
Financial Results Briefing for the Six Months Ended November 30, 2024

January 14, 2025
Toyo Denki Seizo K.K.

■ Briefing on Financial Results: 30 minutes

1. Overview of Financial Results for the Six Months Ended November 30, 2024
2. Financial Results Forecast for the Fiscal Year Ending May 31, 2025
3. Initiatives in Medium-Term Management Plan 2026
4. Initiatives for Sustainability

1. Overview of Financial Results for the Six Months Ended November 30, 2024 (from June 1, 2024, to November 30, 2024)

1-1. Overview of Consolidated Financial Results

Orders received decreased as a reaction to large projects in Indonesia in the previous fiscal year
Thanks to an increase in net sales and profit in the Transportation Business, operating profit reached the highest ever level as of 2Q

100 million yen

| | 6M FYE May 2024 | 6M FYE May 2025 | YoY Change | | 6M FYE May 2025 Forecast | Change vs. Forecast | |
|---|---------------------|---------------------|------------------------------|---------------------|--------------------------------|------------------------------|--------------------|
| | | | | % | | | % |
| Orders received | 229.3 | 204.4 | (24.8) | (10.8)% | 189.0 | +15.4 | 108.2% |
| Net sales | 148.1 | 190.1 | +41.9 | +28.3% | 170.0 | +20.1 | 111.9% |
| Operating profit % | 1.8 1.3% | 7.6 4.0% | +5.7 2.7pt | +307.4% — | 3.2 1.9% | +4.4 2.1pt | 238.2% — |
| Ordinary profit | 5.5 | 9.8 | +4.3 | +77.4% | 5.7 | +4.1 | 173.3% |
| Profit [Profit per share (yen)] | 3.1 33.80 | 8.0 86.24 | +4.8 +52.44 | +151.1% — | 3.7 39.66 | +4.3 +46.58 | 216.4% — |
| Ratio of overseas sales to net sales | 20.3% | 28.5% | +8.2pt | — | | | |

Since the Group's business is based on build-to-order products and sales tend to be concentrated in 4Q, the quarterly results fluctuate.

<Reference> Review of the Business Environment for the Six Months Ended November 30, 2024

Transportation Business

- In Japan, orders for products for newly built rolling stock and equipment upgrades were steady, due to promotion of investment that had been restrained by railway operators, caused by an increase in railway users mainly resulting from the recovery of inbound traffic.
- Overseas, orders for parts for high-speed railways in China increased.

Industry Business

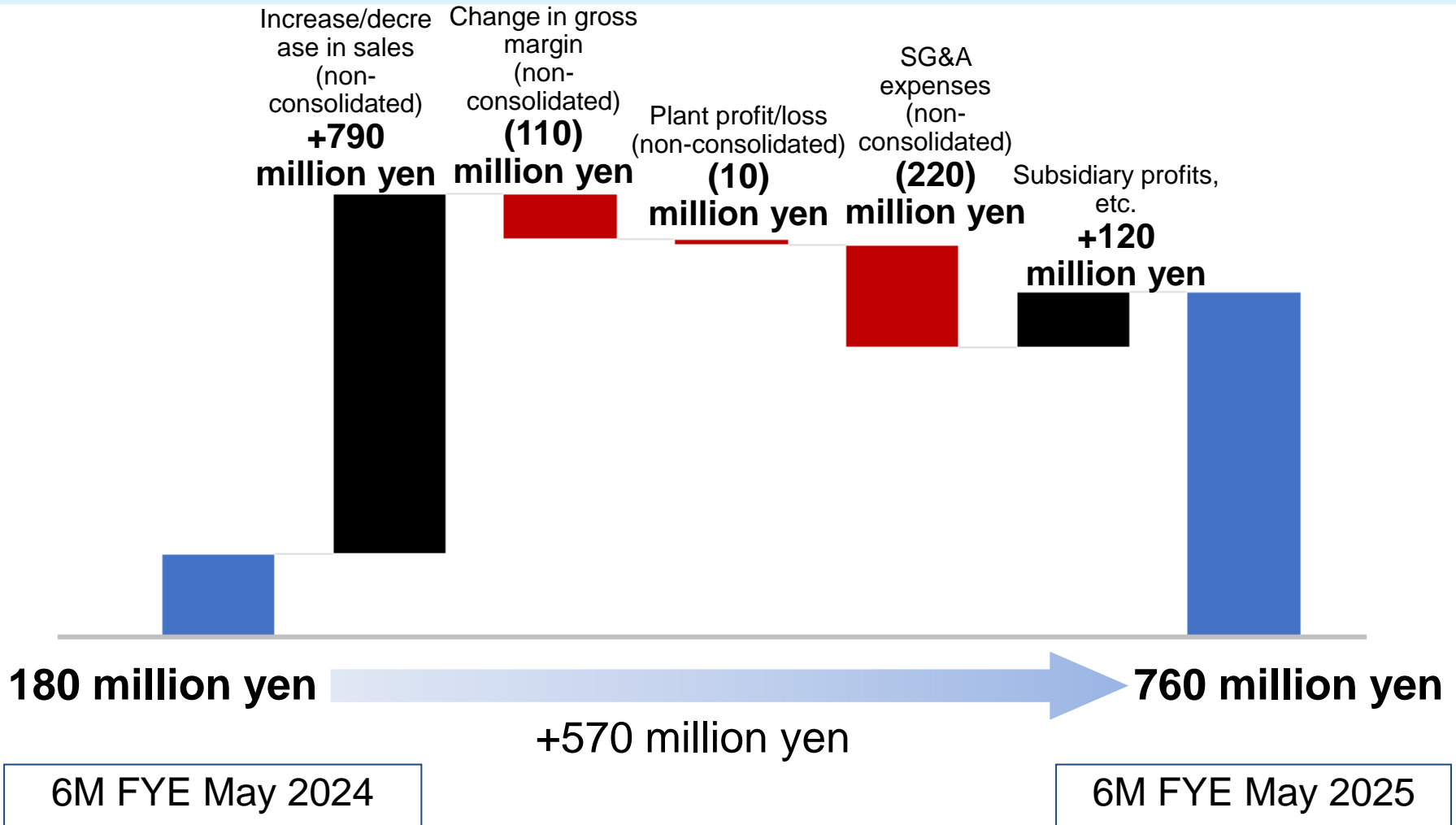
- In the area of automobile testing machines, we worked to expand the lineup of in-wheel-well dynamos to support the electrification of automobiles, and inquiries increased.
- In the area of production and processing equipment, we revised the sales structure and strengthened technical proposals. Demand for equipment upgrades increased due to growing demand for saving energy and maintenance.
- In the area of power generation and power supply systems, we saw an increase in orders and inquiries for emergency generators for government agencies (the Acquisition, Technology & Logistics Agency, etc.), telecommunications carriers, and financial institutions to support BCP, etc.

