

Briefing Materials on the Financial Results for the First Half of the Year Ending March 2025

November 6, 2024

SANSHIN ELECTRONICS CO., LTD.

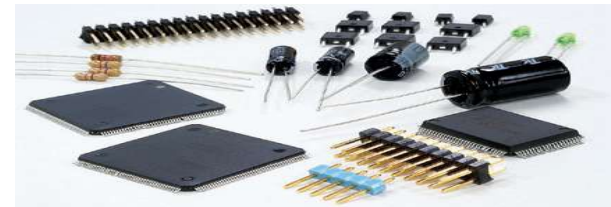
Toshiro Suzuki, Representative Director, CEO

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 2025 Performance Summary for the First Half

First Half of the Year Ending March 2025

Consolidated Performance Summary

(Unit: ¥100 million)

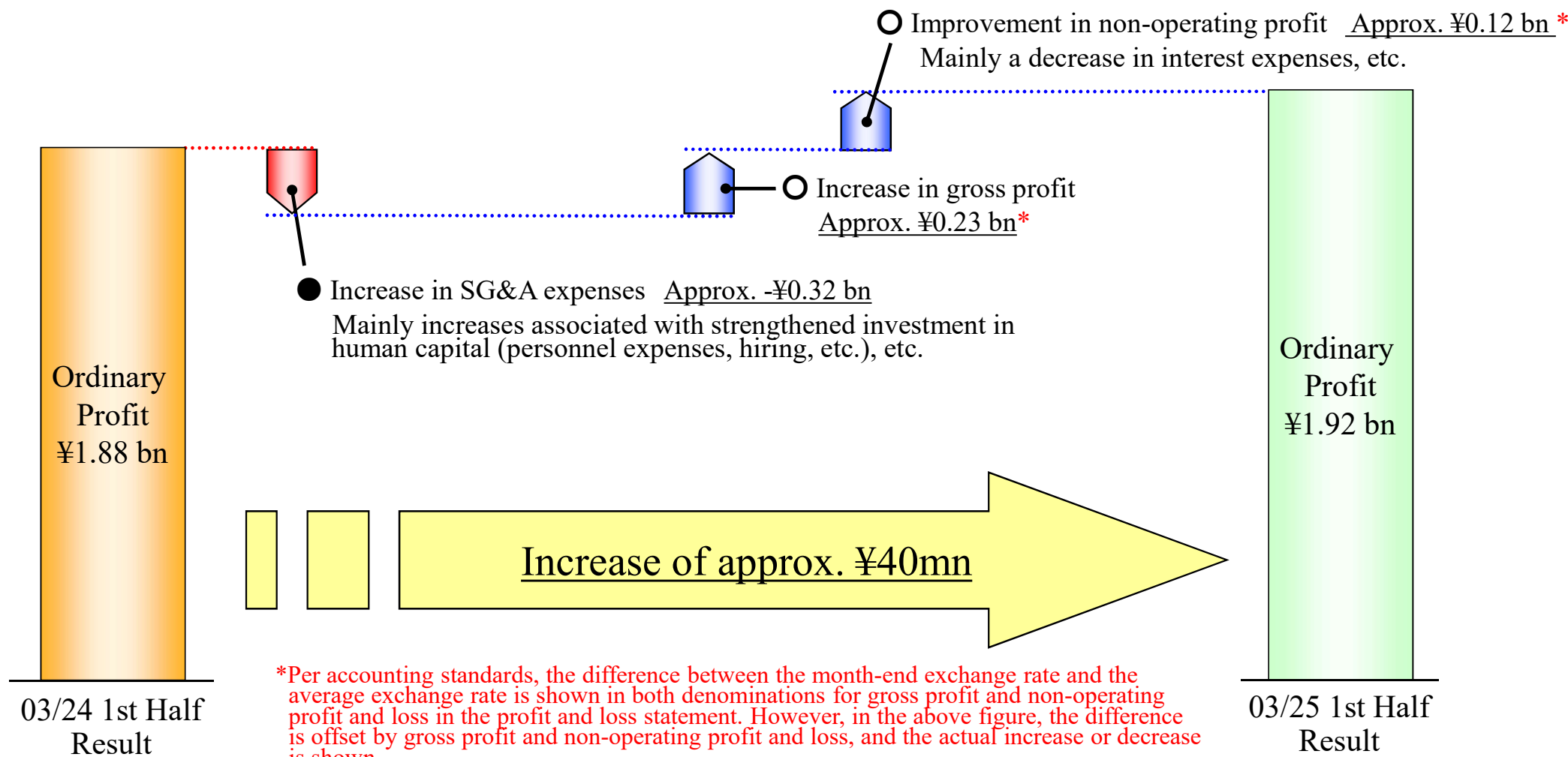


- Net sales increased against the same period of the previous fiscal year (YoY). Earnings also increased YoY due to a decrease in non-operating expenses, despite increases in cost of sales and SG&A expenses.

	03/24 1st Half Result	03/25 1st Half Result	YoY Change	Forecast*	Achievement Ratio
Net Sales	743.1	751.5	101%	760.0	99%
Gross Profit on Sales	10.4% 77.3	9.9% 74.3	96%	Not announced	—
SG&A Expenses	6.6% 48.9	6.9% 52.1	107%	Not announced	—
Operating Profit	3.8% 28.4	3.0% 22.3	79%	2.8% 21.0	106%
Ordinary Profit	2.5% 18.8	2.6% 19.2	102%	2.0% 15.0	128%
Net Profit Attributable to Shareholders of Parent Company	1.7% 12.9	1.8% 13.6	105%	1.3% 10.0	136%
Interim Dividend Per Share	¥35	¥30	-¥5	¥30	±¥0
Exchange Rate (1 US dollar)	¥141.00	¥152.61	¥11.61	Not announced	—

*Forecast figures announced in the Notice Regarding Upward Revision of First-Half Business Results Forecast (announced on July 25, 2024).

First Half of the Year Ending March 2025 Year-to-Year Comparison of Consolidated Ordinary Profit



First Half of the Year Ending March 2025

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



■ Device Business

Net sales and segment profit both remained at the same level YoY.

