

Creating greater comfort for the world

TOENEC

Toenec Group Integrated Report 2025



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Editorial Policy



The Toenec Group Integrated Report 2025 aims to clearly communicate our philosophies and frameworks, growth strategies based on Medium-term Management Plan 2027, and our initiatives to enhance corporate value, thereby deepening readers' understanding of the Group.

Additionally, in order to fulfill our Purpose—to create and sustain comfortable environments that bring vitality and richness to people and society under any conditions—we have included information on our disaster recovery efforts as well as a section called “VOICE,” which spotlights our employees who strive daily.

It is our sincere hope that this report will stimulate dialogue as we endeavor toward sustainable growth alongside all of our stakeholders.

- Published**
September 2025
- Organizations covered**
In principle, the Toenec Group (as of March 31, 2025), which consists of the Toenec Corporation, seven consolidated subsidiaries, and four equity-method affiliates.
- Period covered**
FY 2024 (April 1, 2024 to March 31, 2025). However, some activities before and after the relevant period of time are included.
- Various references**
When compiling the report, we refer to the International Integrated Reporting Framework recommended by IIRC, WICI, etc., and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.
We also refer to the GRI Sustainability Reporting Guidelines (Standards).
- Precautions on outlook**
Earnings outlook is based on currently available information and certain assumptions that are judged to be reasonable. Various risks and uncertainties could cause actual results to differ materially from the outlook.

Communication Overview

	Financial Information	Non-Financial Information
Reports	<div>Toenec Integrated Report 2025</div> <div> <ul style="list-style-type: none"> ■ Annual Securities Report ■ Financial Results Briefing Material ■ Summary of Consolidated Financial Results </div>	
	<div> <ul style="list-style-type: none"> ■ Corporate Governance Report ■ Diversity Report </div>	
Our website	<div> <ul style="list-style-type: none"> ■ Investor Relations Information <div> https://www.toenec.co.jp/english/ir/index.html  </div> </div>	<div> <ul style="list-style-type: none"> ■ CSR <div> https://www.toenec.co.jp/english/csr/index.html  </div> </div>
Dialogue	<div> <ul style="list-style-type: none"> ■ Financial results briefings ■ Interviews with institutional and individual investors ■ IR events ■ General meetings of shareholders </div>	<div> <ul style="list-style-type: none"> ■ Various exhibitions </div>

History

Origin of the company name (TOENEC)

The name is a combination of the first several letters of "TOKAI," part of the previous company name TOKAI ELECTRICAL CONSTRUCTION CO., LTD., and "ENERGY ENGINEERING AND CONSTRUCTION." The name incorporates the idea that we aim to become a company that CREATES a comfortable environment through innovative technologies (ENGINEERING) related to ENERGY use TO create a future.

1944–1949

Establishment of TOKAI ELECTRICAL CONSTRUCTION CO., LTD.

TOKAI ELECTRICAL CONSTRUCTION CO., LTD., our predecessor, was established in October 1944. The company contributed to post-war reconstruction by working to improve the electric power infrastructure in the Chubu area.

1944 TOKAI ELECTRICAL CONSTRUCTION CO., LTD. established
Established branch offices in Tokyo, Aichi, Shizuoka, Mie, and Gifu
1946 Established Nagano Branch
1947 Tokyo Branch became independent as Toko Electrical Construction Co., Ltd.

1950–1978

Rapid growth during the period of high economic growth

In order to meet rapidly growing demand for electric power in the face of high economic growth, the Company began installing not only power distribution equipment but also large-scale power transmission lines and ultra-high-voltage substations, supporting social development and people's daily lives. We also expanded our business domain to include air conditioning and underground line work.

1957 Established Tokyo Branch (re-entry into Kanto area)
1961 Started air conditioning, sanitation, water, and other plumbing operations
1962 Listed on the Nagoya Stock Exchange
1964 Established Osaka Sales Office (Upgraded to a branch office in 1966)
1971 Listed on the Tokyo and Osaka Stock Exchanges
1975 Established the Overseas Division (now the International Division)

1979–2000

A turbulent era and the beginning of Toenec

Amid drastic changes in the business environment, such as the oil shock, the bubble economy, and subsequent stagnation, we worked to enter the telecommunications field and expand the market in Southeast Asia in preparation for the advent of an advanced information age and the advancement of internationalization. In 1989, the company name was changed to Toenec, making a new start for the new century.

1981 Established Toko Sangyo Co., Ltd. (now Toenec Service Corporation)
1984 Started operations for telecommunications line and firefighting facility construction works
1985 Established the Technology Development Office (now the Research & Development Division)
1989 The company name was changed from TOKAI ELECTRICAL CONSTRUCTION CO., LTD. to Toenec Corporation
1995 Established Toenec Philippines Incorporated (Philippines)
1996 Established Toenec (Thailand) Co., Ltd. (Thailand)

2001–2010

Overcoming hardships to become a more resilient company

Severe conditions continued due to a drop in construction investment and curbs on electric power equipment investment due to electric power business deregulation. By promoting both business growth and fixed cost reduction measures, we have transformed our corporate structure to become a resilient company that can ensure earnings even in adverse conditions.

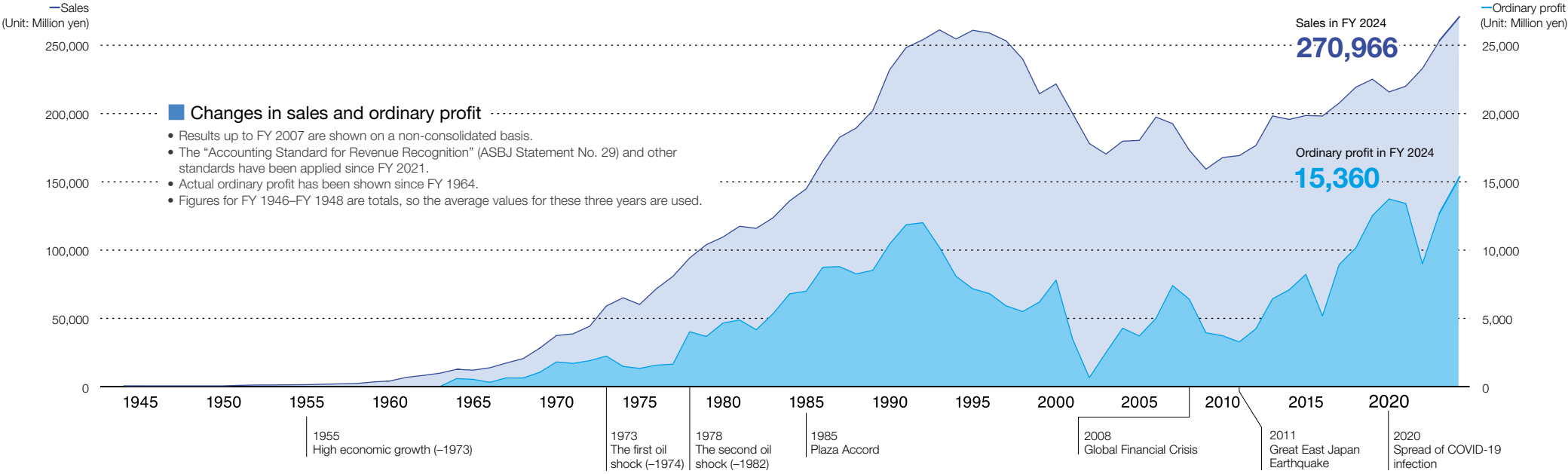
2002 Established Customer Service Division and Energy Solution Division (now Energy Business Division)
2003 Established Toenec Construction (Shanghai) Co., Ltd. (China)
2007 Became a consolidated subsidiary of Chubu Electric Power Co., Inc.
Business reorganization with C-TECH Corporation

2011–

Aiming for sustainable growth along with all of our stakeholders

We entered the renewable energy field following the creation of the Feed-in Tariff (FIT) system in 2012. We have also strengthened our business in the Tokyo metropolitan area and Asia by reinforcing human resources and conducting mergers and acquisitions.
We will continue not only to contribute to achieving a sustainable society but also to work towards becoming an integrated equipment engineering company that continues to grow together along with all of our stakeholders.

2013 Started renewable energy (solar power generation) business
2016 Made Asahi Synchrotech Corporation into a subsidiary
2017 Established Safety Creation Center
2019 Invested in Tri-En Solution Co., Ltd. (Thailand)
Note: Additional investment in 2024
2022 Invested in Hawee Mechanical and Electrical Joint Stock Company (Vietnam)
2023 Invested in FUHBIC International Corporation (Taiwan)
2024 Revised capital relationship with Chubu Electric Power Co., Inc.
(dissolved parent-subsidiary relationship with Chubu Electric Power)



80th Anniversary Commemorative Project

With the support of many, we celebrated the 80th anniversary of our founding

Toenec's 80th anniversary was on October 1, 2024. It was a milestone year and, to express our gratitude to everyone who has supported us over the years, we held commemorative events including the Toenec Technical Fair 2024, as well as environmental conservation activities. Keeping in mind our Purpose as an integrated equipment engineering company supporting the foundations of daily life, we will continue to work as one Group to contribute to the development of our customers and local communities.



80th anniversary commemorative project

01 Holding the Toenec Technical Fair 2024

We held an exhibition called Toenec Technical Fair 2024 over two days, October 18 and 19, 2024, at our Education & Training Center (Minami Ward, Nagoya City).

Under the subtitle "Challenges for the Future! A Festival of 80 Years of Technology and Passion," we showcased the technologies and skills cultivated since our Company's founding through panel displays, construction method demonstrations, and hands-on experiences.

Including visits from the general public, approximately 3,600 people attended over the two days.



02 Environmental conservation activities

We collaborated with local governments where our offices are located to engage employees and their families in nature conservation activities. In Gifu Prefecture, we conducted a cleanup of the riverbank the day after the Gifu Nagaragawa Hanabi (Fireworks) Festival. In Nagano Prefecture, we planted 300 trees at the Nagano City Experience Forest, which had suffered damage from a typhoon.

Prefectures where implemented

Tokyo, Osaka, Aichi, Gifu, Shizuoka, Mie, Nagano



03 Complete renewal of work uniforms

We completely redesigned our work uniforms for the first time in 35 years to enable employees to work with pride, while still being safe and comfortable.

