DISCLOSED INFORMATION ON THE INTERNET AT THE TIME OF NOTIFYING CONVOCATION OF THE 104TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

For The 104th Fiscal Term (from April 1, 2020 to March 31, 2021)

CONSOLIDATED FINANCIAL STATEMENTS

- CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
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FINANCIAL STATEMENTS

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- NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Sanken Electric Co., Ltd.

All matters above are provided to shareholders of the Company on the website of the Company on the Internet (https://www.sanken-ele.co.jp/) in accordance with all laws and the Articles of incorporation of the Company.
Please note that the documents disclosed on our website formed part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit and Supervisory Board Members and Accounting Auditor during the preparation of the Audit Reports.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	**20,896**	**24,465**	**13,915**	**(4,159)**	**55,118**
Change of items during the period					
Dividends of surplus			(363)		(363)
Loss attributable to owners of parent			(6,952)		(6,952)
Purchase of treasury stock				(68)	(68)
Disposal of treasury stock		(0)		1	1
Change in ownership interest of parent due to transactions with non-controlling interests		17,008			17,008
Capital increase of consolidated subsidiaries		16,836			16,836
Share-based payment transaction		2,572			2,572
Net change of items other than shareholders' equity					–
Total changes of items during the period	**–**	**36,417**	**(7,315)**	**(66)**	**29,034**
Balance at the end of current period	**20,896**	**60,882**	**6,599**	**(4,226)**	**84,153**

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	**(75)**	**(477)**	**(4,723)**	**(5,275)**	**21,933**	**71,776**
Change of items during the period						
Dividends of surplus				–		(363)
Loss attributable to owners of parent				–		(6,952)
Purchase of treasury stock				–		(68)
Disposal of treasury stock				–		1
Change in ownership interest of parent due to transactions with non-controlling interests				–		17,008
Capital increase of consolidated subsidiaries				–		16,836
Share-based payment transaction				–		2,572
Net change of items other than shareholders' equity	121	1,809	2,767	4,698	7,741	12,439
Total changes of items during the period	**121**	**1,809**	**2,767**	**4,698**	**7,741**	**41,474**
Balance at the end of current period	**46**	**1,332**	**(1,955)**	**(577)**	**29,674**	**113,250**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes to Going Concern Assumption

Not applicable

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: 36

(2) Names of principal consolidated subsidiaries:

Ishikawa Sanken Co., Ltd., Yamagata Sanken Co., Ltd., Kashima Sanken Co., Ltd., Fukushima Sanken Co., Ltd., Sanken Optoproducts Co., Ltd., Sanken Densetsu Co., Ltd., Allegro Microsystems, Inc., Allegro MicroSystems, LLC, Polar Semiconductor, LLC, Korea Sanken Co., Ltd., P.T. Sanken Indonesia, Sanken Electric Hong Kong Co., Ltd., Sanken Electric Korea Co., Ltd., Taiwan Sanken Electric Co., Ltd., Sanken Electric (Shanghai) Co., Ltd., Dalian Sanken Electric Co., Ltd., etc.

2. Application of equity method

Not applicable

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.

Allegro (Shanghai) Micro Electronics Commercial & Trading Co., Ltd

The financial statements of each company were prepared based on provisionary account settlement as of the consolidated fiscal year end.

4. Matters relating to Accounting Policies

(1) Standards and methods of valuing the significant assets

(i) Securities

Other securities

Securities with market value

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.)

Securities without market value

Stated at cost using the moving-average method

(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) Tangible fixed assets (excluding lease assets)

Mainly adopts the straight-line method.

Useful lives of main asset are as follows:

Buildings and structures	8 to 60 years
Machinery and transportation equipment	3 to 12 years

(ii) Intangible assets (excluding lease assets)

Straight-line method

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

(iii) Lease assets

Lease 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 fixed assets.

Lease 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 significant allowances and accruals

(i) Allowance for doubtful receivables

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

(ii) Accrued retirement benefits for directors and statutory auditors

Accrued retirement benefits for directors and statutory auditors 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 directors’ compensations

Provision for performance-linked directors’ compensations is calculated based on an estimated amount for payment as of the end of fiscal year under review.

