

First Half 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	https://www.ryosan.co.jp/
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Scheduled filing date of quarterly earnings report:	November 14, 2023		
Scheduled payment date of dividend:	November 29, 2023		
Supplementary materials for the quarterly financial results:	Yes		
Investor conference for the quarterly financial results:	Yes (for security analysts and institutional investors)		

(Millions of yen rounded down)

1. Consolidated results for the first half of fiscal year 2023 (April 1, 2023 to September 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 Half, Fiscal Year 2023	147,438	(12.1)	6,610	(26.6)	4,947	(24.9)	3,423	(23.5)
First Half, Fiscal Year 2022	167,731	35.0	9,007	119.8	6,587	62.3	4,475	53.8

(Note) Comprehensive income

First Half, Fiscal Year 2023: 7,275 million yen (11.1% negative)

First Half, Fiscal Year 2022: 8,179 million yen (194.9%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Half, Fiscal Year 2023	146.05	—
First Half, Fiscal Year 2022	191.02	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2023	192,204	107,904	56.1	4,603.01
March 31, 2023	188,188	102,731	54.6	4,383.09

(Reference) Shareholders' equity

September 30, 2023: 107,904 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	—	60.00	—	—	—
Fiscal Year 2023 (Forecast)	—	—	—	90.00	150.00

(Note) Revision of dividend forecasts: None

Fiscal Year 2022 Interim dividend breakdown: 75 yen (ordinary)

Fiscal Year 2022 Year-end dividend breakdown: 90 yen (ordinary)

Fiscal Year 2023 Interim dividend breakdown: 60 yen (ordinary)

Fiscal Year 2023 Year-end dividend breakdown (forecast): 50 yen (ordinary), 40 yen (commemorative)

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
Full fiscal year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	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 six months ended September 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)

1. Total number of shares issued and outstanding (including treasury shares) at the period-end:	September 30, 2023	25,000,000 shares	March 31, 2023	25,000,000 shares
2. Total number of treasury shares at the period-end:	September 30, 2023	1,557,771 shares	March 31, 2023	1,561,844 shares
3. Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)	First Half, Fiscal Year 2023	23,439,215 shares	First Half, Fiscal Year 2022	23,428,101 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 3, "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 first half of fiscal year 2023 (April 1 to September 30, 2023), uncertainty about the outlook for the global economy persisted. Geopolitical risk intensified, monetary tightening continued and exchange-rate trends fluctuated, while prices of resources and materials rose.

The Japanese economy proceeded on a keynote of gradual recovery. Optimism was tempered, however, as a continuing rise in the prices of goods and swings in financial and capital markets counseled caution.

Against this macroeconomic background, mixed conditions prevailed in the electronics industry, Ryosan's main field. Easing of supply shortages restored overall calm to supply chains that had become disorderly, but some fields, such as industrial equipment, remained in an adjustment phase on the global scene, amid a worldwide squeeze in IT investment.

Although revenues of Ryosan increased for the consumer, communications and automotive segments in 2Q compared to 1Q, the first half revenue declined against the same period of the previous fiscal year, as the macroeconomic picture normalized and supply challenges eased. In the consolidated first half under review, net sales shrank to 147,438 million yen (down 12.1% from the same period of the previous fiscal year), operating income fell to 6,610 million yen (down 26.6%), under pressure from decreased revenue despite measures to rein in selling, general and administrative expenses. Ordinary income similarly fell to 4,947 million yen (down 24.9%), while profit attributable to owners of parent contracted to 3,423 million yen (down 23.5%).

2) Business Segment Information

a. Devices

Sales of automotive products increased in 2Q in comparison with 1Q, but against the first half of the previous fiscal year, revenues retreated, weighed down by the macroeconomic environment and the easing of supply shortages described above. Net sales slid to 131,108 million yen (down 10.4% from the same period of the previous fiscal year) and operating income dropped to 5,754 million yen (down 30.5%).

b. Solutions

Revenues increased in 2Q in comparison with 1Q in the consumer, communications and automotive sectors. In the consolidated first half under review, facility equipment sales were favorable but large projects in the communications sector came to an end. Net sales contracted to 16,330 million yen (down 23.9% from the same period of the previous fiscal year), while operating income shrank to 838 million yen (down 28.2%).

