

Consolidated Financial Results for the Three Months Ended August 31, 2024 (Under Japanese GAAP)

Company name: Toyo Denki Seizo K.K.
 Listing: Tokyo Stock Exchange
 Securities code: 6505
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from June 1, 2024, to August 31, 2024)

(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, 2024	8,166	22.7	27	-	140	(20.3)	97	(34.4)
Three months ended August 31, 2023	6,658	5.6	(62)	-	176	-	148	(24.6)

Note: Comprehensive income Three months ended August 31, 2024 ¥(488) million [- %]
 Three months ended August 31, 2023 ¥906 million [0.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2024	10.43	-
Three months ended August 31, 2023	15.70	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	48,998	25,250	51.5
May 31, 2024	51,652	26,070	50.5

Reference: Equity As of August 31, 2024 ¥25,250 million
 May 31, 2024 ¥26,070 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, 2024	-	0.00	-	30.00	30.00
Fiscal year ending May 31, 2025	-				
Fiscal year ending May 31, 2025 (forecast)		0.00	-	40.00	40.00

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, 2025 (from June 1, 2024, to May 31, 2025)

(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, 2024	17,000	14.7	320	71.0	570	2.4	370	16.1	39.66
Fiscal year ending May 31, 2025	37,000	15.1	1,300	40.1	1,700	14.3	1,200	28.3	128.64

Note: Revisions to the financial results forecast most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the period: 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: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “Notes on Changes in Accounting Policies” on page 8 of the quarterly financial results report (attachment).

(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, 2024	9,735,000 shares
As of May 31, 2024	9,735,000 shares

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

As of August 31, 2024	452,866 shares
As of May 31, 2024	406,671 shares

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

Three months ended August 31, 2024	9,311,011 shares
Three months ended August 31, 2023	9,433,129 shares

* Proper use of earnings forecasts, and other special matters

(Caution regarding 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.

* 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, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	6,423	2,763
Notes and accounts receivable - trade, and contract assets	11,756	13,852
Electronically recorded monetary claims - operating	1,849	1,209
Merchandise and finished goods	466	468
Work in process	3,692	3,934
Raw materials and supplies	3,388	3,585
Advance payments to suppliers	13	19
Accounts receivable	116	96
Other	280	259
Allowance for doubtful accounts	(25)	(24)
Total current assets	27,960	26,165
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,987	9,997
Accumulated depreciation	(6,614)	(6,677)
Buildings and structures, net	3,372	3,319
Machinery, equipment and vehicles	8,341	8,391
Accumulated depreciation	(8,038)	(8,074)
Machinery, equipment and vehicles, net	303	317
Land	1,269	1,269
Construction in progress	135	114
Other	5,250	5,285
Accumulated depreciation	(4,776)	(4,827)
Other, net	474	458
Total property, plant and equipment	5,555	5,479
Intangible assets		
Software	84	76
Other	43	43
Total intangible assets	127	119
Investments and other assets		
Investment securities	15,009	13,967
Deferred tax assets	-	83
Other	3,001	3,186
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	18,008	17,234
Total non-current assets	23,691	22,833
Total assets	51,652	48,998

Consolidated Financial Results of Toyo Denki Seizo K.K. (6505) for the Three Months Ended August 31, 2024 (Under Japanese GAAP)

(Millions of yen)

	As of May 31, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,292	2,284
Electronically recorded obligations - operating	4,684	3,874
Short-term borrowings	4,585	4,705
Accrued expenses	809	918
Income taxes payable	309	36
Accrued consumption taxes	158	62
Contract liabilities	129	100
Deposits received	160	171
Provision for bonuses for directors (and other officers)	54	13
Provision for bonuses	737	416
Provision for loss on orders received	777	811
Provision for product warranties	156	167
Other	386	237
Total current liabilities	15,240	13,798
Non-current liabilities		
Long-term borrowings	6,003	5,799
Long-term accounts payable - other	11	11
Deferred tax liabilities	164	-
Retirement benefit liability	4,151	4,128
Other	11	10
Total non-current liabilities	10,341	9,949
Total liabilities	25,582	23,748
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	12,299	12,116
Treasury shares	(596)	(647)
Total shareholders' equity	19,878	19,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,696	4,978
Foreign currency translation adjustment	485	611
Remeasurements of defined benefit plans	9	14
Total accumulated other comprehensive income	6,191	5,605
Total net assets	26,070	25,250
Total liabilities and net assets	51,652	48,998

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

Quarterly Consolidated Statement of Income
Three months ended August 31, 2024

	(Millions of yen)	
	Three months ended August 31, 2023 (from June 1, 2023, to August 31, 2023)	Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)
Net sales	6,658	8,166
Cost of sales	4,962	6,325
Gross profit	1,696	1,841
Selling, general and administrative expenses	1,758	1,814
Operating profit (loss)	(62)	27
Non-operating income		
Interest income	0	0
Dividend income	117	140
Share of profit of entities accounted for using equity method	90	52
Foreign exchange gains	36	-
Miscellaneous income	8	14
Total non-operating income	252	207
Non-operating expenses		
Interest expenses	12	14
Foreign exchange losses	-	79
Miscellaneous losses	1	0
Total non-operating expenses	14	94
Ordinary profit	176	140
Extraordinary income		
Gain on sale of investment securities	109	34
Total extraordinary income	109	34
Extraordinary losses		
Business structural reform expenses	56	-
Total extraordinary losses	56	-
Profit before income taxes	228	175
Income taxes - current	12	10
Income taxes - deferred	67	67
Total income taxes	80	78
Profit	148	97
Profit attributable to owners of parent	148	97

