

Consolidated Earnings Report for Fiscal Year 2021, Ended March 31, 2022 [Japanese Standards]

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 date of the Annual General Meeting of Shareholders: June 24, 2022	
Scheduled payment date of dividend: June 8, 2022	
Scheduled filing date of the Annual Securities Report: June 27, 2022	
Supplementary materials for the annual financial results: Yes	
Investor conference for the annual financial results: Yes (for security analysts and institutional investors)	(Millions of yen rounded down)

1. Consolidated results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(% 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	%
Fiscal Year 2021	272,647	24.0	8,857	91.4	8,085	57.8	5,359	16.8
Fiscal Year 2020	219,884	(3.3)	4,628	48.9	5,122	75.6	4,586	284.2

(Note) Comprehensive income

Fiscal Year 2021: 7,927 million yen (30.3%), Fiscal Year 2020: 6,081 million yen (–%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to net assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year 2021	228.75	—	5.8	4.8	3.2
Fiscal Year 2020	195.78	—	5.3	3.6	2.1

(Reference) Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:

Fiscal Year 2021: (121) million yen, Fiscal Year 2020: 23 million yen

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	190,548	94,724	49.7	4,043.20
March 31, 2021	148,087	89,609	60.5	3,824.82

(Reference) Shareholders equity:

March 31, 2022: 94,724 million yen, March 31, 2021: 89,609 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year 2021	(28,945)	894	18,951	12,016
Fiscal Year 2020	(3,782)	1,029	(1,571)	20,636

2. Dividends

(Millions of yen rounded down unless otherwise stated)

(Record date)	Dividends per share (Yen)					Dividends (Full fiscal year)	Payout ratio (consolidated) %	Dividends to net assets ratio (consolidated) %
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
Fiscal Year 2020	—	30.00	—	70.00	100.00	2,342	51.1	2.6
Fiscal Year 2021	—	50.00	—	70.00	120.00	2,811	52.5	3.1
Fiscal Year 2022 (Forecast)	—	50.00	—	50.00	100.00		48.8	

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

(% figures for the full fiscal year represent year-on-year (YoY) increase or decrease, while % figures for the interim period are the % change compared with the same period of the previous fiscal year (YoY).)

	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

* Notes

(1) Transfer of major subsidiaries during term (transfer of specified subsidiaries in line with changes in the consolidated range): None
New: — (Company name:) Excluded: — (Company name:)

(2) 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 estimate: None

4) Restatement: None

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

1. Total number of shares issued and outstanding (including treasury shares) at the period-end

March 31, 2022	25,000,000 shares	March 31, 2021	25,000,000 shares
March 31, 2022	1,571,817 shares	March 31, 2021	1,571,434 shares
March 31, 2022	23,428,371 shares	March 31, 2021	23,428,846 shares

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

3. Average number of shares outstanding during the period

(Reference) Overview of non-consolidated operating results

1. Non-consolidated results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year 2021	170,645	23.3	4,059	292.8	5,535	36.8	2,848	(25.6)
Fiscal Year 2020	138,435	(4.1)	1,033	—	4,045	388.9	3,830	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal Year 2021	121.60	—
Fiscal Year 2020	163.49	—

(2) Non-consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	131,713	64,214	48.8	2,740.93
March 31, 2021	104,674	64,447	61.6	2,750.81

(Reference) Shareholders equity:

March 31, 2022: 64,214 million yen,

March 31, 2021: 64,447 million yen

This earnings report is not subject to audits of certified public accountants or auditing corporations.

Caution with respect to forward-looking statements

(Note on 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 4, “1. Summary of Operating Results, etc. (4) Future Prospects.”

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1. Summary of Operating Results, etc.

(1) Summary of Operating Results for Fiscal Year 2021

1) Overview

In the consolidated fiscal period under review (April 1, 2021 to March 31, 2022: Fiscal year 2021), positive developments in the global economy were upstaged by fresh shocks. Progress in vaccination, along with the effects of measures by various national governments and others, produced encouraging news that the COVID-19 pandemic was calming down. Unfortunately, sanctions on the Russian Federation for its military invasion of Ukraine caused downward pressure on the global economy to spread in numerous ways. These included high prices for resources, galloping inflation, rapid rises in interest rates and progressive depreciation of the Japanese yen.

