

# Briefing Materials on the Financial Results for the First Half of the Year Ending March 2024

November 6, 2023

**SANSHIN ELECTRONICS CO., LTD.**

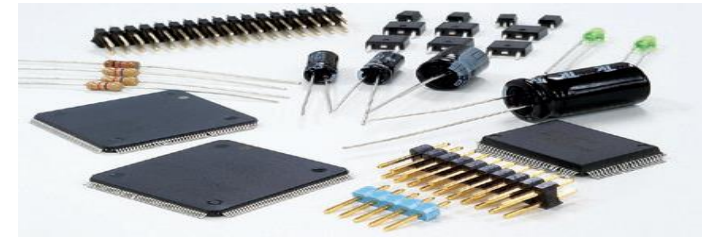
Toshiro Suzuki, Representative Director, COO

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 —

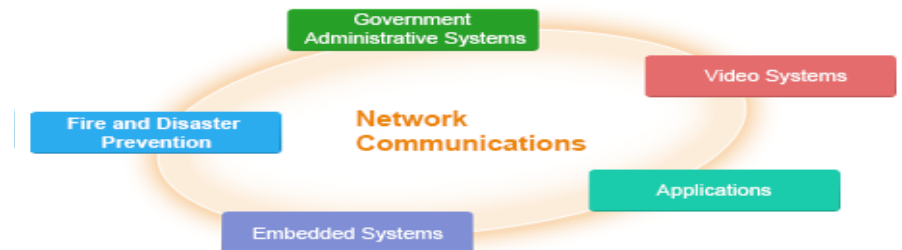
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’ 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 Ending March 2024 Performance Summary for the First Half

# First Half of the Year Ending March 2024 Consolidated Performance Summary

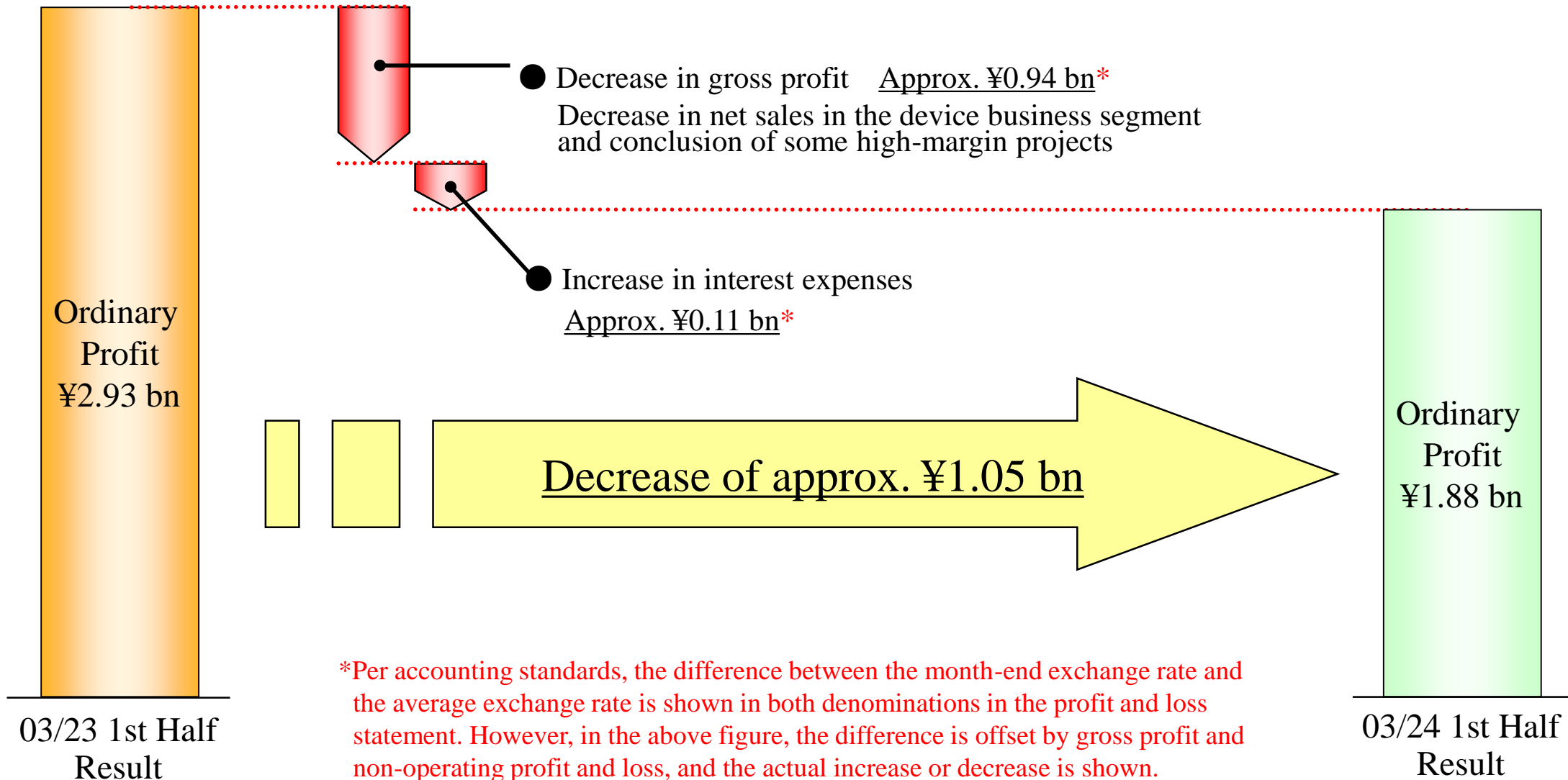
(Unit: ¥100 million)

■ Net sales were down 10% year-on-year and profit declined but more than forecast.

