

# Financial Results Presentation

## Fiscal Year Ended March 2025 (FY2024)



**SANKEN ELECTRIC CO., LTD.**

May 14, 2025

## **Power Electronics for Your Innovat!on**

**Drive a focused organization to become a highly  
profitable company that contributes to the innovation  
for our society through the development and  
implementation of unique technologies.**

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# FY2024 Financial Results

# Financial Results: FY2024

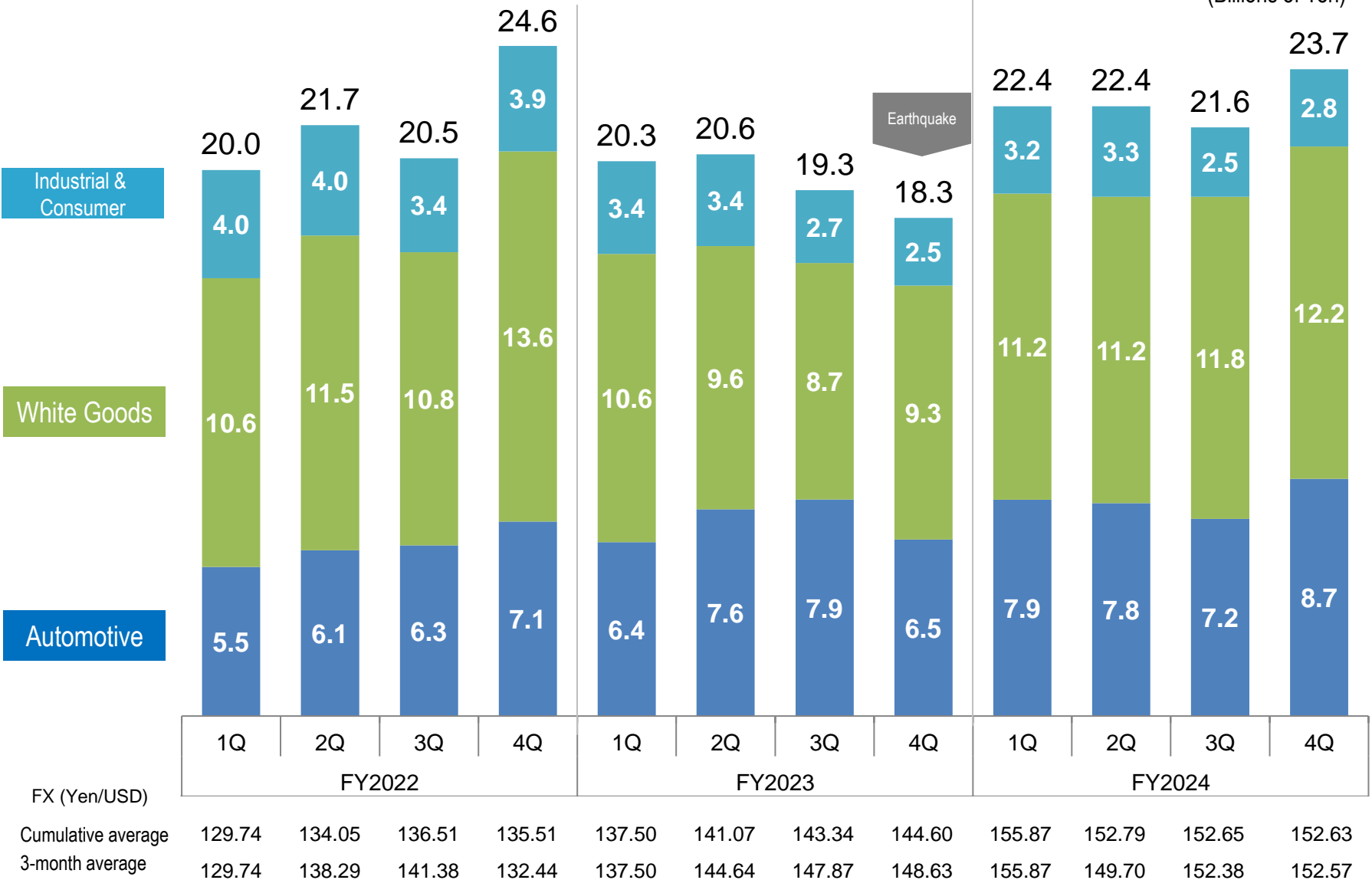
(Billions of Yen)	FY2023					FY2024					YoY	
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	Amount	%
Sales	59.9	61.6	58.3	55.4	235.2	49.8	23.0	23.3	25.5	121.6	—	—
Sanken Core	20.3	20.6	19.3	18.3	78.5	22.4	22.4	21.6	23.7	90.0	+11.5	+14.7%
Other	39.6	41.0	39.0	37.1	156.7	27.5	0.6	1.7	1.8	31.6	—	—
Operating Profit	8.5	8.6	4.6	-2.2	19.5	-4.6	-1.0	0.2	1.6	-3.8	—	—
Sanken Core	0.9	0.1	0.1	-4.1	-3.0	0.3	-0.1	0.4	1.5	2.0	+5.0	—
Other consolidated adjustments	7.7	8.5	4.5	1.8	22.6	-4.9	-0.9	-0.1	0.2	-5.8	—	—
Equity in earnings (losses) of affiliates/ Gain (Loss) on investments in investment partnerships	—	—	—	—	—	—	-2.0	1.8	-4.8	-5.0	—	—
Ordinary Profit	7.9	8.8	4.0	-2.5	18.2	-5.7	-8.6	3.4	-3.5	-14.3	—	—
Extraordinary Profit and Loss	-0.2	-0.5	-1.0	-7.0	-8.7	1.5	63.4	0.6	-0.7	64.8	—	—
Net Income	2.2	2.2	0.0	-12.6	-8.1	-2.7	50.7	3.2	-0.2	50.9	—	—
Net Income per Share (Unit: Yen)					-335.99					2,119.53	—	—
FX Cumulative average	137.50	141.07	143.34	144.60		155.87	152.79	152.65	152.63		*As Allegro has been removed from the scope of consolidation from 2Q FY2024, values for change are for Sanken Core only	
(Yen/USD) 3-month average	137.50	144.64	147.87	148.63		155.87	149.70	152.38	152.57			

