

Briefing Materials on the Financial Results for the First Half of the Year Ending March 2021

November 5, 2020

 SANSBIN ELECTRONICS CO., LTD.

Toshiro Suzuki, Representative Director, COO

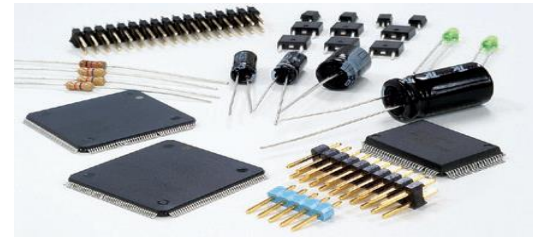
(Stock code: 8150)

As a general electronics trading company committed to being “customers’ best partner,” Sanshin Electronics runs two major businesses: device business and solution business.

Device Business

— Addressing diversified market needs through a wide product lineup —

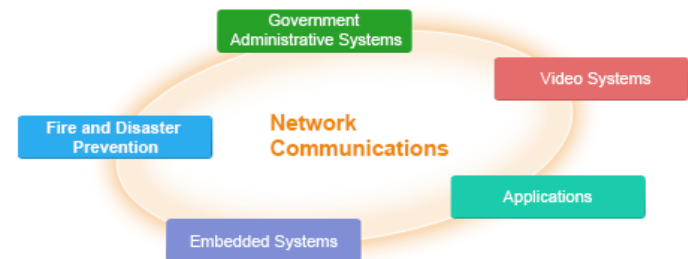
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’ requests through a full lineup and detailed system of both domestic and overseas sales.



Solution Business

— Building up social infrastructures interconnected through ICT —

With information and telecommunications network at the core of our operations, we are committed to proposing and building up the optimal system to fit our customers’ needs. We provide our customers with a safe and reliable infrastructure through bundled services, including a support menu, after the system implementation.



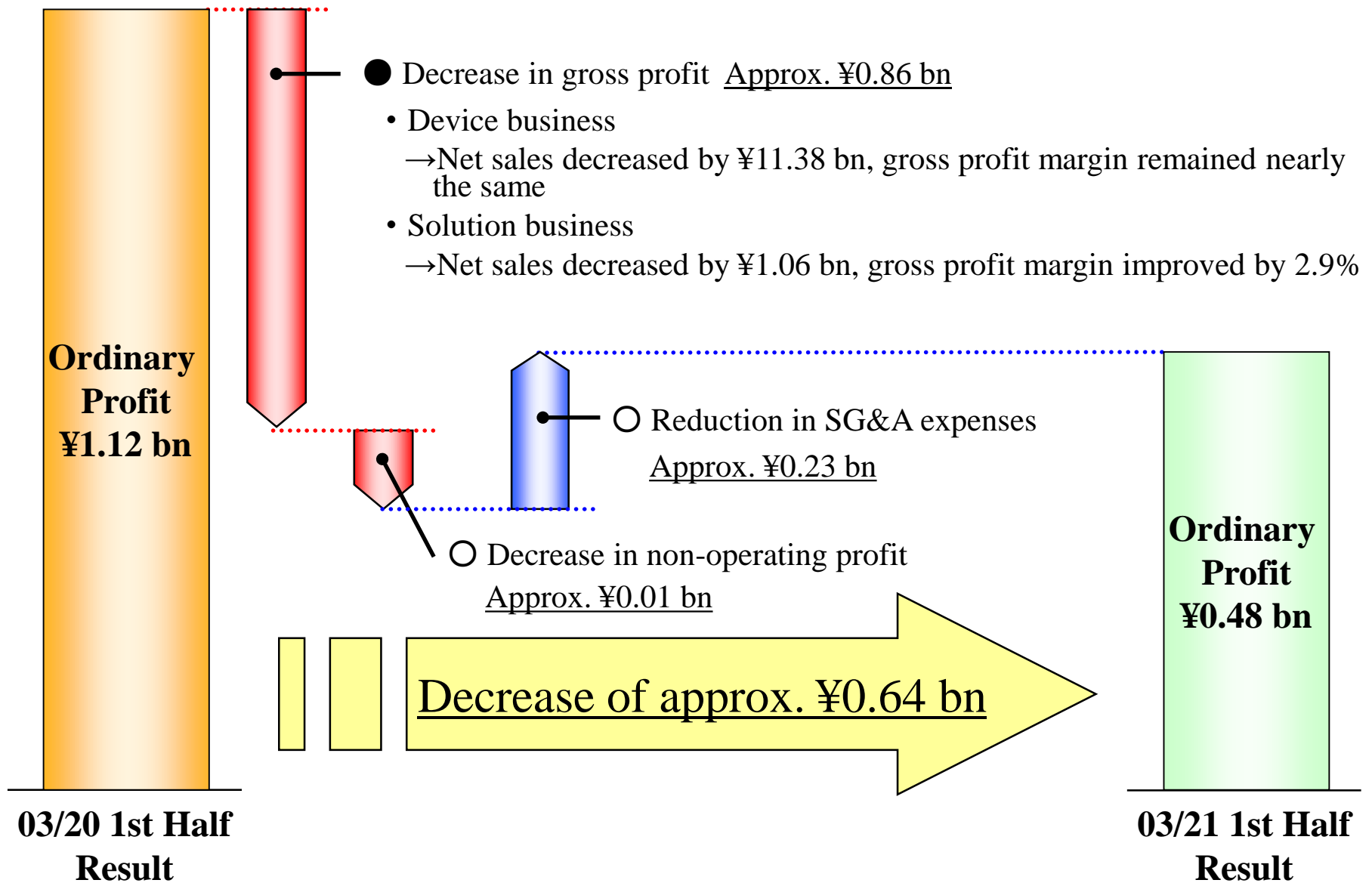
I. Year Ending March 2021 Performance Summary for the First Half

- Net sales decreased year-on-year due to factors such as the spread of the novel coronavirus (COVID-19) and changes in the distribution channels of suppliers.
- Despite a decrease in selling, general and administrative (SG&A) expenses, profit decreased year-on-year due to a decrease in gross profit on sales.

