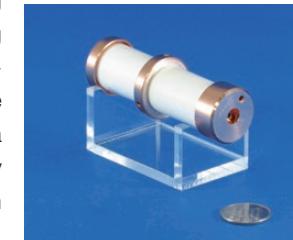


RocoMo-V

Initiatives for New Businesses

Meidensha has established room-temperature deposition technology by ALD (atomic layer deposition)/OER (ozone-ethylene radical generation technology), which utilizes Meidensha's proprietary 100% pure ozone technology, and has completed the development of the film deposition system. This makes it possible to deposit films on substrates that are easily damaged by heat. As this technology enables deposition of oxide film on a range of base materials at room temperature, it is expected to have a range of applications in the future, such as in semiconductors and displays.

In addition, using Meidensha's vacuum technology we have developed over many years, we have also developed a cold-cathode X-ray Tube for X-ray inspection equipment. By using a cold-cathode electron source with Carbon nanostructures based on field emission technology eliminates the need to heat the filament, which is essential for conventional thermionic emission systems, and achieves a smaller, light weight and more energy-efficient X-ray Tube with shorter heating times. This development has enabled miniaturization and portability, allowing use in security screening at events, etc. and non-destructive industrial tests are anticipated. We will promote a new go-to-market strategy by utilizing Meidensha's vacuum technology.



Cold-cathode X-ray Tubes

Capital Investment

We are making capital investments in accordance with the policies of our Medium-term Management Plan 2020.

In the EV Business, we augmented EV component mass production equipment at three Japanese sites in Numazu, Nagoya, and Kofu. At the Nagoya Works, we decided additional capital investment in order to further improve production capabilities. In the Chinese market, we established a manufacturing subsidiary, which is our first local EV Business outside of Japan. A factory is currently being constructed.

With respect to data processing, we continued to introduce a production management system to optimize processes through visualization, etc. of the progress of manufacturing processes and an RPA (work automation system) system.

Concerning the foundations of our business activities, including safety, the environment, and BCP, we introduced a new hands-on safety experience trucks, expanded safety experience VR content, converted to LED lighting, and invested in equipment like emergency generators.

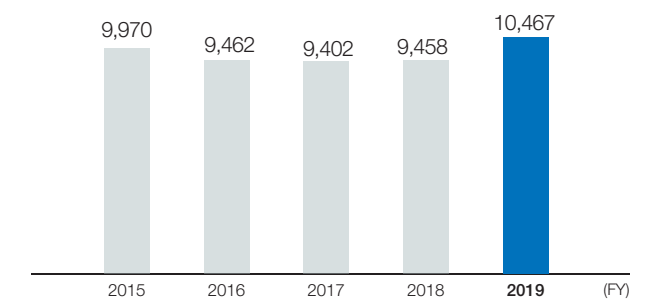
As a result, total capital investment for the fiscal year under review increased 8.146 billion yen year on year to 16.042 billion yen. While depreciation and demand for funds will also increase as we make our largest-ever capital investment, we will aim to expand the scale of our business and improve our return on invested capital (ROIC) and other financial metrics by steadily generating the benefits of our investments.

Company-wide Core Technologies

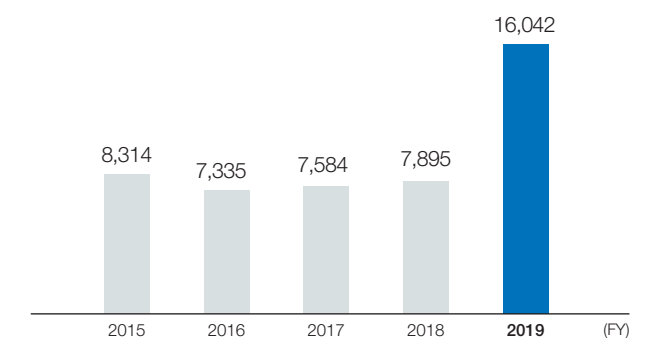
Regarding the advancement of power electronics technology, we focused on miniaturization, increased efficiency, and weight reduction of high-power density SiC inverter motors. In addition, we also worked to improve the performance of zinc oxide components and to acquire material technologies, such as reliability design of environmentally friendly epoxy resins used in the insulation of electrical power equipment. To further improve the competitiveness of our products, we are strengthening our analysis technology, such as improving the efficiency of hydroelectric water turbines using fluid dynamics simulation.

As a result of promoting research and development activities centering on these activities, total R&D expenses amounted to 10,467 million yen.

R&D Expenses (Millions of yen)



Capital Investment (Millions of yen)



KOFU MEIDENSHA ELECTRIC MFG. CO., LTD. EV factory

Social Infrastructure Business



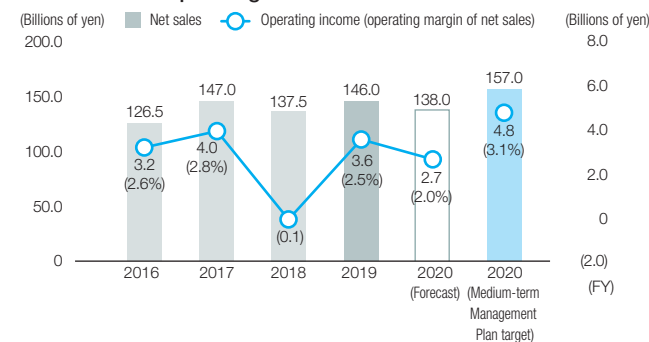
Business Environment

In the domestic market, the business environment is becoming more severe due to the declining population and financial difficulties of local governments. Meidensha, however, has been performing relatively strong due to solid orders for replacement of aging equipment and securing of large-scale projects. Furthermore, there is an increasing need for wide-area expansion and public-private partnerships at municipal facilities throughout the country, and demand for BCP (mobile power generating system, emergency generators, etc.) to prepare for frequent disasters is also on the rise.

In overseas markets, while the growing movement for environmental conservation in North America is providing a favorable sales trend for environmentally friendly T&D products

and other products, the spread of the novel coronavirus disease (COVID-19) has been gradually affecting our business in ASEAN, India, and other markets, and the future outlook for our business remains unclear.

Net Sales and Operating Income



Overview of FY2019 and Outlook for FY2020

In the Electrical Energy Business and Water Infrastructure Business, both sales revenues and profits increased over the previous fiscal year as a result of recording net sales from projects for which completion of the construction work had been postponed from the previous fiscal year, etc., and also improving the profit margin due to reduced cost.

In the Social Systems Business, sales revenue and profit increased over the previous fiscal year due to strong domestic demand and, furthermore, by strengthening management based on the reflection of the deteriorating cost of goods that occurred in FY2018 in overseas private sector projects, as well as the elimination of unprofitable projects in some projects.

In the Railway Business, revenue decreased compared to the previous fiscal year due to a decrease in large-scale projects both in Japan and overseas.

Despite recording an operating loss of 100 million yen in FY2018 due to the effects of worsening costs of overseas EPC projects and the deferment of sales of some domestic infrastructure projects, etc., we turned this around in FY2019

to achieve greatly increased profit.

In FY2020, there is some uncertainty and risk relating to securing orders for FY2020 net sales in overseas private demands and industrial systems as a whole due to the impact of the novel coronavirus (COVID-19). As a result, we are planning for operating income in the entire social infrastructure business segment of 2.7 billion yen, which is 2.1 billion yen less than our final target in the medium-term management plan for FY2020.

The Power Generation and T&D Business is expected to fall short of the Medium-term Management Plan due to the following three factors: sluggish demand growth in the Power Generation Business against the backdrop of increased environmental awareness, increased competition in the Overseas T&D Business, and the delayed strategic progress of PRIME MEIDEN LIMITED in India. Meanwhile, in the Water Infrastructure Business, which is our domestic revenue-base business, we expect to exceed the figures in the medium-term management plan by focusing on acquiring existing projects.

Initiatives for FY2020 and Beyond

Electrical Energy / Social Systems Business

With regard to the Power Generation and T&D Business, we have established a new T&D product company in the U.S., which has strong need to reduce its environmental impact, and commenced sales of our own vacuum circuit breakers, which are one of our products that contribute to the environment, to U.S. electricity companies.

In the electrical energy business, we achieved a stronger structure for the small and medium-sized hydro power station

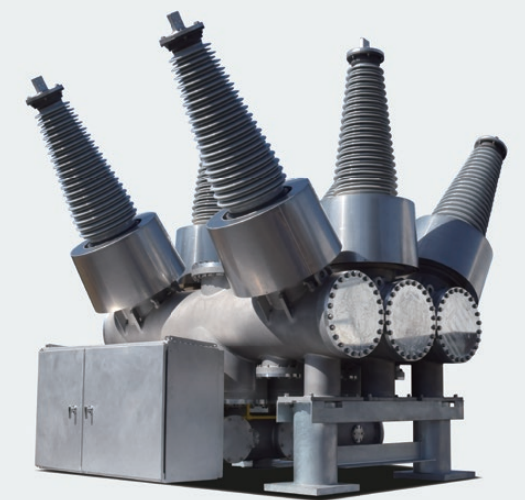
business, with the consolidation of EAML Engineering, Ltd. in July 2019.

In the social systems business, we strengthened project management following reflection on the worsening of costs in overseas projects in FY2019. In addition, we have achieved results in timely proposals for the replacement of customers' aging equipment through active activities to integrate proposals with maintenance services.

Establishment of a New Company to Manufacture and Sale Switchgear in North America, where Environmental Requirements are High

In North America, there has been an increase in demand for the replacement of aging power equipment; environmental regulations on SF₆ gas, which contributes greatly to the high greenhouse effect, have grown stricter; demand for environmentally friendly vacuum circuit breakers has been increasing. In addition, there is also a greater demand for electric distribution equipment that uses vacuum interrupters, due to the rearrangement of the electrical power system to accommodate decentralized power sources based on renewable energy source.

Given the increasing value placed on sustainability, we consider the North American T&D Business to be a promising market, and in April 2020, we established a new company, MEIDEN AMERICA SWITCHGEAR, INC. in South Carolina, U.S.A., in order to manufacture and sell switchgear, and have commenced operations there. Meiden America Switchgear sells VIs (vacuum interrupters) and manufactures and sells 72.5kV and 145kV Ecotank Type Vacuum Circuit Breaker, which were the worlds' first commercialized SF₆ gas-free dead-tank vacuum circuit breakers in the over 100kV class.



145kV Ecotank Type Vacuum Circuit Breaker

Entering the Vietnamese Power Market in the Medium-voltage Switchgear Field, in Collaboration with a Local Switchgear Manufacturer

While foreign companies are expected to enter the power sector and invest more in power infrastructure, the Meiden ASIA PTE. LTD. entered into an agreement in January 2020, to invest in Vietstar Industry Corporation (Vietstar), a local switchgear manufacturer in Vietnam, to enable the Meiden Group to enter the Vietnamese power market. Vietstar mainly manufactures and sells low and medium-voltage switchgear and is one of the top-ranked companies in the country, with customers in Vietnam. Through this partnership, we aim to support power supply for stable economic activities and comfortable lifestyles in Vietnam, and to expand into the Mekong region in the future.



Signing ceremony

Social Infrastructure Business

Railway Business

In the Railway Business, multiple large-scale overseas projects are proceeding in parallel, including the renewal of the North-South and East-West MRT lines in Singapore, which were ordered in FY2017. While focusing on project personnel assignments and cost management, we aim to continue to

win orders for new projects in overseas markets where the development of rail infrastructure is booming. We are also working to win orders for the Shinkansen bullet trains and to expand our customer base in the private railway sector in Japan.

Completed Construction of Singapore MRT Thomson-East Coast Line (stage 1)

MEIDEN SINGAPORE PTE. LTD. completed construction of stage 1 of the railway power equipment for the Thomson-East Coast line, for which the company won a sole-source contract from the Singapore Land Transport Authority, and the line was opened in January 2020.

The Thomson-East Coast line is a 43km long commuter line with 32 stations. We have received orders as a system contractor for a complete set of railroad power supply equipment for the train depot and 22 stations (stages 1-3). We have been entrusted with comprehensive work from basic design, manufacturing, installation, testing, adjustment, and handover of 66kV transformer equipment, 22kV transformers equipment, 750V DC power feeding equipment, and remote power monitoring equipment. Regarding stages 4 and 5, we are also scheduled to deliver some key equipment and are involved in the entire line. The line is scheduled to open in stages from now on, with the

entire line scheduled to be in operation in 2024.

The Meiden Group will continue to use the technology and experience it has developed over many years in the Overseas Railway Business to contribute to the resolution of environmental issues face by cities and economic development, and contribute to the realization of a sustainable society led by railways.



Water Infrastructure Business

In the Water Infrastructure Business, we are promoting initiatives aimed at new PPP (public-private partnership) projects and enhancement of our proposal capabilities through ICT and AI technologies. In addition, we are also continuing to focus on winning orders for replacement of equipment of water and sewage treatment plants.



Water treatment plant maintenance patrol



Water treatment plant monitoring

Enhancement of the Social Infrastructure Business as a Revenue Base and Creation of New Business Models

Establishment of the Public Infrastructure Business Planning Group

In April 2020, we established a new Public Infrastructure Business Planning Group and are promoting and creating an area-wide business model with the aim of proposing value through the combination of water and energy.

In the Social Infrastructure Business, each division has taken initiative so far in developing business strategies for each customer, such as Electric Power Companies, private companies, and water and sewage service providers, including local governments, etc. Meanwhile, the domestic infrastructure market is expected to undergo major changes in its market structure, including social changes due to the population decline and financial difficulties of local governments, advances in IoT and AI technology, and changes in needs due to public-private partnerships (PPP) and widespread infrastructure services. In the midst of these market changes, the Meiden Group must apply its knowledge over the years in providing a range of infrastructure services, and provide technology solutions through organizational collaboration by proposing infrastructure platforms together with companies and local communities, and through cross-organizational cooperation, in order to provide maximum value.

To respond to these changes, the newly established division is responsible for managing the business operations of social infrastructure projects such as electric power and energy, water infrastructure, and railway system, improving revenue and profits through operational reforms including optimization of business structure and operations, promoting the planning, development and commercialization of new business models that respond to business changes and diversified social needs. Specific initiatives that have already been undertaken so far include a virtual power plant demonstration that utilizes reused EV batteries, and demonstration of flooding and inundation countermeasure services, etc., in partnerships with electricity companies, local governments, and companies in other industries.

Demonstration Experiment of a Flood and Inundation Countermeasure Service in Tsukubamirai City

In April 2020, Meidensha commenced a demonstration experiment of flooding and inundation countermeasure service in cooperation with Tsukubamirai City, Ibaraki Prefecture, and TEPCO Town Planning Co., Ltd.

In recent years, urban flooding events and torrential/heavy rain in a short period of time have increased due to climate changes. In this demonstration experiment, sensors attached to manholes detect the water level in sewage pipes, and sensors attached to power poles detect the water level on the ground, and the information is shared via the cloud. The information is centralized as disaster prevention



information (real-time monitoring information and water level forecast information) for use in making decisions on road closures and routes, installation of sandbags and water stop plates, evacuation orders, and rescue and recovery efforts. The information is also shared with the public as needed.

This is the first approach in Japan to consistently monitor water levels underground and above ground for disaster prevention and mitigation.



Manhole antenna



Demonstration experiment signing ceremony (right: Satoru Kameyama, then Managing Executive Officer of Meidensha)

Commencement of VPP Demonstration Experiment Utilizing Reuse Technology for EV Drive Batteries

Meidensha, in collaboration with The Chugoku Electric Power Co. and Mazda Motor Corporation, has built a stationary-type storage battery system that reuses EV drive batteries, and commenced a virtual power plant (VPP) demonstration experiment utilizing the system.

VPPs combine and control a large number of decentralized power sources such as renewable energy, EVs, and storage batteries owned by residences and factories, etc., as if they were a single power station. They are expected to be used to provide a range of power system services such as adjustment of supply and demand by electricity transmission and distribution businesses. In this demonstration experiment to verify the possibility of reusing EV drive batteries as a resource for VPP, an integrated control system for multiple drive batteries is constructed and combined with distributed power sources, including renewable energy, to be used to evaluate the response and degradation characteristics of the batteries. In this way, we aim to secure control technology that will maximize utilization of renewable energy and lead to a balance between supply and demand, etc.

