

Results Briefing for Fiscal Year Ended January 31, 2021

March 12, 2021

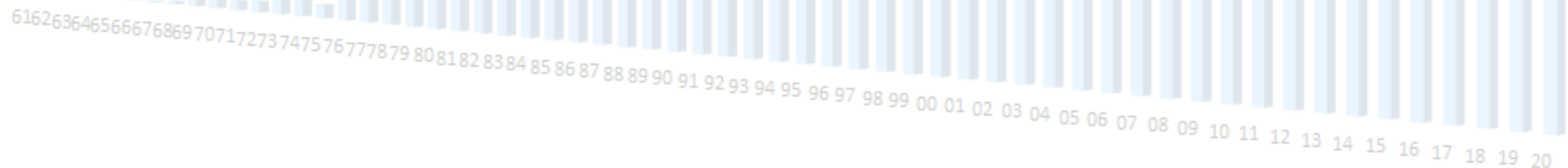
Ryoyo Electro Corporation

First Section, Tokyo Stock Exchange (Ticker Code: 8068)

<https://www.ryoyo.co.jp/en/>

Thanks to your support, the Ryoyo Group
celebrated its 60th anniversary on February 27, 2021.

We would like to express our sincere gratitude once again
for the support and kindness of our business partners,
shareholders, and other stakeholders.



Overview of Fiscal Year Ended January 31, 2021

Intentions at beginning of fiscal year and trends through the year

- Though the impact of projects that concluded in the previous year remained, the fiscal year targets were set at the beginning of the period without taking the impact of COVID-19 into account.
→ Net sales were lower than previous fiscal year since the first quarter of the fiscal year under review.
- From the second quarter, COVID-19 impact became clear in both semiconductors & devices and ICT. Ryoyo also decided on a fundamental review of capital policy, and took the expense allocations for this policy into account.
→ Net sales and income forecasts were revised downward as of Aug. 31, 2020.
- The second half of the year saw COVID-19 impacts linger mainly in medical fields, and the pace of recovery has been slow.
→ Forecasts for operating income, ordinary income, and profit attributable to owners of parent were revised downward as of Nov. 30, 2020.
- Despite the impact of COVID-19 on both semiconductors & devices and ICT & solutions, both net sales and operating income exceeded the fiscal year ended January 2019.

(Billion yen)	FY2019/1*	FY2020/1*	FY2021/1*			
			Initial Target	Aug. 31 Revision	Nov. 26 Revision	Results
Net sales	93.8	108.5	105.0	95.0	95.0	95.8
Semiconductors & devices	49.9	54.3	53.0	47.5	48.5	49.9
ICT & solutions	43.9	54.2	52.0	47.5	46.5	45.9
Gross profit	8,93	10.36	10.70	9.70	9.20	9.19
(%)	9.5%	9.5%	10.2%	10.2%	9.7%	9.6%
Selling, general and administrative expenses	7,67	8.21	8.50	8.00	7.90	7.93
Operating income	1,26	2.15	2.20	1.70	1.30	1.27
(%)	1.3%	2.0%	2.1%	1.8%	1.4%	1.3%

* FY2019/1: Fiscal year ended January 2019, FY2020/1: Fiscal year ended January 2020, FY2021/1: Fiscal year ended January 2021

- Sales fell significantly in the second quarter when the impact of COVID-19 became clear, and although sales improved in the third and fourth quarters, full-year performance was lower than the initial target.
- Although the annual gross profit margin increased by 0.1 point year on year, it began to decline slightly in the third quarter due to changing composition of sales (increased proportion of semiconductors & devices sales).
- In the third quarter, costs for capital policy review, including repurchase of treasury stock, were allocated. (Non-operating loss: ¥0.49 billion)

