



Ryosan Company, Limited

Supplementary Materials for FY2019 First Half Financial Results

Results for the six months ended September 30, 2019

FY2019: Fiscal Year ending March 31, 2020

October 31, 2019

Financial Results for FY2019 First Half

Business Plan for Full Year FY2019

Notice

Business forecasts and all statements related to the future contained in this document are based on information currently possessed by Ryosan Company, Limited (the Company) and on certain assumptions which are judged to be rational. Actual business performance may differ greatly depending on a variety of factors. The following is a list of major factors:

- Economic conditions in key markets (Japan and the rest of Asia), rapid changes in consumption trends and supply-demand balance for products
- Sharp fluctuations in the dollar-yen exchange rate
- Substantial fluctuation in prices in capital markets

Consolidated Statements of Operation

Financial Results for
FY2019 First Half

- In the consolidated first half of fiscal year 2019, both net sales and operating income declined against the same period of the previous fiscal year (YoY). Ordinary income increased, due to the effect of revaluation of foreign-currency-denominated liabilities, appropriated in the same period of the previous fiscal year, resulting in a foreign-exchange gain.
- Reorganization of logistics facilities resulted in write-down expenses, causing extraordinary losses to reduce net profit growth.

(Unit: ¥Bil)	H1 FY18	H1 FY19			
	Amount	Amount	Change	Initial Plan	Comparison with Initial Plan
Net Sales	128.9	116.4	-9.7%	115.0	+1.3%
Gross Profit	10.7	9.2	-13.6%	9.3	-1.1%
(% of Net Sales)	(8.3%)	(7.9%)	(-0.4pt)	(8.1%)	(-0.2pt)
Operating Income	2.8	1.8	-34.8%	1.7	+11.1%
(% of Net Sales)	(2.2%)	(1.6%)	(-0.6pt)	(1.5%)	(+0.1pt)
Ordinary Income	1.6	1.8	+15.9%	1.4	+34.1%
(% of Net Sales)	(1.3%)	(1.6%)	(+0.3pt)	(1.2%)	(+0.4pt)
Net Profit	1.0	1.0	+2.3%	1.0	+8.1%
(% of Net Sales)	(0.8%)	(0.9%)	(+0.1pt)	(0.9%)	(0.0pt)
EPS (¥)	43.62	46.15	+5.8%	42.68	+8.1%
US Dollar Average Rate (¥)	110.26	108.63	-1.5%	108.00	+0.6%

