

TOE/NEC

ANNUAL REPORT

FY 2020 Version

Message

As an integrated facility company affiliated with the Chubu Electric Power Group, we are involved in the planning, design, construction, and maintenance of electricity, telecommunications, air conditioning, and power supply facilities, as well as proposals for the effective use of energy, and are striving to create an environment in which our customers can feel safe, secure, and comfortable.

In fiscal 2020, amid the severe conditions caused by the spread of the COVID-19, and based on our new Mid-Term Business Plan 2022 launched that year, we conducted sales activities in construction projects for general customers not only in the Chubu area but also in the Tokyo metropolitan and Kansai areas, and strengthened our overseas business bases. In electric power-related construction, we strived to further improve operational efficiency and reduce costs. As a result, we were able to achieve record-high consolidated operating profit and ordinary income due to the steady progress of highly profitable large-scale construction projects and the reduction of construction costs.

Going forward, we will continue to enhance the quality and quantity of our human resources, as stated in the sub-title of our Mid-Term Business Plan 2022, "Investing in our people for further growth". Furthermore, we will make ourselves the company of choice for our customers by working even harder to establish a culture of safety, promote work style reforms, and strengthen our technological capabilities.

In order to remain a company trusted by our customers, we will offer new value to our customers and local communities while strengthening our business foundation, under the motto, "bringing greater comfort to the world".



President, Director

Yuzo Fujita

Performance for the year

Orders received	187,063 million JPY (YoY 1.1% down)	Sales	196,351 million JPY (YoY 3.5% down)
Ordinary income	12,241 million JPY (YoY 19.7% up)	Net income for the year	7,292 million JPY (YoY 7.7% down)

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

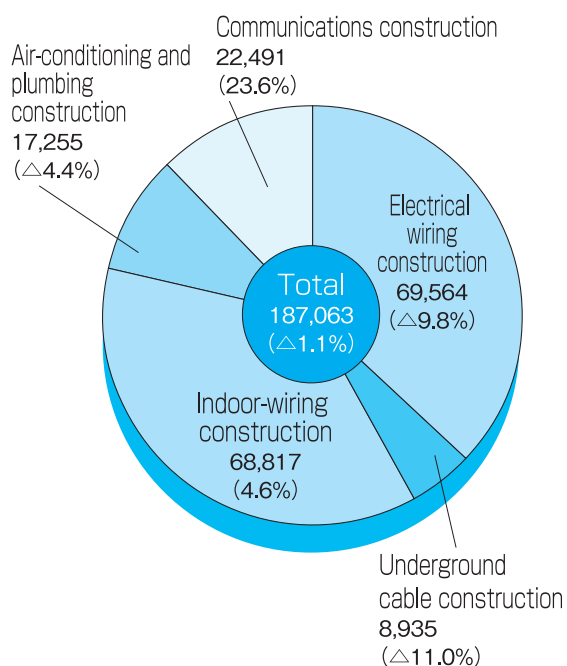
General overview for this fiscal year

(April 1, 2020 to March 31, 2021)

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

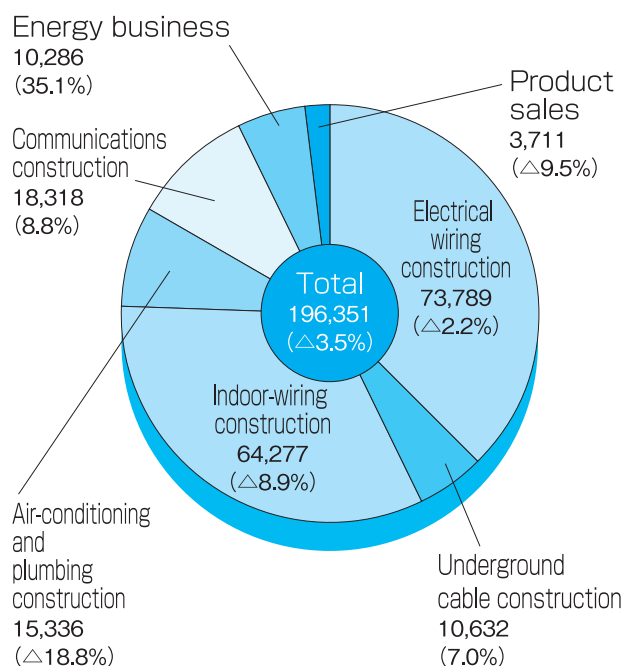
Orders received

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



Revenues

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

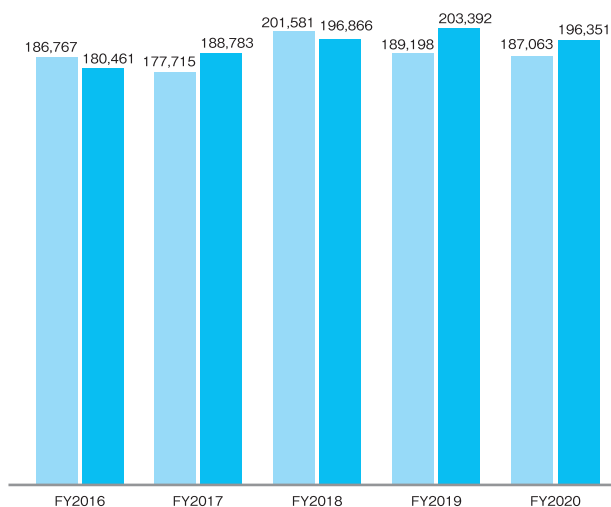


Performance trends

(April 1, 2020 to March 31, 2021)