Industrial Systems Business

Business Environment

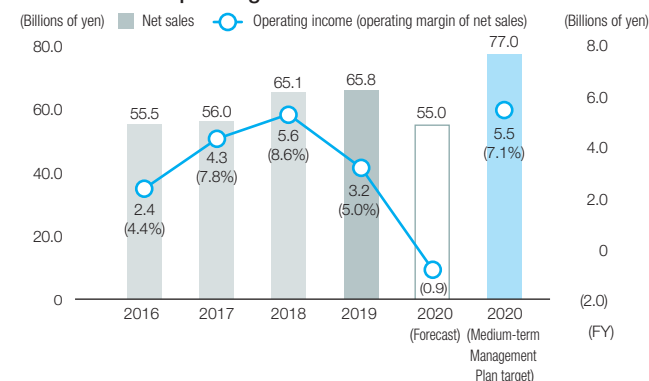
The severity of business environment surrounding the automotive industry is intensifying due to the impact of the novel coronavirus (COVID-19), which has significantly damaged the economies and business activities of countries around the world. As a result, many Japanese and foreign automotive companies have suspended or delayed their investment plans, etc. Meanwhile, we expect investment in new technologies, such as automated driving and electrification of automobiles, to continue to grow.

In addition, increasingly strict environmental regulations in various countries around the world have boosted the demand for electric forklifts, and the need to save labor and energy, and mitigate the risk of shutdowns are expected to increase the demand for the transportation business.

In the semiconductor industry, the launch of 5G and active

investment in data centers, etc. have generated momentum, and Meidensha's Electronics Products Business is also showing a marked recovery trend.

Net Sales and Operating Income



Overview of FY2019 and Outlook for FY2020

In the EV Business, sales revenues increased over the previous fiscal year due to strong sales of EV motors and inverters and operation of the new production line at the Numazu inverter factory. But profit decreased over the previous fiscal year due to advance costs for the commencement of mass production at new equipment, etc. In the Motor Drive Products Business, there were reductions in both sales revenues and profits due to a slowdown in demand for injection molding equipment, etc. In the Electronics Products Business, although there were reductions in both sales revenues and profits compared to the previous fiscal year, the semiconductor market is recovering from the adjustment phase. In the Dynamometer Systems Business, while the overall decline in the automotive industry affected, there was a decrease in revenue and an increase in profit compared to the previous year due to improved productivity.

For FY2020, sales in the EV Business are expected to decrease temporarily due to the market expanding faster than expected at the time of the formulation of the Medium-term Management Plan, as well as an increase in advance costs due to active investments made in conjunction with the market expansion, as well as the impact of the novel coronavirus (COVID-19). In the Electronics Products Business, it has not reached the level anticipated at the time of the formulation of the Medium-term Management Plan, although the semiconductor manufacturing equipment market is recovering and is relatively strong. In light of these market trends, we anticipate that the entire industrial systems business segment will face harsh conditions, with profit decrease of 4.1 billion yen compared to FY2019.

* Here, "EV" refers to electric vehicles, which includes fully electric vehicles (FEV), plug-in hybrid electric vehicles (PHEV), and hybrid electric vehicles (HEV).

Initiatives for FY2020 and Beyond

EV Business

We are continuing to systematically make strategic investments while keeping an eye on market and customer trends. The new production line at the Numazu inverter factory commenced operation in April 2019, and the new production lines at the Kofu and Nagoya motor/inverter factories are scheduled to begin mass production in FY2020. MEIDEN HANGZHOU DRIVE TECHNOLOGY CO., LTD., which was established in Hangzhou, China, in FY2019 as a new company to manufacture EV motors, has invested 3.4 billion yen in facilities with an eye toward commencement of operations in 2021.

We must expect a decrease in revenue in FY2020 due to the impact of the novel coronavirus (COVID-19). We will, however, continue to keep a close eye on the progress of projects and market trends to ensure that we make steady capital investments at the right time.

Dynamometer Systems Business

In March 2019, Meidensha has entered into a business partnership with FEV Japan Ltd. (below, FEV) in order to support the digitalization of design and development through model-based development of automobile, with the combination of FEV's advanced software with our automotive dynamometer system, and since April 2019, we have been

selling the system to Japanese manufacturers of complete vehicles and automotive parts.

In FY2019, we installed our own dynamometer and an EV motor stand-alone evaluation bench with FEV's software embedded in the operation and measurement panel at the Ota Works Development and Laboratory. In this way, we are working to enhance our engineering proposal capabilities to address the electrification of automobiles.

Motor Drive Products and Logistics Business/Electronics Products Business

With regard to AGVs and other transport products, we began sales of RocoMo-V, an automatic guided vehicle equipped with a small cooperative robot. In the area of motor drive products, we are enhancing product appeal of motors and inverters for elevators and forklifts, etc.

Concerning the Electronics Products Business, we established a subsidiary for the purpose of introducing the cold-cathode X-ray Tube market with a miniature X-ray generator that does not use heat, using Meidensha's vacuum technology, which has been perfected over many years, and commercialization of room-temperature film deposition technology using 100% pure ozone generated by Meidensha's proprietary technology. This subsidiary then commenced sales of a new product, ALD/OER film deposition equipment.

Development of the MEIDEN e-Axle – A New Integrated Motor, Inverter, Gear Product for EVs

We have developed the MEIDEN e-Axle, an integrated motor, inverter, gear (step-down) unit for EVs. By integrating these three components, vehicle space efficiency has been improved, and the adoption of an oil-cooled motor and optimized gear ratios for the high-speed motor has increased power density by approximately 60% (compared to our previous product), allowing vehicles to drive at high speeds for long distance and to climb slopes continually.

Since this product is a standard product, it is less expensive than customized products and contributes to shorter development time for customers. This will contribute to the rapid popularization of electric vehicles.



MEIDEN e-Axle

Establishment of a Subsidiary for Pure Ozone Application Processes Business

In April 2020, we established a new subsidiary, MEIDEN NANOPROCESS INNOVATIONS, INC. a wholly owned subsidiary, and commenced sales of its new ALD/OER film-deposition system.

Until now, we have been conducting research and development of room-temperature film deposition technology using 100% pure ozone (hereinafter "pure ozone"). By making this pure ozone application process business a subsidiary, we are able to further enhance our agility and speed up our decision-making process. We also intend to create an environment in which innovation can easily be triggered, and to use this role model for successful commercialization of the technology.

Going forward, Meidensha and MEIDEN NANOPROCESS INNOVATIONS, INC. will continue to create new technologies that utilize existing ones to contribute to a range of markets in the future.



ALD/OER film deposition equipment

Maintenance and Servicing Business

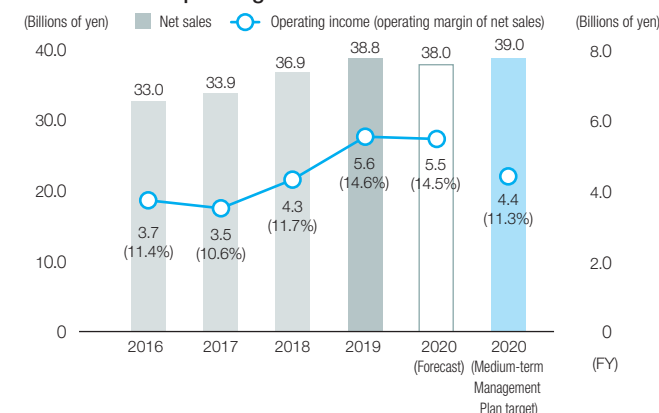


Business Environment

As natural disasters continue to occur in regions throughout Japan, demand is increasing for maintenance services for electrical equipment due to heightened awareness of the importance of BCP and disaster prevention in the wider community, and review of inspection standards for emergency generators in line with revisions to the Fire Service Act, etc.

In addition, as demand is rising from local governments and companies to extend the lifespan of their equipment, there is also an increasing number of needs related to repairs. Furthermore, there is a growing need for integrated maintenance of machinery and electrical equipment, including products from other companies, and we are continuing to strengthen our proposals through walk-throughs at customer facilities.

Net Sales and Operating Income



Overview of FY2019 and Outlook for FY2020

Sales revenues and profits increased compared to the previous fiscal year as a result of strong sales of our one-stop service for electrical equipment repair, inspection, maintenance, and operation management as a whole, against the backdrop of rising demand for BCP, energy conservation measures, and facility life extension, as well as efforts to strengthen proposals by integrating maintenance services and product sales for efficient maintenance and management of customers' entire facilities.

In FY2020, we anticipate a partial decline in orders and sales due to the planned delay of some maintenance and inspection projects, mainly for private sector customers, due to the impact of the novel coronavirus (COVID-19). However, on the other hand, the impact is expected to be limited for existing orders and for maintenance and inspections of electric power and water infrastructure and other public sector projects at this point in time.

Initiatives for FY2020 and Beyond

Initiatives such as the one-stop service, to provide support to customers through all issues involving their equipment and walkthroughs where we walk on-site with customers to examine and diagnose faults with their equipment, are gradually showing results, and if the restrictions relating to the novel coronavirus (COVID-19) are lifted, we anticipate that demand will remain stable for the Maintenance and Servicing Business.

In FY2020, we will establish a new technology center in Numazu, to focus on further professional development of our maintenance and servicing technicians. We aim to promote the utilization of IoT and AI, as well as improve the efficiency of our maintenance services and enhance our cost competitiveness by taking measures to implement work style reforms, including at our affiliates.



Thermal image diagnosis

Establishment of the New Technology Center, "Manabi-ya, the schoolhouse"

Meidensha plans to establish the new technology center, "Manabi-ya, the schoolhouse", which is scheduled to open in October 2020, in order to enhance the potential of its professional development.

The goal of Manabi-ya, the schoolhouse, is to develop technicians who can work immediately; through this training, we aim for smooth skill transfer, early mobilization of young people into the workforce, and improvement of technical capabilities in business fields such as maintenance and service, which require actual experience in the field, by using actual equipment and simulating real-work situations. Our newly built AR (augmented reality) education system supports maintenance education using the latest ICT technology, such as through maintenance experience on virtual, full-scale equipment, visualization of invisible electrified areas, and reference to operational knowhow of veteran staff, by using AR. The facility is also fully equipped with a VR (virtual reality) system to create a virtual space that



illustrates dangerous cases that could arise on-site in daily activities, as well as safety experience training that improves safety awareness and enables people to safely experience risk prediction training. The facility is planned to be deployed outside the company as well, including to suppliers.



Example of education using AR



Illustration of the new technology center building

ESG at the Meiden Group

The Meiden Group's Approach to ESG

Since it was founded in 1897, the Meiden Group has provided a variety of technologies, products, and services, with a focus on electrical equipment relating to social infrastructure, and we have contributed to the sustainable development of society by dealing sincerely and building relationships of trust with our customers.

In recent years, social issues such as deterioration of the global environment, increasing economic inequality, and lessened well-being have come to the fore around the world, as a result of prioritizing economic growth. In addition, the business environment in which the company operates and the needs of the world are rapidly changing due to the progress of globalization and digitalization, increasing population, urbanization, and aging infrastructure, etc.

Against this backdrop, we will work with our stakeholders to embrace the challenge of realizing a safe and vibrant society where people are in harmony with nature, in order to pave the way for a more affluent tomorrow, while continuing to value a sincere attitude to social contribution, which is Meidensha's DNA.

The Meiden Group's Approach to SDGs

At the UN Sustainable Development Summit in 2015, the world adopted common goals known as the Sustainable Development Goals (SDGs). The SDGs are challenges the international community is addressing over the 15 years from 2016 to 2030.

The targets of the SDGs are very compatible with business activities of the Meiden Group. They include many areas where we can contribute to a solution with technologies and expertise we have cultivated over the years. As a heavy electric equipment manufacturer supporting the future of social infrastructure, the evolution of industry, and achieving sustainable growth and development, the Meiden Group contributes to the seventeen goals of the SDGs through all business activities. Furthermore, in order to continue contributing to the SDGs in the future, it is necessary to seriously address the expectations of society and accurately grasp key social issues as important issues for the Meiden group. To do this, we have established areas that contribute to solving social issues through business strategies.



Areas in Which We Will Contribute to the Solution of Social Issues Through Our Business Strategy



Contributing to provision of safe water and effective utilization of water resources

Based on our record of involvement with construction and development of Japan's national water and sewerage infrastructure, Meidensha contributes to the provision of safe water by providing a one-stop service for all equipment from the manufacture of receiving substation equipment that is essential for water and sewerage facilities, through to upkeep, inspections, maintenance, and operation management, etc., as a water treatment electrical equipment professional.

Ceramic flatsheet membranes with features such as durability, strength, and reliability are also used in filtration tanks for sewerage and industrial wastewater treatment facilities, as well as purifying household water and industrial wastewater.



Water treatment plant maintenance



Contributing to the realization of a carbon-free society

In the Social Infrastructure Business, Meidensha provides emergency and continuous power generation equipment, hydroelectric generation equipment, and T&D equipment, etc., for domestic and overseas power plants and factories, etc., and we are working to manufacture and sell systems relating to renewable energy such as photovoltaic and small to medium hydroelectric systems. As demand for environmentally friendly energy is rapidly increasing, Meidensha will continue to contribute to the realization of a carbon-free society by working to reduce our environmental impact and provide products and services that contribute to a sustainable society.



Hydroelectric power plant



Contributing to the realization of cutting-edge technology and technological innovation in the automotive industry

Meidensha contributes to the realization of leading-edge technology and the advancement of a prosperous society through technological innovation for semiconductor and FPD manufacturing equipment components (vacuum capacitors, industrial controllers, and pulse power supplies, etc.), and contributes to technological innovation in the automotive industry through the development and sale of EV drive components and test systems for automotive-related research institutions, universities, manufacturers of automobiles, and automotive parts manufacturers.



EV motor stand-alone evaluation bench system



Contributing to urban development and the creation of transport infrastructure

Since 1910, Meidensha has engaged in the manufacture and sale of railway power equipment, and we contribute to the creation of transport infrastructure through feeder equipment and railway catenary inspection equipment. Since the 1980s, we have also developed our overseas railway business, centered on the ASEAN region. Our electrical equipment has been used for large-scale rail projects such as the KVMRT in Malaysia and the MRT in Singapore, and we contribute to urban development and easing traffic congestion by providing safe and reliable equipment that leverages our record and knowhow accumulated up to this point.



Singapore MRT



Contributing to the creation of a disaster prevention platform and disaster prevention assistance

In recent years, as awareness of BCP (business continuity plan) and disaster prevention has been increasing among businesses and local governments due to frequently occurring natural disasters caused by climate change, Meidensha provides emergency generators and mobile power generating system, and urban flood monitoring services using Manhole Antenna that enable real-time understanding and management of conditions in sewer pipes. We are contributing to the creation of disaster prevention platforms and providing disaster prevention support to businesses and local governments through the spread of products and services that contribute to dealing with climate change.



Mobile power generating system

ENVIRONMENT



Environment

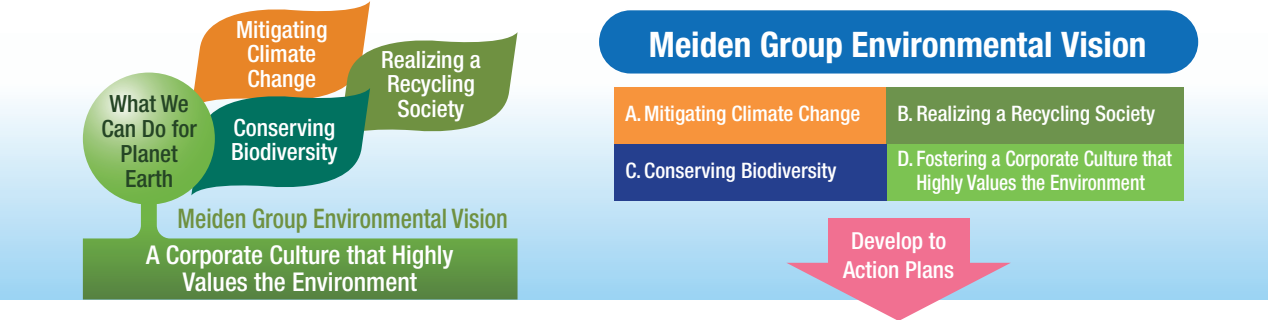
Environmental Vision

The Meiden Group has established an “Environmental Vision” as a medium-long term vision for promoting environmental management in order to indicate an ideal situation and initiative direction. In addition to reducing the environmental impact of our business activities, we contribute to the creation of a sustainable society through our energy and water treatment businesses, products, technologies, and services that support the social infrastructure we have cultivated so far.

