



Consolidated Basis Results of the First Quarter for FY2024 (April 1, 2024 - June 30, 2024)

August 2, 2024

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 First Quarter for Fiscal 2024 (April 1, 2024 - June 30, 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	%
First Quarter of Fiscal 2024	73,636	(9.7)	135	(91.3)	1,364	(42.2)	725	(58.2)
First Quarter of Fiscal 2023	81,522	8.7	1,567	—	2,358	557.5	1,734	346.4

(Note) Comprehensive income: First Quarter of Fiscal 2024 ¥1,857 million (63.7)%
 First Quarter of Fiscal 2023 ¥5,120 million 140.0%

	Profit per share	Profit per share after full dilution
	Yen	Yen
First Quarter of Fiscal 2024	31.77	—
First Quarter of Fiscal 2023	75.97	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Quarter of Fiscal 2024	295,431	141,176	47.3	6,123.81
Fiscal 2023	298,291	140,988	46.8	6,119.46

(For reference) Shareholders' equity: First Quarter of Fiscal 2024 ¥139,780 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	—	—	—	—	—
Fiscal 2024 (Forecasts)	—	30.00	—	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
First half of Fiscal 2024	154,000	(7.2)	1,800	(54.8)	1,900	(61.1)	1,900	(43.8)	83.24
Full year	317,000	(5.1)	8,600	(17.6)	9,000	(14.0)	7,200	54.0	315.43

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

* NOTE

(1) Changes in the State of Material Subsidiaries during the Period: None

Newly included: – (Name) –

Excluded: – (Name) –

(2) Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: Yes

Note: For details, please refer to “(3) Notes Regarding Quarterly Consolidated Financial Results (Application of special accounting methods 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 Principles, Changes in Accounting Estimates, and Retrospective Restatements

(a) Changes in accounting principles accompanying the amendment of accounting standards: None

(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)

First Quarter of Fiscal 2024	24,077,510 shares	Fiscal 2023	24,077,510 shares
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(b) Number of treasury shares at the end of the period

First Quarter of Fiscal 2024	1,251,802 shares	Fiscal 20223	1,251,586 shares
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(c) Average number of shares issued during the period

First Quarter of Fiscal 2024	22,825,790 shares	First Quarter of Fiscal 2023	22,825,392 shares
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* 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.

Index of Attached Documents

1. Overview of Operating Results	2
(1) Overview of Quarterly Operating Results	2
(2) Overview of Quarterly Financial Position	3
(3) Explanation Regarding Future Estimate Information such as Consolidated Financial Performance Estimates.....	3
2. Quarterly Consolidated Financial Statements and Important Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
Quarterly Consolidated Statements of Income	
(For the Three-month Period)	6
Quarterly Consolidated Statements of Comprehensive Income.....	
(For the Three-month Period)	7
(3) Notes Regarding Quarterly Consolidated Financial Results	8
(Accounting treatment specific to the preparation of quarterly consolidated financial statements).....	8
(Segment information)	8
(Note on significant changes in the amount of shareholders' equity)	10
(Note related to going-concern assumption)	10
(Quarterly Consolidated Cash Flow Statements)	10

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 August 2, 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 first quarter of the fiscal year due to decreased demand in the construction machinery on a global level, production halt from the certification issues among domestic car manufacturers and a surge in prices of raw materials.

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”. As part of the plan, the Group decided to revise its organization that strengthen the consolidation of the Wheel Operation's manufacturing, sales and development for the purpose of enhancing productivity and competitiveness.

Net sales for the end of first quarter of the fiscal year decreased by 73,636 million (down 9.7% year on year) due to the effect from the decrease of demand in construction machinery on a global level. As for the statements of income, in addition to decrease in sales, operating profit decreased by ¥135 million (down 91.3 % year on year), ordinary profit decreased by ¥1,364 million (down 42.2% year on year) and profit attributable to owners of parent came to ¥725 million (down 58.2% year on year) mainly due to the difference between the steel scrap price and the steel sales price from the surge in steel scrap prices and increased cost.

