



RYODEN

RYODEN REPORT 2021



— A Future - Creator as Your Partner —

RYODEN REPORT 2021 Contents

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As a 100-year company,
the Ryoden Group will contribute to
the achievement of
a sustainable society
through environment, security
and safety*

Editorial Policy

The Company published the Ryoden Report 2021 because we wanted all our investors, shareholders, and other stakeholders to be able to assess and understand the feasibility of improving Ryoden's corporate value over the medium to long-term. As a business creation company that transcends the bounds of an agency or trading companies, Ryoden seeks to develop businesses that resolve customer needs and issues, and achieve a sustainable society and sustainable growth.

To enable us to convey how we intend to realize our company's true purpose in a readily comprehensible manner, we structured this report, with reference to the disclosure framework of International Integrated Reporting Council (IIRC), to serve as a brief, focused summary of "Ryoden's unique value-creation story" that illustrates the "sustainability and future vision of our strategies and business models".

Reporting Period

This report contains information on our business activities during fiscal 2020 (April 1, 2020 to March 31, 2021). Some information is also presented on prior fiscal years and the period since April 1, 2021.

Scope of the Report

The scope of this report comprises Ryoden Corporation and its Group companies. Clear indication of the scope is given in sections where the scope differs to the above.

*The ultimate goal for the Company to achieve by 2050 as laid out in our ICHIGAN 2024 Medium-term Management Plan

Ryoden's Business

Four traditional mainstay business melded with two fast-growing new fields.
We use our unique management platform to develop cutting-edge ICT business.

The Ryoden Group develops Smart Agriculture and Healthcare as businesses in new areas, in addition to its four mainstay businesses: FA Systems, Cooling & Heating Systems, Building Systems and Electronics. We have also built six management service platforms that fuse our mainstay businesses with ICT (Network Business). Toward future mobility society, we are actively advancing into cutting-edge fields such as MaaS and CASE, in addition to a broad range of solutions such as monitoring systems, global logistics management systems and energy management systems, making extensive use of technologies such as electronic tags, camera systems, sensors and ICT. We engage in a broad range of businesses across our global network of 29 operational sites in Japan and 18 operational sites overseas.

Ryoden Corporation

Main Suppliers

- Mitsubishi Electric Corporation
- Mitsubishi Electric Living Environment Systems Corporation
- Sanken Electric Co., Ltd.
- Renesas Electronics Corporation
- Micron Japan, Ltd.

Four Mainstay Businesses

FA Systems

Proposing high value-added factory automation (FA) systems to help solve problems at customers' production sites and improve quality, cost and delivery (QCD).



Mitsubishi Electric Corporation
MELFA ASSISTA collaborative robot

Cooling & Heating Systems

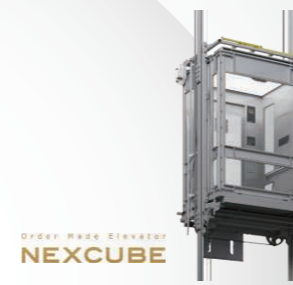
Providing total solutions for air-conditioning environments including air-conditioning for buildings, clean rooms, and energy-saving support.



Mitsubishi Electric Corporation
Packaged HVAC systems for equipment applications

Building Systems

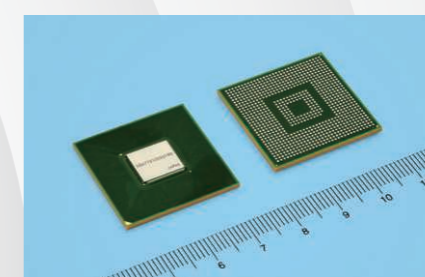
Supporting the creation of safe and comfortable building environments, worthy of the IoT age.



Mitsubishi Electric Corporation
Observatory elevator

Electronics

Offering solutions with an element of consulting such as ensuring the ideal semiconductors and devices and providing technical expertise.



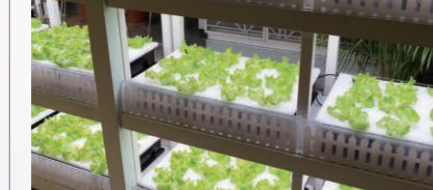
Renesas Electronics Corporation
"R-Car M2" Automotive System-on-Chip (SoC) for Car Information Systems

Main Delivery Destination Market (Industries, markets)

- Construction industry
- Electric equipment manufacturing industry
- Information and communications equipment manufacturing industry
- Information services industry
- Equipment wholesale industry
- Finance industry
- Healthcare

Businesses in Two New Areas

Smart Agriculture



Helping promote sustainable food and agriculture through the development and construction of next-generation plant factory systems with high operational efficiency

Healthcare



Providing a wide range of solutions from in-hospital image data management to operational support systems

Six Management Service Platforms

Main Permits and Licenses

- Construction License
 - Special Construction License: Plumbing work, machine and equipment installation work, electrical work
 - Ordinary Construction License: Scaffolding and earth work, telecommunications work
- Telecommunications business registration
- Selling and leasing license for specially controlled medical devices
- Medical devices repair license

Message from CEO



We contribute to our society's environment, safety, and security using high value-added solutions which propel the digital transformation (DX) era.

Nobuo Shogaki
President & CEO

Business environment and financial results for fiscal 2020

Revenue and profit decline in the wake of COVID-19, but signs of a recovery emerge in second half

In fiscal 2020, the global economy was damaged by what is said to be the worst recession since World War II as the COVID-19 pandemic raged across the globe and the movement of people and goods and economic activity were severely restricted worldwide. In Japan, a state of emergency was declared and annualized GDP plummeted to its lowest post-war level in the quarter ended June. Since then, domestic demand, represented by private consumption and capital expenditure, has remained weak as rising infections fueled feelings of uncertainty over the future outlook, and the growth differential between different industries has widened.

As for Ryoden Group business areas, while demand for next-generation 5G communication standards and data centers proved strong, capital expenditure on industry and machine tools was restrained in Japan. Furthermore, while domestic automobile production was on a recovery trend,

the global shortage of in-vehicle semiconductors grew into a serious issue, forcing many manufacturers to reduce or adjust production from February onward.

Against that background and with reference to our five-year ICHIGAN 2024 Medium-term Management Plan launched in April 2020, the Ryoden Group worked on various initiatives designed to promote further growth and strove to minimize the decline in our corporate performance caused by the severe business environment. However, the impact of the rapid decline in demand in each market was just too harsh, and in fiscal 2020, net sales of the Group declined 14.4% year on year to ¥196.8 billion. Profits also declined in line with the fall in sales, with operating profit contracting 38.6% year on year to ¥3.4 billion and profit attributable to owners of parent declining by a significant 39.3% to ¥2.3 billion. In terms of performance at each of our individual business segments, our pillar Electronics Business reported

a decline in both sales and profit as the signs of a recovery that we saw in the second half of the fiscal year onward for automobiles and industrial equipment were not strong enough to offset the large downturn in performance experienced during the first half. All other business segments also reported declining sales and profits.

On the whole, fiscal 2020 was an extremely tough year, but we did manage to generate a number of positive results

from our efforts to become a business creation company that can create new value. We continue to favorably expand our new Smart Agriculture Business, with cumulative sales from equipment systems development and dedicated construction topping ¥8.0 billion and earning the top market share in Japan. Also in the Network Business, our new proposals for video network systems and RFID tags data network systems, etc. were well received by our customers.

Future growth vision

Our pioneering approach to DX gives us a huge advantage

As part of our current ICHIGAN 2024 medium-term management plan, the Ryoden Group is seeking to become a business creation company that transcends the bounds of a traditional agency or trading company and work with customers to generate new value, and we have declared the powerful promotion of digital transformation (DX) to be a major strategic theme within that plan.

We believe our Group is fairly advanced in our DX initiatives. Since 2013, we have been shifting from a

conventional trading company-oriented business model to a solutions-oriented business model. In 2017, we began full-scale solutions business activities and, in 2018, we established our ICT Solution Business Headquarters. At the time, "DX" was not a common term, so we called our offerings "solutions." However, on reflection, the Group's concept of using our long-amassed knowledge and expertise in FA, cooling and heating, buildings, and electronics, etc. and combining it with digital technology, communications, big data, IoT, etc. to



provide new value was the very epitome of DX. Thanks to our DX efforts over the past eight years, our new businesses in smart agriculture and healthcare are already developing a stable growth path and preparations for many other DX-related business are going on behind the scenes.

In April 2021, we began working to improve our DX-related infrastructure and productivity in order to further accelerate our DX approach. Up until now, we had 10 branch offices in Japan, but, while we maintain the same number of bases, we have integrated them into three branch offices. This has facilitated more flexible staffing assignments and we also plan to use the new framework to streamline our back-office

Sustainability

Tackling the carbon-neutral challenge as we aim to become a 100-year company

Our vision for 2050 is “contributing to the achievement of a sustainable society through environment, security and safety, as a 100-year company.” Our new businesses in areas such as smart agriculture and healthcare were created as part of this effort, and we can now see how to further expand these businesses to greatly help realize a sustainable society. For example, the Smart Agriculture Business can help solve various social issues, such as food sufficiency rates, climate change, and a scarcity of successors. However, by applying the expertise gained through developing and operating plant factories to other fields outside agriculture, we could possibly help conserve energy in various different parts of society. At the large-scale plant factory that we are currently constructing in Shizuoka Prefecture together with Farmship, Inc., we carefully control every inch of the vast indoor factory that is roughly 1.3 times the size of a soccer pitch using real-time

departments going forward. Our aim is not to reduce our number of employees but to strategically channel more human resources into the DX field. We also established a new DX Strategy Promotion Department to help gather highly talented human resources from a wide range of internal departments and launch multiple DX-related companywide projects.

Sales and profits unfortunately declined in the first year of our ICHIGAN 2024 plan due to the COVID-19 pandemic. However, it is possible that we will see other similar sudden environmental changes occurring that are near impossible to predict in advance. The important thing is to be able to respond flexibly to these environmental changes, and the Ryoden Group, as a DX pioneer, is fully equipped to do just that. Our current orders are not bad and I believe we will be able to generate a significant recovery in our business performance in fiscal 2021, the second year of our ICHIGAN 2024 plan.

As a member of the Mitsubishi Electric Group, I would like to sincerely apologize to the customers and other relevant parties for any inconvenience caused due to the improper inspections at Mitsubishi Electric Corporation, our largest shareholder. We do not believe this will have a significant impact on our business performance, but we intend to respond with the greatest sincerity to any customers who were inconvenienced by this incident.

monitoring that maintains a constant temperature, humidity, atmospheric pressure, and carbon dioxide concentration. We could possibly use this technology for example to realize significant energy savings by fine tuning the air-conditioning in large facilities and stores according to the outside temperature and number of visitors.

The Ryoden Group also determined the Ryoden Group’s Environmental Vision in 2020 to address issues such as achieving zero greenhouse gas emissions associated with electricity usage by 2030. As one specific initiative designed to help achieve carbon neutrality, we are seeking to service our Group offices with power generated by mega solar power plant that we have been operating in Kurihara City, Miyagi Prefecture since 2014. We have recently completed the switchover of our Tokyo head office and are now planning to cover the Northern Kanto region. After that, we will continue to promote carbon neutrality primarily in

buildings owned by the Company. We are also seeking to make our production sites carbon neutral. We are planning to halve electricity purchases at the large-scale plant factory currently under construction in Shizuoka Prefecture that I introduced earlier by using solar panels installed on the roof and the indoor environment control system that I referred to above. We want to achieve carbon neutrality across the Group by 2030 by applying the expertise cultivated in these locations to future factories.

With regards to the SDGs, our SDGs Promotion

To our stakeholders

Helping create a better future through our unique business platforms

We are living in an era when predicting the future is difficult due to the uncertain future development of elements such as the COVID-19 pandemic and international affairs. While we cannot predict the future, we can help determine the future through our own will. We believe we can create a better future by coming together to consider what our customers want to do or are trying to do and striving to achieve that together. That sentiment is embodied in our corporate statement “A Future – Creator as Your Partner.”

The Ryoden Group currently operates a business portfolio comprising four base businesses, six management service platforms, and two businesses in new areas. However, this is not our final format by any means. While our four base businesses will remain largely unchanged, we believe that, by continuing to be freely combined and interact with each other, the six management service platforms and two businesses in new areas will serve as a type of incubator that helps generate a string of next platforms and new businesses. For instance, the possibility of us creating a new business platform relating to “location” in the near future is growing increasingly likely. We have been working with central government and local authorities to verify communication systems designed to monitor the location of medical doctor teams in the event of a disaster. By applying the low-power communications technology developed here, we believe it would be possible to dramatically improve logistical efficiency by monitoring the location-related information of individual parts.

As we approach our 75th anniversary in April 2022, we intend to continue to pursue and develop our business as a 100-year company. To be able to do this, we believe it is important not to keep on doing the same thing. A 100-year

Committee is playing a leading role in selecting seven priority SDGs that relate most closely to our Group’s business activities. This was not a top-down decision. Instead, it was a cumulative decision reached after getting all our employees to consider which elements of the SDGs their work and products related most to and the ways in which they were useful to the world. We expect these initiatives will encourage every employee to recognize the importance of solving SDGs issues and remain constantly aware of the SDGs in their everyday business activities.

company doesn’t keep doing the same thing for 100 years. Instead, a company that seeks to live a long life must have the ability to always consider what needs to be done and what is required at any one point in time, and to respond flexibly by satisfying or anticipating those needs. Right now, we are proud to say that we have been able to successfully ride the broad waves of the DX era, but we intend to continue humbly pursuing sustainable growth by forging optimal responses and changing our approach to suit the immediate circumstances.

I look forward to our stakeholders’ continued warm support for the Group into the future.

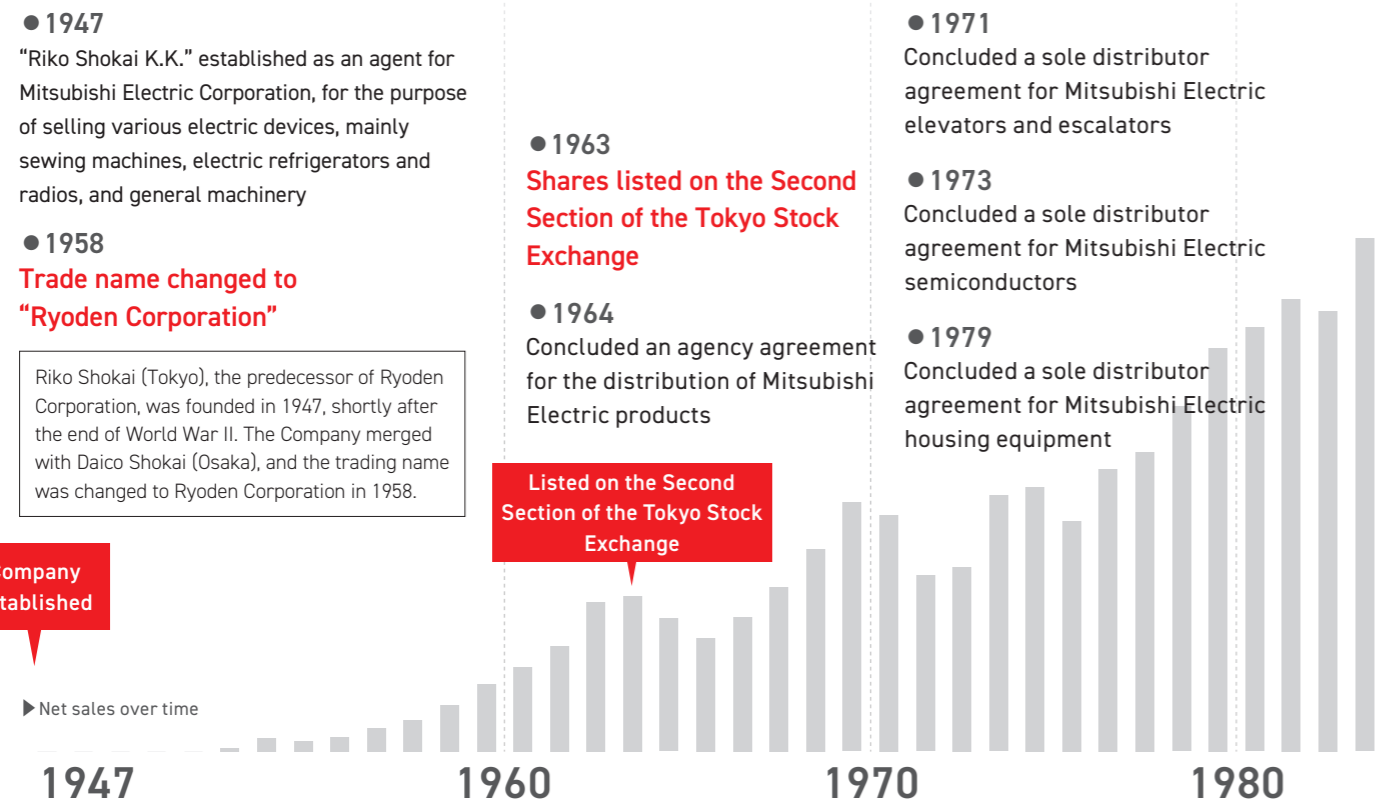


Nobuo Shogaki
President & CEO

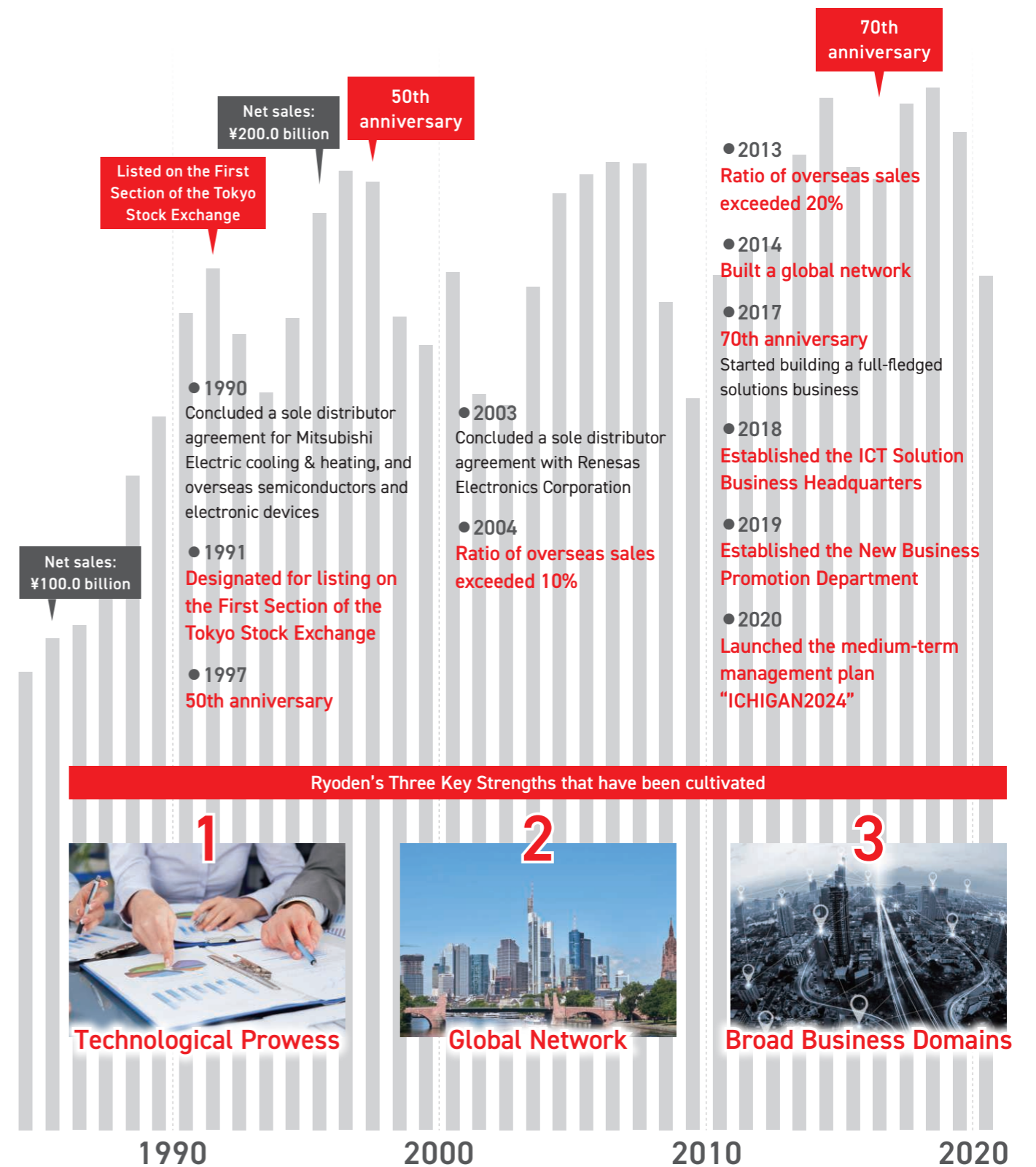
Our Future Growth Path

An impressive advance from humble origins as a Mitsubishi Electric sales agent to a ¥200 billion global company

Ryoden Corporation was set up just after the end of the World War II in 1947. As a sales agent for Mitsubishi Electric, we initially handled such products as sewing machines, refrigerators, and radios. After that, our business expanded steadily and, in the 1970s, we subsequently entered the fields of semiconductors, elevators and escalators, and housing equipment. We then started to focus on diversified business development as a technical trading company. In the 1990s, we began accelerating the globalization of our business, consolidated net sales topped ¥200 billion in 1995, and ratio of overseas sales broke through 10% in 2004. As part of our second founding period since 2000, we have been pursuing further corporate transformation with the aim of becoming a 100-year company. To mark our 70th anniversary in 2017, we began working to create a full-fledged solutions business, which helped create our current business structure that develops six solutions based on four mainstay businesses. We are always keen to boldly challenge new fields and are currently expanding into the fields of healthcare and smart agriculture.



Company established



Ryoden's Vision

Ryoden's Value Creation

Management

Financial Section

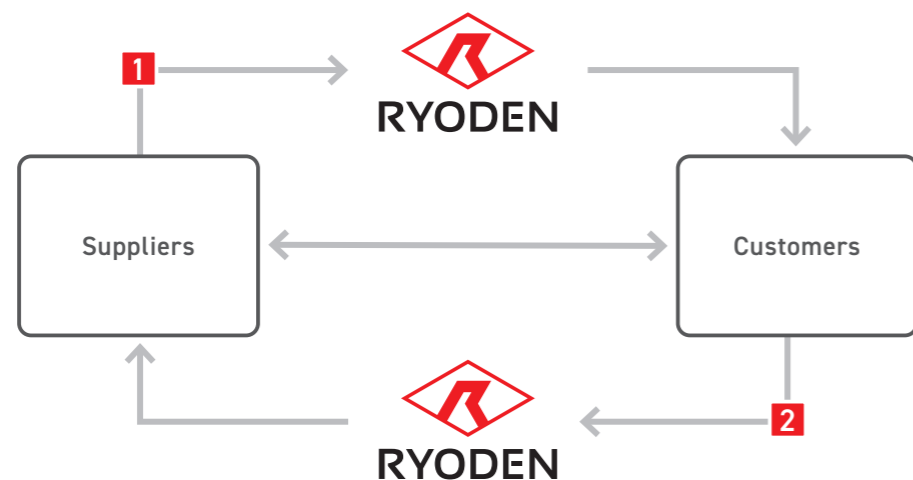
Corporate Information

Ryoden's Three Key Strengths

1. Technological Prowess

Proposing optimal solutions and systems for our customers

The Group has provided customers with services as a trading company with a high level of technical prowess, including customizing products provided by suppliers to match customer needs. Today, with increasingly diverse customer needs, we frequently work between suppliers and customers to construct optimal solutions and systems for each customer. We are focusing our efforts on accumulating and analyzing technical information by further strengthening the coordination of the Group with suppliers and customers. We are also building systems, including the establishment of specialized technical teams, to respond immediately to any changes in industries, in Japan and overseas.



1 Fusing Technologies to Create New Value



Proposing solutions that are one step ahead by leveraging our technical prowess

A trading company with the ability to anticipate market technical trends, and propose solutions for latent customer demands - that is Ryoden Corporation.

As markets become increasingly globalized, we are integrating the advanced technologies of partners not only in Japan, but also in East Asia, Europe, and the United States so that we offer solutions that can improve customer product value and help solve social issues.

Case

Response to Next-generation Automobiles

Abundant solutions for next-generation automobiles

We propose advanced technologies relating to semiconductors, electronic components, and production equipment, and, with people extolling the virtues of a software-first approach, we also offer total solutions for development environments that utilize virtual space to enhance the safety of next-generation automobile development.



