

Briefing Materials on the Financial Results for the Year Ended March 2021

May 12, 2021

 **SANSBIN ELECTRONICS CO., LTD.**
Toshiro Suzuki, Representative Director, COO

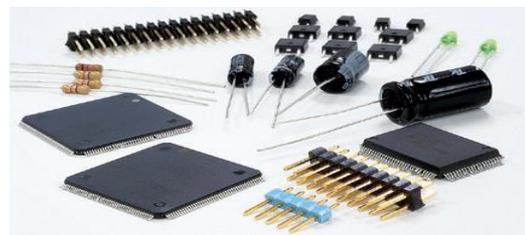
(Stock code: 8150)

As a general electronics trading company committed to being “customers’ best partner,” Sanshin Electronics runs two major businesses: device business and solution business.

Device Business

— Addressing diversified market needs through a wide product lineup —

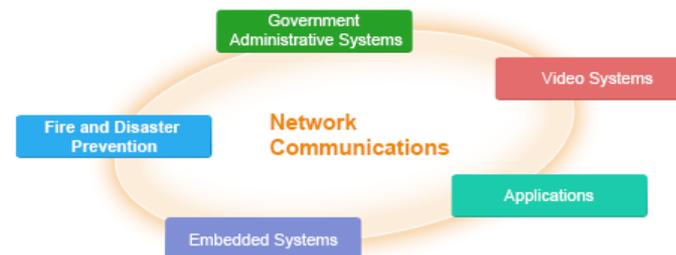
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’ requests through a full lineup and detailed system of both domestic and overseas sales.



Solution Business

— Building up social infrastructures interconnected through ICT —

With information and telecommunications network at the core of our operations, we are committed to proposing and building up the optimal system to fit our customers’ needs. We provide our customers with a safe and reliable infrastructure through bundled services, including a support menu, after the system implementation.



I. Year Ended March 2021 Performance Summary

- Net sales decreased by 8% year-on-year, and profit increased due to improved gross profit margin and a decrease in SG&A expenses.

	03/20 Result	03/21 Result	YoY Change	Forecast ^{*1)}	Achievement Ratio
Net Sales	1,230.9	1,127.9	92%	1,110.0	102%
Gross Profit on Sales	9.1% 112.3	9.8% 110.5	98%	Not announced	—
SG&A Expenses	7.5% 92.7	7.9% 88.8	96%	Not announced	—
Operating Profit	1.6% 19.6	1.9% 21.7	111%	1.7% 18.5	117%
Ordinary Profit	1.5% 18.6	1.7% 18.8	101%	1.5% 16.5	114%
Net Profit Attributable to Shareholders of Parent Company	1.2% 14.5	1.5% 16.5	113%	1.4% 15.0	110%
ROE	3.4%	3.9%	+0.5P	3.5%	+0.4P
Annual Dividend Per Share	¥70	¥40	-¥30	¥40	±¥0
Payout Ratio	93.2%	46.9%	-46.3P	51.5%	-4.6P
Exchange Rate (1 US dollar)	¥108.74	¥106.06	-¥2.68	Not announced	—

*1) Figures in the Forecast section are based on results announced for the third quarter of the fiscal year ended March 31, 2021 (announced on February 3, 2021).

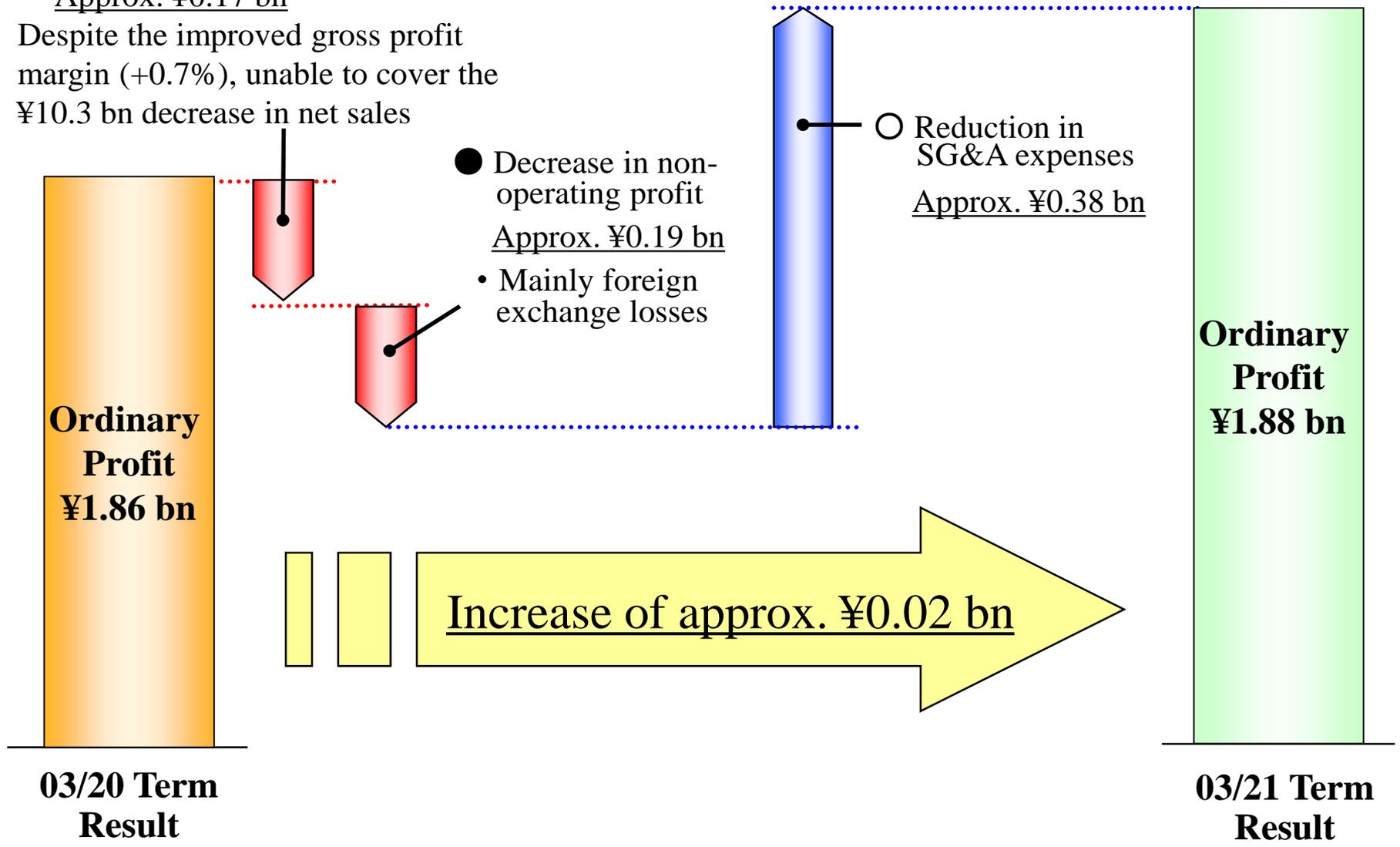
*2) Figures in the YoY Change section and Achievement Ratio section for ROE, annual dividend per share, payout ratio and exchange rate represent increases or decreases.

