



Earnings Presentation

FY2024 2Q

(From April 1, 2024 to September 30, 2024)

November 12, 2024

SANSHA ELECTRIC MFG. CO., LTD.

(Tokyo Stock Exchange Standard Market 6882)

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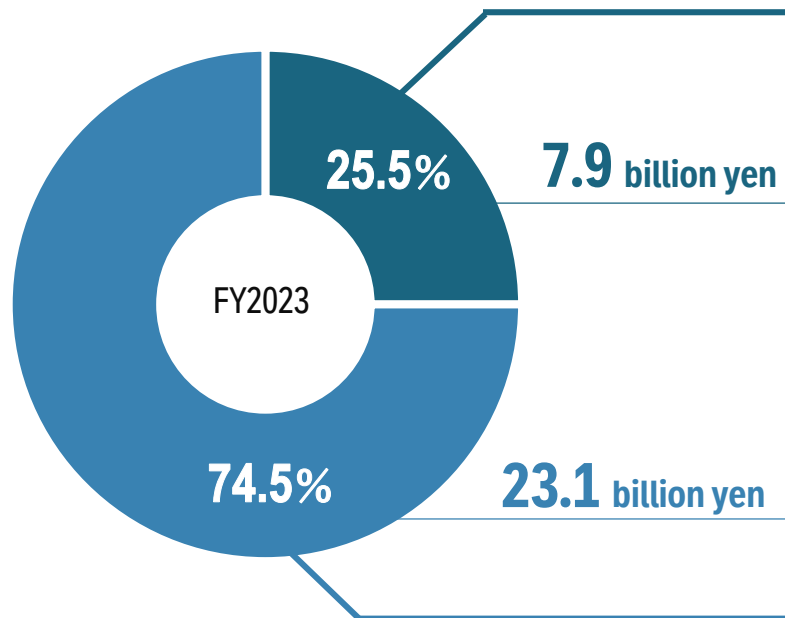
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About us (As of Sep. 30, 2024)



Company Name	SANSHA ELECTRIC MANUFACTURING CO., LTD.
Headquarters location	3-1-56, Nishiawaji, Higashiyodogawa-ku, Osaka, Japan
Foundation	March,1933
Capital	2,774,277,500 Yen
Representative	Representative Director & President Hajimu Yoshimura
Number of employees	Consolidated 1,416
Branches and Sales Offices	Tokyo, Aichi, Fukuoka, Ishikawa, Finland, Korea,Taiwan
Plants	Shiga, Okayama
Consolidated subsidiaries	Domestic: 3 Overseas: 6
Number of shareholders	11,874

Sales Composition



Semiconductor Business

Power semiconductors, which are used in power supplies for controlling high current and voltage, rather than integrated circuit semiconductors.

Ranked 5th in global market share for the thyristor and diode module market.※ 1



Diode module

Power Supply Business

Various types of industrial power equipment supporting sectors such as environment and energy, as well as infrastructure and facilities.

Ranked No. 1 in domestic market share for power supplies used in surface treatment.※ 2



Power Supply for Surface Treatment







※1 : OMDIA 「Annual Power Semiconductor Reports-2023」

※2 : Estimated by Sansha Electric Manufacturing Co., Ltd. on the basis of the Japan Surface Finishing Suppliers Association:2021 Dynamic Statistics of Power Supply Sales








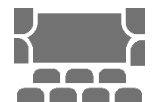




Products of Sansha Electric Manufacturing that Support Society

SanRex

Power Semiconductor

Thyristors/Diodes/ SiCs  Manufacturing facilities	Thyristors/Diodes  Welding machines	Diodes  commercial air Conditioners/ Elevators	Diodes  Solar (PV) power generation	Diodes  Auxiliary power supplies for electric railway	Triacs  Home appliances
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Power Supplies

Power conditioners for fuel cells /for water electrolysis  New energy	Power supplies for testing and evaluation  Storage battery/ Power conditioners	Power supplies for surface treatment  Smartphones/ Automobiles	Welding machines  Automobiles/ships	Uninterruptible power supplies (UPS)  Electronic toll collection (ETC)/production facilities	Electric Power Regulators  Various furnaces
Power sources for copper foil generation  Lithium ion batteries	Power supplies for light sources  Movie theaters/ TV studios, halls	Power conditioners , for fuel cells  Fuel cells	Power supplies for ozone generation  Water supply and sewage facilities	Plasma ash melting power supplies  Waste disposal plants	Small power supplies  ATMs/Medical equipment