According to the Environmental Vision, the propositions imposed on companies living in the 21st century are defined as “Mitigation of Climate Change,” “Realization of a recycling society,” and “Conservation of biodiversity,” and what the companies should do in their business activities and what the products should aim for are set as goals.

We work on environmental management by establishing a “corporate culture that highly values the environment” that supports these goals.

Deployment of Action Plans



Medium-term Management Plan 2020, an Action Plan for FY2018–FY2020

| Strategic Targets | Actions | Corresponding “Environmental Vision” |
|--|---|---|
| 1. Contribute to environment through products and services | 1) Expand businesses that contribute to the environment | A. Mitigating Climate Change |
| | 2) Promote environmentally conscious design | |
| | 3) Manage chemicals in products | |
| | 4) Reduce plastic packaging | |
| 2. Reduce the environmental impact of business operations | 1) Reduce greenhouse gas emissions | B. Realizing a Recycling Society |
| | 2) Manage chemicals properly | |
| | 3) Promote the 3Rs (reduce, reuse, recycle) | C. Conserving Biodiversity |
| | 4) Maintain water resources | |
| | 5) Conserving biodiversity | |
| 3. Promote environmental communication | 1) Disclose information, conduct PR | D. Fostering a Corporate Culture that Highly Values the Environment |
| | 2) Contribute to sustainable society | |
| 4. Improve employees’ environmental awareness | 1) Strengthen management of Meiden Group companies | |
| | 2) Strengthen value chain management | |
| 5. Reform environmental awareness | 1) Develop environmental management personnel | |
| | 2) Conduct environmental training and awareness raising | |

Targets that Express Our Environmental Vision

A. Mitigating Climate Change

- Contribute to the reduction of CO₂ emissions through the sale of energy-related products and systems (i.e., products for renewable energy resources, etc.)
- Promote environmentally conscious product design and reduce CO₂ emissions in the product life cycle.
- Reduce CO₂ emissions in our production activities.

B. Realizing a Recycling Society

- Promote the 3Rs (Reduce, Reuse and Recycle) of waste materials in the various stages of the product life cycle.
- Promote zero emissions of waste products from our production activities.

C. Conserving Biodiversity

- Contribute to securing water resources through our water processing systems business.
- Conduct risk management on chemical materials and promote the reduction of very risky hazardous chemical materials, as well as initiatives to find alternative materials on a basis to reduce or replace harmful chemicals.

D. Fostering a Corporate Culture that Highly Values the Environment

- Promote environmental communication: Actively disclose our environmental activities and results and promote two-way communication with our stakeholders.
- Foster environmental awareness: For mitigating Climate Change, increase environmental literacy to promote environmentally conscious R&D and product development and cultivate the Group’s individuals who actively perform local community and social contribution programs by acting on their own initiative.

Strategic Environmental Management

FY2020 Environmental Targets (Japan)

| Strategic Targets | Actions | FY2020 Environmental Targets (Japan) |
|---|--|--|
| Contribute to environment through products and services | Promote environmentally conscious design | Contribute an 900,000 t/year reduction in CO ₂ emissions by Environment-Contributing Businesses |
| | | Reduction in emissions over the life cycle of new products |
| Reduce the environmental impact of business operations | Reduce greenhouse gas emissions | Total emissions (Scope 1+2): –4% (compared to FY2017) |
| | Manage chemicals properly | VOC emissions: 80 tons or less |
| | Promote the 3Rs | Total wastes: –3% (compared to FY2017) *3 |
| | | Zero emissions*1 at 9 sites*2 |
| | Conserve water resources | Implementation of water conservation activities and risk countermeasures: 4 main manufacturing sites*3 |
| | Conserve biodiversity | Conservation of ecosystems: 4 main manufacturing sites*3 |
| Promote environmental management | Strengthen value chain management | Green procurement rate (own standards): 90% or greater |

*1 Meiden Group definition of zero emissions: To achieve a non-recycling rate of less than 1.0% of the total volume of waste (including industrial waste, general waste, and saleable waste, but excluding construction sludge, etc.).

*2 Scope of zero emissions initiatives: manufacturing sites in Japan (Numazu Works, Ota Works, Nagoya Works, KOFU MEIDENSHA ELECTRIC MFG. CO., LTD., MEIDEN CHEMICAL CO., LTD. (Sagami Works), HOKUTO DENKO CORPORATION (Atsugi Works)), Engineering Service Business Units and two Construction Service Business Units

*3 Main four manufacturing sites: Numazu Works, Ota Works, Nagoya Works, and KOFU MEIDENSHA ELECTRIC MFG. CO., LTD.

Risk Management

The Meiden Group identifies and evaluates uncertain events that may occur in the future (risks and opportunities) and promotes the creation of company-wide risk management systems to handle these risks and opportunities in an appropriate manner. The Meiden Group Environmental Committee identifies risks and opportunities relating to the environment and conducts initiatives in the course of business activities to handle these risks and opportunities.

Responding to Environmental Risks and Opportunities

| Phenomena (issues) Related to Environment | | Risks | Opportunities | Carrying Out Initiatives |
|---|--|--|--|---|
| Government (political) Laws and Regulations | ● Revision of Feed-in Tariff Scheme for Renewable Energy ● Deregulation of electric power industry, revision of power supply structure ● Flow of processes to implement carbon pricing ● Energy conservation regulations & standards (business operations, products) ● Stronger regulations on hazardous chemical substances | Short-term cost increases ● Rising cost of energy increases our costs (procurement, shipping, manufacturing, scrapping, etc.) directly and indirectly. Decline of product competitiveness ● It will get harder to sell products that do not meet environmental regulations and standards. ● We will lose share if we cannot meet the needs of a market looking for environmentally conscious products. | Growth of new markets ● Markets for products and services related to renewable energy and energy conservation are growing. Differentiation with environmentally conscious products ● Being among the first to bring products that meet regulations, etc., to market and offering low-environmental impact products and services make us more competitive. | Expand products’ contribution to the environment ● Expand sales of products related to renewable energy and energy conservation (wind, hydroelectric, and solar power equipment, EV/PHEV electric equipment, transformers, motors, inverters, etc.) ● Develop environmentally conscious products, implement new technologies (which are more compact, lightweight, efficient, energy-conserving, etc.) |
| Economy | ● Expanded ESG investment ● Price competition (low cost, premium pricing) ● Extended pandemic response | Decline of corporate value ● Our image, evaluations (credit ratings, etc.), and share prices will decline if our business is not seen as environmentally conscious. | Better business performance through environmental management ● By running businesses that help solve environmental issues, we can enhance our corporate value and business performance. | Diversify financial assets ● Issue green bonds, etc. |
| Society | ● Spread of responsibility to entire value chain (upstream and downstream) ● Improvement of employment / labor conditions ● New normal (after corona) | Increase of local disasters ● Flooding and other disasters can stop operations and cut the supply chain. | Responding to natural disasters ● Demand for flood control and disaster prevention and response (e.g., securing the power supply) is rising. | Reduce the environmental impact of business operations ● Promote energy conservation (capital investment, visualization, etc.) ● Promote the 3Rs, eliminate harmful chemicals ● Maintain water resources, consider biodiversity |
| Technology | ● Enhanced efficiency of electric power conversion ● Advancement of ICT, IoT technology ● Development of new energy / alternative energy technology | | | Improve business efficiency ● Promote Smart Work, work from home, web meetings, etc. |
| Reputation / Needs | ● Demand for information disclosure (accountability) ● Lifestyle changes (ecology-oriented) | | | Promote environmental management ● Promote business risk management ● Strengthen value chain management ● Practice environmental communication (information disclosure, etc.) |
| Natural Environment | ● Changes of temperature and precipitation volume ● Increase of local disasters (sudden downpours, tornadoes, etc.) ● Ecosystem irregularities (increase of organisms that carry infectious disease) | | | Deploy infrastructure-support products during disaster ● Emergency power supply equipment, mobile power supply cars, UPSs, remote monitoring systems, etc. |

FY2019 Environmental Targets and Results

Following is a summary of how well we achieved our targets for FY2019. We are examining further measures based on our target achievement status and will incorporate this information into future plans.

FY2019 Environmental Target Achievement Status (Japan)

Legend: ○ Achieved △ Not achieved (better than previous year) × Not achieved

| Strategic Targets | Actions | FY2019 Targets (Japan) | FY2019 Results | Achievement |
|---|--|---|--|-------------|
| Contribute to environment through products and services | Promote environmentally conscious design | Contribute a 800,000 t/year reduction in CO ₂ emissions by Environment-Contributing Businesses | 848,000 t/year | ○ |
| | | Reduction in emissions over the lifecycle of new products (specific areas) | 25 Green Products (own standards) | ○ |
| Reduce the environmental impact of business operations | Reduce greenhouse gas emissions | Total emissions (Scope 1+2): -2 % (compared to FY2017) | -22% (compared to FY2017) | ○ |
| | Manage chemicals properly | VOC emissions: 80 tons or less | 83.3 tons | △ |
| | Promote the 3Rs | Total wastes: -1% (compared to FY2017) 4 main manufacturing sites*3 | -6% (compared to FY2017) | ○ |
| | | Zero emissions*1 at 9 sites*2 | Achieved at all 9 sites | ○ |
| | Conserve water resources | Measurement and analysis of water data and evaluate risks: 4 main manufacturing sites*3 | Analysis of water data and investigation of leaks, etc. | ○ |
| | Conserve biodiversity | Conservation of ecosystems: 4 main manufacturing sites*3 | Education, tree planting activities, conservation activities of native species, etc. | ○ |
| Promote environmental management | Strengthen value chain management | Green procurement rate (own standards): 85% or greater | 87% | ○ |

*1 Meiden Group definition of zero emissions: To achieve a non-recycling rate of less than 1.0% of the total volume of waste (including industrial waste, general waste, and saleable waste, but excluding construction sludge, etc.).

*2 Scope of zero emissions initiatives: manufacturing sites in Japan (Numazu Works, Ota Works, Nagoya Works, KOFU MEIDENSHA ELECTRIC MFG. CO., LTD., MEIDEN CHEMICAL CO., LTD. (Sagami Works), HOKUTO DENKO CORPORATION (Atsugi Works)), Engineering Service Business Units and two Construction Service Business Units

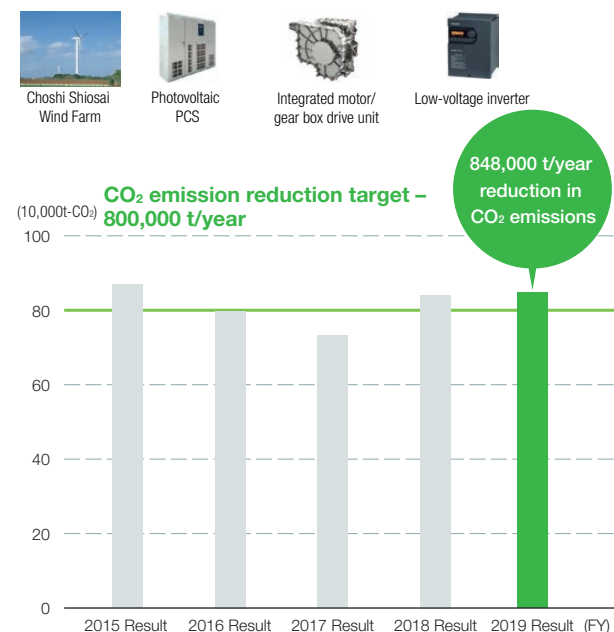
*3 Main four manufacturing sites: Numazu Works, Ota Works, Nagoya Works, and KOFU MEIDENSHA ELECTRIC MFG. CO., LTD.

Expand Businesses that Contribute to the Environment

The Meiden Group aims to benefit the environment by using renewable energy like solar, wind and hydroelectric power and by supplying products and services that are more efficient and thus energy saving.

In FY2019, we set environmental contribution (projected reduction in CO₂ emissions from product sold) targets of 800,000 t/year. We increased shipment of electric vehicles, high-voltage inverters, hydroelectric generators, and hydraulic turbines, enabling us to achieve our target for the fiscal year, totaling emissions reductions of 848,000 t/year.

Reducing CO₂ Emissions Caused by Products



Promote Environmentally Conscious Design

Any time we develop a new product, we evaluate it for energy and resource conservation, recyclability, environmental safety, and more, based on our Product Environmental Assessment Standard. If a product meets those standards, we certify it as a Meiden Green Product.

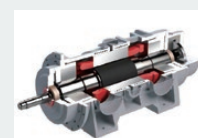
For the evaluation item “consideration of lifecycle,” we calculate CO₂ emissions according to a life cycle assessment (LCA), and we encourage environmentally conscious design in order to reduce CO₂ emissions.

A Meiden Green Product registered in FY2019

[Product] Large-Capacity High-Speed PM Motor Drive System

Combines a high-speed PM motor (permanent magnet synchronous motor) with a speed of at least 10,000 rpm with an inverter capable of high-frequency output.

- The volume realized 1/5 of downsizing and saving space compared to the conventional product by speeding up the motor.
- 20% saving in power consumption by utilizing PM motors and high-speed drive.



Large-capacity high-speed PM motor

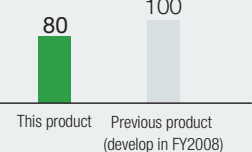


High-voltage high frequency inverter, THYFREC VT731PM

Lifecycle CO₂ emissions

80%

* Comparison against equivalent previous Meiden product



Climate Change Countermeasures

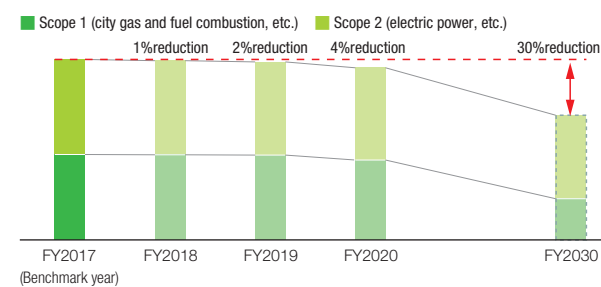
The Meiden Group aims to reduce greenhouse gas emissions from business activities by 30% by FY2030 (compared to FY2017 levels).

This target was determined using Science Based Targets (SBT) in conformity with the Paris Agreement*1. We work for with stakeholders in the Meiden Group's supply chain, including customers and business partners, to set common objectives for the challenges we share.

Under the Medium-term Management Plan 2020, our targets for FY2018, FY2019, and FY2020 are reductions of 1%, 2%, and 4%, respectively (compared to emissions in Japan in FY2017). These steps were decided to help us achieve our aims for 2030. We will periodically revise those targets.

*1 Paris Agreement: A new framework for tackling global warming from 2020, adopted by the 21st Conference of the parties (COP21) to the UN Framework Convention on Climate Change.

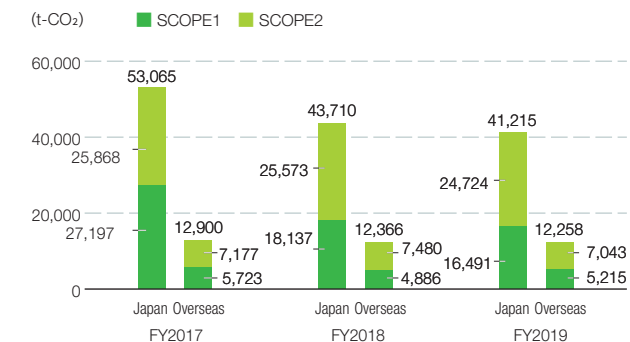
Amount of Greenhouse Gas Emissions from Business Activities



To address emissions stemming from energy consumption, we are working thoroughly to conserve energy through production streamlining, capital investments, etc., and converting to renewable energy. In addition, we are practicing strict control and making technological innovations to address direct emissions of GHGs like SF₆ gas.

As a result of these initiatives, in FY2019, we achieved reductions of 22% (domestic) and 19% (combined domestic and overseas) compared to FY2017 levels.

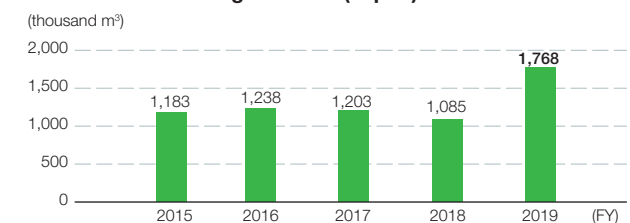
Amount of Greenhouse Gas Emissions (Scope 1 and 2) – Emissions from Business Activities



Reducing Water Consumption

We are concerned about the possibility of water leaks from buried water supply pipes on factory grounds as our facilities age. We are systematically updating pipes and placing more pipes above ground for easy maintenance and inspections.

