

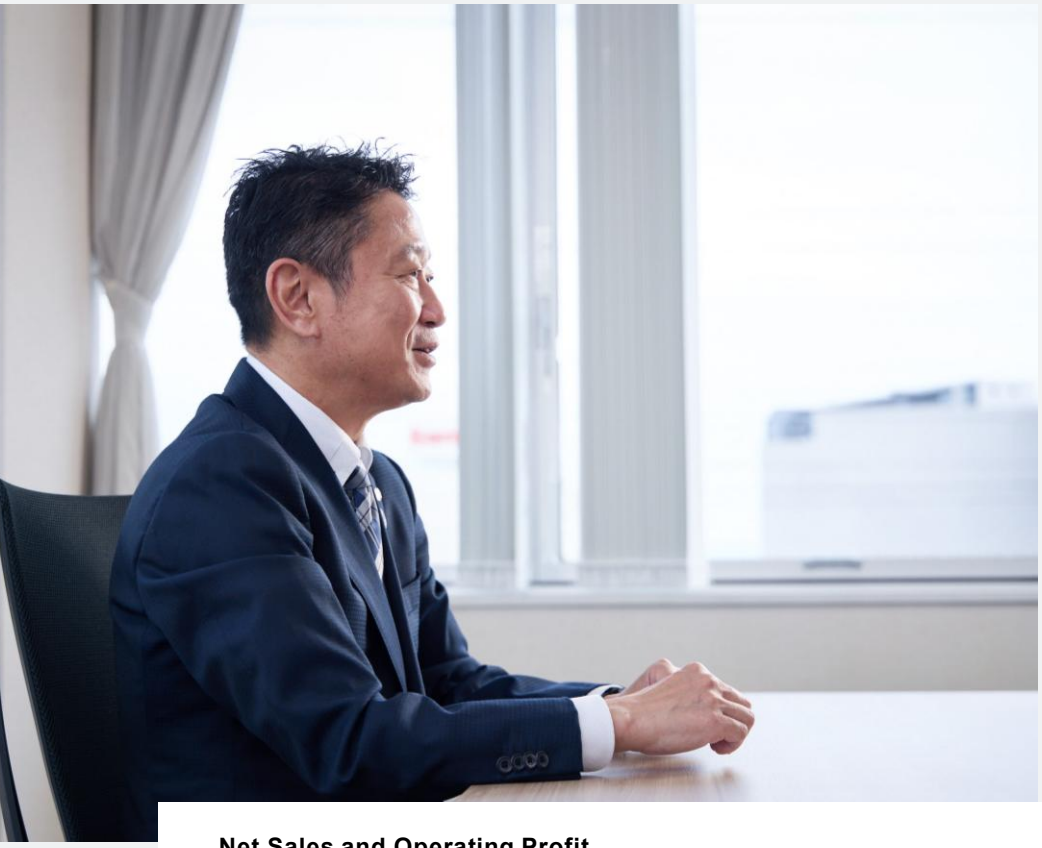
Top Message

Message from the President

Building on 93 Years of Trust and a Spirit of Taking on Challenges toward the Next Stage of Growth

Representative Director, President
Tokushi Yamauchi

He spent 35 years with the Panasonic Group, gaining extensive experience in a wide range of areas, including research and development, business planning, corporate planning, overseas business, and M&A. During his career there, he was responsible for driving global business growth and formulating and executing management strategies. He joined the Company in 2025 and served as Executive General Manager of the Corporate Planning Division and Director and Senior Managing Executive Officer before being appointed Representative Director and President in April 2026. He also serves as Executive General Manager of the Corporate Planning Division. Drawing on his understanding of power electronics technologies and extensive management experience, he is committed to achieving the sustainable growth of the Group and enhancing its corporate value.



