

July 11, 2019

Summary of Consolidated Business Results for Fiscal 2018

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Scheduled date of convention of ordinary general meeting of shareholders : August 28, 2019
 Scheduled date of commencement of dividend payments : August 29, 2019
 Scheduled date of submission of financial report : August 29, 2019
 Preparation of financial report's supplemental explanatory materials : Yes
 Holding of financial results briefing : Yes (for institutional investors and analysts)
 (Fractions of ¥1 million are rounded off)

1. Consolidated Performance for Fiscal 2018 (June 1, 2018 to May 31, 2019)

(1) Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year increase or decrease.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
Fiscal 2018	41,172	(3.2)%	557	52.0%	495	(3.8)%	690	(0.3)%
Fiscal 2017	42,527	4.6%	366	(76.7)%	515	(69.0)%	692	(41.0)%

(Note) Comprehensive income: Fiscal 2018: (251) million yen (-%)
 Fiscal 2017: 2,009 million yen (32.8%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Net Income to Shareholders' Equity Ratio (%)	Ordinary Income to Total Assets Ratio (%)	Operating Income to Net Sales Ratio (%)
Fiscal 2018	75.27	—	2.7	0.8	1.4
Fiscal 2017	73.33	—	2.7	0.9	0.9

Equity method investment gain or loss for: Fiscal 2018: 10 million yen
 Fiscal 2017: 116 million yen

(2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2018	58,001	24,804	42.8	2,773.87
Fiscal 2017	63,291	26,327	41.6	2,788.01

(Reference) Shareholders' equity Fiscal 2018: 24,804 million yen
 Fiscal 2017: 26,327 million yen

(3) Consolidated Cash Flows

(In millions of yen, except where noted)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Fiscal Year
Fiscal 2018	3,720	(1,019)	(2,012)	2,240
Fiscal 2017	(1,572)	(3,087)	4,140	1,555

2. Dividend Information

	Annual Dividend (Yen)					Total Annual Dividends (Millions of yen)	Dividend Payout Ratio (consolidated, %)	Dividend on Equity Ratio (consolidated, %)
	1Q	Interim	3Q	Fiscal	Total			
Fiscal 2017	—	0.00	—	50.00	50.00	472	68.2	1.9
Fiscal 2018	—	0.00	—	30.00	30.00	268	39.9	1.1
Fiscal 2019 (Forecast)	—	0.00	—	30.00	30.00		29.8	

3. Consolidated Performance Forecast for Fiscal 2019 (June 1, 2019 to May 31, 2020)

(In millions of yen, except where noted; 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 (Yen)
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
First 6 months	20,100	2.4%	300	—	400	—	400	173.2%	44.73
Full year	42,000	2.0%	900	61.4%	1,100	121.8%	900	30.4%	100.65

* Notes:

- (1) Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): No
- (2) 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
- (3) Shares outstanding (common stock)
 - (a) Number of shares outstanding as of the end of the period (including treasury stock):
Fiscal 2018: 9,735,000 shares Fiscal 2017: 9,735,000 shares
 - (b) Number of shares of treasury stock as of the end of the period:
Fiscal 2018: 792,966 shares Fiscal 2017: 291,907 shares
 - (c) Average number of shares for the period (fiscal year-to-date):
Fiscal 2018: 9,173,463 shares Fiscal 2017: 9,443,696 shares

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of May 31, 2018	As of May 31, 2019
Assets		
Current assets		
Cash and cash equivalents	1,555	2,240
Trade notes and accounts receivable	16,960	14,192
Electronically recorded monetary claims - operating	1,152	1,443
Products and finished goods	1,006	991
Work in process	3,506	3,504
Raw materials and stored goods	3,319	3,074
Advances	30	47
Other accounts receivable	547	461
Other	534	64
Allowance for doubtful accounts	(1)	(1)
Total current assets	<u>28,611</u>	<u>26,019</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures	11,981	12,210
Accumulated depreciation	(4,707)	(5,119)
Buildings and structures, net	<u>7,274</u>	<u>7,090</u>
Machinery and equipment	7,742	8,174
Accumulated depreciation	(6,310)	(6,732)
Machinery and equipment, net	<u>1,432</u>	<u>1,441</u>
Land	1,301	1,301
Construction in progress	320	31
Other	3,953	4,410
Accumulated depreciation	(3,116)	(3,592)
Other, net	<u>837</u>	<u>818</u>
Total property, plant and equipment	<u>11,166</u>	<u>10,683</u>
Intangible assets		
Software	885	677
Software in progress	3	—
Other	15	14
Total intangible assets	<u>904</u>	<u>692</u>
Investments and other assets		
Investment securities	19,681	17,856
Deferred tax assets	95	164
Other	2,845	2,598
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	<u>22,609</u>	<u>20,606</u>
Total fixed assets	<u>34,680</u>	<u>31,982</u>
Total assets	<u>63,291</u>	<u>58,001</u>

