

*TOENEC*

# ANNUAL REPORT

FY 2021 Version

---



## Message

Toenec has expanded and diversified our business in line with our customers' changing needs. As an integrated facility company, we are engaged in a wide range of businesses, from the installation of power supply, electrical, air-conditioning, and telecommunications equipment, through to energy generation business, such as solar power, and the installation of residential equipment.

In addition to developing social infrastructure in this way, Toenec hopes to help find solutions to social issues, such as the realization of a carbon-free society and the SDGs, and to grow sustainably alongside our customers. We will pursue thorough compliance and strengthen corporate governance in order to keep operating our company fairly and in good faith. At the same time, our employees are precious assets and the driving force behind our company. In order to foster a workplace culture in which each and one of them can display their true capabilities with energy, we will further promote work style reforms and diversity initiatives.

In FY 2021, based on Mid-term Business Plan 2022, which started in the previous fiscal year, we strengthened sales activities in installations for general customers in the Tokyo and Kansai regions, in addition to the Chubu region. In electrical installations, we worked even harder to increase work efficiency and reduce costs. We strengthened our overseas business platform by investing in a leading Vietnamese electrical and air-conditioning duct work company.

FY 2022 is the last year of Mid-term Business Plan 2022. Our entire company will come together to work on achieving our targets, while keeping a close eye on the impact of soaring raw materials costs and the chaotic supply chain environment.

Prioritizing “safety and health” above all else, and under our slogan of “bringing greater comfort to the world,” everybody at Toenec will unite in our efforts to remain a company that is trusted by our stakeholders.



President, Director

**Yuzo Fujita**

### Performance for the year

Orders received	210,662 million JPY (YoY 1.9% up)	Revenues	219,617 million JPY (YoY 1.8% up)
Ordinary income	13,394 million JPY (YoY 2.4% down)	Profit attributable to owners of parent	8,283 million JPY (YoY 6.2% 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)

Revenues:245,000 million JPY

Ordinary income:12,000 million JPY

ROE6.5%

Important Policy 1: Business expansion and strengthening of foundations

- ①Strengthen 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)
- ②Enhance 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
- ③Strengthen 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

- ①Strengthen 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
- ②Enhancement of competitiveness in cost
  - Reduce works costs
  - Strengthen supplies purchasing power
- ③Strengthen 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
- ④Promote systems development from company-wide perspectives

Important Policy 3: Strengthening of human resources development

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

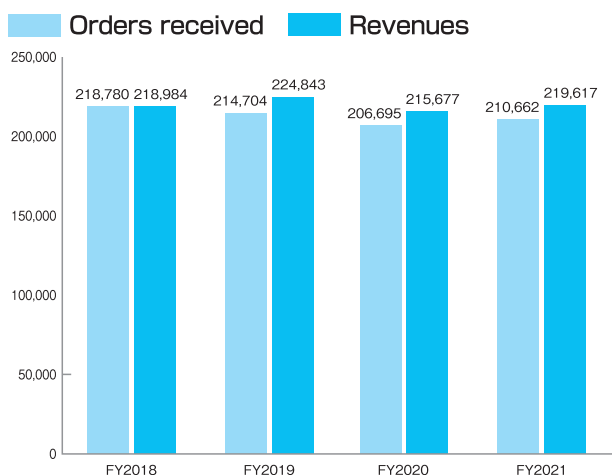
Important Policy 4: Promotion of corporate culture reformation

- ①Establish a Sufety climate
  - Establish a workplace culture that will never cause accidents
  - Eliminate incidents of incomplete or faulty installation work and improve quality
- ②Promote 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
- ③Publicizing compliance
  - Deploy effective compliance measures
- ④Promotion diversity

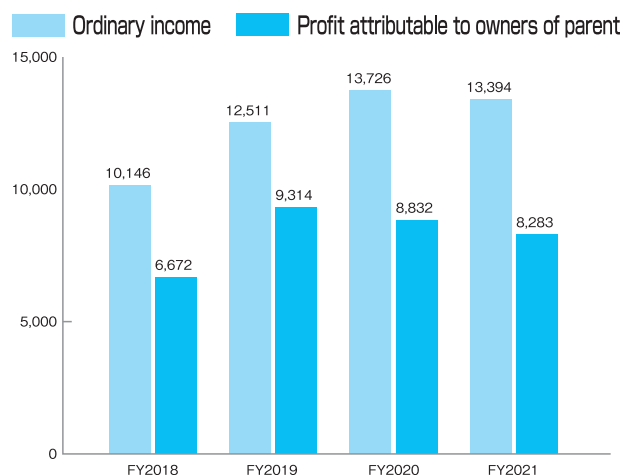
2

## Performance trends - Business Overview (Consolidated) (April 1, 2021 - March 31, 2022)

### Orders received - Revenues (Units: JPY millions)



### Ordinary income - Profit attributable to owners of parent (Units: JPY millions)



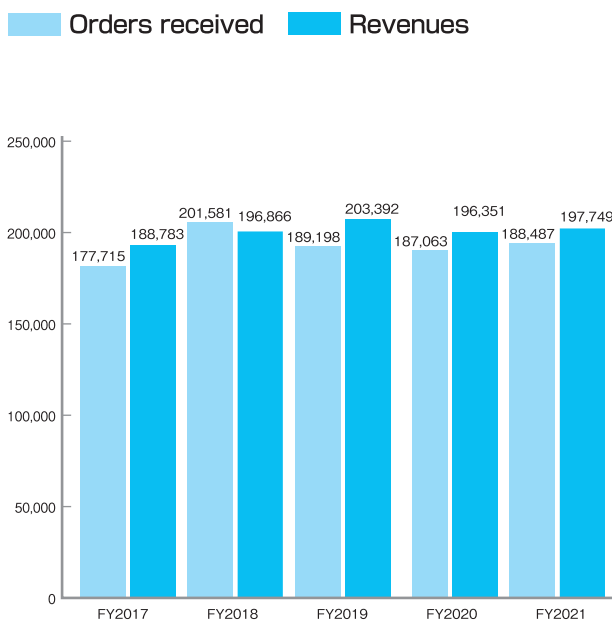
## Business Segment Overview (Consolidated) (April 1, 2021 - March 31, 2022)

