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Securities Code: 6707
June 12, 2025

To Those Shareholders with Voting Rights

Hiroshi Takahashi
Representative Director,
President & CEO
Sanken Electric Co., Ltd.
6-3, Kitano 3-chome, Niiza-shi,
Saitama Prefecture

NOTICE OF CONVOCATION OF THE 108TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby notify you of the 108th Ordinary General Meeting of Shareholders. The meeting will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information in electronic format (the "electronic provision measures") and has posted matters subject to the electronic provision measures on the following Company website as "Notice of Convocation of the 108th Ordinary General Meeting of Shareholders."

The Company website:
https://www.sanken-ele.co.jp/corp/en/tousika/soukai.htm

Tokyo Stock Exchange website (Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

For the Tokyo Stock Exchange website, please access the above link, enter our company name or securities code, and then click on "Basic Information" and "Documents for Public Inspection/PR Information" in this order to view the information.

Please review the Reference Documents for the General Meeting of Shareholders contained in matters subject to the electronic provision measures and exercise your voting rights by 5:00 p.m., Thursday, June 26, 2025. The Reference Documents for the General Meeting of Shareholders documents are also included in this notice.

Notice

1. **Date and Time:** 10:00 a.m., Friday, June 27, 2025
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 108th Fiscal Term (from April 1, 2024 to March 31, 2025)
2. The Non-Consolidated Financial Statements for the 108th Fiscal Term (from April 1, 2024 to March 31, 2025)

Proposal to be resolved:

Proposal No. 1: Election of Seven Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 2: Election of Three Directors who are Audit and Supervisory Committee Members

Proposal No. 3: Election of One Alternate Director who is an Audit and Supervisory Committee Member

- The following matters subject to the electronic provision measures are not included in the paper-based documents to be delivered to shareholders who have requested the delivery of documents in accordance with laws and the regulations and Article 16 of the Articles of Incorporation of the Company. Please note that the following matters constitute part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit and Supervisory Committee and the Accounting Auditor in the preparation of the Audit Reports.
  - The CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS and NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
  - The NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS and NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
- If the matters subject to the electronic provision measures are amended, the amended items will be posted on each of the websites on which the matters subject to the electronic provision measures are posted.

The Company website: https://www.sanken-ele.co.jp/en/

Please refer to the *Sanken Report* posted on our website for details about our SDGs initiatives.

REFERENCE DOCUMENTS
FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal and references

Proposal No. 1: Election of Seven Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all eight Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this Proposal) will expire at the closing of this General Meeting of Shareholders. Accordingly, the Company proposes the election of seven Directors.

When selecting candidates, the Nomination Committee, chaired by an External Director and the majority of whose members are External Directors, deliberates on matters including the size of the Board of Directors, and reports its results to the Board of Directors, which in turn makes a decision respecting such results as much as possible and consults with the shareholders. After approval of this proposal, there will be four internal Directors and six external Directors, and the majority of the Board of Directors will continue to be external Directors.

The candidates are as follows.

No.	Name	Gender	Current position and responsibility at the Company	Attendance at Board of Directors meetings
1	Hiroshi Takahashi	Male Reelection	Representative Director, President and CEO Member of Nomination Committee and Compensation Committee	100% (11/11)
2	Katsumi Kawashima	Male Reelection	Director, Senior Vice President and CFO Head, Corporate Design Headquarters Member of Compensation Committee	100% (11/11)
3	Mizuki Utsuno	Male Reelection	Director, Senior Corporate Officer Head, Business Promotion Headquarters	100% (11/11)
4	Hideki Hirano	Male Reelection External Independent	External Director Chairperson of Nomination Committee and Compensation Committee	100% (11/11)
5	Mariko Sugawara	Female Reelection External Independent	External Director Member of Compensation Committee	100% (8/8)
6	Tatsuaki Seki	Male Newly appointed External Independent	–	–
7	Osamu Yanagisawa	Male Newly appointed External Independent	–	–

(Reference)

Skills matrix under the new management structure

- Below is the skills matrix of the new management subject to shareholder approval of Proposal No. 1 and Proposal No. 2.
- This skills matrix was prepared to ensure that the Board of Directors fulfills its roles and responsibilities appropriately and contributes to the realization of the Group's medium- to long-term growth strategy. The Board of Directors deliberates and selects candidates for the Board of Directors (excluding Directors who are Audit and Supervisory Committee Members) based on the skills matrix after deliberations by the Nomination Committee.

	Name	Corporate management	Finance/ Accounting	Industry knowledge	ESG	DX	Global operations	Risk management/ Compliance
Director	Hiroshi Takahashi	●		●		●	●	●
	Katsumi Kawashima	●	●		●		●	●
	Mizuki Utsuno	●	●	●		●		
External Director	Hideki Hirano	●	●					
	Mariko Sugawara				●			●
	Tatsuaki Seki	●	●	●	●			●
	Osamu Yanagisawa	●	●			●	●	
Director (Full-time Audit and Supervisory Committee Member)	Yasuhisa Kato			●	●			●
External Director (Audit and Supervisory Committee Member)	Yumiko Moritani	●	●		●	●		
	Yumi Ogose	●			●			●

Concept of skills set

The Company believes that the Board of Directors and the Audit and Supervisory Committee each shall be in good balance of the skills sets of their members to contribute to improve our medium- to long-term corporate value through appropriately exercising their supervisory function. The definition of the skills are as follows:

Skills	Definition of skills
Corporate management	A skill that contributes to realization of management from a comprehensive perspective amid the changing business environment
Finance and accounting	A skill that contributes to financial strategies in medium- to long-term perspectives, such as strengthening our financial base to prepare for optimum capital distribution and risks
Industry knowledge	A skill that contributes to high level of managerial decisions on businesses based on their knowledge and personal connections relating to our businesses such as semiconductor business
ESG	A skill that contributes to planning continuous improvement of our corporate value, as well as to aiming at interaction and cooperation with all of our stakeholders of the Group through our business initiatives, and to realizing a sustainable society
DX	A skill that contributes to promoting streamlining of operation of R&D, production and sales and to strengthening cyber resilience by reform using our digital technology and data
Global operations	A skill that contributes to business promotion based on their knowledge on market trends and country risks and experiences in international business while most of our customers and business fields exist outside of Japan
Risk management and compliance	A skill that contributes to recognition of and appropriate response to risks that may severely affect management through sensing changes in the external environment and understanding relevant laws and regulations

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	Hiroshi Takahashi (February 1, 1964) <Reelection>	April 1986: Entered the Company 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 June 2018: Corporate Officer June 2020: Director and Senior Corporate Officer June 2021: President and Representative Director April 2025: Representative Director, President and CEO (to the present)	5,600

– Reasons for the appointment as a candidate for Director

Mr. Takahashi has been engaged in the development of semiconductor device products for a long period and has played a leading role in the technological development of motor control. In April 2018, he served as Head, Production Headquarters, Device Business Corporate Headquarters. Since then, he has fulfilled an important responsibility by playing the role of an engine for semiconductor device production for the entire corporate group, and has driven the structural reform measures for production system optimization in the semiconductor device business sector since 2019. In June 2021, he assumed the position of President, and in April 2025, the Company introduced a CxO system, and he became CEO. He has forged ahead with the aim of promoting future growth and expanding existing businesses. Further, he established the Sustainability Committee in an effort to enhance the ESG promotion structure and strengthen the ESG initiatives, while also bringing together the efforts of a number of employees in addressing environmental, social, and governance issues.

The Company therefore anticipates that his experience and insights gained therefrom will contribute to achieving the medium- to long-term growth strategy for the corporate group by promoting the Medium-Term Management Plan that started in 2024. 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	Katsumi Kawashima (July 30, 1964) <Reelection>	April 1989:	Entered Saitama Bank, Ltd. (currently Saitama Resona Bank, Limited)	200
		April 2008:	General Manager, MIYASHIRO branch, Saitama Resona Bank, Limited	
		July 2010:	General Manager, HON-KAWAGOE branch, Saitama Resona Bank, Limited	
		April 2014:	General Manager, KASUKABE branch, Saitama Resona Bank, Limited	
		April 2016:	General Manager, Treasury Planning Division, Resona Holdings, Inc.	
		April 2018:	Seconded to the Company Deputy General Manager, General Affairs and Human Resources Division	
		April 2019:	Transferred to the Company	
		April 2021:	General Manager, General Affairs and Human Resources Division	
		June 2021:	Corporate Officer	
		April 2022:	Head, Corporate Design Headquarters (to the present)	
		June 2022:	Director, Senior Corporate Officer	
		June 2023:	Director, Senior Vice President	
		April 2025:	Director, Senior Vice President and CFO (to the present)	

– Reasons for the appointment as a candidate for Director

Mr. Kawashima has many years of experience and expertise in the areas of administration and sales at banks, and has served as a manager of general affairs and human resources divisions. He has also played important roles in the ESG management through the Sustainability Committee, and has made contributions in the fields of employee health promotion and women's empowerment programs. Since April 2022, as Head of Corporate Design Headquarters, he has committed to creating new value in corporate division, as well as in the traditional functional areas of management such as corporate planning, general affairs, finance, and ESG. In addition, since April 2025, he has been in charge of formulating and implementing financial strategies as CFO.

The Company therefore anticipates that his experience and insights gained therefrom will contribute to achieving the medium- to long-term growth strategy for the 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
3	Mizuki Utsuno (May 3, 1965) <Reelection>	April 1986: Entered DC Pack Co., Ltd. October 1987: Entered SET Engineering Co., Ltd. October 1996: Entered the Company May 2016: President and Representative Director, Fukushima Sanken Co., Ltd. April 2018: General Manager, Marketing Division, Engineering Headquarters, Device Business Corporate Headquarters April 2021: Head, Business Promotion Headquarters and General Manager, Promotion Management Division, Semiconductor Business Corporate Headquarters June 2021: Corporate Officer April 2022: Head, Business Promotion Headquarters and General Manager, Promotion Management Division June 2022: Director, Senior Corporate Officer (to the present) April 2023: Head, Business Promotion Headquarters (to the present)	1,400

– Reasons for the appointment as a candidate for Director

Before and since joining the Company, Mr. Utsuno has engaged in the development of a wide variety of products from switching power supplies to semiconductor devices for many years. In 2016, he became the President of a subsidiary of the Company and gained experience in corporate management. Since then, as a manager of the marketing division of the Company, he has made contributions in technological development and marketing fields. Since April 2021, as Head of Business Promotion Headquarters, he has promoted the Company's transformation activities as a manager of alliances, DX promotion, and managerial accounting.

The Company therefore anticipates that his experience and insights gained therefrom will contribute to achieving the medium- to long-term growth strategy for the 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
4	Hideki Hirano (August 30, 1954) <Reelection> <External Director> <Independent Officer> Term of office as an External Director: Two years as of the closing of this meeting	April 1978: April 2008: October 2009: April 2012: October 2014: June 2015: June 2019: June 2023:	Entered Saitama Bank Ltd. (currently Saitama Resona Bank, Limited) Managing Executive Officer and General Manager of Saitama Corporate Banking Division, Saitama Resona Bank, Limited Managing Executive Officer in charge of Compliance Division, Loan Planning Division and Risk Management Division, Saitama Resona Bank, Limited (retired in June 2010) Representative Director and President of Resona Guarantee Co., Ltd. (retired in March 2015) External Director of Daizo Corporation External Director of Sanyo Engineering & Construction Inc. External Audit and Supervisory Board Member, the Company External Director, the Company (to the present)	–

– Reasons for the appointment as a candidate for External Director and overview of expected roles

Mr. Hirano has deep knowledge in finance and accounting based on his background in the banking business. In addition, we believe that his experience as an Executive Officer will contribute to strengthening supervisory functions of business execution from the viewpoint of management. In 2019 he assumed office as External Audit and Supervisory Board Member of the Company and has an understanding of the Company's business. He currently 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. Furthermore, he has also contributed to ensuring the appropriateness and adequacy in the promotion of the Group growth strategies through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings.

For the reasons above, the Company believes that he will appropriately perform his duties such as ensuring the appropriateness of overall business execution and strengthening supervisory functions as well as contribute to ensuring the transparency of the Company's corporate governance, while the Group will promote a medium- to long-term growth strategy. Accordingly, the Company nominated him as a candidate for External 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
5	Mariko Sugawara (April 13, 1966) <Reelection> <External Director> <Independent Officer> Term of office as an External Director: One year as of the closing of this meeting	April 1994: Registered as an attorney-at-law April 1994: Entered OHHARA LAW OFFICE April 2005: Part-time Lecturer, Graduate Law School, Meiji Gakuin University April 2005: Part-time Lecturer, Faculty of Law, Keio University December 2023: Board Member, Japan Association of Tax Litigators (to the present) June 2024: External Director, the Company (to the present)	–

– Reasons for the appointment as a candidate for External Director and overview of expected roles

Ms. Sugawara has engaged in corporate legal affairs and M&A in various industries as well as tax suits in the field of tax laws, which is her area of study, and has a wealth of knowledge and experience as a legal professional. Accordingly, the Company believes that she will present valuable advice and opinions in the areas of legal risk and compliance. She is expected to monitor management objectively from an independent standpoint as an attorney-at-law, and the Company anticipates that she will also contribute to strengthening the supervisory function of the Company's Board of Directors.

We also expect that she will present fruitful advice and opinions to the Sustainability Committee of the Company as Female External Director from the perspective of diversity of the Company, especially from a third-party viewpoint.

For the reasons above, the Company anticipates that she will appropriately perform her duties 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. Thus, the Company selected her as a candidate for External Director.

* Mariko Sugawara's name in the family register is Mariko Nomura.

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	Tatsuaki Seki (December 26, 1960) <Newly appointed> <External Director> <Independent Officer> Term of office as an External Director: –	April 1983: June 2016: June 2019: October 2020: April 2022: April 2023:	Entered Epson Corporation (currently Seiko Epson Corporation) Director, Executive Officer, Chief Compliance Officer, General Administrative Manager, Management Control Division, Seiko Epson Corporation Managing Executive Officer, Seiko Epson Corporation General Administrative Manager, Corporate Strategy and Administration Division, General Administrative Manager, Sustainability Promotion Office, Seiko Epson Corporation Senior Managing Executive Officer, Seiko Epson Corporation Representative Director, Seiko Epson Corporation (Retired as Director of the company in June 2024)	–

– Reasons for the appointment as a candidate for External Director and overview of expected roles

Mr. Seki has made important management decisions as a Director at Seiko Epson Corporation as the company expands its business globally, and has appropriately fulfilled his supervisory role in the execution of business operations. He also has abundant experience and a proven track record in finance, accounting and management control. As General Administrative Manager of the Corporate Strategy and Administration Division of Seiko Epson Corporation, he has experience in integrating the formulation of long-term corporate growth strategies and medium-term management plans, as well as leading the development of management control systems, including the establishment of governance and compliance mechanisms, from a heightened perspective. Moreover, as General Administrative Manager of the Sustainability Promotion Office, he has contributed to Seiko Epson Corporation's sustainability management.