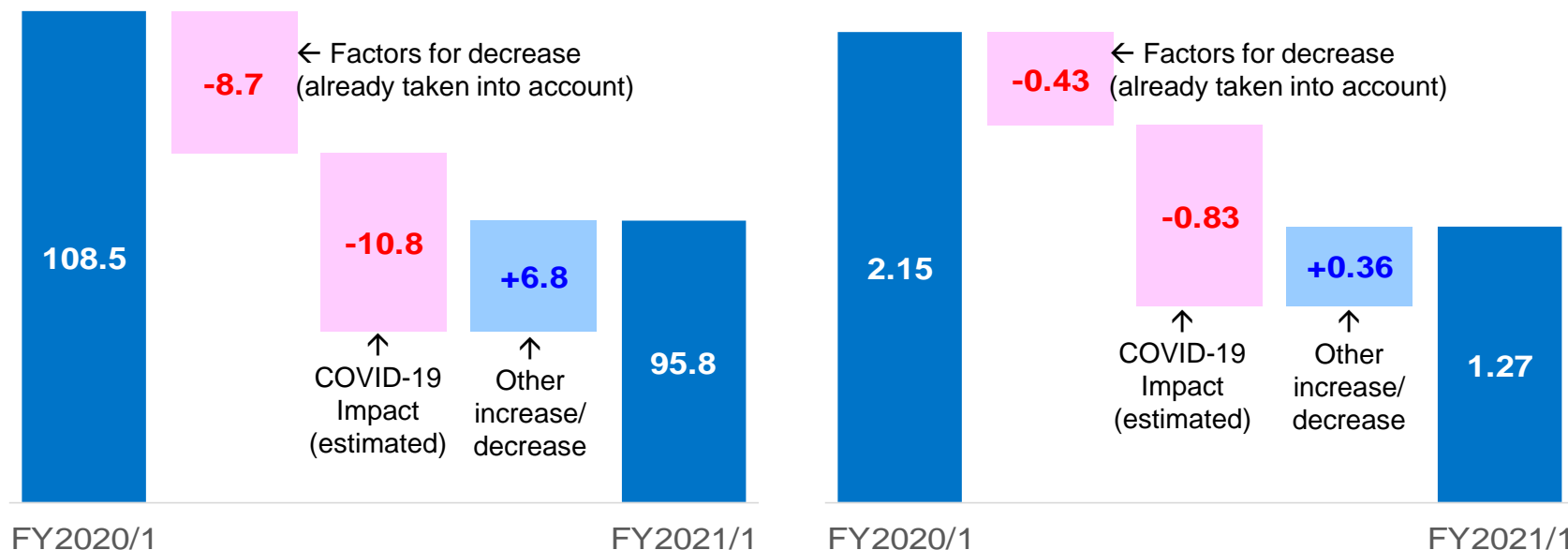
(Billion yen)	FY2020/1	FY2021/1					YoY Change	
		Q1	Q2	Q3	Q4	Full Year		%
Net sales	108.5	25.0	20.6	24.0	26.1	95.8	-12.7	-11.7%
Semiconductors & devices	54.3	11.0	10.4	13.6	14.8	49.9	-4.5	-8.3%
ICT & solutions	54.2	14.0	10.2	10.4	11.3	45.9	-8.3	-15.2%
Gross profit	10.36	2.52	2.14	2.13	2.41	9.19	-1.17	-11.3%
(%)	9.5%	10.1%	10.4%	8.8%	9.2%	9.6%		
Selling, general and administrative expenses	8.21	2.01	1.91	2.02	1.98	7.93	-0.28	-3.4%
Operating income	2.15	0.51	0.23	0.10	0.42	1.27	-0.89	-41.2%
(%)	2.0%	2.0%	1.1%	0.4%	1.6%	1.3%		
Ordinary income	2.19	0.53	0.31	-0.36	0.42	0.91	-1.28	-58.6%
(%)	2.0%	2.1%	1.5%	-	1.6%	0.9%		
Profit attributable to owners of parent	1.30	0.37	0.21	-0.15	0.37	0.81	-0.50	-38.1%
(%)	1.2%	1.5%	1.0%	-	1.4%	0.8%		

- Some factors for income decline, such as withdrawal from low-profit projects and cancellation of agency contracts, were taken into account at the beginning of the fiscal year.
→ Impact: Net sales were down ¥8.7 billion, and operating income was down ¥4.3 billion
- The impact of COVID-19 brought about widespread effects due to shortages of goods, clients' lower operating rates, sluggish final demand, and revisions to IT investment plans.
→ Impact: Net sales were down ¥10.8 billion, and operating income was down ¥0.83 billion

Net Sales

Operating Income

(Billion yen)



- Analog & power semiconductors: Sales of products for industrial machinery decreased due to heavy impact of COVID-19.
- Logic semiconductors: There was large-scale growth for products for TVs, while there were declines in sales of products for PCs and peripherals.
- Memory semiconductors: Sluggish sales in general centering on products for PC peripherals.
- RF & optical semiconductors: Fell short of initial expectations, but the launch of new products made a positive contribution.

Net Sales by Product

	Analog & power semiconductors	Logic semiconductors	Memory semiconductors	RF & optical semiconductors	LCDs	Other electronic devices	(Billion yen)
FY2021/1	8.8	24.0	3.7	2.7	3.9	6.9	49.9
FY2020/1	12.2	21.9	5.5	2.4	4.8	7.6	54.3
	-28.0%	+9.5%	-33.6%	+12.0%	-17.9%	-9.8%	

