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August 5, 2019

**Summary of Financial Results for the First Quarter of the Fiscal Year
Ending March 31, 2020
(Three Months Ended June 30, 2019)
[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)
Enquiries to: Akio Misono, Director, Senior Operating Officer and Senior General Tel.: +81-3-3453-5111
Manager of Finance & Accounting Division
Scheduled date of filing of Quarterly Report: August 7, 2019
Scheduled date of dividend payment: —
Supplementary materials for the quarterly financial results: None
Investor conference for the quarterly financial results: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated Business Performance for the First Quarter of March 2020 Term**(April 1, 2019 – June 30, 2019)**

(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 | % |
| 1Q March 2020 Term | 27,095 | (7.8) | 247 | — | 218 | — | (54) | — |
| 1Q March 2019 Term | 29,387 | (16.5) | 8 | (91.4) | (79) | — | (229) | — |

(Note) Comprehensive income 1Q March 2020 Term: -448 million yen (—%) 1Q March 2019 Term: 206 million yen (—%)

| | Net profit per share | Diluted net profit per share |
|--------------------|----------------------|------------------------------|
| | Yen | Yen |
| 1Q March 2020 Term | (2.85) | — |
| 1Q March 2019 Term | (8.13) | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| 1Q March 2020 Term | 76,907 | 41,201 | 53.5 |
| March 2019 Term | 88,261 | 42,711 | 48.3 |

(Reference) Shareholders' equity 1Q March 2020 Term: 41,152 million yen March 2019 Term: 42,661 million yen

2. Dividends

| | Dividend per share | | | | |
|----------------------------|--------------------|--------|--------|----------|--------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| March 2019 Term | — | 15.00 | — | 55.00 | 70.00 |
| March 2020 Term | — | — | — | — | — |
| March 2020 Term (forecast) | — | 15.00 | — | 55.00 | 70.00 |

(Note) Revision of most recent forecast on dividends: None

3. Forecasts for Consolidated Business Performance for March 2020 Term (April 1, 2019 – March 31, 2020)*(% 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 |
| First half | 58,000 | (19.9) | 700 | (0.8) | 550 | (0.1) | 430 | (0.7) | 22.42 |
| Full year | 124,000 | (16.1) | 2,150 | 9.4 | 1,900 | 9.4 | 1,500 | 3.5 | 78.21 |

(Note) Revision of most recent forecast on earnings: None

*** 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

(4) Number of shares outstanding (ordinary shares)

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

1Q March 2020 Term: 24,281,373 shares March 2019 Term: 24,281,373 shares

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

1Q March 2020 Term: 5,103,361 shares March 2019 Term: 5,103,188 shares

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

1Q March 2020 Term: 19,178,059 shares 1Q March 2019 Term: 28,178,489 shares

(Note) The amount of treasury stock at the end of the term includes Company stock (1Q March 2020 term: 139,000 shares, March 2019 term: 139,000 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 (1Q March 2020 term: 139,000 shares, 1Q March 2019 term: 139,000 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

The items related to the future contained in this document are decisions made based on present consolidated financial results as of the end of this quarter.

(1) Explanation of Business Results

In the consolidated first three-month period under review, the global economy presented a mixed picture. Generally the world proceeded on a recovering path, paced by the developed countries. Japan continued to enjoy a gradual economic recovery. Concerns lingered, however, on issues such as trade friction between the United States and China, the prospect of the United Kingdom leaving the European Union (“Brexit”) and a downshift in economic growth in China. Overall the lack of clarity in prospects for the global economy persisted.

In the electronics industry, which is the primary area of business of Sanshin Electronics Co., Ltd. and the Sanshin Electronics Group, growth extended in markets such as artificial intelligence (AI), automobile driving-support systems, the internet of things (IoT), and machine-to-machine technology (M2M). In the ICT field in Japan, demand rose in areas such as cloud systems and security, including investments by businesses in working-style reform to improve labor productivity. Investments related to Big Data were also firm.

Against this background, the Group strove to achieve return on equity (ROE) of 5% and ordinary profit of ¥3 billion, in the context of the final year of the V70 Medium-Term Management Plan scheduled to end at the conclusion of the 2021 fiscal year. In the device business, the Group concentrated efforts on transforming into a high-profit structure. The Group also focused on boosting net sales in core devices, in view of the potential for high value-added, and in strategic devices, centered on handling of new products from overseas and IoT-related business. In its volume business, which is generally less profitable, the Group moved forward with optimization, keeping a close eye on risk and profitability. In the solutions business, aiming to establish a robust platform for future growth, the Group committed resources to reinforcing its cloud-computing business, centered on Sanshin Data Center, while bolstering initiatives to expand its customer roster.