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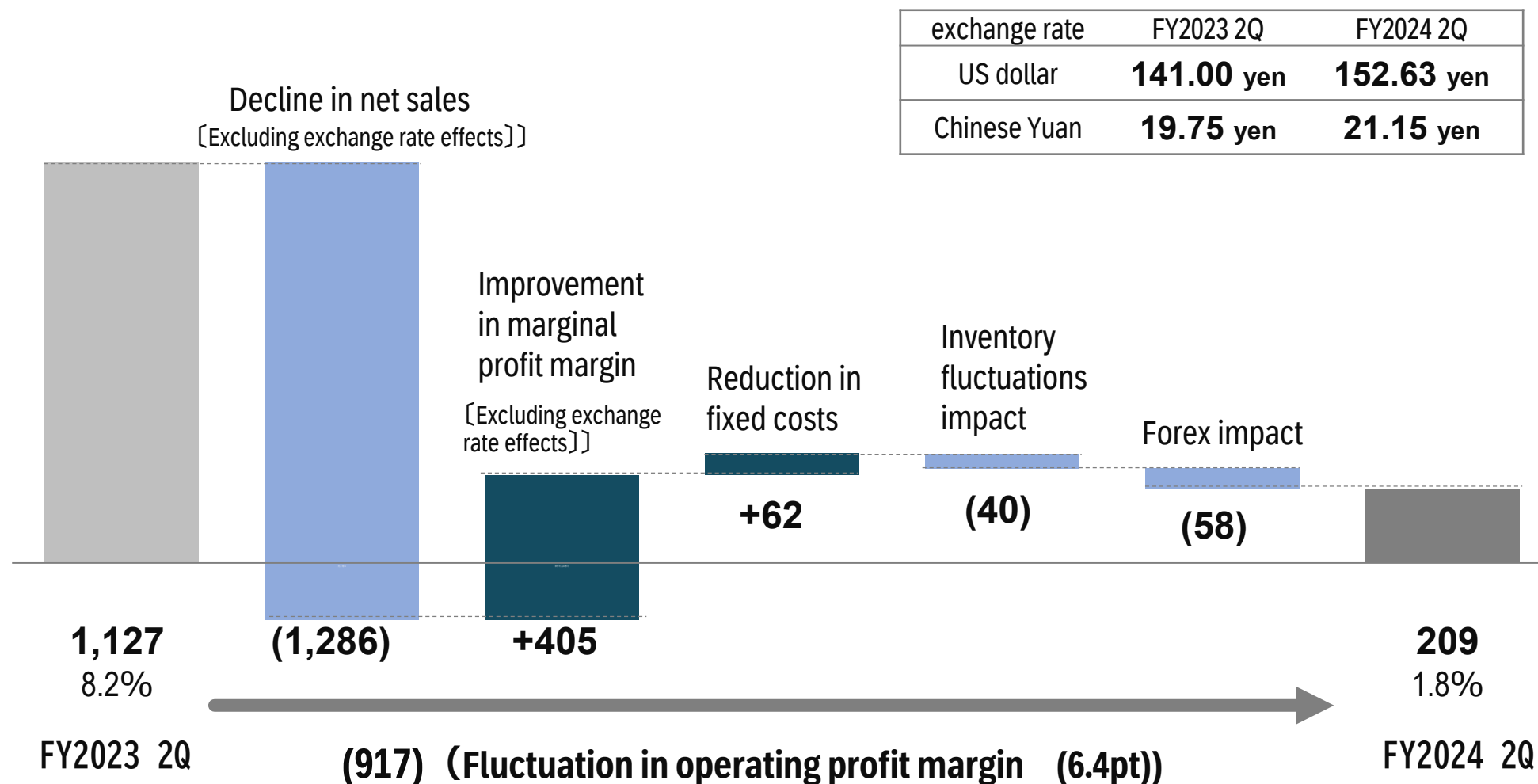
FY2024 2Q Consolidated Financial Summary

The business environment remains tough and challenging due to delay on economic recovery in China. The domestic investment is also stagnant.

(million yen)	FY2023 2 Q	FY2024 2 Q	YoY	
			Increase/Decrease	Percentage change
Net sales	13,812	11,628	(2,184)	(15.8%)
Operating profit	1,127	209	(917)	(81.4%)
(Operating profit margin)	8.2%	1.8%		
Ordinary profit	1,174	323	(850)	(72.4%)
Profit attributable to owners of parent	827	126	(700)	(84.6%)
Earnings per share (yen)	62.19	9.55	(52.64)	(84.6%)
Capital investment	446	1,247	+ 801	+179.6%
Depreciation	473	442	(31)	(6.6%)
Research and development expenses	869	754	(115)	(13.2%)

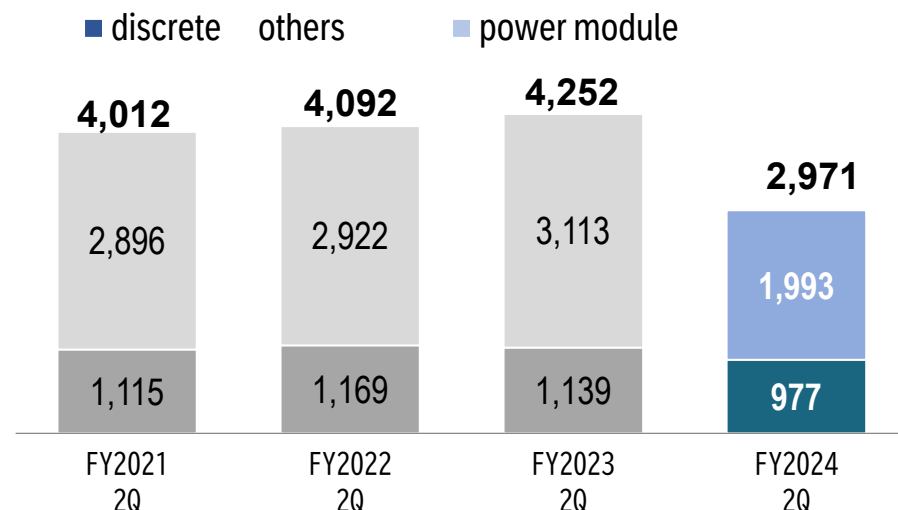
Analysis of Changes in Consolidated Operating Profit (YoY)

Unit : Million Yen



Results by Segment (Semiconductor Business)

Net sales (million yen)



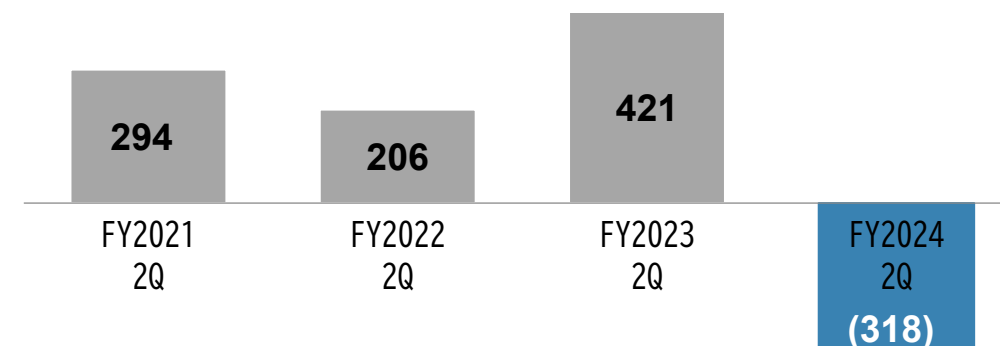
YoY (1,280 million yen) (30.1%)

Power module YoY (36.0%)

Discrete others YoY (14.2%)

Inventory adjustments in the industrial sector, particularly in areas such as general-purpose inverters, factory automation (FA) related equipment, and welding machines, have been prolonged. Therefore, sales have been affected and underperformed, especially in Japan, China and Europe.