● Decrease in gross profit
Approx. ¥0.17 bn

Despite the improved gross profit margin (+0.7%), unable to cover the ¥10.3 bn decrease in net sales

● Decrease in non-operating profit
Approx. ¥0.19 bn
 • Mainly foreign exchange losses

○ Reduction in SG&A expenses
Approx. ¥0.38 bn



■ Changes in the Business Environment

- In the global economy, the impact of the spread of COVID-19 was prolonged and economic activities were subject to restrictions
- In the electronics industry which is one of the Group's fields of business, COVID-19 caused stagnation in the production of semiconductors. Conversely, there was tight supply and demand for semiconductors due to stay-at-home demand and the sudden recovery in the Chinese automotive market from the second half of the fiscal year.
- In the domestic ICT industry, COVID-19 caused a decrease in corporate IT investment. However, investment for digitalization increased due to factors such as the development of environments for remote work.

■ Device Business

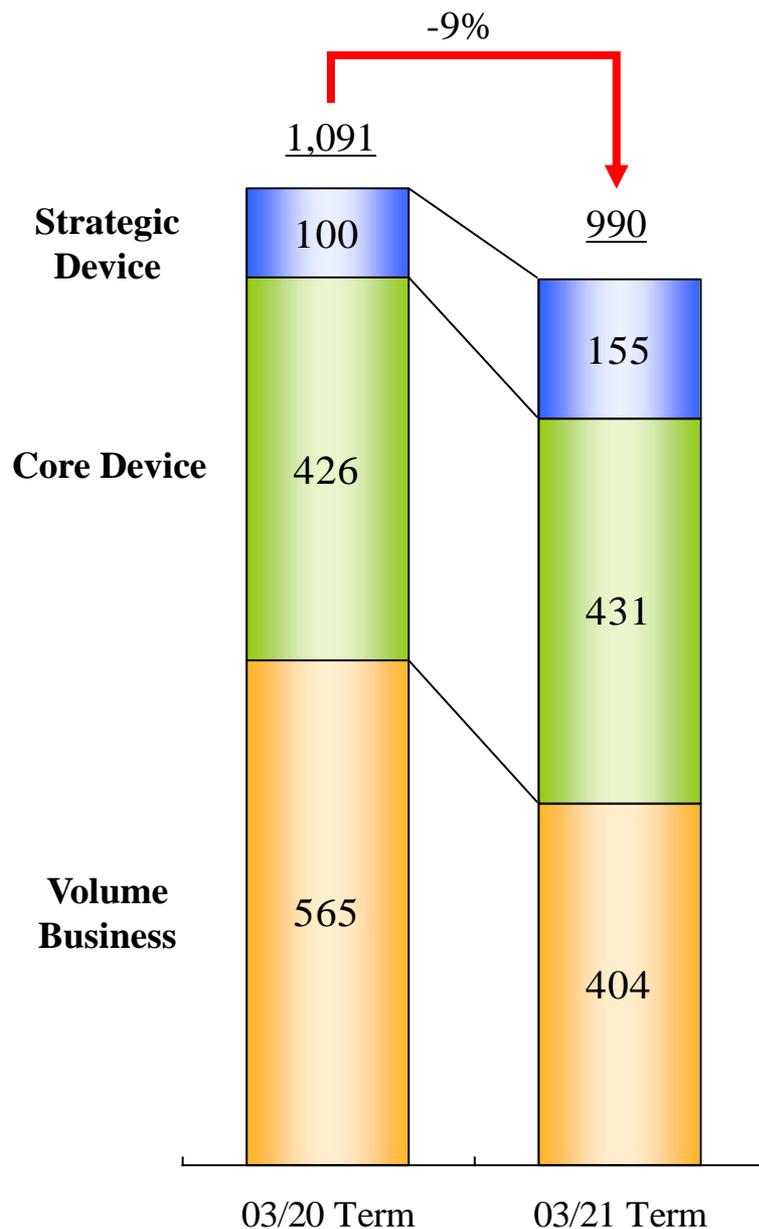
- Net sales were down 9% year-on-year due to only a slight increase in the core device business and a decrease in the volume business, despite an increase in the strategic device business due to growth of IoT business and overseas merchandise.
- Segment profit decreased due to a decrease in net sales, despite our efforts to improve gross profit margin and reduce SG&A expenses.

■ Solution Business

- Net sales decreased by 2% year-on-year due to an overall decrease in other fields, despite strong performance in the field of public systems.
- Segment profit increased due to improved gross profit margin and reached an all-time high.

		03/20 Term Result	03/21 Term Result	YoY Change
Device Business	Net Sales	1,090.8	989.9	91%
	Operating Profit	1.4% 15.3	1.6% 15.7	103%
	Segment Profit	0.4% 4.2	0.2% 1.7	42%
Solution Business	Net Sales	140.1	138.0	98%
	Operating Profit	13.2% 18.4	15.2% 21.0	114%
	Segment Profit	10.3% 14.4	12.4% 17.1	118%
Exchange rate (1 US dollar)		¥108.74	¥106.06	-¥2.68

*The figure in the YoY Change section for exchange rate represents an increase or decrease in amount.



