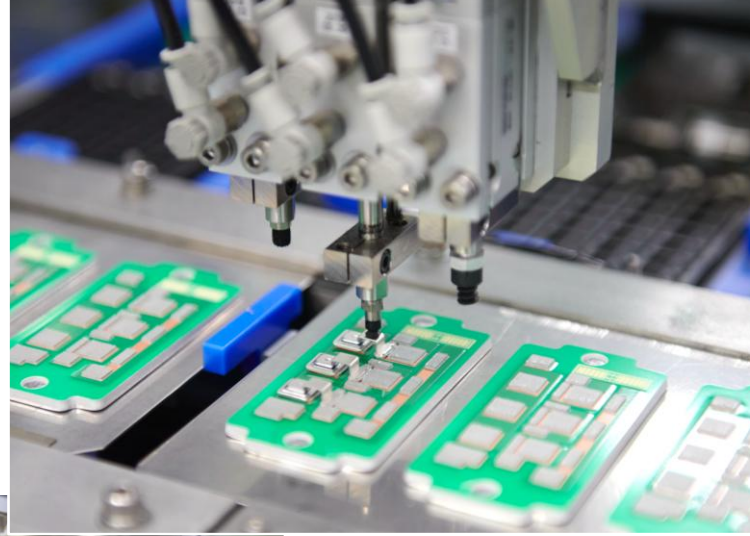
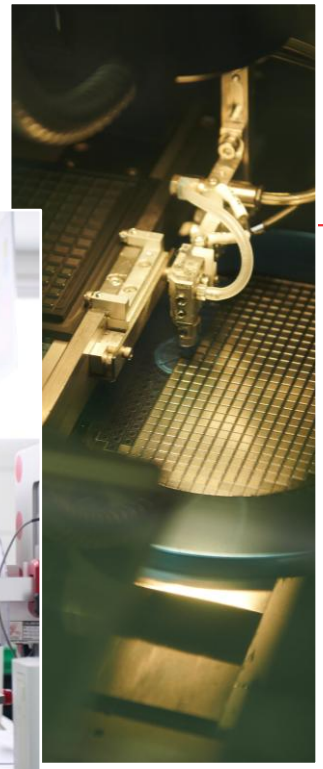
SanRex REPORT 2026











SanRex

SANSHA ELECTRIC MFG. CO., LTD.

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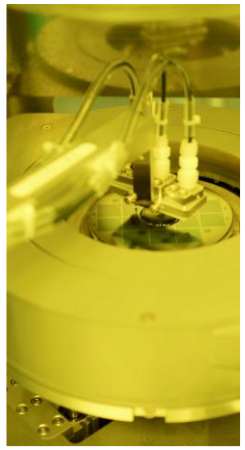
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Editorial policy

The SanRex Report is published as a communication tool for sharing the Sansha Electric Manufacturing Group's approach to value creation and its initiatives with our stakeholders.

SanRex Report 2026 systematically presents why the Sansha Electric Manufacturing Group exists, the strengths through which we create value, the strategies we pursue to achieve growth, and the management foundation that supports this growth and sustainable value creation.

Building on the power conversion technologies we have cultivated since our founding, the report explains the connections between social issues and our businesses, our competitive advantages, the progress of the "CF26" Medium-term Management Plan and our initiatives going forward. It also covers the management foundation that supports value creation, including human capital, sustainability, and corporate governance. We hope that this report will help our stakeholders understand where the Group stands today and what we aspire to achieve.

In compiling this report, we referred to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry of Japan, and the GRI Standards.

Scope of reporting

Sansha Electric Manufacturing Co., Ltd. and its nine consolidated subsidiaries. However, the applicable scope of reporting is specified on a case-by-case basis if it differs from the above.

Period covered Fiscal year 2025 (from April 1, 2025 to March 31, 2026)
(Some of the initiatives include the most recent)

Contact for inquiries Public Relations Department: **sanrex-ir@sansha.co.jp**

Disclaimer

This report contains plans, strategies and forward-looking statements such as financial outlooks. They are based on the information available to the Company at the time of publication and on certain assumptions that are deemed reasonable. Please note that actual results may differ from these statements due to a variety of factors.

Overview

Our Competitive Advantages

P13

For more than 90 years, we have provided customers with optimal solutions by leveraging our unique technological capabilities, flexible product development capabilities that respond to customer needs, and an integrated structure spanning development through after-sales service.

1

Optimal Solutions through the Integration of Core Technologies

Our technologies optimally convert and control electricity, enabling us to design solutions tailored to customers' applications and achieve high reliability and efficiency.

2

Integrated Structure from Development through After-sales Service

We provide long-term value to our customers through an integrated structure spanning development through after-sales service.

3

Ability to Respond to Market Changes and Diverse Needs

We have built a strong business foundation that enables us to adapt to changes in the market environment and achieve sustainable growth.

At a Glance

Founded

1933 P10

Over 90 Years of Technological Expertise and Trust

Net Sales

¥26.6 billion P42

(FY2025)

Number of Employees (consolidated)

1,399 P43

(as of March 31, 2026)

Global Network Number of Locations in Japan and Overseas

22 locations P44

(Japan, Asia, Europe and the Americas)

Sales composition

(Net Sales Basis / FY2025)

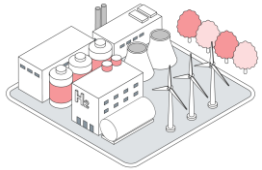
Semiconductor Business Approx. **24%** P21

Power Supply Business Approx. **76%** P24

Diverse Fields Supporting Society P11

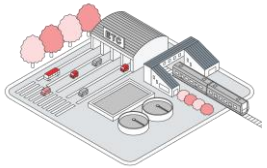
Energy and the Environment

Supporting a Sustainable Society



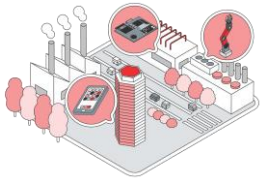
Communications and Infrastructure

Supporting the Stable Operation of Social Infrastructure



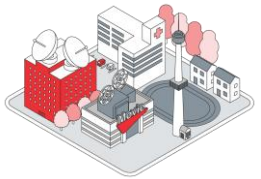
Industrial Applications

Supporting Quality and Productivity



Lifestyles, Medical Care and Entertainment

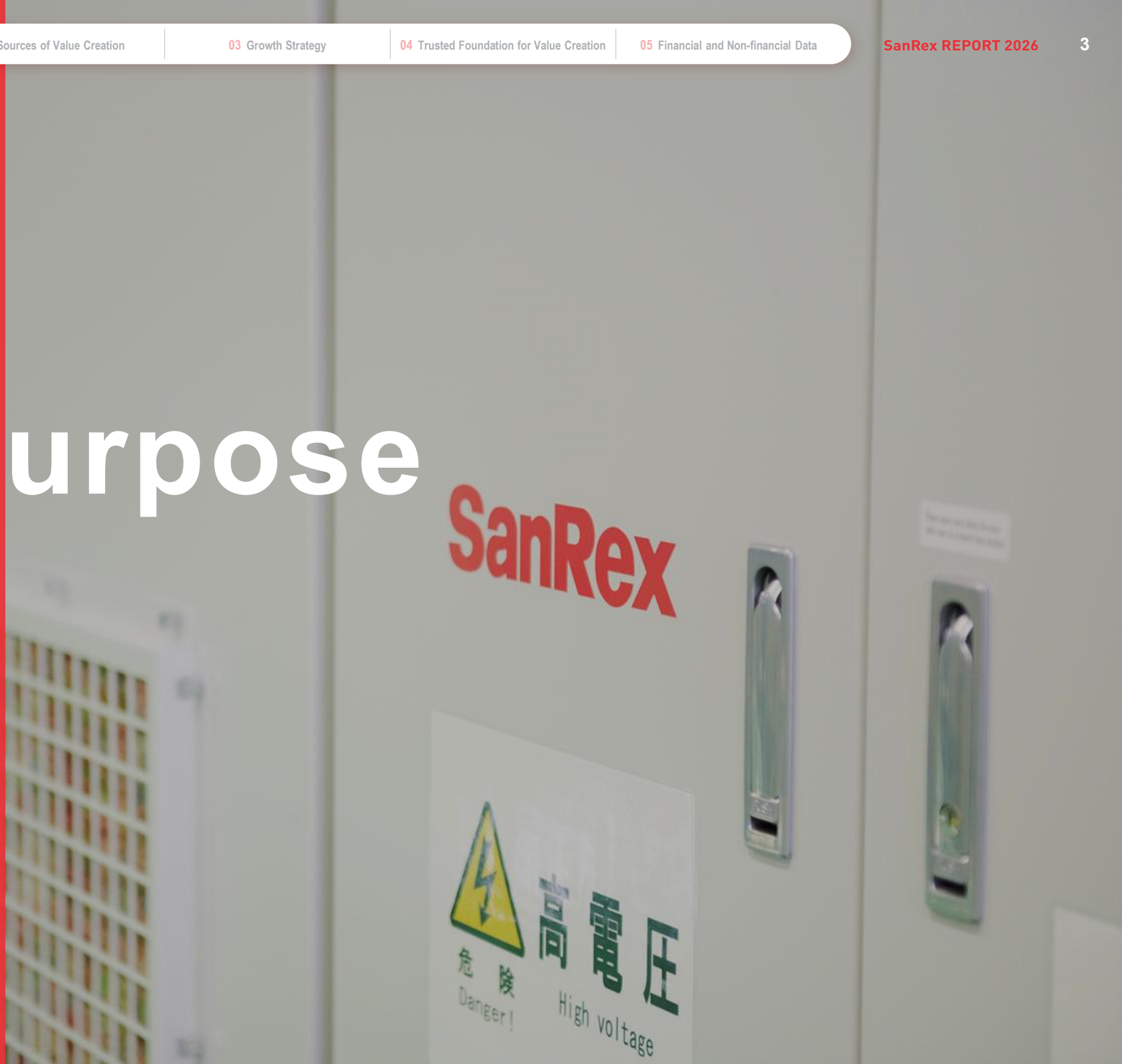
Supporting Safe and Comfortable Living



01

Our Purpose

Supporting a society where electricity can be used efficiently and reliably, contributing to a sustainable future.





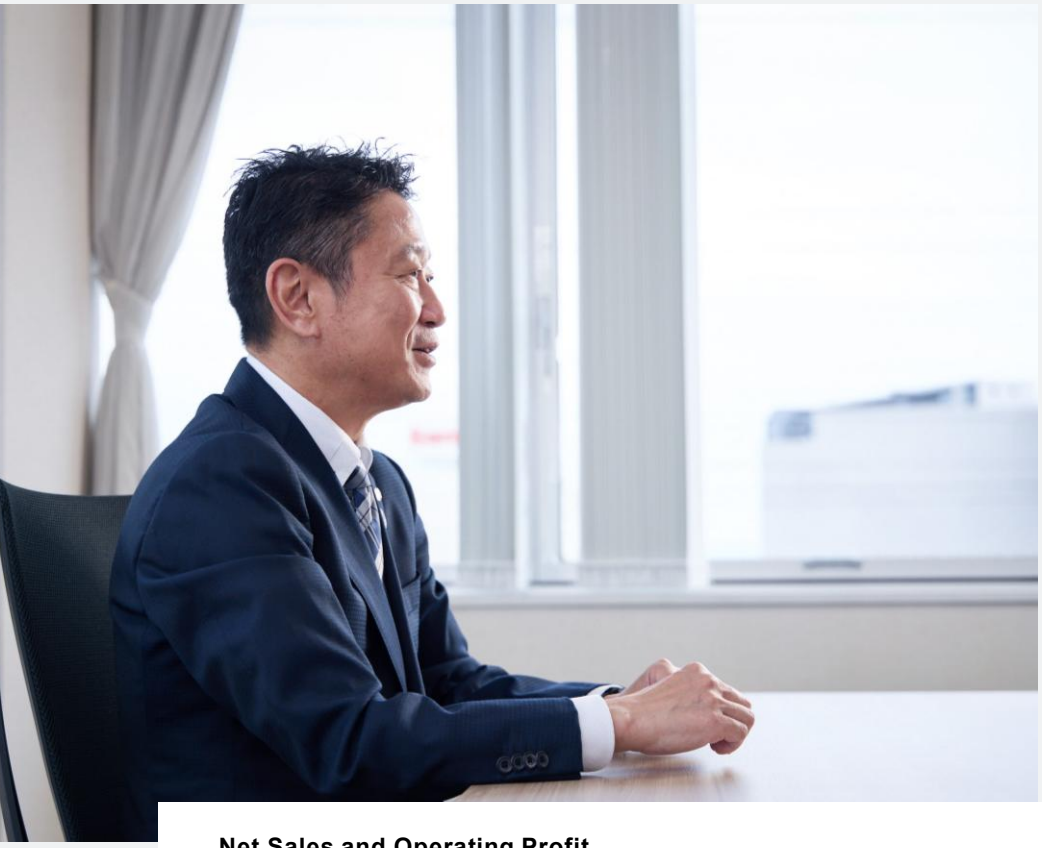
Top Message

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.



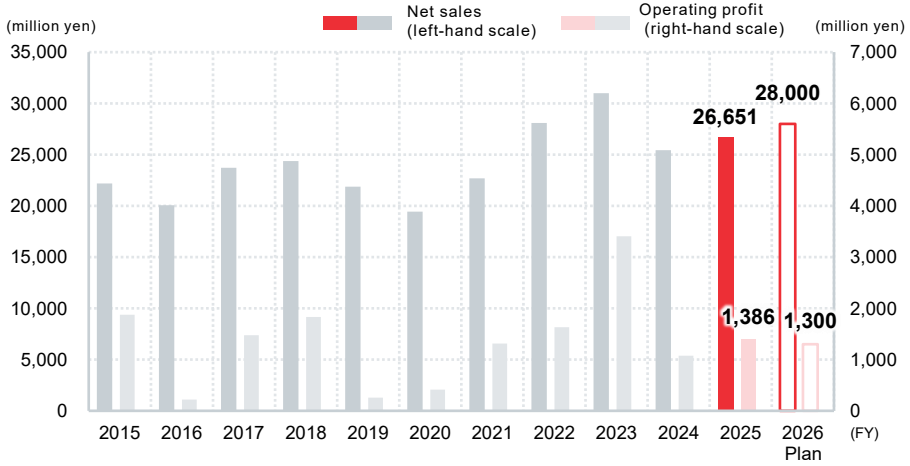
Harnessing the strength of our engineers to drive transformation from within and support the future of social infrastructure

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.

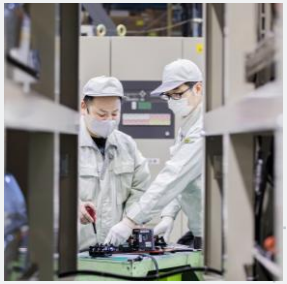
For example, we can address highly challenging requirements through customized designs, whether they involve severe space constraints at installation sites or performance requirements that exceed conventional standards. This problem-solving capability is the source of our added value and competitive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







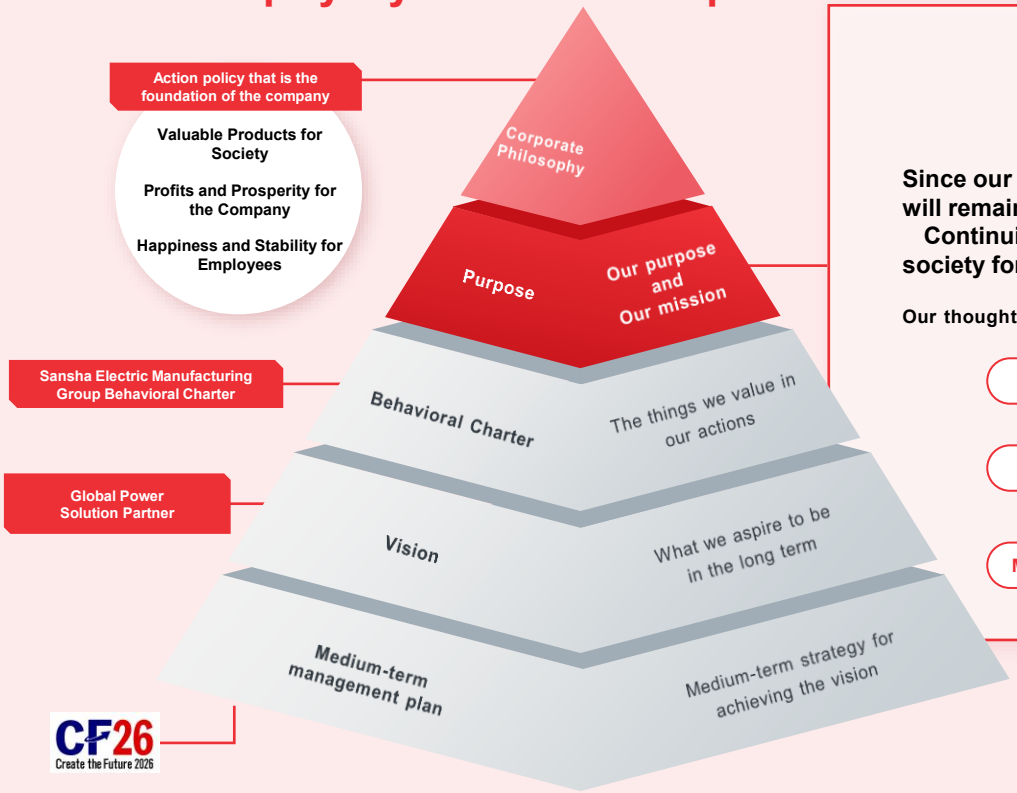


The kind of “venture company” I envision is one where employees are encouraged to take on challenges without fear of failure and can work in a comfortable environment. I want a workplace where employees can dress freely, meetings where ideas are openly and actively exchanged, and an organization where 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.