2 Ryoden Corporation's Technical Sales



Providing professional customer response

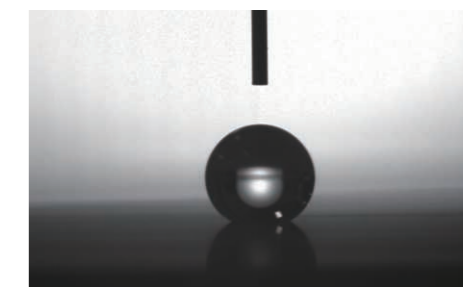
The Group's sales representatives work as professionals, guiding our suppliers and customers in the optimal direction based on technical proposals. For this reason, it is important that they maintain contact with both suppliers and customers, to bring out the fine details hidden in each delicate, technical nuance. The existence of a large team of sales representatives capable of unearthing customer issues on the basis of sound technical knowledge: this is another of Ryoden Corporation's strengths.

Case

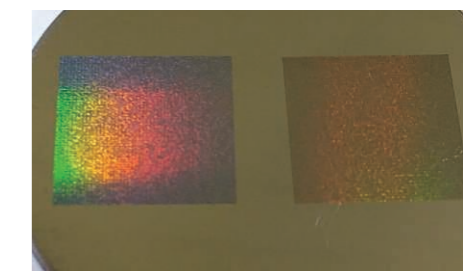
Joint Industry-Academic Research

Biomimetics research & development

Biomimetics, or biomimicry, is a scientific technique that seeks to emulate the superior functionality and shape of living organisms in industrial applications, etc. Ryoden, together with Shinshu University, is seeking to apply technology that will provide products with physical high-performance surface qualities, such as water repellency or amenity, antibacterial or decorative effects, by reproducing the microscopic surface structure of living organisms on the surface of products. We process patterns that Shinshu University obtains from studying the fine surface structure of living organisms either directly onto the surface of metals and resins or in metal molds using our laser processing technology to endow product surfaces with better functional qualities.



Super-hydrophobic resin surface transcribed from a water-repellant mold

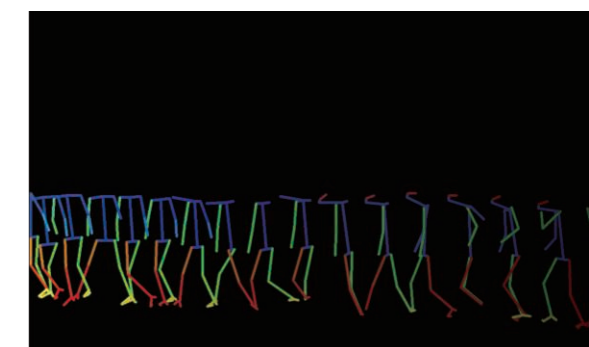


Structural color created by direct decorative laser processing

Research and development on pedestrian behavior models

We need to develop autonomous driving systems that can predict pedestrian behavior if we are to realize even more advanced autonomous driving. Building simulator environments to evaluate the safety of autonomous driving systems in various environments, including regular roads, is also an essential part of the process.

We are currently conducting research and development on pedestrian behavior models together with the University of Hyogo and, once the R&D phase is complete, we plan to provide autonomous driving evaluation simulators that will incorporate pedestrian behavior models.



2. Global Network

Developing global and locally-aligned businesses

Since establishing a local subsidiary in Singapore in 1990, Ryoden Corporation has gone on to set up operational sites around the world. Sustained by the trust and achievements we had built up in Japan, we have developed businesses closely aligned with each local region. With today's increasingly global markets, we are promoting globalization across design, manufacturing, procurement and sales, including joint development with alliance partners and product procurement supply chains. Specifically for the Asian region, which has led growth in the global economy during the past few years, we have established Strategic Offices in both East Asia and Southeast Asia, and we are expanding our businesses by integrating our strategy to comprehend markets across the region, expanding our operational sites, and coordinating with network of operational sites around the world, including Europe and North America.



East Asia

Strategic expansion together with local partners
 We established a Strategic Office in Shanghai to oversee our operations in China, Hong Kong, Taiwan, and South Korea. We have positioned China in particular as our most important market and we will continue to provide latest solutions primarily relating to FA Systems and Electronics businesses together with local partners.

Southeast Asia

Solutions tailored to local customer needs
 We established a Strategic Office in Bangkok to oversee our operations in Singapore, Thailand, and surrounding ASEAN nations. We conduct business activities that suit the needs of customers in each local market, focusing on building supply chains primarily for semiconductors in Singapore, proposing solutions for production equipment in factories in Thailand, and selling home elevators in Vietnam.

Europe

Information bases for advanced products, technologies, legal regulation, etc.
 Our operational site in Frankfurt, Germany, was established in 2011. In addition to the import and export of semiconductor products, it performs an important role as an information base for Ryoden's global expansion, providing the sites around the world with advanced information on products, technologies, and legal regulations regarding environmental issues.

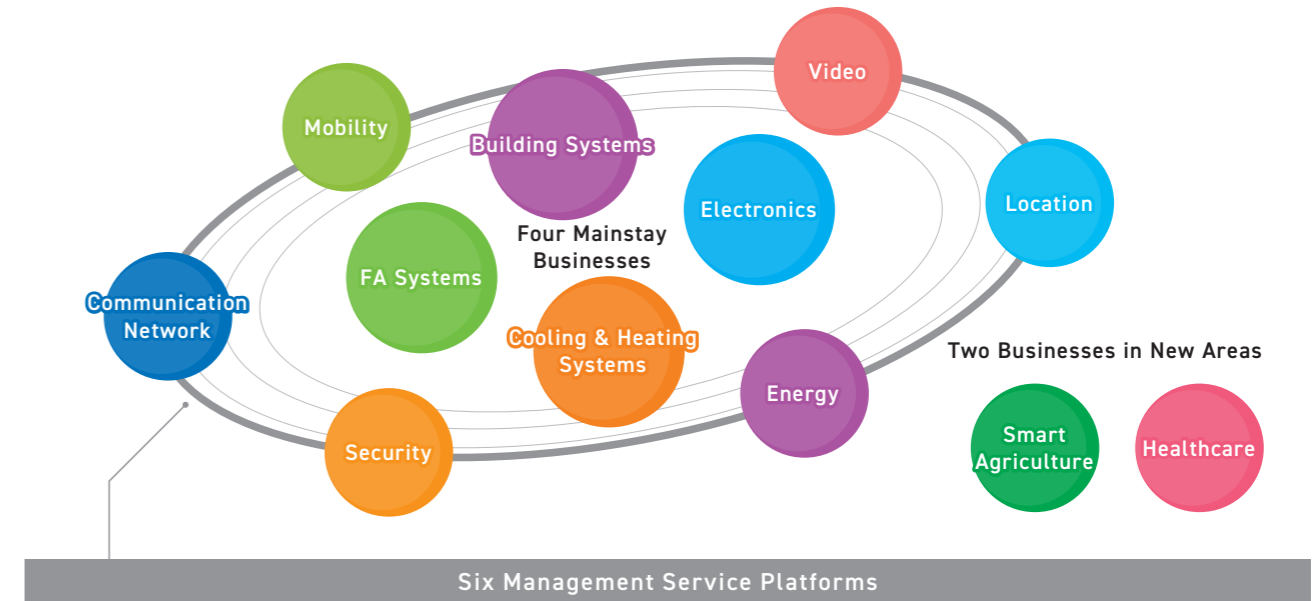
North America

Conveys information on advanced products and technologies, and supplies air-conditioning equipment.
 In the United States, we unearth new products and technologies, import and export semiconductors, and are even developing automotive solutions. In Mexico, we offer a variety of products and solutions focused mainly on supplying air conditioning and sanitation-related equipment to local Japanese companies.

3. Broad Business Domains

Leveraging diverse business domains to provide optimal solutions

Since its founding in 1947, the Group has developed around four core businesses: FA Systems, Cooling & Heating Systems, Building Systems and Electronics. We have also built six management service platforms that fuse the technologies we have cultivated through these four mainstay businesses with ICT. In addition, we are also developing businesses in two new specialty fields (Smart Agriculture and Healthcare). With the strength of our diverse business domains, we provide optimal solutions to address the issues faced by our customers.



Mobility
 With rapid advances in the networking and automation of automobiles, the task of developing embedded systems and software for automobiles is becoming increasingly complicated and large-scale. In addition to a virtual environment that significantly improves development efficiency, we provide solutions to support cutting-edge automotive technologies, such as safety assessment for autonomous driving and advanced driver assistance systems.

Video
 A vast amount of data is contained in video images from the surveillance camera systems that perform a core role in physical security. Through our proprietary FlaRevo series, we provide systems to enable users to view valuable video information, including diverse information on the movement of people, the status of machines, the quality of products, etc., whenever and wherever appropriate, and to share this information with others as necessary.

Communication Network
 We develop a range of businesses utilizing LoRaWAN (Long Range Wide Area Network), a form of long range wireless communications network. We utilize the power saving and radio wave diffraction features of LoRaWAN, developing it for use in disaster rescue activity support networks, and carrying out practical demonstrations aimed at improving work environments and enhancing productivity at shipyards.

Location
 We provide solutions to dramatically enhance the efficiency of operations, by identifying the movements and positions of people and things. We have a range of solutions ready, including the ATLAS-Things cloud service, which uses automatic recognition technologies such as RFID and QR to record the receipt and shipment of goods, and positioning systems to monitor the movement of people, materials and equipment, leading to improvements in work efficiency.

Security
 We protect corporate activities from the cyber attacks that occur without respite across the globe, through security solutions making extensive use of technologies such as surveillance cameras and access management systems. We leverage the expertise developed through our FA Systems, Building Systems, and Electronics businesses, to provide state-of-the-art security and safety compatible with DX.

Energy
 We support customers' energy saving measures by enabling the constant monitoring of lighting and air-conditioning operation. The outstanding features of our cloud-based integrated monitoring system, Remces, include the use of an open network, without constraints on the manufacturer of sensors or controllers used, and a high degree of freedom in system design, making this a "triple-free" system, giving the user freedom of manufacturer, base/terminal, and design.

Business Strategy

FA Systems



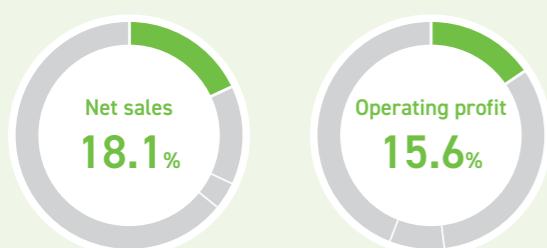
Providing products and expertise to achieve high value-added FA systems

We propose high-value-added FA systems to solve problems at customers' production sites and improve QCD. With our extensive product lineup, we meet all the needs of production sites, from FA controller products and a variety of drive products, to NC devices, robots, and processing machines.

Main Products

Programmable controllers, servo systems, inverters, motors, various display devices, sensors, circuit breakers for wiring, NC devices, industrial robots, laser processing machines, electric discharge processing machines, machine vision systems, traceability systems, production management systems, automation systems

Breakdown of Net Sales and Operating Profit



Cooling & Heating and Building Systems



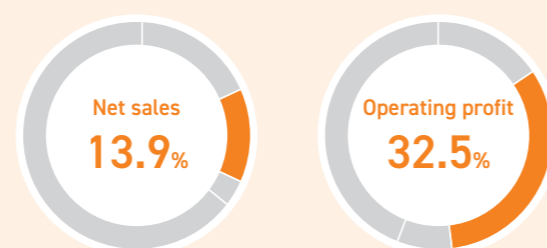
Providing advanced building environments and comfortable air-conditioning environments for any setting

Ryoden Corporation's Cooling & Heating and Building Systems Business creates safe, comfortable building environments and any kind of air-conditioning environment that a customer might want. We provide total solutions, including wide range of equipment, air conditioning, cleanrooms, and energy-saving support, for a range of sites such as offices, production sites and logistics processes.

Main Products

Packaged air conditioners, room air conditioners, chilling units, EcoCute, low temperature devices, drinks coolers, cleanroom thermostatic and humidistatic systems, ventilation devices, heat countermeasure equipment, elevators, escalators, solar power generation systems.

Breakdown of Net Sales and Operating Profit



ICT Systems



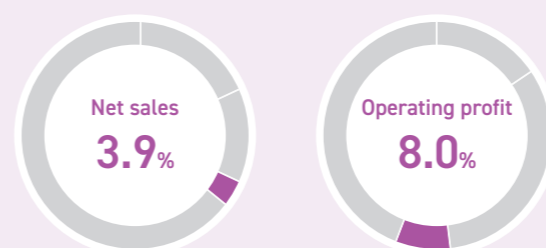
Developing business in wide-ranging areas hinged on advanced IoT technology

We provide unique solutions that utilize IoT technology across various industrial fields including automobiles and machinery. With safety and security as our motto, we are developing business in a wide range of fields and, in recent years, we have started expanding into the healthcare and smart agriculture businesses.

Main Products

Plant factory-related equipment, PCs, servers, other information processing devices, digital signage, video and image information systems, RFID devices and systems, surveillance cameras, medical facilities, medical supplies

Breakdown of Net Sales and Operating Profit



Electronics



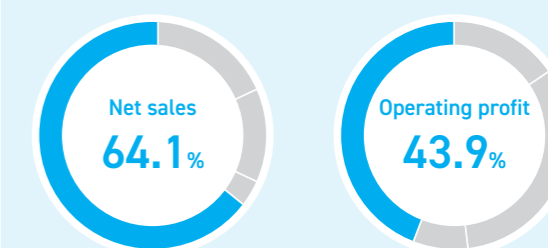
Responding flexibly to customer requirements for semiconductor and device specifications and delivery

Providing ideal semiconductors and devices to suit our customers, at the forefront of the constantly-evolving electronics industry. We leverage the expertise cultivated over many years as a semiconductor trading company to respond flexibly to customer demands for semiconductor and device specifications and delivery.

Main Products

Microcomputers, memory, logic, analog measurement, ASIC, power devices, optical elements, discrete systems, sensors, display devices (LCD, organic EL, LED), batteries, general electronic components (coils, capacitors, resistors, filters), connectors, printed circuit boards, other device components, materials (aluminum, high-performance resin materials, etc.), shaped materials (processed metals and molded plastics), equipment and machinery

Breakdown of Net Sales and Operating Profit



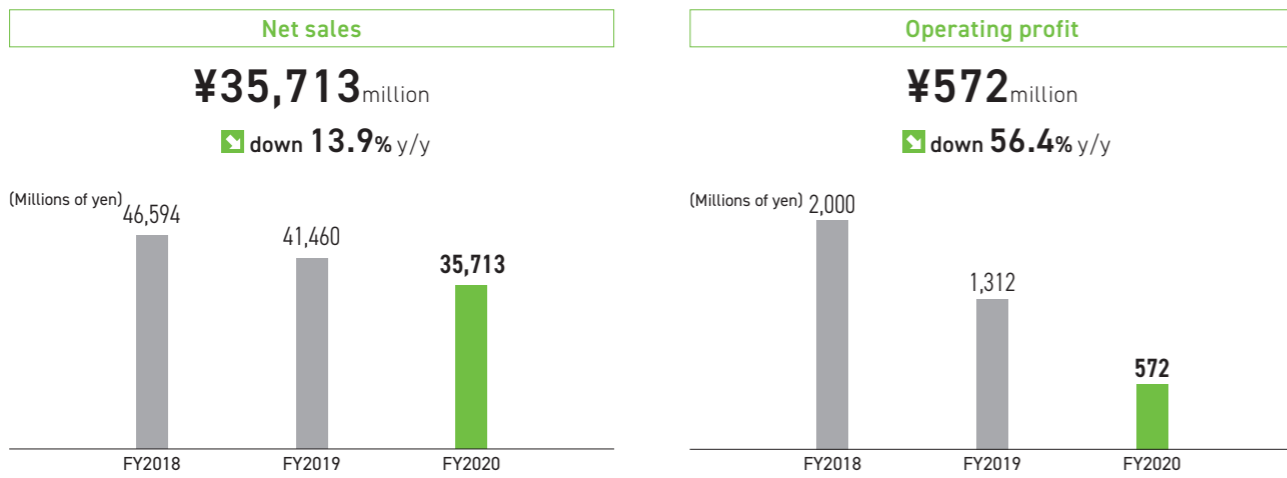
*We have revised the composition of reportable segments in line with organizational changes, effective from fiscal 2020. The "Building Business" that used to be included in the ICT & Facilities Systems Business, has been integrated into the Cooling & Heating Systems Business. In addition, the names of the reportable segments have been changed from "Cooling & Heating Systems" to "Cooling & Heating and Building Systems" and from "ICT & Facilities Systems" to "ICT Systems".

FA Systems



Fiscal 2020 main points

- Sales for semiconductor manufacturing equipment and machines tools improved primarily in the Chinese market from the second half of the fiscal year.
- Sales to primarily automobile-related manufacturing industries remained sluggish throughout the year.



Business Strategy for FY2021

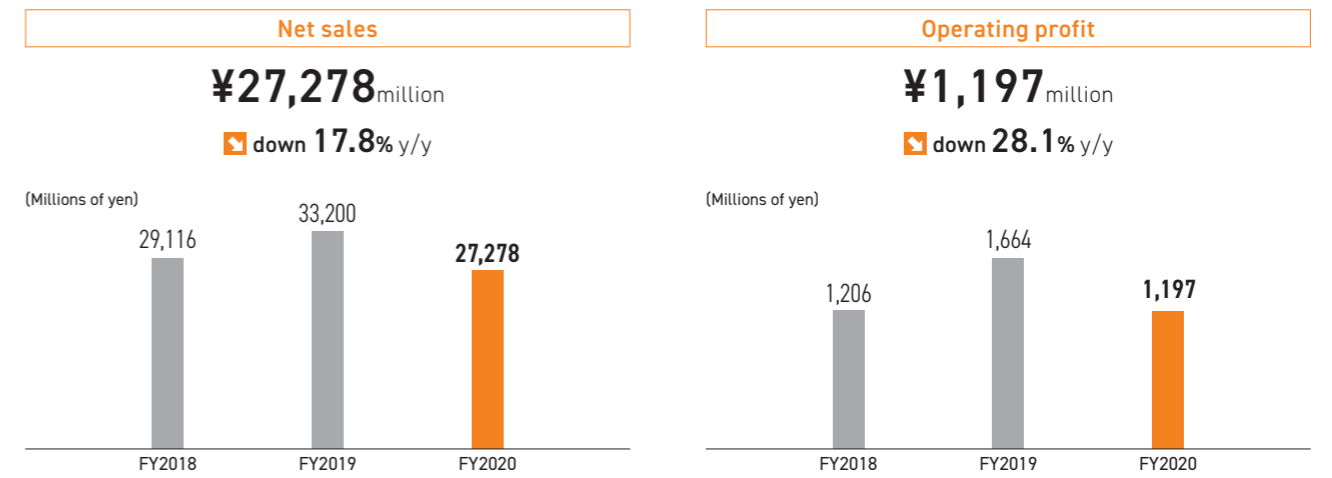
- Basic Policy**
 - Expand our business domain by strengthening our specialized technological and engineering capabilities to respond to market trends and customer needs, and promoting high value-added businesses
 - Acquire new customers and create new businesses through stronger relationships with our alliance partners
- Risks and Opportunities**
 - Expanding demand for automation due to a declining working population in Japan
 - Rising IoT and automation needs
- Major Initiatives**
 - Expand core businesses such as the route business, end user business, and set maker business
 - Strengthen the systems engineering business, and create new businesses such as processing applications businesses and EMS businesses

Cooling & Heating and Building Systems



Fiscal 2020 main points

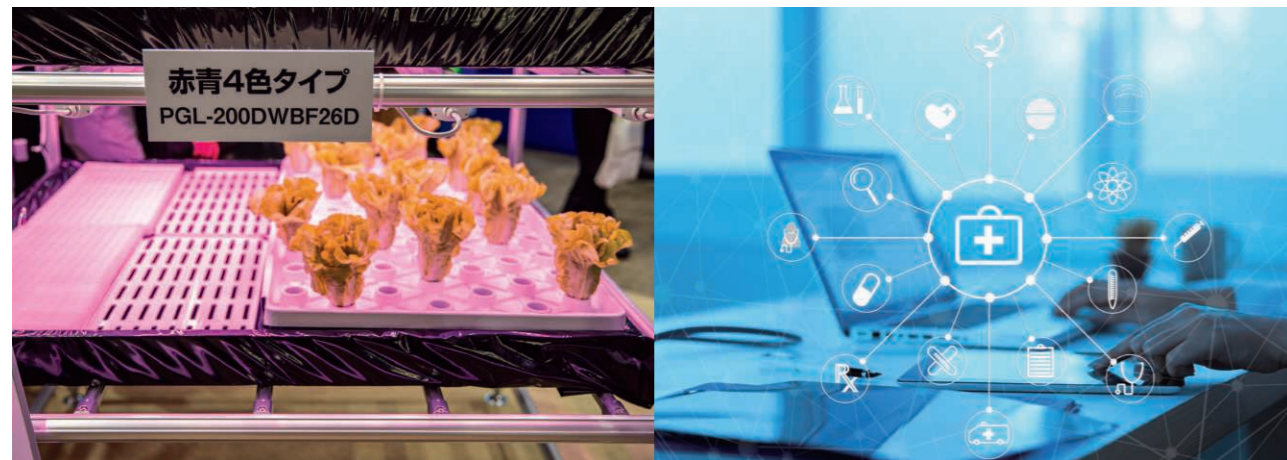
- Supported by strong demand for ventilation in the heating & cooling segment and strong sales in the cold storage and freezing field in the second half of the fiscal year.
- Impacted by the reactionary decline in the construction market and the postponement or cancellation of new projects.



Business Strategy for FY2021

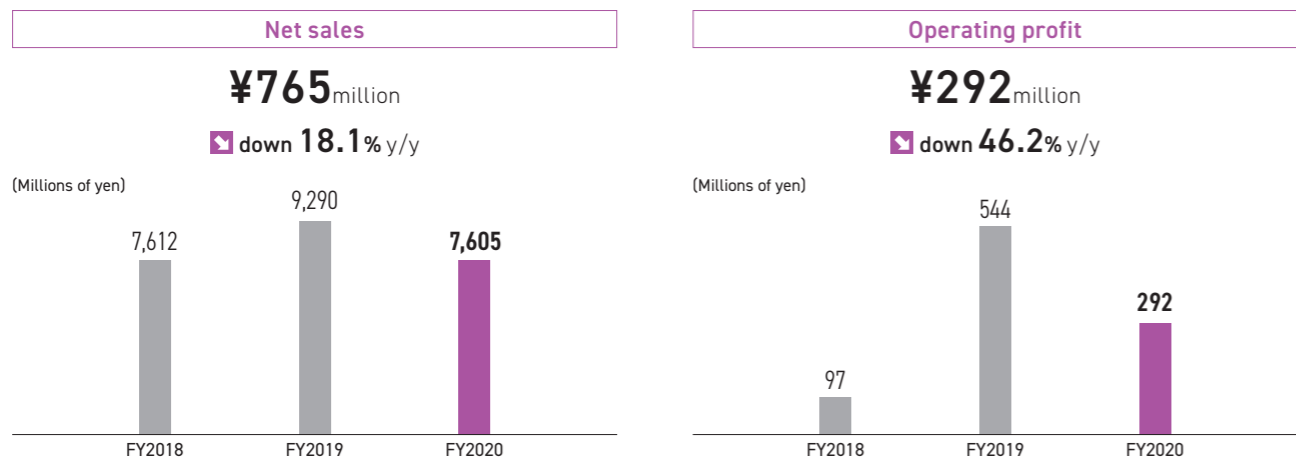
- Basic Policy**
 - Promote the solutions business pivoting on industrial cooling and heating, and enhance productivity in the core cooling and heating business
 - Secure profitability and strengthen the foundation by promoting total buildings businesses
- Risks and Opportunities**
 - Shrinking construction demand and a decrease in the number of new properties due to Japan's declining population
 - Decreasing construction capability due to aging of workers in the construction industry
- Major Initiatives**
 - Strengthen our engineering function and develop sales channels for industrial cooling and heating
 - Expand our partner alliances in core business areas
 - Promote proposal activities for ZEB and building management systems

ICT Systems



Fiscal 2020 main points

- Inquiries regarding teleworking products were strong in the network systems field, and the component business was strong, but new orders for monitoring and other factory management systems were sluggish.
- Supply business on a rising trend in the Healthcare but in-hospital IT equipment-related business remained sluggish.
- We did record large-scale plant factory projects in the first half of the fiscal year in Smart Agriculture, but business remained subdued due to the time required to prepare for business model conversion.



