

Financial Review

Consolidated Operating Results, Consolidated Financial Position, and Consolidated Cash Flow for FYE May 2025 (from June 1, 2024, to May 31, 2025) are as follows:

Results of Operation

<p>Orders Received 40,319 million yen (YoY -8.4%)</p>	<p>Net Sales 40,539 million yen (YoY +26.1%)</p>	<p>Profit/Loss Net income attributable to owners of the parent 2,128 million yen (YoY +127.6%)</p>
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Orders received decreased 8.4% compared with the previous fiscal year to 40,319 million yen, owing to decreases in the Transportation Business and Industry Business segments, despite an increase in the ICT Solution Business.

Net sales increased 26.1% compared with the previous fiscal year to 40,539 million yen, driven by increases in the Transportation Business, Industry Business, and ICT Solution Business.

From a profit perspective, operating income increased 157.0% compared with the previous fiscal year to 2,384 million yen. Ordinary income grew 73.8% year on year to 2,584 million yen. Net income attributable to owners of the parent was up 127.6% compared with the previous fiscal year to 2,128 million yen.

Financial Position

<p>Assets Total assets 53,210 million yen</p>	<p>Liabilities Total liabilities 25,825 million yen</p>	<p>Net assets Total net assets 27,385 million yen</p>
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Total assets as of May 31, 2025, stood at 53,210 million yen, an increase of 1,558 million yen compared with the end of the previous fiscal year. The increase in total assets was largely attributable to an increase of 3,405 million yen in trade notes, accounts receivable and contract assets, despite a decrease of 1,416 million yen in cash on hand and in banks.

Total liabilities as of May 31, 2025, stood at 25,825 million yen, an increase of 243 million yen compared with the end of the previous fiscal year. This increase was largely attributable to increases of 582 million yen in income taxes payable and 329 million yen in electronically recorded payables, despite a decrease of 1,380 million yen in long-term debt.

Net assets as of May 31, 2025, stood at 27,385 million yen, an increase of 1,315 million yen compared with the end of the previous fiscal year. This increase was largely attributable to an increase in retained earnings due to the recording of net income attributable to owners of the parent of 2,128 million yen and other factors, despite a decrease of 439 million yen in unrealized holding gain on securities.

