

# Consolidated Financial Review for the Second Quarter Ended July 31, 2023 [Japanese standards] (Consolidated)

Company name: RYOYO ELECTRO CORPORATION  
 Headquarters address: 12-22 Tsukiji 1-chome, Chuo-ku, Tokyo 104-8408 Japan  
 URL: <https://www.ryoyo.co.jp>  
 Stock exchange listing: Tokyo Stock Exchange Prime Section  
 Code number: 8068  
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Due date of submitting of quarterly financial statement : September 12, 2023  
 Due date of starting delivery of dividends : October 2, 2023  
 Supplementary materials for the quarterly financial results : Yes  
 Investor conference for the quarterly financial results : Yes

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

## 1. Financial highlights for the second quarter ended July 31, 2023 (2/1/2023-7/31/2023)

### (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	%
Six months ended 7/31/23	65,060	7.0	2,314	(7.9)	6,494	162.0
Six months ended 7/31/22	60,809	16.4	2,513	164.7	2,478	120.2

Note: Comprehensive income

Six months ended 7/31/23: 8,087 million yen (163.8%)

Six months ended 7/31/22: 3,065 million yen (161.0%)

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Six months ended 7/31/23	5,751	223.0	284.75	284.33
Six months ended 7/31/22	1,780	114.5	88.31	88.17

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 7/31/23	101,005	51,649	51.1	2,554.07
As of 1/31/23	88,409	44,725	50.6	2,213.66

(Reference) Equity

As of 7/31/23: 51,620 million yen

As of 1/31/23: 44,697 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 1/31/23	—	50.00	—	60.00	110.00
Year ending 1/31/24	—	80.00	—	—	—
Year ending 1/31/24 (Estimate)	—	—	—	80.00	160.00

Note: Revision to dividend forecast for this period: None

## 3. Financial forecast for the year ending January 31, 2024 (2/1/2023–1/31/2024)

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 1/31/24	128,000	(1.5)	4,300	(8.4)	8,900	98.8	7,500	145.4	371.31

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)  
July 31, 2023: 26,800,000 shares  
January 31, 2023: 26,800,000 shares
  - ② Number of shares of treasury shares:  
July 31, 2023: 6,588,877 shares  
January 31, 2023: 6,608,536 shares
  - ③ Average number of shares outstanding as of:  
July 31, 2023: 20,198,812 shares  
July 31, 2022: 20,164,242 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, 2024

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, 2023	As of July 31, 2023
	Amount	Amount
<b>(Assets)</b>		
<b>Current Assets</b>		
Cash and deposits	19,031	12,865
Notes and accounts receivable - trade, and contract assets	30,966	31,738
Electronically recorded monetary claims - operating	3,886	2,786
Merchandise and finished goods	23,623	19,902
Work in process	174	316
Other	1,502	1,036
Allowance for doubtful accounts	(1)	(1)
Total current assets	79,183	68,645
<b>Non-current assets</b>		
Property, plant and equipment	226	204
Intangible assets		
Goodwill	471	439
Other	361	462
Total intangible assets	832	901
Investments and other assets		
Investment securities	5,308	6,939
Shares of subsidiaries and associates	97	21,485
Deferred tax assets	110	76
Retirement benefit asset	1,589	1,633
Other	1,642	1,822
Allowance for doubtful accounts	(582)	(705)
Total investments and other assets	8,166	31,252
Total non-current assets	9,225	32,359
Total assets	88,409	101,005

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2023	As of July 31, 2023
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	13,366	14,187
Short-term borrowings	25,817	30,728
Income taxes payable	1,423	606
Accrued consumption taxes	143	511
Provision for bonuses	857	362
Other	1,048	1,256
Total current liabilities	42,657	47,653
<b>Non-current liabilities</b>		
Deferred tax liabilities	603	1,307
Retirement benefit liability	316	309
Other	106	86
Total non-current liabilities	1,026	1,702
Total liabilities	43,683	49,355
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	32,000	36,538
Treasury shares	(17,068)	(17,018)
Total shareholders' equity	41,940	46,528
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,805	3,007
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	1,124	2,253
Remeasurements of defined benefit plans	(173)	(169)
Total accumulated other comprehensive income	2,756	5,092
<b>Share acquisition rights</b>	28	28
Total net assets	44,725	51,649
Total liabilities and net assets	88,409	101,005

# Consolidated Statements of Income

(Millions of yen)

