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Securities Code: 6707
June 5, 2020

To Those Shareholders with Voting Rights

Takashi Wada
President
Sanken Electric Co., Ltd.
6-3, Kitano 3-chome, Niiza-shi,
Saitama Prefecture

NOTICE OF CONVOCATION OF THE 103RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby notify you of the 103rd Ordinary General Meeting of Shareholders. The meeting will be held as described below.

We recommend that you exercise your voting rights in advance by mail or via the Internet in order to avoid the risk of infection by the novel coronavirus disease (COVID-19). We would appreciate it if, regardless of your physical condition, you would refrain from attending the meeting. The methods for exercising voting rights by mail or via the Internet are described on the next page. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m., Thursday, June 25, 2020.

Notice

1. **Date and Time:** 10:00 a.m., Friday, June 26, 2020

2. **Place:** The Company's Head Office
6-3, Kitano 3-chome, Niiza-shi, Saitama Prefecture

3. **Agenda of the Meeting:**

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and results of the audit on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board for the 103rd Fiscal Term (from April 1, 2019 to March 31, 2020)
2. The Non-Consolidated Financial Statements for the 103rd Fiscal Term (from April 1, 2019 to March 31, 2020)

Proposals to be resolved:

Proposal No. 1: Appropriations of Surplus
Proposal No. 2: Election of Nine Directors
Proposal No. 3: Election of One Audit and Supervisory Board Member

- If the Business Report, the Consolidated Financial Statements, the Non-Consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders are amended, the amended items will be disclosed on our website (https://www.sanken-ele.co.jp/).
- We provide our shareholders with the CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS, NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, the NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS, and NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS by disclosing them on our website stated above in accordance with laws and regulations and the provisions of the Articles of Incorporation of the Company. Please note that the documents disclosed on our website formed part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit and Supervisory Board Members and Accounting Auditor during the preparation of the Audit Reports.

Method for Exercising Your Voting Rights

Voting rights for the General Meeting of Shareholders are valuable rights for the shareholders.
Please review the Reference Documents for the General Meeting of Shareholders (Pages 31 to 38) and exercise your voting rights.



- *In case you attend the meeting in person:*

Please present the enclosed Voting Rights Exercise Form to the receptionist.

Please note that proxies who are not shareholders, persons accompanying shareholders, and any other persons with no voting rights are not allowed to enter the place of the General Meeting of Shareholders. For the purpose of resource saving, you are also requested to bring this Notice as a meeting material when you attend the meeting.



- *In case you vote in writing by postal mail:*

Please return the Voting Rights Exercise Form with your vote by postal mail. The completed form must reach us by the deadline as below:

Deadline: 5:00 p.m., Thursday, June 25, 2020



- *In case you vote from your PC or Smartphone:*

When using your Smartphone, you can exercise your voting rights by referring to the enclosed leaflet "Exercise by Smartphones" and then scanning the "QR Code for Log-in to the Website for the Exercise of Voting Rights for Smartphones" noted on the Voting Rights Exercise Form.
(The QR Code is a registered trademark of DENSO WAVE INCORPORATED.)

When using your PC, you can exercise your voting rights by accessing the website for the exercise of voting rights. For details, please refer to the guide on page 39.
(Website address for the exercise of voting rights: https://www.web54.net)

Deadline: 5:00 p.m., Thursday, June 25, 2020

If you exercise your voting rights by two different methods, that is, via the Internet as well as by postal mail, the votes via the Internet shall be deemed to be valid. If you exercise your voting rights via the Internet more than once, your final votes shall be deemed to be valid.

For Institutional Investors:

The Electronic Voting Platform for Institutional Investors operated by Investor Communications Japan Inc. is available for Institutional Investors that have applied to use such platform in advance.

We will widen the intervals between seats at the meeting in order to prevent infection by the novel coronavirus disease (**COVID-19**). Accordingly, in some cases, some attendees seeking admittance may have to be declined because the number of seats offered will be significantly decreased compared with that in previous years. In addition, in some cases we will request that you wear a mask and allow us to measure your body temperature upon your admittance. If attendees are observed to be feverish or deemed to be ill, we may decline their attendance.
We recommend that you exercise your voting rights in advance by mail or via the Internet. If the operation of the general meeting of shareholders changes significantly according to circumstances going forward, we will announce the said change on our website (https://www.sanken-ele.co.jp/).

Attached Documents

BUSINESS REPORT

(from April 1, 2019 to March 31, 2020)

1. Current Status of the Company

(1) Review of Operations

During the consolidated fiscal year ended March 31, 2020, despite steady sales in some markets including the market for white goods such as air conditioners, for which the adoption of inverters is accelerating, due to the strengthening of environmental regulations in China, the overall business environment surrounding the Sanken Group became severe, owing to stagnation in the industrial machinery market as a result of a global decline in automobile sales and constraints on capital investment due to such factors as the growing impact of the prolonged U.S.-China trade frictions. Furthermore, business sentiment has rapidly deteriorated due to the global spread of the novel coronavirus disease ("COVID-19") since the beginning of 2020 and the future outlook of the Group's market environment has become more uncertain.

Under these circumstances, the Company focused development resources on such growing fields as increased demand for energy-saving products in the air conditioners market, a transition to automobiles with improved environmental friendliness and safety functions as well as automobile electrification, and the prevalence of a communications infrastructure compatible with 5G, while working toward achieving the timely market launches of new products. In addition to advancing measures to deal with unprofitable products, we have been striving to improve productivity, such as automation of production lines. Furthermore, we have been working on measures to reduce fixed costs by constraining investments and cutting costs in response to declining sales.

As such, under the new business restructuring announced in November 2019, the Company decided to aim for selection and concentration of businesses focused on the semiconductor devices segment as a mainstay business. Specifically, we decided to take such measures as optimizing the production system by consolidating semiconductor device plants, examining strategic options including sale of the power systems segment, withdrawing from the LED lighting business, and selling off some bases. Thereafter, we announced detailed measures for optimizing the production system in the semiconductor devices segment in February 2020, and have been steadily executing the plan.

As a result of these factors, with regard to the operating results for the consolidated fiscal year ended March 31, 2020, the large impact of the decline in global sales volume in the automobile market resulted in consolidated net sales of ¥160,217 million, a decrease of ¥13,432 million (7.7%) as compared to the previous fiscal year. For income, consolidated operating profit decreased by ¥6,221 million (59.1%) to ¥4,309 million and consolidated ordinary profit decreased by ¥6,498 million (70.8%) to ¥2,674 million, as compared to the previous fiscal year, due to lower net sales and the resulting lower plant operating rate. In addition, losses associated with business restructuring were expected to be approximately ¥7.8 billion in the third quarter. However, a portion of the special retirement allowance and provision for transfer costs were carried forward to the following fiscal year and thereafter. Therefore, the extraordinary losses related to business restructuring amounted to ¥6,867 million. As a result, losses attributable to owners of parent of ¥5,559 million (profit attributable to owners of parent of ¥3,967 million in the previous fiscal year).

Overview of business by segment is as follows.

Semiconductor Devices

In this segment, although products that leverage our technological strength for energy-saving inverter air conditioners continued to grow, especially in the Chinese market, the global automobile market saw sales become sluggish. Accordingly, there was a decrease in sales of products for automobiles, which are the mainstay products, and a decline in demand for products for AV equipment and industrial machinery due to weak economic sentiment. On the other hand, the global spread of COVID-19 since the beginning of 2020 has had a minimal impact on our results for the consolidated fiscal year ended March 31, 2020. As a result of these factors, consolidated net sales for this segment were ¥137,981 million, a decrease of ¥9,229 million (6.3%) as compared to the previous fiscal year. For income, consolidated operating profit was ¥6,805 million, a decrease of ¥6,220 million (47.8%) as compared to the previous fiscal year, despite various efforts to combat a drop in sales and the lower plant operating rate, and continued implementation of measures to deal with unprofitable products and to reduce fixed costs.

Power Systems

In this segment, with regard to social infrastructure products, the Company maintained sales at the same level as that in the previous fiscal year due to increased sales of products for telecommunications base stations and products for public-sector disaster prevention, etc. on the back of the Fundamental Plan for National Resilience, despite the slump in the sales of products for private demand due to an economic slowdown in China. However, as the Company continued to withdraw from sales of unit products for non-strategic markets, we saw an overall decrease in sales in this segment. As a result, consolidated net sales were ¥22,235 million, a decrease of ¥4,203 million (15.9%) as compared to the previous fiscal year. For income, we recorded consolidated operating profit of ¥548 million, which is at the same level as that in the previous fiscal year.

Consolidated Sales by Segment

Category	102nd Term (Year ended March 31, 2019)	Percentage of total	103rd Term (Year ended March 31, 2020)	Percentage of total
Semiconductor Device Business	(millions of yen) 147,211	% 84.8	(millions of yen) 137,981	% 86.1
Power System Business	26,438	15.2	22,235	13.9
Total	173,650	100.0	160,217	100.0

(2) Capital Investment

Capital investment of the current consolidated fiscal year amounted to 11,250 million yen. This mainly consisted of investment for the purpose of strengthening the functions to evaluate the reliability of semiconductor devices and expanding the production capacity and others.

(3) Financing

The Company allocated the funds required during the current consolidated fiscal year from its own funds and borrowings, among other sources. No special funds were acquired through increases of capital or bond issues.

