

Integrated Report

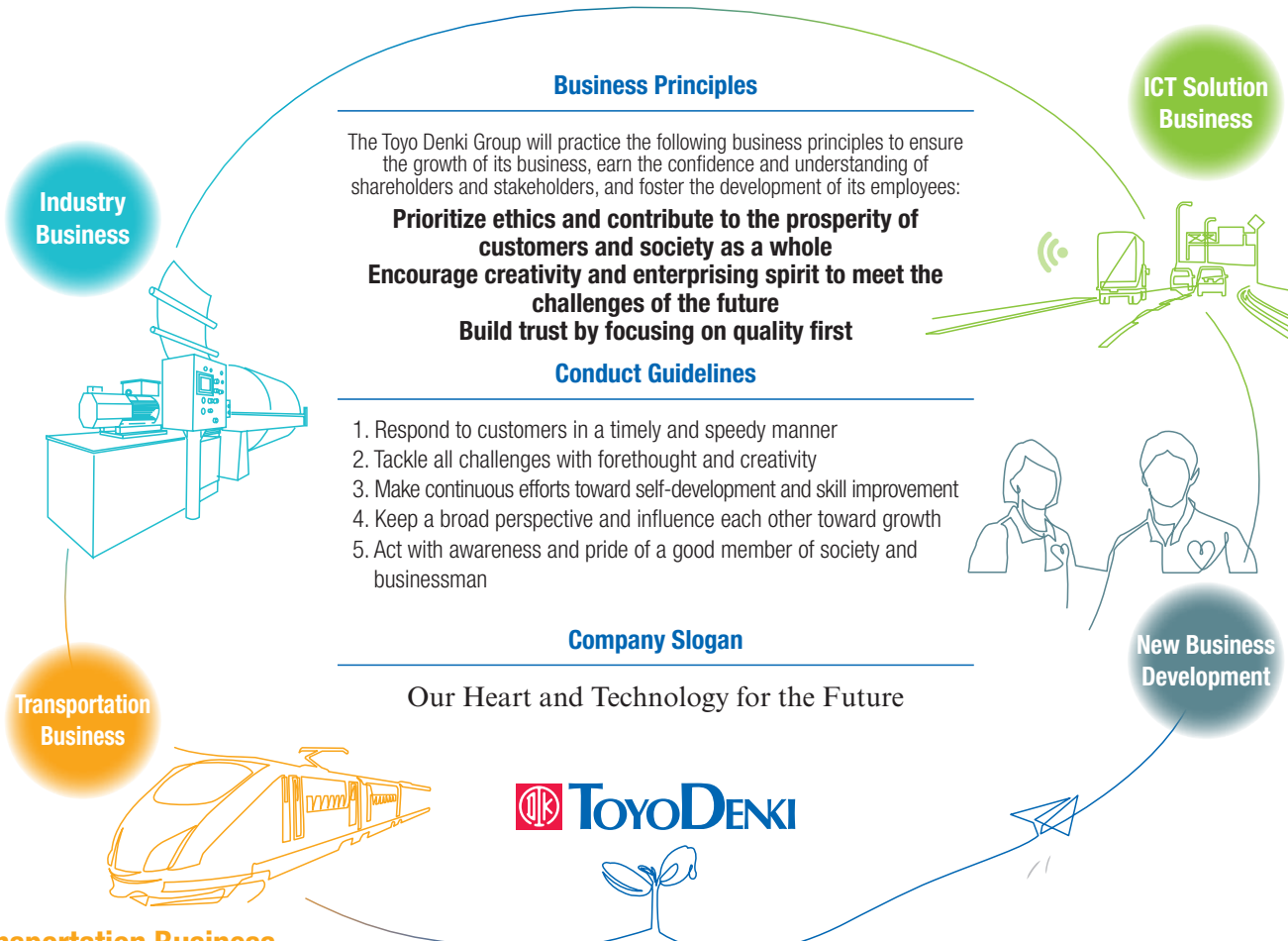
Toyo Denki Seizo Report

2025

Our Heart and Technology for the Future

Our Long-Term Vision

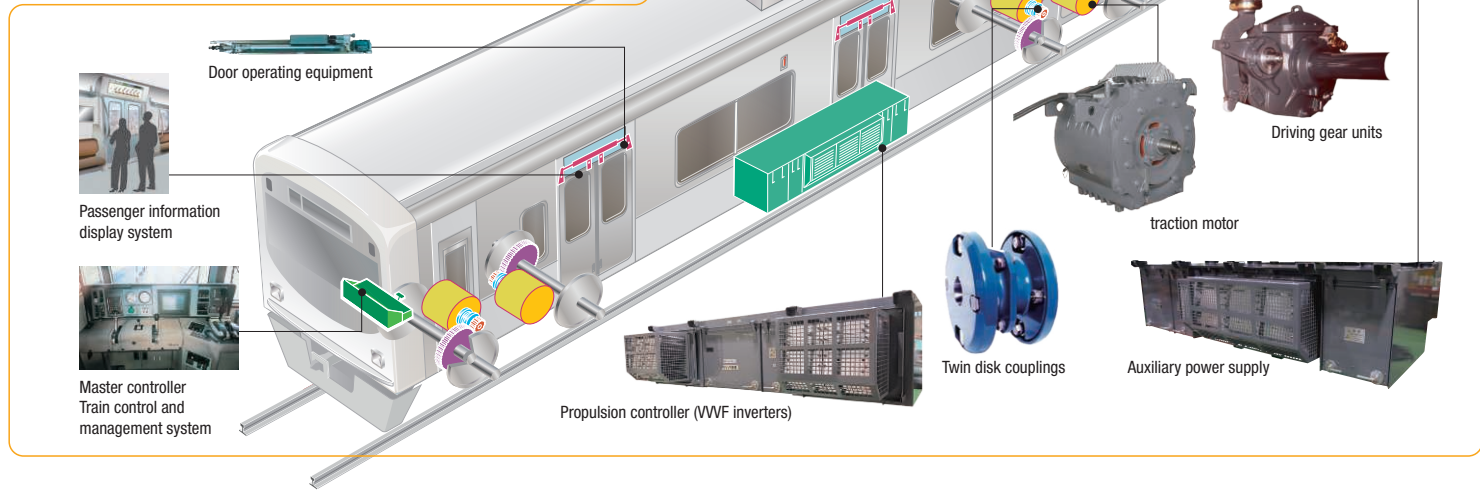
Based on a firm management foundation, we help build social and environment through the global provision of high-quality products establishment with our breakthrough advanced technologies.



Transportation Business

Electrical equipment for railway vehicles manufactured by the Company using its technological capability developed since its founding covers a wide range of product groups, including Propulsion controller, driving gear units, current collectors (pantographs), traction motor, auxiliary power supply and Train control and management system, and is designed to enhance the safety and comfort of trains.

Furthermore, the provision of maintenance services that extend from repairing failures and equipment renewal by the Group companies contributes to the maintenance and development of railway infrastructure in Japan and overseas.



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● **Editorial Policy** ●
 We have been publishing this report since 2013 with the goal of allowing a wide range of stakeholders to have a better understanding of the Company. This report combines our management policy with reports on our businesses, sustainability, governance, finances, and other matters. We are committed to describing our initiatives during the year and our future direction in a manner that is easy to understand.

● **Period Covered by This Report** ●
 This report focuses on our activities in fiscal 2024 (from June 2024 to May 2025), but also contains some information from outside this period.

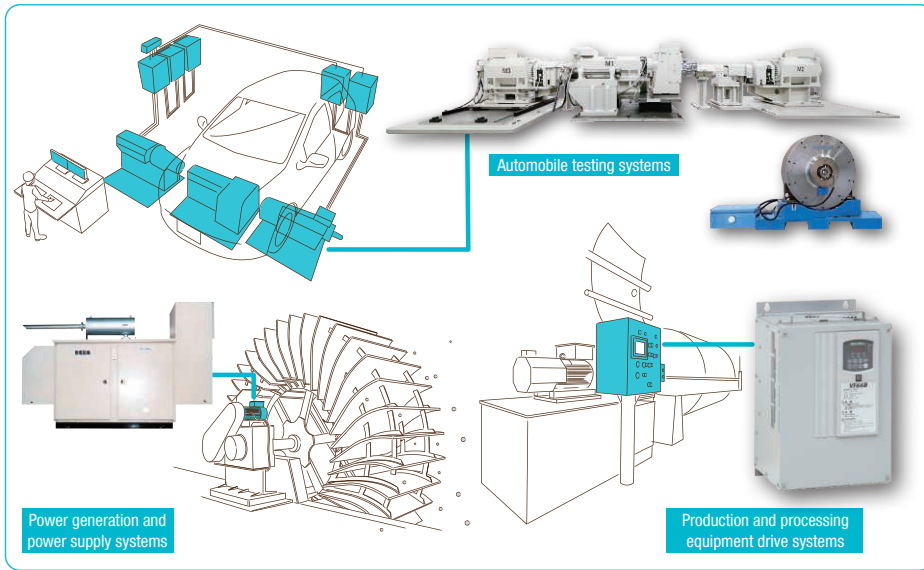
● **Organizations Covered by This Report** ●
 This report covers TOYO DENKI SEIZO K.K. and its subsidiaries and affiliates listed on page 59.

● **Reference Guidelines** ●
 The GRI Sustainability Reporting Standards (GRI Standards) / IIRC / Guidance for Value Creation / TCFD / Human Capital Guidelines

industrial infrastructure systems that are considerate of the global that integrate our exceptional motor drive technologies since

Industry Business

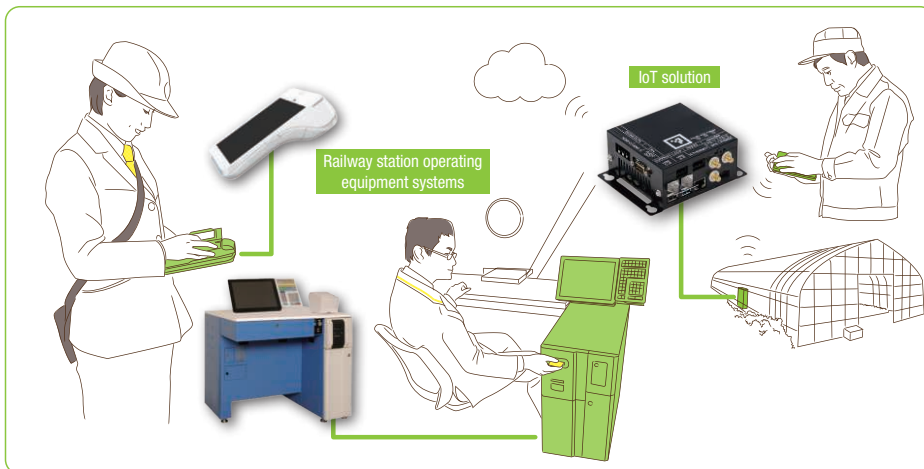
The Company is extensively contributing to customers at home and abroad through automobile testing systems, production and processing equipment drive systems, and power generation and power supply systems that are indispensable to the daily lives of people. In addition, we address manufacturing that contributes to the realization of a sustainable society, while providing products manufactured through high system-building technologies that make full use of energy-saving motors, inverters, FA controllers and networks.



ICT Solution Business

In the ICT Solution Business, we operate in the two fields of railway station operating equipment systems and IoT solutions, by merging advanced ICT and electronics. With regard to railway station operating equipment systems, we develop and manufacture Commuter pass issuing machine that quickly became IC card compliant and handsets for conductors, and provide host systems by leveraging cloud and IoT technologies. In doing so, we supply railway operators with systems for smooth fare collection and income management.

Our IoT solutions enable monitoring and control of vehicles and remote equipment through services that leverage cloud computing and mobile communication, and thus contribute to customers' efforts to streamline operations and optimize equipment maintenance.



Over 100-Year History of TOYO DENKI SEIZO K.K.

Our company was founded in 1918 with the intention of “domestic production of electrical machinery for railway vehicles”. A spectacular feeling that we want to export products to domestic as well as to many Orient countries and contribute to the development of the country has come from the name of “TOYO DENKI SEIZO K.K.”. And this feeling has been handed down to successive employees, and now our products are contributing to the development of social infrastructure systems around the world.

to high economic growth

1918–1949



Group photo of our employees with technical advisors from the partner British Dick Kerr company

1918 ● Technical cooperation with British company Dick Kerr and establishment of the Company with capital of 3 million yen

1919 ● Operation started at Yokohama Factory



Yokohama factory at the start of operations (Hodogaya-ku, Yokohama)

1972 ● Development of brushless motor generator (BLMG), first in the world

● Development of 150 kVA 440 Hz static CVCF, first in Japan

1973 ● Completion of commuter pass issuing system

1977 ● Completion of large high-speed automatic drafting machine

1978 ● Developed our proprietary AFE chopper device

1983 ● Completion of onboard supplementary ticket issuing machine

1985 ● The current Yokohama Plant was completed

● Delivery of superimposed field excitation equipment for 205 series electric train of Japanese National Railways

1988 ● Completion of world-first heat-pipe-type 8-unit motor batch control VVVF inverter and delivery to Tokyu Electric Railway Co.

1989 ● Development of small VVVF inverter using reverse conductive GTO thyristor, first in Japan

From foundation to postwar

1920 ● Control equipment and traction motor delivered directly to Keihan Electric Railway Co., LTD

1921 ● Development of pantograph, first in Japan

1926 ● Start of manufacturing of three-phase current commutator motor (Schragetype, later AS motor)

1932 ● Development of electric equipment for trolleybus, first in Japan
● Completion of controller with regeneration brake using compound motor, first in Japan

1935 ● Development of diesel electric railcar, first in Japan, and delivery to Sagami Railway

1949 ● Our stocks was listed on Tokyo Stock Exchange



Early domestic pantograph



Three-phase current commutator motor (Schrage-type, later AS motor)

1990–2025

1990 ● Development of stroke-switching-type door closing machine, first in Japan

● Development of intelligent door system, first in Japan

1991 ● Development of lightweight VVVF inverter using 1,500 V massproduction-type reverse conductive GTO thyristor, first in Japan

1997 ● Completion of onboard supplementary ticket issuing machine with support for automatic ticket checker

1998 ● Delivery of VVVF inverter and other electric equipment for Beijing Subway's East-West Line train



Beijing subway east-west line train

2000 ● Completion of permanent-magnet synchronous motor (Eco-drive motor)

2004 ● Joint development of the first full-flat, super-low floor light rail vehicle (LRV) produced in Japan

● Succeeded in development and running of in-wheel motor for car

2007 ● The new public transport smart card Pasmo goes into service (delivery of automatic Commuter pass issuing machine with support for smart card passes and smart card charge machines to station facilities)

2008 ● Start of sales of the “VF66 series” of general-purpose inverters

2012 ● Order receipt of handsets for conductors for JR West

2014 ● Delivery of electrical machinery for Joetsu and Hokuriku Shinkansen E7

2018 ● May, Shiga-Ryuo Plant completed
● June, TOYO DENKI SEIZO K.K. 100th anniversary

● Order received for consigned research and development of superconducting flywheel power storage system for railways



Los Angeles County Metropolitan Transportation Authority P3010 LRV

2022 ● Delivery of automobile testing system using In-Tyre-House Dynamo® (ITHD)®

● First remote monitoring system installed in VVVF equipment for Aichi Rapid Transit Co.
● Transitioned to Standard Market of the Tokyo Stock Exchange



In-Tyre-House Dynamo® (ITHD)®

2023 ● Received order for electrical equipment for newly built railway vehicles for Indonesian domestically produced commuter railways

2025 ● Added QR Code payment function to in-train ticket issuing app developed by the Company

1950–1989

1950 ● Development of ST-type three-phase AC commutator motor (200-horsepower) (patented)

1952 ● Development of Parallel cardan drive device with hollow shaft, first in Japan

1958 ● Completion of traction motor and controller for the Japanese National Railways “Kodama” limited express

1959 ● Completion of Automatic Train Stop (ATS)

1960 ● Completion of traction motor and driving gear unit for Shinkansen testing car

● Order received for electric towing locomotive for the Panama Canal
● Development of constant-speed operation controller for vehicle, first in Japan
● Development of hydraulic winch for ship, first in Japan

1963 ● Delivery of electrical equipment for Shinkansen (pantograph, traction motors, driving gear units) to Japanese National Railways

1965 ● Development of thyristor static Leonard equipment series, first in Japan

1969 ● Completion of automotive brake test equipment



Parallel cardan traction motor with hollow shaft



Japan National Railway 151 series limited express train “Kodama”



Electric towing locomotive for the Panama Canal



Japan National Railway Series 0 Shinkansen

From postwar reconstruction

Global expansion and to the next 100 years

Consolidated Financial Highlights

Highlights of TOYO DENKI SEIZO K.K. and Consolidated Subsidiaries for the Consolidated Fiscal Year Ended May 31 or as of May 31

		160th fiscal term	161st fiscal term	162nd fiscal term	163rd fiscal term	164th fiscal term
		FYE May 2021	FYE May 2022	FYE May 2023	FYE May 2024	FYE May 2025
Financial Data						
Fiscal Year						
Orders Received	(million yen)	30,055	30,447	33,246	44,019	40,319
Net Sales	(million yen)	33,143	30,158	31,025	32,140	40,539
Gross profit	(million yen)	7,338	6,815	7,197	8,171	10,603
Operating income	(million yen)	423	171	517	927	2,384
Net income attributable to owners of the parent	(million yen)	977	(930)	824	935	2,128
Comprehensive income	(million yen)	94	(1,727)	2,373	1,580	1,938
Capital investment	(million yen)	632	315	310	642	402
Research and development costs	(million yen)	819	712	755	972	1,064
Fiscal Year-End						
Net assets	(million yen)	24,008	22,012	24,582	26,070	27,385
Total assets	(million yen)	51,967	46,916	49,682	51,652	53,210
Per share information						
Net assets	(yen)	2,685.28	2,462.17	2,605.99	2,794.72	3,028.72
Net income	(yen)	109.38	(104.02)	91.85	99.53	231.29
Dividend	(yen)	30	30	30	30	70
Major Management Indices						
Shareholders' equity ratio	(%)	46.2	46.9	49.5	50.5	51.5
ROE	(%)	4.1	(4.0)	3.5	3.7	8.0
Operating income ratio	(%)	1.3	0.6	1.7	2.9	5.9
Overseas net sales ratio	(%)	15.9	14.5	19.7	22.4	28.6
Dividend payout ratio	(%)	27.4	—	32.7	30.1	30.3
Non-financial Data						
Number of officers (non-consolidated)		10	11	10	11	11
Number of employees on a consolidated basis		1,217	1,193	1,149	1,147	1,146
Number of employees at subsidiaries in Japan		370	363	357	356	362
CO ₂ emissions on a non-consolidated basis	(t)*	4,251	3,836	3,767	3,319	4,130
Electricity consumption on a non-consolidated basis	(10,000 kWh)*	772.2	749.8	674.0	594.3	609.6

*Aggregate amount of production bases and head office/branches per fiscal year beginning in April and ending in March of the following year.

We will promote sustainable management rooted in the capabilities of each and every Group employee and advanced technology, and thus realize increased corporate value.

Akira Watanabe

President, Representative Director



Efforts to be a sustainable and attractive corporate group

Aiming to enhance corporate value through practicing sustainability management

The Group is committed to growing its business, earning the confidence and understanding of stakeholders, including shareholders, and sharing joy with our employees, by practicing its business principles of “prioritize ethics and contribute to the prosperity of customers and society as a whole,” “encouraging creativity and an enterprising spirit to meet the challenges of the future,” and “build trust by focusing on quality first.” We have consistently been supplying high-quality products and services globally, leveraging our technologies while responding to the changing needs of the times, over more than 100 years since our founding.

In 2021, we formulated our “Sustainability Policy,” to enable us to continue contributing to the realization of a sustainable society through manufacturing in the future. Going forward, we will be working to ensure the penetration of sustainability management that aims to increase corporate value across the Group as a whole, by repeatedly communicating our approach to sustainability to employees. At the same time, we have also identified key challenges that we must address as priorities to achieve a sustainable increase in corporate value as “five material issues.” We are working to ensure the penetration of sustainability management by incorporating initiatives for material issues in the business plan for each fiscal year and setting key performance indicators (KPIs), to ensure that each and every employee is able to think and act in ways that connect their day-to-day work with increases in corporate value.

On the other hand, the Group is aware of the necessity of analyzing and evaluating the current status of management, including capital costs and the stock price, and working to improve these factors. We will continue promoting policies aimed at increasing corporate value, and striving for management that enables us to enhance our reputation as a sustainable and attractive corporate group among various stakeholders.

Five material issues (key challenges)

Generally making strong progress on initiatives targeting material issues as a whole

The core focuses of the five material issues that we identified in fiscal 2024 are “People, Technology, Quality, Environment, and Governance,” which the Group has been valuing, as described in detailed information included in this “Toyo Denki Seizo Report.” The Group has valued “people” above all else. Each and every one of our human resources, which are our most important management resource, actively participates while sufficiently exercising their capabilities. As a result, we have provided products and services that boast advanced “technology” and high “quality” to customers, contributed to railways and other social and industrial infrastructure through “environmentally friendly” manufacturing, and contributed to the realization of a sustainable society. In order to increase corporate value and enhance public trust, it is also essential that we supervise these corporate activities with firm “governance.”

First, we are earnestly promoting two broad initiatives for the “empowerment of diverse talent,” based on our view that human resources are the root of all activities and corporate value. One of these initiatives is reforms to our human resource system targeting compensation and workstyle improvements. The other initiative is enhancements to employee engagement through workstyles that achieve harmony between work and personal life (work-life balance), improvements to working environments, and other efforts. We will focus on the introduction of systems and improvements to the workplace environment to ensure that all employees with a diverse range of backgrounds can continue to work with energy and vitality.

For the “creation of innovation leveraging our technologies,” we are working to supply customers with products that appeal to them by identifying their needs and incorporating new technologies into the products we develop. In the Industry Business, since 2021, we have been promoting the development of the In-Tyre-House Dynamo® (ITHD®) (see p. 32-34), our

proprietary technology. In 2022, we supplied the first testing system for automobiles that used the ITHD to a major automaker, and in 2025, we enhanced our line-up by increasing the capacity of these systems in response to requests from automakers. Going forward, we will endeavor to develop testing systems for next-generation automobiles, including targeting their utilization in advanced driver-assistance systems, etc.

In terms of “stable procurement and high-quality manufacturing,” in the Indonesian railway market, we completed shipments of electrical equipment for new commuter railway vehicles in the Jakarta Metropolitan Area without issue, and made steady progress on local training under a technology transfer agreement. We were able to leverage our entire value chain and supply chain to complete production and shipments for this project without delay, which was a major achievement that substantially boosted our confidence.

For our “contribution to a low-carbon society,” railway operators have been actively investing in energy-saving vehicles and equipment under the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)’s Basic Policy on GX in the Railway Transport Sector, and the Company has supplied energy-saving, low-maintenance electrical equipment to railway operators among our customers. In March 2025, the Toyo Denki Group also formulated the “Sustainable Procurement Guidelines” and the “Green Procurement Guidelines.” We will promote activities based on these guidelines in partnership with stakeholders, as we aim to ensure sustainable and environmentally friendly procurement across the supply chain as a whole.

Finally, with regard to “responsible corporate activities toward society and stakeholders,” in 2024, we changed to a structure in which all Outside Directors are members of the Nomination and Compensation Advisory Committee, reflecting the views expressed in the survey to evaluate the effectiveness of the Board of Directors. We will continue endeavoring to strengthen governance.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Update on policy on measures to increase corporate value

The Company’s price-to-book ratio (PBR) has been below 1x for some time, and we consider the improvement of this situation to be a major management issue. Accordingly, in July 14, 2025, we announced the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update).”

The Group continues to consider efforts to fundamentally strengthen our earnings structure and improve asset efficiency to achieve sustainable growth an important management issue, and we will continue endeavoring to maintain and enhance return on equity (ROE) while also increasing the expected growth rate and enhancing shareholder returns, thus improving the PBR. As part of these efforts, in addition to purchases of treasury stock, we also introduced a restricted stock compensation plan for full-time Directors and Operating Officers (RS) and an Employee Shareholding Incentive Plan (E-Ship®), as systems that provide

incentives for medium- to long-term increases in corporate value. We will continue endeavoring to realize management that meets stakeholders’ expectations by enhancing returns to shareholders and employees.

