



March 9, 2023

For Immediate Release

Ryosan Company, Limited

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Listing Code No.: 8140

Listing: Prime Market, Tokyo Stock Exchange

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Notice Concerning Changes to Other Affiliated Companies (Planned)

Ryosan Company, Limited (“the Company”) hereby announces that the Company has been notified by Ryoyo Electro Corporation (“Ryoyo Electro”) that Ryoyo Electro has decided to acquire additional shares in the Company and that there will be changes to its other affiliated companies.

1. Details of Changes

The environment surrounding the electronics trading company industry to which the Company and Ryoyo Electro belong is undergoing major environmental changes due to the rapid utilization of new technologies as a result of technological innovations here, as well as changes in the functions and roles required of electronics trading companies as a result of the acceleration of IoT and DX (digital transformation) in society as a whole. Furthermore, while competition among trading companies is intensifying because of the alliances between electronic component manufacturers such as semiconductors and IT equipment manufacturers, external factors such as the impact of the novel coronavirus pandemic, the supply shortage of materials such as semiconductors, geopolitical risks and financial market trends have an extremely large impact on the business environment and performance, though this industry has a low-margin profit structure.

Under these circumstances, the Company and Ryoyo Electro have been in discussions in the pursuit of business synergy for some time. Our goal is further to expand the scope of our business within the new framework by maximizing management resources such as excellent products and solutions that each company has cultivated over their long histories and relationships with customers. And, as described in "Notice Concerning Acquisition of Ryosan Company Stock by Ryoyo Electro and Related Changes to Main Shareholders and Main and Largest Shareholder (Planned)" on February 7, 2023, Ryoyo Electro has acquired 18.71% of the Company’s shares in terms of a ratio of voting rights so that we will not only improve the sustainable corporate value of both companies, but also attain a new ideal as an electronics trading company that contributes to solving the problems and issues of our customers and the entire market, by establishing a stronger cooperation through this transaction.

The Company and Ryoyo Electro have been working hard to revitalize exchanges between the two companies and to deepen discussions towards realizing business synergy, while continuing to accelerate considerations and discussions concerning the form for a broad alliance between the two parties. Also, this time, in order more reliably to achieve a new growth opportunity for both companies, Ryoyo Electro has decided to acquire additional shares of the Company; changes to the Company’s other affiliated companies are planned to occur.

2. Planned Date for Implementation of Changes

March 10, 2023

3. Overview of Shareholder Becoming Other Affiliated Company

(1) Name	Ryoyo Electro Corporation																						
(2) Address	1-12-22 Tsukiji, Chuo-ku, Tokyo, Japan																						
(3) Representative name and title	Moritaka Nakamura, Representative Director, President																						
(4) Content of business	1) Sales of semiconductors/devices 2) Sales of ICT products 3) Sales of embedded devices 4) Various engineering support 5) Various services																						
(5) Capital	13,672 million yen (as of October 31, 2022)																						
(6) Date Established	February 27, 1961																						
(7) Major shareholders and their holdings ratios (as of July 31, 2022)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (trust account)</td> <td style="text-align: right;">11.78%</td> </tr> <tr> <td>SHC Corporation</td> <td style="text-align: right;">10.49%</td> </tr> <tr> <td>Mitsubishi Electric Corporation</td> <td style="text-align: right;">7.81%</td> </tr> <tr> <td>Sheep Shokai Co.</td> <td style="text-align: right;">2.59%</td> </tr> <tr> <td>Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)</td> <td style="text-align: right;">2.03%</td> </tr> <tr> <td>Ryoyo Electro Employee Stockholder Association</td> <td style="text-align: right;">1.53%</td> </tr> <tr> <td>SMBC Nikko Securities Inc.</td> <td style="text-align: right;">1.08%</td> </tr> <tr> <td>Yoshihisa Shimada</td> <td style="text-align: right;">1.05%</td> </tr> <tr> <td>Yoichiro Ohashi</td> <td style="text-align: right;">1.02%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (trust account)</td> <td style="text-align: right;">1.01%</td> </tr> </table>			The Master Trust Bank of Japan, Ltd. (trust account)	11.78%	SHC Corporation	10.49%	Mitsubishi Electric Corporation	7.81%	Sheep Shokai Co.	2.59%	Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	2.03%	Ryoyo Electro Employee Stockholder Association	1.53%	SMBC Nikko Securities Inc.	1.08%	Yoshihisa Shimada	1.05%	Yoichiro Ohashi	1.02%	Custody Bank of Japan, Ltd. (trust account)	1.01%
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(8) Relationships between the Company and Ryoyo Electro	<p>As of today, Ryoyo Electro owns 18.71% of the total number of issued shares of the Company (excluding treasury shares), which is the main and largest shareholder of the Company*.</p> <p>Furthermore, there are no noteworthy personal or business relationships.</p>																						
(9) Financial conditions and business performance of Ryoyo Electro for the three most recent accounting periods (consolidated)																							
	Accounting period	FY ended Jan. 2020	FY ended Jan. 2021	FY ended Jan. 2022																			
	Net assets (million yen)	62,135	37,992	42,309																			
	Total assets (million yen)	78,117	59,336	72,652																			
	Net assets per share (yen)	2,524.47	2,188.90	2,130.46																			
	Net sales (million yen)	108,538	95,792	112,099																			
	Operating profit (million yen)	2,154	1,266	2,258																			
	Ordinary profit (million yen)	2,187	905	2,400																			
	Profit attributable to owners of parent (million yen)	1,303	806	1,873																			
	Net income per share (yen)	53.06	35.19	103.94																			
	Dividends per share (yen)	80	180	120																			

* Estimated based on the Company's shareholders ledger as of September 30, 2022.

4. Number of Votes Held by the Shareholder, Shares Owned, and Ratio of Voting Rights Before and After Changes

	Attribution	Number of votes (shares owned) (ratio of voting rights)			Major shareholder ranking
		Direct holdings	Applicable totaling	Total	
Before changes (As of February 9, 2023)	Main and largest shareholder	43,847 votes (4,384,700 shares) (18.71%)	—	43,847 votes (4,384,700 shares) (18.71%)	#1
After changes	Main and largest shareholder and other affiliated company	47,057 votes (4,705,700 shares) (20.08%)	—	47,057 shares (4,705,700 shares) (20.08%)	#1

Notes: 1. Ratio of voting rights is calculated based on 234,322 votes pertaining to 23,432,200 shares, which is equal to the total number of shares issued as of September 30, 2022 (25,000,000 shares) less 1,567,800 shares without voting rights as of the same date.

2. Ratio of voting rights values are rounded up to the second decimal place.

3. The major shareholder ranking is listed as an estimation based on the current information in the Company's shareholder ledger as of September 30, 2022.

5. Future Outlook

Although the Company believe that its alliance with Ryoyo Electro will contribute to the enhancement of its corporate value in the medium-to-long term, this change in other affiliated companies will have no impact on business results for the consolidated fiscal year 2022.

Any notable related matters in the future will be disclosed promptly.