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Securities Code: 6707  
June 11, 2026

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 CONVOCAION OF THE 109TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby notify you of the 109th 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 109th 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 25, 2026. 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 26, 2026
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 109th Fiscal Term (from April 1, 2025 to March 31, 2026)
  2. The Non-Consolidated Financial Statements for the 109th Fiscal Term (from April 1, 2025 to March 31, 2026)

### **Proposal to be resolved:**

- Proposal No. 1:** Election of Eight Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 2:** Election of One 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/>

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposal and references

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

The terms of office of all seven 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. With the aim of further strengthening the corporate governance system, the Company proposes the election of one additional External Director, for a total of eight Directors, at this General Meeting of Shareholders.

When selecting candidates, the Nomination Committee, chaired by an External Director and composed of a majority of External Directors, deliberates on matters, and then the Board of Directors makes a decision respecting the Committee's results as much as possible and consults with the shareholders. After approval of this proposal, there will be four internal Directors and seven 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, etc. 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% (8/8)
2	Katsumi Kawashima	Male	Reelection	Director, Senior Vice President and CFO Head, Corporate Design Headquarters Member of Compensation Committee	100% (8/8)
3	Mizuki Utsuno	Male	Reelection	Director, Senior Corporate Officer Head, Business Promotion Headquarters	100% (8/8)
4	Tatsuaki Seki	Male	Reelection External Independent	External Director Member of Nomination Committee and Compensation Committee	100% (6/6)
5	Osamu Yanagisawa	Male	Reelection External Independent	External Director Member of Nomination Committee	100% (6/6)
6	Shakil Ohara	Male	Newly appointed External Independent	-	-
7	Tadashi Sato	Male	Newly appointed External Independent	-	-
8	Misawa Kishinami	Female	Newly appointed External Independent	-	-

(Reference)

Skills matrix under the new management structure

- The skills matrix below was prepared to ensure that the Board of Directors fulfills its roles and responsibilities appropriately and contributes to the realization of the medium- to long-term growth strategy. After deliberations by the Nomination Committee on the necessary skill sets, the Board of Directors selects candidates for the Board of Directors (excluding Directors who are Audit and Supervisory Committee Members), giving as much respect as possible to the Committee’s results.
- Below is the skills matrix for the new Board of Directors subject to shareholder approval of Proposal No. 1 and Proposal No. 2.

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

## Concept of skills set

The Company believes that, in order to realize appropriate management decisions and supervisory functions towards enhancing medium- to long-term corporate value, and to improve the effectiveness of corporate governance, it is important for the composition of the Board of Directors to have well-balanced skill sets based on the following definitions:

Skills	Definition of skills
Corporate management	A skill that contributes to realization of management from a comprehensive perspective that responds to changes in the business environment, based on experience in corporate management, etc.
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	<p><b>Hiroshi Takahashi</b> (February 1, 1964)</p> <p>&lt;Reelection&gt;</p>	<p>April 1986: Entered the Company</p> <p>April 2012: Vice General Manager, MCD Division, Engineering Headquarters</p> <p>April 2015: General Manager, MCBBD Division, Engineering Headquarters</p> <p>April 2018: Head, Production Headquarters, Device Business Corporate Headquarters</p> <p>June 2018: Corporate Officer</p> <p>June 2020: Director and Senior Corporate Officer</p> <p>June 2021: President and Representative Director</p> <p>April 2025: Representative Director, President and CEO (to the present)</p>	6,400
	<p><b>– Reasons for the appointment as a candidate for Director</b></p> <p>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.</p> <p>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 2024 Medium-Term Management Plan.</p>		

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	<p><b>Katsumi Kawashima</b> (July 30, 1964)</p> <p>&lt;Reelection&gt;</p>	<p>April 1989: Entered Saitama Bank, Ltd. (currently Saitama Resona Bank, Limited)</p> <p>April 2008: General Manager, MIYASHIRO branch, Saitama Resona Bank, Limited</p> <p>July 2010: General Manager, HON-KAWAGOE branch, Saitama Resona Bank, Limited</p> <p>April 2014: General Manager, KASUKABE branch, Saitama Resona Bank, Limited</p> <p>April 2016: General Manager, Treasury Planning Division, Resona Holdings, Inc.</p> <p>April 2018: Seconded to the Company Deputy General Manager, General Affairs and Human Resources Division</p> <p>April 2019: Transferred to the Company</p> <p>April 2021: General Manager, General Affairs and Human Resources Division</p> <p>June 2021: Corporate Officer</p> <p>April 2022: Head, Corporate Design Headquarters (to the present)</p> <p>June 2022: Director, Senior Corporate Officer</p> <p>June 2023: Director, Senior Vice President</p> <p>April 2025: Director, Senior Vice President and CFO (to the present)</p>	200
<p><b>– Reasons for the appointment as a candidate for Director</b></p> <p>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.</p> <p>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.</p>			

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	<p style="text-align: center;"><b>Mizuki Utsuno</b> (May 3, 1965)</p> <p style="text-align: center;">&lt;Reelection&gt;</p>	<p>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)</p>	1,400
	<p><b>– Reasons for the appointment as a candidate for Director</b></p> <p>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.</p> <p>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.</p>		

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	<p><b>Tatsuaki Seki</b> (December 26, 1960)</p> <p>&lt;Reelection&gt; &lt;External Director&gt; &lt;Independent Officer&gt;</p> <p>Term of office as an External Director: One year as of the closing of this meeting</p>	<p>April 1983: Entered Epson Corporation (currently Seiko Epson Corporation)</p> <p>June 2016: Director, Executive Officer, Chief Compliance Officer, General Administrative Manager, Management Control Division, Seiko Epson Corporation</p> <p>June 2019: Managing Executive Officer, Seiko Epson Corporation</p> <p>October 2020: General Administrative Manager, Corporate Strategy and Administration Division, General Administrative Manager, Sustainability Promotion Office, Seiko Epson Corporation</p> <p>April 2022: Senior Managing Executive Officer, Seiko Epson Corporation</p> <p>April 2023: Representative Director, Seiko Epson Corporation (Retired as Director of the company in June 2024)</p> <p>June 2025: External Director, the Company (to the present)</p> <p>June 2025: Outside Director, Keio Corporation (to the present)</p>	–
<p><b>– Reasons for the appointment as a candidate for External Director and overview of expected roles</b></p> <p>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.</p> <p>For the reasons above, the Company believes that he will appropriately perform his duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions while the Group will promote a medium- to long-term growth strategy.</p> <p>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.</p>			

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	<p><b>Osamu Yanagisawa</b> (December 7, 1971)</p> <p>&lt;Reelection&gt; &lt;External Director&gt; &lt;Independent Officer&gt;</p> <p>Term of office as an External Director: One year as of the closing of this meeting</p>	<p>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. (to the present) June 2025: External Director, the Company (to the present)</p>	–
<p><b>– Reasons for the appointment as a candidate for External Director and overview of expected roles</b></p> <p>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.</p> <p>For the reasons above, the Company believes that he will appropriately perform his duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions while the Group will promote a medium- to long-term growth strategy.</p>			