Main results in the third year of “Medium-Term Management Plan 2026”

Successfully achieved targets for the final year of the medium-term management plan one year ahead of schedule

In consolidated earnings results for fiscal year ended May31,2025, we achieved all targets for fiscal 2025 (the final fiscal year) set forth in “Medium-Term Management Plan 2026” one year ahead of schedule (consolidated net sales of 40.0 billion yen, operating income of 2.0 billion yen, operating income ratio of 5%, ordinary income of 2.4 billion yen, net income attributable to owners of the parent of 1.6 billion yen, and ROE of 8%), with a significant year-on-year increase in segment income in each segment thanks to the effect of higher sales, as well as improved gross profit margins.

I will explain our results in fiscal year ended May31,2025, for each of the three fundamental policies in “Medium-Term Management Plan 2026.” With regard to “expansion of new businesses and products,” in the Transportation Business, we made good progress on the supply of electrical equipment for new domestically produced railway vehicles in Indonesia, and in the Industry Business, we worked to enhance our line-up by increasing the capacity of ITHDs used in testing systems for automobiles. In terms of “thorough improvement of the earnings structures of existing businesses,” we have been working to gain the understanding of customers as we passed on cost increases to prices, to ensure that we can appropriately reflect factors such as rising raw materials prices and investment in human capital in sales prices. At the same time, we are working to optimize cost management to improve factory profitability. Regarding “improvement of asset efficiency with an awareness of capital costs,” we continuously reduced cross-shareholdings and reviewed real estate holdings.

For fiscal year ending May31,2026, the final fiscal year of the medium-term management plan, we have kept our net sales and ROE targets unchanged, while increasing our operating income ratio target to 6%. With this revision, we aim to further augment the Group’s corporate structure in the future, by thoroughly focusing on the “quality” of our businesses.

Message from the President, Representative Director

Wrapping up “Medium-Term Management Plan 2026”

Aiming to restore our top line to pre-COVID-19 levels and boost earnings power through the two-pronged approach of the Transportation Business centered on railways, and the Industry Business in which we are actively rolling out ITHDs

We sometimes face questions about the impact of the reactionary decline from the recent major project in Indonesia, but the Transportation Business is performing well. There has been active investment in railcars among domestic railway operators in response to an increase in passenger numbers attributable to the recovery in inbound travel demand and other factors, and orders for products for newly built railcars and equipment upgrades have been increasing. Overseas, there has been a continuous stream of inquiries related to components for high-speed railways in China, and inquiries related to newly built railcars have been increasing, driven by robust investment in railway infrastructure in multiple countries. Under these circumstances, we have been continuing efforts to secure orders for subsequent projects in the Indonesian railway market. Partly in response to MLIT’s announcement of the promotion of investment in GX in the railway transport sector, railway operators have been replacing railcars with newly built railcars and promoting upgrades to electrical equipment aimed at GX, under previously existing medium- to long-term capital investment plans. The Group will continue working to expand orders of environmentally friendly products.

In the Industry Business, another pillar of our businesses, inquiries related to ITHDs have been increasing. ITHDs, which we developed in 2021, have been well received by numerous automakers as a new type of test system that enable road tests with steering and do not require large-scale construction like chassis dynamometers, thanks to the assessment of advanced driver-assistance systems and the addition of features not found in existing chassis dynamometers, as well as their installation on the tire housing of actual vehicles and the addition of steering functions. We increased the capacity of our ITHDs and enhanced our line-up, partly in response to requests by automakers. At present, we are working to secure orders through trial use by automakers and contract testing at newly constructed in-house facilities at the Shiga-Ryuo Plant, with a view to securing the adoption and positive assessment of ITHDs.

We have set a target for consolidated net sales in the final fiscal year of our medium-term management plan of 40.0 billion yen as our commitment to restoring our top line to pre-COVID-19 levels, and we intend to achieve this target without fail in the final fiscal year of the plan. We will work together as a group to exercise our ability to generate earnings and firmly increase profit margins. We will ensure that these efforts contribute to enhancing the market’s assessment of the Group and an increase in corporate value.

Further increasing corporate value by promoting integrated management throughout the Group

Synergies targeted by the TOYO DENKI Group

In our three businesses, the Transportation Business, Industry Business, and ICT Solution Business, the Group operates businesses in the broad common field of social and industrial infrastructure. For this reason, we believe that conditions are in place that make it easy to exercise synergies within the Group. We think that further promoting integrated management throughout the Group will contribute significantly to greater increases in corporate value.

I have long believed that human resources are our most important management resource. The fact that we set the “empowerment of diverse talent” as our first material issue was also based on this belief. I think that our human resources are what has enabled us to continue to operate our businesses for over a century, and our technology and manufacturing are also connected to the foundation of human resources. We intend to build even more solid and resilient integrated management throughout the Group, through various measures to increase employee engagement across the Group as a whole. As one of these efforts, from this year, we expanded the scope of employee engagement surveys begun in March 2024 to Group companies in Japan. In addition to visualizing employee expectations and satisfaction levels, we will also continuously work to solve issues that have become apparent through surveys. We also hold regular roundtable meetings (see p. 40) for Group companies, as an opportunity for direct dialogue between employees and myself, the President. As of the end of May 2025, we have held 23 roundtable meetings, providing an important opportunity for dialogue related to sustainability management and integrated Group management, and the penetration of these ideas.

The synergy that I am most expecting from integrated Group management is the development of new businesses and products. I cannot disclose the details at this moment in time, but we can anticipate rapid progress at a higher level of business hierarchy than today, by combining our strength in hard and soft technology based on new ideas. For example, in testing systems for automobiles, we are working to create a business based on complete testing systems for automobiles created by combining ITHDs, which are a type of component, with vehicle testing systems. We also anticipate results from our “proactive DX,” which is unprecedented for the Group, based on the full-fledged utilization of the new “Digital Strategy Division” established in 2024. In the future, our policy will be to narrow down themes for new business and product development, while also making plans to strengthen systems for this purpose, and aiming to establish these systems as soon as possible.

Basic approach to overseas development

Promoting the overseas development of the Transportation Business in China, a huge market, as a growth strategy that we can continue from a medium- to long-term perspective

The Chinese subway network is among the largest in the world, and the operating track length is more than ten times that of Japan. Additionally, the country's long-term target is to increase the total operating track length of high-speed railway networks to 70,000 km by 2035, and it plans to develop high-speed railways in all cities with populations of 500,000 or more in China.

The Group has been operating our business in the Chinese railway market for over two decades, and we have developed brand strength through the supply of electrical equipment for subways and driving gear units for high-speed railways in places such as Beijing and Chengdu, Sichuan. In recent years, electrical equipment that we have supplied in the past has reached its time for scheduled maintenance, and in addition to these maintenance operations, we are also currently involved in many businesses, such as the supply of maintenance components. We will continuously develop our business in China from a medium- to long-term perspective, while taking country risks into consideration.

As a core growth strategy of the Company, we will primarily focus on Southeast Asia and North America when developing the Transportation Business overseas.

Blueprint for the next medium-term management plan

Focus on earnings power and profit margins while engaging in more advanced individual measures

In addition to wrapping up the “Medium-Term Management Plan 2026,” fiscal year ending May31,2026 will also be important as the year when we formulate our next medium-term management plan.

Discussions concerning the next medium-term management plan have only just begun at meetings of the Board of Directors. At present, we expect that, in broad terms, the policies of the current medium-term management plan represent the issues we should fundamentally be tackling as a company, and we will continue to focus on these issues in the next plan. In addition, when setting KPIs, we will focus on earnings power and profit margins, the same as the final fiscal year of “Medium-Term Management Plan 2026,” which we will ensure contributes to enhancing corporate value.

Message to our stakeholders

Enhancement of shareholder returns

Under “Medium-Term Management Plan 2026,” we are promoting initiatives to ensure we achieve an ROE of 8%, without

fail. I would like to explain my thoughts on how we will return profits secured through these efforts to shareholders.

I assumed the position of President, Representative Director of the Company in August 2020, and this year will mark my sixth year in the role. Looking back over this time, when I initially assumed my post, it was an extremely difficult time in the midst of the COVID-19 pandemic, and the Group's business performance was stagnant. At the time, however, we did not want to blame all the main causes of weak performance on the external environment, such as changes in the business environment and the COVID-19 pandemic. Instead, in our view, there were also fundamental issues in the internal environment, such as the Company's business model and earnings structure. So, we formulated and began executing the policies in the current “Medium-Term Management Plan 2026,” sincerely considering issues that had become apparent as a result of the COVID-19 pandemic. I believe these efforts have led to our strong business performance today.

The Company has updated our basic policy on dividends to a “dividend payout ratio of at least 30% and a minimum dividend per share of 30 yen.” The dividend forecast for the fiscal year ending May 31, 2026, is 75 yen per share, up 5 yen, taking into consideration the earnings forecast and this basic policy. We will continue to further enhance shareholder returns by increasing dividends through profit growth.

Efforts to increase expected growth rate

Strengthening our ability to share information about growth strategies

Since fiscal year ended May31,2024, the Company has held factory tours for shareholders, which we temporarily paused during the COVID-19 pandemic, in order to enhance shareholders' understanding of our businesses. Our factory tour of the Company's Yokohama Plant in October 2025 was also well received. Factory tours provide a very valuable opportunity for shareholders to see the Company's products and “technological capability” up close, and to engage in direct communication with these shareholders, and we will endeavor to continue holding these tours in the future. We have also been holding an increasing number of IR meetings for institutional investors. We intend to augment our IR activities by expanding opportunities for dialogue with shareholders and institutional investors, which we believe will contribute to more broad sharing of information about the Group's growth strategies, an increase in expected growth rate, and an improved PBR.

Going forward, we will continue effective growth investment, based on expanded R&D investments and capital investment for new businesses and products, the continuous expansion of investment in human capital, and the efficient allocation of human resources.

We hope that our stakeholders will look forward to further development and expansion of the Group's business and request continuing support.



Value Creation Process at TOYO DENKI SEIZO

Input (corporate resource)

Consolidated basis (FY2024)

Intellectual capital

- Number of patents, etc. held (Japan and overseas) (patents, utility models, and designs) **243**
- R&D spending **1.06** billion yen

Human capital

- Number of employees **1,146** (Men: 993; Women: 153)

Social and related capital (non-consolidated)

- Number of customers **371** companies
- Number of suppliers **684** companies
- Number of countries supplied **33**

Manufacturing capital

- Number of manufacturing sites
Japan **5**
Overseas **5** (affiliates)
- Annual capital spending **400** million yen

Natural capital

- Energy consumption **1,972**kL

Financial capital

- Total assets **53.2** billion yen
- Shareholders' equity ratio **51.5%**

Core Values and Strengths

- [Group Business Principles]**
- Prioritize ethics and contribute to the prosperity of customers and society as a whole
 - Encourage creativity and enterprising spirit to meet the challenges of the future
 - Build trust by focusing on quality first



- [Fundamental Policies of the Medium-Term Management Plan] (FYE May 2023 through FYE May 2026)**
1. Expansion of new businesses and products
 2. Thorough improvement of the earnings structures of existing businesses
 3. Improvement in asset efficiency with an awareness of capital cost
⇒ Revitalization and transformation of TOYO DENKI

External Environment

- Changes in demographics
- Human rights considerations, human capital management
- Increase in geopolitical risks
- Carbon-free business management, arrival of resource recycling-based society

Output and Outcomes

[Products and Services]

Transportation Business



- Electrical equipment for railway vehicles
- Railway energy storage system
- Door operating equipment for buses

Industry Business



- Automobile testing systems
- Production and processing equipment drive systems
- Power generation and power supply systems
- Car-mounted electrical equipment
- Other

ICT Solution Business



- Railway station operating equipment systems
- IoT solution

Expand out into the whole world, including the Chinese and Asian markets and the United States, as a global brand

- Rising costs of resources and energy
- Acceleration of technical innovations

- Rising raw material costs
- Stronger investment in human capital

[Sustainability]

Initiative in Products and Services

- Development of the world's railway infrastructure
- Development of manufacturing and infrastructure around the world
- Creation of new services through advanced telecommunication technologies

Initiative in Production Activities

- Reduction of environmental footprint through energy saving, decarbonization, and improvement of recycling rates

Initiative in Valuing People and Communities

- Realizing the happiness of employees and their families
- Development and production of good members of society and corporate citizens
- Contribution to local communities

–Our Heart and Technology for the Future –

TOYO DENKI SEIZO's goal

Long-term Vision

Help build social and industrial infrastructure that is considerate of the global environment, with a focus on exceptional motor drive technologies

Process for Identifying Material Issues (Key Challenges)

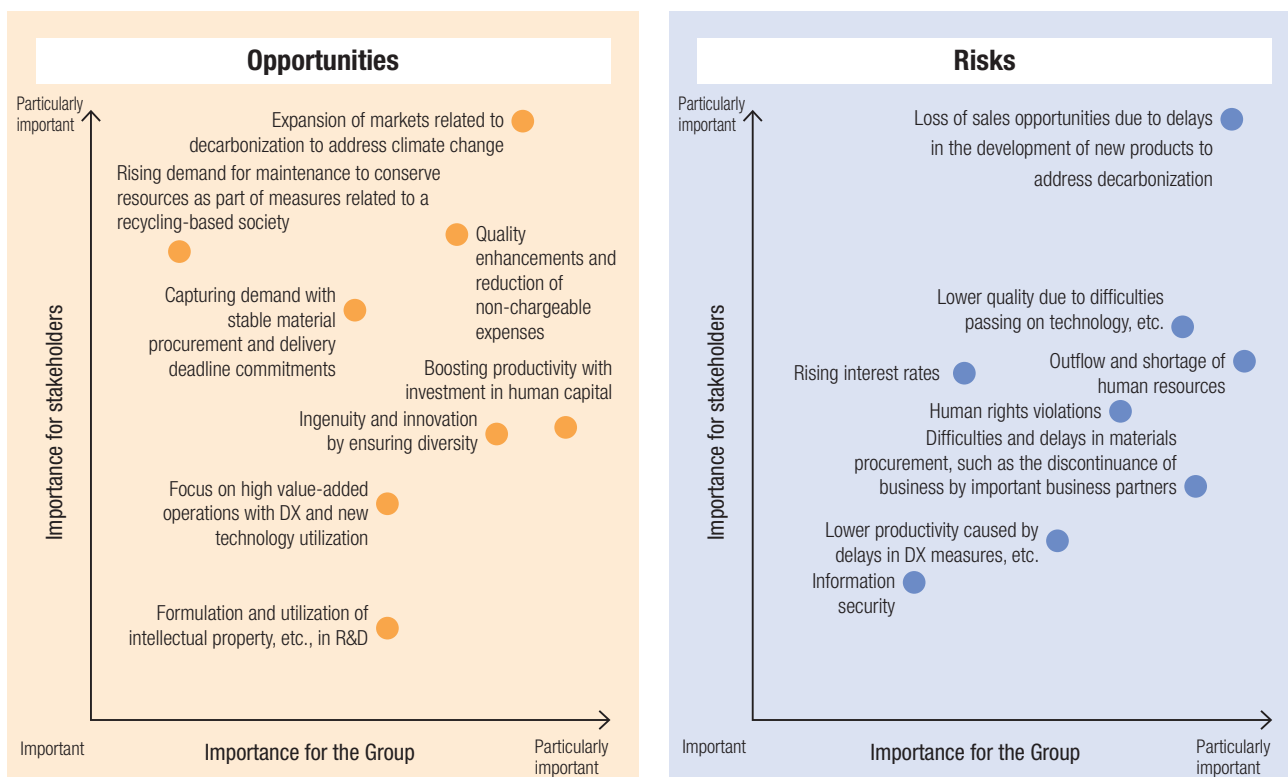
Based on our “basic policy on sustainability” (see p. 25), the Group defines material issues as “key challenges that the Group must address as priorities for achieving sustainable growth and increases in corporate value,” and we have identified “five material issues” through the following steps.

Step1 List expected future changes in the social and external environment

We create a list of expected future changes in the environment, with references including disclosures by various agencies and ministries, reports concerning future challenges published by think tanks, the SDGs, the Global Risks Report (World Economic Forum), international guidelines (GRI, SASB), and news articles.

Step2 List candidate material issues, and consider and assess “opportunities” and “risks”

We create a list of candidate material issues for the Group, based on changes in the environment identified in Step 1, then consider “opportunities” and “risks” for the Group from each candidate material issue. Subsequently, we assess material issues on two axes: importance for the sustainable growth of the Group and importance for stakeholders.



Step3 Determine “five material issues” through deliberation at meetings of the Sustainability Committee, etc.

Following multiple discussions by the Sustainability Committee established under the Board of Directors, etc., taking into consideration the results of assessment in Step 2 and the value creation process, we determined “five material issues” at a meeting of the Board of Directors in May 2024, and publicly announced them in July 2024.

Five Material Issues (Key Challenges) and KPIs (Key Performance Indicators)

To promote more specific initiatives to address the “five material issues (key challenges)” identified, the Group has set key performance indicators (KPIs) for each material issue, and we have announced some of these KPIs as targets in our “sustainability roadmap” (see p. 26).

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

Material issues	What we envisage to be	Major KPIs
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	<ul style="list-style-type: none"> Employee engagement indicators Education and training expenses per employee Ratio of female administrative professionals in the Administration Division
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	<ul style="list-style-type: none"> New net sales based on new development Number of new product and business proposals Number of improvements through automation and labor conservation
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	<ul style="list-style-type: none"> Number of new suppliers developed Reduction in losses in manufacturing processes Stronger delivery deadline management
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	<ul style="list-style-type: none"> Reduction in Scope 1 & 2 CO₂ emissions Reduction in shipping and transportation CO₂ emissions Orders for products and services that contribute to decarbonization
5 Responsible corporate activities toward society and stakeholders	A corporate group that remains indispensable for society and stakeholders, while continuing transparent management that prioritize ethics and increasing corporate value	<ul style="list-style-type: none"> Ratio of participation in human rights training Ratio of participation in compliance training Rate of improvement in results of information security drills

Progress toward KPIs for fiscal 2024 with regard to sustainability roadmap targets

Item	FYE May 2024 actual results	FYE May 2026 targets	FYE May 2030 targets
Scope 1 & 2 CO ₂ emissions (compared with FYE May 2018)	18.0% reduction	10% reduction	30% reduction
Percentage of employees with disabilities	3.54%	2.9% or more	3.0% or more
Ratio of female employees (administration divisions / assistant manager level)	30.4%	25% or more	30% or more
Ratio of female employees (administration divisions / manager level)	8%	8% or more	15% or more
Ratio of male employees taking childcare leave	62.5%	50% or more	70% or more

Message from the Operating Officer Responsible for Human Resources



Approach to initiatives to increase engagement

As mentioned in the message from the President, Representative Director at the start of this report, the Company is promoting sustainability management and the initiatives in the Medium-Term Management Plan 2026 based on a fundamental belief that “human resources are the root of all activities and corporate value.”

Initiatives that place value on human resources will contribute to increased employee engagement. It is said that employee engagement refers to the connection and trust between employees and their company, but at the Company, we position initiatives to increase engagement as “aiming to be a company where employees can really feel that they are glad they work at the TOYO DENKI Group, and want to continue working at the TOYO DENKI Group.”

In order to achieve this aim, we are promoting initiatives from three perspectives. First: increase employees’ annual salaries. Second: be a company where employees can really find their job fulfilling. Third: create systems that make it easy for employees to work, and transparent and open workplaces.

Enhancing basic investment in human capital

A basic responsibility of management and fundamental aspect of investment in human capital is for companies to grow profits and increase employees’ annual salaries. Over the three years of the current medium-term management plan we have continuously executed unprecedented bold increases to compensation, including salaries, bonuses, and starting salaries for new graduates. Going forward, we will work to grow profits and steadily enhance basic investment in human capital.

Becoming a company where employees can really find their job fulfilling

We will enhance systems and management that properly reward people who have worked hard to generate results, and who have taken on difficult challenges on their own initiative. Recently, in semi-annual performance evaluations for bonuses for managers, we have introduced a type of evaluation that clarifies our “merit-based approach.” In the future, we will expand this type of evaluation to all employees.

We are also working to expand systems to support people who are self-motivated to learn and aim for growth. We have set target annual amounts for investment in education and training per employee, and we will not hold back on investment in people working to acquire qualifications, attend external courses, etc., aimed at enhancing their skills and capabilities. Moreover, we will also utilize a system of self-reporting, to facilitate career development in line with the desires of employees striving for self-improvement.

Systems that make it easy to work

We have gradually introduced systems such as flex-time, teleworking, and childcare and nursing care leave, from the perspective of work-life balance.

In the future, we will make more improvements to ensure effective systems and management, with the aim of achieving the Company’s challenge to be a “company where women can play an active role,” while taking onboard feedback from female employees, who have submitted a particularly large number of requests for improvement.

Creating transparent and open workplaces

In terms of initiatives to increase engagement, “creating transparent and open workplaces” is very important, in addition to measures focusing on systems.

In March 2024, we began engagement surveys utilizing an outside expert organization. We promote initiatives for improvement after clarifying challenges in each business unit, division, and level, based on objective score assessments.

Every six months, improvement initiatives and their results are shared among upper management and other managers. We are aware that the most important thing is frank dialogue on multiple occasions between upper management and other managers, and employees in each workplace, while sharing information about the direction and initiatives that the Company and each division are targeting.

18 months have passed since we began this initiative, and although we have steadily made improvements overall, we still face many challenges, and will continue long-term initiatives.

Message from the Operating Officer Responsible for Management Planning

Final fiscal year of the “Medium-Term Management Plan 2026”

Under “Medium-Term Management Plan 2026,” which we have been promoting for four years since June 2022, we have been working toward “restoring and improving the Group’s corporate value,” based on three fundamental policies (1. expansion of new businesses and products, 2. thorough improvement of the earnings structures of existing businesses, and 3. improvement of asset efficiency with an awareness of capital costs).

In consolidated earnings results for the fiscal year ended May 2025, the third year of the Medium-Term Management plan period, we achieved our final targets for management indicators under the plan one year ahead of schedule, i.e. “net sales of 40.0 billion yen, operating income ratio of 5%, and ROE of 8%,” thanks to recording major overseas projects.

However, we continue to consider efforts to fundamentally strengthen our earnings structure and improve asset efficiency to achieve sustainable growth an important issue, and we will continue endeavoring to maintain and enhance ROE.

PBR, an indicator of sustainable increases in asset value, has also remained at a low level of less than 1x since the end of May 2025, a sign that the market is not sufficiently evaluating the Company’s growth potential and capital efficiency.

In addition to strengthening our earnings structure, we will also make improvements aimed at enhancing the market’s evaluation of the Company by increasing ROE through business portfolio review and investment in human capital, active R&D investment to develop new businesses and products, and greater capital investment to increase our expected growth rate and enhance shareholder returns.

Efforts to increase expected growth rate

In the course of IR and other activities, we have received comments to the effect that our “story of corporate value enhancement is not being communicated to the market.” We take this feedback seriously, as a sign that our envisioned medium- to long-term growth strategies and measures to improve capital efficiency have been insufficient, and difficult to understand.

We will provide easy-to-understand information concerning the TOYO DENKI Group’s core values and strengths, including the Company’s motor drive technology, which has supported our track record of more than a century and our trust, and our business model, in addition to financial information, and convey the Company’s value creation process in a more concrete manner. Through dialogue with shareholders and other stakeholders, we will work to enhance our IR activities, both in terms of quality and quantity, to properly communicate the Company’s growth story to the market.



Enhancement of shareholder returns

During the current medium-term management plan period, the Company’s basic policy is to pay dividends in a continuing and stable manner with a payout ratio of 30% or higher, while aiming to increase dividends in line with profit growth.

The annual dividend per share in fiscal year ended May 31, 2025 was 70 yen, based on higher net income thanks to strong earnings results and the sale of cross-shareholdings.

In fiscal year ending May 31, 2026, we also plan to increase the annual dividend by 5 yen. Furthermore, we have set a minimum dividend of 30 yen, thus clarifying our stance that we will maintain stable shareholder returns, even if earnings results temporarily worsen. We also continuously conduct share buybacks, and will continue flexibly implementing such measures.

In fiscal year ending May 31, 2026, the final fiscal year of the plan, the Group as a whole will work together to ensure we achieve our targets for the final fiscal year, without fail, by turning our strong order backlog into sales as soon as possible and strengthening our earnings structure through continued profitability improvements.

Business portfolio review

In order to improve asset efficiency, we are also continuing to review our business portfolio, and promoting measures including continued reductions in cross-shareholdings and the sale of non-business assets, and the withdrawal and restructuring of operating companies in China whose profitability has deteriorated. We will invest funds generated from these measures in growth fields.

