

ANNUAL REVIEW 2022

Fiscal year ended January 31, 2022



*Connect Everything.
With Technology.
With Ideas.*

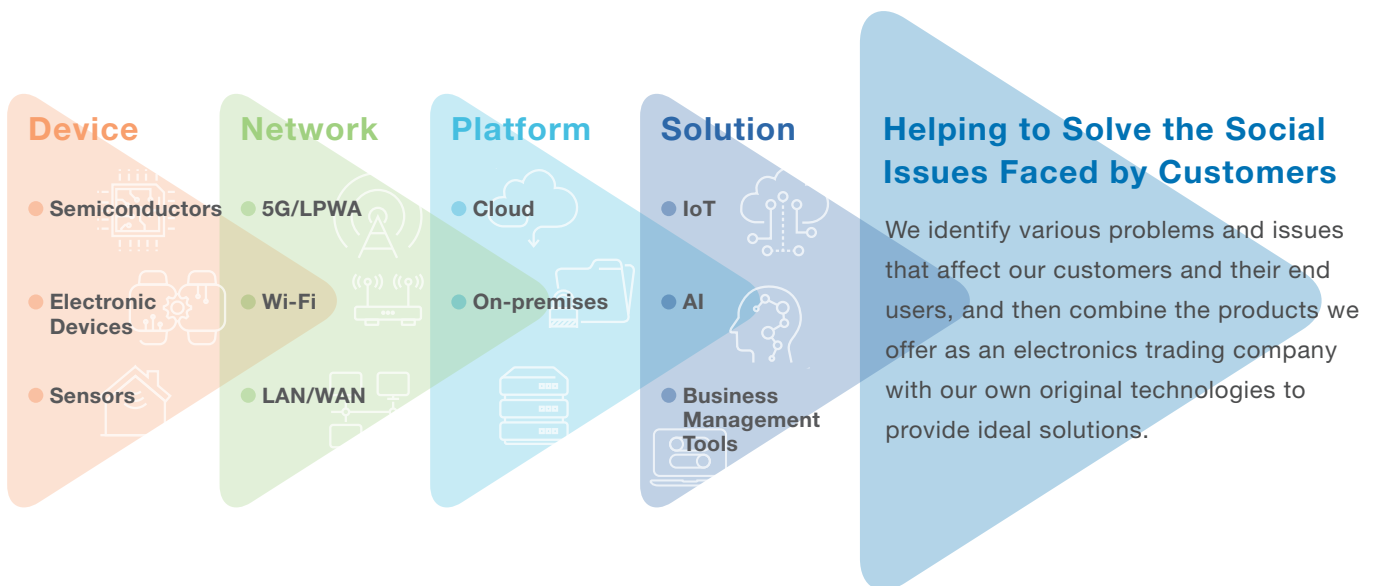
RYOYO

About the RYOYO Group

Connect Everything. With

Ryoyo Electro Corporation was founded as a semiconductor distributor of Mitsubishi Electric Corporation in 1961, at the dawn of the semiconductor industry. Since our establishment, we have expanded our business lines in tandem with the growth of the electronics industry, guided by a management philosophy of “Creating value in tune with the times.” Today, as an electronics trading company engaged in both the Semiconductors & Devices and ICT &

End-to-end business domain covering the entire supply chain, from upstream to downstream



Only RYOYO

“Only RYOYO” indicates the unique value that only the Ryoyo Group can provide. We do not simply procure existing products, but also customize products optimally suited to customer requirements, as well as offering products and services based on our proprietary technology to address specific customer needs. We also create new value by clarifying the issues our customers face and supporting them all the way through to a swift solution.

Technology. With Ideas.

Solutions businesses, the Ryoyo Group will engage not only in the traditional business centered on the sale of goods, but also promote business that helps to solve issues by extending our focus to include our customers' customers (end users). In doing so, our goal is to transform and realize our new image of a trading company that can become the No. 1 in customer satisfaction. We will continue to refine our unique added value and provide it to even more customers.

Only RYOYO

▶ Semiconductors & Devices

In the constantly changing semiconductor market, we have evolved into a trusted business partner with a long track-record of achievements. Drawing on solid relationships with the world's leading suppliers, we offer optimal proposals to customers.

Strength #1

We propose solutions that leverage the latest information we gain by working closely with the world's leading vendors.

Strength #2

Beyond just selling individual products, we propose optimal solutions for customer and market needs by combining multiple products and developing original solutions.

Strength #3

We actively seek out and supply cutting-edge, high-added-value products from in and outside of Japan.

▶ ICT & Solutions

We are drawing on knowledge cultivated in the Semiconductors & Devices and ICT & Solutions businesses not only to bring various ICT products to market, but also to expand the business by integrating consulting, deployment, maintenance, and operation functions. We support the creation of business solutions and innovative business models that reflect the needs not only of our customers but also their end users.

Strength #1

Our sector and domain-specific specialists can provide broad product and technology solutions, from edge to cloud.

Strength #2

We propose optimal solutions by combining the world's leading products and services to solve the customer's issues.

Strength #3

We bring proven experience and expertise to support our customers' IT life cycle (planning, development, operation).

To Our Shareholders

Ryoyo Electro's Raison d'Être

Ryoyo Electro's raison d'être is to bring "satisfaction exceeding expectations," and to provide unique, "emotional" added value. Under the slogan, "Connect everything. With technology. With ideas.," I am to become a driving force for the creation of new value and emotion by serving as a valuable connection or bridge to everyone related to the Company. Since my appointment as president in April 2018, I have been working to transform management with an eye to the changes in the environment around the Company and electronics trading companies. I have also been working towards the goal of having the Company realize a new trading company image by realizing the highest level of customer satisfaction as an entity connecting the market (customers) and goods (suppliers).

Fiscal Year Ended January 31, 2022

In the fiscal year ended January 31, 2022, despite lingering concern over a resurgence of COVID-19, the recovery trend grew stronger year on year in a wide range of fields. Supply-chain confusion due to supply shortages of electronic components such as semiconductors and soaring prices of raw materials caused extreme tightness in the supply and demand situation, which underpinned overall rampant demand for securing items. In this situation, the Company's results saw a year-on-year recovery in both net sales and profits, while ROE reached a 20-year high.

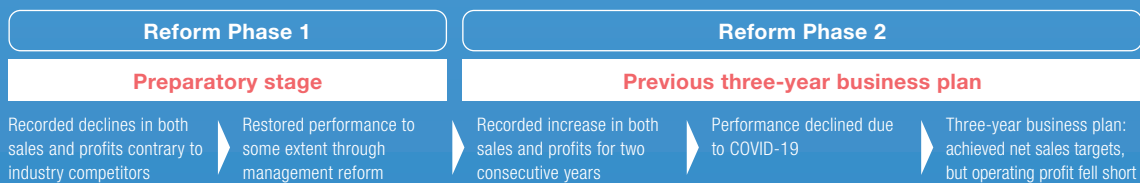
New Three-Year Business Plan

Looking at the recent environment surrounding electronics trading companies, we have seen increasing competition between trading companies, such as alliances between manufacturers of electronic components such as semiconductors and manufacturers of IT equipment, and the general acceleration of DX in society due to the impact of the COVID-19 pandemic. In this situation, the move towards accelerating the use of new technologies to drive technology innovation is bringing about dramatic environmental changes, and the functions and roles required of electronics trading companies are changing.

In our previous three-year business plan, we saw some results from our reforms, which can be seen in the recovery of our business performance. However, operating profit did not reach our initial target value. While I believe that our intended direction was correct, there is still room for improvement in our initiatives for increasing profitability and our creation of systems and frameworks, including the Company's human resource development.

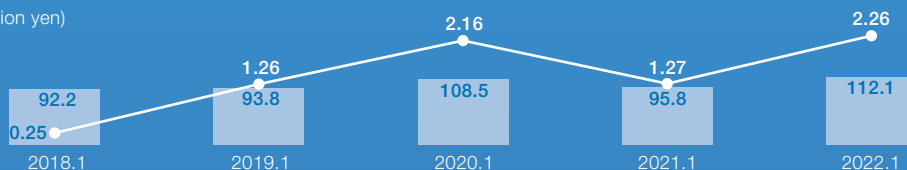


Looking back on the Company's initiatives to date



Operating Profit

(Billion yen)



