

2. Dividend Information

	Annual Dividend					Total Annual Dividends	Dividend Payout Ratio (consolidated)	Dividend on Equity Ratio (consolidated)
	1Q	Interim	3Q	Fiscal Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2020	-	0.00	-	30.00	30.00	268	27.4	1.1
Fiscal 2021	-	0.00	-	30.00	30.00	268	-	1.2
Fiscal 2022 (Forecast)	-	0.00	-	30.00	30.00		33.5	

3. Consolidated Performance Forecast for Fiscal 2022 (June 1, 2022 to May 31, 2023)

(Percentage figures show year-on-year increase or decrease.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First 6 months	16,000	8.1	(80)	—	160	—	300	61.1	33.56
Full year	34,000	12.7	450	161.8	700	(8.6)	800	—	89.48

* Notes:

- (1) Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): No

Newly included: - companies (name of the company) Excluded: - companies (name of the company)

- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (a) Changes in accounting policies in accordance with revisions to accounting standards and related practices: Yes
- (b) Any changes other than (a) above: No
- (c) Changes in accounting estimates: No
- (d) Restatement: No

- (3) Number of shares outstanding (common stock)

(a) Number of shares issued as of the end of the period (including treasury stock):

Fiscal 2021	9,735,000 shares	Fiscal 2020	9,735,000 shares
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(b) Number of shares of treasury stock as of the end of the period:

Fiscal 2021	794,608 shares	Fiscal 2020	794,128 shares
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(c) Average number of shares for the period

Fiscal 2021	8,940,590 shares	Fiscal 2020	8,941,272 shares
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3. Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(Millions of yen)

	Fiscal 2020 (As of May 31, 2021)	Fiscal 2021 (As of May 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	3,964	4,449
Notes and accounts receivable - trade, and contract assets	—	12,091
Trade notes and accounts receivable	13,218	—
Electronically recorded monetary claims - operating	901	1,136
Products and finished goods	514	501
Work in process	3,565	3,077
Raw materials and stored goods	2,821	2,688
Advances	7	8
Other accounts receivable	114	25
Other	196	212
Allowance for doubtful accounts	(2)	(1)
Total current assets	25,300	24,189
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,338	10,326
Accumulated depreciation	(5,928)	(6,341)
Buildings and structures, net	6,410	3,985
Machinery and equipment	8,397	8,185
Accumulated depreciation	(7,430)	(7,605)
Machinery and equipment, net	966	579
Land	1,301	1,270
Construction in progress	24	7
Other	4,857	4,977
Accumulated depreciation	(4,234)	(4,497)
Other, net	622	479
Total property, plant and equipment	9,325	6,322
Intangible assets		
Software	289	87
Other	14	14
Total intangible assets	303	101
Investments and other assets		
Investment securities	13,832	12,471
Deferred tax assets	223	883
Other	2,988	2,953
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	17,037	16,302
Total fixed assets	26,666	22,726
Total assets	51,967	46,916

	Fiscal 2020 (As of May 31, 2021)	Fiscal 2021 (As of May 31, 2022)
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,668	1,610
Electronically recorded obligations - operating	4,705	4,205
Short-term debt	2,085	585
Accrued expenses	611	688
Income taxes payable	161	306
Consumption and other taxes payable	207	82
Contract liabilities	—	47
Advances received	34	—
Deposits received	193	190
Reserve for directors' bonuses	36	6
Reserve for employees' bonuses	827	699
Reserve for order losses	871	970
Other	224	176
Total current liabilities	11,628	9,569
Long-term liabilities		
Long-term debt	11,759	11,173
Long-term payables	17	38
Deferred tax liabilities	427	—
Net defined benefit liability	4,124	4,113
Other	1	6
Total long-term liabilities	16,330	15,333
Total liabilities	27,958	24,903
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	12,320	11,122
Treasury stock	(1,281)	(1,282)
Total shareholders' equity	19,214	18,016
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities	4,803	3,913
Foreign currency translation adjustments	88	144
Adjustments of defined benefit plans	(97)	(61)
Total accumulated other comprehensive income	4,793	3,996
Total net assets	24,008	22,012
Total liabilities and net assets	51,967	46,916

