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February 14, 2024

## Consolidated Financial Results for the Three Months Ended December 31, 2023 (Under Japanese GAAP)



Company name: TOYO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 8151  
 URL: <https://www.toyo.co.jp/english/>  
 Representative: Toshiya Kohno, President & CEO  
 Inquiries: Toshiaki Matsui, Director, Senior VP  
 Telephone: +81-3-3279-0771  
 Scheduled date to file quarterly securities report: February 14, 2024  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions)

### 1. Consolidated financial results for the three months ended December 31, 2023 (from October 1, 2023 to December 31, 2023)

#### (1) Consolidated operating results (accumulated total) (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	%
Three months ended								
December 31, 2023	6,944	26.0	732	-	670	-	657	-
December 31, 2022	5,512	(0.8)	(169)	-	(266)	-	(187)	-

Note: Comprehensive income For the three months ended December 31, 2023: ¥482 million [- %]  
 For the three months ended December 31, 2022: ¥(517) million [- %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2023	29.41	29.26
December 31, 2022	(8.08)	-

(Note) Diluted earnings per share for the three months ended December 31, 2022 is not disclosed because, although potential shares exist, a basic loss per share was recorded.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	41,469	28,081	67.5
September 30, 2023	39,954	28,313	70.6

Reference: Equity  
 As of December 31, 2023: ¥28,003 million  
 As of September 30, 2023: ¥28,219 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 September 30, 2023	—	22.00	—	32.00	54.00
Fiscal year ending September 30, 2024	—				
Fiscal year ending September 30, 2024 (Forecast)		25.00	—	37.00	62.00

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

## 3. Consolidated financial result forecasts for the fiscal year ending September 30, 2024 (from October 1, 2023 to September 30, 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
Full year	32,000	13.6	3,000	103.8	3,200	77.7	2,300	49.9	102.91

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

### \* Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2023: None
- (2) Application of special accounting methods for Quarterly Consolidated Financial Statements: None
- (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

### (4) Number of issued shares (common shares)

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

As of December 31, 2023	26,085,000 shares	As of September 30, 2023	26,085,000 shares
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- (ii) Number of treasury shares at the end of the period

As of December 31, 2023	3,716,861 shares	As of September 30, 2023	3,734,499 shares
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- (iii) Average number of shares outstanding during the period

Three months ended December 31, 2023	22,352,512 shares	Three months ended December 31, 2022	23,189,014 shares
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\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Explanation concerning proper use of financial result forecasts and other special matters

The financial result forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company at the time of this document's disclosure. Actual results may differ materially from the forecast figures due to various factors. For matters related to the financial results forecast, please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the Consolidated Financial Results (Attachments).

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

The fiscal year ending September 30, 2024 marks the final year of the medium-term management plan “TY2024” and TOYO Corporation (the “Company”) is pursuing growth strategies to achieve its initial financial results forecast (net sales of ¥32.0 billion and operating profit of ¥3.0 billion) as well as an ROE of 8.0% or higher, one of the management targets set in the medium-term management plan.

During the three months ended December 31, 2023, net sales in the Mechatronics / Noise & Vibration business grew significantly as a result of reporting sales from a major project for AD (Autonomous Driving) and ADAS (Advanced Driver-Assistance Systems) development in the U.S. that had been delayed. The Physics / Energies business also continued its steady growth on the back of the brisk carbon neutrality market. As a result, consolidated net sales increased by 26.0% year on year to ¥6,944 million. Among net sales, domestic net sales increased by 8.5% year on year to ¥5,062 million, while overseas sales, mainly to China and the U.S., increased by 122.9% year on year to ¥1,882 million.

In terms of profits, in addition to this increase in sales, the Company’s successful attempts to minimize the effects of exchange rate fluctuations, as well as keeping selling, general and administrative expenses within the planned parameters contributed to a substantial year-on-year increase. Accordingly, operating profit was ¥732 million (compared to an operating loss of ¥169 million in the same period of the previous fiscal year), ordinary profit was ¥670 million (compared to an ordinary loss of ¥266 million in the same period of the previous fiscal year), and profit attributable to owners of parent was ¥657 million (compared to a loss attributable to owners of parent of ¥187 million in the same period of the previous fiscal year). It should be noted that no changes have been made to the consolidated financial results forecast announced at the beginning of the year.