	03/23 1st Half Result	03/24 1st Half Result	YoY Change	Forecast*	Achievement Ratio
Net Sales	829.9	743.1	90%	736.0	101%
Gross Profit on Sales	11.0% 91.7	10.4% 77.3	84%	Not announced	—
SG&A Expenses	5.9% 49.2	6.6% 48.9	99%	Not announced	—
Operating Profit	5.1% 42.5	3.8% 28.4	67%	2.3% 17.0	167%
Ordinary Profit	3.5% 29.3	2.5% 18.8	64%	1.7% 12.6	149%
Net Profit Attributable to Shareholders of Parent Company	2.6% 21.6	1.7% 12.9	60%	1.3% 9.3	139%
Interim Dividend Per Share	¥30	¥35	+¥5	¥35	±¥0
Exchange Rate (1 US dollar)	¥133.98	¥141.00	¥7.02	Not announced	—

\*Forecast figures announced in the Summary of Financial Results for Fiscal Year Ended March 31, 2023 (announced on May 11, 2023, before the upward revision of October 20, 2023)

# First Half of the Year Ending March 2024 Year-to-Year Comparison of Consolidated Ordinary Profit



\*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.

# First Half of the Year Ending March 2024

## Consolidated Performance Summary by Segment (Unit: ¥100 million)

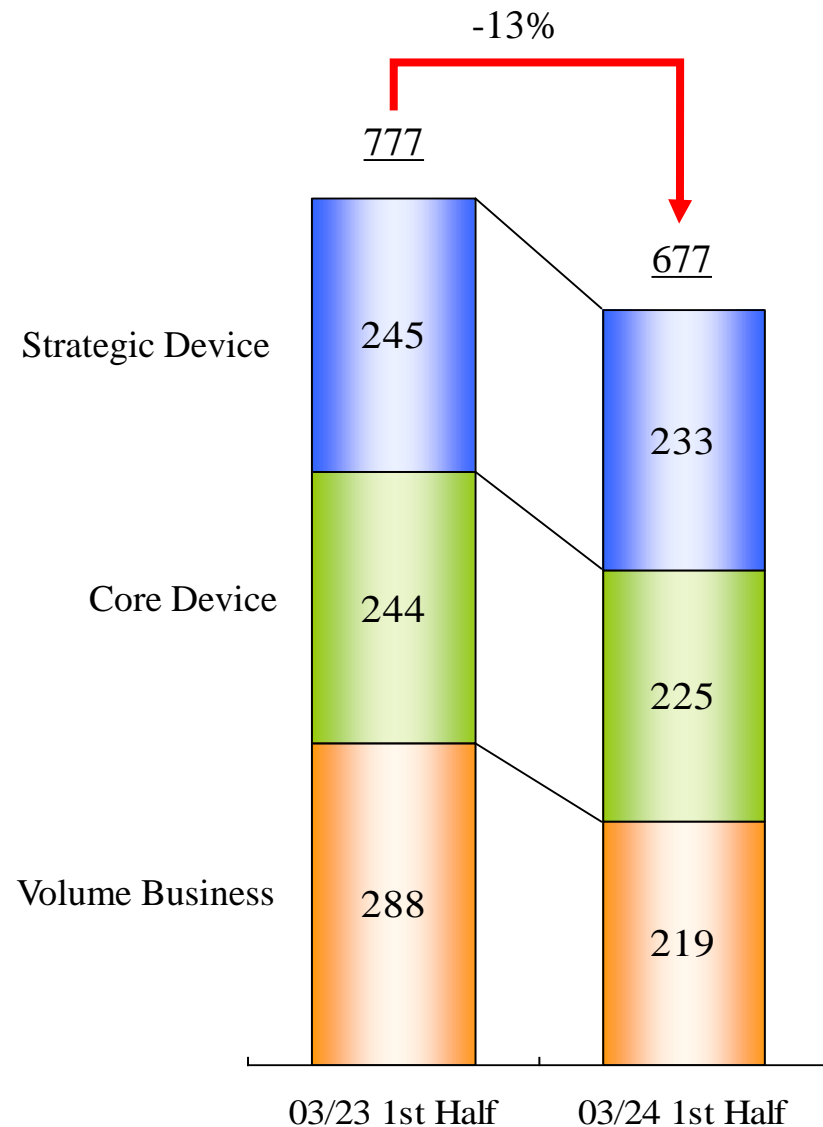
■ Device Business

Withdrawal from some high-margin projects and an increase in non-operating expenses impacted earnings.

■ Solution Business

A recovery keynote continued overall, paced by projects related to information and communication networks for companies.

