

# Consolidated Financial Review for the Second Quarter Ended July 31, 2019 [Japanese standards] (Consolidated)

Company name:	<b>RYOYO ELECTRO CORPORATION</b>
Headquarters address:	12-22 Tsukiji 1-chome, Chuo-ku, Tokyo 104-8408 Japan
URL:	<a href="https://www.ryoyo.co.jp">https://www.ryoyo.co.jp</a>
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: <a href="mailto:irmanager@ryoyo.co.jp">irmanager@ryoyo.co.jp</a>
Due date of submitting of quarterly financial statement	: September 10, 2019
Due date of starting delivery of dividends	: October 1, 2019
Supplementary materials for the quarterly financial results	: Yes
Investor conference for the quarterly financial results	: Yes

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

## 1. Financial highlights for the second quarter ended July 31, 2019 (2/1/2019-7/31/2019)

### (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	%
Six months ended 7/31/19	54,229	20.2	1,061	34.1	1,140	27.8
Six months ended 7/31/18	45,133	(2.0)	791	14.7	892	8.2

Note: Comprehensive income

Six months ended 7/31/19:	924	million yen	( -%)
Six months ended 7/31/18:	(565)	million yen	( -%)

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Six months ended 7/31/19	796	28.5	32.44	32.25
Six months ended 7/31/18	619	7.8	25.28	25.18

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 7/31/19	74,907	62,363	83.1	2,533.72
As of 1/31/19	75,538	62,208	82.2	2,531.90

(Reference) Equity

As of 7/31/19:	62,261	million yen
As of 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	—	40.00	—	—	—
Year ending 1/31/20 (Estimate)	—	—	—	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
Year ending 1/31/20	98,000	4.5	1,500	19.3	1,600	8.5	1,140	11.7	46.45

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)  
July 31, 2019: 26,800,000 shares  
January 31, 2019: 26,800,000 shares
  - ② Number of shares of treasury shares:  
July 31, 2019: 2,226,944 shares  
January 31, 2019: 2,278,591 shares
  - ③ Average number of shares outstanding as of:  
July 31, 2019: 24,543,948 shares  
July 31, 2018: 24,514,315 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 July 31, 2019
	Amount	Amount
<b>(Assets)</b>		
<b>Current Assets</b>		
Cash and deposits	13,416	9,817
Notes and accounts receivable - trade	25,585	28,560
Securities	544	502
Merchandise and finished goods	12,124	12,074
Other	1,444	1,317
Allowance for doubtful accounts	(2)	(2)
Total current assets	53,113	52,268
<b>Non-current assets</b>		
Property, plant and equipment	188	204
Intangible assets	404	369
Investments and other assets		
Investment securities	19,439	19,428
Retirement benefit asset	1,431	1,491
Other	1,305	1,487
Allowance for doubtful accounts	(344)	(343)
Total investments and other assets	21,832	22,063
Total non-current assets	22,425	22,638
Total assets	75,538	74,907

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2019	As of July 31, 2019
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	10,092	9,227
Income taxes payable	126	389
Accrued consumption taxes	248	89
Provision for bonuses	241	215
Other	815	719
Total current liabilities	11,523	10,640
<b>Non-current liabilities</b>		
Retirement benefit liability	802	784
Deferred tax liabilities	466	645
Other	537	473
Total non-current liabilities	1,806	1,903
Total liabilities	13,329	12,544
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	35,827	35,813
Treasury shares	(2,690)	(2,629)
Total shareholders' equity	60,145	60,192
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,569	1,932
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	189	(16)
Remeasurements of defined benefit plans	182	153
Total accumulated other comprehensive income	1,940	2,068
<b>Subscription rights to shares</b>	123	102
Total net assets	62,208	62,363
Total liabilities and net assets	75,538	74,907

