

Results Briefing for the Third Quarter (Feb.–Oct.) of the FY2023

November 30, 2023

RYOYO ELECTRO CORPORATION

Prime Market, Tokyo Stock Exchange (Ticker Code: 8068)

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

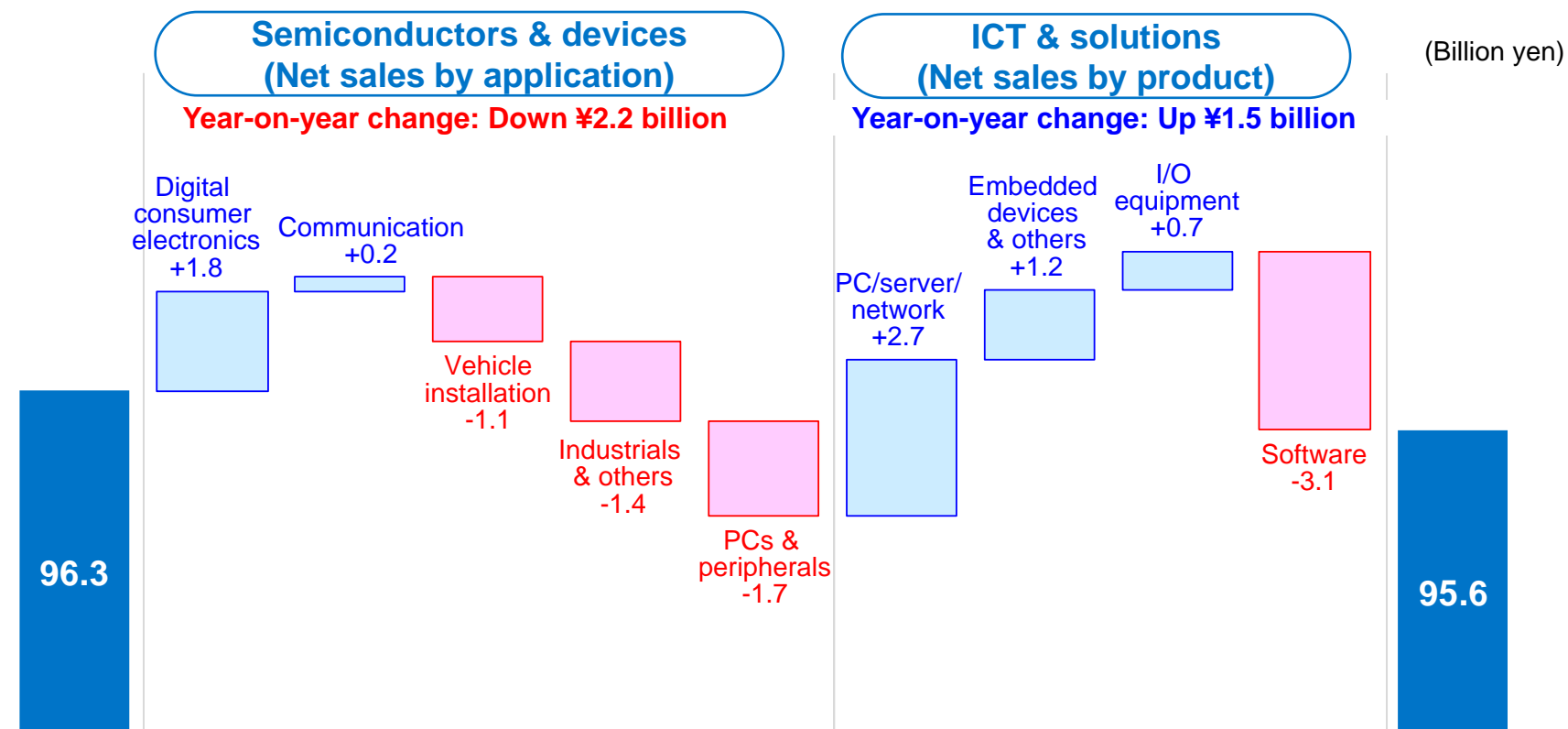
Overview of the Third Quarter of the FY2023

Results for the first nine months of the fiscal year ending January 31, 2024

- Net sales declined, mainly due to decline in sales of semiconductors & devices impacted by an adjustment following the market boom in the previous fiscal year, although sales of ICT & solutions increased year on year.
- Gross profit was roughly the same level as the previous year, but operating profit fell due to an increase in selling, general and administrative expenses.
Note: Selling, general and administrative expenses increased due to rise in labor costs, as well as the recording of alliance-related expenses etc.
- The share of profit of entities accounted for using the equity method was ¥4.88 billion recorded as non-operating income, and ordinary profit and profit attributable to owners of parent increased year on year.

