

January 30, 2023

Third 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: February 14, 2023	
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 three quarters of fiscal year 2022 (April 1, 2022 to December 31, 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 Three Quarters, Fiscal Year 2022	243,971	26.1	11,671	76.2	9,962	54.5	6,868	47.0
First Three Quarters, Fiscal Year 2021	193,481	22.1	6,623	127.2	6,446	68.7	4,674	48.6

(Note) Comprehensive income

First Three Quarters, Fiscal Year 2022: 8,531 million yen (61.4%)

First Three Quarters, Fiscal Year 2021: 5,286 million yen (62.7%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Three Quarters, Fiscal Year 2022	293.17	—
First Three Quarters, Fiscal Year 2021	199.51	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	185,369	99,869	53.9	4,261.80
March 31, 2022	190,548	94,724	49.7	4,043.20

(Reference) Shareholders' equity

December 31, 2022: 99,869 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	—	75.00	—		
Fiscal Year 2022 (Forecast)				75.00	150.00

(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
Full fiscal year	300,000	10.0	13,000	46.8	10,000	23.7	7,000	30.6	298.79

(Note) Revision of financial results forecasts: None

* Notes

(1) Transfer of major subsidiaries during the scope of consolidation of these nine months ended December 31, 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)

1. Total number of shares issued and outstanding (including treasury shares) at the period-end:	December 31, 2022	25,000,000 shares	March 31, 2022	25,000,000 shares
2. Total number of treasury shares at the period-end:	December 31, 2022	1,566,273 shares	March 31, 2022	1,571,817 shares
3. Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)	First Three Quarters, Fiscal Year 2022	23,429,257 shares	First Three Quarters, Fiscal Year 2021	23,428,409 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

During the consolidated first three quarters of fiscal year 2022 (April 1 to December 31, 2022), the slowdown in the global economy gripped with increasing strength. Although the impact of the COVID-19 pandemic eased, the protraction of the crisis between Russia and Ukraine spurred rising resource and energy prices, while China's aggressive zero-COVID policy aggravated confusion in supply chains. As inflation galloped, particularly in the advanced countries of North America and Europe, fiscal tightening advanced.

Similar trends impacted the Japanese economy. Although moves toward recovery continued, particularly in personal consumption, loss of economic momentum overseas, supply restrictions and a steep drop in the value of the Japanese yen continued to demand vigilance.

Uncertainty increased in the electronics industry, Ryosan's main field. Demand for PCs fell, while demand for industrial equipment was firm. A squeeze in supplies of semiconductors and electronic components continued to impact production activities.

In defiance of the challenging macroeconomic background described above, Ryosan posted gains across the board. Ryosan harvested prior investment products, exercising measures contained in the 11th Medium-Term Business Plan. Existing businesses also grew, and depreciation of the Japanese yen had an effect. In the consolidated three quarters under review, net sales grew to 243,971 million yen (up 26.1% from the same period of the previous fiscal year). Operating income reached 11,671 million yen (up 76.2%), lifted by increased revenue, the weakening yen and measures to rein in selling, general and administrative expenses. Ordinary income climbed to 9,962 million yen (up 54.5%), despite appropriation of foreign exchange losses due to revaluation of foreign-currency-denominated liabilities. Profit attributable to owners of parent leapt to 6,868 million yen (up 47.0%).

2) Business Segment Information

a. Devices

Thanks to the effective exercise of measures contained in the 11th Medium-Term Business Plan, sales rose, particularly in products for the industrial machinery sector. Net sales grew to 214,625 million yen (up 25.6% from the same period of the previous fiscal year). Operating income nearly doubled to 10,771 million yen (up 93.3%).

b. Solutions

Large projects in products for the communications sector contributed to net sales, while sales of products for the industrial machinery sector grew. Net income rose to 29,345 million yen (up 30.1% from the same period of the previous fiscal year), while operating income surged to 1,557 million yen (up 41.0%).

(2) Qualitative Information Concerning Consolidated Financial Position

As of December 31, 2022, total assets decreased by 5,179 million yen compared with the end of the previous fiscal year, to 185,369 million yen.

Also, net assets increased by 5,445 million yen compared with the end of the previous fiscal year, to 99,869 million yen, with the ratio of net assets to total assets being 53.9%.

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

The forecast of consolidated business results is unchanged from the forecast published on October 25, 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)	Third Quarter of the Fiscal Year Ending March 31, 2023 (As of December 31, 2022)
ASSETS		
Current assets		
Cash and deposits	12,066	17,078
Notes and accounts receivable –trade	92,574	86,481
Inventories	52,647	53,360
Accounts receivable – other	18,721	13,191
Other	1,094	1,872
Allowance for doubtful accounts	(276)	(674)
Total current assets	176,827	171,310
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,563	2,504
Land	5,178	5,179
Leased assets, net	394	475
Other, net	201	187
Total property, plant and equipment	8,338	8,347
Intangible assets	985	1,010
Investments and other assets		
Investment securities	3,001	3,308
Deferred tax assets	295	392
Other	1,206	1,006
Allowance for doubtful accounts	(106)	(106)
Total investments and other assets	4,397	4,700
Total non-current assets	13,720	14,058
Total assets	190,548	185,369