Key features

- Design prioritizes safety and functionality, not just appearance
- Unisex design eliminating specific styles for men and women
- Environmentally conscious use of plant-derived materials



Philosophy

Toenec's philosophy consists of four components: Management Philosophies, which is the ideal image of the Company to be pursued; Purpose, which describes the Company's unchanged usefulness to society since its foundation; Future Vision to Aim for, which describes the Company's aspirations for the future; and Value, which summarizes the attitude and thoughts required to continue fulfilling our Purpose.

Our corporate slogan, "creating greater comfort for the world," is a simple expression of our activities and stance based on our philosophy.

| The "ideal company image" to pursue

1. Create comfortable environments that respond to the needs of society.
(Create comfortable environments)
2. Develop excellent technologies for the future.
(Develop excellent technologies)
3. Build a human-centric corporation of active people who think and take on challenges.
(Become a human-centric corporation)

| "Usefulness to society" has remained unchanged since the company's founding

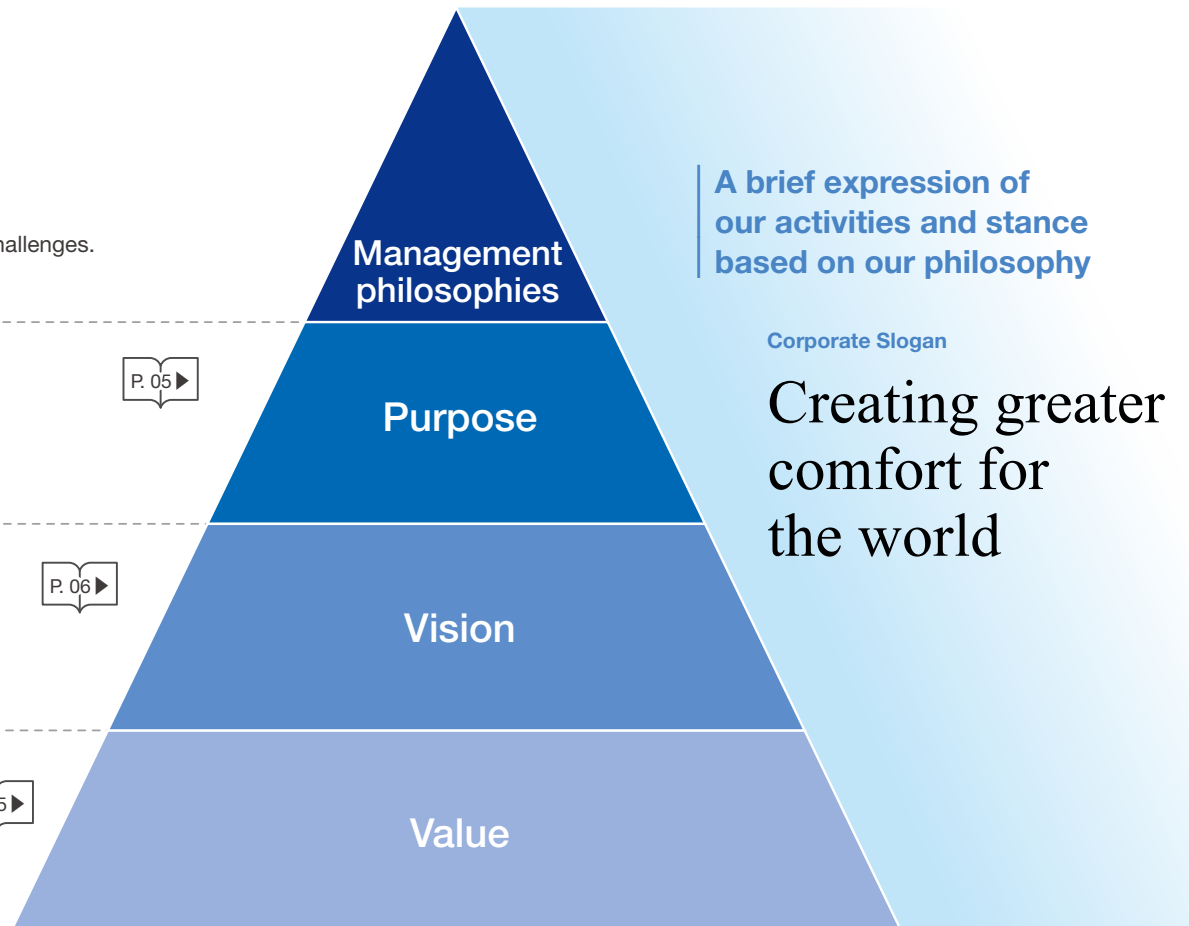
Create and sustain comfortable environments that bring vitality and richness to people and society under any conditions.

| How we want to be in the future

Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people.

| The "attitude and thoughts required" to continue fulfilling our Purpose

Pursuit of technology | Teamwork | Passion for work | Integrity



Purpose and Value

Purpose

Create and sustain comfortable environments that bring vitality and richness to people and society under any conditions

Toenec was founded in 1944 as a company dedicated to improving electric power infrastructure. Since then, the comfortable environment that Toenec creates has continued to support people's daily lives and the development of society.

Today's comfortable environment, however, may not necessarily be able to deliver the happiness that people will need 10 or more years from now.

"Comfort that not only ensures safety and convenience, but also leaves behind a rich environment for the future."

"A resilient social infrastructure capable of protecting lives and livelihoods from large-scale disasters."

We reaffirmed our mission (our Purpose) in order to ensure that, even in the face of challenges, we have shared goals, that we can take that first step forward together, and also strive to make our contributions known to more people.

We will continue to fulfill our Purpose by sharing the pride of sustaining people's daily lives and the joy of being a trusted company.

Value

Pursuit of technology	We strive to acquire and study technology to meet the needs of customers and society, which change with the times.
Teamwork	By marshalling strengths with our peers, we demonstrate our collective strength.
Passion for work	We conduct our work with passion and boldly take on challenges without fear of failure.
Integrity	We safeguard security and quality controls and enhance trust with stakeholders by always acting with integrity (comply with laws, regulations and social norms and are considerate to others).

Initiatives for spreading awareness

For employees

Business site discussions for spreading awareness

To share the background and vision behind the formulation of our Purpose, we held discussions across all business sites in Japan in FY 2024 in order to promote understanding, with a total of 2,984 participants (including cooperative companies). These discussions are continuing into FY 2025 and, through them, we are fostering a renewed collective understanding of our Company's social presence. This aims to enhance employees' sense of fulfillment in their work and improve cross-departmental teamwork.



For external stakeholders

Production of new TV commercials expressing our Purpose

We have produced two new TV commercials to widely communicate Toenec's Purpose. In the *Employee Voices* commercial, actress Rika Adachi conveys our Purpose and business activities with a bright and refreshing tone. The *For Someone* commercial focuses on power distribution line work (restoration work) that safeguards electric power infrastructure, conveying our sense of Purpose as the stewards upholding the foundations of daily life, a role passed down since our earliest days. The new commercials can also be viewed on our Company website.



Employee Voices commercial



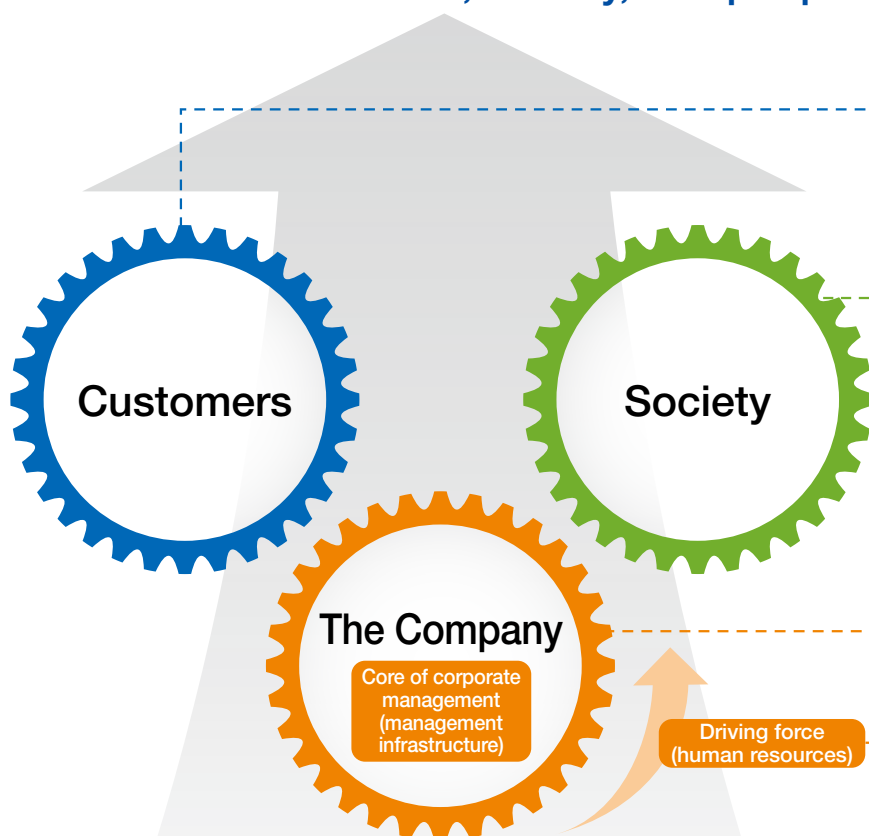
For Someone commercial

Vision for the Future

Through our business and activities, we aim to contribute to solving social issues while achieving sustainable growth together with all stakeholders.

Vision for the future

Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people



We will continue to meet the needs of our customers by pursuing useful services and enhancing our technologies and services.

- Providing a one-stop service that handles everything from technical proposals to maintenance
- Providing construction services overseas, mainly in Asia
- Promoting technological research and development that meets customer needs, and creating new businesses

We contribute to achieving a sustainable society by solving social issues.

- Promoting businesses that contribute to achieving a carbon-neutral society
- Contributing to improving regional resilience through stable supply and restoration of electric power and telecommunications infrastructure

We pursue sound and highly transparent corporate management adapted to the times in order to further strengthen the “relationship of trust with stakeholders,” which is the foundation of our management.

- Promoting initiatives to ensure and improve construction/installation quality
- Strengthening corporate governance and thoroughly implementing compliance
- Steady implementing initiatives to become carbon neutral

We promote initiatives to enhance hiring, development, and use of human resources, who are the driving force and the source of the Company’s growth.

