

Consolidated Financial Results for the Nine Months Ended February 28, 2025 (Under Japanese GAAP)

Company name: Toyo Denki Seizo K.K.
 Listing: Tokyo Stock Exchange
 Securities code: 6505
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended February 28, 2025	29,032	30.6	1,287	708.1	1,699	158.1	1,262	182.7
February 29, 2024	22,231	7.2	159	78.6	658	34.7	446	3.2

Notes: Comprehensive income For the nine months ended February 28, 2025 ¥597 million [(70.8)%]
 For the nine months ended February 29, 2024 ¥2,047 million [125.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 28, 2025	136.62	-
February 29, 2024	47.42	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of February 28, 2025	53,819	26,178	48.6
May 31, 2024	51,652	26,070	50.5

Reference: Equity As of February 28, 2025 ¥26,178 million
 As of May 31, 2024 ¥26,070 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	-	0.00	-	30.00	30.00
Fiscal year ending May 31, 2025	-	0.00	-		
Fiscal year ending May 31, 2025 (forecast)				44.00	44.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated financial results forecast for the fiscal year ending May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending May 31, 2025	38,000	18.2	1,500	61.7	1,800	21.0	1,300	39.0	140.65

Note: Revisions to the financial results forecast most recently announced: Yes

* Notes

(1) Significant changes in scope of consolidation during the period: None

Newly included: - companies (Company name)

Excluded: - companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “Notes on Changes in Accounting Policies” on page 8 of the quarterly financial results report (attachment).

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2025	9,735,000 shares
As of May 31, 2024	9,735,000 shares

(ii) Number of treasury shares at the end of the period

As of February 28, 2025	592,126 shares
As of May 31, 2024	406,671 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended February 28, 2025	9,242,595 shares
Nine months ended February 29, 2024	9,418,504 shares

Note: Due to the introduction of the Employee Shareholding Incentive Plan (E-Ship), the number of treasury shares at the end of the period includes the Company’s shares held by the Toyo Denki Employee Shareholding Association Exclusive Trust Account (as of February 28, 2025: 177,800 shares). The Company’s shares held by the said trust are included in treasury shares that are deducted when calculating the average number of shares outstanding during the period (the nine months ended February 28, 2025: 290 shares).

* Proper use of earnings forecasts, and other special matters

The above forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors in the future.

* This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	6,423	3,912
Notes and accounts receivable - trade, and contract assets	11,756	17,193
Electronically recorded monetary claims - operating	1,849	1,446
Merchandise and finished goods	466	627
Work in process	3,692	3,576
Raw materials and supplies	3,388	4,091
Advance payments to suppliers	13	9
Accounts receivable - other	116	120
Other	280	421
Allowance for doubtful accounts	(25)	(173)
Total current assets	27,960	31,227
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,987	9,994
Accumulated depreciation	(6,614)	(6,799)
Buildings and structures, net	3,372	3,195
Machinery, equipment and vehicles	8,341	8,502
Accumulated depreciation	(8,038)	(8,081)
Machinery, equipment and vehicles, net	303	421
Land	1,269	1,269
Construction in progress	135	23
Other	5,250	5,166
Accumulated depreciation	(4,776)	(4,749)
Other, net	474	416
Total property, plant and equipment	5,555	5,326
Intangible assets		
Software	84	134
Other	43	17
Total intangible assets	127	152
Investments and other assets		
Investment securities	15,009	13,792
Deferred tax assets	-	124
Other	3,001	3,199
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	18,008	17,113
Total non-current assets	23,691	22,592
Total assets	51,652	53,819

Consolidated Financial Results of Toyo Denki Seizo K.K. (6505) for the Nine Months Ended February 28, 2025 (Under Japanese GAAP)

(Millions of yen)

	As of May 31, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,292	2,605
Electronically recorded obligations - operating	4,684	4,480
Short-term borrowings	4,585	7,105
Accrued expenses	809	996
Income taxes payable	309	457
Accrued consumption taxes	158	40
Contract liabilities	129	99
Deposits received	160	162
Provision for bonuses for directors (and other officers)	54	40
Provision for bonuses	737	412
Provision for loss on orders received	777	885
Provision for product warranties	156	356
Other	386	177
Total current liabilities	15,240	17,818
Non-current liabilities		
Long-term borrowings	6,003	5,726
Long-term accounts payable - other	11	11
Deferred tax liabilities	164	-
Retirement benefit liability	4,151	4,075
Other	11	8
Total non-current liabilities	10,341	9,821
Total liabilities	25,582	27,640
Net assets		
Shareholders' equity		
Share capital	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	12,299	13,256
Treasury shares	(596)	(779)
Total shareholders' equity	19,878	20,653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,696	4,938
Foreign currency translation adjustment	485	561
Remeasurements of defined benefit plans	9	25
Total accumulated other comprehensive income	6,191	5,525
Total net assets	26,070	26,178
Total liabilities and net assets	51,652	53,819