Performance by Segment

Reportable segments have been revised from the consolidated fiscal year for the first quarter. For details, please refer to “(3) Notes Regarding Quarterly Consolidated Financial Results (Segment information)” under “2. Quarterly Consolidated Financial Statements and Important Notes”. The following comparison and analysis are based on figures in the first quarter of the previous fiscal year after changes are made in the segment classification.

(Steel Business)

In the steel industry, demand for construction, manufacturing sectors remained stagnant and the production of domestic crude steel production decreased year on year. Also, prices for steel scrap risen from the level in the previous fiscal year.

Given these circumstances, the Group worked to optimize steel sales prices as the price gap with purchase prices of steel scrap, the raw material for such products, narrowed. However, net sales decreased to ¥26,630 million (down 3.9% year on year), and operating profit decreased to ¥1,898 million (down 21.9% 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. While production volume increased in the overseas market including North America and China, the share for the Japanese manufacturers in China declined. In the construction machinery industry, worldwide demand for hydraulic shovels continued to decline. Furthermore, demand for mining machinery remained stagnant in some regions.

Under the circumstances, the Group net sales were ¥45,184 million (down 8.5% year on year) and operating loss was ¥527 million (in comparison to operating profit of ¥859 million in the previous fiscal year) due mainly from 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 fluctuating prices of raw materials in the overseas market and decrease in sales volume 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 ¥1,821 million (down 58.8% year on year) and operating profit was ¥228 million (compared to an operating loss of ¥353 million in the previous fiscal year)

(2) Overview of Quarterly Financial Position

Total assets at the end of the first quarter of the consolidated fiscal year under review stood at ¥295,431 million, a decrease of ¥2,860 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥4,076 million in notes and accounts receivable trade and contract assets, an increase of ¥3,093 million in merchandise and finished goods, and a decrease of ¥1,686 million in investment securities.

Total liabilities were ¥154,254 million, a decrease of ¥3,048 million compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥1,351 million in income taxes payable, a decrease of ¥1,103 million in long-term borrowings and a decrease of ¥561 million in deferred tax liabilities.

Total net assets came to ¥141,176 million, an increase of ¥188 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥2,305 million in foreign currency translation adjustments, a decrease of ¥1,168 million in valuation difference on available-for-sale securities, and a decrease of ¥943 million in retained earnings.

(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 decrease in the demand of construction machinery, rise of raw material prices, possible reduction in sales volume of wheel for passenger vehicles in the overseas, and further labor and logistic costs. The Group keeps setting fair sales prices and by developing optimal business portfolios, we will strive to maintain profits.

The consolidated financial forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025) have not been changed from those announced on May 10, 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 June 30, 2024
Assets		
Current assets		
Cash and deposits	25,014	24,954
Notes and accounts receivable - trade, and contract assets	70,408	66,332
Merchandise and finished goods	27,117	30,211
Work in process	8,005	8,283
Raw materials and supplies	19,715	19,648
Other	6,991	6,261
Allowance for doubtful accounts	(40)	(40)
Total current assets	157,212	155,652
Non-current assets		
Property, plant and equipment		
Buildings and structures	97,745	98,783
Accumulated depreciation	(72,354)	(73,414)
Buildings and structures, net	25,391	25,369
Machinery, equipment and vehicles	229,588	232,472
Accumulated depreciation	(190,739)	(194,369)
Machinery, equipment and vehicles, net	38,848	38,103
Land	15,684	15,853
Leased assets	1,613	1,606
Accumulated depreciation	(850)	(851)
Leased assets, net	762	755
Construction in progress	1,957	2,485
Other	43,421	44,282
Accumulated depreciation	(41,509)	(42,377)
Other, net	1,912	1,905
Total property, plant and equipment	84,558	84,471
Intangible assets		
Other	3,400	3,399
Total intangible assets	3,400	3,399
Investments and other assets		
Investment securities	42,580	40,894
Long-term loans receivable	204	204
Deferred tax assets	613	641
Retirement benefit asset	529	529
Other	9,274	9,720
Allowance for doubtful accounts	(81)	(81)
Total investments and other assets	53,119	51,908
Total non-current assets	141,079	139,779
Total assets	298,291	295,431