(Unit: JPY millions)

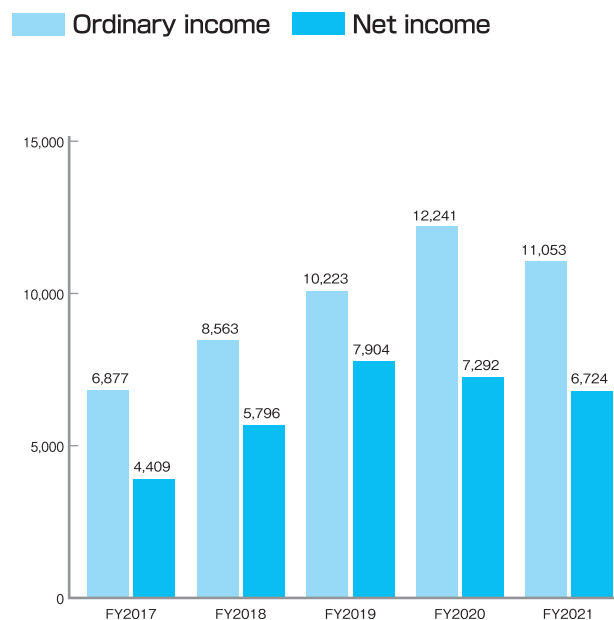
Classification	Orders received	Y o Y	Revenues	Y o Y
Equipment construction business	210,662	1.9%	203,614	1.1%
Energy business	—	—	11,582	12.6%
Other	—	—	4,420	8.7%
<b>Total</b>	<b>210,662</b>	<b>1.9%</b>	<b>219,617</b>	<b>1.8%</b>

## Performance trends(Non-consolidated) (April 1, 2021 - March 31, 2022)

### Orders received - Revenues (Units: JPY millions)



### Ordinary income - Net income (Units: JPY millions)



# Business Overview (Non-consolidated) (April 1, 2021 - March 31, 2022)

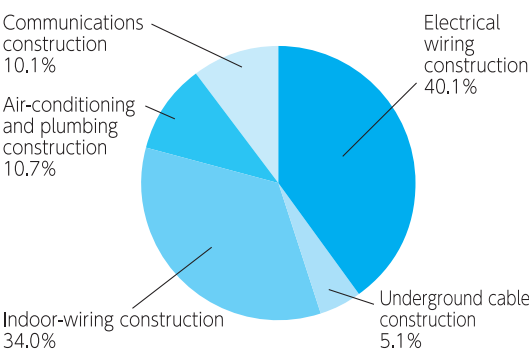
## Overview by Division

(Unit: JPY millions)

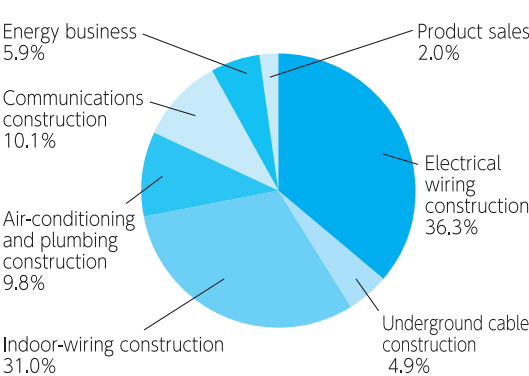
Classification		Orders received	Y o Y	Revenues	Y o Y
Equipment construction	Electrical wiring construction	75,606	8.7%	71,713	△2.8%
	Underground cable construction	9,537	6.7%	9,677	△9.0%
	Indoor-wiring construction	64,099	△6.9%	61,409	△4.5%
	Air-conditioning and plumbing construction	20,248	17.3%	19,461	26.9%
	Communications construction	18,995	△15.5%	19,891	8.6%
	Total	188,487	0.8%	182,154	△0.1%
Side businesses	Energy business	—	—	11,582	12.6%
	Product sales	—	—	4,013	8.1%
	Total	—	—	15,595	11.4%
Total		188,487	0.8%	197,749	0.7%

(Note) "Orders received" is the amount corresponding to "Equipment construction."

