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November 5, 2021

**Summary of Financial Results for the First Half of the Fiscal Year  
Ending March 31, 2022  
(Six Months Ended September 30, 2021)  
[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: November 9, 2021  
Scheduled date of dividend payment: December 1, 2021  
Supplementary materials for the quarterly financial results: Yes  
Investor conference for the quarterly financial results: Yes (for securities analysts and institutional investors)

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

**1. Consolidated Business Performance for the First Half of March 2022 Term (April 1, 2021 – September 30, 2021)**

(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	%
2Q March 2022 Term	57,047	5.7	1,346	140.9	1,147	139.3	789	115.0
2Q March 2021 Term	53,970	(18.7)	558	(53.1)	479	(57.1)	367	(57.3)

(Note) Comprehensive income 2Q March 2022 Term: 954 million yen (237.5%); 2Q March 2021 Term: 282 million yen (-21.1%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
2Q March 2022 Term	45.61	—
2Q March 2021 Term	19.15	—

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc., was applied from the beginning of the consolidated first quarter of this fiscal year. The figures for 2Q March 2022 term are after application of the Accounting Standard, etc.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2Q March 2022 Term	71,348	27,803	38.9
March 2021 Term	84,602	43,210	51.0

(Reference) Shareholders' equity 2Q March 2022 Term: 27,750 million yen; March 2021 Term: 43,152 million yen

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc., was applied from the beginning of the consolidated first quarter of this fiscal year. The figures for 2Q March 2022 term are after application of the Accounting Standard, etc.

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2021 Term	—	8.00	—	32.00	40.00
March 2022 Term	—	30.00			
March 2022 Term (forecast)			—	50.00	80.00

(Notes) 1. Revision of most recent forecast on dividends: Yes

2. Breakdown of 2Q-end dividends for March 2022 term: Ordinary dividend 10.00 yen, Commemorative dividend 20.00 yen (dividend to commemorate 70th anniversary of founding)

**3. Forecasts for Consolidated Business Performance for March 2022 Term (April 1, 2021 – March 31, 2022)**

(% 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	109,500	(2.9)	2,320	7.0	2,100	11.8	1,500	(8.9)	101.67

(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: Yes
- 2) Change of accounting principles other than 1): None
- 3) Change of accounting estimate: None
- 4) Redisplay after revision: None

(Note) For details, please refer to the section “2. Quarterly Consolidated Financial Statements and Main Notes - (4) Notes on Quarterly Consolidated Financial Statements (Change of Accounting Principles)” on page 12 of [Appendix].

(4) Number of shares outstanding (ordinary shares)

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

2Q March 2022 Term: 24,281,373 shares                      March 2021 Term: 24,281,373 shares

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

2Q March 2022 Term: 12,097,640 shares                      March 2021 Term: 5,097,465 shares

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

2Q March 2022 Term: 17,309,495 shares                      2Q March 2021 Term: 19,181,121 shares

(Note) The amount of treasury stock at the end of the term includes Company stock (2Q March 2022 term: 132,800 shares, March 2021 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 (2Q March 2022 term: 132,800 shares, 2Q March 2021 term: 135,826 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

In the consolidated first-half period under review, when looking at the global economy, there was recovery of economic activities with a focus on China, Europe, and the United States. In Japan, the number of people infected with the novel coronavirus (COVID-19) is starting to decrease. However, it is still uncertain when the global COVID-19 pandemic will end. Furthermore, there is severe friction between China and the United States. Due to such factors, the future remained uncertain.

In the electronics industry, which is the primary area of business of the Sanshin Electronics Group, there was tight supply and demand for semiconductors and electronic components due to a rapid increase in demand for products such as automobiles, and to the impact of operation stoppage at product plants caused by COVID-19 mainly in Southeast Asia. Also, in the domestic ICT industry, there was strong investment related to DX (Digital Transformation).

