

(This notice has been translated from the original notice in Japanese. In the event of any discrepancy, the original in Japanese shall prevail.)

August 4, 2017

Name of Company: Sanshin Electronics Co., Ltd.

Representative: Toshiro Suzuki (Representative Director, COO)

(Code No. 8150 Listed in the First Section of the Tokyo Stock Exchange)

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For Immediate Release:

## Notice Regarding the Disposal of Treasury Stock for Stock Compensation

At the Board of Directors meeting held today, the Company passed a resolution to conduct the disposal of treasury stock for stock compensation through third-party allocation (hereinafter, "the Treasury Stock Disposal"), as detailed below.

### Details

#### 1. Disposal guidelines

(1) Disposal date	August 21, 2017 (planned)
(2) Number of shares to be disposed	139,000 shares of common stock of Sanshin Electronics
(3) Disposal value	¥1,432 per share
(4) Total disposal value	¥199,048,000
(5) Planned allottee	Sumitomo Mitsui Trust Bank, Limited (trust account) (Retrustee: Japan Trustee Services Bank, Ltd. (trust account))
(6) Other	The Treasury Stock Disposal shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.

#### 2. Purpose and reasons for disposition

At the Board of Directors meeting held on May 15, 2017, the Company passed a resolution to introduce a new stock compensation plan (hereinafter referred to as "the Plan") using a trust whose purpose is to further clarify the link between the Company's share value and compensation to the Directors (excluding External Directors, and the same shall apply hereinafter) in order for them to not only acquire advantages deriving from future appreciation of share value, but also share the risks associated with declines in the same, as well as profits and risks related to its fluctuation with shareholders. This is intended ultimately to enhance the awareness of the Directors with respect to making a contribution to improving the Company's mid- to long-term performance. The Plan was approved at the 66th Ordinary General Meeting of Shareholders held on June 23, 2017.

For the outline of the Plan, please refer to the "Notice Regarding Introduction of Performance-Based Stock Compensation Plan for Directors" dated May 15, 2017.

The Treasury Stock Disposal will be undertaken with respect to Sumitomo Mitsui Trust Bank, Limited (trust account) (Retrustee: Japan Trustee Services Bank, Ltd. (trust account)), the trustee of the trust established for the introduction of the Plan.

The disposal quantity is equivalent to the number of shares expected to be granted to the Directors of the Company during the trust period based on the Sanshin share delivery rules established by the Company upon introduction of the Plan, whereby the scale of dilution thereof is 0.47% of the total number of shares outstanding (29,281,373 shares) as at March 31, 2017 (with 0.49% of total voting rights (281,649) as at March 31, 2017, both figures indicated after rounded down to the third decimal place).

The Company, based on the belief that the Plan would clarify the link between the Sanshin share value and compensation to the Directors, and contribute to the mid- to long-term enhancement of corporate value, determined as rational the disposal quantity resulting from the Treasury Stock Disposal and the scale of dilution.

#### Trust agreement overview

Trustor:	Sanshin Electronics Co., Ltd.
Trustee:	Sumitomo Mitsui Trust Bank, Limited
	Please note that Sumitomo Mitsui Trust Bank, Limited will conclude a specified comprehensive trust agreement on August 21, 2017 (planned) with Japan Trustee Services Bank, Ltd., the retrustee.
Beneficiaries:	Directors of the Company who meet beneficiary requirements
Type of trust:	Trust of funds other than money trust (third-party-benefit trust)
Trust contract date:	August 21, 2017 (planned)
Trust period:	August 21, 2017 (planned) to August 31, 2022 (planned)
Purpose of the trust:	Granting of Sanshin shares to beneficiaries based on the share delivery rules of the Company

#### 3. Payment amount calculation basis and specific details

The disposal value was set as ¥1,432, the closing price of Sanshin shares at the Tokyo Stock Exchange, Inc. on August 3, 2017 (the business day prior to the Board of Directors resolution date) to eliminate arbitrariness in light of the recent share price transition. Please note that this value deviates by a ratio of 0.07% from the ¥1,431 one-month (July 4, 2017 to August 3, 2017) average closing value of Sanshin shares at the Tokyo Stock Exchange, Inc. (fractions of one yen truncated), 0.35% from the ¥1,427 three-month (May 8, 2017 to August 3, 2017) average closing value (fractions of one yen truncated), and 3.62% from the ¥1,382 six-month (February 6, 2017 to August 3, 2017) average closing value (fractions of one yen truncated; all ratios are rounded off to the third decimal place). Therefore, the calculation of the disposal value is determined as conforming to the "Guidelines on Treatment of Capital Increase by Third-party Allocation" by the Japan Securities Dealers Association (JSDA) and not particularly advantageous to the allottee.

Regarding the foregoing disposal value, all of the Audit & Supervisory Board Members (4, 2 of which are External Audit & Supervisory Board Members) of the Company in attendance at the Board of Directors meeting expressed their opinion that the foregoing value is not particularly advantageous.

#### 4. Matters on procedures regarding the Corporate Code of Conduct

Since this Treasury Stock Disposal (1) has a dilution ratio of less than 25% and (2) involves no transfer of controlling shareholders, it is not required to obtain an opinion from an independent third party or to take any procedures to confirm the intent of shareholders, as set forth under Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, Inc.