<FY2024 Major factors affecting profit (billions of yen)> \*Monetary amounts are shown as positive or negative, regardless of the line item

Operating profit	• Consolidated adjustments etc.	: - 5.8 (Allegro and PSL -4.8, former Unit business -0.4)
Non-operating expenses	• Share of loss of equity method entities and LPS	: - 5.0 (Recording of equity in Allegro's net income -3.7, loss on investments in LPS -1.3)
	• Foreign exchange losses	: - 5.5 (Includes factors behind exchange rate fluctuations accompanying the partial sale of Allegro shares)
Extraordinary profit	• Gain on sale of non-current assets	: + 1.6 (Gain on sale of former Kawagoe Plant in 1Q)
	• Gain on change in equity	: + 98.3 (Gain on sale of Allegro shares: +129.1 billion yen; Adjustment for change in equity: -30.8 billion yen)
	• Gain on transfer from business divestitures	: + 7.4 (Adjustment for change in PSL's equity)
Extraordinary losses	• Loss on liquidation of subsidiaries and associates	: + 0.9 (Sanken Indonesia)
	• Impairment losses	: - 1.4 (Shika Plant closure -1.0)
	• Loss on business restructuring	: - 40.0 (One-time provision of financial assistance to PSL)
Income taxes		: - 1.3 (Includes taxes accompanying the partial sale of Allegro shares)
Loss attributable to non-controlling interests		: + 1.7 (Reversal of Allegro's 1Q net loss, including exchange rate adjustments)

# Sanken Core Sales Trend by Market

(Billions of Yen)



# Financial Status: FY2024

Maintain the strengthened financial structure through the partial sale of Allegro shares

Change from the end of FY2023

	<u>End of FY2023</u>	<u>End of FY2024</u>
Equity Ratio	31.1%	56.9%
D/E Ratio	1.2x	0.4x

\*End of FY2023 includes Allegro and PSL

# Guidance for FY2024



# Guidance for FY 2024

(Billions of Yen)	FY2024 (March 2025)			FY2025 (March 2026)			YoY	
	1H	2H	Full Year	1H	2H	Full Year	Amount	%
Sales	72.8	48.8	121.6	43.8	45.4	89.2	—	—
Sanken Core	44.7	45.3	90.0	42.6	45.5	88.1	-1.9	-2.2%
Others	28.1	3.5	31.6	1.2	0.0	1.2	—	—
Operating Profit	-5.7	1.9	-3.8	-1.1	1.5	0.4	—	—
Sanken Core	0.2	1.8	2.0	-0.7	1.9	1.2	-0.8	-39.9%
Consolidated adjustments etc.	-5.8	0.0	-5.8	-0.4	-0.4	-0.8	—	—
Equity in earnings (losses) of affiliates	-2.0	-3.0	-5.0					
Ordinary Profit	-14.2	0.0	-14.3	-1.3	0.1	-1.2	—	—
Extraordinary Loss and Profit	64.9	-0.1	64.8					
Net Income	48.0	2.9	50.9	-4.1	-0.3	-4.4	—	—
Net Income per Share (Unit: Yen)			2,119.53			-183.10	—	—

FX (Yen/USD) Cumulative average

152.63

145.00

\*As Allegro has been removed from the scope of consolidation from 2Q FY2024, values for change are for Sanken Core only

FY2025 Impact of assumed USD/JPY exchange rate (change of ¥1/year): Approx 0.4 billion yen on sales and 0.2 billion yen on operating profit

\*Yen depreciation is a plus factor and yen appreciation a minus factor

Impact of tariffs: To be disclosed as soon as the impact on results is ascertained

Sales : Decrease of 1.9 billion yen based on assumed exchange rate of 145 yen

Operating profit : Sanken Core Profit increase forecast due to progress on back-end process reorganization plan in 2H

: Consolidated adjustments etc. Liquidations to continue even though sales of former Unit business products were completed in 1H

Extraordinary loss and profit : Due to record an extraordinary loss of approx. 2.2 billion yen in 1H accompanying the solicitation of applicants for voluntary retirement at Ishikawa Sanken

# Guidance Assumptions: Market Environment

## Macroeconomic Trends

- Global economic direction remains uncertain
- We will continue to evaluate supply chains based on the assumption they will be affected by reciprocal tariffs being imposed by the U.S. government, and we are currently investigating the direct impact
- We are also investigating the indirect impact caused by the ripple effects of reciprocal tariffs on the economies and business conditions of each country

## Automotive Market

- CY2025 OEM production 92.4M (forecast before impact of tariffs, +2.4% vs. CY2024)  
→ Monitoring demand after the impact of tariffs
- The shift to BEV will remain constant over the medium and long terms, but will be delayed by about two years. It is forecast to regain momentum in the second half of FY2026
- Orders for our IPM products to start due to growth in demand for high voltage auxiliary inverter systems

## White Goods Market

- As demand within China slows, major air conditioner manufacturers are increasing production of models for overseas markets, with slight increases appearing in each customer's plan for CY2025
- CY2025 production at Korean customers is expected to grow YoY
- Demand from Japanese customers is expected to remain flat both in domestic and overseas markets
- The cultivation of new customers in the U.S. and Europe is proceeding steadily

