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February 3, 2022

**Summary of Financial Results for the First Three Quarters of the Fiscal Year  
Ending March 31, 2022  
(Nine Months Ended December 31, 2021)  
[Japan Standards] (Consolidated)**

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: 1st Section, Tokyo  
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Scheduled date of filing of Quarterly Report: February 8, 2022  
Scheduled date of dividend payment: —  
Supplementary materials for the quarterly financial results: None  
Investor conference for the quarterly financial results: None

*(Amounts are rounded down to the nearest million yen)*

**1. Consolidated Business Performance for the First Three Quarters of March 2022 Term  
(April 1, 2021 – December 31, 2021)**

(1) Consolidated business performance (cumulative)

*(% figures represent year-on-year changes)*

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q March 2022 Term	89,222	5.3	2,352	121.0	1,939	119.1	1,400	115.4
3Q March 2021 Term	84,760	(12.0)	1,064	(23.4)	885	(30.3)	650	(24.3)

(Note) Comprehensive income 3Q March 2022 Term: 2,117 million yen (383.0%); 3Q March 2021 Term: 438 million yen (-36.0%)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
3Q March 2022 Term	89.83		—	
3Q March 2021 Term	33.91		—	

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc., was applied from the beginning of the consolidated first quarter of this fiscal year. The figures for 3Q March 2022 term are after application of the Accounting Standard, etc.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3Q March 2022 Term	72,059	28,596	39.6
March 2021 Term	84,602	43,210	51.0

(Reference) Shareholders' equity 3Q March 2022 Term: 28,540 million yen; March 2021 Term: 43,152 million yen

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc., was applied from the beginning of the consolidated first quarter of this fiscal year. The figures for 3Q March 2022 term are after application of the Accounting Standard, etc.

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2021 Term	—	8.00	—	32.00	40.00
March 2022 Term	—	30.00	—		
March 2022 Term (forecast)				70.00	100.00

(Notes) 1. Revision of most recent forecast on dividends: Yes

2. Breakdown of 2Q-end dividends for March 2022 term: Ordinary dividend 10.00 yen, Commemorative dividend 20.00 yen (dividend to commemorate 70th anniversary of founding)

**3. Forecasts for Consolidated Business Performance for March 2022 Term (April 1, 2021 – March 31, 2022)**

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	120,000	6.4	3,500	61.5	3,100	65.0	2,300	39.7	155.89

(Note) Revision of most recent forecast on earnings: Yes

**\* Annotations**

(1) Significant subsidiary change in the consolidated cumulative period of this quarter (changes in scope of consolidation): None

Newly added: — Excluded: —

(2) Application of unique accounting to the preparation of quarterly consolidated financial statements: None

(3) Change of accounting principles, change of accounting estimate, and redisplay after revision:

1) Change of accounting principles caused by revision of accounting standards: Yes

2) Change of accounting principles other than 1): None

3) Change of accounting estimate: None

4) Redisplay after revision: None

(4) Number of shares outstanding (ordinary shares)

1) Number of shares outstanding at the end of term (including treasury stock):

3Q March 2022 Term: 16,281,373 shares                      March 2021 Term: 24,281,373 shares

2) Amount of treasury stock at the end of term:

3Q March 2022 Term: 4,097,658 shares                      March 2021 Term: 5,097,465 shares

3) Amount of average stock during the term (quarterly total):

3Q March 2022 Term: 15,594,690 shares                      3Q March 2021 Term: 19,182,110 shares

(Note) The amount of treasury stock at the end of the term includes Company stock (3Q March 2022 term: 132,800 shares, March 2021 term: 132,800 shares) possessed in a trust related to the Performance-Based Stock Compensation Plan for Directors (with the exception of External Directors). Also, Company stock held in the trust is included in treasury stock to be deducted in the calculation of the amount of average stock during the term (3Q March 2022 term: 132,800 shares, 3Q March 2021 term: 134,814 shares).

\* This summary of quarterly financial results is not subject to quarterly review by certified public accountants or auditing corporations.

\* Cautionary statement regarding forward-looking statements

The projected results and forward-looking statements included in this document reflect the Company's expectations based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. The actual performance may considerably differ from the forecast due to various factors.

