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February 5, 2025

Summary of Financial Results for the First Three Quarters of the Fiscal Year
Ending March 31, 2025
(Nine Months Ended December 31, 2024)
[Japan Standards] (Consolidated)

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: Prime Market, Tokyo
Code No.: 8150 URL: <http://www.sanshin.co.jp>
Representative: Toshiro Suzuki (Representative Director & CEO)
Enquiries to: Jun-ichi Murakami, Director, Operating Officer and Senior General Manager of Finance & Accounting Division Tel.: +81-3-3453-5111
Scheduled date of dividend payment: —
Supplementary materials for the financial results: None
Investor conference for the financial results: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated Business Performance for the First Three Quarters of March 2025 Term
(April 1, 2024 – December 31, 2024)

(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	%
Q1-3 March 2025 Term	115,028	6.2	3,939	0.8	3,289	31.4	2,366	34.9
Q1-3 March 2024 Term	108,351	(14.1)	3,908	(28.8)	2,503	(37.9)	1,754	(41.4)

(Note) Comprehensive income Q1-3 March 2025 Term: 3,598 million yen (17.8%); Q1-3 March 2024 Term: 3,055 million yen (-22.6%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
Q1-3 March 2025 Term	193.72	—
Q1-3 March 2024 Term	143.85	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	83,732	40,782	48.6
As of March 31, 2024	78,884	38,373	48.5

(Reference) Own capital As of December 31, 2024: 40,704 million yen; As of March 31, 2024: 38,295 million yen

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2024 Term	—	35.00	—	70.00	105.00
March 2025 Term	—	30.00	—		
March 2025 Term (forecast)				90.00	120.00

(Note) Revision of most recent forecast on dividends: Yes

3. Forecasts for Consolidated Business Performance for March 2025 Term (April 1, 2024 – March 31, 2025)

(% 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
Full year	154,000	9.8	4,700	(18.2)	4,300	(10.0)	3,000	(9.5)	245.28

(Note) Revision of most recent forecast on earnings: Yes

* Annotations

(1) Significant changes in the scope of consolidation during the consolidated cumulative period of this quarter: Yes

Newly added: — Excluded: One company (Company name: Sanshin Network Service Co., Ltd.)

(Note) Sanshin Network Service Co., Ltd. was extinguished on April 1, 2024 in an absorption-type merger in which the Company was the surviving company.

(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: None

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):

As of December 31, 2024: 16,281,373 shares As of March 31, 2024: 16,281,373 shares

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

As of December 31, 2024: 4,050,646 shares As of March 31, 2024: 4,077,986 shares

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

Q1–3 March 2025 Term: 12,216,613 shares Q1–3 March 2024 Term: 12,197,686 shares

(Note) The amount of treasury stock at the end of the term includes Company stock (As of December 31, 2024: 123,800 shares, As of March 31, 2024: 151,200 shares) possessed in a trust related to the Performance-Based Stock Compensation Plan for Directors (with the exception of Directors and External Directors who are Audit & Supervisory Committee Members). 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 (Q1–3 March 2025 term: 137,948 shares, Q1–3 March 2024 term: 156,983 shares).

* Review of the attached quarterly consolidated financial statements by certified public accountants or auditing corporations: Yes

* 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. Overview of Business Results - (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. Overview of Business Results

The items related to the future contained in this document are decisions made based on present consolidated financial results as of December 31, 2024.

(1) Overview of Business Results for the First Three Quarters of the Fiscal Year Ending March 31, 2025

During the consolidated first three quarters under review, the outlook for the global economy was characterized by mounting uncertainty. Although recovery continued in North America and Europe, geopolitical risk rumbled on in Ukraine and the Middle East and the slowdown in the Chinese economy showed no signs of ending. Concerns about the impact on trade policy of a new Administration in the United States also lingered.

In the electronics industry, which is the primary area of business of the Sanshin Electronics Group, AI-related demand for semiconductors burgeoned, driving the overall semiconductor market forward. In the domestic ICT industry, the IT service market posted solid growth against a background of renewals and a shift to the cloud in existing corporate systems and the promotion of DX (Digital Transformation).