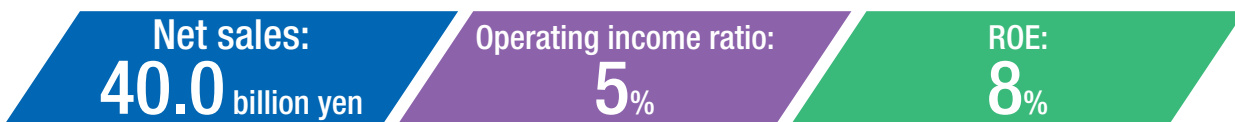
Medium-Term Management Plan

The Group achieved the numerical targets for fiscal year ending May 31, 2026 (the final fiscal year of the plan) set forth in Medium-Term Management Plan 2026 one year ahead of schedule.

We continue to consider efforts to fundamentally strengthen our earnings structure and improve asset efficiency to achieve sustainable growth an important issue, and we will steadily implement our plan to ensure the successful completion of Medium-Term Management Plan 2026.

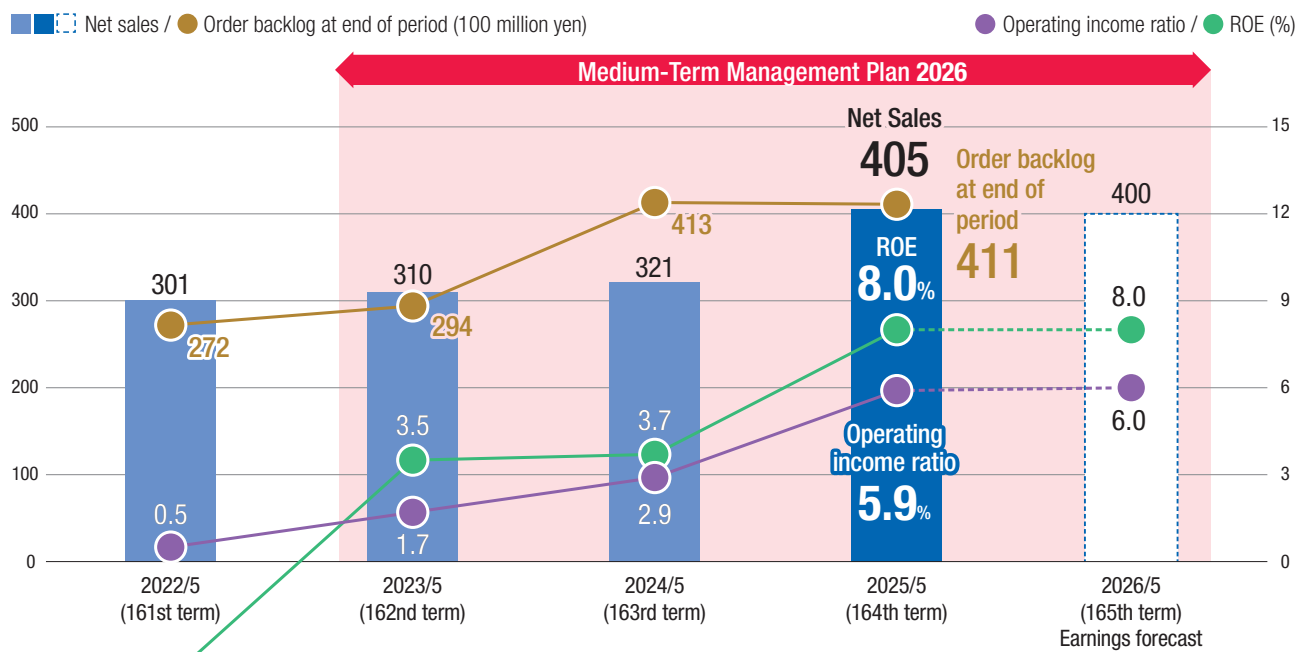


Final fiscal year targets for FYE May 2026



Achieved one year ahead of schedule

Earnings trends and forecasts



	FYE May 2026 initial target	FYE May 2026 earnings forecast
Net Sales	40.0 billion yen	40.0 billion yen
Operating income ratio	5%	6%
ROE	8%	8%

Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

On July 14, 2025, the Company disclosed “Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update).” The Company continues to consider efforts to fundamentally strengthen our earnings structure and improve asset efficiency to achieve sustainable growth an important issue, and we will continue working to maintain and enhance ROE, while also increasing the expected growth rate and enhancing shareholder returns, thus improving the PBR.



Please also see the Company's website.

<https://www.toyodenki.co.jp/ir/release.html>

Efforts to increase corporate value

$$\text{PBR} = \text{ROE} \times \text{PER} \quad \text{Efforts to improve ROE and PER}$$

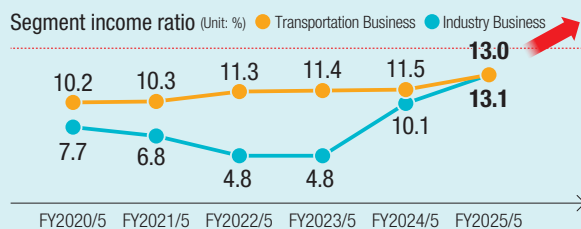


Strengthening of earnings structure

Thorough improvement of the earnings structures of existing businesses

- Revision to appropriate selling prices

We will continue revisions to sales prices to ensure they are appropriate, thus absorbing the impact of wages increases, inflation, higher interest rates, and other cost increases. At the same time, we will endeavor to maintain and enhance customer satisfaction by pursuing valuable product quality and service.



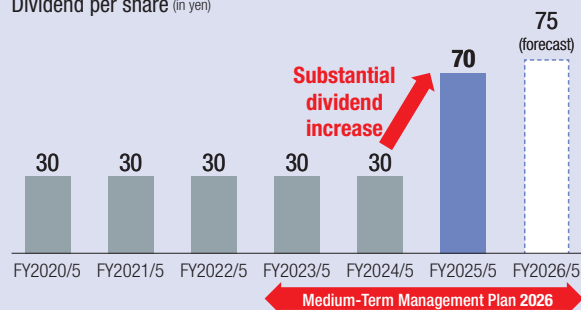
- Continue reviewing low-profit businesses and products

Enhancement of shareholder returns

Dividend policy

While maintaining our basic policy of paying dividends in a continuing and stable manner with a payout ratio of 30% or higher and a **minimum dividend of 30 yen**, during Medium-Term Management Plan 2026, we aim to increase the dividend in line with profit growth and increase corporate value. (The dividend forecast for fiscal year ending May 31, 2026 is 75 yen)

Dividend per share (in yen)



Transportation Business

We will promote GX in the railway transport sector through the technologies we have cultivated since our founding and through our environmentally friendly manufacturing.



Akihiko Otsuka

Executive Officer, General Manager of Transportation Business Unit

Business environment and strategy

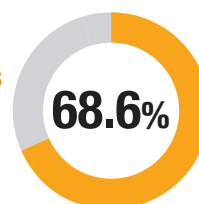
In Japan, the number of railway passengers is trending upward amid the increase in inbound visitors and other factors, and railway operators are actively investing in rolling stock. Together with the tailwind from measures to address GX in the railway transport sector, this means demand for the Company's products is rising. Amid good earnings results among railway operators, there is robust upgrade demand for energy-conserving railcar equipment that achieves decarbonization and saves labor for GX and DX measures, and an increase in the introduction of newly built railcars and equipment replacements is anticipated.

Overseas, demand is expected to continue, centered on maintenance components for high-speed railways in China and new investment in railcars in Indonesia, and we will focus on securing repeat orders. We will also focus on trends in North America, and promote measures through an integrated production and sales system.

Furthermore, as part of our efforts aimed at increasing corporate value, we have set out improvement in profitability of this business segment as a key issue, and will strive to thoroughly improve the earnings structures of existing businesses, execute capital investment, and earn appropriate profits.

Results for FYE May 2025

Percentage of total consolidated net sales



● Orders Received

27,747 million yen (down 9.7% year on year)



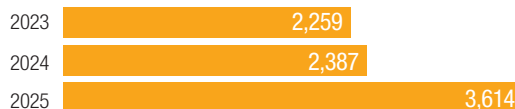
● Net Sales

27,822 million yen (up 34.2% year on year)



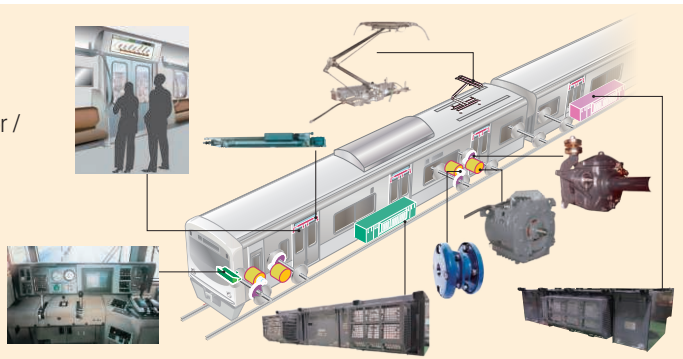
● Segment Income

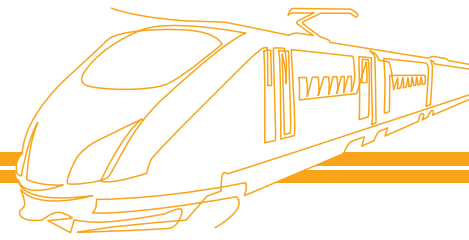
3,614 million yen (up 51.4% year on year)



Main products

- Electrical equipment for railway vehicles
Propulsion controller / auxiliary power supplies / traction motor / driving gear units / current collector (pantograph) / train control and management systems / passenger information display systems / twin disk couplings / door operating equipment / high-speed circuit breakers, etc.
- Railway energy storage system
- Door operating equipment for buses





Main actions

► Supply superior technologies as well as environmentally friendly products and services

We delivered electrical components for Keisei Electric Railway Co., Ltd.'s new rolling stock the Series 3200, and this series has been in commercial operation since February 22, 2025. The Propulsion controller adopted in the vehicles uses a low-loss semiconductor device to achieve a more compact size and reduce weight compared with conventional equipment. We also reduced power consumption by approximately 69% compared with the existing 3500 Series rolling stock.

Through these efforts, we are working to lower environmental impact by reducing power consumption and the use of worn parts while also extending the replacement cycle, thus contributing to the realization of a sustainable society.



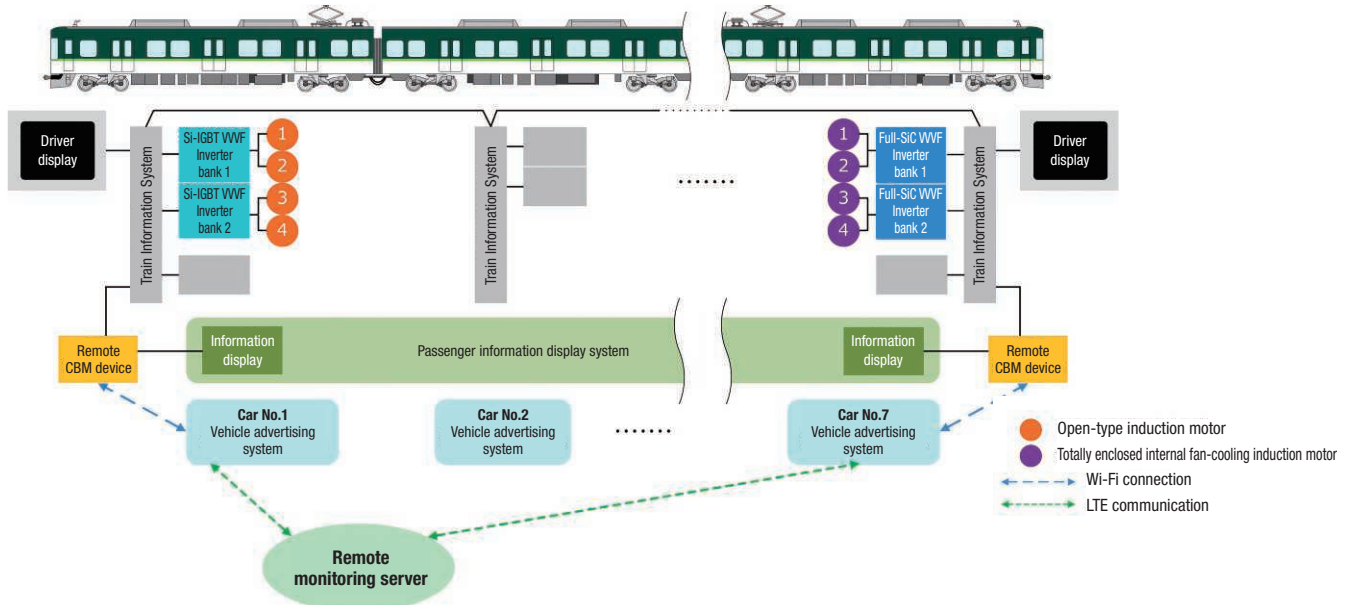
Propulsion controller (VVVF inverters)



Keisei Electric 3200 Series (photo provided by Keisei Electric Railway Co., Ltd.)

► Adoption of vehicle condition monitoring system in new technology development and verification of a wireless train information gathering system

TOYO DENKI SEIZO developed a wireless train information gathering system and then verified it on a train during service operations with cooperation of Keihan Electric Railway Co.,Ltd. TOYO DENKI SEIZO installed the system to a train refurbished to totally enclosed internal fan-cooled induction motors and full-SiC power modules in the propulsion system. Status data from the propulsion system were gathered by the wireless train information gathering system. TOYO DENKI SEIZO verified the data by comparing them with design data. TOYO DENKI SEIZO considers that this system is applicable to maintenance activities to find root causes of failures earlier.



Industry Business

We deliver social and industrial infrastructure equipment that contributes to the realization of a sustainable society, utilizing advanced power electronics technology and superior manufacturing capabilities.



Chiaki Nakano

Executive Officer, General Manager of Industry Business Unit

Business environment and strategy

In the first half of fiscal year ended May 31, 2025, capital investment was robust, thanks to the normalization of domestic economic activity, but in the latter half of the year, unclear economic circumstances continued owing to the impact of U.S. tariffs, restrictions on the export of rare earth minerals by China, and other factors, resulting in delays and revisions to capital investment. Moreover, as the Chinese economy slowed, projects overseas stagnated and investment decisions were postponed, meaning we faced a difficult business environment.

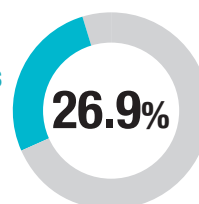
Even under these circumstances, in the Industry Business of the Company, we have been promoting the development of products that will contribute to solving social issues, centered on sustainability.

Specifically, we are enhancing our line-up of In-Tyre-House Dynamo® (ITHD®) products, developed in-house by the Company to address demand related to the electrification of automobiles. We have also developed and begun supplying the EDS and EDU series of permanent-magnet synchronous motors, which balance high efficiency with maintainability, to address demand for energy conservation and measures to address labor shortages at production sites in the manufacturing industry. We are also continuing existing initiatives, including augmenting emergency power generators, amid an increasing emphasis on being prepared for disasters and other emergencies.

In the Company's Industry Business, we aim to generate stable earnings and increase corporate value by enhancing existing businesses and creating new businesses, while contributing to the realization of a sustainable society, based on high value-added products and our manufacturing capabilities.

Results for FYE May 2025

Percentage of total consolidated net sales



● Orders Received

10,986 million yen (down 9.1% year on year)



● Net Sales

10,895 million yen (up 6.2% year on year)



● Segment Income

1,425 million yen (up 38.2% year on year)



Main products

● Automobile testing systems

Various testing devices (durability, vibration, noise, etc.) for automobile components (engine, transmission, differential gear, etc.)

● Vehicle testing systems (efficiency, advanced driver-assistance systems, etc.)

● Production and processing equipment drive systems

For printing machinery / tire and rubber processing machinery / paper manufacturing machinery / films processing machinery, etc.

● Power generation and power supply systems

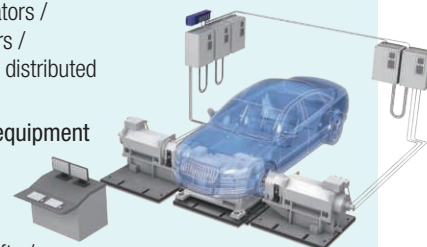
Emergency power generators / continuous-use generators / generating equipment for distributed power sources, etc.

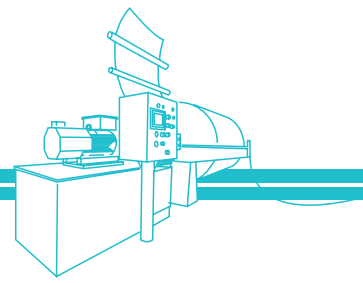
● Car-mounted electrical equipment

For automobile / construction machinery

● Other

Electrical equipment for lifts / water supply and sewage equipment systems, etc.





Main actions

▶ Efforts related to vehicle testing system using In-Tyre-House Dynamo (ITHD)

As measures to address the electrification of automobiles accelerate, there is a need for more sophisticated and efficient vehicle evaluation tests, and testing systems using our proprietary ITHD are attracting attention. The structure of ITHD is such that it is affixed directly to the tire house of vehicles, meaning it can be connected directly to the hub and apply a load. As a result, a pit on the building side, which was required for existing chassis dynamometers, is no longer necessary, meaning space can be saved and installation costs can be reduced. The spinning part is not exposed, which also increases safety. Moreover, it is also suitable for transient driving conditions such as sudden acceleration and braking, and facilitates the creation of testing environments that are close to actual driving, such as the recreation of skids with vehicle models that leverage independent controls for the four wheels. In addition, as the increase in vehicle weight resulting from the installation of batteries increases the required driving power, we have also begun supplying products with a higher output of up to 160 kW in addition to the previous 94 kW. In the future, in addition to developing ITHD products for light cars and compact cars, we will also work with the Development Center to accelerate the development of testing systems for next-generation automobile, with a view to their application in advanced driver-assistance system (ADAS) tests.



ITHD (160kW)

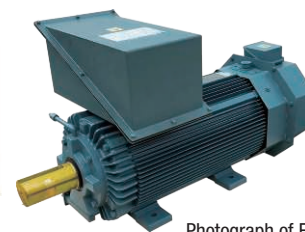
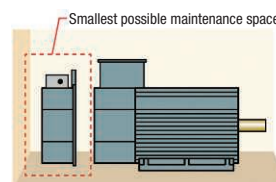
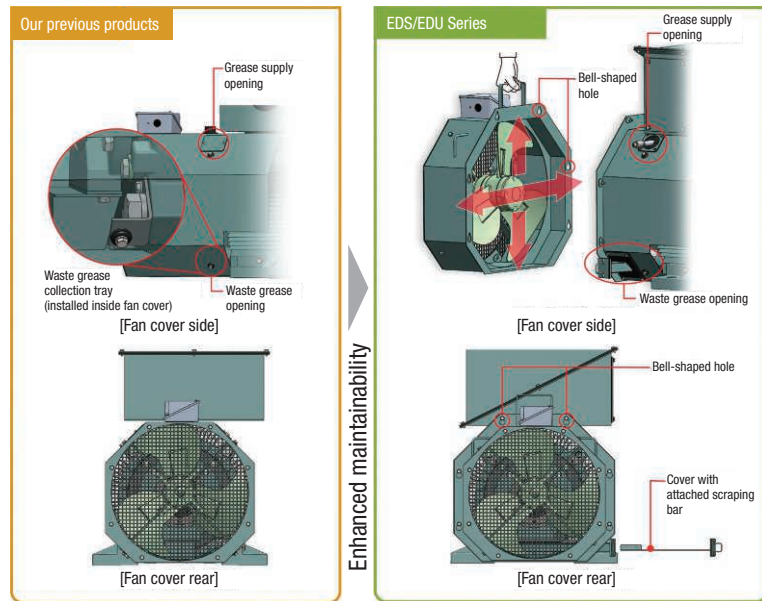


ITHD (94kW)

▶ Development of permanent-magnet synchronous motors with enhanced energy conservation and maintainability

Frontline sites in the manufacturing industry face the pressing issue of addressing energy conservation and labor shortages, and must make facilities more efficient and reduce the burden of maintenance. To address these market needs, the Company developed the “EDS Series” and the “EDU Series” of permanent-magnet synchronous motors, which balance energy conservation and maintainability. The EDS Series are products that substantially enhance maintainability at frontline sites, while keep high levels of efficiency on par with existing EDM. The EDU Series achieves ultra-high efficiency that outperforms IE5 (Ultra Premium Efficiency), the highest global standard for efficiency, while also strengthening maintainability to make it on par with EDS. Both series are equipped with split fan covers and waste-grease scraping mechanisms as standard, making cleaning and replacement operations simpler and reducing maintenance workload. This enables us to contribute to lower running costs and the reduction of greenhouse gas emissions, achieving a balance between economic value and a lower environmental impact.

Notable features of the EDS/EDU Series



Photograph of EDS

See here for details of the EDS/EDU Series



ICT Solution Business

We provide railway station operating equipment systems and IoT solutions that combine ICT and mechatronics to boost operational efficiency and convenience.



Katsuya Nakashima

General Manager of ICT Solution Business Unit

Business environment and strategy

We address changes in users' needs and the challenges of business operators with railway station operating equipment systems and IoT solutions.

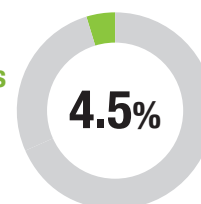
In railway station operating equipment systems, payment by public transport smart cards, as well as contactless payment by credit card, and QR Code payment are being introduced in response to changes in user needs, and such systems must also be available in multiple languages for users overseas and tourists, and linked to smartphone apps. To eliminate labor shortages, a challenge for business operators, mechanisms that make it possible to operate in ways that save labor are also required. We are actively focusing on the creation of systems to address these needs, and we will make proposals that balance higher convenience for users with better operating efficiency for business operators.

In IoT solutions, increased operational efficiency and sophistication of services through the introduction of IoT are needed, especially in logistics, manufacturing and government offices. This is the result of the increasing shortage of labor due to a shortfall in the working population and stricter labor regulations. We leverage cloud services and systems utilizing IoT terminals and mobile communication to develop solutions that enable customers to monitor and control vehicles and remote equipment so that they can improve operational efficiency, optimize maintenance, and carry out preventive and condition-based maintenance.

We will expand our business range as we strive to provide our customers with solutions that help to add value.

Results for FYE May 2025

Percentage of total consolidated net sales



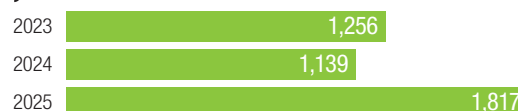
● Orders Received

1,581 million yen (up **29.8%** year on year)



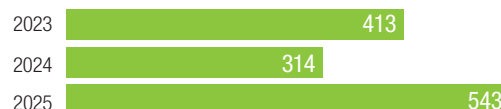
● Net Sales

1,817 million yen (up **59.5%** year on year)



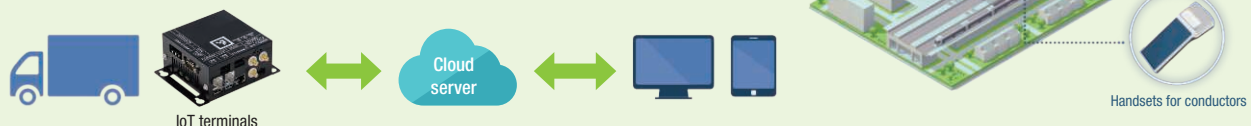
● Segment Income

543 million yen (up **72.6%** year on year)



Main products

- **Railway station operating equipment systems**
Commuter pass issuing machine / ticket payment machine / handsets for conductors / compact ticket issuing machines / judgment engines for automatic fare gate, etc.
- **IoT solution** (cloud-based remote monitoring and control systems)



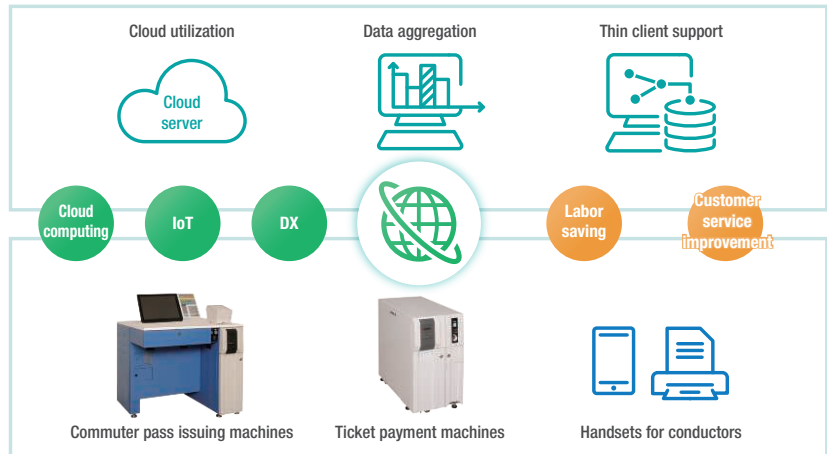


Main actions

► Railway station operating equipment systems

Based on our deep insights, reliable technologies, and extensive experience accumulated in the rail transport sector, we use advanced ICT to provide railway station operating equipment systems that improve convenience for users and reduce the workload of business operators.

