

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
March 2022 Term	2,189	(149)	(18,584)	9,307
March 2021 Term	(1,686)	(380)	8,925	25,544

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 2021 Term	—	8.00	—	32.00	40.00	772	46.9	1.8
March 2022 Term	—	30.00	—	70.00	100.00	1,231	48.8	4.2
March 2023 Term (forecast)	—	30.00	—	55.00	85.00		49.9	

(Notes) 1. The payout ratio is calculated by dividing the total dividends by the net profit attributable to shareholders of parent company.

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 2023 Term (April 1, 2022 – March 31, 2023)

(% 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
First half	65,000	13.9	1,380	2.5	1,330	15.9	940	19.1	77.15
Full year	131,500	6.4	3,030	(28.0)	2,900	(18.6)	2,100	(16.8)	172.36

* Annotations

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

Newly added:

Excluded:

(2) Changes in accounting principles, changes in accounting estimate, and redisplay after revision:

1) Changes in accounting principles caused by revision of accounting standards: Yes

2) Changes in accounting principles other than 1): None

3) Changes in accounting estimate: None

4) Redisplay after revision: None

(Note) For details, please refer to the section “3. Consolidated Financial Statements and Main Notes - (5) Notes on Consolidated Financial Statements (Change of Accounting Principles)” on page 13 of [Appendix].

(3) Number of shares outstanding (ordinary shares)

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

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

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

March 2022 Term: 4,097,789 shares March 2021 Term: 5,097,465 shares

3) Amount of average stock during the term:

March 2022 Term: 14,753,614 shares March 2021 Term: 19,182,559 shares

Note: The amount of treasury stock at the end of the term includes Company stock (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 (March 2022 term: 132,800 shares, March 2021 term: 134,317 shares).

(Reference) Overview of Non-consolidated Results

(1) Non-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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2022 Term	92,367	9.7	1,152	164.0	2,091	11.2	1,567	(18.4)
March 2021 Term	84,181	(11.9)	436	(37.4)	1,879	71.8	1,921	95.8

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2022 Term	106.26	—
March 2021 Term	100.17	—

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

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2022 Term	46,661	17,062	36.6	1,400.46
March 2021 Term	64,898	32,234	49.7	1,680.27

Reference) Shareholders' equity March 2022 Term: 17,062 million yen March 2021 Term: 32,234 million yen

* This summary of financial results is not subject to audits of 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. Overview of Business Results – (4) Future Prospects" on page 4 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

Contents of Appendix

1. Overview of Business Results	2
(1) Overview of Business Results for the Fiscal Year Ended March 31, 2022	2
(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2022	3
(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2022	3
(4) Future Prospects.....	4
2. Basic Attitudes Toward the Selection of our Accounting Standards.....	5
3. Consolidated Financial Statements and Main Notes.....	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement.....	8
(3) Consolidated Statements of Changes in Shareholders' Equity.....	10
(4) Consolidated Statement of Cash Flows.....	12
(5) Notes on Consolidated Financial Statements	13
(Notes Regarding Going Concern)	13
(Change of Accounting Principles).....	13
(Additional Information)	14
(Segment Information and Other).....	15
(Per Share Information)	18
(Significant Subsequent Events).....	19
4. Other.....	19
(1) Changes in Officers.....	19

1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Ended March 31, 2022

During the consolidated fiscal year under review, the global economy overall faced tough conditions due to factors including the stagnation of economic activities in various countries caused by the continuing spread of variants following the COVID-19 pandemic, the impact of rising raw materials prices, and the effect of the Russian invasion of Ukraine.

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. On the other hand, in the domestic ICT industry, although the problem of late delivery of products arose due to the tight supply and demand for semiconductors, overall business was strong in investment related to digital transformation (DX).

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 business model based on service provision, expand our latest digital technology, and increase the number of customers.