Orders at ¥7,570 million (down 2.3% year on year) were on par with the same period of the previous fiscal year when an order for a major project was received. Meanwhile, the order backlog grew even further to ¥19,095 million (up 7.4% year on year).

The results by business segment were as follows:

#### (ICT / Information Security)

In the ICT / Information Security business, sluggish demand for testing and installation for commercial 5G services continued in the information and communication technologies field. On the other hand, sales of projects for service providers were brisk in the cloud services field. As a result, net sales increased by 4.4 % year on year to ¥1,415 million and segment profit was ¥13 million (compared to a segment loss of ¥1 million in the same period of the previous fiscal year).

#### (Mechatronics / Noise & Vibration)

In the Mechatronics / Noise & Vibration business, both net sales and segment profit increased significantly due to the delivery of a major project for AD and ADAS development in the U.S., as well as to the price revisions and the recording of sales from high-profit-margin projects. As a result, net sales increased by 138.9% year on year to ¥2,479 million and segment profit increased by 1,923.7% year on year to ¥886 million.

#### (Physics / Energies)

In the Physics / Energies business, both net sales and segment profit increased thanks to the continuing brisk sales of measurement systems for the development of next-generation batteries and basic electrochemical measurement systems including in-house developed products. As a result, net sales increased by 9.3% year on year to ¥1,027 million and segment profit was ¥27 million (compared to a segment loss of ¥36 million in the same period of the previous fiscal year).

#### (EMC / Antenna Systems)

In the EMC / Antenna Systems business, net sales declined compared to the same period of the previous fiscal year when deliveries increased following the containment of the COVID-19 pandemic in China. Meanwhile, segment profit increased due to a decrease in selling, general and administrative expenses, marking the completion of the investments in in-house development. As a result, net sales decreased by 12.5% year on year to ¥1,110 million and segment profit increased by 59.1% year on year to ¥100 million.

(Ocean / Defense & Security)

In the Ocean / Defense & Security business, net sales decreased compared to the same period of the previous fiscal year when sales from a major project was recorded. Additionally, selling, general and administrative expenses increased in conjunction with upfront investments to expand future sales. As a result, net sales decreased by 47.4% year on year to ¥205 million and segment loss was ¥20 million (compared to a segment profit of ¥46 million in the same period of the previous fiscal year).

(Software Quality and Productivity)

In the Software Quality & Productivity business, both net sales and segment profit increased due to continuing strong performance in the game-related business. As a result, net sales increased by 14.8% year on year to ¥468 million and segment profit increased by 18.0% year on year to ¥85 million.

(Life Science)

In the Life Science business, both net sales and segment profit increased, thanks to the brisk sales of orthopedic digital planning tools and the inclusion of LEXI Co., Ltd. in the scope of consolidation from the third quarter of the previous fiscal year. As a result, net sales increased by 115.0% year on year to ¥238 million and segment profit was ¥24 million (compared to a segment loss of ¥11 million in the same period of the previous fiscal year).

## (2) Explanation of Financial Position

Total assets at December 31, 2023 were ¥41,469 million, an increase of ¥1,514 million compared to the end of the previous fiscal year. The main factors for the increase were an increase of ¥1,261 million in goodwill, an increase of ¥1,133 million in merchandise and finished goods, and an increase of ¥892 million in construction in progress. Meanwhile, the main factors for the decrease were a decrease of ¥1,316 million in investment securities and a decrease of ¥801 million in notes and accounts receivable – trade, and contract assets.

Total liabilities increased by ¥1,747 million compared to the end of the previous fiscal year to ¥13,388 million. The main factors for the increase were an increase of ¥2,000 million in short-term borrowings and an increase of ¥151 million in notes and accounts payable – trade. Meanwhile, the main factor for the decrease was a decrease of ¥352 million in provision for bonuses.