Segment Information

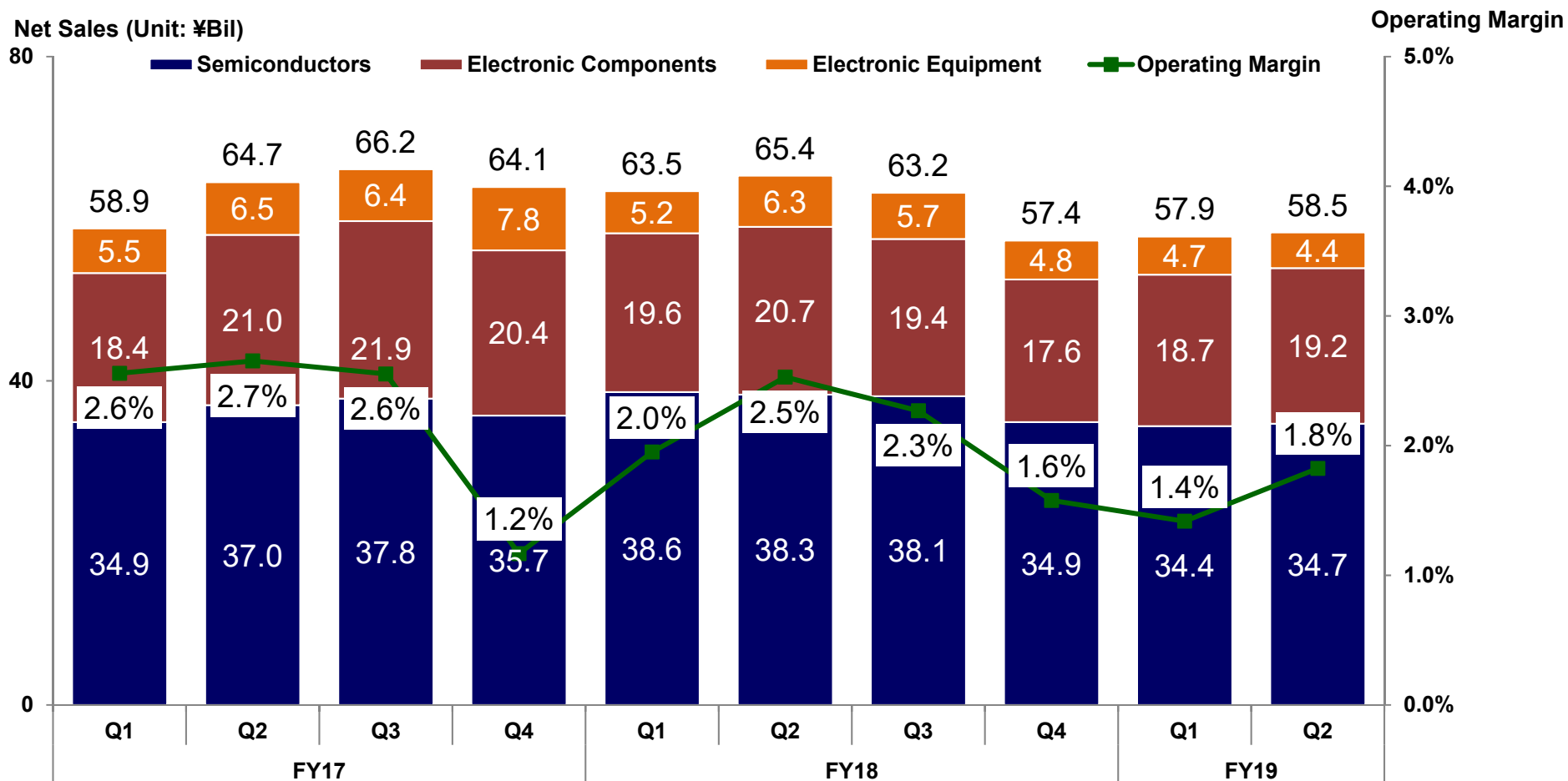
Financial Results for
FY2019 First Half

- In the Semiconductors business, both sales and income declined, due to a downturn in the industrial equipment business and a decrease in sales incentives.
- The Electronic Components business was subject to falls in both sales and income, as the consumer business reversed course and declined from an increasing trend of the first half of FY2018 and sales of value-added products for industrial equipment trended downward.
- In the Electronic Equipment business, handling of value-added products and the like resulted in a decline in sales and an increase in income, in comparison both to the same period of the previous fiscal year and to the plan at start of the fiscal year.

(Unit: ¥Bil)		H1 FY18	H1 FY19			
		Results	Results	Change	Initial Plan	Comparison with Initial Plan
Semiconductors	Net Sales	77.0	69.2	-10.1%	69.5	-0.4%
	Operating Income (% of Net Sales)	1.3 (1.8%)	0.8 (1.2%)	-42.3% (-0.6pt)	0.9 (1.3%)	-10.4% (-0.1pt)
Electronic Components	Net Sales	40.4	38.0	-6.0%	35.5	+7.0%
	Operating Income (% of Net Sales)	1.4 (3.7%)	1.1 (3.1%)	-19.5% (-0.6pt)	0.9 (2.5%)	+32.9% (+0.6pt)
Electronic Equipment	Net Sales	11.5	9.2	-20.1%	10.0	-7.8%
	Operating Income (% of Net Sales)	0.1 (1.5%)	0.1 (1.9%)	+1.2% (+0.4pt)	0.1 (1.0%)	+73.0% (+0.9pt)
Total	Net Sales	128.9	116.4	-9.7%	115.0	+1.3%
	Operating Income (% of Net Sales)	2.8 (2.2%)	1.8 (1.6%)	-34.8% (-0.6pt)	1.7 (1.5%)	+11.1% (+0.1pt)