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	<p><b>Shakil Ohara</b> (July 1, 1958)</p> <p>&lt;Newly appointed&gt; &lt;External Director&gt; &lt;Independent Officer&gt;</p> <p>Term of office as an External Director: –</p>	<p>August 1994: Regional Finance Manager, FedEx Corporation North Pacific Region</p> <p>May 1999: Finance Director, Abbott Laboratories (Japan)</p> <p>March 2008: Regional CFO/Regional Strategy Officer (Pacific/Asia, Africa), Abbott Laboratories (Japan)</p> <p>October 2014: Senior Managing Executive Officer and CFO, Tsubaki Nakashima Co., Ltd.</p> <p>March 2015: Director, Senior Managing Executive Officer, and CFO, Tsubaki Nakashima Co., Ltd.</p> <p>March 2018: Director, Executive Vice President, and CFO, Tsubaki Nakashima Co., Ltd.</p> <p>June 2022: CFO, FreeD Technologies Group</p> <p>June 2022: Co-CEO, MAPLE ASSOCIATES PTE. LTD. (to the present)</p> <p>January 2024: Representative Director, Co-CEO, DIGIFIT Corporation (to the present)</p> <p>June 2024: Outside Director, Fujitec Co., Ltd.</p>	–
	<p><b>– Reasons for the appointment as a candidate for External Director and overview of expected roles</b></p> <p>Mr. Ohara has abundant management experience in international business operations, including in the growing markets of India and Southeast Asia. In addition, he has a proven track record in leading management reforms and IPOs aimed at increasing corporate value, having served as CFO for a portfolio company of the world’s largest private equity fund.</p> <p>He possesses advanced knowledge in areas such as business strategy, finance, capital policy, and M&amp;A. The Company expects that he will present fruitful advice and opinions to the Company’s management from a realistic and multifaceted perspective, based on his practical experience as a top executive. Taking all of these factors into consideration, the Company has determined that he will contribute to the sustainable growth of the Company and the enhancement of corporate value over the medium to long term. For the reasons above, the Company believes that Mr. Ohara will appropriately perform his duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions while the Group will promote a medium- to long-term growth strategy.</p>		

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	<p><b>Tadashi Sato</b> (August 16, 1966)</p> <p>&lt;Newly appointed&gt; &lt;External Director&gt; &lt;Independent Officer&gt;</p> <p>Term of office as an External Director: –</p>	<p>April 1990: Joined Esso Sekiyu K.K. (currently ENEOS Corporation)</p> <p>April 2000: Joined Investment Banking Division, Nikko Salomon Smith Barney Limited (currently Citigroup Global Markets Japan Inc.)</p> <p>April 2009: Head, TMT (Technology, Media &amp; Communications) Group, Nikko Salomon Smith Barney Limited</p> <p>January 2010: Managing Director, Nikko Salomon Smith Barney Limited</p> <p>March 2013: Managing Director, SMBC Nikko Securities Inc.</p> <p>March 2015: Head of Investment Banking Division I, SMBC Nikko Securities Inc.</p> <p>April 2019: Representative Director, SAS Co., Ltd. (to the present)</p> <p>October 2019: Managing Director, Deutsche Securities Inc. Vice Chairman, Investment Banking Department</p> <p>March 2025: Chairman, TMT Group, Asia Pacific Investment Banking Department, Deutsche Securities Inc.</p>	2,000
<p><b>– Reasons for the appointment as a candidate for External Director and overview of expected roles</b></p> <p>Mr. Sato has engaged in investment banking operations at domestic and international financial institutions for many years, holding key positions throughout his career. In particular, he possesses abundant practical experience and a high level of expertise in M&amp;A, capital policy, and business restructuring in the technology field, and he has cultivated deep knowledge in this area. Furthermore, as Representative Director of an advisory company that he founded, he has experience in working on corporate growth strategies, capital structures, and the resolution of management issues based on his accumulated knowledge, and he can be expected to provide strategic and objective advice and supervision.</p> <p>For the reasons above, the Company believes that he will appropriately perform his duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions while the Group will promote a medium- to long-term growth strategy.</p>			

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
8	<p><b>Misawa Kishinami</b> (November 4, 1972)</p> <p>&lt;Newly appointed&gt; &lt;External Director&gt; &lt;Independent Officer&gt;</p> <p>Term of office as an External Director: –</p>	<p>April 1995: Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p>August 2000: Joined Goldman Sachs Japan Co., Ltd.</p> <p>December 2012: General Manager, Loan Syndication Department, Capital Market Headquarters, Investment Banking Division, Goldman Sachs Japan Co., Ltd.</p> <p>December 2018: Executive Director, Investment Banking Division, UBS Securities Japan Co., Ltd.</p> <p>June 2022: Outside Director, SHIBAURA ELECTRONICS CO., LTD.</p> <p>June 2024: Outside Director, Daiwabo Holdings Co., Ltd. (to the present)</p>	–
	<p><b>– Reasons for the appointment as a candidate for External Director and overview of expected roles</b></p> <p>Ms. Kishinami has many years of experience in international financial operations at domestic and international financial institutions, and as a specialist in finance and capital markets, she has contributed to the growth of many companies by supporting their management strategies. In addition, through her experience as an External Director at listed companies to date, she possesses a deep understanding of corporate governance enhancement, diversity promotion, and human capital management.</p> <p>For the reasons above, the Company believes that she will appropriately perform her duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions while the Group will promote a medium- to long-term growth strategy.</p>		

- 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. Seki and Mr. Yanagisawa 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. Ohara, Mr. Sato, and Ms. Kishinami 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. Seki and Mr. Yanagisawa 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. Ohara, Mr. Sato, and Ms. Kishinami.
  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 2026 and each candidate will be insured under the contract.
  5. Mr. Seki, who is a candidate for External Director, will be appointed as an Outside Director of NEC Capital Solutions Limited at the company's 56th Ordinary General Meeting of Shareholders to be held on June 26, 2026.
  6. Ms. Kishinami, who is a candidate for External Director, will be appointed as an Outside Member of the Board of Penta-Ocean Construction Co., Ltd. at the company's 76th Ordinary General Meeting of Shareholders to be held on June 24, 2026. In addition, she will be appointed as an Outside Member of the Board of Directors who is an Audit and Supervisory Committee Member of NIDEC CORPORATION at the company's 53rd Annual General Meeting of Shareholders to be held on June 18, 2026.
  7. 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 One Director who is an Audit and Supervisory Committee Member

Director who is an Audit and Supervisory Committee Member Ms. Yumiko Moritani will resign at the closing of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one Director who is an Audit and Supervisory Committee Member to fill her vacancy.

As shown in the table below, Mr. Yasuhisa Kato and Ms. Yumi Ogose are currently serving their terms, and the candidate for Director who is an Audit and Supervisory Committee Member elected in this proposal is Ms. Mariko Sugawara. The term of office of the Director who is an Audit and Supervisory Committee Member elected at this General Meeting of Shareholders will be until the expiration of the term of office of Ms. Yumiko Moritani, the retiring Director who is an Audit and Supervisory Committee Member, in accordance with the provisions of the Company's Articles of Incorporation. The Audit and Supervisory Committee has approved the submission of this Proposal.

Name	Gender	Current position, etc. at the Company	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
Yasuhisa Kato	Male	Full-time Audit and Supervisory Committee Member Director	100% (8/8)	100% (14/14)
Yumi Ogose	Female	Audit and Supervisory Committee Member External Director	100% (8/8)	100% (9/9)
Mariko Sugawara	Female	External Director who is not an Audit and Supervisory Committee Member Member of Compensation Committee	100% (8/8)	-

Note: The number Board of Directors meetings attended by Ms. Yumi Ogose includes two Board of Directors meetings held during the 109th fiscal year when she was a Director who is not an Audit and Supervisory Committee Member. In addition, her attendance at Audit and Supervisory Committee meetings refers to the number of Audit and Supervisory Committee meetings held after she assumed office as a Director who is an Audit and Supervisory Committee Member.

