

Briefing Materials on the Financial Results for the First Half of the Year Ending March 2022

November 5, 2021

 SANSBIN ELECTRONICS CO., LTD.

Toshiro Suzuki, Representative Director, COO

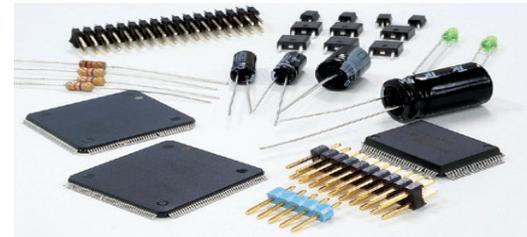
(Stock code: 8150)

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 —

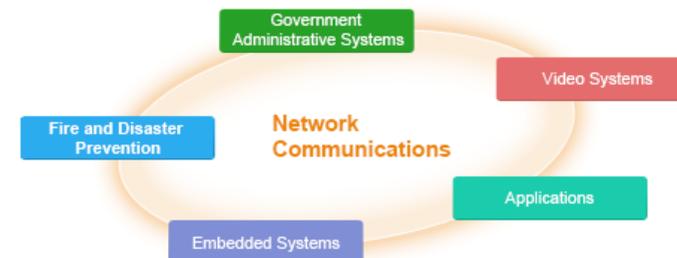
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’ 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 Ending March 2022 Performance Summary for the First Half

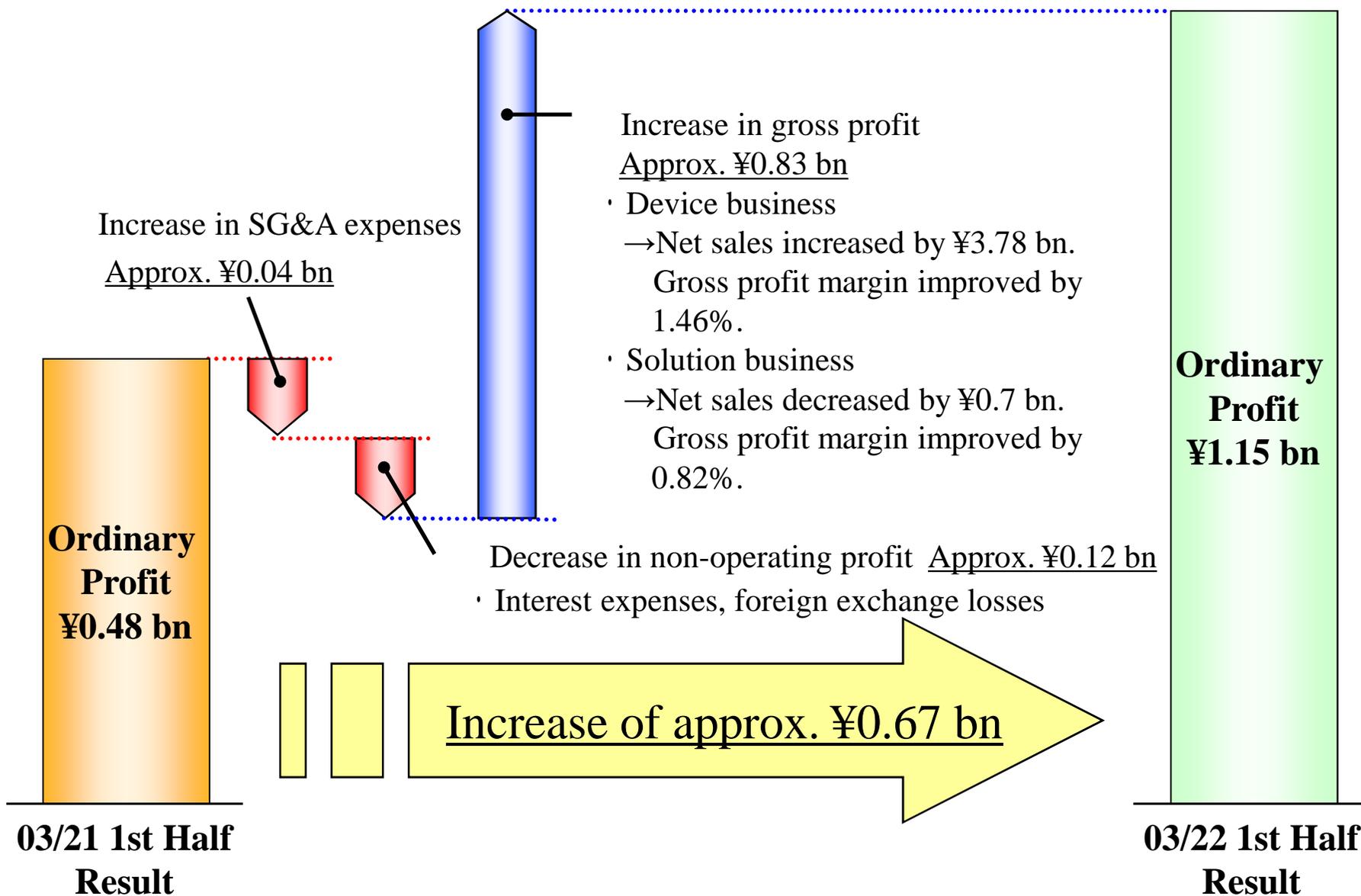
Net sales recovered from the previous year, which had been impacted by COVID-19, and were up 6% year-on-year.

Profit increased year-on-year due to the effect of increased sales and the improvement of the gross profit margin from changes in the sales composition.

	03/21 1st Half Result	03/22 1st Half Result	YoY Change	Forecast ^{*1)}	Achievement Ratio
Net Sales	539.7	570.5	106%	550.0	104%
Gross Profit on Sales	9.1% 49.3	10.1% 57.7	117%	Not announced	-
SG&A Expenses	8.1% 43.8	7.7% 44.2	101%	Not announced	-
Operating Profit	1.0% 5.6	2.4% 13.5	241%	1.9% 10.5	128%
Ordinary Profit	0.9% 4.8	2.0% 11.5	239%	1.6% 9.0	127%
Net Profit Attributable to Shareholders of Parent Company	0.7% 3.7	1.4% 7.9	215%	1.2% 6.5	122%
Exchange Rate (1 US dollar)	¥106.92	¥109.79	¥2.87	¥105.00	¥4.79

*1) Figures in the Forecast section are based on results announced for the first quarter of the fiscal year ending March 31, 2022 (announced on August 5, 2021).

*2) Figures in the YoY Change section and Achievement Ratio section for exchange rate represent increases or decreases.