Against this background, in the device business, the Group worked to increase the profitability of existing businesses and to reform our portfolio by cultivating new businesses with high profit margins. In the solution business, we strove to build a subscription-type business model, expand our latest digital technology, and increase the number of customers.

As a result, business performance in the consolidated first half-period under review was as follows. Net sales were ¥57,047 million (up 5.7% year-on-year). In terms of profit, operating profit was ¥1,346 million (up 140.9% year-on-year), while ordinary profit was ¥1,147 million (up 139.3% year-on-year). Net profit attributable to shareholders of parent company was ¥789 million (up 115.0% 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-half period under review, although cancellation of the dealership agreement with Renesas Electronics Corporation in June 2020 caused sales of Renesas Electronics products to decrease, there were strong overall sales starting with growth in products from overseas semiconductor manufacturers. As a result, net sales were ¥51,851 million (up 7.9% year-on-year). In terms of profit, segment profit was ¥840 million (contrasting with segment loss of ¥65 million in the same period of the previous fiscal year).

#### *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-half period under review, overall sales decreased due to factors such as stagnating procurement for some products caused by tight supply and demand of semiconductors from the second half of the period. As a result, net sales were ¥5,196 million (down 11.9% year-on-year). In terms of profit, the improved gross profit margin was insufficient to cover the decrease in net sales, and profit was also impacted by an increase in selling, general and administrative expenses caused by increased personnel. As a result, segment profit was ¥306 million (down 43.6% year-on-year).

### (2) Explanation of Financial Position

(Assets)

As of September 30, 2021, assets decreased ¥13,253 million compared with March 31, 2021, to ¥71,348 million. This was mainly attributable to a ¥16,505 million decrease in cash and deposits and a ¥2,662 million increase in notes and accounts receivable–trade.

**(Liabilities)**

As of September 30, 2021, liabilities increased ¥2,153 million compared with March 31, 2021, to ¥43,545 million. This was mainly attributable to a ¥1,709 million increase in short-term loans payable and a ¥622 million increase in notes and accounts payable-trade.

**(Net Assets)**

As of September 30, 2021, net assets decreased ¥15,407 million compared with March 31, 2021, to ¥27,803 million. This was mainly attributable to a ¥15,743 million decrease as a result of the purchase of treasury stock.

**(Cash Flows)**

As of September 30, 2021, cash and cash equivalents decreased ¥16,505 million compared with March 31, 2021, to ¥9,038 million. This was due to increased expenses resulting from the purchase of treasury stock, etc.

**(Operating activities)**

Net cash used in operating activities during the consolidated first-half period under review totaled ¥1,628 million. This was due to expenses caused by factors such as an increase in notes and accounts receivable-trade and an increase in inventories, which exceeded income from sources such as a decrease in consumption taxes refund receivable. Compared to the previous consolidated first-half period, this represented an expense decrease of ¥2,343 million.

**(Investing activities)**

Net cash used in investing activities during the consolidated first-half period under review totaled ¥35 million due to factors such as purchase of property and equipment and purchase of software. Compared to the previous consolidated first-half period, this represented an expense decrease of ¥287 million.

**(Financing activities)**

Net cash used in financing activities during the consolidated first-half period under review totaled ¥14,823 million. This was due to expenses caused by factors such as the purchase of treasury stock, which exceeded income as the result of factors such as an increase in short-term loans payable. Since the figure for the previous consolidated first-half period was an income of ¥3,862 million, this represented an expense rise of ¥18,685 million.

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

From the third quarter onward, in the device business segment, there is concern that delivery to customers will be delayed due to demand for semiconductors and electronic components outpacing supply. This problem of tight supply and demand also exists in the solution business segment, and there is concern that delivery to customers will be delayed for some products such as computers and servers. However, although there is strong uncertainty for the future, business performance in the consolidated first-half period under review was strong and surpassed the figures which had been revised upward on August 5, 2021. Therefore, we decided to revise upward the initial forecast for business performance in the fiscal year ending March 31, 2022 as follows.

