

Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2019

April 10, 2020

Company Name:	Toyo Denki Seizo K.K.	Stock Exchange:	1st Section of the Tokyo Stock Exchange
Stock Code:	6505	URL	https://www.toyodenki.co.jp
Representative:	Kenzo Terashima, President		
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Scheduled date of submission of quarterly financial report	:	April 13, 2020	
Scheduled date of commencement of dividend payments	:	—	
Preparation of quarterly financial report supplemental explanatory materials	:	Yes	
Holding of quarterly financial results briefing	:	No	

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

1. Consolidated Business Results for the First Three Quarters of Fiscal 2019 (June 1, 2019 to February 29, 2020)

(1) Consolidated Operating Results

(Percentage figures show year-on-year increase or decrease.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q Fiscal 2019	28,621	(3.2)	472	—	687	—	693	294.2
3Q Fiscal 2018	29,553	5.7	(133)	—	(54)	—	175	513.1

(Note) Comprehensive income: 3Q Fiscal 2019 (1,250) million yen [-%]
3Q Fiscal 2018 (428) million yen [-%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
3Q Fiscal 2019	77.54	—
3Q Fiscal 2018	19.03	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
	Millions of yen	Millions of yen	%
As of February 29, 2020	54,492	23,285	42.7
As of May 31, 2019	58,001	24,804	42.8

(Reference) Shareholders' equity As of February 29, 2020 23,285 million yen
As of May 31, 2019 24,804 million yen

2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	—	0.00	—	30.00	30.00
Fiscal 2019	—	0.00	—	—	—
Fiscal 2019 (Forecast)	—	—	—	30.00	30.00

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

3. Consolidated Performance Forecast for Fiscal 2019 (June 1, 2019 to May 31, 2020)

(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)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	42,000	2.0	900	61.4	1,100	121.8	900	30.4	100.65

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

* Notes:

- (1) Transfers of major subsidiaries during the period: No
(Transfers of specified subsidiaries accompanied by changes in the scope of consolidation)
Newly included: - companies (name of the company) Excluded: - companies (name of the company)
- (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: No
- (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):	3Q Fiscal 2019	9,735,000 shares	Fiscal 2018	9,735,000 shares
(b) Number of shares of treasury stock as of the end of the period:	3Q Fiscal 2019	793,343 shares	Fiscal 2018	792,966 shares
(c) Average number of shares for the period (fiscal year-to-date):	3Q Fiscal 2019	8,941,867 shares	3Q Fiscal 2018	9,242,854 shares

* Quarterly financial reports are not subject to quarterly review procedures by a certified public accountant or audit firm.

* Disclaimer concerning the proper use of business results forecasts and other relevant specific items
(Note on forward-looking statements)

The forecasts for 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 the Accompanying Materials on page 3 for details relating to forecasts of operating results (available in Japanese only).

* This report is an abridged translation of the Japanese summary consolidated business results, which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purpose only.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2018 (As of May 31, 2019)	3Q Fiscal 2019 (As of February 29, 2020)
Assets		
Current assets		
Cash and cash equivalents	2,240	1,806
Trade notes and accounts receivable	14,192	14,878
Electronically recorded monetary claims - operating	1,443	1,085
Products and finished goods	991	766
Work in process	3,504	4,052
Raw materials and stored goods	3,074	2,958
Advances	47	26
Other accounts receivable	461	119
Other	64	280
Allowance for doubtful accounts	(1)	(0)
Total current assets	26,019	25,973
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,210	12,265
Accumulated depreciation	(5,119)	(5,410)
Buildings and structures, net	7,090	6,854
Machinery and equipment	8,174	8,193
Accumulated depreciation	(6,732)	(7,023)
Machinery and equipment, net	1,441	1,170
Land	1,301	1,301
Construction in progress	31	50
Other	4,410	4,576
Accumulated depreciation	(3,592)	(3,838)
Other, net	818	738
Total property, plant and equipment	10,683	10,115
Intangible assets		
Software	677	515
Software in progress	—	14
Other	14	14
Total intangible assets	692	544
Investments and other assets		
Investment securities	17,856	14,805
Deferred tax assets	164	149
Other	2,598	2,916
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	20,606	17,858
Total fixed assets	31,982	28,518
Total assets	58,001	54,492

Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2019
 Toyo Denki Seizo K.K. (6505)
 (Millions of yen)

	Fiscal 2018 (As of May 31, 2019)	3Q Fiscal 2019 (As of February 29, 2020)
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,670	2,747
Electronically recorded obligations - operating	5,944	5,660
Short-term debt	2,462	2,977
Accrued expenses	678	805
Income taxes payable	320	172
Consumption and other taxes payable	579	74
Advances received	59	50
Deposits received	216	200
Reserve for directors' bonuses	38	35
Reserve for employees' bonuses	819	421
Reserve for order losses	570	582
Other	402	154
Total current liabilities	14,763	13,882
Long-term liabilities		
Long-term debt	12,961	12,433
Long-term payables	20	20
Deferred tax liabilities	1,554	857
Net defined benefit liability	3,893	4,009
Other	4	3
Total long-term liabilities	18,433	17,324
Total liabilities	33,197	31,207
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	10,797	11,222
Treasury stock	(1,280)	(1,280)
Total shareholders' equity	17,693	18,117
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities	7,176	5,285
Foreign currency translation adjustments	126	39
Adjustments of defined benefit plans	(192)	(156)
Total accumulated other comprehensive income	7,110	5,167
Total net assets	24,804	23,285
Total liabilities and net assets	58,001	54,492