(2) Qualitative Information Concerning Consolidated Financial Position

As of September 30, 2023, total assets increased by 4,015 million yen compared with the end of the previous fiscal year, to 192,204 million yen.

Also, net assets increased by 5,173 million yen compared with the end of the previous fiscal year, to 107,904 million yen, with the ratio of net assets to total assets being 56.1%.

Overview of Cash Flows

As of September 30, 2023, cash and cash equivalents decreased by 76 million yen compared with the end of the previous fiscal year, to 16,675 million yen.

Net cash provided by (used in) operating activities

Regarding cash flow from operating activities in this consolidated first half period, funds in total increased by 5,762 million yen. Profit before income taxes was 4,947 million yen and notes and accounts receivable – trade decreased by 6,994 million yen. For a comparison, in net cash from operating activities in the same period of the previous fiscal year, funds had increased by 2,011 million yen.

Net cash provided by (used in) investing activities

Regarding cash flow from investing activities in this consolidated first half period, funds in total decreased by 253 million yen due to such factors as purchases of property, plant and equipment. For a comparison, in net cash from investing activities in the same period of the previous fiscal year, funds had decreased by 154 million yen.

Net cash provided by (used in) financing activities

Regarding cash flow from financing activities in this consolidated first half period, funds in total decreased by 6,237 million yen. Short-term loans payable decreased by 4,029 million yen and cash dividends paid amounted to 2,107 million yen. For a comparison, in net cash from financing activities in the same period of the previous fiscal year, funds had decreased by 259 million yen.

(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)	Second Quarter of the Fiscal Year Ending March 31, 2024 (As of September 30, 2023)
ASSETS		
Current assets		
Cash and deposits	16,760	16,675
Notes and accounts receivable – trade	95,115	90,882
Inventories	47,697	51,601
Accounts receivable – other	14,345	17,342
Other	649	742
Allowance for doubtful accounts	(645)	(442)
Total current assets	173,923	176,802
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,539	2,527
Land	5,179	5,181
Leased assets, net	451	763
Other, net	193	270
Total property, plant and equipment	8,364	8,742
Intangible assets	1,059	1,096
Investments and other assets		
Investment securities	3,474	4,184
Deferred tax assets	398	386
Other	1,069	1,050
Allowance for doubtful accounts	(100)	(57)
Total investments and other assets	4,842	5,563
Total non-current assets	14,265	15,402
Total assets	188,188	192,204

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	Second Quarter of the Fiscal Year Ending March 31, 2024 (As of September 30, 2023)
LIABILITIES		
Current liabilities		
Accounts payable – trade	39,999	42,239
Short-term loans payable	33,703	33,022
Lease obligations	157	205
Accounts payable – other	3,863	2,632
Accrued expenses	2,497	1,588
Income taxes payable	2,631	1,138
Other	483	718
Total current liabilities	83,336	81,545
Non-current liabilities		
Lease obligations	318	619
Deferred tax liabilities	797	1,359
Net defined benefit liability	838	718
Asset retirement obligations	24	24
Other	142	33
Total non-current liabilities	2,120	2,754
Total liabilities	85,457	84,299
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	65,358	66,670
Treasury shares	(6,458)	(6,449)
Total shareholders' equity	95,705	97,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,443	1,894
Deferred gains or losses on hedges	1	7
Foreign currency translation adjustment	5,649	9,051
Remeasurements of defined benefit plans	(67)	(74)
Total accumulated other comprehensive income	7,026	10,878
Total net assets	102,731	107,904
Total liabilities and net assets	188,188	192,204

(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income
(Consolidated Quarterly Statement of Income)
(Scope of Consolidation of this First Half Period)

