Consolidated Basis Results of the Third Quarter for FY2024
(April 1, 2024 - December 31, 2024)

February 4, 2025

Registered Company name: TOPY INDUSTRIES, LIMITED Stock listing: Tokyo, Nagoya stock exchanges
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Scheduled date for dividend payment: ―
Preparation of supplementary materials: Yes
Holding of financial results meeting: No

(Figures of less than ¥1 million have been omitted)

1. Consolidated Financial and Operating Results of the Third Quarter for Fiscal 2024 (April 1, 2024 - December 31, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures are changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third Quarter of Fiscal 2024	223,028	(13.0)	2,970	(66.9)	3,798	(60.8)	3,723	(13.1)
Third Quarter of Fiscal 2023	256,285	3.0	8,969	67.5	9,696	55.0	4,286	(8.1)

(Note) Comprehensive income: Third Quarter of Fiscal 2024 ¥1,100 million [-91.6%]
Third Quarter of Fiscal 2023 ¥13,047 million [29.1%]

	Profit per share	Diluted earnings per share
	Yen	Yen
Third Quarter of Fiscal 2024	163.02	―
Third Quarter of Fiscal 2023	187.80	―

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Third Quarter of Fiscal 2024	285,039	139,742	48.5	6,054.77
Fiscal 2023	298,291	140,988	46.8	6,119.46

(For reference) Shareholders' equity: Third Quarter of Fiscal 2024 ¥138,363 million
Fiscal 2023 ¥139,682 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2023	―	30.00	―	73.00	103.00
Fiscal 2024	―	30.00	―		
Fiscal 2024 (Forecasts)				73.00	103.00

(Note) Whether changes to the latest dividend forecasts have been made: None

3. Consolidated Financial Forecasts for Fiscal 2024 (April 1, 2024- March 31, 2025)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	301,000	(9.9)	6,200	(40.6)	6,500	(37.9)	5,100	9.1	223.36

(Note) Whether changes to the latest forecasts for consolidated figures have been made: None

* NOTE

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

Newly included: – (Name) – Excluded: – (Name) –

(2) Adoption of accounting treatment specific to the preparation of Quarterly Consolidated Financial Statements: Yes

Note: For details, please refer to "(3) Important Notes on Quarterly Consolidated Financial Results (Note on application of special accounting policies for presenting quarterly consolidated financial statements)" under "2. Quarterly Consolidated Financial Statement and Important Notes" on page 8 of the attached materials.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements

(a) Changes in accounting policies accompanying the amendment of accounting standards: Yes
(b) Changes other than those in (a) above: None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None

(4) Number of Shares Issued (Common shares)

(a) Number of shares issued at the end of the period (including treasury shares)

Third Quarter of Fiscal 2024	24,077,510 shares	Fiscal 2023	24,077,510 shares

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

Third Quarter of Fiscal 2024	1,225,598 shares	Fiscal 2023	1,251,586 shares

(c) Average number of shares issued during the period

Third Quarter of Fiscal 2024	22,838,907 shares	Third Quarter of Fiscal 2023	22,825,934 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

(Caution concerning future descriptions etc.)

The above estimate has been compiled based on information available at the time this disclosure was made. The actual earnings are subject to change from the estimated values due to various factors. For assumed conditions underlying the earnings forecast and cautionary statements in using the earnings forecast, please refer to "Explanation Regarding Future Estimate Information such as Consolidated Financial Performance Estimates" on page 3.

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Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.
The original disclosure in Japanese was released on February 4, 2024 at 13:30 (GMT+9).
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

1. Overview of Operating Results

(1) Overview of Quarterly Operating Results

A challenging situation continued within the Group business environment for the end of the first nine months of the fiscal year due to sluggish domestic demand for steel products

, decreased demand for construction machinery on a global level, production halt from the certification issues among domestic car manufacturers and a decrease in automobile production in some overseas regions.

Under this business environment, we have set four key areas—promote segment management, strengthen overseas profitability, strengthen domestic business base, and contribute to decarbonization—for our Group Basic Strategy, and we are steadily implementing the Medium-term Management Plan "TOPY Active & Challenge 2025."

In addition, in order to implement management that is conscious of cost of capital and stock price, we have set a target to reduce the total market value of cross-shareholdings to less than 10% of consolidated net assets by the end of March 2026, and we are proceeding with this reduction.