(Millions of yen)

	As of May 31, 2018	As of May 31, 2019
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,057	2,670
Electronically recorded obligations - operating	6,295	5,944
Short-term debt	7,241	2,462
Accrued expenses	841	678
Income taxes payable	180	320
Consumption and other taxes payable	38	579
Advances received	188	59
Deposits received	229	216
Reserve for directors' bonuses	25	38
Reserve for employees' bonuses	814	819
Reserve for order losses	689	570
Other	1,716	402
Total current liabilities	22,320	14,763
Long-term liabilities		
Long-term debt	8,930	12,961
Long-term payables	35	20
Deferred tax liabilities	1,756	1,554
Net defined benefit liability	3,862	3,893
Other	58	4
Total long-term liabilities	14,644	18,433
Total liabilities	36,964	33,197
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	10,579	10,797
Treasury stock	(480)	(1,280)
Total shareholders' equity	18,274	17,693
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	8,111	7,176
Foreign currency translation adjustments	188	126
Remeasurements of defined benefit plans	(247)	(192)
Total accumulated other comprehensive income	8,052	7,110
Total net assets	26,327	24,804
Total liabilities and net assets	63,291	58,001

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

	(Millions of yen)	
	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)	For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)
Net sales	42,527	41,172
Cost of sales	34,454	33,333
Gross profit	8,072	7,839
Selling, general and administrative expenses	7,705	7,281
Operating income	366	557
Non-operating income		
Interest income	2	1
Dividend income	233	242
Equity in profit of unconsolidated subsidiaries and affiliates	116	10
Gain on foreign currency exchange	6	—
Reversal of expenses for environmental countermeasures	40	—
Miscellaneous income	61	47
Total non-operating income	459	301
Non-operating expenses		
Interest expense	148	143
Loss on foreign currency exchange	—	82
Commission fee	93	76
Loss on disposal of fixed assets	1	4
Miscellaneous loss	67	55
Total non-operating expenses	310	363
Ordinary income	515	495
Extraordinary income		
Gain on sales of non-current assets	4	—
Gain on sales of investment securities	806	804
Other	2	—
Total extraordinary income	814	804
Extraordinary loss		
Expenses for plant integration	339	—
Expenses for commemorative events of the 100th anniversary	18	53
Loss on sales of non-current assets	7	—
Total extraordinary losses	365	53
Income before income taxes	964	1,246
Current	332	448
Deferred	(60)	107
Total income taxes	272	556
Net income	692	690
Net income attributable to owners of the parent	692	690

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)	For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)
Net income	692	690
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	1,231	(934)
Foreign currency translation adjustments	(4)	19
Remeasurements of defined benefit plans	53	54
Share of other comprehensive income of affiliates to which the equity method is applied	36	(81)
Total other comprehensive income	1,317	(941)
Comprehensive income	2,009	(251)
Comprehensive income attributable to:		
Owners of the parent	2,009	(251)
Non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the fiscal period under review	4,998	3,177	10,170	(477)	17,868
Change during fiscal period under review					
Distribution of retained earnings	—	—	(283)	—	(283)
Net income attributable to owners of the parent	—	—	692	—	692
Acquisition of treasury stock	—	—	—	(2)	(2)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total change during fiscal period under review	—	—	409	(2)	406
Balance as of the end of fiscal period under review	4,998	3,177	10,579	(480)	18,274

	Accumulated other comprehensive income				Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of the beginning of the fiscal period under review	6,879	156	(300)	6,735	24,603
Change during fiscal period under review					
Distribution of retained earnings	—	—	—	—	(283)
Net income attributable to owners of the parent	—	—	—	—	692
Acquisition of treasury stock	—	—	—	—	(2)
Net changes of items other than shareholders' equity	1,231	31	53	1,317	1,317
Total change during fiscal period under review	1,231	31	53	1,317	1,723
Balance as of the end of fiscal period under review	8,111	188	(247)	8,052	26,327

For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of the beginning of the fiscal period under review	4,998	3,177	10,579	(480)	18,274
Change during fiscal period under review					
Distribution of retained earnings	—	—	(472)	—	(472)
Net income attributable to owners of the parent	—	—	690	—	690
Acquisition of treasury stock	—	—	—	(800)	(800)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total change during fiscal period under review	—	—	218	(800)	(581)
Balance as of the end of fiscal period under review	4,998	3,177	10,797	(1,280)	17,693

