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May 11, 2023

## Summary of Financial Results for Fiscal Year Ended March 31, 2023 [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      Tel: +81-3-3453-5111  
                         Manager of Finance & Accounting Division

Scheduled date of Ordinary General Meeting of Shareholders: June 22, 2023  
 Scheduled date of filing of Annual Securities Report: June 23, 2023  
 Scheduled date of dividend payment: June 23, 2023  
 Supplementary materials for the financial results: Yes  
 Investor conference for the financial results: Yes (for securities analysts and institutional investors)

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

### 1. Consolidated Business Performance for March 2023 Term (April 1, 2022 – March 31, 2023)

#### (1) Consolidated business performance

*(% 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	%
March 2023 Term	161,107	30.4	6,847	62.7	5,511	54.8	3,832	51.8
March 2022 Term	123,583	9.6	4,209	94.2	3,560	89.5	2,524	53.4

(Note) Comprehensive income    March 2023 Term: 4,788 million yen (13.9%)    March 2022 Term: 4,204 million yen (75.6%)

	Net profit per share	Diluted net profit per share	Return on Equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 2023 Term	314.43	—	11.8	7.3	4.3
March 2022 Term	171.12	—	6.8	4.5	3.4

(Reference) Investment profit and loss based on the equity method

March 2023 Term:    — million yen      March 2022 Term:    — million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2023 Term	78,601	34,252	43.5	2,803.65
March 2022 Term	72,809	30,683	42.1	2,514.04

(Reference) Shareholders' equity    March 2023 Term: 34,183 million yen    March 2022 Term: 30,630 million yen

#### (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 2023 Term	(780)	(46)	262	8,893
March 2022 Term	2,189	(149)	(18,584)	9,307

## 2. Dividends

	Dividend per share					Total dividends (annual) Million yen	Payout ratio (consolidated) %	Dividend on net assets (consolidated) %
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen			
March 2022 Term	—	30.00	—	70.00	100.00	1,231	48.8	4.2
March 2023 Term	—	30.00	—	105.00	135.00	1,666	43.5	5.1
March 2024 Term (forecast)	—	35.00	—	65.00	100.00		47.5	

(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 70<sup>th</sup> anniversary of founding)

## 3. Forecasts for Consolidated Business Performance for March 2024 Term (April 1, 2023 – March 31, 2024)

(% 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	73,600	(11.3)	1,700	(60.0)	1,260	(57.1)	930	(57.0)	76.28
Full year	157,000	(2.5)	4,400	(35.7)	3,500	(36.5)	2,600	(32.2)	213.25

### \* 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: None
- 2) Changes in accounting principles other than 1): None
- 3) Changes in accounting estimate: None
- 4) Redisplay after revision: None

(3) Number of shares outstanding (ordinary shares)

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

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

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

March 2023 Term: 4,089,037 shares      March 2022 Term: 4,097,789 shares

3) Amount of average stock during the term:

March 2023 Term: 12,188,982 shares      March 2022 Term: 14,753,614 shares

Note: The amount of treasury stock at the end of the term includes Company stock (March 2023 term: 162,400 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 (March 2023 term: 131,426 shares, March 2022 term: 132,800 shares).

## (Reference) Overview of Non-consolidated Results

### (1) Non-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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2023 Term	104,800	13.5	1,679	45.7	3,063	46.5	2,262	44.3
March 2022 Term	92,367	9.7	1,152	164.0	2,091	11.2	1,567	(18.4)

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2023 Term	185.59	—
March 2022 Term	106.26	—

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2023 Term	47,370	18,269	38.6	1,498.46
March 2022 Term	46,661	17,062	36.6	1,400.46

Reference) Shareholders' equity      March 2023 Term: 18,269 million yen      March 2022 Term: 17,062 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.

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## 1. Overview of Business Results

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 fiscal year.

### (1) Overview of Business Results for the Fiscal Year Ended March 31, 2023

During the consolidated fiscal year under review, the global economy experienced normalization of economic activities assuming life with COVID-19 in each country. On the other hand, the economic outlook remained uncertain due to factors including the impact of rising prices for goods on a global scale, high resource prices caused by the Russian invasion of Ukraine, changes in financial policy, and sudden exchange rate fluctuations.

