



Meidensha's CO₂ reduction targets received SBT certification.



Meidensha received the Minister of the Environment's Award for Climate Change Action in 2022.



Meidensha was granted Platinum Kurumin certification by the Minister of Health, Labour and Welfare.



Meidensha was recognized as 2023 Health and Productivity Management Organization (White 500) in the large enterprise category.



Meidensha received a Gold award in PRIDE Index 2022, which recognizes efforts to promote understanding of LGBTQ+ and other groups.



Meidensha received the highest Eruboshi certification (Level 3) from the Minister of Health, Labour and Welfare.



MEIDENSHA CORPORATION

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MEIDENSHA REPORT 2023

MEIDENSHA REPORT 2023

Notice of Transition to New Structure

Accelerating reforms and aiming for sustainable enhancement of corporate value under a new management structure



Akio Inoue

Representative Director
President and Executive Officer

I am pleased to announce my appointment as President and would like to thank you for your continued support of the Meiden Group. To realize our corporate mission of "Illuminating a more affluent tomorrow," we will steadfastly maintain management capable of delivering high-quality products and services in addition to safety and peace of mind.

In the 126 years since our founding, we have accumulated a great deal of technology and expertise that can be used to solve issues faced by modern society. I believe it is my mission to draw up and implement strategies to maximize the use of these resources to create a company that continues to be indispensable to society and sustainably enhances its corporate value in the future. I will lead the Group with a firm hand while also taking the time to interact with our stakeholders.

Takeshi Miida

Representative Director
Chairperson and Senior Officer

Thanks to the support and cooperation of so many people during my five years as president, I have been able to fulfill my important responsibilities, and for that I would like to express my sincere gratitude.

Although the Meiden Group has experienced some difficulties due to the pandemic and other factors, we are now in a position to seize excellent opportunities for growth amid the rapid rise in environmental awareness and other developments. We decided that this was the best time to rejuvenate management by passing the baton to people who have the energy to promote and expedite sweeping reforms.

I intend to support President Inoue's leadership and continue to do my best for the further advancement of the Meiden Group through interactions with people inside and outside the company.

On June 28, 2023, previous Meidensha President Takeshi Miida became the Representative Director, Chairperson and Senior Officer of the Company, and Akio Inoue succeeded him as Representative Director, President and Executive Officer.

Amid major and rapid changes in the environment surrounding our business during Miida's tenure as President, we promoted the strategies set out in Medium-term Management Plan 2020 and Medium-term Management Plan 2024 and also proactively invested to ensure business growth and enhanced corporate value into the future.

With the aim of carefully passing the baton of management to the next generation and accelerating the pace of reforms, candidates to become the next generation of top executives were selected after consultations with the Nomination & Compensation Committee.

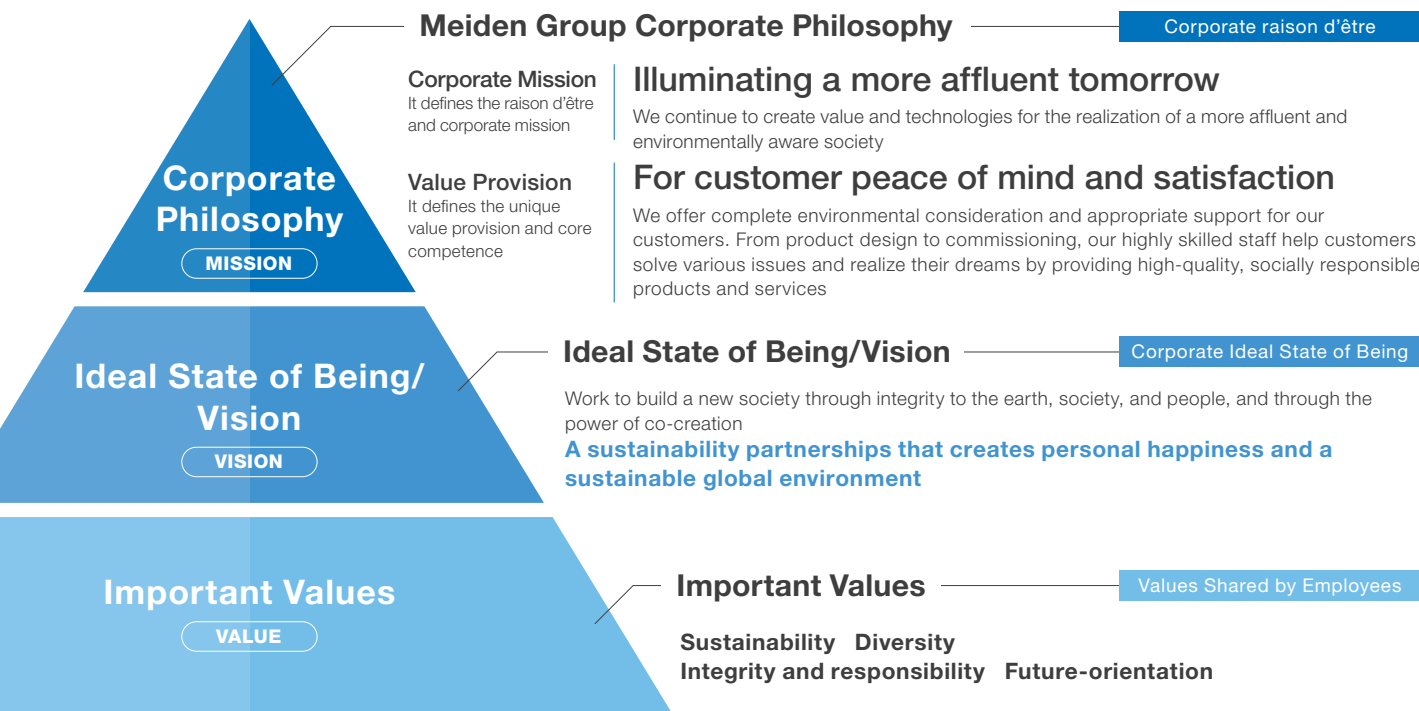
As Chairman of the Board of Directors, Miida will continue to promote improvements to its effectiveness and the further strengthening of the governance of the entire Group. Also, President Inoue will deploy measures to strengthen the competitiveness of each business and improve profitability in addition to increasing the visibility of our sustainable growth strategy by formulating medium-to long-term visions.

We look forward to your continued guidance and encouragement under our new management structure.



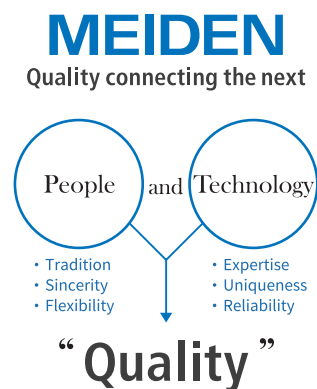
MEIDENSHA CORPORATION

Meiden Group Corporate Philosophy



Corporate Slogan
(Expressing the corporate philosophy in a single phrase)

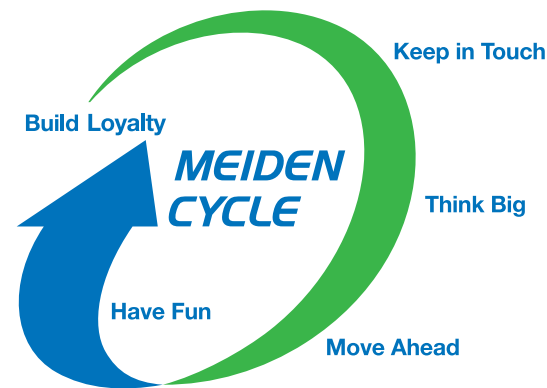
Quality connecting the next



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 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'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.

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 content of this report is determined after reporting to and consultation with the Board of Directors. With regard to the content of the reports, we work to collect, analyze, and distribute information that meets our stakeholders' expectations and is of interest to our stakeholders through daily public relations, IR activities, and interviews with each department.

In Meidensha Report 2023, we set out to present the progress of the Meiden Group's value creation, Medium-term Management Plan 2024, and the sustainability management on which the plan is based, as well as to vividly convey how we embody our important values for realizing our stated vision and our employees' personal visions and challenges, which we refer to as "My Vision, My Challenge," through the platform of the Meiden Group. We hope this report brings you on board with our vision of the society that the Meiden Group hopes to realize, and we look forward to watching waves of co-creation gain momentum toward the realization of a more affluent tomorrow.

We hope this report helps enhance and enrich our dialogue with stakeholders.

The Meidensha Report's Drafting and Approval Process and Responsibility for the Meidensha Report

In drafting this report, we refer to the International Integrated Reporting Framework proposed by the IFRS Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry, etc. The content of the report is based on opinions and questions received from stakeholders on a daily basis, and we drafted it by working with each organization to convey information in a manner that is easily understood from a long-term general perspective, in order to realize the Meiden Group's ideal state of being. I have confirmed that the drafting process and content are correct and proper.

Since 2013, Meidensha has issued the Meidensha Report as an integrated report. It is a communication tool for all stakeholders, including shareholders and investors, to understand the Company. Going forward, we will use the report as a tool for dialog and sincerely face our stakeholders to work to sustainably increase corporate value.

**Representative Director
President and Executive Officer: Akio Inoue**

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.

Report Media

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 Meiden Group Sustainability (web edition).

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 Sustainability Web Edition

A summarized introduction focusing on specific initiatives to tackle sustainability issues that we consider important.



<https://meidensha.disclosure.site/en>

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Representative Director
President and Executive Officer

井上晃夫

MESSAGE FROM MANAGEMENT

Harnessing the Power of the Overlap between the Values and Vision of the Company and its Employees

Seizing Multiple Business Opportunities to Create a New Society

Thoughts and Resolve toward Assuming the Position of President Greeting and Self-introduction

I am Akio Inoue, and I assumed the position of President and Executive Officer on June 28, 2023. While bracing myself for the great responsibility of the position, I am determined to manage the Meiden Group toward further growth.

I grew up playing softball and baseball in the countryside of Yamaguchi Prefecture, and I was engrossed in rugby in high school and college. Thinking back, those days were full of grueling practices, but I believe those experiences and the support of my teachers and fellow students shaped me into who I am today. Rugby was full of formative experiences for me, particularly learning the joy of winning and the importance of developing strong will. I started my career at Meidensha 37 years ago from the Accounting Department of Numazu Works. After working in the Business Coordination Division for the Water Infrastructure Business and the Corporate Policy Planning Division, I became the General Manager of the Accounting & Financing Group in 2018. In the Business Coordination and Corporate Policy Planning Division I was involved in the formulation of profit plans and medium-term management plans while experiencing events that marked major turning points in society, including the collapse of the Japan's economic bubble in the early 1990s, the global financial crisis in the late 2000s, and the Great East Japan Earthquake in 2011. At the Accounting and Finance Headquarters, I was involved in the issuance of the Company's first green bond, and through dialogue with various stakeholders, I was consistently reminded of the world's interest in the environment and other aspects of sustainability and people's high expectations for the Meiden Group's contributions to the environment through its business.


My Mission and Role as President

Although Meidensha's corporate philosophy of "Illuminating a more affluent tomorrow" was created more than a decade ago, it is aligned with the aims of ESG, sustainability, and other highly touted pursuits of today's world. This philosophy resonates deeply with me and will continue to occupy an elevated position in my sights. The Meiden Group has many sincere and responsible employees, and I have often observed them trying their very best to help not only customers, but also their fellow employees. As I feel that we should use these advantages more widely, I intend to make the Meiden Group a place that contributes more to the world and paves the way to the future. This desire is embodied in the current vision of the Meiden Group ("Work to build a new society through integrity to the earth, society, and people, and through the power of co-creation"), which I believe the Meiden Group has sufficient power to achieve.

In terms of business performance, I believe my mission is to complete Medium-term Management Plan 2024, a task I inherited from Chairperson Miida.

The plan covers a four-year period starting in FY2021. In the first two years, the lingering global effects of the COVID-19 pandemic and widespread downward pressure on earnings due to soaring material prices had a substantial impact on the Meiden Group's ability to generate profits. However, as the transition to a post-pandemic world progress, business activity is gradually returning to normal and capital investment is regaining momentum, especially in Japan. Given these signs of increasing demand in infrastructure and various industries, energy conversion policies and stricter environmental regulations in various countries, and other factors, I feel that the winds are beginning to blow in the right direction for the Meiden Group.

The most urgent and important issue, therefore, is determining how to improve on manufacturing costs, which were trending in the wrong direction. I aim to return the situation to normal as soon as possible by correctly ascertaining and analyzing the present situation—which has been disrupted by the rapid rise in material prices and other factors—and quickly deploying appropriate measures. Furthermore, by creating a new framework, I aim to gain the ability to absorb information on progress and costs in the production and delivery flow in a timely manner and promote speedy management decisions, thereby laying the foundation for our ability to generate profits over the medium-to long-term.

 Digital Transformation Strategy, P.29-30

Concurrently, I will devote energy to drawing up growth strategies that enhance our corporate value over the medium-to long-term and augment our ability to create value. It is an important mission for both the Company and me to ensure that all stakeholders of the Meiden Group are expectant and excited about not only the future society we envision and seek to realize, but also the Group itself. The technologies, products, and businesses we have cultivated through our business to date are all highly compatible with the realization of a sustainable society in the future. We will achieve the goals of Medium-term Management Plan 2024, which sets outgrowth strategies based on these business assets and proceed with the formulation of the next medium-term management plan and a long-term vision for the coming era.

The Meiden Group has many immediate and medium-to long-term issues to tackle, and I recognize that, having been involved in cost control, finance, and management strategy, my appointment as President means that I am expected to create a roadmap to address these issues. I have worked on the administrative side for many years. When I was assigned to the Accounting Department right after I joined the company, my first supervisor there always reminded me not to just sit at my desk. "We're manufacturers," he would say. "You have to go down to the floor and see what we make." After all these years, I continue to hold that lesson as a fundamental belief. I will continue to take this stance—to go see what we make and talk with people on the front lines as I identify issues and search

for solutions. With this approach, I intend to further elevate the value of the Meiden Group to the world and illuminate a more affluent tomorrow.

Reflecting on FY2022 and Outlook on the Completion of Medium-term Management Plan 2024

I already mentioned the downward pressure on the Meiden Group's earnings we experienced for a time due to rapid changes in the external environment. However, even under such circumstances, we have seen definite progress in the two years since the start of the medium-term management plan.

Symbolic of this is the improvement of the profit structure of our overseas operations. In FY2021, profit structure problems had become apparent in four locations: India, Germany, the U.S., and Vietnam. In response, we proposed solutions to our customers, reduced costs, and made other efforts. In FY2022, our location in Germany returned to profitability, and our location in the U.S. posted its first profits in its third year of operation, driven by growing demand for environmentally friendly products.

Although problems still remain in India and Vietnam, those locations are on track to turn to profitability. In India in particular, we have spent a great deal of time establishing and strengthening our business foundation since venturing into the country in earnest. Thanks to aggressive sales activities in response to increasing demand for renewable energy and in other areas of power infrastructure, we have received orders worth nearly 5 billion yen in FY2022. We will continue to further expand our business in the Indian market with our sights set on entering major projects with electric power companies and electric railways.

We have also made progress in the EV business, which we were able to return to profitability in the second half of FY2022. Although the semiconductor shortage and other problems procuring parts, inconsistent automobile manufacturing, and other problems persisted, they were resolved gradually, and in the process, our drive units were chosen for many car models. Consequently, the operating rates of our domestic production lines increased. FY2023 will see the start of mass production on second production line in China. We will make full use of our production capacity in Japan and China and also focus on acquiring more new customers and new models. Additionally, we will aim to develop our business in a well-balanced manner, looking at both returns on investments and future business expansion.

While we are doing our utmost to achieve the goals set out in Medium-Term Management Plan 2024, our path is in no small part affected by the external environment. However, the foundation and profitability of the Meiden Group are gaining strength by the day. We are determined to achieve the goals of the medium-term management plan by honing that strength while confronting challenging circumstances.

Toward Medium- to Long-Term Value Creation

These days, the world is changing faster than anticipated. It seems difficult to accurately predict the future 10 or 20 years from now. However, I am confident that there will be many opportunities for the Meiden Group to shine in the areas of environment and society-building.

Our role as a management team is to seize these opportunities and maximize corporate value, and we aim to become a company capable of pursuing profits while consistently contributing to society. I believe the Meiden Group has the ability to provide even greater value to the world and achieve even greater results.

We will further solidify the foundation of our business by striving to create value for the earth, society, and people, while taking each of the many opportunities that appear before us. I feel strongly that this is the focus of management. Specific initiatives are described in detail in this report, and they reflect our attitude of seeking to contribute to society while concurrently pursuing profits, two of the material issues we identified by working backward from our vision of where we want to be in 2030.

 Meiden Group's Materiality P.17-18

One matter that many companies are dealing with these days is analyzing their current situation and taking steps to rectify P/B ratios below 1.0. I intend to focus on two efforts to increase our P/B ratio: improving our ROE and improving our P/E ratio. As for improving our ROE, I view increasing our operating margin as the first and most important step. We will achieve this through the measures to cut costs in manufacturing I mentioned previously as well as promoting digital transformation, realigning our business portfolio, and other initiatives. Especially regarding our business portfolio, we have a wide range of businesses, and we need to increase the value of each of them. In fact, we established a Business Reform Committee in FY2023 to examine and discuss whether individual businesses are consistent with our corporate philosophy and strategic direction and whether they can reach the required profit levels. The committee will also consider creating rules to make business portfolio discussions a permanent part of management.

As for improving our P/E ratio, I believe the key is whether the market and our broad range of stakeholders can rely on the Meiden Group to be a company that can continue to grow in the future. Looking ahead to the age of carbon neutrality, society will face many challenges in power and energy, mobility, and other domains. Additionally, the infrastructure that supports our communities is aging. We must work to rebuild it and build communities that are equipped to thrive in the future. The Meiden Group possesses the technology, expertise, and human resources necessary to resolve these issues, and we intend to use these solutions to enhance future growth opportunities. We will straightforwardly communicate these scenarios for

enhancing the medium- to long-term corporate value of the Meiden Group, measures to realize them, and the progress of the measures to shareholders, investors, and other stakeholders.

Broadening the Overlap between the Values and Vision of the Company and Individuals

To realize the vision set out by the Meiden Group, what we truly need are human resources. I believe that the cornerstone of success is the harmony between the Company's aspirations and those of its employees. The management team is the voice of the Company's goal, which is to enhance corporate value. Enhancing corporate value is not a matter of simply increasing our stock price or capital, but of providing something of real value to society and being recognized as a valuable entity. At the same time, the aspirations and passions of each and every employee are also very important. I understand that this manifests itself in different ways, from striving to provide good compensation and more comfort and motivation at work to supporting self-realization and contributions to society. I believe that harmony between the aspirations of the Company and those of its employees is the key to creating true value.

I mentioned the Company's goal earlier. As for specific efforts to bring employees' aspirations into sharper focus, we are promoting an initiative called "MY Vision, MY Challenge." This aim of this initiative is to ensure that each employee is aware of both the vision of the Meiden Group and their own vision based on their own values, and then discovers and takes steps to tackle their own challenges in the context of the Meiden Group. I believe that bringing all these visions and challenges together will create more momentum for our corporate activities and eventually lead us to realizing the Meiden Group's vision. During my time as a member of the Meiden Group, I have overcome major obstacles that I cannot overcome on my own, with the help of like-minded members and people outside the company who share our philosophy. Beyond the technologies and bonds with customers the Meiden Group has accumulated over its long history, I believe there is a more affluent society that we can create precisely because we are who we are. I am firmly committed to creating a company where

everyone is capable of taking initiative and involving others in the realization of these goals. The "sha" in Meidensha means "place where like-minded people gather." In that spirit, I want to make Meidensha a company wherein we reexamine our own aspirations to take on the challenge of creating a new society.

Whenever I talk with Group employees, I tell them that I want them to envision a new society in their own minds—completely separate from what the Meiden Group has accomplished to date—while at the same time finding overlap between the direction of the Company and their own aspirations. I will continue to foster a corporate culture that nurtures the aspirations of diverse individuals while allowing everyone to be a catalyst for achieving our vision.

 Human Resource Strategy P.31-32



To Our Stakeholders

Our former president has a natural dynamism and extensive connections formed through thoughtful dialogue with customers over many years, and I feel that he used these attributes as he promoted the Meiden Group far and wide during his term, laying the groundwork for us to expand our range of activity. Although I do not consider myself to be as articulate as he is, I am determined to illuminate the path toward the Meiden Group's vision by quantifying and carefully explaining our targets, KPIs, and specific measures toward that end as well as our progress along the way.

I would like to thank all of our stakeholders for sharing their opinions regarding the Meiden Group without reserve, and I ask for your continued guidance and encouragement.

MESSAGE FROM THE OFFICER IN CHARGE OF FINANCE

Maximizing business value and enhancing corporate value by practicing cost of capital-conscious management

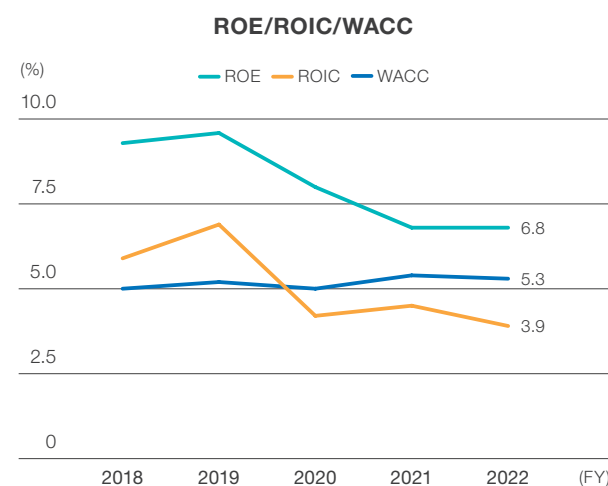


Reflecting on FY2022

Our consolidated operating income for FY2022 was only 8.5 billion yen, lower than both the previous fiscal year and the forecast at the beginning of the current fiscal year, due to a significant decrease in profits in our domestic infrastructure-related business—our revenue base—against a backdrop of soaring prices and longer lead times for various materials, as well as a decline in the semiconductor manufacturing equipment business in the second half. While I recognize that our weighted average cost of capital (WACC) is in the low 5% range, our return on invested capital (ROIC) fell 0.6 percentage points year on year to 3.9%, lower than the cost of capital. On the other hand, this was also a year in which both orders and sales reached record highs and significant progress was made in improving the profitability of the Overseas T&D Business.

I believe one reason for the sluggishness of our price book value ratio (PBR) is the market's harsh evaluation of our current profitability and future growth expectations, as mentioned earlier. In FY2023, we will continue our efforts to recover and improve profitability by negotiating

higher prices and diversifying suppliers, while striving to enhance our corporate value by promoting digital transformation and rising to the challenge of achieving carbon neutrality to achieve sustainable growth.



Basic Policy on Financial Strategy

Our financial strategy comprises a basic policy of maintaining and strengthening financial soundness while paying stable dividends, taking into consideration the balance between cash generated from business activities and how it is used. As a form of financial discipline, we will aim for a net D/E ratio of 0.25-0.30.

Additionally, Medium-Term Management Plan 2024 includes numerical targets for return on equity (ROE: 10% in FY2024) and ROIC (8%), and I believe that achieving these targets is a major mission for me as the officer in charge of finance. As one measure toward that end, in April 2023, I raised the hurdle rate (the minimum rate of return) for internal investment decisions.

Accordingly, by strengthening and promoting capital efficiency-conscious management, we aim to achieve sustainable enhancement of our corporate value by consistently realizing an ROIC that exceeds our WACC, and also to improve our ROE, thereby pushing our PBR above 1.0x.

ROIC	ROE	Payout ratio
8.0%	10.0%	Stable level of 30%

Cash Allocation

Medium-term Management Plan 2024 calls for us to invest roughly 50 billion yen over the three-year period from FY2022 to FY2024 using cash generated from cumulative operating cash flow and asset reduction, and to return profits to shareholders with a target payout ratio of 30%. This policy has not changed. In FY2022, we used our operating cash flow of 13.7 billion yen in addition to cash generated from asset reduction to fund capital expenditures of 12.3 billion yen and dividends.

As a company, we are in the process of growing and can aim to expand our top line aggressively by investing in both tangible and intangible assets while maintaining a certain level of leverage; therefore, I believe the market's low evaluation for the visibility of our company's growth potential is behind the sluggish P/B ratio. To solve this problem, we need to create a cycle of growth that gives investors hope and confidence. I intend to create a virtuous cycle in which we make high-quality, cost of capital-conscious investments and use the resulting cash to invest in the next stage of growth, and to carefully explain the story behind it.

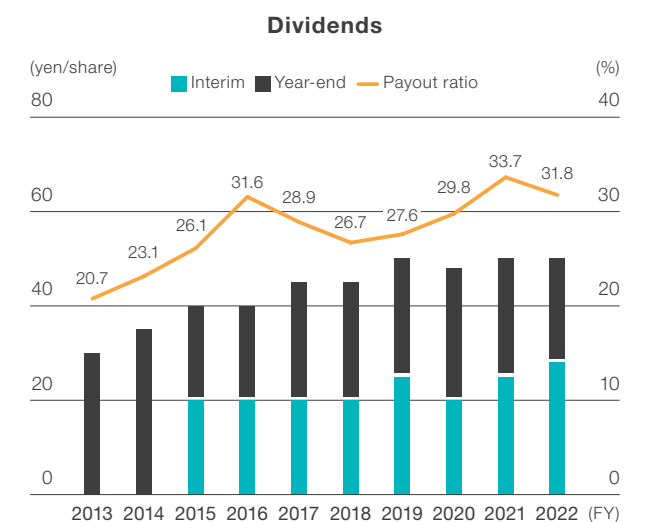
Strengthening Cash Flow Management

As previously mentioned, the basic policy of our financial strategy is to use the cash we generate to pay stable dividends while balancing investments for growth and maintaining and strengthening our financial soundness. Therefore, we consider it very important to maintain and increase positive operating cash flow. Given cash flows from operating activities of 13.7 billion yen in FY2022, up 2.3 billion yen year on year, we feel that our ability to generate cash has been steadily and gradually strengthening.

In order to achieve our forecasted 60–65 billion yen in operating cash flows over the three-year period from FY2022 to FY2024 within our Medium-Term Management Plan 2024, it is a must that we grow our net sales. To do this, we have made intensive investments in our Overseas T&D Business and our EV Business, positioning them as growth businesses. This will create dramatic growth in these two businesses and result in a higher top line. In addition, we will enhance capital efficiency through activities to improve the cash conversion cycle (CCC).

Shareholder Returns

In terms of shareholder returns, we aim to increase shareholder value by enhancing corporate value through sustainable growth in addition to directly returning profits to shareholders through stable dividends, with a target payout ratio of 30% of net income attributable to owners of the parent company. In the future, we will consider measures to further increase shareholder value while also taking into account the balance between investment in growth and shareholder returns.



A History of Value Creation

Tracing Our History of Value Creation Born from Our Spirit of “For Society and For People”

Founding–1960

Contributing to the Advancement of Electricity and Social Infrastructure

Desiring to “build a more affluent tomorrow through the power of electricity,” our founder, Hosui Shigemune, started a factory to manufacture and repair electrical machinery in 1897 at a time when Japan depended on imported products for much of its industrial machinery. His efforts led him to devise his own induction motor design method in 1905. The following year, he started full-scale production of motors based on this method, giving rise to “the motor expert Meiden.”

Thereafter, Meidensha released a stream of electric motors, generators, and transformers, supporting the advancement and development of industrial machinery and Japan’s electrical infrastructure. The foundations of the businesses that would become today’s Meidensha were also laid during this time, with Meiden supplying electrical equipment to Japan’s first sewage treatment plant in 1922 and providing numerous transformers for the Tokaido Shinkansen, the construction of which began in 1959. In addition, for the 1964 Tokyo Olympics, we provided electrical equipment for the Japan National Stadium and the NHK Broadcasting Center, contributing to the Olympic fever that swept across Japan at that time.



1970s–1990s

Supporting Industry Progress and Advancement

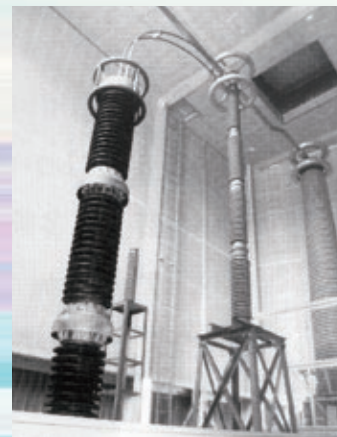
In line with changing societal trends, in the 1970s we shifted from a management strategy focused on quantity to one focused on quality, with the aim of cementing our status as a manufacturer of heavy electrical equipment.

In 1975, Meidensha was the first in the world to develop gapless metal oxide surge arresters for electric power systems incorporating zinc oxide. Through the supply of such arresters to electric power companies both in Japan and around the world, we contributed greatly to increased power supply reliability. Nearly 40 years later, in 2014, this invention was added to the prestigious List of IEEE Milestones.

We continued to develop and supply a steady stream of products supporting the development of industry as well as convenient, prosperous lifestyles for people, including dynamometers that assisted the rapid advancement of Japan’s auto industry; and remote monitoring systems for railroads, water treatment facilities, and other infrastructure.

In 1994, we began mass production and sale of vacuum capacitors (VCs), a Meidensha specialty product leveraging the expertise we accumulated through our development of vacuum circuit breakers. Backed by our proprietary manufacturing technologies and advanced quality control, our VCs have continued to support the rapid development of the semiconductor industry on a global scale up to the present time.

After the collapse of Japan’s bubble economy, we faced a difficult business environment, but the technological legacy of our forebears as well as our outstanding human resources served as foundations for new development, and we celebrated our 100th anniversary in 1997.



2000s–2010s

From Japan’s Meidensha to the World’s Meiden

Amid a business environment that remained harsh domestically, we began focusing our efforts on the development of business overseas in order to establish a firm foundation for growth as a company as well as for future business expansion.

We established MEIDEN ASIA PTE. LTD. as our regional headquarters in Southeast Asia, a location in which we had begun establishing sites starting in the 1960s, to accelerate the enhancement of our operations in the area in terms of aspects such as risk management and the localization of business management. We also launched corporations for the production of electric power and industrial products in China, a country that was experiencing dramatic economic growth, and established new companies in the United States as well with the aim of expanding business in the North American region. In 2014, we entered the Indian market through capital participation in a local company, showing our determination to expand our areas of activity.

Our business activities in countries around the world cover a wide variety of domains, including not just the industrial and private sectors but also business tied to electric power, railroads, water treatment facilities, and other forms of infrastructure. One of the fruits of our unflagging business efforts, rooted in each country, was our reception of the order for our largest-ever railroad electrical equipment project in Singapore in FY2017. Born in Japan, Meidensha was now expanding the sphere of its activities on a global scale with our founder’s spirit of challenge in our hearts, delivering to people around the world a more affluent tomorrow, peace of mind, and satisfaction. During this time, we made the leap to become “the world’s Meiden.”



2020–Present and future

Creating a Safe, Secure Society with Environmental and BCP Solutions

Around the world, the environmental protection movement is gathering momentum and decarbonization initiatives are being reinforced. Possessing strengths in such areas as environmentally friendly products utilizing vacuum technology and EV drive units leveraging the fundamental technologies we have accumulated, Meidensha is in an extremely advantageous position whereby our contributions to the resolution of issues faced by society and our customers tie directly into drivers of our own growth.

Further, against the backdrop of climate change, natural disasters are increasing. At the same time, working-age populations are declining. Given these and other challenges, in addition to supplying products that contribute to customers’ business continuity planning (BCP) and society’s disaster prevention and mitigation measures, business domains in which our resources can contribute to the resolution of issues faced by society as a whole are key for Meidensha. These include maintenance services that ensure safe and reliable facility usage; and facility management, operation, and maintenance.

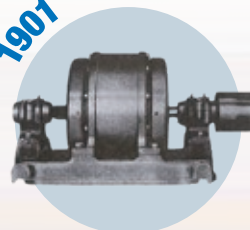
Even with the rapid changes taking place in the external environment such as global pandemics and the emergence of geopolitical risks, the ideal society and vision the Meiden Group is aiming for remain unchanged. The reason is that they are rooted in the values of our employees and in our founding spirit of “for society and for people.”

Going forward, we will continue to be steadfast in taking on the challenge of creating personal happiness and a sustainable global environment as a sustainability partner.



Examples of Value Creation Born from Our Spirit of “For Society and For People”

1901



Our first production 1-HP three-phase induction motor. The start of “the motor expert Meiden.”

1964



A mobile 30-MVA Scott-connection transformer, one of the largest in Japan. Supported the launch of the Tokaido Shinkansen.