## Industrial & Consumer Market

### <Industrial>

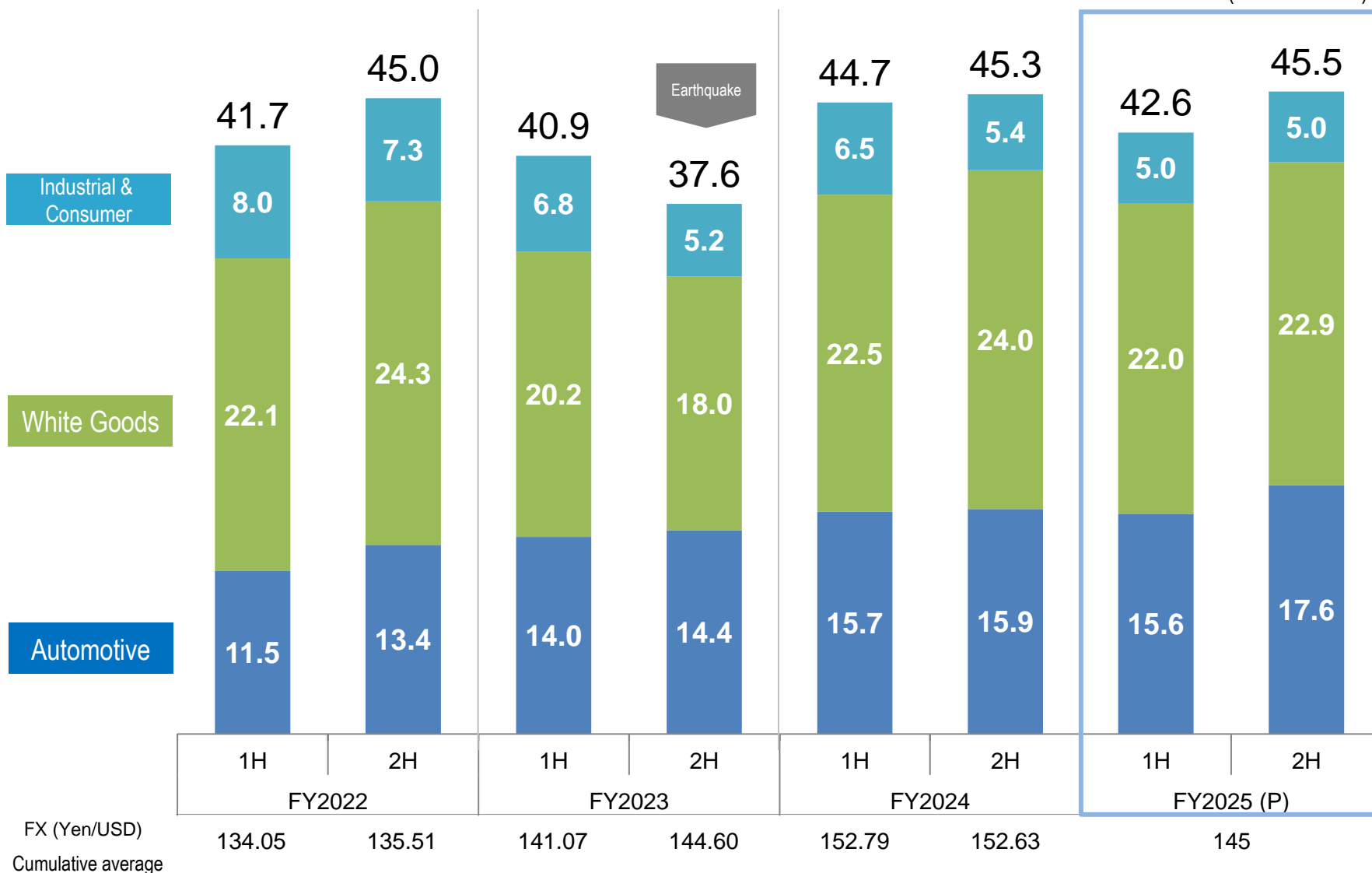
- Semiconductors for industrial applications have not seen a general recovery in demand due to economic slowdowns and sluggish capital investment

### <Consumer>

- Demand for global TV production remains flat

# Sanken Core Sales Trend by Market

(Billions of Yen)



# Reference Significant subsequent events

## (Solicitation of applicants for voluntary retirement at consolidated subsidiary)

At an extraordinary meeting of the Board of Directors of Ishikawa SanKen Co., Ltd., a consolidated subsidiary of the Company, held on May 9, 2025, a resolution was made to solicit applicants for voluntary retirement.

### 1. Reason for the solicitation of applicants for voluntary retirement

Ishikawa SanKen Co., Ltd., a consolidated subsidiary of the Company, is currently conducting management improvements to raise its global competitiveness. Within this, it has engaged in measures such as adjusting and transferring production structures in accordance with changes in semiconductor market conditions, but in order to take the next step and implement plans for the reorganization of semiconductor back end processes, the company's Board of Directors has decided to solicit applicants for voluntary retirement.

### 2. Overview of Actions

- |                                 |   |
|---------------------------------|---|
| (1) Eligible applicants         | Employees (including re-employed workers) who will be 45 or older as of May 31, 2025    |
| (2) Number of people applicable | Approximately 200 people  |
| (3) Offer period                | From June 30 to July 11, 2025   |
| (4) Early separation date       | End of September 2025 (planned), End of March 2026 (planned)                            |
| (5) Incentives                  | A special redundancy benefit will be paid in addition to the regular retirement benefit |

### 3. Impact on business results

At present, this matter is forecast to produce special redundancy benefits and other costs totaling approximately 2.2 billion yen, which will be recorded as an extraordinary loss in the consolidated business results for FY2025.