(Billion yen)	Nine Months Ended Oct. 31, 2022 Result	Nine Months Ended Oct. 31, 2022 Result	YoY Change	
				%
Net sales	96.3	95.6	-0.7	-0.7%
Gross profit	10.13	10.06	-0.07	-0.7%
(%)	10.5%	10.5%		
Selling, general and administrative expenses	6.45	6.84	+0.39	+6.0%
Operating profit	3.68	3.22	-0.45	-12.4%
(%)	3.8%	3.4%		
Ordinary profit	3.71	7.69	+3.98	+107.2%
Profit attributable to owners of parent	2.69	6.59	+3.90	+144.7%

- Semiconductors & devices: Despite expansion in demand in digital consumer electronics driven mostly by TVs, a relative decline followed the strong demand in the previous fiscal year amid continuing component shortages in each sector.
- ICT & solutions: Sales of each item remained at a high level, except for some software projects that ended.



Nine Months Ended
Oct. 31, 2022

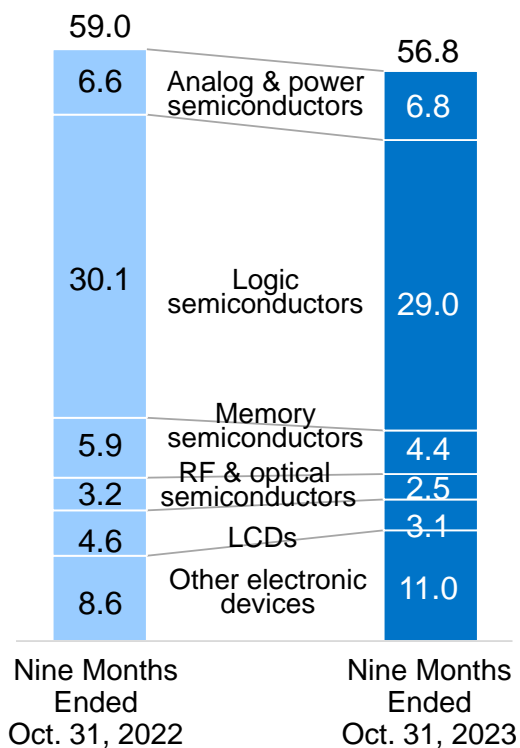
Nine Months Ended
Oct. 31, 2023

(Billion yen)

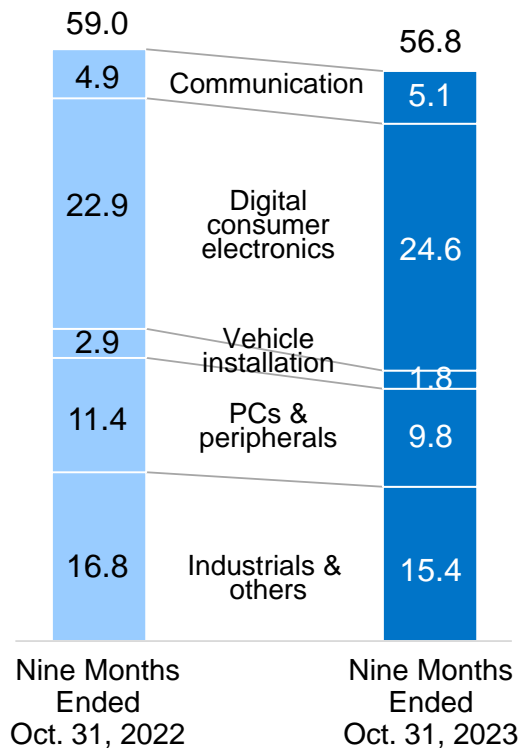
	Semiconductors & devices	ICT & solutions	
Nine Months Ended Oct. 31, 2023	56.8 (59.4%)	38.8 (40.6%)	95.6
	-3.7%	+4.1%	
Nine Months Ended Oct. 31, 2022	59.0 (61.3%)	37.3 (38.7%)	96.3

