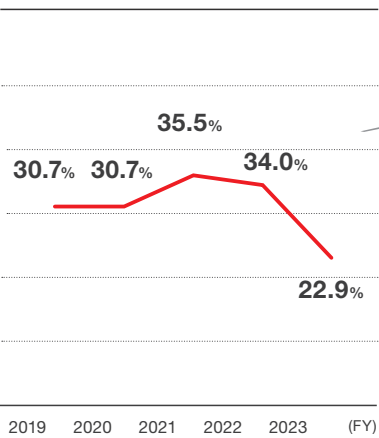


Area-specific strategy

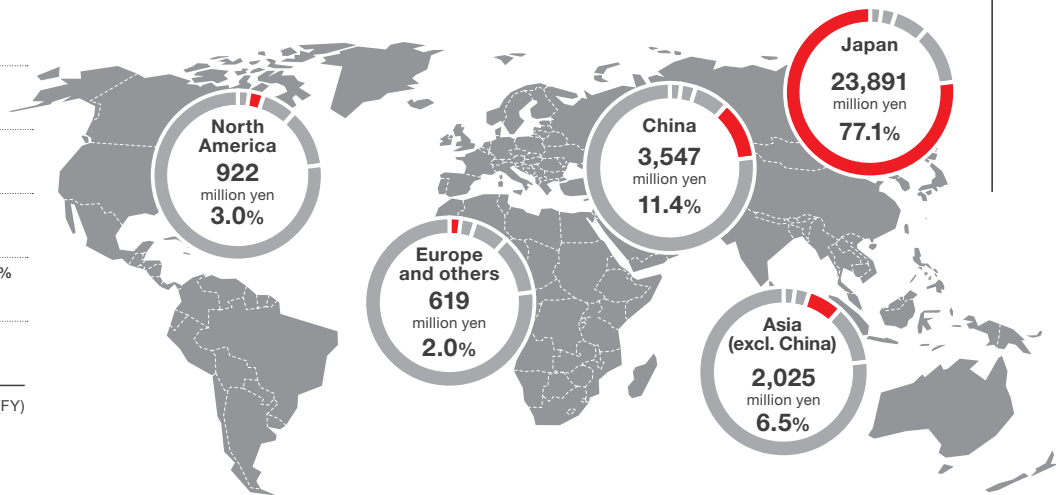
Global expansion of the Sansha Electric Manufacturing Group

Sansha Electric Manufacturing Co., Ltd. began to expand globally in 1983 and it has established bases in the United States, China, Singapore, Europe, Southeast Asia, and other locations. In the Chinese market, we have realized prompt local production for local consumption. In North America, we focus our efforts on sales of power semiconductors and welders. In Europe, we propose environmentally friendly products. We are also striving to increase our market share in Southeast Asia and India. We will continue our efforts to achieve growth through the provision of services that reflect the characteristics of individual regions and global development.

Ratio of overseas sales



Our bases around the world and sales ratios (FY2023)



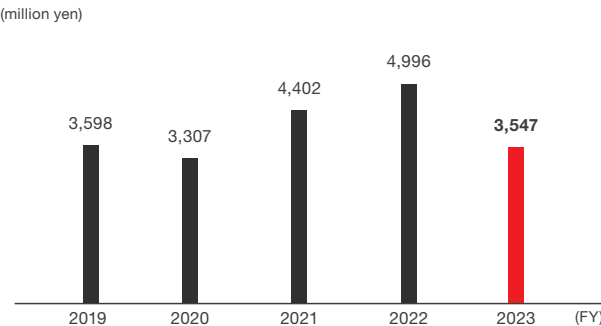
Strategies for each major area

China

China is one of the world's economic giants. It is also an important market for us. Currently this country is facing issues, for instance with the government's "Made in China" policy and the trade friction with the US. However, a government economic stimulus package has encouraged capital investment and the replacement of automobiles. In these circumstances, there are areas where we can contribute using our power semiconductors and power supplies.

We have manufacturing and sales bases in China where we are increasing local production for local consumption. At the Sansha Electric Manufacturing Group, we aim to increase demand in the Chinese market and promote the growth of the market by providing competitive products and services.

Net sales trend



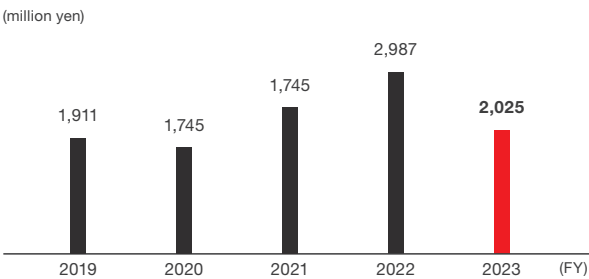
Asia (excl. China)

In Southeast Asia, the automotive industry and the printed circuit board industry are thriving. In particular, we have acquired a certain share of power supplies for surface treatment markets in Thailand and Indonesia. Moving forward, we will strengthen sales promotional activities in these markets as we strive to continue to increase our market share. Meanwhile, we are currently cultivating the Indian market, which is expected to grow. We plan to accelerate the cultivation of this market in FY2024.

In South Korea, the semiconductor memory and automotive industries have continued to grow. We have stepped up our activities for promoting sales of advanced power supplies for surface treatment and power supplies for the testing and evaluation of power storage devices for automotive use. In Taiwan, we expect the electronic component and information communication equipment industries to grow, and we have stepped up our activities for promoting sales of advanced power supplies for

surface treatment to be used for these components and equipment. Further, in the field of power semiconductors, we aim to expand sales in the air conditioner and electric bidet toilet seat markets. We will strive to increase the market shares held by the Group's products by pursuing strategies tailored to the needs of the market in each region.

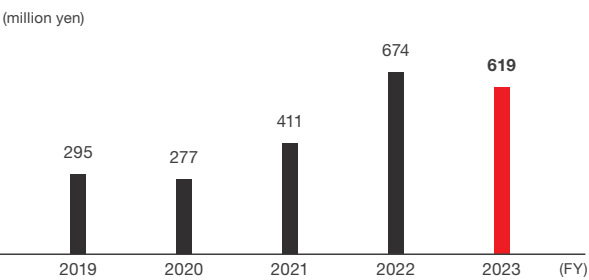
Net sales trend



Europe and others

In Europe, there are many major manufacturers in industries where our products can contribute, including our inverters, welders, and induction heating products. We have established a branch in Helsinki, Finland where we engage in sales activities. In Europe, environmental awareness is higher than in other regions of the world, and advanced technological support and development is necessary in areas such as decarbonization, renewable energy, and hydrogen. Accordingly, instead of simply selling products, we began to dispatch our engineers this fiscal year, enabling us to strengthen our cooperation with engineers from research institutions and other companies.

Net sales trend



North America

At present, the US economy is strong, with the Dow Jones Industrial Average reaching a new record high in August 2024. Most recently, however, a series of economic indicators have fallen below market forecasts, indicating the economy may slow. In addition, government policy on the economy could change dramatically, depending on the results of the presidential election in November 2024. This is a concern as the impact of this on our business activities will not be small.

Despite this environment, the Group is conducting strategic sales activities. In the field of power semiconductors, we have stepped up initiatives focused on our proprietary silicon carbide (SiC) products. Specifically, we are implementing collaborative projects with universities and research institutions, aiming to make effective use of advanced technologies and secure the mass-production business in the future. Regarding welders, we have strengthened our partnerships with

major dealers, and we are also proactively working to identify new dealers. Through these initiatives, we will diversify our sales channels and increase sales, enhancing our presence in the North American market.

Net sales trend

