

# Briefing Materials on the Financial Results for the Year Ended March 2023

May 11, 2023

**SANSHIN ELECTRONICS CO., LTD.**

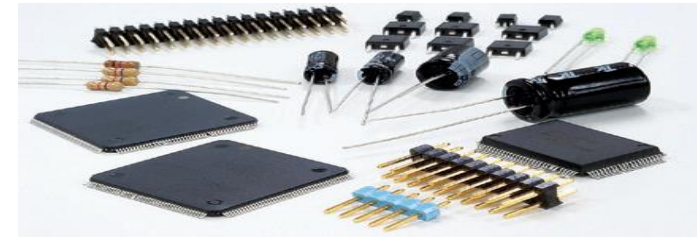
Toshiro Suzuki, Representative Director, COO

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 —

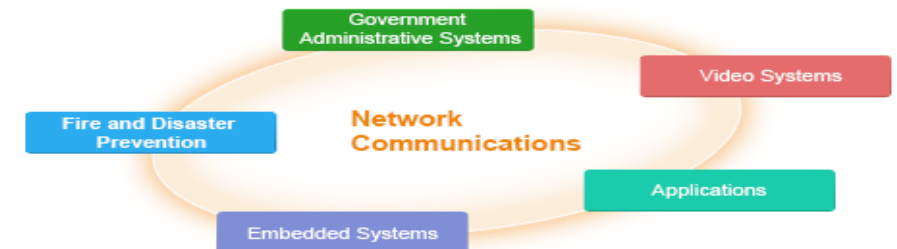
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’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



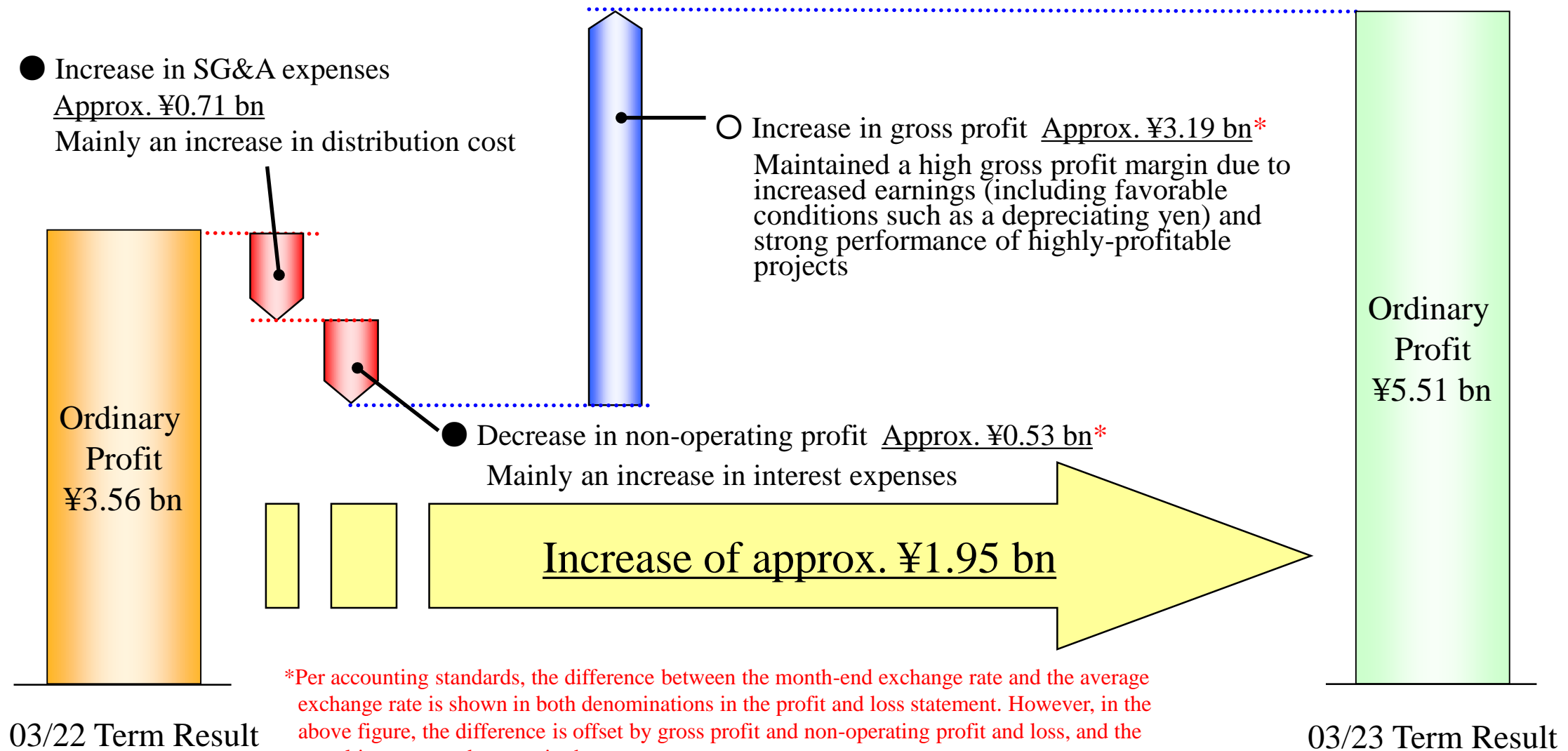
# I. Year Ended March 2023 Performance Summary

- Net sales increased by 30% year-on-year, profit increased significantly due to growing sales despite higher SG&A expenses, and ROE increased to 11.8%.

		03/22 Result	03/23 Result	YoY Change	Forecast <sup>*1)</sup>	Achievement Ratio
Net Sales		1,235.8	1,611.1	130%	1,556.0	104%
Gross Profit on Sales		10.9% 135.3	10.5% 168.8	125%	10.4% 162.4	104%
SG&A Expenses		7.5% 93.2	6.2% 100.3	108%	6.5% 100.4	100%
Operating Profit		3.4% 42.1	4.3% 68.5	163%	4.0% 62.0	110%
Ordinary Profit		2.9% 35.6	3.4% 55.1	155%	2.9% 45.0	122%
Net Profit Attributable to Shareholders of Parent Company		2.0% 25.3	2.4% 38.3	152%	2.1% 33.0	116%
ROE		6.8%	11.8%	+5.0P	10.0%	+1.8P
Annual Dividend Per Share	Ordinary Dividend	¥80	¥135	+¥55	¥135	+¥0
	Commemorative Dividend	¥20	—	-¥20	—	+¥0
	Total	¥100	¥135	+¥35	¥135	+¥0
Payout Ratio		48.8%	43.5%	-5.3P	50.4%	-6.9P
Exchange Rate (1 US dollar)		¥112.38	¥135.49	¥23.11	¥130.00	+¥5.49

\*1) Figures in the Forecast section are based on results announced for the second quarter of the fiscal year ended March 31, 2023 (announced on November 7, 2022).

\*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.



\*Per accounting standards, the difference between the month-end exchange rate and the average exchange rate is shown in both denominations in the profit and loss statement. However, in the above figure, the difference is offset by gross profit and non-operating profit and loss, and the actual increase or decrease is shown.

### ■ Device Business

Net sales of overseas semiconductors increased due to expansion of commercial rights and strong sales of home video game consoles. Exchange rates with a weak yen also created favorable conditions.

