



Consolidated Basis Results of the First Half for FY2024 (April 1, 2024–September 30, 2024)

November 6, 2024

Registered Company name: TOPY INDUSTRIES, LIMITED Stock listing: Tokyo, Nagoya stock exchanges
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Scheduled date for submission of semi-annual securities report: November 8, 2024
 Scheduled date for dividend payment: December 3, 2024
 Preparation of supplementary materials: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial and Operating Results of the First Half of Fiscal 2024 (April 1, 2024–September 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 Half of Fiscal 2024	148,532	(10.5)	602	(84.9)	870	(82.2)	748	(77.9)
First Half of Fiscal 2023	165,938	6.3	3,985	158.6	4,888	74.9	3,381	62.3

(Note) Comprehensive income: First Half of Fiscal 2024 ¥(803) million (-%)
 First Half of Fiscal 2023 ¥11,517 million (95.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Half of Fiscal 2024	32.80	—
First Half of Fiscal 2023	148.13	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Half of Fiscal 2024	282,728	138,524	48.5	5,999.06
Fiscal 2023	298,291	140,988	46.8	6,119.46

(For reference) Shareholders' equity: First Half of Fiscal 2024 ¥137,091 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: Yes

Concerning the details, please refer to “Notice of Difference between Consolidated Financial Forecasts and Actual Results for the First Half of FY2024 and Revision to Consolidated Financial Forecasts for FY2024” published today.

* NOTE

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

Newly included: – (Name) –

Excluded: – (Name) –

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

Note: For details, please refer to “(3) Notes Regarding semi-annual Consolidated Financial Results (Application of special accounting policies for presenting semi-annual consolidated financial statements)” under “2. Semi-annual 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)

First Half 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 Half of Fiscal 2024	1,225,408 shares	Fiscal 2023	1,251,586 shares
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(c) Average number of shares issued during the period

First Half of Fiscal 2024	22,833,280 shares	First Half of Fiscal 2023	22,825,714 shares
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* The semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 results may vary from the forecast due to various factors that will arise in the future.

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.

(Method for acquiring supplementary briefing material on financial results)

The Company plans to hold a briefing session for institutional investors and securities analysts. A video of this briefing session and briefing material will be posted on the Company’s website promptly after the briefing session.

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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 November 6, 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 Semi-annual Operating Results

A challenging situation continued within the Group business environment for the end of the first half 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 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.” As part of the plan, the Group decided to consolidate its passenger vehicle steel wheel production bases in China in order to optimize its business portfolios from the perspective of capital productivity.

Net sales for the end of the first half of the fiscal year were ¥148,532 million (down 10.5% year on year), operating profit was ¥602 million (down 84.9% year on year), ordinary profit was ¥870 million (down 82.2% year on year), and profit attributable to owners of parent was ¥748 million (down 77.9% year on year). This was mainly due to a decrease in sales volume of undercarriage parts for construction machinery and wheels for passenger vehicles, as well as the narrowing price gap between steel scrap prices and steel sales prices and the rise in various costs.

Performance by Segment

(Steel Business)

In the steel industry, domestic demand for steel products stagnated due to construction project delays. Also, prices for steel scrap remained high.

Given these circumstances, stagnant demand has driven down sales prices and narrowed the price gap between purchase prices of steel scrap, the raw material for such products. This resulted in the Group net sales decreasing to ¥51,517 million (down 5.1% year on year) and operating profit decreasing to ¥2,782 million (down 39.7% 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 in some regions.

Under the circumstances, the Group net sales were ¥93,445 million (down 7.6% year on year) and operating profit was ¥428 million (down 79.9% 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 ¥3,569 million (down 66.0% year on year) and operating profit was ¥451 million (up 440.7% year on year)

(2) Overview of Semi-annual Financial Position

Total assets at the end of the first half of the consolidated fiscal year under review stood at ¥282,728 million, a decrease of ¥15,563 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥9,490 million in notes and accounts receivable – trade, and contract assets, a decrease of ¥8,019 million in investment securities, and an increase of ¥1,063 million in merchandise and finished goods.

Total liabilities were ¥144,203 million, a decrease of ¥13,099 million compared with the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥8,884 million in short-term borrowings, a decrease of ¥5,657 million in electronically recorded obligations - operating, a decrease of ¥5,000 million in current portion of bonds payable, and a decrease of ¥4,097 million in long-term borrowings.

