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To Whom It May Concern

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## Notice Concerning Company Split (Simplified Absorption-Split) and Transfer of Subsidiary Shares Accompanying Transfer of Infrastructure Business

Sanken Electric Co., Ltd. (hereinafter referred to as the "Company") hereby announces that the following resolutions were made at a Board of Directors meeting held today. The Company will succeed its infrastructure business segment (hereinafter referred to as the "Target Business") among its power system business to Sanken Densetsu Co., Ltd. (hereinafter referred to as "Densetsu" or the "Target Company"), a subsidiary of the Company, through an absorption-type company split (hereinafter referred to as the "Company Split"). Thereafter, all outstanding shares of the Target Company shall be transferred to GS Yuasa International Ltd. (hereinafter referred to as the "GS Yuasa") (hereinafter referred to as the "Transfer of Shares").

Since this Company Split is a simplified absorption-type company split to be implemented between the Company and its wholly-owned subsidiary, information and details disclosed here are omitted in part.

### 1. Purpose of Company Split and Transfer of Shares

As stated in the "Notice on Production System Optimization in Mainstay Businesses and Strategic Review of Non-Mainstay Businesses" dated November 6, 2019, we decided to promote the selection and concentration of business structures in order to accelerate our growth strategy by concentrating management resources to our mainstay semiconductor devices and power modules. For the Power Systems Business, there has been a continuous consideration of a strategic option, including the decision to sell the business. Under these conditions, the Company has decided to aim for sustainable growth of the Target Business under GS Yuasa, which has a competitive advantage in various batteries such as lead-batteries and lithium-ion batteries.

The Target Business has been supplying Power Supply equipment since its founding in 1946. Products in this business, such as direct-current power supply and uninterruptible power supply, play an important role in social infrastructure and thereby have achieved a high degree of trust by its customers. Within the market environment surrounding the Target Business, the demands for its products are expected to expand as a result of the transformation of power storage systems, such as power supplies for base stations toward the full-scale dissemination of 5G in the telecommunications market and further power supply needs supported by the National Resilience Policy. However, the competition regarding price and performance aspects, such as power conversion efficiency, are expected to become increasingly severe as a result of aggressive market entry by foreign competitors in recent years.

Given the circumstances, GS Yuasa has a strong position in Japan and Southeast Asia in the manufacturing and sales of power supply systems, lighting equipment, and other products, as well as a variety of storage batteries, such as lead-acid batteries and lithium-ion batteries for automotive, motorcycle and industrial uses.. The Company has determined that it is best to transfer the Target Business to GS Yuasa and fuse the resources and know-how of GS Yuasa, thereby realizing sustainable growth in the Target Business.

Under this Company Split and the Transfer of Shares, the Company will be able to further strengthen its competitiveness and improve its management efficiency by concentrating management resources on semiconductor devices and power modules, and accordingly, pursue further growth in the future.

The Transfer of Shares shall be subject to the completion of the business combination review by Japan Fair Trade Commission.

## 2. Outline of the Company Split

### (1) Summary of the Company Split

#### 1) Schedule

Board of directors (of us) approving the absorption-type company split agreement	November 6, 2020 (planned)
Date of execution of the absorption-type split agreement	November 6, 2020 (planned)
General meeting of shareholders to approve the absorption-type split agreement (Target Company)	Mid-December 2020 (planned)
Effective date of the absorption-type split	February 1, 2021 (planned)

(NOTE) Since this Company Split constitutes a simplified absorption-type split as set forth in Paragraph 2 of Article 784 of the Companies Act, we do not hold any general meeting of shareholders concerning the approval of the absorption-type split agreement. In this absorption-type split, shares with restriction on transfer of the Target Company will be delivered to us as consideration for the split from the Target Company. Therefore, this absorption-type split does not fall under the summary form absorption-type split stipulated in the main clause of Article 796, Paragraph 1 of the Companies Act, and a general meeting of shareholders concerning approval of the absorption-type split agreement will be held at the Target Company.

#### 2) Method of the Absorption-type Company Split

This Absorption-type Company Split is an absorption-type company split in which we are the split company and the Target Company is the succeeding company (in which it's a simplified absorption-type company split for us).

#### 3) Contents of the allotment pertaining to Company Split

At the time of this Company Split, the Target Company will issue and deliver to us all of the Common Shares, which are shares with restriction on transfer. The number of shares of common stock to be issued is not currently determined.

