Overview of the Medium-term Management Plan

Management Transformation Pursued through "CF26"

The Sansha Electric Manufacturing Group has been advancing the "CF26" Medium-term Management Plan toward realizing its vision for FY2033. Its key phrase is "Create the Future," expressing our determination to shape the future through power electronics and creativity, guided by our Purpose.

"CF26" is a three-year management transformation aimed at realizing our vision of becoming a "Global Power Solution Partner" and transforming the Group into a company capable of consistently achieving return on equity (ROE) of 10% or higher over the long term. We have worked to achieve business growth and improve profitability by concentrating management resources in growth markets and making strategic investments, including in human capital. However, over the past two years, changes in the market environment and other factors have prevented us from achieving the performance initially planned. In the Semiconductor Business, prolonged inventory adjustments by customers, and in the Power Supply Business, delays in developing new products for growth markets, among other factors, are expected to result in both net sales and profits falling short of the targets set in the Medium-term Management Plan.

In FY2026, the final year of "CF26," we are making every effort to achieve our business plan. At the same time, based on the achievements and challenges of "CF26," we are developing our next Medium-term Management Plan. Under the next plan, we will further concentrate our resources on growth markets to expand sales and strengthen profitability.

(billion yen)

Numerical targets	FY2024		FY2025		FY2026	
	Medium-term management plan	Results	Medium-term management plan	Results	Medium-term management plan	Results forecast
Net sales	28.8	25.44	31.0	26.65	33.0	28.0
Operating profit	1.4	1.07	1.8	1.38	2.2	1.3
Ordinary profit	1.4	1.18	1.8	1.13	2.2	1.3
Profit attributable to owners of parent	0.9	0.5	1.2	0.38	1.5	0.9
Return on equity (ROE) (%)	4.1	2.1	5.2	1.5	6.2	3.6

Progress

Medium-term management plan Basic policy	Key Measures	Key Initiatives and Achievements in FY2025	Key Initiatives in FY2026
Semiconductor Business Contributing to energy conservation and the stable supply of power with high-performance devices	• Expanding the lineup of SiC (silicon carbide) products and developing new sales channels • Focusing efforts on sales in the infrastructure market	• Developing 1700 V SiC MOSFETs • Expanding applications in infrastructure and industrial sectors	• Rising raw material costs will be addressed • Productivity will be improved through the operation of new equipment • New products will be launched
Power Supply Business Consolidating our position in the energy management field by leveraging our system stabilization technologies	• Providing power supply equipment for a wide range of applications, from industrial equipment to social infrastructure • Expanding into renewable energy and data center markets • Expanding the maintenance services business	• Expanding orders for large-scale power supply equipment • Developing a 5 MW-capable test system • Expanding sales in the services business, including maintenance of power conditioners	• Sales will be expanded in growing markets, including the data center-related industry • Productivity will be improved through the operation of new equipment • The maintenance services business will be expanded to include products from other manufacturers
Sustainability Strategy Reducing our environmental impact and creating a vibrant culture	• Building a foundation for sustainable growth through environmental initiatives, talent development, and strengthened business infrastructure	• CO_2 emissions were reduced by 43.3% compared with FY2013 • Conducting the next-generation leader development program • Expanding the use of generative AI • Conducting Business Continuity Plan (BCP) Training	• CO_2 emissions will be reduced by 40% compared with FY2013 • An organization where diverse talent can thrive and continue to grow will be created • A resilient business foundation will be established to provide stable value to stakeholders
Financial Strategy Making full use of invested capital to raise ROE above the cost of capital	• Improving ROA based on consolidated operating profit • Enhancing shareholder returns	• ROA improved to 4.2%, up 1.1 percentage points year on year, driven by higher profits from increased sales • Paid an annual dividend of 40 yen per share in accordance with the Shareholder Return Policy (→ P20)	• Profit accountability will be clarified through the transition to a business headquarters structure • An annual dividend of 40 yen per share is planned