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August 13, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: Sanken Electric Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 6707
URL: https://www.sanken-ele.co.jp/
Representative: Hiroshi Takahashi , RepresentativeDirector, 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, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(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, 2026	18,680	(16.0)	(2,082)	-	(1,763)	-	(1,866)	-
June 30, 2025	22,238	(55.4)	(387)	-	(940)	-	(864)	-

Note: Comprehensive income For the three months ended June 30, 2026: ¥ (792) million [-%]
For the three months ended June 30, 2025: ¥ (1,619) million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	(93.34)	-
June 30, 2025	(39.01)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	230,479	119,170	51.7
March 31, 2026	239,456	119,965	50.1

Reference: Equity
As of June 30, 2026: ¥ 119,170 million
As of March 31, 2026: ¥ 119,965 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		-	-	-	-

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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, 2026	39,300	(4.2)	(2,400)	-	(2,900)	-	(2,900)	-	(139.96)
Full year	86,500	7.9	1,400	-	100	-	1,000	-	48.26

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

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

Newly included: - companies( )

Excluded: - companies( )

(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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2026	20,925,360 shares
As of March 31, 2026	20,925,360 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	934,753 shares
As of March 31, 2026	934,522 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2026	19,990,787 shares
Three months ended June 30, 2025	22,164,982 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

The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid, and we do not promise that these forecasts will be accomplished. Due to various factors, our actual performance could greatly differ from the forecast.For assumptions and precautions to use the forecasts, refer to following "Consolidated financial forecasts and other forward-looking statements".

1. Qualitative information about consolidated business results for the three months ended June 30, 2026

(1) Analysis of operating results

During the three months ended June 30, 2026 (the "period under review"), the global economy remained uncertain mainly due to the persistently sluggish Chinese economy and continuing tensions in the Middle East. Amid the ongoing weakening yen, along with persistently high energy prices, the business environment surrounding Sanken Electric Co., Ltd. (the "Company") remained challenging as in the previous fiscal year, particularly due to rising prices of overall materials and the difficulty in procuring certain components.

In this business environment, the Company is advancing its initiatives in the automotive and white goods markets, which the Company regards as its core markets, recognizing that such initiatives are important to secure the top line necessary to achieve its targets for the fiscal year ending March 31, 2027. In the automotive market, we focused on expanding sales of power modules for air-conditioning systems that support electrification, as well as power devices for engine-powered vehicles including hybrid vehicles, despite slowing demand for battery EVs due to the "EV chasm." In the white goods market, we focused on encouraging South Korean and Chinese customers to switch to new products, while promoting sales expansion activities in the Indian and European markets.

We forecast that we will record a loss for the first half of the fiscal year, based on the impact of the production adjustments continuing from the previous fiscal year; however, the fixed- and variable-cost reduction measures, which are part of our profit-generating initiatives, are taking effect as planned. In particular, we are steadily working to secure appropriate selling price terms in response to surged price quotation of metals and to negotiate the material replacement of gold with copper in close cooperation with our customers. Meanwhile, for new products, we are proposing the adoption of materials that will contribute to reducing procurement costs, aiming to improve profitability. For new markets and new applications, the newly established Mobility Strategy Office has begun sales expansion activities. We aim to achieve both short-term and medium- and long-term growth through these profit-generating initiatives.

For the period under review, consolidated net sales were ¥18,680 million, down ¥3,557 million (16.0%) year on year. In the automotive market, sales were flat year on year, driven by the solid demand for engine-powered vehicles including hybrid vehicles. On the other hand, in the white goods market, although the sales to South Korean customers grew, overall sales significantly fell year on year due to a decline in market share in China. In terms of consolidated profit or loss, due to the impact of lower net sales and the production adjustments, operating loss was ¥2,082 million (operating loss of ¥387 million for the same period in the previous fiscal year), ordinary loss was ¥1,763 million (ordinary loss of ¥940 million for the same period in the previous fiscal year), and loss attributable to owners of the parent was ¥1,866 million (loss attributable to owners of the parent of ¥864 million for the same period in the previous fiscal year).

Net sales by market, region and product are as follows:

・Net sales by market (Millions of yen)

	Three months ended Jun.30,2025		Three months ended Jun.30,2026		Fluctuation	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio of increase/decrease
Automotive	6,935	31.2%	7,052	37.8%	117	1.7%
White Goods	10,790	48.5%	8,726	46.7%	(2,064)	(19.1%)
Industrial machinery, consumer goods	3,270	14.7%	2,901	15.5%	(369)	(11.3%)
Others	1,242	5.6%	-	-	(1,242)	(100.0%)
Total	22,238	100.0%	18,680	100.0%	(3,557)	(16.0%)

・Net sales by region (Millions of yen)

	Three months ended Jun.30,2025		Three months ended Jun.30,2026		Fluctuation	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio of increase/decrease
Japan	6,571	29.6%	5,646	30.2%	(924)	(14.1%)
Asia	15,099	67.9%	12,242	65.5%	(2,857)	(18.9%)
Europe, the United States, and others	567	2.6%	792	4.2%	224	39.6%
Total	22,238	100.0%	18,680	100.0%	(3,557)	(16.0%)

・Net sales by product (Millions of yen)

	Three months ended Jun.30,2025		Three months ended Jun.30,2026		Fluctuation	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio of increase/decrease
Power module	11,276	50.7%	9,105	48.7%	(2,170)	(19.3%)
Power device	9,719	43.7%	9,574	51.3%	(144)	(1.5%)
Others	1,242	5.6%	-	-	(1,242)	(100.0%)
Total	22,238	100.0%	18,680	100.0%	(3,557)	(16.0%)

(2) Analysis of financial conditions

As of the end of the period under review, total assets were ¥230,479 million, a decrease of ¥8,976 million from the end of the previous fiscal year. This was mainly due to decreases of ¥5,803 million in cash and deposits and ¥4,047 million in Other under current assets.

