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February 3, 2023

**Summary of Financial Results for the First Three Quarters of the Fiscal Year  
Ending March 31, 2023  
(Nine Months Ended December 31, 2022)  
[Japan Standards] (Consolidated)**

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: Prime Market, Tokyo  
Code No.: 8150 URL: <http://www.sanshin.co.jp>  
Representative: Toshiro Suzuki (Representative Director & COO)  
Enquiries to: Jun-ichi Murakami, Director, Operating Officer and Senior General Manager of Finance & Accounting Division Tel.: +81-3-3453-5111  
Scheduled date of filing of Quarterly Report: February 7, 2023  
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 2023 Term  
(April 1, 2022 – December 31, 2022)**

(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 2023 Term	126,082	41.3	5,487	133.2	4,028	107.7	2,994	113.8
3Q March 2022 Term	89,222	5.3	2,352	121.0	1,939	119.1	1,400	115.4

(Note) Comprehensive income 3Q March 2023 Term: 3,948 million yen (86.5%); 3Q March 2022 Term: 2,117 million yen (383.0%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
3Q March 2023 Term	245.68	—
3Q March 2022 Term	89.83	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3Q March 2023 Term	92,894	33,413	35.9
March 2022 Term	72,809	30,683	42.1

(Reference) Shareholders' equity 3Q March 2023 Term: 33,346 million yen; March 2022 Term: 30,630 million yen

## 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2022 Term	—	30.00	—	70.00	100.00
March 2023 Term	—	30.00	—		
March 2023 Term (forecast)				105.00	135.00

(Notes) 1. Revision of most recent forecast on dividends: None

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
Full year	155,600	25.9	6,200	47.3	4,500	26.4	3,300	30.7	270.66

(Note) Revision of most recent forecast on earnings: None

### \* 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: None

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 2023 Term: 16,281,373 shares                      March 2022 Term: 16,281,373 shares

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

3Q March 2023 Term: 4,088,932 shares                      March 2022 Term: 4,097,789 shares

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

3Q March 2023 Term: 12,187,870 shares                      3Q March 2022 Term: 15,594,690 shares

(Note) The amount of treasury stock at the end of the term includes Company stock (3Q March 2023 term: 123,800 shares, March 2022 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 2023 term: 128,447 shares, 3Q March 2022 term: 132,800 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

The items related to the future contained in this document are decisions made based on present consolidated financial results as of the end of this quarter.

### (1) Explanation of Business Results

During the consolidated first three quarters under review, while the global economy saw progress mainly in Europe and the United States under the premise of coexisting with COVID-19, with the global price hikes and high resource prices due to Russia's invasion of Ukraine, changes in monetary policy in each country, accompanying sudden fluctuations in exchange rates, etc., the economic outlook remained uncertain.

In the electronics industry, which is the primary area of business of the Sanshin Electronics Group, the imbalance in supply and demand for semiconductors and electronic components which had worsened, started to ease with the exception of certain fields such as automobiles, and calmness gradually returning to the market. In the domestic ICT industry, in the context of a growing need for DX (Digital Transformation) promotion, cloud computing and subscription models have become popular.

Against this background, the Group worked to increase profitability by reforming our business structure and to expand our business in growth markets. Specifically, in the device business, we worked to expand our existing businesses and establish a new profit structure. In the solution business, we strove to grow the business based on service provision, expand our digital technology, and expand our customer platform.

As a result, business performance in the consolidated first three quarters under review was as follows. Net sales were ¥126,082 million (up 41.3% year-on-year), operating profit was ¥5,487 million (up 133.2% year-on-year), and ordinary profit was ¥4,028 million (up 107.7% year-on-year). Net profit attributable to shareholders of parent company was ¥2,994 million (up 113.8% year-on-year).

In regard to internal transactions of revenues and expenses between consolidated companies, the parent company's transactions are converted at the exchange rate at the time of the transaction or at the forward exchange rate, and the overseas subsidiary's transactions are converted at the average rate during the period and offset. During the consolidated first three quarters under review, due to the weaker yen, operating profit increased because the offsetting expenses greatly exceeded the corresponding revenues. However, the same amount has been adjusted as a foreign exchange loss in non-operating expenses. Hence, there is no impact on the ordinary profit.

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, power semiconductors, 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 first three quarters under review, in addition to strong sales of electronic components, net sales of semiconductors manufactured overseas increased due to expansion of commercial sales rights and strong sales for home video game consoles. The exchange rate remaining on a weaker yen trend compared with the same period of the previous year also served as a tailwind. Net sales were ¥118,220 million (up 45.3% year-on-year). Segment profit was ¥3,716 million (up 141.9% year-on-year) due to increased revenue, despite an increase in selling, general and administrative expenses.

#### ***Solution segment***

In the solution business segment, we provide one-stop services spanning from design and construction to operation and maintenance of network devices and security products that utilize ICT in accordance with our customers' environments. In addition, we provide Line-of-Business systems such as sales and production management, and applications such as personnel, payroll, and accounting in various formats ranging from on premise to the cloud.