Operating profit (million yen)

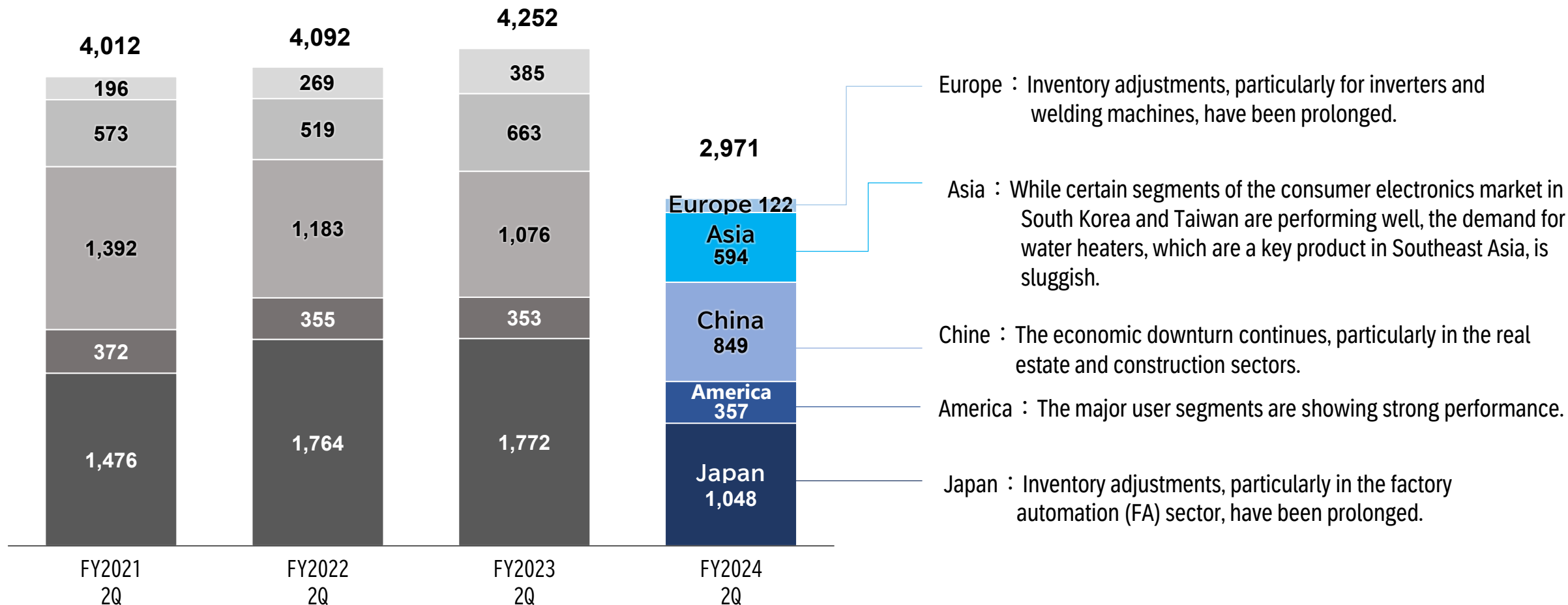


YoY (739million yen) (175.5%)

Decline due to significant decrease in revenue and changes in product mix.

Semiconductor sales by region (by location of sales destination)

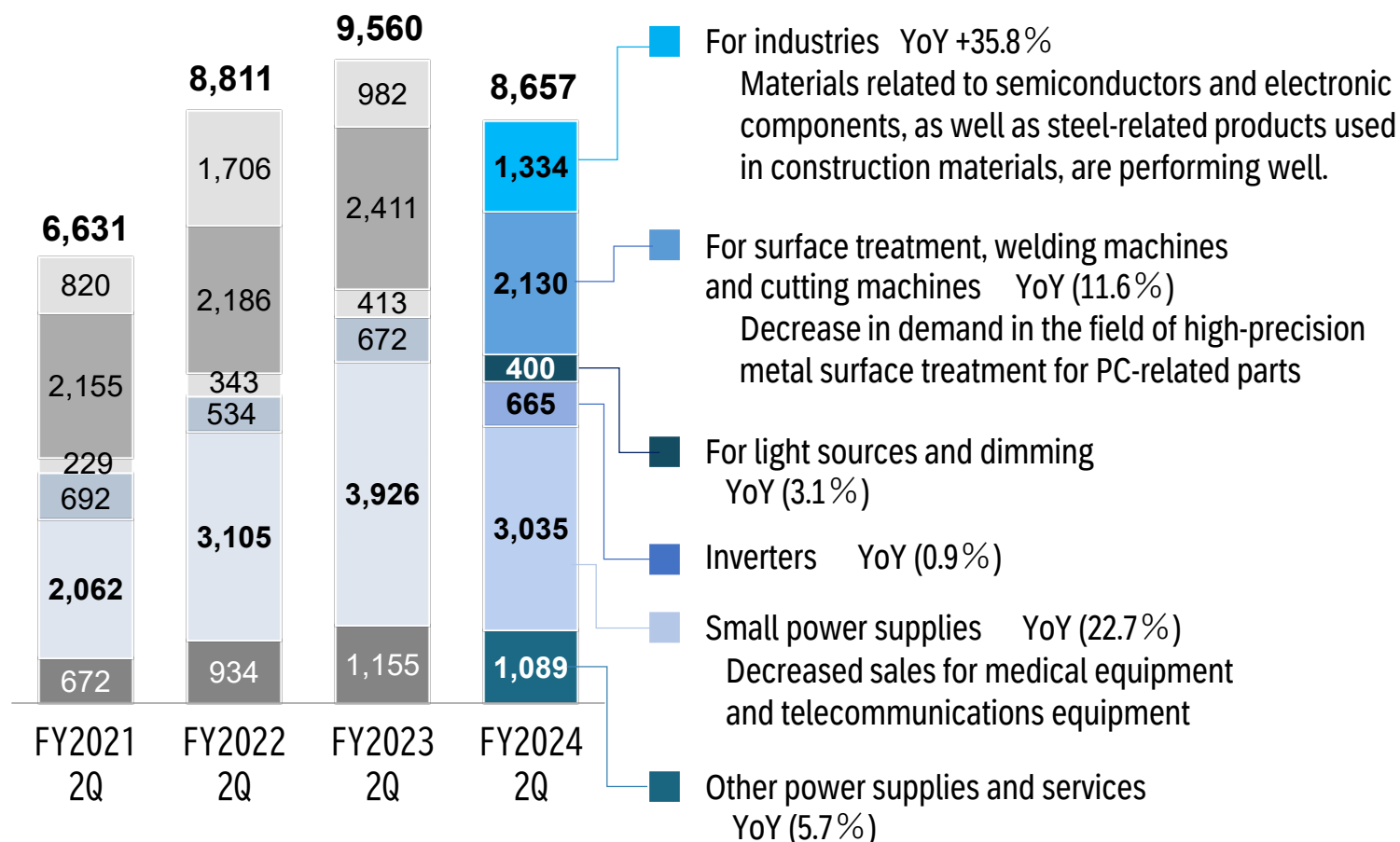
(million yen)