Philosophy System and Purpose



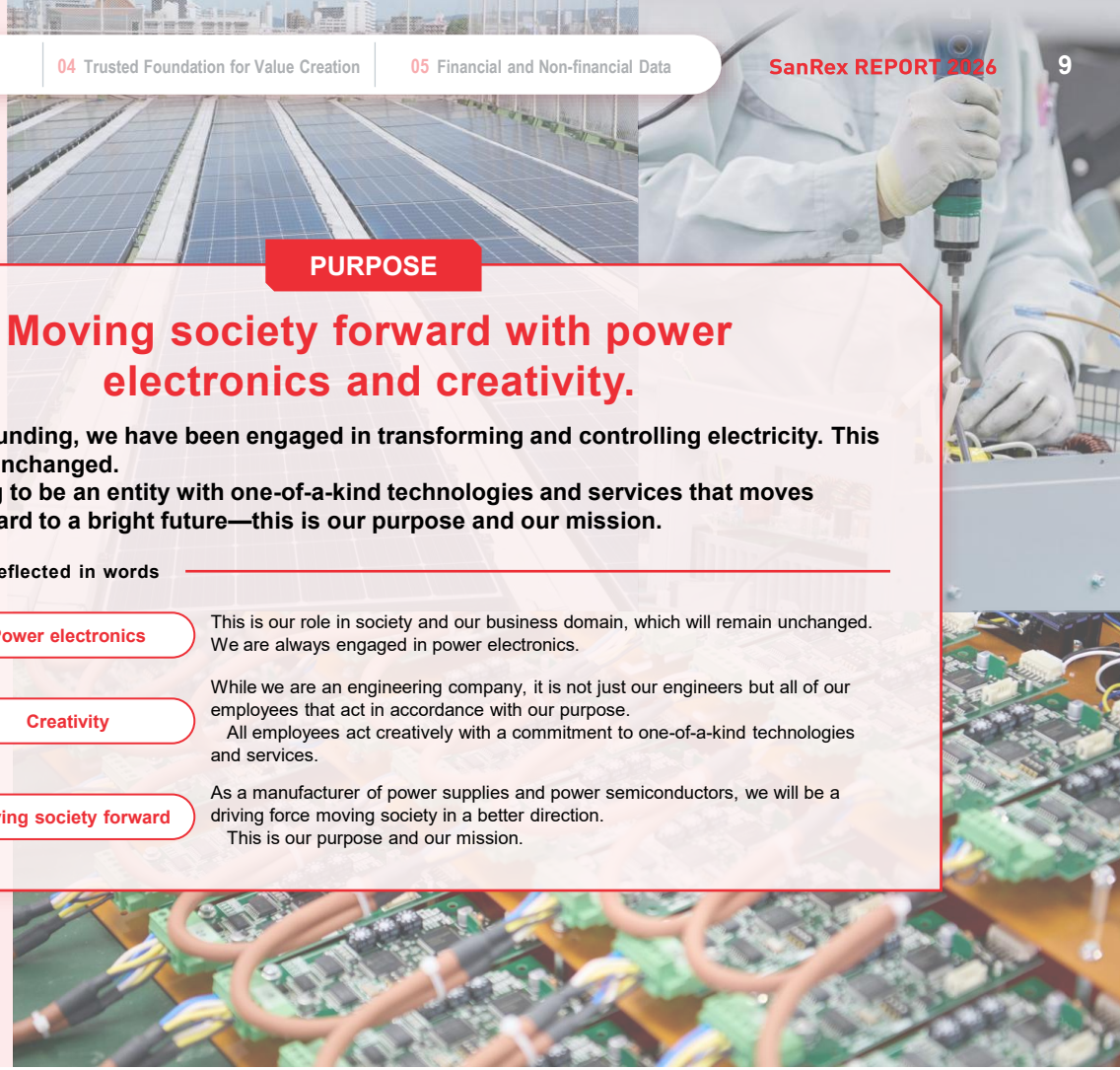
PURPOSE

Moving society forward with power electronics and creativity.

Since our founding, we have been engaged in transforming and controlling electricity. This will remain unchanged.
Continuing to be an entity with one-of-a-kind technologies and services that moves society forward to a bright future—this is our purpose and our mission.

Our thoughts reflected in words

Power electronics	This is our role in society and our business domain, which will remain unchanged. We are always engaged in power electronics.
Creativity	While we are an engineering company, it is not just our engineers but all of our employees that act in accordance with our purpose. All employees act creatively with a commitment to one-of-a-kind technologies and services.
Moving society forward	As a manufacturer of power supplies and power semiconductors, we will be a driving force moving society in a better direction. This is our purpose and our mission.



The Sansha Electric Manufacturing Group has established a philosophy system with its Corporate Philosophy at the top and its Purpose, which gives concrete expression to that philosophy. Starting with the Corporate Philosophy, the system encompasses the Purpose, Behavioral Charter, Vision, and Medium-term Management Plan, and serves as the foundation for all of the Group's business activities.

We position our Purpose as the starting point for value creation that both helps solve social issues and achieves sustainable corporate growth. It also serves as a guide for each employee in making decisions and taking action in their day-to-day work. Under the CF26 Medium-term Management Plan, we have also positioned the realization of our Purpose as an overarching policy and are advancing our business strategies, sustainability strategies, and initiatives addressing our material issues.

Embedding and Practicing Our Purpose

The Group continues to promote initiatives to deepen employees' understanding of our Corporate Philosophy and Purpose and encourage them to put these principles into practice in their day-to-day work. These initiatives include internal communications through workplace postings, the company newsletter, and e-learning programs. We also provide opportunities for employees to consider how their own work is connected to our Purpose, encouraging them to take initiative and exercise their creativity. Going forward, we will continue working to embed our Purpose in our corporate culture as we pursue sustainable growth and create value for society.

Background to the Formulation of Our Purpose

Our Purpose was formulated in 2023 by the MIRAI Project, which consisted mainly of young and mid-level employees. Building on the Corporate Philosophy and corporate culture that we have valued since our founding, the Purpose articulates our reason for being, connecting who Sansha Electric has been with who we aspire to be in the future. As part of our efforts to embed the Purpose throughout the Group, we have produced a video about our Purpose. We invite you to watch it.

Purpose movie
https://youtu.be/5RW5dBgyydM?si=mc2NeP0ZEJ5wj4tz

History of Value Creation

Historical Context

1933-1936	1937-1970	1971-1990	1991-2010	2011-2025
As entertainment culture expanded, demand grew for more stable power supplies for projectors, raising expectations for power supply technologies.	Against the backdrop of postwar reconstruction and rapid economic growth, industrial equipment became larger and increasingly automated, driving greater demand for highly reliable power supplies.	Following the oil crisis, advances in energy conservation drove growing demand for power semiconductors and power control technologies.	Against the backdrop of growing environmental awareness and globalization, demand for greater energy efficiency continued to increase.	Digitalization, the growing adoption of renewable energy, the growing use of AI, and advances in decarbonization have led to increasingly sophisticated and diverse electricity demand.

1933-1936 Founding Period

Rectification and Stabilization Technologies

Developed rectification and stabilization technologies to minimize voltage fluctuations, fostering a reliability-driven design philosophy centered on ensuring continuous operation



Choke-Coil Autotransformer



Tungar Rectifier for Projectors

1937-1970 Establishment of the Technological Foundation



Fully Diffused Thyristor

High-Voltage and High-Current Technologies

High-current control technologies for welding, plating, and electrolysis; durable designs for use in harsh environments; and manufacturing technologies that achieve both mass production and high quality



Inverter Uninterruptible Power Supply



Electric Power Regulator



DC Arc Welder

1971-1990 Global Expansion and Increased Focus on Power Semiconductor Development



Insulated Triac

Power Semiconductor Technologies

In-house production of power semiconductors such as thyristors; integrated design of devices and power supply circuits; and a design philosophy focused on long service life and high efficiency



Thyristor Module



Plating Rectifier

1991-2010 Toward Further Globalization



Battery Charge/Discharge System



Diode Module

Optimal Design and Application Development Capabilities

Expertise in compact, high-efficiency design, tailored engineering solutions for diverse applications, and a manufacturing framework that meets international quality standards



Solar Power Conditioner

2011-2025 Toward a New Era



SiC Power Module



Power Conditioner for Fuel Cells



High-Capacity Power Conditioner Evaluation System

Power and Energy Conversion and Control Technologies

Integrated technologies combining power semiconductors, power supplies, and control; control technologies for energy storage and distributed energy resources; and system design capabilities based on a deep understanding of applications

Present

Evolution to the Present

The highly reliable and stable power supply technologies developed through power supplies for projectors have evolved into industrial power supplies and uninterruptible power supplies (UPS), supporting the stable operation of society.

The high-voltage and high-current technologies developed through industrial rectifiers have been carried forward into power supplies for surface treatment and battery charge/discharge systems, supporting the production of advanced semiconductors and storage batteries.

Power semiconductor technologies refined in response to growing energy-efficiency needs have evolved into SiC devices and power conversion equipment, enabling more efficient use of electricity.

Optimal design capabilities developed in global markets are helping solve customer challenges across a wide range of applications, including industrial power supplies and testing and evaluation equipment.

Energy conversion and control technologies have been applied to power supplies for renewable energy facilities and energy storage systems, supporting the transition to a decarbonized society and the advancement of power infrastructure.

Products of the Sansha Electric Manufacturing Group That Support Society

The Sansha Electric Manufacturing Group contributes to the stable supply of energy, decarbonization, and the advancement of social infrastructure through power conversion technologies that combine power semiconductors and power supply equipment. In renewable energy facilities, industrial equipment, and other critical facilities that support society, our technologies help ensure a stable supply of electricity and improve energy efficiency, thereby contributing to a sustainable society.

What does "efficiently converting electricity" mean?

There is always a loss of electricity every time a power conversion occurs anywhere in the process from the generation of electricity at a power plant, through transmission lines and power supply circuits to the final use of electric appliances by consumers. To reduce this power loss, we are working to develop high performance power devices and high efficiency power supplies.

Semiconductor Business　Power Supply Business

Industrial Applications

Our precise power control technologies support quality and productivity in surface treatment and processing equipment.

Automobiles, smartphones and electronic components

Power supplies for surface treatment
Used in plating to increase the abrasion resistance and oxidation resistance of metal and other surfaces

Manufacturing robots and welders

Thyristor and diode modules
Converting alternating current to direct current to protect electric circuits from overvoltage

Power supplies for welding and cutting
Used for welding and cutting steel sheets

Plant equipment for material processing and other purposes

SiC MOSFET modules
Generating high-frequency power in processing equipment to help reduce power loss and improve processing quality

Electric power regulators
Used to adjust the temperature of electric furnaces in glass processing plants and other facilities

Power supplies for aluminum foil processing
Used for electrochemical etching to increase the surface area of aluminum foil

Lifestyles, Medical Care and Entertainment

Our power supplies for projectors and dimmers, as well as power semiconductors for home appliances and elevators, support safe and comfortable living.

TV studios, halls and stadiums

Power supplies for dimmers
Used for continuously dimming lighting

Home electric appliances and electric bidet toilet seats

Discrete semiconductors
Used for controlling heaters and motors

Medical equipment and ATMs

Small power supplies
Used for supplying stable power

Elevators

Diode modules
Used for controlling motors

Movie theaters

Power supplies for projectors
Helping ensure the stable operation of projectors

Communications and Infrastructure

Our products support social infrastructure by ensuring stable power supply and control for railway, telecommunications, and power facilities.

Data centers

Uninterruptible power supplies
Supplying uninterrupted power for a certain period of time in the event of a power failure to protect the operation of critical equipment, such as servers, and data

Expressways, electronic toll collection (ETC) and railway stations

Uninterruptible power supplies and control power supplies
Maintaining the supply of electric power for a certain period of time in the event of a power failure to protect the operation of equipment and data

Electric rolling stock

Diode modules
Supplying stable voltage and frequency to lighting, air conditioners, and other equipment in rolling stock

Water supply and sewage facilities

Power supplies for ozone generation
Generating ozone to decompose organic substances in water, helping improve water quality

Energy and the Environment

Supporting a sustainable society through the highly efficient use of electricity in the fields of renewable and new energy.

Hydrogen

Power supplies for water electrolysis
Used for supplying a stable electric current to water electrolysis systems to produce hydrogen

New energy

Power conditioners for fuel cells and for storage batteries
Converting electric energy stored in fuel cells and storage batteries and connecting to commercial power networks

Solar (PV) power generation

Power conditioners
Converting direct current power produced by solar (PV) power generation systems to alternating current and connecting them to commercial power networks

Diode modules for preventing backflow
Preventing the backflow of electric current from a storage battery or other device and the subsequent damage of solar panels

Power plants

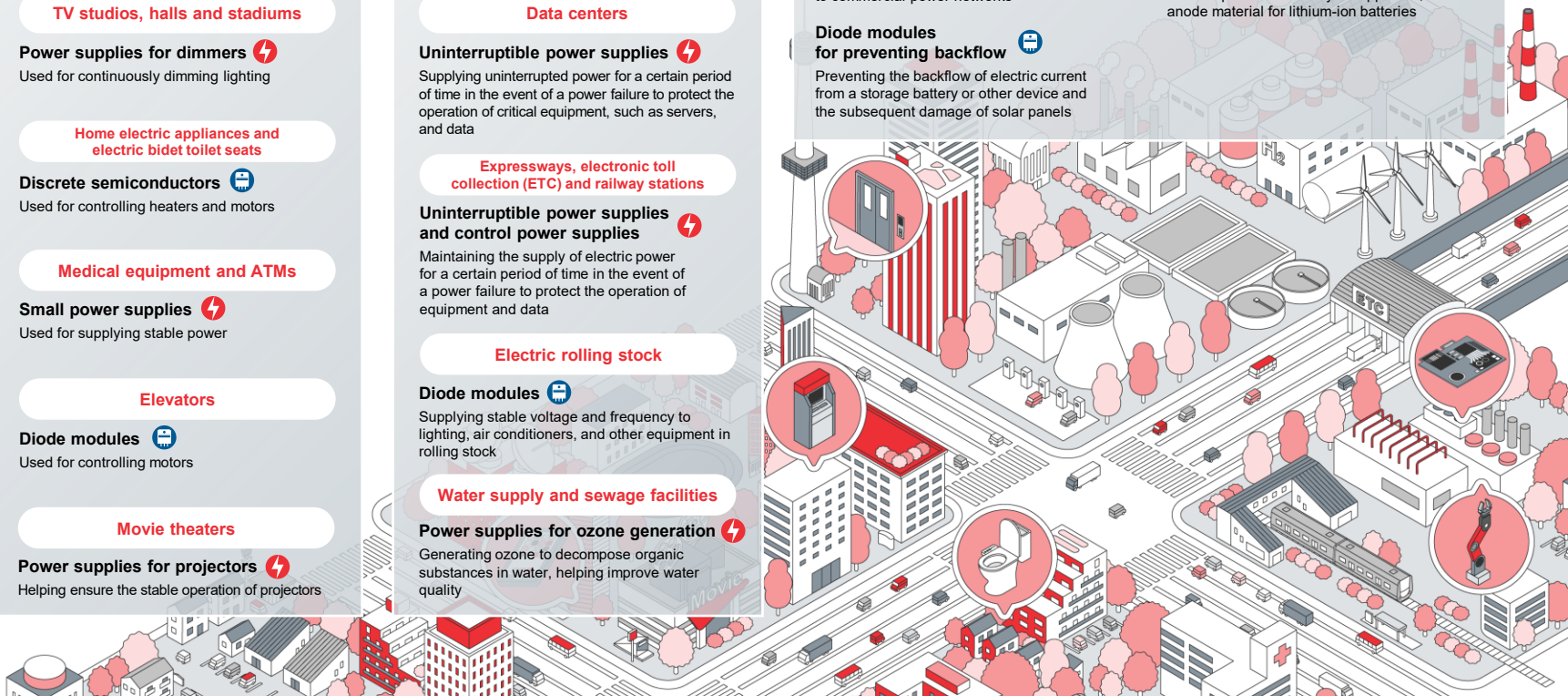
Power supplies for seawater electrolysis
Generating sodium hypochlorite through seawater electrolysis to prevent marine life from attaching to plant water inlets

Fuel cells and storage batteries

Power supplies for testing and evaluation and charge-discharge products
Used in the testing and evaluation of the characteristics of a range of batteries and automotive equipment

Lithium-ion batteries

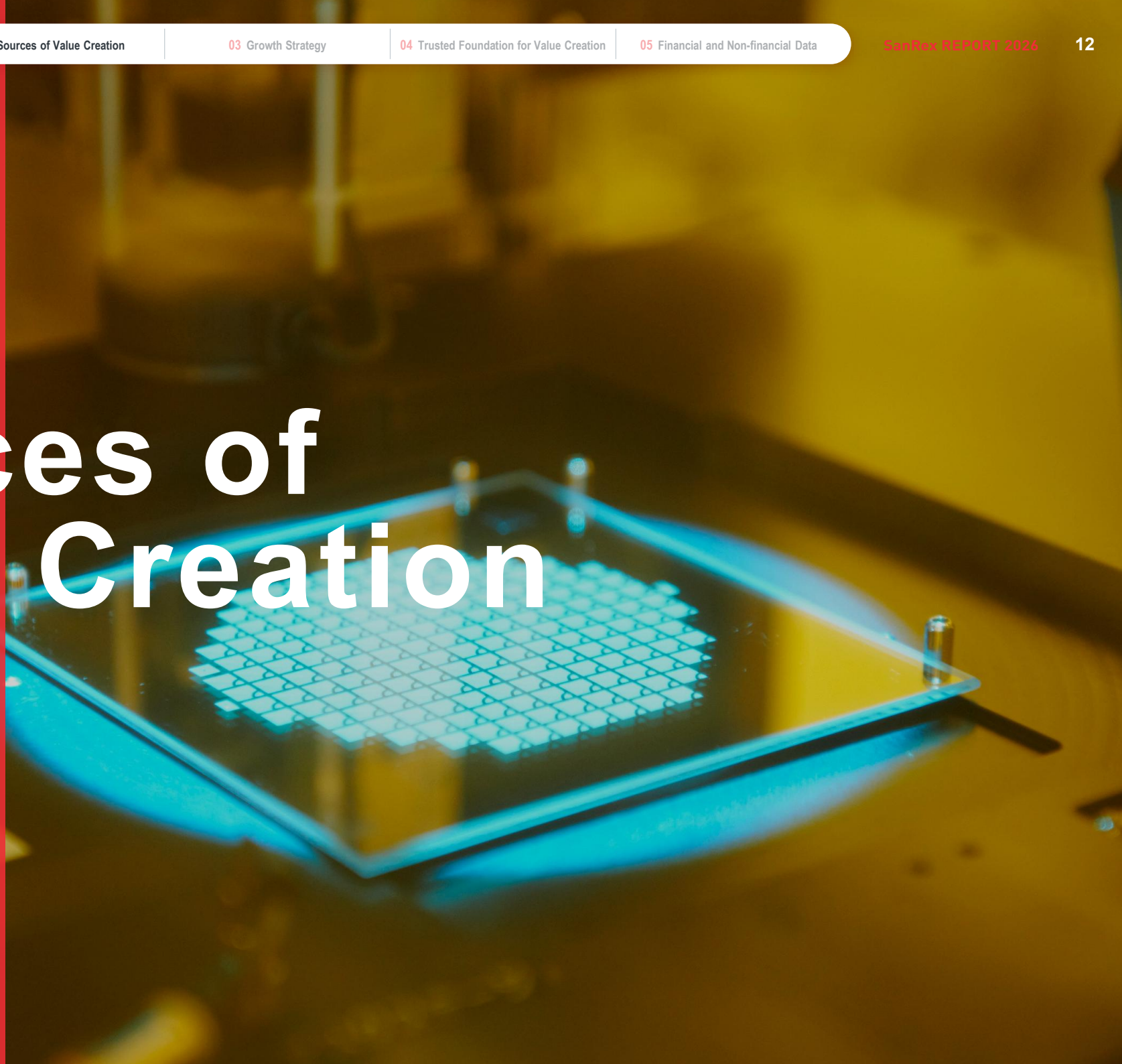
Power supplies for copper foil
Used to produce electrolytic copper foil, an anode material for lithium-ion batteries



02

Sources of Value Creation

Value created through power semiconductors and power conversion and control technologies



Competitive Advantages

Our ability to anticipate technological trends and continuously refine our technologies, combined with our efforts to develop products and businesses in response to customer needs, has shaped the business foundation we have today. These strengths cannot be built in a short period of time and are a source of our sustainable earnings power and stable business foundation.