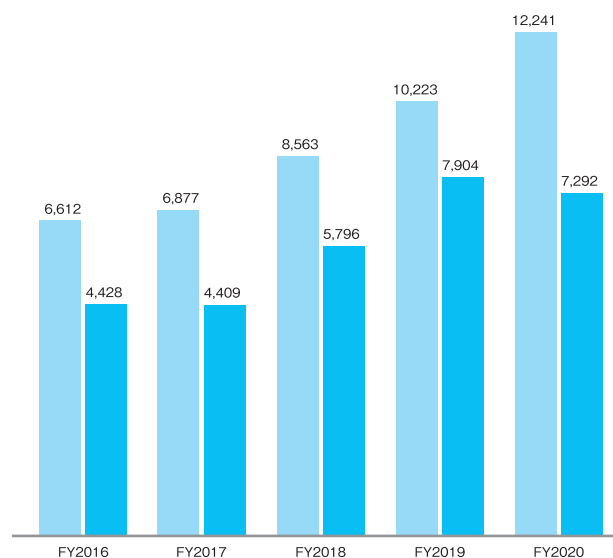
Orders received and revenues (Units: JPY millions)

Orders received Revenues



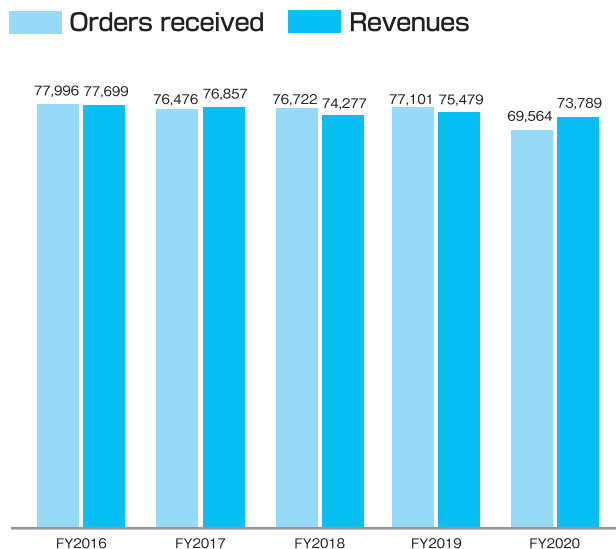
Ordinary income and current net income (Units: JPY millions)

Ordinary income Net income



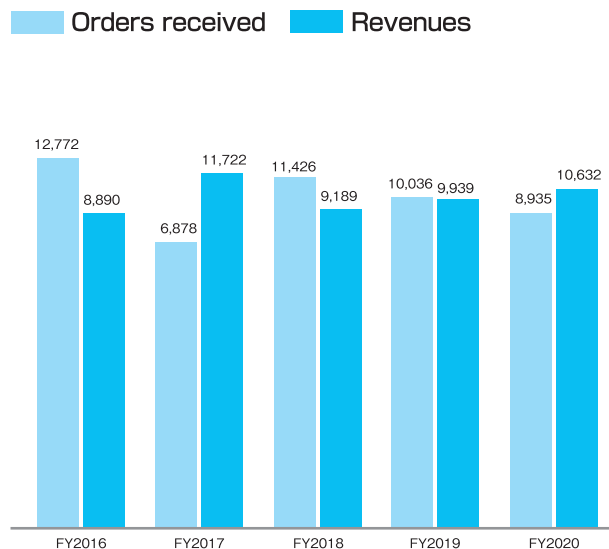
Electrical wiring construction (Units: JPY millions)

Orders received from and sales to electric power companies for power distribution line construction remained around the same level as the previous fiscal year. However, orders received and sales of large-scale solar power generation equipment construction fell by 9.8% and 2.2%, respectively, in response to the previous fiscal year's orders received from general customers and the progress in construction.