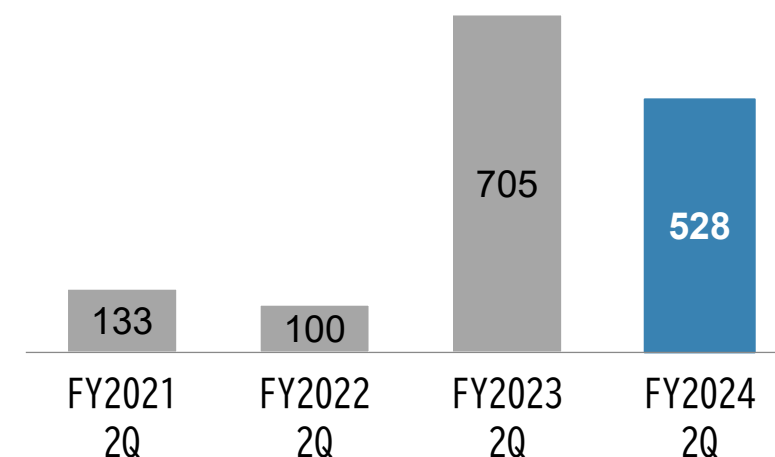
Results by Segment (Power Supply Business)

Net sales (million yen)

YoY (903 million yen) (9.4%)



Operating profit (million yen)



YoY (177million yen) (25.1%)

The impact of decreased revenue was significant, resulting in a decline in profits.

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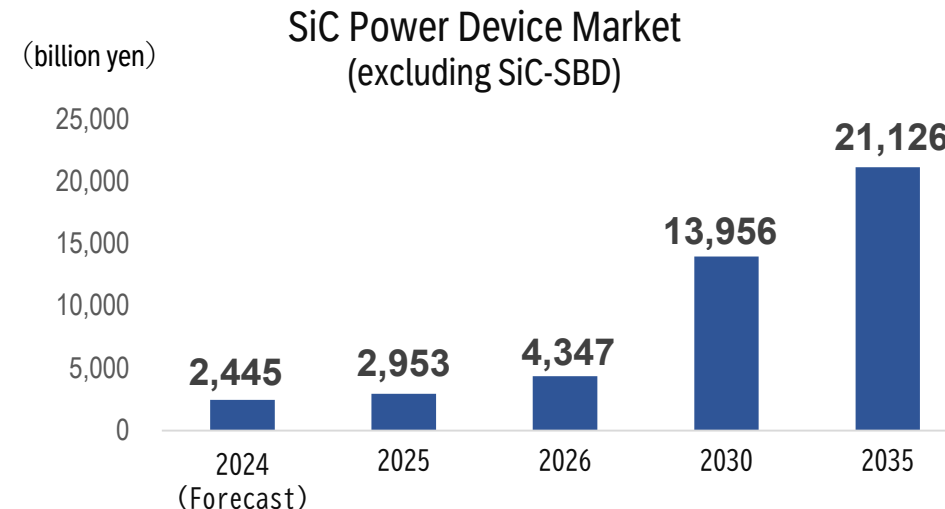
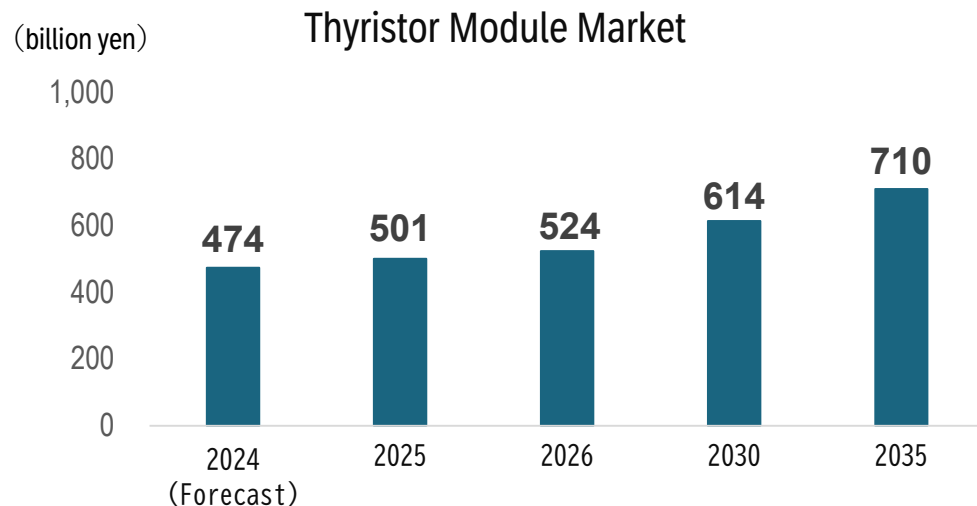
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FY2024 Revision of full-year consolidated performance outlook