As a result of these efforts, business performance in the consolidated fiscal year under review was as follows: Net sales were ¥123,583 million (up 9.6% year-on-year). Operating profit was ¥4,209 million (up 94.2% year-on-year) due to strong results in the device business, and ordinary profit was ¥3,560 million (up 89.5% year-on-year). As a result, net profit attributable to shareholders of parent company was ¥2,524 million (up 53.4% year-on-year) and ROE was 6.8% (up from 3.9% in the previous year).

Consolidated performance by segment for the term under review is 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 LCD panels). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the consolidated fiscal year under review, we cancelled the dealership agreement with Renesas Electronics Corporation in June of the previous fiscal year, and sales of products from Renesas decreased as a result. However, overall sales were strong due to factors such growth of products of overseas semiconductor manufacturers, expansion of commercial sales rights of existing suppliers, and acquisition of commercial sales rights for new suppliers. There were also temporary factors including the tight supply and demand for semiconductors, etc. This resulted in net sales of ¥110,522 million (up 11.7% year-on-year) and segment profit of ¥2,188 million (up 1,168.0% year-on-year).

(Solution segment)

In the solution business segment, we provide the optimal ICT infrastructure to each customer by using network system devices, security products, Line-of-Business systems, clouds, data centers, etc. 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.

For the consolidated fiscal year under review, although sales were strong in the video field, overall sales in other fields stagnated due to factors such as late delivery of products caused by the tight supply and demand for semiconductors. As a result, net were ¥13,061 million (down 5.4% year-on-year). Furthermore, although the gross profit margin was nearly the same as the previous fiscal year, segment profit was ¥1,372 million (down 19.6% year-on-year) due to decreased net sales and increased selling, general and administrative expenses caused by an increased number of employees.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2022

(Assets)

As of March 31, 2022, assets decreased ¥11,793 million compared to March 31, 2021, to ¥72,809 million. This was mainly attributable to a ¥16,236 million decrease in cash and deposits, a ¥3,700 million decrease in consumption taxes receivable, and a ¥5,398 million increase in merchandise inventories.

(Liabilities)

As of March 31, 2022, liabilities increased ¥733 million compared to March 31, 2021, to ¥42,125 million. This was mainly attributable to a ¥1,351 million increase in notes and accounts payable–trade, a ¥314 million increase in accrued corporate tax, etc., and a ¥924 million decrease in short-term loans payable.

(Net Assets)

As of March 31, 2022, net assets decreased ¥12,526 million compared to March 31, 2021, to ¥30,683 million. This was mainly attributable to a ¥5,329 million decrease in capital surplus from the retirement of treasury stock and a ¥10,451 million decrease in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2022

As of March 31, 2022, cash and cash equivalents decreased ¥16,236 million compared to March 31, 2021, to ¥9,307 million. This was attributable to an increase in expenses resulting from the purchase of treasury stock, etc.

(Operating activities)

Net cash provided by operating activities during the consolidated period under review totaled ¥2,189 million. This was mainly due to income from factors such as the recording of net profit before tax and other adjustments and a decrease in consumption taxes refund receivable, the total of which exceeded expenses from factors such as an increase in inventories. As a result, this represented an income rise of ¥3,876 million when considering the expenses of ¥1,686 million in the previous consolidated fiscal year.

(Investing activities)

Net cash used in investing activities during the consolidated period under review totaled ¥149 million due to factors such as the purchase of property and equipment, the purchase of software, etc. Compared to the previous consolidated fiscal year, this represented an expense decrease of ¥230 million.

(Financing activities)

Net cash used in financing activities during the consolidated period under review totaled ¥18,584 million due to expenses caused by factors such as the repayment of short-term loans and the purchase of treasury stock. Since the figure for the previous consolidated fiscal year was an income of ¥8,925 million, this represented an expense rise of ¥27,510 million.