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
<p style="text-align: center;"><b>Mariko Sugawara</b> (April 13, 1966)</p> <p>&lt;Newly appointed&gt; &lt;External Director&gt; &lt;Independent Officer&gt;</p> <p>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</p>	<p>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) June 2025: Outside Audit and Supervisory Board Member, J-OIL MILLS, INC. (to the present)</p>	-
<p><b>– Reasons for the appointment as a candidate for External Director and overview of expected roles</b></p> <p>Ms. Sugawara has engaged in corporate legal affairs and M&amp;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 believes that she 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. Furthermore, we expect that she will present fruitful advice and opinions to the Sustainability Committee of the Company from the perspective of diversity of the Company, especially from a third-party viewpoint.</p> <p>For the reasons above, the Company anticipates that Ms. Sugawara will appropriately perform her duties as an External Director who is an Audit and Supervisory Committee Member.</p> <p>* Mariko Sugawara’s name in the family register is Mariko Nomura.</p>		

- Notes:
1. No conflicts of interest exist between the Company and the above candidate.
  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 the candidate, who is currently an External Director who is not an Audit and Supervisory Committee Member, as an independent officer of the Company. If she is elected as an External Director who is an Audit and Supervisory Committee Member, the Company plans to continue to appoint her as an independent officer.
  3. Matters concerning the candidate for External Director:  
The Company has entered into an agreement with Ms. Sugawara, who is currently an External Director, to limit her 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 agreement.
  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 2026 and each candidate will be insured under the contract.

## BUSINESS REPORT

(from April 1, 2025 to March 31, 2026)

### 1. Current Status of the Group

#### 1. Business Results and Summary of Assets

Category		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)	Fiscal term ended March 31, 2026 (109th Term)
Net sales	(millions of yen)	175,660	225,387	235,221	121,619	80,175
Operating profit (loss)	(millions of yen)	13,720	26,156	19,539	(3,788)	(4,728)
Ordinary profit (loss)	(millions of yen)	13,700	27,229	18,246	(14,276)	(8,839)
Profit (loss) attributable to owners of parent	(millions of yen)	3,204	9,533	(8,112)	50,934	(9,798)
Net income (loss) per share	(yen)	132.79	394.87	(335.99)	2,119.53	(472.88)
Total assets	(millions of yen)	244,732	301,951	383,591	259,067	239,456
Net assets	(millions of yen)	137,404	173,195	198,619	147,928	119,965

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

During the consolidated fiscal year ended March 31, 2026, we saw significant changes, including the stagnation of the Chinese economy, the U.S. tariff measures, and the worldwide spread of an “EV chasm” driven by the U.S.

The business environment grew increasingly challenging, due to factors such as procurement pressures resulting from higher price quotation of metals and the yen’s depreciation. In this business environment, the Group has been advancing the Medium-Term Management Plan 2024 (hereinafter referred to as the “24 Medium-Term Plan”) since the previous fiscal year. However, the above-mentioned changes in the business environment have been adversely affecting the progress of these initiatives. Therefore, we have set priority issues to be addressed to help us get back on track. To drive top-line growth and recover our market share in the Chinese white goods sector, we established the new Asia Strategy Office effective January 1, 2026, mainly to promote efforts aimed at expanding orders across Asia as a whole, and have launched initiatives to enhance customer satisfaction. In addition, to secure new applications, we have focused on the industrial machinery market and worked to expand sales of commercial air conditioners and products for AI data centers. On the cost-reduction front, we have worked to reduce fixed costs and optimize expense control across the Group, while also pursuing variable-cost reductions through measures such as material substitutions to reduce the use of gold and expansion of parts commonality through platform integration. However, due to the continued rise in price quotation of metals, further cost reductions became necessary.

As part of our new initiatives, 24 Medium-Term Plan aims to achieve growth through the effective use of outside resources. As part of this effort, on April 1, 2025, we acquired Powdec K.K. and have since been advancing development to enable the early market launch of high performance GaN power devices. Furthermore, on January 27, 2026, we reached an agreement with Minebea Power Semiconductor Device Inc. to enter into a technical partnership involving back end production collaboration and joint product development in the Intelligent Power Module (IPM, the “Power Module”) market.

On the other hand, the Company completed the repurchase of its own shares in September 2025 as planned, which had been implemented since December 2024 as a shareholder return measure. The Company repurchased a

total of 4.17 million shares (equivalent to 16.6% of the total number of shares issued), and the total amount of repurchase amounted to 29,900 million yen. All shares acquired as a result of this were canceled on October 3, 2025.

With regard to the financial results during the consolidated fiscal year ended March 31, 2026, consolidated net sales were 80,175 million yen, down 41,444 million yen (34.1%) from the same period of the previous year, as Allegro MicroSystems, Inc. (“Allegro”), formerly a subsidiary, was excluded from the scope of consolidation and became an equity method affiliate of the Company in August 2024. Also, in the automotive market, which is one of Sanken Core, although growth in battery EVs has slowed, demand for engine-powered vehicles, including hybrids, remained stable. Meanwhile, in the white goods market, sales dropped sharply from the second quarter due to a decrease of our market share in the Chinese market amid the shift toward local semiconductor manufacturers.

Consequently, in terms of profit and loss, despite the positive effects of fixed-cost reductions and increased production following the reorganization of production operations in the back-end process, the impact of surging metal prices and lower sales of white goods in the Chinese market led to a consolidated operating loss of 4,728 million yen (compared with a consolidated operating loss of 3,788 million yen for the previous fiscal year) and consolidated ordinary loss of 8,839 million yen due to share of loss of entities accounted for using the equity method and foreign exchange losses (compared with a consolidated ordinary loss of 14,276 million yen for the previous fiscal year). Loss attributable to owners of the parent amounted to 9,798 million yen (profit attributable to owners of parent of 50,934 million yen for the previous fiscal year) due to the recording of 2,446 million yen of extraordinary losses mainly from extra retirement payments at Ishikawa Sanken Co., Ltd., partially offset by extraordinary income of 1,136 million yen from a gain on sale of non-current assets at P.T. Sanken Indonesia and 2,483 million yen from gains on changes in equity.

### 3. Tasks to be Addressed

As with the fiscal year ended March 31, 2026, we expect the external environment to remain challenging. Under these circumstances, the Company recognizes that, in order to secure the top line necessary to achieve our targets for the fiscal year ending March 31, 2027, it is important to continue advancing initiatives in the automotive and white goods markets, which we regard as our core markets. In the automotive market, we will continue to steadily capture demand for engine-powered vehicles, including hybrids, and will also work to expand sales of power modules for automotive air-conditioning systems.

In terms of profitability, in the first half, earnings are expected to be negative due to the continued impact of production adjustments carried over from the previous fiscal year, but we aim to recover in the second half. Specifically, in addition to the effects of fixed-cost reduction measures at Ishikawa Sanken Co., Ltd., from the second half, we anticipate an increase in added value resulting from recovery in production, as well as productivity improvements from the completion of back-end process reorganization. Furthermore, we will continue to advance initiatives to reduce fixed costs in order to enhance the competitiveness of our front-end process at Yamagata Sanken Co., Ltd.

In addition, in order to reduce variable costs, we will continue the expense reduction measures implemented on an emergency basis since the second half of the previous fiscal year, and will optimize manufacturing costs by revising material specifications from gold to copper, while also strengthening our efforts to secure appropriate selling prices for existing products that use gold materials. With regard to new products, we will increase the proportion of new products made with materials that have lower procurement costs in order to improve profitability.

