

Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2020

April 12, 2021

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Scheduled date of submission of quarterly financial report : April 13, 2021
 Scheduled date of commencement of dividend payments : —
 Preparation of quarterly financial report supplemental explanatory materials : Yes
 Holding of quarterly financial results briefing : Yes

(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 2020 (June 1, 2020 to February 28, 2021)

(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	%
First Three Quarters of Fiscal 2020	24,108	(15.8)	33	(93.0)	326	(52.5)	416	(40.0)
First Three Quarters of Fiscal 2019	28,621	(3.2)	472	—	687	—	693	294.2

(Note) Comprehensive income: First Three Quarters of Fiscal 2020 265 million yen [-%]
 First Three Quarters of Fiscal 2019 (1,250) million yen [-%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
First Three Quarters of Fiscal 2020	46.54	—
First Three Quarters of Fiscal 2019	77.54	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
As of February 28, 2021	55,025	24,180	43.9
As of May 31, 2020	55,165	24,183	43.8

(Reference) Shareholders' equity: First Three Quarters of Fiscal 2020 24,180 million yen
 Fiscal 2019 24,183 million yen

2. Dividend Information

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

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

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

(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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	34,000	(13.0)	250	(76.6)	500	(58.6)	700	(35.3)	78.28

(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 company) Excluded: - companies (name of 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 (1) 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 2020	9,735,000 shares	Fiscal 2019	9,735,000 shares
3Q Fiscal 2020	793,888 shares	Fiscal 2019	793,403 shares
3Q Fiscal 2020	8,941,372 shares	3Q Fiscal 2019	8,941,867 shares

(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):

* 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)	3Q Fiscal 2020 (As of February 28, 2021)
Assets		
Current assets		
Cash and cash equivalents	3,293	3,720
Trade notes and accounts receivable	14,135	14,063
Electronically recorded monetary claims - operating	1,538	1,251
Products and finished goods	756	555
Work in process	3,424	3,985
Raw materials and stored goods	2,996	3,166
Advances	13	28
Other accounts receivable	39	94
Other	86	292
Allowance for doubtful accounts	(0)	(2)
Total current assets	26,284	27,156
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,269	12,330
Accumulated depreciation	(5,515)	(5,826)
Buildings and structures, net	6,753	6,504
Machinery and equipment	8,179	8,316
Accumulated depreciation	(7,120)	(7,374)
Machinery and equipment, net	1,059	942
Land	1,301	1,301
Construction in progress	86	28
Other	4,654	4,815
Accumulated depreciation	(3,929)	(4,166)
Other, net	724	648
Total property, plant and equipment	9,925	9,424
Intangible assets		
Software	462	327
Software in progress	14	33
Other	14	14
Total intangible assets	490	374
Investments and other assets		
Investment securities	15,434	14,834
Deferred tax assets	170	171
Other	2,865	3,069
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	18,463	18,069
Total fixed assets	28,880	27,868
Total assets	55,165	55,025

Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2020
Toyo Denki Seizo K.K. (6505)
(Millions of yen)

	Fiscal 2019 (As of May 31, 2020)	3Q Fiscal 2020 (As of February 28, 2021)
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,224	1,735
Electronically recorded obligations - operating	5,877	5,026
Short-term debt	2,207	4,685
Accrued expenses	606	663
Income taxes payable	334	58
Consumption and other taxes payable	310	32
Advances received	45	84
Deposits received	198	202
Reserve for directors' bonuses	36	27
Reserve for employees' bonuses	876	413
Reserve for order losses	732	842
Other	218	270
Total current liabilities	13,669	14,043
Long-term liabilities		
Long-term debt	12,344	11,847
Long-term payables	25	17
Deferred tax liabilities	930	869
Net defined benefit liability	4,010	4,064
Other	3	2
Total long-term liabilities	17,312	16,800
Total liabilities	30,981	30,844
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	11,610	11,758
Treasury stock	(1,280)	(1,281)
Total shareholders' equity	18,505	18,653
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities	5,727	5,502
Foreign currency translation adjustments	79	121
Adjustments of defined benefit plans	(129)	(96)
Total accumulated other comprehensive income	5,677	5,527
Total net assets	24,183	24,180
Total liabilities and net assets	55,165	55,025