In regards to the forecasted figure for dividend per share, the Company acquired treasury stock of 7,000,000 shares through a tender offer conducted from June 22, 2021 to July 19, 2021. This acquisition caused the number of shares eligible for dividends to decrease below the assumption for the initial dividend forecast. Furthermore, the Company revised upward the forecasted figure for net profit attributable to shareholders of parent company in the fiscal year ending March 31, 2022. For these reasons, as shown below, the Company decided to revise the year-end dividend forecast to ¥50 per share, an increase of ¥30 from the initial figure of ¥20.

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

(Forecasts for Consolidated Business Performance for March 2022 Term)

Net sales	¥109,500 million	(down 2.9% year-on-year)
Operating profit	¥2,320 million	(up 7.0% year-on-year)
Ordinary profit	¥2,100 million	(up 11.8% year-on-year)
Net profit attributable to shareholders of parent company	¥1,500 million	(down 8.9% year-on-year)
Year-end dividend	¥50 per share	(annual dividend ¥80 per share including the interim dividend)

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2021 Term (As of Mar. 31, 2021)	2Q March 2022 Term (As of Sept. 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	25,544	9,038
Notes and accounts receivable–trade	32,696	-
Notes and accounts receivable–trade, and contract assets	-	35,092
Electronically recorded monetary claims	841	1,107
Merchandise inventories	14,333	16,402
Partly-finished work	9	43
Others	4,520	3,265
Allowance for doubtful accounts	(9)	(23)
Total current assets	77,934	64,926
Non-current assets		
Property and equipment	2,701	2,652
Intangible assets	482	520
Investments and other assets		
Others	3,520	3,284
Allowance for doubtful accounts	(35)	(34)
Total investments and other assets	3,484	3,249
Total non-current assets	6,668	6,422
Total assets	84,602	71,348
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	13,104	13,726
Short-term loans payable	25,351	27,060
Accrued corporate tax, etc.	288	266
Allowance	501	480
Others	1,730	1,640
Total current liabilities	40,975	43,174
Non-current liabilities		
Net defined benefit liabilities	100	74
Others	316	296
Total non-current liabilities	416	371
Total liabilities	41,392	43,545



(Million yen)

	March 2021 Term (As of Mar. 31, 2021)	2Q March 2022 Term (As of Sept. 30, 2021)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	5,329	5,329
Retained earnings	33,106	33,277
Treasury stock	(10,348)	(26,091)
Total shareholders' equity	42,899	27,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	583	526
Deferred hedge gains (losses)	(133)	(38)
Foreign currency translation adjustment	(244)	(112)
Remeasurements of defined benefit plans	47	48
Total accumulated other comprehensive income	253	423
Non-controlling interests	58	52
Total net assets	43,210	27,803
Total liabilities and net assets	84,602	71,348

**(2) Quarterly Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement**  
 (Quarterly Consolidated Profit and Loss Statement of the First Half)

(Million yen)

	2Q March 2021 Term (Apr. 1, 2020 - Sept. 30, 2020)	2Q March 2022 Term (Apr. 1, 2021 - Sept. 30, 2021)
Net sales	53,970	57,047
Cost of sales	49,036	51,279
Gross profit on sales	4,933	5,767
Selling, general and administrative expenses	4,374	4,421
Operating profit	558	1,346
Non-operating profit		
Interest income	9	9
Dividend income	20	25
Others	48	47
Total non-operating profit	78	82
Non-operating expenses		
Interest expenses	37	52
Sales discounts	5	5
Commission for purchase of treasury stock	-	21
Foreign exchange losses	90	169
Others	24	33
Total non-operating expenses	158	281
Ordinary profit	479	1,147
Extraordinary profits		
Gain on sales of investment securities	56	0
Total extraordinary profits	56	0
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Net profit before tax and other adjustments	536	1,147
Corporate, resident and enterprise taxes	151	231
Adjustment for corporate tax, etc.	18	132
Total corporate taxes	169	363
Net profit	366	783
Net profit (loss) attributable to non-controlling interests	(0)	(5)
Net profit attributable to shareholders of parent company	367	789

