

July 31, 2023

# First Quarter Earnings Report for Fiscal Year 2023, Ending March 31, 2024 [Japanese Standards] (Consolidated)

Company name: Ryosan Company, Limited	Stock listing: Prime Market, 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 14, 2023	
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 2023 (April 1, 2023 to June 30, 2023)

### (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 2023	70,853	(2.5)	2,924	17.9	1,933	70.1	1,328	95.4
First Quarter, Fiscal Year 2022	72,650	18.5	2,481	14.6	1,136	(48.8)	680	(57.6)

(Note) Comprehensive income

First Quarter, Fiscal Year 2023: 4,128 million yen (16.6%)

First Quarter, Fiscal Year 2022: 3,540 million yen (146.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter, Fiscal Year 2023	56.70	—
First Quarter, Fiscal Year 2022	29.03	—

### (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, 2023	195,830	104,753	53.5	4,468.96
March 31, 2023	188,188	102,731	54.6	4,383.09

(Reference) Shareholders' equity

June 30, 2023: 104,753 million yen

March 31, 2023: 102,731 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 2022	—	75.00	—	90.00	165.00
Fiscal Year 2023	—	—	—	—	—
Fiscal Year 2023 (Forecast)	—	50.00	—	50.00	100.00

(Note) Revision of dividend forecasts: None

### 3. Forecast of results for the fiscal year 2023 (April 1, 2023 to March 31, 2024)

(% 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	135,000	(19.5)	4,000	(55.6)	3,000	(54.5)	2,000	(55.3)	85.35
Full fiscal year	270,000	(17.1)	8,000	(48.1)	7,000	(47.6)	5,000	(45.8)	213.39

(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, 2023 (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)

- 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, 2023	25,000,000 shares	March 31, 2023	25,000,000 shares
June 30, 2023	1,559,725 shares	March 31, 2023	1,561,844 shares
First Quarter, Fiscal Year 2023	23,438,152 shares	First Quarter, Fiscal Year 2022	23,428,108 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

In the consolidated first quarter of fiscal year 2023 (April 1 to June 30, 2023), concerns about prospects for the global economy persisted. Although restrictions on economic activity in connection with the COVID-19 pandemic eased, geopolitical risks became protracted and monetary tightening continued.

Similar trends impacted conditions in the Japanese economy. Despite an overall trend of gradual recovery, factors such as high energy and resource prices continued to compel close attention to downside risk.

Against this macroeconomic background, mixed conditions prevailed in the electronics industry, Ryosan's main field. Easing of supply shortages brought overall calm to supply chains that had become disorderly, but some fields, such as communications and industrial equipment, entered an adjustment phase.

In the first quarter, the macroeconomic background described above contributed to a decline in net sales to 70,853 million yen (down 2.5% from the same period of the previous fiscal year). However, operating income rose to 2,924 million yen (up 17.9%), aided by reductions in expenses, and ordinary income leapt to 1,933 million yen (up 70.1%), as foreign exchange losses declined compared with the same period of the previous fiscal year, due to revaluation of foreign-currency-denominated liabilities. Profit attributable to owners of parent doubled, reaching 1,328 million yen (up 95.4%).

#### 2) Business Segment Information

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

The fields of communications and industrial equipment entered an adjustment phase, but trends were firm in other areas, particularly in consumer and automotive products. Net sales edged down to 62,735 million yen (down 0.5% from the same period of the previous fiscal year). Operating income grew to 2,464 million yen (up 10.9%).

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

Large projects for the communications sector drew to a close. Net sales contracted to 8,117 million yen (down 15.4% from the same period of the previous fiscal year), while operating income shrank to 379 million yen (down 24.0%).

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

As of June 30, 2023, total assets increased by 7,641 million yen compared with the end of the previous fiscal year, to 195,830 million yen.

Also, net assets increased by 2,022 million yen compared with the end of the previous fiscal year, to 104,753 million yen, with the ratio of net assets to total assets being 53.5%.

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

The forecast of consolidated business results is unchanged from the forecast published on May 15, 2023.

## 2. Consolidated Quarterly Financial Statements and Main Notes

### (1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	First Quarter of the Fiscal Year Ending March 31, 2024 (As of June 30, 2023)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	16,760	18,146
Notes and accounts receivable – trade	95,115	93,371
Inventories	47,697	55,280
Accounts receivable – other	14,345	14,107
Other	649	697
Allowance for doubtful accounts	(645)	(586)
<b>Total current assets</b>	<b>173,923</b>	<b>181,016</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,539	2,518
Land	5,179	5,181
Leased assets, net	451	423
Other, net	193	198
<b>Total property, plant and equipment</b>	<b>8,364</b>	<b>8,322</b>
<b>Intangible assets</b>	<b>1,059</b>	<b>1,080</b>
<b>Investments and other assets</b>		
Investment securities	3,474	4,004
Deferred tax assets	398	421
Other	1,069	1,079
Allowance for doubtful accounts	(100)	(94)
<b>Total investments and other assets</b>	<b>4,842</b>	<b>5,411</b>
<b>Total non-current assets</b>	<b>14,265</b>	<b>14,813</b>
<b>Total assets</b>	<b>188,188</b>	<b>195,830</b>