In addition to these short-term measures, we have established two new strategic organizations aimed at achieving medium- to long-term results. We have established the Mobility Strategy Office to strengthen our activities in the automotive and industrial machinery sectors, which require long development lead times. By engaging with customers from the early stages of development, we aim to secure mass-production projects over the medium- to long-term. In addition, we have established the Asia Strategy Office to drive short-term sales growth across Asia and strengthen our product planning capabilities over the medium- to long-term. By accelerating the decision-making and execution processes, the Company will work to maintain and expand its presence in the white goods domain while also promoting sales growth in the industrial machinery domain, such as data centers, where demand is rising.

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.	1,854 thousand US dollars	32.2%	Development, manufacture, and sale of semiconductors	Head Office	New Hampshire, U.S.A.

Note: 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

Capital investment of the current consolidated fiscal year amounted to 6,293 million yen. This mainly consisted of investment for the purpose of developing and expanding the production capacity of semiconductor devices and others. Due to proactive capital investment made in the previous fiscal year, there was a decrease of 11,288 million yen compared to the previous fiscal year.

## 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
2,683	- 629

- Notes:
1. The decrease in the number of employees was mainly due to the voluntary retirement offer at Ishikawa Sanken Co., Ltd. and the dissolution of PT. Sanken Indonesia.
  2. The number of employees on a non-consolidated basis was 842, a decrease of 39 from the end of the previous fiscal year.

## 9. Major Creditors

Creditors	Loan Outstanding
Resona Bank, Limited.	33,000 million yen
Development Bank of Japan Inc.	15,000 million yen
Mizuho Bank, Ltd.	4,000 million yen
MUFG Bank, Ltd.	4,000 million yen
Sumitomo Mitsui Banking Corporation	4,000 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** 20,925,360  
(The number includes 876,522 shares of treasury stock)

**3. Number of shareholders** 6,197

### 4. Major shareholders

Name	Capital contribution	
	Number of shares (thousands)	Percentage of Ownership
GOLDMAN SACHS INTERNATIONAL	2,934	14.63%
The Master Trust Bank of Japan, Limited (Trust Account)	1,693	8.44%
CGML PB CLIENT ACCOUNT/COLLATERAL	1,342	6.69%
ECM MF	1,122	5.59%
MLI FOR SEGREGATED PB CLIENT	1,000	4.98%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	971	4.84%
Saitama Resona Bank, Limited	934	4.66%
JPMSPLC CLIENT ASSETS SK JPY	930	4.64%
Suntera (Cayman) Limited as trustee of ECM Master Fund	905	4.51%
GOLDMAN, SACHS & CO. REG	536	2.67%

Notes: 1. The Company holds 876,000 shares of treasury stock that are excluded from the major shareholders listed above.  
2. Treasury stock does not include 58,000 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, 2026)

Position	Name	Assignment or significant concurrent office
Representative Director, President and CEO	Hiroshi Takahashi	
Director	Katsumi Kawashima	Senior Vice President and CFO Head, Corporate Design Headquarters
Director	Mizuki Utsuno	Senior Corporate Officer Head, Business Promotion Headquarters
Director <u>External</u> <u>Independent</u>	Hideki Hirano	
Director <u>External</u> <u>Independent</u>	Mariko Sugawara	Attorney-at-law, OHHARA LAW OFFICE Outside Audit and Supervisory Board Member, J-OIL MILLS, INC.
Director <u>External</u> <u>Independent</u>	Tatsuaki Seki	Outside Director, Keio Corporation
Director <u>External</u> <u>Independent</u>	Osamu Yanagisawa	Executive Officer, IGW Japan Limited.
Director Audit and Supervisory Committee Member (Full-time)	Yasuhisa Kato	
Director Audit and Supervisory Committee Member <u>External</u> <u>Independent</u>	Yumiko Moritani	
Director Audit and Supervisory Committee Member <u>External</u> <u>Independent</u>	Yumi Ogose	Part-time Professor, MOT, Department of Management of Technology, Graduate School of Management, Tokyo University of Science External Director, MANAC Chemical Partners Co.,Ltd.

- Notes:
1. Mr. Tatsuaki Seki and Mr. Osamu Yanagisawa were newly elected as Directors who are not Audit and Supervisory Committee Members at the 108th Ordinary General Meeting of Shareholders held on June 27, 2025 and assumed office. In addition, at the closing of the 108th Ordinary General Meeting of Shareholders, Ms. Yumi Ogose retired as Director who is not an Audit and Supervisory Committee Member due to the expiration of her term of office, and at the same time, she was elected as Director who is an Audit and Supervisory Committee Member and assumed office.
  2. Mr. Hideki Hirano, Ms. Mariko Sugawara, Mr. Tatsuaki Seki, Mr. Osamu Yanagisawa, Ms. Yumiko Moritani and Ms. Yumi Ogose 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. 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, they have extensive knowledge in finance and accounting.
  5. Mr. Noriharu Fujita, Mr. Takaki Yamada and Mr. Atsushi Minami retired from office as Directors, upon expiration of their terms of office at the conclusion of the 108th Ordinary General Meeting of Shareholders held on June 27, 2025.
  6. Corporate Officers of the Company who do not double as Directors as of March 31, 2026:

Position	Name	Assignment
Executive Vice President and COO	Satoshi Yoshida	
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	Toshio Noguchi	Head, Sales Headquarters
Corporate Officer	Hironobu Soh	Deputy Head, Technological Development Headquarters
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	Hirofumi Mizuno	General Manager, Digital Transformation Promotion Division, Business Promotion Headquarters, and General Manager, IT Promotion Department
Corporate Officer	Keiji Hannuki	General Manager, Process Engineering Division, Technological Development Headquarters
Corporate Officer	Yasuhiro Ifuku	General Manager, Business 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	10	159	132	18	9
(of which External Director)	7	51	51	–	–
Director who is an Audit and Supervisory Committee Member	4	48	48	–	–
(of which External Audit and Supervisory Committee Member)	3	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 who are not Audit and Supervisory Committee Members paid and the amount of compensation paid to Directors include that for three External Directors who retired at the conclusion of the 108th Ordinary General Meeting of Shareholders. The number of Directors who are Audit and Supervisory Committee Members paid and the amount of compensation paid to Directors include that for one External Director who retired at the conclusion of the 108th 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.

Fixed portion	Variable portion	
Basic compensation 60%	Performance-linked compensation 40%	
	Short-term incentives 27%	Long-term incentives (stock compensation) 13%

- 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.
- 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.

	Target value	Actual value
Consolidated operating profit	0.4 billion yen	(4.7) billion yen
Consolidated ROE	(3.2)%	(7.3)%

■ **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 Directors who are 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**

	Directors (excluding Directors who are Audit and Supervisory Committee Members)		Directors who are Audit and Supervisory Committee Members
		(of which, External Directors)	
Monetary compensation	500 million yen or less		80 million yen or less
		200 million yen or less	
Stock compensation (Maximum amount of money contributed by the Company)	90 million yen or less	(Out of scope)	
Stock compensation (Maximum total number of points to be granted to Directors)	90,000 points or less		

■ **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 evaluation methods, 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 Mariko Sugawara	Attorney-at-law, OHHARA LAW OFFICE Outside Audit and Supervisory Board Member, J-OIL MILLS, INC.
External Director Tatsuaki Seki	Outside Director, Keio Corporation
External Director Osamu Yanagisawa	Executive Officer, IGW Japan Limited.
External Director (Audit and Supervisory Committee Member) Yumi Ogose	Part-time Professor, MOT, Department of Management of Technology, Graduate School of Management, Tokyo University of Science External Director, MANAC Chemical Partners Co.,Ltd.