Net assets decreased by ¥232 million compared to the end of the previous fiscal year to ¥28,081 million. The main factor for the increase was the decrease of ¥21 million in treasury shares. Meanwhile, the main factors for the decrease were a decrease of ¥167 million in deferred gains or losses on hedges and a decrease of ¥63 million in retained earnings.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated results forecast announced for the fiscal year ending September 30, 2024, announced on November 8, 2023 remains unchanged.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,659,402	2,348,759
Notes and accounts receivable - trade, and contract assets	4,534,727	3,732,921
Electronically recorded monetary claims - operating	478,318	389,376
Securities	1,367,886	2,150,797
Merchandise and finished goods	4,554,835	5,688,247
Other	3,123,836	2,968,347
Allowance for doubtful accounts	(2,700)	(1,500)
Total current assets	16,716,306	17,276,950
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,342,783	4,341,000
Accumulated depreciation and impairment	(1,663,757)	(1,681,206)
Buildings and structures, net	2,679,025	2,659,794
Vehicles	10,936	10,936
Accumulated depreciation	(6,764)	(7,181)
Vehicles, net	4,171	3,754
Tools, furniture and fixtures	4,280,167	4,391,881
Accumulated depreciation and impairment	(3,489,211)	(3,579,300)
Tools, furniture and fixtures, net	790,956	812,580
Land	6,808,541	6,808,541
Construction in progress	5,701,970	6,594,345
Total property, plant and equipment	15,984,666	16,879,016
Intangible assets		
Goodwill	267,691	1,529,216
Software	707,159	886,357
Software in progress	189,840	10,468
Other	72,516	138,284
Total intangible assets	1,237,208	2,564,327
Investments and other assets		
Investment securities	3,531,680	2,215,026
Retirement benefit asset	628,570	636,983
Deferred tax assets	725,242	785,959
Long-term time deposits	700,000	700,142
Other	464,494	444,632
Allowance for doubtful accounts	(33,328)	(33,328)
Total investments and other assets	6,016,659	4,749,415
Total non-current assets	23,238,533	24,192,759
Total assets	39,954,840	41,469,710

(Thousands of yen)

	As of September 30, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,666,125	1,817,317
Short-term borrowings	—	2,000,000
Income taxes payable	427,615	140,294
Contract liabilities	2,855,790	3,022,871
Advances received	4,060,080	4,060,080
Provision for bonuses	772,094	420,000
Provision for bonuses for directors (and other officers)	66,000	18,727
Other	977,583	1,096,546
Total current liabilities	10,825,289	12,575,837
Non-current liabilities		
Retirement benefit liability	672,063	669,788
Other	143,536	142,992
Total non-current liabilities	815,600	812,781
Total liabilities	11,640,890	13,388,619
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,158,000	4,158,000
Capital surplus	4,603,500	4,603,500
Retained earnings	23,995,345	23,932,331
Treasury shares	(4,496,633)	(4,475,441)
Total shareholders' equity	28,260,212	28,218,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(53,726)	(43,061)
Deferred gains or losses on hedges	129,858	(38,090)
Foreign currency translation adjustment	(125,467)	(140,516)
Remeasurements of defined benefit plans	8,494	6,370
Total accumulated other comprehensive income	(40,841)	(215,297)
Share acquisition rights	94,580	77,998
Total net assets	28,313,950	28,081,091
Total liabilities and net assets	39,954,840	41,469,710

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

## Quarterly Consolidated Statements of Income

Three months ended December 31

(Thousands of yen)