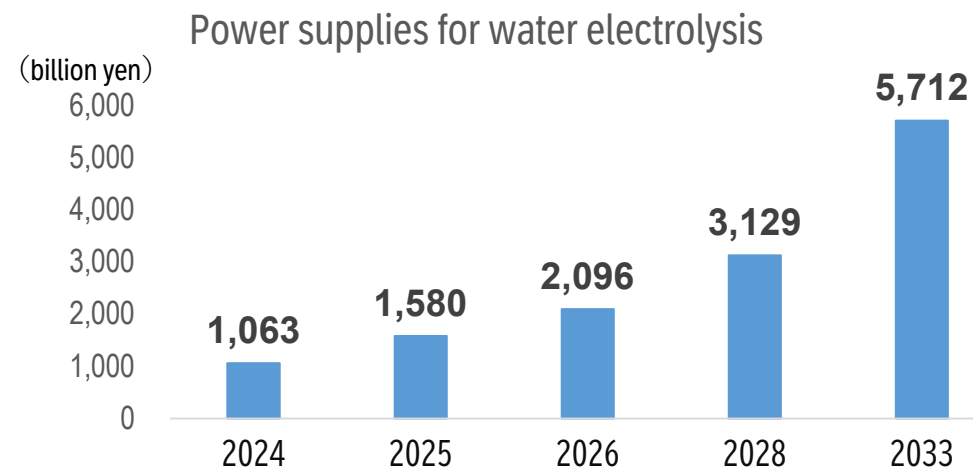
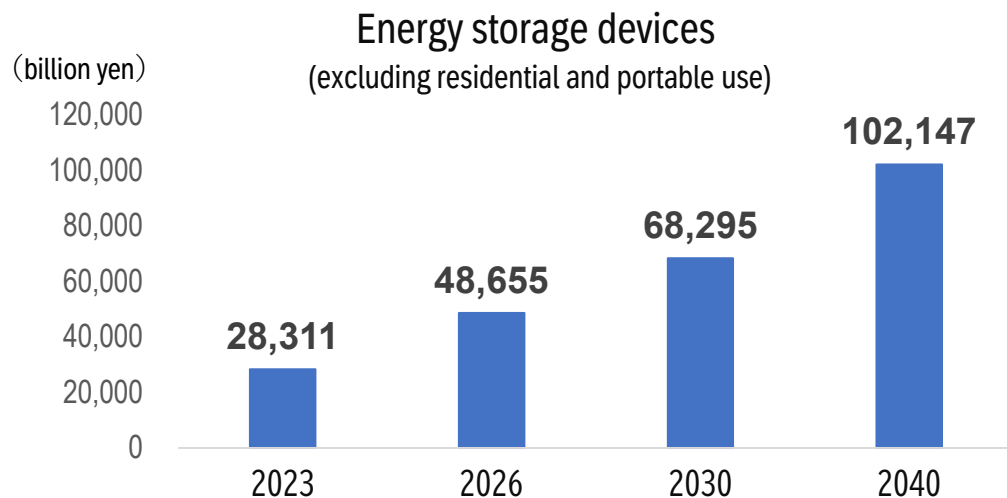
- Decreased revenue due to a slowdown in demand for surface treatment power supplies and small power supplies, as well as a delay in overall semiconductor demand recovery.
- Efforts will be made to reduce expenses, but it is anticipated that the impact of the decrease in revenue cannot be fully covered, resulting in a decline in profits.

(million yen)	FY 2024 Results Full Year Forecast (disclosed on May 8, 2024)		FY 2024 Full Year Forecast (Revised forecast)		Previous Forecast Change Amount / Percentage		YoY increase/decrease amount and rate.	
Semiconductor	7,700		6,000		(1,700)	(22.1%)	(1,902)	(24.1%)
Power supply	21,100		19,500		(1,600)	(7.6%)	(3,603)	(15.6%)
Net sales (Composition ratio)	28,800		25,500		(3,300)	(11.5%)	(5,505)	(17.8%)
Semiconductor	0.0%	0	(11.7%)	(700)	(700)	-	(971)	-
Power supply	6.6%	1,400	5.6%	1,100	(300)	(21.4%)	(2,035)	(64.9%)
Operating profit	4.9%	1,400	1.6%	400	(1,000)	(71.4%)	(3,007)	(88.3%)
Ordinary profit	4.9%	1,400	2.0%	500	(900)	(64.3%)	(2,973)	(85.6%)
Profit attributable to owners of parent	3.4%	980	1.4%	350	(630)	(64.3%)	(2,605)	(88.2%)
Operating profit/net sales (yen)	73.68		26.32		(47.36)	(64.3%)	(195.87)	(88.2%)

Business Environment Awareness (Carbon Neutral Related Markets)



Source: Fuji Keizai, "2024 Edition: Current Status and Future Outlook of the Next-Generation Power Devices & Power Electronics Related Equipment Market".



Source: Our calculations based on Fuji Keizai's "Future Outlook for Energy and Large-Scale Rechargeable Batteries and Materials 2024"

Source: Ministry of Economy, Trade and Industry, "Individual Issues of Basic Hydrogen Strategy and Hydrogen Industry Strategy 2023".
NRFL 「Manufacturing Cost Analysis for PEM Water Electrolyzers 2019」

Medium-term management plan (FY2024 to FY2026) Basic policy

「The period of the CF26 medium-term management plan (2024 to 2026) 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.



