

Message from the President

While following the basic policy of the medium-term management plan “Revitalize 2020,” we will add and carry out new measures to respond to changes in the business environment.



We would like to express our sincere gratitude to all of our stakeholders for their continued support.

First of all, we offer heartfelt condolences to those who lost their lives to COVID-19 and deepest sympathies to their families and the people affected by the loss. We also pray for the quickest recovery of coronavirus patients.

COVID-19 has caused a major impact on the entire Japanese industry, including our customers who are transportation operators and companies in the automobile industry and the equipment industry. We pray that the COVID-19 epidemic will be contained as quickly as possible and that economic activity will be revived again. The Company will continue its efforts to help to prevent the spread of infections, while prioritizing the safety and health of employees through measures such as working from home and staggered commuting and minimizing hindrance to production.

During the fiscal year ended May 2020, the spread of COVID-19 resulted in restrictions on sales activities in Japan due to voluntary refraining from going out and on traveling abroad from the latter half of the year. However, the Company did not suffer from any major hindrance to its production activities and achieved a higher profit that exceeded the initial target for the

fiscal year. This was attributable to the integration of production bases of the Industrial Systems segment to the Shiga Ryuo Plant, which was carried out on the occasion of the 100th anniversary of the Company’s founding, productivity improvement in the Transportation Systems segment, as well as new product development in the Information Equipment Systems segment.

Nevertheless, the global economic downturn caused by COVID-19 has made many customers cautious on capital investment during the fiscal year ending May 2021. Amid this environment, in terms of the Company’s earnings forecast for the fiscal year ending May 2021, it’s possible to make forecast to a certain extent for the Transportation Systems segment, which had a relatively large order backlog at the end of the previous fiscal year, but we think that it will take some time to assess coming developments for the Industrial Systems segment. We will promptly inform you once our earnings forecast can be produced.

Meanwhile, our business policy is to add and implement new measures in response to changes in the business environment that are becoming apparent these days, while reviewing the medium-term management plan and following the basic policy of the ongoing “Revitalize 2020.” In particular, regarding globalization

that the Company has been pursuing in recent years, the fully fledged operation of Chalco-Toyo Permanent Magnet Motor Co., Ltd., a joint venture responsible for manufacturing industrial permanent-magnet synchronous motors in China, as well as the expansion of the subway train maintenance business in Beijing, will be major pillars of that policy.

Based on the decisions of the 159th Ordinary General Meeting of Shareholders and a subsequent meeting of the Board of Directors, Mr. Kenzo Terashima was appointed Chairman, and Mr. Akira Watanabe was appointed President. Additionally, Mr. Koji Mizumoto assumed the new position of Outside Director with the objective of further strengthening governance.

We hope that our stakeholders will look forward to further development of the Company facilitated by the new management team and would like to ask for their continued support.

Results for the fiscal year ended May 2020

In the fiscal year ended May 2020, orders received were 38.5 billion yen due to a negative rebound from the previous fiscal year, when we received large-scale orders in the Industrial Systems segment, and the stagnation of sales activities caused by the spread of COVID-19. Net sales were 39.0 billion yen, reflecting a YoY decrease in orders received in the Transportation Systems segment. Operating income reached 1.06 billion yen owing to improved profitability, exceeding one billion yen for the first time in three years. Ordinary income was 1.2 billion yen due to higher operating income. Net income attributable to owners of the parent was 1.08 billion yen as a result of efforts to reduce certain cross holdings. Overseas sales accounted for 20.7% of net sales, mainly due to lower net sales at overseas subsidiaries.

By segment, the Transportation Systems segment saw a YoY decrease in orders received, dragged down by lower orders in Japan and overseas excluding China. Net sales decreased due to a fall in sales in Japan. Segment profit was unchanged from the previous fiscal year as a result of efforts to step up cost control and reduce expenses.

In the Industrial Systems segment, orders received were lower than the previous fiscal year due to a negative rebound from the previous fiscal year, when we received large-scale orders, and the stagnation of sales activities caused by the spread of COVID-19. Net sales increased, helped by higher sales for testing equipment and power supply. Segment profit rose as a result of enhanced cost control and process control.

In the Information Equipment Systems segment, orders received were lower than the previous fiscal year without any major projects in the second half of the year. Both net sales and segment profit increased, boosted by software improvement projects and other factors associated with the consumption tax hike and revisions in train timetables in the spring.

Our dividend forecast for the fiscal year ending May 2021 is still pending. When it becomes possible to disclose our earnings forecast, we will promptly announce a dividend forecast as well.

Profile of New President

Name	
Akira Watanabe	
Hometown	
Tokyo	
Date of birth	
November 22, 1959	
Education	
March 1982: Graduated from Department of Electrical Engineering, School of Engineering, Tohoku University	
Career	
April 1982	Joined Toyo Denki Seizo K.K.
August 2013	General Manager, Business Development Division
August 2015	Executive Officer, General Manager, Management Planning Division
August 2016	Director, Division Director, Transportation Business Unit
June 2018	Executive Director and Executive Officer; Division Director, Transportation Business Unit; General Manager, International Sales Division, Transportation Business Unit
August 2018	Executive Director and Executive Officer; Division Director, Transportation Business Unit
August 2019	Senior Executive Director and Executive Officer; Division Director, Transportation Business Unit; Plant Manager, Yokohama Plant
August 2020	Appointed as President, Representative Director
Memorable assignments	
<ul style="list-style-type: none"> Involved in the development and design of propulsion unit of magnetic levitation train (high speed surface transport or HSST) systems (late 1980s) Involved in the development and mass production launch of electric components for hybrid construction machinery (early 2010s) 	
Motto	
Be both cautious and optimistic	
Hobbies	
Listening to and playing music, motorcycle	