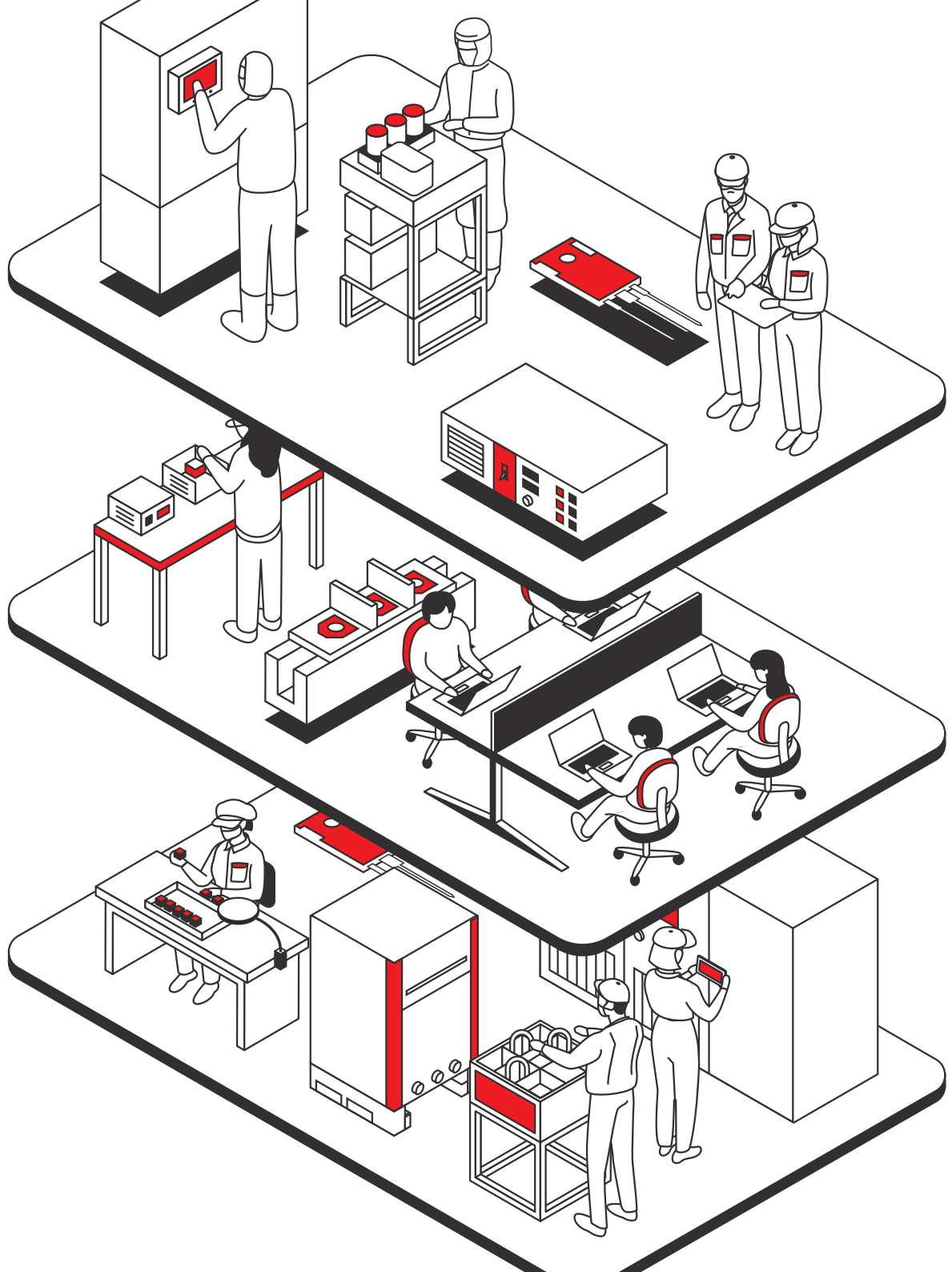


SanRex

SanRex REPORT 2025

SANSHA ELECTRIC MFG. CO., LTD.





CREATE THE FUTURE

- Our desired future -

The Sansha Electric Manufacturing Group has been providing high quality products that support industries and social infrastructure since its founding in 1933 as a manufacturer specializing in power conversion technologies.

For many years, we have been developing technological strengths in the field of power semiconductors and power supply devices, operating our business in step with the development of society.

Today, the use of renewable energy is increasing and initiatives for carbon neutrality are accelerating.

Our technologies play vital roles in the support of next-generation energy infrastructure.

In addition, we sincerely work to coexist with local communities and conserve the environment. We continue to work to solve social issues through our steadfast commitment to manufacturing.

Rather than standing out, we seek to provide reliable solutions that perform reliably behind the scenes.

We are proud of this.

The Sansha Electric Manufacturing Group will continue to move forward without fear of change and without ceasing to take on challenges — as a bridge connecting people, technology, and the future — toward realizing “Create the Future.”

The SanRex Report is published as a tool for communicating with our stakeholders.

SanRex Report 2025 features our growth strategies for realizing our Global Power Solution Partner vision and clearly details medium- and long-term value creation stories based on our progress on our CF26 medium-term management plan. A combination of our responses to social issues and our contributions to society via technological innovation, the connections between our purpose and the rest of our philosophy system and our individual strategies are organized in the report to communicate a more consistent message. We hope that this report will help you understand our current position and the steps we are taking toward the future we desire.

In compiling this report, we referred to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation from the Ministry of Economy, Trade and Industry of Japan, and the GRI Sustainability Reporting Guidelines (Standards).

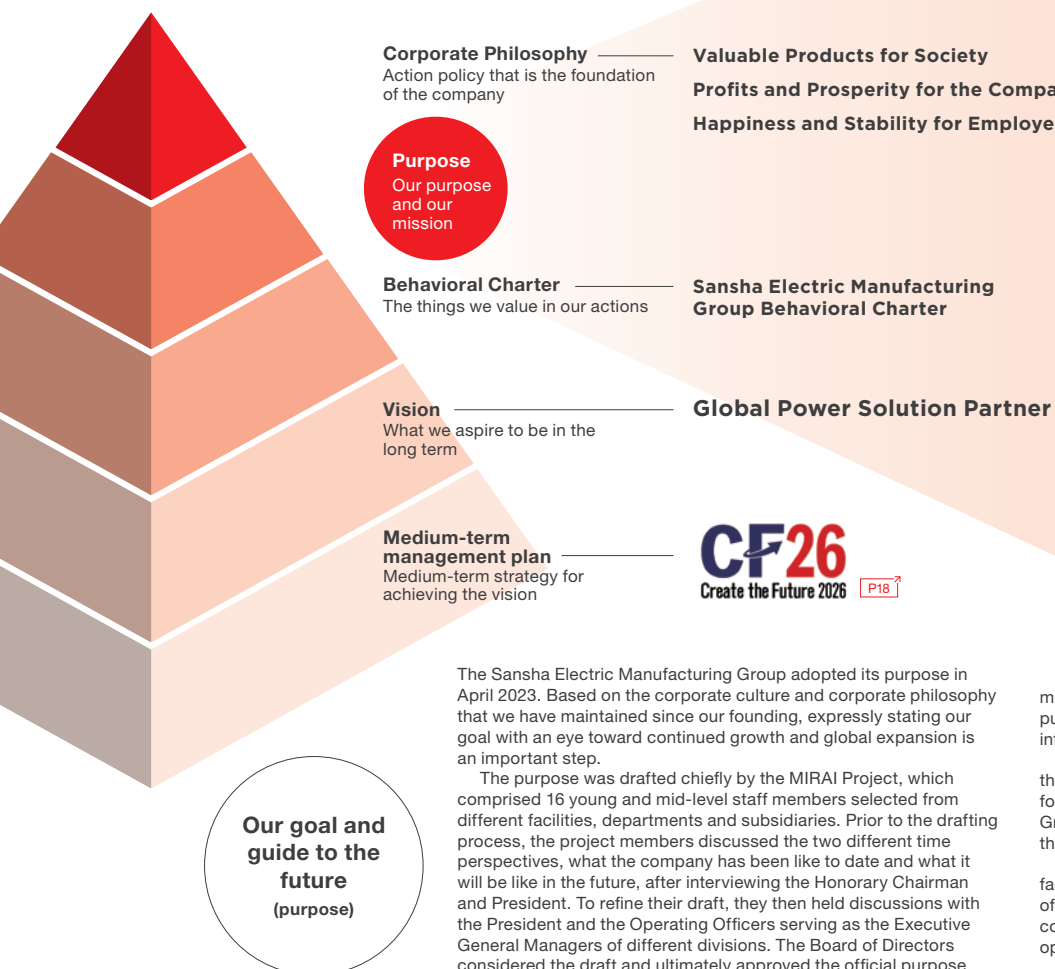
We appreciate your comments and feedback. It helps us respond to the opinions of more stakeholders.

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Philosophy system and purpose

The Sansha Electric Manufacturing Group has established its philosophy system, which includes its corporate philosophy at the top and its purpose, which is more detailed. This system also includes our Behavioral Charter, vision and medium-term management plan. It is the foundation of all our business activities. It is the starting point for creating value to both solve social issues and achieve continued corporate growth. It is also guidelines for the behavior of our employees.



The Sansha Electric Manufacturing Group adopted its purpose in April 2023. Based on the corporate culture and corporate philosophy that we have maintained since our founding, expressly stating our goal with an eye toward continued growth and global expansion is an important step.

The purpose was drafted chiefly by the MIRAI Project, which comprised 16 young and mid-level staff members selected from different facilities, departments and subsidiaries. Prior to the drafting process, the project members discussed the two different time perspectives, what the company has been like to date and what it will be like in the future, after interviewing the Honorary Chairman and President. To refine their draft, they then held discussions with the President and the Operating Officers serving as the Executive General Managers of different divisions. The Board of Directors considered the draft and ultimately approved the official purpose.

Our purpose is also utilized in the drafting of medium-term management plans. The entire organization is united to achieve the purpose, maintain growth and increase our competitiveness and influence on society.

Since formulating the purpose, we have been working to share it throughout the Group and increase support for it. We have also been focusing on motivating employees to participate in business. The Group will continue to work to increase its corporate value based on the purpose.

The MIRAI Project produced a movie about the purpose to facilitate its entrenchment within the Group. In the production of the video they exchanged ideas about the scenes to be shot, composition, interview content and other matters. Please take this opportunity to view the video.

PURPOSE

Moving society forward with power electronics and creativity.

Since our founding, we have been engaged in transforming and controlling electricity. This will remain unchanged. Continuing to be an entity with one-of-a-kind technologies and services that moves society forward to a bright future — this is our purpose and our mission.

Our thoughts reflected in words

Power electronics

This is our role in society and our business domain, which will remain unchanged. We are always engaged in power electronics.

Creativity

While we are an engineering company, it is not just our engineers but all of our employees that act in accordance with our purpose. All employees act creatively with a commitment to one-of-a-kind technologies and services.

Moving society forward

As a manufacturer of power supplies and power semiconductors, we will be a driving force moving society in a better direction. This is our purpose and our mission.



History of value creation

Since its founding in 1933, the Sansha Electric Manufacturing Group has been consistently manufacturing products that respond to the needs of its customers, while advancing its technologies in the areas of power control and power semiconductors.

Starting with the development of rectifiers for movie projectors, we later established power control technologies and semiconductor technologies. Based on these technologies, we have created products that respond to the needs of society, for instance in energy conservation, renewable energy and electricity-driven applications. In doing so, we have expanded into the global market.

Our technologies and our spirit of taking on challenges that we have cultivated over our long history support our creation of value for the future.

Founding period

In 1933, we developed a rectifier to stabilize film projection, contributing to the advancement of cinema culture.

Later, we used semiconductor technologies to develop a direct current welder. This was an answer to a range of industrial needs that was praised for its high quality and low price. Since our founding, we have been dedicated to manufacturing products to respond to customer demands. We continue to maintain this spirit and develop products.



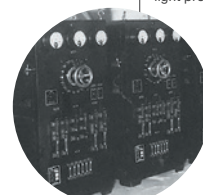
Headquarters (1933)



Choke coil auto transformer (1933)

Establishment of the technological foundation

In response to power conditions and specialized industrial needs, we produced rectifiers for movie theaters and for electric vehicles. In the reconstruction period, we developed an uninterruptible power supply and a selenium rectifier to address the power shortage. After the war, we developed thyristors, dimmers and triacs in line with the advance of industry. We expanded into the fields of alternating current control and electronic devices and established a technological foundation for addressing social issues.



Tungar rectifiers for light projection (1937)

1937 ~ 1970

Increasing bases and specialization in the development of power semiconductors

Amid the ongoing shift to more energy-efficient equipment and the internationalization of industries, we developed an isolated mold triac, a transistor module for high-speed switching and other products with cutting-edge technologies. We also created the industry's first energy-efficient welder (according to our research) to expand our exports to Asian countries. Responding to the social issues of the advance and streamlining of industry around the world, we increased our presence in the international market.



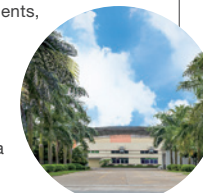
Isolated triac (1971)



Power conditioner for solar power generation systems (1998)

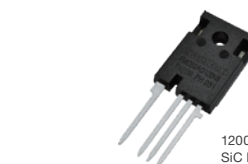
Developing a system for increased globalization

Amid the progress of the shift to electricity-driven applications and the increasing need for a stable supply of power, we developed a planner type transistor module, a battery charging system for electric vehicles, an uninterruptible power supply (UPS) and other products to widen the array of products supporting next-generation electrical infrastructure. These products have earned high praise in markets through their display at exhibitions in Japan and other countries and through manufacturing license agreements, which has enabled us to receive more orders. To expand our business in Asia, we established SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. and opened sales bases in Europe. We constructed a global supply and sales structure and laid a foundation for fulfilling wide-ranging needs around the world.



Establishment of SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. (1994)

1991 ~ 2010



1200 V voltage-resistant SiC MOSFET discrete semiconductor (2022)



SiC power module (2015)

2011 ~ 2024



Participation in the virtual power plant construction demonstration project (2016)

Towards a new age

Addressing climate change is an issue the whole world is facing. Accordingly, the widespread use of renewable energy and the improvement of energy efficiency are increasingly important. The Sansha Electric Manufacturing Group is working to develop products for solar power generation systems and energy-efficient and high efficiency technologies such as low-loss SiC MOSFET power modules. We have also developed a system for evaluating the performance of large-capacity power conditioners. We are also participating in the virtual power plant (VPP) project subsidized by the Agency for Natural Resources and Energy. We will actively expand our business in Japan and abroad and continue to endeavor to realize a sustainable society.



New building completed at the Shiga Plant (2014)

Completion of the Okayama Plant (1985)

Products of the Sansha Electric Manufacturing Group That Support Society

The Sansha Electric Manufacturing Group supplies products that help stably supply electric power to support the foundation of society. Leveraging our advanced technological capabilities, we have been providing power conversion technologies and power supplies indispensable to industry and life in Japan and beyond.

Our products are in service in a wide variety of environments, including in general households, industrial equipment and key facilities, where they play essential roles in society.

We will continue to provide reliable products and technologies to help realize a sustainable society.

Roles and missions of products

Freely transforming electricity

The electricity generated by power plants and other facilities cannot be used as it is. It must be transformed.

There are roughly five different ways of transforming electricity. The Sansha Electric Manufacturing Group uses these transformation technologies to change electricity in the manner best suited to purposes of use of the power supply. We also use power control technologies to support society in many different areas.

- 1 Converting direct current to alternating current
- 2 Converting alternating current to direct current
- 3 Changing the frequency of alternating current
- 4 Changing the voltage of direct current or alternating current
- 5 Changing the amperage of electric current

What does “efficiently converting electricity” mean?

There is always a loss of electricity every time a power conversion occurs anywhere in the process from the generation of electricity at a power plant, through transmission lines and power supply circuits to the final use of electric appliances by consumers. To reduce this power loss, we are working to develop high performance power devices and high efficiency power supplies.

Lifestyles, medical care and entertainment

Movie theaters

- ⚡ **Power supplies for projectors**
Used for projecting images clearly onto a screen

TV studios, halls and stadiums

- ⚡ **Power supplies for dimmers**
Used for continuously dimming lighting

Home electric appliances and electric bidet toilet seats

- 🔌 **Discrete semiconductors**
Used for controlling heaters and motors

Medical equipment and ATMs

- ⚡ **Small power supplies**
Used for supplying stable power

Elevators

- 🔌 **Diode modules**
Used for controlling motors

General industries

Automobiles and smartphones

- ⚡ **Power supplies for surface treatment**
Used in plating for increasing the abrasion resistance and oxidation resistance of metal and other surfaces

Manufacturing robots and welders

- 🔌 **Thyristor and diode modules**
Converting alternate current to direct current to protect electric circuits from overvoltage

- ⚡ **Power supplies for welding and cutting**
Used for welding and cutting steel sheets

Plant equipment for material processing and other purposes

- 🔌 **SiC MOSFET modules**
Highly efficient generation of high-frequency power in thermal processing and other processes to help reduce power loss and improve processing quality

- ⚡ **Electric power regulators**
Used to adjust the temperature of electric furnaces in glass processing plants and other facilities

- ⚡ **Power supplies for aluminum foil processing**
Used for electrochemical etching with the goal of increasing the surface area of aluminum foil

Infrastructure

Expressways, electronic toll collection (ETC) and railway stations

- ⚡ **Uninterruptible power supplies and control power supplies**
Maintaining the supply of electric power for a certain period of time in the event of a power failure to protect the operation of equipment and data

Electric rolling stock

- 🔌 **Diode modules**
Used in supplementary power supplies that supply stable voltage and frequency to lighting, air conditioners and other equipment in rolling stock

Water supply and sewage facilities

- ⚡ **Power supplies for ozone generation**
Used for generating ozone to decompose organic substances in water by applying a high voltage to induce an electric discharge

Energy and the environment

Hydrogen

- ⚡ **Power supplies for water electrolysis**
Used for supplying a stable electric current to water electrolysis systems to produce hydrogen

New energy

- ⚡ **Power conditioners for fuel cells and for storage batteries**
Converting electric energy stored in fuel cells and storage batteries and connecting to commercial power networks

Solar (PV) power generation

- ⚡ **Power conditioners**
Converting direct current power produced by solar (PV) power generation systems to alternating current and connecting them to commercial power networks
- 🔌 **Diode modules for preventing backflow**
Preventing the backflow of electric current from a storage battery or other device and the subsequent damage of solar panels

Power plants

- ⚡ **Power supplies for seawater electrolysis**
Generating sodium hypochlorite through seawater electrolysis to prevent marine life from attaching to plant water inlets

Fuel cells and storage batteries

- ⚡ **Power supplies for testing and evaluation and charge-discharge products**
Used in the testing and evaluation of the characteristics of a range of batteries and automotive equipment







Lithium-ion batteries

- ⚡ **Power supplies for copper foil**
Used to supply a stable electric current for electrolytic processes that produce copper foil used in lithium-ion batteries as an anode material

Accumulated capital

The Sansha Electric Manufacturing Group has been cultivating its original technological and manufacturing capabilities for more than 90 years, and it has steadily accumulated six different types of capital. They provide a strong foundation supporting the Group's business activities and helping it continually increase its corporate value. To develop in the future, we will

strengthen our manufacturing capital, intellectual capital, human capital, social and relationship capital, and natural capital. We will also work to steadily increase our financial capital. We will innovate technologically and strategically develop personnel while continuing to maintain a stable cash flow. Through these activities, we will create both economic and social value.

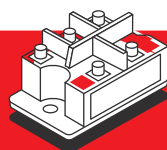
Capital		Characteristics of capital	Initiatives to enhance capital	KPI results in FY2024		
 Financial capital	<ul style="list-style-type: none">Creation of stable cash flowsSafe, sound financial standing	<ul style="list-style-type: none">Improve total asset turnover by increasing the efficiency of investments and improving current asset management P33Optimize the balance between investments and shareholder return	<div>Total asset turnover</div> <div>0.74 times</div>	<div>ROE</div> <div>2.1%</div>	<div>Dividend payout ratio</div> <div>105.8%</div>	
 Manufacturing capital	<ul style="list-style-type: none">Integrated production system including development, design and manufacturingUnique packaging technologies for semiconductor modules	<ul style="list-style-type: none">Ongoing capital investments for automationStandardize materials to reduce costs and increase efficiency	Capital investment 2,140 million yen			
 Intellectual capital	<ul style="list-style-type: none">Technologies and expertise that have been cultivated over more than 90 yearsTechnological synergy created by two businesses: the semiconductor and power supply businesses	<ul style="list-style-type: none">Acquire and protect intellectual property to enhance competitiveness P31Actively use artificial intelligence (AI) and digital transformation (DX) technologies to shorten development lead timesResearch next-generation semiconductors based on power conversion and control technologies	<div>Research and development expenses</div> <div>1,508 million yen</div>	<div>Number of intellectual property rights applications submitted</div> <div>13 patents</div>		
 Human capital	<ul style="list-style-type: none">An organization that has empathy for the purpose and has a sense of unity	<ul style="list-style-type: none">Promote diversity and personnel development (for global operations and technologies) P28Reform the personnel system in line with the organizational transformation	<div>Percentage of female managers</div> <div>4.8%</div>	<div>Education and training expenses</div> <div>28 million yen</div>		
 Social and relationship capital	<ul style="list-style-type: none">Relationships of trust built through co-creation with customers leveraging the flexibility of our development and manufacturingSolutions to social issues and customer issues provided through our businesses	<ul style="list-style-type: none">Leverage new technologies to improve our ability to propose solutionsBuild networks of distributors and services in new areas	Estimated contribution to the reduction of CO ₂ emissions attributable to the use of products (SiC semiconductors and power supplies for surface treatment) 5,763 t-co ₂			
 Natural capital	<ul style="list-style-type: none">Contribution to a decarbonized society through our businessesMaintenance and continuous improvement of our environmental management system	<ul style="list-style-type: none">Invest capital to reduce CO₂ emissionsReduce environmental impact by increasing work efficiency and utilizing the latest environmental technologies P26	<div>CO₂ emissions</div> <div>8,624 t-co₂</div>	<div>Percent reduction (from the FY2013 level)</div> <div>-40.2%</div>	<div>Waste recycling ratio</div> <div>97.9%</div>	

Competitive advantages

In the more than 90 years since its founding, the Sansha Electric Manufacturing Group has been following the principle of helping resolve social issues through the effective use of electricity. Accordingly, we have been providing products and services based on power and energy conversion technologies, control technologies and power semiconductor technologies. We have been honing our technologies by addressing the various issues confronting our customers while continuing years of investment in equipment and human resources. This has enabled us to establish unique strengths and competitive advantages. Maintaining these efforts lays a foundation for our technological capabilities and reliability. We will continue to build up our unique technological capabilities and continue to support the sustainable development of society with a focus on the effective use of electricity and energy.

Our competitive advantages

- Flexible and high-performance power supply solutions that integrate our core technologies**
 We have integrated our three core technologies, specifically, our technologies in the areas of electricity and energy conversion, control and power semiconductors. This has enabled us to achieve high performance, high efficiency and energy conservation to provide power supply solutions that flexibly respond to decarbonization and the diverse needs of industry.
- Independent integrated structure for technological advantages and fast delivery**
 All processes from the development of power semiconductors to their product design and manufacturing are completed internally. We have constructed a development and production system that achieves high reliability and efficiency and that paves the way toward stable quality and quick delivery.
- Product lineup that caters to multiple applications**
 We supply highly reliable high-performance products that have applications in a wide range of fields, including power supplies for surface treatment and power conditioners for renewable energy. They support the evolution of industries.
- After-sales service structure supporting long-term operation**
 Our maintenance and service structure has been in place since 1974 to support the entire product life cycle. It helps ensure the stable operation of infrastructure equipment and other equipment.



