

Consolidated Financial Results for the Nine Months Ended February 28, 2023 (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, Representative Director, President
 Inquiries: Jun Nukina, Operating Officer, General Manager, Management Planning Division
 Telephone: +81-3-5202-8122
 Scheduled date to file quarterly securities report: April 14, 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 nine months ended February 28, 2023 (from June 1, 2022 to February 28, 2023)

(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 28, 2023	20,744	(4.6)	89	—	488	791.7	432	47.5
February 28, 2022	21,744	(9.8)	(349)	—	54	(83.2)	293	(29.5)

Note: Comprehensive income For the nine months ended February 28, 2023: ¥908 million [-%]
For the nine months ended February 28, 2022: ¥(559) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 28, 2023	48.40	—
February 28, 2022	32.80	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of February 28, 2023	47,925	22,652	47.3
May 31, 2022	46,916	22,012	46.9

Reference: Equity As of February 28, 2023: ¥22,652 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)

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 28, 2023	9,735,000
As of May 31, 2022	9,735,000

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

As of February 28, 2023	795,188
As of May 31, 2022	794,608

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

Nine months ended February 28, 2023	8,940,105
Nine months ended February 28, 2022	8,940,650

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 Sheet

(Millions of yen)

	As of May 31, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	4,449	4,033
Notes and accounts receivable - trade, and contract assets	12,091	12,318
Electronically recorded monetary claims - operating	1,136	986
Merchandise and finished goods	501	636
Work in process	3,077	4,487
Raw materials and supplies	2,688	2,769
Advance payments to suppliers	8	23
Accounts receivable	25	200
Other	212	534
Allowance for doubtful accounts	(1)	(1)
Total current assets	24,189	25,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,326	9,953
Accumulated depreciation	(6,341)	(6,273)
Buildings and structures, net	3,985	3,680
Machinery, equipment and vehicles	8,185	8,201
Accumulated depreciation	(7,605)	(7,791)
Machinery, equipment and vehicles, net	579	410
Land	1,270	1,269
Construction in progress	7	7
Other	4,977	5,058
Accumulated depreciation	(4,497)	(4,597)
Other, net	479	460
Total property, plant and equipment	6,322	5,828
Intangible assets		
Software	87	74
Other	14	13
Total intangible assets	101	87
Investments and other assets		
Investment securities	12,471	12,634
Deferred tax assets	883	587
Other	2,953	2,804
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	16,302	16,018
Total non-current assets	22,726	21,935
Total assets	46,916	47,925

(Millions of yen)

	As of May 31, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,610	2,103
Electronically recorded obligations - operating	4,205	4,299
Short-term borrowings	585	1,585
Accrued expenses	688	865
Income taxes payable	306	24
Accrued consumption taxes	82	32
Contract liabilities	47	105
Deposits received	190	190
Provision for bonuses for directors (and other officers)	6	4
Provision for bonuses	699	344
Provision for loss on orders received	970	818
Other	176	100
Total current liabilities	9,569	10,472
Non-current liabilities		
Long-term borrowings	11,173	10,677
Long-term accounts payable - other	38	30
Retirement benefit liability	4,113	4,087
Other	6	4
Total non-current liabilities	15,333	14,800
Total liabilities	24,903	25,272
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,122	11,286
Treasury shares	(1,282)	(1,282)
Total shareholders' equity	18,016	18,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,913	4,210
Foreign currency translation adjustment	144	304
Remeasurements of defined benefit plans	(61)	(43)
Total accumulated other comprehensive income	3,996	4,472
Total net assets	22,012	22,652
Total liabilities and net assets	46,916	47,925

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Nine months ended February 28, 2023

(Millions of yen)

	Nine months ended February 28, 2022	Nine months ended February 28, 2023
Net sales	21,744	20,744
Cost of sales	17,063	15,739
Gross profit	4,680	5,005
Selling, general and administrative expenses	5,030	4,916
Operating profit (loss)	(349)	89
Non-operating income		
Interest income	0	0
Dividend income	150	198
Share of profit of entities accounted for using the equity method	163	156
Foreign exchange gains	94	71
Miscellaneous income	49	22
Total non-operating income	459	449
Non-operating expenses		
Interest expenses	45	40
Loss on abandonment of non-current assets	0	0
Miscellaneous losses	9	9
Total non-operating expenses	55	49
Ordinary profit	54	488
Extraordinary income		
Gain on sale of investment securities	366	480
Gain on reversal of foreign currency translation adjustment	94	—
Gain on sale of non-current assets	—	150
Total extraordinary income	460	631
Extraordinary loss		
Loss on valuation of investment securities	46	—
Business structural reform expenses	—	490
Total extraordinary loss	46	490
Profit before income taxes	468	630
Income taxes - current	88	26
Income taxes - deferred	87	170
Total income taxes	175	197
Profit	293	432
Profit attributable to owners of parent	293	432

Quarterly Consolidated Statement of Comprehensive Income
 Nine months ended February 28, 2023

(Millions of yen)

	Nine months ended February 28, 2022	Nine months ended February 28, 2023
Profit	293	432
Other comprehensive income		
Valuation difference on available-for-sale securities	(877)	297
Foreign currency translation adjustment	2	—
Remeasurements of defined benefit plans, net of tax	18	18
Share of other comprehensive income of entities accounted for using the equity method	3	160
Total other comprehensive income	(853)	475
Comprehensive income	(559)	908
Comprehensive income attributable to:		
Owners of parent	(559)	908
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, 2022

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	14,164	7,015	557	6	21,744	—	21,744
Intersegment sales and transfers	10	0	—	249	260	(260)	—
Total	14,175	7,015	557	256	22,004	(260)	21,744
Segment profit (loss)	1,486	63	111	(16)	1,644	(1,994)	(349)

- 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 ¥(1,994) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(1,994) 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.

Nine months ended February 28, 2023

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	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.

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 nine months ended February 28, 2022 is also presented under the new name.

3. Other

(1) Status of Production, Orders, and Sales

(i) Production status

Business segment	Nine months ended February 28, 2022		Nine months ended February 28, 2023	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	13,194	66.1	14,241	67.0
Industry Business	6,476	32.4	6,591	31.0
ICT Solution Business	304	1.5	434	2.0
Other	—	—	—	—
Total	19,975	100.0	21,268	100.0

Note: Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Nine months ended February 28, 2022		Nine months ended February 28, 2023	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	13,648	20,949	16,340	23,887
Industry Business	6,783	5,183	7,792	7,422
ICT Solution Business	712	260	1,147	504
Other	6	—	3	—
Total	21,151	26,393	25,284	31,815

Note: Amounts are based on sales prices.

(iii) Sales status

Business segment	Nine months ended February 28, 2022		Nine months ended February 28, 2023	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	14,164	65.1	13,262	63.9
Industry Business	7,015	32.3	6,570	31.7
ICT Solution Business	557	2.6	907	4.4
Other	6	0.0	3	0.0
Total	21,744	100.0	20,744	100.0

Note: Amounts are based on sales prices.