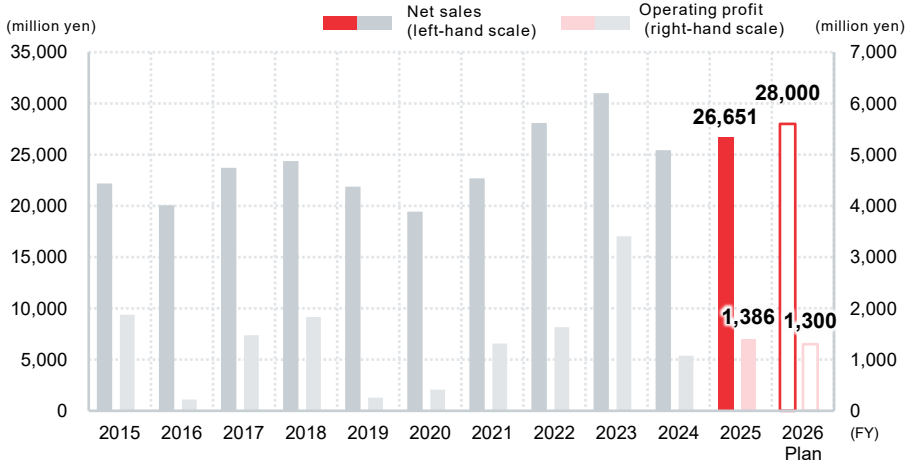
Harnessing the strength of our engineers to drive transformation from within and support the future of social infrastructure

I joined the Company in January 2025 and was appointed Representative Director, President in April 2026. Upon assuming this role, I revisited the Company's 93-year history through its corporate histories, including its 60-year history, to gain a renewed understanding of the aspirations of our founder and the technologies with which the Company pioneered new markets. The more I traced this journey, the more deeply I came to appreciate the significance of what the Company has built over the years. At the same time, through visits to customers with whom we have maintained long-standing relationships, I gained a firsthand sense of the depth of the trust they place in us and the expectations they have for us.

What impressed me most when I first viewed the Company from an outside perspective was the underlying strength of our engineers. They apply themselves wholeheartedly to highly challenging technical issues and turn solutions into reality. We have a deeply rooted culture in which people recognize and respect one another's individual capabilities to tackle and solve problems—capabilities that lie at the heart of our technological strength. Our pride in our "technological capabilities to solve customers' challenges" is not merely a slogan; it is embodied in the way each and every employee approaches their work. I have profound respect for this strength and regard it as an intangible asset of the Company that we must continue to nurture and develop.

At the same time, our long history has also led to deeply ingrained practices that we tend to take for granted, making it difficult at times to recognize emerging opportunities for change. I believe my mission is to build on the strengths we must preserve and leverage them to take the Company to new heights as we approach our 100th anniversary.

Net Sales and Operating Profit



Summary of consolidated financial results

(million yen)	FY2024 Result	FY2025 Result	YoY change	FY2026 Earnings forecast (Announced on May 8, 2026)
Net sales	25,440	**26,651**	1,211 +4.8%	28,000
Operating profit	1,073	**1,386**	312 +29.1%	1,300
Operating profit margin	4.2%	**5.2%**	-	4.6%
Ordinary profit	1,180	**1,137**	-43 -3.7%	1,300
Profit attributable to owners of parent	502	**381**	-121 -24.2%	910
Earnings per share (yen)	37.80	**28.65**	-9.15 -24.2%	68.39

Transformation Framework for Enhancing Corporate Value

Aspiration

Market Valuation Commensurate with Corporate Value

Toward Achieving a PBR Above 1.0x

Improving Capital Efficiency and Earning Power

(Strengthening Earning Power)

Organizational Transformation

- Transition from a Functional Structure to a Business Headquarters Structure
- Clarifying Profit Accountability

Fundamental Improvement in Productivity

- Automating Processes Dependent on Individual Expertise
- Centralizing Operations



Meeting growing electricity demand in the AI era and supporting the digital society

In FY2025, we achieved year-on-year increases in both net sales and operating profit. However, ordinary profit and profit attributable to owners of parent declined, due in part to the recognition of investment losses related to an equity-method affiliate and impairment losses on certain fixed assets in the Semiconductor Business and at an overseas subsidiary. Despite these one-off factors, FY2025 was a year in which we recovered from the temporary downturn and were finally able to make a fresh start toward the future. This was made possible by each and every one of our employees understanding the need for transformation and working together toward a common goal.

