

Consolidated Financial Results for the Three Months Ended August 31, 2023 (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: October 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 three months ended August 31, 2023 (from June 1, 2023, to August 31, 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	%
Three months ended August 31, 2023	6,658	5.6	(62)	-	176	-	148	(24.6)
August 31, 2022	6,305	(6.6)	(266)	-	(3)	-	196	72.2

Note: Comprehensive income For the three months ended August 31, 2023: ¥906 million [0.7%]
 For the three months ended August 31, 2022: ¥900 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2023	15.70	-
August 31, 2022	21.98	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of August 31, 2023	49,714	25,205	50.7
May 31, 2023	49,682	24,582	49.5

Reference: Equity As of August 31, 2023: ¥25,205 million
 As of May 31, 2023: ¥24,582 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, 2023	-	0.00	-	30.00	30.00
Fiscal year ending May 31, 2024	-				
Fiscal year ending May 31, 2024 (Forecast)		0.00	-	30.00	30.00

Note: 1. Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending May 31, 2024 (from June 1, 2023, to May 31, 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
Six months ending November 30, 2023	15,900	15.0	(120)	-	50	(74.7)	180	575.2	19.08
Fiscal year ending May 31, 2024	34,500	11.2	600	15.9	950	(3.8)	800	(3.0)	84.81

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 August 31, 2023	9,735,000 shares
As of May 31, 2023	9,735,000 shares

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

As of August 31, 2023	301,943 shares
As of May 31, 2023	301,843 shares

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

Three months ended August 31, 2023	9,433,129 shares
Three months ended August 31, 2022	8,940,317 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
(Note 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 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 Sheets

(Millions of yen)

	As of May 31, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	5,520	4,494
Notes and accounts receivable - trade, and contract assets	13,236	12,444
Electronically recorded monetary claims - operating	1,116	1,464
Merchandise and finished goods	376	511
Work in process	3,106	3,359
Raw materials and supplies	2,836	3,010
Advance payments to suppliers	22	23
Accounts receivable	162	190
Other	370	379
Allowance for doubtful accounts	(10)	(40)
Total current assets	26,738	25,838
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,952	9,953
Accumulated depreciation	(6,340)	(6,409)
Buildings and structures, net	3,611	3,544
Machinery, equipment and vehicles	8,208	8,217
Accumulated depreciation	(7,860)	(7,875)
Machinery, equipment and vehicles, net	348	341
Land	1,269	1,269
Construction in progress	11	14
Other	5,138	4,989
Accumulated depreciation	(4,678)	(4,538)
Other, net	459	450
Total property, plant and equipment	5,701	5,621
Intangible assets		
Software	63	62
Other	13	13
Total intangible assets	77	75
Investments and other assets		
Investment securities	14,288	15,279
Deferred tax assets	108	-
Other	2,775	2,901
Allowance for doubtful accounts	(7)	(2)
Total investments and other assets	17,165	18,178
Total non-current assets	22,943	23,875
Total assets	49,682	49,714

(Millions of yen)

	As of May 31, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,060	1,974
Electronically recorded obligations - operating	4,768	4,511
Short-term borrowings	885	1,065
Accrued expenses	589	574
Income taxes payable	128	38
Accrued consumption taxes	94	164
Contract liabilities	84	107
Deposits received	189	259
Provision for bonuses for directors (and other officers)	39	7
Provision for bonuses	673	340
Provision for loss on orders received	989	776
Provision for product warranties	70	110
Other	127	106
Total current liabilities	10,699	10,037
Non-current liabilities		
Long-term borrowings	10,288	10,084
Long-term accounts payable - other	30	34
Deferred tax liabilities	-	271
Retirement benefit liability	4,075	4,076
Other	4	4
Total non-current liabilities	14,399	14,471
Total liabilities	25,099	24,508
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,347	11,212
Treasury shares	(486)	(486)
Total shareholders' equity	19,036	18,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,370	6,091
Foreign currency translation adjustment	202	233
Remeasurements of defined benefit plans	(26)	(20)
Total accumulated other comprehensive income	5,546	6,304
Total net assets	24,582	25,205
Total liabilities and net assets	49,682	49,714

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Three months ended August 31, 2023

(Millions of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Net sales	6,305	6,658
Cost of sales	4,937	4,962
Gross profit	1,368	1,696
Selling, general and administrative expenses	1,634	1,758
Operating profit (loss)	(266)	(62)
Non-operating income		
Interest income	0	0
Dividend income	116	117
Share of profit of entities accounted for using the equity method	48	90
Foreign exchange gains	106	36
Miscellaneous income	8	8
Total non-operating income	280	252
Non-operating expenses		
Interest expenses	13	12
Miscellaneous losses	3	1
Total non-operating expenses	17	14
Ordinary profit (loss)	(3)	176
Extraordinary income		
Gain on sale of investment securities	138	109
Gain on sale of non-current assets	150	-
Total extraordinary income	289	109
Extraordinary loss		
Business structural reform expenses	-	56
Total extraordinary loss	-	56
Profit before income taxes	286	228
Income taxes - current	16	12
Income taxes - deferred	72	67
Total income taxes	89	80
Profit	196	148
Profit attributable to owners of parent	196	148

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended August 31, 2023

(Millions of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Profit	196	148
Other comprehensive income		
Valuation difference on available-for-sale securities	616	721
Remeasurements of defined benefit plans, net of tax	6	5
Share of other comprehensive income of entities accounted for using the equity method	81	31
Total other comprehensive income	703	758
Comprehensive income	900	906
Comprehensive income attributable to:		
Owners of parent	900	906
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]

Three months ended August 31, 2022

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	4,017	1,983	302	1	6,305	-	6,305
Intersegment sales and transfers	3	0	-	72	76	(76)	-
Total	4,021	1,983	302	73	6,381	(76)	6,305
Segment profit (loss)	353	(56)	83	(5)	374	(641)	(266)

- 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 ¥(641) million are the elimination of intersegment transactions of ¥0 million and corporate expenses of ¥(641) 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.

Three months ended August 31, 2023

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	4,300	2,120	234	2	6,658	-	6,658
Intersegment sales and transfers	0	0	-	80	80	(80)	-
Total	4,300	2,121	234	82	6,738	(80)	6,658
Segment profit (loss)	495	51	60	(1)	606	(669)	(62)

- 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 ¥(669) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(669) 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.

3. Other**(1) Status of Production, Orders, and Sales****(i) Production status**

Business segment	Three months ended August 31, 2022		Three months ended August 31, 2023	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	4,202	68.6	4,538	69.4
Industry Business	1,830	29.9	1,933	29.6
ICT Solution Business	91	1.5	65	1.0
Other	-	-	-	-
Total	6,124	100.0	6,537	100.0

Note: Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Three months ended August 31, 2022		Three months ended August 31, 2023	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	5,334	22,126	6,097	23,712
Industry Business	2,840	7,057	2,018	7,048
ICT Solution Business	277	239	270	465
Other	1	-	2	-
Total	8,453	29,423	8,389	31,227

Note: Amounts are based on sales prices.

(iii) Sales status

Business segment	Three months ended August 31, 2022		Three months ended August 31, 2023	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	4,017	63.7	4,300	64.6
Industry Business	1,983	31.5	2,120	31.9
ICT Solution Business	302	4.8	234	3.5
Other	1	0.0	2	0.0
Total	6,305	100.0	6,658	100.0