### ■ Major activities

Name	Major activities
External Director Hideki Hirano	Mr. Hideki Hirano attended all 8 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, and to the enhancement of the corporate governance of the Company.
External Director Mariko Sugawara	Ms. Mariko Sugawara attended all 8 meetings of the Board of Directors held during the period under review. She provided comments at these meetings based on her professional perspective and extensive knowledge and experience as a legal expert. She also contributed to the operation of the Compensation Committee as a member of the committee, and to the enhancement of the corporate governance of the Company.
External Director Tatsuaki Seki	Mr. Tatsuaki Seki was newly elected as Director who is not an Audit and Supervisory Committee Member at the 108th Ordinary General Meeting of Shareholders held on June 27, 2025. Since then, he attended all 6 meetings of the Board of Directors held during the period under review and provided comments based on his knowledge and experience as a manager at a company that is expanding its business globally, as well as his abundant experience in finance, accounting and management control. He also contributed to the operation of the Nomination Committee and the Compensation Committee as a member of these committees, and to the enhancement of the corporate governance of the Company.
External Director Osamu Yanagisawa	Mr. Osamu Yanagisawa was newly elected as Director at the 108th Ordinary General Meeting of Shareholders held on June 27, 2025. Since then, he attended all 6 meetings of the Board of Directors held during the period under review and provided comments based on his abundant work experience in the finance and audit areas of a U.S. company, as well as his knowledge and experience as a business manager in diverse fields such as IT. He also contributed to the operation of the Nomination Committee as a member of the committee, and to the enhancement of the corporate governance of the Company.

Name	Major activities
External Director (Audit and Supervisory Committee Member) Yumiko Moritani	Ms. Yumiko Moritani attended all 8 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 14 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.
External Director (Audit and Supervisory Committee Member) Yumi Ogose	Ms. Yumi Ogose resigned as Director who is not an Audit and Supervisory Committee Member at the 108th Ordinary General Meeting of Shareholders held on June 27, 2025, and at the same time, assumed office as Director who is an Audit and Supervisory Committee Member. She attended all 8 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 attended all 9 meetings of the Audit and Supervisory Committee held after she was elected as Director who is an Audit and Supervisory Committee Member, and 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. 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 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. 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. Moreover, through discussions among officers 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. Tatsuaki Seki

- Mr. Tatsuaki Seki has experience as a manager at a company that is expanding its business globally, as well as abundant experience in finance, accounting and management control. Based on this, he has given valuable advice and opinions from a management perspective. Moreover, through discussions among officers 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. Osamu Yanagisawa

- Mr. Osamu Yanagisawa has given valuable advice and opinions based on his abundant work experience in the finance and audit areas of a U.S. company, as well as his knowledge and experience as a business manager in diverse fields such as IT. Moreover, through discussions among officers 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 an External Director of a listed company and 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. Moreover, through discussions among officers 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. 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. Moreover, through discussions among officers 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	73 million yen
(ii) The total amount of money and property interests paid or payable to the Accounting Auditor for the Company and subsidiaries	73 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. 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.
  3. 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.

### 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." Representative Directors ensure that the executives and employees comply with laws, regulations, the Articles of Incorporation, and corporate ethics by familiarizing them with the compliance mindset and the importance of compliance and by implementing ongoing educational training activities in accordance with the compliance program determined by the Risk Management Committee.
- 3) The internal audit department audits the performance of duties in the Company and each of the group companies and, based on the results of these audits, ensures compliance with laws and regulations and the appropriateness of business.
- 4) The Risk Management Committee oversees compliance promotion, determines overall compliance policies, and supervises the status of initiatives. Moreover, the risk management department, which serves as the Secretariat's Office of the Risk Management Committee, ensures the effectiveness of the compliance system through the implementation of the whistle-blowing protocol and the management of the compliance program.
- 5) 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.
- 6) 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 Committee and the risk management department, which serves as the Secretariat's Office of the Risk Management Committee, collect and analyze data on various risks related to overall management, report the details of such risks to management, and propose necessary countermeasures to improve the situation.
- 3) The internal audit department identifies and analyzes operational risks at the Company and each of the group companies through internal audits, and reports the results to the Representative Directors, 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) Through the establishment of “the Administration Standards for Subsidiaries and Affiliates” and “the Management Guidelines,” the Company clarifies 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.
- 3) The Company has established an organization in charge of each group company at the Company, and through this organization, it provides 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 periodically, or promptly when significant matters arise, to the Audit and Supervisory Committee.
- 5) The risk management department reports periodically, or promptly when significant matters arise, to the Audit and Supervisory Committee on the status of implementation of the whistle-blowing protocol, the contents of whistle-blowing, and the status of implementation of the compliance program.
- 6) The Company stipulates regulations on the whistle-blowing protocol 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 implement the audit plan for internal audits after obtaining the approval of Representative Director and the Audit and Supervisory Committee, 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 implementation status of internal audits to the Audit and Supervisory Committee as appropriate.
- 3) The internal audit department shall comply with any instructions it receives from the Audit and Supervisory Committee regarding internal audits. 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 Company's compliance initiatives are driven by mutual cooperation between the internal audit department and the risk management department. Regarding internal audits, the internal audit department decides themes and conducts internal audits. 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 evaluates it, and continuously implements company-wide reviews and improvements in efforts to ensure the reliability of financial information. The risk management department regularly implements awareness training (e-learning, etc.) 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 risk management department has developed and manages a whistle-blowing protocol, and the implementation status and contents of whistle-blowing are regularly reported to Representative Directors 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, as well as disaster prevention manuals, and implemented infectious disease prevention measures.

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 operates 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 10 Directors, six 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 8 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 14 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, 2026)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
<b>Current assets</b>	<b>108,872</b>	<b>136,955</b>
Cash and deposits	34,840	51,405
Notes and accounts receivable - trade	16,755	20,329
Electronically recorded monetary claims - operating	2,854	3,324
Merchandise and finished goods	15,132	11,911
Work in process	26,462	24,810
Raw materials and supplies	5,928	6,949
Other	7,064	18,254
Allowance for doubtful accounts	(165)	(29)
<b>Non-current assets</b>	<b>130,583</b>	<b>122,111</b>
<b>Property, plant and equipment</b>	<b>52,266</b>	<b>51,056</b>
Buildings and structures	18,245	17,225
Machinery, equipment and vehicles	12,596	12,881
Tools, furniture and fixtures	1,256	1,192
Land	2,549	2,764
Leased assets	583	587
Construction in progress	17,036	16,404
<b>Intangible assets</b>	<b>2,323</b>	<b>1,368</b>
Software	557	468
Goodwill	1,621	809
Other	144	90
<b>Investments and other assets</b>	<b>75,993</b>	<b>69,687</b>
Investment securities	16,345	15,632
Shares of subsidiaries and associates	51,304	47,819
Deferred tax assets	182	238
Retirement benefit asset	7,666	5,071
Other	562	998
Allowance for doubtful accounts	(68)	(72)
<b>Total Assets</b>	<b>239,456</b>	<b>259,067</b>

