



## Consolidated Basis Results of the First Quarter for Fiscal 2023 (April 1, 2023 - June 30, 2023)

August 4, 2023

Registered Company name: TOPY INDUSTRIES, LIMITED      Stock listing: Tokyo, Nagoya stock exchanges  
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Scheduled date for submission of quarterly report: August 10, 2023      Scheduled date for dividend payment: —  
Preparation of supplementary quarterly materials: No  
Holding of quarterly financial results meeting: No

(Figures of less than ¥1 million have been omitted)

### 1. Consolidated Financial and Operating Results of the First Quarter for Fiscal 2023 (April 1, 2023 - June 30, 2023)

#### (1) Consolidated Operating Results (Cumulative)

(Percentage figures are changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of Fiscal 2023	81,522	8.7	1,567	—	2,358	557.5	1,734	346.4
First Quarter of Fiscal 2022	75,000	34.6	(569)	—	358	—	388	—

(Note) Comprehensive income: First Quarter of Fiscal 2023      ¥5,120 million      (140.0%)  
First Quarter of Fiscal 2022      ¥2,134 million      (7.8%)

	Profit per share	Profit per share after full dilution
	Yen	Yen
First Quarter of Fiscal 2023	75.97	—
First Quarter of Fiscal 2022	16.93	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Quarter of Fiscal 2023	296,826	124,990	41.7	5,422.30
Fiscal 2022	292,322	121,425	41.1	5,268.92

(For reference) Shareholders' equity: First Quarter of Fiscal 2023      ¥123,765 million  
Fiscal 2022      ¥120,265 million

### 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2022	—	20.00	—	68.00	88.00
Fiscal 2023	—	—	—	—	—
Fiscal 2023 (Forecasts)	—	—	—	—	88.00

(Note) Whether changes to the latest dividend forecasts have been made: None

### 3. Consolidated Financial Forecasts for Fiscal 2023 (April 1, 2023- March 31, 2024)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	342,000	2.2	9,500	32.4	9,600	19.4	6,500	2.8	284.77

(Note) Whether changes to the latest forecasts for consolidated figures have been made: None

\* NOTE

(1) Changes in the State of Material Subsidiaries during the Period: None

Newly included: – (Name) –

Excluded: – (Name) –

(2) Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: Yes

Note: For details, please refer to “(3) Notes Regarding Quarterly Consolidated Financial Results (Application of special accounting methods for presenting quarterly consolidated financial statements)” under “2. Quarterly Consolidated Financial Statement and Important Notes” on page 8 of the attached materials.

(3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements

(a) Changes in accounting principles accompanying the amendment of accounting standards: None

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(4) Number of Shares Issued (Common shares)

(a) Number of shares issued at the end of the period (including treasury shares)

First Quarter of Fiscal 2023	24,077,510 shares	Fiscal 2022	24,077,510 shares
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(b) Number of treasury shares at the end of the period

First Quarter of Fiscal 2023	1,252,174 shares	Fiscal 2022	1,252,026 shares
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(c) Average number of shares issued during the period

First Quarter of Fiscal 2023	22,825,392 shares	First Quarter of Fiscal 2022	22,940,753 shares
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\* These consolidated financial results are not included in the scope of quarterly audits by certified public accountants or audit corporations.

\* Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

(Caution concerning future descriptions etc.)

The above estimate has been compiled based on information available at the time this disclosure was made. The actual earnings are subject to change from the estimated values due to various factors. For assumed conditions underlying the earnings forecast and cautionary statements in using the earnings forecast, please refer to “Explanation Regarding Future Estimate Information such as Consolidated Financial Performance Estimates” on page 3.

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Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.  
The original disclosure in Japanese was released on August 4, 2023 at 13:30 (GMT+9).  
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

## 1. Qualitative Information Regarding Results of the First Quarter for Fiscal 2023

### (1) Explanation Regarding Consolidated Operating Results

During the first three months of the fiscal year under review, the global economy experienced an overall recovery, despite geopolitical risks from the protraction of the situation in Ukraine and unstable market conditions caused by monetary tightening around the world. There was a gradual recovery in the Japanese economy, as consumer spending recovered due to the easing of behavioral restrictions, and capital investment was strong. Despite the recovering trend in production as impacts from semiconductor and other parts shortages in the automotive industry are alleviated, the business environment surrounding TOPY INDUSTRIES, LIMITED (the “Group”) remained uncertain due to factors such as an economic slump in China, in addition to cost increases for coal, electricity, other raw materials, and logistics.