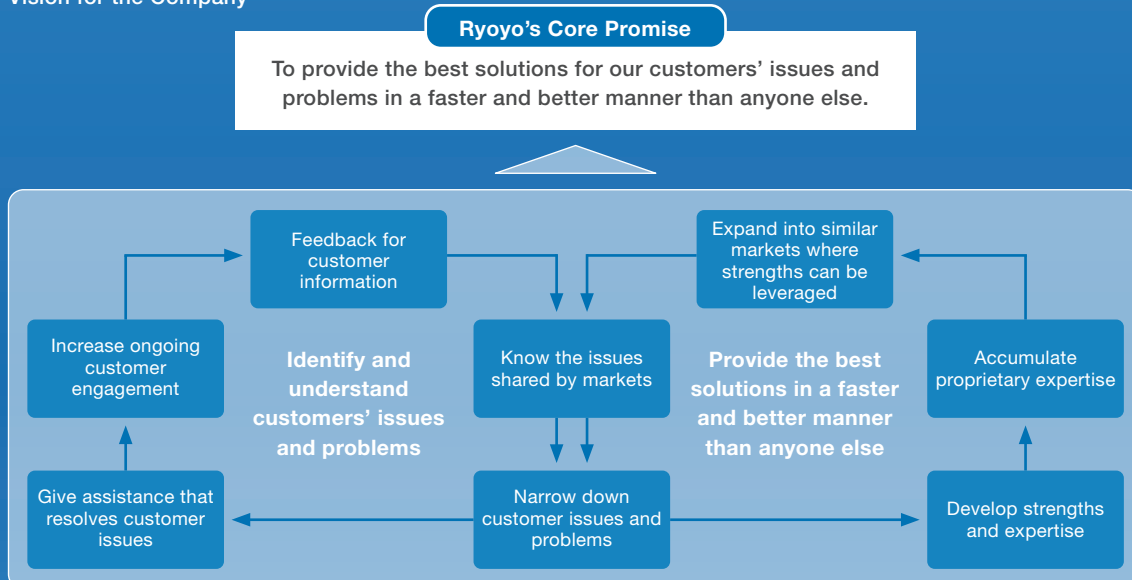
Initial Targets

Net sales:
¥110 billion

Operating profit:
¥3 billion

In February 2022, we started a new three-year business plan. The most important focus for us under this plan is to work towards Ryoyo's Core Promise, "To provide the best solutions for our customers' issues and problems in a faster and better manner than anyone else." Even if we offer excellent goods, simply supplying them is not enough to differentiate the Company. We will therefore pursue new value creation, looking beyond the Company's immediate interface down to the customer (end-user). To this end, we will establish a cycle for recognizing customers' issues and problems, and a cycle for responding specifically to each issue and problem. For a trading company, it is fundamentally important to fully work through both of these cycles. By establishing them so that they function properly, we will clarify common issues in the market, leading us to focus on customer needs. It is in regard to this point that we still have room for improvement.

Vision for the Company



We need to further cultivate contact points with customers, pursue individuality that will enhance the value of our trading company business centered on product sales, and also strengthen our systems and organizational aspects. To date we have been working to reform the human

resource system and so forth; and going forward, we will go even deeper and work even harder to create structures that will support our sales activities. In terms of our business platform, we will strengthen internal DX systems and make further progress on establishing structure such as environments to support remote working as part of initiatives to improve productivity in terms of increasing operating profits per person.

Moreover, up until now, our efforts to renew management have been mainly through reforms emphasizing internal enhancements. Now, however, based on the industry environment and our achievements so far, we will examine growth opportunities, including alliances with other companies, although it depends on the situation and whether we can find the right partner.



Improvement of Governance, Sustainability-Related Initiatives

I believe that governance has an extremely important role to play in making a company sustainable. We have already started work on strengthening our governance system, establishing a Nomination And Compensation Committee as a discretionary advisory body to the Board of Directors, appointing an outside Director as chair of the Board of Directors, and increasing the ratio of outside Directors. To strengthen corporate governance, we will do more than simply enhance our structures; we will make continuous improvements aimed at increasing management effectiveness and transparency.

We have also positioned sustainability as a management priority and are promoting initiatives to address this issue. Most recently, we established our corporate policy on sustainability and posted this, along with our designated materiality, on our website. Further, we have established a Sustainability Committee, chaired by myself, to develop and implement Company-wide efforts addressing Task Force on Climate-related Financial Disclosures (TCFD) recommendations, among other matters.

To Our Shareholders

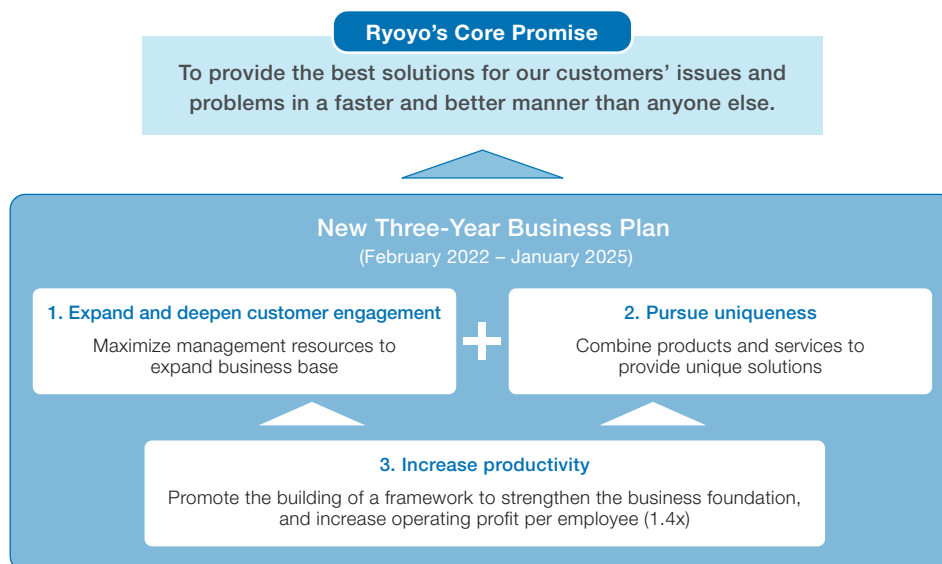
I believe that the environment surrounding the electronics industry and electronics trading companies is going to continue changing dramatically. I will strive to ensure that we can deliver value to all of our stakeholders, and I ask for your continued support.

Representative Director, President & Chief Executive Officer

A handwritten signature in black ink, appearing to read "M. Nakamura". The signature is fluid and cursive, written in a professional style.

The New Three-Year Business Plan

Strategic framework



Numerical Targets for the New Three-Year Business Plan

Under the new three-year business plan, we have positioned net sales, operating profit, and ROE as important management indicators.

	Net sales	Operating profit (Operating margin)	ROE
2025.1 targets	¥110.0 billion	¥3.3 billion (3.0%)	5.5%
Reference 2022.1 results	¥112.1 billion	¥2.26 billion (2.0%)	4.7%

Net sales

For the first fiscal year of the new three-year business plan, the fiscal year ending January 31, 2023, a negative impact (approx. ¥18.0 billion) due to future environmental changes is expected, such as a decrease in sales, mainly due to environmental changes for our major businesses. However, we will expand customer contact points and widen the base of our business with new offerings and services.

Operating profit

We aim to achieve an operating margin of at least 3%, by developing high-value-added businesses that combine products and services, while shifting to a profit structure centered on efforts to increase productivity.

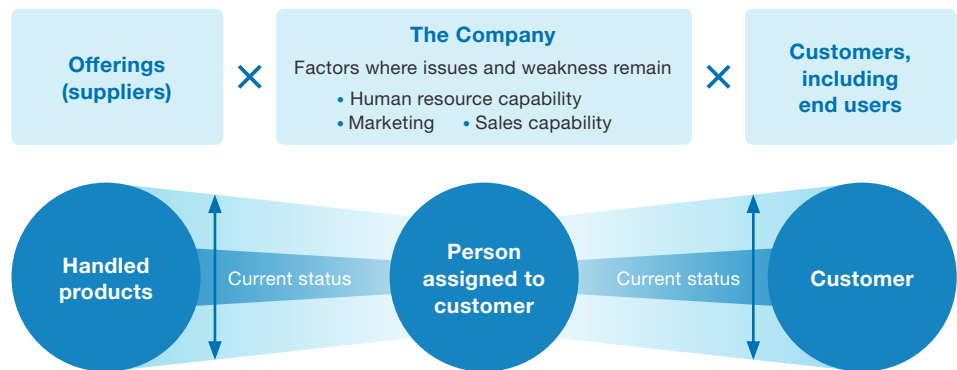
ROE

We aim to achieve ROE of 5% or higher, which the Company recognizes as an indicator of the cost of capital, by lifting profit levels through various measures.

Strategy 1 Expand and Deepen Customer Engagement

The Company's important management resources are the outstanding offerings and customer relationships it has nurtured over its long history through its two businesses, Semiconductors & Devices and ICT & Solutions. We will maximize these management resources to expand our business base.

To create a system that supports this, we will further strengthen our structures enabling acquisition, sharing, and utilization of information regarding customers, thereby expanding the scope of business and proposals for each individual sales representative. Looking ahead, we will continue to develop new offerings, focusing in particular on those that leverage the Company's technologies and expertise, and those that can be expected to grow, as we form fields in which the Company excels.



Strategy 2 Pursue Uniqueness

In addition to the traditional business of selling goods, we will combine sales of intangible items, such as services, to create unique solutions. For now, we will promote high-value-added businesses centered on the service business, IoT platform, and the technology services, using these three businesses to build a new earnings foundation.



Service business

In addition to the conventional hardware product sales, Ryoyo will also take care of installation, kitting, and maintenance of equipment—troublesome processes that customers would rather leave to someone else.



IoT platform

Ryoyo will provide packages of sensors, platforms, and applications according to diverse IoT needs to support quick, inexpensive, and easy start-up in manufacturing and other fields. This will enable customers to meet their IoT needs easily.



