Note: This document has been translated from 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.

November 13, 2024

Consolidated financial results for the fiscal year ended September 30, 2024 (Japanese GAAP)

Company name: TOYO Corporation
Listing: Tokyo Stock Exchange
Securities code: 8151
URL: https://www.toyo.co.jp/english/
Representative: Toshiya Kohno, President & CEO
Inquiries: Toshiaki Matsui, Director, Senior VP
Telephone: +81-3-3279-0771

Scheduled date of the general meeting of shareholders: December 20, 2024
Scheduled date to commence dividend payments: December 23, 2024
Scheduled date of filing Annual securities report: December 23, 2024
Preparation of supplementary material on quarterly financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(1) Consolidated operating results (accumulated total)

(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	%
FY2024	35,042	24.4	3,366	128.6	3,375	87.4	2,522	64.4
FY2023	28,172	6.4	1,472	(36.9)	1,800	(35.2)	1,534	(20.1)

Note: Comprehensive income For FY2024: ¥2,383 million [47.9%]
For FY2023: ¥1,612 million [(2.5) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit as a percentage of total assets	Ordinary profit as a percentage of net sales
	Yen	Yen	Yen	Yen	Yen
FY2024	112.95	112.46	9.0	8.5	9.6
FY2023	67.50	67.14	5.3	4.4	5.2

Reference: Equity in earnings of affiliates: (¥15 million) for FY2024, (¥1 million) for FY2023

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2024	39,134	28,127	71.6	1,300.50
FY2023	39,954	28,313	70.6	1,262.58

Reference: Equity
As of September 30, 2024: ¥28, million
As of September 30, 2023: ¥28,219 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at period end
	Millions of yen	Millions of yen	%	yen
FY2024	4,110	(2,892)	(736)	3,091
FY2023	(105)	1,810	(2,864)	2,659

2. Dividends

	Annual dividends per share					Total cash dividends (annual)	Payout ratio (consol.)	Dividends as a % of net assets (consol.)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2023	—	22.00	—	32.00	54.00	1,215	80.0	4.3
FY2024	—	25.00	—	43.00	68.00	1,486	60.2	5.3
FY2025 (forecast)	—	30.00	—	39.00	69.00		84.9	

3. Consolidated financial result forecasts for the fiscal year ending September 30, 2025 (October 1, 2024 to September 30, 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
Full year	33,000	(5.8)	2,400	(28.7)	2,400	(28.9)	1,750	(30.6)	81.27

* Notes

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

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

(i) Changes in accounting policies due to revisions to accounting standards: None

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

(iii) Changes due to accounting estimation changes: None

(iv) Restatement: None

(3) Number of issued shares (common stock)

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

As of September 30, 2024	26,085,000 shares	As of September 30, 2023	26,085,000 shares

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

As of September 30, 2024	4, 553,083 shares	As of September 30, 2023	3,734,499 shares

(iii) Average number of shares outstanding during the period

As of September 30, 2024	22,337,836 shares	As of September 30, 2023	22,729,906 shares

(Reference) Non-consolidated financial results

1. Results of non-consolidated financial operations for the year ended September 30, 2024

(1) Non-consolidated operating results

(percent indications show percentage of changes from corresponding figures for the previous period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	30,909	18.7	2,659	59.2	2,658	44.7	1,875	15.6
FY2023	26,048	3.4	1,670	(35.1)	1,837	(38.8)	1,622	(23.4)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024	83.95	83.59
FY2023	71.37	70.99

(2) Non-consolidated operating results

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2024	37,630	27,910	74.0	1,292.62
FY2023	39,767	28,806	72.2	1,284.62

Reference: Equity

As of September 30, 2024: ¥27,832 million

As of September 30, 2023: ¥28,711 million

* This financial results report is out of scope of review by certified public accountants or an audit firm.

* Explanation related to the appropriate use of financial result forecasts and other specific matters

The financial result forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company at the time of this document's disclosure. Actual results may differ materially from the forecast figures due to various factors.

Table of Contents

1. Overview of operating results, etc. 2
(1) Overview of operating results for the year ended September 30, 2024 2
(2) Overview of financial position for the year ended September 30, 2024 3
(3) Cash flow position in the fiscal year ended September 30, 2024 3
(4) Future outlook 4
(5) Policy concerning decisions on profit distribution and dividend forecast 5
2. Basic policy on selection of accounting standards 5
3. Consolidated financial statements and principal notes 6
(1) Consolidated balance sheet 6
(2) Consolidated statement of income and consolidated statement of comprehensive income 9
Consolidated statement of income 9
Consolidated statement of comprehensive income 10
(3) Consolidated statement of changes in shareholders' equity 11
(4) Consolidated statement of cash flows 13
(5) Notes on consolidated financial statements 15
(Notes on going concern assumption) 15
(Segment information, etc.) 15
(Per share information) 20
(Significant subsequent events) 21

1. Overview of operating results, etc.

(1) Overview of operating results for the year ended September 30, 2024

In the fiscal year ending September 30, 2024, TOYO Corporation ("the Company") is pursuing growth strategies to achieve its financial results forecasts (net sales of ¥34.5 billion and operating profit of ¥3.35 billion) in the final year of the medium-term management plan "TY2024" as well as an ROE of 8.0% or higher, one of the management targets set out in the plan.