The Group will closely focus on important issues with a view to realizing the long-term vision it announced on May 10, 2024. As a first step in plans to execute the vision, the Group drafted the V76 Medium-Term Management Plan, with the 76th fiscal year (ending March 31, 2027) as the final year. The V76 Medium-Term Management Plan calls for the formation of a business structure that consistently achieves return on equity (ROE) of 8% or more, ordinary profit of ¥5 billion and net profit of ¥3.5 billion, by the final year of the Plan. To this end, the Group is striving to achieve sustainable growth and improve capital efficiency while devoting itself to sustainability.

As a result, business performance in the consolidated first three quarters under review was as follows. Net sales were ¥115,028 million (up 6.2% year-on-year), operating profit was ¥3,939 million (up 0.8% year-on-year), ordinary profit was ¥3,289 million (up 31.4% year-on-year), and net profit attributable to shareholders of parent company was ¥2,366 million (up 34.9% year-on-year).

In regard to internal transactions of revenues and expenses between consolidated companies, the parent company's transactions are converted at the exchange rate at the time of the transaction or at the forward exchange rate, and the overseas subsidiary's transactions are converted at the average rate during the period and offset. During the consolidated first three quarters under review, due to the weaker yen, operating profit increased because the offsetting expenses greatly exceeded the corresponding revenues. However, the same amount has been adjusted as a foreign exchange loss in non-operating expenses. Hence, there is no impact on the ordinary profit.

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, power semiconductors, LCD driver ICs and memory) and electronic components (including connectors, capacitors, LCD panels and modules). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the consolidated first three quarters under review, new businesses launched in the automotive sector compared with the same period of the previous fiscal year and the Japanese yen trended downward. Net sales were ¥104,381 million (up 6.2% year-on-year). Although selling, general and administrative expenses increased, interest and other non-operating expenses eased. Segment profit was ¥2,336 million (up 35.7% year-on-year).

Solution segment

In the solution business segment, we provide one-stop services spanning from design and construction to operation and maintenance of network devices and security products that utilize ICT in accordance with our customers' environments. In addition, we provide Line-of-Business systems such as sales and production management, and applications such as personnel, payroll, and accounting in various formats ranging from on premise to the cloud.

In the consolidated first three quarters under review, our network-systems business proceeded on a firm trend, supported by burgeoning corporate needs for DX implementation. Net sales were ¥10,647 million (up 6.1% year-

on-year). Although selling, general and administrative expenses rose, these were offset by rising revenue, and gross profit margin advanced. Segment profit was ¥952 million (up 22.0% year-on-year).

(2) Overview of Financial Position for the First Three Quarters of the Fiscal Year Ending March 31, 2025

(Assets)

As of December 31, 2024, assets increased ¥4,848 million compared with March 31, 2024, to ¥83,732 million. This was mainly attributable to a ¥7,932 million increase in notes and accounts receivable–trade, a ¥1,405 million decrease in consumption taxes refund receivable, and a ¥1,130 million decrease in merchandise inventories.

(Liabilities)

As of December 31, 2024, liabilities increased ¥2,439 million compared with March 31, 2024, to ¥42,949 million. This was mainly attributable to a ¥1,259 million increase in notes and accounts payable–trade and a ¥1,238 million increase in short-term loans payable.

(Net Assets)

As of December 31, 2024, net assets increased ¥2,409 million compared with March 31, 2024, to ¥40,782 million. This was mainly attributable to a ¥1,255 million increase in foreign currency translation adjustment and a ¥1,131 million increase in retained earnings.

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

Based on the progress of the Group’s business performance up to the consolidated first three quarters under review and the currently available information, we have revised the forecast for consolidated business performance for the March 2025 Term that was announced on May 10, 2024 to the figures below. Furthermore, with regard to dividends, due to the change in the forecast for net profit attributable to shareholders of parent company for the March 2025 Term, we have also revised the year-end dividend forecast that was announced on May 10, 2024 to the figures below.

For details, please see the “Notice Regarding Revision of Business Forecast and Dividend Forecast” that was released on February 14, 2025.