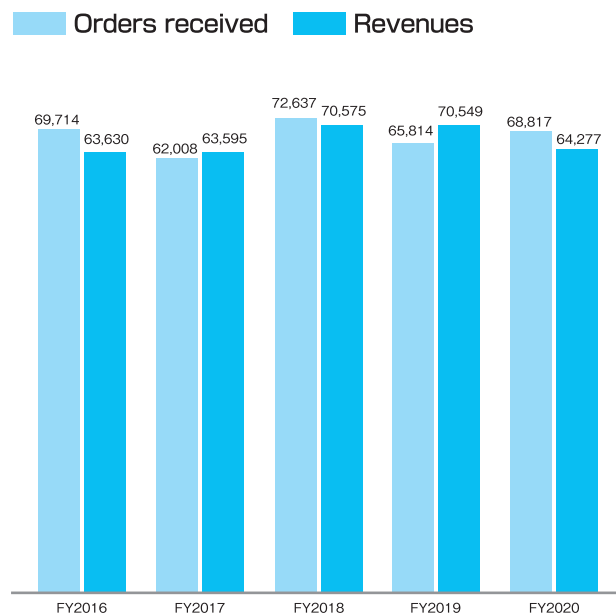
Underground cable construction (Units: JPY millions)

Orders received fell by 11.0% compared to the previous fiscal year due to a decrease in construction work for general customers. Sales rose by 7.0% due to the progress in construction of solar power generation-related facilities and so on.



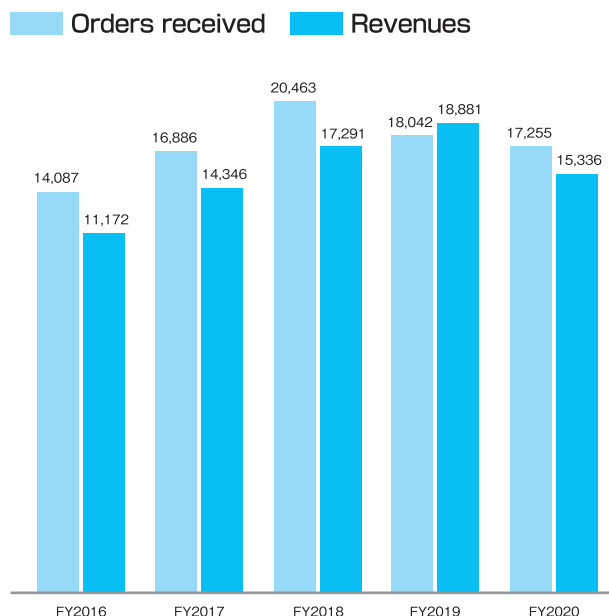
Indoor-wiring construction (Units: JPY millions)

Orders received rose by 4.6% compared to the previous fiscal year due to orders received for large-scale construction projects such as office buildings and hospitals. Sales fell by 8.9% compared to the previous fiscal year due to a decrease in beginning ballance of received orders.



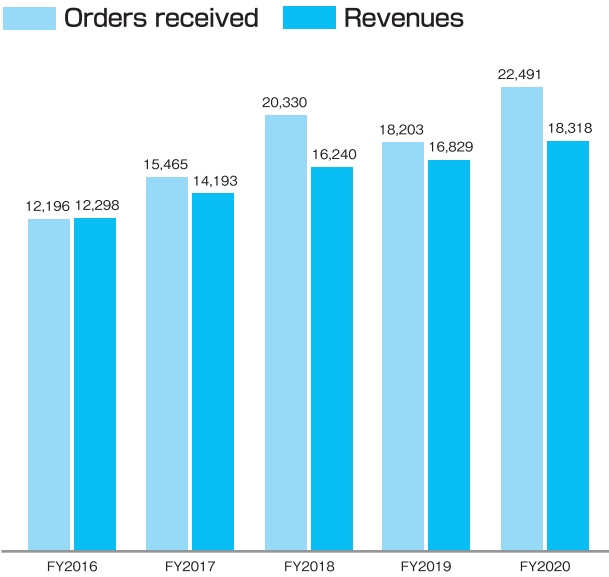
Air-conditioning and plumbing construction (Units: JPY millions)

Orders received fell by 4.4% compared to the previous fiscal year due to the postponement of plans for some projects such as accommodation facilities and factories. Sales fell by 18.8% due to a decrease in orders and delays in the progress of construction.



Communications construction (Units: JPY millions)

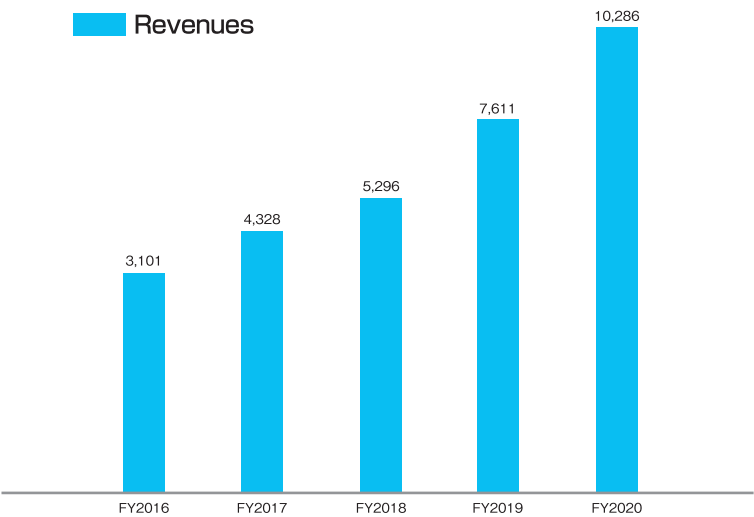
Due to large-scale road-related communication projects and strong orders from communication carriers, along with the steady progress of these projects, orders received rose by 23.6% and sales rose by 8.8% compared to the previous fiscal year.



