

TOENEC

ANNUAL REPORT

FY 2019 Version



Message

As a general equipment company and member of the Chubu Electric Power Group, we are involved in everything from the planning, design, construction, and maintenance of electricity, information communication, air-conditioning, and power supply facilities to proposals concerning energy efficiency. We work tirelessly to create environments that provide our customers with comfort, safety, and peace of mind.

In FY2019, the final year of our previous Mid-Term Business Plan (FY2017-2019), we stepped up our sales activities in the Tokyo metropolitan area in addition to the Chubu area, and worked to strengthen our business foundations abroad. We have also made further efforts to improve efficiency and reduce costs in power-related construction. Furthermore, as an investment for the future, we have been working on the expansion of our solar power generation business. These efforts enabled us to achieve all the consolidated numerical targets for sales, operating profit, operating profit ratio, and ROE that were set in that mid-term management plan.

In FY2020, we launched our Mid-Term Management Plan 2022 with the sub-title, “Investing in Our People for Further Growth.” Our goals under the new plan include the enhancement of our personnel in both quality and quantity, the establishment of a culture of safety, the promotion of work style reform, and the strengthening of our technological capabilities, as we aim to be a company that our customers choose for its high-quality construction.

To continue to be a company trusted by our customers, with “bringing greater comfort to the world” as our motto, we will strengthen our business foundations, while offering new value to our customers and to the local community, so we may grow together into the future.



President, Director

Tomohiko Ono

Performance for the year

Orders received	189,198 million JPY (YoY 6.1% down)	Sales	203,392 million JPY (YoY 3.3% up)
Ordinary income	10,223 million JPY (YoY 19.4% up)	Net income for the year	7,904 million JPY (YoY 36.4% up)

For the sake of TOENEC Corporation's further growth, it is important that we continue to meet our customers' high expectations. We have formulated the Mid-Term Business Plan 2022 with the aim of investing proactively in our people to enhance our human resource in both quality and quantity and consolidate our position as a group of professionals that supports people's lives and social infrastructure.

Mid-Term Business Plan 2022

(FY2020-2022)

~Investing in Human Resource for Further Growth~

<Important Policies>

1. Expansion of business and strengthening of foundations

- ① Strengthen sales capabilities
- ② Enhance construction capabilities
- ③ Strengthen and expand priority business areas

2. Strengthening of competitiveness aimed at enhancing earnings capacity

- ① Strengthen initiatives for improving efficiency and productivity
- ② Strengthen cost competitiveness
- ③ Strengthen technological capabilities
- ④ Promote systems development from company-wide perspectives

3. Strengthening of human resources development

- ① Strengthen development and enhance education based on new human resources development policy
- ② Create workplaces that are rewarding

4. Promotion of corporate culture reformation

- ① Establish a culture of safety
- ② Promote work style reform
- ③ Publicizing compliance
- ④ Promotion diversity

<Numerical targets> (FY2022/consolidated)

Sales: 245,000 million JPY

Ordinary income: 12,000 million JPY

ROE

6.5%

Important Policy 1: Business expansion and strengthening of foundations

① Strengthen sales capabilities

- Expand orders received through establishment of comprehensive sales framework, increases in personnel, etc.
- Deploy order receipt activities in unison with companies in the group (including overseas subsidiaries)

② Enhance installation capabilities

- Reinforce installation personnel and bring new employees to the front line sooner
- Subcontracting companies through ongoing order placement, etc.
- Enhance installation capabilities through M&As

③ Strengthen and expand priority business areas

- Chubu region, an industry-intensive area
- Tokyo area, where construction demand is concentrated
- International business in Asia, a region with much future potential

Important Policy 2: Strengthening of competitiveness aimed at enhancing earnings capacity

① Strengthen initiatives for improving efficiency and productivity

- Promote efficiency and productivity improvements through kaizen activities, etc.
- Strengthen competitiveness through efficiency improvements in back-office operations such as general administration and accounting

② Enhancement of competitiveness in cost

- Reduce works costs
- Strengthen supplies purchasing power

③ Strengthen technological capabilities

- Strengthen design/extra-high-voltage cable/instrumentation technologies in general works
- Maintain technological capabilities in electricity distribution to rival our competitors, develop and introduce tools and equipment
- Strengthen technological R&D to contribute to new value creation and efficiency improvement

④ Promote systems development from company-wide perspectives

Important Policy 3: Strengthening of human resources development

① Strengthen development and enhance education based on new human resources development policy

② Create workplaces that are rewarding

Important Policy 4: Promotion of corporate culture reformation

① Establish a Safety climate

- Establish a workplace culture that will never cause accidents
- Eliminate incidents of incomplete or faulty installation work and improve quality

② Promote work style reform

- Deploy and firmly establish efficiency improvement measures
- Build mechanisms for the promotion of mindset reform in employees and of work style reform

③ Publicizing compliance

- Deploy effective compliance measures

④ Promotion diversity

The effects of the COVID-19 pandemic have not been factored into the numerical targets for FY2022. For this reason, the numerical targets will be reviewed as necessary at a stage when it becomes possible to project the impact on business performance.

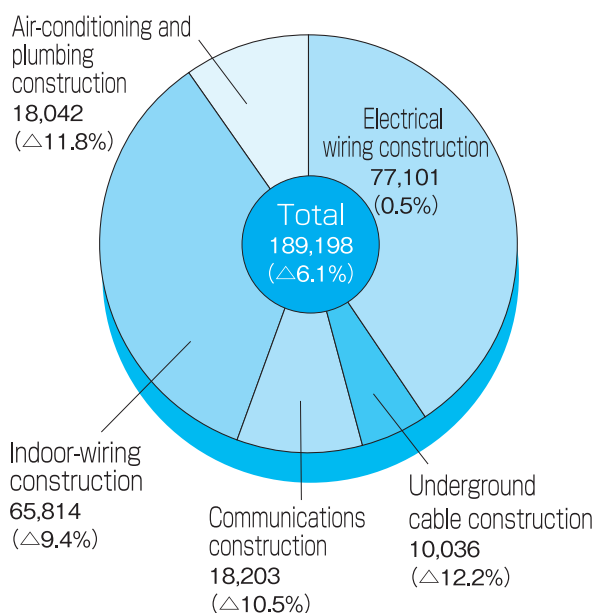
General overview for this fiscal year

(April 1, 2019 to March 31, 2020)

Orders received/sales by department for this fiscal year(individual) (unit: millions of yen)