1 Optimal Solutions through the Integration of Core Technologies

Competitive Strengths

- Integration of power semiconductor and power supply technologies
- Optimal design capabilities tailored to customer needs
- High-efficiency, highly reliable product design
- Advanced circuit and control design

Value Created

Achieving high efficiency and reliability, contributing to lower energy costs and stable operation

2 Integrated Structure from Development through After-sales Service

Competitive Strengths

- Seamless coordination from development through after-sales service
- Rigorous quality assurance processes
- Expertise accumulated over many years
- Responsive and attentive after-sales service

Value Created

Building long-term relationships of trust with customers and establishing a stable earnings base supported by repeat orders

3 Ability to Respond to Market Changes and Diverse Needs

Competitive Strengths

- Ability to serve diverse industries
- Expansion of the product portfolio
- Flexible development capabilities to meet evolving needs
- Ability to serve global markets

Value Created

Building a resilient business foundation that can adapt to changes in the market environment and drive sustainable growth

Intellectual Property Strategy

Number of Patents Held
(as of April 2026)

Domestic 125 Overseas 70

Intellectual Property Activities Supporting Technology and Business

Under our Corporate Philosophy, “Valuable Products for Society,” we are working to create high-value-added power electronics products by integrating power conversion and control technologies with semiconductor technologies. Through close collaboration between technology development and intellectual property activities, we seek to strengthen our business foundation by transforming the results of our development activities into intangible assets.

Investment in Intellectual Property

The Group’s investment in intellectual property goes beyond simply filing applications. We strategically allocate resources from the perspectives of “Explore,” “Create,” and “Protect.”

Explore
- Identifying technology trends through patent information from the early stages of development
- Focusing on information gathering and analysis to differentiate our technologies

Create
- Based on the concept that “development is completed with a patent,” securing broad and robust patent protection for development outcomes in Japan and overseas

Protect
- Conducting comprehensive infringement prevention investigations for new products from the planning and commercialization stages
- Thoroughly preventing intellectual property risks before they materialize

Optimization of the Intellectual Property Portfolio

Through strategic investment in intellectual property and the cultivation of a culture in which each developer views intellectual property activities as tangible evidence of their achievements, we will further strengthen our core strengths—“technological capabilities that exceed customer expectations” and “Sansha Electric as a provider of reliability”—even in a rapidly changing global environment.

Value Creation Process

Purpose Moving society forward with power electronics and creativity. P9

Material issues

P18

- Contribution to a carbon-free society and environmental conservation
- Constructing a robust infrastructure and contributing to industrial development
- Providing safety and security while delivering new value
- Strengthening of manufacturing
- Reduction of the environmental impact of production activities
- Promoting diversity and developing talent
- Strengthening business continuity management (BCM)

Six different types of capital

FY2025 Results

Financial assets

A sound financial foundation and cash-generating capacity to support growth investment

- Equity ratio: 76.2%
- Net assets: 24,925 million yen

Manufacturing capital

Strong competitiveness supported by proprietary technologies and an integrated structure

- Capital investment: 1,290 million yen
- Manufacturing bases: 6 bases

Intellectual capital

Competitiveness supported by technology integration and intellectual property

- R&D expenses: 1,432 million yen
- Number of intellectual property rights: 411

Human capital

An organization where diverse talent thrives through a shared purpose

- Employees (consolidated): 1,399
- Employees with professional qualifications: 417

Social and relationship capital

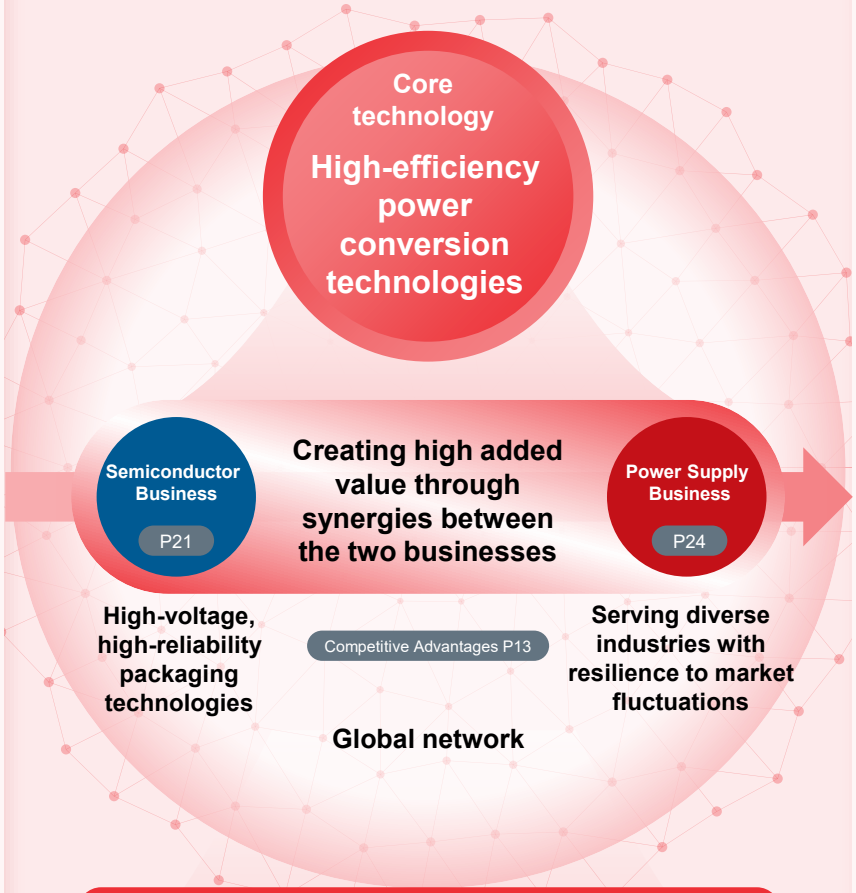
Co-creation with customers to help solve social issues

Sales network
- Japan: 7 locations
- Overseas: 11 locations

Natural capital

Contributing to a decarbonized society through environmentally friendly products

- Power consumption: 15,959 MWh
- Utility gas consumption: 147,598 m³
- Water consumption: 190 thousand m³



Outcome

FY2025 Results

Financial assets

- Net sales: 26.6 billion yen
- Operating profit margin: 5.2%
- ROE: 1.5%

Manufacturing capital

- Capital investment: 1,290 million yen

Intellectual capital

Number of intellectual property rights
- Japan: 206
- Overseas: 205

Human capital

- Percentage of female managers: 5.6%
- Training expenses per employee: 31 thousand yen

Social and relationship capital

- Overseas sales ratio of the Semiconductor Business: 61.6%

Natural capital

- CO_2 emissions: 8,178 t-CO_2
- CO_2 reduction (Compared with FY2013): -43.3%
- Waste recycling rate: 97.8%

Corporate governance P34

03

Growth Strategy

Growth strategy for achieving our vision



Long-term Vision and Market Environment – Our Desired Future

GLOBAL POWER SOLUTION PARTNER

Continuing to be a partner that listens to customers and meets their expectations in the provision of solutions

We combine power semiconductor technologies with power conversion and control technologies to provide highly efficient, high-quality power solutions, aiming to establish a sustainable society. As power needs become increasingly diverse and sophisticated and decarbonization progresses, we support the efficient use and stable supply of energy by optimally converting and controlling power according to its application. We also contribute to reducing environmental impact through highly efficient power supply equipment and power semiconductors, while proactively contributing to local communities and participating in environmental protection activities. Going forward, we will continue to listen closely to our customers and create value that supports people's lives and industries by helping solve social issues.

1 Technology
We will have world-leading technologies related to power electronics, which have been our strength since our founding.

2 Solution
Capitalizing on power electronics technologies, we will thoroughly identify customers' problems and resolve them.

3 Global
Taking a global perspective, we will operate our business on a wholly global scale.

4 Trust
We will earn the unrivaled trust of society for our quality and sincerity.

Vision (FY2033)

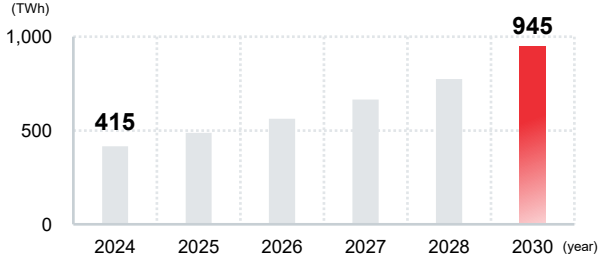
Net sales	Operating profit margin	Return on equity (ROE)	Return on assets (ROA)
50.0 billion yen	10% or higher	10% or higher	10% or higher

Long-term market analysis

The expansion of global electricity demand is a major opportunity for long-term growth.

Driven by the expansion of data centers accompanying the growing use of AI and the increasing adoption of renewable energy toward achieving carbon neutrality, global electricity demand is rising, increasing the need for a stable power supply and advanced power control and conversion technologies. Leveraging the power conversion technologies and power semiconductor technologies that we have cultivated over many years, we will contribute to the stability of social infrastructure and to greater sophistication and energy efficiency in industry through products such as uninterruptible power supplies (UPS), power storage devices (excluding residential and hydrogen applications), high-precision power supplies for surface treatment, and SiC power devices.

Global Data Center Electricity Consumption



Example relevant products and technologies from Sansha Electric Manufacturing

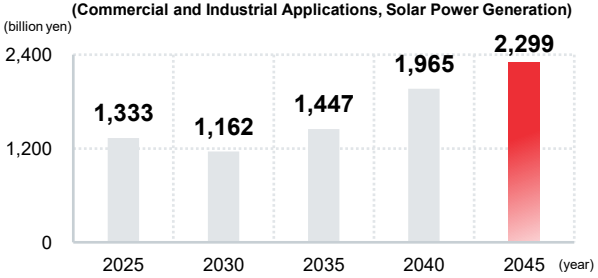
Uninterruptible Power Supplies (UPS), High-Precision Power Supplies for Surface Treatment, Energy Storage Systems, Power Conditioners for Solar Power Generation, Power Semiconductor Products

Applications

Data Centers and Related Equipment (Power Infrastructure, Power Supplies for Telecommunications and Server Equipment, etc.)

Source: International Energy Agency, "Energy and AI"

Storage Device Market
(Commercial and Industrial Applications, Solar Power Generation)



Example relevant products and technologies from Sansha Electric Manufacturing

Power supplies for power storage systems and bidirectional inverters

Applications

Commercial facilities, plants and power storage facilities for power transmission and distribution infrastructure

Source: Fuji Keizai, "Current Status and Future Outlook of the Stationary Storage Battery and ESS-Related Market 2025"

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

Material Issues

Management Materiality
https://www.sansha.co.jp/eng/ir/materiality.html

The Sansha Electric Manufacturing Group has identified seven material issues that are critical to sustainable growth and the enhancement of corporate value, taking into account the risks and opportunities arising from social issues and changes in the business environment. We are addressing these material issues in an integrated manner with the "CF26" Medium-term Management Plan. In FY2025, amid significant changes in the business environment—including progress in decarbonization, growing demand related to AI and data centers, heightened geopolitical risks, and supply chain restructuring—we continued to assess risks and opportunities while advancing initiatives in each priority area.

Going forward, we will continue to integrate materiality into management as we seek to both address social issues and sustainably enhance corporate value.

Process for Identifying Material Issues

Business Environment Analysis
Analyze changes in the business environment, including decarbonization and geopolitical risks

Identification of Social Issues
Identify social issues based on the SDGs and international guidelines

Assessment of Key Issues
Assess importance from stakeholder and management perspectives

Implementation and Review
Integrate materiality into management strategy and review it continuously

Social issues	Material issues	Medium-term management plan priority measures
Climate change	Solving social issues through business activities: Contribution to a decarbonized society and environmental conservation	Develop products that contribute to carbon neutrality and increase the sales ratio of SiC products to 10%
Rapid urbanization	Solving social issues through business activities: Infrastructure development and contribution to industrial development	Expand into new business fields and geographic markets from a global perspective
	Solving social issues through business activities: Providing safety and security and enhancing after-sales services	Improve quality, cost, and delivery (QCD) and provide added value to customers
Demographic changes	Solving social issues through business activities: Strengthening manufacturing and quality	Strengthen quality management, standardize design, and promote production automation
	Strengthening business foundation: Reducing the environmental impact of production activities	Invest in environmentally friendly equipment, reduce CO_2 emissions, and pursue energy conservation
	Strengthening business foundation: Promoting diversity and developing talent	Develop diverse talent to create value, increase the percentage of women in management positions, and improve net sales and operating profit per employee
Global Fragmentation	Strengthening business foundation: Strengthening business continuity management (BCM)	Review business continuity plans (BCPs) and improve the global supply chain

Our Vision for 2033

- Contribute to a decarbonized society through high-efficiency power conversion technologies
- Build a technological foundation that supports sustainable social infrastructure
- Provide safe, reliable products and services
- Establish a highly efficient manufacturing system leveraging AI
- Achieve business operations that balance reduced environmental impact with resource circulation
- Build a self-driven organization where diverse talent can thrive
- Establish a resilient business foundation and a robust information security framework

Financial Strategy for Growth and Improved Capital Efficiency

Under the “CF26” Medium-term Management Plan, the Sansha Electric Manufacturing Group is pursuing a financial strategy focused on both business growth and improved capital efficiency. We will continue to make growth investments that will drive future profit growth, while improving profitability by strengthening our earning power and managing our business with a focus on capital efficiency. By balancing these initiatives with shareholder returns, we aim to sustainably enhance corporate value.

Three Financial Policies

The Group has established “expanding growth investments,” “strengthening earning power,” and “enhancing shareholder returns” as the basic policies of its financial strategy and is working to sustainably enhance corporate value. We allocate cash generated from operating activities primarily to capital expenditures, R&D, and investments in human capital that will drive future profit growth, while strengthening our earning power by expanding sales of high-value-added products, improving productivity, and enhancing asset efficiency. By steadily translating our investments in tangible and intangible assets into profits, we will improve our operating profit margin and total asset turnover and pursue management with a focus on capital efficiency. We will also continue to make the investments necessary for medium- to long-term growth while maintaining stable shareholder returns and a sound financial foundation, with the aim of sustainably enhancing corporate value.

Three Financial Policies	Initiatives to Increase Corporate Value	
1 Expanding Growth Investments Capturing growth opportunities to achieve sustainable growth and enhance corporate value	**Capital Investment**	Expansion of production capacity and equipment upgrades
	R&D Investment	Strengthening the development of SiC technologies and high-efficiency products, and developing products for growth markets
	Human Capital Investment	Talent development, transfer of technological expertise, and enhanced employee engagement
2 Strengthening Earning Power Driving sustainable growth in earning power through higher value-added products and productivity improvements	**Increasing Added Value**	Expansion of high-value-added products and services
	Productivity Improvement	Shorter lead times, design standardization, automation, and greater efficiency through DX
	Improving Asset Efficiency	Optimization of inventories, equipment, and working capital
3 Enhancing Shareholder Returns Maximizing shareholder value through improved capital efficiency and stable shareholder returns	**Maintaining Stable Dividends**	Securing funds for dividends through increased profit attributable to owners of parent
	Improving Capital Efficiency	Maximizing shareholder value through improved ROE
	Maintaining Financial Soundness	Ensuring a sound financial position

Enhancement of Corporate Value

Improving the Operating Profit Margin
Improving profitability through higher added value and productivity improvements

×

Improving Total Asset Turnover
Improving asset efficiency through the effective use of assets

Improving ROA
Achieving ROA of 10% based on operating profit

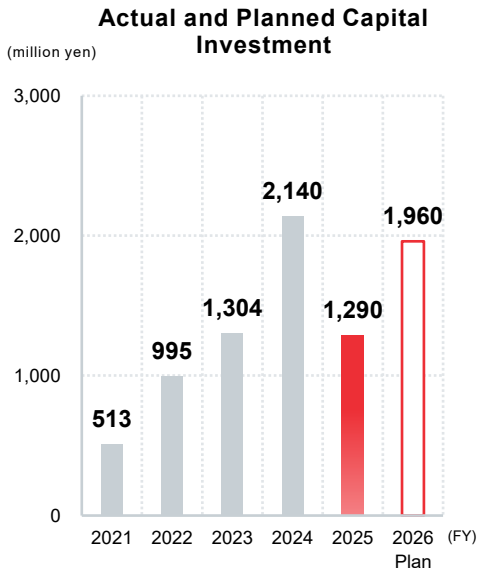
Improving ROE
Achieving ROE of 10% or higher, exceeding the cost of shareholders’ equity

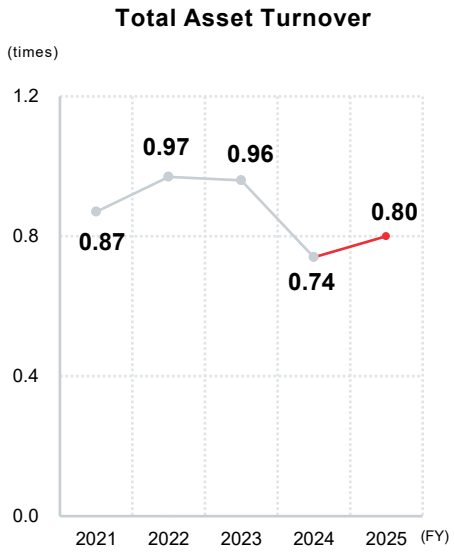
Growth Investment and Improved Capital Efficiency

We are currently reviewing our strategic roadmap toward realizing our medium- to long-term vision and advancing initiatives based on a concrete action plan. Under our financial strategy, we will steadily make the investments necessary to execute this roadmap, thereby driving growth and strengthening our earning power. By translating the benefits of growth investments into sustained profit growth, we aim to improve capital efficiency and enhance corporate value.