## Orders received by Division



## Revenues by Division

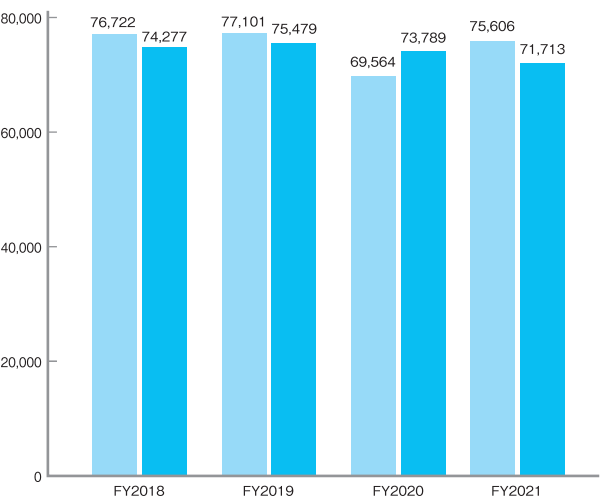


## Performance trends

(April 1, 2021 to March 31, 2022)

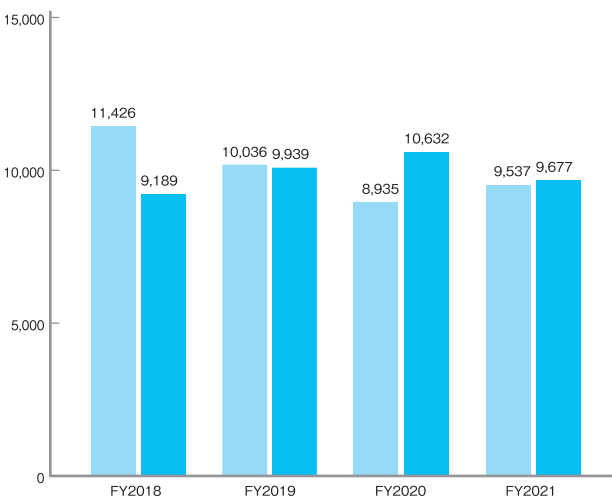
### Electrical wiring construction (Units: JPY millions)

Orders received Revenues



### Underground cable construction (Units: JPY millions)

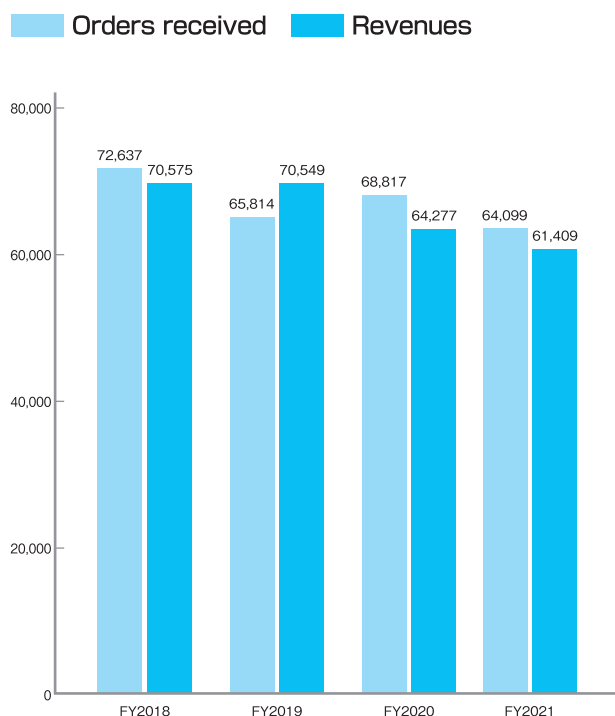
Orders received Revenues



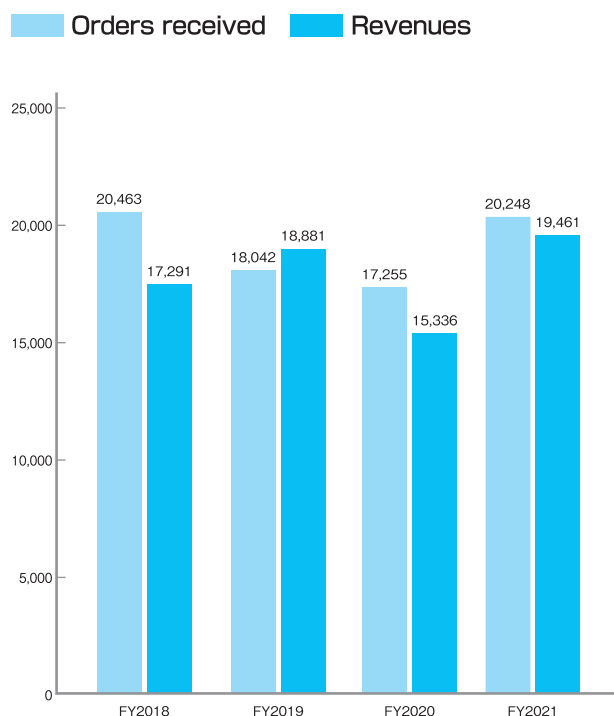
## Performance trends

(April 1, 2021 to March 31, 2022)

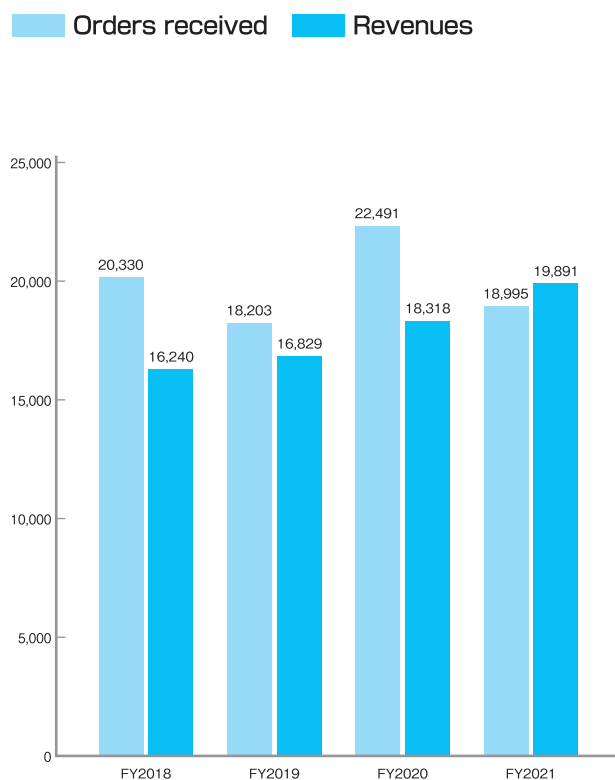
### Indoor-wiring construction (Units: JPY millions)



