

July 31, 2020

First Quarter Earnings Report for Fiscal Year 2020, Ending March 31, 2021 [Japanese Standards] (Consolidated)

Company name: Ryosan Company, Limited	Stock listing: First Section, Tokyo Stock Exchange
Securities code: 8140	URL https://www.ryosan.co.jp
Representative: Kazuhiko Inaba, Representative Director, President	
Inquiries: Masahide Nishiura, Director, Senior Executive Officer, General Manager, Finance and Accounting Headquarters	TEL: +81-3-3862-2591
Scheduled filing date of quarterly earnings report: August 13, 2020	
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 2020 (April 1, 2020 to June 30, 2020)

(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 2020	43,508	(24.9)	279	(66.0)	430	(53.1)	484	(27.2)
First Quarter, Fiscal Year 2019	57,943	(8.8)	821	(33.8)	917	48.8	665	60.8

(Note) Comprehensive income

First Quarter, Fiscal Year 2020: 750 million yen (—%)

First Quarter, Fiscal Year 2019: (93) million yen (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter, Fiscal Year 2020	20.66	—
First Quarter, Fiscal Year 2019	28.40	—

(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, 2020	138,665	84,983	61.3	3,627.27
March 31, 2020	137,746	84,935	61.7	3,625.21

(Reference) Shareholders' equity

June 30, 2020: 84,983 million yen

March 31, 2020: 84,935 million yen

2. Dividends

	Dividends per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	Annual	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2019	—	50.00	—	30.00	80.00
Fiscal Year 2020	—	—	—	—	—
Fiscal Year 2020 (Forecast)	—	—	—	—	—

(Note) Revision of dividend forecasts: None

The dividend forecast for fiscal year 2020 is not yet decided at this point.

3. Forecast of results for the fiscal year 2020 (April 1, 2020 to March 31, 2021)

Due to the ongoing COVID-19 pandemic, it is not possible at this time to calculate a reasonable forecast of business results. For this reason the forecast of consolidated business results for fiscal year 2020 remains undetermined. When it becomes possible to disclose a reasonable forecast of business results, Ryosan will promptly publish that forecast.

* Notes

(1) Transfer of major subsidiaries during the scope of consolidation of these three months ended June 30, 2020 (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:

June 30, 2020	25,000,000 shares	March 31, 2020	25,000,000 shares
June 30, 2020	1,570,983 shares	March 31, 2020	1,570,850 shares
First Quarter, Fiscal Year 2020	23,429,084 shares	First Quarter, Fiscal Year 2019	23,429,679 shares

2. Total number of treasury shares at the period-end:

3. Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)

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

Due to the ongoing COVID-19 pandemic, it is not possible at this time to calculate a reasonable forecast of business results. For this reason the forecast of consolidated business results for fiscal year 2020 remains undetermined. When it becomes possible to disclose a reasonable forecast of business results, Ryosan will promptly publish that forecast.

○Table of contents of the appendix

1. Qualitative Information Regarding this Quarterly Statement.....	2
(1) Qualitative Information Concerning Consolidated Operating Results	2
(2) Qualitative Information Concerning Consolidated Financial Position.....	2
(3) Qualitative Information Concerning Consolidated Forecast and Other Future Predictions	2
2. Consolidated Quarterly Financial Statements and Main Notes.....	3
(1) Consolidated Quarterly Balance Sheet.....	3
(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income	5
Consolidated Quarterly Statement of Income	
Scope of Consolidation of this First Quarter	5
Consolidated Quarterly Statement of Comprehensive Income	
Scope of Consolidation of this First Quarter	6
(3) Notes Regarding Consolidated Quarterly Financial Statements.....	7
(Notes Regarding Going Concern).....	7
(Notes Regarding Substantial Changes in Shareholders' Equity).....	7
(Segment Information).....	7

1. Qualitative Information Regarding this Quarterly Statement

(1) Qualitative Information Concerning Consolidated Operating Results

1) Overview

During the consolidated fiscal quarter under review (April 1 to June 30, 2020), the global economy was negatively impacted by the worldwide spread of COVID-19.

In Japan, the government issued a declaration of a state of emergency in April 2020. This declaration impacted the Japanese economy by restricting personal consumption and business activities. Japan's economy was further battered by deteriorating economies overseas.