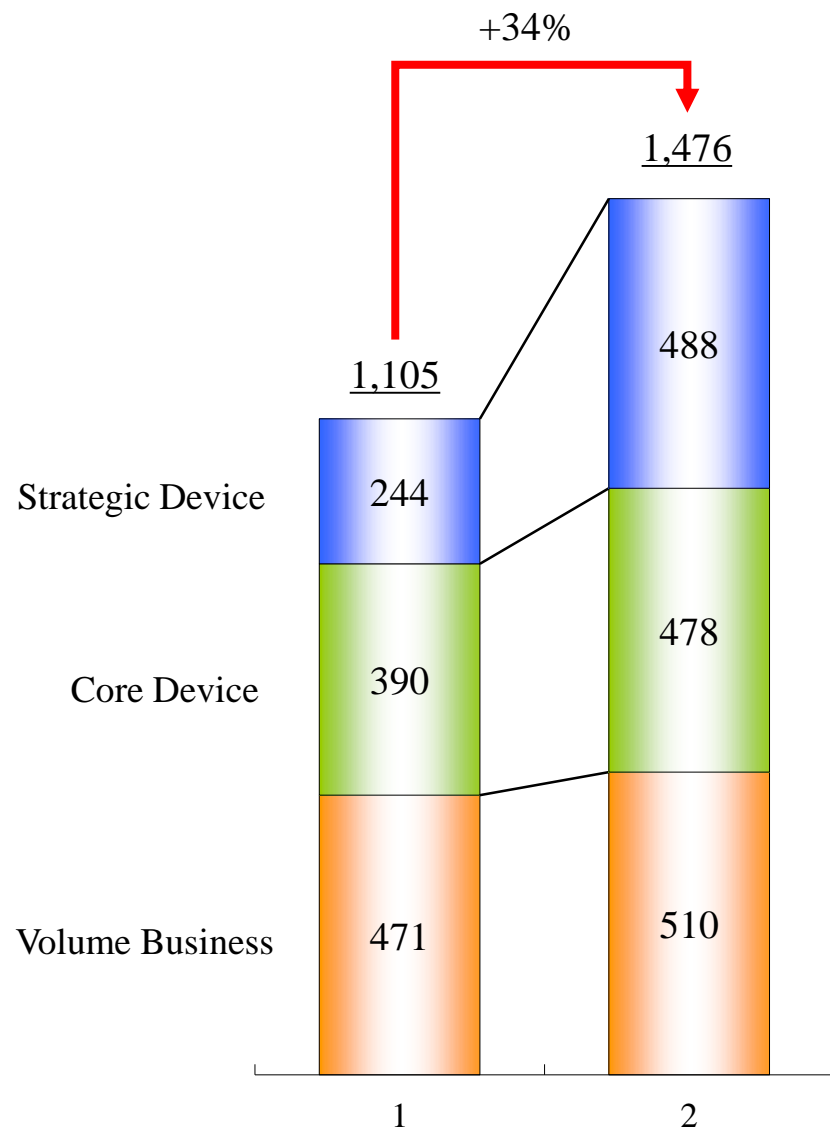
Profits increased significantly compared to the previous fiscal year due to increased earnings and strong performance of highly-profitable projects.

### ■ Solution Business

Although product sales were sluggish due to tight supply and demand for semiconductors, full-year results were almost as planned due to recovery caused by normalization of the supply chain from the second half of the fiscal year.

		03/22 Term Result	03/23 Term Result	YoY Change
Device Business	Net Sales	1,105.2	1,475.8	134%
	Operating Profit	3.6% 40.1	4.4% 65.5	164%
	Segment Profit	2.0% 21.9	2.8% 41.4	189%
Solution Business	Net Sales	130.6	135.3	104%
	Operating Profit	14.0% 18.3	13.2% 17.9	98%
	Segment Profit	10.5% 13.7	10.1% 13.7	100%
Exchange rate (1 US dollar)		¥112.38	¥135.49	¥23.11

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

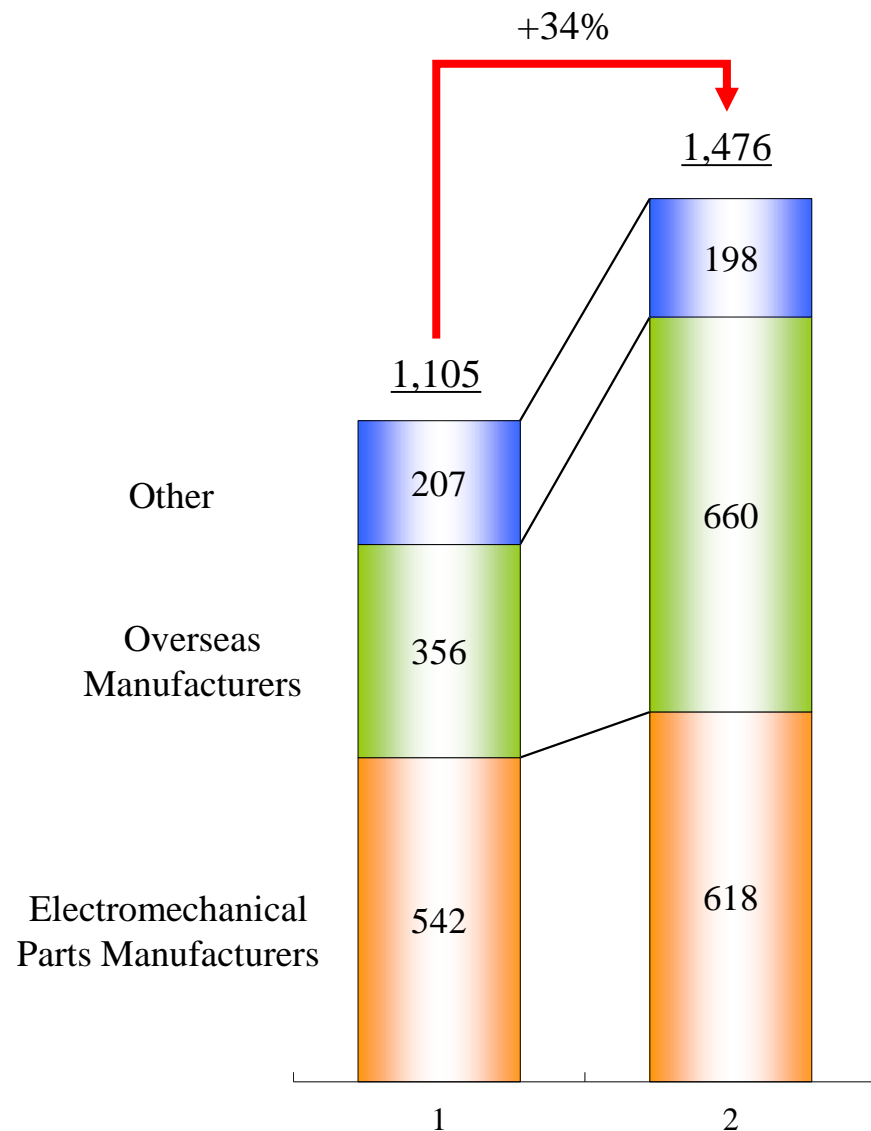


By Business Category of Device Business

【Year-to-Year Comparison of Fluctuations】

- Volume Business (up 8% YoY)
  - Sales for mobile devices were strong
  - Decrease for social infrastructure
- Core Device (up 23% YoY)
  - Strong sales for industry, vehicle-mounted business, and storage, etc.
- Strategic Device (up 100% YoY)
  - Increase in overseas merchandise such as wireless merchandise/analog semiconductors
  - Strong sales of modular products