In the fiscal year ended September 30, 2024, the Physics / Energies segment remained solid, with evaluation equipment for next-gen batteries and EVs benefiting from active R&D investment in the carbon neutrality field. Furthermore, the Mechatronics / Noise & Vibration / Sensors segment saw a sharp year-on-year rise in sales as the Company booked large-scale evaluation equipment sales for AD (autonomous driving)/ADAS (advanced driving assistance system) development in the US and Japan. As a result, consolidated sales totalled ¥35,042 million (up 24.4% YoY), a record high. This broke down as domestic sales of ¥31,660 million (up 22.6%) and overseas sales (mainly to the US and China) of ¥3,382 million (up 43.5%).

In terms of profit, the Company saw a substantial year-on-year increase thanks to a boost from top line growth, a change in the business mix and higher gross margin from large high-margin projects. Operating profit came to ¥3,366 million (up 128.6% YoY), ordinary profit was ¥3,375 million (up 87.4%) and profit attributable to owners of parent was ¥2,522 million (up 64.4%).

ROE for the full year was 9.0%, a sharp improvement on the 5.3% in the previous fiscal year.

New orders taken totalled ¥33,628 million (up 9.3% YoY) following significant growth in the Mechatronics / Noise & Vibration / Sensors segment as well as order expansion in the ICT / Information Security segment and the Ocean / Defense & Security segment. However, the order backlog was ¥17,032 million (down 6.2%) due to progress in booking sales in the Physics / Energies segment.

(ICT / Information Security)

In the ICT / Information Security business, network performance testing for major communications carriers in the ICT field and new business in mobile mapping systems saw growth. Furthermore, sales were brisk from service providers in the cyber security field. As a result, sales increased by 12.5% year-on-year to ¥7,481 million and segment profit was ¥388 million (up 52.6%).

(Mechatronics / Noise & Vibration / Sensors)

In the Mechatronics / Noise & Vibration / Sensors segment, sales and profit rose sharply thanks to the booking of sales for large-scale AD/ADAS development projects in the VILS field (Vehicle-in-the-loop simulation, a testing and evaluation methodology which utilizes both real vehicles and virtual simulations) in Japan and overseas as well as steady performance in noise and vibration equipment. Profit margins also improved following price revisions, resulting in sharp increases in sales and profit. Sales rose by 63.1% YoY to ¥7,664 million and segment profit was ¥1,595 million (up 328.6%).

(Physics / Energies)

In the Physics / Energies segment, both net sales and segment profit increased significantly as both basic electrochemical measurement systems and battery charging measurement system projects were very brisk thanks to tailwinds from the Green Innovation Fund, which supports government-backed R&D projects aimed at decarbonization. A further boost was provided from the introduction of a new measurement solution, which delivers an evaluation bench for electric propulsion systems for air mobility. As a result, sales rose 43.7% YoY to ¥9,909 million and segment profit was ¥2,106 million (up 39.1%).

(EMC & Antenna Systems)

In the EMC & Antenna Systems segment, despite the boost to sales from the acquisition and consolidation of Toyo EMC Engineering, sales and profits in the segment declined compared to the same period of the previous year due to delays in securing large domestic EMC system projects and delays in sales of in-house developed products. As a result, sales declined by 13.8% to ¥4,681 million and profit was ¥237 million (down 13.4%).

(Ocean / Defense & Security)

In the Ocean Defense & Security segment, sales increased year-on-year thanks to the booking of sales for a large project and steady progress in inspections in other projects also. Furthermore, segment margins improved due to price revisions made in response to the weaker yen. As a result, sales increased 29.7% YoY to ¥2,261 million and segment profit was ¥461 million (up 69.2%).

(Software Quality & Productivity)
In the Software Quality & Productivity segment, sales were solid to game companies such as version control tools for game development, driving segment sales. However, the gross margin declined due to an impact from yen depreciation and selling, general and administrative costs rose in line with an increase in personnel. As a result, net sales increased 8.4% YoY to ¥2,128 million and segment profit was ¥406 million (down 3.9%).

(Life Science)
In the Life Science segment, both sales and segment profit increased thanks to steady sales of orthopedic digital planning tools sales at consolidated subsidiary Lexi Co, Ltd. As a result, net sales increased by 16.5% YoY to ¥916 million and segment profit was ¥82 million (up 162.7%).