	For the three months ended December 31, 2022	For the three months ended December 31, 2023
Net sales	5,512,298	6,944,663
Cost of sales	3,301,986	3,700,806
Gross profit	2,210,311	3,243,856
Selling, general and administrative expenses	2,380,202	2,511,823
Operating profit (loss)	(169,890)	732,033
Non-operating income		
Interest income	28,450	26,028
Dividend income	12,901	5,400
Share of profit of entities accounted for using equity method	2,343	—
Surrender value of insurance policies	9,396	26,191
Other	13,626	13,856
Total non-operating income	66,718	71,476
Non-operating expenses		
Interest expenses	91	89
Loss on investments in investment partnerships	40,636	10,929
Foreign exchange losses	104,692	117,512
Share of loss of entities accounted for using equity method	—	4,261
Other	17,877	23
Total non-operating expenses	163,297	132,815
Ordinary profit (loss)	(266,469)	670,694
Extraordinary income		
Gain on sale of non-current assets	9,934	8,408
Gain on sale of investment securities	24,705	10,054
Total extraordinary income	34,640	18,463
Extraordinary losses		
Loss on disposal of non-current assets	36	1,297
Total extraordinary losses	36	1,297
Profit (loss) before income taxes	(231,865)	687,860
Income taxes - current	36,352	21,301
Income taxes - deferred	(80,789)	9,282
Total income taxes	(44,436)	30,584
Profit (loss)	(187,428)	657,276
Profit (loss) attributable to owners of parent	(187,428)	657,276



Quarterly Consolidated Statements of Comprehensive Income

Three months ended December 31

(Thousands of yen)

	For the three months ended December 31, 2022	For the three months ended December 31, 2023
Profit (loss)	(187,428)	657,276
Other comprehensive income		
Valuation difference on available-for-sale securities	(71,555)	10,665
Deferred gains or losses on hedges	(276,186)	(167,948)
Foreign currency translation adjustment	(16,210)	(11,917)
Remeasurements of defined benefit plans, net of tax	11,678	(2,123)
Share of other comprehensive income of entities accounted for using equity method	22,416	(3,131)
Total other comprehensive income	(329,856)	(174,455)
Comprehensive income	(517,285)	482,820
(Comprehensive income attributable to)		
Owners of parent	(517,285)	482,820
Non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

I. For the three months ended December 31, 2022 (from October 1, 2022 to December 31, 2022)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenues

(Thousands of yen)

	Reportable segments			
	ICT / Information Security	Mechatronics / Noise & Vibration	Physics / Energies	EMC / Antenna Systems
Net sales				
Goods or services transferred at a point in time	944,547	931,677	938,608	1,215,425
Goods or services that are transferred over a period of time	411,819	106,355	1,797	52,683
Revenue from contracts with customers	1,356,366	1,038,033	940,405	1,268,109
Net sales	1,356,366	1,038,033	940,405	1,268,109
Segment profit (loss)	(1,771)	43,800	(36,217)	63,213

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality and Productivity	Life Science	
Net sales				
Goods or services transferred at a point in time	342,871	175,221	76,310	4,624,662
Goods or services that are transferred over a period of time	48,048	232,445	34,486	887,636
Revenue from contracts with customers	390,920	407,666	110,796	5,512,298
Net sales	390,920	407,666	110,796	5,512,298
Segment profit (loss)	46,960	72,738	(11,295)	177,428

2. Differences between the total amount of profit (loss) of reportable segments and the amount in the Consolidated Statements of Income and major breakdown of such differences (Reconciliation)

(Thousands of yen)

Reconciliation of profit (loss)	Amount
Total of reportable segments	177,428
Corporate expenses (Note)	(347,319)
Operating loss in the Consolidated Statements of Income	(169,890)

(Note) “Corporate expenses” mainly include operating expenses that are not attributable to the reportable segments and differences due to the method of reporting provisions, etc.

II. For the three months ended December 31, 2023 (from October 1, 2023 to December 31, 2023)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenues

(Thousands of yen)

	Reportable segments			
	ICT / Information Security	Mechatronics / Noise & Vibration	Physics / Energies	EMC / Antenna Systems
Net sales				
Goods or services transferred at a point in time	933,954	2,351,910	1,005,513	1,080,938
Goods or services that are transferred over a period of time	481,535	127,570	10,765	29,232
Revenue from contracts with customers	1,415,489	2,479,481	1,016,279	1,110,171
Other revenue (Note)	—	—	11,268	—
Net sales	1,415,489	2,479,481	1,027,548	1,110,171
Segment profit (loss)	13,877	886,372	27,820	100,556

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality and Productivity	Life Science	
Net sales				
Goods or services transferred at a point in time	156,559	180,429	191,962	5,901,268
Goods or services that are transferred over a period of time	49,070	287,737	46,213	1,032,125
Revenue from contracts with customers	205,629	468,167	238,175	6,933,394
Other revenue (Note)	—	—	—	11,268
Net sales	205,629	468,167	238,175	6,944,663
Segment profit (loss)	(20,158)	85,816	24,236	1,118,521

(Note) “Other revenue” includes revenue related to leases, etc.

