

Consolidated Financial Results for the Six Months Ended November 30, 2022 (Under Japanese GAAP)

Company name: Toyo Denki Seizo K.K.
 Listing: Tokyo Stock Exchange
 Securities code: 6505
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 Scheduled date to file quarterly securities report: January 13, 2023
 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 six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)

(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	%
Six months ended November 30, 2022	13,821	(6.6)	(80)	-	197	-	26	(85.7)
November 30, 2021	14,803	(11.5)	(362)	-	(83)	-	186	(58.8)

Note: Comprehensive income For the six months ended November 30, 2022: ¥841 million [-%]
For the six months ended November 30, 2021: ¥(695) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2022	2.98	-
November 30, 2021	20.82	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of November 30, 2022	48,314	22,585	46.7
May 31, 2022	46,916	22,012	46.9

Reference: Equity As of November 30, 2022: ¥22,585 million
As of May 31, 2022: ¥22,012 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, 2022	-	0.00	-	30.00	30.00
Fiscal year ending May 31, 2023	-	0.00			
Fiscal year ending May 31, 2023 (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, 2023 (from June 1, 2022 to May 31, 2023)

(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, 2023	34,000	12.7	450	161.8	700	(8.6)	800	-	89.48

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)

(2) Adoption of accounting treatment specific to the preparation of 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 November 30, 2022	9,735,000
As of May 31, 2022	9,735,000

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

As of November 30, 2022	794,988
As of May 31, 2022	794,608

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

Six months ended November 30, 2022	8,940,204
Six months ended November 30, 2021	8,940,722

* 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

(Notes on forward-looking statements)

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 variable 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 Sheet**

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	4,449	4,061
Notes and accounts receivable - trade, and contract assets	12,091	13,523
Electronically recorded monetary claims - operating	1,136	906
Merchandise and finished goods	501	519
Work in process	3,077	3,834
Raw materials and supplies	2,688	2,566
Advance payments to suppliers	8	33
Accounts receivable	25	21
Other	212	353
Allowance for doubtful accounts	(1)	(1)
Total current assets	24,189	25,816
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,326	9,949
Accumulated depreciation	(6,341)	(6,203)
Buildings and structures, net	3,985	3,745
Machinery, equipment and vehicles	8,185	8,193
Accumulated depreciation	(7,605)	(7,735)
Machinery, equipment and vehicles, net	579	458
Land	1,270	1,269
Construction in progress	7	13
Other	4,977	5,046
Accumulated depreciation	(4,497)	(4,590)
Other, net	479	455
Total property, plant and equipment	6,322	5,943
Intangible assets		
Software	87	79
Other	14	13
Total intangible assets	101	93
Investments and other assets		
Investment securities	12,471	13,184
Deferred tax assets	883	534
Other	2,953	2,749
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	16,302	16,460
Total non-current assets	22,726	22,497
Total assets	46,916	48,314

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,610	1,954
Electronically recorded obligations - operating	4,205	3,903
Short-term borrowings	585	1,785
Accrued expenses	688	794
Income taxes payable	306	189
Accrued consumption taxes	82	43
Contract liabilities	47	78
Deposits received	190	194
Provision for bonuses for directors (and other officers)	6	3
Provision for bonuses	699	685
Provision for loss on orders received	970	883
Other	176	136
Total current liabilities	9,569	10,652
Non-current liabilities		
Long-term borrowings	11,173	10,881
Long-term accounts payable - other	38	30
Retirement benefit liability	4,113	4,158
Other	6	5
Total non-current liabilities	15,333	15,076
Total liabilities	24,903	25,728
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,122	10,880
Treasury shares	(1,282)	(1,282)
Total shareholders' equity	18,016	17,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,913	4,556
Foreign currency translation adjustment	144	304
Remeasurements of defined benefit plans	(61)	(49)
Total accumulated other comprehensive income	3,996	4,811
Total net assets	22,012	22,585
Total liabilities and net assets	46,916	48,314

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Six months ended November 30, 2022

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Net sales	14,803	13,821
Cost of sales	11,754	10,613
Gross profit	3,048	3,208
Selling, general and administrative expenses	3,411	3,288
Operating loss	(362)	(80)
Non-operating income		
Interest income	0	0
Dividend income	105	123
Share of profit of entities accounted for using the equity method	121	89
Foreign exchange gains	63	77
Miscellaneous income	26	18
Total non-operating income	316	310
Non-operating expenses		
Interest expenses	30	26
Loss on abandonment of non-current assets	0	0
Miscellaneous losses	7	5
Total non-operating expenses	38	32
Ordinary profit (loss)	(83)	197
Extraordinary income		
Gain on sale of investment securities	366	405
Gain on reversal of foreign currency translation adjustment	94	—
Gain on sale of non-current assets	—	150
Total extraordinary income	460	556
Extraordinary loss		
Loss on valuation of investment securities	59	—
Business structural reform expenses	—	478
Total extraordinary loss	59	478
Profit before income taxes	317	275
Income taxes - current	127	185
Income taxes - deferred	4	63
Total income taxes	131	249
Profit	186	26
Profit attributable to owners of parent	186	26