Business strategy

- 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



Sustainability strategy

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



Financial strategy

- 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



Corporate governance

Securing the diversity of the Board of Directors and strengthening IR activities (enhancing information disclosure and the disclosure of information in English)

Our future initiatives [Medium-term management plan (FY2024 to FY2026)]

Medium-term management plan

Semiconductor Business

- 1 Aim for a balanced industry strategy by focusing on new infrastructure markets in addition to traditional construction-related and industrial equipment
- 2 Enhancing SiC products and implementing regional strategies
- 3 Development of new products suitable for automation

Power Supply Business

- 1 Developing products in the new energy sector and increasing our share of the market for global power supplies for surface treatment
- 2 Standardization of design, manufacturing and parts
- 3 Collaborating with capital and business alliance partners
- 4 Developing new markets using small power supplies

There is no change in the direction we should aim for

Semiconductor Business

- Development of SiC modules with a voltage rating of 1700V
(November 11, 2024 Press Release)
 - Expanding the lineup further, in addition to the 1200V specification
 - Higher power specifications compared to conventional products
- Preparation for equipment operation for production automation



Power Supply Business

- Development of overseas models for surface treatment power supplies
- Initiating production of large-scale power supplies in China (local production for local consumption)
- Shortening of production lead time and improvement of quality through the promotion of standardization

Shareholder Returns

Basic Approach

- Profits generated from business activities are primarily retained as internal reserves and utilized for strengthening the business foundation and making growth investments.
- We will provide stable and continuous dividends, setting the annual dividend per share at the higher of either a 30% payout ratio or 40 yen.

FY2024 dividends(forecast)

Interim dividends

per share

10 yen

Year-end dividend

per share

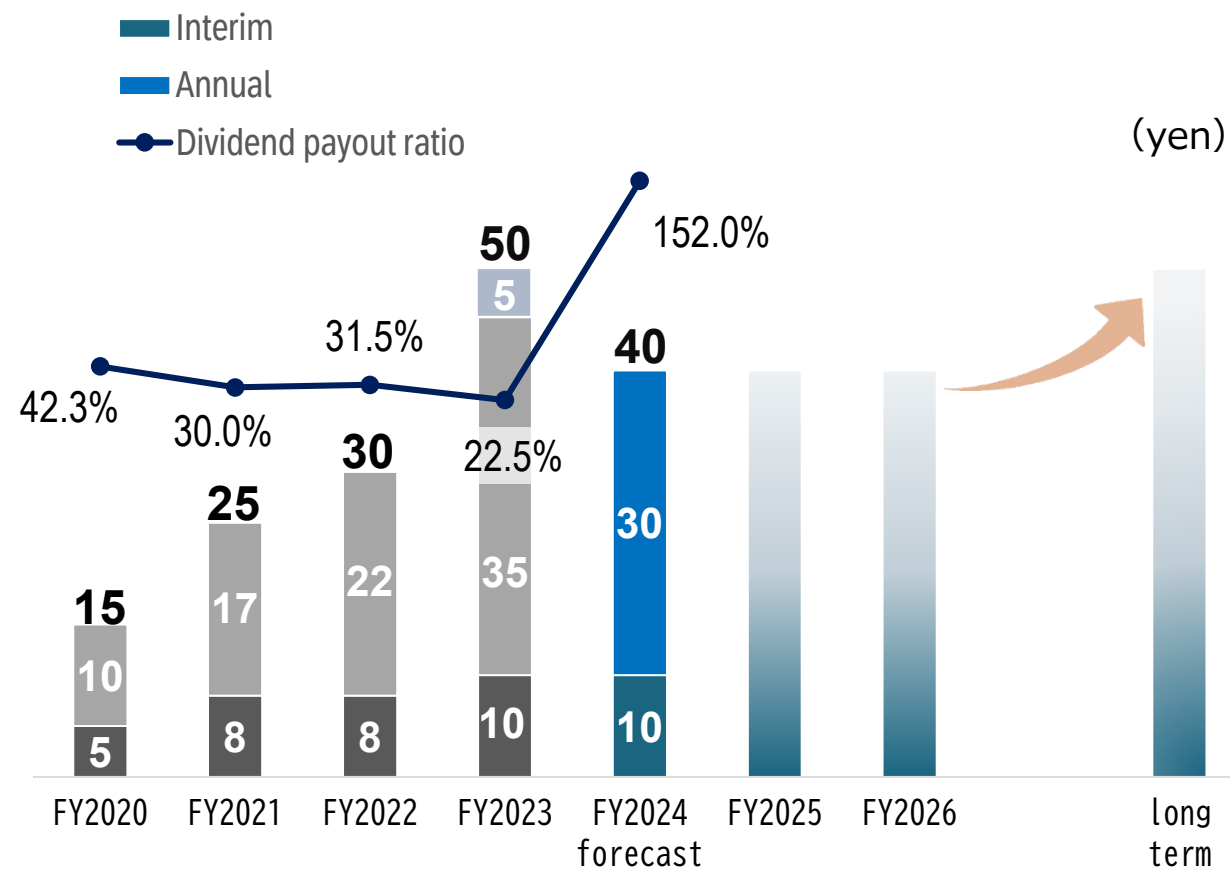
30 yen

Annual dividend

per share

40 yen

Dividend per share and dividend payout ratio



Notice: FY2023 includes a commemorative dividend of 5 yen for the 90th anniversary of the company's founding

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Sustainability Initiatives



Installation of solar power generation facilities at the Okayama plant

Expected effects

- Annual power generation: Approximately 1,234,539kWh
(Equivalent to the annual electricity consumption of approximately 295 households)
- CO₂emissions reduction :
Approx. 673 tons per year

※ Assuming 4,175 kWh per average householdSource: Ministry of the Environment, 'Statistical Survey on Actual CO2 Emissions from the Household Sector: Understanding Household Energy Conditions' (July 23, 2024)



Human Rights Policy Developed

We organized our Group's stance and initiatives regarding the respect for human rights, and in the August Board of Directors meeting, we formulated the 'Sansha Electric Group Human Rights Policy.'

Sansha Electric Group
Human Rights Policy is here.