Device Business

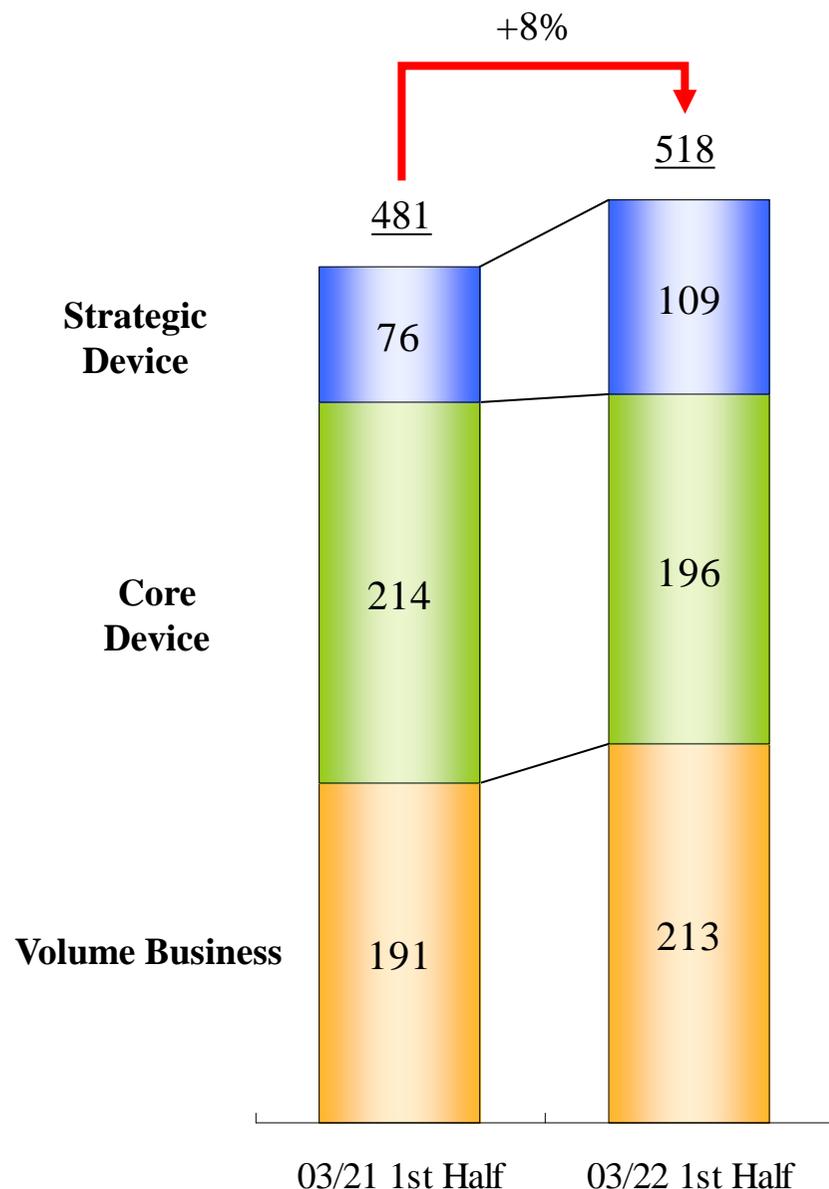
Despite the impact of canceling the dealership agreement with Renesas Electronics Corporation, overall sales were strong due to growth in products from overseas semiconductor manufacturers.

Solution Business

Overall sales decreased due to stagnating procurement for some products caused by tight supply and demand of semiconductors from the second half of the period.

		03/21 1st Half Result	03/22 1st Half Result	YoY Change
Device Business	Net Sales	480.7	518.5	108%
	Operating Profit	1.1% 5.1	2.9% 15.3	302%
	Segment Profit	-0.1% -0.7	1.6% 8.4	Increased by ¥0.91 bn
Solution Business	Net Sales	59.0	52.0	88%
	Operating Profit	12.1% 7.2	9.7% 5.0	70%
	Segment Profit	9.2% 5.4	5.9% 3.1	56%
Exchange Rate (1 US dollar)		¥106.92	¥109.79	¥2.87

*Figures in the YoY Change section for exchange rate and segment profit in the device business represent increases or decreases in amount.



By Business Category of Device Business

[Year-to-Year Comparison of Fluctuations]

Volume Business

Increase for mobile devices

Recovery for social infrastructure

Core Device

Decrease due to changes in distribution channels of Renesas EL

Sales for gaming consoles were strong

Increase in sales for industry and storage, etc.

