

July 12, 2024

To Whom It May Concern

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**Notice on Difference between Consolidated Performance Forecast and Results and Recording of Extraordinary Loss for the Fiscal Year Ended May 31, 2024**

Toyo Denki Seizo K.K. (hereinafter “Toyo Denki”) hereby announces that there is a difference between the consolidated performance forecast for the fiscal year ended May 31, 2024, disclosed on July 13, 2023, and the results for the same period disclosed today, and the recording of an extraordinary loss.

1. Differences between consolidated performance forecast and results for the fiscal year ended May 31, 2024 (June 1, 2023, to May 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Millions of yen 34,500	Millions of yen 600	Millions of yen 950	Millions of yen 800	Yen 84.81
Results (B)	32,140	927	1,487	935	99.53
Change (B – A)	(2,359)	327	537	135	
Change (%)	(6.8)	54.6	56.6	16.9	
(Reference) Results for the previous year (FYE May 2023)	Millions of yen 31,025	Millions of yen 517	Millions of yen 987	Millions of yen 824	Yen 91.85

2. Reason for the difference

Although net sales fell short of the previous forecast due to the impact of shortages of some parts and materials, operating profit exceeded the previous forecast thanks to efforts to improve profitability. Ordinary profit was higher than the previous forecast, mainly due to an increase in operating profit and the recording of foreign exchange gains. Profit attributable to owners of parent exceeded the previous forecast due to an increase in ordinary profit, despite the recording of business structural reform expenses, etc. as an extraordinary loss.

3. Recording of extraordinary losses

With regard to the Group’s future business development in China, we recorded 346 million yen as business structural reform expenses for business reorganization based on changes in the business environment for consolidated subsidiary Changzhou Yangdian Zhanyun Transport Equipment Co., Ltd. and non-equity-method

affiliate Chalco-Toyo Permanent Magnet Motor Co., Ltd. In addition, we recorded a loss on compensation for damage of 83 million yen, which is expected to be incurred by Toyo Sangyo Co., Ltd., a consolidated subsidiary, due to an engine breakage accident that occurred during an inspection after an overhaul of an emergency generator contracted by Toyo Sangyo Co., Ltd.