Cash Flows

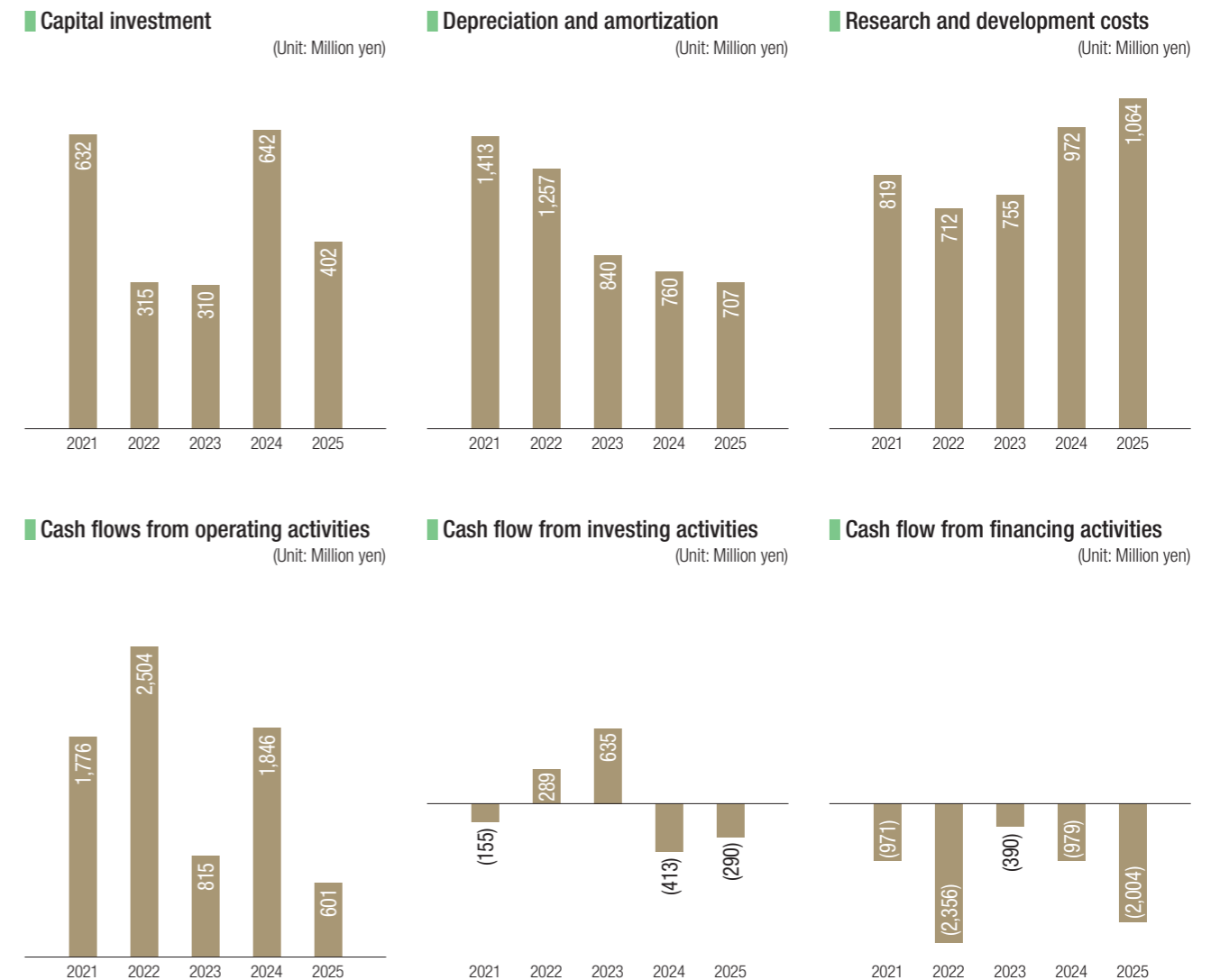
<p>Cash flows from operating activities Net cash provided by operating activities 601 million yen</p>	<p>Cash flow from investing activities Net cash used in investing activities 290 million yen</p>	<p>Cash flow from financing activities Net cash used in financing activities 2,004 million yen</p>
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Net cash provided by operating activities amounted to 601 million yen (net cash of 1,846 million yen provided in the previous fiscal year), principally due to the recording of income (loss) before income taxes and depreciation and amortization.

Net cash used in investing activities totaled 290 million yen (net cash of 413 million yen used in the previous fiscal year), principally due to purchases of property, plant and equipment and intangible assets.

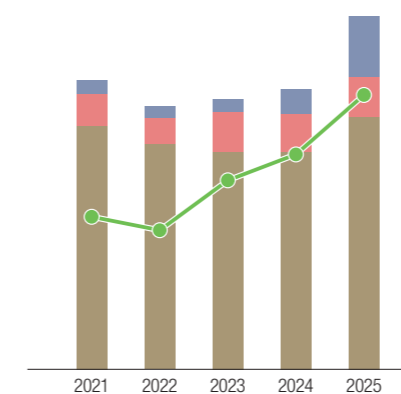
Net cash used in financing activities was 2,004 million yen (net cash of 979 million yen used in the previous fiscal year), primarily owing to repayment of debt.

Reference Data for Management Indices (For the Years Ended May 31 or as of May 31)



Net sales by region

■ Japan ■ China ■ Others
● Overseas net sales ratio



	2021	2022	2023	2024	2025
Japan	27,876	25,779	24,915	24,936	28,940
China	3,628	3,015	4,536	4,274	4,541
Other	1,638	1,363	1,574	2,929	7,057
Total	33,143	30,158	31,025	32,140	40,539
Overseas net sales ratio	15.9%	14.5%	19.7%	22.4%	28.6%

