

Summary of Consolidated Business Results for the First Quarter of Fiscal 2020

October 12, 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 Akira Watanabe, President
 Inquiries: Toshihito Nakanishi, Operating Officer, General Manager, Management Planning Department
 TEL: +81-3-5202-8122

Scheduled date of submission of quarterly financial report : October 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 Quarter of Fiscal 2020 (June 1, 2020 to August 31, 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	%
1Q Fiscal 2020	7,848	(11.2)	169	—	265	—	315	245.9
1Q Fiscal 2019	8,841	1.7	(51)	—	(39)	—	91	—

(Note) Comprehensive income: 1Q Fiscal 2020 (815) million yen [-%]
 1Q Fiscal 2019 (171) million yen [-%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1Q Fiscal 2020	35.24	—
1Q Fiscal 2019	10.19	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
As of August 31, 2020	54,063	23,099	42.7
As of May 31, 2020	55,165	24,183	43.8

(Reference) Shareholders' equity: As of August 31, 2020 23,099 million yen
 As of May 31, 2020 24,183 million yen

2. Dividend Information

	Annual Dividend				
	1Q	Interim	3Q	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	0.00	—	30.00	30.00
Fiscal 2020	—	—	—	—	—
Fiscal 2020 (Forecast)	—	—	—	—	—

(Notes) 1. Revisions to the most recently announced dividend forecast: No
 2. The dividend forecast for Fiscal 2020 is currently undecided.

3. Consolidated Performance Forecast for Fiscal 2020 (June 1, 2020 to May 31, 2021)

Amid the novel coronavirus spreading globally, some orders received by the Company were also affected, which makes it difficult to reasonably quantify the degree of the impact on the Company's performance. Therefore, the consolidated performance forecast for Fiscal 2020 is undecided at this moment. As soon as it becomes possible to reasonably make a performance forecast going forward, the Company will announce such immediately.

(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):
- (b) Number of shares of treasury stock as of the end of the period:
- (c) Average number of shares for the period (fiscal year-to-date):

1Q Fiscal 2020	9,735,000 shares	Fiscal 2019	9,735,000 shares
1Q Fiscal 2020	793,528 shares	Fiscal 2019	793,403 shares
1Q Fiscal 2020	8,941,537 shares	1Q Fiscal 2019	8,942,033 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 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 of 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 2019 (As of May 31, 2020)	1Q Fiscal 2020 (As of August 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	3,293	4,047
Trade notes and accounts receivable	14,135	13,936
Electronically recorded monetary claims - operating	1,538	940
Products and finished goods	756	846
Work in process	3,424	3,767
Raw materials and stored goods	2,996	3,362
Advances	13	17
Other accounts receivable	39	94
Other	86	95
Allowance for doubtful accounts	(0)	(1)
Total current assets	26,284	27,106
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,269	12,280
Accumulated depreciation	(5,515)	(5,618)
Buildings and structures, net	6,753	6,661
Machinery and equipment	8,179	8,273
Accumulated depreciation	(7,120)	(7,208)
Machinery and equipment, net	1,059	1,064
Land	1,301	1,301
Construction in progress	86	90
Other	4,654	4,716
Accumulated depreciation	(3,929)	(3,999)
Other, net	724	716
Total property, plant and equipment	9,925	9,834
Intangible assets		
Software	462	411
Software in progress	14	14
Other	14	14
Total intangible assets	490	440
Investments and other assets		
Investment securities	15,434	13,647
Deferred tax assets	170	192
Other	2,865	2,848
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	18,463	16,681
Total fixed assets	28,880	26,957
Total assets	55,165	54,063

Summary of Consolidated Business Results for the First Quarter of Fiscal 2020
Toyo Denki Seizo K.K. (6505)

(Millions of yen)

	Fiscal 2019 (As of May 31, 2020)	1Q Fiscal 2020 (As of August 31, 2020)
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,224	1,930
Electronically recorded obligations - operating	5,877	5,766
Short-term debt	2,207	3,885
Accrued expenses	606	590
Income taxes payable	334	81
Consumption and other taxes payable	310	62
Advances received	45	74
Deposits received	198	339
Reserve for directors' bonuses	36	9
Reserve for employees' bonuses	876	451
Reserve for order losses	732	850
Other	218	240
Total current liabilities	13,669	14,281
Long-term liabilities		
Long-term debt	12,344	12,140
Long-term payables	25	17
Deferred tax liabilities	930	475
Net defined benefit liability	4,010	4,044
Other	3	3
Total long-term liabilities	17,312	16,682
Total liabilities	30,981	30,964
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,610	11,657
Treasury stock	(1,280)	(1,281)
Total shareholders' equity	18,505	18,552
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities	5,727	4,593
Foreign currency translation adjustments	79	71
Adjustments of defined benefit plans	(129)	(118)
Total accumulated other comprehensive income	5,677	4,546
Total net assets	24,183	23,099
Total liabilities and net assets	55,165	54,063

