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February 12, 2025

Consolidated Financial Results for the Three Months Ended December 31, 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 to commence dividend payments: －
Preparation of supplementary material on quarterly financial results: Yes
Holding of financial results briefing: No

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the three months ended December 31, 2024 (October 1, 2024 to December 31, 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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	6,223	(10.4)	(182)	－	(87)	－	(134)	－
December 31, 2023	6,944	26.0	732	－	670	－	657	－

Note: Comprehensive income For the three months ended December 31, 2024: ¥136 million [(71.6) %]
For the three months ended December 31, 2023: ¥482 million [－%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2024	(6.26)	－
December 31, 2023	29.41	29.26

(Note): Diluted earnings per share for the three months ended December 31, 2024 is not stated because, although there is potential share dilution, a basic loss per share was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	37,970	27,252	71.4
September 30, 2024	39,134	28,127	71.6

Reference: Equity As of December 31, 2024: ¥27,126 million
As of September 30, 2024: ¥28,002 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 September 30, 2024	—	25.00	—	43.00	68.00
Fiscal year ending September 30, 2025	—				
Fiscal year ending September 30, 2025 (forecast)		30.00	—	39.00	69.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

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

(Note) Revisions to the financial results forecast most recently announced: None

*Notes

(1) Significant changes in scope of subsidiaries during the three months ended December 31, 2024: None

(2) Application of special accounting methods for 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 due to accounting estimation changes: None

(iv) Restatement: None

(4) Number of issued shares (common stock)

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

As of December 31, 2024	26,085,000 shares	As of September 30, 2024	26,085,000 shares

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

As of December 31, 2024	4, 596,601 shares	As of September 30, 2024	4,553,083 shares

(iii) Average number of shares outstanding during the period

Three months ended December 31, 2024	21,489,709 shares	Three months ended December 31, 2023	22,352,512 shares

* 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. For matters related to the financial results forecast, please refer to "Consolidated financial results forecast and other forward-looking information" on page 3 of the consolidated financial results (attachments).

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1. Qualitative information on quarterly financial results

(1) Operating results

From the fiscal year ending September 30, 2025, TOYO Corporation ("the Company") is pursuing growth strategies to achieve its management targets set out in the new medium-term management plan "TY2027" with the final year ending September 30, 2027, of net sales of ¥45 billion and operating profit of ¥4.5 billion as well as an ROE of 11.0%.

In the three months ended December 31, 2024, sales rose in the Sustainable Energy business thanks to ongoing tailwinds from government-sponsored projects, while good progress was made in ICT / Information Security business which saw sales booked from multiple projects. However, sales overall declined year-on-year, following contributions in the previous year from large AD/ADAS testing system orders for the US. Consolidated sales totaled ¥6,223 million (down 10.4% YoY). This broke down as domestic sales of ¥5,968 million (up 17.9%) and overseas sales (mainly to the US and China) of ¥254 million (down 86.5%).

In terms of profit, the Company saw a sharp year-on-year deterioration due to lower overseas sales as well as a decline in the gross margin, and an increase in SG&A expenses, leading to an operating loss of ¥182 million (¥732 million profit in fiscal year 2024), an ordinary loss of ¥87 million (¥670 million ordinary profit) and a quarterly net loss attributable to owners of parent of ¥134 million (¥657 quarterly net income).

Business volumes in the first quarter are typically lower due to seasonal factors, and although the company posted an operating loss in the first quarter of this fiscal year, earnings were generally in line with the plan. In the fiscal year ending September 30, 2025, we expect growth in sales and profits in the second half of the year to be larger than in a typical year, due in part to the planned booking of sales of a large AD/ADAS testing order in the US in the second half. No change was made to the consolidated financial results forecasts announced at the start of the year.

Orders amounted to ¥11,992 million (up 58.4% YoY), due to the booking of a record-sized order in Ocean / Defense & Security, as well as growth in EMC & Antenna Systems and Advanced Mobility. The order backlog was ¥22,842 million (up 19.6%), due to growth in the Ocean / Defense & Security and Advanced Mobility businesses.