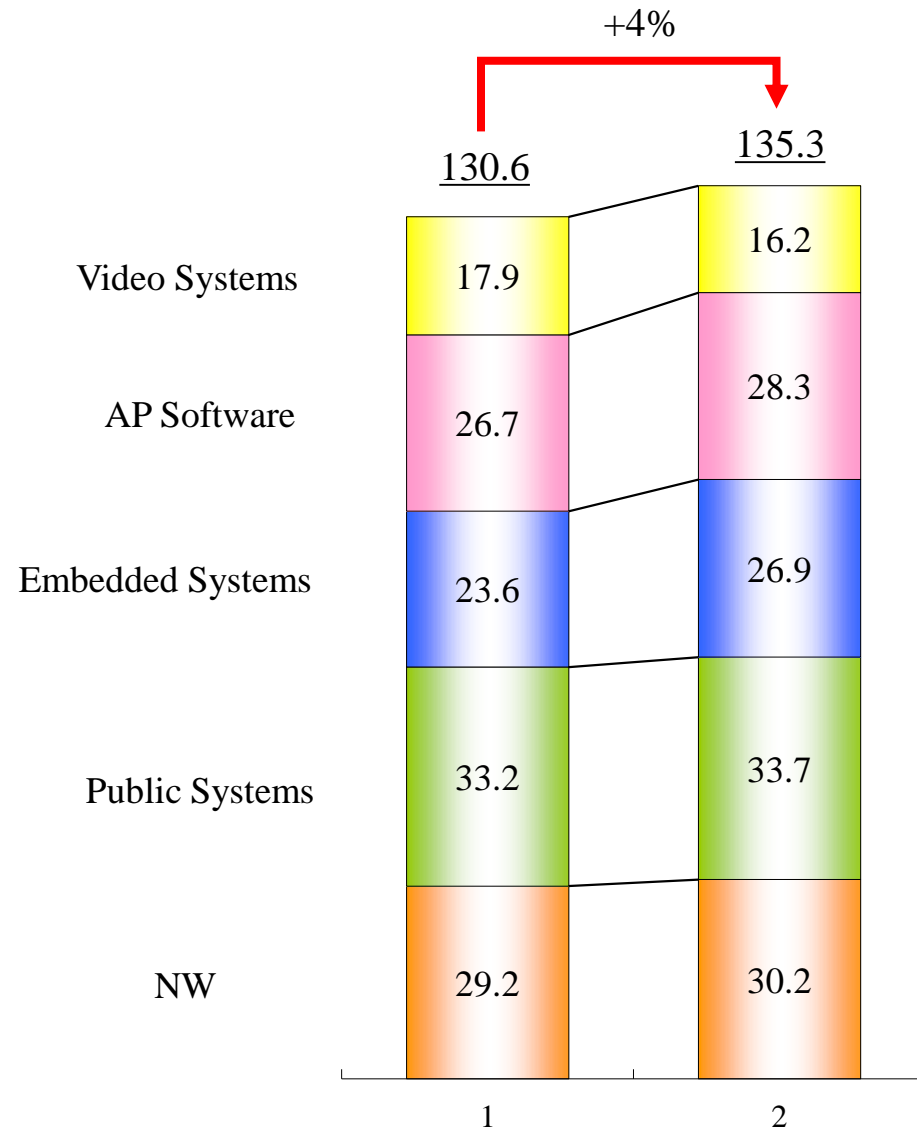


By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】

- Electromechanical Parts Manufacturers (up 14% YoY)
  - Increase for mobile devices and gaming consoles
- Overseas Manufacturers (up 85% YoY)
  - Increase caused by strong sales for home video game consoles
  - Increase in strategic devices for wireless merchandise/analog semiconductors, etc.
  - Strong sales of modular products
- Other (down 4% YoY)
  - Decrease for social infrastructure





By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】

- NW (up 3% YoY)
- IT infrastructure investment by customers trended toward recovery
- Public Systems (up 2% YoY)
- Maintained strong performance of projects for updating disaster prevention radio
- Embedded Systems (up 14% YoY)
- Increased due to recovery in server delivery
- AP Software (up 6% YoY)
- Increase in software development projects
- Video Systems (down 9% YoY)
- Decrease in streaming projects

- Total assets for the fiscal year ended March 31, 2023 were ¥78.6 bn (up ¥5.8 bn from the end of the previous fiscal year) due to an increase in inventories. Net assets also increased due to an increase in profits, and the equity ratio improved to 43.5% (up 1.4% from the end of the previous fiscal year).
- Borrowings for working capital were ¥26.8 bn (up ¥2.4 bn from the end of the previous fiscal year) due to an increase in accounts receivable and inventories.
- Due to an increase in inventories and a decrease in accounts payable-trade, operating cash flows were -¥0.78 billion (down ¥3.0 from the end of the previous fiscal year).

### 1) Balance Sheets

	FY Ended Mar. 21 Result (A)	FY Ended Mar. 22 Result (B)	B-A Increase/ Decrease	FY Ended Mar. 23 Result (C)	C-B Increase/ Decrease
Cash and deposits	255.4	93.1	-162.4	88.9	-4.1
Accounts receivable	335.4	358.7	23.3	372.7	14.0
Inventories	143.4	197.3	53.9	250.0	52.7
Other assets	111.8	79.0	-32.8	74.4	-4.6
Total assets	846.0	728.1	-117.9	786.0	57.9
Accounts payable	131.1	144.6	13.5	138.6	-6.0
Interest bearing liabilities	253.5	244.3	-9.2	268.3	24.0
Other liabilities	29.4	32.4	3.1	36.6	4.2
Total net assets	432.1	306.8	-125.3	342.5	35.7
Total liabilities and net assets	846.0	728.1	-117.9	786.0	57.9
Equity ratio	51.0%	42.1%	-8.9%	43.5%	1.4%

### 2) Cash Flows

	FY Ended Mar. 21 Result	FY Ended Mar. 22 Result	FY Ended Mar. 23 Result
Decrease (increase) in accounts receivable-trade	-46.3	-0.1	7.9
Decrease (increase) in inventories	18.9	-45.6	-44.7
Increase (decrease) in accounts payable-trade	-11.2	2.3	-17.0
Other	21.7	65.3	46.0
Operating C/F	-16.9	21.9	-7.8
Investing C/F	-3.8	-1.5	-0.5
Financing C/F	89.3	-185.9	2.6
Foreign currency conversion adjustments	2.4	3.1	1.5
Increase (decrease) in cash and deposits	71.0	-162.4	-4.1
Balance of cash and deposits at term-end	255.4	93.1	88.9

### ● 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, 2023

An annual dividend of ¥135 per share (midterm dividend of ¥30, term-end dividend of ¥105); consolidated dividend payout ratio of 43.5%

		03/19 Result	03/20 Result	03/21 Result	03/22 Result	03/23 Result	YoY Change
Annual Dividend Per Share	Ordinary Dividend	¥70	¥70	¥40	¥80	¥135	+¥55
	Commemorative Dividend	—	—	—	¥20	—	-¥20
	Total	¥70	¥70	¥40	¥100	¥135	+¥35
Payout Ratio		93.3%	93.2%	46.9%	48.8%	43.5%	-5.3P

## II. Progress of the V73 Medium-Term Management Plan

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

- Device business: Expand existing businesses and improve profitability, and establish a new profit structure (reform our business portfolio)
- Solution business: Grow the business based on service provision, expand our digital technology, and expand our customer platform

## 2. Improving capital efficiency

- Continue to target a dividend payout ratio of around 50% on a consolidated basis, and improve capital efficiency through measures such as reducing total assets
- Maintain financial soundness and ensure the mobility and stability of fund procurement