Energy business (Units: JPY millions)

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

In the solar power generation business, due to the operation of new solar power plants, sales rose by 35.1% compared to the previous fiscal year.



Major Construction Achievements in FY2020

Yokosuka Cultural and Float Route Scenery Improvement Project (Aichi Prefecture) Power supply



In April 2020, the Yokosuka Cultural and Float Route Scenery Improvement Project being conducted by Aichi prefecture's Tokai City in the town of Yokosuka was completed. The project involved moving about 350 m of overhead power distribution cables underground. In addition to the underground line construction, we worked on the development of "small boxes" that form a smaller common cable duct than conventional ones. This development of a small box that can be buried in the roadway was the first such trial in Japan. Introducing this technique enabled us to reduce the cost by about 15% compared to previous methods.



Wakayama Shirahama Solar Power Plant (Wakayama prefecture) Power supply



In September 2020, we completed construction at the mega solar power plant in Shirahama, Wakayama prefecture. The number of panels installed is 79,920, and the expected annual power generation is 34,601 MWh. In compliance with the rules set out in the Landscape Act, we colored the fences and steel towers within the power plant brown or other dark colors to blend in with the surrounding forest. We also took all possible measures to prevent muddy water from flowing into the sea. Water flowing from the construction site was allowed to stand in a settling basin to keep the mud inside the site, and only clear water on top layer was allowed to flow outside the site.



Non-consolidated Balance Sheet

TOENEC CORPORATION as of 31st March, 2021 and 2020

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
ASSETS			
Current assets:			
Cash and deposits	¥28,887	¥39,272	\$354,733
Notes receivable - trade	2,185	944	8,532
Electronically recorded monetary claims - operating	3,518	3,880	35,051
Accounts receivable from completed construction contracts	50,622	45,605	411,937
Costs on construction contracts in progress	4,187	4,490	40,564
Raw materials and supplies	2,794	2,971	26,842
Merchandise	39	38	343
Accounts receivable - other	10,717	7,141	64,506
Other	4,530	3,331	30,095
Allowance for doubtful accounts	(69)	(57)	(522)
Total current assets	107,413	107,619	972,086
Non-current assets:			
Property, plant and equipment:			
Buildings	49,024	49,051	443,065
Accumulated depreciation	(32,708)	(33,050)	(298,528)
Buildings, net	16,315	16,001	144,537
Structures	5,854	6,450	58,262
Accumulated depreciation	(4,504)	(4,598)	(41,532)
Structures, net	1,349	1,852	16,729
Machinery and equipment	66,721	93,448	844,080
Accumulated depreciation	(8,094)	(12,817)	(115,774)
Machinery and equipment, net	58,626	80,630	728,306
Vehicles	1,689	1,747	15,783
Accumulated depreciation	(817)	(908)	(8,207)
Vehicles, net	871	838	7,575
Tools, furniture and fixtures	6,284	6,421	58,003
Accumulated depreciation	(5,633)	(5,702)	(51,512)
Tools, furniture and fixtures, net	651	718	6,491
Land	30,637	31,433	283,923
Construction in progress	23,059	14,131	127,644
Total property, plant and equipment	131,511	145,606	1,315,207
Intangible assets:			
Software	623	1,067	9,642
Other	1,132	1,304	11,786
Total intangible assets	1,755	2,372	21,428
Investments and other assets:			
Investment securities	10,538	13,593	122,788
Shares of subsidiaries and associates	5,586	4,657	42,069
Investments in capital of subsidiaries and associates	138	138	1,252
Long-term loans receivable	73	59	541
Long-term loans receivable from subsidiaries and associates	375	392	3,545
Distressed receivables	156	156	1,417
Long-term prepaid expenses	328	364	3,294
Deferred tax assets	5,458	4,490	40,562
Other	3,201	2,911	26,296
Allowance for doubtful accounts	(651)	(669)	(6,051)
Total investments and other assets	25,205	26,096	235,716
Total non-current assets	158,472	174,075	1,572,352
Total assets	¥265,886	¥281,694	\$2,544,439