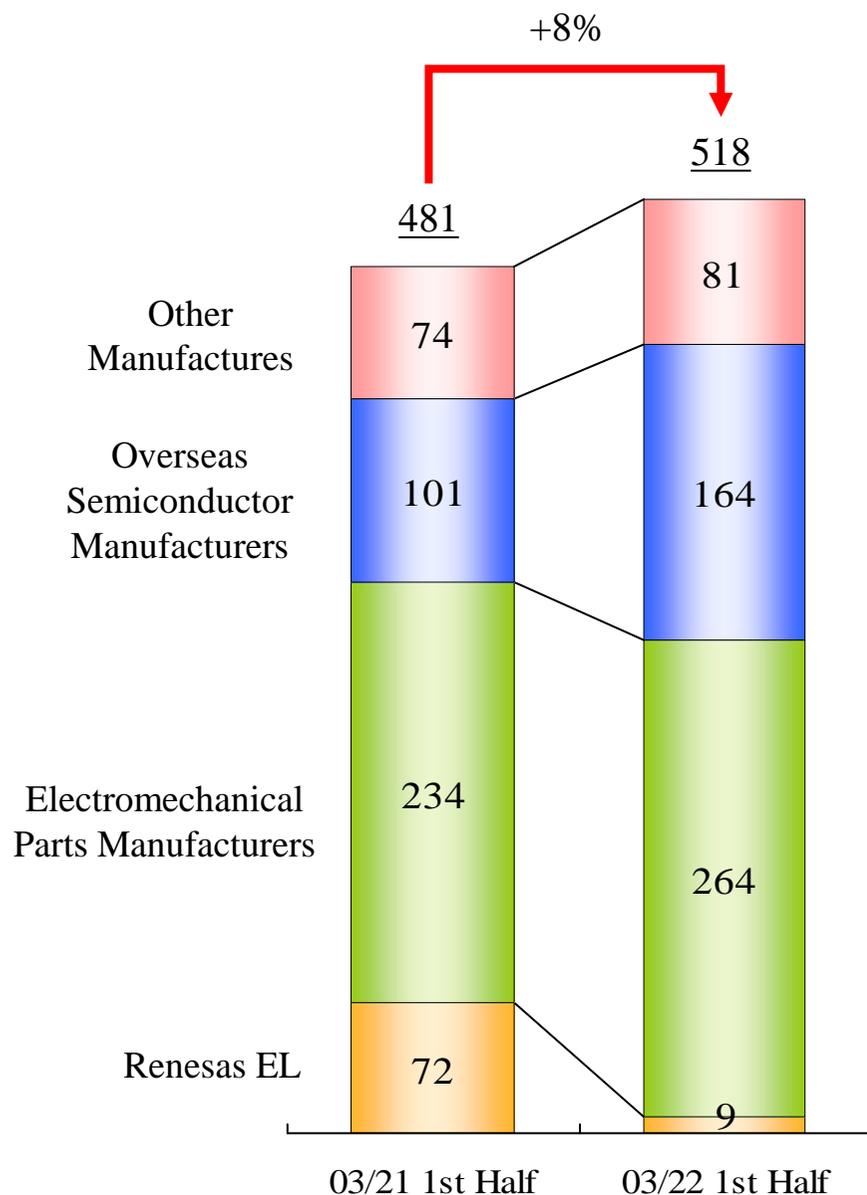
Strategic Device

Increase in overseas merchandise for wireless merchandise/analog semiconductors

	YoY Change
Volume Business	+12%
Core Device	-8%
Strategic Device	+44%

By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】



Renesas EL

Decrease due to changes in distribution channels

Electromechanical Parts Manufacturers

Increase for mobile devices

Sales for gaming consoles were strong

Overseas Semiconductor Manufacturers

Increase in sales for industry, vehicle-mounted business, storage, etc.

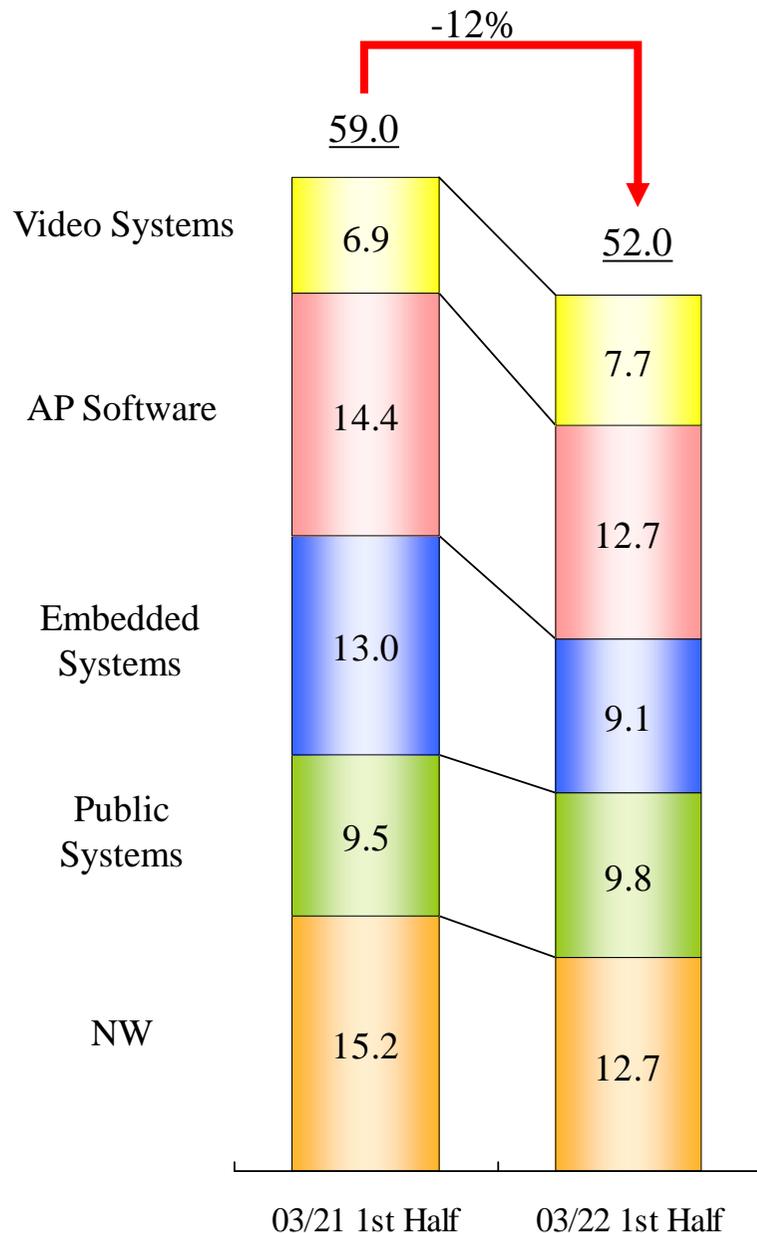
Also contribution from strategic devices such as wireless merchandise/analog semiconductors

Other Manufactures

Recovery for social infrastructure

	YoY Change
Renesas EL	-88%
Electromechanical Parts Manufacturers	+13%
Overseas Semiconductor Manufacturers	+63%
Other Manufactures	+9%

By Sector of Solution Business



[Year-to-Year Comparison of Fluctuations]

NW

Customers had careful attitude toward IT infrastructure investment

Public Systems

Acquisition of large-scale wireless projects for government/public agencies

Embedded Systems

Decrease due to computer server delivery problems

AP Software

Delay in delivery for development projects

Video Systems

Strong sales of mobile relay equipment

	YoY Change
NW	-16%
Public Systems	+2%
Embedded Systems	-30%
AP Software	-12%
Video Systems	+13%

Regarding the results of the term ended September 30, 2021, total assets were ¥71.3 bn (down ¥13.2 bn from the end of the previous fiscal year) and the equity ratio was 38.9% (down 12.1% from the end of the previous fiscal year).

→ Cash flows from operating activities decreased by ¥1.63 bn. Cash flows from financing activities decreased by ¥14.82 bn due to acquisition of treasury stock (¥19.7 bn). Cash and deposits also decreased for the reasons given above.