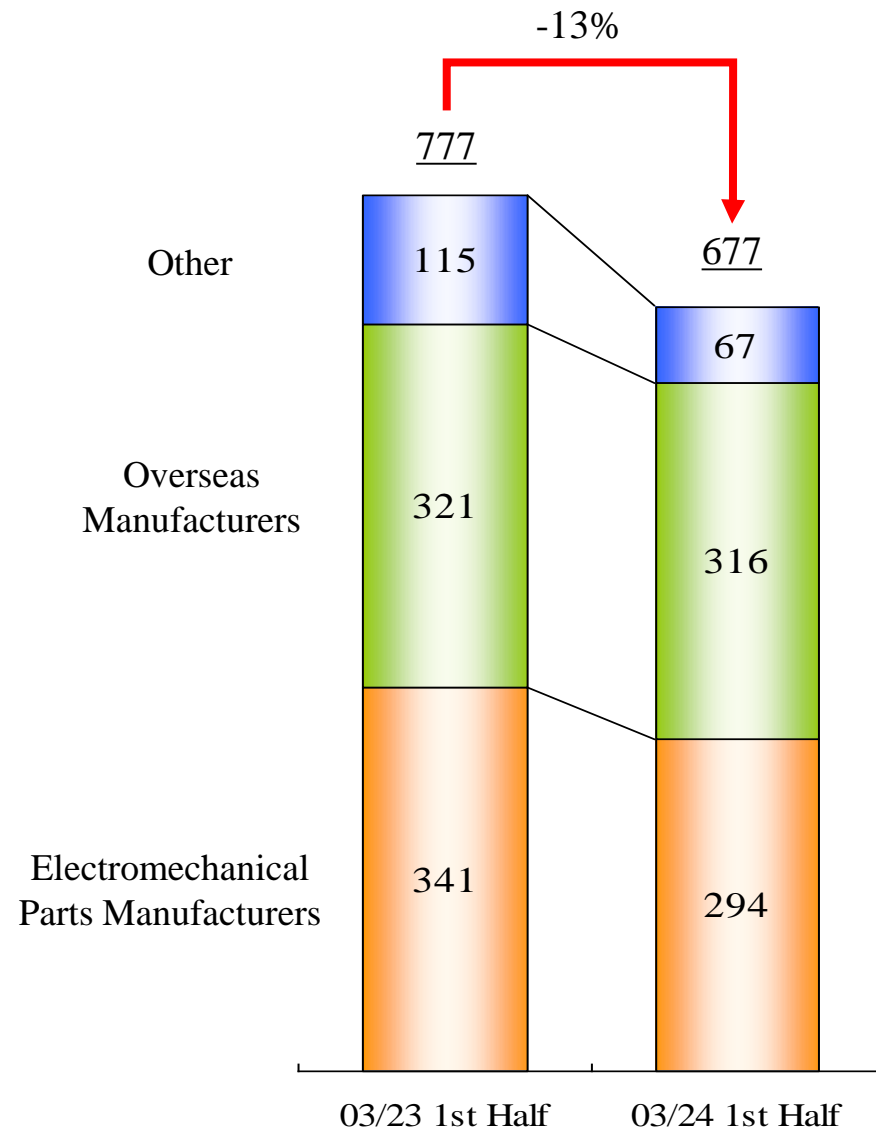
		03/23 1st Half Result	03/24 1st Half Result	YoY Change
Device Business	Net Sales	777.5	676.9	87%
	Operating Profit	5.7% 44.4	4.0% 26.9	61%
	Segment Profit	3.4% 26.6	2.0% 13.2	50%
Solution Business	Net Sales	52.4	66.2	126%
	Operating Profit	8.6% 4.5	11.0% 7.3	162%
	Segment Profit	5.3% 2.8	8.5% 5.6	200%
Exchange Rate (1 US dollar)		¥133.98	¥141.00	¥7.02



### By Business Category of Device Business

#### 【Year-to-Year Comparison of Fluctuations】

- Volume Business (down 24% YoY)
  - Decrease for mobile devices
  - Decrease for social infrastructure
- Core Device (down 8% YoY)
  - Decrease for industry, vehicle-mounted business, and storage, etc.
- Strategic Device (down 5% YoY)
  - Decrease in wireless merchandise/analog semiconductors, etc.
  - Decrease in modular products

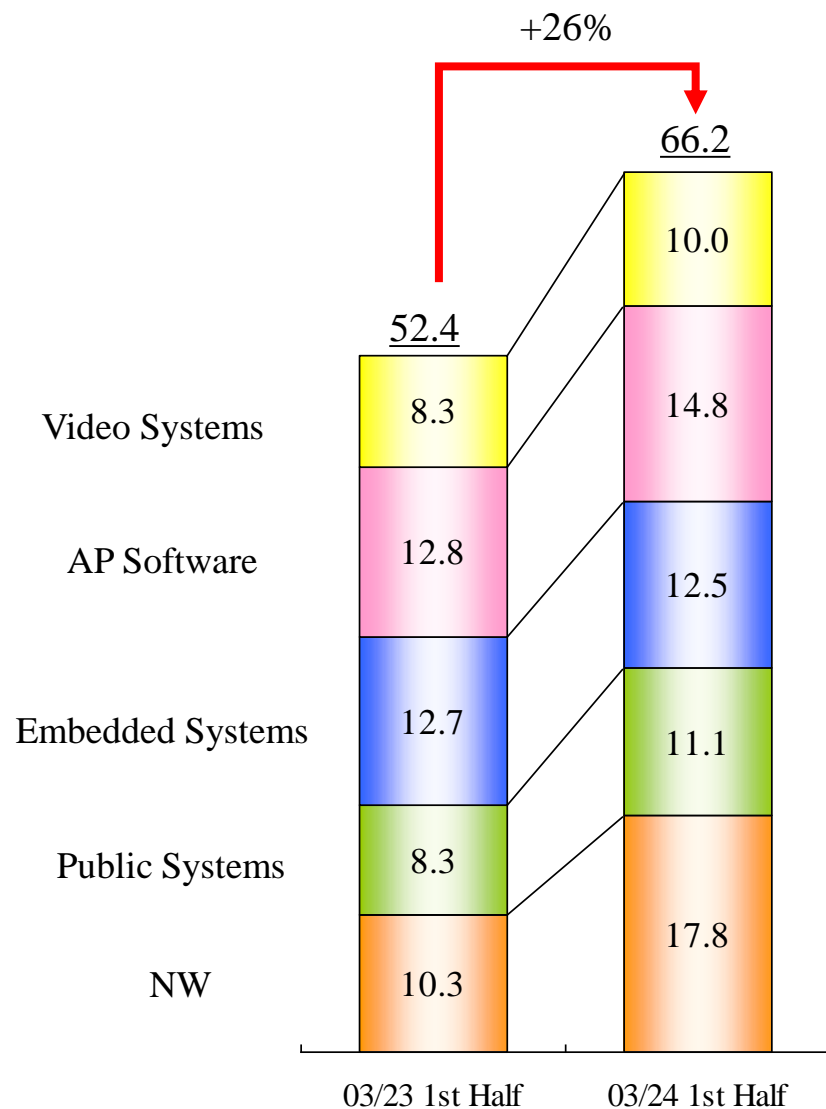


By Supplier of Device Business

**【Year-to-Year Comparison of Fluctuations】**

- Electromechanical Parts Manufacturers (down 14% YoY)
  - Decrease for mobile devices
- Overseas Manufacturers (down 2% YoY)
  - Decrease in wireless merchandise/analog semiconductors, etc.
  - Decrease in modular products
- Other (down 42% YoY)
  - Decrease for social infrastructure





By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】

- NW (up 73% YoY)
  - Increase due to favorable trend in large and medium-scale network projects
- Public Systems (up 34% YoY)
  - Increase in public PC bidding projects
- Embedded Systems (down 2% YoY)
  - Slight decrease under the impact of projects brought forward in the previous period
- AP Software (up 16% YoY)
  - Increase due to favorable trend in software development projects
- Video Systems (up 20% YoY)
  - Favorable trend in projects for video transmission equipment

# First Half of the Year Ending March 2024 Consolidated Financial Situation

(Unit: ¥100 million)

- Regarding the results of the term ended September 30, 2023, total assets were ¥89.9 bn (up ¥11.3 bn from the end of the previous fiscal year), mainly due to increases in accounts receivable–trade and inventories.
- The increase in net assets was due to increases in earnings and in exchange-rate adjustments due to depreciation of the yen.
- Equity ratio declined from the end of the previous fiscal year (-2.8 points) but maintained a level of 40%.
- A decrease in cash flow from operating activities (-¥5.1 bn) resulted from increases in accounts receivable–trade and inventories. The Company responded with bank borrowing and withdrawals of cash and deposits on hand.