Against this background of recovery in overseas economies, the Japanese economy showed signs of rebounding. Exports rose, while capital investment and production activity in the manufacturing sector overall remained on a solid footing. However, factors such as the spread of the new omicron variant of COVID-19 and high prices for resources slowed the pace of recovery.

Under this macroeconomic environment, the electronics industry, Ryosan's main field, enjoyed an overall trend of high levels of demand. Despite lingering shortages of semiconductors and electronic components, demand for automotive electronic products recovered and sales of products for industrial machinery expanded.

In the consolidated business results for the period under review, net sales reached 272,647 million yen (up 24.0% from the previous fiscal year). Sales broadened in a wide range of fields, particularly in products for the automotive and industrial-machinery sectors, while acquisition of commercial rights in new businesses and depreciation of the yen also contributed. Ryosan also enjoyed success in the foreign-affiliated semiconductor business and in local businesses in China and Hong Kong, on which Ryosan had long been focused.

Benefiting from factors such as net sales growth and favorable sales of high-value-added products for industrial machinery, operating income nearly doubled to 8,857 million yen (up 91.4%) and ordinary income surged to 8,085 million yen (up 57.8%).

Profit attributable to owners of parent grew to 5,359 million yen (up 16.8%). This rate of growth was lower than in the previous fiscal year, when this item was boosted by extraordinary income such as income from sale of investment securities.

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 fiscal year under review. The comparisons with the previous consolidated fiscal year 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

Net sales rose to 240,831 million yen (up 25.5% from the previous fiscal year), paced by growing sales of products for the automotive and industrial-machinery sectors and assisted by acquisition of commercial rights in new businesses. Operating income almost doubled to 7,582 million yen (up 86.8%), lifted by factors such as favorable sales of high-value-added products.

b. Solutions

Sales in the automotive sector expanded over the previous fiscal year, and major projects for facility equipment and communications contributed. Net sales improved to 31,816 million yen (up 13.6% from the previous fiscal year), while operating income doubled to 1,421 million yen (up 98.3%).

(2) Summary of Financial Position for Fiscal Year 2021

1) Assets

Total assets increased by 42,261 million yen to 190,548 million yen compared with March 31, 2021. This is mainly because notes and accounts receivable-trade increased by 21,485 million yen and merchandise and finished

goods increased by 16,963 million yen, while cash and deposits decreased by 8,618 million yen.

2) Liabilities

Total liabilities increased by 37,346 million yen to 95,823 million yen compared with March 31, 2021. This is mainly because short-term loans payable increased by 19,528 million yen and accounts payable–trade increased by 9,992 million yen.

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

(3) Summary of Cash Flows for Fiscal Year 2021

As of March 31, 2022, cash and cash equivalents decreased by 8,619 million yen compared with the end of the previous fiscal year, to 12,016 million yen.

1) Net cash provided by (used in) operating activities

Regarding cash flow from operating activities in this consolidated fiscal year, funds in total decreased by 28,945 million yen. Notes and accounts receivable–trade, inventories, and accounts receivable–other increased by 18,937 million yen, 14,889 million yen, and 13,870 million yen, respectively, while profit before income taxes was 8,123 million yen. In the net cash provided by (used in) operating activities in the previous consolidated fiscal year, there was a decrease of funds by 3,782 million yen.

2) Net cash provided by (used in) investing activities

Regarding cash flow from investing activities in this consolidated fiscal year, funds in total increased by 894 million yen due to proceeds from cancellation of insurance funds of 1,083 million yen. In the net cash provided by (used in) investing activities in the previous consolidated fiscal year, there was an increase of funds by 1,029 million yen.