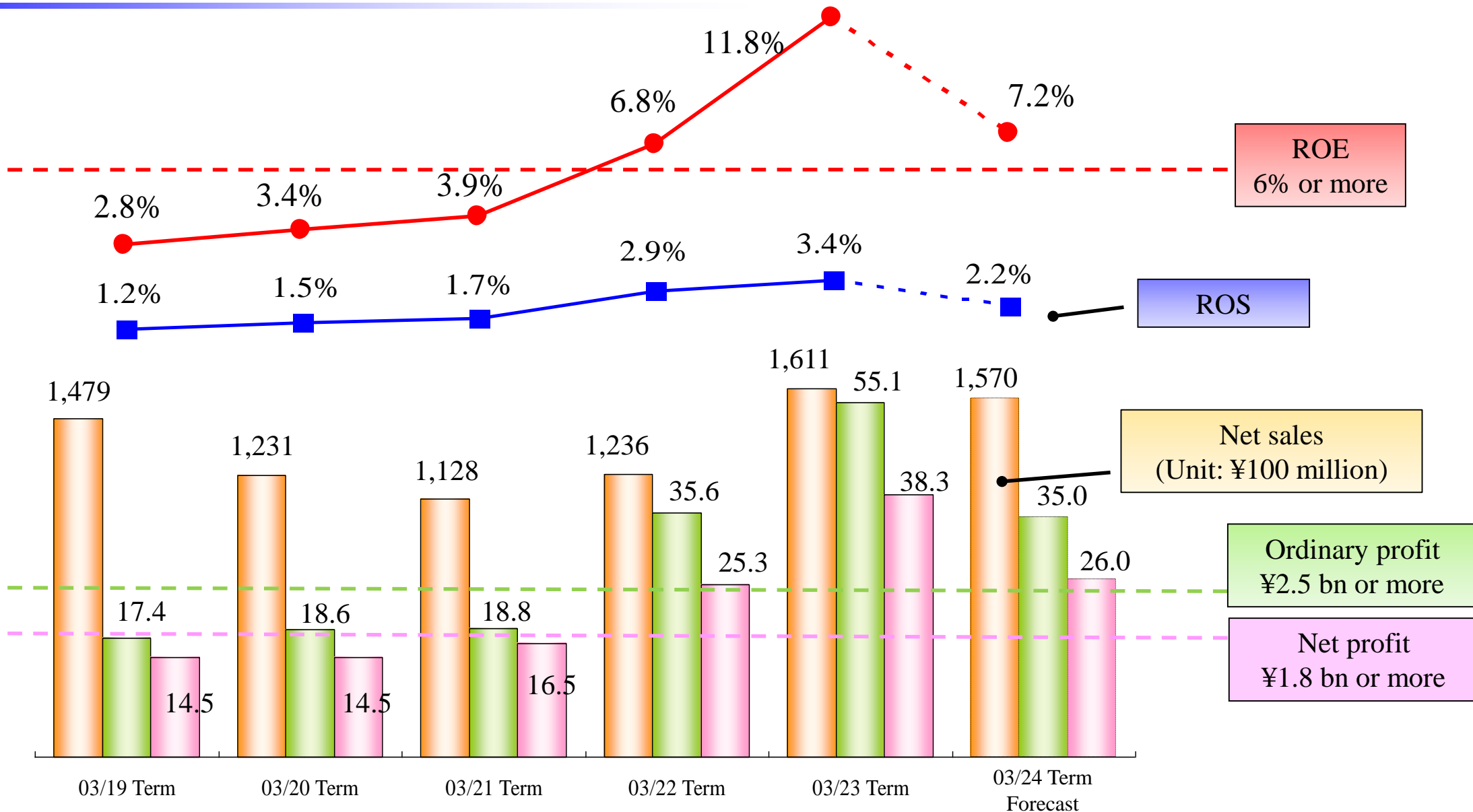
## 3. Strengthening corporate governance

- Strengthen efforts to address issues related to sustainability, and strengthen the functions of the Board of Directors for executing measures in the Medium-Term Management Plan



Quantitative targets for the final year of V73 (fiscal year ending March 31, 2024)	ROE	Maintain 6% or higher during V73
	Ordinary profit	¥2.5 bn or higher
	Net profit attributable to shareholders of parent company	¥1.8 bn or higher

# Overview of V73 Medium-Term Management Plan (Quantitative Targets)



Measures of Medium-Term Management Plan		Contents of Measures	Targeted Effect and Progress Status
Device Business	Expand existing businesses and improve profitability	<ul style="list-style-type: none"> <li>(1) Shift resources to overseas semiconductors</li> <li>(2) Acquire new customers through merchandise from existing suppliers</li> <li>(3) Improve the efficiency of expanding sales by reorganizing the organization by customers (especially major corporations) and businesses</li> <li>(4) Promote the increased efficiency of sales activities                             <ul style="list-style-type: none"> <li>• Improvement/new introduction of sales support systems, maintenance of operation systems</li> </ul> </li> </ul>	<p><b>Targeted Effect</b></p> <ul style="list-style-type: none"> <li>• Increase net sales of overseas semiconductor manufacturers</li> <li>• Increase segment profit to net sales</li> </ul> <p><b>Progress Status: Excellent</b></p> <ul style="list-style-type: none"> <li>• Net sales of overseas semiconductor manufacturers increased 85% YoY</li> <li>• Segment profit to net sales: 2.8% (up 0.8% YoY)</li> <li>• Currently continuing efforts to increase efficiency of sales activities</li> </ul>
	Establish new profit structure (reform portfolio)	<ul style="list-style-type: none"> <li>(1) Focus on provision of total solutions (AI/IoT, robotics)</li> <li>(2) AI/IoT related                             <ul style="list-style-type: none"> <li>• Enhance approaches to local governments through reservoir and river monitoring solutions with added value</li> </ul> </li> <li>(3) Robotics field                             <ul style="list-style-type: none"> <li>• Focus on new development by strengthening cooperation with collaborative partners and interdepartmental cooperation</li> </ul> </li> <li>(4) Vehicle-mounted field                             <ul style="list-style-type: none"> <li>• Use proposal-based software (including wireless modules and security products) as the key to formulate a new strategy in the existing organization (automotive department)</li> </ul> </li> </ul>	<p><b>Targeted Effect</b></p> <ul style="list-style-type: none"> <li>• Acquire customers in new markets (including non-electronics)</li> <li>• Acquire highly-profitable businesses</li> <li>• Improve segment profit to net sales</li> </ul> <p><b>Progress Status: Fair</b></p> <ul style="list-style-type: none"> <li>• Acquired orders through reservoir solutions for local governments</li> <li>• For robotics, although business negotiations have been reached through efforts to develop customers in new markets, time will be required to contribute to segment profit rate</li> </ul>



Measures of Medium-Term Management Plan		Contents of Measures	Targeted Effect and Progress Status
Solution Business	Grow business based on service provision	<ol style="list-style-type: none"> <li>(1) Establish a service provision model utilizing mega cloud (AWS, MS Azure, etc.) infrastructure</li> <li>(2) Expand Sanshin Data Center business (hosting + operation maintenance, cloud connection service)</li> <li>(3) Expand general-purpose cloud services (enhance services such as cloud backup and cloud security)</li> <li>(4) Expand subscription business by improving service menu</li> </ol>	<p><b>Targeted Effect</b> Secure and expand stable stock earnings</p> <p><b>Progress Status: Fair</b> Accelerating the development and expansion of the cloud service menu amidst changes in maintenance styles due to the expansion of cloud services</p>
	Expand digital technology	<ol style="list-style-type: none"> <li>(1) Respond to evolving security technology                             <ul style="list-style-type: none"> <li>▪ Implement proposal of security model based on Zero Trust concept</li> <li>▪ Strengthen response to SASE technology</li> </ul> </li> <li>(2) Acquire new infrastructure technology (SD-WAN, WiFi6, 5G, private LTE, etc.)</li> </ol>	<p><b>Targeted Effect</b> Increase sales in the solution business</p> <p><b>Progress Status: Excellent</b> Expanding proposal activities utilizing advanced technologies (SASE, 5G)</p>
	Expand customer platform	<ol style="list-style-type: none"> <li>(1) Discover new merchandise in collaboration with external consultants, expand free promotional merchandise</li> <li>(2) Acquire new customers through collaboration with partners</li> <li>(3) Promote cross-sales through cooperation inside of divisions</li> <li>(4) Develop new markets for existing products such as mobile relay equipment</li> <li>(5) Incorporate DX demand</li> </ol>	<p><b>Targeted Effect</b> Expand business domains and identify new revenue sources</p> <p><b>Progress Status: Good</b> Aiming to contribute to earnings from the next fiscal year onwards by expanding contracts with new suppliers and starting initiatives for SDGs Currently acquiring new customers across different businesses through the promotion of cross-sales by strengthening pre-sales</p>