Under this business environment, we have set four key areas—promote segment management, strengthen overseas profitability, strengthen domestic business base, and contribute to decarbonization—for our Group Basic Strategy, and we are steadily implementing the Medium-term Management Plan “TOPY Active & Challenge 2025”. As one part of this, we newly established the Overseas Business Strategy Department, and are proceeding with discussions on initiatives to strengthen alliances and develop new markets. In addition, we have introduced an internal carbon pricing system, and use it as one of the criteria for environmental investment decisions, thereby strengthening our sustainable management base and promoting efforts for the realization of carbon neutrality.

The financial results for the first three months of the fiscal year under review include consolidated net sales of ¥81,522 million (up 8.7% year on year), mainly due to increased automobile wheel sales due to the recovery trend in automobile production. As for profit, operating profit was ¥1,567 million (compared to an operating loss of ¥569 million in the same period of the previous year) due to the increase in price difference from the sales price of steel products due to a decline in steel scrap prices, and in addition to foreign exchange gains due to depreciation of the yen, ordinary profit was ¥2,358 million (up 557.5% year on year), and profit attributable to owners of parent was ¥1,734 million (up 346.4% year on year), showing significant improvements.

### **Performance by Segment**

From the first quarter of the current fiscal year, the reportable segment previously referred to as Business Development has been included under Other, as its quantitative importance decreased. The following comparisons are comparative analyses based on figures for the first three months of the previous fiscal year, which have been reclassified to the segment classifications after the change.

#### (Steel Business)

In the steel industry, domestic crude steel production volume decreased year on year due to a decline in demand for steel materials for construction and manufacturing, which are the main markets. In addition, the price of steel scrap, the main raw material, declined, even though the prices of energy and other raw materials remained high.

Given these circumstances, the Group worked to optimize steel sales prices as the price gap with purchase prices of steel scrap, the raw material for such products, widened, and optimized the product mix with a focus on profit. As a result, net sales increased to ¥27,699 million (up 5.0% year on year), and operating profit increased to ¥2,432 million (up 1,119.5% year on year).

#### (Automotive & Industrial Machinery Components Business)

In the automotive industry, automobile production volume increased year on year in Japan as impacts from the supply shortage of semiconductors and other parts lessened. In the construction machinery industry, while demand for hydraulic excavators declined significantly in China, demand was firm overall in other regions. Demand for mining machinery remained strong amid robust demand for resources.

Under these circumstances, sales for automotive wheels increased and the Group worked to optimize sales pricing in accordance with the cost of raw materials. As a result, net sales increased to ¥49,397 million (up 12.4% year on year), and operating profit increased to ¥859 million (up 41.5% year on year).

#### (Power Business)

While the marked rise in the price of coal, which is fuel for power generation, has calmed down, planned outages due to inspections and maintenance for statutory periodic inspections and increased repair costs, in addition to regular annual repairs, resulted in net sales decreasing to ¥2,663 million (down 13.8% year on year), and an operating loss of ¥761 million (compared to an operating loss of ¥557 million in the same period of the previous year).

#### (Leasing Business)

In the leasing business, operating profit was ¥178 million (down 0.3% year on year).

(Others)

The Group is involved in the manufacture and sale of synthetic mica, and operates a civil engineering and construction business, sports club OSSO, and other businesses. Net sales came to ¥1,762 million (up 11.9% year on year) and operating profit was ¥230 million (up 21.1% year on year).

(2) Explanation Regarding Financial Position

Total assets at the end of the first quarter of the consolidated fiscal year under review stood at ¥296,826 million, an increase of ¥4,504 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥3,576 million in investment securities, a decrease of ¥756 million in merchandise and finished goods, and an increase of ¥582 million in work in process.

Total liabilities were ¥171,835 million, an increase of ¥938 million compared with the end of the previous consolidated fiscal year. This was caused mainly by a decrease of ¥3,624 million in notes and accounts payable - trade, an increase of ¥1,863 million in short-term borrowings, an increase of ¥1,427 million in electronically recorded obligations - operating, and an increase of ¥1,149 million in deferred tax liabilities.

Total net assets came to ¥124,990 million, an increase of ¥3,565 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥2,586 million in valuation difference on available-for-sale securities, and an increase of ¥684 million in foreign currency translation adjustments.

(3) Explanation Regarding Future Estimate Information such as Consolidated Financial Performance Estimates

Despite expectations for the recovery to continue, the outlook for the global economy is forecast to remain uncertain, due to the downside risk of the impact of monetary tightening, price increases, and other factors. While the business environment surrounding the Group is expected to remain uncertain due to factors such as raw materials and energy prices, and the “2024 problem” in Japan’s logistics industry, we will continue working to steadily leverage the recovery in automobile production, optimize sales pricing, and accumulate profits.