The Group regards achieving ROE above the cost of shareholders' equity as an important management target. ROE was 13.0% in FY2023 but declined to 2.1% in FY2024, due mainly to lower profits resulting from decreased sales and an increase in deferred tax liabilities following a revision of the dividend policy of a subsidiary. In FY2025, ROE declined further to 1.5%, primarily due to impairment losses on certain assets in the Semiconductor Business and fixed assets of a subsidiary.

We recognize that achieving ROE of 10% requires improvements in both the operating profit margin and total asset turnover. Accordingly, we have set a target of 10% ROA based on operating profit as a management indicator to be applied across our operations. By improving both profitability and asset efficiency, we will steadily translate the management resources we invest into profits and seek to sustainably create corporate value that exceeds our cost of capital.

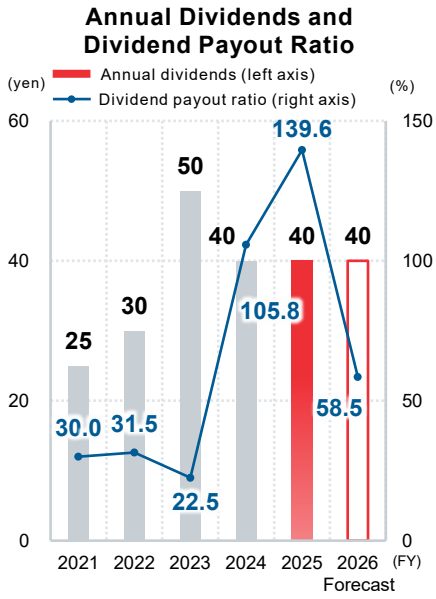


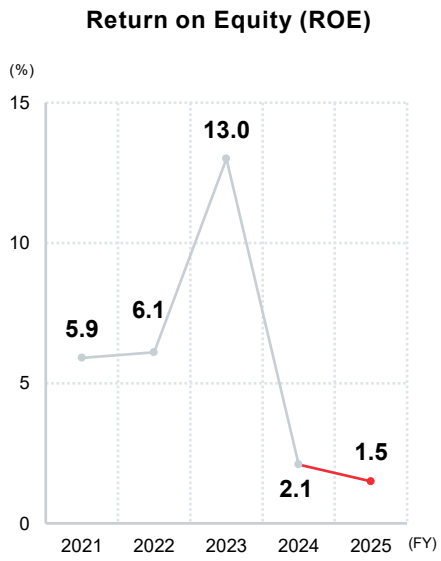


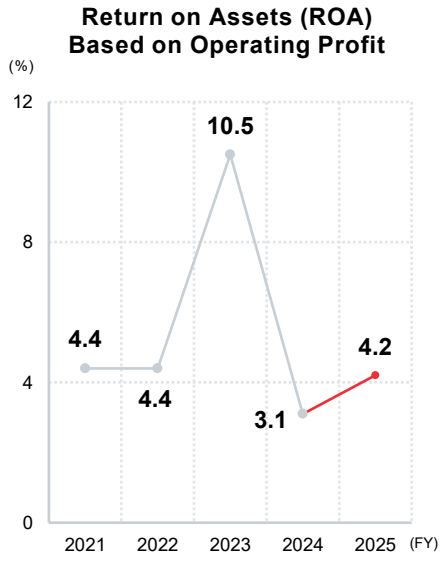
Shareholder Returns and Sustainable Enhancement of Corporate Value

We plan to allocate cash generated from operating activities in a balanced manner between investments for future growth—including capital expenditures, R&D, human capital, and DX—and shareholder returns. For shareholder returns, our basic policy for the three-year period of the Medium-term Management Plan is to pay the higher of a 30% dividend payout ratio or an annual dividend of 40 yen per share, thereby providing stable and continuous returns to shareholders.

Going forward, we will seek to achieve profit growth and improve capital efficiency through a virtuous cycle of growth investments and shareholder returns, thereby sustainably enhancing corporate value.



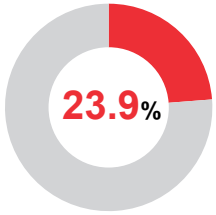




Semiconductor Business

The Sansha Electric Manufacturing Group develops and manufactures power semiconductors, rather than integrated circuit semiconductors such as CPUs and memory devices. Our power semiconductors are used in power supply equipment to control high currents and voltages. They have been adopted in a wide range of customer production equipment and power supply products, where they play an important role in industrial applications that require high reliability over long periods of operation.

Contribution to net sales





Products

Modules

Device packages combining multiple power semiconductors



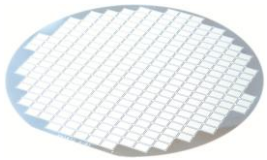
Discrete semiconductors

Semiconductor devices that control current and voltage. Single-function devices, such as transistors and diodes, are used in various combinations depending on the application.



Chips

A semiconductor chip integrating circuits that perform basic functions such as controlling current and voltage.



Thyristor and Diode Modules Global Market Share

5th *

Recognized worldwide for their high quality and reliability, our thyristor and diode modules are used in a wide range of industrial applications.



Diode Module

* OMDIA, Annual Power Semiconductor Reports-2023

Strengths and features

Independently developed power semiconductors with high-voltage, high-current and low-loss characteristics

In addition to the planar structure, we actively use our original mesa technologies to independently develop and manufacture power semiconductors with high voltage resistance and low power loss.

Packaging technologies for high reliability

Our original chip packaging technologies suited for power semiconductors gain high marks for their long-term reliability in key industrial applications.

Synergy with the Power Supply Business to provide optimal solutions

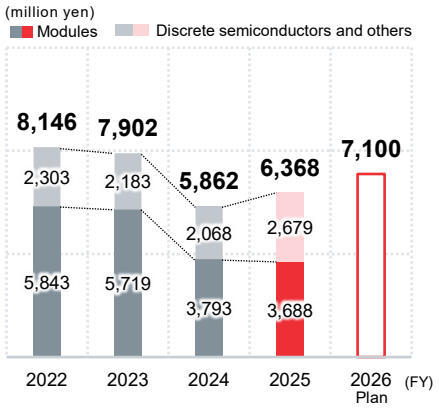
Using the knowledge we have cultivated in the development and manufacturing of power supplies, we provide the solutions that are best suited to the environment power semiconductors will be used in and their applications.

Semiconductor Business

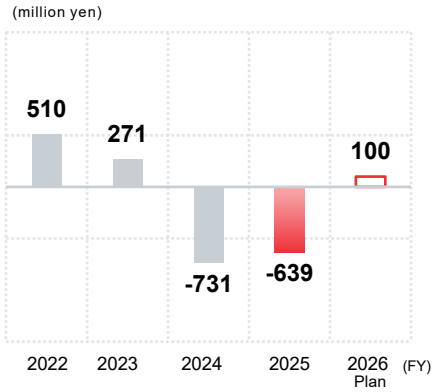
FY2025 Business Results and Outlook

In FY2025, the Semiconductor Business recorded higher net sales overall. While the mainstay power modules were affected by prolonged inventory adjustments by customers and slower growth in the Chinese market, sales of discrete semiconductors and chips increased. In response to growing demand for higher efficiency and higher-voltage capabilities, we made improvements to our SiC chips and expanded our product lineup, while also developing products for applications in the infrastructure sector. As a result, net sales increased 8.6% year on year to 6,368 million yen. Although the business posted a loss due in part to an increase in fixed costs, the loss narrowed from the previous fiscal year. Going forward, we will steadily expand into high-value-added areas to strengthen the quality of our earnings base and contribute to the medium- to long-term enhancement of corporate value.

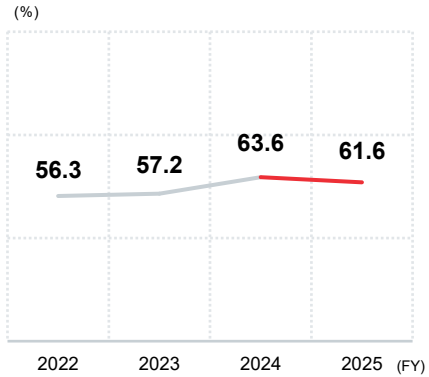
Net sales by product



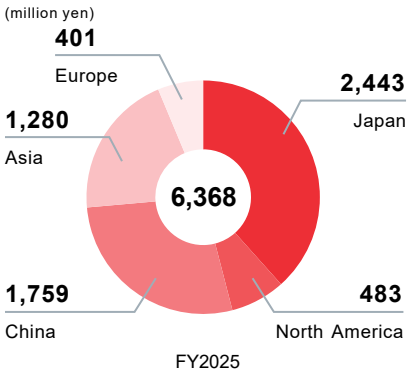
Segment profit



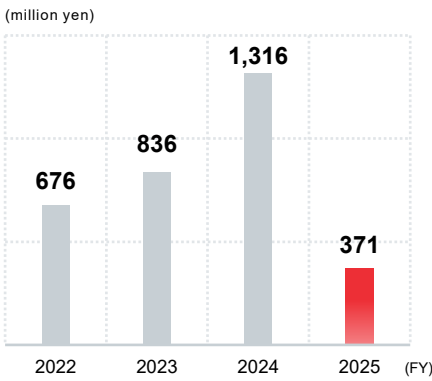
Overseas Sales Ratio



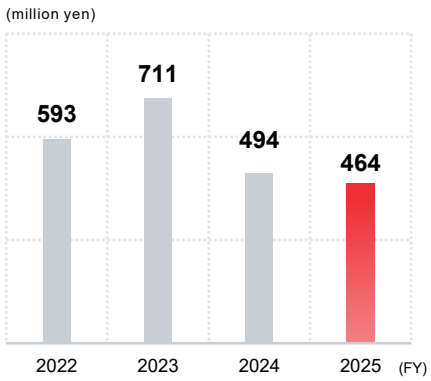
Net sales by region (by location of sales destination)



Capital investment

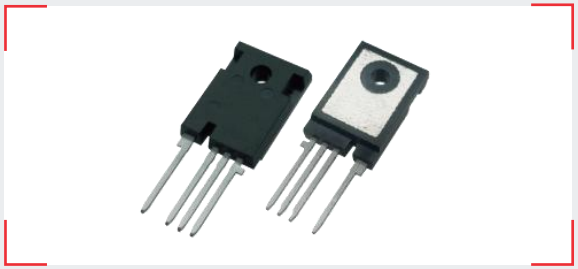


Research and development expenses



FY2025 Highlights

Meeting Energy-Saving Needs through the Development of High-Voltage SiC Devices



1700 V SiC MOSFET Discrete Device

In May 2025, we developed a 1700 V SiC MOSFET discrete device. Demand for SiC power devices is growing as key devices for improving energy efficiency in high-current, high-voltage applications such as automotive and industrial equipment, as they offer lower power loss and faster switching than conventional silicon devices.

The new product uses a SiC MOSFET chip with an integrated freewheeling diode function and features a four-pin configuration that enables high-speed, low-loss, and low-noise operation. It delivers excellent performance in power conversion equipment, where demand for higher efficiency and more compact designs continues to grow. With the addition of the new 1700 V product to our existing 1200 V lineup, we can now address higher-power applications and meet a broader range of customer needs. Going forward, we will seek to expand adoption, particularly in industrial equipment and power infrastructure applications, and drive business growth.

Semiconductor Business



Director and Managing Operating Officer
Executive General Manager of
Semiconductor Business Division, In charge of Quality Assurance and Environment

Hajime Katsushima

Leveraging 60 Years of Power Semiconductor Expertise in Growth Markets

Since its founding as a rectifier manufacturer, the Group has been among the first in the industry to undertake in-house production of power semiconductors, key components of rectifiers, and has accumulated technological expertise for more than 60 years. The device technologies and power conversion technologies cultivated over this period form the foundation for highly efficient and stable power control and are at the core of our business.

In recent years, the importance of power conversion technologies and power semiconductors has grown further, driven by the increasing adoption of renewable energy, the expansion of electric vehicles, and the development of new data centers. Leveraging the technologies and reliability we have built over many years, particularly in rectifier devices that support the electrification of society, we will expand our presence in markets with strong growth potential.

Message from the General Manager, Semiconductor Business Division

By integrating device and power conversion technologies, we will strengthen our competitiveness in second-generation SiC devices and high-power applications. Leveraging our strengths in quality and stable supply, we will rebuild a solid earnings base that supports social infrastructure.

Accelerating Expansion into High-Value-Added Areas under the “CF26” Medium-term Management Plan

Under the “CF26” Medium-term Management Plan, we have worked to further advance our packaging technologies, known for their high reliability, and our wafer process technologies, while strengthening our competitive advantage through the integration of these technologies. We have expanded our presence in markets where quality and stable supply are highly valued, including industrial equipment and energy-related applications, while developing products for high-power applications with the aim of expanding our business in high-value-added markets. For SiC products, we have also advanced the development and market introduction of second-generation devices, laying the groundwork for SiC to serve as a future growth driver.

A key strength of the Group is our ability to incorporate the SiC devices we develop into our own power supply equipment and enhance their performance and reliability through the development process. Our unique capability to develop both power semiconductors and power supply equipment contributes to strengthening the competitiveness of our products.

In global markets, we have strengthened our marketing capabilities in each region and expanded our field engineering capabilities to leverage our business base, with overseas sales accounting for approximately 60% of total sales. By accurately identifying the specific needs and challenges of each region and enhancing our ability to provide customer-focused solutions, we will deepen relationships of trust with our customers and deliver value through the integrated efforts of development, manufacturing, and sales, thereby further expanding our business in overseas markets.

Strengthening Our Earnings Base through Next-Generation Technologies and Manufacturing Innovation

Going forward, we will further enhance the reliability and performance of our products for high-voltage and high-power applications, while actively pursuing R&D in new bonding technologies and next-generation semiconductors. We will also advance our distinctive manufacturing capabilities and build a supply system that can respond flexibly to fluctuations in demand. In addition, we will leverage AI and DX to advance our development and production processes and shorten lead times, thereby improving profitability and competitiveness.

The Group will continue to contribute to the development of social infrastructure and industry through both our semiconductor and power supply businesses, with power semiconductor technologies and power conversion technologies at the core. As a trusted technology partner that customers continue to choose, we will pursue sustainable growth and enhance corporate value.

Medium-term Strategy

- Strengthening SiC Competitiveness (Launch of Second-Generation Products)
- Development of High-Power Devices
- Advancing Development and Production through AI and DX
- Expanding Market Share in Global Markets

Aspiration

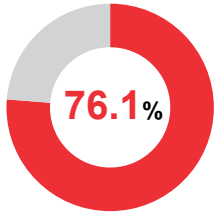
Transforming the Earnings Structure for Sustainable Growth

Driving sustainable growth by contributing to the development of social infrastructure and industry through our Semiconductor and Power Supply Businesses, with power conversion technologies at the core.

Power Supply Business

The Sansha Electric Manufacturing Group's development and manufacturing of power supply equipment began in 1933 with the development of a power supply for movie theater projectors. Since then, we have continued to refine our technologies for freely transforming and efficiently converting and controlling electricity. These technologies are utilized in a wide range of fields, including the environment and energy, infrastructure, and facility equipment. Through our integrated system spanning development and design, manufacturing, and maintenance, we provide high-quality products and services tailored to customer needs.

Contribution to net sales





Products

For general industries

These are high-capacity power supplies for industrial use. Used in production equipment at large-scale factories.



Inverters

The applications of inverters include their use in uninterruptible power supplies (UPSs), solar power generation, fuel cells, and power conditioning systems (PCSs) that can be used with storage batteries. They are used at power plants, data centers, large factories, and other facilities.



For surface treatment, welding machines and cutting machines

Power supplies used for plating, coating, aluminum anodization, welding and cutting for smartphone, automobile component and other applications.



Small power supplies

Small capacity power supplies are incorporated into financial institutions' automatic teller machines (ATMs), medical equipment, communication equipment and printers.



For light sources and dimming

Power supplies for projection mapping, cinemas, studios, theaters, and other applications.



Other power supplies and services

Electric power regulators controlling the temperature of electric furnaces, power supply maintenance services, and other efforts.



Power Supplies for Surface Treatment Domestic Market Share

1st*

Used in plating processes that improve the wear and oxidation resistance of metals, our power supplies have met market needs and earned strong trust for more than half a century.



Power Supplies for Surface Treatment

* Estimated by Sansha Electric Manufacturing Co., Ltd. on the basis of the Japan Plating Suppliers Association: 2023 Dynamic Statistics of Power Supply Sales

Strengths and features

High-efficiency power conversion technology

Leveraging our strength in technologies that convert power rapidly and precisely while minimizing power loss, we develop and manufacture power supply equipment, including power conditioners for fuel cells equipped with our own SiC modules.

Broad development capabilities, from small embedded to large industrial power supplies

We design and develop power supplies ranging from small embedded power supplies to large industrial power supplies, tailored to customers' specifications and applications to meet a wide range of needs.

One-stop services supporting the entire lifecycle of power supply equipment

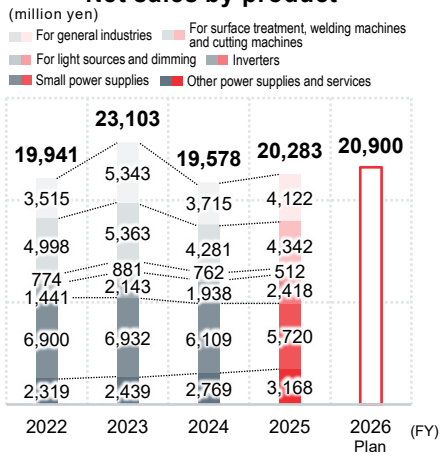
By providing integrated support from installation and commissioning through operation, maintenance, repair, and replacement, we contribute to the stable operation and extended service life of power supply equipment.