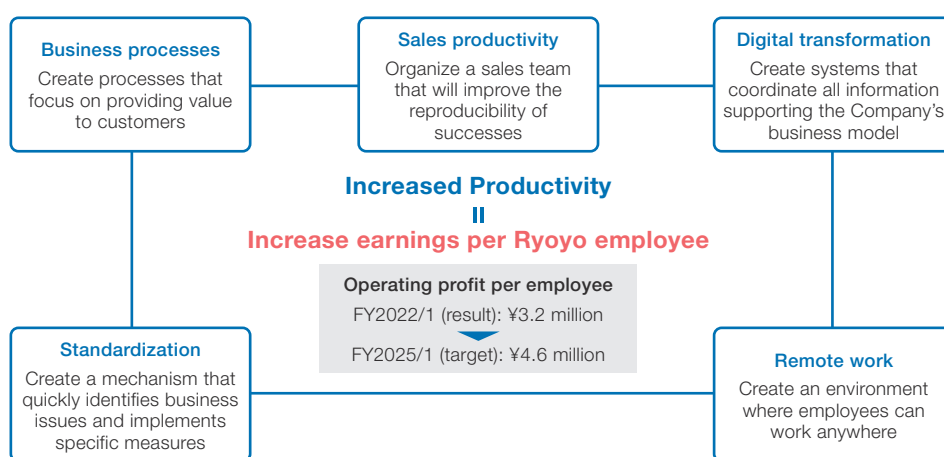
Technology services

Ryoyo will provide the best solutions for its customers' issues and needs by utilizing technologies such as proprietary AI and resources in and outside Japan, and taking on tasks from hardware and software design to manufacturing.

Strategy 3 Increase Productivity

As a framework to support the strategies of “expand and deepen customer engagement” and “pursue uniqueness,” we will strengthen our business foundation with five themes: “sales productivity,” “business process reform,” “DX,” “standardization,” and “remote work,” with the concept that “increasing productivity means increasing earnings per Ryoyo employee.”

In order to support the preceding two strategies (i.e., “expand and deepen customer engagement” and “pursue uniqueness”), Ryoyo will work on productivity improvement in five themes to strengthen its business foundation.



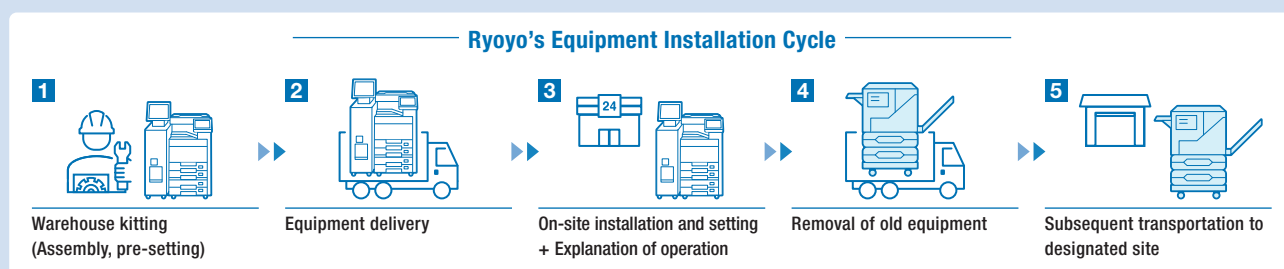
Supporting the Realization of Spaces that Are Convenient and Comfortable for Customers by Expanding Services Focused on Selling Experiences

We are focusing on the service business as one avenue for the pursuit of originality, which is part of the strategic framework of the three-year business plan. Among these, in services related to the installation of ICT equipment we go beyond physical installation to carry out all of the operations that are troublesome for customers and support the maintenance of their ICT environments.

Recently, we provided this service when installing KYOCERA multifunction printers in flexible spaces of the properties centered on individual offices developed by Daito Kentaku Leasing Co., Ltd. We provided all aspects of the

operations involved with installation of the equipment and peripheral devices (assembly, kitting, delivery, explanation of operation, removal and storage of old equipment, etc.).

Flexible spaces are used for more than work and learning spaces as rooms for telework and studying; they can also be used for a wide range of purposes, including relaxation and hobbies, such as holding informal social gatherings and small events. Through this service, Ryoyo Electro has provided a highly convenient environment that offers opportunities for more people to use ICT equipment. We will continue to create and expand original solutions that combine products and services.



Topics

The latest news about the Ryoyo Group

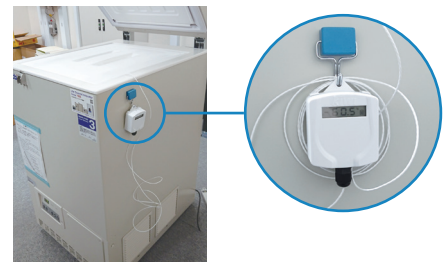
Contribution to Local Communities through Promotion of DX

Ryoyo Electro is stepping up initiatives aimed at expanding its portfolio in the area of wireless communications, where needs are expected to increase further going forward. One of our initiatives involves LoRaWAN, a type of LPWA telecommunication technology capable of wireless telecommunications over long distances using less electric power that is being rolled out in mountainous and rural areas. On the back of this trend, we recently proposed a solution combined with LoRaWAN that is playing an important role with a local government promoting vaccinations as a countermeasure against COVID-19 infections.

To enable smooth roll-outs of vaccinations, local governments throughout Japan have had to deal with various tasks, including temperature management. In the town of Hanawa, Fukushima Prefecture, we proposed a system for managing the temperature of stored vaccines using an existing LoRaWAN system to introduce a temperature management solution provided by Kiwi technology Inc. ("Kiwi"), which proved highly effective. The vaccines need to be stored at a temperature below minus 60°C. Initially, at Hanawa, it was envisaged that people would be assigned to make a visual inspection of the temperature gauge to check for abnormalities. However, this required time and effort, and there were concerns that the temperature would rise as the freezer door was opened to take measurements, having a detrimental impact on the quality of the vaccines.

With this solution, the temperature can be measured by installing the main unit part of the temperature management sensors, capable of handling temperatures as low as minus 80°C, on the outside of the storage freezer, installing only the measurement sensors on the inside. The measured data is stored on a cloud-based data server via LoRaWAN and can be checked in real time from a dedicated website using a smartphone, tablet, or PC and so forth. This enables the vaccine quality to be maintained while also visualizing its management. Ryoyo Electro will continue to propose applications for LoRaWAN such as automation of water meter inspections, supervision of seniors, measurement of river levels, and opening up the technology to farmers and food-related business operators in Hanawa.

We are also accelerating digital transformation (DX) throughout society, partly driven by COVID-19. Furthermore, as regions continue to experience depopulation and falling birthrates, they are facing issues with securing people who understand local regional characteristics and will take responsibility for the area, as well as a lack of expertise and so forth. Ryoyo Electro will contribute to resolving the issues and problems faced by customers through the provision of optimal products and services tailored to regional and customer needs.



Photograph supplied by: Hanawa Town, Fukushima Prefecture - Temperature sensor

Aiming to Promote Active Participation of Women Even Further

Female employees account for around 30% of the Group's workforce, making them a significant driving force for developing the Company's business, regardless of division or work type.

On the other hand, as lifestyles continue to diversify, people are faced with a large number of choices. Many become concerned regarding work-life balance, career planning, work style, and other matters. It is becoming even more important to provide opportunities to stop and reevaluate.

In response to this situation, the Company invites people active in all manner of fields to give lectures for employees. These include Director Masumi Shiraishi, an outside Director of the Company and pioneer in the field of promoting active participation of women, as well as people who are active in the arts or sports.

At the lectures, our guests speak about topics such as how to approach work, how to instill motivation, leadership, and the kind of mental attitude needed for breaking through difficult phases. In addition, they also have discussions with the Company's female employees that provide an opportunity to think about their own futures.

KPIs related to promoting active participation by women

	End of 2022.1
Number of employees	541
Number of female employees	137
Ratio of women among all employees	25.3%
Average years of service of women	9.8
Ratio of women among new hires (Past three-year average)	38.5%
Ratio of eligible women who take childcare leave	100%

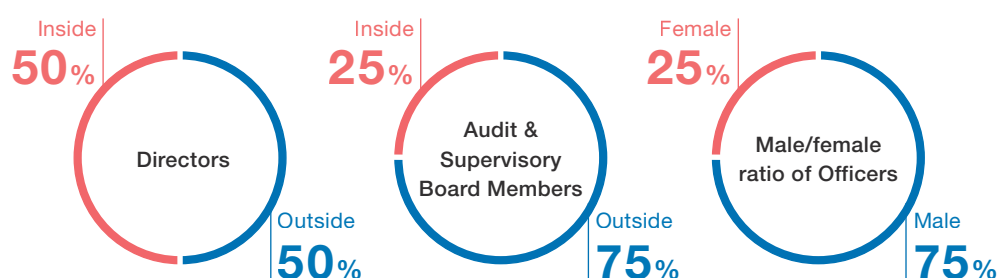
Workstyle Reforms

Ryoyo Electro introduced remote work and staggered commuting as part of its countermeasures to prevent COVID-19 infections, formally systemizing these Company-wide in January 2022. Remote work can vary significantly in terms of efficiency depending on the type of work. For this reason, rather than stipulating a certain location, we have given employees the discretion to judge whether to work at the office or remotely in accordance with the type and status of the work, creating a system that allows employees to select the form of working that allows them to work safely and securely. Through this autonomous and diverse workstyle, we aim to increase the satisfaction of both employees and customers. Looking ahead, we will respond flexibly to changes in the environment, reflecting customer feedback and employee opinions as we review our systems from time to time to increase their effectiveness.