## (Quarterly Consolidated Comprehensive Income Statement of the First Half)

	2Q March 2021 Term (Apr. 1, 2020 - Sept. 30, 2020)	2Q March 2022 Term (Apr. 1, 2021 - Sept. 30, 2021)
Net profit	366	783
Other comprehensive income		
Valuation difference on available-for-sale securities	160	(57)
Deferred hedge gains (losses)	(5)	94
Foreign currency translation adjustment	(253)	132
Remeasurements of defined benefit plans, net of tax	13	0
Total other comprehensive income	(83)	170
Comprehensive income	282	954
(Details)		
Comprehensive income attributable to shareholders of parental company	283	959
Comprehensive income attributable to non-controlling interests	(0)	(5)

**(3) Statement of Quarterly Cash Flows**

(Million yen)

	2Q March 2021 Term (Apr. 1, 2020 - Sept. 30, 2020)	2Q March 2022 Term (Apr. 1, 2021 - Sept. 30, 2021)
<b>Operating activities</b>		
Net profit before tax and other adjustments	536	1,147
Depreciation and amortization	112	118
Amortization of goodwill	6	13
Increase (decrease) in allowance for doubtful accounts	1	12
Increase (decrease) in allowance for stock compensation	(3)	(3)
Increase (decrease) in net defined benefit liabilities	(11)	(22)
Interest and dividend income	(30)	(34)
Interest expenses	37	52
Loss (gain) on sales of non-current assets	0	-
Loss (gain) on sales of investment securities	(56)	(0)
Decrease (increase) in notes and accounts receivable–trade	(5,981)	(2,405)
Decrease (increase) in inventories	(208)	(2,057)
Increase (decrease) in notes and accounts payable–trade	(325)	542
Decrease (increase) in consumption taxes refund receivable	2,052	1,762
Increase (decrease) in accrued consumption taxes	(5)	(20)
Others	5	(489)
Subtotal	(3,871)	(1,385)
Interest and dividend income received	33	38
Interest expenses paid	(38)	(51)
Income taxes (paid) refund	(96)	(229)
Net cash provided by (used in) operating activities	(3,971)	(1,628)
<b>Investing activities</b>		
Purchase of property and equipment	(58)	(21)
Proceeds from sales of property and equipment	0	-
Purchase of software	(38)	(15)
Purchase of investment securities	(241)	(0)
Proceeds from sales of investment securities	76	1
Others	(61)	0
Net cash used in investing activities	(323)	(35)
<b>Financing activities</b>		
Net increase (decrease) in short-term loans payable	4,963	1,575
Repayments of lease obligations	(41)	(38)
Net decrease (increase) in treasury stock	(0)	(15,743)
Cash dividends paid	(1,059)	(616)
Net cash provided by (used in) financing activities	3,862	(14,823)
Effect of exchange rate change on cash and cash equivalents	(2)	(18)
Net increase (decrease) in cash and cash equivalents	(434)	(16,505)
Balance of cash and cash equivalents, beginning of the period	18,443	25,544
Balance of cash and cash equivalents, end of the period	18,008	9,038

#### **(4) Notes on Quarterly Consolidated Financial Statements**

(Notes Regarding Going Concern)

None.

(Notes Regarding Remarkable Change of Shareholders' Equity)

Reduction of General Reserve, Capital Reserve, and Retained Surplus

At the 70th Ordinary General Meeting of Shareholders held on June 18, 2021, the Company resolved to reduce the amount of general reserve, capital reserve and retained surplus.

