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DELTA REPORT

10-Q

TAYD - TAYLOR DEVICES INC

10-Q - FEBRUARY 29, 2024 COMPARED TO 10-Q - NOVEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	635
CHANGES	157
DELETIONS	107
ADDITIONS	371

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2023 February 29, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number 0-3498

TAYLOR DEVICES INC

(Exact name of registrant as specified in its charter)

New York	16-0797789
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
90 Taylor Drive, North Tonawanda, New York	14120
(Address of principal executive offices)	(Zip Code)

716-694-0800
(Registrant's telephone number, including area code)
NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
None	None	None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated Filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of January 10, 2024 March 28, 2024, there were outstanding assuming completion of the repurchase of 459,015 shares by the Company, 3,062,574 3,093,964 shares of the registrant's common stock, par value $0.025 per share.

TAYLOR DEVICES, INC.

Index to Form 10-Q

TAYLOR DEVICES, INC. AND SUBSIDIARY				
Condensed Consolidated Balance Sheets	(Unaudited) November 30, 2023	May 31, 2023	(Unaudited) February 29, 2024	May 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	**$3,161,073**	$3,575,219	**$3,056,450**	$3,575,219
Short-term investments	**31,749,306**	24,514,757	**21,567,890**	24,514,757
Accounts and other receivables, net	**4,072,100**	5,553,504	**4,886,625**	5,553,504
Inventory	**6,856,688**	5,941,304	**6,677,772**	5,941,304
Costs and estimated earnings in excess of billings	**1,722,509**	4,124,182	**4,534,019**	4,124,182
Other current assets	**396,947**	668,554	**464,745**	668,554
Total current assets	**47,958,623**	44,377,520	**41,187,501**	44,377,520
Maintenance and other inventory, net	**1,312,024**	1,003,140	**1,360,932**	1,003,140
Property and equipment, net	**11,355,629**	11,721,784	**11,135,688**	11,721,784
Patents, net			**298,148**	-
Other assets	**239,956**	210,120	**241,051**	210,120
Deferred income taxes	**568,615**	568,615	**568,615**	568,615
	$61,434,847	$57,881,179		
	$54,791,935			$57,881,179
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	**$1,167,935**	$1,717,657	**$955,841**	$1,717,657
Accrued expenses	**3,032,571**	4,078,322	**4,039,991**	4,078,322
Billings in excess of costs and estimated earnings	**3,006,016**	1,992,470	**1,960,286**	1,992,470
Total current liabilities	**7,206,522**	7,788,449	**6,956,118**	7,788,449
Stockholders' Equity:				
Common stock and additional paid-in capital	**11,371,399**	11,049,216	**11,794,037**	11,049,216
Retained earnings	**45,957,467**	42,128,256	**48,654,388**	42,128,256
	57,328,866	53,177,472	**60,448,425**	53,177,472
Treasury stock - at cost	**(3,100,541)**	(3,084,742)	**(12,612,608)**	(3,084,742)

Total stockholders' equity	**54,228,325**	50,092,730	**47,835,817**	50,092,730
	$54,791,935			$57,881,179
	$61,434,847	$57,881,179		

See notes to condensed consolidated financial statements.

TAYLOR DEVICES, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Income	(Unaudited) For the three months ended November 30, 2023	2022	(Unaudited) For the six months ended November 30, **2023**	2022
Sales, net	**$10,339,875**	$10,497,366	**$20,263,503**	$19,588,065
Cost of goods sold	**5,529,208**	6,129,268	**11,068,260**	11,728,210
Gross profit	**4,810,667**	4,368,098	**9,195,243**	7,859,855
Research and development costs	**84,081**	315,301	**213,155**	690,647
Selling, general and administrative expenses	**2,672,926**	2,296,334	**5,008,883**	4,234,372
Operating income	**2,053,660**	1,756,463	**3,973,205**	2,934,836
Other income, net	**398,688**	153,045	**760,006**	193,043
Income before provision for income taxes	**2,452,348**	1,909,508	**4,733,211**	3,127,879
Provision for income taxes	**471,000**	350,000	**904,000**	566,000
Net income	**$1,981,348**	$1,559,508	**$3,829,211**	$2,561,879
Basic and diluted earnings per common share	**$0.56**	$0.45	**$1.09**	$0.73

TAYLOR DEVICES, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Income	(Unaudited) For the three months ended **February 29, 2024**	February 28, 2023	(Unaudited) For the nine months ended **February 29, 2024**	February 28, 2023
Sales, net	**$12,254,093**	$9,891,272	**$32,517,596**	$29,479,337

Cost of goods sold	**6,501,227**	5,629,523	**17,569,487**	17,357,733
Gross profit	**5,752,866**	4,261,749	**14,948,109**	12,121,604
Research and development costs	**108,363**	190,688	**321,518**	881,335
Selling, general and administrative expenses	**2,651,289**	2,266,115	**7,660,172**	6,500,487
Operating income	**2,993,214**	1,804,946	**6,966,419**	4,739,782
Other income, net	**362,707**	239,941	**1,122,713**	432,984
Income before provision for income taxes	**3,355,921**	2,044,887	**8,089,132**	5,172,766
Provision for income taxes	**659,000**	386,000	**1,563,000**	952,000
Net income	**$2,696,921**	$1,658,887	**$6,526,132**	$4,220,766
Basic and diluted earnings per common share	**$0.82**	$0.47	**$1.91**	$1.20

See notes to condensed consolidated financial statements.

TAYLOR DEVICES, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Stockholders' Equity

	(Unaudited) For the three months ended November 30,		**(Unaudited)** For the six months ended November 30,	
	2023	2022	2023	2022
Common Stock				
Beginning of period	**$102,168**	$101,451	**$102,127**	$101,342
Issuance of shares for employee stock purchase plan	**3**	6	**6**	15
Issuance of shares for employee stock option plan	**-**	-	**38**	100
End of period	**102,171**	101,457	**102,171**	101,457
Paid-in Capital				
Beginning of period	**10,965,730**	10,263,098	**10,947,089**	10,227,916
Issuance of shares for employee stock purchase plan	**2,190**	2,592	**5,070**	5,654
Issuance of shares for employee stock option plan	**-**	-	**15,761**	32,120
Stock options issued for services	**301,308**	128,437	**301,308**	128,437
End of period	**11,269,228**	10,394,127	**11,269,228**	10,394,127
Retained Earnings				
Beginning of period	**43,976,119**	36,843,269	**42,128,256**	35,840,898
Net income	**1,981,348**	1,559,508	**3,829,211**	2,561,879
End of period	**45,957,467**	38,402,777	**45,957,467**	38,402,777