# 24 MTP Sanken Core

## Transforming into a highly profitable company with sales expansion

	<u>FY2024 Actual</u>	<u>FY2025 Guidance</u>	<u>FY2027 Target</u>	
<b>Sales</b>	90.0 billion yen (152 yen/USD)	88.1 billion yen (145 yen/USD)	<b>100.0 billion yen+</b>	<u>Product Strategy</u> <ul style="list-style-type: none"> <li>• Growth through both SPP-platform products and customized products</li> </ul> <u>Sales Expansion Strategy</u> <ul style="list-style-type: none"> <li>• Tackle the automotive, white goods, and industrial markets based on segment-specific growth strategies</li> </ul>
	Aim to exceed the growth rate of the power semiconductor market			
<b>Operating Profit Margin</b>	2.2%	1.4% 1H -1.6 % 2H 4.2 %	<b>10%</b>	<u>Drivers for improving profit</u> <ul style="list-style-type: none"> <li>• Increase new product ratio</li> <li>• Improve earnings from existing products</li> <li>• COGS reduction</li> </ul>

## 24 MTP calls for proactive investments based on a stable financial foundation

### Capital Allocation Policy

Capital Investment, etc. 30.0 billion yen+
Growth Investment 20.0 billion yen
Financial assistance to PSL 40.0 billion yen in 6 years
Deleveraging 30.0 billion yen
Share Repurchase 30.0 billion yen



### As of May 14

FY2024 result + POWDEC acquisition 16.0 billion yen
Investments, etc. in FY2025-2027 34.0 billion yen+ Progress on track
Progressing as planned
As of the end of March, 30.0 billion yen repaid
49% completed as of the end of April Repurchase to be completed by the end of September

#### <Investment activities for business expansion>

- xEV market: Increase production of power modules for main/auxiliary motor systems
- Renew factory infrastructure and production lines
- Improve productivity

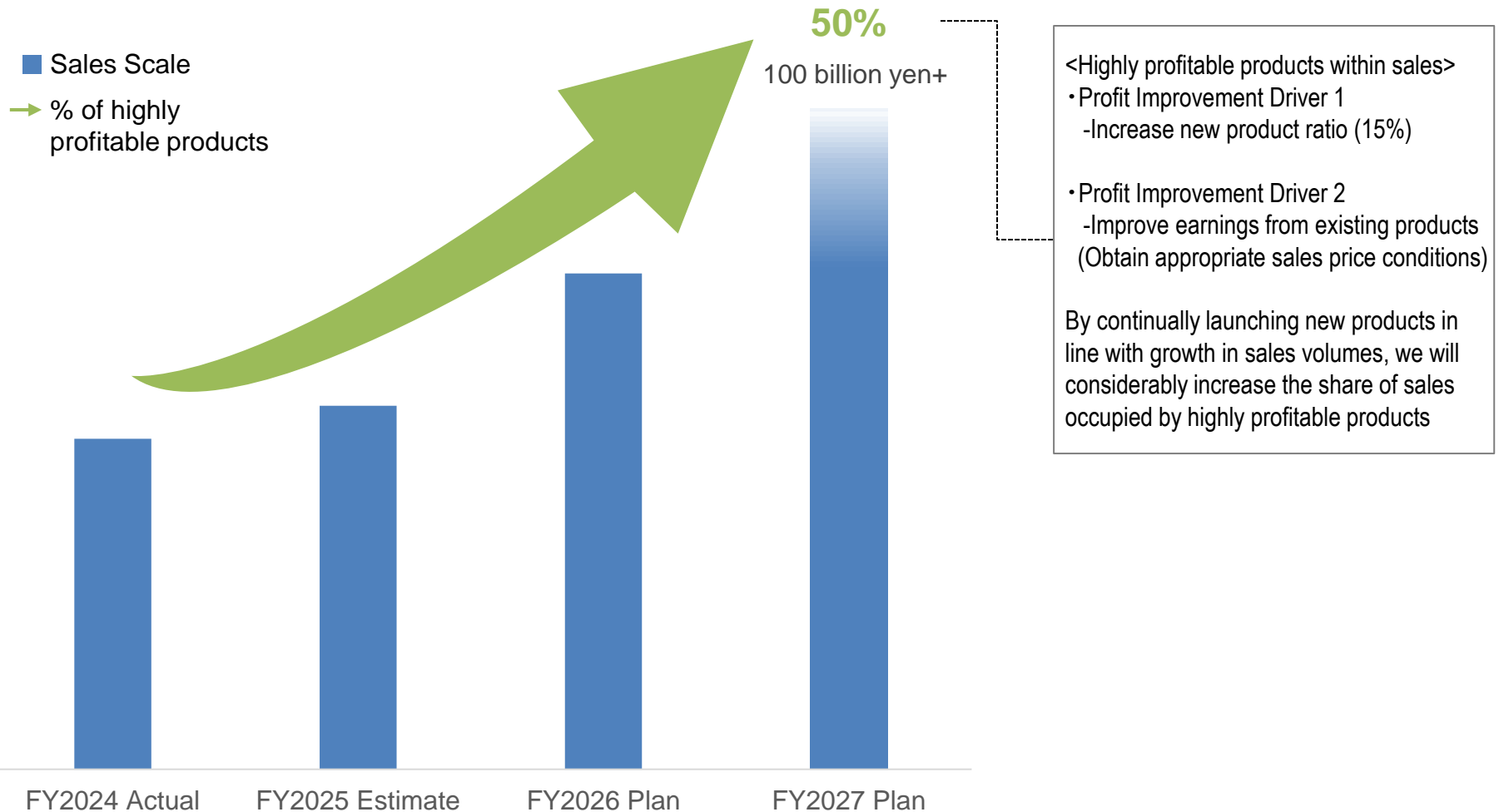
#### < Investment activities for future growth >

- Compound semiconductors: Strengthen initiatives
- Establish optimal production system in back-end process reorganization