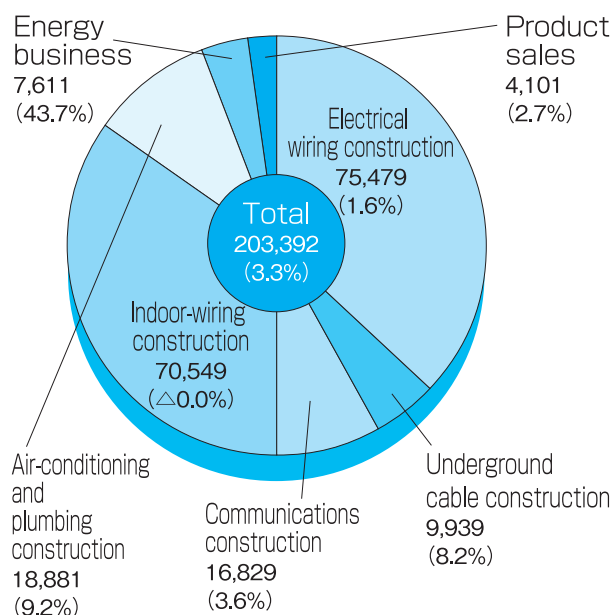
Orders received

Percentage figures in parentheses indicate year-on-year change.



Revenues

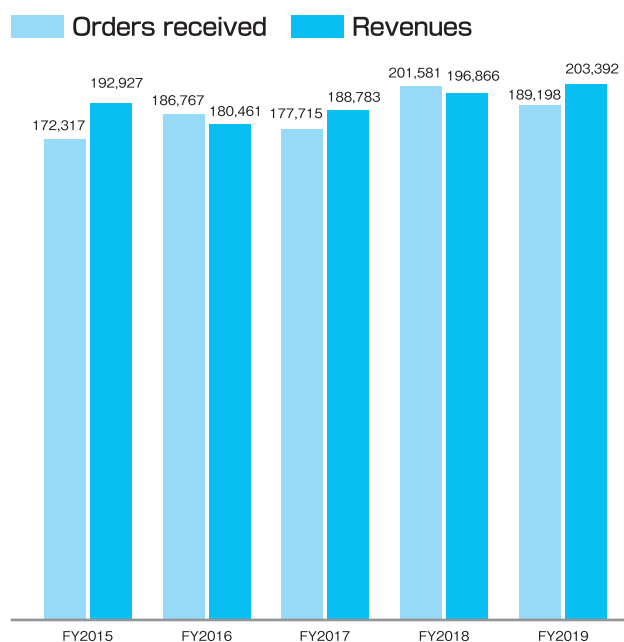
Percentage figures in parentheses indicate year-on-year change.



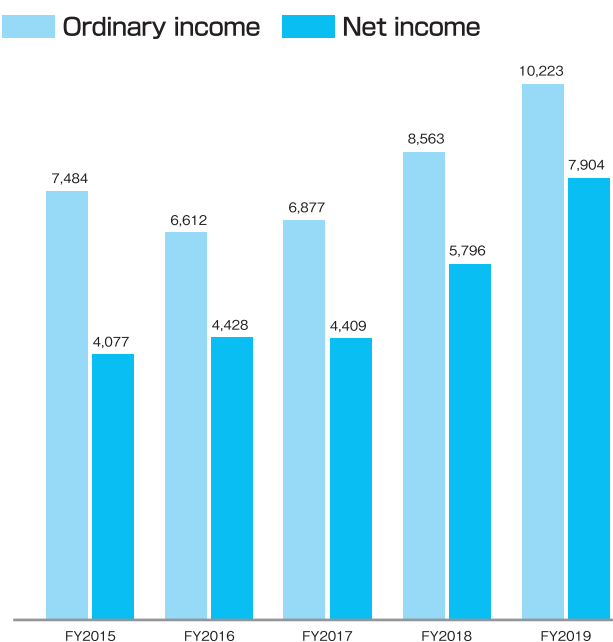
Performance trends

(April 1, 2019 to March 31, 2020)

Orders received and revenues (Units: JPY millions)



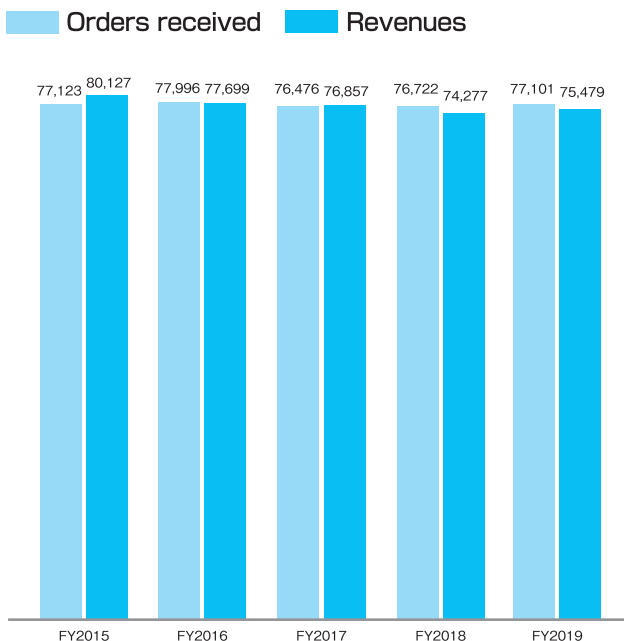
Ordinary income and current net income (Units: JPY millions)



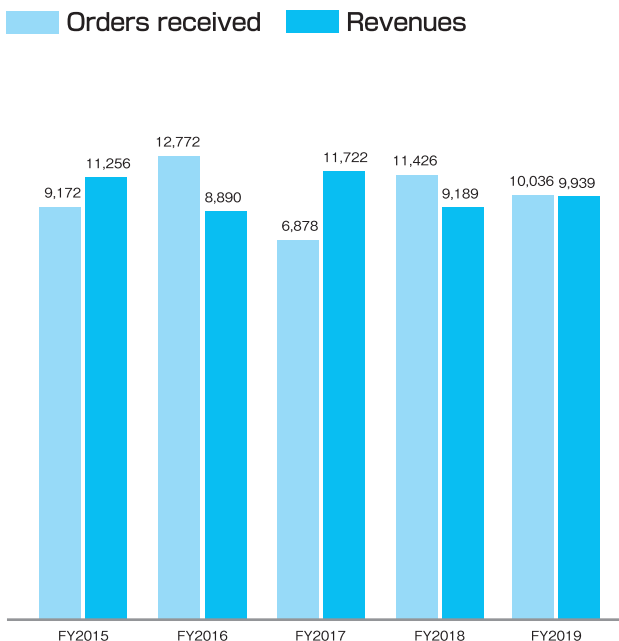
Performance trends

(April 1, 2019 to March 31, 2020)