ICT Solution Business

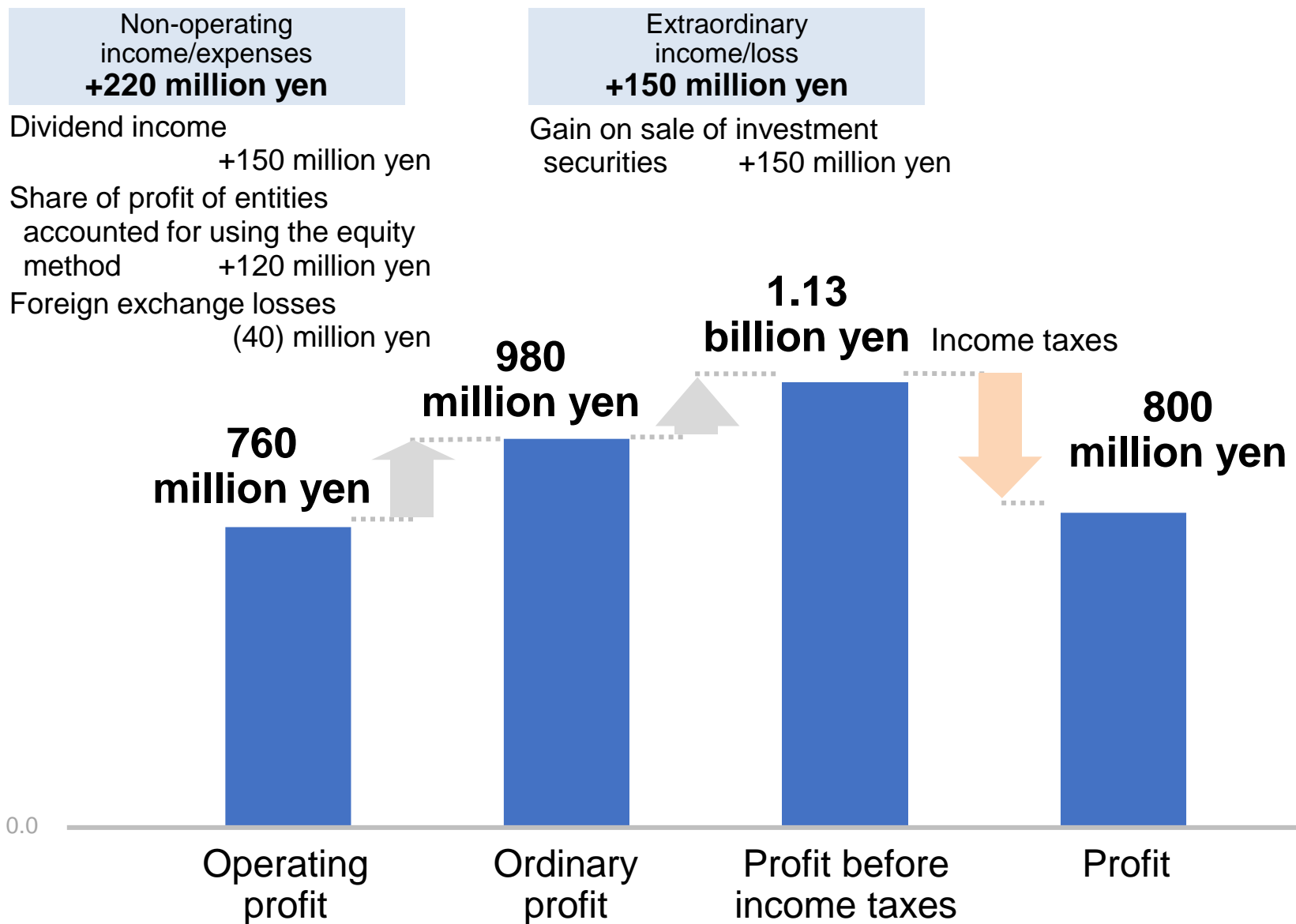
- In the area of railway station operating equipment systems, we strove to develop systems to support cashless services, ticketless boarding, and other services in order to improve convenience for railway users.
- In the area of remote monitoring systems, we promoted the development of new IoT terminal models that enable low-cost monitoring of mobile devices and equipment and strengthened measures to expand the business area.