Measures of Medium-Term Management Plan	Contents of Measures	Targeted Effect and Progress Status
Improving capital efficiency	<p>(1) Optimize the scale of equity capital</p> <ul style="list-style-type: none"> <li>• Based on future demand for funds, in June 2021, we executed a treasury stock tender offer for 7 million shares (equivalent to 28.83% of outstanding shares at that time; value of ¥15.7 bn)</li> <li>• Continue dividends targeting a consolidated payout ratio of 50%</li> </ul> <p>(2) Maintain financial soundness</p> <ul style="list-style-type: none"> <li>• Improve transaction conditions</li> <li>• Liquidate large receivables</li> <li>• Reduce strategically held shares Eliminate 8 types of stocks during V73 (including one type of stock transferred to pure investment shares)</li> </ul> <p>(3) Ensure the mobility and stability of fund procurement</p> <ul style="list-style-type: none"> <li>• Entered into a commitment line contract (from August 31, 2021)</li> </ul>	<p><b>Targeted Effect</b> Maintain ROE above the cost of shareholders' equity</p> <p><b>Progress Status: Excellent</b></p> <ul style="list-style-type: none"> <li>• As a result of optimizing the scale of equity capital, ROE during V73 is expected to remain above the initial target (5%).</li> <li>• Equity ratio as of March 31, 2023 was 43.5%. Aiming to maintain the financial soundness necessary to continue business transactions.</li> </ul>

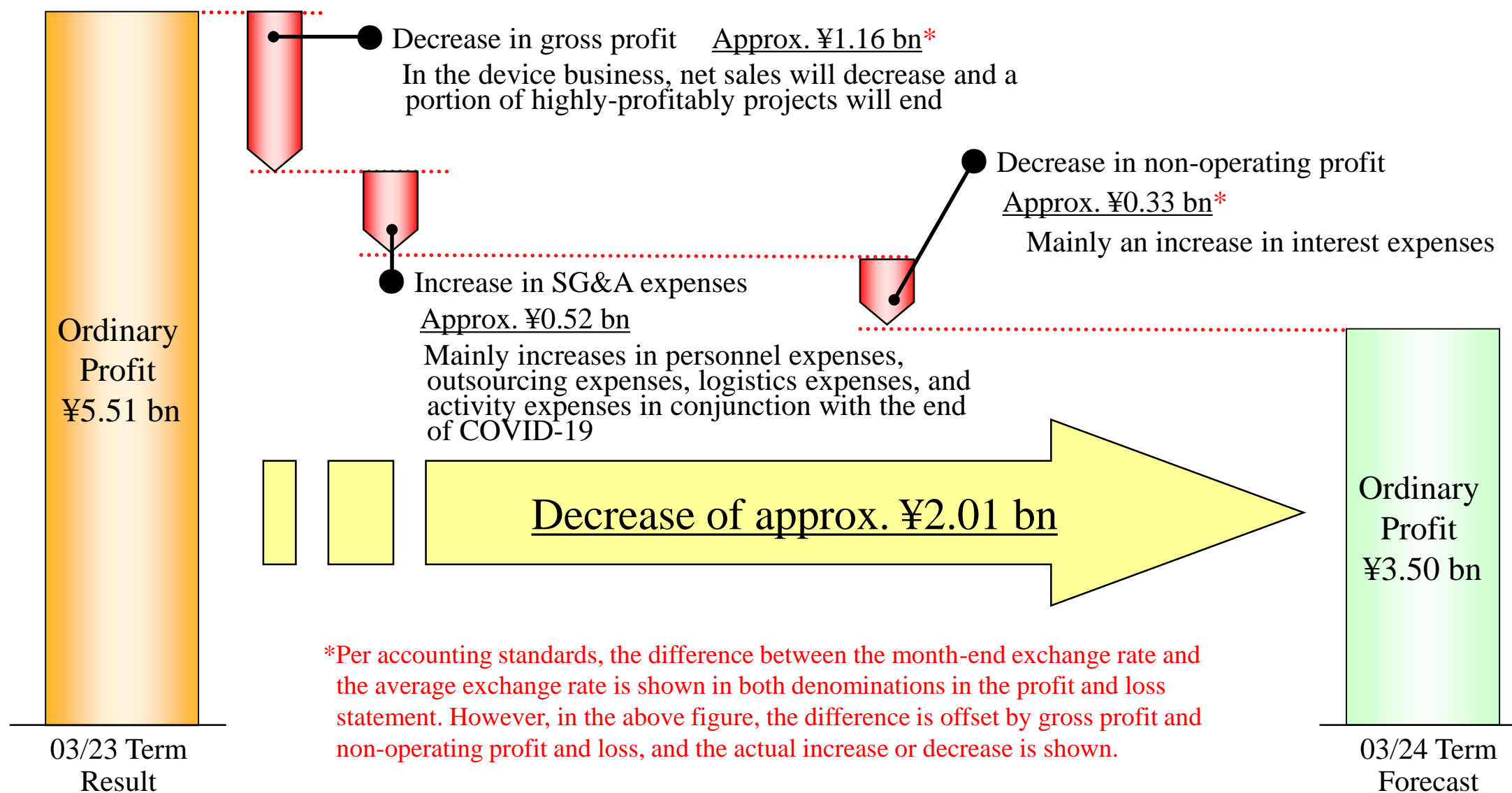
Measures of Medium-Term Management Plan	Contents of Measures	Targeted Effect and Progress Status
<p style="text-align: center;">Strengthening corporate governance</p>	<p>(1) Efforts for issues regarding sustainability (SDGs, ESG)</p> <p>a) Enhance human capital and maximize its value Strengthen initiatives for management position ratio targets for March 31, 2031 (women: 10%, foreigners: continue to maintain 10% or higher, mid-career hires: continue to maintain 30% or higher)</p> <ul style="list-style-type: none"> <li>• Hire diverse and talented human resources</li> <li>• Enhance support for skill development and career advancement</li> <li>• Ensure fair evaluation/treatment and create a comfortable working environment</li> </ul> <p>b) Respond to the issue of climate change</p> <ul style="list-style-type: none"> <li>• Identify/evaluate risks and opportunities, and reflect evaluation in management strategy</li> <li>• Perform disclosure in accordance with TCFD</li> </ul> <p>(2) Strengthen functions of the Board of Directors</p> <ul style="list-style-type: none"> <li>• Secure the required skill balance to make accurate decisions on important matters and to supervise business execution</li> </ul>	<p><b>Targeted Effect</b></p> <ul style="list-style-type: none"> <li>• Establish a management base for sustainable growth</li> <li>• Strengthen responsibility of explanation toward stakeholders</li> </ul> <p><b>Progress Status: Good</b></p> <p><b>&lt;Enhanced human capital and maximized its value&gt;</b></p> <ul style="list-style-type: none"> <li>• Continued recruitment of new graduates and mid-career workers, and enhanced training programs (Udemy, etc.) for expanded support of skill development and career advancement</li> <li>• Revised the remuneration system to ensure fair treatment and maintain a competitive salary level, and increased base salary</li> </ul> <p><b>&lt;Initiatives for the issue of climate change&gt;</b></p> <ul style="list-style-type: none"> <li>• Disclosed amount of GHG emissions, and set and disclosed reduction targets</li> <li>• Strengthened initiatives to address BCP needs in response to the shift to EVs and occurrence of abnormal weather, and to address needs for decarbonization ⇒ Expanded sales for vehicle-mounted products and promoted business based on service provision (cloud).</li> <li>• Disclosed in accordance with TCFD (May 2023)</li> </ul> <p><b>&lt;Strengthened functions of Board of Directors&gt;</b></p> <ul style="list-style-type: none"> <li>• Identified required skills and inspected the status of skill possession. ⇒ Possessed required skills for the overall Board of Directors</li> <li>• Appointed a female director and accelerated initiatives to promote the active participation of women (scheduled for appointment at the Ordinary General Meeting of Shareholders in June 2023)</li> </ul>