	03/20 1st Half Result	03/21 1st Half Result	YoY Change	Forecast ^{*1)}	Achievement Ratio
Net Sales	664.1	539.7	81%	520.0	104%
Gross Profit on Sales	8.7% 58.0	9.1% 49.3	85%	Not announced	—
SG&A Expenses	6.9% 46.0	8.1% 43.8	95%	Not announced	—
Operating Profit	1.8% 11.9	1.0% 5.6	47%	0.8% 4.0	140%
Ordinary Profit	1.7% 11.2	0.9% 4.8	43%	0.7% 3.5	137%
Net Profit Attributable to Shareholders of Parent Company	1.3% 8.6	0.7% 3.7	43%	0.6% 3.0	122%
Interim Dividend Per Share	¥15	¥8	-¥7	¥8	±¥0
Exchange Rate (1 US dollar)	¥108.63	¥106.92	-¥1.71	Not announced	—

*1) Figures are based on results announced for the first quarter of the fiscal year ending March 31, 2021 (announced on August 5, 2020).

*2) Figures in the YoY Change section and Achievement Ratio section for interim dividend per share and exchange rate represent increases or decreases in amount.



■ Device Business

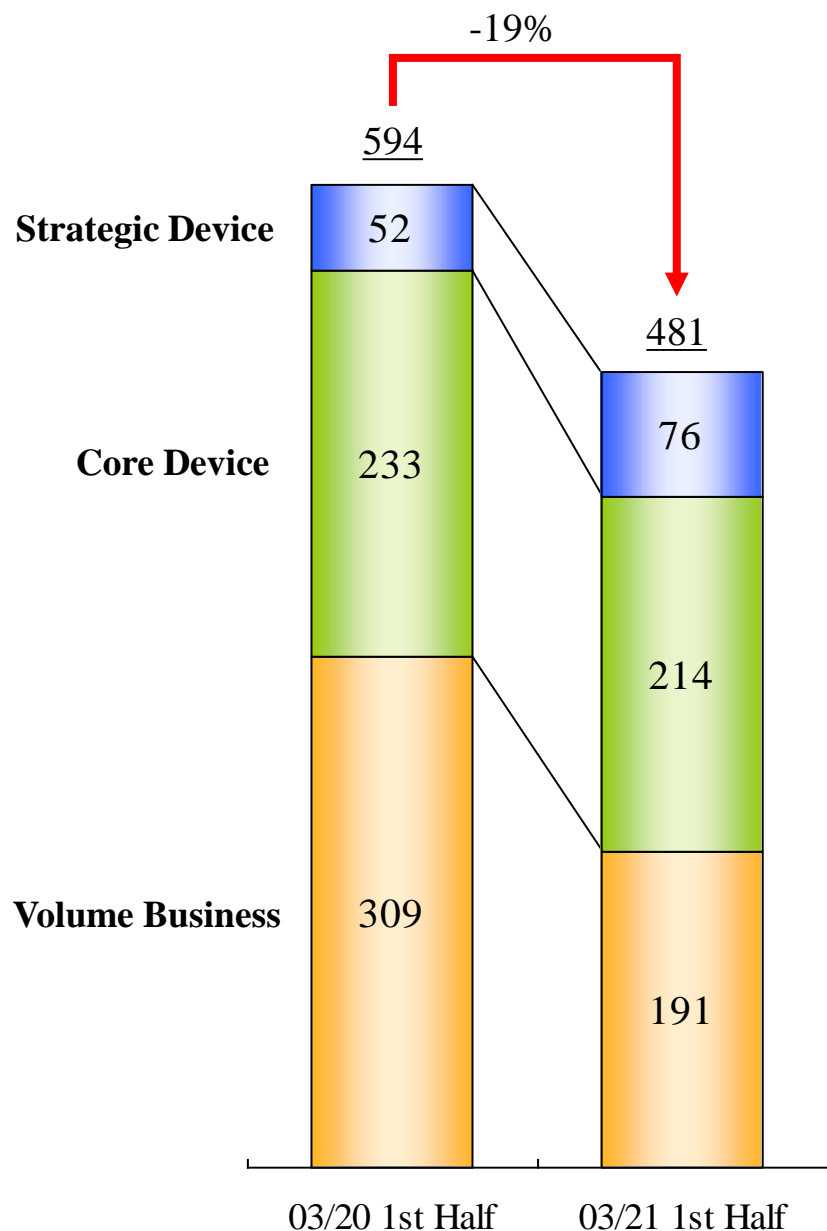
- Despite increased sales in the IoT-related business and the strategic device business, which mainly handles new overseas merchandise, net sales decreased year-on-year. This was due to decreased sales in the core device business due to the spread of COVID-19 and changes in the distribution channels of suppliers. Net sales were also impacted by optimization for the scale of sales in the volume business as part of efforts to reform the business portfolio.
- Segment profit decreased significantly year-on-year due to a decrease in gross profit on sales, despite efforts to reduce SG&A expenses.

■ Solution Business

- Although the impact of the spread of COVID-19 was less than that of the device business, net sales decreased year-on year in all sectors except for application software.
- Segment profit decreased year-on-year because the improved gross profit margin was insufficient to cover the decrease in net sales.

		03/20 1st Half Result	03/21 1st Half Result	YoY Change
Device Business	Net Sales	594.5	480.7	81%
	Operating Profit	1.7% 10.3	1.1% 5.1	49%
	Segment Profit	0.8% 4.9	-0.1% -0.7	Decreased by ¥0.55 bn
Solution Business	Net Sales	69.6	59.0	85%
	Operating Profit	11.6% 8.1	12.1% 7.2	88%
	Segment Profit	9.0% 6.3	9.2% 5.4	86%
Exchange Rate (1 US dollar)		¥108.63	¥106.92	-¥1.71

*Figures in the YoY Change section for exchange rate and segment profit in the device business represent increases or decreases in amount.