Following a review of management divisions and the organizational structure, the Group renamed its business segments as follows: the Mechatronics / Noise & Vibration / Sensors segment has become Advanced Mobility, Physics / Energies is now Sustainable Energy, while Life Science is now included under Others. Furthermore, we transferred a product line in the mobility domain from Physics / Energies to Advanced Mobility, which has a similar business scope and where synergies may be generated. Moreover, a product line in the Materials Science (materials testing) field was transferred from Physics / Energies to the Others. Segment information for the first quarter of the previous fiscal year has been prepared in accordance with the revised reportable segment classification method, and year-on-year comparisons below also use the revised figures in accordance with the revised segment classification method.

The results by each segment were as follows.

(Advanced Mobility)

In Advanced Mobility, sales and segment profit declined significantly year-on-year, with the previous year seeing contributions from a large project used for the ViLS (Vehicle in the Loop Simulation: an evaluation and testing method integrating real-world vehicles and simulated environments) for AD/ADAS development. As a result, sales were ¥1,335 million (down 49.9% YoY) and the segment incurred a loss of ¥75 million (profit of ¥844 million in previous fiscal year).

(Sustainable Energy)

In Sustainable Energy, sales grew, with solid state batteries and hydrogen-related technologies continuing to benefit from tailwinds thanks to support from government-sponsored projects. However, segment profit declined due to factors such as higher procurement costs as a result of a weaker yen and higher SG&A expenses from the consolidation of newly-acquired subsidiaries and increased personnel hiring. As a result, sales were ¥1,092 million (up 32.8% YoY) and segment profit ¥60 million (down 49.0% YoY).

(ICT / Information Security)

In ICT / Information Security, profits rose thanks to increased sales in network performance testing for major communications carriers in the ICT field, and steady progress in mobile mapping system inspections, as well as optimization of human resources. Meanwhile, sales were down in Information Security as the booking of sales for some projects was pushed back. As a result, sales were ¥1,574 million (up 11.2% YoY and segment profit was ¥103 million (up 646.0%).

(EMC & Antenna Systems)

In EMC & Antenna Systems, sales declined due to delivery delays for several projects including the delayed completion of construction of a customer anechoic chamber (all projects are expected to contribute in the second half of the year). In addition to the decline in sales, a segment loss was booked following costs associated with new product development. As a result, sales were ¥830 million (down 25.2% YoY) and the segment booked a loss of ¥149 million (segment profit of ¥100 million in the same period last year).

(Ocean / Defense & Security)

In Ocean Defense & Security, sales were up with sales to both the private and public sectors remaining strong, including the booking of private sector multibeam echosounder orders. Furthermore, the large expansion in orders and increase in SG&A costs from hiring more personnel for business expansion led to an operating loss. As a result, sales were ¥272 million (up 32.5% YoY) with a segment loss of ¥37 million (segment loss of ¥20 million in the same period last year).

(Software Quality & Productivity)

In Software Quality & Productivity, sales were up with a recovery of static analysis tool license sales and strong recurring business from maintenance and subscriptions. Increased SG&A expenses from greater hiring for new business expansion weighed down on segment profits. As a result, sales increased to ¥511 million (up 9.3% YoY) and segment profits were ¥56 million (down 34.4%).

(Others)

In the Others, sales increased due to the booking of sales for a large electron microscope project. However, an increase in low-margin projects and the booking of valuation losses on long-term Life Sciences-related inventory led to a segment loss. As a result, sales were ¥606 million (up 134.9% YoY) and the segment loss was ¥12 million (a segment loss of ¥23 million in the same period last year).