1-2. Factors for Increase and Decrease in Operating Profit (YoY change)

Profit rose significantly due to increased sales in the Transportation Business



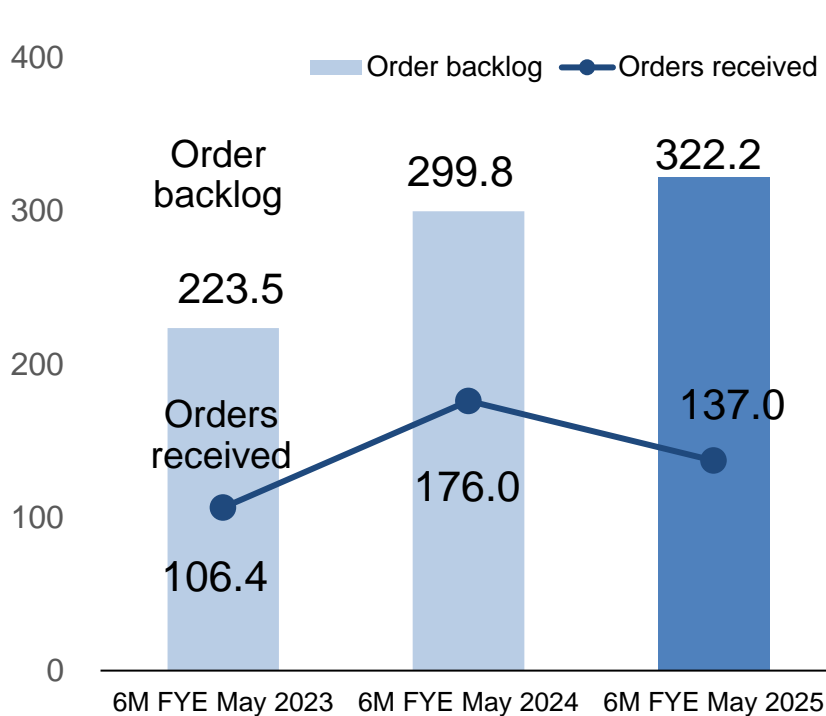
1-3. Breakdown of Non-Operating Income/Expenses and Extraordinary Income/Loss



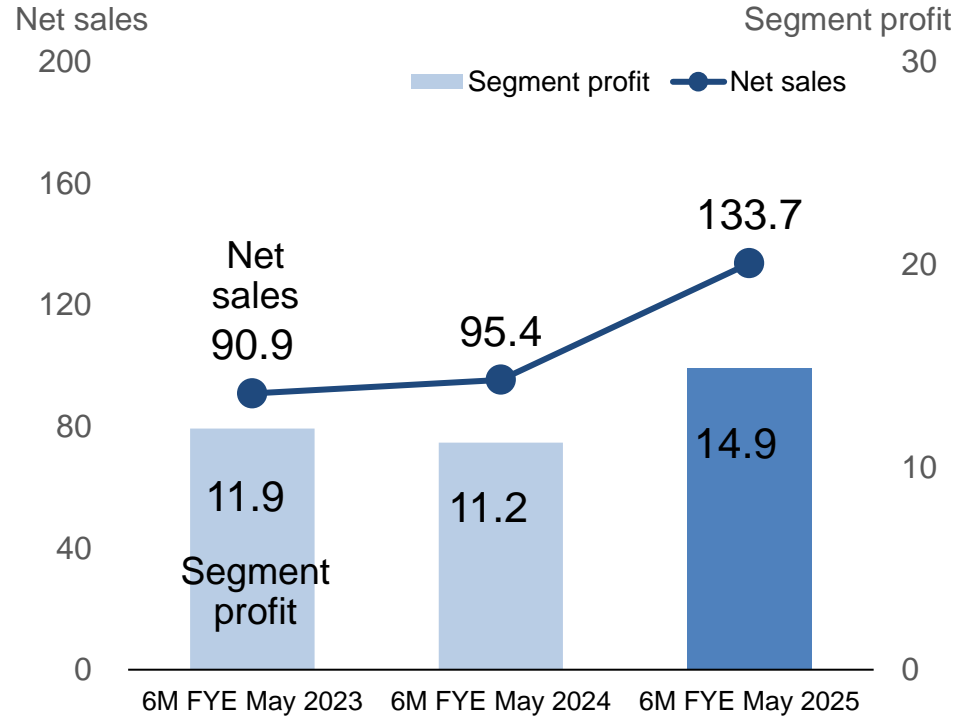
1-4. Segment Performance: Transportation Business

Orders received decreased as a reaction to large projects in Indonesia in the previous fiscal year. Net sales and profit increased mainly due to production ahead of schedule for projects in Indonesia

■ Orders received and order backlog



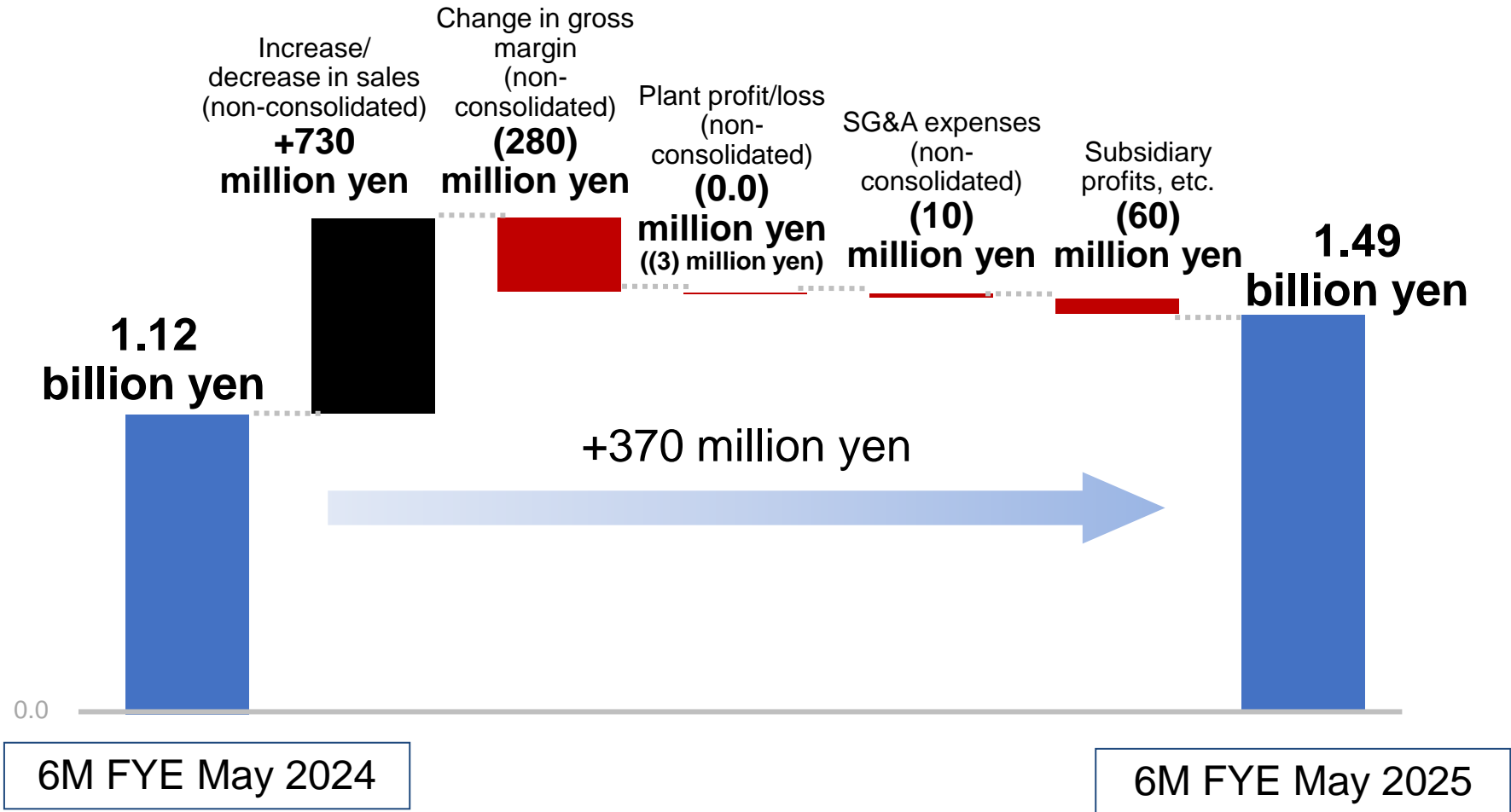
■ Net sales and segment profit (100 million yen)