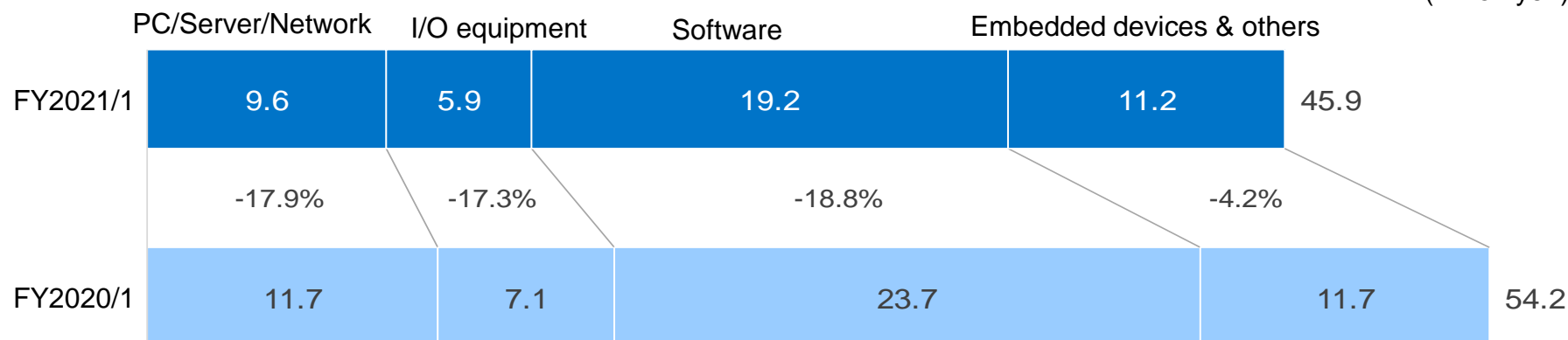
Net Sales by Application

	Communication	Digital consumer electronics	Vehicle installation	PCs & peripherals	Industrials & others	(Billion yen)
FY2021/1	5.2	17.6	2.1	10.2	14.8	49.9
FY2020/1	7.1	10.2	3.1	16.7	17.2	54.3
	-27.1%	+72.3%	-33.7%	-39.0%	-14.0%	

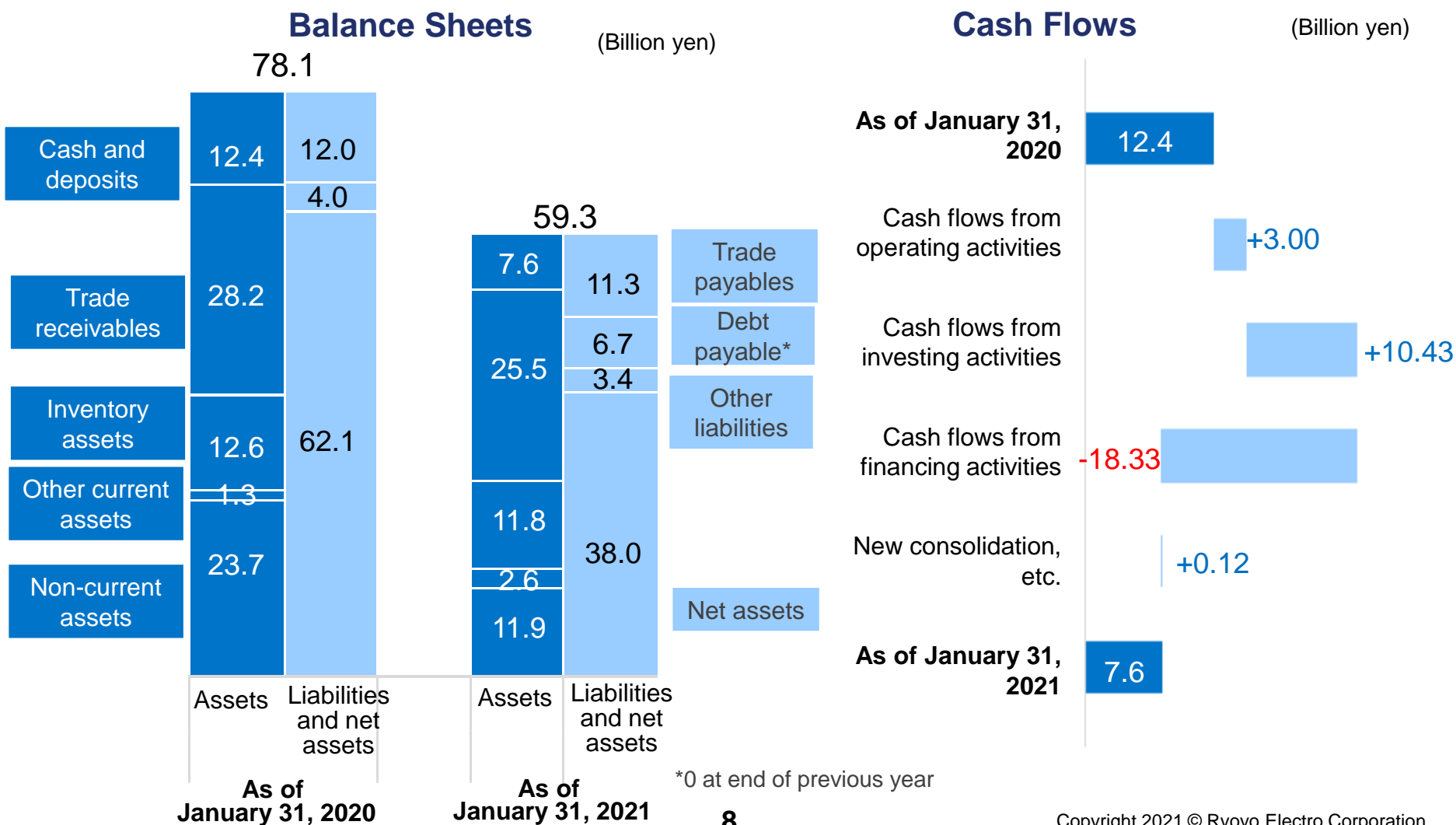
- **PCs/Server/Network:** The number of large-scale projects decreased year on year, and restraints on investment due to the impact of COVID-19 continued, mainly in medical fields.
- **I/O equipment:** Display-related products recovered starting from the second half, reaching almost the same level as the previous year, but the impact on printers of business that ended in the previous year remains.
- **Software:** Performed favorably year on year in the first half, but fell into negative territory as the reaction to special demand due to the end of support for Win7 diminished in the latter part of the second half.
- **Embedded devices and others:** Development of new contracts was sluggish due to the cancellation of trade shows and other events; the impact was caused by lower volume and postpone in development contracts in the factory automation and medical fields.