##### **(1) Purpose of Reducing the General Reserve, Capital Reserve, and Retained Surplus**

In order to expand the financial resources for the tender offer for treasury stock that was decided at the Board of Directors meeting held on May 12, 2021, and to ensure flexibility and agility in future capital policy, we reduced the capital reserve and retained surplus. Additionally, after decreasing the amount of capital reserve, we transferred it to other capital surplus; after reducing the retained surplus, we transferred it to retained earnings brought forward; and we transferred the general reserve to retained earnings brought forward. Details are as follows.

##### **(2) Method of Reducing Capital Reserve**

Based on the provisions of Paragraph 1, Article 448 of the Companies Act, the capital reserve of ¥5,329,906,456 was reduced with June 30, 2021 as the effective date, and the entire amount of the reduction was transferred to other capital surplus.

##### **(3) Method of Reducing Retained Surplus**

Based on the provisions of Paragraph 1, Article 448 of the Companies Act, the retained surplus of ¥670,983,281 was reduced with June 30, 2021 as the effective date, and the entire amount of the reduction was transferred to retained earnings brought forward.

##### **(4) Method of Reducing General Reserve**

Based on the provisions of Article 452 of the Companies Act, the general reserve of ¥18,680,000,000 was reduced, and the entire amount of the reduction was transferred to retained earnings brought forward.

## Acquisition of Treasury Stock and Tender Offer of Treasury Stock

At the Board of Directors meeting held on May 12, 2021, the Company resolved the acquisition of the Company's treasury stock based on Paragraph 1 of Article 156 of the Companies Act (Act No. 86 of 2005), as amended (the "Companies Act"), which applies *mutatis mutandis* pursuant to Paragraph 3 of Article 165 of the same Act and the Company's Articles of Incorporation, and resolved to make a tender offer of treasury stock (the "Tender Offer") as the specific acquisition method of treasury stock. The acquisition was executed on August 13, 2021.

## (1) Purpose of Acquiring Treasury Stock and Making Tender Offer for Treasury Stock

On May 12, 2021, the Company announced its V73 Medium-term Management Plan, which is a three-year plan with the Company's 73rd term (fiscal year ending March 31, 2024) as the final year. In that plan, the Company set its target to achieve a 5% ROE at an early stage, and stated that, as part of measures for achieving this target, it will promote business structure reform to highly-profitable business with terms for early collection of accounts receivables, which will achieve a small purchase amount relative to net sales compared to unit sales of semiconductors and electronic components, which are the main products in the current net sales composition. The Company also stated that it will optimize capital in conjunction with improving profitability and suppressing an increase in demand for funds as a result of this business structure reform. As part of these measures, the Company decided that it was necessary to make the Tender Offer and resolved to implement the Tender Offer.

## (2) Contents of Resolution by the Board of Directors

1) Type of shares to be acquired:	Ordinary stock
2) Total number of shares to be acquired:	7,000,100 shares (maximum)
3) Contents of funds, etc., to be delivered in exchange for acquisition:	Funds
4) Total amount of funds, etc., to be delivered in exchange for acquisition:	¥15,743,224,900 (maximum)
5) Period during which acquisition is possible:	From June 22, 2021 to August 31, 2021

## (3) Overview of Tender Offer for Treasury Stock

1) Number of shares scheduled for tender offer:	7,000,000 shares
2) Price of tender offer:	¥2,249 per share
3) Period of tender offer:	From June 22, 2021 to July 19, 2021
4) Publication date for commencing the tender offer:	June 22, 2021
5) Settlement start date:	August 13, 2021

## (4) Result of Tender Offer for Treasury Stock

1) Total number of shares tendered:	7,486,162 shares
2) Total number of shares purchased:	7,000,000 shares
3) Total acquisition price:	¥15,743,000,000
4) Acquisition date:	August 13, 2021

**(Change of Accounting Principles)****Application of the Accounting Standard for Revenue Recognition, etc.**

From the beginning of the consolidated first quarter of this fiscal year, the Company applies the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter, “the Accounting Standard for Revenue Recognition”), etc. Under this standard, once control of a promised good or service is transferred to the customer, the Company recognizes revenue at the amount that the Company expects to receive in exchange for the good or service.