- Orders received fell as a reaction to large projects in Indonesia in the previous fiscal year, despite an increase in orders received from JR companies and China
- Net sales strongly grew driven by progress in large projects in Indonesia for which we received orders in the previous fiscal year, as well as a large increase in sales to private railways and stronger sales to China
- Larger net sales resulted in a rise in segment profit

1-5. Transportation Business: Factors for Increase and Decrease in Segment Profit

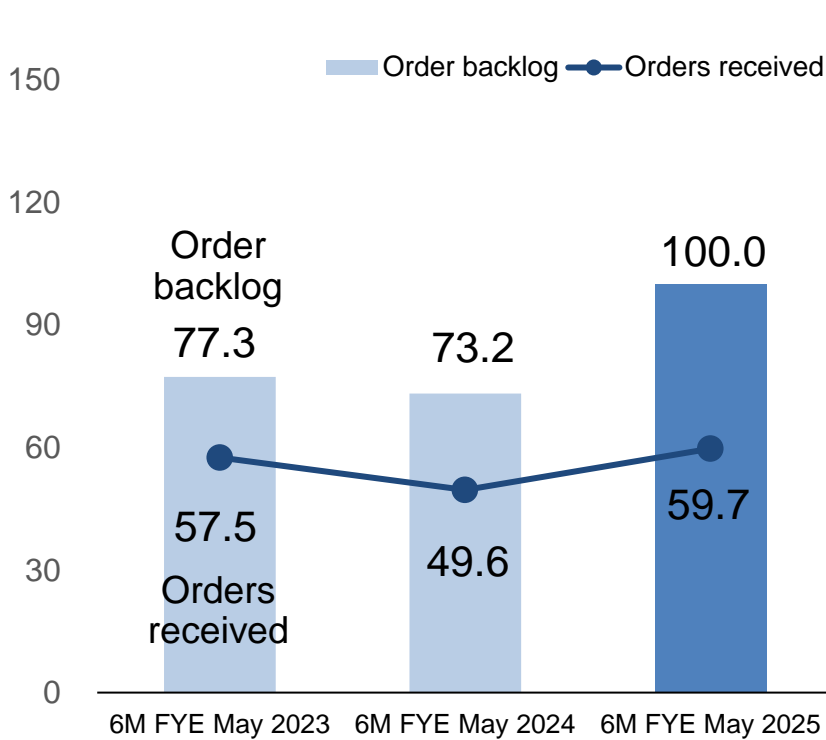
Profit increased mainly due to higher sales from production ahead of schedule for projects in Indonesia, despite the decline in the gross margin caused by design costs for new projects, etc.



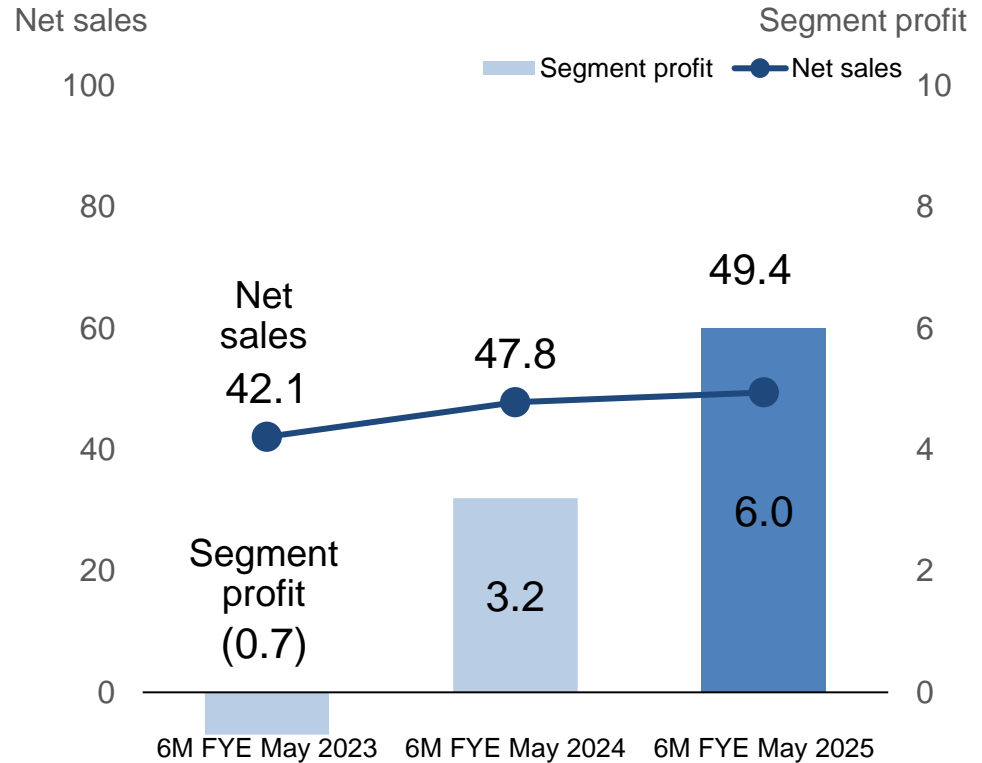
1-6. Segment Performance: Industry Business

