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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 13, 2025

Company name: Sanken Electric Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 6707
URL: <https://www.sanken-ele.co.jp/>
Representative: Hiroshi Takahashi, Representative Director, President & CEO
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	22,238	(55.4)	(387)	-	(940)	-	(864)	-
June 30, 2024	49,828	(16.8)	(4,640)	-	(5,658)	-	(2,690)	-

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ (1,619) million [-%]
Three months ended June 30, 2024: ¥ 6,933 million [(63.8) %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	(39.01)	-
June 30, 2024	(111.40)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	233,270	132,869	56.7
March 31, 2025	259,067	147,928	56.9

(Reference) Equity: As of June 30, 2025: ¥ 132,343 million
As of March 31, 2025: ¥ 147,433 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		0.00	-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2026 :

Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	43,800	(39.8)	(1,100)	-	(1,300)	-	(4,100)	-	(170.61)
Full year	89,200	(26.7)	400	-	(1,200)	-	(4,400)	-	(183.10)

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2025: 25,098,060 shares
March 31, 2025: 25,098,060 shares

2) Number of treasury shares at the end of the period:

June 30, 2025: 3,923,191 shares
March 31, 2025: 1,959,396 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 22,164,982 shares
Three months ended June 30, 2024: 24,148,028 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

1. QUALITATIVE INFORMATION ABOUT CONSOLIDATED BUSINESS RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2025

(1) DESCRIPTION OF CONSOLIDATED OPERATING RESULTS

With regard to the business environment during the three months ended June 30, 2025, the economic outlook remained unpredictable, partly due to the stagnation of the Chinese economy and proposed reciprocal tariffs by the U.S. Having launched the 2024 Medium-Term Management Plan (hereinafter referred to as the “24 Medium-Term Plan”) in the previous fiscal year, the Group designated the fiscal year ended March 31, 2025, the first year of the 24 Medium-Term Plan, as a period for reconstruction following the 2024 Noto Peninsula Earthquake, and positioned the next three-year period starting from the fiscal year ending March 31, 2026, the second year of the 24 Medium-Term Plan, as a phase for achieving full-scale growth. Accordingly, we introduced a CxO (Chief x Officer) system in the fiscal year under review to clarify the division of responsibilities and roles in business execution. Furthermore, we have determined that Sanken Core’s highlight priority will be to improve profitability during the period of the 24 Medium-Term Plan. To this end, we are advancing key initiatives essential for achieving this goal, such as increasing the sales ratio of new products, obtaining appropriate selling price terms for existing products, and implementing thorough cost reduction measures.

One of our newer initiatives is the acquisition of all shares of POWDEC K.K. on April 1, 2025. This newly consolidated subsidiary possesses competitive technological capabilities in the GaN power device market, where the Company aims to increase its presence.

With regard to the financial results for the three months ended June 30, 2025, consolidated net sales were ¥22,238 million (consolidated net sales of ¥49,828 million for the same period of the previous fiscal year), and consolidated operating loss was ¥387 million (consolidated operating loss of ¥4,640 million for the same period of the previous fiscal year), as Allegro MicroSystems, Inc. (“Allegro”) was excluded from the scope of consolidation and became an equity method affiliate of the Company in August 2024. Consolidated ordinary loss was ¥940 million (consolidated ordinary loss of ¥5,658 million for the same period of the previous fiscal year), primarily due to the recording of foreign exchange losses of ¥577 million and a share of loss of entities accounted for using equity method of ¥1,240 million, while a gain on investments in investment partnerships of ¥1,141 million was recorded. Loss attributable to owners of parent was ¥864 million (loss attributable to owners of parent of ¥2,690 million for the same period of the previous fiscal year).

Net sales by market and product are as follows.

Following the change in Allegro’s status during the interim consolidated accounting period of the previous fiscal year, from a consolidated subsidiary to an equity method affiliate, the “Other” segment has been added to net sales by market and by product. This new segment includes net sales from Allegro’s products and the switching power supply (former unit products) business, which is scheduled to discontinue product sales by the end of the fiscal year under review.