Power Supply Business

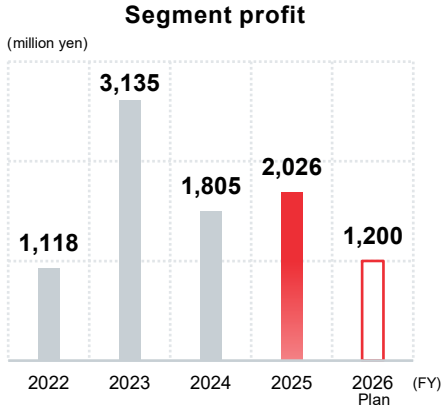
FY2025 Business Results and Outlook

In FY2025, the Power Supply Business steadily captured demand for highly efficient and stable power supply, supported by the expansion of data centers. Building on our long-established power conversion technologies, sales increased in the metal surface treatment field for high-density circuit boards and for uninterruptible power supplies (UPS). Our power supplies for general industries also saw broader adoption in applications including marine vessels, metal processing, and testing and evaluation. In addition, sales in the services business expanded, driven by growth in maintenance services for inverters, including UPS, and power conditioners. Meanwhile, sales of small power supplies were affected by lower demand for medical equipment. Nevertheless, we reduced engineering hours through design standardization and shortened lead times. As a result, net sales were 20,283 million yen and segment profit was 2,026 million yen. Going forward, we will steadily capture business opportunities in growth markets and strengthen the quality of our earnings base, thereby contributing to the medium- to long-term enhancement of corporate value.

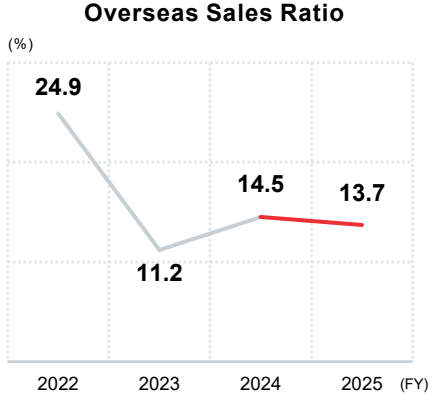
Net sales by product



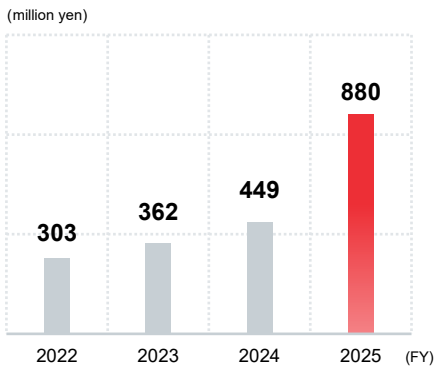
Segment profit



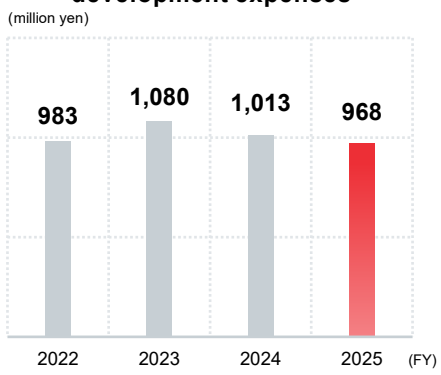
Overseas Sales Ratio



Capital investment



Research and development expenses



FY2025 Highlights

Received the “Chairman’s Special Award” at the FY2025 New Energy Awards



Grid-Connected Power Conditioner Test System (Up to 5 MW)

By incorporating our own power semiconductors, this system achieves high efficiency and a compact design, while automated testing enables efficient evaluation. The system can also test high-capacity equipment and was recognized for its contribution to equipment development and quality improvement in the renewable energy field.

Received the “Invention Encouragement Award” at the FY2025 Kinki Regional Invention Awards



Our grid-connected inverter technology received the Invention Encouragement Award. The technology efficiently supplies electricity generated by solar power systems to the grid and ensures stable operation by using grid power to operate the control and cooling systems. It also helps increase the amount of electricity available for sale by reducing the consumption of generated power. We will continue to contribute to the wider adoption of renewable energy and a stable power supply.

Power Supply Business



Director and Senior Managing Operating Officer
Executive General Manager of
Power Supply Equipment Business Division

Hiroshi Zumoto

Business Opportunities Driven by Increasingly Sophisticated Power Demand

Against the backdrop of the advancing energy transition, increasingly sophisticated power demand, and growing demand for decarbonization and energy efficiency, the power supply equipment market is entering a period of medium- to long-term growth. In addition to increasing demand for power supply equipment for data centers driven by the expanding use of AI, business opportunities where the Group can leverage its strengths are steadily expanding, including the growing adoption of renewable energy and energy storage systems, as well as equipment upgrades and energy-efficiency initiatives at manufacturing sites.

At the same time, market competition is intensifying, making the ability to contribute to solving customers' challenges increasingly important. By working closely with customers and providing optimal power solutions tailored to their applications and operating environments, the Group will strengthen its competitive advantage.

Against this backdrop, in FY2026 the Power Supply Business Headquarters transitioned to an independently managed profit structure with clear profit accountability and evolved into an integrated organization encompassing product planning, engineering, manufacturing, sales, and services. By seamlessly connecting the entire process from development and delivery through after-sales support, we have strengthened our ability to respond to market changes and rapidly turn proposals tailored to customers' challenges into solutions. This integrated approach is a key source of the Group's competitiveness. Another distinctive strength is our ability to manufacture SiC modules in-house, in collaboration with the Semiconductor Business, which are key to improving power conversion efficiency.

Message from the General Manager, Power Supply Equipment Business Division

Driven by the energy transition and growing AI demand, we will support a sustainable society and industrial infrastructure through our integrated business structure and highly reliable technologies and services.

Accelerating Growth through the Integration of Products, Markets, and Manufacturing

Going forward, we will focus on three key initiatives: strengthening our product competitiveness, accelerating market expansion, and advancing manufacturing innovation.

On the product front, we will expand our range of optimal power solutions tailored to specific applications and market characteristics, with a focus on higher efficiency, greater reliability, and energy conservation. On the market front, we will strengthen our global business base by accurately identifying the needs of each region and enhancing our ability to provide customer-focused solutions. On the manufacturing front, we will advance the standardization of design and production processes and the use of digital technologies to improve quality, delivery performance, and cost competitiveness.

To support these initiatives, we will continue to strengthen our development capabilities, quality assurance, DX, and talent development. We will further refine our medium- to long-term product roadmap and meet customer expectations through both standard products and customized solutions. At the same time, by leveraging data and enhancing cost visibility, we will build resilient business operations capable of adapting flexibly to change.

Delivering Value Beyond Installation

The value we provide extends beyond the supply of products. By supporting customers throughout operation and maintenance after installation, we contribute to the stable operation and extended service life of their equipment, as well as lower total cost of ownership. Providing value throughout the entire lifecycle in this way forms the foundation of our relationships of trust with customers.

Going forward, with power conversion technologies at the core, we will continue to create new value together with our customers by providing power supply equipment that supports social infrastructure and industry, thereby achieving sustainable growth and enhancing corporate value.

Medium-term Strategy

- Accelerating Customization
- Shortening Lead Times through Design Standardization and Other Initiatives
- Building a Foundation to Strengthen Maintenance Solution Proposals

Aspiration

Strengthening Customer Responsiveness and Establishing a Stable Earnings Base

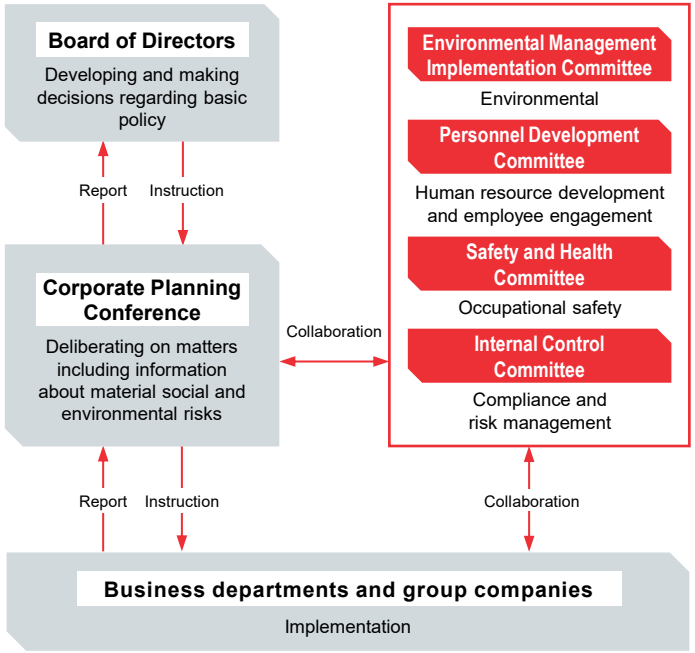
Building strong relationships of trust with customers and a stable earnings base by proposing solutions tailored to their specific needs and providing after-sales maintenance services.

Sustainability Strategy

Basic stance

The Sansha Electric Manufacturing Group seeks to contribute to solving social issues through power electronics and creativity, while sustainably enhancing corporate value and helping to build a sustainable society. To achieve these goals, we position the environment, human capital, human rights, and the supply chain as important foundations of management and promote initiatives while fully considering the impact of our business activities on society and the global environment. We also strive to strengthen relationships of trust with our stakeholders by creating an environment in which diverse human resources can thrive, respecting human rights, and building a responsible supply chain. Through these initiatives, we will strengthen our sustainable business foundation, achieve sustainable growth and enhancement of corporate value, and contribute to the sustainable development of society.

Promotion structure



How Sustainability Supports Value Creation

Sustainability Strategy

Trust from Society

We enhance trust from society by respecting human rights, building a responsible supply chain, and advancing BCM.

People-Centered Management

We create an environment where diverse talent can thrive, fostering a growing and dynamic organization.

Harmony with the Global Environment

We work to mitigate climate change and reduce environmental impact, contributing to a society in harmony with the global environment.

Three Priority Themes

Strengthening Business Continuity Management (BCM)

Under our Basic BCM Policy, we are developing BCPs and promoting education and training to strengthen our response to natural disasters and cybersecurity threats.

Human Rights and Human Capital

We respect human rights and support diverse talent in their growth and success, thereby contributing to the sustainable enhancement of corporate value.

P28 P29

Environment

We promote climate change mitigation and the reduction of environmental impact, while advancing the decarbonization of our business activities and the efficient use of resources.

P31

Strengthening a Sustainable Business Foundation

We enhance our ability to respond to risks and improve business continuity, while building trust with society and establishing a competitive business foundation.

Respect for Human Rights



The Sansha Electric Manufacturing Group recognizes respect for human rights as one of its key responsibilities in conducting business activities. Based on the Sansha Electric Manufacturing Group Human Rights Policy, we promote business activities that respect the human rights of our diverse stakeholders, including employees, business partners, and local communities. We also work to raise awareness of respect for human rights and foster a corporate culture that values human rights through responsible procurement activities, the operation of consultation and whistleblowing systems, and awareness-raising activities.

Basic stance

As the Sansha Electric Manufacturing Group expands its business globally, we recognize respect for human rights as an important management issue. Our business activities are built on relationships with a wide range of stakeholders, and business activities that fail to adequately consider human rights may pose risks to our corporate value and trust. For this reason, we have established the Sansha Electric Manufacturing Group Human Rights Policy and are working to respect human rights in compliance with laws and regulations and in accordance with internationally recognized human rights principles. Going forward, in light of changes in the business environment and societal expectations, we will continue to consider initiatives to identify human rights risks and strengthen our response to them.

Sansha Electric Manufacturing Group Human Rights Policy
https://www.sansha.co.jp/eng/company/philosophy.html#HUMAN

Human Rights Initiatives Cycle



The Group continuously improves its initiatives to respect human rights and seeks to enhance their effectiveness.

Carrying out responsible sourcing

The Sansha Electric Manufacturing Group places importance on compliance with laws, regulations and social norms, considerations regarding human rights and occupational health and safety, and environmental considerations, and promotes sustainable procurement activities throughout its supply chain. In accordance with its Supplier Selection Policy, the Group also maintains fair and impartial business relationships and works to promote understanding of respect for human rights through communication with its business partners.

In FY2025, the Group reviewed the Sansha Electric Manufacturing Group Conflict Minerals Response Policy in light of recent social trends and changes in the environment surrounding the supply chain. Going forward, we will continue to promote responsible procurement activities that take human rights and social issues into consideration.

Procurement Policy, Supplier Selection Policy and Sansha Electric Manufacturing Group Conflict Minerals Response Policy
https://www.sansha.co.jp/eng/csr/purchase.html

Consultation and whistleblowing contact for suppliers

The Group has established a dedicated helpdesk to receive inquiries and reports from business partners and other relevant parties regarding violations of laws and regulations, misconduct, infringements of human rights, and similar matters. We ensure the protection of whistleblowers and confidentiality, while appropriately investigating and responding to information received and taking corrective measures as necessary.

We position this helpdesk as an important mechanism for the early detection and correction of various risks, including human rights infringements, and have established an environment in which our business partners can raise concerns and make reports with confidence. Going forward, through fair and ethical business practices, we will continue to respect the human rights of all stakeholders, including our business partners.

Human Rights Awareness

The Group conducts human rights awareness-raising activities with the aim of increasing understanding of “business and human rights.” We use our internal newsletter and other communication channels to provide easy-to-understand information on human rights and topics relevant to employees’ everyday lives, thereby promoting greater understanding among individual employees. Going forward, we will continue to raise awareness to encourage actions that respect human rights.

Human Capital Strategy to Support Growth

Basic stance

The Sansha Electric Manufacturing Group regards its people as human capital and a source of corporate value creation as it seeks to realize “Happiness and Stability for Employees,” as set forth in its Corporate Philosophy. We believe that creating a virtuous cycle in which the growth of each employee supports the sustainable growth of the Company, and the resulting achievements contribute to the development of society, will lead to the sustainable enhancement of the Group’s corporate value. Based on this belief, we position human capital development and the strengthening of organizational capabilities as important management priorities. In addition to enhancing expertise and developing leaders, we are creating an environment in which diverse talent can fully demonstrate their abilities and promoting work style reforms to improve productivity. We are also building an organization that can respond flexibly to changes in the business environment by recruiting and developing people who have a commitment to continuous learning and a willingness to take on challenges.

Relationship between Human Capital and Corporate Value Enhancement

Strengthening Human Capital	Support the growth and success of diverse talent and create an organization where everyone can fully demonstrate their abilities
Enhancement of Technical Capabilities and Quality	Strengthen R&D, design, and quality assurance capabilities
Creation of High-Value-Added Products	Create products and solutions that help solve social issues through power semiconductor and power supply technologies
Enhancement of Customer Value	Help solve customer challenges through higher efficiency, energy conservation, stable operation, and other benefits
Improved Profitability and ROE	Achieve growth in net sales and profits and improve capital efficiency
Enhancement of Corporate Value	Lead to sustainable growth and the enhancement of corporate value over the medium to long term

Human Capital Strategy Aligned with CF26

Under the “CF26” Medium-term Management Plan, we are advancing our business strategy, sustainability strategy, and financial strategy in an integrated manner, while strengthening investment in human capital as a foundation for achieving these strategies. Amid significant changes in the business environment, including advances in AI and GX (Green Transformation), the Group is pursuing four priority initiatives: strengthening technical talent, developing leaders and management talent, improving productivity through work style reforms, and creating an environment where diverse talent can thrive. Through these initiatives, we aim to enhance corporate value over the medium to long term.

Priority Human Capital Initiatives

1 Strengthening Technical Talent

To maintain and strengthen our competitive advantages in power semiconductor and power supply technologies, we are developing a structured system of specialized training and promoting talent development linked to our intellectual property strategy.

- Structuring Specialized Training
- Alignment with the Intellectual Property Strategy
- Continuous Enhancement of Technical Capabilities

2 Developing Leaders and Executive Talent

To achieve sustainable growth and enhance corporate value over the medium to long term, we regard the development of the next generation of executive talent as an important priority. In FY2025, we conducted a Next-Generation Leader Development Program for 19 employees selected from across the Company. In addition, in response to the transition to a business headquarters structure and changes in the business environment, we are developing talent with both a business perspective and a company-wide perspective through cross-functional assignments and opportunities to gain experience in business management.

- **Next-Generation Leader Development Program**
  (FY2025: 19 participants selected)
- **Cross-Functional Assignments**

3 Work Style Reform and Productivity Improvement

We are promoting work style reforms aimed at enhancing employee motivation and operational efficiency so that each employee can fully demonstrate their abilities. By reviewing business processes through operational improvements and the use of digital transformation (DX), and implementing initiatives company-wide to enhance productivity, we aim to improve both employee engagement and corporate value.

- Work Style Reform
- Operational Improvements and Use of DX
- Productivity Improvement

4 Creating an Environment Where Diverse Talent Can Thrive

We are creating an environment where diverse talent can fully demonstrate their abilities through initiatives such as promoting the advancement of women, strengthening mid-career recruitment, appointing younger and mid-level employees to key positions, cross-functional assignments, and the introduction of flexible work arrangements. We are also working to foster an organizational culture that encourages employees to take on challenges autonomously through dialogue-based management and by strengthening managers’ capabilities to develop their team members.

- Advancement of Women
- Strengthening Mid-Career Recruitment
- Appointment of Younger and Mid-Level Employees to Key Positions
- Cross-Functional Assignments
- Flexible Work Arrangements

Human Capital Strategy to Support Growth

Building an Organization Where Diverse Talent Drives Value Creation

The Sansha Electric Manufacturing Group identifies “Promoting Diversity and Developing Talent” as one of its key material issues and is building an organization where diverse talent can fully demonstrate their abilities.

As the business environment changes at an accelerating pace, we believe that achieving sustainable growth requires us to embrace diverse perspectives—including differences in gender, age, nationality, experience, and values—and translate them into new value creation. In particular, as we expand our global business and respond to technological innovation, we recognize that fostering an organizational culture where diverse talent can thrive is an important foundation for strengthening our competitiveness.

To promote the advancement of women, we are developing female candidates for management positions, supporting their career development, and providing job rotation opportunities to increase diversity in decision-making positions and expand opportunities for women to thrive. We are also working to foster an organizational culture that respects diverse values through training for managers and the promotion of dialogue-based management. Going forward, we plan to provide unconscious bias training for department heads and highlight female managers as role models, thereby raising employees’ career awareness and promoting a broader change in mindset across the organization.

We are also promoting the employment of people with disabilities by designing jobs suited to individual characteristics and collaborating with employment support organizations to create a workplace where they can work with confidence. Through initiatives such as plant tours and workplace training, we are working to create an environment where diverse talent can continue to thrive.

Going forward, we will continue to build an organization where diverse talent can proactively take on challenges and thrive, thereby contributing to the enhancement of corporate value.