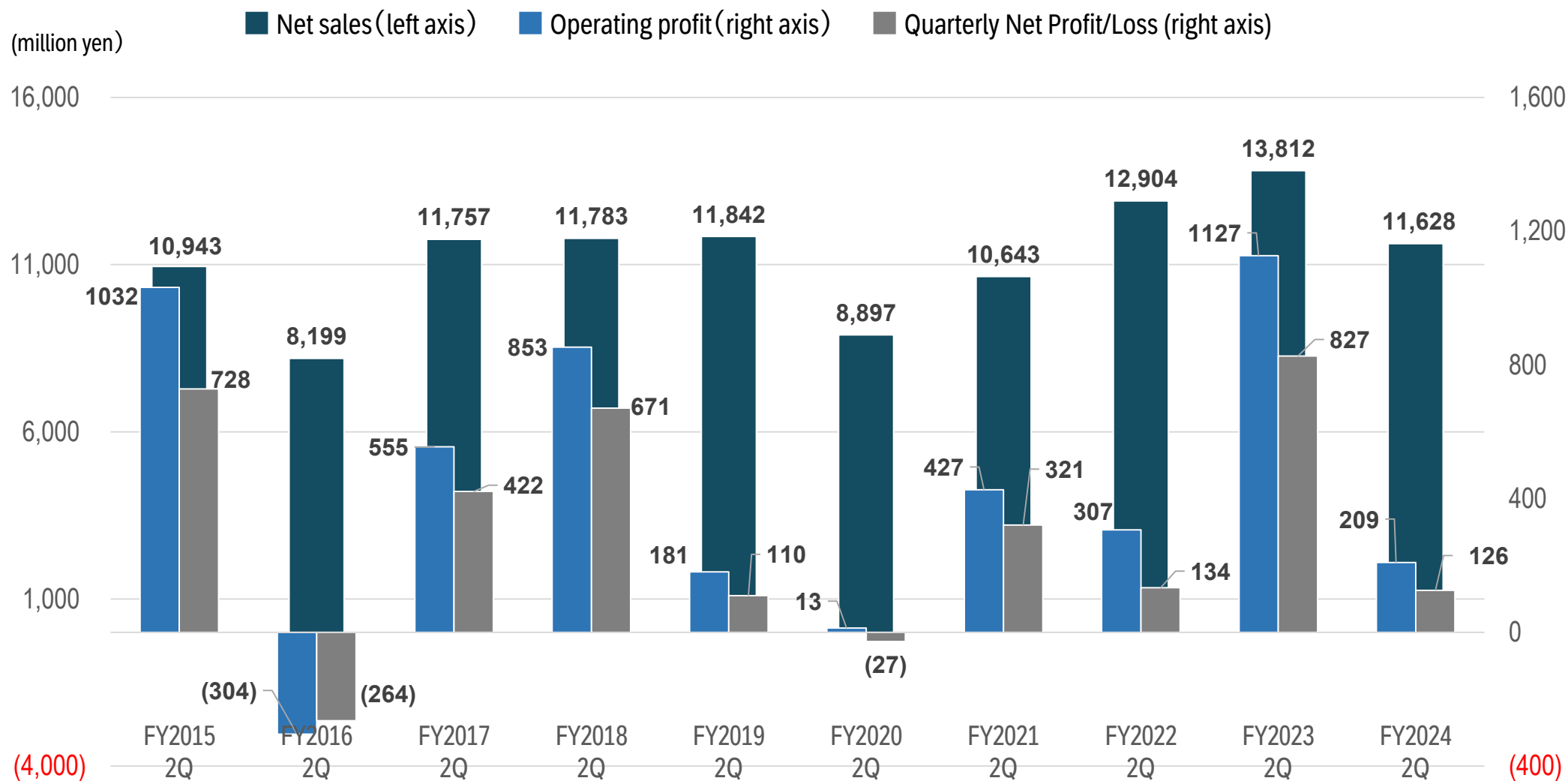
Appoint a Female Director

Composition of the Board of Directors



Out of the seven members, there are three outside directors, including one female director.

Consolidated Financial Results

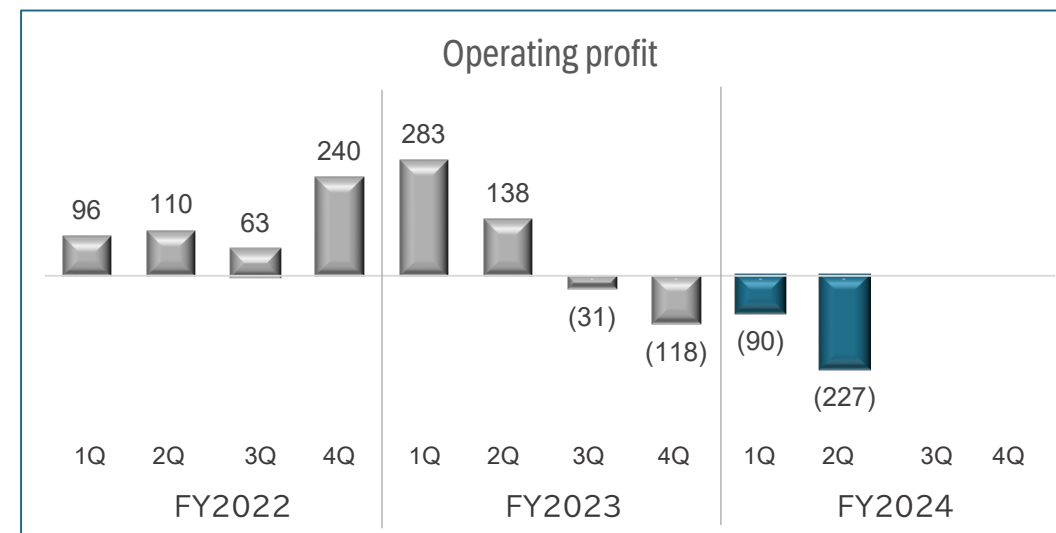
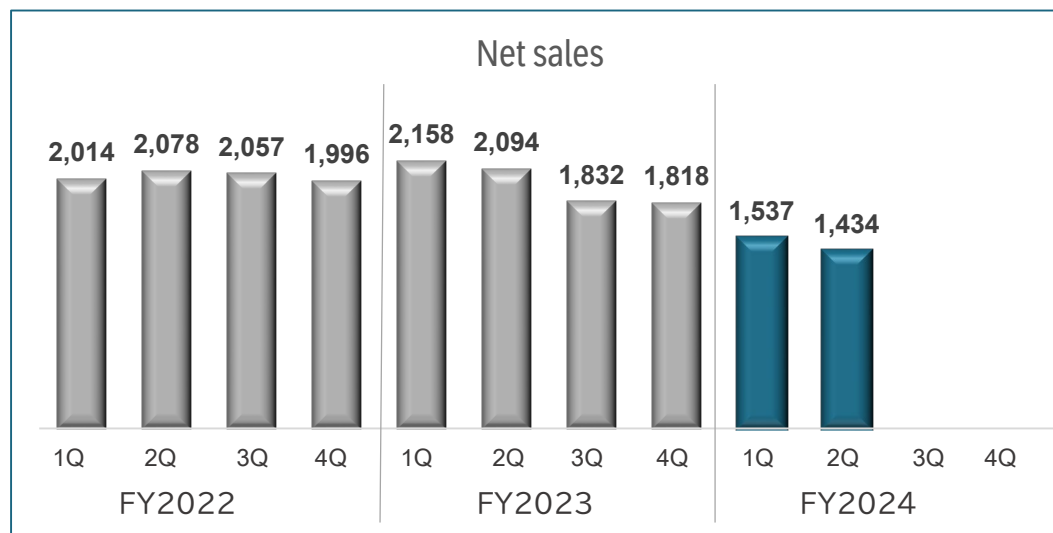


