

of impairment losses on business assets of 2,256 million yen in the Industrial Systems segment and the recording of a loss on valuation of investments in capital of subsidiaries and associates and loss on valuation of investment securities, despite a gain on sales of investment securities and gain on reversal of foreign currency translation adjustments.

3. Recording of non-operating income

Share of profit of entities accounted for using the equity method of 242 million yen was recorded as investment income for the fiscal year under review due to the steady performance of equity-method affiliates in China. Foreign exchange gains of 227 million yen were also recorded due to the depreciating yen in the exchange rate.

4. Recording of extraordinary losses

In the Industrial Systems segment, in consideration of the business environment and future outlook, future recoverability was reviewed based on the Accounting Standard for Impairment of Fixed Assets. As a result, the book value of certain fixed assets was reduced to the recoverable amount, and an impairment loss of 2,256 million was recorded for the fiscal year under review. In addition, a loss on valuation of investments in capital of subsidiaries and associates of 155 million yen was recorded for Changzhou Yangdian Zhanyun Transport Equipment Co., Ltd., the Group's non-consolidated subsidiary in China, for the fiscal year under review, as a result of taking into account its operating results and financial position.

5. Recording of income taxes-deferred (gain)

As a result of reviewing recoverability of deferred tax assets based on the future outlook, Toyo Denki has decided to record a portion of deferred tax assets that is expected to be recoverable. As a result, income taxes-deferred (gain) of 703 million yen was recorded in the fiscal year ended May 2022.

6. Year-end dividend

Toyo Denki regards the stable return of profits to shareholders through dividends as one of its important management policies. The year-end dividend is planned to be 30 yen per share, in line with the dividend forecast disclosed on July 15, 2021.