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
LIABILITIES			
Current liabilities:			
Notes payable - trade	¥870	¥398	\$3,601
Electronically recorded obligations - operating	8,917	6,761	61,070
Accounts payable for construction contracts	26,204	21,323	192,607
Short-term borrowings	11,582	11,082	100,099
Lease obligations	5,547	6,887	62,213
Accounts payable - other	4,194	4,051	36,593
Accrued expenses	6,569	6,744	60,920
Income taxes payable	2,163	2,498	22,572
Advances received on construction contracts in progress	3,035	1,502	13,571
Provision for loss on construction contracts	213	304	2,747
Other	921	6,429	58,074
Total current liabilities	70,219	67,983	614,072
Non-current liabilities:			
Bonds payable	14,000	14,000	126,456
Long-term borrowings	21,677	22,545	203,640
Lease obligations	44,160	54,598	493,162
Provision for retirement benefits	19,877	19,137	172,863
Asset retirement obligations	2,833	3,518	31,784
Other	24	27	250
Total non-current liabilities	102,572	113,827	1,028,157
Total liabilities	172,792	181,811	1,642,229
NET ASSETS			
Shareholders' equity:			
Share capital			
Authorized - 40,000,000 shares			
Issued - 19,329,990 shares	7,680	7,680	69,377
Capital surplus:			
Legal capital surplus	6,831	6,831	61,710
Other capital surplus	7	7	71
Total capital surpluses	6,839	6,839	61,781
Retained earnings:			
Legal retained earnings	1,639	1,639	14,810
Other retained earnings:			
Reserve for seeking an international market	100	100	903
Reserve for tax purpose reduction entry of non-current assets	1,255	1,243	11,235
Reserve for special depreciation	24	9	88
General reserve	64,100	69,200	625,056
Retained earnings brought forward	7,858	7,554	68,241
Total retained earnings	74,978	79,748	720,334
Treasury shares	(1,542)	(1,545)	(13,964)
Total shareholders' equity	87,956	92,722	837,529
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	5,137	7,160	64,680
Total valuation and translation adjustments	5,137	7,160	64,680
Total net assets	93,094	99,883	902,209
Total liabilities and net assets	¥265,886	¥281,694	\$2,544,439

Non-consolidated Statements of Income

TOENEC CORPORATION for the years ended 31st March, 2021 and 2020

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
Net sales:			
Net sales of completed construction contracts	¥191,679	¥182,354	\$1,647,133
Net sales in sideline businesses	11,713	13,997	126,434
Total net sales	203,392	196,351	1,773,567
Cost of sales:			
Cost of sales of completed construction contracts	166,333	155,518	1,404,733
Cost of sales in sideline businesses	8,416	9,809	88,601
Total cost of sales	174,750	165,327	1,493,334
Gross profit:			
Gross profit on completed construction contracts	25,345	26,836	242,400
Gross profit on sideline business	3,296	4,188	37,832
Total gross profit	28,641	31,024	280,232
Selling, general and administrative expenses:			
Remuneration for directors (and other officers)	342	362	3,270
Employees' salaries and allowances	8,807	8,990	81,211
Retirement benefit expenses	698	736	6,649
Legal welfare expenses	1,427	1,456	13,155
Welfare expenses	639	680	6,142
Repair and maintenance expenses	150	199	1,801
Stationery expenses	117	138	1,248
Communication and transportation expenses	531	386	3,491
Power utilities expenses	147	143	1,298
Research study expenses	402	407	3,680
Advertising expenses	249	219	1,981
Provision of allowance for doubtful accounts	49	-	-
Entertainment expenses	190	104	948
Donations	10	6	62
Rent expenses on land and buildings	578	616	5,566
Depreciation	800	861	7,780
Taxes and dues	641	648	5,856
Insurance expenses	21	20	188
Miscellaneous expenses	1,691	1,690	15,271
Total selling, general and administrative expenses	17,498	17,670	159,606
Operating profit	11,143	13,354	120,626
Non-operating income:			
Interest income	10	9	89
Interest on securities	0	-	-
Dividend income	383	454	4,104
Rental income from land and buildings	255	256	2,315
Miscellaneous income	93	137	1,244
Total non-operating income	743	858	7,753
Non-operating expenses:			
Interest expenses	1,489	1,870	16,899
Interest on bonds	56	55	505
Commission for syndicated loans	50	21	194
Provision of allowance for doubtful accounts	15	-	-
Miscellaneous expenses	53	23	209
Total non-operating expenses	1,664	1,971	17,808
Ordinary profit	10,223	12,241	110,571
Extraordinary income:			
Gain on sale of non-current assets	38	0	0
Reversal of allowance for doubtful accounts	7	0	0
Gain on sale of investment securities	1	2	24
Gain on termination of retirement benefit plan	1,588	-	-
Total extraordinary income	1,637	2	25

Extraordinary losses:

Loss on sale and retirement of non-current assets	33	238	2,158
Impairment losses	4	-	-
Loss on sale of investment securities	-	0	0
Loss on valuation of investment securities	13	57	521
Loss on valuation of shares of subsidiaries and associates	-	928	8390
Loss on liquidation of subsidiaries and associates	22	-	-