## 1) Balance Sheets

	FY Ended Mar. 22 Result (A)	FY Ended Mar. 23 Result (B)	B-A Increase/ Decrease	Q2 Ended Sept. 23 Result (C)	C-B Increase/ Decrease
Cash and deposits	93.1	88.9	-4.1	69.9	-19.0
Accounts receivable	358.7	372.6	14.0	454.8	82.2
Inventories	197.3	250.0	52.7	275.5	25.4
Other assets	79.0	74.4	-4.6	99.2	24.8
Total assets	728.1	786.0	57.9	899.4	113.4
Accounts payable	144.6	138.6	-6.0	169.6	31.0
Interest-bearing liabilities	244.3	268.3	24.0	326.0	57.7
Other liabilities	32.4	36.6	4.2	38.5	1.9
Total net assets	306.8	342.5	35.7	367.3	24.8
Total liabilities and net assets	728.1	786.0	57.9	899.4	113.4
Equity ratio	42.1%	43.6%	1.5%	40.8%	-2.8P

Exchange rate at end of period

US\$1 = ¥133.54

US\$1 = ¥149.58

## 2) Cash Flows

	FY Ended Mar. 22 Result	FY Ended Mar. 23 Result	H1 Ended Sept. 23 Result
Decrease (increase) in accounts receivable-trade	-0.1	7.9	-46.9
Decrease (increase) in inventories	-45.6	-44.7	-10.9
Increase (decrease) in accounts payable-trade	2.3	-16.9	14.7
Other	65.3	46.0	-7.4
Operating C/F	21.9	-7.8	-50.5
Investing C/F	-1.5	-0.5	0.5
Financing C/F	-185.9	2.6	28.4
Foreign currency conversion adjustments	3.1	1.5	2.6
Increase (decrease) in cash and deposits	-162.4	-4.1	-19.0
Balance of cash and deposits at term-end	93.1	88.9	69.9

## 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

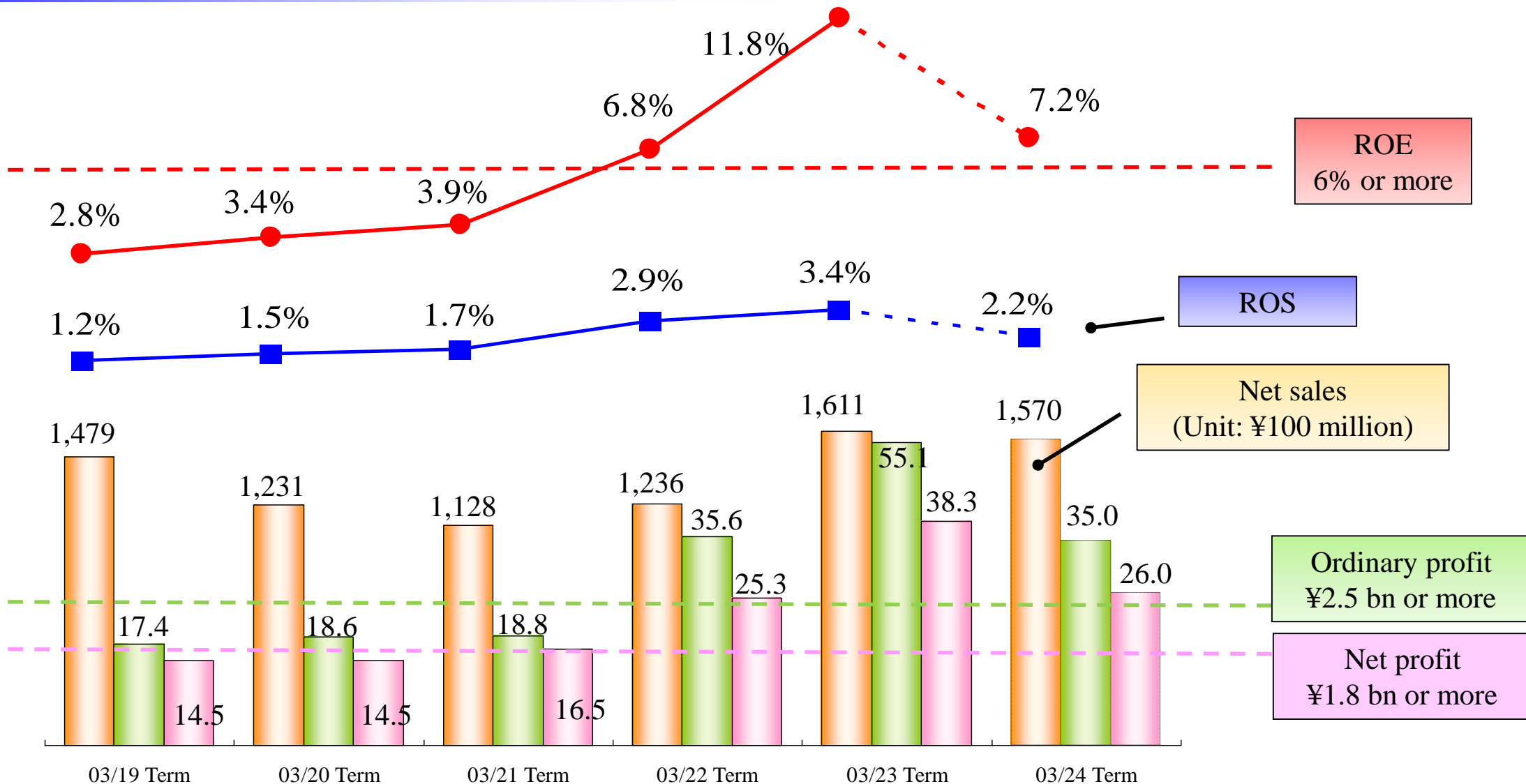
## 3. Strengthening corporate governance