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)
<b>Current liabilities</b>	<b>66,715</b>	<b>54,363</b>
Notes and accounts payable - trade	4,542	5,888
Electronically recorded obligations - operating	2,336	3,909
Short-term borrowings	28,244	9,972
Current portion of long-term borrowings	14,631	11,736
Current portion of bonds payable	-	5,000
Commercial papers	1,000	1,000
Lease liabilities	74	26
Accrued expenses	4,577	4,763
Income taxes payable	129	1,441
Provision for loss on disaster	-	287
Provision for performance-linked incentive compensation	106	214
Other	11,072	10,123
<b>Non-current liabilities</b>	<b>52,775</b>	<b>56,774</b>
Bonds payable	10,000	10,000
Long-term borrowings	26,369	25,336
Long-term accounts payable - other	12,730	18,900
Lease liabilities	220	71
Deferred tax liabilities	1,952	1,095
Provision for share-based payments	446	359
Provision for retirement benefits for directors (and other officers)	0	5
Retirement benefit liability	307	274
Other	747	730
<b>Total liabilities</b>	<b>119,491</b>	<b>111,138</b>
(Net assets)		
<b>Shareholders' equity</b>	<b>102,210</b>	<b>135,481</b>
Share capital	20,896	20,896
Capital surplus	60,236	65,217
Retained earnings	25,330	60,148
Treasury shares	(4,252)	(10,781)
<b>Accumulated other comprehensive income</b>	<b>17,754</b>	<b>11,952</b>
Valuation difference on available-for-sale securities	1,125	694
Foreign currency translation adjustment	15,297	10,957
Remeasurements of defined benefit plans	1,331	300
<b>Non-controlling interests</b>	<b>-</b>	<b>495</b>
<b>Total Net Assets</b>	<b>119,965</b>	<b>147,928</b>
<b>Total Liabilities and Net Assets</b>	<b>239,456</b>	<b>259,067</b>

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

## CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2025 to March 31, 2026)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
<b>Net sales</b>	<b>80,175</b>	<b>121,619</b>
Cost of sales	72,674	96,684
<b>Gross profit</b>	<b>7,500</b>	<b>24,935</b>
Selling, general and administrative expenses	12,229	28,723
<b>Operating loss</b>	<b>(4,728)</b>	<b>(3,788)</b>
<b>Non-operating income</b>	<b>1,426</b>	<b>2,033</b>
Interest income	1,135	1,298
Dividend income	48	33
Gain on investments in money held in trust	–	73
Subsidies for employment adjustment	–	180
Miscellaneous income	241	447
<b>Non-operating expenses</b>	<b>5,537</b>	<b>12,522</b>
Interest expenses	851	1,806
Foreign exchange losses	1,243	5,509
Share of loss of entities accounted for using equity method	2,125	3,666
Loss on investments in investment partnerships	854	1,305
Miscellaneous losses	462	234
<b>Ordinary loss</b>	<b>(8,839)</b>	<b>(14,276)</b>
<b>Extraordinary income</b>	<b>3,620</b>	<b>107,309</b>
Gain on sale of non-current assets	1,136	1,613
Gain on change in equity	2,483	98,262
Gain on transfer from business divestitures	–	7,433
<b>Extraordinary losses</b>	<b>3,627</b>	<b>42,531</b>
Loss on disposal of non-current assets	412	45
Environmental expenses	368	128
Loss on liquidation of subsidiaries and associates	–	883
Impairment losses	399	1,449
Extra retirement payments	2,446	–
Loss on disaster	–	15
Loss on business restructuring	–	40,008
<b>Profit (loss) before income taxes</b>	<b>(8,846)</b>	<b>50,501</b>
Income taxes - current	922	2,963
Income taxes - deferred	17	(1,660)
<b>Profit (loss)</b>	<b>(9,786)</b>	<b>49,198</b>
Profit (loss) attributable to non-controlling interests	11	(1,736)
<b>Profit (loss) attributable to owners of parent</b>	<b>(9,798)</b>	<b>50,934</b>

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

## NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2026)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
<b>Current assets</b>	<b>130,871</b>	<b>158,141</b>
Cash and deposits	30,872	46,140
Electronically recorded monetary claims - operating	2,854	3,324
Accounts receivable - trade	15,455	16,773
Money held in trust	-	10,000
Merchandise and finished goods	14,175	10,732
Work in process	5,403	4,278
Raw materials and supplies	1,363	1,686
Prepaid expenses	525	564
Short-term loans receivable	13,223	15,195
Accounts receivable - other	47,370	51,440
Other	3	341
Allowance for doubtful accounts	(376)	(2,335)
<b>Non-current assets</b>	<b>38,948</b>	<b>35,999</b>
<b>Property, plant and equipment</b>	<b>6,365</b>	<b>6,380</b>
Buildings	5,088	5,277
Structures	133	121
Machinery, equipment	567	551
Vehicles	0	0
Tools, furniture and fixtures	338	360
Land	46	46
Leased assets	182	14
Construction in progress	7	8
<b>Intangible assets</b>	<b>1,090</b>	<b>170</b>
Software	158	170
Goodwill	880	-
Other	51	-
<b>Investments and other assets</b>	<b>31,492</b>	<b>29,447</b>
Investment securities	16,344	15,631
Shares of subsidiaries and associates	8,138	8,229
Long-term loans receivable	6,542	6,964
Prepaid pension costs	4,993	4,275
Other	423	423
Allowance for doubtful accounts	(4,949)	(6,076)
<b>Total Assets</b>	<b>169,819</b>	<b>194,140</b>

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)
<b>Current liabilities</b>	<b>57,564</b>	<b>45,574</b>
Electronically recorded obligations - operating	2,040	3,545
Accounts payable - trade	3,611	4,694
Short-term borrowings	27,000	9,000
Current portion of long-term borrowings	12,000	10,000
Current portion of bonds payable	–	5,000
Commercial papers	1,000	1,000
Accounts payable - other	7,753	7,913
Accrued expenses	2,397	2,625
Income taxes payable	8	828
Contract liabilities	9	25
Deposits received	46	49
Provision for performance-linked incentive compensation	87	174
Other	1,609	718
<b>Non-current liabilities</b>	<b>49,763</b>	<b>52,482</b>
Bonds payable	10,000	10,000
Long-term borrowings	25,000	22,000
Deferred tax liabilities	1,225	836
Provision for share-based payments	304	248
Long-term accounts payable - other	12,730	18,900
Other	503	496
<b>Total Liabilities</b>	<b>107,327</b>	<b>98,057</b>
(Net Assets)		
<b>Shareholders' equity</b>	<b>61,367</b>	<b>95,396</b>
<b>Share capital</b>	<b>20,896</b>	<b>20,896</b>
<b>Capital surplus</b>	<b>5,225</b>	<b>10,205</b>
Legal capital surplus	5,225	5,225
Other capital surplus	–	4,980
<b>Retained earnings</b>	<b>39,498</b>	<b>75,074</b>
Other retained earnings	39,498	75,074
Reserve for tax purpose reduction entry of non-current assets	20	22
Retained earnings brought forward	39,477	75,052
<b>Treasury shares</b>	<b>(4,252)</b>	<b>(10,781)</b>
<b>Valuation and translation adjustments</b>	<b>1,124</b>	<b>686</b>
Valuation difference on available-for-sale securities	1,124	686
<b>Total Net Assets</b>	<b>62,491</b>	<b>96,083</b>
<b>Total Liabilities and Net Assets</b>	<b>169,819</b>	<b>194,140</b>

