

# Financial Review for the Year Ended January 31, 2021

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 annual shareholders meeting	: April 28, 2021
Due date of starting delivery of dividends	: April 30, 2021
Due date of submitting of financial statement	: April 28, 2021
Supplementary materials for the quarterly financial results	: Yes
Investor conference for the quarterly financial results (for security analysts and institutional investors)	: Yes

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

## 1. Financial highlights for the year ended January 31, 2021 (2/1/2020-1/31/2021)

### (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	%
Year ended 1/31/21	95,792	(11.7)	1,266	(41.2)	905	(58.6)
Year ended 1/31/20	108,538	15.7	2,154	71.3	2,187	48.3

Note: Comprehensive income

Year ended 1/31/21:	484	million yen	(-71.2%)
Year ended 1/31/20:	1,680	million yen	(-%)

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended 1/31/21	806	(38.1)	35.19	35.09	1.6	1.3	1.3
Year ended 1/31/20	1,303	27.7	53.06	52.76	2.1	2.8	2.0

(Reference) Investment profit/loss on equity method:

Year ended 1/31/21:	—	million yen
Year ended 1/31/20:	—	million yen

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 1/31/21	59,336	37,992	64.0	2,188.90
As of 1/31/20	78,117	62,135	79.4	2,524.47

## (Reference) Equity

Year ended 1/31/21: 37,948 million yen

Year ended 1/31/20: 62,033 million yen

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 1/31/21	3,003	10,431	(18,327)	7,644
Year ended 1/31/20	1,463	(766)	(1,743)	12,417

## 2. Dividends

	Cash dividends per share			Total dividends Paid (Full Year)	Payout ratio	Dividends on equity
	Six months ended	Year ended	Total			
(Base date)	Yen	Yen	Yen	Millions of yen	%	%
Year ended 1/31/20	40.00	40.00	80.00	1,965	150.8	3.2
Year ended 1/31/21	60.00	120.00	180.00	3,561	511.5	7.6
Year ending 1/31/22 (Estimate)	60.00	60.00	120.00	—	154.1	—

## 3. Financial forecast for the year ending January 31, 2022 (2/1/2021–1/31/2022)

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 1/31/22	100,000	4.4	2,000	57.9	1,950	115.4	1,350	67.5	77.87

#### 4. Others

(1) Important changes in subsidiaries

(Change on specific subsidiaries with changes in scope of consolidation): Yes

Newly added: StyleZ Corp. RYOYO ELECTRO (THAILAND) CO., LTD. Excluded: —

(2) Changes in principles, procedures and method of presentation for consolidated financial statements

① Changes in accounting policies: None

② Other changes: None

③ Change in accounting estimate: None

④ Restatement of revisions: None

(3) Number of shares outstanding (common shares)

① Number of shares of common shares issued as of:

(Including treasury shares)

January 31, 2021: 26,800,000 shares

January 31, 2020: 26,800,000 shares

② Number of shares of treasury shares:

January 31, 2021: 9,463,367 shares

January 31, 2020: 2,227,199 shares

③ Average number of shares outstanding as of:

January 31, 2021: 22,907,171 shares

January 31, 2020: 24,558,567 shares

(Reference) Non-consolidated financial review

1. Financial highlights for the year ended January 31, 2021 (2/1/2020-1/31/2021)

(1) 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	%
Year ended 1/31/21	73,066	(21.3)	1,046	(43.7)	2,419	27.9
Year ended 1/31/20	92,807	9.2	1,859	72.6	1,891	52.4

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended 1/31/21	2,208	108.5	96.40	96.12
Year ended 1/31/20	1,058	28.0	43.12	42.87

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 1/31/21	53,048	35,366	66.6	2,037.46
As of 1/31/20	71,814	57,548	80.0	2,337.79

(Reference) Equity

Year ended 1/31/21: 35,322 million yen

Year ended 1/31/20: 57,446 million yen

Indication regarding the implementation status of auditing procedure

This Financial Review is not subject to audit procedure under the Financial Instruments and Exchange Act.

Caution on estimates for the year ending January 31, 2022

The above forecast was made based on the information available as of the date of this release. Actual results could significantly differ from the above forecast due to a variety of factors.

※ This financial review is only the translation of Japanese version.