Business Strategy for FY2021

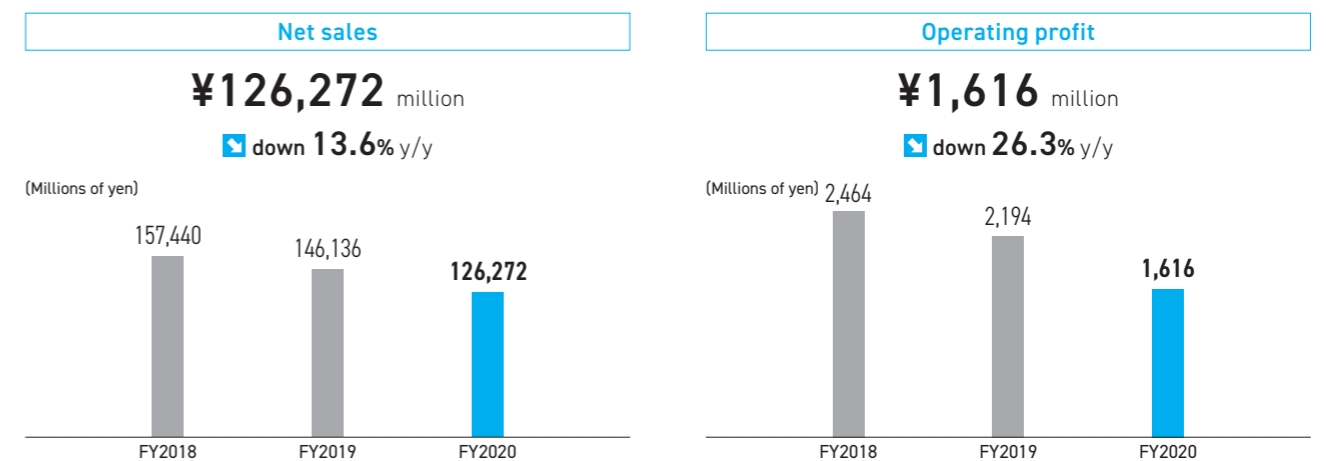
- Basic Policy**
 - Create new business models for IoT businesses
- Risks and Opportunities**
 - Increasingly dynamic security countermeasures with the rise of cyber terrorism
 - Commercialization of 5G, broader utilization of IoT due to workforce shortages
- Major Initiatives**
 - Promote IoT, security, monitoring, IT solutions, medical and Healthcare Business
 - Continue to develop large plant factory projects and expand the next-generation agriculture business model overseas

Electronics



Fiscal 2020 main points

- Japan**
 - While sales in the automobile-related market moved onto a recovery track in the second half and sales of industrial equipment-related products started to recover for China from the second half, that momentum was not strong enough to offset the large slump in the first half of the fiscal year, resulting in a decline in full-year overall sales.
- Overseas Subsidiaries**
 - While automobile-related products moved onto a recovery track, overall full-year sales declined on the back of a sluggish performance in the first half and the adverse impact of unfavorable weather conditions in China on demand for air conditioners and other air-conditioning equipment.

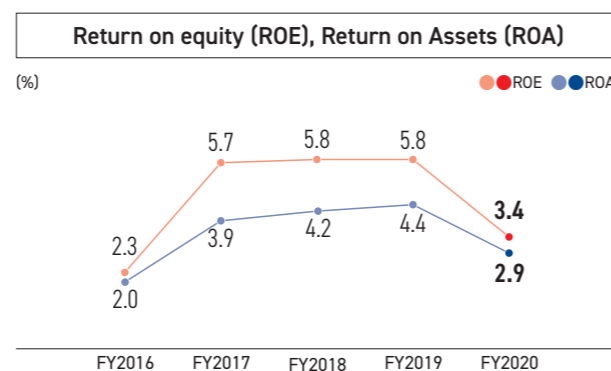
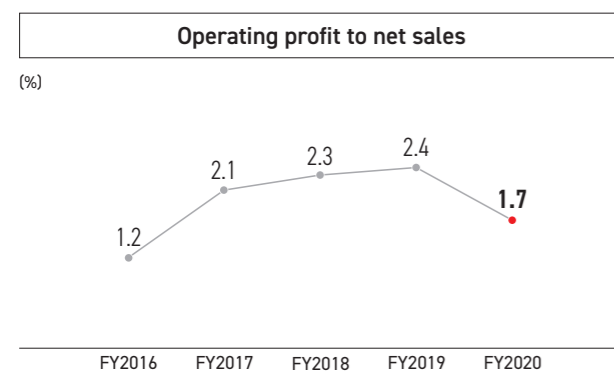
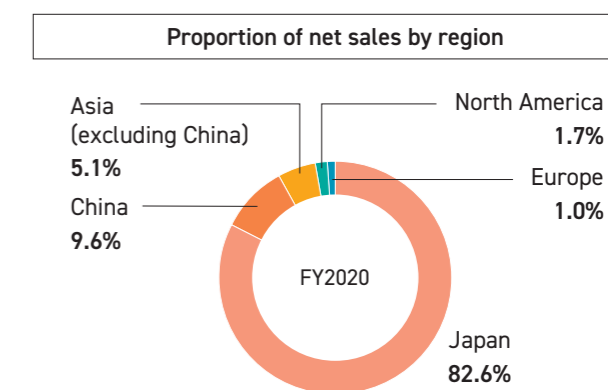
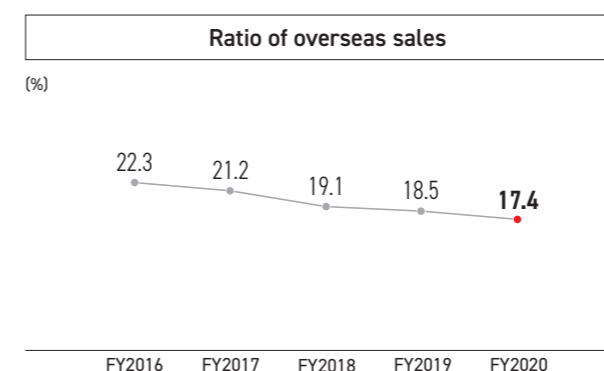
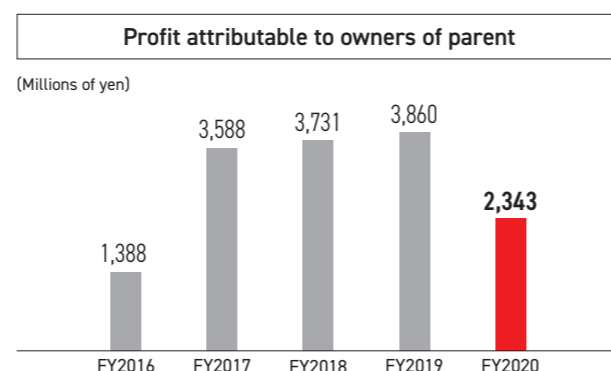
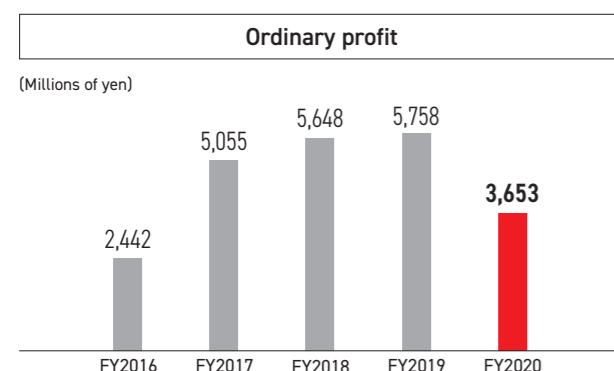
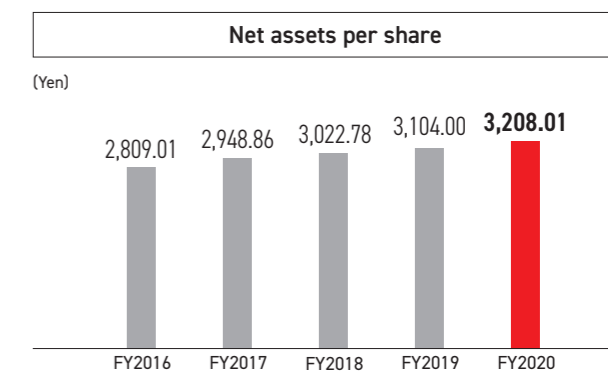
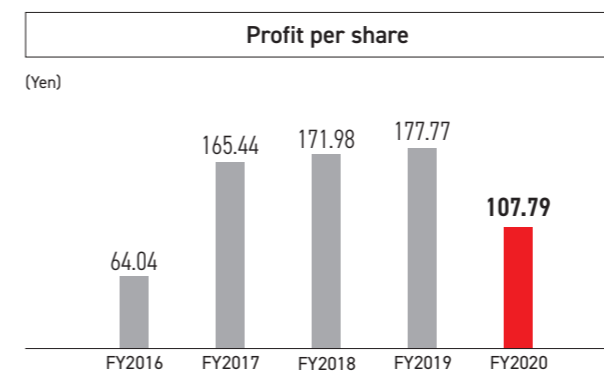
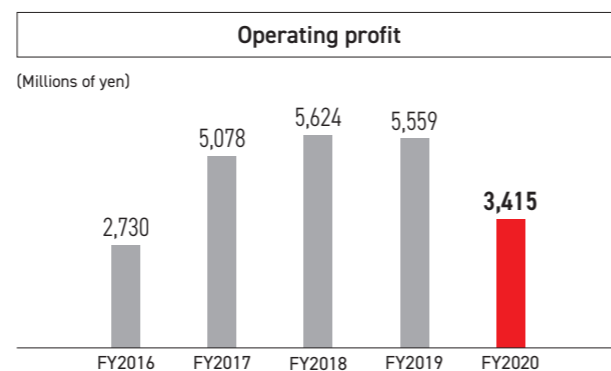
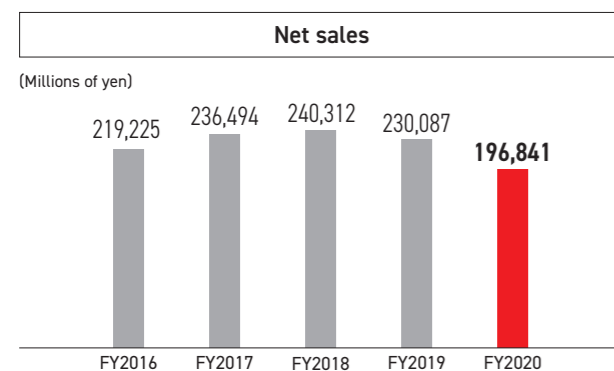


Business Strategy for FY2021

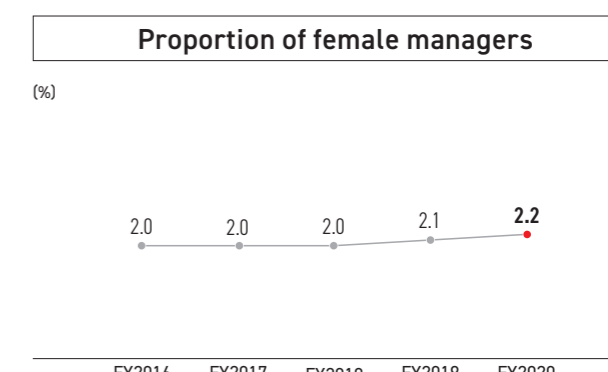
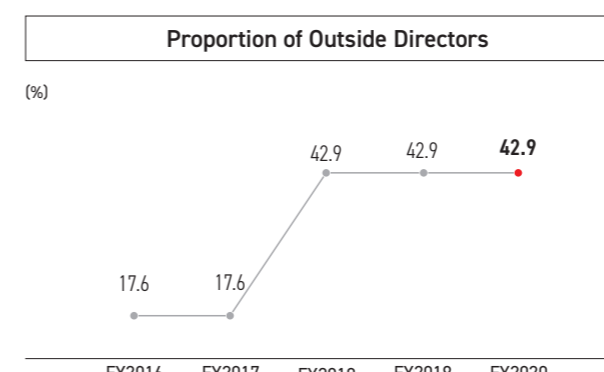
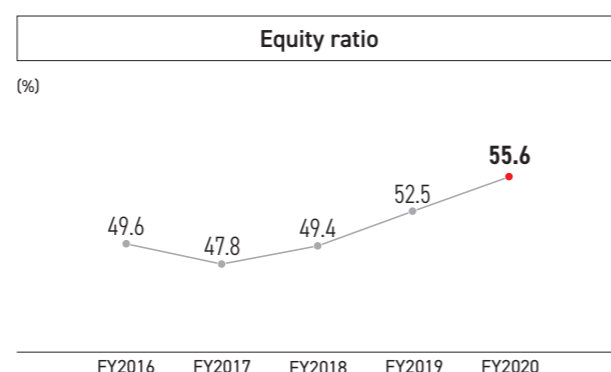
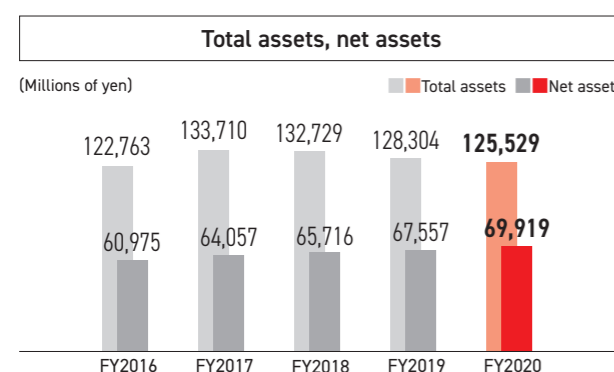
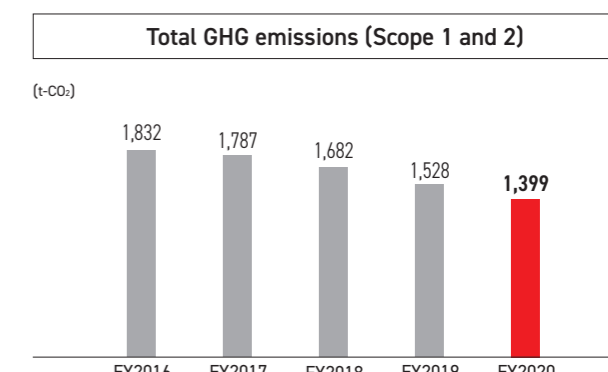
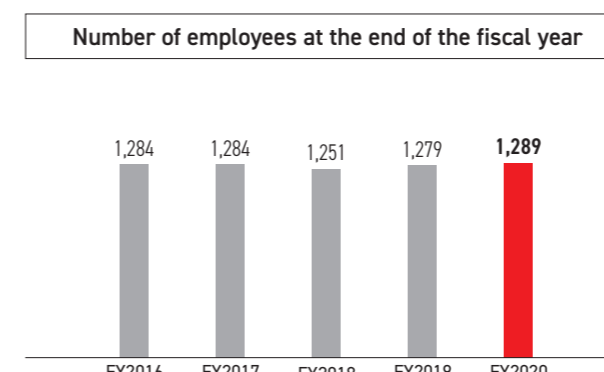
- Basic Policy**
 - Transforming from a semiconductor trading company to a value creation-oriented electronics trading company
 - Contribute to the environment and society by pursuing initiatives designed to help achieve the SDGs through electronics technology
- Risks and Opportunities**
 - The spread of IoT and automation in the wake of personnel shortages
 - Advent of autonomous driving; commercialization and spread of 5G
- Major Initiatives**
 - Create new high-value-added businesses
 - Promote the formulation of a business portfolio in the Electronics Business

Financial and Non-financial Highlights

Financial Highlights

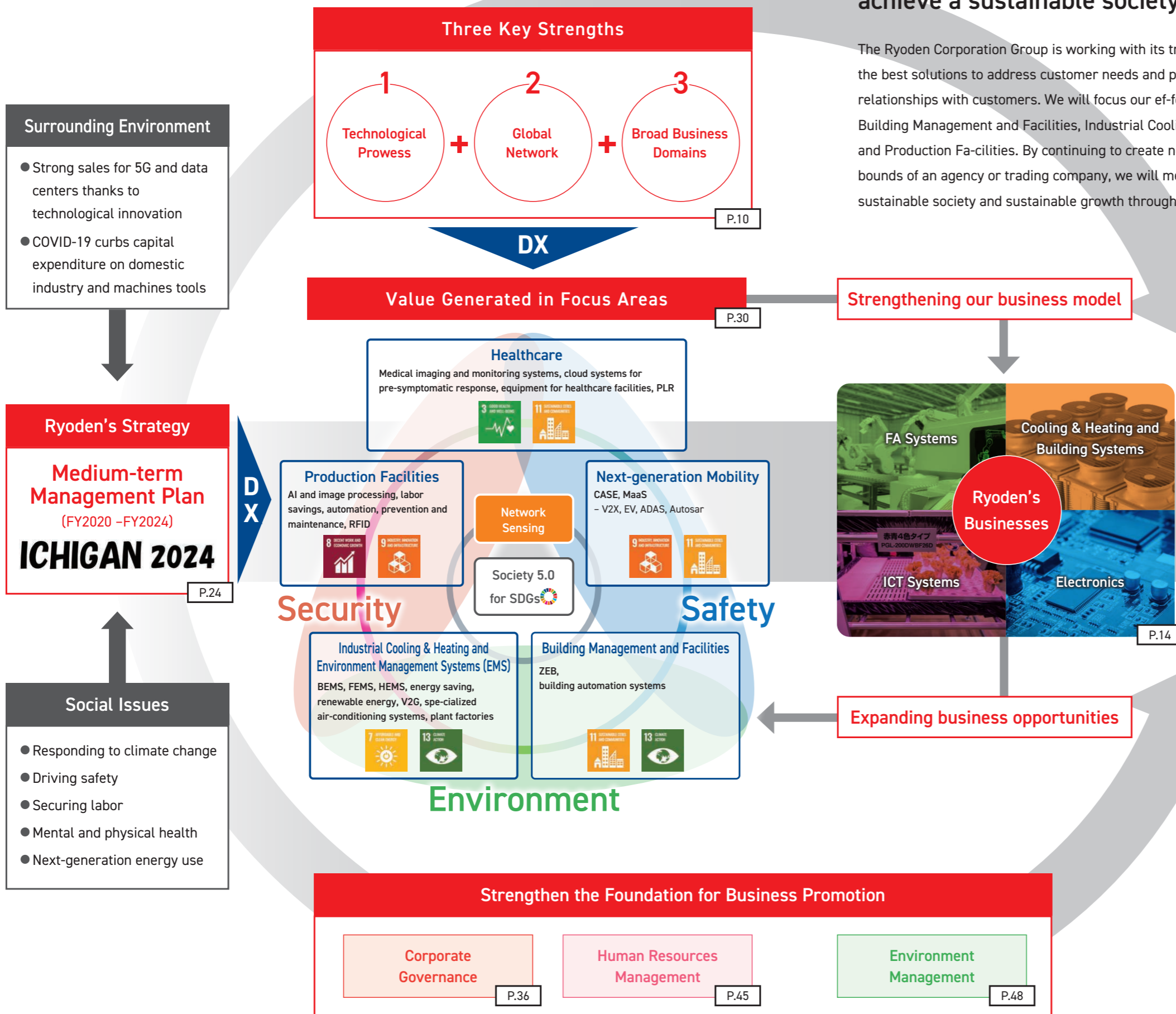


Non-financial Highlights



* A share consolidation (consolidation of two shares of common stock into one share) was conducted with the effective date of October 1, 2017. The amounts shown for profit per share and net assets per share reflect the number of shares after consolidation.

Value Creation Model



Develop businesses to resolve customer needs and issues, achieve a sustainable society and sustainable growth

The Ryoden Corporation Group is working with its trusted partner companies, through reliable technology, to offer the best solutions to address customer needs and practical challenges, which are identified through its close relationships with customers. We will focus our efforts on five specific areas: Healthcare, Next generation Mobility, Building Management and Facilities, Industrial Cooling & Heating and Environment Management Systems (EMS), and Production Facilities. By continuing to create new value as a business creation company, transcending the bounds of an agency or trading company, we will meet the demands of customers and society, and aim to realize a sustainable society and sustainable growth through environment, security and safety.

Continue to create new value as a business creation company that transcends the bounds of an agency or trading company

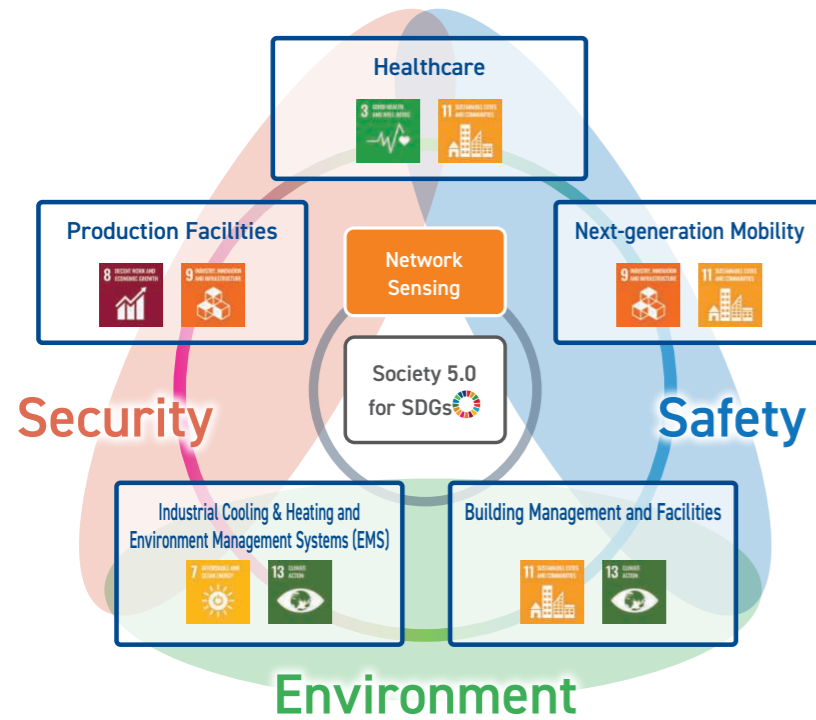
We aim to be a vibrant company where each employee engages in business activities with the attitude of a founder of a business model, constantly striving to create new value.

ICHIGAN 2024 Medium-term Management Plan

Our Vision (Ryoden Corporation in FY2024)

Continue to create new value as a business creation company that transcends the bounds of an agency or trading company

Focus Areas



FY2024 Financial Results Targets (Consolidated Basis)

Net sales in new businesses	Up ¥15.0 billion compared to FY2018
Gross profit margin in new businesses	18%
Operating profit	¥10.0 billion or more
Operating profit margin	3.8%
ROE	8.0%

Strategic Themes

Promotion of digital transformation (DX)

Strategy 1 Establish business models for growth businesses and create new, next-generation businesses

Network	Accelerate the IoT business, develop the security business, expand the FlaRevo business
Smart Agriculture	Pursue unique added value, develop new businesses, expand next-generation agriculture in Japan and overseas
Healthcare	Strengthen medical-related businesses, create new businesses in the "pre-symptomatic domain"

Strategy 2 Enhance the productivity of our mainstay core businesses

FA Systems	Create new businesses and business models, expand the breadth of core businesses, expand overseas businesses
Cooling & Heating Systems	Strengthen the engineering business, continue the mainstay business, strengthen focus items, expand into overseas markets
Building Systems	"Whole-building" coordinators, maintain the escalator & elevator business
Electronics	Create new high-value-added businesses, construct a business portfolio, promote risk hedging

Strategy 3 Strengthen the Foundation for Business Promotion

- Develop global human resources
- Strengthen Group governance

Progress on Each Strategic Theme

Strategy 1 Establish business models for growth businesses and create new, next-generation businesses

Main results of FY2020 Activities	Future Initiatives
<ul style="list-style-type: none"> Sold video monitoring system "FlaRevo" and RFID systems Constructed two large-scale plant factories (including one of the world's largest), and secured top market share Sold products for controlling infectious diseases, such as thermal cameras and negative pressure units 	<ul style="list-style-type: none"> Improve productivity by expanding RFID cloud service "ATLAS-Things" and "FlaRevo" series primarily for the manufacturing industry Develop next-generation agricultural packages through Block-FARM, Inc. Establish firmer profit base by expanding electronic medical record and medical information systems Develop pre-symptomatic disease prevention business through "MySOS forME" healthcare solutions

Strategy 2 Enhance the productivity of our mainstay core businesses

Main results of FY2020 Activities	Future Initiatives
<ul style="list-style-type: none"> Released cloud-based integrated monitoring system "Remces" Sold heat-acclimatizing air-conditioners and equipment to control infectious diseases to indoor facilities Pursued ZEB planner activities designed to help achieve carbon neutrality Provided mobility solutions, virtual test site packages for autonomous driving equipped with CG technology, and driver monitoring systems 	<ul style="list-style-type: none"> Strengthen system engineering business to satisfy IoT and automation needs at manufacturing sites Expand industrial cooling & heating solutions business, such as clean room systems and environmental testing facilities Promote building management business to meet growing energy-saving and energy management demand Establish a business promotion system to optimize our business portfolio

Strategy 3 Strengthen the Foundation for Business Promotion

Main results of FY2020 Activities	Future Initiatives
<ul style="list-style-type: none"> Reorganization designed to promote swifter business activities and leaner business operations <ul style="list-style-type: none"> Established the DX Strategy Promotion Department to plan and promote company-wide DX strategy Consolidated nationwide administrative functions under the Head Office Business Management Center Moved from a 10 branch office system to a 3 executive office system 	<ul style="list-style-type: none"> Faster promotion of cross-organizational committee activities to achieve our medium-term management plan (human resource development, organizational reform, promotion of standardization, working style transformation) Build new core systems Respond to revised corporate governance code

Use DX Strategy to Reconstruct Business Foundations and Promote Business Process Redesign

The world's needs are changing extremely rapidly as we seek to realize a digitalized society, and the advent of various global-scale issues, such as environmental problems, natural disasters caused by abnormal weather conditions, and the COVID-19 pandemic, is further accelerating those changes. The Ryoden Group has been promoting "solution activities," where we provide new businesses that combine the strengths we have cultivated over many years in our mainstay core businesses with digital technologies and other features. This concept has been taken over to the "promotion of digital transformation (DX)" that forms the key focus of our ICHIGAN 2024 medium-term management plan to further strengthen this activity.