Net Sales by Product

(Billion yen)



- Total assets and net assets decreased significantly due to the repurchase of treasury stock (see next section) as part of capital policy.



Ryoyo **implemented a repurchase of treasury stock** based on a fundamental review of capital policy in order to improve capital efficiency.

Number of shares
repurchased

7,344,173 shares
(Percentage of total number of issued shares: 27.40%)

Total repurchase amount
and unit price

¥21,959,077,270 ¥2,990 per share

Repurchase period

From September 1, 2020 to October 14, 2020
(Settlement date: November 6, 2020)

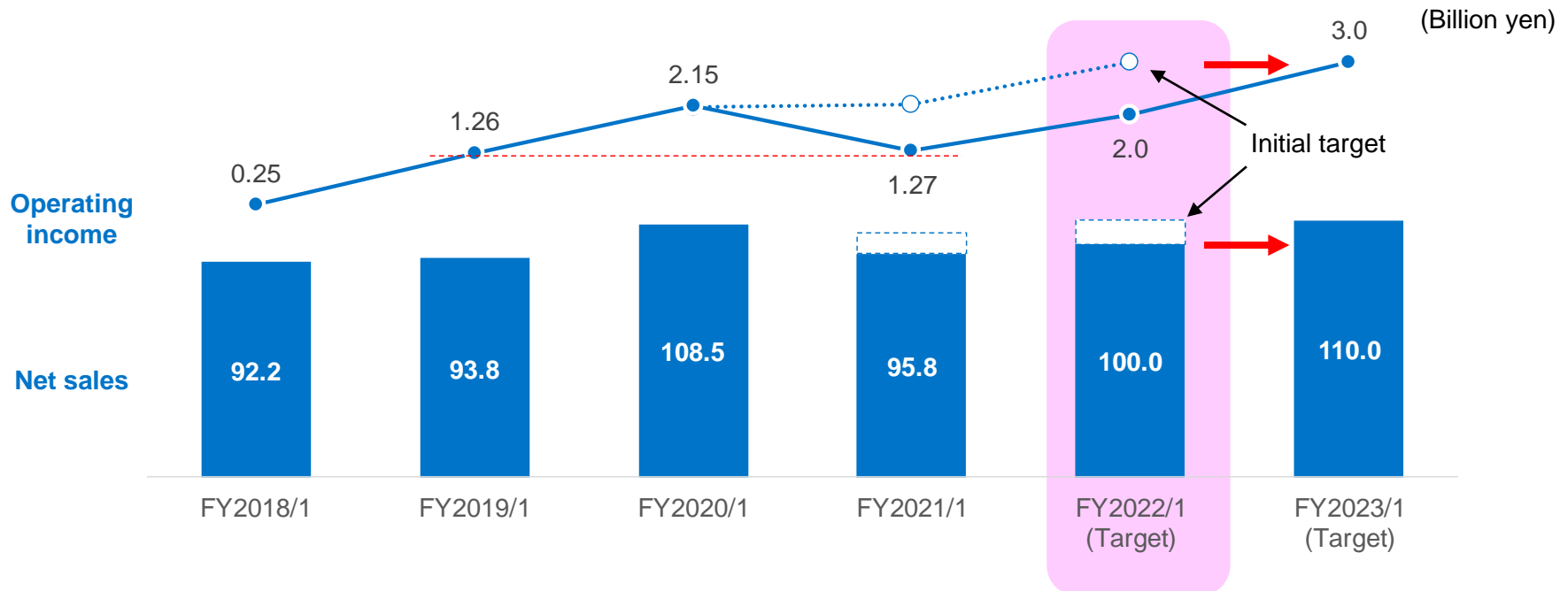
Number of treasury stock
as of January 31, 2021

9,463,367 shares
(Percentage of total number of issued shares: 35.31%)

**Business Plan for Fiscal Year
Ending January 31, 2022**

One-year postponement of the time frame for achieving the goals of the three-year plan

- Postpone by one year the achievement of the final year targets — ¥110 billion in net sales and ¥3 billion in operating income — of the three-year business plan which covers from fiscal year ended January 2020 to fiscal year ending January 2022.
- Aim to recover to ¥100 billion net sales and 2% operating margin in the next fiscal year ending January 2022, and again strive to achieve ¥110 billion net sales and ¥3 billion operating income in fiscal year ending January 2023.
- Also postpone by one year the achievement of ROE levels that exceed cost of capital stock that had been expected at the time of acquisition of treasury stock (Forecast for fiscal year ending January 2023: 5.7%).



Profit/Loss: Aiming for ¥100 billion net sales and 2.0% operating margin

- Net sales: Against a backdrop of reduced COVID-19 impact and the launch of new products and new contracts, semiconductors & devices are expected to remain mostly unchanged year on year, and ICT & solutions are expected to increase year on year.
- Gross profit margin forecasts to increase due to sales recovery and profitability improvement in ICT & solutions
- Increase in ordinary income forecasts to expand year on year due to elimination of transient non-operating expenses that had been allocated in fiscal year ended January 2021.