# III. Full-Year Business Forecast for the Year Ending March 31, 2024

- Special demand for semiconductors has run its course, so we expect earnings and profits to decline due to inventory adjustments, etc. We forecast recovery in the second half of the year.

	03/19 Result	03/20 Result	03/21 Result	03/22 Result	03/23 Result	03/24 Forecast	YoY Change	
Net Sales	1,478.8	1,230.9	1,127.9	1,235.8	1,611.1	1,570.0	97%	
Gross Profit on Sales	7.7% 114.1	9.1% 112.3	9.8% 110.5	10.9% 135.3	10.5% 168.8	9.5% 149.5	89%	
SG&A Expenses	6.4% 94.4	7.5% 92.7	7.9% 88.8	7.5% 93.2	6.2% 100.3	6.7% 105.5	105%	
Operating Profit	1.3% 19.7	1.6% 19.6	1.9% 21.7	3.4% 42.1	4.3% 68.5	2.8% 44.0	64%	
Ordinary Profit	1.2% 17.4	1.5% 18.6	1.7% 18.8	2.9% 35.6	3.4% 55.1	2.2% 35.0	64%	
Net Profit Attributable to Shareholders of Parent Company	1.0% 14.5	1.2% 14.5	1.5% 16.5	2.0% 25.3	2.4% 38.3	1.7% 26.0	68%	
ROE	2.8%	3.4%	3.9%	6.8%	11.8%	7.2%	-4.6P	
Annual Dividend Per Share	Ordinary Dividend	¥70	¥70	¥40	¥80	¥135	¥100	-¥35
	Commemorative Dividend	—	—	—	¥20	—	—	—
	Total	¥70	¥70	¥40	¥100	¥135	¥100	-¥35
Payout Ratio	93.3%	93.2%	46.9%	48.8%	43.5%	47.5%	+4.0P	
Exchange Rate (1 US dollar)	¥110.91	¥108.74	¥106.06	¥112.38	¥135.49	¥133.00	-¥2.49	

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





# Year Ending March 2024 Full-Year Business Forecast by Segment

(Unit: ¥100 million)



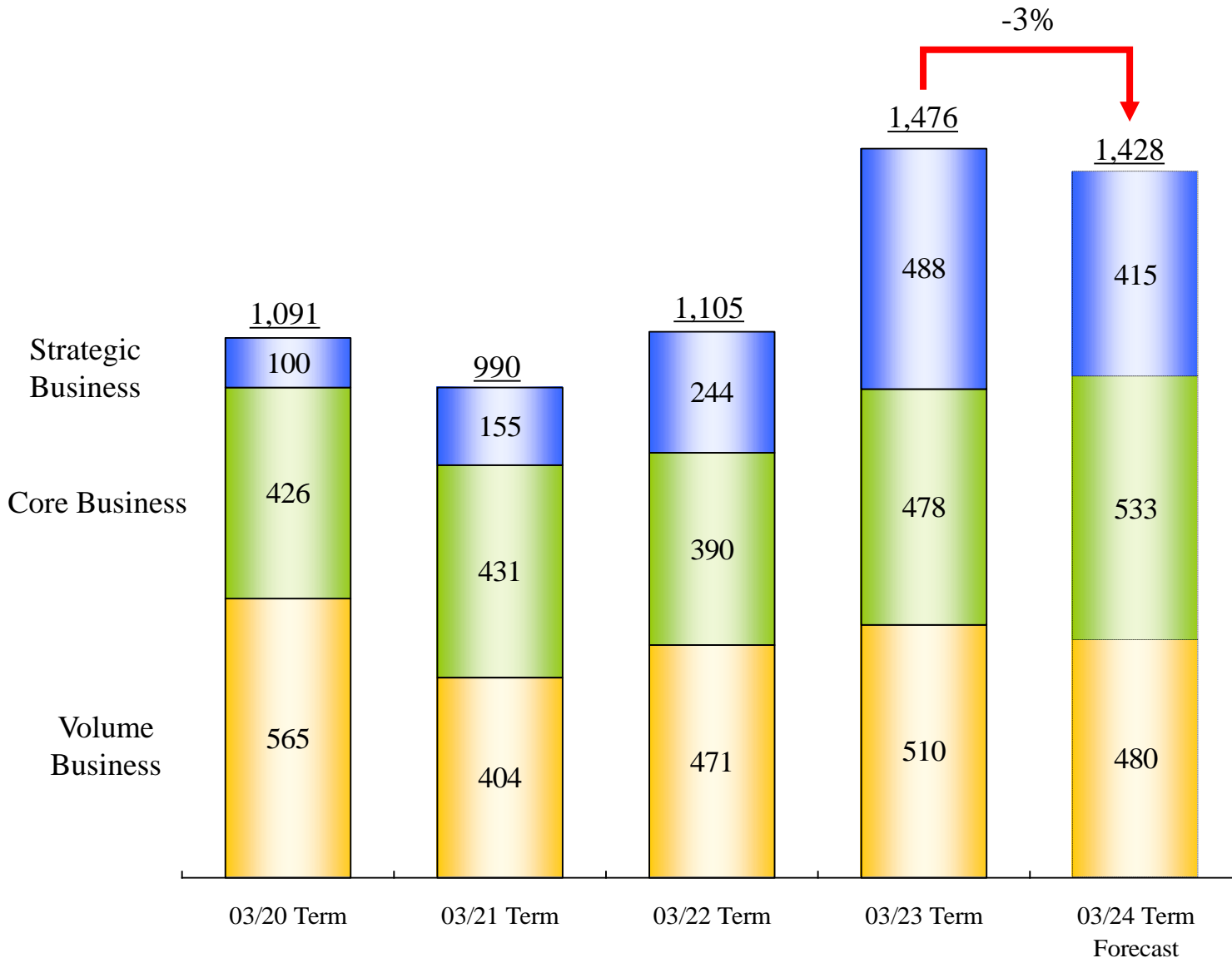
- In the device business, we forecast that net sales will decrease by 3% year-on-year, and that profit will decrease due to the decrease in net sales and the end of a portion of highly-profitable projects
- In the solution business, we forecast that net sales will increase by 5% year-on-year, and that profit will increase due to the increase in net sales