TOYO DENKI SEIZO K.K. Consolidated Balance Sheets

For the Years Ended	(Millions of yen)	
As of	2024	2025
Assets		
Current assets:		
Cash on hand and in banks	6,423	5,007
Trade notes, accounts receivable and contract assets	11,756	15,161
Electronically recorded receivables	1,849	1,640
Merchandise and finished goods	466	752
Work in process	3,692	3,553
Raw materials and supplies	3,388	3,770
Advance payments to suppliers	13	16
Accounts receivable - other	116	157
Other	280	356
Allowance for doubtful accounts	(25)	(327)
Total current assets	27,960	30,086
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,987	9,984
Accumulated depreciation	(6,614)	(6,860)
Buildings and structures, net	3,372	3,124
Machinery and vehicles	8,341	8,509
Accumulated depreciation	(8,038)	(8,124)
Machinery, equipment and vehicles, net	303	385
Land	1,269	1,246
Construction in progress	135	2
Other	5,250	5,234
Accumulated depreciation	(4,776)	(4,815)
Other, net	474	418
Total property, plant and equipment	5,555	5,177
Intangible assets		
Software	84	137
Software in progress	29	8
Other	13	13
Total intangible assets	127	159
Investments and other assets:		
Investment securities	15,009	14,178
Deferred tax assets	–	292
Other	3,001	3,318
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	18,008	17,786
Total non-current assets	23,691	23,124
Total assets	51,652	53,210

	(Millions of yen)	
	2024	2025
Liabilities and Net Assets		
Current liabilities:		
Notes and accounts payable	2,292	2,496
Electronically recorded payables	4,684	5,014
Short-term borrowings	4,585	4,585
Accrued expenses	809	1,107
Income taxes payable	309	891
Accrued consumption taxes	158	80
Contract liabilities	129	214
Deposits received	160	126
Provision for bonuses for directors (and other officers)	54	56
Provision for bonuses	737	1,044
Provision for loss on orders received	777	944
Provision for product warranties	156	413
Other	386	268
Total current liabilities	15,240	17,244
Long-term liabilities:		
Long-term debt	6,003	4,622
Long-term accounts payable - other	11	11
Deferred tax liabilities	164	–
Retirement benefit liability	4,151	3,933
Other	11	12
Total non-current liabilities	10,341	8,580
Total liabilities	25,582	25,825
Net assets:		
Shareholders' equity:		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	12,299	14,122
Treasury stock	(596)	(914)
Total shareholders' equity	19,878	21,384
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	5,696	5,256
Foreign currency translation adjustment	485	627
Remeasurements of defined benefit plans	9	117
Total accumulated other comprehensive income	6,191	6,000
Total net assets	26,070	27,385
Total liabilities and net assets	51,652	53,210

TOYO DENKI SEIZO K.K. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

For the Years Ended	(Millions of yen)	
Consolidated Statements of Income	2024	2025
Net Sales	32,140	40,539
Cost of sales	23,968	29,936
Gross profit	8,171	10,603
Selling, general and administrative expenses	7,243	8,219
Operating income	927	2,384
Non-operating income		
Interest income	5	3
Dividend income	204	255
Share of profit of entities accounted for using equity method	263	211
Foreign exchange gain	125	—
Miscellaneous income	46	76
Total non-operating income	646	547
Non-operating expenses		
Interest expense	48	75
Commission expenses	3	69
Foreign exchange losses	—	79
Fees in arrears due to delayed delivery	6	94
Miscellaneous losses	28	28
Total non-operating expenses	86	346
Ordinary income	1,487	2,584
Extraordinary income		
Gain on sales of investment securities	337	281
Total extraordinary income	337	281
Extraordinary losses		
Business restructuring expenses	346	—
Impairment losses	—	38
Loss on compensation for damage	83	119
Total extraordinary losses	429	157
Income before income taxes	1,395	2,708
Income taxes - current	396	990
Income taxes - deferred	63	(410)
Total income taxes	460	579
Profit	935	2,128
Profit attributable to owners of the parent	935	2,128

For the Years Ended	(Millions of yen)	
Consolidated Statements of Comprehensive Income	2024	2025
Profit	935	2,128
Other comprehensive income :		
Valuation difference on available-for-sale securities	325	(439)
Foreign currency translation adjustment	212	(10)
Remeasurements of defined benefit plans, net of tax	35	107
Share of other comprehensive income of affiliates accounted for by the equity method	70	152
Total other comprehensive income	645	(190)
Comprehensive income	1,580	1,938
Comprehensive income attributable to:		
Owners of the parent	1,580	1,938
Non-controlling interests	—	—