Total liabilities were ¥111,308 million, a decrease of ¥8,182 million from the end of the previous fiscal year. This was mainly due to decreases of ¥4,168 million in short-term borrowings, including the current portion of long-term borrowings, and ¥2,571 million in Other under current liabilities.

Total net assets were ¥119,170 million, a decrease of ¥794 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,866 million in retained earnings.

(3) Consolidated financial forecasts and other forward-looking statements

The consolidated financial forecasts remain unchanged from the figures announced on May 13, 2026.

Quarterly Consolidated Financial Statements and Primary Notes

Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	34,840	29,037
Notes and accounts receivable - trade	16,755	15,377
Electronically recorded monetary claims - operating	2,854	2,922
Merchandise and finished goods	15,132	13,308
Work in process	26,462	27,968
Raw materials and supplies	5,928	5,994
Other	7,064	3,017
Allowance for doubtful accounts	(165)	(166)
Total current assets	108,872	97,459
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,245	18,319
Machinery, equipment and vehicles, net	12,596	12,211
Tools, furniture and fixtures, net	1,256	1,180
Land	2,549	2,549
Leased assets, net	583	508
Construction in progress	17,036	17,317
Total property, plant and equipment	52,266	52,087
Intangible assets		
Software	557	533
Goodwill	1,621	1,568
Other	144	144
Total intangible assets	2,323	2,245
Investments and other assets		
Investment securities	16,345	17,967
Shares of subsidiaries and associates	51,304	52,327
Deferred tax assets	182	185
Retirement benefit asset	7,666	7,726
Other	562	545
Allowance for doubtful accounts	(68)	(67)
Total investments and other assets	75,993	78,686
Total non-current assets	130,583	133,019
Total assets	239,456	230,479

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,542	3,774
Electronically recorded obligations - operating	2,336	2,858
Short-term borrowings	28,244	35,107
Current portion of long-term borrowings	14,631	3,600
Current portion of bonds payable	-	5,000
Commercial papers	1,000	1,000
Lease liabilities	74	82
Accrued expenses	4,577	3,869
Income taxes payable	129	262
Provision for performance-linked incentive compensation	106	61
Other	11,072	8,500
Total current liabilities	66,715	64,118
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term borrowings	26,369	31,128
Long-term accounts payable - other	12,730	7,537
Lease liabilities	220	178
Deferred tax liabilities	1,952	2,075
Provision for share-based payments	446	468
Retirement benefit liability	307	317
Other	748	484
Total non-current liabilities	52,775	47,190
Total liabilities	119,491	111,308
Net assets		
Shareholders' equity		
Share capital	20,896	20,896
Capital surplus	60,236	60,236
Retained earnings	25,330	23,464
Treasury shares	(4,252)	(4,254)
Total shareholders' equity	102,210	100,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,125	1,461
Foreign currency translation adjustment	15,297	16,149
Remeasurements of defined benefit plans	1,331	1,216
Total accumulated other comprehensive income	17,754	18,828
Total net assets	119,965	119,170
Total liabilities and net assets	239,456	230,479

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the Three-Month Period

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	22,238	18,680
Cost of sales	19,353	17,553
Gross profit	2,884	1,126
Selling, general and administrative expenses	3,272	3,209
Operating loss	(387)	(2,082)
Non-operating income		
Interest income	261	160
Dividend income	24	31
Gain on investments in investment partnerships	1,141	868
Miscellaneous income	68	77
Total non-operating income	1,495	1,137
Non-operating expenses		
Interest expenses	175	284
Foreign exchange losses	577	126
Share of loss of entities accounted for using equity method	1,240	313
Miscellaneous losses	55	93
Total non-operating expenses	2,048	818
Ordinary loss	(940)	(1,763)
Extraordinary income		
Gain on change in equity	502	718
Total extraordinary income	502	718
Extraordinary losses		
Extra retirement payments	209	555
Total extraordinary losses	209	555
Loss before income taxes	(647)	(1,599)
Income taxes	211	266
Loss	(858)	(1,866)
Profit attributable to non-controlling interests	5	-
Loss attributable to owners of parent	(864)	(1,866)

Quarterly Consolidated Statement of Comprehensive Income

For the Three-Month Period

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Loss	(858)	(1,866)
Other comprehensive income		
Valuation difference on available-for-sale securities	26	336
Foreign currency translation adjustment	323	232
Remeasurements of defined benefit plans, net of tax	74	(113)
Share of other comprehensive income of entities accounted for using equity method	(1,185)	617
Total other comprehensive income	(760)	1,073
Comprehensive income	(1,619)	(792)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,649)	(792)
Comprehensive income attributable to non-controlling interests	30	-