3) Net cash provided by (used in) financing activities

Regarding cash flow from financing activities in this consolidated fiscal year, funds in total increased by 18,951 million yen. Short-term loans payable increased by 16,941 million yen and commercial papers increased by 4,999 million yen, despite cash dividends paid of 2,805 million yen. In the net cash provided by (used in) financing activities in the previous consolidated fiscal year, there was a decrease of funds by 1,571 million yen.

(Reference) Trends in cash flow-related indicators

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Net assets to total assets (%)	57.9	59.9	61.7	60.5	49.7
Net assets to total assets (%) (Market capitalization basis)	57.7	47.4	40.6	35.7	27.0
Cash flow to Interest-bearing Liabilities (Years)	–	1.8	1.0	–	–
Interest coverage ratio (Times)	–	16.3	30.7	–	–

Net assets to total assets: Net assets / Total assets

Net assets to total assets (Market capitalization basis): Market capitalization / Total assets

Cash flow to Interest-bearing liabilities: Interest-bearing liabilities / Cash flow

Interest coverage ratio: Cash flow / Interest expense

*All indicators have been calculated from consolidated financial figures.

*Market capitalization was calculated based on the number of shares issued and outstanding less treasury shares.

*Cash flow refers to cash flows from operating activities as shown on the consolidated statements of cash flows.

*Interest-bearing liabilities comprise all debt on which interest was paid in the liabilities section of the consolidated balance sheet. Interest expense represents interest paid as shown on the consolidated statements of cash flows.

(4) Future Prospects

1) Overview

To translate its Long-Term Vision for Ryosan, RS Innovation 2030, into concrete terms, Ryosan launched the 11th Medium-Term Business Plan, covering the period from fiscal year 2021 to fiscal year 2023. Happily, in fiscal year 2021, the first year of the Medium-Term Business Plan, Ryosan accomplished all of the Plan's targets for fiscal year 2023, namely net sales of 263,000 million yen, gross profit of 21,300 million yen, operating income of 6,900 million yen and ROE of 5%.

Looking ahead to fiscal year 2022, Ryosan expects the effects of the COVID-19 pandemic to subside, supporting continued growth, particularly in the automotive and industrial-machinery sectors. However, some measures have not yet shown any effect, while depressing factors such as geopolitical risks and market factors linger. These conditions are expected to restrain the pace of growth. Accordingly, Ryosan has decided to leave its management targets and a number of ongoing projects unchanged for the time being.

Ryosan will press ahead with implementation of the 11th Medium-Term Business Plan. Ryosan will continue to diversify its portfolio, by transforming sales channels and seeking out customers through acquisition of commercial rights; deepen its engagement with local businesses in China and Hong Kong through cooperation with local partners; harvest the rewards of prior investment in several lines of products and make new investments in new products; invest to transform Ryosan's line of business, including entry into new manufacturing and other businesses, inspired by customer needs; raise the efficiency of existing businesses, using a wide range of digital technologies; and reinforce the foundations, including overhaul of management information, education, risk management and governance.

Ryosan's forecast of consolidated business results for fiscal year 2022 is as follows.

	Millions of yen	YoY change [%]
Net sales	265,000	Decrease 2.8
Operating income	7,000	Decrease 21.0
Ordinary income	6,800	Decrease 15.9
Profit attributable to owners of parent	4,800	Decrease 10.4

2) Estimates by Business Segment

a. Devices

The pace of demand growth is expected to slacken. Ryosan forecasts net sales of 233,000 million yen (down 3.3% from the previous fiscal year), and operating income of 6,600 million yen (down 13.0%).

b. Solutions

Large projects in communications will continue to contribute, as they did in the previous fiscal year, raising net sales to 32,000 million yen (up 0.6% from the previous fiscal year). Ryosan forecasts a decline of operating income to 1,000 million yen (down 29.7%), as changes in the product mix are expected to reduce gross profit margin.

(5) Basic Policy Regarding the Allocation of Profits / Dividends for Fiscal Year 2021 and Fiscal Year 2022

Ryosan regards the return of earnings to shareholders as one of the most important elements of management and is making efforts to increase basic earnings per share. Ryosan's basic policy is to aim for consolidated dividend payout ratio of around 50%.