- 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	(1) Shift resources to overseas semiconductors (2) Acquire new customers through merchandise from existing suppliers (3) Improve the efficiency of expanding sales by reorganizing the organization by customers (especially major corporations) and businesses (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>	<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>Expanded net sales of overseas semiconductor manufacturers From ¥21.9 bn in 03/21 term to ¥61.8 bn in 03/24 term (forecast)</li> <li>To streamline operating activities, we are launching operation of parts management/new business negotiation system and developing a budgeting system.</li> </ul>
	(1) Focus on provision of total solutions (AI/IoT, robotics) (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> (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> (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>	<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: Good</b></p> <ul style="list-style-type: none"> <li>Expanded order acceptance through a reservoir solution for local governments; agreement concluded with Tottori Prefecture</li> <li>Aiming to improve profitability in the robotics field, we are concluding agreements with consultants and launching collaborative operations.</li> </ul>

Measures of Medium-Term Management Plan		Contents of Measures	Targeted Effect and Progress Status
Solution Business	Grow business based on service provision	<ul 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> </ul>	<p><b>Targeted Effect</b> Secure and expand stable stock earnings</p> <p><b>Progress Status: Fair</b> Aiming to expand order acceptance through proposals to provide SaaS optimized for customer environments and by partnering with vendors Striving for stable earnings by supporting utilization rates at Sanshin Data Center and reducing costs</p>
	Expand digital technology	<ul 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> </ul>	<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	<ul 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> </ul>	<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
<p>Improving capital efficiency</p>	<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 9 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 rightsizing equity capital, ROE during the V73 is expected to be supported at a level exceeding the range of 5–6% cost of shareholders' equity (Company estimate).</li> <li>• Equity ratio as of September 30, 2023 was 40.8%. Aiming to maintain the financial soundness necessary to continue business transactions.</li> </ul>



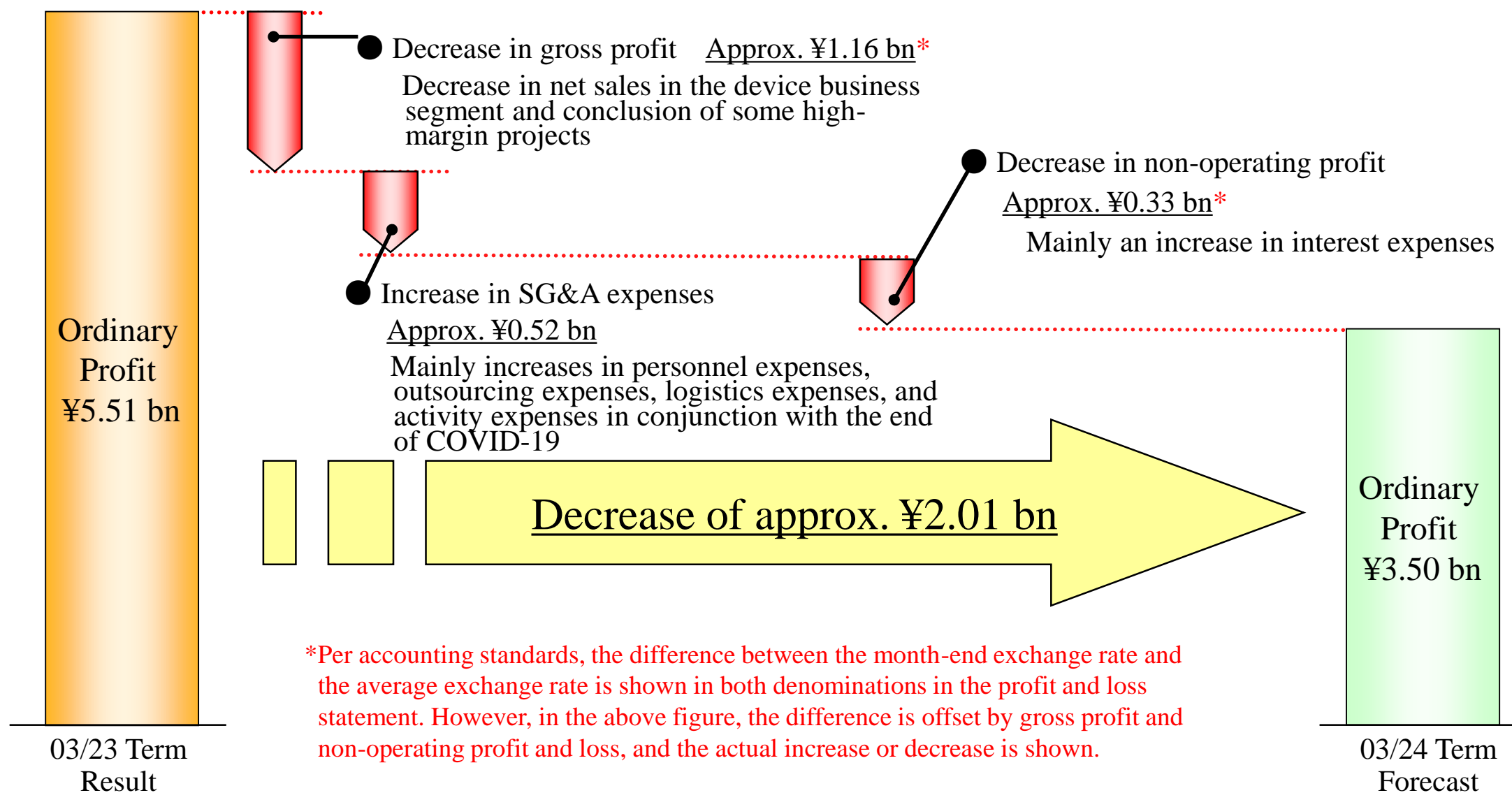
Measures of Medium-Term Management Plan	Contents of Measures	Targeted Effect and Progress Status												
<p style="text-align: center;">Strengthening corporate governance</p>	<p>(1) Efforts for issues regarding sustainability (SDGs, ESG)                      a) Enhance human capital and maximize its value                      Strengthen initiatives for management position ratio targets for March 31, 2031</p>	<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>												
	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;"></th> <th style="width: 25%;">Women</th> <th style="width: 25%;">Foreign nationals</th> <th style="width: 25%;">Mid-career hires</th> </tr> </thead> <tbody> <tr> <td>03/23 term results</td> <td>5.5%</td> <td>11.0%</td> <td>36.0%</td> </tr> <tr> <td>03/31 term targets</td> <td>10%</td> <td>Maintained at 10% or more</td> <td>Maintained at 30% or more</td> </tr> </tbody> </table>		Women	Foreign nationals	Mid-career hires	03/23 term results	5.5%	11.0%	36.0%	03/31 term targets	10%	Maintained at 10% or more	Maintained at 30% or more	<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>
		Women	Foreign nationals	Mid-career hires										
03/23 term results	5.5%	11.0%	36.0%											
03/31 term targets	10%	Maintained at 10% or more	Maintained at 30% or more											
<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>• Reflect extracted risks and opportunities 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>&lt;Initiatives for the issue of climate change&gt;</b></p> <ul style="list-style-type: none"> <li>• Strengthened efforts to serve market needs for carbon neutrality                      ⇒ Expanded sales for vehicle-mounted products and promoted business based on service provision (cloud)</li> <li>• Performed disclosure in accordance with TCFD and set targets for reduction of GHG emissions</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 (from June 2023)</li> </ul>													