2. Differences between the total amount of profit (loss) of reportable segments and the amount in the Consolidated Statements of Income and major breakdown of such differences (Reconciliation)

(Thousands of yen)

Reconciliation of profit (loss)	Amount
Total of reportable segments	1,118,521
Corporate expenses (Note)	(386,488)
Operating loss in the Consolidated Statements of Income	732,033

(Note) “Corporate expenses” mainly include operating expenses that are not attributable to the reportable segments and differences due to the method of reporting provisions, etc.

(Revenue recognition)

The breakdown of revenue from contracts with customers is as stated in Notes (“Segment information, etc.”).

(Significant subsequent events)

(Business combination through acquisition)

The Company resolved at a Board of Directors Meeting held on November 8, 2023, to acquire 100% of the shares of Tokin EMC Engineering Co., Ltd. (hereinafter “Tokin EMC”) and to make Tokin EMC its consolidated subsidiary, and on December 19, 2023, signed an agreement to acquire the shares of the said company. Subsequently, the Company, based on this stock transfer agreement, acquired the shares, effective January 1, 2024, and changed the said company’s name to TOYO EMC Engineering.

1. Purpose of the acquisition

Having been in the EMC business for over 40 years, the Company has maintained a large market share by developing in-house test systems and software utilizing its extensive knowledge. The Company provides calibration services required to maintain the measurement accuracy of EMC measurement instruments and is accredited by A2LA (American Association of Laboratory Accreditation) as an ISO/IEC 17025 calibration laboratory capable of performing highly accurate calibration. Tokin EMC also has provided EMC testing\* services, support for EMC measures, calibration of measurement instruments, and support services for acquiring certification overseas for nearly 40 years. Tokin EMC provides contract EMC testing services in a wide range of fields, including telecommunications equipment, in-vehicle devices, and medical equipment, and has three measurement centers in Japan equipped with radio anechoic chambers, including a chamber for testing in-vehicle products. Tokin EMC, like the Company, is also accredited by the A2LA for its high-precision calibration services.

The Company will further expand its EMC business, one of its core businesses, by efficiently operating facilities such as radio anechoic chambers, responding to diverse EMC testing needs, promoting the development of advanced solutions, and creating synergies in certified calibration services by making Tokin EMC a subsidiary and combining the knowledge and technical expertise of both companies.

\*EMC testing: A test based on electromagnetic compatibility regulations that evaluate two characteristics: “electrical noise emitted by electronic equipment does not affect other equipment” and “the normal operation of electronic equipment is not interfered with by electrical noise from the outside”. All equipment with electrical and electronic components must comply with the laws of each country based on international EMC standards before being marketed. This test is becoming particularly important in the automotive industry, where the development of electric vehicles (EVs) and autonomous driving (AD)/advanced driver assistance system (ADAS) functions is progressing.

2. Counterparty to the acquisition of shares

TOKIN Corporation

3. Name, business description, and the size of the company to be acquired

Name: Tokin EMC Engineering Co., Ltd.

Business description:

- (1) EMC testing and electromagnetic environment measurement
- (2) Calibration of measurement instruments and technical consulting
- (3) Support acquiring certificates overseas

Capital: ¥100,000 thousand

4. Number of shares acquired, acquisition price, and ownership ratio after the acquisition

Number of shares acquired: 1,500

Acquisition price of shares: ¥460,000 thousand

Ownership ratio after the acquisition: 100%

5. Schedule

Date of resolution by the Board of Directors: November 8, 2023

Date of signing of the stock transfer agreement: December 19, 2023

Date of the stock transfer: January 1, 2024