

First Quarter Earnings Report for Fiscal Year 2022, Ending March 31, 2023

[Japanese Standards] (Consolidated)

Company name: Ryosan Company, Limited	Stock listing: Prime Market, Tokyo Stock Exchange
Securities code: 8140	URL https://www.ryosan.co.jp/
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Scheduled filing date of quarterly earnings report: August 12, 2022	
Scheduled payment date of dividend: —	
Supplementary materials for the quarterly financial results: None	
Investor conference for the quarterly financial results: None	

(Millions of yen rounded down)

1. Consolidated results for the first quarter of fiscal year 2022 (April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (Cumulative)

(% change compared with the same period of the previous fiscal year (YoY))

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter, Fiscal Year 2022	72,650	18.5	2,481	14.6	1,136	(48.8)	680	(57.6)
First Quarter, Fiscal Year 2021	61,316	40.9	2,165	674.6	2,221	416.0	1,603	231.2

(Note) Comprehensive income

First Quarter, Fiscal Year 2022: 3,540 million yen (146.8%)

First Quarter, Fiscal Year 2021: 1,434 million yen (91.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter, Fiscal Year 2022	29.03	—
First Quarter, Fiscal Year 2021	68.45	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2022	209,584	96,625	46.1	4,124.33
March 31, 2022	190,548	94,724	49.7	4,043.20

(Reference) Shareholders' equity

June 30, 2022: 96,625 million yen

March 31, 2022: 94,724 million yen

2. Dividends

	Dividends per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2021	—	50.00	—	70.00	120.00
Fiscal Year 2022	—				
Fiscal Year 2022 (Forecast)		50.00	—	50.00	100.00

(Note) Revision of dividend forecasts: None

3. Forecast of results for the fiscal year 2022 (April 1, 2022 to March 31, 2023)

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period	134,000	7.8	3,300	(19.5)	3,200	(21.2)	2,200	24.4	93.90
Full fiscal year	265,000	(2.8)	7,000	(21.0)	6,800	(15.9)	4,800	(10.4)	204.88

(Note) Revision of financial results forecasts: None

* Notes

(1) Transfer of major subsidiaries during the scope of consolidation of these three months ended June 30, 2022 (transfer of specified subsidiaries in line with changes in the consolidated range): None

New: — (Company name:) Excluded: — (Company name:)

(2) Application of accounting procedures specific to preparing quarterly financial statements: None

(3) Changes in accounting principles, changes in accounting estimates, and restatements

1) Changes in accordance with revisions to accounting standards and related practices of accounting principles: None

2) Changes in items of accounting principles other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued and outstanding (common shares)

- Total number of shares issued and outstanding (including treasury shares) at the period-end:
- Total number of treasury shares at the period-end:
- Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)

June 30, 2022	25,000,000 shares	March 31, 2022	25,000,000 shares
June 30, 2022	1,571,921 shares	March 31, 2022	1,571,817 shares
First Quarter, Fiscal Year 2022	23,428,108 shares	First Quarter, Fiscal Year 2021	23,428,503 shares

This quarterly consolidated earnings report is not subject to the quarterly review by certified public accountants or auditing corporations.

Caution with respect to forward-looking statements

The estimates referred in this report are based on the information available as of the date of this release. Ryosan Company Limited (Ryosan) does not promise the realization of the estimates in this report. The actual results may significantly differ from the estimates due to a variety of factors. For details on the conditions that form the assumptions used for earnings forecasts and notes on using earnings forecasts, please refer to appendix page 2, "1. Qualitative Information Regarding this Quarterly Statement (3) Qualitative Information Concerning Consolidated Forecast and Other Future Predictions."

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1. Qualitative Information Regarding this Quarterly Statement

(1) Qualitative Information Concerning Consolidated Operating Results

1) Overview

In the consolidated first quarter of fiscal year 2022 (April 1 to June 30, 2022), apprehensions deepened regarding the prospects for the global economy. Although the impact of the COVID-19 pandemic eased, economic sanctions against the Russian Federation for its invasion of Ukraine, coupled with lockdowns in China, spurred chaos in supply chains and rising commodity prices. In the United States, the federal funds rate rose. These and other factors left prospects for the future uncertain.

Similar trends impacted conditions in Japan. Although the Japanese economy continued to move toward recovery, the supply-chain disruptions and high commodity prices described above, combined with an accelerating decline in the yen exchange rate, compelled close attention to downside risk.

