

Consolidated Financial Results for the Six Months Ended November 30, 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: January 12, 2024
 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 six months ended November 30, 2023 (from June 1, 2023 to November 30, 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	%
Six months ended November 30, 2023	14,817	7.2	187	-	556	181.7	318	-
November 30, 2022	13,821	(6.6)	(80)	-	197	-	26	(85.7)

Note: Comprehensive income For the six months ended November 30, 2023: ¥923 million [9.8%]
For the six months ended November 30, 2022: ¥841 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2023	33.80	-
November 30, 2022	2.98	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	50,060	25,223	50.4
May 31, 2023	49,682	24,582	49.5

Reference: Equity As of November 30, 2023: ¥25,223 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	-	0.00			
Fiscal year ending May 31, 2024 (Forecast)			-	30.00	30.00

Note: 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
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 November 30, 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 November 30, 2023	302,253 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)

Six months ended November 30, 2023	9,433,021 shares
Six months ended November 30, 2022	8,940,204 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 November 30, 2023
Assets		
Current assets		
Cash and deposits	5,520	4,845
Notes and accounts receivable - trade, and contract assets	13,236	12,719
Electronically recorded monetary claims - operating	1,116	1,563
Merchandise and finished goods	376	528
Work in process	3,106	3,302
Raw materials and supplies	2,836	2,938
Advance payments to suppliers	22	13
Accounts receivable	162	46
Other	370	437
Allowance for doubtful accounts	(10)	(51)
Total current assets	26,738	26,343
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,952	9,966
Accumulated depreciation	(6,340)	(6,477)
Buildings and structures, net	3,611	3,489
Machinery, equipment and vehicles	8,208	8,225
Accumulated depreciation	(7,860)	(7,909)
Machinery, equipment and vehicles, net	348	315
Land	1,269	1,269
Construction in progress	11	16
Other	5,138	5,131
Accumulated depreciation	(4,678)	(4,607)
Other, net	459	524
Total property, plant and equipment	5,701	5,615
Intangible assets		
Software	63	88
Other	13	35
Total intangible assets	77	123
Investments and other assets		
Investment securities	14,288	14,936
Deferred tax assets	108	-
Other	2,775	3,043
Allowance for doubtful accounts	(7)	(2)
Total investments and other assets	17,165	17,976
Total non-current assets	22,943	23,716
Total assets	49,682	50,060

(Millions of yen)

	As of May 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,060	2,108
Electronically recorded obligations - operating	4,768	4,454
Short-term borrowings	885	855
Accrued expenses	589	758
Income taxes payable	128	138
Accrued consumption taxes	94	61
Contract liabilities	84	113
Deposits received	189	180
Provision for bonuses for directors (and other officers)	39	15
Provision for bonuses	673	678
Provision for loss on orders received	989	727
Provision for product warranties	70	112
Other	127	230
Total current liabilities	10,699	10,431
Non-current liabilities		
Long-term borrowings	10,288	10,025
Long-term accounts payable - other	30	34
Deferred tax liabilities	-	222
Retirement benefit liability	4,075	4,117
Other	4	4
Total non-current liabilities	14,399	14,405
Total liabilities	25,099	24,837
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,347	11,383
Treasury shares	(486)	(487)
Total shareholders' equity	19,036	19,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,370	5,899
Foreign currency translation adjustment	202	266
Remeasurements of defined benefit plans	(26)	(14)
Total accumulated other comprehensive income	5,546	6,151
Total net assets	24,582	25,223
Total liabilities and net assets	49,682	50,060

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Six months ended November 30, 2023

	(Millions of yen)	
	Six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)	Six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)
Net sales	13,821	14,817
Cost of sales	10,613	11,054
Gross profit	3,208	3,762
Selling, general and administrative expenses	3,288	3,575
Operating profit (loss)	(80)	187
Non-operating income		
Interest income	0	0
Dividend income	123	113
Share of profit of entities accounted for using equity method	89	209
Foreign exchange gains	77	57
Miscellaneous income	18	24
Total non-operating income	310	405
Non-operating expenses		
Interest expenses	26	24
Miscellaneous losses	5	12
Total non-operating expenses	32	36
Ordinary profit	197	556
Extraordinary income		
Gain on sale of investment securities	405	158
Gain on sale of non-current assets	150	-
Total extraordinary income	556	158
Extraordinary loss		
Business structural reform expenses	478	191
Total extraordinary losses	478	191
Profit before income taxes	275	523
Income taxes - current	185	99
Income taxes - deferred	63	105
Total income taxes	249	204
Profit	26	318
Profit attributable to owners of parent	26	318