Total extraordinary losses	73	1,225	11,070
Profit before income taxes	11,786	11,018	99,526
Income taxes-current	3,204	3,636	32,849
Income taxes-deferred	678	88	802
Total income taxes	3,882	3,725	33,652
Profit	¥7,904	¥7,292	\$65,873

Per share of common stock:

	Yen	Yen	U.S.Dollars
Profit	¥422.89	¥390.20	\$3.52
Cash dividends	150.00	140.00	1.26

Consolidated Balance Sheet

TOENEC CORPORATION and Consolidated Subsidiaries as of 31st March, 2021 and 2020

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
ASSETS			
Current assets:			
Cash and deposits	¥37,397	¥46,909	\$423,713
Deposits paid	-	1,500	13,548
Notes receivable, accounts receivable from completed construction contracts and other	66,624	59,397	536,514
Costs on construction contracts in progress	4,600	4,931	44,539
Raw materials and supplies	2,794	2,979	26,914
Merchandise	75	84	765
Other	11,320	8,188	73,967
Allowance for doubtful accounts	(90)	(81)	(733)
Total current assets	122,723	123,909	1,119,230
Non-current assets:			
Property, plant and equipment:			
Buildings and structures	56,250	56,861	513,606
Machinery, vehicles, tools, furniture and fixtures	80,093	106,365	960,758
Land	30,801	31,595	285,386
Construction in progress	23,038	14,176	128,052
Accumulated depreciation	(56,565)	(61,383)	(554,452)
Total property, plant and equipment	133,618	147,615	1,333,351
Intangible assets:			
Goodwill	1,880	1,567	14,154
Other	1,911	2,516	22,734
Total intangible assets	3,792	4,084	36,889
Investments and other assets:			
Investment securities	21,729	24,253	219,068
Deferred tax assets	6,949	5,156	46,580
Other	3,785	3,509	31,699
Allowance for doubtful accounts	(299)	(296)	(2,680)
Total investments and other assets	32,164	32,622	294,668
Total non-current assets	169,575	184,322	1,664,909
Total assets	¥292,299	¥308,232	\$2,784,139

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
LIABILITIES			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other	¥44,566	¥35,651	\$322,022
Short-term borrowings	11,582	11,382	102,809
Lease obligations	5,505	6,830	61,697
Accrued expenses	7,396	7,567	68,349
Income taxes payable	2,581	2,948	26,631
Advances received on construction contracts in progress	3,435	2,218	20,042
Provision for loss on construction contracts	213	304	2,747
Other	1,264	6,816	61,567
Total current liabilities	76,545	73,718	665,868
Non-current liabilities:			
Bonds payable	14,000	14,000	126,456
Long-term borrowings	21,677	22,545	203,640
Lease obligations	43,963	54,352	490,941
Retirement benefit liability	23,077	19,819	179,022
Asset retirement obligations	2,833	3,518	31,784
Other	573	538	4,860
Total non-current liabilities	106,124	114,773	1,036,705
Total liabilities	182,670	188,491	1,702,574
NET ASSETS			
Shareholders' equity:			
Share capital			
Authorized - 40,000,000 shares			
Issued - 19,329,990 shares	7,680	7,680	69,377
Capital surplus	6,839	6,839	61,781
Retained earnings	93,059	99,368	897,560
Treasury shares	(1,542)	(1,545)	(13,964)
Total shareholders' equity	106,037	112,343	1,014,755
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	5,164	7,198	65,018
Foreign currency translation adjustment	56	1	15
Remeasurements of defined benefit plans	(1,647)	176	1,594
Total accumulated other comprehensive income	3,572	7,376	66,628
Non-controlling interests	18	20	180
Total net assets	109,628	119,740	1,081,565
Total liabilities and net assets	¥292,299	¥308,232	\$2,784,139