By Business Category of Device Business

【Year-to-Year Comparison of Fluctuations】

■ Volume Business

- Sales for mobile devices fell due to withdrawal from unprofitable business in Q1 of the previous term
- Decrease for social infrastructure

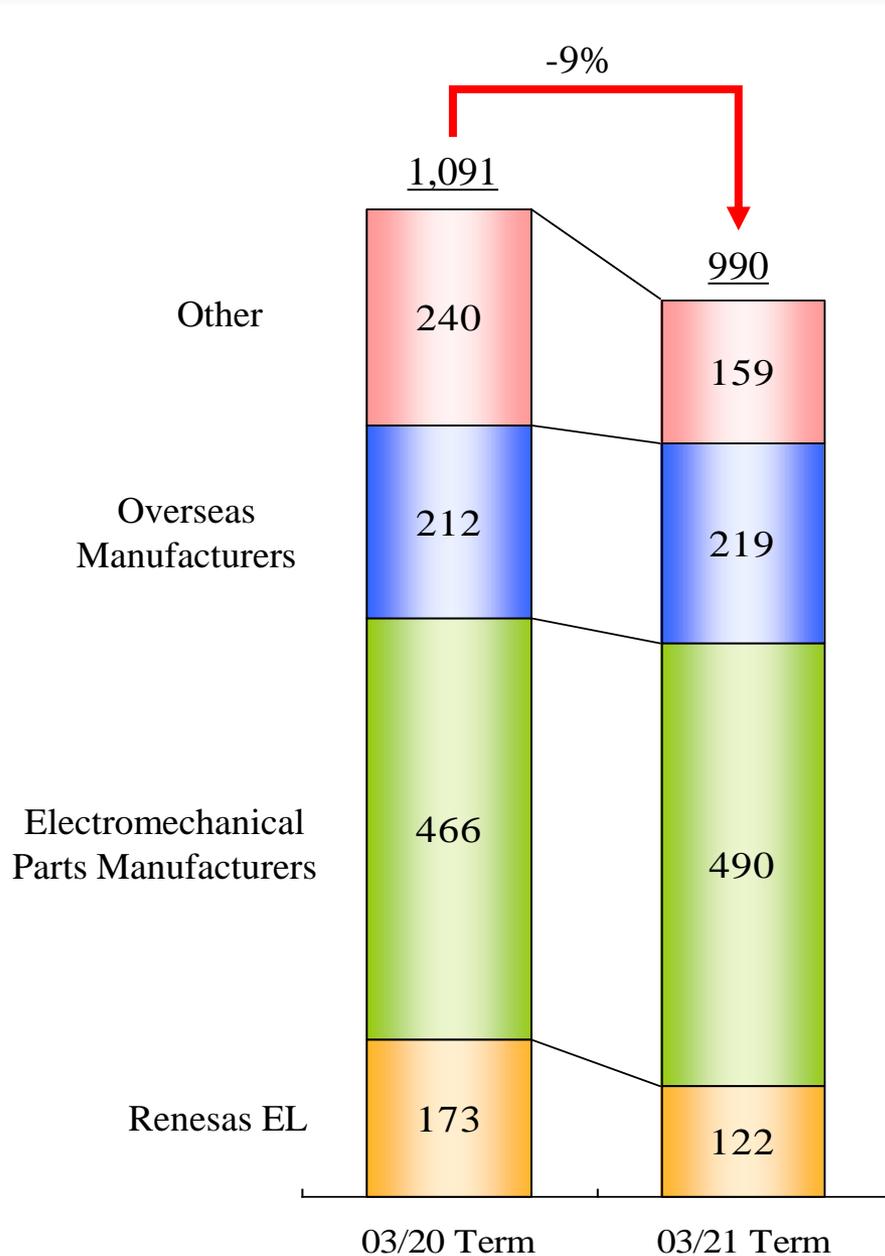
■ Core Device

- Sales for gaming consoles were strong
- Decrease due to COVID-19 and changes in distribution channels of Renesas EL

■ Strategic Device

- Increase in IoT related business/wireless overseas merchandise

	YoY Change
Volume Business	-29%
Core Device	+1%
Strategic Device	+56%



By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】

■ Renesas EL

- Decrease due to COVID-19 and cancellation of dealership agreement

■ Electromechanical Parts Manufacturers

- Sales for gaming consoles were strong

■ Overseas Manufacturers

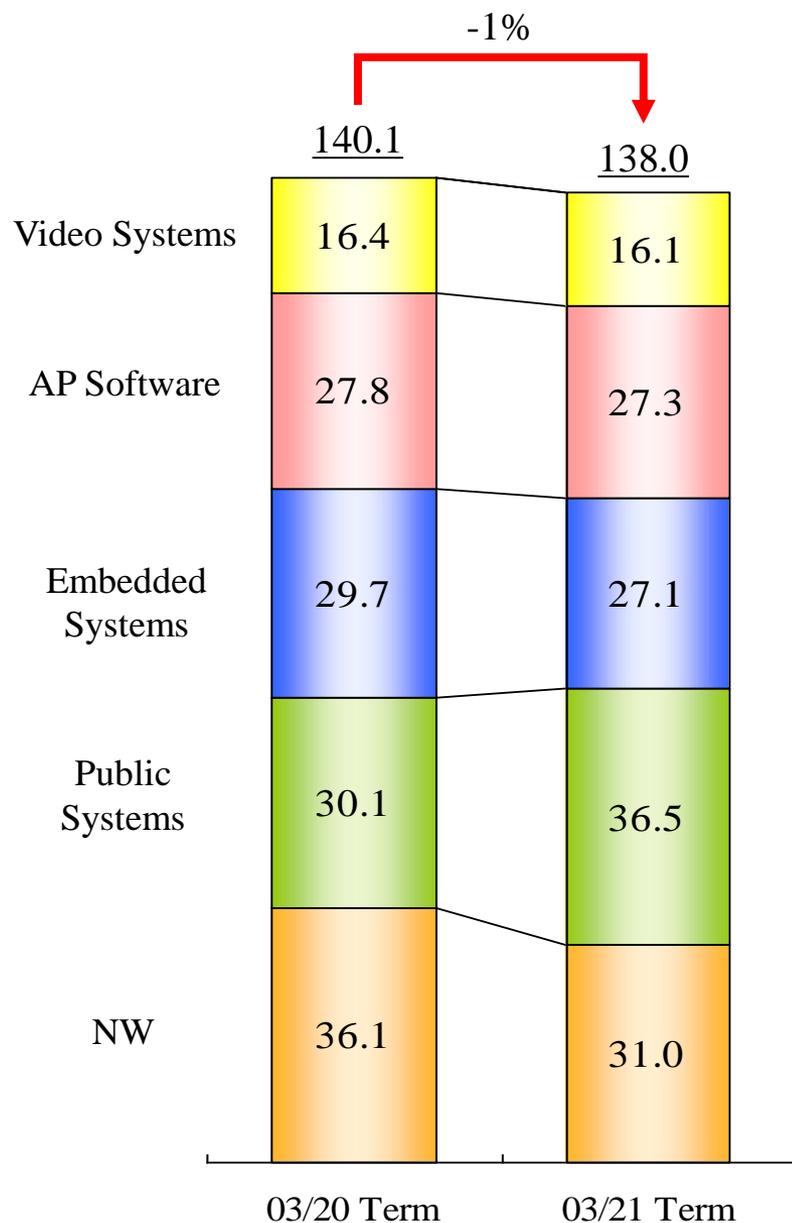
- Increase in new business for wireless merchandise

