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May 10, 2024

Summary of Financial Results for Fiscal Year Ended March 31, 2024 [Japan Standards] (Consolidated)

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: Prime Market, Tokyo
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Scheduled date of Ordinary General Meeting of Shareholders: June 21, 2024
Scheduled date of filing of Annual Securities Report: June 24, 2024
Scheduled date of dividend payment: June 24, 2024
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 2024 Term (April 1, 2023 – March 31, 2024)

(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 2024 Term	140,197	(13.0)	5,748	(16.0)	3,908	(29.1)	2,740	(28.5)
March 2023 Term	161,107	30.4	6,847	62.7	5,511	54.8	3,832	51.8

(Note) Comprehensive income March 2024 Term: 5,831 million yen (21.8%) March 2023 Term: 4,788 million yen (13.9%)

	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 2024 Term	224.66	—	7.6	5.0	4.1
March 2023 Term	314.43	—	11.8	7.3	4.3

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

March 2024 Term: — million yen March 2023 Term: — million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2024 Term	78,884	38,373	48.5	3,138.10
March 2023 Term	78,601	34,252	43.5	2,803.65

(Reference) Own capital March 2024 Term: 38,295 million yen March 2023 Term: 34,183 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 2024 Term	5,740	(364)	(5,883)	8,793
March 2023 Term	(780)	(46)	262	8,893

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 2023 Term	—	30.00	—	105.00	135.00	1,666	43.5	5.1
March 2024 Term	—	35.00	—	70.00	105.00	1,297	47.3	3.5
March 2025 Term (forecast)	—	30.00	—	75.00	105.00		49.9	

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

3. Forecasts for Consolidated Business Performance for March 2025 Term (April 1, 2024 – March 31, 2025)

(% 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	69,000	(7.1)	1,400	(50.7)	1,000	(46.7)	700	(45.8)	57.36
Full year	150,000	7.0	4,300	(25.2)	3,600	(7.9)	2,600	(5.1)	213.06

* 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 2024 Term: 16,281,373 shares March 2023 Term: 16,281,373 shares

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

March 2024 Term: 4,077,986 shares March 2023 Term: 4,089,037 shares

3) Amount of average stock during the term:

March 2024 Term: 12,199,104 shares March 2023 Term: 12,188,982 shares

Note: The amount of treasury stock at the end of the term includes Company stock (March 2024 term: 151,200 shares, March 2023 term: 162,400 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 2024 term: 155,545 shares, March 2023 term: 131,426 shares).

(Reference) Overview of Non-consolidated Results

(1) Non-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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2024 Term	94,513	(9.8)	1,493	(11.1)	3,493	14.0	2,903	28.4
March 2023 Term	104,800	13.5	1,679	45.7	3,063	46.5	2,262	44.3

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2024 Term	238.02	—
March 2023 Term	185.59	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2024 Term	53,742	19,800	36.8	1,622.52
March 2023 Term	47,370	18,269	38.6	1,498.46

Reference) Own capital March 2024 Term: 19,800 million yen March 2023 Term: 18,269 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, 2024

During the consolidated fiscal year under review, a palpable wariness prevailed. Monetary tightening in Western countries, anxiety about prospects for the Chinese economy and heightening geopolitical risk all pointed to a possible slowdown in the global economy. In the electronics industry, which is the primary area of business of the Sanshin Electronics Group, a phase of inventory adjustment continued in supply chains for semiconductors and electronic devices, fostering a lingering mood of stagnation. In contrast, the domestic ICT industry trended firmly against a background of factors such as renewals and a shift to the cloud in existing corporate systems with the aim of improving productivity and increasing business efficiency, and the promotion of 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 ¥140,197 million (down 13.0% year-on-year), operating profit was ¥5,748 million (down 16.0% year-on-year), and ordinary profit was ¥3,908 million (down 29.1% year-on-year). Net profit attributable to shareholders of parent company was ¥2,740 million (down 28.5% year-on-year), and ROE was 7.6%.

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.

The consolidated fiscal year under review saw a number of setbacks. Net sales declined against the previous fiscal year, while gross profit fell significantly as some highly-profitable projects were dropped. Moreover, profit and loss were also impacted by an increase in non-operating expenses such as interest expenses.

As a result, net sales were ¥124,905 million (down 15.4% year-on-year) and segment profit was ¥21,02 million (down 49.3% year-on-year).

(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 fiscal year under review, there was a trend of overall recovery with a focus on business related to information and communication networks for companies, due in part to high corporate need for DX promotion supported at companies, and also due to favorable sales compared with the previous fiscal year, in which there were serious procurement difficulties for servers and communications equipment due to tight

supply and demand for semiconductors, etc.