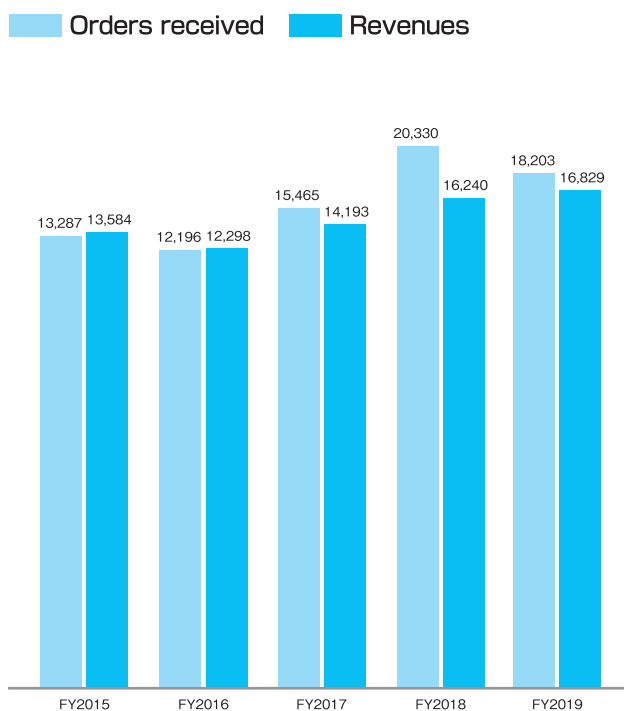
Electrical wiring construction (Units: JPY millions)



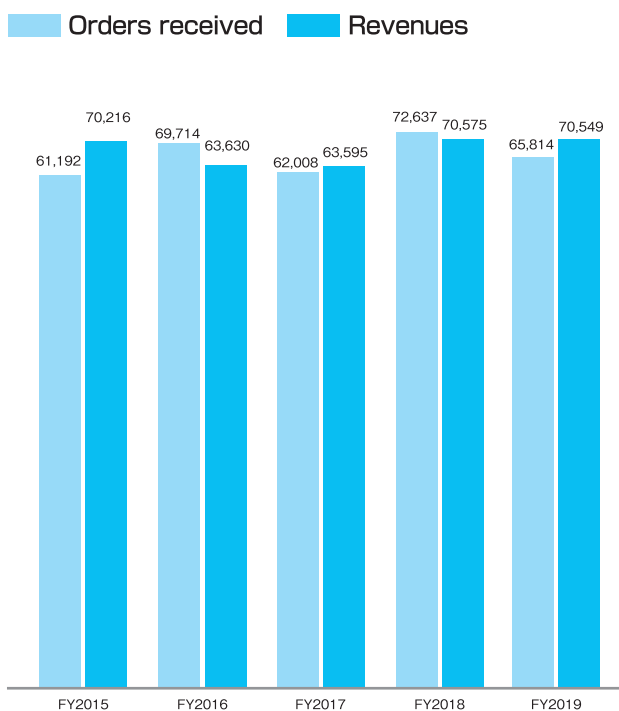
Underground cable construction (Units: JPY millions)



Communications construction (Units: JPY millions)



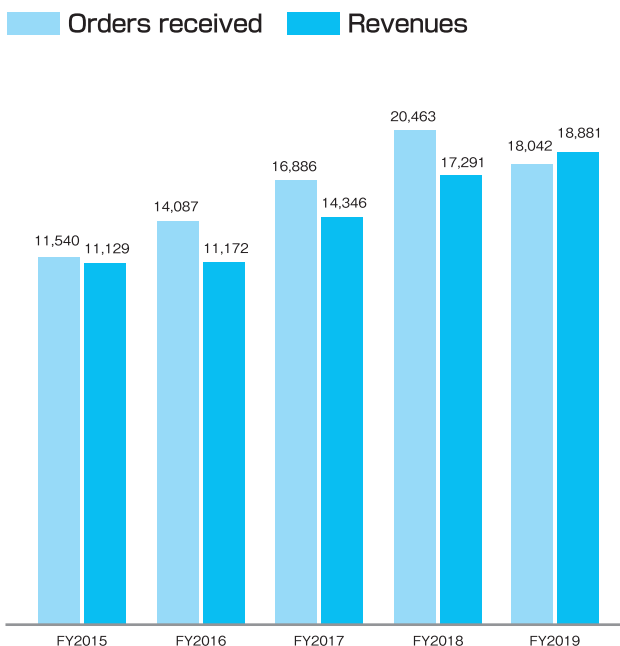
Indoor-wiring construction (Units: JPY millions)



Performance trends

(April 1, 2019 to March 31, 2020)

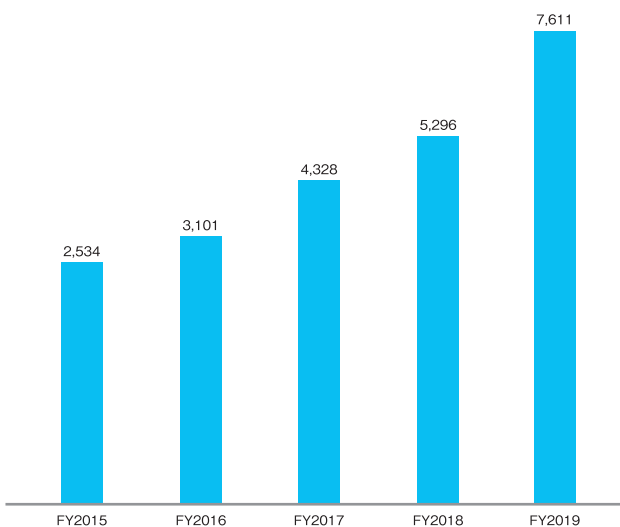
Air-conditioning and plumbing construction (Units: JPY millions)



Energy business (Units: JPY millions)

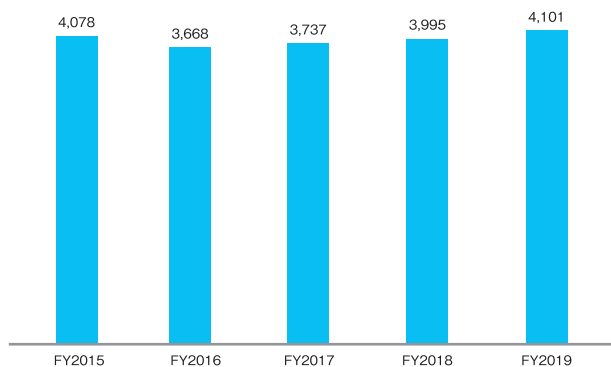
Revenues

Energy business...
Photovoltaic power
generation business,
air-conditioning system service,
and ESCO business



Product sales (Units: JPY millions)

Revenues



■75th Anniversary Commemorative Project

TOENEC Corporation marked the 75th anniversary of its foundation on October 1, 2019.