1976



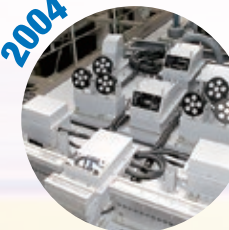
We supplied one of the largest anechoic chambers in Japan to the Japan Automobile Research Institute for automobile noise testing. This contributed greatly to the development of Japan’s automotive industry.

1994



We developed vacuum capacitors leveraging the expertise we accumulated through more than 40 years of vacuum circuit breaker production. We began supplying VCs to semiconductor manufacturing equipment and other power supply manufacturers.

2004



We developed an overhead catenary system inspection system for railway businesses using Meidensha’s proprietary image analysis technologies. This system was able to inspect and verify the wear state of overhead catenary systems in real time.

2023



We began marketing the MEIDEN e-Axle integrated motor, inverter, and gear EV drive unit. Lightweight, compact, and low profile, it is contributing to the creation of attractive vehicles and the decarbonization of society.

The Meiden Group's Value Creation Is Supported by Its Human Resources

Our Human Resources Are Our Most Important Capital and Foundation



Through maintenance and management, I aim to create wind energy that is loved by society and the community

Shota Sasaki
Noto Sales Office
M WINDS



M WINDS is a company involved in the management of wind farms and the sale of electricity.

I am in charge of maintaining and managing Wajima Community Wind Farm in Wajima City, Ishikawa Prefecture. I have been involved in the farm since its construction. Its windmills are like my coworkers, and it makes me happy when they are working well. The work involved in maintenance and management is very diverse and includes patrol of the facility and inspections to check every nook and cranny of the windmills, dealing with lightning strikes and other unexpected events, adjusting work schedules, and aggregating and analyzing various data.

Wind power is attracting a lot of attention as a sustainable energy source, but because wind farm maintenance requires special expertise, there are areas that we have been forced to contract out to other companies. I am striving to bring this work in-house, by leveraging the knowledge I have gained about wind power over the past 17 years.

Going forward, I will further enhance our industry-leading expertise and technical capabilities in the field of wind power, and contribute to improving the operating rate of our own facilities.

In the middle of a periodic facility inspection. Test operations and data verification are also performed.



I provide support so that everyone can follow the career path that suits them

Saya Suzuki
DEI Policy Promotion Office,
Human Resources Development
Division, Human Resources
Management Group, Meidensha



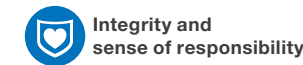
I have been involved in human resources and recruiting since I joined the company, and in that work, there are two things I have held important: My desire to contribute to the creation of a work environment in which people can experience job satisfaction, and my desire to create solid teams that leverage the diversity of all individual members. I also engage in the promotion of diversity, equity, and inclusion (DEI), and strive to foster a corporate culture and create an organization in which all workers can demonstrate their individual strengths and play active role in an environment where no one is held back.

In FY2022, we launched an internal Career Consultation Service. Using my qualifications as a career consultant, I work as one of the service's consultants, and every day I enjoy this job, as it matches my own personal values. I believe that leveraging each individual's strengths and helping them to become the person they want to be in turn will help the Meiden Group to achieve significant growth. I want to help as many people as possible to follow the career path that suits them.

Employees can apply to receive career consultation at any time.



The most important element in the realization of the Meiden Group's vision is the diverse human resources who implement it. In this section, we introduce how the people who work for the Meiden Group engage in their jobs in accordance with four shared key values.



I want to create a wave of empathy by showing how we face society with sincerity

Daisuke Kawaguchi
Branding, Marketing &
Advertisement Section,
Corporate Communications
Promotion Division,
Meidensha



Does a B2B enterprise really need to advertise? This is a question I hear a lot. I personally see advertising not just as a tool to promote sales, but also as a space for expressing and conveying the Meiden Group's corporate attitude, and as something that serves to strengthen bonds between colleagues and create unity of thought.

Since 2017, when we celebrated our 120th anniversary, we have used the catchphrase "Electricity: Taking action." At the same time, we have also created advertising content that shows the results of the electrical power created thanks to each individual employee's work, and how the technologies that support this protect and maintain the irreplaceable everyday life that people enjoy. When people see this advertising content, it makes them think for a moment about the social infrastructure that supports their lives. It also serves as a chance for them to take notice, if even a little, of the Meiden Group's efforts, creating a wave of empathy that slowly spreads outward. I will continue to focus on and create advertisements that convey these ideas.

Our pixel art "Electricity: Taking action." advertisement won the YouTube Works Awards Japan 2023 (sponsored by Google) Grand Prix.



Our pixel art "Electricity: Taking action." advertisement can be seen on our website. (only in Japanese)
<https://www.meidensha.co.jp/knowledge/takingaction/#web>



Researching core technologies so that the Meiden Group can continue to contribute to society

Takashi Abe
R&D Strategy Planning Section,
Advanced Technology Research
Laboratories, Research &
Development Group,
Meidensha



The pace of change in all kinds of environments is accelerating. We are living in an age of VUCA (volatility, uncertainty, complexity, and ambiguity), and the future is becoming even more difficult to predict. In order for the Meiden Group to continue to contribute to society like it has, I believe it is necessary that we continue to acquire new technologies for resolving the future challenges of society, and that we continue to develop such technologies into core businesses.

From the perspectives of Meidensha's focus areas and the resolution of social challenges, the R&D Strategy Planning Section seeks to create concrete scenarios for the world the Meiden Group is seeking to realize. At the same time, while taking into account what it is that makes Meidensha unique, we seek technologies that could become new core businesses in the future, and engage in the research and development of the seeds that will lead to them.

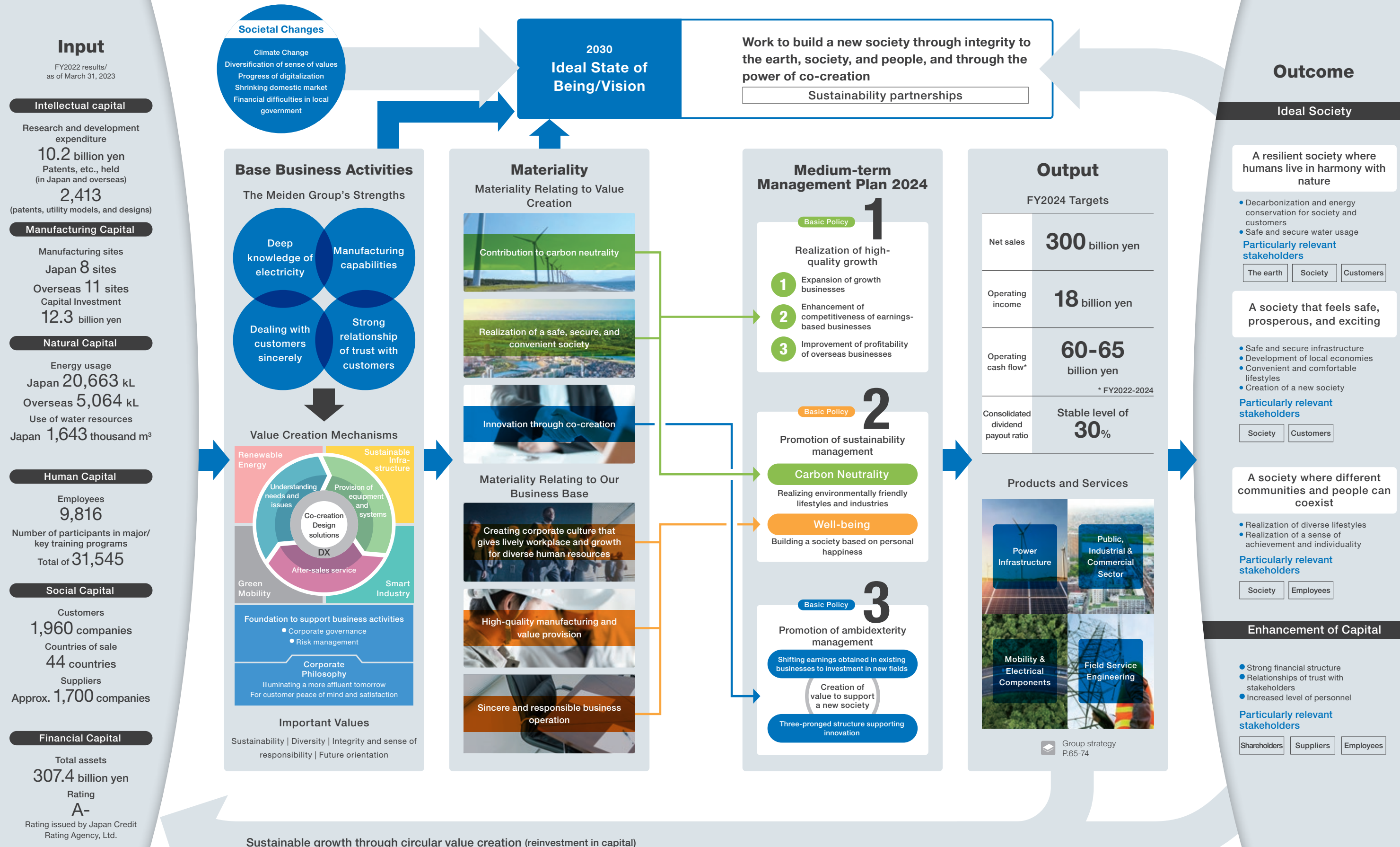
Through these activities, we are striving to make the Meiden Group's vision a reality and contribute to a sustainable society.

The Research & Development Group holds Future Theme Community meetings as a space for dialogue to vitalize innovation activities.



Meiden Group Value Creation Process

The Meiden Group will reform its value creation processes to realize its ideal society and 2030 ideal state of being/vision, with the aim of achieving a sustainable society and sustainable growth of the Meiden Group.



Meiden Group's Materiality

The six identified materiality are divided into the two groups of “materiality relating to value creation,” to embrace the challenge of creating a new society, and “materiality relating to our business base,” to support business operation.

Materiality Relating to Value Creation

Contribution to Carbon Neutrality

Reasons for Identification as a Materiality

The Meiden Group operates many decarbonization businesses, but there is also an environmental impact from manufacturing. It is essential to launch a response to the significant impact on operations.

Outlook

Climate change is accelerating, and the movement to reach the Paris agreement target (1.5°C) is gaining momentum. Markets relating to decarbonization are expanding, and it is essential to respond to legal restrictions relating to carbon taxes, etc., and prepare for increasing large-scale disasters.

Related SDGs



Realization of a Secure, Safe and Convenient Society

Reasons for Identification as a Materiality

The Meiden Group operates many relevant businesses. On another front, it is essential to respond as business continuity risks may arise.

Outlook

Review of the state of local infrastructure will proceed due to the declining birthrate and aging population, difficulties with local government finances, and aging facilities in Japan. Digitalization is expected to proceed, leading to increased semiconductor-related demand and increased demand for reduced manpower and automation in the industrial sector.

Related SDGs



Innovation Through Co-creation

Reasons for Identification as a Materiality

It is extremely important to embrace the challenge of developing next-generation technology, and create and furnish social value along with partners that share the same conviction.

Outlook

Existing social systems have reached the end of their usefulness, and global-scale social issues have arisen, including climate change issues. These issues cannot be solved by any individual organization, so it is necessary to enter partnerships to embrace the challenge of solving them.

Related SDGs



Materiality Identification Process

Management of Major Opportunities and Risks for the Meiden Group

Evaluation of Importance

Identification and Determination of Materiality

Establishment of Targets and KPIs

For more information on how we identify material issues, please visit our website.
<https://meidensha.disclosure.site/en/themes/145>

Materiality Relating to Our Business Base

Creating corporate culture that gives lively workplace and growth for diverse human resources

Reasons for Identification as a Materiality

Human resources are the source of the Meiden Group's strength. Drawing out and combining the abilities of each individual is essential for value creation.

Outlook

Values will diversify and work-styles will change. There is a demand for a corporate atmosphere that allows individuals to display their abilities and work with enthusiasm. As a precursor to this, it is essential for the workplace environment to allow employees to be physically and psychologically healthy.

Related SDGs



High-quality Manufacturing and Value Provision

Reasons for Identification as a Materiality

The Meiden Group's strength of insistence on quality is essential not only to deliver products and systems, but also provide subsequent services.

Outlook

The Meiden Group's business fields relate to infrastructure and industrial underpinnings, and it is essential that we deliver high-quality products and systems without defects. As society changes, the value of infrastructure and equipment that “will not shut down” under any circumstances will remain constant.

Related SDGs



Sincere and Responsible Business Operation

Reasons for Identification as a Materiality

It is important to respond to the changing requirements of society and promote management that we can be proud of, with the core of the Meiden Group's strengths of sincerity and responsibility.

Outlook

We have an obligation to society to always conduct corporate management with sincerity, as we receive capital from society, provide value to society in conjunction with our stakeholders.

Related SDGs



Materiality and Medium-term Management Plan 2024

Major opportunities
Major risks

★★★★ Result surpassed FY2024 target
★★★ Good progress toward FY2024 target*
★ Progress toward FY2024 target needs more effort
*Means that score on progress since March 31, 2021, was at least 50%

Materiality	Major opportunities and risks	Medium-term Management Plan 2024	Major KPIs* ¹			Assessment
			Items (including internal indicators)	FY2024 target	Progress in FY2022	
Contribution to carbon neutrality	<p>Major opportunities</p> <p>Major risks</p> <p>Expansion of markets for businesses that contribute to the environment</p> <p>Increased costs due to carbon taxes, etc.</p> <p>Risks from frequent storms and floods</p> <p>Decline in competitiveness due to late response</p>	<p>Basic Policy 1</p> <p>Realization of high-quality growth</p> <p>1 Expansion of growth businesses</p> <p>Expansion of EV-related, renewable energy business, and environmentally-considerate products, and high profitability</p> <p>Basic Policy 2</p> <p>Promotion of sustainability management</p> <p>Promotion of decarbonization within the Company</p>	EV business net sales	47.0 billion yen	38.2 billion yen	★★★
			GHG reduction contribution by Environment Contributing Businesses * ²	10.00 million tons	13.54 million tons	★★★★
			Scope 3 reduction rate (compared to FY2019)	6% reduction	10% reduction	★★★★
			Renewable energy business net sales/Proportion of green products/Number of super green products	—	—	—
			Scope 1 & 2 reduction rate (compared to FY2019)	6% reduction	7% reduction	★★★★
Realization of a secure, safe, and convenient society	<p>Major opportunities</p> <p>Major risks</p> <p>Growing need for replacement and maintenance of infrastructure</p> <p>Rebuilding local infrastructure</p> <p>Growing need for semiconductors due to digitalization</p> <p>Expansion of overseas markets</p> <p>Creation of added value through digital transformation(DX)</p> <p>Growing need for labor reduction and automation</p> <p>Decline in competitiveness due to late response</p>	<p>Basic Policy 1</p> <p>Realization of high-quality growth</p> <p>1 Expansion of growth businesses</p> <p>Expansion of motor drive and semiconductor-related businesses</p> <p>2 Enhancement of competitiveness of earnings-based businesses</p> <p>Expansion of the maintenance business</p> <p>Promotion of public private partnerships and provision of design solutions</p> <p>3 Improvement of profitability of overseas businesses</p> <p>Rebuilding and improving profitability of overseas businesses</p>	Maintenance business net sales	41.6 billion yen	39.7 billion yen	★★★
			Overseas net sales	73.0 billion yen	74.2 billion yen	★★★★
			Motor Drive business net sales Semiconductor-related businesses net sales	—	—	—
Innovation through co-creation	<p>Major opportunities</p> <p>Major risks</p> <p>Growing new needs due to sustainability and ESG trends</p> <p>Advancement of new technologies</p> <p>Decline in competitiveness due to late response</p>	<p>Basic Policy 3</p> <p>Promotion of Ambidexterity Management</p> <p>Creation of new business themes and promotion of commercialization through co-creation</p> <p>Development of and furnishing society with next-generation technology</p>	New businesses net sales	5.0 billion yen	400 million yen	★
			Number of innovation themes Number of innovation personnel	—	—	—
Creating corporate culture that gives lively workplace and growth for diverse human resources	<p>Major opportunities</p> <p>Major risks</p> <p>Improvement of productivity through high engagement of employees</p> <p>Generation of innovation by leveraging diversity</p> <p>Outflow of personnel or insufficient personnel due to low engagement</p> <p>Worse employee health due to factors including occurrence of industrial accidents and pandemics</p>	<p>Basic Policy 2</p> <p>Promotion of Ambidexterity Management</p> <p>Implementation of measures to improve engagement</p> <p>Expansion of diversity and inclusion measures</p> <p>Expansion and fulfillment of professional development programs</p> <p>Enhancement of occupational health and safety</p> <p>Promotion of health management</p>	Improvement rate of employee engagement metrics (compared to FY2021)	10% improvement	1.4% worse	★
			Female officer class: number of inside	at least 1	0	★★★
			Number of non-Japanese presidents of local subsidiaries	at least 3	1	★★★
			Total education and training expenses/Number of industrial accidents	—	—	—
High-quality manufacturing and value creation	<p>Major opportunities</p> <p>Major risks</p> <p>Creating safe and secure infrastructure and industrial underpinnings</p> <p>Loss of customer trust or orders by reason of lower quality</p>	<p>Basic Policy 2</p> <p>Promotion of sustainability management</p> <p>Establishment of the Meiden Monozukuri (Manufacturing) Standards to improve QCDSE</p> <p>Enhancement of quality assurance (QR map, reconstruction of the Meiden Customer Center, etc.)</p>	Number of defects and cost of dealing with defects (compared to FY2020)	reduced by 50%	reduced by 51%	★★★★
			Manufacturing process metrics (product production time, production time per unit, units produced per person, production/manufacturing lead time)	—	—	—
Sincere and responsible business operation	<p>Major opportunities</p> <p>Major risks</p> <p>Infringement of human rights by the Meiden Group or suppliers</p> <p>Information security risks</p> <p>Insufficient compliance measures</p>	<p>Basic Policy 2</p> <p>Promotion of sustainability management</p> <p>Enhancement of stakeholder engagement</p> <p>Introduction of respect for human rights and human rights due diligence</p> <p>Enhancement of information security and internal training</p> <p>Enhancement of compliance</p> <p>Enhancement of corporate governance</p>	Stakeholder engagement improvement rate Human rights training attendance rate Information security training attendance rate Compliance training attendance rate	—	—	—

*1 KPIs include some items that are still not set or are not disclosed. We will continue to consider and scrutinize the selection of measures and specific KPI figures going forward.

*2 We replaced the "environmental contribution" with "GHG reduction contribution" starting with FY2022.

Social Value Created through Business

Percentage of net sales*



**Power Infrastructures
Business Group**

Value Provision

Realizing green, safe, and stable electricity provision

The Power Infrastructures Business Group manufactures and sells power generation systems to generate the electricity that supports industry and lifestyles, substation equipment for power transmission and distribution, and products and systems for generation of renewable energy, which is expected to increase going forward, and efficient use of electricity.

Products and Services

Main Customers

FY2022 results

Power T&D	
■ Sale of power T&D equipment (transformers, switchgears, surge arresters, and vacuum interrupters, etc.)	■ Overseas electric power companies etc.
Power & Energy	
■ Generation, transmission, and distribution systems ■ Power monitoring and control systems ■ Hydroelectric power generation equipment ■ Photovoltaic PCSs ■ Wind power O&M	■ Electric power companies ■ Power generation companies ■ Local public enterprise etc.

Net sales
60.4 billion yen
21.7%

Operating income
(0.5) billion yen



**Public, Industrial & Commercial
Sector Business Group**

Contributing to building sustainable infrastructure

The Public, Industrial & Commercial Sector Business Group manufactures and sells various electrical equipment and related systems which support safe and efficient use of electricity in order to realize infrastructure that support people's affluent lifestyles, facilities and competitive factories, etc.

Social Infrastructure Systems	
■ Generation, transmission, and distribution systems ■ Supervisory control system ■ UPS	■ Government offices ■ Broadcasters ■ Buildings ■ Facilities ■ Hospitals ■ Private factories ■ Heavy industry manufacturer etc.
Railways	
■ Power supply systems ■ Supervisory control system ■ Overhead contact line inspection system	■ JR companies ■ Public railways ■ Private railways ■ Overseas urban high-speed rail etc.
Water Infrastructure	
■ Monitoring and control systems for facilities for drinking water and sewage treatment plants ■ Power generation, transmission, and distribution systems ■ Operation and Maintenance ■ Ceramic Flatsheet Membranes	■ Local governments, including the Bureau of Sewerage Tokyo Metropolitan Government ■ Overseas private business operators etc.

Net sales
90.3 billion yen
32.1%

Operating income
2.3 billion yen



**Mobility & Electrical Components
Business Group**

Contributing to the realization of cutting-edge technology and technological innovation for mobility

The Mobility & Electrical Components Business Group manufactures and sells precision component products and testing equipment to support cutting-edge manufacturing and R&D, electric vehicle drive units to support the rapidly progressing electrification of automobiles, and motors and inverters to contribute to various industries through high efficiency and control technology

Motor Drive Solutions	
■ Elevator traction machines ■ Motors for injection molding machinery ■ Electric forklift motors and inverters ■ Various general industry motors and inverters ■ Automatic guided vehicles etc.	■ Elevator manufacturers ■ Machine tool manufacturers ■ Forklift manufacturers ■ Warehouse companies ■ Factories of various manufacturers etc.
EVs	
■ EV/PHEV motors and inverters	■ Automobile manufacturers ■ Automotive parts manufacturers
Electronics products	
■ Vacuum capacitors ■ Industrial PCs ■ Pulse power supplies	■ Semiconductor manufacturing equipment manufacturers
Mobility T&S (Testing and solution)	
■ Automobile production testing systems (engine benches, drivetrains, EV benches, dynamometers)	■ Automobile manufacturers ■ Automotive parts manufacturers ■ Automotive research institutions. etc.

Net sales
78.1 billion yen
27.6%

Operating income
1.6 billion yen



**Field Service Engineering
Business Group**

Realizing a secure and safe society through maintenance services

The Field Service Engineering Business Group provides solutions such as maintenance services for customers to safely use equipment delivered by Meidensha, and other equipment, for a long time, equipment life extension, and energy conservation.

■ Maintenance consulting ■ Preventative maintenance ■ Corrective maintenance ■ Operation and management ■ Breakdown maintenance ■ Overall diagnosis ■ Life-extending treatment ■ Renewal plans ■ Carbon neutrality ("Support for High efficiency Installations for Facilities with Targets" (SHIFT)) ■ General building management ■ Customer center etc.	■ Government offices ■ Water infrastructure-related organizations (local governments, etc.) ■ Railway operators ■ Various industry-related organizations (iron and steel, automotive, electrical equipment, machinery, etc.) ■ Facilities, buildings, hospitals etc.
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Net sales
39.7 billion yen
14.0%

Operating income
5.2 billion yen

* Percentages of net sales are calculated based on net sales to external customers and do not include intersegment transactions.
The total does not add up to 100% due to rounding.

Other..... **3.5%**
Real Estate..... **1.2%**

Climate Change Responses

Disclosure based on TCFD recommendations

| Attitude

For many years, the Meiden Group has been aware of the major problem of climate change, and has worked to solve this problem through business. With regard to TCFD*, we endorsed the TCFD recommendations in June 2019, we began considering risks and opportunities according to the TCFD framework in 2020, and we are promoting the incorporation of this in our strategies.

As society places more emphasis on the issue of

climate change, in Medium-term Management Plan 2024, which was released in FY2021, we pledged to “promote sustainability management,” and we aim to accelerate promotion of management and development of businesses to realize a carbon-free society.



* TCFD: Task Force on Climate-related Financial Disclosure established by the Financial Stability Board (FSB).

Governance/risk management

| Governance

The Sustainability Management Strategy Committee and the Sustainability Management Promotion Committee handle all general matters involving sustainability and these two committees explore potential strategies to enact for decarbonization. The manager in charge of Sustainability and the Sustainability Management Promotion Division both report on the content of these meetings twice annually to the Board of Directors and the Executive Officers' Meeting. Alongside these efforts and as a way of managing the promotion of environmental activities within the Group, the Meiden Group Environmental Committee, which is chaired by a production manager, meets quarterly to uncover issues

within the Company, set environmental goals, devise action plans, and discuss emergency responses in order to promote and monitor the deployment of concrete policies for environmental management.

| Risk Management

To manage sustainability-related risks, the Sustainability Management Promotion Division, which is charged with promoting sustainability management, operates centrally with relevant departments to extract risks. The details of those risks are incorporated into all the risks managed by the Governance Headquarters, which simultaneously manages a variety of risks, including those related to climate change.

Strategy

| Analysis of Climate Change Scenarios

The Sustainability Management Promotion Division analyzes climate change scenarios in conjunction with relevant departments. The scenario analysis examination process is divided into four parts, with analysis and

evaluations conducted annually. At the same time, major factors that could impact business are identified, and identified risks, opportunities, and evaluations are reflected in our business strategy.



STEP 1 Identification and Materialization of Types of Scenario

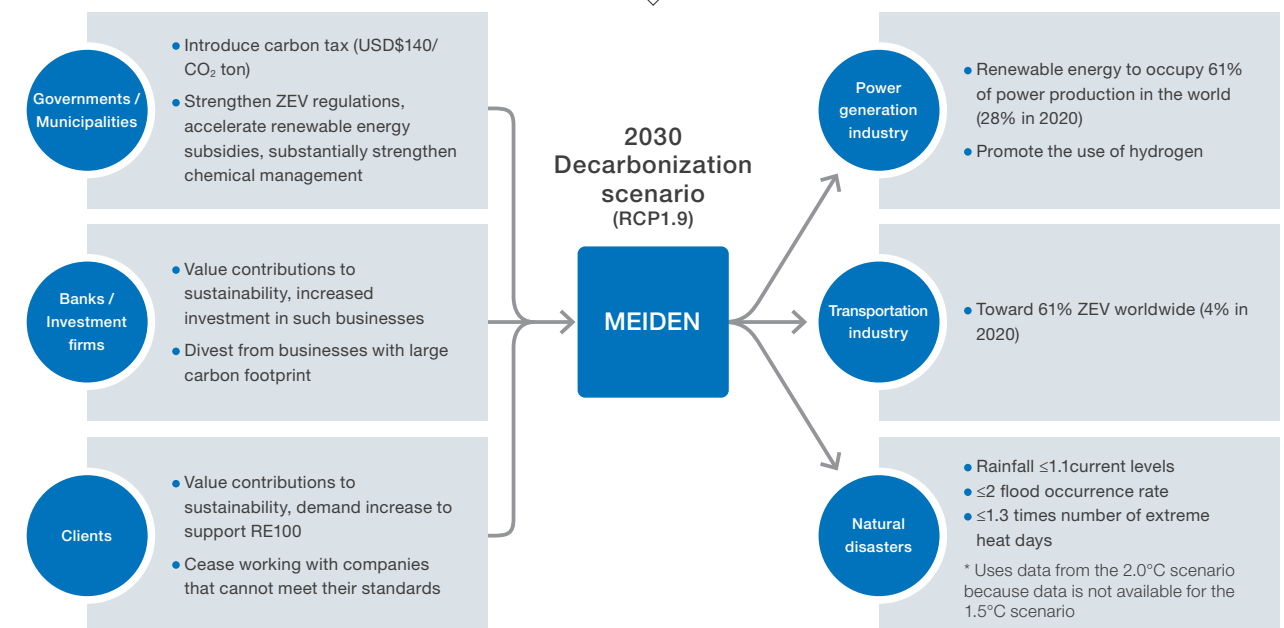
As recommended by TCFD, we identified scenarios at multiple levels of warming, including a scenario of less than 2°C, and conducted analysis accordingly. Based on the two scenarios of decarbonization (RCP1.9) and global warming (RCP4.5 and RCP8.5), we have arranged outlooks and specific scenarios for 2030 to accommodate each scenario using management frameworks such as five forces analysis, based on international published data from the IEA, IPCC, etc., as well as numerical data published by Japanese government institutions, etc.

	Temperature range	Relevant scenario	Provider
Decarbonization scenario	Less than 1.5°C	NZE2050	IEA
		RCP1.9	IPCC
Global warming scenario	2.5 to 4.0°C	STEPS	IEA
		RCP4.5	IPCC
		RCP8.5	IPCC

| Analysis of Climate Change Scenarios

Of the two selected scenarios, the following is the outlook under the Decarbonization Scenario.

Decarbonization scenario Broad growth in renewable energy and the EV marketplace, as well as the continued spread of hydrogen power.



For more information on the Global Warming Scenario, see “Disclosure based on TCFD recommendations” on our website.
<https://meidensha.disclosure.site/en/themes/139>

STEP 2

Evaluation of Importance of Climate Change-related Risks

We have set out factors for climate change risks and opportunities according to the outlook of each scenario,

giving reference to the risks and opportunities in the TCFD recommendations.

Factors for Risks and Opportunities	Societal Scenario	Opportunities and Risks for Meiden	Relevant Businesses
<ul style="list-style-type: none"> Opportunities to reduce GHG emissions Increased government subsidies 	Decarbonization of the transport industry	Expanded EV business	EV business/Battery storage-related
<ul style="list-style-type: none"> Increased government subsidies Accelerated technological developments Transition to a decentralized society 	Increased ratio of renewable energy	Expanded renewable energy business	Wind/Hydroelectric/Photovoltaic storage/Solar generation/Battery storage-related /Hydrogen-related
<ul style="list-style-type: none"> Increased regulations to reduce GHG emissions Electric companies shift toward decarbonization 	Restrictions on chemical substances such as SF ₆	Expanded Power T&D Business	Zero SF ₆ products/Environmentally friendly products
<ul style="list-style-type: none"> Changing stakeholder mindset 	Increased customer demand for being carbon-free	Increased demand for environmentally friendly products and services	Environmentally friendly products and services (including green products)
<ul style="list-style-type: none"> Opportunities to reduce GHG emissions Tightening of legal restrictions 	Introduction of a carbon tax	Increased manufacturing costs Increased procurement costs	All companies
<ul style="list-style-type: none"> Opportunities to reduce GHG emissions 	Rising prices from growing demand for EV and renewable energy components	Increased procurement and manufacturing costs	EV-related business/Renewable energy-related business
<ul style="list-style-type: none"> Increased frequency of extreme weather events 	More water-related disasters	Suspension of operation/Collapse of supply chain Increased costs to respond to water-related disasters	Production sites
<ul style="list-style-type: none"> Opportunities to reduce GHG emissions Changing stakeholder mindset 	Increased pressure on environmentally burdensome businesses	Reduced sales in relevant businesses	Diesel/Gas engine generators Ceramic membrane business
<ul style="list-style-type: none"> Rising average temperatures 	Worsening working environments	Increased personnel expenses at sites	Manufacturing/Maintenance/Construction service business units
<ul style="list-style-type: none"> Increased proportion of renewable energy 	Increased cost of industrial electricity	Increased power procurement costs	All companies

Climate Change Responses

STEP 3

Business Impact Evaluation

We are evaluating business impact through discussions with relevant parties within the Company, such as the Corporate Policy Planning Group, the Accounting & Financing Group, the Corporate Governance Management Group, and business units, based on the scenarios and outlooks set out in Step 1 and the opportunities and risks set out in Step 2.

In the course of this, we screened matters that have a particularly large impact on businesses by focusing on the

* The following values were calculated with a focus on the market growth rate and do not represent a designated target value for the Company.

two axes of “impact on operating income” and “likelihood of occurrence in an event” in FY2030, and conducted detailed analysis of these matters. We assessed pre-countermeasure outcomes based on the rate of market growth in each scenario for each large-impact item. These were quantitatively calculated using partial assumptions, and items with unachievable results were organized qualitatively.