(iv) Provision for share-based compensation

Provision for share-based compensation 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.

(v) Provision for business structure reform

Provision for business structure reform is calculated in an amount reasonably estimated as a result of the events before the fiscal year under review.

(vi) Provision for loss on transfer of business

Provision for loss on transfer of business is calculated in an estimated amount to be incurred in the future in connection with the transfer of business.

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

(i) Accounting method for deferred assets

Bond issuance cost is 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 (12 years through 16 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 20 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) Accounting method for consumption tax

The tax exclusion method is adopted for consumption tax and local consumption tax.

(iv) Foreign currency translation

All monetary assets and liabilities in denominated in foreign currencies are converted 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 no-controlling interests of net assets.

(v) Consolidated tax payment system

The Company adopts the consolidated tax payment system.

Notes to changes in the accounting policies

Not applicable

Notes to changes in presentation

Changes due to the adoption of the "Accounting Standard for Disclosures about Accounting Estimates"
The "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the current consolidated fiscal year, and (Notes on Accounting Estimates) is included in the notes to the consolidated financial statements.

Notes to accounting estimates

Impairment of fixed assets

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

No impairment loss was recorded on fixed assets related to Sanken Device products (¥22.652 billion) during the fiscal year under review. However, it has been identified as a risk that could have a material impact on the consolidated financial statements for the following fiscal year.

(2) Other information that contributes to the understanding of users of the consolidated financial statements

No impairment loss was recognized as the sum of the undiscounted future cash flows from the asset group exceeded the carrying value of the asset group over the economic remaining useful life of the major assets of the asset group.

Key assumptions used in the calculation of undiscounted future cash flows are forecasts of demand from customers in our group business plan and sales forecasts (unit prices and volumes) based on market growth rates for semiconductors. These assumptions involve uncertainties in estimates, and changes in the progress of business plans and market growth rates for semiconductors, among other factors, could result in an impairment loss in the Company's consolidated financial statements for the following fiscal year.

Notes to changes in accounting estimates

Not applicable

Notes to error corrections

Not applicable

Notes to the Consolidated Balance Sheet

(1) Accumulated depreciation of tangible fixed assets 164,672 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	—	—	25,098,060

(2) Treasury Stock (shares)

Type of share	Balance at beginning of current consolidated year	Increase	Decrease	Balance at end of current consolidated year
Common stock	940,303	27,426	600	967,129

(Notes)1. Treasury stock as of the end of the current consolidated fiscal year includes 97,500 shares of company stock held in a trust account for the stock delivery trust for the Directors and employees.
2. The increase in treasury stock of 27,426 shares was due to an increase of 25,300 shares through market purchases for the stock delivery trust for the Directors and employees and an increase of 2,126 shares due to the purchase of less-than-a-full-unit shares.
3. The decrease of 600 shares was due to issuance of the company stock held by the stock delivery trust for the Director and employees.

(3) Dividends

(i) Amount to be paid

The amount of dividends to be paid for the current fiscal year is treated as if the amount was determined in advance at the end of the previous fiscal year.

Resolution	Class of share	Total amount (million yen)	Dividend per share (yen)	Record date	Effective date
Shareholders' Meeting held on June 26, 2020	Common stock	363	15.00	March 31, 2020	June 29, 2020

(ii) Dividends of which the record dates fall in the current fiscal year but the effective dates fall after the end of the current fiscal year

Not applicable

(4) Stock Acquisition Rights

Not applicable

Notes to Financial Instruments

(1) Matters concerning the current situation of 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.

Customer credit risks related with notes receivable and accounts receivable — trade are reduced through measures taken in accordance with provisions of credit management regulations. Receivables denominated in foreign currencies 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. 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.

Short-term bank loans and commercial papers are fundraising instruments that mainly pertain to operating funds, while long-term bank loans, bonds, and lease obligations under finance lease transactions are fundraising instruments necessary mainly for the purpose of capital investment. Some of them are on floating interest rates and therefore exposed to the risk of interest rate fluctuation. 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 loans and long-term loans 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.