5th largest share
of the global market of thyristor and diode modules ^{*1}



1st largest share
of the domestic market of power supplies for surface treatment ^{*2}

^{*1} Source: Omdia, Annual Power Semiconductor Reports - 2023

^{*2} Source: Estimated by Sansha Electric Manufacturing Co., Ltd. on the basis of the Japan Plating Suppliers Association: 2023 Dynamic Statistics of Power Supply Sales

Example

An initiative with AIST

The Fukushima Renewable Energy Institute (FREA) of the National Institute of Advanced Industrial Science and Technology (AIST) has constructed and now operates large-scale grid connection trial equipment for the stable supply of electricity derived from renewable sources of energy to power transmission and distribution infrastructure. We have been consistently engaged in technological cooperation in the field of power conversion since we delivered a trial system for the verification of solar power generation systems to FREA in 2014. Based on this relationship that has existed for years, FREA again praised us for our technological strengths when it expanded its environment for evaluating large-capacity power conditioners. In FY2023, we newly developed a large-capacity power conditioner grid connection simulator power supply system and delivered it.

At that time, FREA expressed their appreciation for our strong power and energy conversion technologies that support high voltage and high currents, in addition to our high-precision control technologies that are able to reproduce the complicated behaviors of the power grid. This opened the way for detailed power supply simulations to meet testing needs that are increasingly diverse and advanced in line with the widespread introduction of renewable energy.

This record of delivery proves that our technological capabilities have been recognized as providing highly reliable solutions that support the next-generation energy society. We will continue to seek more advanced energy control based on power semiconductor technologies with a view toward helping realize a sustainable society.

Large-capacity power conditioner evaluation system

Delivered to: National Institute of Advanced Industrial Science and Technology's Fukushima Renewable Energy Institute (FREA)

Compared to the conventional system
Smaller size

Less than **1/3**

Higher power conversion efficiency

97%
▲
92%

Features and mechanism

Our SiC MOSFET power semiconductor device was introduced to achieve miniaturization, low power loss (with a conversion efficiency of 97%) and reduced power consumption through regeneration and power recovery. At the same time, we also developed a simulated direct current power supply. The use of the SiC MOSFETs enabled us to reduce the size of the product from the conventional 38 m² per 1 MW (1,000 kW) to 17 m² per 1.4 MW (1,400 kW). This means that it was miniaturized to less than one third the size of the conventional system. It also has a higher power conversion efficiency of 97%, compared to the conventional model's 92% efficiency.



The use of SiC MOSFETs made it possible to achieve a smaller-sized system with higher power conversion efficiency.

Message from the President

Drawing a clear roadmap for the three years leading up to our 100th anniversary

Creativity for “Create the Future,” the subject of the new medium-term management plan

In the context of progressing toward FY2033, when we will celebrate our 100th anniversary, we defined our vision [P14](#) as, “Global Power Solution Partner—Continuing to be a partner that listens to customers and meets their expectations in the provision of solutions.”

Under this vision, we formulated our purpose [P02](#) during the period of the previous medium-term management plan. Our purpose, which represents our significance, reads, “Moving society forward with power electronics and creativity.” In the new CF26 medium-term management plan that started in April 2024 [P18](#), we included the slogan, “Create the

Future—With the Use of Creativity” based on our purpose.

CF26 is the third medium-term management plan since I became President in 2018. In it there are no changes to our basic direction. At the same time, customers’ expectations of us and the number of inquiries regarding the new energy sector, which is part of our business area, are growing every day amid the accelerating transition to next-generation energy systems. This really brings home to me the significant roles that our power electronics technologies have in supporting the foundations of a better society in the future. We will make every effort to achieve continued business growth and to increase profitability.

President
**Hajimu
Yoshimura**



Hoping for a market turnaround starting in the second half of FY2025

FY2024 was the initial fiscal year of the CF26 [P18]. In that year, net sales stood at 25,440 million yen, down 5,565 million yen year on year, and operating profit was 1,073 million yen, down 2,334 million yen year on year. This is a major decrease in sales and profit. The reaction to the results in the previous fiscal year and the impact of external conditions were anticipated to some extent. It was the prolonged power semiconductor inventory adjustments [P19] that had a greater negative impact than expected. When the COVID-19 pandemic began five years ago, there was a global shortage of power semiconductors. We increased production of power semiconductors to fill the rush of orders. Now, there are some power semiconductors that were produced at that time that are still in the market as excess stock. Earlier, it was forecast that the situation would ease in FY2024. However,

inventory adjustments have lasted longer than anticipated. In FY2025, we are finally seeing signs that demand is recovering in individual regions. Currently, I hope that the market will start to rally in the second half of FY2025.

In the power supply business [P21], there was a reactionary decrease following a large-scale special demand project worth around 3 billion yen in FY2023. In addition, sales of mainstay power supplies for surface treatment were weak. While inquiries and orders received were nearly as high as in usual years, we had multiple large power supply projects at the same time, and they were technically difficult. There was a case where the design process took longer than expected, which inconvenienced the customer in terms of delivery time. This also had a negative impact on our performance. In this situation, the power supply maintenance services department brought us very good news. The performance of repairs, inspections and other after-sales services was buoyant, and record-high sales and

Summary of consolidated financial results

(million yen)	FY2023 Result	FY2024 Result	YoY change	Announced results (Jan. 31, 2025)
Net sales	31,005	25,440	-5,565 -17.9%	25,700
Operating profit	3,407	1,073	-2,334 -68.5%	900
Ratio of operating profit	11.0%	4.2%	-	3.5%
Ordinary profit	3,473	1,180	-2,292 -66.0%	1,000
Profit attributable to owners of parent	2,955	502	-2,452 -83.0%	700
Earnings per share(yen)	222.19	37.80	-184.39 -83.0%	52.63

profit with a 13.5% sales increase from the previous fiscal year were achieved. We will vigorously work to strategically develop the service business as a stable source of revenue that is not susceptible to market conditions.

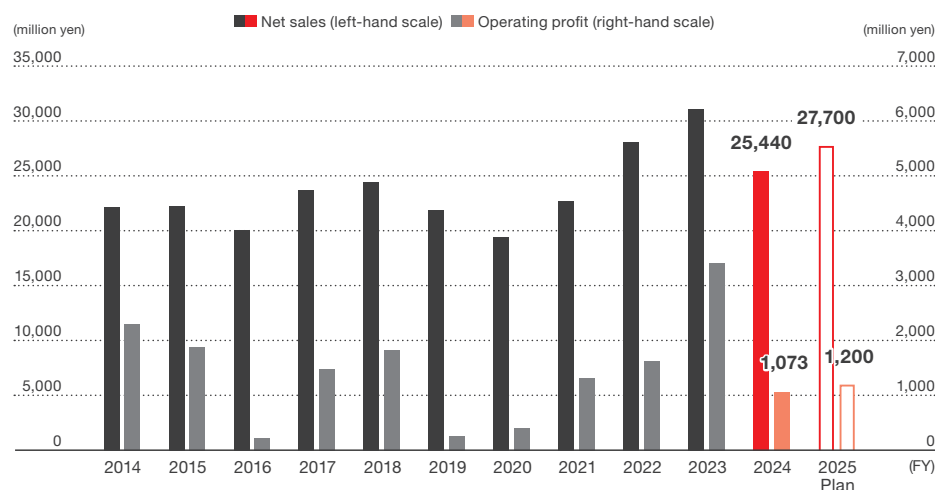
Steady progress in initiatives for increasing production efficiency and profitability

FY2024 was a difficult year in terms of our financial results. However, we did not stop our reforms that were already underway. They are steadily producing positive results. One example of this is that the strategy for receiving orders that is focused on added value has taken root in the sales department. From a medium-term perspective, the power supply business improved its profitability

and maintained its upward trend. We will carefully examine projects that involve intense price competition and focus on high value-added projects that allow us to firmly display our technological strengths to increase our profit ratio. I feel that there is still room to enhance proposals in the power supply business. Another thing I have asserted for years is that we need to shift our organizational culture from being passive to being proposal oriented. We will firmly adhere to our attitude of continuing to propose solutions that anticipate future needs as well as the needs of the customer and to systematically manufacture and deliver products.

The standardization of design is another area in which the positive results of the reform are emerging. In our power supply business, standard products account for 50% of sales and the remaining 50% are custom-made products. Many of the large

Net sales and operating profit





power supplies are custom-made. Design and product development are necessary on a project-by-project basis. This is time consuming and costly. In addition, it is not easy to maintain the quality of non-mass-produced custom-made items. I am fully aware that our responses to orders for custom-made products earn us praise from customers. However, we need to seek efficient design methods so that we will continue to be a genuine partner that meets their expectations [P14] as stated in our vision. Today, there are various standardization projects underway in the design department. There have already been some successful projects. There are many different approaches to standardization, and a detailed explanation would be rather complicated. Take a power semiconductor circuit module in an uninterruptible power supply for example. We previously designed every single

product individually, and we had a large number of manufacturing drawings. Our recent standardization initiative organized and integrated these drawings. We succeeded in considerably reducing the kinds of drawings that we have.

Standardization like this shortens design lead times significantly. That increases our cost competitiveness, the efficiency of inspection processes and product quality. It increases all aspects of our strengths. It allows sales personnel to understand the specifications before communicating with customers. It facilitates their proposal-based sales activities. For example, general-purpose parts are used in areas of luxury vehicles that are not visible. Similarly, we will actively standardize designs and parts without decreasing customer satisfaction. This initiative is still incomplete, but it is making some difference.



Power supply for the testing and evaluation of storage batteries

S-Loop

The industry's first (according to our research) serial connection of four units

It provides optimal output instead of excessive output for testing. In the event of a failure, it supports partial operation to prevent all the tests from being stopped. In addition, it is designed to be flexibly extendable in the future. A strength of this is that it is unnecessary to replace the whole device.



Preparations for achieving the CF26 targets are steadily progressing

FY2024 was the first year of the medium-term management plan [P18]. In that year our financial results were disappointing. However, we did soundly prepare for the future. This is why we slightly revised the business plan for the second year, FY2025. Even in adverse conditions, we will continue to lay a foundation for achieving the targets for the final fiscal year of the plan step by step.

First, the introduction of new products that will support the next generation. In the semiconductor business, we finished developing a 1700V/300A SiC MOSFET module and a high-speed diode module. The MOSFET module is a silicon carbide (SiC) product. Demand for it is currently growing rapidly due to it being highly efficient at power conversion and its ability to reduce CO₂ emissions. The high-speed diode module is a high-performance

product that meets needs regarding smaller equipment. In the power supply business, we have developed the MRT power supply for surface treatment. We have the largest share of the surface treatment market in Japan. The performance of the MRT power supply is considerably enhanced while maintaining its compatibility with conventional equipment. With these products, we will seek to increase our market share and expand overseas. Another new product that I would like to draw your attention to is the S-Loop modular power supply for testing and evaluation of storage batteries. In line with the popularization of renewable energy, needs are rapidly increasing regarding the evaluation of storage batteries in the fast-growing storage battery market. The S-Loop is a revolutionary modular product that can be used in various evaluations. We have had great difficulty in the development process. Currently, no competitors provides any product that is similar. We see it as a product that displays our unique

**1700V/300A SiC MOSFET module**

It improves energy efficiency to help reduce the energy consumption of different industrial equipment.

**High-speed diode module**

Featuring both a high withstand voltage and high-speed switching, it incorporates original technologies to achieve high-speed recovery characteristics. It aids in the miniaturization of power supplies for welders, dielectric heaters and other devices.

strengths. We have started proposing it in the Japanese market. I hope that these new products will make a substantial contribution to our net sales in the future.

Next, our investment plan [P33](#). We earmarked 6.4 billion yen for investments in the three-year period of CF26. Progress was as planned. We allocated 3 billion yen to growth fields, 2.4 billion yen to increasing productivity and 1 billion yen to reinforcing the foundation of our business. For FY2024, we intensively invested chiefly in semiconductor plants. Today, we continue to make capital investments. Through these efforts, we will increase our production capacity and accelerate automation. We are also planning to carry out product model changes in line with these investments. We aim not only to increase production of existing models but also to improve quality, cost and delivery (QCD). At the same time, regarding investments in power supply plants, we are planning to replace different kinds of equipment that we have used for a long time. We will

start the full-scale replacement of this equipment in the current fiscal year.

Regarding our investment in reinforcing the foundation of our business, we have replaced a mission-critical system. We will work on the groupwide optimization of work processes to increase their efficiency and to advance our management of our business. Despite all these things, the most important investment is in human capital [P28](#). I have always felt that department and section head personnel, who play central roles at the working level, are the real strength of the company. To boost the potential of the organization as a whole, we will continue to actively invest in training executive candidates. We will also have to continue to increase our cultivation of engineering personnel, since they are the source of our competitiveness. In the field of power electronics, where advanced expertise like ours is necessary, it is difficult to obtain helpful skilled workers. Therefore, we will steadily develop human resources from a long-term perspective

**The most significant****investment is in human capital.**



and endeavor to create an open and lively workplace environment to increase employee engagement.

**Collaboration and co-creation
with other companies create new
opportunities**

Our target for FY2033, which will be the 100th anniversary of our founding, is net sales of 50 billion yen [P14]. There are eight years left before our centenary. Let me split this period into three phases and liken them to a hop, step and a jump linked to three separate medium-term management plans. In the hop phase during CF26 [P18], it is important to draw a clear roadmap to being a 50-billion-yen business and to develop a realizable strategy.

In particular, the overseas expansion of business [P23] is such an important issue that it cannot be ignored. In the power supply business, we emphasize the expansion of power supplies for surface treatment in Asia. We have a future plan to develop local models for Asia and to expand our sales presence in South Korea,

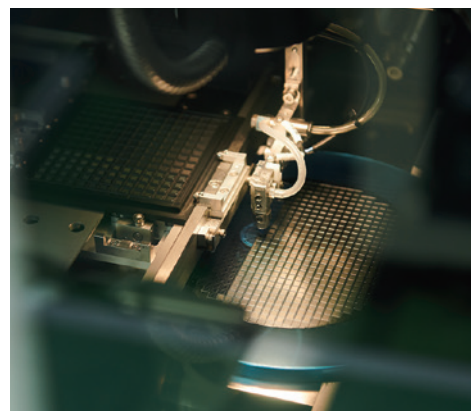
Malaysia, Indonesia and other areas where we already have a track record. In the semiconductor business, we will fully promote SiC semiconductors in Europe and in China. They have earned high marks for their good performance. Starting with SiC and other semiconductor products, we will build relationships of trust with customers. We then aim to develop these relationships into comprehensive transactions that include power supply products. Meanwhile, in the power supply maintenance service sector that recorded record-high net sales, we will study measures to receive more orders for long-term repair contracts and to expand our repair services overseas.

I expect that collaborative projects with other companies will gain momentum in the future. Our strength lies in a deep understanding of both power semiconductors and power supply equipment and in the offering of integrated solutions. Since we are a manufacturer specializing in these two technologies, we have a competitive advantage in terms of being able to quickly and flexibly respond to various requests [P06]. We have been praised by partner companies for this.

Currently, each team is working as one to carry out joint development projects.

One effect of our business activities is the reduction of our environmental impact. I feel that we need to collaborate and co-create with other companies to help solve more significant social issues with a view toward the realization of a decarbonized society. If collaboration and other projects like these move forward, new business segments comparable to the semiconductor business and the power supply business may emerge. They have the potential to develop into high value-added and stable revenue bases. I look forward to exploring them.

We will continue to strengthen corporate governance [P35]. We will appoint more female managers and push forward with diversity and inclusion [P28]. In addition, we are currently reviewing our internal meeting bodies. We will establish systems for operating these meeting bodies, ensuring that issues are sufficiently discussed and encouraging more diverse and active exchanges of opinions to achieve a decision-making process that is highly transparent and effective.



Continuing to achieve solid growth by fulfilling our mission to advance society

For the milestone of our 100th anniversary, we have set the target of a return on equity (ROE) of 10% or higher [P14](#). For FY2024, ROE fell from the nearly 13% in the previous fiscal year. The price-to-book-value ratio(PBR) also decreased from the FY2023 level of around 1. These figures make us feel that we have moved further away from our targets, even though in fact we have moved closer to them. It is unsurprising that financial results fluctuate on a single fiscal year basis. In my view, the point is that we should communicate the position of our company and our revenue so that everyone understands that we are growing steadily from the perspective of the three-year period of the medium-term management plan.

As I mentioned with the expression “hop,

step, and jump,” the first fiscal year of CF26 [P18](#) was a period when we crouched down in preparation for the next leap. I feel we made a solid step forward by preparing significantly for the future, even in difficult conditions, including the standardization of designs, the completion of new product development efforts and the systematic investment of capital. I hope that you will look forward to the positive effects that the foundation we have constructed through these efforts will have on the recovery and growth of our financial results in and after the current fiscal year, as well as to our evolution.

In line with our purpose, “Moving society forward with power electronics and creativity,” [P02](#) the Sansha Electric Manufacturing Group will continue to develop as a unique entity that is trusted and regarded as necessary by all stakeholders [P32](#).

Corporate philosophy

Valuable Products for Society

Make a continuous effort to create products that are sought by society and contribute to the development of society by providing products of better quality

Profits and Prosperity for the Company

Always endeavor to raise awareness, aim for prosperity, secure profits and fulfill social responsibility for the Company

Happiness and Stability for Employees

Always look to the future in high spirits and ensure happiness and a stable life for employees through trust and cooperation

I feel we made a solid

step forward by preparing

significantly for the future.





Value creation process

Social issues

Rise of renewable
energy and new
energy

Rapid urbanization
of emerging
countries

Provision of safety
and peace of mind

Technological
progress

Climate change

Demographic
change

Fragmentation
of the world and
cyberattacks

Input (FY2024)

Six different types of capital

P05

Financial assets

Equity ratio

Net assets

72.5%

24,341
million yen

Manufacturing capital

Capital
investmentManufacturing
bases2,140
million yen

6

Intellectual capital

R&D expenses

Patents owned

1,508
million yen232
patents

Human capital

Employees
(consolidated)Holders of public
qualifications

1,400

305

Social and relationship capital

Sales network

Japan

Overseas

7
bases8
bases

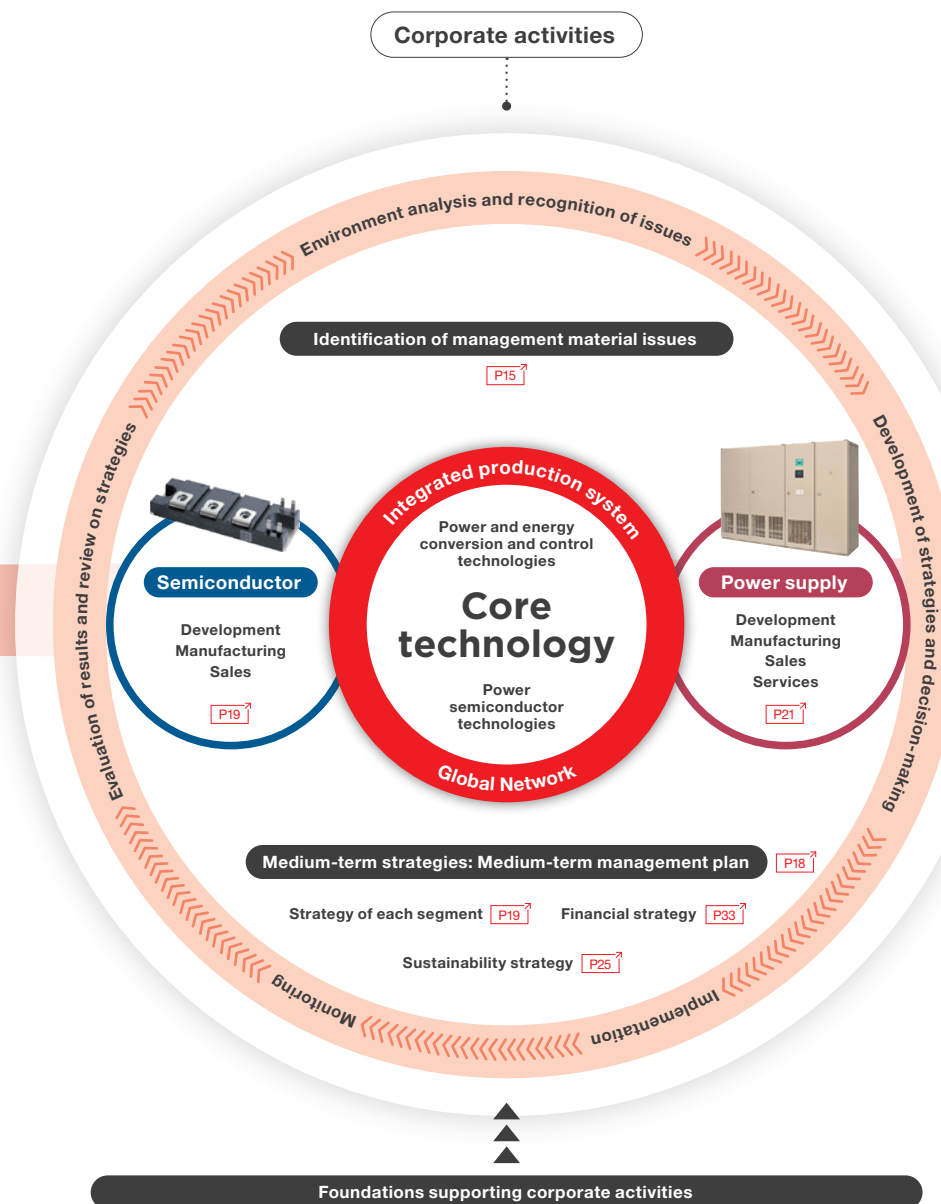
Natural capital

Power
consumptionUtility gas
consumption15,775
MWh160,956
m³

Water consumption

162
thousand m³

Corporate activities



Results (FY2024)

Economic value

Net sales

ROE

25.44
billion yen

2.1%

Operating profit

Dividends
(per share)1.07
billion yen40
yen

Social value

CO₂ emissions from
business activitiesRate of reduction of
CO₂ from business
activities
(from the FY2013 level)8,624
t-CO₂-40.2%
(-5,804t-CO₂)Percentage of female
managersPercentage of leaders
that are women

4.8%

11.5%

Moving society forward with power electronics and creativity.

P02



Our desired future

GLOBAL POWER SOLUTION PARTNER

Continuing to be a partner that listens to customers and meets their expectations in the provision of solutions

We provide power semiconductor technologies and high-efficiency power conversion technologies aiming to establish a sustainable society. Next-generation power semiconductors from the Sansha Electric Manufacturing Group enable the efficient use of power from renewable energy sources while minimizing energy loss. Further, we adopt environmentally friendly designs for our power supplies with high conversion efficiency to reduce energy consumption. In addition to innovating technologies, we are proactively contributing to local communities and participating in environmental protection activities. In our efforts to improve people's lives, we are creating a sustainable, prosperous future through these initiatives.

Long-term market analysis

The expansion of the carbon neutrality market is a major opportunity for long-term growth

Initiatives for carbon neutrality are being implemented globally to combat climate change. They are substantially increasing demand for power control and energy conversion solutions. The Sansha Electric Manufacturing Group possesses technologies that help resolve these social issues. We have already been working to popularize products in growing markets. These products include SiC power devices, power storage devices (designed to store hydrogen-derived power for all uses and to store non-hydrogen-derived power for non-residential use) and power supplies for water electrolysis systems. We can serve these markets using the power conversion technologies and power semiconductor technologies that we have cultivated for years. Demand for these products is expected to continuously increase in the future.

KEY WORD
1

TECHNOLOGY

We will have world-leading technologies related to power electronics, which have been our strength since our founding.

KEY WORD
2

SOLUTION

Capitalizing on power electronics technologies, we will thoroughly identify customers' problems and resolve them.

KEY WORD
3

GLOBAL

Taking a global perspective, we will operate our business on a wholly global scale.

KEY WORD
4

TRUST

We will earn the unrivaled trust of society for our quality and sincerity.