(2) Overview of financial position for the year ended September 30, 2024
Assets, Liabilities and Net Assets
Total assets as of September 30, 2024 were ¥39,134 million, a decrease of ¥820 million compared to the end of the previous fiscal year. The main positive factors were an increase of ¥1,693 million in notes and accounts receivable, an increase of ¥1,294 million in goodwill, and an increase of ¥827 million in construction in progress. Meanwhile, the main negative factors were a decrease of ¥2,094 million in land assets, a decline of ¥1,789 million in buildings and structures (net), and a decrease of ¥1,116 million in investment securities.

Total liabilities decreased by ¥634 million compared to the end of the previous fiscal year to ¥11,006 million. The main positive factors were an increase of ¥2,000 million in short-term borrowings, an increase of ¥409 million in other current liabilities, and an increase of ¥318 million for provisions for bonuses. Meanwhile, the main negative factor was a decrease of ¥4,060 million in advances received.

Net assets decreased by ¥186 million compared to the end of the previous fiscal year to ¥28,127 million. The main positive factors were an increase of ¥1,247 million in retained earnings, an increase of ¥71 million in valuation difference on available-for-sale securities, and an increase of ¥47 million in non-controlling interests. Meanwhile, the main negative factor was an increase of ¥1,333 million in treasury stock and a decrease of ¥224 million in deferred gains or losses on hedges.

(3) Cash flow position in the fiscal year ended September 30, 2024
Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year ended September 30, 2024 increased by ¥432 million compared to the end of the previous fiscal year, totaling ¥3,091 million. The status of each type of cash flow is as follows:

(Cash flow from operating activities)
The main factors contributing to an increase in cash were a pre-tax net profit of ¥3,320 million and a decrease in inventories of ¥713 million. However, the main factors for a decrease were an increase in trade receivables and contract assets of ¥1,321 million and payment of corporate taxes of ¥709 million. As a result, cash flow from operating activities increased by ¥4,110 million

(Cash flow from investing activities)
The main factors contributing to an increase in cash were income of ¥1,168 million from the sale of investment securities and income of ¥706 million from the sale of other securities. However, the main factors for a decrease in funds were expenditure of ¥1,722 million for the acquisition of subsidiary shares as a result of changes in the scope of consolidation and expenditure of ¥1,574 million for the acquisition of property, plants and equipment. As a result, cash flow from investing activities decreased by ¥2,892 million

(Cash flow from financing activities)
The main factor contributing to an increase in cash was a net increase in short-term borrowings of ¥1,959 million. However, the main factors for a decrease were expenditure of ¥1,420 million for the acquisition of treasury stock and dividend payments of ¥1,275 million. As a result, cash flow from financing activities decreased by ¥736 million.

(Reference) Cash flow indicators over time

		FY2020	FY2021	FY2022	FY2023	FY2024
Equity Ratio	(%)	87.1	76.1	70.4	70.6	71.6
Market-Based Equity Ratio	(%)	70.7	73.5	68.0	73.0	88.8
Cash Flow to Interest-Bearing Debt Ratio	Years	1.8	—	—	—	48.7
Interest Coverage Ratio	(x)	752.0	3,407.4	—	—	677.3

Equity Ratio: Equity / Total Assets
Market-Based Equity Ratio: Market Capitalization / Total Assets
Cash Flow to Interest-Bearing Debt Ratio: Interest-Bearing Debt / Operating Cash Flow
Interest Coverage Ratio: Operating Cash Flow / Interest Payments

*Note: Each indicator is calculated based on consolidated financial figures.
*Market capitalization is calculated by multiplying the year-end stock price by the number of shares issued at year-end (after deducting treasury stock).
*Operating cash flow uses the cash flow from operating activities from the consolidated cash flow statement. Interest-bearing debt includes all debts listed on the consolidated balance sheet that incur interest payments.
*The “Interest Coverage Ratio” for the fiscal year ending September 2023 is not disclosed due to a negative operating cash flow.

(4) Future outlook

Our group has set a vision called "BreakThrough600" for FY2030, which targets consolidated net sales of ¥60 billion, operating profit of ¥7.5 billion, and ROE of 15.0%. Currently, we are progressing with a medium-term management plan, "TY2027," that ends in FY2027, which represents the midway point toward FY2030. This plan sets out our targets for consolidated net sales of ¥45 billion, operating profit of ¥4.5 billion, and ROE of 11.0% by the final year. We will execute a growth strategy around three pillars - business strategy, financial and capital strategy, and sustainability management - to continuously enhance corporate value.

1. Business Strategy

We will focus on growing our business mainly in the advanced mobility, decarbonization/energies, and defense sectors. To further add value and differentiate our products and services, we will promote recurring business models that offer stable earnings and expand proprietary solutions using our in-house products. We will also strengthen overseas expansion, including establishing new offices. Additionally, we will proactively pursue M&A opportunities to accelerate our group’s growth strategy.