Both orders received and net sales increased. Segment profit increased mainly due to improved profitability

■ Orders received and order backlog



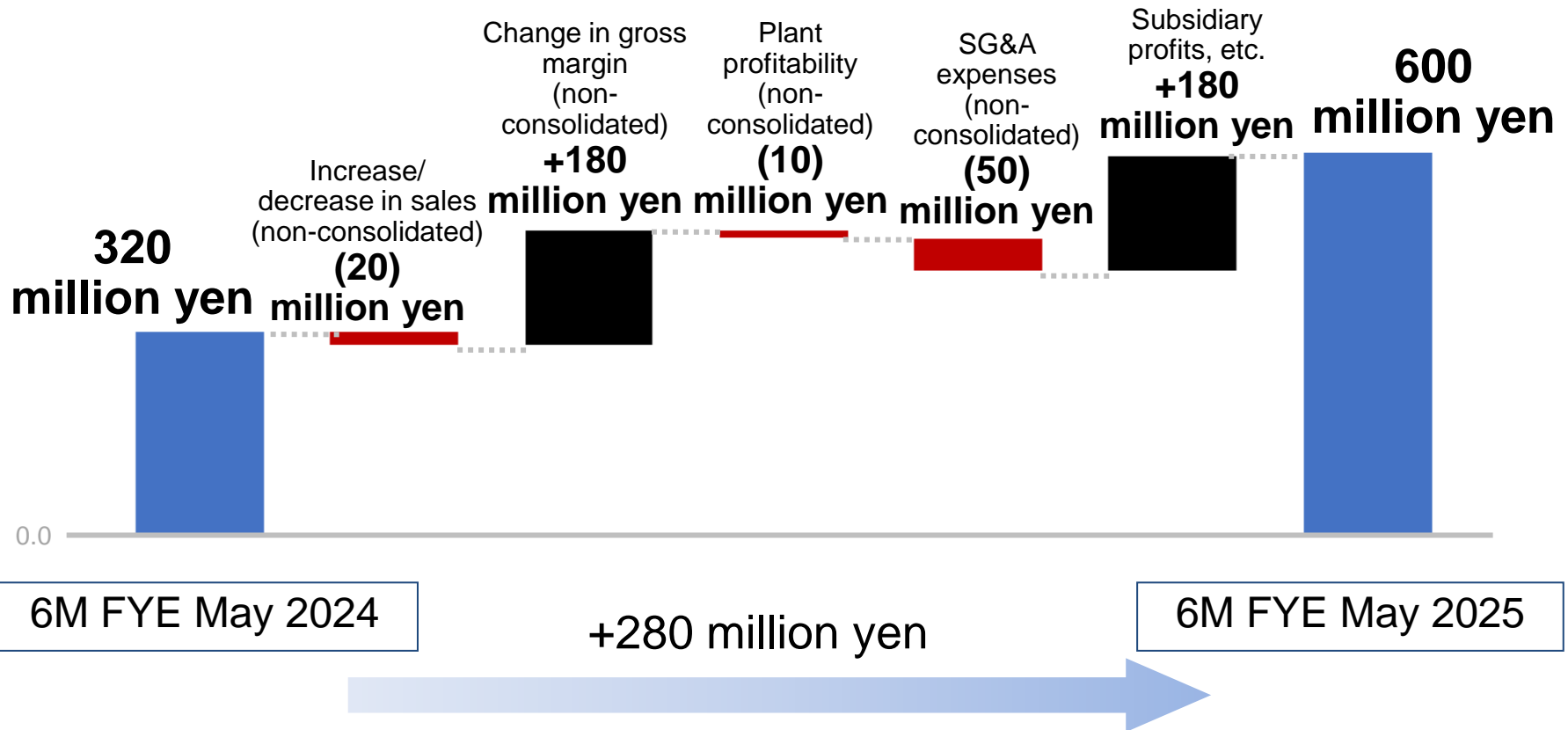
■ Net sales and segment profit (100 million yen)



- Orders received fell for production and processing equipment, but increased significantly for automobile testing machines and power generation and power supply systems
- Net sales were up due to an increase in power generation and power supply systems, despite a decrease in automobile testing machines
- Segment profit increased mainly due to improved profitability