Vision
FY2033

Net sales

50.0 billion yen

Ratio of operating profit

10 % or higher

Return on equity (ROE)

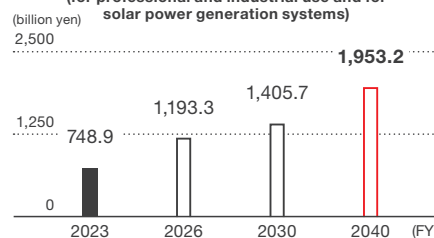
10 % or higher

Return On Assets (ROA)

10 % or higher

Storage device market

(for professional and industrial use and for solar power generation systems)



Source: Fuji Keizai Co., Ltd.'s Future Prospect of Energy, Large Secondary Batteries and Materials 2024

Example relevant products and technologies from Sansha Electric Manufacturing

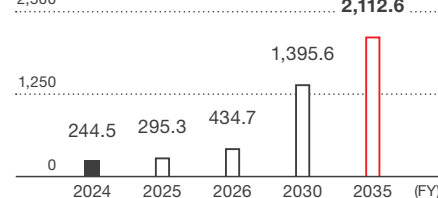
Power supplies for power storage systems and bidirectional inverters

Applications

Commercial facilities, plants and power storage facilities for power transmission and distribution infrastructure

SiC power device market

(billion yen)



Source: Fuji Keizai Co., Ltd., 2024 Current State and Future Outlook of Next-Generation Power Devices & Power Electronics-Related Markets

Example relevant products and technologies from Sansha Electric Manufacturing

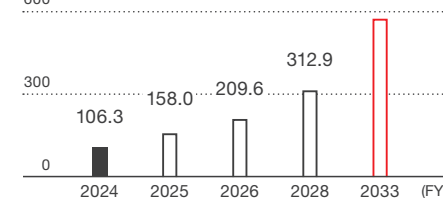
SiC inverters, power conditioners and power modules

Applications

Electric vehicles, renewable energy equipment, and power supply control for industrial use

Water electrolysis power supply market

(billion yen)



Source: The Ministry of Economy, Trade and Industry's Individual Points of Basic Hydrogen Strategy and Hydrogen Industry Strategy 2023 and from the National Renewable Energy Laboratory (NREL)'s Manufacturing Cost Analysis for PEM Water Electrolyzers 2019

Example relevant products and technologies from Sansha Electric Manufacturing

Direct current power supplies for (high output and high efficiency) water electrolysis and power control technologies

Applications

Hydrogen manufacturing plants and green hydrogen-related infrastructure



Management material issues

The Sansha Electric Manufacturing Group identified seven material issues by evaluating stakeholders' interests and degree of impact in its CF26 medium-term management plan [P18]. They have been integrated into our business strategy. We will carry out specific measures, enabling us not only to pursue growth and profit but also to help achieve the Sustainable Development Goals (SDGs) and create a sustainable society.

Process of identifying material issues

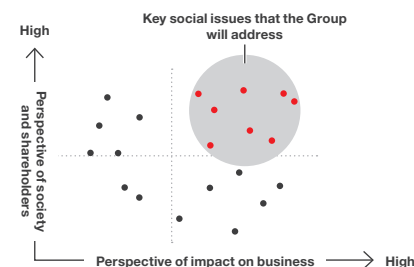


We analyzed the external environment surrounding the Group, such as political and economic trends in Japan and overseas, technological innovation, changes in regulations and shifts of industrial structure, from multiple perspectives. We paid particular attention to responses to carbon neutrality, energy conversion, progress in digitalization and other factors that will significantly change the industry, and we assessed their impact on the Group's businesses. In addition, we clarified changes in the external environment and structural problems that would be important in the future allocation of management resources and value creation in consideration of consistency with the characteristics of our business.

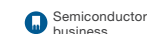
With a view toward the creation of a sustainable society, we referenced the SDGs, the United Nations Global Compact, the code of conduct in the industry (the Responsible Business Alliance (RBA) Code of Conduct)* and other international standards. In addition, in consideration of the GRI Standards, the ISO 26000 standard, other major guidelines and megatrends such as climate change, resource circulation, human rights and diversity, we selected a wide range of social issues that impact the Group.






*The RBA Code of Conduct is guidance formulated for electronics industry and electric equipment-related industry supply chains.

We analyzed and assessed the selected social issues from the viewpoints of stakeholders' interests, the size of their impact and their significance to the Group. Based on the results, we created a draft of our priority material issues that we should address as a business entity.



This draft of material issues was deliberated by the management team and discussed and approved by the Board of Directors. The material issues thus identified have been incorporated into our medium-term management plan. We implement this plan in connection with our business strategy and sustainability strategy. We will continually review the appropriateness of the material issues at the same time as we update our medium-term management plan and on other occasions in view of the changes in the business environment and society.



Social issues	Risks	Opportunities	Material issues and related SDGs	Medium-term management plan (priority measures)	Progress of initiatives	Result	What we aspire to be ten years from now
Rise of renewable energy and new energy	<ul style="list-style-type: none"> Cost increase and capital investment burdens due to the introduction of new technologies Compatibility with power grids and supply instability 	<ul style="list-style-type: none"> Increased demand for products and services for a decarbonized society 	Contribution to a carbon-free society and environmental conservation  	<ul style="list-style-type: none"> Expanding the SiC device lineup Developing high-performance devices Developing high-efficiency products Providing solutions that enhance customers' added value 	<ul style="list-style-type: none"> The 1700V/300A SiC MOSFET module and the 1700V SiC MOSFET discrete semiconductor were developed A high-speed diode module with high resistance to excessive voltages was developed 	<ul style="list-style-type: none"> Energy loss was decreased by introducing a high efficiency SiC device Customers' energy costs were reduced The renewable energy equipment adoption rate was increased 	<ul style="list-style-type: none"> We will reduce the energy consumption of society as a whole by developing high-efficiency products We will lead the realization of a decarbonized society with the strength of technologies We will support the widespread use of renewable energy and new energy We will contribute to the development of the industry and the improvement of the quality of people's lives through the stable supply of power
Rapid urbanization of emerging countries	<ul style="list-style-type: none"> Political and economic instability and regulation risks Sharp increase in environmental impact and tight supply and demand balance for resources 	<ul style="list-style-type: none"> Contribution to demand for the construction of infrastructure Market expansion following the growth of the consuming population 	Constructing a robust infrastructure and contributing to industrial development   	<ul style="list-style-type: none"> Focusing efforts on the infrastructure market (mobility, renewable energy and energy storage, and data centers) Expanding sales of power supplies for surface treatment with a focus on global expansion 	<ul style="list-style-type: none"> Power supplies for surface treatment were developed for Asia 	<ul style="list-style-type: none"> The expansion of energy-efficient and high efficiency models led to compliance with environmental regulations in Asia and was a response to corporate customers' sustainability-related needs 	<ul style="list-style-type: none"> We will achieve the stable supply of power using high performance power semiconductors and power conversion technologies We will provide technologies supporting sustainable social infrastructure We will establish energy infrastructure supporting the continued development of the industry

Solving social issues through business activities



Management material issues



Social issues	Risks	Opportunities	Material issues and related SDGs	Medium-term management plan (priority measures)	Progress of initiatives	Result	What we aspire to be ten years from now
Provision of safety and peace of mind	<ul style="list-style-type: none"> Risk of accidents or lawsuits arising from product or service defects Risk of suspension of operations due to human error or disaster 	<ul style="list-style-type: none"> Differentiation through construction and the provision of safety management systems Increase of needs for services related to business continuity plans (BCPs) 	Solving social issues through business activities Provision of safety, peace of mind, and new value 	<ul style="list-style-type: none"> Improving quality, cost and delivery (QCD) and providing added value to customers 	<ul style="list-style-type: none"> Capital investments were made with a view toward the stabilization of the process for SiC products Sansha Solution Service Co., Ltd. shifted from an ordinary construction business license to a special construction business license 	<ul style="list-style-type: none"> Quality was stabilized and improved Customer satisfaction and confidence improved 	<ul style="list-style-type: none"> We will provide highly safe products based on the latest technologies and innovations We will establish a maintenance and management system using smart functions and artificial intelligence (AI) We will advance monitoring technologies to open the way to the real-time monitoring of product status
Technological progress	<ul style="list-style-type: none"> Obsolescence of technologies and intensifying competition after technological innovation by competitors Shortage of workers with digital skills and delays in the introduction of technologies 	<ul style="list-style-type: none"> Improved productivity, efficiency and cost savings Creation of new added value (IoT, AI, robotics) 	Strengthening of manufacturing 	<ul style="list-style-type: none"> Promoting the improvement of production efficiency and reduction of labor through automation Promoting modularization and unitization 	<ul style="list-style-type: none"> Capital investments were made to increase semiconductor production 	<ul style="list-style-type: none"> Production efficiency improved and delivery times shortened Customer satisfaction and confidence improved 	<ul style="list-style-type: none"> We will increase productivity using automation, AI and IoT technologies We will achieve higher efficiency production processes and quality We will establish the ability to flexibly respond to diverse customer needs
Climate change	<ul style="list-style-type: none"> Disruption of supply chains due to abnormal weather conditions and disasters Cost increase due to carbon taxes and stricter environmental regulations 	<ul style="list-style-type: none"> Acceleration of the shift to low-carbon products and energy-efficient equipment 	Reduction of the environmental impact of production activities 	<ul style="list-style-type: none"> Installing solar (PV) power generation system at the Okayama Plant Replacing the gas air-conditioning system at the headquarters with an electric system Replacing the air-conditioning system at the Okayama Plant 	<ul style="list-style-type: none"> A solar (PV) power generation system for private consumption was installed at the Okayama Plant. It began operating in August 2024 The air conditioning system at headquarters was switched from gas-powered to electricity-powered 	<ul style="list-style-type: none"> The effect of the installation of the solar (PV) power generation system at the Okayama Plant was a 673 t-CO₂ per year CO₂ emissions reduction The revision of the energy mix at headquarters and the plants reduced environmental impact 	<ul style="list-style-type: none"> We will maximize energy efficiency and reduce environmental impact We will reduce waste and popularize recycling to achieve resource circulation We will establish optimal logistics that include environmental considerations
Demographic change	<ul style="list-style-type: none"> Labor shortage due to the aging of the population Decline in technological strengths caused by difficulties in acquiring human resources 	<ul style="list-style-type: none"> Acceleration of labor-saving measures through DX and automation Initiatives to support diverse work styles to strengthen the acquisition and retention of personnel 	Promotion of diversity and personnel in action 	<ul style="list-style-type: none"> Cultivating a wide variety of personnel to create value Increasing the percentage of managers that are women Improving per-capita net sales and operating profit 	<ul style="list-style-type: none"> Next-generation leaders were discovered and given training to cultivate them A rich training system including job-class-specific cultivation training programs was developed 	<ul style="list-style-type: none"> Number and percentage of women in management positions 6 (4.8%) Number and percentage of women that are leaders 40 (11.5%) 	<ul style="list-style-type: none"> We will cultivate personnel who will create value We will construct a lively organizational culture We will achieve differentiation and continuous growth through innovation
Fragmentation of the world and cyberattacks	<ul style="list-style-type: none"> Trade barriers due to geopolitical risks Confidential information leakage and the suspension of operations following a cyberattack Supply chain breakage 	<ul style="list-style-type: none"> Provision of secure power supplies Reconstruction of supply chains 	Enhancement of business continuity management (BCM) 	<ul style="list-style-type: none"> Reviewing business continuity plans (BCPs) Making improvements related to information security issues and reviewing the system for handling incidents 	<ul style="list-style-type: none"> The security of the virtual private network (VPN) was enhanced An endpoint detection and response (EDR) system was introduced 	<ul style="list-style-type: none"> The ability to respond to cyberattacks was improved and a response system was built 	<ul style="list-style-type: none"> We will establish a strong capacity to continue business and an information security system We will construct a system for swiftly and effectively responding to incidents We will increase competitiveness as an organization that enables people to trust it and provides them with a sense of security



Review of the medium-term management plan

FY2016~2018		FY2018~2020		FY2021~2023																																																																										
Long-term vision		Global Power Solution Partner																																																																												
Policy	Aiming for stable growth and higher profit through global expansion and the successive launches of new products		Developing new fields by proposing solutions based on technology		Contribution to the resolution of social issues Innovation for continuous growth																																																																									
Priority measures	<div>1 Global expansion and strengthening of sales activities</div> Overseas expansion of power supplies for surface treatment, uninterruptible power supplies, solar power conditioners and other products <div>2 Increase in strengths</div> Strengthening of power conditioners for new energy and expansion of high-performance semiconductor models <div>3 Introduction of new products</div> Strengthening of inverters for storage batteries and mass production and development of a series of SiC modules		<div>1 Increase in initiatives for global expansion</div> Sales expansion of power supplies for surface treatment and welders in Asia and North America <div>2 Cultivation of new fields</div> Development of power supplies for lithium batteries and fuel cells, and new SiC and semiconductor products <div>3 Strengthening of existing businesses</div> Expansion of services using the maintenance history management system <div>4 Strengthening of business foundations</div> Reconstruction of the quality assurance structure		<div>1 Decarbonization and environmental contribution</div> Development of high-efficiency products and products related to renewable energy <div>2 Infrastructure and industrial support</div> Stable supply of uninterruptible power supplies and power supplies for surface treatment <div>3 Service improvement</div> Reinforcement of system proposals and the remote maintenance system <div>4 Strengthening of manufacturing</div> Implementation of intellectual property strategy, investment in streamlining and automation, and design standardization <div>5 Reduction of environmental impact</div> Setup of projects to reduce CO ₂ emissions <div>6 Development of human resources and diversity</div> Increase in education and training and promotion of diversity																																																																									
Targets and results	<div>(billion yen)</div> <table><tr><th rowspan="2">Fiscal Year</th><th colspan="2">Net sales</th><th colspan="2">Operating profit</th></tr><tr><th>Plan</th><th>Results</th><th>Plan</th><th>Results</th></tr><tr><td>FY2016</td><td>20.0</td><td>20.0</td><td>1.4</td><td>0.2</td></tr><tr><td>FY2017</td><td>21.5</td><td>23.7</td><td>2.0</td><td>1.4</td></tr><tr><td>FY2018</td><td>23.0</td><td>-</td><td>2.5</td><td>-</td></tr></table> <div>(Note) The medium-term management plan was reviewed and a new plan was formulated in FY2017. For this reason, the table above omits results for FY2018.</div>		Fiscal Year	Net sales		Operating profit		Plan	Results	Plan	Results	FY2016	20.0	20.0	1.4	0.2	FY2017	21.5	23.7	2.0	1.4	FY2018	23.0	-	2.5	-	<div>(billion yen)</div> <table><tr><th rowspan="2">Fiscal Year</th><th colspan="2">Net sales</th><th colspan="2">Operating profit</th></tr><tr><th>Plan</th><th>Results</th><th>Plan</th><th>Results</th></tr><tr><td>FY2018</td><td>25.5</td><td>24.3</td><td>1.7</td><td>1.8</td></tr><tr><td>FY2019</td><td>26.5</td><td>21.8</td><td>2.0</td><td>0.2</td></tr><tr><td>FY2020</td><td>28.0</td><td>19.4</td><td>2.5</td><td>0.4</td></tr></table>		Fiscal Year	Net sales		Operating profit		Plan	Results	Plan	Results	FY2018	25.5	24.3	1.7	1.8	FY2019	26.5	21.8	2.0	0.2	FY2020	28.0	19.4	2.5	0.4	<div>(billion yen)</div> <table><tr><th rowspan="2">Fiscal Year</th><th colspan="2">Net sales</th><th colspan="2">Operating profit</th></tr><tr><th>Plan</th><th>Results</th><th>Plan</th><th>Results</th></tr><tr><td>FY2021</td><td>21.8</td><td>22.6</td><td>0.8</td><td>1.3</td></tr><tr><td>FY2022</td><td>24.0</td><td>28.0</td><td>1.3</td><td>1.6</td></tr><tr><td>FY2023</td><td>26.0</td><td>31.0</td><td>1.9</td><td>3.4</td></tr></table>		Fiscal Year	Net sales		Operating profit		Plan	Results	Plan	Results	FY2021	21.8	22.6	0.8	1.3	FY2022	24.0	28.0	1.3	1.6	FY2023	26.0	31.0	1.9	3.4
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FY2022	24.0	28.0	1.3	1.6																																																																										
FY2023	26.0	31.0	1.9	3.4																																																																										
Review	<div>Achievements</div> <ul style="list-style-type: none">Cultivation of new customers for SiC modulesSales growth of localized models of power supplies for surface treatment and welders for ChinaPositive effect of high efficiency power suppliers in the fields of fuel cells and hydrogen on sales <div>Issues</div> <ul style="list-style-type: none">Development of new productsStrengthening of power supply service business		<p>In the semiconductor business, sales of products with new applications increased in China, but demand declined due to trade friction between the U.S. and China. In the power supply business, the Group obtained a foothold to contribute to hydrogen society by providing fuel cell equipment.</p> <div>Achievements</div> <ul style="list-style-type: none">Development of power conditioners for the evaluation of fuel cellsExpansion of sales of uninterruptible power supplies (UPS)Expansion of the semiconductor transfer mold product lineupChubu Sales Office and the Hokuriku Office opened <div>Issues</div> <ul style="list-style-type: none">Acceleration of commercialization of SiC modulesDevelopment of new products that are cost competitive		<p>Under adverse business conditions, the development, manufacturing and sales teams made concerted efforts to strengthen the supply structure and to intensively conduct price revision activities to meet an increase in demand in view of trends towards a decarbonized society and mounting awareness of the need to conserve energy. As a result, we met our net sales and operating profit targets.</p> <div>Achievements</div> <ul style="list-style-type: none">Development of SiC discrete semiconductor productsDevelopment of high efficiency models of power supplies for surface treatmentEstablishment of capital and business alliance partnerships <div>Issues</div> <ul style="list-style-type: none">Expansion of new energy sectors and development of markets that are not affected by business confidencePromotion of design standardization and unitizationStrengthening of global strategies through company-wide cooperationContinuing to implement the PDCA cycle for human resource development																																																																									
Social situation	<div>FY2016</div> The United Kingdom votes to leave the European Union. The Paris Agreement on climate change takes effect. <div>FY2017</div> The first Trump administration is inaugurated. A series of terrorist attacks occur in Europe.		<div>FY2018</div> U.S.-China trade friction intensifies. <div>FY2020</div> The COVID-19 pandemic declaration prompts worldwide lockdowns.		<div>FY2021</div> The China Evergrande Group, China's major real estate developer, begins experiencing financial difficulties. <div>FY2022</div> Russia invades Ukraine. <div>FY2023</div> The World Health Organization (WHO) declares an end to COVID-19 as a public health emergency.																																																																									



Overview of the medium-term management plan

Medium-term management plan (2024 to 2026)

The CF26 medium-term management plan started in FY2024 with a slogan of “Create the Future.” This phrase embodies our will to open a better future with technologies and creativity in accordance with our purpose, which reads, “Moving society forward with power electronics and creativity.” [P02](#)

As Global Power Solution Partner, we aim to help solve electric power issues around the world and to create a sustainable society. The CF26 takes the initial step towards this goal. Under this plan, we focus on growing markets, carry out value creation management and address social issues in a bid for what we aspire to be in FY2033.

Numerical targets

(billion yen)

	FY2024		FY2025	FY2026
	Medium-term management plan	Result	Results forecast	Medium-term management plan
Net sales	28.8	25.44	27.7	33.0
Operating profit	1.4	1.07	1.2	2.2
Ordinary profit	1.4	1.18	1.2	2.2
Profit attributable to owners of parent	0.9	0.5	0.84	1.5
Return On Equity (ROE) (%)	0.41	0.21	0.34	0.62

Basic policy

The CF26 period is positioned as three years of managerial reforms to become the Global Power Solution Partner to achieve a return on equity (ROE) of 10% or higher. We aim to achieve the growth of our business and the improvement of profitability through strategic investments and investments in intangible assets.

Strategy of each segment [P19](#)

- Development of products which will contribute to carbon neutrality
- Contributing to energy conservation and the stable supply of power with high-performance devices
- Providing solutions that enhance customers' added value

Financial strategy [P33](#)

- Fully using invested capital aiming for an ROE that exceeds the cost of shareholders' equity
- Improving profitability and invested capital turnover to improve return on assets (ROA)
- Enhancing shareholder returns

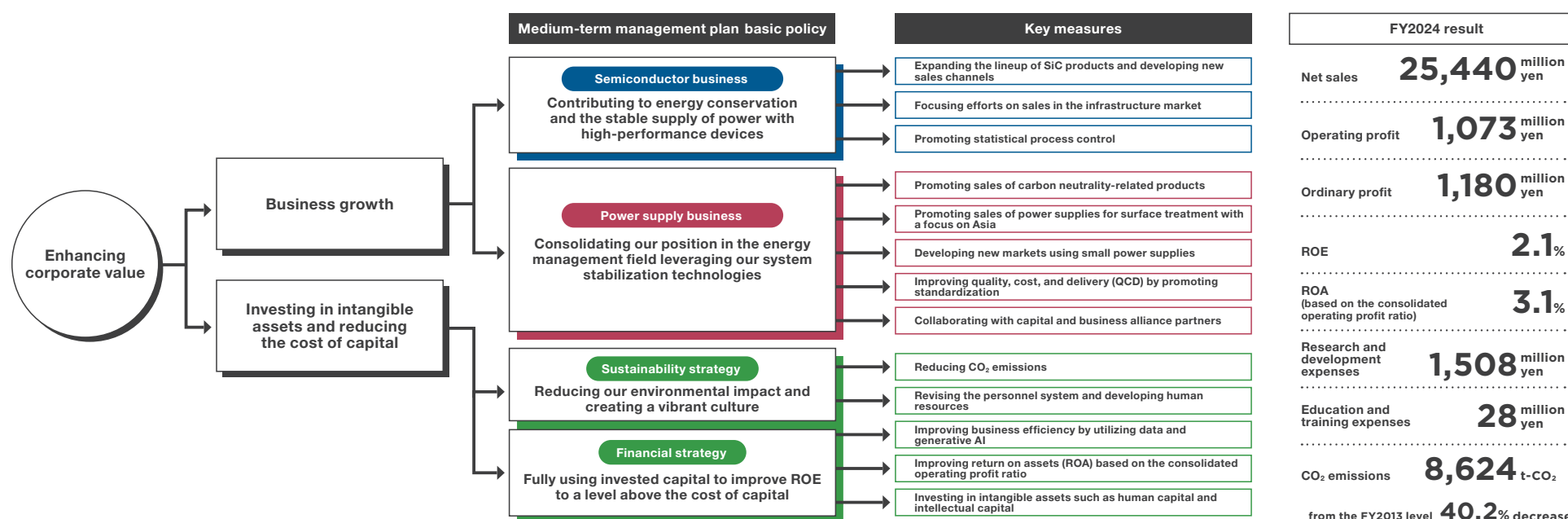
Sustainability strategy [P25](#)

- Reduction of the environmental impact of production activities
- Creating a vibrant climate aiming to be a self-driven organization
- Enhancing business continuity management (BCM)

Corporate governance [P35](#)

- Ensuring diversity in the Board of Directors
- Stepping up IR activities (enhancing information disclosure and the disclosure of information in English)

Logic tree for enhancing corporate value





Semiconductor business

The Sansha Electric Manufacturing Group does not develop or manufacture integrated circuit semiconductors such as memory or microcomputers. Instead, it develops power semiconductors. They convert high voltages or currents between direct current and alternating current and control the current and voltage levels. They are used in many different power supplies and have been adopted in different customer production systems and incorporated into a broad range of power supply products, where they play significant roles.

Contribution to
net sales

23.0%

Strengths and features

Independently developed power semiconductors with high voltage resistance, high current and low power loss characteristics

In addition to the planar structure, we actively use our original mesa technologies to independently develop and manufacture power semiconductors with high voltage resistance and low power loss.

Packaging technologies for high reliability

Our original chip packaging technologies suited for power semiconductors gain high marks for their long-term reliability in key industrial applications.

Synergy with the power supply business to propose optimal solutions

Using the knowledge we have cultivated in the development and manufacturing of power supplies, we provide the solutions that are best suited to the environment power semiconductors will be used in and their applications.