We launched the DX Strategy Promotion Department to comprehensively and strategically promote the various elements that we have been working on separately, such as offensive DX, which focuses on new business creation, and defensive DX, which includes the reconstruction of IT systems. We intend to launch multiple projects within our unified company-wide DX strategy, and strongly promote the recreation of operational platforms by, for example, implementing innovations and reviewing portfolios, and the redesign of business processes.



Takahiro Ozawa
General Manager, DX Strategy Promotion Department

Development of Next-generation Agriculture

Initiative to Create Sustainable Agriculture (Society)

Building systems that can efficiently and stably supply safe and secure food is one of the most important issues for realizing a sustainable society. The Ryoden Group is applying the technological capabilities that we have cultivated across multiple business experiences to the agricultural field, and leading the industry in the development, construction, and operation of plant factories that use artificial light.

Providing Plant Factory Systems with High Operating Efficiency to Help Realize a Decarbonized Society

To help solve problems that domestic agriculture industry confronts, such as aging of farmers, and to realize sustainable agriculture, we developed LED lighting inhouse specifically for plant cultivation and we are working on putting into practice the artificially-lit plant factories that utilize that lighting.

As part of that effort, we jointly established BlockFARM, Inc., with Farmship, Inc. (Chuo-ward, Tokyo), the largest distributor of plant factory vegetables, and set about constructing energy-saving, next-generation plant factories using innovative advanced technologies.

We intend to make it the world's first entirely enclosed plant factory to mass produce spinach. Our ultimate aim is to establish next-generation agricultural models by merging the strengths of Ryoden, as the industry's leading provider of plant factory systems, equipment, and construction, and Farmship, Inc., a leader in plant factory vegetable distribution.



Architectural rendering of the next-generation plant factory

BlockFARM's Special Features

1. The world's first enclosed plant factory to mass produce leafy vegetables, mainly spinach. Achieves year-round cultivation of spinach, a specified vegetable with rich nutrition
2. Reduces power consumption by approximately 40% compared to our previous systems by using our proprietary-developed heat convection environment control system
3. Constructs mega solar power equipment in parallel for totally captive use to facilitate the switch of approximately 10% of power to natural energy
4. Achieves greater added value by introducing processing and freezing equipment

Overview of the Facility

Total construction cost	Approx. ¥3.0 billion
Location	2297 Hara, Numazu, Shizuoka, Japan
Scale	1,000 tonnes per year Annual sales ¥1.5 billion (at full operation)
Area	Two-story steel-frame building Gross floor space: 8,000m ² Overall site: 20,000m ²

Contributing to safe and secure "food" for the future, through artificially-lit plant factories

The Ryoden Group turned its development of equipment systems for plant factory and construction engineering into a commercial business in 2017, and it has achieved sales of ¥8.0 billion to date. Ryoden leverages its dedicated construction systems, specialized for plant factories, its leading proprietary-developed high-speed propagation LEDs, and its excellent procurement capabilities as the largest Mitsubishi Electric-affiliated trading company, to provide next-generation plant factory systems with high operating efficiency, from small-scale systems for research and development, to large-scale facilities for mass production. We strive to contribute to future food safety and security through our comprehensive construction system that covers from plant factory design to materials and equipment consulting, as well as various associated works.



A large-scale plant factory, created by renovating an existing building



LED for high-speed plant propagation developed by the Group

Accelerating Our IoT Business

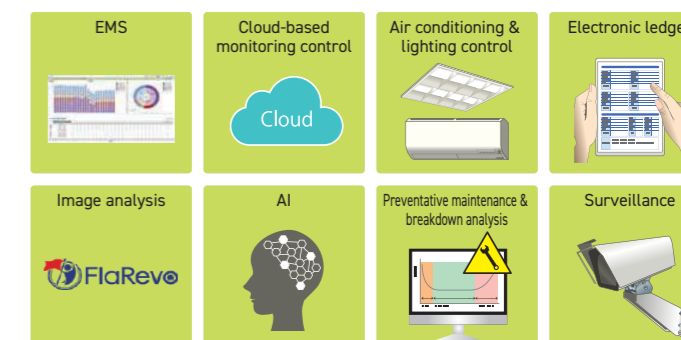


Creating Customer Value by Utilizing ICT and Digital Technologies. Helping Create a Highly Convenient Society

Remces is an original Ryoden IoT platform that supports everything from product manufacturing to people's everyday lives. We create new value together with our customers by linking and integrating devices and systems that utilize ICT and digital technologies and, by extension, help create a highly convenient society.

Seamlessly linking devices from different manufacturers, achieving energy savings and improved productivity through centralized management, analysis, and control

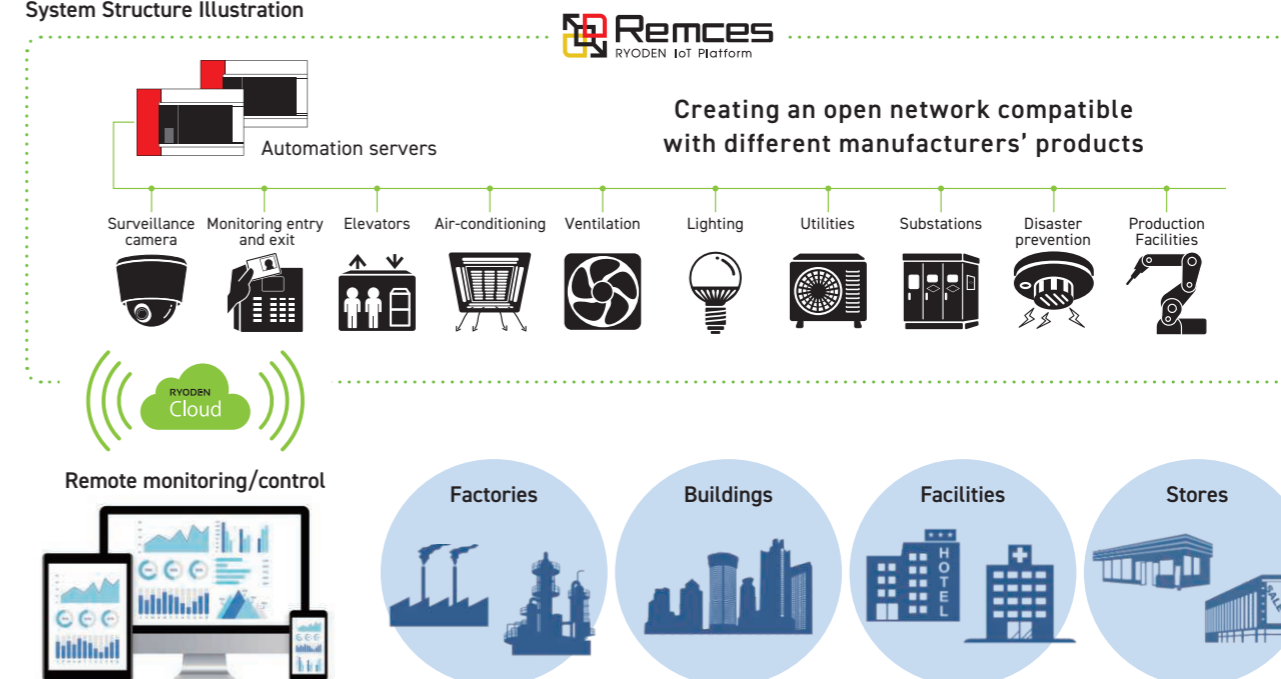
Remces is an IoT platform that can seamlessly link equipment and devices produced by different manufacturers, collect information from various sensors and alarms, and control equipment through centralized management. The cloud-based system facilitates remote management and control and offers high upside scalability. Furthermore, Remces helps improve productivity and quality by capitalizing on the advantageous characteristics of open networks that are not bound to a specific equipment manufacturer to coordinate a range of functions tailored to an individual customer environment.



Remces' main applications include the centralized management, monitoring, and control of various types of information as well as remote operation and remote maintenance, all designed to support customers' efforts to save energy and improve productivity. The platform can be used to monitor production facilities in factories, and to monitor, analyze, and control lighting and air conditioning in buildings, hotels, medical institutions, and stores, etc. Another major merit for customers is that they can gain significant benefits from minimal investments because the platform can be run on existing networks. Remces supports DX in a wide range of fields from product manufacturing to everyday living.

Collecting various monitoring information on the weather and other environmental elements, or the operational status of a production site, etc. on automation servers, and utilizing data effectively

System Structure Illustration



Ryoden's SDGs

Selected Seven Focus Goals to Promote

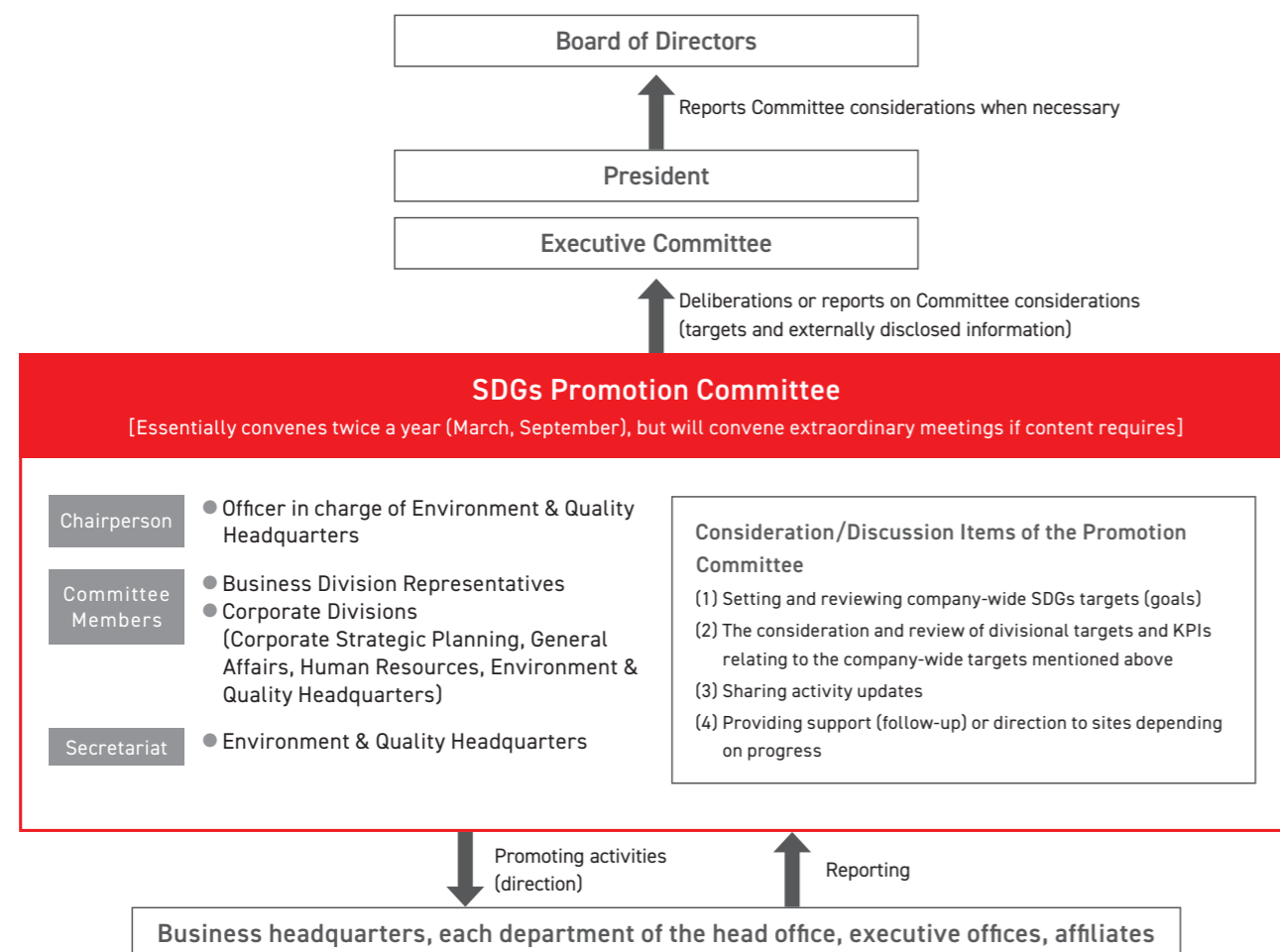
The Ryoden Corporation Group seeks to contribute to the achievement of a sustainable society through environment, security and safety, so we do not exaggerate when we say that our SDGs-driven initiatives underpin the very foundation of our business activities. The Group has selected seven goals to focus on most earnestly and we are currently working to solve various social issues in ways that intimately link those goals and our business activities.

Our Approach to the SDGs

The SDGs clarify specific social issues, and, as such, they indicate the exact areas that we should be focusing on in our entire Group business activities or the direction we should be taking. The Ryoden Group's Management Philosophy and Guidelines for Action agenda often coincide with the SDGs. We would even say that the activities designed to solve issues under the SDGs framework are often the very business activities that we are also striving to attain. We consider the SDGs to be an important factor in the sustainable development of our business activities, so we constantly strive to deepen the relationship between our business activities and the SDGs in order to help solve social issues.

Framework for Promoting SDGs

We established our SDGs Promotion Committee to reflect SDGs initiatives in our Group strategy and management and to pursue social value and economic value in tandem. The Committee, which is chaired by the director in charge of supervising environmental and quality-related areas and comprises representatives from each business division, works closely with the Executive Committee when promoting activities.



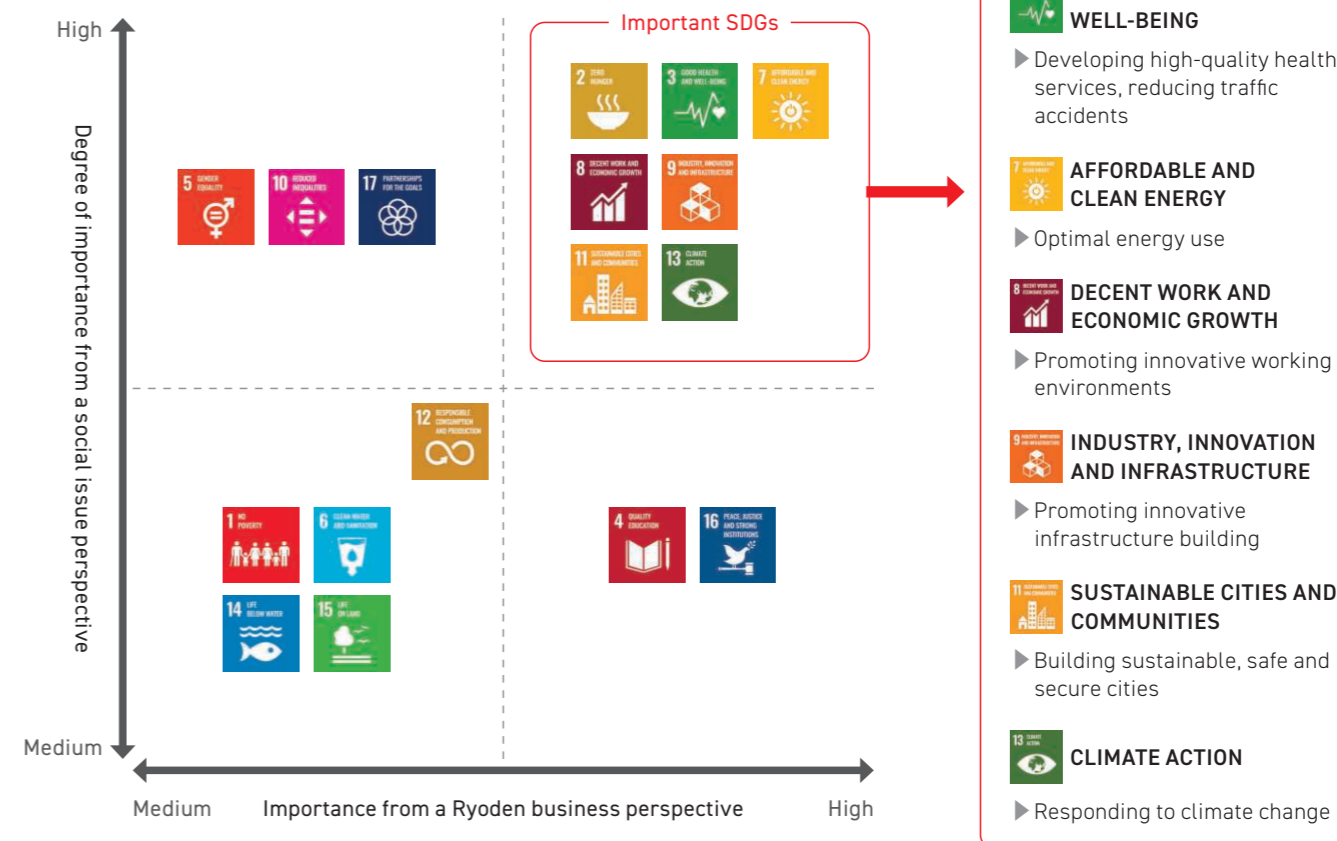
Selecting Important SDGs for our Business Activities

In order to further clarify our response to solving social issues, we selected seven SDGs that are the most important and relevant to Ryoden Group business activities. We considered a comprehensive range of factors when selecting those goals, including the degree of importance in relation to our business activities, the focus areas of our medium-term management plan, and the perspectives of various stakeholders.



Selected SDGs

All seven of the SDGs that we selected are highly important issues both to society and to our Group business activities. We believe that aiming to achieve these goals will enable us to better help realize a sustainable society and achieve further growth as a company.



Value Generated in Focus Areas

Environment

Ryoden's Environment Solutions



A complete range of measures is required to conserve the global environment, including energy saving at offices and factories, and the utilization of renewable energies. Ryoden's environment solutions contribute to a sustainable society, through its broad technological prowess and proposal capabilities.

ZEB

Supporting the realization of Net Zero Energy Buildings (ZEB)

We support the realization of ZEB, which aims for net zero energy consumption in a building through energy saving and energy creation, while maintaining a comfortable indoor environment.



Business Environment

Final energy consumption in offices, commercial facilities and the like accounts for around 16% of Japan's total energy consumption (FY2016), and continues to increase. ZEB technologies can significantly reduce energy consumption in buildings, and their spread is required to respond to global warming and stabilize energy supply and demand.

Impact on Ryoden Corporation	Impact on Society
<ul style="list-style-type: none"> Expanding business opportunities in the Building Systems Business More stable revenue structure through the expansion of consulting businesses 	<ul style="list-style-type: none"> Providing social infrastructure to aid in municipal systems for the creation of sustainable, secure and resilient cities

Ryoden's Environment Solutions

ZEB is a building with net zero or negative annual primary energy consumption. The Group has a considerable track record of selling building equipment to potential ZEB targets: offices, hotels, hospitals, stores, schools, meeting places, etc. Based on these experiences, and in collaboration with Mitsubishi Electric Corporation, a general electrical manufacturing company, and partner companies, the Group supports customers as an equipment consultant or energy-saving consultant for the realization of ZEB, through proposing energy-creation and energy-saving solutions, such as photovoltaic facility and EMS, on top of main equipment such as air-conditioning, lighting, hot water supply, ventilation and elevators and escalators.

* V2X: Vehicle-to-everything

Ryoden Corporation is registered as ZEB Planner

A ZEB Planner, based on the gist of the ZEB Roadmap, is an entity which utilizes the ZEB Design Guidelines or the Technical and Design Knowhow on the Design of ZEB and Energy-Saving Buildings of each company. A consulting window is established at such entity for the realization of ZEB throughout the general public, with the aim of supporting business and disclosing the activities.

EMS

Providing total support for energy saving in offices and factories

The Ryoden Group provides total support for the introduction and operation of environmental management systems (EMS), which are mechanisms to achieve environmental targets in offices, factories, and other facilities.



Business Environment

In order to achieve sustainable development, all companies are required to establish environmental rules and targets for their factories and business locations, and to strive continually to achieve them. EMS is attracting the attention of many companies, as a way to realize their targets from the perspective of cost reduction.

Impact on Ryoden Corporation	Impact on Society
<ul style="list-style-type: none"> Contribution to mainstay businesses of expertise acquired through solutions technologies, which require comprehensive capabilities More stable revenue structure through the expansion of consulting businesses 	<ul style="list-style-type: none"> Promotion of the spread of clean energies, ensuring access to modern, sustainable energy

Ryoden's Environment Solutions

The Group makes proposals for update to LED lighting and other equipment and devices with outstanding energy-saving performance, based on the detailed analysis of data acquired through "energy visualization." By coordinating air-conditioning, lighting equipment, and access management systems, we also provide EMS proposals that ensure safety and comfort, for example by guarding against the air-conditioners and lights being left on after the last person has left the room. We provide total support for energy saving in offices and production sites, no matter what the scale.

Security

Ryoden's Security Solutions

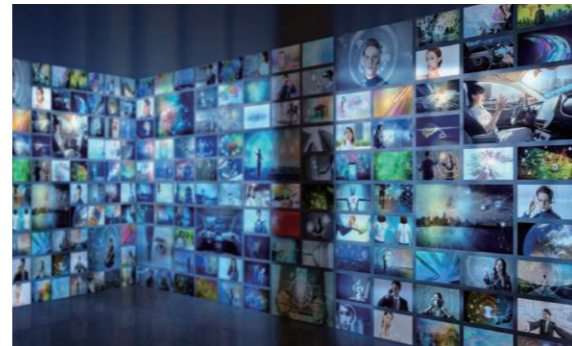


Appropriate acquisition and utilization of vast amounts of data is indispensable for business activities in advanced information society. Ryoden's security solutions help to protect lifestyle security through the proper management and utilization of data.

VMS

FlaRevo, which centrally manages all information, streamlining operations

The Ryoden Group contributes to building a safe and secure society through VMS (video management system), a network visual solution combining cameras and IT.



Business Environment

As we enter the era of full-scale IoT, the usage of surveillance cameras is no longer limited to crime prevention, but is spreading across a range of fields, including analysis of the movements of people and things, and watching over the elderly. Video images enable the acquisition of larger amounts of information than words or still images, and have become a vital part of ensuring safe and secure lifestyles and businesses.

Impact on Ryoden Corporation

- Creating new value by proposing business camera solutions to customers in the manufacturing industry
- Using sensing data to generate synergies with our FA business

Impact on Society

- The information is not only useful for security purposes, but can also be used and stored as information assets for corporate management.



Ryoden's Security Solutions

The Group offers the video monitoring system, FlaRevo, which adopts a VMS that contributes to improving operational efficiency, in addition to the conventional application of surveillance cameras for crime prevention. It is compatible with various scenarios, including the remote monitoring of hazardous areas, and monitoring of equipment to detect and restore defects quickly. In addition, the video footage acquired can be used to obtain important information, useful in corporate management, from the movements of people and the status of machinery, to product quality.

Shifting from "surveillance camera" to "business camera"

Shoot	See	Connect
<div style="background-color: #003366; color: white; text-align: center; padding: 2px; font-weight: bold;">Business site monitoring</div> <ul style="list-style-type: none"> Wide range of camera selection <ul style="list-style-type: none"> • Compatible with over 120 manufacturers • Add 1 camera for the minimum unit Compatible with large-scale systems <ul style="list-style-type: none"> • Supports 100 units or more Flexible backups <ul style="list-style-type: none"> • HDD/NAS backup • Scheduled backup 	<div style="background-color: #003366; color: white; text-align: center; padding: 2px; font-weight: bold;">Improved viewing environment</div> <ul style="list-style-type: none"> Free video viewing <ul style="list-style-type: none"> • Multiple monitors can be installed • View video from personal computers Web page display <ul style="list-style-type: none"> • Add various types of information Cloud <ul style="list-style-type: none"> • Use on the Internet • Use with mobile devices 	<div style="background-color: #003366; color: white; text-align: center; padding: 2px; font-weight: bold;">Linking systems</div> <ul style="list-style-type: none"> Use of I/O <ul style="list-style-type: none"> • Use of contact signals Input from other systems <ul style="list-style-type: none"> • Bookmark function • Alert display Output to other systems <ul style="list-style-type: none"> • Alert notifications • Provide video/still images

Next-generation systems made possible by FlaRevo

RFID

ATLAS-Things, which specializes in recording the receipt and shipment of all things

The Ryoden Group contributes to building a safe and secure society through the creation of a ubiquitous society, and RFID (Radio Frequency Identifier), an automatic recognition technology expected to be a tool for sophisticated information services.