#### 4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with this Company Split

Not applicable.

#### 5) Capital to be increased or decreased by the Company Split

There is no change in our capital.

6) Rights and Obligations transferred to the Succeeding Company

The Target Company shall succeed to the rights and obligations, such as assets and liabilities, of the Target Business as set forth in the Company Split agreement as of the effective date of this Company Split.

7) Debt obligation outlook

The Company determines that there are no problems with the prospect of performance of the obligations to be assumed by the Target Company on or after the effective date of this Company Split.

(2) Outline of the Parties to the Company Split (As of March 31, 2020)

	Splitting company (our company)	Succeeding company (target company)
1) Company Name	Sanken Electric Co., Ltd.	Sanken Densetsu Co., Ltd.
2) Location	3-6-3 Kitano, Niiza-shi, Saitama-ken 352-8666, Japan	677 Shimoakasaka-Ohnohara, Kawagoeshi, Saitama-ken 350-1155, Japan
3) Name and title of Representative	President, Takashi Wada	President, Hirofumi Mizutani
4) Business Description	Development, manufacture, and sale of electronic components such as semiconductor devices and power supply equipment products	Operation and repair of maintenance, inspection, battery replacement, etc., of power supply equipment products, Sale, construction plan, delivery, installation, wiring work, field adjustment test, etc. of power supply equipment products
5) Capital stock	20,896 million JPY	20 million JPY
6) Date of establishment	September 5, 1946	April 8, 1974
7) Outstanding shares	25,098,060 shares	1,000 shares
8) Fiscal year end	March 31	March 31
9) Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Limited (Trust Account) 8.22% Japan Trustee Services Bank, Limited (Trust Account) 7.17% Saitama Resona Bank, Limited 4.96% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) 4.38%	Sanken Electric Co., Ltd. 100%
Results of operations and financial position for the previous fiscal year		
Fiscal Years	Fiscal year ended March 2020 (Consolidated)	Fiscal year ended March 2020 (Non-consolidated)
Net Assets	71,776 million JPY	90 million JPY
Total Assets	194,024 million JPY	1,067 million JPY
Net assets per share	2,063.21 JPY	90,433.91 JPY
Net Sales	160,217 million JPY	3,585 million JPY
Operating Income	4,309 million JPY	79 million JPY
Ordinary Income	2,674 million JPY	77 million JPY
Net Income attributable to owners of parent	-5,559 million JPY	50 million JPY
Net Income per share	-229.83 JPY	99,577.70 JPY

(NOTE) Japan Trustee Services Bank, Limited. merged with JTC Holdings, Ltd. and Trust & Custody Services Bank, Ltd. on July 27, 2020 to become Custody Bank of Japan, Ltd.

(3) Outline of the business division to be divided by the Company Split

1) Business description of divisions to be split

Infrastructure business in our Power System business

2) Operating Results of the Divisions to be Split (Fiscal Year Ended March 2020)

	Target Business	The Company (Non-consolidated)	Ratio
Net Sales	12,449 million JPY	106,737 million JPY	11.7%

3) Items and amounts of assets and liabilities to be split (as of March 31, 2020)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	7,620 million JPY	Current liabilities	1,907 million JPY
Non-current assets	226 million JPY	Non-current liabilities	54 million JPY
Total assets	7,846 million JPY	Total liabilities	1,961 million JPY

(NOTE) The amounts of assets and liabilities to be split are based on the balance sheets as of March 31, 2020. The amount of the assets and liabilities actually split shall be determined after adjusting the increase or decrease in the said amount until the effective date of this split.

(4) Condition after the Company Split

	Splitting company (the Company)	Succeeding company (Target Company)
1) Name	Sanken Electric Co., Ltd.	Sanken Densetsu Co., Ltd.
2) Location	3-6-3 Kitano, Niiza-shi, Saitama-ken 352-8666, Japan	677 Shimoakasaka-Ohnohara, Kawagoe-shi, Saitama-ken 350-1155, Japan
3) Name and title of Representative	President, Takashi Wada	Undetermined
4) Business Description	Development, manufacture, sale, etc. of electronic components such as semiconductor devices	Development, manufacture, sale, maintenance, inspection, battery replacement, etc. of power supply equipment products and work, repair, construction plan, delivery, installation, wiring work, on-site adjustment test, etc.
5) Amount of stated capital	20,896 million JPY	Undetermined
6) Fiscal year end	March 31	March 31

(5) Financial impact of Company Split

The effect of this split on consolidated results is negligible.