	Accumulated other comprehensive income				Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of the beginning of the fiscal period under review	8,111	188	(247)	8,052	26,327
Change during fiscal period under review					
Distribution of retained earnings	—	—	—	—	(472)
Net income attributable to owners of the parent	—	—	—	—	690
Acquisition of treasury stock	—	—	—	—	(800)
Net changes of items other than shareholders' equity	(934)	(61)	54	(941)	(941)
Total change during fiscal period under review	(934)	(61)	54	(941)	(1,523)
Balance as of the end of fiscal period under review	7,176	126	(192)	7,110	24,804

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)	For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)
Cash flow from operating activities		
Income before income taxes	964	1,246
Depreciation and amortization	1,237	1,774
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in reserve for employees' bonuses	(138)	5
Increase (decrease) in net defined benefit liability	(46)	37
Interest and dividends income	(235)	(244)
Interest expense	148	143
Loss (gain) on sales of investment securities	(806)	(804)
Loss (gain) on sales of non-current assets	2	—
Expenses for plant integration	66	—
Decrease (increase) in notes and accounts receivable- trade	(1,812)	2,527
Decrease (increase) in inventories	(1,370)	290
Increase (decrease) in trade notes	1,567	(1,790)
Increase (decrease) in reserve for order losses	340	(134)
Increase (decrease) in advances received	68	(129)
Increase (decrease) in accrued expenses	(233)	(170)
Decrease (increase) in consumption and other taxes receivable	(410)	415
Increase (decrease) in consumption and other taxes payable	(95)	540
Other	(163)	120
Subtotal	(917)	3,828
Interest and dividends income received	244	259
Interest expenses paid	(148)	(146)
Refund of (Payments for) corporate and other taxes	(751)	(221)
Cash Flow from Operating Activities	(1,572)	3,720
Cash flow from investing activities		
Purchases of property, plant and equipment	(3,448)	(2,277)
Proceeds from sales of property, plant and equipment	79	—
Purchases of intangible assets	(132)	(49)
Purchases of investment securities	(170)	(260)
Proceeds from sales of investment securities	1,100	1,441
Payments of loans receivable	(70)	—
Collection of loans receivable	35	35
Payments for investments in capital of subsidiaries	(491)	—
Other	11	92
Cash Flow from Investing Activities	(3,087)	(1,019)
Cash flow from financing activities		
Increase (decrease) in short-term loans payable, net	2,929	(1,990)
Proceeds from long-term debt	5,500	4,600
Repayment of long-term debt	(4,002)	(3,355)
Purchase of treasury stock	(2)	(800)
Cash dividends paid	(283)	(471)
Other	(0)	4
Cash Flow from Financing Activities	4,140	(2,012)
Effect of exchange rate change on cash and cash equivalents	(16)	(4)
Increase (decrease) in cash and cash equivalents	(535)	685
Balance of cash and cash equivalents at the beginning of the period	2,091	1,555
Balance of cash and cash equivalents at the end of the period	1,555	2,240

(5) Notes on Consolidated Financial Statements

(Notes regarding assumption of a going concern)

Not applicable.

[Segment Information]

1. Outline of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The Group establishes business units by product and each business unit designs domestic and overseas comprehensive strategies for its products and is developing business activities. Accordingly, the Group consists of the three reportable segments by product based on the business units, which are Transportation Systems, Industrial Systems and Information Equipment Systems.

[Details of each segment]

- Transportation Systems

Manufacturing, sales and related construction for electrical equipment used in rail vehicles, alternative rail vehicles and special purpose vehicles, as well as electric storage systems for railway applications, etc.

- Industrial Systems

Manufacturing, sales and related construction for systems for industrial production and processing facilities, automobile testing systems, power generation and source systems, water supply and sanitation equipment systems, electrical equipment used in automobiles, etc.

- Information Equipment Systems

Manufacturing, sales and related construction services for station operating equipment systems, remote monitoring systems and information systems equipment, etc.

2. Basis for calculating sales, profits or losses, assets and liabilities, and other items by reportable segments

The method of accounting process of reportable segments is equivalent to the method described in “Notes on important matters for the preparation of consolidated financial statements.”

Segment profit is evaluated based on operating income. Inter-segment sales and transfers are recorded at the same prices used in transactions with third parties.