2. Financial and Capital Strategy

Using funds from operating cash flow, asset sales, and bank borrowings, we plan to allocate over 50% toward growth investments, including M&A. We will actively invest in human capital, facilities, and DX/AI to strengthen our management base, drive business growth, and enhance capital returns.

For shareholder returns, we aim for stable and strategic distributions by maintaining a dividend policy with a DOE (Dividend on Equity) of at least 5%, striving for continuous dividend increases. With regards to the acquisition of treasury stock, we will consider this as needed, taking into account the balance with growth investments.

3. Strengthening Management Base

Based on the understanding across the company that our business activities align with promoting sustainability, we have identified five priority issues that should be addressed from both a social impact and a management base perspective. In the medium-term management plan "TY2027," we will accelerate our initiatives by setting specific focus areas within the Sustainability Medium-Term Plan "STY2027." The whole company will work together to address key priorities of "contributing to technological innovation," "promoting environmental

conservation," and "establishing a sustainable management foundation." Specific goals include expanding sales of solutions that support advanced mobility development and the transition to a decarbonized society, increasing the ratio of female managers, and achieving certification as a company promoting health management. We aim to advance SX (Sustainability Transformation) continuously, working toward sustainable corporate value enhancement and a sustainable society.

In the fiscal year ended September 30, 2024, revenue booking was concentrated due to smooth progress in inspections for many projects as well as projects carried over from the previous year. In the fiscal year ending September 30, 2025, as well as laying the groundwork for the first year of the medium-term management plan, we will actively invest in new businesses to achieve our growth strategies and also focus on securing and training human resources.

Based on these initiatives, our earnings forecasts for the fiscal year ending September 30, 2025 are net sales of ¥33 billion, operating profit of ¥2.4 billion, ordinary profit of ¥2.4 billion, and net profit attributable to owners of parent of ¥1.75 billion.

(5) Policy concerning decisions on profit distribution and dividend forecast

During the period covered by "TY2024" plan (FY9/22 to FY9/24), the Company enhanced shareholder returns. Under this plan, we opted for a DOE of 4% or a consolidated dividend payout ratio of 60%, targeting a consistent and proactive approach to dividends. For the fiscal year ended September 30, 2024, based on this policy, we planned an annual dividend of ¥68 per share. The interim dividend of ¥25 per share was approved by the Board of Directors on May 15, 2024, and paid on June 11, 2024.

In the "TY2027" medium-term management plan (FY9/25 to FY9/27), our dividend policy targets a DOE of at least 5% aiming for stable and continuous dividend increases. For the fiscal year ending September 30, 2025, we forecast a dividend of ¥69 per share, including an interim dividend of ¥30.

In addition to dividends, we have been actively engaged in share buybacks. Most recently, from August 8 to October 3, 2024, we repurchased 936,600 shares for approximately ¥1.5 billion. We will continue to balance share buybacks with growth investments and consider repurchases as appropriate to support shareholder value.

2. Basic policy on selection of accounting standards

Our group currently prepares consolidated financial statements in accordance with Japanese GAAP to ensure comparability across periods and with other companies.

However, regarding the potential adoption of International Financial Reporting Standards (IFRS), we plan to respond appropriately, taking into account relevant conditions both domestically and internationally.

3. Consolidated financial statements and principal notes

(1) Consolidated balance sheet

(Thousands of yen)

	FY2023 (As of September 30, 2023)	FY2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	2,659,402	3,091,691
Notes and accounts receivable - trade, and contract assets	4,534,727	6,228,715
Electronically recorded monetary claims - operating	478,318	341,262
Securities	1,367,886	1,941,892
Merchandise and finished goods	4,554,835	3,997,606
Prepaid Expenses	1,373,904	1,966,625
Other	1,749,931	857,819
Allowance for doubtful accounts	(2,700)	(2,200)
Total current assets	16,716,306	18,423,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,342,783	2,340,026
Accumulated depreciation and impairment	(1,663,757)	(1,450,152)
Buildings and structures, net	2,679,025	889,874
Vehicles	10,936	9,562
Accumulated depreciation	(6,764)	(6,829)
Vehicles, net	4,171	2,733
Tools, furniture and fixtures	4,280,167	4,451,519
Accumulated depreciation and impairment	(3,489,211)	(3,497,098)
Tools, furniture and fixtures, net	790,956	954,420
Land	6,808,541	4,714,388
Construction in progress	5,701,970	6,529,178
Total property, plant and equipment	15,984,666	13,090,595
Intangible assets		
Goodwill	267,691	1,561,894
Software	707,159	858,458
Software in progress	189,840	22,777
Other	72,516	105,360
Total intangible assets	1,237,208	2,548,490
Investments and other assets		
Investment securities	3,531,680	2,414,795
Retirement benefit asset	628,570	720,998
Deferred tax assets	725,242	812,429