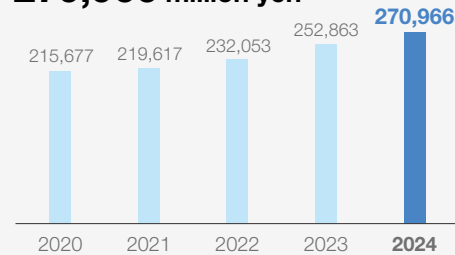
- Thorough occupational safety and health management to ensure safety and health
- Recruiting staff actively for medium- to long-term Company growth
- Securing engineers with reliable technologies, by focusing on human resource development
- Respecting the diversity of employees and organizing workplaces where everyone can work energetically and can display their abilities

Financial/Non-financial Highlights

Financial Information

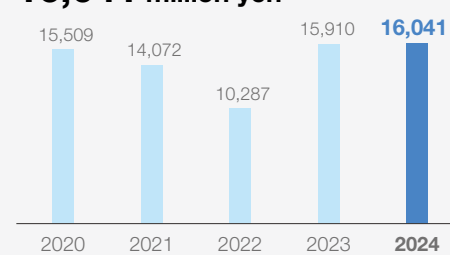
■ Sales (consolidated)

270,966 million yen



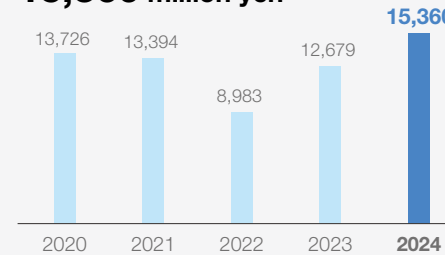
■ Operating profit (consolidated)

16,041 million yen



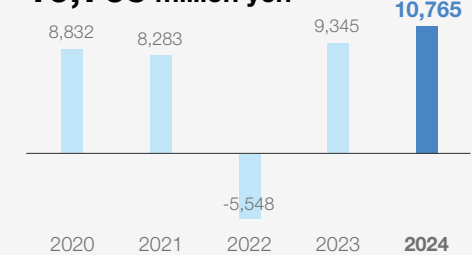
■ Ordinary profit (consolidated)

15,360 million yen



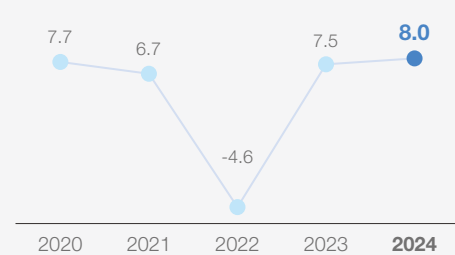
■ Net profit attributable to shareholders of the parent company

10,765 million yen



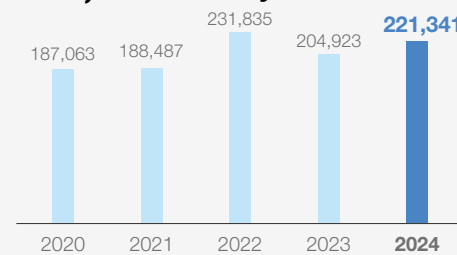
■ ROE (consolidated)

8.0%



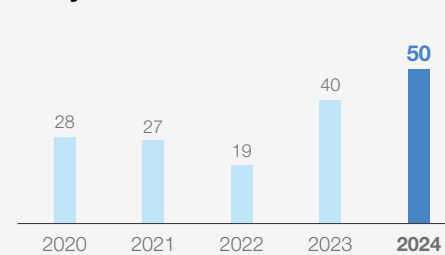
■ Orders (non-consolidated)

221,341 million yen



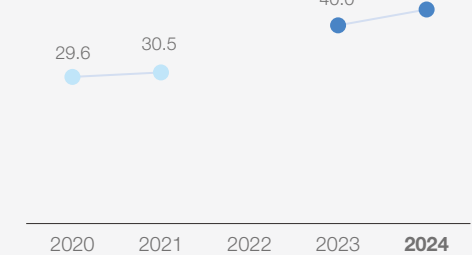
■ Dividend per share

50 yen



■ Dividend payout ratio (consolidated)

43.2%

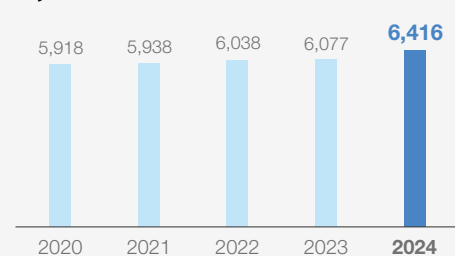


The dividend payout ratio for FY 2022 is not presented here because the net profit attributable to shareholders of the parent company was negative (net loss).

Non-financial Information

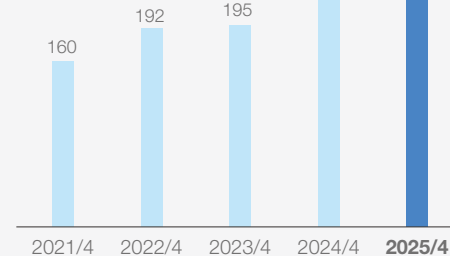
■ Number of employees (consolidated)

6,416 people



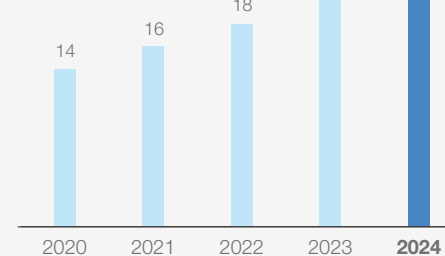
■ Number of regular hires (non-consolidated)

226 people



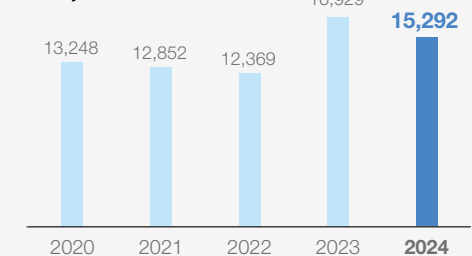
■ Number of female managers (non-consolidated)

21 people









■ Annual CO₂ emissions (non-consolidated)

15,292 t-CO₂



Business Outline

Segment	Equipment installation business					Energy business
Department	Power distribution line work <div>P. 36 ▶</div>	Underground line work <div>P. 38 ▶</div>	Indoor wiring work <div>P. 39 ▶</div>	Air conditioning plumbing work <div>P. 40 ▶</div>	Communication line work <div>P. 41 ▶</div>	Energy business <div>P. 42 ▶</div>
FY 2024 Sales (Percent of total)	<div><div></div><div>79.3 billion yen (32.6%)</div></div>	<div><div></div><div>14.9 billion yen (6.1%)</div></div>	<div><div></div><div>92.6 billion yen (38.0%)</div></div>	<div><div></div><div>22.2 billion yen (9.1%)</div></div>	<div><div></div><div>18.0 billion yen (7.4%)</div></div>	<div><div></div><div>12.2 billion yen (5.0%)</div></div>
						
	<p>The business is involved in the construction, maintenance, and servicing of utility poles, wires, and other power distribution equipment.</p> <p>The business has a Market Development Division that is involved in B2C business such as all-electric appliance installation and EV quick-charging equipment installation.</p>	<p>In addition to undertaking undergrounding of power lines for electric power companies, the business is also involved in the installation and connection of special high-voltage cables for offices and factories for general customers, as well as civil engineering work to run the cables.</p>	<p>These businesses are one-stop providers of facility construction (electrical, air conditioning, sanitary, and communications) for a variety of buildings, including factories, office buildings, hospitals, schools, and commercial facilities, from planning to maintenance and servicing.</p> <p>In communication line work business, the department handles installation, maintenance, and servicing of communications base station equipment for mobile carriers.</p>	<p>International business <div>P. 43 ▶</div></p> <p>The business is engaged in facility construction in Asian countries and developing countries (ODA projects), utilizing the technology it has cultivated in Japan.</p>		<p>The business is involved in a diverse range of operations, including solar power generation utilizing the FIT system, installation of air conditioning systems in school facilities, in addition to services such as groundwater utilization facilities.</p>
Main Customers	Electric power company groups, individuals, etc.		General clients (general contractors, developers, manufacturers, etc.), government and municipal offices, school corporations, medical corporations, etc.			

Network and Group Companies

Domestic Network (non-consolidated)

More than 80 bases nationwide, mainly in the Chubu area

Number of domestic bases (non-consolidated)
82 bases (74 bases in Chubu area)

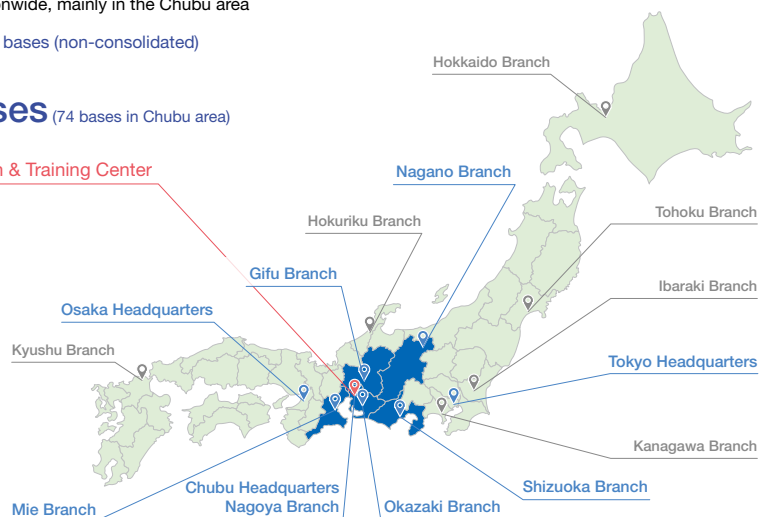
Head Office/Education & Training Center



Head Office Annex
(Minato Ward, Nagoya City)

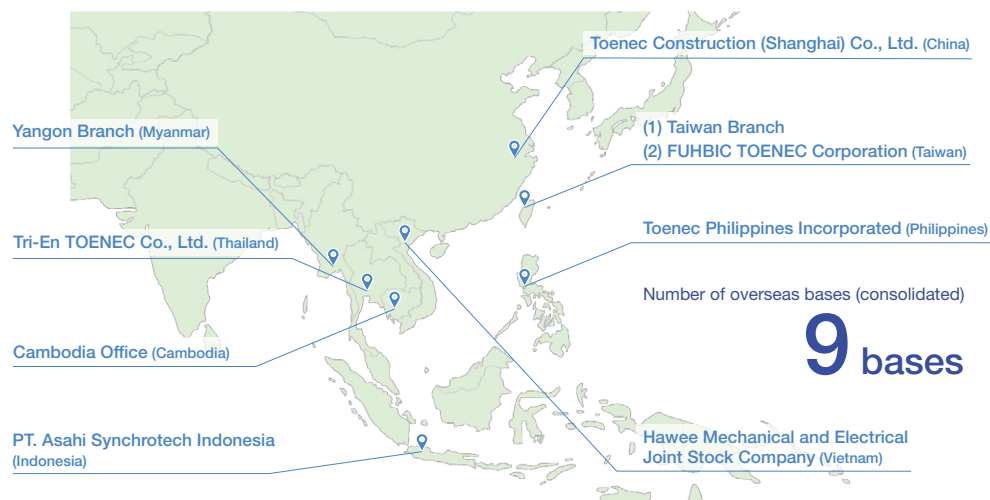


Education & Training Center
(Minami Ward, Nagoya City)