(4) Tasks to be addressed

The outlook for the global economy in the fiscal year ending March 31, 2021, is increasingly uncertain, due to the impact of the global spread of COVID-19. Therefore, we expect the real economy to remain in a severe situation. However, regarding the Group's medium- to long-term market environment, in the markets for energy-saving and environmentally friendly products, which the Group has determined are strategic markets, we expect to see expanding demand for semiconductor devices in the expanding market for white goods, where the adoption of inverters is growing, and in the automotive markets, where strengthened safety functions and environmental performance such as advanced driver-assistance systems (ADAS) and xEV (next-generation vehicles) are being increasingly adopted. With regard to the power systems segment, we expect to see expanding demand for power systems associated with the implementation of various measures for building national resilience in Japan and increasing demand for power supply for base stations toward the widespread prevalence of 5G communication standards in the telecommunication market.

Under these circumstances, in the fiscal year ending March 31, 2021, the Company will work to reorganize its profit structure by steadily implementing the business restructuring that began in November 2019. In the semi-conductor devices segment, we will take initiatives to optimize the production system, such as the integration of diode production bases and consolidation of domestic power module production bases. In the power systems segment, we will advance activities aimed at achieving strategic options in coordination with financial advisors and take strategic growth initiatives by continuing to respond to the UPS business expansion, the social infrastructure and production machinery markets, and 5G. The Company will also increase corporate value by promoting work-style reform, introducing a performance-linked compensation system for the Group's directors and executive-level employees, and taking further initiatives in SDGs, and thereby will make concerted efforts to “realize sustainable growth,” a goal under the mid-term business plan.
We greatly appreciate your ongoing support and encouragement.

(5) Business Results and Summary of Assets

Category		Fiscal term ended March 31, 2017 (100th Term)	Fiscal term ended March 31, 2018 (101st Term)	Fiscal term ended March 31, 2019 (102nd Term)	Fiscal term ended March 31, 2020 (103rd Term)
Net sales	(millions of yen)	158,772	175,209	173,650	160,217
Operating income	(millions of yen)	5,930	12,026	10,531	4,309
Ordinary income	(millions of yen)	5,026	11,808	9,173	2,674
Profit (loss) attributable to owners of parent	(millions of yen)	1,739	(11,421)	3,967	(5,559)
Net income (loss) per share	(yen)	14.35	(94.24)	163.70	(229.83)
Total assets	(millions of yen)	182,700	185,359	188,192	194,024
Net assets	(millions of yen)	54,736	72,283	78,541	71,776

Notes: 1. Net income (loss) per share is calculated based on the average number of shares outstanding in each fiscal term. The average number of shares outstanding excludes treasury stock.

2. Effective as of October 1, 2018, the Company carried out a share consolidation of five common shares at the rate of one share. Accordingly, net income per share for the 102nd fiscal term is calculated on the assumption that the consolidation of shares was carried out at the beginning of the said fiscal term.

3. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. have been applied from the beginning of the current consolidated fiscal year. Key financial performance indicators, etc. for the previous consolidated fiscal year are therefore stated as figures to which the above accounting standard, etc. has been retrospectively applied.

(6) Principal Business of the Company

The Company mainly engages in the development, manufacture and sale of electric equipment and devices.

Segment	Products
Semiconductors	Power Modules, Power ICs, Control ICs, Hall-sensor, Transistors, Diodes, LEDs, LED lighting
Power Systems	Uninterruptible power supplies, General purpose inverters, DC power supplies, High-intensity airway beacon, Storage system, Power conditioner, Switching mode power supplies, Transformers

(7) Principal Offices and Plants

(i) The Company

Offices	Location
Head Office	Niiza-shi, Saitama Prefecture
Kawagoe Plant	Kawagoe-shi, Saitama Prefecture
Tokyo Office	Toshima-ku, Tokyo
Osaka Branch	Osaka-shi, Osaka
Sapporo Sales Office	Sapporo-shi, Hokkaido
Sendai Sales Office	Sendai-shi, Miyagi Prefecture
Nagoya Sales Office	Nagoya-shi, Aichi Prefecture
Kanazawa Sales Office	Kanazawa-shi, Ishikawa Prefecture
Hiroshima Sales Office	Hiroshima-shi, Hiroshima Prefecture
Kyushu Sales Office	Fukuoka-shi, Fukuoka Prefecture

(ii) Subsidiaries

Please See Status of Principal Subsidiaries (8) on the next page.

(8) Status of Principal Subsidiaries

Name	Common stock	Percentage of equity participation	Principal business	Offices	Location
Ishikawa Sanken Co., Ltd.	95 million yen	100.0%	Manufacture of semiconductors	Head Office, Horimatsu Plant	Shika-machi, Hakui-gun, Ishikawa Prefecture
				Shika Plant	Shika-machi, Hakui-gun, Ishikawa Prefecture
				Machino Plant	Wajima-shi, Ishikawa Prefecture
				Uchiura Plant	Noto-machi, Housu-gun, Ishikawa Prefecture
Yamagata Sanken Co., Ltd.	100 million yen	100.0%	Manufacture of semiconductors	Head Office	Higashine-shi, Yamagata Prefecture
Kashima Sanken Co., Ltd.	75 million yen	100.0%	Manufacture of semiconductors	Head Office	Kamisu-shi, Ibaraki Prefecture
Fukushima Sanken Co., Ltd.	50 million yen	100.0%	Manufacture and sale of semiconductors	Head Office	Nihonmatsu-shi, Fukushima Prefecture
Sanken Optoproducts Co., Ltd.	90 million yen	100.0%	Manufacture of semiconductors and Power System	Head Office	Shika-machi, Hakui-gun, Ishikawa Prefecture
Dalian Sanken Electric Co., Ltd.	66 million yuan	100.0%	Manufacture of semiconductors; manufacture and sale of Power System	Head Office	Liaoning, China
Allegro MicroSystems, Inc.	105 thousand US dollars	67.2%	Development, manufacture, and sale of semiconductors	Head Office	New Hampshire, U.S.A.
Allegro MicroSystems, LLC	48 million US dollars	* 67.2%	Development, manufacture, and sale of semiconductors	Head Office	New Hampshire, U.S.A.
Polar Semiconductor, LLC	157 million US dollars	90.1% * 20.1%	Manufacture of semiconductors	Head Office	Minnesota, U.S.A.
P.T. Sanken Indonesia	96 million US dollars	100.0%	Manufacture and sale of Power System	Head Office	West Java, Indonesia
Sanken L.D. Electric (Jiangyin) Co., Ltd.	36 million yuan	60.0%	Manufacture and sale of Power System	Head Office	Jiangsu, China

Notes: 1. In the current fiscal year, the Company reviewed the capital structure within the Group and made a contribution in kind to loans receivable for Polar Semiconductor, LLC. Accordingly, the capital amount (common stock) of the subsidiary, the ratio of the Company's investment in the subsidiary, and the capital amount (common stock) of Allegro MicroSystems, LLC changed.

2. Asterisks (*) indicate indirect ownership through Allegro MicroSystems, Inc.

3. No specific wholly owned subsidiary exists as of the end of the current consolidated fiscal year.

(9) Employees

Number of employees	Year-on-year
9,183	-298

Note: The number of employees of the Company (non-consolidated) is 1,074. This is a decrease of 11 employees from the previous year.

(10) Major Creditors

Creditors	Loan Outstanding
Resona Bank, Limited.	8,349 million yen
Mizuho Bank, Ltd.	7,128 million yen
The Bank of Mitsubishi UFJ, Ltd.	5,794 million yen
Development Bank of Japan Inc	5,000 million yen
Saitama Resona Bank, Limited	4,000 million yen
The Hachijuni Bank, Ltd	3,414 million yen

2. Shares of the Company

(1) Total number of shares authorized to be issued 51,400,000

(2) Total number of shares issued 25,098,060

(The number includes 867,503 shares of treasury stock)

(3) Number of shareholders 9,034

(4) Major shareholders

Name	Capital contribution	
	Number of shares (thousands)	Percentage of Ownership
The Master Trust Bank of Japan, Limited (Trust Account)	1,991	8.22%
Japan Trustee Services Bank, Limited (Trust Account)	1,738	7.17%
Saitama Resona Bank, Limited	1,202	4.96%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,063	4.38%
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	898	3.70%
STATE STREET BANK AND TRUST COMPANY 505253	775	3.20%
STATE STREET BANK AND TRUST COMPANY 505103	499	2.06%
Japan Trustee Services Bank, Limited (Trust Account 5)	447	1.84%
J.P. MORGAN CHASE BANK 385151	413	1.70%
J.P. MORGAN BANK LUXEMBOURG S.A.1300000	389	1.60%

Notes: 1. The Company holds 867,503 shares of treasury shares that are excluded from the major shareholders listed above.

2. Treasury stock does not include 72,800 shares of treasury stock held in trust by Japan Trustee Services Bank, Limited (Trust Account) for the stock delivery trust for the Directors, etc.

3. Percentage of ownership is calculated after deducting the number of shares held as treasury shares from the total number of shares issued, and digits below the third decimal place are omitted.