1) Balance Sheets

	FY Ended Mar. 20 Result (A)	FY Ended Mar. 21 Result (B)	B-A Increase/ Decrease	Q2 Ended Sept. 21 Result (C)	C-B Increase/ Decrease
Cash and deposits	184.4	255.4	71.0	90.4	-165.1
Accounts receivable	283.9	335.4	51.5	362.0	26.6
Inventories	161.7	143.4	-18.2	164.5	21.0
Other assets	106.6	111.8	5.2	96.7	-15.1
Total assets	736.6	846.0	109.4	713.5	-132.5
Accounts payable	140.4	131.1	-9.3	137.3	6.2
Interest-bearing liabilities	149.5	253.5	104.0	270.6	17.1
Other liabilities	26.4	29.4	3.0	27.6	-1.8
Total net assets	420.3	432.1	11.8	278.0	-154.1
Total liabilities and net assets	736.6	846.0	109.4	713.5	-132.5
Equity ratio	57.0%	51.0%	-6.0%	38.9%	-12.1%

2) Cash Flows

	FY Ended Mar. 20 Result	FY Ended Mar. 21 Result	H1 Ended Sept. 21 Result
Decrease (increase) in accounts receivable-trade	183.4	-46.3	-24.1
Decrease (increase) in inventories	-15.8	18.9	-20.6
Increase (decrease) in accounts payable-trade	-41.6	-11.2	5.4
Other	-5.3	21.7	22.9
Operating C/F	120.7	-16.9	-16.3
Investing C/F	-2.7	-3.8	-0.4
Financing C/F	-102.9	89.3	-148.2
Foreign currency conversion adjustments	-1.3	2.4	-0.2
Increase (decrease) in cash and deposits	13.8	71.0	-165.1
Balance of cash and deposits at term-end	184.4	255.4	90.4

II . Progress of the V73 Medium-Term Management Plan

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

Device business

Improve the profitability of existing businesses and reform business portfolio by developing highly-profitable businesses

Solution business

Construct a subscription-type business model, expand digital technology, and increase the number of 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

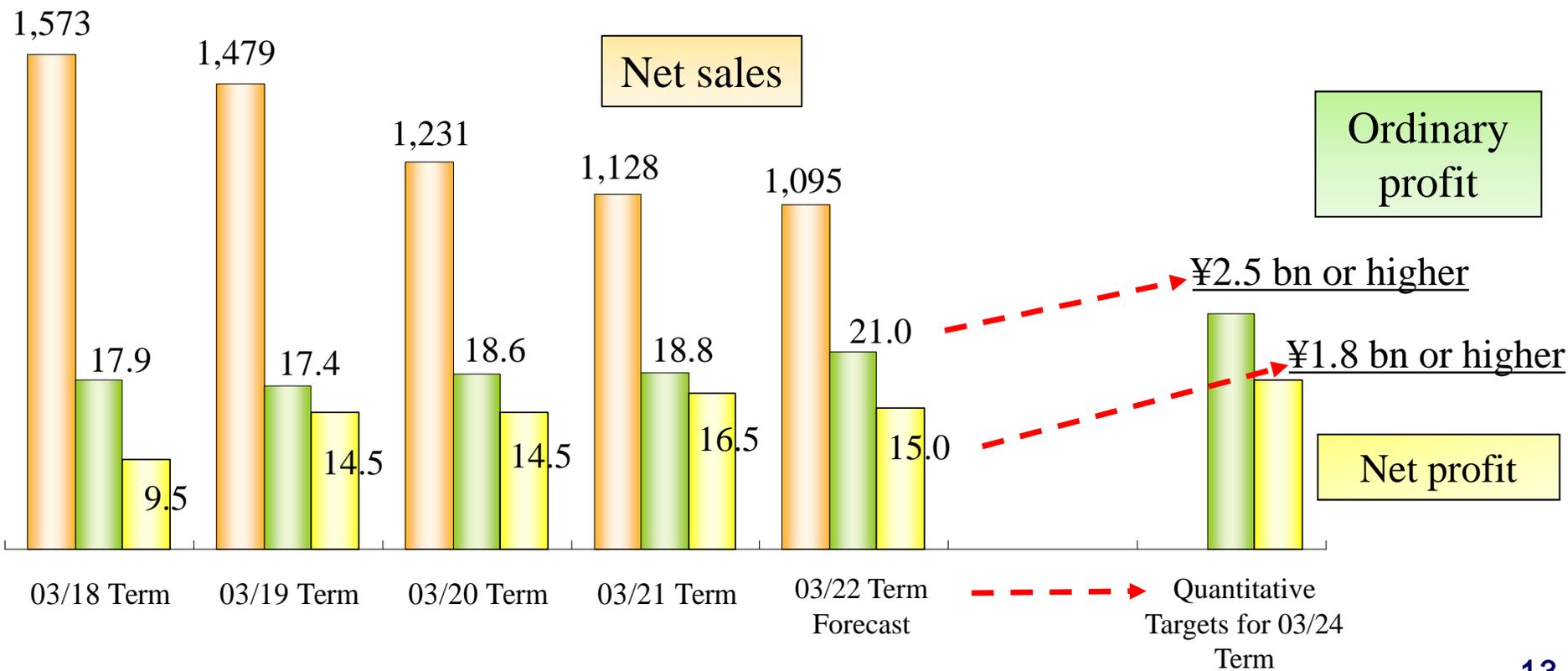
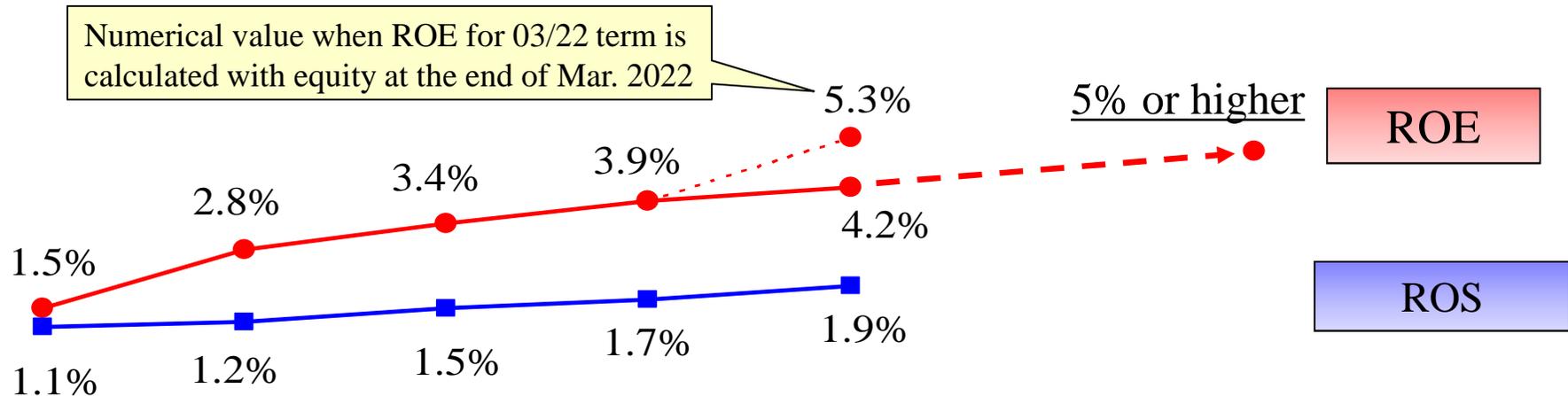
3. Strengthening corporate governance