Evaluation axes for selection of risks and opportunities (2030)

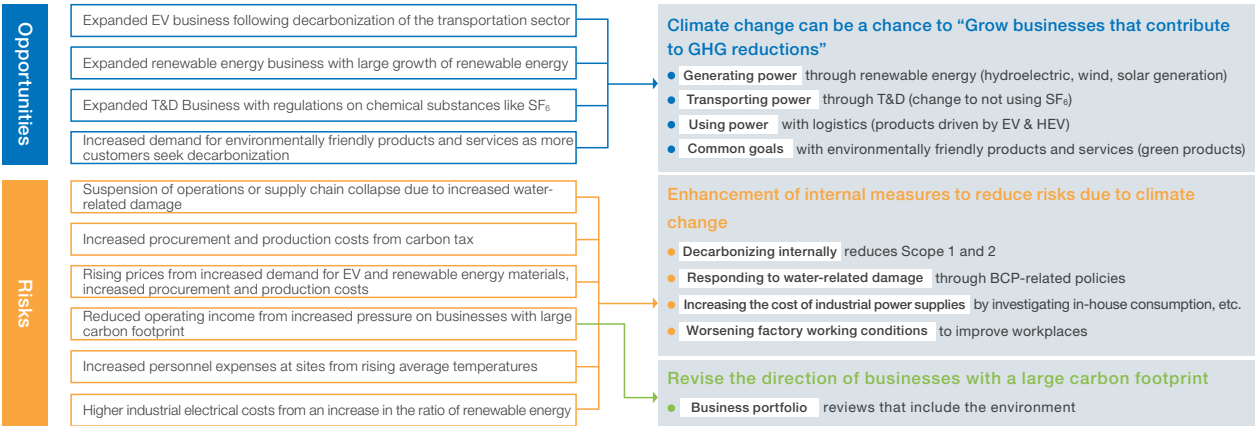
Impact on operating income (estimate)		Likelihood of occurrence in an event in 2030			
Very large: ±10 billion yen or more Medium: ±0.1 – 1 billion yen		Large: ±1 billion yen or more Small: ±less than 0.1 billion yen		Large: High probability of occurrence Medium: Occurrence is possible, but cannot be predicted with confidence Small: Only occur in the scenarios	
	Opportunities and risks for our Company	Relevant Businesses	Calculation formula	Impact on FY2030 operating income	
				Decarbonization scenario (RCP1.9)	Climate change scenario (RCP4.5, 8.5)
Decarbonization of the transport industry	Expanded EV business	EV business	Recent average sales × ZEV stock growth ratio	Very large	Large
Increased ratio of renewable energy	Expanded renewable energy business	Wind/Hydroelectric/ Photovoltaic storage/Solar generation/Battery storage-related /Hydrogen-related	Recent sales × growth rate of domestic renewable energy	Medium	Small
Restrictions on chemical substances such as SF ₆	Expanded Power T&D business	Zero SF ₆ products/ Environmentally friendly products	Recent sales of relevant products × VCB market growth rate	Medium	Small
Increased customer demand for being carbon-free	Increased demand for environmentally friendly products and services	Environmentally friendly products and services (including green products)	* Cannot calculate at this time because green product standards are being revised	—	—
Introduction of a carbon tax	Increased procurement and manufacturing costs	All companies	2030 Scope 1, 2 emissions × carbon tax 2030 Scope 3 Category 1 emissions × carbon tax	7.5 billion	N/A
Rising prices from growing demand for EV and renewable energy components	Increased procurement and manufacturing costs	EV business/Renewable energy business	Cost of transitioning relevant business × rate of cost increases	Medium	Small
More water-related disasters	Suspension of operation/ Collapse of supply chain Increased costs to respond to water-related disasters	Production sites	Assumed cost of each incident in 2030 using Ministry tools × occurrence rate in each scenario, etc.	Very large	Very large
Increased pressure on environmentally burdensome businesses	Reduced sales in relevant businesses	Diesel/Gas engine generators/ Ceramic membrane business	2030 business sales × state of each scenario	Medium	N/A
Worsening working environments	Increased personnel expenses at sites	Manufacturing/Maintenance/ Construction service business units	Number of site personnel in 2030 × medical and health-care costs	Small	Medium
Increased cost of industrial electricity	Increased power procurement costs	All companies	Power usage in 2030 × rising cost of industrial power	Medium	Small

STEP 4

Consideration of Response Measures

We considered development of strategies to grasp opportunities and measures to mitigate risks according

to the situation of the Company, based on the outcomes calculated in Step 3.



Metrics and Targets

We see changes due to climate change as business opportunities, and are implementing strategies to mitigate risks.

From a business perspective, we will particularly contribute to the creation of a carbon-free society through further expansion of the EV and Renewable Energy businesses. We also released the Second Meiden Environmental Vision as our environmental goals in FY2021, and we have disclosed 2030 GHG reduction targets for scopes 1, 2, and 3 in order to reduce internal risks. These goals have received SBT recognition. We will work with our suppliers to achieve our targets. In addition, we pledged to reach RE100 by 2040 and

carbon neutrality by 2050, in November 2021, as our medium- to long-term targets.



* SBT Initiative: An international initiative by the United Nations Global Compact (UNGC), the Worldwide Fund for Nature (WWF), the CDP, and the World Resources Institute (WRI).

Second Meiden Environmental Vision targets (all targets and results are compared to FY2019)

Each year vs FY2019		FY2022		FY2023	FY2024	FY2030
		Plan	Actual	Plan	Plan	Plan
Emissions from business activities (Scope 1 + 2)	Japan	5% reduction	8% reduction	8% reduction	—	—
	Overseas	2% reduction	1% increase	3% reduction	—	—
	Total	4% reduction	7% reduction	5% reduction	6% reduction	30% reduction
Emissions from product use (Scope 3, Category 11)		—	10% reduction	—	6% reduction	15% reduction

* Second Meiden Environmental Vision including FY2030 targets has received SBT (science based targets) certification.

Future Path

Although we have identified the growth opportunities and risks facing the Meiden Group through analysis of scenarios based on the TCFD recommendations, in most instances, calculation of impact is merely a rough estimate, and further precision is needed. Furthermore, we are promoting response to climate-related metric categories

across multiple industries in the TCFD recommendations, which require new disclosure. Along with this, we are considering establishing ESG (environment, social, and governance) metrics, incorporating them in our standards for calculating officers' remuneration, and further strengthening governance, in order to increase the effectiveness of sustainability management promotion.

Meidensha started sales expansion of high-voltage power T&D products contributing to green transformation packaged with environmentally friendly products

In FY2022, Meidensha started sales expansion activities for high-voltage products for GX, a package comprising environmentally friendly high-voltage power transformation products (completely SF₆-free Eco C-GIS, eco-transformers with vegetable-based insulating oil, paint-free panels that reduce environmental impact during manufacturing) and a smart maintenance technology model established through demonstration experiments and other efforts. Normally, gas-insulated switchgear (GIS) contains SF₆, a greenhouse gas 23,500 times more potent than CO₂. However, our Eco C-GIS is SF₆-free, reducing Scope 1 emissions when our customers use and dispose of the equipment.

Additionally, because our Remote Continuous Monitoring System for High-Voltage Substations has been certified by the National Institute of Technology and Evaluation (NITE), customers who have installed it undergo on-site inspections monthly rather than weekly and major inspections involving power disconnection every six years rather than annually.

In April 2023, we established an internal Project for Eco-friendly Green Product Sales Expansion to promote high-voltage products for GX mainly to accommodate the need to replace equipment in the private sector, while spreading the word about the aforementioned benefits.

We will continue to devote energy to expanding our lineup and sales of environmentally friendly products to contribute to the development of a more livable society and the advancement of industry.



A high-voltage substation for GX at Meidensha's Numazu Works

The carbon neutral transition plan

Meiden Group is taking the following actions to become carbon neutral by 2050.

Reducing emissions from business activities (Scope 1+2)

Among our strategic facility investments such as switching from gas to electric power and making lighting, A/C equipment, and manufacturing equipment with more efficient fixtures, we are introducing internal carbon pricing (ICP) as a metric for determining investment within the Company. To accelerate our efforts to decarbonize in FY2023, we revised our price of carbon from 3,000 yen/t-CO₂ to 15,000 yen/t-CO₂.

We also experienced power shortages last year and so redoubled our commitment to reducing energy consumption. We now have power-saving initiatives in place at all our offices and factories.

In addition to these efforts toward reducing the amount of energy we use, we also promote procuring renewable energy at multiple bases inside the Group, from Company factories through to the offices of Group affiliates.

| Energy Saving Campaign

The Group held an Energy Saving Campaign with the aim of using energy more efficiently, spreading awareness of energy saving, and lowering energy costs. As part of this, employees were invited to propose ideas for improvements that would lead to energy savings. In addition, divisions that made outstanding energy-saving efforts at their respective offices and units received commendations.

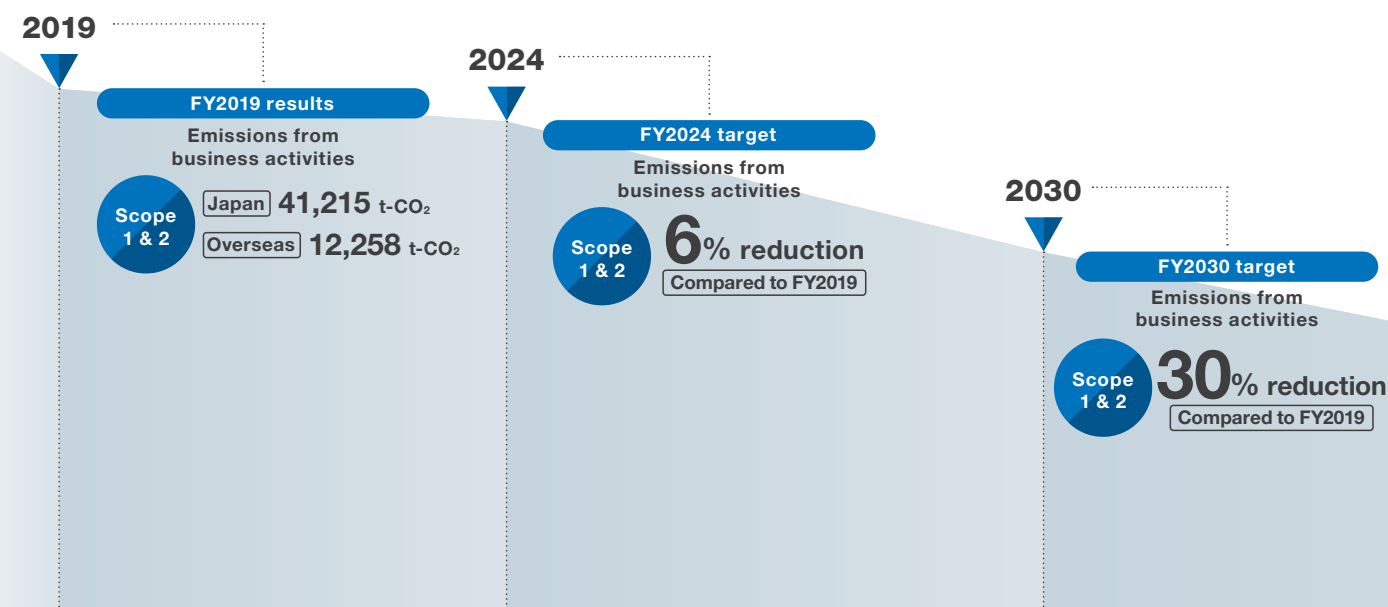
Examples of Initiatives

- 1 Turning off unnecessary lighting
- 2 Strictly controlling air-conditioner operations
- 3 Saving power with office equipment
- 4 Introducing energy-saving equipment

The carbon neutral transition plan

Emissions category	Greenhouse gas reduction measures	FY2021	FY2022	FY2023	FY2024	FY2025~FY2030
Emissions from business activities (Scope 1 + 2)	Replacing SF ₆ gas (replacement with dry air, etc.)	Electrical testing	Evaluate replacement gases for SF ₆		Replace SF ₆ gas	
	Capital investment	Update older equipment	Use LED lighting, update air conditioning & production equipment		Implement high-efficiency equipment	Use leading transformers
						Replace gas with electricity
	Renewable energy procurement (non-fossil fuel certificate, power menu, etc.)		Procure renewable energy at R&D Center/Osaki Kaikan Hall, Ota Works	Procure renewable energy at Kofu	Procure renewable energy at Numazu, Head Office	Nagoya
						Overseas
Emissions from product use (Scope 3, Category 11)	Switching company-owned cars to electric vehicles		Gradually acquire EVs/hybrids (as fleet is updated)		Entire fleet EVs/hybrids	
	Environmentally friendly product design		Compact, high-efficiency		SF ₆ gas-free	
	Revising business portfolio		Increase percentage of EV-related, maintenance services, small to medium hydroelectric systems, etc.			

Image of Scope 1 & 2 reductions toward carbon neutrality by 2050



Reducing emissions in the product use stage (Scope 3 Category 11)

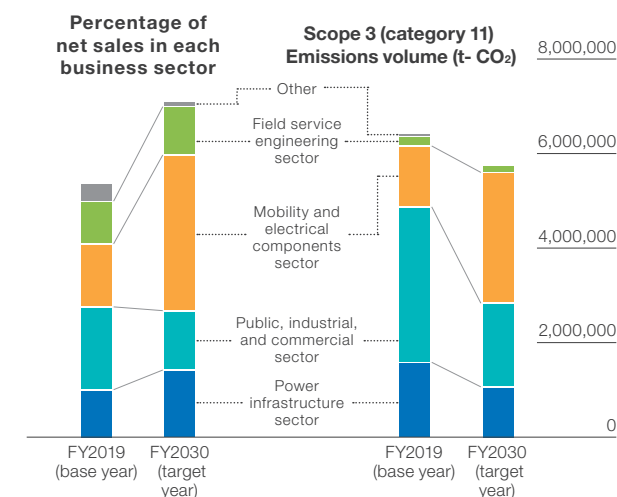
The product use stage (Category 11) accounts for 80% of Meiden Group's Scope 3. We have drafted medium- and long-term targets for greenhouse gas emission levels in the product use stage (Category 11) and are tracking our levels of achievement. We have proposed plans to incorporate environmental considerations into our products (SF₆ gas-free, reducing product size, increasing efficiency, etc.) and updating our business portfolio (expanding low-carbon businesses) as ways to reduce emissions.

| Simulation of Business Portfolio Revision

During the formulation of the Meiden Group's FY2030 greenhouse gas emissions reduction targets, we conducted a simulation of net sales and emissions from a business portfolio revision regarding emissions in the product use stage (scope 3, category 11).

We found that by increasing the ratio of low carbon businesses with low emissions per unit of sales such as EV, maintenance services, and small and medium-sized hydropower generation, and we had a potential to comfortably achieve both increased sales and reduced emissions.

Meiden Group Scope 3, Category 11 Reduction Simulation



Note: The above graph is an estimate from a simulation and does not amount to a commitment to a business plan

| Developing Environmentally Friendly Products and Services

Scope 3, Category 11 is emissions from product use and connects directly to our customer's Scope 1 and 2 emissions. Developing and producing environmentally friendly products and services with a low carbon footprint through "a complete life cycle from material procurement through product use and disposal" will lead to the decarbonization of our Company, our customers, and society as a whole.

In FY2022, we worked systematically on LCAs (life-cycle assessments) of existing products, and have completed assessments for most products categories involved in Social infrastructure. We concurrently revised our environmental assessment of products that includes LCA and continue reviewing standards for green products and preparing to develop super-green products that will represent the gold standard for the industry.

Product environmental assessment

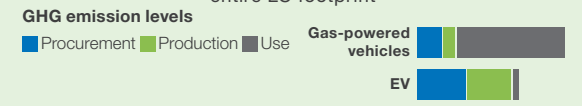
Product environmental assessment sheet

- 1 Reduce product weight
- 2 Reduce energy and resources
- 3 3R
- 4 Long-term use
- 5 Banned substance
- 6 Consider product lifecycle
- 7 Environmental awards, Top runner products etc.

Simple LCA evaluation sheet

- 1 Procurement
- 2 Outsourcing
- 3 Production
- 4 Logistics
- 5 Use
- 6 Disposal

Calculate the environmental footprint for the entire LC footprint



FY2050

Achieve carbon neutrality

2050

DX strategy

We are promoting digital transformation to realize the vision of the Meiden Group. This goes beyond merely digitizing operations—we consider digital transformation to be a means to change the way business is conducted, and thus to reform our corporate culture and ultimately our management itself, with the aim of establishing competitive advantages that will continue to be indispensable in the future. We will continue to tackle the challenge of innovation by looking beyond the things we now see as normal.

Representative Director
Executive Vice President & Executive Officer
Officer Responsible for Promoting Digital Transformation
Norio Takekawa



Digital Transformation at the Meiden Group (Companywide Policy)

The Meiden Group defines DX as an effort to use digital technology and data to change the world's expectations in terms of existing business models (businesses and products); systems associated with operations in general; and the knowledge, skills, mindsets, organizations, and corporate cultures of the employees responsible for these, and thereby realize the enterprise's desired state and vision. The Group has previously used digital technology to transform its business, such as IoT to visualize manufacturing lines and implementing Robotic Process Automation (RPA).

Each of these efforts, however, was limited to individual or partial optimization. Going forward, we will promote DX with a company-wide approach. This will make our business more competitive and bring a greater impact to society. Within the DX Promotion Committee, headed by the Executive Vice President and Executive Officer, there are four subcommittees, each conducting specific initiatives with a different theme. Committee meeting discussions are regularly reported to the Executive Officers' Meeting and the Board of Directors for follow-up and supervision of progress.

DX Advancement Road Map

	FY2024		FY2027	FY2030
	STEP1		STEP2	STEP3
Stage of promotion	DX1.0 Operations transformation		DX2.0 Ecosystem transformation	DX3.0 Smart technology company-wide
DX strategy	<ul style="list-style-type: none"> Creation of database of external contacts (product operation information, build CRM*) Next-generation core system concept Reconsider operations & internal rules 		<ul style="list-style-type: none"> Develop service sales business Expanding co-creation with inside and outside the Meiden Group Reform Headquarters & factory core systems Begin using foundation for data linking 	<ul style="list-style-type: none"> Service sales ↔ physical goods sales business Enhance data-based decision-making Raise productivity through overall optimization of operations & systems
Foundation for promotion	<ul style="list-style-type: none"> Reform the corporate culture by increasing company-wide digital and IT literacy and fostering a mindset of transformation through training for all employees Develop expert human resources through education and practice Continuous enhancement of information security governance 			

*CRM: Customer Relationship Management



The Open Space at the Digital Lab

Digital Lab for Co-Creation with an Agile Approach

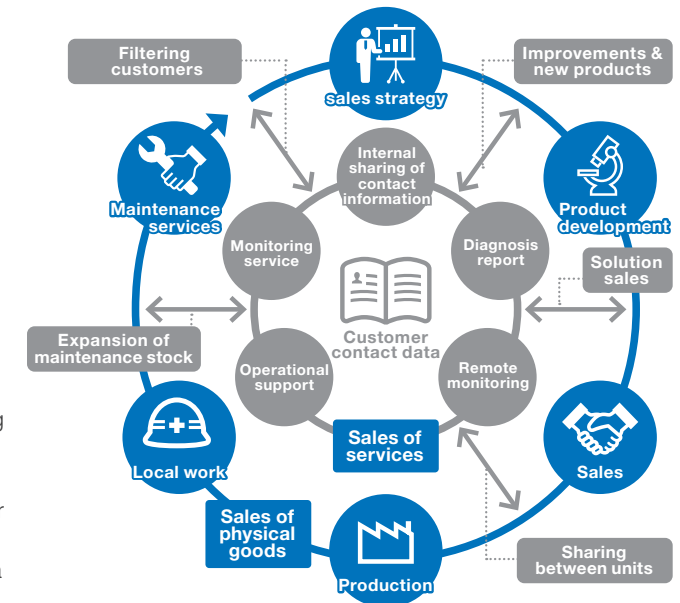
The Digital Lab, an agile, co-creation center for creating new value, started up at Numazu Works in October 2022.

Unlike the historical approach with its emphasis on certainty and stability with little change, we have been working since FY2020 on an agile approach that puts greater emphasis on responding to change and on speed and value. The agile approach seeks to create new value by practicing close communication with customers and stakeholders. We will accelerate the search for new value-based businesses by promoting agile development with pilot projects, exchanging personnel and information with nearby enterprises and partners, and using a wide range of seminars and events for internal human resources development.

Transformation of Business Models

Our Ideal
Aggressive DX

The desire to “enrich society through the power of electricity” has been at the heart of the Meiden Group since its founding. This led us to an attitude of thinking about the rich lives and exciting societies to be enjoyed by people on the other end of our products and services. It has been the driving force behind the creation of new value for our customers in every era. This desire is unchanged today, even as society rapidly changes and people's ways of thinking are growing more diverse. The important thing is to explore and pursue added value from the customer's point of view, such as “Why do they buy our company products and how do they need us?”, to move from the phase of “What can we get the customer to buy?”. Getting there will require aggressive DX. For example, we will take previously scattered customer contact information, make it into a database, and share it. This will not only enhance our sales of physical goods, but also expand sales of services. By combining the two, we will develop a system to create a virtuous cycle of business.



Our Ideal
Defensive DX

Transformation of Core Business and Business Management

In today's world, an enterprise's competitive advantage depends directly on how fast it can make business decisions. To survive, enterprises need a system to quickly and centrally view all sorts of information that can support decision-making, such as business resources (people, goods, and money), project progress, and operating status of products already delivered. We recognize that there is still room for improvement in the mechanisms for absorbing information right away and speeding up decision-making. To practice defensive DX, we will elevate our business by centrally managing, quickly linking, and visualizing company-wide business information. At the same time, by bringing digital innovation to our work sites and linking data in our core businesses, we will work for the overall optimization of supply chain management for higher productivity.

Theme-Specific Subcommittees

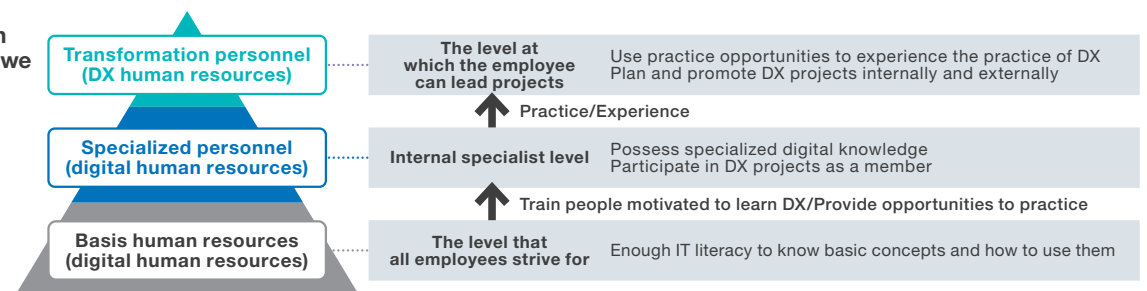
1 Equipment and Systems Operations Transformation	<ul style="list-style-type: none"> Use of project management systems to centralize progress and cost information management in production processes and make efficiency improvements Creation of database of customer contacts company-wide
2 Mass Production Operations Transformation	<ul style="list-style-type: none"> Establishment of inventory and cost management standards for mass-produced products Establishment of maintenance and management standards for mass production lines
3 Business Model Transformation	<ul style="list-style-type: none"> Identification of product operation information especially in the Meiden Customer Center and deployment to the service sales business
4 Corporate Transformation	<ul style="list-style-type: none"> Review of business management methods to reform Headquarters and factory core systems Organization of corporate operations, and digital labor savings

Establishment of Foundation for DX Promotion Infrastructure Development of Digital Human Resources

A prerequisite to advancing DX is to build a foundation so that every employee takes DX personally and works accordingly. To do so, we are developing an environment that supports the training and awareness of employees, who will take the lead in advancing DX. Our aim is to foster a corporate culture for the digital age. Specific training measures include continuing our existing ICT Primer and Basic Education for

new employees and in addition continuous IT skills e-learning designed for self-development. In addition, we created new DX training for all employees starting in FY2023, providing opportunities for people to understand what DX is and why it is needed now. All Meidensha employees will receive DX training by FY2024, and training will gradually expand to cover the entire Meiden Group.

The human resources we seek



Human Resource Strategy

The Meiden Group's Approach to Human Capital

As the social environment is rapidly changing, companies are required to provide new kinds of value, and industrial structures are transforming. In this environment, we at the Meiden Group must adapt to these changes and reevaluate how we provide value. In order to realize our vision for 2030, our aim is to take on the challenge of creating a new society. To achieve this, it is essential that we continuously reform our business, generate innovation, and acquire and train the human resources necessary for our purposes.

Meanwhile, the maturation of societies is resulting in diversifying public values, and so too are the answers to what happiness is and how people should work. It is amid these circumstances that we must maximize corporate performance with an approach that views human resources as human capital, enhancing the abilities and motivation of each employee, and creating opportunities and environments that empower all employees. The Meiden Group regards human capital as the source of our value creation and has set strengthening human capital as one of our materialities. Based on this, we are moving forward with efforts to shift from an organization-centric approach to one that respects the individual and seeks harmony between individual and organization.

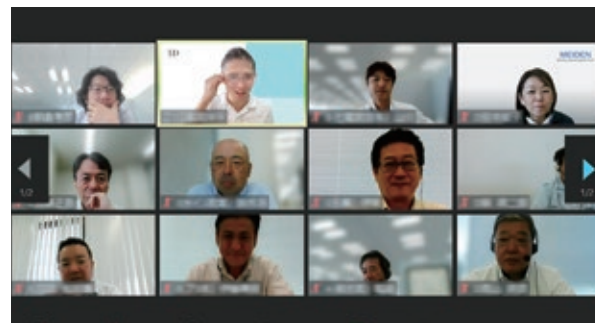
Creating a System Maximizing Individual Capability: Launch of the Human Resource Task Force

The Human Resource Task Force was established in FY2022 to discuss and build the skills and new training systems that the Meiden Group will need going forward. This task force's aims are to establish a clear profile of human resources sought for building the future and to begin operating a new human resource development system in FY2024. Many young employees in their 20s, who will become core supporters of the Meiden Group in the coming years, participate in these activities led by the officer in charge of human resources. In FY2022, we formulated a new human resource development policy, analyzed the gap between the current situation and the profile of human resources we need to achieve our vision for 2030, and identified the skills required for each administrative, technical, and skills-based position as well as for the entire Company. Going forward, we will examine measures to instill the necessary skills in

our employees, establish linkages with our personnel system, promote specific measures such as reskilling, and gradually carry out concrete activities toward the launch of the new system in FY2024.

My Vision, My Challenge: Expanding the Overlap Between Individual and Organizational Visions

The key to realizing the vision set forth by the Meiden Group is the diverse human resources that will put it into practice. Our belief is that if each and every employee can engage in spirited, fulfilling work, it will lead to greater corporate value. We have launched the My Vision, My Challenge policy with the aim of demonstrating respect for diverse individuals and eliciting ownership and motivation for individual employees. This is an effort to have members of the Meiden Group reflect on their visions for their own lives, compare these to their respective company's vision, and codify what challenges they will take on within the Group. In FY2022, our upper management codified their own challenges within the My Vision, My Challenge program. In FY2023, we will continue to roll this program out to Executive Officers and managers.



A My Vision, My Challenge workshop

Consolidated human resource requirements	How the Meiden Group creates value		Critical human resources	
	1	Providing products, systems, and services		Human resources with experience and knowledge in R&D, manufacturing, ICT, etc.
	2	Providing solutions that address the world's issues and needs		Human resources with autonomy and proficiency in digital technologies (i.e., DX) and a deep knowledge of the Earth, society, and people
	3	Management that utilizes and builds bonds between diverse individuals to maximize organizational performance		Managers who can support individual growth and challenges, provide opportunities, and then transform these into organizational strength

Human Resource Development for Evolving Management

The Meiden Group's value creation has been supported by human resources with experience and insights in areas such as R&D, manufacturing, and ICT. In order to remain essential to society going forward, is essential that we acquire and train human resources like these and continue to strengthen product competitiveness and maintenance service skills. To offer solutions to the issues faced by the world and to address its needs, it is necessary that we cultivate autonomous human resources who are proficient in digital technologies (i.e., DX), have a deep knowledge of the Earth, society and people, and can proactively work to create a new society. Simultaneously, we will focus on developing our management team in the interest of utilizing and building bonds between diverse individuals to maximize the performance of the organization.

HR Development Policy

Transform the training system from company-led to proactivity of trainees, aiming to develop human resources with the autonomy to think and act on their own.



| Technical Human Resource Development

With the aim of strengthening the technological capabilities of young employees, we provide training for both technical and administrative staff to learn about electricity, which is essential for understanding Meidensha's technologies and products.

In FY2022, our activities in this area included introducing hands-on introductory and fundamental ICT education for new employees, preparing textbooks for fundamental electricity education in cooperation with factory units, and providing education on negotiation skills for young employees in the sales and engineering units.

| Cultivating Solution Architects and Innovators

In order to grasp the social issues and needs of the world and local communities, and to co-create solutions with external partners, it is essential to acquire knowledge and expertise in solution building and experience through trial and error in practical application. The Meiden Group is developing solution architects and innovators by holding solution and innovation workshops in collaboration with venture capital firms and studying local solution content in collaboration with schools in the city of Numazu.

| Cultivating the Next Generation of Management

For the purpose of systematic and strategic development of human resources for the next generation, we offer a variety

of opportunities to young and mid-career employees through both selective and open recruitment processes. These include manager cultivation training, dispatch to business school programs, human resource exchanges with other units, human resource exchanges with overseas subsidiaries and domestic affiliates, and cross-cultural exchange through secondment to organizations outside the Group and government agencies.

| Career Design Support

As values continue to diversify, people are coming to take a more active role in their career development. In FY2022, we established the new Career Consultation Service, a specialized contact point for discussing career issues. This service is staffed by qualified career consultants, and is available to all Group employees at any time.

For more information on human resource development, please visit our website.
<https://meidensha.disclosure.site/en/themes/98>

DEI for Universal Empowerment

With the growing recognition that diversity exists in all employees and that the organization needs to transform into one where employees are universally empowered, we are focusing on eliminating potential roadblocks toward said empowerment that are based on specific employee attributes, such as gender, nationality, and childcare status. We carry out Diversity, Equity, & Inclusion (DEI) activities with the aim of becoming an organization where human resources with a diverse range of skills can maximally demonstrate their individual capabilities in a culture and environment of fairness, and where individual growth and organizational development coexist. The Diversity Promotion Office, which was newly established in FY2022, will be renamed the DEI Policy Promotion Office in FY2023, and the DEI Committee, a decision-making body for policies and measures related to DEI in general, will be established to further advance DEI.

| eNPS* Employee Engagement Survey

Our employee engagement index (eNPS) is incorporated into the annual employee awareness survey and has been set as a KPI (10% score improvement in FY2024 vs. FY2021). Furthermore, we analyze factors important to our employees in exploring measures. Currently, we are focusing on efforts to improve two main items: motivation and fostering a universally empowering climate and opportunities. For the former, we are working on job fulfillment, career development and systems for evaluation, compensation, and promotion. For the latter, we are working on openness, flexibility, and an orientation toward challenge.

For more information on our DEI efforts, please visit our website.
<https://meidensha.disclosure.site/en/themes/147>

* eNPS: Employee Net Promoter Score. NPS® is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

Respect for Human Rights

The Meiden Group Human Rights Policy

Since it was founded, the Meiden Group has created and supplied a variety of technologies, products, and services, with a focus on electrical equipment that supports social infrastructure, and contributed to the sustainable development of society.

Respect for human rights is the foundation of our business activities to realize our corporate philosophies of “illuminating a more affluent tomorrow” and “for customer peace of mind and satisfaction.” Through its business activities, the Meiden Group will create a joyful and sustainable society for everyone, and comply with international human rights norms as indicated by the Meiden Group Corporate Code of Conduct.

We will also identify, prevent, and mitigate risks and impacts relating to human rights throughout our activities, including in the supply chain, and endeavor to disclose our responses on an ongoing basis.

Meidensha has signed a statement of support for the United Nations Global Compact and is registered as a participating company.

Also, for the sake of both internal and external stakeholders, we have revised the Group’s Sustainable Procurement Guidelines, which include human rights considerations, to reduce risks to human rights in our supply chain, and distributed these to our business partners.

Please see our website for the full text of the Meiden Group Human Rights Policy and the Meiden Group Sustainable Procurement Guidelines
<https://meidensha.disclosure.site/en/themes/96>

Relief and Remedy

Establishment of a Compliance Hotline

If a human rights violation occurs due to Meidensha’s businesses, employees are able to report to the Compliance Hotline, the Harassment Consultation Hotline, and the external Public Whistleblower System. All stakeholders (including individuals, local residents, etc.) can make inquiries from outside the company using our external helpline. The Compliance Committee investigates information that is brought to the above points of contact, and, having confirmed the content, consults lawyers before resolving issues if necessary.

Furthermore, our system effectively manages information concerning whistleblowers’ names, etc., protects whistleblowers, and enables anonymous consultation, in accordance with national guidelines. We work to ensure that whistleblowers experience no disadvantage and improve the dependability of our whistleblower system.

Promotion Framework

Twice a year, human rights progress reports are presented to the Board of Directors and the Executive Officers’ Meeting as part of Meidensha’s framework for promoting sustainability management. In particular, incidents of harassment are reported at regular meetings of the Compliance Committee, which oversees our response to them, and the nature of such incidents is also reported to management.

Please see our website for more information on the promotion framework.
<https://meidensha.disclosure.site/en/themes/96>

Major Initiatives to Respect Human Rights



Initiatives for Identifying Prominent Human Rights Issues

Meidensha practices human rights due diligence to identify, manage, prevent, and mitigate human rights risks in our business activities for all stakeholders. We also

investigate the state of human rights using a questionnaire for our stakeholder suppliers on their sustainability and environmental protection initiatives.

