

# Consolidated Financial Review for the Third Quarter Ended October 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		
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Due date of submitting of quarterly financial statement	: December 10, 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 third quarter ended October 31, 2019 (2/1/2019-10/31/2019)

### (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	%
Nine months ended 10/31/19	81,300	17.6	1,647	43.2	1,663	33.1
Nine months ended 10/31/18	69,106	0.8	1,150	14.5	1,250	8.8

Note: Comprehensive income

Nine months ended 10/31/19: 1,699 million yen ( -%)

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

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Nine months ended 10/31/19	1,083	25.9	44.12	43.86
Nine months ended 10/31/18	860	6.9	35.08	34.95

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 10/31/19	76,807	62,155	80.8	2,525.26
As of 1/31/19	75,538	62,208	82.2	2,531.90

(Reference) Equity

As of 10/31/19: 62,053 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	105,000	11.9	1,900	51.1	1,900	28.9	1,200	17.6	48.87

Note: Revisions to financial forecast for this period: Yes

#### 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)

October 31, 2019: 26,800,000 shares

January 31, 2019: 26,800,000 shares

② Number of shares of treasury shares:

October 31, 2019: 2,227,039 shares

January 31, 2019: 2,278,591 shares

③ Average number of shares outstanding as of:

October 31, 2019: 24,553,735 shares

October 31, 2018: 24,516,865 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 October 31, 2019
	Amount	Amount
<b>(Assets)</b>		
<b>Current Assets</b>		
Cash and deposits	13,416	10,262
Notes and accounts receivable - trade	25,585	28,520
Securities	544	501
Merchandise and finished goods	12,124	12,569
Other	1,444	1,719
Allowance for doubtful accounts	(2)	(2)
<b>Total current assets</b>	<b>53,113</b>	<b>53,570</b>
<b>Non-current assets</b>		
Property, plant and equipment	188	199
Intangible assets	404	348
Investments and other assets		
Investment securities	19,439	20,046
Retirement benefit asset	1,431	1,521
Other	1,305	1,466
Allowance for doubtful accounts	(344)	(344)
<b>Total investments and other assets</b>	<b>21,832</b>	<b>22,689</b>
<b>Total non-current assets</b>	<b>22,425</b>	<b>23,237</b>
<b>Total assets</b>	<b>75,538</b>	<b>76,807</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2019	As of October 31, 2019
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	10,092	9,981
Income taxes payable	126	497
Accrued consumption taxes	248	184
Provision for bonuses	241	424
Other	815	1,501
Total current liabilities	11,523	12,589
<b>Non-current liabilities</b>		
Retirement benefit liability	802	774
Deferred tax liabilities	466	850
Other	537	438
Total non-current liabilities	1,806	2,062
Total liabilities	13,329	14,652
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	35,827	35,117
Treasury shares	(2,690)	(2,629)
Total shareholders' equity	60,145	59,496
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,569	2,508
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	189	(90)
Remeasurements of defined benefit plans	182	139
Total accumulated other comprehensive income	1,940	2,556
<b>Subscription rights to shares</b>	123	102
Total net assets	62,208	62,155
Total liabilities and net assets	75,538	76,807

# Consolidated Statements of Income

(Millions of yen)

	Nine months ended October 31, 2018	Nine months ended October 31, 2019
	Amount	Amount
Net sales	69,106	81,300
Cost of sales	62,378	73,699
<b>Gross profit</b>	<b>6,727</b>	<b>7,600</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(3)	(0)
Salaries and bonuses	2,036	2,228
Provision for bonuses	381	393
Retirement benefit expenses	71	43
Rent expenses	272	272
Depreciation	160	172
Other	2,659	2,844
Total selling, general and administrative expenses	5,577	5,953
<b>Operating profit</b>	<b>1,150</b>	<b>1,647</b>
Non-operating income		
Interest income	77	51
Dividend income	84	108
Purchase discounts	5	5
Gain on investments in investment partnerships	14	9
Other	19	10
Total non-operating income	201	185
Non-operating expenses		
Sales discounts	9	4
Foreign exchange losses	75	147
Commission expenses	13	13
Loss on abandonment of non-current assets	1	1
Other	0	2
Total non-operating expenses	101	169
<b>Ordinary profit</b>	<b>1,250</b>	<b>1,663</b>
Extraordinary income		
Gain on sales of investment securities	—	190
Gain on liquidation of subsidiaries and associates	—	9
Total extraordinary income	—	199
Extraordinary losses		
Loss on valuation of investment securities	—	231
Total extraordinary losses	—	231
<b>Income before income taxes and minority interests</b>	<b>1,250</b>	<b>1,632</b>
Income taxes – current	314	561
Income taxes – deferred	75	(12)
Total income taxes	390	548
<b>Profit</b>	<b>860</b>	<b>1,083</b>
<b>Profit attributable to owners of parent</b>	<b>860</b>	<b>1,083</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Nine months ended October 31, 2018	Nine months ended October 31, 2019
	Amount	Amount
<b>Profit attributable to owners of parent</b>	860	1,083
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,200)	939
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(109)	(280)
Remeasurements of defined benefit plans, net of tax	(19)	(42)
Total other comprehensive income	(1,329)	616
<b>Comprehensive income</b>	(468)	1,699
(Details)		
Comprehensive income attributable to owners of parent	(468)	1,699
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated Sales by Product

(Millions of yen)

	Nine months ended October 31, 2018		Nine months ended October 31, 2019		Increase (Decrease)
	Amount	Composition(%)	Amount	Composition(%)	
Semiconductors/Devices	37,231	53.9	41,374	50.9	4,143
ICT/Solutions	31,874	46.1	39,925	49.1	8,050
Total	69,106	100.0	81,300	100.0	12,194