Treasury Stock				
Beginning of period	**(3,100,541)**	(2,915,002)	**(3,084,742)**	(2,915,002)
Issuance of shares for employee stock option plan	**-**	-	**(15,799)**	-
End of period	**(3,100,541)**	(2,915,002)	**(3,100,541)**	(2,915,002)
Total stockholders' equity	**$54,228,325**	$45,983,359	**$54,228,325**	$45,983,359

TAYLOR DEVICES, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Stockholders' Equity

	(Unaudited)		**(Unaudited)**	
	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	**Febuary 29, 2024**	February 28, 2023
Common Stock				
Beginning of period	**$102,171**	$101,457	**$102,127**	$101,342
Issuance of shares for employee stock purchase plan	**2**	5	**8**	20
Issuance of shares for employee stock option plan	**825**	244	**863**	344
End of period	**102,998**	101,706	**102,998**	101,706
Paid-in Capital				
Beginning of period	**11,269,228**	10,394,127	**10,947,089**	10,227,916
Issuance of shares for employee stock purchase plan	**2,489**	2,429	**7,559**	8,083
Issuance of shares for employee stock option plan	**419,322**	105,630	**435,083**	137,750
Stock options issued for services	**-**	-	**301,308**	128,437
End of period	**11,691,039**	10,502,186	**11,691,039**	10,502,186
Retained Earnings				
Beginning of period	**45,957,467**	38,402,777	**42,128,256**	35,840,898
Net income	**2,696,921**	1,658,887	**6,526,132**	4,220,766
End of period	**48,654,388**	40,061,664	**48,654,388**	40,061,664
Treasury Stock				
Beginning of period	**(3,100,541)**	(2,915,002)	**(3,084,742)**	(2,915,002)
Issuance of shares for employee stock option plan	**(368,488)**	(54,705)	**(384,287)**	(54,705)
Repurchase of shares	**(9,143,579)**	-	**(9,143,579)**	-
End of period	**(12,612,608)**	(2,969,707)	**(12,612,608)**	(2,969,707)
Total stockholders' equity	**$47,835,817**	$47,695,849	**$47,835,817**	$47,695,849

See notes to condensed consolidated financial statements.

TAYLOR DEVICES, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Cash Flows

	(Unaudited)	
	November 30,	
For the six months ended	2023	2022
Operating activities:		
Net income	**$3,829,211**	$2,561,879

Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	**910,956**	635,580
Stock options issued for services	**301,308**	128,437
Changes in other assets and liabilities:		
Accounts and other receivables, net	**1,481,404**	(1,474,045)
Inventory	**(1,224,268)**	393,916
Costs and estimated earnings in excess of billings	**2,401,673**	(1,958,902)
Other current assets	**271,607**	(186,070)
Accounts payable	**(549,722)**	110,351
Accrued expenses	**(1,045,751)**	(326,699)
Billings in excess of costs and estimated earnings	1,013,546	(32,879)
Other assets	**(27,343)**	-
Net operating activities	**7,362,621**	(148,432)
Investing activities:		
Acquisition of property and equipment	**(544,801)**	(1,390,831)
Purchase of short-term investments	**(7,234,549)**	-
Other investing activities	**(2,493)**	(2,520)
Net investing activities	**(7,781,843)**	(1,393,351)
Financing activities:		
Proceeds from issuance of common stock, net	**20,875**	37,889
Acquisition of treasury stock	**(15,799)**	-
Net financing activities	**5,076**	37,889
Net change in cash and cash equivalents	**(414,146)**	(1,503,894)
Cash and cash equivalents - beginning	**3,575,219**	22,517,038
Cash and cash equivalents - ending	**$3,161,073**	$21,013,144

TAYLOR DEVICES, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the nine months ended	**February 29, 2024**	February 28, 2023
Operating activities:		
Net income	**$6,526,132**	$4,220,766
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	**1,341,435**	1,003,924
Amortization	**1,852**	-
Stock options issued for services	**301,308**	128,437
Changes in other assets and liabilities:		
Accounts and other receivables, net	**666,879**	(4,096,679)
Inventory	**(1,094,260)**	414,140
Costs and estimated earnings in excess of billings	**(409,837)**	(437,513)
Other current assets	**203,809**	(113,378)
Accounts payable	**(761,816)**	40,323
Accrued expenses	**(38,331)**	(134,605)
Billings in excess of costs and estimated earnings	**(32,184)**	315,233

Other assets	**(27,343)**	-
Net operating activities	**6,677,644**	1,340,648
Investing activities:		
Acquisition of property and equipment	**(755,339)**	(2,382,514)
Patent expenditures	**(300,000)**	-
Purchase of short-term investments	**(7,553,133)**	(18,179,193)
Proceeds from sale of short-term investments	**10,500,000**	-
Other investing activities	**(3,588)**	(3,624)
Net investing activities	**1,887,940**	(20,565,331)
Financing activities:		
Proceeds from issuance of common stock, net	**443,513**	91,492
Acquisition of treasury stock	**(9,527,866)**	-
Net financing activities	**(9,084,353)**	91,492
Net change in cash and cash equivalents	**(518,769)**	(19,133,191)
Cash and cash equivalents - beginning	**3,575,219**	22,517,038
Cash and cash equivalents - ending	**$3,056,450**	$3,383,847

See notes to condensed consolidated financial statements.

TAYLOR DEVICES, INC.

Notes to Condensed Consolidated Financial Statements

1.The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of November 30, 2023 February 29, 2024 and May 31, 2023, the results of operations for the three and six nine months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, and cash flows for the six nine months ended November 30, 2023 February 29, 2024 and 2022. February 28, 2023. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Annual Report to Shareholders for the year ended May 31, 2023.

2.The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were issued.

3.There is no provision nor shall there be any provisions for profit sharing, dividends, or any other benefits of any nature at any time for this fiscal year.

4.For the six-month nine-month periods ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, the net income was divided by 3,521,099 3,411,703 and 3,500,172 3,502,982 respectively, which is net of the Treasury shares, to calculate the net income per share. For the three-month periods ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, net income was divided by 3,521,428 3,302,497 and 3,499,598 3,505,849 respectively, which is net of the Treasury shares, to calculate the net income per share.