Schedule of initiatives to promote respect for human rights (scope: Meidensha)

Step		FY2021 and earlier	FY2022	FY2023	
Initiative				1st half	2nd half
Initiatives to promote and train		Workplace discussions (Human Rights Week)	Training for officers Workplace discussions (Human Rights Week)		Workplace discussions (Human Rights Week)
Establish policy			Revise Human Rights Policy Revise Corporate Code of Conduct Establish Sustainable Procurement Guidelines		
Human rights due diligence	Conflict minerals	3TG* survey	Survey 380 business partners with CMRT (Conflict Minerals Reporting Template)	FY2023 survey	
		Cobalt survey	Cobalt Reporting Template (CRT) EMRT (Extended Minerals Reporting Template)	FY2023 survey (cobalt & mica survey)	
	Self-assessment		Survey scope Risk inventory Study of impacts and countermeasures		
	Risk assessment			Create list of issues Interview relevant departments Identify conspicuous human rights issues Consider countermeasures	
	Impact assessment				Sort out discussion points Assessment sheet

* 3TG: Tin, Tantalum, Tungsten, Gold

Promoting Respect for Human Rights through Our Business Activities

— 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 Corporate Code of Conduct. We also comply with all relevant laws concerning the prohibition of forced labor and abolition of child labor. The Meiden Group Human Rights Policy is available in three languages (Japanese, English, and Chinese) to ensure that it becomes ingrained in all employees, and we conduct various types of training as educational activities to raise awareness of fundamental human rights. We offer periodic group training and videos (in Japanese, English, and Chinese) on compliance and harassment to raise all Group

employees’ awareness of these issues. We also increase understanding and awareness by providing opportunities for individuals to reconsider their workplace and ways of thinking. We have also expanded anger management training for managers to include all employees. Through the training, we raise awareness to respect the personalities and ideas of others.

To strengthen our efforts in mental health, we conduct self-care training in each region for each year of joining the company and each age bracket, as well as line-care training for managers and supervisors.

In fiscal 2022, we invited external instructors to conduct training concerning “business and human rights” required by companies for all officers of executive officer level or above and presidents of Japanese subsidiaries.

Manufacturing Strategy

Enhancing Manufacturing Capabilities

We gave divided products manufactured by the Meiden Group into “mass production,” “equipment,” and “systems,” and established manufacturing strategies suited to the features of each group, and we will enhance product competitiveness by improving quality, cost, delivery, safety, and environment.

In this way, we will not only improve the quality of products, but by reforming the awareness of employees involved with manufacturing, we will foster worksites with a sense of achievement and growth, and remain a company that is attractive to the earth, society, and people.

Progress of FY2022 Initiatives

In the second year since the introduction of our factory complex system, in which our 12 manufacturing units are divided into five large factory units for integrated management, we saw acceleration and advancement in the integration of people, technology, and products across manufacturing organizations.

In particular, in FY2022, we have been focusing on the cross-functional fusion and efficient utilization of human resources on a company-wide basis in response to fluctuating production load at each factory, with the aim of improving profitability. In addition, we have advanced manufacturing reforms using DX, and we have promoted the streamlining of factory lines in distribution board and rotating machinery assembly lines to improve productivity and shorten lead times. Furthermore, at our Nagoya EV production line, we have been increasing the automation ratio to support increased production and ensure stable operation, resulting in significant improvements in quality and productivity.

Policy for Initiatives from FY2023

The manufacturing strategy is divided into three groups: “mass production,” “equipment,” and “systems.” Group by group, we will work to automate and introduce robots for simple tasks and apply image-based inspection in mass production, accelerate the development and introduction of work support tools in equipment, and work toward the streamlining of production lines and the visualization of production processes to eliminate waste and link design data to manufacturing and testing processes in “systems.” In addition, subcommittees such as the Equipment and System Operations Reform Subcommittee and Mass Production Operations Reform Subcommittee will be established under the DX Promotion Committee, working toward centralized management and streamlining of progress and cost information in the production process using project management systems and the advancement of inventory and cost management for mass-produced products. In this way, we will establish a manufacturing system that directly builds our corporate competitiveness.

Quality Control

At the Meiden Group, which is involved with social infrastructure, each employee is not only aware of social responsibility in relation to the Meiden Group's products and services, as well as the scale of the impact that defects could have on society, but engage in quality control activities from the perspective of “no defective unit accepted,” “no defective unit made in our factory,” and “no defective unit shall leave our factory,” satisfying customers and improving profitability by reducing unnecessary costs.

| Establishing and Complying with Standards and Procedures

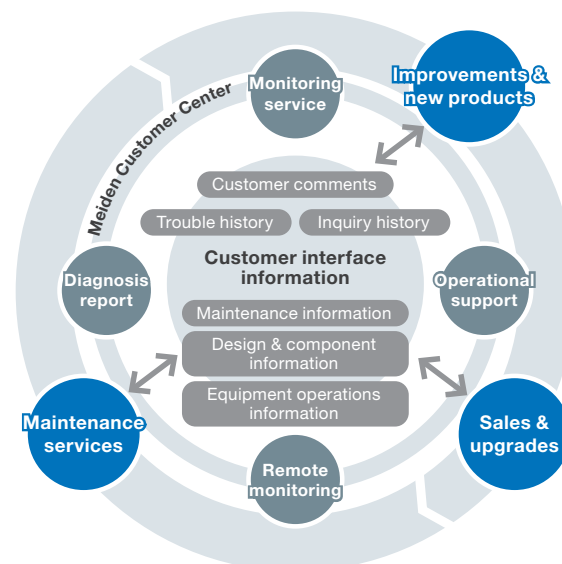
The Quality Control Process Chart (QC Process Chart), mostly used at manufacturing organizations, has been expanded in application to cover sales and technical organizations as well, where it is commonly called the QR Map. By applying this QR map, we are able to ensure that all tasks are completed and that everyone completes tasks at the same level, which enables us to reduce the risk of defects arising due to the variations among personnel. This QR map is linked to standards and procedures to promote tasks in each process. We limit recurrence of past defects and occurrence of similar defects by conducting an overall examination and revision of these standards and procedures to ensure that their content relates to prevention of recurrence of defects or occurrence of similar defects. Furthermore, we encourage filling in the Quality Control Process Chart (QC Process Chart) so that the implementation status can be confirmed by third parties.

| Meiden Customer Center

The Meiden Customer Center is the point of contact for inquiries and trouble calls for all Meiden Group products.

Our remote monitoring service connects the Meiden Customer Center with Meiden Group products installed in infrastructure facilities and renewable energy power stations. The service monitors the operating status of customers' facilities and, if an abnormality occurs, asks maintenance service personnel to address the situation or even makes the first response to the failure itself.

In addition, by analyzing and utilizing equipment operating data, past issue data, plant design data, and on-site maintenance data centrally managed at the Meiden Customer Center, we will be able to make proposals to customers that will contribute to appropriate maintenance, reduction of life-cycle costs, and reduction of greenhouse gas emissions.



Occupational Safety and Health

At the Meiden Group, employee health and safety is a core management value. We work to “ensure a safe environment that is conducive to work, as well as achieve comfort and affluence for employees,” as it says in our Corporate Code of Conduct, and aim to be a leading health and safety company.

| Safety and Health Initiatives

For some time, we have been engaged in a range of initiatives to prevent industrial accidents, such as conducting KYK (risk anticipation activities), risk assessments, and introduction of safety patrols and safety and health management systems (ISO 45001).

Safety patrols are performed not only by internal stakeholders, but also by outside parties such as health and safety consultants to ensure that patrols are conducted from a variety of perspectives. Furthermore, by utilizing digital equipment, remote patrols are conducted from all over Japan, connecting a single patrol site to many locations and affiliated companies via remote communication tools. The new insights we gain from the many eyes that inspect our locations and advice from remote participants are used as hints to further improve workplace health and safety.

| Enhancing sensitivity to danger through hands-on safety training

Hands-on safety training is offered to each of our locations to enhance sensitivity to danger. In this training, we dispatch a safety simulator trailer equipped with safety simulation training equipment in the container it carries.

The safety education is not limited to classroom lectures, but also features simulated work-related accidents using virtual reality (VR), etc., offering strong learning potential. As of FY2022, we have newly developed a Metaverse hands-on safety educational program, which enables participants to receive non-contact safety experience education within the Metaverse using their own avatars. We have also started external sales of VR safety training content through a subscription service for external customers, providing an environment where the latest safety training content can be accessed at any time.

A VR hands-on safety educational program in progress



| Safety Promotion Center Preserves Lessons from Industrial Accidents

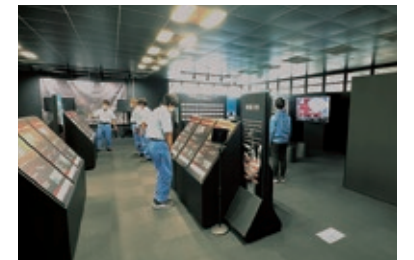
In order to ensure that the facts about past industrial accidents continue to be told, we have established the Safety Promotion Center as a place to provide these facts and a forum to consider them.

We believe that our mission is to never turn away from a sad truth, and to consistently tell stories of past experiences to ensure that similar fates do not befall future employees and their families.

The Meiden Group will continue its efforts to raise safety awareness and achieve zero accidents, achieved by recording safety memories in our bodies through our safety simulator, and by having our hearts moved at the Safety Promotion Center.

While the Safety Promotion Center has a physical exhibition space at Numazu Works, for employees who live too far away to visit the museum, a new Metaverse Safety Promotion Center has opened as of October 2022, utilizing virtual space. This enables multiple employees to participate without location restrictions, whether in Japan or overseas, as long as they have a VR head-mounted display, and also allows them to exchange opinions while gathering as their respective avatars over the Metaverse.

The Safety Promotion Center, located within Numazu Works



| Operation of the Safety Information Portal

The Meiden Group started operating the Safety Information Portal in 2020. This tool effectively gathers and analyzes health and safety management information as it accumulates in the Group and uses it to improve health and safety management (with the PDCA cycle). Currently, the system can manage industrial accident reports, traffic accident reports, near-misses, safety patrols, risk assessments, the number of days with zero accidents, safety training, e-learning, accident frequency and severity rates, the number of accidents per thousand persons each year, and more.

Using the system allows Group employees to easily access safety information and encourages their safety awareness and activities.

Mockup of the Safety Information Portal



Supply Chain Management

| Addressing Rising Material Prices and Long Lead Times

In FY2022, the deteriorating availability of various parts and materials, including semiconductors and electronic components, as well as soaring material prices had an impact in a wide range of domains, putting extremely heavy downward pressure on the Meiden Group's earnings.

In order to minimize these effects, we are taking various countermeasures through devising new approaches to procurement and reviewing procurement practices. Although the worsening availability of parts and materials, with the exception of some special parts, has gradually begun to normalize, we are continuing to minimize the impact on production activities and product delivery dates by diversifying procurement sources and securing inventories as needed (e.g., by placing orders in advance). In addition, as a countermeasure against fluctuations in material prices, we will continue our efforts to minimize fluctuations in procurement prices through combined countermeasures in some areas, e.g., through procurement price hedging, and supplier discussion engagement.

| Sustainable Procurement

The Meiden Group promotes sustainable procurement in conjunction with business partners in order to contribute to the realization of a sustainable society. In FY2022, we newly issued the Meiden Group Sustainable Procurement Guidelines in conjunction with the revision of the Meiden Group Corporate Code of Conduct. Upon the start of business with all (100% of) new suppliers, we present these guidelines, which they are requested to familiarize themselves with and abide by. Other efforts to strengthen our supply chain capabilities include explaining our basic procurement policies at annual production plan briefing sessions held at each of our production sites, as well as providing information on various support activities (compliance, human rights, labor, health and safety, environment, quality, safety, information security, business continuity planning, etc.) in order to ensure supplier compliance with the Meiden Group Sustainable Procurement Guidelines, and a focus on communication activities such as presentations on examples of best practices in supplier improvements and information sharing and opinion exchange to enhance their technical capabilities.



A production plan briefing session in the Numazu area

| Building a Sustainable Supply Chain

At the start of business with a new supplier, we conduct a survey on sustainability and environmental conservation activities, and issue a scorecard every year with updated evaluation results.

Through this evaluation, we strive to understand the actual state of supplier business operations and identify high-risk suppliers with regard to social issues such as climate change, biodiversity, environmental management, human rights, and the labor environment, as well as provide support for local audits and activities as necessary.

1 Promoting and Supporting EcoAction 21 Certification and Registration

We support our suppliers in registering and applying for certification in the EcoAction 21 environmental management system promoted by the Ministry of the Environment, with the aim of spreading environmental management systems and environmental improvements throughout the entire value chain. As of FY2022, the eighth year of the program, a cumulative total of 134 suppliers have acquired EcoAction 21 certification. Going forward, we will continue our efforts in this area, which will lead to reductions in CO₂ emissions.

2 Environmental Audits

We conduct environmental audits of our suppliers. In FY2022, we conducted on-site environmental audits in combination with remote audits to adapt to the COVID-19 pandemic situation. Seven suppliers that were found to be nonconforming as a result of the audits were requested to take corrective actions, with follow-ups conducted on these.

3 Holding Various Seminars

We hold seminars on process improvement and information security measures at our suppliers' manufacturing sites as needed to improve their capabilities. At product exchange meetings, we communicate and exchange opinions with workers on-site. We also conduct workplace checks of our suppliers using our Health and Safety Support Project.



A Health and Safety Support Project activity



Value Creation Story

CASE 1

Related SDGs



Business Development in Collaboration with Suppliers

The combination of a pandemic, the emergence of geopolitical risks, and a shortage of semiconductors and other physical goods has led to difficulties in procuring parts and materials, in turn significantly affecting the global manufacturing industry. This is the story of the procurement group that confronted this difficult situation and the partners who struggled and toiled alongside Meidensha to overcome it.

Yuki Miyoshi

Numazu Procurement Section,
Direct Procurement Division,
Procurement Group,
Meidensha Corporation



My Challenge

Knowing that we are supported by many partners (suppliers), I want to build relationships that respect the wishes of both parties.

Yoshimasa Hirai

President and Representative
Director, Hirai Industry Co., Ltd.



My Challenge

I will always be mindful of what our company exists for, and strive to create a company needed by society.

The Meiden Group's Response to Unprecedented Long Delivery Times

To combat long delivery times, the Meiden Group has focused its efforts on studying the introduction of alternative parts. This was a Company-wide strategy that included not only the factory design and product development divisions, but also the entire Research & Development Group. In addition, we have been building pipelines in the U.S. and India as part of our efforts to grow the sources for our parts and materials. In this crisis, what has been effective in mitigating impact is the confirmation of absolute final delivery deadlines, arduous process to ascertain the very latest delivery that does not affect shipments on an item-by-item basis, and to clarify prioritization accordingly. Precisely because of the challenging nature of the situation, we have been tackling delivery date concerns head-on while also emphasizing mutual trust with our partners from a medium- to long-term perspective.



Collaborative Action with Partners

Miyoshi "Hirai Industry, with whom we have had a long-standing relationship, has been a strong supporter of Meidensha through flexible management unbound by conventional thinking about inventory, having scrambled to obtain difficult-to-procure items ahead of time based on the list of parts that have long delivery times shared by our company."

In addition, the close collaboration between the two companies has enabled rapid exploration of replacing parts and materials with those from other companies, leading to shorter delivery times.

Mr. Hirai "We aim to be a company that is needed by society, while at the same time being aware of the values of others, which can change depending on their position, and always considering what kind of work is expected of us."

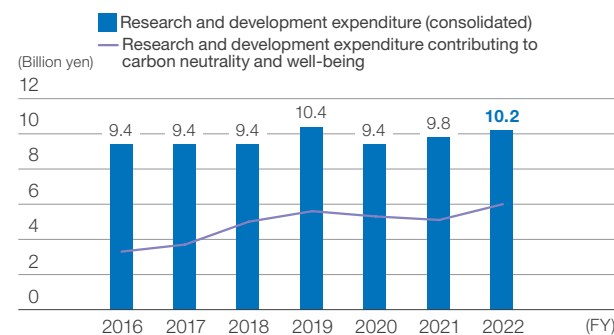
Even in a difficult business environment, we will continue to maintain our commitment to fulfilling our social responsibilities through collaboration based on trust and dialogue.

Research and Development / Intellectual Property Strategy

Results of Research and Development in FY2022

In the Medium-term Management Plan 2024, we have established a basic policy of promoting R&D to support sustainability management. At the core of this policy is our R&D focusing on the realization of carbon neutrality and well-being. In FY2022, the second year of our Medium-term Management Plan, we continued to develop products applying vacuum technologies with the goal of eliminating the use of SF₆ gas, which has global warming potential, and to expand our lineup of EV drive units to address the accelerating electrification of vehicles, both initiatives toward carbon neutrality. Another initiative area is contributing to wellbeing. Here, in the semiconductor field that serves as the foundation for convenient and comfortable lifestyles, we responded to diverse customer needs through the custom development of power supplies for semiconductor manufacturing equipment and vacuum capacitors. In the creation of new technologies and products, we developed an ultra-concentration/high purity ozone water generator that uses highly concentrated ozone gas produced by a pure ozone generator, and proceeded with market research and cultivation toward product commercialization. In this way, we accelerated our work to create a new society through innovation, acquired proprietary technologies to solve environmental and social issues, and built and strengthened R&D and business development systems that are capable of generating new businesses.

Research and Development Expenditures



Future Initiatives and Priority Sectors

The current situation suggests continued impact from long delivery times of parts and materials and rising material costs due to changes in global affairs. Therefore, it is necessary to work toward the establishment and advancement of part substitution design technology that incorporates supply chain considerations. In addition, in order to realize the vision set forth in our sustainability management, it is essential to acquire the abilities of transformation and foresight, and to conduct research and development that supports ambidexterity management that constantly creates new value. We will focus on exploration and basic research to acquire core technologies that will become our future strengths, envisioning possible future scenarios with an orientation toward carbon

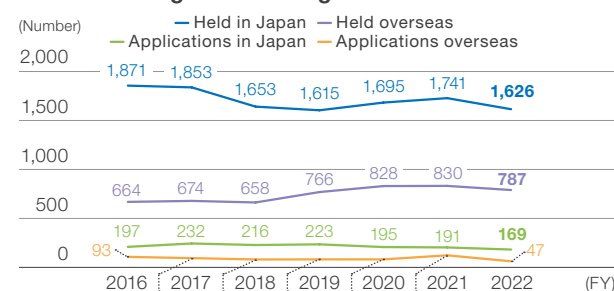
neutrality and well-being. In the area of carbon neutrality, in addition to deepening technologies for environmentally friendly products that offer unique features, such as vacuum interrupters and vacuum circuit breakers with higher voltages than other products, we will work on strengthening product competitiveness in the area of next-generation mobility and advance development for the next generation. In the area of well-being, we will accelerate the application of SiC devices in the semiconductor field and improve vacuum capacitor products (including their quality). In addition, to enhance the added value of the products and services we provide to our customers, we will work to transform business models through the promotion of DX, including the enhancement of cloud systems and maintenance labor-saving technologies connected to our business model and the realization of combined solutions offering both products and services.

Contributing to Sustainability through Intellectual Property Activities

In the area of intellectual property activities, we are engaged in strategic initiatives to identify and acquire rights to technologies that will contribute to the enhancement of corporate value. Here, we are honing the identification of the direction our development should proceed in by analyzing and sharing intellectual property information internally.

Our intellectual property activities that contribute to sustainable management include registering our environmental technologies with WIPO GREEN, an environmental technology platform created by the World Intellectual Property Organization (WIPO), a United Nations specialized agency with jurisdiction over intellectual property systems. This registration is aimed at encouraging co-creation with companies and institutions around the world and the dissemination of our environmental technologies. We are engaged in a range of messaging efforts to inform outside parties about our environmental technologies. This includes the exchange of opinions between our top management and the Commissioner of the Japan Patent Office (JPO) and the posting of our environmental technologies on the JPO website. Furthermore, we introduced our WIPO GREEN initiatives and our environmental technology products and related patent rights at a meeting of the Intellectual Property Rights Experts Group (IPEG), part of the August 2023 gathering of the Asia-Pacific Economic Cooperation (APEC)'s Committee On Trade and Investment (CTI) in the U.S. city of Seattle.

Applications for Patents or Design Registration/ Patents or Registered Designs Held



Innovation Strategy

The MAST Project for Generating Innovation

In promoting ambidexterity management, an element of our Medium-term Management Plan 2024, we aim to accelerate the creation of a new society through innovation in our business activities. The MAST Project, launched in FY2022, is led by the officer in charge of innovation with the key words of “behavioral change,” “co-creation,” and “on-site awareness,” and aims to further establish and expand innovation activities by enabling individuals to demonstrate their knowledge and expertise in external fields while accurately identifying social issues. The MAST Project was named by combining the Japanese first letters of “Meidensha,” “ashita” (tomorrow), “sozo” (creation), and “thinking,” while also carrying the meaning of the word “mast” (in that it helps to harness wind and propel us forward).

We are working to build a foundation for the exploration and startup of our next business pillars, including human resource development and the fostering of our corporate culture. Meanwhile, we are also internally soliciting new business ideas that do not fall under our existing businesses, supporting these ideas, and engaging in co-creation activities with other companies.

Establishing a Culture of Innovation

Our innovation activities have been underway since the previous Medium-term Management Plan. One example of the fruits of our efforts here is that the number of future themes (new business themes) suggested by employees has reached approximately 600. At the same time, we have developed a commercialization process and introduced a stage-gate system to create a path from conception to business creation, including a system to accompany concepts along this path. We have also focused on developing innovative human resources who have the power to drive behavioral changes, instilling a culture of tackling business launches in an exciting way and addressing areas on the periphery of existing businesses that will contribute to solving future social issues.

Currently, we are focusing on themes helping to generate businesses and technologies that will bring about carbon neutrality and well-being as advocated in our sustainability management, and we are continuing

to encourage our employees to voluntarily participate in these efforts. From FY2023 onward, we will work to create a personnel system that facilitates the discovery and development of potential innovators and innovation activities by dividing them into three categories: “theme managers” who will work toward the commercialization of proposed themes, “challengers” who propose future themes based on their own concepts, and “collaborators” who will be the core drivers of innovation activities.

	Target	Method
For theme managers	Understanding business processes for making a theme into a business by yourself	External: Outside events Internal: Innovation Salon (Advanced) (Study group) Business planning workshops
For challengers	Learning brainstorming methods Proposing themes and applying for MEIAN Challenge	External: Outside workshops Internal: Innovation Salon (Beginner) (Relationship-building, discussion, brainstorm)
For collaborators	Just jump in! Building interest level	External: Outside seminars Internal: Innovation Salon (Beginner) (Relationship-building, discussion) Expert lectures

Holding the MEIAN Challenge Idea Contest and Establishing the Future Theme Community Forum for Dialogue

In FY2022, we held the first MEIAN Challenge, an idea contest where employees can freely come up with ideas together with their colleagues about their ideal future and co-create businesses. These activities are designed to turn their interest in innovation into behavioral change. Of the 54 themes, seven were selected as candidates for the final presentation, where over 300 employees listened to ideas that will change tomorrow and the thoughts of the proposers as they presented. Four themes were selected for awards, and after deliberations, three were advanced to commercialization study.

Another innovation activity is the Future Theme Community, newly established as a forum for dialogue to energize innovation activities by connecting theme managers with colleagues interested in supporting them. Our first Future Theme Community session was held at Numazu Works. Going forward, we will continue to play a role in corporate reform by creating and nurturing businesses that provide new value, and by establishing a culture that supports such efforts.

Launched Sales of Ultra-concentration/High purity Ozone Water Generator

The ultra-concentration/high purity ozone water generator was borne of a future theme idea, resulting in product launch in FY2023. Ozone is used for a variety of applications, including deodorization, sewage treatment, and removal and cleaning of organic materials and sterilization in semiconductor manufacturing processes. This new device is capable of generating industry-leading ultra-concentrated and high-purity ozone water, and offers applications in semiconductor cleaning processes and metal degreasing and cleaning processes. Since ozone water is ultimately decomposed into non-toxic water and oxygen, it is expected to reduce the environmental impact and cost burden of wastewater treatment compared to conventional chemical treatment. The combination of this ozone water and Meidensha's proprietary process technology OUR* (patent pending) provides an advanced cleaning effect. In the future, we aim to expand our business by developing mass-production machines and expanding applications.

*OUR stands for Ozone water Used Radical generation, a new, accelerated oxidation reaction that induces the reaction of ultra-concentrated ozone water with proprietary technology.



Value Creation Story

CASE 2

Related SDGs



New Challenges for Technological Innovation from NPI

Pure ozone is one of the Meiden Group's most distinctive technologies. This is the story of an engineer, fascinated by pure ozone's potential for over two decades, who banded together with colleagues to achieve a shared dream that would astonish the world.

History of the Foundation of Meiden Nanoprocess Innovations, Inc. (NPI)

Tetsuya Nishiguchi, a pioneer in pure ozone technology*, and the Meiden Group made their first forays in this technology in the late 1990s.

Nishiguchi "The National Institute of Advanced Industrial Science and Technology (AIST) approached us to do some technologically interesting work at their Tsukuba location. The company was very forgiving of my time spent there, saying it was good as long as it would help me grow in the long run. I remember a lot of exciting times when the researchers would show each other what they had come up with." Though the pure ozone generator that would be commercialized several years did generate sales, it did not see explosive growth, as the unique nature of its technology did not necessarily translate directly into commercial viability. After that, Nishiguchi was engaged in



research in a different field, but the turning point for him came when he was based in Silicon Valley. As a result of researching market opportunities in the U.S. for pure ozone, his former area of focus, he saw potential in the application of OH radicals generated by mixing ozone and ethylene for film deposition, and proposed this to management of Meidensha.

Nishiguchi "The company could have made the decision to terminate our project at any time, but they let us thrive and persevere." In March 2020, with the aim of further boosting agility in this area, the pure ozone application process project was isolated from the Company as NPI, a new subsidiary.

*Pure ozone technology: A uniquely held technology at NPI, capable of generating 100% pure ozone gas without impurities. NPI's proprietary technology, which generates highly active OH radicals at room temperature by reacting pure ozone with ethylene gas, offers promise in application to various industrial fields, including room temperature film deposition and adhesive-free bonding.

Tetsuya Nishiguchi

Director, Meiden Nanoprocess Innovations



My Challenge

To use unique, made-in-Japan technology to transform the world, to make what was impossible possible, and to make new common sense.

Tatsunori Shino

Technology Development Division,
Meiden Nanoprocess Innovations



My Challenge

To be innovative not only in technology, but in how I think and act in development, consistently providing new value not only to my customers, but also to my company and colleagues.

The Meiden Group's

Impact on Society

Greenhouse gas emissions

20% reduction

NPI's pure ozone generator has the potential for a variety of applications. When used in the semiconductor ALD process, it offers greenhouse gas emissions reduction of around 20% versus ordinary ozone gas generators thanks to its lower process temperatures.

Pure Ozone Technology: Pioneering the Future

As a subsidiary established through Dejima strategy, NPI strives for business activities that emphasize free thinking and agility, and aims to make a remarkable impact on social development and technological advancement.

Nishiguchi "The world twenty years ago believed plasma was the solution to all problems, but I feel a lot of problems have cropped up with that technology. We are on the verge of breaking through the next big barrier here, and in 10 years we intend to make pure ozone the world's game changer. NPI's team is constantly

Key Values for NPI as an Independent Meiden Entity

At NPI, mid-career hires with diverse skill sets are being empowered, catalyzing the capabilities of the Meiden Group's traditional hires.

Shino "I had been doing R&D for a large organization, but I was so tied up with my own technologies and plans that I wasn't paying attention to my customers. NPI offered me a chance to do a better job of developing technology for customers and society." Nishiguchi, a director constantly watching NPI's advancements, nods his head.

Nishiguchi "Each person is responsible for deciding whether or not to do something based

on the customer's needs. It is important for each person to maximize his or her expertise." Shino looks back on the development of equipment that is now being shipped to Taiwan. This product that had originally never even appeared in any of the development themes came to be based on the wishes of our customers and sales team. At NPI, the agile method has taken firm root, a process in which a product is released even in an imperfect state, and then polished in a cycle based on mutual understanding of these imperfections. As Shino often says, "It is my presumptive belief that the customer is also part of our development team."



mindful of checking whether we are right in our assumptions here." More than 20 years have passed since Nishiguchi stepped into this world, and the potential of pure ozone, as conceived at that time, has become even more far-reaching with the evolution of technology. Shino offers his own unique perspective to this technology.

Shino "As an engineer, I have always wanted to contribute to medical care, not as a doctor, but as an artisan. There may be opportunities to apply pure ozone not only to semiconductors, but also to medical devices












and communication devices, where compactness brings value. For example, if we could create connected devices that allow people to easily perform checkups at home without going to a hospital, we would be able to make a great contribution to society and its people. These are the dreams inspired by ozone, as an alternative to plasma." The technology that Nishiguchi has developed and the ideas within the Meiden Group that has watched over it are now expanding, offering a sense of impending breakthrough that will astonish society in the near future.

Board of Directors & Executive Officers

as of July, 2023

Meidensha’s Board of Directors (Skill Matrix)

To facilitate a highly effective supervisory function and decision-making on important management issues by the Board of Directors, Meidensha has established a skills matrix of the expertise that directors should possess. Based on this matrix, we appoint directors and structure the Board of Directors based on the abilities, insight, and experience of individual directors to ensure the diversity of the Board as a whole and the appropriate allocation of human resources.

Fields in which Directors can particularly exert their expertise		Business management	DX/ Business transformation	Sales/ Marketing	Research and Development/ "Monozukuri"	Global	Finance/ Accounting	Legal affairs/ Internal control	HR development	Environment
	Representative Director Chairperson & Senior Officer Director, Chairman	■	■	■				■	■	
	Representative Director President & Executive Officer	■	■				■			■
	Representative Director Executive Vice President & Executive Officer	■	■		■					■
	Director & Senior Managing Executive Officer	■				■	■	■	■	
	Director (Outside Director) Head of the Nomination & Compensation Committee	■	■	■				■	■	
	Director (Outside Director)	■	■		■	■				
	Director (Outside Director)	■	■	■					■	
	Director & Audit & Supervisory Committee Member (Standing Audit & Supervisory Committee Member) Head of Audit and Supervisory Committee			■	■			■		
	Director & Audit & Supervisory Committee Member (Outside Director)						■	■	■	
	Director & Audit & Supervisory Committee Member (Outside Director)	■		■				■		
	Director & Audit & Supervisory Committee Member (Outside Director)	■		■				■		■

Skills Required to the Board of Directors and the Reasons

Meidensha believes that members of the Board of Directors should have such skills and experiences by the reasons below.

Skills	Reasons why such skill is required
Business management	With the diversification of values as social conditions change dramatically, to promote sustainability management and to strengthen the corporate governance structure by clarifying management direction by rapidly and flexibly making management decisions in order to continuously grow with the challenge to build a new society.
DX/ Business transformation	It is essential to work on innovation through co-creation, operational reforms through Digital Transformation (DX), and business transformation in response to changes in society for illuminating a more affluent tomorrow.
Sales/Marketing	To formulate and execute sales strategies aimed at rapid progress in growth businesses and strengthening the competitiveness of the earnings base by realizing high quality growth in order to provide customer peace of mind and satisfaction.
Research and Development/ "Monozukuri"	To enhance product competitiveness which is necessary for high quality "Monozukuri" (design, manufacture, construction, and maintenance) to maintain a safe and secure social infrastructure and for provision of value, along with creating new technologies and new products.
Global	To promote initiatives aimed at building a strong business base for overseas business and further enhancing the earning power necessary to meet the world's new infrastructure demands.
Finance/ Accounting	To manage capital efficiently, invest in growth businesses, and deliver shareholder returns, together with making accurate financial reports.
Legal affairs/ Internal control	To strengthen internal control and compliance / risk management structure, the base for honest and responsible business operations.
HR development	To enhance wellbeing and employee engagement and to promote initiatives such as DEI (Diversity, Equity & Inclusion), in order for diverse human resources, who are the source of corporate value, to be able to grow and play an active role in a lively way, where each person can derive fulfillment from their work.
Environment	To expand businesses that contribute to the environment and to promote green strategies focused on internal decarbonization which are necessary to realize carbon neutrality.