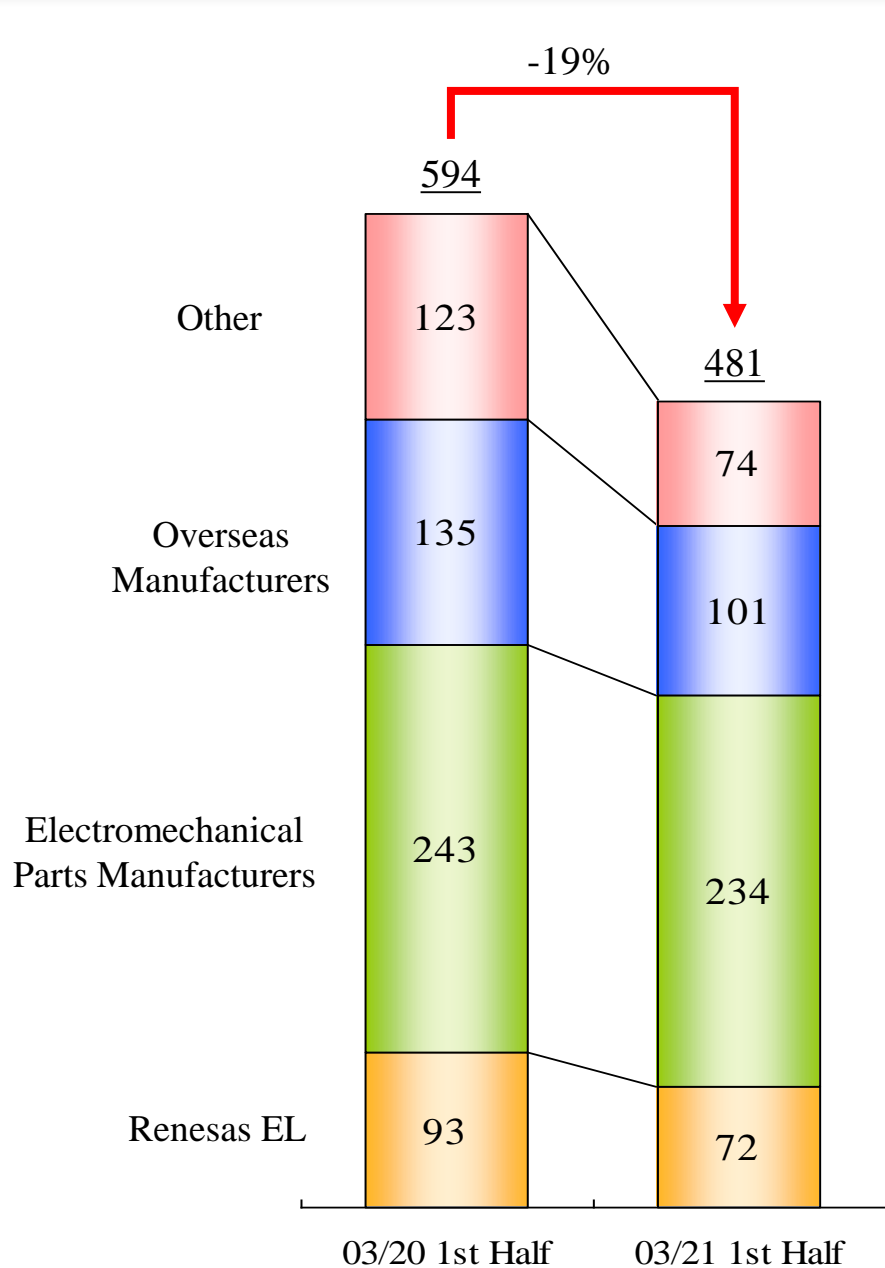


By Business Category of Device Business

【Year-to-Year Comparison of Fluctuations】

- Volume Business
 - Sales for mobile devices fell due to withdrawal from unprofitable business in Q1 of the previous term
 - Decrease for social infrastructure
- Core Device
 - Decrease due to COVID-19 and changes in distribution channels of Renesas EL
 - Sales for gaming consoles were strong
- Strategic Device
 - Increase in IoT related business/wireless overseas merchandise

	YoY Change
Volume Business	-38%
Core Device	-8%
Strategic Device	+44%



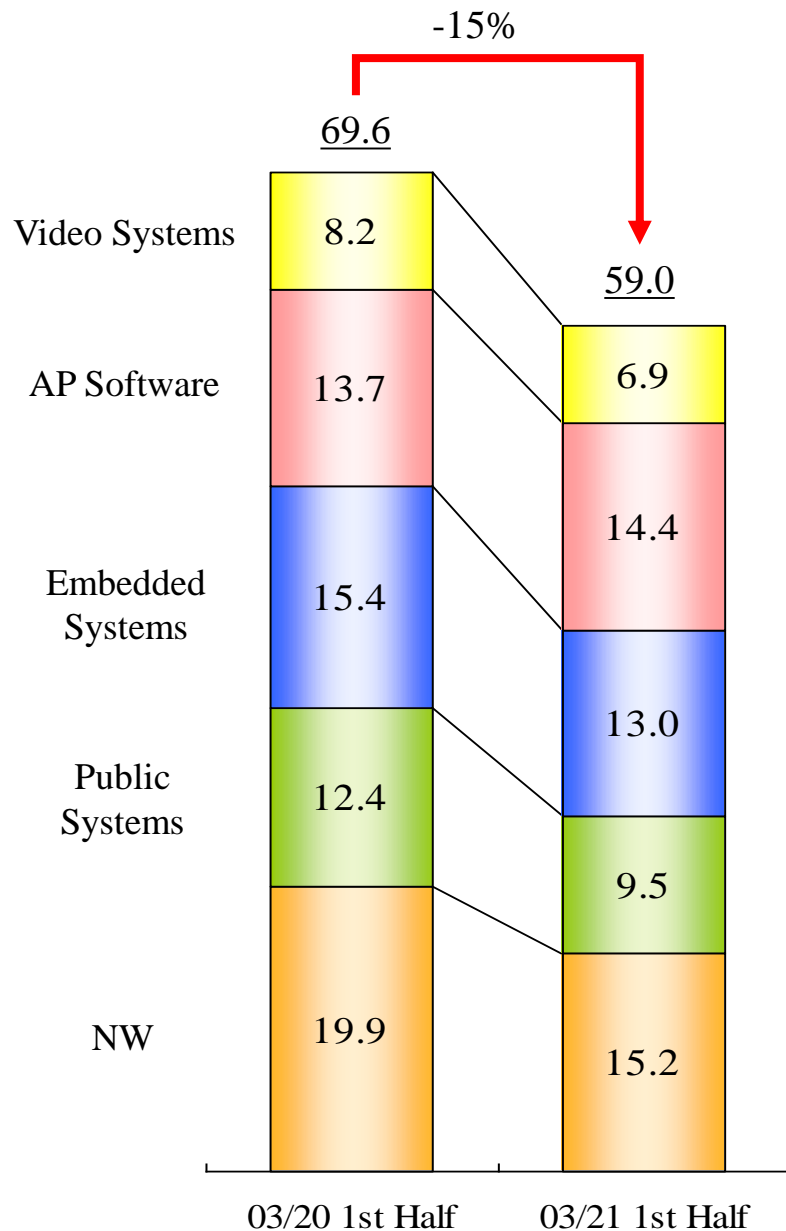
By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】

