

July 30, 2021

## First Quarter Earnings Report for Fiscal Year 2021, Ending March 31, 2022 [Japanese Standards] (Consolidated)

Company name: Ryosan Company, Limited	Stock listing: First Section, Tokyo Stock Exchange
Securities code: 8140	URL <a href="https://www.ryosan.co.jp/">https://www.ryosan.co.jp/</a>
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Scheduled filing date of quarterly earnings report: August 13, 2021	
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 2021 (April 1, 2021 to June 30, 2021)

#### (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 2021	61,316	40.9	2,165	674.6	2,221	416.0	1,603	231.2
First Quarter, Fiscal Year 2020	43,508	(24.9)	279	(66.0)	430	(53.1)	484	(27.2)

(Note) Comprehensive income

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

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter, Fiscal Year 2021	68.45	—
First Quarter, Fiscal Year 2020	20.66	—

#### (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, 2021	149,138	89,404	59.9	3,816.06
March 31, 2021	148,087	89,609	60.5	3,824.82

(Reference) Shareholders' equity

June 30, 2021: 89,404 million yen

March 31, 2021: 89,609 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 2020	—	30.00	—	70.00	100.00
Fiscal Year 2021	—				
Fiscal Year 2021 (Forecast)		30.00	—	30.00	60.00

(Note) Revision of dividend forecasts: None

Fiscal Year 2020 Interim dividend breakdown: 30 yen (ordinary)

Fiscal Year 2020 Year-end dividend breakdown: 30 yen (ordinary), 40 yen (special)

Fiscal Year 2021 Interim dividend breakdown (forecast): 30 yen (ordinary)

Fiscal Year 2021 Year-end dividend breakdown (forecast): 30 yen (ordinary)

### 3. Forecast of results for the fiscal year 2021 (April 1, 2021 to March 31, 2022)

(% 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	121,000	24.5	3,600	187.5	3,700	120.8	2,700	81.8	115.24
Full fiscal year	234,000	6.4	5,700	23.1	5,800	13.2	4,200	(8.4)	179.27

(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, 2021 (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: Yes

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, 2021	25,000,000 shares	March 31, 2021	25,000,000 shares
June 30, 2021	1,571,528 shares	March 31, 2021	1,571,434 shares
First Quarter, Fiscal Year 2021	23,428,503 shares	First Quarter, Fiscal Year 2020	23,429,084 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 fiscal quarter under review (April 1 to June 30, 2021), economic activity in the global economy began to turn toward normalization, as vaccination against COVID-19 progressed. As the economy recovered overseas, Japan's economy entered a gradual recovery footing, led by rising exports.

The electronics industry, Ryosan's main field, continued to enjoy a recovery in demand across a wide variety of applications, in a trend continuing from the latter half of the previous consolidated fiscal year. However, shortages of semiconductors emerged as a risk factor.

In the first quarter, against the background described above, net sales improved to 61,316 million yen (up 40.9% from the same period of the previous fiscal year). Operating income soared to 2,165 million yen (up 674.6%), lifted by brisk sales of relatively high-margin products, reductions in inventory-related expenses as inventory turnover quickened and depreciation in the yen. Ordinary income multiplied to 2,221 million yen (up 416.0%), while profit attributable to owners of parent surged to 1,603 million yen (up 231.2%).

The impact on business results of the application of the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) of the Japanese generally accepted accounting principles (J-GAAP) is negligible.

#### 2) Business Segment Information

Ryosan has changed its classification of reporting segments, beginning in the consolidated first quarter under review. The comparisons with the previous consolidated first quarter are based on the classification after the change. For details, please refer to "Notice Concerning Changes in Reporting Segments," published June 25, 2021.

##### **a. Devices**

During the consolidated first quarter under review, demand recovered in a wide range of applications, with sales volumes increasing significantly year-on-year. Net income rose to 54,670 million yen (up 43.2% from the same period of the previous fiscal year). Operating income surged to 1,876 million yen (up 297.2%), lifted by factors such as sales of high-margin products.

##### **b. Solutions**

Business in the automotive sector maintained a steady trend, while major projects in facility equipment also contributed. Net income rose to 6,646 million yen (up 24.5% from the same period of the previous fiscal year), while operating income multiplied to 312 million yen (up 189.2%).