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

## NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2025 to March 31, 2026)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
<b>Net sales</b>	<b>72,544</b>	<b>83,024</b>
Cost of sales	71,149	76,649
<b>Gross profit</b>	<b>1,394</b>	<b>6,374</b>
Selling, general and administrative expenses	9,007	10,387
<b>Operating loss</b>	<b>(7,612)</b>	<b>(4,013)</b>
<b>Non-operating income</b>	<b>3,264</b>	<b>3,777</b>
Interest income	1,383	1,501
Dividend income	1,846	2,135
Miscellaneous income	35	139
<b>Non-operating expenses</b>	<b>4,752</b>	<b>9,798</b>
Interest expenses	717	720
Foreign exchange losses	1,202	5,518
Provision of allowance for doubtful accounts for subsidiaries and associates	1,704	2,075
Loss on investments in investment partnerships	854	1,305
Miscellaneous losses	273	178
<b>Ordinary loss</b>	<b>(9,100)</b>	<b>(10,034)</b>
<b>Extraordinary income</b>	<b>17</b>	<b>131,470</b>
Gain on sale of non-current assets	–	1,604
Gain on sale of shares of subsidiaries and associates	–	129,102
Gain on liquidation of subsidiaries and associates	17	–
Gain on transfer from business divestitures	–	763
<b>Extraordinary losses</b>	<b>1,111</b>	<b>40,652</b>
Loss on disposal of non-current assets	91	0
Loss on liquidation of business	–	82
Impairment losses	611	546
Loss on liquidation of subsidiaries and associates	265	–
Loss on disaster	–	14
Loss on business restructuring	–	40,008
Loss on extinguishment of tie-in shares	142	–
<b>Profit (loss) before income taxes</b>	<b>(10,194)</b>	<b>80,783</b>
Income taxes - current	190	1,743
Income taxes - deferred	172	(304)
<b>Profit (loss)</b>	<b>(10,557)</b>	<b>79,345</b>

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

# INDEPENDENT AUDITORS' REPORT

May 26, 2026

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, 2025 through March 31, 2026.

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 (including provisions applicable to audits of financial statements of entities with a high social impact), 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 26, 2026

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 109th fiscal year from April 1, 2025 to March 31, 2026.

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, 2026, 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 (including provisions applicable to audits of financial statements of entities with a high social impact), 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 109th business year from April 1, 2025 to March 31, 2026 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 27, 2026

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

Yasuhisa Kato (Seal)

Full-time Audit and Supervisory Committee Member

Yumiko Moritani (Seal)

Audit and Supervisory Committee Member

Yumi Ogose (Seal)

Audit and Supervisory Committee Member

(Note) Audit and Supervisory Committee Members Yumiko Moritani and Yumi Ogose 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 109TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

**For The 109<sup>th</sup> Fiscal Term (from April 1, 2025 to March 31, 2026)**

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, 2025 to March 31, 2026)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Balance at beginning of period</b>	<b>20,896</b>	<b>65,217</b>	<b>60,148</b>	<b>(10,781)</b>	<b>135,481</b>
<b>Changes during period</b>					
Loss attributable to owners of parent			(9,798)		(9,798)
Purchase of treasury shares				(23,508)	(23,508)
Disposal of treasury shares		(0)		37	36
Cancellation of treasury shares		(29,999)		29,999	–
Transfer from retained earnings to capital surplus		25,019	(25,019)		–
Net changes in items other than shareholders' equity					–
<b>Total changes during period</b>	<b>–</b>	<b>(4,980)</b>	<b>(34,817)</b>	<b>6,528</b>	<b>(33,270)</b>
<b>Balance at end of period</b>	<b>20,896</b>	<b>60,236</b>	<b>25,330</b>	<b>(4,252)</b>	<b>102,210</b>

	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		
<b>Balance at beginning of period</b>	<b>694</b>	<b>10,957</b>	<b>300</b>	<b>11,952</b>	<b>495</b>	<b>147,928</b>
<b>Changes during period</b>						
Loss attributable to owners of parent				–		(9,798)
Purchase of treasury shares				–		(23,508)
Disposal of treasury shares				–		36
Cancellation of treasury shares				–		–
Transfer from retained earnings to capital surplus				–		–
Net changes in items other than shareholders' equity	430	4,339	1,031	5,801	(495)	5,306
<b>Total changes during period</b>	<b>430</b>	<b>4,339</b>	<b>1,031</b>	<b>5,801</b>	<b>(495)</b>	<b>(27,963)</b>
<b>Balance at end of period</b>	<b>1,125</b>	<b>15,297</b>	<b>1,331</b>	<b>17,754</b>	<b>–</b>	<b>119,965</b>

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: 16

(2) Names of principal consolidated subsidiaries:

Ishikawa Sanken Co., Ltd., Yamagata Sanken Co., Ltd., Fukushima Sanken Co., Ltd., 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 provisional 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 3 to 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.

(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 13 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 presentation

### Consolidated balance sheet

“Accounts payable - other” (8,696 million yen in the previous fiscal year), which was presented separately in the previous fiscal year, is now included in “Other” under current liabilities because the amount became immaterial 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  
47,523 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 salability, and the carrying amount is regularly devalued according to the holding period for each such classification.  
In addition, for inventory that is deemed unsalable based on its salability classification, valuation loss is calculated on an individual basis.  
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.

### Impairment of non-current assets

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

Property, plant and equipment	52,266 million yen
Intangible assets	2,323 million yen
Impairment losses	399 million yen

In the fiscal year under review, regarding idle assets, the carrying amount was reduced to the recoverable amount, and impairment losses were recorded. The recoverable amount is measured using the net realizable value, which is based on the estimated sale price.
- (2) Information that contributes to an understanding of the nature of material accounting estimates related to the identified items
  - (i) Calculation method  
As a general rule, the Group groups assets into the smallest units that generate largely independent cash

flows based on product groups, while idle assets are grouped on an individual asset basis, and we determine whether or not there are indications of impairment.

For asset groups showing indications of impairment, we compare the total undiscounted future cash flows from that asset group with the carrying amount to determine whether or not to recognize an impairment loss. If it is determined that an impairment loss needs to be recognized, the carrying amount is reduced to the higher of either the value in use or the net realizable value, and the amount of the reduction is recorded as impairment losses.

In the fiscal year under review, no indicators of impairment other than idle assets were identified.

(ii) Key assumptions

The estimates for undiscounted future cash flows used to determine indications of impairment are based on the business plan approved by the Board of Directors and primarily incorporate the following assumptions:

- Market conditions (demand trends in the semiconductor market, etc.)
- Price increases to appropriate selling prices (in response to rising metal prices, etc.)
- Cost reduction measures (reviewing material specifications, such as shifting from gold to copper, etc.)

In addition, the net realizable value is calculated based on real estate appraisal values obtained from external experts.

(iii) Impact on the consolidated financial statements for the next fiscal year

It may be necessary to record impairment losses if the above key assumptions need to be revised due to future uncertainties in economic conditions, changes in market conditions, customer trends, etc.

**Notes to the Consolidated Balance Sheet**

(1) Accumulated depreciation of property, plant and equipment	89,008 million yen
(2) Contract liabilities, included in “Other” under current liabilities	9 million yen

## 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	–	4,172,700	20,925,360

(Note) 1. The decrease in common stock of 4,172,700 shares was due to the cancellation of treasury stock pursuant to a resolution of the Board of Directors.

### (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	1,959,396	3,162,326	4,187,200	934,522

- (Notes) 1. Treasury stock as of the end of the current consolidated fiscal year includes 58,000 shares of company stock held in a trust account for the stock delivery trust for the Directors and employees.
- The increase in treasury stock of 3,162,326 shares was due an increase of 3,161,100 shares due to the acquisition of treasury stock pursuant to a resolution of the Board of Directors and an increase of 1,226 shares due to the purchase of less-than-a-full-unit shares.
  - The decrease in treasury stock of 4,187,200 shares was due to a decrease of 4,172,700 shares due to the cancellation of treasury stock pursuant to a resolution of the Board of Directors and a decrease of 14,500 shares 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, 2026 (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, 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	2,088	2,088	-
(2) Shares of subsidiaries and associates	51,304	301,208	249,903
Total assets	53,393	303,296	249,903
(3) Bonds payable	10,000	9,772	(227)
(4) Long-term borrowings (*2)	41,000	40,701	(299)
(5) Lease liabilities (*3)	295	286	(8)
Total liabilities	51,296	50,760	(536)
(6) Derivative transactions (*4)	(918)	(918)	-

\*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 14,198 million yen.

