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To Whom It May Concern

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**Toyo Denki Describes Differences between Consolidated Earnings Forecasts and Actual Results for the First Half of Fiscal 2018 and Revised Full-Year Consolidated Earnings Forecasts**

Toyo Denki Seizo K.K. (hereinafter "Toyo Denki") today described details of differences between its consolidated earnings forecasts for the first half (June 1, 2018 to November 30, 2018) of fiscal 2018, the year ending May 31, 2019, originally disclosed on July 12, 2018 and the Company's actual results for the same period, made public today. Based on the first-half earnings results, the Company also announced revisions to its full-year consolidated earnings forecasts for fiscal 2018, which were previously announced on July 12, 2018. The details of the earnings results, the aforesaid differences, and the revised forecasts are summarized below.

1. Differences between Consolidated Earnings Forecasts and Actual Results for the First Half of Fiscal 2018 (June 1, 2018 to November 30, 2018)

| | Net Sales | Operating Income | Ordinary Income | Net Income Attributable to Owners of the Parent | Net Income per Share (Yen) |
|---|---|---|---|---|---|
| Previous forecast (A) | Millions of yen<br>19,000 | Millions of yen<br>(270) | Millions of yen<br>(150) | Millions of yen<br>(150) | Yen<br>(15.88) |
| Actual results (B) | 19,635 | (124) | (21) | 146 | 15.62 |
| Change (B − A) | 635 | 146 | 129 | 296 | |
| Percent change (%) | 3.3 | - | - | - | |
| (Reference) Business results for 1H, fiscal 2017 ended May 31, 2018 | Millions of yen<br>18,655 | Millions of yen<br>(232) | Millions of yen<br>47 | Millions of yen<br>256 | Yen<br>27.12 |

2. Revisions to Full-Year Consolidated Earnings Forecasts (June 1, 2018 to May 31, 2019)

| | Net Sales | Operating Income | Ordinary Income | Net Income Attributable to Owners of the Parent | Net Income per Share (Yen) |
|---|---|---|---|---|---|
| Previous forecast (A) | Millions of yen<br>42,500 | Millions of yen<br>500 | Millions of yen<br>700 | Millions of yen<br>500 | Yen<br>52.95 |
| Revised forecast (B) | 42,500 | 600 | 650 | 700 | 74.69 |
| Change (B − A) | 0 | 100 | (50) | 200 | |
| Percent change (%) | 0.0 | 20.0 | (7.1) | 40.0 | |
| (Reference) Business results for fiscal 2017 ended May 31, 2018 | Millions of yen<br>42,527 | Millions of yen<br>366 | Millions of yen<br>515 | Millions of yen<br>692 | Yen<br>73.33 |

3. Reasons for Differences and Revisions

(1) Differences between the consolidated earnings forecasts and actual results for the first half

Net sales for the transportation systems business, the industrial systems business and the information equipment systems business were all above plan. Operating income also exceeded the plan in all business segments due to the following factors. In the transportation systems segment, there was strong demand in the domestic market although the Company recorded lower earnings associated with the high-speed railways in China due to the ongoing changeover to standard trains. In the industrial systems segment, improvements in cost and delivery management were achieved as a result of changes made to the business management structure and the Company also experienced more-than-expected improvement effects from the integration of industrial works at Shiga Ryuo Plant. In the information equipment systems segment, the primary contributing factor was improved plant profitability. Ordinary income was above plan in proportion to higher operating income. Net income attributable owners of the parent exceeded the plan as a result of higher operating income and efforts made to reduce investment securities.

(2) Revisions to the full-year consolidated earnings forecasts

In light of the above, the Company expects net sales to be in line with the previously announced forecast. As for operating income, improvements made in the first half will be reflected in the full-year forecast. Ordinary income is likely to slightly fall short of the previously announced forecast since the Company expects a foreign exchange loss caused by the depreciation of the Chinese yuan under the recent economic conditions and a standstill in the performance of its joint venture subsidiary in China against the plan. Net income attributable to owners of the parent is expected to exceed the previously announced forecast since Operating income will likely be higher and there will be continued efforts to reduce investment securities.