For the reasons above, the Company believes that he will appropriately perform his duties 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. Thus, the Company selected him as a candidate for External Director.

Although there are business transactions between Seiko Epson Corporation, where Mr. Seki worked in the past, and the Company, the transaction amount is less than 1% of the consolidated net sales of both companies, and therefore the Company believes that this transaction does not apply to a major business relationship.

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
7	Osamu Yanagisawa (December 7, 1971) <Newly appointed> <External Director> <Independent Officer> Term of office as an External Director: –	January 2001: Entered General Electric International, Inc. October 2008: Entered Intel K.K. October 2015: Representative Director, President and CEO, Smart Lend Co., Ltd. January 2017: Representative Director, President and CEO, PGV Inc. December 2024: Executive Officer, IGW Japan Limited.	–

– Reasons for the appointment as a candidate for External Director and overview of expected roles

After joining General Electric, Mr. Yanagisawa played an important role in the internal auditing operations at the U.S. headquarters and in the finance and audit areas of affiliated companies. In addition, he served as Chief Financial Officer of Intel K.K. after joining the company. He later founded a company that provides startup support, services for launching new businesses, and management consulting services, and served as its chief executive. In addition, as chief executive of several start-up companies, he has worked on business commercialization in new areas, such as a P2P lending service that utilizes IT and a university-based medical equipment venture business, and has knowledge and experience as a manager in a wide range of fields.

For the reasons above, the Company believes that he will appropriately perform his duties 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. Thus, the Company selected him as a candidate for External Director.

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 Mr. Hirano and Ms. Sugawara who are currently External Directors, as independent officers of the Company. If their election is approved, the Company plans to continue to appoint them as independent officers. Mr. Seki and Mr. Yanagisawa who are new candidates satisfy the requirements for independent officers set forth in the regulations of the Tokyo Stock Exchange. If their election is approved, the Company will appoint them as independent officers.

3. Matters concerning the candidates for External Director:

   The Company has entered into agreements with Mr. Hirano and Ms. Sugawara who are currently External Directors 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. The Company also plans to enter into the same agreements with Mr. Seki and Mr. Yanagisawa.

4. The Company has entered into a directors' and officers' liability insurance contract with an insurance company pursuant to Article 430-3 of the Companies Act to cover damages and litigation costs and expenses to be borne by the insured. The Company plans to renew the insurance contract in June 2025 and each candidate will be insured under the contract.

5. Ms. Sugawara, who is a candidate for External Director, will be appointed as an Outside Audit and Supervisory Board Member of J-OIL MILLS, INC. at the company's 23rd Annual General Meeting to be held on June 25, 2025. In addition, Mr. Seki, who is a candidate for External Director, will be appointed as an Outside Director of Keio Corporation at the company's 104th Ordinary General Meeting of Shareholders to be held on June 26, 2025.

6. The Audit and Supervisory Committee has verified that the candidates of Directors of the Company were selected after evaluation of their business execution status, performance, and opinions at the Board of Directors in the current fiscal year as well as their careers, and that the procedure of selecting the candidates was appropriate and the candidates are eligible Directors. As for the compensations for Directors of the Company, the Audit and Supervisory Committee has checked the compensation standards, the compensation structure, the specific method for calculating compensations and other factors, and verifies that the procedure of the determination of the compensations was appropriate and the content of the determination is appropriate.

Proposal No. 2: Election of Three Directors who are Audit and Supervisory Committee Members

The terms of office of all three Directors who are Audit and Supervisory Committee Members will expire at the closing of this General Meeting of Shareholders. Accordingly, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

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

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

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	Yasuhisa Kato (December 7, 1962) <Reelection>	April 1985: Entered the Company April 2015: General Manager, Quality Assurance Division, Production Headquarters April 2021: General Manager, Quality Assurance Division, Promotion Management Division, Semiconductor Business Corporate Headquarters June 2021: Corporate Officer October 2021: Chairperson, Governance Subcommittee, Sustainability Committee April 2022: Assistant to the President, Senior Counselor June 2022: Audit and Supervisory Board Member June 2023: Director (Full-time Audit and Supervisory Committee Member) (to the present)	1,300

– Reasons for the appointment as a candidate for Director

Mr. Kato has quality control experience gained through the years in the quality assurance division. As a manager of the division, he has been a driving force behind the advancement of quality control of the Company's products. Through this experience in quality control, he has solid knowledge of the Company's products, production processes, and market demands. Further, as Chairperson of the Governance Subcommittee of the Sustainability Committee, he has played an important role in maintaining the Company's ESG promotion system.

We anticipate that his experience and knowledge will contribute to ensuring the effectiveness of audits in the Audit and Supervisory Committee. Thus, the Company selected him as a candidate for Director who is an Audit and Supervisory Committee Member.

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	Yumiko Moritani (January 5, 1955) <Reelection> <External Director> <Independent Officer> Term of office as an External Director: Two years as of the closing of this meeting	April 1977: Entered The Kyowa Bank, Ltd. October 2003: General Manager, OUME branch, Resona Bank, Limited. October 2004: General Manager, MYOGADANI branch, Resona Bank, Limited. January 2007: Operation Support Manager, Operation Reform Division, Resona Holdings, Inc. June 2008: Audit & Supervisory Board Member, Saitama Resona Bank (retired in June 2011) June 2011: Senior Managing Director, Resona Business Service Co., Ltd. (retired in March 2015) June 2015: External Director, AGS Corporation June 2023: External Director (Audit and Supervisory Committee Member), the Company (to the present)	–

– Reasons for the appointment as a candidate for External Director and overview of expected roles

Ms. Moritani has deep knowledge in finance and accounting and experience and knowledge in the areas of administration and sales based on her many years of work experience at banks. She also has experience of serving as Audit and Supervisory Board Member of Saitama Resona Bank. As she served as External Director of a listed company related to system consulting, etc., she also has extensive knowledge of management. The Company anticipates that her experience will contribute to ensuring the adequacy and appropriateness of decision-making at the Board of Directors and the effectiveness of audits in the Audit and Supervisory Committee from an objective perspective. Furthermore, we also believe that she will present fruitful advice and opinions as Female External Director from the perspective of diversity such as the advancement of female employees in the Company, especially from a third-party viewpoint regarding the Sustainability Committee of the Company.

Thus, she is expected to appropriately perform her duties as External Director who is an Audit and Supervisory Committee Member and the Company selected her as a candidate for External Director who is an Audit and Supervisory Committee Member.

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	Yumi Ogose (December 4, 1959) <Newly appointed> <External Director> <Independent Officer> Term of office as an External Director: Two years as of the closing of this meeting *Term of office as an External Director who is not an Audit and Supervisory Committee Member	April 1982: March 1997: April 2000: April 2002: April 2003: October 2003: April 2005: June 2023: June 2024: April 2025: 	Entered the Japan Patent Office Deputy Director, Secretarial Unit, Trial and Appeal Department, Japan Patent Office Chief Senior Attorney, 2nd Examination Department, Japan Patent Office Part-time Lecturer, Graduate Schools of Shinshu University (concurrently served until 2004) Managing Examiner, 2nd Examination Department, Japan Patent Office (retired in March 2005) Assistant Professor, National Graduate Institute for Policy Studies Professor, MOT, Department of Management of Technology, Graduate School of Management, Tokyo University of Science External Director, the Company (to the present) External Director, MANAC Chemical Partners Co.,Ltd. (to the present) Part-time Professor, MOT, Department of Management of Technology, Graduate School of Management, Tokyo University of Science (to the present)	–

– Reasons for the appointment as a candidate for External Director and overview of expected roles

Ms. Ogose has served as a full-time professor of the Department of Management of Technology at the Graduate School of Management of Tokyo University of Science and has engaged in developing human resources who can build business competitive advantage using technology and culture from the perspective of corporate management. Based on her knowledge gained therefrom, the Company believes that she will present valuable advice and opinions in the Company's management of technology from an objective viewpoint. Patent is a crucial element of the corporate growth and she has many years of experience in the intellectual property area. She not only serves as a university professor, but also has been active in various fields such as serving as a member of the Committee for Contents and Japan Brand Promotion of the Intellectual Property Strategy Headquarters, a Cabinet body. Based on her knowledge gained from many years of these academic activities, the Company believes that she will present valuable advice and opinions regarding its intellectual property strategy from an objective viewpoint. The Company also anticipates that she will contribute to ensuring the adequacy and appropriateness of decision-making of the Board of Directors as well as the effectiveness of audits by the Audit and Supervisory Committee. Furthermore, we also believe that she will present fruitful advice and opinions as Female External Director from the perspective of diversity such as the advancement of female employees in the Company, especially from a third-party viewpoint regarding the Sustainability Committee of the Company.

Thus, she is expected to appropriately perform her duties as External Director who is an Audit and Supervisory Committee Member and the Company selected her as a candidate for External Director who is an Audit and Supervisory Committee Member.

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

2. On November 30, 2023 in the term of office of Ms. Moritani as External Director who is an Audit and Supervisory Committee Member, the Company received a recommendation from the Japan Fair Trade Commission based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors. Ms. Moritani has usually provided her opinion for support of thorough compliance to the laws and regulations at the Board of Directors and other occasions. After the fact of legal violation was revealed, she has also fulfilled her responsibilities by providing advice for measures to prevent recurrence and by other actions.

3. 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 Ms. Moritani and Ms. Ogose who are currently External Directors, as independent officers of the Company. If their election is approved, the Company plans to continue to appoint them as independent officers.

4. Matters concerning the candidates for External Director:

   The Company has entered into agreements with Ms. Moritani and Ms. Ogose who are currently External Directors 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.

5. The Company has entered into a directors' and officers' liability insurance contract with an insurance company pursuant to Article 430-3 of the Companies Act to cover damages and litigation costs and expenses to be borne by the insured. The Company plans to renew the insurance contract in June 2025 and each candidate will be insured under the contract.

(Reference)

Composition of the Audit and Supervisory Committee subject to shareholder approval of this Proposal

No.	Name		Current position, etc. at the Company
1	Yasuhisa Kato	Reelection	Full-time Audit and Supervisory Committee Member Director
2	Yumiko Moritani	Reelection External Independent	Audit and Supervisory Committee Member External Director
3	Yumi Ogose	Newly appointed External Independent	External Director who is not an Audit and Supervisory Committee Member Member of Compensation Committee

Proposal No. 3: Election of One Alternate Director who is an Audit and Supervisory Committee Member

At the 106th Ordinary General Meeting of Shareholders held on June 23, 2023, Mr. Ren Inoue was elected as an alternate Director who is an Audit and Supervisory Committee Member. His election is effective until the start of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one alternate Director who is an Audit and Supervisory Committee Member in preparation for the contingency that the number of Directors who are Audit and Supervisory Committee Members falls below the required number set forth by laws and regulations.

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

The candidates for alternate Director who is an Audit and Supervisory Committee Members is as follows.

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
Ren Inoue (September 7, 1976) <Reelection> <External> <Independent>	October 2004: Registered as an attorney-at-law Entered Tokyo Hatchobori Law Office November 2014: Partner, Tokyo Hatchobori Law Office (to the present) April 2015: Committee Member of Attorney Service Center, Daini Tokyo Bar Association April 2019: Member of Institutional Review Board, Tokyo Metropolitan Bokutoh Hospital (to the present)	–

– Reasons for the appointment as a candidate for External Director and overview of expected roles

Mr. Inoue has professional knowledge and experience mainly in the general corporate legal affairs, the Companies Act, and corporate governance fields as an attorney-at-law. If he assumes office as External Director who is an Audit and Supervisory Committee Member, he is expected to appropriately perform his duties, including his duty to ensure the appropriateness of auditing, from an objective perspective as a legal professional. Thus, the Company selected him as a candidate for alternate External Director who is an Audit and Supervisory Committee Member.

Notes: 1. No conflicts of interest exist between the Company and Mr. Inoue.

2. Matters concerning a notification with respect to INDEPENDENT OFFICER:

   Mr. Inoue satisfies the requirements for independent officer set forth in the regulations of the Tokyo Stock Exchange. If he assumes office as Director who is an Audit and Supervisory Committee Member, the Company will appoint him as an independent officer.

3. Matters concerning the candidates for alternate External Director:

   Mr. Inoue is a candidate for alternate Director who is an Audit and Supervisory Committee Member, and if he assumes office as Director who is an Audit and Supervisory Committee Member, the Company plans to enter into an agreement with him to limit his liability 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.

   The effectiveness of the resolution for election of an alternate Director who is an Audit and Supervisory Committee Member shall expire at the beginning of the ordinary general meeting of shareholders related to the last fiscal year which ends within two years after the resolution, pursuant to Article 20, Paragraph 5 of the revised Articles of Incorporation of the Company.

   The effectiveness of the resolution for election of an alternate Director who is an Audit and Supervisory Committee Member may be revoked by a resolution of the Board of Directors, with approval of the Audit and Supervisory Committee, only before the elected alternate assumes office as External Director who is an Audit and Supervisory Committee Member.

4. The Company has entered into a directors' and officers' liability insurance contract with an insurance company pursuant to Article 430-3 of the Companies Act to cover damages and litigation costs and expenses to be borne by the insured. The Company plans to renew the insurance contract in June 2025 and Mr. Inoue will be insured under the contract if he assumes office as Director who is an Audit and Supervisory Committee Member.