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



Measures of Medium-Term Management Plan		Progress Status
Device Business	Improve profitability of existing businesses	<ul style="list-style-type: none"> (1) Shifted resources to overseas semiconductors and acquired new customers from existing overseas suppliers (2) Reorganized managed customers in each sales unit and improved the efficiency of sales promotion (3) As part of strengthening infrastructure for sales activities, started reviewing improvements to the sales support system, with the aim of establishing small teams of highly-skilled back-office personnel and increasing the efficiency of sales activities
	Reform business portfolio by developing highly-profitable businesses	<ul style="list-style-type: none"> (1) Focused on providing total solutions for AI/IoT, robotics, and vehicle-mounted fields (2) For AI/IoT-related fields, strengthened monitoring solutions and other activities for local governments, and obtained opportunities for business negotiations (3) Started activities for the robotics field, established new organizations, started developing original boards, and enhanced cooperation with collaborative partners to aim for new development (4) For vehicle-mounted fields, reviewed the design of wireless modules and realized proposal-type software projects that utilize AI
Solution Business	Construct a subscription-type business model	<ul style="list-style-type: none"> (1) Expanded Sanshin DC business (hosting + operation/maintenance, cloud connection service) (2) Deployed proprietary services (cloud backup, file box, etc.) (3) Strengthened sales of public cloud (AWS, Azure, etc.) (4) Rebuilt the system for cloud expansion (partner contracts, certified persons, etc.)
	Expand digital technology	<ul style="list-style-type: none"> (1) Strengthened support for SASE (Secure Access Service Edge) technology (2) Continued the acquisition of new technology (network virtualization, private LTE, local 5G)
	Increase number of customers	<ul style="list-style-type: none"> (1) Started activities to expand business domains in cooperation with external consultants (2) Due to the promotion of cross-selling, both the number of cases and monetary amount are increasing (3) Developed new markets for mobile relay equipment

Measures of Medium-Term Management Plan	Progress Status
Improving capital efficiency	<p>1) Implement flexible capital policy including acquisition of treasury stock</p> <p>(1) In the device business, began steps for withdrawal from low-profit business specializing in finance, thereby significantly decreasing the demand for funds</p> <p>(2) Our policy is to continue to focus on business structure reforms for high-margin businesses, and demand for funds is expected to be suppressed in the medium- to long-term.</p> <p>(3) Optimized the scale of equity by implementing a tender offer for 7 million shares (equivalent to 28.83% of the total number of issued shares) amounting to ¥15.7 bn of treasury stock.</p> <p>2) Continue dividends with a consolidated payout ratio of around 50%</p> <p>(1) The dividend per share for ordinary dividends is expected to increase (+¥30 for annual dividends) due to the implementation of the tender offer for treasury stock and the upward revision of net profit attributable to shareholders of parent company</p> <p>(2) We will pay a commemorative dividend for the 70th anniversary of our founding (¥20) separately from the ordinary dividend</p> <p>3) Maintain financial soundness and ensure the mobility and stability of fund procurement</p> <p>(1) Entered into a commitment line contract (from August 31, 2021)</p> <p>(2) Sold strategically held shares as appropriate while discerning the best timing</p>
Strengthening corporate governance	<p>1) Enable support for the revised corporate governance code</p> <p>(1) Reviewed the clarification of initiative policies and goals for securing diversity in human resources</p> <p>(2) Revised initiative policies for sustainability issues and reviewed disclosure</p> <p>2) Demonstrate the effectiveness of the board of directors</p> <p>(1) Confirmed skill balance for the board of directors and reviewed maintenance of skills</p>

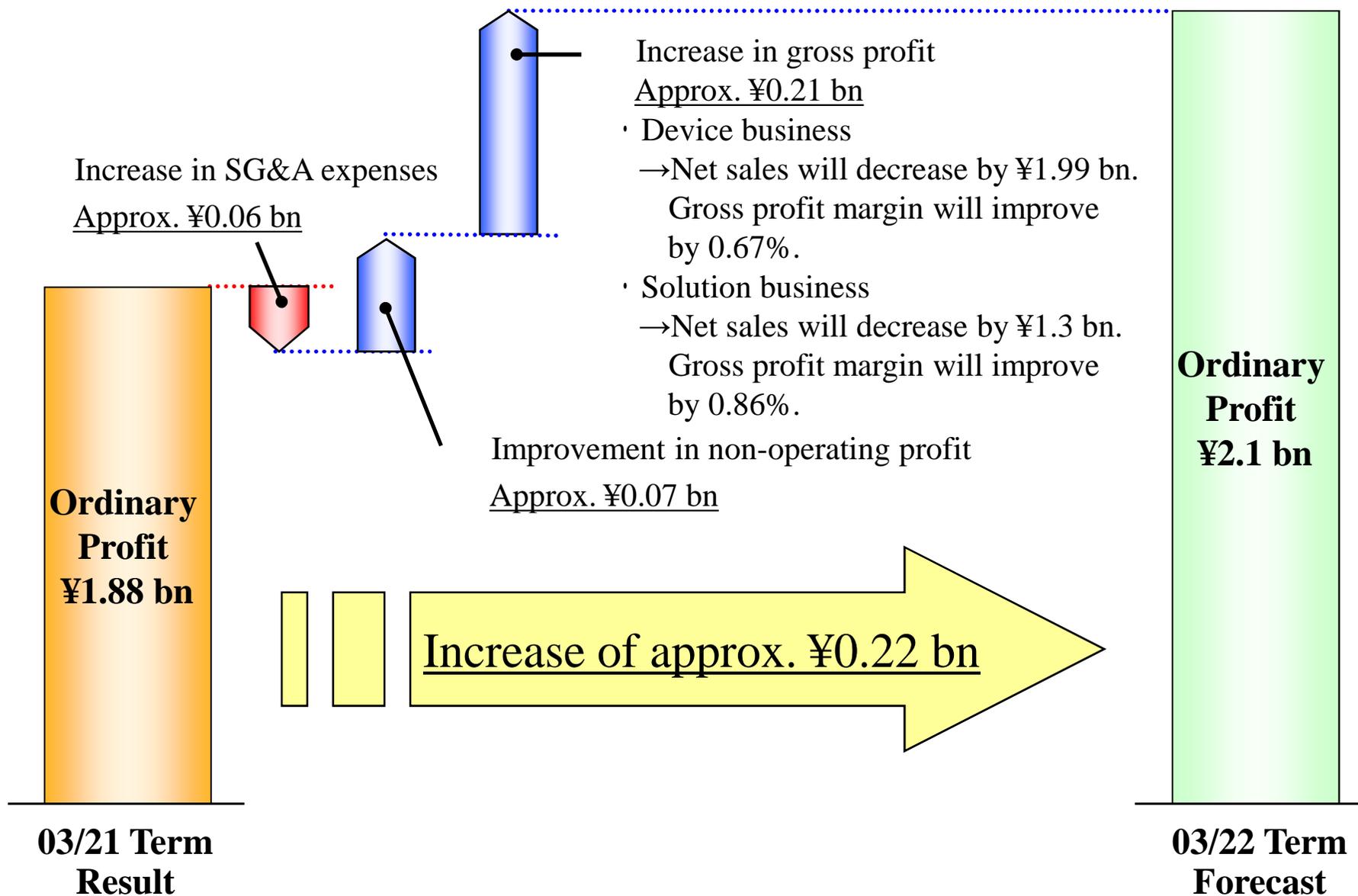
III . Full-Year Business Forecast for the Year Ending March 31, 2022

Net sales will decrease by 3% YoY, impacted by the cancelation of the dealership agreement with Renesas Electronics. Operating profit and ordinary profit are expected to increase due to improvement in gross profit margin from changes in sales composition.

