

April 12, 2017

## Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2016

For the fiscal year ending May 31, 2017

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Scheduled date of submission of quarterly financial report: April 13, 2017  
 Scheduled date of commencement of dividend payments: —  
 Preparation of quarterly financial report supplemental explanatory materials: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

Note: Amounts less than one million yen in financial statements and the supplementary data are rounded down.

### 1. Consolidated Business Results for the First Three Quarters of Fiscal 2016

(June 1, 2016 to February 28, 2017)

#### (1) Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year increase or decrease.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
3Q Fiscal 2016	27,060	(5.5)%	241	(70.5)%	434	(40.1)%	229	(30.4)%
3Q Fiscal 2015	28,648	(0.7)%	817	(10.5)%	725	(42.2)%	330	(54.6)%

(Note) Comprehensive income: 3Q Fiscal 2016: 227 million yen [—%]  
 3Q Fiscal 2015: (1,625) million yen [—%]

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
3Q Fiscal 2016	24.22	—
3Q Fiscal 2015	34.27	—

\* The Company conducted a share consolidation of its common shares at the ratio of 5 shares to 1 share effective December 1, 2016. Net income per share is calculated on the assumption that the share consolidation was conducted at the beginning of the previous fiscal year.

#### (2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of February 28, 2017	53,201	23,318	43.8
As of May 31, 2016	50,233	23,676	47.1

(Reference) Shareholders' equity: As of February 28, 2017: 23,318 million yen  
 As of May 31, 2016: 23,676 million yen

### 2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
Fiscal 2015	—	0.00	—	6.00	6.00
Fiscal 2016	—	0.00	—	—	—
Fiscal 2016 (Forecast)	—	—	—	30.00	30.00

(Note) Revisions to the most recently announced dividend forecasts: No

\* The Company conducted a share consolidation of its common shares at the ratio of 5 shares to 1 share effective December 1, 2016. Dividend information for fiscal 2015 is the actual amount paid before the share consolidation. For further details, please refer to “Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items 2.”

### 3. Consolidated Performance Forecast for Fiscal 2016 (June 1, 2016 to May 31, 2017)

(In millions of yen, except where noted; percentage figures show year-on-year increase or decrease.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
Full year	41,000	3.2%	1,600	(2.4)%	1,700	13.9%	1,100	23.6%	115.62

(Note) Revisions to the most recently announced performance forecast: No

\* Net income per share reflects the effect of share consolidation. For further details, please refer to “Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items 2.”

#### Notes:

- (1) Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): No
- (2) Application of Special Accounting Practices for the Preparation of Quarterly Consolidated Financial Statement: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (a) Changes in accounting policies in accordance with revisions to accounting standards and related practices: Yes
  - (b) Any changes other than (a) above: No
  - (c) Changes in accounting estimates: No
  - (d) Restatement: No
- (4) Shares outstanding (common stock)
  - (a) Number of shares outstanding as of the end of the period (including treasury stock):  
February 28, 2017: 9,735,000 shares      May 31, 2016: 9,735,000 shares
  - (b) Number of shares of treasury stock as of the end of the period:  
February 28, 2017: 290,073 shares      May 31, 2016: 98,695 shares
  - (c) Average number of shares for the period (fiscal year-to-date):  
3Q Fiscal 2016: 9,491,196 shares      3Q Fiscal 2015: 9,637,199 shares

\* The Company conducted a share consolidation of its common shares at the ratio of 5 shares to 1 share effective December 1, 2016. Number of shares outstanding (common stock) is calculated on the assumption that the share consolidation was conducted at the beginning of the previous fiscal year.

#### Statements Regarding the Implementation Status of Quarterly Review Procedures

This quarterly financial report is not subject to quarterly review procedures as prescribed under the Financial Instruments and Exchange Act. As of the date of quarterly financial report disclosure, quarterly review procedures for the quarterly financial statements pursuant to the aforementioned Act were not yet completed.

#### Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items

1. The forecasts of business results presented in this document are based on management’s assumptions and beliefs in light of currently available information. Toyo Denki Seizo K.K. (hereinafter Toyo Denki) cautions readers that due to a variety of factors actual results may differ materially from forecasts. Please refer to

“Explanation of Consolidated Performance Forecast and Other Forward-looking Information” in Accompanying Materials on page 3 for details relating to operating results forecasts (available in Japanese only).