See the section "1. Qualitative Information Concerning the Current Quarterly Settlement - (3) Explanation of Forecasts for Consolidated Business Performance and Other Future Prospects" on page 3 of [Appendix], regarding the relevant matters for the above forecast for the business performance.

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## 1. Qualitative Information Concerning the Current Quarterly Settlement

### (1) Explanation of Business Results

During the consolidated first three quarters under review, conditions were overall challenging in the global economy. While economic recovery progressed, particularly in China, Europe and the United States, the emergence of new COVID-19 variants caused a rapid expansion in new cases from the third quarter, leaving no end in sight for the COVID-19 pandemic. An uncertain outlook lingered.

In the electronics industry, a vital area of business for the Sanshin Electronics Group, shortages of inputs such as semiconductors and electronic components persisted, impacting manufacturing of automobiles, electronic devices and other products that incorporate them. However, investment in digital transformation (DX) was firm in the domestic ICT industry.

Against this background, in the device business, the Group worked to increase the profitability of existing businesses and to reform our portfolio by cultivating new businesses with high profit margins. In the solution business, we strove to build a subscription-type business model, expand our latest digital technology, and increase the number of customers.

As a result, business performance in the consolidated first nine-month period under review was as follows. Net sales were ¥89,222 million (up 5.3% year-on-year). In terms of profit, operating profit was ¥2,352 million (up 121.0% year-on-year), while ordinary profit was ¥1,939 million (up 119.1% year-on-year). Net profit attributable to shareholders of parent company was ¥1,400 million (up 115.4% year-on-year).

The operating results for each business segment are as follows:

#### *Device segment*

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs and memory) and electronic components (including connectors, capacitors and circuit boards). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

Sales trended favorably in the consolidated first three quarters under review. Sales of products of Renesas Electronics Corporation declined, due to the cancellation of a dealership agreement with that company in June 2020. However, sales of products of overseas semiconductor manufacturers advanced, while the Company expanded commercial rights with existing suppliers and acquired commercial rights with new suppliers. Net sales were ¥81,359 million (up 6.8% year-on-year). Segment profit was ¥1,536 million (up 628.3% year-on-year), as revenue increased and the Company trimmed selling, general and administrative expenses.

#### *Solution segment*

In the solution business segment, we provide the optimal ICT infrastructure to each customer by combining network devices, security products, Line-of-Business systems, clouds, and data centers. Furthermore, we provide seamlessly integrated service from design and construction to operation and maintenance, responding to revolutionary technologies such as AI and IoT and advances in technology made possible by cloud development.

In the consolidated first three quarters under review, sales were sluggish overall, as a squeeze in semiconductor supplies caused stagnation in sourcing of certain products. Net sales were ¥7,863 million (down 8.1% year-on-year). Segment profit was ¥402 million (down 40.3% year-on-year), impacted by an increase in selling, general and administrative expenses caused by an increase in staffing levels.

### (2) Explanation of Financial Position

(Assets)

As of December 31, 2021, assets decreased ¥12,543 million compared with March 31, 2021, to ¥72,059 million. This was mainly attributable to a ¥16,120 million decrease in cash and deposits and a ¥4,184 million increase in merchandise inventories.

(Liabilities)

As of December 31, 2021, liabilities increased ¥2,070 million compared with March 31, 2021, to ¥43,462 million. This was mainly attributable to a ¥2,074 million increase in short-term loans payable.

(Net Assets)

As of December 31, 2021, net assets decreased ¥14,613 million compared with March 31, 2021, to ¥28,596 million. This was mainly attributable to a ¥5,329 million decrease in capital surplus from retirement of treasury stock and an ¥11,575 million decrease in retained earnings.

**(3) Explanation of Forecasts for Consolidated Business Performance and Other Future Prospects**

Based on business progress until the consolidated first three quarters of the Group and on information which is currently available, the Group revised as shown below the values for the full-year business forecast for the year ending March 31, 2022, which was announced on November 5, 2021. For dividends, in conjunction with changes to the forecast value for net profit attributable to shareholders of parent company for the March 2022 term, the Group revised as shown below the forecast value for the year-end dividend announced on November 5, 2021.

For details, please refer to the “Notice Regarding Revision of Forecast of Business Results and Revision (Increase) of Dividend Forecast” announced today.