Against this macroeconomic background, uncertainty mounted in the electronics industry, Ryosan's main field. Companies in this field continued to adjust production amid a squeeze in supplies of semiconductors and electronic components. In the overall market, however, the opposite problem prevailed, as inventory levels mounted.

In the first quarter, despite the impact of production adjustments in the automotive industry and similar factors, sales broadened in a wide range of fields, buoyed by the depreciating yen. Net sales grew to 72,650 million yen (up 18.5% from the same period of the previous fiscal year). Operating income rose to 2,481 million yen (up 14.6%).

However, Ryosan appropriated foreign exchange losses due to the declining yen, prompted by factors such as revaluation of foreign-currency-denominated liabilities. Ordinary income contracted to 1,136 million yen (down 48.8%), while profit attributable to owners of parent dropped to 680 million yen (down 57.6%).

2) Business Segment Information

a. Devices

During the consolidated first quarter under review, sales increased year-on-year, paced by products for the industrial machinery sector. Net sales improved to 63,050 million yen (up 15.3% from the same period of the previous fiscal year). Operating income grew to 2,222 million yen (up 18.4%).

b. Solutions

Large projects in products for the communications sector contributed. Net income lifted to 9,599 million yen (up 44.4% from the same period of the previous fiscal year), while operating income surged to 498 million yen (up 59.8%).

(2) Qualitative Information Concerning Consolidated Financial Position

As of June 30, 2022, total assets increased by 19,035 million yen compared with the end of the previous fiscal year, to 209,584 million yen.

Also, net assets increased by 1,900 million yen compared with the end of the previous fiscal year, to 96,625 million yen, with the ratio of net assets to total assets being 46.1%.

(3) Qualitative Information Concerning Consolidated Forecast and Other Future Predictions

The forecast of consolidated business results is unchanged from the forecast published on May 13, 2022.

2. Consolidated Quarterly Financial Statements and Main Notes

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)	First Quarter of the Fiscal Year Ending March 31, 2023 (As of June 30, 2022)
ASSETS		
Current assets		
Cash and deposits	12,066	14,681
Notes and accounts receivable –trade	92,574	94,419
Inventories	52,647	62,936
Accounts receivable – other	18,721	22,627
Other	1,094	1,414
Allowance for doubtful accounts	(276)	(340)
Total current assets	176,827	195,740
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,563	2,548
Land	5,178	5,180
Leased assets, net	394	361
Other, net	201	204
Total property, plant and equipment	8,338	8,295
Intangible assets	985	1,012
Investments and other assets		
Investment securities	3,001	3,039
Deferred tax assets	295	369
Other	1,206	1,244
Allowance for doubtful accounts	(106)	(116)
Total investments and other assets	4,397	4,536
Total non-current assets	13,720	13,843
Total assets	190,548	209,584

(Millions of yen)

	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)	First Quarter of the Fiscal Year Ending March 31, 2023 (As of June 30, 2022)
LIABILITIES		
Current liabilities		
Accounts payable - trade	42,976	47,319
Short-term loans payable	38,079	47,356
Commercial papers	4,999	9,998
Lease obligations	224	202
Accounts payable - other	3,469	2,991
Accrued expenses	1,930	835
Income taxes payable	1,798	882
Provision for bonuses	-	489
Other	391	806
Total current liabilities	93,869	110,884
Non-current liabilities		
Lease obligations	202	189
Deferred tax liabilities	597	784
Net defined benefit liability	1,068	1,013
Asset retirement obligations	23	23
Other	62	65
Total non-current liabilities	1,953	2,075
Total liabilities	95,823	112,959
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	59,586	58,627
Treasury shares	(6,534)	(6,534)
Total shareholders' equity	89,857	88,897
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,257	1,244
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	3,634	6,512
Remeasurements of defined benefit plans	(25)	(28)
Total accumulated other comprehensive income	4,867	7,728
Total net assets	94,724	96,625
Total liabilities and net assets	190,548	209,584

(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income
(Consolidated Quarterly Statement of Income)
(Scope of Consolidation of this First Quarter)

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2022 (April 1, 2021 to June 30, 2021)	First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to June 30, 2022)
Net sales	61,316	72,650
Cost of Sales	55,422	66,013
Gross Profit	5,894	6,636
Selling, general and administrative expenses	3,728	4,155
Operating income	2,165	2,481
Non-operating income		
Interest income	5	6
Dividend income	35	37
Foreign exchange gains	63	-
Share of profit of entities accounted for using equity method	-	43
Commission fee	1	19
Rent income	13	12
Miscellaneous income	20	36
Total non-operating income	140	154
Non-operating expenses		
Interest expenses	35	125
Foreign exchange losses	-	1,373
Share of loss of entities accounted for using equity method	46	-
Miscellaneous loss	2	1
Total non-operating expenses	84	1,500
Ordinary income	2,221	1,136
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on sales of golf memberships	1	-
Total extraordinary income	1	0
Profit before income taxes	2,222	1,136
Income taxes	618	456
Profit	1,603	680
Profit attributable to owners of parent	1,603	680