### **(2) Qualitative Information Concerning Consolidated Financial Position**

As of June 30, 2021, total assets increased by 1,051 million yen compared with the end of the previous fiscal year, to 149,138 million yen.

Also, net assets decreased by 205 million yen compared with the end of the previous fiscal year, to 89,404 million yen, with the ratio of net assets to total assets being 59.9%.

The impact on Ryosan's financial condition of the application of the Accounting Standard for Revenue Recognition is negligible.

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

The forecast of consolidated business results is unchanged from the forecast published on July 28, 2021.

## 2. Consolidated Quarterly Financial Statements and Main Notes

### (1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)	First Quarter of the Fiscal Year Ending March 31, 2022 (As of June 30, 2021)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	20,685	15,618
Notes and accounts receivable –trade	71,088	71,948
Inventories	35,701	40,284
Accounts receivable – other	4,571	5,373
Other	720	871
Allowance for doubtful accounts	(278)	(236)
<b>Total current assets</b>	<b>132,488</b>	<b>133,858</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,713	2,684
Land	5,299	5,299
Leased assets, net	471	435
Other, net	224	216
<b>Total property, plant and equipment</b>	<b>8,707</b>	<b>8,636</b>
<b>Intangible assets</b>	<b>881</b>	<b>840</b>
<b>Investments and other assets</b>		
Investment securities	3,587	3,383
Deferred tax assets	330	318
Other	2,154	2,160
Allowance for doubtful accounts	(63)	(60)
<b>Total investments and other assets</b>	<b>6,009</b>	<b>5,802</b>
<b>Total non-current assets</b>	<b>15,598</b>	<b>15,279</b>
<b>Total assets</b>	<b>148,087</b>	<b>149,138</b>

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)	First Quarter of the Fiscal Year Ending March 31, 2022 (As of June 30, 2021)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable - trade	32,984	33,606
Short-term loans payable	18,551	19,294
Lease obligations	226	228
Accounts payable - other	1,985	2,142
Accrued expenses	1,439	595
Provision for bonuses	-	402
Income taxes payable	844	665
Other	205	579
<b>Total current liabilities</b>	<b>56,236</b>	<b>57,514</b>
<b>Non-current liabilities</b>		
Lease obligations	285	245
Deferred tax liabilities	485	574
Net defined benefit liability	1,409	1,341
Asset retirement obligations	25	25
Other	33	32
<b>Total non-current liabilities</b>	<b>2,240</b>	<b>2,219</b>
<b>Total liabilities</b>	<b>58,477</b>	<b>59,734</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	57,039	57,002
Treasury shares	(6,533)	(6,534)
<b>Total shareholders' equity</b>	<b>87,310</b>	<b>87,273</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,526	1,402
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	824	781
Remeasurements of defined benefit plans	(52)	(54)
<b>Total accumulated other comprehensive income</b>	<b>2,299</b>	<b>2,130</b>
<b>Total net assets</b>	<b>89,609</b>	<b>89,404</b>
<b>Total liabilities and net assets</b>	<b>148,087</b>	<b>149,138</b>

**(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, 2021 (April 1, 2020 to June 30, 2020)	First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 to June 30, 2021)
<b>Net sales</b>	43,508	61,316
<b>Cost of Sales</b>	39,701	55,422
Gross Profit	3,806	5,894
<b>Selling, general and administrative expenses</b>	3,527	3,728
<b>Operating income</b>	279	2,165
<b>Non-operating income</b>		
Interest income	6	5
Dividend income	33	35
Foreign exchange gains	128	63
Rent income	13	13
Miscellaneous income	42	22
Total non-operating income	225	140
<b>Non-operating expenses</b>		
Interest expenses	66	35
Share of loss of entities accounted for using equity method	2	46
Miscellaneous loss	5	2
Total non-operating expenses	74	84
<b>Ordinary income</b>	430	2,221
<b>Extraordinary income</b>		
Gain on sales of golf memberships	-	1
Gain on sales of investment securities	254	-
Compensation for customs duty	76	-
Total extraordinary income	330	1
<b>Extraordinary losses</b>		
Loss on valuation of golf membership	1	-
Total extraordinary losses	1	-
<b>Profit before income taxes</b>	759	2,222
<b>Income taxes</b>	275	618
<b>Profit</b>	484	1,603
<b>Profit attributable to owners of parent</b>	484	1,603