Products

Modules

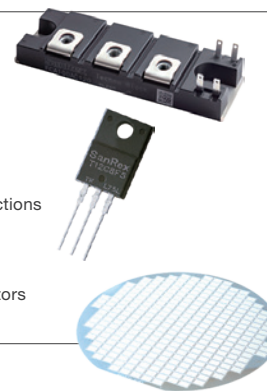
Device packages combining multiple power semiconductors

Discrete semiconductors

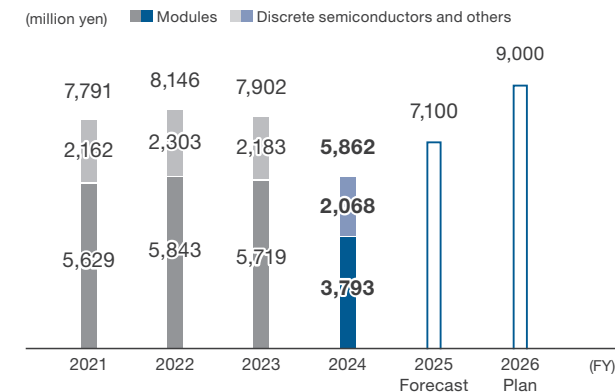
Semiconductor devices with single functions

Chips

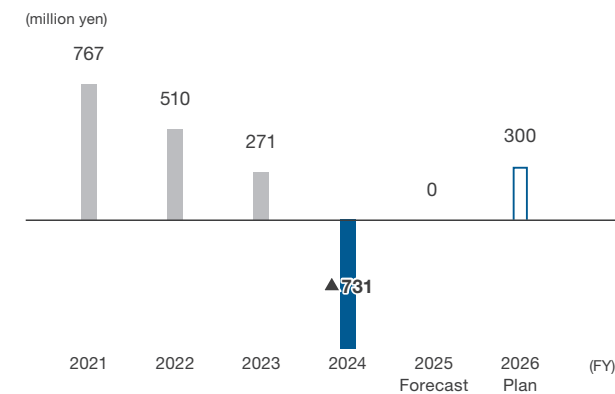
Silicon chips such as diodes and thyristors



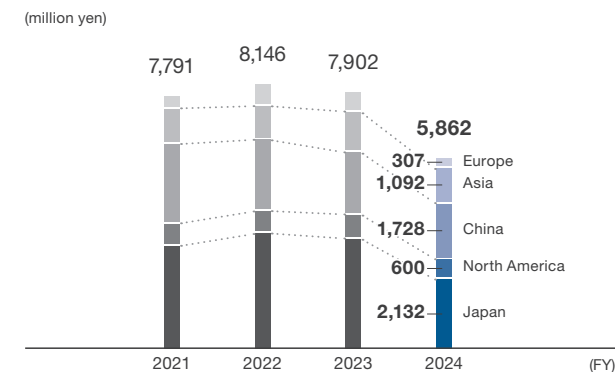
Net sales by product



Segment profit



Net sales by region (by location of sales destination)





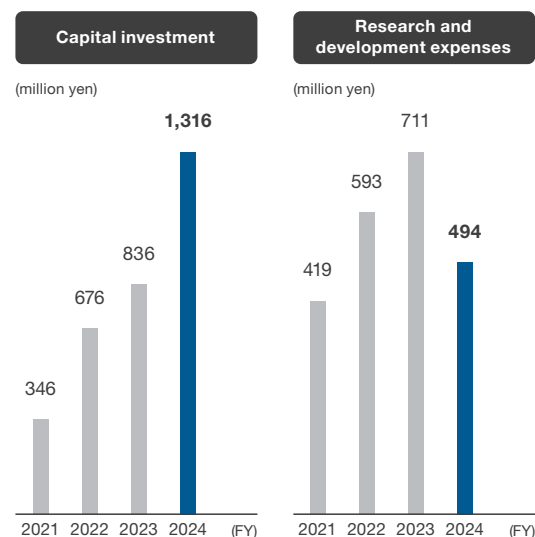
Semiconductor business

Business overview and forecast

In FY2024, the business conditions surrounding the semiconductor business were adverse. Due chiefly to the prolongation of users' inventory adjustments, orders received were low throughout the fiscal year. Demand declined particularly for general-purpose inverters and for power modules mainly for elevators. Sales of power discrete semiconductor products mainly for use in consumer products also decreased.

As a result, net sales decreased 25.8% year on year to 5,862 million yen and segment loss of 731 million yen was posted (whereas a positive segment profit of 271 million yen was recorded for the previous fiscal year).

In the future, while keeping a close eye on recovery of demand in the existing business, we will speed up expansion into the infrastructure sector as a new sector with growth potential for building a stable revenue base.



Growth strategy explained
by the COO of
Semiconductor Business

Opening a sustainable future with power semiconductors



Managing
Operating Officer and
COO of Semiconductor
Business
Hideto Adachi

Pillars of the growth strategy

Priority initiatives

Business expansion

Aim to achieve a 10% SiC product ratio
Expand into the medical equipment,
renewable energy and mobility markets
**Strengthen operations in the fields of
construction and industrial equipment and
differentiate products in the manners that
are optimal in individual regions**

Product development and production innovation

**Develop high voltage resistance SiC modules
(1700V/300A) and high-speed diodes**
**Reform the cost structure through
automation and standardization**

Strengthening of organization and personnel

**Introduce a program for training next-
generation leaders**
**Construct a global standard semiconductor
business management structure**

Changes in market conditions and an opportunity for growth arising from the shift to the next generation of power semiconductors

For many years, Sansha Electric Manufacturing's semiconductor business has been supplying thyristors, diodes and other products to aid the development of domains related to industrial equipment and construction.

In recent years, the business environment has been changing amid the prolongation of customers' inventory adjustments and the reduction of capital investments, as well as intensifying competition in the Chinese market following policy changes.

At the same time, demand for the next generation of power semiconductors, especially silicon carbide (SiC) power semiconductors, has been growing on a worldwide scale due to initiatives to achieve carbon neutrality and progress in energy distribution. This is a major opportunity for us to grow.

Semiconductor strategy based on CF26 and initiatives for sustainable growth

The Group will celebrate the 100th anniversary of its foundation in FY2033. We have a vision of "Global Power Solution Partner" for that year. [\[P14\]](#)

In the semiconductor business, we will speed up our expansion into growing areas such as mobility, energy and data centers, focusing on the infrastructure market, to diversify risks and to achieve continued growth.

In addition to long-nurtured elemental technologies and manufacturing technologies, we will utilize new materials and advance trend management methods in a bid to further improve competitiveness and quality.

In terms of products, we will develop 1700V/300A high voltage resistance SiC modules, high-speed diodes and other items that attain both high efficiency and size reduction. Regarding production, the re-form of our cost structure using automation and standardization is under way.

As a trusted Japanese power semiconductor manufacturer, we will address social issues and help customers in their creation of value to open the way to a sustainable future.



Power supply business

The Sansha Electric Manufacturing Group's development and manufacturing of power supplies began with its development of a power supply for projectors ensuring that stable images could be projected in movie theaters in 1933. Since then, we have been developing technologies for freely transforming and efficiently converting and controlling electricity. These technologies are utilized in a variety of sectors, including the environmental, energy, infrastructure, facility equipment, and entertainment-related sectors. As power supplies for a wide range of applications, they play important roles. With our integrated production system, which includes development, design and manufacturing, we are able to provide standard products and also customized products tailored to customers' requests with short delivery lead times. After delivering products to customers, we consistently provide maintenance and other support services, providing highly reliable products and services.

Contribution to net sales

77.0%

Strengths and features

■ High-efficiency power conversion technology

This is a technology for converting power quickly with high precision while keeping power loss to a low level. We have developed power conditioners for fuel cells equipped with our silicon carbide (SiC) modules, power supplies for hydrogen generation, and other high-efficiency products.

■ Wide range of development from small custom-made to large industrial power supplies

We are ready to design and develop unique power supplies, ranging from small embedded power supplies to large industrial power supplies, in accordance with customers' specifications.

Products

■ For general industries

These are high-capacity power supplies for industrial use. They are used in the production facilities of large steel, chemical, electrical machinery, and other manufacturing plants

■ For surface treatment, welding machines and cutting machines

Power supplies used for plating, coating, aluminum anodization, welding and cutting for smartphone, automobile component and other applications.

■ For light sources and dimming

Power supplies for light sources are designed for light source systems used in projection mapping, movie theaters, studios and other facilities.

Power supplies for dimming serve to control power for light source lamps. They are used for stage lighting in theaters, halls, TV studios and elsewhere.

■ Inverters

The applications of inverters include their use in uninterruptible power supplies (UPSs), solar power generation, fuel cells, and power conditioning systems (PCSs) that can be used with storage batteries. They are used at power plants, data centers, large factories, and other facilities.

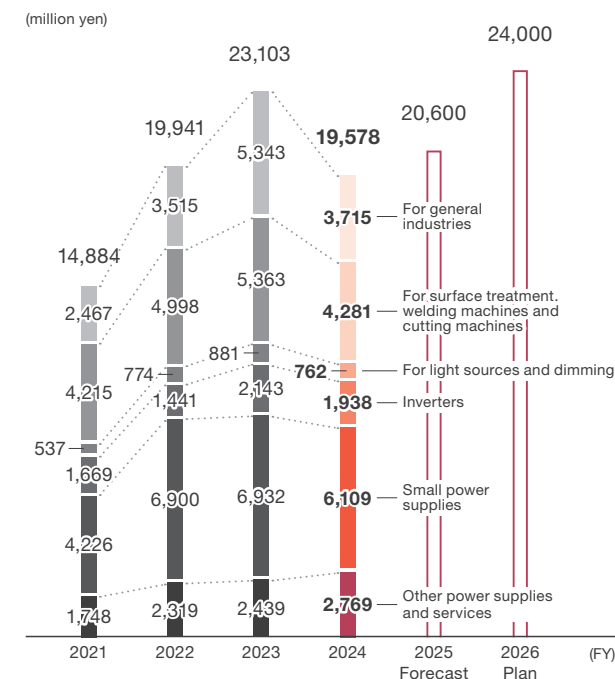
■ Small power supplies

Small capacity power supplies are incorporated into financial institutions' automatic teller machines (ATMs), medical equipment, communication equipment and printers.

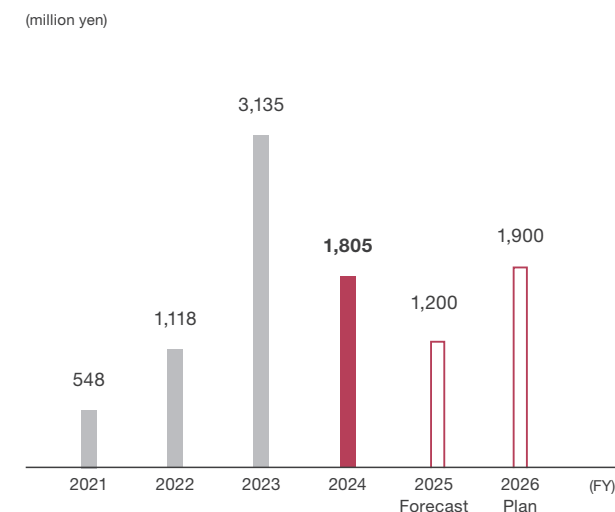
■ Other power supplies and services

Electric power regulators controlling the temperature of electric furnaces, power supply maintenance services, and other efforts

Net sales by product



Segment profit





Power supply business

Growth strategy explained
by the COO of Power Supply
System Business

Supporting the future using power supply solutions

Business overview and forecast

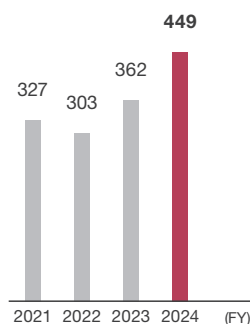
In FY2024 in the power supply business, there were no projects equal to the large special project received in the previous fiscal year for a power source simulator for the evaluation of large-capacity power conditioners. There was also a decrease in demand for power supplies for electronic components and printed circuit boards and sales of power supplies for surface treatment were sluggish. In addition, sales of small embedded power supplies for medical equipment and communication equipment also dropped. The power supply business was largely weak.

Sales grew outside Japan, mainly in Asia, but they failed to compensate for the shrinkage of sales in Japan. Consequently, net sales in this segment stood at 19,578 million yen, down 15.3% year on year, and segment profit was 1,805 million yen, down 42.4% year on year.

In the future, we will further accelerate our proposal-based business providing solutions to customers' problems to receive more high added-value projects. We will also focus efforts on the development of standard products in the new energy sector and other growing fields and on the cultivation of new applications for direct current rectifiers, an area in which we are strong.

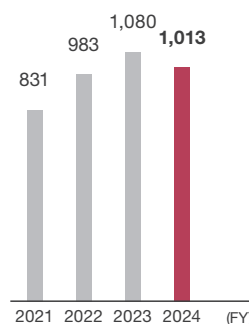
Capital investment

(million yen)



Research and development expenses

(million yen)



Director and Senior
Managing Operating
Officer, COO of Power
Supply System Business,
Executive General Manager
of Power Supply System
Manufacturing Division

Hiroshi Zumoto

Specific initiatives based on three priority measures

Quality improvement

Introduce standardized assembly designs to establish quality assurance systems on a unit-by-unit basis

Cost reduction

Replace and extend equipment to increase production efficiency and reduce outsourcing expenses

Shortening of delivery lead times

Eliminate the stagnation between processes to seek the theoretically shortest lead time. Focus in particular on shortening the delivery lead times of custom-made products

Current state of the power supply market and the Group's strategic response

Amid the ongoing depreciation of the yen, the materials industry and the industrial equipment sector are strong. Demand connected to increasing production and replacing equipment is rising. In these circumstances, we have received brisk orders for custom-made products tailored to customers' unique specifications. At the same time, power supplies for surface treatment are standardized products. Demand for them is sluggish due to a sharp fall in capital investments. However, new demand is anticipated related to their use in facilities producing next-generation circuit boards.

In the renewable energy sector, solar power generation systems are particularly increasingly used in both the business-use and home-use markets, aided by governmental subsidies. In the panel and power conditioner markets, however, overseas manufacturers are gaining strength based on their cost competitiveness. They are entering the industrial market as well. This is a threat to the Group.

In light of this, we are working with the Fukushima Renewable Energy Institute (FREIA) of the National Institute of Advanced Industrial Science and Technology (AIST) to jointly develop a next-generation grid connection system. [P06] We aim to differentiate ourselves using power conditioners equipped with energy management functions and to expand sales by fulfilling the many different needs of customers in the medium-capacity-range market.

Power supply business strategy based on CF26 and priority measures

In the CF26 medium-term management plan, [P18] we set the priority target of expanding sales of custom-made products tailored to customers' unique specifications, power suppliers for surface treatment, modular power supplies for evaluation and local models for overseas markets. To achieve this, we are introducing standardized assembly designs and labor-saving manufacturing processes to reinforce our integrated production system.

Specifically, we centrally control our entire production process using a core system. We utilize a system for the visualization and streamlining of operations. This has led to digitally transform (DX) our practical manufacturing operations. Through these efforts, we seek to construct a high-efficiency production system and to achieve the shortest production lead time in the industry. We will supply special custom-made power supplies in a timely manner to both contribute to society and achieve customer satisfaction.

In addition, we will carry out priority measures to maximize the production capacity of our existing production structure. We will standardize and automate personalized operations to facilitate the passing down of skills and personnel development. We are also working to reduce business continuity risks. We will also clarify the skills that are necessary for individual functions and encourage employees to acquire public qualifications to increase the percentage of employees that hold qualifications and push for the development of a group of skilled personnel.



Overseas business

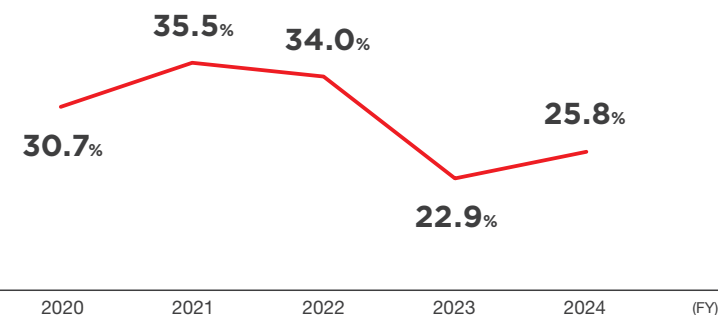
The vision of the Sansha Electric Manufacturing Group is to be a Global Power Solution Partner. P14 Accordingly, we have defined North America, Europe, China and Southeast Asia as priority markets, and we provide the products and services best suited to the various issues faced in specific regions.

In recent years, geopolitical risks have emerged globally. Businesses must increase their ability to ensure stable business continuity.

The Group is strengthening the collaboration between its sales bases in North America, Europe and Asia and its production bases in China to construct a supply structure to meet the demand in individual regions.

With a view toward achieving the target of increasing the overseas sales ratio to 50%, we will further increase our presence and strengthen the foundations of our businesses in overseas markets and accelerate our sustainable growth and creation of value.

Ratio of overseas sales



The Group's bases around the world and sales by region (FY2024)




North America
782
million yen
3.1%

Europe
and others
312
million yen
1.2%

China
3,551
million yen
14.0%

Asia
(excl. China)
1,920
million yen
7.5%

Japan
18,873
million yen
74.2%

-  Sales base
-  Service base
-  Production base

Area-specific
strategy

Risks

Opportunities

Priority measures

Focus products

Net sales

North
America

Impact of changes in tariff and trade policies

Recovery of manufacturing in North America and increase of investment in infrastructure

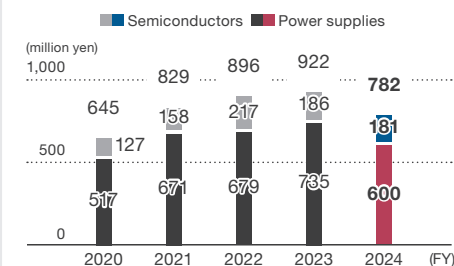
Semiconductors

Work to enter new markets, including the data center market, in addition to sectors similar to the power supply sector

Power supplies

Expand sales of welders for the automobile and shipbuilding industries

- Plasma welders
- Welders for heavy industries
- Power semiconductors



Europe

- Impact of inflation control measures
- Changes in energy prices
- Supply chain confusion

Increase in demand for efficient energy management and power conversion technologies following the growth of demand for renewable energy and the popularization of electric vehicles

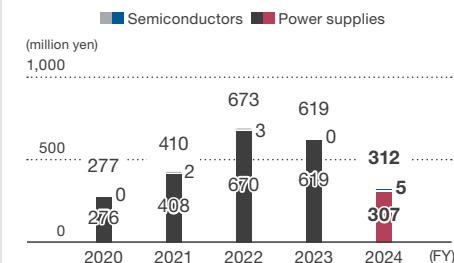
Semiconductors

Expand sales of SiC and other power semiconductors chiefly to manufacturers of automotive industrial equipment and induction heating products

Power supplies

Carry out research and studies on the applicability of power supplies in the hydrogen market and other environment-related markets

- Power semiconductors



China

- Impact of changes in tariff and trade policies (on products for North America)
- Economic slowdown

Expansion of the markets for manufacturing EV batteries and semiconductors

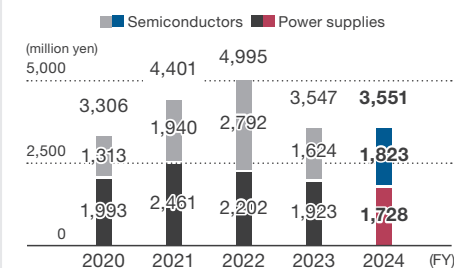
Semiconductors

Step up efforts to approach large manufacturers of home electric appliances and inverter manufacturers to increase their use of our products. In addition, expand sales of SiC products mainly in the induction heating domain

Power supplies

Work to expand sales to make our power supplies for high precision plating an industry standard. Step up our initiatives with a view toward entering the battery-related manufacturing market

- Power supplies for high precision plating
- Low frequency inverters
- Power semiconductors

Asia
(excl. China)

Impact of geopolitical risks and the ripple effect of the world economy

- Increase in plant relocations and the entries from multiple countries into China, Taiwan, South Korea and Southeast Asia
- Enhancement of the performance of next-generation semiconductor devices

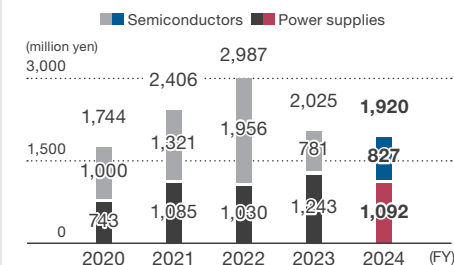
Semiconductors

Expand sales for applications such as shower heaters and home electric appliances

Power supplies

- Promote sales of local models of power supplies for plating to the automobile industry and for electronic components
- Advertise power supplies for evaluation to battery manufacturers
- Expand sales of power supplies for plating core substrates for semiconductor packages

- Power supplies for high precision plating
- Power supplies for evaluation
- Power supplies for seawater electrolysis
- Power semiconductors



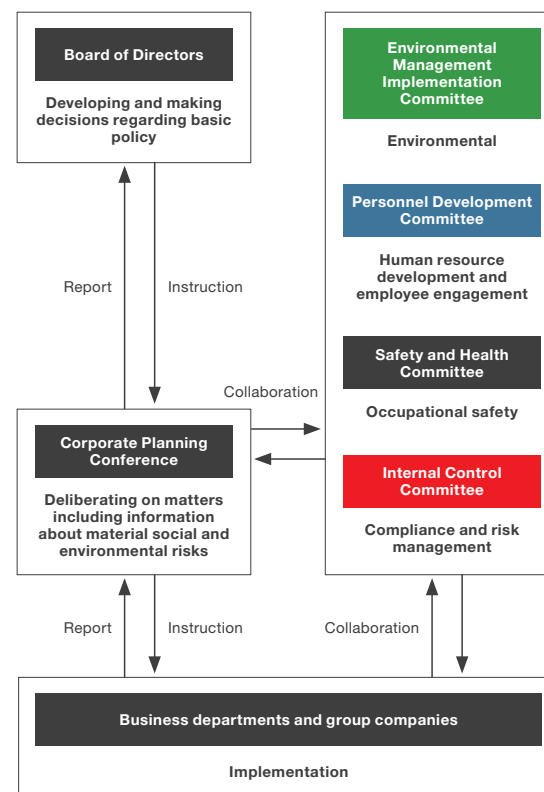


Sustainability strategy

Basic stance

The Sansha Electric Manufacturing Group will help to address social issues through its businesses, such as developing products with power electronics and creativity, as it seeks to improve our corporate value and build a sustainable society. We will behave in a manner that fully considers the impact of the Group's business activities on society and the global environment. We will strive to earn the trust of stakeholders. Our basic policy is to achieve sustainable management and contribute to the development of society through these initiatives.

Promotion structure



Key points of the sustainability strategy

The Sansha Electric Manufacturing Group sets definite goals related to sustainability and implements specific measures in discrete priority areas with a view toward the establishment of a sustainable society and the increasing of corporate value.