Executive Officers

Chairman & Senior Officer

Takeshi Miida

President & Executive Officer

Akio Inoue

Executive Vice President & Executive Officer

Norio Takekawa

Senior Managing Executive Officers

Masayuki Iwao Nobuaki Tamaki
Tatsuki Mochizuki Masahiko Suzuki
Satoshi Momenya Koji Niikura

Managing Executive Officers

Hiroshi Toke Hideki Miyazawa
Akio Ikemori Katsuyuki Watanabe
Hiroshi Takahata Hitoshi Miyake

Executive Officers

Noritaka Matsushita Hisahiro Murashima
Takeo Suzuki Katsunori Suzuki
Munekazu Shiratori Kuniteru Yamaoka
Seiji Kato Kazuhiro Yamada
Nobuya Ono Katsumi Shimamura
Takehisa Koganezawa Ko Yamamoto
Yasuhiro Yoshino Masami Ogawa
Hirokazu Fukudome Shinichiro Kon

Message from Outside Directors



Director (Outside Director)

Head of the Nomination &
Compensation Committee

**Hiroyuki
Takenaka**

Meidensha has strengthened the supervisory function of its Board of Directors by adopting a system with an audit & supervisory committee and by increasing the number of outside directors to a majority of the Board of Directors. I believe that, in order to further improve this supervisory function as an outside director, it is important to collect and analyze information more proactively, especially by exchanging opinions with not only top management but also at various levels of executive divisions. This enables outside directors to gain an understanding of management issues and the multifaceted opinions within

the executive divisions, as well as to provide opinions for them based on our outside expertise and management experience when executive divisions are exploring management issues. This process enables the executive divisions and outside directors to form a common understanding of management issues, and it also enables more substantive discussions at the Board of Directors, and therefore a stronger supervisory function for the Board of Directors, via the proposals created and submitted via this process. By contributing to these efforts, I will strive to strengthen the supervisory function of the Board of Directors.



Director & Audit & Supervisory
Committee Member
(Outside Director)

**Keiko
Hayashi**

Governance reform is progressing, as evidenced by outside directors now comprising a majority of the Board of Directors, and I have felt more active dialogue, including agenda setting that enables discussion of management strategies from a medium- to long-term perspective. One example is ongoing serious discussions to create a sense of ownership for important management issues, such as review of our business portfolio and promotion of digital transformation, with the goal of spreading the Meiden Group-wide attitude for taking on new challenges, such as with field operations in our EV business.

In addition, the DEI Committee, established under the leadership of Meidensha's top management, has begun to focus not only on empowering women and globalization, but also on capability development for people with disabilities. It is from activities like these that Meidensha's directors are coming to realize the value of diversity. The Board of Directors will maintain an effective monitoring process vis-à-vis these efforts, ensuring that they generate results with leadership from executive divisions. We will also constantly examine whether explanations and disclosures are made in a manner that is easy to understand from the perspective of ordinary shareholders.



Director (Outside Director)

**Manabu
Kinoshita**

New
appointment

My experience so far has convinced me of two things: that people make or a break a company, and that human resources are the greatest asset. With the evolution of generative AI as represented by ChatGPT, routine tasks are becoming more efficient and automated, and the way employees work and the skill sets required are expected to change. However, I believe that there will be an unchanging essence of work, that it should be fun, that we should not fear failure, and that it should excite us, in order to generate innovation and take on challenges.

To achieve sustainable growth, it is necessary to create a corporate culture in which employees can work with energy and think and act on their own initiative.

Furthermore, we must foster an open corporate culture with diversity. I feel that the shortcut to this is for management to listen to the voices of each and every employee on the front lines, engage in dialogue, and increase engagement one step at a time.

Change presents opportunity. If we can get out of the conference rooms and engage a variety of people in conversation, we can build resonance and co-creation, which will lead to the improvement of interpersonal skills. I am grateful for the opportunity I have received and will contribute to the sustainable growth of Meidensha through the creation of social value.

Corporate Governance

Basic Approach

Under our Corporate Mission of “illuminating a more affluent tomorrow” and our Corporate Philosophy of providing value “for customer peace of mind and satisfaction,” our group has set forth our Ideal State of Being/Vision for 2030 as “Work to build a new society through integrity to the earth, society, and people, and through the power of co-creation – Sustainability Partner –.” Our group 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 give back to 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. In addition, we revised this basic policy at the regular Board of Directors meeting held in July 2022, as a result of a revision of the officer system to further clarify the division of roles between executive functions (executive officers) and so-called supervisory functions (directors and the Board of Directors).

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

Message from the Chairman of the Board of Directors

The Meiden Group has implemented a number of measures to strengthen its corporate governance. These began with the introduction of the executive officer system in 2003, followed by the establishment of the voluntary Nomination & Compensation Committee in 2018 and the transition to a company with an audit & supervisory committee in 2020.

The Corporate Governance Code, which came into effect in 2015, has been revised periodically since then. I believe that the latest revision in 2021 clearly presents three new important areas that are effective in improving the quality of a board of directors. The first area is the effective use of outside directors and the identification and disclosure of the skills of directors, etc., with the aim of making the Board of Directors function effectively. The second is to ensure diversity in the company’s core human resources. The third is the formulation of basic sustainability policies and disclosure of initiatives.

Amid these new developments, the Meiden Group is improving the effectiveness of the Board of Directors and strengthening its governance by enhancing the internal control system, having outside directors comprise a majority of the Board of Directors, and formulating and disclosing policies regarding climate change action and human capital. In addition, the Board of Directors has been engaged in discussions about the

relationship between the Board in its supervisory function and business execution, as well as about growth strategies for each business. I believe that, in order to go beyond discussion and further vitalize activities, it is one of the missions of the Board of Directors to quickly absorb various issues occurring in the field and to lead Meidensha in the right direction while advancing solutions to these issues.

I think that the Meiden Group is approaching a key juncture in its history. In order for further growth in the Meiden Group, I believe that it is of utmost importance to create a corporate culture in which our human resources, the source of our value creation, can grow and flourish vigorously. It is with this belief that we at Meidensha will work to secure and cultivate diverse human resources and make improvements to the labor environment for our employees.

As Chairperson of the Board of Directors, I will steadily implement these initiatives to bring the Meiden Group sustainable profitability improvement, as well as corporate value enhancement.

Representative Director
Chairperson & Senior Officer
Takeshi Miida



Corporate Governance Structure and Initiatives

We are a company with an Audit & Supervisory Committee, and we aim to further strengthen corporate governance in the following areas.

(a) We further enhance the supervisory functions of the Board of Directors through use of legal authority, such as directors that are Audit & Supervisory Committee Members holding voting rights at meetings of the Board of Directors and having the right to present a position statement relating to nomination and compensation of directors at General Shareholder’s Meetings.

(b) We further enhance discussions on management strategies, etc. by transferring the Board of Directors’ meeting to a monitoring type, since a portion of the Board of Directors’ authority to make decision on business execution has been transferred to the Director & President and Executive Officer (Executive Officers’ Meeting).

(c) We aim to further promote separation of

supervisory and executive functions by making changes to increase legitimacy in June 2022, and combining it with the transfer of authority mentioned in (b) through the introduction of an executive officer system in June 2003, and a system for election of executive officers who are responsible for a flexible and agile business execution system by the Board of Directors, based on the Articles of Incorporation.

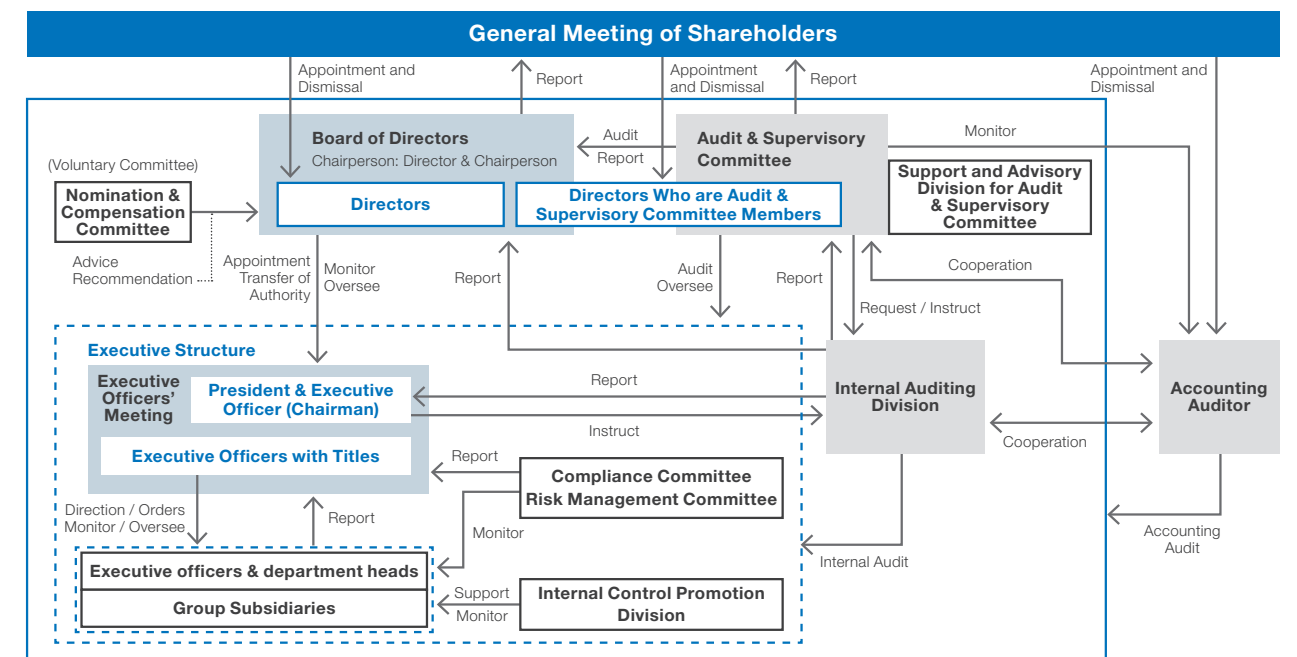
Outline of Corporate Governance Structure

Form of Organization	Company with an Audit & Supervisory Committee
Directors	Number of directors (outside directors): 7 (3)
Directors (Audit & Supervisory Committee Members)	Number of directors (outside directors): 4 (3)
Number of Independent Officers	6 (3 outside directors and 3 outside directors (Audit & Supervisory Committee members))

Transition to a Stronger Corporate Governance System

Commencement of stronger corporate governance to increase the effectiveness of the Board of Directors			Promotion of corporate governance reforms based on the Corporate Governance Code		Deeper corporate governance system based on suddenly changing business environment	
Purpose/results		From FY2003	From FY2015		From FY2020	
Enhancement of Decision-making and Supervisory Functions of the Board of Directors	2003	● Introduction of executive officer system ● Revision of the rules of internal approval	2015	● Revision of Board of Directors agenda standards	2020	● Revision of the Board of Director's Meeting agenda, standards and rules of internal approval ● Transition to a company with an Audit & Supervisory Committee ● Proportion of outside directors at least 1/3 ● Election of female outside director (1 person)
			2018	● Separation of the roles of Chairperson of the Board of Directors and Chairperson of the Executive Officers' Meeting		
	2012		2019	● Elimination of quotas for number of directors	2022	● Review of the officer system (Clarification of execution and supervision) ● Increase of outside directors' ratio to majority
Separation of Supervision and Execution of Management						
Enhancement of transparency and soundness of management	2006	● Revision of the Basic Policy regarding Establishment of a System to Ensure the Appropriateness of Business Activities (the Basic Policy on Internal Control Systems)	2015	● Revision of the Basic Policy on Internal Control Systems	2020	● Revision of basic internal control policy ● Establishment of the Group for Promotion of Internal Control
			2016	● Commencement of verification of effectiveness of the Board of Directors ● Commencement of evaluation of cross-shareholdings		
	2012	● Commencement of reporting to the Board of Director's Meeting on internal control adjustment status	2017	● Establishment of the voluntary Compensation Committee	2022	● Increase of outside directors ratio on the voluntary Nomination & Compensation Committee to majority ● Establishment of the Corporate Governance Management Group ● Revision of the Basic Policy on Internal Control Systems
			2018	● Establishment of the voluntary Nomination & Compensation Committee		
			2019	● Change of directors' term of office to 1 year ● Abolition of Senior Advisor system		
Revitalizing and enhancing debate by the Board of Directors	2013	● Enhancement of information sharing with outside directors	2015	● Commencement of training for newly appointed outside directors	2021	● Establishment of Board of Directors' discussion
	2014	● Commencement of meetings to exchange opinions with outside directors	2018	● Commencement of advance explanation of Board of Directors agenda items to outside directors		

Corporate Governance Structure



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 our business execution. In FY2022, the Board of Directors held 13 meetings, and the attendance rate was 100% for all directors.

① Composition of Board of Directors

Our Board of Directors consists of 11 directors, including 4 who are Audit & Supervisory Committee members. The 11 directors also include 6 outside directors (of which 3 are members of the Audit & Supervisory Committee). The 6 all satisfy the requirements for independent directors as defined by the Tokyo Stock Exchange and our Criteria for Determining the Independence of Outside Directors. This means that independent outside directors make up a majority of the Board of Directors, ensures the effectiveness of the supervisory function of the Board of Directors, and ensures that objective and independent opinions are fully incorporated into the company’s management.

It is the basic policy to ensure the diversity of the Board of Directors as a whole based on the abilities, insight, and experience of individual directors and to assign appropriate human resources that contribute to the enhancement of our corporate value. It is also our policy to ensure the diversity and balance of the Audit & Supervisory Committee as a whole based on the knowledge and experience of accounting, financial, and legal matters etc., of directors who are members of the Audit & Supervisory Committee. The balance of expertise, knowledge, experience, etc., is as described in the Board of Directors’ Skill Matrix above.

② Activities of the Board of Directors

The Board of Directors considers “matters for discussion” in addition to matters to be resolved and reported. “Matters for discussion” includes following the progress of and tracing matters related to basic management policies such as the Medium-term Management Plan and important management themes. At their meetings, directors actively exchange opinions on our management issues and strategies and on corporate governance, while drawing on the knowledge of the outside directors. The Board of Directors use the meeting as a forum to reach consensus on the direction of us in the conceptual and planning stages prior to making a board resolution.

Major topics discussed by the Board of Directors in FY2022 included the following.

■ Strengthening the supervisory function of the Board of Directors

The Board of Directors discussed this issue with the aim of further strengthening its supervisory function, as found in the FY2021 board effectiveness evaluation. In addition, an outside attorney gave a training on the role of the Board of Directors and outside directors and the exercise of their functions. Directors also met several

times outside of formal Board of Directors’ Meetings to trade opinions.

The following measures have been taken as a result of the Board’s discussions and deliberations.

Improved advance explanation of agenda items of the Board of Directors

The Executive Vice President & Executive Officer attends the explanatory meeting for outside directors to share information on overall business execution as it relates to agenda items of the Board of Directors and executive officers in charge provide explanations to resolve questions on individual operations related to agenda items in advance, we make an improvement that helps stimulate and enhance discussions and debates at Board of Directors’ Meetings.

Participation in discussions at the conceptual and planning stages

The FY2023 profit plan was discussed at a Board of Directors’ Meeting at the stage where policy was forming. Directors discussed setting optimal profit targets and investment plans to enhance corporate value. The profit plan is decided at a meeting of the Board of Directors after it is reviewed by the business execution organization based on discussions.

Improved agenda setting

It was suggested that to strengthen the supervisory function of the Board of Directors, it is important to strengthen Board of Directors agenda setting based on each director’s understanding of management issues. Previously, the annual schedule of Board of Directors meetings was prepared based on the opinions of the directors and confirmed at each Board of Directors’ Meeting. Starting in FY2023, the agenda of board meetings will be discussed and deliberated on a regular basis as a new agenda item itself. The aim is to strengthen agenda setting and further reinforce the supervisory function of the Board of Directors.

■ Progress of Medium-term Management Plan 2024 in each business and strategies to achieve its objectives

The Board of Directors discussed several topics intended to monitor the progress of Medium-term Management Plan 2024 and supervise strategies to achieve its objectives. The Board of Directors discussed the situation and strategies in each business, especially measures to cope with rising component prices, collaboration between businesses (especially between the product sales and maintenance service businesses), and growth strategies beyond Medium-term Management Plan 2024.

■ Promoting sustainability management

The Board of Directors’ Meeting discusses the progress of the meeting of the Sustainability Management Strategy Committee (chaired by the President & Executive Officer) as part of supervision of sustainability management, which is a basic policy of Medium-term Management Plan 2024. It also discusses the status of human capital initiatives.

③ Participation of Outside Directors in Board of Directors’ Meetings

■ Participation in the agenda

Our outside directors have diverse management experience and areas of specialization, understand the content of the proposals put before the Board of Director’s Meeting from a variety of perspectives when said matters are explained in advance, and attend Board of Directors’ Meetings having checked any unclear points in advance.

At Board of Directors’ Meetings, multifaceted discussion occurs, based on the broad perspective of managers, the knowledge of technicians, and the high-level specialization of experts, etc. The outside directors participate in deliberations by actively making statements, etc., in particular concerning policies and measures to deal with risks, and cautions when monitoring, etc.

■ Training for New Outside Directors

We create opportunities to explain our business and structures, primarily to aid the understanding of newly appointed outside directors. The responsible officers

or managers in charge of the business group explain their business, group-wide themes, and our governance system to the outside directors, answer their questions, and exchange opinions with them.

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 FY2022, all members of the Board of Directors, including outside directors, 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 order to revitalize deliberations by the Board of Directors.

An overview of the analysis, evaluation, and discussions is as follows.

Major issues and status of efforts to increase effectiveness as discussed in previous fiscal year

Major issues in FY2021	Status of efforts in FY2022
① Ensure greater diversity and skills balance among directors	Starting with the Notice of Convocation of the 159th Ordinary General Meeting of Shareholders, disclosing “Skills Required to the Board of Directors and the Reasons”
② Explore monitoring-type Board operations, including the use of Board of Directors meeting agenda items	Participating in discussions at the conceptual and planning stages
③ Further strengthen information sharing with outside directors	Improving advance explanation of agenda items of the Board of Directors and improving agenda setting

Effectiveness Evaluation Process for the Board of Directors (FY2022)

1	Formulation of questionnaire	The Chairperson and Secretariat of the Board of Directors formulate a questionnaire (11 questions, all descriptive) on the status of the Board of Directors’ initiatives and their effectiveness, based on the issues identified in the discussions of the effectiveness evaluation of the previous year, the status of the response to them and evaluation, and new issues found by the Board of Directors in FY2022.
2	Conducting of questionnaire survey	All 11 directors are asked to fill out the above questionnaire in April 2023.
3	Discussions at Board of Directors meeting	At the May 2023 Board of Directors meeting, all directors discuss the results of the evaluation of the effectiveness of the Board of Directors (Matters for Discussion by the Board of Directors), based on the results of the responses to the questionnaire received from each director. The FY2023 analysis and evaluation results are compiled to determine whether the Board of Directors is effective.
4	Analysis and evaluation results	Results of questionnaire evaluation from each director are summarized and discussed by the members of the Board of Directors, and the opinions are summarized as follows. ■ The composition of the Board of Directors and its deliberation time and operating methods are appropriate. ■ The quality of the content of deliberations (agenda setting and discussion by directors) has been enhanced. ■ Opinions and advice from outside directors have been adequately received, and follow-up on these has improved since last year. Based on the above, we have judged that our Board of Directors is effective.

Effectiveness evaluation items (questionnaire items)

- ① Composition, deliberations, and operations of the Board of Directors (size, independence, diversity, content of deliberations, deliberation time, and operating methods)
- ② Ensuring the effectiveness of the Board of Directors (is the monitoring-type Board of Directors functioning?)
- ③ Self-evaluation (securing time required for duties, demonstration of expertise, inside: awareness of management and supervisory perspectives, outside: supervision from an independent standpoint)
- ④ Reorganization of Board of Director’s Meeting agenda items and supervisory function (how execution and supervision should be further separated)
- ⑤ Other (free description)

Issues and Future Initiatives

Major issues in FY2022	Initiatives in FY2023
① Improve board meeting agenda setting to further the Board of Directors’ supervisory function	Enhance information sharing with outside directors, link agenda setting with the Executive Officers’ Meeting, and hold discussions within the Board of Directors with an awareness of the active involvement of outside directors.
② Organize delegation of decisions of important business execution	To organize what is being delegated, we will first organize the monitoring function of the Board of Directors and seek a common understanding of the supervisory function of directors that should exist in a company with an Audit & Supervisory Committee.
③ Establish a system on the execution side	The content of deliberations and operating methods of the Executive Officers’ Meeting will be organized and linked to efforts to improve Board of Directors operations to enhance effectiveness.

Based on the above, we will continue working to increase the effectiveness of the Board of Directors.

3. Nomination & Compensation Committee

Meidensha has established a voluntary Nomination & Compensation Committee as an advisory body to the Board of Directors. Its purpose is to ensure management transparency and strengthen accountability regarding nominations (appointments and dismissals) and compensation of directors.

4. Board of Directors Selection Policy and Appointment and Dismissal Process

The number of directors is set at no more than 15 to allow sufficient discussion of management issues. (10 Directors who are not Audit & Supervisory Committee members and five who are)

Based on the basic policy for ensuring a balance between the diversity of the Board of Directors as a whole and its expertise and experience, as described in (1) ① Composition of Board of Directors above, we select individuals who will help strengthen the decision-making and supervisory functions of the Board of Directors. The Board of Directors consults with the Nomination & Compensation Committee (a voluntary committee), with independent outside directors as the main members and chair, then the Board of Directors nominates candidates by resolution. Finally, nominations are submitted to the General Meeting of Shareholders.

In the event that a director is found to be in violation of laws and regulations or the Articles of Incorporation, or to have significantly deviated from the policy for the appointment of directors, the Board of Directors will take the necessary procedures for dismissal after consulting with the Nomination & Compensation Committee.

5. Successor Planning

Meidensha selects several candidates to succeed the top executive from among those appointed as directors or executive officers with titles who have undergone education and training and who meet certain requirements and contribute to enhancing our corporate value.

In replacing the top executive, it is identified which of the candidates should be the successor after consulting with the Nomination & Compensation Committee. The Executive Officers' Meeting and the Board of Directors scrutinize the requirements and eligibility, identify a candidate, and finally decide who will be the top executive.

6. 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.

Based on the Articles of Incorporation, executive officers selected by the Board of Director's Meeting assume responsibility for the execution of specified tasks within the scope of authority transferred by the Executive Officers' Meeting and the President and Executive Officer, and nimbly perform executive functions under the supervision of the Board of Directors, in accordance with the Meidensha Group's management policies determined by the Board of Directors.

The Executive Officers' Meeting, which comprises Executive Officers with Titles, 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.

Summaries and key points of proceedings at the Executive Officers' Meeting and other internal bodies are reported at the regular meeting of the Board of Directors for the month as a report on business execution. This helps to ensure and improve the effectiveness and supervisory functions of the Board of Directors.

In executing business, resolutions and decisions are made by executive officers who have authority over business execution and strive to execute operations proactively and flexibly.

In addition, when the Board of Directors delegates part of its business execution authority to executive officers via the directors, the executive officers are required to submit a report on the status of business execution to the Board of Directors at least once every three months. This helps ensure that the Board of Directors can supervise effectively.

7. Auditing System

Our Audit & Supervisory Committee consists of four directors who are Audit & Supervisory Committee members (three outside directors and one standing inside director).

In principle, the Audit & Supervisory Committee is held once a month before the Board of Director's Meeting. The purpose is to enable the Audit & Supervisory Committee to form its own intentions on matters to be discussed at Board of Director's Meetings prior to the Audit & Supervisory Committee. In case there is a quarterly audit report from the accounting auditor, Audit & Supervisory Committee is held on the same day as the Board of Director's Meeting. In that case, the Audit & Supervisory Committee is held twice in a month. Each Audit & Supervisory Committee lasts about two hours.

In addition, we established the Support and Advisory

Division for Audit & Supervisory Committee exclusively to aid the Audit & Supervisory Committee. It has four members with legal, financial, accounting, sales, factory, quality control, R&D, overseas business, and internal auditing experience.

8. Internal Auditing System

① Organizations

Meidensha has established the Internal Auditing Division (16members as of March 31, 2023).

As an organization under the direct control of the President and Executive Officer, the Internal Auditing Division is independent from other executive lines. It 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 Meidensha and all of Meidensha Group companies including in abroad.

With regard to internal control, the Internal Control Promotion Division is the specialized division that establishes risk management systems that integrate the entire Meidensha Group, promotes enhancement of internal control systems, and ensures complete internal control functions through joint monitoring of internal control systems by the Audit & Supervisory Committee and the Internal Auditing Division.

② Method of audits

We conducted risk-based audits in 10 divisions based on the major Company-wide risks identified by the Risk Management Committee. We covered those risks comprehensively while prioritizing high-risk areas. In FY2023, we will reevaluate the major Company-wide risks from the perspective of the Internal Auditing Division and will audit units selected in consideration of risk factors of particular importance to management and other risks.

To improve the coverage of risks in audits of subsidiaries, we conduct standardized audits with audit standardization tools. We plan to conduct standardized audits of all subsidiaries between FY2021 and FY2024. In FY2022, we audited 4 domestic subsidiaries and 12 overseas subsidiaries.

The Internal Audit Regulations stipulate that internal audit results are to be reported to the President & Executive Officer, the Board of Directors, the Executive Officers' Meeting, and the Audit & Supervisory Committee.

In FY2022, reports were presented monthly to the President & Executive Officer, semiannually to the Board of Directors and the Executive Officers' Meeting, and 10 times to the Audit & Supervisory Committee. Internal audit reports are also sent to the members of the Executive Officers' Meeting and standing Audit & Supervisory Committee members each time one is issued.

9. Strengthening Group Governance

The Meidensha Group is working to continuously strengthen group governance by developing basic

policies based on the "Basic Policy regarding Establishment of a System to Ensure the Appropriateness of Business Activities" at each Meidensha Group company, establishing a regulatory framework, and implementing the PDCA cycle.

Major Initiatives in FY2022

- (1) The Group Company Internal Control Committee met twice in the year to share information on important top risks for the Group as discussed by the Risk Management Committee and the progress of risk management at each company. It also introduced CSA (control self-assessment) to overseas subsidiaries and provided internal control training and CSA training for local staff at 13 companies, mainly at presiding companies.
- (2) In order to strengthen the internal controls of the entire Group, the Internal Auditing Division conducted standardized audits of four domestic subsidiaries and two overseas subsidiaries to check the status of their preparation and operation of internal controls.

10. Basic Policy and Current Status of Cross-Shareholdings

Our purpose to hold cross-shareholdings is to maintain and expand transactions for the medium-to long-term and secure and strengthen medium-to long-term cooperative relationships with partners and allies, taking account of market conditions and other factors. Based on the purpose, our basic policy is to hold cross-shareholdings that help enhance corporate value and to consider selling cross-shareholdings that no longer seem significant or rational.

Under this policy, we decide to keep or reduce its current holdings of listed stocks based on a comprehensive assessment of whether the ratio of each stock's return (dividends, related trading profits, etc.) to market value meets the target cost of capital, policy factors, and so on.

We sold 10 listed and unlisted stocks for ¥1.03 billion out of its 102 listed and unlisted stocks (balance sheet amount: ¥16.406 billion) as of March 31, 2022, reducing the number of stocks to 96 (balance sheet amount: ¥16.418 billion) as of March 31, 2023. This represents 14.8% of consolidated net assets as of March 31, 2023.

Directors’ Compensation

Directors compensation policy

i Level and System of Compensation

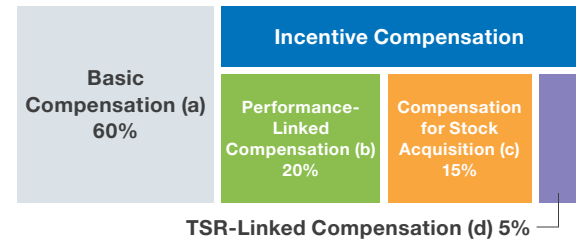
The level of compensation of Meidensha’s directors is determined based on external objective compensation market data, economic conditions, industry trends, and Meidensha’s business circumstances, etc. Giving consideration to this level, the content of the director’s compensation system is determined in the form of internal regulations on director’s compensation after consultation and confirmation by the aforementioned voluntary Nomination & Compensation Committee, chaired by an outside director.

ii Composition of Compensation

(a) Directors (excluding Audit & Supervisory Committee members and outside directors)

Compensation of directors (excluding Audit & Supervisory Committee members and outside directors) is based on an annual salary system with performance-linked compensation and comprises basic compensation (a) and incentive compensation according to position. Of these, incentive compensation comprises performance-linked compensation (b) as a short-term incentive and compensation for stock acquisition (c) and TSR (total shareholder return)-linked compensation (d) as medium- to long-term incentives.

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



(b) Directors and Outside Directors Who Are Audit & Supervisory Committee Members

Directors and outside directors who are Audit & Supervisory Committee members only receive basic compensation on annual salary system basis.

iii Incentive Compensation System

(a) The performance indicator for calculating performance-linked compensation as a short-term incentive is decided after the annual general meeting of shareholders for the relevant fiscal year. It is decided based on the operating income of the previous fiscal year to raise awareness of the need to improve performance, especially profitability, each fiscal year. The performance-linked compensation indicator varies from 0 to 140 depending on the degree to which targets were achieved, with perfect achievement counting as 100.

Operating income for FY2021 was ¥9.468 billion, compared to a target of ¥10 billion, which represents an achievement rate of 94.6%.

Calculation formula

Basic Remuneration for Each Position

×

Coefficient According to Achievement Level of Target Operating Income (0.0 to 1.4)

(b) Meidensha provides compensation for stock acquisition and TSR-linked compensation as medium- to long-term incentives to sustainably increase corporate value and ensure that directors (excluding Audit & Supervisory Committee members and outside directors) have some shared value with shareholders.

- ① The amount of compensation for stock acquisition is determined for each position based on internal rules on officers’ compensation. The amount is contributed to the Officers’ Shareholding Association to acquire shares.
- ② The TSR-linked compensation indicator varies generally between 80 and 120 depending on the ratio of the Company’s TSR at the end of the latest fiscal year to the TSR of the TOPIX benchmark including dividends corresponding to the Company’s TSR calculation period (relative TSR*).

Calculation formula

Position-specific basic TSR-linked compensation

×

A factor based on relative TSR (0.8 to 1.2)

* Relative TSR: Meidensha’s TSR at the end of the latest fiscal year divided by the TSR of the TOPIX benchmark including dividends corresponding to the Company’s TSR calculation period

iv Compensation Determination Procedures

Details of the compensation system and the amount of compensation (including the rules that it is calculated in accordance with the standards of the compensation system and is within the compensation limits decided at the General Meeting of Shareholders) are confirmed and deliberated from an objective point of view by the voluntary Nomination & Compensation Committee.

Specific details of the amount of compensation for each individual director (excluding members of the Audit & Supervisory Committee) are delegated to the President & Executive Officer (“President”), who is a director, based on a resolution of the Board of Directors. To ensure that the President exercises this authority properly, the Board of Directors establishes procedures for the President to consult and obtain confirmation of the draft in advance from the voluntary Nomination & Compensation Committee. Moreover, the President’s

decision must consider the details of such confirmation or report. In FY2022, the Board of Directors resolved at its June 23, 2022, meeting to delegate President Takeshi Miida to determine the specific details of the amount of compensation for directors. The reason for delegating this authority is that the President, as the chief officer of the Company, is best suited to evaluate each director while looking at Meidensha’s overall performance.

Compensation for directors who are members of the Audit & Supervisory Committee is determined by the same committee within the compensation limit decided at the General Meeting of Shareholders. An appropriate amount is set to reward the services of committee members, taking into consideration whether they are standing or non-standing and the nature of their respective auditing duties.

Dialogues with Shareholders and Investors

When any shareholder wishes to discuss with the Company ideas that will contribute to the medium- to long-term improvement of the Company’s corporate value, Meidensha’s policy is that Company management will engage in such dialogue to the greatest extent possible.

Main IR & SR Activities in FY2022

Individual Sessions	Number	Breakdown of Investor Type
Domestic Investors	77	Analyst: 43 Fund Manager: 34
Overseas Investors	32	Analyst: 11 Fund Manager: 21
Total	109	

(Note: There were 41 meetings with securities analysts not listed above for a total of 150 meetings with investors.)

Main Discussion Themes with Analysts and Institutional Investors

The main themes that came up in discussions with analysts and institutional investors in FY2022 are as follows.

- The impact on performance and countermeasures following the sharp rise in the cost of materials, energy, and logistics, and the emergence of geopolitical risks
- View of the future outlook and capital investment of the EV Business
- Measures for improved profitability of overseas businesses and a timeline for achievement

FY2022 Results

Classification	Total Amount of Compensation, etc. (millions of yen)	Total Amount of Each Type of Compensation, etc. (millions of yen)		Number of People
		Basic compensation	Incentive compensation	
Directors (excluding Audit & Supervisory Committee members and Outside Directors)	246	175	70	6
Outside directors (excluding Audit & Supervisory Committee members)	26	26	—	4
Directors who are Audit and Supervisory Committee members (excluding Outside Directors)	34	34	—	2
Outside directors who are Audit & Supervisory Committee members	26	26	—	5
Total	333	262	70	17

- Notes
1. Amounts are rounded down to the nearest ¥1 million.