As a result, net sales were ¥15,291 million (up 13.0% year-on-year) and segment profit was ¥1,806 million (up 32.2% year-on-year).

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2024

(Assets)

As of March 31, 2024, assets increased ¥282 million compared to March 31, 2023, to ¥78,884 million. This was mainly attributable to a ¥4,663 million increase in consumption taxes receivable, a ¥521 million increase in investment securities, a ¥2,780 million decrease in notes and accounts receivable–trade and a ¥2,075 million decrease in merchandise inventories.

(Liabilities)

As of March 31, 2024, liabilities decreased ¥3,837 million compared to March 31, 2023, to ¥40,510 million. This was mainly attributable to a ¥2,869 million decrease in short-term loans payable, a ¥594 million decrease in accrued corporate tax, etc., and a ¥508 million decrease in notes and accounts payable–trade.

(Net Assets)

As of March 31, 2024, net assets increased ¥4,120 million compared to March 31, 2023, to ¥38,373 million. This was mainly attributable to a ¥2,509 million increase in foreign currency translation adjustment, a ¥1,010 million increase in retained earnings, a ¥445 million increase in valuation difference on available-for-sale securities, etc.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2024

As of March 31, 2024, cash and cash equivalents decreased ¥99 million compared with March 31, 2023, to ¥8,793 million. This was due to expenses caused by factors such as an increase in repayment of short-term loans and consumption taxes refund receivable, which exceeded income from sources such as a decrease in notes and accounts receivable–trade.

(Operating activities)

Net cash provided by operating activities during the consolidated period under review totaled ¥5,740 million. This was mainly due to income as the result of factors such as decreases in notes and accounts receivable–trade and inventories, which exceeded expense from factors such as increases in consumption taxes refund receivable. Since the figure for the previous consolidated fiscal year was an expense of ¥780 million, this represented an income rise of ¥6,520 million.

(Investing activities)

Net cash used in investing activities during the consolidated period under review totaled ¥364 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 increase of ¥317 million.

(Financing activities)

Net cash used in financing activities during the consolidated period under review totaled ¥5,883 million. This was due to expenses caused by factors such as repayment of short-term loans and cash dividends paid. Since the figure for the previous consolidated fiscal year was an income of ¥262 million, this represented an expense rise of ¥6,146 million.

(Reference) Performance indicators associated with cash flows

	March 2020 Term	March 2021 Term	March 2022 Term	March 2023 Term	March 2024 Term
Ratio of Own capital (%)	57.0	51.0	42.1	43.5	48.5
Ratio of Own capital on current price base (%)	36.3	45.5	26.9	37.4	33.3
Interest-bearing debt to cash flow ratio (year)	1.3	—	11.2	—	4.2
Interest coverage ratio	44.9	—	19.2	—	6.0

Notes: Ratio of Own capital: Own capital ÷ Total assets

Ratio of Own capital 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 Company expects supply-chain inventory adjustment to continue in the device business and firm demand for DX promotion to persist in the solution business, resulting in increases in net sales in both businesses compared to the fiscal year under review. Earnings, however, are expected to trend lower in both businesses, amid an increase in selling, general and administrative expenses, including personnel expenses. As a result, the forecast of business results for the fiscal year ending March 31, 2025 is as follows.

(Forecast for Consolidated Business Performance)

Net sales:	¥150,000 million (up 7.0% YoY)
Operating profit:	¥4,300 million (down 25.2% YoY)
Ordinary profit:	¥3,600 million (down 7.9% YoY)
Net profit attributable to shareholders of parent company:	¥2,600 million (down 5.1% YoY)
Dividend per share:	¥105 (dividend of ¥105 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 ¥87,400 million, an increase of approximately ¥8,500 million compared to the consolidated fiscal year ended March 31, 2024. We forecast that this will mainly be attributable to factors including an increase in notes and accounts receivable-trade. Furthermore, we forecast that the balance of interest-bearing debt will be approximately ¥33,100 million, an increase of approximately ¥9,200 million compared to the end of the consolidated fiscal year ended March 31, 2024.

We forecast that cash and cash equivalents at the end of the next consolidated fiscal year will be approximately ¥7,700 million, a decrease of approximately ¥1,100 million compared to the end of the consolidated fiscal year ended March 31, 2024. Although proceeds are expected from a decrease in inventories, etc., expenditures are expected from factors such as increase in notes and accounts receivable - trade.