In accordance with this basic policy, Ryosan expects to distribute a year-end dividend of 70 yen per share for the consolidated fiscal year under review. With the inclusion of the interim dividend of 50 yen per share, the annual dividend is forecast to be 120 yen per share. In the coming fiscal year, Ryosan forecasts an annual dividend of 100 yen per share.

2. Basic Approach to Selection of Accounting Standards

For the time being, Ryosan will prepare its consolidated financial statements in accordance with Japanese GAAP, out of consideration for issues such as comparability from period to period and comparability with other companies.

Ryosan will appropriately address matters regarding IFRS adoption, taking into account prevailing circumstances in Japan and overseas.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and deposits	20,685	12,066
Notes and accounts receivable - trade	71,088	92,574
Merchandise and finished goods	35,672	52,636
Work in process	28	11
Accounts receivable - other	4,571	18,721
Other	720	1,094
Allowance for doubtful accounts	(278)	(276)
Total current assets	132,488	176,827
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,773	6,413
Accumulated depreciation	(4,060)	(3,849)
Buildings and structures, net	2,713	2,563
Land	5,299	5,178
Lease assets	1,261	1,303
Accumulated depreciation	(790)	(909)
Leased assets, net	471	394
Other	1,937	1,993
Accumulated depreciation	(1,713)	(1,792)
Other, net	224	201
Total property, plant and equipment	8,707	8,338
Intangible assets	881	985
Investments and other assets		
Investment securities	3,587	3,001
Deferred tax assets	330	295
Other	2,154	1,206
Allowance for doubtful accounts	(63)	(106)
Total investments and other assets	6,009	4,397
Total non-current assets	15,598	13,720
Total assets	148,087	190,548

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)
LIABILITIES		
Current liabilities		
Accounts payable - trade	32,984	42,976
Short-term loans payable	18,551	38,079
Commercial papers	—	4,999
Lease obligations	226	224
Accounts payable - other	1,985	3,469
Accrued expenses	1,439	1,930
Income taxes payable	844	1,798
Other	205	391
Total current liabilities	56,236	93,869
Non-current liabilities		
Lease obligations	285	202
Deferred tax liabilities	485	597
Net defined benefit liability	1,409	1,068
Asset retirement obligations	25	23
Other	33	62
Total non-current liabilities	2,240	1,953
Total liabilities	58,477	95,823
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	57,039	59,586
Treasury shares	(6,533)	(6,534)
Total shareholders' equity	87,310	89,857
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,526	1,257
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	824	3,634
Remeasurements of defined benefit plans	(52)	(25)
Total accumulated other comprehensive income	2,299	4,867
Total net assets	89,609	94,724
Total liabilities and net assets	148,087	190,548

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2021 (Apr. 1, 2020 to Mar. 31, 2021)	Fiscal Year Ended Mar. 31, 2022 (Apr. 1, 2021 to Mar. 31, 2022)
Net sales	219,884	272,647
Cost of Sales	200,852	247,741
Gross Profit	19,031	24,906
Selling, general and administrative expenses		
Packing and transportation expenses	1,089	1,362
Provision of allowance for doubtful accounts	112	20
Directors' compensations	408	583
Salaries and allowances	4,199	4,404
Bonuses	1,325	1,598
Retirement benefit expenses	450	445
Welfare expenses	969	1,036
Depreciation	596	611
Other	5,249	5,984
Total selling, general and administrative expenses	14,403	16,049
Operating income	4,628	8,857
Non-operating income		
Interest income	43	31
Dividend income	67	71
Share of profit of entities accounted for using equity method	23	—
Foreign exchange gains	341	—
Commission fee	37	34
Rent income	53	52
Miscellaneous income	161	104
Total non-operating income	728	294
Non-operating expenses		
Interest expenses	199	184
Share of loss of entities accounted for using equity method	—	121
Foreign exchange losses	—	674
Miscellaneous loss	34	86
Total non-operating expenses	234	1,066
Ordinary income	5,122	8,085
Extraordinary income		
Gain on sales of non-current assets	59	0
Gain on sales of investment securities	662	57
Gain on sales of golf memberships	4	1
Compensation for customs duty	367	—
Total extraordinary income	1,093	59
Extraordinary losses		
Impairment loss	—	19
Loss on valuation of investment securities	—	1
Loss on valuation of golf membership	1	—
Total extraordinary losses	1	21
Profit before income taxes	6,214	8,123
Income taxes - current	1,270	2,516
Income taxes - deferred	356	248
Total income taxes	1,627	2,764
Profit	4,586	5,359
Profit attributable to owners of parent	4,586	5,359