Corporate Governance

The Ryoyo Group has been working to enhance corporate governance in order to achieve its sustainable growth and create medium- to long-term corporate value. We recognize enhancing corporate governance as an important task for management. Therefore, in order to continue to guarantee the soundness, transparency, and effectiveness of management, as well as increase corporate value and fulfill our responsibilities to society, we are striving to develop internal systems that ensure the functionality of corporate governance.

Corporate Governance Highlights



Organizational structure of the Company

Company with Audit & Supervisory Board

Chairman of the Board of Directors

Outside Director

Directors

8 (including 4 outside Directors)

Audit & Supervisory Board Members

4 (including 3 outside Audit & Supervisory Board Members)

Independent officers

4 outside Directors and 3 outside Audit & Supervisory Board Members

Voluntarily established advisory committees for the Board of Directors

Nomination and Compensation Committee

Structure of compensation for Directors

Fixed compensation (basic compensation)
 Performance-based compensation (monetary)
 Medium- to long-term performance-based compensation (restricted stock)

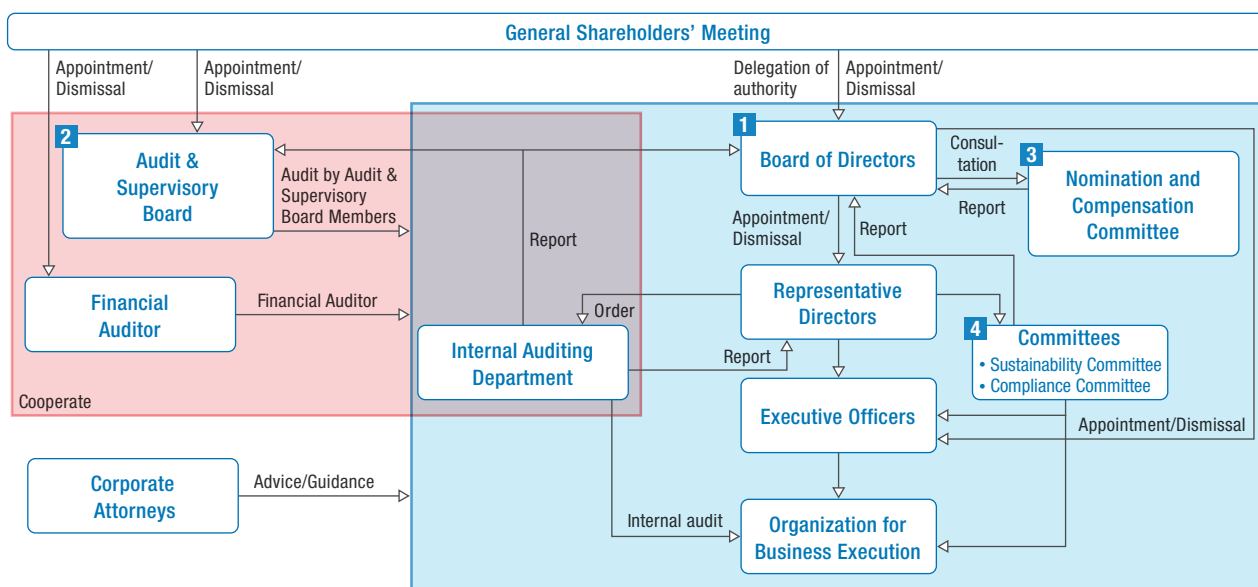
Skill Matrix

Area of expertise the Company expects of Directors in particular

	Corporate management	Finance/ accounting/ capital policy	Legal affairs/ risk management	Human resources development/ personnel management	Sales/marketing	Technology	Overseas business	DX
Moritaka Nakamura	✓	✓		✓	✓			✓
Kiyoshi Waki	✓	✓	✓	✓	✓		✓	
Osamu Sano	✓				✓	✓		✓
Daisuke Aguro	✓	✓			✓		✓	
Shinya Takada	✓	✓	✓	✓	✓		✓	✓
Masumi Shiraishi			✓	✓				
Masashi Oba	✓	✓	✓	✓			✓	✓
Michiko Aoki	✓			✓			✓	

* The above indicates the skills and expertise that are particularly expected of each Director and is not an indication of all of their skills and expert knowledge.

Corporate Governance System



1 Board of Directors

The Board of Directors, which consists of eight Directors, of whom four are outside Directors, is responsible for making decisions as stipulated in laws, regulations, and the articles of incorporation; making important decisions; and the Directors mutually oversee their execution of operations. In principle, the Board of Directors meets once a month and met a total of 13 times during the fiscal year under review.

2 Audit & Supervisory Board

The Company is a Company with an Audit & Supervisory Board as defined by the Companies Act of Japan, whereby Audit & Supervisory Board Members act independently of Directors and oversee Directors' execution of operations. The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, of whom three are outside Audit & Supervisory Board Members. In principle, the Audit & Supervisory Board meets once a month and met a total of 13 times during the fiscal year under review.

3 Nomination and Compensation Committee

In November 2018, aiming to further enhance our corporate governance by strengthening the independence, objectivity, and accountability of the Board of Directors with regard to the nomination of Directors and executive officers and related matters such as compensation, we established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors.

The Nomination and Compensation Committee must include three or more Directors, the majority of whom must be outside Directors; it currently consists of six members, including four outside Directors, with an outside Director serving as Chair.

The Committee met three times during the fiscal year under review, deliberating and reporting to the Board on matters related to: (1) the appointment, dismissal, and transfer of Directors and executive officers, (2) individual compensation for Directors and executive officers, (3) the introduction of performance-based compensation (monetary), and (4) succession planning.

4 Other Voluntary Committees

The Company has set up two voluntary committees chaired by the President.

Sustainability Committee

The committee pursues initiatives related to sustainability (environment, society, governance, etc.), including measures based on the TCFD Recommendations, and periodically reports on the status of activities to the Board of Directors.

Compliance Committee

The committee manages and oversees compliance with the Ryoyo Group Code of Conduct and other internal rules in a timely manner, and reports quarterly to the Board of Directors on the status of business execution.

List of Officers (As of April 26, 2022)

Board of Directors

Directors



Representative Director,
President & Chief Executive Officer

Moritaka Nakamura

Time in office: 4 years *13/13

In charge of Corporate Planning Division
In charge of Corporate Administration Division
Nomination and Compensation Committee Member



Director & Managing Executive Officer

Kiyoshi Waki

Time in office: 6 years *13/13

In charge of Internal Auditing Department
In charge of CSR Department
Nomination and Compensation Committee Member



Director & Managing Executive Officer

Osamu Sano

Time in office: –

In charge of Strategic Technology Development Division



Director & Managing Executive Officer

Daisuke Aguro

Time in office: –

In charge of Semiconductor & Device Division

Outside Directors



Outside Director (Independent Officer)

Shinya Takada

Time in office: 2 years *13/13

Chairman of the Board of Directors
Chairman of the Nomination and Compensation Committee



Outside Director (Independent Officer)

Masumi Shiraiishi

Time in office: 3 years *13/13

Nomination and Compensation Committee Member




Outside Director (Independent Officer)

Masashi Oba

Time in office: 2 years *13/13

Nomination and Compensation Committee Member



Outside Director (Independent Officer)


Michiko Aoki

Time in office: –

Nomination and Compensation Committee Member

Audit & Supervisory Board

Audit & Supervisory Board Member



Full-time Audit & Supervisory Board Member

Hiroyuki Kanno

Time in office: 2 years *13/13 **13/13

Outside Audit & Supervisory Board Members



Outside Audit & Supervisory Board Member (Independent Officer)

Ryoji Kimura

Time in office: 10 years *12/13 **13/13



Outside Audit & Supervisory Board Member (Independent Officer)

Kazumi Akiyama

Time in office: 6 years *13/13 **13/13



Outside Audit & Supervisory Board Member (Independent Officer)

Motomi Oi

Time in office: 2 years *13/13 **13/13

* Attendance at meetings of the Board of Directors

** Attendance at meetings of the Board of Audit & Supervisory Board Members

Criteria for the Selection of Outside Officers

In order to ensure the independence of the candidates it recommends for outside officer (outside Director and outside Audit & Supervisory Board Member), the Company has formulated criteria for the selection of outside officers.

Please see the following website for more details

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

Compensation for Directors and Audit & Supervisory Board Members and Policy Regarding Decision on Calculation Method

(i) Organization to Deliberate and Determine Compensation for Directors

The Board of Directors consults the Nomination and Compensation Committee regarding the policy on determining compensation, etc., for individual Directors, and then makes a resolution on the policy after receiving the report from the committee.

With regard to the compensation, etc., for individual Directors for the fiscal year under review, the Board of Directors has confirmed that the policy on determining compensation, etc., and the details of the determined compensation, etc., conform with the above-mentioned policy resolved by the Board of Directors and that the report from the Nomination and Compensation Committee has been given due weight, and judges that the compensation, etc., for individual Directors is in accordance with the determination policy.

(ii) Structure and Determining Method of Compensation for Directors

(1) Compensation Policy

Our aim with Director compensation is to attract highly qualified people who can help realize Ryoyo Electro's Management Philosophy and improve our business performance in line with our Management Policy, as well as giving Directors an incentive to play an active role in enhancing our corporate value over the longer term. When determining the individual compensation of Directors, our basic policy is to set the compensation at a level suitable for their duties.

