

Consolidated Financial Review for the Third Quarter Ended October 31, 2018 [Japanese standards] (Consolidated)

Company name: RYOYO ELECTRO CORPORATION
 Headquarters address: 12-22 Tsukiji 1-chome, Chuo-ku, Tokyo 104-8408 Japan
 URL: <https://www.ryoyo.co.jp>
 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8068
 Company representative: Moritaka Nakamura, President
 Inquiries: Kiyoshi Waki, Director and Senior Executive Officer
 Tel: +81-3-3543-7710 E-mail: irmanager@ryoyo.co.jp

Due date of submitting of quarterly financial statement : December 7, 2018
 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, 2018 (2/1/2018-10/31/2018)

(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 10/31/18	69,106	0.8	1,150	14.5	1,250	8.8
Nine months ended 10/31/17	68,590	(6.0)	1,004	(8.9)	1,149	1.1

Note: Comprehensive income

Nine months ended 10/31/18: (468) million yen (-%)

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

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Nine months ended 10/31/18	860	6.9	35.08	34.95
Nine months ended 10/31/17	804	17.8	32.85	32.71

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 10/31/18	76,465	62,463	81.6	2,545.24
As of 1/31/18	78,111	64,404	82.4	2,625.66

(Reference) Equity

Year ended 10/31/18: 62,413 million yen

Year ended 1/31/18: 64,344 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 1/31/18	—	30.00	—	30.00	60.00
Year ending 1/31/19	—	30.00	—	—	—
Year ending 1/31/19 (Estimate)	—	—	—	30.00	60.00

Note: Revision to dividend forecast for this period: None

3. Financial forecast for the year ending January 31, 2019 (2/1/2018–1/31/2019)

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 1/31/19	93,000	0.8	1,200	377.2	1,400	223.8	960	351.1	39.16

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, 2018: 26,800,000 shares
January 31, 2018: 26,800,000 shares
 - ② Number of shares of treasury stock as of:
October 31, 2018: 2,278,405 shares
January 31, 2018: 2,293,760 shares
 - ③ Average number of shares outstanding as of:
October 31, 2018: 24,516,865 shares
October 31, 2017: 24,506,919 shares

Indication regarding the implementation status of the quarterly review procedure

This Financial Review is not subject to audit procedure under the Financial Instruments and Exchange Act.

Caution on forecast for the year ending January 31, 2019

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, 2018	As of October 31, 2018
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	14,040	12,685
Notes and accounts receivable-trade	25,912	26,568
Securities	649	666
Merchandise and finished goods	10,857	11,794
Deferred tax assets	497	466
Other	1,378	1,292
Allowance for doubtful accounts	(2)	(2)
Total current assets	53,332	53,470
Noncurrent assets		
Property, plant and equipment	163	194
Intangible assets	454	390
Investments and other assets		
Investment securities	21,930	19,942
Net defined benefit asset	1,458	1,552
Other	1,152	1,178
Allowance for doubtful accounts	(381)	(263)
Total investments and other assets	24,160	22,409
Total noncurrent assets	24,778	22,994
Total assets	78,111	76,465

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2018	As of October 31, 2018
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	9,653	10,009
Income taxes payable	419	127
Accrued consumption taxes	87	192
Provision for bonuses	205	385
Other	716	1,048
Total current liabilities	11,082	11,762
Noncurrent liabilities		
Net defined benefit liability	790	794
Deferred tax liabilities	1,429	935
Other	405	508
Total noncurrent liabilities	2,624	2,238
Total liabilities	13,706	14,001
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	36,287	35,667
Treasury shares	(2,707)	(2,690)
Total shareholders' equity	60,588	59,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,013	1,813
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	430	320
Remeasurements of defined benefit plans	313	294
Total accumulated other comprehensive income	3,756	2,427
Subscription rights to shares	59	50
Total net assets	64,404	62,463
Total liabilities and net assets	78,111	76,465

Consolidated Statements of Income

(Millions of yen)

	Nine months ended October 31, 2017	Nine months ended October 31, 2018
	Amount	Amount
Net sales	68,590	69,106
Cost of sales	62,357	62,378
Gross profit	6,233	6,727
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(1)	(3)
Salaries and bonuses	1,944	2,036
Provision for bonuses	363	381
Retirement benefit expenses	89	53
Rent expenses	256	272
Depreciation	173	160
Other	2,402	2,677
Total selling, general and administrative expenses	5,228	5,577
Operating income	1,004	1,150
Non-operating income		
Interest income	47	77
Dividend income	72	84
Purchase discounts	6	5
Gain on investments in partnership	61	14
Other	14	19
Total non-operating income	202	201
Non-operating expenses		
Sales discounts	5	9
Foreign exchange losses	43	75
Commission fee	4	13
Loss on abandonment of non-current assets	0	1
Other	3	0
Total non-operating expenses	57	101
Ordinary income	1,149	1,250
Extraordinary income		
Gain on sales of investment securities	161	—
Total extraordinary income	161	—
Extraordinary losses		
Loss on sales of investment securities	33	—
Loss on liquidation of subsidiaries and associates	105	—
Total extraordinary losses	138	—
Income before income taxes and minority interests	1,172	1,250
Income taxes—current	469	314
Income taxes—deferred	(101)	75
Total income taxes	367	390
Profit	804	860
Profit attributable to owners of parent	804	860

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Nine months ended October 31, 2017	Nine months ended October 31, 2018
	Amount	Amount
Profit attributable to owners of parent	804	860
Other comprehensive income		
Valuation difference on available-for-sale securities	518	(1,200)
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(230)	(109)
Remeasurements of defined benefit plans, net of tax	0	(19)
Total other comprehensive income	287	(1,329)
Comprehensive income	1,092	(468)
(Details)		
Comprehensive income attributable to owners of parent	1,092	(468)
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Nine months ended October 31, 2017		Nine months ended October 31, 2018		Increase (Decrease)
	Amount	Composition(%)	Amount	Composition(%)	
Semiconductors/Devices	37,870	55.2	37,231	53.9	(639)
ICT/Solutions	30,720	44.8	31,874	46.1	1,154
Total	68,590	100.0	69,106	100.0	515