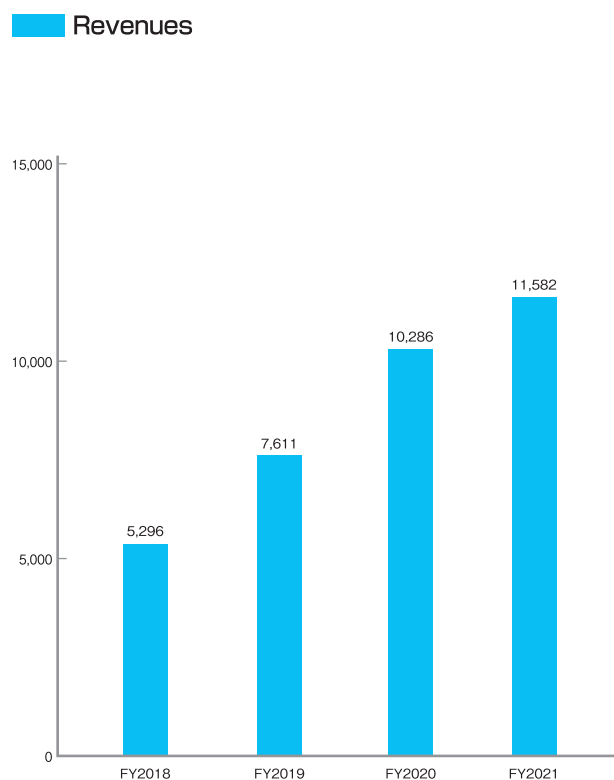
### Air-conditioning and plumbing construction (Units: JPY millions)



### Communications construction (Units: JPY millions)



### Energy business (Units: JPY millions)



# Major Construction Achievements in FY2021

## VISON Electric power supply equipment Electrical equipment Air-conditioning duct work Information and telecommunications



In March 2021, the construction of a commercial facility called VISON was completed in Taki Town, Taki County, Mie Prefecture (the VISON Hotels accommodation facilities were completed in June). Toenec handled the infrastructure installations (laying underground cables and installing air-conditioning equipment), as well as installation of the electrical equipment and air-conditioning at VISON Hotels. VISON has many buildings with ambitious design features, and we paid close attention to the size of equipment, layouts and locations for electrical equipment at the VISON Hotels, so that priority could be given to design features.

We were also involved with telecommunications work for mobile phones in the area. We installed Toenec mobile phone antennas in the area, and we provide a service to allow telecommunications firms to use our equipment (lending of telecommunications equipment) and maintenance services.



## MUFG Bank, Nagoya Building Electrical equipment



In July 2021, MUFG Bank's Nagoya Building was completed in Nagoya City, Aichi Prefecture. Toenec installed the electrical equipment.

The building contains the MONEY & UKIYO-E MUSEUM, which in addition to displaying old notes and currency, also boasts original works by Utagawa Hiroshige, an Edo era ukio-e artist famous for works such as The Fifty-three Stations of the Tōkaidō.

When carrying out the installation, as a fire prevention measure we were careful to avoid laying cables in important



rooms such as strongrooms, or behind the ceilings of the museum. We also facilitated fine-tuned temperature and humidity control because of the importance of temperature and humidity for storing paper.

# Non-consolidated Balance Sheet

TOENEC CORPORATION as of 31st March, 2022 and 2021

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
<b>ASSETS</b>			
Current assets:			
Cash and deposits .....	¥39,272	¥19,527	\$159,553
Notes receivable - trade .....	944	324	2,648
Electronically recorded monetary claims - operating .....	3,880	3,384	27,650
Accounts receivable from completed construction contracts .....	45,605	57,858	472,742
Costs on construction contracts in progress .....	4,490	6,120	50,004
Raw materials and supplies .....	2,971	3,176	25,957
Merchandise .....	38	49	400
Accounts receivable - other .....	7,141	3,059	24,997
Other .....	3,331	3,135	25,618
Allowance for doubtful accounts .....	(57)	(58)	(474)
Total current assets .....	107,619	96,577	789,099
Non-current assets:			
Property, plant and equipment:			
Buildings .....	49,051	50,042	408,878
Accumulated depreciation .....	(33,050)	(33,627)	(274,754)
Buildings, net .....	16,001	16,415	134,124
Structures .....	6,450	6,893	56,320
Accumulated depreciation .....	(4,598)	(4,760)	(38,899)
Structures, net .....	1,852	2,132	17,420
Machinery and equipment .....	93,448	100,465	820,864
Accumulated depreciation .....	(12,817)	(17,917)	(146,396)
Machinery and equipment, net .....	80,630	82,548	674,467
Vehicles .....	1,747	1,688	13,798
Accumulated depreciation .....	(908)	(904)	(7,387)
Vehicles, net .....	838	784	6,411
Tools, furniture and fixtures .....	6,421	6,659	54,410
Accumulated depreciation .....	(5,702)	(5,841)	(47,729)
Tools, furniture and fixtures, net .....	718	817	6,680
Land .....	31,433	31,471	257,144
Construction in progress .....	14,131	9,621	78,612
Total property, plant and equipment .....	145,606	143,791	1,174,861
Intangible assets:			
Software .....	1,067	1,307	10,682
Other .....	1,304	1,245	10,179
Total intangible assets .....	2,372	2,553	20,861
Investments and other assets:			
Investment securities .....	13,593	14,436	117,958
Shares of subsidiaries and associates .....	4,657	7,905	64,596
Investments in capital of subsidiaries and associates .....	138	138	1,132
Long-term loans receivable .....	59	42	347
Long-term loans receivable from subsidiaries and associates .....	392	403	3,298
Distressed receivables .....	156	153	1,256
Long-term prepaid expenses .....	364	1,648	13,466
Deferred tax assets .....	4,490	4,337	35,436
Other .....	2,911	4,643	37,940
Allowance for doubtful accounts .....	(669)	(2,257)	(18,441)
Total investments and other assets .....	26,096	31,453	256,991
Total non-current assets .....	174,075	177,797	1,452,715
Total assets .....	¥281,694	¥274,375	\$2,241,814