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

- Net sales are expected to be in line with the previous fiscal year, while earnings are forecast to decline year-on-year.

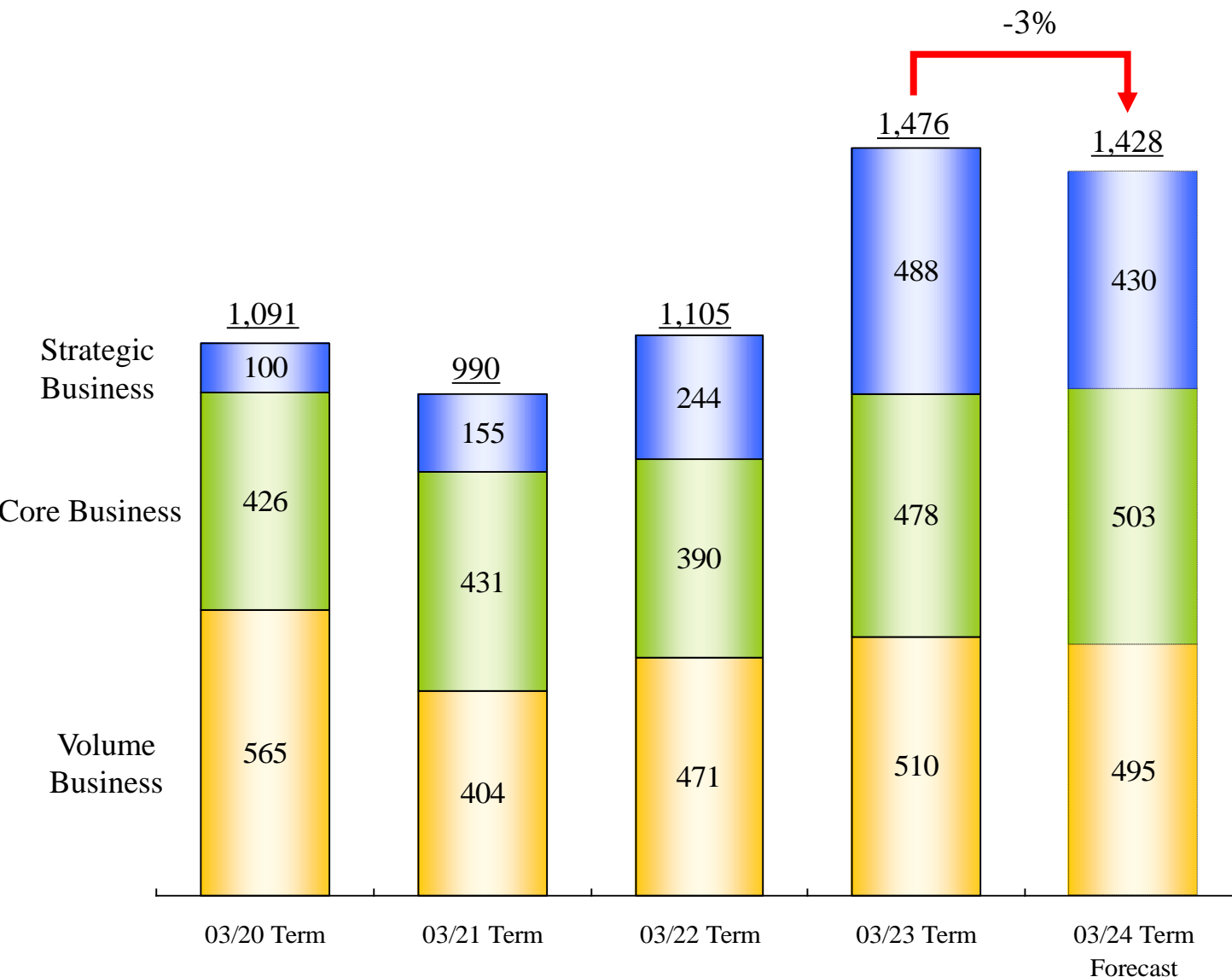
	03/19 Result	03/20 Result	03/21 Result	03/22 Result	03/23 Result	03/24 Forecast	YoY Change	
Net Sales	1,478.8	1,230.9	1,127.9	1,235.8	1,611.1	1,570.0	97%	
Gross Profit on Sales	7.7% 114.1	9.1% 112.3	9.8% 110.5	10.9% 135.3	10.5% 168.8	9.5% 149.5	89%	
SG&A Expenses	6.4% 94.4	7.5% 92.7	7.9% 88.8	7.5% 93.2	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	¥140.00	¥4.51	