Key Initiatives to Support Diversity

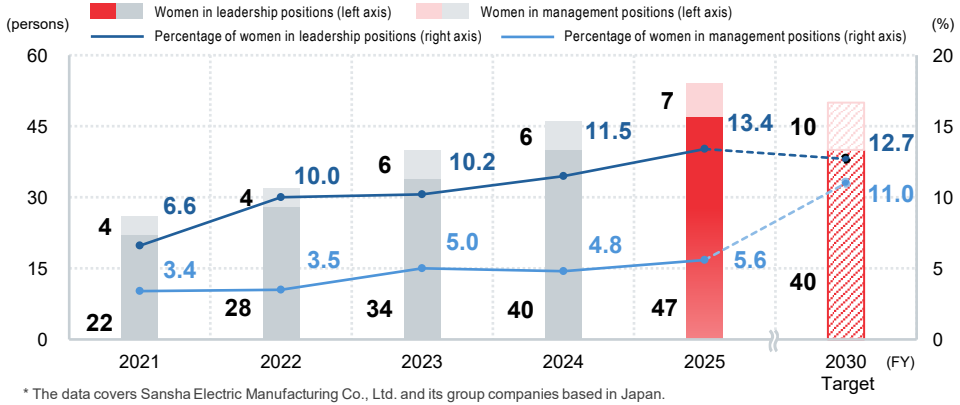
To promote the appointment of women to management positions, we provide skills development training and job rotation opportunities, while developing a pipeline of candidates for management positions. We are also expanding opportunities for people with diverse perspectives and experience to thrive through mid-career recruitment and the appointment of international talent.

In addition, we have obtained “Eruboshi” and “Kurumin” certification and are creating an environment where diverse talent can continue to thrive by supporting employees in balancing work with childcare and caregiving, introducing flexible work arrangements, and encouraging male employees to take childcare leave.

Promoting Health and Productivity Management and Creating a Supportive Work Environment

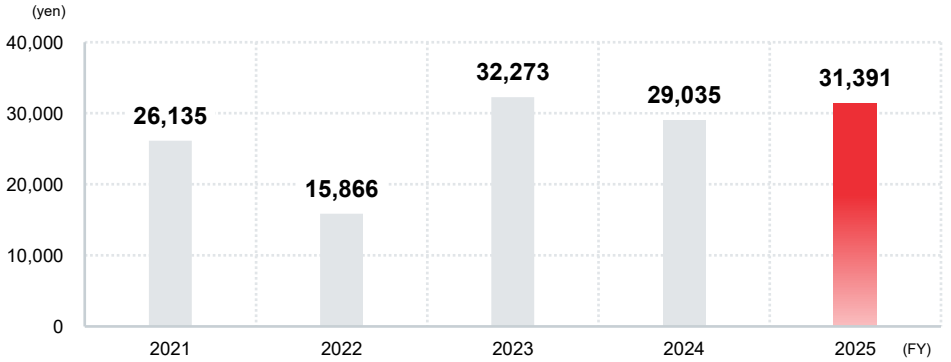
The Sansha Electric Manufacturing Group promotes health and productivity management based on the belief that employee health is the foundation for sustainable growth. We maintain a 100% participation rate in regular health checkups and work to support employees’ physical and mental health and improve the workplace environment through stress checks, collaboration with occupational physicians, and external consultation services. We also promote a safe and supportive work environment by preventing excessive working hours, conducting occupational safety and health activities, and carrying out workplace patrols. In addition, initiatives led by the “Iki-Iki Committee” at the Okayama Plant and the “Work Style Reform Project” at Head Office focus on enhancing workplace communication and supporting employees in balancing work with childcare and caregiving responsibilities. Going forward, we will further strengthen the use of health data and collaboration with external specialists to create a workplace where all employees can work with confidence and vitality.

Women in Management and Leadership Positions



* The data covers Sansha Electric Manufacturing Co., Ltd. and its group companies based in Japan.
* We achieved our FY2030 target for women in leadership positions ahead of schedule and will consider revising the target going forward.

Training Expenses per Employee



* The data covers Sansha Electric Manufacturing Co., Ltd. and its group companies based in Japan.

Initiatives to Reduce Environmental Impact

Sansha Electric Manufacturing Group Environmental Policy
https://www.sansha.co.jp/eng/csr/environment.html

The Sansha Electric Manufacturing Group views addressing climate change as both an important management issue for reducing the environmental impact of its business activities and a business opportunity to create new value by leveraging the Group's technologies. Through the provision of highly efficient products and services that leverage our power semiconductor technologies and power conversion and control technologies, we seek to help customers conserve energy and reduce CO_2 emissions, while capturing business opportunities in growing markets driven by decarbonization and increasing electricity demand, including renewable energy, data centers, and industrial equipment. In our own business activities, we also aim to reduce CO_2 emissions by 46% from the FY2013 level by FY2030 and achieve carbon neutrality by 2050. Through these initiatives, we seek to both reduce environmental impact and achieve business growth, thereby contributing to the sustainable enhancement of corporate value.

1 Reducing Environmental Impact from Business Activities (Scope 1 and 2)

We continuously work toward reducing CO_2 emissions by 46% from the FY2013 level by FY2030 and achieving carbon neutrality by 2050.

● Equipment Upgrades and Efficiency Improvements

We are optimizing energy use by upgrading and electrifying power receiving transformers, air-conditioning equipment, and other facilities.

● Conversion to LED Lighting

We are progressively converting lighting at our facilities to LED lighting to reduce electricity consumption.

● Use of Renewable Energy

We are installing solar power generation systems at the Okayama Plant and some subsidiaries and promoting the purchase of electricity from renewable energy sources.

● External Recognition

In recognition of our ongoing energy conservation activities, we were classified as a Class S operator with outstanding energy conservation initiatives by the Ministry of Economy, Trade and Industry.

* For detailed data, including trends in CO_2 emissions, see "Non-Financial Data (Environment)" on page 43. P43

2 Creating Environmental Value through Products and Services

Through the development of highly efficient power semiconductors and power supply equipment, we contribute to energy conservation and the reduction of CO_2 emissions, while creating business opportunities in growing markets.

● Development of High-Efficiency, Highly Reliable Products

Through the development of SiC power semiconductors and high-efficiency power supplies, we will contribute to energy conservation and drive business expansion in growing markets.

● Applications across a Wide Range of Fields

We are expanding our product offerings into growth sectors—such as renewable energy, data centers, and industrial equipment—where decarbonization is advancing and electricity demand is growing.

● Contribution to CO_2 Emissions Reduction through Our Products

We are strengthening technology development and solution proposals to help customers reduce electricity consumption and CO_2 emissions through the use of our products.

● Collaboration with Customers and Society

We will strengthen collaboration with customers and partner companies to promote decarbonization throughout the value chain.

Strengthening Environmental Management

Advancing the Calculation of Scope 3 Emissions

We are calculating Scope 3 emissions to better understand GHG emissions throughout our supply chain. We have calculated emissions for Category 1 (purchased goods and services), Category 4 (upstream transportation and distribution), Category 11 (use of sold products), and Category 12 (end-of-life treatment of sold products). Going forward, we will continue to expand the scope of calculation and further develop our calculation framework.

Management of Chemical Substances Contained in Products

To ensure compliance with product-related regulations, we rigorously manage chemical substances in accordance with the latest laws and regulations, including the RoHS Directive, the REACH Regulation, and Japan's Act on the Regulation of Manufacture and Evaluation of Chemical Substances. We collect and manage relevant information throughout the supply chain to reduce environmental impact and ensure regulatory compliance.

Promoting Water Resource Efficiency and Water Quality Conservation

We are working to improve water consumption intensity, while appropriately treating wastewater at the Okayama Plant to ensure that discharged water meets our internal standards, which are stricter than legal and regulatory requirements. Through regular water quality inspections and continuous improvement, we strive to use water resources efficiently and protect the water environment.

Stakeholder Engagement

The Sansha Electric Manufacturing Group considers building trust-based relationships with stakeholders to be one of the key foundations of management.
Through dialogue with our diverse stakeholders, including customers, business partners, shareholders and investors, employees, and local communities, we seek to understand their expectations and concerns and reflect them in our business activities and management initiatives. In doing so, we aim to fulfill our social responsibilities and sustainably enhance corporate value.

Stakeholder	Key Stakeholder Expectations	Our Initiatives	Key Achievements and Progress	Future Challenges
Customers	• Energy efficiency and decarbonization • Stable equipment operation and optimal solutions tailored to specific applications	• Product development integrating power semiconductor and power supply technologies • Strengthening optimal design capabilities for specific applications • Expansion of the after-sales service structure	Expanded product proposals and offerings tailored to customer applications, contributing to the maintenance and expansion of long-term customer relationships through enhanced recognition of product reliability	Strengthening our response to increasingly sophisticated customer needs, expansion into new markets and applications
Business Partners	• Fair and transparent business transactions • Stable procurement and supply chain resilience • Quality and delivery performance	• Implementation of fair procurement policies • Strengthening dialogue with suppliers • Stabilizing procurement through multiple sourcing	Maintained a stable supply system, strengthening relationships with business partners and reducing procurement risks	Strengthening environmental and human rights initiatives throughout the supply chain, optimizing the procurement system in light of geopolitical risks
Shareholders and Investors	• Improved profitability and capital efficiency (ROE and PBR) • Clear growth strategies • Enhanced information disclosure	• Holding financial results briefings and individual meetings • Enhancing integrated reporting and IR disclosure • Promoting management with a focus on capital efficiency	Improved disclosure based on dialogue with investors, promoting a better understanding of our business strategies and strengthening initiatives to enhance corporate value	Sustained improvement in capital efficiency and fostering expectations for medium- to long-term growth
Employees	• Job satisfaction and opportunities for growth • A safe and secure work environment • Fair evaluation and compensation	• Enhancing education and training programs • Strengthening occupational health and safety • Promoting diversity	Improved employee retention, strengthened technical and quality capabilities, and promoted organizational vitality through training and improvements to the work environment	Developing and securing highly skilled talent and enhancing employee engagement
Local Communities	• Reduction of environmental impact • Strong relationships with local communities • Contribution to society	• Providing energy-efficient products • Promoting CO_2 reduction initiatives • Participating in local community activities	Worked to strengthen relationships of trust with local communities through initiatives to reduce environmental impact and contribute to local communities	Strengthening decarbonization initiatives and deepening collaboration with local communities

04

Trusted Foundation for Value Creation

Management foundation supporting sustainable value creation



Corporate Governance

Basic stance

The Sansha Electric Manufacturing Group practices management based on its Corporate Philosophy, guided by its Purpose, “Moving society forward through power electronics and creativity.” We also aim to sustainably enhance our corporate value and contribute to the development of society by achieving our Vision, “Global Power Solution Partner.” To this end, we position corporate governance as an important foundation for management. We are working to build a management structure capable of responding to changes in the business environment and diverse risks by ensuring thorough compliance, maintaining transparency and fairness in management, and making prompt and appropriate decisions. We also strive to enhance management transparency through constructive dialogue with shareholders, investors, and other stakeholders, while pursuing sustainable growth and the enhancement of corporate value from a medium- to long-term perspective under the appropriate supervision of the Board of Directors.

Characteristics of the Corporate Governance System

Outside Directors make up at least one third of the Board

Strengthening oversight through diverse perspectives and enhancing management transparency

The Nomination and Compensation Committee has been established voluntarily

Ensuring a fair and objective process for the nomination and compensation of directors and officers

The Directors’ term of office is one year

Establishing an agile management structure that can respond quickly to changes in the business environment

Governance Framework Supporting Value Creation

Corporate Governance
Appropriate Oversight through Transparency, Fairness, and Prompt Decision-Making

- **Advancing Growth Strategies**
  Overseeing business strategies and investment decisions from a medium- to long-term perspective to achieve sustainable growth
- **Strengthening Human Capital**
  Promoting an environment where diverse talent can thrive and enhancing employee engagement
- **Strengthening Risk Management**
  Appropriately managing diverse risks to support business continuity and stable growth
- **Advancing Sustainability**
  Contributing to a sustainable society and enhancing corporate value by addressing environmental and social issues

Sustainable Growth and Enhancement of Corporate Value
Delivering Value to All Stakeholders and Contributing to the Sustainable Development of Society

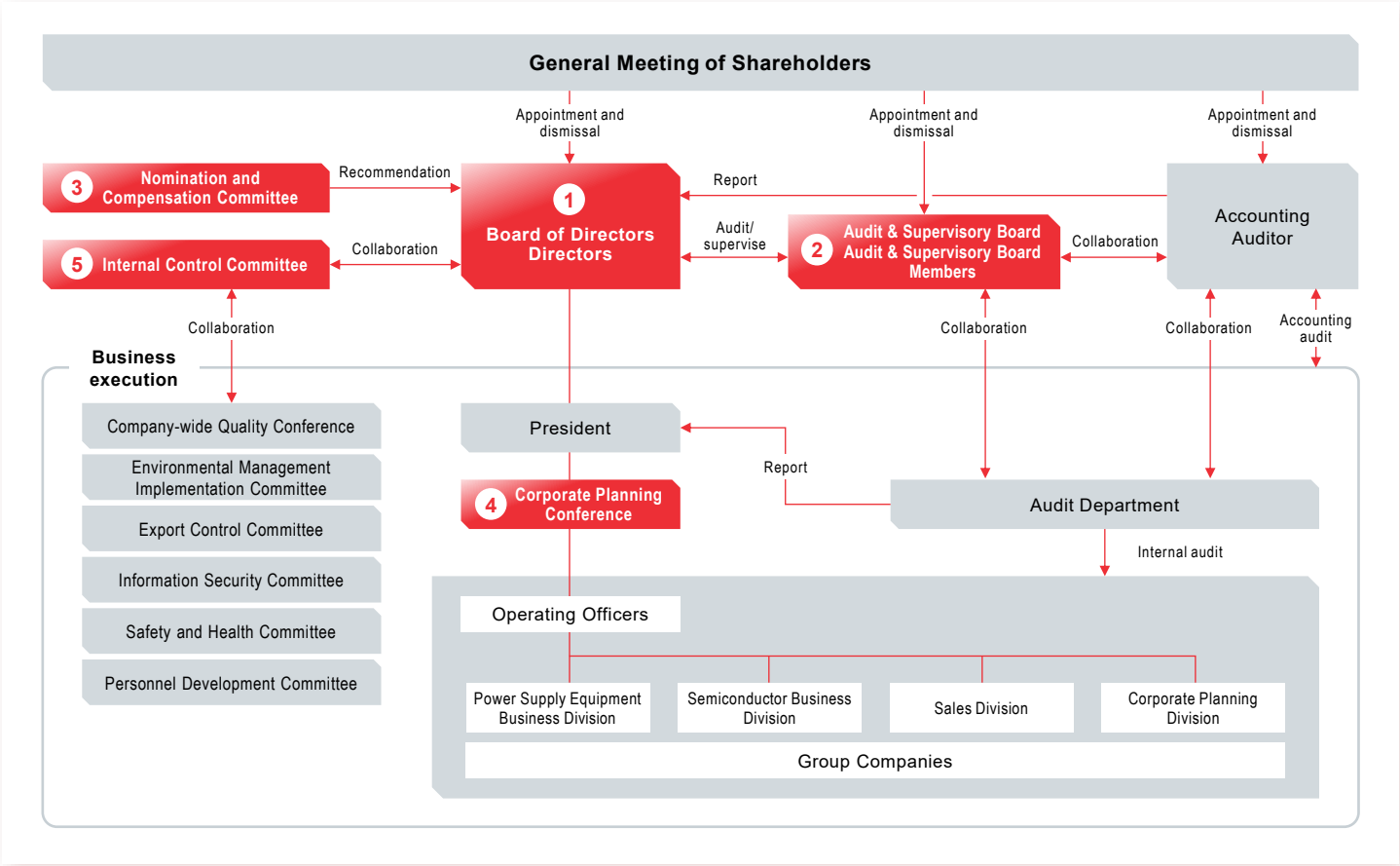
Strengthening Corporate Governance

2024	• Female Outside Director elected
2023	• Purpose established • Introduced a performance-based stock compensation plan
2021	• Whistleblowing contact established at an outside law firm
2020	• Outside officers elected to ensure that at least one third of officers are outside officers • Female Outside Audit & Supervisory Board Member elected • Disclosure of skills matrix
2019	• Nomination and Compensation Committee established
2018	• Standards for assessment by outside accounting auditors formulated
2016	• Assessment of the effectiveness of the Board of Directors begun • Risk Management Committee (currently Internal Control Committee) established
2014	• Outside Directors introduced
2011	• Directors’ term of office shortened to one year
2007	• Officer retirement benefit system abolished • A whistleblowing contact established within the internal audit department
2006	• Operating Officer system introduced
1984	• Corporate Planning Conference established

Corporate Governance Structure

The markets in which the Group operates are niche and highly specialized, underpinned by power electronics technologies. Accordingly, as a general policy, we appoint internal directors who possess advanced knowledge and extensive experience in these fields. At the same time, to ensure a stable management foundation and enhance management transparency, we appoint outside directors, who attend the Board of Directors meetings held each month. By receiving appropriate opinions and advice from outside directors from an independent standpoint, we ensure objectivity in the decision-making process. From the perspective of management oversight, we have also established a system that enhances the independence of outside Audit & Supervisory Board Members, enabling them to appropriately oversee the Company's social responsibilities from a fair and objective standpoint. Our two outside Audit & Supervisory Board Members possess extensive experience and expertise in areas including legal affairs, finance, and accounting. They attend the monthly meetings of the Board of Directors and monitor and supervise management, including the Company's day-to-day management activities.

Taking into consideration the nature and scale of our business, the Company has adopted its current corporate governance structure centered on outside directors and outside Audit & Supervisory Board Members.