In the electronics industry, which is Ryosan's main field, and particularly in fields related to in-vehicle electrical equipment business, results were sluggish as the COVID-19 pandemic adversely affected demand as well as supply chains.

In the first quarter, amid the market deterioration described above, net sales declined to 43,508 million yen (down 24.9% from the same period of the previous fiscal year). Operating income fell to 279 million yen (down 66.0%), despite counter measures for profitability enhancement that trimmed selling, general and administrative expenses. Though benefiting from a decline in interest cost, which was enabled by reductions in inventory volume, engendered by the counter measures for profitability enhancement mentioned above, ordinary income fell to 430 million yen (down 53.1%). Profit attributable to owners of parent, despite income from sale of investment securities, declined to 484 million yen (down 27.2%).

2) Business Segment Information

a. Semiconductors

Ryosan sells system LSIs, discrete semiconductors and memory, and develops system LSIs on a contract basis. During the consolidated first quarter under review, Ryosan was challenged by slackened results in the in-vehicle electrical equipment sector. Net sales fell to 25,745 million yen (down 25.3% from the same period of the previous fiscal year), while operating income shrank to 163 million yen (down 60.6%).

b. Electronic Components

Ryosan sells electromechanical components, display devices and power supplies. In the consolidated first quarter under review, this segment was impacted by the downturn in the in-vehicle electrical equipment sector, in the same way as for semiconductors. Net sales dropped to 14,860 million yen (down 20.7% from the same period of the previous fiscal year) and operating income declined to 404 million (down 27.2%).

c. Electronic Equipment

Ryosan sells systems equipment and facilities equipment. In this consolidated first quarter, large projects for in-vehicle electrical equipment declined significantly. Net sales fell to 2,902 million yen (down 38.7% from the same period of the previous fiscal year) and operating income shrank to 12 million yen (down 82.0%).

(2) Qualitative Information Concerning Consolidated Financial Position

As of June 30, 2020, total assets increased by 918 million yen compared with the end of the previous fiscal year, to 138,665 million yen.

Also, net assets increased by 47 million yen compared with the end of the previous fiscal year, to 84,983 million yen, with the ratio of net assets to total assets being 61.3%.

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

Due to the ongoing COVID-19 pandemic, it is not possible at this time to calculate a reasonable forecast of business results. For this reason the forecast of consolidated business results for fiscal year 2020 remains undetermined. When it becomes possible to disclose a reasonable forecast of business results, Ryosan will promptly publish that forecast.

2. Consolidated Quarterly Financial Statements and Main Notes

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2020 (As of March 31, 2020)	First Quarter of the Fiscal Year Ending March 31, 2021 (As of June 30, 2020)
ASSETS		
Current assets		
Cash and deposits	24,501	23,574
Notes and accounts receivable –trade	53,687	48,085
Inventories	37,243	44,610
Accounts receivable – other	6,196	5,521
Other	322	1,281
Allowance for doubtful accounts	(152)	(246)
Total current assets	121,799	122,826
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,726	2,786
Land	5,758	5,653
Leased assets, net	545	492
Other, net	241	181
Total property, plant and equipment	9,271	9,113
Intangible assets	946	939
Investments and other assets		
Investment securities	3,517	3,291
Deferred tax assets	340	314
Other	2,241	2,249
Allowance for doubtful accounts	(68)	(69)
Allowance for investment loss	(301)	-
Total investments and other assets	5,729	5,785
Total non-current assets	15,947	15,838
Total assets	137,746	138,665

(Millions of yen)

	Fiscal Year Ended March 31, 2020 (As of March 31, 2020)	First Quarter of the Fiscal Year Ending March 31, 2021 (As of June 30, 2020)
LIABILITIES		
Current liabilities		
Accounts payable - trade	28,475	28,910
Short-term loans payable	18,158	19,658
Lease obligations	229	222
Accounts payable - other	2,005	1,117
Accrued expenses	1,228	505
Income taxes payable	454	282
Provision for bonuses	-	392
Other	145	458
Total current liabilities	50,697	51,548
Non-current liabilities		
Lease obligations	369	318
Deferred tax liabilities	38	131
Net defined benefit liability	1,622	1,602
Asset retirement obligations	30	27
Other	52	52
Total non-current liabilities	2,113	2,133
Total liabilities	52,810	53,681
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	53,857	53,639
Treasury shares	(6,532)	(6,532)
Total shareholders' equity	84,130	83,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,158	1,276
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(300)	(149)
Remeasurements of defined benefit plans	(52)	(55)
Total accumulated other comprehensive income	805	1,072
Total net assets	84,935	84,983
Total liabilities and net assets	137,746	138,665