[Attached Documents]

BUSINESS REPORT

(from April 1, 2024 to March 31, 2025)

1. Current Status of the Group

1. Business Results and Summary of Assets

Category		Fiscal term ended March 31, 2021 (104th Term)	Fiscal term ended March 31, 2022 (105th Term)	Fiscal term ended March 31, 2023 (106th Term)	Fiscal term ended March 31, 2024 (107th Term)	Fiscal term ended March 31, 2025 (108th Term)
Net sales	(millions of yen)	156,795	175,660	225,387	235,221	121,619
Operating profit (loss)	(millions of yen)	(1,198)	13,720	26,156	19,539	(3,788)
Ordinary profit (loss)	(millions of yen)	(3,406)	13,700	27,229	18,246	(14,276)
Profit (loss) attributable to owners of parent	(millions of yen)	(6,952)	3,204	9,533	(8,112)	50,934
Net income (loss) per share	(yen)	(287.96)	132.79	394.87	(335.99)	2,119.53
Total assets	(millions of yen)	233,673	244,732	301,951	383,591	259,067
Net assets	(millions of yen)	113,250	137,404	173,195	198,619	147,928

Note: 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. Review of Operations

The consolidated fiscal year ended March 31, 2025 was the first year of the newly launched 2024 Medium-Term Management Plan (hereinafter referred to as the "24 Medium-Term Plan"), and it was a year designated as a period for rebuilding from the significant losses suffered as a result of the Noto Peninsula Earthquake that occurred in January 2024. Accordingly, we implemented corporate actions to quickly eliminate the deficit in distributable funds caused by the earthquake. The Company sold a portion of its shares in consolidated subsidiary Allegro MicroSystems, Inc. ("Allegro") in August 2024, and used the funds obtained from this to develop a plan to address capital needs and fundamentally improve the Company's financial position during the period of the 24 Medium-Term Plan. In addition, the Company completed a third-party allotment of shares in September 2024 with the aim of making consolidated subsidiary Polar Semiconductor, LLC ("PSL") a US-registered foundry company. In this third-party allotment of shares, a portion of the funds obtained from the partial sale of shares in Allegro was contributed as support funds to PSL. Through a series of corporate actions, Allegro became an equity method affiliate of the Company, and the Company switched from a direct investment in PSL to an indirect investment through a limited partnership ("LPS") formed by investment companies, and both companies were excluded as consolidated subsidiaries of the Company. As such, the fiscal year ended March 31, 2025 was a year of major changes for the Company.

Regarding the business environment during the current consolidated fiscal year, which saw many changes, the economic outlook became increasingly uncertain due to continued high inflation and the impact of US policy trends. With regard to the financial results during the consolidated fiscal year ended March 31, 2025, consolidated net sales were ¥121,619 million, down ¥113,601 million (48.3%) from the previous fiscal year, due to the exclusion of Allegro as a consolidated subsidiary. In terms of profit and loss, although there was an improvement at Sanken Core, the impact of the income environment at Allegro resulted in the Company recording consolidated operating loss of ¥3,788 million (consolidated operating profit of ¥19,539 million for the previous fiscal year) and consolidated

ordinary loss of ¥14,276 million (consolidated ordinary profit of ¥18,246 million for the previous fiscal year). Due to the sale of a portion of our shares in Allegro, profit attributable to owners of parent was ¥50,934 million (loss attributable to owners of parent of ¥8,112 million for the previous fiscal year).

Using the funds obtained from the sale of a portion of its shares in Allegro, the Company repurchased its own shares (up to 6 million shares, up to ¥30 billion) from December 2024 as a measure for returns to shareholders.

3. Tasks to be Addressed

In the 24 Medium-Term Plan, the fiscal year ended March 31, 2025 was designated as a period for rebuilding following the earthquake, and the next three years have been positioned as a phase for the achievement of full-scale growth. During the period of the 24 Medium-Term Plan, Sanken Core's highest priority will be to improve profitability. We intend to achieve this by continuing to improve the sales ratio of new products and obtaining appropriate selling price terms for existing products, as well as by working on thorough cost improvement. In this environment, the outlook for the global economy is expected to remain uncertain due to rising geopolitical risks and trends in reciprocal tariffs, etc. imposed by the US administration. There are also concerns about the impact of China's economic slowdown on the white goods market, and adjustments caused by investment control are expected to continue in the industrial machinery markets. In this extremely difficult-to-predict environment, we will implement further profit improvement measures in addition to the efforts mentioned above.

To achieve these targets, we have introduced a CxO (Chief x Officer) system as of the current fiscal year to clarify the division of responsibilities and roles in business execution. As Chief Executive Officer, the CEO will be fully responsible for management and will make final management decisions. The Chief Operating Officer (COO) will be responsible for implementing the management strategies formulated by the CEO, and the Chief Financial Officer (CFO) will be responsible for formulating and implementing financial strategies. Through this system, the Company intends to respond to various management issues and realize strategies quickly and accurately. We will also strive to enhance corporate value by promoting DX strategy and ESG management.

In addition, the Company decided to acquire all shares of POWDEC K.K., which owns proprietary gallium nitride ("GaN") epitaxial technology, and made the company a subsidiary on April 1, 2025. Through synergies with this company, we will improve our technological capabilities and enhance our competitive advantage in the GaN power device market, which we aim to expand in the future. With the aim of steadily realizing these goals, the Company plans to conduct an absorption-type merger of POWDEC K.K. on October 1, 2025.

We greatly appreciate your ongoing support and encouragement.

4. Status of Principal Subsidiaries and Affiliates

Name	Common stock	Percentage of equity participation	Principal business	Offices	Location
(Subsidiaries)					
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
				Noto 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
Fukushima Sanken Co., Ltd.	50 million yen	100.0%	Manufacture and sale of semiconductors	Head Office	Nihonmatsu-shi, Fukushima Prefecture
Niigata Sanken Co., Ltd.	95 million yen	100.0%	Manufacture of semiconductors	Head Office	Ojiya-shi, Niigata Prefecture
Dalian Sanken Electric Co., Ltd.	136 million yuan	100.0%	Manufacture of semiconductors	Head Office	Liaoning, China
(Equity method affiliates)					
Allegro MicroSystems, Inc.	1,843 thousand US dollars	32.4%	Development, manufacture, and sale of semiconductors	Head Office	New Hampshire, U.S.A.

Notes:
1. During the current consolidated fiscal year, former consolidated subsidiary Allegro MicroSystems, Inc. (“Allegro”) conducted a public offering of shares, and the Company sold a portion of its common shares in Allegro. As a result, Allegro was excluded as a consolidated subsidiary of the Company and became an equity method affiliate of the Company.
2. During the current consolidated fiscal year, former consolidated subsidiary Polar Semiconductor, LLC (“PSL”) implemented a third-party allotment of shares, which resulted in the Company’s investment in PSL switching from a direct investment to an indirect investment through a limited partnership. As a result, PSL was excluded as a consolidated subsidiary of the Company.
3. No specified wholly-owned subsidiary exists as of the end of the current consolidated fiscal year.

5. Principal Offices

■ The Company

Offices	Location
Head Office	Niiza-shi, Saitama Prefecture
Tokyo Office	Toshima-ku, Tokyo
Osaka Branch	Osaka-shi, Osaka
Nagoya Sales Office	Nagoya-shi, Aichi Prefecture

■ Subsidiaries

Please See “4. Status of Principal Subsidiaries and Affiliates.”

6. Capital Investment

Due to the exclusion of former consolidated subsidiaries Allegro MicroSystems, Inc. and Polar Semiconductor, LLC as consolidated subsidiaries, capital investment of the current consolidated fiscal year amounted to 17,582 million yen, a decrease of 11,669 million yen compared to the previous fiscal year. Capital investment of the current consolidated fiscal year mainly consisted of investment for the purpose of developing and expanding the production capacity of semiconductor devices and others.

7. Financing

The Company allocated the funds required during the current consolidated fiscal year from its own funds and borrowings. The Company did not raise any funds through special means such capital increases or the issuance of bonds.

8. Employees

Number of employees	Year-on-year
3,312	– 5,222

Notes: 1. During the current consolidated fiscal year, Allegro MicroSystems, Inc. and Polar Semiconductor, LLC were excluded as consolidated subsidiaries. As a result, the number of employees has decreased significantly compared to the end of the previous consolidated fiscal year.

2. The number of employees on a non-consolidated basis was 881, an increase of 71 from the end of the previous fiscal year mainly caused by the acceptance of employees seconded from consolidated subsidiaries.

9. Major Creditors

Creditors	Loan Outstanding
Development Bank of Japan Inc.	15,000 million yen
Resona Bank, Limited.	14,000 million yen
Mizuho Bank, Ltd.	3,480 million yen
MUFG Bank, Ltd.	3,152 million yen
Sumitomo Mitsui Banking Corporation	3,000 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 1,886,896 shares of treasury stock)

3. Number of shareholders 7,334

4. Major shareholders

Name	Capital contribution	
	Number of shares (thousands)	Percentage of Ownership
GOLDMAN SACHS INTERNATIONAL	2,406	10.36%
The Master Trust Bank of Japan, Limited (Trust Account)	2,025	8.72%
CGML PB CLIENT ACCOUNT/COLLATERAL	1,000	4.30%
MLI FOR SEGREGATED PB CLIENT	1,000	4.30%
ECM MF	972	4.18%
Saitama Resona Bank, Limited	934	4.02%
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	930	4.01%
Suntera (Cayman) Limited as trustee of ECM Master Fund	905	3.90%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	890	3.83%
BNP PARIBAS LUXEMBOURG/2S/JASDEC SECURITIES/UCITS ASSETS	778	3.35%

Notes: 1. The Company holds 1,886,896 shares of treasury stock that are excluded from the major shareholders listed above.

2. Treasury stock does not include 72,500 shares of treasury stock held in trust by Custody Bank of Japan, Ltd. (Trust Account) for the stock delivery trust for Directors and employees.

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

5. Shares provided to Directors in consideration of the execution of their duties for the year under review

No applicable items for the fiscal year under review.

3. Officers of the Company

1. Directors (As of March 31, 2025)

Position	Name	Assignment or significant concurrent office
Director, President	Hiroshi Takahashi	
Director	Katsumi Kawashima	Senior Vice President Head, Corporate Design Headquarters
Director	Mizuki Utsuno	Senior Corporate Officer Head, Business Promotion Headquarters
Director External Independent	Noriharu Fujita	Representative, Fujita Noriharu Accounting Firm Certified Public Accountant
Director External Independent	Takaki Yamada	Vice President, Thai Special Gas Co., Ltd.
Director External Independent	Hideki Hirano	
Director External Independent	Yumi Ogose	Professor, MOT, Department of Management of Technology, Graduate School of Management, Tokyo University of Science External Director, MANAC Chemical Partners Co.,Ltd.
Director External Independent	Mariko Sugawara	Attorney-at-law, OHHARA LAW OFFICE
Director Audit and Supervisory Committee Member (Full-time)	Yasuhisa Kato	
Audit and Supervisory Committee Member External Independent	Atsushi Minami	Partner, Minami Patent & Law Office Attorney-at-law Patent attorney
Audit and Supervisory Committee Member External Independent	Yumiko Moritani	

Notes:
1. Ms. Mariko Sugawara was newly elected as Director who is not an Audit and Supervisory Committee Member at the 107th Ordinary General Meeting of Shareholders held on June 21, 2024 and assumed office.
2. Mr. Noriharu Fujita, Mr. Takaki Yamada, Mr. Hideki Hirano, Ms. Yumi Ogose, Ms. Mariko Sugawara, Mr. Atsushi Minami and Ms. Yumiko Moritani are External Directors. The Company has appointed all of them as independent officers unlikely to have conflicts of interest with general shareholders and has filed a notification to that effect with the Tokyo Stock Exchange.
3. The Company selects full-time Audit and Supervisory Committee Members to allow information collection from Directors who are not Audit and Supervisory Committee Members, attendance at important internal meetings, and sufficient coordination with internal audit departments.
4. Mr. Noriharu Fujita, Director, is qualified as a CPA in Japan and the U.S., and Mr. Hideki Hirano, Director, and Ms. Yumiko Moritani, Director who is an Audit and Supervisory Committee Member, have long experience working at a financial institution. Accordingly, each of them has extensive knowledge in finance and accounting.
5. Mr. Satoshi Yoshida, Mr. Myungjun Lee and Ms. Yoko Sanuki retired from office as Directors, upon expiration of their terms of office at the conclusion of the 107th Ordinary General Meeting of Shareholders held on June 21, 2024.
6. Corporate Officers of the Company who do not double as Directors as of March 31, 2025:

Position	Name	Assignment
Executive Vice President	Satoshi Yoshida	Head, Supply Chain Management Headquarters
Senior Vice President	Myungjun Lee	Head, Strategic Business Headquarters
Senior Corporate Officer	Mitsunobu Fukuda	Head, Technological Development Headquarters
Senior Corporate Officer	Kazuo Akaishi	Head, Manufacturing Headquarters
Senior Corporate Officer	Yusuke Harada	Deputy Head, Manufacturing Headquarters; and General Manager, Fab Production Engineering Division
Corporate Officer	Toshio Noguchi	Deputy Head, Manufacturing Headquarters
Corporate Officer	Hironobu Soh	Deputy Head, Technological Development Headquarters; and General Manager, Power Device Development Division
Corporate Officer	Hirokazu Maruo	General Manager, Corporate Planning Office, Corporate Design Headquarters
Corporate Officer	Kojiro Hatano	General Manager, North America Market Research Office, Corporate Design Headquarters, and seconded to Sanken Electric USA Inc.
Corporate Officer	Mitsuhiro Suzuki	General Manager, Internal Audit Office, Corporate Design Headquarters; and General Manager, Risk Management Division
Corporate Officer	Hirofumi Mizuno	General Manager, Digital Transformation Promotion Division, Business Promotion Headquarters

2. Outline of liability limitation agreement

The Company has entered into an agreement with External Directors 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. Outline of directors' and officers' liability insurance contract

The Company has entered into a directors' and officers' liability insurance contract with an insurance company to insure Directors, Audit and Supervisory Board Members, and Corporate Officers, etc. of the Company and some of its subsidiaries, pursuant to Article 430-3 of the Companies Act. The insurance contract covers damages and litigation costs and expenses to be borne by the insured.

4. Compensation payable to Directors

■ Basic concept for the compensation plan for officers

The Company considers its compensation plan for officers (compensation plan for executive officers) as an important corporate governance matter and has adopted a basic concept for the compensation plan as follows.