Trends in Water Usage Volume (Japan)



* Water usage volume includes tap water, water for industrial use, and ground water.

* Measurement points were changed in FY2019 in order to increase accuracy, there is no continuity with those before FY2018.

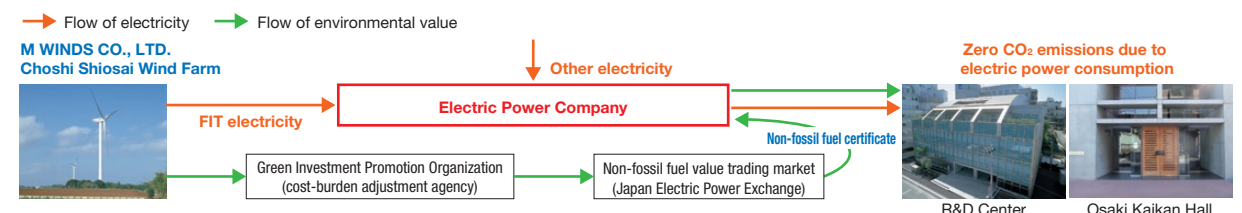
Topics

Procurement of Electricity with Zero CO₂ Emissions Using Non-Fossil Fuel Certificates

Since November 2019, Meidensha has procured electricity from substantially renewable energy sources for the R&D Center and Osaki Kaikan Hall in combination with FIT*1 and non-fossil fuel certificates*2, which carry tracking information for the subsidiary, M WINDS Co., Ltd.'s Choshi Shiosai Wind Farm. Through non-fossil fuel certificates containing tracking data, we are able to link electricity that is consumed by the R&D Center and Osaki Kaikan hall to the environmental value of energy produced by the Choshi Shiosai Wind Farm, demonstrating that we produce net zero CO₂ emissions. In this way, electricity consumption by Meidensha's R&D Center and Osaki Kaikan hall produces net zero emissions.

Furthermore, using non-fossil fuel certificates with tracking information makes it possible to conform with the international initiatives RE100, which has the goal of obtaining 100% of the electricity required for business activities from renewable energy sources. This expand our options to effectively utilize existing wind farms.

As demand for electricity from renewable energy sources is rapidly increasing, with the aim of decarbonization, Meidensha will continue to work to reduce our environmental impact and provide products and services that contribute to a sustainable society.



*1 Feed-in tariff (FIT) system: A system to require electricity companies to purchase electricity generated from renewable energy sources (solar, wind, hydro, geothermal, biomass) for a certain period of time. The system was launched in July 2012 in order to promote the use of renewable energy.

*2 Non-fossil fuel certificate: A certificate issued by the Ministry of Economy, Trade and Industry that certifies the environmental value of electricity that does not create CO₂ emissions, such as electricity from renewable energy sources. Trading commenced through Japan Electric Power Exchange in May 2018, and a demonstration experiment that included tracking information (information that clearly states the type and location of energy source) in certificates commenced in March 2019.



Human Resources Management

Basic Approach

As issues facing our customers and society as a whole become increasingly complicated and unclear, it is important to have personnel with the abilities to think flexibly and act courageously, creating the value necessary to solve these issues in order to enhance corporate competitiveness. For this reason, we are determined to achieve sustainable growth by focusing on employing and developing competent personnel and creating an environment where each person can derive pride and fulfillment from their work.

In order for the employees to maximize their abilities, it is important to promote diversity management and create a workplace in which a diverse range of employees can participate with a healthy mind and body. Specifically, by engaging as a group in initiatives such as achieving a work-life balance, and improving occupational health and safety, we will enhance the corporate value for the entire group.

Plan and Targets

We implement many training programs to encourage employee growth in different aspects as an employee, member of society, and professional.

As the business environment under Medium-term Management Plan 2020 becomes increasingly unclear, we are focusing on creating the value necessary to solve these issues, in order to, enhance corporate competitiveness and training personnel to think flexibly and act courageously.

Furthermore, continuing development of global operations offers increasing opportunities for strategic alliances such as technical collaboration with foreign companies, as well as working with people with differing viewpoints or abilities. We are promoting growth through opportunities to work with diverse personnel, such as our system of offering staff exchanges with local employees from overseas subsidiaries, the foreign trainee system, and the overseas assignment system.

Promoting Diversity Management

Meidensha is actively working to achieve diversity management to enable participation by a diverse range of people, irrespective of gender, age, or nationality, etc. We emphasize steadily achieving work-style reform as expressed in the SDGs Action Plan 2020, which was released by the Japanese government's SDGs Promotion Headquarters. Creating a work environment with flexible work styles where individual employees are able to maximize their abilities and various educational opportunities, etc., improves employee productivity and creativity, and leads to the creation of a fulfilling workplace environment.

Promotion of Opportunities for and Participation by Female Personnel

Meidensha was evaluated for promoting women's participation and advancement, and in November 2017, for the first time in the heavy electric machinery industry, we earned the top Stage 3 "Eruboshi" certification by the Minister of Health, Labour and Welfare.

We continue to formulate action plans in line with the purpose of the Act on the Promotion of Women's Participation and Advancement in the Workplace, promote measures to encourage the acquisition of childcare leave for men, and promote measures to actively recruit/train female technical employees.



FY2019 Initiatives

Observation of worksite with female engineers

In FY2019, Meidensha held a worksite observation to promote interaction between female staff who work in administrative and accounting roles in the Tokyo area and female engineers who work in Plant Construction & Engineering Business Group. During the observation, female engineers introduced their duties and spoke about the conditions on construction sites and how they can be improved. Participants observed construction and facilities utilizing Meidensha's equipment. There was also a meeting for participants to share their opinions with each other, which proved to be a valuable opportunity to interact with other departments.



Work Style Reform

Rolling Out "Smart Work 2020"

- Toward reduction of total annual working hours -

An employee survey showed that there are many opinions and demands in employees of the Meiden Group concerning issues relate to long working hours, such as "shortage of personnel," "consciousness reform," and "operations review." Therefore, we identified the issue of long working hours as a management challenge. Since the previous medium-term management plan, we have started efforts to reduce total annual working hours as Smart Work V120. Under the "Medium-Term Management Plan 2020", we promote innovative production as "Smart Work 2020" based on the results and reflection of "V120", and improve work efficiency by RPA (Robotic Process Automation) and telework, so as to strengthen our efforts to realize flexible working styles.

Vision and Target Values of "Smart Work 2020"

We will realize work styles based on legal compliance by reviewing and improving the work style itself, working on holidays, and eliminating excessive overtime work on week days.

| | Target value | FY2019 results* |
|------------------------------------|-----------------------|-----------------------|
| People worked overtime >80 h/month | Zero | Zero |
| People worked overtime >720 h/year | Zero | Zero |
| Average days of paid leave used up | 20 days/person-year | 19.1 days/person-year |
| Average hours of overtime | 24 hours/person-month | 26 hours/person-month |
| Total annual working hours | 1,950 h/person | 1,991 h/person |

* Paid leave, overtime, and total working hours are average figures per person at Meidensha and Meiden Engineering

Promoting Flexible Work Styles

In FY2019, we completely renovated the headquarters refreshment space - Meiden Plaza - and the R&D Center lounge. We created an environment where it is possible to change the layout to enable a variety of scenarios such as small-group consultations or lively exchange of opinions in addition to use as a satellite office. It is a bright and refreshing space where employees can improve their mood while engaging in work.



The refurbished Meiden Plaza and R&D Center Relafice

Developing the Next Generation of Group Personnel

Systematic Development of Management Personnel

We have established a new Career Development Management Program, a training program to systematically and strategically develop the next generation of personnel. We aim to develop personnel who can think and act with a broad perspective and outlook that exceed the bounds of their areas of specialty and roles such as by conducting personnel exchanges between business units as well as domestic and international Group companies, cultural exchanges through dispatches to non-Group companies and government institutions, and dispatching personnel to attend business schools (postgraduate institutions for adults). Furthermore, we have introduced the Innovation Professional Development Program we are working to develop personnel who can create new value in order to foster innovative thinking.

Promotion of Respect for Human Rights

Human Rights Education for Officers and Employees

The entire Meiden Group understands international norms (Universal Declaration of Human Rights and International Bill of Human Rights) and is working to conduct education activities focused on human rights. With the aim of ensuring "respect for human rights," which is listed in the Meidensha Corporate Code of Conduct.

We conduct periodic group training and visual education, relating to compliance and harassment for all Group employees and improve understanding and awareness by providing opportunities for individuals to reexamine their workplace and views.

Promoting Health Management

President's Health and Management Policy Statement

In order to realize the Meiden Group's corporate philosophy of "illuminating a more affluent tomorrow," it is important for employees to maintain their physical and mental health and work with vigor and purpose. We are promoting activities as an organization to support the health of each individual such as sharing the belief that "nothing is more valuable than good health" with all employees and actively supporting employees' own health activities.

Through these activities, we are working to become a company that enables employees and their families to live a vigorous and healthy lifestyle.

Specific Action Items

- Follow-ups to employees who received findings in their results of periodic health examination results
- Mental health measures
- Health management of workers that work long hours
- Various forms of health education on an ongoing basis

Topics

2020 Certified Health and Productivity Management Outstanding Organization in the Large Enterprise Category Recognition

Meidensha joined the Certified Health and Productivity Management Outstanding Organization Recognition Program that is jointly recognized by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi, and 2020 certified Health and Productivity Management Outstanding Organization in the Large Enterprise Category. Our efforts to focus on risk holders were evaluated as the Health and Productivity Certification based on information such as the development of organizational structure to promote internal health management and medical examination results.





Quality Management

Basic Approach

The Meiden Group must continue contributing to the solutions of customers' problems by providing high-quality products and services at all times, in order to continue to be relied on and chosen by customers and society. To do this, it is important that we implement the following three things: "initiatives to improve quality," "promoting initiatives to collect customers' needs," and "developing human resources to support the supply of high-quality products." As our customers' partner, the Meiden Group aims for all employees to listen to customers, act quickly, and improve quality, in order to increase customer satisfaction.

Plan and Targets

Under Medium-term Management Plan 2020, we will promote initiatives to improve quality with the quantitative target of reducing the number of defects and the cost of rectifying defects by half in comparison with 2017 results and contribute to increased profits by increasing customer satisfaction and reducing unnecessary costs.

Initiatives to Improve Quality

The Meiden Group has determined items that need to be managed from the perspectives of "no defective unit accepted," "no defective unit made here," and "no defective unit shall leave here," in order to improve quality in each internal process, such as development, design, manufacture, testing, and inspection, including purchasing parts and materials, etc., from affiliates, and we conduct activities accordingly.

In particular, we are strengthening activities relating to the quality of such development and design that has the risk of a defect with potential widespread influence.

DR (Design Reviews)

| Activities ○ : Particularly Relevant | Partner Companies | Meidensha | |
|--|----------------------------|--------------------------------------|------------------------------------|
| | | Development, Design, and Manufacture | Testing and Inspection |
| | Do defective unit accepted | Do defective unit made here | Do defective unit shall leave here |
| 3H measures | | ○ | ○ |
| Quality Improvement of DR | | ○ | ○ |
| Management of Remaining Work for DR | | ○ | ○ |
| Applying Lessons from Past Defects | | ○ | |
| Implementing and Complying with Standards and Procedures | | ○ | ○ |
| Auditing and Instructing | ○ | ○ | ○ |
| 4M-Change Management | ○ | | |
| ⋮ | | | |

Quality Analysis of Parts and Materials to Prevent Defects

At the Materials & Semiconductor Device Analysis Center, we promote activities to improve product quality and prevent defects through analysis and reliability evaluation of semiconductor devices and materials that are used in our

products, adopting "improving product quality," "creating new products," and "consideration for the environment" as our basic policies.

If new parts and components such as semiconductor devices are used, they do not only undergo evaluation of variation in electrical characteristics and failure analysis, but (1) they undergo non-destructive inspection, (2) they are removed from packaging and further examined, and (3) the internal structure is examined by taking cross-sections etc., to evaluate whether they comply with internal standards. We also actively work to achieve long-term reliability and have a system of checking the potential effects of a range of stresses such as heat, humidity, and corrosive gasses.

Also, we are improving screening technology for plastics that contain phthalates, in accordance with trends in environmental regulations and amendments to the RoHS directive, in order to provide products that customer can use with confidence.



Evaluation of electrical characteristics of semiconductor devices (power device analyzer)

Developing Human Resources to Support the Supply of High-quality Products

Technical Skills Maintenance Training for Safety and Security

At the technology center adjacent to Numazu Works, we conduct training programs for workmanship and technical skills maintenance engineers. We raise engineers who contribute to the stable, safe, and efficient operation of customers' equipment through practical training using real equipment.

Instructors are veteran engineers with extensive real-world experience and the curriculum is formulated to allow participants to touch and experience actual equipment, such as extra high-voltage and high-voltage receiving substation equipment, computers, power converter equipment, generators, and rotating machinery. Maintenance training is conducted each year for customers to whom Meidensha's products have been supplied. Participants deepen their understanding of the internal composition of machinery through cross-sectional models of products, and gain experience of actually operating disconnecting switches and circuit breakers, testing protective relays, and using generating equipment and inverters, etc.

As one of our 120th anniversary projects, we have granted internships to two Thai university students each year since FY2017, and we have conducted technical education for these two university students in FY2019 as before.



Thai university student internships (product observation)



Supply Chain Management

Basic Approach

It is important to build equal and fair relationships that allow for mutual growth with suppliers, in order to provide better products and services to customers consistently. On the other hand, while procurement risks in the supply chain become greater as globalization of businesses and business activities continues, it is necessary to identify potential risks in advance and to minimize them.

The Meiden Group is working to build good partnerships with suppliers and a sound and strong supply chain, by promoting "CSR activities involving the entire supply chain and risk evaluation," "communication with business partners," and "enhancing group procurement systems."

Plan and Targets

The Meiden Group promotes enhanced supply chain management based on the basic policy of "Medium-term Management Plan 2020."

We are working to conduct fair and impartial transactions, and to improve CSR further while strengthening partnerships to help business partners understand the importance of promoting CSR in the supply chain. Furthermore, we hope to promote legal compliance, environmental conservation, and community contribution activities, etc., with our business partners, with the aim of achieving mutual sustainable development.

We are continuing activities to support the acquisition of EMS certification by our business partners and supporting CSR promotions such as through follow-up education after EMS certification has been acquired and education concerning information security measures.

Promotion of CSR that Involves the Entire Supply Chain and Risk Evaluation

Evaluation of Suppliers

We convey the importance of CSR and our philosophy to our business partners, including legal compliance, environmental protection, and community contribution, which are the basic policies of the Procurement Group. In addition to quality, delivery date, price, technological development proficiency, and environmental certification, etc. we evaluate our business partners' social responsibility for the risks of environment and social issues such as human rights and labor, fair trade principles, social contribution, environmental conservation, and management of chemical substances.

Through this evaluation, we work to gain an understanding of business conditions relating to social issues such as climate change, biodiversity, environmental management, human rights, and working environments, and then to identify suppliers which have a high-risk.

Communication with Business Partners

Holding Meidensha Partners Meetings

We have held Meidensha Partners Meetings since FY2019 in order to enhance two-way communication with Business

Partners and strengthen relationships. The President gives messages to business partners concerning future Meidensha policies, and awards to praise the assistance and contribution towards business activities and production activities. We appreciate them face-to-face, and reward exceptional activities and results.

In FY2020, with implementation of thorough measures to prevent the spread of novel coronavirus (COVID-19) infection, the President visited our business partners in person.



Companies awarded in FY2019



A visit and commendation at a business partner in FY2020

Holding Various Seminars

We hold various seminars at business partners' manufacturing plants concerning subjects such as reforming processes and information security in order to increase the capabilities of our suppliers. In FY2019, we visited high-risk business partners and conducted on-site checks and instruction to ensure that appropriate steps are being taken to prevent information leaks, based on the results of a survey of information security measures. Also, with the assistance of the Shizuoka Industrial Foundation, we held an event to showcase instances of improvement through IoT, wherein business partners showcased the results of their successful improvements and shared information.



IoT seminar



Information security instruction

Promoting and Supporting Eco-Action 21 Certification and Registration

In FY2019, for the fifth consecutive year, we held a study group for the Eco-Action 21 and we promoted and supported certification and registration. As a result, 34 participating business partners received certification, and a ceremony to confer certification and registration certificates was held at each production location.