Targets and key measures

Environmental

P26

Reduce CO₂ emissions by 46% from the FY2013 level by FY2030

- ▶ Introduce renewable energy and energy-efficient equipment

**Start calculation of Scope 3 emissions
(in categories 4 and 11) in FY2025**

- ▶ Prepare for surveys and procedures and expand the scope

Reduce CO₂ emissions from the use of sold products by approx. 35,000 tons in 2026

- ▶ Develop high-efficiency products such as SiC semiconductors and power supplies for surface treatment

Human resource

P28

Have 10 of the Group's managers and 40 of its leaders be women in 2030

- ▶ Accelerate promotion, provide training and reform mindsets

Cultivate the next generation of leaders during the period of the medium-term management plan

- ▶ Upgrade training programs and revise appraisals

Carry out work style reforms to increase work productivity

- ▶ Introduce flexible work styles (teleworking and short working hours) and automate operations

Encourage male employees to take childcare leave

- ▶ Publicize the program and seek actions from managers

Human rights

P30

Carry out human rights due diligence activities in FY2025 and FY2026

- ▶ Formulate a human rights policy, provide training and increase awareness of human rights issues

Ensure that human rights and the environment are fully considered throughout the supply chain

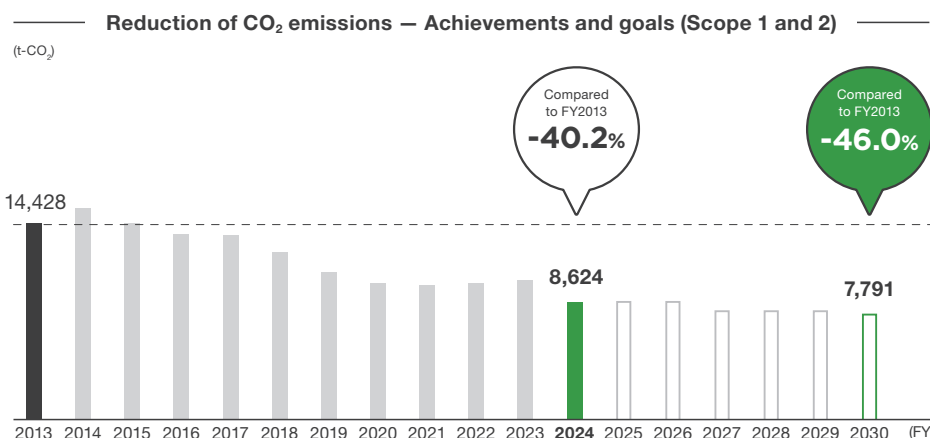
- ▶ Evaluate suppliers in accordance with the Sansha Electric Manufacturing Group Procurement Policy



Environment

Towards carbon neutrality in 2050

The Sansha Electric Manufacturing Group aims to reduce its CO₂ emissions by 46% from the FY2013 level by FY2030 and to achieve carbon neutrality in its business activities in 2050 with a view toward the establishment of a decarbonized society. We are working to conserve energy and utilize renewable energy to help establish a sustainable future.



In FY2024, we achieved CO₂ emissions that were lower than in FY2023. While this reduction includes a portion that was a result of external factors, such as the decrease in production volume due to the reduction of sales, it is absolutely also a reflection of our own initiatives.

Specifically, we switched the source of the energy used for the air conditioning equipment at our head office from gas to electricity to reduce emissions. We also installed new solar power generation systems on the Okayama Plant and some buildings of our subsidiaries so that they would be able to consume the power generated by these systems. We have thus expanded our use of renewable energy.

With these ongoing initiatives, including capital investments, we are taking steady steps toward the achievement of our medium- and long-term greenhouse gas (GHG) emissions reduction targets.

In FY2024 in recognition of our ongoing energy conservation activities, we were classified as a Class S operator with outstanding energy conservation initiatives under the benchmark program run by the Agency for Natural Resources and Energy which is a part of the Ministry of Economy, Trade and Industry. This rating is awarded to operators deemed to be conducting distinguished initiatives for the rationalization of energy use in regular reports under the Act on Rationalization of Energy Use and Shift to Non-fossil Energy. This is a recognition of our ongoing energy conservation activities.

Sansha Electric Manufacturing Group Environmental Policy
<https://www.sansha.co.jp/eng/csr/environment.html>



Initiatives for calculating Scope 3 emissions

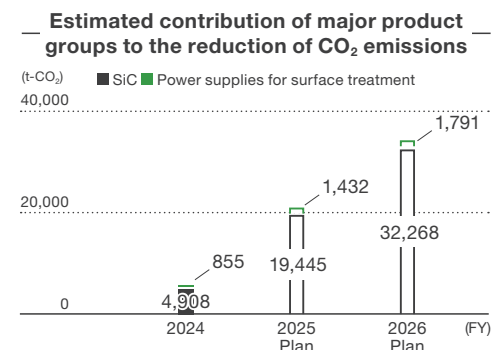
Scope 3 emissions occur throughout the value chain, which includes business partners and customers that are related to the Group's business activities. It is imperative that the Group collect highly reliable data and incorporate it into its business processes. We recognize the importance of monitoring Scope 3 emissions in the context of working towards the establishment of a decarbonized society.

We will carry out the processes for calculating Scope 3 emissions step by step to visualize the GHG emissions from our entire supply chain. In FY2025, we will be carrying out surveys, collecting data and developing, or standardizing, the methods for calculating Scope 3 Category 1 emissions (purchased goods and services), which are considered to be a particularly significant component of the Group's emissions. We will be doing the same for Category 4 (upstream transportation and distribution) and Category 11 (use of sold products) emissions. We will start with the calculation of these categories and gradually expand the scope of calculation. We will regularly review calculation methods and data collection periods to improve the precision of the data.

We will continue our efforts to collaborate closely with related departments and business partners to ensure that we are prepared to calculate Scope 3 emissions and ensure that we are highly transparent in the information that we disclose.

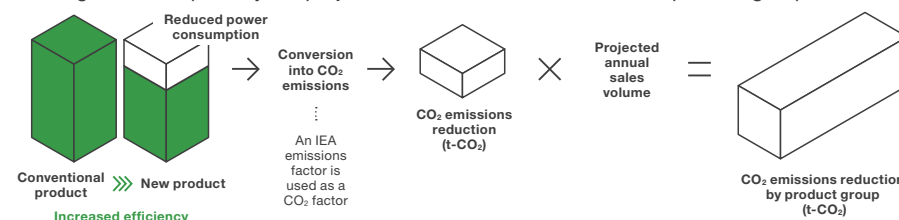
CO₂ reduction effect of products due to their use

The Group works to develop products with enhanced power conversion efficiency to control CO₂ emissions. We quantitatively calculate CO₂ emissions reductions due to the use of our power supplies and semiconductor products to help reduce the GHG emissions of society as a whole. As shown in the diagram on the right, the reduction of environmental impact that is attributable to the use of our products is growing every year.



Calculating CO₂ emissions reductions

The amount that power consumption is reduced due to the improved efficiency of products is converted into a CO₂ emissions volume using the emissions factors published by the International Energy Agency (IEA). To calculate the CO₂ emissions reduction attributable to the product group, this figure is multiplied by the projected annual sales volume of each product group.





Environment

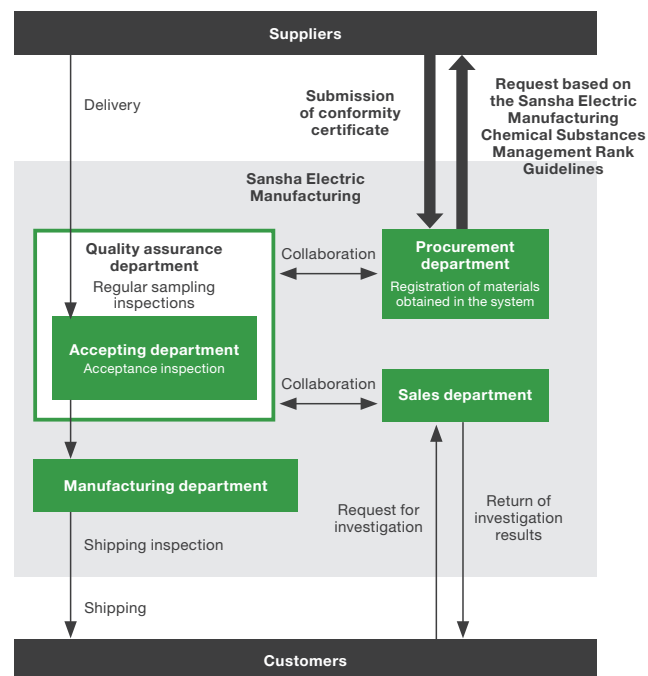
Initiatives for managing the chemical substances contained in products

The Group more strictly manages the chemical substances contained in our products to comply with the laws and regulations that impact our products. To follow the European Union's Directive on Restriction of Hazardous Substances (RoHS),*¹ we are transitioning to lead-free solder and hexavalent chromium-free items. We are investigating the products that require response actions and confirming that we conform to the RoHS Directive, the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation*² and similar regulations. Recently, we conducted a study on banned substances in accordance with the Act on the Regulation of Manufacture and Evaluation of Chemical Substances and introduced alternative substances as needed to comply with the law.

*1 RoHS Directive: A directive related to restriction on use of specific hazardous substances in electrical and electronic equipment, etc.

*2 REACH Regulation: The European Union's regulation on registration, evaluation, authorization and restriction of chemicals. It also applies to the chemicals contained in products. Products exported to the EU must comply with it.

Management system



Efforts to efficiently use water resources

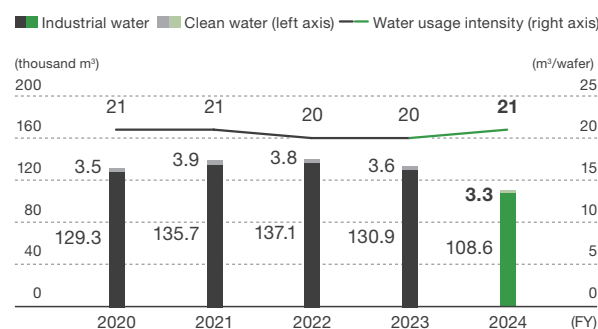
In recent years, climate change has resulted in many different water resource-related problems, including droughts and resulting water shortages and flooding. To establish a sustainable society, businesses must more efficiently use water resources.

The semiconductor manufacturing process necessarily consumes tremendous volumes of pure water for etching and cleaning and the cooling of equipment. Our target at our Okayama Plant is to reduce its water consumption intensity, the amount of water consumed per wafer of production volume, and we are continuously working to improve to effectively use water resources.

In FY2024, water consumption intensity was higher than in the previous fiscal year, but total water consumption decreased due to a decrease of production volume. This made us realize how changes in the production volume impact water consumption intensity. This provided us with suggestions for stepping up our initiatives in the future.

We will continue to review our processes to more efficiently use water resources and reduce our environmental impact. Through these activities, we will strive to build a sustainable production system.

Water consumption



The data covers the Okayama Plant of Sansha Electric Manufacturing Co., Ltd.

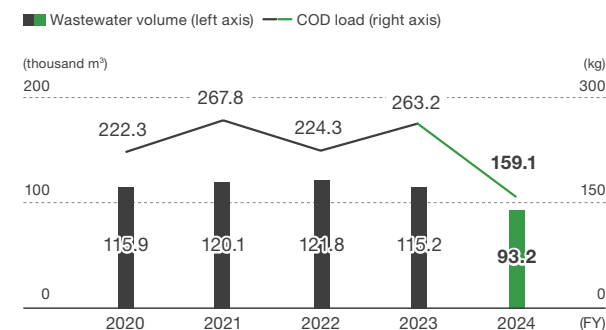
Initiatives for controlling water quality

The Okayama Plant properly treats the wastewater emitted from its manufacturing processes using our private wastewater treatment facility to ensure that the water we discharge meets our internal standards which are stricter than the laws and regulations. In addition to reducing and detoxifying hazardous substances, we thoroughly collect substances that are difficult to detoxify. Through these efforts, we are working to enhance our management activities to protect the quality of water.

To carefully monitor the quality of the water we discharge, we perform water quality inspections regularly, constantly improve operations and ensure that risks are managed.

In FY2024, the volume of water discharged and chemical oxygen demand (COD) were both lower than in the previous fiscal year due to the decrease of the production volume. We will continue our management activities and other efforts to minimize our impact on the water environment.

Wastewater volume and chemical oxygen demand (COD) load



The data covers the Okayama Plant of Sansha Electric Manufacturing Co., Ltd.



Wastewater treatment facilities at the Okayama Plant



Human resources

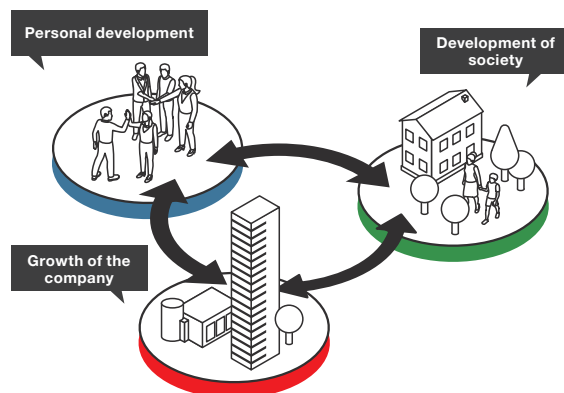
Basic stance

Happiness and Stability for Employees is a part of the Sansha Electric Manufacturing Group's corporate philosophy, and we see our employees as a force driving the growth of our corporation. In accordance with our philosophy, we have envisioned a virtuous cycle of personal development, the growth of the company and the development of society. By 2030, we seek to realize a future in which individual employees grow to support the continuous growth of the company, leading to the development of society as a whole.

The medium-term management plan that commenced in FY2024 **P18** positions our human resource strategy as a core measure that supports corporate growth. Among other initiatives, the development of the next generation of leaders and the support for diversity and inclusion will promote the establishment of a self-driven organization and a vibrant corporate culture. We are building a strong organizational base that can respond flexibly to change.

We seek personnel that will support initiatives resulting in the growth of the corporation. We seek personnel with a spirit of taking on challenges in global markets, diverse communication skills, extensive interests, a stance of continuing to learn and the ability to think in multiple ways. We will recruit and develop personnel like this to create value and achieve the continued improvement of the competitiveness of our corporation.

Vision for 2030



FY2025 priority issues

The Group will enrich our training for the development of leaders and review our conventional personnel affairs programs and practices. For the medium and long term, we will change work styles to increase motivation and work efficiency.

Goals of the work style reforms

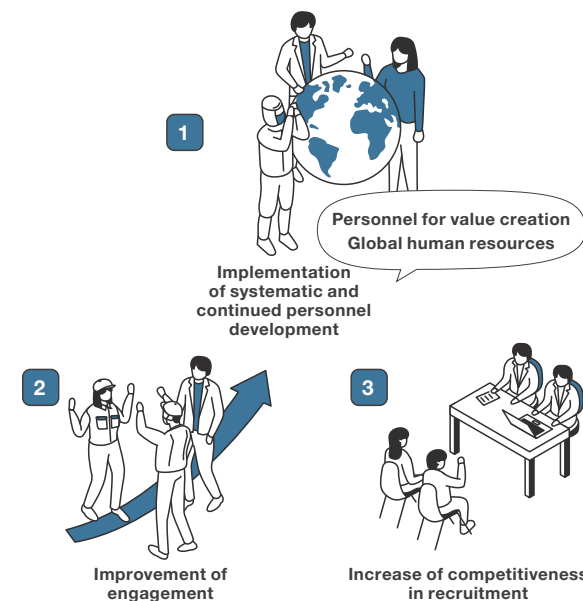
In our efforts to reform work styles, we aim to increase work efficiency and the labor force participation rate. Specific measures include the introduction of flexible work styles, automation of operations, support for life events and encouragement of cooperation inside teams. We will implement these measures with a view to increasing work efficiency and the labor force participation rate.

Personnel development

The Group is stepping up its personnel development initiatives to build an organization with the ability to accomplish the medium-term management plan. Specifically, we will discover and develop next-generation leaders, encourage women employees to actively participate in the Group, cultivate personnel with a global perspective, and implement other initiatives. We are implementing a wide variety of development programs to train personnel to create a broad range of types of value so that we can achieve the continued growth of the corporation.

Through our personnel development system, we provide a full array of programs including job-class-specific training programs to enhance the training of our employees. By regularly setting targets and providing guidance, we help individual employees develop skills and their careers. We recruit new graduates and mid-career professionals on an ongoing basis based on our labor and recruitment plans which reflect our workforce composition, with a view toward the early development of young workers and their retention.

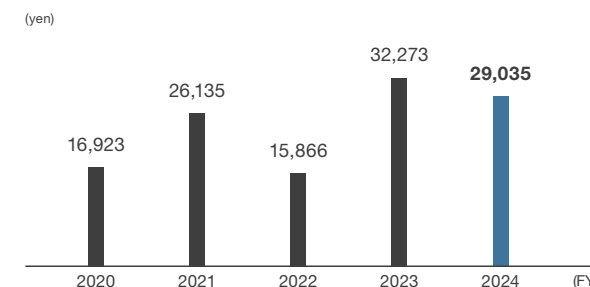
In addition, we encourage employees to acquire the qualifications they need to fulfill their duties and create a system for increasing their motivation to learn and their awareness of personal growth. Accordingly, we provide an environment that enables them to live up to their potential and fully display their abilities. In doing this, we reinforce



the foundations of our workforce that helps us continuously create corporate value.

Our basic principle in designing the programs we will introduce in the future is to tangibly associate organizational growth with personal growth. We will revise our assessment and wage systems to establish a mechanism for fairly evaluating employees' growth and achievements. We will implement these measures to develop a structure for ensuring that employees are able to grow personally, and that this leads to the growth of the Group as a whole.

Training costs per person



The data covers Sansha Electric Manufacturing Co., Ltd. and its group companies based in Japan.

Human resources

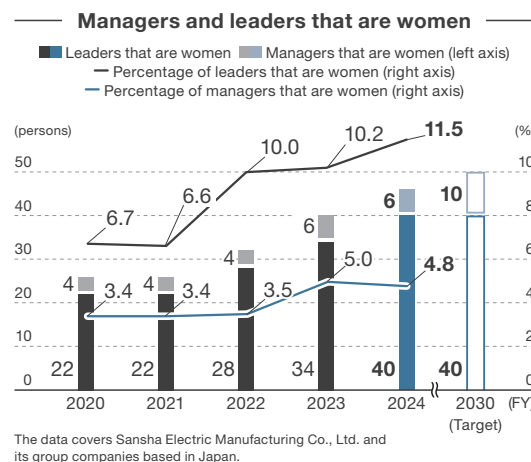
Diversity & Inclusion

The Group had identified the promotion of diversity and the development of human resources as two of the material issues it is facing [P16]. We are endeavoring to build a workplace environment where diverse personnel can fully live up to their potential. We believe improving the workplace environment will increase our ability to flexibly adapt to market changes leveraging the creativity and diverse perspectives of our human resources. In particular, expanding global operations urgently requires embracing diverse values regardless of gender, age, nationality, or ability, and leveraging them in management.

In our diversity and inclusion promotion activities, we are focused on encouraging women to actively participate in the Group. We are training women who are candidates for management positions and providing women with more opportunities to play an active role in the Group. We are also striving to accelerate the reform of the mindsets of all of our employees, to increase their awareness of their careers and improve their management skills, and to actively appoint women to positions of responsibility.

In the future, we will provide training regarding unconscious biases and carry out initiatives to eliminate unconsciously held stereotypes and prejudice. We are devising a plan to present a role model for women managers all of our personnel's awareness of their careers.

Regarding our employment of people with disabilities, we assign employees to duties that are suited to their individual characteristics and organize plant tours and workplace internships in collaboration with institutions supporting the employment of people with disabilities to provide an environment where workers with disabilities can work with peace of mind and help them play an active role in the Group as valuable human resources. Through these efforts we will create workplaces that help diverse personnel work actively and increase our corporate value.



Offering flexible work style options

Since 2024, the Group has been addressing the issue of flexible work styles matched to the personal situation of the employee, such as their need to provide childcare or nursing care. We newly introduced a work-from-home program to ensure that our operations can be continued especially in the event of a natural disaster or other emergency to ensure that our personnel are able to work safely. This makes it possible for our employees to help establish lively workplaces and adapt to various situations. Our promotion of flexible work styles is closely associated with our medium-term management plan [P18]. The goal of the program is to improve the performance of our organization as a whole.

AC Cafe, an opportunity for the president and employees to engage in dialogue

The Group's strengths are in technologies for converting chokuryu (direct current, or DC) electricity into koryu (alternate current, or AC) electricity and vice versa. The name AC Cafe reflects the Group's determination to be good at koryu (which can also mean "interaction") between people as well.

Sharing the Group's purpose and developing trust and teamworks

The Group has been organizing AC Cafe events since FY2023. They are events where our president and employees can engage in face-to-face dialogue to share information about the Group's corporate philosophy, purpose and vision, and about their implementation. Our president visits the headquarters, plants, branch, sales offices and Group companies. At each location, the president talks with a small group of seven or eight employees over a cup of coffee. In a relaxed atmosphere, they exchange views not only about business but also personal interests and everyday topics. This event helps create an open atmosphere and improve psychological security. As of April 2025, a total of 138 AC Cafe events have been held, and 983 employees have participated in them. New employees who joined the company in 2025 participated in an AC Cafe event at an early stage in their careers. It was a valuable opportunity that helped them understand the positions of the company. We will continue to aim to foster internal dialogue and a better corporate culture.

Total* since FY2023

138
events held

983
participants

*As of April 2025

The Group values a healthy work-life balance. We are working to enhance benefit programs to help employees live happily in good health. They include a program that allows employees to use their expired annual leave for purposes related to medical treatment and nursing care, a program that gives employees days off on their children's birthdays, and a program that enables employees to work shorter working hours until their children graduate from elementary school. Through efforts such as these, we are making sure that our diverse personnel can work energetically.

We are also particularly focused on encouraging male employees to take childcare leave. To increase their use of this leave program, we thoroughly inform employees about the childcare leave program and ask supervisors to encourage their subordinates to use it. In addition, we are working hard to encourage our personnel to take annual paid leave so that they are refreshed. In recognition of our initiatives for establishing a healthy work-life balance, the Group was granted Kurumin certification by the Ministry of Health, Labour and Welfare. Through these activities, we support our employees' many different work styles and endeavor to provide an environment that leads to our sustainable growth.





Respect for human rights

Basic stance

The Sansha Electric Manufacturing Group defines respect for human rights as a key management pillar in its operation of global businesses. The Group's business activities are dependent on its relationships with its many stakeholders, and we are profoundly aware of their impact on human rights. Inappropriate actions regarding human rights could damage the value of the corporate brand and lead to the realization of serious management risks such as a boycott of the company's products or the suspension of business transactions. In light of this, we have established the Sansha Electric Manufacturing Group Human Rights Policy. It governs all our business activities. We comply with laws and regulations, and in our Procurement Policy we emphasize considerations for human rights and the environment. In addition, we provide training to employees and operate helpdesks that receive complaints from suppliers to facilitate our implementation of effective initiatives. Going forward, we will continue to review our implementation of human rights due diligence activities and work to step up our efforts.

Sansha Electric Manufacturing Human Rights Policy
<https://www.sansha.co.jp/eng/company/philosophy.html#HUMAN>



Carrying out responsible sourcing

Operating businesses that provide a wide range of products around the world, the Sansha Electric Manufacturing Group seeks to gain its suppliers' understanding of and agreement to compliance with laws, regulations and social norms, considerations regarding human rights and industrial health and safety, the non-use of conflict minerals, environmental considerations and other responsibilities to society. We will conduct sustainable procurement activities through our supply chain.

The Group assesses and selects its suppliers impartially in accordance with its Supplier Selection Policy. In addition, we have formulated the Sansha Electric Manufacturing Group Conflict Minerals Response Policy. It expressly states that the Group, from a humanitarian perspective, will not use conflict minerals (tin, tantalum, tungsten and gold) produced through inhuman acts in the Democratic Republic of Congo and its surrounding areas.

Procurement Policy, Supplier Selection Policy and Sansha Electric
 Manufacturing Group Conflict Minerals Response Policy
<https://www.sansha.co.jp/eng/csr/purchase.html>



Helpdesks for inquiries and reports

The Group has set up compliance helpdesks that receive inquiries and reports regarding misconduct, violations of laws and regulations, infringements of human rights and similar matters. They pursue a basic policy of responding to inquiries and reports quickly and impartially while maintaining the anonymity of and protecting whistleblowers.

The Legal Governance Promotion Office receives and checks inquiries and reports to investigate matters and implement corrective measures together with outside experts if needed. Through these initiatives, we strive to create a sound corporate culture based on transparency and ethics together with all of our stakeholders.

Human rights training

We provide human rights training throughout the Group in the form of e-learning programs with the goal of increasing awareness of business and human rights. The content of the programs is designed to increase participants' understanding of the Group's basic stance on human rights and points to note in the implementation of their duties. We endeavor to help individual employees adopt behaviors that respect human rights in their everyday operations. We are also working to continuously improve people's understanding of human rights by, for example, featuring articles about human rights in our internal newsletter. We will continuously seek to create a corporate culture in which all our employees respect human rights and regard them as a subject that is personally important to them.