Semiconductors & devices

Net sales by product

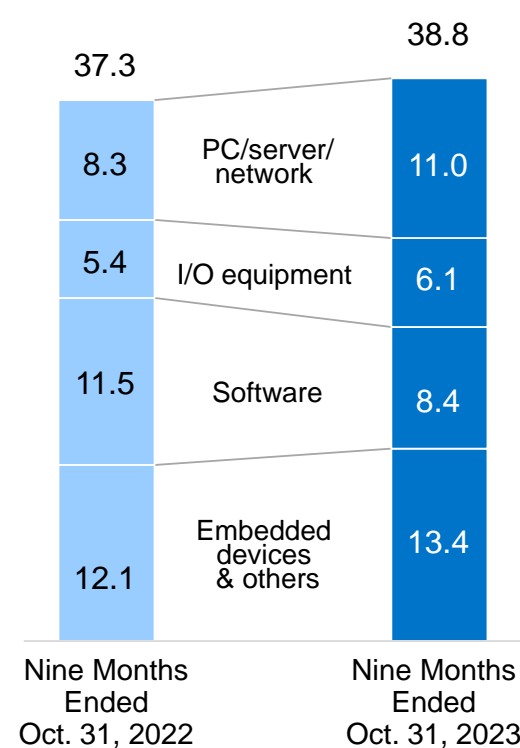


Net sales by application



ICT & solutions

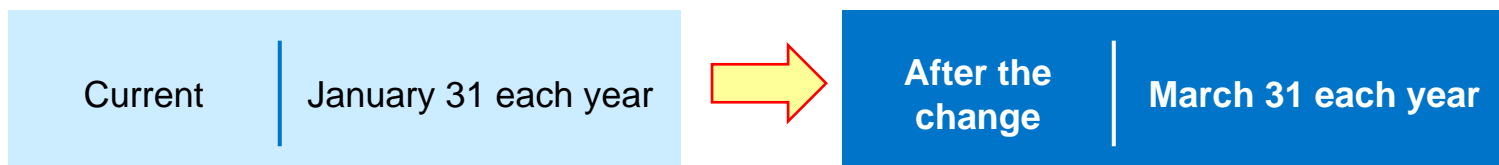
Net sales by product



Business Plan for the FY2023

Subject to approval at the Extraordinary General Meeting of Shareholders scheduled to be held on December 19, 2023, Ryoyo Electro will change its accounting period (fiscal year-end).

➤ Change to the fiscal year-end



➤ Consolidated period

Year	2022												2023												2024		
Month	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3
Fiscal year-end	FY2022 (fiscal year ending January 2023)												FY2023 (fiscal year ending March 2024)														
Group companies in Japan													← 14 months →														
Group companies outside Japan													← 15 months →														

FY2023 (the fiscal year ending March 31, 2024), the transitional period, will be an irregular accounting period for which the consolidated period will be the period outlined in red in the figure above.

The full-year earnings forecasts have been revised in conjunction with the change to the accounting period.

- There are no major changes from the initial plan in terms of the outlook for business trends.
 - Semiconductors & devices:
 - Impact of relative decline from the strong demand of the previous year remains
 - ICT & solutions:
 - While some businesses are coming to an end, others remain strong overall
- Anticipate recording of management integration-related preparation expenses

(Billion yen)	FY2023/1 (12 months) Result	FY2024/3 (14 months) Target	(Reference) FY2024/1 (12 months) Target before Revision
Net sales	129.9	150.0	128.0
Gross profit	13.58	15.75	13.65
(%)	10.5%	10.5%	10.7%
Selling, general and administrative expenses	8.89	11.15	9.35
Operating profit	4.69	4.60	4.30
(%)	3.6%	3.1%	3.4%
Ordinary profit	4.48	9.20	8.90
Profit attributable to owners of parent	3.06	7.18	7.50
ROE	7.0%	14.1%	15.6%

(Note) FY2023/1: Fiscal year ended January 2023; FY2024/1: Fiscal year ending January 2024; FY2024/3: Fiscal year ending March 2024

- Dividend policy: Aim for a dividend on equity (DOE) of 5%.

May revision

Based on the outlook for record-high profit attributable to owners of parent, the company raised its planned dividend in May (Q1 earnings release).

October revision

The company raised its planned dividend again in conjunction with the change to the accounting period (12 ⇒ 14-month accounting period).