Net sales for the first nine months of the fiscal year were ¥223,028 million (down 13.0% year on year), operating profit was ¥2,970 million (down 66.9% year on year), ordinary profit was ¥3,798 million (down 60.8% year on year), and profit attributable to owners of parent was ¥3,723 million (down 13.1% year on year). This was mainly due to the impact of sluggish domestic demand for steel products and a decrease in sales volume of undercarriage parts for construction machinery and wheels for passenger vehicles.

Performance by Segment

(Steel Business)

In the steel industry, domestic demand for steel products remained weak due to construction project delays. Also, prices for steel scrap, a raw material, fell year on year.

Given these circumstances, despite cost improvements from lower steel scrap prices, sluggish demand caused a decrease in both sales volumes and sales prices of steel products. This resulted in the Group net sales decreasing to ¥76,893 million (down 7.4% year on year) and operating profit decreasing to ¥4,563 million (down 40.6% year on year).

(Automotive & Industrial Machinery Components Business)

In the automobile industry, production volume decreased from the level in the previous fiscal year in Japan due to the effect from the certification issues among other factors. Overseas, passenger car production volume in the U.S. declined and the share for the Japanese manufacturers in China declined. Automobile production volume also declined in the Southeast Asia region. In the construction machinery industry, worldwide demand for hydraulic shovels continued to decline. Furthermore, demand for mining machinery remained stagnant.

Under the circumstances, the Group net sales were ¥140,737 million (down 10.5% year on year) and operating profit was ¥2,253 million (down 53.8% year on year) due mainly to the drastic decrease in sales volume of undercarriage parts for construction machinery, reduction of sales volume of wheels for passenger vehicles by the effect of certification issues among domestic car manufacturers and the decrease in sales volume at overseas bases beside other factors.

(Others)

The Group is involved in the manufacture and sale of synthetic mica, civil engineering and construction, real estate leasing, and the operation of a sports club. Due to influence from the elimination of Power Generation Business, net sales decreased to ¥5,397 million (down 66.4% year on year) and operating profit was ¥703 million (up 4.6% year on year)

(2) Overview of Quarterly Financial Position

Total assets at the end of the third quarter of the consolidated fiscal year under review stood at ¥285,039 million, a decrease of ¥13,251 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥6,813 million in notes and accounts receivable – trade, and contract assets, a decrease of ¥5,989 million in investment securities, and an increase of ¥3,581 million in cash and deposits.

Total liabilities were ¥145,297 million, a decrease of ¥12,005 million compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥5,000 million in bonds payable, a decrease of ¥4,736 million in long-term borrowings, an increase of ¥4,713 million in short-term borrowings, and a decrease of ¥3,725 million in notes and accounts payable – trade.

Total net assets came to ¥139,742 million, a decrease of ¥1,246 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥3,928 million in valuation difference on available-for-sale securities, an increase of ¥1,367 million in retained earnings, and an increase of ¥1,462 million in foreign currency translation adjustment.

(3) Explanation Regarding Future Estimate Information such as Consolidated Financial Performance Estimates

The future business environment ahead for the Group may continue to face challenges from sluggish domestic demand for steel products, decrease in the global demand for construction machinery, and further labor and logistic costs.

In order to achieve our consolidated earnings forecast for the full fiscal year, we will ensure our efforts to optimize sales pricing while striving to secure sales volumes, among other measures.

The consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025) have not been changed from those announced on November 6, 2024. This decision has been made based on information available to the Group as of the date of issuance of this release. The actual results may vary from the forecast due to various factors that will arise in the future.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	25,014	28,596
Notes and accounts receivable - trade, and contract assets	70,408	63,594
Merchandise and finished goods	27,117	26,598
Work in process	8,005	7,280
Raw materials and supplies	19,715	19,348
Other	6,991	7,253
Allowance for doubtful accounts	(40)	(80)
Total current assets	157,212	152,591
Non-current assets		
Property, plant and equipment		
Buildings and structures	97,745	98,293
Accumulated depreciation	(72,354)	(73,921)
Buildings and structures, net	25,391	24,371
Machinery, equipment and vehicles	229,588	233,009
Accumulated depreciation	(190,739)	(196,548)
Machinery, equipment and vehicles, net	38,848	36,461
Land	15,684	15,781
Leased assets	1,613	1,498
Accumulated depreciation	(850)	(873)
Leased assets, net	762	625
Construction in progress	1,957	2,683
Other	43,421	44,240
Accumulated depreciation	(41,509)	(42,423)
Other, net	1,912	1,817
Total property, plant and equipment	84,558	81,740
Intangible assets		
Other	3,400	3,404
Total intangible assets	3,400	3,404
Investments and other assets		
Investment securities	42,580	36,590
Long-term loans receivable	204	219
Deferred tax assets	613	647
Retirement benefit asset	529	529
Other	9,274	9,397
Allowance for doubtful accounts	(81)	(81)
Total investments and other assets	53,119	47,303
Total non-current assets	141,079	132,448
Total assets	298,291	285,039