(2) Financial position

Total assets as of December 31, 2024 were ¥37,970 million, a decrease of ¥1,164 million compared to the end of the previous fiscal year. The main positive factors were an increase of ¥1,276 million in merchandise and finished goods, and an increase of ¥291 million in investment securities. Meanwhile, the main negative factors were a decrease of ¥1,884 million in notes and accounts receivable (trade), and contract assets, a decline of ¥448 million in cash and deposits, and a decrease of ¥148 million in securities.

Total liabilities decreased by ¥289 million compared to the end of the previous fiscal year to ¥10,717 million. The main positive factors were an increase of ¥982 million in Notes and accounts payable (trade), an increase of ¥500 million in short-term borrowings. Meanwhile, the main negative factors were a decrease of ¥718 million in provision for bonuses, a decrease of ¥521 million in income taxes payable and a decrease of ¥277 million in contract liabilities.

Net assets decreased by ¥874 million compared to the end of the previous fiscal year to ¥27,252 million. The main positive factors were an increase of ¥142 million in deferred gains and losses on hedges, and an increase of ¥75 million in valuation difference on available-for-sale securities. Meanwhile, the main negative factor was decrease of ¥1,072 million in retained earnings and an increase of ¥73 million in treasury stock.

(3) Consolidated financial results forecast and other forward-looking information

The consolidated results forecast announced for the fiscal year ending September 30, 2025, announced on November 13, 2024 remains unchanged.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	Prior fiscal year (As of September 30, 2024)	Current first quarter (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	3,091,691	2,643,655
Notes and accounts receivable - trade, and contract assets	6,228,715	4,344,064
Electronically recorded monetary claims - operating	341,262	480,212
Securities	1,941,892	1,793,891
Merchandise and finished goods	3,997,606	5,274,316
Prepaid expenses	1,966,625	1,782,774
Other	857,819	849,422
Allowance for doubtful accounts	(2,200)	(1,600)
Total current assets	18,423,413	17,166,738
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,340,026	2,352,235
Accumulated depreciation and impairment	(1,450,152)	(1,464,946)
Buildings and structures, net	889,874	887,288
Vehicles	9,562	9,562
Accumulated depreciation	(6,829)	(7,113)
Vehicles, net	2,733	2,449
Tools, furniture and fixtures	4,451,519	4,509,614
Accumulated depreciation and impairment	(3,497,098)	(3,590,990)
Tools, furniture and fixtures, net	954,420	918,624
Land	4,714,388	4,714,388
Construction in progress	6,529,178	6,534,212
Total property, plant and equipment	13,090,595	13,056,963
Intangible assets		
Goodwill	1,561,894	1,532,953
Software	858,458	743,407
Software in progress	22,777	136,947
Other	105,360	98,361
Total intangible assets	2,548,490	2,511,669
Investments and other assets		
Investment securities	2,414,795	2,705,845
Retirement benefit asset	720,998	725,996
Deferred tax assets	812,429	667,538
Long-term time deposits	700,141	700,143
Other	456,444	467,852
Allowance for doubtful accounts	(33,149)	(32,732)
Total investments and other assets	5,071,660	5,234,644
Total non-current assets	20,710,745	20,803,277
Total assets	39,134,159	37,970,015

(Thousands of yen)

	Prior fiscal year (As of September 30, 2024)	Current first quarter (As of December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,683,336	2,666,233
Income taxes payable	591,671	69,858
Contract liabilities	3,020,506	2,742,936
Short-term borrowings	2,000,000	2,500,000
Provision for bonuses	1,091,071	372,134
Provision for bonuses for directors (and other officers)	110,000	14,250
Other	1,386,834	1,223,975
Total current liabilities	9,883,419	9,589,388
Non-current liabilities		
Retirement benefit liability	810,454	803,152
Other	312,677	324,642
Total non-current liabilities	1,123,131	1,127,794
Total liabilities	11,006,550	10,717,183
Net assets		
Shareholders' equity		
Share capital	4,158,000	4,158,000
Capital surplus	4,611,997	4,612,699
Retained earnings	25,242,691	24,170,398
Treasury shares	(5,830,415)	(5,903,903)
Total shareholders' equity	28,182,273	27,037,194
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,401	93,153
Deferred gains or losses on hedges	(94,863)	47,509
Foreign currency translation adjustment	(147,017)	(84,870)
Remeasurements of defined benefit plans	44,379	33,284
Total accumulated other comprehensive income	(180,099)	89,076
Share acquisition rights	77,998	76,963
Non-controlling interests	47,436	49,598
Total net assets	28,127,608	27,252,832
Total liabilities and net assets	39,134,159	37,970,015

