

Consolidated Financial Review for the First Quarter Ended April 30, 2019 [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: Masayuki Takahashi, General Manager of Administration Headquarters
 Tel: +81-3-3543-7711 E-mail: irmanager@ryoyo.co.jp

Due date of submitting of quarterly financial statement : June 11, 2019
 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 first quarter ended April 30, 2019 (2/1/2019-4/30/2019)

(1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended 4/30/19	27,575	21.6	617	40.1	630	36.6
Three months ended 4/30/18	22,675	(2.7)	441	35.4	461	39.3

Note: Comprehensive income

Three months ended 4/30/19: 958 million yen (-%)
 Three months ended 4/30/18: (723) million yen (-%)

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended 4/30/19	432	37.4	17.63	17.51
Three months ended 4/30/18	314	43.7	12.83	12.78

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 4/30/19	77,570	62,431	80.3	2,541.02
As of 1/31/19	75,538	62,208	82.2	2,531.90

(Reference) Equity

Year ended 4/30/19: 62,308 million yen
 Year ended 1/31/19: 62,085 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 1/31/19	—	30.00	—	30.00	60.00
Year ending 1/31/20	—	—	—	—	—
Year ending 1/31/20 (Estimate)	—	40.00	—	40.00	80.00

Note: Revision to dividend forecast for this period: None

3. Financial forecast for the year ending January 31, 2020 (2/1/2019–1/31/2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 7/31/19	48,500	7.5	850	7.4	900	0.8	640	3.3	26.10
Year ending 1/31/20	98,000	4.5	1,500	19.3	1,600	8.5	1,140	11.7	46.49

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 shares)

① Number of shares of common shares issued as of:

(Including treasury shares)

April 30, 2019: 26,800,000 shares

January 31, 2019: 26,800,000 shares

② Number of shares of treasury shares:

April 30, 2019: 2,278,751 shares

January 31, 2019: 2,278,591 shares

③ Average number of shares outstanding as of:

April 30, 2019: 24,521,322 shares

April 30, 2018: 24,506,237 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, 2020

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, 2019	As of April 30, 2019
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	13,416	10,216
Notes and accounts receivable - trade	25,585	28,413
Securities	544	1,062
Merchandise and finished goods	12,124	13,615
Other	1,444	1,513
Allowance for doubtful accounts	(2)	(2)
Total current assets	53,113	54,818
Non-current assets		
Property, plant and equipment	188	198
Intangible assets	404	378
Investments and other assets		
Investment securities	19,439	19,778
Retirement benefit asset	1,431	1,461
Other	1,305	1,280
Allowance for doubtful accounts	(344)	(344)
Total investments and other assets	21,832	22,174
Total non-current assets	22,425	22,751
Total assets	75,538	77,570

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2019	As of April 30, 2019
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable – trade	10,092	11,193
Income taxes payable	126	289
Accrued consumption taxes	248	11
Provision for bonuses	241	388
Other	815	1,297
Total current liabilities	11,523	13,180
Non-current liabilities		
Retirement benefit liability	802	789
Deferred tax liabilities	466	665
Other	537	503
Total non-current liabilities	1,806	1,958
Total liabilities	13,329	15,138
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	35,827	35,524
Treasury shares	(2,690)	(2,690)
Total shareholders' equity	60,145	59,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,569	2,132
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	189	166
Remeasurements of defined benefit plans	182	167
Total accumulated other comprehensive income	1,940	2,466
Subscription rights to shares	123	123
Total net assets	62,208	62,431
Total liabilities and net assets	75,538	77,570

Consolidated Statements of Income

(Millions of yen)

	Three months ended April 30, 2018	Three months ended April 30, 2019
	Amount	Amount
Net sales	22,675	27,575
Cost of sales	20,425	25,023
Gross profit	2,250	2,552
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(3)	0
Salaries and bonuses	621	673
Provision for bonuses	183	165
Retirement benefit expenses	37	11
Rent expenses	89	90
Depreciation	50	53
Other	829	940
Total selling, general and administrative expenses	1,808	1,934
Operating profit	441	617
Non-operating income		
Interest income	23	19
Dividend income	11	14
Purchase discounts	2	1
Gain on investments in investment partnerships	1	15
Other	10	4
Total non-operating income	48	55
Non-operating expenses		
Sales discounts	3	1
Foreign exchange losses	18	36
Loss on abandonment of non-current assets	1	0
Commission expenses	4	4
Other	0	0
Total non-operating expenses	28	43
Ordinary profit	461	630
Extraordinary losses		
Loss on valuation of investment securities	—	6
Total extraordinary losses	—	6
Income before income taxes and minority interests	461	624
Income taxes - current	157	235
Income taxes - deferred	(10)	(43)
Total income taxes	147	192
Profit	314	432
Profit attributable to owners of parent	314	432

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Three months ended April 30, 2018	Three months ended April 30, 2019
	Amount	Amount
Profit attributable to owners of parent	314	432
Other comprehensive income		
Valuation difference on available-for-sale securities	(566)	563
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(465)	(22)
Remeasurements of defined benefit plans, net of tax	(6)	(14)
Total other comprehensive income	(1,037)	526
Comprehensive income	(723)	958
(Details)		
Comprehensive income attributable to owners of parent	(723)	958
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Three months ended April 30, 2018		Three months ended April 30, 2019		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	11,644	51.4	12,890	46.7	1,245
ICT/Solutions	11,030	48.6	14,685	53.3	3,654
Total	22,675	100.0	27,575	100.0	4,900