

(This notice has been translated from the original notice in Japanese. In the event of any discrepancy, the original in Japanese shall prevail.)



February 3, 2021

**Summary of Financial Results for the First Three Quarters of the Fiscal Year  
Ending March 31, 2021  
(Nine Months Ended December 31, 2020)  
[Japan Standards] (Consolidated)**

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: 1st Section, Tokyo  
Code No.: 8150 URL: <http://www.sanshin.co.jp>  
Representative: Toshiro Suzuki (Representative Director & COO)  
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Scheduled date of filing of Quarterly Report: February 8, 2021  
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 2021 Term  
(April 1, 2020 – December 31, 2020)**

(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 2021 Term	84,760	(12.0)	1,064	(23.4)	885	(30.3)	650	(24.3)
3Q March 2020 Term	96,362	(16.3)	1,390	10.1	1,270	15.3	859	14.9

(Note) Comprehensive income 3Q March 2021 Term: 438 million yen (-36.0%); 3Q March 2020 Term: 684 million yen (-28.0%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
3Q March 2021 Term	33.91	—
3Q March 2020 Term	44.81	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3Q March 2021 Term	76,985	41,255	53.5
March 2020 Term	73,659	42,029	57.0

(Reference) Shareholders' equity 3Q March 2021 Term: 41,208 million yen; March 2020 Term: 41,982 million yen

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2020 Term	—	15.00	—	55.00	70.00
March 2021 Term	—	8.00	—		
March 2021 Term (forecast)				32.00	40.00

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

**3. Forecasts for Consolidated Business Performance for March 2021 Term (April 1, 2020 – March 31, 2021)***(% 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	111,000	(9.8)	1,850	(5.5)	1,650	(11.2)	1,500	3.4	78.19

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

**\* Annotations**(1) Significant subsidiary change in the consolidated cumulative period of this quarter (changes in scope of consolidation): None  
Newly added: — Excluded: —

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

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

- 1) Change of accounting principles caused by revision of accounting standards: 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 2021 Term: 24,281,373 shares                      March 2020 Term: 24,281,373 shares

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

3Q March 2021 Term: 5,097,379 shares                      March 2020 Term: 5,101,110 shares

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

3Q March 2021 Term: 19,182,110 shares                      3Q March 2020 Term: 19,179,134 shares

(Note) The amount of treasury stock at the end of the term includes Company stock (3Q March 2021 term: 132,800 shares, March 2020 term: 136,700 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 2021 term: 134,814 shares, 3Q March 2020 term: 137,888 shares).

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

**\* Cautionary statement regarding forward-looking statements**

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

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

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## 1. Qualitative Information Concerning the Current Quarterly Settlement

### (1) Explanation of Business Results

Conditions remained extremely tough in the global economy during the consolidated first three quarters under review. As the effects of the COVID-19 pandemic became prolonged, countries throughout the world were forced to engage in economic activities while continuing to implement thorough measures for preventing infection.

In the electronics industry, which is an area of business of the Sanshin Electronics Group, there were tight supply-demand balances for semiconductors due to trade friction between the United States and China, decreased production caused by COVID-19, and recovery by the automobile industry in China. In the ICT field in Japan, IT investment by corporations tended to decrease due to the postponement of the Tokyo Olympic and Paralympic Games, and to the economic recession. Conversely, there was active investment for digitalization such as developing environments for remote work.

Against this background, in the device business, the Group promoted a shift of human resources for expanding sales of overseas semiconductor manufacturer products. This was done in conjunction with the cancellation (as of June 30, 2020) of the dealership agreement with Renesas Electronics Corporation, which was previously a main supplier. The Group also strove to make drastic transitions to our profit structure through efforts such as developing new products and business models based on items related to in-vehicle systems, artificial intelligence (AI), and the internet of things (IoT). In the solution business, aiming to establish a robust platform for future growth, the Group committed resources to reinforcing its cloud business, centered on Sanshin Data Center, while bolstering initiatives to expand its number of customer platforms.

As a result of these initiatives, business performance in the consolidated first nine-month period was as follows: Net sales were ¥84,760 million (down 12.0% year-on-year). Operating profit was ¥1,064 million (down 23.4% year-on-year) due to the inability to cover for decreased sales despite an improved gross profit margin and paring of selling, general and administrative expenses. Ordinary profit was ¥885 million (down 30.3% year-on-year). As a result of the above, net profit attributable to shareholders of parent company was ¥650 million (down 24.3% year-on-year).

The operating results for each business segment are as follows:

#### ***Device segment***

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

In the consolidated first three quarters under review, the IoT-related business and the strategic device business, which mainly handles new overseas merchandise, increased year-on-year. On the other hand, the core device business declined due to the spread of COVID-19 and changes in the distribution channels of suppliers. Furthermore, the volume business declined significantly due to the impact of optimizing the scale of sales as part of efforts to reform the business portfolio. Net sales were ¥76,206 million (down 12.3% year-on-year). Segment profit was ¥211 million (down 63.1% year-on-year) due to a decrease in gross profit on sales, despite efforts to reduce selling, general and administrative expenses.

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

In the solution business segment, we provide the optimal ICT infrastructure to each customer by combining network devices, security products, Line-of-Business systems, clouds, and data centers. Furthermore, we provide integrated services in all phases of design, construction, operation, and maintenance while supporting technology that continually evolves through revolutionary technology such as AI and IoT, and through cloud native.

In the consolidated first three quarters under review, although the impact of the spread of COVID-19 was less than that of the device business, sales decreased in all business units except for application software when compared with the same period of the previous fiscal year. Net sales were ¥8,554 million (down 9.9% year-on-year). In terms of profit, the improved gross profit margin was insufficient to cover the decrease in net sales, and segment profit was ¥674 million (down 3.6% year-on-year).