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statements of Income
Nine months ended February 28, 2025

	(Millions of yen)	
	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)	Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)
Net sales	22,231	29,032
Cost of sales	16,790	21,855
Gross profit	5,440	7,177
Selling, general and administrative expenses	5,281	5,889
Operating profit	159	1,287
Non-operating income		
Interest income	0	7
Dividend income	201	249
Share of profit of entities accounted for using equity method	234	193
Foreign exchange gains	81	-
Miscellaneous income	30	72
Total non-operating income	548	523
Non-operating expenses		
Interest expenses	35	50
Foreign exchange losses	-	54
Miscellaneous losses	13	6
Total non-operating expenses	49	111
Ordinary profit	658	1,699
Extraordinary income		
Gain on sale of investment securities	205	191
Total extraordinary income	205	191
Extraordinary losses		
Business structural reform expenses	168	-
Total extraordinary losses	168	-
Profit before income taxes	696	1,890
Income taxes - current	49	589
Income taxes - deferred	200	38
Total income taxes	249	627
Profit	446	1,262
Profit attributable to owners of parent	446	1,262

Consolidated Financial Results of Toyo Denki Seizo K.K. (6505) for the Nine Months Ended February 28, 2025 (Under Japanese GAAP)

Quarterly Consolidated Statement of Comprehensive Income
Nine months ended February 28, 2025

	(Millions of yen)	
	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)	Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)
Profit	446	1,262
Other comprehensive income		
Valuation difference on available-for-sale securities	1,465	(757)
Foreign currency translation adjustment	-	34
Remeasurements of defined benefit plans, net of tax	17	15
Share of other comprehensive income of entities accounted for using equity method	118	41
Total other comprehensive income	1,601	(665)
Comprehensive income	2,047	597
Comprehensive income attributable to		
Owners of parent	2,047	597
Non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Notes on Changes in Accounting Policies)

The Company has been applying the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Accounting Standard Revised in 2022") since the beginning of the first quarter of the fiscal year under review.

In response to the revision of the accounting classifications for income taxes (taxation on other comprehensive income), the Company adheres to the transitional provisions stipulated in the proviso to Paragraph 20-3 of the Accounting Standard Revised in 2022 and the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Guidance Revised in 2022"). This change to the accounting policy has no impact on the quarterly consolidated financial statements.

In response to the revised guidance on the deferral of gains and losses in the consolidated financial statements related to the sale of shares in subsidiaries between consolidated companies for tax purposes, the Company has been applying the Guidance Revised in 2022 since the start of the first quarter of the fiscal year under review. This change in accounting policy is applied retrospectively, and is reflected in the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year. This change has no impact on the quarterly consolidated financial statements or the consolidated financial statements for the previous fiscal year.

(Additional Information)

(Transactions to issue the Company's shares to employees, etc. through a trust)

By resolution of the Company's Board of Directors meeting held on January 14, 2025, the Company adopted the Employee Shareholding Incentive Plan (E-Ship®) (hereinafter referred to as the "Plan") for the purpose of providing its employees with incentives to increase the Group's medium- to long-term corporate value, expanding their welfare, and enhancing their engagement through capital participation as shareholders.

(i) Overview of the transactions

The Plan is an incentive plan for all employees who are members of the "Toyo Denki Employee Shareholding Association" (hereinafter referred to as the "Shareholding Association"). Under the Plan, the Company establishes the Toyo Denki Employee Shareholding Association Exclusive Trust Account (hereinafter referred to as the "E-Ship Trust") at a trust bank. The E-Ship Trust will estimate the number of the Company's common shares that the Shareholding Association is likely to acquire over the next three years and four months, and acquire this number of shares in advance through a third-party allotment from the Company, using borrowings from financial institutions with which the Company does business as the source of funds. Thereafter, the E-Ship Trust will continuously sell the Company's shares to the Shareholding Association, and if an amount equivalent to net gain on the sale of shares accumulates within the E-Ship Trust at the time of the termination of the trust, the said amount equivalent to net gain on the sale of shares will be distributed as residual assets to those who satisfy the eligible beneficiary criteria. The Company guarantees the borrowings that the E-Ship Trust will use to acquire the Company's common shares. Therefore, if an amount equivalent to net loss on the sale of shares accumulates within the E-Ship Trust due to a decline in the Company's share price, and if there is a balance of borrowings in the E-Ship Trust equivalent to such loss on the sale of shares at the time of the termination of the trust, the Company will repay the said balance of borrowings.