As a result of the above change, net sales are now presented by market and product, rather than by market, region, and product.

• Sales by market

(Millions of yen)

	Three months ended Jun.30,2024		Three months ended Jun.30,2025		Fluctuation	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio of increase/decrease
Automotive	7,931	15.9%	6,935	31.2%	-995	-12.6%
White Goods	11,224	22.5%	10,790	48.5%	-434	-3.9%
Industrial machinery, consumer goods, others	3,204	6.4%	3,270	14.7%	66	2.1%
Others	27,467	55.1%	1,242	5.6%	-26,225	-95.5%
Total	49,828	100.0%	22,238	100.0%	-27,589	-55.4%

(Note)

With the addition of the new segment described above, the following retroactive changes have been made to sales by market for the three months ended June 30, 2024: ¥20,447 million for Allegro’s products and ¥796 million for the switching power supply (former unit products) business, previously included in “Automotive” (¥29,175 million); ¥1,490 million for Allegro’s products, previously included in “White Goods” (¥12,715 million); and ¥4,410 million for Allegro’s products and ¥322 million for the switching power supply (former unit products) business, previously included in “Industrial Machinery, Consumer Goods, Others” (¥7,937 million). These amounts have been reclassified under the “Others” market segment (¥27,467 million).

• Sales by region

(Millions of yen)

	Three months ended Jun.30,2024		Three months ended Jun.30,2025		Fluctuation	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio of increase/decrease
Japan	12,214	24.5%	-	-	-	-
Asia	27,637	55.5%	-	-	-	-
North America	5,293	10.6%	-	-	-	-
Europe	4,683	9.4%	-	-	-	-
Total	49,828	100.0%	-	-	-	-

(Note)

Due to the declining importance of regional sales within our group, we have omitted this information from the consolidated cumulative results for the first quarter.

• Sales by product

(Millions of yen)

	Three months ended Jun.30,2024		Three months ended Jun.30,2025		Fluctuation	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio of increase/decrease
Power module	12,127	24.3%	11,276	50.7%	-850	-7.0%
Power device	10,233	20.5%	9,719	43.7%	-513	-5.0%
Others	27,467	55.1%	1,242	5.6%	-26,225	-95.5%
Total	49,828	100.0%	22,238	100.0%	-27,589	-55.4%

(Note)

With the addition of the new segment described above, the following retroactive changes have been made to sales by product for the three months ended June 30, 2024: ¥1,119 million for the switching power supply (former unit products) business, previously included in “Power Module” (¥13,246 million); ¥8,406 million for Allegro’s products, previously included in “Power Device” (¥18,639 million); and ¥17,942 million for Allegro’s products, previously included in “Sensor” (¥17,942 million). These amounts have been reclassified under the “Others” product segment (¥27,467 million).

(2) DESCRIPTION OF CONSOLIDATED FINANCIAL POSITION

Assets as of the end of the three months ended June 30, 2025 totaled ¥233,270 million, a decrease of ¥25,796 million from the end of the previous consolidated fiscal year. This was mainly due to decreases in cash and deposits of ¥11,629 million and other under current assets of ¥13,215 million.

Liabilities were ¥100,400 million, a decrease of ¥10,737 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease in long-term borrowings of ¥11,199 million.

Net assets were ¥132,869 million, a decrease of ¥15,059 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in treasury shares of ¥13,439 million.

(3) DESCRIPTION OF CONSOLIDATED FINANCIAL FORECAST, etc.

We maintain unchanged the figures in the financial forecast announced on May 14, 2025.