(Thousands of yen)

	FY2023 (As of September 30, 2023)	FY2024 (As of September 30, 2024)
Long-term time deposits	700,000	700,141
Other	464,494	456,444
Allowance for doubtful accounts	(33,328)	(33,149)
Total investments and other assets	6,016,659	5,071,660
Total non-current assets	23,238,533	20,710,745
Total assets	39,954,840	39,134,159

(Thousands of yen)

	FY2023 (As of September 30, 2023)	FY2024 (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,666,125	1,683,336
Income taxes payable	427,615	591,671
Contract liabilities	2,855,790	3,020,506
Advances received	4,060,080	—
Short-term borrowings	—	2,000,000
Provision for bonuses	772,094	1,091,071
Provision for bonuses for directors	66,000	110,000
Other	977,583	1,386,834
Total current liabilities	10,825,289	9,883,419
Non-current liabilities		
Retirement benefit liability	672,063	810,454
Other	143,536	312,677
Total non-current liabilities	815,600	1,123,131
Total liabilities	11,640,890	11,006,550
Net assets		
Shareholders' equity		
Share capital	4,158,000	4,158,000
Capital surplus	4,603,500	4,611,997
Retained earnings	23,995,345	25,242,691
Treasury shares	(4,496,633)	(5,830,415)
Total shareholders' equity	28,260,212	28,182,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(53,726)	17,401
Deferred gains or losses on hedges	129,858	(94,863)
Foreign currency translation adjustment	(125,467)	(147,017)
Adjustments for defined benefit plans	8,494	44,379
Total accumulated other comprehensive income	(40,841)	(180,099)
Share acquisition rights	94,580	77,998
Non-controlling interests	—	47,436
Total net assets	28,313,950	28,127,608
Total liabilities and net assets	39,954,840	39,134,159

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Net sales	28,172,589	35,042,582
Cost of sales	16,631,116	19,860,311
Gross profit	11,541,473	15,182,271
Selling, general and administrative expenses	10,069,201	11,816,190
Operating profit	1,472,272	3,366,080
Non-operating income		
Interest income	92,935	51,731
Dividend income	32,245	18,236
Foreign exchange gains	110,380	—
Service contract fees	27,930	30,052
Settlement payments	119,573	—
Insurance cancellation refunds	13,209	25,231
Other	50,336	31,996
Total non-operating income	446,612	157,248
Non-operating expenses		
Interest expenses	411	6,340
Expenses for acquisition of treasury stock	33,063	2,066
Loss on investment partnership management	80,738	15,964
Equity in losses of affiliates	1,055	15,530
Foreign exchange losses	—	106,943
Other	2,766	1,013
Total non-operating expenses	118,035	147,860
Ordinary profit	1,800,849	3,375,469
Extraordinary income		
Gain on step acquisition	—	3,281
Gain on sale of fixed assets	50,058	3,509,184
Gain on conversion of fixed asset rights	7,199,714	—
Gain on sale of investment securities	396,400	10,054
Total extraordinary income	7,646,173	3,522,521
Extraordinary losses		
Impairment loss	—	304,210
Loss on disposal of fixed assets	4,818	31,650
Loss on reduction of fixed assets	7,199,714	3,241,737
Total extraordinary losses	7,204,533	3,577,599
Profit before income taxes	2,242,489	3,320,391
Income taxes - current	660,970	821,331
Income taxes - deferred	47,308	(23,893)

(Thousands of yen)

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Total income taxes	708,278	797,438
Profit	1,534,211	2,522,953
Profit attributable to owners of parent	1,534,211	2,522,953

Consolidated statement of comprehensive income

(Thousands of yen)

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Profit	1,534,211	2,522,953
Other comprehensive income		
Valuation difference on available-for-sale securities	(23,549)	71,128
Deferred gains and losses on hedges	50,258	(224,722)
Foreign currency translation adjustment	(33,633)	(19,481)
Adjustments for defined benefit plans, net of tax	55,208	35,885
Share of other comprehensive income of entities accounted for using equity method	29,675	(2,068)
Total other comprehensive income	77,958	(139,258)
Comprehensive income	1,612,169	2,383,695
(Breakdown)		
Comprehensive income attributable to owners of parent	1,612,169	2,383,695
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in shareholders' equity

Fiscal year ended September 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,158,000	4,603,500	23,664,469	(3,044,970)	29,380,999
Change during period					
Dividends of surplus			(1,202,435)		(1,202,435)
Profit attributable to owners of parent			1,534,211		1,534,211
Purchase of treasury shares				(1,629,691)	(1,629,691)
Cancellation of treasury stock			(900)	178,029	177,128
Net changes in items other than shareholders' equity					
Total change during period	—	—	330,875	(1,451,662)	(1,120,787)
Equity at end of period	4,158,000	4,603,500	23,995,345	(4,496,633)	28,260,212