#### <Maximization of reduction scope at the end of March>

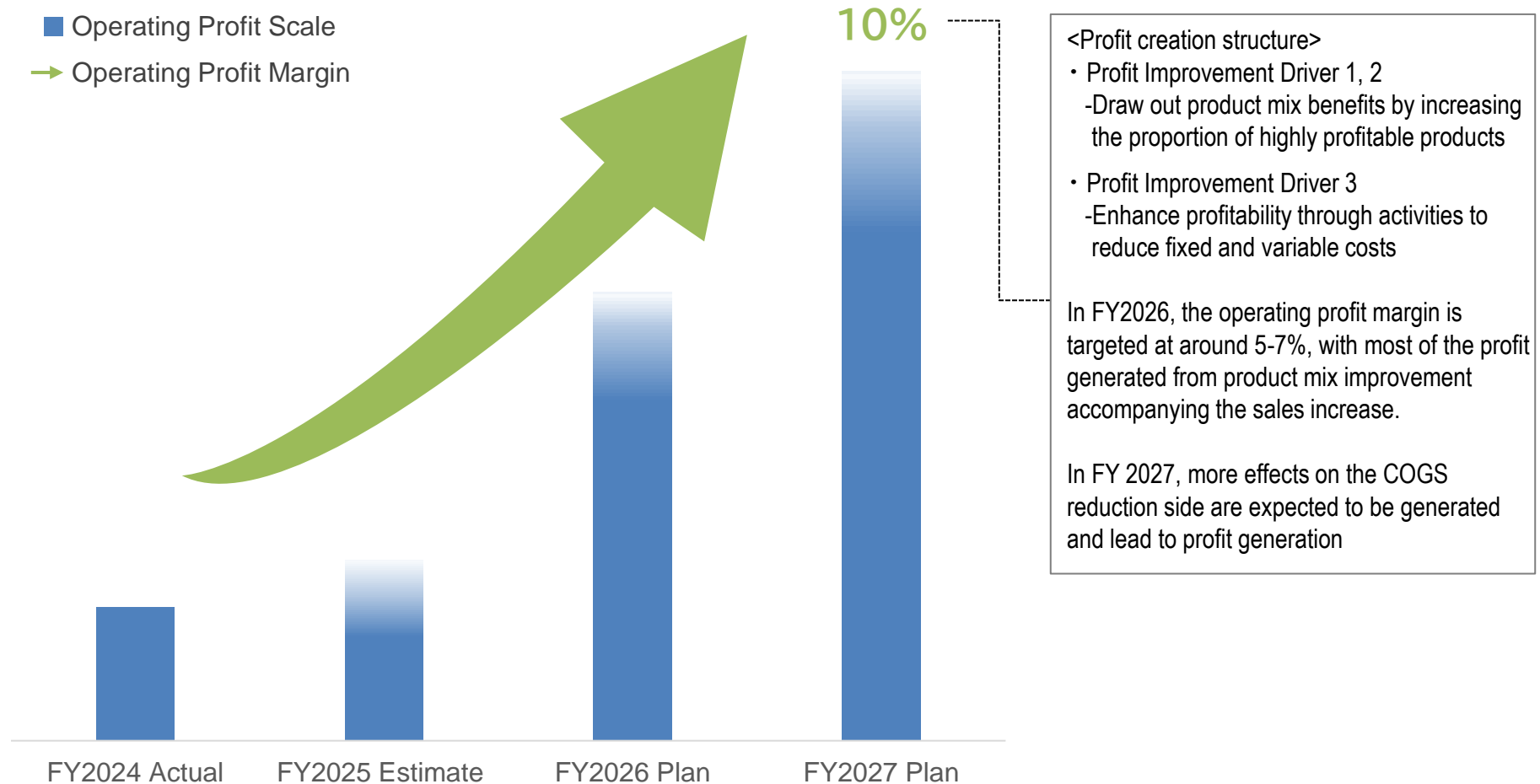
- Flexible handling of financing demand in 24 MTP
- Assume procurement in accordance with debt refinancing and funding needs in FY2025

Considerable increase in the sales share of highly profitable products, contributing to profit growth





## Establishing product mix improvement and COGS reduction as two pillars for enhancing profit

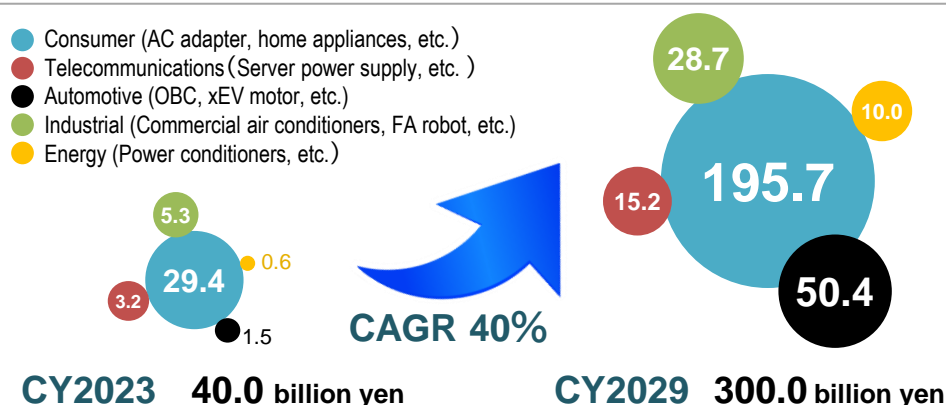


# New Initiatives for Compound Devices (restated)

## Accelerating GaN device development through collaboration with outside parties

### GaN device Market Growth Forecast

\*Market forecast based on Yole market data and our research



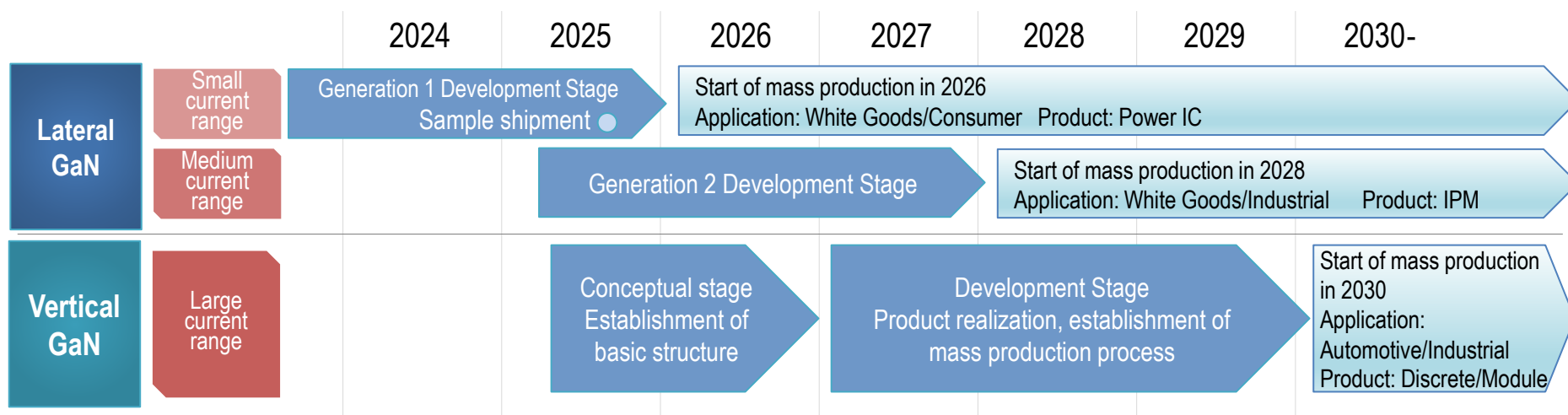
The GaN device market will expand significantly, primarily for consumer and automotive applications (CAGR 40%)