- Renesas EL
 - Decrease due to COVID-19 and changes in distribution channels
- Electromechanical Parts Manufacturers
 - Decrease for mobile devices
 - Sales for gaming consoles were strong
- Overseas Manufacturers
 - Decrease due to COVID-19
 - Sales for mobile devices fell due to withdrawal from unprofitable business in Q1 of the previous term
 - Increase in new business for wireless merchandise
- Other
 - Decrease for social infrastructure

	YoY Change
Renesas EL	-23%
Electromechanical Parts Manufacturers	-4%
Overseas Manufacturers	-25%
Other	-40%

By Sector of Solution Business



【Year-to-Year Comparison of Fluctuations】

■ NW

● Decrease due to let up in special demand associated with last year's Windows 10 update

■ Public Systems

● Decrease in projects for government/municipal platforms, etc.

■ Embedded Systems

● Decrease in PC server related merchandise, etc.

■ AP Software

○ Increase in core development and license renewal

■ Video Systems

● Decrease in investment in production facilities

	YoY Change
NW	-24%
Public Systems	-23%
Embedded Systems	-16%
AP Software	+5%
Video Systems	-16%

*Embedded systems has been partially reclassified to NW based on the contents of the products sold.

■ Regarding the results of the term ended September 30, 2020, total assets were ¥77.3 bn (up ¥3.7 bn from the end of the previous fiscal year) and the equity ratio was 53.3% (down 3.7% from the end of the previous fiscal year).

→ There was an increase in accounts receivable and an increase in interest-bearing liabilities, which were caused by changes in the sales composition. Operating cash flow was -¥3.97 bn.

1) Balance Sheets

	FY Ended Mar. 19 Result (A)	FY Ended Mar. 20 Result (B)	B-A Increase/ Decrease	Q2 Ended Sept. 20 Result (C)	C-B Increase/ Decrease
Cash and deposits	170.6	184.4	13.8	180.1	-4.3
Accounts receivable	473.9	283.9	-190.0	339.2	55.3
Inventories	147.2	161.7	14.5	162.6	0.9
Other assets	90.9	106.6	15.7	91.4	-15.2
Total assets	882.6	736.6	-146.0	773.2	36.6
Accounts payable	184.6	140.4	-44.2	135.1	-5.3
Interest-bearing liabilities	240.7	149.5	-91.2	197.9	48.4
Other liabilities	30.1	26.4	-3.8	27.6	1.3
Total net assets	427.1	420.3	-6.8	412.6	-7.7
Total liabilities and net assets	882.6	736.6	-146.0	773.2	36.6
Equity ratio	48.3%	57.0%	8.7%	53.3%	-3.7%