■ Solution Business

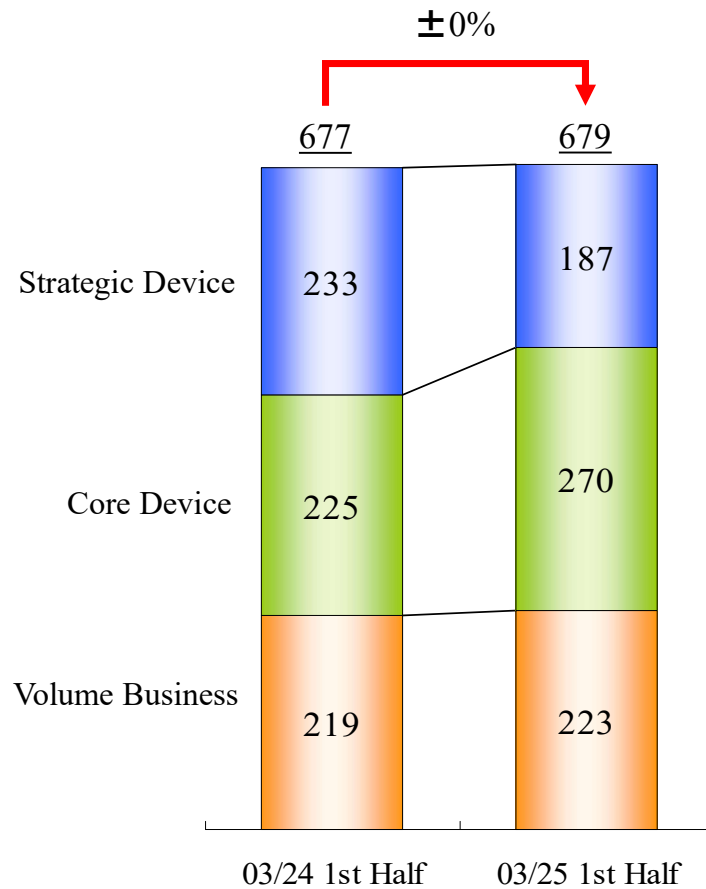
Supported by business related to networks at corporations, this segment trended favorably, posting gains in both sales and earnings.

		03/24 1st Half Result	03/25 1st Half Result	YoY Change
Device Business	Net Sales	676.9	679.2	100%
	Operating Profit	4.0% 26.9	3.2% 21.7	81%
	Segment Profit	2.0% 13.2	2.0% 13.3	101%
Solution Business	Net Sales	66.2	72.3	109%
	Operating Profit	11.0% 7.3	11.2% 8.1	111%
	Segment Profit	8.5% 5.6	8.3% 6.0	107%
Exchange rate (1 US dollar)		¥141.00	¥152.61	¥11.61

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

First Half of the Year Ending March 2025

Year-to-Year Comparison of Consolidated Net Sales (Unit: ¥100 million)



By Business Category of Device Business

【Year-to-Year Comparison of Fluctuations】

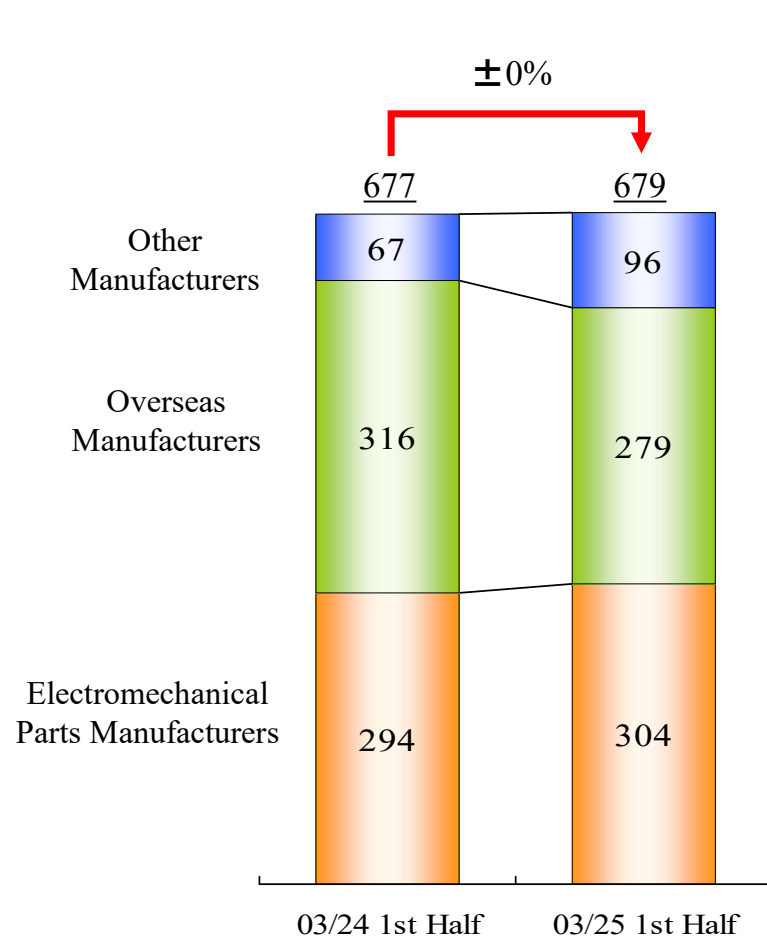
- Strategic Device (down 20% YoY)
 - Decrease in overseas merchandise such as wireless merchandise/analog semiconductors
- Core Device (up 20% YoY)
 - Increase in vehicle-mounted products
- Volume Business (up 2% YoY)
 - Increase for mobile devices

First Half of the Year Ending March 2025

Year-to-Year Comparison of Consolidated Net Sales (Unit: ¥100 million)



三信電気株式会社
SANSHIN ELECTRONICS CO., LTD.



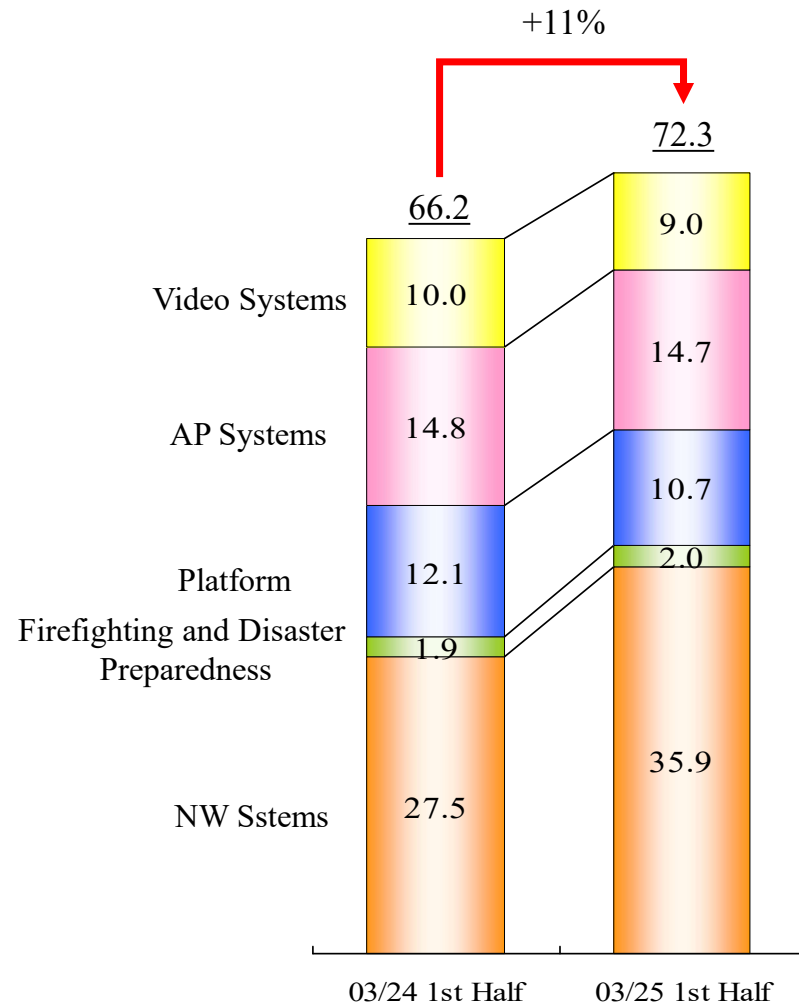
By Supplier of Device Business

【Year-to-Year Comparison of Fluctuations】

- Other Manufacturers (up 44% YoY)
 - Increase in vehicle-mounted products
- Overseas Manufacturers (down 12% YoY)
 - Decrease for wireless merchandise/analog semiconductors, etc.
- Electromechanical Parts Manufacturers (up 3% YoY)
 - Increase for mobile devices