5.The results of operations for the three and six-month nine-month periods ended November 30, 2023 February 29, 2024 are not necessarily indicative of the results to be expected for the full year.

6.Recently issued Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) guidance has either been implemented or is not significant to the Company.

7.Short-term Investments:

At times, the Company invests excess funds in liquid interest earning instruments. Short-term investments at November 30, 2023 February 29, 2024 and May 31, 2023 include “available for sale” money market funds, US treasury securities and corporate bonds stated at fair value, which approximates cost. The short-term investments (24) mature on various dates during the period December 2023 March 2024 to December 2026. Unrealized holding gains and losses would be presented as a separate component of accumulated other comprehensive income, net of deferred income taxes. Realized gains and losses on the sale of investments are determined using the specific identification method.

The short-term investments are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

8.Inventory:

	November 30, 2023 February 29, 2024	May 31, 2023
Raw materials	$827,530 795,623	$673,453
Work-in-process	5,737,617 5,658,693	5,005,416
Finished goods	355,541 274,456	330,435
	6,920,688 6,728,772	6,009,304
Less allowance for obsolescence	64,000 51,000	68,000
	$6,856,688 6,677,772	$5,941,304

9.Revenue Recognition:

Revenue is recognized (generally at fixed prices) when, or as, the Company transfers control of promised products or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts which are, therefore, not distinct. Promised goods or services that are immaterial in the context of the contract are not separately assessed as performance obligations.

For contracts with customers in which the Company satisfies a promise to the customer to provide a product that has no alternative use to the Company and the Company has enforceable rights to payment for progress completed to date inclusive of profit, the Company satisfies the performance obligation and recognizes revenue over time (generally less than one year) using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, material and overhead. Adjustments to cost estimates are made periodically, and losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined. Other sales to customers are recognized upon shipment to the customer based on contract prices and terms. In the six nine months ended November 30, 2023 February 29, 2024, 57% 58% of revenue was recorded for contracts in which revenue was recognized over time while 43% 42% was recognized at a point in time. In the six nine months ended November 30, 2022 February 28, 2023, 61% 62% of revenue was recorded for contracts in which revenue was recognized over time while 39% 38% was recognized at a point in time.

Progress payments are typically negotiated for longer term projects. Payments are otherwise due once performance obligations are complete (generally at shipment and transfer of title). For financial statement presentation purposes, the Company nets progress billings against the total costs incurred and estimated earnings recognized on uncompleted contracts. The asset, “costs and estimated earnings in excess of billings,” represents revenues recognized in excess of amounts billed. The liability, “billings in excess of costs and estimated earnings,” represents billings in excess of revenues recognized.

If applicable, the Company recognizes an asset for the incremental, material costs of obtaining a contract with a customer if the Company expects the benefit of those costs to be longer than one year and the costs are expected to be recovered. As of November 30, 2023 February 29, 2024 and May 31, 2023, the Company does not have material incremental costs on any open contracts with an original expected duration of greater than one year, and therefore such costs are expensed as incurred. These incremental costs include, but are not limited to, sales commissions incurred to obtain a contract with a customer.

10.The November 30, 2022 February 28, 2023 statements of income have been reclassified to conform with the presentation adopted for November 30, 2023 February 29, 2024.

11.Accrued Expenses:

	November 30, 2023 February 29, 2024	May 31, 2023
Customer deposits	$363,568 363,641	$367,902
Personnel costs	2,080,341 2,919,543	3,023,501
Other	588,662 756,807	686,919
	$3,032,571 4,039,991	$4,078,322

Item 2.Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Information in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this 10-Q and its Exhibits that does not consist of historical facts, are "forward-looking statements." Statements accompanied or qualified by, or containing, words such as "may," "will," "should," "believes," "expects," "intends," "plans," "projects," "estimates," "predicts," "potential," "outlook," "forecast," "anticipates," "presume," and "assume" constitute forward-looking statements and, as such, are not a guarantee of future performance. The statements involve factors, risks and uncertainties, the impact or occurrence of which can cause actual results to differ materially from the expected results described in such statements. Risks and uncertainties can include, among others, reductions in capital budgets by our customers and potential customers; changing product demand and industry capacity; increased competition and pricing pressures; advances in technology that can reduce the demand for the Company's products; the kind, frequency and intensity of natural disasters that affect demand for the Company’s products; and other factors, many or all of which are beyond the Company's control. Consequently, investors should not place undue reliance on forward-looking statements as predictive of future results. The Company disclaims any obligation to release publicly any updates or revisions to the forward-looking statements herein to reflect any change in the Company's expectations with regard thereto, or any changes in events, conditions or circumstances on which any such statement is based.

Results of Operations

A summary of the period-to-period changes in the principal items included in the condensed consolidated statements of income is shown below:

Summary comparison of the six nine months ended November 30, 2023 February 29, 2024 and 2022 February 28, 2023

	Increase / (Decrease)
Sales, net	$675,000 3,038,000

Cost of goods sold	$(660,000) 212,000
Research and development costs	$(478,000) (560,000)
Selling, general and administrative expenses	$775,000 1,160,000
Other income, (expense) net	$567,000 690,000
Income before provision for income taxes	$1,605,000 2,916,000
Provision for income taxes	$338,000 611,000
Net income	$1,267,000 2,305,000

Sales under certain fixed-price contracts, in which the product has no alternative use to the Company and the Company has enforceable rights to payment for progress completed to date, inclusive of profit, are accounted for under the percentage-of-completion method of accounting whereby revenues are recognized based on estimates of completion prepared on a ratio of cost to total estimated cost basis. Costs include all material and direct and indirect charges related to specific contracts.

Adjustments to cost estimates are made periodically and any losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined. However, any profits expected on contracts in progress are recognized over the life of the contract.

For financial statement presentation purposes, the Company nets progress billings against the total costs incurred and estimated earnings recognized on uncompleted contracts. The asset, "costs and estimated earnings in excess of billings," represents revenues recognized in excess of amounts billed. The liability, "billings in excess of costs and estimated earnings," represents billings in excess of revenues recognized.

For the six nine months ended November 30, 2023 February 29, 2024 (All figures discussed are for the six nine months ended November 30, 2023 February 29, 2024 as compared to the six nine months ended November 30, 2022 February 28, 2023).