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(30,177)	79,600	(121,509)	(46,714)	(118,800)	136,186	—	29,398,384
Change during period								
Dividends of surplus								(1,202,435)
Profit attributable to owners of parent								1,534,211
Purchase of treasury shares								(1,629,691)
Disposal of treasury shares								177,128
Net changes in items other than shareholders' equity	(23,549)	50,258	(3,958)	55,208	77,958	(41,606)	—	36,352
Total change during period	(23,549)	50,258	(3,958)	55,208	77,958	(41,606)	—	(1,084,434)
Balance at end of period	(53,726)	129,858	(125,467)	8,494	(40,841)	94,580	—	28,313,950

Fiscal year ended September 30, 2024

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total equity
Equity as of 1 October 2023	4,158,000	4,603,500	23,995,345	(4,496,633)	28,260,212
Change during period					
Dividends paid			(1,275,607)		(1,275,607)
Income attributable to owners of the parent			2,522,953		2,522,953
Acquisition of treasury stock				(1,421,741)	(1,421,741)
Cancellation of treasury stock		8,497		87,959	96,457
Change during period for items other than shareholders' equity					
Total change during period	—	8,497	1,247,345	(1,333,782)	(77,938)
Equity at end of period	4,158,000	4,611,997	25,242,691	(5,830,415)	28,182,273

	Other Comprehensive Income					New share rights	Non-controlling interests	Total net assets
	Gains/losses on securities	Hedge gains/losses	FX translation adjustments	Adjustments for retirement benefits	Other comprehensive income			
Equity as of 1 October 2023	(53,726)	129,858	(125,467)	8,494	(40,841)	94,580	—	28,313,950
Change during period								
Dividends paid								(1,275,607)
Income attributable to owners of the parent								2,522,953
Acquisition of treasury stock								(1,421,741)
Cancellation of treasury stock								96,457
Change during period for items other than shareholders' equity	71,128	(224,722)	(21,550)	35,885	(139,258)	(16,582)	47,436	(108,403)
Total change during period	71,128	(224,722)	(21,550)	35,885	(139,258)	(16,582)	47,436	(186,341)
Equity at end of period	17,401	(94,863)	(147,017)	44,379	(180,099)	77,998	47,436	28,127,608

(4) Consolidated statements of cash flows

(Thousands of yen)

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	2,242,489	3,320,391
Depreciation	835,325	992,067
Impairment loss	—	304,210
Amortization of goodwill	37,573	159,467
Increase (decrease) in allowance for doubtful accounts	3,204	(838)
Increase (decrease) in allowance for bonuses	(60,000)	303,818
Increase (decrease) in allowance for directors' bonuses	(7,000)	44,000
Increase (decrease) in liabilities related to retirement benefits)	4,749	13,893
Interest and dividends received	(125,181)	(69,968)
Insurance cancellation refunds	(13,209)	(25,231)
Service fees	(27,930)	(30,052)
Interest paid	411	6,340
Settlement payment	(119,573)	—
Gain (loss) from equity-method affiliates	1,055	15,530
Gain (loss) from investment partnerships	80,738	15,964
Gain (loss) from sales of securities	(59)	—
Gain (loss) from sales of investment securities	(396,400)	(10,054)
Gain (loss) from sales and disposal of fixed assets	(45,239)	(3,477,533)
Gain on conversion of fixed asset rights	(7,199,714)	—
Loss on reduction of fixed assets	7,199,714	3,241,737
Gain (profit) from step acquisition	—	(3,281)
Decrease (increase) in accounts receivable and contract assets	(130,962)	(1,321,597)
Decrease (increase) in inventories	(1,441,237)	713,352
Increase (decrease) in accounts payable	(117,189)	(77,160)
Increase (decrease) in contract liabilities	(971,902)	(121,339)
Other	368,721	692,797
Subtotal	118,384	4,686,513
Interest and dividends received	152,638	75,210
Insurance surrender value received	13,209	25,231
Commission fees received	27,930	30,052
Interest paid	(411)	(5,648)
Corporation tax paid	(417,970)	(709,395)
Corporation tax refund	831	8,376
Cash flows from operating activities	(105,389)	4,110,340

(Thousands of yen)

