

# Financial Review for the Year Ended January 31, 2022

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 & Chief Executive Officer
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Due date of annual shareholders meeting	: April 26, 2022
Due date of starting delivery of dividends	: April 27, 2022
Due date of submitting of financial statement	: April 26, 2022
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, 2022 (2/1/2021-1/31/2022)

### (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 1/31/22	112,099	17.0	2,258	78.2	2,400	165.2
Year ended 1/31/21	95,792	(11.7)	1,266	(41.2)	905	(58.6)

Note: Comprehensive income

Year ended 1/31/22:	2,015	million yen	(316.5%)
Year ended 1/31/21:	484	million yen	(-71.2%)

	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 1/31/22	1,873	132.4	103.94	103.20	4.7	3.6	2.0
Year ended 1/31/21	806	(38.1)	35.19	35.09	1.6	1.3	1.3

(Reference) Investment profit/loss on equity method:

Year ended 1/31/22:	—	million yen
Year ended 1/31/21:	—	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 1/31/22	72,652	42,309	58.2	2,130.47
As of 1/31/21	59,336	37,992	64.0	2,188.90

## (Reference) Equity

Year ended 1/31/22: 42,278 million yen

Year ended 1/31/21: 37,948 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 1/31/22	(8,090)	2,554	6,872	9,204
Year ended 1/31/21	3,003	10,431	(18,327)	7,644

## 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 1/31/21	60.00	120.00	180.00	3,561	511.5	7.6
Year ended 1/31/22	60.00	60.00	120.00	2,253	115.4	5.6
Year ending 1/31/23 (Estimate)	50.00	50.00	100.00	—	129.7	—

## 3. Financial forecast for the year ending January 31, 2023 (2/1/2022–1/31/2023)

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 1/31/23	100,000	(10.8)	2,300	1.9	2,200	(8.4)	1,530	(18.3)	77.10

#### 4. Others

(1) Important changes in subsidiaries

(Change on specific subsidiaries with changes in scope of consolidation): None

Newly added: — 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, 2022: 26,800,000 shares

January 31, 2021: 26,800,000 shares

② Number of shares of treasury shares:

January 31, 2022: 6,955,177 shares

January 31, 2021: 9,463,367 shares

③ Average number of shares outstanding as of:

January 31, 2022: 18,025,204 shares

January 31, 2021: 22,907,171 shares

(Reference) Non-consolidated financial review

1. Financial highlights for the year ended January 31, 2022 (2/1/2021-1/31/2022)

(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 1/31/22	81,650	11.7	1,704	62.9	2,148	(11.2)
Year ended 1/31/21	73,066	(21.3)	1,046	(43.7)	2,419	27.9

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended 1/31/22	1,823	(17.4)	101.16	100.44
Year ended 1/31/21	2,208	108.5	96.40	96.12

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 1/31/22	61,270	39,166	63.9	1,972.09
As of 1/31/21	53,048	35,366	66.6	2,037.46

(Reference) Equity

Year ended 1/31/22: 39,135 million yen

Year ended 1/31/21: 35,322 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, 2023