(Reference) Performance indicators associated with cash flows

	March 2018 Term	March 2019 Term	March 2020 Term	March 2021 Term	March 2022 Term
Ratio of shareholders' equity (%)	65.7	48.3	57.0	51.0	42.1
Ratio of shareholders' equity on current price base (%)	65.3	41.2	36.3	45.5	26.9
Interest-bearing debt to cash flow ratio (year)	—	2.7	1.3	—	11.2
Interest coverage ratio	—	22.1	44.9	—	19.2

Notes: Ratio of shareholders' equity: Shareholders' equity ÷ Total assets

Ratio of shareholders' equity on current price base: Market capitalization ÷ Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debts ÷ Operating cash flow

Interest coverage ratio: Operating cash flow ÷ Interest paid

* Each indicator is calculated using the consolidated financial figures.

* The market capitalization is calculated as the share price at term-end multiplied by the number of shares outstanding at term-end (after the deduction of treasury stock).

* For the operating cash flow, the "cash flow from operating activities" shown in the consolidated statement of cash flows is used. The interest-bearing debts feature all debts bearing interest among the debts listed in the consolidated balance sheets. For the amount of interest paid, the "interest expenses paid" listed in the consolidated statement of cash flows is used.

* Figures for the interest-bearing debt to cash flow ratio and the interest coverage ratio are not recorded when the operating cash flow figure is negative.

(4) Future Prospects

1) Forecast for the next fiscal year

The Group has formulated the V73 Medium-Term Management Plan (V73) to be concluded in the Company's 73rd Term (fiscal year ending March 31, 2024). In the Plan, the Group stated the quantitative target of achieving an ROE of 5% at an early stage. Under these circumstances, the Group has made steady progress in optimizing shareholders' equity through measures to strengthen shareholder returns, including the tender offer for treasury stock implemented in the fiscal year ended March 31, 2022. In response, moving forward, we have decided to target the Group's shareholders' equity cost for the target ROE, and changed the quantitative target of V73 to maintaining an ROE of 6% or higher during the period of V73.

In regards to the forecast for the next fiscal year, which will be the first fiscal year after changing the quantitative target of V73, there is concern regarding impact on the global economy due to factors such as rising raw materials prices and the war in Ukraine. Furthermore, the future is extremely uncertain due to factors including the tight supply and demand for semiconductors, as well as the associated delay in production of hardware such as computers and servers. Despite predicting such a tough business environment, the Group is working hard to maintain an ROE of 6% or higher, and we forecast the following business results.

(Forecast for Consolidated Business Performance)

Net sales:	¥131,500 million (up 6.4% YoY)
Operating profit:	¥3,030 million (down 28.0% YoY)
Ordinary profit:	¥2,900 million (down 18.6% YoY)
Net profit attributable to shareholders of parent company:	¥2,100 million (down 16.8% YoY)
Dividend per share:	¥85 (dividend of ¥100 per share in the previous fiscal year, including a commemorative dividend of ¥20)

2) Full-year forecast for assets, liabilities, net assets, and cash flow

We forecast that total assets at the end of the next consolidated fiscal year will be approximately ¥72,800 million, which is roughly the same level as the consolidated fiscal year ended March 31, 2022. We forecast that this will mainly be attributable to factors including an increase in notes and accounts receivable–trade, and a decrease in inventories. Furthermore, we forecast that the balance of interest-bearing debt will be approximately ¥22,600 million, a decrease of approximately ¥1,800 million compared to the end of the consolidated fiscal year ended March 31, 2022.

We forecast that cash and cash equivalents at the end of the next consolidated fiscal year will be approximately ¥10,000 million, which is roughly the same level as the consolidated fiscal year ended March 31, 2022.

2. Basic Attitudes Toward the Selection of our Accounting Standards

For the time being, the Group has applied the Japanese standards to its consolidated financial statements, with consideration given to the comparability of the terms of consolidated financial statements and comparability among enterprises.