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2021 (Apr. 1, 2020 to Mar. 31, 2021)	Fiscal Year Ended Mar. 31, 2022 (Apr. 1, 2021 to Mar. 31, 2022)
Profit	4,586	5,359
Other comprehensive income		
Valuation difference on available-for-sale securities	368	(269)
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	1,125	2,810
Remeasurements of defined benefit plans, net of tax	0	26
Total other comprehensive income	1,494	2,567
Comprehensive Income	6,081	7,927
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,081	7,927

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended Mar. 31, 2021 (Apr. 1, 2020 to Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,690	19,114	53,857	(6,532)	84,130
Changes of items during period					
Dividends of surplus			(1,405)		(1,405)
Profit attributable to owners of parent			4,586		4,586
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,181	(1)	3,179
Balance at end of current period	17,690	19,114	57,039	(6,533)	87,310

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,158	0	(300)	(52)	805	84,935
Changes of items during period						
Dividends of surplus						(1,405)
Profit attributable to owners of parent						4,586
Purchase of treasury shares						(1)
Net changes of items other than shareholders' equity	368	1	1,125	0	1,494	1,494
Total changes of items during period	368	1	1,125	0	1,494	4,674
Balance at end of current period	1,526	1	824	(52)	2,299	89,609

Fiscal Year Ended Mar. 31, 2022 (Apr. 1, 2021 to Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	17,690	19,114	57,039	(6,533)	87,310
Changes of items during period					
Dividends of surplus			(2,811)		(2,811)
Profit attributable to owners of parent			5,359		5,359
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,547	(0)	2,547
Balance at end of current period	17,690	19,114	59,586	(6,534)	89,857

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,526	1	824	(52)	2,299	89,609
Changes of items during period						
Dividends of surplus						(2,811)
Profit attributable to owners of parent						5,359
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(269)	0	2,810	26	2,567	2,567
Total changes of items during period	(269)	0	2,810	26	2,567	5,114
Balance at end of current period	1,257	1	3,634	(25)	4,867	94,724

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2021 (Apr. 1, 2020 to Mar. 31, 2021)	Fiscal Year Ended Mar. 31, 2022 (Apr. 1, 2021 to Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	6,214	8,123
Depreciation	619	631
Impairment loss	—	19
Increase (decrease) in allowance for doubtful accounts	110	16
Increase (decrease) in net defined benefit liability	(236)	(362)
Interest and dividend income	(111)	(103)
Interest expenses	199	184
Share of (profit) loss of entities accounted for using equity method	(23)	121
Loss (gain) on sales of investment securities	(662)	(57)
Loss (gain) on sales of property, plant and equipment	(59)	—
Other loss (gain)	(99)	1,585
Decrease (increase) in notes and accounts receivable - trade	(16,330)	(18,937)
Decrease (increase) in inventories	2,128	(14,889)
Increase (decrease) in notes and accounts payable - trade	4,009	8,435
Decrease (increase) in accounts receivable - other	1,645	(13,870)
Increase (decrease) in other assets and liabilities	(214)	1,937
Subtotal	(2,809)	(27,163)
Interest and dividends income received	111	103
Interest expenses paid	(207)	(185)
Income taxes (paid) refund	(877)	(1,699)
Net cash provided by (used in) operating activities	(3,782)	(28,945)
Cash flows from investing activities		
Purchases of property, plant and equipment	(224)	(124)
Proceeds from sales of property, plant and equipment	506	198
Purchase of intangible assets	(110)	(244)
Purchases of investment securities	(15)	(15)
Proceeds from sales of investment securities	801	120
Decrease (increase) in time deposits	(48)	(1)
Proceeds from sales of membership	14	3
Proceeds from distribution of investment in partnerships	21	4
Purchase of insurance funds	(134)	(128)
Proceeds from cancellation of insurance funds	219	1,083
Net cash provided by (used in) investing activities	1,029	894
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	16	16,941
Repayments of lease obligations	(179)	(182)
Increase (decrease) in commercial papers	—	4,999
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(1,406)	(2,805)
Net cash provided by (used in) financing activities	(1,571)	18,951
Effect of exchange rate change on cash and cash equivalents	458	479
Net increase (decrease) in cash and cash equivalents	(3,865)	(8,619)
Cash and cash equivalents at the beginning of the period	24,501	20,636
Cash and cash equivalents at the end of the period	20,636	12,016