Quarterly Consolidated Statement of Comprehensive Income
Six months ended November 30, 2023

	(Millions of yen)	
	Six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)	Six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)
Profit	26	318
Other comprehensive income		
Valuation difference on available-for-sale securities	642	528
Remeasurements of defined benefit plans, net of tax	12	11
Share of other comprehensive income of entities accounted for using the equity method	160	64
Total other comprehensive income	815	605
Comprehensive income	841	923
Comprehensive income attributable to:		
Owners of parent	841	923
Non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)	Six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)
Cash flows from operating activities		
Profit before income taxes	275	523
Depreciation	396	349
Increase (decrease) in allowance for doubtful accounts	0	37
Increase (decrease) in provision for bonuses	(14)	4
Increase (decrease) in retirement benefit liability	44	41
Increase (decrease) in provision for loss on orders received	(94)	(261)
Interest and dividend income	(124)	(113)
Interest expenses	26	24
Share of loss (profit) of entities accounted for using equity method	(89)	(209)
Loss (gain) on sale of property, plant and equipment	(150)	-
Loss (gain) on sale of investment securities	(405)	(158)
Business structural reform expenses	478	191
Decrease (increase) in trade receivables	(1,201)	70
Decrease (increase) in inventories	(652)	(451)
Increase (decrease) in trade payables	41	(266)
Increase (decrease) in provision for product warranties	7	41
Increase (decrease) in contract liabilities	17	28
Increase (decrease) in accrued expenses	105	169
Increase (decrease) in accrued consumption taxes	(39)	(33)
Other	(133)	(152)
Subtotal	(1,511)	(163)
Interest and dividends received	124	123
Interest paid	(26)	(24)
Income taxes refund (paid)	(297)	(37)
Net cash provided by (used in) operating activities	(1,711)	(101)
Cash flows from investing activities		
Purchases of property, plant and equipment	(137)	(139)
Proceeds from sale of property, plant and equipment	266	0
Purchase of intangible assets	(13)	(60)
Purchases of investment securities	(7)	(7)
Proceeds from sale of investment securities	622	268
Other	(50)	(61)
Net cash provided by (used in) investing activities	680	0
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,200	-
Repayments of long-term borrowings	(292)	(292)
Purchase of treasury shares	(0)	(0)
Dividends paid	(267)	(282)
Other	(1)	(0)
Net cash provided by (used in) financing activities	637	(576)
Effect of exchange rate change on cash and cash equivalents	4	2
Net increase (decrease) in cash and cash equivalents	(388)	(674)
Cash and cash equivalents at beginning of period	4,449	5,520
Cash and cash equivalents at end of period	4,061	4,845

(4) 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]

Six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)

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	9,097	4,218	503	2	13,821	-	13,821
Intersegment sales and transfers	16	0	-	153	170	(170)	-
Total	9,113	4,219	503	155	13,991	(170)	13,821
Segment profit (loss)	1,196	(77)	121	(5)	1,236	(1,316)	(80)

- 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 ¥(1,316) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(1,316) 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.

Six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)

1. Information regarding net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments			Other	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	9,541	4,788	483	3	14,817	-	14,817
Intersegment sales and transfers	8	9	-	159	176	(176)	-
Total	9,549	4,797	483	162	14,993	(176)	14,817
Segment profit (loss)	1,121	321	119	(1)	1,561	(1,374)	187

- 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 ¥(1,374) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(1,373) 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.

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

Business segment	Six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)		Six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	9,555	69.1	9,926	66.5
Industry Business	3,927	28.4	4,769	31.9
ICT Solution Business	337	2.4	232	1.6
Other	-	-	-	-
Total	13,820	100.0	14,928	100.0

(Note) Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)		Six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	10,640	22,353	17,606	29,980
Industry Business	5,757	7,739	4,961	7,323
ICT Solution Business	670	432	364	310
Other	2	-	3	-
Total	17,070	30,524	22,935	37,614

(Note) Amounts are based on sales prices.

(iii) Sales status

Business segment	Six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)		Six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	9,097	65.8	9,541	64.4
Industry Business	4,218	30.5	4,788	32.3
ICT Solution Business	503	3.6	483	3.3
Other	2	0.0	3	0.0
Total	13,821	100.0	14,817	100.0