First Half of the Year Ending March 2025

Year-to-Year Comparison of Consolidated Net Sales (Unit: ¥100 million)



By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】

- Video Systems (down 10% YoY)
 - Decrease in streaming projects
- AP Systems (down 1% YoY)
 - Decrease due to delay in large-scale projects
- Platform (down 12% YoY)
 - Decrease in server-related sales
- Firefighting and Disaster Preparedness (up 5% YoY)
 - Increase due to acquisition of new maintenance projects
- NW Systems (up 31% YoY)
 - Increase due to favorable trends in networking projects for large corporations

First Half of the Year Ending March 2025 Consolidated Financial Situation

(Unit: ¥100 million)



- Regarding the results of the term ended September 30, 2024, total assets were ¥82.1 bn (up ¥3.2 bn from the end of the previous fiscal year). This increase was due to a significant increase in accounts receivable-trade, but sale of investment securities and refund of consumption taxes receivable.
- Interest-bearing liabilities increased by ¥2.6 bn from the end of the previous fiscal year due to an increase in working capital. The D/E ratio was 0.71 (up 0.08 from the end of the previous fiscal year).
- A decrease in net assets was prompted by dividends and a decrease in the amount of foreign currency translation adjustment. However, the equity ratio was 45.8% (down 2.7% from the end of the previous fiscal year).
- A decrease in cash flow from operating activities (-¥4.2 bn) resulted from an increase in accounts receivable-trade and inventories. Cash and deposits at term-end were ¥7.6 bn (down ¥1.2 bn from the end of the previous fiscal year) due to sale of investment securities and a decrease in cash and deposits.

1) Balance Sheet

	FY Ended Mar. 23 Result (A)	FY Ended Mar. 24 Result (B)	B-A Increase/ Decrease	Q2 Ended Sept. 24 Result (C)	C-B Increase/ Decrease
Cash and deposits	88.9	87.9	-1.0	76.4	-11.6
Accounts receivable	372.6	344.8	-27.8	403.5	58.6
Inventories	250.0	229.3	-20.7	243.2	13.9
Other assets	74.4	126.8	52.4	97.8	-28.9
Total assets	786.0	788.8	2.8	820.9	32.0
Accounts payable	138.6	133.5	-5.1	144.8	11.2
Interest-bearing liabilities	268.3	239.6	-28.7	265.9	26.3
Other liabilities	36.6	32.0	-4.6	33.6	1.6
Total net assets	342.5	383.7	41.2	376.5	-7.2
Total liabilities and net assets	786.0	788.8	2.8	820.9	32.0
Equity ratio	43.5%	48.5%	5.0%	45.8%	-2.7P

Exchange rate at end of period

US\$1 = ¥151.3

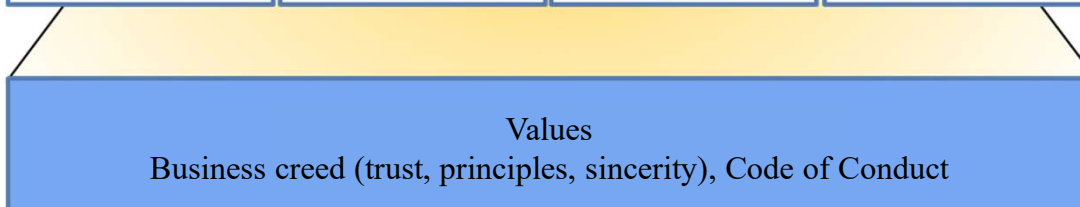
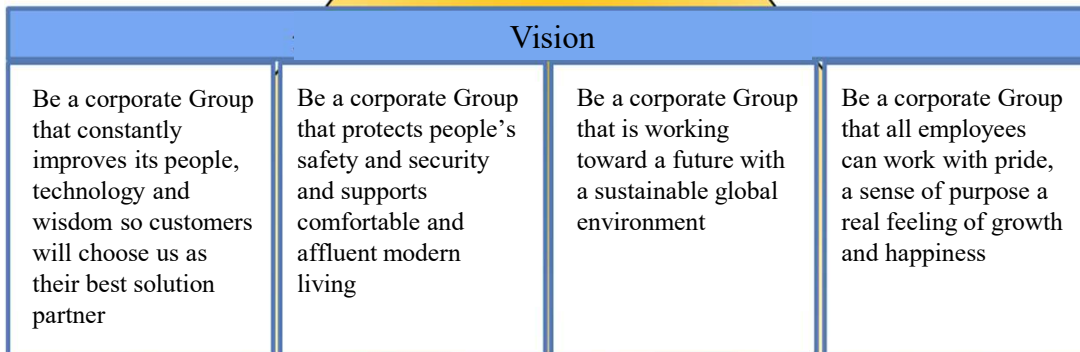
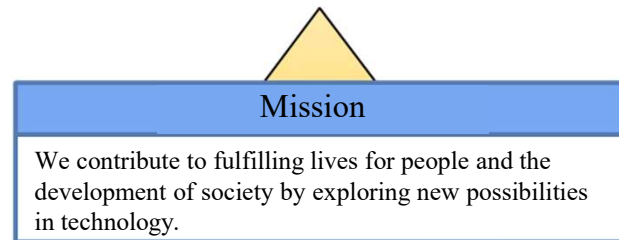
US\$1 = ¥142.82

2) Cash Flows

	FY Ended Mar. 23 Result	FY Ended Mar. 24 Result	H1 Ended Sept. 24 Result
Decrease (increase) in accounts receivable-trade	7.9	59.6	-75.6
Decrease (increase) in inventories	-44.7	35.2	-18.7
Increase (decrease) in accounts payable-trade	-16.9	-19.8	19.7
Other	46.0	-17.6	32.7
Operating C/F	-7.8	57.4	-41.9
Investing C/F	-0.5	-3.6	9.6
Financing C/F	2.6	-58.8	21.8
Foreign currency conversion adjustments	1.5	4.1	-1.1
Increase (decrease) in cash and deposits	-4.1	-1.0	-11.6
Balance of cash and deposits at term-end	88.9	87.9	76.4

II. Long-Term Corporate Vision and V76 Medium-Term Management Plan

Long-Term Corporate Vision



The Group believes that mutual understanding among a wide range of stakeholders and growing together will lead to sustainable growth in corporate value. For this reason, the Group has formulated a long-term corporate vision and identified key issues to tackle in order to achieve that vision. We are grappling with each of these issues with great determination.