TOYO DENKI SEIZO K.K. Consolidated Statements of Changes in Net Assets

2024 For the Years Ended	(Millions of yen)									
	Shareholders' equity:					Accumulated other comprehensive income:				Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	
Balance as of June 1, 2023	4,998	3,177	11,347	(486)	19,036	5,370	202	(26)	5,546	24,582
Changes during the year										
Cash dividends paid	—	—	(282)	—	(282)	—	—	—	—	(282)
Net income attributable to owners of the parent	—	—	935	—	935	—	—	—	—	935
Purchases of treasury stock	—	—	—	(110)	(110)	—	—	—	—	(110)
Disposal of treasury stock	—	—	—	—	—	—	—	—	—	—
Transfer of loss on disposal of treasury stock	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	299	—	299	—	—	—	—	299
Net changes in items other than those in shareholders' equity	—	—	—	—	—	325	283	35	645	645
Total changes during the year	—	—	952	(110)	842	325	283	35	645	1,487
Balance as of May 31, 2024	4,998	3,177	12,299	(596)	19,878	5,696	485	9	6,191	26,070

2025 For the Years Ended	(Millions of yen)									
	Shareholders' equity:					Accumulated other comprehensive income:				Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	
Balance as of June 1, 2024	4,998	3,177	12,299	(596)	19,878	5,696	485	9	6,191	26,070
Changes during the year										
Cash dividends paid	—	—	(279)	—	(279)	—	—	—	—	(279)
Net income attributable to owners of the parent	—	—	2,128	—	2,128	—	—	—	—	2,128
Purchases of treasury stock	—	—	—	(578)	(578)	—	—	—	—	(578)
Disposal of treasury stock	—	(25)	—	260	234	—	—	—	—	234
Transfer of loss on disposal of treasury stock	—	25	(25)	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—
Net changes in items other than those in shareholders' equity	—	—	—	—	—	(439)	141	107	(190)	(190)
Total changes during the year	—	—	1,823	(317)	1,505	(439)	141	107	(190)	1,315
Balance as of May 31, 2025	4,998	3,177	14,122	(914)	21,384	5,256	627	117	6,000	27,385

TOYO DENKI SEIZO K.K.

Consolidated Statements of Cash Flows

For the Years Ended

(Millions of yen)

	2024	2025
Operating activities		
Profit before income taxes	1,395	2,708
Depreciation	760	707
Impairment losses	–	38
Increase (decrease) in allowance for doubtful accounts	10	302
Increase (decrease) in provision for bonuses	63	307
Increase (decrease) in retirement benefits liability	94	(91)
Interest and dividend income	(210)	(258)
Interest expense	48	75
Share of loss (profit) of entities accounted for using equity method	(263)	(211)
Loss (gain) on sales of investment securities	(337)	(281)
Business structural reform expenses	346	–
Loss on compensation for damage	83	119
Decrease (increase) in trade receivables	921	(3,195)
Decrease (increase) in inventories	(1,022)	(530)
Increase (decrease) in trade payable	25	532
Increase (decrease) in provision for loss on orders received	(212)	167
Increase (decrease) in provision for product warranties	85	257
Increase (decrease) in contract liabilities	30	84
Increase (decrease) in accrued expenses	219	282
Accrued consumption taxes	63	(77)
Other	(269)	(215)
Subtotal	1,833	720
Interest and dividend income received	260	362
Interest paid	(55)	(59)
Income taxes refund (paid)	(192)	(422)
Cash flows from operating activities	1,846	601
Cash flows from investing activities		
Purchases of property, plant and equipment	(312)	(505)
Proceeds from sale of property, plant and equipment	0	–
Purchases of intangible assets	(82)	(71)
Purchases of investment securities	(480)	(11)
Proceeds from sales of investment securities	530	611
Payments for investments in capital of subsidiaries and associates	(12)	(44)
Payments into time deposits	–	(272)
Other	(56)	4
Cash flows from investing activities	(413)	(290)
Cash flows from financing activities		
Proceeds from long-term borrowings	300	3,220
Repayment of long-term borrowings	(885)	(4,600)
Purchases of treasury shares	(110)	(578)
Proceeds from disposal of treasury shares	–	236
Dividends paid	(281)	(278)
Other	(3)	(4)
Cash flows from financing activities	(979)	(2,004)
Effect of exchange rate change on cash and cash equivalents	38	11
Net increase (decrease) in cash and cash equivalents	491	(1,682)
Cash and cash equivalents at beginning of period	5,520	6,423
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	411	–
Cash and cash equivalents at end of period	6,423	4,741