\*2: Long-term borrowings include current portion of long-term borrowings from subsidiaries and associates.

\*3: Lease liabilities include short-term lease liabilities.

\*4: Derivative transactions are indicated in net amounts after offsetting the receivables and payables, and items that result in a net liability are indicated in parentheses.

(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	2,088			2,088
Total assets	2,088			2,088
Derivative transactions				
Currency derivative transactions		918		918
Total liabilities		918		918

## (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	301,208			301,208
Total assets	301,208			301,208
Bonds payable		9,772		9,772
Long-term borrowings		40,701		40,701
Lease liabilities		286		286
Total liabilities		50,760		50,760

(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.	Other	Total
Net sales	31,390	36,485	10,734	1,564	80,175

#### • Net sales by region

(millions of yen)

	Japan	Asia	Europe and America	Other	Total
Net sales	31,419	44,498	2,692	1,564	80,175

#### • Net sales by product

(millions of yen)

	Power module	Power device	Other	Total
Net sales	40,554	38,056	1,564	80,175

### (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)	23,654
Receivables from contracts with customers (ending balance)	19,609
Contract liabilities (beginning balance)	35
Contract liabilities (ending balance)	9

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 6,001.00 yen  
(2) Net loss per share 472.88 yen

## Notes to significant subsequent events

### (Voluntary retirement offer at a consolidated subsidiary)

Yamagata Sanken Co., Ltd., a consolidated subsidiary of the Company, resolved at an extraordinary Board of Directors meeting held on May 7, 2026 to offer voluntary retirement.

#### (1) Reasons for offer

Yamagata Sanken Co., Ltd. has been working to improve production efficiency in response to changes in the semiconductor market. In order to establish a sustainable profit structure going forward, the company has determined that it is necessary to optimize its production system and review its personnel structure. Therefore,

in order to restructure its profit structure, the company has decided to offer voluntary retirement.

(2) Overview

- (i) Eligible employees: Employees who are 45 years of age or older as of April 1, 2026 (including re-employed employees)
- (ii) Number of people offered: Approximately 65 people
- (iii) Offer period: June 8, 2026 to June 26, 2026
- (iv) Scheduled date of retirement: September 30, 2026
- (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 0.7 billion yen, which will be recorded as extraordinary losses in the consolidated financial statements for the fiscal term ending March 31, 2027.

## NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2025 to March 31, 2026)

(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
<b>Balance at beginning of period</b>	20,896	5,225	4,980	22	75,052
<b>Changes during period</b>					
Loss					(10,557)
Purchase of treasury shares					
Disposal of treasury shares			(0)		
Cancellation of treasury shares			(29,999)		
Transfer from retained earnings to capital surplus			25,019		(25,019)
Reversal of reserve for tax purpose reduction entry of non-current assets				(2)	2
Net changes in items other than shareholders' equity					
<b>Total changes during period</b>	–	–	(4,980)	(2)	(35,574)
<b>Balance at end of period</b>	20,896	5,225	–	20	39,477

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
<b>Balance at beginning of period</b>	(10,781)	95,396	686	96,083
<b>Changes during period</b>				
Loss		(10,557)		(10,557)
Purchase of treasury shares	(23,508)	(23,508)		(23,508)
Disposal of treasury shares	37	36		36
Cancellation of treasury shares	29,999	–		–
Transfer from retained earnings to capital surplus		–		–
Reversal of reserve for tax purpose reduction entry of non-current assets		–		–
Net changes in items other than shareholders' equity		–	437	437
<b>Total changes during period</b>	6,528	(34,029)	437	(33,591)
<b>Balance at end of period</b>	(4,252)	61,367	1,124	62,491

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. Other significant matters for the preparation of the non-consolidated financial statements

(1) Accounting method for deferred assets

Bond issuance cost is expensed as incurred.

(2) Methods and period of amortization of goodwill

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

**Notes to accounting estimates**

Valuation of inventories

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

20,942 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 salability, and the carrying amount is regularly devalued according to the holding period for each such classification.

In addition, for inventory that is deemed unsalable based on its salability classification, valuation loss is calculated on an individual basis.

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	13,218 million yen
2. Contingent liabilities	
The Company guarantees bank loans of the other companies and others.	
Sanken Electric Europe GmbH	5 million yen
Ishikawa Sanken Co., Ltd.	1,100 million yen
Yamagata Sanken Co., Ltd.	500 million yen
Total	1,605 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.	159 million yen
4. Receivables from, and payables to subsidiaries and associates:	
(1) Short-term receivables	43,489 million yen
(2) Short-term payables	1,407 million yen
(3) Long-term receivables	6,542 million yen

#### Notes to statement of income

1. Operating transactions with subsidiaries and associates	
(1) Net sales	19,459 million yen
(2) Purchases	68,748 million yen
(3) Raw materials, etc. provided	43,683 million yen
(4) Other operating transactions	960 million yen
2. Transactions with subsidiaries and associates other than operating transactions	2,166 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	934,522 shares
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## 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	18,454 million yen
	Accounts payable - other	5,798 million yen
	Loss on valuation of shares of subsidiaries and associates	5,747 million yen
	Allowance for doubtful accounts	1,670 million yen
	Loss on revaluation of inventories	1,710 million yen
	Sale of shares of subsidiaries	645 million yen
	Impairment loss of non-current assets	478 million yen
	Accrued bonuses	161 million yen
	Others	531 million yen
	Sub-total of deferred tax assets	<u>35,198 million yen</u>
	Valuation allowance	<u>(34,293) million yen</u>
	Total of deferred tax assets	<u>904 million yen</u>
Deferred tax liabilities:	Prepaid pension cost	(1,565) million yen
	Valuation difference on available-for-sale securities	(513) million yen
	Others	(50) million yen
	Total of deferred tax liabilities	<u>(2,130) million yen</u>
	Net of deferred tax assets (liabilities)	<u>(1,225) million yen</u>

### 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 of the 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 Onerous provision of raw materials Transfer of funds Underwriting of capital increase Debt guarantee	36,797 9,237 54,462 3,000 1,100	Accounts payable - trade Accounts receivable - other Loans receivable	- 2,910 8,366 - -
	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 Lending of funds Debt guarantee	7,703 45,826 500	Accounts receivable - other Loans receivable	4,371 7,343 -
	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 Onerous provision of raw materials	16,570 16,328	Accounts payable - trade Accounts receivable - other	- 15,726
	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	11,043	Accounts payable - trade	827
	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	Debt forgiveness	265	-	-
	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	7,425	Accounts receivable - trade	1,215

Note: Concurrently serving directors or audit and supervisory board members are presented as of March 31, 2026.

### 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, 1,710 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.
6. This involves in-kind contributions, such as loans receivable, under a debt equity swap arrangement.

### Notes to revenue recognition

Please refer to Notes to Consolidated Financial Statements.

### Notes to per share data

1. Net assets per share 3,126.02 yen
2. Net loss per share 509.51 yen

**Notes to company to which consolidated dividend regulations apply**

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