Business Environment

The state-of-the-art logistics network is required to monitor the status of each and every item in real time in order to optimize its cost effectiveness. In addition, with the globalization of supply chains, there is an increasing need for the standardization of information related to goods management.

Impact on Ryoden Corporation

- Providing value across a variety of fields, including manufacturing, logistics, retail, services, transport, etc
- Providing value for business purposes, including individual item recognition, traceability, and environmental response

Impact on Society

- Expanded traceability and recycle control of transport equipment around the world, contributing to simpler customs procedures and the abolition of tariffs on transport equipment

Ryoden's Security Solutions

RFID is expected to be applied to all kinds of objects, as devices that form a key part of Industry 4.0. The Group offers total RFID solutions, from reader/writers to the production of custom-made IC tags, etc. With our advanced technological prowess and thorough knowledge of the characteristics of RFID, including radio frequency and electromagnetic induction, we can respond to all user requirements. We are expanding the ATLAS-Things cloud service, which uses automatic recognition technologies such as RFID and QR to record the receipt and shipment of goods.

- 1. Flexible support regardless of user's scale**
Because it employs a cloud service, the system can be introduced quickly from small trials to large-scale enterprise users.
- 2. Compatible with international standards**
This service is compatible with hierarchically-structured supply chains. It conforms to international standards, as well as proprietary code systems. (Automobile industry: ISO1736x / Distribution industry: GS1)

ATLAS-Things visualizes the movement of RTI, something that we couldn't do in the past

- 3. Release of an online API**
Customers can develop local edge systems without placing limits on the readers to be used.
- 4. Supporting visualization**
The service provides a screen that allows users to track the status of the receipt and shipment of products, using a browser as a standard feature. In addition, it is equipped with a data export function that enables various types of analysis with BI tools.

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RYODEN REPORT 2021 33

Ryoden's Vision

Ryoden's Value Creation

Management

Financial Section

Corporate Information

Safety

Ryoden's Safety Solutions



"Safety" is a vitally important key word in today's society, with its diversity of potential risks. Ryoden's safety solutions actively contribute to safe lifestyles for the public across a broad range of fields.

Autonomous Driving

Reproducing autonomous vehicle driving environments in virtual space

Ryoden Corporation reproduces the size, shape, sensor information, etc. of the vehicle along with road information, surrounding structures, weather conditions, time zone, etc. in a virtual environment to provide a safety evaluation environment for autonomous driving/advanced driver-assistance systems (ADAS).



Business Environment	
The majority of traffic fatalities in Japan occur on ordinary roads, so the country has made it a national goal to encourage the practical use of autonomous driving to help eliminate fatal accidents. In order to evaluate the safety of autonomous driving systems in various environments on ordinary roads, it is essential to build virtual environments that are both easily reproduceable and cost-effective.	
Impact on Ryoden Corporation	Impact on Society
<ul style="list-style-type: none"> Expansion of autonomous driving-related business Construction of a software tool business 	<ul style="list-style-type: none"> Provision of safe autonomous driving systems Improvement of the efficiency of developing autonomous driving systems Reduction of the cost of developing autonomous driving systems



Ryoden's Safety Solutions	
<p>Ryoden Corporation provides WARXSS in collaboration with our partner company Witz Corporation that utilizes high-precision 3D models to help achieve autonomous driving, ADAS, and mobility services.</p>	
Various models offered through WARXSS	
Sensor model (For MaaS, infrastructure) 	Weather conditions
Location 	Vehicle model

Building facilities for the Specific Environment Test Field at Jtown, Japan's first autonomous driving evaluation center

Ryoden Corporation was responsible for building facilities for the Specific Environment Test Field, capable of accurately simulating a variety of weather conditions, at Jtown, Japan's first autonomous driving evaluation center. We contribute to enhancing the safety of autonomous vehicles.



Business Environment	
Autonomous vehicles achieve safe driving through the acquisition and real-time analysis of a vast range of data from a variety of sensors. Assessing vehicles' ability to negotiate poor conditions, such as strong rain and driving into the sun, is absolutely vital for ensuring safety, and the demand for specialized testing facilities is increasing.	
Impact on Ryoden Corporation	Impact on Society
<ul style="list-style-type: none"> Foothold for the expansion of automotive-related business Synergy with the Smart Agriculture Business, through technologies to recreate specific weather conditions 	<ul style="list-style-type: none"> Contribution to the development of safe vehicles and road transport systems Contribution to a safe society, without traffic accidents



Ryoden's Safety Solutions	
<p>Jtown is Japan's first autonomous driving evaluation center, established by the Japan Automobile Research Institute (JARI) in Tsukuba City, Ibaraki Prefecture. It contains three testing areas within its grounds of around 160,000 m². The Group was responsible for constructing the Specific Environment Test Field facility, which assesses the peripheral environment recognition capabilities of autonomous vehicles under anticipated general road conditions, such as rain, fog and backlight, which are simulated indoors. In addition to rainfall equipment that can recreate a torrential downpour of 80 mm per hour, the facility also features fog generating equipment and sunlight testing equipment.</p>	<p>The Specific Environment Test Field in Jtown. The building houses a 200 m-long, 3-lane (3.5 m x 3-lane) test road.</p>
<p>The irradiation testing equipment includes a light that simulates the sun, recreating conditions such as driving into late afternoon sunlight.</p>	<p>The fog generating equipment can be adjusted to recreate a range of visibility from 15 m to 80 m.</p>
<p>The rainfall equipment can simulate three levels of hourly rainfall: 30 mm, 50 mm and 80 mm.</p>	

Management

Corporate Governance

The Company strives to strengthen corporate governance to sustainably enhance shareholder value and fulfill its responsibilities to diverse stakeholders. In addition to “ensuring transparency,” “increasing the speed of decision-making,” “enhancing ethics and legal compliance,” and “strengthening internal control,” we are working to further advance corporate governance by strengthening initiatives for “information disclosure” and “accountability.”



Management team (Directors and Audit & Supervisory Board Members)



Nobuo Shogaki
President and representative director

Shoji Kitai
Director of Board

Osamu Tanaka
Director of Board

Takahiro Ozawa
Director of Board

Masamitsu Miyagishi
Outside Director

Yoshiko Shirata
Outside Director

Masahiro Muroi
Outside Director



Akira Sano
Corporate Auditor

Reiichiro Kito
Corporate Auditor

Hideyo Ishino
Outside Corporate Auditor

Masato Suzuki
Outside Corporate Auditor

Knowledge and experience expected of the management team

For the Company's sustainable growth and improved corporate value, it considers that an effective management team should contain an overall balance of knowledge, experience and ability to fulfill its role and responsibilities effectively, including broad knowledge of business and appropriate insights into finance, accounting and compliance.

	Corporate Management, Business Strategy	Sales, Marketing	Production, Technology, R&D	Finance, M&A	HR, Personnel development	Legal, Compliance	International business, Diversity
Nobuo Shogaki President and representative director	○	○					○
Shoji Kitai Director of Board, Senior Executive Officer	○			○	○	○	
Osamu Tanaka Director of Board, Senior Executive Officer	○		○				○
Takahiro Ozawa Director of Board, Senior Executive Officer	○	○	○				
Masamitsu Miyagishi Outside Director	○			○			
Yoshiko Shirata Outside Director	○		○	○			○
Masahiro Muroi Outside Director	○		○			○	
Akira Sano Corporate Auditor		○					
Reiichiro Kito Corporate Auditor				○		○	
Hideyo Ishino Outside Corporate Auditor				○			○
Masato Suzuki Outside Corporate Auditor						○	○

Executive Officers with Titles



Katsuyuki Tomizawa
Executive Vice President

Masatoshi Nakamura
Senior Executive Officer
General Manager, FA & Facilities System Business Headquarters, and General Manager, ICT Solution Business Headquarters

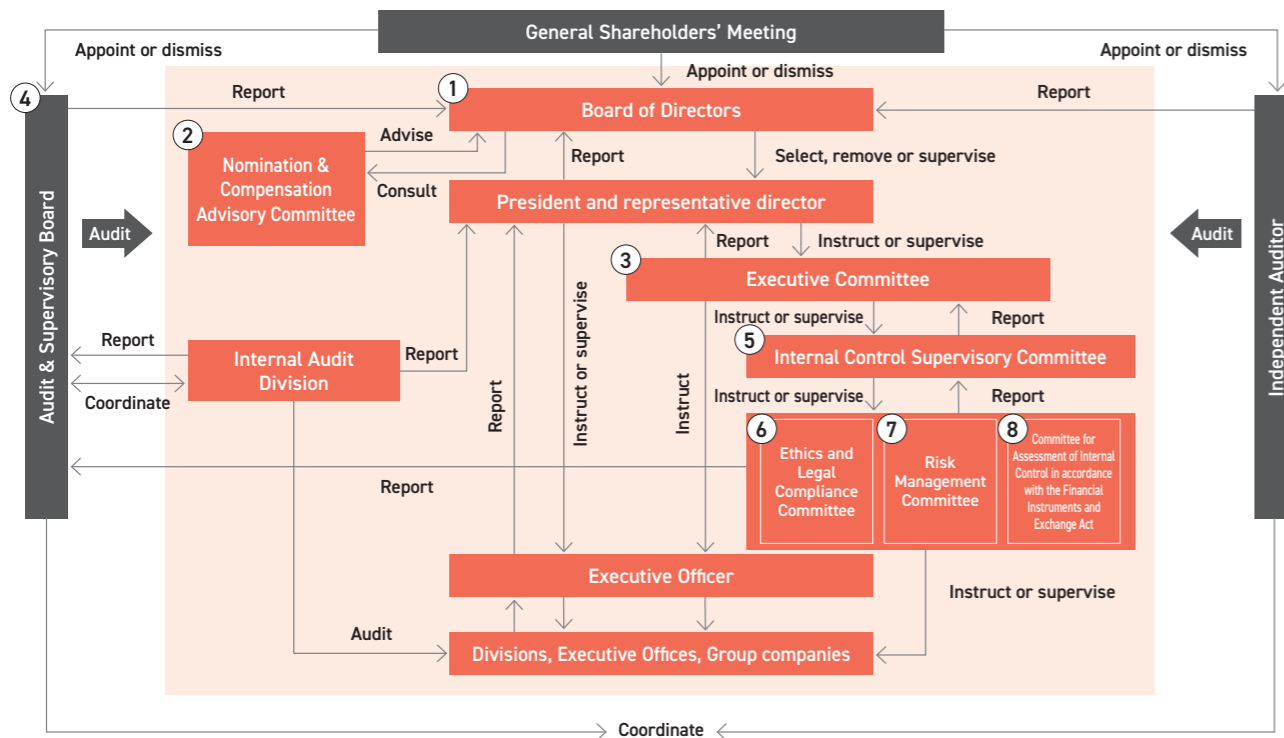
Shunichi Higashi
Senior Executive Officer
General Manager, Device System Headquarters

Kazumoto Yogosawa
Senior Executive Officer
General Manager, Central Japan Executive Office

Ko Oniwa
Senior Executive Officer
General Manager, West Japan Executive Office

Corporate governance system

The Company has adopted the current structure of a company with an Audit & Supervisory Board, because it considers that a system of double checks involving the Board of Directors and the Audit & Supervisory Board will secure the appropriateness of operations. The Board of Directors consists of seven Directors, three of whom are Outside Directors. It makes decisions on important matters of business execution, and supervises business execution by Directors. The Audit & Supervisory Board is composed of four Audit & Supervisory Board Members, two of whom are Outside Corporate Auditors. It ensures independence from business executers in supervising the execution of business by Directors, in coordination with the Independent Auditor and the Internal Audit Division.



Composition of each body

◎Chair or Chairperson ○Attending member

Rank	Name	①Board of Directors	②Nomination & Compensation Advisory Committee	③Executive Committee	④Audit & Supervisory Board
President and representative director	Nobuo Shogaki	◎		◎	
Director of Board, Senior Executive Officer	Shoji Kitai	○	◎	○	
Director of Board, Senior Executive Officer	Osamu Tanaka	○		○	
Director of Board, Senior Executive Officer	Takahiro Ozawa	○		○	
Outside Director	Masamitsu Miyagishi	○	○		
Outside Director	Yoshiko Shirata	○	○		
Outside Director	Masahiro Muroi	○	○		
Auditors	Akira Sano	○		○	◎
Auditors	Reiichiro Kito	○		○	○
Outside Corporate Auditor	Hideyo Ishino	○			○
Outside Corporate Auditor	Masato Suzuki	○			○
Executive Vice President	Katsuyuki Tomizawa			○	
Senior Executive Officer	Masatoshi Nakamura			○	
Senior Executive Officer	Shunichi Higashi			○	
Senior Executive Officer	Kazumoto Yogosawa			○	
Senior Executive Officer	Ko Oniwa			○	

Overview of the corporate governance system

Organizational form	Company with an Audit & Supervisory Board	Number of Auditors (of which, Outside Corporate Auditors)	4 (2)
Number of Directors (of which, Outside Directors)	7 (3)	Adoption of an Executive Officer system	Yes
Term of office of Directors	1 year	Establishment of voluntary committees	Yes (Nomination & Compensation Advisory Committee)
Number of Outside Directors designated as Independent Directors	2	Compensation system	(1) Fixed compensation (2) Bonuses (3) Stock-compensation type stock options

① Board of Directors (Meetings in FY2020: 14)

As the Company's management top decision-making body, the Board of Directors decides on important matters concerning the Company's execution of business, and supervises the execution of duties by Directors.

The Company has introduced an Executive Officer system in order to increase the speed of decision-making, separate oversight functions and execution functions, and to enhance agility of execution, so as to appropriately respond to the business environment in which the Company operates. At the Ordinary General Meeting of Shareholders held in June 2018, the Articles of Incorporation was amended to set the number of Directors at 12 or less. The present number of Directors and composition of the Board of Directors are as shown on pp. 36 and 38.

② Nomination & Compensation Advisory Committee (Meetings in FY2020: 5)

Ryoden Corporation has established a Nomination & Compensation Advisory Committee, in order to ensure the fairness, transparency and objectivity of the processes regarding the nomination and compensation of Directors and to improve its corporate governance. The Nomination & Compensation Advisory Committee, upon consultation from the Board of Directors, deliberates and provides advice on matters regarding the nomination and compensation of Directors to the Board of Directors. A majority of the members of the Nomination & Compensation Advisory Committee are Outside Directors, and the Chairperson is chosen from among the committee members by resolution of the Committee. The current Chairperson is Shoji Kitai, Director in charge of HR.

③ Executive Committee (Meetings in FY2020: 25)

Ryoden Corporation has established the Executive Committee to deliberate the agenda to be submitted to the Board of Directors as well as important matters regarding Ryoden Corporation's business execution. The Executive Committee is composed of the President and representative director and eight Executive Officers with titles. Corporate Auditors also attend the meetings.

④ Audit & Supervisory Board and Auditors (Meetings in FY2020: 6)

Ryoden Corporation's Audit & Supervisory Board comprises two Corporate Auditors and two Outside Corporate Auditors. Each Auditors attends the meetings of the Board of Directors as well as other key meetings in accordance with the audit policy and audit plan determined by the Audit & Supervisory Board, and audits and oversees legal compliance by the Directors in performing their duties, by verifying reports from Directors and employees of the Company and the Group and conducting investigations into the business operation and financial situations of each company.

⑤ Internal Control Supervisory Committee (Meetings in FY2020: 1)

As an oversight body, the Company established the Internal Control Supervisory Committee, chaired by the President and representative director and made up of the Executive Officers with titles, to discuss basic policies on the internal controls of the Group and verify the activities of other committees.

⑥ Ethics and Legal Compliance Committee (Meetings in FY2020: 2)

Recognizing compliance as a key managerial priority, we established the Ethics and Legal Compliance Committee chaired by the responsible Director and have a Compliance Manager to take regular action to ensure compliance with laws and regulations, fairness and morality in our activities.

⑦ Risk Management Committee (Meetings in FY2020: 2)

To ensure the continuity and stable development of our business, we established the Risk Management Committee chaired by the responsible Director. The Committee conducts group-wide risk analysis, and in order to mitigate the risks identified therein, draws up countermeasures considering the probability of occurrence of risks and the level of impact, etc., and further monitors the implementation status.

⑧ Committee for Assessment of Internal Control in accordance with the Financial Instruments and Exchange Act (Meetings in FY2020: 5)

For the purpose of complying with the internal control reporting system stipulated by the Financial Instruments and Exchange Act and ensuring the credibility of our financial reporting, we established the Committee for Assessment of Internal Control in accordance with the Financial Instruments and Exchange Act chaired by the responsible Director. The Committee evaluates our internal control system based on the results of internal audits that the Internal Audit Division and Information System Division perform in accordance with each assessment criterion with respect to the implementation status and operating results in the Company.

Evaluation of the effectiveness of the Board of Directors

Method of evaluation

A self-assessment survey on the effectiveness of the Board of Directors in fiscal 2020 was conducted of all members of the Board of Directors, with the exception of the President and representative director, with the aim of confirming and enhancing the effectiveness of the Board of Directors. Based on the result of the survey, the Board members held a meeting to exchange opinions on the effectiveness of the Board of Directors, together with Independent Outside Directors and Auditors.

Evaluation items

(1) Composition of the Board of Directors	(5) Matters relating to the execution of duties by individual Directors and Auditors
(2) Operation and debate by the Board of Directors	(6) Nomination and compensation
(3) Decisions, etc. on business strategy by the Board of Directors	(7) Evaluation of last year's issues
(4) Content of agenda items, quality, volume, etc. of materials	(8) Other (Board of Directors meetings during COVID-19 pandemic, etc.)

Summary of the evaluation results, and future initiatives

From the results of the self-assessment survey and opinions expressed in discussions, the effectiveness of the Board of Directors was assessed to be improving in general. However, opinions were expressed on matters such as the creation of a president and CEO succession plan and the composition of the Board of Directors (number of Independent Outside Directors), and it was confirmed that these issues will be addressed in haste.

Introduction of external perspectives

The Company currently has three Outside Directors and two Outside Corporate Auditors. The Outside Directors, drawing on their respective abundant experience and wide-ranging knowledge, provide advice concerning operations and supervise execution. Outside Corporate Auditors, from their objective and independent stances, monitor and oversee the status of management execution in cooperation with Corporate Auditor and conduct audits to ascertain whether the execution of duties by Directors is in compliance with laws and regulations and the Company's Articles of Incorporation through examination of the design and operation of internal control systems of the Company and the Group.

	Name	Independent	Reason for appointment	Meetings attended in FY2020	
				Board of Directors	Audit & Supervisory Board
Outside Director	Masamitsu Miyagishi		Mr. Miyagishi serves in key positions of Mitsubishi Electric Corporation, and is well versed in the industry related to the Company. He oversees the Company's management and provides effective advice on the Company's overall management, from an independent standpoint based on his wealth of experience and wide-ranging knowledge.	14/14	—
	Yoshiko Shirata	○	Ms. Shirata has specialized knowledge about financial accounting and management gained through her research at universities. She oversees the Company's management and provides effective advice on the Company's overall management, based on her wealth of experience and wide-ranging knowledge as an accounting specialist.	14/14	—
	Masahiro Muroi	○	Mr. Muroi has been serving as a Member of the Board of Nomura Research Institute, Ltd. He oversees the Company's management and provides effective advice on the Company's overall management, based on his wealth of experience and wide-ranging knowledge as a corporate manager.	14/14	—
Outside Corporate Auditor	Hideyo Ishino	○	Mr. Ishino fulfilled various key positions at Board of Audit of Japan. He is expected to utilize his deep insight about accounting and finance for the audit system of the Company.	14/14	6/6
	Masato Suzuki	○	Mr. Suzuki has many years of experience in corporate law as an attorney, despite never having been involved in corporate management. He is expected to utilize his specialized knowledge and wide-ranging experience for the audit system of the Company.	10/10	4/4

*Ten meetings of the Board of Directors and four meetings of the Audit & Supervisory Board have been held since Mr. Suzuki was appointed.

Compensation for Directors and Auditors

Basic Policy on Compensation for Directors

- Increases medium- to long-term corporate value in line with the Company's Management Principle
- Endeavors to share interests in common with shareholders
- Is explainable to stakeholders and determined through a transparent process

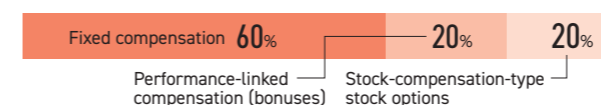
Policy for determining compensation for Directors and Auditors

Maximum total amounts of compensation for all Directors and Auditors, respectively, are determined through a resolution of the General Shareholders' Meeting. Compensation amounts for Directors are determined by the Board of Directors through consultation with the Nomination & Compensation Advisory Committee, which comprises a majority of Outside Directors. Compensation amounts for Auditors are determined through discussion among Auditors. The details of and policy for determining compensation, etc. for Directors and Auditors are as follows:

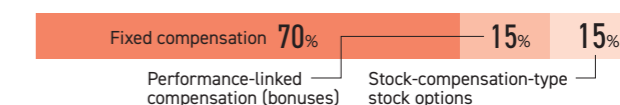
Class of Officer	Relevant officers	Approach for determining compensation, etc.	Resolutions on compensation, etc.
Directors (7)	Directors (internal) (4)	Basic compensation (fixed compensation) • A specific amount is determined by the Board of Directors for each rank, based on comprehensive consideration of Ryoden Corporation's financial results, the degree of contribution of each individual to these results, and the degree of performance of roles and duties. Performance-linked compensation (bonuses) • Cash compensation is paid as performance-linked compensation (bonuses) reflecting key performance indicators (KPI) as an incentive to promote consistent achievement of annual financial results targets and appropriate management. • Specifically, the amount is determined by the Board of Directors for each rank in accordance with the profit attributable to owners of parent each fiscal year, also taking into account the level of the Company's overall financial results. Non-monetary compensation, etc. (stock-compensation-type stock options) • Share acquisition rights are allocated as non-monetary compensation to further clarify the link between the Company's performance and share value and to enhance value sharing with shareholders. • Specifically, the Company pays Directors that have been allotted share subscription rights compensation equal to the total issue price and offset the compensation claims against the payment obligations for the share subscription rights.	<ul style="list-style-type: none"> The maximum annual amount of monetary compensation is 400 million yen (of which, the maximum for Outside Directors is 30 million yen) (as resolved at the 70th Ordinary General Meeting of Shareholders held on June 29, 2010) The maximum annual amount of stock-compensation-type stock options for Directors (excluding Outside Directors) is 100 million yen (as resolved at the 73rd Ordinary General Meeting of Shareholders held on June 27, 2013)
	Outside Directors (3)		
Auditors (4)	Auditors (internal) (2)	• Basic compensation (fixed compensation) only, no performance-linked compensation, etc.	<ul style="list-style-type: none"> The maximum annual amount of monetary compensation is 80 million yen (as resolved at the 73rd Ordinary General Meeting of Shareholders held on June 27, 2013)
	Outside Corporate Auditors (2)		

Percentage of each type of compensation

President and representative director



Other Directors (excluding Outside Directors)



Compensation amounts for Directors and Auditors

Class of Officer	Number of eligible Officers (persons)	Amount of each type of compensation (millions of yen)			Total amount of compensation (millions of yen)
		Basic compensation	Performance-linked compensation	Non-monetary compensation, etc.	
		Fixed compensation	Bonuses	Stock-compensation-type stock options	
Directors	6	108	15	19	142
(of which, Outside Directors)	2	14	—	—	14
Auditors	5	49	—	—	49
(of which, Outside Corporate Auditors)	3	12	—	—	12

*1 The number of officers and the amounts of compensation shown above include one Auditor who retired at the conclusion of the 80th Ordinary General Meeting of Shareholders held on June 25, 2020. In addition, no compensation was paid to one of the three Outside Directors.

*2 The amounts of bonuses shown above were the amounts paid to four Directors (excluding Outside Directors).

*3 The amount of stock-compensation-type stock options shown above is the amount of expenses recorded pertaining to the grant of share acquisition rights as stock-compensation-type stock options to four Directors (Outside Directors are not eligible) in the fiscal year under review.

*4 Profit attributable to owners of parent is used as the performance indicator for calculating stock-compensation-type stock options.

Training for Directors and Auditors

The Company's newly-appointed Directors and Auditors (excluding Outside) attend external seminars, as well as undertake e-learning for listed companies provided by Tokyo Stock Exchange, Inc. after their appointment. In addition, Directors and Auditors actively participate in external seminars organized by consultants and bodies such as the Japan Auditors Association.