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
<b>LIABILITIES</b>			
Current liabilities:			
Notes payable - trade	¥398	¥663	\$5,418
Electronically recorded obligations - operating	6,761	8,623	70,457
Accounts payable for construction contracts	21,323	24,681	201,661
Short-term borrowings	11,082	4,182	34,169
Lease liabilities	6,887	7,518	61,433
Accounts payable - other	4,051	3,131	25,583
Accrued expenses	6,744	6,448	52,684
Income taxes payable	2,498	1,563	12,770
Advances received on construction contracts in progress	1,502	1,737	14,193
Provision for loss on construction contracts	304	247	2,019
Other	6,429	1,236	10,103
Total current liabilities	67,983	60,031	490,496
Non-current liabilities:			
Bonds payable	14,000	8,400	68,633
Long-term borrowings	22,545	23,463	191,706
Lease liabilities	54,598	55,660	454,776
Provision for retirement benefits	19,137	18,198	148,695
Asset retirement obligations	3,518	3,801	31,064
Other	27	30	249
Total non-current liabilities	113,827	109,554	895,126
Total liabilities	181,811	169,586	1,385,622
<b>NET ASSETS</b>			
Shareholders' equity:			
Share capital			
Authorized - 40,000,000 shares			
Issued - 19,329,990 shares	7,680	7,680	62,756
Capital surplus:			
Legal capital surplus	6,831	6,831	55,821
Other capital surplus	7	8	66
Total capital surplus	6,839	6,840	55,887
Retained earnings:			
Legal retained earnings	1,639	1,639	13,396
Other retained earnings:			
Reserve for seeking an international market	100	100	817
Reserve for tax purpose reduction entry of non-current assets	1,243	1,231	10,065
Reserve for special depreciation	9	-	-
General reserve	69,200	73,900	603,807
Retained earnings brought forward	7,554	7,292	59,582
Total retained earnings	79,748	84,163	687,669
Treasury shares	(1,545)	(1,548)	(12,649)
Total shareholders' equity	92,722	97,136	793,663
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	7,160	7,652	62,527
Total valuation and translation adjustments	7,160	7,652	62,527
Total net assets	99,883	104,789	856,191
Total liabilities and net assets	¥281,694	¥274,375	\$2,241,814

# Non-consolidated Statements of Income

TOENEC CORPORATION for the years ended 31st March, 2022 and 2021

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
<b>Net sales:</b>			
Net sales of completed construction contracts .....	¥182,354	¥182,154	\$1,488,310
Net sales in sideline businesses .....	13,997	15,595	127,424
Total net sales .....	196,351	197,749	1,615,735
<b>Cost of sales:</b>			
Cost of sales of completed construction contracts .....	155,518	156,048	1,275,013
Cost of sales in sideline businesses .....	9,809	11,124	90,893
Total cost of sales .....	165,327	167,173	1,365,907
<b>Gross profit:</b>			
Gross profit on completed construction contracts .....	26,836	26,105	213,297
Gross profit on sideline business .....	4,188	4,471	36,530
Total gross profit .....	31,024	30,576	249,828
<b>Selling, general and administrative expenses:</b>			
Remuneration for directors (and other officers) .....	362	341	2,793
Employees' salaries and allowances .....	8,990	9,239	75,489
Retirement benefit expenses .....	736	749	6,126
Legal welfare expenses .....	1,456	1,488	12,160
Welfare expenses .....	680	665	5,437
Repair and maintenance expenses .....	199	172	1,405
Stationery expenses .....	138	143	1,169
Communication and transportation expenses .....	386	430	3,520
Power utilities expenses .....	143	156	1,274
Research study expenses .....	407	455	3,721
Advertising expenses .....	219	237	1,943
Provision of allowance for doubtful accounts .....	-	2	17
Entertainment expenses .....	104	134	1,100
Donations .....	6	5	46
Rent expenses on land and buildings .....	616	649	5,305
Depreciation .....	861	857	7,009
Taxes and dues .....	648	639	5,226
Insurance expenses .....	20	22	181
Miscellaneous expenses .....	1,690	1,982	16,198
Total selling, general and administrative expenses .....	17,670	18,374	150,127
Operating profit .....	13,354	12,202	99,700
<b>Non-operating income:</b>			
Interest income .....	9	92	755
Dividend income .....	454	571	4,672
Rental income from land and buildings .....	256	270	2,210
Miscellaneous income .....	137	162	1,329
Total non-operating income .....	858	1,097	8,967
<b>Non-operating expenses:</b>			
Interest expenses .....	1,870	2,050	16,751
Interest on bonds .....	55	50	408
Commission for syndicated loans .....	21	20	170
Miscellaneous expenses .....	23	125	1,026
Total non-operating expenses .....	1,971	2,246	18,357
Ordinary profit .....	12,241	11,053	90,310
<b>Extraordinary income:</b>			
Gain on sale of non-current assets .....	0	902	7,372
Reversal of allowance for doubtful accounts .....	0	0	3
Gain on sale of investment securities .....	2	-	-
Total extraordinary income .....	2	902	7,375