In the electronics industry, a vital area of business for the Sanshin Electronics Group, the supply chain started to regain stability due to factors such as a gradual alleviation from the second half of the fiscal year for the tight supply and demand of semiconductors and electronic components, which had been an increasingly serious issue. In the domestic ICT industry, the transition of systems to the cloud and the use of subscription models spread in conjunction with increased needs to advance DX (Digital Transformation).

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 of these efforts, business performance in the consolidated fiscal year under review was as follows: Net sales were ¥161,107 million (up 30.4% year-on-year), operating profit was ¥6,847 million (up 62.7% year-on-year), and ordinary profit was ¥5,511 million (up 54.8% year-on-year). Net profit attributable to shareholders of parent company was ¥3,832 million (up 51.8% 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 fiscal year 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.

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, 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 fiscal year under review, there were robust sales of electronic components, and net sales of semiconductors manufactured overseas increased due to expansion of commercial sales rights and strong sales of home video game consoles. Other factors in improved results were success in fully utilizing our trading company functions despite tight supply and demand for semiconductors, as well as exchange rates with a weaker yen year-on-year. This resulted in net sales of ¥147,575 million (up 33.5% year-on-year). In terms of profit, although selling, general and administrative expenses increased, segment profit was ¥4,144 million (up 89.4% year-on-year) due to the effect of increased revenue and strong projects with high profitability.

#### *(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.

For the consolidated fiscal year under review, although sales of major products such as servers and

communication devices were sluggish due to supply difficulties caused by tight supply and demand for semiconductors, etc., the supply chain started to normalize from the fourth quarter, and performance was as planned for the full year. This resulted in net sales of ¥13,532 million (up 3.6% year-on-year). In terms of profit, although selling, general and administrative expenses increased, segment profit was nearly the same year-on-year at ¥1,366 million (down 0.4% year-on-year).

## **(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2023**

### **(Assets)**

As of March 31, 2023, assets increased ¥5,792 million compared to March 31, 2022, to ¥78,601 million. This was mainly attributable to a ¥1,399 million increase in notes and accounts receivable–trade and a ¥5,270 million increase in merchandise inventories.

### **(Liabilities)**

As of March 31, 2023, liabilities increased ¥2,223 million compared to March 31, 2022, to ¥44,348 million. This was mainly attributable to a ¥2,402 million increase in short-term loans payable.

### **(Net Assets)**

As of March 31, 2023, net assets increased ¥3,568 million compared to March 31, 2022, to ¥34,252 million. This was mainly attributable to a ¥2,600 million increase in retained earnings and a ¥912 million increase in foreign currency translation adjustment.

## **(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2023**

As of March 31, 2023, cash and cash equivalents decreased ¥414 million compared with March 31, 2022, to ¥8,893 million. This was due to expenses caused by factors such as an increase in inventories and a decrease in notes and accounts payable–trade, which exceeded income from sources such as short-term loans payable.

### ***(Operating activities)***

Net cash used in operating activities during the consolidated period under review totaled ¥780 million. This was mainly due to expenses from factors such as an increase in inventories and a decrease in notes and accounts payable–trade, which exceeded income from factors such as a decrease in notes and accounts receivable–trade. Since the figure for the previous consolidated fiscal year was an income of ¥2,189 million, this represented an expense rise of ¥2,970 million.

### ***(Investing activities)***

Net cash used in investing activities during the consolidated period under review totaled ¥46 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 ¥102 million.

### ***(Financing activities)***

Net cash provided by financing activities during the consolidated period under review totaled ¥262 million. This was due to income as the result of factors such as an increase in short-term loans payable, which exceeded expenses caused by factors such as cash dividends paid. Since the figure for the previous consolidated fiscal year was an expense of ¥18,584 million, this represented an income rise of ¥18,847 million.