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	First Quarter of the Fiscal Year Ending March 31, 2024 (As of June 30, 2023)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable – trade	39,999	44,431
Short-term loans payable	33,703	32,876
Commercial papers	-	4,999
Lease obligations	157	149
Accounts payable – other	3,863	2,535
Accrued expenses	2,497	904
Income taxes payable	2,631	954
Provision for bonuses	-	428
Other	483	1,448
Total current liabilities	83,336	88,728
<b>Non-current liabilities</b>		
Lease obligations	318	298
Deferred tax liabilities	797	1,088
Net defined benefit liability	838	787
Asset retirement obligations	24	24
Other	142	149
Total non-current liabilities	2,120	2,348
<b>Total liabilities</b>	<b>85,457</b>	<b>91,076</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	65,358	64,576
Treasury shares	(6,458)	(6,453)
Total shareholders' equity	95,705	94,927
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,443	1,758
Deferred gains or losses on hedges	1	8
Foreign currency translation adjustment	5,649	8,130
Remeasurements of defined benefit plans	(67)	(70)
Total accumulated other comprehensive income	7,026	9,826
<b>Total net assets</b>	<b>102,731</b>	<b>104,753</b>
<b>Total liabilities and net assets</b>	<b>188,188</b>	<b>195,830</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, 2023 (April 1, 2022 to June 30, 2022)	First Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to June 30, 2023)
<b>Net sales</b>	72,650	70,853
<b>Cost of Sales</b>	66,013	64,240
Gross Profit	6,636	6,612
<b>Selling, general and administrative expenses</b>	4,155	3,687
<b>Operating income</b>	2,481	2,924
<b>Non-operating income</b>		
Interest income	6	13
Dividend income	37	40
Share of profit of entities accounted for using equity method	43	78
Commission fee	19	-
Rent income	12	11
Miscellaneous income	36	40
Total non-operating income	154	186
<b>Non-operating expenses</b>		
Interest expenses	125	398
Foreign exchange losses	1,373	772
Miscellaneous loss	1	6
Total non-operating expenses	1,500	1,177
<b>Ordinary income</b>	1,136	1,933
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0	-
Total extraordinary income	0	-
<b>Profit before income taxes</b>	1,136	1,933
<b>Income taxes</b>	456	604
<b>Profit</b>	680	1,328
<b>Profit attributable to owners of parent</b>	680	1,328

**(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, 2023 (April 1, 2022 to June 30, 2022)	First Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to June 30, 2023)
<b>Profit</b>	680	1,328
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(12)	314
Deferred gains or losses on hedges	(1)	7
Foreign currency translation adjustment	2,877	2,480
Remeasurements of defined benefit plans, net of tax	(3)	(3)
Total other comprehensive income	2,860	2,799
<b>Comprehensive income</b>	3,540	4,128
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,540	4,128



### (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, 2023

(April 1, 2022 to June 30, 2022)

(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	63,050	9,599	72,650	—	72,650
Internal sales or exchange between segments	—	—	—	—	—
Total	63,050	9,599	72,650	—	72,650
Segment income (loss)	2,222	498	2,721	(239)	2,481

(Notes)

1. The adjusted amount of minus 239 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, 2024

(April 1, 2023 to June 30, 2023)

(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	62,735	8,117	70,853	—	70,853
Internal sales or exchange between segments	—	—	—	—	—
Total	62,735	8,117	70,853	—	70,853
Segment income	2,464	379	2,844	80	2,924

(Notes)

1. The adjusted amount of 80 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 2022, first quarter of the fiscal year ended March 31, 2023  
(April 1, 2022 to June 30, 2022)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	38,121	32,098	2,429	72,650	—	72,650
Internal sales or exchange between segments	5,030	321	19	5,372	(5,372)	—
Total	43,152	32,420	2,449	78,022	(5,372)	72,650
Segment income	1,186	1,063	132	2,382	98	2,481

(Notes)

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions covered:  
Asia: Hong Kong, China, Thailand, etc.  
Other: United States, etc.

Fiscal year 2023, first quarter of the fiscal year ending March 31, 2024  
(April 1, 2023 to June 30, 2023)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	40,544	27,575	2,733	70,853	—	70,853
Internal sales or exchange between segments	3,956	68	19	4,045	(4,045)	—
Total	44,501	27,644	2,752	74,898	(4,045)	70,853
Segment income	1,545	1,149	85	2,780	144	2,924

(Notes)

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions covered:  
Asia: Hong Kong, China, Thailand, etc.  
Other: United States, etc.

III. Information Concerning Sales by Region  
Fiscal year 2022, first quarter of the fiscal year ended March 31, 2023  
(April 1, 2022 to June 30, 2022)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	38,246	17,828	14,034	2,540	72,650
Ratio to consolidated net sales (%)	52.6	24.5	19.3	3.5	100.0

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

Fiscal year 2023, first quarter of the fiscal year ending March 31, 2024  
(April 1, 2023 to June 30, 2023)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	38,161	16,619	13,297	2,775	70,853
Ratio to consolidated net sales (%)	53.9	23.5	18.8	3.9	100.0

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