(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, 2021 (consolidated closing date for the current fiscal year). However, financial instruments for which the fair value is deemed to be extremely difficult to determine are not included in the following table. (See Note 2)

(Millions of yen)

	Amount posted on consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Cash and deposits	60,990	60,990	−
(2) Notes and accounts receivable — trade	36,962	36,962	−
(3) Investment securities			
Other securities	586	586	−
(4) Notes and accounts payable — trade	(20,870)	(20,870)	−
(5) Short-term bank loans	(12,357)	(12,357)	−
(6) Commercial paper	(4,000)	(4,000)	−
(7) Bonds payable	(20,000)	(19,808)	−192
(8) Long-term bank loans (Including current portion long-term loans payable)	(33,976)	(34,549)	573
(9) Lease obligations	(54)	(54)	−0
(10) Derivative transactions (*2)	(780)	(780)	−

*1: Amounts posted in liabilities are indicated in ( ).

*2: Derivative transactions are indicated in net amounts after offsetting the receivables and payables.

Note 1: Calculation method for the fair value of financial instruments, and matters concerning securities and derivative transactions

(1) Cash and deposits; and (2) Notes and accounts receivable — trade

The fair value is approximately equal to the book value because both are settled in the short term. Therefore, the fair value is based on the book value.

(3) Investment securities

The fair value of stocks is based on the prices on the stock exchange.

(4) Notes and accounts payable — trade; (5) Short-term bank loans; and (6) Commercial paper

The fair value is approximately equal to the book value because both are settled in the short term. Therefore, the fair value is based on the book value.

(7) Bonds payable

The fair value of bonds issued by the Company is based on market prices.

(8) Long-term bank loans
With floating interest rate, the fair value of long-term bank loans is deemed to reflect market interest rates in the short term and is therefore deemed to be very similar to the book value. Accordingly, it is stated at book value. With fixed interest rate, the fair value of long-term bank loans is based on the present value of the total principal and interest discounted by the interest rate, assuming that the Company newly takes out the same bank loans.

(9) Lease obligations
The fair value of lease obligations is based on present value discounted by the interest rate, assuming that the Company newly initiates the same lease transaction.

(10) Derivative transactions
(i) Not subject to hedge accounting
The fair value of a derivative transaction not subject to hedge accounting is based on the price etc. presented by correspondent financial institutions.
(ii) Subject to hedge accounting
Not applicable.

Note 2: The fair value of unlisted stocks (404 million yen on the consolidated balance sheet) is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flows. Therefore, these stocks are not included in “(3) Investment securities; Other securities.”

Notes to lease properties

Not applicable

Notes to per share information

(1) Net assets per share	3,463.44 yen
(2) Net loss per share	287.96 yen

Notes to important subsequent events

Transfer of shares in consolidated subsidiaries

At a meeting of the Board of Directors held on August 4, 2020, we resolved to transfer all of the issued and outstanding shares of Sanken Densetsu Co., Ltd. to GS Yuasa Corporation after transferring the Social Systems business of our Power Systems business to our subsidiary, Sanken Densetsu Co., Ltd. through an absorption-type company split. On the same day, we concluded a share transfer agreement and transferred it on May 1, 2021.

1. Purpose of the business transfer

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.

2. Name of transferee

GS Yuasa Corporation

3. Date of transfer
May 1, 2021

4.Name and business contents of the subsidiary to be transferred and the details of transactions with us

Name:

Sanken Densetsu Co., Ltd. (The company name was changed to GS Yuasa Infrastructure Systems Co., Ltd. on May 1, 2021)

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.

Transactions with the Company:

We have consigned business support including accounting, such as commodity trading, delivery, installation, etc., and lease transactions of business establishments with the target company.
We also lend money to the target company.