We utilize the cloud and IoT technology to support the creation of a DX platform for business operators with integrated measures that address everything from equipment at each station to upstream systems and smartphone apps.



► In-train ticket issuing system using cashless payment terminals

We use an in-train ticket issuing app on portable general-purpose cashless payment terminals with a built-in printer function. We have also developed a sales data aggregation system that uses a cloud server, and it is used by multiple business operators.

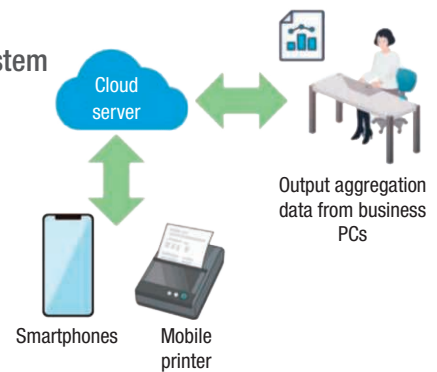
We succeeded in substantially reducing costs compared with developing specialist devices by using general-purpose terminals. We are contributing to the promotion of a cashless society by providing systems that can be introduced in a short period of time, with limited initial investment.

We will develop business processing applications tailored to customer needs so that the terminals can also be used for purposes other than in-train ticket issuing.

► RIDE LEAF® smartphone-compatible, general-purpose ticket issuing system

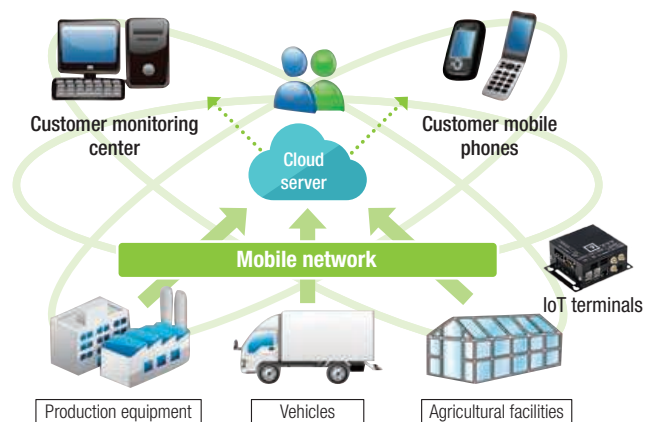
This consists of a business application for smartphones, a mobile printer and a cloud server-based system, and enables issuing and aggregation of tickets, etc. with simple operations. This product is easy to install at low cost, thanks to being limited to general-purpose hardware and simple ticketing and aggregation functions.

This system makes simple ticketing possible, and it helps save labor in issuance and aggregation work for crews and staff, facilitate work, and enhance services for users.



► IoT solution

We offer diverse services with systems that combine IoT terminals, mobile networks, and cloud servers. In doing so, we provide solutions that enable customers to monitor and control vehicles and remote equipment, supporting improvements to operational efficiency, maintenance optimization, and preventive and condition-based maintenance.



Development Center

We will strive to explore and come up with new business ideas as we aim to expand our business range, and promote the development of new products that will lead the market.

We will leverage the Company's core "power electronics" technology to develop high-performance products compatible with superior motor drive systems and other systems, and combine them with AI and DX technology. In this way, we will create new and unprecedented value, and provide next-generation solutions.

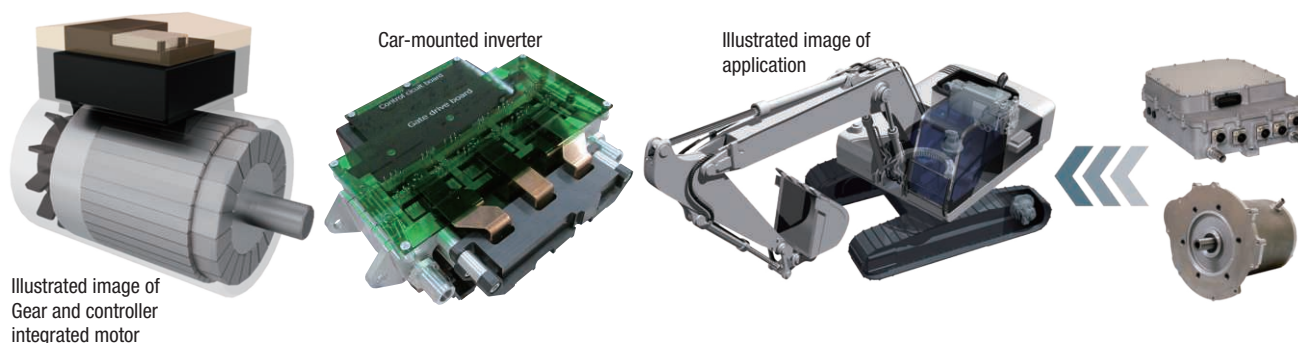


Takuya Hatakeyama

Executive Officer, Center Manager of Development Center

▶ On-demand (order-made/original) motors/inverters

We are accelerating on-demand motor/inverter development, based on our power electronics technology. We create highly efficient, energy-saving designs in line with customer specifications, and address various needs, including the mobility market and industrial machinery embedded solutions.



▶ Development of people flow and behavior analysis utilizing AI

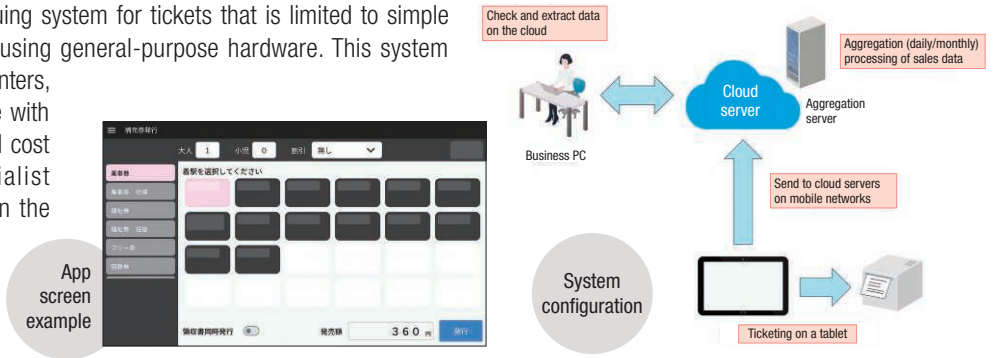
We used AI to develop systems that detect unauthorized passage through automatic ticket gates in real time. Detection results are aggregated in the cloud and can be displayed separately for normal passage and unauthorized passage. Amid the progression of the shift to unmanned stations, we support understanding of the actual status of unauthorized passage and measures to prevent it. At present, we are conducting demonstration trials at actual stations with the cooperation of business operators.

- Assessment in ticket gate area**
 Is each person positioned within the ticket gate area?
- Assessment upon leaving ticket gate area**
 Did a person in the ticket area leave the area?
- Confirmation of actions based on action history**
 What are the most frequent values in the action history? (image shows a person ducking past the gate)
- Assessment of forced entry**
 Did someone go through the ticket gate even though it was closed?
- Assessment of sticking together**
 Did people close together pass through the ticket gate at almost the same time?

Ticket gate unauthorized passage detection system

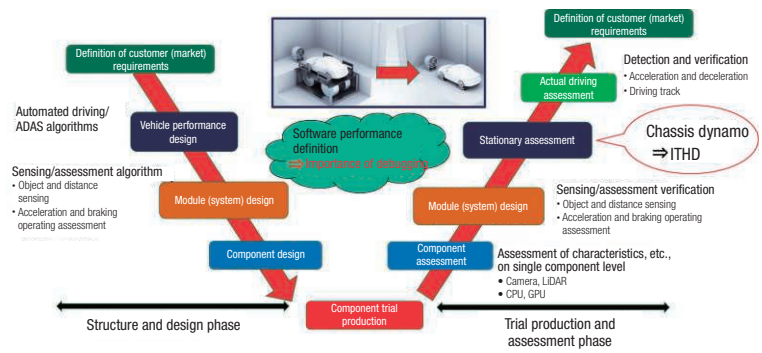
▶ **Development of general-purpose issuing system for tickets compatible with business applications for tablets**

We developed a general-purpose issuing system for tickets that is limited to simple ticketing and aggregation functions, using general-purpose hardware. This system consists of Android tablets, desktop printers, and the cloud, and is also compatible with code-based payment. We have solved cost challenges in our existing specialist development, and have succeeded in the introduction and cashless operation of ticketing functions for a reasonable cost.



▶ **Development of vehicle testing devices that leverage an In-Tyre-House Dynamo® (ITHD®) adapted to advanced driver-assistance systems (ADAS)**

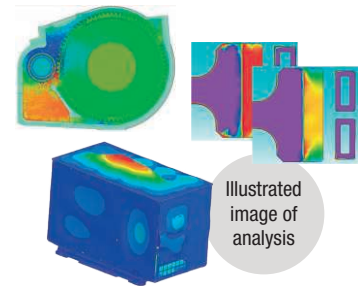
Validation of cognition, judgment and operation is required in the development of ADAS. We are working on the development by fusing physical (actual vehicles) and virtual (tires and road surface) with a newly developed high-torque, high-output In-Tyre-House Dynamo (ITHD), with the aim of realizing ADAS testing that does not involve on-road driving. In each type of testing scenario (avoidance of obstacles, full acceleration, full braking, etc.), we have confirmed that we can test road conditions and vehicle body behavior, and provide sufficient vehicle testing on two-ton class vehicles.



▶ **Support for product development making full use of analytical technology**

The Center supports each division across the entire company, function as a “company-wide technical support division” that inherits substantial company-wide basic fundamental technologies and analysis and survey technologies that have been cultivated.

We conduct preliminary studies, evaluations, and validations for development, design, and manufacturing through structural analysis and heat, fluid, and electromagnetic field analysis using the finite element method (FEM) and other computer-based methods.

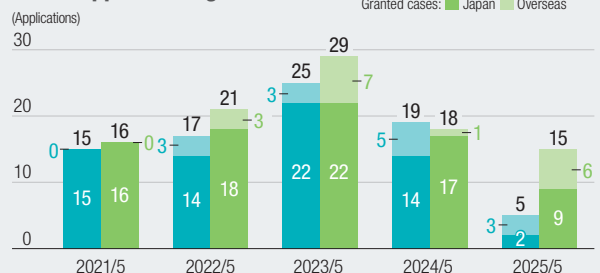


Intellectual Property

Our intellectual property is placed as a key corporate resource. Our intellectual property department is responsible for the management of intellectual property and the development divisions in each business unit and the Development Center actively apply for patents and utility models.

In overseas markets where we aim to further expand our business in the future, we will make efforts to protect our technologies and brands.

Patent applications granted



Sustainability Policy

Basic policy on sustainability

The TOYO DENKI Group values contributing to society, customers and shareholders, meeting the challenges of the future, and building trust. To achieve these goals, we have consistently been supplying high-quality products and services globally, leveraging our technologies while responding to the changing needs of the times, over more than 100 years since our founding. While the environment surrounding society will keep changing in the future, we will continue to strive to refine our technologies and quality, contribute to the realization of a sustainable society through manufacturing, and increase corporate value.

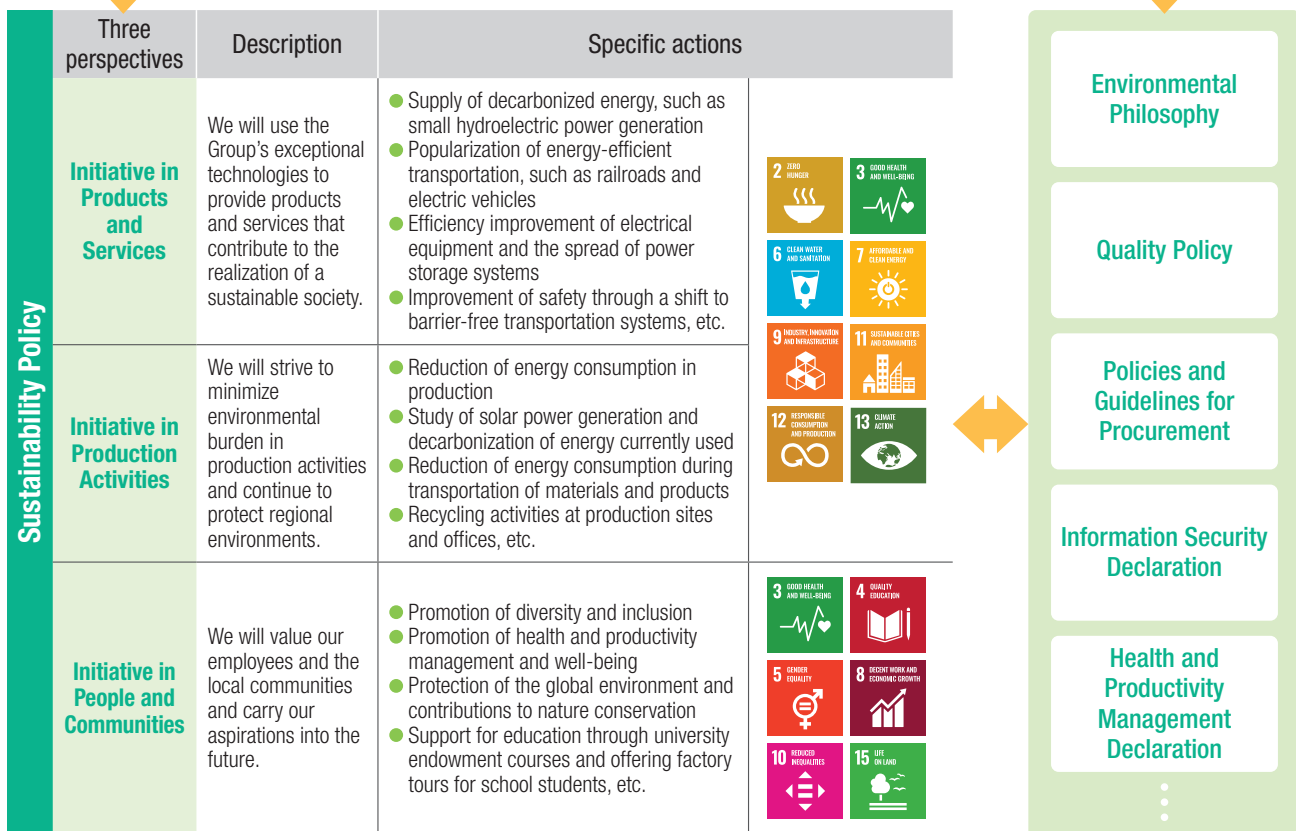
Sustainability Policy

We have formulated the Sustainability Policy that organizes the TOYO DENKI Group's business activities from three perspectives, with the aim of linking our basic policy to sustainability to specific actions.

Business Principles

The TOYO DENKI Group will practice the following business principles to ensure the growth of its business, earn the confidence and understanding of shareholders and stakeholders, and foster the development of its employees:

- Prioritize ethics and contribute to the prosperity of customers and society as a whole
- Encourage creativity and enterprising spirit to meet the challenges of the future
- Build trust by focusing on quality first



Long-term Vision

Help build social and industrial infrastructure that is considerate of the global environment, with a focus on exceptional motor drive technologies

Sustainability Roadmap

Environment

- Established the Sustainability Committee and the Sustainability Promotion Office
- Formulation of Sustainability Policy
- Expressed support for TCFD recommendations
- Identification of material issues

-2024

2025

2026

2030

2050



FYE May 2026 targets
Scope 1 & 2
CO₂ emissions
10% reduction
(Compared with FYE May 2018)

FYE May 2030 targets
Scope 1 & 2
CO₂ emissions
30% reduction
(Compared with FYE May 2018)

FYE May 2050 targets
Scope 1 & 2
CO₂ emissions
100% reduction
(Compared with FYE May 2018)

Track emission volumes and promote reduction

Scope 3 CO₂ emissions

- Certified as 2025 Certified Health & Productivity Management Organization (Large Enterprise Category)

FYE May 2026 targets

- Percentage of employees with disabilities
2.9% or more

- Ratio of female employees (administration divisions / assistant manager level)
25% or more

- Ratio of female employees (administration divisions / manager level)
8% or more

- Ratio of male employees taking childcare leave
50% or more

FYE May 2030 targets

- Percentage of employees with disabilities
3.0% or more

- Ratio of female employees (administration divisions / assistant manager level)
30% or more

- Ratio of female employees (administration divisions / manager level)
15% or more

- Ratio of male employees taking childcare leave
70% or more

Human capital



Disclosure Based on the TCFD Recommendations

Recognizing that responding to climate change is an important management issue, we expressed our support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in June 2023. We will strive to further implement climate change initiatives and appropriately disclose information as part of our commitment to helping realize a sustainable society.

Governance

In order to promote sustainability management across the Group, we established a Sustainability Committee under the Board of Directors and carry out company-wide initiatives based on our Sustainability Policy. The committee, which generally meets once every quarter, is chaired by the President, Representative Director, and its members comprise mainly Operating Officers. We recognize climate change as a very important challenge and have set numerical targets for the reduction of greenhouse gases. Progress towards these targets is monitored by the committee,

and the content of committee discussions is reported to the Board of Directors for incorporation in the Group's management strategy.

Examples of matters reported at Board of Directors meetings

- Updates to our Sustainability Roadmap
- Current status of human capital at the Company and related challenges for the empowerment of diverse talent
- Disclosure standards for sustainability-related information
- Creation of innovation leveraging our technologies (free discussion, current status/challenges/countermeasures)
- Stable procurement and high-quality manufacturing (current status/challenges/countermeasures)

Anticipated risks and opportunities

Risks							
Anticipated Risks		Impact				Actions	
		1.5°C/below 2°C		4°C			
		2030	2050	2030	2050		
Transition Risks	Policy & regulation	● Increase in procurement/shipping costs with adoption of carbon tax and more stringent regulations; increase in costs from equipment renewal and technological development	M	L	S	S	<ul style="list-style-type: none"> ● Avoid carbon tax and lower production costs by reducing GHG emissions through renewable energy use and switching to energy-efficient equipment ● Consider adopting ICP
	Technology	<ul style="list-style-type: none"> ● Increase in R&D costs of energy-saving products ● Loss of sales opportunities due to stalled development ● Decrease in demand for existing technologies and products 	M	L	S	M	<ul style="list-style-type: none"> ● Enhance design/development systems, including production methods, and increase sophistication of our environmental technologies ● Identify needs for existing technologies/products through customer engagement
	Market	<ul style="list-style-type: none"> ● Decrease in railway product sales due to decline in railway ridership from population shrinkage and due to drop in relative environmental advantage of rail transport stemming from improvements in environmental performance of automobiles ● Stagnation of testing machine business due to delays in responding to the shift to EVs ● Decrease in equipment demand from manufacturers of printing machines, paper, and chemicals due to shift to paperless and plastic-free approaches 	L	L	M	M	<ul style="list-style-type: none"> ● Prevent failures through condition-based maintenance and increase value added through personnel cutbacks and labor-saving approaches ● Develop products and systems reflecting the shift to EVs and consider creating alliances with other companies
	Reputation	<ul style="list-style-type: none"> ● Decline in reputation among stakeholders due to delays in responding to climate change ● Exclusion from supply chains; rise in financing costs; difficulty in securing human resources 	L	L	M	M	<ul style="list-style-type: none"> ● Enhance disclosure through dialogue with shareholders, investors, suppliers, communities, and other stakeholders
Physical Risks	Acute	<ul style="list-style-type: none"> ● Suspension of operation, damage to production equipment, and stoppage of business site functions due to typhoons, flooding, etc. ● Difficulty in procuring parts and materials due to interruption of supply chain 	S	M	M	L	<ul style="list-style-type: none"> ● Reinforce disaster countermeasures of production bases by strengthening business continuity planning (BCP)
	Chronic	<ul style="list-style-type: none"> ● Increase in factory energy costs, decline in employee productivity, and increase in incidence of heat stroke due to the temperature rise ● Increase in costs due to tidal flooding countermeasures taken in response to rising sea level ● Occurrence of malfunctions and failures in products and equipment due to the temperature rise 	S	M	M	L	<ul style="list-style-type: none"> ● Increase supply chain resilience by establishing multiple channels, using local suppliers, and taking other actions, and transfer risk by purchasing insurance

Strategies

We have analyzed the future impact of climate change on the Group's business activities under the 1.5°C/below 2°C and 4°C scenarios, identifying the associated risks and opportunities and calculating the degree of impact in each case. The focus time horizon was long-term (to 2050) and analysis was also done for the medium-term (to 2030) as a transitional point. The degree of financial impact on business activities was defined according to three levels: large (L), medium (M), and small (S).

Scenarios

1.5°C/ below 2°C scenario

Worldview: A lower-carbon transition will take place across society and contain the temperature rise to a certain extent. Demand for energy-saving/eco-friendly products will grow. Legal, market, reputational, and other transition risks will increase.
Reference scenarios: SSP1-1.9, SSP1-2.6 (IPCC AR6) / NZE2050 (IEA)

4°C scenario

Worldview: With priority placed on economic growth, the temperature rise will not be contained and the impacts of climate change will worsen. A lower-carbon transition will not be realized, and physical risks such as extreme weather events will increase.
Reference scenarios: SSP5-8.5 (IPCC AR6)

Risk management

A working group made up of working-level employees engages in discussions for advancing a company-wide approach to sustainability challenges. Meanwhile, the Sustainability Committee identifies climate change risks, discusses countermeasures, and monitors progress in implementing those actions. It also tracks the progress of the medium- and long-term sustainability roadmaps formulated by each division.

Indices and targets

We have set the following targets for reducing CO₂ emissions associated with our business activities to help curb global warming.

Scope 1 & 2 CO ₂ emissions (compared with FYE May 2018)	FYE May 2026 targets	FYE May 2030 targets	FYE May 2050 targets
	10% reduction	30% reduction	100% reduction

Opportunities

Anticipated Opportunities		Impact				Actions
		1.5°C/below 2°C		4°C		
		2030	2050	2030	2050	
Resource Efficiency	<ul style="list-style-type: none"> Increase in maintenance opportunities driven by longer use and recycling of products Decrease in costs through streamlining of product processes, optimized use of materials, and streamlining of shipping 	L	L	M	M	<ul style="list-style-type: none"> Construct advanced production and processing equipment drive systems that capitalize on high-efficiency motors and invertors Improve recyclability through environmentally conscious design
Energy Source	<ul style="list-style-type: none"> Increase in demand for our products/services with shift to EVs and growth of demand for renewable energy and power storage technologies 	L	L	M	M	<ul style="list-style-type: none"> Promote battery storage of regenerative power Build new storage systems, such as a superconducting flywheel Railway energy storage system Develop and supply testing equipment that supports the shift to EVs
Products / Services	<ul style="list-style-type: none"> Increase in demand for electrical equipment for railway vehicles driven by greater demand for highly environmentally advantageous railway service Increase in demand for high-efficiency motors and inverters, distributed power supply, and other energy-saving products/systems Increase in demand for new testing systems that support the shift to EVs 	L	L	M	M	<ul style="list-style-type: none"> Improve environmental friendliness of electrical equipment for railway vehicles by increasing efficiency and reducing size/weight Make improvements to motors and inverters that enhance energy efficiency and maintainability of production equipment Develop testing systems that support the shift to EVs Increase the sophistication of status monitoring, alarm notification, and remote control of generators using IoT remote monitoring systems
Market	<ul style="list-style-type: none"> Potential for opening up new markets by uncovering demand for power storage systems, small hydroelectric power generation, wave power generation, etc. Increase in demand for IoT remote monitoring and automatic control systems to avert climate change-related food shortages and impacts on agricultural and livestock industries Popularization of EV-related products 	L	L	M	M	<ul style="list-style-type: none"> Popularize power storage systems, small hydroelectric power generation systems, and biomass generators Participate in the demonstration of wave power generation and consider its commercialization Increase the sophistication of status monitoring, alarm notification, and remote control of generators using IoT remote monitoring systems
Resilience	<ul style="list-style-type: none"> Increase in demand for solutions that strengthen resilience and BCP in response to increased severity of natural disasters 	L	L	M	M	<ul style="list-style-type: none"> Contribute to BCP preparation by supplying Emergency power generators for businesses and government offices Promote prediction and early detection of natural disasters using IoT remote monitoring systems
Reputation	<ul style="list-style-type: none"> Increased trading, improvement of stock price, and securing of human resources made possible by stronger reputation for environmental consciousness 	L	L	M	M	<ul style="list-style-type: none"> Enhance disclosure through dialogue with shareholders, investors, suppliers, communities, and other stakeholders

Initiative in Products and Services

We will provide products and services that help build a sustainable society using the exceptional technologies of the Group

Special Report 1

Taking on the challenge of the Indonesian railway market

INDONESIA

Capital city of Jakarta



Naoki Okuyama
Executive Officer
in charge of global
business

Railway conditions in Indonesia

Indonesia is the leader of the Association of Southeast Asian Nations (ASEAN), and has been recognized as an outstanding country in the Global South in recent years. Alongside Honshu in Japan, Java in Indonesia is one of few islands with a population of more than 100 million, and there is extremely high demand for railways, particularly to cover medium to long distances between cities. In order to strengthen railway transportation capacity, the government of Indonesia (the “government”) is endeavoring to add more lines and increase maximum speeds, but there have been delays in the development of urban railways in urban areas. Even in the Jakarta Metropolitan Area, where commuter demand is approximately 20 million people per day, the rail network only covers approximately 300km. Rail’s share of transportation is below 10%, and chronic traffic congestion has become a social issue.