**Extraordinary losses:**

Loss on sale and retirement of non-current assets	238	59	485
Provision of allowance for doubtful accounts	-	1,574	12,866
Loss on sale of investment securities	0	-	-
Loss on valuation of investment securities	57	5	43
Loss on valuation of shares of subsidiaries and associates	928	-	-
Loss on cancellation of leases	-	610	4,984
Total extraordinary losses	1,225	2,249	18,380
Profit before income taxes	11,018	9,706	79,305
Income taxes-current	3,636	3,094	25,285
Income taxes-deferred	88	(113)	(923)
Total income taxes	3,725	2,981	24,361
Profit	¥7,292	¥6,724	\$54,944

**Per share of common stock:**

	Yen	Yen	U.S.Dollars
Profit	¥390.20	¥359.80	\$2.94
Cash dividends	140.00	135.00	1.10

## Consolidated Balance Sheet

TOENEC CORPORATION and Consolidated Subsidiaries as of 31st March, 2022 and 2021

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits	¥46,909	¥29,015	\$237,072
Deposits paid	1,500	1,500	12,255
Notes receivable, accounts receivable from completed construction contracts and other	59,397	69,521	568,030
Costs on construction contracts in progress	4,931	6,577	53,743
Raw materials and supplies	2,979	3,177	25,958
Merchandise	84	111	909
Other	8,188	3,458	28,256
Allowance for doubtful accounts	(81)	(90)	(736)
Total current assets	123,909	113,270	925,490
<b>Non-current assets:</b>			
<b>Property, plant and equipment:</b>			
Buildings and structures	56,861	58,341	476,682
Machinery, vehicles, tools, furniture and fixtures	106,365	113,655	928,635
Land	31,595	31,633	258,467
Construction in progress	14,176	9,634	78,720
Accumulated depreciation	(61,383)	(67,373)	(550,480)
Total property, plant and equipment	147,615	145,891	1,192,025
<b>Intangible assets:</b>			
Goodwill	1,567	1,253	10,243
Other	2,516	2,793	22,827
Total intangible assets	4,084	4,047	33,070
<b>Investments and other assets:</b>			
Investment securities	24,253	28,877	235,948
Deferred tax assets	5,156	4,868	39,780
Other	3,509	6,511	53,205
Allowance for doubtful accounts	(296)	(1,869)	(15,271)
Total investments and other assets	32,622	38,389	313,663
Total non-current assets	184,322	188,328	1,538,759
Total assets	¥308,232	¥301,599	\$2,464,249

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
<b>LIABILITIES</b>			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other	¥35,651	¥39,531	\$322,994
Short-term borrowings	11,382	4,182	34,169
Lease liabilities	6,830	7,470	61,036
Accrued expenses	7,567	7,351	60,063
Income taxes payable	2,948	1,852	15,138
Advances received on construction contracts in progress	2,218	2,533	20,702
Provision for loss on construction contracts	304	247	2,019
Other	6,816	1,536	12,551
Total current liabilities	73,718	64,704	528,676
Non-current liabilities:			
Bonds payable	14,000	8,400	68,633
Long-term borrowings	22,545	23,463	191,706
Lease liabilities	54,352	55,463	453,168
Retirement benefit liability	19,819	18,662	152,487
Asset retirement obligations	3,518	3,801	31,064
Other	538	506	4,141
Total non-current liabilities	114,773	110,298	901,201
Total liabilities	188,491	175,002	1,429,878
<b>NET ASSETS</b>			
Shareholders' equity:			
Share capital			
Authorized - 40,000,000 shares			
Issued - 19,329,990 shares	7,680	7,680	62,756
Capital surplus	6,839	6,840	55,887
Retained earnings	99,368	105,381	861,033
Treasury shares	(1,545)	(1,548)	(12,649)
Total shareholders' equity	112,343	118,354	967,028
Accumulated other comprehensive income :			
Valuation difference on available-for-sale securities	7,198	7,689	62,831
Foreign currency translation adjustment	1	206	1,683
Remeasurements of defined benefit plans	176	320	2,615
Total accumulated other comprehensive income	7,376	8,216	67,129
Non-controlling interests	20	26	212
Total net assets	119,740	126,596	1,034,371
Total liabilities and net assets	¥308,232	¥301,599	\$2,464,249