Business performance in the consolidated first quarter was as follows. Net sales were ¥27,095 million (down 7.8% year-on-year). Operating profit was ¥247 million (against ¥8 million in the same period of the previous fiscal year), lifted by improved gross profit margin and reduced selling, general and administrative expenses, while ordinary profit was ¥218 million (contrasting with ordinary loss of ¥79 million in the same period of the previous fiscal year). As a result of a drawdown of deferred tax assets due to deduction in the consolidated first quarter of deductible temporary difference from the previous consolidated fiscal year, net loss attributable to shareholders of parent company was ¥54 million (compared with ¥229 million posted for the same period in the previous 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 first quarter of the consolidated fiscal year, volume business contracted year-on-year, while the core-device business was impacted by factors such as the termination of production of certain products handled by the Group and a decline in consumer-game devices. Net sales were ¥23,965 million (down 11.5% year-on-year). In terms of profit, improvement in gross profit margin and reduced selling, general and administrative expenses enabled segment profit of ¥59 million (contrasting with segment profit of ¥5 million in the same period of the previous fiscal year).

Solution segment

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For Line-of-Business systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and

production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

In the first quarter of the consolidated fiscal year, the embedded-systems business trended downward while other categories in the segment remained firm. Net sales were ¥3,130 million (up 35.2% year-on-year), segment profit was ¥158 million (compared with a segment loss of ¥84 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

(Assets)

As of June 30, 2019, assets decreased ¥11,354 million compared with March 31, 2019, to ¥76,907 million. This was mainly attributable to a ¥10,497 million decrease in notes and accounts receivable-trade, a ¥1,806 million decrease in consumption taxes receivable, a ¥1,135 million increase in cash and deposits, and a ¥74 million increase in merchandise inventories.

(Liabilities)

As of June 30, 2019, liabilities decreased ¥9,843 million compared with March 31, 2019, to ¥35,706 million. This was mainly attributable to a ¥5,333 million decrease in notes and accounts payable-trade and a ¥4,108 million decrease in short-term loans payable.

(Net Assets)

As of June 30, 2019, net assets decreased ¥1,510 million compared with March 31, 2019, to ¥41,201 million. This was mainly attributable to a ¥1,117 million decrease in retained earnings and a ¥402 million decrease in foreign currency translation adjustment.

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

Net sales, operating profit and ordinary profit are all progressing as forecast. In the forecast of quarterly and full-year net profit attributable to shareholders of parent company, with respect to the second and subsequent quarters, net profit before tax and other adjustments is forecast to increase, while deferred tax assets are forecast to accumulate. As such, the forecast values for both the second quarter (cumulative) and the year as a whole are unchanged from those announced in the Summary of Financial Results for Fiscal Year Ended March 31, 2019 (May 13, 2019).

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | March 2019 Term (As of Mar. 31, 2019) | 1Q March 2020 Term (As of Jun. 30, 2019) |
|--|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 17,064 | 18,199 |
| Notes and accounts receivable-trade | 41,780 | 30,684 |
| Electronically recorded monetary claims | 5,605 | 6,204 |
| Merchandise inventories | 14,580 | 14,655 |
| Partly-finished work | 139 | 160 |
| Others | 3,070 | 1,180 |
| Allowance for doubtful accounts | (7) | (7) |
| Total current assets | 82,234 | 71,077 |
| Non-current assets | | |
| Property and equipment | 2,490 | 2,490 |
| Intangible assets | 322 | 313 |
| Investments and other assets | | |
| Others | 3,254 | 3,063 |
| Allowance for doubtful accounts | (39) | (38) |
| Total investments and other assets | 3,215 | 3,024 |
| Total non-current assets | 6,027 | 5,829 |
| Total assets | 88,261 | 76,907 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 18,462 | 13,128 |
| Short-term loans payable | 24,066 | 19,958 |
| Current portion of long-term loans payable | 6 | 5 |
| Accrued corporate tax, etc. | 463 | 162 |
| Allowance | 509 | 245 |
| Others | 1,652 | 1,836 |
| Total current liabilities | 45,161 | 35,337 |
| Non-current liabilities | | |
| Net defined benefit liabilities | 224 | 206 |
| Others | 163 | 162 |
| Total non-current liabilities | 388 | 369 |
| Total liabilities | 45,549 | 35,706 |

