



January 12, 2023

To Whom It May Concern,

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**Notice on Difference Between Consolidated Performance Forecast and Results for the Six Months Ended November 30, 2022 and Recording of Extraordinary Losses**

Toyo Denki Seizo K.K. (hereinafter “Toyo Denki”) hereby announces there is a difference between the consolidated performance forecast for the six months ended November 30, 2022 disclosed on July 14, 2022 and the results for the same period disclosed today, together with the recording of extraordinary losses as follows.

1. Difference between consolidated performance forecast and results for the six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Millions of yen 16,000	Millions of yen (80)	Millions of yen 160	Millions of yen 300	Yen 33.56
Results (B)	13,821	(80)	197	26	2.98
Change (B – A)	(2,178)	(0)	37	(273)	
%	(13.6)	-	23.5	(91.1)	
(Reference) Results for the previous six months (Six months ended November 30, 2021)	Millions of yen 14,803	Millions of yen (362)	Millions of yen (83)	Millions of yen 186	Yen 20.82

2. Reason for difference

Net sales were lower than the previous forecast due to lower-than-planned sales in the Transportation Business and Industry Business, as sales were delayed due to a shortage of semiconductors and other materials. Operating profit was unchanged from the previous forecast due to improved profitability and a decrease in amortization due to the impairment of non-current assets in the Industry Business in the previous fiscal year. Ordinary profit exceeded the previous forecast. 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. On the other hand, profit attributable to owners of parent was recorded as extraordinary income of ¥405 million for gain on sale of investment securities and ¥150 million for gain on sale of non-current assets, but structural reform expenses of ¥478 million, which was expected in the second half of the fiscal year as an extraordinary loss, was recorded in the second quarter, resulted in lower profit than the previous forecast.

The impact of the above extraordinary income and loss on the consolidated financial forecast for the fiscal year ending May 31, 2023 has been factored in, and there is no revision to the consolidated financial forecast for the fiscal year to date. If there are any matters to be disclosed, including other factors, we plan to disclose them promptly.

3. Recording of extraordinary losses (business structural reform expenses)

As stated in the “New Medium-Term Management Plan” announced on July 14, 2022, Toyo Denki has decided to drastically strengthen its profitability. In the first year, Toyo Denki has positioned the plan as “a year to thoroughly take initiatives in structural reforms to increase profitability,” and is proceeding with initiatives aimed at “revitalization and transformation of Toyo Denki.” As for Toyo Denki’s future business development in China, as part of structural reforms in light of changes in the business environment, Toyo Denki recorded a loss on valuation of investments in capital of ¥478 million in Changzhou Yangdian Zhanyun Transport Equipment Co., Ltd., a non-consolidated subsidiary, and Chalco-Toyo Permanent Magnet Motor Co., Ltd., an unaffiliated entity accounted for using the equity method, as business structural reform expenses.