2) Cash Flows

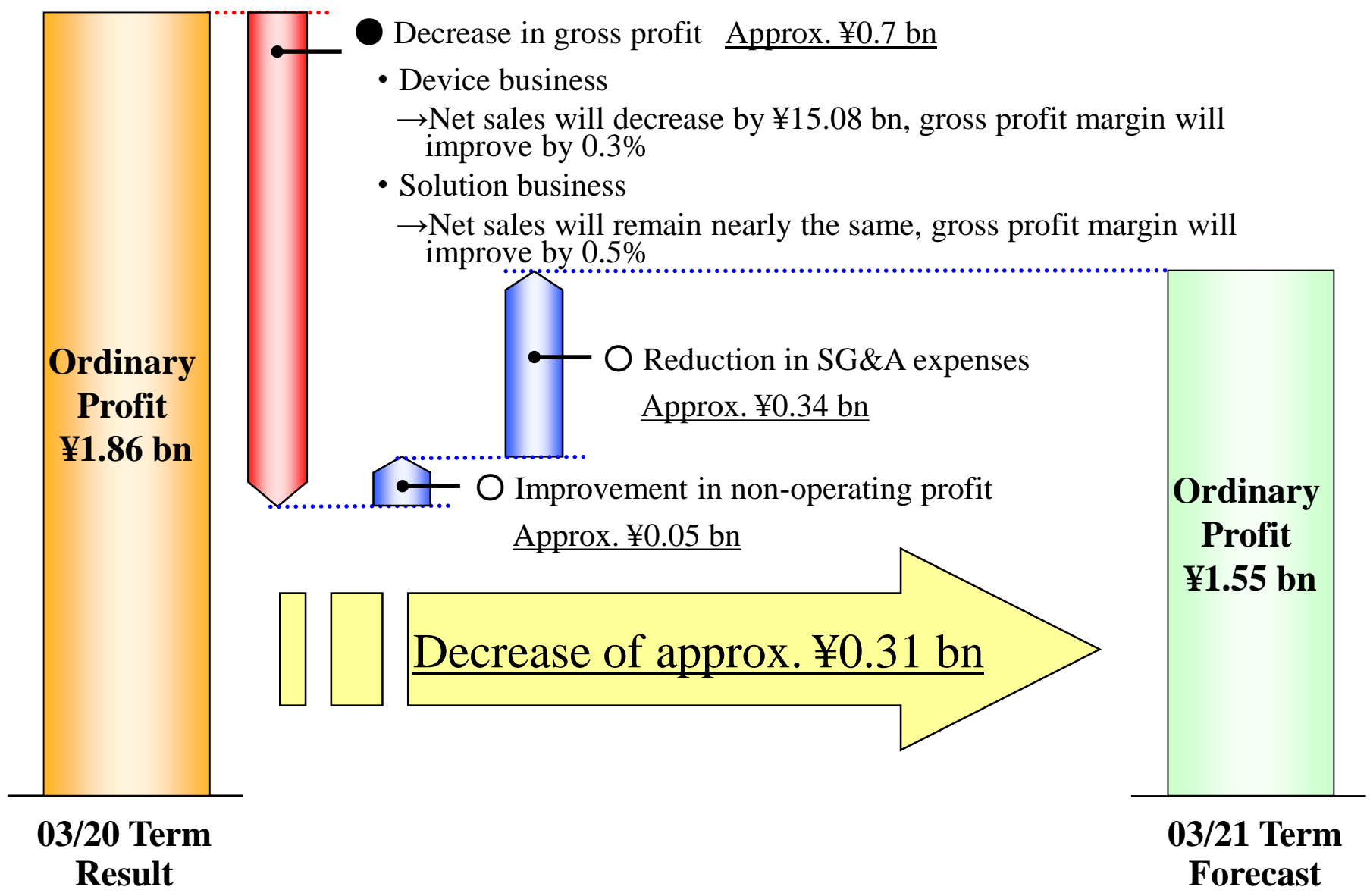
	FY Ended Mar. 19 Result	FY Ended Mar. 20 Result	HI Ended Sept. 20 Result
Decrease (increase) in accounts receivable-trade	17.0	183.4	-59.8
Decrease (increase) in inventories	24.0	-15.8	-2.1
Increase (decrease) in accounts payable-trade	25.4	-41.6	-3.3
Other	24.3	-5.3	25.5
Operating C/F	90.6	120.7	-39.7
Investing C/F	18.2	-2.7	-3.2
Financing C/F	-110.2	-102.9	38.6
Foreign currency conversion adjustments	0.3	-1.3	-0.03
Increase (decrease) in cash and deposits	-1.1	13.8	-4.3
Increase in cash and deposits from newly consolidated subsidiary			
Balance of cash and deposits at term-end	170.6	184.4	180.1

II. Full-Year Business Forecast for the Year Ending March 31, 2021

■ Outlook for decreased profit due to decreased net sales, despite an improved gross profit margin and reduced SG&A expenses.

	03/17 Result	03/18 Result	03/19 Result	03/20 Result	03/21 Forecast	YoY Change
Net Sales	1,676.6	1,572.6	1,478.8	1,230.9	1,080.0	88%
Gross Profit on Sales	6.4% 106.9	7.3% 114.5	7.7% 114.1	9.1% 112.3	9.7% 105.3	94%
SG&A Expenses	5.9% 98.8	6.2% 96.8	6.4% 94.4	7.5% 92.7	8.3% 89.3	96%
Operating Profit	0.5% 8.0	1.1% 17.6	1.3% 19.7	1.6% 19.6	1.5% 16.0	82%
Ordinary Profit/Loss	-0.6% -9.5	1.1% 17.9	1.2% 17.4	1.5% 18.6	1.4% 15.5	83%
Net Profit/Loss Attributable to Shareholders of Parent	-0.9% -15.8	0.6% 9.5	1.0% 14.5	1.2% 14.5	1.2% 13.5	93%
ROE	-2.5%	1.5%	2.8%	3.4%	3.2%	-0.2P
Annual Dividend Per Share	¥25	¥33	¥70	¥70	¥35	-¥35
Payout Ratio	—	98.2%	93.3%	93.2%	50.1%	-43.1P
Exchange Rate (1 US dollar)	¥108.42	¥110.86	¥110.91	¥108.74	¥105.96	-¥2.78

*Figures in the YoY Change section for ROE, annual dividend per share, payout ratio and exchange rate represent increases or decreases in amount.



■ Device Business

Impact due to the spread of COVID-19 continues, although there are regional differences. Additionally, the impact of canceling the dealership agreement with Renesas Electronics is expected to begin in earnest in the second half. These factors are forecasted to result in lower sales and profit year-on-year.