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Millions of yen)	
	Fiscal 2020 (June 1, 2020 to May 31, 2021)	Fiscal 2021 (June 1, 2021 to May 31, 2022)
Net Sales	33,143	30,158
Cost of sales	25,805	23,343
Gross profit	7,338	6,815
Selling, general and administrative expenses	6,914	6,643
Operating Income	423	171
Non-operating income		
Interest income	0	0
Dividend income	202	153
Equity in profit of unconsolidated subsidiaries and affiliates	—	242
Foreign exchange gains	133	227
Insurance claim income related to disaster	34	—
Subsidy income	40	20
Miscellaneous income	56	39
Total non-operating income	467	683
Non-operating expenses		
Interest expenses	67	58
Commission fee	3	3
Equity in loss of unconsolidated subsidiaries and affiliates	4	—
Loss on disposal of fixed assets	5	4
Miscellaneous loss	53	23
Total non-operating expenses	133	89
Ordinary Income	757	766
Extraordinary income		
Gain on reversal of foreign currency translation adjustments	—	94
Gain on sales of investment securities	407	366
Total extraordinary income	407	460
Extraordinary losses		
Impairment losses	—	2,256
Loss on valuation of investment securities	—	45
Loss on valuation of investments in capital of subsidiaries	—	155
Total extraordinary losses	—	2,456
Income (loss) before income taxes	1,164	(1,230)
Income taxes: Current	352	403
Income taxes: Deferred	(165)	(703)
Total income taxes	186	(299)
Net Income	977	(930)
Net income (loss) attributable to owners of the parent	977	(930)

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal 2020 (June 1, 2020 to May 31, 2021)	Fiscal 2021 (June 1, 2021 to May 31, 2022)
Net Income	977	(930)
Other comprehensive income		
Unrealized holding gains on available-for-sale securities	(924)	(889)
Foreign currency translation adjustments	(6)	2
Adjusted amounts of defined benefit plans	32	35
Share of other comprehensive income of affiliates to which the equity method is applied	14	53
Total other comprehensive income	(883)	(797)
Comprehensive income	94	(1,727)
Comprehensive income attributable to:		
Owners of the parent	94	(1,727)
Non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended May 31, 2021 (June 1, 2020 to May 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the fiscal period under review	4,998	3,177	11,610	(1,280)	18,505
Change during fiscal period under review					
Distribution of retained earnings	—	—	(268)	—	(268)
Net Income Attributable to Owners of the Parent	—	—	977	—	977
Acquisition of treasury stock	—	—	—	(0)	(0)
Net changes in items other than shareholders' equity	—	—	—	—	—
Total change during fiscal period under review	—	—	709	(0)	708
Balance as of the end of fiscal period under review	4,998	3,177	12,320	(1,281)	19,214

	Accumulated other comprehensive income				Total net assets
	Unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Adjusted amounts of defined benefit plans	Total accumulated other comprehensive income	
Balance as of the beginning of the fiscal period under review	5,727	79	(129)	5,677	24,183
Change during fiscal period under review					
Distribution of retained earnings	—	—	—	—	(268)
Net Income Attributable to Owners of the Parent	—	—	—	—	977
Acquisition of treasury stock	—	—	—	—	(0)
Net changes in items other than shareholders' equity	(924)	8	32	(883)	(883)
Total change during fiscal period under review	(924)	8	32	(883)	(174)
Balance as of the end of fiscal period under review	4,803	88	(97)	4,793	24,008

For the fiscal year ended May 31, 2022 (June 1, 2021 to May 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the fiscal period under review	4,998	3,177	12,320	(1,281)	19,214
Change during fiscal period under review					
Distribution of retained earnings	—	—	(268)	—	(268)
Net Income Attributable to Owners of the Parent	—	—	(930)	—	(930)
Acquisition of treasury stock	—	—	—	(0)	(0)
Net changes in items other than shareholders' equity	—	—	—	—	—
Total change during fiscal period under review	—	—	(1,198)	(0)	(1,198)
Balance as of the end of fiscal period under review	4,998	3,177	11,122	(1,282)	18,016

	Accumulated other comprehensive income				Total net assets
	Unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income	
Balance as of the beginning of the fiscal period under review	4,803	88	(97)	4,793	24,008
Change during fiscal period under review					
Distribution of retained earnings	—	—	—	—	(268)
Net Income Attributable to Owners of the Parent	—	—	—	—	(930)
Acquisition of treasury stock	—	—	—	—	(0)
Net changes in items other than shareholders' equity	(889)	56	35	(797)	(797)
Total change during fiscal period under review	(889)	56	35	(797)	(1,996)
Balance as of the end of fiscal period under review	3,913	144	(61)	3,996	22,012