(Billion yen)	FY2021/1 Result	FY2022/1 Target	YoY Change	
				%
Net sales	95.8	100.0	+4.2	+4.4%
Semiconductors & devices	49.9	50.0	+0.1	+0.3%
ICT & solutions	45.9	50.0	+4.1	+8.8%
Gross profit	9.19	10.10	+0.91	+9.9%
(%)	9.6%	10.1%		
Selling, general and administrative expenses	7.93	8.10	+0.17	+2.2%
Operating income	1.27	2.00	+0.73	+57.9%
(%)	1.3%	2.0%		
Ordinary income	0.91	1.95	+1.04	+115.4%
(%)	0.9%	2.0%		
Profit attributable to owners of parent	0.81	1.35	+0.54	+67.5%
(%)	0.8%	1.4%		

Semiconductors & devices: Anticipate launch of new products and new demand

- Ryoyo Electro has number of new products and services to be launched this fiscal year, including products which will be newly added to lineup and products for capturing new demand.



We expect a year-on-year increase of approximately ¥3 billion in sales of the following seven major products.

Product	Main application	Factors
Fingerprint recognition module	Smartphone	New addition to product lineup
Optical semiconductors	Consumer electronics, automobiles, industrials	New addition to product lineup
Power Delivery products	Secondary power sources for PCs, Smartphones, etc.	Incorporating GIGA scale demand Popularization of telework
Memory semiconductors	Communication devices, industrials	Expansion of commercial rights
Semiconductors for communications (1)	Communication infrastructure	New addition to product lineup
Semiconductors for communications (2)	Printers, wireless modules, cameras	Expansion of product lineup
LCD modules	POS, industrial-use terminal devices	New addition to product lineup

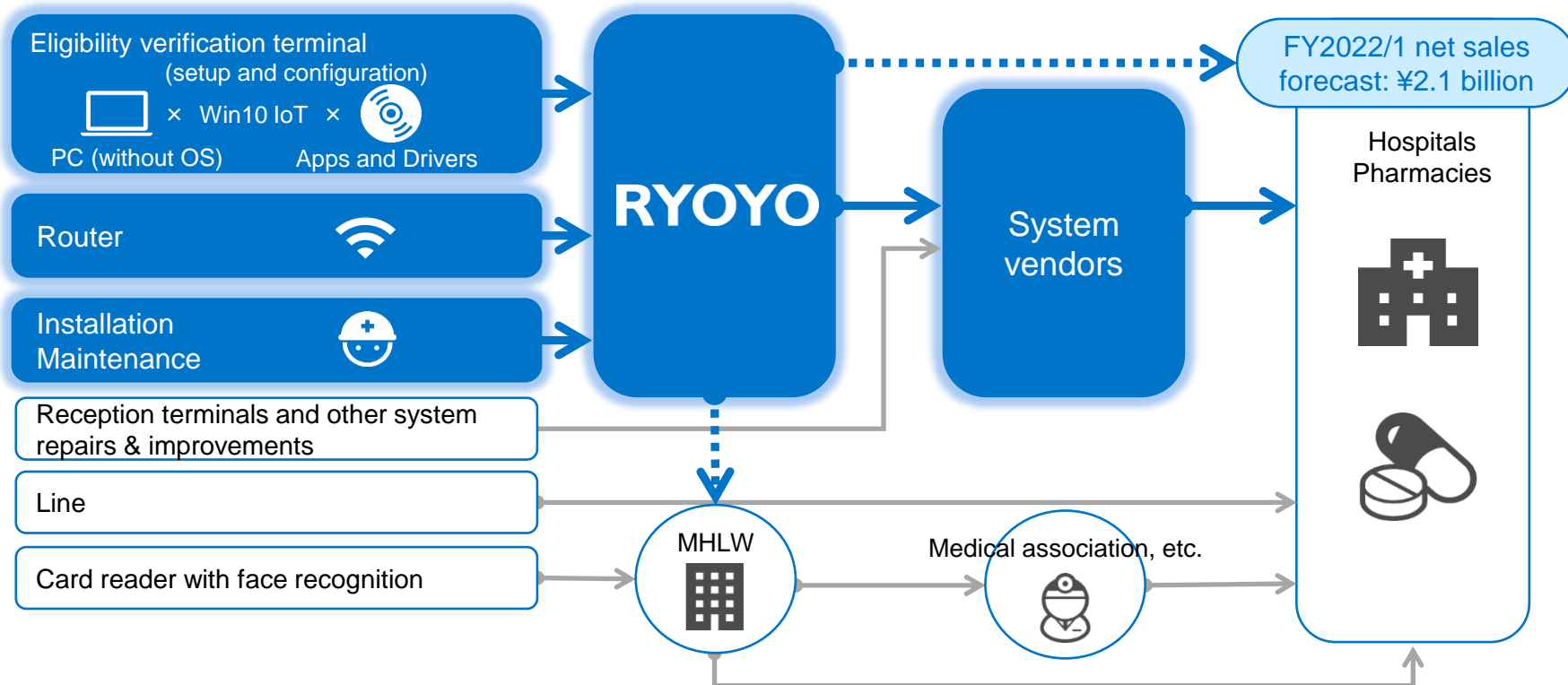
Online eligibility verification

From March 2021, hospitals and pharmacies will be able to confirm patients' insurance coverage for medical treatment at the reception desk using the IC chip of their My Number card or the code number of their health insurance card. Online verification is designed to reduce medical reception workload.

Ryoyo's Online Support Services for Implementing Eligibility Verification

(The blue area in the figure below is the scope of our service.)