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2020	As of January 31, 2021
	Amount	Amount
<b>(Assets)</b>		
<b>Current Assets</b>		
Cash and deposits	12,417	7,644
Notes and accounts receivable – trade	28,152	25,484
Securities	—	999
Merchandise and finished goods	12,598	11,614
Work in process	—	150
Other	1,288	1,535
Allowance for doubtful accounts	(2)	(6)
<b>Total current assets</b>	<b>54,453</b>	<b>47,423</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Tools, furniture and fixtures, net	96	84
Land	5	5
Construction in progress	—	4
Other, net	126	120
<b>Total property, plant and equipment</b>	<b>229</b>	<b>214</b>
Intangible assets		
Goodwill	—	599
Other	311	245
<b>Total Intangible assets</b>	<b>311</b>	<b>844</b>
Investments and other assets		
Investment securities	20,334	8,143
Deferred tax assets	—	39
Retirement benefit asset	1,627	1,520
Other	1,481	1,804
Allowance for doubtful accounts	(320)	(653)
<b>Total investments and other assets</b>	<b>23,122</b>	<b>10,854</b>
<b>Total noncurrent assets</b>	<b>23,664</b>	<b>11,913</b>
<b>Total assets</b>	<b>78,117</b>	<b>59,336</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2020	As of January 31, 2021
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	12,006	11,263
Short-term borrowings	—	6,637
Income taxes payable	730	92
Accrued consumption taxes	226	231
Provision for bonuses	467	264
Other	1,123	1,335
Total current liabilities	14,554	19,825
<b>Non-current liabilities</b>		
Long-term borrowings	—	79
Deferred tax liabilities	827	919
Retirement benefit liability	182	212
Other	418	308
Total noncurrent liabilities	1,427	1,518
Total liabilities	15,982	21,344
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Share capital	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	35,337	33,460
Treasury shares	(2,630)	(24,461)
Total shareholders' equity	59,715	36,006
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,141	2,119
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	79	(126)
Remeasurements of defined benefit plans	97	(50)
Total accumulated other comprehensive income	2,317	1,941
<b>Share acquisition rights</b>	102	43
Total net assets	62,135	37,992
Total liabilities and net assets	78,117	59,336

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

(Consolidated Statement of Income)

(Millions of yen)

	Year ended January 31, 2020	Year ended January 31, 2021
	Amount	Amount
Net sales	108,538	95,792
Cost of sales	98,177	86,598
<b>Gross profit</b>	<b>10,361</b>	<b>9,194</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(0)
Salaries and bonuses	3,191	3,286
Provision for bonuses	434	244
Retirement benefit expenses	57	87
Rent expenses	362	410
Depreciation	264	219
Other	3,896	3,679
Total selling, general and administrative expenses	8,206	7,927
<b>Operating profit</b>	<b>2,154</b>	<b>1,266</b>
Non-operating income		
Interest income	62	34
Dividend income	167	160
Purchase discounts	7	1
Gain on investments in investment partnerships	18	58
Other	16	81
Total non-operating income	272	335
Non-operating expenses		
Interest expenses	—	53
Sales discounts	5	37
Foreign exchange losses	181	61
Commission expenses	20	32
Loss on abandonment of non-current assets	4	0
Commission for purchase of treasury shares	—	490
Other	26	20
Total non-operating expenses	239	697
<b>Ordinary profit</b>	<b>2,187</b>	<b>905</b>
Extraordinary income		
Gain on sales of investment securities	430	597
Gain on contribution of securities to retirement benefit trust	700	47
Gain on liquidation of subsidiaries and associates	9	—
Total extraordinary income	1,140	644
Extraordinary losses		
Loss on sales of investment securities	—	175
Loss on valuation of investment securities	1,107	41
Loss on valuation of shares of subsidiaries and associates	—	136
Provision of allowance for doubtful accounts	—	47
Settlement package	—	119
Total extraordinary losses	1,107	520
<b>Profit before income taxes</b>	<b>2,219</b>	<b>1,028</b>
Income taxes – current	771	62
Income taxes – deferred	145	160
Total income taxes	916	222
<b>Profit</b>	<b>1,303</b>	<b>806</b>
<b>Profit attributable to owners of parent</b>	<b>1,303</b>	<b>806</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Year ended January 31, 2020	Year ended January 31, 2021
	Amount	Amount
<b>Profit attributable to owners of parent</b>	1,303	806
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	571	(21)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(110)	(151)
Remeasurements of defined benefit plans, net of tax	(84)	(148)
Total other comprehensive income	377	(322)
<b>Comprehensive income</b>	<b>1,680</b>	<b>484</b>
(Details)		
Comprehensive income attributable to owners of parent	1,680	484
Comprehensive income attributable to non-controlling interests	—	—



# Consolidated Statements of Changes in Net Assets

Previous period ( From February 1, 2019 to January 31, 2020 )

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	13,672	13,336	35,827	(2,690)	60,145
Changes during period					
Dividends of surplus			(1,718)		(1,718)
Profit attributable to owners of parent			1,303		1,303
Purchase of treasury shares				(1)	(1)
Exercise of share acquisition rights		(15)		36	20
Restricted stock payment		10		24	35
Increasing and decreasing by consolidated subsidiaries merging with unconsolidated subsidiaries			(69)		(69)
Transfer from retained earnings to capital surplus		4	(4)		—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	(490)	60	(429)
Balance at end of period	13,672	13,336	35,337	(2,630)	59,715