3. Officers of the Company

(1) Directors and Audit and Supervisory Board Members

Position	Name	Assignment or significant concurrent office
Director, President	Takashi Wada	
Director	Masao Hoshino	Executive Vice President, Device Business Corporate Headquarters
Director	Yoshihiro Suzuki	Senior Vice President, Euro-Americas Business Strategy Headquarters Chairman of the Board, Allegro Microsystems, Inc.
Director	Kazunori Suzuki	Senior Vice President, Sales Headquarters
Director	Hideo Takani	Senior Corporate Officer, Corporate Administration Headquarters
Director	Shigeru Ito	Senior Corporate Officer, Power System Headquarters
Director	Richard R. Lury	Attorney-at-law; External Director, Hitachi Zosen Corporation
Director	Noriharu Fujita	Certified Public Accountant; Representative, Fujita Noriharu Accounting Firm;
Director	Emiko Higashi	Managing Director, Tomon Partners, LLC External Director, KLA Corporation External Director, Takeda Pharmaceutical Company Limited External Director, Rambus Inc.
Standing Audit and Supervisory Board Member (Full-time)	Akira Ota	
Audit and Supervisory Board Member (Full-time)	Noboru Suzuki	
Audit and Supervisory Board Member	Atsushi Minami	Attorney-at-law; Partner, Minami Patent & Law Office
Audit and Supervisory Board Member	Hideki Hirano	External Auditor, Daizo Corporation

Notes: 1. The above describes the facts as of March 31, 2020.
2. Ms. Emiko Higashi, Director, was newly elected at the 102nd Ordinary General Meeting of Shareholders held on June 21, 2019 and assumed her office.
3. Mr. Hideki Hirano, Audit and Supervisory Board Member, was newly elected at the 102nd Ordinary General Meeting of Shareholders held on June 21, 2019 and assumed his office.
4. Mr. Richard R. Lury, Mr. Noriharu Fujita and Ms. Emiko Higashi are External Directors, and Mr. Atsushi Minami and Mr. Hideki Hirano are External Audit and Supervisory Board Members. The Company has appointed each of them as an independent officer unlikely to have conflicts of interest with general shareholders and has filed a notification to that effect with the Tokyo Stock Exchange.
5. Mr. Noriharu Fujita, Director, is qualified as a CPA in Japan and the U.S., Mr. Akira Ota, Audit and Supervisory Board Member, has long experience working at accounting and financial divisions of the Company and Mr. Hideki Hirano, Audit and Supervisory Board Member, has long experience working at a financial institution. Accordingly, each of them has extensive knowledge in finance and accounting.
6. Mr. Mikihiko Wada retired from office as Audit and Supervisory Board Member upon expiration of his term of office at the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 21, 2019.

7. Corporate Officers of the Company who do not double as Directors as of March 31, 2020:

Position	Name	Assignment
Senior Vice President	Takeshi Soroji	Head, Work Style Reform Promotion Headquarters
Senior Corporate Officer	Hideki Nakamichi	Head, Engineering Headquarters, Device Business Corporate Headquarters and General Manager, Power Device Business Division
Corporate Officer	Yukiyasu Taniyama	Assistant to the President and President of Fukushima Sanken Co., Ltd.
Corporate Officer	Kiyonori Orito	Deputy Head, Sales Headquarters and General Manager, Nagoya Sales Division, and General Manager in charge of automotive market
Corporate Officer	Makoto Iwata	General Manager, Management Planning Office, Corporate Administration Headquarters
Corporate Officer	Myungjun Lee	Deputy Head, Engineering Headquarters, Device Business Corporate Headquarters and General Manager in charge of white goods market
Corporate Officer	Tetsuo Bannai	General Manager, Assembly Technology Division, Engineering Headquarters, Device Business Corporate Headquarters
Corporate Officer	Sumio Anzai	General Manager, Power Marketing Division, Sales Headquarters
Corporate Officer	Satoshi Yoshida	General Manager, Eastern Japan Sales Division, Sales Headquarters and General Manager in charge of industrial machinery market
Corporate Officer	Masayuki Yanagisawa	General Manager, General Affairs and Human Resources Division, Corporate Administration Headquarters
Corporate Officer	Hiroshi Takahashi	Head, Production Headquarters, Device Business Corporate Headquarters

(2) Outline of liability limitation agreement

The Company has entered into an agreement with External Directors and External Audit and Supervisory Board Members to limit their liability for damages arising from negligence of duties pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum liability amount under the agreement is as set forth by laws and regulations.

(3) Compensation paid to Directors and Audit and Supervisory Board Members

Category	Number of persons paid	Total Amount of compensation by type (million yen)			Total Amount of compensation (million yen)
		Basic compensation	Short-term incentives	Long-term incentives (share compensation)	
Director	9	240	24	8	273
(of which External Director)	3	33	-	-	33
Audit and Supervisory Board Member	5	51	-	-	51
(of which External Audit and Supervisory Board Member)	3	10	-	-	10

Notes: 1. The total amount of Directors' basic compensation and short-term incentives is 500 million yen or less per year (including 200 million yen or less for External Directors), the maximum amount of compensation based on the resolution of the 102nd Ordinary General Meeting of Shareholders (held on June 21, 2019). The amount of compensation for Audit and Supervisory Board Members is 80 million yen or less per year, the maximum amount of compensation based on the resolution of the above meeting.

2. The above short-term incentives is an amount to be paid by resolution of the Board of Directors based on the resolution of the general meeting of shareholders stated in Note 1.
3. The long-term incentives (share compensation) is stated at an amount posted as expenses for the current fiscal year.
4. The number of Audit and Supervisory Board Members paid and the amount of compensation paid to Audit and Supervisory Board Members include those for one External Audit and Supervisory Board Member who retired during the period under review.
5. Separately from the above, the amount of compensation to the external officers paid by the consolidated subsidiaries of the Company as their officers is 29 million yen.

(4) Policy for determining the method used to calculate the compensation payable to Directors and Audit and Supervisory Board Members

1) Basic policy

The Company has determined a basic policy as follows: contributing to the procurement of excellent human resources; setting levels of compensation appropriate for the role and scope of responsibility for each position; providing incentives toward the increased corporate value and sustainable growth of the Company; and ensuring transparency and objectivity in the procedure for determining compensation.

2) Outline of compensation payable to Directors and compensation payable to Audit and Supervisory Board Members

(i) Compensation payable to Directors

Compensation payable to Directors consists of basic compensation, short-term incentives as short-term performance-linked compensation, and long-term incentives (share compensation) as long-term performance-linked compensation. The percentage of performance-linked compensation to total compensation is designed to reach approximately 30% upon the achievement of the performance objectives, in principle. However, compensation payable to External Directors consists of basic compensation only. The total amount of basic compensation and short-term incentives is set up to no more than the total amount approved at the Ordinary General Meeting of Shareholders held on June 21, 2019 (hereinafter referred to as the "Meeting"). The total amount of share compensation is also set to no more than the total amount of share compensation approved at the Meeting.

The amount of individual compensation for each Director (excluding External Directors) is determined at the Board of Directors meetings with reference to the details of reports from the Compensation Committee.

* Upper limit of basic compensation and short-term incentives:	500 million yen per year (including 200 million yen per year for External Directors)
* Upper limit of share compensation:	Total amount of 270 million yen in the three fiscal years from the fiscal year ended March 31, 2020

(ii) Compensation payable to Audit and Supervisory Board Members

Compensation payable to Audit and Supervisory Board Members consists of basic compensation only. The total amount of the compensation is set to no more than the total amount of compensation approved at the Meeting.

The amount of individual compensation for each Audit and Supervisory Board Member is determined through consultation among Audit and Supervisory Board Members.

* Upper limit of basic compensation:	80 million yen per year

3) Details of classification by compensation

(i) Basic compensation

The level of basic compensation is set with reference to the levels of compensation at other companies based on the research of external dedicated institutions.

(ii) Short-term incentives

Short-term incentives as short-term performance-linked compensation fluctuate within the range of 0% to 150% to the standard amount of compensation in principle, according to the consolidated performance indicators for a single fiscal year, with a view to further increasing motivation to achieve the performance objectives for a single fiscal year.

* Performance-linked indicators:	Net sales and operating income are set as common items and individual indicators are also set according to expected individual roles

(iii) Long-term incentives (share compensation)

Long-term incentives (share compensation) as long-term performance-linked compensation is set for the purposes of increasing motivation to contribute to increased corporate value over a medium to long term, sharing interests with shareholders, and increasing motivation to achieve the performance objectives in the Medium-Term Management Plan (hereinafter referred to as the "Mid-term Plan"). Long-term incentive (share compensation) fluctuates within the range of 0% through 150% to the standard amount of compensation in principle, according to the position and the consolidated performance indicators in the Mid-term Plan.

* Performance-linked indicators: Operating income and ROE are set as common items

With respect to the future performance-linked indicators, the Board of Directors of the Company has determined, based on a report from the Compensation Committee, that TSR (Total Shareholder Return) is to be added to the performance-linked indicators from FY2020 onward.

(5) External Officers

1) Relationship between the Company and other companies of which significant offices are concurrently held

Name	Significant concurrent office and the relationship with the Company
External Director Richard R. Lury	Mr. Richard R. Lury concurrently serves as an External Director of Hitachi Zosen Corporation. There is no relationship requiring disclosure between the Company and Hitachi Zosen Corporation.
External Director Noriharu Fujita	Mr. Noriharu Fujita concurrently serves as a representative of Fujita Noriharu Accounting Firm. There is no relationship requiring disclosure between the Company and the firm.
External Director Emiko Higashi	Ms. Emiko Higashi concurrently serves as a Managing Director of Tomon Partners, LLC. She also serves as an External Director of KLA Corporation, an External Director of Takeda Pharmaceutical Company Limited, and External Director of Rambus Inc. There is no relationship requiring disclosure between the Company and these companies.
External Audit and Supervisory Board Member Atsushi Minami	Mr. Atsushi Minami is an attorney-at-law who serves as a partner at Minami Patent & Law Office. There is no relationship requiring disclosure between the Company and Minami Patent & Law Office.
External Audit and Supervisory Board Member Hideki Hirano	Mr. Hideki Hirano concurrently serves as an External Auditor of Daizo Corporation. He also served as an External Director of Sanyo Engineering & Construction Inc. until June 21, 2019. There is no relationship requiring disclosure between the Company and these companies.

