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

August 8, 2025

Company name: SUNCORPORATION

Listing: Tokyo Stock Exchange

Securities code: 6736

URL: <https://www.sun-denshi.co.jp>

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Scheduled date to commence dividend payments: --

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

President and Representative Director

Representative and Executive managing director

(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	2,585	9.7	(90)	-	1,800	-	1,775	755.8
June 30, 2024	2,356	(0.6)	(130)	-	(75)	-	207	-

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ 744 million [(54.7) %]
Three months ended June 30, 2024: ¥ 1,644 million [- %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	79.74	79.66
June 30, 2024	9.33	9.32

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	53,867	47,252	87.7
March 31, 2025	53,127	47,608	89.5

(Reference) Equity: As of June 30, 2025: ¥ 47,218 million
As of March 31, 2025: ¥ 47,545 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	-	50.00	-	50.00	100.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		-	-	-	-

(Note) The dividend forecast for the fiscal year ending March 31, 2026 is undecided at this time.

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	16,247	49.9	1,385	-	6,191	772.1	4,296	(75.0)

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

* Notes:

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(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: 24,007,728 shares
March 31, 2025: 24,007,728 shares

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

June 30, 2025: 1,723,618 shares
March 31, 2025: 1,740,467 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 22,269,478 shares
Three months ended June 30, 2024: 22,243,289 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 forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual results may differ significantly due to various factors.

1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2025

(1) Explanation of Operating Results

During the three months ended June 30, 2025, the Japanese economy picked up moderately amid improving employment and income environments. This is partly due to wage rises and various government policies taking effect. However, downside risks caused by rising prices, fluctuations in the financial and capital markets, the impact of U.S. trade policies, and other factors mean that unpredictability of future outlook persists.

With our management policy upholding “Focusing on the information technology and entertainment fields,” “Striving to enhance corporate value,” and “Taking proactive actions with entrepreneurial spirit,” the Group drives the following three pillar activities as a mid- to long-term management strategy.

- (1) Creating new customer value in the field related to information technology (security and M2M/IoT)
- (2) Creating new IP in the field related to entertainment (game machines and games)
- (3) Developing and expanding business in global markets

As a result, key operating results during the three months ended June 30, 2025 were as follows.

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net sales	2,356	2,585	228	9.7
Gross profit	658	629	(29)	(4.4)
Operating loss	(130)	(90)	40	—
Ordinary profit (loss)	(75)	1,800	1,875	—
Profit attributable to owners of parent	207	1,775	1,568	755.8

Main factors of increase/decrease

Compared to the first quarter of the previous fiscal year, net sales for the first quarter of the current fiscal year increased by 228 million yen to 2,585 million yen, driven by the entertainment-related business. Gross profit decreased by 29 million yen to 629 million yen, and operating loss increased by 40 million yen to 90 million yen due to a decrease in selling, general and administrative expenses. Ordinary profit increased by 1.875 billion yen to 1.8 billion yen due to the recognition of an equity method investment gain of 1.828 billion yen from Cellebrite, a subsidiary accounted for under the equity method. Profit attributable to owners of parent increased by 1.568 billion yen to 1.775 billion yen.

<Overview of individual segments>

[Global Data Intelligence business]

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net sales	271	284	13	5.1
Gross profit	69	63	(6)	(8.9)
Segment profit	30	22	(7)	(25.7)

Main factors of increase/decrease

Sales increased year on year due to an increase in orders received from subscription businesses, however, profits decreased due to unfavorable conditions for some orders.

[Entertainment-related business]

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net sales	1,425	1,776	351	24.7
Gross profit	354	380	25	7.3
Segment profit	104	201	96	92.1

Main factors of increase/decrease

In the gaming machine business, sales and profits increased year on year due to an increase in the number of gaming machine parts shipped and efforts to reduce costs.

In the game content business, sales and profits increased year on year due to an increase in the number of retro games sold overseas.

[New IT-related business]

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net sales	664	528	(135)	(20.4)
Gross profit	229	179	(50)	(22.0)
Segment profit	21	(13)	(35)	—

Main factors of increase/decrease

In the M2M business, migration from 3G to LTE (4G) has been completed as each telecommunications carrier gradually shut down 3G lines by March 2026. However, shipment volumes declined due to delays in the development and rollout of new products featuring 5G and edge AI as keywords. In addition, increased security measures for industrial networks led to a year-on-year decline in sales and profits.

[Wellness business]

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net sales	—	—	—	—
Gross profit	—	—	—	—
Segment profit	—	(1)	(1)	—

Main factors of increase/decrease

The wellness business is still in its early stages, and profits declined year on year.