Consolidated Statements of Income

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2021 and 2020

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
Net sales:			
Net sales of completed construction contracts	¥212,668	¥201,325	\$1,818,492
Sales in other businesses	12,175	14,352	129,639
Total net sales	224,843	215,677	1,948,131
Cost of sales:			
Cost of sales of completed construction contracts	182,762	170,147	1,536,871
Cost of sales in other businesses	8,681	9,989	90,234
Total cost of sales	191,443	180,136	1,627,106
Gross profit:			
Gross profit on completed construction contracts	29,906	31,178	281,620
Gross profit - other business	3,494	4,362	39,404
Total gross profit	33,400	35,540	321,025
Selling, general and administrative expenses	20,092	20,030	180,930
Operating profit	13,307	15,509	140,095
Non-operating income:			
Interest income	14	29	266
Dividend income	306	300	2,713
Rental income from land and buildings	166	167	1,513
Share of profit of entities accounted for using equity method	302	-	-
Miscellaneous income	113	205	1,859
Total non-operating income	904	703	6,353
Non-operating expenses:			
Interest expenses	1,552	1,924	17,384
Commission for syndicated loans	50	21	194
Share of loss of entities accounted for using equity method	-	456	4,125
Miscellaneous expenses	97	84	759
Total non-operating expenses	1,700	2,487	22,464
Ordinary profit	12,511	13,726	123,984
Extraordinary income:			
Gain on sale of non-current assets	39	0	2
Reversal of allowance for doubtful accounts	7	0	0
Gain on sale of investment securities	1	2	24
Gain on termination of retirement benefit plan	1,597	-	-
Total extraordinary income	1,646	3	27
Extraordinary losses:			
Loss on sale and retirement of non-current assets	100	312	2,822
Impairment losses	4	-	-
Loss on sale of investment securities	-	0	0
Loss on valuation of investment securities	13	57	522
Loss on liquidation of subsidiaries and associates	56	-	-
Total extraordinary losses	174	370	3,344
Profit before income taxes	13,984	13,359	120,667
Income taxes-current	4,018	4,378	39,552
Income taxes-deferred	645	143	1,296
Total income taxes	4,663	4,522	40,849
Profit	9,321	8,836	79,818
Profit attributable to non-controlling interests	6	4	38
Profit attributable to owners of parent	¥9,314	¥8,832	\$79,780
Per share of common stock:			
	Yen	Yen	U.S.Dollars
Profit	¥498.34	¥472.57	\$4.27
Cash dividends	150.00	140.00	1.26

Consolidated Statements of Comprehensive Income

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2021 and 2020

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
Profit	¥9,321	¥8,836	\$79,818
Other comprehensive income			
Valuation difference on available-for-sale securities	(189)	2,028	18,324
Foreign currency translation adjustment	39	(56)	(506)
Remeasurements of defined benefit plans, net of tax	1,083	1,760	15,902
Share of other comprehensive income of entities accounted for using equity method	(43)	68	621
Total other comprehensive income	890	3,802	34,342
Comprehensive income	¥10,211	¥12,638	\$114,160
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	10,204	12,636	114,138
Comprehensive income attributable to non-controlling interests	7	2	22

Consolidated Statements of Cash Flows

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2021 and 2020

	Millions of Yen		Thousands of U.S.Dollars
	2020	2021	2021
Cash flows from operating activities :			
Profit before income taxes	¥13,984	¥13,359	\$120,667
Depreciation	6,561	7,950	71,810
Impairment losses	4	-	-
Amortization of goodwill	313	313	2,830
Increase (decrease) in allowance for doubtful accounts	52	(12)	(111)
Increase (decrease) in other provisions	83	90	817
Increase (decrease) in retirement benefit liability	(2,807)	(764)	(6,908)
Interest and dividend income	(321)	(329)	(2,979)
Interest expenses	1,552	1,924	17,384
Foreign exchange losses (gains)	38	(35)	(319)
Loss (gain) on valuation of investment securities	13	57	522
Loss (gain) on sale of investment securities	(1)	(2)	(24)
Share of loss (profit) of entities accounted for using equity method	(302)	456	4,125
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	60	312	2,819
Loss on liquidation of subsidiaries and associates	56	-	-
Decrease (increase) in trade receivables	761	4,526	40,884
Decrease (increase) in costs on construction contracts in progress	(967)	(319)	(2,881)
Decrease (increase) in inventories	(83)	(194)	(1,755)
Increase (decrease) in trade payables	668	(8,691)	(78,503)
Increase (decrease) in advances received on construction contracts in progress	1,813	(1,202)	(10,859)
Increase (decrease) in accrued consumption taxes	(4,575)	8,136	73,497
Other, net	3,654	2,604	23,527
Subtotal	20,560	28,180	254,543
Income taxes paid	(3,966)	(4,069)	(36,755)
Net cash provided by (used in) operating activities	16,593	24,111	217,787
Cash flows from investing activities :			
Payments into time deposits	(1,008)	(909)	(8,214)
Proceeds from withdrawal of time deposits	1,022	380	3,440
Purchase of investment securities	(20)	(217)	(1,968)
Proceeds from sale of investment securities	3	7	70
Purchase of shares of subsidiaries and associates	(1,297)	-	-
Proceeds from collection of loans receivable	17	17	154
Purchase of property, plant and equipment	(4,125)	(4,825)	(43,584)
Proceeds from sale of property, plant and equipment	80	5	51
Proceeds from key deposits and other	205	1,900	17,161
Interest and dividends received	398	484	4,372
Other, net	83	(559)	(5,052)
Net cash provided by (used in) investing activities	(4,642)	(3,716)	(33,568)
Cash flows from financing activities :			
Net increase (decrease) in short-term borrowings	(1,560)	(400)	(3,613)
Proceeds from long-term borrowings	2,950	1,979	17,875
Repayments of long-term borrowings	(294)	(932)	(8,418)
Purchase of treasury shares	(3)	(3)	(30)
Proceeds from sale of treasury shares	0	0	1
Repayments of lease obligations	(4,831)	(6,128)	(55,357)
Interest paid	(1,553)	(1,924)	(17,384)
Dividends paid	(2,704)	(2,520)	(22,763)
Dividends paid to non-controlling interests	(1)	(1)	(9)
Other, net	(2)	(2)	(24)
Net cash provided by (used in) financing activities	(8,000)	(9,933)	(89,723)
Effect of exchange rate change on cash and cash equivalents	(32)	5	46
Net increase (decrease) in cash and cash equivalents	3,918	10,466	94,542
Cash and cash equivalents at beginning of period	32,472	36,390	328,703
Cash and cash equivalents at end of period	¥36,390	¥46,857	\$423,245