We will continue providing support for our business partners in relation to Eco-Action 21 certification and registration activities, and aim for environmental improvements throughout the entire value chain.



Certification ceremony in the Numazu district



Follow-up education in the Numazu district

G OVERNANCE



Corporate Governance

Basic Approach

Under our corporate mission of “illuminating a more affluent tomorrow” and our corporate philosophy of providing the value “for customer peace of mind and satisfaction,” our group of companies takes the basic stance that we maintain fair and steady business activities with respect for people and the global environment, operate businesses focusing on profit while constantly pursuing new technology and high quality, and endeavor to contribute to prosperity of society. In order to implement this basic stance, we formulated the “Basic Policy to Improve the Governance to Secure Fair Business

Practices” at the regular Board of Directors meeting held in May 2006. (This basic policy was revised at the regular Board of Directors meeting held in June 2020 to reflect the transition to a company with an Audit & Supervisory Committee and further enhancement of the internal control promotion system.)

The Company will work to further improve the efficiency and fairness of management by promoting initiatives to enhance corporate governance in accordance with the Corporate Governance Code.

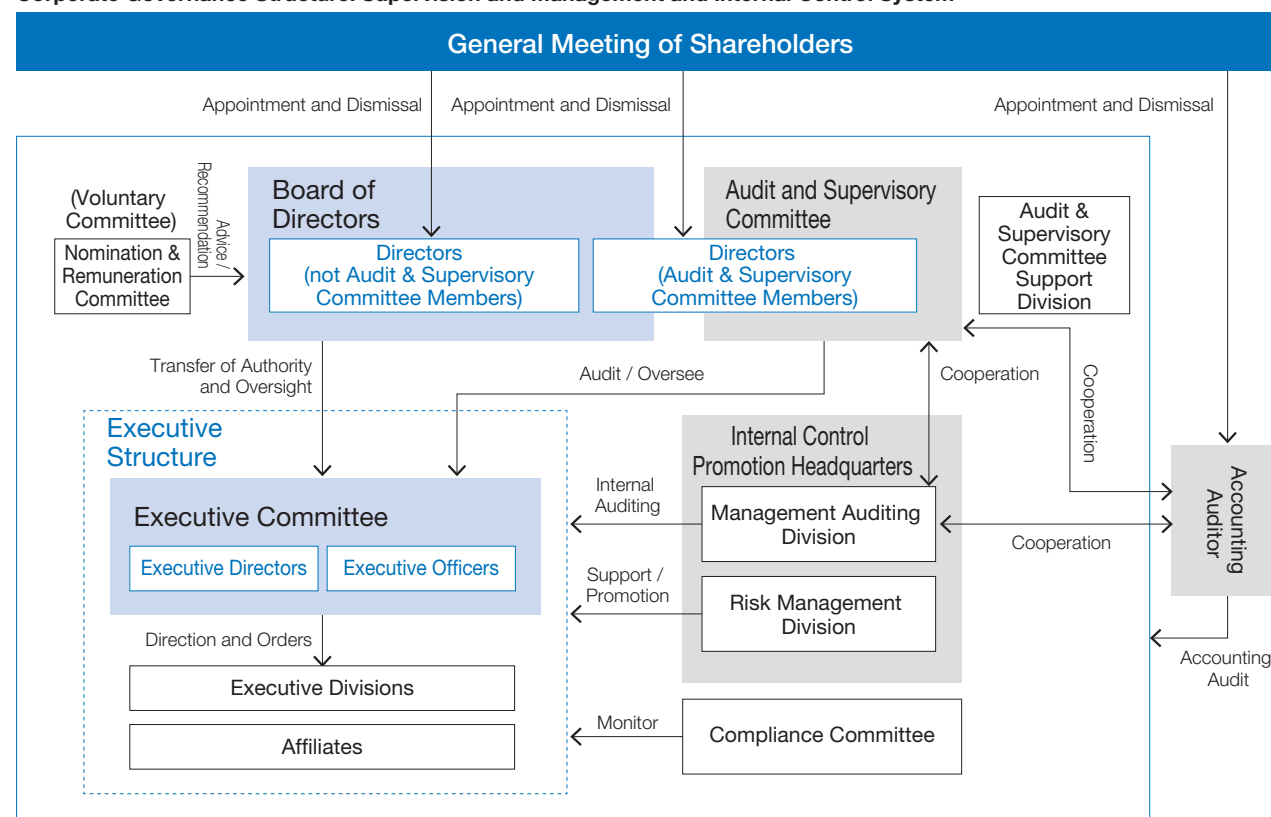
Corporate Governance Structure and Initiatives

The Company transitioned from the former institutional structure of a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee at the Ordinary General Meeting of Shareholders held on June 26, 2020.

The main purpose of transitioning to a company with an Audit & Supervisory Committee is as follows.

- (a) In order for the Directors who are members of Audit & Supervisory Committee having right to vote in the Board of Directors as well as having the right to express position statement on nomination and remuneration at shareholder's meetings to further enhance the supervisory function by utilizing the legal authority.
- (b) In order to further enhance discussions on management

Corporate Governance Structure: Supervision and Management and Internal Control System



strategies, etc. by transferring the Board of Directors meeting to a monitoring type, since a substantial portion of the Board of Directors' authority to make decision on business execution can be transferred to the Executive Director.

- (c) In order to further promote the separation of supervision and execution with regard to the executive officer system introduced in June 2003, in combination with transition of authority mentioned in the previous section.

Outline of Corporate Governance Structure

| | |
|---|---|
| Form of Organization | Company with an Audit & Supervisory Committee |
| Directors | Number of directors (outside directors): 9 (2) |
| Directors (Audit & Supervisory Committee Members) | Number of directors (outside directors): 5 (3) |
| Number of Independent Officers | 5 (2 outside directors and 3 outside directors (Audit & Supervisory Committee members)) |

Message from the Chairman of the Board of Directors



Representative Director, Chairman

Yuji Hamasaki

In the 2010s, the business environment around Meidensha was not always smooth. Nonetheless, our portfolio of social infrastructure, industrial systems, maintenance, servicing, and domestic and overseas businesses performed relatively well, leading the Group on a path of growth. However, the global recession, fueled by the coronavirus pandemic, has suddenly made conditions in 2020 much more difficult.

In June 2020, Meidensha adopted a company structure with an Audit and Supervisory Committee in order to strengthen corporate governance for future growth. We established an environment wherein outside directors could fully comprehend executive and business conditions. We further ensured that outside directors were able to share their opinions from their own unique perspectives, based on their expertise and knowledge. This provided for effective supervisory functions through the activities of the Board of Directors, the Audit and Supervisory Committee and the voluntary Nomination and Remuneration Committee.

Although we anticipate the 2020s to be unclear and uncertain at times, through improved governance, a Board of Directors with enhanced audit and supervisory functions for debating and adopting future management policies, and an executive committee that promotes flexible and agile execution of business, this transition will be the driving force to continue elevating our corporate value.

1 The Company's Board of Directors

In principle, the Board of Directors convenes on a regular monthly basis and holds ad-hoc meetings as necessary, to discuss major executive matters, business issues, and management issues related to the Company's business execution. In FY2019, the Board of Directors held 13 meetings, and attendance rate of all Directors was 100%.

① Composition of Board of Directors

The Company's Board of Directors consists of 14 Directors, including five directors who are Audit & Supervisory Committee

members, and five Outside Directors, including three Audit & Supervisory Committee members.

In order to ensure the effectiveness of the supervisory functions of outside directors, the Company attempt to ensure that at least one-third of the Board of Directors meets the Company's Criteria for Determining the Independence of outside directors.

Meidensha's outside directors satisfy the requirements of independent directors as stipulated in the rules of the Tokyo Stock Exchange.

② Policy for Appointment of Candidates for Director and Appointment/Dismissal Process

The basic policy of the appointment of Directors of the Company is to ensure the diversity of the Board of Directors as a whole and to balance the knowledge, experience, or abilities.

The basic policy of the appointment of Directors who are Audit & Supervisory Committee members is to balance the accounting, finance, and legal knowledge. The number of directors is stipulated as a number that is sufficient to fully deliberate on management issues, with an upper limit of 15 members.

Based on the above, we conduct a nomination of candidates for director that will contribute to the enhancement of the Board of Directors decision-making function and oversight function, by resolution of the Board of Directors, with advice from the Nomination and Remuneration Committee* (voluntary committee), which is chaired by an independent outside director. The candidates are then presented at the General Meeting of Shareholders.

Furthermore, with regard to the dismissal of directors, if it is discovered that a director has breached the law or the Articles of Incorporation, or committed acts that flagrantly breach the director's nomination policy, the Board of Directors will take the necessary steps to dismiss said director with the advice of the Nomination and Remuneration Committee.

* Meidensha established a voluntary Remuneration Committee in December 2017. In December 2018, the Committee took on the functions of a voluntary nomination committee to become the Nomination and Remuneration Committee. The Nomination and Remuneration Committee is chaired by an independent outside director and is comprised of two outside directors, the chairman of the Board of Directors, and the president of the Board of Directors.

③ Executive Officer System and Executive Structure

Meidensha introduced an executive officer system in June 2003 in order to streamline the Board of Directors, as well as to accelerate management decision-making and to enhance supervisory functions. At the same time, we sought to reinforce the functions of the Board of Directors by promoting the separation of the decision-making authority and supervisory function from the business performance function held by the Board of Directors.

Executive officers selected by the Board of Directors assume responsibility for the execution of specified tasks within the scope of authority transferred by the representative directors, and nimbly perform executive functions under the supervision of the representative directors, in accordance with the Meiden Group's management policies determined by the Board of Directors.

The executive committee, which comprises executive directors and executive officers with specific roles, is created for executive decision-making, and decides matters based on the rules of internal approval, as well as matters for which consultation from a full-company perspective is required.

Furthermore, apart from the meeting body to make decisions, we established advisory and internal bodies such as review and strategy meetings, and with regard to important management matters, we created a system wherein thorough discussion and deliberation are conducted prior to decision-making, and follow-up strategy and planning and improvement

initiatives are conducted following decision-making.

The outline and main points of the proceedings at the Executive Committee and other internal meetings are reported as the status of business execution at the Regular Board of Directors meetings to ensure and improve the effectiveness and supervisory functions of the Board of Directors. As to execute business, executive directors and executive officers with the authority are taking attempt initiatives agilely by making resolutions and settlements. In this way, we are working to conduct executive functions autonomously and nimbly.

With the significant transfer of the authority for business execution from the Board of Directors to the executive officers, officers and executive officers must submit a business execution status report to the Board of Directors at least once every three months in order to ensure the effectiveness of functional supervision by the Board of Directors.

② Effectiveness Evaluation of the Board of Directors

Meidensha has a mechanism in place to conduct an analysis and evaluation of the effectiveness of the Board of Directors in order to strengthen the supervisory function of the Board of Directors.

With regard to the activities of the Board of Directors in FY2019, all members of the Board of Directors, including outside officers, conducted self-evaluations of the effectiveness of the Board of Directors, and the following discussions took place at the meeting of the Board of Directors in May 2020.

i Items Evaluated

Composition and operation (resolution and deliberation methods, etc.) of the Board of Directors, self-evaluations concerning effectiveness of the Board of Directors, other opinions

ii Outline of Analysis and Evaluation Results

The results of the evaluation of each director and Audit & Supervisory Board Member were collected, and after deliberation by the Board of Directors, it was determined that the quality of operation and deliberation is sufficient, sufficient opinions and advice have been received from outside directors and outside Audit & Supervisory Board Members, and the effectiveness of the Board of Directors is currently secure.

In addition, through the establishment of a system in line with the transition to a company with an Audit & Supervisory Committee, we confirmed our evaluation that there is a trend to promote further deliberation and enhancing of the supervisory function of the Board of Directors. We will also improve understanding of Meidensha's business environment and strategy and provide ongoing opportunities for discussion such as through explanations in advance, meetings to exchange opinions, and explanatory programs outside of the initiatives of the Board of Directors referred to below.

Training for Officers

Legal training is conducted for officers on an annual basis, for the purpose of improving the effectiveness of the Board of Directors and internal control. In FY2019, we conducted training for our officers by outside instructors, relating to

compliance and risk management, as part of internal control activities conducted at all companies. The Meiden Group conducted trainings on the Companies Act for new officers of Meidensha and affiliated companies.

Composition of the Board of Directors, Nomination & Remuneration Committee, and Audit & Supervisory Board and FY2019 Attendance (Period: April 1, 2019 to March 31, 2020)

| Name | Position (as of March 31, 2020) | Board of Directors | Nomination & Remuneration Committee | Audit & Supervisory Board |
|--------------------|---|--------------------|-------------------------------------|---------------------------|
| Yuji Hamasaki | Representative Director, Chairman Member of Nomination and Remuneration Committee | (13 / 13) ● | (4 / 4) | — |
| Takeshi Miida | Representative Director, President Member of Nomination and Remuneration Committee | (13 / 13) | (4 / 4) | — |
| Masamichi Kuramoto | Representative Director, Executive Vice President | (13 / 13) | — | — |
| Shosuke Mori | Director, Executive Vice President | (13 / 13) | — | — |
| Nobutoshi Ohashi | Director, Senior Managing Executive Officer | (13 / 13) | — | — |
| Norio Takekawa | Director, Senior Managing Executive Officer | (13 / 13) | — | — |
| Nobuaki Tamaki | Director, Senior Managing Executive Officer | (13 / 13) | — | — |
| Hiroyuki Takenaka | Outside Director Member of Nomination and Remuneration Committee | (13 / 13) | (4 / 4) ● | — |
| Junji Yasui | Outside Director Member of Nomination and Remuneration Committee | (13 / 13) | (4 / 4) | — |
| Taketora Ito | Audit & Supervisory Board Member | (13 / 13) | — | (6 / 6) ● |
| Seiji Kato | Audit & Supervisory Board Member | (13 / 13) | — | (6 / 6) |
| Yoshiaki Shin | Outside Audit & Supervisory Board Member | (12 / 13) | — | (6 / 6) |
| Mitsuru Nawata | Outside Audit & Supervisory Board Member | (13 / 13) | — | (6 / 6) |

Note 1: ● refers to the chair of the Board of Directors, Audit & Supervisory Board, and each committee
Note 2: Attendance of each type of meeting is marked as (xxx / xx)

③ Initiatives to Utilize Outside Directors

Meidensha seeks active participation in management by outside officers, in order to enhance the supervisory function of the Board of Directors. As such, we are conducting the following initiatives to ensure free and active debates.

① Initiatives at the Board of Directors

i Advance Explanation of Agendas of the Board of Directors

We give explanations in advance so that directors are able to confirm the content of agenda items prior to participating in meetings of the board of directors. Our system allows us to accept questions, etc., relating to the content of agendas in advance and prepare an explanation to be given at the meeting of the Board of Directors, and this revitalizes and enriches deliberations.

ii Timely and Appropriate Sharing of Information

Besides the agenda for the meeting, Meidensha provides briefings on current topics relating to the company at meetings of the Board of Directors, with the aim of timely and appropriate sharing of information with outside directors, so that they can share the status of the Company in a timely fashion.

② Initiatives Outside of the Board of Directors

i Introductory Sessions

We create opportunities to explain the Company's business and structures, primarily to aid the understanding of newly appointed outside officers.

The officers or general managers in charge of each business explain their business and Meidensha's governance system to the outside officers, answer their questions and exchange opinions with them.

ii Meeting for Exchange of Opinions

Apart from legally-required board meetings, we hold monthly discussion meetings in order to best utilize the knowledge of the outside directors and outside audit & supervisory board members.

In these meetings, participants vigorously exchange opinions, mainly concerning matters relating to corporate governance and the Company's management issues and strategy. The meetings also serve as preliminaries to discuss matters prior to passing resolutions at the Board of Directors.

4 Auditing System

The Company transitioned from the prior institutional structure of a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee at the Ordinary General Meeting of Shareholders held on June 26, 2020.

The Audit and Supervisory Committee consists of five directors, including three outside directors, who are Audit & Supervisory Committee members, and there is also a Support Department for the Audit and Supervisory Committee has been established as a staff organization to support the Audit and Supervisory Committee. The committee communicates with directors, the Internal Auditing Division, and other related divisions, while adhering to the auditing policies, allotted duties, and auditing rules, etc., for Audit & Supervisory Committee members stipulated by the Audit & Supervisory Committee. Committee members attend meetings of the Board of Directors and other important meetings, and audit the execution of directors' duties through investigations of business and financial conditions.

