Date: October 25, 2017

To Whom It May Concern

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Notice of Extraordinary Losses Incurred and Revision of the Business Results Forecast

Since the Company is carrying out structural reform as described in "Announcement regarding new issuance of stock through a private placement at a subsidiary and a restructuring in the Sanken Group" announced on July 18, 2017, the Company records extraordinary losses in the closing of accounts for the second quarter of the fiscal year ending March 2018, and the Company hereby announces that.

Moreover, the Company also announces the revision of the business results forecast which was announced on May 10, 2017 as follows in light of recent market performance and the abovementioned extraordinary losses incurred.

1. Extraordinary Losses Incurred

(1) Consolidated closing of accounts

As announced on October 17, 2017, an extraordinary loss of 1,680 million yen incurred related to implementation of the early separation program. In addition to this, an extraordinary loss incurs due to write-down and disposal of inventories related to withdrawal from non-strategic market and unprofitable products. Consequently, extraordinary losses total of 16,531 million yen as business structure reform cost incur in the second quarter.

(2) Non-consolidated closing of accounts

Likewise, in non-consolidated closing of accounts, in addition to the abovementioned extraordinary loss due to implementation of the early separation program, extraordinary losses incur due to write-down and disposal of inventories related to withdrawal from non-strategic market and unprofitable products, and recording write-down of stock of affiliated company and the transfer amount of allowance for doubtful loans to affiliated company. Consequently, extraordinary losses total of 18,437 million yen as business structure reform cost incur in the second quarter.

2. Revision of the Forecasted Business Results

(1) Revision of forecasted consolidated business results of the second quarter (cumulative) for the fiscal year ending March 2018 (from April 1, 2017 to September 30, 2017)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (Announced on May 10, 2017)	(millions of yen) 78,500	(millions of yen) 2,700	(millions of yen) 2,100	(millions of yen) 200	(yen) 1.65
Revised forecast (B)	86,000	5,400	5,600	-13,100	-108.09
Change (B-A)	7,500	2,700	3,500	-13,300	—
Ratio of change (%)	9.6%	100.0%	166.7%	—	—
<Reference> Results of the previous year (The second quarter (from Apr.1, 2016 to Sep. 30, 2016))	76,055	2,161	1,425	-72	-0.60

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.

(2) Revision of forecasted consolidated business results of the fiscal year ending March 2018 (from April 1, 2017 to March 31, 2018)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(yen)
Previous forecast (A) (Announced on May 10, 2017)	159,000	7,300	6,000	2,500	20.63
Revised forecast (B)	173,000	10,000	9,000	-13,700	-113.04
Change (B-A)	14,000	2,700	3,000	-16,200	—
Ratio of change (%)	8.8%	37.0%	50.0%	—	—
<Reference> Results of the previous year (FY ended March 31, 2017)	158,772	5,930	5,026	1,739	14.35

(3) Reasons for the revision

As devices for white goods and business of Allegro Microsystems, LLC., have progressed favorably, we expect consolidated sales in the second quarter and for the full-year will exceed the previous forecast. For income, in addition to an increase in operating income in connection with an increase in sales, as for the effects from a depreciating yen against the assumptions of the initial forecast, we expect that operating income will significantly exceed the previous forecast in the second quarter and the full-year. On the other hand, in connection with implementation of the structural reforms, as stated in 1. (1) above, an amount of ¥16,531 million of business structural reform expenses will incur as extraordinary losses. Consequently, profit attributable to owners of parent is expected to sharply decrease compared to the previous forecast.

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.