3. Information on amounts of sales, profits or losses, assets and liabilities, and other items by reportable segments

For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)

(Millions of yen)

	Reportable segments			Other (Note)	Total	Adjust- ments	Consoli- dated
	Transpor- tation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	27,949	11,769	2,801	6	42,527	—	42,527
Inter-segment sales or transfers	13	1	—	711	726	(726)	—
Total	27,963	11,771	2,801	717	43,253	(726)	42,527
Segment profit	2,578	276	314	41	3,210	(2,844)	366
Segment assets	22,234	15,076	2,237	596	40,145	23,146	63,291
Other items							
Depreciation and amortization	648	290	23	1	963	273	1,237
Increase in property, plant and equipment and intangible assets	747	3,843	23	—	4,614	158	4,772

(Note) “Other” represents business units which are not included in reportable segments and consists of worker dispatching service related activities, etc.

For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)

(Millions of yen)

	Reportable segments			Other (Note)	Total	Adjust- ments	Consoli- dated
	Transpor- tation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	27,235	12,339	1,583	13	41,172	—	41,172
Inter-segment sales or transfers	50	0	—	591	642	(642)	—
Total	27,285	12,340	1,583	605	41,814	(642)	41,172
Segment profit	2,427	650	290	34	3,401	(2,843)	557
Segment assets	20,216	14,310	1,199	572	36,300	21,701	58,001
Other items							
Depreciation and amortization	718	691	92	1	1,503	270	1,774
Increase in property, plant and equipment and intangible assets	595	366	109	13	1,085	5	1,090

(Note) “Other” represents business units which are not included in reportable segments and consists of worker dispatching service related activities, etc.

4. Description of nature and amounts of differences between reportable segment total and consolidated financial statements

(Millions of yen)

Net sales	For the fiscal year ended May 31, 2018	For the fiscal year ended May 31, 2019
Reportable segment total	42,536	41,209
Sales under the Other category	717	605
Inter-segment elimination	(726)	(642)
Net sales in consolidated financial statements	42,527	41,172

(Millions of yen)

Profit	For the fiscal year ended May 31, 2018	For the fiscal year ended May 31, 2019
Reportable segment total	3,169	3,367
Profit under the Other category	41	34
Inter-segment elimination	1	(0)
Companywide expenses	(2,845)	(2,842)
Operating income in consolidated financial statements	366	557

(Note) Companywide expenses are primarily selling, general and administrative expenses not belonging to any reportable segment.

(Millions of yen)

Assets	For the fiscal year ended May 31, 2018	For the fiscal year ended May 31, 2019
Reportable segment total	39,548	35,727
Assets under the Other category	596	572
Inter-segment elimination	(781)	(748)
Companywide assets	23,928	22,450
Total assets in consolidated financial statements	63,291	58,001

(Note) Companywide assets are primarily assets managed by the head office and not belonging to any reportable segment.

(Millions of yen)

Other items	Reportable segment total		Other		Adjustments		Amount in consolidated financial statements	
	For the fiscal year ended May 31,		For the fiscal year ended May 31,		For the fiscal year ended May 31,		For the fiscal year ended May 31,	
	2018	2019	2018	2019	2018	2019	2018	2019
Depreciation and amortization	962	1,502	1	1	273	270	1,237	1,774
Increase in property, plant and equipment and intangible assets	4,614	1,071	—	13	158	5	4,772	1,090

(Significant subsequent events)

Not applicable.

4. Other

(1) Production, orders received and sales

(a) Production

Segment by business type	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)		For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Transportation Systems	27,598	65.4	26,825	67.1
Industrial Systems	11,883	28.2	11,685	29.2
Information Equipment Systems	2,714	6.4	1,496	3.7
Other	—	—	—	—
Total	42,195	100.0	40,008	100.0

- (Note) 1. The amounts are based on sales price.
2. The above figures do not include consumption tax, etc.

(b) Orders received

Segment by business type	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)		For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)	
	Order amount (Millions of yen)	Backlog (Millions of yen)	Order amount (Millions of yen)	Backlog (Millions of yen)
Transportation Systems	25,866	23,753	26,080	22,599
Industrial Systems	11,309	6,690	12,833	7,184
Information Equipment Systems	2,416	528	1,756	700
Other	6	—	13	—
Total	39,599	30,972	40,684	30,483

- (Note) 1. The amounts are based on sales price.
2. The above figures do not include consumption tax, etc.

(c) Sales

Segment by business type	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)		For the fiscal year ended May 31, 2019 (June 1, 2018 to May 31, 2019)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Transportation Systems	27,949	65.7	27,235	66.1
Industrial Systems	11,769	27.7	12,339	30.0
Information Equipment Systems	2,801	6.6	1,583	3.8
Other	6	0.0	13	0.0
Total	42,527	100.0	41,172	100.0

- (Note)
1. The amounts are based on sales price.
 2. The above figures do not include consumption tax, etc.

(2) Personnel changes of directors and audit & supervisory board members

Please refer to the “notice regarding personnel changes of directors and audit & supervisory board members.”