- Sales for mobile devices fell due to withdrawal from unprofitable business in Q1 of the previous term

■ Other

- Decrease for social infrastructure

	YoY Change
Renesas EL	-29%
Electromechanical Parts Manufacturers	+5%
Overseas Manufacturers	+3%
Other	-34%



By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】

■ NW

- Decrease due to let up in special demand associated with last year's Windows 10 update

■ Public Systems

- Increase in fire prevention projects, etc., for municipalities

■ Embedded Systems

- Decrease in PC server related merchandise, etc.

■ AP Software

- Decrease in core development and license renewal

■ Video Systems

- Decrease in investment in production facilities

	YoY Change
NW	-14%
Public Systems	+22%
Embedded Systems	-9%
AP Software	-2%
Video Systems	-1%

*Embedded systems has been partially reclassified to NW based on the contents of the products sold.

■ Regarding the results of the fiscal year ended March 31, 2021, total assets were ¥84.6 bn (up ¥10.9 bn from the end of the previous fiscal year) and the equity ratio was 51.0% (down 6.0% from the end of the previous fiscal year).

→ In consideration for COVID-19, we increased cash and deposits (increase in interest-bearing liabilities) and operating cash flows decreased by ¥1.69 bn.

1) Balance Sheets

	FY Ended Mar. 19 Result (A)	FY Ended Mar. 20 Result (B)	B-A Increase/ Decrease	FY Ended Mar. 21 Result (C)	C-B Increase/ Decrease
Cash and deposits	170.6	184.4	13.8	255.4	71.0
Accounts receivable	473.9	283.9	-190.0	335.4	51.5
Inventories	147.2	161.7	14.5	143.4	-18.2
Other assets	90.9	106.6	15.7	111.8	5.2
Total assets	882.6	736.6	-146.0	846.0	109.4
Accounts payable	184.6	140.4	-44.2	131.1	-9.3
Interest bearing liabilities	240.7	149.5	-91.2	253.5	104.0
Other liabilities	30.1	26.4	-3.8	29.4	3.0
Total net assets	427.1	420.3	-6.8	432.1	11.8
Total liabilities and net assets	882.6	736.6	-146.0	846.0	109.4
Equity ratio	48.3%	57.0%	8.7%	51.0%	-6.0%

2) Cash Flows

	FY Ended Mar. 19 Result	FY Ended Mar. 20 Result	FY Ended Mar. 21 Result
Decrease (increase) in accounts receivable-trade	17.0	183.4	-46.3
Decrease (increase) in inventories	24.0	-15.8	18.9
Increase (decrease) in accounts payable-trade	25.4	-41.6	-11.2
Other	24.3	-5.3	21.7
Operating C/F	90.6	120.7	-16.9
Investing C/F	18.2	-2.7	-3.8
Financing C/F	-110.2	-102.9	89.3
Foreign currency conversion adjustments	0.3	-1.3	2.4
Increase (decrease) in cash and deposits	-1.1	13.8	71.0
Balance of cash and deposits at term-end	170.6	184.4	255.4

● Policy on Distribution of Profits

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

● Dividends for the Year Ended March 31, 2021

In conjunction with the policy on distribution of profits listed above, we plan to distribute profit as follows.

Annual per share dividend of ¥40 (¥8 at midterm, ¥32 at term-end)

→ Consolidated dividend payout ratio of 46.9%

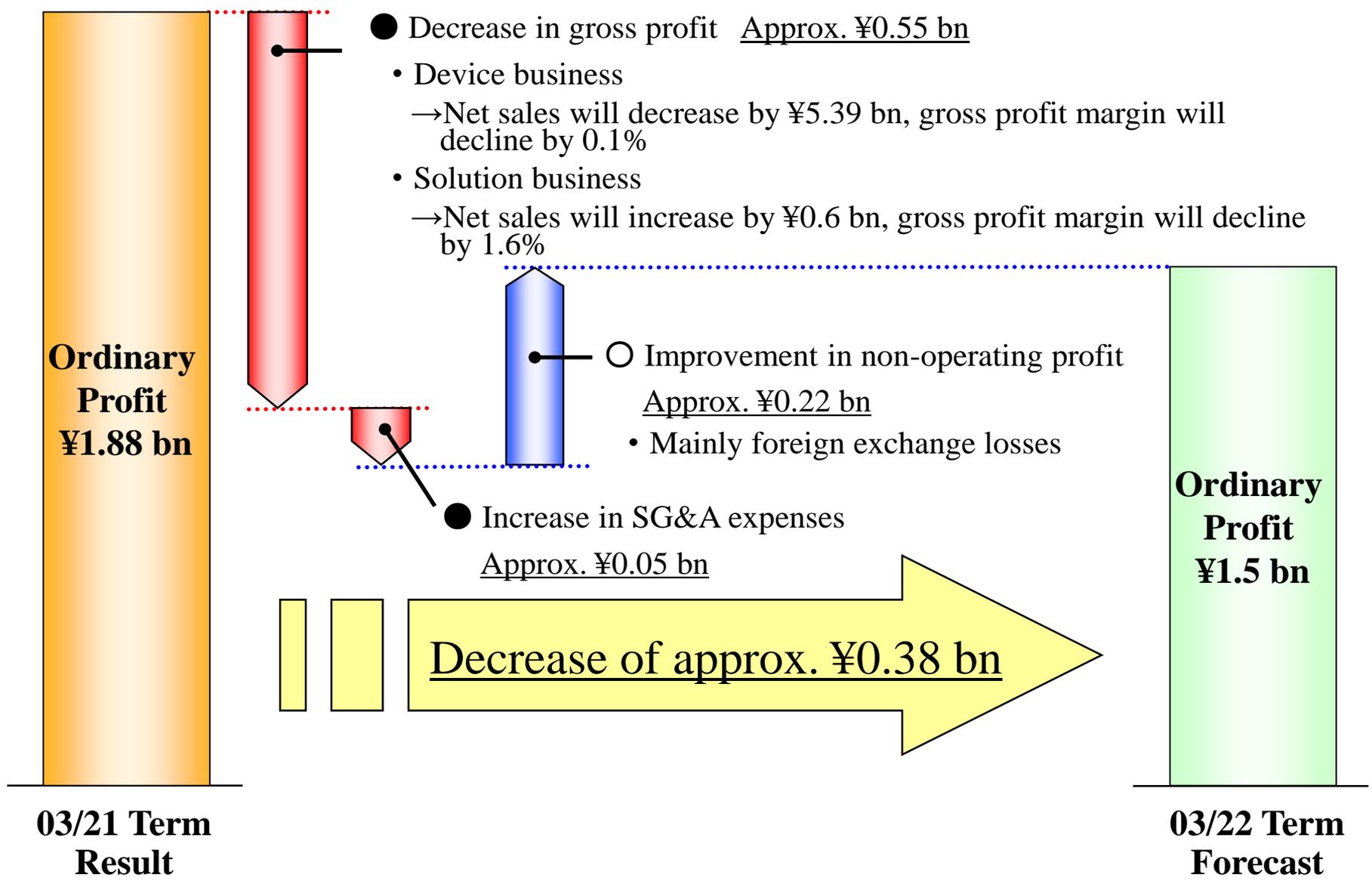
→ Average consolidated dividend payout ratio from the term ended Mar. 2017 to the term ended Mar. 2021: 130.6%