2. The Company conducted a share consolidation of its common shares at the ratio of 5 shares to 1 share effective December 1, 2016. If the share consolidation were not taken into account, the dividend forecast and consolidated performance forecast for fiscal 2016 would be as follows:

- (1) Dividend forecast for fiscal 2016

Year-end: 6 yen

- (2) Consolidated performance forecast for fiscal 2016

Net income per share

Full year: 23.12 yen

# 1. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2016	End of the First Three Quarters of Fiscal 2016 (February 28, 2017)
Assets		
Current assets		
Cash and cash equivalents	2,401	2,485
Trade notes and accounts receivable	13,790	14,036
Electronically recorded monetary claims - operating	965	999
Products and finished goods	1,490	2,130
Work in process	3,172	3,888
Raw materials and stored goods	2,657	2,513
Advances	26	44
Deferred tax assets	517	511
Other accounts receivable	273	35
Other	229	396
Allowance for doubtful accounts	(2)	(2)
Total current assets	25,520	27,040
Fixed assets		
Property, plant and equipment		
Buildings and structures	7,171	7,339
Accumulated depreciation	(4,536)	(4,659)
Buildings and structures, net	2,634	2,680
Machinery and equipment	6,728	6,779
Accumulated depreciation	(6,013)	(6,010)
Machinery and equipment, net	715	769
Land	289	1,345
Construction in progress	269	131
Other	3,281	3,384
Accumulated depreciation	(2,828)	(2,913)
Other, net	452	471
Total property, plant and equipment	4,361	5,399
Intangible assets		
Software	199	181
Software in progress	333	714
Other	11	11
Total intangible assets	544	907
Investments and other assets		
Investment securities	17,396	17,656
Deferred tax assets	55	59
Other	2,368	2,150
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	19,807	19,854
Total fixed assets	24,712	26,161
Total assets	50,233	53,201

(Millions of yen)

	As of May 31, 2016	End of the First Three Quarters of Fiscal 2016 (February 28, 2017)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	3,742	3,817
Electronically recorded obligations - operating	5,277	4,961
Short-term debt	1,017	4,809
Income taxes payable	253	121
Consumption and other taxes payable	87	48
Accrued expenses	1,250	1,145
Advances received	82	390
Deposits received	221	236
Reserve for directors' bonuses	37	34
Reserve for employees' bonuses	928	485
Reserve for order losses	294	473
Other	389	363
Total current liabilities	13,583	16,887
Long-term liabilities		
Long-term debt	7,288	7,141
Long-term payables	157	276
Net defined benefit liability	3,852	3,874
Deferred tax liabilities	1,636	1,665
Other	37	38
Total long-term liabilities	12,972	12,996
Total liabilities	26,556	29,883
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	9,298	9,225
Treasury stock	(175)	(476)
Total shareholders' equity	17,299	16,924
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	6,469	6,657
Foreign currency translation adjustments	260	49
Remeasurements of defined benefit plans	(351)	(313)
Total accumulated other comprehensive income	6,377	6,393
Total net assets	23,676	23,318
Total liabilities and net assets	50,233	53,201

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income for the First Three Quarters of Fiscal 2016)

(Millions of yen)

	3Q FY2015 (June 1, 2015 to February 29, 2016)	3Q FY2016 (June 1, 2016 to February 28, 2017)
Net sales	28,648	27,060
Cost of sales	22,272	21,075
Gross profit	6,375	5,985
Selling, general and administrative expenses	5,558	5,744
Operating income	817	241
Non-operating income		
Interest income	0	0
Dividend income	221	214
Equity in profit of unconsolidated subsidiaries and affiliates	65	41
Miscellaneous income	77	54
Total non-operating income	364	311
Non-operating expenses		
Interest expense	95	85
Loss on disposal of fixed assets	5	3
Loss on foreign currency exchange	340	4
Miscellaneous loss	16	24
Total non-operating expenses	456	118
Ordinary income	725	434
Extraordinary loss		
Fixed assets removal expenses	72	—
Loss on sales of fixed assets	—	23
Loss on sales of investment securities	11	—
Total extraordinary losses	83	23
Income before income taxes	641	411
Income taxes:		
Current	176	228
Deferred	134	(47)
Total income taxes	311	181
Net income	330	229
Net income attributable to owners of the parent	330	229