In the Jakarta Metropolitan Area, there is an urban railway created by electrifying the existing national railway called the “KRL Commuter Line,” which is used by approximately one million people per day. Used vehicles exported from Japan have been playing a leading role in railway. A total of 1,488 railcars were exported between 2000 and 2020, partly because the standards for the lines are similar to those of Japan. The users of this railway more than tripled over this twenty-year period, and it has become an essential method of transportation for the residents of Jakarta. At present, almost 1,000 railcars are in active service. Of these, almost 90% were originally the 205 series from the East Japan Railway Company (JR East), which were once active on the Musashino Line and other lines.

Since 2020, the government has announced a policy of introducing new vehicles. The government is particularly prioritizing the development of domestically produced commuter trains. The government has determined a budget to be allocated to the development of domestic industry, and as a first step, PT Industri Kereta Api (INKA), a state-operated railcar manufacturer, has produced 16 trains of 12 railcars each, for a total of 192 railcars. TOYO DENKI SEIZO has received orders for a set of electrical equipment for these domestically produced trains (propulsion controllers (VVVF inverters), traction motors, auxiliary power supplies, driving gear units, current collectors (pantographs), etc.).



Congestion in Jakarta



Used railcars imported from Japan
(left: Former Tokyo Metro 6000 Series, right: Former JR East 205 Series)



Used railcars imported from Japan (former Tokyo Metro 05 Series)

INTERVIEW

Interview: Satoshi Takagi, Asian railway writer stationed in Indonesia

Q

It seems TOYO DENKI SEIZO electrical equipment has a substantial presence in Indonesia. Why did TOYO DENKI SEIZO receive the order related to 192 railcars for trains made by INKA?

The fact that the Company's electrical equipment was used in trains exported as used railcars, particularly the 205 Series, was significant. That was what led to the start of talks for this project.

Q

The fact that Japanese railway rolling stock was exported overseas as used railcars means that electrical equipment is used in an environment that was not originally envisioned, but failures are rare and it has an extremely good local reputation. What are the reasons for this good quality?

Japanese electrical equipment for railway vehicles, including the Company's products, have been refined through use in the commuter rush hour and other circumstances. I think the fact that they have redundancy both in terms of their lifespan and usage frequency is one reason why they are well adapted to the environment in Indonesia.

Q

Did the high level of trust in these regards contribute to the Company winning this order?

Certainly, I think that was one factor. Originally, the relationship between INKA and the Company started when the Company supplied the same pantographs as the 205 Series for railcars for the airport line in Jakarta, in response to a request from INKA. I think that INKA submitted inquiries to most Japanese electrical equipment manufacturers concerning electrical equipment for these 192 railcars. I believe the Company won this order thanks to trust in its products, as well as the positive assessment of its commitment to a quick delivery schedule and the content of its proposal for technical advice.

Point Promotion of domestic production

It could be said that TOYO DENKI SEIZO won the order from INKA because we satisfied conditions related to quality, price, and delivery schedule, but there is another important concept related to the Indonesian market. That is the promotion of domestic production. At present, in many aspects, INKA is manufacturing railcars by assembling equipment procured from manufacturers overseas. The government of Indonesia intends to develop peripheral industries and first increase the ratio of domestic production to at least 40%.

Now, in response to INKA's demands, TOYO DENKI SEIZO is supporting the shift to local production (knockdowns) for some equipment, such as VVVF inverters and auxiliary power supplies, starting from the 11th train out of 16. INKA and its subsidiary (PT. Rekindo Global Jasa (REKA)) produce trains, with some important components imported from Japan, such as core semiconductor equipment and controllers, and outer cases and unit parts and materials (switches, terminals, harnesses, etc.) procured in Indonesia.



Newly built INKA railcar CLI-225 Series

Q

Looking at the status of orders in Japan, perhaps one strength of TOYO DENKI SEIZO is its ability to deliver small-lot projects?

When manufacturing to Japanese specifications, the basic parts are fundamentally the same, meaning the Company is able to accept orders even for small lots. Now, this project for 192 railcars is actually classed as a large project for the Company. The electrical equipment for this Indonesia project, however, was built to Japanese standards, not overseas standards, so conversely, the Company was able to complete delivery on a tight schedule, even with limited resources.

Q

Now, in addition to the export of completed products, it also includes some products that will be assembled locally (knockdown) and technical support for a shift to domestic production in the future.

In some aspects, this process is similar to what happened in the Chinese railway market at one time, but will Indonesia be an important market for TOYO DENKI SEIZO in the future?

Since receiving an order for the Beijing subway in the second half of the 1990s, the Company has focused on exporting products and providing technical advice from Japan, as well as production, maintenance, and other operations locally in China. I think there are also some similar aspects in the Indonesian railway market. We have great expectations for the size of the local market in the future, including knockdowns and maintenance, and we intend to develop this market as the Company's "Indonesian business."

INTERVIEW



Technical advice at the Yokohama Plant (propulsion controller (VVVF inverter))

Q In specific terms, what sort of technical support did the Company provide?

Since October 2024, we have provided advice to Indonesian trainees at the Company's Yokohama Plant for each area of responsibility related to VVVF inverters, harnesses, power units, and pantographs. Subsequently, following three months of advice by engineers from the Company in Indonesia, members trained in Japan have played a core role in promoting production.

Q Have there been any difficulties related to domestic procurement in Indonesia from the perspective of quality, etc.?

The Company and the Indonesian side (INKA and REKA) have engaged in local procurement while maintaining communication,

with the boundary that they will absolutely not compromise on quality. Within that process, we struggled with some aspects of the procurement of pantograph parts and materials. For the first lot, around 80% of the total were procured from Indonesia.

Q How were the results when the components were actually completed?

Initially, when we conducted voltage-resistance tests on the harnesses, there were arcs (sparks) from damage to electrical wires. We showed this to workers from INKA and REKA and had them consider what aspects they must pay attention to themselves, then we worked on ensuring quality. At present, we use testing equipment to confirm that there are no quality issues in completed products.



Technical advice at INKA (pantographs)



Technical advice at REKA (harnesses)

Comments from the interviewer

Domestically produced Indonesian commuter trains, which should be described as a collaboration with Japan, will finally come into service from December 2025 onward. Leveraging this success as a springboard, INKA aims to participate in electrification projects, not just in Jakarta, but also in major cities in Indonesia. Although the new administration led by President Prabowo, which began in October 2024, has expressed its intention to pivot away from the former policy of prioritizing infrastructure, it intends to continue investing in railways, which are essential for urban development.

It is also developing the "Jakarta MRT" as a new urban railway. In March 2019, Phase 1 (approximately 16 km) of the North-South Line began operating, providing an impetus for the construction of Phase 2A (approximately 6 km) of the North-South Line, which is currently underway. Under a similar scheme, construction is expected to start on Phase 1/Stage 1 (approximately 25 km) of the East-West Line in 2026, and plans are in place for this line to become the longest line, with a final length of over 80km or so.

Amid rapid economic growth, urban railways in Indonesia have left behind their period of relying on used railcars, and are now attracting attention as a new railway market, not just from Japan, but from the world. Global railcar and electrical equipment manufacturers are eagerly targeting this demand, but manufacturers who are able to make proposals that leverage local aspects have an advantage. There is only one railway rolling stock manufacturer in Indonesia, INKA. Having contributed to the manufacture of 192 railcars for trains domestically produced by INKA, will the presence of TOYO DENKI SEIZO grow further in Indonesia in the future?



Jakarta MRT North-South Line

Taking on the challenge of carving out the future of vehicle testing

Development of “In-Tyre-House Dynamo (ITHD),” the Company’s proprietary technology created out of engineers’ spirit of taking on challenges



Chiaki Nakano

Executive Officer
In charge of Industry Business,
General Manager of Industry
Business Unit

Yuichi Takasaki

Industrial Sales Management
Automotive Testing System Sales
Division/Development Center Product
Development Division
Automotive Testing Project Team
Project Manager

Progress on the development of testing systems for automobiles at the Company

Nakano Testing systems for automobiles that perform tests to assess the driving power of automobiles are essential in the automobile development sector. There are numerous types of testing systems for automobiles. Of these, we have been receiving many inquiries from automakers and related companies regarding the “In-Tyre-House Dynamo® (ITHD®) (see p. 20)” testing system for automobiles developed in-house by the Company as a proprietary technology of the Company.

Takasaki The significant features of these ITHD are the fact that, compared with conventional roller-type chassis dynamometers, they are suitable for saving space, setting, reducing noise, drive test verification, environmental testing, and powertrain testing equipment. ITHD are a system where the four wheels are independent, meaning they are also suitable for testing 4WD vehicles and ABS (braking from high speed on dry asphalt road surfaces, and testing the stopping distance and vehicle behavior). ITHD can also perform tests that include recreating driving on actual roads with simulations and “steering,” which are not possible with conventional roller-type chassis dynamometers.

Nakano Since our founding, the Company’s main business has been the manufacture of electrical equipment for railways, but I shall explain why we have developed testing systems for automobiles. In 1918, the Company was established with the aim of domestically producing electrical machinery for railway

vehicles. Later, in 1957, we completed the construction of a specialist factory in Kyoto to make general industrial motors utilizing railway motor technology. The Company’s motors began to be used in water supply and sewage, as well as various types of production and processing equipment, and this formed the foundation of the Company’s current Industry Business.

After the Tokaido Shinkansen began operating in 1964, demand for the development of high-performance brakes for the Shinkansen and other applications increased, and in 1966, the Company began manufacturing various types of brake testing equipment for testing and researching high-speed brake shoes for the Shinkansen, as well as automobiles, etc. Starting with the delivery of torque converter performance testing equipment for automobile engines to domestic automakers in 1968, the Company began supplying an increasing number of testing systems to major automakers in Japan and overseas, and following the development of an in-wheel motor for automobiles in 2004, this led to the development of the ITHD.

ITHD was created through the positive spirit of taking on new challenges, inheriting “creativity and an enterprising spirit”

Nakano The Industry Business Unit of the Company has received offers from various companies to the effect that they want us to create a product that does not currently exist, and we



have a track record of creating many prototypes. This is one of our strengths in manufacturing as a manufacturer. The plan for ITHD came up when I was overseeing business planning, and I take pride in the fact that we were able to take the bold step of tackling something new, as a sign of the Company's spirit of taking on new challenges. I certainly hope that we can pass on our stance of tackling new things as a manufacturer to future generations.

Takasaki I think one strength of the Company's engineers is the fact that they can flexibly work across a broad range of areas and have wide-ranging knowledge, even outside of their own specialist areas. I think another strength is the fact that because our organization is not large, an environment is in place that makes it easy to take on challenges even outside of our area of expertise. The fact that human resources with various technical skills and knowledge work together contributes to our flexibility, enabling us to address various customer needs. I would like to use this opportunity to express my thanks to all parties who support our day-to-day development efforts.

Nakano When we created a prototype of the ITHD, I was surprised because some members of the development team asked to purchase a car in order to actually attach the prototype to a vehicle and test it, but I allowed it, considering it an investment in a new business. I intend to ensure we maintain a corporate culture and environment as a company that allows proactive investment in research and development.

Differences between ITHD and chassis dynamometers, and conventional testing systems for automobiles

Takasaki As mentioned briefly at the start of this feature, compared with conventional roller-type chassis dynamometer testing systems for automobiles, one feature of ITHD is that it does not require large-scale construction, and can be installed anywhere there is a level space, meaning it saves space. For regular roller-type chassis dynamometers, the ground must be dug out to a depth of almost 2 m for their installation. On top of requiring major construction, one major precondition of such systems is that they will be installed on the ground floor. On the other hand, ITHD does not require any major construction, and can be installed on any floor with a suitable allowable load, no matter whether it is the second floor or third floor. Compared with conventional dynamos directly attached to the hub, ITHD is also easy to install and setup can be completed in one or two hours.

Nakano The high level of safety is another major merit. The same could also said to be true of dynamos directly attached to the hub, but testing is performed by removing the tire and attaching the ITHD. This means the vehicle physically cannot move, so tests can be performed safely.

Takasaki It is fair to say that the fact that we can conduct tests of sudden braking is also another major characteristic. It is also possible to "reach a certain level of speed and suddenly brake," while maintaining an awareness of safety, by driving an actual vehicle on a test course, but it is true that tests of sudden braking are very difficult with general roller-type chassis dynamometers owing to their structure. Sudden braking is dangerous as it causes the vehicle body to lift, and it is said that it is impossible under current circumstances. Representatives from automakers who have actually experienced ITHD have praised this product for its ability to perform tests of sudden braking that are not normally possible.

Nakano Another characteristic is the fact that we can perform repeated tests under stable conditions in environmental tests. It is possible to use simulations to recreate driving on snowy roads and other roads that are easy to skid on or in poor condition, not just braking tests. Accordingly, these tests are not affected by the temperature and the weather, and tests can be performed



ITHD enables tests that include steering



It can be installed anywhere there is a level space

repeatedly in the same conditions without worrying about wear on the tires. It is also possible to perform tests when some part of the car is changed and the impact of that change is clear.

Takasaki Another major strength are the added functions, including recreations of driving on actual roads with simulations, which was not possible with roller-type chassis dynamometers.

Automakers' and component manufacturers' demands of ITHD and the Company's response

Nakano In recent years, the automobile industry has been facing a major turning point. The way automobiles are made itself is changing with the emergence of hybrid cars and electric automobiles. Automated driving (AD)/advanced driver-assistance systems (ADAS), where the vehicle drives by sensors alone with no need to hold the steering wheel, have also been attracting more attention.

Takasaki ITHDs also facilitate tests such as assessment tests that include "steering" and recreations of driving on actual roads with simulations, which were difficult with existing testing systems for automobiles. As a result, there is strong anticipation among automakers for the application of ITHD to AD/ADAS test development. Recently, we have also enhanced our line-up to make ITHDs compatible with large vehicles such as SUVs, including battery EVs.

Nakano These measures to address AD/ADAS have been our target since the start of development. A major strength of ITHD is the fact that it is compatible with steering tests and development, and we already have experience of taking on the challenge of "parking assistance system tests."

Takasaki We are promoting technological development with the target of "making it possible to perform tests by recreating roads around the world, even without going out on actual roads, with ITHD."



Relationship between the future vision for automobile development and ITHD

Nakano As part of the development of automated driving, repeated tests are conducted where the "automobile assesses the conditions and moves in accordance with the situation." With ITHD, these tests can be performed not by driving on actual roads, but instead in a simulated world on top of a platform.

Takasaki It can also be combined with vehicle sensor simulators and applied to assessments of self-driving cars. This means we can safely conduct tests that could previously only be performed on a test course on a platform. For example, at present, we can only test "can the car properly stop if a person suddenly jumps out?" on a test course. If we make progress on the Company's ITHD simulation technology, it will become possible to perform these tests on platforms, enabling us to make these tests safer and reduce development costs.

Nakano In the future, we will work to further enhance the line-up of these products and refine their functions, creating more sophisticated equipment capable of addressing more advanced testing needs. We will aim for ITHD to grow in popularity around the world as a testing systems for next-generation automobiles.

Feedback from customers

As demand for 4WD chassis dynamometers (4WD-CHDY) was rising, our company was considering augmenting the capacity of our facilities, but we directly faced the issues in the form of land shortages and the difficulty of replacing the old CHDY. In particular, the fact that it is impossible to install a 48-inch roller CHDY in the upper floors of buildings was a major constraint. Under these circumstances, when we were considering the selection of alternative equipment, TOYO DENKI SEIZO introduced us to their In-Tyre-House Dynamo (ITHD), and we began considering adopting it.

We decided to introduce it after confirming that it satisfied our performance criteria such as the weight, which was a standard for installation, and the equivalence with the driving power of CHDY.

After introducing this system, TOYO DENKI SEIZO also helped us consider how to utilize it, and it was possible to use ITHD as an alternative for assessing behavior in the event of engine failures and driveability, such as sudden braking, which we previously conducted with CHDY and test courses. We can also recreate actual road tests under various conditions, such as bad roads, low-friction roads, and turns, and its effectiveness as a high-value added facility has been proved. We anticipate this system's development into new sectors, such as AD/ADAS development utilizing steering functions.

SUBARU CORPORATION, Manager, Engineering Coordination Sect. Vehicle Environment Development Dept. Engineering Div. **Shinya Tanaka, Takamitsu Kashima** (SUBARU Living Service)

Initiative in Production Activities

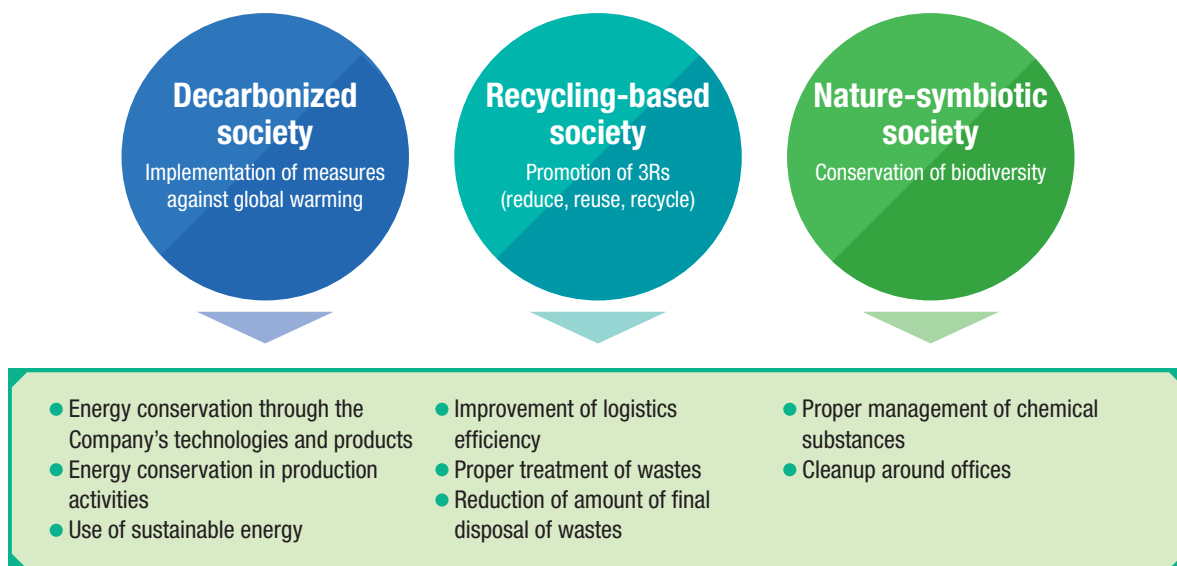
We will strive to minimize environmental burden in production activities and continue to protect regional environments

Aiming for Realization of a Sustainable Society

A sustainable society as envisaged by the Company is the combination of a “low-carbon society,” a “recycling-based society” and a “nature-symbiotic society.”

The environmental technologies of the Company have produced numerous products that contribute to energy

conservation, including high-efficiency motors and inverters that capitalize on the amalgamation of our outstanding motor drive technology and other state-of-the-art technologies. In the meantime, the Company has been striving to conserve resources through not only the efficient use of energy but also the reduction of the size and weight of its products.



Environmental Management System

In order to tackle environmental issues on an independent and continuous basis, the Company has developed and operates an environmental management system and thereby obtained ISO 14001 certification. This certification has been acquired for all offices and the production bases Yokohama Plant and Shiga-Ryuo Plant.

Years of ISO 14001 certification

Shiga-Ryuo Plant*	2001
Yokohama Plant	2004
Extended to all offices	2010

*The Shiga Ryuo Plant was the Shiga Factory (Moriyama) when it obtained the certification.

Initiatives to Prevent Global Warming

Initiatives to reduce greenhouse gas (CO₂) emissions

The Company is promoting energy conservation at each of its production bases and offices to reduce its CO₂ emissions. At the production bases in particular, we are promoting power-saving and streamlining at production facilities. In addition, the Yokohama Plant uses solar power generation for peak shaving of power demands.

Targeted reduction of CO₂ emissions and progress status

The Company’s CO₂ reduction targets are as stated in our Sustainability Roadmap (see p. 26). In fiscal 2024, we reduced total energy consumption per unit (submitted values under the Energy Efficiency Act) across the Yokohama Plant and Shiga-Ryuo Plant production bases, but the assessment of CO₂ per unit increased 8.4% compared with the previous fiscal year owing to changes in CO₂ emissions factors at electric power companies with whom we have contracts.

Yokohama Plant initiatives

1 Installation of a solar power generation system

We installed a solar power generation system (500 kW) on the roof of the Yokohama Plant in 2012. In recent years, the system has generated 600,000 to 650,000 kWh of electricity annually, all of which is consumed internally. This contributes to reducing greenhouse gas emissions (equivalent to approximately 300 tons of CO₂ per year) and curbing global warming. We are considering adding solar panels to further reduce CO₂ emissions.

2 Modal shift in logistics

The plant is expanding its shift of some outgoing customer shipments from truck transport to railway container transport, which places a smaller burden on the environment.



Shiga-Ryuo Plant initiatives

1 Contribution to a low-carbon society

We endeavor to limit unnecessary energy consumption by monitoring energy consumed and spreading awareness within facilities.

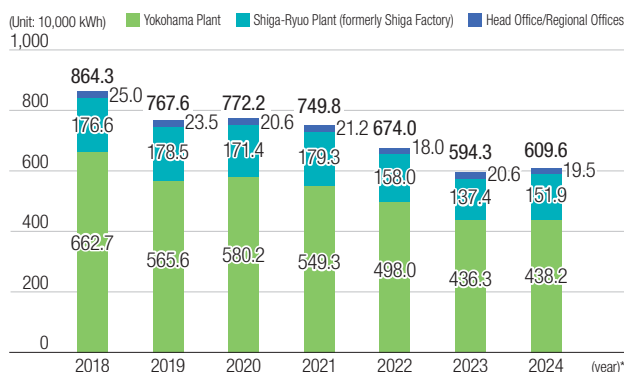
2 Contribution to a recycling-based society

We have shifted some plastic trash to resource collection and processing. In the future, we will work to further expand these efforts.

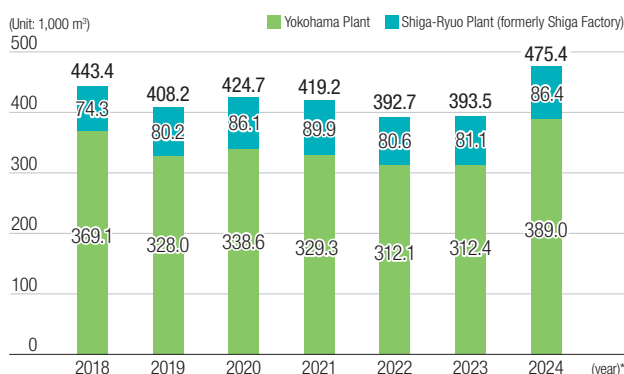
3 Contribution to a nature-symbiotic society

We compost grass cut during weeding and also use it as an “insect hotel,” as part of our endeavor to protect the habitat environment of living creatures.