As regards the application of international accounting standards, the Group is open to appropriately meet these standards upon consideration of both domestic and overseas circumstances.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Million yen)

	March 2021 Term (As of Mar. 31, 2021)	March 2022 Term (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	25,544	9,307
Notes and accounts receivable–trade	32,696	-
Notes and accounts receivable–trade, and contract assets	-	34,908
Electronically recorded monetary claims	841	957
Merchandise inventories	14,333	19,732
Partly-finished work	9	0
Accrued income	60	69
Consumption taxes receivable	3,815	115
Others	644	1,399
Allowance for doubtful accounts	(9)	(29)
Total current assets	77,934	66,459
Non-current assets		
Property and equipment		
Buildings and structures	4,608	4,607
Accumulated depreciation	(3,329)	(3,348)
Buildings and structures, net	1,278	1,258
Land	1,135	1,135
Leased assets	344	359
Accumulated depreciation	(139)	(183)
Lease assets, net	205	175
Construction in progress	-	13
Other	436	452
Accumulated depreciation	(355)	(384)
Other, net	80	67
Total property and equipment	2,701	2,652
Intangible assets	482	461
Investments and other assets		
Investment securities	3,067	2,988
Deferred tax assets	309	146
Others	143	147
Allowance for doubtful accounts	(35)	(47)
Total investments and other assets	3,484	3,235
Total non-current assets	6,668	6,349
Total assets	84,602	72,809

(Million yen)

	March 2021 Term (As of Mar. 31, 2021)	March 2022 Term (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	13,104	14,455
Short-term loans payable	25,351	24,426
Lease obligations	71	77
Accrued corporate tax, etc.	288	602
Allowance for bonuses to employees	472	597
Allowance for bonuses to Directors and Audit & Supervisory Board members	29	56
Others	1,659	1,414
Total current liabilities	40,975	41,630
Non-current liabilities		
Lease obligations	135	100
Deferred tax liabilities	3	16
Allowance for stock compensation	74	114
Net defined benefit liabilities	100	158
Others	102	103
Total non-current liabilities	416	494
Total liabilities	41,392	42,125
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	5,329	-
Retained earnings	33,106	22,654
Treasury stock	(10,348)	(8,773)
Total shareholders' equity	42,899	28,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	583	567
Deferred hedge gains (losses)	(133)	(117)
Foreign currency translation adjustment	(244)	1,512
Remeasurements of defined benefit plans	47	(23)
Total accumulated other comprehensive income	253	1,937
Non-controlling interests	58	53
Total net assets	43,210	30,683
Total liabilities and net assets	84,602	72,809

(2) Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement
(Consolidated Profit and Loss Statement)

(Million yen)

	March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	112,791	123,583
Cost of sales	101,740	110,053
Gross profit on sales	11,051	13,529
Selling, general and administrative expenses	8,883	9,320
Operating profit	2,167	4,209
Non-operating profit		
Interest income	18	19
Dividend income	36	43
Others	83	112
Total non-operating profit	138	175
Non-operating expenses		
Interest expenses	83	114
Sales discounts	9	14
Foreign exchange losses	282	613
Commission for purchase of treasury stock	-	21
Others	52	61
Total non-operating expenses	427	825
Ordinary profit	1,878	3,560
Extraordinary profits		
Gain on sales of investment securities	141	0
Total extraordinary profits	141	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on sales of non-current assets	0	-
Loss on valuation of investment securities	0	54
Total extraordinary losses	0	54
Net profit before tax and other adjustments	2,019	3,506
Corporate, resident and enterprise taxes	452	766
Adjustment for corporate tax, etc.	(91)	219
Total corporate taxes	361	985
Net profit	1,658	2,520
Net profit (loss) attributable to non-controlling interests	12	(4)
Net profit attributable to shareholders of parent company	1,646	2,524

(Consolidated Comprehensive Income Statement)

(Million yen)

	March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)
Net profit	1,658	2,520
Other comprehensive income		
Valuation difference on available-for-sale securities	245	(16)
Deferred hedge gains (losses)	(134)	15
Foreign currency translation adjustment	456	1,756
Remeasurements of defined benefit plans, net of tax	167	(71)
Total other comprehensive income	735	1,684
Comprehensive income	2,393	4,204
(Details)		
Comprehensive income attributable to shareholders of parental company	2,381	4,208
Comprehensive income attributable to non-controlling interests	12	(4)