Directors who are Audit & Supervisory Committee members are granted new authority, such as voting rights at meetings of the Board of Directors and the right to present a position statement at meetings of the Board of Directors relating to nomination and remuneration of officers. We are therefore promoting the establishment of an auditing framework and the enhancement of various initiatives to further strengthen the supervisory function of the Board of Directors, which is the aim of altering our institutional design, through new activities such as monitoring and auditing, etc. of the transfer of authority to executive directors and the status of the governance that guarantees it, in addition to the auditing activities previously undertaken, and by further strengthening cooperation with outside directors, etc.

5 Internal Auditing System

The Internal Auditing Division conducts internal audits to check the effectiveness and efficiency of business operations, the reliability of financial reporting, the status of compliance with laws and regulations, and the maintenance of assets, covering the Company and all Group companies at home and abroad.

Since FY2016, we have conducted risk management using control self assessment (CSA) at each Meidensha factory and each Japanese subsidiary in order to enhance

internal control and increase the efficiency of risk audits at each business unit.

In FY2019, we engaged in activities under the three basic policies of "promoting the three lines of defense and CSA (Control Self Assessment)," "strengthening prevention of faults and misconduct," and "improving audit quality and thoroughly following up audits." We conducted new initiatives such as external evaluation of risk management and individual audit reports for officers in charge of specific functions, and we enhanced internal control functions.

In April 2020, we improved the framework to promote internal control by establishing the Internal Control Promotion Headquarters comprising the Management Auditing Division and the newly established Risk Management Division. We will further promote internal control functions by monitoring internal control systems through internal audits in conjunction with the Audit & Supervisory Committee and having a full-time department develop a risk management structure that covers the entire Group.

Officers' Remuneration

Directors remuneration policy

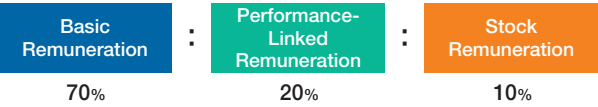
i Level of Remuneration

The level of remuneration of Meidensha's directors is determined based on external objective remuneration market data, economic conditions, industry trends, and Meidensha's business circumstances, etc., and it is confirmed by the Nomination and Remuneration Committee referred to above.

ii Composition of Remuneration

Remuneration of directors is performance-based annual remuneration, and comprises basic remuneration and incentive remuneration according to each role. Of these types of remuneration, incentive remuneration comprises remuneration that is linked to business performance as a short-term incentive and stock remuneration as a medium to long-term incentive.

Target Proportion of Each Type of Remuneration (if 100% of targets were achieved)



iii Incentive Remuneration System

Performance-based remuneration, which is a short-term incentive, varies from 0 to 140 depending on the degree of achievement of targets, with perfect achievement of targets counting as 100. We use operating income, which is also used for our financial targets in Medium-term Management Plan 2020, as a performance evaluation indicator, and also give consideration to revisions according to operating conditions and changes to the roles of each officer, etc.

Calculation Formula

Basic Remuneration for Each Position × Coefficient According to Achievement of Target Operating Income (0.0 to 1.4)

Stock remuneration, which is a medium to long-term incentive, grants shares to the Officers' Shareholders Association for the purpose of further promoting sharing of profit and loss with shareholders.

iv Remuneration Determination Procedures

The Nomination and Remuneration Committee confirms and considers the content of the remuneration system and the amount of remuneration from an objective perspective prior to determination by the Board of Directors.

FY2019 Results

| Classification | Total Amount of Remuneration, etc. (millions of yen) | Total Amount of Each Type of Remuneration, etc. (millions of yen) | | Number of People |
|--|--|---|------------------------|------------------|
| | | Basic remuneration | Incentive remuneration | |
| Directors (excluding outside directors) | 320 | 268 | 52 | 9 |
| Outside directors | 14 | 14 | - | 2 |
| Corporate auditors (excluding outside audit & supervisory board members) | 43 | 43 | - | 2 |
| Outside audit & supervisory board members | 11 | 11 | - | 2 |
| Total | 391 | 338 | 52 | 15 |

1. The amount paid to directors includes performance-based remuneration for FY2019.
2. The amount of remuneration paid to directors that concurrently serve as employees does not include the amount of remuneration paid to them as employees.

Tax

Tax Policy

The Meiden Group is aware that ensuring transparency of tax matters and payment of tax is its corporate social responsibility, and understands and complies with the principles of the taxation law of each country and region in which it conducts its global business activities. We contribute to the prosperity of each country and region by paying tax appropriately according to the application of a preferential tax system that avoids double taxation through normal procedures and complies with the aims of each system.

Furthermore, our policy is to refuse to engage in international tax avoidance, such as by complying with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and refusing to use tax havens according to business circumstances.

Going forward, we will work to build friendly and healthful relationships with tax agencies through timely and appropriate provision of information and responding sincerely in the event of advance rulings and tax audits.

Dialogues with Shareholders and Investors

Basic Approach and IR System

When any shareholders wish a dialogue with the Company that will contribute to medium to long-term improvement of the Company's corporate value, it is Meidensha's policy that the Company's management conducts the dialogue to the extent reasonably possible.

A system is in place where an executive officer is placed in charge of IR matters and an IR-specialist department conducts activities to enhance constructive dialogue with shareholders, including institutional investors and strengthens external communication.

Results Briefings

We hold results briefings twice a year in May and November. In addition, we have also commenced briefings for individual investors since FY2018.

We will continue to work to ensure an even fuller disclosure of information through results briefings, individual IR sessions, conferences, the website, and this report, etc., and continue to engage in dialogue with shareholders and investors.

Main IR Activities in FY2019

| Individual Sessions | Number |
|---------------------|--------|
| Japanese Investors | 105 |
| Foreign Investors | 54 |
| Total | 159 |

The materials for the results briefings are available for viewing Please visit "Fact Sheet for Account Settlement Briefing Session" under "Investors" on the Corporate website.
Fact Sheet for Account Settlement Briefing Session
https://www.meidensha.com/ir/ir_04/ir_04_03/index.html

Board of Directors & Executive Officers as of July, 2020

Director



Representative Director, Chairman
Nomination & Remuneration Committee Member

Yuji Hamasaki

Reason for Selection

Yuji Hamasaki served as president since 2013, and since 2018, he has overseen all aspects of the Group's management as chairman. He has extensive experience and results, and as chairman of the Board of Directors, he has worked to enhance the supervisory function of the Board of Directors in order for the Group to take appropriate risks.

He has been selected as he is expected to further enhance the corporate governance of the entire Group by reflecting the aforementioned experience and achievements at meetings of the Board of Directors.

Career Summary

June 2004 – Executive officer of Sumitomo Electric Industries, Ltd.
June 2005 – Managing executive officer of Sumitomo Electric Industries, Ltd.
June 2006 – Managing director of Sumitomo Electric Industries, Ltd.
April 2010 – Senior managing executive officer of Meidensha
June 2010 – Director of Meidensha
April 2011 – Executive vice president of Meidensha
June 2013 – President of Meidensha
June 2018 to present – Chairman of Meidensha



Representative Director, President
Nomination & Remuneration Committee Member

Takeshi Miida

Reason for Selection

Takeshi Miida has been involved with drafting and implementing group-wide management plans, and since 2018, he has been responsible group-wide management and Medium-term Management Plan 2020 as president.

Based on the aforementioned experience and achievements, he has been selected as he is expected to enhance the decision-making and oversight functions of the Board of Directors through his involvement in management as a promoter of Medium-term Management Plan 2020.

Career Summary

April 1978 – Joined Meidensha
April 2008 – Executive officer in charge of the Corporate Policy Planning Group and the Corporate Policy Planning Division
April 2011 – Managing executive officer in charge of the Corporate Policy Planning Group and head of the Corporate Policy Planning Division
June 2012 – Director
April 2015 – Executive vice president
June 2018 to present – President



Representative Director, Executive Vice President

Masamichi Kuramoto

Reason for Selection

Based on his extensive experience and achievements as an engineer in the Research and Development Business Unit, Masamichi Kuramoto is working to expand the scale of all of the Company's business, environmental initiatives, and the automobile-related business, which is one of the growth business under Medium-term Management Plan 2020.

Based on the aforementioned experience and achievements, he has been selected as he is expected to enhance the decision-making and oversight functions of the Board of Directors through his involvement in management.

Career Summary

April 1980 – Joined Meidensha
April 2013 – Executive officer in charge of the Research & Development Group
April 2014 – Managing executive officer in charge of the Research & Development Group
April 2015 – Senior managing executive officer in charge of the Research & Development Group
June 2015 – Director
April 2018 to present – Executive vice president



Director, Executive Vice President

Shosuke Mori

Reason for Selection

Since assuming his position in June 2019, Shosuke Mori has been responsible for new businesses, business alliances, and overseas businesses, etc. He is working to strategically enhance the social infrastructure systems business and the maintenance and servicing business, which are positioned as earnings-base businesses under Medium-term Management Plan 2020.

Based on the aforementioned experience and achievements, he has been selected as he is expected to enhance the decision-making and oversight functions of the Board of Directors through his involvement in management.

Career Summary

April 2011 – Executive officer in charge of the 1st Headquarters Sales Division of Sumitomo Mitsui Banking Corporation
April 2013 – Executive officer in charge of the General International Division of Sumitomo Mitsui Banking Corporation
April 2014 – Managing executive officer in charge of the General International Division of Sumitomo Mitsui Banking Corporation
April 2015 – Managing executive officer in charge of the Asia Pacific Division of Sumitomo Mitsui Banking Corporation
April 2017 – Senior managing executive officer, second in command of the International Division of Sumitomo Mitsui Banking Corporation
April 2018 – Senior managing executive officer in charge of the Corporate Advisory Division of Sumitomo Mitsui Banking Corporation
April 2019 – Executive officer and vice president of Meidensha
June 2019 to present – Executive vice president of Meidensha



Director, Senior Managing Executive Officer

Nobutoshi Ohashi

Reason for Selection

Based on his experience of HR and general affairs-related operations, in recent years, Nobutoshi Ohashi has contributed to the improvement of corporate governance as the manager of the HR and General Affairs Business Unit, and since 2018, he has worked to promote the Smart Work 2020 work-style reform action plan.

Based on the aforementioned experience and achievements, he has been selected as he is expected to enhance the decision-making and oversight functions of the Board of Directors through his involvement in management as a promoter of initiatives to leverage the personnel of the entire Meiden Group and further improve corporate governance.

Career Summary

April 1979 – Joined Meidensha
April 2013 – Executive officer in charge of the HR & General Affairs Group and the HR Planning Division
April 2015 – Managing executive officer in charge of the HR & General Affairs Group
April 2018 – Senior managing executive officer in charge of the HR & General Affairs Group
June 2018 to present – Director
April 2020 to present – Senior managing executive officer in charge of the HR & General Affairs Group



Director, Senior Managing Executive Officer

Norio Takekawa

Reason for Selection

Norio Takekawa has extensive on-site experience as an engineer in the Construction Business Unit. He is currently leveraging this experience to improve Meidensha's production and quality management systems, and working to implement production process reforms and invest in streamlining equipment as work-style reforms, from the perspective of production.

With an outlook, perspective, and sense of balance based on the aforementioned diverse experience and achievements, he has been selected as he is expected to enhance the decision-making and oversight functions of the Board of Directors through his involvement in management.

Career Summary

April 1981 – Joined Meidensha
April 2015 – Executive officer in charge of the Plant Construction & Engineering Business Group
April 2017 – Managing executive officer in charge of the Production Engineering and Management Group
April 2018 – Senior managing executive officer
June 2018 to present – Director
April 2020 to present – Senior managing executive officer in charge of the Plant Construction & Engineering Business Group



Director, Senior Managing Executive Officer

Nobuaki Tamaki

Reason for Selection

Based on his experience as an engineer who worked on T&D products, which are Meidensha's core products, and as top management of an overseas subsidiary, Nobuaki Tamaki is working to expand the scale of the overseas business, which is positioned as a growth business under Medium-term Management Plan 2020.

With aforementioned perspective as an engineer and a global perspective, he has been selected as he is expected to enhance the decision-making and oversight functions of the Board of Directors through his involvement in management.

Career Summary

April 1982 – Joined Meidensha
April 2015 – Head of the T&D Business Unit
April 2016 – Executive officer
April 2017 – Managing executive officer
April 2018 – Senior managing executive officer
June 2018 to present – Director
April 2020 to present – Senior managing executive officer in charge of the Overseas Business Strategic Management Group



Outside Director
Head of the Nomination & Remuneration Committee

Hiroyuki Takenaka

Reason for Selection
Hiroyuki Takenaka uses his extensive management experience spanning many years and broad knowledge to tirelessly work to improve the Group's corporate governance. At present, he is serving as chair of the voluntary Nomination and Remuneration Committee and contributing to improved transparency of management.

He has been selected as he is expected to further enhance the supervisory function of the Board of Directors by continuing to reflect the aforementioned experience and knowledge at meetings of Meidensha's Board of Directors.

Career Summary
June 2001 – Director of Sumitomo Electric Industries, Ltd.
June 2003 – Executive officer of Sumitomo Electric Industries, Ltd.
June 2004 – Managing director of Sumitomo Electric Industries, Ltd.
June 2007 – Senior managing director in charge of the Electrical Cable, Materials, and Energy Business Headquarters and the Production Technology Headquarters of Sumitomo Electric Industries, Ltd.
June 2008 – Senior managing director in charge of the electrical cable, materials, and energy business headquarters of Sumitomo Electric Industries, Ltd.
May 2010 – Senior managing director of Sumitomo Electric Industries, Ltd.
June 2010 – Executive vice president of Sumitomo Electric Industries, Ltd.
June 2013 to present – Director of Meidensha



Outside Director
Nomination & Remuneration Committee Member

Junji Yasui

Reason for Selection
Junji Yasui uses his extensive management experience spanning many years and broad knowledge to tirelessly work to improve the Group's corporate governance. At present, he is serving as a member of the voluntary Nomination and Remuneration Committee and contributing to improved transparency of management.

He has been selected as he is expected to further enhance the supervisory function of the Board of Directors by continuing to reflect the aforementioned experience and knowledge at meetings of Meidensha's Board of Directors.

Career Summary
April 2004 – Executive officer in charge of the Third Solutions and Sales Business Headquarters of NEC Corporation
April 2005 – Executive officer in charge of the Fourth Solutions Business Headquarters of NEC Corporation
April 2008 – Executive vice president of NEC Corporation
June 2008 – Director and executive vice president of NEC Corporation
April 2010 – Director and managing executive vice president of NEC Corporation
July 2011 – Director, managing executive vice president, and chief supply chain officer of NEC Corporation
April 2012 – Representative director, senior executive vice president, and chief supply chain officer of NEC Corporation
April 2016 – Representative director and senior executive vice president of NEC Corporation
June 2016 to present – Director of Meidensha



Director and Audit & Supervisory Committee Member
(Full-time Audit & Supervisory Committee Member)

Tadayoshi Machimura

Reason for Selection
Until March 2019, Tadayoshi Machimura served as a representative director of Meidensha. Until March 2020, he was involved with management as the president of Meiden O&M, which is the core of the Group's maintenance and servicing business, and he has extensive experience and achievements.

He has been selected as he is expected to further enhance audit and supervisory functions by reflecting his perspective on management of the entire Meiden Group, including affiliates, in Meidensha's audits and meetings of the Board of Directors based on the aforementioned experience and achievements.

Career Summary
April 1977 – Joined Meidensha
April 2012 – Executive officer and supervisor of electric power conversion products of Meidensha
April 2014 – Managing executive officer, supervisor of electric power conversion products, and supervisor of power generation products of Meidensha
April 2015 – Senior managing executive officer of Meidensha
June 2015 – Director of Meidensha
April 2018 – Executive vice president of Meidensha
April 2019 – President of Meiden O&M Corporation
April 2020 – Adviser at Meidensha
June 2020 to present – Director (Audit & Supervisory Committee Member)



Director and Audit & Supervisory Committee Member
(Full-time Audit & Supervisory Committee Member)

Taketora Ito

Reason for Selection
Taketora Ito has been involved with the Manufacturing Business Unit for many years. He has extensive experience and knowledge relating to manufacturing, production, and factory operation, etc. He has served as an Audit & Supervisory Board Member of Meidensha since June 2017.

He has been selected as he is expected to further enhance audit and supervisory functions by reflecting the aforementioned experience and knowledge in Meidensha's audits and at meetings of the Board of Directors.