As a result, mainly in export sales, revenue was recognized at the time of clearing export customs. However, revenue is now recognized when the burden of risk has been transferred to the customer based on the trade conditions stipulated by Incoterms (international commercial terms), etc.

In applying the Accounting Standard for Revenue Recognition, etc., the Company follows the transitional handling stipulated in the proviso in Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative financial effect of applying the new accounting principle retroactively to events before the beginning of the consolidated first quarter of this fiscal year is added to or subtracted from the retained earnings at the beginning of the first quarter, and the new accounting principle is applied from the balance at the beginning of the first quarter onward. However, the method stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition is also applied. The new accounting principle is not applied retroactively to contracts in which most revenue is recognized in accordance with the handling before the beginning of the consolidated first quarter of this fiscal year. In addition, the method stipulated in the proviso (1) in Paragraph 86 of the Accounting Standard for Revenue Recognition is applied. With respect to contract changes conducted before the beginning of the consolidated first quarter of this fiscal year, accounting is conducted based on the contract terms after all of the contract changes are reflected, and the cumulative financial effect is added to or subtracted from the retained earnings at the beginning of the consolidated first quarter of this fiscal year.

Applying the Accounting Standard for Revenue Recognition, etc., has insignificant impact on the quarterly consolidated financial statements.

Because the Accounting Standard for Revenue Recognition, etc., is applied, the item “Notes and accounts receivable–trade” listed under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year is included in “Notes and accounts receivable–trade, and contract assets” from consolidated first quarter of this fiscal year onward. In accordance with the stipulation on transitional handling in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, accounting items are not reorganized for the previous consolidated fiscal year as a result in the new method of representation.

**Application of the Accounting Standard for Fair Value Measurement, etc.**

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019; hereinafter, “the Accounting Standard for Fair Value Measurement”), etc., is applied from the beginning of the consolidated first quarter of this fiscal year. In accordance with the stipulations on transitional handling in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019), the new accounting principle stipulated in the Accounting Standard for Fair Value Measurement, etc., will be applied in the future.

Applying the Accounting Standard for Fair Value Measurement, etc., has no impact on the quarterly consolidated financial statements.

## (Segment Information and Other)

## [Segment Information]

## I. Six months ended September 30, 2020 (Apr. 1, 2020 - Sept. 30, 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	48,070	5,900	53,970
Inter-segment sales or transfers	—	—	—
Total	48,070	5,900	53,970
Segment profit (loss)	(65)	544	479

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

## II. Six months ended September 30, 2021 (Apr. 1, 2021 - Sept. 30, 2021)

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

(Million yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	51,851	5,196	57,047
Inter-segment sales or transfers	—	—	—
Total	51,851	5,196	57,047
Segment profit	840	306	1,147

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

## 2. Items related to changes in report segments, etc.

As described in “(Change of Accounting Principles),” the Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc., from the beginning of the consolidated first quarter of this fiscal year and changed the method of account processing for revenue recognition. Consequently, we similarly changed the method for measuring net sales and profit in business segments.

The impact of the changes on net sales and profit in the business segment is insignificant.

## (Significant Subsequent Events)

## Retirement of Treasury Stock

At the Board of Directors meeting held on November 5, 2021, the Company resolved the retirement of the Company’s treasury stock based on Article 178 of the Companies Act.

(1) Type of shares to be retired: Ordinary shares of company stock

(2) Number of shares to be retired: 8,000,000 shares (ratio of outstanding shares before retirement: 32.95%)

(3) Scheduled date of retirement: November 19, 2021

(4) Reason for retirement:

The Company plans to list on the Prime Market when our Tokyo Stock Exchange market classification is reviewed (scheduled for April 2022). The treasury stock will be retired in order to improve the ratio of shares in circulation and meet the criteria for maintaining listing on the Prime Market.

(5) Total number of outstanding shares after retirement: 16,281,373 shares