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To whom it may concern,

Company Name Toyo Denki Seizo K.K.
 Representative Akira Watanabe, President
 (Stock Code: 6505, 1st Section of the
 Tokyo Stock Exchange)
 Inquiries Toshihito Nakanishi, Operating Officer,
 General Manager, Management Planning
 Department
 (TEL. 03-5202-8122)

Notice on Difference between Consolidated Business Forecast and Results for the First Half of Fiscal Year Ending May 2022, Recording of Extraordinary Income, as well as Revision of Consolidated Business Forecast for the Fiscal Year Ending May 2022

Toyo Denki Seizo K.K. (hereinafter “Toyo Denki”) today announces its consolidated business results for the first half of the fiscal year ending May 2022 and the difference from the forecast for the same period, which was released on July 15, 2021, as well as the recording of extraordinary income as follows.

In addition, based on the results, etc. for the same period, Toyo Denki has decided to revise its consolidated business forecast for the fiscal year ending May 2022, which was released on July 15, 2021 as follows.

1. Difference between Consolidated Business Forecast and Results for the First Half of Fiscal Year Ending May 2022
 (June 1, 2021 to November 30, 2021)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	Millions of yen 15,000	Millions of yen (100)	Millions of yen 50	Millions of yen 150	Yen 16.78
Results (B)	14,803	(362)	(83)	186	20.82
Change (B-A)	(196)	(262)	(133)	36	
Change (%)	(1.3)	-	-	24.1	
(Reference) Results for the first half of the previous fiscal year (First half of the fiscal year ended May 2021)	Millions of yen 16,720	Millions of yen 177	Millions of yen 355	Millions of yen 451	Yen 50.49

2. Revision of Consolidated Business Forecast for the Fiscal Year Ending 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 34,000	Millions of yen 450	Millions of yen 700	Millions of yen 800	Yen 89.48
Revised forecast (B)	33,000	250	600	700	78.29
Change (B-A)	(1,000)	(200)	(100)	(100)	
Change (%)	(2.9)	(44.4)	(14.3)	(12.5)	
(Reference) Results for the previous fiscal 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

3. Reasons for Difference and Revision

(1) Difference between consolidated business forecast and results for the first half of fiscal year ending May 2022

Although net sales were generally in line with the previous forecast, in terms of income, due to the impacts of the longer than expected duration of COVID-19 in the industrial business and a shortfall in the order schedule, a deterioration of factory profit and loss due to the production shortage and a decline in gross margin ratio as a result of efforts to secure orders resulted in operating income and ordinary income falling below the previous forecast. On the other hand, net income attributable to owners of the parent exceeded the previous forecast due to the recording of a gain on sale of investment securities.

(2) Revision of consolidated business forecast for the fiscal year ending May 2022

In the industrial business, it is assumed that the business environment will improve in the future, but it is expected that it will not be able to offset the shortfall in the results of the second quarter. As a result, the consolidated business forecast for the full year will be revised with respect to net sales, operating income, ordinary income, and net income attributable to owners of the parent.

(Note) The above business forecasts are based on information currently available to Toyo Denki and certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to various factors.

4. Recording of Extraordinary Income (Gain on Sales of Investment Securities)

(1) Reason for sale of investment securities

Toyo Denki sold a portion of its investment securities to improve asset efficiency and strengthen its financial position

(2) Sales period

From June 29, 2021 to November 9, 2021

(3) Details of sale

i. Type of asset sold

One stock name of listed securities and one stock name of unlisted securities owned by Toyo Denki

ii. Gain on sales of investment securities

366 million yen

(4) Future outlook

Toyo Denki will continue to strive to reduce its cross holdings.