By business segment, the Power Supply Business was driven significantly by the securing of several large-scale projects. Although such projects involve long lead times from order receipt to delivery, we continuously explored opportunities to reduce costs and pursued cost-reduction initiatives throughout the process. As a result, we were able to achieve profitability exceeding our expectations at the time the orders were received.

The Semiconductor Business was affected by customers' inventory adjustments, resulting in a period of significant decline in orders. During that period, there were times when we relied on our order backlog to sustain sales. However, from the second quarter through the second half of the fiscal year, orders recovered to levels above those of the previous year, and the business returned to a normal cycle in which sales grow in line with orders. I believe we have succeeded in putting the business back on a growth trajectory.

In FY2026, while we expect a favorable market environment to provide a tailwind, we plan for a temporary decline in operating profit, reflecting the reduced contribution from highly profitable projects, increased depreciation expenses, and our proactive investment in development for future growth.

Looking ahead at the business environment, we are seeing a major paradigm shift across society, beginning with the rapid expansion of AI and data centers. Despite the decline in the working population, demand for AI and robotics is expected to continue growing, driving a medium- to long-term increase in electricity demand. Against this backdrop, we believe that technologies for ensuring a stable and efficient supply of electricity will become increasingly important.

Our products will play a vital role in reliably supporting the enormous electricity demand of the AI era. For example, our power supplies for surface treatment are used in the manufacturing processes for next-generation semiconductors and circuit boards used in servers that run AI applications. Our heating power supplies and power supplies for surface treatment are also used in the manufacturing and end-face processing of optical fibers that connect data centers.

Although they may not always be visible, our products will play an increasingly important role in supporting the very foundations of society. We want to communicate this value more broadly, including to customer segments we have yet to reach. While we are often perceived at first glance as a long-established, mature company, I firmly believe that significant opportunities for further growth still lie ahead of us.

Rebuilding Our Organizational Foundation for Appropriate Market Valuation

The most pressing management challenge we currently face is that the capital markets do not fully recognize our value and potential. As President, I intend to address this challenge head-on.

Specifically, we are taking seriously the fact that our price-to-book ratio (PBR) remains below 1.0x and are discussing how to enhance both corporate value and market value. Working backward from the level of earning power required to achieve appropriate recognition from the capital markets, operating profit of 5.0 billion yen is an important benchmark. For us, this is not simply a target, but the starting point for appropriate market recognition of our corporate value. As set out in our Long-term Vision for FY2033, the consistent achievement of operating profit of 5.0 billion yen is a management imperative. I am personally committed to achieving this goal.

To realize this Long-term Vision, we began by fundamentally restructuring our organization. We replaced our function-based structure with a system in which each of the Power Supply Business Headquarters and Semiconductor Business Headquarters integrates planning, development, and manufacturing. The aim is to establish a framework in which the head of each business headquarters assumes clear responsibility for the financial performance of their business and takes ownership of achieving its three-year targets. Rather than simply developing plans, we first put in place an organizational structure that empowers employees to take the initiative and follow through on those plans to ensure effective execution. With this approach, we rebuilt our organizational foundation.

Another of my commitments is a fundamental improvement in productivity. With the working population declining, doubling factory capacity and the workforce to double sales would not be sustainable over the medium to long term. This is why, in addition to leveraging AI and digital technologies, we intend to automate processes that currently depend on individual expertise by standardizing design and leveraging our accumulated technical data as an organizational asset. We are also exploring the potential to centralize location-independent operations, thereby improving operational efficiency and building a leaner, more capable organization.

If we can successfully implement these initiatives, we will be able to significantly increase our capacity with the same workforce while enhancing the price competitiveness of our products. Drawing on my experience leading digitalization and business transformation at a homebuilder, I will actively pursue investments to improve productivity at Sansha Electric Manufacturing as well. “Not a single second of our employees’ time should go to waste.” I will manage the Company with this principle firmly in mind.

What customers truly value is problem-solving capabilities and peace of mind: exploring new business models to maximize the value we provide

Looking at our market environment, the AI and semiconductor markets are expanding rapidly, but we do not intend to compete on the same playing field as major companies. Large companies are targeting high-volume markets and engaging in intense investment competition. Rather than trying to keep pace with such competition, we believe our true strength lies in responding closely to the specialized needs of customers that larger companies cannot fully address.

