

Summary of Consolidated Business Results for the First Quarter of Fiscal 2019

October 11, 2019

Company Name: Toyo Denki Seizo K. K.	Stock Exchange: 1st Section of the Tokyo Stock Exchange
Stock Code: 6505	URL https://www.toyodenki.co.jp
Representative: Kenzo Terashima, President	
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Scheduled date of submission of quarterly financial report	: October 11, 2019
Scheduled date of commencement of dividend payments	: -
Preparation of quarterly financial report supplemental explanatory materials	: Yes
Holding of quarterly financial results briefing	: Yes (for institutional investors and analysts)

(Note: Amounts less than one million yen in financial statements and supplementary data are rounded down.)

1. Consolidated Business Results for the First Quarter of Fiscal 2019 (June 1, 2019 to August 31, 2019)

(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	%
1Q Fiscal 2019	8,841	1.7	(51)	-	(39)	-	91	-
1Q Fiscal 2018	8,689	24.9	(584)	-	(548)	-	(348)	-

(Note) Comprehensive income: 1Q Fiscal 2019 (171) million yen [-%]
1Q Fiscal 2018 (908) million yen [-%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1Q Fiscal 2019	10.19	-
1Q Fiscal 2018	(36.89)	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
	Millions of yen	Millions of yen	%
As of August 31, 2019	56,605	24,364	43.0
As of May 31, 2019	58,001	24,804	42.8

(Reference) Shareholders' equity: As of August 31, 2019 24,364 million yen
As of May 31, 2019 24,804 million yen

2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	-	0.00	-	30.00	30.00
Fiscal 2019	-				
Fiscal 2019 (Forecast)		0.00	-	30.00	30.00

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

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

(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)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	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

(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 the company) Excluded: - companies (name of the 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 (a) 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):	1Q Fiscal 2019	9,735,000 shares	Fiscal 2018	9,735,000 shares
(b) Number of shares of treasury stock as of the end of the period:	1Q Fiscal 2019	792,968 shares	Fiscal 2018	792,966 shares
(c) Average number of shares for the period (fiscal year-to-date):	1Q Fiscal 2019	8,942,033 shares	1Q Fiscal 2018	9,443,085 shares

* 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 of business results presented in this document are based on management's assumptions and beliefs in light of currently available information. Toyo Denki Seizo K. K. (hereinafter 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 consolidated business results, which has been prepared in accordance with accounting principles generally accepted Japan, for reference purpose only.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2018 (As of May 31, 2019)	1Q Fiscal 2019 (As of August 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	2,240	1,464
Trade notes and accounts receivable	14,192	13,958
Electronically recorded monetary claims - operating	1,443	1,226
Products and finished goods	991	1,008
Work in process	3,504	4,003
Raw materials and stored goods	3,074	3,036
Advances	47	22
Other accounts receivable	461	132
Other	64	206
Allowance for doubtful accounts	(1)	(0)
Total current assets	26,019	25,059
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,210	12,275
Accumulated depreciation	(5,119)	(5,222)
Buildings and structures, net	7,090	7,053
Machinery and equipment	8,174	8,198
Accumulated depreciation	(6,732)	(6,840)
Machinery and equipment, net	1,441	1,357
Land	1,301	1,301
Construction in progress	31	33
Other	4,410	4,469
Accumulated depreciation	(3,592)	(3,671)
Other, net	818	798
Total property, plant and equipment	10,683	10,543
Intangible assets		
Software	677	624
Other	14	14
Total intangible assets	692	639
Investments and other assets		
Investment securities	17,856	17,242
Deferred tax assets	164	146
Other	2,598	2,985
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	20,606	20,362
Total fixed assets	31,982	31,545
Total assets	58,001	56,605

Summary of Consolidated Business Results for the First Quarter of Fiscal 2019
 Toyo Denki Seizo K. K. (6505)
 (Millions of yen)

	Fiscal 2018 (As of May 31, 2019)	1Q Fiscal 2019 (As of August 31, 2019)
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,670	2,291
Electronically recorded obligations - operating	5,944	5,477
Short-term debt	2,462	3,804
Accrued expenses	678	711
Income taxes payable	320	77
Consumption and other taxes payable	579	51
Advances received	59	71
Deposits received	216	342
Reserve for directors' bonuses	38	11
Reserve for employees' bonuses	819	414
Reserve for order losses	570	575
Other	402	292
Total current liabilities	14,763	14,122
Long-term liabilities		
Long-term debt	12,961	12,725
Long-term payables	20	20
Deferred tax liabilities	1,554	1,448
Net defined benefit liability	3,893	3,918
Other	4	3
Total long-term liabilities	18,433	18,118
Total liabilities	33,197	32,240
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	10,797	10,620
Treasury stock	(1,280)	(1,280)
Total shareholders' equity	17,693	17,515
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities	7,176	6,865
Foreign currency translation adjustments	126	163
Adjustments of defined benefit plans	(192)	(180)
Total accumulated other comprehensive income	7,110	6,848
Total net assets	24,804	24,364
Total liabilities and net assets	58,001	56,605