2. The above includes three directors (excluding Audit & Supervisory Committee members) and two directors who are Audit & Supervisory Committee members who retired at the conclusion of the 158th Ordinary General Meeting of Shareholders held on June 23, 2022.

3. The amount of compensation for directors (excluding Audit & Supervisory Committee members) does not include employee salaries for directors who also serve as employees.

Results of Conversations with Stakeholders

This section will introduce some of the opinions and realizations we received through conversations with analysts, institutional investors, and shareholders.

① Introduce relative TSR (Total Shareholder Return) into director compensation benchmarks

We were told that it would be good to introduce performance-based compensation with relative TSR as an index in addition to the conventional stock acquisition compensation in the medium- to long-term incentive compensation from FY2023. This would make the director compensation system and benchmarks align more closely with stockholder interests.

② Disclose the reasons (including definitions) behind the skills matrix selection

We received feedback that we should establish items with more specific definitions of the skills required for the Board of Directors to function. Therefore, starting with the Notice of Convocation of the 159th Annual General Meeting of Shareholders to be held in June 2023, we will disclose the “Required Skills and Reasons for Appointing the Board of Directors.”

Going forward, we will continue to proactively communicate with all our shareholders and investors by enhancing opportunities for dialogue through financial results briefings and individual IR/SR, as well by expanding information disclosure on our website and in reports and other publications.

Risk Management/ Compliance

Basic Approach

Businesses face conditions that change day to day: climate change, natural disasters growing in frequency and intensity, geopolitical risks coming to the surface, increasing digitalization, and diversifying values. Under these circumstances, we must identify the wide range of potential future risks in a timely manner and respond appropriately if we are to sustainably increase our corporate value.

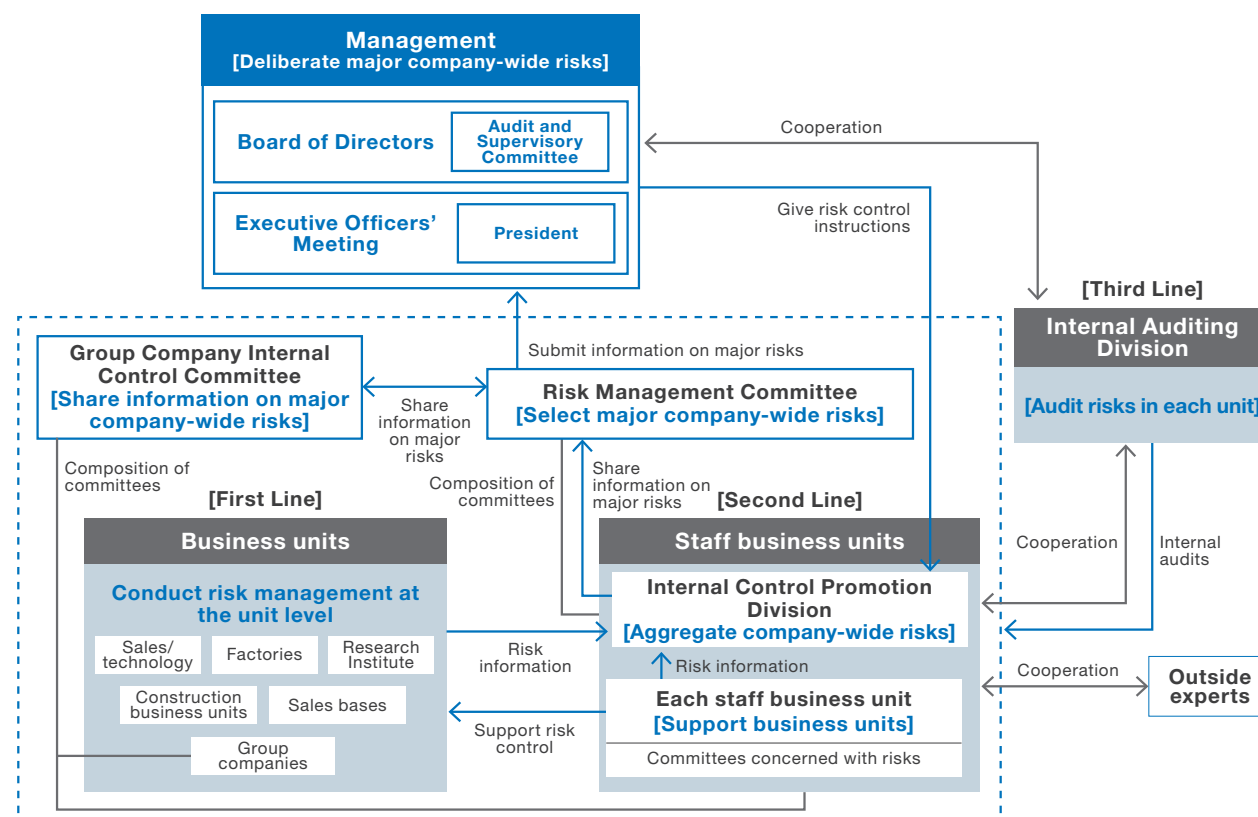
The Meiden Group has created an ERM (Enterprise Risk Management) system designed to identify all types of major business risks to the Group as a whole so that management can discuss them and control them in an integrated manner.

In addition to everyday risk management, we also have an organization-wide BCM (Business Continuity Management) system for managing and responding to business continuity risks caused by accidents or disasters. Through this, we aim to be able to respond to constantly changing risks during both regular operation and emergencies.

Risk Management Structure

The Meiden Group is building a risk management system using the following three-line model.

Risk Management Structure



Compliance Initiatives

Meidensha has enhanced and constructed a compliance promotion framework that is an important pillar of risk management, by integrating the Legal Affairs Division and the Enterprise Risk Management Division into the Governance Headquarters in April 2022. The Legal Affairs Division is the office responsible for the Compliance Committee, which is chaired by the member responsible for compliance, and convenes twice each year to determine compliance action plans.

Based on these action plans, the staff business units, led by the Legal Affairs Division, conduct compliance training for all Group companies on observing antitrust laws, preventing corruption and harassment, and other issues. In addition, the Compliance Committee secretariat handles matters related to compliance reporting and works to resolve any legal issues that arise. These compliance-related activities are reported during regular meetings of the Compliance Committee and at meetings of the Board of Directors.

Each Japanese company in the Meiden Group has a similar compliance committee and compliance manager system to Meidensha. Moreover, we take a survey of overseas Group companies that helps us continually develop our internal control system such as promoting understanding of on-the-ground conditions of compliance systems at each company.

Operations of the Risk Management Committee

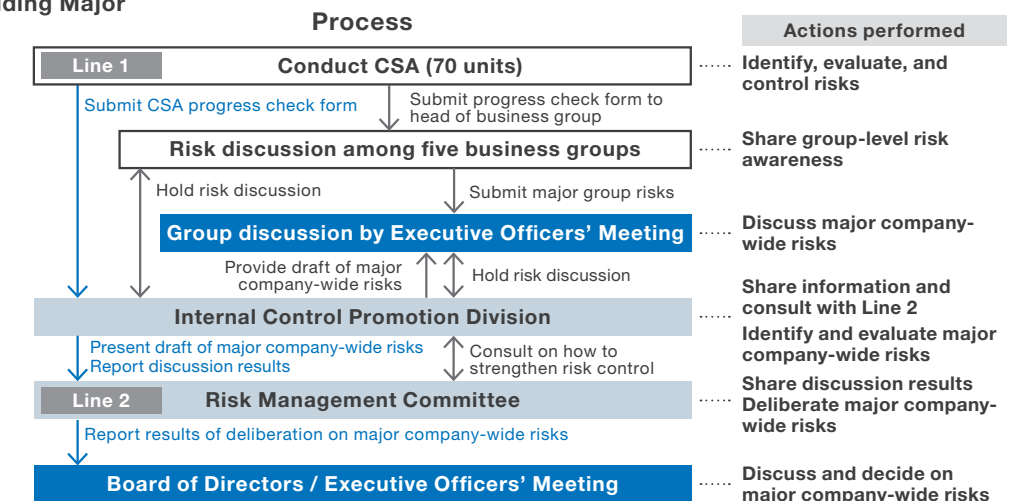
The Risk Management Committee is chaired by the Director & Senior Managing Executive Officer and consists of the heads of Headquarters staff business units. Twice a year, it deliberates on the important business risks of the Meiden Group as identified by the Internal Control Promotion Division, then selects major company-wide risks. The committee determines which units have jurisdiction over each risk and discusses policies for dealing with the risks. Management holds discussions on the business risks previously discussed by the Risk Management Committee and

further debates them in meetings of the Executive Officers' Meeting and Board of Directors to determine the important business risks of the Meiden Group and policies for dealing with them.

The Risk Management Committee is clearly independent from the Audit and Supervisory Committee.

The Risk Management Committee and the Group Company Internal Control Committee are chaired by the Meidensha Director & Senior Managing Executive Officer, who is in charge of all administrative divisions.

Process through Deciding Major Company-Wide Risks (Example from FY2022)



Major Risks Facing the Group

The Meiden Group stipulates major business risks to the entire Meiden Group, including in relation to ESG, through regular discussion among managers according to systems such as those listed above. As a result of

the above discussion among managers, risks that could have a serious impact on the decisions of investors are as follows (as of March 31, 2023).

Ranking	Risk	Risk assessment					Comparison with previous year's assessment
		Impact	Likelihood	Speed of materialization	Effectiveness of response	Likelihood of harm to brand	
1	Environmental regulations/climate change	Large	High	Normal	Effective	High	➡
2	Inadequate procurement management	Large	High	Somewhat fast	Normal	Somewhat high	➡
3	Insufficient internal information management	Large	Medium	Extremely fast	Effective	High	↗
4	Geopolitical risks	Large	Medium	Extremely fast	Normal	Somewhat high	↗
5	Inadequate labor management	Large	Medium	Normal	Normal	High	↘
6	Occurrence of industrial accident	Large	Medium	Extremely fast	Somewhat effective	Somewhat high	↘
7	Reduced quality	Large	High	Fast	Somewhat effective	Normal	↘
8	Inadequate cyber measures	Large	Medium	Extremely fast	Effective	Somewhat high	↗
9	Human rights violations	Large	Medium	Normal	Normal	Somewhat high	↗
10	Insufficient personnel	Large	High	Somewhat slow	Somewhat effective	Normal	➡
11	Occurrence of a natural disaster	Large	Medium	Extremely fast	Effective	Normal	↘
12	Disguising quality or iniquitous inspection	Large	Low	Fast	Somewhat effective	High	↘
13	Breach of Construction Business Act	Large	Low	Fast	Somewhat effective	High	↗
14	Insufficient awareness or responsiveness to changes in market conditions	Large	High	Normal	Effective	Normal	↘
15	Breach of Antimonopoly Act or bribery	Large	Low	Extremely fast	Effective	High	↘
16	Losses due to fluctuations in exchange rates, interest rates, stock prices, and land prices	Medium	High	Somewhat fast	Somewhat effective	Normal	↗
17	Incomplete control of overseas subsidiaries	Large	Low	Extremely fast	Somewhat effective	Somewhat high	➡
18	Insufficient or poor internal communication	Medium	High	Somewhat slow	Somewhat effective	Normal	↗
19	Incomplete control of Japanese subsidiaries	Large	Low	Normal	Somewhat effective	Somewhat high	➡
20	Reduced ability to cater to customers	Large	Low	Extremely fast	Normal	Normal	↘

Note: Risk assessment is an independent analysis of the various risks faced by the Group rather than a general risk assessment.

Basic BCP (Business Continuity Plan) Policy

The Meiden Group Basic BCP Policy stipulates the Meiden Group’s basic policy on business continuity, business continuity targets, and response in the event of a disaster, etc., and is applied at each business unit and subsidiary.

- 1

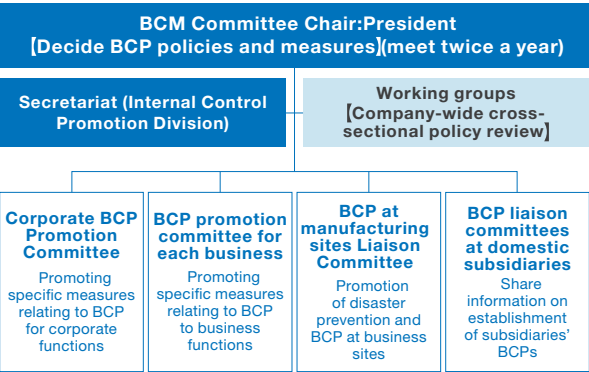
In the event of a disaster, it is our utmost priority to ensure the safety of all employees, their family members, and customers.
- 2

We contribute to swift reconstruction and recovery from disasters, considering our corporate social responsibility as a company that supports social infrastructure.
- 3

Limit impact on customers and Meidensha’s businesses as much as possible.

BCM (Business Continuity Management) Promotion System

Under the BCM Committee, which determines the Meiden Group’s BCP policy and measures, the Meiden Group established the Corporate BCP Promotion Committee, BCP promotion committees for each business, BCP liaison committees at domestic subsidiaries, and the working group to discuss company-wide issues and promotes BCP throughout the Group.



Medium-term Management Plan 2024 Initiatives

We will promote the Medium-term Management Plan 2024, paying particular attention to the following items relating to disaster-prevention and BCP.

■ Ongoing BCP initiatives

- Moving from an earthquake-based BCP to an “all-hazard” BCP that applies to a range of risks
- Establishing a BCP and creating systems to maintain, evaluate, and confirm its effectiveness
- Continuing education and training, and ensuring that each employee is involved with BCP initiatives
- Extending the BCP to overseas subsidiaries, and creating a BCP with a global perspective

■ Improving corporate and organizational resilience

- Encouraging independent promotion of BCPs by business units, and work to improve Disaster responsiveness by company organization
- Considering alternative production sites for important operations

■ Contributing to society and communities

- Contributing to disaster-resilient community development by supplying Meidensha’s BCP products and corporate BCP initiatives to communities and society

BCM Activities

Start of Works BCP Liaison Committee

To improve disaster prevention and BCP at each production site (works), we launched the Works BCP Liaison Committee in November 2022. In the event of a disaster, works must set up an area disaster response headquarters to deal with a wide range of issues such as responding to personnel in the area, gathering information from their factories and other units and subsidiaries, and managing stockpiles. However, each works had established its own methods of responding and there was no interaction with others. The new liaison committee organizes disaster prevention and BCP-related issues at each works and discusses solutions to each one. This has enhanced disaster prevention and BCP systems at each works. This effort continues in FY2023 to strengthen the disaster response capabilities of each works.

Disaster Response Drill at Numazu Works

In March 2023, we brought a mobile power supply vehicle to Numazu Works to prepare for power outages at the site. In conjunction with the introduction of the vehicle, we conducted a drill to verify the process of requesting the vehicle and dispatching it to the site in the event of a power outage, as well as the work to be performed at the site. For the drill, we did in fact cut power to a portion of the plant. Participants restored electricity by connecting to the mobile power supply vehicle. This allowed us to confirm how the work would actually be performed. On the day of the event, an outside company provided drone footage of the drill. We have also discussed the usefulness of drones in times of disaster.

The Meiden Group will improve on issues identified during the drill to help create better BCP measures.



A scene at the drill

Establishing BCPs at Overseas Subsidiaries

Meiden Group subsidiaries outside Japan have also begun establishing BCPs. Japanese and local staff work together to design the optimal BCP for each company. This effort is starting with the ASEAN region, India, and China. Subsidiaries in these regions aim to complete their BCP manuals by the end of FY2023. We are committed to advancing this initiative to ensure business continuity for the entire Meiden Group, including overseas subsidiaries.

Employee Education on Disaster Prevention and BCP

Disaster prevention and BCP training is included in the curriculum of personnel education for each level of employment and is provided continually. In FY2022, we gave training for new employees and mid-career hires. We have also visited regional offices in Japan to conduct extensive awareness-raising initiatives, including disaster prevention and BCP training for local employees and training for BCP staff of Group companies.

In addition, we created a training video to further spread the word about our disaster prevention and BCP efforts. The video will be released in FY2023 and we will work to ensure that all Group employees view it.



A BCP education video for employees

Strengthening Information Security Management

The Meiden Group understands that ensuring the security of the information we handle is a most critical issue. We therefore protect information assets from disasters, accidents, criminal acts, errors, and other threats. We also maintain and enhance information management to prevent leaks, tampering, theft, or loss.

Analysis of Incidents and Countermeasures for Each Cause

The Meiden Group is working to implement sustainable security measures in the areas of “prediction,” “defense,” “detection,” and “response.”

We analyze and implement both hardware and software measures to protect data from unauthorized logins, etc., and virus infections from suspicious emails, such as targeted email attacks, as well as measures mainly aim at combatting human factors such as theft, loss, or mishandling of information devices. We introduced the Security Operation Center (SOC) in FY 2017, established a detection system that operates 24 hours per day, 365 days per year, and in FY 2019,

we installed next-generation antivirus software on all computers, in order to enhance detection.

We established the Meiden Computer Security Incident Response Team (CSIRT) and joined the Nippon CSIRT Association in order to enhance response. In addition, we have begun strengthening information security measures for customers of our products and services so they can better respond to cyberattacks, which have become increasingly sophisticated in recent years. We are also establishing internal systems to speed up incident response.

Enhancement of Supply Chain Information Security

Since FY2017, we have continuously conducted activities to enhance our suppliers’ information security. We ensure that suppliers are aware of information security measures as management issues, and we hold training and information sessions as required.

We continue to support our business partners’ efforts to strengthen information security. We do so through four measures designed to prevent information security incidents: awareness raising, education, visitations, and information sharing.

Awareness raising

We have strengthened and encouraged our business partners’ voluntary enhancements of information security by utilizing the SECURITY ACTION program of the Information-technology Promotion Agency, Japan (from FY2021). We also recommend that our business partners acquire stars (logos) representing their level of efforts to address information security to make evaluation more visible.

Education

We provide group training at each works and share information on information security measures and risk case studies at production plan briefing sessions.

Visitations

We perform on-site diagnosis of information security risks during visits to business partners.

Information sharing

We publish an information security newsletter and provide educational content on the online Supplier Portal.



Related SDGs



Valde Creation Story

CASE 3

Greater Livability with the Opening of Haga Utsunomiya LRT

Opened August 2023

Utsunomiya City, Tochigi Prefecture, aims to build stronger transportation infrastructure in order to create a city where all generations can live with peace of mind. This is the story of those who toiled in the background to bring the Haga Utsunomiya Light Rail Transit (LRT) system to fruition, creating Japan's first new streetcar line in 75 years.

For Convenient, Vibrant Communities Through a Next-Generation Streetcar System

In the city of Utsunomiya, people are highly dependent on automobiles as a means of transportation. Here, it had become evident that morning and evening traffic congestion and mobility restrictions for elderly people who are unable to drive had emerged as problems for community development.

Under these circumstances, it was decided that the city would introduce a next-generation streetcar system, light rail transit (LRT) that would provide a new means of transportation for Utsunomiya's residents. This new system was intended to help cultivate a more convenient, vibrant community with a public transportation focus, under the slogan "Utsunomiya: City of the Future." This LRT system offers not only punctual, accessible transportation, but also partners with bus routes and other public transit to help the city's denizens get around easier without having to rely on automobiles. It is also expected to generate a wide range of benefits for society as a whole, such as promoting the independent lives and health of the elderly, and encouraging community services and business activities.



The Meiden Group's Impact on Society

The Haga Utsunomiya LRT is expected to serve about 16,000 passengers per weekday. In addition to greater convenience and comfort for individuals, the transit service brings a wide range of benefits to local communities, such as easing traffic congestion and encouraging seniors to go out more actively.

16,000

Haga Utsunomiya LRT passengers per weekday

*Photographs published with permission from the respective rights holders

Helping Customers Inexperienced with New Route Construction to Overcome Various Challenges

In this project, Meidensha delivered traction substation equipment to three substations, as well as a power management system that monitors all four substations.

Mr. Ishii "From the planning stages, we have been engaged with a strong desire to help community development in Utsunomiya City, achieved by bringing our Meidensha products to bear in building a new line."

He recalls the utmost care that was provided in coordinating processes with various contracts due to the Haga Utsunomiya LRT being a new line construction project. In his words, challenges were overcome thanks to close collaboration with all internal stakeholder units. As the customer had never experienced a new streetcar construction project, Meidensha made efforts to ensure that it brought to bear its ample experience and technical capabilities from decades of electric rail work. Thanks to the concerted efforts of all involved in the construction work, the new line successfully entered service on August 26, 2023.

Yuuki Ishii
Senior Manager,
Facilities Group,
LRT Management Division,
Construction Department,
Utsunomiya City



Akihiko Mori
Sales Section 1,
Railway System Business
Sales Division, Social &
Railway System Sales and Engineering Group,
Meidensha Corporation



My Challenge

To treasure an attitude of constantly learning new things, to support the operation of the new LRT, and to contribute to the creation of a vibrant community

My Challenge

To value customer-oriented thinking, and to contribute to enriched lives for people through support of infrastructure

New Transportation Infrastructure Brings Utsunomiya Joy and a Polished Luster

Utsunomiya City, the largest economic zone in the northern Kanto region, has an agglomeration of various urban functions within its borders. While it enjoys easy access to Tokyo, it simultaneously is abundant in rich and beautiful nature. The newly opened LRT service will bring even more luster to the city by creating new value for children and the elderly, providing easy access to where and when they want to go with less transportation hassle.

Mr. Ishii "The Haga Utsunomiya LRT was an entirely new line construction project. Not only that, but this was the first time in my engineering career that I handled direct current electricity, so there were a lot of things I did not understand. Still, I and the Meidensha team worked diligently to get the job done, and I believe that both sides grew as a result. For me, the line's new opening is not the goal, but a fresh start. Looking ahead, I will put my best efforts into maintenance and management, hoping to make this a transportation system that makes everyone happy."

Mr. Mori "I am proud to have been involved in this project. I will never forget the words of gratitude from the client when we cleared the final inspection, a rewarding moment for the efforts of all those working on the project. The new cars on this line boast advanced and barrier-free design, and I hope that as many people as possible can enjoy what we have built."

By utilizing its knowledge not only in the field of railways, but also in energy as well as disaster preparedness and mitigation, Meidensha will continue to contribute to community development that solves regional social issues.



Value Creation Story

CASE 4

Safeguarding Water: O&M* for Local Revitalization by Sado Meiden

One hour from Niigata City by high-speed ferry is the richly historic and abundantly natural tourist destination of Sado Island, the site of a famous gold mine and home of the graceful toki ibis. This is the story of the people who protect the island's water infrastructure and support safety and peace of mind for those who live there.

*O&M: Operation and Maintenance

Related SDGs



Takuro Kitami
Sales Department, Sado Meiden
Service Corporation

**My Challenge**

To protect water safety, quality, and peace of mind, whether in water supply or sewage. To do the job no one else can, so that Sado Meiden is synonymous with water

Hiroyuki Morikawa
Manager, Water Supply and Sewerage
Division, Sado City

**My Challenge**

To make every effort possible to achieve and maintain the stable provision of water and sewage services, which are an important part of social infrastructure that we must provide to our residents

Kasumi Okura
Operations Department, Sado Meiden
Service Corporation

**My Challenge**

To sincerely and attentively respond to customer needs and to always remain professional in counter services, the face of Sado City

Safeguarding Clean Water Through Proper Maintenance and Management

Sado Meiden Service Corporation was established in November 2017 and is engaged in a variety of businesses, with a core focus on O&M covering 44 water and sewage facilities of various sizes on Sado Island. The first contact between Sado Island's water infrastructure facilities and contracted services by the Meiden Group (including our prior incarnations) dates back to 1995. The business, which began with the maintenance and management of sewage treatment facilities, has expanded to include the operation and maintenance of water supply facilities. In recent years, we have also been entrusted

with meter-reading services, water leakage investigations, and counter services at city hall buildings.

Almost all of Sado Meiden's employees originally hail from the island, whose population is on the decline. Amid this decline, our strong desire is to provide employment to contribute to the local community and consistently be a company supporting local development. In our recruitment, we not only target mid-career professionals but also new graduates from local high schools. Many of our customers are also locals, and the vertical, horizontal,

and diagonal connections among people can be a driving force to create great power in times of emergency, such as natural disasters.

Kitami "Where we are most attentive is the water supply, since water is something people consume on a daily basis. Furthermore, since treated sewage is discharged into waterways, we also pay close attention to water quality."

In the background of water supply and circulation, an area we are rarely aware of in our daily lives, we can see a team that takes pride in diligent water work and protecting people's lives.

Aiding Sado City in Becoming an SDGs Future City

Mr. Morikawa "Even before Sado City formulated its SDGs Future City Plan, there was the long history of efforts to revive Sado Island's characteristic toki ibis and agricultural efforts toward that end, showing that Sado City had already planted the seeds for community building even before the world came to know the term 'SDGs.'"

In the field of water supply and sewage, part of Sado Meiden's business areas, linkages have been made to Goals 6, 9, and 11 of the 17 SDGs, which Sado City is actively promoting throughout the island. The city places particular emphasis on Goal 11: Sustainable Cities and Communities.

In December 2022, the area was hit by heavy snowfall that resulted in several days of power outages. Although such emergencies involve

particular difficulties for islands due to having no connection to other land, the people of Sado are strongly aware of horizontal cooperation and take action in situations like these by combining their efforts. During this particular emergency, we tackled the issue by working to restore water treatment facilities in partnership with construction and social welfare units.

Kitami "We couldn't let the sewage overflow, so we loaded an emergency generator on a truck and managed to use it to pump the sewage out of the pumping station. As we were working in the middle of the night, the power company was nearby doing everything they could to restore electricity."

Though natural disaster damage cannot be completely mitigated, the accumulation of expertise to overcome such disasters when they do occur is also an asset

to the community. Because Sado is a remote island, the importance of combining efforts is deeply ingrained in the common understanding of the people there.



The Meiden Group's

Impact on Society

To deliver safe drinking water to more than 22,000 households throughout Sado City and to support the water cycle through proper treatment of sewage, Sado Meiden Service employees are entrusted by Sado City with water treatment facility management.

More than

22,000 households
in Sado City use the water supply system

Future Vision for Sado Meiden Service

We asked Sado Meiden Service Corporation's customers about their opinion of the locally rooted company as it seeks further evolution.

Mr. Morikawa "Sado Meiden has demonstrated solid technical capabilities to provide safe and secure water, toilets, and other infrastructure, whether in times of disaster or normal times. In their counter operations, they act as the face of Sado City as they answer each phone call from local residents, and they have been very courteous in their customer support here."

The gradual expansion of our work on Sado Island is owed to this trust we have built up

with our customers. The history of our desire to contribute to our customers and the local community in any way we can in the field related to water has shaped Sado Meiden Service as it exists today. In order to realize the basic philosophy of Sado City's waterworks, which is to provide safe and strong water supply connecting the city to the future, we will strive for efficient and appropriate maintenance, operation, and management of facilities while working closely with the local community, and aim to propose new value-added solutions that address the issues of society and our customers. In 2022, Sado City certified Sado Meiden Service as a Sado SDGs Partner. In addition to

contributing to a livable and rich natural environment through our business, our intent going forward is to contribute to Sado's resilience as a remote island.

Okura "It makes me happy to work for a company born on Sado, for the benefit of Sado. I will do my best to make the island even more vibrant and full of shining smiles."

Sado Meiden Service will remain committed in its support of Sado for years and years to come.

Project Overview

Motors are the founding business of Meidensha, which has accumulated variable speed technology for optimized control in combination with inverters to suit various applications. In the 1990s, Meidensha began developing motors and inverters for EVs, pioneering the field ahead of other manufacturers. Since the start of full-scale product supply in 2009, the total number of vehicles equipped with Meidensha drive units has exceeded 1 million units. In April 2023, we completed development of the MEIDEN e-Axle, the flagship traction motor system that integrates the three elements of motor, inverter, and gear, and began moving toward full-scale market launch.

Value Creation Story

CASE 5

Related SDGs



Born in the Motor Business, Meidensha Tackles the Spread of New Mobility

This is the story of Meidensha's original founding business of motors, and how its modern-day developers, who inherited technology refined over 120 years of history, devoted all their energies to bringing new products to the market and looking ahead to future technological developments.

Takahiko Oishi

Drive Development Section 3, Development Division 1, EV Components Sales & Engineering Business Unit, Meidensha Corporation



My Challenge

To work closely with motor, inverter, and gear reducer developers and contribute to providing more comfortable rides for people with the Meiden e-Axle

Nobuhito Kamikuri

Drive Development Section 2, Development Division 1, EV Components Sales & Engineering Business Unit, Meidensha Corporation



My Challenge

To contribute to achieving diversity while valuing teamwork and increasing productivity



Product Development Focused on a Slim Form Factor

The newly developed e-Axle is in the 150-kW class, a high-volume market zone. In its development, one rigorous focus was ensuring a slim form factor. The axial layout of the inverter, motor, and gear, which is rare among competitors, reduces the height dimension and elicits benefits for automobiles, such as allowing a spacious cargo area and three rows of seats, especially when mounted for rear-wheel drive. It is the culmination of Meidensha's history and the wisdom of those who came before, passionate devotees to creating smaller products with the same output.

The Meiden Group's

Impact on Society

Vehicles equipped with Meiden-made EV drive units

1 million

Since the start of mass production and supply in 2009, the total number of vehicles equipped with EV drive units manufactured by the Meiden Group has exceeded 1 million units. In addition to reducing CO₂ emissions over the life cycle of an automobile, we deliver value to users in the form of a comfortable ride and high level of comfort.

To Provide a More Comfortable Ride

Oishi "Development involves a series of research, design, prototyping, and evaluation steps, and we will take full advantage of our unique ability to quickly evaluate e-Axle in-house."

Meidensha is engaged in the automotive testing systems business and will leverage inter-business synergies to complete the evaluation of e-Axle in the development stage by utilizing its in-house facilities and expertise.

Kamikuri "In our current development of the basic technology for the high-output e-Axle, we are rapidly studying the use of SiC power devices and innovations in cooling technology to achieve higher output. Our desire is to create products that only Meidensha can bring to the market."

With their shared goal of providing more comfortable rides, these two will devote all their efforts to development in order to evolve the automotive industry and bring joy to customers.

Value Creation Story

CASE 6

Related SDGs



Meiden Singapore's Mission to Protect Stable Electricity Supply in the Asian Hub

Although Singapore's entire land area is only slightly larger than Tokyo's 23 special wards, it is a world-class hub attracting a wide range of industries. This is the story of the people behind its stable power infrastructure, one source of its appeal and competitiveness.

Tan Oh Boon

Director, Meiden Singapore Pte. Ltd.

My Challenge

To do our very best to ensure the stability of Singapore's domestic power network, in gratitude for our customers' unwavering support of Meiden Singapore

Relentless Efforts to Safeguard World-Class High-Quality Power Infrastructure

Singapore is known as the business hub of Southeast Asia, leading the region in various fields such as finance, logistics, trade, and technology. Due to Singapore's limited land and natural resources, foreign investment is essential. Therefore, national policy is driving the establishment of strong infrastructure to pitch the country as an optimal investment environment. One element of this infrastructure is world-class power quality and stability. To achieve this, Meiden Singapore works hand in hand with power companies, tirelessly striving to provide quality products and maintenance services 24 hours a day, 365 days a year, with responsibility and pride.

Mission as the Only Singaporean Electronics Manufacturer with Local Production

Tan "Every single day of the year, my colleagues at Meiden Singapore are engaged in upgrade and maintenance work on equipment delivered to power utilities. As the only company in Singapore with not only a local service team but also local production for power equipment, we work proudly day and night with our customers to maintain a stable power supply. It is a tough job, and I would like to express my sincere gratitude to my family for understanding and supporting me. In response to growing environmental awareness, we have begun to focus on proposing new eco-friendly products. Singapore's electricity network, which expanded alongside the country's growth from the 1980s to the mid-1990s, will soon find that its facilities will gradually need upgrading. Meiden Singapore will continue to do its utmost to support the provision of a stable power supply, ensuring that Singapore remains an attractive country."

The Meiden Group's

Impact on Society

Singapore substations utilizing Meidensha products

Over 15,000

Of the substations that help to send electricity to every corner of Singapore, more than 15,000 use products from Meiden Singapore. Through the provision of high-quality products and maintenance services via skilled engineers, we support the electric power grid that underpins affluent lifestyles and industry.