5. Transfer price of the shares to be transferred, the number of shares to be transferred, and the percentage of ownership after the transfer

Number of shares to be transferred: 56,000 shares
Transfer price: Approximately ¥4.8 billion, to be determined after making certain adjustments on the transfer date.
Gain (loss) on transfer: Gain (loss) on transfer is currently under scrutiny.
the percentage of ownership after the transfer: 0%

Other Notes

(Additional information)

The impact of the COVID-19 infection is still unstable, but the economic activities in each region are gradually recovering due to the development of vaccines and other factors. At present, the semiconductor market is showing signs of recovery, and orders are expected to continue to be strong in the future.
Under these circumstances, we have made accounting estimates such as the recoverability of deferred tax assets and the impairment accounting of fixed assets on the assumption that the impact of the COVID-19 infection on us is limited. However, the impact of the COVID-19 infection is highly uncertain, and if it is prolonged or worsened in the future, our business performance may be affected.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity				
		Capital surplus		Retained earnings	
				Other retained earnings	
	Common stock	Capital reserve	Other capital surplus	Reserve for advanced depreciation of fixed assets	Retained earnings carried forward
Balance at beginning of the fiscal year	**20,896**	**5,225**	**4,982**	**34**	**1,305**
Change during the fiscal year					
Dividends of surplus					(363)
Net income					22,792
Acquisition of treasury stock					
Disposal of treasury stock			(0)		
Reversal of reserve for advanced depreciation of fixes assets				(2)	2
Net change in items other than shareholders' equity during the fiscal year					
Total change during the fiscal year	**–**	**–**	**(0)**	**(2)**	**22,431**
Balance at end of the fiscal year	**20,896**	**5,225**	**4,982**	**32**	**23,736**

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on securities	
Balance at beginning of the fiscal year	**(4,159)**	**28,285**	**(74)**	**28,210**
Change during the fiscal year				
Dividends of surplus		(363)		(363)
Net income		22,792		22,792
Acquisition of treasury stock	(68)	(68)		(68)
Disposal of treasury stock	1	1		1
Reversal of reserve for advanced depreciation of fixes assets		–		–
Net change in items other than shareholders' equity during the fiscal year		–	122	122
Total change during the fiscal year	**(66)**	**22,361**	**122**	**22,484**
Balance at end of the fiscal year	**(4,226)**	**50,647**	**47**	**50,694**

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

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Notes to Going Concern Assumption

Not applicable

Notes to significant accounting policies

1. Standards and methods of valuing the assets

(1) Securities

Stocks of subsidiaries and affiliates ··························· Stated at cost using the moving-average method

Other securities

Securities with market value ······················ Market value method based on the closing market price as of the end of the fiscal term

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

Securities without market value ················· Stated at cost using the moving-average method

(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 fixed assets

(1) Tangible fixed assets

(excluding lease assets) ········ Straight-line method

(2) Intangible assets

(excluding lease assets) ········ Straight-line method

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

(3) Lease assets ················· Lease 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 receivables

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

(2) Accrued 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 14 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 directors' compensations

Provision for performance-linked directors' compensations is calculated based on an estimated amount for payment as of the end of fiscal year under review.

(4) Provision for share-based compensation

Provision for share-based compensation 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.

(5) Provision for loss on business of subsidiaries and affiliates

Provision for loss on business of subsidiaries and affiliates is calculated based on estimates of losses to be borne in consideration of the financial conditions of subsidiaries and affiliates.

4. Other significant matters constituting basis for the preparation of the financial statements

(1) Accounting for retirement benefits

The accounting methods adopted for net unrecognized actuarial gain or loss and unrecognized past service cost relating to retirement benefits in the non-consolidated financial statements differ from those adopted in the consolidated financial statements.

(2) Accounting method for deferred assets

Bond issuance cost is expensed as incurred.

(3) Accounting method for consumption taxes

The tax exclusion method is adopted for consumption tax and local consumption tax.

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets	19,834 million yen

2. Contingent liabilities

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

P.T. Sanken Indonesia	775 million yen
Sanken Electric Korea Co., Ltd.	733 million yen
Total	1,508 million yen

3. Receivables from, and payables to subsidiaries and affiliates:

(1) Short-term receivables	28,929 million yen
(2) Short-term payables	9,869 million yen
(3) Long-term receivables	12,971 million yen

Notes to statement of income

1. Operating transactions with subsidiaries and affiliates

(1) Net sales	24,277 million yen
(2) Purchases	87,045 million yen
(3) Raw materials, etc. provided	37,929 million yen
(4) Other operating transactions	680 million yen