(Reference) Performance indicators associated with cash flows

	March 2019 Term	March 2020 Term	March 2021 Term	March 2022 Term	March 2023 Term
Ratio of shareholders' equity (%)	48.3	57.0	51.0	42.1	43.5
Ratio of shareholders' equity on current price base (%)	41.2	36.3	45.5	26.9	37.4
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

In the device business segment, in addition to a portion of highly-profitable projects ending in the first half of the consolidated fiscal year ended March 31, 2023, the Group also expects an increase in selling, general and administrative expenses such as personnel expenses and activity expenses, as well as an increase in interest paid in conjunction with rising interest rates. As a result, the Group expects both net sales and profits to decrease compared to the consolidated fiscal year ended March 31, 2023.

In the solution business segment, the Group expects net sales and profits to recover from the consolidated fiscal year ended March 31, 2023 due to factors such as an alleviation of late delivery for hardware such as servers and communications equipment in conjunction with relaxation in the supply and demand for semiconductors and electronic components. However, this recovery will not be sufficient to cover for the decrease in the device business segment, and the forecast for consolidated business performance in the fiscal year ending March 31, 2024 is as follows. The fiscal year ending March 31, 2024 will be the final year of the V73 Medium-Term Management Plan (V73) that the Group is currently implementing. The Group is working hard to achieve the consolidated business performance listed below and to "maintain an ROE of 6% or higher during the period of V73," which is a target of V73.

##### (Forecast for Consolidated Business Performance)

Net sales:	¥157,000 million (down 2.5% YoY)
Operating profit:	¥4,400 million (down 35.7% YoY)
Ordinary profit:	¥3,500 million (down 36.5% YoY)
Net profit attributable to shareholders of parent company:	¥2,600 million (down 32.2% YoY)
Dividend per share:	¥100 (dividend of ¥135 per share in the previous fiscal year)

##### 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 ¥77,900 million, which is roughly the same level as the consolidated fiscal year ended March 31, 2023. 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 ¥25,400 million, a decrease of approximately ¥1,400 million compared to the end of the consolidated fiscal year ended March 31, 2023.

We forecast that cash and cash equivalents at the end of the next consolidated fiscal year will be approximately ¥8,000 million, which is roughly the same level as the consolidated fiscal year ended March 31, 2023.

## **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 2022 Term (As of Mar. 31, 2022)	March 2023 Term (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	9,307	8,893
Notes and accounts receivable–trade, and contract assets	34,908	35,779
Electronically recorded monetary claims	957	1,485
Merchandise inventories	19,732	25,002
Partly-finished work	0	0
Accrued income	69	61
Consumption taxes receivable	115	162
Others	1,399	1,219
Allowance for doubtful accounts	(29)	(32)
Total current assets	66,459	72,572
Non-current assets		
Property and equipment		
Buildings and structures	4,607	4,669
Accumulated depreciation	(3,348)	(3,423)
Buildings and structures, net	1,258	1,246
Land	1,135	1,135
Leased assets	359	375
Accumulated depreciation	(183)	(216)
Lease assets, net	175	159
Construction in progress	13	-
Other	452	487
Accumulated depreciation	(384)	(411)
Other, net	67	76
Total property and equipment	2,652	2,617
Intangible assets	461	358
Investments and other assets		
Investment securities	2,988	2,767
Deferred tax assets	146	181
Others	147	154
Allowance for doubtful accounts	(47)	(50)
Total investments and other assets	3,235	3,053
Total non-current assets	6,349	6,029
Total assets	72,809	78,601

(Million yen)