(2) Explanation of Financial Position

< State of assets, liabilities, and net assets >

	As of March 31, 2025 (Millions of yen)	As of June 30, 2025 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Current assets	16,733	16,734	1	0.0
Non-current assets	36,394	37,133	738	2.0
Total assets	53,127	53,867	740	1.4
Current liabilities	5,240	6,347	1,107	21.1
Non-current liabilities	278	267	(11)	(4.0)
Total liabilities	5,519	6,615	1,095	19.9
Total net assets	47,608	47,252	(355)	(0.8)

Main factors of increase/decrease

(Assets)

The main factor contributing to the decrease in current assets was a decrease of 7.8 billion yen in cash trusts. On the other hand, the main factors contributing to the increase were an increase of 7.444 billion yen in cash and deposits, and an increase of 149 million yen in notes and accounts receivable. The main factor contributing to the increase in non-current assets was an increase of 766 million yen in shares of affiliated companies.

(Liabilities)

The main factors contributing to the increase in current liabilities were an increase of 663 million yen in notes and accounts payable and an increase of 313 million yen in contract liabilities. The main factor contributing to the decrease in non-current liabilities was a decrease of 12 million yen in long-term loans payable.

(Net assets)

The main factor contributing to the decrease in net assets was a decrease of 1.15 billion yen in foreign currency translation adjustments. On the other hand, the main factors contributing to the increase was an increase of 662 million yen in retained earnings.

Quarterly Consolidated Financial Statements and Primary Notes
Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	2,148,549	9,593,034
Money held in trust	7,800,000	-
Notes and accounts receivable - trade	1,740,838	1,890,232
Accounts receivable	231,875	231,582
Finished goods	598,734	533,398
Work in process	346,286	341,576
Raw materials	3,182,265	3,285,669
Other	684,994	859,131
Allowance for doubtful accounts	(199)	(98)
Total current assets	16,733,345	16,734,526
Non-current assets		
Property, plant and equipment		
Land	949,043	949,043
Other, net	455,977	451,459
Total property, plant and equipment	1,405,020	1,400,503
Intangible assets		
Goodwill	478,136	449,501
Other	205,463	193,845
Total intangible assets	683,600	643,347
Investments and other assets		
Investment securities	10,774,890	10,885,395
Deferred tax assets	571,500	539,826
Shares of subsidiaries and associates	22,243,678	23,010,470
Other	715,423	653,564
Total investments and other assets	34,305,492	35,089,257
Total non-current assets	36,394,113	37,133,107
Total assets	53,127,459	53,867,634

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	880,950	1,544,226
Short-term borrowings	2,291,548	2,481,000
Current portion of long-term borrowings	36,504	45,674
Accrued expenses	295,859	317,906
Income taxes payable	2,893	18,534
Advances received	62,358	66,103
Contract liabilities	1,135,648	1,448,958
Provision for bonuses	98,048	121,023
Other	436,622	304,019
Total current liabilities	5,240,433	6,347,447
Non-current liabilities		
Long-term borrowings	217,442	204,322
Deferred tax liabilities	8,219	7,367
Deferred tax liabilities for land revaluation	10,212	10,212
Retirement benefit liability	11,714	11,912
Other	31,157	33,760
Total non-current liabilities	278,746	267,575
Total liabilities	5,519,180	6,615,022
Net assets		
Shareholders' equity		
Share capital	2,097,606	2,097,606
Capital surplus	3,340,696	3,348,003
Retained earnings	41,767,144	42,429,527
Treasury shares	(3,584,241)	(3,549,543)
Total shareholders' equity	43,621,205	44,325,593
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	62,932	87,485
Deferred gains or losses on hedges	(12,613)	36,594
Revaluation reserve for land	(434,495)	(434,495)
Foreign currency translation adjustment	4,308,958	3,203,484
Total accumulated other comprehensive income	3,924,782	2,893,069
Share award rights	24,673	-
Share acquisition rights	37,617	33,949
Total net assets	47,608,278	47,252,611
Total liabilities and net assets	53,127,459	53,867,634

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended June 30, 2025

(Thousands of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	2,356,786	2,585,094
Cost of sales	1,698,409	1,955,878
Gross profit	658,376	629,216
Selling, general and administrative expenses	789,112	719,834
Operating loss	(130,736)	(90,617)
Non-operating income		
Interest and dividend income	74,980	73,692
Foreign exchange gains	-	1,153
Share of profit of entities accounted for using equity method	-	1,828,140
Other	1,937	435
Total non-operating income	76,918	1,903,422
Non-operating expenses		
Interest expenses	3,620	6,409
Foreign exchange losses	13,848	-
Commission expenses	3,581	5,680
Other	266	259
Total non-operating expenses	21,318	12,350
Ordinary profit (loss)	(75,135)	1,800,454
Extraordinary income		
Gain on reversal of share acquisition rights	11,688	-
Total extraordinary income	11,688	-
Profit (loss) before income taxes	(63,446)	1,800,454
Income taxes - current	10,353	8,852
Income taxes - deferred	(281,308)	15,856
Total income taxes	(270,954)	24,709
Profit	207,507	1,775,745
Profit attributable to owners of parent	207,507	1,775,745