■Family Friendly Company Award from Aichi Prefecture



In February 2021, we received the Family Friendly Company Award from Aichi prefecture. This award is presented to companies headquartered in Aichi prefecture that have made outstanding efforts and achieved results in a wide range of fields to promote a positive work-life balance among their employees.

■Silver Medal in “Electrical Construction” National Skills Competition

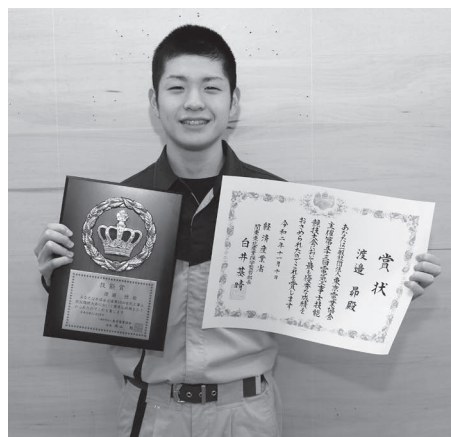
In November 2020, the 58th National Skills Competition was held in Aichi prefecture. Five employees from our company participated in the Electrical Construction category and Yuki Umahara (representing Aichi prefecture) won the silver medal.



▲Yuki Umahara

■Grand Prize in Electrician Skills Competition

In November 2020, the 53rd Electrician Skills Competition was held in Tokyo. Subaru Watanabe became the first person from our company to win the competition's top award, the METI Kanto Tohoku Industrial Safety and Inspection Department Director-General's Award.



▲Subaru Watanabe

■Disaster Recovery from Heavy Rainfall in July 2020

In July 2020, Gifu and Nagano prefectures in the Chubu region experienced record-breaking rainfall. The rain caused extensive damage in areas that we are working in, including river flooding and landslides in the cities of Gero and Takayama in Gifu prefecture and landslides on national roads leading to Kamikochi in Nagano.

A total of 848 people from our power distribution division worked to restore power at our Okazaki, Shizuoka, Gifu, and Nagano branches.

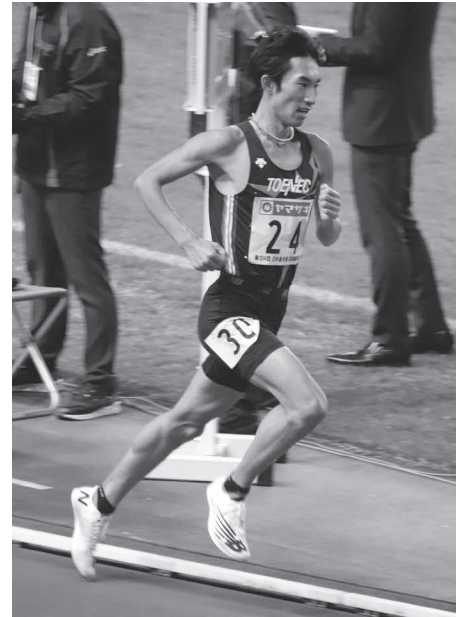
In addition, from our information & communication division, a total of 143 people at the Chubu headquarters and Shizuoka and Gifu branches were mobilized to work on restoration in Gifu, Nagano and other prefectures.



Activities of the TOENEC Track and Field Club

■ Japan's sixth-ranked athlete in the 10000 m

In December 2020, the Japan Athletics Championships 10000 m was held in Osaka, and Daiji Kawai finished in 4th place. Kawai, a member of our company's track and field team, recorded a time of 27:34.86, the 6th best time in Japan and 1st best time in Aichi prefecture.



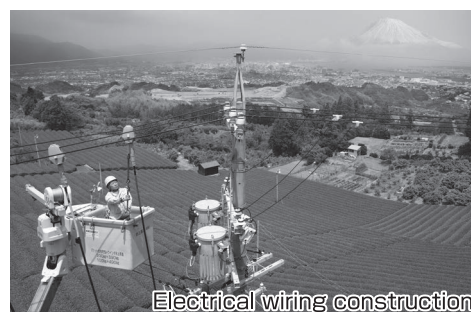
▲Daiji Kawai

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 4,780 (as of March 31, 2021)

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



Subsidiaries

(As of July 1, 2021)

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: Masaaki Mineda, 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