◆Joint Memorial Ceremony

In October 2019, a joint memorial ceremony was held at Goshikisan Daian-ji Temple (Nisshin, Aichi Prefecture) to pray for the repose of the souls of all those employees of the company who lost their lives in the performance of their duties and those who passed away outside of work.



◆Publication of Book

Genba ni Ikiru with determination and pride in our work in our hearts

In February 2020, we published a book, titled Genba ni Ikiru with determination and pride in our work in our hearts, that presented the company's operations.



◆Overhaul TV Commercials

We overhauled our TV commercials, producing two new commercials - a corporate image version and a "total electrification renovation" version. The new ads started airing in January 2020.



▲Corporate image commercial, titled Tsunagaru Riree [Connecting Relay]

Non-consolidated Balance Sheet

TOENEC CORPORATION as of 31st March, 2020 and 2019

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
ASSETS			
Current assets:			
Cash and deposits	¥21,950	¥28,887	\$265,433
Notes receivable - trade	1,969	2,185	20,078
Electronically recorded monetary claims - operating	4,663	3,518	32,329
Accounts receivable from completed construction contracts	50,466	50,622	465,149
Securities	5,000	-	-
Costs on construction contracts in progress	3,241	4,187	38,477
Raw materials and supplies	2,705	2,794	25,679
Merchandise	38	39	361
Accounts receivable - other	8,644	10,717	98,482
Other	4,169	4,530	41,625
Allowance for doubtful accounts	(20)	(69)	(635)
Total current assets	102,828	107,413	986,983
Non-current assets:			
Property, plant and equipment:			
Buildings	48,812	49,024	450,464
Accumulated depreciation	(31,699)	(32,708)	(300,551)
Buildings, net	17,113	16,315	149,913
Structures	5,798	5,854	53,795
Accumulated depreciation	(4,398)	(4,504)	(41,391)
Structures, net	1,399	1,349	12,404
Machinery and equipment	33,555	66,721	613,076
Accumulated depreciation	(5,444)	(8,094)	(74,381)
Machinery and equipment, net	28,110	58,626	538,694
Vehicles	1,639	1,689	15,521
Accumulated depreciation	(736)	(817)	(7,513)
Vehicles, net	902	871	8,007
Tools, furniture and fixtures	6,222	6,284	57,748
Accumulated depreciation	(5,453)	(5,633)	(51,760)
Tools, furniture and fixtures, net	769	651	5,988
Land	30,602	30,637	281,520
Construction in progress	29,240	23,059	211,885
Total property, plant and equipment	108,138	131,511	1,208,414
Intangible assets:			
Software	562	623	5,726
Other	961	1,132	10,403
Total intangible assets	1,523	1,755	16,129
Investments and other assets:			
Investment securities	10,798	10,538	96,831
Shares of subsidiaries and associates	4,237	5,586	51,331
Investments in capital of subsidiaries and associates	138	138	1,273
Long-term loans receivable	92	73	675
Long-term loans receivable from subsidiaries and associates	394	375	3,445
Distressed receivables	143	156	1,437
Long-term prepaid expenses	168	328	3,022
Deferred tax assets	6,057	5,458	50,159
Other	4,212	3,201	29,415
Allowance for doubtful accounts	(662)	(651)	(5,986)
Total investments and other assets	25,582	25,205	231,605
Total non-current assets	135,244	158,472	1,456,150
Total assets	¥238,073	¥265,886	\$2,443,133

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
LIABILITIES			
Current liabilities:			
Notes payable - trade	¥880	¥870	\$8,003
Electronically recorded obligations - operating	8,826	8,917	81,935
Accounts payable for construction contracts	25,254	26,204	240,786
Short-term borrowings	12,394	11,582	106,422
Lease obligations	3,500	5,547	50,977
Accounts payable - other	3,072	4,194	38,538
Accrued expenses	6,304	6,569	60,363
Income taxes payable	2,180	2,163	19,877
Advances received on construction contracts in progress	1,400	3,035	27,892
Provision for loss on construction contracts	130	213	1,963
Other	2,733	921	8,464
Total current liabilities	66,678	70,219	645,225
Non-current liabilities:			
Bonds payable	14,000	14,000	128,641
Long-term borrowings	19,559	21,677	199,182
Lease obligations	25,839	44,160	405,773
Provision for retirement benefits	22,673	19,877	182,644
Other	1,234	2,857	26,258
Total non-current liabilities	83,306	102,572	942,499
Total liabilities	149,984	172,792	1,587,725
NET ASSETS			
Shareholders' equity:			
Share capital			
Authorized - 40,000,000 shares			
Issued - 19,329,990 shares	7,680	7,680	70,575
Capital surplus:			
Legal capital surplus	6,831	6,831	62,776
Other capital surplus	7	7	72
Total capital surpluses	6,839	6,839	62,848
Retained earnings:			
Legal retained earnings	1,639	1,639	15,066
Other retained earnings:			
Reserve for seeking an international market	100	100	918
Reserve for tax purpose reduction entry of non-current assets	1,250	1,255	11,538
Reserve for special depreciation	39	24	228
General reserve	60,300	64,100	588,992
Retained earnings brought forward	6,454	7,858	72,207
Total retained earnings	69,784	74,978	688,951
Treasury shares	(1,538)	(1,542)	(14,176)
Total shareholders' equity	82,766	87,956	808,199
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	5,322	5,137	47,208
Total valuation and translation adjustments	5,322	5,137	47,208
Total net assets	88,088	93,094	855,407
Total liabilities and net assets	¥238,073	¥265,886	\$2,443,133