# Consolidated Statements of Income

(Millions of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
	Amount	Amount
Net sales	45,133	54,229
Cost of sales	40,652	49,201
<b>Gross profit</b>	<b>4,480</b>	<b>5,027</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(3)	(0)
Salaries and bonuses	1,408	1,546
Provision for bonuses	192	187
Retirement benefit expenses	54	23
Rent expenses	181	181
Depreciation	104	112
Other	1,752	1,915
Total selling, general and administrative expenses	<b>3,689</b>	<b>3,966</b>
<b>Operating profit</b>	<b>791</b>	<b>1,061</b>
Non-operating income		
Interest income	54	37
Dividend income	81	103
Purchase discounts	3	3
Gain on investments in investment partnerships	12	25
Other	18	8
Total non-operating income	<b>170</b>	<b>178</b>
Non-operating expenses		
Sales discounts	6	3
Foreign exchange losses	51	82
Loss on abandonment of non-current assets	1	0
Commission expenses	9	9
Other	0	2
Total non-operating expenses	<b>68</b>	<b>98</b>
<b>Ordinary profit</b>	<b>892</b>	<b>1,140</b>
Extraordinary losses		
Loss on valuation of investment securities	—	6
Total extraordinary losses	—	6
<b>Income before income taxes and minority interests</b>	<b>892</b>	<b>1,133</b>
Income taxes - current	197	305
Income taxes - deferred	74	31
Total income taxes	<b>272</b>	<b>337</b>
<b>Profit</b>	<b>619</b>	<b>796</b>
<b>Profit attributable to owners of parent</b>	<b>619</b>	<b>796</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
	Amount	Amount
<b>Profit attributable to owners of parent</b>	619	796
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(946)	362
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(226)	(205)
Remeasurements of defined benefit plans, net of tax	(12)	(28)
Total other comprehensive income	(1,185)	128
<b>Comprehensive income</b>	(565)	924
(Details)		
Comprehensive income attributable to owners of parent	(565)	924
Comprehensive income attributable to non-controlling interests	—	—

# Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Income before income taxes and minority interests	892	1,133
Depreciation	104	113
Loss (gain) on sales and retirement of property, plant and equipment	0	2
Share-based remuneration expenses	—	9
Loss (gain) on investments in investment partnerships	(12)	25
Foreign exchange losses (gains)	6	0
Increase (decrease) in provision	(128)	(25)
Increase (decrease) in retirement benefit liability	2	(21)
Interest and dividend income	(135)	(140)
Loss (gain) on sales of investment securities	—	6
Decrease (increase) in trade receivables	1,336	(3,101)
Decrease (increase) in inventories	(855)	(0)
Increase (decrease) in trade payables	(1,096)	(820)
Increase (decrease) in accrued consumption taxes	57	(152)
Other, net	208	(65)
Subtotal	380	(3,088)
Interest and dividends received	121	135
Income taxes (paid) refund	(289)	(60)
Net cash provided by (used in) operating activities	212	(3,013)
<b>II. Cash flows from investing activities</b>		
Payments into time deposits	(274)	(12)
Proceeds from withdrawal of time deposits	210	13
Purchase of property, plant and equipment and intangible assets	(69)	(89)
Proceeds from sales of property, plant and equipment and intangible assets	5	0
Purchase of investment securities	(6)	(7)
Proceeds from redemption of investment securities	—	500
Purchase of shares of subsidiaries and associates	—	(59)
Loan advances to subsidiaries and associates	(98)	(220)
Collection of loans receivable from subsidiaries and affiliates	98	—
Proceeds from distributions from investment partnerships	128	2
Purchase of insurance funds	(20)	(30)
Other, net	61	31
Net cash provided by (used in) investing activities	35	128
<b>III. Cash flows from financing activities</b>		
Cash dividends paid	(733)	(734)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(733)	(735)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	(130)	(73)
<b>V. Net increase (decrease) in cash and cash equivalents</b>	(615)	(3,693)
<b>VI. Cash and cash equivalents at beginning of period</b>	13,893	13,416
<b>VII. Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	—	94
<b>VIII. Cash and cash equivalents at end of period</b>	13,277	9,817



## Consolidated Sales by Product

(Millions of yen)

	Six months ended July 31, 2018		Six months ended July 31, 2019		Increase (Decrease)
	Amount	Composition(%)	Amount	Composition(%)	
Semiconductors/Devices	24,281	53.8	27,557	50.8	3,275
ICT/Solutions	20,851	46.2	26,671	49.2	5,819
Total	45,133	100.0	54,229	100.0	9,095