	Six months ended November 30		Change		Nine months ended		Change	
	2023	2022	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent
Net Revenue	$ 20,263,000	$ 19,588,000	$ 675,000	3%	$32,518,000	$29,480,000	$3,038,000	10%
Cost of sales	11,068,000	11,728,000	(660,000)	-6%	17,570,000	17,358,000	212,000	1%
Gross profit	$ 9,195,000	$ 7,860,000	$ 1,335,000	17%	$14,948,000	$12,122,000	$2,826,000	23%
… as a percentage of net revenues	45%	40%			46%	41%		

The Company's consolidated results of operations showed a 3% 10% increase in net revenues and an increase in net income of 49% 55%. Revenues recorded in the current period for long-term projects (“Project(s)”) were 1% less 5% more than the level recorded in the prior year. The Company had 29 34 Projects in process during the current period as compared to 35 45 during the same period last year. Revenues recorded in the current period for other-than long-term projects (non-projects) were 14% 19% more than the level recorded in the prior year. Total sales within the U.S. increased 13% 21% from the same period last year. Total sales to Asia decreased 37% 53% from the same period of the prior year. Sales increases were recorded over the same period last year to customers in aerospace / defense (77% (88%) with decreases to customers involved in construction of buildings and bridges (-36% (-35%) and to industrial customers (-30% (-18%). The increase in aerospace / defense sales is due, in part, to a combination of providing production hardware on several legacy programs and new development programs.

The gross profit as a percentage of net revenue of 45% 46% in the current period is five percentage points greater than the same period of the prior year (40% (41%). Management continues to work with suppliers to obtain more visibility of conditions affecting their respective markets. These actions combined with benefits from the Company’s continuous improvement initiatives and increased volume have helped to improve the gross margin as a percentage of revenue over the prior year.

Sales of the Company's products are made to three general groups of customers: industrial, structural and aerospace / defense. A breakdown of sales to the three general groups of customers is as follows:

	Six months ended November 30	
	2023	2022
Industrial	8%	11%
Structural	33%	54%
Aerospace / Defense	59%	35%
	Nine months ended	
	February 29, 2024	February 28, 2023
Industrial	8%	10%
Structural	31%	54%
Aerospace / Defense	61%	36%

At November 30, 2022 February 28, 2023, the Company had 139 125 open sales orders in our backlog with a total sales value of $18.1 million $27.8 million. At November 30, 2023 February 29, 2024, the Company has 141 131 open sales orders in our backlog, and the total sales value is $35.5 million $30.2 million. The Company expects to recognize revenue for the majority of the backlog during the 2024 and 2025 fiscal years.

The Company's backlog, revenues, gross profits, and net income fluctuate from period to period. The changes in the current period, compared to the prior period, are not necessarily representative of future results.

Net revenue by geographic region, as a percentage of total net revenue for the six-month nine-month periods ended November 30, 2023 February 29, 2024 and November 30, 2022 February 28, 2023, is as follows:

	Six months ended November 30		Nine months ended	
	2023	2022	February 29, 2024	February 28, 2023
USA	87%	80%	90%	81%
Asia	8%	13%	5%	12%
Other	5%	7%	5%	7%

Research and Development Costs

	Six months ended November 30		Change		Nine months ended		Change	
	2023	2022	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent
R & D	$ 213,000	$ 691,000	$ (478,000)	-69%	$ 321,000	$ 881,000	$ (560,000)	-64%
… as a percentage of net revenues	1.1%	3.5%			1.0%	3.0%		

Research and development costs declined 69% 64% from the prior year due to the completion of the Taylor Damped Moment Frame Frame™ project.

Selling, General and Administrative Expenses

Six months ended November 30		Change		Nine months ended		Change	
2023	2022	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent

S G & A	$ 5,009,000	$ 4,234,000	$ 775,000	18%	$ 7,660,000	$ 6,500,000	$1,160,000	18%
… as a percentage of net revenues	25%	22%			24%	22%		

Selling, general and administrative expenses increased by 18% from the prior year. This increase change is primarily due to increased employee compensation costs including incentive compensation.

The above factors resulted in an operating income of $3,973,000 $6,966,000 for the six nine months ended November 30, 2023 February 29, 2024, 35% 47% more than the $2,935,000 $4,740,000 in the same period of the prior year.

Summary comparison of the three months ended November 30, 2023 February 29, 2024 and 2022 February 28, 2023

	Increase / (Decrease)
Sales, net	$(157,000) 2,363,000
Cost of goods sold	$(600,000) 872,000
Research and development costs	$(231,000) (82,000)
Selling, general and administrative expenses	$377,000 385,000
Other income, (expense) net	$246,000 123,000
Income before provision for income taxes	$543,000 1,311,000
Provision for income taxes	$121,000 273,000
Net income	$422,000 1,038,000

Sales under certain fixed-price contracts, in which the product has no alternative use to the Company and the Company has enforceable rights to payment for progress completed to date, inclusive of profit, are accounted for under the percentage-of-completion method of accounting whereby revenues are recognized based on estimates of completion prepared on a ratio of cost to total estimated cost basis. Costs include all material and direct and indirect charges related to specific contracts.

Adjustments to cost estimates are made periodically and any losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined. However, any profits expected on contracts in progress are recognized over the life of the contract.

For financial statement presentation purposes, the Company nets progress billings against the total costs incurred and estimated earnings recognized on uncompleted contracts. The asset, "costs and estimated earnings in excess of billings," represents revenues recognized in excess of amounts billed. The liability, "billings in excess of costs and estimated earnings," represents billings in excess of revenues recognized.

For the three months ended November 30, 2023 February 29, 2024 (All figures discussed are for the three months ended November 30, 2023 February 29, 2024 as compared to the three months ended November 30, 2022 February 28, 2023).

	Three months ended November 30		Change		Three months ended		Change	
	2023	2022	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent
Net Revenue	$10,340,000	$10,497,000	$(157,000)	-1%	$12,254,000	$9,891,000	$2,363,000	24%
Cost of sales	5,529,000	6,129,000	(600,000)	-10%	6,501,000	5,629,000	872,000	15%
Gross profit	$4,811,000	$4,368,000	$443,000	10%	$5,753,000	$4,262,000	$1,491,000	35%

… as a percentage of net revenues	47%	42%	47%	43%

The Company's consolidated results of operations showed a 1% decrease 24% increase in net revenues and $0.4 million $1.0 million increase in net income. Revenues recorded in the current period for Projects were 5% less 20% more than the level recorded in the prior year. The Company had 16 Projects in process during the current period as compared to 28 29 during the same period last year. Revenues recorded in the current period for other-than long-term construction projects (non-projects) were 4% 30% more than the level recorded in the prior year. Total sales within the U.S. increased 17% 36% from the same period last year. Total sales to Asia decreased 75% 99% from the same period of the prior year. Sales increases were recorded over the same period last year to customers in aerospace / defense (79% (108%) and industrial customers (13%) with decreases a decrease to customers involved in construction of buildings and bridges (-41%) and to industrial customers (-40% (-33%). The circumstances affecting the fluctuations in revenue levels are as identified in the year-to-date comparisons, above.