Non-consolidated Statements of Income

TOENEC CORPORATION for the years ended 31st March, 2020 and 2019

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
Net sales:			
Net sales of completed construction contracts	¥187,574	¥191,679	\$1,761,273
Net sales in sideline businesses	9,291	11,713	107,628
Total net sales	196,866	203,392	1,868,902
Cost of sales:			
Cost of sales of completed construction contracts	163,207	166,333	1,528,382
Cost of sales in sideline businesses	6,791	8,416	77,339
Total cost of sales	169,999	174,750	1,605,722
Gross profit:			
Gross profit on completed construction contracts	24,367	25,345	232,891
Gross profit on sideline business	2,500	3,296	30,289
Total gross profit	26,867	28,641	263,180
Selling, general and administrative expenses:			
Remuneration for directors (and other officers)	308	342	3,148
Employees' salaries and allowances	8,668	8,807	80,927
Retirement benefit expenses	899	698	6,414
Legal welfare expenses	1,414	1,427	13,115
Welfare expenses	616	639	5,878
Repair and maintenance expenses	146	150	1,380
Stationery expenses	107	117	1,082
Communication and transportation expenses	566	531	4,885
Power utilities expenses	151	147	1,359
Research study expenses	361	402	3,696
Advertising expenses	238	249	2,288
Provision of allowance for doubtful accounts	1	49	452
Entertainment expenses	190	190	1,747
Donations	16	10	92
Rent expenses on land and buildings	568	578	5,318
Depreciation	882	800	7,352
Taxes and dues	638	641	5,898
Insurance expenses	19	21	200
Miscellaneous expenses	1,692	1,691	15,542
Total selling, general and administrative expenses	17,493	17,498	160,783
Operating profit	9,373	11,143	102,396
Non-operating income:			
Interest income	10	10	94
Interest on securities	0	0	2
Dividend income	397	383	3,524
Rental income from land and buildings	251	255	2,350
Miscellaneous income	103	93	859
Total non-operating income	763	743	6,830
Non-operating expenses:			
Interest expenses	998	1,489	13,682
Interest on bonds	2	56	515
Bond issuance costs	289	-	-
Provision of allowance for doubtful accounts	-	15	139
Commission for syndicated loans	250	50	463
Miscellaneous expenses	32	53	490
Total non-operating expenses	1,573	1,664	15,291
Ordinary profit	8,563	10,223	93,935
Extraordinary income:			
Gain on sales of non-current assets	62	38	356
Reversal of allowance for doubtful accounts	0	7	72
Gain on sales of investment securities	10	1	14
Gain on termination of retirement benefit plan	-	1,588	14,599
Total extraordinary income	73	1,637	15,043

Extraordinary losses:

Loss on sales and retirement of non-current assets	17	33	304
Impairment loss	-	4	42
Loss on sales of investment securities	1	-	-
Loss on valuation of investment securities	-	13	123
Loss on liquidation of subsidiaries and associates	-	22	205
Total extraordinary losses	18	73	677
Profit before income taxes	8,618	11,786	108,302
Income taxes-current	2,585	3,204	29,442
Income taxes-deferred	237	678	6,230
Total income taxes	2,822	3,882	35,672
Profit	¥5,796	¥7,904	\$72,629
Per share of common stock:			
	Yen	Yen	U.S.Dollars
Profit	¥310.07	¥422.89	\$3.89
Cash dividends	105.00	150.00	1.38

Consolidated Balance Sheet

TOENEC CORPORATION and Consolidated Subsidiaries as of 31st March, 2020 and 2019

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
ASSETS			
Cash and deposits	¥28,495	¥37,397	\$343,632
Notes receivable, accounts receivable from completed construction contracts and other	65,347	66,624	612,192
Securities	5,000	-	-
Costs on construction contracts in progress	3,619	4,600	42,272
Raw materials and supplies	2,713	2,794	25,679
Merchandise	74	75	697
Other	11,193	11,320	104,022
Allowance for doubtful accounts	(42)	(90)	(835)
Total current assets	116,400	122,723	1,127,663
Non-current assets:			
Property, plant and equipment:			
Buildings and structures	55,996	56,250	516,866
Machinery, vehicles, tools, furniture and fixtures	46,883	80,093	735,951
Land	30,766	30,801	283,028
Construction in progress	29,239	23,038	211,693
Accumulated depreciation	(52,523)	(56,565)	(519,763)
Total property, plant and equipment	110,363	133,618	1,227,775
Intangible assets:			
Goodwill	2,193	1,880	17,279
Other	1,706	1,911	17,564
Total intangible assets	3,899	3,792	34,844
Investments and other assets:			
Investment securities	20,462	21,729	199,661
Deferred tax assets	7,986	6,949	63,858
Other	4,640	3,785	34,779
Allowance for doubtful accounts	(294)	(299)	(2,751)
Total investments and other assets	32,795	32,164	295,548
Total non-current assets	147,058	169,575	1,558,168
Total assets	¥263,458	¥292,299	\$2,685,831

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
LIABILITIES			
Notes payable, accounts payable for construction contracts and other	¥42,264	¥44,566	\$409,508
Short-term borrowings	12,554	11,582	106,422
Lease obligations	3,458	5,505	50,590
Accrued expenses	7,052	7,396	67,964
Income taxes payable	2,617	2,581	23,718
Advances received on construction contracts in progress	1,618	3,435	31,565
Provision for loss on construction contracts	130	213	1,963
Other	3,177	1,264	11,616
Total current liabilities	72,873	76,545	703,351
Non-current liabilities:			
Bonds payable	14,000	14,000	128,641
Long-term borrowings	19,559	21,677	199,182
Lease obligations	25,636	43,963	403,964
Retirement benefit liability	27,440	23,077	212,054
Other	1,817	3,406	31,299
Total non-current liabilities	88,452	106,124	975,141
Total liabilities	161,326	182,670	1,678,492
NET ASSETS			
Shareholders' equity:			
Share capital			
Authorized - 40,000,000 shares			
Issued - 19,329,990 shares	7,680	7,680	70,575
Capital surplus	6,839	6,839	62,848
Retained earnings	86,455	93,059	855,092
Treasury shares	(1,538)	(1,542)	(14,176)
Total shareholders' equity	99,437	106,037	974,341
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	5,364	5,164	47,451
Foreign currency translation adjustment	16	56	514
Remeasurements of defined benefit plans	(2,698)	(1,647)	(15,138)
Total accumulated other comprehensive income	2,682	3,572	32,827
Non-controlling interests	12	18	170
Total net assets	102,132	109,628	1,007,339
Total liabilities and net assets	¥263,458	¥292,299	\$2,685,831