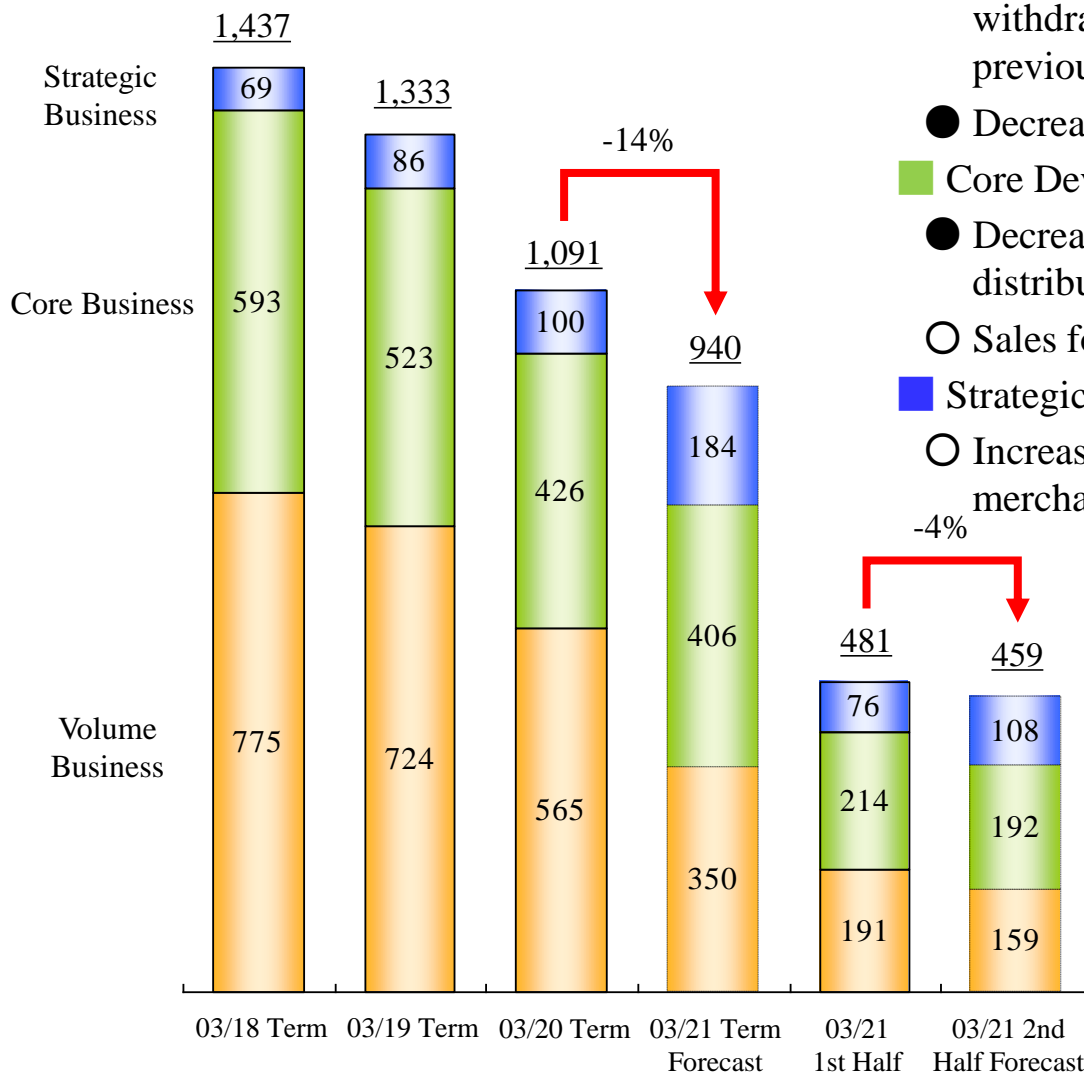
■ Solution Business

Due to the spread of COVID-19, the impact of reduced capital investment by corporations is expected in the second half. However, net sales and profit are expected to remain on the same level as the previous fiscal year due to the forecasted increase in digital needs and growth in projects for government agencies.

		03/17 Result	03/18 Result	03/19 Result	03/20 Result	03/21 Forecast	YoY Change
Device Business	Net Sales	1,554.8	1,437.0	1,332.8	1,090.8	940.0	86%
	Operating Profit	0.4% 6.8	1.1% 16.2	1.3% 17.1	1.4% 15.3	1.3% 12.2	80%
	Segment Profit	-1.3% -20.3	0.5% 7.2	0.3% 4.7	0.4% 4.2	0.1% 1.0	24%
Solution Business	Net Sales	121.7	135.6	146.0	140.1	140.0	100%
	Operating Profit	10.1% 12.4	9.8% 13.4	11.3% 16.5	13.2% 18.4	13.3% 18.6	101%
	Segment Profit	8.8% 10.8	7.8% 10.6	8.7% 12.7	10.3% 14.4	10.4% 14.5	100%
Exchange rate (1 US dollar)		¥108.42	¥110.86	¥110.91	¥108.74	¥105.96	-¥2.78

*The figure in the YoY Change section for exchange rate represents an increase or decrease in amount.

Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

Volume Business

- Sales for mobile devices will decrease due to withdrawal from unprofitable business in Q1 of the previous term

- Decrease for social infrastructure

Core Device

- Decrease due to COVID-19 and changes in distribution channels of Renesas EL

- Sales for gaming consoles are expected to be solid

Strategic Device

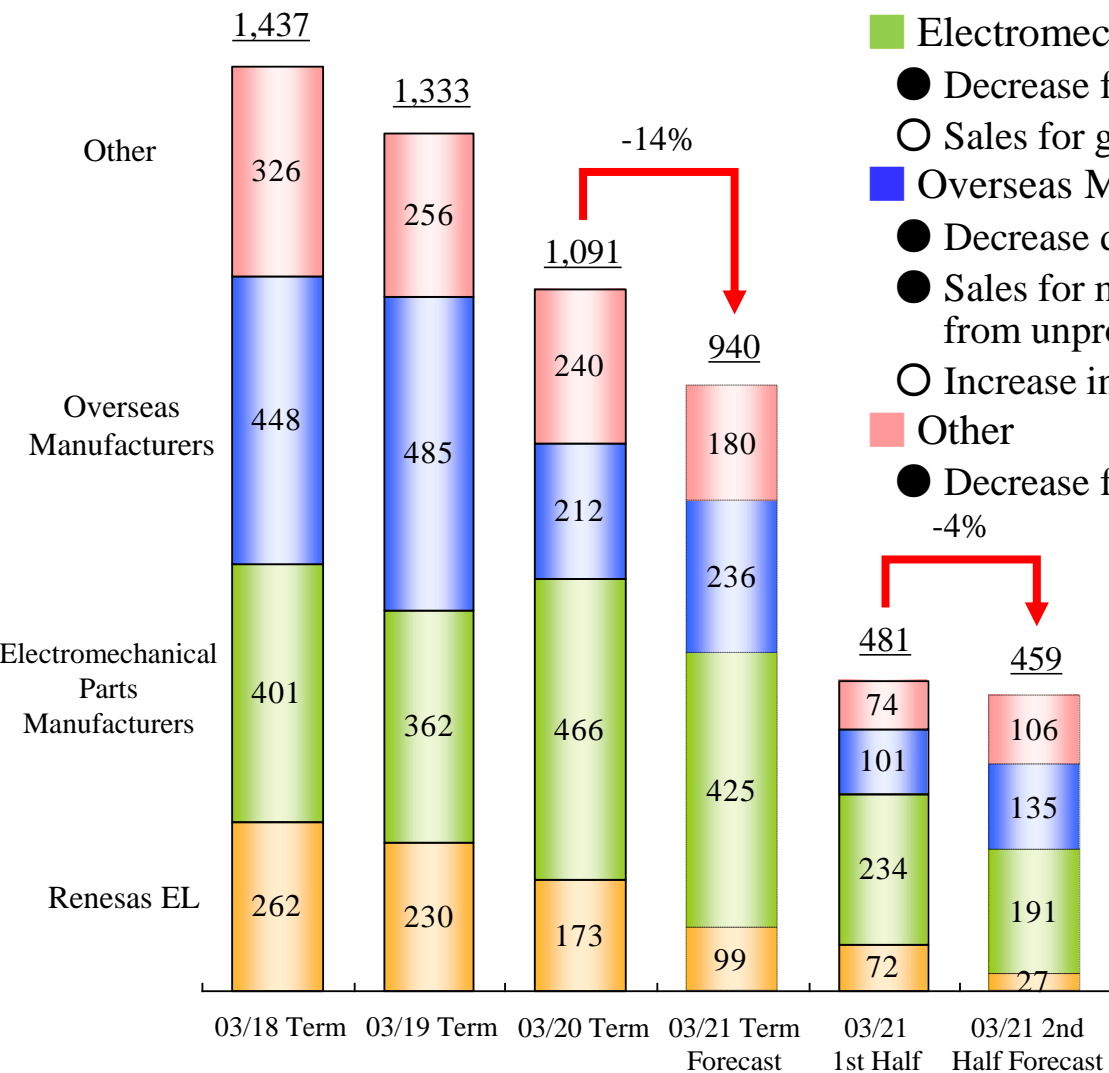
- Increase in IoT related business/wireless overseas merchandise