CY2029

The power semiconductor market is expected to grow 5.4 trillion yen

Of which, the GaN device market is expected to grow 300.0 billion yen

### Our concept for GaN device development and mass production



# Sanken Core Technological Development

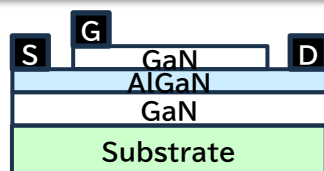
## Acquired POWDEC with the aim of productizing high-voltage GaN power semiconductors

### <Acquisition purpose and aims>

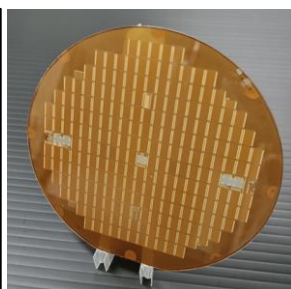
- Joint development with POWDEC started in 2023 confirmed feasibility regarding high voltages of 1200V or more
- Acquiring POWDEC was judged as the best option to accelerate development speed in order to realize quick productization and market launch
- The initial aim is to realize electricity savings, smaller size, and lighter weight, leading to productization in white goods and industrial machinery markets
- In the future, we aim to develop GaN power semiconductors that will reduce charging times, as well as the space and weight of automobiles for the xEV field
- POWDEC is scheduled to be absorbed and merged into the Company as of October 1, 2025

### POWDEC's unique GaN Technology

#### PSJ structure - Lateral GaN-FET



High-voltage compatibility made easy through low on-resistance

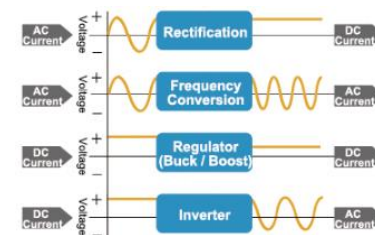
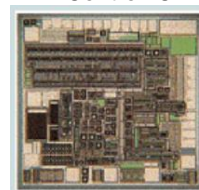


**GaN-FET, currently at the trial stage**



### Sanken's Power Management Technology

#### Control IC

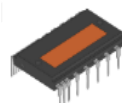


Highly efficient, high-precision power control for both analog and digital

### High-voltage GaN power semiconductor solutions



**GaN Power IC**



**GaN IPM**

- In addition to 650V, which is mainstream for GaN power devices, we will aim to productize 1200V and 1700V high-voltage GaN devices
- We will provide customers with easy-to-use power module and power device solutions that combine our competitive package technologies with high-voltage GaN and control ICs

#### Automotive Market

- Lateral PSJ-GaN 1200V OBC/DD converter / auxiliary motor
- Vertical GaN 1200V BEV main inverter systems

#### Industrial Market

- Lateral PSJ-GaN 1700V Power IC: commercial air conditioner/AWHP
- Leverages high-frequency, low-loss features for server power supply

#### White Goods Market

- Lateral PSJ-GaN 650V / air conditioner / washing machine / refrigerator
- Deployment of both power supply ICs and IPMs

# Sanken Core Technological Development

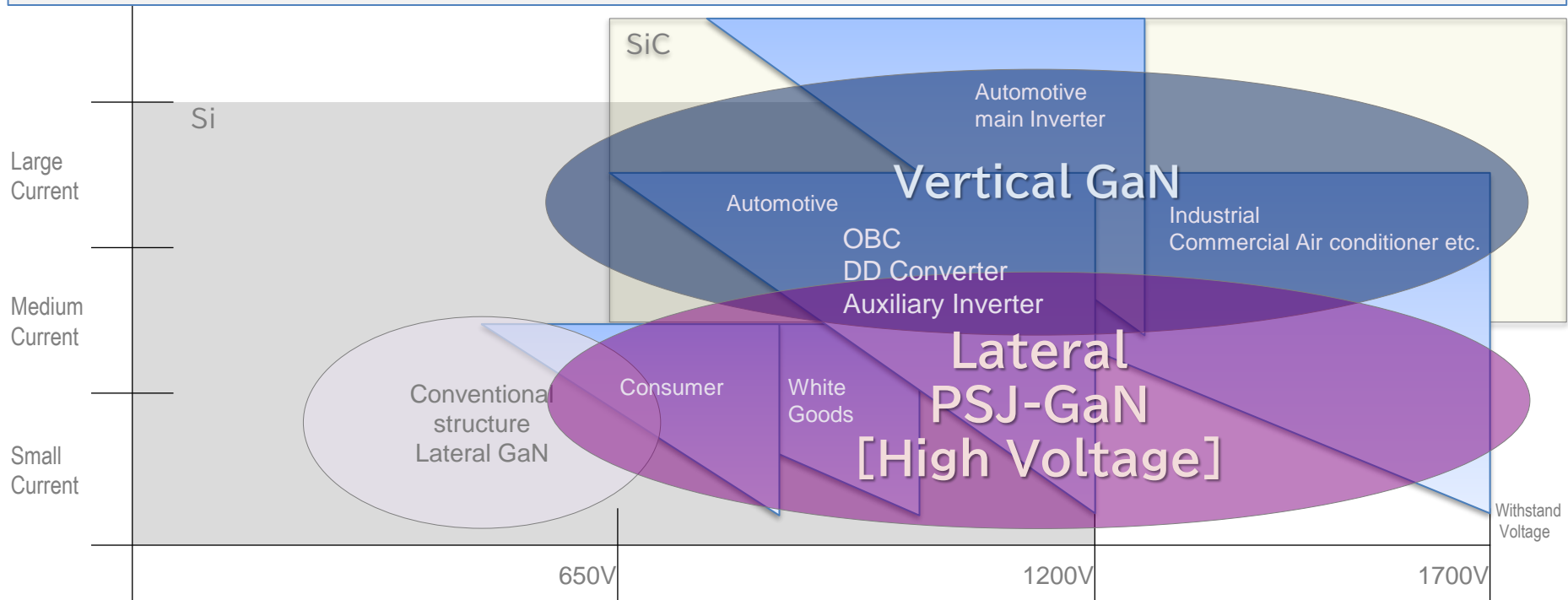
## Accelerating development of GaN as a future growth driver