Key issues

1. Issues for improving sustainable business growth and capital efficiency
 - (1) Shifting resources and upgrading organizations and systems to optimize business structure long-term
 - (2) Streamlining of clerical and administrative work in existing businesses and expanding sales and revenues through sales-force automation
 - (3) Entering growth businesses by applying solutions using digital technology
 - (4) Continuous improvement of capital efficiency
2. Issues related to sustainability
 - (1) Advancement of management of human capital
 - (2) Advancement of environmental management in supply chains
 - (3) Contribution to solutions to social issues through business
 - (4) Strengthening of supervisory functions through improved effectiveness of meeting structures

V76 Medium-Term Management Plan

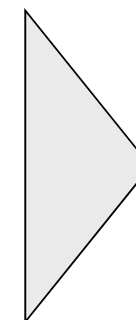
V76 period

Three years from April 1, 2024 to March 31, 2027

V76 quantitative target

Formation of a business structure that achieves **stable ROE of 8% or more**

Final year of the V76 Medium-Term Management Plan (fiscal year ending March 31, 2027)	Ordinary profit	Net profit
	More than ¥5 billion	More than ¥3.5 billion



Aiming to exceed a price-to-book-value ratio of 1 through the following actions

- The Sanshin Electric Group expects cost of shareholders' equity of 8%
- The Group needs to upgrade its profit-earning and financial bases in order to raise return on equity (ROE) consistently above 8% since its operating profitability, stability and growth rate are low compared to competitors
- Expanding the equity spread by raising ROE while paring cost of shareholders' equity

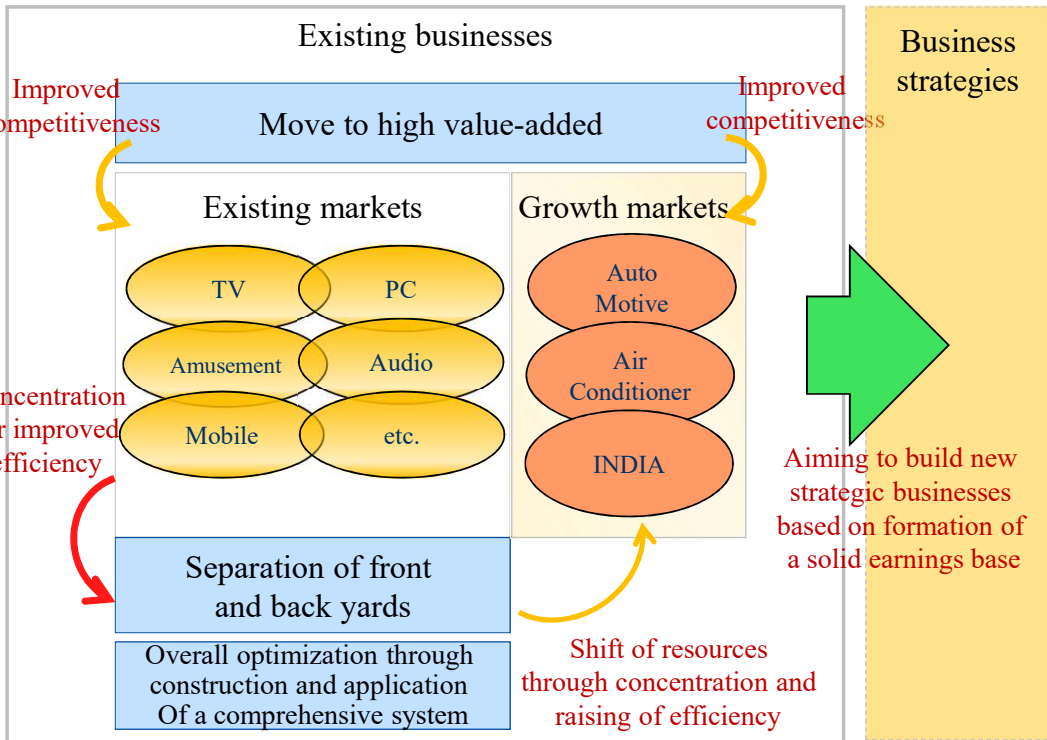
Measures to achieve sustainable business growth and improve capital efficiency

1. Business strategies to improve profitability, stability and growth
2. Financial strategy
 - (1) Optimization of capital structure for both efficiency and safety
 - (2) Improving capital efficiency to improve profitability and create cash
 - (3) Appropriate resource allocation based on capital profitability
3. Policy on return of earnings to shareholders
Continuing distribution of dividends aiming for 50% payout ratio

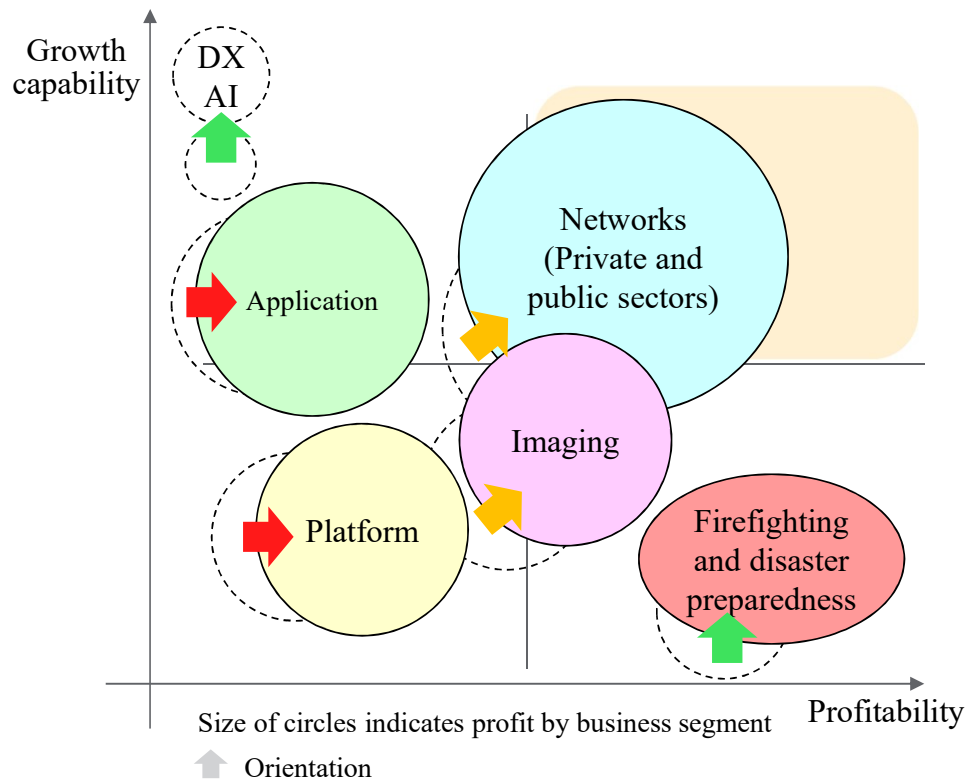


Efforts in sustainability

1. Advancement of human-capital management
 - (1) Support for career formation by leveraging the individual talents of a diverse workforce
 - (2) Proactive investment in hiring and training personnel to acquire strategic capabilities
 - (3) Improving labor productivity through advancement of DX and expanding creative activities
2. Advancing environmental management
Provision of disclosure in accordance with the TCFD Declaration and reduction of greenhouse-gas emissions
3. Strengthening of supervisory functions through the Audit & Supervisory Committee and Nomination & Remuneration Committee