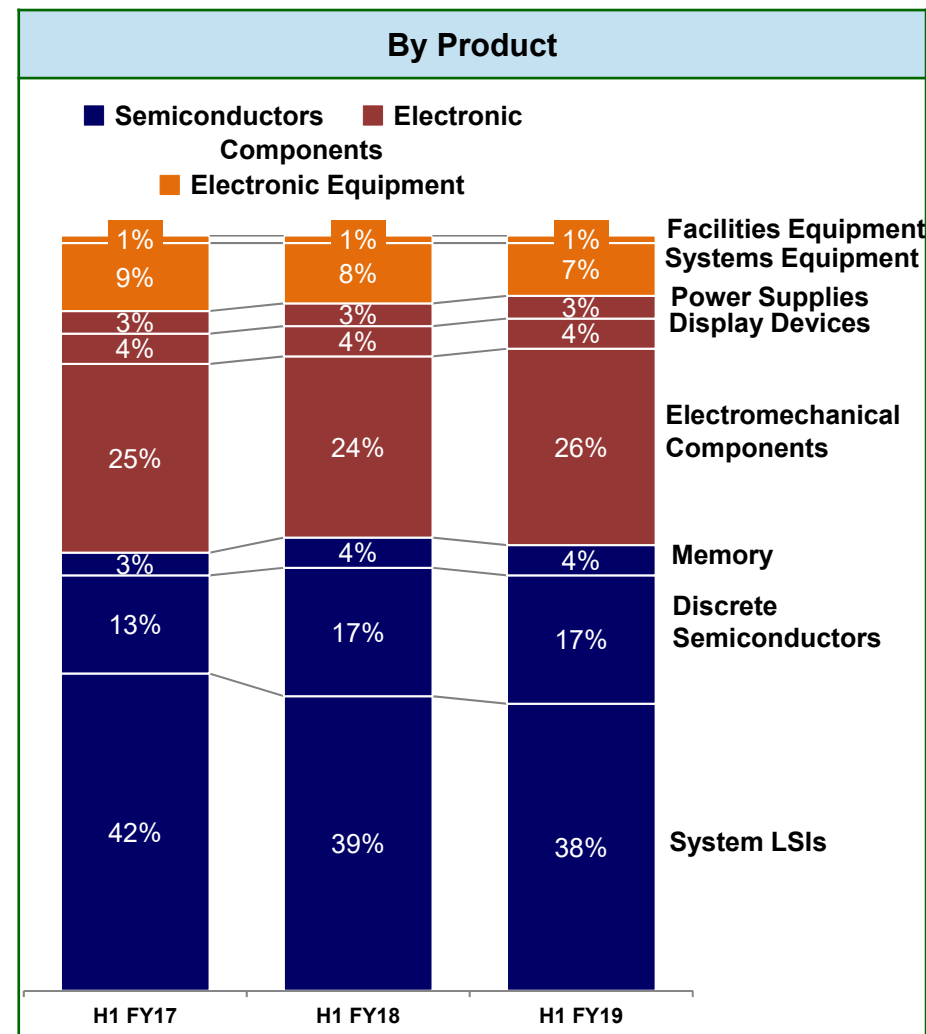
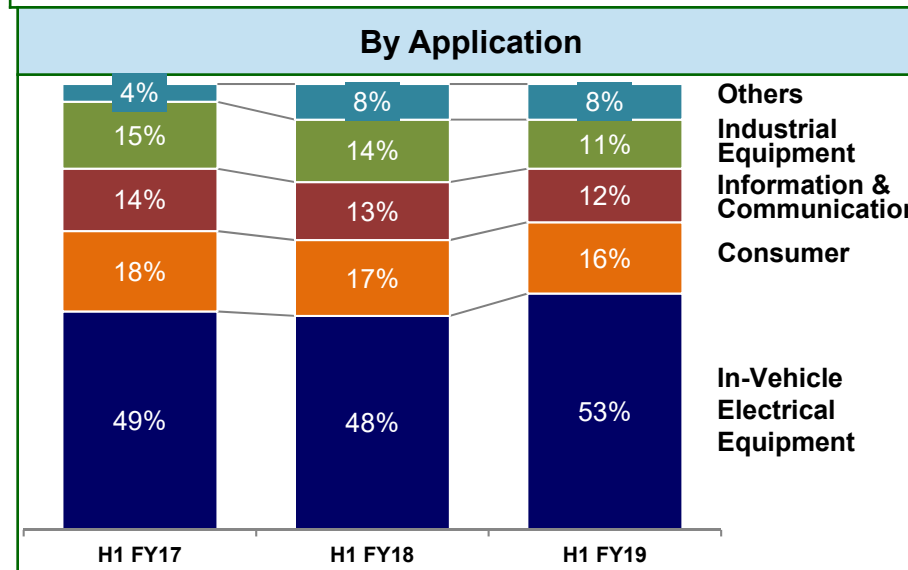
