

Consolidated Financial Results for the Nine Months Ended February 29, 2024 (Under Japanese GAAP)

Company name: Toyo Denki Seizo K.K.
 Listing: Tokyo Stock Exchange
 Securities code: 6505
 URL : <https://www.toyodenki.co.jp>
 Representative: Akira Watanabe, President, Representative Director
 Inquiries: Jun Nukina, Executive Officer, General Manager, Corporate Planning Division
 Telephone: +81-3-5202-8122
 Scheduled date to file quarterly securities report: April 12, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended February 29, 2024	22,231	7.2	159	78.6	658	34.7	446	3.2
February 28, 2023	20,744	(4.6)	89	-	488	791.7	432	47.5

Note: Comprehensive income For the nine months ended February 29, 2024: ¥2,047 million [125.4%]
 For the nine months ended February 28, 2023: ¥908 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 29, 2024	47.42	-
February 28, 2023	48.40	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of February 29, 2024	51,397	26,249	51.1
May 31, 2023	49,682	24,582	49.5

Reference: Equity As of February 29, 2024: ¥26,249 million
 As of May 31, 2023: ¥24,582 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2023	-	0.00	-	30.00	30.00
Fiscal year ending May 31, 2024	-	0.00	-		
Fiscal year ending May 31, 2024 (Forecast)				30.00	30.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending May 31, 2024	34,500	11.2	600	15.9	950	(3.8)	800	(3.0)	84.81

Note: Revisions to the financial results forecast most recently announced: None

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: - companies (Company name)

Excluded: - companies (Company name)

Notes on changes in significant subsidiaries during the period

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

Notes on adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Notes on changes in accounting policies

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of February 29, 2024	9,735,000 shares
As of May 31, 2023	9,735,000 shares

(ii) Number of treasury shares at the end of the period

As of February 29, 2024	396,371 shares
As of May 31, 2023	301,843 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended February 29, 2024	9,418,504 shares
Nine months ended February 28, 2023	8,940,105 shares

Notes on number of issued shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The above forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors in the future. Please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the Attachment for details of the financial results forecast (available in Japanese only).

* This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	5,520	3,502
Notes and accounts receivable - trade, and contract assets	13,236	13,329
Electronically recorded monetary claims - operating	1,116	1,234
Merchandise and finished goods	376	548
Work in process	3,106	3,864
Raw materials and supplies	2,836	3,079
Advance payments to suppliers	22	13
Accounts receivable	162	109
Other	370	292
Allowance for doubtful accounts	(10)	(10)
Total current assets	26,738	25,962
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,952	9,968
Accumulated depreciation	(6,340)	(6,546)
Buildings and structures, net	3,611	3,421
Machinery, equipment and vehicles	8,208	8,234
Accumulated depreciation	(7,860)	(7,944)
Machinery, equipment and vehicles, net	348	289
Land	1,269	1,269
Construction in progress	11	31
Other	5,138	5,175
Accumulated depreciation	(4,678)	(4,681)
Other, net	459	493
Total property, plant and equipment	5,701	5,506
Intangible assets		
Software	63	82
Other	13	35
Total intangible assets	77	118
Investments and other assets		
Investment securities	14,288	16,693
Deferred tax assets	108	-
Other	2,775	3,118
Allowance for doubtful accounts	(7)	(2)
Total investments and other assets	17,165	19,809
Total non-current assets	22,943	25,434
Total assets	49,682	51,397

(Millions of yen)

	As of May 31, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,060	2,250
Electronically recorded obligations - operating	4,768	4,497
Short-term borrowings	885	1,035
Accrued expenses	589	780
Income taxes payable	128	48
Accrued consumption taxes	94	51
Contract liabilities	84	80
Deposits received	189	177
Provision for bonuses for directors (and other officers)	39	22
Provision for bonuses	673	349
Provision for loss on orders received	989	759
Provision for product warranties	70	128
Other	127	236
Total current liabilities	10,699	10,418
Non-current liabilities		
Long-term borrowings	10,288	9,822
Long-term accounts payable - other	30	34
Deferred tax liabilities	-	736
Retirement benefit liability	4,075	4,125
Other	4	12
Total non-current liabilities	14,399	14,730
Total liabilities	25,099	25,148
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,347	11,511
Treasury shares	(486)	(585)
Total shareholders' equity	19,036	19,101
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,370	6,835
Foreign currency translation adjustment	202	320
Remeasurements of defined benefit plans	(26)	(9)
Total accumulated other comprehensive income	5,546	7,147
Total net assets	24,582	26,249
Total liabilities and net assets	49,682	51,397

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

Quarterly Consolidated Statement of Income
 Nine months ended February 29, 2024

(Millions of yen)