- Measures to improve profitability
 - Upgrading or organizations and systems, streamlining of administrative duties (use of sales force automation, etc.)
- Measures to improve stability
 - Shift of resources to strengthen sales expansion in growth markets (fields: automotive, HVAC; regions: India)
 - Improvement of competitiveness by strengthening value-added through technical capability and originality
- Measures to improve growth capability
 - Formation of strategic projects to create sustainable growth capability



■ Measures to improve profitability

(Application)

- Shift from scratch development to packages and services
- Use of data to improve productivity

(Platform)

- Provision of value-added such as system integration, operation and maintenance

■ Measures to improve stability

(Networks)

- Support of in-house network infrastructure business with private- and public-sector customers
- Continued support for advancing technology in the security field, etc.

(Imaging)

- Change of broadcasting formats, enclosure of expanding range of cases for video applications

■ Measures to improve growth capability

- Expansion of sales areas of the firefighting and disaster preparedness BU amid heightening disaster awareness
- Creation of new businesses through partnerships with venture companies (DX, AI)

III. Full-Year Business Forecast for the Year Ending March 31, 2025

Year Ending March 2025 Full-Year Business Forecast

(Unit: ¥100 million)

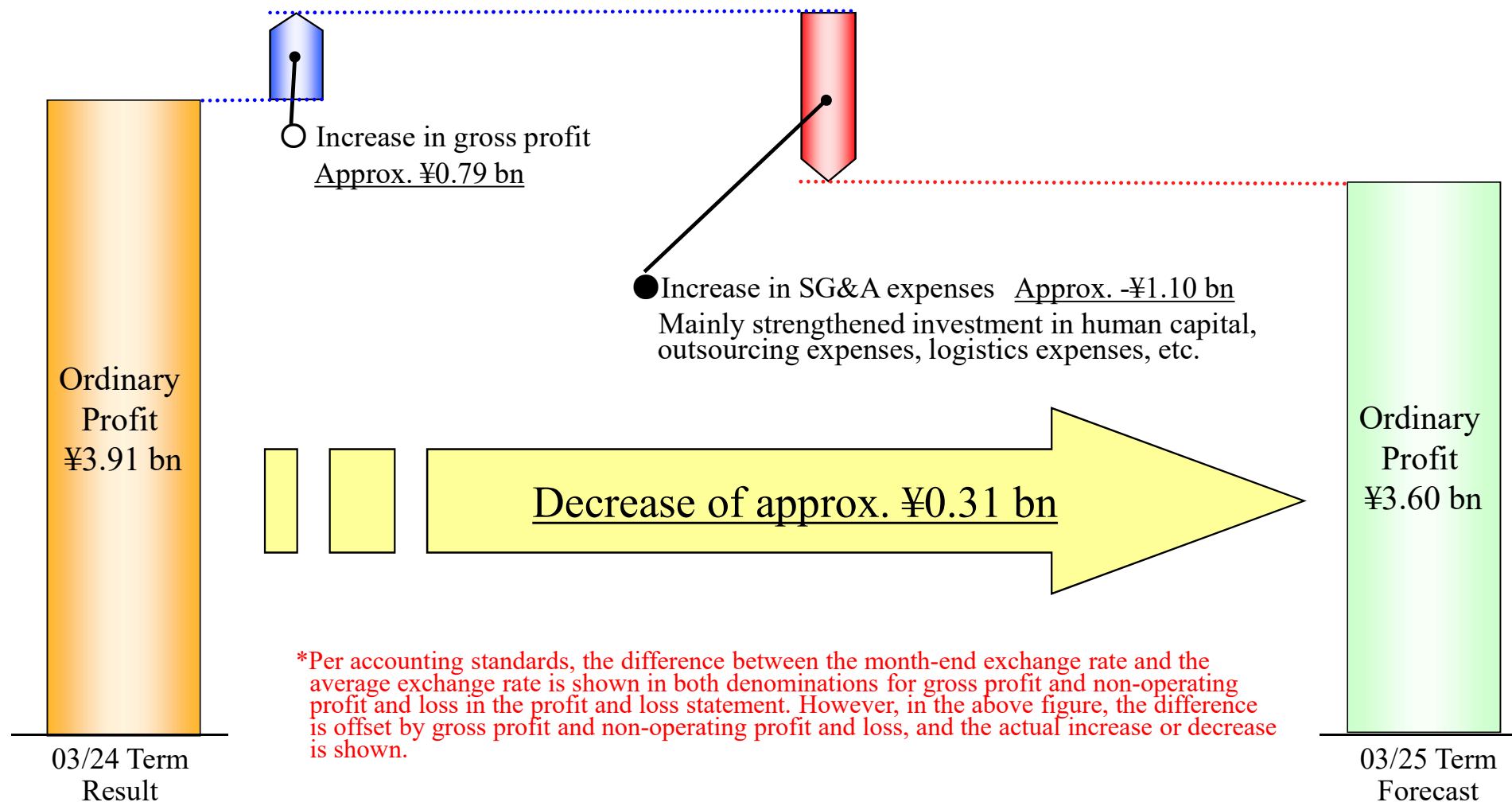


- Although net sales are expected to grow in comparison with the previous fiscal year, earnings are expected to decline due to factors such as an increase in SG&A expenses.