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



- 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 withdrawal from some high-margin 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

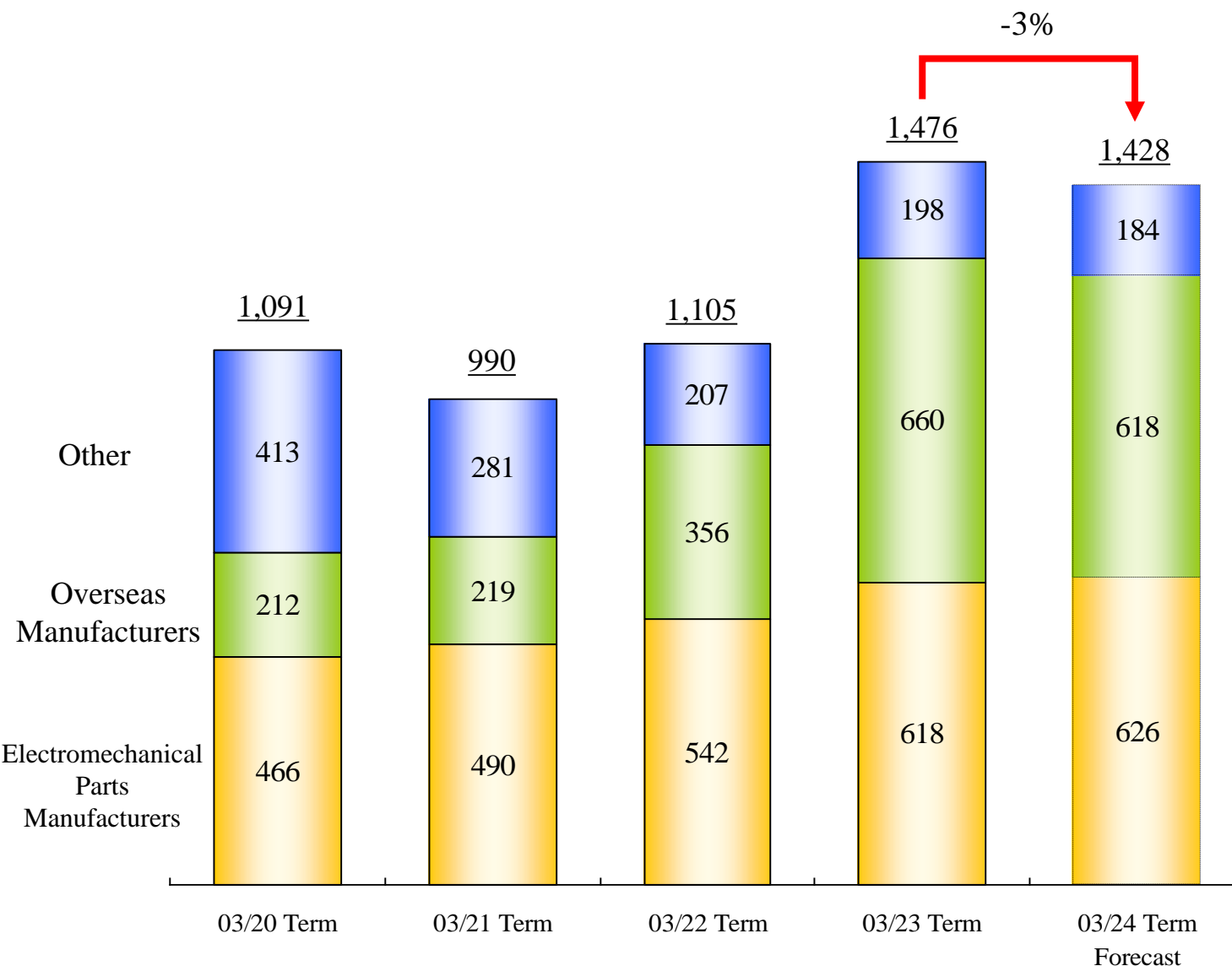
		03/19 Result	03/20 Result	03/21 Result	03/22 Result	03/23 Result	03/24 Forecast	YoY Change
Device Business	Net Sales	1,332.8	1,090.8	989.9	1,105.2	1,475.8	1,428.0	97%
	Operating Profit	1.3% 17.1	1.4% 15.3	1.6% 15.7	3.6% 40.1	4.4% 65.5	2.7% 38.8	59%
	Segment Profit	0.3% 4.7	0.4% 4.2	0.2% 1.7	2.0% 21.9	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	¥140.00	¥4.51