(3) Consolidated Statements of Changes in Shareholders' Equity

March 2021 Term (April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2020	14,811	5,329	32,676	(10,353)	42,464
Changes during the term					
Dividends of surplus			(1,216)		(1,216)
Net profit attributable to shareholders of parent company			1,646		1,646
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				5	5
Net changes of items other than shareholders' equity					
Total changes during the term	-	-	429	5	434
Balance as of March 31, 2021	14,811	5,329	33,106	(10,348)	42,899

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2020	338	1	(701)	(120)	(482)	46	42,029
Changes during the term							
Dividends of surplus							(1,216)
Net profit attributable to shareholders of parent company							1,646
Purchase of treasury stock							(0)
Disposal of treasury stock							5
Net changes of items other than shareholders' equity	245	(134)	456	167	735	11	746
Total changes during the term	245	(134)	456	167	735	11	1,181
Balance as of March 31, 2021	583	(133)	(244)	47	253	58	43,210

March 2022 Term (April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2021	14,811	5,329	33,106	(10,348)	42,899
Cumulative effects of changes in accounting policies			(0)		(0)
Restated balance	14,811	5,329	33,106	(10,348)	42,899
Changes during the term					
Dividends of surplus			(987)		(987)
Net profit attributable to shareholders of parent company			2,524		2,524
Purchase of treasury stock				(15,743)	(15,743)
Retirement of treasury stock		(5,329)	(11,989)	17,318	-
Net changes of items other than shareholders' equity					
Total changes during the term	-	(5,329)	(10,451)	1,574	(14,206)
Balance as of March 31, 2022	14,811	-	22,654	(8,773)	28,692

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2021	583	(133)	(244)	47	253	58	43,210
Cumulative effects of changes in accounting policies					-	-	(0)
Restated balance	583	(133)	(244)	47	253	58	43,210
Changes during the term							
Dividends of surplus							(987)
Net profit attributable to shareholders of parent company							2,524
Purchase of treasury stock							(15,743)
Retirement of treasury stock							-
Net changes of items other than shareholders' equity	(16)	15	1,756	(71)	1,684	(4)	1,679
Total changes during the term	(16)	15	1,756	(71)	1,684	(4)	(12,526)
Balance as of March 31, 2022	567	(117)	1,512	(23)	1,937	53	30,683

(4) Consolidated Statement of Cash Flows

(Million yen)

	March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)
Operating activities		
Net profit before tax and other adjustments	2,019	3,506
Depreciation and amortization	224	260
Amortization of goodwill	17	26
Increase (decrease) in allowance for doubtful accounts	1	25
Increase (decrease) in allowance for stock compensation	20	40
Increase (decrease) in net defined benefit liabilities	(14)	(49)
Interest and dividend income	(54)	(62)
Interest expenses	83	114
Loss (gain) on sales of non-current assets	0	-
Loss (gain) on sales of investment securities	(141)	(0)
Loss (gain) on valuation of investment securities	0	54
Decrease (increase) in notes and accounts receivable–trade	(4,633)	(13)
Decrease (increase) in inventories	1,890	(4,561)
Increase (decrease) in notes and accounts payable–trade	(1,114)	233
Decrease (increase) in consumption taxes refund receivable	85	3,700
Increase (decrease) in accrued consumption taxes	4	(19)
Others	268	(553)
Subtotal	(1,343)	(2,701)
Interest and dividend income received	61	69
Interest expenses paid	(83)	(114)
Corporate and other taxes paid	(322)	(467)
Net cash provided by (used in) operating activities	(1,686)	2,189
Investing activities		
Purchase of property and equipment	(171)	(67)
Proceeds from sales of property and equipment	0	0
Purchase of software	(77)	(85)
Purchase of investment securities	(241)	(0)
Proceeds from sales of investment securities	180	1
Others	(70)	2
Net cash used in investing activities	(380)	(149)
Financing activities		
Net increase (decrease) in short-term loans payable	10,218	(1,778)
Repayments of lease obligations	(77)	(77)
Net decrease (increase) in treasury stock	(0)	(15,743)
Cash dividends paid	(1,214)	(985)
Net cash provided by (used in) financing activities	8,925	(18,584)
Effect of exchange rate change on cash and cash equivalents	241	308
Net increase (decrease) in cash and cash equivalents	7,100	(16,236)
Balance of cash and cash equivalents, beginning of the period	18,443	25,544
Balance of cash and cash equivalents, end of the period	25,544	9,307