(Millions of yen)

	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)	Third Quarter of the Fiscal Year Ending March 31, 2023 (As of December 31, 2022)
LIABILITIES		
Current liabilities		
Accounts payable – trade	42,976	40,535
Short-term loans payable	38,079	35,279
Commercial papers	4,999	-
Lease obligations	224	176
Accounts payable – other	3,469	3,240
Accrued expenses	1,930	876
Income taxes payable	1,798	1,912
Provision for bonuses	-	712
Other	391	607
Total current liabilities	93,869	83,341
Non-current liabilities		
Lease obligations	202	323
Deferred tax liabilities	597	895
Net defined benefit liability	1,068	851
Asset retirement obligations	23	24
Other	62	63
Total non-current liabilities	1,953	2,158
Total liabilities	95,823	85,499
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	59,586	63,002
Treasury shares	(6,534)	(6,468)
Total shareholders' equity	89,857	93,339
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,257	1,312
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	3,634	5,247
Remeasurements of defined benefit plans	(25)	(31)
Total accumulated other comprehensive income	4,867	6,530
Total net assets	94,724	99,869
Total liabilities and net assets	190,548	185,369

(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income
(Consolidated Quarterly Statement of Income)
(Scope of Consolidation of these First Three Quarters)

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2022 (April 1, 2021 to Dec. 31, 2021)	First Three Quarters of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to Dec. 31, 2022)
Net sales	193,481	243,971
Cost of Sales	175,609	219,650
Gross Profit	17,871	24,320
Selling, general and administrative expenses	11,247	12,649
Operating income	6,623	11,671
Non-operating income		
Interest income	22	23
Dividend income	68	73
Share of profit of entities accounted for using equity method	-	58
Commission fee	23	145
Rent income	39	36
Miscellaneous income	77	170
Total non-operating income	232	509
Non-operating expenses		
Interest expenses	121	749
Foreign exchange losses	200	1,435
Share of loss of entities accounted for using equity method	71	-
Miscellaneous loss	16	32
Total non-operating expenses	409	2,217
Ordinary income	6,446	9,962
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	57	-
Gain on sales of golf memberships	1	-
Total extraordinary income	59	0
Extraordinary losses		
Impairment loss	19	-
Total extraordinary losses	19	-
Profit before income taxes	6,486	9,963
Income taxes	1,812	3,094
Profit	4,674	6,868
Profit attributable to owners of parent	4,674	6,868

(Consolidated Quarterly Statement of Comprehensive Income)

(Scope of Consolidation of these First Three Quarters)

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2022 (April 1, 2021 to Dec. 31, 2021)	First Three Quarters of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to Dec. 31, 2022)
Profit	4,674	6,868
Other comprehensive income		
Valuation difference on available-for-sale securities	(252)	55
Deferred gains or losses on hedges	4	0
Foreign currency translation adjustment	870	1,612
Remeasurements of defined benefit plans, net of tax	(9)	(5)
Total other comprehensive income	612	1,662
Comprehensive income	5,286	8,531
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,286	8,531

(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 Three Quarters of the Fiscal Year Ended March 31, 2022
(April 1, 2021 to December 31, 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	170,933	22,547	193,481	—	193,481
Internal sales or exchange between segments	—	—	—	—	—
Total	170,933	22,547	193,481	—	193,481
Segment income (loss)	5,572	1,105	6,677	(54)	6,623

(Notes)

1. The adjusted amount of minus 54 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 Three Quarters of the Fiscal Year Ending March 31, 2023
(April 1, 2022 to December 31, 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	214,625	29,345	243,971	—	243,971
Internal sales or exchange between segments	—	—	—	—	—
Total	214,625	29,345	243,971	—	243,971
Segment income (loss)	10,771	1,557	12,329	(658)	11,671

(Notes)

1. The adjusted amount of minus 658 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 three quarters of the fiscal year ended March 31, 2022
(April 1, 2021 to December 31, 2021)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	103,853	81,518	8,109	193,481	—	193,481
Internal sales or exchange between segments	17,350	482	31	17,865	(17,865)	—
Total	121,204	82,000	8,141	211,346	(17,865)	193,481
Segment income	2,671	3,440	198	6,311	312	6,623

(Notes)

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

Fiscal year 2022, first three quarters of the fiscal year ending March 31, 2023
(April 1, 2022 to December 31, 2022)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	125,745	110,315	7,909	243,971	—	243,971
Internal sales or exchange between segments	15,681	479	49	16,211	(16,211)	—
Total	141,427	110,795	7,959	260,182	(16,211)	243,971
Segment income	6,251	4,610	369	11,231	439	11,671

(Notes)

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

III. Information Concerning Sales by Region

Fiscal year 2021, first three quarters of the fiscal year ended March 31, 2022
(April 1, 2021 to December 31, 2021)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	99,445	51,394	34,016	8,624	193,481
Ratio to consolidated net sales (%)	51.4	26.6	17.6	4.5	100.0

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

Fiscal year 2022, first three quarters of the fiscal year ending March 31, 2023
(April 1, 2022 to December 31, 2022)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	124,128	65,789	45,807	8,245	243,971
Ratio to consolidated net sales (%)	50.9	27.0	18.8	3.4	100.0

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