Compensation for Directors who serve concurrently as executive officers includes basic compensation, performance-based compensation (monetary), and stock compensation (restricted stock), and the ratio of each type of compensation is set based on rank, duties, and trends among other companies and so forth. As an approximate guide to the ratio of compensation by type, basic salary comprises 70%, performance-based compensation (monetary) 10%, and stock compensation (restricted stock) 20%.

Compensation for Directors who do not serve concurrently as executive officers comprises only basic compensation. Furthermore, individual compensation depends on each Director's respective job description and responsibilities based on the compensation system.

(2) Policy for Determining the Amount, Award Period, and Terms of Basic Compensation for Individuals

Basic compensation is fixed monthly compensation paid in cash while the Director is in office. For Directors who also serve as executive officers, the basic compensation amount is determined annually at a certain period, based on the Compensation Table for each rank, and reflecting the prior-year performance of the Company, the degree of contribution of each Director to the Company, and other factors. Compensation plans for outside Directors not also serving as executive officers are determined annually at a certain period, taking into account a range of factors, including Company performance, compensation levels at other companies, and the current social context.

(3) Policy for Determining the Content of Performance Indicators, Amount, Calculation Method, Award Period, and Terms of Performance-Based Compensation (Monetary)

Directors who serve concurrently as executive officers are paid performance-based compensation (monetary) in an amount determined according to the degree of achievement of target values

allocated and set according to duties for each of the following indicators: consolidated operating profit, operating profit of each business division, and consolidated net profit for the applicable fiscal year. The compensation is paid at a certain time each year after the end of the applicable fiscal year.

(4) Policy for Determining the Content, Amount, Calculation Method, Award Period, and Terms of Non-Monetary Compensation, Etc.

The non-monetary compensation, etc., paid by the Company consists of restricted stock compensation. Directors who serve concurrently as executive officers are granted restricted stock at a certain time each year during their incumbency (restricted stock is common stock of the Company allocated to Directors who serve concurrently as executive officers based on a restricted stock allocation agreement concluded with them, in which transfer restrictions stipulated in the agreement are applied for a period from the date of issuance of the stock until the date of retirement of the Director as a Director of the Company or other position stipulated by the Board of Directors). The number of shares of stock granted is determined based on the Compensation Table for each position.

(5) Method of Determining Individual Director Compensation

All Director compensation plans are determined by a resolution of the Board of Directors, reflecting deliberation and reporting from the Nomination and Compensation Committee, the majority of whose members are independent outside Directors.

(iii) Total Compensation by Class of Directors and Audit & Supervisory Board Members, Total Compensation by Type, and the Number of Applicable Individuals

Class of Directors and Audit & Supervisory Board Members	Total compensation (millions of yen)	Compensation by type (millions of yen)			Number of applicable individuals
		Fixed compensation	Restricted stock compensation	Non-monetary compensation, etc.	
Directors	242	163	30	48	10
Of which, outside Directors	40	40	-	-	4
Audit & Supervisory Board Members	36	36	-	-	4
Of which, outside Audit & Supervisory Board Members	21	21	-	-	3
Total	278	199	30	48	14
Of which, outside Directors and outside Audit & Supervisory Board Members	62	62	-	-	7

(iv) Total Compensation for Individuals Whose Total Amount of Compensation is ¥100 Million or More

The statement is omitted, since there is no individual whose total amount of consolidated compensation is ¥100 million or more.

Analysis of Board of Directors' Effectiveness and Results of Evaluation

We conduct an annual self-evaluation to gauge the effectiveness of our Board of Directors. The most recent survey looked at such areas as the composition and administration of Board meetings and the content of discussions. The results indicated that the Directors, including outside Directors, are generally functioning appropriately, and that the effectiveness of the Board of Directors is being safeguarded.

Suggestions from various Directors included the idea that there is room for improvement in providing training opportunities to help Directors fulfill their duties, as well as for better mutual communication between outside and inside Directors and

other executives. Others expressed their opinion that fuller discussions were needed around topics such as management strategies from a medium- and long-term perspective, new business creation, and SDGs and ESG.

The Board of Directors will continue to discuss these suggestions as we strive to improve the Board's effectiveness to help build an optimal corporate governance structure.

Internal Control Systems

We formulated basic principles for establishing internal control systems and are working to maintain a sound control framework.

For information on our internal control systems, please refer to the following section of the Company's corporate website.

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

Risk Management Systems

Risks that may affect our operations include those related to compliance, the environment, disasters, information security, product quality, foreign exchange rates, and financial reporting. Each department maintains effective risk management systems managed by employees who are responsible for risk management. In the event that any risk occurs, these employees will guide their department in responding quickly and effectively to those risks in order to minimize damages.

For more information on business risks, please refer to the following section of the Company's corporate website.

<https://www.ryoyo.co.jp/en/ir-library/business-risk>

Policy for Proactive Communication with Shareholders

The Company endeavors to ensure that disclosure of management information is conducted accurately, impartially, and promptly. In addition, we recognize that facilitating mutual understanding through proactive communication with shareholders and incorporating feedback from shareholders into management decision-making are crucial to the Company's ongoing growth and to the medium- to long-term improvement of corporate value. Accordingly, the following provisions have been put in place to support proactive communications activities.

- (1) The Director in charge of the Corporate Planning Division oversees shareholder communications.
- (2) The Public Relations Department of the Corporate Planning Division functions as a venue for shareholder communications, while preparations for such communications are carried out jointly by the Corporate Planning, General Affairs, and Accounting departments.
- (3) Explanatory forums are held for institutional investors and analysts at which we report on and explain current business conditions and the future direction of the Company.
- (4) Systems are in place to ensure that feedback received through shareholder communications activities is shared with management in a timely manner.
- (5) In-house workshops regarding insider information are held and other steps are taken to ensure the appropriate management of insider information.

Note:

The Company strives to ensure timely and appropriate disclosure of management information through its corporate website and other venues.

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

Message from an Outside Director



Outside Director

Masumi Shiraishi

My Focus as an Outside Director

Based on my experience in academia, I strive to view management using my academic knowledge. I believe that it is important to supervise objectively from the shareholders' perspective, particularly with regard to diversity and risk management. For this reason, I think that the Board of Directors needs not only to be efficient, but also to allow time for discussion and leeway to say "no" when necessary.

Ryoyo Electro's Current Governance System

I have really sensed a definite change in the governance system of Ryoyo Electro over these past few years. In terms of structure, a Nomination and Compensation Committee has been established, and both the Board of Directors and the Nomination and Compensation Committee are chaired by outside Directors. The system supporting effective discussion in the Board of Directors has also been improved with careful attention to sharing information before the meetings. The content of the discussions is not limited to short-term matters for decisions; a lot of time is set aside for discussion on issues with a medium- to long-term perspective, such as formulation of the medium-term business plan and the human resource system. While there are still points where improvements can be made, such as the speed of reporting, I commend the improvements in the content of the matters for discussion.

Issues Facing Ryoyo Electro's Management

The current external environment is growing increasingly adverse. Geopolitical risks including armed conflict are increasing in addition to COVID-19 and the semiconductor shortage. However, rather than simply avoiding risk, it is vital that the Company takes risks appropriately and seizes the opportunities that present themselves by thoroughly examining the negative and positive aspects of each event.

During the three years since my appointment as outside Director of Ryoyo Electro, the Company has been working rapidly to implement various reforms. Amid these rapidly changing times, this swift response is important for overcoming risk and converting it into opportunity. In particular, I have been highly impressed by reforms to the personnel and evaluation systems aimed at accommodating diverse human resources and the start of programs for human resource development. I myself have had the opportunity to give an in-house lecture regarding workstyles for women, and my interactions with employees have also provided points of reference in the Board of Directors meetings. When responding swiftly, unexpected issues may emerge, but I would like the Company to continue making improvements without faltering, as it refines the accuracy of its response and its policies.

In addition to this, I think that strengthening Ryoyo Electro's organizational capabilities will be important for achieving significant growth going forward. Currently, the Company has two businesses, and it needs to increase the synergies between them and strengthen cooperation between departments. Just as the Company's slogan says: "Connect Everything. With Technology. With Ideas.", by strengthening the internal operating structure and enhancing cooperation, I believe the Company will be able to demonstrate its unique value even further. Moreover, in order to achieve this, it is important to have an environment where employees can act autonomously. Although they may have connections only with the people around them as they carry out their daily duties, by moving beyond their own boundaries to work with other divisions and customers, they will create new connections. However, it is not enough simply to say this as a slogan; management must strengthen the personnel system and education, and change the mindset of the entire Company, starting from the recruitment stage.

Towards Sustainable Growth Going Forward

The most important thing for a company is to earn through its main operations and give back to its stakeholders. In addition to this, it is also key to pursue health and productivity management in order to be sustainable. Investment in employees is a sound investment that is bound to yield a return later on. On the business front, as the population continues to decline in Japan, areas are certain to emerge where Ryoyo Electro's technologies can contribute to increasing productivity through digital transformation (DX). It will become important for companies to find ways that they can demonstrate the value of their existence. Ryoyo can do this by recognizing common issues in each field and market and providing solutions that leverage its unique character, and it should be able to contribute to realizing better standards of living. Naturally, it is the individual efforts of each employee that will support these initiatives.

