Picturing the desired future

Evaluation analysis for achieving the vision

Developing strategies, acting and repeatedly evaluating and improving

Overview of the medium-term management plan

Basic policy

Overview

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- . Innovation for continuous growth
- Contribution to the resolution of social issues

Change to Growth

Numerical targets _____

		FY2021		FY2022		FY2023	
		Medium-term management plan	Results	Medium-term management plan	Results	Medium-term management plan	Results forecast*
		21.8 billion yen	22.6 billion yen	24.0 billion yen	28.0 billion yen	26.0 billion yen	30.5 billion yen
Net sales	Semiconductor business	6.3 billion yen	7.7 billion yen	6.9 billion yen	8.1 billion yen	7.4 billion yen	8.5 billion yen
	Power supply business	15.5 billion yen	14.8 billion yen	17.1 billion yen	19.9 billion yen	18.6 billion yen	22.0 billion yen
Operating profit		800 million yen	1.3 billion yen	1.3 billion yen	1.6 billion yen	1.9 billion yen	2.0 billion yen
	Semiconductor business	200 million yen	700 million yen	300 million yen	500 million yen	400 million yen	300 million yen
	Power supply business	600 million yen	500 million yen	1.0 billion yen	1.1 billion yen	1.5 billion yen	1.7 billion yen
Ordinary profit		800 million yen	1.3 billion yen	1.3 billion yen	1.6 billion yen	1.9 billion yen	2.0 billion yen
Profit attributable to owners of parent		500 million yen	1.1 billion yen	900 million yen	1.2 billion yen	1.3 billion yen	1.4 billion yen
Earnings per share		39.15 yen	83.30 yen	64.07 yen	95.33 yen	92.54 yen	105.26 yen
Return on equity (ROE)		2.8%	5.9%	4.4%	6.1%	6.1%	6.5%

*Announced on May 10, 2023

Social issues	Material issues	Major strategies	Major risks and opportunities	Related SDGs
Response to environmental issues Expectations for hydrogen and new energy	Contributing to a carbon-free society and environmental conservation	Developing diverse products with high voltage resistance and efficiency	Increase in business opportunities in the renewable energy and new energy sectors Tighter environmental regulations	7 19 # WEF
Reduction of environmental impact Increase of natural disasters due to climate change	of canbonness and environmental conservation and environmental conservation Constructing infrastructure and contributing to industrial development Offering safety and security and	Developing uninterruptible power supplies Increasing the efficiency of power supplies for surface treatment	Economic growth in developing and emerging countries Necessity to construct robust infrastructure Loss of capital investment opportunities due to large disaster	9 11 12 13 15
Response to digital shift Use of Al and IoT Progress in communications infrastructure Robotization	Offering safety and security and improving services	Expanding service solutions	Progress in IoT technologies Product incidents and failures	ES minuser.
Rapid urbanization Economic development and population growth in emerging countries	Strengthening manufacturing	Promoting the standardization and automation of design	Use of our accumulated intellectual properties Decrease of skilled engineers Difficulty in procuring raw materials	S magn
Constructing robust infrastructure Changes in population structure	Strengthening manufacturing Reducing the environmental impact of production activities	Pursuing CO ₂ reduction and energy conservation	Competitiveness gained by reducing environmental impact Tighter environmental regulations	7 common 12 conden 13 des 14 des 15 d
Decrease in the working population in Japan Shift to new workstyles Aging society	Promoting diversity and the active participation of human resources	Developing human resources, improving the environment, and promoting diversity	Innovation rooted in diversity Intensifying competition for excellent human resources attributed to Japan's shrinking working population	5 mm. 8 mm. mm. mm. mm. mm. mm. mm. mm. m

We understand that social issues related to the businesses of the Sansha Electric Manufacturing Group have remained unchanged since May 2021 when we announced the medium-term management plan.

We will implement initiatives to address material issues fully leveraging the Group's technologies to solve social issues, such

as the improvement of energy efficiency, renewable energy, climate change, marine pollution and disaster response, thereby contributing to the achievement of the SDGs. We aim to establish a sustainable society and achieve the sustainable growth of the Group.

Overview of FY2022

In FY2022, COVID-19 restrictions were gradually eased. This has led to moves to normalize economic activity. On the other hand, the Russia-Ukraine situation caused the prices of crude oil and energy to soar and the significant depreciation of the yen in the foreign exchange market. Due to these and other background factors, prices increased and there were concerns regarding the future of the economy.

In the environment surrounding the businesses of the

Sansha Electric Manufacturing Group, capital investment remained strong overall, but the rise of the purchase prices of raw materials, energy and transportation and other factors put pressure on profit.

In these circumstances, orders received remained at a high level in both the semiconductor business and power supply business, but they continued to be affected by the prolonged lead time in the procurement of raw materials.

Future initiatives

FY2023 (fiscal year ending March 31, 2024) is the final year of the CG23 medium-term management plan. As of the beginning of the fiscal year, orders received were strong in both businesses. In the power supply business in particular, sales are planned to take place in major projects, including power supplies for the evaluation of power conditioners and power supplies for fine surface treatment. While we will continue to be impacted mainly by rising costs, including the cost of electricity, materials and logistics, investments for replacing and building production

systems and other systems and an increase in development expenses, profits are expected to be improved due to an increase in sales. We will make company-wide efforts to achieve the target profits for the final fiscal year of the medium-term management plan.

In the medium to long term, we plan to improve profitability and invested capital turnover, targeting a return on assets (ROA) of 10% or higher.

Profitability improvement

To enable our engineering, production and sales teams to work as one in the aspects of both offense and defense to make our company highly profitable, we have set ROA (based on consolidated operating profit) as a KPI, targeting an ROA of 10% or higher.

It is anticipated that attaining the ROA target will result in

a higher level of return on equity (ratio of profit to equity) and achievement of ROE exceeding the capital cost.

We will reinvest the acquired profit to achieve the growth of the Group and improve its competitiveness, and as a result, enhance its corporate value.

Becoming a highly profitable company Priority measures Value creation - Offense -Our KPIs FY2022 Target level in humar Development of high value-added capital ROA Cultivating new markets 5.8% 10% or higher Expansion of production capacity Operating profit/ 5.8% 10% - Defense net sales investment Design standardization Shortening lead time Production process impr Total asset Shareholde Optimum inventory 1 time

Achieving ROE that exceeds the cost of capital

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