Intellectual property

Message from the Executive
General Manager of
Engineering Research and
Development Division

Using our one-of-a-kind technologies
to open the path to the future



Director, Managing
Operating Officer and
Executive General Manager
of Engineering Research
and Development Division
Hajime Katsushima

Pursuing its vision of being a Global Power Solution Partner **P14**, the Sansha Electric Manufacturing Group conducts its corporate activities to support the operations of its customers as their partner and all of the Group's other stakeholders **P32** using its technological capabilities to preserve the natural environment and continue the progress of society.

We emphasize that these activities are

supported by the Group's one-of-a-kind technologies that are not available from others.

These one-of-a-kind technologies are our intellectual property. Our stance is to implement intellectual property strategies to protect the valuable assets of our customers and help realize societal goals.

We define intellectual property as a management resource. We implement research and development activities in line with our product development roadmap to solve customers' issues and in line with our medium- and long-term technology roadmap. These development activities are properly incorporated into our annual plans and the targets set in them.

We believe the strategic initiatives above will help us maintain and improve our corporate value and brand.

Intellectual property activities

The Group implements initiatives to increase the competitiveness of its businesses, starting with our efforts to improve our understanding of intellectual property, which is followed by the processes for proactively obtaining, protecting and utilizing the results of research, development and technological analyses as intellectual property. Specific initiatives are as follows.

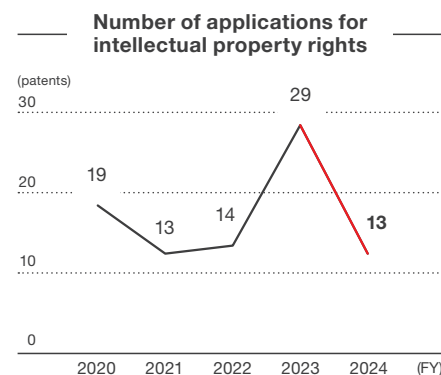
- Investigate prior technologies and strengthen personnel and structures to energetically obtain intellectual property rights, especially in growth fields
- Hold invention committee meetings to efficiently manage intellectual property and develop an optimal patent portfolio and formulate a global patent application plan based on risk analyses
- Hold regular engineer patent meetings to energize intellectual property activities
- Provide training to young engineers for several years after they join the company to continue intellectual property activities and facilitate their entrenchment in the workplace
- Construct a framework for conducting proper technology investigations during the early stages of research and development to prevent the infringement of other parties' rights

Employee invention incentive program and enhancement of intellectual property strategies

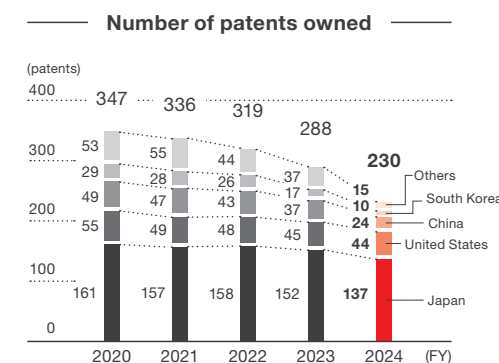
We have an employee invention incentive program aimed at encouraging engineers to develop inventions and achieving our corporate development and the improvement of the engineering skills of individuals by protecting and utilizing their inventions. In recent years, the number of patents we own has been trending downward. This is due to the disposal mainly of patents whose statutory terms will be expiring soon. From the perspective of the efficient allocation of management resources, we review our patent portfolio and actively relinquish patent and design rights that do not have a large impact on business. We will systematically apply for patents and maintain intellectual property rights with a focus on strong core inventions.

One of the factors behind the decrease in the number of patent applications is that the increase in custom-made orders for single lots negatively impacts our progress in the development of fundamental technologies. In view of this, we provide intellectual property training to young engineers and engage in other efforts to revive our engineering capabilities. Through these measures, we are working to reenforce our structure.

In the future, we will work to advance our management of intellectual property to handle applications, the acquisition of rights and their utilization in business in an integrated manner. We will accelerate the creation and accumulation of valuable intellectual property in line with the evolution of technology.



The data covers Sansha Electric Manufacturing Co., Ltd.




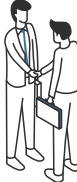



The data covers Sansha Electric Manufacturing Co., Ltd.





Stakeholder engagement

The Sansha Electric Manufacturing Group understands that re-enforcing its trust-based relationships with stakeholders is a key corporate mission. We will proactively engage in dialog with our customers, business partners, shareholders, investors, employees, local communities and our many other stakeholders and incorporate their feedback and expectations into our business activities to fulfill our social responsibilities and achieve sustainable growth.

	 Customers	 Business partners	 Shareholders and investors	 Employees	 Local communities
Relationships with stakeholders	<p>We use our advanced technological strengths to supply quality products and services that meet the diverse needs of our customers. We build relationships of trust with them and work together to aid the development of society.</p>	<p>We respect business partners, building equal and impartial relationships with them to strengthen our partnerships based on trust. We aim to achieve growth, long-term harmonious coexistence and mutual prosperity together with our business partners.</p>	<p>We value our dialog with our shareholders and investors, which includes the timely and fair disclosure of information. We will build closer relationships of trust with them with a view toward increasing our corporate value and the proper valuation of our stock.</p>	<p>We respect the diversity of our employees and provide fair and equitable workplace environments. We will work to create safe and secure workplaces to provide an environment where individual employees can perform well in good mental and physical health.</p>	<p>With a view toward the realization of a sustainable society, we work proactively on environmental and regional development measures and engage in practical efforts to reduce our environmental impact and consider biodiversity. Focusing compliance and coexistence with local communities, we will contribute to regional development activities as a responsible corporate citizen.</p>
Value offered to stakeholders	<ul style="list-style-type: none"> Contributions to a sustainable society Stable supply of high-quality products Optimal solutions based on advanced technological capabilities 	<ul style="list-style-type: none"> Fair and equitable trade relationships Continuous creation of business opportunities Collaboration to realize a sustainable society 	<ul style="list-style-type: none"> Proper shareholder return Ensuring a sound financial structure Disclosure of information to ensure a high degree of transparency and enhanced dialog ESG management for the long-term creation of value 	<ul style="list-style-type: none"> Provision of safe, secure and worker-friendly workplace environments Support of growth and career development Improvement of engagement and making job satisfaction possible Fair personnel evaluations Appropriate wages 	<ul style="list-style-type: none"> Contributions to a sustainable society Revitalization of local economies and industrial development Contributions to society and collaboration with local communities
Example initiatives for building relationships of trust	<ul style="list-style-type: none"> Contributing to decarbonization and reducing environmental impact through the development of energy-efficient products and technologies Strict quality management and continued investment to develop technological capabilities Provision of products and technology proposals suited to the diverse needs of customers Exhibition of products, etc. at trade shows 	<ul style="list-style-type: none"> Transparent implementation of the procurement policy Construction of long-term partnerships with suppliers Appropriate negotiation of prices and increase of transparency regarding trade conditions 	<ul style="list-style-type: none"> Quarterly business results reports Holding of financial results briefings Dialog at general meetings of shareholders Enhancement of the disclosure of ESG management information 	<ul style="list-style-type: none"> Toughening of health and safety management and improvement of workplace environments Promotion of diversity and inclusion Enhancement of training programs 	<ul style="list-style-type: none"> Initiatives to reduce environmental impact (e.g. reduction of CO₂ emissions and advancement of recycling) Cooperation in local events Collaboration with local businesses to stimulate the economy



Direction of financial strategies based on our medium- and long-term vision

To achieve an ROE that is higher than the cost of shareholders' equity

The Sansha Electric Manufacturing Group is working to strengthen its medium- and long-term corporate structure by proactively investing and optimally allocating its management resources to both achieve growth and increase earning power.

In terms of growth, we emphasize not only the realization of a carbon-neutral society but also the resolution of the major social issue of strengthening the electrical infrastructure that supports the expanding digital infrastructure. To adapt flexibly to drastically changing market conditions, we will continue to develop new products and our structure for responding more intimately to customers' specifications and requests, which vary from customer to customer. We will closely engage in dialogue with our customers to accurately understand their needs and incorporate them into our designs and manufacturing to create competitive products.

To increase our earning power, we will expand sales of custom-made items and other high value-added products and streamline our manufacturing processes. At the same time, responding to specifications that vary from customer to customer does require more person-hours and resources than the manufacturing of standard products. Amid the ongoing decrease of the working population, we will not be able to expand our business in the future by merely increasing the number of staff members we have. We must actively use digital technologies and increase the skills of our personnel. We will implement re-skilling activities to cultivate personnel that have digital skills and ensure that everyone is ready to carry out high value-added

duties to increase the productivity of the organization as a whole. In addition, we will digitalize design and manufacturing knowledge to automate these processes. Through these efforts, we aim to implement flexible automation-based production to meet diverse and customized specifications. Conventionally, production according to specifications such as these was considered inefficient. In doing this, we will establish a new form of manufacturing that is efficient and adaptable.

With an eye toward our 100th anniversary in FY2033, we have the targets of 50 billion yen in net sales and an operating profit ratio of 10% or higher. Essentially, we must make investments that are not extensions of previous investments. In addition to capital investments, we will strategically invest in digital areas and

human capital and implement changes of our business processes and corporate culture. As a financial strategy supporting these initiatives, we will use borrowings and other methods of procuring funds as well as financial leverage to quickly achieve a return on equity (ROE) that exceeds the cost of shareholders' equity.



The allocation of cash to achieve future growth (FY2024 to FY2026)

Incoming cash	Outgoing cash		
Operating CF Approx. 6.0 billion yen	Investments Approx. 6.4 billion yen	Investments in growth fields Approx. 3.0 billion yen	Front-end processes Newly constructing equipment for the in-house production of SiC chips which have been procured from external sources Back-end processes Equipment for increasing production
		Investments in growth productivity Approx. 2.4 billion yen	<ul style="list-style-type: none"> Testing and evaluation equipment Automated equipment
		Reinforcement of the business foundation Approx. 1.0 billion yen	<ul style="list-style-type: none"> Core operation system Solar power systems Electrification of air-conditioning equipment Investments in human capital
	Financing Approx. 2.2 billion yen	Shareholder returns Approx. 1.8 billion yen	Dividends Approx. 1.8 billion yen
			Dividend payment
			FY2024 results
			1,316 million yen
			449 million yen
			375 million yen
			670 million yen

Initiatives to increase corporate value

Enhancement of corporate value

Growth strategies

Contribution to solutions to social issues

- Achievement of carbon neutrality
- Support of the expansion of digital infrastructure

Increase of capacity to serve customers

- Design and provision of product to respond accurately and flexibly to the needs of individual customers

Expansion into new products and new markets

Strengthening of earning power

Expansion of sales of high value-added products

Streamlining of manufacturing

Improvement of total asset turnover and securing of profit

Selection and concentration of management resources

Enhancement of the Group's foundation

Promotion of digital transformation (AI, big data and automation technologies)

Human capital management and re-skilling (cultivation of personnel with digital skills)

Process design and operations that can be done by a small number of staff members

Changes in the organization, business processes and corporate culture



Increase of capital efficiency and provision of sustainable shareholder return

The Group has defined the achievement of a return on equity (ROE) that exceeds the cost of shareholders' equity as its top-priority target in its financial strategy. In the fiscal year ended March 31, 2024, the Group's ROE was 13.0%. In the fiscal year ended March 31, 2025, it temporarily fell to 2.1%. This was a result of a decrease in the Group's profits due to shrinking sales and an increase in deferred tax liabilities due to the revision of the use of funds within the Group.

With a view toward quickly achieving an ROE of 10% and keeping it at this level, we will develop our corporate structure which supports our growth and earning power. The production, sales and engineering departments will work as one to carry out measures to improve total asset turnover and generate profits to achieve our goal of a return on assets (ROA) of 10% on an operating profit basis at the working level.

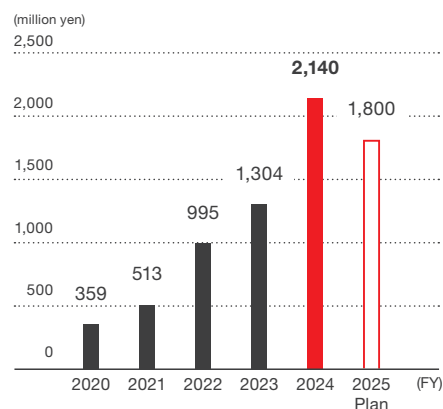
We will systematically reinvest the surplus funds generated in these activities in equipment, digital areas and human capital for sustainable growth. We will also allocate it to increased shareholder returns. Our basic policy on shareholder returns is to maintain a stable and balanced return of profits to shareholders, achieving either a dividend payout ratio of 30% or dividends of 40 yen per share, whichever is higher, during the three-year period of the medium-term management plan.

To balance social and economic value, we will proactively invest to grow and increase capital efficiency with the goal of maximizing shareholder value over the medium and long terms.

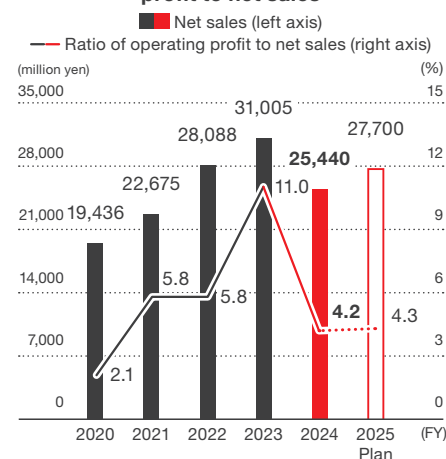
Path towards a higher ROE



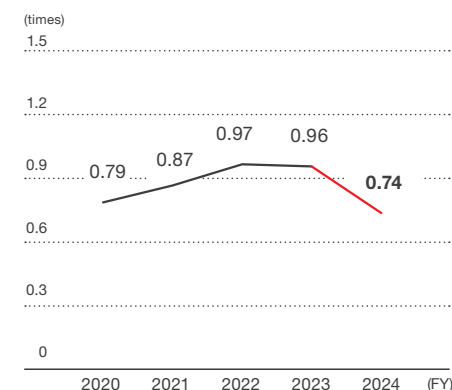
Actual and planned capital investment



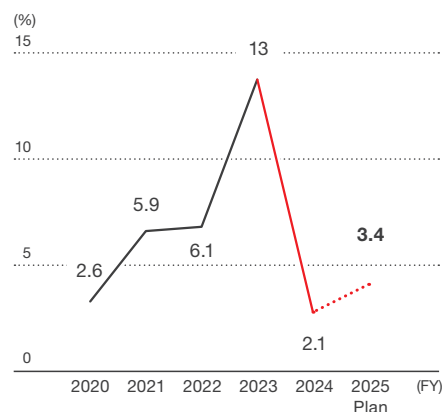
Net sales/Ratio of operating profit to net sales



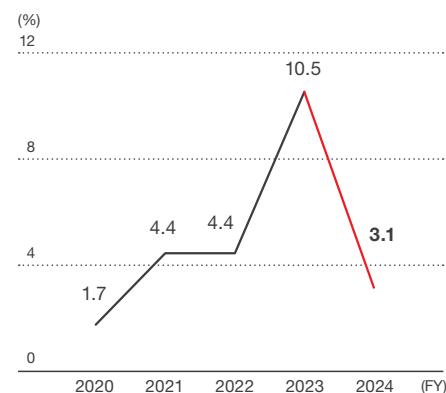
Total asset turnover



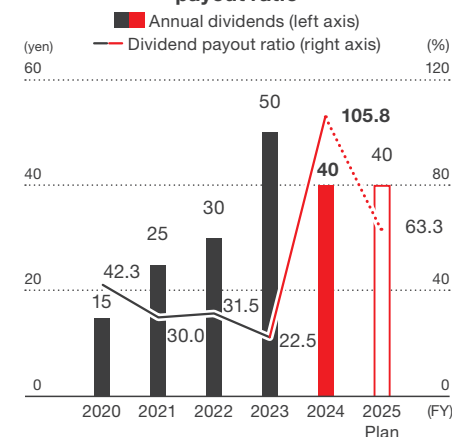
Return On Equity (ROE)



Return on assets (ROA) based on operating profit



Annual dividends and dividend payout ratio



Corporate governance

Basic stance

At the Sansha Electric Manufacturing Group, we practice management based on our corporate philosophy to achieve our purpose: Moving society forward through power electronics and creativity. [P02] We will also enhance our corporate value sustainably and contribute to the sustainable development of society by achieving our vision: Global Power Solution Partner. [P14] To achieve this, we have set ensuring compliance [P44] and building a highly transparent, efficient foundation of our business as our basic policies on corporate governance.

Characteristics of the corporate governance system



Outside Directors make up at least one third of the Board with the ratio of women among them at 14.3%



The Nomination and Compensation Committee has been established voluntarily



The maximum number of Directors is eight, and the Directors' term of office is one year

Strengthening corporate governance

2024	<ul style="list-style-type: none"> Female Outside Director elected
2023	<ul style="list-style-type: none"> Purpose established Introduced a performance-based stock compensation plan
2021	<ul style="list-style-type: none"> Whistleblowing contact established at an outside law firm Committee established Outside officers elected to ensure that at least one third of officers are outside officers
2020	<ul style="list-style-type: none"> Female Outside Audit & Supervisory Board Member elected Disclosure of skills matrix
2019	<ul style="list-style-type: none"> Nomination and Compensation Committee established
2018	<ul style="list-style-type: none"> Standards for assessment by outside accounting auditors formulated
2016	<ul style="list-style-type: none"> Assessment of the effectiveness of the Board of Directors begun Risk Management Committee (currently Internal Control Committee) established
2014	<ul style="list-style-type: none"> Outside Directors introduced
2011	<ul style="list-style-type: none"> Directors' term of office shortened to one year
2007	<ul style="list-style-type: none"> Officer retirement benefit system abolished A whistleblowing contact established within the internal audit department
2006	<ul style="list-style-type: none"> Operating Officer system introduced
1984	<ul style="list-style-type: none"> Corporate Planning Conference established



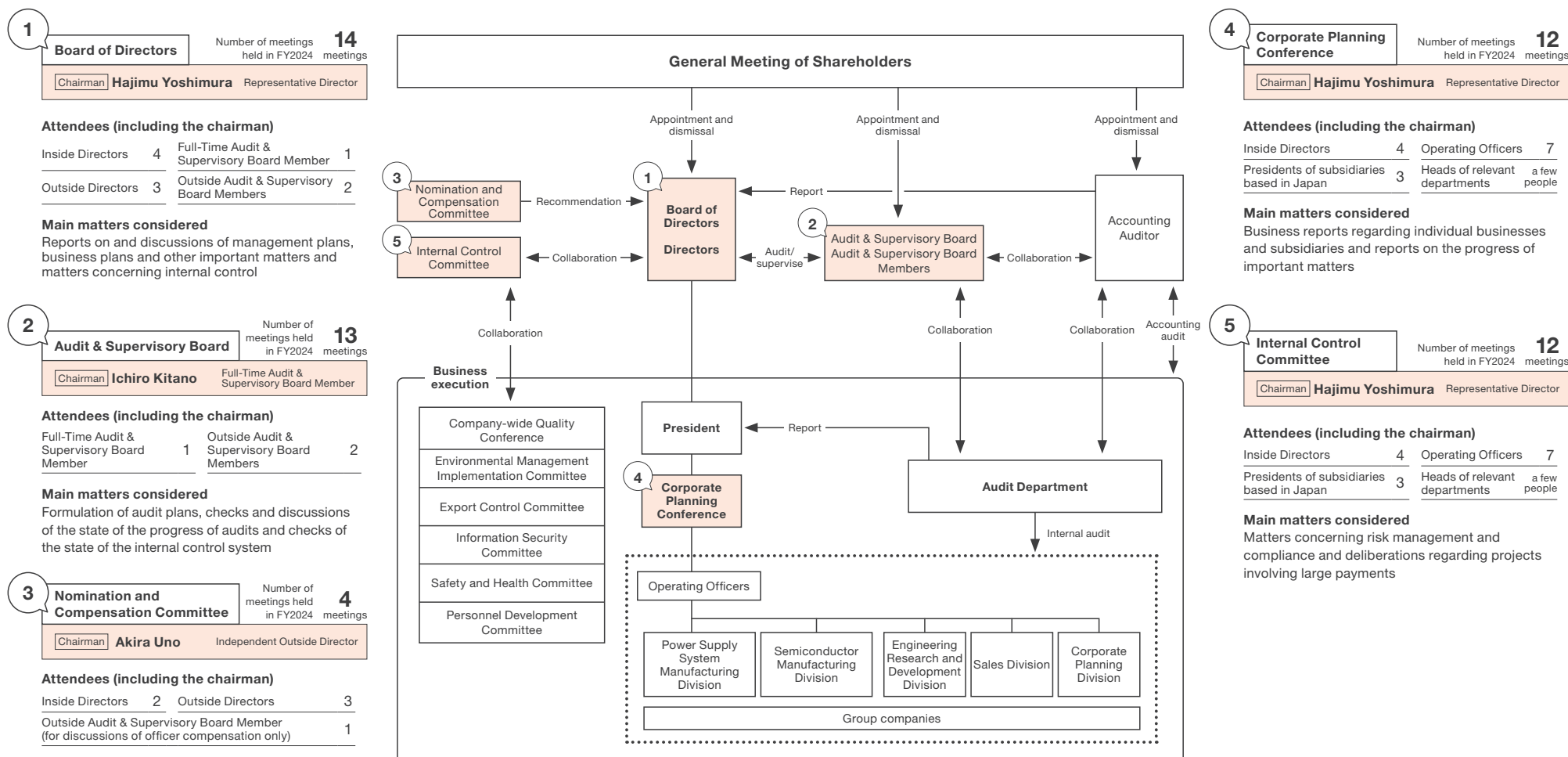


Corporate governance structure

Sansha Electric Manufacturing does business based on power electronics technologies. This is a highly specialized niche market. For this reason, our basic principle is to appoint internal personnel with advanced knowledge and experience in this area as Directors. We also elect Outside Directors to increase the stability of our management foundation and the transparency of our management of the company. They attend the meetings of our Board of Directors that take place every month. Outside Directors are asked to provide appropriate comments and advice from an independent perspective to ensure the objectivity of our decision-making processes. From the perspective of monitoring management, we have increased the independence of our Outside Audit & Supervisory Board Members to build a framework that

enables them to fairly, objectively and properly supervise the company regarding its fulfillment of its corporate social responsibilities. Our two Outside Audit & Supervisory Board Members have significant experience and knowledge in their areas of expertise. One is an expert in legal affairs, and the other is an expert in financial and accounting affairs. They attend the monthly meetings of the Board of Directors to monitor and oversee the state of our day-to-day management of the company.

In view of our business operations, the size of our corporation and other factors, we have adopted the current governance structure centered on the Outside Directors and Outside Audit & Supervisory Board Members.





Directors, Audit & Supervisory Board Members (as of June 25, 2025)

Directors



Hajimu Yoshimura

Representative Director & President

Born on January 10, 1954

Has rich experience cultivated as the president of a group company of a major Japanese electronics manufacturer and vice president of an overseas subsidiary in the same group, among other positions. Since assuming his position as our company's Representative Director & President in 2018, he has been using his rich experience, broad knowledge, and strong leadership to drive the growth strategy and managerial reforms.



Hajime Katsushima

Director, Managing Operating Officer
Executive General Manager of
Engineering Research and Development
Division and responsible for product
planning, quality and the environment

Worked for many years in research and development to develop products in the new energy sector. He became involved in business management due to his appointment as a representative director of a group company in November 2016. He then served in a post where he was responsible for controlling the power supply business and the semiconductor business before he was appointed as Executive General Manager of Engineering Research and Development Division in April 2023. Since April 2025, he has also been responsible for product planning, quality and the environment.