For my part, as outside Director I will dedicate my efforts to providing supervision and support for management, and I ask all of our shareholders to continue your support for the Company.



Consolidated Financial Highlights

Ryoyo Electro Corporation and Consolidated Subsidiaries

For the years ended January 31, 2022, 2021, 2020, 2019, and 2018

	Millions of yen					Thousands of U.S. dollars*
	2022.1	2021.1	2020.1	2019.1	2018.1	2022.1
For the Year						
Net sales	¥ 112,099	¥ 95,792	¥ 108,538	¥ 93,799	¥ 92,234	\$ 971,061
Gross profit	10,732	9,194	10,361	8,925	7,591	92,973
Selling, general and administrative expenses	8,474	7,927	8,206	7,667	7,339	73,412
Operating profit	2,258	1,266	2,154	1,257	251	19,561
Profit attributable to owners of parent	1,873	806	1,303	1,020	212	16,230
Free cash flows	(5,535)	13,434	697	1,132	(4,162)	(47,954)
At Year-End						
Total assets	¥ 72,652	¥ 59,336	¥ 78,117	¥ 75,538	¥ 78,111	\$ 629,352
Total net assets	42,309	37,992	62,135	62,208	64,404	366,507
Per Share of Common Stock (Yen/U.S. dollars)						
Net income	¥ 103.94	¥ 35.19	¥ 53.06	¥ 41.62	¥ 8.68	\$ 0.90
Total net assets	2,130.47	2,188.90	2,524.47	2,531.90	2,625.66	18.45
Cash dividends	120.00	180.00	80.00	60.00	60.00	1.03
Ratios (%)						
Gross profit margin	9.6	9.6	9.5	9.5	8.2	
Operating margin	2.0	1.3	2.0	1.3	0.3	
Net income margin	1.7	0.8	1.2	1.1	0.2	
Equity ratio	58.2	64.0	79.4	82.2	82.4	
Return on equity	4.7	1.6	2.1	1.6	0.3	
Other Information						
Number of shares issued**	19,844,823	17,336,633	24,572,801	24,521,409	24,506,240	
Number of employees	715	711	561	526	510	

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥115.44 = U.S.\$1.00, the exchange rate prevailing on January 31, 2022.

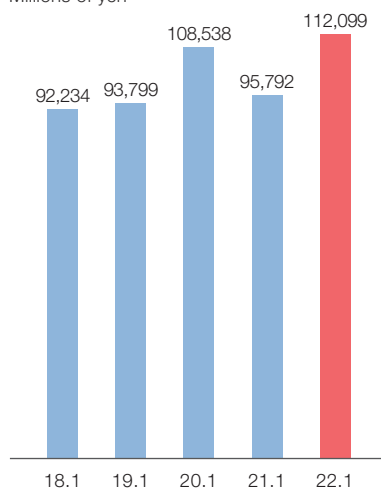
** Number of shares issued does not include treasury stock.

Notes: 1. The consolidated financial highlights are a translation of the Japanese financial statements. The Japanese version will be used for matters of a legal nature.

2. Unless otherwise noted, figures are rounded down to the nearest million.

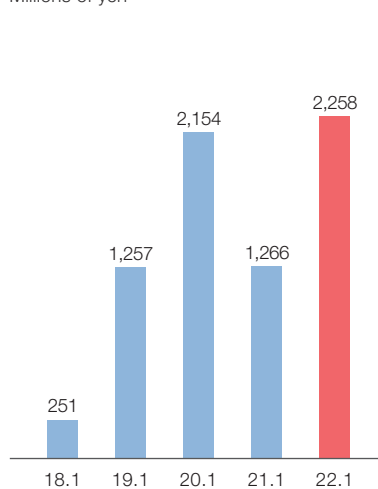
Net Sales

Millions of yen



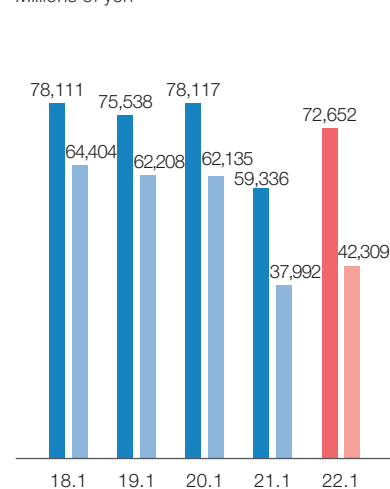
Operating Profit

Millions of yen



Total Assets/Total Net Assets

Millions of yen



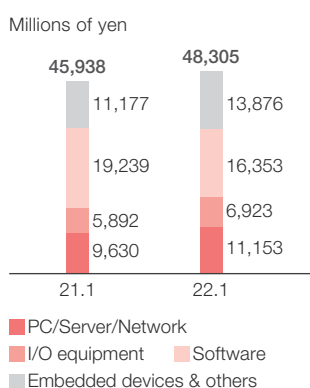
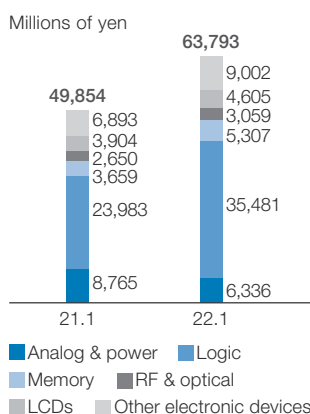
Consolidated Financial Review

Operating Environment

During the fiscal year under review, the fiscal year ended January 31, 2022, Japan's economy initially saw movement towards recovery in consumer spending and corporate earnings as the status of COVID-19 infections eased. However, the future outlook remains unclear, with the spread of infection by a new variant from the end of 2021.

The electronics industry, in which the Group operates, saw solid capital investment across a wide range of areas, supported by strong demand. However, supply chain disruptions became protracted due to supply shortages of electronic components such as semiconductors and high prices for raw materials. These had impacts on production activities in every area and an increased sense of difficulty emerged in procurement of certain ICT products.

Results for the Fiscal Year Ended January 31, 2022



In this environment, the Group positioned “building a business foundation that is resilient to changes in the business environment” as a priority measure for the fiscal year under review. It focused not only on promoting and expanding existing businesses, but also on bringing new business models to fruition and cultivating new business drivers, along with working to establish infrastructure to support them.

As a result, consolidated financial results for the fiscal year under review showed steady recovery in a wide range of areas from the impact of the COVID-19 pandemic in the previous fiscal year. In addition, the semiconductor business for digital consumer electronics expanded even further, and performance was supported by strong demand amid the semiconductor supply shortage. Mainly as a result of these factors, net sales were up 17.0% year on year to ¥112,099 million; operating profit was up 78.2% to ¥2,258 million; ordinary profit increased 165.2% to ¥2,400 million, and profit attributable to owners of parent increased 132.4% to ¥1,873 million.

Sales by Products

Semiconductors & Devices

Net sales were up ¥13,939 million, or 28.0%, year on year to ¥63,793 million.

This mainly reflected a major expansion in sales for digital consumer electronics, primarily televisions, and general underlying support from favorable demand driven by the semiconductor supply shortage.

ICT & Solutions

Net sales were up ¥2,367 million, or 5.2%, year on year to ¥48,305 million.

This reflected generally strong sales of products other than PC software, which decreased following a surge in special demand in the first half of the previous fiscal year.

Sales by Region

Japan

With support from strong demand driven by a semiconductor supply shortage and the recovery of corporate IT-related investment, both Semiconductors & Devices and ICT & Solutions performed solidly in a wide range of areas and offerings. Sales to external customers in Japan increased ¥7,004 million, or 10.2%, year on year to ¥75,569 million. Operating profit in this regional segment increased by ¥703 million, or 64.4%, to ¥1,797 million.

Asia

Due to an increase in sales of semiconductors for digital consumer electronics, sales to external customers in Asia grew ¥9,302 million, or 34.2%, year on year to ¥36,529 million. Operating profit in this regional segment increased by ¥367 million, or 166.0%, to ¥589 million.

The figure for operating profit presented in the consolidated statements of profit includes operating profit from each segment as well as from intersegment transactions.

Financial Position

Total assets at the end of the fiscal year under review amounted to ¥72,652 million, an increase of ¥13,315 million from the previous fiscal year-end. This was mainly due to an increase in merchandise and finished goods.

Total liabilities were up ¥8,998 million from the previous fiscal year-end to ¥30,342 million. This was mainly due to an increase in short-term borrowings.

Total net assets were up ¥4,317 million from the previous fiscal year-end to ¥42,309 million. This was mainly attributable to a decrease in treasury stock due to the exercise of stock acquisition rights.

Cash Flows

Cash and cash equivalents totaled ¥9,204 million at fiscal year-end, a year-on-year increase of ¥1,559 million, mainly reflecting the disposal of treasury stock due to the exercise of stock acquisition rights.

Net cash used in operating activities was ¥8,090 million, a change of ¥11,093 million from net cash provided in the previous fiscal year. The Company recorded ¥2,526 million in profit before income taxes, but inventories increased by ¥7,527 million, among other factors.

Net cash provided by investing activities was ¥2,554 million, a year-on-year decrease of ¥7,876 million. The main inflow was attributable to proceeds from sales of investment securities of ¥2,267 million.

