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To Whom It May Concern

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**Notice on Transfer of Non-current Assets, Recording of Extraordinary Income,  
Difference between First-half Forecast and Actual Results,  
and Revision of Full-year Forecast**

Sanken Electric Co., Ltd. (the “Company”) announces that at the Board of Directors’ meeting held today, a decision was made on the transfer of non-current assets, which will result in a recording of extraordinary income in the consolidated financial results for the fiscal year ending March 31, 2020. The Company additionally notifies that there were differences between the first half forecast disclosed on August 6, 2019 and actual results disclosed today, and that the full-year forecast has been revised as follows.

**1. Transfer of Non-current Assets and Recording of Extraordinary Income**

(1) Reason for transfer

As described in the “Notice on Production System Optimization in Mainstay Businesses and Strategic Review of Non-mainstay Businesses” separately disclosed today, the Company has decided to expand the outsourcing of logistics operations. As a result, logistics subsidiary Sanken Logistics Co., Ltd. will be merged by absorption into the Company, and related real estate held by the Company and used by Sanken Logistics will be transferred as follows to improve asset efficiency and strengthen the financial structure.

(2) Assets for transfer

Name and location of asset	Transfer price	Book value	Gain on transfer	Current status
Sanken Logistics Co., Ltd. Land 14,016.63 m <sup>2</sup> Facility floor space 7,038.49 m <sup>2</sup> (1-13-7 Nakano, Niiza-shi, Saitama-ken)	*	*	Approximately 3,900 million yen	Sanken Logistics Co., Ltd.

\* The transfer price and book value have not been disclosed at the request of the transferee. The amount of gain on transfer is an estimate calculated after deducting the expected costs, etc. related to the transfer.

(3) Outline of the transferee

The transferee is a general business corporation in Japan, but details on the transferee have not been disclosed at the request of the transferee. There are no capital relationships, personal relationships, or business relationships of note between the transferee and the Company. Furthermore, the transferee is not a related party of the Company.

#### (4) Transfer schedule

Date of decision on transfer	November 6, 2019	
Conclusion of transfer agreement	November 29, 2019	(scheduled)
Date of transfer	January 31, 2020	(scheduled)

#### (5) Future outlook

As a result of this transfer of non-current assets, the Company expects to record extraordinary income of approximately 3,900 million yen in the financial results for the fourth quarter of the fiscal year ending March 31, 2020.

### 2. Difference between First-half Forecast and Actual Results (From April 1, 2019 to September 30, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast(A) (Announce on August 6, 2019)	(millions of yen) 80,400	(millions of yen) 0	(millions of yen) -700	(millions of yen) -2,800	(yen) -115.55
Actual results (B)	78,289	291	-693	-4,222	-174.33
Change (B-A)	-2,110	291	6	-1,422	—
Ratio of change (%)	-2.6%	—	—	—	—
<Reference> Results of the six months ended September 30, 2018	88,230	6,319	5,317	2,247	92.72

Note: As of October 1, 2018, we implemented a reverse split of the shares of five common shares at the rate of one share. Net income per share in the table is calculated on the assumption that the reverse stock split occurred at the beginning of the previous fiscal year.

### 3. Revision of Full-year Forecast (From April 1, 2019 to March 31, 2020)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast(A) (Announce on August 6, 2019)	(millions of yen) 168,400	(millions of yen) 5,800	(millions of yen) 4,300	(millions of yen) 600	(yen) 24.76
Revised forecast (B)	164,300	5,800	4,300	1,900	78.45
Change (B-A)	-4,100	0	0	1,300	—
Ratio of change (%)	-2.4%	0.0%	0.0%	216.7%	—
<Reference> Results of the previous year (FY ended March 31, 2019)	173,650	10,531	9,173	3,967	163.70

### 4. Reasons for the Difference between First-half Forecast and Actual Results and Revision of Full-year Forecast

With regard to the operating results for the first half of the fiscal year ending March 31, 2020, net sales decreased, greatly affected by the global decline in demand in the automotive market, however operating income exceeded expectations due to the reduction of fixed costs etc. In addition, as described in the “Notice on Production System Optimization in Mainstay Businesses and Strategic Review of Non-mainstay Businesses” separately disclosed today, the Company will concentrate management resources on the mainstay businesses of semiconductor devices and power modules, promoting the selection and concentration of business structures to accelerate the growth strategy. Accordingly, the Company has decided to optimize the production system of the semiconductor devices segment, examine and implement

strategic options for the power systems segment, as well as withdraw from the LED Lighting Equipment business. Based on this decision, in the second quarter of the fiscal year, approximately 400 million yen was posted as extraordinary loss in the valuation loss and impairment loss on fixed assets for the purpose of retirement of inventory assets associated with withdrawal from the LED Lighting Equipment business. In addition, as described in 2. above, as a result of a loss on impairment of consolidated assets of approximately 500 million yen due to a decline in the profitability of the Power System Business and an estimated 400 million yen in corporate taxes in prior years at overseas subsidiaries, there were differences between the second quarter consolidated business forecasts and actual results.

The full-year forecast announced on August 6, 2019 has been revised as in 3. above in consideration of factors including second quarter consolidated financial results and foreseen gain on sales of real estate rendered idle upon the outsourcing of logistics operations of approximately 3,900 million yen under extraordinary income in the fourth quarter.

There is no change to the exchange rate forecast of 1US\$=¥105 for the second half of the fiscal year ending March 31, 2020.

Note: The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid. Due to various factors, our actual performance could greatly differ from the forecast.