The gross profit as a percentage of net revenue of 47% in the current period is five four percentage points higher than the same period of the prior year (42% (43%). The Company has been able to increase sales prices to recover more of the increased costs for materials and labor that were incurred over the past year. Management continues to work with suppliers to obtain more visibility of conditions affecting their respective markets. These actions combined with benefits from the Company's continuous improvement initiatives and increased volume have helped to improve the gross margin as a percentage of revenue over the prior year.

Sales of the Company's products are made to three general groups of customers: industrial, structural and aerospace / defense. A breakdown of sales to the three general groups of customers is as follows:

	Three months ended November 30		Three months ended	
	2023	2022	February 29, 2024	February 28, 2023
Industrial	9%	15%	8%	8%
Structural	31%	52%	29%	54%
Aerospace / Defense	60%	33%	63%	38%

Net revenue by geographic region, as a percentage of total net revenue for the three-month periods ended November 30, 2023 February 29, 2024 and November 30, 2022 February 28, 2023, is as follows:

	Three months ended November 30		Three months ended	
	2023	2022	February 29, 2024	February 28, 2023
USA	92%	77%	94%	85%
Asia	4%	17%	0%	9%
Other	4%	6%	6%	

Research and Development Costs

	Three months ended November 30		Change		Three months ended		Change	
	2023	2022	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent
R & D	$ 84,000	$ 315,000	$ (231,000)	-73%	$ 108,000	$ 190,000	$ (82,000)	-43%
… as a percentage of net revenues	0.8%	3.0%			0.9%	1.9%		

Research and development costs declined 73% 43% from the prior year due to the completion of the Taylor Damped Moment Frame Frame™ project.

Selling, General and Administrative Expenses

	Three months ended November 30		Change		Three months ended		Change	
	2023	2022	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent
S G & A	$ 2,673,000	$ 2,296,000	$ 377,000	16%	$ 2,651,000	$ 2,266,000	$ 385,000	17%
… as a percentage of net revenues	26%	22%			22%	23%		

Selling, general and administrative expenses increased 16% 17% from the prior year. This increase change is primarily due to increased employee compensation costs including incentive compensation.

The above factors resulted in an operating income of $2,054,000 $2,993,000 for the three months ended November 30, 2023 February 29, 2024, better than the $1,756,000 $1,805,000 in the same period of the prior year.

Stock Options

The Company has a stock option plan which provides for the granting of nonqualified or incentive stock options to officers, key employees and non-employee directors. Options granted under the plan are exercisable over a ten-year term. Options not exercised at the end of the term expire.

The Company expenses stock options using the fair value recognition provisions of the FASB ASC. The Company recognized $301,000 and $128,000 of compensation cost for the six-month nine-month periods ended November 30, 2023 February 29, 2024 and 2022. February 28, 2023.

The fair value of each stock option grant has been determined using the Black-Scholes model. The model considers assumptions related to exercise price, expected volatility, risk-free interest rate, and the weighted average expected term of the stock option grants. Expected volatility assumptions used in the model were based on volatility of the Company's stock price for the thirty-month period ending on the date of grant. The risk-free interest rate is derived from the U.S. treasury yield. The Company used a weighted average expected term.

The following assumptions were used in the Black-Scholes model to estimate the fair market value of the Company's stock option grants:

	November 2023	November 2022	February 2024	February 2023
Risk-free interest rate:	3.875%	1.625%	3.875%	1.625%
Expected life of the options:	4.2 years	4.1 years	4.2 years	4.1 years
Expected share price volatility:	36%	30%	36%	30%
Expected dividends:	zero	zero	zero	zero
These assumptions resulted in estimated fair-market value per stock option:	$7.17	$3.06	$7.17	$3.06

The ultimate value of the options will depend on the future price of the Company's common stock, which cannot be forecast with reasonable accuracy.

A summary of changes in the stock options outstanding during the six-month nine-month period ended November 30, 2023 February 29, 2024 is presented below:

	Number of Options	Weighted-Average Exercise Price
Options outstanding and exercisable at May 31, 2023:	333,000	$ 12.70
Options granted:	42,000	$ 20.78
Less: Options exercised:	1,500	$ 10.53

Less: Options expired:	750	-
Options outstanding and exercisable at November 30, 2023:	372,750	$ 13.62
Closing value per share on NASDAQ at November 30, 2023:		$ 23.22

	Number of Options	Weighted-Average Exercise Price
Options outstanding and exercisable at May 31, 2023:	333,000	$12.70
Options granted:	42,000	$20.78
Less: Options exercised:	34,500	$12.79
Less: Options expired:	750	-
Options outstanding and exercisable at February 29, 2024:	339,750	$13.70
Closing value per share on NASDAQ at February 29, 2024:		$35.98

Capital Resources and Long-Term Debt

The Company's primary liquidity is dependent upon its working capital needs. These are primarily short-term investments, inventory, accounts receivable, costs and estimated earnings in excess of billings, accounts payable, accrued expenses and billings in excess of costs and estimated earnings. The Company's primary source of liquidity has been operations.

Capital expenditures for the six nine months ended November 30, 2023 February 29, 2024 were $545,000 $755,000 compared to $1,391,000 $2,383,000 in the same period of the prior year. In addition, the Company acquired Pumpkin™ Mounts intellectual property during the quarter for $300,000. As of November 30, 2023 February 29, 2024, the Company has commitments for capital expenditures totaling $225,000 $337,000 during the next twelve months. The Board of Directors is evaluating additional capital expenditures to expand capacity.

The Company believes it is carrying adequate insurance coverage on its facilities and their contents.