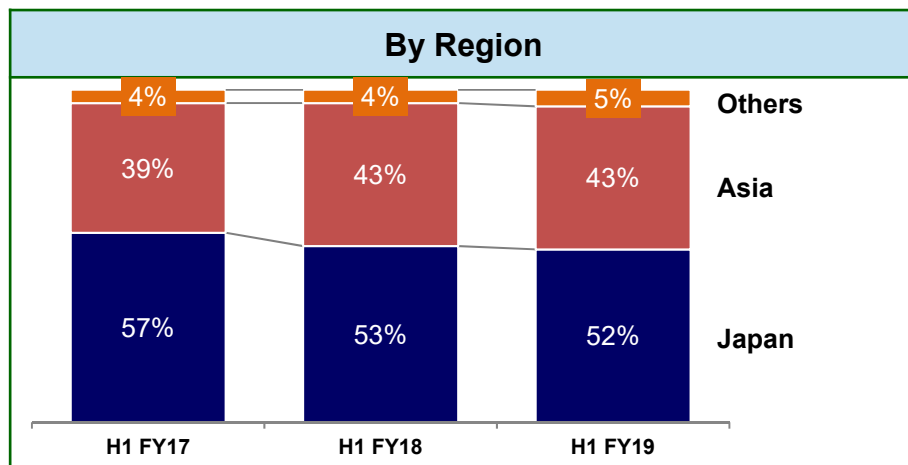
Trend in Net Sales and Operating Margins by Quarter