(Forecasts for Consolidated Business Performance for March 2022 Term)

Net sales	¥120,000 million	(up 6.4% year-on-year)
Operating profit	¥3,500 million	(up 61.5% year-on-year)
Ordinary profit	¥3,100 million	(up 65.0% year-on-year)
Net profit attributable to shareholders of parent company	¥2,300 million	(up 39.7% year-on-year)
Year-end dividend	¥70 per share	(annual dividend ¥100 per share including the interim dividend)

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2021 Term (As of Mar. 31, 2021)	3Q March 2022 Term (As of Dec. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	25,544	9,423
Notes and accounts receivable—trade	32,696	-
Notes and accounts receivable—trade, and contract assets	-	32,288
Electronically recorded monetary claims	841	1,045
Merchandise inventories	14,333	18,517
Partly-finished work	9	67
Others	4,520	4,365
Allowance for doubtful accounts	(9)	(25)
Total current assets	77,934	65,682
Non-current assets		
Property and equipment	2,701	2,661
Intangible assets	482	489
Investments and other assets		
Others	3,520	3,261
Allowance for doubtful accounts	(35)	(35)
Total investments and other assets	3,484	3,225
Total non-current assets	6,668	6,376
Total assets	84,602	72,059
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	13,104	13,484
Short-term loans payable	25,351	27,425
Accrued corporate tax, etc.	288	272
Allowance	501	296
Others	1,730	1,623
Total current liabilities	40,975	43,101
Non-current liabilities		
Net defined benefit liabilities	100	65
Others	316	295
Total non-current liabilities	416	360
Total liabilities	41,392	43,462

(Million yen)

	March 2021 Term (As of Mar. 31, 2021)	3Q March 2022 Term (As of Dec. 31, 2021)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	5,329	-
Retained earnings	33,106	21,530
Treasury stock	(10,348)	(8,773)
Total shareholders' equity	42,899	27,568
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	583	553
Deferred hedge gains (losses)	(133)	(8)
Foreign currency translation adjustment	(244)	376
Remeasurements of defined benefit plans	47	49
Total accumulated other comprehensive income	253	971
Non-controlling interests	58	56
Total net assets	43,210	28,596
Total liabilities and net assets	84,602	72,059

**(2) Quarterly Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement**  
 (Quarterly Consolidated Profit and Loss Statement of the First Three Quarters)

	(Million yen)	
	3Q March 2021 Term (Apr. 1, 2020 – Dec. 31, 2020)	3Q March 2022 Term (Apr. 1, 2021 – Dec. 31, 2021)
Net sales	84,760	89,222
Cost of sales	77,111	80,143
Gross profit on sales	7,649	9,079
Selling, general and administrative expenses	6,584	6,727
Operating profit	1,064	2,352
Non-operating profit		
Interest income	13	14
Dividend income	31	38
Others	62	90
Total non-operating profit	107	142
Non-operating expenses		
Interest expenses	61	81
Sales discounts	7	11
Commission for purchase of treasury stock	-	21
Foreign exchange losses	178	398
Others	39	42
Total non-operating expenses	287	555
Ordinary profit	885	1,939
Extraordinary profits		
Gain on sales of investment securities	141	0
Total extraordinary profits	141	0
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	0	-
Total extraordinary losses	0	0
Net profit before tax and other adjustments	1,026	1,939
Corporate, resident and enterprise taxes	237	370
Adjustment for corporate tax, etc.	137	169
Total corporate taxes	374	540
Net profit	651	1,399
Net profit (loss) attributable to non-controlling interests	0	(1)
Net profit attributable to shareholders of parent company	650	1,400

## (Quarterly Consolidated Comprehensive Income Statement of the First Three Quarters)

	3Q March 2021 Term (Apr. 1, 2020 – Dec. 31, 2020)	3Q March 2022 Term (Apr. 1, 2021 – Dec. 31, 2021)
Net profit	651	1,399
Other comprehensive income		
Valuation difference on available-for-sale securities	150	(30)
Deferred hedge gains (losses)	3	125
Foreign currency translation adjustment	(387)	621
Remeasurements of defined benefit plans, net of tax	20	1
Total other comprehensive income	(213)	718
Comprehensive income	438	2,117
(Details)		
Comprehensive income attributable to shareholders of parental company	437	2,118
Comprehensive income attributable to non-controlling interests	0	(1)

### **(3) Notes on Quarterly Consolidated Financial Statements**

(Notes Regarding Going Concern)

None.