Inventory and Maintenance Inventory

	November 30, 2023		May 31, 2023		Increase /(Decrease)		February 29, 2024		May 31, 2023		Increase /(Decrease)	
Raw materials	$ 827,000		$ 674,000		$ 153,000	23%	$796,000		$674,000		$122,000	18%
Work-in-process	5,738,000		5,005,000		733,000	15%	5,659,000		5,005,000		654,000	13%
Finished goods	292,000		262,000		30,000	11%	223,000		262,000		(39,000)	-15%
Inventory	6,857,000	84%	5,941,000	86%	916,000	15%	6,678,000	83%	5,941,000	86%	737,000	12%
Maintenance and other inventory	1,312,000	16%	1,003,000	14%	309,000	31%	1,361,000	17%	1,003,000	14%	358,000	36%
Total	$ 8,169,000	100%	$ 6,944,000	100%	$ 1,225,000	18%	$8,039,000	100%	$6,944,000	100%	$1,095,000	16%
Inventory turnover	2.9		3.5				3.1		3.5			

NOTE: Inventory turnover is annualized for the six-month nine-month period ended November 30, 2023 February 29, 2024.

Inventory, at $6,857,000 $6,678,000 as of November 30, 2023 February 29, 2024, is $916,000 $737,000 more than the prior year-end level of $5,941,000. Approximately 84% 85% of the current inventory is work in process, 4% 3% is finished goods, and 12% is raw materials.

Maintenance and other inventory represent stock that is estimated to have a product life cycle in excess of twelve months. This stock represents certain items the Company is required to maintain for service of products sold and items that are generally subject to spontaneous ordering. This inventory is particularly sensitive to technological obsolescence in the near term due to its use in industries characterized by the continuous introduction of new product lines, rapid technological advances and product obsolescence. Management of the Company has recorded an allowance for potential inventory obsolescence. The provision for potential inventory obsolescence was $144,000 $369,000 and zero $68,000 for the six-month nine-month periods ended November 30, 2023 February 29, 2024 and 2022. February 28, 2023.

Accounts Receivable, Costs and Estimated Earnings in Excess of Billings (“CIEB"), and Billings in Excess of Costs and Estimated Earnings ("BIEC")

	November 30, 2023	May 31, 2023	Increase /(Decrease)		February 29, 2024	May 31, 2023	Increase /(Decrease)	
Accounts receivable	$ 4,072,000	$ 5,554,000	$ (1,482,000)	-27%	$4,887,000	$5,554,000	$(667,000)	-12%
CIEB	1,723,000	4,124,000	(2,401,000)	-58%	4,534,000	4,124,000	410,000	10%
Less: BIEC	3,006,000	1,992,000	1,014,000	51%	1,960,000	1,992,000	(32,000)	-2%
Net	$ 2,789,000	$ 7,686,000	$ (4,897,000)	-64%	$7,461,000	$7,686,000	$(225,000)	-3%
Number of an average day’s sales outstanding in accounts receivable	35	47			36	47		

The Company combines the totals of accounts receivable, the current asset, CIEB, and the current liability, BIEC, to determine how much cash the Company will eventually realize from revenue recorded to date. As the accounts receivable figure rises in relation to the other two figures, the Company can anticipate increased cash receipts within the ensuing 30-60 days.

Accounts receivable of $4,072,000 $4,887,000 as of November 30, 2023 February 29, 2024 includes $29,000 of an allowance for doubtful accounts (“Allowance”). The accounts receivable balance as of May 31, 2023 of $5,554,000 included an Allowance of $29,000. The number of an average day's sales outstanding in accounts receivable (“DSO”) decreased from 47 days at May 31, 2023 to 35 36 at November 30, 2023 February 29, 2024. The DSO is a function of 1.) the level of sales for an average day (for example, total sales for the past three months divided by 90 days) and 2.) the level of accounts receivable at the balance sheet date. The Company expects to collect the net accounts receivable balance during the next twelve months.

As noted above, CIEB represents revenues recognized in excess of amounts billed. Whenever possible, the Company negotiates a provision in sales contracts to allow the Company to bill, and collect from the customer, payments in advance of shipments. Unfortunately, such provisions are often not possible. The $1,723,000 $4,534,000 balance in this account at November 30, 2023 February 29, 2024 is 58% less 10% more than the prior year-end balance. This decrease increase is the result of normal flow of the Projects through production with billings to the customers as permitted in the related contracts. The Company expects to bill the entire amount during the next twelve months. 61% 13% of the CIEB balance as of the end of the last fiscal quarter, August 31, 2023 November 30, 2023, was billed to those customers in the current fiscal quarter ended November 30, 2023 February 29, 2024. The remainder will be billed as the Projects progress, in accordance with the terms specified in the various contracts.

The balances in this account are comprised of the following components:

	November 30, 2023	May 31, 2023	February 29, 2024	May 31, 2023
Costs	$1,727,000	$3,006,000	$6,635,000	$3,006,000
Estimated Earnings	1,219,000	2,648,000	6,774,000	2,648,000
Less: Billings to customers	1,223,000	1,530,000	8,875,000	1,530,000
CIEB	$1,723,000	$4,124,000	$4,534,000	$4,124,000
Number of Projects in progress	8	12	7	12

As noted above, BIEC represents billings to customers in excess of revenues recognized. The $3,006,000 $1,960,000 balance in this account at November 30, 2023 February 29, 2024 is up 51% down 2% from the $1,992,000 balance at the end of the prior year. The balance in this account fluctuates in the same manner and for the same reasons as the CIEB, discussed above. Final delivery of product under these contracts is expected to occur during the next twelve months.

The balances in this account are comprised of the following components:

	November 30, 2023	May 31, 2023	February 29, 2024	May 31, 2023
Billings to customers	$10,683,000	$6,538,000	$3,182,000	$6,538,000
Less: Costs	4,103,000	2,343,000	789,000	2,343,000
Less: Estimated Earnings	3,574,000	2,203,000	433,000	2,203,000
BIEC	$3,006,000	$1,992,000	$1,960,000	$1,992,000
Number of Projects in progress	8	10	9	10

Summary of factors affecting the balances in CIEB and BIEC:

	November 30, 2023	May 31, 2023	February 29, 2024	May 31, 2023
Number of Projects in progress	16	22	16	22
Aggregate percent complete	31%	33%	43%	33%
Average total sales value of Projects in progress	$1,990,000	$1,285,000	$1,924,000	$1,285,000
Percentage of total value invoiced to customer	37%	29%	39%	29%

The Company's backlog of sales orders at November 30, 2023 February 29, 2024 is $35.5 million $30.2 million, up down from $32.5 million at the end of the prior year. $21.2 million $16.1 million of the current backlog is on Projects already in progress.