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to Sept. 30, 2022)	First Half of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to Sept. 30, 2023)
Net sales	167,731	147,438
Cost of Sales	150,158	133,307
Gross Profit	17,573	14,130
Selling, general and administrative expenses	8,565	7,520
Operating income	9,007	6,610
Non-operating income		
Interest income	14	28
Dividend income	40	45
Share of profit of entities accounted for using equity method	26	62
Commission fee	145	0
Rent income	24	24
Miscellaneous income	116	78
Total non-operating income	367	239
Non-operating expenses		
Interest expenses	388	867
Foreign exchange losses	2,387	1,025
Miscellaneous loss	11	9
Total non-operating expenses	2,787	1,902
Ordinary income	6,587	4,947
Extraordinary income		
Gain on sales of non-current assets	0	-
Total extraordinary income	0	-
Profit before income taxes	6,588	4,947
Income taxes	2,113	1,524
Profit	4,475	3,423
Profit attributable to owners of parent	4,475	3,423

(Consolidated Quarterly Statement of Comprehensive Income)

(Scope of Consolidation of this First Half Period)

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to Sept. 30, 2022)	First Half of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to Sept. 30, 2023)
Profit	4,475	3,423
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	450
Deferred gains or losses on hedges	(2)	5
Foreign currency translation adjustment	3,727	3,402
Remeasurements of defined benefit plans, net of tax	(3)	(6)
Total other comprehensive income	3,704	3,852
Comprehensive income	8,179	7,275
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	8,179	7,275

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to Sept. 30, 2022)	First Half of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to Sept. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	6,588	4,947
Depreciation	305	310
Increase (decrease) in allowance for doubtful accounts	307	(317)
Increase (decrease) in net defined benefit liability	(156)	(143)
Interest and dividend income	(54)	(73)
Interest expenses	388	867
Share of (profit) loss of entities accounted for using equity method	(26)	(62)
Loss (gain) on sales of property, plant and equipment	(0)	-
Decrease (increase) in notes and accounts receivable – trade	(12,787)	6,994
Decrease (increase) in inventories	4,357	(1,269)
Increase (decrease) in notes and accounts payable – trade	(1,318)	384
Decrease (increase) in accounts receivable - other	3,207	(2,054)
Other	3,170	(255)
Subtotal	3,980	9,328
Interest and dividend income received	54	68
Interest expenses paid	(363)	(857)
Income taxes (paid) refund	(1,660)	(2,776)
Net cash provided by (used in) operating activities	2,011	5,762
Cash flows from investing activities		
Purchases of property, plant and equipment	(26)	(164)
Proceeds from sales of property, plant and equipment	0	-
Purchase of intangible assets	(113)	(97)
Purchases of investment securities	(15)	-
Payments into time deposits	(8)	-
Proceeds from withdrawal of time deposits	-	8
Proceeds from distribution of investment in partnerships	8	0
Net cash provided by (used in) investing activities	(154)	(253)
Cash flows from financing activities		
Increase (decrease) in commercial papers	(1,999)	-
Net increase (decrease) in short-term loans payable	3,462	(4,029)
Repayments of lease obligations	(82)	(100)
Purchase of treasury shares	(68)	(0)
Cash dividends paid	(1,634)	(2,107)
Proceeds from sale of treasury shares	63	-
Net cash provided by (used in) financing activities	(259)	(6,237)
Effect of exchange rate change on cash and cash equivalents	246	652
Net increase (decrease) in cash and cash equivalents	1,843	(76)
Cash and cash equivalents at the beginning of the period	12,016	16,752
Cash and cash equivalents at the end of the period	13,860	16,675

(4) 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 Half of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to September 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	146,271	21,460	167,731	—	167,731
Internal sales or exchange between segments	—	—	—	—	—
Total	146,271	21,460	167,731	—	167,731
Segment income (loss)	8,278	1,167	9,446	(438)	9,007

(Notes)

1. The adjusted amount of minus 438 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 Half of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 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	131,108	16,330	147,438	—	147,438
Internal sales or exchange between segments	—	—	—	—	—
Total	131,108	16,330	147,438	—	147,438
Segment income	5,754	838	6,592	17	6,610

(Notes)

1. The adjusted amount of 17 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 half of the fiscal year ended March 31, 2023
(April 1, 2022 to September 30, 2022)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	87,315	75,063	5,352	167,731	—	167,731
Internal sales or exchange between segments	9,833	357	31	10,222	(10,222)	—
Total	97,148	75,421	5,383	177,953	(10,222)	167,731
Segment income	4,882	3,534	281	8,699	308	9,007