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remesurements of defined benefit plans		
Balance at the beginning of current period	1,569	(0)	189	182	123	62,208
Changes during period						
Dividends of surplus						(1,718)
Profit attributable to owners of parent						1,303
Purchase of treasury shares						(1)
Exercise of share acquisition rights						20
Restricted stock payment						35
Increasing and decreasing by consolidated subsidiaries merging with unconsolidated subsidiaries						(69)
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	571	0	(110)	(84)	(20)	356
Total changes during period	571	0	(110)	(84)	(20)	(73)
Balance at end of period	2,141	(0)	79	97	102	62,135

# Consolidated Statements of Changes in Net Assets

Current period ( From February 1, 2020 to January 31, 2021 )

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	13,672	13,336	35,337	(2,630)	59,715
Changes during period					
Dividends of surplus			(2,463)		(2,463)
Profit attributable to owners of parent			806		806
Purchase of treasury shares				(21,960)	(21,960)
Disposal of treasury shares		0		0	0
Exercise of share acquisition rights		(43)		101	58
Restricted stock payment		29		27	56
Change in scope of consolidation			(205)		(205)
Transfer from retained earnings to capital surplus		13	(13)		—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	(1,877)	(21,831)	(23,709)
Balance at end of period	13,672	13,336	33,460	(24,461)	36,006

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedge	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at the beginning of current period	2,141	(0)	79	97	102	62,135
Changes during period						
Dividends from surplus						(2,463)
Profit attributable to owners of parent						806
Purchase of treasury shares						(21,960)
Disposal of treasury shares						0
Exercise of share acquisition rights						58
Restricted stock payment						56
Change in scope of consolidation			(53)			(259)
Transfer from retained earnings to capital surplus						—
Net changes of items other than shareholders' equity	(21)	(0)	(151)	(148)	(58)	(380)
Total changes during period	(21)	(0)	(205)	(148)	(58)	(24,143)
Balance at end of period	2,119	(0)	(126)	(50)	43	37,992

# Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended January 31, 2020	Year ended January 31, 2021
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Profit before income taxes	2,219	1,028
Depreciation	275	241
Amortization of goodwill	—	42
Loss (gain) on sales and retirement of non-current assets	6	0
Share-based remuneration expenses	27	51
Expenses for treasury shares	—	490
Loss (gain) on investments in investment partnerships	(18)	(58)
Foreign exchange losses (gains)	0	(26)
Increase (decrease) in provisions	203	(216)
Increase (decrease) in retirement benefit liability	(742)	(58)
Interest and dividend income	(229)	(194)
Interest expenses	—	53
Loss (gain) on sales of investment securities	(429)	(422)
Loss (gain) on valuation of investment securities	1,107	41
Loss on valuation of shares of subsidiaries and associates	—	136
Settlement package	—	119
Decrease (increase) in trade receivables	(2,630)	2,860
Decrease (increase) in inventories	(506)	990
Increase (decrease) in trade payables	1,949	(991)
Increase (decrease) in accrued consumption taxes	(20)	(27)
Other, net	231	(153)
Subtotal	1,444	3,908
Interest and dividends received	230	201
Interest paid	(1)	(53)
Settlement package paid	—	(38)
Income taxes (paid) refund	(208)	(1,015)
Net cash provided by (used in) operating activities	1,463	3,003
<b>II. Cash flows from investing activities</b>		
Payments into time deposits	(100)	(21)
Proceeds from withdrawal of time deposits	100	21
Proceeds from sales of securities	500	—
Purchase of property, plant and equipment and intangible assets	(164)	(107)
Proceeds from sales of property, plant and equipment and intangible assets	1	1
Purchase of investment securities	(7,168)	(2,484)
Proceeds from sales of investment securities	5,740	13,407
Proceeds from redemption of investment securities	500	—
Purchase of shares of subsidiaries and associates	(59)	(98)
Proceeds from liquidation of affiliates	66	—
Loan advances to subsidiaries and associates	(220)	—
Proceeds from distributions from investment partnerships	23	86
Purchase of insurance funds	(60)	(75)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(383)
Other, net	73	84
Net cash provided by (used in) investing activities	(766)	10,431
<b>III. Cash flows from financing activities</b>		
Proceeds from short-term borrowings	—	33,986
Repayments of short-term borrowings	—	(27,353)
Dividends paid	(1,716)	(2,458)
Purchase of treasury shares	(1)	(22,451)
Proceeds from sales of treasury shares	—	0
Repayments of lease obligations	(26)	(36)
Other, net	—	(14)
Net cash provided by (used in) financing activities	(1,743)	(18,327)
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	(47)	(64)
<b>V. Net increase (decrease) in cash and cash equivalents</b>	(1,093)	(4,958)
<b>VI. Cash and cash equivalents at beginning of period</b>	13,416	12,417
<b>VII. Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	—	186
<b>VIII. Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	94	—
<b>IX. Cash and cash equivalents at end of period</b>	12,417	7,644

## Consolidated Sales by Product

(Millions of yen)

	Year ended January 31, 2020		Year ended January 31, 2021		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	54,338	50.1	49,854	52.0	(4,484)
ICT/Solutions	54,199	49.9	45,938	48.0	(8,261)
Total	108,538	100.0	95,792	100.0	(12,746)