Net profit attributable to shareholders of parent company is forecasted to be nearly the same level except for gain on sales of investment securities (¥0.14 bn) in the previous fiscal year.

	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	1,095.0	97%
Gross Profit on Sales	7.3% 114.5	7.7% 114.1	9.1% 112.3	9.8% 110.5	10.3% 112.6	102%
SG&A Expenses	6.2% 96.8	6.4% 94.4	7.5% 92.7	7.9% 88.8	8.2% 89.4	101%
Operating Profit	1.1% 17.6	1.3% 19.7	1.6% 19.6	1.9% 21.7	2.1% 23.2	107%
Ordinary Profit	1.1% 17.9	1.2% 17.4	1.5% 18.6	1.7% 18.8	1.9% 21.0	112%
Net Profit Attributable to Shareholders of Parent Company	0.6% 9.5	1.0% 14.5	1.2% 14.5	1.5% 16.5	1.4% 15.0	91%
ROE	1.5%	2.8%	3.4%	3.9%	4.2%	+0.3P
Exchange Rate (1 US dollar)	¥110.86	¥110.91	¥108.74	¥106.06	¥110.00	¥3.94

*Figures in the YoY Change section for ROE and exchange rate represent increases or decreases.



Device Business

Net sales will decrease by 2% YoY due to the impact of the cancelation of the dealership agreement with Renesas EL, despite strong sales of products from overseas semiconductor manufacturers.

Profit is expected to increase due to improvement in gross profit margin from changes in sales composition and cost reductions.

Solution Business

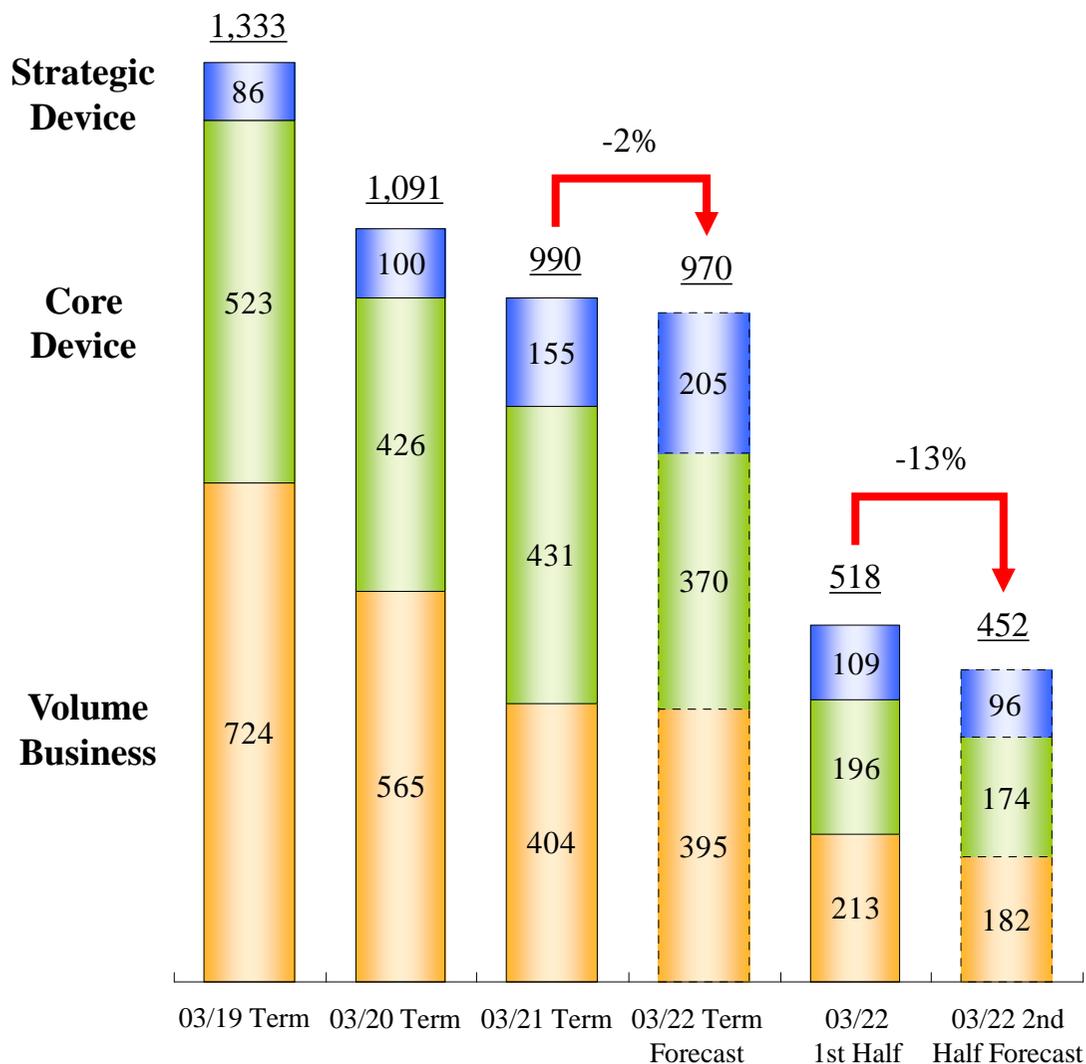
Net sales will decrease by 9% YoY due to concerns regarding procurement of some products such as computers and servers caused by tight supply and demand of semiconductors.

Profit is expected to decline due to a decrease in net sales and an increase in selling, general and administrative expenses caused by increased personnel.