- Net sales has trended below ¥60 bil per quarter since Q4 FY2018, under pressure from a downtrend in demand in the industrial equipment market.
- Operating margin declined to 1.4% in Q1 FY2019, due to a reduction in gross profit resulting from falling net sales. A decrease in selling, general and administrative expenses supported a recovery in operating margin to 1.8% in Q2 FY2019.



Segment Trend Information

■ In trends by region, no significant changes are recognized. In trends by application, only business related to in-vehicle electrical equipment held steady YoY, causing this segment to increase its share of net sales. Trends by product indicated a solid trend in electromechanical components for in-vehicle electrical equipment.



- As a result of payments such as ¥1.7 bil for the FY2018 year-end dividend, which included a special dividend, net assets decreased to ¥86.4 bil.
- A decline of ¥4.9 bil in inventories, combined with the downturn in net sales and other factors, engendered a ¥3.1 bil decrease in notes and accounts receivable–trade. As a result, cash flow from operating activities grew to positive ¥13 bil (¥4 bil increase YoY). Cash and cash equivalents at the end of the period reached ¥21.1 bil (¥4 bil increase YoY).

(Unit: ¥Bil)	As of Mar. 31, 2019	As of Sept. 30, 2019	Increase and Decrease
Total Assets	146.5	141.4	-5.1
Current Assets	129.3	124.5	-4.8
Non-Current Assets	17.2	16.8	-0.4
Liabilities	58.7	54.9	-3.8
Net Assets	87.8	86.4	-1.4
Net Assets to Total Assets (%)	59.9%	61.1%	+1.2pt

(Unit: ¥Bil)	FY18 1H	FY19 1H	Increase and Decrease
Cash Flow from Operating Activities	9.0	13.0	+4.0
Cash Flow from Investing Activities	-0.2	-0.1	+0.1
Cash Flow from Financing Activities	-5.1	-6.1	-1.0
Cash and Cash Equivalents at the End of the Period	17.1	21.1	+4.0

Financial Results for FY2019 First Half

Business Plan for Full Year FY2019

Business Objectives

Business Plan for
Full Year FY2019

- The forecast for full-year business results in FY2019 is unchanged from the forecast at the start of the fiscal year, announced in May 2019.
- The USD exchange rate is changed from ¥108 to ¥105. The H2 forecast below for income does not include the effect of currency-rate fluctuations.

(Unit: ¥Bil)	FY18	FY19					
	Full Year	1st Half	2nd Half Plan	Full-Year Plan	Change (FY19-18)	Initial Plan	Comparison with Initial Plan
Net Sales	249.6	116.4	118.5	235.0	-5.9%	235.0	0.0%
Gross Profit	20.6	9.2	10.0	19.3	-6.5%	19.3	0.0%
(% of Net Sales)	(8.3%)	(7.9%)	(8.5%)	(8.2%)	(-0.1pt)	(8.2%)	(0.0pt)
Operating Income	5.2	1.8	2.3	4.2	-19.8%	4.2	0.0%
(% of Net Sales)	(2.1%)	(1.6%)	(2.0%)	(1.8%)	(-0.3pt)	(1.8%)	(0.0pt)
Ordinary Income	3.9	1.8	1.7	3.6	-9.4%	3.6	0.0%
(% of Net Sales)	(1.6%)	(1.6%)	(1.5%)	(1.5%)	(-0.1pt)	(1.5%)	(0.0pt)
Net Profit	1.4	1.0	0.8	1.9	+28.4%	1.9	0.0%
(% of Net Sales)	(0.6%)	(0.9%)	(0.7%)	(0.8%)	(+0.2pt)	(0.8%)	(0.0pt)
EPS (¥)	62.07	46.15	34.94	81.09	+30.6%	81.09	0.0%
US Dollar Average Rate (¥)	110.91	108.63	105.00	106.82	-3.7%	108.00	-1.1%