Total net assets came to ¥138,524 million, a decrease of ¥2,463 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥5,564 million in valuation difference on available-for-sale securities, an increase of ¥4,050 million in foreign currency translation adjustment, and a decrease of ¥920 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 fluctuation of raw material prices ,stagnation in demand for steel materials, decrease in the demand for construction machinery, delay in recovery of automobile production, and further labor and logistic costs.

We will strengthen our efforts to optimize sales pricing, where progress has been slow. We will also strive to increase the difference between steel sales price and steel scrap price.

We have revised our consolidated earnings forecast for the full fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025), which was announced on May 10, 2024, taking into consideration our performance in the first half of the fiscal year and the recent business trends. Net sales are forecast at ¥301,000 million, operating profit at ¥6,200 million, ordinary profit at ¥6,500 million and net income attributable to owners of the parent at ¥5,100 million. 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.

In addition, we will continue our efforts to implement management that is conscious of cost of capital and stock price, such as developing optimal business portfolios and reducing cross-shareholdings.

With regard to the reduction of cross-shareholdings, 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. We are considering using the funds acquired through the reduction of cross-shareholdings for the optimization of business portfolios, growth investments, and shareholder returns. For more details, refer to the notice titled “TOPY INDUSTRIES Sets a Target to Reduce Cross-Shareholdings” released today (November 6, 2024).

2. Semi-annual Consolidated Financial Statements and Important Notes
(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	25,014	25,688
Notes and accounts receivable - trade, and contract assets	70,408	60,917
Merchandise and finished goods	27,117	28,181
Work in process	8,005	7,598
Raw materials and supplies	19,715	20,589
Other	6,991	6,763
Allowance for doubtful accounts	(40)	(35)
Total current assets	157,212	149,704
Non-current assets		
Property, plant and equipment		
Buildings and structures	97,745	99,064
Accumulated depreciation	(72,354)	(74,051)
Buildings and structures, net	25,391	25,012
Machinery, equipment and vehicles	229,588	234,565
Accumulated depreciation	(190,739)	(196,736)
Machinery, equipment and vehicles, net	38,848	37,829
Land	15,684	15,739
Leased assets	1,613	1,648
Accumulated depreciation	(850)	(922)
Leased assets, net	762	725
Construction in progress	1,957	2,669
Other	43,421	44,692
Accumulated depreciation	(41,509)	(42,816)
Other, net	1,912	1,876
Total property, plant and equipment	84,558	83,853
Intangible assets		
Other	3,400	3,453
Total intangible assets	3,400	3,453
Investments and other assets		
Investment securities	42,580	34,560
Long-term loans receivable	204	206
Deferred tax assets	613	664
Retirement benefit asset	529	529
Other	9,274	9,836
Allowance for doubtful accounts	(81)	(80)
Total investments and other assets	53,119	45,716
Total non-current assets	141,079	133,024
Total assets	298,291	282,728

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,494	29,493
Electronically recorded obligations - operating	20,889	15,231
Short-term borrowings	21,059	29,944
Current portion of bonds payable	5,000	—
Lease liabilities	162	140
Income taxes payable	2,152	1,236
Other	15,465	14,448
Total current liabilities	96,223	90,495
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	18,381	14,284
Lease liabilities	379	354
Deferred tax liabilities	5,932	2,615
Provision for corporate officers' retirement benefits	197	166
Provision for share awards for directors (and other officers)	51	42
Provision for retirement benefits for directors (and other officers)	15	17
Reserve for repairs	225	247
Retirement benefit liability	4,198	4,211
Asset retirement obligations	268	259
Other	1,428	1,507
Total non-current liabilities	61,079	53,707
Total liabilities	157,303	144,203
Net assets		
Shareholders' equity		
Share capital	20,983	20,983
Capital surplus	18,606	18,622
Retained earnings	69,953	69,033
Treasury shares	(2,503)	(2,465)
Total shareholders' equity	107,040	106,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,545	14,981
Deferred gains or losses on hedges	1	(21)
Foreign currency translation adjustment	7,319	11,369
Remeasurements of defined benefit plans	4,774	4,586
Total accumulated other comprehensive income	32,641	30,916
Non-controlling interests	1,306	1,433
Total net assets	140,988	138,524
Total liabilities and net assets	298,291	282,728