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, 2021	As of January 31, 2022
	Amount	Amount
<b>(Assets)</b>		
<b>Current Assets</b>		
Cash and deposits	7,644	9,204
Notes and accounts receivable - trade	23,227	28,663
Electronically recorded monetary claims - operating	2,257	3,494
Securities	999	500
Merchandise and finished goods	11,614	19,466
Work in process	150	122
Other	1,535	1,505
Allowance for doubtful accounts	(6)	(5)
<b>Total current assets</b>	<b>47,423</b>	<b>62,952</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Tools, furniture and fixtures, net	84	74
Land	5	5
Construction in progress	4	6
Other, net	120	132
<b>Total property, plant and equipment</b>	<b>214</b>	<b>219</b>
Intangible assets		
Goodwill	599	535
Other	245	297
<b>Total Intangible assets</b>	<b>844</b>	<b>832</b>
Investments and other assets		
Investment securities	8,143	5,721
Deferred tax assets	39	53
Retirement benefit asset	1,520	1,621
Other	1,804	1,737
Allowance for doubtful accounts	(653)	(485)
<b>Total investments and other assets</b>	<b>10,854</b>	<b>8,648</b>
<b>Total noncurrent assets</b>	<b>11,913</b>	<b>9,700</b>
<b>Total assets</b>	<b>59,336</b>	<b>72,652</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2021	As of January 31, 2022
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	11,263	14,726
Short-term borrowings	6,637	11,763
Income taxes payable	92	427
Accrued consumption taxes	231	35
Provision for bonuses	264	560
Other	1,335	1,370
Total current liabilities	19,825	28,884
<b>Non-current liabilities</b>		
Long-term borrowings	79	—
Deferred tax liabilities	919	865
Retirement benefit liability	212	321
Other	308	271
Total noncurrent liabilities	1,518	1,458
Total liabilities	21,344	30,342
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Share capital	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	33,460	31,164
Treasury shares	(24,461)	(17,978)
Total shareholders' equity	36,006	40,194
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,119	1,794
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	(126)	412
Remeasurements of defined benefit plans	(50)	(122)
Total accumulated other comprehensive income	1,941	2,083
<b>Share acquisition rights</b>	43	30
Total net assets	37,992	42,309
Total liabilities and net assets	59,336	72,652

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

(Consolidated Statement of Income)

(Millions of yen)

	Year ended January 31, 2021	Year ended January 31, 2022
	Amount	Amount
Net sales	95,792	112,099
Cost of sales	86,598	101,366
<b>Gross profit</b>	<b>9,194</b>	<b>10,732</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(0)
Salaries and bonuses	3,286	3,447
Provision for bonuses	244	504
Retirement benefit expenses	87	200
Rent expenses	410	399
Depreciation	219	149
Other	3,679	3,773
Total selling, general and administrative expenses	7,927	8,474
<b>Operating profit</b>	<b>1,266</b>	<b>2,258</b>
Non-operating income		
Interest income	34	18
Dividend income	160	105
Purchase discounts	1	0
Gain on investments in investment partnerships	58	134
Other	81	28
Total non-operating income	335	286
Non-operating expenses		
Interest expenses	53	90
Sales discounts	37	4
Foreign exchange losses	61	9
Commission expenses	32	10
Loss on abandonment of non-current assets	0	3
Commission for purchase of treasury shares	490	—
Other	20	26
Total non-operating expenses	697	144
<b>Ordinary profit</b>	<b>905</b>	<b>2,400</b>
Extraordinary income		
Gain on sales of investment securities	597	291
Gain on contribution of securities to retirement benefit trust	47	—
Total extraordinary income	644	291
Extraordinary losses		
Loss on sales of investment securities	175	23
Loss on valuation of investment securities	41	—
Loss on valuation of shares of subsidiaries and associates	136	70
Provision of allowance for doubtful accounts	47	52
Settlement package	119	18
Total extraordinary losses	520	164
<b>Profit before income taxes</b>	<b>1,028</b>	<b>2,526</b>
Income taxes – current	62	545
Income taxes – deferred	160	107
Total income taxes	222	653
<b>Profit</b>	<b>806</b>	<b>1,873</b>
<b>Profit attributable to owners of parent</b>	<b>806</b>	<b>1,873</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Year ended January 31, 2021	Year ended January 31, 2022
	Amount	Amount
<b>Profit attributable to owners of parent</b>	806	1,873
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(21)	(324)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	(151)	538
Remeasurements of defined benefit plans, net of tax	(148)	(71)
Total other comprehensive income	(322)	142
<b>Comprehensive income</b>	484	2,015
(Details)		
Comprehensive income attributable to owners of parent	484	2,015
Comprehensive income attributable to non-controlling interests	—	—



# Consolidated Statements of Changes in Net Assets

Previous 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 hedges	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 of 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 in 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 Changes in Net Assets

Current period ( From February 1, 2021 to January 31, 2022 )

(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	33,460	(24,461)	36,006
Changes during period					
Dividends of surplus			(3,142)		(3,142)
Profit attributable to owners of parent			1,873		1,873
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Exercise of share acquisition rights		(1,028)		6,430	5,401
Restricted stock payment		2		54	57
Transfer from retained earnings to capital surplus		1,025	(1,025)		—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	(2,295)	6,483	4,188
Balance at end of period	13,672	13,336	31,164	(17,978)	40,194

