

Consolidated Financial Results for the Six Months Ended November 30, 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 file semiannual securities report: January 14, 2025
 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 six months ended November 30, 2024 (from June 1, 2024, to November 30, 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	%
Six months ended November 30, 2024	19,015	28.3	762	307.4	987	77.4	800	151.1
November 30, 2023	14,817	7.2	187	-	556	181.7	318	-

Note: Comprehensive income For the six months ended November 30, 2024 223 million [(75.8)%]
 For the six months ended November 30, 2023 923 million [9.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2024	86.24	-
November 30, 2023	33.80	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of November 30, 2024	53,796	25,859	48.1
May 31, 2024	51,652	26,070	50.5

Reference: Equity As of November 30, 2024 ¥25,859 million
 As of 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	-	0.00			
Fiscal year ending May 31, 2025 (forecast)			-	40.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending May 31, 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
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) Significant changes in scope of consolidation during the period: None

Newly included: - companies (Company name)

Excluded: - companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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 9 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 November 30, 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 November 30, 2024	546,306 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)

Six months ended November 30, 2024	9,281,802 shares
Six months ended November 30, 2023	9,433,021 shares

* Six-month (interim) financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* 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. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	6,423	4,387
Notes and accounts receivable - trade, and contract assets	11,756	16,698
Electronically recorded monetary claims - operating	1,849	1,456
Merchandise and finished goods	466	464
Work in process	3,692	3,685
Raw materials and supplies	3,388	3,775
Advance payments to suppliers	13	15
Accounts receivable - other	116	99
Other	280	358
Allowance for doubtful accounts	(25)	(40)
Total current assets	27,960	30,899
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,987	9,991
Accumulated depreciation	(6,614)	(6,736)
Buildings and structures, net	3,372	3,255
Machinery, equipment and vehicles	8,341	8,413
Accumulated depreciation	(8,038)	(8,103)
Machinery, equipment and vehicles, net	303	309
Land	1,269	1,269
Construction in progress	135	131
Other	5,250	5,149
Accumulated depreciation	(4,776)	(4,724)
Other, net	474	424
Total property, plant and equipment	5,555	5,391
Intangible assets		
Software	84	74
Other	43	47
Total intangible assets	127	121
Investments and other assets		
Investment securities	15,009	13,869
Deferred tax assets	-	265
Other	3,001	3,251
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	18,008	17,383
Total non-current assets	23,691	22,896
Total assets	51,652	53,796

Consolidated Financial Results of Toyo Denki Seizo K.K. (6505) for the Six Months Ended November 30, 2024(Under Japanese GAAP)

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,292	2,791
Electronically recorded obligations - operating	4,684	4,219
Short-term borrowings	4,585	6,885
Accrued expenses	809	988
Income taxes payable	309	481
Accrued consumption taxes	158	53
Contract liabilities	129	82
Deposits received	160	154
Provision for bonuses for directors (and other officers)	54	27
Provision for bonuses	737	842
Provision for loss on orders received	777	915
Provision for product warranties	156	443
Other	386	196
Total current liabilities	15,240	18,082
Non-current liabilities		
Long-term borrowings	6,003	5,710
Long-term accounts payable - other	11	11
Deferred tax liabilities	164	-
Retirement benefit liability	4,151	4,122
Other	11	9
Total non-current liabilities	10,341	9,853
Total liabilities	25,582	27,936
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	12,299	12,820
Treasury shares	(596)	(751)
Total shareholders' equity	19,878	20,244
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,696	4,943
Foreign currency translation adjustment	485	650
Remeasurements of defined benefit plans	9	20
Total accumulated other comprehensive income	6,191	5,614
Total net assets	26,070	25,859
Total liabilities and net assets	51,652	53,796

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual Consolidated Statements of Income

	(Millions of yen)	
	Six months ended November 30, 2023 (from June 1, 2023, to November 30, 2023)	Six months ended November 30, 2024 (from June 1, 2024, to November 30, 2024)
Net sales	14,817	19,015
Cost of sales	11,054	14,447
Gross profit	3,762	4,567
Selling, general and administrative expenses	3,575	3,805
Operating profit	187	762
Non-operating income		
Interest income	0	1
Dividend income	113	153
Share of profit of entities accounted for using equity method	209	125
Foreign exchange gains	57	-
Miscellaneous income	24	22
Total non-operating income	405	303
Non-operating expenses		
Interest expenses	24	29
Foreign exchange losses	-	43
Miscellaneous losses	12	4
Total non-operating expenses	36	78
Ordinary profit	556	987
Extraordinary income		
Gain on sale of investment securities	158	150
Total extraordinary income	158	150
Extraordinary losses		
Business structural reform expenses	191	-
Total extraordinary losses	191	-
Profit before income taxes	523	1,138
Income taxes - current	99	443
Income taxes - deferred	105	(105)
Total income taxes	204	337
Profit	318	800
Profit attributable to owners of parent	318	800

Semi-annual Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended November 30, 2023 (from June 1, 2023, to November 30, 2023)	Six months ended November 30, 2024 (from June 1, 2024, to November 30, 2024)
Profit	318	800
Other comprehensive income		
Valuation difference on available-for-sale securities	528	(752)
Foreign currency translation adjustment	-	(17)
Remeasurements of defined benefit plans, net of tax	11	10
Share of other comprehensive income of entities accounted for using equity method	64	181
Total other comprehensive income	605	(576)
Comprehensive income	923	223
Comprehensive income attributable to		
Owners of parent	923	223
Non-controlling interests	-	-