Quarterly Consolidated Financial Statements and Primary Notes
Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	51,405	39,776
Notes and accounts receivable - trade	20,329	16,731
Electronically recorded monetary claims - operating	3,324	3,605
Merchandise and finished goods	11,911	12,816
Work in process	24,810	26,340
Raw materials and supplies	6,949	6,661
Other	18,254	5,038
Allowance for doubtful accounts	(29)	(26)
Total current assets	136,955	110,943
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,225	17,191
Machinery, equipment and vehicles, net	12,881	12,348
Tools, furniture and fixtures, net	1,192	1,328
Land	2,764	2,806
Leased assets, net	587	567
Construction in progress	16,404	16,910
Total property, plant and equipment	51,056	51,152
Intangible assets		
Software	468	457
Goodwill	809	1,836
Other	90	89
Total intangible assets	1,368	2,384
Investments and other assets		
Investment securities	15,632	16,366
Shares of subsidiaries and associates	47,819	45,995
Deferred tax assets	238	220
Retirement benefit asset	5,071	5,303
Other	998	971
Allowance for doubtful accounts	(72)	(68)
Total investments and other assets	69,687	68,789
Total non-current assets	122,111	122,326
Total assets	259,067	233,270

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,888	5,876
Electronically recorded obligations - operating	3,909	3,063
Short-term borrowings	9,972	10,008
Current portion of long-term borrowings	11,736	22,753
Current portion of bonds payable	5,000	5,000
Commercial papers	1,000	-
Lease liabilities	26	45
Accrued expenses	4,763	4,663
Income taxes payable	1,441	348
Provision for loss on disaster	287	124
Provision for performance-linked incentive compensation	214	54
Other	10,123	10,208
Total current liabilities	54,363	62,147
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	25,336	14,136
Long-term accounts payable - other	18,900	11,532
Lease liabilities	71	65
Deferred tax liabilities	1,095	1,106
Provision for share-based payments	359	384
Provision for retirement benefits for directors (and other officers)	5	0
Retirement benefit liability	274	296
Other	730	729
Total non-current liabilities	56,774	38,252
Total liabilities	111,138	100,400
Net assets		
Shareholders' equity		
Share capital	20,896	20,896
Capital surplus	65,217	65,216
Retained earnings	60,148	59,283
Treasury shares	(10,781)	(24,221)
Total shareholders' equity	135,481	121,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	694	815
Foreign currency translation adjustment	10,957	10,068
Remeasurements of defined benefit plans	300	283
Total accumulated other comprehensive income	11,952	11,167
Non-controlling interests	495	525
Total net assets	147,928	132,869
Total liabilities and net assets	259,067	233,270

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended June 30, 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	49,828	22,238
Cost of sales	36,206	19,353
Gross profit	13,621	2,884
Selling, general and administrative expenses	18,261	3,272
Operating loss	(4,640)	(387)
Non-operating income		
Interest income	120	261
Dividend income	15	24
Gain on investments in money held in trust	73	-
Subsidies for employment adjustment	174	-
Gain on investments in investment partnerships	-	1,141
Miscellaneous income	134	68
Total non-operating income	518	1,495
Non-operating expenses		
Interest expenses	1,192	175
Foreign exchange losses	281	577
Share of loss of entities accounted for using equity method	-	1,240
Miscellaneous losses	61	55
Total non-operating expenses	1,536	2,048
Ordinary loss	(5,658)	(940)
Extraordinary income		
Gain on sale of non-current assets	1,527	-
Gain on change in equity	-	502
Total extraordinary income	1,527	502
Extraordinary losses		
Loss on disposal of non-current assets	8	-
Extra retirement payments	-	209
Loss on disaster	13	-
Total extraordinary losses	22	209
Loss before income taxes	(4,152)	(647)
Income taxes	380	211
Loss	(4,533)	(858)
Profit (loss) attributable to non-controlling interests	(1,843)	5
Loss attributable to owners of parent	(2,690)	(864)

Quarterly Consolidated Statement of Comprehensive Income
For the three months ended June 30, 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Loss	(4,533)	(858)
Other comprehensive income		
Valuation difference on available-for-sale securities	69	26
Foreign currency translation adjustment	11,444	323
Remeasurements of defined benefit plans, net of tax	(46)	74
Share of other comprehensive income of entities accounted for using equity method	-	(1,185)
Total other comprehensive income	11,467	(760)
Comprehensive income	6,933	(1,619)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,676	(1,649)
Comprehensive income attributable to non-controlling interests	3,257	30