Consolidated Quarterly Results

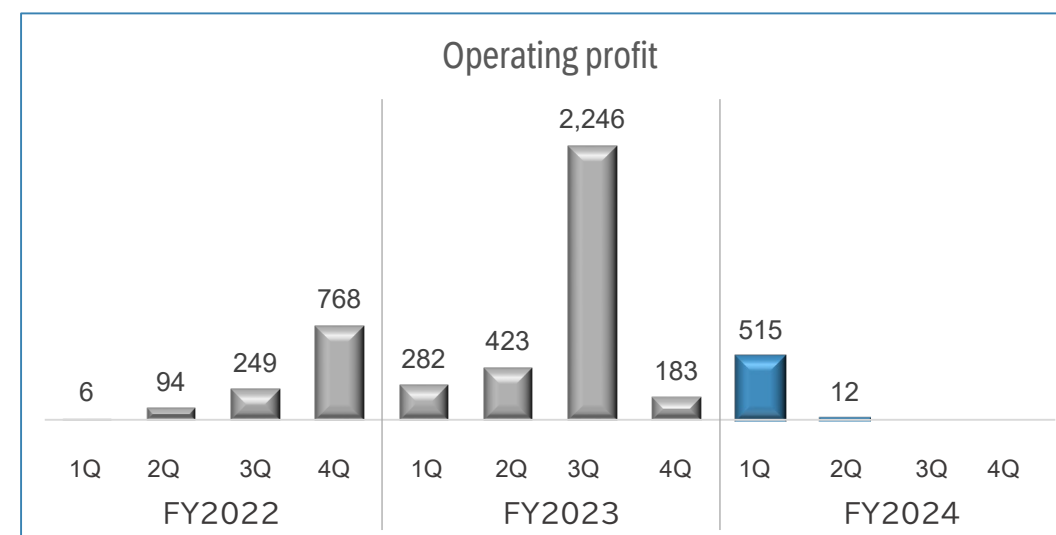
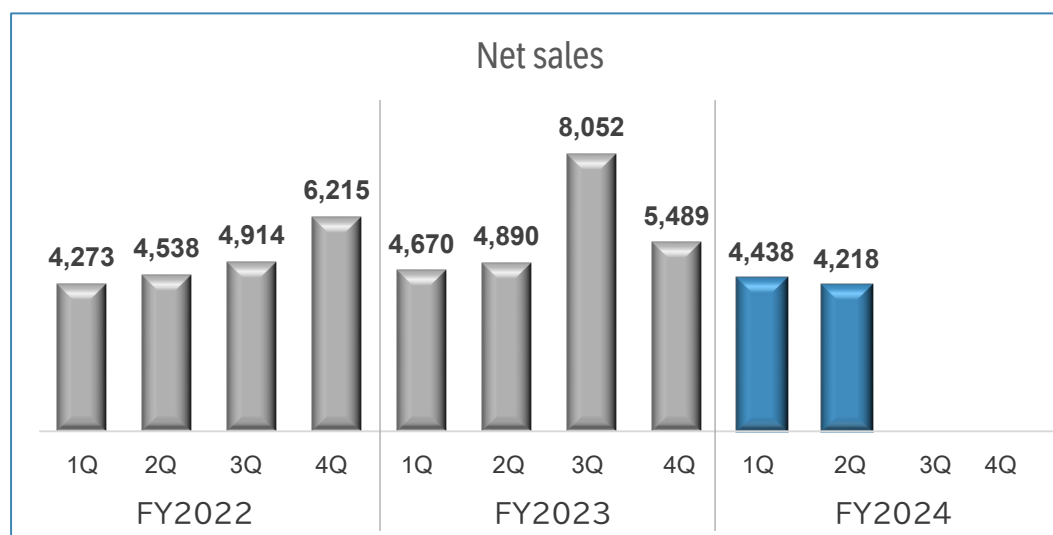
SanRex

(million yen)

Semiconductor Business



Power Supply Business



Notice

1. The future forecasts regarding performance and other matters included in the materials for this presentation are based on certain assumptions that the company deems reasonable, using information available at this time. Actual performance may differ from these forecasts due to various factors.
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