(Forecasts for Consolidated Business Performance for March 2025 Term)

Net sales	¥154,000 million	(up 9.8% year-on-year)
Operating profit	¥4,700 million	(down 18.2% year-on-year)
Ordinary profit	¥4,300 million	(up 10.0% year-on-year)
Net profit attributable to shareholders of parent company	¥3,000 million	(up 9.5% year-on-year)
Year-end dividend	¥90 per share	(annual dividend ¥120 per share including the interim dividend)

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	8,793	9,198
Notes and accounts receivable—trade, and contract assets	32,012	39,722
Electronically recorded monetary claims	2,472	2,694
Merchandise inventories	22,927	21,796
Partly-finished work	1	69
Others	5,916	4,494
Allowance for doubtful accounts	(28)	(34)
Total current assets	72,095	77,941
Non-current assets		
Property and equipment	2,921	2,826
Intangible assets	301	267
Investments and other assets		
Net defined benefit assets	79	117
Others	3,542	2,642
Allowance for doubtful accounts	(57)	(62)
Total investments and other assets	3,564	2,697
Total non-current assets	6,788	5,791
Total assets	78,884	83,732
Liabilities		
Current liabilities		
Notes and accounts payable—trade	13,350	14,610
Short-term loans payable	23,959	25,197
Accrued corporate tax, etc.	364	254
Allowance	573	333
Others	1,702	1,850
Total current liabilities	39,949	42,246
Non-current liabilities		
Others	561	703
Total non-current liabilities	561	703
Total liabilities	40,510	42,949

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	16	16
Retained earnings	26,266	27,397
Treasury stock	(8,758)	(8,712)
Total shareholders' equity	32,335	35,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,014	1,068
Deferred hedge gains (losses)	(63)	(136)
Foreign currency translation adjustment	4,933	6,189
Remeasurements of defined benefit plans	74	70
Total accumulated other comprehensive income	5,959	7,191
Non-controlling interests	77	77
Total net assets	38,373	40,782
Total liabilities and net assets	78,884	83,732

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

(Million yen)

	Q1-3 March 2024 Term (Apr. 1, 2023 – Dec. 31, 2023)	Q1-3 March 2025 Term (Apr. 1, 2024 – Dec. 31, 2024)
Net sales	108,351	115,028
Cost of sales	97,153	103,163
Gross profit on sales	11,197	11,865
Selling, general and administrative expenses	7,289	7,925
Operating profit	3,908	3,939
Non-operating profit		
Interest income	77	119
Dividend income	33	37
Others	63	60
Total non-operating profit	175	218
Non-operating expenses		
Interest expenses	804	478
Foreign exchange losses	754	337
Others	20	51
Total non-operating expenses	1,580	868
Ordinary profit	2,503	3,289
Extraordinary profits		
Gain on sales of non-current assets	—	0
Gain on sales of investment securities	14	73
Gain on extinguishment of tie-in shares	—	8
Total extraordinary profits	14	82
Extraordinary losses		
Loss on retirement of non-current assets	1	—
Loss on sales of investment securities	—	70
Total extraordinary losses	1	70
Net profit before tax and other adjustments	2,517	3,301
Corporate, resident and enterprise taxes	570	722
Adjustment for corporate tax, etc.	182	211
Total corporate taxes	752	934
Net profit	1,764	2,366
Net profit (loss) attributable to non-controlling interests	9	(0)
Net profit attributable to shareholders of parent company	1,754	2,366

(Quarterly Consolidated Comprehensive Income Statement of the First Three Quarters)

	Q1-3 March 2024 Term (Apr. 1, 2023 – Dec. 31, 2023)	Q1-3 March 2025 Term (Apr. 1, 2024 – Dec. 31, 2024)
Net profit	1,764	2,366
Other comprehensive income		
Valuation difference on available-for-sale securities	226	54
Deferred hedge gains (losses)	34	(73)
Foreign currency translation adjustment	1,025	1,255
Remeasurements of defined benefit plans, net of tax	4	(4)
Total other comprehensive income	1,290	1,231
Comprehensive income	3,055	3,598
(Details)		
Comprehensive income attributable to shareholders of parental company	3,045	3,598
Comprehensive income attributable to non-controlling interests	9	(0)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Regarding Segment Information and Other)

[Segment Information]

I. Nine months ended December 31, 2023 (Apr. 1, 2023 – Dec. 31, 2023)

1. 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	98,313	10,038	108,351
Inter-segment sales or transfers	—	—	—
Total	98,313	10,038	108,351
Segment profit	1,722	780	2,503

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

II. Nine months ended December 31, 2024 (Apr. 1, 2024 – Dec. 31, 2024)

1. 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	104,381	10,647	115,028
Inter-segment sales or transfers	—	—	—
Total	104,381	10,647	115,028
Segment profit	2,336	952	3,289

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

(Notes Regarding Remarkable Change of Shareholders' Equity)

None.