(5) Notes on Consolidated Financial Statements
(Notes Regarding Going Concern)

None

(Change of Accounting Principles)

Application of the Accounting Standard for Revenue Recognition, etc.

From the beginning of the consolidated fiscal year under review, 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 fiscal year under review is added to or subtracted from the retained earnings at the beginning of the consolidated fiscal year under review, and the new accounting principle is applied from the balance at the beginning of the consolidated fiscal year under review 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 fiscal year under review. 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 fiscal year under review, 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 fiscal year under review.

Applying the Accounting Standard for Revenue Recognition, etc., has insignificant impact on the 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 the consolidated fiscal year under review 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 fiscal year under review. 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 consolidated financial statements.

(Additional Information)

Performance-Based Stock Compensation Plan for Directors

The Company has introduced a Performance-Based Stock Compensation Plan for Directors, for the purpose of further clarifying the link between the compensation to the Company's Directors (excluding External Directors) and the value of its shares. With the introduction of the Performance-Based Stock Compensation Plan, Directors will not only enjoy the advantages when the Company's share price rises but also bear the risks when the share price declines, sharing with shareholders the benefits and risks of fluctuations in share prices. This move is intended ultimately to incentivize Directors to increase medium-to-long-term business results and increase enterprise value.

1) Overview of transactions

In the Performance-Based Stock Compensation Plan, a trust that is funded by Company expenditures acquires shares in the Company. The Board of Directors establishes regulations for the granting of shares, according to which each Director is awarded points for his or her degree of accomplishment of numerical targets based on management indices. Each Director is then awarded the Company's shares in proportion to the points awarded, through the trust. In principle, the shares are awarded to Directors at the time of their resignation or retirement.

2) Accounting treatment of Company shares remaining in the trust

The book value of the trust (net of ancillary expenses) for shares held by the trust was ¥190 million in the previous consolidated fiscal year and ¥190 million in the consolidated fiscal year under review, and is recorded as treasury stock in the shareholders' equity.

The number of said shares was 132,000 as of the end of the previous consolidated fiscal year and 132,000 as of the end the consolidated fiscal year under review. The average number of shares was 134,000 during the previous consolidated fiscal year and 132,000 during the consolidated fiscal year under review. These shares are included in the shares of treasury stock excluded for calculation of per share information.

(Segment Information and Other)

[Segment Information]

1. Outline of Report Segments

The report segments are composition units of the Company for which separate financial information is available. The Board of Directors reviews these segments periodically to determine the allotment of managerial resources and evaluate the financial results.

The Company has business headquarters for individual merchandise and services. The business headquarters work out domestic and overseas comprehensive strategies about their merchandise and services, and do business activities according to the strategies.

Therefore, the Company is organized in two segments by merchandise and services based on business headquarters. They are device segment and solution 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 and capacitors). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For Line-of-Business systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

2. Amount calculation methods for sales, profit or loss, assets, liabilities, and other items in each report segment

The accounting method in the reported business segments is almost the same as that used for preparing the consolidated financial statements.

Profit (loss) in the report segments are based on ordinary profit (loss).

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 fiscal year under review 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.