- Contributing to the procurement of excellent human resources
- Setting levels of compensation appropriate for the role and scope of responsibility for each rank
- Providing incentives toward the increased corporate value and sustainable growth of the Company
- Ensuring transparency and objectivity in the procedure for determining compensation

■ Total amount of compensation paid to Directors

Category and number of persons paid		Total amount of compensation (million yen)	Total amount of compensation by type (million yen)		
			Basic compensation	Short-term incentives	Long-term incentives (share compensation)
Director who is not an Audit and Supervisory Committee Member	11	210	150	41	17
(of which External Director)	6	60	60	–	–
Director who is an Audit and Supervisory Committee Member	3	48	48	–	–
(of which External Audit and Supervisory Committee Member)	2	24	24	–	–

Notes:
1. The total amount of basic compensation and short-term incentives of Directors (excluding Directors who are Audit and Supervisory Committee Members) 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 106th Ordinary General Meeting of Shareholders. The amount of compensation for Directors who are Audit and Supervisory Committee 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 represent the amount to be paid for the current fiscal year 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) are stated at an amount posted as expenses for the current fiscal year.
4. The number of Directors paid and the amount of compensation paid to Directors include that for three Directors (including one External Director) who retired at the conclusion of the 107th Ordinary General Meeting of Shareholders.
5. Figures less than one million are rounded down to the nearest million.

■ **Overview of the compensation plan for officers**

Based on the aforementioned basic concept, the policy for deciding the details of individual compensation, etc. payable to Directors (excluding Directors who are Audit and Supervisory Committee Members) is decided by the Board of Directors based on the results of deliberations by the Compensation Committee, the majority of which is external directors (the "Policy for Deciding the Compensation"). The Policy for Deciding the Compensation is outlined below.

– Compensation for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and External Directors; applicable to the rest of this chapter) is determined according to their rank and role, and consists of basic compensation paid monthly and performance-linked compensation that changes depending on the degree of achievement of earnings targets. Performance-linked compensation is designed to provide short-term incentives paid every fiscal year that vary based on short-term earnings and long-term incentives that vary based on the medium- to long-term earnings and are granted upon their retirement, in principle, under a stock compensation plan (trust type stock issuance).

– With regard to compensation standards for Directors, standard amounts for the total compensation are determined for each rank. To ensure market competitiveness, the adequacy of the standard amounts is verified each year using the findings of a compensation survey administered to major companies in Japan as a benchmark. The ratio of performance-linked compensation and consolidated performance indicators for performance-linked compensation are determined based on the above-mentioned basic concept of the compensation and the results of deliberations by the Compensation Committee. At present, performance-linked compensation is set at about 40% of total compensation when earnings targets are fully achieved.

– Compensation for External Directors (excluding Audit and Supervisory Committee Members) consists solely of basic compensation based on the nature of responsibilities for the position of Director, and it is not linked to performance. Also, compensation for Directors who are Audit and Supervisory Committee Members consists solely of basic compensation based on the nature of duties for the position of auditor and it is not linked to performance, and compensation for Audit and Supervisory Committee Members is paid through consultation with Audit and Supervisory Committee Members.

<table>
<tr><th>Fixed portion</th><th colspan="2">Variable portion</th></tr>
<tr><td rowspan="2">Basic compensation
60%</td><td colspan="2">Performance-linked compensation
40%</td></tr>
<tr><td>Short-term incentives
27%</td><td>Long-term incentives
(stock compensation)
13%</td></tr>
</table>

– Short-term incentives vary within a range of 0-150% of standard pay, in principle, and are linked to performance indicators for individual fiscal years in order to further raise the motivation of directors to achieve the Company's performance targets for that fiscal year. The performance-linked indicators have been determined through deliberations by the Compensation Committee, and consist of consolidated operating profit etc., the Company's key performance targets. Additional individual indicators are set depending on the roles expected of each individual. Consolidated operating profit, which is a key indicator for short-term incentives in the current fiscal year, had not yet been determined due to the exclusion of Allegro MicroSystems, Inc. and Polar Semiconductor, LLC (hereinafter, the "US business") as consolidated subsidiaries. However, the Company announced a forecast of consolidated operating loss of 5.6 billion yen in November 2024. Subsequently, at Sanken Core, actual consolidated operating loss improved to 3.7 billion yen due to the yen's weaker than expected exchange rate and an increase in foreign currency-denominated net sales, which boosted profits, as well as increased operating rates due to product manufacturing following the decision to close Ishikawa Sanken Co., Ltd.'s Shika Plant. However, this was not enough for the US business to turn losses into a profit during the consolidated period. Ideally, the Company should use consolidated operating profit as the performance indicator for short-term incentives, but given the special circumstances of the current fiscal year, Sanken Core's operating profit has also been used as a key indicator.

	Target value	Actual value
Consolidated operating profit	(5.6) billion yen	(3.7) billion yen
Sanken Core operating profit	0.4 billion yen	2.0 billion yen

– With regard to long-term incentives, a stock compensation plan has been introduced to enhance the incentive to contribute to medium- and long-term corporate value, align the interests of directors with those of shareholders, and raise the motivation to achieve performance targets and structural reform objectives stated in the Company's medium-term management plan. Long-term incentives vary within a range of 0-150% of standard pay, in principle, and are linked to rank and performance indicators during the period of the medium-term management plan. The performance-linked indicators for all directors have been determined through deliberations by the Compensation Committee, and consist of "consolidated operating profit" and "consolidated ROE," placing emphasis on business profitability over the medium and long terms. In addition, as an expression of the Company's commitment to raising shareholder value, which includes appropriate shareholder returns, relative total shareholder return (TSR) (evaluation relative to TOPIX electric appliances index) has been set as a performance-linked indicator. Further, the Company has set "ESG items" as performance indicators with the aim of enhancing ESG management.

■ **Matters relating to resolution of the general meeting of shareholders to determine compensation for Directors**

At the 106th Ordinary General Meeting of Shareholders held on June 23, 2023, compensation for the Company's Directors was revised to the current plan in accordance with the transition to a company with an Audit and Supervisory Committee.

Regarding monetary compensation, the total amount of compensation for Directors (excluding Audit and Supervisory Committee Members) shall be 500 million yen or less per fiscal year (including 200 million yen or less for External Directors) and the total amount of compensation for Directors who are Audit and Supervisory Committee Members shall be 80 million yen or less per fiscal year.

Separate from the monetary compensation, shareholders at the above meeting approved the introduction of a performance-linked compensation plan in the form of long-term incentives for Directors (excluding Audit and Supervisory Committee Members and External Directors) within the stock compensation amount of 90 million yen per fiscal year. The total number of points to be granted to Directors from the Company is 90,000 points or less per fiscal year (one point corresponds to one share of the Company's stock). The number of Directors (excluding Audit and Supervisory Committee Members) was ten (including five External Directors) and the number of Audit and Supervisory Committee Members was three (including two External Audit and Supervisory Committee Members) at the closing of the 106th Ordinary General Meeting of Shareholders.

■ **Maximum amount of compensation per fiscal year**

<table>
<tr><th></th><th>Directors
(excluding Directors who are Audit and Supervisory Committee Members)</th><th>(of which, External Directors)</th><th>Directors who are Audit and Supervisory Committee Members</th></tr>
<tr><td rowspan="2">Monetary compensation</td><td colspan="2">500 million yen or less</td><td rowspan="2">80 million yen or less</td></tr>
<tr><td>200 million yen or less</td></tr>
<tr><td>Stock compensation
(Maximum amount of money contributed by the Company)</td><td>90 million yen or less</td><td colspan="2" rowspan="2">(Out of scope)</td></tr>
<tr><td>Stock compensation
(Maximum total number of points to be granted to Directors)</td><td>90,000 points or less</td></tr>
</table>

■ **Activities of the Compensation Committee**

Based on the aforementioned basic policy, the Company established the Compensation Committee, a voluntary advisory body to the Board of Directors, to ensure transparency in the Board of Directors' decision-making process and enhance the corporate governance. The Compensation Committee, chaired by an External Director and whose majority members are External Directors, held four meetings in the current fiscal year. With

the aim of enhancing the independence and objectivity of the function of the Board of Directors and its accountability, the Compensation Committee discusses what the compensation plan should be like, and individual compensation, etc. payable to directors and officers, and submit the results of such discussions to the Board of Directors. During the fiscal year under review, the committee mainly reviewed performance-linked compensation, reassessed indicators, and exchanged opinions on issues related to compensation payable to directors and officers towards improving the Company's corporate value as well as other considerations Through these procedures, the committee decided what it should submit to the Board of Directors.

■ **Matters relating to the delegation of authority pertaining to the determination of individual compensation, etc. for each Director**

Based on the standard amounts for each position determined with reference to that at other companies and degree of contribution to achievements at the company, the amount of individual compensation for each Director is decided by the Chairperson of the Board of Directors (or President and Representative Director in the absence of the Chairperson of the Board of Directors) who is delegated by the Board of Directors by resolution of the Board of Directors, with due respect paid to the advice and report of the voluntary Compensation Committee after deliberations by the said Compensation Committee chaired by an External Director and consisted of External Directors who are the majority members.

Based on this policy, the amount of compensation for individual Directors is as reported by the Compensation Committee, and the authority to determine the amount is delegated by the Board of Directors to President and Representative Director, Hiroshi Takahashi. The purpose of this procedure is to determine the amount of compensation under the new management structure in a timely manner after the Ordinary General Meeting of Shareholders.

■ **Reasons why the Board of Directors deems that the details of individual compensation payable to Directors are in accordance with the Policy for Deciding the Compensation**

Regarding the details of individual compensation payable to Directors in the current fiscal year, basic compensation is determined according to payment standards in line with their rank and role and the performance-linked compensation is determined by the degree of achievement of set earnings targets. The Company believes that the details of compensation comply with the Policy for Deciding the Compensation because the details were determined based on voluntary deliberations by the Compensation Committee chaired by an External Director and consisted of External Directors who are the majority members.

5. External Officers

■ **Relationship between the Company and other companies of which significant offices are concurrently held**

The relationship between the Company and other companies of which significant offices are concurrently held is as follows, but there is no relationship requiring disclosure between the Company and each of the companies.

Name	Significant concurrent office
External Director Noriharu Fujita	Representative, Fujita Noriharu Accounting Firm
External Director Takaki Yamada	Vice President, Thai Special Gas Co., Ltd.
External Director Yumi Ogose	Professor, MOT, Department of Management of Technology, Graduate School of Management, Tokyo University of Science External Director, MANAC Chemical Partners Co.,Ltd.
External Director Mariko Sugawara	Attorney-at-law, OHHARA LAW OFFICE
External Director (External Audit and Supervisory Committee Member) Atsushi Minami	Partner, Minami Patent & Law Office

■ **Major activities**

Name	Major activities
External Director Noriharu Fujita	Mr. Noriharu Fujita attended all 11 meetings of the Board of Directors held during the period under review. He provided comments at these meetings based on his high-level insight on finance and accounting as a certified public accountant and extensive experience in international fields. He also contributed to the operation of the Nomination Committee as a member of the committee.
External Director Takaki Yamada	Mr. Takaki Yamada attended all 11 meetings of the Board of Directors held during the period under review. He provided comments at these meetings based on his experience primarily in corporate management at a semiconductor manufacturer as well as extensive experience in overseas business fields. He also contributed to the operation of the Nomination Committee and the Compensation Committee as a member of these committees.
External Director Hideki Hirano	Mr. Hideki Hirano attended all 11 meetings of the Board of Directors held during the period under review. He provided comments at these meetings based on his high-level insight on finance and accounting from his work experience at banks and his experience as a corporate manager of other companies. He also contributed to the operation of the Nomination Committee and the Compensation Committee as a chairperson of these committees.
External Director Yumi Ogose	Ms. Yumi Ogose attended 10 of the 11 meetings of the Board of Directors held during the period under review. She provided comments at these meetings based on her long experience in the intellectual property area and experience as a full-time professor of the Department of Management of Technology, Graduate School of Management, Tokyo University of Science. She also contributed to the operation of the Compensation Committee as a member of the committee.
External Director Mariko Sugawara	Ms. Mariko Sugawara was newly elected as Director at the 107th Ordinary General Meeting of Shareholders held on June 21, 2024. Since then, she attended all 8 meetings of the Board of Directors held during the period under review and provided comments based on her professional perspective and extensive knowledge and experience primarily as a legal expert. She also contributed to the operation of the Compensation Committee as a member of the committee.

Name	Major activities
External Director (Audit and Supervisory Committee Member) Atsushi Minami	Mr. Atsushi Minami attended all 11 meetings of the Board of Directors held during the period under review. He contributed to these meetings with comments based on his professional perspective, extensive knowledge and experience as a legal expert. He also attended all 16 meetings of the Audit and Supervisory Committee held during the period under review. He contributed to these meetings with exchanges of views on audit findings and with consultations on important matters regarding audits based on the above insight and experience.
External Director (Audit and Supervisory Committee Member) Yumiko Moritani	Ms. Yumiko Moritani attended all 11 meetings of the Board of Directors held during the period under review. She contributed to these meetings with comments based on her high-level insight on finance and accounting from her work experience at banks and her experience in the area of sales as well as her experience as a corporate manager of other companies. She also attended all 16 meetings of the Audit and Supervisory Committee held during the period under review. She contributed to these meetings with exchanges of views on audit findings and with consultations on important matters regarding audits based on the above insight and experience.

■ Outline of the duties performed in connection with roles expected of External Directors

Mr. Noriharu Fujita

- 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 experience as a partner of 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 accounting audit of the Company and instead served as the JBS Global Services Leader mainly engaged in consulting for companies expanding their businesses overseas. Furthermore, as more than ten years have passed since his retirement from the above audit corporation, he maintains an independent standpoint and supervises the Company's management from an objective viewpoint. Moreover, through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings, he has made contributions to ensuring adequacy and appropriateness of promoting the Group growth strategies.

Mr. Takaki Yamada

- Mr. Takaki Yamada has many years of operational and managerial experience at a semiconductor manufacturer and is well-versed in the semiconductor industry and its business activities. Based on his extensive experience in global business fields, he has led large-scale projects for manufacturers in different industries. Currently, he is engaged in the development of new businesses at overseas companies, and has gained diverse experience and a broad network. Based on his experience and insight, he has given valuable advice and opinions that can help the Group move toward with its business as a semiconductor manufacturer. Moreover, through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings, he has made contributions to ensuring adequacy and appropriateness of promoting the Group growth strategies.

Mr. Hideki Hirano

- Mr. Hideki Hirano has deep knowledge in finance and accounting based on his background in the banking business and experience as an Executive Officer. In 2019 he assumed office as External Audit and Supervisory Board Member of the Company and has an understanding of the Company's business. Based on this experience, he has given valuable advice and opinions from a management perspective. He currently serves as the chairperson of the Nomination Committee and the Compensation Committee and has made contributions to ensuring transparency in the Company's corporate governance. Moreover, through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings, he has made contributions to ensuring adequacy and appropriateness of promoting the Group growth strategies.