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

As of December 31, 2020, assets increased ¥3,326 million compared with March 31, 2020, to ¥76,985 million. This was mainly attributable to a ¥9,150 million increase in notes and accounts receivable-trade, a ¥3,216 million decrease in merchandise inventories, and a ¥2,191 million decrease in cash and deposits.

**(Liabilities)**

As of December 31, 2020, liabilities increased ¥4,100 million compared with March 31, 2020, to ¥35,730 million. This was mainly attributable to a ¥4,373 million increase in short-term loans payable.

**(Net Assets)**

As of December 31, 2020, net assets decreased ¥774 million compared with March 31, 2020, to ¥41,255 million. This was mainly attributable to a ¥566 million decrease in retained earnings, a ¥387 million decrease in foreign currency translation adjustments, and a ¥150 million increase in valuation difference on available-for-sale securities.

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

Based on business progress until the consolidated first three quarters of the Group and on information which is currently available, the Group revised as shown below the values for the full-year business forecast for the year ending March 31, 2021, which was announced on November 5, 2020. For dividends, in conjunction with changes to the forecast value for net profit attributable to shareholders of parent company for the March 2021 term, the Group revised as shown below the value for the year-end dividend announced on November 5, 2020.

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

**(Forecasts for Consolidated Business Performance for March 2021 Term)**

Net sales	¥111,000 million	(down 9.8% year-on-year)
Operating profit	¥1,850 million	(down 5.5% year-on-year)
Ordinary profit	¥1,650 million	(down 11.2% year-on-year)
Net profit attributable to shareholders of parent company	¥1,500 million	(up 3.4% year-on-year)
Year-end dividend	¥32 per share	(annual dividend ¥40 per share including the interim dividend)

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2020 Term (As of Mar. 31, 2020)	3Q March 2021 Term (As of Dec. 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	18,443	16,252
Notes and accounts receivable-trade	24,074	34,744
Electronically recorded monetary claims	4,317	2,797
Merchandise inventories	16,165	12,948
Partly-finished work	0	218
Others	4,572	3,699
Allowance for doubtful accounts	(7)	(8)
Total current assets	67,566	70,652
Non-current assets		
Property and equipment	2,631	2,650
Intangible assets	489	499
Investments and other assets		
Others	3,006	3,216
Allowance for doubtful accounts	(35)	(33)
Total investments and other assets	2,970	3,183
Total non-current assets	6,092	6,333
Total assets	73,659	76,985
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,039	13,888
Short-term loans payable	14,953	19,327
Accrued corporate tax, etc.	162	143
Allowance	512	250
Others	1,294	1,490
Total current liabilities	30,962	35,100
Non-current liabilities		
Net defined benefit liabilities	352	310
Others	314	319
Total non-current liabilities	667	629
Total liabilities	31,629	35,730

(Million yen)

	March 2020 Term (As of Mar. 31, 2020)	3Q March 2021 Term (As of Dec. 31, 2020)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	5,329	5,329
Retained earnings	32,676	32,110
Treasury stock	(10,353)	(10,348)
Total shareholders' equity	42,464	41,903
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	338	488
Deferred hedge gains (losses)	1	4
Foreign currency translation adjustment	(701)	(1,088)
Remeasurements of defined benefit plans	(120)	(99)
Total accumulated other comprehensive income	(482)	(695)
Non-controlling interests	46	47
Total net assets	42,029	41,255
Total liabilities and net assets	73,659	76,985

**(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 2020 Term (Apr. 1, 2019 – Dec. 31, 2019)	3Q March 2021 Term (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	96,362	84,760
Cost of sales	88,030	77,111
Gross profit on sales	8,332	7,649
Selling, general and administrative expenses	6,942	6,584
Operating profit	1,390	1,064
Non-operating profit		
Interest income	16	13
Dividend income	32	31
Foreign exchange gains	55	—
Others	62	62
Total non-operating profit	166	107
Non-operating expenses		
Interest expenses	228	61
Sales discounts	7	7
Foreign exchange losses	—	178
Others	50	39
Total non-operating expenses	286	287
Ordinary profit	1,270	885
Extraordinary profits		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	40	141
Total extraordinary profits	40	141
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	—	0
Loss on valuation of membership	2	—
Total extraordinary losses	3	0
Net profit before tax and other adjustments	1,308	1,026
Corporate, resident and enterprise taxes	212	237
Adjustment for corporate tax, etc.	237	137
Total corporate taxes	450	374
Net profit	857	651
Net profit (loss) attributable to non-controlling interests	(1)	0
Net profit attributable to shareholders of parent company	859	650

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

	3Q March 2020 Term (Apr. 1, 2019 – Dec. 31, 2019)	3Q March 2021 Term (Apr. 1, 2020 – Dec. 31, 2020)
Net profit	857	651
Other comprehensive income		
Valuation difference on available-for-sale securities	21	150
Deferred hedge gains (losses)	(6)	3
Foreign currency translation adjustment	(184)	(387)
Remeasurements of defined benefit plans, net of tax	(3)	20
Total other comprehensive income	(172)	(213)
Comprehensive income	684	438
(Details)		
Comprehensive income attributable to shareholders of parental company	686	437
Comprehensive income attributable to non-controlling interests	(1)	0

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

(Notes Regarding Going Concern)

None.

(Notes Regarding Remarkable Change of Shareholders' Equity)

None.

(Segment Information)

I. Nine months ended December 31, 2019 (Apr. 1, 2019 – Dec. 31, 2019)

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	86,867	9,495	96,362
Inter-segment sales or transfers	—	—	—
Total	86,867	9,495	96,362
Segment profit	571	699	1,270

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

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

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

(Million yen)

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

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