Net cash provided by financing activities was ¥6,872 million, a change of ¥25,200 million from net cash used in the previous fiscal year, mainly due to recording proceeds from sales of treasury shares due to the exercise of stock acquisition rights.

Returning Profits to Shareholders

Basic Policy Regarding the Distribution of Profit

Our basic policy regarding dividend payments is to return profits to shareholders while considering the Company's financial position and the operating environment, as we seek to maintain a stable operating foundation and pursue future business expansion. We have set "a dividend on equity ratio (DOE) of 5%" as our target for shareholder returns.

		Dividend per share (Yen)			Payout Ratio	DOE
		Interim	Year-End	Full Year		
2023.1	Forecast	50	50	100	129.7%	4.8%
2022.1	Result	60	60	120	115.4%	5.6%
2021.1	Result	60 (Ordinary dividend: 60)	120 (Ordinary dividend: 60) (Commemorative dividend: 60)	180 (Ordinary dividend: 120) (Commemorative dividend: 60)	511.5%	7.6%

Consolidated Balance Sheets

Ryoyo Electro Corporation and Consolidated Subsidiaries at January 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Assets			
Current assets			
Cash and deposits	¥ 7,644	¥ 9,204	\$ 79,733
Notes and accounts receivable-trade	23,227	28,663	248,299
Electronically recorded monetary claims-operating	2,257	3,494	30,275
Securities	999	500	4,337
Merchandise and finished goods	11,614	19,466	168,627
Work in process	150	122	1,059
Other	1,535	1,505	13,040
Allowance for doubtful accounts	(6)	(5)	(44)
Total current assets	47,423	62,952	545,325
Non-current assets			
Property, plant and equipment			
Tools, furniture and fixtures, net	84	74	647
Land	5	5	49
Construction in progress	4	6	54
Other, net	120	132	1,148
Total property, plant and equipment	214	219	1,898
Intangible assets			
Goodwill	599	535	4,639
Other	245	297	2,576
Total intangible assets	844	832	7,215
Investments and other assets			
Investment securities	8,143	5,721	49,564
Deferred tax assets	39	53	463
Retirement benefit asset	1,520	1,621	14,042
Other	1,804	1,737	15,052
Allowance for doubtful accounts	(653)	(485)	(4,208)
Total investments and other assets	10,854	8,648	74,914
Total noncurrent assets	11,913	9,700	84,027
Total Assets	¥ 59,336	¥ 72,652	\$ 629,352

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥ 11,263	¥ 14,726	\$ 127,568
Short-term borrowings	6,637	11,763	101,903
Income taxes payable	92	427	3,707
Accrued consumption taxes	231	35	306
Provision for bonuses	264	560	4,858
Other	1,335	1,370	11,873
Total current liabilities	19,825	28,884	250,214
Non-current liabilities			
Long-term borrowings	79	-	-
Deferred tax liabilities	919	865	7,494
Retirement benefit liability	212	321	2,782
Other	308	271	2,355
Total noncurrent liabilities	1,518	1,458	12,630
Total liabilities	21,344	30,342	262,845
Net assets			
Shareholders' equity			
Share capital	13,672	13,672	118,434
Capital surplus	13,336	13,336	115,528
Retained earnings	33,460	31,164	269,966
Treasury shares	(24,461)	(17,978)	(155,739)
Total shareholders' equity	36,006	40,194	348,189
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,119	1,794	15,544
Deferred gains or losses on hedges	(0)	(0)	(4)
Foreign currency translation adjustment	(126)	412	3,574
Remeasurements of defined benefit plans	(50)	(122)	(1,062)
Total accumulated other comprehensive income	1,941	2,083	18,051
Share acquisition rights	43	30	267
Total Net assets	37,992	42,309	366,507
Total Liabilities and net assets	¥ 59,336	¥ 72,652	\$ 629,352

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

Ryoyo Electro Corporation and Consolidated Subsidiaries for the Years Ended January 31, 2022 and 2021

Consolidated Statement of Income	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2022
Net sales	¥ 95,792	¥ 112,099	\$ 971,061
Cost of sales	86,598	101,366	878,087
Gross profit	9,194	10,732	92,973
Selling, general and administrative expenses			
Provision of allowance for doubtful accounts	(0)	(0)	(7)
Salaries and bonuses	3,286	3,447	29,863
Provision for bonuses	244	504	4,368
Retirement benefit expenses	87	200	1,739
Rent expenses	410	399	3,464
Depreciation	219	149	1,299
Other	3,679	3,773	32,686
Total selling, general and administrative expenses	7,927	8,474	73,412
Operating profit	1,266	2,258	19,561
Non-operating income			
Interest income	34	18	158
Dividend income	160	105	912
Purchase discounts	1	0	3
Gain on investments in investment partnerships	58	134	1,165
Other	81	28	248
Total non-operating income	335	286	2,485
Non-operating expenses			
Interest expenses	53	90	784
Sales discounts	37	4	41
Foreign exchange losses	61	9	80
Commission expenses	32	10	88
Loss on abandonment of non-current assets	0	3	34
Commission for purchase of treasury shares	490	–	–
Other	20	26	226
Total non-operating expenses	697	144	1,252
Ordinary profit	905	2,400	20,794
Extraordinary income			
Gain on sales of investment securities	597	291	2,523
Gain on contribution of securities to retirement benefit trust	47	–	–
Total extraordinary income	644	291	2,523
Extraordinary losses			
Loss on sales of investment securities	175	23	202
Loss on valuation of investment securities	41	–	–
Loss on valuation of shares of subsidiaries and associates	136	70	610
Provision of allowance for doubtful accounts	47	52	458
Settlement package	119	18	159
Total extraordinary losses	520	164	1,429
Profit before income taxes	1,028	2,526	21,888
Income taxes - current	62	545	4,726
Income taxes - deferred	160	107	932
Total income taxes	222	653	5,658
Profit	806	1,873	16,230
Profit attributable to owners of parent	¥ 806	¥ 1,873	\$ 16,230
Consolidated Comprehensive Statement of Income			
Profit attributable to owners of parent	806	1,873	16,230
Other comprehensive income			
Valuation difference on available-for-sale securities	(21)	(324)	(2,815)
Deferred gains or losses on hedges	(0)	(0)	(1)
Foreign currency translation adjustment	(151)	538	4,669
Remeasurements of defined benefit plans, net of tax	(148)	(71)	(620)
Total other comprehensive income	(322)	142	1,233
Comprehensive income	484	2,015	17,463
(Details)			
Comprehensive income attributable to owners of parent	484	2,015	17,463
Comprehensive income attributable to non-controlling interests	–	–	–

Consolidated Statements of Changes in Net Assets

Ryoyo Electro Corporation and Consolidated Subsidiaries for the Years Ended January 31, 2022 and 2021

Millions of yen

	Shareholders' equity				Total shareholders' equity	Accumulated other comprehensive income					Total net assets	
	Share capital	Capital surplus	Retained earnings	Treasury shares		Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Share acquisition rights		
From February 1, 2020 to January 31, 2021												
Balance at the beginning of current period	¥13,672	¥13,336	¥35,337	¥(2,630)	¥59,715	¥2,141	¥(0)	¥79	¥97	¥102	¥62,135	
Changes during period												
Dividends of surplus			(2,463)		(2,463)						(2,463)	
Profit attributable to owners of parent			806		806						806	
Purchase of treasury shares				(21,960)	(21,960)						(21,960)	
Disposal of treasury shares		0		0	0						0	
Exercise of share acquisition rights		(43)		101	58						58	
Restricted stock payment		29		27	56						56	
Change in scope of consolidation			(205)		(205)			(53)			(259)	
Transfer from retained earnings to capital surplus		13	(13)									
Net changes in items other than shareholders' equity						(21)	(0)	(151)	(148)	(58)	(380)	
Total changes during period	–	–	(1,877)	(21,831)	(23,709)	(21)	(0)	(205)	(148)	(58)	(24,143)	
Balance at end of period	¥13,672	¥13,336	¥33,460	¥(24,461)	¥36,006	¥2,119	¥(0)	¥(126)	¥(50)	¥43	¥37,992	

Millions of yen

	Shareholders' equity				Total shareholders' equity	Accumulated other comprehensive income					Total net assets	
	Share capital	Capital surplus	Retained earnings	Treasury shares		Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Share acquisition rights		
From February 1, 2021 to January 31, 2022												
Balance at the beginning of current period	¥13,672	¥13,336	¥33,460	¥(24,461)	¥36,006	¥2,119	¥(0)	¥(126)	¥(50)	¥43	¥37,992	
Changes during period												
Dividends of surplus			(3,142)		(3,142)						(3,142)	
Profit attributable to owners of parent			1,873		1,873						1,873	
Purchase of treasury shares				(1)	(1)						(1)	
Disposal of treasury shares		(0)		0	0						0	
Exercise of share acquisition rights		(1,028)		6,430	5,401						5,401	
Restricted stock payment		2		54	57						57	
Transfer from retained earnings to capital surplus		1,025	(1,025)									
Net changes in items other than shareholders' equity						(324)	(0)	538	(71)	(13)	129	
Total changes during period	–	–	(2,295)	6,483	4,188	(324)	(0)	538	(71)	(13)	4,317	
Balance at end of period	¥13,672	¥13,336	¥31,164	¥(17,978)	¥40,194	¥1,794	¥(0)	¥412	¥(122)	¥30	¥42,309	