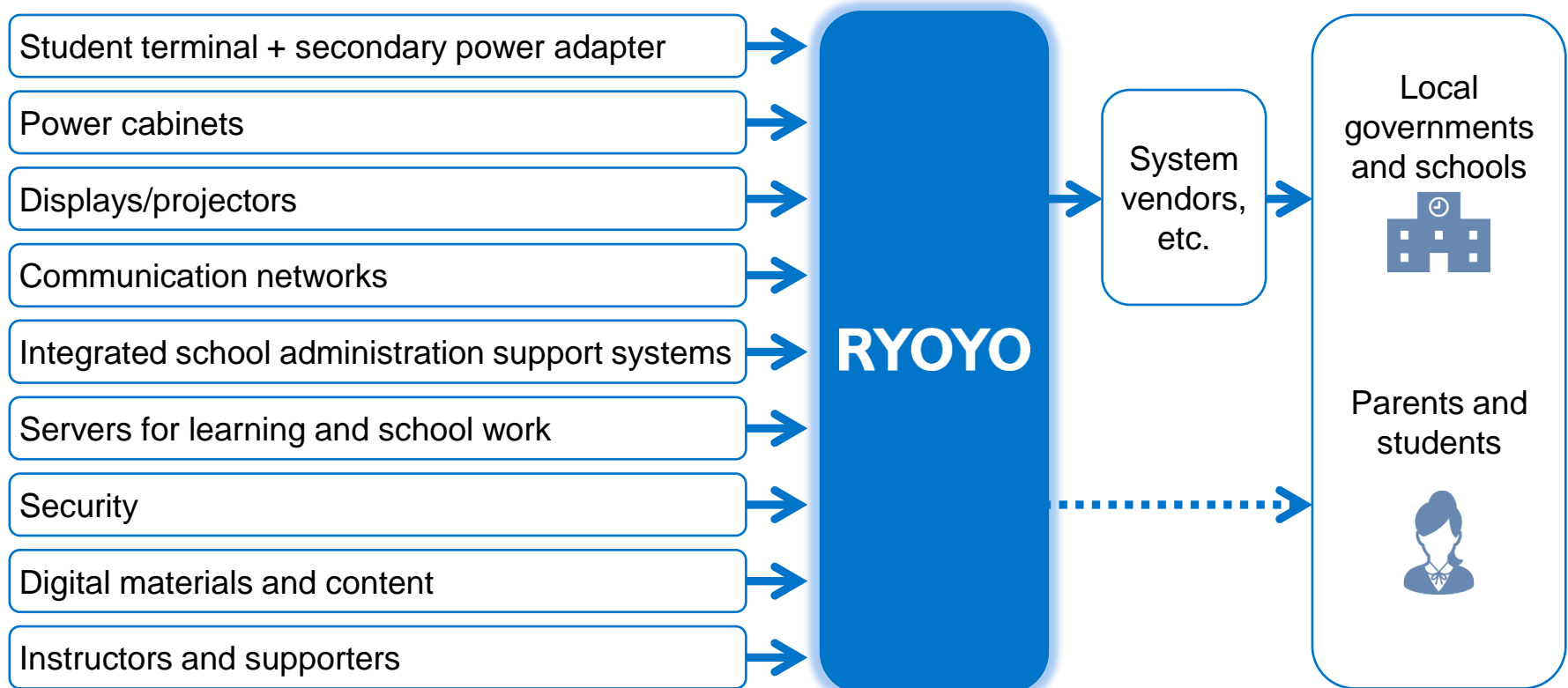
Offering a one-stop service including proposals for terminal devices that meet the requirements for online eligibility verification, as well as on-site installation and maintenance services.



Semiconductors & devices, ICT & solutions: Ryoyo's Business for Realizing the GIGA School Concept

To realize the popularization of the GIGA* School Concept, the Ryoyo Group will not only provide displays, Power Delivery products (secondary power adapters) and other hardware, but will also support the development of ICT environments in each municipality.

*GIGA: Global and Innovation Gateway for All



Semiconductors & devices

Annual net sales forecast: ¥50 billion

- Although business for TVs, which experienced large-scale growth in the previous fiscal year ended January 2021, will not be as high as in FY2021/1, it is expected to remain at a high level.
- Regarding shortage of semiconductor supplies, there is a general sense of tightness regardless of field or product, and concerns are expected to last through summer and fall.
- Electronic components are expected to increase significantly due to growth of products for smartphones and GIGA school-related products.

Net Sales by Product

	Analog & power semiconductors	Logic semiconductors	Memory semiconductors	RF & optical semiconductors ↓ LCDs	Other electronic devices	(Billion yen)
FY2022/1 Target	6.2	22.3	4.3	3.5	4.7	50.0
	-29.3%	-7.0%	+17.5%	+32.1%	+20.4%	+30.6%
FY2021/1 Result	8.8	24.0	3.7	2.7	3.9	49.9

Net Sales by Application

	Communication	Digital consumer electronics	Vehicle installation	PCs & peripherals	Industrials & others	(Billion yen)
FY2022/1 Target	6.3	17.2	1.3	12.0	13.2	50.0
	+21.8%	-2.5%	-37.0%	+17.8%	-10.7%	
FY2021/1 Result	5.2	17.6	2.1	10.2	14.8	49.9

- PC/Server/Network: Although the impact of COVID-19 is expected to continue for the time being, sales are expected to grow substantially, especially for PCs, due to the launch of businesses related to online eligibility verification.
- Corporate IT-related investment has been gradually recovering since the second half of fiscal year ended January 2021. The medical field, which had a slow start, is finally showing signs of improvement.
- On the other hand, semiconductor supply shortages are bringing about a tight supply-demand situation for some servers, monitors, and other products.
- Software is expected to remain affected by the diminished reaction to Win7 special demand until Q1, but is expected to recover starting from Q2.