(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 half of the fiscal year ending March 31, 2024
(April 1, 2023 to September 30, 2023)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	80,770	61,468	5,199	147,438	—	147,438
Internal sales or exchange between segments	8,188	143	28	8,360	(8,360)	—
Total	88,958	61,612	5,228	155,799	(8,360)	147,438
Segment income	3,265	3,001	118	6,385	225	6,610

(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 half of the fiscal year ended March 31, 2023
(April 1, 2022 to September 30, 2022)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	85,602	45,577	31,018	5,533	167,731
Ratio to consolidated net sales (%)	51.0	27.2	18.5	3.3	100.0

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

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

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	75,518	36,814	29,626	5,479	147,438
Ratio to consolidated net sales (%)	51.2	25.0	20.1	3.7	100.0

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

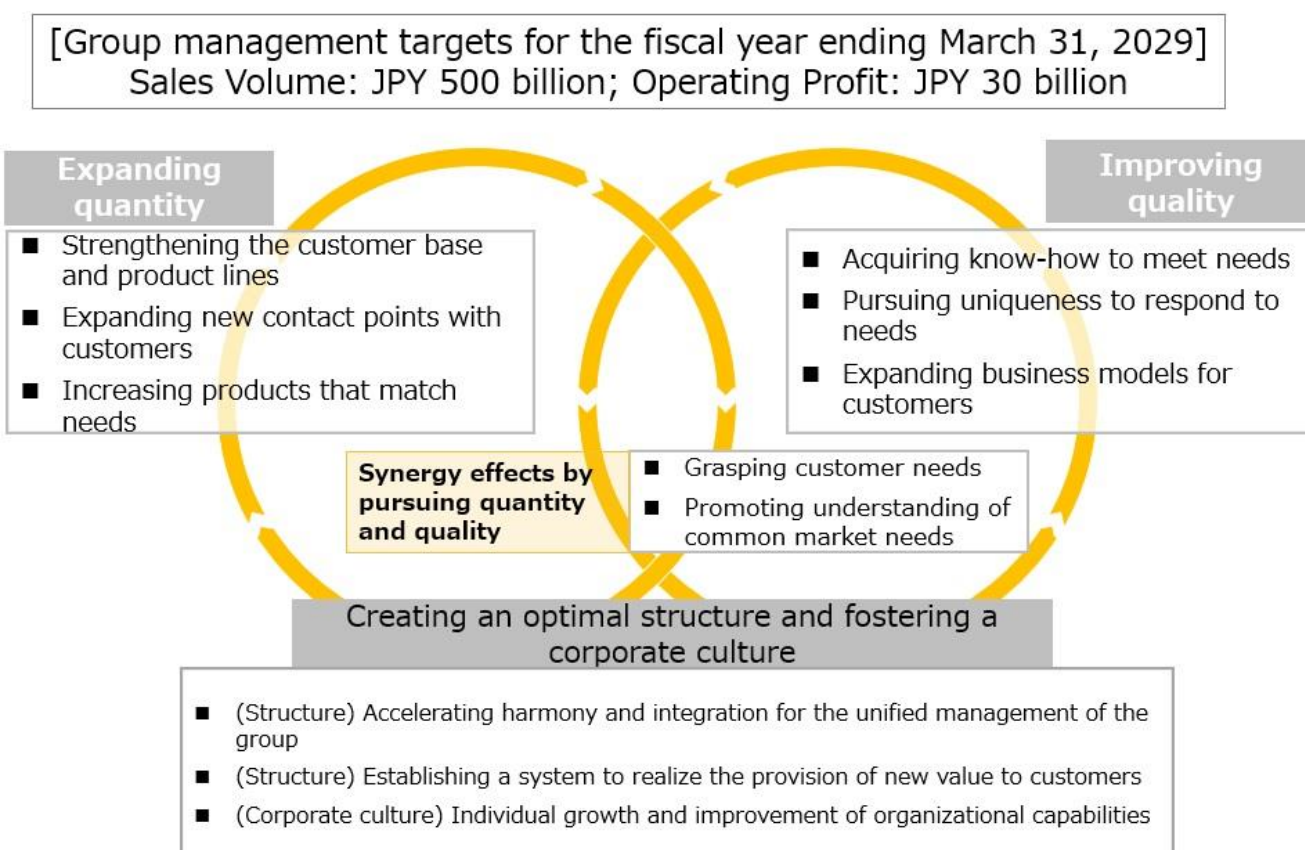
(Important Subsequent Events)