(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, 2020 (April 1, 2019 to June 30, 2019)	First Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 to June 30, 2020)
Net sales	57,943	43,508
Cost of Sales	53,323	39,701
Gross Profit	4,620	3,806
Selling, general and administrative expenses	3,798	3,527
Operating income	821	279
Non-operating income		
Interest income	10	6
Dividend income	38	33
Share of profit of entities accounted for using equity method	0	-
Foreign exchange gains	183	128
Rent income	14	13
Miscellaneous income	37	42
Total non-operating income	285	225
Non-operating expenses		
Interest expenses	183	66
Share of loss of entities accounted for using equity method	-	2
Miscellaneous loss	6	5
Total non-operating expenses	189	74
Ordinary income	917	430
Extraordinary income		
Gain on sales of non-current assets	1	-
Gain on sales of investment securities	-	254
Compensation for customs duty	-	76
Total extraordinary income	1	330
Extraordinary losses		
Loss on valuation of investment securities	8	-
Loss on valuation of investments in capital	-	1
Total extraordinary losses	8	1
Profit before income taxes	910	759
Income taxes	245	275
Profit	665	484
Profit attributable to owners of parent	665	484

(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, 2020 (April 1, 2019 to June 30, 2019)	First Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 to June 30, 2020)
Profit	665	484
Other comprehensive income		
Valuation difference on available-for-sale securities	(175)	118
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(587)	151
Remeasurements of defined benefit plans, net of tax	4	(3)
Total other comprehensive income	(759)	266
Comprehensive income	(93)	750
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(93)	750

(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, 2020

(April 1, 2019 to June 30, 2019)

(Millions of yen)

	Reporting Segment				Adjusted amount (Note 1)	Amounts shown on consolidated statement of income (Note 2)
	Semiconductors	Electronic Components	Electronic Equipment	Total		
Net sales						
Sales to external customers	34,465	18,741	4,736	57,943	—	57,943
Internal sales or exchange between segments	—	—	—	—	—	—
Total	34,465	18,741	4,736	57,943	—	57,943
Segment income (loss)	414	555	69	1,039	(218)	821

(Notes)

1. The adjusted amount of minus 218 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, 2021

(April 1, 2020 to June 30, 2020)

(Millions of yen)

	Reporting Segment				Adjusted amount (Note 1)	Amounts shown on consolidated statement of income (Note 2)
	Semiconductors	Electronic Components	Electronic Equipment	Total		
Net sales						
Sales to external customers	25,745	14,860	2,902	43,508	—	43,508
Internal sales or exchange between segments	—	—	—	—	—	—
Total	25,745	14,860	2,902	43,508	—	43,508
Segment income (loss)	163	404	12	580	(300)	279

(Notes)

1. The adjusted amount of minus 300 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 2019, first quarter of the fiscal year ended March 31, 2020
 (April 1, 2019 to June 30, 2019)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	31,612	23,455	2,875	57,943	—	57,943
Internal sales or exchange between segments	5,054	60	4	5,120	(5,120)	—
Total	36,667	23,516	2,880	63,063	(5,120)	57,943
Segment income	(59)	651	115	708	113	821

(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 2020, first quarter of the fiscal year ending March 31, 2021
 (April 1, 2020 to June 30, 2021)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	25,986	16,622	899	43,508	—	43,508
Internal sales or exchange between segments	3,553	127	0	3,680	(3,680)	—
Total	29,540	16,749	899	47,189	(3,680)	43,508
Segment income	(20)	208	(44)	143	135	279

(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 2019, first quarter of the fiscal year ended March 31, 2020
 (April 1, 2019 to June 30, 2019)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	30,335	13,845	10,846	2,915	57,943
Ratio to consolidated net sales (%)	52.4	23.9	18.7	5.0	100.0

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

Fiscal year 2020, first quarter of the fiscal year ending March 31, 2021
 (April 1, 2020 to June 30, 2020)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	24,059	12,250	6,205	993	43,508
Ratio to consolidated net sales (%)	55.3	28.2	14.3	2.3	100.0

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