II. Full-Year Business Forecast for the Year Ending March 31, 2022

- We forecast that net sales will decrease due to the impact of cancelling the dealership agreement with Renesas Electronics. Furthermore, we forecast that profit will decrease because it is difficult to reduce SG&A expenses more than the previous fiscal year, when activities were decreased due to COVID-19.

	03/18 Result	03/19 Result	03/20 Result	03/21 Result	03/22 Forecast	YoY Change	
Net Sales	1,572.6	1,478.8	1,230.9	1,127.9	1,080.0	96%	
Gross Profit on Sales	7.3% 114.5	7.7% 114.1	9.1% 112.3	9.8% 110.5	9.7% 105.0	95%	
SG&A Expenses	6.2% 96.8	6.4% 94.4	7.5% 92.7	7.9% 88.8	8.3% 89.3	100%	
Operating Profit	1.1% 17.6	1.3% 19.7	1.6% 19.6	1.9% 21.7	1.5% 15.7	72%	
Ordinary Profit	1.1% 17.9	1.2% 17.4	1.5% 18.6	1.7% 18.8	1.4% 15.0	80%	
Net Profit Attributable to Shareholders of Parent Company	0.6% 9.5	1.0% 14.5	1.2% 14.5	1.5% 16.5	1.1% 11.5	70%	
ROE	1.5%	2.8%	3.4%	3.9%	2.7%	-1.2P	
Annual Dividend Per Share	Ordinary Dividend	¥33	¥70	¥70	¥40	¥30	-¥10
	Commemorative Dividend	—	—	—	—	¥20	+¥20
	Total	¥33	¥70	¥70	¥40	¥50	+¥10
Payout Ratio	98.2%	93.3%	93.2%	46.9%	84.0%	+37.1P	
Exchange Rate (1 US dollar)	¥110.86	¥110.91	¥108.74	¥106.06	¥105.00	-¥1.06	

*Figures in the YoY Change section for ROE, annual dividend per share, payout ratio and exchange rate represent increases or decreases.



■ **Device Business**

We forecast that sales and profit will decrease year-on-year due to the full-year effect of cancelling the dealership agreement with Renesas Electronics.