Ms. Yumi Ogose

- Ms. Yumi Ogose has given valuable advice and opinions in the Company's management of technology from an

objective viewpoint based on her experience as a full-time professor of the Department of Management of Technology at the Graduate School of Management of Tokyo University of Science. She has also given valuable advice and opinions from the perspective on the intellectual property strategy of the Company based on her knowledge gained from academic activities in the intellectual property area, as well as from the perspective on diversity such as the advancement of female employees. Moreover, through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings, she has made contributions to ensuring adequacy and appropriateness of promoting the Group growth strategies.

Ms. Mariko Sugawara

- Ms. Mariko Sugawara has a wealth of knowledge and experience as an attorney-at-law engaged in corporate legal affairs and M&A in various industries, and she has given valuable advice and opinions in the areas of legal risk and compliance. She has also given valuable advice and opinions from the perspective on diversity such as the advancement of female employees. Moreover, through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings, she has made contributions to ensuring adequacy and appropriateness of promoting the Group growth strategies.

Mr. Atsushi Minami

- Mr. Atsushi Minami has professional knowledge and experience as an attorney-at-law and patent attorney. As External Director who is an Audit and Supervisory Committee Member, he has contributed to ensuring the adequacy and appropriateness of decision-making of the Board of Directors and the effectiveness of audits from an objective perspective as a legal professional. Moreover, through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings, he has made contributions to ensuring adequacy and appropriateness of promoting the Group growth strategies.

Ms. Yumiko Moritani

- Ms. Yumiko Moritani has deep knowledge in finance and accounting and experience and knowledge in the areas of administration and sales based on her many years of work experience at banks. She also has experience of serving as Audit and Supervisory Board Member of Saitama Resona Bank. As she served as External Director of a listed company, she also has extensive knowledge of management. Based on these experience and knowledge, she has contributed to ensuring the adequacy and appropriateness of decision-making at the Board of Directors and the effectiveness of audits from an objective perspective as External Director who is an Audit and Supervisory Committee Member. Furthermore, she has given valuable advice and opinions from the perspective on diversity such as the advancement of female employees. Moreover, through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings, she has made contributions to ensuring adequacy and appropriateness of promoting the Group growth strategies.

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
(i) Compensation paid or payable to the Accounting Auditor concerning the audit services for the year under review	108 million yen
(ii) The total amount of money and property interests paid or payable to the Accounting Auditor for the Company and subsidiaries	111 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. The Company prepared an extraordinary settlement of accounts with a record date of September 30, 2024. The compensation paid to the Accounting Auditor for this extraordinary settlement of accounts was 30 million yen, which is included in the compensation paid or payable stated in (i) above.
3. Reasons for the agreement by the Audit and Supervisory Committee on compensation paid to the Accounting Auditor

   The Audit and Supervisory Committee of the Company conducted a required examination to determine whether or not the contents of the Accounting Auditor's auditing plans concerning the compensation, etc. for the Accounting Auditor explained by the Accounting Auditor, the status of the performance of duties of the accounting audit, and the basis for calculating the estimated compensation, etc. were appropriate, and thereupon decided to agree on compensation, etc. for the Accounting Auditor as set forth in Article 399, Paragraph 1 of the Companies Act.
4. Some subsidiaries of the Company employ certified public accountants or audit corporations other than the Company's Accounting Auditor (or persons with equivalent qualifications in foreign countries concerned) for auditing.
5. In addition to the amounts listed above, 1 million yen was paid to the Accounting Auditor as additional audit fees for the previous fiscal year.

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

If an Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss such Accounting Auditor, as needed, subject to the unanimous approval by all the Audit and Supervisory Committee Members. In addition, the Audit and Supervisory Committee comprehensively evaluates the Accounting Auditor based on a range of criteria, including their qualifications, professional expertise, and independence from the Company. If, as a result of the evaluation, the Audit and Supervisory Committee has judged that it will be necessary to change the Accounting Auditor, such as in cases when the execution of duties by the Accounting Auditor is adversely affected, the Audit and Supervisory Committee 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.

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

1. 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:

■ 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 "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.

■ 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.

■ 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 risk management department collects and analyzes data on various risks related to overall management, reports the details of such risks to management, and proposes countermeasures to improve the situation. The internal audit department identifies and analyzes operational risks at the Company and group companies through internal audits, and reports the results of internal audits to the Board of Directors and the Audit and Supervisory Committee.

■ System for ensuring that the duties of the directors are efficiently performed

1) The Board of Directors formulates the medium-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.

■ **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.

■ **Matters regarding Directors and employees appointed to support Audit and Supervisory Committee Members**

1) Staff of the Legal department will assist the deskwork of the Secretariat's Office of the Audit and Supervisory Committee.
2) When the Audit and Supervisory Committee so requests, the appointment and other personnel affairs of exclusive staff for the support of the Audit and Supervisory Committee shall be determined through consultation with the Audit and Supervisory Committee.
3) Such exclusive staff shall comply with instructions from the Audit and Supervisory Committee to ensure their independence from Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of the instructions from the Audit and Supervisory Committee.

■ **System for reporting to the Audit and Supervisory Committee**

1) Full-time Audit and Supervisory Committee 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 Committee.
2) Each of Representative Director and other Directors (excluding Directors who are Audit and Supervisory Committee Members), the internal audit department, and the Accounting Auditor meet with the Audit and Supervisory Committee 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 Committee.
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 Committee.
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.

■ **Policy for handling expenses or liabilities incurred from the execution of duties by Audit and Supervisory Committee Members (limited only to the execution of duties by the Audit and Supervisory Committee)**

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

■ **Other system for ensuring effective auditing by the Audit and Supervisory Committee**

1) The Audit and Supervisory Committee draws up the auditing and other standards, audit plans, and audit policies. Each Audit and Supervisory Committee Member conducts audits properly based on their own expertise and experience. An efficient and highly effective audit system is realized through these efforts.
2) The internal audit department shall obtain the approval of Representative Director and the Audit and Supervisory Committee for the audit plan and report the audit results to Representative Director, the Board of Directors and the Audit and Supervisory Committee. The internal audit department shall also report the status of internal audits to the Audit and Supervisory Committee.
3) The internal audit department shall comply with any instructions from the Audit and Supervisory Committee regarding internal audits, if any, and in cases where there is any conflict between the instructions of the Audit and Supervisory Committee and Representative Director, the instructions of the Audit and Supervisory Committee shall prevail.

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

■ 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 Committee. 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 President and the Audit and Supervisory Committee. 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.

■ Status of efforts for managing risks of loss

During the fiscal year under review, the Crisis Management Committee held two meetings to identify, analyze, and respond to risks. Specifically, the Committee conducted disaster drills, reviewed methods for checking employee safety and stockpiles, revised disaster prevention manuals, implemented infectious disease prevention measures, and analyzed and responded to the impact of heavy rains on our subsidiary locations.

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, details of such findings are reported to the Audit and Supervisory Committee, and advice and corrections are implemented on a case-by-case basis. In addition, the Company has identified and visualized anticipated risks across the entire company, and established a system for promptly reporting serious risk cases to management.

■ Status of efforts for ensuring the appropriateness and efficiency of the execution of duties

The Board of Directors generally meets nine times a year and has the function to deliberate on the execution of important business operations of the Company and to supervise the execution of duties by Directors. The Board of Directors consists of 11 Directors, seven of whom are independent External Directors, so that the independent External Directors represent the majority of the Board. Among Directors, three are Audit and Supervisory Committee Members (two of whom are External Directors). The Company has also adopted a corporate officer system, which separates the management decision-making and supervisory functions from the business execution functions, enabling the Company to respond quickly to changes in the business environment. As of the end of the fiscal year under review, there were 13 Executive Officers (two of whom were concurrently serving as Directors).

During the fiscal year under review, the Board of Directors held 11 meetings, including extraordinary meetings. When necessary, the Board explained the background, purpose, and content of important agenda items to External Directors in advance. In addition, meetings are regularly held outside of the Board of Directors meetings for the purpose of discussing important topics with External Directors.

■ 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.

■ Status of efforts for ensuring the effectiveness of audits by the Audit and Supervisory Committee

During the fiscal year under review, the Audit and Supervisory Committee meetings were held 16 times to establish audit policies, audit standards, and audit plans, and to approve in advance revisions to the internal audit rules and the audit plans of the internal audit department. In cooperation with the internal audit department, the Audit and Supervisory Committee conducts audits of the legality and appropriateness of the execution of duties

by Directors by visiting each division and group company, examining the Company's operations and assets, and utilizing the internal control system. In addition, General Manager of the internal audit department attends the Audit and Supervisory Committee meetings to report and provide information.

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 extensive know-how and a wealth of expertise in proprietary semiconductor device fabrication technologies, including for wafer and packaging processes, as well as the development of products leveraging circuit design and modularization 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 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, as a monitoring board, by transitioning to a company with Audit and Supervisory Committee and electing a majority of independent External Directors. The Company has also introduced a CxO system to clarify the division of responsibilities and roles in business execution, and it has enhanced management functions by realizing flexible business execution through the adoption of a Corporate Officer system.

The Board of Directors believes that these measures improve the Company's corporate value over the medium to long term 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, 2025)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
Current assets	**136,955**	**173,353**
Cash and deposits	51,405	50,363
Notes and accounts receivable - trade	20,329	34,201
Electronically recorded monetary claims - operating	3,324	1,895
Merchandise and finished goods	11,911	14,477
Work in process	24,810	45,089
Raw materials and supplies	6,949	9,978
Other	18,254	17,551
Allowance for doubtful accounts	(29)	(204)
Non-current assets	**122,111**	**210,237**
Property, plant and equipment	**51,056**	**111,792**
Buildings and structures	17,225	29,348
Machinery, equipment and vehicles	12,881	53,133
Tools, furniture and fixtures	1,192	1,445
Land	2,764	7,601
Leased assets	587	4,293
Construction in progress	16,404	15,970
Intangible assets	**1,368**	**72,466**
Software	468	822
Goodwill	809	29,613
Technical assets	–	36,346
Other	90	5,683
Investments and other assets	**69,687**	**25,977**
Investment securities	15,632	3,029
Shares of subsidiaries and associates	47,819	–
Deferred tax assets	238	8,941
Retirement benefit asset	5,071	3,994
Other	998	10,093
Allowance for doubtful accounts	(72)	(80)
Total Assets	**259,067**	**383,591**

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	**54,363**	**86,725**
Notes and accounts payable - trade	5,888	12,186
Electronically recorded obligations - operating	3,909	3,377
Short-term borrowings	9,972	26,422
Current portion of long-term borrowings	11,736	12,129
Current portion of bonds payable	5,000	–
Commercial papers	1,000	9,000
Accounts payable - other	8,696	1,724
Lease liabilities	26	1,011
Accrued expenses	4,763	16,988
Income taxes payable	1,441	1,336
Provision for loss on disaster	287	688
Provision for performance-linked incentive compensation	214	77
Other	1,426	1,782
Non-current liabilities	**56,774**	**98,246**
Bonds payable	10,000	15,000
Long-term borrowings	25,336	74,581
Long-term accounts payable - other	18,900	452
Lease liabilities	71	2,631
Deferred tax liabilities	1,095	2,583
Provision for share-based payments	359	176
Provision for retirement benefits for directors (and other officers)	5	5
Retirement benefit liability	274	2,064
Other	730	750
Total liabilities	**111,138**	**184,971**
(Net assets)		
Shareholders' equity	**135,481**	**91,788**
Share capital	20,896	20,896
Capital surplus	65,217	65,961
Retained earnings	60,148	9,213
Treasury shares	(10,781)	(4,282)
Accumulated other comprehensive income	**11,952**	**27,585**
Valuation difference on available-for-sale securities	694	500
Foreign currency translation adjustment	10,957	26,879
Remeasurements of defined benefit plans	300	206
Non-controlling interests	**495**	**79,244**
Total Net Assets	**147,928**	**198,619**
Total Liabilities and Net Assets	**259,067**	**383,591**

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

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2024 to March 31, 2025)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
Net sales	**121,619**	**235,221**
Cost of sales	96,684	148,335
Gross profit	**24,935**	**86,885**
Selling, general and administrative expenses	28,723	67,346
Operating profit (loss)	**(3,788)**	**19,539**
Non-operating income	**2,033**	**2,072**
Interest income	1,298	734
Dividend income	33	83
Gain on investments in money held in trust	73	603
Subsidies for employment adjustment	180	20
Miscellaneous income	447	630
Non-operating expenses	**12,522**	**3,365**
Interest expenses	1,806	2,581
Foreign exchange losses	5,509	273
Share of loss of entities accounted for using equity method	3,666	–
Loss on investments in investment partnerships	1,305	18
Miscellaneous losses	234	492
Ordinary profit (loss)	**(14,276)**	**18,246**
Extraordinary income	**107,309**	**–**
Gain on sale of non-current assets	1,613	–
Gain on change in equity	98,262	–
Gain on transfer from business divestitures	7,433	–
Extraordinary losses	**42,531**	**8,716**
Loss on disposal of non-current assets	45	66
Environmental expenses	128	–
Loss on liquidation of subsidiaries and associates	883	894
Impairment losses	1,449	2,176
Loss on sale of investment securities	–	451
Extra retirement payments	–	976
Loss on disaster	15	3,462
Provision for loss on disaster	–	688
Loss on business restructuring	40,008	–
Profit before income taxes	**50,501**	**9,530**
Income taxes - current	2,963	9,524
Income taxes - deferred	(1,660)	(2,388)
Profit	**49,198**	**2,394**
Profit (loss) attributable to non-controlling interests	(1,736)	10,507
Profit (loss) attributable to owners of parent	**50,934**	**(8,112)**

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

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2025)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
Current assets	**158,141**	**88,095**
Cash and deposits	46,140	11,007
Electronically recorded monetary claims - operating	3,324	1,895
Accounts receivable - trade	16,773	13,273
Money held in trust	10,000	–
Merchandise and finished goods	10,732	6,548
Work in process	4,278	354
Raw materials and supplies	1,686	1,782
Prepaid expenses	564	537
Short-term loans receivable	15,195	11,188
Accounts receivable - other	51,440	42,391
Other	341	380
Allowance for doubtful accounts	(2,335)	(1,265)
Non-current assets	**35,999**	**38,907**
Property, plant and equipment	**6,380**	**6,900**
Buildings	5,277	5,481
Structures	121	174
Machinery, equipment	551	562
Vehicles	0	0
Tools, furniture and fixtures	360	381
Land	46	135
Leased assets	14	10
Construction in progress	8	153
Intangible assets	**170**	**593**
Software	170	593
Investments and other assets	**29,447**	**31,413**
Investment securities	15,631	3,028
Shares of subsidiaries and associates	8,229	10,479
Investments in other securities of subsidiaries and associates	–	4,656
Long-term loans receivable	6,964	14,286
Prepaid pension costs	4,275	3,615
Other	423	426
Allowance for doubtful accounts	(6,076)	(5,079)
Total Assets	**194,140**	**127,002**