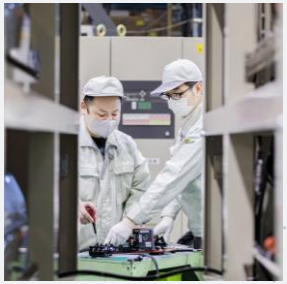
For example, we can address highly challenging requirements through customized designs, whether they involve severe space constraints at installation sites or performance requirements that exceed conventional standards. This problem-solving capability is the source of our added value and competitive advantage.

Looking at the Company from an outside perspective, I realized that what customers expect from us goes beyond simply providing high-quality power supply equipment. The true value they seek from us is the ability to consistently deliver stable performance—and, ultimately, the peace of mind that comes from knowing their infrastructure will keep running.

If so, looking ahead, we should explore ways to provide our products in forms that make them easier for customers to adopt, rather than focusing solely on outright sales. One option would be to offer equipment under a leasing model that includes regular inspections and maintenance. This would allow customers to access the capabilities they need without a large upfront investment, while providing us with stable, recurring revenue through ongoing customer relationships—a mutually beneficial exchange of value.

Our Group comprises Sansha Electric Manufacturing, which develops and manufactures products, and Sansha Solution Service, which provides maintenance and support services. At the heart of my vision is the idea that “Sansha Electric Manufacturing keeps society moving, while Sansha Solution Service keeps society running.” As the external environment surrounding us remains uncertain amid a global economic slowdown, geopolitical risks, and other challenges, we will now fully pursue new business models that only these two complementary strengths can make possible.







Leading as a 93-year-old venture company with the spirit of “never grow complacent”

When I addressed employees upon becoming President, I told them, “Let’s make Sansha Electric Manufacturing a long-established venture company.” Looking back on our history, it is clear that we have consistently pioneered new markets through new technologies, from being among the first to commercialize diodes and thyristors to pioneering the use of UPS systems for expressways. This spirit of challenge, passed down since our founding, is part of our DNA. I want us to preserve both the trust and peace of mind we have built over our 93-year history and the venture spirit that has defined us since our founding. That is what I mean by a “long-established venture company.”

With favorable market conditions providing a tailwind, we now have an opportunity for significant growth. As we drive the changes needed to seize this opportunity, I repeatedly tell our employees, “Never grow complacent.” When people remain in the same environment for many years, they can become accustomed to irrational or inefficient practices and simply accept them as the way things are. That is why I encourage employees not to overlook even the smallest sense that something is not right in their daily work, and to take the initiative in making improvements themselves. Soon after joining the Company, I began keeping notes on things that struck me as unusual or areas where I saw room for improvement. Coming from outside the Company gave me a fresh perspective on many issues, including work processes, organizational management, and decision-making. I have since reviewed these issues one by one—from small matters in day-to-day operations to major management challenges—and identified them as priorities to address as we move forward with transformation.









The kind of “venture company” I envision is one where employees are encouraged to take on challenges without fear of failure and can work in a comfortable environment. I want a workplace where employees can dress freely, meetings where ideas are openly and actively exchanged, and an organization where everyone has a voice regardless of age or position. I believe these changes will create a more dynamic corporate culture and also help us attract talent. That is why I am fully committed to driving this transformation forward.

I also want our engineers to maintain a sense of playfulness and curiosity. For example, they might bring together Sansha Electric Manufacturing’s technologies to create an audio amplifier with the world’s best sound quality or develop a motor drive power supply capable of winning a solar car race. These ideas may not contribute directly to near-term earnings, but I believe that continuing to take on such challenges fosters pride among our engineers while enhancing our distinctive technological capabilities and brand value.

At a time when society’s power infrastructure is undergoing profound change, we have more opportunities than ever to embody our Purpose: “Moving society forward with power electronics and creativity.” As a 93-year-old venture company, we will embrace transformation and move forward with determination to achieve truly sustainable enhancement of corporate value. We sincerely ask for the continued support and confidence of all our stakeholders.