

Consolidated Financial Review for the First Quarter Ended April 30, 2020 [Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**
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 URL: <https://www.ryoyo.co.jp>
 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8068
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Due date of submitting of quarterly financial statement : June 10, 2020
 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, 2020 (2/1/2020-4/30/2020)

(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 4/30/20	25,000	(9.3)	511	(17.2)	525	(16.7)
Three months ended 4/30/19	27,575	21.6	617	40.1	630	36.6

Note: Comprehensive income

Three months ended 4/30/20: (381) million yen (-%)
 Three months ended 4/30/19: 958 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 4/30/20	371	(14.0)	15.13	15.05
Three months ended 4/30/19	432	37.4	17.63	17.51

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 4/30/20	76,346	60,770	79.5	2,468.95
As of 1/31/20	78,117	62,135	79.4	2,524.47

(Reference) Equity

Year ended 4/30/20: 60,668 million yen
 Year ended 1/31/20: 62,033 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 1/31/20	—	40.00	—	40.00	80.00
Year ending 1/31/21	—	—	—	—	—
Year ending 1/31/21 (Estimate)	—	60.00	—	120.00	180.00

Note: Revision to dividend forecast for this period: None

3. Financial forecast for the year ending January 31, 2021 (2/1/2020–1/31/2021)

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 1/31/21	105,000	(3.3)	2,200	2.1	2,200	0.6	1,530	17.4	62.26

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, 2020: 26,800,000 shares
January 31, 2020: 26,800,000 shares
 - ② Number of shares of treasury shares:
April 30, 2020: 2,227,329 shares
January 31, 2020: 2,227,199 shares
 - ③ Average number of shares outstanding as of:
April 30, 2020: 24,572,687 shares
April 30, 2019: 24,521,322 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, 2021

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, 2020	As of April 30, 2020
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	12,417	14,330
Notes and accounts receivable - trade	28,152	23,896
Merchandise and finished goods	12,598	13,446
Other	1,288	1,407
Allowance for doubtful accounts	(2)	(2)
Total current assets	54,453	53,079
Non-current assets		
Property, plant and equipment	229	216
Intangible assets	311	279
Investments and other assets		
Investment securities	20,334	20,006
Retirement benefit asset	1,627	1,643
Other	1,481	1,441
Allowance for doubtful accounts	(320)	(321)
Total investments and other assets	23,122	22,771
Total non-current assets	23,664	23,267
Total assets	78,117	76,346

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2020	As of April 30, 2020
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable – trade	12,006	8,882
Short-term borrowings	—	3,700
Income taxes payable	730	219
Accrued consumption taxes	226	72
Provision for bonuses	467	611
Other	1,123	1,080
Total current liabilities	14,554	14,556
Non-current liabilities		
Retirement benefit liability	182	112
Deferred tax liabilities	827	519
Other	418	377
Total non-current liabilities	1,427	1,009
Total liabilities	15,982	15,576
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	35,337	34,726
Treasury shares	(2,630)	(2,630)
Total shareholders' equity	59,715	59,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,141	1,431
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	79	42
Remeasurements of defined benefit plans	97	89
Total accumulated other comprehensive income	2,317	1,564
Subscription rights to shares	102	102
Total net assets	62,135	60,770
Total liabilities and net assets	78,117	76,346

Consolidated Statements of Income

(Millions of yen)

	Three months ended April 30, 2019	Three months ended April 30, 2020
	Amount	Amount
Net sales	27,575	25,000
Cost of sales	25,023	22,482
Gross profit	2,552	2,517
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	0	(0)
Salaries and bonuses	673	737
Provision for bonuses	165	163
Retirement benefit expenses	11	21
Rent expenses	90	97
Depreciation	53	65
Other	940	921
Total selling, general and administrative expenses	1,934	2,006
Operating profit	617	511
Non-operating income		
Interest income	19	9
Dividend income	14	10
Purchase discounts	1	1
Gain on investments in investment partnerships	15	3
Other	4	9
Total non-operating income	55	35
Non-operating expenses		
Sales discounts	1	6
Foreign exchange losses	36	7
Loss on abandonment of non-current assets	0	0
Commission expenses	4	4
Other	0	3
Total non-operating expenses	43	21
Ordinary profit	630	525
Extraordinary income		
Gain on contribution of securities to retirement benefit trust	—	47
Gain on sales of investment securities	—	19
Total extraordinary income	—	67
Extraordinary losses		
Settlement package	—	39
Loss on sales of investment securities	—	4
Loss on valuation of investment securities	6	—
Total extraordinary losses	6	43
Income before income taxes and minority interests	624	549
Income taxes – current	235	168
Income taxes – deferred	(43)	8
Total income taxes	192	177
Profit	432	371
Profit attributable to owners of parent	432	371

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Three months ended April 30, 2019	Three months ended April 30, 2020
	Amount	Amount
Profit attributable to owners of parent	432	371
Other comprehensive income		
Valuation difference on available-for-sale securities	563	(709)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(22)	(36)
Remeasurements of defined benefit plans, net of tax	(14)	(8)
Total other comprehensive income	526	(753)
Comprehensive income	958	(381)
(Details)		
Comprehensive income attributable to owners of parent	958	(381)
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Three months ended April 30, 2019		Three months ended April 30, 2020		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	12,890	46.7	11,016	44.1	(1,873)
ICT/Solutions	14,685	53.3	13,983	55.9	(701)
Total	27,575	100.0	25,000	100.0	(2,575)