	03/21 Result	03/22 Result	03/23 Result	03/24 Result	03/25 Forecast	YoY Change
Net Sales	1,127.9	1,235.8	1,611.1	1,402.0	1,500.0	107%
Gross Profit on Sales	9.8% 110.5	10.9% 135.3	10.5% 168.8	11.1% 155.5	10.1% 150.9	97%
SG&A Expenses	7.9% 88.8	7.5% 93.2	6.2% 100.3	7.0% 98.0	7.2% 107.9	110%
Operating Profit	1.9% 21.7	3.4% 42.1	4.3% 68.5	4.1% 57.5	2.9% 43.0	75%
Ordinary Profit	1.7% 18.8	2.9% 35.6	3.4% 55.1	2.8% 39.1	2.4% 36.0	92%
Net Profit Attributable to Shareholders of Parent Company	1.5% 16.5	2.0% 25.3	2.4% 38.3	2.0% 27.4	1.7% 26.0	95%
ROE	3.9%	6.8%	11.8%	7.6%	6.9%	-0.7P
Exchange Rate (1 US dollar)	¥106.06	¥112.38	¥135.49	¥144.62	¥146.31	¥1.69

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

Year Ending March 2025 Year-to-Year Comparison of Consolidated Ordinary Profit



Year Ending March 2025 Full-Year Business Forecast by Segment (Unit: ¥100 million)



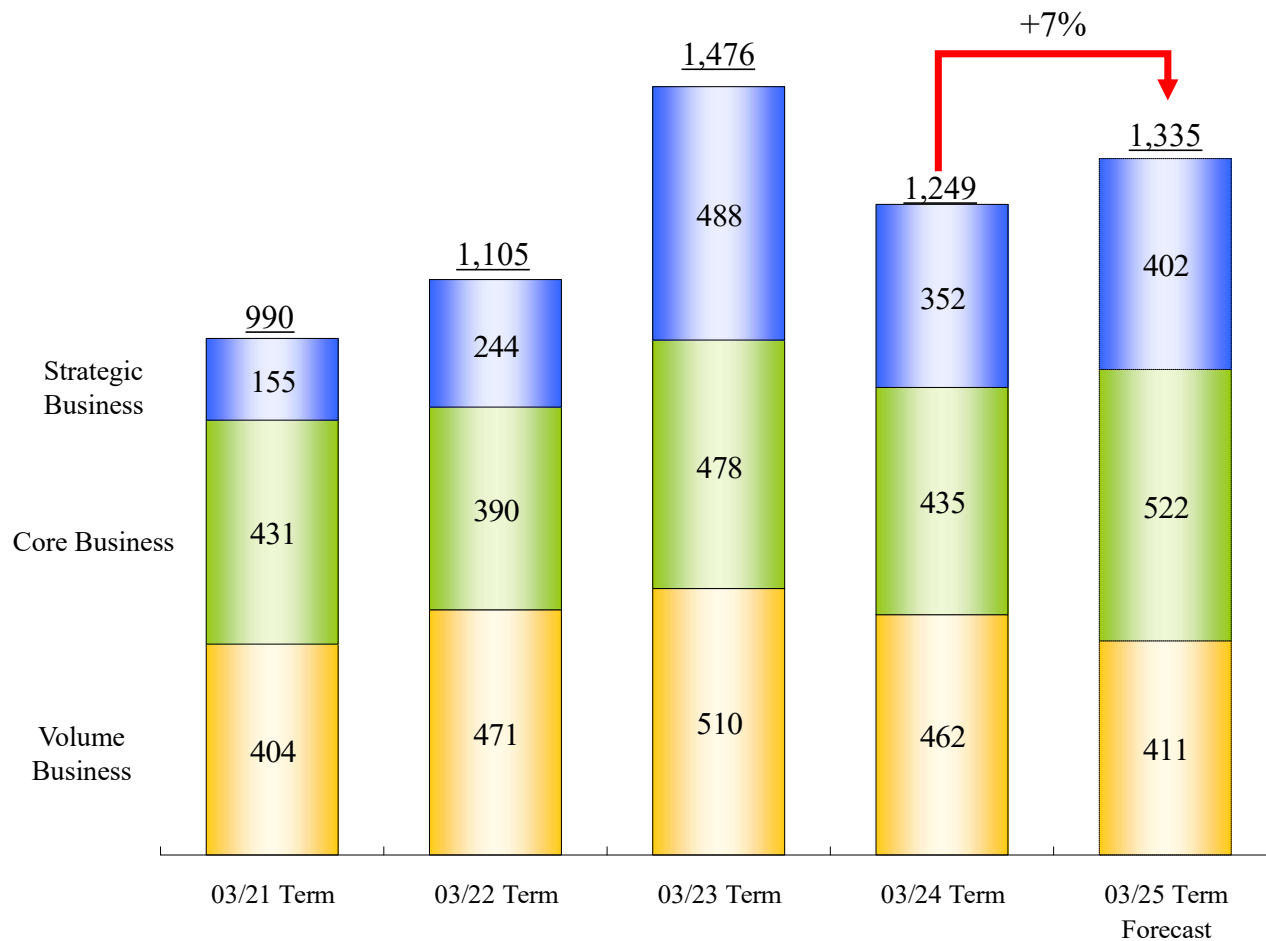
- Net sales are expected to increase in both segments YoY, propelled by progress in inventory adjustments in the device business and continuing firm demand for DX promotion in the solution business.
- Earnings are expected to decline YoY in both businesses, amid factors such as increases in SG&A expenses.

		03/21 Result	03/22 Result	03/23 Result	03/24 Result	03/25 Forecast	YoY Change
Device Business	Net Sales	989.9	1,105.2	1,475.8	1,249.1	1,335.0	107%
	Operating Profit	1.6% 15.7	3.6% 40.1	4.4% 65.5	3.9% 48.7	2.8% 37.0	76%
	Segment Profit	0.2% 1.7	2.0% 21.9	2.8% 41.4	1.7% 21.0	1.4% 19.0	90%
Solution Business	Net Sales	138.0	130.6	135.3	152.9	165.0	108%
	Operating Profit	15.2% 21.0	14.0% 18.3	13.2% 17.9	14.4% 22.0	13.2% 21.7	99%
	Segment Profit	12.4% 17.1	10.5% 13.7	10.1% 13.7	11.8% 18.1	10.3% 17.0	94%
Exchange rate (1 US dollar)		¥106.06	¥112.38	¥135.49	¥144.62	¥146.31	+¥1.69

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

Year Ending March 2025

Year-to-Year Comparison of Consolidated Net Sales (Unit: ¥100 million)