	March 2022 Term (As of Mar. 31, 2022)	March 2023 Term (As of Mar. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	14,455	13,858
Short-term loans payable	24,426	26,828
Lease obligations	77	67
Accrued corporate tax, etc.	602	958
Allowance for bonuses to employees	597	576
Allowance for bonuses to Directors and Audit & Supervisory Board members	56	61
Others	1,414	1,361
<b>Total current liabilities</b>	<b>41,630</b>	<b>43,712</b>
<b>Non-current liabilities</b>		
Lease obligations	100	92
Deferred tax liabilities	16	21
Allowance for stock compensation	114	136
Net defined benefit liabilities	158	281
Others	103	104
<b>Total non-current liabilities</b>	<b>494</b>	<b>636</b>
<b>Total liabilities</b>	<b>42,125</b>	<b>44,348</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,811	14,811
Capital surplus	-	16
Retained earnings	22,654	25,255
Treasury stock	(8,773)	(8,777)
<b>Total shareholders' equity</b>	<b>28,692</b>	<b>31,305</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	567	568
Deferred hedge gains (losses)	(117)	44
Foreign currency translation adjustment	1,512	2,424
Remeasurements of defined benefit plans	(23)	(160)
<b>Total accumulated other comprehensive income</b>	<b>1,937</b>	<b>2,877</b>
<b>Non-controlling interests</b>	<b>53</b>	<b>69</b>
<b>Total net assets</b>	<b>30,683</b>	<b>34,252</b>
<b>Total liabilities and net assets</b>	<b>72,809</b>	<b>78,601</b>

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

(Million yen)

	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	123,583	161,107
Cost of sales	110,053	144,231
Gross profit on sales	13,529	16,876
Selling, general and administrative expenses	9,320	10,028
Operating profit	4,209	6,847
Non-operating profit		
Interest income	19	38
Dividend income	43	42
Others	112	90
Total non-operating profit	175	171
Non-operating expenses		
Interest expenses	114	753
Sales discounts	14	26
Commission for purchase of treasury stock	21	-
Foreign exchange losses	613	690
Others	61	37
Total non-operating expenses	825	1,508
Ordinary profit	3,560	5,511
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	4
Loss on sales of investment securities	-	1
Loss on valuation of investment securities	54	178
Total extraordinary losses	54	185
Net profit before tax and other adjustments	3,506	5,357
Corporate, resident and enterprise taxes	766	1,546
Adjustment for corporate tax, etc.	219	(37)
Total corporate taxes	985	1,508
Net profit	2,520	3,848
Net profit (loss) attributable to non-controlling interests	(4)	15
Net profit attributable to shareholders of parent company	2,524	3,832

(Consolidated Comprehensive Income Statement)

(Million yen)

	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)
Net profit	2,520	3,848
Other comprehensive income		
Valuation difference on available-for-sale securities	(16)	1
Deferred hedge gains (losses)	15	162
Foreign currency translation adjustment	1,756	912
Remeasurements of defined benefit plans, net of tax	(71)	(136)
Total other comprehensive income	1,684	939
Comprehensive income	4,204	4,788
(Details)		
Comprehensive income attributable to shareholders of parental company	4,208	4,772
Comprehensive income attributable to non-controlling interests	(4)	15

**(3) Consolidated Statements of Changes in Shareholders' Equity**

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

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

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	14,811	-	22,654	(8,773)	28,692
Changes during the term					
Dividends of surplus			(1,231)		(1,231)
Net profit attributable to shareholders of parent company			3,832		3,832
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				12	12
Purchase of treasury stock via Board Benefit Trust				(99)	(99)
Disposal of treasury stock for Board Benefit Trust		16		83	99
Net changes of items other than shareholders' equity					
Total changes during the term	-	16	2,600	(3)	2,613
Balance as of March 31, 2023	14,811	16	25,255	(8,777)	31,305

(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, 2022	567	(117)	1,512	(23)	1,937	53	30,683
Changes during the term							
Dividends of surplus							(1,231)
Net profit attributable to shareholders of parent company							3,832
Purchase of treasury stock							(0)
Disposal of treasury stock							12
Purchase of treasury stock via Board Benefit Trust							(99)
Disposal of treasury stock for Board Benefit Trust							99
Net changes of items other than shareholders' equity	1	162	912	(136)	939	15	955
Total changes during the term	1	162	912	(136)	939	15	3,568
Balance as of March 31, 2023	568	44	2,424	(160)	2,877	69	34,252

**(4) Consolidated Statement of Cash Flows**

(Million yen)