		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	970.0	98%
	Operating Profit	1.1% 16.2	1.3% 17.1	1.4% 15.3	1.6% 15.7	2.2% 21.2	135%
	Segment Profit	0.5% 7.2	0.3% 4.7	0.4% 4.2	0.2% 1.7	0.9% 8.5	491%
Solution Business	Net Sales	135.6	146.0	140.1	138.0	125.0	91%
	Operating Profit	9.8% 13.4	11.3% 16.5	13.2% 18.4	15.2% 21.0	13.3% 16.7	79%
	Segment Profit	7.8% 10.6	8.7% 12.7	10.3% 14.4	12.4% 17.1	10.0% 12.5	73%
Exchange rate (1 US dollar)		¥110.86	¥110.91	¥108.74	¥106.06	¥110.00	¥3.94

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

Sales for the Full Year



By Business Category of Device Business

【Year-to-Year Comparison of Fluctuations】

Volume Business

Sales for mobile devices will decrease
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

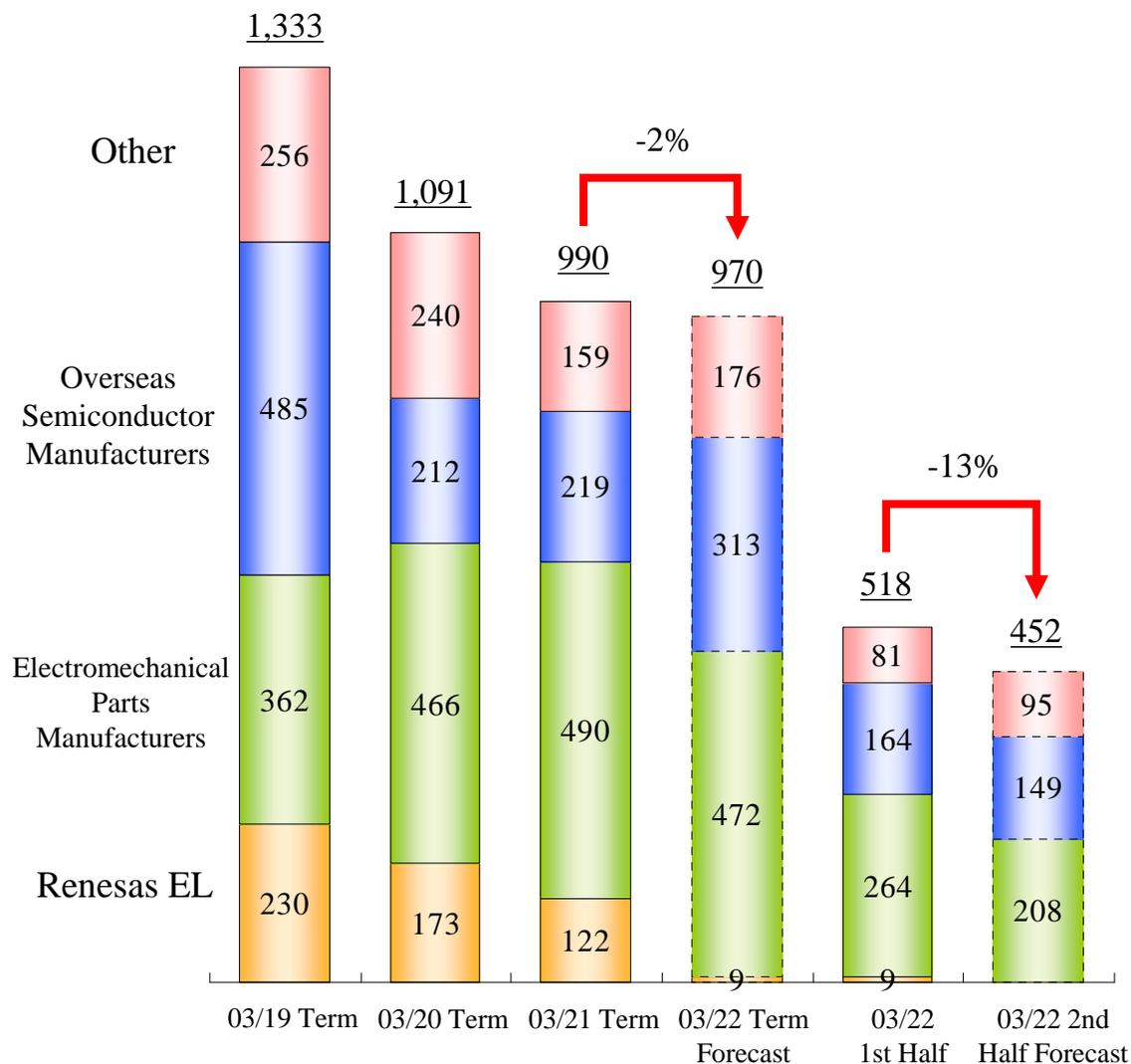
Increase in sales for industry and storage, etc.

Strategic Device

Increase in overseas merchandise for wireless merchandise/analog semiconductors

	YoY Change
Volume Business	-2%
Core Device	-14%
Strategic Device	+32%

Sales for the Full Year



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 Semiconductor Manufacturers

Increase in sales for industry, vehicle-mounted business, storage, etc.

Also contribution from strategic devices such as wireless merchandise/analog semiconductors