Hiroshi Zumoto

Director and Senior Managing Operating
Officer COO of Power Supply System
Executive General Manager of Power
Supply System Manufacturing Division

Born on April 18, 1959

Has been engaged in productivity improvement and the strengthening of the production system for many years as a person responsible for production technologies. He began to hold important positions in the semiconductor business in 2012. He has been controlling the semiconductor business since his appointment as Director in June 2021 and controlling the power supply business since April 2023.

**Significant
concurrent positions**

Chairman of the Board, SANREX LIMITED
Chairman of the Board, SANSHA ELECTRIC MFG.
(GUANGDONG) CO., LTD.



Independent

Akira Uno

Born on August 15, 1942

Independent Outside Director
Chairman of the Nomination and
Compensation Committee

Has advanced knowledge of financial affairs due to his work experience at a financial institution. In addition, he is an outside director at a listed company. It is expected he will provide commentary and advice on the Group's growth strategy and managerial reforms at the meetings of our Board of Directors leveraging his wealth of experience and advanced knowledge to assist the Board of Directors in its fulfillment of its decision-making and supervisory duties.

**Significant
concurrent positions**

Fellow, School of Business at Graduate School of
Economics, Kyoto University (Doctor of Economics),
a Special Assistant to the President, Kyoto University,
Senior Executive Fellow, DMG Ltd.MORI CO., LTD.



Tokushi Yamauchi

Director and Senior Managing Operating Officer
Executive General Manager of Corporate Planning
Division, and Member of the Nomination and
Compensation Committee

Born on January 29, 1967

Started his career as a power electronics engineer in the field of lighting. He accumulated global business experience through M&A transactions and formulated and implemented management strategies in different positions. He has an abundance of experience as a business manager. His achievements are particularly notable in the areas of corporate planning and business practices and he has an international perspective. In view of his experience and achievements, he was appointed Executive General Manager of the Corporate Planning Division in April 2025 and additionally appointed Director in June 2025.



Independent

Koichi Ina

Born on May 6, 1948

Independent Outside Director
Member of the Nomination and
Compensation Committee

Possesses advanced knowledge of production technology and research and development due to his work as a part of the management team of a leading automobile manufacturer in Japan and an engineer involved in factory management. It is expected he will provide commentary and advice regarding the Group's growth strategy and managerial reforms at the meetings of our Board of Directors leveraging the above knowledge to assist the Board of Directors in its fulfillment of its decision-making and supervisory duties.



Independent

Eriko Nashioka

Born on February 13, 1967

Independent Outside Director
Member of the Nomination and Compensation
Committee

Has great experience and advanced knowledge about finance and accounting as a certified public accountant. She is also a licensed tax accountant. She also has experience and a high level of knowledge related to sustainability, including environmental accounting. In addition, it is expected that she will help improve the functionality of the Board of Directors and participate in the making of significant decisions leveraging her four years of experience as an outside member of our Audit & Supervisory Board.

**Significant
concurrent positions**

Outside Director (Audit and Supervisory Committee Member), GALILEI CO. LTD., Outside Director (Audit & Supervisory Committee Member), OSAKA GAS Co., Ltd., Representative Director, Institute for Environmental Management Accounting, Head of Nashioka Accounting Office, Lecturer (part-time lecturer), Faculty of Commerce, Doshisha University

**Ichiro Kitano**

Born on July 21, 1959

Audit & Supervisory Board Member (Full-Time)

He has an abundance of working experience and knowledge after long serving as a person responsible for product design and the manufacturing of power supplies. Since being appointed an Audit & Supervisory Board Member in June 2016, he has been making appropriate suggestions based on his experience and knowledge and conducting on-site inspections to help improve the effectiveness of the Audit & Supervisory Board's auditing as a whole.



Independent

Maiko Ueda

Born on August 2, 1969

Independent Outside Audit & Supervisory
Board Member

Has significant experience as a certified public accountant and advanced knowledge in finance and accounting. She is also a certified tax accountant. It is believed she will use the above knowledge to fulfill her duties as an Outside Audit & Supervisory Board Member. In particular, it is expected that she will help improve our corporate governance by providing specialist advice regarding the evaluation of our financial position and the strengthening of internal control.

**Significant
concurrent positions**

Director, Ueda Certified Public Accountant
Office Auditor, Kansai Industry Activation Council



Independent

Kazuhiro Egawa

Born on November 1, 1955

Independent Outside Audit & Supervisory
Board Member
Nomination and Compensation Committee
Observer (for discussions of officer
compensation only)

Leverages his many years of experience as a lawyer and the advanced knowledge he has cultivated as a legal professional to advise the Board of Directors from an expert perspective. He also conducts on-site audits of subsidiaries and business facilities. For these reasons, it is expected that he will continue fulfilling his duties to properly audit and oversee the execution of business leveraging his specialist knowledge, including his perspective on legal affairs and risk management.

**Significant
concurrent positions**

Head of Eiwa Law Office

Our criteria for the appointment and
dismissal of officers and criteria for independence
<https://www.sansha.co.jp/eng/csr/directors.html>





Skill matrix

	Name	Attributes			Shares owned	Attendance at meetings			Knowledge and experience particularly expected by the Company					
		Gender	Years of service	Independence status		Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committee	Corporate management and management strategy	Overseas business experience	Business strategy	R&D and production	Finance and accounting	Legal affairs and compliance
Directors	Hajimu Yoshimura	Male	10 years		30,600	100% (14/14 meetings)	-	100% (4/4 meetings)	●	●	●	●		
	Hiroshi Zumoto	Male	4 years		10,300	100% (14/14 meetings)	-	-	●		●	●		
	Tokushi Yamauchi	Male	-		-	-	-	-	●	●	●	●		
	Hajime Katsushima	Male	3 years		14,200	100% (14/14 meetings)	-	-	●		●	●		
	Akira Uno	Male	11 years	●	12,600	100% (14/14 meetings)	-	100% (4/4 meetings)	●				●	
	Koichi Ina	Male	6 years	●	34,800	100% (14/14 meetings)	-	100% (4/4 meetings)	●			●		
	Eriko Nashioka	Female	1 year	●	1,700	100% (14/14 meetings)	100% (3/3 meetings)	100% (3/3 meetings)	●				●	
Audit & Supervisory Members	Ichiro Kitano	Male	9 years		5,700	100% (14/14 meetings)	100% (13/13 meetings)	-		●	●	●		
	Kazuhiro Egawa	Male	5 years	●	500	100% (14/14 meetings)	100% (13/13 meetings)	100% (3/3 meetings) *For discussions of officer compensation only	●					●
	Maiko Ueda	Female	1 year	●	100	100% (10/10 meetings)	100% (10/10 meetings)	-					●	

(Notes)

1. Years of service is the number of years of service as of the end of the General Meeting of Shareholders on June 25, 2025.

2. Attendance at meetings is the results for FY2024.

Skills for ensuring the effectiveness of the Board of Directors		Reasons for selecting skills		Skill requirements
Overall business management skills	Corporate management and management strategy	Requires management experience and achievements in corporate management and the formulation and promotion of management strategies to realize the Group's growth strategy		Management experience as a representative director or officer in a company
	Overseas business experience	Requires overseas business management experience, and knowledge and experience of an overseas business environment to respond to global business development		Experience as a representative of overseas subsidiary, head of overseas business division, or executive officer
Business core skills	Business strategy	As the Company's business area is a niche and highly specialized market based on power electronics technology, this position requires a high level of knowledge in such area as well as experience in executing business strategies		Executive in charge of business division, head of division and person with equivalent experience as senior management
	R&D and production	Requires knowledge and experience to develop safe, secure, and high-quality products and realize integrated production from design to production		Executive in charge of R&D and production division, head of division and person with equivalent experience as senior management
Functional core skills	Finance and accounting	Requires accurate financial reporting, efficient management of invested capital, and knowledge and experience to enhance shareholder returns		<ul style="list-style-type: none"> Experience as executive in charge of legal affairs and compliance, head of division, and person equivalent with experience Person with experience in auditing firm, etc.
	Legal affairs and compliance	Requires knowledge and experience in legal affairs and compliance fields to ensure effective corporate governance and improve the effectiveness of the Board of Directors		<ul style="list-style-type: none"> Experience as executive in charge of legal affairs and compliance, head of division, and person equivalent with experience Person with experience in a law firms, etc.



Evaluation of the effectiveness of the Board of Directors

The Board of Directors conducts a self-evaluation of its own overall effectiveness every year. The effectiveness evaluation is focused on our Directors and Audit & Supervisory Board Members and based on the idea that the constant review and improvement of the effectiveness of the Board of Directors will help continuously increase the soundness of our management and our corporate value.

In February 2025, the Board of Directors analyzed, discussed and evaluated the state of its operations and the issues it faces at an ordinary meeting based on the results of the responses to the self-evaluation questionnaire. The following is information about the questionnaire and an outline of its results.

Subjects	A total of 10 people—all seven Directors and three Audit & Supervisory Board Members in FY2024
Period	From December 27, 2024 to January 24, 2025
Method	Anonymous questionnaire
Summary of evaluation results	<p>An analysis and evaluation of the effectiveness of the Board of Directors after the examination of the results of the questionnaire confirmed that the Board's effectiveness had been maintained on the whole. The issues listed below were also identified.</p> <ol style="list-style-type: none"> Issues regarding Board of Directors operations <ul style="list-style-type: none"> Scheduling of the deliberation of expected matters Early distribution of materials, etc. Issues regarding the discussion and monitoring functions of the Board of Directors <ul style="list-style-type: none"> Discussions of the progress of management plans, matters discussed, and other matters Discussions of sustainability Monitoring and other duties related to latent risks and crisis management for the Group as a whole
Measures for increasing the effectiveness	<p>We are implementing the following initiatives to handle individual issues to increase the effectiveness of the Board of Directors.</p> <ol style="list-style-type: none"> Regarding the issues with the operations of the Board of Directors, the administrative office of the Board of Directors will determine a schedule for discussing expected matters on an annual basis to support the earlier distribution of materials for these deliberations. Regarding issues with the discussion and monitoring functions of the Board of Directors, the administrative office of the Board of Directors includes discussions regarding progress reviews, sustainability and risk and crisis management into the aforementioned schedule to facilitate these discussions.

Evaluation of effectiveness of the Audit & Supervisory Board

Our Audit & Supervisory Board has been conducting self-evaluations of effectiveness of the audits performed by its members every year since FY2021. This is based on the idea that the constant review and improvement of the effectiveness of these audits will help improve the soundness of our management and governance structure.

The goal of these self-evaluations is to objectively understand the Audit & Supervisory Board's performance of its functions and roles and improve as necessary. The results of the evaluation are shared and analyzed through discussion and the exchange of opinions during Audit & Supervisory Board meetings. We incorporate the issues identified by the evaluation and its findings into future audit activities and the revision of the system to increase the effectiveness of audits.

We will continue these initiatives to enhance the quality of audits and to help maintain the transparency and soundness of management of our corporation.

Subjects	All three Audit & Supervisory Board Members in FY2024
Period	January 2025
Method	Questionnaire
Summary of evaluation results	Based on the evaluation of the effectiveness of the Audit & Supervisory Board in the previous fiscal year, we took measures to increase the number of meetings with the Vice President and Outside Directors. These meetings were regularly held, but some commented that vulnerabilities and risks concerning internal control were not sufficiently discussed.
Measures for increasing the effectiveness	We will strive to continue to improve the quality of audits and our corporate governance structure by, for example, selecting vulnerabilities and risks in internal control as a specific subject for discussion to encourage a vigorous exchange of opinions.



Officer remuneration

Basic stance

We have formulated a policy regarding the determination of remuneration for officers and the method for calculating it. It is as follows.

- 1 The officer remuneration system must be intended to promote our sustainable growth and medium- and long-term increase of our corporate value. It must encourage officers to perform their duties to their utmost abilities in accordance with our Group vision P02 and to contribute to the improvement of financial results.
- 2 On the basis of the data collected by outside research bodies, remuneration for officers will consist of base remuneration, which is a fixed amount for individual posts, and performance-based remuneration, to ensure that the sound incentives matched with the Directors' duties will serve their intended functions.
- 3 Remuneration for Outside Directors and Audit & Supervisory Board Members (both inside and outside) consist solely of base remuneration, given that they are independent from the execution of business and that it is not appropriate to provide them with performance-based remuneration or stock compensation.

Determination process

The Nomination and Compensation Committee, the Board of Directors and the President play their respective roles in the determination of officer remuneration to ensure transparency and fairness.

Nomination and Compensation Committee

- Discusses the appropriateness of base remuneration, performance-based remuneration and performance-based stock compensation on the basis of outside research data
- Submits reports to the Board of Directors

Board of Directors

- Determines the amount of remuneration and the points to be granted for stock compensation based on reports from the committee

President

- Determines the amounts of remuneration for individual officers (within the limit of the total amount of remuneration) in accordance with resolutions passed by the Board of Directors
- The appropriateness of the amounts determined by the President are checked by the committee to eliminate arbitrariness before final approval

Types of remuneration

Base remuneration Monetary remuneration

Fixed remuneration determined for specific posts under the Regulations on Remuneration for Directors

Performance-based remuneration Monetary remuneration

The key performance indicators used are the consolidated operating profit ratio and the consolidated net sales growth rate. The amount of remuneration is calculated by multiplying the standard amount for the specific post by the coefficient appropriate in light of these two indicators.

Performance in FY2024

Consolidated operating profit ratio 4.2%

Consolidated net sales growth rate -17.9%

Performance-based stock compensation

The performance indicator previously used for stock compensation was the degree of achievement of the consolidated operating profit target. This was chosen from the perspective of the improvement of the medium- and long-term performance. It has been changed to return on equity (ROE) with the goal of increasing capital efficiency.

Performance in FY2024

ROE 2.1%

Nomination and Compensation Committee

We established the Nomination and Compensation Committee in November 2019. Its objectives are to nominate Directors and Audit & Supervisory Board Members and to increase the independence, transparency and objectiveness of the Board of Directors' functions regarding Directors' remuneration and other matters. The committee will enhance our accountability and corporate governance. To ensure the fairness and transparency of the committee, an advisory body focused on decisions regarding the nomination of prospective Directors and Audit & Supervisory Board Members and on Directors' remuneration, the committee deliberates about these matters and reports to the Board of Directors.

Chair

Akira Uno (Independent Outside Director)

Attendees

Two Inside Directors, three Independent Outside Directors, and one Independent Outside Audit & Supervisory Board Member (for discussions of officer compensation only)

Content of deliberations in FY2024

Officer appointments

- Proposal regarding the election of Directors submitted during the General Meeting of Shareholders
- Personnel transfers at Sansha Electric Manufacturing and its subsidiaries
- Substitute Audit & Supervisory Board Members
- Succession planning

Remuneration for officers

- Performance-based remuneration
- Granting of points for stock compensation
- Amounts of remuneration for individual Directors

Total amount of remuneration for Directors and Audit & Supervisory Board Members (FY2024)

	Total amount of remuneration (million yen)	Total amount by type of remuneration (million yen)			Number of officers
		Base remuneration	Performance-based remuneration	Performance-based stock compensation	
Directors (Outside Directors)	120 (26)	74 (26)	27 (-)	18 (-)	7 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	23 (9)	23 (9)	- (-)	- (-)	4 (3)
Total (Outside Officers)	143 (35)	97 (35)	27 (-)	18 (-)	11 (6)

(Notes)

1. The total amount of remuneration for Directors does not include the employee wages of any Directors who are also employees.
2. The amount of non-monetary remuneration equals the cost recorded in association with the points granted in the fiscal year concerned under the performance-based stock compensation program.
3. Eriko Nashioka resigned as an Audit & Supervisory Board Member and became a Director at the close of the ordinary General Meeting of Shareholders for the 90th term on June 25, 2024. Remuneration for her during her service as an Audit & Supervisory Board Member is included in the above amount of remuneration for Audit & Supervisory Board Members and her remuneration during her service as Director is included in the above amount of remuneration for Directors. This same division applies to the numbers of Audit & Supervisory Board Members and Directors.

Officer remuneration

<https://www.sansha.co.jp/eng/csr/directors.html>



Message from an Outside Director

Taking on the challenge of sustainable growth through objective support

Independent Outside Director
Koichi Ina

He was the Senior Managing Director and Chief Officer of the Strategic Production Planning Group of Toyota Motor Corporation, the Chief Officer of the Manufacturing Group at the same company, and the President of Daihatsu Motor Co., Ltd. before accepting his position as a Director of our Company in 2019.

The atmosphere at meetings of our Board of Directors is always one that allows participants to comment freely. The discussions are very good because people with many different points of view take part. The Nomination and Compensation Committee has been effectively discussing issues, clarifying the position of the company and referencing the situations at other companies. Regarding the effectiveness of the Board of Directors [P40], I appreciate the point that its administrative office clarifies the issues and future direction of the company. On the other hand, I feel that the Board of Directors has not sufficiently followed up on the progress of the management plan and the implementation of matters on which it has passed resolutions. I hope that it will more closely review and more deeply analyze the factors that caused particular situations.

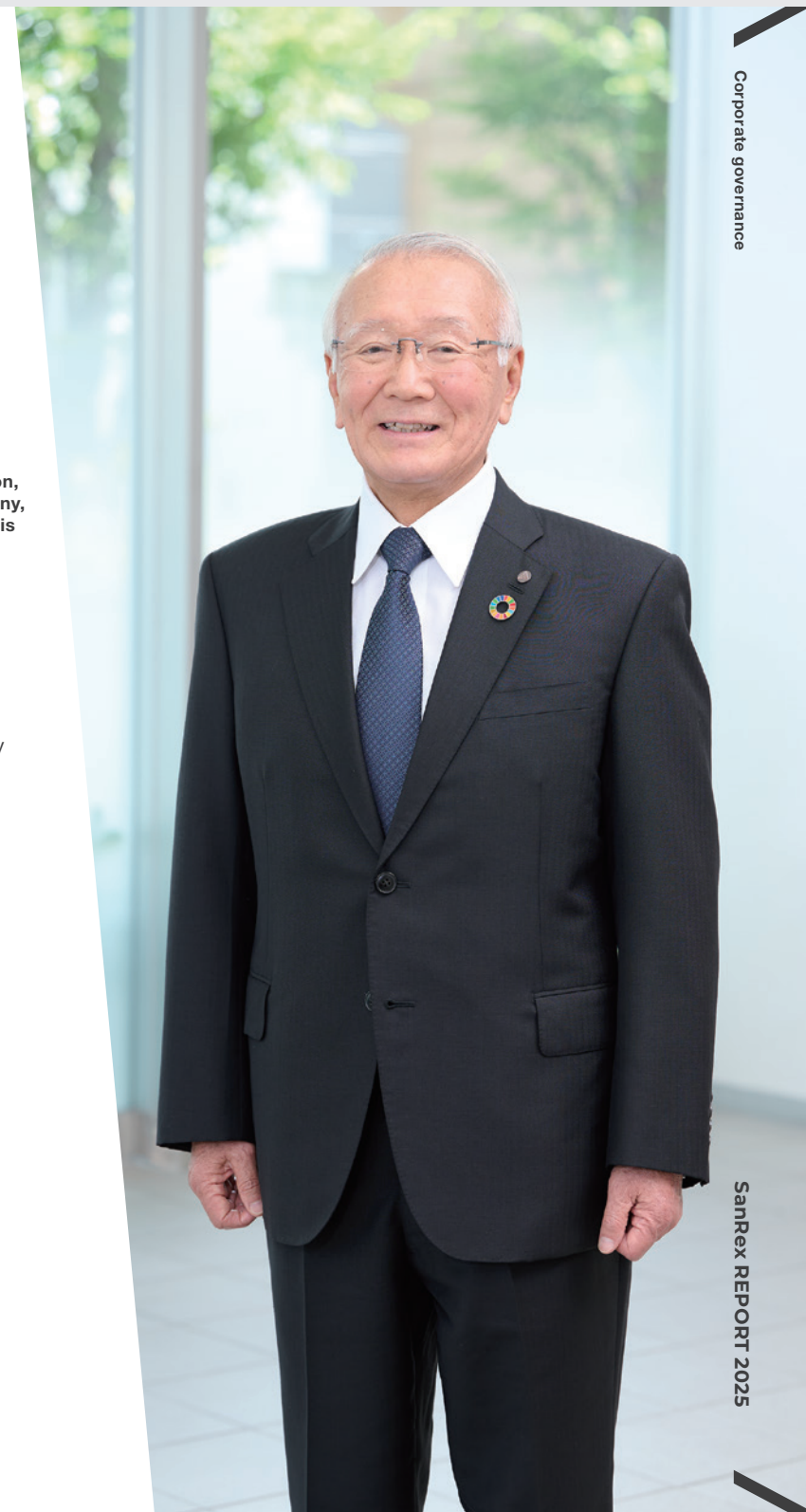
The Company's strengths lies in its ability to meticulously respond to the requests of individual customers regarding power supply equipment, its SiC power semiconductors which can be flexibly used in different applications in the semiconductor field, and its familiarity with how power semiconductors are used in power supply equipment due to its in-house development, design and production of both power semiconductors and power supply equipment. However, the Company's strengths vary relative to different competitors. Customers may naturally expect us to have certain strengths and ask more of us. It is vital that we listen gratefully to customers' opinions when we receive or

fail to receive an order and when they use the Company's products. When you look back and thoroughly analyze the things that led to good or bad results on every occasion, you will clearly see the Company's strengths and weaknesses in the eyes of its customers. It is necessary to see the Company objectively from the perspective of its customers.

Our competitors are constantly evolving. The global environment is changing significantly. This includes the U.S. tariff policies. I hope that we will understand the Company's strengths in the eyes of its customers and that the Board of Directors more actively discusses growth strategies for continuously enhancing the Company's strengths.

The business circumstances that we face now are very difficult. To effectively overcome these circumstances, the Company's employees are its most significant and reliable assets. It is vital that every employee fully display their potential to energize the organization. The President and other managers of the management team are working to build an environment and mechanisms to enable every employee to display their potential to the fullest extent possible. As an Outside Director, I will do my best to support the Company.

I believe that these efforts will help ensure that investors continue to entrust their money to the Company, providing employees with careers so that they are able to contribute to society.





Risk management

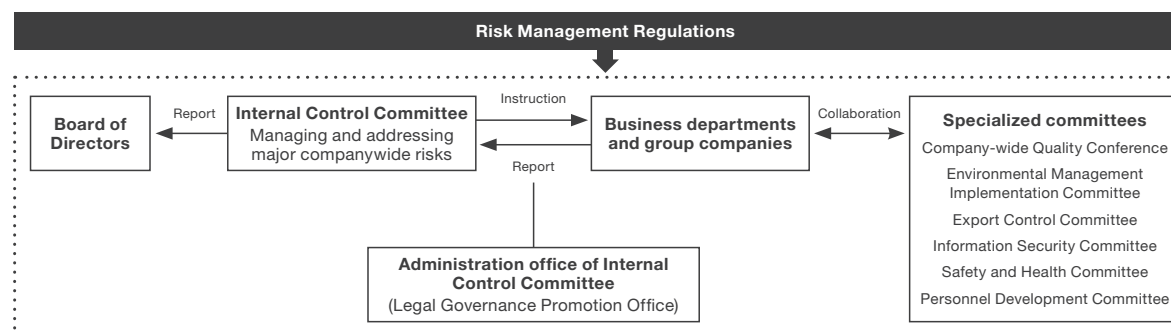
Basic stance

While risks facing businesses are diversifying, the Sansha Electric Manufacturing Group identifies various risks involved in its businesses, constructs a management system to prevent risks from actually materializing, and takes actions to minimize their impact. Our basic stance is to respond swiftly and appropriately under the leadership of top management when any risk becomes a reality.

We have established the Internal Control Committee [P36], which is chaired by the President. We have built a system under which the Internal Control Committee manages and addresses major corporate risks in accordance with the Risk Management Regulations and submits reports to the Board of Directors as necessary. The Internal Control Committee also works together with individual departments and group companies to identify, analyze and assess risks and consider and implement measures to reduce them.

Additionally, we have established several specialized committees, specifically, the Company-wide Quality Conference, the Environmental Management Implementation Committee, the Export Control Committee, the Information Security Committee, the Safety and Health Committee, and the Personnel Development Committee. They are working to manage risks in their individual fields.