2) Major activities

Name	Major activities
External Director Richard R. Lury	Mr. Richard R. Lury attended all 9 meetings of the Board of Directors held during the period under review. He contributed to these meetings with comments based mainly on his experience and knowledge in international corporate legal affairs.
External Director Noriharu Fujita	Mr. Noriharu Fujita attended all 9 meetings of the Board of Directors held during the period under review. He contributed to these meetings with comments based mainly on his long years of experience in practice as a certified public accountant and extensive experience in international fields.
External Director Emiko Higashi	Ms. Emiko Higashi attended all 7 meetings of the Board of Directors held during the period under review after she was newly elected as a Director at the 102nd Ordinary General Meeting of Shareholders held on June 21, 2019. She contributed to these meetings with comments based mainly on her knowledge and experience in international corporate finance and her insights into the global semiconductor industry.
External Audit and Supervisory Board Member Atsushi Minami	Mr. Atsushi Minami attended all 9 meetings of the Board of Directors held during the period under review. He contributed to these meetings with comments based mainly on his professional perspective as a lawyer. He also attended all 16 meetings of the Audit and Supervisory Board held during the period under review. He contributed to these meetings chiefly with exchanges of views on audit findings and with consultations on important matters regarding audits.
External Audit and Supervisory Board Member Hideki Hirano	Mr. Hideki Hirano attended 6 out of 7 meetings of the Board of Directors held during the period under review after he was newly elected as an Audit and Supervisory Board Member at the 102nd Ordinary General Meeting of Shareholders held on June 21, 2019. He contributed to these meetings with comments based mainly on the extensive knowledge and experience he has accumulated over his many years as a corporate executive. He also attended 10 out of 11 meetings of the Audit and Supervisory Board held during the period under review after the General Meeting. He contributed to these meetings chiefly with exchanges of views on audit findings and with consultations on important matters regarding audits.

4. Accounting Auditors

(1) Name of Accounting Auditor Ernst & Young ShinNihon LLC

(2) Compensation paid to Accounting Auditor for the year under review

	Classification	Amount paid
1)	Compensation paid or payable to the Accounting Auditor concerning the audit services for the year under review	70 million yen
2)	The total amount of money and property interests paid or payable to the Accounting Auditor for the Company and subsidiaries	87 million yen

Notes: 1. The Audit contract between the Company and the Accounting Auditor does not separate the compensation concerning the Audit for the Companies Act from the compensation concerning the Audit described by the Financial Instruments and Exchange Act. Accordingly, the amount described in (i) represents the total amount of these compensations.

2. Some subsidiaries of the Company employ certified public accountants or audit corporations (or persons with equivalent qualifications in foreign countries concerned) for auditing.

3. The Company paid compensation to the Accounting Auditor in return for various advisory services rendered, etc. other than the auditing & attestation engagement prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act.

4. Reasons for the agreement by the Audit and Supervisory Board on compensation paid to the Accounting Auditor

The Audit and Supervisory Board conducted a required examination to determine whether or not the contents of the Accounting Auditor's auditing plans, status of the performance of duties of the accounting audit, basis for calculating the estimated compensation, etc. were appropriate, and thereupon decided to agree on compensation, etc. as set forth in Article 399, Paragraph 1 of the Companies Act, in accordance with the "Practical Guidance for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association.

(3) Policy for determining the dismissal or non-reappointment of Accounting Auditor

If the Audit and Supervisory Board has judged that it will be necessary to dismiss or forego reappointment of an Accounting Auditor, such as in cases when the execution of duties by an Accounting Auditor is adversely affected, the Audit and Supervisory Board shall determine the details of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders, and thereupon the Board of Directors shall submit the proposal to the General Meeting of Shareholders.

If an Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, such Accounting Auditor shall be dismissed subject to the unanimous approval at the Audit and Supervisory Board. In this case, one of the Audit and Supervisory Board members designated by the Audit and Supervisory Board shall report the dismissal of the Accounting Auditor and the reason for the dismissal to the first shareholders' meeting to be convened after the dismissal.

5. System for Ensuring Appropriate Conduct of Operations and Outline of the Status of Implementation of the System

(I) System for Ensuring Appropriate Conduct of Operations

The Company's Board of Directors adopted a series of resolutions on the system to ensure proper operation, as follows:

(1) System for ensuring that the directors and employees perform their duties in accordance with laws, regulations, and the Article of Incorporation.

1) The Board of Directors deliberates material business execution, supervises the execution of duties by each director, and checks legality, in accordance with "Regulations of the Board of Directors."
2) The Company establishes and implements a "Management Philosophy," "Code of Conduct," and "Sanken Conduct Guideline." The Company also ensures that the executives and employees comply with laws, regulations and the Articles of Incorporation, by familiarizing them with the compliance mindset and the importance of compliance and by implementing ongoing educational training activities, both arranged by Representative Directors.
3) The internal audit department audits the performance of duties in the Company and each of the group companies and ensures the effectiveness of the compliance system by making the most of a whistle-blowing protocol.
4) To appropriately respond to the internal control report system (hereinafter referred to as "J-SOX") under the Financial Instruments and Exchange Act, the Company has established a person in charge of J-SOX at its internal audit department and secures the reliability of financial information by undertaking a company-wide review of the control systems and measures to improve the systems on an ongoing basis.
5) The Company has no relationship with antisocial forces. The Company usually endeavors to establish close relationships and cooperation systems with external organizations such as police agencies and lawyers. Should the Company be subject to an undue claim, it will adopt a resolute stand and decisively refuse it.

(2) System for the storage and management of information with regard to the execution of duties by directors

The Minutes of the Board of Directors and other documents and records on important meetings, as well as the results of decision-making and other records on business execution, shall be appropriately stored and managed in accordance with laws, regulations, and various internal rules.

(3) Rules and other aspects of the system for managing risks of loss

1) Risks associated with key investments or new businesses are discussed from various viewpoints and determined deliberatively at the Board of Directors, Management Committee, and other important meetings.
2) The internal audit department recognizes and analyzes risks in the course of business for the Company and group companies through internal audits. The Crisis Management Committee implements unified, cross-sectional, and group-wide risk management.

(4) System for ensuring that the duties of the directors are efficiently performed

1) The Board of Directors formulates the mid-term management plan and annual budget, and checks the progress of business execution based on the report on the progress of achievement, while the Management Committee is responsible for monthly performance management.
2) The Management Committee discusses basic and material matters among the items on the agenda to be resolved at the Board of Directors and the business operations to be executed by the Representative Directors. It also performs business promptly and flexibly using the corporate officer system.
3) The Company develops "the Fundamental Standards for Organization and Authorities," "the Regulations on the Division of Duties," etc. to clarify the responsibilities and authorities of each department. The Company also conducts efficient decision-making and business execution through efforts for the appropriate division of duties and cooperation among organizations.

(5) System for ensuring appropriate business operations within the Company and within each group company

1) When necessary, the Company sends its officers and employees to Group companies as incoming directors to follow up on the Company's management policy, determine material business-related issues, and promote efficient management.
2) The scope of duties, authorities and responsibilities between the Company and each group company, as well as the matters to be reported to the Company, are clarified in accordance with “the Administration Standards for Subsidiaries and Affiliates” and “the Management Guidelines.”
3) An organization in charge of each group company is established at the Company to bear responsibility for the guidance of management and enhancement of managerial performance through close information sharing.

(6) Matters regarding employees appointed for the support of Audit and Supervisory Board members when so requested by Audit and Supervisory Board members

1) Staff of the Legal department will assist the deskwork of the Secretariat's Office of Audit and Supervisory Board.
2) When the Audit and Supervisory Board members so request, the appointment and other personnel affairs of exclusive staff for the support of the Audit and Supervisory Board members shall be determined through consultation among the directors and Audit and Supervisory Board members.
3) Such exclusive staff shall comply with instructions from each Audit and Supervisory Board member to ensure their independence from directors and the effectiveness of the instructions from the Audit and Supervisory Board members.

(7) System for reporting to Audit and Supervisory Board members

1) Standing Audit and Supervisory Board members attend the Management Committee meetings, inspect and receive principal documents, thereby obtain information on the businesses of the Company and group companies, and report the contents of such information to the Audit and Supervisory Board.
2) Each of the directors, internal audit department, and the Accounting Auditor meet with the Audit and Supervisory Board members regularly to report the management situations of the Company and group companies and audit results.
3) If officers or employees find any fact or event which is likely to cause material damage to the Company or any of the group companies or discover any illegal actions in the course of business operations, such officers or employees must report the matter to the Audit and Supervisory Board members.
4) The internal audit department reports the results of internal audits, the status of implementation of the whistle-blowing protocol, and the contents of whistle-blowing to the Audit and Supervisory Board members.
5) Regulations on the whistle-blowing protocol are stipulated to ensure that a whistle-blower will not be subjected to any disadvantageous treatment because of the said whistle-blowing.

(8) Policy for handling expenses and liabilities incurred from the execution of duties by Audit and Supervisory Board members

If, with respect to any expenses to be incurred when Audit and Supervisory Board members perform their duties, the Audit and Supervisory Board members request the Company to pay them in advance, repay them, or otherwise, the Company shall promptly process the expenses unless they are judged to be unnecessary.