1 Board of Directors

Number of meetings held in FY2025: **14 meetings**

Chairman **Tokushi Yamauchi** (Representative Director)

Attendees (including the chairman)

Inside Directors	4	Full-Time Audit & Supervisory Board Member	1
Outside Directors	2	Outside Audit & Supervisory Board Members	2

Main matters considered

Reports on and discussions of management plans, business plans and other important matters and matters concerning internal control

2 Audit & Supervisory Board

Number of meetings held in FY2025: **13 meetings**

Chairman **Ichiro Kitano** (Full-Time Audit & Supervisory Board Member)

Attendees (including the chairman)

Outside Audit & Supervisory Board Member	1
Outside Audit & Supervisory Board Members	2

Main matters considered

Formulation of audit plans, checks and discussions of the state of the progress of audits and checks of the state of the internal control system

3 Nomination and Compensation Committee

Number of meetings held in FY2025: **7 meetings**

Chairman **Koichi Ina** (Independent Outside Director)

Attendees (including the chairman)

Inside Director	1	Outside Directors	2
Outside Audit & Supervisory Board Member (Observer)	1		

Main matters considered

Deliberation on candidates for directors and officers, approach to succession planning, and appropriateness of the basic policy, system, and levels of executive compensation

4 Corporate Planning Conference

Number of meetings held in FY2025: **26 meetings**

Chairman **Tokushi Yamauchi** (Representative Director)

Attendees (including the chairman)

Inside Directors	4	Operating Officers	4
Full-Time Audit & Supervisory Board Member	1	Heads of relevant departments	a few people

Main matters considered

Decision-making on key management issues

5 Internal Control Committee

Number of meetings held in FY2025: **4 meetings**

Chairman **Tokushi Yamauchi** (Representative Director)

Attendees (including the chairman)

Inside Directors	4	Operating Officers	6
Presidents of subsidiaries based in Japan	3	Heads of relevant departments	a few people

Main matters considered

Matters related to risk management and compliance

Message from an Outside Director



Independent Outside Director
Chairman of the Nomination and Compensation Committee

Koichi Ina

He served as Senior Managing Director and Chief Officer of the Strategic Production Planning Group at Toyota Motor Corporation, Chief Officer of the Manufacturing Group at the same company, and Representative Director and President of DAIHATSU MOTOR CO., LTD. before becoming a Director of our company in 2019.

Sharpening Our Distinctive Strengths and Paving the Way for Growth

The Sansha Electric Manufacturing Group is currently facing a very challenging business environment. Under the “CF26” Medium-term Management Plan, which began in FY2024, we have yet to fully achieve the results we had planned at this stage, and the Semiconductor Business has posted losses for two consecutive fiscal years.

At the same time, as AI rapidly becomes more widespread and electricity demand increases globally, this change also represents a significant business opportunity for the Group, as President Yamauchi has stated. To firmly capture this opportunity, it is important that we create highly distinctive products that make customers say, “That’s Sansha Electric.” To achieve this, I believe we need to concentrate our management resources on priority areas—taking what might be called a “single-point breakthrough” approach—to create even one product that attracts strong customer interest and bring it to market ahead of our competitors.

We hold briefing meetings on a planned basis. By making use of these meetings to engage in open and vigorous discussions on the development status and challenges of priority products, as well as their development processes, I hope we can accelerate decision-making and business execution. President Yamauchi and the rest of the management team are strongly driving this initiative, and as an Outside Director, I will also do my utmost to contribute to its realization.

The Nomination and Compensation Committee also requires a high degree of fairness, independence, and confidentiality. As Chair of the Committee, I will place the utmost importance on fair and impartial deliberations and strive to ensure effective committee management by building a framework in which individual efforts and achievements are appropriately recognized, thereby encouraging each employee to take on new challenges and revitalizing the organization as a whole.



Independent Outside Director
Member of the Nomination and Compensation Committee

Eriko Nashioka

She has extensive knowledge of finance and accounting as a certified public accountant, as well as deep expertise in sustainability. She served as an Outside Audit & Supervisory Board Member of our company from 2020 before becoming an Outside Director in 2024.

Advancing Sustainability Management to Enhance Long-term Corporate Value

The Sansha Electric Manufacturing Group contributes to solving social issues through businesses centered on power electronics technologies. To ensure that this strength leads to the enhancement of corporate value over the medium to long term, it is essential to further advance sustainability management. In particular, I believe it is important for the Board of Directors to continue clearly articulating a long-term value creation story that integrates our Purpose with the Medium-term Management Plan and brings together technology development, human capital strategy, and financial strategy.

From a human capital perspective, as competition for technical talent intensifies, I believe that developing people who combine technical expertise with a management perspective and can discuss technology from a strategic standpoint will be a source of corporate value. In addition, flexible working arrangements, such as reduced working hours and working from home, require the automation of business processes through the use of AI as part of our digital transformation (DX), together with management reform. It is important to continue enhancing the quality of human capital investment and translating it into higher productivity.

From a governance perspective, integrated risk management that treats non-financial risks with the same importance as financial risks is essential. Areas such as the supply chain, human rights, and climate change are closely linked to business strategy and should be continuously monitored by the Board of Directors. I also believe that the reduction in CO_2 emissions achieved through the use of our products represents “customer value,” and that quantitatively demonstrating this as social value created through our business will help strengthen our competitiveness.

As an Outside Director, I will raise issues with management that cut across the three areas of technology, human capital, and governance from the perspective of enhancing long-term corporate value. By encouraging constructive discussion, I will support management in driving the Group’s sustainable growth.

Directors, Audit & Supervisory Board Members (as of June 24, 2026)

Our criteria for the appointment and dismissal of officers and criteria for independence
https://www.sansha.co.jp/eng/csr/directors.html

Directors



Hajimu Yoshimura

Born on January 10, 1954

Representative Director, Chairman

Shares owned: 34,600



Tokushi Yamauchi

Born on January 29, 1967

Representative Director, President
Chair of Board of Directors
Executive General Manager of Corporate Planning Division
Member of the Nomination and Compensation Committee

Shares owned: 400



Hiroshi Zumoto

Born on April 18, 1959

Director and Senior Managing Operating Officer
Executive General Manager of Power Supply Equipment Business Division

Shares owned: 10,700

Significant concurrent positions:
Chairman, SANREX LIMITED (HONG KONG)
Chairman, SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. (CHINA)



Hajime Katsushima

Born on January 29, 1959

Director and Managing Operating Officer
Executive General Manager of Semiconductor Business Division
In charge of Quality Assurance and Environment

Shares owned: 15,500

Significant concurrent positions:
Chairman, SANSHA ELECTRIC MFG. (SHANGHAI) CO., LTD. (CHINA)



Koichi Ina

Born on May 6, 1948

Independent Outside Director
Chairman of the Nomination and Compensation Committee

Shares owned: 37,500



Eriko Nashioka

Born on February 13, 1967

Independent Outside Director
Member of the Nomination and Compensation Committee

Shares owned: 2,100
Significant concurrent positions:
Outside Audit & Supervisory Board Member of OSAKA GAS CO., LTD.
Representative Director of Institute for Environmental Management Accounting
Representative of Nashioka Accounting Office
Lecturer (Part-time), Faculty of Commerce, Doshisha University
Member of the Osaka City External Organization Evaluation Committee

Audit & Supervisory Board Members



Ichiro Kitano

Born on July 21, 1959

Audit & Supervisory Board Member (Full-Time)

Shares owned: 5,900



Yoichi Ogawa

Born on June 13, 1960

Independent Outside Audit & Supervisory Board Member
Observer on the Nomination and Compensation Committee

Shares owned: 4,600
Significant concurrent positions:
Member, Tawara Law Office
Committee Member, Osaka Prefectural City Part-Time Employees Public Service Injury Compensation Recognition Committee
Supervisor, Incorporated Educational Institution Kobe Gakuin
Mediator, Osaka Summary Court



Maiko Ueda

Born on August 2, 1969

Independent Outside Audit & Supervisory Board Member

Shares owned: 300
Significant concurrent positions:
Outside Auditor, Nitta Gelatin Inc.
Director, Ueda Certified Public Accountant Office
Auditor, Kansai Industry Activation Council
Auditor, Sakai City Hospital Organization (Local Incorporated Administrative Agency)
Auditor, Toin Gakuen Educational Corporation

Skill Matrix



		Hajimu Yoshimura Representative Director, Chairman	Tokushi Yamauchi Representative Director, President Executive General Manager of Corporate Planning Division	Hiroshi Zumoto Director and Senior Managing Operating Officer Executive General Manager of Power Supply Equipment Business Division	Hajime Katsushima Director and Managing Operating Officer Executive General Manager of Semiconductor Business Division	Koichi Ina Independent Outside Director	Eriko Nashioka Independent Outside Director	Ichiro Kitano Audit & Supervisory Board Member (Full-Time)	Yoichi Ogawa Independent Outside Audit & Supervisory Board Member	Maiko Ueda Independent Outside Audit & Supervisory Board Member
Attributes	Gender	Male	Male	Male	Male	Male	Female	Male	Male	Female
	Years of service	11	1	5	4	7	2	10	–	2
	Independence status					●	●		●	●
Attendance at meetings	Board of Directors	100%(14/14 meetings)	100%(11/11 meetings)	100%(14/14 meetings)	100%(14/14 meetings)	100%(14/14 meetings)	100%(14/14 meetings)	100%(14/14 meetings)	50%(1/2 meetings)	100%(14/14 meetings)
	Audit & Supervisory Board	–	–	–	–	–	–	100%(13/13 meetings)	50%(1/2 meetings)	100%(13/13 meetings)
	Nomination and Compensation Committee	100%(7/7 meetings)	100%(4/4 meetings)	–	–	100%(7/7 meetings)	100%(7/7 meetings)	–	–	–
Knowledge and experience particularly expected by the Company	Corporate management and management strategy	●	●	●	●	●	●			
	Overseas business experience	●	●					●		
	Business strategy	●	●	●	●			●		
	R&D and production	●	●	●	●	●		●		
	Finance and accounting						●			●
	Legal affairs and compliance								●	

[1] Years of service is the number of years of service as of the end of the General Meeting of Shareholders on June 24, 2026. [2] Attendance at meetings is the results for FY2025.
[3] Outside Audit & Supervisory Board Member Yoichi Ogawa was appointed as an Audit & Supervisory Board Member on February 16, 2026.

Skills for Ensuring the Effectiveness of the Board of Directors		Reasons for Selecting Skills	Skill Requirements
Overall Business Management Skills	Corporate management and management strategy	Requires management experience and achievements in corporate management and the formulation and promotion of management strategies to realize the Group's growth strategy	Management experience as a representative director or officer in a company
	Overseas business experience	Requires overseas business management experience, and knowledge and experience of an overseas business environment to respond to global business development	Experience as a representative of overseas subsidiary, head of overseas business division, or executive officer
Business Core Skills	Business strategy	As the Company's business area is a niche and highly specialized market based on power electronics technology, this position requires a high level of knowledge in such area as well as experience in executing business strategies	Executive in charge of business division, head of division and person with equivalent experience as senior management
	R&D and production	Requires knowledge and experience to develop safe, secure, and high-quality products and realize integrated production from design to production	Executive in charge of R&D and production division, head of division and person with equivalent experience as senior management
Functional Core Skills	Finance and accounting	Requires accurate financial reporting, efficient management of invested capital, and knowledge and experience to enhance shareholder returns	● Executive or department head experience in accounting and finance, or equivalent experience ● Person with experience at an auditing firm, etc.
	Legal affairs and compliance	Requires knowledge and experience in legal affairs and compliance fields to ensure effective corporate governance and improve the effectiveness of the Board of Directors	● Experience as an executive or department head responsible for legal and compliance functions ● Person with experience at a law firm, etc.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors conducts a self-evaluation of its own overall effectiveness every year. The effectiveness evaluation is focused on our Directors and Audit & Supervisory Board Members and based on the idea that the constant review and improvement of the effectiveness of the Board of Directors will help continuously increase the soundness of our management and our corporate value.

In April 2026, the Board of Directors analyzed, discussed and evaluated the state of its operations and the issues it faces at an ordinary meeting based on the results of the responses to the self-evaluation questionnaire. The following is information about the questionnaire and an outline of its results.

Date	From February 17, 2026 to March 6, 2026
Subjects	10 in total: 7 Directors (including 3 Outside Directors) and 3 Audit & Supervisory Board Members (including 2 Outside Audit & Supervisory Board Members); 9 respondents
Method	Anonymous questionnaire
Summary of evaluation results	An analysis and evaluation of the effectiveness of the Board of Directors after the examination of the results of the questionnaire confirmed that the Board's effectiveness had been maintained on the whole. The issues listed below were also identified. 1 **It was noted that materials were not provided sufficiently in advance to allow adequate time for review.** 2 **It was noted that there was insufficient discussion on the Company's sustainable growth and the creation of corporate value over the medium to long term.** 3 **It was noted that feedback from dialogue with shareholders was not being fully utilized.**

Initiatives to Enhance the Effectiveness of the Board of Directors

1 Operation of the Board of Directors

- Organizing the annual schedule and anticipated agenda items and sharing them with Board members
- Further enhancing the annual plan, including more clearly defining agenda items other than those related to financial results, has been identified as an area for improvement.

2 Provision of Materials and Prior Briefings

- Enhancing prior briefings by establishing clear deadlines for the submission of materials and holding briefing meetings
- Continuing to consider ways to enhance the provision of materials on financial performance

3 Discussion and Monitoring Functions

- Sharing progress on the management plan through briefing meetings
- Strengthening the ongoing monitoring framework, including follow-up on individual resolutions, has been identified as an area for improvement.

4 Risk Management

- Advancing discussions on business continuity management (BCM) and conducting a drill in March 2026
- Reporting plans and drill results to the Board of Directors to strengthen its risk management monitoring function

Nomination and Compensation Committee

We have established the voluntary Nomination and Compensation Advisory Committee with the aim of strengthening the independence, transparency, and objectivity of the Board of Directors' functions regarding the nomination of Directors and Audit & Supervisory Board Members and the remuneration of Directors, as well as further enhancing accountability and corporate governance. The Committee serves as an advisory body to the Board of Directors and deliberates on the nomination of candidates for Directors and Audit & Supervisory Board Members and the determination of Directors' remuneration before reporting the results of its deliberations to the Board of Directors, thereby helping to ensure fairness and transparency in these processes.

Chair

Koichi Ina
(Independent Outside Director)

Attendees

1 Internal Director
2 Independent Outside Directors
1 Independent Outside Audit & Supervisory Board Member (Observer)

Content of deliberations in FY2025

Officer appointments

- Proposal regarding the election of Directors submitted during the General Meeting of Shareholders
- Succession planning
- Director and Audit & Supervisory Board Member Candidates
- Personnel transfers at Sansha Electric Manufacturing and its subsidiaries

Remuneration for officers

- Basic Policy on Executive Compensation and Review of the Appropriateness of Executive Compensation Levels
- Executive Compensation Structure and Related Plans
- Performance-based Compensation and Individual Compensation for Directors

Officer Remuneration

Basic stance

We have formulated a policy regarding the determination of remuneration for officers and the method for calculating it. It is as follows.

1. **The officer remuneration system must be intended to promote our sustainable growth and medium- and long-term increase of our corporate value. It must encourage officers to perform their duties to their utmost abilities in accordance with our Group vision and to contribute to the improvement of financial results.**
2. **On the basis of the data collected by outside research bodies, remuneration for officers will consist of base remuneration, which is a fixed amount for individual posts, and performance-based remuneration, to ensure that the sound incentives matched with the Directors' duties will serve their intended functions.**
3. **Remuneration for Outside Directors and Audit & Supervisory Board Members (both inside and outside) consists solely of base remuneration, given that they are independent from the execution of business and that it is not appropriate to provide them with performance-based remuneration or stock compensation.**

Total Amount of Remuneration for Directors and Audit & Supervisory Board Members (FY2025)

Category	Total Amount by Type of Remuneration (million yen)				
	Total amount of remuneration (million yen)	Base remuneration	Performance-based remuneration	Non-monetary compensation, etc.	Number of officers
Directors (Outside Directors)	127 (28)	75 (28)	38 (–)	13 (–)	8 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	23 (9)	23 (9)	– (–)	– (–)	4 (3)
Total (Outside Officers)	151 (38)	99 (38)	38 (–)	13 (–)	12 (6)

[1] The total amount of remuneration for Directors does not include the employee wages of any Directors who are also employees.

[2] The amount of non-monetary remuneration equals the cost recorded in association with the points granted in the fiscal year concerned under the performance-based stock compensation program.

[3] Masaki Fujiwara, who retired as a Director upon the expiration of his term of office at the close of the 91st Ordinary General Meeting of Shareholders held on June 25, 2025, is included in the above total amount of remuneration and number of Directors. In addition, Kazuhiro Eikawa resigned as an Outside Audit & Supervisory Board Member on February 16, 2026, and Yoichi Ogawa, who had been appointed as a substitute Audit & Supervisory Board Member, became an Outside Audit & Supervisory Board Member on the same date. Both are included in the above total amount of remuneration and number of Audit & Supervisory Board Members.

Determination process

The Nomination and Compensation Committee, the Board of Directors and the President play their respective roles in the determination of officer remuneration to ensure transparency and fairness.

Nomination and Compensation Committee

- Discusses the appropriateness of base remuneration, performance-based remuneration and performance-based stock compensation on the basis of outside research data
- Submits reports to the Board of Directors

Board of Directors

- Determines the amount of remuneration and the points to be granted for stock compensation based on reports from the committee

President

- Determines the amounts of remuneration for individual officers (within the limit of the total amount of remuneration) in accordance with resolutions passed by the Board of Directors
- The appropriateness of the amounts determined by the President is checked by the committee to eliminate arbitrariness before final approval

Types of remuneration

Base remuneration (Monetary remuneration)

Fixed remuneration determined for specific posts under the Regulations on Remuneration for Directors

Performance-based Remuneration (Monetary remuneration)

The key performance indicators used are the consolidated operating profit ratio and the consolidated net sales growth rate. The amount of remuneration is calculated by multiplying the standard amount for the specific post by the coefficient appropriate in light of these two indicators.

Performance in FY2025

Consolidated operating profit ratio 5.2%

Consolidated net sales growth rate 4.8%

Performance-based stock compensation

Return on equity (ROE) has been adopted as the performance indicator for stock compensation, with an emphasis on capital efficiency toward enhancing corporate value.

Performance in FY2025

ROE 1.5%

Officer remuneration
https://www.sansha.co.jp/eng/csr/directors.html

Risk Management

Basic stance

The Sansha Electric Manufacturing Group identifies the risks involved in its businesses and has established a management system to prevent risks from materializing and minimize their impact. When any risk materializes, we respond swiftly under the leadership of top management.

We have established the Internal Control Committee, chaired by the Representative Director, President, to oversee the management of and response to major risks and report to the Board of Directors as necessary. The Committee works together with individual departments and Group companies to identify and assess risks and implement measures to address them.

We have also established the Company-wide Quality Conference, Environmental Management Implementation Committee, Export Control Committee, Information Security Committee, Safety and Health Committee, and Personnel Development Committee to manage risks in their respective fields. Through these initiatives, we seek to ensure business continuity and steadily enhance corporate value.

Risk Management System
https://www.sansha.co.jp/eng/csr/risk-management.html

Business Risks
https://www.sansha.co.jp/eng/ir/business-risks.html

Compliance

Basic stance

The Group regards fostering a corporate culture that emphasizes compliance as a foundation for enhancing corporate value. We have established the Sansha Electric Manufacturing Group Behavioral Charter, which all officers and employees are expected to observe in their day-to-day work, while also developing various policies and regulations and ensuring that they are thoroughly communicated throughout the Group.