Risk management system



Identification of risks

All our business departments and group companies identify the risks involved in their businesses. We analyze and evaluate the frequency of their occurrence, the scale of their impact, and other factors. We thus identify risks to address with priority and take steps to reduce the risks.

Major risk items

	Risk item	Descriptions
Economic and external conditions	Changes in economic conditions	Global economic slowdown and decrease of demand
	International circumstances	Geopolitical risks, country risks, social turmoil and changes in tariffs
	Changes in foreign exchange rates	Impact on global sales activities and procurement
Quality and technology	Quality	Product recalls and liability due to product defects
	Product development	Delays in product development and introduction to markets
	Intellectual property	Risk of intellectual property infringement and litigation
Supply chain	Procurement of parts	Delay in the procurement and supply difficulties of principal parts and disruption of the supply chain
	Changes in the prices of materials	Violent changes in material markets
Business strategies	Competition	Intensification of competition and price competition
	Collaboration with other companies	Risks when unexpected situations hamper continuation of collaboration or alliance with any other company
Laws and regulations and the environment	Legal regulations	Legal action or penalties due to the violation of laws and additional cost burdens due to changes in regulations
	Management of chemical substances	Accidents concerning the handling of chemicals
	Environmental regulations and climate change	New laws and regulations concerning the protection of the environment and adaptation to the changes in policies related to climate change
Other	Information security	Cyberattacks, information leaks or the failure of servers or network equipment due to disasters and other events
	Natural disasters	Damage to working environments and production equipment and disrupted logistics and supply chains
	Ability to secure human resources	Impact of the recruitment of competent personnel and the retirement or resignation of employees on the management of the organization

Risks of businesses, etc. (Securities report for the 91th term) (Japanese only)
https://ssl4.eir-parts.net/doc/6882/yuho_pdf/S100W3CS/00.pdf





Compliance

Basic stance

We are convinced that the Group's corporate value will be increased by developing a corporate culture that values compliance and by building sound business foundations as a company winning trust from society. We have also established the Sansha Electric Manufacturing Group Behavioral Charter for the review of our business activities with a view toward the realization of our corporate philosophy. We strive to ensure that every employee will comply with this charter in their activities every day. We also establish policies and regulations on individual priority initiatives and keep employees thoroughly informed of them.

The Sansha Electric Manufacturing Group Behavioral Charter is published on our website.

Sansha Electric Manufacturing Group
Behavioral Charter
<https://www.sansha.co.jp/eng/company/philosophy.html#CHARTER>



Anti-bribery Initiatives

Amid our progress in the global expansion of our business, we regard the changes in the laws and regulations of different countries that are making them stricter, the improvement of authorities' detection of misconduct and other changes in external conditions as significant risk factors. We understand that bribery and other forms of misconduct are a serious threat to the reputation of corporations and their continuous growth. We understand that we must continue to strengthen our activities to prevent it.

Based on this idea, the Group established the Sansha Electric Group Basic Policy on Prevention of Bribery and Corruption. We work to ensure that all of our officers and employees in Japan and overseas fully understand and strictly observe this policy.

Sansha Electric Manufacturing Group Basic
Policy for Prevention of Bribery and Corruption
<https://www.sansha.co.jp/eng/csr/compliance.html>



Security export control

The Group has set up an Export Control Committee to establish a framework for compliance and proper export control. The President is ultimately responsible for these matters and serves as the committee member in charge of export control. Appointed by the President, the export control representative works with the personnel who are responsible for the relevant departments to determine export control policies and oversee the implementation of the policies.

In addition, we established a dedicated organization to perform functions including the collection of information about related laws, regulations and restrictions, the dissemination of this information within the Group, the examination for transactions, the management of export permits and employee training. We standardize the examination for transactions and pre-shipping checks using checklists to achieve a highly transparent control structure.

We also increase employees' awareness of compliance through regular training and e-learning programs to prevent the violation of laws. We will continue to establish a more advanced export control system and step up its operation in response to changes in the international security situation.

- Internal audit (once a year)
Target organizations:
Power Supply System Manufacturing Division, Semiconductor Manufacturing Division, Sales Division and Suwa Sansha Electric Co., Ltd.
- Training for officers, new graduate recruits, mid-career recruits, employees and subsidiaries in Japan
- Improvement of the examination for transactions and technology management in view of the security situation

Training and awareness-raising

The Group focuses its efforts on continued training and awareness-raising activities to make sure that every employee follows the laws and regulations and acts based on a high ethical standard. We understand that compliance is the foundation of the management of a business and that everyday activities to increase awareness of and systematic learning about compliance are an indispensable part of ensuring that compliance becomes entrenched throughout the Group. Therefore, we organize group training and online learning (e-learning) programs for all of our employees to develop their compliance-oriented mindset. We will revise the content of our educational programs in a timely manner to ensure that they reflect the revision of laws and the changes in the demands of society. We provide job-class-specific training to a range of employees from new recruits to personnel in management positions, and also training on specific subjects, such as the prevention of harassment and information security, on a regular basis.

Number of employees who participated in compliance training in FY2023 (total number)

Compliance	598
Business and human rights	796
Training on specialized subjects such as export control and copyright laws and regulations	685
Insider trading regulations	907
Quality management	871

Whistleblowing system

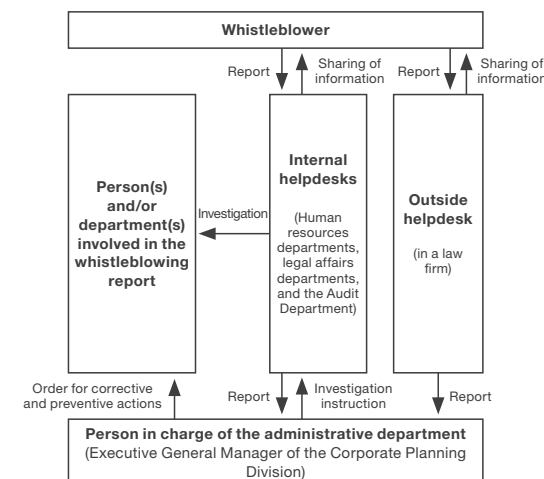
The Group has established a compliance helpdesk (a whistleblowing contact) in accordance with the Whistleblower Protection Act. In addition to internal contacts, an external law firm helpdesk is available. It provides services in English and Chinese languages. We publicize these contacts to all employees using cards that employees carry with them, groupware and training. We fully protect whistleblowers from any disadvantageous treatment. Through these activities, we are working to increase our reliability and maintain a proper whistleblowing system.

In FY2024, six reports and inquiries were received via the helpdesk system. Fact-finding surveys were conducted for all of them, and they were handled appropriately.

Number of reports and inquiries received via our internal helpdesks

FY2022	FY2023	FY2024
6	6	6

Whistleblowing process flow





Trends in major financial indicators in the past 11 years

Fiscal year (million yen)

	FY2014 81th business period	FY2015 82th business period	FY2016 83th business period	FY2017 84th business period	FY2018 85th business period	FY2019 86th business period	FY2020 87th business period	FY2021 88th business period	FY2022 89th business period	FY2023 90th business period	FY2024 91th business period	FY2025 92th business period (Results forecast)
Net sales	22,113	22,191	20,069	23,717	24,369	21,875	19,436	22,675	28,088	31,005	25,440	27,700
Japan	14,943	15,400	13,451	16,026	16,927	15,165	13,462	14,626	18,534	23,891	18,873	-
Overseas	7,169	6,790	6,618	7,691	7,442	6,709	5,973	8,049	9,553	7,114	6,567	-
Cost of sales	15,726	16,421	15,652	17,515	17,930	17,281	15,027	17,227	21,600	22,423	19,153	-
Gross profit	6,387	5,770	4,417	6,202	6,438	4,594	4,408	5,447	6,488	8,582	6,287	-
Selling, general and administrative expenses	4,085	3,893	4,194	4,727	4,605	4,337	3,992	4,131	4,858	5,174	5,213	-
Operating profit	2,301	1,876	222	1,474	1,833	256	416	1,316	1,629	3,407	1,073	1,200
Ordinary profit	2,289	1,801	217	1,480	1,804	243	441	1,313	1,651	3,473	1,180	1,200
Profit before income taxes	2,281	1,710	281	1,471	1,793	290	612	1,320	1,651	3,473	1,229	-
Profit attributable to owners of parent	1,506	1,172	126	1,065	1,339	(680)	497	1,147	1,241	2,955	502	840
Capital investment	1,011	407	463	734	720	641	359	513	995	1,304	2,140	-
Depreciation	1,056	970	955	977	955	1,030	948	920	885	901	905	-
Research and development expenses	688	703	511	904	1,305	1,204	1,223	1,250	1,576	1,791	1,508	-
Cash flows from operating activities	2,886	1,401	1,844	3,560	746	36	1,729	940	(198)	2,303	950	-
Cash flows from investing activities	(2,244)	(321)	(2,594)	(499)	(658)	(571)	(355)	(317)	(799)	(1,097)	(2,392)	-
Cash flows from financing activities	20	(1,484)	(94)	(1,135)	(961)	(659)	(249)	(1,666)	(189)	488	1,410	-

Segment information (million yen)

Semiconductor business

Net sales	7,039	6,103	5,751	7,016	6,816	5,688	5,709	7,791	8,146	7,902	5,862	7,100
Segment profit	859	180	77	657	452	(368)	172	767	510	271	(731)	0

Power supply business

Net sales	15,073	16,087	14,318	16,700	17,553	16,186	13,727	14,884	19,941	23,103	19,578	20,600
Segment profit	1,442	1,695	145	817	1,381	624	244	548	1,118	3,135	1,805	1,200

As of the end of fiscal year (million yen)

Cash and cash equivalents	6,204	5,654	4,966	6,820	5,963	4,659	5,870	5,026	3,959	5,825	5,756	-
Interest-bearing debt	1,832	1,001	1,150	200	100	-	-	-	-	1,000	3,000	-
Total assets	28,007	26,169	25,725	27,817	28,532	24,051	24,846	27,146	29,083	35,334	33,571	-
Net assets	18,665	18,421	18,248	19,314	19,952	18,489	19,336	19,810	21,065	24,432	24,341	-

Per-share data (yen)

Earnings per share	100.80	79.29	8.71	73.48	93.44	(48.22)	35.42	83.30	95.33	222.19	37.80	63.16
Net assets per share	1,249.11	1,271.07	1,259.14	1,332.69	1,410.77	1,316.15	1,376.49	1,541.90	1,583.87	1,837.05	1,830.19	-
Dividends per share	17.0	23.0	10.0	20.0	28.0	13.0	15.0	25.0	30.0	50.0	40.0	40.0

Financial indicators (%)

Operating profit/net sales	10.4	8.5	1.1	6.2	7.5	1.2	2.1	5.8	5.8	11.0	4.2	4.3
Return On Assets (ROA)	5.4	4.3	0.5	4.0	4.8	(2.6)	2.0	4.4	4.4	9.2	1.5	-
Equity ratio	66.6	70.4	70.9	69.4	69.9	76.9	77.8	73.0	72.4	69.1	72.5	-
Return On Equity (ROE)	8.5	6.3	0.7	5.7	6.8	(3.5)	2.6	5.9	6.1	13.0	2.1	3.4
Dividend payout ratio	16.9	29.0	114.8	27.2	30.0	-	42.3	30.0	31.5	22.5	105.8	63.3
Total shareholder return	106.1	96.2	88.7	268.7	151.7	92.5	150.4	151.7	180.4	322.3	175.3	-
Ratio of dividends to net assets	1.4	1.8	0.8	1.5	2.0	1.0	1.1	1.7	1.9	2.9	2.2	-

Shares and share prices (%)

Total number of issued shares	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	-
Total number of treasury shares	7,099	457,099	457,099	457,099	807,120	902,122	902,122	2,102,122	1,650,022	1,527,022	1,527,022	-
Share price at the end of period (yen)	648	563	506	1,615	853	469	817	800	950	1,790	865	-
Price earnings ratio (PER)	6.43	7.10	58.09	21.98	9.13	-	23.07	9.60	9.97	8.06	22.88	-
Price book-value ratio (PBR)	0.52	0.44	0.40	1.21	0.60	0.36	0.59	0.52	0.60	0.97	0.47	-

**Consolidated balance sheets**
(million yen)

	FY2023 90th business period	FY2024 91th business period
Assets		
Total current assets	27,393	24,900
Non-current assets		
Property, plant and equipment	5,770	6,505
Intangible assets	211	522
Investments and other assets	1,959	1,643
Total non-current assets	7,941	8,671
Total assets	35,334	33,571

Consolidated statements of income (million yen)

	FY2023 90th business period	FY2024 91th business period
Net sales	31,005	25,440
Cost of sales	22,423	19,153
Gross profit	8,582	6,287
Selling, general and administrative expenses	5,174	5,213
Operating profit	3,407	1,073
Ordinary profit	3,473	1,180
Profit before income taxes	3,473	1,229
Total income taxes	518	726
Profit	2,955	502
Profit attributable to owners of parent	2,955	502

Consolidated statements of cash flows (million yen)

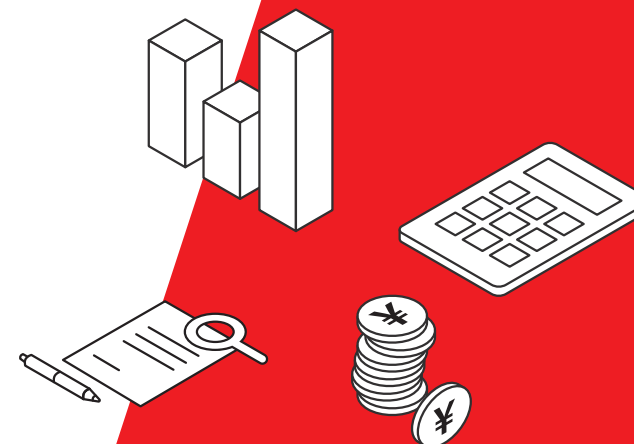
	FY2023 90th business period	FY2024 91th business period
Net cash provided by (used in) operating activities	2,303	950
Net cash provided by (used in) investing activities	(1,097)	(2,392)
Net cash provided by (used in) financing activities	488	1,410
Effect of exchange rate changes on cash and cash equivalents	171	(37)
Net increase (decrease) in cash and cash equivalents	1,865	(68)
Cash and cash equivalents at beginning of period	3,959	5,825
Cash and cash equivalents at end of period	5,825	5,756

Liabilities and net assets

	FY2023 90th business period	FY2024 91th business period
Current liabilities	10,522	8,691
Non-current liabilities	378	538
Total liabilities	10,901	9,230
Shareholders' equity	22,493	22,325
Accumulated other comprehensive income	1,939	2,016
Total net assets	24,432	24,341
Total liabilities and net assets	35,334	33,571

Consolidated statements of comprehensive income (million yen)

	FY2023 90th business period	FY2024 91th business period
Profit	2,955	502
Other comprehensive income	838	77
Comprehensive income	3,794	579
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,794	579





Non-financial data

Employee-related data	Scope			FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	Sansha Electric Manufacturing Co., Ltd.	Domestic group companies	Overseas group companies						
Basic data									
Number of employees (persons)	●	●	●	1,402	1,381	1,405	1,465	1,418	1,400
Number of male employees (persons)	●	●	●	925	926	933	987	969	964
Number of female employees (persons)	●	●	●	477	455	472	478	449	436
Female employee ratio (%)	●	●	●	34.0	32.9	33.6	32.6	31.7	31.1
Average age	●			45.1	45.8	46.2	46.2	46.4	46.6
Average years of service (years)	●	●		18.2	18.8	18.7	18.9	18.7	18.7
Average years of service of male employees(years)	●	●		19.1	19.6	19.6	19.8	16.9	19.6
Average years of service of female employees (years)	●	●		14.6	15.2	15.1	15.0	14.5	15.1
Turnover ratio (%)	●	●		2.8	2.4	2.6	3.0	3.6	2.1
Average annual salary (yen)	●			5,633,151	4,990,469	5,353,204	5,625,232	5,829,583	6,194,305
Wage gap between men and women (%)*	●			66.0	69.6	72.5	73.5	70.8	73.5
Diversity									
Number of leaders (persons)	●	●		338	330	334	279	332	349
Number of leaders that are women (persons)	●	●		19	22	22	28	34	40
Percentage of leaders that are women (%)	●	●		5.6	6.7	6.6	10.0	10.2	11.5
Number of managers (persons)	●	●		120	118	116	113	121	124
Number of managers that are women (persons)	●	●		3	4	4	4	6	6
Percentage of managers that are women (%)	●	●		2.5	3.4	3.4	3.5	5.0	4.8
Number of employees with disabilities (persons)	●	●		23.5	23.5	24.5	24.0	26.5	24.5
Percentage of employees with disabilities (%)	●	●		2.7	2.7	2.7	2.6	2.5	2.4
Employment									
New graduate hires (persons)	●	●		18	18	17	11	19	19
Male new graduate hires (persons)	●	●		13	14	14	10	11	16
Female new graduate hires (persons)	●	●		5	4	3	1	8	3
Mid-career hires (persons)	●	●		7	3	18	27	32	36
Number of male mid-career hires (persons)	●	●		3	3	13	21	26	31
Number of female mid-career hires (persons)	●	●		4	0	5	6	6	5
Work-life balance									
Average overtime hours (hours per month)	●	●		10.1	9.4	13.3	13.2	8.9	9.6
Paid leave acquisition rate (%)	●	●		74.8	72.3	74.2	81.5	84.8	83.8
Number of employees taking childcare leave (persons)	●	●		5	19	13	13	10	12
Number of male employees taking childcare leave (persons)	●	●		1	4	1	9	8	10
Percentage of employees returning from childcare leave (%)	●	●		91.7	100.0	100.0	100.0	100.0	100.0

	Scope			FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	Sansha Electric Manufacturing Co., Ltd.	Domestic group companies	Overseas group companies						
Percentage of male employees returning from childcare leave (%)	●	●		100.0	100.0	100.0	100.0	100.0	100.0
Percentage of female employees returning from childcare leave (%)	●	●		90.9	100.0	100.0	100.0	100.0	100.0
Percentage of employees with shortened working hours to care for children (%)	●	●		33.3	30.0	16.6	21.1	27.2	16.7
Percentage of male employees with shortened working hours to care for children (%)	●	●		0.0	0.0	0.0	0.0	11.1	0.0
Percentage of female employees with shortened working hours to care for children (%)	●	●		90.0	75.0	66.6	80.0	100.0	100.0
Number of employees taking nursing care leave (persons)	●	●		0	0	0	2	0	0
Percentage of employees with shortened working hours to provide nursing care (persons)	●	●		0	0	0	1	0	0
Personnel development									
Training costs per person (Japan) (yen)	●	●		17,023	16,923	26,135	15,866	32,273	29,035
Number of employees with public qualifications (persons)	●	●		13	16	20	18	9	10
Occupational safety									
Percentage of employees taking health checks (%)	●	●		100.0	100.0	100.0	100.0	100.0	100.0
Percentage of employees undergoing stress checks (%)	●	●		100.0	100.0	100.0	100.0	100.0	100.0
Number of occupational accidents with lost worktime (cases)	●	●		0	0	1	1	1	1

Environmental data

Energy consumption

	Scope			FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	Sansha Electric Manufacturing Co., Ltd.	Domestic group companies	Overseas group companies						
Power consumption (MWh)	●	●	●	16,998	16,919	17,826	18,319	17,933	15,775
Utility gas consumption (m³)	●	●	●	184,852	178,568	216,984	205,375	213,139	160,956
Heavy oil consumption (liters)	● Okayama Plant			80,051	75,028	71,210	9,676	0	0
Water consumption (thousand m³)	●	●	●	219	178	191	193	187	162
CO₂ emissions (tons CO₂)	●	●	●	10,836	10,056	9,916	10,063	10,261	8,624
Industrial waste (tons)	●	●		642	619	726	698	688	596
Recycling rate (%)	●	●		97.5	99.0	98.2	98.1	98.0	97.9
The volume of PRTR substances handled (tons)	●			42.1	43.7	54.0	59.1	63.6	50.9
The volume of VOCs which require notification handled (tons)	●			44.0	56.6	53.7	44.7	37.7	31.1
Solar power generation (MWh)	●	●		168.0	177.1	172.3	177.0	176.5	947.4

**Company outline** (as of March 31, 2025)

Company name	Sansha Electric Manufacturing Co., Ltd.
Date of foundation	March 8, 1933
Data of incorporation	April 28, 1948
Headquarters location	3-1-56, Nishiawaji, Higashiyodogawa-ku, Osaka 533-0031 Japan
Capital	2.7 billion yen
Number of employees (consolidated)	1,400 (963 in Japan, 437 overseas)
Branches, sales offices and other offices	Tokyo, Aichi, Fukuoka, Ishikawa, Finland, South Korea and Taiwan
Plants and laboratories	Osaka, Shiga and Okayama
Consolidated subsidiaries	<p>Japan</p> <p>SANSHA SOLUTION SERVICE CO., LTD. (Osaka) SUWA SANSHA ELECTRIC CO., LTD. (Nagano Prefecture) OSAKA DENSO INDUSTRY CO., LTD. (Osaka)</p> <p>Overseas</p> <p>SANREX CORPORATION (USA) SANREX ASIA PACIFIC PTE. LTD. (Singapore) SANREX LIMITED (Hong Kong) SANSHA ELECTRIC MFG. (SHANGHAI) CO., LTD. (China) SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. (China) DONGGUAN SUWA SANSHA ELECTRIC CO., LTD. (China)</p>

Stock and shareholder data (as of March 31, 2025)

Stock exchange listing	Tokyo Stock Exchange Standard Market (securities code 6882)
Administrator of shareholders' register	Sumitomo Mitsui Trust Bank, Limited
Number of shares issued	14,950,000 shares
Number of shareholders	11,887

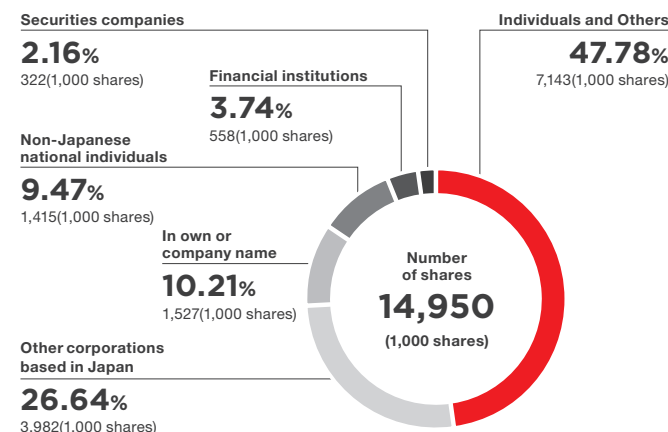
Major shareholders (ten largest shareholders)

Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
Mitsubishi Heavy Industries, Ltd.	1,335	9.95
Miyashiro Limited Liability Company	758	5.65
Nitto Kogyo Corporation	667	4.97
Employee Shareholding Association of Sansha Electric Manufacturing	417	3.11
Panasonic Holdings Corporation	403	3.01
Kunio Shikata	330	2.46
The Senshu Ikeda Bank, Ltd.	314	2.34
BNP PARIBAS NEW YORK BRANCH-PRIME BROKERAGE CLEARANCE ACCOUNT	233	1.74
Hideo Shikata	228	1.70
THE BANK OF NEW YORK MELLON 140040	216	1.62

(Notes) 1. The number of shares held is rounded down to the nearest thousand.

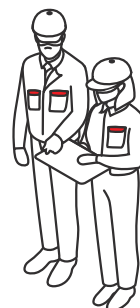
2. Sansha Electric Manufacturing Co., Ltd. owns 1,527,022 treasury shares, but excluded itself from the list of major shareholders.

3. The shareholding ratio is calculated disregarding treasury shares and rounding to three decimal places.

Share Distribution by Shareholder Type

(Notes) 1. The number of shares held is rounded down to the nearest thousand.

2. The shareholding ratio is rounding to three decimal places.



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