1-7. Industry Business: Factors for Increase and Decrease in Segment Profit

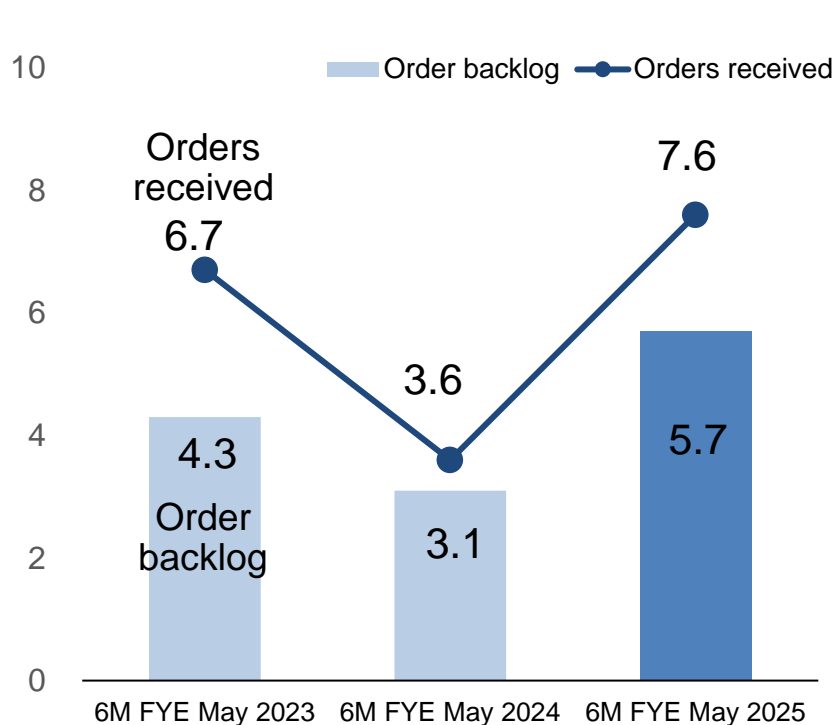
Profit increased due to improvements in gross margin and subsidiary profits, etc.



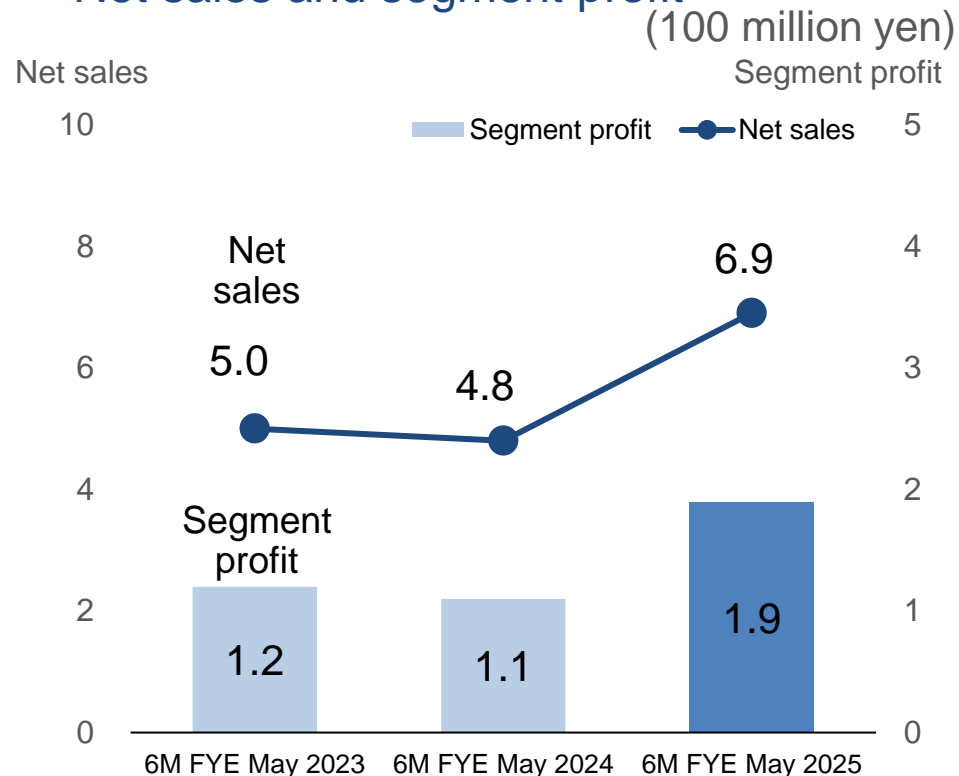
1-8. Segment Performance: ICT Solution Business

Orders received increased. Net sales and profit increased due to steady progress in large projects for which we received orders in the previous fiscal year

Orders received and order backlog



Net sales and segment profit



- Orders received increased for railway station operation equipment to support cashless services
- Net sales grew mainly due to steady progress in large projects for which we received orders in the previous fiscal year
- Segment profit rose mainly due to an increase in net sales

1-9. Consolidated Financial Position

| (100 million yen) | May 31, 2024 | November 30, 2024 | Fiscal year-end comparison | Remarks |
|-------------------------------------|-----------------|----------------------|-------------------------------|---|
| Total assets | 516.5 | 537.9 | +21.4 | |
| Current assets | 279.6 | 308.9 | +29.3 | Trade receivables: +4.54 billion yen Inventories: +0.37 billion yen Cash and deposits: (2.03) billion yen |
| Non-current assets | 236.9 | 228.9 | (7.9) | Investment securities: (1.14) billion yen |
| Total liabilities | 255.8 | 279.3 | +23.5 | |
| Of which, net interest-bearing debt | 41.6 | 82.0 | +40.4 | |
| Net assets | 260.7 | 258.5 | (2.1) | Retained earnings: +0.52 billion yen Valuation difference on available-for-sale securities: (0.75) billion yen |
| Equity-to-asset ratio | 50.5% | 48.1% | (2.4)pt | |

2. Financial Results Forecast for the Fiscal Year Ending May 31, 2025

2-1. Outlook for Financial Results for Fiscal Year Ending May 31, 2025 (Consolidated)