Initiatives on information security

Ryoden Corporation continuously implements countermeasures against unauthorized access to our internal information systems as well as measures against confidential information and personal information leaks. In addition, we thoroughly train all officers and employees of the Ryoden Corporation and its Group with respect to aforementioned matters. We have reinforced security through such means as establishing office security guidelines, applying zone-control to each business location, and using IC-chip cards for access control. Additionally, we have introduced an integrated management system for computers and servers, for business use, and removed software that clients have decided not to use.

Message from Outside Director

As an independent officer my important role is to support the desire to enhance corporate value and offer advice so that the probability of succeeding at this enhancement.



Masahiro Muroi
Outside Director

When I was appointed Outside Director five years ago, Ryoden's Board of Directors operated in an old-fashioned way typical of traditional large companies in Japan. There was a large number of directors, and deliberations and reports focused on the detailed execution of operations without much opportunity to discuss medium- to long-term management strategy. As an Independent Director*, I tried to speak without considering the executives, so I proposed to drastically reform the Board of Directors. After much discussion, it has been reformed into the current healthy and high-quality Board of Directors, which, although compact, has very rigorous discussions on medium- to long-term management strategy, approaches to sustainability, investment in new business development, M&A, and so forth.

The medium-term management plan, "ICHIGAN2024," was established as a result of frequent heated discussions at meetings of the Board of Directors. All of the members of the Board of Directors shared an understanding from the outset of discussions that it was essential for the Company to break away from a traditional structure that depends on trading company and agency business and re-invent itself for future growth. However, haphazardly developing a wide array of new businesses does not have a high probability of success. The independent officers, including me, latched onto the idea of focusing on business domains that suit the Company's accumulated business assets and customer assets, and the qualifications and capabilities of our officers and employees. In the context of comprehensively thinking about and discussing Ryoden Corporation's character and strengths, the management plan was established based on the themes of "environment, security and safety,"

"creating new value as a business creation company," and "using strengths in our specialty areas (manufacturing, automotive, imaging, telecom, air-conditioning)."

As an independent officer, my role is to always monitor business execution and warn against misconduct and excessive risk-taking. However, there is almost no concern about these at Ryoden Corporation with its customer-oriented, quality-oriented, and honest corporate culture. Rather, I believe it is important for independent officers to support executives in their desire to boldly take appropriate risks to invest in growth and enhance corporate value and to offer advice to increase the probability of success.

In the plan, management targets have been set high, including ROE of 8.0% and new business sales up 15.0 billion yen (vs. FY2018). Of course, target figures are important, but beyond this, revamping personnel, the organization, and corporate culture to create growth businesses is most important and an extremely high hurdle. Despite the very difficult business environment due to COVID-19, Ryoden Corporation is doing its utmost to overcome this high hurdle. A new organization, new investments, and new collaborations are acting to transform into a business creation company that transcends the bounds of a traditional agency or trading company. At "plant factories" in the Smart Agriculture Business, new businesses are beginning to emerge, and in the network business, video networks, RFID network systems, and other value-added solutions only possible at Ryoden are taking shape.

I ask shareholders and other stakeholders to have great expectations for the outcomes of Ryoden Corporation's new challenges and to sternly encourage us.

*Independent officers: Outside Directors or Outside Auditors who are not likely to have a conflict of interest with ordinary shareholders. The Tokyo Stock Exchange, etc. require listed companies to have at least one independent officer in order to protect ordinary shareholders. The Company currently has three Outside Directors and two Outside Corporate Auditors, four of which are independent officers.

Compliance system

The Company deems thorough compliance as one of its important managerial issues. We have therefore set compliance rules in place and have strived to thoroughly disseminate them to all officers and employees of the Ryoden Corporation and its Group through education. In addition, in an effort to strengthen and expand the system of internal controls of the Ryoden Corporation and its Group, we established the Internal Control Supervisory Committee chaired by the President and representative director to oversee activities involving internal control. Furthermore, to ensure the thorough compliance in our business activities, we established the Ethics and Legal Compliance Committee chaired by the responsible Director, which periodically stipulates matters related to compliance and puts them into practice. On the other hand, the Internal Audit Division audits the status of compliance in the Ryoden Corporation and its Group.

Additionally, we stipulated our resolute stance against anti-social forces in the Ryoden Corporation Group Behavior Principles and have thoroughly disseminated the guidelines to all officers and employees of the Ryoden Corporation and its Group, always paying attention to the maintenance of system. If officers and/or employees of the Ryoden Corporation and its Group become aware of behavior that is or may be in violation of compliance, they can report the incident using a hotline system and will receive no disadvantageous treatment.

Cross-shareholdings

■ Criteria and approach for classifying investment shares

Shares held exclusively for the purpose of deriving profits from changes in share price or dividends are classified as investment shares held purely for investment purposes, while shares held because it is deemed reasonable for maintaining or developing business relationships are classified as investment shares held for purposes other than pure investment.

■ Investment shares held for purposes other than pure investment

The Company only enters into cross-shareholdings where it is deemed reasonable for maintaining and developing business relationships. Cross-shareholdings are reviewed annually. The purpose of each shareholding and business relationships are considered from qualitative and quantitative perspectives, and the Board of Directors closely examines whether each shareholding is necessary and appropriate. If, as a result of comprehensive judgement, the purpose of the shareholding is not deemed reasonable, then the Company considers reducing the shareholding through sale.

In fiscal 2020, the Board of Directors executed an evaluation of the appropriateness of all shareholdings, including unlisted shares, as follows.

- The Board evaluated the economic rationale of holding each stock, through a comparison of the benefits it imparts to the Company, and the Company's cost of capital, from the dual perspectives of dividends received and the contribution of the business relationship to revenue. As a result, shareholdings were deemed economically rational for a majority of stocks.
- Regarding qualitative aspects, the Board confirmed that continuing shareholdings could be expected to contribute to maintaining and developing business relationships, and strengthening alliances, with the companies concerned.
- The Board implemented sales of some shareholdings that were not deemed reasonable as a result of comprehensive judgement of these matters. In fiscal 2020, shareholdings in eight stocks were sold completely.

■ Number of stocks and amount recorded on the balance sheets

	Number of stocks (stocks)	Total amount recorded on the balance sheets (Millions of yen)
Unlisted shares	10	121
Shares other than unlisted shares	29	3,701

■ Stocks for which shareholdings increased in FY2020

	Number of stocks (stocks)	Total acquisition cost related to increases in the number of shares (Millions of yen)	Reason for increases in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	8	5	Increases due to regular purchases by the business partner shareholding association.

■ Stocks for which shareholdings decreased in FY2020

	Number of stocks (stocks)	Total acquisition cost related to decreases in the number of shares (Millions of yen)
Unlisted shares	—	—
Shares other than unlisted shares	8	64

Risk Management

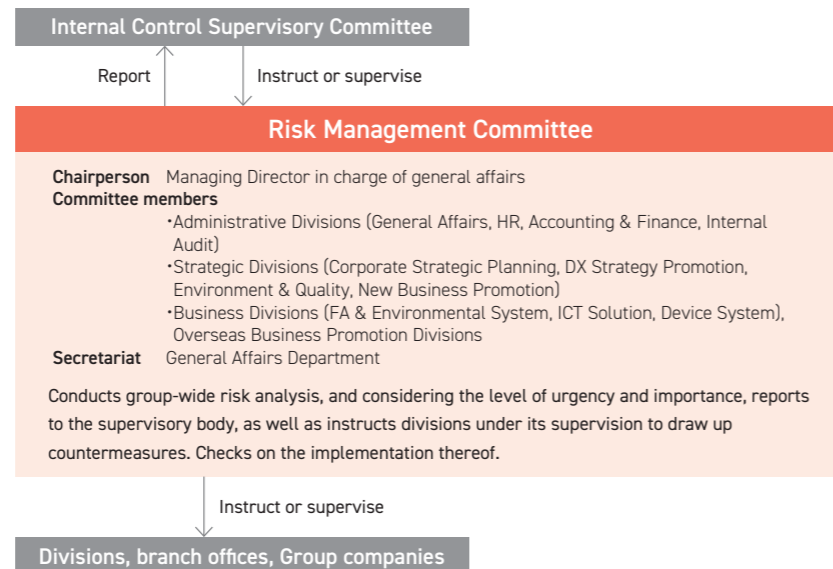
The Company has established Basic Regulations on Risk Management for the Group's risk management. The Risk Management Committee chaired by the responsible Director conducts group-wide risk analysis and carries out multifaceted risk management for the Group.

Risk Management System

The Chairperson of the Risk Management Committee is the Managing Director in charge of general affairs, and the secretariat is the General Affairs Department.

Members of the committee are appointed by the Chairperson, and the current members comprise the leaders of Administrative Divisions of the Head Office and General Managers of Business Headquarters.

The Risk Management Committee conducts group-wide risk analysis, and considering the level of urgency and importance, reports on its activities to the Internal Control Supervisory Committee, as well as instructs divisions under its control to draw up countermeasures and monitors the implementation thereof.



Risk identification process

The Group's risk management targets the following types of risk and identifies risks based on their probability of occurrence and level of impact. The Risk Management Committee meets twice per year to review risks, check the progress of countermeasures, and work to ensure continuity and stable development of the business.

- (1) Disaster risk (2) Management risk (3) Political, economic, and social risk

Identified risks

Identified risks (example)	Main countermeasures
Business continuity risk due to pandemics and natural disasters such as earthquakes and floods (employee safety, securing supply chain, etc.)	<ul style="list-style-type: none"> Disaster training, safety confirmation training, and so forth are conducted regularly in anticipation of a disaster. In addition, a disaster kit is distributed to each and every employee. To prepare for supply chain disruption, we ensure information management at our business partners, warehouses, etc., and in the event of a disaster, we will quickly collect information and disseminate it within the Company. In addition to basic measures to prevent the spread of COVID-19 (wearing masks, handwashing and gargling, disinfecting), we have established teleworking, installed a Web meeting system, and taken measures to prevent infection in offices.
Risks such as data leaks due to unauthorized access	<ul style="list-style-type: none"> We are working to maintain/increase the security level, conducting targeted e-mail attack response training, and monitoring unauthorized access to file servers.
Risk of overdue receivables and bad debts	<ul style="list-style-type: none"> We are working to ensure compliance with Credit Limit Regulations, preliminary applications in all cases, factoring guarantee coverage, and enhancing awareness by those in charge.
Quality risk	<ul style="list-style-type: none"> In order to prevent defects before they occur, if there is any concern over quality risk, a quality risk review meeting is held to examine the risk and implement countermeasures.

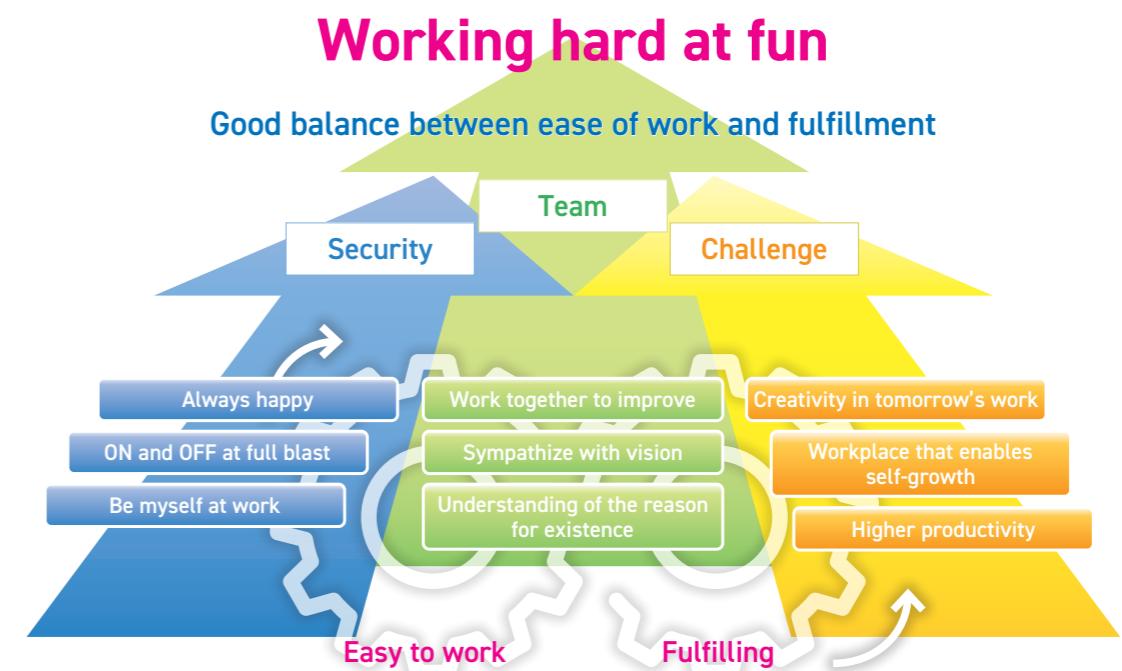
Human Resources Management

The Group respects diversity and strives to help each employee to develop, so that he or she can continue to grow with a feeling of fulfillment, make the maximum use of his or her abilities, and play an active part in global society. At the same time, we promote the creation of sound and health-conscious workplace environments, build positive relationships between each company and its employees, and implement a range of measures to enhance employee engagement.

1. Initiatives for Working Style Transformation

While we have introduced a new personnel system and provided a teamwork program to generate change from within in order to create a workplace environment in which each employee can actively work and make the maximum use of his or her abilities, now we renewed the Workstyle Transformation Promotion Committee to further accelerate these initiatives. This committee is developing a vision for Ryoden's workstyle transformation (based on security, team, and challenge) through discussion among young to mid-level members from each division, with the goal of making it both easier to work and more fulfilling.

The vision for workstyle transformation



We will start in earnest to solve issues under four themes.

- Organizational culture and mindset reform** Create a culture where people thank and praise each other, foster a team mindset, and increase unity
- Structures and systems review** Review systems according to diverse needs and establish operations
- Personnel training and use of personnel** Use character traits and individual strengths, create a workplace environment where everyone can play an active part
- Business promotion and operational reform** Standardize and streamline operations for higher productivity, and promote the use of ICT

Work-life balance

It is necessary for each employee to have a meaningful private life, in order to perform his or her best at work. We are working to realize balanced working styles, enabling employees to take leave when necessary, and to concentrate on work at other times. All employees take at least the statutory five days of paid leave, and the rate of leave taken is higher than the average in Japan. We also allow employees to take paid leave in half-day or hourly units, and are working to create an environment where they can achieve harmony between work and private life. We engage in the management of appropriate working hours. We strictly comply with the Article 36 Agreement (concerning overtime work and work on rest days), investigate the cause of long working hours and implement countermeasures, and coordinate with employees to follow-up on the subsequent situation.

■ Annual paid leave utilization rate

	Utilization rate	Consumption rate
FY2019	62.5%	33.7%
FY2020	62.6%	33.1%

*Eligibility: all employees of Ryoden Corporation
 *Utilization rate = Number of days of paid leave taken / days granted
 *Consumption rate = Number of days of paid leave taken / (days carried-over + days granted)
 *Number of days of paid leave taken includes leave taken simultaneously and leave taken in hourly units

2. Diversity & Inclusion

We are creating systems and workplace environments that encourage employees to accept and respect each other's diversity, to strive and grow together. We create opportunities for all employees to take an active part in business, and aim to build environments where they can make the maximum use of their individual abilities.

Promoting active participation of female employees

Under the personnel system revised in 2018, we have removed the barrier between the main career track and the clerical career track, to provide opportunities for female employees to engage in a variety of duties. We have expanded training opportunities, and many female employees have participated. For example, our off-the-job training programs were conducted in the past according to job type, but now they are offered to anyone who wants to participate. By combining this with on-the-job training, we will support the active participation of women so that they can become core human resources in the company.

Supporting development of the next generation and supporting childcare

The Company has implemented systems including shortened working hours for employees caring for children below school age and a flex-time system for employees until their children finish third grade so that employees may reconcile work with childcare. In addition, we allow employees to accumulate expired annual paid leave and use this leave when waiting to enroll their child in a nursery, or for hospital visits or hospitalization for the purpose of infertility treatment. In addition, we offer paid maternity and paternity leave and pay bonuses of approximately 50% even during childcare leave. We also are enhancing our support, through such means as a higher family allowance for children and an increase in the amount of subsidy for our "cafeteria plan" for the purpose of day care for children or infertility treatment.

The utilization of childcare leave by female employees is 100% every year, and we are also endeavoring to create an environment facilitating the utilization of childcare leave by male employees.

■ Childcare leave utilization rate (FY2020)

	Utilization rate
Male	30.8%
Female	100.0%

Promoting active participation of senior citizens

We have introduced a new re-employment system, with the aim of utilizing the extensive experience and ability of senior citizens, and enable employees to continue to play an active and useful part after they reach the age of retirement at 60 years old. We endeavor to match the desires of senior citizens with Ryoden's employment needs, through interviews with each individual. We establish the duties of each person individually, and provide commensurate compensation, expanding the opportunities for active participation of senior citizens.

3. Personnel Development and Education

Last year, Ryoden established the Personnel Development Committee for its "people," which are its invaluable asset. The purpose of the committee is to create an environment that develops autonomous human resources that think and act on their own and are highly motivated to grow. For new to mid-level employees, the committee defined the ideal employee model and the code of conduct and business promotion skills that employees of the Company must learn, and for management-level employees, it indicated the management know-how needed to support member growth and help the organization to properly function.

Based on the circumstances of each employee, on-the-job training, off-the-job training, self-development, and various programs are effectively combined, and a growth cycle of "indicate standards, teach, demand, and evaluate" is followed to develop human resources that are ready for the challenge of creating new value.

4. Health and Productivity Management

The health of employees is the foundation for an energetic company, and is also vital for the happiness of employees and their families. The Company and its employees are united in their efforts to maintain and promote employee health, and we will strengthen initiatives towards preventive maintenance.

Physical health

We ensure that all of our employees undergo regular medical checkups. Employees with a high risk of lifestyle diseases receive guidance from a public health nurse, enabling them to improve their health. Moreover, we have increased the amount of subsidy for the purpose of preventative medicine (health screening, etc.) in the "cafeteria plan" and are implementing a smoking cessation program with the cooperation of health insurance associations. The Company shares information regarding long working hours with its employees through forums such as the Health and Safety Committee. We are strengthening measures to protect the health of employees, including mandatory consultation with an industry physician for employees whose working hours exceed a specified level.

Distributing a health promotion app to all employees

The app helps to promote the health of the owner. By entering data gained from past health checks, or movement and meal data, users can access information such as advice and calories consumed. In addition, it can also be used as a first-aid guide as well as to search for medical facilities or an AED, or to request SOS relief, in the case of a health emergency affecting the employee or a family member.



Mental health

100% of employees undergo a stress check diagnosis. The result is reported back to each individual employee, and where necessary, recommendations are given for further consultations, counselling, etc. to aid in employees' self-care.

We have commenced implementing organizational diagnosis surveys, to visualize the sources of stress for employees in the workplace. The situation for the organization and individual employees, reflected in the results of these two diagnoses, is reported back to management, together with expert commentary. By utilizing these results for improvement activities, we support more effective mental health promotion in the workplace.

Environmental Management

Ryoden Corporation Group's Environmental Vision

To pass on a clean planet for the future... We established the Ryoden Group's Environmental Vision in April 2020. By 2030, we will accelerate our environmentally-friendly business activities to contribute to the creation of a sustainable society. By 2050, we will contribute to the achievement of a sustainable society through environment, security and safety, as a 100-year company.

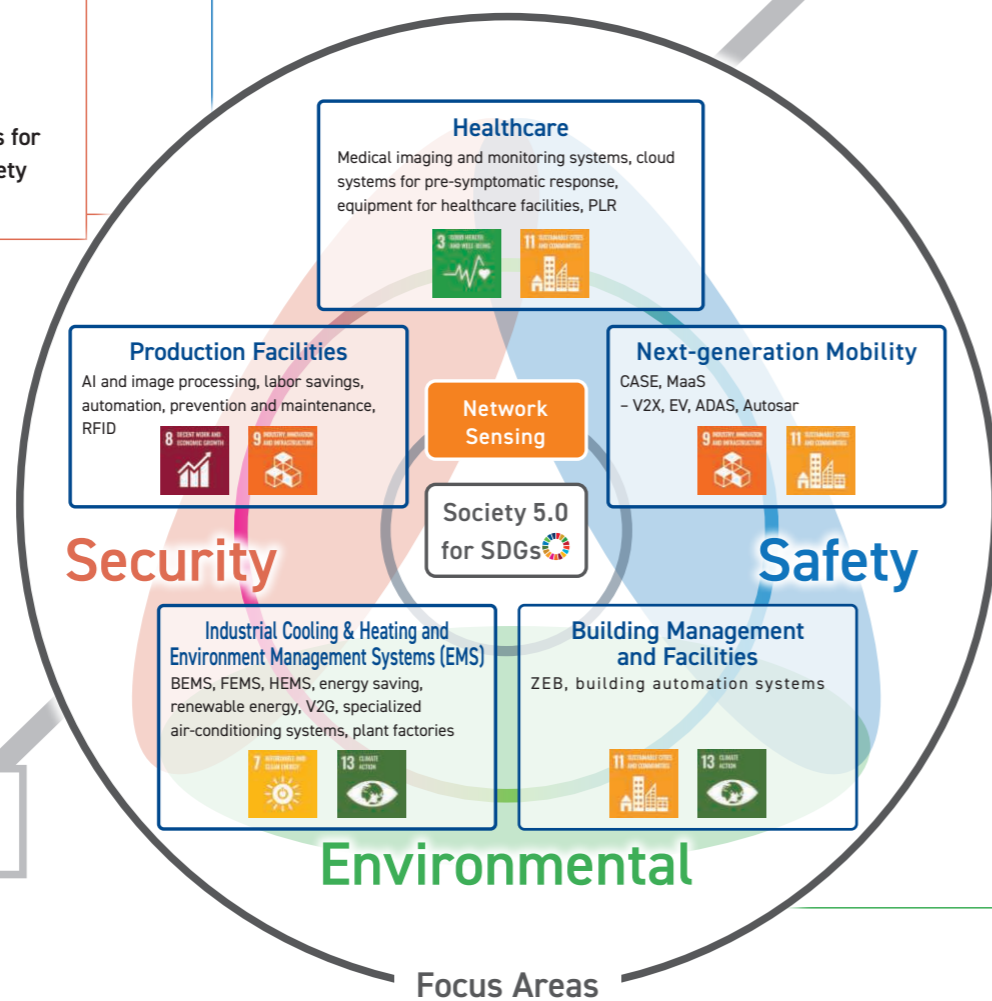
Safe & Secure Society

Safe Society

- Provide smartphone app for first-aid and health promotion
- Provide comfortable air environments
- Provide devices and solutions for autonomous vehicles and safety countermeasures

Secure Society

- Promote the ZEB business
- Accelerate service businesses utilizing sensing devices and communication technologies
- Realize comfortable living through air conditioning
- Provide devices and solutions for autonomous vehicles and safety countermeasures



2020

Management Principle Action Guidelines

2030

2050 Vision

As a 100-year company, the Ryoden Corporation Group will
 Contribute to the achievement of a sustainable society through **environment**, **security** and **safety**

Ryoden Corporation Group's Environmental Vision

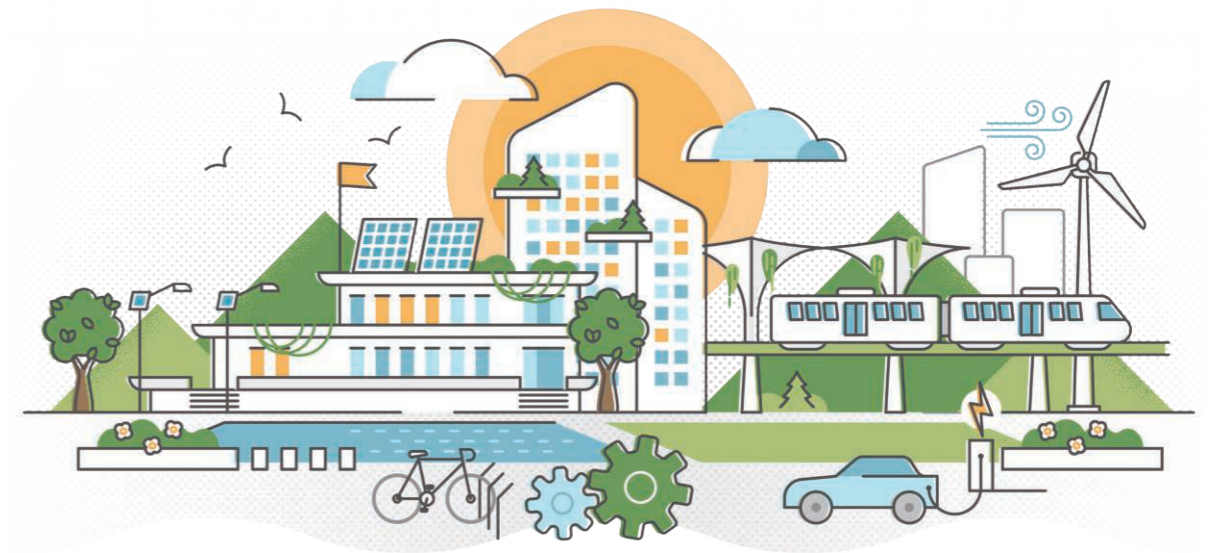
By 2030, the Ryoden Corporation Group will

Work towards realizing a sustainable society through environmentally-friendly business activities, to pass on a clean planet for the future

We will strengthen initiatives for a decarbonized society (from a low-carbon society to a decarbonized society)

- Strive to achieve zero greenhouse gas emissions associated with electricity usage
- Provide solutions that contribute to reducing environmental burden, such as ZEB

We will create environmental solutions to contribute to the concept of product life-cycles to enhance environmental value



Smarter Environment

- Promote the ZEB business
- Promote sales of energy-saving solutions
- Achieve zero greenhouse gas emissions from electricity usage

Smarter Environment

Environmental Targets and Processes to Achieve them

The Group recognizes that it is an important mission for it, as a member of society, to pass on a better environment to future generations with whom it shares the global environment. For this reason, we have established targets for reducing the environmental burden from our own business activities, as well as responding to biodiversity, etc., and we are enhancing the systems necessary to achieve these targets.