(9) Other system for ensuring effective auditing by the Audit and Supervisory Board members

The Audit and Supervisory Board draws up the auditing standards, audit plans, and audit policies. Each Audit and Supervisory Board member conducts audits properly based on his own expertise and experience. An efficient and highly effective audit system is realized through these efforts.

(II) Outline of the Status of Implementation of the System for Ensuring Appropriate Conduct of Operations

(1) Status of efforts for compliance

The internal audit department decides themes and conducts internal audits of the Company. Group companies regularly implement internal audits of overall administration systems as well. The planning, progress, and results of these internal audits are regularly reported to the Audit and Supervisory Board members. With respect to the internal control report system (hereinafter referred to as "J-SOX") under the Financial Instruments and Exchange Act, a person in charge of J-SOX at the internal audit department continuously implements company-wide reviews and improvements in efforts to ensure the reliability of financial information. The Company regularly implements educational training activities on the contents of the "Sanken Conduct Guideline," the Company's basic manual for compliance, and strives to thoroughly spread the compliance mindset. Further, the Company has developed and manages a whistle-blowing protocol, and the implementation status and contents of whistle-blowing are regularly reported to the Audit and Supervisory Board members. The officers and employees always pay due attention with respect to the Company's responses to antisocial forces, while the Company continuously exchanges related information with external organizations such as police agencies and relevant bodies to develop ongoing cooperation systems.

(2) Status of efforts for managing risks of loss

The Company has established the Crisis Management Committee as an organization to supervise risk. The Crisis Management Committee meetings were held twice for the year under review to endeavor to realize, analyze, and respond to risk. Further, in response to the spread of COVID-19 infections, the Company established a special emergency headquarters under review to grasp, analyze and respond to the effect of the pandemic on its businesses and to implement measures to prevent infection, exceptional measures regarding employees working from home, paid holidays, and the arrangement and donation of masks.

With respect to internal audits and the whistle-blowing protocol, if any fact or event which is likely to cause material damage to the Company or any of the group companies is found or any illegal actions in the course of business operations is discovered through the implementation of internal audits and the whistle-blowing protocol, the contents of whistle-blowing are reported to the Audit and Supervisory Board members each time, and advice and corrections are decided on a case-by-case basis.

(3) Status of efforts for ensuring the appropriateness and efficiency of the execution of duties

The Board of Directors consists of nine Directors, including three External Directors. Four Audit and Supervisory Board members, including two External Audit and Supervisory Board members, also attend the Board of Directors meetings. The Board of Directors meetings were held 9 times during the year under review to deliberate proposals, supervise the status of business execution, and actively exchange opinions. Furthermore, the effectiveness of the Board of Directors is evaluated every year based on the Corporate Governance Code. The said evaluation for the year under review concluded that the effectiveness of the Board of Directors had been ensured in general. We therefore believe that the effectiveness of decision-making and supervision of the Board of Directors is ensured.

(4) Status of efforts for the appropriateness of business within the group

The Company sends its officers and employees to group companies to follow up on the Company's management policy, determine material business-related issues, and promote efficient management. The Company stipulates and implements matters to be discussed in advance between each group company and a department in charge at the Company.

(5) Status of efforts for ensuring the effectiveness of audits by the Audit and Supervisory Board members

The Audit and Supervisory Board comprises four Audit and Supervisory Board members, including two external Audit and Supervisory Board members. Audit and Supervisory Board meetings were held 16 times during the year under review to carry out discussions and adopt resolutions after reports on important matters related to audits were received. Further, the Audit and Supervisory Board members regularly meet the President and internal audit department, as well as the Accounting Auditor, to exchange opinions mainly on the development and implementation status of compliance and internal control.

6. Basic Policy on Control of the Company

(1) Basic Policy on Composition of Persons to Control Decision-Making over Financial and Business Policies of the Company

As a listed Company, the stock of the Company may be traded freely by shareholders and investors, and the Board of Directors believes that the composition of persons to control decision-making over the financial and business policies of the Company should ultimately be decided by the will of the shareholders, and that the final judgment as to whether to sell the shares of the Company in response to a mass acquisition of the shares of the Company should ultimately be decided based on the will of the shareholders holding the shares.

However, the management of the Company and the Company Group requires a wide range of know-how and ample experience in technical subjects, including proprietary manufacturing technologies for wafer fabrication and semiconductor device assembly, as well as the integration of power supply systems with optical devices based on leading-edge circuit technologies. Further, a full understanding of the relationships that the Company has developed with stakeholders such as customers, suppliers, and employees is indispensable to management. Persons to control decision-making over financial and business policies of the Company require this understanding in order to appropriately judge the shareholder value to be realized in the future, and could potentially significantly damage the Company's corporate value and the common interests of the shareholders without it.

In addition, there is a possibility that some Large Purchases, such as to persons related to the Company conducting transactions at high prices, could substantially impair the common interests of the shareholders. In such cases, in order for the Company to appropriately receive the judgment of the shareholders regarding the relative merits and demerits of a given large-scale purchase, the Company will both request the supply of required information from the entity attempting to engage in the large-scale purchase and will also strive to ensure there is an appropriate amount of time for the disclosure of such information and deliberation on it by shareholders. Regarding the extents that are permitted by laws and regulations such as the Financial Instruments and Exchange Act, we believe that appropriate measures should be taken (Hereinafter referred to as the "Basic Policy").

(2) Measures Taken to Realize the Basic Policy and Increase Corporate Value

The Company has acted in accordance with its Management Philosophy, which states that the Company should endeavor to create and innovate technologies in its core business of semiconductors, expand global business based on proprietary technologies, and ensure a firm management base in order to maximize corporate value through timely response to social expectations for the company and long-lasting harmony with the environment. Furthermore, as a medium- to long-term management strategy, the Company has developed a medium-term management plan covering a three-year period that the entire Group has worked toward.

Also, the Company is involved in efforts to gain an appropriate evaluation of its corporate value by deepening understanding through closer dialogues with various stakeholders regarding its position as a proprietary power semiconductor manufacturer as well as its management policies and plans meant to maximize use of this position.

In order to strengthen corporate governance, the company has strengthened the supervisory function of the Board of Directors by electing independent External Directors and by developing a flexible system for operational execution and enhanced management functions by adopting a Corporate Officer system. In addition, in order to realize a management system able to promptly respond to changes in the management environment, and to clarify the management responsibility of the Directors for the corresponding fiscal year, the Company's term of office for Directors is one year.

The Board of Directors believes that these measures improve the Company's corporate value and decrease the likelihood that a Large Purchase will significantly harm the common interests of the shareholders. Accordingly, these efforts are deemed to be in compliance with the Basic Policy, and are in the common interests of the shareholders.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
Current assets	**117,375**	**103,903**
Cash and deposits	40,779	23,564
Notes and accounts receivable — trade	31,888	33,586
Merchandise and finished goods	14,422	14,888
Work in process	21,231	19,633
Raw materials and supplies	5,425	7,539
Other	3,741	4,757
Allowance for doubtful receivables	(114)	(65)
Non-current assets	**76,649**	**84,288**
Total property, plant and equipment	**66,062**	**72,604**
Buildings and structures	20,383	24,027
Machinery, equipment and vehicles, net	31,577	34,731
Tools, furniture and fixtures, net	1,788	2,042
Land	5,699	6,166
Lease assets, net	74	62
Construction in progress	6,538	5,574
Intangible assets	**4,728**	**4,955**
Software	2,483	2,786
Other	2,244	2,169
Investments and other assets	**5,858**	**6,729**
Investment securities	892	1,093
Deferred tax assets	1,704	1,221
Net defined benefit asset	-	18
Other	3,262	4,637
Allowance for doubtful receivables	(2)	(241)
Total Assets	**194,024**	**188,192**

Note: Figures less than one million are rounded down to the nearest million.

Account item	Current fiscal year	(For reference) Previous fiscal year
(Liabilities)	(millions of yen)	(millions of yen)
Current liabilities	**93,351**	**56,409**
Notes and accounts payable - trade	17,774	18,075
Short-term loans payable	27,619	12,991
Current portion of long-term loans payable	10,133	646
Current portion of bonds	15,000	–
Commercial paper	10,000	11,000
Lease obligations	44	30
Accrued expenses	10,254	11,705
Income taxes payable	659	591
Provision for performance-linked directors' compensation	16	–
Provision for business structure reform	615	–
Other	1,233	1,368
Non-current liabilities	**28,896**	**53,242**
Bonds payable	20,000	35,000
Long-term loans payable	1,643	11,855
Lease obligations	40	41
Deferred tax liabilities	975	1,508
Provision for share-based compensation	8	–
Provision for Directors' retirement benefits	39	33
Provision for business structure reform	1,351	–
Net defined benefit liability	3,402	2,832
Other	1,435	1,970
Total Liabilities	**122,248**	**109,651**
(Net Assets)		
Shareholders' equity	**55,118**	**63,292**
Capital stock	20,896	20,896
Capital surplus	24,465	26,214
Retained earnings	13,915	20,204
Treasury shares	(4,159)	(4,023)
Accumulated other comprehensive income	**(5,275)**	**(5,012)**
Valuation difference on available-for-sale securities	(75)	45
Foreign currency translation adjustment	(477)	212
Remeasurements of defined benefit plans	(4,723)	(5,270)
Non-controlling interests	**21,933**	**20,261**
Total Net Assets	**71,776**	**78,541**
Total Liabilities and Net Assets	**194,024**	**188,192**

Note: Figures less than one million are rounded down to the nearest million.