Project Overview

Though Singapore gained independence from Malaysia in 1965, the Meiden Group had already been involved in building local infrastructure in the area. In 1975, Meiden Singapore was established amid an increasing number of Japanese companies entering Southeast Asia, and therefore an increasing need for local installation and maintenance services related to Meidensha products. In 1979, Meiden Singapore opened its factory, beginning local production. Since then, the company has supplied many transformers and distribution boards to the power network on the island of Singapore.



Progress of Medium-term Management Plan 2024

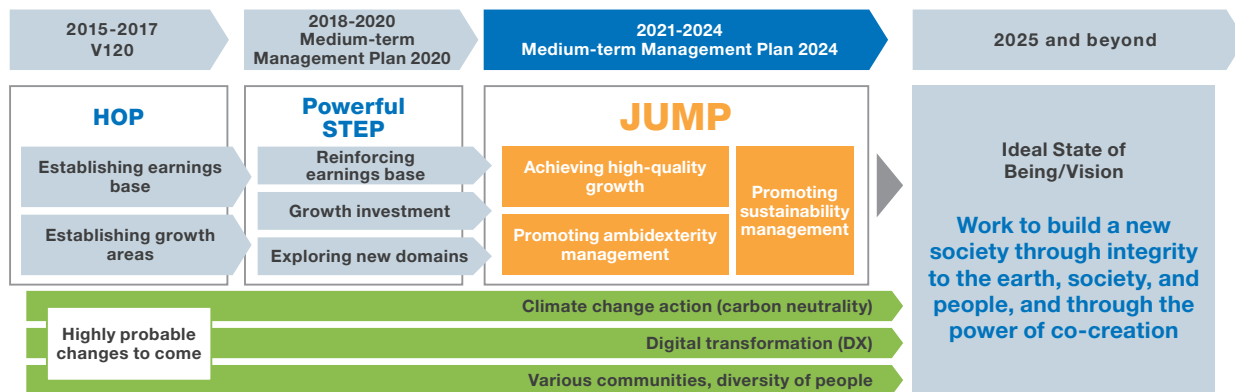
Basic Policies of Medium-term Management Plan 2024

In the V120 Medium-term Management Plan, two plans prior, the Meiden Group clarified the direction of businesses to be grown. In the following Medium-term Management Plan 2020, we were able to both steadily expand our performance and invest for growth. In the current Medium-term Management Plan 2024, what we consider our jump phase, we will generate results from the investments made under the

previous plan, further solidify our earnings base, and achieve high-quality growth.

In addition, in response to recent growing interest in the SDGs, we will evolve our management and business strategies with a focus on ESG (sustainability) and promote ambidexterity management to build a foundation for sustainable growth in FY2024 and beyond.

Generating results from initiatives to increase growth and earning power, and realizing “high-quality” growth. Corresponding to the changes of the times and promoting sustainability (ESG) -focused management to build a new society.



Basic Policy 1 Realization of High-quality Growth

Financial Targets

	FY2023 performance forecast (initial forecast)	FY2024 targets (announced May 2022)
Orders received	285billion yen	300billion yen
Net sales	290billion yen	300billion yen
Operating income	10billion yen	18billion yen

Four Focus Areas

In order to realize our aspiration to be an attractive company that proactively tackles the creation of an ideal society through our business activities, Medium-term Management Plan 2024 defines four areas of focus and the value we provide in each.

Renewable Energy

Value provided	Establishment of an environmentally friendly energy supply system
Initiative status	<ul style="list-style-type: none">Strengthening efforts to become a hydropower service provider and revising developmental business strategies in wind power generationProfitability work to minimize losses/turn profits in overseas M&A subsidiaries on track; Overseas T&D Business is expanding more rapidlyEnhanced remote monitoring and data analysis capabilities in customer centers

Sustainable Infrastructure

Value provided	Build and maintain sustainable infrastructure and improve community resilience
Initiative status	<ul style="list-style-type: none">Strengthened sales activities for Japanese water supply, sewage, and railroad infrastructure, and expanded Overseas T&D Business and Railway BusinessAccelerated smart maintenance by integrating maintenance expertise with ICT and IoT technologiesEnhanced lineup and expanded sales of environmentally friendly products, including high voltage products for GX (sales expansion project launched in FY2023)

In Medium-term Management Plan 2024, we have set forth the following three themes to realize our goals.

In FY2022, we achieved a significant year-on-year improvement in earnings thanks to our overseas businesses and implemented initiatives such as the launch of a new EV production line. In FY2023, we will continue to focus on improving the profitability of our social infrastructure-related businesses, which struggled in the previous fiscal year, while working to increase the profitability of our overseas and growth businesses. Furthermore, we will accelerate our efforts to achieve our FY2024 targets.

1.Rapid progress of growth businesses

Improving sales and profitability of future core businesses such as EV and renewable energy-related businesses

2.Enhancement of competitiveness of earnings-based businesses

Building greater competitiveness in infrastructure businesses through measures such as providing value through solution design

3.Increasing profitability of overseas businesses

Rapidly generating results from our growth investments and achieving stable growth at subsidiaries in India, Vietnam, and the U.S.

Green Mobility

Value provided	Building a next-generation mobility society
Initiative status	<ul style="list-style-type: none">The Mobility T&S Business is lagging behind its strategy despite entering new areas such as the battery testing marketImproved and evolved mass production technology at our Nagoya EV plantFocused on activities to obtain nominations for new models during the next Medium-term Management Plan period

Smart Industry

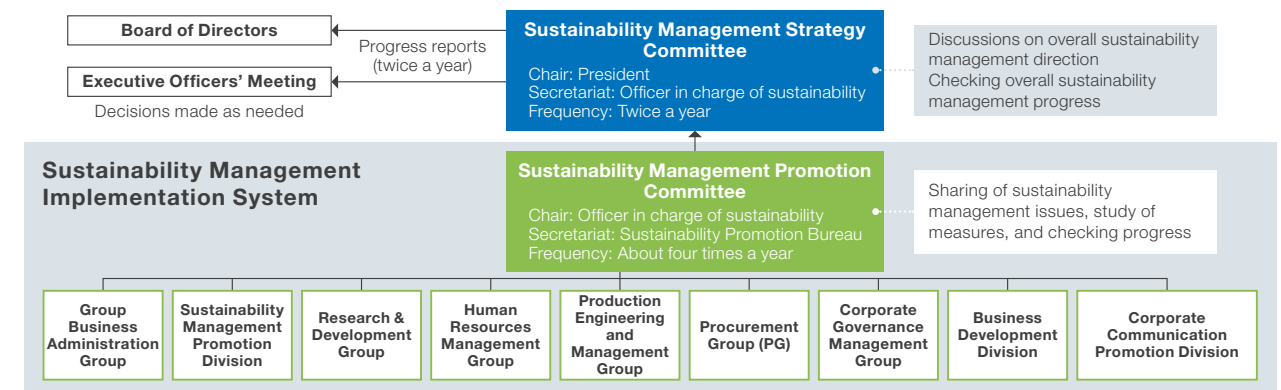
Value provided	Promoting industrial automation and digitalization
Initiative status	<ul style="list-style-type: none">Strengthened maintenance service initiatives for semiconductor manufacturing equipment (e.g., opening of Kyushu location)Progress in retaining existing customers and developing new customers for vacuum capacitors (VCs) and pulse power supplies for the semiconductor fieldLaunched study of synergies among semiconductor-related businesses (pure ozone, electronic equipment, and maintenance) within the Meiden Group

Basic Policy 2 Promoting Sustainability Management

In order to ensure business expansion in the aforementioned focus areas, we are working to become the company we have envisioned for ourselves by concentrating our

management resources in areas that contribute to providing value, such as carbon neutrality and well-being.

Sustainability Management Promotion System(2022)



Achieving Carbon Neutrality (Green Strategy)

The Meiden Group's medium- to long-term goals for the environment are presented in our Second Meiden Environmental Vision. We are engaged in a range of initiatives based on this vision, which espouses the belief that it is essential to decarbonize within the Group and expand decarbonization businesses in order to realize a carbon-neutral society by 2050.

Internal Decarbonization in Business Activities

As part of our internal decarbonization efforts, we are actively working to introduce renewable energy. In FY2022, our subsidiaries worked to go CO₂-free in their business activities. These initiatives included Kofu Meidensha switching a portion of electricity procurement in its business activities to use renewable energy, and Meiden Kohsan procuring electricity from a wind power plant operated by M WINDS, another of our subsidiaries, for a new company building.

In addition, in order to encourage investments that contribute to the environment, we have decided to raise the standard internal carbon price from 3,000 yen to 15,000 yen per ton of CO₂ emissions, effective from FY2023. The results of these and other various initiatives led to our surpassing the original plan with regard to FY2022 reduction rates for Scope 1 and 2 emissions, which we have set as KPIs.

Basic Policy 3 Promotion of Ambidexterity Management

In promoting ambidexterity management, we aim to accelerate the creation of a new society through innovation in our business activities. As part of this effort, we have advancing initiatives under the MAST Project*, launched in FY2022 and led by the officer in charge of innovation.

In this project, we are working to build a foundation for the exploration and startup of our next business pillars, including human resource development and the fostering of our corporate culture. Meanwhile, we are also internally soliciting new business ideas that do not fall under our existing businesses, supporting these ideas, and engaging in co-creation activities with other companies.

Expansion of Decarbonization Businesses

With regard to the expansion of our decarbonization businesses, we are working with our suppliers to make products greener, and simultaneously focusing on expanding sales of environmentally friendly products such as Ecotank-type circuit breakers and high voltage products for GX that eliminate greenhouse gas emissions. These initiatives are steadily yielding positive results.

In FY2022, our visualization and reduction of greenhouse gas emissions in the life cycle for Ecotank-type vacuum circuit breakers won the 2022 Climate Change Action Award from the Minister of the Environment and the 19th LCA Japan Forum Incentive Award.

Sustainability Strategy Committee Discussion Topics (FY2022)	
1st Session	Materialities for the Meiden Group Environment (water conservation)
2nd Session	Dialogue for greater penetration (My Vision, My Challenge), Meiden Mirai Meeting Human resource development (Human Resource Task Force) ESG assessment analysis

A MAST Project meeting.



* The MAST Project was named by combining the Japanese first letters of “Meidensha,” “ashita” (tomorrow), “sozo” (creation), and “thinking,” while also carrying the meaning of the word “mast” (in that it helps to harness wind and propel us forward).

Looking Beyond the Medium-term Management Plan 2024

As the world continues to normalize after the COVID-19 pandemic, we, as a corporation supporting society, must build up a new normal without being bound by old value systems. In parallel with the completion of Medium-term Management Plan 2024, Meidensha will work to restructure its business portfolio from the perspective of fulfilling obligations such as social responsibility and supply responsibility for

customers, contributing to social issues such as reducing environmental impact while incorporating factors such as profitability and growth potential. In order to ensure that our management is conducted mindful of long-, medium-, and short-term timelines, we are compiling these concepts into a long-term vision for the future, which we will present to our shareholders.

Power Infrastructures Business Group

Reflecting on FY2022

In FY2022, the Power Infrastructures Business Group was able to significantly reduce its operating loss thanks to improved profitability resulting from increased revenues. In the Power T&D Business, which mainly operates overseas, we have seen recovery in demand for power equipment for electric power company in Singapore and the German Surge Arrester Business, which had dropped due to the COVID-19 pandemic. Additionally, our U.S. manufacturing subsidiary, MEIDEN AMERICA SWITCHGEAR, INC., turned to profitability in its third year of operation, buoyed by growing demand for vacuum circuit

breakers and vacuum interrupters against a backdrop of rising environmental awareness. On the other hand, the Power & Energy Business, which is mainly based in Japan, had a difficult year in terms of both sales and profits due to delayed shipments and surging prices of components resulting from longer lead times. In terms of orders, overseas orders were driven largely by local subsidiaries in the U.S. and India, while domestic orders for large transformers were strong, far outpacing the previous high after the shift to the current segment classifications.

Originally, we planned to shut down the Hachiryu Wind Farm operated by our subsidiary M WINDS Co., Ltd. in the town of Mitane in Akita Prefecture at the end of FY2022 to replace its windmills. However, due to changes in the business environment, we have decided to postpone the reconstruction until January 2027, when the current feed-in tariff (FIT) agreement expires.



Nobuaki Tamaki

Senior Managing Executive Officer
Strategic Group Leader,
Power Infrastructures Business Group

TOPICS

Increased Production of Vacuum Interrupters Supports Stable Supply of Electricity

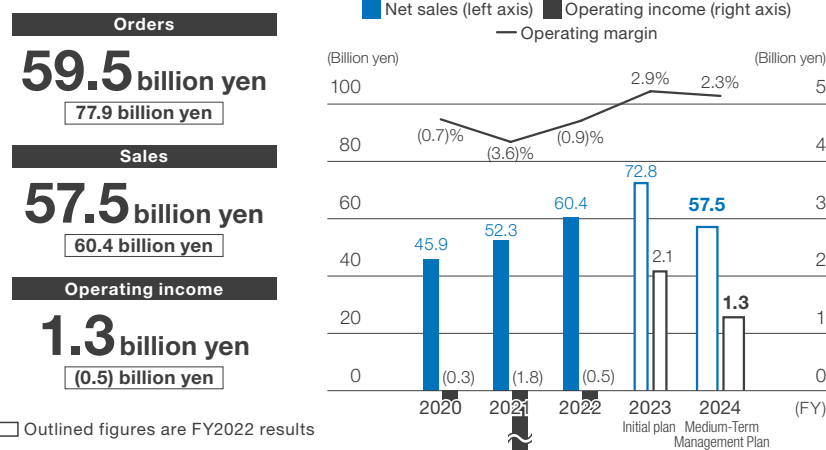
Vacuum interrupters (VIs) are the heart of switchgear, safely interrupting high-voltage currents by opening and closing electrodes in a vacuum. Meidensha began research on vacuum technology in 1965 and successfully commercialized VIs in 1970. In recent years, demand for VIs has been increasing in North America against a backdrop of new infrastructure investment legislation and stricter environmental regulations. Specifically, switchgear known as reclosers—which are equipped to cope with the larger number of power outages caused by more frequent, increasingly intense wildfires, hurricanes, and other disasters—have become indispensable for the stable supply of electricity. Accordingly, demand for small VIs to be incorporated into reclosers grew significantly. Demand for VIs is expected to continue to grow in North America in light of the large amount of aging power transmission and distribution equipment that is due for replacement, as well as the strong need to improve the reliability of power systems by promoting the use of reclosers in place of fuses. To respond to this market growth, we will begin investing to expand VI production at Numazu Works in FY2023 with the aim of swiftly expanding capacity to roughly double the current level. We will strive to further expand the Power T&D Business by leveraging expertise in the distinctive vacuum technology we have cultivated over six decades.



Business Environment (Risks and Opportunities)/Strengths

Opportunities	<ul style="list-style-type: none"> Increased demand due to improved post-pandemic economic conditions Greater need for environmentally friendly products due to stricter environmental regulations in North America Increased demand for upgrading to high-efficiency equipment due to the new revenue cap system in Japan Stronger demand for updating hydroelectric power plants, a stable source of renewable energy
Risks	<ul style="list-style-type: none"> Major changes in geopolitical risks, exchange rates, national trade policies of countries, etc. Lower capital expenditures due to changes in demand from domestic electric power companies Lingering impact of surging material prices and longer lead times for components
Strengths	<ul style="list-style-type: none"> A lineup of environmentally friendly products Cost competitiveness and supply capabilities on the strength of collaboration with overseas locations Power conversion technology that helps ensure renewable energy and power quality

FY2024 Management Targets



Development in FY2023 and Beyond

With the global rise in environmental awareness and progress in efforts to realize a decarbonized world, our Power Infrastructure Business is experiencing a tailwind toward expansion.

In the Power T&D Business, which mainly operates overseas, demand for environmentally friendly products such as vacuum circuit breakers free of the greenhouse gas SF₆ is growing rapidly in the North American market against a backdrop of stricter environmental regulations. Accordingly, we will consider boosting a portion of our production capacity to meet further increases in demand. Additionally, MEIDEN T&D (INDIA) LIMITED—a transformer manufacturing subsidiary in India that became a wholly owned subsidiary in 2021—is receiving more orders for projects involving renewable energy investment and will continue striving to expand its market share in this field.

In conjunction, the subsidiary is also targeting railroads—transportation infrastructure with low environmental impact—and ramping up efforts to win orders for large-scale projects. In this way, we will contribute to carbon neutrality through our business as we expand our presence in the Indian market. Furthermore, in the key regions of Singapore, Germany, and Vietnam, we aim to capture new markets by matching our distinctive technologies with what those societies need.

In the domestic market, we are focusing on expanding sales of environmentally friendly products as the core of our strategy, and will further strengthen our proposal activities for environmentally friendly products such as greenhouse gas-free switchgear and transformers that use naturally derived insulating oil. We will also expand our business to provide solutions to customers through digital transformations in maintenance and other efforts to add value in addition to expanding areas such as power storage

PCSs with inertial force functions that contribute to a stable supply of electricity and power quality, voltage dip compensators, and hydroelectric power generation systems (an area of strength for the Meiden Group). Concurrently, we will take steps to expand our business domains, for example by preparing for the commercialization of electricity sales through hydroelectric power generated at Eikane Power Plant in Shobara, Hiroshima Prefecture, transferred to us in FY2022.

As the percentage of renewable energy in Japan's power supply mix increases, plans call for the improvement and reinforcement of power transmission and distribution networks, and demand for transmission and distribution products should grow as we approach 2030. Under these circumstances, we will continually strive to strengthen the appeal of our products and our ability to provide solutions to ensure that market growth translates into growth for our company.

Public, Industrial & Commercial Sector Business Group

Reflecting on FY2022

In FY2022, the Public, Industrial & Commercial Sector Business Group experienced a decline in both sales and profits due to the substantial impact of component shortages and surging material prices. In the Railway Systems Business, we noted a recovery in capital investment by domestic customers—railroad operators—as social and economic activities returned to normal amid increasing control over the COVID-19 pandemic. On the other hand, earnings in the Social Infrastructure Systems Business and Water Infrastructure Business were quite disappointing due to a reactionary decline from the strong performance of the previous fiscal year, as well as delayed product shipments and local construction schedules resulting from longer lead times for components, and cost increases stemming from surging material and component prices. In terms of orders, the segment realized further growth on top of last year's substantial increase, setting a new record since the shift to the current segment classifications. Although the same reactionary decline occurred in the Water Infrastructure Business, orders were higher than in a typical year. In the Social Infrastructure Systems Business, the field of electrical equipment for broadcasting stations was strong, and the acquisition of major projects meeting private-sector demand overseas also contributed. In the Railway Systems Business, demand from domestic businesses was trending toward recovery, and we also won orders for new projects in Singapore.



Satoshi Momenya

Senior Managing Executive Officer
Strategic Group Leader,
Public, Industrial & Commercial
Sector Business Group

TOPICS

Delivering Electrical Equipment to Support the Opening of the Sotetsu-Tokyu Shin-yokohama Line, Improving the Convenience of Both Railways

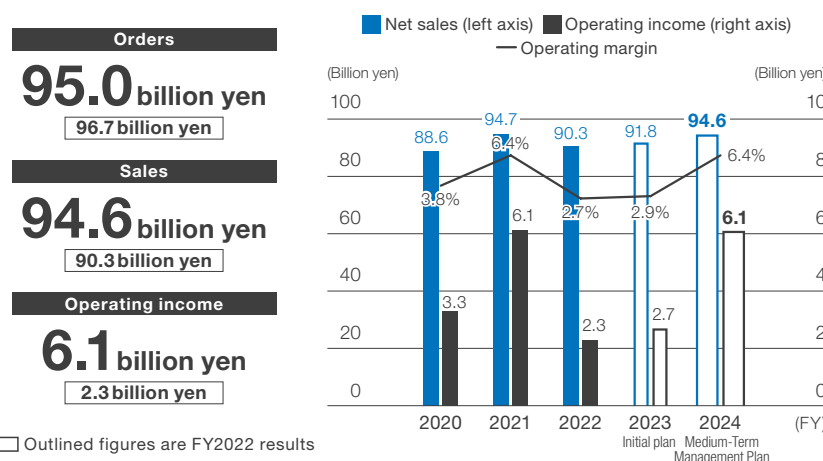
Meidensha supplied power transmission and distribution equipment to supply electricity to rolling stock on the Sotetsu-Tokyu Shin-yokohama Line, a commuter railway that opened on March 18, 2023. The new section connects Hazawa yokohama-kokudai Station (Sotetsu) to Hiyoshi Station (Tokyu) via Shin-yokohama Station, and has substantially improved transportation convenience, reducing the travel time between Sotetsu Line stations and central Tokyo by more than 10 minutes in some sections and providing transfer-free access to the Shinkansen at Shin-yokohama Station from stations on the Sotetsu and Tokyu lines. For this new section, we supplied inverters for regenerative power that contribute to energy savings by preventing lapses in regenerative braking on trains in addition to an array of environmentally friendly electrical equipment that is critical for safe, reliable railway services, including our signature 72-kV gas-insulated switchgear and transformers, environmentally friendly heat-pipe-cooled silicon rectifiers with pure-water refrigerant, and ML-type DC high-speed circuit breakers with excellent safety features. We will continue to contribute to the realization of a carbon-neutral world by applying our hard-earned, time-tested technologies and experience to build and develop highly reliable railway infrastructure and provide products and services.



Business Environment (Risks and Opportunities)/Strengths

Opportunities	<ul style="list-style-type: none"> ▶ Growing interest in energy-saving and environmentally friendly products and services ▶ Constant level of public investment in Japan ▶ Ongoing demand for urban railroads in Southeast Asia ▶ Adoption of Japanese railroad system for the high-speed railway in India ▶ Strengthening trend of widespread collaboration among local governments, public-private partnership (PPP) projects, etc.
Risks	<ul style="list-style-type: none"> ▶ Lingering impact of surging material prices and longer lead times for components ▶ Loss of opportunities to win orders because valuable engineers are occupied with projects that overrun their schedules ▶ Intensified market competition due to the growing trend of performance-based ordering
Strengths	<ul style="list-style-type: none"> ▶ Courteous, agile responsiveness based on a customer-first attitude ▶ Extensive experience in system and plant organization ▶ Life-cycle engineering capabilities (everything from product delivery to maintenance, repairs, and servicing)

FY2024 Management Targets



Development in FY2023 and Beyond

Although investment in the domestic public infrastructure market is expected to continue at a certain level for the time being, population decline and financial difficulties of local governments appear to foretell a decline in total investment and changes in ordering patterns. Meanwhile, in Asia and other overseas markets, as the population grows and economies develop, investment is expected to continue expanding in the railway and other public sectors as well as in the private sector.

Given these circumstances, in the Social Infrastructure Systems Business, we will focus on public projects, projects for broadcasting stations, and other areas where we can apply our stockpile of technologies, and use our environmentally friendly products for substations to strengthen our proposal activities for the high voltage products for GX to accommodate the growing needs of a wide range

of customers (including those in the private sector) to reduce the environmental impact of their business activities. Additionally, in the field of electrical equipment for Japanese manufacturers in the ASEAN region, we will further strengthen our proposal activities for biomass power generation and other products and projects that help customers reduce their environmental impact.

In the Railway Systems Business, in Japan, we will focus on acquiring replacement projects, as customers' capital investment plans are showing signs of recovery and returning to normal after the constraints of the pandemic. Outside Japan, although we are heading into the final stages of construction to update the East-West and North-South MRT lines in Singapore—a major project awarded in FY2017—we view the technical knowledge and project management know-how gained from the project as assets that will help us maintain and improve our project execution capabilities for more major

projects in the future.

In the Water Infrastructure Business, the deterioration in earnings due to longer lead times for components and other factors was particularly pronounced in FY2022; given the likelihood that these circumstances persist for the foreseeable future, we will take measures such as prioritizing components and strategically securing inventory. Concurrently, we must advance our organizational capacity to adapt to anticipated changes in the business environment—namely, stronger and more widespread cooperation between local governments, and concessions and other public-private partnerships. In addition to acquiring digital technology to maintain our advantages, we will improve operational efficiency and profitability by promoting digital transformations within the company with the aim of further solidifying the position of the Water Infrastructure Business as an integral part of our revenue base.

Mobility & Electrical Components Business Group

Reflecting on FY2022

In FY2022, the Mobility & Electrical Components Business Group returned to profitability, mainly due to increased sales and profit (loss reduction) in the EV and Motor Drive businesses.

In the Motor Drive Solutions Business, deliveries of our electrical components for forklifts expanded in response to growing demand for electric forklifts in North America driven by rising environmental awareness and other factors. In the Electronic Products Business, although demand was extremely strong—especially in the first half of the fiscal year—it began to waver throughout the second half, as market conditions deteriorated, and lagging factory operations caused by production adjustments and other factors limited second-half profitability compared to the first half. In the Mobility T&S Business, although challenging business conditions persisted and demand did not recover fully, earnings improved due to the effects of reviewing the business framework. As the automotive industry shifted the focus of its investments to CASE (connected, autonomous, shared, and electric), we devoted more energy to proposal activities for systems that satisfy new customer needs, for example testing systems for e-Axle and chassis dynamometers for EVs. In terms of orders, the segment set a new record since the shift to the current segment classifications thanks to increased demand as a result of the return to normal of the post-pandemic economy and extremely high demand in the semiconductor market, especially in the first half.



Masahiko Suzuki

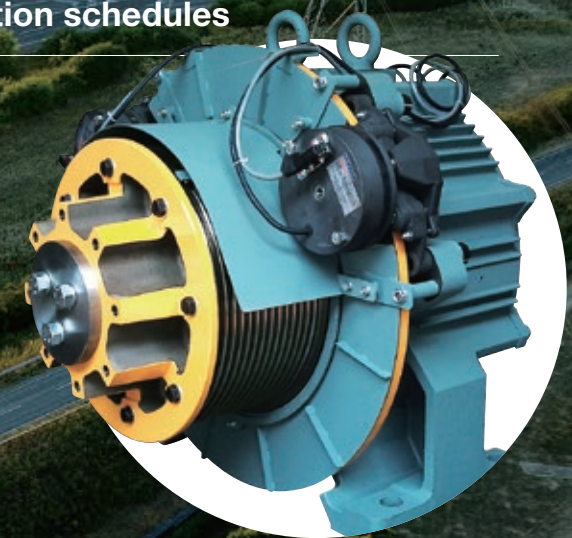
Senior Managing Executive Officer
Strategic Group Leader,
Mobility & Electrical Components
Business Group

TOPICS

Developing a compact, high-efficiency elevator traction machine to help expedite construction schedules

The Meiden Group has long supplied elevator traction machines to elevator manufacturers in Japan and overseas. People trust elevators with their lives—therefore, elevators must have the utmost quality and reliability. Our traction machines incorporate special design elements optimized for elevators, and are in service around the world as products that not only ensure safe and reliable operation, but also provide comfortable rides on the strength of our speed control technology.

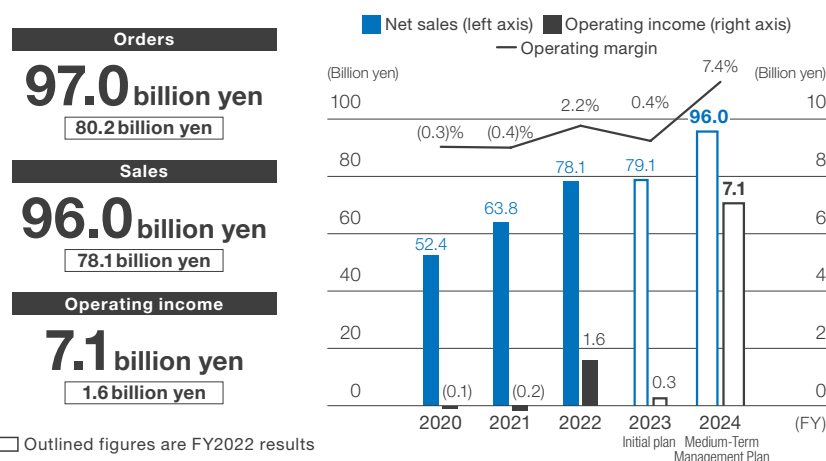
In recent years, demand has been growing for products that are not only more efficient and compact, but also easier to work with in order to expedite construction schedules. In response, we have developed a new elevator traction machine for mid- and high-rise buildings. Our new traction machine features improved energy-saving performance and compactness through higher efficiency based on the latest analytical methods, and also incorporates many creative solutions to simplify shipping in parts and reassembly to facilitate renovation work in existing buildings where delivery routes and work spaces are limited. We also eliminated the jig for transport, which was previously required for moving the motors, resulting in cost reductions and environmental contributions via reducing waste materials. We will continue to accurately ascertain changing needs and aim to develop the Motor Drive Business to contribute to resolving societal issues through technology.



Business Environment (Risks and Opportunities)/Strengths

Opportunities	▶ Progress in economic activity returning to normal after the pandemic (Overall)
	▶ Increased need for electrification and manpower-saving (Motor Drive)
	▶ Expanded demand for semiconductors in the future due to AI development, etc. (Electronic Products)
	▶ Accelerated battery and electric powertrain development for electrification (Mobility T&S)
Risks	▶ Variation in demand in response to the economy (Overall)
	▶ Material price fluctuations and intensified price competition (Motor Drive)
	▶ Temporary downturn in the semiconductor market (Electronic Products)
	▶ Shrinking market for testing systems for engines, etc. (Mobility T&S)
Strengths	▶ Accumulation of variable-speed and vacuum application technology (Overall)
	▶ Knowledge of motor control for diverse applications (Motor Drive)
	▶ Distinctive products based on proprietary production engineering (Electronic Products)
	▶ Satisfaction of customers' needs backed by extensive delivery experience (Mobility T&S)

FY2024 Management Targets



*Mobility & Electrical Components Business Group figures include those of the EV Components Business Group.

Development in FY2023 and Beyond

In addition to the global increase in the need for electrification due to the recent rise in environmental awareness and stricter regulations, some industries have a greater appetite for investing to strengthen competitiveness, especially capital investment in automation and manpower-saving, all of which creates a tailwind for our business. However, concerns abound, including ongoing supply chain challenges, a temporary slowdown in the semiconductor market, and the risk of product shipment restrictions due to heightening tension between the U.S. and China.

In the Motor Drive Business, although demand continues to cool in the injection molding equipment market due to the flagging Chinese economy and other factors, a bump is expected for electrical components of electric forklifts,

particularly in the North American market. Inquiries for automated guided vehicles (AGVs) are also expected to increase owing to a recovery in customer willingness to invest after sinking temporarily during the pandemic. In the segment overall, we will conduct targeted sales activities to properly reflect cost increases in sales prices in addition to continuing cost reduction (CR) activities and structural reforms to weather surging material prices, all in an effort to ensure better profitability.

In the Electronic Products Business, demand for our vacuum capacitors (VCs) and other products is expected to decline temporarily due to the sluggish semiconductor market, but we expect a gradual shift toward recovery around the second half of FY2023. From a long-term perspective, there is little doubt that global demand for semiconductors will recover and expand as generative AI technology becomes more advanced and ubiquitous and

as automobiles evolve, to name some expected developments. By steadily improving our internal structure and developing next-generation products to prepare for the impending onrush, we will ensure business expansion and stronger competitiveness into the future.

In the Mobility T&S Business, we have focused on advancing electric vehicles—which have changed in many ways over the past several years—and our system solutions designed for new performance development have started to show results. We have a stockpile of technology from our decades-long experience with testing systems used in automobile development. Additionally, the fact that we ourselves develop and manufacture EV drive units will help us share new value with our customers for their development environments. We are committed to exploring what our customers need as we devote energy to proposing these value-added testing systems.

EV Components Business Group

*The EV Components Business Group's performance figures are included in the results of the Mobility & Electrical Components Business Group.

Reflecting on FY2022

In FY2022, the EV Components Business Group achieved a significant increase in revenue and improved profitability thanks to the start of deliveries of units for several new light EVs and other vehicle models.

In the first half, the semiconductor shortage and the lockdown in China caused significant fluctuations in customers' production plans, making it difficult to generate earnings. However, in the second half, the number of models sold increased, allowing us to gradually stabilize load input (especially in Japan), which, coupled with improved profitability through flexible and timely production system adjustments in response to variation in demand, returned the business group to profitability.

In business development in China, Line 1 of MEIDEN HANGZHOU DRIVE TECHNOLOGY CO., LTD., which started mass-producing motors/generators in FY2021, experienced a significant downturn in operations. However, in October 2022, the company held a completion ceremony for Line 2, which was constructed on the same property, and has made steady progress in launching the production line, aiming to start mass production in the second half of FY2023. Line 2 is equipped with a production line for EV integrated motor and inverter units; given that we have received unofficial nominations for deliveries to several customers and for multiple vehicle models, the plan for the time being is to operate at a production scale of 100,000 units per year. The addition of Line 2 brings our production capacity in Japan and China to roughly 1 million EV drive units per year.