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,494	27,769
Electronically recorded obligations - operating	20,889	21,413
Short-term borrowings	21,059	25,773
Current portion of bonds payable	5,000	5,000
Lease liabilities	162	115
Income taxes payable	2,152	1,761
Provision for surcharge	—	285
Other	15,465	14,354
Total current liabilities	96,223	96,472
Non-current liabilities		
Bonds payable	30,000	25,000
Long-term borrowings	18,381	13,645
Lease liabilities	379	303
Deferred tax liabilities	5,932	3,201
Provision for corporate officers' retirement benefits	197	184
Provision for share awards for directors (and other officers)	51	42
Provision for retirement benefits for directors (and other officers)	15	18
Reserve for repairs	225	254
Retirement benefit liability	4,198	4,500
Asset retirement obligations	268	260
Other	1,428	1,414
Total non-current liabilities	61,079	48,825
Total liabilities	157,303	145,297
Net assets		
Shareholders' equity		
Share capital	20,983	20,983
Capital surplus	18,606	18,622
Retained earnings	69,953	71,320
Treasury shares	(2,503)	(2,465)
Total shareholders' equity	107,040	108,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,545	16,617
Deferred gains or losses on hedges	1	8
Foreign currency translation adjustment	7,319	8,782
Remeasurements of defined benefit plans	4,774	4,493
Total accumulated other comprehensive income	32,641	29,902
Non-controlling interests	1,306	1,378
Total net assets	140,988	139,742
Total liabilities and net assets	298,291	285,039

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

Quarterly Consolidated Statements of Income

(For the Nine-month Period)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	256,285	223,028
Cost of sales	220,816	192,506
Gross profit	35,468	30,521
Selling, general and administrative expenses	26,499	27,551
Operating profit	8,969	2,970
Non-operating income		
Interest income	80	127
Dividend income	782	954
Foreign exchange gains	252	—
Share of profit of entities accounted for using equity method	368	118
Compensation income	—	513
Other	262	257
Total non-operating income	1,747	1,971
Non-operating expenses		
Interest expenses	668	547
Foreign exchange losses	—	148
facilities relocation expenses	—	106
Other	351	340
Total non-operating expenses	1,020	1,142
Ordinary profit	9,696	3,798
Extraordinary income		
Gain on sale of non-current assets	184	219
Gain on sale of investment securities	0	3,011
Subsidy income	—	79
Total extraordinary income	184	3,310
Extraordinary losses		
Loss on sale of non-current assets	27	25
Loss on retirement of non-current assets	189	168
Impairment losses	2,443	15
Loss on valuation of investment securities	—	18
Loss on tax purpose reduction entry of non-current assets	—	79
Loss on business restructuring	—	740
Provision for surcharge	—	285
Total extraordinary losses	2,660	1,332
Profit before income taxes	7,219	5,776
Income taxes	2,823	1,968
Profit	4,395	3,808
Profit attributable to non-controlling interests	109	85
Profit attributable to owners of parent	4,286	3,723

Quarterly Consolidated Statements of Comprehensive Income
(For the Nine-month Period)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	4,395	3,808
Other comprehensive income		
Valuation difference on available-for-sale securities	4,324	(4,004)
Deferred gains or losses on hedges	2	7
Foreign currency translation adjustment	3,742	1,324
Remeasurements of defined benefit plans, net of tax	(4)	(278)
Share of other comprehensive income of entities accounted for using equity method	587	243
Total other comprehensive income	8,651	(2,707)
Comprehensive income	13,047	1,100
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,815	983
Comprehensive income attributable to non-controlling interests	232	117

(3) Important Notes on Quarterly Consolidated Financial Results

(Note on changes in accounting policies)

(Application of accounting standard for current income taxes, etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; "2022 Revised Accounting Standard") has been applied from the beginning of the first quarter of the fiscal year.