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2019 to March 31, 2020)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
Net sales	**160,217**	**173,650**
Cost of sales	121,768	126,150
Gross profit	**38,448**	**47,499**
Selling, general and administrative expenses	34,139	36,968
Operating income	**4,309**	**10,531**
Non-operating income	**578**	**950**
Interest income	250	171
Dividends income	28	44
Subsidy income	–	139
Gains on sale of waste	77	105
Reversal of product compensation expenses	–	128
Miscellaneous income	221	362
Non-operating expenses	**2,212**	**2,308**
Interest expenses	555	610
Foreign exchange losses	1,115	1,069
Product compensation expenses	72	69
Miscellaneous loss	469	558
Ordinary income	**2,674**	**9,173**
Extraordinary income	**4,065**	**555**
Gains on sale of non-current assets	3,952	258
Gain on sale of investment securities	–	297
Settlement received	112	–
Extraordinary losses	**8,377**	**700**
Loss on sales of non-current assets	414	457
Loss on valuation of investment securities	26	–
Special retirement expenses	350	122
Loss on liquidation of subsidiaries and affiliates	205	–
Impairment loss	513	119
Business restructuring expenses	5,175	–
Provision for business structure reform	1,691	–
Income (loss) before income taxes and non-controlling interests	**(1,638)**	**9,028**
Income taxes – current	2,050	2,226
Income taxes for prior periods	941	–
Income taxes – deferred	594	89
Profit (loss)	**(5,224)**	**6,712**
Profit attributable to non-controlling interests	334	2,745
Profit (loss) attributable to owners of parent	**(5,559)**	**3,967**

Note: Figures less than one million are rounded down to the nearest million.

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
Current assets	**78,161**	**75,568**
Cash and deposits	14,001	8,410
Notes receivable	1,119	2,601
Accounts receivable — trade	24,825	24,827
Merchandise and finished goods	10,312	9,043
Work in process	1,072	1,573
Raw materials and supplies	2,039	2,163
Prepaid expenses	501	625
Short-term loans receivable	12,432	12,164
Accounts receivable — other	15,617	16,961
Other	497	569
Allowance for doubtful receivables	(4,258)	(3,372)
Fixed assets	**47,742**	**50,958**
Tangible fixed assets	**4,682**	**6,295**
Buildings	2,152	3,307
Structures	70	121
Machinery and equipment	68	1,381
Autos and trucks	0	0
Tools, furniture and fixtures	539	703
Land	511	721
Lease assets	0	2
Construction in progress	1,339	57
Intangible assets	**2,233**	**2,738**
Software	2,231	2,715
Lease assets	1	2
Other	1	19
Investments and other assets	**40,826**	**41,924**
Investment securities	880	1,080
Investments in subsidiaries and affiliates	28,287	23,306
Long-term loans receivable	10,518	15,499
Prepaid pension cost	3,649	3,603
Other	538	822
Allowance for doubtful receivables	(3,048)	(2,387)
Total Assets	**125,903**	**126,527**

Note: Figures less than one million are rounded down to the nearest million.

Account item	Current fiscal year	(For reference) Previous fiscal year
(Liabilities)	(millions of yen)	(millions of yen)
Current liabilities	**75,625**	**46,288**
Notes payable	2,067	2,149
Accounts payable — trade	15,710	14,542
Short-term loans payable	21,930	15,092
Current portion of long-term loans payable	8,000	–
Current portion of bonds	15,000	–
Commercial paper	10,000	11,000
Lease obligations	3	6
Accounts payable — other	195	421
Accrued expenses	2,331	2,529
Accrued income taxes	115	161
Advances received	79	19
Deposits received	66	113
Provision for performance-linked officer's compensation	16	–
Other	107	252
Long-term liabilities	**22,068**	**43,921**
Bonds payable	20,000	35,000
Long-term bank loans	–	8,000
Lease obligations	0	4
Deferred tax liabilities	579	520
Provision for share-based compensation	8	–
Provision for loss on business of subsidiaries and affiliates	1,092	–
Other	386	397
Total Liabilities	**97,693**	**90,209**
(Net Assets)		
Shareholders' equity	**28,285**	**36,271**
Common stock	**20,896**	**20,896**
Capital surplus	**10,207**	**10,207**
Capital reserve	5,225	5,225
Other capital surplus	4,982	4,982
Retained earnings	**1,339**	**9,190**
Other retained earnings	1,339	9,190
Reserve for advanced depreciation of fixed assets	34	36
Retained earnings carried forward	1,305	9,154
Treasury stock	**(4,159)**	**(4,023)**
Valuation and translation adjustments	**(74)**	**45**
Unrealized gain on securities	(74)	45
Total Net Assets	**28,210**	**36,317**
Total Liabilities and Net Assets	**125,903**	**126,527**

Note: Figures less than one million are rounded down to the nearest million.

NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2019 to March 31, 2020)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
Net sales	**106,737**	**110,288**
Cost of sales	100,729	102,889
Gross profit	**6,007**	**7,399**
Selling, general and administrative expenses	9,074	9,342
Operating loss	**(3,067)**	**(1,943)**
Other income	**891**	**1,395**
Interest income	305	378
Dividends income	485	782
Miscellaneous income	99	233
Other expenses	**1,581**	**2,490**
Interest expenses	483	530
Foreign exchange losses	674	698
Product compensation expenses	72	69
Provision of allowance for doubtful accounts for subsidiaries and affiliates	137	905
Miscellaneous losses	213	286
Ordinary loss	**(3,758)**	**(3,038)**
Extraordinary income	**4,059**	**294**
Gain on sale of fixed assets	3,946	–
Gain on sale of investment securities	–	294
Settlement received	112	–
Extraordinary loss	**7,267**	**762**
Loss on disposition of fixed assets	342	422
Loss on valuation of investment securities	26	–
Loss on revaluation of securities of subsidiaries and affiliates	310	–
Provision for loss on business of subsidiaries and affiliates	1,092	–
Impairment loss	2,677	340
Business restructuring expenses	2,816	–
Loss before income taxes	**(6,965)**	**(3,506)**
Income taxes	45	(36)
Deferred income taxes	112	57
Net loss	**(7,123)**	**(3,528)**

Note: Figures less than one million are rounded down to the nearest million.

Certified Copy of the Accounting Auditors' Report

INDEPENDENT AUDITORS' REPORT

May 26, 2020

The Board of Directors
Sanken Electric Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office

Yoshimi Kimura, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Atsuko Tanabe, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Sanken Electric Co., Ltd. (the "Company") for the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and

applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Accounting Auditors' Report

INDEPENDENT AUDITORS' REPORT

May 26, 2020

The Board of Directors
Sanken Electric Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office

Yoshimi Kimura, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Atsuko Tanabe, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Sanken Electric Co., Ltd. (the "Company") for the 103rd fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to

provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Audit report by the Audit and Supervisory Board

AUDIT REPORT

The Audit and Supervisory Board, following review and deliberations on the reports made by each Audit and Supervisory Board Member concerning the methods and results of the audit of execution of duties by Directors of the Board for the 103rd fiscal term from April 1, 2019 to March 31, 2020, prepared this Audit Report and hereby submits it as follows:

1. Summary of Auditing Methods by Audit and Supervisory Board Members and Audit and Supervisory Board

(1) The Audit and Supervisory Board established the auditing policies and division of duties, received reports and explanations regarding the status of audits and the results thereof from each Audit and Supervisory Board Member, as well as reports and explanations regarding the status of the execution of duties from the Directors and Accounting Auditor, and requested explanation as necessary.

(2) In accordance with the auditing standards for Audit and Supervisory Board Members determined by the Audit and Supervisory Board and the auditing policies and division of duties, each Audit and Supervisory Board Member made efforts to collect information and established auditing circumstances through communication with internal audit staff and other employees, and conducted audit in accordance with the following procedures.

1) Each Audit and Supervisory Board Member attended the Board of Directors' meeting and other important meetings to receive reports regarding execution of duties from directors and employees and requested explanations as necessary. Each Audit and Supervisory Board Member also inspected the approved documents and examined the status of operations and conditions of assets at its head office and each office. In addition, each Audit and Supervisory Board Member received from subsidiaries their business reports and conducted on-site examinations as necessary through communication and information sharing with their Directors and others.

2) With respect to the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the Directors' duties are performed in conformity of laws, regulations and the Articles of Incorporation of the Company as specified in the business reports and the establishment of the system necessary to ensure proper business operations of the company group, which consists of joint stock company and its consolidated subsidiaries, as set forth in Items 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act, as well as the systems (Internal Control System) established in accordance with the resolution of the Board of Directors, each Audit and Supervisory Board Member regularly received reports from directors and employees on the status of the establishment and operations thereof, requested explanations as necessary, and expressed his opinions.

3) Based on discussion of the Board of Directors, the Audit and Supervisory Board Members reviewed the details of the Basic Policy on the Composition of Persons to Control Decision-Making over Financial and Business Policies of the Company specified in the business reports.

4) Each Audit and Supervisory Board Member monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Audit and Supervisory Board Member also received reports of the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements), the supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements) for the current fiscal year.

2. Results of Audit

(1) Results of audit of business report

1) The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;

2) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, nor the Articles of Incorporation of the Company;

3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding the content of business reports description on such internal control and the execution of duties by Directors; and

4) There are no matters requiring additional mention regarding the Basic Policy on the Composition of Persons to Control Decision-Making over Financial and Business Policies of the Company specified in the business reports.

(2) Results of audit of non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC., are fair and reasonable.

(3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC., are fair and reasonable.

May 28, 2020

The Audit and Supervisory Board of Sanken Electric Co., Ltd.