(Notes Regarding Going Concern)

None.

(Notes Regarding Quarterly Consolidated Statement of Cash Flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the consolidated first three quarters under review. Depreciation and amortization (including amortization of intangible assets other than goodwill) and amortization of goodwill in the consolidated first three quarters are as follows.

	Q1-3 March 2024 Term (Apr. 1, 2023 – Dec. 31, 2023)	Q1-3 March 2025 Term (Apr. 1, 2024 – Dec. 31, 2024)
Depreciation and amortization	¥222 million	¥227million
Amortization of goodwill	¥20 million	¥20 million

(Notes Regarding Revenue Recognition)

(Breakdown of revenue generated from contracts with customers)

(Million yen)

Report segment	Q1–3 March 2024 Term (Apr. 1, 2023 – Dec. 31, 2023)	Q1–3 March 2025 Term (Apr. 1, 2024 – Dec. 31, 2024)
Device segment		
By type of supplier		
Mechanical parts manufacturers	44,676	46,828
Overseas manufacturers	42,137	41,841
Other manufacturers	11,498	15,710
Subtotal	98,313	104,381
Solution segment		
By business unit (BU)		
Network Systems BU	4,229	5,005
Firefighting and Disaster Preparedness BU	321	372
Platform BU	1,857	1,862
Application Systems BU	2,156	2,117
Imaging Systems BU	1,473	1,289
Subtotal	10,038	10,647
Total	108,351	115,028

Beginning with the end of the previous consolidated fiscal year, the “breakdown of revenue generated from contracts with customers” is changed from a breakdown of the solution segment by field (network field, public-sector field, application-systems field, embedded-systems field, imaging-systems field) to a breakdown of the solution segment by business unit (Network Systems BU, Firefighting and Disaster Preparedness BU, Platform BU, Application Systems BU, Imaging Systems BU).

The products handled by the Group are used in a diverse range of fields. For this reason, to describe the content of its operations as appropriately as possible, the Group is changing the breakdown of this section from a breakdown by market to a breakdown by product group.

To reflect this change in categories, the Group has also reorganized the breakdown of the solution segment in the previous consolidated first three quarters.

(Notes Regarding Significant Subsequent Events)

(Transfer of non-current assets)

At the meeting of the Board of Directors convened on February 5, 2025, the Company resolved to conduct a transfer of non-current assets.

(1) Reason for Transfer

The Company is moving its Osaka Branch from a building owned by the Company to an outside tenant building. In tandem with this move, the Company is transferring the branch's land and buildings, as they have become idle assets.

(2) Details of Assets to be Transferred

Location and Details of Assets	Capital Gains	Current Status
18-25 Enokicho, Suita-shi, Osaka Land: 642 sqm Buildings: 1,582 sqm	Approx. ¥1 billion	Osaka Branch

Note: At the request of the buyer, the Company is withholding disclosure of the transfer price. However, the transfer price was obtained by tender and is an appropriate amount reflecting market prices. Capital gains are calculated as the transfer price of the assets less their book value and expenses.

(3) Overview of Buyer

At the request of the buyer, the Company is withholding disclosure of the identity of the buyer.

The buyer and the Company have no capital, personal or business relationship requiring disclosure, nor is the buyer an affiliate of the Company.

(4) Transfer Schedule

Date of resolution of the Board of Directors	February 5, 2025
Date of conclusion of agreement	February 2025 (expected)
Date of transfer of property	May 2025 (expected)

(5) Impact on Business Results

In tandem with this transfer of non-current assets, extraordinary profits (gain on sales of non-current assets) of ¥1 billion are expected to be appropriated in the first quarter of the fiscal year ending March 31, 2026.