Other Balance Sheet Items

Accounts payable, at $1,168,000 $956,000 as of November 30, 2023 February 29, 2024, is 32% 44% less than the prior year-end. Accrued expenses decreased 26% 1% from the prior year-end, to $3,033,000. $4,040,000. The Company expects the current accrued amounts to be paid or applied during the next twelve months.

Management believes the Company's cash flows from operations are sufficient to fund ongoing operations and capital improvements for the next twelve months.

Subsequent Event

On January 4, 2024, the Company entered into a Redemption Agreement to purchase 459,015 shares of the capital stock of the Company, representing approximately 13% of all of the issued and outstanding shares of capital stock of the Company from the Ira Sochet Trust and the Ira Sochet Roth IRA, non-affiliates of the Company. The agreed purchase price was $19.92 per share, (87.6%) of the average price at which shares of the Company's stock trade on the Closing Date on January 8, 2024.

Item 3.Quantitative and Qualitative Disclosures About Market Risk

Smaller reporting companies are not required to provide the information called for by this item.

Item 4.Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.*

The Company's principal executive officer and principal financial officer have evaluated the Company's disclosure controls and procedures as of November 30, 2023 February 29, 2024 and have concluded that as of the evaluation date, the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer to allow timely decisions regarding required disclosure.

(b) *Changes in internal control over financial reporting.*

There have been no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter ended November 30, 2023 February 29, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's control over financial reporting.

Part II - Other Information

ITEM 1 Legal Proceedings

Taylor Devices Inc. (the "Company") has been named as a Third-Party Defendant in an action captioned Board of Managers of the 432 Park Condominium, et al. v. 56th and Park (NY) Owner LLC, et al. Index No. 655617/2021 (S.Ct. N.Y. Co.) (the "Action").

The Action was filed on or about September 23, 2021. In an amended Complaint dated April 29, 2022, the Board of Managers of 432 Park Condominium (the "Owner"), a condominium association for a high-rise condominium building (the "Building") located at 432 Park Avenue in New York, N.Y., has asserted a claim against the condominium sponsor, 56th and Park (NY) Owner LLC (the "Sponsor"). The Owner alleges "over 1500 identified construction and design defects to the common elements of" residential and commercial units at the Building, based upon a report generated by a consultant (SBI Consultants Inc.) retained by the Owner. The alleged defects include, but are not limited to, allegedly-excessive noise and vibration, water leaks and elevator failures. The SBI report allegedly identified defects in the Building's: (a) structural/envelope system; (b) mechanical/electrical & plumbing systems; (c) architectural/interiors; and (d) elevators/vertical systems.

On March 14, 2022, the Sponsor filed a Third-Party Complaint against LendLease Construction (US) LMB ("LendLease"), as well as the architects of record on the project (SLCE Architects), the lead structural engineer (Cantor ESA) and the head mechanical engineer (Flack + Kurtz) involved in the Building's design. As to LendLease, the Third-Party Complaint alleges breach of a Construction Management Contract between LendLease and Sponsor and negligence arising from purported failure to perform under the contract.

On March 22, 2023, LendLease initiated a Third-Party action against various entities with whom LendLease had contracted for the supply of materials and services in connection with construction of the Building. The Third-Party defendants include the suppliers of products and services relating to the automatic sprinkler system, structural steel, mechanical systems, electrical systems, sheet metal, component assembly, roofing, the building exterior, plumbing, concrete, curtain walls, custom machine work and elevators. The Third-Party Complaint also names the Company as a Third-Party Defendant, based upon a contract between the Company and LendLease to supply 16 Viscous Damping Devices ("VDDs") that were incorporated into a Tuned Mass Damper ("TMD") system designed by another company to limit accelerations of the Building during wind events. On July 5, 2023, the Company timely filed and served an Answer to LendLease's Third-Party Complaint.

Additional third-party actions have been filed by parties named as defendants in the Third-Party Complaint. Presently, seven third-party actions are pending.

The Progress of the Matter to Date. The matter, and all of the related third-party actions, are pending in the Commercial Division of the Supreme Court, New York County before Justice Melissa A. Crane. Justice Crane has appointed Hon. Andrew J. Peck, a retired justice of the Supreme Court, as Special Master to hear and determine disputes regarding all or any part of any discovery issue.

On August 8, 2023, the Court entered into a Second Amended Scheduling Order. Among the directives in the Second Amended Scheduling Order is a requirement that: (a) recently-added third-party defendants (including the Company) complete document productions by January 11, 2024; (b) all parties complete fact depositions and fact discovery by June 17, 2024; and (c) (b) all parties complete expert discovery by November 28, 2024.

Management Response. Management of the Company vigorously disputes the allegations in the Third-Party Complaint.

Based upon the information currently available, there is a credible argument that: (a) the Company met the contractual requirements of the 2013 Purchase Order for Viscous Damping Devices (VDDs) that were incorporated into the Tuned Mass Damper (TMD) system; and (b) the VDDs that were delivered were successfully tested to the applicable specification and met the technical requirements of that specification.

The Owner has not itemized the damages it seeks to recover from Sponsor, but the Amended Complaint contains an ad damnum clause demanding $125 million plus punitive damages. Sponsor has not itemized the damages it seeks to recover from LendLease or the other third-party defendants, but the claim for relief in the Third-Party Complaint includes a demand for full indemnification of any amounts the Sponsor is required to pay plaintiff. In turn, LendLease does not itemize the damages it seeks to recover from the several Third-Party defendants (including the Company), but its demand for relief in the Third-Party Complaint includes a demand for full indemnification of any amounts LendLease is required to pay to Sponsor. The Company anticipates that the pending actions would provide opportunities for Sponsor, LendLease and the Company to allocate some or all of any liability to one or more co-defendants or third parties. In view of the limited discovery to date, it is not practical to quantify likely damages to the Company in the event of an unfavorable outcome on liability.

ITEM 1A Risk Factors

Smaller reporting companies are not required to provide the information called for by this item.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

(a) The Company sold no equity securities during the fiscal quarter ended November 30, 2023 that were not registered under the Securities Act.