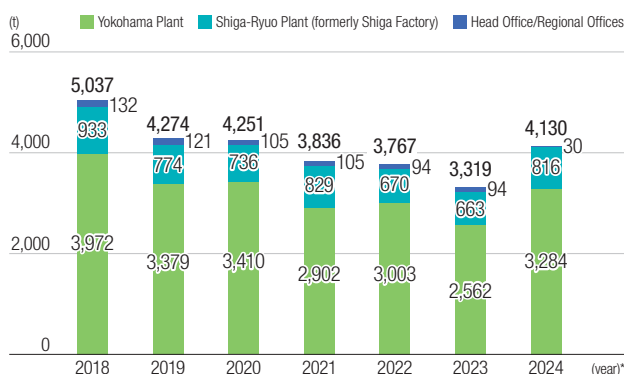
Total energy input (electricity)



Total energy input (gas)



CO₂ emissions



*The fiscal year is from April to March of the following year

*Figures for the Shiga-Ryuo Plant include those of TD. Drive Mfg. Co., Ltd. from fiscal 2018

VOICE

We mainly used truck transport for electrical equipment for railway vehicles shipped from the Yokohama Plant. In consideration for the environment (reducing CO₂) and to address the 2024 logistics problem, we have shifted from truck transportation to railway container transportation for approximately 50% of pantographs and axles and approximately 80% of traction motors, for transportation over long distances of 500 km or more. This initiative was well received, and in December 2024, we received “Eco Rail Mark” certification as a supporting company. We will continue to promote modal shift efforts.



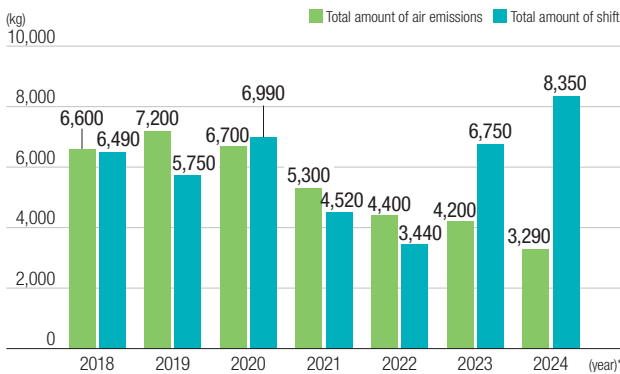
Shinsuke Suzuki

Transportation Business Unit,
Transportation Systems Works
General Manager of Production
Management Division

Initiatives for Control over Chemical Substances

Volatile organic compounds (VOCs) emitted as a result of our business activities are adequately controlled and the amount of emission is monitored under the Pollutant Release and Transfer Register (PRTR). We will further engage in the reduction of waste through such measures including using non-VOC materials and implementing recovery and reuse of solvents. PCB waste is also subject to adequate control, storage and disposal in accordance with Japan's Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

Notification volume for Pollutant Release and Transfer Register (PRTR) substances

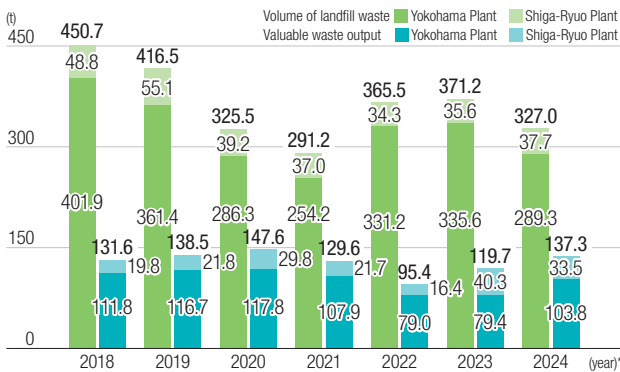


Initiatives for Reducing Disposed Waste as Well as Recycling

Main actions

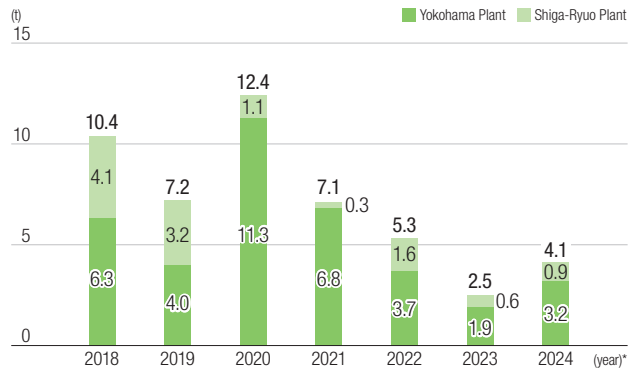
The Company has been thoroughly implementing waste processing rules, sorting metal waste, and recycling paper resources. As a result, its landfill waste volume rate in fiscal 2024 was 0.9%.

Output of general and valuable waste



*The fiscal year is from April to March of the following year *Figures for the Shiga-Ryuo Plant include those of TD. Drive Mfg. Co., Ltd. from fiscal 2018

Volume of landfill waste



Quality Control – Providing Safe and High-Quality Products

Quality Policy

The Company's electrical equipment for railway vehicles is installed in many rail vehicles. These extremely important products play a direct role in ensuring the safety of human life and property during rail transportation. In the Industry Business and ICT Solution Business as well, the Company's products and services are used in customers' production facilities, development sites and in the field of social infrastructure, and they form the foundation supporting the sustainable development of a society that is safe and comfortable to live in.

In order to ensure the high quality of our products and services, the Company has established a quality policy, which is deployed across the Group as we strive to maintain and improve our human resources education, compliance with rules, and our facilities.

Quality Policy (excerpts)

Based on our commitment to making quality our top priority, we will contribute to society by reliably providing safe and high-quality products and services that satisfy our customers.

*For details of the Quality Policy, please see the Company's website. <https://www.toyodenki.co.jp/sustainability/quality-policy.html>

Promotion framework

With regard to quality control, each fiscal year the Company develops policies and the promotion framework aimed at further maintaining and improving quality in each business unit, along with specific policies pertaining to the reduction of flaws and other issues.

The Company's Corporate Quality Control Division works together with the quality control department or the quality assurance department in each business unit to put together a report on the status of quality control and results in each unit. The report is delivered to top management at the monthly Operating Officer Liaison Meeting where measures are debated and decided.

Furthermore, in the event that a flaw is discovered after a product has been shipped, the necessary steps are swiftly taken, mainly by the quality assurance division in each business unit, while at the same time the causes that led to the flaw and its mechanism are investigated, and this information is put into a database so that the information can be shared in-house in an effort to prevent recurrence.

□ Certified according to EN 15085 for requirement of welding in a manufacturer to ensure safety operation of railway vehicles and components in EU.

Railway vehicles and components are required to meet stringent safety level. To ensure and maintain this quality, we have certified according to EN 15085* certification for the requirement of welding for railway vehicles and components by from the certification body TÜV Rheinland. Specifically, the certification covers activity D (Design) and S (Procurement and Supply) of pantographs under classification level CL1.



* EN 15085
Quality and safety standards for the requirements of "welding" for railway vehicles and their components in the European Union (EU)

The Company has supplied electrical equipment to many railway operators, both in Japan and overseas. We will use the opportunity presented by this certification to further expand our business globally.

Quality Management System

The Company has created and operates a quality management system and has obtained ISO 9001 certification, including at its production bases, the Yokohama Plant and the Shiga-Ryuo Plant.

Starting with the acquisition of ISO 9002 certification for the "manufacture of general-purpose inverters for motor drive" in 1994, our certification was raised to ISO 9001, including design and development, in 1996, and in 1997, we also acquired certification for each type of railway rolling stock equipment and alternators for industrial use. Subsequently, we added various products to this certification, and expanded it to cover the entire company in 2005.

Towards Just and Fair Procurement

□ Communication with suppliers

The Company's products possess distinctive characteristics such as being individually built-to-order, manufactured in multi-product small lots, and demanding high reliability. Therefore, the Company can be affected by issues such as delays in supply due to fluctuations in production quantity or delays in processing due to the quality of products procured. In order to reduce these risks, the Company carries out instruction and support related to quality, technology, and skills for our suppliers, as well as guidance for improvement of production sites, in order to ensure stable procurement of even better quality products. In addition, we actively promote information sharing through the "TOYO DENKI SEIZO Cooperation Association" to which our leading suppliers belong.

Policies and Guidelines for Procurement

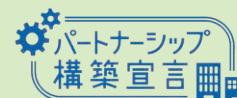
The TOYO DENKI Group will, in its procurement of raw materials, services, etc. for the products that it supplies to customers, engage in practices mindful of society's expectations concerning human rights and the environment, and in doing so will advance sustainability initiatives and will work together with suppliers to help realize a sustainable society.

*For details of the Policies and Guidelines for Procurement, please see the Company's website. <https://www.toyodenki.co.jp/sustainability/material-procurement.html>

Partnership Development Declaration

The Company announced the "Partnership Development Declaration" in order to build new partnerships by promoting collaboration and harmonious mutual prosperity with its supply chain partners and business operators seeking value creation.

*For details of the Partnership Development Declaration, please see the Company's website. <https://www.toyodenki.co.jp/sustainability/material-procurement.html>



Initiative in Valuing People and Communities

We will value our employees and the local communities and carry our aspirations into the future

With Our Employees

Ensuring diversity

Female empowerment

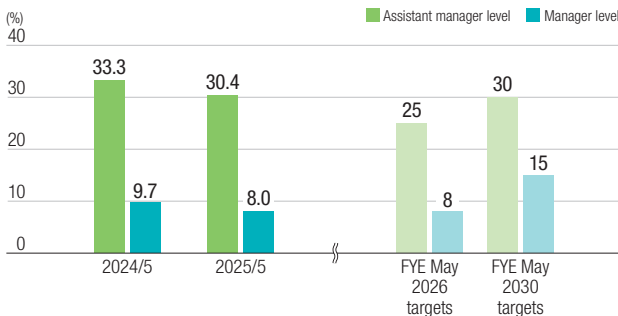
We have 784 employees, and women make up 2.2% of our managers. Further, women make up 9.7% of our permanent employees, and work needs to be done to raise female representation across the board.

As part of our new graduate recruitment activities, we host individual meetings for female students that provide the opportunity for them to speak with female employees and gain a better idea of what it is like to work for TOYO DENKI SEIZO. We further strive to recruit diverse talent through mid-career hiring and a program that enables fixed-term employees to switch to permanent employment.

In addition, we implemented a training program for Directors, Operating Officers, and managers to support female empowerment, a career training program for female employees, and workshops aimed at the creation of internal networks. We will make ongoing efforts to foster awareness and provide support for our female employees to be more positive and active in their own ways than ever before.

Ratio of female employees

Administration divisions



*As noted above, women make up 9.7% of our permanent employees, and work needs to be done to raise female representation across the board. We are initially targeting administration divisions in our efforts to increase the ratio of female managers.

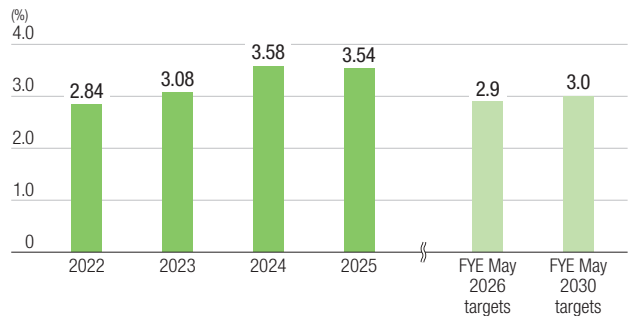
Employment of the disabled

Aiming to be a company where both the disabled and nondisabled work together positively in their own way, the Company makes improvements to the workplace environment and carries out workplace training. We have promoted the hiring of people with

disability by offering hands-on workplace training opportunities in collaboration with local special-needs schools and support organizations. In the future, we will continue creating workplaces where everyone can exercise their capabilities with peace of mind, as we aim to become a company where employees can experience the joy of working.

Percentage of employees with disabilities

Percentage of employees with disabilities



*Figures are as of June 1

Improvement of working environment

Flexible workstyles

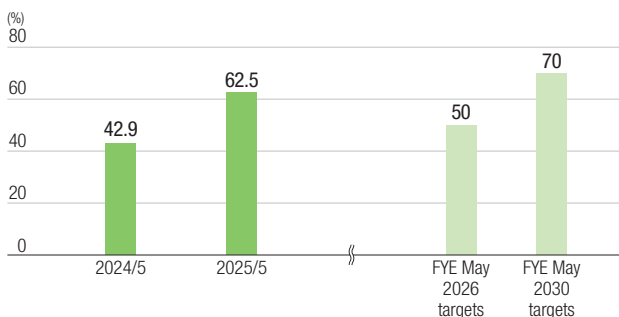
In order to help employees achieve a good work-life balance, we are expanding our systems supporting flexible workstyles, including the introduction of a flex-time system, systems for bringing forward and pushing back work start and end times (staggered work system), and a teleworking system.

In 2014, we were certified as a “company that supports child-rearing” and received the “Kurumin” certification logo from the Tokyo Labor Bureau. Our efforts to encourage more male employees to take childcare leave include providing information, not only to those who are expecting a child, but also to encourage understanding among colleagues, including training and the distribution of guidebooks to deepen understanding of childbirth and childcare, and a collection of employees’ personal stories about their experiences in taking childcare leave.



Ratio of male employees taking childcare leave

Ratio of male employees taking childcare leave



*The above ratios were calculated for childcare leave, etc. as prescribed in Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

*The ratio of female employees taking childcare leave is 100%, and we will strive to maintain that level by further working to support the work-life balance of women.

Initiatives on organizational climate reform

Roundtable meetings have been held regularly since 2022 to share values between the President, Representative Director and employees and to practice management that listens to employees' opinions. The President, Representative Director has visited each of our domestic bases and held the meetings 18 times so far, with a total of 90 employees participating. Since February 2025, we have expanded this initiative to managers, and have held five such meetings to date. We will continue to place importance on two-way communication with employees. Since March 2024, we have also been conducting engagement surveys, and in September 2025, we relaunched the "self-reporting system," creating an opportunity to hear employees' wishes once a year. In such ways, we are working to enhance employee engagement.

VOICE

As part of our sustainability efforts, the Company values connections between employees and their families.

At the Shiga-Ryuo Plant, we held the "Kids Open Day" for parents and their children. At this event, children could see the workplace, providing them with an opportunity to develop understanding and respect for their parents and guardians at work.

We will continue to promote activities that value connections between people.

Sayaka Nonomura

Shiga-Ryuo Plant
Administration Division



Health management

Promotion of "health and productivity management"

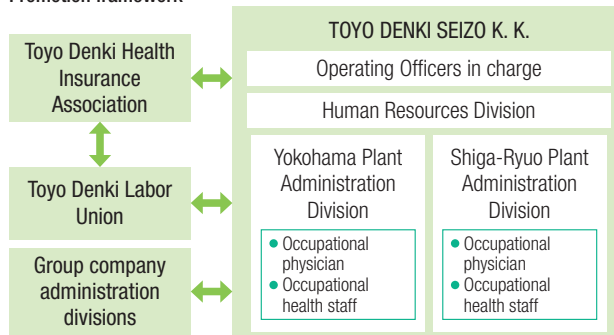
We promote health and productivity management with the health insurance association and labor union, with the aim of being a company where employees can play active roles in good physical and mental health. With the "Health and Productivity Management Declaration" also in place, our efforts focus on the following six priority items.



Health and Productivity Management Declaration

The TOYO DENKI Group expresses in its business principles its commitment to "ensuring the growth of its business, earning the confidence and understanding of shareholders and stakeholders, and fostering the development of its employees." Recognizing that the realization of the commitment involves each employee to be physically and mentally healthy and able to play an active role with enthusiasm, the Company will support its employees to achieve good health.

Promotion framework



Promotion framework members meet twice a year

Six priority items

1 Disease prevention, prevention of illness aggravation

We will maintain a 100% participation rate for regular health checkups, improve the take-up rate for specific health guidance aimed at preventing lifestyle diseases, and support the attendance of follow-up examinations.

2 Work-life balance

In order to enable diverse employees to achieve work-life balance and continue to work in their own way, the Company has established a "no overtime" day, provides annual paid leave more than statutorily required, sets minimum rest periods between shifts, and has introduced a teleworking system from fiscal 2025, in addition to the efforts described in the "Flexible workstyles" section on the previous page. Believing that improved productivity of each and every employee through those efforts will lead to the

enhancement of technologies and value we provide to customers, we will continue to work on the development of an environment where employees can work with peace of mind while balancing their jobs with family life, through such means as expanding the scope of application of our flextime program.

3 Promotion of health and safety activities and realization of a comfortable working environment

To secure a safe working environment and achieve zero occupational accidents, we have in place the “Company-Wide Safety and Hygiene Management Policy,” and the Safety and Hygiene Committee at each office each month addresses any issues at workplace. Information on the committees’ actions is shared at the Company-Wide Safety and Hygiene Committee, which convenes quarterly, in order to raise the level of health and safety activities at each office. Two of the quarterly meetings are also attended by our Group companies to share information on health and safety activities.

4 Improvement of employee health, communication promotion and support

We conduct annual training on self-care and women-specific health issues with the aim of improving employees’ health literacy to encourage their voluntary health maintenance and improvement efforts, as well as holding health events together with the health insurance association and labor union. In addition, we support internal club activities, and social events at each workplace, to promote communication among the employees.

5 Prevention of mental health problems and support for returning to work

We annually carry out employee stress checks and analyze stress-related conditions of each organization to prevent and detect mental health problems at an early stage. In addition, we

provide annual line care training for managers so that they recognize the importance of communication and promptly coordinate with occupational health staff at each office. Also, we have set up in- house and external mental health consultation services to further support mental health care for our employees.

6 Health management of employees at overseas posts

In addition to properly conducting health checkups before and after overseas postings, we manage employee health during those assignments by utilizing external healthcare services to provide access to medical care, including for emergencies.

Human resources development

Human resources development policy

Guided by the following policy, we strive to be a company that continuously develops the competencies of its employees so that everyone can make the most of their talents as professionals.

- (1) To develop human resources who understand and practice our business principles and Conduct Guidelines and who are of value both as company employees and as members of society.
- (2) To develop human resources who are professionals, each possessing a high degree of specialized expertise, by enhancing the knowledge, techniques, and skills they need to carry out their duties.
- (3) To provide a variety of educational opportunities in order to promote personal development, with emphasis on a self-directed approach to study and growth.

Education and training system

To help its employees play an active role, the Company provides learning opportunities and support according to the various roles

HR and labor-related data (at TOYO DENKI SEIZO K.K.)*

*Number of permanent employees including Operating Officers, and number of special employees, temporary employees, contract employees and staff on loan from other companies, etc.

Item	Unit	FYE May 2021	FYE May 2022	FYE May 2023	FYE May 2024	FYE May 2025
Number of employees	Total	847	830	792	791	784
	Men	766	746	708	701	691
	Women	81	84	84	90	93
Ratio of female employees	%	9.6	10.1	10.6	11.4	9.7
Number of administrative professionals	Total	139	134	133	143	136
	Men	136	132	131	139	133
	Women	3	2	2	4	3
Ratio of female administrative professionals	%	2.2	1.5	1.5	2.8	2.2
Average age	Overall	41.7	42.3	42.6	42.9	43.1
	Men	41.6	42.2	42.5	42.9	43.3
	Women	42.8	43.0	43.5	42.8	42.2
Average years of employment	Overall	16.0	16.5	16.9	17.0	17.1
	Men	16.2	16.7	17.2	17.4	17.6
	Women	13.9	14.0	14.2	13.5	13.0

required of each employee. For example, we provide provisional hire training for those who have received provisional job offers, level-specific training that develops the skills needed for each year, individual training according to job types and roles, a support program aimed at helping employees to obtain academic degrees and official qualifications, and division education conducted by each division. Furthermore, new employees in technical positions receive lectures and practical training at the Technical Training Center for one year to equip them with basic and specialized technical skills before their assignment to a workplace.

■ Skill transfer

In line with our business principles focusing on quality first, we encourage our employees to acquire official certifications. Employees with exceptional manufacturing skills or expertise are also recognized as “Technical Meister” and assigned to instruct and train younger employees. Three employees of the Company have accepted Contemporary Master Craftsman awards from the Minister of Health, Labour and Welfare, and four* have been awarded the Medal with Yellow Ribbon by the Japanese government. Moreover, a large number of employees have become certified as special-grade skilled workers.

*As of November 2025

Contributions to Local Communities

To Convey the Mission and Appeal of Toyo Denki

■ Receiving interns

We are committed to activities that raise awareness and appreciation of our manufacturing expertise by accepting interns from local technical high schools and providing them with hands-on experience at manufacturing sites. This internship system serves as an effective means of recruiting outstanding technical staff on a consistent basis as some students from these schools apply for positions at the Company.

■ Yokohama Plant internships for people with disabilities

The Yokohama Plant provides internships for students of local special-needs schools as another initiative for promoting the employment of disabled people.

■ Certification under the Shiga Businesses Supporting Facilities for People with Disabilities program

At the Shiga-Ryuo Plant, we contracted some facility maintenance and management operations to a social welfare corporation. That connection led to the Company employing employment transition support users as part-time employees. We will endeavor to continue promoting diversity, equity, and inclusion (DEI) through collaboration with the local community.

■ Factory tours

We conduct “factory tours” that enable the public to gain a deeper understanding about the business operations of the Company. In addition to learning about our products, participants in factory tours also see frontline sites where we actually manufacture electrical equipment for railway vehicles.



■ Participation in university endowment courses and hands-on courses

We conduct lectures leveraging the know-how fostered through operations and our business activities in on-site training courses held by educational institutions including universities. This year, we continued to participate in endowment courses sponsored by the Yokohama Green Purchasing Network so that participants can deepen their knowledge on history of railway and the environment through our business activities.

■ Conducting cleanup activities

At the Shiga-Ryuo Plant, we regularly participate in river clean-up activities held by local volunteer organizations. Through the beautification of rivers, we contribute to protecting biodiversity and beautifying scenery.

Going forward, we will continue working to create a comfortable living environment for local people through environmental conservation activities.

■ Donation to Yokohama Kyodo no Mori Fund

Our Yokohama Plant cooperates in small woodlands conservation activities led mainly by the city of Yokohama by donating part of the proceeds from its vending machines to the Yokohama Kyodo no Mori Fund.

■ Donations to Omi Victim Support Center

We donated some sales from on-site vending machines to the “Omi Victim Support Center,” thus supporting the victims of crime. (Actual amount donated in fiscal 2024: 26,286 yen)

Governance

In an effort to continuously enhance its corporate value, the Company is striving to ensure transparency of management and compliance, along with the maintenance and operation of an adequate governance framework while reinforcing its risk management framework.

Corporate Governance

Our basic policy on corporate governance

The Group's business activities are based on the business principles that "prioritize ethics and contribute to the prosperity of customers and society as a whole." We therefore strive to attain sound corporate management through strengthening and reinforcing corporate governance, while fully appreciating the significance of compliance based on corporate ethics. At the same time, we review as appropriate our management monitoring system to ensure its conformity to the changes in the business environment including social environment and relevant legislation.

Overview of corporate governance structure and reasons for its adoption

We have corporate bodies established in accordance with laws and regulations as well as the Articles of Incorporation, including the General Meeting of Shareholders, Directors and the Board of Directors, Audit and Supervisory Board Members and the Board of Audit and Supervisory Board Members, and Accounting Auditors. To strengthen corporate governance, the supervision and execution functions of the Board of Directors are separated, through the adoption of a structure where the Board of Directors is mainly in charge of governance, and Operating Officers are primarily in charge of business execution. The Company strives to ensure that both the supervision function of the Board of Directors and the audit function of (the Board of) Audit and Supervisory Board Members work effectively and believes that the current system is sufficiently running.

Specifically, each of the following bodies and meeting bodies is in place to function effectively.

1 Directors and the Board of Directors

At its regular monthly meetings as well as extraordinary meetings held when appropriate, the Board of Directors, which is composed of seven Directors including three Outside Directors, discusses and decides on important management matters such as reports on Operating Officers' business execution and matters to be decided solely at the discretion of the Board of Directors, while supervising the execution of duties by Directors and Operating Officers.