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	**45,574**	**55,384**
Electronically recorded obligations - operating	3,545	3,060
Accounts payable - trade	4,694	6,035
Short-term borrowings	9,000	21,162
Current portion of long-term borrowings	10,000	10,000
Current portion of bonds payable	5,000	–
Commercial papers	1,000	9,000
Accounts payable - other	7,913	2,098
Accrued expenses	2,625	2,381
Income taxes payable	828	69
Contract liabilities	25	31
Deposits received	49	88
Provision for performance-linked incentive compensation	174	58
Other	718	1,399
Non-current liabilities	**52,482**	**48,566**
Bonds payable	10,000	15,000
Long-term borrowings	22,000	32,000
Deferred tax liabilities	836	1,046
Provision for share-based payments	248	121
Provision for loss on business of subsidiaries and associates	–	43
Long-term accounts payable - other	18,900	–
Other	496	354
Total Liabilities	**98,057**	**103,950**
(Net Assets)		
Shareholders' equity	**95,396**	**22,551**
Share capital	**20,896**	**20,896**
Capital surplus	**10,205**	**10,207**
Legal capital surplus	5,225	5,225
Other capital surplus	4,980	4,982
Retained earnings	**75,074**	**(4,270)**
Other retained earnings	75,074	(4,270)
Reserve for tax purpose reduction entry of non-current assets	22	25
Retained earnings brought forward	75,052	(4,295)
Treasury shares	**(10,781)**	**(4,282)**
Valuation and translation adjustments	**686**	**499**
Valuation difference on available-for-sale securities	686	499
Total Net Assets	**96,083**	**23,051**
Total Liabilities and Net Assets	**194,140**	**127,002**

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

NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2024 to March 31, 2025)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
Net sales	**83,024**	**72,945**
Cost of sales	76,649	76,310
Gross profit (loss)	**6,374**	**(3,364)**
Selling, general and administrative expenses	10,387	9,298
Operating loss	**(4,013)**	**(12,663)**
Non-operating income	**3,777**	**2,589**
Interest income	1,501	849
Dividend income	2,135	1,484
Miscellaneous income	139	255
Non-operating expenses	**9,798**	**6,217**
Interest expenses	720	766
Foreign exchange losses	5,518	988
Provision of allowance for doubtful accounts for subsidiaries and associates	2,075	4,040
Loss on investments in investment partnerships	1,305	18
Miscellaneous losses	178	404
Ordinary loss	**(10,034)**	**(16,291)**
Extraordinary income	**131,470**	**–**
Gain on sale of non-current assets	1,604	–
Gain on sale of shares of subsidiaries and associates	129,102	–
Gain on transfer from business divestitures	763	–
Extraordinary losses	**40,652**	**2,522**
Loss on disposal of non-current assets	0	1
Loss on liquidation of business	82	–
Impairment losses	546	436
Loss on valuation of shares of subsidiaries and associates	–	648
Provision for loss on business of subsidiaries and associates	–	43
Loss on disaster	14	1,392
Loss on business restructuring	40,008	–
Profit (loss) before income taxes	**80,783**	**(18,814)**
Income taxes - current	1,743	141
Income taxes - deferred	(304)	79
Profit (loss)	**79,345**	**(19,034)**

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

INDEPENDENT AUDITORS' REPORT

May 27, 2025

The Board of Directors
Sanken Electric Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office

Yoshiaki Morita, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Tomohiro Hazama, 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, 2024 through March 31, 2025.

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.

Other Information

The other information comprises the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing Directors' performance of duties in relation to the development and operation of the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit and Supervisory Committee 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 and Supervisory Committee is 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.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and reviewing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit and Supervisory Committee 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 and Supervisory Committee 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 measures that are taken to eliminate obstacles or any safeguards that are in place to reduce obstacles to an acceptable level.

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.

INDEPENDENT AUDITORS' REPORT

May 27, 2025

The Board of Directors
Sanken Electric Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office

Yoshiaki Morita, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Tomohiro Hazama, 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 108th fiscal year from April 1, 2024 to March 31, 2025.

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, 2025, 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.

Other Matters

The other information comprises the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, Audit and Supervisory Committee is responsible for overseeing Directors' performance of duties in relation to the development and operation of the reporting process of the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit and Supervisory Committee 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 and Supervisory Committee is 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 and Supervisory Committee 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 and Supervisory Committee 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 measures that are taken to eliminate obstacles or any safeguards that are in place to reduce obstacles to an acceptable level.

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.

AUDIT REPORT

The Audit and Supervisory Committee has audited the directors' performance of their duties for the 108th business year from April 1, 2024 to March 31, 2025 and reports as follows in regard to the method and results of those audits.

1. Method and Contents of Audits

In regard to the content of resolutions of the Board of Directors regarding the matters stated in Article 399-13, Paragraph 1, Items 1(b) and 1(c) of the Companies Act, as well as the systems developed pursuant to those resolutions (internal control system), the Audit and Supervisory Committee periodically received reports from Directors and employees, etc. regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto, in addition to which the Audit and Supervisory Committee conducted audits using the following methods.

(1) In accordance with the audit policies and division of duties, etc. determined by the Audit and Supervisory Committee, and in cooperation with the internal control department of the Company, the Audit and Supervisory Committee attended important meetings, received reports from Directors and employees, etc. regarding matters related to the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the head office and main business locations. Additionally, in regard to subsidiaries, the Audit and Supervisory Committee communicated and exchanged information with the directors, etc. of subsidiaries and received reports on business from subsidiaries as necessary, and conducted on-site survey

(2) Based on discussion of the Board of Directors, the Audit and Supervisory Committee 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.

(3) Each Audit and Supervisory Committee Member monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Audit and Supervisory Committee 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 Ordinance on Accounting of Companies in accordance with "Standards for the Quality Control of Audits") 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 explanatory 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 explanatory 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, 2025

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

Yasuhisa Kato (Seal)
Full-time Audit and Supervisory Committee Member

Atsushi Minami (Seal)
Audit and Supervisory Committee Member

Yumiko Moritani (Seal)
Audit and Supervisory Committee Member

(Note) Audit and Supervisory Committee Members Atsushi Minami and Yumiko Moritani are External Directors provided for in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

OTHER MATTERS SUBJECT TO THE ELECTRONIC PROVISION MEASURES (MATTERS FOR WHICH DOCUMENT DELIVERY IS OMITTED) OF THE 108TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

For The 108th Fiscal Term (from April 1, 2024 to March 31, 2025)

CONSOLIDATED FINANCIAL STATEMENTS

- CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
- NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

- NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
- NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Sanken Electric Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2024 to March 31, 2025)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	**20,896**	**65,961**	**9,213**	**(4,282)**	**91,788**
Changes during period					
Dividends of surplus			–		–
Profit attributable to owners of parent			50,934		50,934
Purchase of treasury shares				(6,506)	(6,506)
Disposal of treasury shares		(1)		8	6
Change in ownership interest of parent due to transactions with non-controlling interests		(656)			(656)
Share-based payments		(85)			(85)
Net changes in items other than shareholders' equity					–
Total changes during period	**–**	**(744)**	**50,934**	**(6,498)**	**43,692**
Balance at end of period	**20,896**	**65,217**	**60,148**	**(10,781)**	**135,481**

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	**500**	**26,879**	**206**	**27,585**	**79,244**	**198,619**
Changes during period						
Dividends of surplus				–		–
Profit attributable to owners of parent				–		50,934
Purchase of treasury shares				–		(6,506)
Disposal of treasury shares				–		6
Change in ownership interest of parent due to transactions with non-controlling interests				–		(656)
Share-based payments				–		(85)
Net changes in items other than shareholders' equity	194	(15,921)	94	(15,633)	(78,749)	(94,382)
Total changes during period	**194**	**(15,921)**	**94**	**(15,633)**	**(78,749)**	**(50,690)**
Balance at end of period	**694**	**10,957**	**300**	**11,952**	**495**	**147,928**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes to Significant Fundamental Matters in Preparing the Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated majority-owned subsidiaries and other subsidiaries: 17

(2) Names of principal consolidated subsidiaries:
Ishikawa Sanken Co., Ltd., Yamagata Sanken Co., Ltd., Fukushima Sanken Co., Ltd., P.T. Sanken Indonesia, Sanken Electric Hong Kong Co., Ltd., Sanken Electric Korea Co., Ltd., Taiwan Sanken Electric Co., Ltd., Dalian Sanken Electric Co., Ltd., etc.

2. Application of equity method

Number of equity method affiliates: 1
Name of company: Allegro MicroSystems, Inc.

3. Fiscal term, etc. of consolidated majority-owned subsidiaries

The fiscal year ends on December 31 for the following consolidated subsidiaries:
Sanken Electric (Shanghai) Co., Ltd.
Dalian Sanken Electric Co., Ltd.
Dalian Sanken Trade Co., Ltd.
The financial statements of each company were prepared based on provisionary account settlement as of the consolidated fiscal year end.

4. Matters relating to Accounting Policies

(1) Standards and methods of valuing the significant assets

(i) Securities

Other securities

Securities other than shares, etc., that do not have a market price

Market value method based on the market price as of the end of the consolidated fiscal term. (Differences in valuation are included directly in net assets and costs of sold securities are calculated using the moving-average method.)

Shares, etc., that do not have a market price

Stated at cost using the moving-average method

Investments in investment limited partnerships and similar partnerships (those deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at the net value of equity interests based on the most recent financial statements available prepared in accordance with financial reporting dates specified in the partnership agreements.

(ii) Derivative transactions

Market value method

(iii) Inventories

Inventory held for the purpose of ordinary sales

Stated mainly at cost using the moving-average method

(The carrying amounts in the accompanying consolidated balance sheets are stated after reducing the book value according to the decreased profitability.)

(2) Depreciation methods for significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Mainly adopts the straight-line method.

(ii) Intangible assets (excluding leased assets)

Straight-line method

As for software (for in-house use), the straight-line method is used with a useful life of 5 or 10 years.

(iii) Leased assets

Leased assets arising from finance lease transactions in which ownerships is transferred

Depreciation shall be computed mainly by the same method applicable to the Company's non-current assets.

Leased assets arising from finance lease transactions in which ownership is not transferred

Depreciation shall be computed by the straight-line method based on the assumptions that the useful life equals the lease term and the residual value equals zero.

For overseas consolidated subsidiaries that apply IFRS, IFRS 16 “Leases” is applied, and in principle, lessees record all leases as assets and liabilities on the balance sheet, and the straight-line method is used to depreciate right-of-use assets that are recorded as assets.

(3) Standards of accounting for significant allowances and accruals

(i) Allowance for doubtful accounts

Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.

(ii) Provision for retirement benefits for directors (and other officers)

Provision for retirement benefits for directors (and other officers) at the end of fiscal term are calculated based on the internal rules of some consolidated majority-owned domestic subsidiaries.

(iii) Provision for performance-linked incentive compensation

Provision for performance-linked incentive compensation for Directors, Corporate Officers, and other officers is calculated based on an estimated amount for payment as of the end of consolidated fiscal year under review.

(iv) Provision for share-based payments

Provision for share-based payments is calculated based on estimates of share benefit obligations as of the end of consolidated fiscal year under review in accordance with the Share Delivery Regulations.

(v) Provision for loss on disaster

Provision for loss on disaster is calculated based on an estimated amount for payment of disaster loss restoration expenses, etc. as of the end of consolidated fiscal year under review.

(4) Significant revenue and expense recognition standards

The Company Group primarily manufactures and sells semiconductor products and has an obligation to deliver the products to customers.

The Company recognizes revenue by determining that the significant risks and rewards associated with ownership of products, etc. are transferred and performance obligations are fulfilled when:

- The products arrive at the customer for domestic sales.
- The risk burden is transferred to the customer for export sales in accordance with trade terms and conditions stipulated by Incoterms and other regulations.
- The customer picks up and inspects the products delivered by the Company to the consignment warehouse for consignment sales.

Our major overseas consolidated subsidiaries recognize revenues and determine that performance obligations are fulfilled when the products arrive and the risk burden is transferred to the customer in accordance with trade terms and conditions stipulated by Incoterms and other regulations.

The transaction price is measured at the amount of consideration promised in the contract with the customer, less discounts, rebates, returns and other deductions. These variable considerations are estimated based on reasonably available information, including past performance and forecasts.

The promised consideration has been collected within approximately four months from the time the performance obligations were fulfilled, and the amount of consideration does not include a significant financing component.

(5) Other significant matters for the preparation of the consolidated financial statements

(i) Accounting method for deferred assets

Bond issuance cost is fully expensed as incurred.

(ii) Accounting method for retirement benefits

Method for attributing retirement benefit estimates to periods

When calculating retirement benefit obligations, the benefit formula basis serves as the main basis for attributing the retirement benefit estimates to the periods of up to the end of the current consolidated fiscal year.

Method for allocating net unrecognized actuarial gain or loss and past service cost

Net unrecognized actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over various periods (11 years through 14 years). Prior service cost is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over various periods (10 years through 18 years) which do not exceed the average remaining service period of employees.

Adoption of the simple method at small businesses, etc.

Some consolidated subsidiaries adopt the simple method under which an amount of payment required for retirement benefits for personal reasons at the end of fiscal term is used as retirement benefit obligations when calculating net defined benefit liability and retirement benefit costs.

(iii) Standards for translating material foreign currency-denominated assets and liabilities into Japanese yen

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing as of the consolidated fiscal term end, and the resulting gain or loss is credited or charged to income.

The majority-owned overseas consolidated subsidiaries' assets and liabilities are translated into Japanese yen at the exchange rate prevailing as of the end of the consolidated fiscal term. Revenues and expenses are translated into Japanese yen at the average exchange rate during the consolidated fiscal term, and translation differences are included in the translation adjustment account and non-controlling interests under the net assets section.

(iv) Methods and period of amortization of goodwill

Goodwill is amortized evenly over the period in which its effect appears.

(v) Application of the group tax sharing system

The Company applies the group tax sharing system.