Orders received are expected to reach 38 billion yen

We aim for net sales of 37 billion yen and operating profit of more than 1.3 billion yen

| (100 million yen) | FYE May 2024 (Results) | | FYE May 2025 | | YoY Change |
|---|------------------------|---------------------------------|---------------------|------------------------------|---------------------------------|
| | 2Q | Fiscal year ending May 31, 2025 | 2Q (Results) | Full year (Initial forecast) | Fiscal year ending May 31, 2025 |
| Orders received | 229.3 | 440.1 | 204.4 | 380.0 | (60.1) |
| Net sales | 148.1 | 321.4 | 190.1 | 370.0 | +48.5 |
| Operating profit (%) | 1.8 1.3% | 9.2 2.9% | 7.6 4.0% | 13.0 3.5% | +3.7 0.6pt |
| Ordinary profit | 5.5 | 14.8 | 9.8 | 17.0 | +2.1 |
| Profit [Profit per share (yen)] | 3.1 33.80 | 9.3 99.53 | 8.0 86.24 | 12.0 128.64 | +2.6 +29.11 |
| Dividend per share (yen) | | 30.0 | | 40.0 | |

No revisions to the financial results forecast most recently announced

3. Initiatives in Medium-Term Management Plan 2026 (From June 1, 2022, to May 31, 2026)

3-1. Medium-Term Management Plan 2026

■ Consolidated financial targets for FYE May 2026

Net sales **40** billion yen

Operating margin **5%**

ROE **8%**

Specific initiatives

Steady progress in shipment and sales of projects in Indonesia toward net sales of 40 billion yen

Improvement of production efficiency and optimization of selling prices

Continued purchase of treasury shares and curtailment of cross-shareholdings

■ Three basic policies

Expansion of new businesses and products

Strengthen and expedite development of new business areas across the Company, and respond to electrification, DX, and decarbonization

Thorough improvement in earnings structure of existing businesses

Radical strengthening of profitability with plants and marketing in unison from both aspects of improving production efficiency and securing appropriate sales prices

Improvement in asset efficiency with awareness of capital cost

Continue to reduce cross-shareholdings, review capital efficiency of each business and consider reallocation of management resources

3-2. Initiatives in Medium-Term Management Plan 2026

Expansion of new businesses and products

Transportation

Progress of electrical equipment for Indonesia

Shipment of electrical equipment started for commuter trains operating in the Jakarta metropolitan area

PT.INKA, an Indonesian vehicle manufacturer, builds rolling stock
For newly built rolling stock made in Indonesia
(192 vehicles)

Production is progressing steadily

Shipment started in November 2024

Equipment delivered by Toyo Denki Seizo

- Main motors
- Propulsion inverters (VVVF inverter)
- Auxiliary power supply
- Driving gear units
- Current collectors (pantographs)



Conceptual drawing of newly built rolling stock made in Indonesia

Technology transfer

Trainee workers visited Japan
Training was conducted at Toyo Denki Seizo



A scene of practical training under the technology transfer agreement

Orders received after orders for newly built rolling stock made in Indonesia
For equipment upgrades
(24 vehicles)

Equipment replacement to extend the life of some of used rolling stock made in Japan (about 1,100 vehicles)

Production started
Shipment scheduled for June 2025 or later

Equipment delivered by Toyo Denki Seizo

- Main motors
- Propulsion inverters (VVVF inverter)
- Auxiliary power supply

We are responding to subsequent inquiries



Propulsion inverters(VVVF inverter)



Main motors

3-3. Initiatives in Medium-Term Management Plan 2026

Expansion of new businesses and products

Industry

New in-tire-house dynamo products were developed

= Our proprietary technology =

Development of new products for BEVs

New products whose capacity was increased for battery EVs (BEVs) from conventional products (94 kW per wheel)

➡ Order received and inquiries have increased steadily since the delivery of the first product to a domestic automaker in September 2022



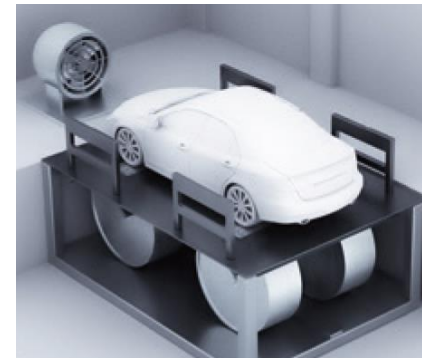
94 kW per wheel



New product 160 kW per wheel

Expansion of the lineup

We worked to expand the lineup including capacity increase, support for 4WD, and support for small vehicles, and strengthened sales of products for replacement with chassis dynamometer and automatic operation testing



Chassis dynamometer



In-wheel-well dynamos

<Conceptual image of testing>

3-4. Continued purchase of treasury shares

The board of directors resolved on January 14, 2025, to acquire treasury shares

To enhance shareholder returns and improve capital efficiency, we will continue to purchase treasury shares

Previous Resolution of the board of directors on January 11, 2024

| | |
|---------------------------|--|
| Acquisition period | : January 12, 2024, to January 10, 2025 |
| Number of shares acquired | : Up to 300,000 3.2% of total issued shares (excluding treasury shares) |
| Total acquisition price | : Up to 300 million yen |
| Acquisition method | : Market purchase on the Tokyo Stock Exchange |



The acquisition terminated on December 27, 2024, because it reached the upper limit of the acquisition price, 300 million yen

Current Resolution of the board of directors on January 14, 2025

| | |
|---------------------------|--|
| Acquisition period | : January 15, 2025, to December 30, 2025 |
| Number of shares acquired | : Up to 300,000 3.3% of total issued shares (excluding treasury shares) |
| Total acquisition price | : Up to 300 million yen |
| Acquisition method | : Market purchase on the Tokyo Stock Exchange |

Treasury shares as of November 30, 2024

| | |
|---|------------------|
| Total number of issued shares (excluding treasury shares) | 9,188,694 shares |
| Treasury shares | 546,306 shares |

4. Initiatives for Sustainability

Electrical equipment was delivered for new general vehicle models of Kintetsu Railway Co., Ltd.