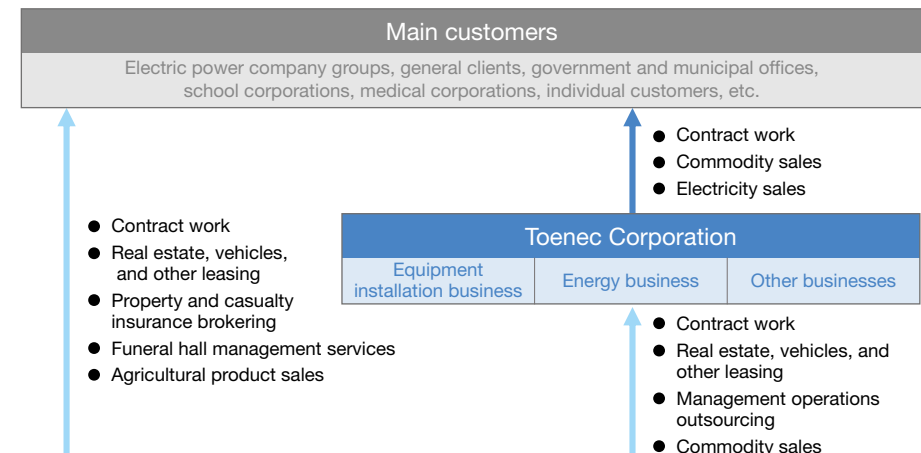
Overseas Network (consolidated)

In the 1970s, the Company began full-fledged overseas operations, and today has nine bases in China, Taiwan, and Southeast Asian countries.



Toenec Group

The Toenec Group consists of 11 Group companies (5 domestic and 6 overseas).



Group Company information			
	Company name	Equipment installation business	Other business
Consolidated subsidiaries	Toenec Service Corporation	●	●
	Asahi Synchrotech Corporation	●	
	Tateshina Sun Sun Farm, LLC		●
	Toenec Construction (Shanghai) Co., Ltd. (China)	●	
	Toenec Philippines Incorporated (Philippines)	●	
	PT. Asahi Synchrotech Indonesia (Indonesia)	●	
	Tri-En TOENEC Co., Ltd. (Thailand)	●	
Equity-method affiliates	PFI Toyokawa Hoisaijyo Co., Ltd.		●
	Chubu Plant Service Co., Ltd.	●	
	Hawee Mechanical and Electrical Joint Stock Company (Vietnam)	●	
	FUHBIC TOENEC Corporation (Taiwan)	●	

Excluding Toenec (Thailand) Co., Ltd., which is in the process of liquidation.

Strengths

Strong Core Business and Local Footing

- As an integrated equipment engineering company, we are involved in infrastructure-related construction work that is indispensable for daily life, such as electricity, air-conditioning, and information and telecommunications.
- We are located in the Chubu area, which is the center of the manufacturing industry, and have built up a substantial track record and trust within the region. (In addition to serving many customers in the manufacturing industry, we have worked on a number of buildings that have become local landmarks.)



Chunichi Building



Chubu Electric Power MIRAI TOWER
(former name: Nagoya TV Tower)



Toyota Auto Body F Plant



Paloma Mizuho Arena



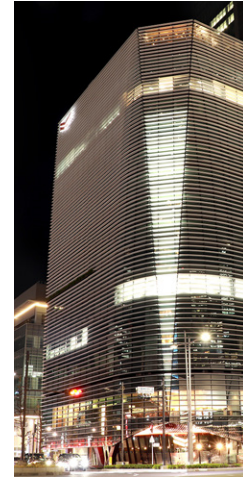
Nagoya International Exhibition Hall
(Port Messe Nagoya)



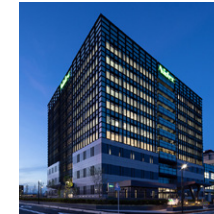
Makita Okazaki Plant Distribution Center

Aggressive Business Development in Growth Markets

- We conduct business by establishing bases in major cities in Japan and other Asian countries where construction demand is strong.
- In addition to undertaking construction work related to renewable energy, we also operate a power generation business using the FIT system.
- Our focus is on creating new businesses that meet the needs of customers and society by leveraging technologies and know-how cultivated in our core businesses.



YANMAR TOKYO (Tokyo)



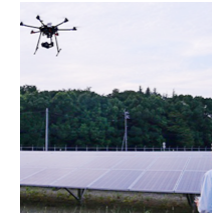
Nidec Park C Building (Kyoto)



ROHM (Philippines)



Nagato Farm Mega Solar
Power Plant (Nagano)



Solar Panel Abnormality
Inspection Service



Second Nakakyushu Onitayama
Wind Farm (Miyazaki)

Installation details: electrical equipment installation
Electrical equipment wiring in each wind turbine
Laying of private line to substation (13.4 km)
Extra high-voltage power receiving equipment in substations, etc.

Sources of Strength

Trust and achievements
built up over many years



Founded in
1944

History

P. 02 ▶

Human resources as
the driving force
Lively and active work
environment



Number of employees
(consolidated)
6,416
(non-consolidated: 4,942)

Human Resource Strategy

P. 26 ▶

Technological capabilities to
meet customer needs

Engaging in research and development



Number of
employees: **25**
Number of
patents granted: **43**

Technological Research
and Development

P. 25 ▶

The collective strength of the
Toenec Group



Group Companies
11
(including 6 overseas
companies)

Toenec Group

P. 09 ▶

Partnerships with
cooperative companies



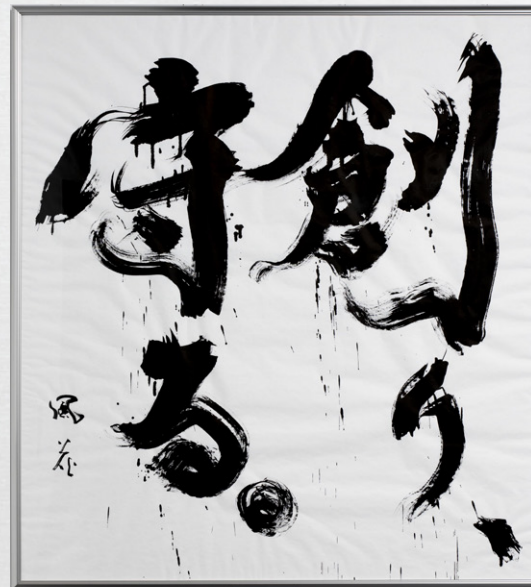
Numerous cooperative
companies working
together

Coexistence and
Co-Prosperity with
Business Partners

P. 63 ▶

Message from the President

We will continue to fulfill our Purpose, striving for sustainable growth together with our customers and society.



Tsuguhisa Takimoto

President and Representative Director

| Looking back on one year since being appointed President

It has been over a year since I assumed the position of President and Representative Director in April 2024. As I mentioned in last year's message, I believe that unless we improve teamwork at our worksites Company-wide while valuing employee voices, and unless we realize a workplace overflowing with vitality, we cannot achieve sustainable growth that leverages our strengths as an integrated equipment engineering company.

Over this past year, I have called on executives and employees alike to strengthen our bottom-up culture. I myself have striven to improve the environment by visiting business sites whenever possible, engaging in direct discussions with employees, and conducting engagement surveys for all employees—all to increase opportunities for gaining knowledge from worksites. Furthermore, when hearing candid opinions and expectations for the Company, I often found myself empathizing, thinking, "I felt the same way when I myself worked as one of the on-site personnel." I will continue my efforts to foster a bottom-up culture, ensuring that employee feedback is thoroughly reflected in management decisions to drive positive change within the Company.

Meanwhile, I will steadfastly uphold the Purpose we have pursued since our founding and the pride in our work that has been passed down through generations. When power outages or communication disruptions occur due to natural disasters, many employees work tirelessly day and night on restoration efforts, driven by the conviction that "if Toenec doesn't do it, who will?" This mindset is the pride of our Company, which has long supported social infrastructure, and the employees who embody it are our greatest asset. I remain committed to fulfilling our Purpose going forward and growing together with our customers and society.

| The current situation and our initiatives for growth

■ Understanding the business environment

For the fiscal year ended March 2025, although affected by factors such as rising labor costs and inflation, the construction industry maintained a favorable business environment throughout the period due to steady capital investment. In this environment, the Group posted consolidated sales of 270.9 billion yen, consolidated ordinary profit of 15.3 billion yen, and an ROE of 8.0%. All metrics—sales, operating profit, ordinary profit, and profit—reached record highs. Furthermore, we achieved ahead of schedule the sales and ROE targets set in the Medium-term Management Plan 2027. One factor behind our strong performance is that we have been able to pass on rising labor costs and inflation in our prices. However, I also believe that our Group-wide efforts to improve operational efficiency have contributed to these results.

Nevertheless, to be honest, we still have a long way to go in fully executing the strategy we envision. Despite customers taking the trouble to reach out to us with orders, there are cases where staffing challenges make it difficult to respond, indicating further growth opportunities on which we are not fully capitalizing.

While near-term uncertainty surrounding capital investment is increasing due to factors such as U.S. tariff policies and heightened geopolitical risks, I anticipate growing customer demand for solutions tied to carbon neutrality and labor-saving initiatives in the long term. This stems from the need to address climate change and the challenges of a declining birthrate and aging population. Furthermore, considering that both individuals and businesses will increasingly utilize data and AI in the future, this will require more electricity. It will be necessary not only to expand facility work projects for general customers but also to develop renewable energy sources and enhance the infrastructure for delivering electricity. Therefore, I expect that favorable business conditions will continue for some time going forward.