	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)
<b>Operating activities</b>		
Net profit before tax and other adjustments	3,506	5,357
Depreciation and amortization	260	300
Amortization of goodwill	26	26
Increase (decrease) in allowance for doubtful accounts	25	0
Increase (decrease) in allowance for stock compensation	40	34
Increase (decrease) in net defined benefit liabilities	(49)	(79)
Interest and dividend income	(62)	(81)
Interest expenses	114	753
Loss (gain) on sales of non-current assets	-	(0)
Loss (gain) on sales of investment securities	(0)	(29)
Loss (gain) on valuation of investment securities	54	178
Decrease (increase) in notes and accounts receivable–trade	(13)	786
Decrease (increase) in inventories	(4,561)	(4,472)
Increase (decrease) in notes and accounts payable–trade	233	(1,694)
Decrease (increase) in consumption taxes refund receivable	3,700	(47)
Increase (decrease) in accrued consumption taxes	(19)	20
Others	(553)	48
Subtotal	2,701	1,103
Interest and dividend income received	69	87
Interest expenses paid	(114)	(753)
Corporate and other taxes paid	(467)	(1,218)
Net cash provided by (used in) operating activities	2,189	(780)
<b>Investing activities</b>		
Purchase of property and equipment	(67)	(89)
Proceeds from sales of property and equipment	0	-
Purchase of software	(85)	(23)
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	1	72
Others	2	(6)
Net cash used in investing activities	(149)	(46)
<b>Financing activities</b>		
Net increase (decrease) in short-term loans payable	(1,778)	1,582
Repayments of lease obligations	(77)	(93)
Net decrease (increase) in treasury stock	(15,743)	(0)
Cash dividends paid	(985)	(1,225)
Net cash provided by (used in) financing activities	(18,584)	262
Effect of exchange rate change on cash and cash equivalents	308	149
Net increase (decrease) in cash and cash equivalents	(16,236)	(414)
Balance of cash and cash equivalents, beginning of the period	25,544	9,307
Balance of cash and cash equivalents, end of the period	9,307	8,893

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

None

**(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 ¥277 million in the consolidated fiscal year under review, and is recorded as treasury stock in the shareholders' equity.

The number of said shares was 132,800 as of the end of the previous consolidated fiscal year and 162,400 as of the end the consolidated fiscal year under review. The average number of shares was 132,800 during the previous consolidated fiscal year and 131,426 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, 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 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.

### **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).

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

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.

March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)

(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	147,575	13,532	161,107	-	161,107
Inter-segment sales or transfers	-	-	-	-	-
Total	147,575	13,532	161,107	-	161,107
Segment profit	4,144	1,366	5,511	-	5,511
Segment assets	64,053	6,992	71,045	7,556	78,601
Other items					
Depreciation and amortization (Note 3)	225	75	300	-	300
Increase of property and equipment and intangible assets	75	34	110	86	197

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 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.

March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)

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
45,653	114,717	546	190	161,107

(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 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

March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	26	-	-	26
Balance at term-end	70	-	-	70

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

None

**(Per Share Information)**

(Yen)

	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	2,514.04	2,803.65
Net profit per share	171.12	314.43

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: 132,800 shares, current consolidated fiscal year: 162,400 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: 132,800 shares, current consolidated fiscal year: 131,426 shares).

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

(Million yen)

	March 2022 Term (Apr. 1, 2021 – Mar. 31, 2022)	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)
Net profit attributable to shareholders of parent company	2,524	3,832
Amount not attributable to ordinary shareholders	-	-
Net profit attributable to shareholders of parent company available to ordinary shares	2,524	3,832
Average shares outstanding available to ordinary shares (thousand shares)	14,753	12,188

**(Significant Subsequent Events)**

None

**4. Other**

**(1) Changes in Officers (Scheduled for June 22, 2023)**

1) Changes in Representatives

None

2) Changes in Other Officers

• Candidates for new Directors

Director, Operating Officer Hitoshi Iwakami [Operating Officer, Director of Electronic Components Sales Promotion Unit and Director of Overseas Sales Unit]

Director Minako Adachi (A candidate for External Director)

• Directors scheduled for retirement

Mitsuhiro Ogawa [Director, Senior Operating Officer, Deputy Supervisor of Device Business]

(After retirement, scheduled to be appointed as Senior Operating Officer and Deputy Supervisor of Device Business)

Tatsuo Takeuchi [External Director]

Current position is listed in brackets [ ].