Through these initiatives, we seek to ensure sound business operations and maintain the trust of society.

Behavioral Charter
https://www.sansha.co.jp/eng/company/philosophy.html#CHARTER

Training and awareness-raising

The Group positions compliance as a foundation of management and continuously provides education and awareness-raising activities. We provide all employees with group training, e-learning programs, and training tailored to different employee levels and specific themes, while also responding to changes in laws and regulations and evolving societal expectations.

Number of employees who participated in training in FY2025 (total number)

Compliance	1,043	Insider trading regulations	907
Business and human rights	927	Quality management	871
Specialized Training (Export Control, Copyright, etc.)	685		

* The data covers Sansha Electric Manufacturing Co., Ltd. and its group companies based in Japan.

Anti-bribery initiatives

As our global business expands, we recognize bribery and other forms of corruption as serious risks that could undermine corporate trust. The Group has established the Basic Policy on the Prevention of Bribery and Other Corrupt Practices and works to ensure that all officers and employees in Japan and overseas are fully aware of and comply with the policy.

The Sansha Electric Group Basic Policy on Prevention of Bribery and Other Corrupt Practices
https://www.sansha.co.jp/eng/csr/compliance.html

Whistleblowing system

The Group has established internal and external compliance helpdesks (whistleblowing contacts) in accordance with the Whistleblower Protection Act. An external law firm helpdesk, which provides services in English and Chinese, is also available. We publicize these contacts and provide training to ensure that employees can easily access the system, while fully protecting whistleblowers from any disadvantageous treatment.

In FY2025, the number of reports and inquiries increased from the previous fiscal year as awareness and understanding of the system improved. Fact-finding surveys were conducted for the matters reported or raised, and they were handled appropriately.

Number of reports and inquiries received via our internal helpdesks

FY2023: 6 / FY2024: 6 / FY2025: 16

* Including reports and inquiries for which investigations were not conducted and reports and inquiries which were found to be not problematic

Security export control

The Group has established an export control system under which the Representative Director, President has ultimate responsibility, with the Export Control Committee overseeing policy decisions and their implementation. Led by a dedicated department, we collect and disseminate information on relevant laws and regulations within the Group, conduct transaction examinations, manage export permits, and provide employee training.

We standardize transaction examinations and pre-shipping checks using checklists to ensure transparency. In addition, we work to prevent violations through regular training and e-learning programs, while continuing to strengthen our export control system in response to changes in the international situation.

- Internal audit (once a year)
- Target organizations: Power Supply System Business Division, Semiconductor Business Division, Sales Division, SUWA SANSHA ELECTRIC CO., LTD.
- Training for officers, new graduate recruits, mid-career recruits, employees and subsidiaries in Japan (e-learning)
- Improvement of the examination for transactions and technology management in view of the security situation (Providing Direct Guidance to Exporters (Including via Web Meetings))

Trends in Major Financial Indicators in the Past 11 Years

Results forecast

Fiscal year		FY2015 (82nd business period)	FY2016 (83rd business period)	FY2017 (84th business period)	FY2018 (85th business period)	FY2019 (86th business period)	FY2020 (87th business period)	FY2021 (88th business period)	FY2022 (89th business period)	FY2023 (90th business period)	FY2024 (91st business period)	**FY2025 (92nd business period)**	**FY2026 (93rd business period)**
Financial Results (Millions of yen)	Net sales	22,191	20,069	23,717	24,369	21,875	19,436	22,675	28,088	31,005	25,440	**26,651**	**28,000**
	Japan	15,400	13,451	16,026	16,927	15,165	13,462	14,626	18,534	23,891	18,873	**19,943**	**-**
	Overseas	6,790	6,618	7,691	7,442	6,709	5,973	8,049	9,553	7,114	6,567	**6,708**	**-**
	Cost of sales	16,421	15,652	17,515	17,930	17,281	15,027	17,227	21,600	22,423	19,153	**20,136**	**-**
	Gross profit	5,770	4,417	6,202	6,438	4,594	4,408	5,447	6,488	8,582	6,287	**6,515**	**-**
	Selling, general and administrative expenses	3,893	4,194	4,727	4,605	4,337	3,992	4,131	4,858	5,174	5,213	**5,128**	**-**
	Operating profit	1,876	222	1,474	1,833	256	416	1,316	1,629	3,407	1,073	**1,386**	**1,300**
	Ordinary profit	1,801	217	1,480	1,804	243	441	1,313	1,651	3,473	1,180	**1,137**	**1,300**
	Profit before income taxes	1,710	281	1,471	1,793	290	612	1,320	1,651	3,473	1,229	**892**	**-**
	Profit attributable to owners of parent	1,172	126	1,065	1,339	(680)	497	1,147	1,241	2,955	502	**381**	**910**
	Capital investment	407	463	734	720	641	359	513	995	1,304	2,140	**1,290**	**-**
	Depreciation	970	955	977	955	1,030	948	920	885	901	905	**1,006**	**-**
	Research and development expenses	703	511	904	1,305	1,204	1,223	1,250	1,576	1,791	1,508	**1,432**	**-**
	Cash flows from operating activities	1,401	1,844	3,560	746	36	1,729	940	(198)	2,303	950	**3,370**	**-**
	Cash flows from investing activities	(321)	(2,594)	(499)	(658)	(571)	(355)	(317)	(799)	(1,097)	(2,392)	**(1,315)**	**-**
	Cash flows from financing activities	(1,484)	(94)	(1,135)	(961)	(659)	(249)	(1,666)	(189)	488	1,410	**(1,331)**	**-**
Segment information (million yen)	**Semiconductor Business**												
	Net sales	6,103	5,751	7,016	6,816	5,688	5,709	7,791	8,146	7,902	5,862	**6,368**	**7,100**
	Segment profit	180	77	657	452	(368)	172	767	510	271	(731)	**(639)**	**100**
	Power Supply Business												
	Net sales	16,087	14,318	16,700	17,553	16,186	13,727	14,884	19,941	23,103	19,578	**20,283**	**20,900**
	Segment profit	1,695	145	817	1,381	624	244	548	1,118	3,135	1,805	**2,026**	**1,200**
As of the end of fiscal year (million yen)	Cash and cash equivalents	5,654	4,966	6,820	5,963	4,659	5,870	5,026	3,959	5,825	5,756	**6,761**	**-**
	Interest-bearing debt	1,001	1,150	200	100	-	-	-	-	1,000	3,000	**2,200**	**-**
	Total assets	26,169	25,725	27,817	28,532	24,051	24,846	27,146	29,083	35,334	33,571	**32,724**	**-**
	Net assets	18,421	18,248	19,314	19,952	18,489	19,336	19,810	21,065	24,432	24,341	**24,925**	**-**
Per-share data (yen)	Earnings per share	79.29	8.71	73.48	93.44	(48.22)	35.42	83.30	95.33	222.19	37.80	**28.65**	**68.39**
	Net assets per share	1,271.07	1,259.14	1,332.69	1,410.77	1,316.15	1,376.49	1,541.90	1,583.87	1,837.05	1,830.19	**1,872.60**	**-**
	Dividends per share	23.0	10.0	20.0	28.0	13.0	15.0	25.0	30.0	50.0	40.0	**40.0**	**40.0**
Financial indicators (%)	Operating profit/net sales	8.5	1.1	6.2	7.5	1.2	2.1	5.8	5.8	11.0	4.2	**5.2**	**4.6**
	Return on Assets (ROA)	4.3	0.5	4.0	4.8	(2.6)	2.0	4.4	4.4	9.2	1.5	**1.2**	**-**
	Equity ratio	70.4	70.9	69.4	69.9	76.9	77.8	73.0	72.4	69.1	72.5	**76.2**	**-**
	Return on Equity (ROE)	6.3	0.7	5.7	6.8	(3.5)	2.6	5.9	6.1	13.0	2.1	**1.5**	**3.6**
	Dividend payout ratio	29.0	114.8	27.2	30.0	-	42.3	30.0	31.5	22.5	105.8	**139.6**	**58.5**
	Total shareholder return (Share price at the end of the 81st fiscal year / Share price including dividends)	90.4	83.2	257.4	144.1	86.9	142.9	144.1	171.9	309.3	172.7	**190.3**	**-**
	Ratio of dividends to net assets	1.8	0.8	1.5	2.0	1.0	1.1	1.7	1.9	2.9	2.2	**2.2**	**-**
Shares and share prices	Total number of issued shares	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	14,950,000	**14,950,000**	**-**
	Total number of treasury shares	457,099	457,099	457,099	807,120	902,122	902,122	2,102,122	1,650,022	1,527,022	1,527,022	**1,527,022**	**-**
	Share price at the end of period (yen)	563	506	1,615	853	469	817	800	950	1,790	865	**939**	**-**
	Price earnings ratio (PER)	7.10	58.09	21.98	9.13	-	23.07	9.60	9.97	8.06	22.88	**32.77**	**-**
	Price book-value ratio (PBR)	0.44	0.40	1.21	0.60	0.36	0.59	0.52	0.60	0.97	0.47	**0.50**	**-**

Non-financial Data

Employee-related data

Basic data

	Scope: Sansha Electric Manufacturing Co., Ltd.	Scope: Domestic group companies	Scope: Overseas group companies	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees (persons)	●	●	●	1,381	1,405	1,465	1,418	1,400	**1,399**
Number of male employees (persons)	●	●	●	926	933	987	969	964	**959**
Number of female employees (persons)	●	●	●	455	472	478	449	436	**440**
Female employee ratio (%)	●	●	●	32.9	33.6	32.6	31.7	31.1	**31.5**
Average age	●			45.8	46.2	46.2	46.4	46.6	**46.5**
Average years of service (years)	●	●		18.8	18.7	18.9	18.7	18.7	**18.1**
Average years of service of male employees (years)	●	●		19.6	19.6	19.8	19.8	19.6	**19.0**
Average years of service of female employees (years)	●	●		15.2	15.1	15.0	14.5	15.1	**14.9**
Turnover ratio (%)	●	●		2.4	2.6	3.0	3.6	2.1	**3.7**
Average annual salary (yen)	●			4,990,469	5,353,204	5,625,232	5,829,583	6,194,305	**5,949,245**
Wage gap between men and women (%)	●			69.6	72.5	73.5	70.8	73.5	**73.0**

Diversity

	Scope: Sansha Electric Manufacturing Co., Ltd.	Scope: Domestic group companies	Scope: Overseas group companies	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Number of leaders (persons)	●	●		330	334	279	332	349	**350**
Number of leaders that are women (persons)	●	●		22	22	28	34	40	**47**
Percentage of leaders that are women (%)	●	●		6.7	6.6	10.0	10.2	11.5	**13.4**
Number of managers (persons)	●	●		118	116	113	121	124	**124**
Number of managers that are women (persons)	●	●		4	4	4	6	6	**7**
Percentage of managers that are women (%)	●	●		3.4	3.4	3.5	5.0	4.8	**5.6**
Number of employees with disabilities (persons)	●	●		23.5	24.5	24.0	26.5	24.5	**26.5**
Percentage of employees with disabilities (%)	●	●		2.7	2.7	2.6	2.5	2.4	**2.6**

Employment

	Scope: Sansha Electric Manufacturing Co., Ltd.	Scope: Domestic group companies	Scope: Overseas group companies	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
New graduate hires (persons)	●	●		18	17	11	19	19	**27**
Male new graduate hires (persons)	●	●		14	14	10	11	16	**20**
Female new graduate hires (persons)	●	●		4	3	1	8	3	**7**
Mid-career hires (persons)	●	●		3	18	27	32	36	**37**
Number of male mid-career hires (persons)	●	●		3	13	21	26	31	**27**
Number of female mid-career hires (persons)	●	●		0	5	6	6	5	**10**

Work-life balance

	Scope: Sansha Electric Manufacturing Co., Ltd.	Scope: Domestic group companies	Scope: Overseas group companies	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Average overtime hours (hours per month)	●	●		9.4	13.3	13.2	8.9	9.6	**9.4**
Paid leave acquisition rate (%)	●	●		72.3	74.2	81.5	84.8	83.8	**86.6**
Number of employees taking childcare leave (persons)	●	●		19	13	13	10	12	**10**
Number of male employees taking childcare leave (persons)	●	●		4	1	9	8	10	**7**
Percentage of employees returning from childcare leave (%)	●	●		100.0	100.0	100.0	100.0	100.0	**100.0**
Percentage of male employees returning from childcare leave (%)	●	●		100.0	100.0	100.0	100.0	100.0	**100.0**
Percentage of female employees returning from childcare leave (%)	●	●		100.0	100.0	100.0	100.0	100.0	**100.0**
Percentage of employees with shortened working hours to care for children (%)	●	●		30.0	16.6	21.1	27.2	16.7	**18.2**
Percentage of male employees with shortened working hours to care for children (%)	●	●		0.0	0.0	0.0	11.1	0.0	**0.0**
Percentage of female employees with shortened working hours to care for children (%)	●	●		75.0	66.6	80.0	100.0	100.0	**100.0**
Number of employees taking nursing care leave (persons)	●	●		0	0	2	0	0	**0**
Number of employees with shortened working hours to provide nursing care (persons)	●	●		0	0	1	0	0	**0**

Personnel development

	Scope: Sansha Electric Manufacturing Co., Ltd.	Scope: Domestic group companies	Scope: Overseas group companies	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Training costs per person (Japan) (yen)	●	●		16,923	26,135	15,866	32,273	29,035	**31,391**
Number of employees with public qualifications (persons)	●	●		16	20	18	9	10	**65**

Occupational safety

	Scope: Sansha Electric Manufacturing Co., Ltd.	Scope: Domestic group companies	Scope: Overseas group companies	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Percentage of employees taking health checks (%)	●	●		100	100	100	100	100	**100**
Percentage of employees undergoing stress checks (%)	●	●		100	100	100	100	100	**100**
Number of occupational accidents with lost work time (cases)	●	●		0	1	1	1	1	**0**

Environmental data

Energy consumption

	Scope: Sansha Electric Manufacturing Co., Ltd.	Scope: Domestic group companies	Scope: Overseas group companies	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Power consumption (MWh)	●	●	●	16,919	17,826	18,319	17,933	15,775	**15,959**
Utility gas consumption(m^3)	●	●	●	178,568	216,984	205,375	213,139	160,956	**147,598**
Heavy oil consumption (liters)	● Okayama Plant			75,028	71,210	9,676	0	0	**0**
Water consumption (thousand m^3)	●	●	●	178	191	193	187	162	**190**
CO_2 emissions (t-CO_2)	●	●	●	10,056	9,916	10,063	10,261	8,624	**8,178**
Industrial waste (tons)	●	●		619	726	698	688	596	**619**
Recycling rate (%)	●	●		99.0	98.2	98.1	98.0	97.9	**97.8**
The volume of PRTR substances handled (tons)	●			43.7	54.0	59.1	63.6	50.9	**58.1**
The volume of VOCs which require notification handled (tons)	●			56.6	53.7	44.7	37.7	31.1	**37.9**
Solar power generation (MWh)	●	●		177.1	172.3	177.0	176.5	947.4	**1,443.8**

Company Outline (as of March 31, 2026)

Company name	Sansha Electric Manufacturing Co., Ltd.
Date of foundation	March 8, 1933
Date of incorporation	April 28, 1948
Headquarters location	3-1-56, Nishiawaji, Higashiyodogawa-ku, Osaka 533-0031 Japan
Capital	2.7 billion yen
Number of employees (consolidated)	1,399
Branches, sales offices and other offices	Tokyo, Aichi, Fukuoka, Ishikawa, Finland, South Korea and Taiwan
Plants and laboratories	Osaka, Shiga and Okayama
Consolidated subsidiaries	**Japan** SANSHA SOLUTION SERVICE CO., LTD. (Osaka) SUWA SANSHA ELECTRIC CO., LTD. (Nagano Prefecture) OSAKA DENSO INDUSTRY CO., LTD. (Osaka) **Overseas** SANREX CORPORATION (USA) SANREX ASIA PACIFIC PTE. LTD. (SINGAPORE) SANREX LIMITED (HONG KONG) SANSHA ELECTRIC MFG. (SHANGHAI) CO., LTD. (CHINA) SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. (CHINA) DONGGUAN SUWA SANSHA ELECTRIC CO., LTD. (CHINA)

Share Price and Trading Volume



FY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fiscal Year-end Share Price (Yen)	506	1,615	853	469	817	800	950	1,790	865	939
Annual High (Yen)	567	1,949	1,650	994	976	1,222	1,109	1,939	1,834	1,135
Annual Low (Yen)	445	476	720	423	422	687	726	886	820	703

Stock and Shareholder Data (as of March 31, 2026)

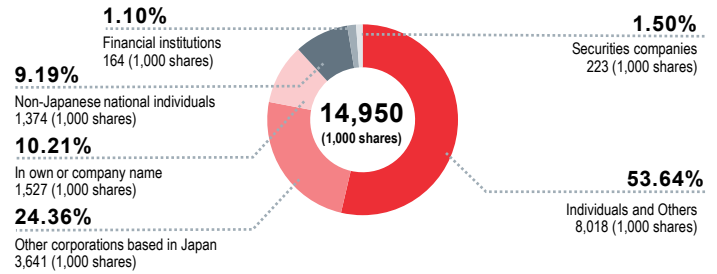
Stock exchange listing	Tokyo Stock Exchange Standard Market (securities code 6882)
Administrator of shareholders' register	Sumitomo Mitsui Trust Bank, Limited
Number of shares issued	14,950,000 shares
Number of shareholders	13,811

Major Shareholders (ten largest shareholders)

Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
Mitsubishi Heavy Industries, Ltd.	1,335	9.95
Miyashiro Limited Liability Company	758	5.65
Nitto Kogyo Corporation	667	4.97
Employee Shareholding Association of Sansha Electric Manufacturing	431	3.22
Kunio Shikata	330	2.46
Hideo Shikata	228	1.70
Ueda Yagi Tanshi Co., Ltd.	226	1.69
THE BANK OF NEW YORK MELLON 140040	213	1.59
Yukiya Morita	201	1.50
BNP PARIBAS NEW YORK BRANCH-PRIME BROKERAGE CLEARANCE ACCOUNT	165	1.23

[1] The number of shares held is rounded down to the nearest thousand.
[2] Sansha Electric Manufacturing Co., Ltd. holds 1,527,022 treasury shares, which are excluded from the calculation of major shareholders.
[3] The shareholding ratio is calculated excluding treasury shares and rounded to two decimal places.

Share Distribution by Shareholder Type



[1] The number of shares held is rounded down to the nearest thousand.
[2] The shareholding ratio is calculated excluding treasury shares and rounded to two decimal places.

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