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,494	31,319
Electronically recorded obligations - operating	20,889	20,759
Short-term borrowings	21,059	21,103
Current portion of bonds payable	5,000	5,000
Lease liabilities	162	153
Income taxes payable	2,152	801
Other	15,465	15,522
Total current liabilities	96,223	94,658
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	18,381	17,278
Lease liabilities	379	365
Deferred tax liabilities	5,932	5,371
Provision for corporate officers' retirement benefits	197	148
Provision for share awards for directors (and other officers)	51	97
Provision for retirement benefits for directors (and other officers)	15	16
Reserve for repairs	225	236
Retirement benefit liability	4,198	4,392
Asset retirement obligations	268	258
Other	1,428	1,429
Total non-current liabilities	61,079	59,596
Total liabilities	157,303	154,254
Net assets		
Shareholders' equity		
Share capital	20,983	20,983
Capital surplus	18,606	18,622
Retained earnings	69,953	69,010
Treasury shares	(2,503)	(2,519)
Total shareholders' equity	107,040	106,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,545	19,377
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	7,319	9,625
Remeasurements of defined benefit plans	4,774	4,680
Total accumulated other comprehensive income	32,641	33,683
Non-controlling interests	1,306	1,396
Total net assets	140,988	141,176
Total liabilities and net assets	298,291	295,431

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income
(For the Three-month Period)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	81,522	73,636
Cost of sales	71,276	64,431
Gross profit	10,246	9,205
Selling, general and administrative expenses	8,679	9,069
Operating profit	1,567	135
Non-operating income		
Interest income	38	51
Dividend income	405	489
Foreign exchange gains	505	400
Share of profit of entities accounted for using equity method	114	88
Compensation income	—	513
Other	81	64
Total non-operating income	1,145	1,607
Non-operating expenses		
Interest expenses	240	171
facilities relocation expenses	—	104
Other	114	103
Total non-operating expenses	354	379
Ordinary profit	2,358	1,364
Extraordinary income		
Gain on sale of non-current assets	165	6
Total extraordinary income	165	6
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	23	21
Total extraordinary losses	24	22
Profit before income taxes	2,499	1,348
Income taxes	736	588
Profit	1,762	760
Profit attributable to non-controlling interests	28	35
Profit attributable to owners of parent	1,734	725

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

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	1,762	760
Other comprehensive income		
Valuation difference on available-for-sale securities	2,579	(1,192)
Deferred gains or losses on hedges	51	(0)
Foreign currency translation adjustment	575	2,073
Remeasurements of defined benefit plans, net of tax	(1)	(93)
Share of other comprehensive income of entities accounted for using equity method	153	310
Total other comprehensive income	3,358	1,097
Comprehensive income	5,120	1,857
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,055	1,767
Comprehensive income attributable to non-controlling interests	65	90

(3) Notes Regarding Quarterly Consolidated Financial Results

(Accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses were calculated by multiplying the rationally estimated effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the current first quarter under review, by profit before income taxes for the first quarter.

(Segment information)

I Three months ended June 30, 2023 (April 1, 2023 - June 30, 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	Full fiscal year	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	27,699	49,397	77,096	4,425	81,522	—	81,522
Internal sales or transfer between segments	6,285	—	6,285	—	6,285	(6,285)	—
Total	33,984	49,397	83,382	4,425	87,808	(6,285)	81,522
Segment profit (loss)	2,432	859	3,291	(353)	2,938	(1,371)	1,567

(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 ¥1,371 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.

II Three months ended June 30, 2024 (April 1, 2024 - June 30, 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	Full fiscal year	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	26,630	45,184	71,815	1,821	73,636	—	73,636
Internal sales or transfer between segments	5,133	—	5,133	—	5,133	(5,133)	—
Total	31,764	45,184	76,948	1,821	78,770	(5,133)	73,636
Segment profit (loss)	1,898	(527)	1,371	228	1,599	(1,463)	135

(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 ¥1,463 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 first 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 related to going-concern assumption)

Not applicable.

(Quarterly Consolidated Cash Flow Statements)

Cash flow calculation for the consolidated financial statement regarding the end of first 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 first quarter of the fiscal year under review are as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	3,063 million yen	2,852 million yen
Amortization of goodwill	31	31