

# Consolidated Financial Review for the Third Quarter Ended October 31, 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 : December 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 third quarter ended October 31, 2020 (2/1/2020-10/31/2020)

### (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 %
Nine months ended 10/31/20	69,659 (14.3)	841 (48.9)	481 (71.0)
Nine months ended 10/31/19	81,300 17.6	1,647 43.2	1,663 33.1

Note: Comprehensive income

Nine months ended 10/31/20: (16) million yen ( -%)  
 Nine months ended 10/31/19: 1,699 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 10/31/20	431 (60.2)	17.51	17.46
Nine months ended 10/31/19	1,083 25.9	44.12	43.86

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 10/31/20	77,078	59,708	77.4	2,417.43
As of 1/31/20	78,117	62,135	79.4	2,524.47

(Reference) Equity

As of 10/31/20: 59,664 million yen  
 As of 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	—	60.00	—	—	—
Year ending 1/31/21 (Estimate)	—	—	—	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	95,000	(12.5)	1,300	(39.7)	950	(56.6)	810	(37.8)	35.36

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): Yes  
Newly added: StyleZ Corp. 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, 2020: 26,800,000 shares  
January 31, 2020: 26,800,000 shares
  - ② Number of shares of treasury shares:  
October 31, 2020: 2,118,968 shares  
January 31, 2020: 2,227,199 shares
  - ③ Average number of shares outstanding as of:  
October 31, 2020: 24,643,518 shares  
October 31, 2019: 24,553,735 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 October 31, 2020
	Amount	Amount
<b>(Assets)</b>		
<b>Current Assets</b>		
Cash and deposits	12,417	24,382
Notes and accounts receivable - trade	28,152	21,578
Securities	—	1,498
Merchandise and finished goods	12,598	12,351
Work in process	—	183
Other	1,288	1,578
Allowance for doubtful accounts	(2)	(5)
Total current assets	<b>54,453</b>	<b>61,566</b>
<b>Non-current assets</b>		
Property, plant and equipment	229	215
Intangible assets		
Goodwill	—	615
Other	311	251
Total Intangible assets	311	867
Investments and other assets		
Investment securities	20,334	11,628
Retirement benefit asset	1,627	1,673
Other	1,481	1,447
Allowance for doubtful accounts	(320)	(321)
Total investments and other assets	23,122	14,427
Total non-current assets	23,664	15,511
<b>Total assets</b>	<b>78,117</b>	<b>77,078</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2020	As of October 31, 2020
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	12,006	10,411
Short-term borrowings	—	3,134
Income taxes payable	730	65
Accrued consumption taxes	226	158
Provision for bonuses	467	444
Other	1,123	1,891
Total current liabilities	14,554	16,105
<b>Non-current liabilities</b>		
Long-term borrowings	—	88
Deferred tax liabilities	827	615
Retirement benefit liability	182	220
Other	418	338
Total non-current liabilities	1,427	1,263
Total liabilities	15,982	17,369
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	35,337	33,289
Treasury shares	(2,630)	(2,502)
Total shareholders' equity	59,715	57,795
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,141	1,890
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	79	(94)
Remeasurements of defined benefit plans	97	73
Total accumulated other comprehensive income	2,317	1,869
<b>Share acquisition rights</b>	102	43
Total net assets	62,135	59,708
Total liabilities and net assets	78,117	77,078

# Consolidated Statements of Income

(Millions of yen)

	Nine months ended October 31, 2019	Nine months ended October 31, 2020
	Amount	Amount
Net sales	81,300	69,659
Cost of sales	73,699	62,874
<b>Gross profit</b>	<b>7,600</b>	<b>6,784</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(0)
Salaries and bonuses	2,228	2,234
Provision for bonuses	393	380
Retirement benefit expenses	43	64
Rent expenses	272	301
Depreciation	172	169
Other	2,844	2,792
Total selling, general and administrative expenses	5,953	5,942
<b>Operating profit</b>	<b>1,647</b>	<b>841</b>
Non-operating income		
Interest income	51	23
Dividend income	108	93
Purchase discounts	5	1
Gain on investments in investment partnerships	9	58
Other	10	71
Total non-operating income	185	248
Non-operating expenses		
Interest expenses	—	29
Sales discounts	4	35
Foreign exchange losses	147	42
Commission expenses	13	11
Loss on abandonment of non-current assets	1	0
Commission for purchase of treasury shares	—	478
Other	2	10
Total non-operating expenses	169	608
<b>Ordinary profit</b>	<b>1,663</b>	<b>481</b>
Extraordinary income		
Gain on sales of investment securities	190	201
Gain on contribution of securities to retirement benefit trust	—	47
Gain on liquidation of subsidiaries and associates	9	—
Total extraordinary income	199	248
Extraordinary losses		
Loss on sales of investment securities	—	172
Settlement package	—	119
Loss on valuation of investment securities	231	—
Total extraordinary losses	231	291
<b>Profit before income taxes</b>	<b>1,632</b>	<b>439</b>
Income taxes – current	561	58
Income taxes – deferred	(12)	(50)
Total income taxes	548	7
<b>Profit</b>	<b>1,083</b>	<b>431</b>
<b>Profit attributable to owners of parent</b>	<b>1,083</b>	<b>431</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Nine months ended October 31, 2019	Nine months ended October 31, 2020
	Amount	Amount
<b>Profit attributable to owners of parent</b>	1,083	431
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	939	(250)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(280)	(173)
Remeasurements of defined benefit plans, net of tax	(42)	(24)
Total other comprehensive income	616	(448)
<b>Comprehensive income</b>	1,699	(16)
(Details)		
Comprehensive income attributable to owners of parent	1,699	(16)
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated Sales by Product

(Millions of yen)

	Nine months ended October 31, 2019		Nine months ended October 31, 2020		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	41,374	50.9	35,032	50.3	(6,342)
ICT/Solutions	39,925	49.1	34,626	49.7	(5,299)
Total	81,300	100.0	69,659	100.0	(11,641)