Notes to changes in the accounting policies

(Application of accounting standards for current income taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard") from the beginning of the fiscal year under review. Specifically, current income taxes, etc. for the fiscal year under review are recorded separately in profit or loss, shareholders' equity, other comprehensive income (or valuation and translation adjustments), depending on the nature of the transaction that gave rise to the current income taxes. In addition, the presentation of "amount of tax effects" deducted from the breakdown of other comprehensive income items and the "amount of tax effects" noted under Paragraph 8 of the Revised Accounting Standard for Comprehensive Income has been changed to "amount of taxes and tax effects on other comprehensive income, for which the tax basis is the amount related to income taxes and other profits."

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in proviso (2) of Paragraph 65-2 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "2022 Revised Implementation Guidance"). Regarding the amendment in the 2022 Revised Implementation Guidance on income taxes and tax effects on differences caused by changes in the parent company's equity when it sells investments in subsidiaries (see paragraphs 9(3), 30, 31 and 51(3)), the cumulative effect of retroactively applying the new accounting policy before the beginning of the first fiscal year of application is added or subtracted from retained earnings at the beginning of the first fiscal year of application, then the corresponding amount is added or subtracted from capital surplus at the beginning of the fiscal year, and the new accounting policy has been applied from the beginning of the fiscal year under review.

There is no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the 2022 Revised Implementation Guidance has been applied from the beginning of the fiscal year under review. This change in accounting policies is applied retrospectively, and consolidated financial statements for the previous year are after retrospective application.

There is no impact on the consolidated financial statements.

Notes to changes in presentation

Consolidated balance sheet

"Electronically recorded monetary claims - operating" (1,895 million yen in the previous fiscal year), which was included in "Notes and accounts receivable - trade" in the previous fiscal year, is now presented separately because the amount became material in the current fiscal year.

"Electronically recorded obligations - operating" (3,377 million yen in the previous fiscal year), which was included in "Notes and accounts payable - trade" in the previous fiscal year, is now presented separately because the amount became material in the current fiscal year.

"Accounts payable - other" (1,724 million yen in the previous fiscal year), which was included in "Other" under current liabilities in the previous fiscal year, is now presented separately because the amount became material in the current fiscal year.

"Long-term accounts payable - other" (452 million yen in the previous fiscal year), which was included in "Other" under non-current liabilities in the previous fiscal year, is now presented separately because the amount became material in the current fiscal year.

Consolidated statement of income

"Subsidies for employment adjustment" (20 million yen in the previous fiscal year), which was included in "Miscellaneous income" in the previous fiscal year, is now presented separately because the amount became material in the current fiscal year.

"Loss on investments in investment partnerships" (18 million yen in the previous fiscal year), which was included in "Miscellaneous losses" in the previous fiscal year, is now presented separately because the amount became material in the current fiscal year.

Notes to accounting estimates

Valuation of inventories

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

43,671 million yen

(2) Information that contributes to an understanding of the nature of material accounting estimates related to the identified items

Inventories, in principle, are stated at acquisition cost on the consolidated balance sheet, and if the net realizable value at the end of the fiscal year is lower than the acquisition cost, the net realizable value is stated as the consolidated balance sheet amount.

Inventories exceeding a certain holding period are classified by use and salability, and the carrying amount is regularly devalued according to the holding period for each such classification.

The Group makes estimates and judgments that are considered reasonable based on current conditions and available information. However, in the event of changes in economic conditions, revision of sales plans, or sudden changes in sales prices, which are the assumptions for these estimates, additional losses may be incurred in the next fiscal year.

Notes to the Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 94,707 million yen

(2) Contract liabilities, included in "Other" under current liabilities 35 million yen

(3) Financial covenants

The Company's long-term borrowings of 10,000 million yen are subject to a financial covenant. The details of the covenant are as follows:

(i) Maintain the amount of net assets (capital) on the consolidated balance sheet as of the last day of each fiscal year at 75% or more of the most recent fiscal year-end figure.

(ii) Ensure that ordinary profit on the consolidated statement of income for each fiscal year after the initial fiscal year does not result in losses for two consecutive periods.

During the fiscal year under review, former consolidated subsidiary Allegro MicroSystems, Inc. became an equity method affiliate, which resulted in a violation of (i) above at the end of the fiscal year under review. However, the financial institution has agreed not to file a claim for the acceleration of the term due to the violation.

Notes to the Consolidated Statement of Changes in Net Assets

(1) Shares issued and outstanding (shares)

Type of share	Balance at beginning of current consolidated year	Increase	Decrease	Balance at end of current consolidated year
Common stock	25,098,060	–	–	25,098,060

(2) Treasury stock (shares)

Type of share	Balance at beginning of current consolidated year	Increase	Decrease	Balance at end of current consolidated year
Common stock	950,014	1,012,682	3,300	1,959,396

(Notes)1. Treasury stock as of the end of the current consolidated fiscal year includes 72,500 shares of company stock held in a trust account for the stock delivery trust for the Directors and employees.

2. The increase in treasury stock of 1,012,682 shares was due an increase of 1,011,600 shares due to the acquisition of treasury stock pursuant to a resolution of the Board of Directors and an increase of 1,082 shares due to the purchase of less-than-a-full-unit shares.

3. The decrease in treasury stock of 3,300 shares was due to issuance of the company stock held by the stock delivery trust for the Director and employees.

Notes to Financial Instruments

(1) Matters concerning the current situation of financial instruments

(i) Policy on financial instruments

The Company Group raises funds necessary for capital investments, R&D, etc. by bond issues and bank loans. It manages temporary surplus funds through highly secured financial instruments, and also raises short-term operating funds by issuing commercial papers and bank loans. The Company Group follows a policy of using derivatives to hedge foreign currency exchange fluctuation risks and of avoiding any speculative dealings.

(ii) Details of financial instruments and their risks

Trade receivables, such as notes and accounts receivable - trade and electronically recorded monetary claims - operating, are exposed to customer credit risks. Receivables denominated in foreign currencies, which arise from the global operation of business, are exposed to foreign currency exchange fluctuation risks. The Company Group hedges this risk mainly through the use of forward exchange contracts against positions after netting payables denominated in foreign currencies, in principle. Investment securities are mainly the shares of corporations with which the Company Group has business relationships and therefore are exposed to the risk of market price fluctuations.

Most trade payables, such as notes and accounts payable - trade and electronically recorded obligations - operating, are due within one year. Some of these are denominated in foreign currencies due to the import of raw materials, etc., and are exposed to the foreign currency exchange fluctuation risks. However, they are consistently within the range of the balance of accounts receivable - trade denominated in the same foreign currency. Short-term borrowings and commercial papers are fundraising instruments that mainly pertain to operating funds, while long-term borrowings, bonds, and lease obligations under finance lease transactions are fundraising instruments necessary mainly for the purpose of capital investment. Among these, those that are on floating interest rates are exposed to the risk of interest rate fluctuation.

Derivative transactions consist mainly of forward exchange contracts intended to hedge against foreign currency exchange fluctuation risks relating to trade receivables and payables denominated in foreign currencies.

(iii) Risk management system for financial instruments

a. Management of credit risks (risks related to breach of contract, etc. by business partners)

In accordance with the credit management regulations, the sales division of the Company and its consolidated subsidiaries regularly monitors the status of major business partners with respect to trade receivables and manages the due dates and balances for each business partner, while also striving to quickly identify and mitigate concerns about recall due to deterioration in financial positions, etc.

b. Management of market risks (risks of fluctuations in foreign currency exchange rates, interest rates, etc.)

Regarding trade receivables and payables denominated in foreign currencies, the Company and its consolidated subsidiaries use forward exchange contracts in principle to hedge foreign currency fluctuation risks identified by currency and month. Regarding investment securities, the Company Group regularly monitors the fair value and financial positions, etc. of the issuing entities (business partners) and continuously reviews the holding status in consideration of its relationships with business partners. When borrowing a bank loan on a floating interest rate, the Company Group reduces the risk by limiting

the loan term within three years in principle, monitoring the remaining term until the interest rate renewal date, monitoring the interest rate fluctuation trend, and responding in consideration of the balances between short-term borrowings and long-term borrowings or between fixed interest rates and floating interest rates.

With respect to derivative transactions, the financial division of the Company conducts transaction contracts, checks balances, and handles the accounting. A monthly report on the status of derivative transactions is prepared and submitted to the management meeting.

c. Management of liquidity risks related to fundraising (risk of not being able to make payments when due)
The financial division of the Company creates, updates and manages cash flow plans in a timely manner based on reports from each department.

(iv) Supplementary explanation regarding matters concerning the fair value of financial instruments
Since the calculation of the fair value of financial instruments considers variable factors, the values may fluctuate if different assumptions are adopted. The contract amounts, etc. for derivative transactions in "(2) Matters concerning the fair value of financial instruments" do not themselves indicate the market risks associated with derivative transactions.

(2) Matters concerning the fair value of financial instruments
The amount posted on the consolidated balance sheet, the fair value, and the differences between the two were as follows, as of March 31, 2025 (consolidated closing date for the current fiscal year). Shares, etc., that do not have a market price (58 million yen on the consolidated balance sheet) are not included in "Other securities." In addition, notes on cash, notes and accounts receivable - trade, electronically recorded monetary claims - operating, money held in trust included in other under current assets, notes and accounts payable - trade, electronically recorded obligations - operating, short-term borrowings and commercial papers are omitted because they are settled in the short term and fair values are essentially equal to the book values.

(millions of yen)

	Amount posted on consolidated balance sheet	Fair value	Difference
(1) Investment securities (*1)			
Other securities	1,450	1,450	–
(2) Shares of subsidiaries and associates	47,819	224,457	176,637
Total assets	49,269	225,907	176,637
(3) Bonds payable (*2)	15,000	14,838	(161)
(4) Long-term borrowings (*3)	37,072	37,036	(36)
(5) Lease liabilities (*4)	98	92	(5)
Total liabilities	52,170	51,967	(203)
(6) Derivative transactions (*5)	77	77	–

*1: Notes on investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the consolidated balance sheet are omitted. The amount of these investments recorded on the consolidated balance sheet is 14,123 million yen.
*2: Bonds payable include current portion of bonds payable.
*3: Long-term borrowings include current portion of long-term borrowings from subsidiaries and associates.
*4: Lease liabilities include short-term lease liabilities.
*5: Derivative transactions are indicated in net amounts after offsetting the receivables and payables.

(3) Fair value information by appropriate level within the fair value hierarchy
The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured at (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2 fair value: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3 fair value: Fair value measured using significant unobservable inputs
If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(i) Financial assets and financial liabilities measured at fair value

(millions of yen)

Level	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	1,450			1,450
Derivative transactions				
Currency derivative transactions		77		77
Total assets	1,450	77		1,527

(ii) Financial assets and financial liabilities other than those measured at fair value

(millions of yen)

Level	Fair value			
	Level 1	Level 2	Level 3	Total
Shares of subsidiaries and associates	224,457			224,457
Total assets	224,457			224,457
Bonds payable		14,838		14,838
Long-term borrowings		37,036		37,036
Lease liabilities		92		92
Total liabilities		51,967		51,967

(Note) Description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities and Shares of subsidiaries and associates

Listed stocks are valued using quoted prices. As listed stocks are traded in active markets, their fair value is classified as Level 1.

Derivative transactions

The fair value of interest rate swaps and forward exchange contracts is measured using the discounted cash flow method based on observable inputs, such as interest rates and exchange rates, and is classified as Level 2.

Bonds payable

The fair value of bonds payable held by the Company are measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 2.

Long-term borrowings and Lease liabilities

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 2.

Notes to revenue recognition

(1) Disaggregation of revenue from contracts with customers

・Net sales by market

(millions of yen)

	Automotive	White goods	Industrial machinery, consumer goods, etc.	Total
Net sales	55,562	47,953	18,103	121,619

・Net sales by region

(millions of yen)

	Japan	Asia	North, Central, and South America	Europe	Total
Net sales	32,504	76,964	6,474	5,676	121,619

・Net sales by product

(millions of yen)

	Power module	Power device	Sensor, etc.	Total
Net sales	54,925	48,377	18,315	121,619

(2) Useful information in understanding revenue

Useful information in understanding revenue is as presented in "Notes to Significant Fundamental Matters in Preparing the Consolidated Financial Statements; 4. Matters relating to Accounting Policies; (4) Significant revenue and expense recognition standards."

(3) Reconciliation of fulfillment of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenues from contracts with customers outstanding at the end of the current consolidated fiscal year that are expected to be recognized in and after the following consolidated fiscal year

(i) Balance of receivables from contracts with customers

(millions of yen)

	Current consolidated fiscal year
Receivables from contracts with customers (beginning balance)	36,097
Receivables from contracts with customers (ending balance)	23,654
Contract liabilities (beginning balance)	38
Contract liabilities (ending balance)	35

Contract liabilities are mainly related to advances received from customers and are reversed upon recognition of revenue. Of the amount of revenue recognized during the current consolidated fiscal year, the amount included in the contract liability balance at the beginning of the fiscal year is immaterial.

(ii) Transaction price allocated to the remaining performance obligations

Notes on the total transaction price allocated to the remaining performance obligations and the time frame the Company Group expects to recognize the amount as revenue are omitted because the initially expected duration of the contracts with customers is one year or less.

Notes to per share information

(1) Net assets per share 6,371.74 yen
(2) Net income per share 2,119.53 yen

Notes to significant subsequent events

(Business combination through acquisition)

The Board of Directors of the Company resolved on March 27, 2025 to acquire shares of POWDEC K.K. (hereinafter "POWDEC"), and completed the acquisition of POWDEC's shares on April 1, 2025.

(1) Overview of business combination

(i) Name and business overview of the acquired company

Name of the acquired company: POWDEC K.K.

Business details: Development and production of GaN semiconductor epitaxial substrates and GaN

crystal growth, contracted development of GaN power devices

(ii) Main reason for business combination
POWDEC holds a number of patents related to PSJ (Polarization Super Junction) technology, which can realize high-performance GaN power devices, and has a competitive edge in the GaN power device market, which the Company aims to expand in the future. By adding this advanced technological capability to the Company, synergies can be pursued.

(iii) Date of business combination
June 30, 2025 (scheduled)

(iv) Legal form of business combination
Acquisition of shares for cash

(v) Acquired ownership ratio
100%

(2) Acquisition cost of acquired company and breakdown by type of consideration

Consideration for acquisition:	Cash	1,261 million yen
Acquisition cost:		1,261 million yen

(3) Details and amounts of major acquisition-related costs
Advisory compensation and fees, etc.: 67 million yen

(4) Goodwill generated, cause of generation, and amortization method and period
Calculation is currently underway.

