

January 30, 2024

Third 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 https://www.ryosan.co.jp/
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Scheduled filing date of quarterly earnings report: February 14, 2024	
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 three quarters of fiscal year 2023 (April 1, 2023 to December 31, 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 Three Quarters, Fiscal Year 2023	214,245	(12.2)	7,908	(32.2)	6,224	(37.5)	4,343	(36.8)
First Three Quarters, Fiscal Year 2022	243,971	26.1	11,671	76.2	9,962	54.5	6,868	47.0

(Note) Comprehensive income

First Three Quarters, Fiscal Year 2023: 6,813 million yen (20.1% negative)

First Three Quarters, Fiscal Year 2022: 8,531 million yen (61.4%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Three Quarters, Fiscal Year 2023	185.32	—
First Three Quarters, Fiscal Year 2022	293.17	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	181,546	105,880	58.3	4,517.31
March 31, 2023	188,188	102,731	54.6	4,383.09

(Reference) Shareholders' equity

December 31, 2023: 105,880 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
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 nine months ended December 31, 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:	December 31, 2023	25,000,000 shares	March 31, 2023	25,000,000 shares
2. Total number of treasury shares at the period-end:	December 31, 2023	1,561,135 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 Three Quarters, Fiscal Year 2023	23,440,200 shares	First Three Quarters, Fiscal Year 2022	23,429,257 shares

This quarterly consolidated earnings report is not subject to the quarterly review by certified public accountants or auditing corporations.

Caution with respect to forward-looking statements

The estimates referred in this report are based on the information available as of the date of this release. Ryosan Company Limited (Ryosan) does not promise the realization of the estimates in this report. The actual results may significantly differ from the estimates due to a variety of factors. For details on the conditions that form the assumptions used for earnings forecasts and notes on using earnings forecasts, please refer to appendix page 2, "1. Qualitative Information Regarding this Quarterly Statement (3) Qualitative Information Concerning Consolidated Forecast and Other Future Predictions."

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1. Qualitative Information Regarding this Quarterly Statement

(1) Qualitative Information Concerning Consolidated Operating Results

1) Overview

During the consolidated first three quarters of fiscal year 2023 (April 1 to December 31, 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.

In the consolidated first three quarters under review, revenues declined from the same period of the previous fiscal year, against the macroeconomic background described above and with the normalization of supply. Net sales fell to 214,245 million yen (down 12.2% from the same period of the previous fiscal year). Operating income dropped to 7,908 million yen (down 32.2%) and ordinary income declined to 6,224 million yen (down 37.5%). Profit attributable to owners of parent shrank to 4,343 million yen (down 36.8%).

2) Business Segment Information

a. Devices

Against the macroeconomic background described above and with the easing of supply issues, revenues for the consolidated first three quarters under review declined from the same period of the previous fiscal year. Net sales decreased to 189,962 million yen (down 11.5% from the same period of the previous fiscal year) and operating income retreated to 6,716 million yen (down 37.6%).

b. Solutions

In the consolidated first three quarters under review, although consumer sales were favorable, the wrap-up of large projects in the communications sector had an impact. Net sales decreased to 24,283 million yen (down 17.2% from the same period of the previous fiscal year), while operating income declined to 1,287 million yen (down 17.4%).

(2) Qualitative Information Concerning Consolidated Financial Position

As of December 31, 2023, total assets decreased by 6,641 million yen compared with the end of the previous fiscal year, to 181,546 million yen.

Also, net assets increased by 3,148 million yen compared with the end of the previous fiscal year, to 105,880 million yen, with the ratio of net assets to total assets being 58.3%.

(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)	Third Quarter of the Fiscal Year Ending March 31, 2024 (As of December 31, 2023)
ASSETS		
Current assets		
Cash and deposits	16,760	18,444
Notes and accounts receivable – trade	95,115	80,768
Inventories	47,697	48,523
Accounts receivable – other	14,345	16,292
Other	649	2,529
Allowance for doubtful accounts	(645)	(354)
Total current assets	173,923	166,203
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,539	2,492
Land	5,179	5,180
Leased assets, net	451	725
Other, net	193	245
Total property, plant and equipment	8,364	8,645
Intangible assets	1,059	1,073
Investments and other assets		
Investment securities	3,474	4,113
Deferred tax assets	398	522
Other	1,069	1,046
Allowance for doubtful accounts	(100)	(56)
Total investments and other assets	4,842	5,624
Total non-current assets	14,265	15,343
Total assets	188,188	181,546