In the consolidated first three quarters under review, sales in the public sector declined due to reaction to accounting for large-scale fire and disaster prevention project in the same period of the previous year. Other

fields were also affected due to difficulty in supplying products caused by tight supply and demand for semiconductors, etc. Overall, the growth was sluggish. Net sales were ¥7,861 million (down 0.02% year-on-year). Furthermore, segment profit was ¥311 million (down 22.6% year-on-year) due to an increase in selling, general and administrative expenses.

## **(2) Explanation of Financial Position**

### **(Assets)**

As of December 31, 2022, assets increased ¥20,085 million compared with March 31, 2022, to ¥92,894 million. This was mainly attributable to a ¥9,731 million increase in notes and accounts receivable–trade, a ¥7,046 million increase in merchandise inventories, and a ¥4,523 million increase in consumption taxes refund receivable.

### **(Liabilities)**

As of December 31, 2022, liabilities increased ¥17,356 million compared with March 31, 2022, to ¥59,481 million. This was mainly attributable to a ¥17,986 million increase in short-term loans payable.

### **(Net Assets)**

As of December 31, 2022, net assets increased ¥2,729 million compared with March 31, 2022, to ¥33,413 million. This was mainly attributable to a ¥1,762 million increase in retained earnings and a ¥605 million increase in foreign currency translation adjustment.

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

Consolidated business performance and year-end dividends for March 2023 term remain unchanged from the following forecast figures announced on November 7, 2022.

### **(Forecasts for Consolidated Business Performance for March 2023 Term)**

Net sales	¥155,600 million	(up 25.9% year-on-year)
Operating profit	¥6,200 million	(up 47.3% year-on-year)
Ordinary profit	¥4,500 million	(up 26.4% year-on-year)
Net profit attributable to shareholders of parent company	¥3,300 million	(up 30.7% year-on-year)
Year-end dividend	¥105 per share	(annual dividend ¥135 per share including the interim dividend)

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2022 Term (As of Mar. 31, 2022)	3Q March 2023 Term (As of Dec. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	9,307	8,423
Notes and accounts receivable—trade, and contract assets	34,908	42,552
Electronically recorded monetary claims	957	3,044
Merchandise inventories	19,732	26,778
Partly-finished work	0	166
Others	1,583	5,869
Allowance for doubtful accounts	(29)	(38)
Total current assets	66,459	86,796
Non-current assets		
Property and equipment	2,652	2,591
Intangible assets	461	387
Investments and other assets		
Others	3,282	3,169
Allowance for doubtful accounts	(47)	(50)
Total investments and other assets	3,235	3,119
Total non-current assets	6,349	6,097
Total assets	72,809	92,894
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	14,455	13,778
Short-term loans payable	24,426	42,412
Accrued corporate tax, etc.	602	564
Allowance	653	329
Others	1,492	1,775
Total current liabilities	41,630	58,861
Non-current liabilities		
Net defined benefit liabilities	158	131
Others	335	488
Total non-current liabilities	494	620
Total liabilities	42,125	59,481

(Million yen)

	March 2022 Term (As of Mar. 31, 2022)	3Q March 2023 Term (As of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Retained earnings	22,654	24,417
Treasury stock	(8,773)	(8,760)
Total shareholders' equity	28,692	30,467
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	567	560
Deferred hedge gains (losses)	(117)	243
Foreign currency translation adjustment	1,512	2,117
Remeasurements of defined benefit plans	(23)	(41)
Total accumulated other comprehensive income	1,937	2,878
Non-controlling interests	53	66
Total net assets	30,683	33,413
Total liabilities and net assets	72,809	92,894



**(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 2022 Term (Apr. 1, 2021 – Dec. 31, 2021)	3Q March 2023 Term (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	89,222	126,082
Cost of sales	80,143	113,103
Gross profit on sales	9,079	12,978
Selling, general and administrative expenses	6,727	7,491
Operating profit	2,352	5,487
Non-operating profit		
Interest income	14	20
Dividend income	38	37
Others	90	62
Total non-operating profit	142	119
Non-operating expenses		
Interest expenses	81	488
Sales discounts	11	19
Commission for purchase of treasury stock	21	-
Foreign exchange losses	398	1,044
Others	42	25
Total non-operating expenses	555	1,578
Ordinary profit	1,939	4,028
Extraordinary profits		
Gain on sales of non-current assets	-	0
Gain on sales of investment securities	0	31
Total extraordinary profits	0	31
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on sales of investment securities	-	1
Total extraordinary losses	0	1
Net profit before tax and other adjustments	1,939	4,058
Corporate, resident and enterprise taxes	370	935
Adjustment for corporate tax, etc.	169	116
Total corporate taxes	540	1,051
Net profit	1,399	3,006
Net profit (loss) attributable to non-controlling interests	(1)	12
Net profit attributable to shareholders of parent company	1,400	2,994