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income for the First Three Quarters
First Three Quarters of Fiscal 2020

	(Millions of yen)	
	First Three Quarters of Fiscal 2019 (June 1, 2019 to February 29, 2020)	First Three Quarters of Fiscal 2020 (June 1, 2020 to February 28, 2021)
Net sales	28,621	24,108
Cost of sales	22,788	18,929
Gross profit	5,833	5,179
Selling, general and administrative expenses	5,361	5,145
Operating income	472	33
Non-operating income		
Interest income	1	0
Dividend income	223	208
Equity in profit of unconsolidated subsidiaries and affiliates	40	83
Foreign exchange gains	—	6
Insurance claim income related to disaster	92	34
Miscellaneous income	35	37
Total non-operating income	393	370
Non-operating expenses		
Interest expenses	67	50
Loss on disposal of fixed assets	0	0
Foreign exchange losses	30	—
Disaster recovery expenses	68	—
Miscellaneous loss	10	25
Total non-operating expenses	177	76
Ordinary income	687	326
Extraordinary income		
Gain on sales of investment securities	447	407
Total extraordinary income	447	407
Income before income taxes	1,135	734
Income taxes: Current	301	294
Income taxes: Deferred	140	23
Total income taxes	442	318
Net income	693	416
Net income attributable to owners of the parent	693	416

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

Consolidated Statements of Comprehensive Income for the First Three Quarters
First Three Quarters of Fiscal 2020

	(Millions of yen)	
	First Three Quarters of Fiscal 2019 (June 1, 2019 to February 29, 2020)	First Three Quarters of Fiscal 2020 (June 1, 2020 to February 28, 2021)
Net income	693	416
Other comprehensive income		
Unrealized holding gains on available-for-sale securities	(1,891)	(225)
Foreign currency translation adjustments	(11)	50
Adjusted amounts of defined benefit plans	35	33
Share of other comprehensive income of affiliates to which the equity method is applied	(76)	(8)
Total other comprehensive income	(1,943)	(150)
Comprehensive income	(1,250)	265
Comprehensive income attributable to:		
Owners of the parent	(1,250)	265
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 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 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 amount of segment profit adjustment 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.

First Three Quarters of Fiscal 2020 (June 1, 2020 to February 28, 2021)

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	15,830	7,423	851	3	24,108	—	24,108
Inter-segment sales and transfers	48	0	—	260	309	(309)	—
Total	15,878	7,423	851	263	24,417	(309)	24,108
Segment profit (loss)	1,449	435	244	(34)	2,094	(2,060)	33

- (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 2,060 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 2,062 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	First Three Quarters of Fiscal 2019 (June 1, 2019 to February 29, 2020)		First Three Quarters of Fiscal 2020 (June 1, 2020 to February 28, 2021)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	17,540	61.8	15,729	68.4
Industrial Systems	9,740	34.3	6,933	30.2
Information Equipment Systems	1,115	3.9	327	1.4
Other	—	—	—	—
Total	28,397	100.0	22,991	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	First Three Quarters of Fiscal 2019 (June 1, 2019 to February 29, 2020)		First Three Quarters of Fiscal 2020 (June 1, 2020 to February 28, 2021)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	20,533	25,522	14,619	22,932
Industrial Systems	8,274	5,790	7,101	5,036
Information Equipment Systems	1,355	716	424	112
Other	4	—	3	—
Total	30,167	32,029	22,149	28,082

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

(c) Sales Status

Business segment	First Three Quarters of Fiscal 2019 (June 1, 2019 to February 29, 2020)		First Three Quarters of Fiscal 2020 (June 1, 2020 to February 28, 2021)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	17,610	61.5	15,830	65.7
Industrial Systems	9,667	33.8	7,423	30.8
Information Equipment Systems	1,339	4.7	851	3.5
Other	4	0.0	3	0.0
Total	28,621	100.0	24,108	100.0

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