(ii) The Company's shares remaining in the trust

The Company's shares remaining in the E-Ship Trust are recorded as treasury shares under net assets at their book value (excluding incidental expenses) in the E-Ship Trust. The book value and number of those treasury shares amounted to ¥216 million and 177,800 shares as of February 28, 2025.

(iii) Book value of borrowings recorded under the gross method

¥220 million as of February 28, 2025

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(Notes on the Statement of Cash Flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first nine months of the fiscal year under review. Depreciation (including amortization of intangible assets) for the first nine months of the fiscal year under review are as follows:

	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)	Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)
Depreciation	¥546 million	¥503 million

(Segment Information, etc.)

[Segment Information]

Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)

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

(Millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on quarterly consolidated statement of income (Note 3)
	Transportation Business	Industry Business	ICT Solution Business				
Net sales							
Net sales to external customers	14,282	7,161	782	4	22,231	-	22,231
Intersegment sales and transfers	16	9	-	232	258	(258)	-
Total	14,298	7,171	782	237	22,489	(258)	22,231
Segment profit (loss)	1,492	523	198	(2)	2,212	(2,053)	159

- (Notes) 1 “Other” is a business segment that is not included in reporting segments, and includes the worker dispatching business.
2 Adjustments to segment profit (loss) of ¥(2,053) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(2,052) million that are not attributable to reporting segments. Corporate expenses are primarily general and administrative expenses as well as research and development expenses that are not attributable to reporting segments.
3 Segment profit (loss) has been adjusted with operating profit recorded on the quarterly consolidated statement of income.

Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)

Information regarding net sales and profit (Loss) by reporting segment

(Millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on quarterly consolidated statement of income (Note 3)
	Transportation Business	Industry Business	ICT Solution Business				
Net sales							
Net sales to external customers	19,996	7,740	1,292	2	29,032	-	29,032
Intersegment sales and transfers	42	1	-	249	293	(293)	-
Total	20,039	7,742	1,292	252	29,326	(293)	29,032
Segment profit (loss)	2,229	1,008	387	(0)	3,624	(2,337)	1,287

- (Notes) 1 “Other” is a business segment that is not included in reporting segments, and includes the worker dispatching business.
2 Adjustments to segment profit (loss) of ¥(2,337) million are the elimination of intersegment transactions of ¥(0) million and corporate expenses of ¥(2,336) million that are not attributable to reporting segments. Corporate expenses are primarily general and administrative expenses as well as research and development expenses that are not attributable to reporting segments.
3 Segment profit (loss) has been adjusted with operating profit recorded on the quarterly consolidated statement of income.

(Revenue Recognition)

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

			(Millions of yen)	
			Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)	Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)
Reporting segments	Transportation Business	Domestic railways	8,734	10,472
		Overseas railways	3,567	7,405
		Other	1,979	2,118
		Subtotal	14,282	19,996
	Industry Business	Production and processing facilities	2,359	2,143
		Automobile testing equipment	1,744	1,832
		Power generation and power supply	1,335	1,722
		Other	1,721	2,041
		Subtotal	7,161	7,740
		ICT Solution Business	ICT Solutions	782
	Subtotal		782	1,292
Other (Note)			4	2
Total			22,231	29,032
Revenue from contracts with customers			22,231	29,032
Net sales to external customers			22,231	29,032

(Notes) “Other” is a business segment that is not included in reporting segments, and includes the worker dispatching business.

3. Other

(1) Status of Production, Orders, and Sales

(i) Production status

Business segment	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)		Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	14,417	65.8	17,984	67.0
Industry Business	7,083	32.3	8,426	31.4
ICT Solution Business	418	1.9	413	1.5
Other	-	-	-	-
Total	21,918	100.0	26,823	100.0

(Note) Amounts are based on sales prices.

(ii) Status of orders received

Business segment	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)		Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Transportation Business	23,928	31,562	22,467	34,361
Industry Business	7,395	7,385	7,747	8,983
ICT Solution Business	1,109	755	1,501	717
Other	4	-	2	-
Total	32,438	39,703	31,718	44,061

(Note) Amounts are based on sales prices.

(iii) Sales status

Business segment	Nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)		Nine months ended February 28, 2025 (from June 1, 2024 to February 28, 2025)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Business	14,282	64.2	19,996	68.9
Industry Business	7,161	32.2	7,740	26.7
ICT Solution Business	782	3.5	1,292	4.5
Other	4	0.0	2	0.0
Total	22,231	100.0	29,032	100.0