■ Securing and promoting the active participation of human resources

I aim to leverage these opportunities to drive our Company's growth, and I believe securing human resources is the primary challenge in achieving this. Through proactive recruitment efforts—including expanding our hiring regions, recruiting foreign nationals, and introducing scholarship loan repayment support—we have steadily increased our new graduate hires. Meanwhile, securing human resources also requires initiatives that look ahead to retention and employee success. While improving salaries and benefits in line with societal conditions is essential, the Company will also advance the creation of an environment where everyone can feel comfortable working and fully utilize their abilities. This involves offering various work styles and systems to support employees navigating diverse personal circumstances. Furthermore, while also drawing on our Company Purpose—which we reaffirmed last year—we want our employees to take pride in working for a company that supports society and safeguards living conditions. Meanwhile, labor shortages due to the declining birthrate and aging population are a challenge for the entire construction industry, but cooperative companies performing on-site work are particularly affected. If no action is taken, labor shortages could become the greatest weakness in establishing construction systems in the future. Therefore, alongside hiring our own technicians, we will also provide robust support to cooperative companies to strengthen our construction capabilities.

■ Addressing carbon neutrality

Meanwhile, in addressing carbon neutrality, I anticipate that customers will explore various initiatives, such as how to utilize renewable energy and how to use energy efficiently. In such situations, we aim to be a trusted partner for our customers—not just undertaking construction projects, but also proposing various implementation options and optimal equipment, and working together to explore the best solutions. To achieve this, we must possess the necessary knowledge, technological capabilities, and experience. As part of these efforts, we are already implementing initiatives such as self-consignment using idle land and constructing a new office that meets ZEB Ready certification standards. Self-consignment using idle land involves taking electricity from solar power generation facilities installed on two of our Company's idle land sites and sending that electricity to our own business sites. This initiative is expected to reduce CO₂

Message from the President

emissions by approximately 288 tons annually by using renewable energy to cover about 30% of the annual energy consumption across eight sites. Furthermore, the construction of the new office incorporated our proprietary energy management system (ToEMS) to visualize and optimize energy usage within our offices. By leveraging the technology and expertise gained from these in-house trials, we believe we can make compelling proposals to our customers.

■ Area strategy with an eye on the future

The Chubu area, which is the Company's core area, is a hub for manufacturing, and we have many long-standing manufacturing customers. Furthermore, in the Nagoya area, redevelopment projects are planned for the future, anticipating the opening of the Linear Chuo Shinkansen (high-speed train). Having a strong foothold in these attractive areas is a significant advantage. However, for our Company to grow beyond its current level, the key lies in how much we can expand our business beyond the Chubu region into other areas, particularly major metropolitan areas such as Tokyo and Osaka. While numerous large-scale redevelopment projects are planned in these metropolitan areas, it is challenging to establish construction systems solely in Tokyo and Osaka. This has led to situations where we have had to decline orders. To improve this situation, we established a system to share construction capabilities between bases, increasing opportunities to take on large-scale projects. Moving forward, we will continue to expand our

business in promising markets, including Tokyo and Osaka, aiming to build a stronger track record and presence in these regions.

Furthermore, when considering our area strategy, we recognize overseas markets as equally important for the Company's growth. Having worked in Taiwan myself in the past, I truly felt that Japanese technology and construction management concepts are among the world's best. Leveraging this as our business model to contribute to the economic growth of various countries and to further drive our own growth requires long-term strategies and accumulated expertise. Additionally, overseas experience serves as a highly effective field for developing human resources who think and challenge each other. It also holds multifaceted significance, such as contributing to the initiatives of manufacturing customers expanding internationally. On the other hand, there are unique risks to working overseas, where cultures, politics, languages, and currencies differ. During the previous fiscal year, profitability significantly declined for certain projects undertaken by Tri-En TOENEC Co., Ltd. (Thailand), resulting in the recording of losses on construction contracts. The primary cause was a sharp increase in labor costs due to a severe labor shortage, which occurred when workers from neighboring countries did not immediately return to work when operations resumed at sites that had halted operations due to COVID-19. Currently, we are strengthening management oversight by making Tri-En a consolidated subsidiary through additional investment, while also providing support from Japan to complete and deliver projects that incurred losses.

We view business in rapidly growing Asian countries as a significant opportunity for our Company in the long term, though it is also true that overseas operations carry unique risks. Going forward, I intend to steer our international business with a long-term perspective, rather than judging its success or failure based solely on the results of a single fiscal year or project.

| Strengthening the foundation that supports growth

While I have discussed key challenges and strategic directions for growth, I am also continuously working to strengthen the foundation that supports growth—namely, corporate governance and compliance—and I am striving to ensure safety.

Regarding corporate governance, in June 2024, we welcomed Mr. Igarashi and Mr. Takigami



Message from the President

as directors, bringing the proportion of independent outside directors to a majority. Furthermore, in June of this year, with the new appointment of Ms. Ito as a director and Audit and Supervisory Committee member, the number of female directors also increased to two. I believe that the Board of Directors' adoption of a more objective and multifaceted perspective will also lead to fairer management decisions and enhanced risk management.

Regarding compliance, we have established policies and systems for legal compliance and conduct regular training. However, the crucial point is that everyone recognizes its importance and continues to exercise sound judgment and act responsibly. At our Company, we all share a set of action standards for crisis prevention known as the "Seven Yardsticks." When faced with difficult decisions, we should return to these seven guiding principles. For example, "Confirming whether or not anybody makes decisions and takes actions that prioritize their own protection" and, "Confirming whether or not you can confidently explain events to others." By collectively upholding not only technical skills and knowledge, but also the fundamental responsibilities of a professional—adhering to laws, regulations, and social norms—we strive to never betray the trust placed in us by our stakeholders.

Needless to say, ensuring safety is the most fundamental foundation for protecting our most valuable asset—our employees and their families—and for continuing to meet our customers' expectations. We operate a large-scale Education & Training Center where various training programs are conducted throughout the year for our employees and cooperative companies. The Safety Creation Center within the facility features experiential safety education equipment designed to teach lessons from past workplace accidents, such as falls and electric shocks. While those who have personally experienced a workplace accident develop a deep-seated safety awareness that prevents them from repeating such mistakes, we must avoid having these lessons fade over time. We must also convey them to employees in other departments who did not witness the incidents firsthand, as well as to future employees. We will continue to thoroughly instill safety awareness aimed at zero accidents, never forgetting the lessons of the past.

Implementing management practices conscious of cost of capital and stock price

The Company is actively strengthening our investor relations activities. Starting with the fiscal year ended March 2025, we began holding financial results briefings both semi-annually and annually. Furthermore, triggered by a stock split and the sale of our shares by Chubu Electric Power, the number of shareholders has increased significantly. I feel that this has considerably expanded our opportunities for communication with investors. In addition to these initiatives, our stock price has been trending upward recently due to strong performance. Compared to our peers, however, I feel there remains room for improvement in profitability and capital efficiency. I will continue to review our IR activities and capital policy going forward, taking into account the valuable feedback I have received from our investors. Furthermore, to sustainably enhance corporate value, we must fundamentally strengthen our core businesses. Alongside capital policies, we will steadily implement the growth strategy discussed earlier to enhance the capabilities of those core businesses.

To our stakeholders

The Company operates bases in major domestic cities and overseas, but recognition outside local areas remains low. Even among those who know us, the image of us as a Chubu-based infrastructure company is likely strong. Personally, I aim to grow our Company into a truly nationally recognized enterprise in both name and substance. Expanding our business beyond our local area presents numerous challenges that must be overcome. However, considering the future business environment and the technologies we have cultivated, this is by no means an unattainable goal. I believe it is my role as president to lay the foundation for achieving it.

We will continue to value communication with our customers, business partners, employees, and investors. Our aim is to remain a company that grows together with all stakeholders. Therefore, I hope for your continued understanding and support for the Company.

Value Creation Process

Management Philosophies

Create comfortable environments | Develop excellent technologies |
Become a human-centric corporation

Purpose

Create and sustain comfortable environments that bring vitality and
richness to people and society under any conditions.

Re-investment

Inputs (Invested capital)

(As of March 31, 2025)



Financial capital

Total assets **310.5** billion yen
Equity ratio **44.0** %



Human capital

Number of employees (consolidated) **6,416**
Number of employees (non-consolidated) **4,942**



Business capital

Number of domestic bases (non-consolidated) **82**
Number of overseas bases (consolidated) **9**



Intellectual capital

Technology and expertise in equipment installation cultivated over many years
Number of patents held **43**



Social and relationship capital

Relationship of trust with stakeholders built since the Company's founding
Cooperation with business partners with whom we do business



Natural capital

Power consumption **17.30** million kWh
Total renewable energy generation capacity **223** MW

Business Model (Business activities)

Medium-term Management Plan 2027

Basic Policies

1. Taking on challenges in growing fields
2. Deepening existing businesses
3. Further expanding human resource investment
4. Strengthening management infrastructure

P. 17 ▶

Equipment installation business (From proposal to installation and maintenance)

P. 36-41 ▶

- Power distribution line work
- Underground line work
- Indoor line work
- Air conditioning plumbing work
- Communication line work

Energy business

P. 42 ▶

- Solar power generation business
- Facility services
- And other businesses

Creating new businesses

- Technological research and development

P. 25 ▶

- Promoting digitalization and DX

P. 19 ▶

- All Toenec

Strengths of Toenec

P. 10 ▶

Management infrastructure

- Human resources

P. 26 ▶

- Corporate governance

P. 48 ▶

- Compliance

P. 55 ▶

- Stakeholder engagement

P. 57 ▶

Reflect

Material issues

P. 16 ▶

Opportunities Threats Demands

External environment

Progress of declining birthrate and aging population

Digital innovation

More frequent and severe natural disasters

Transition to a carbon-neutral society

Aging infrastructure and buildings

Diversification of work styles

Outputs (Value created)



Economic value

Sales **270.9** billion yen

Ordinary profit **15.3** billion yen

ROE **8.0** %

Dividend payout ratio **43.2** %



Social value

- Develop and maintain social infrastructure that supports economic activities and people's lives
- Conduct disaster recovery work
- Ensure installation quality control and implement technology proposals that meet customer needs
- Create a workplace environment where diverse human resources can thrive and play an active role
- Ensure fairness and transparency in management



Environmental value

- Research and develop technologies that contribute to easing environmental burden
- Conduct renewable energy-related construction
- Implement initiatives to become carbon neutral in our Company





















Outcomes (Future vision to aim for)

Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people

P. 06 ▶

Material Issues

In order to not only enhance the medium- and long-term corporate value of the Toenec Group but also contribute to the realization of a more prosperous and sustainable society, we have identified material issues that we must give priority to addressing. These material issues are given in the table below.