(Consolidated Quarterly Statement of Comprehensive Income)

(Scope of Consolidation of this First Quarter)

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2022 (April 1, 2021 to June 30, 2021)	First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to June 30, 2022)
Profit	1,603	680
Other comprehensive income		
Valuation difference on available-for-sale securities	(123)	(12)
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	(42)	2,877
Remeasurements of defined benefit plans, net of tax	(2)	(3)
Total other comprehensive income	(168)	2,860
Comprehensive income	1,434	3,540
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,434	3,540

(3) Notes Regarding Consolidated Quarterly Financial Statements

(Notes Regarding Going Concern)

None

(Notes Regarding Substantial Changes in Shareholders' Equity)

None

(Segment Information)

I. Information Concerning Sales and Income or Loss Amount by Reporting Segment

Consolidated First Quarter of the Fiscal Year Ended March 31, 2022

(April 1, 2021 to June 30, 2021)

(Millions of yen)

	Reporting Segment			Adjusted amount (Note 1)	Amounts shown on consolidated quarterly statement of income (Note 2)
	Devices	Solutions	Total		
Net sales					
Sales to external customers	54,670	6,646	61,316	—	61,316
Internal sales or exchange between segments	—	—	—	—	—
Total	54,670	6,646	61,316	—	61,316
Segment income (loss)	1,876	312	2,188	(22)	2,165

(Notes)

1. The adjusted amount of minus 22 million yen represents corporate expenses (mainly general and administrative expenses) which are not allocated to the reporting segment.

2. Segment income has been adjusted with operating income in consolidated quarterly statement of income.

Consolidated First Quarter of the Fiscal Year Ending March 31, 2023

(April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reporting Segment			Adjusted amount (Note 1)	Amounts shown on consolidated quarterly statement of income (Note 2)
	Devices	Solutions	Total		
Net sales					
Sales to external customers	63,050	9,599	72,650	—	72,650
Internal sales or exchange between segments	—	—	—	—	—
Total	63,050	9,599	72,650	—	72,650
Segment income (loss)	2,222	498	2,721	(239)	2,481

(Notes)

1. The adjusted amount of minus 239 million yen represents corporate expenses (mainly general and administrative expenses) which are not allocated to the reporting segment.

2. Segment income has been adjusted with operating income in consolidated quarterly statement of income.

II. Information Concerning Sales and Income or Loss Amount by Sales Destination
Fiscal year 2021, first quarter of the fiscal year ended March 31, 2022
(April 1, 2021 to June 30, 2021)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	32,894	25,677	2,744	61,316	—	61,316
Internal sales or exchange between segments	5,447	65	5	5,518	(5,518)	—
Total	38,342	25,742	2,750	66,835	(5,518)	61,316
Segment income	980	1,084	48	2,112	53	2,165

(Notes)

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions covered:
Asia: Hong Kong, Thailand, China, South Korea, etc.
Other: United States, etc.

Fiscal year 2022, first quarter of the fiscal year ending March 31, 2023
(April 1, 2022 to June 30, 2022)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	38,121	32,098	2,429	72,650	—	72,650
Internal sales or exchange between segments	5,030	321	19	5,372	(5,372)	—
Total	43,152	32,420	2,449	78,022	(5,372)	72,650
Segment income	1,186	1,063	132	2,382	98	2,481

(Notes)

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions covered:
Asia: Hong Kong, China, Thailand, South Korea, etc.
Other: United States, etc.

III. Information Concerning Sales by Region
Fiscal year 2021, first quarter of the fiscal year ended March 31, 2022
(April 1, 2021 to June 30, 2021)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	31,462	15,669	11,216	2,967	61,316
Ratio to consolidated net sales (%)	51.3	25.6	18.3	4.8	100.0

(Note) Net sales are on the basis of customer location and classified by country or region.

Fiscal year 2022, first quarter of the fiscal year ending March 31, 2023
(April 1, 2022 to June 30, 2022)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	38,246	17,828	14,034	2,540	72,650
Ratio to consolidated net sales (%)	52.6	24.5	19.3	3.5	100.0

(Note) Net sales are on the basis of customer location and classified by country or region.