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

Three months ended December 31, 2024

(Thousands of yen)

	Prior first quarter (October 1, 2023 to December 31, 2023)	Current first quarter (October 1, 2024 to December 31, 2024)
Net sales	6,944,663	6,223,544
Cost of sales	3,700,806	3,516,985
Gross profit	3,243,856	2,706,559
Selling, general and administrative expenses	2,511,823	2,889,273
Operating profit (loss)	732,033	(182,714)
Non-operating income		
Interest income	26,028	11,768
Dividend income	5,400	7,550
Foreign exchange gains	—	78,810
Surrender value of insurance policies	26,191	—
Other	13,856	43,821
Total non-operating income	71,476	141,951
Non-operating expenses		
Interest expenses	89	3,665
Commission for purchase of treasury shares	—	16,748
Loss on investments in investment partnerships	10,929	24,929
Share of loss of entities accounted for using equity method	4,261	—
Foreign exchange losses	117,512	—
Other	23	1,479
Total non-operating expenses	132,815	46,823
Ordinary profit (loss)	670,694	(87,586)
Extraordinary income		
Gain on sale of non-current assets	8,408	12,236
Gain on sale of investment securities	10,054	—
Total extraordinary income	18,463	12,236
Extraordinary losses		
Loss on disposal of non-current assets	1,297	75
Total extraordinary losses	1,297	75
Profit (loss) before income taxes	687,860	(75,425)
Corporate income tax, resident tax and enterprise tax	21,301	8,327
Corporate and other tax adjustments	9,282	53,552
Total corporate tax	30,584	61,880
Profit (loss)	657,276	(137,305)
Profit (loss) attributable to non-controlling interests	—	(2,863)
Profit (loss) attributable to owners of parent	657,276	(134,442)

Quarterly consolidated statement of comprehensive income
Three months ended December 31, 2024

(Thousands of yen)

	Prior first quarter (October 1, 2023 to December 31, 2023)	Current first quarter (October 1, 2024 to December 31, 2024)
Profit (loss)	657,276	(137,305)
Other comprehensive income		
Valuation difference on available-for-sale securities	10,665	75,751
Deferred gains or losses on hedges	(167,948)	142,373
Foreign currency translation adjustment	(11,917)	67,171
Remeasurements of defined benefit plans, net of tax	(2,123)	(11,094)
Share of other comprehensive income of entities accounted for using equity method	(3,131)	—
Total other comprehensive income	(174,455)	274,201
Comprehensive income	482,820	136,895
(Comprehensive income attributable to)		
Owners of parent	482,820	134,733
Non-controlling interests	—	2,161

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Notes in case of significant changes in shareholders' equity)

Not applicable

(Changes in accounting method)

(Application of accounting standards for corporate income tax, inhabitant tax, enterprise tax)

The Company has applied Accounting Standard for Taxes on Corporate income tax, resident tax and enterprise tax (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first quarter of the fiscal year under review

The amendment to categories in which corporate income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter of the fiscal year under review. This change in accounting policies is applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

[Segment information]

I. For the three months ended December 31, 2023 (from October 1, 2023 to December 31, 2023)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenues

(Thousands of yen)