	Material Issues	Main Activities	Related Pages	Relevant SDGs
	Environment			
	Becoming carbon neutral	<ul style="list-style-type: none"> Develop our proprietary energy management system (ToEMS) Undertake renewable energy-related projects Examine and implement initiatives to achieve zero-emission targets 	Technological Research and Development ▶P. 25 Energy Business ▶P. 42 Environment ▶P. 58	    
	Society			
	Safe and secure social infrastructure	<ul style="list-style-type: none"> Win orders for and undertake social infrastructure-related work (overhead power distribution lines, underground power distribution lines, communication facilities) Participate in ODA projects (such as the Project for Upgrading and Maintenance of the National Electric Power Grid in Palau) Strengthen quality control systems based on quality policies and codes of conduct 	Business Outline ▶P. 08 Safety, Health, and Quality ▶P. 62	         
	Regional resilience	<ul style="list-style-type: none"> Support recovery work when major disasters occur 	Technological Research and Development ▶P. 25 Harmony and Coexistence with Local Communities ▶P. 64	
	Diversity and inclusion	<ul style="list-style-type: none"> Establish a workplace environment and systems that enable women and people with disabilities to play a more active role Promote various measures for work-life balance Expand proactive recruitment efforts that transcend nationality and gender Formulate a Toenec Group Human Rights Basic Policy and undertake human rights DD 	Human Resource Strategy ▶P. 26 Coexistence and Co-Prosperity with Business Partners / Human Rights ▶P. 63	
	Worker health and safety	<ul style="list-style-type: none"> Implement initiatives based on health and safety policies and codes of conduct Implement safety education that you “experience and think about” using the Safety Creation Center (including for cooperative companies) 	Human Resource Strategy ▶P. 26 Safety, Health, and Quality ▶P. 62	
	Opportunities for capacity building	<ul style="list-style-type: none"> Provide employees with opportunities to develop their skills and careers through application-based training programs and internal recruitment system Introduce a human resources management system to visualize employee skills 	Human Resource Strategy ▶P. 26	
	Harmony with local communities	<ul style="list-style-type: none"> Conduct risk experience training and technical guidance for external companies Implement community-based activities (support food bank activities, conduct nature conservation activities, etc.) 	Safety, Health, and Quality ▶P. 62 Harmony and Coexistence with the Local Community ▶P. 64	
	Governance			
	A sound and highly-transparent management system	<ul style="list-style-type: none"> Strengthen communication with business partners for coexistence Improve the effectiveness of the Board of Directors (appoint a majority of independent outside directors, conduct effectiveness surveys, etc.) Continue to provide education to ensure thorough compliance 	Coexistence and Co-Prosperity with Business Partners / Human Rights ▶P. 63 Corporate Governance Structure ▶P. 48 Compliance ▶P. 55	 
	Relationships with stakeholders	<ul style="list-style-type: none"> Endorse TCFD recommendations and implement information disclosure based on these recommendations Enhance dialogue with shareholders and investors (participate in IR events, hold IR interviews, etc.) 	Environment ▶P. 58 Stakeholder Engagement ▶P. 57	

Overview of the Medium-term Management Plan 2027

In April 2023, we formulated the five-year Medium-term Management Plan 2027, which began in FY 2023. In light of changes in the business environment, such as the transition to carbon neutrality, the development of digital technology, and the progress of a declining birthrate and an aging population, we have summarized future actions in four basic policies to achieve our vision of becoming an integrated equipment engineering company that continues to grow in tandem with clients, society, and people. In addition, in order to strongly promote our basic policies, we have positioned three key themes as drivers of growth: carbon neutrality initiatives, promoting digitalization and DX, and securing and promoting the active participation of human resources. Based on the philosophies, Purpose, and management infrastructure that have been passed down to date, we will achieve sustainable growth by taking on challenges and reforms and continuing to provide solid value to customers and society.

Drivers of Growth

Key themes that exist in a cross-sectional way when practicing the basic policies

Carbon Neutrality Initiatives

In addition to supporting customer carbon neutrality through our technologies, techniques and services, we will continue to work to achieve carbon neutrality ourselves in order to achieve sustainability for our company activities and for society.



Promoting Digitalization and DX

DX of operations

We will promote work reforms and improve safety and quality by promoting digitalization and DX of operations.

DX of business

We will aim to transform our business and create new business models by using big data.



Securing and Promoting the Active Participation of Human Resources

We will strive to enhance the quality and quantity of our employees, who are the foundation of our business and the source of our growth, by actively recruiting and strengthening staff development. We will also strive to create a workplace where employees can demonstrate their abilities and work with enthusiasm and satisfaction by working on work reforms and improving employee engagement.



Basic Policies

1 Taking on challenges in growing fields

Strengthen business in growing fields (related to carbon neutrality, renewable energy, and DX) as well as in areas (Tokyo metropolitan area, Kinki area, and Asia, etc.). Also work to create and develop new businesses that meet the ever-diversifying needs of our customers.

2 Deepening existing businesses

Focus on strengthening the comprehensive structure and value chain to further enhance competitiveness in the Chubu area, which is our base. At the same time, also securing technological capabilities, including business partners, to refine our core strengths as an integrated equipment engineering company, such as one-stop service, while solidifying our business foundation.

3 Further expanding human resource investment

Enhance the quality and quantity of our employees by further accelerating staff investment. In addition, promote initiatives to maximize each employee's diverse abilities.

4 Strengthening management infrastructure

In addition to improving the safety and quality that should be continuously addressed, promote corporate culture reforms and measures to practice sound and fair corporate management, and strengthen trust with stakeholders, which are all the foundation of management.

Numerical Targets (FY 2027 consolidated)

Sales
270
billion yen

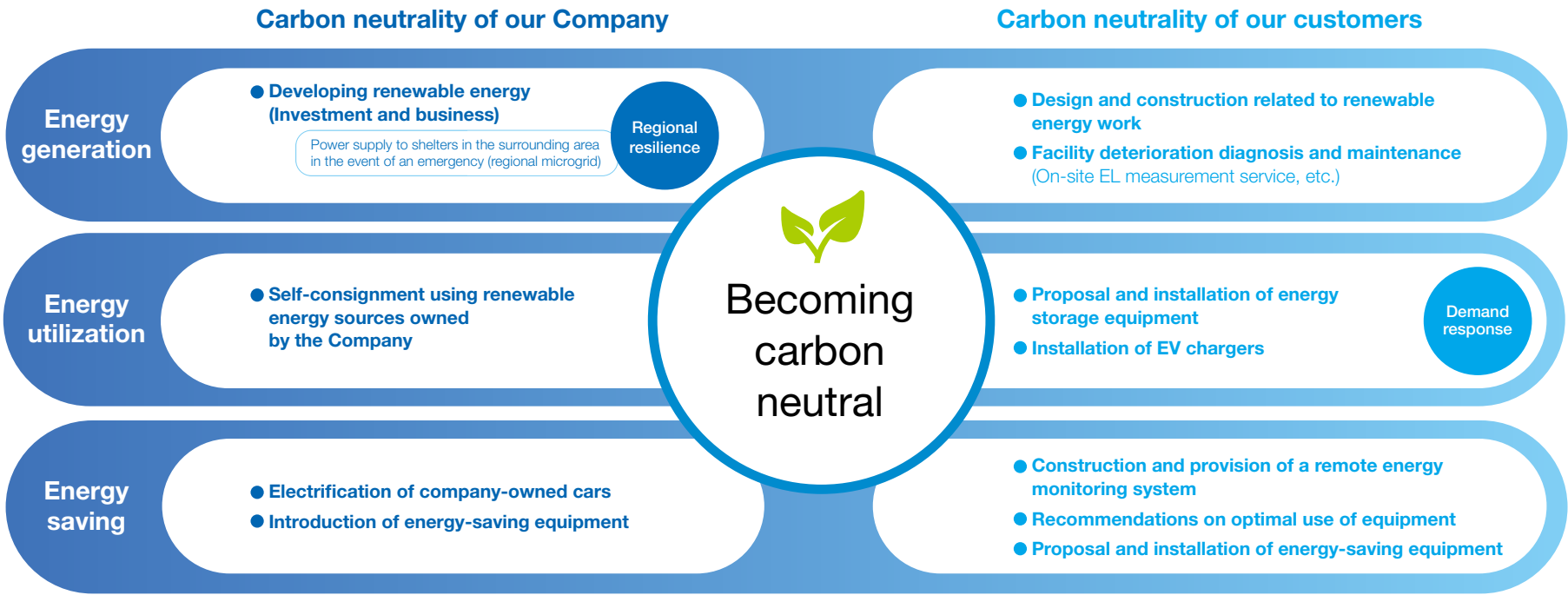
Ordinary profit
18
billion yen

ROE
8.0%

Carbon Neutrality Initiatives

As an integrated equipment engineering company, we will support customers' initiatives to become carbon neutral by expanding services related to energy generation, which develops and maintains renewable energy; energy utilization, which promotes the effective use of energy; and energy conservation, which suppresses energy consumption.

In order to fulfill our responsibilities as members of society, we will also work to achieve our own carbon neutrality by introducing energy-saving equipment and promoting vehicle electrification.



Promoting Digitalization and DX

In October 2022, we established the Digital Transformation (DX) Promotion Group and formulated the DX Promotion Basic Policy and Basic Plan to promote digitalization and DX. The DX Promotion Basic Policy consists of three pillars: DX of business, DX of operations, and the foundation for promoting DX. Through this Policy, we aim to leverage digital technologies as a unified Group and contribute to our customers and society by improving on-site and in-house operations as well as by creating new businesses.

DX Promotion Basic Policy

In order to respond to the changing internal and external environment, the Toenec Group will work as one to promote the improvement of on-site and in-house works by utilizing digital technology, etc., and aim to create new businesses and contribute to customers and society.