(3) Semi-annual Consolidated Statement of Cash Flows

	(Millions of yen)	
	Six months ended November 30, 2023 (from June 1, 2023, to November 30, 2023)	Six months ended November 30, 2024 (from June 1, 2024, to November 30, 2024)
Cash flows from operating activities		
Profit before income taxes	523	1,138
Depreciation	349	321
Increase (decrease) in allowance for doubtful accounts	37	15
Increase (decrease) in provision for bonuses	4	105
Increase (decrease) in retirement benefit liability	41	(28)
Increase (decrease) in provision for loss on orders received	(261)	138
Interest and dividend income	(113)	(155)
Interest expenses	24	29
Share of loss (profit) of entities accounted for using equity method	(209)	(125)
Loss (gain) on sale of investment securities	(158)	(150)
Business structural reform expenses	191	-
Decrease (increase) in trade receivables	70	(4,551)
Decrease (increase) in inventories	(451)	(380)
Increase (decrease) in trade payables	(266)	33
Increase (decrease) in accrued expenses	169	170
Increase (decrease) in accrued consumption taxes	(33)	(104)
Increase (decrease) in contract liabilities	28	(47)
Increase (decrease) in provision for product warranties	41	287
Other	(152)	(91)
Subtotal	(163)	(3,395)
Interest and dividends received	123	260
Interest paid	(24)	(21)
Income taxes refund (paid)	(37)	(272)
Net cash provided by (used in) operating activities	(101)	(3,429)
Cash flows from investing activities		
Purchase of property, plant and equipment	(139)	(331)
Proceeds from sale of property, plant and equipment	0	-
Purchase of intangible assets	(60)	(10)
Purchase of investment securities	(7)	(5)
Proceeds from sale of investment securities	268	228
Payments into time deposits	-	(146)
Purchase of shares of subsidiaries	-	(18)
Other	(61)	(33)
Net cash provided by (used in) investing activities	0	(318)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	2,300
Repayments of long-term borrowings	(292)	(292)
Purchase of treasury shares	(0)	(154)
Dividends paid	(282)	(277)
Other	(0)	(2)
Net cash provided by (used in) financing activities	(576)	1,572
Effect of exchange rate change on cash and cash equivalents	2	(7)
Net increase (decrease) in cash and cash equivalents	(674)	(2,182)
Cash and cash equivalents at beginning of period	5,520	6,423
Cash and cash equivalents at end of period	4,845	4,240

(4) Notes to Semi-annual 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 six months 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 semi-annual 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 six months of the fiscal year under review. This change in accounting policy is applied retrospectively, and is reflected in the semi-annual consolidated financial statements and consolidated financial statements for the previous fiscal year. This change has no impact on the semi-annual consolidated financial statements or the consolidated financial statements for the previous fiscal year.

(Segment Information, etc.)

[Segment Information]

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 (Note 1)	Total	Adjustments (Note 2)	Amount recorded on semi-annual 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 semi-annual consolidated statement of income.

Six months ended November 30, 2024 (from June 1, 2024, to November 30, 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 semi-annual consolidated statement of income (Note 3)
	Transportation Business	Industry Business	ICT Solution Business				
Net sales							
Net sales to external customers	13,373	4,944	695	1	19,015	-	19,015
Intersegment sales and transfers	24	1	-	164	190	(190)	-
Total	13,397	4,946	695	166	19,205	(190)	19,015
Segment profit (loss)	1,495	603	191	(0)	2,290	(1,527)	762

- (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 ¥(1,527) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(1,527) 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 semi-annual consolidated statement of income.

(Revenue Recognition)

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

(Millions of yen)

			Six months ended November 30, 2023 (from June 1, 2023, to November 30, 2023)	Six months ended November 30, 2024 (from June 1, 2024, to November 30, 2024)	
Reporting segments	Transportation Business	Domestic railways	5,907	7,324	
		Overseas railways	2,301	4,643	
		Other	1,332	1,405	
		Subtotal	9,541	13,373	
	Industry Business	Production and processing facilities	1,637	1,557	
		Automobile testing equipment	1,268	1,050	
		Power generation and power supply	786	925	
		Other	1,095	1,410	
		Subtotal	4,788	4,944	
	ICT Solution Business	ICT Solutions	483	695	
		Subtotal	483	695	
	Other (Note)			3	1
	Total			14,817	19,015
Revenue from contracts with customers			14,817	19,015	
Net sales to external customers			14,817	19,015	

(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	Six months ended November 30, 2023 (from June 1, 2023, to November 30, 2023)		Six months ended November 30, 2024 (from June 1, 2024, to November 30, 2024)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	9,926	66.5	11,674	68.2
Industry Business	4,769	31.9	5,200	30.4
ICT Solution Business	232	1.6	250	1.5
Other	-	-	-	-
Total	14,928	100.0	17,125	100.0

(Note) Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Six months ended November 30, 2023 (from June 1, 2023, to November 30, 2023)		Six months ended November 30, 2024 (from June 1, 2024, to November 30, 2024)	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	17,606	29,980	13,707	32,223
Industry Business	4,961	7,323	5,976	10,009
ICT Solution Business	364	310	763	576
Other	3	-	1	-
Total	22,935	37,614	20,449	42,809

(Note) Amounts are based on sales prices.

(iii) Sales status

Business segment	Six months ended November 30, 2023 (from June 1, 2023, to November 30, 2023)		Six months ended November 30, 2024 (from June 1, 2024, to November 30, 2024)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	9,541	64.4	13,373	70.3
Industry Business	4,788	32.3	4,944	26.0
ICT Solution Business	483	3.3	695	3.7
Other	3	0.0	1	0.0
Total	14,817	100.0	19,015	100.0