# Consolidated Statements of Income

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2022 and 2021

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
<b>Net sales:</b>			
Net sales of completed construction contracts .....	¥201,325	¥203,614	\$1,663,655
Sales in other businesses .....	14,352	16,002	130,749
Total net sales .....	215,677	219,617	1,794,404
<b>Cost of sales:</b>			
Cost of sales of completed construction contracts .....	170,147	173,356	1,416,426
Cost of sales in other businesses .....	9,989	11,357	92,797
Total cost of sales .....	180,136	184,713	1,509,224
<b>Gross profit:</b>			
Gross profit on completed construction contracts .....	31,178	30,258	247,229
Gross profit - other business .....	4,362	4,644	37,951
Total gross profit .....	35,540	34,903	285,180
Selling, general and administrative expenses .....	20,030	20,831	170,203
Operating profit .....	15,509	14,072	114,977
<b>Non-operating income:</b>			
Interest income .....	29	109	897
Dividend income .....	300	336	2,751
Rental income from land and buildings .....	167	175	1,435
Share of profit of entities accounted for using equity method .....	-	747	6,109
Miscellaneous income .....	205	212	1,735
Total non-operating income .....	703	1,582	12,929
<b>Non-operating expenses:</b>			
Interest expenses .....	1,924	2,106	17,208
Commission for syndicated loans .....	21	20	170
Share of loss of entities accounted for using equity method .....	456	-	-
Miscellaneous expenses .....	84	132	1,082
Total non-operating expenses .....	2,487	2,259	18,461
Ordinary profit .....	13,726	13,394	109,444
<b>Extraordinary income:</b>			
Gain on sale of non-current assets .....	0	904	7,393
Reversal of allowance for doubtful accounts .....	0	0	3
Gain on sale of investment securities .....	2	-	-
Total extraordinary income .....	3	905	7,396
<b>Extraordinary losses:</b>			
Loss on sale and retirement of non-current assets .....	312	109	896
Provision of allowance for doubtful accounts .....	-	1,574	12,866
Loss on sale of investment securities .....	0	-	-
Loss on valuation of investment securities .....	57	10	88
Loss on cancellation of leases .....	-	610	4,984
Total extraordinary losses .....	370	2,305	18,835
Profit before income taxes .....	13,359	11,994	98,005
Income taxes-current .....	4,378	3,751	30,653
Income taxes-deferred .....	143	(44)	(367)
Total income taxes .....	4,522	3,706	30,286
Profit .....	8,836	8,288	67,719
Profit attributable to non-controlling interests .....	4	4	35
Profit attributable to owners of parent .....	¥8,832	¥8,283	\$67,683
<b>Per share of common stock:</b>			
	Yen	Yen	U.S.Dollars
Profit .....	¥472.57	¥443.23	\$3.62
Cash dividends .....	140.00	135.00	1.10

## Consolidated Statements of Comprehensive Income

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2022 and 2021

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
Profit .....	¥8,836	¥8,288	\$67,719
Other comprehensive income			
Valuation difference on available-for-sale securities .....	2,028	491	4,016
Foreign currency translation adjustment .....	(56)	208	1,702
Remeasurements of defined benefit plans, net of tax .....	1,760	157	1,289
Share of other comprehensive income of entities accounted for using equity method" .....	68	(15)	(125)
Total other comprehensive income .....	3,802	842	6,882
Comprehensive income .....	¥12,638	¥9,130	\$74,601
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent .....	12,636	9,123	74,543
Comprehensive income attributable to non-controlling interests	2	7	58

# Consolidated Statements of Cash Flows

TOENEC CORPORATION and Consolidated Subsidiaries for the years ended 31st March, 2022 and 2021

	Millions of Yen		Thousands of U.S.Dollars
	2021	2022	2022
<b>Cash flows from operating activities :</b>			
Profit before income taxes .....	¥13,359	¥11,994	\$98,005
Depreciation .....	7,950	8,970	73,296
Amortization of goodwill .....	313	313	2,560
Increase (decrease) in allowance for doubtful accounts .....	(12)	1,580	12,914
Increase (decrease) in other provisions .....	90	(57)	(466)
Increase (decrease) in retirement benefit liability .....	(764)	(942)	(7,703)
Interest and dividend income .....	(329)	(446)	(3,649)
Interest expenses .....	1,924	2,106	17,208
Foreign exchange losses (gains) .....	(35)	(85)	(698)
Loss (gain) on valuation of investment securities .....	57	10	88
Loss (gain) on sale of investment securities .....	(2)	0	0
Share of loss (profit) of entities accounted for using equity method .....	456	(747)	(6,109)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets .....	312	(795)	(6,496)
Loss on cancellation of leases .....	-	610	4,984
Decrease (increase) in trade receivables .....	4,526	(9,788)	(79,979)
Decrease (increase) in costs on construction contracts in progress .....	(319)	(1,629)	(13,310)
Decrease (increase) in inventories .....	(194)	(223)	(1,822)
Increase (decrease) in trade payables .....	(8,691)	4,758	38,875
Increase (decrease) in advances received on construction contracts in progress .....	(1,202)	254	2,082
Increase (decrease) in accrued consumption taxes .....	8,136	(4,417)	(36,094)
Other, net .....	2,604	(32)	(263)
Subtotal .....	28,180	11,434	93,423
Loss on cancellation of leases paid .....	-	(610)	(4,984)
Income taxes paid .....	(4,069)	(4,880)	(39,880)
<b>Net cash provided by (used in) operating activities .....</b>	<b>24,111</b>	<b>5,943</b>	<b>48,559</b>
<b>Cash flows from investing activities :</b>			
Payments into time deposits .....	(909)	(30)	(245)
Proceeds from withdrawal of time deposits .....	380	100	817
Net decrease (increase) in deposits paid .....	-	(500)	(4,085)
Purchase of investment securities .....	(217)	(149)	(1,224)
Proceeds from sale of investment securities .....	7	3	24
Purchase of shares of subsidiaries and associates .....	-	(3,086)	(25,218)
Proceeds from collection of loans receivable .....	17	18	148
Purchase of property, plant and equipment .....	(4,825)	(4,974)	(40,645)
Proceeds from sale of property, plant and equipment .....	5	7,357	60,112
Proceeds from key deposits and other .....	1,900	4,580	37,421
Interest and dividends received .....	484	682	5,576
Other, net .....	(559)	(1,030)	(8,423)
<b>Net cash provided by (used in) investing activities .....</b>	<b>(3,716)</b>	<b>2,969</b>	<b>24,259</b>
<b>Cash flows from financing activities :</b>			
Net increase (decrease) in short-term borrowings .....	(400)	(7,200)	(58,828)
Proceeds from long-term borrowings .....	1,979	1,979	16,174
Repayments of long-term borrowings .....	(932)	(1,082)	(8,840)
Redemption of bonds .....	-	(5,708)	(46,642)
Purchase of treasury shares .....	(3)	(2)	(20)
Proceeds from sale of treasury shares .....	0	0	4
Repayments of lease liabilities .....	(6,128)	(10,992)	(89,819)
Proceeds from sale and leaseback transactions .....	-	21	174
Interest paid .....	(1,924)	(2,106)	(17,215)
Dividends paid .....	(2,520)	(2,426)	(19,827)
Dividends paid to non-controlling interests .....	(1)	(1)	(8)
Other, net .....	(2)	(3)	(25)
<b>Net cash provided by (used in) financing activities .....</b>	<b>(9,933)</b>	<b>(27,522)</b>	<b>(224,875)</b>
Effect of exchange rate change on cash and cash equivalents .....	5	177	1,448
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>10,466</b>	<b>(18,432)</b>	<b>(150,608)</b>
Cash and cash equivalents at beginning of period .....	36,390	46,857	382,854
<b>Cash and cash equivalents at end of period .....</b>	<b>¥46,857</b>	<b>¥28,424</b>	<b>\$232,246</b>