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	3Q FY2015 (June 1, 2015 to February 29, 2016)	3Q FY2016 (June 1, 2016 to February 28, 2017)
Net income	330	229
Other comprehensive income		
Unrealized holding gain (loss) on available-for-sale securities	(2,021)	188
Foreign currency translation adjustments	64	(13)
Remeasurements of defined benefit plans	35	38
Share of other comprehensive income of affiliates to which the equity method is applied	(33)	(215)
Total other comprehensive income	(1,955)	(2)
Comprehensive income	(1,625)	227
Comprehensive income attributable to:		
Owners of the parent	(1,625)	227
Non-controlling interests	—	—

(3) Segment Information

The First Three Quarters of Fiscal 2015 (June 1, 2015 to February 29, 2016)

Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other <sup>1</sup>	Total	Adjustment Amount <sup>2</sup>	Amount Recorded on Quarterly Consolidated Statements of Income <sup>3</sup>
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	19,282	8,709	651	4	28,648	—	28,648
Inter-segment sales and transfers	27	3	—	422	453	(453)	—
Total	19,310	8,712	651	427	29,102	(453)	28,648
Segment profit	1,789	823	18	10	2,643	(1,825)	817

(Notes)

1. The “Other” segment includes operations not included in reporting segments such as the dispatch of temporary staff.
2. The segment profit adjustment amount is a loss of 1,825 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 1,826 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses as well as research and development costs that are not allocated to each reporting segment.
3. Segment profit has been adjusted with operating income recorded under the quarterly consolidated statements of income.



The First Three Quarters of Fiscal 2016 (June 1, 2016 to February 28, 2017)  
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other <sup>1</sup>	Total	Adjustment Amount <sup>2</sup>	Amount Recorded on Quarterly Consolidated Statements of Income <sup>3</sup>
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	18,583	7,322	1,150	4	27,060	—	27,060
Inter-segment sales and transfers	19	2	—	496	518	(518)	—
Total	18,602	7,324	1,150	501	27,579	(518)	27,060
Segment profit	1,740	223	243	37	2,245	(2,003)	241

(Notes)

1. The “Other” segment includes operations not included in reporting segments such as the dispatch of temporary staff.
2. The segment profit adjustment amount is a loss of 2,003 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 2,003 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses as well as research and development costs that are not allocated to each reporting segment.
3. Segment profit has been adjusted with operating income recorded under the quarterly consolidated statements of income.

## 2. Supporting Materials for the Financial Results

### (1) The Status of Production, Orders, and Sales

#### (a) Production Status

Business segment	3Q FY2015 (June 1, 2015 to February 29, 2016)		3Q FY2016 (June 1, 2016 to February 28, 2017)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	19,245	68.2	19,411	71.9
Industrial Systems	8,563	30.3	7,159	26.5
Information Equipment Systems	428	1.5	425	1.6
Other	—	—	—	—
Total	28,237	100.0	26,996	100.0

(Notes)

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.

#### (b) Status of Orders Received

Business segment	3Q FY2015 (June 1, 2015 to February 29, 2016)		3Q FY2016 (June 1, 2016 to February 28, 2017)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	19,853	24,997	20,488	26,806
Industrial Systems	7,632	5,557	8,070	6,778
Information Equipment Systems	769	215	1,491	853
Other	4	—	4	—
Total	28,260	30,770	30,055	34,437

(Notes)

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.

#### (c) Sales Status

Business segment	3Q FY2015 (June 1, 2015 to February 29, 2016)		3Q FY2016 (June 1, 2016 to February 28, 2017)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	19,282	67.3	18,583	68.7
Industrial Systems	8,709	30.4	7,322	27.1
Information Equipment Systems	651	2.3	1,150	4.3
Other	4	0.0	4	0.0
Total	28,648	100.0	27,060	100.0

(Notes)

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.