**Step 1:** In small to medium current areas, switch from Si to **Lateral GaN** to realize considerable improvement in performance and smaller size

**Step 2:** In the future, develop **Vertical GaN** that can handle large currents and aim to replace part of the SiC market with GaN

### <Benefits of replacing GaN>

- **Lateral GaN** has lower loss than Si, which can provide lower power consumption, smaller size, and lighter weight for customers' applications. Furthermore, **Lateral PSJ-GaN** can cover a higher voltage range than conventional Lateral GaN, such as 1200 and 1700V.
- **Vertical GaN** offers better device performance than SiC and higher power density, enabling smaller chip size. This can lead to further miniaturization and weight reduction.

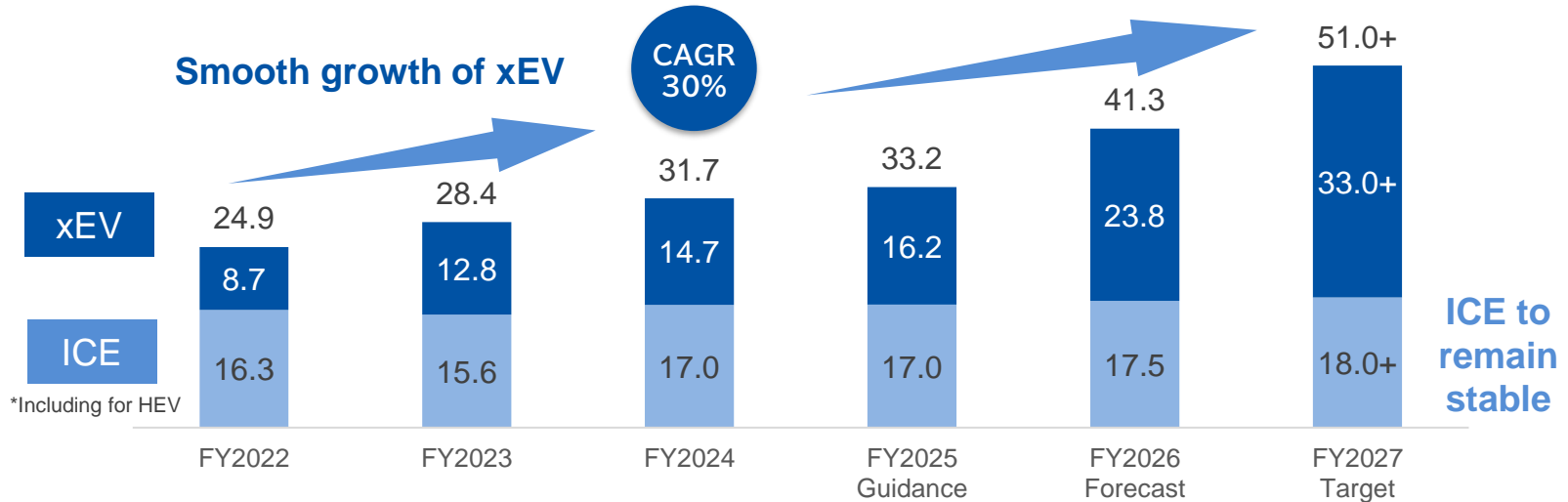


# Sanken Core Automotive Market

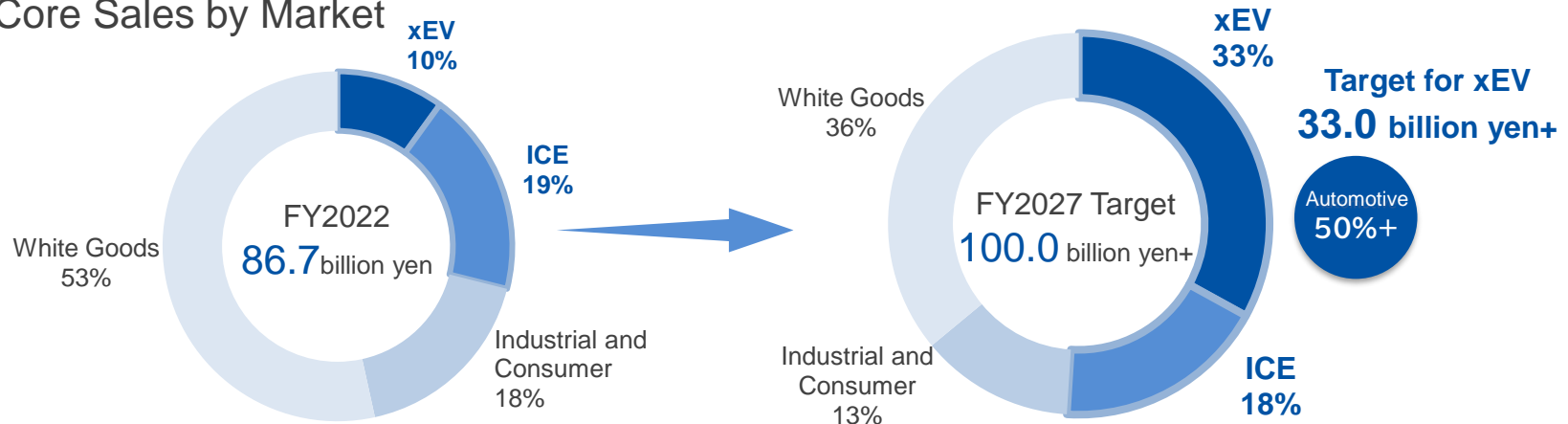
**BEV shift over the medium to long terms remains unchanged, despite of c.2 years delay**