3. Summary of Transfer of Shares

(1) Outline of the Target Company to be transferred (As of March 31, 2020)

1) Name	Sanken Densetsu Co., Ltd.	
2) Location	677 Shimoakasaka-Ohnohara, Kawagoe-shi, Saitama-ken 350-1155, Japan	
3) Name and title of Representative	President Hiofumi Mizutani	
4) Business Description	Development, manufacture, sale, maintenance, inspection, battery replacement, etc., of power supply equipment products and work, repair, construction plan, delivery, installation, wiring work, on-site adjustment test, etc.	
5) Capital stock	20 million JPY	
6) Date of establishment	April 8, 1974	
7) Major shareholders and shareholding ratio	Sanken Electric Co., Ltd. 100%	
8) Relationship between the listed	Capital relationship	The Company owns 100% shares in the Target Company.

company and the Target Company	Personnel relationship	Shigeru Ito, our senior executive officer, serves as a director of Densetsu. Noboru Suzuki, our corporate auditor, also serves as a corporate auditor of Densetsu.	
	Business relationship	We have a business consignment and a business lease transaction with Densetsu in relation to business support, including accounting, such as commodity trading, delivery, installation, etc. We also lend money to Densetsu.	
9) Target Company's results of operations and financial position over the past three years			
Fiscal Years	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
Net Assets	37 million JPY	30 million JPY	90 million JPY
Total Assets	1,223 million JPY	1,356 million JPY	1,067 million JPY
Net assets per share	73,702.64 JPY	59,929.78 JPY	90,433.91 JPY
Net Sales	3,493 million JPY	3,665 million JPY	3,585 million JPY
Operating Income	42 million JPY	29 million JPY	79 million JPY
Ordinary Income	41 million JPY	29 million JPY	77 million JPY
Net Income attributable to owners of parent	24 million JPY	17 million JPY	50 million JPY
Net Income per share	48,171.94 JPY	34,227.14 JPY	99,577.70 JPY
Dividend per share	328,000 JPY	48,000 JPY	0 JPY

(2) Outline of the counterparty to Transfer of Shares (As of March 31, 2020)

1) Name	GS Yuasa International Ltd.	
2) Location	1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto 601-8520, Japan	
3) Name and title of Representative	President Osamu Murao	
4) Business Description	Manufactures and sale of automotive batteries, industrial batteries, power supply systems, switch gear, lighting equipment, ultraviolet systems and other electrical equipment.	
5) Capital stock	10,000 million JPY	
6) Date of establishment	June 1, 2004	
7) Net Assets	72,707 million JPY (As of March 31, 2020)	
8) Total Assets	236,200 million JPY (As of March 31, 2020)	
9) Major shareholders and shareholding ratio	GS Yuasa Corporation 100%	
10) Relationship between the listed company and GS Yuasa	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	GS Yuasa sells storage batteries to the Company
	Status of relationship with related parties	Not applicable

(3) Number of Transferred Shares and Shares Held Before and After the Transfer

(1) Number of shares held before the transfer	Undecided (Ratio of voting rights held: 100%)
(2) Shares transferred	All outstanding shares
(3) Transfer price	4,800 million JPY (approximate)
(4) Number of shares held after the transfer	0 shares (0% of voting rights) (Ratio of voting rights held: 0%)

(4) Schedule of Transfer of Shares

Date of the Board of Directors' resolution to approve the share transfer agreement	August 4, 2020
Date of execution of the share transfer agreement	August 4, 2020
Date of share transfer	April 1, 2021 (planned)

(5) Financial impact of Transfer of Shares

In the second quarter of the fiscal year ending March 2021, we expect to record an extraordinary loss of approximately 1.1 billion JPY in the provision for a loss on transfer of shares of affiliates and a loss on termination of the retirement benefit plan of approximately 800 million JPY. The amount of this extraordinary loss is under scrutiny and may fluctuate in the future. In addition, the Company has revised its earnings forecasts for the second quarter and the full fiscal year in light of the impact of this Transfer of Shares on our business results, etc. For details, please refer to the separately disclosed "Notice Concerning the Occurrence of Extraordinary Loss Accompanying the Transfer of Shares of Subsidiary Companies, Revision of Earnings Forecast and Revision of Dividends Forecast" today.