■ Investment in local company in Vietnam



In March 2022, we invested in Vietnamese company HAWEE MECHANICAL AND ELECTRICAL - JOINT STOCK COMPANY (“HAWEE”). HAWEE is a leading electrical and air-conditioning duct work company, and it boasts a rich track record of installations at luxury hotels and condominiums, etc.

■ Setting Targets Towards Zero Emissions

In October 2021, as part of Toenec’s environmental conservation activities aimed at realizing a carbon-free society, we decided to work on zero emissions and set “Targets Towards Zero Emissions”.

Targets Towards Zero Emissions

- 2030 Reduce CO<sub>2</sub> emissions vs. sales by at least 46% compared with FY 2013
- 2050 Achieve net zero in CO<sub>2</sub> emissions

◆ Details of measures aimed at achieving targets

【Measures to 2030】

- (1) Electrify all eligible vehicles when upgrading vehicles.  
(Excluding specialist construction vehicles, etc. that are not suited to electrification)
- (2) When rebuilding business premises, etc. install solar power generation facilities  
Carry out investigations on the assumption of “energy creation”, and aim to acquire ZEB accreditation.

### ■ Development of Scum volume reduction device to Reduce Waste Liquid from Factories Patent Application Pending

Toenec has developed Scum volume reduction device to reduce the volume of oil-containing waste known as “scum” that is generated when carrying out waste liquid treatment at metals processing plants.

This equipment uses the “ultrasound disintegration method”, which offers the potential for a strong volume reduction effect in a short time. It helps to reduce the volume of waste by separating water that remains in the scum.

#### ◆ Ultrasound Disintegration Method

Irradiating scum with ultrasound causes “cavitation”, a physical effect whereby the links between scum and other substances are destroyed. This effect causes water, which has a heavier relative density than scum, to separate from the scum and sink. After treatment, the scum is left floating on top of the water, making removal possible.



#### ■ Features of Toenec’s “Scum volume reduction device”

- Achieving a strong scum dissolving effect in a short time (40% reduction in scum through 60 minutes of treatment) helps to reduce production waste costs.
- No chemicals are used, so it is environmentally-friendly, and there is no need to manage stocks of chemicals needed for industrial waste treatment or ancillary treatments such as pH adjustments.
- All processes are automatic, from insertion of the scum into the equipment through to separation discharge after treatment, which helps to save labor during treatment work.

# Activities of the TOENEC Track and Field Club

## ■New Japanese Athletics Record in 1,500 m

In July 2021, Kazuki Kawamura, a member of Toenec’s athletics club, won the 1,500-meter race at the Hokuren Distance Challenge with a time of 3m 35.42s.

This was a new record and a major improvement on the previous Japanese record of 3m 37.05s.



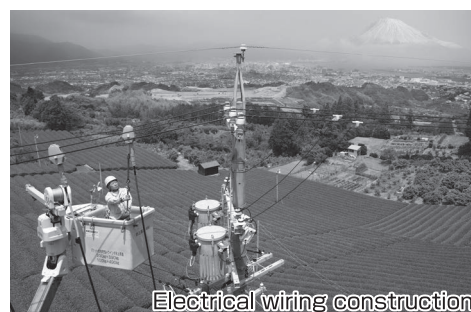
▲Kazuki Kawamura

# 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 4,743 (as of March 31, 2022)

## 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, 2022)

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