Consolidated Statements of Income

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2020 and 2019

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
Net sales:			
Net sales of completed construction contracts	¥209,321	¥212,668	\$1,954,132
Sales in other businesses	9,662	12,175	111,873
Total net sales	218,984	224,843	2,066,006
Cost of sales:			
Cost of sales of completed construction contracts	181,098	182,762	1,679,336
Cost of sales in other businesses	7,017	8,681	79,766
Total cost of sales	188,116	191,443	1,759,103
Gross profit:			
Gross profit on completed construction contracts	28,222	29,906	274,796
Gross profit - other business	2,644	3,494	32,106
Total gross profit	30,867	33,400	306,902
Selling, general and administrative expenses	19,838	20,092	184,621
Operating profit	11,029	13,307	122,281
Non-operating income:			
Interest income	11	14	135
Dividend income	285	306	2,820
Rental income from land and buildings	163	166	1,531
Share of profit of entities accounted for using equity method	152	302	2,783
Miscellaneous income	120	113	1,044
Total non-operating income	733	904	8,315
Non-operating expenses:			
Interest expenses	1,010	1,552	14,267
Bond issuance costs	289	-	-
Commission for syndicated loans	250	50	463
Miscellaneous expenses	66	97	898
Total non-operating expenses	1,616	1,700	15,628
Ordinary profit	10,146	12,511	114,968
Extraordinary income:			
Gain on sales of non-current assets	63	39	362
Reversal of allowance for doubtful accounts	0	7	72
Gain on sales of investment securities	10	1	14
Gain on termination of retirement benefit plan	-	1,597	14,683
Total extraordinary income	75	1,646	15,132
Extraordinary losses:			
Loss on sales and retirement of non-current assets	91	100	919
Impairment loss	-	4	42
Loss on sales of investment securities	1	-	-
Loss on valuation of investment securities	-	13	123
Loss on liquidation of subsidiaries and associates	-	56	516
Total extraordinary losses	93	174	1,602
Profit before income taxes	10,127	13,984	128,498
Income taxes-current	3,392	4,018	36,920
Income taxes-deferred	63	645	5,928
Total income taxes	3,456	4,663	42,849
Profit	6,671	9,321	85,648
Profit (loss) attributable to non-controlling interests	(0)	6	60
Profit attributable to owners of parent	¥6,672	¥9,314	\$85,587
Per share of common stock:			
	Yen	Yen	U.S.Dollars
Profit	¥356.94	¥498.34	\$4.58
Cash dividends	105.00	150.00	1.38

Consolidated Statements of Comprehensive Income

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2020 and 2019

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
Profit	¥6,671	¥9,321	\$85,648
Other comprehensive income			
Valuation difference on available-for-sale securities	(977)	(189)	(1,739)
Foreign currency translation adjustment	(120)	39	366
Remeasurements of defined benefit plans, net of tax	4,971	1,083	9,956
Share of other comprehensive income of entities accounted for using equity method	(2)	(43)	(400)
Total other comprehensive income	3,871	890	8,182
Comprehensive income	¥10,543	¥10,211	\$93,831
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	10,546	10,204	93,763
Comprehensive income attributable to non-controlling interests	(2)	7	68

Consolidated Statements of Cash Flows

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2020 and 2019

	Millions of Yen		Thousands of U.S.Dollars
	2019	2020	2020
Cash flows from operating activities:			
Profit before income taxes	¥10,127	¥13,984	\$128,498
Depreciation	5,596	6,561	60,288
Impairment loss	-	4	42
Amortization of goodwill	313	313	2,879
Increase (decrease) in allowance for doubtful accounts	(53)	52	484
Increase (decrease) in other provisions	(202)	83	764
Increase (decrease) in retirement benefit liability	(1,223)	(2,807)	(25,795)
Interest and dividend income	(296)	(321)	(2,956)
Interest expenses	1,010	1,552	14,267
Foreign exchange losses (gains)	22	38	357
Loss (gain) on valuation of investment securities	-	13	123
Loss (gain) on sales of investment securities	(8)	(1)	(14)
Share of loss (profit) of entities accounted for using equity method	(152)	(302)	(2,783)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	27	60	556
Loss on liquidation of subsidiaries and associates	-	56	516
Decrease (increase) in trade receivables	(8,901)	761	6,998
Decrease (increase) in costs on construction contracts in progress	833	(967)	(8,887)
Decrease (increase) in inventories	(227)	(83)	(764)
Increase (decrease) in trade payables	2,457	668	6,141
Increase (decrease) in advances received on construction contracts in progress	(309)	1,813	16,667
Increase (decrease) in accrued consumption taxes	1,418	(4,575)	(42,042)
Other, net	2,278	3,654	33,581
Subtotal	12,711	20,560	188,924
Income taxes paid	(3,094)	(3,966)	(36,450)
Net cash provided by (used in) operating activities	9,616	16,593	152,474
Cash flows from investing activities :			
Payments into time deposits	(1,057)	(1,008)	(9,263)
Proceeds from withdrawal of time deposits	1,752	1,022	9,394
Purchase of investment securities	(19)	(20)	(190)
Proceeds from sales of investment securities	34	3	29
Purchase of shares of subsidiaries and associates	-	(1,297)	(11,924)
Collection of loans receivable	16	17	156
Purchase of property, plant and equipment	(24,381)	(4,125)	(37,905)
Proceeds from sales of property, plant and equipment	97	80	736
Proceeds from key deposits and other	-	205	1,885
Interest and dividends received	409	398	3,661
Other, net	(881)	83	763
Net cash provided by (used in) investing activities	(24,030)	(4,642)	(42,655)
Cash flows from financing activities :			
Net increase (decrease) in short-term borrowings	(18,085)	(1,560)	(14,334)
Proceeds from long-term borrowings	19,750	2,950	27,107
Repayments of long-term borrowings	(147)	(294)	(2,701)
Proceeds from issuance of bonds	13,710	-	-
Purchase of treasury shares	(6)	(3)	(35)
Proceeds from sales of treasury shares	0	0	0
Repayments of lease obligations	(3,270)	(4,831)	(44,394)
Proceeds from sale and leaseback transactions	2,790	-	-
Interest paid	(1,021)	(1,553)	(14,277)
Proceeds from share issuance to non-controlling shareholders	12	-	-
Dividends paid	(1,773)	(2,704)	(24,847)
Dividends paid to non-controlling interests	-	(1)	(10)
Other, net	(1)	(2)	(20)
Net cash provided by (used in) financing activities	11,958	(8,000)	(73,514)
Effect of exchange rate change on cash and cash equivalents	(65)	(32)	(303)
Net increase (decrease) in cash and cash equivalents	(2,520)	3,918	36,001
Cash and cash equivalents at beginning of period	34,993	32,472	298,380
Cash and cash equivalents at end of period	¥32,472	¥36,390	\$334,381

■ Winner of Minister of the Environment's Award in JECA FAIR 2019 Product Contest

In July 2019, in a product contest held concurrently with JECA FAIR 2019, TOENEC's Technology R&D Department received the Minister of the Environment's Award for its entry, Onsite EL Measurement Service.



■ Equity Investment in Thai Company

In November 2019, TOENEC made an equity investment in the Thai company, Tri-En Solution Co., Ltd., acquiring a 30% share in the company. Tri-En Solution thus became a subsidiary company accounted for by the equity-method and its name was changed to Tri-En TOENEC Co., Ltd.