(5) Assets and liabilities acquired on the date of business combination and main breakdown thereof
Calculation is currently underway.

(Voluntary retirement offer at a consolidated subsidiary)

Ishikawa Sanken Co., Ltd., a consolidated subsidiary of the Company, resolved at an extraordinary Board of Directors meeting held on May 9, 2025 to offer voluntary retirement.

(1) Reasons for offering voluntary retirement
Ishikawa Sanken Co., Ltd., our consolidated subsidiary, has been working to improve its management in order to increase its global competitiveness. In this environment, the company has been transforming and transferring its production system in response to changes in the semiconductor market. In order to implement more in-depth restructuring plans for its semiconductor back-end processes, the company's Board of Directors resolved to offer voluntary retirement.

(2) Overview

(i)	Eligible employees:	Employees who are 45 years of age or older as of May 31, 2025 (including re-employed employees)
(ii)	Number of people offered:	Approximately 200 people
(iii)	Offer period:	June 30, 2025 to July 11, 2025
(iv)	Date of retirement:	September 30, 2025 (scheduled), March 31, 2026 (scheduled)
(v)	Incentives:	Extra retirement payments will be paid in addition to regular retirement payments

(3) Impact on business performance
Extra retirement payments, etc. arising from this matter are currently expected to be approximately 2.2 billion yen, which will be recorded as extraordinary losses in the consolidated financial statements for the fiscal term ending March 31, 2026.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2024 to March 31, 2025)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	
		Legal capital surplus	Other capital surplus	Other retained earnings	
				Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward
Balance at beginning of period	20,896	5,225	4,982	25	(4,295)
Changes during period					
Dividends of surplus					–
Profit					79,345
Purchase of treasury shares					
Disposal of treasury shares			(1)		
Reversal of reserve for tax purpose reduction entry of non-current assets				(2)	2
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(1)	(2)	79,347
Balance at end of period	20,896	5,225	4,980	22	75,052

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(4,282)	22,551	499	23,051
Changes during period				
Dividends of surplus		–		–
Profit		79,345		79,345
Purchase of treasury shares	(6,506)	(6,506)		(6,506)
Disposal of treasury shares	8	6		6
Reversal of reserve for tax purpose reduction entry of non-current assets		–		–
Net changes in items other than shareholders' equity		–	187	187
Total changes during period	(6,498)	72,844	187	73,031
Balance at end of period	(10,781)	95,396	686	96,083

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

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Notes to significant accounting policies

1. Standards and methods of valuing the assets

(1) Securities

Stocks of subsidiaries and associates: ……Stated at cost using the moving-average method

Other securities

Securities other than shares, etc., that do not have a market price:

Market value method

Differences in valuation are included directly in net assets and costs of sold securities are calculated using the moving-average method.

Shares, etc., that do not have a market price: …Stated at cost using the moving-average method

Investments in investment partnerships (those deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at the net value of equity interests based on the most recent financial statements available prepared in accordance with financial reporting dates specified in the partnership agreements.

(2) Derivative transactions

Market value method

(3) Inventories

Inventories held for the purpose of ordinary sales

Stated mainly at cost using the moving-average method

(The carrying amounts in the accompanying non-consolidated balance sheets are stated after reducing the book value according to the decreased profitability.)

2. Depreciation methods for non-current assets

(1) Property, plant and equipment: Straight-line method

(excluding leased assets)

(2) Intangible assets: ……Straight-line method

(excluding leased assets) ……As for software (for in-house use), the straight-line method is used with a useful life of 5 or 10 years.

(3) Leased assets: Leased assets arising from finance lease transactions in which ownership is not transferred

Depreciation shall be computed by the straight-line method based on the assumptions that the useful life equals the lease term and the residual value equals zero.

3. Standards of accounting for allowances and accruals

(1) Allowance for doubtful accounts

Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.

(2) Provision for retirement benefits

Accrued employees' retirement benefits are calculated based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal term.

(i) Method for attributing retirement benefit estimates to periods

When calculating retirement benefit obligations, the benefit formula basis serves as the main basis for attributing retirement benefit estimates to the periods of up to the end of the current fiscal. If pension assets to be recognized as of the end of the fiscal term exceed the amount of difference between retirement benefit obligations and net unrecognized actuarial gain or loss, the difference is recorded as prepaid pension cost in Investments and other assets.

(ii) Method for allocating net unrecognized actuarial gain or loss and past service cost

Net unrecognized actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over 12 years which is not more than the average remaining service term of employees.

Prior service cost is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over 14 years which is not more than the average remaining service term of employees.

(3) Provision for performance-linked incentive compensation

Provision for performance-linked incentive compensation for Directors, Corporate Officers, and other officers is calculated based on an estimated amount for payment as of the end of fiscal year under review.

(4) Provision for share-based payments

Provision for share-based payments is calculated based on estimates of share benefit obligations as of the end of fiscal year under review in accordance with the Share Delivery Regulations.

4. Revenue and expense recognition standards

The Company primarily manufactures and sells semiconductor products and has an obligation to deliver the products to customers.

The Company recognizes revenue by determining that the significant risks and rewards associated with ownership of products, etc. are transferred and performance obligations are fulfilled when:

- The products arrive at the customer for domestic sales.
- The risk burden is transferred to the customer for export sales in accordance with trade terms and conditions stipulated by Incoterms and other regulations.
- The customer picks up and inspects the products delivered by the Company to the consignment warehouse for consignment sales.

The transaction price is measured at the amount of consideration promised in the contract with the customer, less discounts, rebates, returns and other deductions. These variable considerations are estimated based on reasonably available information, including past performance and forecasts.

The promised consideration has been collected within approximately four months from the time the performance obligations were fulfilled, and the amount of consideration does not include a significant financing component.

5. Accounting method for deferred assets

Bond issuance cost is expensed as incurred.

Notes to changes in the accounting policies

(Application of accounting standards for current income taxes, etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “2022 Revised Accounting Standard”) from the beginning of the fiscal year under review.

Previously, current income taxes, etc. (hereinafter “current income taxes”), calculated in accordance with laws and regulations, were recorded in profit or loss. However, current income taxes will now be recorded separately in profit or loss, shareholders’ equity, or valuation and translation adjustments, etc., depending on the nature of the transaction that gave rise to the current income taxes. For current income taxes recorded in valuation and translation adjustments, etc., the corresponding taxes will be recorded in profit or loss at the time when the transactions that give rise to the imposition of such current income taxes are recorded in profit or loss.

When a transaction that is subject to taxation relates to shareholders’ equity or valuation and translation adjustments, etc. in addition to profit or loss, and it is difficult to calculate the amount of current income taxes levied on

shareholders' equity or valuation and translation adjustments, etc., the tax amount will be recorded as profit or loss.

The amendment to categories in which current income taxes should be recorded follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard.

This change in the accounting policies has no impact on the non-consolidated financial statements.

Notes to changes in presentation

(Non-consolidated statement of income)

"Loss on investments in investment partnerships," which was included in "Miscellaneous losses" under non-operating expenses in the previous fiscal year, is now presented separately because the amount became material in the current fiscal year.

"Loss on investments in investment partnerships" was 18 million yen in the previous fiscal year.

Notes to accounting estimates

Valuation of inventories

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

16,697 million yen

(2) Information that contributes to an understanding of the nature of material accounting estimates related to the identified items

Inventories, in principle, are stated at acquisition cost on the non-consolidated balance sheet, and if the net realizable value at the end of the fiscal year is lower than the acquisition cost, the net realizable value is stated as the non-consolidated balance sheet amount.

Inventories exceeding a certain holding period are classified by use and salability, and the carrying amount is regularly devalued according to the holding period for each such classification.

The Company makes estimates and judgments that are considered reasonable based on current conditions and available information. However, in the event of changes in economic conditions, revision of sales plans, or sudden changes in sales prices, which are the assumptions for these estimates, additional losses may be incurred in the next fiscal year.

Notes to balance sheet

1. Accumulated depreciation of property, plant and equipment 12,390 million yen

2. Contingent liabilities

The Company guarantees bank loans of the other companies and others.

Sanken Electric Korea Co., Ltd.	152 million yen
Sanken Electric Europe GmbH	4 million yen
Ishikawa Sanken Co., Ltd.	1,400 million yen
Yamagata Sanken Co., Ltd.	700 million yen
Total	2,257 million yen

3. Liabilities outstanding under forward exchange contracts

The Company guarantees bank loans for foreign exchange forward contracts with the other company's financial institutions.

Sanken Electric (Thailand) Co., Ltd. 149 million yen

4. Receivables from, and payables to subsidiaries and associates:

(1) Short-term receivables	49,407 million yen
(2) Short-term payables	2,517 million yen
(3) Long-term receivables	6,964 million yen

5. Financial covenants

The Company's long-term borrowings of 10,000 million yen are subject to a financial covenant. The details of the covenant are as follows:

(i) Maintain the amount of net assets (capital) on the consolidated balance sheet as of the last day of each fiscal year at 75% or more of the most recent fiscal year-end figure.
(ii) Ensure that ordinary profit on the consolidated statement of income for each fiscal year after the initial fiscal year does not result in losses for two consecutive periods.

During the fiscal year under review, former consolidated subsidiary Allegro MicroSystems, Inc. became an equity method affiliate, which resulted in a violation of (i) above at the end of the fiscal year under review. However, the financial institution has agreed not to file a claim for the acceleration of the term due to the violation.

Notes to statement of income

1. Operating transactions with subsidiaries and associates

(1) Net sales	22,654 million yen
(2) Purchases	81,772 million yen
(3) Raw materials, etc. provided	49,288 million yen
(4) Other operating transactions	1,052 million yen

2. Transactions with subsidiaries and associates other than operating transactions	2,523 million yen

Notes to statement of changes in net assets

Class and number of treasury stock as of the end of the fiscal term common stock	1,959,396 shares

Notes to accounting for income taxes

1. Details of recognition of deferred tax assets and liabilities by principal causes

Deferred tax assets:	Tax loss carry forwards	13,422 million yen
	Accounts payable - other	7,926 million yen
	Loss on valuation of shares of subsidiaries and associates	5,747 million yen
	Allowance for doubtful accounts	2,638 million yen
	Loss on revaluation of inventories	929 million yen
	Sale of shares of subsidiaries	645 million yen
	Loss on valuation of securities	581 million yen
	Impairment loss of non-current assets	360 million yen
	Accrued bonuses	214 million yen
	Others	402 million yen
	Sub-total of deferred tax assets	32,870 million yen
	Valuation allowance	(32,048) million yen
	Total of deferred tax assets	821 million yen
Deferred tax liabilities:	Prepaid pension cost	(1,333) million yen
	Valuation difference on available-for-sale securities	(313) million yen
	Others	(10) million yen
	Total of deferred tax liabilities	(1,658) million yen
	Net of deferred tax assets (liabilities)	(836) million yen

2. Accounting for corporate and local corporate taxes or tax effect accounting related to these taxes

The Company applies the group tax sharing system. In addition, the Company are accounting for corporate and local corporate taxes and are disclosing tax effect accounting related to these taxes in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No.42, August 12, 2021)."

Notes to transactions with affiliated parties

Subsidiaries, etc.

Type	Name of Company, etc.	Location	Common stock or investments (millions of yen)	Field of business or occupation	Ownership of voting rights, etc. (Ownership percentage)	Details of relationship		Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end the of fiscal term (millions of yen)
						Concurrently serving directors or audit and supervisory board members, etc.	Factual relationship				
Subsidiary	Ishikawa Sanken Co., Ltd.	Shika-machi, Hakui-gun, Ishikawa Prefecture	95	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 3	Manufacture of our products, Lending of funds Debt guarantee	Purchase of semiconductor products	38,010	Accounts payable - trade	–
								Onerous provision of raw materials	9,180	Accounts receivable - other	3,636
								Transfer of funds	40,767	Loans receivable	10,689
								Debt guarantee	1,400	–	–
	Yamagata Sanken Co., Ltd.	Higashine-shi, Yamagata Prefecture	100	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 3	Manufacture of our products Lending of funds Debt guarantee	Onerous provision of raw materials	8,173	Accounts receivable - other	3,274
								Lending of funds	38,723	Loans receivable	6,139
								Debt guarantee	700	–	–
	Fukushima Sanken Co., Ltd.	Nihonmatsu-shi, Fukushima Prefecture	50	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 3	Manufacture of our products	Purchase of semiconductor elements and products	19,087	Accounts payable - trade	–
								Onerous provision of raw materials	18,068	Accounts receivable - other	16,353
	Dalian Sanken Electric Co., Ltd.	Dalian City, Liaoning, China	136,197 thousand RMB	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Manufacture of our products	Purchase of semiconductor elements and products	13,383	Accounts payable - trade	1,141
								Onerous provision of raw materials	6,020	Accounts receivable - other	2,627
	P.T. Sanken Indonesia	Bekasi, West Java, Indonesia	96,000 thousand US dollars	Power System	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 2	Lending of funds	Lending of funds	1,385	Loans receivable	2,153
	Sanken Electric Hong Kong Co., Ltd.	Hong Kong, China	1,000 thousand HK dollars	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: -	Sale of our products	Sale of products	9,551	Accounts receivable - other	2,398
	Sanken Electric Korea Co., Ltd.	Seoul Metropolitan Government, Korea	1,200 million Korean Won	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Sale of our products Debt guarantee	Onerous provision of raw materials	7,682	Accounts payable - trade	2,353
								Debt guarantee	152	–	–

Note: Concurrently serving directors or audit and supervisory board members are presented as of March 31, 2025.

Conditions of transactions and decision policies thereof

1. The sale and purchase prices of our products are determined based on the market value as a reference.
2. The onerous provision prices of raw materials are determined on the basis of the Company's estimated cost.
3. With respect to the lending and the borrowing of funds, interest rates are reasonably determined in consideration of market rates.
4. With regard to doubtful receivables from subsidiaries, 2,075 million yen was recorded as provision of allowance for doubtful accounts (non-operating expenses).
5. The Company guarantees bank loans of subsidiaries and associates. The Company does not receive the guarantee charge.

Notes to revenue recognition

Please refer to Notes to Consolidated Financial Statements.

Notes to per share data

1. Net assets per share 4,152.51 yen
2. Net income per share 3,301.76 yen

Notes to significant subsequent events

Please refer to Notes to Consolidated Financial Statements.

Notes to company to which consolidated dividend regulations apply

The Company is a company to which consolidated dividend regulations apply.