		Dividend per Share (Yen)		
		Interim (Q2)	Year-End	Full Year
FY2024/3	October revision	80	100	180
FY2024/1	May revision	80	80	160
	Initial plan	60	60	120
FY2023/1	Result	50	60	110

Expected indicators based on performance forecast and dividend forecast

	ROE	Dividend Payout Ratio	DOE
FY2024/3	14.1%	50.6%	7.1%

(Note) FY2023/1: Fiscal year ended January 2023; FY2024/1: Fiscal year ending January 2024 FY2024/3: Fiscal year ending March 2024

**Convocation of Extraordinary General Meeting of
Shareholders for the Management Integration
with Ryosan Company, Limited**

Date & time

10:00am, Tuesday, December 19, 2023

Venue

Jiji Press Hall

Address: 5-15-8 Ginza, Chuo-ku, Tokyo

Agenda

Proposal 1

Approval of the Share Transfer Plan with Ryosan Company, Limited

Proposal 2

Partial Amendments to Articles of Incorporation

Proposal 3

Partial Revision of the Share Remuneration System with Transfer Restrictions for Directors

Method of the management integration

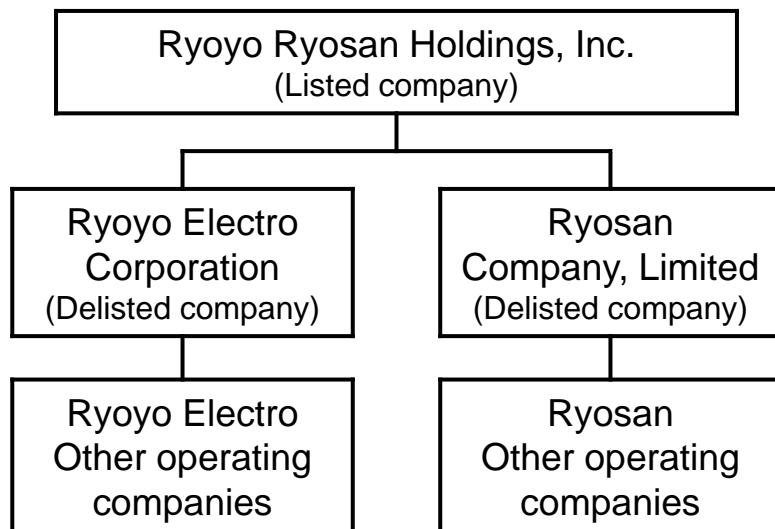
- ◆ A joint share transfer whereby Ryoyo Electro and Ryosan will become wholly-owned subsidiaries and the newly established joint holding company (Ryoyo Ryosan Holdings) will become the wholly-owning parent company

Share transfer ratio

Ryoyo Electro	Ryosan
1	1.32

- ◆ One common share of Ryoyo Ryosan Holdings will be allotted to one common share of Ryoyo Electro
- ◆ 1.32 common shares of Ryoyo Ryosan Holdings will be allotted to one common share of Ryosan

Group Structure after the management integration (from April 1, 2024)



Schedule of the management integration (planned)

2023	Oct.	31	Record date for the Extraordinary General Meeting of Shareholders
	Dec.	19	Date for the Extraordinary General Meeting of Shareholders
2024	Mar.	27	Last trading day at Tokyo Stock Exchange, Inc. for Ryoyo Electro and Ryosan
		28	Date of delisting from the Tokyo Stock Exchange for Ryoyo Electro and Ryosan
	Apr.	1	Effective date of the management integration (date of listing the shares of Ryoyo Ryosan Holdings)

Overview of the Joint Holding Company (Planned)

Trade name	Ryoyo Ryosan Holdings, Inc.
Location of the head office	2-3-5 Higashi-Kanda, Chiyoda-ku, Tokyo, 101-0031, Japan
Location of the headquarters	1-12-22 Tsukiji, Chuo-ku, Tokyo, 104-8408, Japan
Organizational structure	A company with an audit and supervisory committee
Representatives	Representative Director, President Moritaka Nakamura Representative Director, Vice President Kazuhiko Inaba
Capital	JPY 15 billion
Scheduled date of establishment	April 1, 2024
Fiscal year-end	March 31
Stock exchange on which the company will be listed	Prime Market of the Tokyo Stock Exchange

Note

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

Contact

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