Other Manufactures

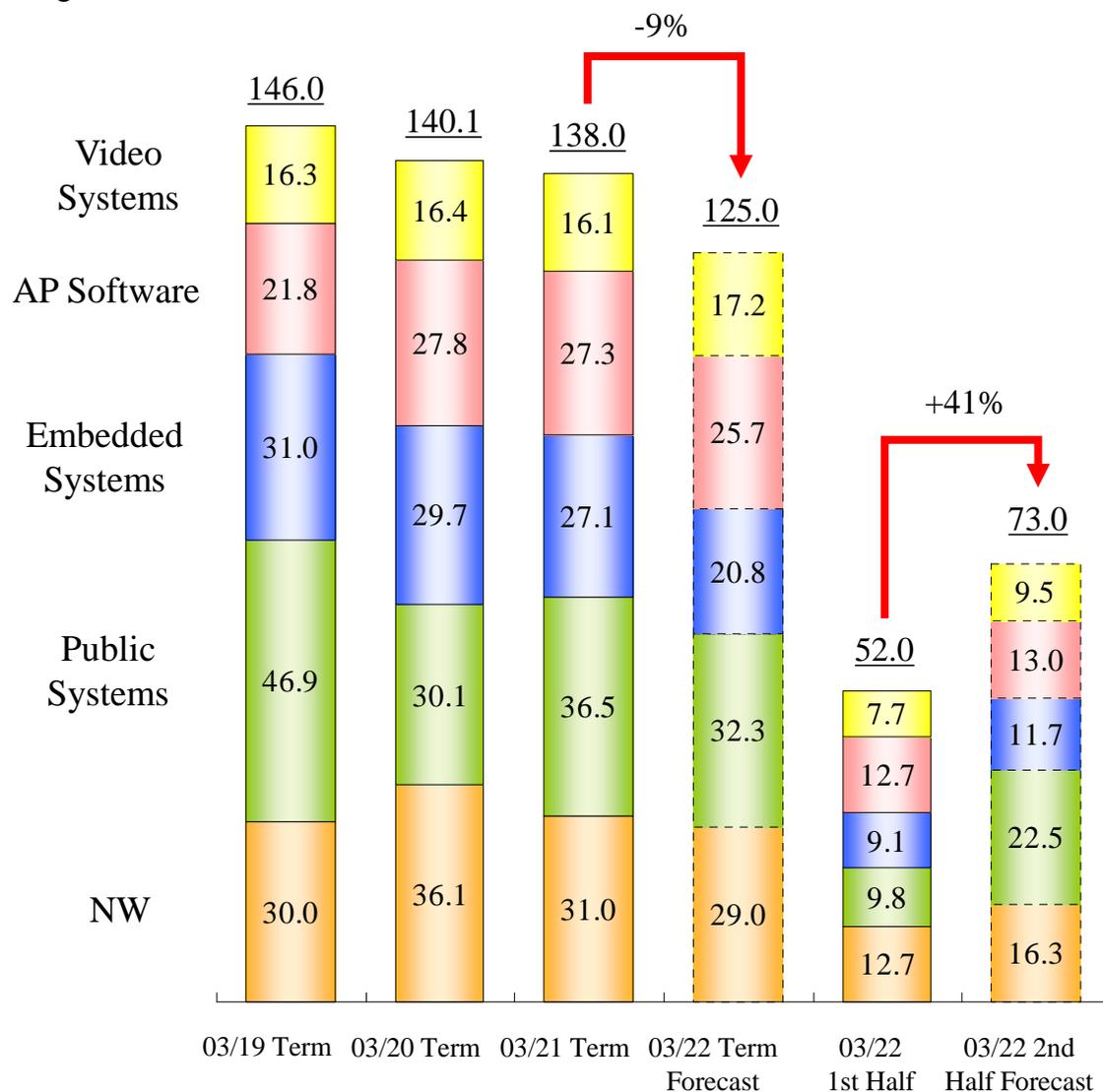
Recovery for social infrastructure

	YoY Change
Renesas EL	-93%
Electromechanical Parts Manufacturers	-4%
Overseas Semiconductor Manufactures	+43%
Other	+11%

Sales for the Full Year

By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】



NW

Customers will have careful attitude toward IT infrastructure investment

Public Systems

Net sales will decrease due to inability to solve delivery issues

Embedded Systems

Decrease due to delivery issues for computers, servers, etc.

AP Software

Decrease in new development projects

Video Systems

Increase for mobile relay equipment

	YoY Change
NW	-6%
Public Systems	-12%
Embedded Systems	-23%
AP Software	-6%
Video Systems	+7%

Regarding the forecast for the fiscal year ending March 31, 2022, total assets will be ¥63.7 bn (down ¥20.9 bn compared to March 31, 2021) and the equity ratio will be 44.2% (down 6.8% compared to March 31, 2021).

→ We expect repayment of interest-bearing liabilities due to decrease in accounts receivable-trade and inventories, and expect operating cash flow to increase by ¥5.8 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	90.0	-165.4
Accounts receivable	283.9	335.4	51.5	310.0	-25.4
Inventories	161.7	143.4	-18.2	130.0	-13.4
Other assets	106.6	111.8	5.2	107.0	-4.8
Total assets	736.6	846.0	109.4	637.0	-209.0
Accounts payable	140.4	131.1	-9.3	128.0	-3.1
Interest-bearing liabilities	149.5	253.5	104.0	200.0	-53.5
Other liabilities	26.4	29.4	3.0	27.6	-1.8
Total net assets	420.3	432.1	11.8	281.4	-150.7
Total liabilities and net assets	736.6	846.0	109.4	637.0	-209.0
Equity ratio	57.0%	51.0%	-6.0%	44.2%	-6.8%

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	25.4
Decrease (increase) in inventories	-15.8	18.9	13.4
Increase (decrease) in accounts payable-trade	-41.6	-11.2	-3.1
Other	-5.3	21.7	22.6
Operating C/F	120.7	-16.9	58.3
Investing C/F	-2.7	-3.8	-2.0
Financing C/F	-102.9	89.3	-221.6
Foreign currency conversion adjustments	-1.3	2.4	-0.2
Increase (decrease) in cash and deposits	13.8	71.0	-165.4
Balance of cash and deposits at term-end	184.4	255.4	90.0

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

The number of shares eligible for dividends decreased by 7 million due to the implementation of the tender offer of treasury stock. In addition, due to the upward revision to the forecast for consolidated net profit, we revised the forecast for the year-end dividend upward from ¥20 to ¥50.

- An annual dividend of ¥80 per share; consolidated dividend payout ratio of 65.7%**
- Ordinary dividend of ¥60 (midterm dividend of ¥10, term-end dividend of ¥50)
 - 70th anniversary commemorative dividend of ¥20 (to be implemented in conjunction with midterm dividend)

		03/18 Result	03/19 Result	03/20 Result	03/21 Result	03/22 Initial Forecast	03/22 Forecast	YoY Change
Annual Dividend Per Share	Ordinary Dividend	¥33	¥70	¥70	¥40	¥30	¥60	+¥20
	Commemorative Dividend	-	-	-	-	¥20	¥20	+¥20
	Total	¥33	¥70	¥70	¥40	¥50	¥80	+¥40
Payout Ratio		98.2%	93.3%	93.2%	46.9%	84.0%	65.7%	+18.8P

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	¥1,500 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%	44.2%
(4) Total dividends (Dividend per share)	¥934 million (¥33)	¥1,352 million (¥70)	¥1,352 million (¥70)	¥773 million (¥40)	¥986 million (¥80)
(5) Consolidated payout ratio	98.2%	93.3%	93.2%	46.9%	65.7%
(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%	1,115.3%
(8) Cancellation of treasury stock	-	5,000 thousand shares	-	-	8,000 thousand shares
(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)	16,281 thousand shares (12,316 thousand shares)
(10) Net profit per share	¥33.62	¥67.48	¥75.66	¥85.82	¥101.67
(11) Net assets per share	¥2,191.19	¥2,224.47	¥2,188.84	¥2,249.40	¥2,309.88

- *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) Net profit per share for 03/22 term is calculated based on the total number of shares issued (excluding treasury stock) as of September 30, 2021, while considering the impact of the acquisition of treasury stock.
- 5) The forecast for net assets per share for 03/22 term is calculated based on the total number of shares issued (excluding treasury stock) as of September 30, 2021.

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TRUST

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

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PRINCIPLES

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

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SINCERITY

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