Net Sales by Product

	PC/Server/Network	I/O equipment	Software	Embedded devices & others	(Billion yen)
FY2022/1 Target	13.2	6.1	18.8	11.9	50.0
	+37.1%	+3.5%	-2.3%	+6.5%	
FY2021/1 Result	9.6	5.9	19.2	11.2	45.9

**Looking toward the
Next Three-Year Business Plan**

A new trading company which is the best in customer satisfaction

- The best in making added-value proposals with unique strengths in ICT and IoT/AI
- Collaboration with partners who share our vision, values, and strategy
- High profitability that is unprecedented in the electronics industry

Preparatory Stage – Reform Phase 1

- Launch Management Reform Project
- Face reality and identify root issues
 - Reform organization/HR systems, enhance governance structure
 - Net sales: over ¥100 billion; operating margin 2.0%

FY2018/1

FY2020/1

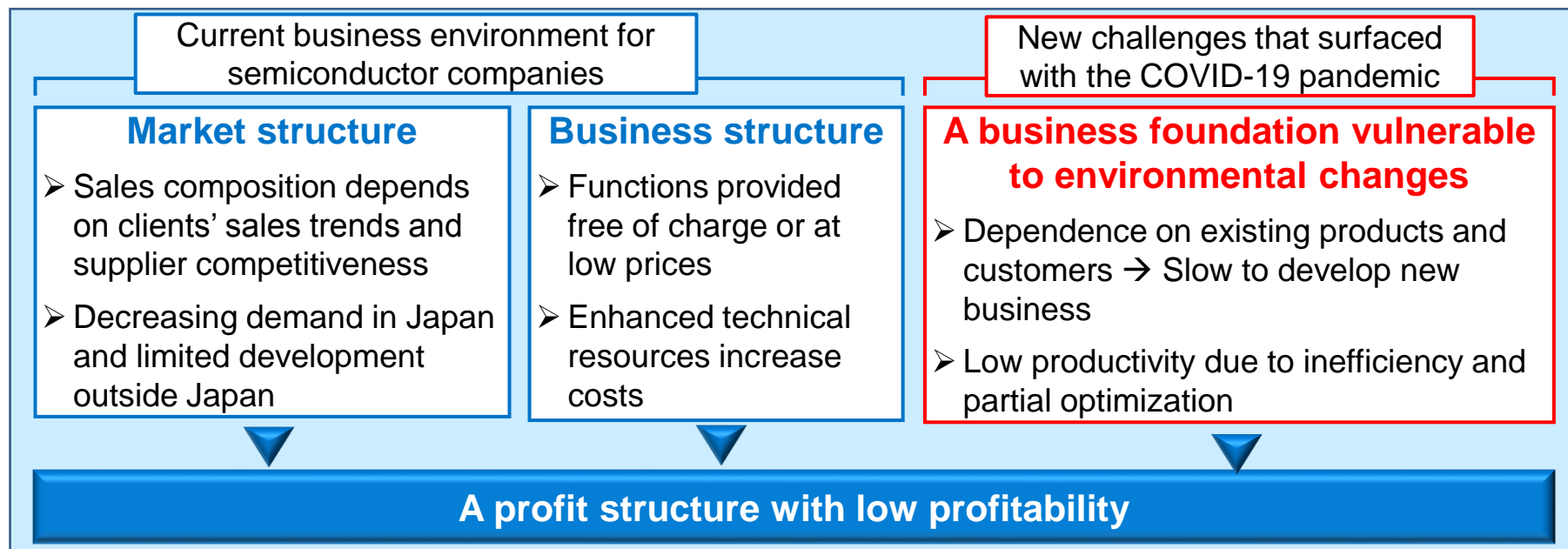
FY2022/1

FY2025/1

Next three-year
business plan

Reform Phase 2

- Become a company that can deliver self-sustained growth
- Strengthen structure and functions to expand solutions business
- Build a business foundation that is resilient to changes in the business environment and strengthen the infrastructure that supports it



Priority measures for fiscal year ending January 2022

Promoting and expanding existing businesses

Bringing new business models to fruition

Cultivating new business drivers

Strengthening the infrastructure that supports the business foundation

Building a business foundation that is resilient to changes in the business environment

Promoting and expanding existing businesses

- Consolidate and share customer information as the basis for restructuring trading functions
- Improve customer satisfaction by reviewing support system for area customers
- Further expand customers outside Japan and launch businesses using new products

Bringing new business models to fruition

- Reach out further upstream
→ Proposing solutions to customers issues and needs as quickly as possible
- Accelerate scaling through horizontal deployment of success stories of "Only Ryoyo" solutions

Cultivating new business drivers

- Launch IoT platform business for the manufacturing industry with Stylez Corp.
- Consider service-focused business
- Accelerate collaborations with investment partners
 - Develop and release Edge IoT products that support 5G/Wi-Fi6
 - Deploy cloud services for secondary observation in medical fields, etc.