	YoY Change
Volume Business	-38%
Core Business	-5%
Strategic Business	+85%

【Year-to-Year Comparison of Fluctuations】

Sales for the Full Year

- Renesas EL
 - Decrease due to COVID-19
 - Decrease due to changes in distribution channels
- Electromechanical Parts Manufacturers
 - Decrease for mobile devices
 - Sales for gaming consoles are expected to be solid
- Overseas Manufacturers
 - Decrease due to COVID-19
 - Sales for mobile devices will decrease due to withdrawal from unprofitable business in Q1 of the previous term
 - Increase in new business for wireless merchandise
- Other
 - Decrease for social infrastructure

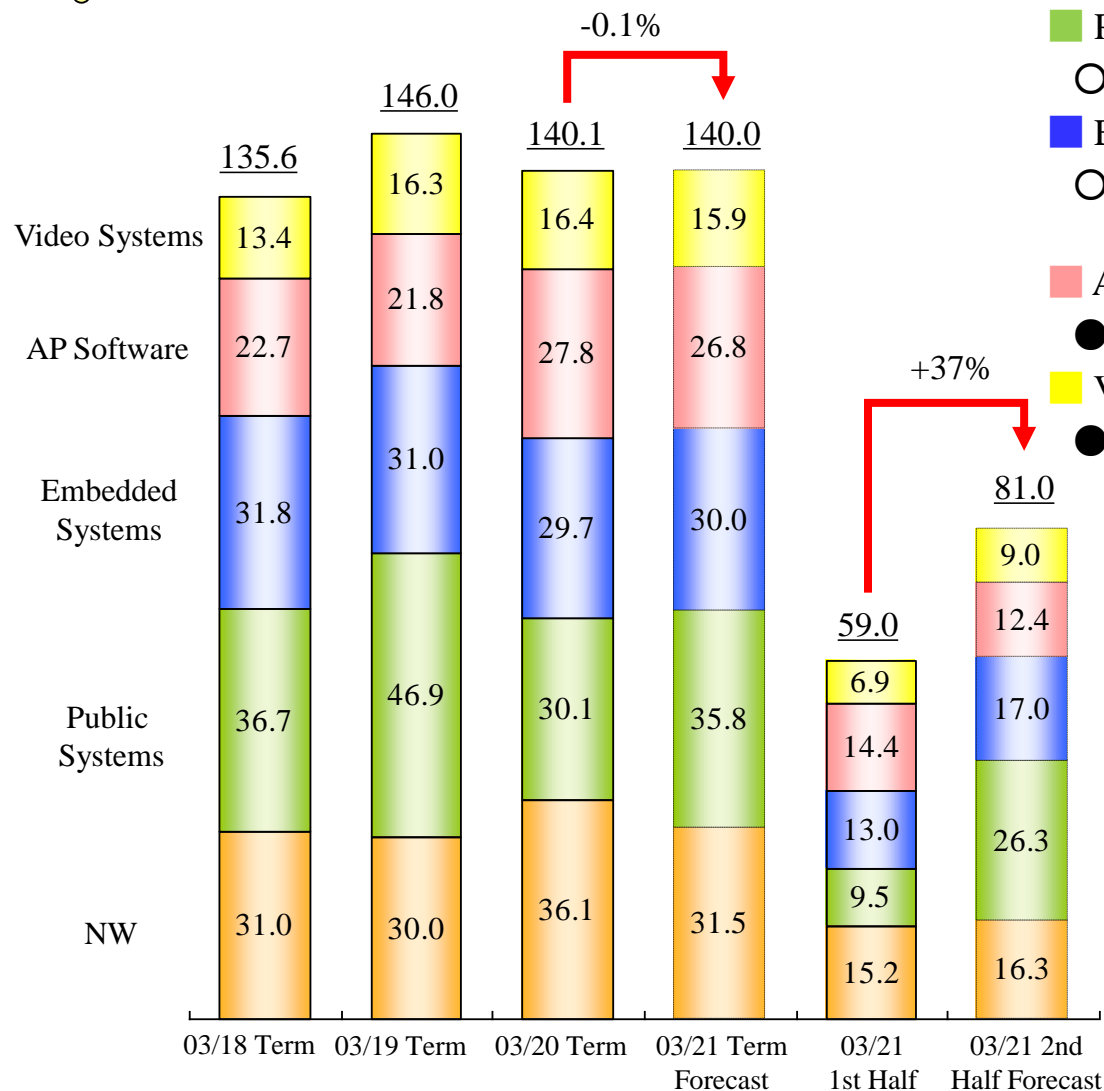


	YoY Change
Renesas EL	-43%
Electromechanical Parts Manufacturers	-9%
Overseas Manufacturers	+11%
Other	-25%