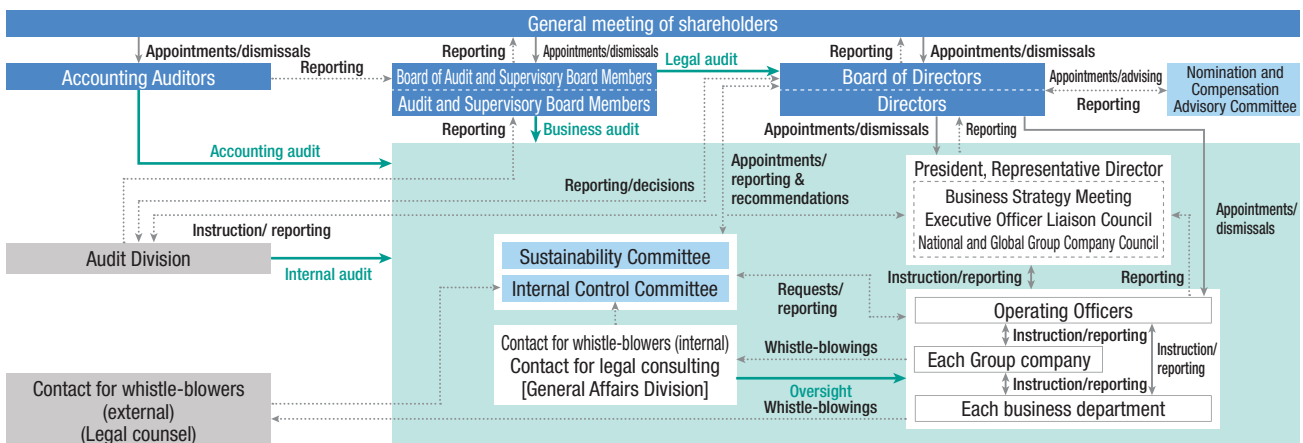
2 Business Strategy Meeting and Executive Officer Liaison Council, etc.

The Company has meeting bodies including the Business Strategy Meeting and Executive Officer Liaison Council. Through these bodies, specific matters related to their execution of duties and critical management matters including those subject to the deliberation of the Board of Directors are reported to the President, Representative Director by Operating Officers and the general managers of business execution departments, deliberated and discussed preliminarily. In addition, Outside Directors and Audit and Supervisory Board Members attend these meeting bodies, as necessary. As for the matters discussed at meetings, matters subject to the deliberation of the Board of Directors are decided by the Board of Directors and other matters are decided by employees with business execution authority through means such as circulars based on the Management Authority Rules.

3 Audit and Supervisory Board Members and the Board of Audit and Supervisory Board Members

The Board of Audit and Supervisory Board Members is made up of four members including three External Audit and Supervisory Board Members. Audit and Supervisory Board Members oversee management by attending the Board of Directors' meetings, etc. and expressing appropriate opinions in the process of deliberating

Corporate governance framework



business execution reports from Operating Officers and matters to be decided solely at the discretion of the Board of Directors. In addition, Audit and Supervisory Board Members examine the business activities and assets of the Company and Group companies in accordance with audit policies and division of duties set by the Board of Audit and Supervisory Board Members.

4 Voluntary committees

a. Nomination and Compensation Advisory Committee

Under the Board of Directors, the Company has in place the Nomination and Compensation Advisory Committee, which is composed of three Outside Directors and three internal Directors. Its purpose is to list candidates for Directors and Audit and Supervisory Board Members and nominate Operating Officers, and to ensure transparency and objectivity regarding decisions on compensation for Directors and Operating Officers.

b. Internal Control Committee

The Internal Control Committee is in place under the Board of Directors to develop a system stipulated in the basic policy of internal control systems, check the operation status, and conduct constant reviews. In principle, the Committee meets quarterly, and the contents of deliberation are reported to the Board of Directors each time.

c. Sustainability Committee

The Group has stipulated the Sustainability Policy and has a Sustainability Committee in place under the Board of Directors for tracking the progress of specific initiatives and continually reviewing them. In principle, the Committee meets quarterly, and the contents of deliberation are reported to the Board of Directors each time.

Internal audit and Audit and Supervisory Board Members' audit

Internal audit

Internal audits of the Company are carried out by the Audit Division based on internal audit plans decided by the Board of Directors. The Audit Division has staff with qualifications such as the Certified Information Systems Auditor (CISA). It reports its action plans and internal audit results to the Board of Directors and the Board of Audit and Supervisory Board Members.

Audit and Supervisory Board Members' audit

Audit and Supervisory Board Members work with the Audit Division and Accounting Auditors and exchange information on audit plans and contents of accounting audits to perform appropriate auditing tasks. Audit and Supervisory Board Members receive the results of quarterly reviews from Accounting Auditors both verbally and in writing, and confirm their action plans to be taken at a fiscal year-end audit. Audit and Supervisory Board Members also receive the results of fiscal year-end audits from Accounting Auditors in statutory documents along with verbal reviews. Furthermore, Audit and Supervisory Board Members are in principle required to be present at inventory taking or on-site inspection at subsidiaries by Accounting Auditors.

Outside Directors and External Audit and Supervisory Board Members

The Company's Outside Executives currently include three Outside Directors and three External Audit and Supervisory Board Members as shown below. Each Outside Executive has excellent insight in each expertise and satisfies the independence guidelines for Outside Executives defined by the Company.

Mr. Taizo Makari, Director

(Outside Executive, Member of the Nomination and Compensation Advisory Committee)

Mr. Taizo Makari provides useful advice on the Company's management in general, drawing on his extensive insight and global perspectives developed throughout his career at Teijin Group.

Ms. Yukiko Machida, Director

(Outside Executive, Member of the Nomination and Compensation Advisory Committee)

Ms. Yuko Machida is a qualified lawyer, and leverages her deep understanding of labor law, in particular, to provide her advice and suggestions on how to ensure the legality and appropriateness of decision-making of the Company's Board of Directors and on the Company's HR and labor challenges.

Mr. Yasuaki Sugizaki, Director

(Outside Executive, Member of the Nomination and Compensation Advisory Committee)

Mr. Yasuaki Sugizaki possesses excellent managerial abilities, including serving as Representative Director, Member of the Board & President of OSAKA Titanium Technologies Co., Ltd., and based on his experience, he gives valuable advice and makes proposals for the decision-making of the Board of Directors of the Company.

Mr. Hitoshi Kobayashi, Audit and Supervisory Board Member

Mr. Hitoshi Kobayashi provides useful advice, drawing on his wealth of experience and knowledge as an Audit and Supervisory Board Member to contribute to auditing activities.

Mr. Koichi Abe, Audit and Supervisory Board Member

Mr. Koichi Abe provides useful advice, drawing on his wealth of experience at financial institutions and extensive knowledge regarding corporate management to contribute to auditing activities.

Mr. Keiichi Hasegawa, Audit and Supervisory Board Member (Outside Executive)

While concurrently serving as Professor for Waseda University's Faculty of Commerce, Mr. Keiichi Hasegawa utilizes his extensive knowledge in corporate finance and accounting to provide helpful advice on maintaining the soundness of financial and accounting practices and on business management in general.

Executive Remuneration

Directors

Basic policy for determining remuneration, etc., and decision-making bodies

Remuneration category	Monetary remuneration		Non-monetary remuneration
	Basic remuneration	Performance-linked remuneration	Restricted stock compensation
Director excluding Outside Directors	○	○	○
Outside Director	○		
Remuneration limit (annual)	Within 240 million yen		Within 32 million yen
Decision-making body for individual remuneration	Nomination and Compensation Advisory Committee		Board of Directors

Remuneration for Directors of the Company consists of basic remuneration, performance-linked remuneration linked to progress on business plans for a single fiscal year and medium-term management plans, and restricted stock compensation introduced to provide an incentive to strive for sustainable improvement in the Company's corporate value and to promote further value sharing with shareholders. Remuneration for Outside Directors consists only of basic remuneration, from the perspective of ensuring independence.

Based on the "policy for determining remuneration for Directors" resolved by the Board of Directors, amounts of individual remuneration are deliberated and determined by the

"Nomination and Compensation Advisory Committee" established under the Board of Directors for basic remuneration and performance-linked remuneration, and determined by the Board of Directors after deliberation by this committee for restricted stock compensation.

Audit and Supervisory Board Members

Remuneration for the Company's Audit and Supervisory Board Members is determined through discussion among Audit and Supervisory Board Members within the maximum total remuneration, which was fixed at the Annual General Meeting of Shareholders held in August 2006.

Executive Profiles (as of August 27, 2025)

Directors



President,
Representative Director
Akira Watanabe



Chairman, Director
Kenzo Terashima



Director, Senior
Executive Officer
Kenji Tanimoto



Director, Senior
Executive Officer
Jun Nukina



Director (Outside)
Taizo Makari



Director (Outside)
Yukiko Machida



Director (Outside)
Yasuaki Sugizaki

Audit and Supervisory Board Members



Full-time Audit and
Supervisory Board
Member (Outside)
Hitoshi Kobayashi



Full-time Audit and
Supervisory Board
Member
Toshiharu Takaki



Audit and
Supervisory Board
Member (Outside)
Koichi Abe



Audit and
Supervisory Board
Member (Outside)
Keiichi Hasegawa

Operating Officers

Director, Senior Executive Officer
Kenji Tanimoto **Jun Nukina**

Executive Officers
Naoki Okuyama **Toshihito Nakanishi**
Takuya Hatakeyama **Chiaki Nakano**
Akihiro Otsuka

Operating Officers

Takatoshi Otsuka **Toshinori Yamai**
Eiji Okawa **Seiichiro Yabui**
Tadashi Kakinuma **Toshiaki Asakura**
Masaru Hamada **Masayuki Tamura**
Norifumi Iida **Mamoru Kuwahara**
Norimitsu Kawabata

Director Skill Matrix

Name	Outside Directors	Areas of expertise and experience							
		Corporate management	Sales/ Marketing	Research and development/ Technology	Manufacturing/ Quality control	Global business	Personnel/ Labor	Accounting/ Finance	Legal affairs
Akira Watanabe		●	●	●	●	●			
Kenzo Terashima		●	●	●	●	●			
Kenji Tanimoto		●	●				●	●	●
Jun Nukina		●	●			●		●	
Taizo Makari	●	●		●	●	●			
Yukiko Machida	●						●		●
Yasuaki Sugizaki	●	●	●	●	●				

Message from Outside Executive



Yasuaki Sugizaki
Director (Outside)

I was elected as an Outside Director at the 164th Annual General Meeting of Shareholders, and since August of this year, I have been attending meetings of the Board of Directors, and other bodies such as the Business Strategy Meeting and Executive Officer Liaison Council, from an independent perspective as Outside Director. Outside Directors also actively participate in discussions related to management strategy and business issues, ensuring objective and multi-faceted points of view. On the other hand, we also maintain the effectiveness of the Company's governance through passionate discussions with each Operating Officer in charge.

At present, the Company is earnestly promoting the Medium-Term Management Plan 2026, and is tackling a broad range of management issues with the aim of improving business performance and increasing corporate value. Sustainability management is at the core of these activities. The Company is making thorough efforts to reduce environmental impact while efficiently producing excellent products, and it is pursuing the realization of a society where sustainable development is possible through the provision of these products and services. The Company has superior motor drive technology that it has accumulated since its founding in 1918, and it has a track record of continuously providing high-quality products and services that act as the backbone of social and industrial infrastructure for over a hundred years. As a result of this track record, the Company has secured a high level of trust across various fields. Going forward, the Company will continue to foster a spirit of encouraging creativity and enterprising spirit to meet the challenges of the future, which is part of its corporate philosophy, while also developing manufacturing human resources, and promoting technical innovation to meet increasingly complex and diverse social needs. I also intend to contribute to the Company's achievement of sustainable growth and increases in corporate value.

Internal Control and Compliance

Internal Control

The Company views the development and operation of an internal control system to be an important management issue, and it has developed an efficient, legal and appropriate business execution system pursuant to Article 362 of the Companies Act and Article 100 of the Ordinance for Enforcement of the Companies Act. The Internal Control Committee established under the Board of Directors reviews the operational status of the internal control system and will revise it as necessary.

Compliance promotion framework

To focus on business principles and fulfill its social responsibility, the Company has provided all officers and employees with a copy of the Compliance Manual (Toyo Denki Seizo Ethical Standards) that stipulates its conduct guidelines. The move is part of an effort to have the code and the basic rules of work fully known.

The Company has also introduced a contact for whistleblowers that allows employees to provide information directly to the management. The system is aimed at ensuring that any illegal or inappropriate conduct within the Company is detected at the earliest possible stage and that adequate measures are taken promptly and as needed so that such conduct is rectified.

▣ Compliance education

We conduct compliance training every year for all officers and employees working at the Company and Group companies in order to enhance knowledge of compliance and foster awareness to respect corporate ethics.

▣ Contact for whistle-blowers

The Group has established a contact for whistle-blowers that aims to ensure that any illegal, inappropriate, or unethical conduct by an individual or an organization is detected at the earliest possible stage and that risks are minimized, and to promote ethical and legal compliance. In addition, the number of whistle-blowing reports received is disclosed annually in the Business Report.

▣ Proper export controls

The Export Control Department at General Affairs Division is responsible for export management as the export management control department. We have created a system for the proper management of exports in order to ensure compliance with the laws and regulations concerning export management in the countries and regions where we engage in business activities as well as to avoid involvement in transactions that could hinder the maintenance of international peace and safety.

The Export Control Department handles cargo and technology parameters used in determining whether or not export permits are required, as well as investigation of transactions. In addition, the Department carries out employee education and guidance and support for Group companies.

DX Promotion

In December 2024, the Company established the new Digital Strategy Division, creating a system for promoting DX across the Company as a whole. We aim to sustainably increase corporate value and strengthen market competitiveness by promoting operational process reform and data utilization, and incorporating cutting-edge technologies such as AI and the IoT, with a foundation of stronger information security and increased IT literacy.

Information Security

▣ Basic policy

The Company holds a vast amount of information assets including information presented by customers related to its business execution and confidential information concerning the Group's proprietary technologies and its trade.

Each Group company is taking various measures in this respect based on an awareness of shared security under the Group's Information Security Guidelines, which have been established to appropriately manage and use these information assets.

We also have the Information Security Committee in place to deliberate on relevant matters and take appropriate measures as needed.

▣ Information security training

The Company is conducting various types of education, training, and drills, in order to enhance information security awareness among all employees.

Risk Management

▣ Risk management framework

The Group's risk management framework is as follows.

Risks pertaining to management strategy challenges such as business strategies and new business development are discussed at the Business Strategy Meeting, which is generally held twice a month.

Risks concerning day-to-day business operations are reported to the President, Representative Director at the Executive Officer Liaison Council, which generally convenes at least three times a month, for three subjects: orders received, sales, inquiries, and other business activities; procurement, manufacturing, shipments, and other production activities; and quality control, R&D and other technical matters, production reforms, and adoption of IT. The progress of business plans and the status of business execution are checked on a monthly basis.

For Group company-related risks, the progress of each company's business plan and the status of business execution are examined at semiannual National and Global Group Company Council.

Of these various risks, matters deemed to be especially important are discussed by the Internal Control Committee under the Board of Directors, with the participation of the legal counsel. Reports and recommendations based on those discussions are made to the Board of Directors. Risks pertaining to climate change, human capital, and other sustainability issues are discussed by the Sustainability Committee under the Board of Directors, and are reported to the Board of Directors.

▣ Risks and countermeasures

This section presents a summary of risks that may affect the Group's earnings and financial position, and countermeasures for them. Forward-looking statements below are based on the judgment of the Group as of the end of the consolidated fiscal year ended May 2025.

Risk item name	Risks & scenarios	Countermeasures
<p>1 Risks related to quality and stable supply</p>	<ul style="list-style-type: none"> ● Fatal/life-threatening accidents and large-scale failures in railways or other social/public infrastructure occur as a result of products from the Group or our supply chain <ul style="list-style-type: none"> ➔ Very serious impact on operation ● Defects in quality and production delays prevent the Group from fulfilling its responsibility and mission of stably supplying products <ul style="list-style-type: none"> ➔ Causes loss of trust and adversely affects earnings 	<ul style="list-style-type: none"> ● Creation and operation of quality management systems at production bases (acquisition of ISO 9001 certification) ● Information is shared with upper management at monthly meetings, risks are identified and countermeasures are discussed and promptly implemented, so as to ensure quality standards and stably supply products ● In preparation for the potential occurrence of product liability issues or recalls, insurance policies are in place so that the impact on earnings can be minimized
<p>2 Risks related to human resources</p>	<ul style="list-style-type: none"> ● Retirement by experienced technicians, exodus of talent, slowdowns in hiring activities and human resource development, or other such issues make it impossible to secure and develop the human resources needed <ul style="list-style-type: none"> ➔ Quality declines due to the resulting difficulty in transferring technical expertise, and the creation of new business areas and development of new products is hindered. This makes it impossible to maintain our competitiveness in the industry, and thus adversely affects our earnings 	<ul style="list-style-type: none"> ● We have established a Technical Staff Development Committee and implement measures for transferring advanced technical expertise for each specialized field ● We are reviewing the design and operation of our human resource systems to promote employee and organizational vitality ● To further improve employee engagement, we have clearly defined our expectations for human resources and have started to re-examine our systems for fair evaluation and treatment and to implement various measures, including for talent/organizational development
<p>3 Risks related to compliance and human rights</p>	<ul style="list-style-type: none"> ● Violations of domestic/international laws and regulations <ul style="list-style-type: none"> ➔ Results in a loss of public trust and leads to a suspension of trading and other serious impacts on our business activities ● The Company fails to properly prevent or deal with harassment of employees <ul style="list-style-type: none"> ➔ This reduces employee motivation, prompts employees to quit, causes a loss of trust, and reduces competitiveness ● The Company fails to appropriately deal with issues surrounding conflict minerals and forced labor <ul style="list-style-type: none"> ➔ This results in a loss of trust and thus leads to reduced trade and exclusion from supply chains 	<ul style="list-style-type: none"> ● The Group provides every executive and employee with training and a copy of the business principles and the Compliance Manual, which lays out our code of conduct and basic rules on business operations ● We have established contacts for whistle-blowers and consultation on harassment and implemented other measures to construct the framework needed to detect and take action on issues at an early stage ● With regard to issues of conflict minerals and forced labor, we assess the state of compliance through supplier surveys, and carry out appropriate measures for ensuring respect for human rights
<p>4 Risks related to changes in business environment</p>	<ul style="list-style-type: none"> ● The business environment surrounding the Group is undergoing a rapid transformation, as seen in the decline in railway ridership due to a shrinking population and the establishment of teleworking and online conference calls; transformation in the automobile industry; the advancement of DX in products, services, and production equipment; and the transition to a low-carbon society, and the Group's response to these changes is delayed <ul style="list-style-type: none"> ➔ We experience a decline in our competitiveness, orders received, sales, and profitability 	<ul style="list-style-type: none"> ● We are exploring alliance and M&A opportunities, developing technologies and products that contribute to decarbonization and the realization of a sustainable society, incorporating electrification and renewable energy use in automobiles, and leveraging ICT ● We are engaging in the company-wide development of new business fields, mainly through the Development Center ● With regard to trends among our competition, we work to maintain and further strengthen our competitiveness by gathering information on tenders and markets, and by utilizing the Group's extensive supplier network to collect client information

Risk item name	Risks & scenarios	Countermeasures
<p>5</p> <p>Risks related to technology/product development</p>	<ul style="list-style-type: none"> ● We are unable to launch products incorporating advanced technologies with the right timing or are slow to respond to the decarbonization movement <ul style="list-style-type: none"> ➔ Our product competitiveness declines ● The adoption of new technologies for manufacturing processes is slow <ul style="list-style-type: none"> ➔ This impairs efforts to improve productivity and reduce costs, thereby leading to a deterioration in our competitiveness 	<ul style="list-style-type: none"> ● We work to identify customers' needs and incorporate new technologies into the products we develop ● In addition to enhancing existing products and services, to expand new business and products, we seek to strengthen and accelerate company-wide development of new business domains, particularly by utilizing the Development Center ● We have formed project teams that address challenges in new business development, and we are focusing our internal resources on these efforts ● We take action to maintain and further strengthen our technical expertise and product development capabilities, including by pursuing R&D in collaboration with other businesses and academia and by exploring M&A opportunities
<p>6</p> <p>Risks related to procurement of raw materials, etc.</p>	<ul style="list-style-type: none"> ● The supply of materials is delayed or interrupted by export controls on rare earths in China, additional U.S. tariffs, and other shifts in the global economy, market trends, or natural disasters ● Suppliers of raw materials go bankrupt or suspend operation and it is hard to find substitutes <ul style="list-style-type: none"> ➔ This results in slowdowns in our production and shipment, among other issues ● Manufacturing costs increase owing to raw material price hikes driven by soaring energy prices and rising personnel expenses <ul style="list-style-type: none"> ➔ Impact on the Group's earnings 	<ul style="list-style-type: none"> ● Stable access to raw materials through approaches such as bulk purchasing and multivendor procurement ● We continue to have measures in place, such as using our closely connected network of suppliers to establish multiple supply chains, and by switching the raw materials used to other alternatives ● Collecting information on risks for suppliers and securing access to alternative suppliers ● We are seeking to lower cost prices by improving the operational efficiency of equipment, together with measures for reducing energy costs and energy-saving through the use of solar energy and others
<p>7</p> <p>Risks related to intellectual property</p>	<ul style="list-style-type: none"> ● Technological innovation and business globalization accelerate <ul style="list-style-type: none"> ➔ The possibility of violation of the Group's intellectual property rights by other parties grows ● The Group is found to have violated the intellectual property rights of other parties <ul style="list-style-type: none"> ➔ We are subjected to expense damage claims or other responses that adversely affect our earnings 	<ul style="list-style-type: none"> ● Our R&D units are collaborating on strategic patent applications and other efforts ● The Group swiftly takes appropriate action in response to violations of our intellectual property rights ● We take appropriate measures to avoid violating the intellectual property rights of other parties
<p>8</p> <p>Risks related to environmental and climate change</p>	<ul style="list-style-type: none"> ● Violation of environmental laws and regulations or noncompliance with environmental regulations <ul style="list-style-type: none"> ➔ This leads to a loss of trust among our suppliers, local communities, and society as a whole ● We fail to make progress in climate change actions, such as decarbonization of our products and measures for reducing our environmental impact <ul style="list-style-type: none"> ➔ This reduces our competitiveness and thus causes orders received and sales to fall, and harms our reputation among stakeholders as a whole 	<ul style="list-style-type: none"> ● We properly manage this area of risk by constantly monitoring compliance with environmental laws and regulations and conformity with environmental regulations ● We discuss climate change actions at meetings of the Sustainability Committee, and set targets, develop and implement measures, and monitor progress for our initiatives in products and services, in production activities, and in valuing people and communities in accordance with the Group's Sustainability Policy ● In March 2025, the TOYO DENKI Group formulated the "Sustainable Procurement Guidelines" and the "Green Procurement Guidelines," with the aim of ensuring sustainable and environmentally friendly procurement across the supply chain as a whole
<p>9</p> <p>Risks related to natural disasters and infectious diseases</p>	<ul style="list-style-type: none"> ● Large-scale disasters, the outbreak of infectious diseases, or other events occur in the Kanto or Kansai area, where the Group's production bases are concentrated <ul style="list-style-type: none"> ➔ This severely affects production capacity ● Large-scale disasters and the outbreak of infectious diseases disrupt logistics and cause raw material prices to rise ● Defects in products and services occur as a result of the increase in temperature, etc. <ul style="list-style-type: none"> ➔ This impacts order trends, production, and earnings 	<ul style="list-style-type: none"> ● The Board of Directors discusses and makes decisions on the policies and courses of action for developing preventive measures against large-scale disasters and building emergency systems for when such disasters occur ● We implement disaster countermeasures and training at each production base ● We work to strengthen company-wide business continuity planning through ongoing review and increase resilience across our supply chains ● We work to strengthen change management, including the impact of temperature increases on products and services

Risk item name	Risks & scenarios	Countermeasures
<p>10</p> <p>Risks related to work-related disasters and accidents</p>	<ul style="list-style-type: none"> Occupational accidents (including those stemming from excessive working hours), fires, or equipment failures lead to employee injuries/fatalities or production stoppages <ul style="list-style-type: none"> ➔ This causes a loss of public trust and adversely affects earnings 	<ul style="list-style-type: none"> In order to ensure a safe working environment and completely eliminate occupational accidents, the Group has instituted a Company-Wide Safety and Hygiene Management Policy, and the local Safety and Hygiene Committee of each office establishes and implements concrete measures, which are also shared at quarterly meetings of the Company-Wide Safety and Hygiene Committee, contributing to enhancing the level of health and safety through the Company as a whole The Time Management Optimization Committee of each workplace monitors the overtime work situation, compliance with rules for rest periods between shifts, and other such matters
<p>11</p> <p>Risks related to information security</p>	<ul style="list-style-type: none"> There is a leakage of customers' personal information or corporate secrets related to business partners <ul style="list-style-type: none"> ➔ This not only harms the public's trust in us, but also leads to damage claims, termination of trading relationships, and other impacts that adversely affect our earnings Important data is destroyed/altere d, systems are stopped, and other impacts occur from external cyberattacks or computer viruses <ul style="list-style-type: none"> ➔ There are serious impacts on our production and sales activities 	<ul style="list-style-type: none"> Formulation of the Information Security Declaration We recognize the safeguarding of information to be a major social responsibility, comply with related laws and regulations, and implement appropriate measures to protect the information assets we possess from threats We have formed an Information Security Committee that is tasked with providing training, auditing, and other responsibilities This committee reports to the Internal Control Committee on matters such as the state of information security maintenance/management, and the occurrence of accidents and problems In order to further strengthen information security and our DX promotion system, we established the Digital Strategy Division in December 2024
<p>12</p> <p>Risks related to overseas businesses</p>	<ul style="list-style-type: none"> Country risks such as political or economic changes and the outbreak of disasters in China, Thailand, and the United States, where the Group operates production bases and sales offices <ul style="list-style-type: none"> ➔ Adverse impact on business activities and employee safety Unforeseeable changes in laws or tax systems <ul style="list-style-type: none"> ➔ Adverse impact on business operations, earnings, and assets 	<ul style="list-style-type: none"> We have established a formation for communication and cooperation between the head office and the overseas affiliates, and we strive to remain aware of the situation in each location When necessary, we seek the counsel of lawyers and other experts who are well-versed in local legal systems and business practices to properly manage country risk
<p>13</p> <p>Risks related to finance and accounting</p>	<ul style="list-style-type: none"> Foreign currency-based transactions increase <ul style="list-style-type: none"> ➔ Foreign exchange risk Rising interest rates <ul style="list-style-type: none"> ➔ This drives up the amount of interest we need to pay Finance markets become unstable or the Group's creditworthiness declines <ul style="list-style-type: none"> ➔ This makes it difficult to acquire financing at the levels we seek The market value of the fixed assets we own, such as shares, land, buildings, production equipment, etc., or the profitability of our businesses declines <ul style="list-style-type: none"> ➔ The risk of impairment The credit situation of trading partner(s) significantly falters <ul style="list-style-type: none"> ➔ It becomes difficult to collect trade notes and accounts receivable 	<ul style="list-style-type: none"> We monitor foreign exchange sensitivity and impacts on our earnings, and downsize foreign currency-based assets We optimize methods of financing We shrink our working capital by reviewing the turnover period of trade notes and accounts receivable, inventories, and trade notes and accounts payable We maintain an optimum level of liquidity on hand through monthly management of cash flows The purpose and benefits of our share holdings are examined annually and reported to the Board of Directors, and we are in the process of reducing our holdings based on these reviews We regularly monitor the progress of business plans and endeavor to detect early warning signs of impairment We manage collection risk through efforts that strengthen credit management, including surveying of long-term accounts receivable and monitoring of trading partners' performance

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

Orders Received

40,319 million yen
(YoY **-8.4%**)

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

40,539 million yen
(YoY **+26.1%**)

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.