Action plan

The Group aims to conserve the global environment and contribute to achieving the Sustainable Development Goals (SDGs) through all its corporate activities. Specifically, our action plan consists of three major policies: initiatives for a decarbonized society, initiatives for creating a circular society, and social contribution activities with due consideration to biodiversity.

Environmental targets

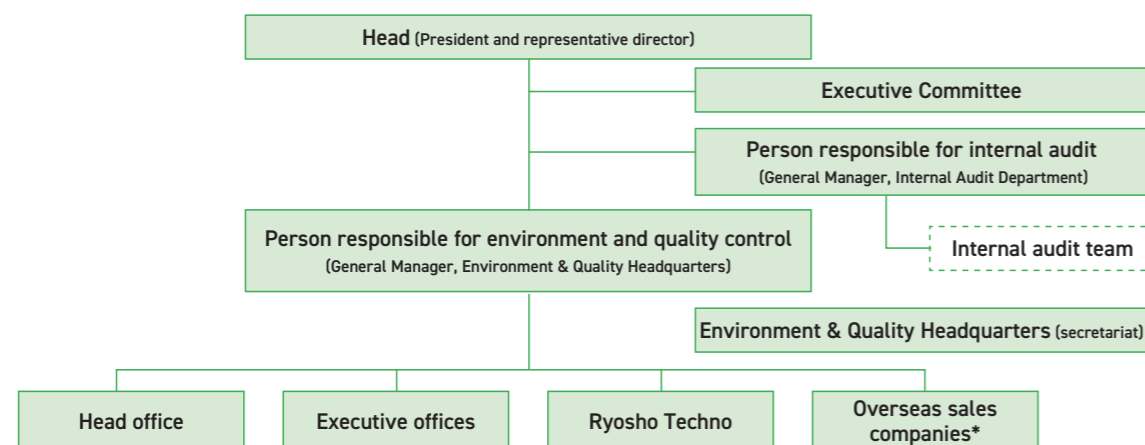
We have established Total Carbon Management, the Group's unique indicator, as part of an initiative for a decarbonized society. In addition, we have also established specific targets in areas such as the use of FSC certified paper, reduction in the amount of final waste disposal, and global environmental conservation activities. We are working continually towards achieving these targets.

Environmental targets for FY2020

Category	Target
1. Initiatives for a Decarbonized Society	Establish targets for Total Carbon Management (TCM) associated with the figures in our business plans (net sales). Aim to integrate our management with environmental activities
2. Initiatives for Creating a Circular Society	Continue the use of FSC certified paper
	Reduce the amount of final waste disposal
3. Social Contribution Activities with Due Consideration to Biodiversity	Continue and invigorate global environmental conservation activities

Environmental Management System Management Structure

We have built an environmental management system management structure headed by the Representative Director of Board, President & CEO, as an initiative to realize and achieve our Environmental Vision and environmental targets. We have clearly documented the environmental management systems and procedures in the head office and each business base in Japan and overseas, and established systems to carry out objective checks on an ongoing basis, which include confirmation of whether business activities are environmentally-friendly, and whether rules are properly adhered to.



*Overseas sales companies
 (1) RYOSHO TECHNO SINGAPORE PTE LTD (2) RYOSHO HONG KONG COMPANY, LIMITED (3) RYOSHO (THAILAND) CO., LTD
 (4) RYOSHO ELECTRONICS (SHANGHAI) COMPANY, LIMITED Dalian Office, Guangzhou Office and Shenzhen Office,
 (5) RYOSHO TAIWAN COMPANY, LIMITED (6) Ryosho Europe GmbH (7) RYOSHO U.S.A., INC. (8) RYOSHO KOREA COMPANY, LIMITED

1. Initiatives for a Decarbonized Society

Awareness of social issues and basic thinking on a decarbonized society

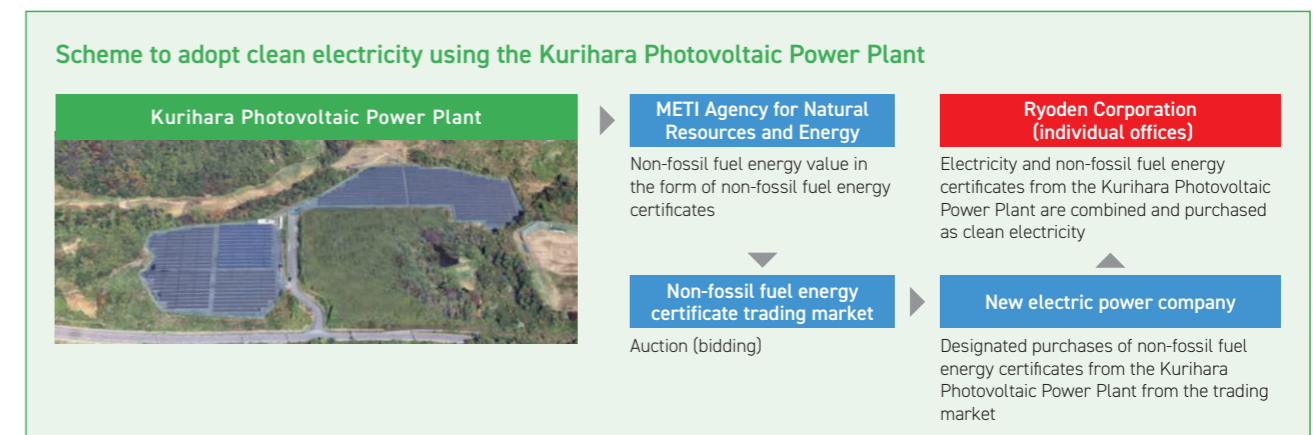
The Paris Agreement, which was adopted at the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP) in 2015, set goals for all nations to substantially reduce greenhouse gas (GHG) emissions to limit the average global temperature increase. In response to this, the Japanese government declared "2050 Carbon Neutral" to reduce GHG emissions to zero by 2050. Within this trend, the Ryoden Corporation Group has strengthened its approach to limiting GHG emissions from "low carbon" to "decarbonize."

Currently, based on the Ryoden Corporation Group's Environmental Vision established in 2020, we are addressing issues such as reducing GHG emissions from electricity use in the Company to zero by 2030.

In addition, as its own index, the Company visualizes the amount of its GHG emissions and its contribution to their reduction, and implement Total Carbon Management company-wide. We will continue to contribute to the reduction of greenhouse gases from a life-cycle perspective.

Use of clean electricity to achieve net-zero GHG emissions

We are also working to use renewable clean energy as a means of reducing and absorbing GHG emissions. Ryoden is pursuing an initiative to use clean energy at all Group offices by using a non-fossil fuel energy certificate with tracking* from its Kurihara Photovoltaic Power Plant (Kurihara City, Miyagi Prefecture) that it operates. The Head Office building switched and began using this in August 2021.



*Non-fossil fuel energy certificate: Non-fossil fuel energy value from renewable energy in the form of a certificate that can be bought and sold. Fossil fuel energy refers to energy obtained by burning fossil fuels such as petroleum, coal, and natural gas. Non-fossil fuel energy refers to energy from solar, geothermal, wind, and hydro power that does not rely on fossil fuels (=renewable energy)

Value created by responding to social issues

In order to pass on a clean planet for the future, the Ryoden Group makes efforts to reduce its energy consumption by using the latest air-conditioning technology, efficient lighting and electrical appliances, fuel-efficient cars, and so forth. In addition, we regard environmental initiatives as medium- and long-term growth opportunities, and recognize creation of environmental solutions that contribute to life-cycle thinking for enhancement of environmental value as a key managerial priority. The Ryoden Group provides total support for the achievement of ZEB, which aims for net zero energy consumption in a building by saving and creating energy while creating a comfortable interior environment, and for the introduction and operation of environmental management systems (EMS) designed to help achieve environmental targets in offices, factories, and other facilities.



Target 7.2
 Increase substantially the share of renewable energy in the global energy mix by 2030.



Target 13.2
 Integrate climate change measures into national policies, strategies, and planning.



Target 17.14
 Enhance policy coherence for sustainable development.

Governance relating to climate change

The Ryoden Group regards environmental issues relating to climate change, specifically efforts that aim toward a decarbonized society, as part of its environmental vision and a key managerial priority that should be addressed Group-wide. Reports and proposals regarding climate change countermeasures are deliberated by the management team in business strategy meetings, and decisions on these are ultimately made by the President and representative director, who assumes ultimate responsibility for climate change countermeasures.

The officer in charge of environmental matters manages progress based on long-term environmental management targets and gives instructions for correction and improvement as necessary. Climate change risks and opportunities are reported to the Board of Directors if it is deemed that they will materially affect business. The Board of Directors provides supervision by giving instructions on countermeasures through deliberation, so that climate change countermeasures are properly taken.

Total Carbon Management (TCM)

Total Carbon Management (TCM) is the Group's unique environmental activity in which the amount of Ryoden's GHG emissions and its contribution to their reduction are visualized, then monitored and analyzed by the Head Office, domestic executive offices, and overseas sales companies, respectively. Through this, the Group can proceed with environmental activities as its own concern. We will continue company-wide efforts to increase our contribution to reduction throughout the supply chain.

Ryoden's GHG emissions in the supply chain in FY2020

*Scope 1, 2, and 3: Standards issued by GHG Protocol in November 2011 for calculating emissions throughout an organization's supply chain. GHG Protocol was created by the GHG Protocol Initiative, jointly convened by the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development).
*GHG: Greenhouse gas

		FY2018		FY2019		FY2020		
		GHG emissions (t-CO ₂)	GHG emissions (t-CO ₂)	Proportion	Comparison with previous fiscal year	GHG emissions (t-CO ₂)	Proportion	Comparison with previous fiscal year
Total GHG emissions (Scope 1, 2, and 3 combined)		7,227,392	7,146,547	100.00%	99%	6,200,480	100.00%	87%
Scope1	Company cars	554	505	0.01%	91%	401	0.01%	80%
Scope2	Offices (for electricity used)	1,128	1,023	0.01%	91%	998	0.02%	98%
Scope3		7,225,710	7,145,019	99.98%	99%	6,199,081	99.97%	87%
Cat.1	Products and services purchased	858,498	813,970	11.39%	95%	699,062	11.27%	86%
Cat.2	Capital goods	1,474	955	0.01%	65%	1,178	0.02%	123%
Cat.3	Fuel and energy-related activities not included in Scope 1 or 2	—	—	—	—	—	—	—
Cat.4	Transport, distribution (upstream)	—	—	—	—	—	—	—
Cat.5	Waste from business activities	4	6	0.00%	151%	5	0.00%	87%
Cat.6	Travel	522	1,049	0.01%	201%	312	0.01%	30%
Cat.7	Commuting by employees	257	389	0.01%	151%	395	0.01%	102%
Cat.8	Leased assets (upstream)	—	—	—	—	—	—	—
Cat.9	Transport, distribution (downstream)	596	623	0.01%	105%	516	0.01%	83%
Cat.10	Processing of marketed products	—	—	—	—	—	—	—
Cat.11	Use of marketed products	6,364,359	6,328,026	88.55%	99%	5,497,614	88.65%	87%
Cat.12	Disposal of marketed products	—	—	—	—	—	—	—
Cat.13	Leased assets (downstream)	—	—	—	—	—	—	—
Cat.14	Franchise	—	—	—	—	—	—	—
Cat.15	Investment	—	—	—	—	—	—	—

Scope 1, 2, and 3 calculation formula:
In reference to the guidelines posted on the Ministry of the Environment website (https://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/), we define the service life of products, operating time, power consumption by products in use, and various intensity measures in order to calculate the emissions.

2. Initiatives for Creating a Circular Society

Awareness of social issues and basic approach for creating a circular society

The Sustainable Development Goal 12 calls for sustainable consumption and production patterns to be ensured. It notes the finiteness of resources as energy demand increases with global population growth and calls on companies to optimize product life cycle and use resources more efficiently as a social responsibility. The environmental problem of marine plastic debris is spreading globally, and the conditions for maintaining the conventional social system based on mass production, consumption, and disposal are beginning to collapse. Based on co-creation and collaboration, it is important for each of us to play a role in working toward the common goal of building "a society where there is no concept of waste."

Based on this thinking, the Ryoden Corporation Group has made a commitment to a circular society by using FSC certified paper, promoting 3R, the Ecocap Movement, and so forth. In addition to striving to curb the discharge of waste, all employees in the Group are united in creating a circular society where all materials possible are utilized effectively through reuse or recycling. At the same time, we stay focused on the proper management of information on chemical substances in products and the smooth communication of information.

Value created by responding to social issues

The Ryoden Corporation Group is making efforts to contribute to the formation of a circular society by continuous initiatives in reducing waste and increasing recycling rates (reduce, reuse, recycle of waste). Specific initiatives include halting deforestation by using FSC certified paper while contributing to the creation of a framework to sustainably and appropriately manage forests necessary for production.

From the perspective of reducing substances of concern in products, we are continuously promoting the procurement of safe and secure products and working to reduce substances of concern included in raw materials and ingredients in order to realize the sustainable management of chemical substances. In addition to increasing the transparency and safety of chemical substances used in our products, we are working with our business partners to develop best practices in the handling and management of chemical substances, such as promoting alternatives to substances of concern.



Target 12.2
By 2030, achieve the sustainable management and efficient use of natural resources.



Target 12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



Target 14.1
By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.



Target 15.2
By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.



Target 8.4
Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

Participation in the Ecocap Movement

The Ecocap Movement is a movement to send vaccines to children in developing countries by donating the proceeds from selling plastic bottle caps sorted and collected from offices to recycling contractors. This also reduces GHG emissions by using the caps as a resource instead of burning them.

The Ryoden Group set up collection boxes at each office in 2007 and actively collects ecocaps.

	Ecocap shipping destination	Number of caps	Vaccines (number of people)	CO ₂ reduction (t)
FY2018	Re-LifeStyle	119,662	238.8	0.88
FY2019		121,657	218.9	0.89
FY2020		97,281	198.4	0.71
Cumulative from 2007		1,673,155	2,474.3	12.58

Chemical substance management

With the expansion of efforts in chemical substance management on a global scale, companies are increasingly faced with the challenge of complying with chemical substance management regulations in foreign countries. The Ryoden Group stays focused on the proper management of information on chemical substances in products and the smooth communication of information.

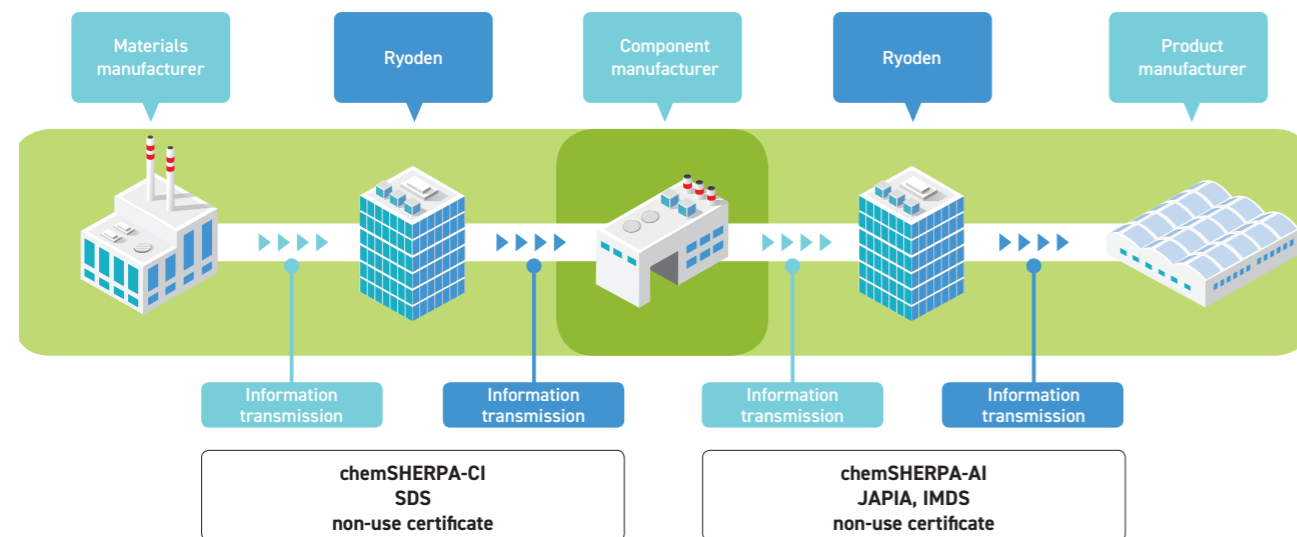
Towards enhanced management systems

In April 2011, the Group established a department specializing in managing information on the chemical substances contained in our products. Sales divisions coordinate with the specialist department to respond to customer demands. In April 2010, one year before establishing the specialist department, we joined the Joint Article Management Promotion-consortium (JAMP). Since then, we have strived to ensure timely acquisition of the information on industry trends and latest information in the management of the chemical substances contained in our products. We are also engaged in enhancing our management systems, with reference to the guidelines published by JAMP.

Respond to diverse needs

In addition to chemSHERPA, we respond to a wide variety of needs including for JAPIA sheets, ICP data and non-use certificates, through the cooperation of our suppliers. We also comply with ProChemist/AS (electric machinery and electronics industries) and IMDS (automobile industry), and provided customers with some 13,000 pieces of information in fiscal 2020.

Process for managing and conveying information on chemical substances



3. Social Contribution Activities with Due Consideration to Biodiversity

Awareness of social issues and basic approach toward biodiversity

Biodiversity supports our lives, as it is essential for the production of foods, drugs, energy, etc., mitigates disasters, and serves as a foundation for unique arts and culture as well. The Ryoden Group's business activities are not at all unrelated to biodiversity, and we have a responsibility to protect diversity and sustainably use resources. In working to protect biodiversity, we believe it is important to do what is required while keeping in mind that we are in international relationships of mutual dependence and always maintaining an international perspective.

The Ryoden Group has a global business network of 29 operational sites in Japan and 18 operational sites overseas. With the understanding and cooperation of local communities, each operational site engages in social contribution activities with due consideration to biodiversity, such as the creation of habitats suitable for living creatures, and support for groups engaged in biodiversity conservation activities.

Value created by responding to social issues

The Ryoden Corporation Group assesses the environmental impact (including biodiversity) of business-related environmental measures, such as halting global warming, effectively using resources, and managing chemical substances, and establishes activity targets to reduce the environmental load. We are pursuing three types of activities, including "environmental maintenance" for the creation of suitable habitats for living creatures, "coordination with others" for the purpose of coordinating with stakeholders, and "protection and conservation of ecosystem services" for identifying and protecting endangered species. By promoting conservation activities that directly affect nature, we are contributing to the creation of a society that coexists with nature.



Target 14.1

By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.



Goal 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Action plan

We place importance on our communications with local communities, and make constant efforts to maintain close ties with them, while simultaneously paying due consideration to biodiversity through our activities. We practice the keywords "understand," "try" and "connect" through initiatives such as village forest conservation activities and sea turtle nesting area conservation activities in Japan, as well as mangrove and coral planting overseas.

Past activities

2007	Commenced activities at all branch offices to mark Ryoden's 60th anniversary
2013	Commenced activities at our overseas sales company in Singapore
2015	Commenced activities at our overseas sales companies in Thailand, Hong Kong, and China (Shanghai)
2016	Commenced activities at our overseas sales company in Taiwan
2018	Commenced activities at our overseas sales companies in the United States and South Korea

Main activities

Activity category	Purpose	Place	Achievements in FY2019	
Environmental maintenance	• Creating suitable habitats for living creatures	Domestic subsidiary	Osaka	Cleanup of the roads around the Osaka Branch Office and nearby Kawada Park
		Overseas subsidiary	Shanghai	Cleanup of Hongqiao Road (Shanghai) around RSH
			Dalian	Cleanup of Fujiazhuang Beach, Dalian
			Shenzhen, Guangzhou	Weeding and picking up trash around trees and on the lawns of Dongguan Dapingzhang Forest Park, Guangzhou
			Taipei	Cleanup of Dunbei Park
Seoul	Cleanup of Hangang Park			
Coordination with others	• Coordinating with stakeholders • Supporting groups engaged in biodiversity conservation activities (including participation in organized activities)	Ryoden	Osaka	Participation in the Adopt-a-River Program of Osaka Prefecture
			Kyoto	Participation in the Kyoto Beautification Operation of Kyoto City
			Koriyama	Participation in the Lake Inawashiro Cleanup Project 2019
			Utsunomiya	Maintenance of grounds (mowing) at the Shimotsuke Sanrakuen children's home in Koikemachi, Utsunomiya City
			Maebashi	Participation in the Mount Akagi Forest Regeneration Project
			Yokohama	Participation in a casual volunteer activity of the Naka Ward Volunteer Center, Yokohama City (cleanup and beautification work along the Yamashita Park Avenue coastal footpath)
			Hiroshima	Participation in the Peace Memorial Park Reforestation Volunteer program of Hiroshima City
Fukuoka	Participation in the Fukuoka Flower Festival			
Protection and conservation of ecosystem services	• Identifying and protecting endangered species • Eliminating and suppressing outside species that disturb the ecosystem	Ryoden, Ryosho Techno	Tokyo	Participation in the Tokyo Greenship Action
		Ryoden	Nagoya	Participation in the Nagoya Higashiyama Forest Conservation Project
			Shizuoka	Participation in the Sea Turtle Nesting Beach Cleanup of Hamamatsu City
Overseas subsidiary	Thailand (Chon Buri)	Coral planting activities and release of marine organisms at Sattahip Beach in Sattahip Naval Base, Chon Buri Province		

*Due to the inability to conduct activities with the impact of COVID-19 in FY2020, major activities in FY2019 are listed.

Financial Section

Financial and Non-financial Data Over Past Decade

		(Millions of yen)										(Thousands of U.S. dollars)
Financial data		72nd term (FY2011)	73rd term (FY2012)	74th term (FY2013)	75th term (FY2014)	76th term (FY2015)	77th term (FY2016)	78th term (FY2017)	79th term (FY2018)	80th term (FY2019)	81st term (FY2020)	81st term (FY2020)
Results summary	Net sales	202,723	203,730	224,766	237,877	221,990	219,225	236,494	240,312	230,087	196,841	1,773,347
	Overseas sales	36,981	49,177	63,857	66,342	54,439	48,919	50,111	45,826	42,645	34,259	308,647
	Ratio of overseas sales (%)	18.2	24.1	28.4	27.9	24.5	22.3	21.2	19.1	18.5	17.4	17.4
	Operating profit	4,003	4,414	5,278	4,992	3,673	2,730	5,078	5,624	5,559	3,415	30,774
	Ordinary profit	3,984	4,662	5,641	4,505	3,296	2,442	5,055	5,648	5,758	3,653	32,911
	Profit attributable to owners of parent	2,216	2,852	3,550	2,891	1,846	1,388	3,588	3,731	3,860	2,343	21,111
Balance sheets summary	Total assets	107,179	107,872	117,936	125,121	119,382	122,763	133,710	132,729	128,304	125,529	1,130,898
	Net assets	51,308	54,121	57,582	61,444	60,401	60,975	64,057	65,716	67,557	69,919	629,907
	Short-term loans	1,986	3,113	3,603	3,685	3,158	1,849	1,909	2,428	1,221	1,438	12,959
Cash flow summary	Cash flows from operating activities	528	11,124	778	(4,168)	3,747	4,601	(4,833)	4,479	5,938	1,939	17,477
	Cash flows from investing activities	3,875	(269)	(1,920)	(1,230)	(777)	474	674	(686)	(518)	183	1,654
	Cash flows from financing activities	(1,332)	(245)	(994)	(1,087)	(1,550)	(2,227)	(942)	(563)	(2,281)	(1,052)	(9,478)
Financial indicators, etc.	Profit per share (¥)	102.12	131.47	163.68	133.40	85.22	64.04	165.44	171.98	177.77	107.79	0.97
	Net assets per share (¥)	2,364.40	2,494.29	2,657.02	2,834.19	2,784.95	2,809.01	2,948.86	3,022.78	3,104.00	3,208.01	28.9
	Cash dividends per share (¥)	36	40	44	48	52	44	48	56	56	56	0.5
	Operating profit to net sales (%)	2.0	2.2	2.3	2.1	1.7	1.2	2.1	2.3	2.4	1.7	1.7
	ROE (%)	4.4	5.4	6.4	4.9	3.0	2.3	5.7	5.8	5.8	3.4	3.4
	ROA (%)	3.8	4.3	5.0	3.7	2.7	2.0	3.9	4.2	4.4	2.9	2.9
	Equity ratio (%)	47.9	50.2	48.8	49.1	50.5	49.6	47.8	49.4	52.5	55.6	55.6
	Payout ratio (%)	35.3	30.4	26.9	36.0	61.0	68.7	29.0	32.6	31.5	52.0	52.0

* A share consolidation (consolidation of two shares of common stock into one share) was conducted with the effective date of October 1, 2017. The amounts shown for profit per share, net assets per share and cash dividends per share reflect the number of shares after consolidation.