With regard to the revisions concerning the accounting classification of income taxes (taxation on other comprehensive income), these are subject to the provisional treatment set forth in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the provisional treatment set forth in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; "2022 Revised Guidance"). This change has no impact on the quarterly consolidated financial statements.

In addition, the Company has adopted the 2022 Revised Guidance for the revisions related to the review of the treatment in consolidated financial statements deferring gains or losses on sales of investments in subsidiaries among consolidated companies for tax purposes, effective from the beginning of the first quarter of the fiscal year. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements of the previous fiscal year and the consolidated financial statements of the previous fiscal year have been prepared on a retrospective basis. This change has no impact on the quarterly consolidated financial statements of the previous fiscal year or the consolidated financial statements of the previous fiscal year.

(Note on application of special accounting policies for presenting quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate reflecting the tax effect to be applied to profit before income taxes for the consolidated fiscal year, including the third quarter under review, and then multiplying profit before income taxes for the third quarter under review by such estimated effective tax rate.

(Note on segment information)

I Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

1. Information regarding amounts of net sales, profits or losses, assets and other items by reportable segment

(Millions of yen)

	Reportable segment			Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the quarterly consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Total				
Net sales							
Net sales to outside customers	83,018	157,196	240,214	16,070	256,285	—	256,285
Internal sales or transfer between segments	17,257	—	17,257	—	17,257	(17,257)	—
Total	100,275	157,196	257,472	16,070	273,542	(17,257)	256,285
Segment profit (loss)	7,679	4,874	12,553	672	13,225	(4,256)	8,969

(Notes) 1. The category "Others" includes the business segment not included in the reportable segments and includes wholesale power supply, synthetic mica, indoor and outdoor sign systems, civil engineering and construction, real estate leasing, and the operation of a sports club.

2. Profits of segment in an amount of a loss of ¥4,256 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit recorded under the quarterly consolidated financial statements.

2. Information regarding impairment losses or goodwill of non-current assets by reportable segment

(Significant impairment losses on non-current assets)

In the "Others" segment, the Company recorded impairment losses due to a decline in profitability. The amount of impairment losses recorded for the first nine months of the fiscal year was 2,443 million yen.

II Nine months ended December 31, 2024 (April 1, 2024 - December 31, 2024)

1. Information regarding amounts of net sales, profits or losses, assets and other items by reportable segment

(Millions of yen)

	Reportable segment			Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the quarterly consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Total				
Net sales							
Net sales to outside customers	76,893	140,737	217,630	5,397	223,028	—	223,028
Internal sales or transfer between segments	13,790	—	13,790	—	13,790	(13,790)	—
Total	90,683	140,737	231,420	5,397	236,818	(13,790)	223,028
Segment profit (loss)	4,563	2,253	6,816	703	7,520	(4,549)	2,970

(Notes) 1. The category "Others" includes the business segment not included in the reportable segments and includes synthetic mica, indoor and outdoor sign systems, civil engineering and construction, real estate leasing, and the operation of a sports club.

2. Profits of segment in an amount of a loss of ¥4,549 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit recorded under the quarterly consolidated financial statements.

2. Information regarding impairment losses or goodwill of non-current assets by reportable segment

Not applicable.

3. Notes Regarding Change, etc. In the Reportable Segment

Effective from regarding the first quarter of the current fiscal year under review, the reportable segment previously listed as "Leasing" is now included in "Others" due to its decreased quantitative importance.

Effective from regarding the first quarter of the current fiscal year under review, the reportable segment previously listed as "Power Business" is now included in "Others" due to the elimination of the business in the previous consolidated fiscal year.

The segment information in the third quarter of the previous fiscal year is presented based on the reportable segment classification after the change.

(Note on significant changes in the amount of shareholders' equity)

Not applicable.

(Note on going-concern assumption)

Not applicable.

(Note to Quarterly Consolidated Cash Flow Statements)

Cash flow calculation for the consolidated financial statement regarding the end of third quarter of the fiscal year under review has not been prepared. Depreciation (including depreciation fees of intangible assets without goodwill) and amortization of goodwill regarding the end of third quarter of the fiscal year under review are as follows:

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	9,607 million yen	8,621 million yen
Amortization of goodwill	93	93