(Management Integration between Ryoyo Electro Corporation and Ryosan Company, Limited through the Establishment of a Joint Holding Company (Share Transfer))

Ryosan and Ryoyo Electro Corporation (“Ryoyo Electro”; Ryosan and Ryoyo Electro are collectively referred to as the “Companies”) have entered into a final agreement to conduct a management integration (the “Management Integration”) by establishing a joint holding company, Ryoyo Ryosan Holdings, Inc., on April 1, 2024 (scheduled), by way of a joint share transfer (*kyoudou kabushiki iten*) (the “Share Transfer”). The Companies also reached agreement on the terms and conditions of the Management Integration and related matters. By resolutions of the Boards of Directors of the Companies on October 16, 2023, the Companies entered into an agreement on management integration (the “Management Integration Agreement”) and jointly prepared a plan for the Share Transfer (the “Share Transfer Plan”).

(1) Purpose of the Management Integration

Through the Share Transfer, the Companies, as a new core group of domestic electronics trading companies, will promote the following initiatives that make maximum use of the management resources, such as good customer relationships and excellent products and solutions, that each of the Companies has built up over the years, within a new framework, and strive to further enhance their corporate value.



(i) Expanding “quantity” by multiplying the management assets of the Companies

Given the limited overlap in customers and product lines, the Companies will rapidly expand their business base by offering new products to their existing customers and by offering existing products to new customers. By expanding and enhancing new contact points with customers through these initiatives, the Companies will gain an accurate and deep understanding of their customers’ needs. In addition, the Companies will further expand the scale of their business by leveraging the needs identified as a result of these initiatives to offer new products and services.

(ii) Improving “quality” by creating new value

The Companies will further acquire know-how to provide solutions by making the most of their accumulated knowledge to meet the diverse needs of customers identified through the initiatives described in (i) above. The Companies will not only sell products, but also promote the provision of added value that no other company can

provide, in order to solve problems and issues faced by customers and the market as a whole. By broadening the scope of the solution domain through these initiatives, the Companies will seek to develop diverse business models and create a new image of electronics trading companies unlike any before.

(iii) Creating an optimal structure and fostering a corporate culture to support the initiatives in (i) and (ii)

As an optimal structure to support the initiatives in (i) and (ii) above, the Companies will develop an infrastructure for the unified management of the group and establish a system to realize the provision of new value to customers.

In addition, the Companies will further improve their organizational ability to meet customer needs by fostering a corporate culture in which each and every employee can enhance their “individual” skills and experience both the joy of contributing to customers and personal growth through the active exchange of knowledge and technology among employees of the Companies.

By combining the strengths of Ryosan, which has key semiconductor products and a solid customer base, with those of Ryoyo Electro, which has extensive experience in ICT fields such as DX and AI, through the initiatives in (i) to (iii) above, the Companies will aim to become a company that customers continue to choose, creating a virtuous cycle by pursuing “quantity” and “quality,” helping solve not only the issues and problems of individual customers but also the common problems and issues of the market as a whole, and seeking to provide new value.

The Companies will promote the above initiatives to realize synergies from the Management Integration as early as possible and aim to achieve a sales volume of JPY 500 billion and an operating profit of JPY 30 billion as the group management’s targets for the fiscal year ending March 31, 2029. In addition, the Companies will continue to consider measures with a view to realize further growth opportunities beyond the scope of electronics trading companies in order to pursue value enhancement throughout the entire value chain, with the ultimate goal of solving the problems of end-users who are “customers of the Companies’ customers.”

(2) Overview of the Share Transfer

1) Method of the Share Transfer

The Companies will conduct the Share Transfer on April 1, 2024 (tentative), causing the newly established Joint Holding Company to acquire all issued shares of the Companies. The new shares issued by the joint holding company at the time of the Share Transfer will be allocated to the shareholders of the Companies.