Akira Ota (Seal)
Standing Audit and Supervisory Board Member (Full-time)

Noboru Suzuki (Seal)
Audit and Supervisory Board Member (Full-time)

Atsushi Minami (Seal)
External Audit and Supervisory Board Member

Hideki Hirano (Seal)
External Audit and Supervisory Board Member

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and references

Proposal No. 1: Appropriations of Surplus

The Company places returning earnings to shareholders as one of the most important corporate policies, and is committed to ensure a steady and stable stream of dividends by enhancing profitability through aggressive business development and improving financial performance, while securing internal reserves necessary to strengthen an overall management foundation.

Although net sales and profit decreased for the current fiscal year, we propose to pay the year-end dividend for the current fiscal year of ¥15.00 per share in line with the above basic policy for dividends. As a result, the annual dividend for the current fiscal year will be ¥30.00 per share, including the interim dividend of 15.00 per share already paid.

Year-end dividend

(1)	Allotment of property dividend to shareholders and the total amount	15.00 yen per share of common stock Total amount: 363,458,355 yen
(2)	Effective date of distribution of surplus	June 29, 2020

Proposal No. 2: Election of Nine Directors

All nine directors will complete their respective terms of office at the conclusion of this meeting. Therefore, we shall propose the election of nine directors.

The table below lists the nominees for those positions.

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
1	Takashi Wada (September 3, 1954)	April 1979: Entered the Company April 2007: General Manager, Production Division, Production Headquarters June 2007: Corporate Officer April 2009: Head, Production Headquarters June 2009: Director and Senior Vice President June 2012: Director and Executive Vice President April 2015: President and Representative Director (to the present)	11,500

- Reasons for the appointment as a candidate for Director

Mr. Takashi Wada has played the role of an engine for the production division of the Company for a long period and has concentrated on the structural reform of the production subsidiaries. He has been engaged in the management of the Company as a Director since June 2009. Since becoming the President in April 2015, in addition to focusing on promising business areas, he has worked to improve the company's financial position.

He has been working on structural reforms to improve profitability and strengthen our financial position since FY2017, and has been promoting production system optimization in our mainstay semiconductor device business, and an ongoing strategic review of our non-mainstay power system business since FY2019. With respect to specific measures for these structural reforms, he has set up a Structural Reform Committee composed of three External Directors and has promoted structural reforms based on discussions at the committee. He has made important managerial decisions since assuming office as President. He also took a leadership in setting up the Work Style Reform Promotion Headquarters and has been committed to the transformation of our corporate culture through operational reforms, system reforms, human resource development, and organizational development, while taking initiative in enhancement of our product development capabilities

We therefore anticipate that his abundant experience and deep insight in corporate management will continue to be indispensable for the management of the Company and eventually for the growth strategy of our corporate group. Thus, the Company selected him as a candidate for Director.

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
2	Masao Hoshino (January 23, 1959)	April 1981: Entered the Company April 2002: General Manager, Integrated Circuit Development Division, Semiconductor Headquarters April 2006: General Manager, Advanced Technology Development Division, Engineering Headquarters June 2007: Corporate Officer April 2009: Head, Engineering Headquarters June 2009: Director and Senior Corporate Officer June 2012: Director and Senior Vice President June 2016: Director and Executive Vice President (to the present) April 2018: Head, Device Business Corporate Headquarters April 2020: Head, Device Business Corporate Headquarters, Head, Work Style Reform Promotion Headquarters (to the present)	2,500

- Reasons for the appointment as a candidate for Director

Mr. Masao Hoshino has been engaged in the development of semiconductor devices for a long period and has made significant contributions to the Company in the development of products. He has assumed an important responsibility as the head of the technology development division since 2009 and administered the Company's technology development operations for a long time. Since 2017 when business restructuring started, he has promoted initiatives for development reform. Since 2018, he has administered all aspects of the semiconductor device business from technology to manufacturing as the Head of the Device Business Corporate Headquarters. We therefore anticipate that his experience and knowledge will continuously be indispensable for the management of the Company in its effort to appropriately meet the further growing demand for power devices in the future. Thus, the Company selected him as a candidate for Director.

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
3	Yoshihiro Suzuki (October 10, 1958)	April 1982: Entered the Company October 1998: Allegro Group Leader, Production Division, Semiconductor Headquarters May 2001: Vice President and Director, Allegro MicroSystems, Inc. (Currently, Allegro MicroSystems, LLC) April 2005: General Manager, Management Planning Division, Administration Headquarters April 2006: General Manager, Global Business Strategy Office June 2006: Corporate Officer June 2011: Senior Corporate Officer March 2013: Director and CEO, Sanken North America, Inc. (Currently, Allegro MicroSystems, Inc.) June 2013: Director and Senior Corporate Officer June 2015: Director and Senior Vice President (to the present) July 2017: Chairman of the Board, Sanken North America, Inc. (to the present) April 2018: Head, Euro-Americas Business Strategy Headquarters (to the present)	9,600

- Reasons for the appointment as a candidate for Director

Mr. Yoshihiro Suzuki has played a leading role in the overseas business of the Company for a long period and has been engaged in the management of Allegro MicroSystems, Inc. since 2001. He has promoted U.S. business, an important segment for the Group companies, since March 2013 as a corporate manager of Sanken North America Inc. (Currently, Allegro Microsystems, Inc.), a U.S. Headquarters subsidiary. Since 2017, he plays an important role in advancing a growth strategy of Allegro MicroSystems, Inc. to further expand the business scale and strengthen development capabilities in collaboration with external fund. We therefore anticipate that his experience and knowledge gained therefrom will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
4	Kazunori Suzuki (September 17, 1957)	April 1981: Entered the Company August 1996: First Sales Section Manager, First Sales Department, First Semiconductor Sales Division, Semiconductor Headquarters May 2002: President and Director of Sanken Power Systems (UK) Limited April 2007: General Manager, Overseas Sales Division, Sales Headquarters June 2008: Corporate Officer April 2012: Head, Sales Headquarters (to the present) June 2012: Director and Senior Corporate Officer June 2016: Director and Senior Vice President (to the present)	3,600
	- Reasons for the appointment as a candidate for Director Mr. Kazunori Suzuki has been engaged in the sales of semiconductor devices for a long period and has made significant contributions to the Company in the promotion of sales strategy. Since becoming Head of the Sales Headquarters in 2012, he has administered the Company's global sales strategy and has achieved successful results, especially in the expansion of sales in the overseas markets focusing on that for the white goods and car-mounted products. We therefore anticipate that his experience and knowledge will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.		
5	Hideo Takani (September 27, 1958)	April 1982: Entered the Company April 2007: General Manager, Intellectual Property and Legal Affairs Division, Administration Headquarters April 2010: General Manager, IR Office and General Manager, Intellectual Property and Legal Affairs Office, Administration Headquarters October 2011: General Manager, Management Planning Office and General Manager, Intellectual Property and Legal Affairs Office, Administration Headquarters June 2014: Corporate Officer April 2016: Head, Administration Headquarters (to the present) June 2016: Director and Senior Corporate Officer (to the present)	1,600
	- Reasons for the appointment as a candidate for Director Mr. Hideo Takani has been engaged in the administration division for a long period and is experienced in wide-ranging fields of operation, including legal affairs, intellectual property, IR, administration of overseas offices, and management planning. In April 2016 he assumed office as the Head of Administration Headquarters to supervise the Management Planning Division, General Affairs and Human Resources Division, Finance and Investor Relations Division, and CSR Division. He has drafted and implemented the structural reforms announced in FY2017 and FY2019 and makes efforts to improve corporate governance. We therefore anticipate that his abundant experience and deep knowledge in business administration of the Group will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.		

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
6	Hiroshi Takahashi (February 1, 1964) <Newly appointed>	April 1986: Entered the Company October 2010: Project Leader, IPM Project, Engineering Headquarters April 2012: Vice General Manager, MCD Division, Engineering Headquarters April 2015: General Manager, MCBD Division, Engineering Headquarters April 2018: Head, Production Headquarters, Device Business Corporate Headquarters (to the present) June 2018: Corporate Officer (to the present)	400
	- Reasons for the appointment as a candidate for Director Mr. Hiroshi Takahashi has been engaged in the development of semiconductor device products for a long period and has played a leading role in the technological field of motor control. In April 2018, he served as Head, Production Headquarters, Device Business Corporate Headquarters. Since then he has played the role of an engine for semiconductor device production for the entire Group and has assumed an important responsibility. He currently promotes specific measures for production system optimization in semiconductor device business sector. We therefore anticipate that his knowledge and experience will be indispensable for the management of the Company as a semiconductor manufacturer. Thus, the Company selected him as a candidate for Director.		
7	Richard R. Lury (January 21, 1948) <External Director> <Independent Officer> Term of office as an External Director: Six years as of the closing of this meeting	May 1974: Admitted to the bar of the State of New York September 1989: Partner, Kelley Drye & Warren LLP (retired from the entity in January 2015) June 2003: Admitted to the bar of the State of New Jersey March 2013: External Director, Sanken North America, Inc. (Currently, Allegro Microsystems, Inc.) (to the present) June 2014: External Director of the Company (to the present) June 2016: External Director, Hitachi Zosen Corporation (to the present)	–
	- Reasons for the appointment as a candidate for External Director Mr. Richard R. Lury has served as a partner of a law firm in the United States for a long period and has experience and expertise in international corporate legal affairs. We anticipate that he will give valuable advice and opinions from the viewpoint of promoting global management. As he is also expected to supervise management from an objective perspective as an attorney-at-law, we believe that he will help to significantly strengthen the supervisory function of the Board of Directors of the Company. He serves as a member of the Nomination Committee and the Compensation Committee and has made contributions to the Company's corporate governance for ensuring its transparency and enhancing its adequacy. Furthermore, he also serves as a member of the Structural Reform Committee and has made contributions to the promotion of the Group restructuring. In addition, he is expected to make similar contributions to the management of the corporate group, as he has formerly held and currently holds offices as an External Director of principal U.S. subsidiaries of the Company. We therefore anticipate that he will appropriately perform his duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.		