Thousands of U.S. Dollars

	Shareholders' equity				Total shareholders' equity	Accumulated other comprehensive income					Total net assets	
	Share capital	Capital surplus	Retained earnings	Treasury shares		Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Share acquisition rights		
From February 1, 2021 to January 31, 2022												
Balance at the beginning of current period	\$118,434	\$115,528	\$289,848	\$(211,902)	\$311,908	\$18,358	\$(4)	\$(1,095)	\$(442)	\$380	\$329,106	
Changes during period												
Dividends of surplus			(27,226)		(27,226)						(27,226)	
Profit attributable to owners of parent			16,230		16,230						16,230	
Purchase of treasury shares				(14)	(14)						(14)	
Disposal of treasury shares		(0)		1	1						1	
Exercise of share acquisition rights		(8,908)		55,702	46,794						46,794	
Restricted stock payment		22		475	496						496	
Transfer from retained earnings to capital surplus		8,887	(8,887)									
Net changes of items other than shareholders' equity						(2,815)	(1)	4,669	(620)	(113)	1,120	
Total changes during period	–	–	(19,882)	56,163	36,280	(2,815)	(1)	4,669	(620)	(113)	37,401	
Balance at end of period	\$118,434	\$115,528	\$269,966	\$(155,739)	\$348,189	\$15,544	\$(4)	\$3,574	\$(1,062)	\$267	\$366,507	

Consolidated Statements of Cash Flows

Ryoyo Electro Corporation and Consolidated Subsidiaries for the Years Ended January 31, 2022 and 2021

Consolidated Statement of Income	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2022
Cash flows from operating activities			
Profit before income taxes	¥ 1,028	¥ 2,526	\$ 21,888
Depreciation	241	178	1,547
Amortization of goodwill	42	64	557
Loss (gain) on sales and retirement of non-current assets	0	3	32
Share-based remuneration expenses	51	57	500
Expenses for treasury shares	490	–	–
Loss (gain) on investments in investment partnerships	(58)	(134)	(1,165)
Foreign exchange losses (gains)	(26)	57	497
Increase (decrease) in provisions	(216)	120	1,042
Increase (decrease) in retirement benefit liability	(58)	15	136
Interest and dividend income	(194)	(123)	(1,070)
Interest expenses	53	90	784
Loss (gain) on sales of investment securities	(422)	(267)	(2,321)
Loss (gain) on valuation of investment securities	41	–	–
Loss on valuation of shares of subsidiaries and associates	136	70	610
Settlement package	119	18	159
Decrease (increase) in trade receivables	2,860	(5,832)	(50,525)
Decrease (increase) in inventories	990	(7,527)	(65,203)
Increase (decrease) in trade payables	(991)	3,054	26,462
Increase (decrease) in accrued consumption taxes	(27)	(197)	(1,712)
Other, net	(153)	(359)	(3,113)
Subtotal	3,908	(8,184)	(70,895)
Interest and dividends received	201	127	1,108
Interest paid	(53)	(88)	(769)
Settlement package paid	(38)	(9)	(86)
Income taxes (paid) refund	(1,015)	64	558
Net cash provided by (used in) operating activities	3,003	(8,090)	(70,084)
Cash flows from investing activities			
Payments into time deposits	(21)	–	–
Proceeds from withdrawal of time deposits	21	–	–
Proceeds from redemption of securities	–	500	4,331
Purchase of property, plant and equipment and intangible assets	(107)	(152)	(1,321)
Proceeds from sales of property, plant and equipment and intangible assets	1	1	17
Purchase of investment securities	(2,484)	(112)	(976)
Proceeds from sales of investment securities	13,407	2,267	19,639
Purchase of shares of subsidiaries and associates	(98)	–	–
Proceeds from distributions from investment partnerships	86	127	1,103
Purchase of insurance funds	(75)	(165)	(1,437)
Proceeds from cancellation of insurance funds	–	187	1,621
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(383)	(99)	(866)
Other, net	84	2	20
Net cash provided by (used in) investing activities	10,431	2,554	22,130
Cash flows from financing activities			
Proceeds from short-term borrowings	33,986	96,452	835,521
Repayments of short-term borrowings	(27,353)	(91,799)	(795,210)
Dividends paid	(2,458)	(3,133)	(27,146)
Purchase of treasury shares	(22,451)	(1)	(14)
Proceeds from sales of treasury shares	0	0	1
Proceeds from issuance of share acquisition rights	–	19	165
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	–	5,369	46,515
Repayments of lease obligations	(36)	(34)	(299)
Other, net	(14)	–	–
Net cash provided by (used in) financing activities	(18,327)	6,872	59,531
Effect of exchange rate change on cash and cash equivalents	(64)	223	1,932
Net increase (decrease) in cash and cash equivalents	(4,958)	1,559	13,510
Cash and cash equivalents at beginning of period	12,417	7,644	66,223
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	186	–	–
Cash and cash equivalents at end of period	¥ 7,644	¥ 9,204	\$ 79,733

Corporate Data/Investor Information

As of January 31, 2022

Company Name

Ryoyo Electro Corporation

Head Office

1-12-22 Tsukiji, Chuo-ku,
Tokyo 104-8408, Japan

Telephone

+81-3-3543-7711

FAX

+81-3-3545-3507

Website

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

Establishment

February 27, 1961

Capital

¥13,672 million

Authorized Shares

119,628,800

Shares Issued

26,800,000

Shareholders

22,164

Stock Trading Unit

100 shares

Stock Listing

Tokyo Stock Exchange,
Prime Market
(as of April 2022)

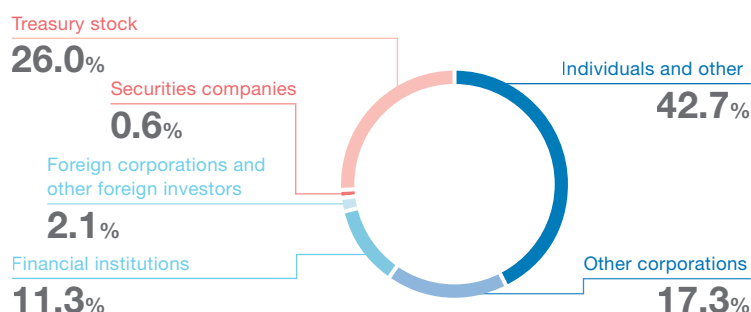
Ticker Code

8068

Transfer Agent

Mitsubishi UFJ Trust and
Banking Corporation

Composition of Shareholders

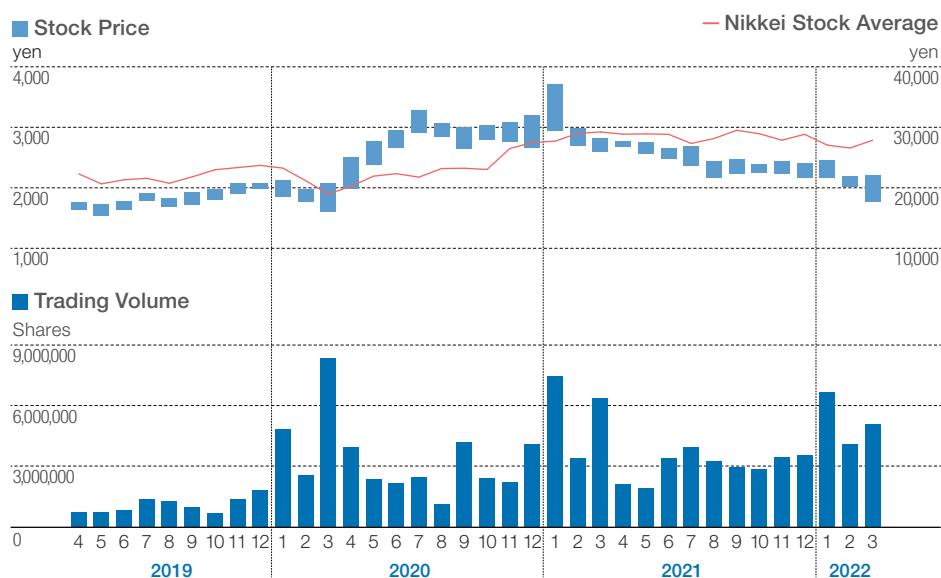


Major Shareholders

	Thousands of shares	%
SHC Corporation	2,118	10.68
The Master Trust Bank of Japan (Trust account)	1,902	9.59
Mitsubishi Electric Corporation	1,576	7.95
Sheep Shokai Co.	523	2.64
Nippon Life Insurance Company	409	2.06
Ryoyo Electro Employee Stockholder Association	293	1.48
Yoshihisa Shimada	211	1.06
Yoichiro Ohashi	206	1.04
Ken System Co., Ltd.	200	1.01
Kenhachiro Ogawa	177	0.89

Note: Calculations for the ownership percentages above do not account for the 6,955,177 shares of treasury stock.

Stock Price Chart



Caution on Forward-Looking Statements

The contents of this annual review that are not historical fact represent projections based on expectations and plans for the future. These projections contain elements of risk and uncertainty. As a result, forward-looking statements made in this annual review may differ from actual results and performance.

Notes on Performance Figures in This Annual Review

The performance figures used in this annual review, including those from previous fiscal years, are based on Ryoyo Electro Corporation's audited Japanese financial reviews.



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