Overview of Business Plan by Business Segments

Business Plan for
Full Year FY2019

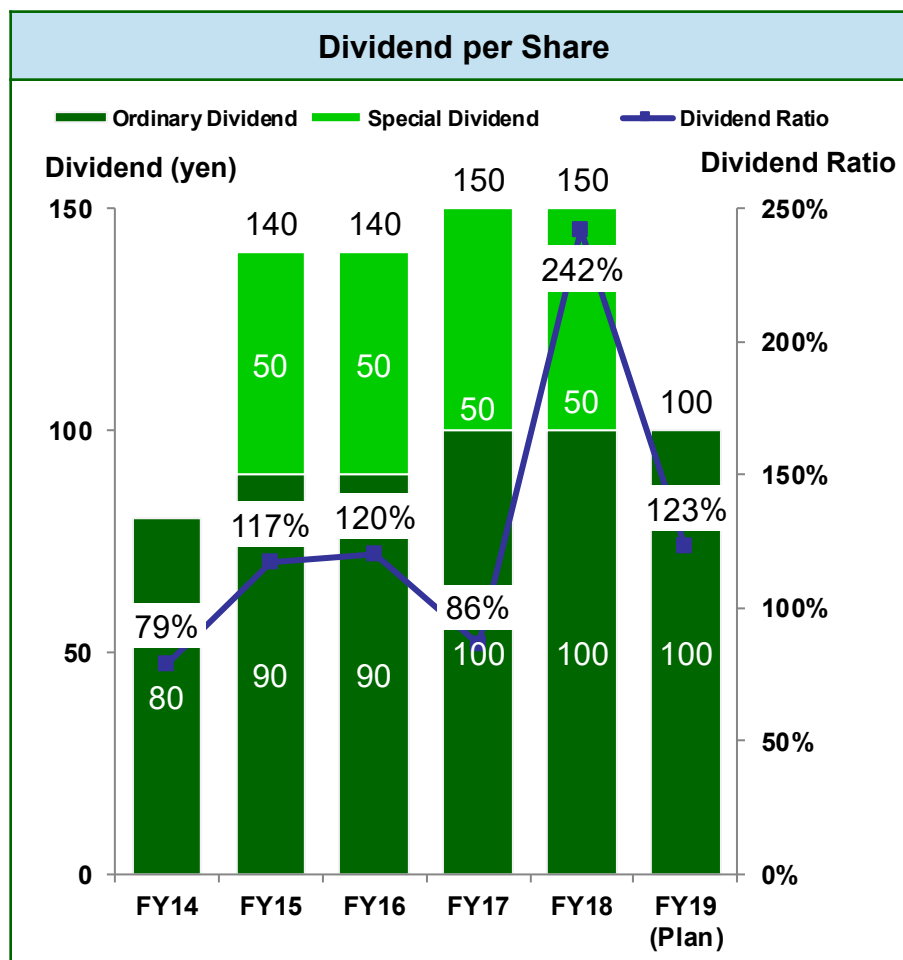
- In H2 FY2019, the Company expects its Semiconductors and Electronic Equipment businesses to benefit from a recovery in orders serving industrial equipment, with gradual increases in net sales and operating income. However, both sales and income are forecast to decline for the Electronic Components business due to an expected drop in consumer goods orders from the fiscal half-year under review.
- In view of the results in H1, the forecast for the FY2019 full fiscal year is revised downward for the Semiconductors and Electronic Equipment businesses. However, figures for the Electronic Components business are revised upward. The total of all forecasts by business segment is unchanged from the start of the period.

(Unit: ¥Bil)		FY18	FY19					
		Full Year	1st Half	2nd Half Plan	Full-Year Plan	Change (FY19-18)	Initial Plan	Comparison with Initial Plan
Semiconductors	Net Sales	150.1	69.2	72.2	141.5	-5.7%	142.0	-0.4%
	Operating Income	2.4	0.8	1.3	2.1	-12.8%	2.2	-4.4%
	(% of Net Sales)	(1.6%)	(1.2%)	(1.9%)	(1.5%)	(-0.1pt)	(1.6%)	(-0.1pt)
Electronic Components	Net Sales	77.4	38.0	36.4	74.5	-3.8%	71.5	+4.2%
	Operating Income	2.6	1.1	1.0	2.2	-15.1%	1.9	+18.4%
	(% of Net Sales)	(3.4%)	(3.1%)	(2.9%)	(3.0%)	(-0.4pt)	(2.7%)	(+0.4pt)
Electronic Equipment	Net Sales	22.1	9.2	9.7	19.0	-14.2%	21.5	-11.6%
	Operating Income	0.3	0.1	0.2	0.4	+4.7%	0.4	0.0%
	(% of Net Sales)	(1.7%)	(1.9%)	(2.3%)	(2.1%)	(+0.4pt)	(1.9%)	(+0.2pt)
Total	Net Sales	249.6	116.4	118.5	235.0	-5.9%	235.0	0.0%
	Operating Income	5.2	1.8	2.3	4.2	-19.8%	4.2	0.0%
	(% of Net Sales)	(2.1%)	(1.6%)	(2.0%)	(1.8%)	(-0.3pt)	(1.8%)	(0.0pt)

Plan for Return to Shareholders

Business Plan for
Full Year FY2019

- The FY2019 plan for return to shareholders is unchanged from the start of the period.
- The dividend is planned as an ordinary dividend of ¥100. No acquisition of treasury shares is planned.



Acquisition of Treasury Shares

Year	No. of Acquired Shares (Thousand)	Amount (¥Bil)
FY12	1,000	1.9
FY13	1,000	1.9
FY14	450	1.8
FY15	1,550	4.6
FY16	1,370	4.4
FY17	3,610	15.9
FY18	1,050	4.2
FY19 (Plan)	—	—