By Business Category of Device Business

【Year-to-Year Comparison of Fluctuations】

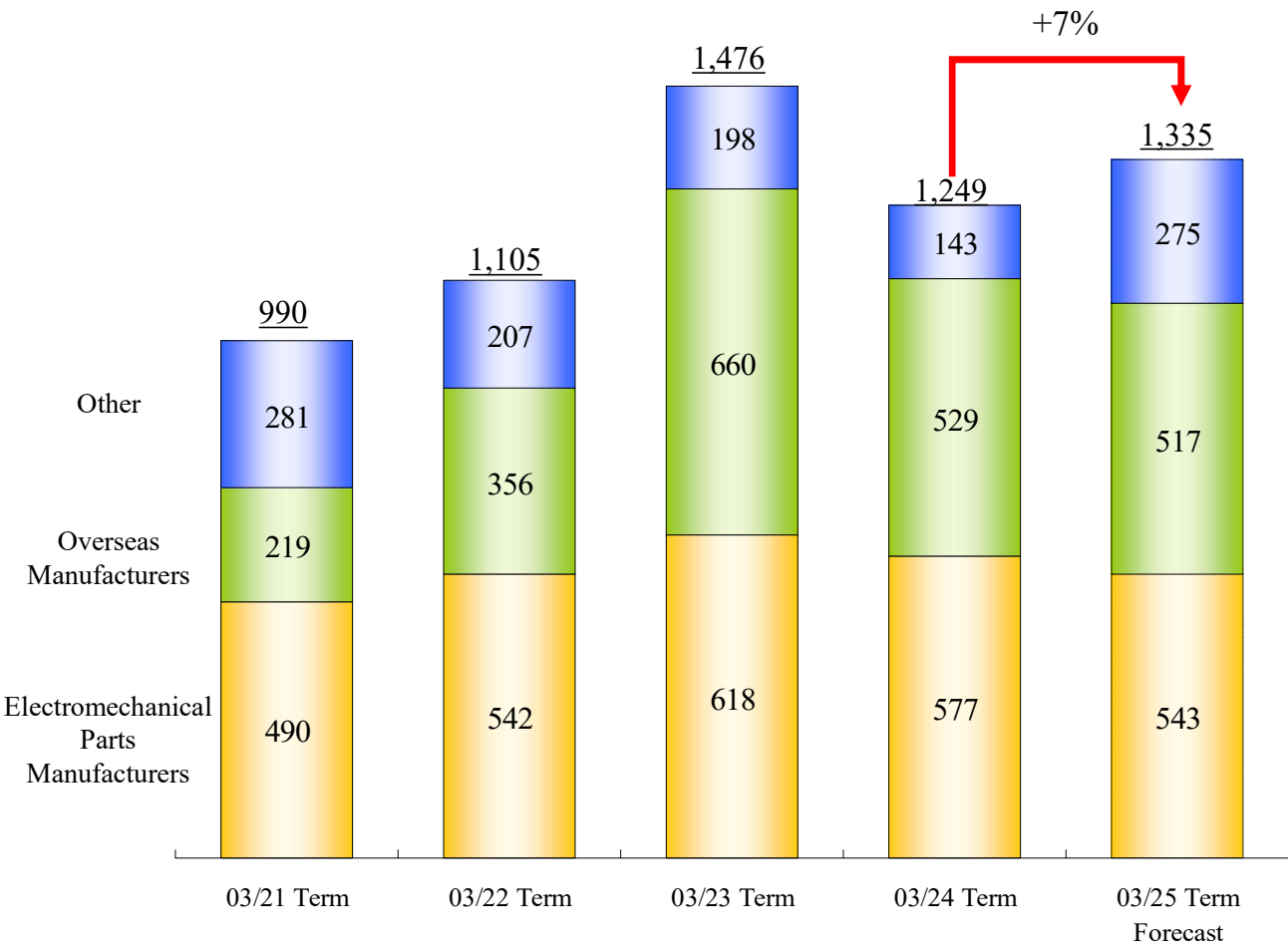
- Strategic Device (up 14% YoY)
 - Increase in overseas merchandise such as modular products
- Core Device (up 20% YoY)
 - An overall recovering trend is expected amid progress in inventory adjustment.
- Volume Business (down 11% YoY)
 - Decrease for mobile devices
 - Increase for social infrastructure

Year Ending March 2025

Year-to-Year Comparison of Consolidated Net Sales (Unit: ¥100 million)

By Supplier of Device Business

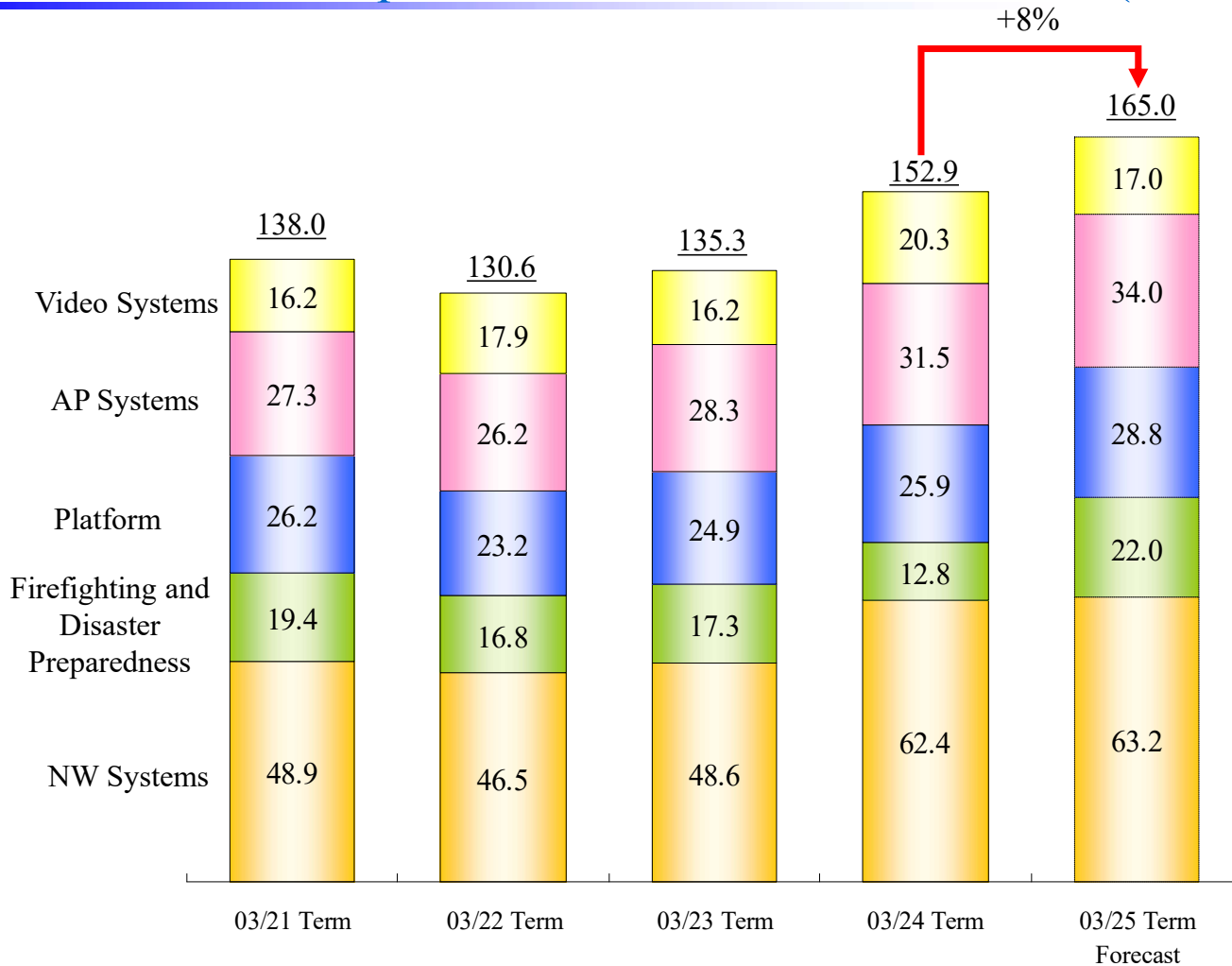
【Year-to-Year Comparison of Fluctuations】