* "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), have been applied from the beginning of the fiscal year ended March 31, 2019. Accordingly, the key financial indicators for the fiscal year ended March 31, 2018 are those after retrospectively applying the standard.

* Cash dividends per share for the fiscal year ended March 31, 2018 include a commemorative cash dividend of ¥2 per share.

* Amounts shown in U.S. dollars have been converted from yen, for convenience only, at the rate of ¥111 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2021 rounded to the nearest whole dollar.

Non-financial data		72nd term (FY2011)	73rd term (FY2012)	74th term (FY2013)	75th term (FY2014)	76th term (FY2015)	77th term (FY2016)	78th term (FY2017)	79th term (FY2018)	80th term (FY2019)	81st term (FY2020)
Social	Number of employees at the end of the fiscal year ^{*1} (persons)	1,118	1,148	1,190	1,251	1,276	1,284	1,284	1,251	1,279	1,289
	Number of new graduates recruited (persons)	24	25	20	32	41	39	24	30	38	41
	Number of new mid-career recruits (persons)	6	8	26	43	20	13	7	8	24	18
	Number of participants in social contribution activities (persons)	489	530	551	669	744	696	751	704	599	0 ^{*2}
Environmental	Total GHG emissions (Scope 1 and 2) (t-CO ₂)	1,627	1,503	1,648	1,766	1,793	1,832	1,787	1,682	1,528	1,399
Governance	Proportion of Outside Directors (%)	6.3	6.3	6.3	6.3	6.3	17.6	17.6	42.9	42.9	42.9
	Proportion of female managers (%)	0.0	0.0	0.0	0.0	1.7	2.0	2.0	2.0	2.1	2.2

*1 Number of employees at the end of the fiscal year includes contract employees and employees from outside the Group who are temporarily working within the Group. It does not include employees of the Group who are temporarily working outside the Group, or those on administrative leave.

*2 No employee participated in social contribution activities in the fiscal year ended March 31, 2021 due to the impact of COVID-19 pandemic.

Financial Policy for Sustainable Growth

■ Financial Policy

To enhance the medium- and long-term corporate value of the Ryoden Group, the Group will generate a stable cash flow by improving earning capacity and capital efficiency, and establish a sound and stable financial foundation, while investing in growth to enable the achievement of sustainable growth and implementing the appropriate return of profits to shareholders.

Strengthening earning capacity

We will proceed to strengthen earning capacity by building high-value-added businesses in our focus areas of "environment, security, and safety," while maintaining and enhancing a stable earnings base through enhanced productivity in our mainstay core businesses. In this way, we will strengthen our ability to sustainably generate cash flow through our businesses.

Improving capital efficiency

We work to enhance capital efficiency by improving the cash conversion cycle (CCC) through measures such as expediting the collection of accounts receivable, and reducing inventory by improving the turnover rate, and also through the management of invested capital in each of our businesses.

■ Investing in Growth

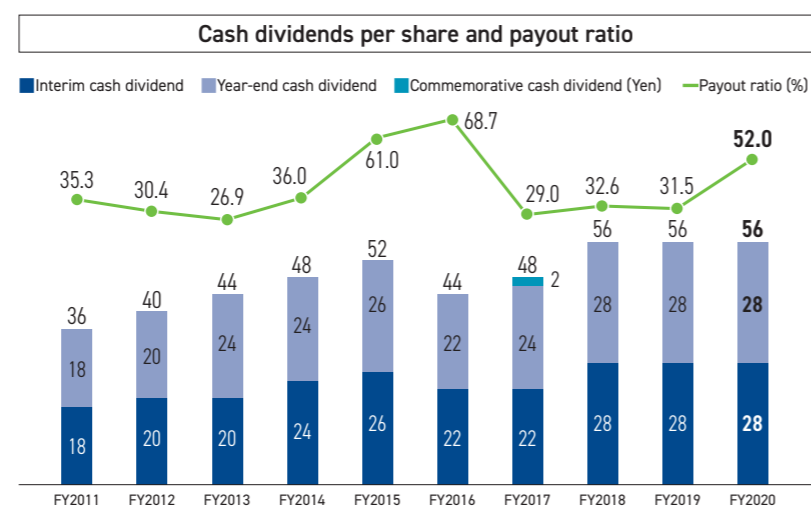
Under the medium-term management plan "ICHIGAN2024" (fiscal 2020 to fiscal 2024), we define the following as the pillars of our strategy and will accordingly make investments for sustainable growth: "Establish business models for growth businesses and create new, next-generation businesses," "enhance the productivity of our mainstay core businesses" and "strengthen the foundation for business promotion."

■ Financing

Our financing is based on the aims of pursuing enhanced business performance and stable financial position, securing a level of liquidity on hand that enables the smooth execution of business activities, and maintaining financial soundness and stability. The funds necessary for our business activities are supplied through cash flow generated from sales activities and funds on hand.

■ Shareholder Returns

We distribute profits to shareholders based on our policy of maintaining stable dividends in the medium and long term, after due consideration to factors such as consolidated financial results in each fiscal year, and the Group's medium- to long-term strategy. In fiscal 2020, we paid dividends of surplus totaling ¥56 per share, representing a consolidated payout ratio of 52.0%.



* A share consolidation (consolidation of two shares of common stock into one share) was conducted with the effective date of October 1, 2017. The amount of cash dividends per share shown reflects the number of shares after consolidation.

■ Stability

We engage in sound and efficient financial activities with the aim of pursuing enhanced business performance and stable financial position, and maintaining a degree of liquidity on hand in accordance with our demand for funds. The Group requires working capital mainly for the purchase of products, components and materials for our sales activities, as well as for operating expenses such as selling, general and administrative expenses. Operating expenses consist mainly of personnel expenses and freight and incidental costs.

Financial Analysis

■ Business Environment Surrounding the Company

In fiscal 2020, the global economy was damaged by what is said to be the worst recession since World War II as the COVID-19 pandemic raged across the globe with no end in sight for the spread of infection and the movement of people and goods and economic activity were severely restricted worldwide.

The situation grew into a global economic crisis with unprecedented dimensions, as supply was affected by disruptions in supply chains extending across national borders and restrictions imposed on services that require face-to-face contact with customers, while demand decreased especially for restaurant, lodging and transportation businesses on an unprecedented scale due to self-quarantine and travel restrictions, and even demand for durable goods dropped sharply.

In Japan, a state of emergency was declared and annualized GDP plummeted its lowest post-war level in the quarter ended June. Since then, domestic demand, represented by private consumption and capital expenditure, has remained weak as the second and third wave of infections fueled feelings of uncertainty over the future outlook, and the growth differential between different industries has widened.

In the business sectors that affect the Group, while deals related to next-generation 5G communication standards and data centers remained brisk, capital expenditure on industry and machine tools was restrained in Japan. Furthermore, while domestic automobile production was on a recovery trend, the global shortage of in-vehicle semiconductors grew into a serious issue, forcing many manufacturers to reduce or adjust production from February onward.

■ Ryoden's Initiatives and Performance

In April 2020, the Group introduced a medium-term management plan dubbed "ICHIGAN2024" as a new growth strategy for the next five years. Under the plan, we have operated business with an aim to create new value as a business creation company, transcending the bounds of an agency or trading company, based on the theme of "contributing to the achievement of a sustainable society through environment, security and safety."

As a result, the Group's net sales for fiscal 2020 were ¥196,841 million, a decrease of 14.4% year on year. Operating profit was ¥3,415 million, a decrease of 38.6%, ordinary profit was ¥3,653 million, a decrease of 36.6%, and profit attributable to owners of parent was ¥2,343 million, a decrease of 39.3%.

Regarding the financial results by segment, revenue and profit both declined for FA Systems as businesses targeting the manufacturing industry, mainly automotive-related business, slumped.

Revenue and profit both declined for Cooling & Heating and Building Systems affected by factors including postponement or cancellation of new deals in the construction market.

Revenue and profit both declined for ICT Systems due to shift in business model of the Smart Agriculture Business, slump in new orders for monitoring on networks and slump of in-hospital IT equipment-related business in Healthcare.

Electronics saw both revenue and profit drop as it failed to cover the slump in the first half, although the automotive-related business entered a recovery trend in the second half.

■ Financial Position

Total assets decreased by ¥2,774 million compared to the end of the previous fiscal year to ¥125,529 million, mainly due to decreases of ¥4,978 million in notes and accounts receivable – trade, and ¥1,572 million in merchandise and finished goods, despite an increase of ¥955 million in cash and deposits.

Total liabilities decreased by ¥5,136 million compared to the end of the previous fiscal year to ¥55,609 million, mainly due to decreases of ¥5,358 million in notes and accounts payable – trade and ¥915 million in income taxes payable.

Total net assets increased by ¥2,362 million compared to the end of the previous fiscal year to ¥69,919 million, mainly due to the recording of profit attributable to owners of parent of ¥2,343 million, and cash dividends of ¥1,217 million.

As a result, the equity ratio increased by 3.0 percentage points compared to the end of the previous fiscal year to 55.6%.

■ Cash Flows

The Group engages in sound and efficient financial activities with the aim of pursuing enhanced business performance and stable financial position, and maintaining a degree of liquidity on hand in accordance with our demand for funds. At the end of fiscal 2020, cash and cash equivalents (hereinafter referred to as "cash") increased by ¥955 million compared to the end of the previous fiscal year to ¥21,120 million.

Cash flows from operating activities

Net cash provided by operating activities in fiscal 2020 totaled ¥1,939 million (an increase of ¥3,998 million from that used in the previous fiscal year). Main inflows included profit before income taxes of ¥3,599 million, and a net increase in cash of ¥374 million due to decreases in trade receivables, inventories and trade payables. Main outflows included income taxes paid of ¥1,891 million.

Cash flows from investing activities

Net cash provided by investing activities in fiscal 2020 totaled ¥183 million (an increase of ¥701 million from that provided in the previous fiscal year). Main outflows included outflows of ¥350 million from long-term loan advances. Main inflows included net inflows of ¥302 million from the purchase and sales of investment securities and ¥300 million from proceeds from withdrawal of time deposits.

Cash flows from financing activities

Net cash used in financing activities in fiscal 2020 totaled ¥1,052 million (an increase of ¥1,229 million from that provided in the previous fiscal year). Main outflows included cash dividends paid of ¥1,216 million, and an increase in short-term loans payable of ¥165 million.

Consolidated Balance Sheets (as of March 31, 2021)

(Million yen)

Account title	As of March 31, 2020	As of March 31, 2021	Account title	As of March 31, 2020	As of March 31, 2021
Assets			Liabilities		
Current assets	113,565	111,332	Current liabilities	54,745	50,954
Cash and deposits	20,174	21,129	Notes and accounts payable - trade	39,064	33,706
Notes and accounts receivable - trade	53,028	48,050	Electronically recorded obligations - operating	10,332	12,625
Electronically recorded monetary claims - operating	16,626	19,823	Short-term borrowings	246	407
Merchandise and finished goods	20,857	19,285	Income taxes payable	1,127	212
Other	2,906	3,062	Other	3,974	4,001
Allowance for doubtful accounts	(27)	(18)	Non-current liabilities	6,001	4,655
Non-current assets	14,738	14,197	Retirement benefit liability	4,875	3,609
Property, plant and equipment	4,122	3,881	Other	1,125	1,046
Buildings and structures	787	732	Total liabilities	60,746	55,609
Machinery, equipment and vehicles	322	286	Net assets		
Tools, furniture and fixtures	259	265	Shareholders' equity	67,465	68,629
Land	2,752	2,597	Share capital	10,334	10,334
Intangible assets	623	724	Capital surplus	7,419	7,437
Software	561	643	Retained earnings	50,544	51,671
Other	61	81	Treasury shares	(832)	(813)
Investments and other assets	9,993	9,591	Accumulated other comprehensive income	(49)	1,129
Investment securities	6,639	6,988	Valuation difference on available-for-sale securities	1,060	1,633
Long-term prepaid expenses	43	81	Foreign currency translation adjustment	314	69
Deferred tax assets	1,607	730	Remeasurements of defined benefit plans	(1,425)	(573)
Other	2,141	2,018	Share acquisition rights	142	160
Allowance for doubtful accounts	(439)	(228)	Total net assets	67,557	69,919
Total assets	128,304	125,529	Total liabilities and net assets	128,304	125,529

Consolidated Statements of Income (for the fiscal year ended March 31, 2021)

(Million yen)

Account title	For the fiscal year ended March 31, 2020		For the fiscal year ended March 31, 2021	
Net sales		230,087		196,841
Cost of sales		204,658		174,998
Gross profit		25,428		21,843
Selling, general and administrative expenses		19,869		18,427
Operating profit		5,559		3,415
Non-operating income				
Interest and dividend income	188		173	
Share of profit of entities accounted for using equity method	43		41	
Other	223	456	164	379
Non-operating expenses				
Interest expenses	35		23	
Foreign exchange losses	111		32	
Other	109	256	85	142
Ordinary profit		5,758		3,653
Extraordinary income				
Gain on sale of shares of subsidiaries and associates	209		199	
Gain on sale of investment securities	24		28	
Gain on sale of non-current assets	—	234	55	283
Extraordinary losses				
Loss on valuation of investment securities	38		336	
Gain on sale of shares of subsidiaries and associates	3		—	
Impairment losses	340	381	—	336
Profit before income taxes		5,611		3,599
Income taxes - current	1,915		1,010	
Income taxes - deferred	(163)	1,751	245	1,256
Profit		3,860		2,343
Profit attributable to owners of parent		3,860		2,343

Consolidated Statements of Cash Flows (for the fiscal year ended March 31, 2021)

(Million yen)

Account title	For the fiscal year ended March 31, 2020		For the fiscal year ended March 31, 2021	
Cash flows from operating activities				
Profit before income taxes	5,611		3,599	
Depreciation	521		414	
Impairment losses	340		—	
Increase (decrease) in allowance for doubtful accounts	(5)		(196)	
Increase (decrease) in retirement benefit liability	(37)		(37)	
Interest and dividend income	(188)		(173)	
Interest expenses	35		23	
Share of loss (profit) of entities accounted for using equity method	(43)		(41)	
Loss (gain) on sale and retirement of non-current assets	17		(28)	
Loss (gain) on sale of investment securities	(24)		(28)	
Loss (gain) on valuation of investment securities	38		336	
Loss (gain) on sale of shares of subsidiaries and associates	(209)		(199)	
Loss on valuation of shares of subsidiaries and associates	3		—	
Decrease (increase) in trade receivables	3,971		1,872	
Decrease (increase) in inventories	2,888		1,433	
Increase (decrease) in trade payables	(5,442)		(2,930)	
Other, net	93		(382)	
Subtotal	7,567		3,662	
Interest and dividends received	231		193	
Interest paid	(35)		(24)	
Income taxes paid	(1,825)		(1,891)	
Net cash provided by (used in) operating activities	5,938		1,939	
Cash flows from investing activities				
Proceeds from redemption of securities	200		—	
Purchase of property, plant and equipment	(185)		(98)	
Proceeds from sale of property, plant and equipment	0		210	
Purchase of intangible assets	(137)		(138)	
Purchase of investment securities	(810)		(289)	
Proceeds from sale of investment securities	492		591	
Proceeds from withdrawal of time deposits	—		300	
Long-term loan advances	—		(350)	
Other, net	(78)		(41)	
Net cash provided by (used in) investing activities	(518)		183	
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	(1,065)		165	
Net decrease (increase) in treasury shares	(1)		(1)	
Dividends paid	(1,215)		(1,216)	
Net cash provided by (used in) financing activities	(2,281)		(1,052)	
Effect of exchange rate change on cash and cash equivalents	(81)		(116)	
Net increase (decrease) in cash and cash equivalents	3,057		955	
Cash and cash equivalents at beginning of period	17,107		20,165	
Cash and cash equivalents at end of period	20,165		21,120	

Corporate Information

■ Corporate Data (As of March 31, 2021)

Trade name	Ryoden Corporation
Establishment	April 22, 1947
Capital	¥10,334,298,875
Stock exchange listing	First Section of the Tokyo Stock Exchange (Commercial)
Number of employees	Consolidated: 1,289 (Non-consolidated: 1,082)

■ Stock Information (As of March 31, 2021)

Total number of shares authorized	56,550,000 shares
Total number of shares issued	22,824,977 shares (including 1,079,636 shares of treasury stock)
Number of shareholders	27,565

Major shareholders (top 10)

Name of shareholders	Number of shares held (Thousand shares)	Shareholding ratio
Mitsubishi Electric Corporation	7,755	35.66%
BBH BOSTON FOR NOMURA JAPAN SMALLER CAPITALIZATION FUND 620065	631	2.90%
The Master Trust Bank of Japan, Ltd. (trust account)	449	2.06%
Ryoden Employee Stock Ownership Plan	437	2.01%
Citizen Watch Co., Ltd.	414	1.90%
DFA INTL SMALL CAP VALUE PORTFOLIO	342	1.57%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	326	1.50%
Custody Bank of Japan, Ltd. (trust account 5)	222	1.02%
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	215	0.98%
BNYMSANV RE BNYMIL RE LF MORANT WRIGHT NIPPON YIELD FUND	215	0.98%

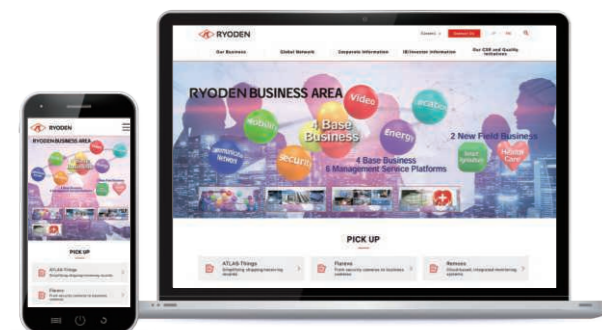
*The shareholding ratio is calculated after deducting treasury stock, and rounded down to the second decimal place.

■ Website

Please see our website for more details. We endeavor to provide useful information, and aim for timely disclosure.

Ryoden Corporation

<https://www.ryoden.co.jp/en/>



■ Directors, Audit & Supervisory Board

(As of September 30, 2021)

Name	Title	Responsibilities and significant concurrent positions
Nobuo Shogaki	Director of Board, President & CEO	
Shoji Kitai	Director of Board, Senior Executive Officer	In charge of supervising Administrative Divisions, in charge of General Affairs, Human Resources and Accounting & Finance Departments, deputy in charge of Internal Audit Department
Osamu Tanaka	Director of Board, Senior Executive Officer	In charge of supervising Strategic Divisions, General Manager, Corporate Strategic Planning, in charge of Environment & Quality Headquarters, deputy in charge of New Business Promotion Department
# Takahiro Ozawa	Director of Board, Senior Executive Officer	General Manager, DX Strategy Promotion Department
Masamitsu Miyagishi	Outside Director	(Senior General Manager, Corporate Auditing Division, Mitsubishi Electric Corporation)
Yoshiko Shirata	Outside Director	(Outside Director, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development)
Masahiro Muroi	Outside Director	(Auditor, The Norinchukin Bank)
Akira Sano	Corporate Auditor	
Reiichiro Kito	Corporate Auditor	
Hideyo Ishino	Outside Corporate Auditor	
Masato Suzuki	Outside Corporate Auditor	(Attorney at law (Partner, Miyake & Partners))
Katsuyuki Tomizawa	Executive Vice President	
Masatoshi Nakamura	Senior Executive Officer	In charge of supervising Business Divisions, General Manager, FA & Facilities System Business Headquarters, General Manager, ICT Solution Business Headquarters, in charge of Overseas Business Promotion Headquarters
Shunichi Higashi	Senior Executive Officer	General Manager, Device System Headquarters
Kazumoto Yogosawa	Senior Executive Officer	General Manager, Central Japan Executive Office
Ko Oniwa	Senior Executive Officer	General Manager, West Japan Executive Office, General Manager, Panasonic Sales Promotion Division, Device System Headquarters

* Representative Director of Board

Director who was newly elected at the Ordinary General Meeting of Shareholders held on June 24, 2021

Glossary

greenhouse gas (GHG)	Collective term for the gases present in Earth's atmosphere that contribute to the greenhouse effect by absorbing some of the infrared radiation from the surface. They include carbon dioxide, methane, nitrous oxide and fluorocarbons. Carbon dioxide represents most of the gases.
carbon neutral	The state in which the amount of the greenhouse gas generated as a result of producing something or any other human activity is balanced out by an equivalent amount of the gas absorbed or eliminated through human activity. The Japanese government has pledged to make the country carbon neutral by 2050.
ADAS	Short for "Advanced Driver-Assistance Systems." They include functions that are already put to practical use, including autonomous emergency braking systems and sudden start preventing devices
BEMS	Short for "Building Energy Management System." Such a system allows central management of data regarding energy in a building, including the indoor environment and the state of use of such equipment as air-conditioning, lighting and ventilation.
CASE	An acronym of Connected, Autonomous, Shared and Electric. CASE is a concise expression of the four next-generation trends in the automotive industry, which is said to have entered a once in a century transformation period.
DX	Short for "Digital Transformation." Ministry of Economy, Trade and Industry defines it as "for a company to establish a position of competitive advantage by responding to drastic changes in the business environment, changing its products, services and business models using data and digital technology based on the needs of customers and society and changing its operation, organization, processes, corporate culture."
FEMS	Short for "Factory Energy Management System." It is a system used to manage electric equipment and grasp and manage energy use and operation of production facilities to reduce overall energy consumption of a factory.
GDP	Short for "Gross Domestic Product." It is the aggregate of added value produced in a country over a specified period. One can estimate domestic economic fluctuations and growth by looking at how much it has increased or decreased compared to the year-ago period or the previous period.
HEMS	Short for "Home Energy Management System." It is a system that makes full use of information technology to manage energy use in a household. It can display amounts of electricity and gas used on a screen and automatically control home appliances, among others.
ICT	Short for "Information and Communication Technology." It refers to communication utilizing communication technologies.
IoT	Short for "Internet of Things." It refers to a system where various "things" are connected to the Internet, and control each other through the exchange of information
MaaS	Short for "Mobility as a Service." It refers to the use of information and communication technology to integrate all forms of transport except personal use vehicles, including busses, trains, taxis, aircraft, etc. into a single service.
PLR	Short for "Personal Life Repository." A system in which personal information of individuals is encrypted and stored in a digital device and a cloud storage so that they can share such information with others they specify as necessary.
QCD	An acronym of Quality, Cost and Delivery, three vital factors in the manufacturing industry.
RFID	Short for "Radio Frequency Identifier." It is an automatic recognition technology which reads and writes information stored in IC tags without contact through short-range wireless communication using electromagnetic fields, radio waves, etc.
SDGs	Short for "Sustainable Development Goals." They are goals for the year 2030, adopted by the United Nations General Assembly.
SoC	Short for "System on a chip." A device integrating various functions, such as a CPU (central processing unit), microcontrollers, and memories, on a single chip.
V2G	Short for "Vehicle to Grid." The system allows electricity stored in batteries on electric vehicles to be used for other purposes by sending it to next generation power grids called smart grids. The idea is to use electric vehicles as an infrastructure to help balance supply and demand of power.
V2X	Short for "Vehicle to X." It is a wireless communication technology that connects vehicles with a wide variety of objects, including other vehicles, pedestrians, infrastructures and networks. The technology forms an integral part of autonomous driving technology.
ZEB	Short for "Net Zero Energy Building." It is a building that aims to achieve net-zero consumption of primary energy used in it over a year, while maintaining a comfortable indoor environment.



3-15-15, Higashi Ikebukuro, Toshima-ku,
Tokyo 170-8448

<https://www.ryoden.co.jp/en/>



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