

To Whom It May Concern,

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**Notice on Difference Between Consolidated Performance Forecast and Results for the  
Fiscal Year Ended May 2022 and Recording of Non-operating Income, Extraordinary  
Losses and Income Taxes-Deferred (Gain)**

Toyo Denki Seizo K.K. (hereinafter “Toyo Denki”) hereby announces there is a difference between the consolidated performance forecast for the fiscal year ended May 2022 disclosed on January 12, 2022 and the results for the same period disclosed today, together with the recording of non-operating income, extraordinary losses and income taxes-deferred (gain) as follows.

**1. Difference between consolidated performance forecast and results for the fiscal year ended May 2022**

(June 1, 2021 to May 31, 2022)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	Millions of yen 33,000	Millions of yen 250	Millions of yen 600	Millions of yen 700	Yen 78.29
Results (B)	30,158	171	766	(930)	(104.02)
Change (B – A)	(2,841)	(78)	166	(1,630)	
Change (%)	(8.6)	(31.2)	27.7	—	
(Reference) Results for the previous year (Fiscal year ended May 2021)	Millions of yen 33,143	Millions of yen 423	Millions of yen 757	Millions of yen 977	Yen 109.38

**2. Difference between consolidated performance forecast and results**

Net sales were 30,158 million yen (down 8.6%) as the Transportation Systems, Industrial Systems, and Information Equipment Systems segments all fell short of the plan due to the longer-than-expected impact of COVID-19.

Operating income was 171 million yen (down 31.2%) which fell short of the plan. This was mainly due to the impact from reviewing the installation plan of testing equipment for automotive development in Industrial systems segment as a result of the rapid change to electrification, in addition to a decline in profit margin with the production shortage and price hike in components, etc.

Ordinary income was 766 million yen (up 27.7%) which exceeded the plan. This was mainly due to the steady performance of equity-method affiliates in China (Changzhou Ruiyang Transmission Technology Co., Ltd., Beijing Jingche Shuangyang Traction System Co., Ltd.) and the recording of foreign exchange gains.

Net income was a loss of 930 million yen which substantially fell short of the plan. This was mainly due to the recording

of impairment losses on business assets of 2,256 million yen in the Industrial Systems segment and the recording of a loss on valuation of investments in capital of subsidiaries and associates and loss on valuation of investment securities, despite a gain on sales of investment securities and gain on reversal of foreign currency translation adjustments.

### 3. Recording of non-operating income

Share of profit of entities accounted for using the equity method of 242 million yen was recorded as investment income for the fiscal year under review due to the steady performance of equity-method affiliates in China. Foreign exchange gains of 227 million yen were also recorded due to the depreciating yen in the exchange rate.

### 4. Recording of extraordinary losses

In the Industrial Systems segment, in consideration of the business environment and future outlook, future recoverability was reviewed based on the Accounting Standard for Impairment of Fixed Assets. As a result, the book value of certain fixed assets was reduced to the recoverable amount, and an impairment loss of 2,256 million was recorded for the fiscal year under review. In addition, a loss on valuation of investments in capital of subsidiaries and associates of 155 million yen was recorded for Changzhou Yangdian Zhanyun Transport Equipment Co., Ltd., the Group's non-consolidated subsidiary in China, for the fiscal year under review, as a result of taking into account its operating results and financial position.

### 5. Recording of income taxes-deferred (gain)

As a result of reviewing recoverability of deferred tax assets based on the future outlook, Toyo Denki has decided to record a portion of deferred tax assets that is expected to be recoverable. As a result, income taxes-deferred (gain) of 703 million yen was recorded in the fiscal year ended May 2022.

### 6. Year-end dividend

Toyo Denki regards the stable return of profits to shareholders through dividends as one of its important management policies. The year-end dividend is planned to be 30 yen per share, in line with the dividend forecast disclosed on July 15, 2021.