Quarterly Consolidated Statement of Comprehensive Income
Six months ended November 30, 2022

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Profit	186	26
Other comprehensive income		
Valuation difference on available-for-sale securities	(888)	642
Foreign currency translation adjustment	2	—
Remeasurements of defined benefit plans, net of tax	12	12
Share of other comprehensive income of entities accounted for using the equity method	(8)	160
Total other comprehensive income	(881)	815
Comprehensive income	(695)	841
Comprehensive income attributable to:		
Owners of parent	(695)	841
Non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	317	275
Depreciation	613	396
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	21	(14)
Increase (decrease) in retirement benefit liability	27	44
Increase (decrease) in provision for loss on orders received	50	(87)
Interest and dividend income	(105)	(124)
Interest expenses	30	26
Share of loss (profit) of entities accounted for using the equity method	(121)	(89)
Loss (gain) on sale of property, plant and equipment	—	(150)
Loss (gain) on sale of investment securities	(366)	(405)
Gain on reversal of foreign currency translation adjustment	(94)	—
Loss (gain) on valuation of investment securities	59	—
Business structural reform expenses	—	478
Decrease (increase) in trade receivables	(887)	(1,201)
Decrease (increase) in inventories	583	(652)
Increase (decrease) in trade payables	(585)	41
Increase (decrease) in contract liabilities	18	17
Increase (decrease) in accrued expenses	54	105
Increase (decrease) in accrued consumption taxes	(173)	(39)
Other	(38)	(133)
Subtotal	(597)	(1,511)
Interest and dividends received	105	124
Interest paid	(31)	(26)
Income taxes refund (paid)	(101)	(297)
Net cash provided by (used in) operating activities	(624)	(1,711)
Cash flows from investing activities		
Purchase of property, plant and equipment	(239)	(137)
Proceeds from sale of property, plant and equipment	0	266
Purchase of intangible assets	(16)	(13)
Purchase of short-term and long-term investment securities	(6)	(7)
Proceeds from sale of short-term and long-term investment securities	466	622
Proceeds from liquidation of subsidiaries and associates	283	—
Other	(17)	(50)
Net cash provided by (used in) investing activities	470	680
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	700	1,200
Repayments of long-term borrowings	(292)	(292)
Purchase of treasury shares	(0)	(0)
Dividends paid	(268)	(267)
Other	(0)	(1)
Net cash provided by (used in) financing activities	137	637
Effect of exchange rate change on cash and cash equivalents	23	4
Net increase (decrease) in cash and cash equivalents	7	(388)
Cash and cash equivalents at beginning of period	3,964	4,449
Cash and cash equivalents at end of period	3,971	4,061

(4) 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]

Six months ended November 30, 2021

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

(Millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjustment s (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	10,110	4,379	309	4	14,803	—	14,803
Intersegment sales and transfers	10	0	—	171	182	(182)	—
Total	10,120	4,379	309	176	14,986	(182)	14,803
Segment profit (loss)	1,034	(98)	49	(9)	976	(1,339)	(362)

- 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 ¥(1,339) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(1,338) 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 loss recorded on the quarterly consolidated statement of income.

Six months ended November 30, 2022

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

(Millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjustment s (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	9,097	4,218	503	2	13,821	—	13,821
Intersegment sales and transfers	16	0	—	153	170	(170)	—
Total	9,113	4,219	503	155	13,991	(170)	13,821
Segment profit (loss)	1,196	(77)	121	(5)	1,236	(1,316)	(80)

- 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 ¥(1,316) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(1,316) 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 loss recorded on the quarterly consolidated statement of income.

2. Matters regarding changes, etc. in reporting segments

The reporting segment originally named “Information Equipment Systems” has been renamed the “ICT Solution Business” from the three months ended August 31, 2022. This name change has no impact on the segment information. As a result of this change, the segment information for the six months ended November 30, 2021 is also presented under the new name.

3. Other

(1) Status of Production, Orders, and Sales

(i) Production status

Business segment	Six months ended November 30, 2021		Six months ended November 30, 2022	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	9,250	68.8	9,555	69.1
Industry Business	4,021	29.9	3,927	28.4
ICT Solution Business	172	1.3	337	2.4
Other	—	—	—	—
Total	13,443	100.0	13,820	100.0

Note: Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Six months ended November 30, 2021		Six months ended November 30, 2022	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	8,907	20,263	10,640	22,353
Industry Business	4,952	5,988	5,757	7,739
ICT Solution Business	348	144	670	432
Other	4	—	2	—
Total	14,213	26,396	17,070	30,524

Note: Amounts are based on sales prices.

(iii) Sales status

Business segment	Six months ended November 30, 2021		Six months ended November 30, 2022	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	10,110	68.3	9,097	65.8
Industry Business	4,379	29.6	4,218	30.5
ICT Solution Business	309	2.1	503	3.6
Other	4	0.0	2	0.0
Total	14,803	100.0	13,821	100.0

Note: Amounts are based on sales prices.