The consolidated financial forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024) have not been changed from those announced on May 10, 2023. This decision has been made based on information available to the Group as of the date of issuance of this release. The actual results may vary from the forecast due to various factors that will arise in the future.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	23,740	24,216
Notes and accounts receivable - trade, and contract assets	71,671	72,114
Merchandise and finished goods	27,229	26,473
Work in process	7,849	8,432
Raw materials and supplies	22,156	21,986
Other	5,966	5,700
Allowance for doubtful accounts	(41)	(41)
Total current assets	158,573	158,882
Non-current assets		
Property, plant and equipment		
Buildings and structures	96,988	97,479
Accumulated depreciation	(69,639)	(70,429)
Buildings and structures, net	27,349	27,050
Machinery, equipment and vehicles	226,532	228,148
Accumulated depreciation	(182,494)	(184,850)
Machinery, equipment and vehicles, net	44,037	43,297
Land	15,538	15,667
Leased assets	1,314	1,671
Accumulated depreciation	(767)	(802)
Leased assets, net	547	869
Construction in progress	3,114	3,820
Other	43,084	43,811
Accumulated depreciation	(41,008)	(41,595)
Other, net	2,076	2,216
Total property, plant and equipment	92,662	92,921
Intangible assets		
Other	3,014	2,908
Total intangible assets	3,014	2,908
Investments and other assets		
Investment securities	27,263	30,840
Long-term loans receivable	201	203
Deferred tax assets	643	631
Retirement benefit asset	382	382
Other	9,661	10,138
Allowance for doubtful accounts	(81)	(81)
Total investments and other assets	38,071	42,114
Total non-current assets	133,748	137,944
Total assets	292,322	296,826

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	36,097	32,473
Electronically recorded obligations - operating	18,372	19,800
Short-term borrowings	17,305	19,168
Current portion of bonds payable	7,000	7,000
Lease liabilities	122	170
Income taxes payable	871	433
Other	15,525	16,274
Total current liabilities	95,295	95,320
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	29,282	28,657
Lease liabilities	213	455
Deferred tax liabilities	3,890	5,039
Provision for corporate officers' retirement benefits	150	168
Provision for share awards for directors (and other officers)	11	55
Provision for retirement benefits for directors (and other officers)	11	12
Reserve for repairs	441	270
Retirement benefit liability	9,894	10,143
Asset retirement obligations	267	267
Other	1,438	1,443
Total non-current liabilities	75,602	76,515
Total liabilities	170,897	171,835
<b>Net assets</b>		
Shareholders' equity		
Share capital	20,983	20,983
Capital surplus	18,606	18,606
Retained earnings	67,518	67,697
Treasury shares	(2,503)	(2,503)
Total shareholders' equity	104,604	104,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,693	12,280
Deferred gains or losses on hedges	(4)	46
Foreign currency translation adjustment	5,064	5,748
Remeasurements of defined benefit plans	908	906
Total accumulated other comprehensive income	15,661	18,982
Non-controlling interests	1,159	1,225
Total net assets	121,425	124,990
Total liabilities and net assets	292,322	296,826

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
Quarterly Consolidated Statements of Income  
(For the Three-month Period)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	75,000	81,522
Cost of sales	66,273	71,276
Gross profit	8,726	10,246
Selling, general and administrative expenses	9,295	8,679
Operating profit (loss)	(569)	1,567
Non-operating income		
Interest income	32	38
Dividend income	360	405
Foreign exchange gains	595	505
Share of profit of entities accounted for using equity method	31	114
Other	145	81
Total non-operating income	1,166	1,145
Non-operating expenses		
Interest expenses	150	240
Other	87	114
Total non-operating expenses	238	354
Ordinary profit	358	2,358
Extraordinary income		
Gain on sale of non-current assets	7	165
Gain on sale of investment securities	55	—
Total extraordinary income	62	165
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	69	23
Business structural reform expenses	76	—
Total extraordinary losses	145	24
Profit before income taxes	275	2,499
Income taxes	(152)	736
Profit	427	1,762
Profit attributable to non-controlling interests	39	28
Profit attributable to owners of parent	388	1,734



Quarterly Consolidated Statements of Comprehensive Income  
(For the Three-month Period)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	427	1,762
Other comprehensive income		
Valuation difference on available-for-sale securities	(639)	2,579
Deferred gains or losses on hedges	20	51
Foreign currency translation adjustment	1,900	575
Remeasurements of defined benefit plans, net of tax	3	(1)
Share of other comprehensive income of entities accounted for using equity method	422	153
Total other comprehensive income	1,706	3,358
Comprehensive income	2,134	5,120
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,032	5,055
Comprehensive income attributable to non-controlling interests	101	65

(3) Notes Regarding Quarterly Consolidated Financial Results

(Note related to going-concern assumption)

Not applicable.

(Note on significant changes in the amount of shareholders' equity)

Not applicable.

(Application of special accounting methods for presenting quarterly consolidated financial statements)

Tax expenses were calculated by multiplying the rationally estimated effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the current first quarter under review, by profit before income taxes for the first quarter.