(Notes Regarding Remarkable Change of Shareholders' Equity)

Reduction of General Reserve, Capital Reserve, and Retained Surplus

At the 70th Ordinary General Meeting of Shareholders held on June 18, 2021, the Company resolved to reduce the amount of general reserve, capital reserve and retained surplus.

#### **(1) Purpose of Reducing the General Reserve, Capital Reserve, and Retained Surplus**

In order to expand the financial resources for the tender offer for treasury stock that was decided at the Board of Directors meeting held on May 12, 2021, and to ensure flexibility and agility in future capital policy, we reduced the capital reserve and retained surplus. Additionally, after decreasing the amount of capital reserve, we transferred it to other capital surplus; after reducing the retained surplus, we transferred it to retained earnings brought forward; and we transferred the general reserve to retained earnings brought forward. Details are as follows.

#### **(2) Method of Reducing Capital Reserve**

Based on the provisions of Paragraph 1, Article 448 of the Companies Act, the capital reserve of ¥5,329,906,456 was reduced with June 30, 2021 as the effective date, and the entire amount of the reduction was transferred to other capital surplus.

#### **(3) Method of Reducing Retained Surplus**

Based on the provisions of Paragraph 1, Article 448 of the Companies Act, the retained surplus of ¥670,983,281 was reduced with June 30, 2021 as the effective date, and the entire amount of the reduction was transferred to retained earnings brought forward.

#### **(4) Method of Reducing General Reserve**

Based on the provisions of Article 452 of the Companies Act, the general reserve of ¥18,680,000,000 was reduced, and the entire amount of the reduction was transferred to retained earnings brought forward.

## Acquisition of Treasury Stock and Tender Offer of Treasury Stock

At the Board of Directors meeting held on May 12, 2021, the Company resolved the acquisition of the Company's treasury stock based on Paragraph 1 of Article 156 of the Companies Act (Act No. 86 of 2005), as amended (the "Companies Act"), which applies *mutatis mutandis* pursuant to Paragraph 3 of Article 165 of the same Act and the Company's Articles of Incorporation, and resolved to make a tender offer of treasury stock (the "Tender Offer") as the specific acquisition method of treasury stock. The acquisition was executed on August 13, 2021.

### (1) Purpose of Acquiring Treasury Stock and Making Tender Offer for Treasury Stock

On May 12, 2021, the Company announced its V73 Medium-term Management Plan, which is a three-year plan with the Company's 73rd term (fiscal year ending March 31, 2024) as the final year. In that plan, the Company set its target to achieve a 5% ROE at an early stage, and stated that, as part of measures for achieving this target, it will promote business structure reform to highly-profitable business with terms for early collection of accounts receivables, which will achieve a small purchase amount relative to net sales compared to unit sales of semiconductors and electronic components, which are the main products in the current net sales composition. The Company also stated that it will optimize capital in conjunction with improving profitability and suppressing an increase in demand for funds as a result of this business structure reform. As part of these measures, the Company decided that it was necessary to make the Tender Offer and resolved to implement the Tender Offer.

### (2) Contents of Resolution by the Board of Directors

1) Type of shares to be acquired:	Ordinary stock
2) Total number of shares to be acquired:	7,000,100 shares (maximum)
3) Contents of funds, etc., to be delivered in exchange for acquisition:	Funds
4) Total amount of funds, etc., to be delivered in exchange for acquisition:	¥15,743,224,900 (maximum)
5) Period during which acquisition is possible:	From June 22, 2021 to August 31, 2021

### (3) Overview of Tender Offer for Treasury Stock

1) Number of shares scheduled for tender offer:	7,000,000 shares
2) Price of tender offer:	¥2,249 per share
3) Period of tender offer:	From June 22, 2021 to July 19, 2021
4) Publication date for commencing the tender offer:	June 22, 2021
5) Settlement start date:	August 13, 2021

### (4) Result of Tender Offer for Treasury Stock

1) Total number of shares tendered:	7,486,162 shares
2) Total number of shares purchased:	7,000,000 shares
3) Total acquisition price:	¥15,743,000,000
4) Acquisition date:	August 13, 2021

## Retirement of Treasury Stock

At the November 5, 2021 meeting of its Board of Directors, the Company resolved to retire treasury stock based on Article 178 of the Companies Act. The purposes of this action were to improve the Company's stock circulation ratio and fulfill the criteria for continued listing in the Prime Market. On November 19, 2021 the Company retired 8,000,000 shares. With this move, treasury stock decreased in value by ¥17,318 million, capital surplus by ¥5,329 million and retained earnings by ¥11,988 million.