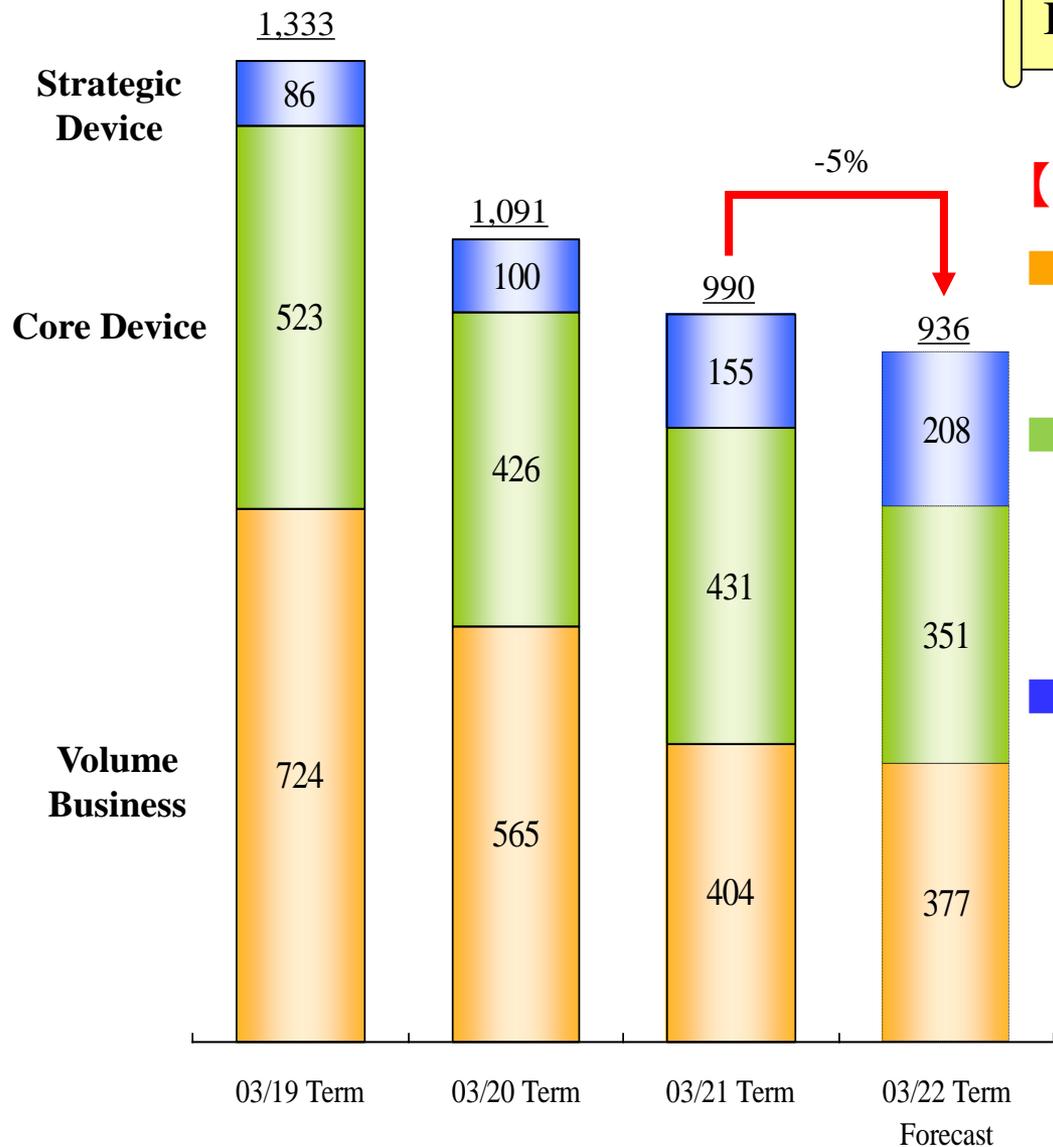
■ **Solution Business**

Although we forecast increased net sales due to the acceleration of DX investment, etc., gross profit margin is expected to decline compared to last fiscal year, when there were many highly-profitable projects. Furthermore, we expect SG&A expenses to increase due to an increase in personnel. Overall, we forecast an increase in sales and a decrease in profit.

		03/18 Result	03/19 Result	03/20 Result	03/21 Result	03/22 Forecast	YoY Change
Device Business	Net Sales	1,437.0	1,332.8	1,090.8	989.9	936.0	95%
	Operating Profit	1.1% 16.2	1.3% 17.1	1.4% 15.3	1.6% 15.7	1.1% 10.0	64%
	Segment Profit	0.5% 7.2	0.3% 4.7	0.4% 4.2	0.2% 1.7	0.1% 0.5	29%
Solution Business	Net Sales	135.6	146.0	140.1	138.0	144.0	104%
	Operating Profit	9.8% 13.4	11.3% 16.5	13.2% 18.4	15.2% 21.0	13.1% 18.8	90%
	Segment Profit	7.8% 10.6	8.7% 12.7	10.3% 14.4	12.4% 17.1	10.1% 14.5	85%
Exchange rate (1 US dollar)		¥110.86	¥110.91	¥108.74	¥106.06	¥105.00	-¥1.06

*The figure in the YoY Change section for exchange rate represents an increase or decrease in amount.

By Business Category of Device Business



【 Year-to-Year Comparison of Fluctuations 】

- Volume Business
- Decrease for mobile devices
- Recovery for social infrastructure
- Core Device
- Significant decrease due to changes in distribution channels of Renesas EL
- Sales for gaming consoles are expected to be solid
- Strategic Device
- Increase in IoT related business/wireless overseas merchandise

	YoY Change
Volume Business	-7%
Core Business	-19%
Strategic Business	+35%

By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】

■ Renesas EL

● Significant decrease due to cancelling dealership agreement

■ Electromechanical Parts Manufacturers

● Decrease for mobile devices

○ Sales for gaming consoles are expected to be solid

■ Overseas Manufacturers

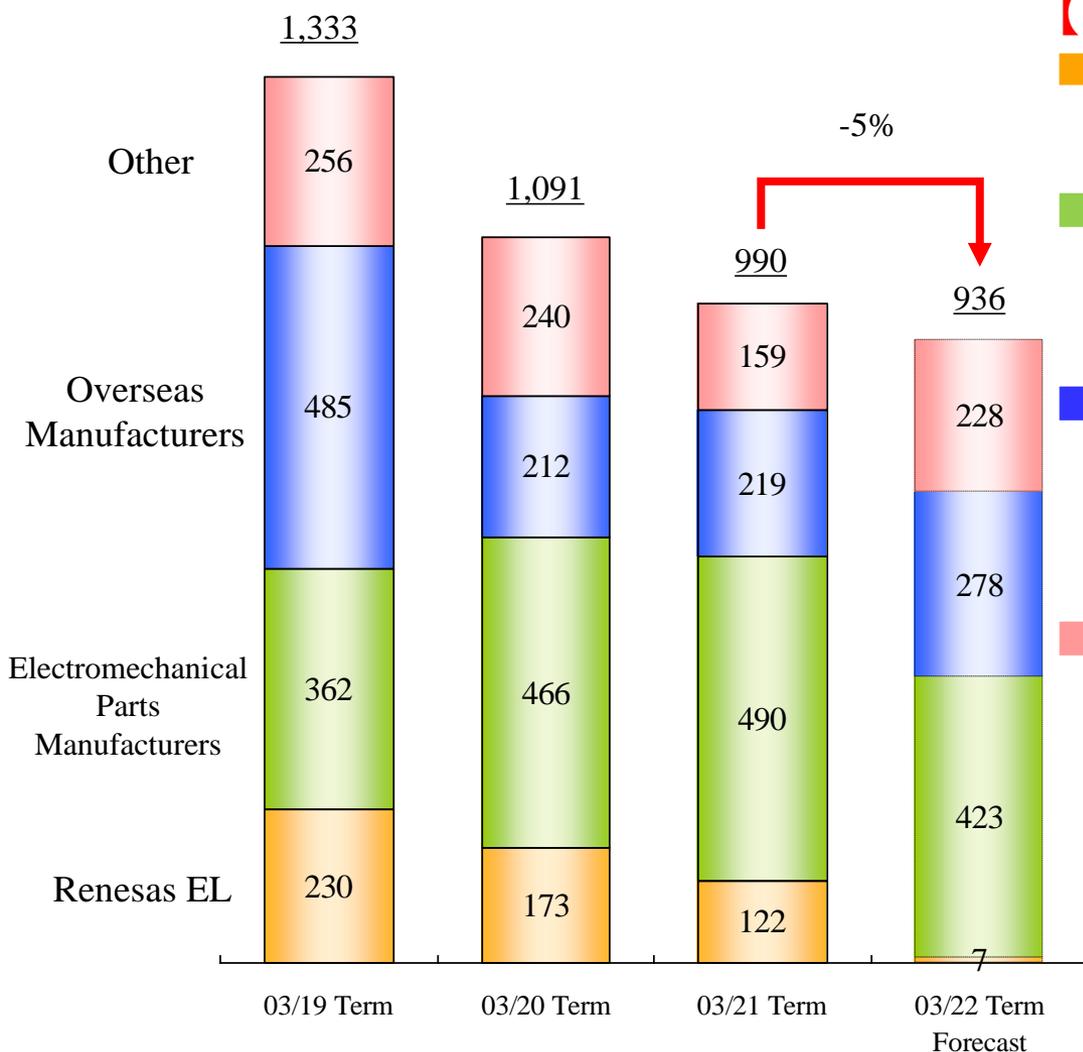
○ Increase in new business for wireless merchandise