Profit/Loss

Net income attributable to owners of the parent
2,128 million yen
(YoY **+127.6%**)

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

Assets

Total assets **53,210** million yen

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.

Liabilities

Total liabilities **25,825** million yen

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

Total net assets **27,385** million yen

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

Cash flows from operating activities

Net cash provided by operating activities **601** million yen

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.

Cash flow from investing activities

Net cash used in investing activities **290** million yen

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.

Cash flow from financing activities

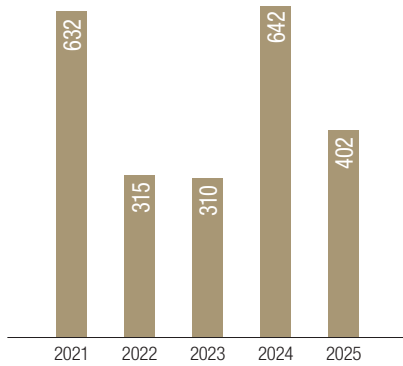
Net cash used in financing activities **2,004** million yen

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)

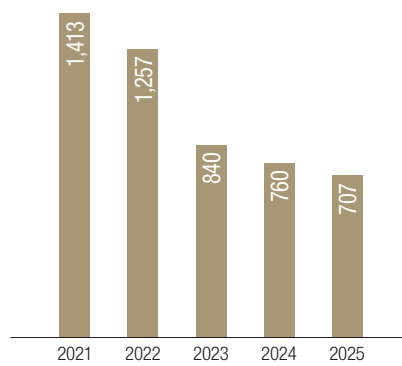
Capital investment

(Unit: Million yen)



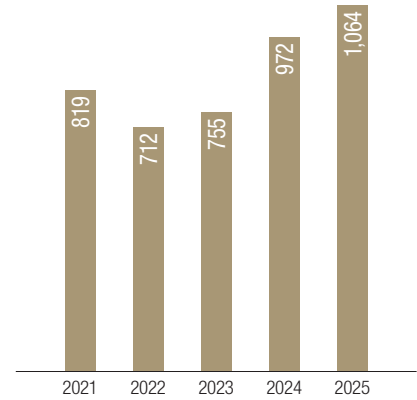
Depreciation and amortization

(Unit: Million yen)



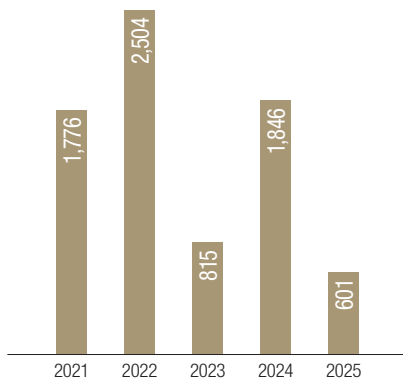
Research and development costs

(Unit: Million yen)



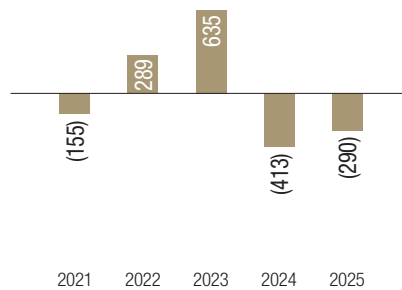
Cash flows from operating activities

(Unit: Million yen)



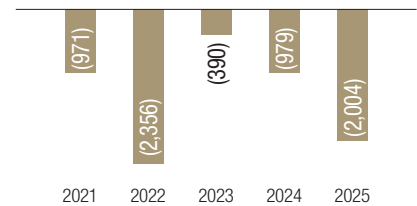
Cash flow from investing activities

(Unit: Million yen)



Cash flow from financing activities

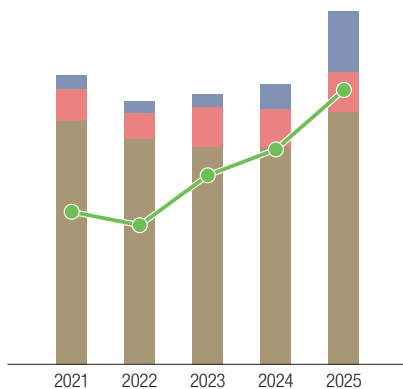
(Unit: Million yen)



Net sales by region

(Unit: Million yen)

■ 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

Stock Related Information

Number of shares (as of May 31, 2025)

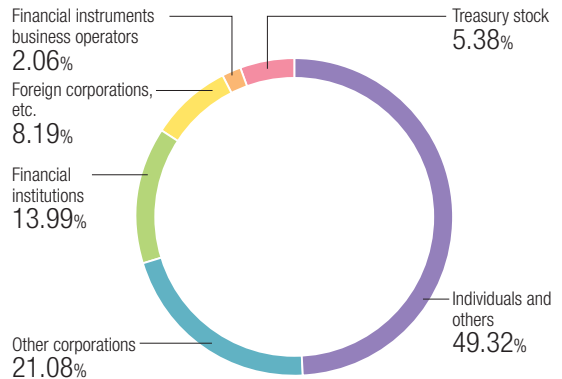
Number of Shares Authorized	36,000,000
Number of shares issued	9,735,000
Number of Shareholders	6,060

Major shareholders

Shareholders	Number of shares held (Thousands)	% of total shares held
East Japan Railway Company	973	10.56
Employees Stock Ownership Plan	509	5.53
Toyo Denki Subcontractor Factories Shareholding Association	377	4.09
NIPPON LIFE INSURANCE COMPANY	337	3.66
Sanshin Co., Ltd.	293	3.18
MUFG Bank, Ltd.	224	2.43
The Bank of Yokohama, Ltd.	207	2.25
Ohkuraya jutaku Inc.	206	2.23
The Nomura Trust and Banking Co., Ltd. (Exclusive Trust Account for Employee Shareholding Association)	168	1.82
Tsuneo Homma	131	1.42

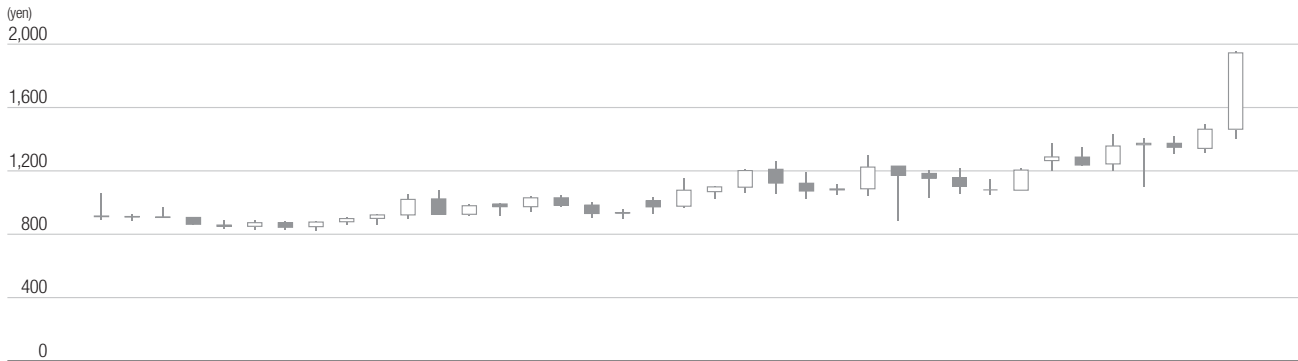
(Note) The percentages of total shares held are calculated excluding 524,000 treasury stocks.

Distribution of shares by type of shareholder

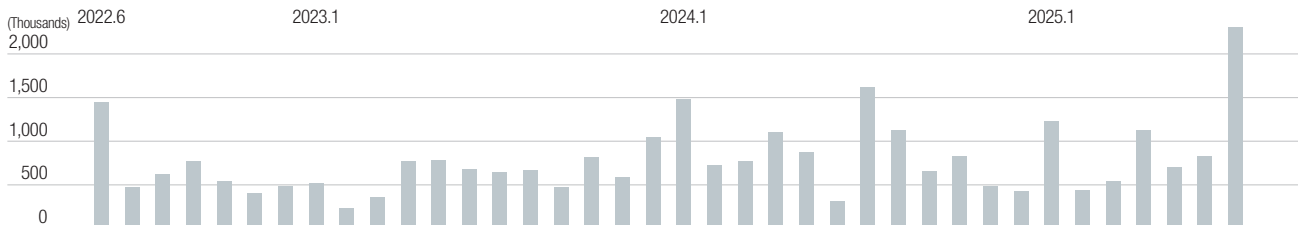


Transition of share price

Share price



Trading volume



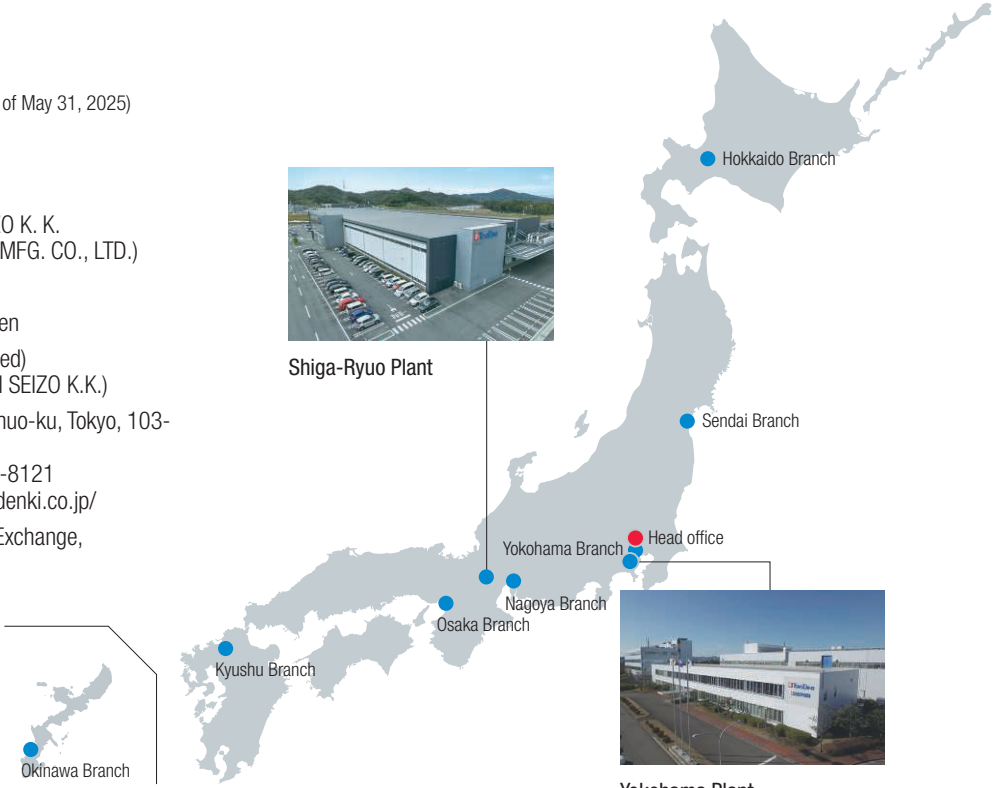
Disclaimer on the forward-looking statements

Information in this corporate report contains forward-looking statements. Such statements were developed based on the information available at the time when this report was prepared. These forward-looking statements may be largely revised in the future, and the actual outcome could significantly vary from the stated or implied contents of such statements subject to various factors. This report is not intended to solicit investment. Investors are kindly asked to make your investment decision at your own judgment and responsibility. Numbers presented in 100 million yen or million yen are rounded down to the nearest respective unit.

Company Profile (as of May 31, 2025)

Company Profile

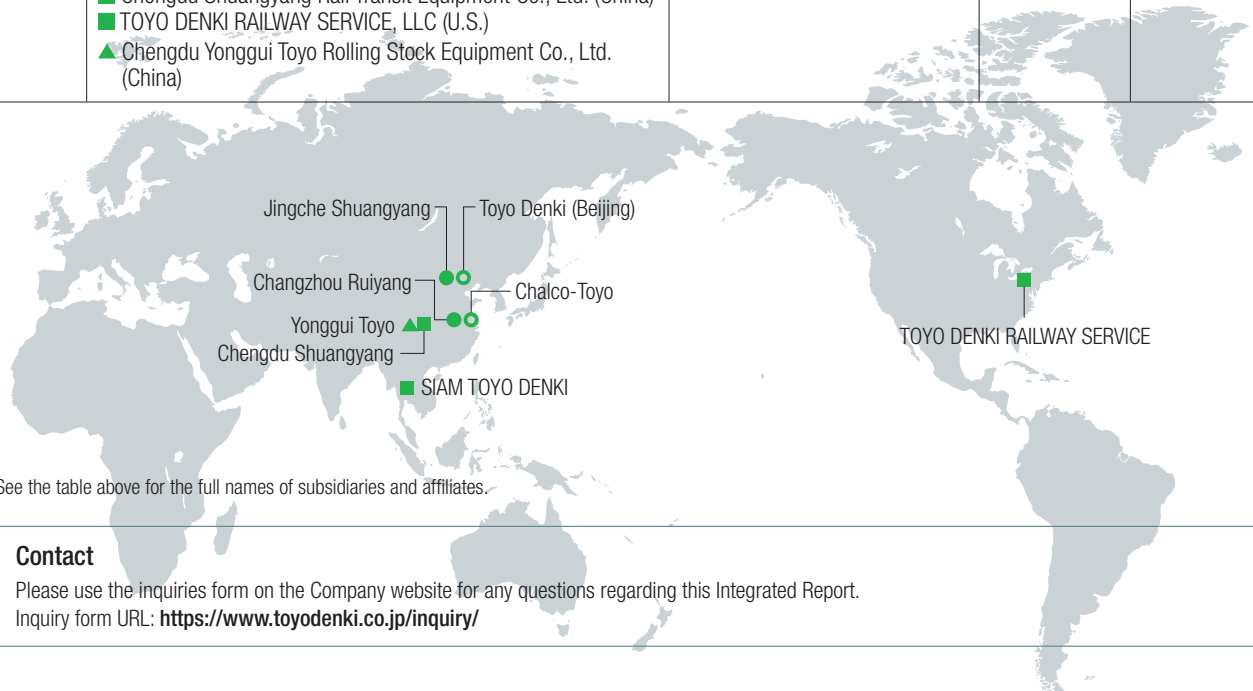
Company Name TOYO DENKI SEIZO K. K.
 (TOYO ELECTRIC MFG. CO., LTD.)
Established June 20, 1918
Capital 4,998,390,000 yen
Number of employees 1,146 (consolidated)
 784 (TOYO DENKI SEIZO K.K.)
Head office 1-4-16, Yaesu, Chuo-ku, Tokyo, 103-0028, Japan
 TEL +81-3-5202-8121
<https://www.toyodenki.co.jp/>
Stock Exchange Listing The Tokyo Stock Exchange,
 Standard Market
Code Number 6505
Number of Shares Authorized 36,000,000
Number of Shares Issued 9,735,000
Number of Shareholders 6,060



Subsidiaries and Affiliates (as of December 1, 2025)

○ Consolidated subsidiaries
 ● Affiliates accounted for by the equity method
 ■ Non-consolidated subsidiaries
 ▲ Affiliates not accounted for by the equity method

	Transportation Business	Industry Business	ICT Solution Business	Other
Japan	<ul style="list-style-type: none"> ○ Toyokouki Co., Ltd. ○ TAIHEI ELECTRIC Co., Ltd. 	<ul style="list-style-type: none"> ○ Toyo Sangyo Co., Ltd. ○ TD. Drive Mfg. Co., Ltd. 		<ul style="list-style-type: none"> ○ Toyo Shoji Co., Ltd.
Overseas	<ul style="list-style-type: none"> ○ Toyo Denki (Beijing) Co., Ltd. (China) ○ Changzhou Yangdian Zhanyun Transport Equipment Co., Ltd. (China) ● Changzhou Ruiyang Transmission Technology Co., Ltd. (China) ● Beijing Jingche Shuangyang Traction System Co., Ltd. (China) ■ Chengdu Shuangyang Rail Transit Equipment Co., Ltd. (China) ■ TOYO DENKI RAILWAY SERVICE, LLC (U.S.) ▲ Chengdu Yonggui Toyo Rolling Stock Equipment Co., Ltd. (China) 	<ul style="list-style-type: none"> ■ SIAM TOYO DENKI Co., Ltd. (Thailand) 		

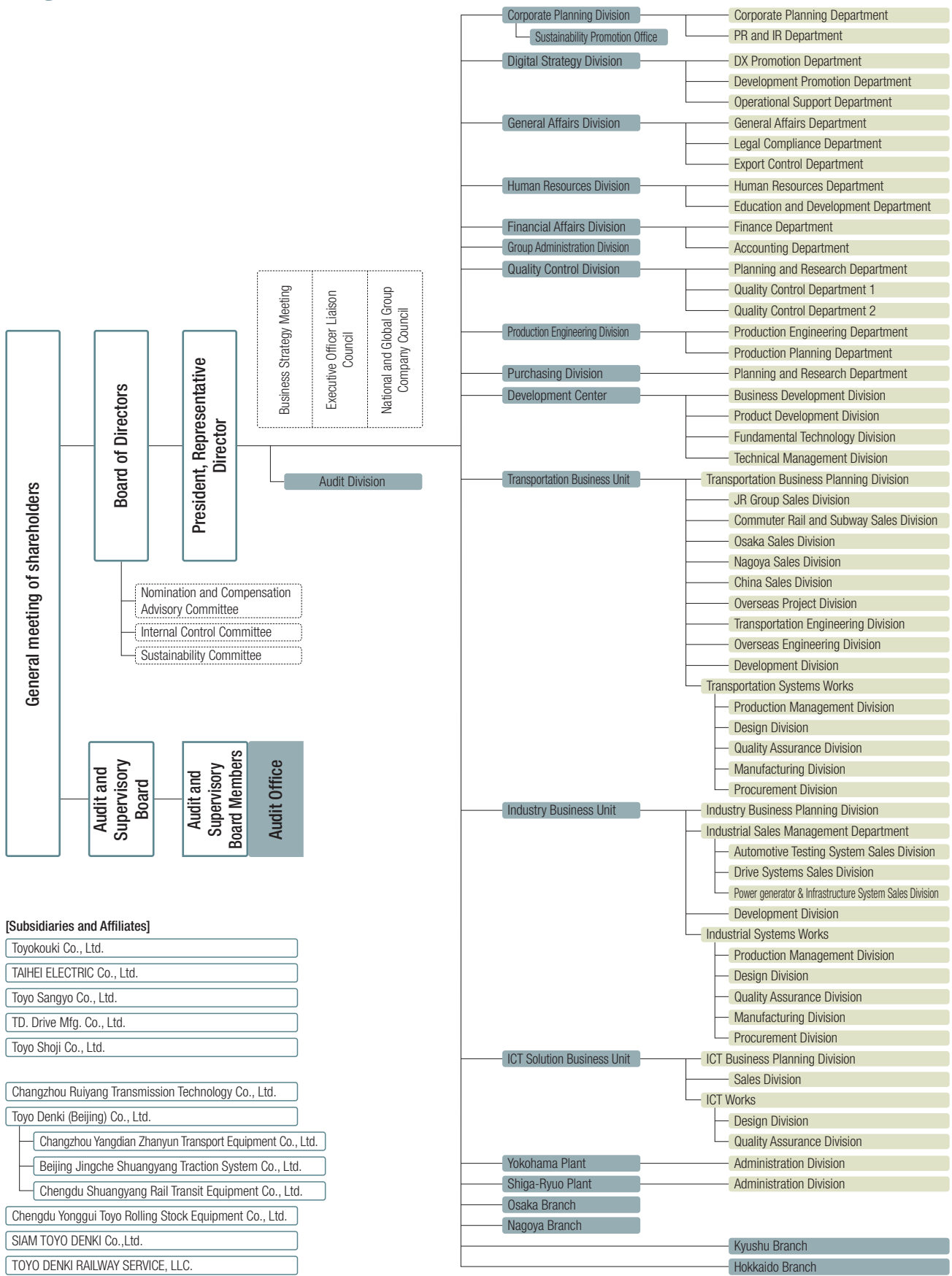


*See the table above for the full names of subsidiaries and affiliates.

Contact

Please use the inquiries form on the Company website for any questions regarding this Integrated Report.
 Inquiry form URL: <https://www.toyodenki.co.jp/inquiry/>

Organization Chart (as of December 1, 2025)



[Subsidiaries and Affiliates]

- Toyokouki Co., Ltd.
- TAIHEI ELECTRIC Co., Ltd.
- Toyo Sangyo Co., Ltd.
- TD. Drive Mfg. Co., Ltd.
- Toyo Shoji Co., Ltd.
- Changzhou Ruiyang Transmission Technology Co., Ltd.
- Toyo Denki (Beijing) Co., Ltd.
 - Changzhou Yangdian Zhanyun Transport Equipment Co., Ltd.
 - Beijing Jingche Shuangyang Traction System Co., Ltd.
 - Chengdu Shuangyang Rail Transit Equipment Co., Ltd.
- Chengdu Yonggui Toyo Rolling Stock Equipment Co., Ltd.
- SIAM TOYO DENKI Co., Ltd.
- TOYO DENKI RAILWAY SERVICE, LLC.



TOYO DENKI SEIZO K. K.

(TOYO ELECTRIC MFG. CO., LTD.)

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<https://www.toyodenki.co.jp/>