Tatsuki Mochizuki

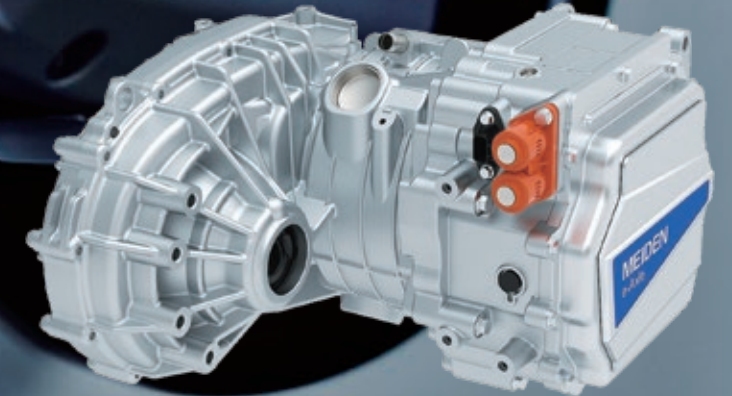
Senior Managing Executive Officer
Strategic Group Leader,
EV Components Business Group

TOPICS

Launching full-scale sales activities for the MEIDEN e-Axle

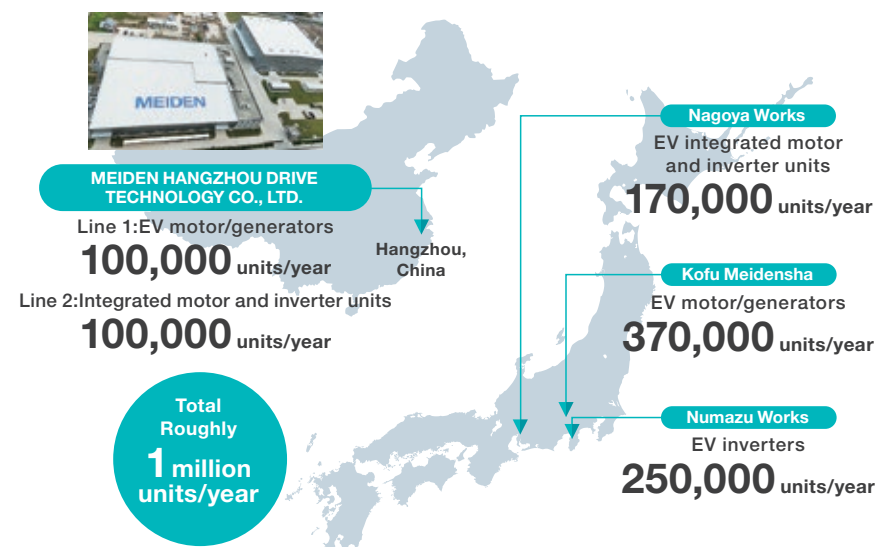
In April 2023, Meidensha began sales activities for the full-scale market launch of the MEIDEN e-Axle, a unit that integrates the motor, inverter, and gears (reduction gears) of the drive systems of electric vehicles.

In addition to achieving an industry-leading total weight reduction to 69 kg, we have improved output density and made the new motors more compact with innovative copper wiring. By reducing vehicle weight, these features reduce power consumption and vehicle battery capacity, thereby contributing to lower vehicle costs and other benefits. Furthermore, thanks to the ingenious design of the inverter, the MEIDEN e-Axle has one of the lowest profiles on record—just 280 mm—making it possible to lower the floor of the cargo space when the unit is installed on the rear wheels of a vehicle, which not only saves space, but is also compatible with cars with three rows of seats. The unit can also be installed on the front wheels without any design changes, significantly shortening the vehicle development schedule. We will focus on sales activities for this product to expand the number of compatible models as soon as possible and also enhance the output lineup and develop a mass production system to meet growing demand, all with the aim of contributing to the advent of more appealing automobiles.



Business Environment (Risks and Opportunities)/Strengths

Opportunities	<ul style="list-style-type: none"> ▶ Accelerating electrification due to rising environmental awareness and stricter regulations ▶ Changing strategies of automotive OEMs with a strong focus on electrification ▶ Resolution of supply-side issues such as semiconductor supply
Risks	<ul style="list-style-type: none"> ▶ Increased commoditization in the electric powertrain sector ▶ Intensified competition due to an increase in the number of market players ▶ Fewer opportunities to win orders due to OEMs' shift to in-house production
Strengths	<ul style="list-style-type: none"> ▶ Track record and dependable quality as a pioneer of EV components for mass production ▶ Knowledge of both motors and inverters ▶ Customized development to meet OEM specifications and pursuit of mass production effectiveness



Development in FY2023 and Beyond

With semiconductor supply concerns beginning to dissipate, automobile production is entering a recovery phase. In Europe and China, the percentage of electric vehicles among new vehicle sales is growing faster than expected. In Japan and the U.S., OEMs are expanding their lineups of EVs and EV variants one after another. In sum, the acceleration of electrification is an irreversible global trend.

The EV Components Business Group is conducting sophisticated analyses and surveys of demand to reduce waste on production lines to the extent possible by maintaining operating efficiency amid sudden load variations, an issue that materialized in FY2022. Concurrently, we will continuously pursue productivity improvements through process improvements and accelerate efforts in material procurement to enhance our earning power through manufacturing.

In Japan, the production line in Nagoya, where we manufacture integrated motor and inverter units, is expected to achieve a high operating rate against a backdrop of a wider range of models sold and the return to normal production by automakers, and production loads are expected to remain stable on the production lines in Numazu and Kofu as well. In China, we are working to maintain the framework of Line 1, which is currently not operating well, in line with production volumes and are making all possible preparations for the smooth launch of Line 2, which will go into service in the second-half of FY2023.

As for the future, we will strive to improve the profitability of the entire segment, taking into consideration load balancing and other factors without losing sight of the need to achieve overall optimization in production activities in Japan and China.

For future business expansion, we finished developing the flagship integrated motor/inverter/

gear unit, "MEIDEN e-Axle," and have launched full-scale sales activities. We channeled our stockpile of technologies into developing the product under the concept of a lightweight, compact drive unit that delivers powerful driving performance, and successfully created a product with many attractive features for automotive OEMs, including improved electric mileage and compatibility with lower cargo space floors for models with three rows of seats.

We will expedite our proposal activities for this and other products to local OEMs and Tier 1 suppliers in the Chinese market and also focus on development and proposal activities for large-capacity machines of 200 kW or more and other products with increasing needs in China. We will also strengthen our proposal activities in Japan—mainly targeting OEMs that specialize in mini EVs—by leveraging our track record with products for mini EVs, for which orders have been strong since last year.

Field Service Engineering Business Group

Reflecting on FY2022

In FY2022, the Field Service Engineering Business Group recorded a slight increase in revenue on the strength of solid demand for maintenance services, but profits decreased due to changes in the product mix and soaring material prices. As in the Power Infrastructures Business Group and the Public, Industrial & Commercial Sector Business Group, business activities were limited by longer lead times for some components, causing problems such as sales for ordered projects being delayed until the following fiscal year. In response, we proactively asked customers to expedite project orders given the greater difficulty procuring components. Under these circumstances, orders and sales have reached record highs, and despite lingering supply chain issues, the business environment appears to be stable, buoyed by strong demand.

Additionally, regarding business for the semiconductor field—an area of focus for us in recent years—sales of semiconductor manufacturing equipment by agents and field service of equipment at customers' locations have been steadily increasing, sending sales of related businesses past the ¥3 billion mark.

Furthermore, we actively engaged in proposal activities to provide new added value to our customers, for example proposing upgrades to environmentally friendly products and IoT-based smart maintenance, and developing one-stop solutions for services to bundle overall maintenance services for customers' equipment (including equipment manufactured by other companies).



Hideki Miyazawa

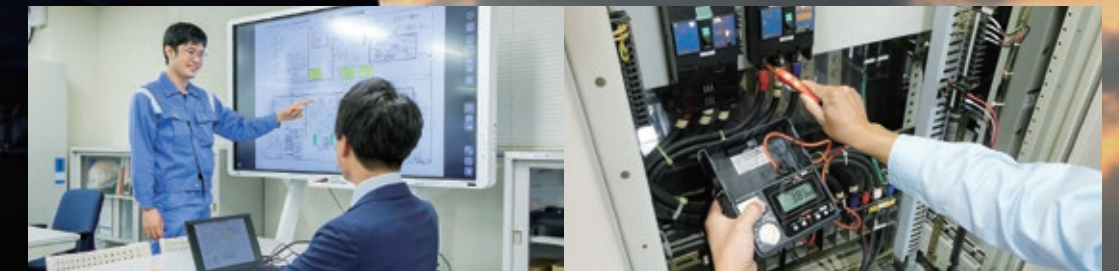
Managing Executive Officer
Strategic Group Leader,
Field Service Engineering
Business Group

TOPICS

Developing life-cycle engineering by strengthening product and engineering capabilities

Meiden Engineering has helped customers save energy and improve productivity for many years. Now that companies are increasingly interested in reducing GHG emissions in order to reduce the environmental impact of their business activities, we are devoting energy to proposing solutions focused on energy conservation and GHG reduction—namely introducing environmentally friendly products—along with actively recommending regular equipment maintenance and servicing. By focusing on providing optimal equipment installation and operation proposals while helping customers formulate decarbonization plans, we have noted a recent increase in orders for photovoltaic PCSs and mobile power supply vehicles as well as inquiries into replacing existing equipment with high-efficiency transformers. Through such aggressive promotion of proposed services that match rising environmental awareness and meet general needs, we are working to expand our business beyond the conventional framework of maintaining and servicing existing products.

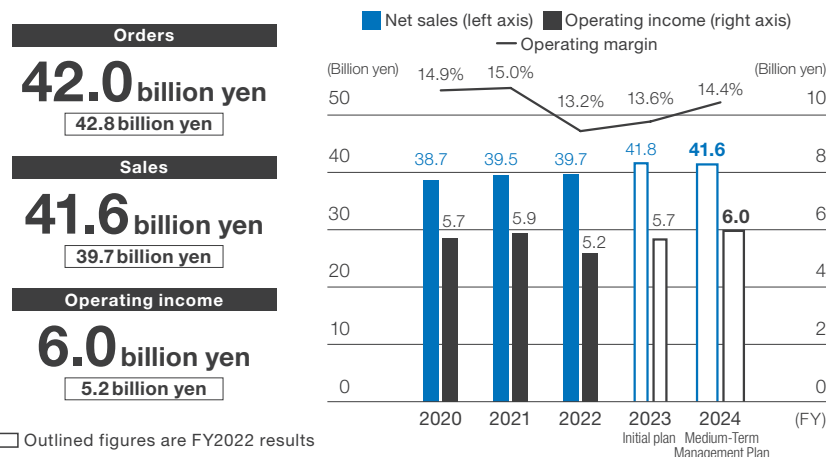
Additionally, as an approach to solving customers' problems, we already provide one-stop solutions for services—proposals to bundle overall maintenance services for customers' equipment (including equipment manufactured by other companies). We began offering the solutions in FY2014, and they now account for roughly 30% of the Field Service Engineering Business Group's sales. Meidensha and Meiden Engineering will continue to further strengthen their business collaboration to help resolve customers' issues and support optimal, safe, reliable equipment operation.



Business Environment (Risks and Opportunities)/Strengths

Opportunities	<ul style="list-style-type: none"> ▶ Sales expansion of environmentally friendly products and increased demand for maintenance services due to acceleration of carbon neutrality ▶ Promoting smart maintenance based on digital transformations ▶ Overseas expansion of semiconductor-related maintenance services ▶ Securing and maintaining power supplies by strengthening the BCP response of companies, municipal governments, and others
Risks	<ul style="list-style-type: none"> ▶ Soaring component prices and longer lead times ▶ Soaring energy-related costs ▶ Securing technical service personnel
Strengths	<ul style="list-style-type: none"> ▶ Life-cycle engineering by integrating products and maintenance services ▶ Over 120 years of maintenance stock and maintenance service data ▶ Lineup of environmentally friendly products and extensive maintenance service system ▶ Promoting CX by enhancing customer center functions

FY2024 Management Targets



Development in FY2023 and Beyond

Amid mounting pressure to streamline the care and reduce the expense of aging equipment and facilities within public infrastructure and at private-sector plants in Japan, and as the working-age population dwindles and ages, there is a growing need for inspections, repairs, and service life extension of various equipment by manufacturers' specialized maintenance teams. In light of these societal changes, orders in this field are growing steadily every year, and if the long lead times of various components—a factor hindering performance in FY2022—begin to ease and return to normal, we expect our profits to move into a stable expansion phase once again.

The Meiden Group has devoted energy to various activities, including one-stop solutions for services—a longstanding core strategy for business expansion to provide

customers with integrated solutions that solve multiple problems—and walk-throughs in which we accompany customers on their equipment inspections and make proposals from an on-the-ground perspective. Furthermore, by combining the pursuit of improved customer experience value (CX) and the added value of leveraging digital transformations to enhance our ability to provide solutions, we are working on a wide range of innovations to further increase customer satisfaction, starting with providing various services centered on maintenance and servicing. Concurrently, we are always trying to develop high-quality business activities that will result in solutions to societal issues in general by providing optimal proposals that properly combine products, systems, and services that help customers with BCP measures, decarbonization, and other efforts to reduce the environmental impact of their business activities.

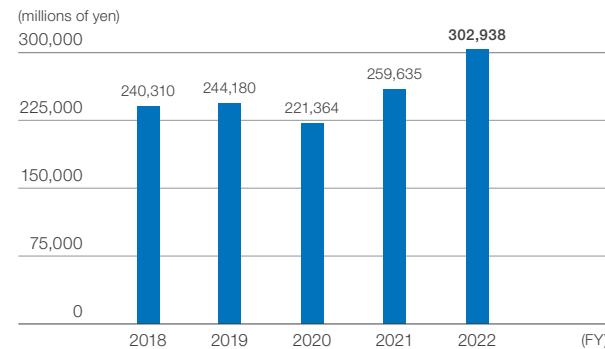
Through this work, we aim to be a trustworthy, indispensable group of technical professionals even as the world continues to change rapidly.

To achieve stable and sustainable business expansion, we will continue to expand our maintenance stock in cooperation with other business groups, look into creating synergy with Meiden Group divisions and affiliates involved in the semiconductor business, and devote energy to swiftly developing and improving the skills of technical personnel through advanced, efficient training programs at the Manabi-ya technology education center, all with the aim of further expansion in order to be a sturdy recurring revenue business that serves as a solid revenue base for the Meiden Group.

Financial / Non-Financial Highlights

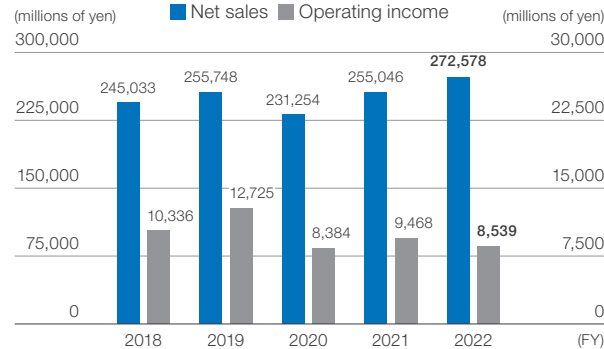
Financial indicators

Orders



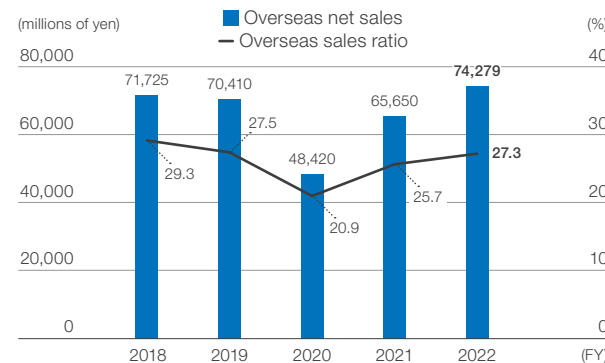
Orders increased by 16.6% from the previous fiscal year, reaching a record high. Orders in all four major segments increased from the previous fiscal year, with the Power Infrastructure segment seeing a particularly significant increase of 39.4%, driven by growth in the Overseas T&D Business.

Net sales/Operating income



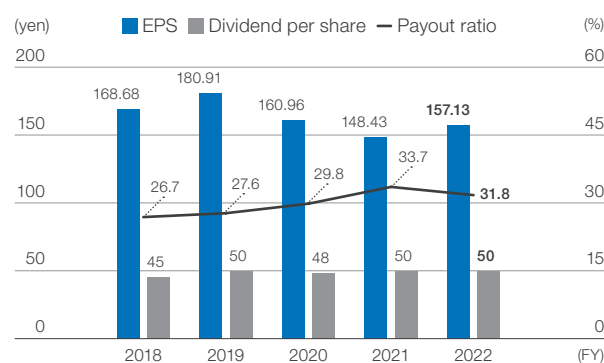
Net sales increased by 6.9% from the previous fiscal year, reaching a record high. Although the Public, Industrial & Commercial Sector segment saw a decline in sales strongly influenced by longer lead times for components, sales increased in the three other major segments. Operating income declined by 9.8% from the previous fiscal year, mainly due to the impact of surging material prices.

Overseas net sales/Overseas sales ratio



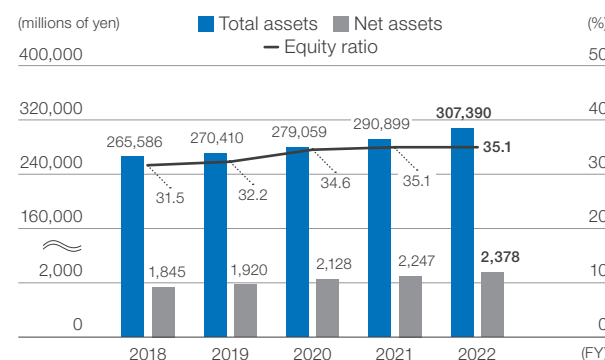
Overseas net sales increased by 13.1% from the previous fiscal year, and the overseas sales ratio of total sales was 27.3% thanks to the recovery of demand in Singapore and Germany, the full-scale operation of manufacturing subsidiaries and increasing demand for environmentally friendly products in the U.S., and the positive effects of exchange rate fluctuations.

EPS/Dividend per share/Payout ratio



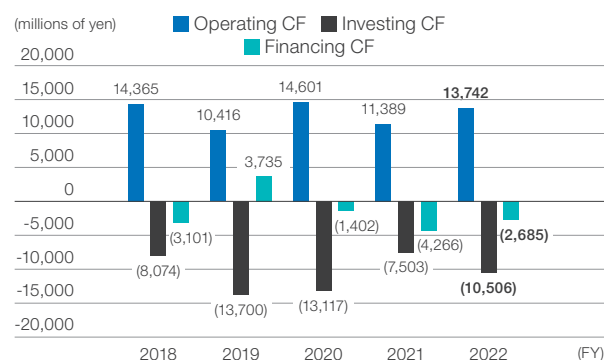
Net income per share was 157.13 yen. During the current medium-term management plan, we aim to return profits to shareholders by paying stable dividends with a target consolidated payout ratio of 30%, and have paid an annual dividend of 50 yen per share.

Total assets/Net assets/Equity ratio



Total assets increased by 5.6% from the previous fiscal year, mainly due to an increase in inventory resulting from purchases aimed at stabilizing production activities in light of greater difficulty procuring various components. The equity ratio was 35.1%, the same as the previous fiscal year.

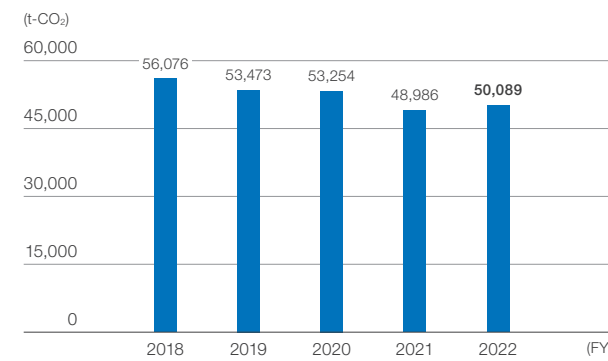
Cash flows (operating, investing, financing)



Operating CF increased from the previous fiscal year, mainly due to the steady collection of receivables. As for investment CF, expenditures increased from the previous fiscal year, mainly due to the acquisition of fixed assets for capital investment. Funds were raised primarily through borrowings and commercial paper.

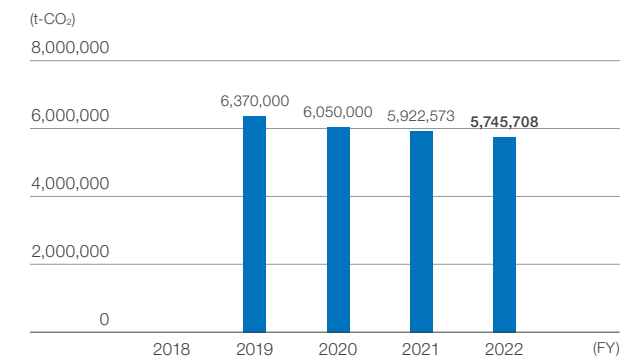
Non-financial indicators

Scope 1 & 2 emissions



Scope 1 & 2 emissions amounted to 50,089 t-CO₂, up 2.3% from the previous fiscal year. Although energy consumption rose because of increased production in the EV business, Scope 1 emissions decreased due to the expanded scope of renewable electricity. However, an SF₆ gas leak occurred in Japan (1,603 t-CO₂), resulting in an overall increase from the previous fiscal year.

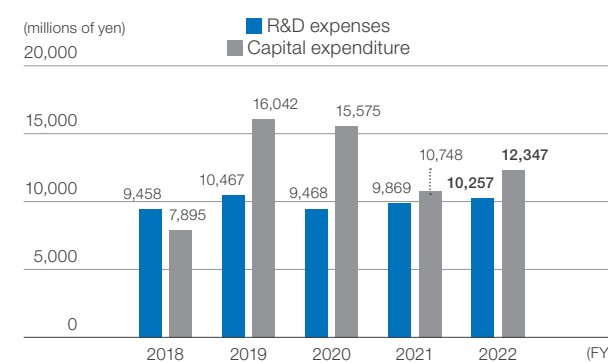
Scope 3 (Category 11) emissions



Scope 3 (Category 11) emissions were 5,745,708 t-CO₂, 10% lower than in FY2019. We were able to reduce these emissions from the previous fiscal year mainly due to an increase in the ratio of work in the railways business and field service engineering business.

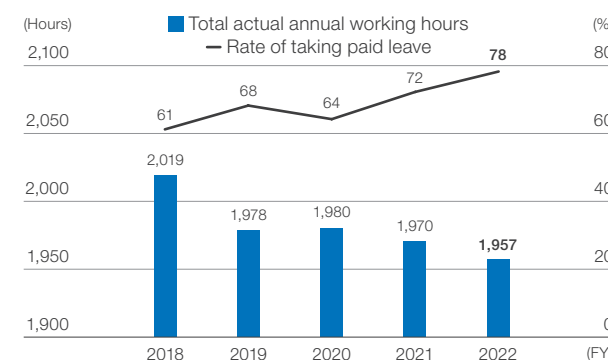
* Data calculation began in FY2019.

R&D expenses/Capital expenditure



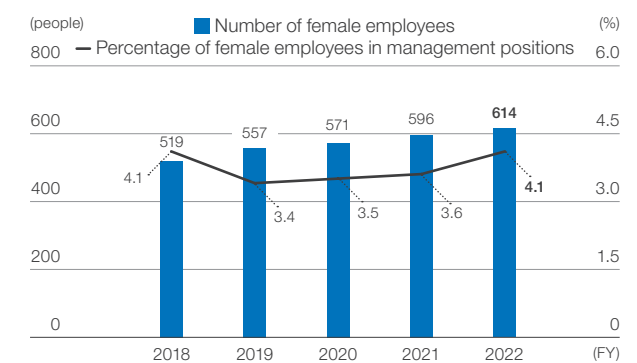
R&D expenses increased by 3.9% from the previous fiscal year. We developed vacuum technology-based products aimed at eliminating the use of high-GWP SF₆ gas and also engaged in development to expand our lineup of EV drive units. Capital expenditures increased by 14.8% from the previous fiscal year. We conducted a receiving inspection for EV production line investment in China.

Total actual annual working hours*1/ Rate of taking paid leave*1



We are implementing a Smart Work program under which we streamline operations and improve productivity with the aim of reducing overtime work and encouraging employees to use their paid leave, thereby reducing annual total working hours. We have set a target of 1,800 annual total working hours per person in FY2024.

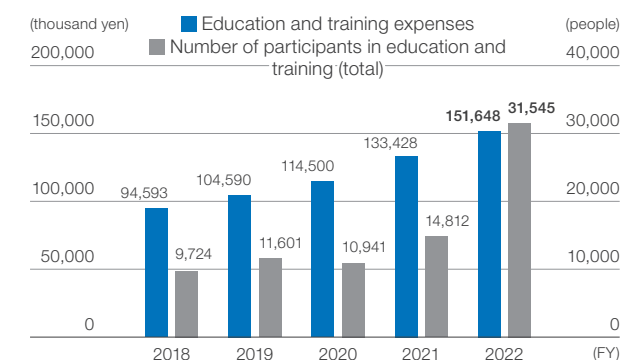
Number of female employees*1/Percentage of female employees in management positions*1



With the recognition that continuously recruiting female employees and developing female managers are important issues for the Company, we have established a companywide organization to promote diversity, equity, and inclusion (DEI) and are implementing various measures. We have set a goal to increase the percentage of female employees in management positions to 12% by FY2030.

*The percentage of female employees in management positions is calculated by dividing the number of female managers by the total number of managers.

Education and training expenses*2/Number of participants in education and training*2



We provide various training programs to promote employee growth in skill development, career development, and other areas. In addition to in-person and hybrid online programs, we have incorporated video streaming and otherwise established an environment where employees can choose when and where they learn in order to encourage greater participation and develop people capable of learning on their own.

Outline of the Meiden Group

Corporate Data (as of March 31, 2023)

Corporate Name	MEIDENSHA CORPORATION	Capital	¥17,070 million
Established	June 1, 1917 (Since December 22, 1897)	Consolidated Sales	272,578 million yen
Representative	Director & President & Executive Officer Akio Inoue*	Consolidated Number of Employees	9,816
Head Office	ThinkPark Tower, 2-1-1, Osaki, Shinagawa-ku, Tokyo, 141-6029 Japan	Consolidated Subsidiaries	40 (21 in Japan, 19 overseas)

*Representatives were changed after the 159th Annual General Meeting of Shareholders on June 28, 2023.

Main Subsidiary Companies (as of March 31, 2023)

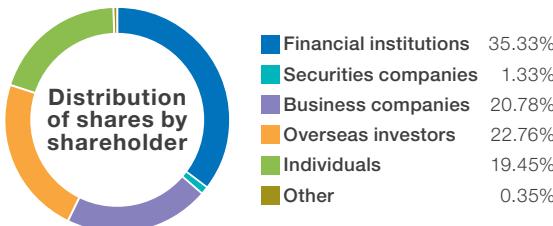
Country/ Region	Company Name	Business Entity
Japan	M WINDS CO., LTD.	Development, design, manufacture, testing, and consulting for wind power generation systems
	M WINDS HACHIRYU CO., LTD.	Wind power generation business
	NOTO COMMUNITY WIND POWER CO., LTD.	Wind power generation business
	EAML Engineering CO.,LTD.	Design, manufacture, sale, and repair of hydroelectric generators and peripherals, hydroelectric generation business
	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
	MEIDEN FACILITY SERVICE CORPORATION	Upkeep, operation, maintenance, etc., of facilities etc.
	SADO MEIDEN SERVICE CORPORATION	Upkeep, operation, maintenance, etc., of facilities etc. in Sado region
	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
	MEIDEN SYSTEM MANUFACTURING CORPORATION	Manufacture and sale of switchboards, control panels, and their components
	MEIDEN PLANT SYSTEMS CORPORATION	Design and contracting for electricity and building construction, and manufacture, repair, refurbishment of electrical equipment, etc.
	MEIDEN KIDEN KOGYO CO., LTD.	Repair and overhaul of eddy current dynamometers, mechatronic equipment, motors, generators, and dynamometers, and high-precision machining
	KOFU MEIDENSHA ELECTRIC MFG. CO.,LTD.	Manufacture and sale of PM motors, elevator motors, industrial vehicle motors, brushless motors, and induction motors
	MEIDEN ENGINEERING CORPORATION	Manufacture, sale, installation, and wiring of electrical equipment, machinery, tools, and devices, maintenance and inspection services, refurbishment, and repair
	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 CHEMICAL CO., LTD.	Manufacture of electrical equipment mold products, and insulating varnish, 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 KOHSAN CO., LTD.	Sale of goods and materials, insurance agency, and real estate business
	MEIDEN MASTER PARTNERS CORPORATION	Worker dispatch business
	MEIDEN UNIVERSAL SERVICE LTD.*1*2	Cleaning, security for buildings, structures, and incidental facilities, and greening and maintenance of land
	MEIDEN SYSTEM SOLUTION CORPORATION	Software development, design, production, sale, and rental, and maintenance and management of computer systems and networks
	MEIDEN SHOJI CO., LTD.	Sale of electrical and electronic equipment products
	MEIDEN ZHENGZHOU ELECTRIC CO., LTD.	Manufacture and sale of lightning arresters for electric power and electrical railways, zinc oxide blocks for lighting arresters, and accessories for lightning 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 elevator motors and traction machines, inverters for synthetic fiber machine, and automated guided vehicles (AGV)
	SHANGHAI MEIDENSHA CHANGCHENG SWITCHGEAR CO., LTD	Manufacture and sale of medium-voltage cubicle-type gas insulated switchgear and vacuum circuit breakers Manufacture and sale of high and low voltage panels
	MEIDEN (HANGZHOU) DRIVE TECHNOLOGY CO., LTD.	Manufacture and sale of motors and inverters for EVs
Hong Kong	MEIDEN PACIFIC (CHINA) LIMITED	Sale of switchboards and engineering tasks

Country/ Region	Company Name	Business Entity
India	MEIDEN INDIA PRIVATE LIMITED*2	Import and sale of Meiden Group products, engineering tasks, construction, after-sale service
	MEIDEN T&D (INDIA) LIMITED	Manufacture and sale of transformers and peripheral businesses
Indonesia	PT. MEIDEN ENGINEERING INDONESIA	Sale and design of electrical equipment, installation, construction, and engineering tasks
Korea	MEIDEN KOREA CO., LTD.*2	Sale, installation, testing of dynamometer products, servicing and maintenance, and import and export operations
Malaysia	MEIDEN MALAYSIA SDN BHD	Electrical construction, engineering tasks, EPC business, sale of Meiden Group products and systems, and servicing & maintenance
	MEIDEN METAL ENGINEERING SDN. BHD.	Manufacture and sale of transformer housing and radiators, etc.
Singapore	MEIDEN ASIA PTE. LTD.	ASEAN regional presiding company
	MEIDEN SINGAPORE PTE. LTD.	Manufacture and sale of transformers, switchboards, and circuit breakers, assembly and sale of ceramic flatsheet membrane unit, and engineering tasks
Thailand	THAI MEIDENSHA CO., LTD.	Electrical construction, mechanical construction, engineering, EPC business, and maintenance
	MEIDEN THAI ENTERPRISE CO., LTD.	Personnel dispatch
Vietnam	VIETSTAR MEIDEN CORPORATION	Manufacture and sale of low and medium-voltage switchgear
Germany	MEIDEN EUROPE GmbH	Sale and import/export of electrical equipment
	TRIDELTA MEIDENSHA GmbH	Manufacture and sale of lightning arresters for electrical and railway, and peripherals for lightning arresters
North America	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

*1 Special subsidiaries *2 Non-consolidated subsidiaries

Share data (as of March 31, 2023)

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 159,447)
Number of shareholders	15,801



Major Shareholders

Names of Shareholders	Number of Shares Held (shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (account in trust)	5,650,500	12.45
Sumitomo Electric Industries, Ltd.	2,631,385	5.80
Sumitomo Mitsui Banking Corporation	2,241,835	4.94
Custody Bank of Japan, Ltd. (account in trust)	2,100,200	4.63
NEC Corporation	1,746,150	3.85
THE BANK OF NEW YORK MELLON 140044	1,705,490	3.76
Sumitomo Mitsui Trust Bank, Limited	1,500,000	3.31
Meidensha Employees Stock Ownership Group	1,121,571	2.47
NORTHERN TRUST CO. (AVFC) RE MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	1,106,400	2.44
Sumitomo Life Insurance Company	1,061,400	2.34

* Note: The shareholding ratio excludes treasury shares.