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal 2020 (June 1, 2020 to May 31, 2021)	Fiscal 2021 (June 1, 2021 to May 31, 2022)
Cash Flow from Operating Activities		
Income before income taxes	1,164	(1,230)
Depreciation and amortization	1,413	1,257
Impairment losses	—	2,256
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in reserve for employees' bonuses	(49)	(128)
Increase (decrease) in net defined benefit liability	97	5
Interest and dividends income	(202)	(154)
Interest expenses	67	58
Equity in loss (profit) of unconsolidated subsidiaries and affiliates	—	(242)
Insurance claim income related to disaster	(34)	—
Subsidy income	(40)	(20)
Loss (gain) on sales of investment securities	(407)	(366)
Loss (gain) on valuation of investment securities	—	45
Gain on reversal of foreign currency translation adjustments	—	(94)
Loss on valuation of investments in capital of subsidiaries	—	155
Decrease (increase) in notes and accounts receivable-trade	1,567	891
Decrease (increase) in inventories	274	633
Increase (decrease) in trade notes	(1,743)	(557)
Increase (decrease) in reserve for order losses	142	99
Increase (decrease) in advances received	(11)	—
Increase (decrease) in contract liabilities	—	13
Increase (decrease) in accrued expenses	(14)	97
Increase (decrease) in consumption and other taxes payable	(103)	(124)
Other	16	(31)
Subtotal	2,138	2,562
Interest and dividends income received	210	162
Interest expenses paid	(68)	(60)
Insurance claim income related to disaster received	34	—
Subsidy received	40	20
Refund of (payments for) corporate and other taxes	(580)	(180)
Cash Flow from Operating Activities	1,776	2,504
Cash Flow from Investing Activities		
Purchases of property, plant and equipment	(548)	(351)
Proceeds from sale of property, plant and equipment	—	14
Purchases of intangible assets	(43)	(18)
Purchases of investment securities	(14)	(73)
Proceeds from sales of investment securities	693	466
Proceeds from liquidation of subsidiaries	—	283
Payments of loans receivable	(111)	—
Collection of loans receivable	11	—
Payments for investments in capital of subsidiaries	(88)	—
Other	(53)	(30)
Cash Flow from Investing Activities	(155)	289
Cash Flow from Financing Activities		
Increase (decrease) in short-term loans payable, net	(83)	(1,500)
Repayment of long-term debt	(617)	(585)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(268)	(269)
Other	(1)	(1)
Cash Flow from Financing Activities	(971)	(2,356)
Effect of exchange rate change on cash and cash equivalents	21	48
Increase (decrease) in cash and cash equivalents	670	485
Balance of cash and cash equivalents at the beginning of the period	3,293	3,964
Balance of cash and cash equivalents at the end of the period	3,964	4,449

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the fiscal year ended May 31, 2022. Consequently, revenue is recognized when control of promised goods or services has been transferred to the customer in the amount expected to be received in exchange for those goods or services.

In applying the accounting standard and related guidance, the Company applies the alternative treatment set forth in paragraph (98) of the Implementation Guidance on Accounting Standard for Revenue Recognition and recognizes revenue at the time of shipment for domestic sales of products when the period from the time of shipment to the time when control of such products is transferred to the customer is normal.

With respect to construction contracts, the Company previously applied the percentage-of-completion method to construction contracts for which the outcome of the construction activity was deemed certain, and the completed-contract method to other construction contracts. From the fiscal year ended May 31, 2022, however, for contracts whose performance obligations are satisfied over a certain period of time, the Company estimates the progress towards complete satisfaction of a performance obligation and recognizes revenue over a certain period of time based on the progress, while for contracts whose performance obligations are satisfied at a certain point of time, revenue is recognized at the point when the construction, etc. have completed. The progress towards complete satisfaction of a performance obligation is calculated as the percentage of construction cost incurred relative to the estimated total construction cost (an input method).