Sales for the Full Year

【Year-to-Year Comparison of Fluctuations】

- NW
- Decrease in investment for infrastructure facilities of private corporations
- Public Systems
- Increase in large platforms for government agencies
- Embedded Systems
- Nearly the same for products related to embedded servers, etc.
- AP Software
- Decrease in new development projects
- Video Systems
- Decrease in investment in production facilities



	YoY Change
NW	-13%
Public Systems	+19%
Embedded Systems	+1%
AP Software	-4%
Video Systems	-3%

*Embedded systems has been partially reclassified to NW based on the contents of the products sold.

■ Regarding the forecast for the fiscal year ending March 31, 2021, total assets will be ¥76.0 bn (up ¥2.3 bn compared to March 31, 2020) and the equity ratio will be 55.3% (down 1.7% compared to March 31, 2020).

→ Although inventories are forecasted to decrease, we expect accounts receivable to increase due to changes in sales composition, and interest-bearing liabilities to increase. We forecast operating cash flow to decrease by ¥0.47 billion.

1) Balance Sheets

	FY Ended Mar. 19 Result (A)	FY Ended Mar. 20 Result (B)	B-A Increase/ Decrease	FY Ending Mar. 21 Forecast (C)	C-B Increase/ Decrease
Cash and deposits	170.6	184.4	13.8	190.0	5.6
Accounts receivable	473.9	283.9	-190.0	333.6	49.7
Inventories	147.2	161.7	14.5	135.0	-26.7
Other assets	90.9	106.6	15.7	101.4	-5.2
Total assets	882.6	736.6	-146.0	760.0	23.4
Accounts payable	184.6	140.4	-44.2	135.0	-5.4
Interest-bearing liabilities	240.7	149.5	-91.2	177.0	27.5
Other liabilities	30.1	26.4	-3.8	27.2	0.8
Total net assets	427.1	420.3	-6.8	420.8	0.5
Total liabilities and net assets	882.6	736.6	-146.0	760.0	23.4
Equity ratio	48.3%	57.0%	8.7%	55.3%	-1.7%

2) Cash Flows

	FY Ended Mar. 19 Result	FY Ended Mar. 20 Result	FY Ending Mar. 21 Forecast
Decrease (increase) in accounts receivable-trade	17.0	183.4	-49.7
Decrease (increase) in inventories	24.0	-15.8	26.7
Increase (decrease) in accounts payable-trade	25.4	-41.6	-5.4
Other	24.3	-5.3	23.8
Operating C/F	90.6	120.7	-4.7
Investing C/F	18.2	-2.7	-4.3
Financing C/F	-110.2	-102.9	14.5
Foreign currency conversion adjustments	0.3	-1.3	
Increase (decrease) in cash and deposits	-1.1	13.8	5.6
Increase in cash and deposits from newly consolidated subsidiary			
Balance of cash and deposits at term-end	170.6	184.4	190.0

● Policy on Distribution of Profits

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

● Profit Distribution Policy for the Year Ending March 31, 2021

- Scheduled dividends for the year ending March 31, 2021: An annual dividend of ¥35 per share
 - ¥8 at midterm; ¥27 at term-end
 - Consolidated dividend payout ratio of 50.1%
 - Average consolidated dividend payout ratio from the term ended Mar. 2017 to the term ending Mar. 2021: 138.4%

Change in Return to Shareholders

	03/17 Term Result	03/18 Term Result	03/19 Term Result	03/20 Term Result	03/21 Term Forecast
(1) Consolidated net profit	-¥1,575 million	¥947 million	¥1,449 million	¥1,451 million	¥1,350 million
(2) Comprehensive profit	-¥720 million	¥912 million	¥1,585 million	¥666 million	—
(3) Consolidated equity ratio	65.4%	65.7%	48.3%	57.0%	55.3%
(4) Total dividends (Dividend per share)	¥704 million (¥25)	¥934 million (¥33)	¥1,352 million (¥70)	¥1,352 million (¥70)	¥671 million (¥35)
(5) Consolidated payout ratio	-	98.2%	93.3%	93.2%	50.1%
(6) Value of treasury stock acquired (Number of shares acquired)	-	-	¥19.72 billion (9 million shares)	-	Suspense
(7) Total payout ratio (4+6) ÷ 1	-	98.2%	1,454.2%	93.2%	Suspense
(8) Cancellation of treasury stock	-	-	5,000 thousand shares	-	Suspense
(9) Total number of shares issued (Excluding treasury stock)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	24,281 thousand shares (19,178 thousand shares)	24,281 thousand shares (19,180 thousand shares)	Suspense
(10) Net profit per share	-¥55.90	¥33.62	¥67.48	¥75.66	¥70.37
(11) Net assets per share	¥2,183.84	¥2,191.19	¥2,224.47	¥2,188.84	¥2,193.59

*1) Total dividends include the dividend amount for shares held by trusts related to the performance-based stock compensation plan for directors (excluding external directors).

2) Net profit per share is calculated based on the average number of issued shares (excluding treasury stock) during the period.

3) Net assets per share is calculated based on the total number of shares issued (excluding treasury stock) at fiscal year end.

4) The forecast for net profit per share and net assets per share for 03/21 term is calculated based on the total number of shares issued (excluding treasury stock) as of September 30, 2020.

5) The value of treasury stock acquired until 03/20 term is ¥25.75 billion (17,281 thousand shares, of which 12,252 thousand shares were cancelled).

**TRUST**

*Business cannot
succeed without trust.
It begins and ends
with trust.*

**PRINCIPLES**

*Do not just pursue
profit. But act based
on principles, which
can be realized
through self-
discipline.*

**SINCERITY**

*Always act sincerely.
Rise to the challenge
head-on.*