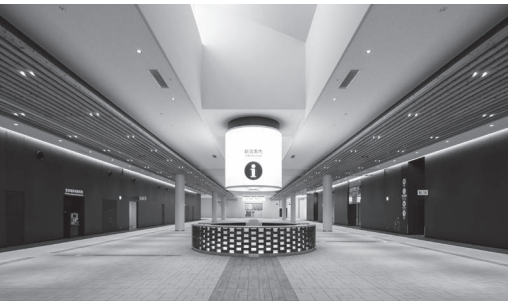
Recent construction Projects

Aichi Sky Expo

TOENEC performed the electrical installation work for Aichi Sky Expo, Japan's first international convention and exhibition center with direct access to an international airport, which was completed in June 2019. The construction site was located on the airport island, home to Chubu International Airport (Centrair), surrounded by sea and buffeted by strong winds. To keep our materials from being blown away into the airport next door or into the sea, we conducted very thorough prevention measures, including storing all materials in containers or covering them with nets.



▲Expo exterior



▲Entrance hall



▲Exhibition hall

Oto Riverside Terrace



TOENEC performed the electrical installation work for Oto Riverside Terrace, a complex accessed from Nagoya Railroad's Higashi Okazaki Station (Okazaki, Aichi Prefecture) by pedestrian deck*, which was completed in October 2019. Because this complex was to become the face of Higashi Okazaki Station, we paid particular attention to the exterior lighting to make the exterior walls and roof look beautiful at night. Also, due to the heavy vehicle and pedestrian traffic in the area around the station, we were extremely careful in our efforts to prevent accidents involving third parties. This included stringent safety management and process controls, such as when bringing materials and equipment in and out of the construction site.

※Elevated structure that serves as both public space and pedestrian crossing

■ Disaster recovery

There was a succession of natural disasters in 2019, including Typhoon Faxai in September and Typhoon Hagibis in October. TOENEC mobilized a total of 8,000 people across the entire company to help with restoration efforts.

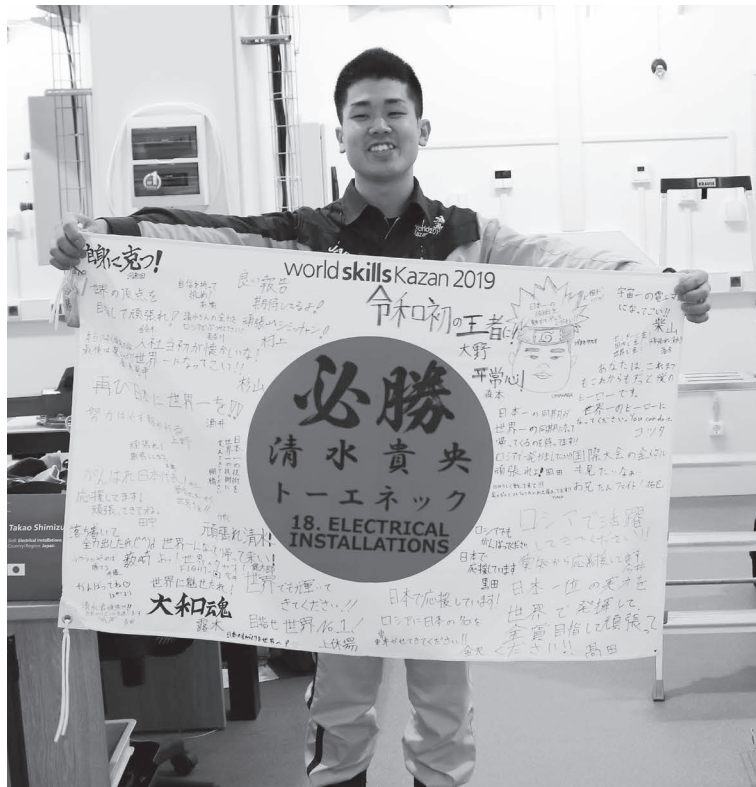


■Sixth Place in Electrical Installations at WorldSkills Competition

The 45th WorldSkills Competition took place in Kazan, Russia in August 2019. TOENEC's Takao Shimizu represented Japan in the Electrical Installations event, taking out sixth place in a field of 40 competitors from 40 nations, and winning a Medallion for Excellence. 1,348 highly skilled tradespeople from 62 nations gathered in Kazan, engaging in fierce battles for top place in the world in 56 trade categories.



▲Scene from the competition



Activities of the TOENEC Track and Field Club

■4th Place in Asian Athletics Championships

The 23rd Asian Athletics Championships were held in Doha, Qatar in April 2019. TOENEC's Hazuma Hattori competed in the 5,000 m race, finishing in 4th place.



Photograph: Photo Kishimoto

■Marathon Grand Championship (MGC)

The Marathon Grand Championship (MGC) was held in Tokyo in September 2019 to decide Japan's entrants in the men's marathon at the Tokyo Olympics. TOENEC's Daiji Kawai competed in the race, finishing 13th in the 30-strong field.

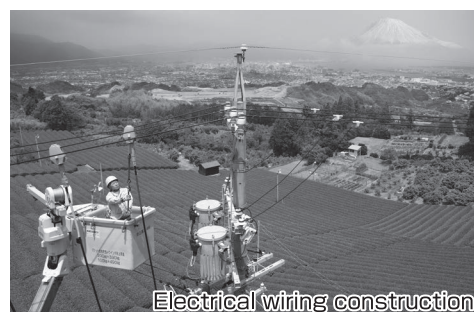


Company Overview

Trade Name TOENEC CORPORATION
 Head Office 20-31, Sakae 1-chome, Naka-ku
 Nagoya, Aichi, 460-0008, JAPAN
 Established October 1, 1944
 Capitalization JPY 7,680 million
 Employees 4,887 (as of March 31, 2020)

Business Lines

1. Electrical and communications construction
2. Pipe-laying
3. Fire-control system construction
4. Construction and building works
5. Scaffolding, earthworks, and concrete works
6. Road surfacing
7. Painting
8. Waterproofing work
9. Waterworks
10. Steel-structure construction
11. Machinery and tool installation
12. Interior finishing work
13. Cleaning-facility construction
14. The power generation business and the provision businesses related to electrical, cold water, hot water, steam, and other energy
15. Electrical communications construction
16. For all the items above, surveying, design, supervision, maintenance, and consultation services, along with associated commissioned research, planning, development, etc.
17. Procurement, manufacture, sale, and leasing of the goods listed below
 - A. For the items listed above, power cables, utility poles, power stringing tools, etc.
 - B. Control equipment for power generation and transmission, lighting equipment, and wiring materials
 - C. Electrical appliances, furniture, kitchen equipment, medical equipment, health and hygiene equipment, home-care devices, home-care goods, fitness equipment, sporting goods, apparel, and sundry items
 - D. Building plant and equipment, air-conditioning equipment, and compressors
 - E. Electrical communications equipment, computer systems, data terminals, and parts related to these
18. Ordinary freight vehicles
19. Sale, leasing, and management of real estate
20. Investment and financing in other companies
21. Manpower dispatching
22. Any business related to any of the items above