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

	(Millions of yen)	
	3Q Fiscal 2018 (June 1, 2018 to February 28, 2019)	3Q Fiscal 2019 (June 1, 2019 to February 29, 2020)
Net Sales	29,553	28,621
Cost of sales	24,252	22,788
Gross profit	5,301	5,833
Selling, general and administrative expenses	5,434	5,361
Operating income (loss)	(133)	472
Non-operating income		
Interest income	1	1
Dividend income	233	223
Equity in profit of unconsolidated subsidiaries and affiliates	—	40
Insurance claim income related to disaster	—	92
Miscellaneous income	36	35
Total non-operating income	271	393
Non-operating expenses		
Interest expenses	110	67
Equity in loss of unconsolidated subsidiaries and affiliates	11	—
Loss on disposal of fixed assets	3	0
Foreign exchange losses	21	30
Disaster recover expenses	—	68
Miscellaneous loss	45	10
Total non-operating expenses	192	177
Ordinary income (loss)	(54)	687
Extraordinary income		
Gain on sales of investment securities	571	447
Total extraordinary income	571	447
Extraordinary loss		
Expenses for commemorative events of the 100th anniversary	53	—
Total extraordinary losses	53	—
Income before income taxes	463	1,135
Income taxes: Current	195	301
Income taxes: Deferred	91	140
Total income taxes	287	442
Net income	175	693
Net Income Attributable to Owners of the Parent	175	693

Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2019
Toyo Denki Seizo K.K. (6505)

Consolidated Statements of Comprehensive Income for the First Three Quarters

	(Millions of yen)	
	3Q Fiscal 2018 (June 1, 2018 to February 28, 2019)	3Q Fiscal 2019 (June 1, 2019 to February 29, 2020)
Net income	175	693
Other comprehensive income		
Unrealized holding gains on available-for-sale securities	(590)	(1,891)
Foreign currency translation adjustments	5	(11)
Adjusted amounts of defined benefit plans	37	35
Share of other comprehensive income of affiliates to which the equity method is applied	(56)	(76)
Total other comprehensive income	(604)	(1,943)
Comprehensive income	(428)	(1,250)
Comprehensive income attributable to:		
Owners of the parent	(428)	(1,250)
Non-controlling interests	—	—

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information)

[Segment Information]

First Three Quarters of Fiscal 2018 (June 1, 2018 to February 28, 2019)

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

(Millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustment Amount (Note 2)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	19,804	8,638	1,098	11	29,553	—	29,553
Inter-segment sales and transfers	37	0	—	433	472	(472)	—
Total	19,841	8,639	1,098	445	30,025	(472)	29,553
Segment profit	1,457	269	213	25	1,965	(2,099)	(133)

- 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 2,099 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of a loss of 1 million yen and corporate expenditure (a loss of 2,097 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 loss recorded under the quarterly consolidated statements of income.

First Three Quarters of Fiscal 2019 (June 1, 2019 to February 29, 2020)

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

(Millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustment Amount (Note 2)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	17,610	9,667	1,339	4	28,621	—	28,621
Inter-segment sales and transfers	4	0	—	391	396	(396)	—
Total	17,615	9,667	1,339	395	29,018	(396)	28,621
Segment profit	1,459	772	388	5	2,627	(2,154)	472

- 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 2,154 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of a loss of 0 million yen and corporate expenditure (a loss of 2,154 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.

3. Supporting Materials for the Financial Results

(1) Status of Production, Orders, and Sales

(a) Production Status

Business segment	3Q Fiscal 2018 (June 1, 2018 to February, 28 2019)		3Q Fiscal 2019 (June 1, 2019 to February 29, 2020)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	19,232	67.6	17,540	61.8
Industrial Systems	8,343	29.3	9,740	34.3
Information Equipment Systems	859	3.0	1,115	3.9
Other	—	—	—	—
Total	28,435	100.0	28,397	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 Fiscal 2018 (June 1, 2018 to February 28, 2019)		3Q Fiscal 2019 (June 1, 2019 to February 29, 2020)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	16,997	20,947	20,533	25,522
Industrial Systems	9,953	8,004	8,274	5,790
Information Equipment Systems	914	343	1,355	716
Other	11	—	4	—
Total	27,877	29,296	30,167	32,029

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

(c) Sales Status

Business segment	3Q Fiscal 2018 (June 1, 2018 to February, 28 2019)		3Q Fiscal 2019 (June 1, 2019 to February 29, 2020)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	19,804	67.0	17,610	61.5
Industrial Systems	8,638	29.2	9,667	33.8
Information Equipment Systems	1,098	3.7	1,339	4.7
Other	11	0.0	4	0.0
Total	29,553	100.0	28,621	100.0

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