Notwithstanding the above, in the course of upcoming procedures, the Companies may, if unavoidable circumstances arise, confer in good faith to change the schedule, integration format or other details of the Share Transfer and Management Integration.

2) Details of Allotment pertaining to the Share Transfer

	Ryoyo Electro	Ryosan
Share transfer ratio	1	1.32

(Note 1) Share allotment ratio

One common share of the Joint Holding Company will be allotted to one common share of Ryoyo Electro, and 1.32 common shares of the joint holding company will be allotted to one common share of Ryosan. However, the above share transfer ratio may be changed through consultation between the Companies in the event of any material change in the terms and conditions which form the basis of the calculation. If there is a fraction of less than one share in the number of common shares of the Joint Holding Company to be delivered to shareholders of the Companies as a result of the Share Transfer, the amount corresponding to the fraction of less than one share will be paid to such shareholders in accordance with Article 234 of the Companies Act and other related laws and regulations.

(Note 2) Share unit (tangen kabushiki sū) of the Joint Holding Company and treatment of fractional shares (tangen miman kabushiki)

The share unit of the Joint Holding Company is 100 shares.

Shareholders of the Companies who will receive an allotment of the Joint Holding Company’s shares of less than one share unit (100 shares) as a result of the Share Transfer may not sell such shares on the Tokyo Stock Exchange and other financial instruments exchanges (kin’yū shouhin torihikijo). However, shareholders who will hold such fractional shares may request the Joint Holding Company to purchase their fractional shares pursuant to Article 192, Paragraph 1 of the Companies Act. In addition, those shareholders may also request the Joint Holding Company to sell them the number of shares that, together

with the number of their fractional shares, will constitute one share unit pursuant to Article 194, Paragraph 1 of the Companies Act and the articles of incorporation of the Joint Holding Company.

(Note 3) Number of new shares to be delivered by the Joint Holding Company as a result of the Share Transfer (tentative)

59,800,000 common shares

The above number is calculated based on the total number of issued shares of Ryoyo Electro (26,800,000 shares as of the end of July 2023) and the total number of issued shares of Ryosan (25,000,000 shares as of the end of September 2023).

3) Schedule for the Share Transfer

Execution of a Memorandum of Understanding for the Management Integration (the Companies)	May 15, 2023
A meeting of the board of directors to approve the Management Integration Agreement and the Share Transfer Plan (the Companies)	October 16, 2023
Execution of the Management Integration Agreement and preparation of the Share Transfer Plan (the Companies)	October 16, 2023
The date of public notice of the record date for the extraordinary general meeting of shareholders (the Companies)	October 16, 2023
The record date for the extraordinary general meeting of shareholders (the Companies)	October 31, 2023
The extraordinary general meeting of shareholders to approve the Share Transfer Plan (the Companies)	December 19, 2023 (scheduled)
The last trading day at Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) (the Companies)	March 27, 2024 (scheduled)
The date of delisting from the Tokyo Stock Exchange (the Companies)	March 28, 2024 (scheduled)
The effective date of the Share Transfer (the date of registration of the establishment of the joint holding company) The date of listing of the shares of the joint holding company	April 1, 2024 (scheduled)

(Note) The above is the current plan, and the schedule may be changed through consultation between the Companies, if necessary, depending on the progress made with the Management Integration and with the Share Transfer, or for other reasons.

(3) Trade name, location of head office, location of headquarters, name of representatives, business line, amount of capital, amount of net assets and total assets of the company that will be the wholly-owning parent company established by the Share Transfer (tentative)

Trade name	Ryoyo Ryosan Holdings, Inc.
Location of the head office	2-3-5 Higashi-Kanda, Chiyoda-ku, Tokyo, 101-0031, Japan
Location of the headquarters	1-12-22 Tsukiji, Chuo-ku, Tokyo, 104-8408, Japan
Name of representatives	Representative Director, President Moritaka Nakamura Representative Director, Vice President Kazuhiko Inaba
Business line	Managing the business of companies principally engaged in the purchase and sale of devices and ICT products, and any business incidental or related thereto
Amount of capital	JPY 15 billion
Amount of net assets	Not fixed at this time.
Amount of total assets	Not fixed at this time.