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 2023 Term (As of Mar. 31, 2023)	March 2024 Term (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	8,893	8,793
Notes and accounts receivable–trade, and contract assets	35,779	32,012
Electronically recorded monetary claims	1,485	2,472
Merchandise inventories	25,002	22,927
Partly-finished work	0	1
Accrued income	61	103
Consumption taxes receivable	162	4,826
Others	1,219	987
Allowance for doubtful accounts	(32)	(28)
Total current assets	72,572	72,095
Non-current assets		
Property and equipment		
Buildings and structures	4,669	4,680
Accumulated depreciation	(3,423)	(3,497)
Buildings and structures, net	1,246	1,182
Land	1,135	1,135
Leased assets	375	397
Accumulated depreciation	(216)	(223)
Lease assets, net	159	174
Construction in progress	—	352
Other	487	513
Accumulated depreciation	(411)	(436)
Other, net	76	77
Total property and equipment	2,617	2,921
Intangible assets	358	301
Investments and other assets		
Investment securities	2,767	3,288
Deferred tax assets	181	83
Net defined benefit assets	—	79
Others	154	170
Allowance for doubtful accounts	(50)	(57)
Total investments and other assets	3,053	3,564
Total non-current assets	6,029	6,788
Total assets	78,601	78,884

(Million yen)

	March 2023 Term (As of Mar. 31, 2023)	March 2024 Term (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	13,858	13,350
Short-term loans payable	26,828	23,959
Lease obligations	67	80
Accrued corporate tax, etc.	958	364
Allowance for bonuses to employees	576	517
Allowance for bonuses to Directors and Audit & Supervisory Board members	61	56
Others	1,361	1,621
Total current liabilities	43,712	39,949
Non-current liabilities		
Lease obligations	92	99
Deferred tax liabilities	21	206
Allowance for stock compensation	136	150
Net defined benefit liabilities	281	—
Others	104	105
Total non-current liabilities	636	561
Total liabilities	44,348	40,510
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	16	16
Retained earnings	25,255	26,266
Treasury stock	(8,777)	(8,758)
Total shareholders' equity	31,305	32,335
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	568	1,014
Deferred hedge gains (losses)	44	(63)
Foreign currency translation adjustment	2,424	4,933
Remeasurements of defined benefit plans	(160)	74
Total accumulated other comprehensive income	2,877	5,959
Non-controlling interests	69	77
Total net assets	34,252	38,373
Total liabilities and net assets	78,601	78,884

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

	(Million yen)	
	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)	March 2024 Term (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	161,107	140,197
Cost of sales	144,231	124,643
Gross profit on sales	16,876	15,553
Selling, general and administrative expenses	10,028	9,804
Operating profit	6,847	5,748
Non-operating profit		
Interest income	38	114
Dividend income	42	38
Others	90	77
Total non-operating profit	171	231
Non-operating expenses		
Interest expenses	753	963
Foreign exchange losses	690	1,077
Others	63	29
Total non-operating expenses	1,508	2,071
Ordinary profit	5,511	3,908
Extraordinary profits		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	31	14
Total extraordinary profits	31	14
Extraordinary losses		
Loss on retirement of non-current assets	4	11
Loss on sales of investment securities	1	—
Loss on valuation of investment securities	178	26
Total extraordinary losses	185	37
Net profit before tax and other adjustments	5,357	3,886
Corporate, resident and enterprise taxes	1,546	1,097
Adjustment for corporate tax, etc.	(37)	39
Total corporate taxes	1,508	1,137
Net profit	3,848	2,748
Net profit attributable to non-controlling interests	15	8
Net profit attributable to shareholders of parent company	3,832	2,740

(Consolidated Comprehensive Income Statement)

(Million yen)

	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)	March 2024 Term (Apr. 1, 2023 – Mar. 31, 2024)
Net profit	3,848	2,748
Other comprehensive income		
Valuation difference on available-for-sale securities	1	445
Deferred hedge gains (losses)	162	(108)
Foreign currency translation adjustment	912	2,509
Remeasurements of defined benefit plans, net of tax	(136)	235
Total other comprehensive income	939	3,082
Comprehensive income	4,788	5,831
(Details)		
Comprehensive income attributable to shareholders of parental company	4,772	5,823
Comprehensive income attributable to non-controlling interests	15	8

(3) Consolidated Statements of Changes in Shareholders' Equity

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

March 2024 Term (April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	14,811	16	25,255	(8,777)	31,305
Changes during the term					
Dividends of surplus			(1,729)		(1,729)
Net profit attributable to shareholders of parent company			2,740		2,740
Purchase of treasury stock				(0)	(0)
Retirement of treasury stock				19	19
Net changes of items other than shareholders' equity					
Total changes during the term	—	—	1,010	18	1,029
Balance as of March 31, 2024	14,811	16	26,266	(8,758)	32,335