	Nine months ended February 28, 2023 (from June 1, 2022 to February 28, 2023)	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)
Net sales	20,744	22,231
Cost of sales	15,739	16,790
Gross profit	5,005	5,440
Selling, general and administrative expenses	4,916	5,281
Operating profit	89	159
Non-operating income		
Interest income	0	0
Dividend income	198	201
Share of profit of entities accounted for using equity method	156	234
Foreign exchange gains	71	81
Miscellaneous income	22	30
Total non-operating income	449	548
Non-operating expenses		
Interest expenses	40	35
Miscellaneous losses	9	13
Total non-operating expenses	49	49
Ordinary profit	488	658
Extraordinary income		
Gain on sale of investment securities	480	205
Gain on sale of non-current assets	150	-
Total extraordinary income	631	205
Extraordinary loss		
Business structural reform expenses	490	168
Total extraordinary losses	490	168
Profit before income taxes	630	696
Income taxes - current	26	49
Income taxes - deferred	170	200
Total income taxes	197	249
Profit	432	446
Profit attributable to owners of parent	432	446

Quarterly Consolidated Statement of Comprehensive Income
 Nine months ended February 29, 2024

	(Millions of yen)	
	Nine months ended February 28, 2023 (from June 1, 2022 to February 28, 2023)	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)
Profit	432	446
Other comprehensive income		
Valuation difference on available-for-sale securities	297	1,465
Remeasurements of defined benefit plans, net of tax	18	17
Share of other comprehensive income of entities accounted for using the equity method	160	118
Total other comprehensive income	475	1,601
Comprehensive income	908	2,047
Comprehensive income attributable to:		
Owners of parent	908	2,047
Non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment Information, etc.)

[Segment Information]

Nine months ended February 28, 2023 (from June 1, 2022 to February 28, 2023)

Information regarding net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on quarterly consolidated statement of income (Note 3)
	Transportation Business	Industry Business	ICT Solution Business				
Net sales							
Net sales to external customers	13,262	6,570	907	3	20,744	-	20,744
Intersegment sales and transfers	22	0	-	225	248	(248)	-
Total	13,285	6,571	907	229	20,993	(248)	20,744
Segment profit (loss)	1,731	24	284	(12)	2,027	(1,938)	89

- Notes: 1 "Other" is a business segment that is not included in reporting segments, and includes the worker dispatching business.
2 Adjustments to segment profit (loss) of ¥(1,938) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(1,938) million that are not attributable to reporting segments. Corporate expenses are primarily general and administrative expenses as well as research and development expenses that are not attributable to reporting segments.
3 Segment profit (loss) has been adjusted with operating profit recorded on the quarterly consolidated statement of income.

Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)

1. Information regarding net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on quarterly consolidated statement of income (Note 3)
	Transportation Business	Industry Business	ICT Solution Business				
Net sales							
Net sales to external customers	14,282	7,161	782	4	22,231	-	22,231
Intersegment sales and transfers	16	9	-	232	258	(258)	-
Total	14,298	7,171	782	237	22,489	(258)	22,231
Segment profit (loss)	1,492	523	198	(2)	2,212	(2,053)	159

- Notes: 1 "Other" is a business segment that is not included in reporting segments, and includes the worker dispatching business.
2 Adjustments to segment profit (loss) of ¥(2,053) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(2,052) million that are not attributable to reporting segments. Corporate expenses are primarily general and administrative expenses as well as research and development expenses that are not attributable to reporting segments.
3 Segment profit (loss) has been adjusted with operating profit recorded on the quarterly consolidated statement of income.

3. Other

(1) Status of Production, Orders, and Sales

(i) Production status

Business segment	Nine months ended February 28, 2023 (from June 1, 2022 to February 28, 2023)		Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	14,241	67.0	14,417	65.8
Industry Business	6,591	31.0	7,083	32.3
ICT Solution Business	434	2.0	418	1.9
Other	-	-	-	-
Total	21,268	100.0	21,918	100.0

(Note) Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Nine months ended February 28, 2023 (from June 1, 2022 to February 28, 2023)		Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	16,340	23,887	23,928	31,562
Industry Business	7,792	7,422	7,395	7,385
ICT Solution Business	1,147	504	1,109	755
Other	3	-	4	-
Total	25,284	31,815	32,438	39,703

(Note) Amounts are based on sales prices.

(iii) Sales status

Business segment	Nine months ended February 28, 2023 (from June 1, 2022 to February 28, 2023)		Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	13,262	63.9	14,282	64.2
Industry Business	6,570	31.7	7,161	32.2
ICT Solution Business	907	4.4	782	3.5
Other	3	0.0	4	0.0
Total	20,744	100.0	22,231	100.0