Career Summary
April 1981 – Joined Meidensha
September 2011 – General Manager of Rotating Machinery Factory, Energy Systems Business Unit
April 2014 – Head of the Power Generation Products Planning Division
October 2015 – General Manager for Special Task of the Power Generation Products Business Unit
April 2017 – Manager of the Internal Auditors Office
June 2017 – Audit & Supervisory Board Member
June 2020 to present – Director (Audit & Supervisory Committee Member)



Director and Audit & Supervisory Committee Member (Outside Director)

Yoshiaki Shin



Director and Audit & Supervisory Committee Member (Outside Director)

Mitsuru Nawata

Reason for Selection
Yoshiaki Shin has extensive management experience and high-level knowledge spanning many years, and has experience as an auditor of Meidensha. He has been selected as he is expected to further enhance audit and supervisory functions by reflecting the aforementioned experience and knowledge in Meidensha's audits and meetings of the Board of Directors.

Career Summary
April 2008 – Director and chair of Mitsui Sumitomo Insurance Group Holdings, Incorporated
April 2010 – Director of Mitsui Sumitomo Insurance Co., Ltd.
April 2010 – Consultant at MS & AD Insurance Group Holdings, Inc.
April 2011 – Standing consultant at Mitsui Sumitomo Insurance Co., Ltd.
June 2012 – Outside auditor of Meidensha
June 2012 – Director of DSB Co., Ltd.
April 2014 to present – Senior advisor to Mitsui Sumitomo Insurance Co., Ltd.
June 2020 to present – Director (Audit & Supervisory Committee Member) of Meidensha

Reason for Selection
Mitsuru Nawata has extensive management experience and high-level knowledge spanning many years, and has experience as an auditor of Meidensha. He has been selected as he is expected to further enhance audit and supervisory functions by reflecting the aforementioned experience and knowledge in Meidensha's audits and meetings of the Board of Directors.

Career Summary
June 2007 – Managing executive officer of The Sumitomo Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)
May 2008 – Managing executive officer in charge of the credit division of The Sumitomo Trust and Banking Co., Ltd.
January 2009 – Managing executive officer in charge of the first credit division of The Sumitomo Trust and Banking Co., Ltd.
May 2009 – Managing executive officer of The Sumitomo Trust and Banking Co., Ltd.
June 2010 – Director and chair of Life Housing Loan Co., Ltd.
June 2010 – Director and chair of First Credit Corporation
October 2010 – President of Sumishin Real Estate Loan & Finance, Limited (currently Sumitomo Mitsui Trust Loan & Finance Co., Ltd.)
April 2015 – Director and chair of Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
April 2016 – Standing auditor of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
June 2016 – Outside auditor of Meidensha
June 2020 to present – Director (Audit & Supervisory Committee Member) of Meidensha



Director and Audit & Supervisory Committee Member (Outside Director)

Keiko Hayashi

Reason for Selection
Keiko Hayashi has a high-level of expertise and extensive experience as an accountant spanning many years. She has gained wide-ranging views and knowledge through organizational diversity promotion initiatives. She has been selected as she is expected to further enhance audit and supervisory functions by reflecting the aforementioned expertise, experience, views, and knowledge in Meidensha's audits and meetings of the Board of Directors.

Career Summary
April 1986 – Joined the Tokyo Regional Taxation Bureau
October 1990 – Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
March 1994 – Registered as a certified public accountant
July 2006 – Partner of Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
July 2013 – Director of The Japanese Institute of Certified Public Accountants
October 2013 – Deloitte Tohmatsu Group diversity promotion officer
July 2016 to present – Managing director of The Japanese Institute of Certified Public Accountants
November 2018 – Representative director of Tohmatsu Challenged Co., Ltd.
January 2019 to present – Member of Acquisition, Technology and Logistics Agency Defense Procurement Council
June 2019 – Deloitte Tohmatsu Group D & I committee advisor
August 2019 – Chair of The Japanese Institute of Certified Public Accountants Audit Practice and Review Committee
October 2019 to present – Chair of The Japanese Institute of Certified Public Accountants Audit and Discipline Investigation Committee
June 2020 to present – Director (Audit & Supervisory Committee Member) of Meidensha

Senior Managing
Executive Officer

Kazumi Ikarashi

Managing Executive Officers

Michihiko Kato

Kuniake Yasukawa

Masayuki Iwao

Masahiko Suzuki

Tatsuki Mochizuki

Akio Inoue

Executive Officers

Noritaka Matsushita

Norio Mizutani

Katsunori Suzuki

Hiroshi Toke

Hideki Miyazawa

Munekazu Shiratori

Minoru Kaneda

Akio Ikemori

Kuniteru Yamaoka

Hisahiro Murashima

Takashi Furuta

Katsuyuki Watanabe

Satoshi Momenya

Takeo Suzuki

Message from the Outside Directors



Outside Director

Hiroyuki Takenaka

Committee can fully function.

To achieve this, we believe it is essential to construct a framework for close collaboration between the Audit and Supervisory Committee, the Internal Control Promotion Headquarters, and the Internal Auditing Division, while clearly defining the scope of authority granted to executive directors and executive officers.

In the “jump” stage of the Medium-term Management Plan 2020 (FY2021–FY2024), business conditions are expected to change on a global scale due to the impact of the novel coronavirus (COVID-19). In order for the

In June 2020, Meidensha adopted a company structure with an Audit and Supervisory Committee. In order to further increase the effectiveness of the Board of Directors, it is necessary to strengthen their supervisory function, rebuild an internal control system, and create an environment wherein the Audit and Supervisory

Meiden Group to continue to moving forward, we must stabilize revenue from our existing base businesses while integrating their technology, working with external organizations through M&A, launching and developing new businesses based on ESG/SDGs, building a balanced business portfolio, and improving our profit margin.

As it is also important to secure personnel through essential, strategic hiring, and ensure that we have a complete education and self-improvement training system, including the implementation of training for management candidates.

In manufacturing, becoming a trailblazer is key to keeping up with innovation in design and production technology through IoT and AI. To meet this task, we must conduct wide-ranging outsourcing activities.

We are aware, therefore, that it is necessary for outside directors to scrutinize business conditions even more than before. This supervision will take the form of in-depth debate at Board of Directors meetings, information exchange with the Audit and Supervisory Committee, vigorous exchange of ideas, and gaining a broader understanding of the Executive Division. Going forward, we will contribute to the sustainable growth and increased corporate value of Meidensha from a medium to long-term perspective.



Outside Director

Junji Yasui

improved.

Specifically, it has become easier to comprehend the execution status of business due to prior explanations of agenda items to outside directors, verification of Executive Committee decision-making processes, and monthly reports by the President to the Board of Directors.

This fiscal year, we became a company with an Audit and Supervisory Committee, and the number of outside directors on this committee has increased. Outside directors possess a diverse range of experience and expertise, and I expect that this will continue to enhance

It has been four years since I was appointed Outside Director of Meidensha. In contrast to when I first assumed the position, it is my evaluation that information disclosure has become more thorough, questions at Board of Directors meetings more appropriate, and that the effectiveness of the Board of Directors has steadily

audit and supervisory functions. This has been a significant change of course for the Company. Improvements can cause inconvenience and new challenges, so directors must have the resolve to break old habits.

I aim for further advancements by promoting reforms through the Board of Directors, reflecting on precedents and systems that have continued until now, and being mindful of the Company culture and mission.

As a member of the Nomination and Remuneration Committee, I hope to evaluate candidates based on our corporate philosophy, values, and corporate vision, while remaining cognizant of the qualities required in a successor and continuing to interact with all candidates.

Going forward, the management required of Meidensha will involve taking things one step at a time with a shared awareness among directors as to how we can fulfill our broader social responsibility through an ESG perspective and SDGs, in addition to our responsibility to shareholders to seek profit. Fulfilling my duties as an outside director through objective confirmation of appropriate of business decision-making processes, I expect us to carefully foster the positive culture we have nurtured for more than 120 years, increasing corporate value, and contributing to society even more than before.



Risk Management



Policy, system, and initiatives related to compliance are available for viewing on the Corporate websites.
<https://meidensha.disclosure.site/en/themes/104>

Basic Approach

With regard to business activities in the near future, we must accurately understand various business risks that may manifest in the future and ensure that we provide for them in order to implement our business strategy and increase corporate value in unstable global circumstances with increasing complexity and lack of clarity. With this awareness, we consider that it is necessary for each business unit of the Meiden Group to increase their sensitivity when considering business risk, and establish their own PDCA risk management systems while enhancing risk management during times of normal operation through the establishment of a specialized risk management department. Furthermore, we aim to create a system that is capable of responding to constant change and all risks by creating an Enterprise Risk Management (ERM) system that incorporates Business Continuity Management (BCM) in order to respond to risks and to the business continuity of the entire Group.

debate response policies. Managers further debate business risks debated by the Risk Management Committee, stipulate key business risks facing the Meiden Group, and determine response policies.



Details about Business Continuity Plan (BCP) are available for viewing on the Corporate websites.
<https://meidensha.disclosure.site/en/themes/103>

Response to the novel Coronavirus Disease (COVID-19)

The global spread of the novel coronavirus disease (COVID-19) impacted the Meiden Group in ways such as suspension of production at overseas sites such as China, delay of parts procurement, and postponement of sales.

The Meiden Group established the Company-Wide Response Headquarters, created the Novel Coronavirus (COVID-19) Response Action Guidelines and the Novel Coronavirus (COVID-19) Response Manual, and is continuing to act with awareness of preventing infection after the state of emergency has been lifted (avoiding the three Cs and reducing commuting outside of the region of factories by 70%, etc.) with the health and safety of employees as our utmost priority, and reducing the impact on business activities such as by continuing operation of all factories in Japan in accordance with the guidelines.

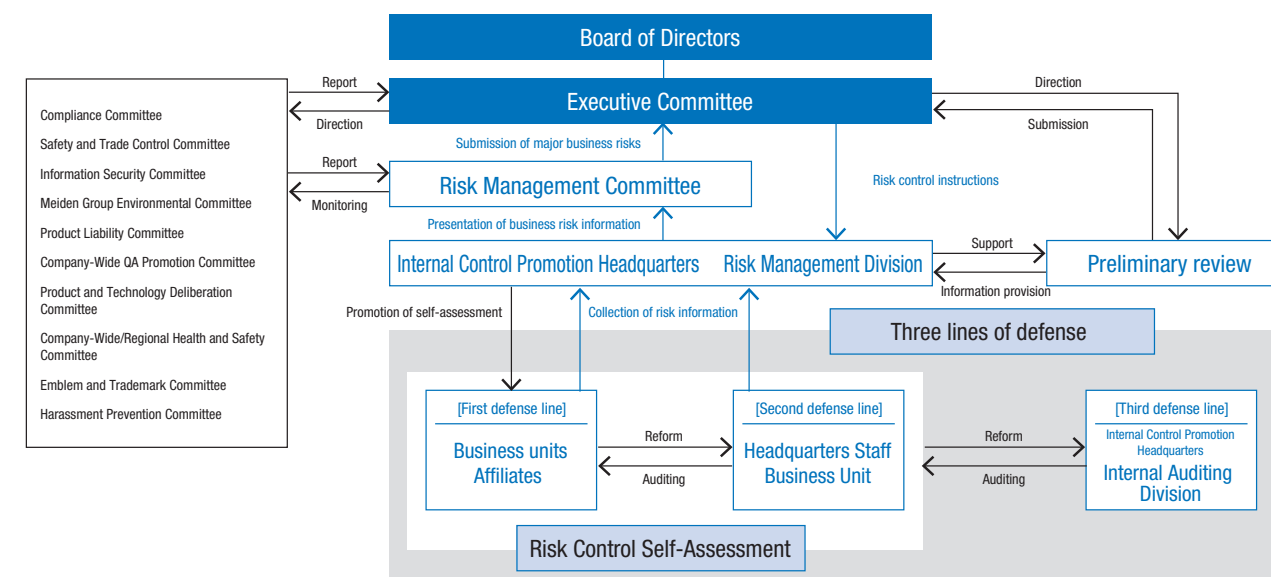
Furthermore, we have ensured both the health and safety of employees and business continuity at overseas sites, by creating behavior standards to prevent infections, introducing working from home and rotation shifts, and accelerating the introduction of Internet communication tools, in accordance with relevant national government policies. We expect global restrictions on the movement of people to extend into the long term, so we will promote new work styles through greater use of Internet communication tools.

Risk Management Structure

Operation of the Risk management Committee

Meidensha has established the Internal Control Promotion Headquarters in order to enhance governance of the Group, and has newly established the Risk Management Division within the headquarters. The Risk Management Division promotes the business self-assessment system in each business unit, and identifies key business risks to be dealt with by the entire Meiden Group in conjunction with the Headquarters Staff Business Unit and the various committees. The Risk Management Committee, which is convened by the Risk Management Division, is chaired by the head of the Internal Control Promotion Headquarters. It scrutinizes the Meiden Group's business risks that have been identified by the Risk Management Division and provides an opportunity for key members of the Headquarters Staff Business Unit to

The Meiden Group's Risk Management Structure

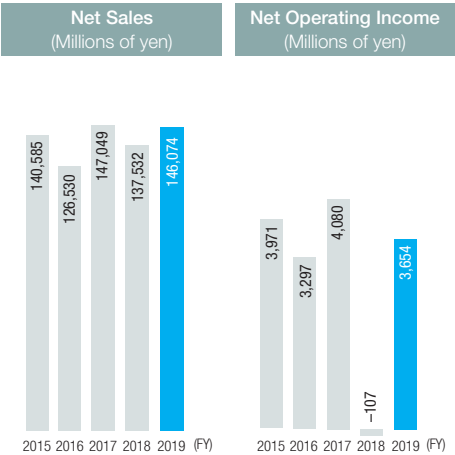


Overview by Business Segment

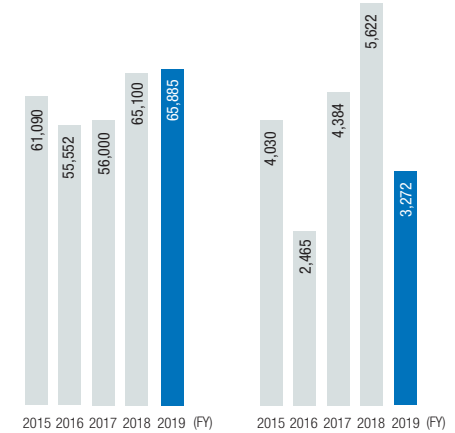
Overview by Business Segment in FY2019



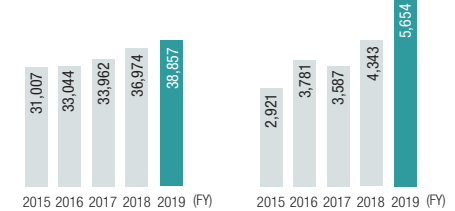
Net sales in the segment increased 6.2% year on year to ¥146,074 million, and operating income improved by ¥3,761 million to ¥3,654 million. Sales and income increased year on year in the Electricity and Energy and the Water Infrastructure Systems fields due to sales of projects delayed from the previous fiscal year being recorded and efforts to improve profitability through cost improvements. Sales and income increased year on year in the Social Infrastructure Systems field due to strong domestic demand and the resolution of the deterioration on costs that had occurred in overseas private sector projects in the previous fiscal year. Sales in the Railway Systems field decreased compared with the previous fiscal year due to the impact of a decrease in major domestic and overseas projects.



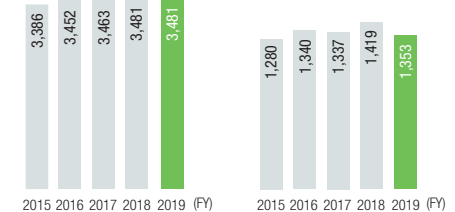
Net sales in the segment increased 1.2% year on year to ¥65,885 million, and operating income deteriorated by ¥2,350 million to ¥3,272 million. Revenue increased year on year in the EV field due to factors such as solid sales of motors and inverters for PHEVs and EVs and the new line in the Numazu Inverter Plant starting operation, but income decreased year on year due mainly to the occurrence of up-front expenses aimed at the commencement of mass production on the new equipment. Sales and income decreased year on year in the Motor and Drive field due mainly to a slowdown in demand for injection molding machines. Sales and income decreased year on year in the Electronics field, but the semiconductor market is recovering from its adjustment phase. Sales decreased and income increased year on year in the Dynamometer Systems field due to an increase in productivity despite the impact of the overall slump across the automobile industry.