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
8	Noriharu Fujita (September 26, 1950) <External Director> <Independent Officer> Term of office as an External Director: Four years as of the closing of this meeting	September 1975: Entered Ito Accounting Firm May 1980: Obtained MBA from The University of Illinois at Urbana–Champaign July 1980: Entered ICI Japan Ltd. January 1989: Senior Manager, Ernst & Young, LLP Chicago Office October 1997: Partner, Ernst & Young, LLP New York Office (retired from the entity in June 2007) September 2008: Executive Partner, Ernst & Young ShinNihon LLC October 2008: JBS Global Services Leader, Ernst & Young ShinNihon LLC (retired from the entity in June 2013) July 2013: Representative, Fujita Noriharu Accounting Firm (to the present) August 2015: Independent Non-Executive Director, CITIC Limited June 2016: External Director of the Company (to the present) August 2018: External Director, Allegro Microsystems, Inc. (to the present)	–

- Reasons for the appointment as a candidate for External Director

Mr. Noriharu Fujita is qualified as a CPA in Japan and the U.S. and has acquired deep knowledge about finance and accounting. Based on his abundant international experiences as a partner in a U.S. auditing firm and other positions, he has given valuable advice and opinions from the viewpoint of promoting global management.

Though Mr. Noriharu Fujita once belonged to an audit corporation engaged as the Accounting Auditor of the Company, he was not directly involved in the auditing of the Company and instead served as the JBS Global Services Leader mainly engaged in consulting for companies expanding their businesses overseas. Furthermore, as almost seven years have passed since his retirement from the above audit corporation, we believe that he can maintain an independent standpoint and supervise the Company’s management from an objective viewpoint.

He serves as the chairperson of the Nomination Committee and the Compensation Committee and has made contributions to the Company's corporate governance for ensuring its transparency and enhancing its adequacy. Furthermore, he also serves as a member of the Structural Reform Committee and has made contributions to the promotion of the Group restructuring. In addition, he is expected to make similar contributions to the management of the corporate group, as he has formerly held and currently holds offices as an External Director of principal U.S. subsidiaries of the Company.

We therefore anticipate that he will appropriately perform his duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
9	Emiko Higashi (November 6, 1958) <External Director> <Independent Officer> Term of office as an External Director: One year as of the closing of this meeting	February 1988: Director, Wasserstein Perella & Co., Inc. May 1994: Managing Director, Investment Banking, Merrill Lynch & Co. April 2000: CEO, Gilo Ventures, LLC January 2003: Managing Director, Tomon Partners, LLC (to the present) November 2010: External Director of KLA-Tencor Corporation (Currently, KLA Corporation) (to the present) October 2014: External Director of InvenSense Inc. June 2016: External Director of MetLife Insurance K.K. June 2016: External Director of Takeda Pharmaceutical Company Limited (to the present) May 2017: External Director of Rambus Inc. (to the present) June 2019: External Director of the Company (to the present)	–

- Reasons for the appointment as a candidate for External Director

Ms. Higashi served in investment banks in the U.S. for a long period and has abundant knowledge and experience in international corporate finance. Since founding Tomon Partners, LLC in 2003, she has been engaged in a business of her own related to corporate finance and corporate governance for many years. Furthermore, she has assumed office as an External Director for listed semiconductor-related companies in the U.S. and is knowledgeable about the global semiconductor industry. We believe that her business experience in corporate finance and corporate governance, along with knowledge of the global semiconductor industry, will enhance the overall functions of the Board of Directors and contribute to ensuring the adequacy of the Company's business operations in general.

She serves as a member of the Nomination Committee and the Compensation Committee and has made contributions to the Company's corporate governance for ensuring its transparency and enhancing its adequacy. Furthermore, she also serves as a member of the Structural Reform Committee and has made contributions to the promotion of the Group restructuring.

We therefore anticipate that she will appropriately perform her duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.

Notes: 1. No conflicts of interest exist between the Company and any of the above candidates.

2. Matters concerning a notification with respect to INDEPENDENT OFFICERS:
   - The Company has filed with the Tokyo Stock Exchange a notification that the Company has appointed Messrs. Richard R. Lury, Noriharu Fujita and Ms. Emiko Higashi as independent officers of the Company. If their re-election is approved, the Company plans to continue to appoint them as independent officers.

3. Matters concerning the candidates for External Director:
   - The Company has entered into agreements with Messrs. Richard R. Lury, Noriharu Fujita and Ms. Emiko Higashi to limit their liabilities for damages arising from negligence of duties to an amount set forth by laws and regulations pursuant to Article 427, Paragraph 1 of the Companies Act. If this Proposal is approved as proposed, the Company plans to continue the same agreements with Messrs. Richard R. Lury, Noriharu Fujita and Ms. Emiko Higashi.

Proposal No. 3: Election of One Audit and Supervisory Board Member

Mr. Akira Ota, Audit and Supervisory Board Member, will complete his term of office at the conclusion of this meeting. Accordingly, we shall propose the election of one Audit and Supervisory Board Member.

The Audit and Supervisory Board has approved the submission of this proposal.

The candidate for Audit and Supervisory Board Member is as follows:

Name (Date of Birth)	Brief personal history, position of the Company, and significant office(s) concurrently held	No. of the Company shares held
Akira Ota (November 11, 1957)	September 1989: Entered the Company October 2002: Accounting Manager, Corporate Administration Headquarters June 2005: Corporate Officer April 2006: General Manager, Planning and Finance Division, Corporate Administration Headquarters and General Manager, IR Office June 2010: Director and Senior Corporate Officer April 2011: Head, Corporate Administration Headquarters and General Manager, Planning and Finance Division June 2012: Director and Senior Vice President June 2015: Director and Executive Vice President June 2016: Audit and Supervisory Board Member (Full-time) (to the present)	5,100

- Reasons for the appointment as a candidate for Audit and Supervisory Board Member

Mr. Akira Ota has been engaged in the operations of accounting and finance divisions since entering the Company and has acquired abundant practical experience in finance and accounting for a long period. Since June 2010 he has been involved in management as a Director. Since becoming the Head of the Corporate Administration Headquarters in April 2011, he has played a leading role in refining and systematizing administration and reforming the personnel system. Furthermore, since becoming an Audit and Supervisory Board Member (Full-time) in June 2016, he has played a leading role in auditing. Anticipating that he will fully apply his abundant experience and knowledge in the auditing of the Company. Thus, the Company selected him as a candidate for Audit and Supervisory Board Member.

Note: No conflicts of interest exist between the Company and the above candidate.

A GUIDE FOR THE EXERCISE OF YOUR VOTING RIGHTS VIA THE INTERNET

When exercising your voting rights via the Internet, please review the following points. Votes via the Internet are accepted until 5:00 p.m. of the day before the date of the Ordinary General Meeting of Shareholders. Please submit your votes well in advance before this time.

1. Shareholders using Smartphones

◆ You can exercise your voting rights on the website for the exercise of voting rights for smartphones without entering the code for the exercise of voting rights and the temporary password, by scanning the "QR Code for Log-in to the Website for the Exercise of Voting Rights for Smartphones" noted on the enclosed Voting Rights Exercise Form. If you wish to change any vote you have exercised, you will be required to scan the QR code again and enter the code for the exercise of voting rights and the temporary password noted on the Voting Rights Exercise Form.

2. Shareholders using personal computers

◆ Exercise of voting rights using your personal computer is only possible by accessing the website designated by the Company for the purpose of exercising voting rights.

Website for the exercise of voting rights: *https://www.web54.net*

◆ When exercising your voting rights via the Internet, please enter the code for the exercise of voting rights and the temporary password on the Voting Rights Exercise Form, and register your approval or disapproval for each proposal by following the instructions on the screen.

◆ If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing, the votes via the Internet shall be deemed to be valid. If you exercise your voting rights via the Internet more than once, your final votes shall be deemed to be valid.

◆ Any fees payable to Internet providers and telecommunication carriers (including access charges) incurred through access to the website for the exercise of voting rights will be borne by the shareholders.

◆ Matters to note concerning exercise of the temporary password and the code for the exercise of voting rights:

- The code for the exercise of voting rights on the Voting Rights Exercise Form is effective only for this Ordinary General Meeting of Shareholders.
- A temporary password is sensitive information and means to verify if the person voting is a genuine shareholder. Please maintain this password as strictly confidential in the same manner as a registered seal or a personal identification number.
- If you enter your temporary password erroneously more than a certain number times, our system will disable your access rights with the temporary password. Please follow the instructions on the screen if you wish to have a temporary password reissued.

3. Help desk for guidance on operating your personal computer and others

◆ In case you need instructions on how to operate your personal computer for exercising your voting rights on this website, please contact the following support desk:

Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited.
Phone: 0120-652-031 (9:00 a.m.～9:00 p.m.)

For other inquiries, please contact the following:

i) Shareholders who have accounts at securities companies
Please contact your securities companies.

ii) Shareholders who have no accounts at securities companies (who have shares at special accounts)
Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited.
Phone: 0120-782-031 (9:00 a.m.～5:00 p.m., weekdays)