**(Change of Accounting Principles)****Application of the Accounting Standard for Revenue Recognition, etc.**

From the beginning of the consolidated first quarter of this fiscal year, the Company applies the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter, “the Accounting Standard for Revenue Recognition”), etc. Under this standard, once control of a promised good or service is transferred to the customer, the Company recognizes revenue at the amount that the Company expects to receive in exchange for the good or service.

As a result, mainly in export sales, revenue was recognized at the time of clearing export customs. However, revenue is now recognized when the burden of risk has been transferred to the customer based on the trade conditions stipulated by Incoterms (international commercial terms), etc.

In applying the Accounting Standard for Revenue Recognition, etc., the Company follows the transitional handling stipulated in the proviso in Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative financial effect of applying the new accounting principle retroactively to events before the beginning of the consolidated first quarter of this fiscal year is added to or subtracted from the retained earnings at the beginning of the first quarter, and the new accounting principle is applied from the balance at the beginning of the first quarter onward. However, the method stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition is also applied. The new accounting principle is not applied retroactively to contracts in which most revenue is recognized in accordance with the handling before the beginning of the consolidated first quarter of this fiscal year. In addition, the method stipulated in the proviso (1) in Paragraph 86 of the Accounting Standard for Revenue Recognition is applied. With respect to contract changes conducted before the beginning of the consolidated first quarter of this fiscal year, accounting is conducted based on the contract terms after all of the contract changes are reflected, and the cumulative financial effect is added to or subtracted from the retained earnings at the beginning of the consolidated first quarter of this fiscal year.

Applying the Accounting Standard for Revenue Recognition, etc., has insignificant impact on the quarterly consolidated financial statements.

Because the Accounting Standard for Revenue Recognition, etc., is applied, the item “Notes and accounts receivable–trade” listed under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year is included in “Notes and accounts receivable–trade, and contract assets” from consolidated first quarter of this fiscal year onward. In accordance with the stipulation on transitional handling in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, accounting items are not reorganized for the previous consolidated fiscal year as a result in the new method of representation.

**Application of the Accounting Standard for Fair Value Measurement, etc.**

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019; hereinafter, “the Accounting Standard for Fair Value Measurement”), etc., is applied from the beginning of the consolidated first quarter of this fiscal year. In accordance with the stipulations on transitional handling in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019), the new accounting principle stipulated in the Accounting Standard for Fair Value Measurement, etc., will be applied in the future.

Applying the Accounting Standard for Fair Value Measurement, etc., has no impact on the quarterly consolidated financial statements.

(Segment Information and Other)

[Segment Information]

I. Nine months ended December 31, 2020 (Apr. 1, 2020 – Dec. 31, 2020)

Information regarding the amounts of sales, profit or loss in each report segment

(Million yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	76,206	8,554	84,760
Inter-segment sales or transfers	—	—	—
Total	76,206	8,554	84,760
Segment profit	211	674	885

(Note) The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

II. Nine months ended December 31, 2021 (Apr. 1, 2021 – Dec. 31, 2021)

1. Information regarding the amounts of sales, profit or loss in each report segment

(Million yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	81,359	7,863	89,222
Inter-segment sales or transfers	—	—	—
Total	81,359	7,863	89,222
Segment profit	1,536	402	1,939

(Note) The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

2. Items related to changes in report segments, etc.

As described in “(Change of Accounting Principles),” the Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc., from the beginning of the consolidated first quarter of this fiscal year and changed the method of account processing for revenue recognition. Consequently, we similarly changed the method for measuring net sales and profit in business segments.

The impact of the changes on net sales and profit in the business segment is insignificant.