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

	3Q March 2022 Term (Apr. 1, 2021 – Dec. 31, 2021)	3Q March 2023 Term (Apr. 1, 2022 – Dec. 31, 2022)
Net profit	1,399	3,006
Other comprehensive income		
Valuation difference on available-for-sale securities	(30)	(7)
Deferred hedge gains (losses)	125	361
Foreign currency translation adjustment	621	605
Remeasurements of defined benefit plans, net of tax	1	(17)
Total other comprehensive income	718	941
Comprehensive income	2,117	3,948
(Details)		
Comprehensive income attributable to shareholders of parental company	2,118	3,935
Comprehensive income attributable to non-controlling interests	(1)	12

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

(Notes Regarding Going Concern)

None.

(Notes Regarding Remarkable Change of Shareholders' Equity)

None.

(Segment Information and Other)

[Segment Information]

I. 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.

II. Nine months ended December 31, 2022 (Apr. 1, 2022 – Dec. 31, 2022)

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	118,220	7,861	126,082
Inter-segment sales or transfers	—	—	—
Total	118,220	7,861	126,082
Segment profit	3,716	311	4,028

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

(Significant Subsequent Events)

Additional Trust for Stock Compensation Plan

At the Board of Directors meeting held on February 3, 2023, regarding the stock compensation plan introduced on August 21, 2017 for the Company's Directors (however, External Directors are excluded. The same shall apply hereinafter), the Company has resolved to additionally entrust money for the trustee to acquire additional shares of the Company.

1. Regarding the "Board Benefit Trust" Introduced by the Company

(1) Name	Board Benefit Trust
(2) Entruster	The Company
(3) Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trust trustee: Custody Bank of Japan, Ltd.)
(4) Beneficiaries	Directors of the Company who fulfill the requirements for eligible beneficiaries
(5) Trust administrator	Aoyama Sogo Accounting Firm Co., Ltd.
(6) Type of trust	Money held in trust other than money trust (third party benefit trusts)
(7) Trust contract date	August 21, 2017
(8) Date of additional entrustment of money	February 21, 2023
(9) Trust termination date	End of August 2027

2. Details of Additional Acquisition of Shares of the Company in Trust

(1) Type of shares to be acquired	Common shares
(2) Total acquisition cost of shares	99,781,000 yen
(3) Number of shares to be acquired	38,600
(4) Share acquisition method	Acquisition by disposing of treasury stock (third-party allotment)
(5) Share acquisition date	February 21, 2023

Disposal of Treasury Stock by Means of Third-Party Allotment as Stock Compensation

At the Board of Directors meeting held on February 3, 2023, the Company has resolved to dispose of treasury stock (hereinafter referred to as the "Disposal of Treasury Stock") as stock compensation.

1. Overview of Disposal

(1) Date of disposal	February 21, 2023
(2) Type of and number of shares to be disposed of	38,600 common shares of the Company
(3) Disposal price	2,585 yen per share
(4) Total amount of disposal	99,781,000 yen
(5) Planned destination for disposal	Sumitomo Mitsui Trust Bank, Limited (trust account) (Re-trust trustee: Custody Bank of Japan, Ltd. (trust account))
(6) Other	Regarding the Disposal of Treasury Stock, we have submitted a securities notification in accordance with the Financial Instruments and Exchange Act.

## 2. Purpose and Reason for the Disposal

At the Board of Directors meeting held on May 15, 2017, the Company resolved to introduce a new stock compensation plan (hereinafter referred to as the "Plan") using a trust, for the purpose of further clarifying the link between the compensation to the Company's Directors (External Directors are excluded. The same shall apply hereinafter) and the value of its shares. With the introduction of the 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. The Plan was approved at the 66th Ordinary General Meeting of Shareholders held on June 23, 2017. The Board of Directors, at a meeting held on June 15, 2022 passed a resolution to continue the Plan, and the Plan continues to this day.

The Disposal of Treasury Stock shall be made to Sumitomo Mitsui Trust Bank, Limited (trust account) (re-trust trustee: Custody Bank of Japan, Ltd. (trust account)) which is the trustee of the trust (hereinafter referred to as the "Trust") that has already been established for the Plan.

The number of shares to be disposed of will be equivalent to the number of shares expected to be issued to the Directors, based on the Sanshin share delivery rules established by the Company upon the introduction of the Plan, and after taking into consideration the positions and changes in composition of the Company's Directors during the trust period. The degree of dilution is 0.24% for the total number of issued shares of 16,281,373 shares as of September 30, 2022 (0.31% for the total number of voting rights of 123,007 as of September 30, 2022. All numbers are rounded to the third decimal place).

The Company believes that the Plan will clarify the link between the compensation to the Directors and the value of its shares, and in the medium to long term, this will lead to an improvement in our corporate value. We also believe that the number of shares to be disposed of and the degree of dilution due to the Disposal of Treasury Stock are reasonable, and the impact on the secondary market will be minor.