

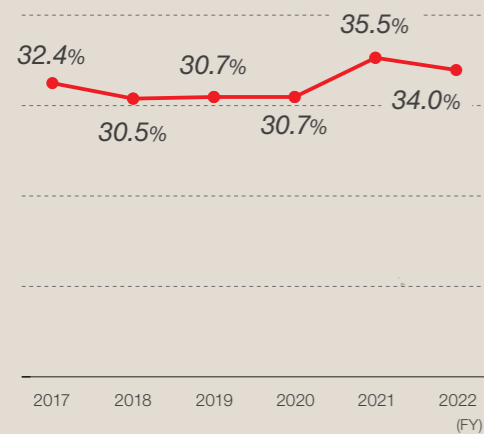


Area-specific strategy

Global expansion of the Sansha Electric Manufacturing Group

In 1983, we established two subsidiaries: SANREX CORPORATION in the US state of New York and SANREX LIMITED in Hong Kong. We then opened sales bases in Singapore in 1999 and in Shanghai, China in 2001 to expand our overseas sales operations. In 1994, we opened a base manufacturing power supplies in Guangdong Province in China to push ahead with local production for local consumption in China. To continue our overseas expansion, we set up branches in Helsinki, Finland, Seoul, South Korea and Taipei, Taiwan in 2017. We are expanding our business globally with the medium- to long-term target of increasing the ratio of overseas sales to around 50%.

Ratio of overseas sales



Business-specific strategies in major areas

China

While its economy is slowing slightly at present, China remains one of the world's top economic powers. This market is expected to continue growing sustainably. Above all, this is the market leading the world in both the production and sale of EV-related products, and the expansion of peripheral industries is also remarkable. Therefore, we believe that our power semiconductors and power supplies can contribute across a wide area. At the Sansha Electric Manufacturing Group, we have manufacturing and sales bases in China. We are leveraging this advantage to enhance local production for local consumption.

Power semiconductor business

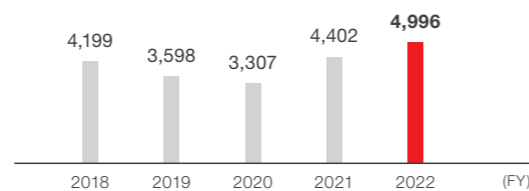
In addition to selling discrete semiconductors and other products, we will focus our efforts on expanding the adoption of SiC semiconductors in the induction heating industry and in wireless chargers and other products.

Regarding Made in China 2025, we will continue to strive to collect information from dealers and industries.

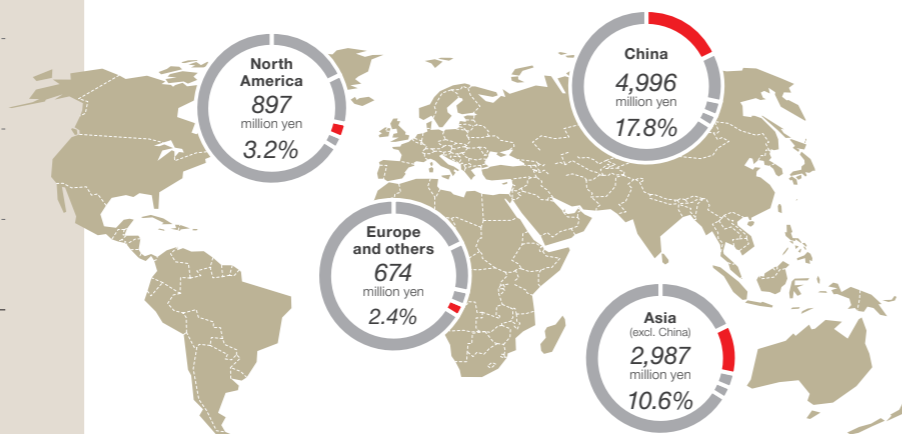
Power supply business

We will expand sales focusing mainly on power supplies for surface treatment and welders. We believe that this requires the expansion of sales channels. In FY2023, we will expand our dealer network by using various methods to approach dealers and push forward with the development of new applications and new customers.