Photo courtesy of Kintetsu (both photos)



Auxiliary power supply
(Highly reliable type with two series of the main part)

Auxiliary power supply was delivered for the new general vehicle 8A series

Operation started in October 2024

Delivery will continue for newly built rolling stock in FY2025

| | |
|---|--|
| Vehicle number | 8A series |
| Main service routes | Nara Line, Kyoto Line, etc. |
| Equipment delivered by Toyo Denki Seizo | Auxiliary power supply Current collectors (pantographs) High-speed circuit breaker |

4-2. Initiative in Products and Services

We received a letter of appreciation from the Japan Air Self-Defense Force for our contribution to recovering electricity at a base after the 2024 Noto earthquake

- We made efforts for many years to deliver and maintain motor generators that are indispensable to the operation of the Air Self-Defense Force's base
- We contributed to early recovery of power supply required for resuming operations of the Wajima Sub Base after the Noto Peninsula earthquake in 2024



| | |
|------------------------|------------------------|
| Start of transactions | 1955 |
| Our products delivered | Motor generators, etc. |



Reference photo of the motor generator

4-3. Initiative in Production Activities

Certified as an “Eco Rail Mark Supporting Company” for our active use of railway freight transportation

- We were certified as an “Eco Rail Mark Supporting Company” by the review for the Eco-Rail Mark* established by the Ministry of Land, Infrastructure, Transport and Tourism.
- Toyo Denki Seizo has been actively utilizing railway freight transportation to improve transportation efficiency and reduce CO₂ emissions, and its efforts were highly evaluated.
- To contribute to the realization and development of a sustainable society, we will continue our efforts to reduce environmental impact.



* The Eco Rail Mark is a system that authorizes the “Eco Rail Mark” for products or companies that use environmentally friendly railway freight transportation at a certain level and provides consumers with criteria for judgment by displaying the mark

4-4. Initiatives to Value People and Local Communities

Plant tour for shareholders was held

On October 31, 2024, we held a plant tour for shareholders at the Yokohama Plant. We will continue to actively work to deepen communication and build better relationships with our shareholders and other various stakeholders.

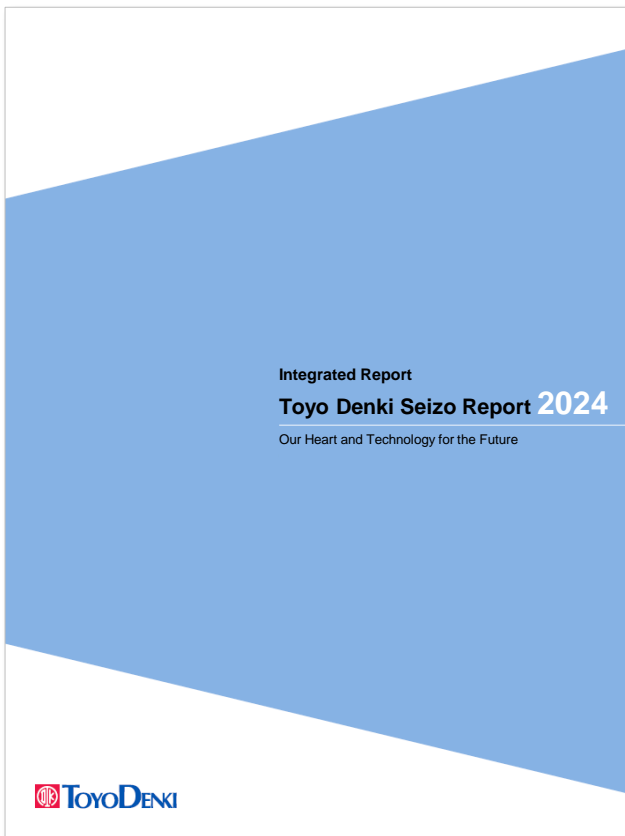
| | | | |
|-----------------|--|-------------------------------|-----------|
| Location | Yokohama Plant | Number of participants | 28 |
| Contents | <ul style="list-style-type: none">● Akira Watanabe, President, Representative Director, introduced our recent initiatives● Participants visited the manufacturing site for electrical equipment for railway vehicles (control devices, pantographs, etc.) | | |



4-5. Initiatives to Value People and Local Communities

Publication of Toyo Denki Seizo Report 2024 in December 2024

The integrated report was issued to show future growth potential by integrating financial and non-financial information, including business principles, the value creation process, and activities in each business.



Material Issues (Key Challenges)

The Group's basic policy to sustainability is to contribute to the realization of a sustainable society and achieve increased corporate value. To this end, we determined the five material issues as key challenges that should be addressed on a priority basis out of many challenges facing the Group and society. In addition, we established KPIs in order to promote initiatives aimed at sustainable growth and improvements in corporate value in a more concrete manner.

Going forward, we will further promote sustainability management by implementing initiatives with an awareness of material issues and checking the status of the relevant KPIs.

 Please also see the Company's website.
https://www.toyodenki.co.jp/esg_csr/materiality.php

| Material issues | What we envisage to be |
|---|--|
| 1 Empowerment of diverse talent | A corporate group where a diverse range of talented people can continue to achieve self-fulfillment by developing an organization and climate that enable each individual to make the most of their capabilities and grow every day while taking on new challenges |
| 2 Creation of innovation leveraging our technologies | A corporate group that continues to contribute to creating an enriched society by relentlessly striving for technological improvements and creating new innovations based on the spirit (heart) of master craftsmen which has been passed down over the long history |
| 3 Stable procurement and high-quality manufacturing | A corporate group that continues to supply high-quality products and services by building a strong supply chain that enables harmonious mutual prosperity with suppliers, and through sincere manufacturing while thoroughly listening to customers |
| 4 Contribution to a low-carbon society | A corporate group that continues to contribute to realizing a sustainable society through the development and sale of products and services that address climate change based on our outstanding motor drive technology |
| 5 Responsible corporate activities toward society and stakeholders | A corporate group that remains indispensable for society and stakeholders, while continuing transparent management that prioritizes ethics and increasing corporate value |



https://www.toyodenki.co.jp/esg_csr/report.php