Sanken Core Automotive Sales (billions of yen)

**Driven by Power Modules  
for EV traction motors**



Sanken Core Sales by Market



## Upgrade the governance structure to further enhance the effectiveness of 24MTP

### Board of Directors Structure

- Two external director candidates with corporate management experience to be nominated at the general meeting of shareholders in June

Experience Mr. Seki : Former representative director of Seiko Epson Corporation with knowledge and experience of management strategy and sustainability

Mr. Yanagisawa : Current Executive Officer of IGW Japan Limited. with knowledge and experience of financial matters, audits, and establishing new businesses

- Both candidates have extensive corporate management experience

### Executive Structure

- Transition to a CxO (C-level executive) system:
  - In order to advance 24 MTP and enhance corporate value, we have established CEO, COO, and CFO positions to define the division of responsibilities and clarify roles concerning the execution of business operations
  - We will respond to diverse management issues and implement strategies swiftly and accurately

## Assess the right timing for resuming dividends and commit to completing the share repurchase

### Share Repurchase

- Up to April 2025, we completed the repurchase of 2.26 million shares for 14.7 billion yen (9% of total shares outstanding)
- As announced in November 2024, a share cancellation will be conducted after the completion of this share repurchase

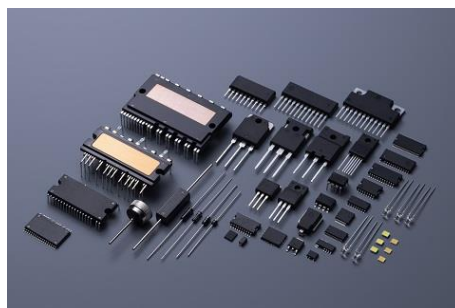
### Dividend Policy

- In light of the current situation, including the withdrawal from legacy unit products and the reorganization of back-end production, we will continue to suspend dividend payments in FY2025
- Dividend resumption is planned for FY2026, depending on the outlook for profitability improvement at Sanken Core. We will consider an appropriate dividend policy based on cash flow, investment plans, etc.

## Establishing a global position in the power semiconductor market

### Power discretes and modules <sup>\*1</sup>

**No. 19** globally  
**No. 6** in Japan

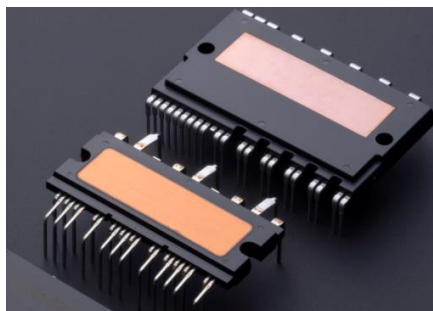


### Power modules <sup>\*1</sup>

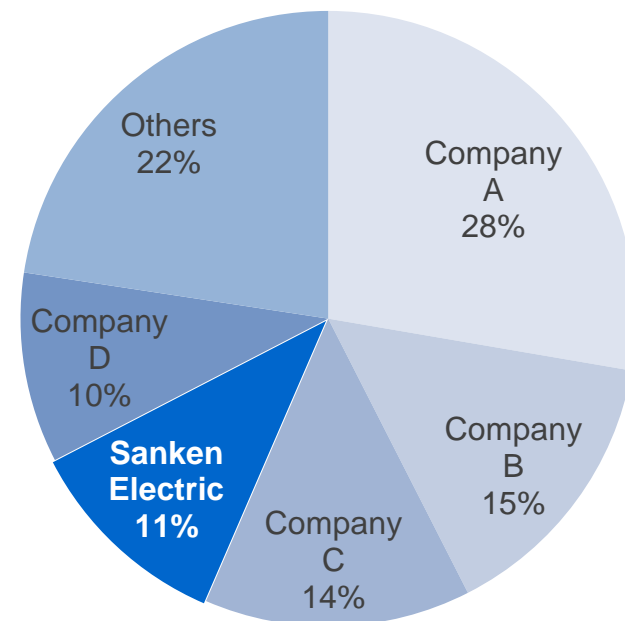
**No. 10** globally  
**No. 3** in Japan

### Intelligent power modules (IPM) <sup>\*2</sup>

**No. 4** globally  
**No. 3** in Japan



IPM Market Share <sup>\*2</sup>



<sup>\*1</sup>. Omdia (October 2024 survey)

<sup>\*2</sup>. Fuji Keizai "Current status and future outlook of markets for next-generation power devices and power electronics-related equipment – 2025 edition"





## Financial Results Presentation Fiscal Year Ended March 2025 (FY2024)

## Notice on Forward-looking Statement

This presentation contains forward-looking statements with respect to the Company's and its group affiliates' future results, plans and policies, strategies, performance goals and scheduled targets, and the management's views and judgments that are not yet firmly established facts. These forward-looking statements are formed based on the currently available information and assumptions deemed reasonable at present, and conditional upon known and unknown risks, uncertainties and many other factors. These risks, uncertainties and many other factors could cause actual results to be materially different from any future results that may be expressed or implied by such forward-looking statements. The Company does not undertake any obligation to update or revise any forward-looking statements, including, but not limited to, revisions of financial result forecast, unless the Company is enforced to do so by the provisions of applicable laws and regulations.

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