The application of the Accounting Standard for Revenue Recognition, etc. is in accordance with the transitional treatment set forth in the proviso of paragraph (84) of the Accounting Standard for Revenue Recognition. The cumulative effects of retrospectively applying the new accounting policy prior to the beginning of the fiscal year under review have been reflected in the balance of retained earnings at the beginning of the fiscal year under review, and the new accounting policy has thereby been applied to the said beginning balance.

There is no impact on the profit and loss of the fiscal year under review as a result of this change. There is also no impact on the beginning balance of retained earnings.

Due to the application of the Accounting Standard for Revenue Recognition, etc. "Trade notes and accounts receivable," which was presented under "Current assets" in the consolidated balance sheet for the previous fiscal year, is included in "Notes and accounts receivable - trade, and contract assets" from the fiscal year under review; and "Advances received," which was presented under "Current liabilities" in the previous fiscal year, is included in "Contract liabilities" from the fiscal year under review. In accordance with the transitional treatment set forth in paragraph (89)-2 of the Accounting Standard for Revenue Recognition, the previous fiscal year's financial statements have not been reclassified to conform to the new presentation method.

(Application of Accounting Standard for Fair Value Measurement, Etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. have been applied effective from the beginning of the fiscal year ended May 31, 2022. In accordance with the transitional treatment set forth in paragraph (19) of the Accounting Standard for Fair Value Measurement and paragraph (44)-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company has opted to apply the new accounting policies prescribed in the Accounting Standard for Fair Value Measurement, etc. prospectively. This change has no impact on the financial statements for the fiscal year under review.

(Segment Information)

[Segment Information]

1 Outline of reporting segments

The reporting segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The Group establishes business units by product and each business unit designs domestic and overseas comprehensive strategies for its products and develops business activities. Accordingly, the Group consists of three reporting segments by product based on the business units, which are Transportation Systems, Industrial Systems, and Information Equipment Systems.

[Details of Each Segment]

- Transportation Systems

Manufacturing, sales and related construction for electrical equipment used in rail vehicles, alternative rail vehicles, and special purpose vehicles, as well as electric storage systems for railway applications, etc.

- Industrial Systems

Manufacturing, sales and related construction for systems for industrial production and processing facilities, automobile testing systems, power generation and source systems, water supply and sanitation equipment systems, electrical equipment used in automobiles, etc.

- Information Equipment Systems

Manufacturing, sales and related construction services for station operating equipment systems, remote monitoring systems and information systems equipment, etc.

2. Basis for calculating net sales, profit (loss), assets and liabilities, and other items by reporting segment

The accounting process method for reporting segments is equivalent to the method described in “Notes on important matters for the preparation of consolidated financial statements.”

Segment profit is evaluated based on operating income. Inter-segment sales and transfers are recorded at the same prices used in transactions with third parties.

3 Information regarding net sales, profit (loss), assets and liabilities, and other items by reporting segment
For the fiscal year ended May 31, 2021 (June 1, 2020 to May 31, 2021)

(Millions of yen)

	Reporting Segment			Other (Note)	Total	Adjustment Amount	Amount recorded on consolidated statements of income
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	21,528	10,541	1,067	5	33,143	—	33,143
Inter-segment sales and transfers	50	0	—	346	397	(397)	—
Total	21,579	10,542	1,067	352	33,541	(397)	33,143
Segment profit (loss)	2,211	718	267	(39)	3,157	(2,734)	423
Segment assets	17,151	13,838	674	479	32,144	19,822	51,967
Other items							
Depreciation and amortization	607	527	25	4	1,165	247	1,413
Impairment losses	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	454	113	10	2	580	51	632

Note: The “Other” segment includes operations not included in reporting segments, such as the dispatch of temporary staff.

For the fiscal year ended May 31, 2022 (June 1, 2021 to May 31, 2022)

(Millions of yen)

	Reporting Segment			Other (Note)	Total	Adjustment Amount	Amount recorded on consolidated statements of income
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	19,456	9,902	790	9	30,158	—	30,158
Inter-segment sales and transfers	10	0	—	329	340	(340)	—
Total	19,467	9,903	790	338	30,499	(340)	30,158
Segment profit (loss)	2,190	477	142	(19)	2,791	(2,619)	171
Segment assets	15,448	10,070	691	434	26,645	20,270	46,916
Other items							
Depreciation and amortization	513	470	21	3	1,008	248	1,257
Impairment losses	—	2,256	—	—	2,256	—	2,256
Increase in property, plant and equipment and intangible assets	164	115	4	—	284	31	315

Note: The “Other” segment includes operations not included in reporting segments, such as the dispatch of temporary staff.

