

## Consolidated Financial Results for the Three Months Ended August 31, 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: October 14, 2022  
 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, 2022 (from June 1, 2022 to August 31, 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	%
Three months ended August 31, 2022	6,305	(6.6)	(266)	—	(3)	—	196	72.2
August 31, 2021	6,752	(14.0)	(339)	—	(145)	—	114	(63.8)

Note: Comprehensive income For the three months ended August 31, 2022: ¥900 million [-%]  
 For the three months ended August 31, 2021: ¥(75) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2022	21.98	—
August 31, 2021	12.76	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of August 31, 2022	47,673	22,644	47.5
May 31, 2022	46,916	22,012	46.9

Reference: Equity As of August 31, 2022: ¥22,644 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	—				
Fiscal year ending May 31, 2023 (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, 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
Six months ending November 30, 2022	16,000	8.1	(80)	—	160	—	300	61.1	33.56
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 August 31, 2022	9,735,000 shares
As of May 31, 2022	9,735,000 shares

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

As of August 31, 2022	794,773 shares
As of May 31, 2022	794,608 shares

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

Three months ended August 31, 2022	8,940,317 shares
Three months ended August 31, 2021	8,940,797 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

(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 August 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,449	4,184
Notes and accounts receivable - trade, and contract assets	12,091	12,211
Electronically recorded monetary claims - operating	1,136	1,102
Merchandise and finished goods	501	568
Work in process	3,077	3,451
Raw materials and supplies	2,688	2,722
Advance payments to suppliers	8	21
Accounts receivable	25	58
Other	212	265
Allowance for doubtful accounts	(1)	(1)
<b>Total current assets</b>	<b>24,189</b>	<b>24,585</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	10,326	9,953
Accumulated depreciation	(6,341)	(6,144)
Buildings and structures, net	3,985	3,808
Machinery, equipment and vehicles	8,185	8,195
Accumulated depreciation	(7,605)	(7,672)
Machinery, equipment and vehicles, net	579	523
Land	1,270	1,269
Construction in progress	7	7
Other	4,977	5,003
Accumulated depreciation	(4,497)	(4,542)
Other, net	479	461
<b>Total property, plant and equipment</b>	<b>6,322</b>	<b>6,070</b>
<b>Intangible assets</b>		
Software	87	77
Other	14	14
<b>Total intangible assets</b>	<b>101</b>	<b>91</b>
<b>Investments and other assets</b>		
Investment securities	12,471	13,297
Deferred tax assets	883	535
Other	2,953	3,100
Allowance for doubtful accounts	(6)	(6)
<b>Total investments and other assets</b>	<b>16,302</b>	<b>16,925</b>
<b>Total non-current assets</b>	<b>22,726</b>	<b>23,087</b>
<b>Total assets</b>	<b>46,916</b>	<b>47,673</b>

(Millions of yen)

	As of May 31, 2022	As of August 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,610	1,681
Electronically recorded obligations - operating	4,205	3,852
Short-term borrowings	585	1,685
Accrued expenses	688	732
Income taxes payable	306	43
Accrued consumption taxes	82	81
Contract liabilities	47	84
Deposits received	190	272
Provision for bonuses for directors (and other officers)	6	9
Provision for bonuses	699	351
Provision for loss on orders received	970	934
Other	176	150
Total current liabilities	9,569	9,880
Non-current liabilities		
Long-term borrowings	11,173	10,970
Long-term accounts payable - other	38	30
Retirement benefit liability	4,113	4,141
Other	6	6
Total non-current liabilities	15,333	15,148
Total liabilities	24,903	25,028
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,122	11,050
Treasury shares	(1,282)	(1,282)
Total shareholders' equity	18,016	17,944
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,913	4,530
Foreign currency translation adjustment	144	225
Remeasurements of defined benefit plans	(61)	(55)
Total accumulated other comprehensive income	3,996	4,700
Total net assets	22,012	22,644
Total liabilities and net assets	46,916	47,673

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
Quarterly Consolidated Statement of Income (Cumulative)

(Millions of yen)

	Three months ended August 31, 2021	Three months ended August 31, 2022
Net sales	6,752	6,305
Cost of sales	5,415	4,937
Gross profit	1,337	1,368
Selling, general and administrative expenses	1,676	1,634
Operating loss	(339)	(266)
Non-operating income		
Interest income	0	0
Dividend income	83	116
Share of profit of entities accounted for using equity method	118	48
Foreign exchange gains	—	106
Miscellaneous income	12	8
Total non-operating income	214	280
Non-operating expenses		
Interest expenses	15	13
Loss on abandonment of non-current assets	0	0
Foreign exchange losses	2	—
Miscellaneous losses	1	3
Total non-operating expenses	20	17
Ordinary loss	(145)	(3)
Extraordinary income		
Gain on sale of investment securities	162	138
Gain on reversal of foreign currency translation adjustment	94	—
Gain on sale of non-current assets	—	150
Total extraordinary income	256	289
Profit before income taxes	110	286
Income taxes - current	15	16
Income taxes - deferred	(19)	72
Total income taxes	(3)	89
Profit	114	196
Profit attributable to owners of parent	114	196

## Quarterly Consolidated Statement of Comprehensive Income (Cumulative)

(Millions of yen)

	Three months ended August 31, 2021	Three months ended August 31, 2022
Profit	114	196
Other comprehensive income		
Valuation difference on available-for-sale securities	(174)	616
Foreign currency translation adjustment	2	—
Remeasurements of defined benefit plans, net of tax	6	6
Share of other comprehensive income of entities accounted for using equity method	(24)	81
Total other comprehensive income	(189)	703
Comprehensive income	(75)	900
Comprehensive income attributable to:		
Owners of parent	(75)	900
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, 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	4,752	1,883	114	2	6,752	—	6,752
Intersegment sales and transfers	0	0	—	89	90	(90)	—
Total	4,753	1,883	114	91	6,843	(90)	6,752
Segment profit (loss)	403	(65)	(5)	(4)	328	(668)	(339)

- 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 ¥(668) million are the elimination of intersegment transactions of ¥0 million and corporate expenses of ¥(668) 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, 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	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.

2. Matters regarding changes, etc. in reporting segments

The reporting segment originally named “Information Equipment Business” has been renamed to 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 three months ended August 31, 2011 is also presented under the new name.

### 3. Other

#### (1) Status of Production, Orders, and Sales

##### (i) Production status

Business segment	Three months ended August 31, 2021		Three months ended August 31, 2022	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	4,370	70.6	4,202	68.6
Industry Business	1,768	28.6	1,830	29.9
ICT Solution Business	55	0.9	91	1.5
Other	—	—	—	—
Total	6,194	100.0	6,124	100.0

Note: Amounts are based on sales prices.

##### (ii) Status of Orders Received

Business segment	Three months ended August 31, 2021		Three months ended August 31, 2022	
	Orders (Millions of yen)	Order backlog (Millions of yen)	Orders (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	3,924	20,637	5,334	22,126
Industry Business	2,744	6,275	2,840	7,057
ICT Solution Business	155	146	277	239
Other	2	—	1	—
Total	6,826	27,059	8,453	29,423

Note: Amounts are based on sales prices.

##### (iii) Sales Status

Business segment	Three months ended August 31, 2021		Three months ended August 31, 2022	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	4,752	70.4	4,017	63.7
Industry Business	1,883	27.9	1,983	31.5
ICT Solution Business	114	1.7	302	4.8
Other	2	0.0	1	0.0
Total	6,752	100.0	6,305	100.0

Note: Amounts are based on sales prices.