(5) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Principles)

(1) Accounting Standard for Revenue Recognition

Beginning in the consolidated fiscal year 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 fiscal year under review is added to or subtracted from the retained earnings at the beginning of the consolidated fiscal year under review, and the new accounting principle is applied from the balance at the beginning of the consolidated fiscal year under review onward.

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

(2) Accounting Standard for Fair Value Measurement

Beginning in the consolidated fiscal year under review, Ryosan applies the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) of J-GAAP (hereinafter referred to as “the Accounting Standard for Fair Value Measurement”). In accordance with the transitional treatment defined in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019) of JAAP, Ryosan has decided to apply the new accounting principle stipulated in the Accounting Standard for Fair Value Measurement going forward.

This change does not affect the consolidated financial statements for the consolidated fiscal year under review.

(Segment Information)

Segment Information

1. Overview of Reporting Segments

Ryosan's reporting segments are made up of those created from financial information sorted by business segment and those evaluated by the President periodically.

Ryosan has set up its business headquarters at Ryosan's head office for each article of merchandise and product, and Ryosan is expanding business activities by having each business headquarters formulate comprehensive strategies for the products that they handle, for both within Japan and overseas.

Therefore, regarding the reporting segments for its business headquarters, Ryosan lists “Devices” “and “Electronic Solutions.”

The main products of each business segment are as follows:

Devices: Semiconductors and electronic components

Solutions: IT devices and solutions

(Items Related to Changes in Reporting Segments)

Beginning in the consolidated fiscal year 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 Device Business and Solution Business.

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

2. Information Concerning Sales and Income or Loss Amount by Reporting Segment
 Consolidated fiscal year ended March 31, 2021
 (April 1, 2020 to March 31, 2021)

(Millions of yen, figures less than ¥1 million have been omitted)

	Reporting Segment			Adjusted amount (Note 1)	Amounts shown on consolidated statement of income (Note 2)
	Devices	Solutions	Total		
Net sales					
Sales to external customers	191,889	27,995	219,884	—	219,884
Internal sales or exchange between segments	—	—	—	—	—
Total	191,889	27,995	219,884	—	219,884
Segment income (loss)	4,058	716	4,775	(146)	4,628

Notes:

1. The adjusted amount of minus 146 million yen represents corporate expenses (mainly general and administrative expenses) which are not allocated to the reporting segments.
2. Segment income has been adjusted with operating income in the consolidated statement of income.
3. Segment assets are not shown in these reporting segments as they are not subject to the President's performance evaluation.