➤ Advance internal projects for improving productivity

Improve the reproducibility of successes, use teamwork to outperform competitors, and organize sales team that will be chosen by the customers

Create sales models to raise overall sales expertise

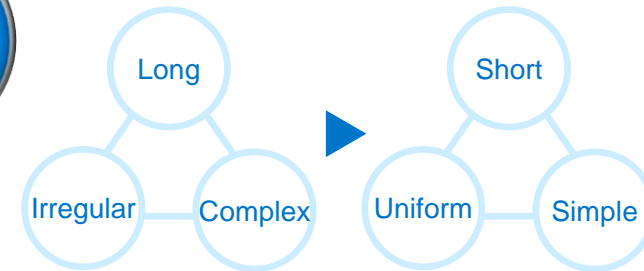


Realize a "work-anywhere" environment and increase frontline worker productivity

- Secure work style diversity to match life events, etc.
- Establish flexible new rules in line with the external environment
- Heighten employee experience and improve motivation by expanding self-management

Improve work quality (accuracy and speed) to maximize time value

Resolve sales and operations issues



Build a system foundation that connects all information to support the rapid revolution of the basic business cycle



- Standardization** Provide a common terminal for all employees
- ✕
- Partnership** Integrate systems, facilitate digitization and automation
- ✕
- Sharing Utilization** Visualize information and encourage communication

Note: Items with * are to be officially determined via vote at the General Meeting of Shareholders on April 28, 2021.

Chairperson of the Board of Directors

Outside Director (remains unchanged since 2019)

% of outside officers*

Current: 7 outside officers among 14 officers (50%)



New: 7 outside officers among 12 directors (53.8%)

	Inside officer	Outside officer
No. of directors	6	4
No. of auditors	1	3



Inside officer	Outside officer
4	4
1	3

Term of Directors*

Current: 2 years ⇒ New: 1 year

Number of Directors*

Current: No more than 15 ⇒ New: No more than 10

Other

Introduction of delegated executive officer system (from Feb. 1, 2021)

Dividend Plan

Dividend plans for the fiscal years ending January 2021 and 2022

- Scheduled dividend for the fiscal year ended January 31, 2021 remains as initially planned; annual dividend: ¥180 per share (year-end dividend: ¥120 per share).
- Regarding the dividend plan for next fiscal year ending January 2022, which will be the final year of the three-year business plan, the Company plans to maintain dividends, aiming to maintain the current return policy of “DOE: 5.0%.”

		Dividend per Share (Yen)			Payout Ratio	DOE
		Interim	Year-End	Full Year		
FY2022/1	Forecast	60	60	120	154.1%	5.5%
FY2021/1	Forecast	–	120 (Ordinary dividend: 60) (Commemorative dividend: 60)	180 (Ordinary dividend: 120) (Commemorative dividend: 60)	511.5%	7.6%
	Result	60 (Ordinary dividend: 60)	–	–	–	–
FY2020/1	Result	40	40	80	150.8%	3.2%

- Thanks to your support, the Ryoyo Group celebrated its 60th anniversary.
- Results for the fiscal year ended January 2021 fell short of the initial targets, partly due to the impact of COVID-19, but Ryoyo Electro secured an operating profit level on par with the fiscal year ended January 2019, with gradual recovery in the third and fourth quarters.
- Large-scale repurchase of treasury stock was carried out as part of capital policy.
- For the fiscal year ending January 2022, Ryoyo Electro is postponing its initial three-year business plan targets by one year. The new targets for the fiscal year ending January 2022 are to recover to ¥100 billion net sales and 2.0% operating margin.
- Ryoyo Electro has positioned efforts to build a business foundation that is resilient to changes in the business environment as a priority measure for the fiscal year ending January 2022, and it aims to realize the vision of “A new trading company which is the best in customer satisfaction” in the three years starting from the fiscal year ending January 2023.

Ryoyo Group's new contributions to the medical field

The Ryoyo Group will contribute to the solution of problems in the medical community and the realization of a sustainable society.

Cancer Institute Hospital*

- Active introduction of state-of-the-art medical devices
- Providing personalized medical care based on medical condition, and recommending less physically demanding tests and treatments



In agreement

Ryoyo Electro

- ¥5 million (AI Medical Center) donation
- Providing IT systems that are easy to use by medical professionals
- Further strengthening initiatives for the medical field

*Cancer Institute Hospital, Japanese Foundation for Cancer Research (JFCR): One of the top private oncology institutions in Japan in terms of number of surgeries

Major Initiatives in the Medical Field to Date

- Investment in AI Medical Service, Inc.
- Provision of support services for implementing online eligibility verification
- Contracts for servers for medical institutions
- Deployment of meeting minutes creation system using speech recognition



Right: Dr. Masahiko Oguchi, Deputy Hospital Director and Chief of AI Medical Center, Cancer Institute Hospital of JFCR

Left: Moritaka Nakamura, President, Ryoyo Electro Co.

Note: This photo was taken after implementing measures to prevent COVID-19 infection.

Note

The business results and forecasts for the future contained in this presentation are based on certain assumptions deemed reasonable at the time of release. Actual results may differ from the original forecasts due to economic conditions and various other factors.

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