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Cash flows from investing activities		
Expenditures for acquisition of securities	—	(677,071)
Proceeds from sales of securities	1,030,330	706,146
Expenditures for acquisition of tangible fixed assets	(1,391,069)	(1,574,628)
Proceeds from sales of tangible fixed assets	66,509	45,104
Expenditures for acquisition of intangible fixed assets	(479,815)	(400,715)
Expenditures for acquisition of investment securities	(403,031)	(594,633)
Proceeds from sales of investment securities	3,192,948)	1,168,544
Expenditures for acquisition of subsidiary shares resulting in change in scope of consolidation	(288,096)	(1,722,966)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	124,899
Other	82,538	33,241
Net cash provided by (used in) investing activities)	1,810,312	(2,892,080)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	—	1,959,733
Expenditures for purchase of treasury stock	(1,661,701)	(1,420,316)
Dividends paid	(1,202,435)	(1,275,607)
Proceeds from exercise of stock options	47	18
Cash flows from financing activities	(2,864,088)	(736,173)
Exchange rate changes on cash and cash equivalents	30,995	(49,797)
Increase (decrease) in cash and cash equivalents	(1,128,169)	432,289
Cash and cash equivalents at beginning of period	3,787,571	2,659,402
Cash and cash equivalents at end of period	2,659,402	3,091,691

(5) Notes on consolidated financial statements
(Notes on going concern assumption)
None.

(Segment information, etc.)
[Segment information]

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Group are the constituent units of the Group for which separate financial information is available, and which the Board of Directors periodically reviews in order to determine the allocation of management resources and evaluate business performance. The Group's main business is the provision of products and solutions related to various measurements both in domestic and overseas markets, the development of original products and solutions, and related support, maintenance, repair, and calibration, and it develops strategies for each business and develops business activities.

As a result, the constituent units of the Group are composed of segments by technology field, and the seven reportable segments based on similar technologies and areas are "ICT / Information Security," "Mechatronics / Noise & Vibration / Sensors," "Physics / Energies," "EMC & Antenna Systems," "Ocean / Defense & Security," "Software Quality & Productivity," and "Life Science."

(2) Products and services in each reportable segment

(ICT / Information Security)

In the ICT field, we provide a wide range of advanced solutions in line with the latest technical standards, such as test systems and analysis/monitoring systems that realize network performance testing, operation visualization, and information security assurance to ensure quality and safe operation in information and communications technology.

In the information security field, in addition to service solution-type and engineering-type services, we provide new services, in real time, using the latest IT technologies (cloud, OSS, machine learning, big data analysis).

(Mechatronics / Noise & Vibration / sensors)

We provide equipment and solutions related to measurement and analysis used in research and development of performance (such as maneuverability, comfort) of transportation equipment such as automobiles and railways, as well as "noise & vibration" and "safety/durability" including industrial machinery, as well as management of experimental data. In addition, we are focusing on providing solutions for R&D in the latest fields such as autonomous driving and electrification in automobiles.

(Physics / Energies)

We provide high-precision measurement and evaluation systems in a wide range of fields, from basic research on materials and devices such as power semiconductors and organic electronics to product development such as batteries and inverters, in response to the dramatic changes in energy infrastructure caused by increased penetration of renewable energy and EVs.

(EMC / Antenna Systems)

We provide antenna measurement solutions such as evaluation solutions that support compliance with electromagnetic environments in EMC (electromagnetic compatibility) for all electronic devices, such as automobiles, information and communication devices, home appliances, and medical devices, as well as OTA (Over The Air) measurement systems for connected cars. We also provide total solutions from system proposals such as large parabolic antenna ground stations to sales, installation work, and maintenance.

(Ocean / Defense & Security)

We provide a wide range of measurement equipment that is useful in a wide range of marine-related fields, from offshore, underwater, and seabed observation to underwater drones and underwater data communications, as well as survey and exploration, defense, the fisheries industry, and offshore wind power generation.

(Software Quality & Productivity)

We provide products and services that support the whole development lifecycle, from improving quality to productivity in software development. In addition, we provide the latest security solutions required by software development sites to ensure safety and security in response to digital transformation (DX) advancing globally.

(Life Science)

We develop a variety of cutting-edge image-related solutions for the medical field, and provide both 2D and 3D software for our flagship orthopedic digital planning tool.

2. Method of calculating sales, profit or loss for each reportable segment

The accounting methods for the reported business segments are generally as those used in preparing the consolidated financial statements.

Profits for reportable segments are operating profit.

3. Information on net sales and profits (losses) by reportable segment and breakdown of revenues

Fiscal year ended September 30, 2023

(Thousands of yen)

	Reportable segments			
	ICT / Information Security	Mechatronics / Noise & Vibration / Sensors	Physics / Energies	EMC & Antenna Systems
Net sales				
Goods or services transferred at a point in time	4,857,843	4,237,781	6,874,616	5,255,125
Goods or services that are transferred over a period of time	1,793,027	462,002	12,600	173,922
Revenue from contracts with customers	6,650,870	4,699,783	6,887,216	5,429,048
Other revenue*	—	—	10,295	—
Net sales	6,650,870	4,699,783	6,897,511	5,429,048
Segment profit (loss)	254,606	372,221	1,513,740	274,083

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality & Productivity	Life Science	
Net sales				
Goods or services transferred at a point in time	1,541,751	948,294	641,324	24,356,735
Goods or services that are transferred over a period of time	202,139	1,016,159	145,706	3,805,558
Revenue from contracts with customers	1,743,890	1,964,454	787,030	28,162,294
Other revenue*	—	—	—	10,295
Net sales	1,743,890	1,964,454	787,030	28,172,589
Segment profit (loss)	272,752	422,907	31,502	3,141,815

* “Other revenue” includes revenue related to leases, etc.