4 Description of nature and amounts of differences between reporting segment total and consolidated financial statements

(Millions of yen)

Net Sales	Fiscal 2020	Fiscal 2021
Reporting segment total	33,188	30,160
Sales under the Other category	352	338
Inter-segment elimination	(397)	(340)
Net sales in consolidated financial statements	33,143	30,158

(Millions of yen)

Profit	Fiscal 2020	Fiscal 2021
Reporting segment total	3,197	2,810
Profit under the Other category	(39)	(19)
Inter-segment elimination	1	(0)
Companywide expenses	(2,735)	(2,619)
Operating income in consolidated financial statements	423	171

Note: Companywide expenses are primarily selling, general and administrative expenses not belonging to any reporting segment.

(Millions of yen)

Assets	Fiscal 2020	Fiscal 2021
Reporting segment total	31,665	26,210
Assets under the Other category	479	434
Inter-segment elimination	(526)	(547)
Companywide assets	20,349	20,817
Total assets in consolidated financial statements	51,967	46,916

Note: Companywide assets are primarily assets managed by the head office and not belonging to any reporting segment.

(Millions of yen)

Other items	Reporting segment total		Other		Adjustment Amount		Amount recorded on consolidated statements of income	
	Fiscal 2020	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020	Fiscal 2021
Depreciation and amortization	1,160	1,005	4	3	247	248	1,413	1,257
Impairment losses	—	2,256	—	—	—	—	—	2,256
Increase in property, plant and equipment and intangible assets	577	284	2	—	51	31	632	315

5. Disclosure of impairment losses on fixed assets for each reportable segment

Omitted since the same information is disclosed in the segment information.

(Per Share Information)

	Fiscal 2020 (June 1, 2020 to May 31, 2021)	Fiscal 2021 (June 1, 2021 to May 31, 2022)
Net assets per share	2,685.28 yen	2,462.17 yen
Net income per share	109.38 yen	(104.02) yen

(Notes) 1. Diluted net income per share is not shown because there are no potentially dilutive shares.

2. The basis for calculating net income per share is as follows:

Items	Fiscal 2020 (June 1, 2020 to May 31, 2021)	Fiscal 2021 (June 1, 2021 to May 31, 2022)
Net income per share		
Net income attributable to owners of the parent (millions of yen)	977	(930)
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of the parent related to common shares (millions of yen)	977	(930)
Average number of common shares outstanding during the year (1,000 shares)	8,941	8,940

(Significant Subsequent Events)

Not applicable

5. Other

(1) Status of Production, Orders, and Sales

(a) Production Status

Business segment	Fiscal 2020 (June 1, 2020 to May 31, 2021)		Fiscal 2021 (June 1, 2021 to May 31, 2022)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	22,388	67.2	18,229	64.4
Industrial Systems	10,154	30.5	9,385	33.2
Information Equipment Systems	791	2.4	678	2.4
Other	—	—	—	—
Total	33,334	100.0	28,294	100.0

Note: Amounts are based on sales prices.

(b) Status of Orders Received

Business segment	Fiscal 2020 (June 1, 2020 to May 31, 2021)		Fiscal 2021 (June 1, 2021 to May 31, 2022)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	18,818	21,465	18,800	20,809
Industrial Systems	10,597	5,415	10,688	6,200
Information Equipment Systems	633	105	949	264
Other	5	—	9	—
Total	30,055	26,986	30,447	27,275

Note: Amounts are based on sales prices.

(c) Sales Status

Business segment	Fiscal 2020 (June 1, 2020 to May 31, 2021)		Fiscal 2021 (June 1, 2021 to May 31, 2022)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	21,528	65.0	19,456	64.5
Industrial Systems	10,541	31.8	9,902	32.8
Information Equipment Systems	1,067	3.2	790	2.6
Other	5	0.0	9	0.0
Total	33,143	100.0	30,158	100.0

Note: Amounts are based on sales prices.

(2) Personnel changes of directors and audit & supervisory board members

Please refer to “Toyo Denki Announces Change of President and Director” released today.