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	Third Quarter of the Fiscal Year Ending March 31, 2024 (As of December 31, 2023)
LIABILITIES		
Current liabilities		
Accounts payable – trade	39,999	38,947
Short-term loans payable	33,703	28,678
Lease obligations	157	198
Accounts payable – other	3,863	2,320
Accrued expenses	2,497	860
Income taxes payable	2,631	309
Provision for bonuses	-	752
Other	483	803
Total current liabilities	83,336	72,869
Non-current liabilities		
Lease obligations	318	584
Deferred tax liabilities	797	1,446
Net defined benefit liability	838	708
Asset retirement obligations	24	24
Other	142	33
Total non-current liabilities	2,120	2,796
Total liabilities	85,457	75,666
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	65,358	66,036
Treasury shares	(6,458)	(6,457)
Total shareholders' equity	95,705	96,384
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,443	1,869
Deferred gains or losses on hedges	1	3
Foreign currency translation adjustment	5,649	7,700
Remeasurements of defined benefit plans	(67)	(77)
Total accumulated other comprehensive income	7,026	9,495
Total net assets	102,731	105,880
Total liabilities and net assets	188,188	181,546

(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income
(Consolidated Quarterly Statement of Income)
(Scope of Consolidation of these First Three Quarters)

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to Dec. 31, 2022)	First Three Quarters of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to Dec. 31, 2023)
Net sales	243,971	214,245
Cost of Sales	219,650	194,611
Gross Profit	24,320	19,633
Selling, general and administrative expenses	12,649	11,725
Operating income	11,671	7,908
Non-operating income		
Interest income	23	47
Dividend income	73	83
Share of profit of entities accounted for using equity method	58	93
Commission fee	145	0
Rent income	36	35
Miscellaneous income	170	102
Total non-operating income	509	363
Non-operating expenses		
Interest expenses	749	1,297
Foreign exchange losses	1,435	736
Miscellaneous loss	32	13
Total non-operating expenses	2,217	2,047
Ordinary income	9,962	6,224
Extraordinary income		
Gain on sales of non-current assets	0	-
Gain on change in equity	-	55
Total extraordinary income	0	55
Extraordinary losses		
Loss on sales of non-current assets	-	0
Total extraordinary losses	-	0
Profit before income taxes	9,963	6,279
Income taxes	3,094	1,935
Profit	6,868	4,343
Profit attributable to owners of parent	6,868	4,343

(Consolidated Quarterly Statement of Comprehensive Income)

(Scope of Consolidation of these First Three Quarters)

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to Dec. 31, 2022)	First Three Quarters of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to Dec. 31, 2023)
Profit	6,868	4,343
Other comprehensive income		
Valuation difference on available-for-sale securities	55	426
Deferred gains or losses on hedges	0	2
Foreign currency translation adjustment	1,612	2,050
Remeasurements of defined benefit plans, net of tax	(5)	(9)
Total other comprehensive income	1,662	2,469
Comprehensive income	8,531	6,813
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	8,531	6,813

(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 Three Quarters of the Fiscal Year Ended March 31, 2023
(April 1, 2022 to December 31, 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	214,625	29,345	243,971	—	243,971
Internal sales or exchange between segments	—	—	—	—	—
Total	214,625	29,345	243,971	—	243,971
Segment income (loss)	10,771	1,557	12,329	(658)	11,671

(Notes)

1. The adjusted amount of minus 658 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 Three Quarters of the Fiscal Year Ending March 31, 2024
(April 1, 2023 to December 31, 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	189,962	24,283	214,245	—	214,245
Internal sales or exchange between segments	—	—	—	—	—
Total	189,962	24,283	214,245	—	214,245
Segment income (loss)	6,716	1,287	8,003	(94)	7,908

(Notes)

1. The adjusted amount of minus 94 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 three quarters of the fiscal year ended March 31, 2023
(April 1, 2022 to December 31, 2022)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	125,745	110,315	7,909	243,971	—	243,971
Internal sales or exchange between segments	15,681	479	49	16,211	(16,211)	—
Total	141,427	110,795	7,959	260,182	(16,211)	243,971
Segment income	6,251	4,610	369	11,231	439	11,671

(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 three quarters of the fiscal year ending March 31, 2024
(April 1, 2023 to December 31, 2023)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Net sales						
Sales to external customers	115,901	90,657	7,685	214,245	—	214,245
Internal sales or exchange between segments	12,076	556	46	12,679	(12,679)	—
Total	127,978	91,214	7,732	226,924	(12,679)	214,245
Segment income	4,090	3,299	178	7,568	340	7,908

(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 three quarters of the fiscal year ended March 31, 2023
(April 1, 2022 to December 31, 2022)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	124,128	65,789	45,807	8,245	243,971
Ratio to consolidated net sales (%)	50.9	27.0	18.8	3.4	100.0

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

Fiscal year 2023, first three quarters of the fiscal year ending March 31, 2024
(April 1, 2023 to December 31, 2023)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	109,331	54,087	42,806	8,019	214,245
Ratio to consolidated net sales (%)	51.0	25.2	20.0	3.7	100.0

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