### By Business Category of Device Business

#### 【Year-to-Year Comparison of Fluctuations】

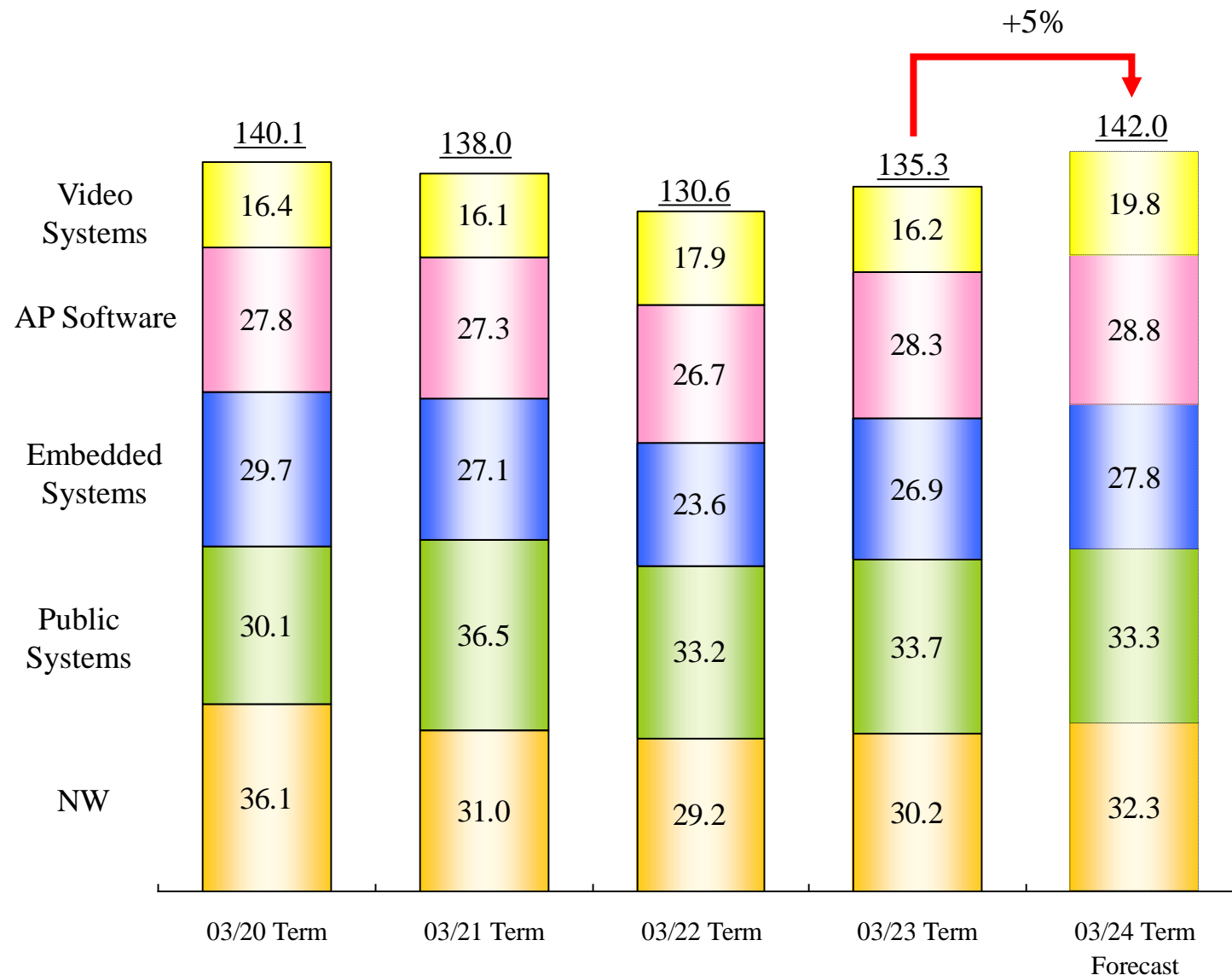
- Volume Business (down 3% YoY)
  - Decrease for mobile devices
  - Sales for social infrastructure will remain at the same level
- Core Device (up 5% YoY)
  - Sales for industry, vehicle-mounted business, and storage, etc. will maintain recovery trend
- Strategic Device (down 12% YoY)
  - Decrease in overseas merchandise such as wireless merchandise/analog semiconductors, etc.
  - Decrease in modular products



By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】

- Electromechanical Parts Manufacturers (up 1% YoY)
  - Expansion in sales to large customers as share of total sales
  - Decrease for mobile devices
- Overseas Manufacturers (down 6% YoY)
  - Decrease in wireless merchandise/analog semiconductors, etc.
  - Decrease in modular products
- Other (down 7% YoY)
  - Decline in sales agency business due to decline in production unit volume, etc.
  - Social infrastructure will remain at the same level



### By Sector of Solution Business

#### 【Year-to-Year Comparison of Fluctuations】

- NW (up 22% YoY)
- Increase in investment in IT infrastructure by private corporations
- Public Systems (down 1% YoY)
- Slight decline in digital upgrading projects for disaster preparedness
- Embedded Systems (up 3% YoY)
- Recovery of demand related to servers, etc.
- AP Software (up 2% YoY)
- Software development projects will remain at the same level
- Video Systems (up 22% YoY)
- Favorable trend in projects for video transmission equipment



- Total assets are forecast to be ¥82.4 bn at the end of the fiscal year ending March 31, 2024, ¥3.8 bn higher than at the end of the previous fiscal year. Increase in accounts receivable–trade is the main factor.
- Equity ratio is forecast at 45.0%, roughly in line with the figure at the end of the previous fiscal year (1.4 points higher).
- Cash flow from operating activities is expected to increase by ¥1.2 bn due to liquidation of receivables. Cash and deposits on hand are forecast at ¥9.0 bn, in line with the end of the previous fiscal year.
- The Company will continue its commitment line contracts totaling ¥6.0 bn with correspondent financial institutions.

### 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	90.0	1.1
Accounts receivable	358.7	372.7	14.0	405.6	32.9
Inventories	197.3	250.0	52.7	255.1	5.1
Other assets	79.0	74.4	-4.6	73.0	-1.4
Total assets	728.1	786.0	57.9	823.7	37.7
Accounts payable	144.6	138.6	-6.0	143.9	5.3
Interest-bearing liabilities	244.3	268.3	24.0	270.7	2.4
Other liabilities	32.4	36.6	4.2	38.0	1.4
Total net assets	306.8	342.5	35.7	371.1	28.6
Total liabilities and net assets	728.1	786.0	57.9	823.7	37.7
Equity ratio	42.1%	43.6%	1.5%	45.0%	1.4P

### 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	-32.9
Decrease (increase) in inventories	-45.6	-44.7	-5.1
Increase (decrease) in accounts payable-trade	2.3	-17.0	5.3
Other	65.3	46.0	44.4
Operating C/F	21.9	-7.8	11.8
Investing C/F	-1.5	-0.5	
Financing C/F	-185.8	2.6	-10.7
Foreign currency conversion adjustments	3.1	1.5	
Increase (decrease) in cash and deposits	-162.4	-4.1	1.1
Balance of cash and deposits at term-end	93.1	88.9	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, 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) at fiscal year end	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 result 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.