2. Transactions with subsidiaries and affiliates other than operating transactions	15,784 million yen

Notes to statement of changes in net assets

Number of treasury stock as of the end of the fiscal term	common stock	967,129

Notes to accounting for income taxes

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

Deferred tax assets:	Tax loss carry forwards	8,253 million yen
	Loss on revaluation of securities of subsidiaries and affiliates	5,689 million yen
	Allowance for doubtful receivables	708 million yen
	Impairment loss of fixed assets	586 million yen
	Sale of shares of subsidiaries	424 million yen
	Loss on revaluation of inventories	703 million yen
	Allowance for loss on business of subsidiaries and affiliates	526 million yen
	Accrued bonuses	219 million yen
	Others	432 million yen
	Sub-total of deferred tax assets	17,545 million yen
	Valuation allowance	(17,205) million yen
	Total of deferred tax assets	339 million yen
Deferred tax liabilities:	Prepaid pension cost	(822) million yen
	Valuation difference on available-for-sale securities	(20) million yen
	Others	(14) million yen
	Total of deferred tax liabilities	(857) million yen
	Net of deferred tax assets (liabilities)	(517) million yen

Notes to transactions with affiliated parties

Subsidiaries, etc.

Type	Name of Company, etc.	Location	Common stock or investments (millions of yen)	Field of business or occupation	Ownership of voting rights, etc. (Ownership percentage)	Details of relationship		Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end the of fiscal term (millions of yen)
						Concurrently serving directors or audit and supervisory board members, etc.	Factual relationship				
Subsidiary	Ishikawa Sanken Co., Ltd.	Shika-machi, Hakui-gun, Ishikawa Prefecture	95	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 4	Manufacture of our products	Purchase of semiconductor products	33,394	Accounts payable-trade	−
								Onerous provision of raw materials	8,532	Accounts receivable-other	2,076
								Transfer of funds	18,403	Loans receivable	5,373
	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: 4	Manufacture of our products	Onerous provision of raw materials	6,305	Accounts receivable-other	1,669
								Lending of funds	25,169	Loans receivable	4,926
	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: 4	Manufacture of our products	Purchase of semiconductor elements and products	13,046	Accounts payable-trade	−
								Onerous provision of raw materials	13,916	Accounts receivable-other	5,928
	Korea Sanken Co., Ltd.	Changwon City, Korea	759,000 thousand won	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Manufacture of our products	Debt waiver	6,327	Loans receivable	−
	Dalian Sanken Electric Co., Ltd.	Dalian City, Liaoning, China	136,197 thousand RMB	Semiconductor Device Power Systems	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 2	Manufacture of our products	Onerous provision of raw materials	5,044	Accounts receivable-other	2,376
	Polar Semiconductor, LLC	Bloomington, Minnesota, U.S.A.	10,000 thousand US dollars	Semiconductor Device	Direct ownership 70.0% Indirect ownership 15.6%	Number of concurrently serving directors or audit and supervisory board members: 2	Manufacture of our products	Lending of funds	5,230	Loans receivable	5,314
	Allegro MicroSystems, Inc.	Manchester, New Hampshire, USA	1,895 thousand US dollars	Semiconductor Device	Direct ownership 52.0%	Number of concurrently serving directors or audit and supervisory board members: 4	Manufacture of our products	Dividend income	28,433	Accounts payable-trade Accrued dividend receivable	−
	Allegro MicroSystems, LLC	Manchester, New Hampshire, USA	43,942 thousand US dollars	Semiconductor Device	Indirect ownership 52.0%	−	Manufacture of our products	Purchase of semiconductor products	11,048	Accounts payable-trade	2,310
	Sanken Electric Hong Kong Co., Ltd.	Hong Kong, China	1,000 thousand HK dollars	Semiconductor Device Power Systems	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Sale of our products	Sale of products	13,811	Accounts receivable-trade	3,074
	Sanken Business Service Co., Ltd.	Niiza-shi, Saitama Prefecture	90	Business transaction services	Direct ownership 100%	−	Factoring transactions	Factoring transactions	16,297	Accounts payable-trade	3,482

Notes: 1. The amount of factoring transactions include consumption tax.
2. Concurrently serving directors or audit and supervisory board members are presented as of March 31, 2021.
3. The amount in the capital stock column for Allegro MicroSystems, LLC includes capital surplus.