		03/19 Result	03/20 Result	03/21 Result	03/22 Result	03/23 Result	03/24 Forecast	YoY Change
Device Business	Net Sales	1,332.8	1,090.8	989.9	1,105.2	1,475.8	1,428.0	97%
	Operating Profit	1.3% 17.1	1.4% 15.3	1.6% 15.7	3.6% 40.1	4.4% 65.5	2.7% 38.8	59%
	Segment Profit	0.3% 4.7	0.4% 4.2	0.2% 1.7	2.0% 21.9	2.8% 41.4	1.4% 20.0	48%
Solution Business	Net Sales	146.0	140.1	138.0	130.6	135.3	142.0	105%
	Operating Profit	11.3% 16.5	13.2% 18.4	15.2% 21.0	14.0% 18.3	13.2% 17.9	13.6% 19.3	108%
	Segment Profit	8.7% 12.7	10.3% 14.4	12.4% 17.1	10.5% 13.7	10.1% 13.7	10.6% 15.0	109%
Exchange rate (1 US dollar)		¥110.91	¥108.74	¥106.06	¥112.38	¥135.49	¥133.00	-¥2.49

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



Year-to-Year Comparison of Consolidated Net Sales



By Business Category of Device Business

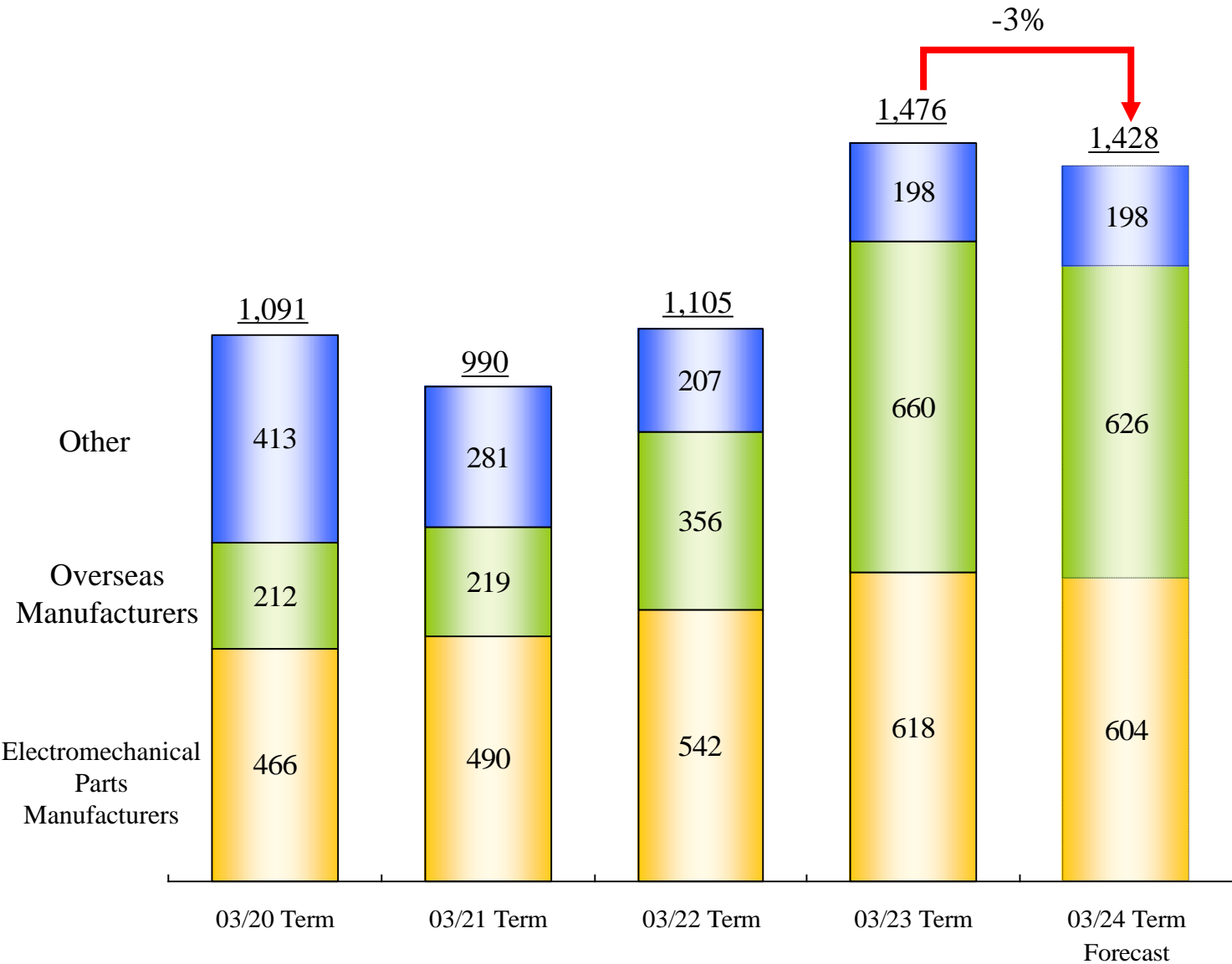
- 【 Year-to-Year Comparison of Fluctuations 】
- Volume Business (down 6% YoY)
  - Decrease for mobile devices
  - Strong sales for social infrastructure
- Core Device (up 12% YoY)
  - Strong sales for industry, vehicle-mounted business, and storage, etc.
- Strategic Device (down 15% YoY)
  - Decrease in overseas merchandise such as wireless merchandise/analog semiconductors
  - Decrease in modular products

Year-to-Year Comparison of Consolidated Net Sales

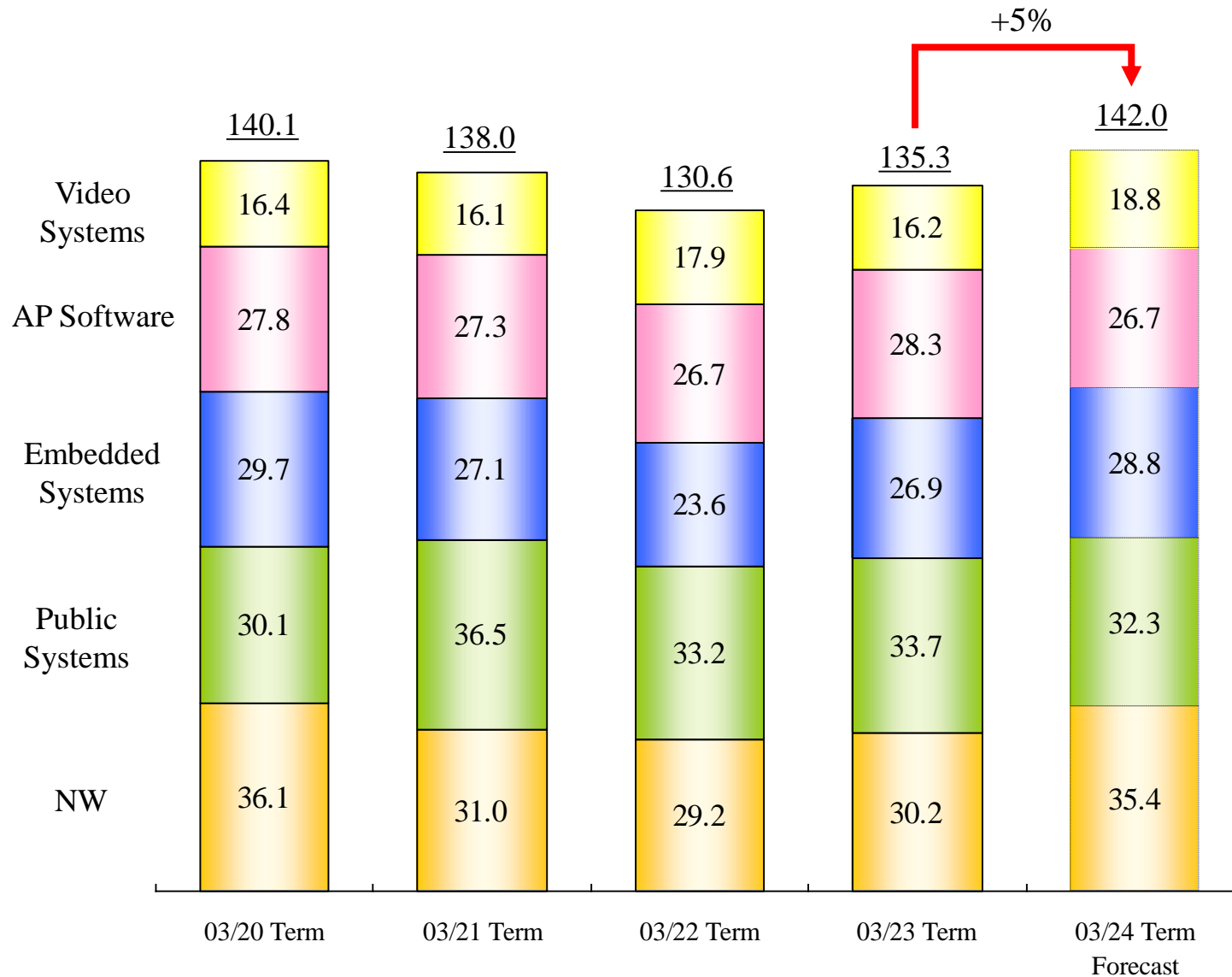
By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】