	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	Remesurements of defined benefit plans		
Balance at the beginning of current period	2,119	(0)	(126)	(50)	43	37,992
Changes during period						
Dividends from surplus						(3,142)
Profit attributable to owners of parent						1,873
Purchase of treasury shares						(1)
Disposal of treasury shares						0
Exercise of share acquisition rights						5,401
Restricted stock payment						57
Transfer from retained earnings to capital surplus						—
Net changes of items other than shareholders' equity	(324)	(0)	538	(71)	(13)	129
Total changes during period	(324)	(0)	538	(71)	(13)	4,317
Balance at end of period	1,794	(0)	412	(122)	30	42,309

# Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended January 31, 2021	Year ended January 31, 2022
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Profit before income taxes	1,028	2,526
Depreciation	241	178
Amortization of goodwill	42	64
Loss (gain) on sales and retirement of non-current assets	0	3
Share-based remuneration expenses	51	57
Expenses for treasury shares	490	—
Loss (gain) on investments in investment partnerships	(58)	(134)
Foreign exchange losses (gains)	(26)	57
Increase (decrease) in provisions	(216)	120
Increase (decrease) in retirement benefit liability	(58)	15
Interest and dividend income	(194)	(123)
Interest expenses	53	90
Loss (gain) on sales of investment securities	(422)	(267)
Loss (gain) on valuation of investment securities	41	—
Loss on valuation of shares of subsidiaries and associates	136	70
Settlement package	119	18
Decrease (increase) in trade receivables	2,860	(5,832)
Decrease (increase) in inventories	990	(7,527)
Increase (decrease) in trade payables	(991)	3,054
Increase (decrease) in accrued consumption taxes	(27)	(197)
Other, net	(153)	(359)
Subtotal	3,908	(8,184)
Interest and dividends received	201	127
Interest paid	(53)	(88)
Settlement package paid	(38)	(9)
Income taxes (paid) refund	(1,015)	64
Net cash provided by (used in) operating activities	3,003	(8,090)
<b>II. Cash flows from investing activities</b>		
Payments into time deposits	(21)	—
Proceeds from withdrawal of time deposits	21	—
Proceeds from redemption of securities	—	500
Purchase of property, plant and equipment and intangible assets	(107)	(152)
Proceeds from sales of property, plant and equipment and intangible assets	1	1
Purchase of investment securities	(2,484)	(112)
Proceeds from sales of investment securities	13,407	2,267
Purchase of shares of subsidiaries and associates	(98)	—
Proceeds from distributions from investment partnerships	86	127
Purchase of insurance funds	(75)	(165)
Proceeds from cancellation of insurance funds	—	187
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(383)	(99)
Other, net	84	2
Net cash provided by (used in) investing activities	10,431	2,554
<b>III. Cash flows from financing activities</b>		
Proceeds from short-term borrowings	33,986	96,452
Repayments of short-term borrowings	(27,353)	(91,799)
Dividends paid	(2,458)	(3,133)
Purchase of treasury shares	(22,451)	(1)
Proceeds from sales of treasury shares	0	0
Proceeds from issuance of share acquisition rights	—	19
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	—	5,369
Repayments of lease obligations	(36)	(34)
Other, net	(14)	—
Net cash provided by (used in) financing activities	(18,327)	6,872
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	(64)	223
<b>V. Net increase (decrease) in cash and cash equivalents</b>	(4,958)	1,559
<b>VI. Cash and cash equivalents at beginning of period</b>	12,417	7,644
<b>VII. Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	186	—
<b>VIII. Cash and cash equivalents at end of period</b>	7,644	9,204

## Consolidated Sales by Product

(Millions of yen)

	Year ended January 31, 2021		Year ended January 31, 2022		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	49,854	52.0	63,793	56.9	13,939
ICT/Solutions	45,938	48.0	48,305	43.1	2,367
Total	95,792	100.0	112,099	100.0	16,306