Net sales trend (in million yen)



Our bases around the world and sales ratios (FY2022)



Europe

In Europe, there are many major manufacturers in industries to which our products can contribute, including the inverter, welder and induction heating industries. We plan to expand sales by proposing products to these manufacturers.

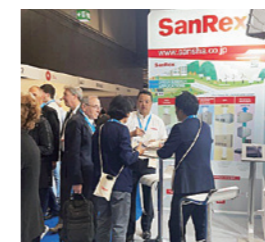
Further, interest in environmental issues is high in Europe compared with other regions of the world, so we will consider our potential to contribute in areas such as decarbonization, renewable energy, and hydrogen.

Power semiconductor business

To expand sales of SiC semiconductors, we plan to expand to new industries while also strengthening sales in existing industries.

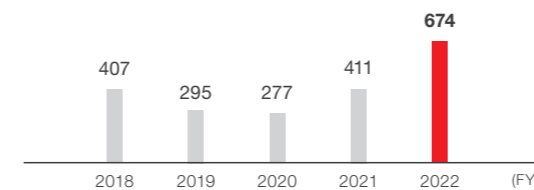
Power supply business

We will consider our products' potential to cater to customer needs in Europe, the main market related to hydrogen, which is a new energy source attracting attention globally.



At an exhibition World hydrogen 2023 (Netherlands)

Net sales trend (in million yen)



Asia (excl. China)

While many Japanese companies have manufacturing bases in Southeast Asia, we have established a certain market share of the power supplies for surface treatment in Thailand in particular. Moving forward, we will strengthen sales promotional activities targeting local companies in our efforts increase our market share.

While India is still a developing market for the Group, we believe that the cultivation of the Indian market will be key for our overseas business because India is among the world's top economic powers, just like China. In FY2023, we will continue to promote and accelerate our existing activities to cultivate the Indian market.

Power semiconductor business

We will work to expand sales of SiC semiconductors for electric buses and the induction heating industry by positioning the products as the second pillar following the Triac semiconductors that are our mainstay products.

North America

Capital investment in the manufacturing industry has been trending toward a slowdown at present. In addition, there has been an impact from economic policy directed at China. However, we believe that North America is the central market that will lead the global economy. At the Sansha Electric Manufacturing Group, we will take a niche strategy instead of expanding sales in all directions, aiming to increase our shares of specific markets.

Power semiconductor business

We will promote an industry-academia collaboration as a new initiative. Working together with a university in the United States, we will examine and horizontally expand example applications for our semiconductors. We also plan to exhibit at US nationwide trade shows to increase our visibility and acquire new customers.

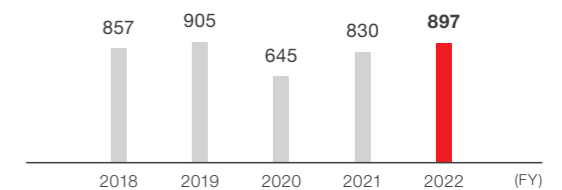
Power supply business

We will enhance our lineup of welding-related products and work to expand sales channels. We also plan to actively exhibit at US nationwide trade shows to increase our visibility and acquire new customers.

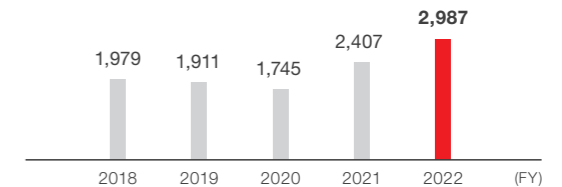


Welder for North America

Net sales trend (in million yen)



Net sales trend (in million yen)



Power supply business

It is expected that power supplies for surface treatment, mainly power supplies related to automobiles, will continue to be in demand. We will promote measures to strengthen relationships with existing customers and find new customers.