Consolidated Financial Results of Toyo Denki Seizo K.K. (6505) for the Three Months Ended August 31, 2024 (Under Japanese GAAP)

Quarterly Consolidated Statement of Comprehensive Income
Three months ended August 31, 2024

	(Millions of yen)	
	Three months ended August 31, 2023 (from June 1, 2023, to August 31, 2023)	Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)
Profit	148	97
Other comprehensive income		
Valuation difference on available-for-sale securities	721	(717)
Foreign currency translation adjustment	-	48
Remeasurements of defined benefit plans, net of tax	5	5
Share of other comprehensive income of entities accounted for using equity method	31	77
Total other comprehensive income	758	(586)
Comprehensive income	906	(488)
Comprehensive income attributable to		
Owners of parent	906	(488)
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

(Notes on Changes in Accounting Policies)

The Company has been applying the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Accounting Standard Revised in 2022") since the beginning of the first quarter of the fiscal year under review.

In response to the revision of the accounting classifications for income taxes (taxation on other comprehensive income), the Company adheres to the transitional provisions stipulated in the proviso to Paragraph 20-3 of the Accounting Standard Revised in 2022 and the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Guidance Revised in 2022"). This change to the accounting policy has no impact on the quarterly consolidated financial statements.

In response to the revised guidance on the deferral of gains and losses in the consolidated financial statements related to the sale of shares in subsidiaries between consolidated companies for tax purposes, the Company has been applying the Guidance Revised in 2022 since the start of the first quarter of the fiscal year under review. This change in accounting policy is applied retrospectively, and is reflected in the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year. This change has no impact on the quarterly consolidated financial statements or the consolidated financial statements for the previous fiscal year.

(Notes on the Statement of Cash Flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first three months of the fiscal year under review.

Depreciation (including amortization of intangible assets) for the first quarter of the fiscal year under review are as follows:

	Three months ended August 31, 2023 (from June 1, 2023, to August 31, 2023)	Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)
Depreciation	¥167 million	¥156 million

(Segment Information, etc.)

[Segment Information]

Three months ended August 31, 2023 (from June 1, 2023, to 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
Inter-segment 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 the operating losses recorded in the quarterly consolidated statement of income.

Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)

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	5,594	2,242	328	0	8,166	-	8,166
Inter-segment sales and transfers	15	0	-	80	96	(96)	-
Total	5,610	2,242	328	81	8,263	(96)	8,166
Segment profit (loss)	440	235	82	(1)	757	(729)	27

- 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 ¥(729) million are the elimination of intersegment transactions of ¥0 million and corporate expenses of ¥(730) 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.

(Revenue Recognition)

The information of revenue from contracts with customers by reporting segment is as follows:

(Millions of yen)

			Three months ended August 31, 2023 (from June 1, 2023, to August 31, 2023)	Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)
Reporting segments	Transportation Business	Domestic railways	2,501	3,106
		Overseas railways	1,168	1,857
		Other	630	629
		Subtotal	4,300	5,594
	Industry Business	Production and processing facilities	784	766
		Automobile testing equipment	769	487
		Power generation and power supply	235	370
		Other	332	618
		Subtotal	2,120	2,242
	ICT Solution Business	IoT Solutions	234	328
		Subtotal	234	328
	Other (Note)			2
Total			6,658	8,166
Revenue from contracts with customers			6,658	8,166
Net sales to external customers			6,658	8,166

Notes: "Other" is a business segment that is not included in reporting segments, and includes the worker dispatching business.

3. Other

(1) Status of Production, Orders, and Sales

(i) Production status

Business segment	Three months ended August 31, 2023 (from June 1, 2023, to August 31, 2023)		Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	4,538	69.4	4,993	67.9
Industry Business	1,933	29.6	2,263	30.8
ICT Solution Business	65	1.0	102	1.4
Other	-	-	-	-
Total	6,537	100.0	7,358	100.0

(Note) Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Three months ended August 31, 2023 (from June 1, 2023, to August 31, 2023)		Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	6,097	23,712	7,184	33,479
Industry Business	2,018	7,048	2,367	9,101
ICT Solution Business	270	465	197	377
Other	2	-	0	-
Total	8,389	31,227	9,750	42,958

(Note) Amounts are based on sales prices.

(iii) Sales status

Business segment	Three months ended August 31, 2023 (from June 1, 2023, to August 31, 2023)		Three months ended August 31, 2024 (from June 1, 2024, to August 31, 2024)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	4,300	64.6	5,594	68.5
Industry Business	2,120	31.9	2,242	27.5
ICT Solution Business	234	3.5	328	4.0
Other	2	0.0	0	0.0
Total	6,658	100.0	8,166	100.0