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. As for the accounts payable-trade to Sanken Business Service Co., Ltd., basic agreement is entered into among the Company, supplier of the Company, and Sanken Business Service Co., Ltd., and the accounts are settled by way of factoring transactions.
4. With respect to the lending and the borrowing of funds, interest rates are reasonably determined in consideration of market rates. With respect to the lending of funds to Korea Sanken Co., Ltd., interest payments

are exempted for the purpose of assisting structural reforms. The liquidation of Korea Sanken Co., Ltd. was completed in January 2021. The Company waived the loan of ¥6.327 billion to Korea Sanken. As a result, a loss on forgiveness of receivables of ¥1.21 billion was recorded as business restructuring expenses (extraordinary loss).

5. Dividends received include dividends from retained earnings and dividends from capital surplus.
Dividends from retained earnings are determined based on the retained earnings of affiliated companies after consultation between the two companies. Dividends from capital surplus are reasonably determined by taking into account the appropriate level of capital of affiliated companies.

6. Through the absorption-type company split, we succeeded our Social Systems business to our subsidiary, Sanken Densetsu Co., Ltd. Split assets and split liabilities are transferred at appropriate book values.7. The Company sold its shares of Sanken L.D. Electric (Jiangyin) Co., Ltd. to Sanken L.D. Electric (Jiangyin) Co., Ltd.

7. With regard to doubtful receivables from subsidiaries, a total of ¥2.243 billion (current: ¥1.37 billion, non-current: ¥873 million), consisting of ¥274 million of provision for doubtful receivables (non-operating expenses) and ¥79 million of business restructuring expenses (extraordinary losses), was recorded as allowance for doubtful receivables. In Kashima Sanken Co., Ltd., an allowance for business loss of affiliated companies of ¥1,728 million is recorded for the portion of the insolvency that exceeds the loan. With regard to the provision for loss on business of subsidiaries and affiliates to Kashima Sanken, after offsetting the reversal of allowance for doubtful accounts of ¥243 million, an amount of ¥392 million was recorded.

Notes to per share data

1. Net assets per share	2,100.81 yen
2. Net income per share	944.07 yen

Notes to important subsequent events

Transfer of shares in consolidated subsidiaries

At a meeting of the Board of Directors held on August 4, 2020, we resolved to transfer all of the issued and outstanding shares of Sanken Densetsu Co., Ltd. to GS Yuasa Corporation after transferring the Social Systems business of our Power Systems business to our subsidiary, Sanken Densetsu Co., Ltd. through an absorption-type company split. On the same day, we concluded a share transfer agreement and transferred it on May 1, 2021.

1. Purpose of the business transfer

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.

2. Name of transferee

GS Yuasa Corporation

3. Date of transfer
May 1, 2021

4.Name and business contents of the subsidiary to be transferred and the details of transactions with us

Name:

Sanken Densetsu Co., Ltd. (The company name was changed to GS Yuasa Infrastructure Systems Co., Ltd. on May 1, 2021)

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.

Transactions with the Company:

We have consigned business support including accounting, such as commodity trading, delivery, installation, etc., and lease transactions of business establishments with the target company.
We also lend money to the target company.

5. Transfer price of the shares to be transferred, the number of shares to be transferred, and the percentage of ownership after the transfer

Number of shares to be transferred: 56,000 shares
Transfer price: Approximately ¥4.8 billion, to be determined after making certain adjustments on the transfer date.
Gain (loss) on transfer: Gain (loss) on transfer is currently under scrutiny.
the percentage of ownership after the transfer: 0%

Notes to the company adopting the dividend regulations on a consolidated basis

The Company adopted the dividend regulations on a consolidated basis.

Other Notes

(Additional information)

The impact of the COVID-19 infection is still unstable, but the economic activities in each region are gradually recovering due to the development of vaccines and other factors. At present, the semiconductor market is showing signs of recovery, and orders are expected to continue to be strong in the future.
Under these circumstances, we have made accounting estimates such as the recoverability of deferred tax assets and the impairment accounting of fixed assets on the assumption that the impact of the COVID-19 infection on us is limited. However, the impact of the COVID-19 infection is highly uncertain, and if it is prolonged or worsened in the future, our business performance may be affected.