

# Consolidated Financial Review for the Third Quarter Ended October 31, 2017 [Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**  
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 Stock exchange listing: Tokyo Stock Exchange 1st Section  
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Due date of submitting of quarterly financial statement: December 8, 2017

Due date of starting delivery of dividends: -

Supplementary materials for the quarterly financial results: None

Investor conference for the quarterly financial results: None

Note: Figures are rounded down to the nearest million yen.

## 1. Financial highlights for the third quarter ended October 31, 2017 (2/1/2017-10/31/2017)

### (1) Consolidated operating results

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended 10/31/17	68,590	(6.0)	1,004	(8.9)	1,149	1.1
Nine months ended 10/31/16	72,965	(13.8)	1,102	180.2	1,136	63.8

Note: Comprehensive income

Nine months ended 10/31/17: 1,092 million yen (524.0%)

Nine months ended 10/31/16: 175 million yen (274.6%)

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Nine months ended 10/31/17	804	17.8	32.85	32.71
Nine months ended 10/31/16	683	31.3	27.87	27.74

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 10/31/17	78,493	64,725	82.4	2,638.72
As of 1/31/17	77,973	64,859	83.1	2,644.10

(Reference) Equity

Year ended 10/31/17: 64,665 million yen

Year ended 1/31/17: 64,799 million yen

## 2. Dividends

	Three months ended	Six months ended	Nine months ended	Year ended	Total
(Base date)	Yen	Yen	Yen	Yen	Yen
Year ended 1/31/17	—	20.00	—	20.00	40.00
Year ending 1/31/18	—	30.00	—	—	—
Year ending 1/31/18 (Estimate)	—	—	—	30.00	60.00

Note: Revision to dividend forecast for this period: None

## 3. Financial forecast for the year ending January 31, 2018 (2/1/2017-1/31/2018)

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending 1/31/18	100,000	1.6	1,550	12.9	1,650	6.8	1,100	33.7	44.89

Note: Revisions to financial forecast for this period: None

#### 4. Others

(1) Important changes in subsidiaries

(Change on specific subsidiaries with changes in scope of consolidation): None

Newly added: — Excluded: —

(2) Use of simplified accounting method and special accounting policy for the quarterly consolidated financial reporting: None

(3) Changes in principles, procedures and method of presentation for the quarterly consolidated financial statements

① Changes in accounting policies: None

② Other changes: None

③ Changes in accounting estimate: None

④ Restatement of revisions: None

(4) Number of shares outstanding (common stock)

① Number of shares of common stock issued as of:

(Including treasury stock)

October 31, 2017: 26,800,000 shares

January 31, 2017: 27,600,000 shares

② Number of shares of treasury stock as of:

October 31, 2017: 2,293,559 shares

January 31, 2017: 3,092,672 shares

③ Average number of shares outstanding as of:

October 31, 2017: 24,506,919 shares

October 31, 2016: 24,532,396 shares

Indication regarding the implementation status of the quarterly review procedure

The review procedure of the quarterly financial statement based on the Financial Instruments and Exchange Act is not completed at the time of disclosure of this financial result.

Caution on forecast for the year ending January 31, 2018

Forecasts regarding future performance in these materials are based on information available to management at the time this report was prepared. Actual results may differ significantly from these statements for a number of reasons.

※ This financial review is only the translation of Japanese version.

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2017	As of October 31, 2017
	Amount	Amount
<b>( Assets )</b>		
<b>Current Assets</b>		
Cash and deposits	19,517	12,380
Notes and accounts receivable-trade	29,291	25,475
Securities	1,000	565
Merchandise and finished goods	10,582	12,083
Deferred tax assets	291	400
Other	1,247	1,570
Allowance for doubtful accounts	(5)	(2)
Total current assets	61,925	52,472
<b>Noncurrent assets</b>		
Property, plant and equipment	161	156
Intangible assets	630	497
Investments and other assets		
Investment securities	13,368	23,319
Net defined benefit asset	1,216	1,300
Other	716	861
Allowance for doubtful accounts	(44)	(113)
Total investments and other assets	15,256	25,368
Total noncurrent assets	16,048	26,021
Total assets	77,973	78,493

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2017	As of October 31, 2017
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	9,633	9,607
Income taxes payable	205	353
Accrued consumption taxes	25	14
Provision for bonuses	186	363
Other	910	833
Total current liabilities	10,961	11,173
<b>Noncurrent liabilities</b>		
Net defined benefit liability	778	796
Deferred tax liabilities	1,162	1,400
Other	211	398
Total noncurrent liabilities	2,153	2,595
Total liabilities	13,114	13,768
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,244	36,879
Treasury stock	(3,649)	(2,707)
Total shareholders' equity	61,602	61,180
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,446	2,964
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	528	297
Remeasurements of defined benefit plans	222	222
Total accumulated other comprehensive income	3,197	3,484
<b>Subscription rights to shares</b>	59	59
Total net assets	64,859	64,725
Total liabilities and net assets	77,973	78,493

## Consolidated Statements of Income

(Millions of yen)

	Nine months ended October 31, 2016	Nine months ended October 31, 2017
	Amount	Amount
Net sales	72,965	68,590
Cost of sales	66,891	62,357
<b>Gross profit</b>	<b>6,074</b>	<b>6,233</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(1)
Salaries and bonuses	1,913	1,944
Provision for bonuses	244	363
Retirement benefit expenses	102	89
Rent expenses	249	256
Depreciation	185	173
Other	2,276	2,402
Total selling, general and administrative expenses	4,971	5,228
<b>Operating income</b>	<b>1,102</b>	<b>1,004</b>
Non-operating income		
Interest income	44	47
Dividends income	84	72
Purchase discounts	7	6
Gain on valuation of investment securities	18	—
Gain on investments in partnership	—	61
Other	22	14
Total non-operating income	178	202
Non-operating expenses		
Sales discounts	2	5
Loss on redemption of securities	50	—
Foreign exchange losses	74	43
Commission fee	9	4
Loss on abandonment of noncurrent assets	0	0
Other	6	3
Total non-operating expenses	143	57
<b>Ordinary income</b>	<b>1,136</b>	<b>1,149</b>
Extraordinary income		
Gain on sales of investment securities	105	161
Other	20	—
Total extraordinary income	126	161
Extraordinary losses		
Loss on sales of investment securities	100	33
Loss on valuation of investment securities	104	—
Loss on liquidation of subsidiaries and associates	—	105
Total extraordinary losses	205	138
<b>Income before income taxes and minority interests</b>	<b>1,057</b>	<b>1,172</b>
Income taxes—current	365	469
Income taxes—deferred	8	(101)
Total income taxes	374	367
<b>Profit</b>	<b>683</b>	<b>804</b>
<b>Profit attributable to owners of parent</b>	<b>683</b>	<b>804</b>

## Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Nine months ended October 31, 2016	Nine months ended October 31, 2017
	Amount	Amount
<b>Profit attributable to owners of parent</b>	683	804
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	627	518
Deferred gains or losses on hedges	(9)	(0)
Foreign currency translation adjustment	(1,128)	(230)
Remeasurements of defined benefit plans, net of tax	2	0
Total other comprehensive income	(508)	287
<b>Comprehensive income</b>	175	1,092
(Details)		
Comprehensive income attributable to owners of the parent	175	1,092
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated Sales by Product

(Millions of yen)

	Nine months ended October 31, 2016		Nine months ended October 31, 2017		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	44,107	60.4	37,870	55.2	(6,236)
ICT/Solutions	28,858	39.6	30,720	44.8	1,861
Total	72,965	100.0	68,590	100.0	(4,375)