

Consolidated Financial Review for the Third Quarter Ended October 31, 2021 [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 9, 2021
 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, 2021 (2/1/2021-10/31/2021)

(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	%
Nine months ended 10/31/21	80,455	15.5	1,507	79.0	1,640	240.4
Nine months ended 10/31/20	69,659	(14.3)	841	(48.9)	481	(71.0)

Note: Comprehensive income

Nine months ended 10/31/21: 1,773 million yen (-%)
 Nine months ended 10/31/20: (16) 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 10/31/21	1,206	179.7	68.39	64.59
Nine months ended 10/31/20	431	(60.2)	17.51	17.46

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 10/31/21	65,132	39,253	60.2	2,115.46
As of 1/31/21	59,336	37,992	64.0	2,188.90

(Reference) Equity

As of 10/31/21: 39,213 million yen
 As of 1/31/21: 37,948 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 1/31/21	—	60.00	—	120.00	180.00
Year ending 1/31/22	—	60.00	—	—	—
Year ending 1/31/22 (Estimate)	—	—	—	60.00	120.00

Note: Revision to dividend forecast for this period: None

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	76.50

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)
October 31, 2021: 26,800,000 shares
January 31, 2021: 26,800,000 shares
 - ② Number of shares of treasury shares:
October 31, 2021: 8,263,407 shares
January 31, 2021: 9,463,367 shares
 - ③ Average number of shares outstanding as of:
October 31, 2021: 17,647,021 shares
October 31, 2020: 24,643,518 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, 2022

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, 2021	As of October 31, 2021
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	7,644	7,828
Notes and accounts receivable - trade	25,484	28,070
Securities	999	501
Merchandise and finished goods	11,614	16,648
Work in process	150	71
Other	1,535	1,446
Allowance for doubtful accounts	(6)	(5)
Total current assets	47,423	54,562
Non-current assets		
Property, plant and equipment	214	208
Intangible assets		
Goodwill	599	551
Other	245	268
Total intangible assets	844	820
Investments and other assets		
Investment securities	8,143	6,628
Deferred tax assets	39	52
Retirement benefit asset	1,520	1,568
Other	1,804	1,711
Allowance for doubtful accounts	(653)	(420)
Total investments and other assets	10,854	9,539
Total non-current assets	11,913	10,569
Total assets	59,336	65,132

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2021	As of October 31, 2021
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	11,263	12,706
Short-term borrowings	6,637	9,346
Income taxes payable	92	305
Accrued consumption taxes	231	37
Provision for bonuses	264	554
Other	1,335	1,361
Total current liabilities	19,825	24,311
Non-current liabilities		
Long-term borrowings	79	-
Deferred tax liabilities	919	1,065
Retirement benefit liability	212	215
Other	308	285
Total non-current liabilities	1,518	1,567
Total liabilities	21,344	25,879
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	33,460	31,056
Treasury shares	(24,461)	(21,360)
Total shareholders' equity	36,006	36,705
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,119	2,382
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(126)	189
Remeasurements of defined benefit plans	(50)	(63)
Total accumulated other comprehensive income	1,941	2,508
Share acquisition rights	43	39
Total net assets	37,992	39,253
Total liabilities and net assets	59,336	65,132

Consolidated Statements of Income

(Millions of yen)

	Nine months ended October 31, 2020	Nine months ended October 31, 2021
	Amount	Amount
Net sales	69,659	80,455
Cost of sales	62,874	72,872
Gross profit	6,784	7,582
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(0)
Salaries and bonuses	2,234	2,341
Provision for bonuses	380	488
Retirement benefit expenses	64	143
Rent expenses	301	299
Depreciation	169	111
Other	2,792	2,691
Total selling, general and administrative expenses	5,942	6,075
Operating profit	841	1,507
Non-operating income		
Interest income	23	14
Dividend income	93	67
Purchase discounts	1	0
Foreign exchange gains	—	3
Gain on investments in investment partnerships	58	125
Other	71	25
Total non-operating income	248	236
Non-operating expenses		
Interest expenses	29	66
Sales discounts	35	4
Foreign exchange losses	42	—
Commission expenses	11	7
Loss on abandonment of non-current assets	0	2
Commission for purchase of treasury shares	478	—
Other	10	23
Total non-operating expenses	608	103
Ordinary profit	481	1,640
Extraordinary income		
Gain on sales of investment securities	201	24
Gain on contribution of securities to retirement benefit trust	47	—
Total extraordinary income	248	24
Extraordinary losses		
Loss on sales of investment securities	172	23
Settlement package	119	—
Total extraordinary losses	291	23
Profit before income taxes	439	1,641
Income taxes – current	58	410
Income taxes – deferred	(50)	23
Total income taxes	7	434
Profit	431	1,206
Profit attributable to owners of parent	431	1,206

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Nine months ended October 31, 2020	Nine months ended October 31, 2021
	Amount	Amount
Profit attributable to owners of parent	431	1,206
Other comprehensive income		
Valuation difference on available-for-sale securities	(250)	262
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(173)	315
Remeasurements of defined benefit plans, net of tax	(24)	(12)
Total other comprehensive income	(448)	566
Comprehensive income	(16)	1,773
(Details)		
Comprehensive income attributable to owners of parent	(16)	1,773
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Nine months ended October 31, 2020		Nine months ended October 31, 2021		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	35,032	50.3	45,723	56.8	10,690
ICT/Solutions	34,626	49.7	34,732	43.2	105
Total	69,659	100.0	80,455	100.0	10,796