	Six months ended July 31, 2022	Six months ended July 31, 2023
	Amount	Amount
Net sales	60,809	65,060
Cost of sales	54,073	58,176
<b>Gross profit</b>	<b>6,736</b>	<b>6,884</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(3)	64
Salaries and bonuses	1,586	1,726
Provision for bonuses	338	327
Retirement benefit expenses	86	98
Rent expenses	209	205
Depreciation	72	68
Other	1,933	2,077
Total selling, general and administrative expenses	4,222	4,569
<b>Operating profit</b>	<b>2,513</b>	<b>2,314</b>
Non-operating income		
Interest income	11	33
Dividend income	68	68
Gain on investments in investment partnerships	3	0
Share of profit of entities accounted for using equity method	—	4,464
Other	10	10
Total non-operating income	94	4,577
Non-operating expenses		
Interest expenses	48	183
Foreign exchange losses	65	169
Loss on abandonment of non-current assets	2	0
Other	12	44
Total non-operating expenses	130	397
<b>Ordinary profit</b>	<b>2,478</b>	<b>6,494</b>
Extraordinary income		
Gain on sales of investment securities	—	11
Total extraordinary income	—	11
<b>Profit before income taxes</b>	<b>2,478</b>	<b>6,506</b>
Income taxes - current	683	519
Income taxes - deferred	14	234
Total income taxes	697	754
<b>Profit</b>	<b>1,780</b>	<b>5,751</b>
<b>Profit attributable to owners of parent</b>	<b>1,780</b>	<b>5,751</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Six months ended July 31, 2022	Six months ended July 31, 2023
	Amount	Amount
<b>Profit attributable to owners of parent</b>	1,780	5,751
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	207	1,138
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	1,085	630
Remeasurements of defined benefit plans, net of tax	(7)	4
Share of other comprehensive income of entities accounted for using equity method	—	562
Total other comprehensive income	1,284	2,335
<b>Comprehensive income</b>	3,065	8,087
(Details)		
Comprehensive income attributable to owners of parent	3,065	8,087
Comprehensive income attributable to non-controlling interests	—	—

# Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended July 31, 2022	Six months ended July 31, 2023
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Profit before income taxes	2,478	6,506
Depreciation	88	89
Amortization of goodwill	32	32
Share of loss (profit) of entities accounted for using equity method	—	(4,464)
Loss (gain) on sale and retirement of non-current assets	2	0
Share-based payment expenses	24	22
Loss (gain) on investments in investment partnerships	(3)	(0)
Foreign exchange losses (gains)	152	(211)
Increase (decrease) in provisions	(172)	(405)
Increase (decrease) in retirement benefit liability	6	5
Interest and dividend income	(80)	(102)
Interest expenses	48	183
Loss (gain) on sale of investment securities	—	(11)
Decrease (increase) in trade receivables	(624)	1,221
Decrease (increase) in inventories	(4,130)	3,859
Increase (decrease) in trade payables	1,094	510
Increase (decrease) in accrued consumption taxes	(6)	367
Other, net	700	537
Subtotal	(387)	8,140
Interest and dividends received	87	525
Interest paid	(50)	(187)
Income taxes refund (paid)	(294)	(1,296)
Net cash provided by (used in) operating activities	(645)	7,182
<b>II. Cash flows from investing activities</b>		
Payments into time deposits	(749)	(902)
Proceeds from withdrawal of time deposits	483	269
Proceeds from redemption of securities	500	—
Purchase of property, plant and equipment and intangible assets	(132)	(164)
Purchase of investment securities	(4)	(33)
Proceeds from sale of investment securities	—	17
Purchase of shares of subsidiaries and associates	—	(16,785)
Loan advances to subsidiaries and associates	(59)	—
Collection of loans receivable from subsidiaries and affiliates	—	2
Proceeds from distributions from investment partnerships	13	38
Purchase of insurance funds	(70)	(145)
Proceeds from cancellation of insurance funds	101	66
Other, net	(2)	2
Net cash provided by (used in) investing activities	80	(17,634)
<b>III. Cash flows from financing activities</b>		
Proceeds from short-term borrowings	63,999	151,204
Repayments of short-term borrowings	(61,425)	(146,755)
Dividends paid	(1,187)	(1,207)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	—
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	636	—
Repayments of lease obligations	(15)	(14)
Net cash provided by (used in) financing activities	2,007	3,227
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	334	376
<b>V. Net increase (decrease) in cash and cash equivalents</b>	1,776	(6,847)
<b>VI. Cash and cash equivalents at beginning of period</b>	9,204	19,031
<b>VII. Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	332	—
<b>VIII. Cash and cash equivalents at end of period</b>	11,313	12,184



## Consolidated Sales by Product

(Millions of yen)

	Six months ended July 31, 2022		Six months ended July 31, 2023		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	35,991	59.2	37,752	58.0	1,761
ICT/Solutions	24,818	40.8	27,308	42.0	2,489
Total	60,809	100.0	65,060	100.0	4,251