- Electromechanical Parts Manufacturers (down 2% YoY)
  - Decrease for mobile devices and gaming consoles
- Overseas Manufacturers (down 5% YoY)
  - Decrease in overseas merchandise such as wireless merchandise/analog semiconductors
  - Decrease in modular products
- Other (no change YoY)



Year-to-Year Comparison of Consolidated Net Sales



By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】

- NW (up 17% YoY)
- Increase in investment in IT infrastructure by private corporations
- Public Systems (down 4% YoY)
  - Decrease in projects for updating disaster prevention radio
- Embedded Systems (up 7% YoY)
  - Recovery of demand related to servers, etc.
- AP Software (down 6% YoY)
  - Decrease in software development projects
- Video Systems (up 16% YoY)
  - Recovery of demand for streaming

- Regarding the forecast for the fiscal year ending March 31, 2024, we are planning total assets of ¥77.9 bn (down ¥0.7 bn from March 31, 2023) and an equity ratio of 45% (up 1.6% from March 31, 2023).
- We predict that accounts receivable will increase by ¥4.60 bn from March 31, 2023 due to business recovery in the second half of the year, but inventories will decrease by ¥4.53 bn from March 31, 2023.
- We will reduce interest-bearing liabilities (down ¥1.38 bn from March 31, 2023) through appropriate management of cash and deposits, and focus on gradually reducing financial costs.
- Operating cash flows are expected to be ¥2.6 bn, a ¥3.3 bn improvement due to a reduction in inventories despite an increase in accounts receivable.
- In addition to unused funds, we will ensure sufficient working capital by entering into commitment line agreements with three major banks (total of ¥6 bn).

### 1) Balance Sheets

	FY Ended Mar. 22 Result (A)	FY Ended Mar. 23 Result (B)	B-A Increase/ Decrease	FY Ending Mar. 24 Forecast (C)	C-B Increase/ Decrease
Cash and deposits	93.1	88.9	-4.1	80.5	-8.4
Accounts receivable	358.7	372.7	14.0	418.7	46.0
Inventories	197.3	250.0	52.7	204.8	-45.3
Other assets	79.0	74.4	-4.6	75.0	0.6
<b>Total assets</b>	<b>728.1</b>	<b>786.0</b>	<b>57.9</b>	<b>778.9</b>	<b>-7.1</b>
Accounts payable	144.6	138.6	-6.0	136.1	-2.5
Interest-bearing liabilities	244.3	268.3	24.0	254.5	-13.8
Other liabilities	32.4	36.6	4.2	37.0	0.4
<b>Total net assets</b>	<b>306.8</b>	<b>342.5</b>	<b>35.7</b>	<b>351.3</b>	<b>8.8</b>
<b>Total liabilities and net assets</b>	<b>728.1</b>	<b>786.0</b>	<b>57.9</b>	<b>778.9</b>	<b>-7.1</b>
Equity ratio	42.1%	43.5%	1.4%	45.1%	1.6%

### 2) Cash Flows

	FY Ended Mar. 22 Result	FY Ended Mar. 23 Result	FY Ending Mar. 24 Forecast
Decrease (increase) in accounts receivable-trade	-0.1	7.9	-46.0
Decrease (increase) in inventories	-45.6	-44.7	45.3
Increase (decrease) in accounts payable-trade	2.3	-17.0	-2.5
Other	65.3	46.0	28.7
<b>Operating C/F</b>	<b>21.9</b>	<b>-7.8</b>	<b>25.5</b>
Investing C/F	-1.5	-0.5	-2.0
Financing C/F	-185.9	2.6	-32.0
Foreign currency conversion adjustments	3.1	1.5	
<b>Increase (decrease) in cash and deposits</b>	<b>-162.4</b>	<b>-4.1</b>	<b>-8.4</b>
<b>Balance of cash and deposits at term-end</b>	<b>93.1</b>	<b>88.9</b>	<b>80.5</b>

## ● 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, 2024

An annual dividend of ¥100 per share (midterm dividend of ¥35, term-end dividend of ¥65); consolidated dividend payout ratio of 47.5%

		03/19 Result	03/20 Result	03/21 Result	03/22 Result	03/23 Result	03/24 Forecast	YoY Change
Annual Dividend Per Share	Ordinary Dividend	¥70	¥70	¥40	¥80	¥135	¥100	-¥35
	Commemorative Dividend	—	—	—	¥20	—	—	—
	Total	¥70	¥70	¥40	¥100	¥135	¥100	-¥35
Payout Ratio		93.3%	93.2%	46.9%	48.8%	43.5%	47.5%	+4.0P

\*Figures in the YoY Change section represent increases or decreases in amount.

# Change in Return to Shareholders

	03/19 Term Result	03/20 Term Result	03/21 Term Result	03/22 Term Result	03/23 Term Result	03/24 Term Forecast
(1) Consolidated net profit	¥1,449 million	¥1,451 million	¥1,646 million	¥2,525 million	¥3,833 million	¥2,600 million
(2) Comprehensive profit	¥1,585 million	¥666 million	¥2,393 million	¥4,204 million	¥4,788 million	—
(3) Consolidated equity ratio	48.3%	57.0%	51.0%	42.1%	43.5%	45.1%
(4) Total dividends (Dividend per share)	¥1,352 million (¥70)	¥1,352 million (¥70)	¥773 million (¥40)	¥1,232 million (¥100)	¥1,666 million (¥135)	¥1,235 million (¥100)
(5) Consolidated payout ratio	93.3%	93.2%	46.9%	48.8%	43.5%	47.5%
(6) Value of treasury stock acquired (Number of shares acquired)	¥19.72 billion (9 million shares)	-	-	¥15.74 billion (7 million shares)	—	Suspense
(7) Total payout ratio (4+6) ÷ 1	1,454.2%	93.2%	46.9%	672.3%	43.5%	Suspense
(8) Cancellation of treasury stock	5,000 thousand shares	-	-	8,000 thousand shares	—	Suspense
(9) Total number of shares issued (Excluding treasury stock)	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 (12,183 thousand shares)	16,281 thousand shares (12,192 thousand shares)	Suspense
(10) Net profit per share	¥67.48	¥75.66	¥85.82	¥171.12	¥314.43	¥213.25
(11) Net assets per share	¥2,224.47	¥2,188.84	¥2,249.40	¥2,514.04	¥2,803.65	¥2,881.29

\*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 03/24 term is calculated based on the total number of shares issued (excluding treasury stock) as of March 31, 2023.





## 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.