	Reportable segments			
	Advanced Mobility	Sustainable Energy	ICT / Information Security	EMC & Antenna Systems
Net sales				
Goods or services transferred at a point in time	2,536,352	810,671	933,954	1,080,938
Goods or services that are transferred over a period of time	127,570	10,765	481,535	29,232
Revenue from contracts with customers	2,663,923	821,437	1,415,489	1,110,171
Other revenue*	—	1,533	—	—
Net sales	2,663,923	822,971	1,415,489	1,110,171
Segment profit (loss)	844,059	118,343	13,877	100,556

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality & Productivity	Others	
Net sales				
Goods or services transferred at a point in time	156,559	180,429	202,362	5,901,268
Goods or services that are transferred over a period of time	49,070	287,737	46,213	1,032,125
Revenue from contracts with customers	205,629	468,167	248,575	6,933,394
Other revenue*	—	—	9,735	11,268
Net sales	205,629	468,167	258,310	6,944,663
Segment profit (loss)	(20,158)	85,816	(23,973)	1,118,521

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

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

(Thousands of yen)

Profit (loss)	Amount
Total of reportable segments	1,118,521
Corporate expenses*	(386,488)
Operating profit in the quarterly consolidated statements of income	732,033

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

II. For the three months ended December 31, 2024 (October 1, 2024 to December 31, 2024)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenues

(Thousands of yen)

	Reportable segments			
	Advanced Mobility	Sustainable Energy	ICT / Information Security	EMC & Antenna Systems
Net sales				
Goods or services transferred at a point in time	1,183,079	1,069,071	1,034,237	813,491
Goods or services that are transferred over a period of time	152,052	23,655	539,845	17,296
Revenue from contracts with customers	1,335,132	1,092,726	1,574,082	830,788
Other revenue*	—	—	—	—
Net sales	1,335,132	1,092,726	1,574,082	830,788
Segment profit (loss)	(75,052)	60,368	103,530	(149,750)

(Thousands of yen)

	Reportable segments			Total
	Ocean / Defense & Security	Software Quality & Productivity	Others	
Net sales				
Goods or services transferred at a point in time	217,464	199,963	562,645	5,079,953
Goods or services that are transferred over a period of time	55,040	311,695	34,105	1,133,691
Revenue from contracts with customers	272,504	511,659	596,751	6,213,644
Other revenue*	—	—	9,900	9,900
Net sales	272,504	511,659	606,651	6,223,544
Segment profit (loss)	(37,879)	56,258	(12,652)	(55,176)

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

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

(Thousands of yen)

Profit (loss)	Amount
Total of reportable segments	(55,176)
Corporate expenses*	(127,537)
Operating profit (loss) in the quarterly consolidated statements of income	(182,714)

* “Corporate expenses” mainly include operating expenses that are not attributable to the reportable segments.

3. Changes to reported segments

Following a review of management divisions and the organizational structure, the Group renamed its business segments as follows: the Mechatronics / Noise & Vibration / Sensors has become the Advanced Mobility, Physics / Energies is now Sustainable Energy, while Life Science is now included under Others. Furthermore, we transferred a product line in the mobility domain from Physics / Energies to Advanced Mobility, which has a similar business scope and where synergies may be generated. Moreover, a product line in the Materials Science (materials testing) field was transferred from Physics / Energies to the Others. Segment information for the first quarter of the previous fiscal year has been prepared in accordance with the revised reportable segment classification method, and year-on-year comparisons below also use the revised figures in accordance with the revised segment classification method.

(Notes on consolidated statement of cash flows)

No quarterly statement of cash flows has been prepared for the first quarter of this fiscal year. Depreciation (including amortization of intangible assets excluding goodwill) and goodwill amortization for three months ended December 31, 2024 are as shown in the following table.

	Prior first quarter (October 1, 2023 to December 31, 2023)	Current first quarter (October 1, 2024 to December 31, 2024)
Depreciation	207,008 thousand yen	242,678 thousand yen
Goodwill amortization	12,329 thousand yen	49,102 thousand yen

(Significant subsequent events)

Not applicable