Fiscal year ended September 30, 2024

(Thousands of yen)

	Reportable segments			
	ICT / Information Security	Mechatronics / Noise & Vibration / Sensors	Physics / Energies	EMC & Antenna Systems
Net sales				
Goods or services transferred at a point in time	5,485,945	7,132,252	9,823,135	4,582,529
Goods or services that are transferred over a period of time	1,995,319	531,811	40,660	98,498
Revenue from contracts with customers	7,481,264	7,664,064	9,863,796	4,681,028
Other revenue*	—	—	45,372	—
Net sales	7,481,264	7,664,064	9,909,169	4,681,028
Segment profit (loss)	388,463	1,595,416	2,106,123	237,351

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality & Productivity	Life Science	
Net sales				
Goods or services transferred at a point in time	2,043,259	936,924	753,673	30,757,721
Goods or services that are transferred over a period of time	218,290	1,191,794	163,112	4,239,487
Revenue from contracts with customers	2,261,549	2,128,719	916,786	34,997,209
Other revenue*	—	—	—	45,372
Net sales	2,261,549	2,128,719	916,786	35,042,582
Segment profit (loss)	461,421	406,252	82,754	5,277,782

* “Other revenue” includes revenue related to leases, etc.

(Significant Impairment Loss on Fixed Assets)

An impairment loss was recorded for land and buildings owned by the Company not allocated to a reportable segment, due to changes in usage that made it unlikely for the investment amount to be recoverable. The recorded impairment loss is 304,210 thousand yen.

(Significant Changes in Goodwill)

In the Mechatronics/ Noise and Vibration / Sensors segment, Rototest International AB was included in the scope of consolidation for the current fiscal year following the acquisition of all of its shares. As a result, goodwill increased by 1,220,280 thousand yen in the current consolidated fiscal year. Note that while the allocation of the acquisition cost of Rototest International AB was provisionally accounted for as of the end of the third quarter of the consolidated accounting period, it has been finalized by the end of the current consolidated fiscal year.

4. Differences between the total profit (loss) of reportable segments and amounts in the consolidated statement of income and major breakdown of differences (reconciliation)

(Thousands of yen)

Reconciliation of profit (loss)	FY9/23	FY9/24
Total of reportable segments	3,141,815	5,277,782
Corporate expenses*	(1,669,542)	(1,911,701)
Operating profit in the Consolidated Statements of Income	1,472,272	3,366,080

* “Corporate expenses” mainly include operating expenses not attributable to the reportable segments and differences due to the method of reporting provisions.

(Per share information)

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Net assets per share	1,262.58	1,300.50
Basic earnings per share	67.50	112.95
Diluted earnings per share	67.14	112.46

The basis for calculation of the basic earnings per share and the diluted earnings per share is as follows.

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Total net assets on consolidated balance sheet (thousands of yen)	28,313,950	28,127,608
Net assets attributable to common stock (thousands of yen)	28,219,370	28,002,173
Main components of difference (thousands of yen)		
New stock acquisition rights	94,580	77,998
Non-controlling interests	—	47,436
Numbers of issued common stock (shares)	26,085,000	26,085,000
Number of treasury shares of common stock (shares)	3,734,499	4,553,083
Number of common shares used to calculate net assets per share (shares)	22,350,501	21,531,917

Basis for calculating earnings per share (EPS) and diluted earnings per share (diluted EPS) is as follows

	FY2023 (October 1, 2022 to September 30, 2023)	FY2024 (October 1, 2023 to September 30, 2024)
Earnings per share (yen)		
Net profit attributable to owners of parent (thousands of yen)	1,534,211	2,522,953
Amount not attributable to common shareholders (thousands of yen)	—	—
Net income attributable to parent company's shareholders for common stock (thousands of yen)	1,534,211	2,522,953
Average number of common shares outstanding during the period (shares)	22,729,906	22,337,836
Diluted earnings per share (diluted EPS)		

Adjustment for net income attributable to parent company's shareholders (thousands of yen)	—	—
Number of common shares used to calculate net assets per share (shares)	122,674	97,216
(Of which, stock acquisition rights (shares))	(122,674)	(97,216)
potential shares excluded from the calculation of diluted earnings per share (EPS) due to lack of dilutive effect	—	

(Significant subsequent events)
No significant events