- Other (up 92% YoY)
- Increase in vehicle-mounted products and social infrastructure.
- Overseas Manufacturers (down 2% YoY)
- Decrease in wireless merchandise/analog semiconductors
- Electromechanical Parts Manufacturers (down 6% YoY)
- Decrease for mobile devices

Year Ending March 2025

Year-to-Year Comparison of Consolidated Net Sales (Unit: ¥100 million)



By Sector of Solution Business

【Year-to-Year Comparison of Fluctuations】

- Video Systems (down 16% YoY)
 - ▲ Decrease in demand for streaming
- AP Systems (up 8% YoY)
- Software development projects are expected to maintain a solid footing.
- Platform (up 11% YoY)
 - Server-related results are expected to be on a firm trend.
- Firefighting and Disaster Preparedness (up 72% YoY)
 - Increase in projects for updating disaster prevention radio
- NW Systems (up 1% YoY)
 - Increase in investment in IT infrastructure by private corporations

Year Ending March 2025

Consolidated Financial Situation (Unit: ¥100 million)



- Total assets for the fiscal year ending March 31, 2025 are forecasted to reach ¥84.9 billion (up ¥6.0 bn from the end of the previous fiscal year), due to an increase in accounts receivable–trade from increase in sales and progress in reducing inventories.
- As a result of the increase in accounts receivable–trade, interest-bearing liabilities is forecasted to reach ¥29.1 bn (up ¥5.1 bn from the end of the previous fiscal year) for a D/E ratio of 0.76 (up 0.13 from the end of the previous fiscal year).
- Equity ratio is forecasted to reach 45.3% (down 3.2% from the end of the previous fiscal year). Capital efficiency is forecasted to improve slightly while maintaining financial soundness.
- Increase in accounts receivable–trade (up ¥7.6 bn YoY) is forecasted to decrease operating cash flows by ¥4.3 bn and increase financing cash flows by ¥4.7 bn, with cash and deposits at term-end at ¥6.9 bn (down ¥1.9 bn from the end of the previous fiscal year).

1) Balance Sheet

	FY Ended Mar. 23 Result (A)	FY Ended Mar. 24 Result (B)	B-A Increase/Decrease	FY Ending Mar. 25 Forecast (C)	C-B Increase/Decrease
Cash and deposits	88.9	87.9	-1.0	69.1	-18.8
Accounts receivable	372.7	344.8	-27.8	421.0	76.2
Inventories	250.0	229.3	-20.7	201.4	-27.9
Other assets	74.4	126.8	52.4	157.3	30.5
Total assets	786.0	788.8	2.8	848.8	60.0
Accounts payable	138.6	133.5	-5.1	135.6	2.1
Interest-bearing liabilities	268.3	239.6	-28.7	290.9	51.3
Other liabilities	36.6	32.0	-4.6	37.0	5.0
Total net assets	342.5	383.7	41.2	385.3	1.6
Total liabilities and net assets	786.0	788.8	2.8	848.8	60.0
Equity ratio	43.5%	48.5%	5.0%	45.3%	-3.2P

2) Cash Flows

	FY Ended Mar. 23 Result	FY Ended Mar. 24 Result	FY Ending Mar. 25 Forecast
Decrease (increase) in accounts receivable-trade	7.9	59.6	-76.2
Decrease (increase) in inventories	-44.7	35.2	27.9
Increase (decrease) in accounts payable-trade	-17.0	-19.8	2.1
Other	46.0	-17.6	3.5
Operating C/F	-7.8	57.4	-42.7
Investing C/F	-0.5	-3.6	-23.2
Financing C/F	2.6	-58.8	47.1
Foreign currency conversion adjustments	1.5	4.1	
Increase (decrease) in cash and deposits	-4.1	-1.0	-18.8
Balance of cash and deposits at term-end	88.9	87.9	69.1

● 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, 2025

An annual dividend of ¥105 per share (midterm dividend of ¥30, term-end dividend of ¥75); consolidated dividend payout ratio of 49.9%

		03/21 Result	03/22 Result	03/23 Result	03/24 Result	03/25 Forecast	YoY Change
Annual Dividend Per Share	Ordinary Dividend	¥40	¥80	¥135	¥105	¥105	0
	Commemorative Dividend	—	3.0%	—	—	—	—
	Total	¥40	¥100	¥135	¥105	¥105	0
Payout Ratio		46.9%	48.8%	43.5%	47.3%	49.9%	+2.6P

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

Change in Return to Shareholders

	03/20 Term Result	03/21 Term Result	03/22 Term Result	03/23 Term Result	03/24 Term Results	03/25 Term Forecast
(1) Consolidated net profit	¥1,451 million	¥1,646 million	¥2,525 million	¥3,833 million	¥2,740 million	¥2,600 million
(2) Comprehensive profit	¥666 million	¥2,393 million	¥4,204 million	¥4,788 million	¥5,831 million	—
(3) Consolidated equity ratio	57.0%	51.0%	42.1%	43.5%	48.5%	45.3%
(4) Total dividends (Dividend per share)	¥1,352 million (¥70)	¥773 million (¥40)	¥1,232 million (¥100)	¥1,666 million (¥135)	¥1,297 million (¥105)	¥1,297 million (¥105)
(5) Consolidated payout ratio	93.2%	46.9%	48.8%	43.5%	47.3%	49.9%
(6) Value of treasury stock acquired (Number of shares acquired)	-	-	¥15.74 billion (7 million shares)	—	—	Suspense
(7) Total payout ratio (4+6) ÷ 1	93.2%	46.9%	672.3%	43.5%	47.3%	Suspense
(8) Cancellation of treasury stock	-	-	8,000 thousand shares	—	—	Suspense
(9) Total number of shares issued (excluding treasury stock) at fiscal year end	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)	16,281 thousand shares (12,203 thousand shares)	Suspense
(10) Net profit per share	¥75.66	¥85.82	¥171.12	¥314.43	¥224.66	¥213.06
(11) Net assets per share	¥2,188.84	¥2,249.40	¥2,514.04	¥2,803.65	¥3,138.10	¥3,151.66

*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 03/25 term is calculated based on the total number of shares issued (excluding treasury stock) as of March 31, 2024.



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.

Note on Handling of These Materials

Forecasts of business results and other forward-looking statements included in these materials are predictions based on the information available at time of publication and shall not be interpreted as constituting any promise or guarantee of achievement whatsoever. Actual business results may differ significantly from forecasts due to a wide range of factors. The main important factors that can impact actual business results are as follows.

- Economic conditions and consumer trends in Japan, North America, Asia ex-Japan, etc.
- Production trends, product development, etc. at purchasers
- Supply conditions and product development, etc. at suppliers
- Price declines due to intensification of competition
- Major fluctuations in exchange rates, etc.