DX of business

Create new business models using digital technologies and new services that meet the expectations of customers and society

DX of operations

Establish work environments where employees of our Group can work energetically
Innovate operational processes and build an ICT environment to enable various work styles

Specific initiatives (projects)

- Implementing systems and tools to enhance operational efficiency (expense reimbursement, outsourcing contracts, contract review)
- Leveraging generative AI for operational efficiency (chatbots, automated meeting minutes)
- Reviewing workflows for paperless operations
- Visualizing construction personnel workload, including at cooperative companies
- Digitizing vehicle and operation management
- Introducing engagement surveys
- Smartphone-based labor management
- Effectively using Building Information Modeling (BIM)

Foundation for promoting DX

Establish a system for developing, securing, and promoting staff dealing with DX
Develop information security for safe and secure use of digital technology

Specific initiatives (projects)

- Providing smartphones for all employees
- Integrating internal communication tools
- Implementing a data integration platform for effective data use
- Securing and developing DX human resources
 - Starting in FY 2024, began specialized knowledge training to develop human resources who will play core roles in each project
 - Starting in FY 2025, established requirements and career paths for DX human resources and began operating the DX human resources certification system
 - Supporting acquisition of the DX Promotion Passport (IT Passport Exam, G-Certificate, Data Scientist Certification) recommended by the Ministry of Economy, Trade and Industry

The Company was designated as a DX-certified Business Operator by the Ministry of Economy, Trade and Industry on June 1, 2025.

The Digital Transformation Certification Program is a government program that certifies companies meeting the basic requirements of the Digital Governance Code, based on the Act on Facilitation of Information Processing.



Area Strategy

The Chubu area, our home base, is a hub for manufacturing. Our customers' production facilities are concentrated in this area, and demand for redevelopment is anticipated, particularly in Nagoya. By leveraging the competitive local advantages we have established over many years—including construction capabilities, information networks, and brand recognition—we will aim to further expand our market share and improve profitability within this area.

At the same time, we will focus on strengthening our business in the Tokyo metropolitan area and the Kinki area, where future growth is expected, by strategically allocating personnel and strengthening the value chain that includes Group companies. In Asia, we will work to expand our business and enter the local market through alliances with leading local partners.

By deploying intangible assets acquired in each area to other areas, we will strengthen the Toenec Group's competitiveness as a whole.

Chubu area

A cluster of manufacturing industries

**Acquire and share intangible assets
(human resources, technology, know-how, brand power, etc.)**

Tokyo metropolitan and Kansai area

Strong construction demand is expected to continue in the future due to redevelopment and renewal projects

Asian countries

Target countries for Japanese companies and continue to enjoy economic growth

Underground line work

- Full-scale entry into underground power distribution line work for TEPCO Power Grid.
- In addition to the above, we have in place the Underground Line Group at our Tokyo Headquarters to strengthen sales activities for renewable energy-related work and work for general customers in the Kanto and Tohoku areas.

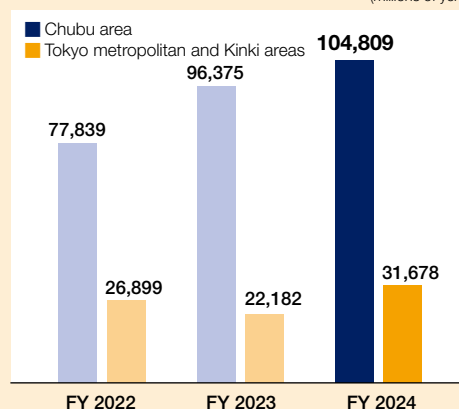
Indoor wiring work and air conditioning plumbing work

- While maintaining our market share in the Chubu area, we are focusing on metropolitan areas where redevelopment plans are active, and conducting sales activities while flexibly adjusting construction systems.

Communication line work

- Sales representatives have been assigned to the Tokyo metropolitan area to strengthen sales.
- Aiming to expand the area of communication line work for road systems, we are working to strengthen our activities to win orders in eastern and western Japan.

Completed work contracts by area (non-consolidated)
(millions of yen)



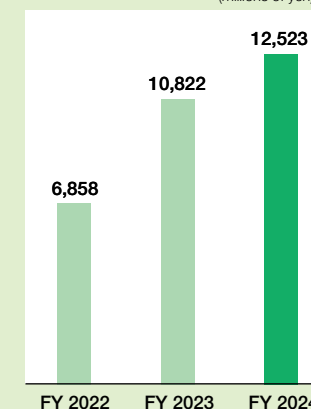
Total completed work contracts for underground line work, indoor wiring work, air conditioning plumbing work, and communication line work performed within each area

Investments in overseas (equipment installation) companies

Year	Company (country/region)	Equity Stake
2016	PT. ASAHI SYNCHROTECH INDONESIA (Indonesia)	100% Acquired Asahi Synchrotec Corporation, the parent company, as a consolidated subsidiary
2019	Tri-En Solution Co., Ltd. (Thailand)	30%→49% Additional investment in May 2024
2022	HAWEE MECHANICAL AND ELECTRICAL JOINT STOCK COMPANY (Vietnam)	40%
2023	FUHBIC International Corporation (Taiwan)	40%



Overseas sales (consolidated)
(millions of yen)



Kaizen Activities

As one of our measures to improve productivity, our Group continuously engages in Kaizen activities—which enhance operational efficiency—to break away from current methods and mindsets. With Kaizen activities, we strive to eliminate *muri*, *muda*, and *mura* (overburdening, waste, and unevenness) from existing business processes, thereby not only reducing costs and time but also ensuring safety and quality.

Kaizen study meeting (monthly)

We report on the activities of each division to management and external experts, and share the progress and results of our initiatives. By having participants exchange opinions, we strive to acquire more effective Kaizen methods. Meeting proceedings are posted on the intranet to share insights Company-wide.

Meeting of Head Office Kaizen Promotion Managers (twice a year)

Head Office Kaizen Promotion Managers participate, sharing the results and issues of their respective initiatives. By having Promotion Managers of each division exchange insights for future efforts and strengthen collaboration, we are fostering a culture of Kaizen.

Presenting Company-wide Kaizen activities (once a year)

We select and present the best practices that were most effective among the Kaizen activities carried out Company-wide. We aim to boost motivation for Kaizen by awarding divisions that have carried out particularly great activities.

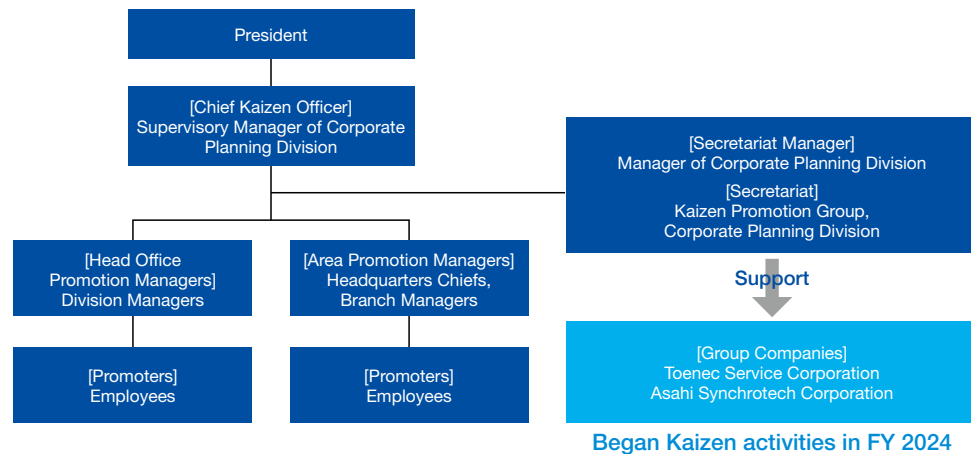


Award winners of the 5th presentation of Company-wide Kaizen activities

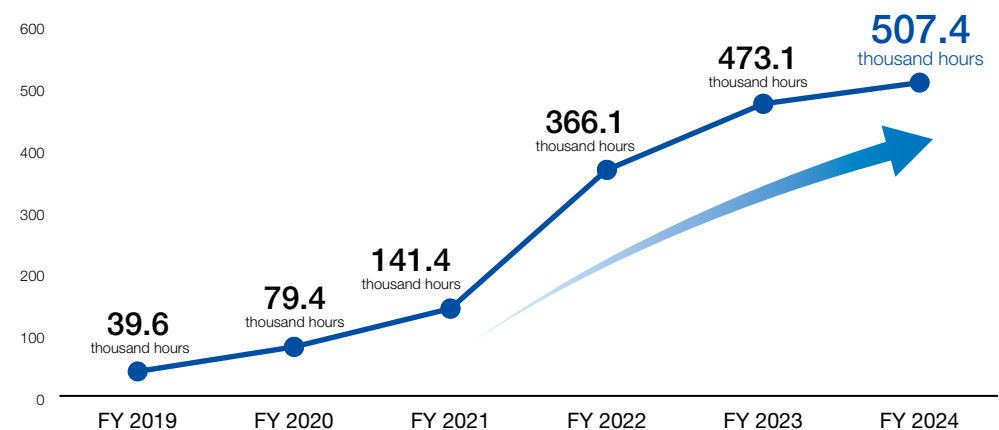
Eliminating *muri*, *muda*, and *mura* from existing business processes

Improving productivity and ensuring safety and quality

Kaizen activity system



Time-saving effects of Kaizen activities (non-consolidated; compared to FY 2018)



Current Operating Results



Chikara Oshima

Senior Managing Executive Officer
Supervisory Manager of Corporate
Planning Division,
General Manager of Finance &
Accounting Division

The Toenec Group's consolidated results for FY 2024 were the highest ever for both sales and all profits, and we achieved the target amounts for sales and ROE in our Medium-term Management Plan 2027 ahead of schedule. These results were backed by a favorable business environment, but we feel a sense of accomplishment that we have made good progress on all the measures undertaken in our Medium-term Management Plan 2027 and produced positive results.

In addition, in terms of capital policy, we dissolved our parent-subsidary relationship with Chubu Electric Power, repurchased our own shares, and implemented a stock split based on feedback from our investors.

The Company's stock price is currently on an upward trend thanks to these initiatives and our successful performance, but we are steadily working to reduce cross-shareholdings and strengthen shareholder returns in order to further improve the issue of capital efficiency.

In addition, we have been working since the previous fiscal year on enhancing disclosure information and active dialogue with investors, such as by holding financial results briefings, in order for our stakeholders to accurately understand and evaluate our management direction. We will aim to further enhance our corporate value by reflecting the suggestions we have received in management going forward.

Review of FY 2024

In the construction industry, public investment remained firm and private-sector capital investment remained at a high level against a backdrop of upbeat corporate earnings and other factors. On the other hand, ramifications of persistently high raw material prices, the labor shortage, and other such factors remained cause for concern.

Under these circumstances, the Company's performance in FY 2024 was boosted by steady progress in large-scale solar power generation work projects, in addition to power distribution line work and indoor wiring work. On the profit side, although we recorded a decline in profit and impairment loss on goodwill for our overseas subsidiary Tri-En TOENEC Co., Ltd., profit increased thanks to increased earnings due to higher profit from higher earnings in the Company's individual businesses, improved work profitability, and the sale of cross-shareholdings, and we achieved record highs for sales and all profits.