Consolidated fiscal year ended March 31, 2022
 (April 1, 2021 to March 31, 2022)

(Millions of yen, figures less than ¥1 million have been omitted)

	Reporting Segment			Adjusted amount (Note 1)	Amounts shown on consolidated statement of income (Note 2)
	Devices	Solutions	Total		
Net sales					
Sales to external customers	240,831	31,816	272,647	—	272,647
Internal sales or exchange between segments	—	—	—	—	—
Total	240,831	31,816	272,647	—	272,647
Segment income (loss)	7,582	1,421	9,004	(147)	8,857

Notes:

1. The adjusted amount of minus 147 million yen represents corporate expenses (mainly general and administrative expenses) which are not allocated to the reporting segments.
2. Segment income has been adjusted with operating income in the consolidated statement of income.
3. Segment assets are not shown in these reporting segments as they are not subject to the President's performance evaluation.

Related Information

1. Information on products and services

As in the Reporting Segment

2. Information by region

(1) Sales

Consolidated fiscal year ended March 31, 2021

(April 1, 2020 to March 31, 2021)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	113,238	58,813	37,157	10,673	219,884
Ratio to consolidated net sales (%)	51.5	26.7	16.9	4.9	100.0

Note:

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

Consolidated fiscal year ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	141,658	71,454	47,771	11,764	272,647
Ratio to consolidated net sales (%)	52.0	26.2	17.5	4.3	100.0

Note:

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

(2) Property, plant and equipment

This information is not presented since the amount of property, plant and equipment in Japan constitutes more than 90% of the total amount of property, plant and equipment on the consolidated balance sheet.

(Per Share Information)

(Yen unless otherwise stated)

Item	Fiscal Year 2020 (April 1, 2020 to March 31, 2021)	Fiscal Year 2021 (April 1, 2021 to March 31, 2022)
Net assets per share	3,824.82	4,043.20
Basic earnings per share	195.78	228.75

(Notes) 1. Information on diluted earnings per share is not presented because there are no latent shares.

2. Basis for calculation

(1) Net assets per share

(Millions of yen unless otherwise stated)

Item	Fiscal Year 2020 (As of March 31, 2021)	Fiscal Year 2021 (As of March 31, 2022)
Total of net assets	89,609	94,724
Amount to be deducted from the total of net assets (Of which non-controlling interests)	— (—)	— (—)
Closing net assets relating to common shares	89,609	94,724
Number of common shares as of end of term used in the calculation of net assets per share (thousand shares)	23,428	23,428

(2) Basic earnings per share

(Millions of yen unless otherwise stated)

Item	Fiscal Year 2020 (April 1, 2020 to March 31, 2021)	Fiscal Year 2021 (April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent	4,586	5,359
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent relating to common shares	4,586	5,359
Average number of common shares outstanding during the term (thousand shares)	23,428	23,428

4. Other

(1) New Orders

(Millions of yen, figures less than 1 million yen have been omitted)

	Fiscal Year 2020 (April 1, 2020 to March 31, 2021)	Fiscal Year 2021 (April 1, 2021 to March 31, 2022)
Devices	233,013	341,861
Solutions	29,229	50,026
Total	262,242	391,887

(2) Geographical Segment Information

Fiscal year 2020, the fiscal year ended March 31, 2021

(April 1, 2020 to March 31, 2021)

(Millions of yen, figures less than ¥1 million have been omitted)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Sales:						
(1) Sales to external customers	121,351	88,613	9,918	219,884	—	219,884
(2) Internal sales or exchange between segments	17,083	225	21	17,331	(17,331)	—
Total	138,435	88,839	9,940	237,215	(17,331)	219,884
Segment income	1,279	2,559	182	4,021	607	4,628

Notes:

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

2. Principal countries and regions covered:

Asia: Hong Kong, China, Thailand, Korea and others

Other: United States and others

Fiscal year 2021, the fiscal year ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(Millions of yen, figures less than ¥1 million have been omitted)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Sales:						
(1) Sales to external customers	147,660	113,901	11,086	272,647	—	272,647
(2) Internal sales or exchange between segments	22,985	1,118	41	24,144	(24,144)	—
Total	170,645	115,019	11,127	296,792	(24,144)	272,647
Segment income	4,202	4,014	202	8,419	437	8,857

Notes:

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

2. Principal countries and regions covered:

Asia: Hong Kong, China, Thailand, Korea and others

Other: United States and others