○ Establishment of new customers such as vehicle-mounted business

■ Other

○ Recovery for social infrastructure

○ Increase in IoT related business



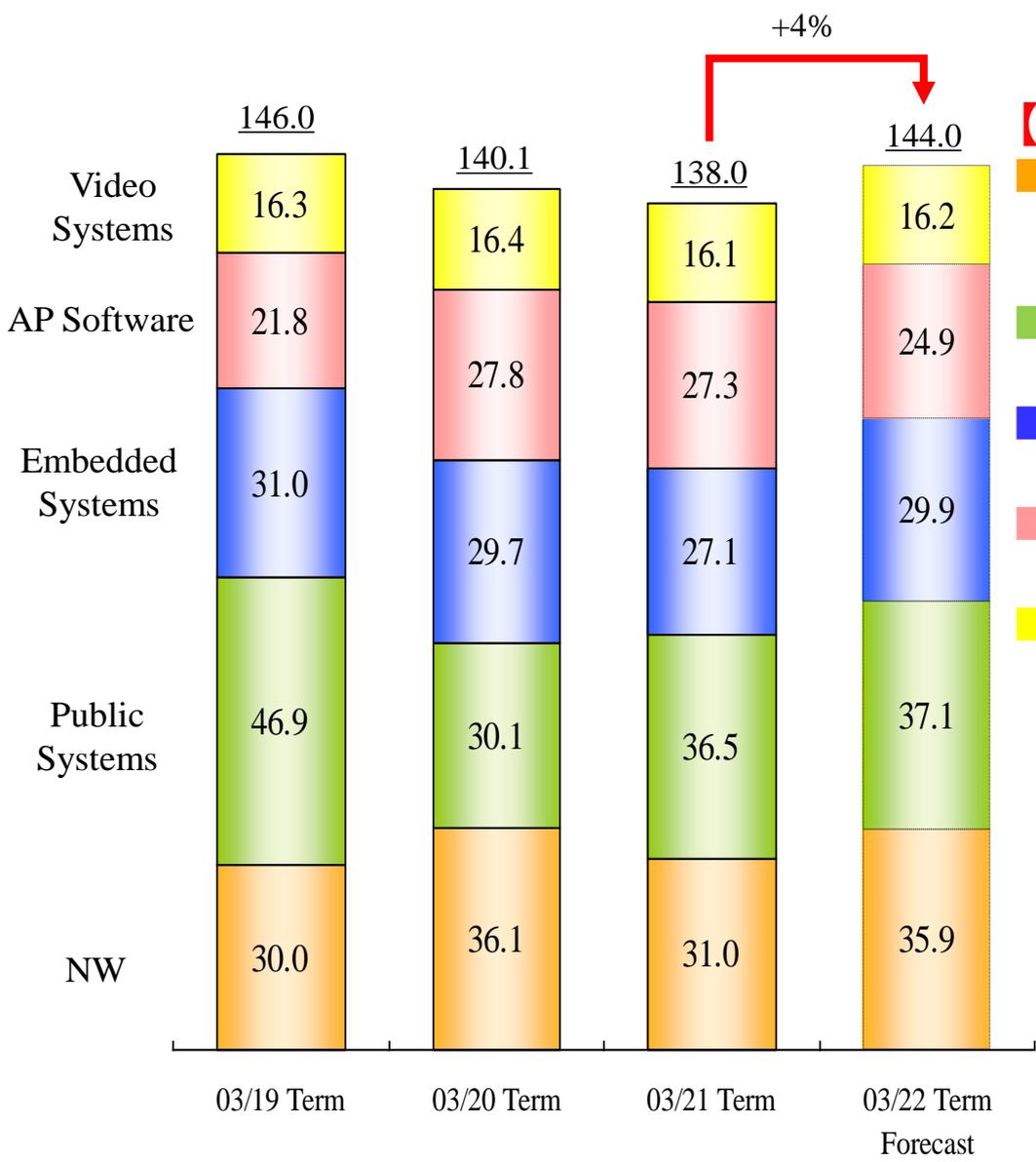
	YoY Change
Renesas EL	-94%
Electromechanical Parts Manufacturers	-14%
Overseas Manufacturers	+27%
Other	+43%

By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】

- NW
- Increase in investment for IT infrastructure and facilities by private corporations
- Public Systems
- Increase for fire prevention
- Embedded Systems
- Decrease in fields related to embedded server, etc.
- AP Software
- Decrease in new development projects
- Video Systems
- Increase for IPTV

	YoY Change
NW	+16%
Public Systems	+2%
Embedded Systems	+10%
AP Software	-9%
Video Systems	+0.2%



*Embedded systems has been partially reclassified to NW based on the contents of the products sold.

■ Regarding the forecast for the fiscal year ending March 31, 2022, total assets will be ¥77.2 bn (down ¥7.4 bn compared to March 31, 2021) and the equity ratio will be 55.3% (up 4.3% compared to March 31, 2021).

→ We forecast a decrease in accounts receivable-trade and inventories caused by a decrease in net sales, and expect interest-bearing liabilities to be repaid. We forecast operating cash flow to increase by ¥5.4 bn.