**(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, 2021 (April 1, 2020 to June 30, 2020)	First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 to June 30, 2021)
<b>Profit</b>	484	1,603
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	118	(123)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	151	(42)
Remeasurements of defined benefit plans, net of tax	(3)	(2)
Total other comprehensive income	266	(168)
<b>Comprehensive income</b>	750	1,434
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	750	1,434



### **(3) Notes Regarding Consolidated Quarterly Financial Statements**

#### **(Notes Regarding Going Concern)**

None

#### **(Notes Regarding Substantial Changes in Shareholders' Equity)**

None

#### **(Changes in Accounting Principles)**

##### Accounting Standard for Revenue Recognition

Beginning in the consolidated first quarter under review, Ryosan applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) of the Japanese generally accepted accounting principles (J-GAAP) (hereinafter referred to as “the Accounting Standard for Revenue Recognition”). Under this standard, revenue is recognized when Ryosan transfers control of a promised good or service to the customer, in the amount Ryosan expects to receive in exchange for said good or service.

In the past, a part of the amount paid to the customer was appropriated as cost of sales. With the adoption of the Accounting Standard for Revenue Recognition, the accounting method is changed so that this amount is subtracted from net sales.

In applying the Accounting Standard for Revenue Recognition, Ryosan follows the transitional handling stipulated in the proviso in Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative financial effect of applying the new accounting principle retroactively to events before the beginning of the consolidated first quarter under review is added to or subtracted from the retained earnings at the beginning of the quarter, and the new accounting principle is applied from the balance at the beginning of the quarter onward.

As a result, the impact of the application of the Accounting Standard for Revenue Recognition on the quarterly financial statements for the consolidated first quarter under review is negligible.

In accordance with the transitional handling stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (March 31, 2020), a breakdown of the revenue generated from contracts with customers with respect to the previous consolidated first quarter is not provided.

**(Segment Information)**

## Segment Information

I. Consolidated First Quarter of the Fiscal Year Ended March 31, 2021

(April 1, 2020 to June 30, 2020)

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

(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	38,170	5,337	43,508	—	43,508
Internal sales or exchange between segments	—	—	—	—	—
Total	38,170	5,337	43,508	—	43,508
Segment income (loss)	472	107	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. Consolidated First Quarter of the Fiscal Year Ending March 31, 2022

(April 1, 2021 to June 30, 2021)

1. Information Concerning Sales and Income or Loss Amount by Reporting Segment and Breakdown of Revenues

(Millions of yen)

	Reporting Segment			Adjusted amount (Note 1)	Amounts shown on consolidated quarterly statement of income (Note 2)
	Devices	Solutions	Total		
Net sales					
Revenue from contracts with customers	54,670	6,646	61,316	—	61,316
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.

## 2. Information Concerning Changes in Reporting Segments

Beginning in the consolidated first quarter under review, in tandem with the reorganization of its business headquarters, Ryosan has revised the classification of its business segments. The reporting segments are changed from the previous Semiconductor Business, Electronic-component Business and Electronic-equipment Business to the Device Business and Solution Business.

Segment information regarding the previous consolidated first quarter is prepared and listed in accordance with the classifications after the change in reporting segments.

## Related Information

### I. Information Concerning Sales and Income or Loss Amount by Sales Destination

Fiscal year 2020, first quarter of the fiscal year ended March 31, 2021

(April 1, 2020 to June 30, 2020)

(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	—	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)

1. Country and regional segments are classified on the basis of geographic proximity.

2. Principal countries and regions covered:

Asia: Hong Kong, Thailand, China, South Korea, etc.

Other: United States, etc.

Fiscal year 2021, first quarter of the fiscal year ending 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)

1. Country and regional segments are classified on the basis of geographic proximity.

2. Principal countries and regions covered:

Asia: Hong Kong, Thailand, China, South Korea, etc.

Other: United States, etc.

### II. Information Concerning Sales by Region

Fiscal year 2020, first quarter of the fiscal year ended 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.

Fiscal year 2021, first quarter of the fiscal year ending 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.

**(Related to Recognition of Revenue)**

The breakdown of revenue from contracts with customers is as listed in “Notes (Segment Information).”