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income for the First Quarter of Fiscal 2019

	(Millions of yen)	
	1Q Fiscal 2018 (June 1, 2018 to August 31, 2018)	1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)
Net Sales	8,689	8,841
Cost of sales	7,449	7,147
Gross profit	1,240	1,694
Selling, general and administrative expenses	1,824	1,746
Operating loss	(584)	(51)
Non-operating income		
Interest income	0	0
Dividend income	120	120
Equity in income of unconsolidated subsidiaries and affiliates	-	20
Miscellaneous income	10	3
Total non-operating income	131	144
Non-operating expenses		
Interest expense	29	24
Equity in loss of unconsolidated subsidiaries and affiliates	21	-
Loss on disposal of fixed assets	1	0
Foreign exchange losses	27	105
Miscellaneous loss	15	2
Total non-operating expenses	95	132
Ordinary loss	(548)	(39)
Extraordinary income		
Gain on sales of investment securities	95	214
Total extraordinary income	95	214
Extraordinary loss		
Expenses for commemorative events of the 100th anniversary	5	-
Total extraordinary losses	5	-
Income (loss) before income taxes	(458)	174
Income taxes: Current	29	38
Income taxes: Deferred	(138)	44
Total income taxes	(109)	83
Net income (loss)	(348)	91
Net income (loss) attributable to owners of the parent	(348)	91

Consolidated Statements of Comprehensive Income for the First Quarter of Fiscal 2019

	(Millions of yen)	
	1Q Fiscal 2018 (June 1, 2018 to August 31, 2018)	1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)
Net income (loss)	(348)	91
Other comprehensive income		
Unrealized holding gains on available-for-sale securities	(547)	(311)
Foreign currency translation adjustments	(0)	14
Adjusted amounts of defined benefit plans	12	11
Share of other comprehensive income of affiliates to which the equity method is applied	(24)	22
Total other comprehensive income	(560)	(262)
Comprehensive income	(908)	(171)
Comprehensive income attributable to:		
Owners of the parent	(908)	(171)
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]

The First Quarter of Fiscal 2018 (June 1, 2018 to August 31, 2018)

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 Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	5,458	2,776	448	6	8,689	-	8,689
Inter-segment sales and transfers	5	0	-	152	158	(158)	-
Total	5,464	2,776	448	158	8,848	(158)	8,689
Segment profit (loss)	46	(16)	104	6	141	(725)	(584)

- 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 725 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 725 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 loss recorded under the quarterly consolidated statements of income.

The First Quarter of Fiscal 2019 (June 1, 2019 to August 31, 2019)

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 Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	5,566	2,905	367	1	8,841	-	8,841
Inter-segment sales and transfers	4	0	-	141	146	(146)	-
Total	5,570	2,906	367	143	8,988	(146)	8,841
Segment profit (loss)	354	195	89	3	642	(694)	(51)

- 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 694 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 695 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 loss recorded under the quarterly consolidated statements of income.

3. Supporting Materials for the Financial Results

(1) The Status of Production, Orders, and Sales

(a) Production Status

Business segment	1Q Fiscal 2018 (June 1, 2018 to August 31, 2018)		1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	5,177	63.5	5,662	68.7
Industrial Systems	2,512	30.8	2,486	30.2
Information Equipment Systems	466	5.7	95	1.2
Other	-	-	-	-
Total	8,156	100.0	8,244	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	1Q Fiscal 2018 (June 1, 2018 to August 31, 2018)		1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	5,567	23,862	5,292	22,325
Industrial Systems	4,363	8,277	3,503	7,781
Information Equipment Systems	248	327	559	892
Other	6	-	1	-
Total	10,185	32,467	9,357	30,999

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

(c) Sales Status

Business segment	1Q Fiscal 2018 (June 1, 2018 to August 31, 2018)		1Q Fiscal 2019 (June 1, 2019 to August 31, 2019)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	5,458	62.8	5,566	63.0
Industrial Systems	2,776	32.0	2,905	32.9
Information Equipment Systems	448	5.2	367	4.2
Other	6	0.1	1	0.0
Total	8,689	100.0	8,841	100.0

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