1) Balance Sheets

	FY Ended Mar. 20 Result (A)	FY Ended Mar. 21 Result (B)	B-A Increase/ Decrease	FY Ending Mar. 22 Forecast (C)	C-B Increase/ Decrease
Cash and deposits	184.4	255.4	71.0	225.0	-30.4
Accounts receivable	283.9	335.4	51.5	300.0	-35.4
Inventories	161.7	143.4	-18.2	135.0	-8.4
Other assets	106.6	111.8	5.2	112.0	0.2
Total assets	736.6	846.0	109.4	772.0	-74.0
Accounts payable	140.4	131.1	-9.3	127.0	-4.1
Interest-bearing liabilities	149.5	253.5	104.0	183.5	-70.0
Other liabilities	26.4	29.4	3.0	30.7	1.4
Total net assets	420.3	432.1	11.8	431.6	-0.5
Total liabilities and net assets	736.6	846.0	109.4	772.0	-74.0
Equity ratio	57.0%	51.0%	-6.0%	55.3%	4.3%

2) Cash Flows

	FY Ended Mar. 20 Result	FY Ended Mar. 21 Result	FY Ending Mar. 22 Forecast
Decrease (increase) in accounts receivable-trade	183.4	-46.3	35.4
Decrease (increase) in inventories	-15.8	18.9	8.4
Increase (decrease) in accounts payable-trade	-41.6	-11.2	-4.1
Other	-5.3	21.7	14.7
Operating C/F	120.7	-16.9	54.4
Investing C/F	-2.7	-3.8	-2.0
Financing C/F	-102.9	89.3	-82.8
Foreign currency conversion adjustments	-1.3	2.4	
Increase (decrease) in cash and deposits	13.8	71.0	-30.4
Balance of cash and deposits at term-end	184.4	255.4	225.0

1. Improving profitability through business structure reform and expanding business in growth markets

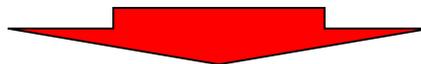
- Device business
Engage in business portfolio reform by improving the profitability of existing businesses and developing highly-profitable businesses
- Solution business
Construct a subscription-type business model, expand digital technology, and increase customers

2. Improving capital efficiency

- Continue dividends with a consolidated payout ratio of 50% and implement flexible capital policy including acquisition of treasury stock
- Maintain financial soundness and ensure the mobility and stability of fund procurement

3. Strengthening corporate governance

- Review of policies for initiatives to address sustainability issues
- Strengthen systems and management to effectively supervise the execution of strategy in the Medium-Term Management Plan



Quantitative targets for the final year of V73 (fiscal year ending March 31, 2024)	ROE	5% or higher
	Ordinary profit	¥2.5 bn or higher
	Net profit attributable to shareholders of parent company	¥1.8 bn or higher

Resolution to acquire treasury stock to achieve the quantitative target of ROE of 5% at an early stage

*For details, please refer to the “Notice Regarding Planned Acquisition of Treasury Stock and Tender Offer of Treasury Stock and Reduction of General Reserve, Capital Reserve, and Retained Surplus” dated May 12, 2021.

	Overview of tender offer for treasury stock
Purchase price	¥2,249 per share (equivalent to BPS as of March 31, 2021)
Number of shares scheduled for acquisition	Ordinary shares: 7 million (upper limit) *(1) Equivalent to 28.83% of the total number of shares issued *(2) Do not purchase shares which exceed the number of shares to be purchased (pro rata method)
Total acquisition price	¥15,743 million (upper limit)
Tender offer period	June 22 (Tues.), 2021 to July 19 (Mon.), 2021 *20 business days
TOB agent	Mita Securities
Settlement start date	August 13 (Fri.), 2021

The tender offer for treasury stock detailed above is scheduled to be executed based on the premise that a separate proposal regarding the reduction of capital reserve and retained surplus and the reversal of general reserve will be passed at the 70th Ordinary General Meeting of Shareholders scheduled to be held on June 18, 2021.

● Policy on Distribution of Profits

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

● Dividend Forecast for the Year Ending March 31, 2022

- An annual dividend of ¥50 per share; consolidated dividend payout ratio of 84.0%
 - Ordinary dividend of ¥30 (midterm dividend of ¥10, term-end dividend of ¥20)
 - 70th anniversary commemorative dividend of ¥20 (scheduled to be paid together with midterm dividend)
- Average consolidated dividend payout ratio from the term ended Mar. 2018 to the term ending Mar. 2022: 80.94%

In regards to the **forecasted number for ordinary dividends (annual dividend of ¥30)** per share listed above, if the aforementioned tender offer for treasury stock is made and there is a change in the number of shares subject to dividends, there is the **possibility that the forecasted number may change**. Since **commemorative dividends** will be paid separately from the Company's dividend policy, we **do not plan to change the forecasted number for commemorative dividends** due to making the tender offer.

Change in Return to Shareholders

	03/18 Term Result	03/19 Term Result	03/20 Term Result	03/21 Term Result	03/22 Term Forecast
(1) Consolidated net profit	¥947 million	¥1,449 million	¥1,451 million	¥1,646 million	¥1,150 million
(2) Comprehensive profit	¥912 million	¥1,585 million	¥666 million	¥2,298 million	-
(3) Consolidated equity ratio	65.7%	48.3%	57.0%	51.0%	55.3%
(4) Total dividends (Dividend per share)	¥934 million (¥33)	¥1,352 million (¥70)	¥1,352 million (¥70)	¥773 million (¥40)	¥966 million (¥50)
(5) Consolidated payout ratio	98.2%	93.3%	93.2%	46.9%	84.0%
(6) Value of treasury stock acquired (Number of shares acquired)	-	¥19.72 billion (9 million shares)	-	-	¥15.74 billion (7 million shares)
(7) Total payout ratio (4+6) ÷ 1	98.2%	1,454.2%	93.2%	46.9%	1,453.0%
(8) Cancellation of treasury stock	-	5,000 thousand shares	-	-	Suspense
(9) Total number of shares issued (Excluding treasury stock)	29,281 thousand shares (28,179 thousand shares)	24,281 thousand shares (19,178 thousand shares)	24,281 thousand shares (19,180 thousand shares)	24,281 thousand shares (19,183 thousand shares)	Suspense
(10) Net profit per share	¥33.62	¥67.48	¥75.66	¥85.82	¥59.95
(11) Net assets per share	¥2,191.19	¥2,224.47	¥2,188.84	¥2,249.40	¥2,244.96

*1) Total dividends include the dividend amount for shares held by trusts related to the performance-based stock compensation plan for directors (excluding external directors). The forecast for 03/22 term includes the commemorative dividend ¥20 per share.

2) Net profit per share is calculated based on the average number of issued shares (excluding treasury stock) during the period.

3) Net assets per share is calculated based on the total number of shares issued (excluding treasury stock) at fiscal year end.

4) The forecast for net profit per share and net assets per share for 03/22 term is calculated based on the total number of shares issued (excluding treasury stock) as of March 31, 2021.

**TRUST**

*Business cannot
succeed without trust.
It begins and ends
with trust.*

**PRINCIPLES**

*Do not just pursue
profit. But act based
on principles, which
can be realized
through self-
discipline.*

**SINCERITY**

*Always act sincerely.
Rise to the challenge
head-on.*