Electrical wiring construction



Underground cable construction



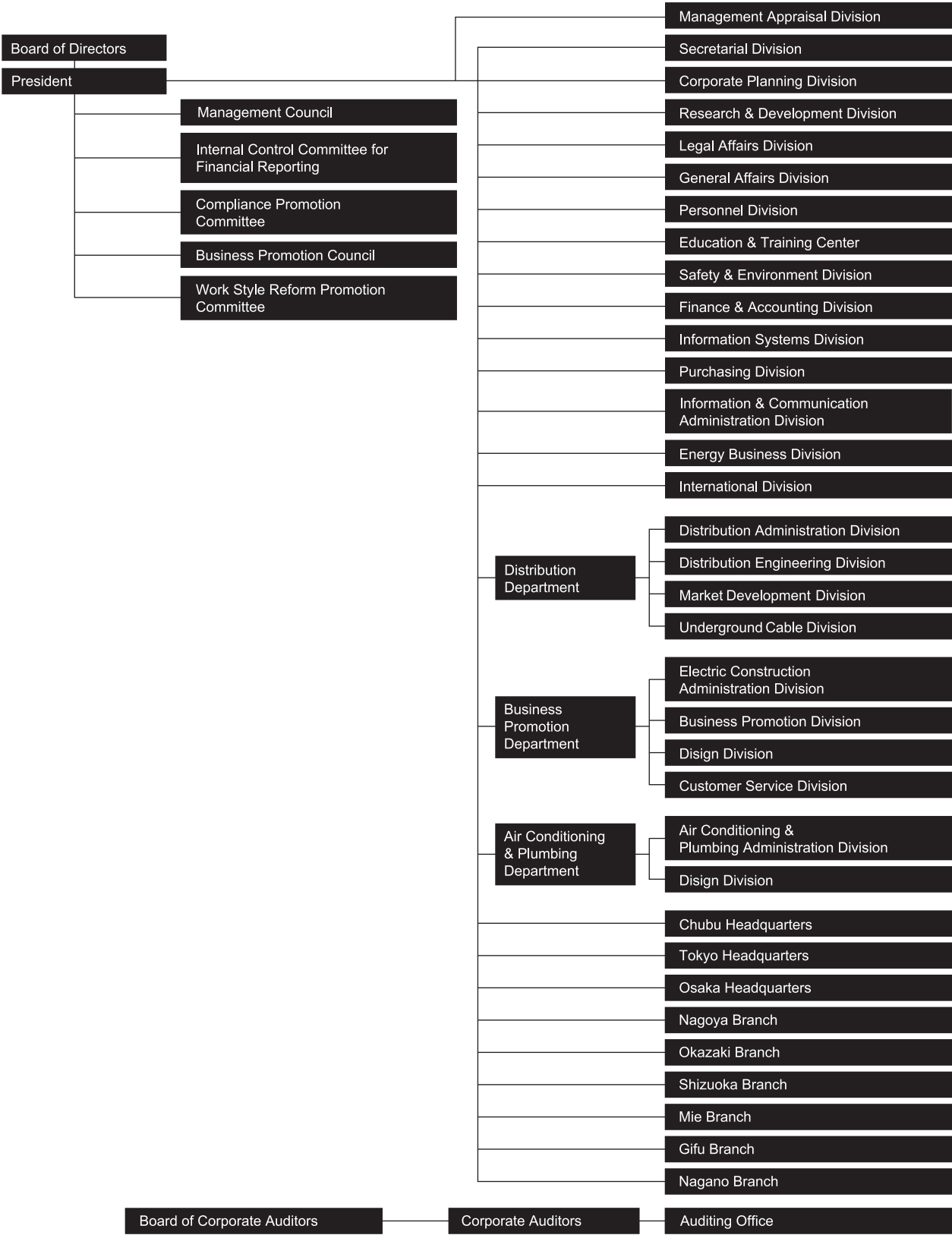
Indoor-wiring construction



Air-conditioning and plumbing construction



Communications construction



Subsidiaries

(As of July 1, 2020)

Trade Name: **TOENEC SERVICE CORPORATION**
Address: 22-20 Nishiki3-chome, Naka-ku,
Nagoya, Aichi, 460-0003, Japan
Phone: +81 (52)957-6950 Fax: +81 (52)957-6956
Representative: Ichiro Suzuki, President
Established: October 1, 1981
Capitalization: JPY 100 million
Branch: Nagoya, Okazaki, Shizuoka, Mie, Gifu, Nagano, and Tokyo

Trade Name: **ASAHI SYNCHROTECH CORPORATION**
Address: 13-34 Konan2-chome, Minato-ku, Tokyo,
108-0075, Japan
Phone: +81(3)5715-2550 Fax: +81(3)5715-2542
Representative: Michinobu Kato, President
Established: January 29, 2013
Capitalization: JPY 40 million

Trade Name: **TOENEC CONSTRUCTION (SHANGHAI) Co., LTD.**
Address: 604 Chang Fa Building, No. 128 Wei Hai Road,
Huang Pu District, Shanghai city 200003, China
Phone: +86(21)6358-1878 Fax: +86(21)6359-3876
Representative: Toshiyuki Maeshima, President
Established: September 16, 2003
Capitalization: CNY 41,679,277

Trade Name: **TOENEC PHILIPPINES INC.**
Address: 4F, Valderrama Building, 107 Esteban Street,
Legaspi Village, Makati City 1229, Philippines
Phone: +63(2)8886-3632 Fax: +63(2)887-1572
Representative: Masato Okamura, Managing Director
Established: October 26, 1995
Capitalization: PHP 1.8 million

Trade Name: **PT. ASAHI SYNCHROTECH INDONESIA**
Address: WISMA KEIAI 8TH FLOOR, JL. JEND.
SUDIRMAN KAV. 3, JAKARTA 10220 INDONESIA
Phone: +62(21)572-4011 Fax: +62(21)572-3417
Representative: Yuichi Tamaki, Managing Director
Established: May 21, 1991
Capitalization: IDR 250 million