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

(Thousands of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	207,507	1,775,745
Other comprehensive income		
Valuation difference on available-for-sale securities	1,424,584	54,851
Foreign currency translation adjustment	12,287	(25,217)
Share of other comprehensive income of entities accounted for using equity method	-	(1,061,347)
Total other comprehensive income	1,436,872	(1,031,713)
Comprehensive income	1,644,379	744,032
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,644,379	744,032

(3) Notes on Quarterly Consolidated Financial Statements

(Notes regarding assumption of going concern)

Not applicable

(Notes if there are significant changes in the amount of shareholders' equity)

Not applicable

(Segment information, etc.)

[Segment information]

I. Three months ended June 30, 2024 (April 1 to June 30, 2024)

1. Information on net sales and profit (loss) for each reportable segment and information on the disaggregation of revenue

(Thousands of yen)

	Global Data Intelligence business	Entertainment-related business	New IT-related business	Total	Adjusted amount (Note 1)	Amount reported on consolidated financial statements (Note 2)
Sales						
Goods transferred at a point in time	15,673	1,421,386	485,671	1,922,731	—	1,922,731
Goods transferred over time	255,335	—	178,719	434,054	—	434,054
Revenue from contracts with customers	271,008	1,421,386	664,390	2,356,786	—	2,356,786
Revenue from external customers	271,008	1,421,386	664,390	2,356,786	—	2,356,786
Transactions with other segments	—	4,063	—	4,063	(4,063)	—
Total	271,008	1,425,450	664,390	2,360,849	(4,063)	2,356,786
Segment profit (loss)	30,664	104,624	21,645	156,934	(287,670)	(130,736)

(Notes) 1. Adjusted amount for segment profit (loss) of ¥(287,670) thousand mainly consists of general and administrative expenses not attributable to reportable segments and elimination of intersegment transactions.

2. Segment profit (loss) has been adjusted with operating profit (loss) on the quarterly consolidated statements of income.

II. Three months ended June 30, 2024 (April 1 to June 30, 2025)

1. Information on net sales and profit (loss) for each reportable segment and information on the disaggregation of revenue

(Thousands of yen)

	Global Data Intelligence business	Entertainment-related business	New IT-related business	Wellness business	Total	Adjusted amount (Note 1)	Amount reported on consolidated financial statements (Note 2)
Sales							
Goods transferred at a point in time	17,117	1,771,158	364,930	—	2,153,206	—	2,153,206
Goods transferred over time	267,847	—	164,040	—	431,888	—	431,888
Revenue from contracts with customers	284,965	1,771,158	528,970	—	2,585,094	—	2,585,094
Revenue from external customers	284,965	1,771,158	528,970	—	2,585,094	—	—
Transactions with other segments	—	5,786	—	—	5,786	(5,786)	2,585,094
Total	284,965	1,776,945	528,970	—	2,590,881	(5,786)	2,585,094
Segment profit	22,786	201,024	(13,814)	(1,309)	208,686	(299,304)	(90,617)

(Notes) 1. Adjusted amount for segment profit (loss) of ¥(299,304) thousand mainly consists of general and administrative expenses not attributable to reportable segments and elimination of intersegment

transactions.

2. Segment profit (loss) has been adjusted with operating (loss) on the quarterly consolidated statements of income.

2. Changes in reporting segments, etc.

At the end of the previous consolidated fiscal year, a new segment, “Wellness business,” was added to the reporting segments in conjunction with the Company's new entry into the digital health field.

(Notes on quarterly consolidated statement of cash flows)

No quarterly consolidated statement of cash flows has been prepared for the three months ended June 30, 2024. Depreciation (including amortization of intangible assets excluding goodwill and customer-related assets) and amortization of goodwill and customer-related assets for the three months ended June 30 are as follows:

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Depreciation	¥54,450 million	¥57,742 million
Amortization of goodwill	¥15,515 million	¥14,500 million
Amortization of customer-related assets	¥2,671 million	¥2,496 million

(Important Subsequent Events)

At a meeting of the Board of Directors held on August 8, 2025, the Company resolved to acquire own shares in accordance with the provisions of Article 156 of the Companies Act, as applied by way of reference pursuant to the provisions of Article 165, Paragraph 3 of the same Act. For details, please refer to the “Notice Concerning the Decision on Matters Related to Acquisition of Own Shares” disclosed separately today.