(Million yen)

| | March 2019 Term (As of Mar. 31, 2019) | 1Q March 2020 Term (As of Jun. 30, 2019) |
|---|--|---|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 14,811 | 14,811 |
| Capital surplus | 5,329 | 5,329 |
| Retained earnings | 32,578 | 31,460 |
| Treasury stock | (10,356) | (10,356) |
| Total shareholders' equity | 42,363 | 41,245 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 574 | 546 |
| Deferred hedge gains (losses) | (4) | 36 |
| Foreign currency translation adjustment | (294) | (697) |
| Remeasurements of defined benefit plans | 22 | 21 |
| Total accumulated other comprehensive income | 298 | (93) |
| Non-controlling interests | 50 | 48 |
| Total net assets | 42,711 | 41,201 |
| Total liabilities and net assets | 88,261 | 76,907 |

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

(Million yen)

| | 1Q March 2019 Term (Apr. 1, 2018 – Jun. 30, 2018) | 1Q March 2020 Term (Apr. 1, 2019 – Jun. 30, 2019) |
|--|--|--|
| Net sales | 29,387 | 27,095 |
| Cost of sales | 27,029 | 24,586 |
| Gross profit on sales | 2,357 | 2,508 |
| Selling, general and administrative expenses | 2,349 | 2,261 |
| Operating profit | 8 | 247 |
| Non-operating profit | | |
| Interest income | 4 | 6 |
| Dividend income | 17 | 15 |
| Foreign exchange gains | — | 57 |
| Others | 17 | 24 |
| Total non-operating profit | 39 | 105 |
| Non-operating expenses | | |
| Interest expenses | 67 | 89 |
| Sales discounts | 3 | 3 |
| Foreign exchange losses | 36 | — |
| Others | 20 | 42 |
| Total non-operating expenses | 127 | 135 |
| Ordinary profit (loss) | (79) | 218 |
| Extraordinary profits | | |
| Gain on sales of non-current assets | 0 | 0 |
| Gain on sales of investment securities | 0 | 17 |
| Total extraordinary profits | 0 | 17 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | — | 0 |
| Loss on sales of investment securities | 0 | — |
| Loss on valuation of investment securities | 0 | — |
| Total extraordinary losses | 0 | 0 |
| Net profit (loss) before tax and other adjustments | (80) | 235 |
| Corporate, resident and enterprise taxes | 53 | 65 |
| Adjustment for corporate tax, etc. | 94 | 226 |
| Total corporate taxes | 147 | 291 |
| Net profit (loss) | (228) | (56) |
| Net profit (loss) attributable to non-controlling interest | 0 | (1) |
| Net profit (loss) attributable to shareholders of parent company | (229) | (54) |

(Quarterly Consolidated Comprehensive Income Statement of the First Quarter)

| | 1Q March 2019 Term (Apr. 1, 2018 – Jun. 30, 2018) | 1Q March 2020 Term (Apr. 1, 2019 – Jun. 30, 2019) |
|---|--|--|
| Net profit (loss) | (228) | (56) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (8) | (28) |
| Deferred hedge gains (losses) | 57 | 40 |
| Foreign currency translation adjustment | 374 | (402) |
| Remeasurements of defined benefit plans, net of tax | 11 | (1) |
| Total other comprehensive income | 434 | (391) |
| Comprehensive income | 206 | (448) |
| (Details) | | |
| Comprehensive income attributable to shareholders of parental company | 205 | (446) |
| Comprehensive income attributable to non-controlling interests | 0 | (1) |

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Regarding Going Concern)

None.

(Notes Regarding Remarkable Change of Shareholders' Equity)

None.

(Changes in Accounting Principles)

Adoption of IFRS 16, "Leases"

From the beginning of the first quarter of this fiscal year, some of the Group's overseas consolidated subsidiaries have adopted IFRS 16, "Leases," a part of the International Financial Reporting Standards (IFRS). These accounting standards require in principle that all leases be appropriated as assets and liabilities of the lessee.

The effect of application of this accounting standard on the consolidated financial statements for the first quarter of the consolidated fiscal year is negligible.

(Segment Information)

I. Three months ended June 30, 2018 (Apr. 1, 2018 - Jun. 30, 2018)

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 | 27,072 | 2,315 | 29,387 |
| Inter-segment sales or transfers | — | — | — |
| Total | 27,072 | 2,315 | 29,387 |
| Segment profit (loss) | 5 | (84) | (79) |

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

II. Three months ended June 30, 2019 (Apr. 1, 2019 - Jun. 30, 2019)

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 | 23,965 | 3,130 | 27,095 |
| Inter-segment sales or transfers | — | — | — |
| Total | 23,965 | 3,130 | 27,095 |
| Segment profit | 59 | 159 | 218 |

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