(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, 2023	568	44	2,424	(160)	2,877	69	34,252
Changes during the term							
Dividends of surplus							(1,729)
Net profit attributable to shareholders of parent company							2,740
Purchase of treasury stock							(0)
Retirement of treasury stock							19
Net changes of items other than shareholders' equity	445	(108)	2,509	235	3,082	8	3,090
Total changes during the term	445	(108)	2,509	235	3,082	8	4,120
Balance as of March 31, 2024	1,014	(63)	4,933	74	5,959	77	38,373

(4) Consolidated Statement of Cash Flows

	(Million yen)	
	March 2023 Term	March 2024 Term
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Operating activities		
Net profit before tax and other adjustments	5,357	3,886
Depreciation and amortization	300	300
Amortization of goodwill	26	26
Increase (decrease) in net defined benefit assets or liabilities	(79)	(32)
Increase (decrease) in allowance for doubtful accounts	0	2
Increase (decrease) in allowance for stock compensation	34	33
Interest and dividend income	(81)	(153)
Interest expenses	753	963
Loss (gain) on sales of non-current assets	(0)	–
Loss (gain) on sales of investment securities	(29)	(14)
Loss (gain) on valuation of investment securities	178	26
Decrease (increase) in notes and accounts receivable–trade	786	5,962
Decrease (increase) in inventories	(4,472)	3,520
Increase (decrease) in notes and accounts payable–trade	(1,694)	(1,981)
Decrease (increase) in consumption taxes refund receivable	(47)	(4,663)
Increase (decrease) in accrued consumption taxes	20	(7)
Others	48	513
Subtotal	1,103	8,381
Interest and dividend income received	87	156
Interest expenses paid	(753)	(960)
Corporate and other taxes paid	(1,218)	(1,836)
Net cash provided by (used in) operating activities	(780)	5,740
Investing activities		
Purchase of property and equipment	(89)	(400)
Purchase of software	(23)	(69)
Purchase of investment securities	(0)	–
Proceeds from sales of investment securities	72	113
Others	(6)	(8)
Net cash used in investing activities	(46)	(364)
Financing activities		
Net increase (decrease) in short-term loans payable	1,582	(4,058)
Repayments of lease obligations	(93)	(102)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(1,225)	(1,721)
Net cash provided by (used in) financing activities	262	(5,883)
Effect of exchange rate change on cash and cash equivalents	149	408
Net increase (decrease) in cash and cash equivalents	(414)	(99)
Balance of cash and cash equivalents, beginning of the period	9,307	8,893
Balance of cash and cash equivalents, end of the period	8,893	8,793

**(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 ¥277 million in the previous consolidated fiscal year and ¥257 million in the consolidated fiscal year under review, and is recorded as treasury stock in the shareholders' equity.

The number of said shares was 162,400 as of the end of the previous consolidated fiscal year and 151,200 as of the end the consolidated fiscal year under review. The average number of shares was 131,426 during the previous consolidated fiscal year and 155,545 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 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.

March 2024 Term (Apr. 1, 2023 – Mar. 31, 2024)

(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	124,905	15,291	140,197	—	140,197
Inter-segment sales or transfers	-	-	-	-	-
Total	124,905	15,291	140,197	—	140,197
Segment profit	2,102	1,806	3,908	—	3,908
Segment assets	60,879	6,723	67,603	11,280	78,884
Other items					
Depreciation and amortization (Note 3)	222	77	300	-	300
Increase of property and equipment and intangible assets	150	14	165	411	577

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 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.

March 2024 Term (Apr. 1, 2023 – Mar. 31, 2024)

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
40,852	98,006	861	476	140,197

(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 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

March 2024 Term (Apr. 1, 2023 – Mar. 31, 2024)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	26	—	—	26
Balance at term-end	43	—	—	43

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

None

(Per Share Information)

(Yen)

	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)	March 2024 Term (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	2,803.65	3,138.10
Net profit per share	314.43	224.66

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: 162,400 shares, current consolidated fiscal year: 151,200 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: 131,426 shares, current consolidated fiscal year: 155,545 shares).

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

(Million yen)

	March 2023 Term (Apr. 1, 2022 – Mar. 31, 2023)	March 2024 Term (Apr. 1, 2023 – Mar. 31, 2024)
Net profit attributable to shareholders of parent company	3,832	2,740
Amount not attributable to ordinary shareholders	-	—
Net profit attributable to shareholders of parent company available to ordinary shares	3,832	2,740
Average shares outstanding available to ordinary shares (thousand shares)	12,188	12,199

(Significant Subsequent Events)

None