(b) Use of proceeds following effectiveness of initial registration statement:

Not Applicable

(c) Repurchases of Equity Securities – Quarter Ended November 30, 2023

Period	*(a) Total Number of Shares Purchased*	*(b) Average Price Paid Per Share*	*(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	*(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs*
September 1, 2023 - September 30, 2023	-	-	-	-
October 1, 2023 - October 31, 2023	-	-	-	-
November 1, 2023 - November 30, 2023	-	-	-	-
Total	-	-	-	-

ITEM 3 Defaults Upon Senior Securities

None

ITEM 4 Mine Safety Disclosures

Not applicable

Management Response. Management of the Company vigorously disputes the allegations in the Third-Party Complaint.

Based upon the information currently available, there is a credible argument that: (a) the Company met the contractual requirements of the 2013 Purchase Order for Viscous Damping Devices (VDDs) that were incorporated into the Tuned Mass Damper (TMD) system; and (b) the VDDs that were delivered were successfully tested to the applicable specification and met the technical requirements of that specification.

The Owner has not itemized the damages it seeks to recover from the Sponsor, but the Amended Complaint contains an ad damnum clause demanding $125 million plus punitive damages. The Sponsor has not itemized the damages it seeks to recover from LendLease or the other third-party defendants, but the claim for relief in the Third-Party Complaint includes a demand for full indemnification of any amounts the Sponsor is required to pay plaintiff. In turn, LendLease does not itemize the damages it seeks to recover from the several Third-Party defendants (including the Company), but its demand for relief in the Third-Party Complaint includes a demand for full indemnification of any amounts LendLease is required to pay to the Sponsor. The Company anticipates that the pending actions would provide opportunities for the Sponsor, LendLease and the Company to allocate some or all of any liability to one or more co-defendants or third parties. In view of the limited discovery to date, it is not practical to quantify likely damages to the Company in the event of an unfavorable outcome on liability.

ITEM 1A Risk Factors

Smaller reporting companies are not required to provide the information called for by this item.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

(a) The Company sold no equity securities during the fiscal quarter ended February 29, 2024 that were not registered under the Securities Act.

(b) Use of proceeds following effectiveness of initial registration statement:

Not Applicable

(c) Repurchases of Equity Securities – Quarter Ended February 29, 2024

Period	*(a) Total Number of Shares Purchased*	*(b) Average Price Paid Per Share*	*(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	*(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs*
December 1, 2023 - December 31, 2023	-	-	-	-
January 1, 2024 - January 31, 2024	459,015	$19.92	-	-
February 1, 2024 - February 29, 2024	-	-	-	-
Total	-	-	-	-

ITEM 3 Defaults Upon Senior Securities

None

ITEM 4 Mine Safety Disclosures

Not applicable

ITEM 5 Other Information

(a) Information required to be disclosed in a Report on Form 8-K, but not reported

None

(b) Material changes to the procedures by which Security Holders may recommend nominees to the Registrant's Board of Directors

None

(c) During the Registrant's last fiscal quarter, to the Registrant's knowledge, no director or officer adopted or terminated:

(i) Any contract, instruction or written plan for the purchase or sale of securities of the Registrant intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) under the Securities Exchange Act of 1934 (the "Exchange Act"); or

(ii) Any ''non-Rule 10b5–1 trading arrangement'' as defined in paragraph (c) of Item 408 of Regulation S-K under the Exchange Act.

ITEM 6 Exhibits

3(i)	Restated Certificate of Incorporation incorporated by reference to Exhibit (3)(i) of Annual Report on Form 10-K, dated August 24, 1983.
3(ii)	Amendment to Certificate of Incorporation incorporated by reference to Exhibit (3)(iv) to Form 8 [Amendment to Application or Report], dated September 24, 1993.
3(iii)	Amendment to Certificate of Incorporation eliminating and re-designating the Series A Junior Preferred Stock and creating 5,000 Series 2008 Junior Participating Preferred Stock, at $.05 par value, as filed by the Secretary of State of the State of New York on September 16, 2008, and incorporated by reference to Exhibit (3)(i) of Form 8-K, dated as of September 15, 2008 and filed September 18, 2008.
3(iv)	Certificate of Change incorporated by reference to Exhibit (3)(i) to Quarterly Report on Form 10-QSB for the period ending November 30, 2002.
3(v)	By-laws – filed on January 6, 2023 with Form 10-Q for the period ending November 30, 2022, and incorporated herein by reference.
31(i)	Rule 13a-14(a) Certification of Chief Executive Officer.
31(ii)	Rule 13a-14(a) Certification of Chief Financial Officer.
32(i)	Section 1350 Certification of Chief Executive Officer.
32(ii)	Section 1350 Certification of Chief Financial Officer.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document and are contained within Exhibit 101

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Taylor Devices, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Taylor Devices, Inc. and Subsidiary (the Company) as of November 30, 2023 February 29, 2024, and the related condensed consolidated statements of income and stockholders' equity for the three and six nine months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, and cash flows for the six nine months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, and the related notes (collectively referred to as the interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of May 31, 2023, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated August 15, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of May 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Lumsden & McCormick, LLP
Buffalo, New York
January 10, March 28, 2024

TAYLOR DEVICES, INC.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TAYLOR DEVICES, INC.
(Registrant)

Date: January 10, March 28, 2024

/s/Timothy J. Sopko
Timothy J. Sopko
Chief Executive Officer
(Principal Executive Officer)

Date: January 10, March 28, 2024

/s/Paul Heary
Paul Heary
Chief Financial Officer

Exhibit 31(i)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy J. Sopko, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Taylor Devices, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2024 March 28, 2024

/s/ Timothy J. Sopko

Timothy J. Sopko
Chief Executive Officer

Exhibit 31(ii)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul Heary, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Taylor Devices, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2024 March 28, 2024

/s/ Paul Heary

Paul Heary
Chief Financial Officer

Exhibit 32(i)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection connect with the quarterly report of Taylor Devices, Inc. ("the Company") on Form 10-Q for the quarter ended November 30, 2023 February 29, 2024 to be filed with Securities and Exchange Commission on or about the date hereof (the "Report"
"Report"), I, Timothy J. Sopko Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: January 10, 2024 March 28, 2024 By: /s/ Timothy J. Sopko

Timothy J. Sopko
Chief Executive Officer

Exhibit 32(ii)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection connect with the quarterly report of Taylor Devices, Inc. (the "Company") on Form 10-Q for the quarter ended November 30, 2023 February 29, 2024 to be filed with Securities and Exchange Commission on or about the date hereof (the "Report"), I, Paul Heary, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: January 10, 2024 March 28, 2024

By: /s/ Paul Heary

Paul Heary
Chief Financial Officer

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