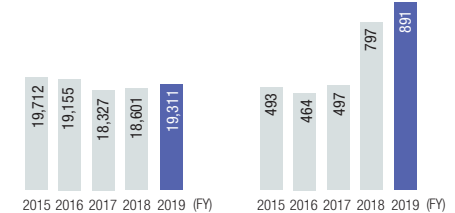
Against the backdrop of heightened demand for BCP, energy-saving and extension of the life of facilities, the Group's one-stop service that covers from maintenance and inspection of electrical equipment to maintenance and operation management has performed well, and efforts have been made to strengthen personnel's ability to work immediately by incorporating such as AR and VR. As a result, net sales increased 5.1% year on year to ¥38,857 million and operating income improved by ¥1,311 million to ¥5,654 million.



We are engaged in the real estate leasing business, centering on the office and commercial building ThinkPark Tower (Osaki, Shinagawa City, Tokyo). Net sales in the segment totaled ¥3,481 million, on par with the level achieved in the previous fiscal year, and operating income deteriorated by ¥66 million to ¥1,353 million.



This segment includes categories not included in any of the above segments, such as manufacturing and marketing of electrochemical measuring equipment and electric insulation materials, welfare services for employees, and goods merchandising. Net sales in the segment increased 3.8% year on year to ¥19,311 million and operating income improved ¥93 million to ¥891 million.



Financial / Non-Financial Highlights

Consolidated basis

| Financial indicators | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|---|---------|---------|---------|---------|---------|
| Net sales (millions of yen) | 237,404 | 220,141 | 241,832 | 245,033 | 255,748 |
| Operating income (millions of yen) | 10,517 | 8,849 | 11,381 | 10,336 | 12,725 |
| Ordinary income (millions of yen) | 10,595 | 8,209 | 9,992 | 10,128 | 11,481 |
| Net income attributable to owners of parent (millions of yen) | 6,962 | 5,743 | 7,056 | 7,653 | 8,208 |

| | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|
| Overseas net sales (millions of yen) | 64,082 | 58,730 | 74,154 | 71,725 | 70,410 |
| Overseas sales ratio (%) | 27.0 | 26.7 | 30.7 | 29.3 | 27.5 |

| | | | | | |
|--------------------------------|----------|----------|----------|----------|----------|
| Net assets (millions of yen) | 255,024 | 247,646 | 264,457 | 265,586 | 270,410 |
| Total assets (millions of yen) | 68,771 | 74,312 | 81,229 | 84,497 | 90,117 |
| Net assets per share (yen) | 1,488.21 | 1,614.00 | 1,768.27 | 1,845.21 | 1,920.01 |
| Net income per share (yen) | 153.42 | 126.56 | 155.52 | 168.68 | 180.91 |

| | | | | | |
|------------------|------|------|------|------|------|
| Equity ratio (%) | 26.5 | 29.6 | 30.3 | 31.5 | 32.2 |
|------------------|------|------|------|------|------|

| | | | | | |
|--|----------|----------|----------|---------|----------|
| Cash flows from operating activities (millions of yen) | 22,597 | 11,840 | 17,975 | 14,365 | 10,416 |
| Cash flows from investing activities (millions of yen) | (10,530) | (12,031) | (7,582) | (8,074) | (13,700) |
| Cash flows from financing activities (millions of yen) | (5,847) | 3,767 | (11,230) | (3,101) | 3,735 |

| | | | | | |
|-----------------------------------|------|-----|-----|-----|-----|
| ROE (%) | 10.4 | 8.2 | 9.2 | 9.3 | 9.6 |
| ROIC (Operating-income-based) (%) | — | — | 6.6 | 5.9 | 6.9 |

| | | | | | |
|---|--------------|---------------|---------------|--------------|--------------|
| Dividend payout ratio (%) | 26.1 | 31.6 | 28.9 | 26.7 | 27.6 |
| Total shareholder return (%) (Comparative indicator: TOPIX dividend included) | 134.3 (89.2) | 105.9 (102.3) | 111.1 (118.5) | 87.0 (112.5) | 94.9 (101.8) |

Notes: 1. Starting in FY2015, we show "net income attributable to owners of parent," instead of "net income."
2. On October 1, 2018, we conducted a reverse stock split at a ratio of one share for every five shares of common stock. Thus, we calculated net assets per share and net income per share on the premise that said reverse stock split had been conducted in FY2015.
3. ROIC has been calculated since FY2017.
4. We have used TOPIX dividend included, which includes more companies, for the comparative indicator for total shareholder return, for the purpose of facilitating easy comparison.

| Non-financial indicators | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|---------------------------------------|--------|--------|--------|--------|--------|
| R&D expenses (millions of yen) | 9,970 | 9,462 | 9,402 | 9,458 | 10,467 |
| Capital expenditure (millions of yen) | 8,314 | 7,355 | 7,584 | 7,895 | 16,042 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Number of employees | 8,408 | 8,474 | 8,995 | 9,297 | 9,599 |
| Total actual annual working hours (hours/year/employee) | 2,083 | 2,016 | 2,002 | 2,019 | 1,991 |
| Percentage of female employees in executive positions (%) | — | — | 3.92 | 3.96 | 3.84 |
| Lost time accidents rate | 0.44 | 0.96 | 0.29 | 0.99 | 0.60 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Greenhouse gas emissions (Scope 1 and 2) (Japan) (kt-CO ₂) | — | — | 53.0 | 43.7 | 41.2 |
| Greenhouse gas emissions (Scope 1 and 2) (overseas) (kt-CO ₂) | — | — | 12.9 | 12.4 | 12.3 |
| Reduction of CO ₂ emissions caused by products (kt-CO ₂) | 870 | 800 | 733 | 841 | 848 |
| Amount of waste generated (Japan) (kt) | 8.8 | 6.6 | 7.1 | 7.8 | 6.4 |
| Recycling rate (Japan) (%) | 99.7 | 99.6 | 99.1 | 99.3 | 99.6 |
| Water consumption (Japan) (thousand m ³) | 1,183 | 1,238 | 1,203 | 1,085 | 1,768 |
| Wastewater (Japan) (thousand m ³) | 1,749 | 1,664 | 1,914 | 2,113 | 2,206 |

| | | | | | |
|--------------------------------|----|----|----|----|----|
| CSR spending (millions of yen) | 19 | 32 | 28 | 38 | 60 |
|--------------------------------|----|----|----|----|----|

Notes: 1. Figures for employee numbers exclude those employees on temporary contracts.
2. Total actual annual working hours are the actual working hours calculated by subtracting leave hours from the sum of official working hours and overtime hours (averaged per employee).
3. The percentage of female employees in executive positions refers to the percentage calculated by dividing the number of female employees in executive positions by the total number of executive positions.
4. Scope 1 (Direct Emissions): Combustion of fuel (town gas and oil, etc.) and release of greenhouse gasses (SF₆ and CFCs, etc.).
5. Scope 2 (Indirect Emissions): Combustion of fossil fuel to generate electricity (electricity company) that is consumed by the company.
* Renewable energy produces zero emissions
6. Reduction of CO₂ emissions caused by products is the expected reduction of such emissions caused by products sold.
7. CSR spending includes donations and sponsorship funding.

Corporate Information

Outline of the Meiden Group

Corporate Data as of March 31, 2020

| | | | |
|------------------------------------|--|----------------------------------|-------------------------------|
| Corporate Name | MEIDENSHA CORPORATION | Capital | ¥17,070 million |
| Established | June 1, 1917 (Since December 22, 1897) | Consolidated Sales | ¥255,748 million |
| Representative Director, President | Takeshi Miida | Consolidated Number of Employees | 9,599 |
| Head Office | ThinkPark Tower, 2-1-1, Osaki, Shinagawa-ku, Tokyo, 141-6029 Japan | Consolidated Subsidiaries | 40 (21 in Japan, 19 overseas) |

Main Subsidiary Companies (as of July 31, 2020)

| Country/Area | Company Name | Business Entity |
|--------------|---|--|
| Japan | MEIDEN PLANT SYSTEMS CORPORATION | Design and contracting for electricity and building construction and manufacture, repair, and refurbishment of electrical equipment, etc. |
| | MEIDEN SYSTEM MANUFACTURING CORPORATION | Manufacture and sale of switchboards, control panels, and their components |
| | MEIDEN SYSTEM SOLUTION CORPORATION | Software development, design, production, sale, and rental, and maintenance and management of computer systems and networks |
| | MEIDEN TECHNO SYSTEMS CO., LTD. | Maintenance, inspection, renovation and refurbishment of transformers and switchgear, manufacture of products and parts for transformers and switchgear, installation of transformers and switchgear, and worker dispatch business |
| | EAML Engineering CO.,LTD. | Design, manufacture, sale, and repair of hydroelectric generators and peripherals |
| | M WINDS CO., LTD. | Development, design, manufacture, testing, and consulting for wind power generation systems |
| | M WINDS HACHIRYU CO., LTD. | Wind power generation business |
| | NOTO COMMUNITY WIND POWER CO., LTD. | Wind power generation business |
| | MEIDEN AQUA BUSINESS COMPANY | Maintenance and operation management for water, sewerage and industrial water treatment facilities, industrial wastewater treatment facilities, and general and industrial waste treatment facilities |
| | ANOTSUGIKEN CO., LTD.* | Manufacture and sale of neutral inorganic caking agent (Agoclean) and multifunction powder coagulant (Coafine), etc. |
| | KOFU MEIDENSHA ELECTRIC MFG. CO.,LTD.* | Manufacture and sale of PM motors, elevator motors, industrial vehicle motors, brushless motors, and induction motors |
| | MEIDEN KIDEN KOGYO CO., LTD. | Repair, overhaul, and high-precision machining of eddy current dynamometers, mechatronic equipment, microturbine power generation equipment, motors, generators, and dynamometers |
| | MEIDEN O&M CORPORATION | Drafting strategies for maintenance business activities, supervision, and education planning |
| | MEIDEN ENGINEERING CORPORATION | Manufacture, sale, installation, and wiring of electrical equipment, machinery, tools, and devices, as well as maintenance and inspection services, refurbishment, and repair |
| | MEIDEN FACILITY SERVICE CORPORATION | Upkeep, operation, and maintenance, etc., of facilities etc. |
| | SADO MEIDEN SERVICE CORPORATION | Upkeep, operation, and maintenance, etc., of facilities etc. in the Sado area |
| | CHUO ENTERPRICE CORPORATION | All tasks relating to management and operation of facilities, maintenance and safety inspections, sanitation, cleaning, security, construction, energy-conservation measures, and other building management |
| | MEIDEN SHOJI CO., LTD. | Sale of electrical and electronic equipment products |
| | MEIDEN KOHSAN CO., LTD. | Sale of goods and materials and insurance agency |
| | MEIDEN CHEMICAL CO., LTD. | Manufacture of electrical equipment mold products and insulating varnish and resin, etc. |
| | HOKUTO DENKO CORPORATION | Manufacture and sale of electrochemical measurement devices, and manufacture of water quality measurement devices |
| | MEIDEN NANOPROCESS INNOVATIONS, INC. | Development, design, manufacture, and sale of pure ozone generators and thin film deposition equipment |
| | MEIDEN UNIVERSAL SERVICE LTD.* | Cleaning, security for buildings, structures, and incidental facilities, and greening and maintenance of land |
| | MEIDEN MASTER PARTNERS CORPORATION | Worker dispatch business |
| | MEIDEN ZHENGZHOU ELECTRIC CO., LTD. | Manufacture and sale of GIS lightning arresters, and zinc oxide for lighting arresters |
| | MEIDENSHA (SHANGHAI) CORPORATE MANAGEMENT CO., LTD. | Chinese regional presiding company Management consulting services for affiliates, sale of electrical equipment, import and export operations, procurement, maintenance, and after-sale service |
| | MEIDEN HANGZHOU DRIVE SYSTEMS CO., LTD. | Manufacture and sale of dedicated elevator motors, inverters, and automated guided vehicles (AGV) |
| | SHANGHAI MEIDENSHA CHANGCHENG SWITCHGEAR CO., LTD | Manufacture and sale of medium-voltage cubicle-type gas circuit breakers and vacuum circuit breakers Manufacture and sale of high and low voltage panels, as well as import and export operations |
| | MEIDEN (HANGZHOU) DRIVE TECHNOLOGY CO., LTD. | Manufacture and sale of EV motors and inverters |

| Country/Area | Company Name | Business Entity |
|--------------|------------------------------------|--|
| Hong Kong | MEIDEN PACIFIC (CHINA) LIMITED | Sale of switchboards and technical consulting |
| India | MEIDEN INDIA PRIVATE LIMITED* | Import and sale of Meiden Group products, engineering tasks, construction, after-sale service, procurement of Indian products, and export operations |
| | PRIME MEIDEN LIMITED | Manufacture and sale of transformers, and engineering |
| Indonesia | P.T. MEIDEN ENGINEERING INDONESIA | Sale and design of electrical equipment, installation, construction, and technical consulting such as after-sale service |
| Korea | MEIDEN KOREA CO., LTD.* | Sale of dynamometer products, installation, testing, servicing, maintenance, and import and export operations |
| Malaysia | MEIDEN MALAYSIA SDN. BHD. | Electrical engineering, technical consulting, and after-sale service |
| | MEIDEN METAL ENGINEERING SDN. BHD. | Manufacture and sale of transformer housing and radiators, etc. |
| Singapore | MEIDEN ASIA PTE. LTD. | ASEAN regional presiding company Business strategy creation, legal affairs, HR, IT, maintenance, technical engineering, servicing, materials, R&D, etc., for the ASEAN region |
| | MEIDEN SINGAPORE PTE. LTD. | Manufacture and sale of transformers, switchboards, and circuit breakers |
| Thailand | THAI MEIDENSHA CO., LTD. | Electrical construction and technical consulting |
| | MEIDEN ELECTRIC (THAILAND) LTD. | Sale of switchboards and technical consulting |
| Germany | MEIDEN EUROPE GmbH | Sale of electrical equipment and import and export operations |
| | TRIDELTA MEIDENSHA GmbH | Manufacture and sale of electrical and railway lightning arresters and peripherals for lightning arresters |
| U.S.A. | MEIDEN AMERICA, INC. | System engineering and after-sale service for dynamometer products and sale of component products |
| | MEIDEN AMERICA SWITCHGEAR, INC. | Manufacture and sale of vacuum circuit breakers and sale of vacuum interrupters |

* Note concerning non-consolidated subsidiaries:
The list of affiliates includes MEIDEN NANOPROCESS INNOVATIONS, INC. and MEIDEN AMERICA SWITCHGEAR, INC., which were established in April 2020.

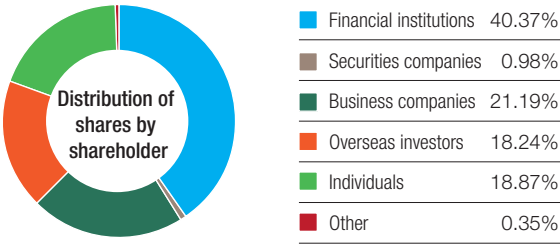
Share data as of March 31, 2020

Stock Listing Tokyo Stock Exchange, Nagoya Stock Exchange

Total number of authorized shares 115,200,000

Total number of issued shares 45,527,540 (Including treasury shares of 157,093)

Number of shareholders 13,408



Major Shareholders

| Names of Shareholders | Number of Shares Held (1,000 shares) | Shareholding Ratio (%) |
|---|--------------------------------------|------------------------|
| Japan Trustee Services Bank, Ltd. (account in trust) | 4,412,700 | 9.73 |
| Sumitomo Electric Industries, Ltd. | 2,631,385 | 5.80 |
| The Master Trust Bank of Japan, Ltd. (account in trust) | 2,569,100 | 5.66 |
| Sumitomo Mitsui Banking Corporation | 2,241,835 | 4.94 |
| NEC Corporation | 1,746,150 | 3.85 |
| Sumitomo Mitsui Trust Bank, Limited | 1,500,000 | 3.31 |
| Sumitomo Life Insurance Company | 1,061,400 | 2.34 |
| Meidensha Employees Stock Ownership Group | 969,071 | 2.14 |
| Japan Trustee Services Bank, Ltd. (account 9 in trust) | 768,900 | 1.69 |
| Japan Trustee Services Bank, Ltd. (account 5 in trust) | 754,300 | 1.66 |

(Note) The shareholding ratio excludes treasury shares.