3. Information regarding the amounts of sales, profit or loss, assets, liabilities, and other items in each report segment

March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)

(Million yen)

	Report segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	98,987	13,804	112,791	-	112,791
Inter-segment sales or transfers	-	-	-	-	-
Total	98,987	13,804	112,791	-	112,791
Segment profit	172	1,706	1,878	-	1,878
Segment assets	50,530	5,642	56,173	28,429	84,602
Other items					
Depreciation and amortization (Note 3)	170	54	224	-	224
Increase of property and equipment and intangible assets	232	44	277	80	358

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit coincides with the ordinary profit in the consolidated profit and loss statement.

3. The depreciation and amortization do not include the amortization of goodwill.

March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)

(Million yen)

	Report segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	110,522	13,061	123,583	-	123,583
Inter-segment sales or transfers	-	-	-	-	-
Total	110,522	13,061	123,583	-	123,583
Segment profit	2,188	1,372	3,560	-	3,560
Segment assets	58,071	5,951	64,023	8,785	72,809
Other items					
Depreciation and amortization (Note 3)	192	68	260	-	260
Increase of property and equipment and intangible assets	56	44	101	105	207

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit coincides with the ordinary profit in the consolidated profit and loss statement.

3. The depreciation and amortization do not include the amortization of goodwill.

[Related information]

March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)

1. Information of products and services

The information by product and service coincides with that by report segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
47,400	64,548	727	114	112,791

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

As none of the items among net sales to outside customers account for 10% or more of net sales on the consolidated profit and loss statement, description is omitted.

March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)

1. Information of products and services

The information by product and service coincides with that by report segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
43,022	80,116	355	89	123,583

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

As none of the items among net sales to outside customers account for 10% or more of net sales on the consolidated profit and loss statement, description is omitted.

[Information regarding impairment loss for non-current assets in each report segment]

None

[Information regarding the amount of amortization of goodwill and the balance in each report segment]

March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	57	-	-	57
Balance at term-end	124	-	-	124

March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	26	-	-	26
Balance at term-end	97	-	-	97

[Information regarding profit on negative goodwill in each report segment]

None

(Per Share Information)

(Yen)

	March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	2,249.40	2,514.04
Net profit per share	85.82	171.12

Notes: 1. Diluted net profit per share is not presented since the Company has no dilutive shares.

2. Shares of the Company which are owned by a trust in connection with the Performance-Based Stock Compensation Plan for Directors (excluding the External Directors) and which are recorded as treasury stock in shareholders' equity are included in the shares of treasury stock that are excluded from the total number of shares outstanding at the end of term for calculation of net assets per share (previous consolidated fiscal year: 132,000 shares, current consolidated fiscal year: 132,000 shares), and also are included in treasury stock excluded in the calculation of amount of average stock during the term for calculation of net profit per share (previous consolidated fiscal year: 134,000 shares, current consolidated fiscal year: 132,000 shares).

3. Net profit per share was calculated on the following basis.

(Million yen)

	March 2021 Term (Apr. 1, 2020 – Mar. 31, 2021)	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)
Net profit attributable to shareholders of parent company	1,646	2,524
Amount not attributable to ordinary shareholders	-	-
Net profit attributable to shareholders of parent company available to ordinary shares	1,646	2,524
Average shares outstanding available to ordinary shares (thousand shares)	19,182	14,753

(Significant Subsequent Events)

None

4. Other

(1) Changes in Officers (Scheduled for June 28, 2022)

1) Changes in Representatives

None

2) Changes in Other Officers

• Candidate for new Director

Director, Operating Officer Jun-ichi Murakami [Deputy Senior General Manager of Finance & Accounting Division]

• Director scheduled for retirement

Akio Misono [Director, Senior Operating Officer]

• Candidate for new Audit & Supervisory Board member

Akio Misono [Director, Senior Operating Officer]

• Audit & Supervisory Board member scheduled for retirement

Keiji Nishio [full-time Audit & Supervisory Board member]

Current position is listed in brackets [].