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For Immediate Release

Ryosan Company, Limited

Investment in Digipower Group, a Chinese Technology Venture Business

Ryosan Company, Limited (hereinafter referred to as “Ryosan”) has invested 17 million Chinese yuan (approx. ¥290 million) in a subsidiary of the Digipower Group, a Chinese technology venture enterprise. Funding was provided by Ryosan’s wholly owned subsidiary in China, Zhong Ling International Trading (Shanghai) Co., Ltd.

China today has come to be the world’s largest market for consumer electronics. However, adoption of inverters that enable fine adjustment of airflow remains low. Even in the heating, ventilating, and air conditioning (HVAC) market, where adoption is highest, only 50% or so of units incorporate these devices. With environmental regulations in China expected to tighten, adoption of inverters is forecasted to accelerate.

The Digipower Group is a venture enterprise established in 2007. The Group was quick to recognize the potential in the inverter field and began expanding its business among local companies through its original technologies. Today the Digipower Group enjoys a preeminent share of more than 10% of the inverters in the Chinese HVAC market.

The focus of Ryosan’s investment in the Digipower Group is Qingdao Sanyuan Taike Electronics Co., Ltd. (hereinafter referred to as “Qingdao”), a core Digipower Group company engaged in the development, manufacture, and sale of motor controllers. Leveraging the operating funds supplied by Ryosan, Qingdao plans to apply the expertise it has accumulated in HVAC to enter new fields such as in-vehicle devices, medical equipment, and industrial machinery. As part of its capital participation in Qingdao, Ryosan plans to provide comprehensive management support, encompassing seconding of directors, drafting of business plans and strategies, and supporting sales and purchasing. Ryosan will work closely with Qingdao to promote the growth of its business.

In its current Medium-term Management Plan, Ryosan positions the expansion of business with overseas companies as a pillar of its growth strategy. This investment

forms a part of the Company's measures to expand its global network of strategic bases with a view to achieving that goal. Moreover, by leveraging the expertise of the Digipower Group in its China business, Ryosan is buttressing another key component of its Medium-term Management Plan: the strengthening of its solutions business.

The undertaking with the Digipower Group marks the second phase of Ryosan's reinforcement of its China business infrastructure, following its acquisition of Edal Electronics Company Limited in March 2017. Ryosan plans to continue to make such strategic investments in the China market while pressing forward with investments in other regions globally.