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

	(Millions of yen)	
	1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)	1Q Fiscal 2020 (June 1, 2020 to August 31, 2020)
Net sales	8,841	7,848
Cost of sales	7,147	5,974
Gross profit	1,694	1,873
Selling, general and administrative expenses	1,746	1,703
Operating income (loss)	(51)	169
Non-operating income		
Interest income	0	0
Dividend income	120	132
Equity in profit of unconsolidated subsidiaries and affiliates	20	—
Miscellaneous income	3	6
Total non-operating income	144	139
Non-operating expenses		
Interest expenses	24	17
Equity in loss of unconsolidated subsidiaries and affiliates	—	8
Loss on disposal of fixed assets	0	0
Foreign exchange losses	105	5
Miscellaneous loss	2	13
Total non-operating expenses	132	44
Ordinary income (loss)	(39)	265
Extraordinary income		
Gain on sales of investment securities	214	206
Total extraordinary income	214	206
Income before income taxes	174	471
Income taxes: Current	38	136
Income taxes: Deferred	44	20
Total income taxes	83	156
Net income	91	315
Net income attributable to owners of the parent	91	315

Consolidated Statements of Comprehensive Income for the First Quarter

	(Millions of yen)	
	1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)	1Q Fiscal 2020 (June 1, 2020 to August 31, 2020)
Net income	91	315
Other comprehensive income		
Unrealized holding gains on available-for-sale securities	(311)	(1,133)
Foreign currency translation adjustments	14	17
Adjusted amounts of defined benefit plans	11	11
Share of other comprehensive income of affiliates to which the equity method is applied	22	(25)
Total other comprehensive income	(262)	(1,130)
Comprehensive income	(171)	(815)
Comprehensive income attributable to:		
Owners of the parent	(171)	(815)
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]

1Q Fiscal 2019 (June 1, 2019 to August 31, 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 Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	5,566	2,905	367	1	8,841	—	8,841
Inter-segment sales and transfers	4	0	—	141	146	(146)	—
Total	5,570	2,906	367	143	8,988	(146)	8,841
Segment profit (loss)	354	195	89	3	642	(694)	(51)

- (Notes)
1. The "Other" segment includes operations not included in reporting segments such as the dispatch of temporary staff.
 2. The segment profit (loss) adjustment amount is a loss of 694 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 695 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 (loss) has been adjusted with operating loss recorded under the quarterly consolidated statements of income.

1Q Fiscal 2020 (June 1, 2020 to August 31, 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 Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	5,142	2,398	305	1	7,848	—	7,848
Inter-segment sales and transfers	1	0	—	88	90	(90)	—
Total	5,143	2,399	305	90	7,938	(90)	7,848
Segment profit (loss)	586	190	106	(11)	872	(702)	169

- (Notes)
1. The "Other" segment includes operations not included in reporting segments such as the dispatch of temporary staff.
 2. The segment profit (loss) adjustment amount is a loss of 702 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 1 million yen and corporate expenditure (a loss of 704 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 (loss) has been adjusted with operating income recorded under the quarterly consolidated statements of income.

3. Other

(1) Status of Production, Orders, and Sales

(a) Production Status

Business segment	1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)		1Q Fiscal 2020 (June 1, 2020 to August 31, 2020)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	5,662	68.7	5,133	69.3
Industrial Systems	2,486	30.2	2,144	29.0
Information Equipment Systems	95	1.2	127	1.7
Other	—	—	—	—
Total	8,244	100.0	7,406	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	1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)		1Q Fiscal 2020 (June 1, 2020 to August 31, 2020)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	5,292	22,325	4,497	23,471
Industrial Systems	3,503	7,781	3,038	5,997
Information Equipment Systems	559	892	91	325
Other	1	—	1	—
Total	9,357	30,999	7,628	29,794

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

(c) Sales Status

Business segment	1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)		1Q Fiscal 2020 (June 1, 2020 to August 31, 2020)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	5,566	63.0	5,142	65.5
Industrial Systems	2,905	32.9	2,398	30.6
Information Equipment Systems	367	4.2	305	3.9
Other	1	0.0	1	0.0
Total	8,841	100.0	7,848	100.0

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