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income
Semi-annual Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	165,938	148,532
Cost of sales	144,555	129,609
Gross profit	21,382	18,923
Selling, general and administrative expenses	17,397	18,320
Operating profit	3,985	602
Non-operating income		
Interest income	84	92
Dividend income	414	500
Foreign exchange gains	700	—
Share of profit of entities accounted for using equity method	214	80
Compensation income	—	513
Other	175	188
Total non-operating income	1,590	1,374
Non-operating expenses		
Interest expenses	449	358
Foreign exchange losses	—	385
facilities relocation expenses	—	103
Other	237	258
Total non-operating expenses	686	1,106
Ordinary profit	4,888	870
Extraordinary income		
Gain on sale of non-current assets	179	248
Gain on sale of investment securities	0	513
Total extraordinary income	179	761
Extraordinary losses		
Loss on sale of non-current assets	27	29
Loss on retirement of non-current assets	75	140
Loss on valuation of investment securities	—	18
Loss on business restructuring	—	388
Total extraordinary losses	102	576
Profit before income taxes	4,964	1,055
Income taxes	1,531	242
Profit	3,433	813
Profit attributable to non-controlling interests	52	64
Profit attributable to owners of parent	3,381	748

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	3,433	813
Other comprehensive income		
Valuation difference on available-for-sale securities	4,888	(5,556)
Deferred gains or losses on hedges	56	(23)
Foreign currency translation adjustment	2,747	3,484
Remeasurements of defined benefit plans, net of tax	(3)	(186)
Share of other comprehensive income of entities accounted for using equity method	395	665
Total other comprehensive income	8,084	(1,616)
Comprehensive income	11,517	(803)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,353	(975)
Comprehensive income attributable to non-controlling interests	164	171

(3) Important Notes Regarding Semi-annual Consolidated Financial Results

(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 half 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 semi-annual 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 half of the fiscal year. The change in accounting policy has been applied retrospectively, and the semi-annual 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 semi-annual consolidated financial statements of the previous fiscal year or the consolidated financial statements of the previous fiscal year.

(Application of special accounting policies for presenting semi-annual consolidated financial statements)

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 first half under review, and then multiplying profit before income taxes for the first half under review by such estimated effective tax rate.

(Segment information)

I Six months ended September 30, 2023 (April 1, 2023–September 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	Total	Amount of adjustment (Note) 2	Amount recorded in the semi-annual consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Total				
Net sales							
Net sales to outside customers	54,262	101,180	155,442	10,495	165,938	—	165,938
Internal sales or transfer between segments	11,885	—	11,885	—	11,885	(11,885)	—
Total	66,148	101,180	167,328	10,495	177,824	(11,885)	165,938
Segment profit (loss)	4,614	2,127	6,742	83	6,826	(2,840)	3,985

(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. The amount of adjustment to segment profit of negative ¥2,840 million represents 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 is adjusted with operating profit recorded under the semi-annual consolidated financial statements.

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

Not applicable.

II Six months ended September 30, 2024 (April 1, 2024–September 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	Total	Amount of adjustment (Note) 2	Amount recorded in the semi-annual consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Total				
Net sales							
Net sales to outside customers	51,517	93,445	144,963	3,569	148,532	—	148,532
Internal sales or transfer between segments	9,620	—	9,620	—	9,620	(9,620)	—
Total	61,137	93,445	154,583	3,569	158,152	(9,620)	148,532
Segment profit (loss)	2,782	428	3,210	451	3,661	(3,059)	602

(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. The amount of adjustment to segment profit of negative ¥3,059 million represents 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 is adjusted with operating profit recorded under the semi-annual 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 the first half under review, the reportable segment previously listed as “Leasing” is now included in “Others” because the amount has become less material.

Effective from the first half under review, the reportable segment previously listed as “Power Business” is now included in “Others” due to the discontinuation of the business in the previous consolidated fiscal year.

The segment information for the first half of the previous fiscal year is presented based on the reportable segment structure after the change.

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

Not applicable.

(Note related to going-concern assumption)

Not applicable.