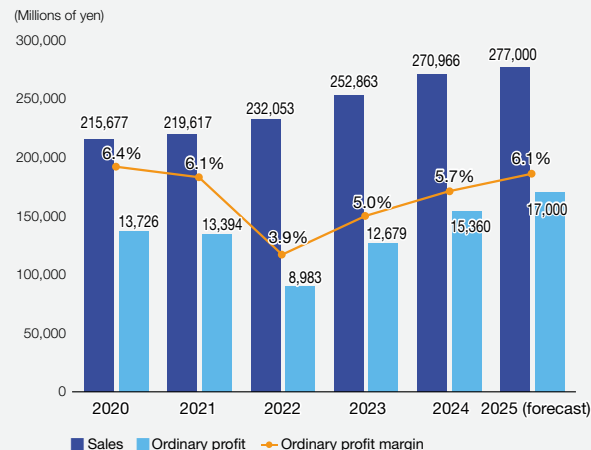
Orders also increased 8.0% from the previous year due to the continued favorable business environment. There was a 4.5% decrease in uncompleted construction projects at the end of the fiscal year due to the completion of large-scale solar power generation work projects, but we were still able to maintain a high level.

Outlook for FY 2025

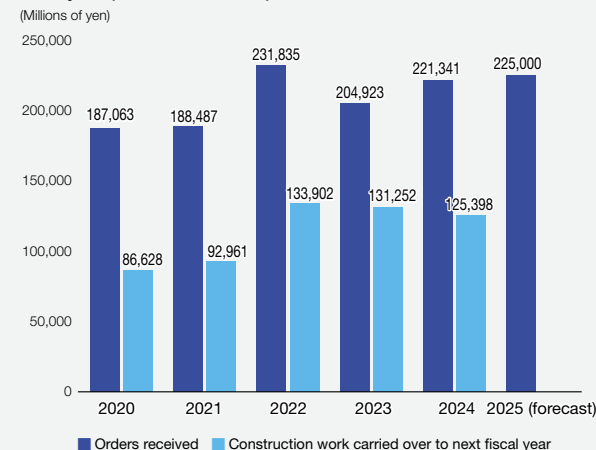
As for the economic outlook, although moderate recovery is likely, economic conditions in Japan and overseas are rapidly becoming uncertain due to the effects of U.S. tariff policy. In the construction industry, despite public investment being expected to remain strong, and recent private capital investment being at a high level as reflected by strong corporate performance, there are concerns over matters including soaring raw material prices and capital investment in the manufacturing industry, so it is necessary to pay attention to impacts on the order environment in the future.

Under these circumstances, our earnings outlook for FY 2025 anticipates an improvement in profitability at order intake and progress in an abundance of uncompleted construction projects, and our increase in earnings and profit is expected to exceed the record-high level achieved in the previous fiscal year. In addition, although future uncertainty is on the rise, orders received are currently also expected to increase due to the environment for orders remaining steady thanks to investment demand to become carbon neutral and redevelopment projects.

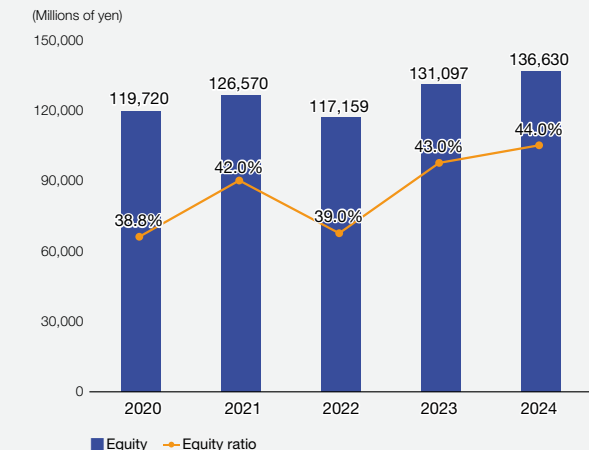
Sales/Ordinary profit



Orders received/Construction work carried over to next fiscal year (non-consolidated)



Equity/Equity ratio



Management conscious of cost of capital and stock price

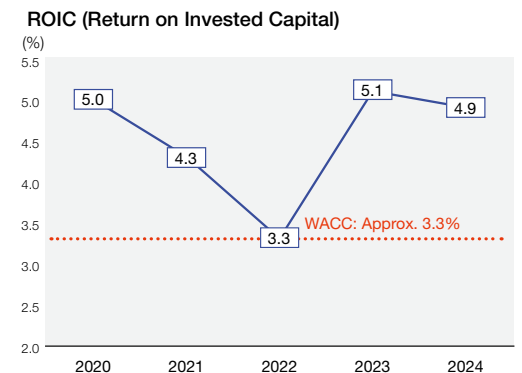
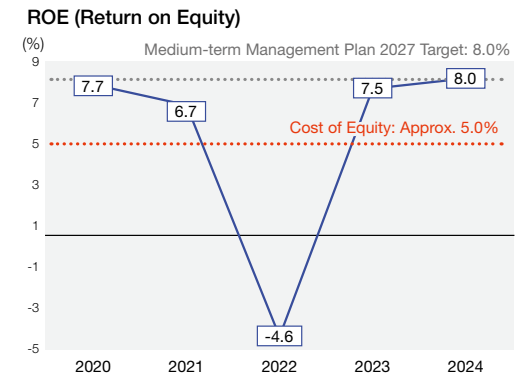
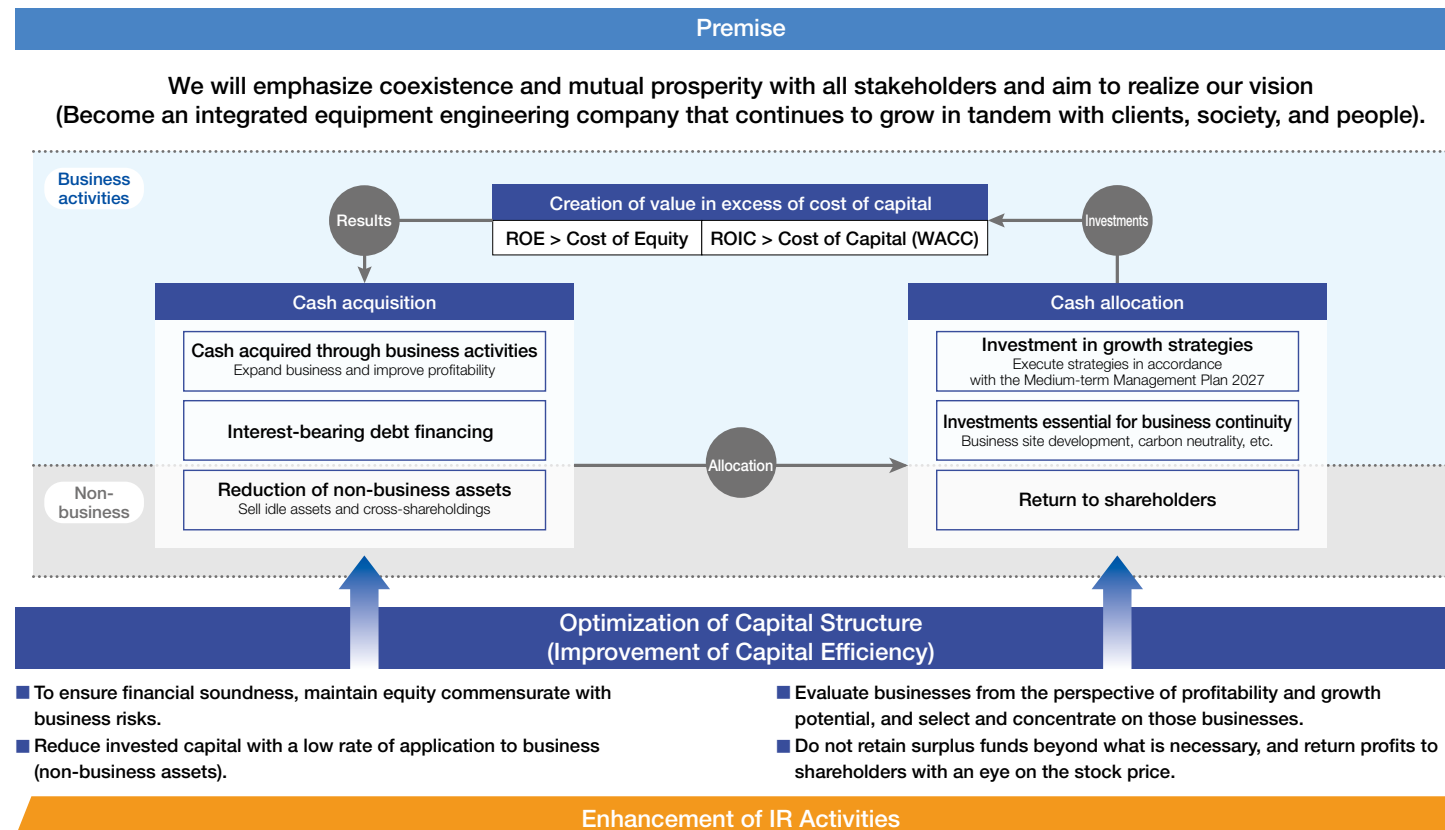
Measures to Realize Management Conscious of Cost of Capital and Stock Price

The Company formulated our Policy for Realization of Management Conscious of Cost of Capital and Stock Price in January 2024. While maintaining coexistence and mutual prosperity with all stakeholders, in our business activities, we confirm the profitability and growth potential of each business and aim to create value that exceeds the cost of capital by concentrating management resources on priority businesses. In terms of capital policy, we will reduce non-business assets and strengthen shareholder returns with an eye on the stock price, in order to improve capital efficiency while maintaining financial soundness commensurate with business risk.

Our capital efficiency has improved due to our solid performance and the reduction of non-business

assets, and our ROE for FY 2024 achieved the numerical target of 8.0% set in the Medium-term Management Plan. We have also recently strived to strengthen IR activities with a focus on enhancing disclosure information and active dialogue. Since FY 2024, we have held financial results briefings every half-term, with many investors participating. We have shared and discussed the insights gained with management and reflected them in measures such as a stock split and the repurchasing of our own shares.

The aforementioned initiatives have steadily produced results, and our stock price level and liquidity are higher than previously. We will continue striving to improve our corporate value by promoting initiatives in line with our policy.



Management conscious of cost of capital and stock price

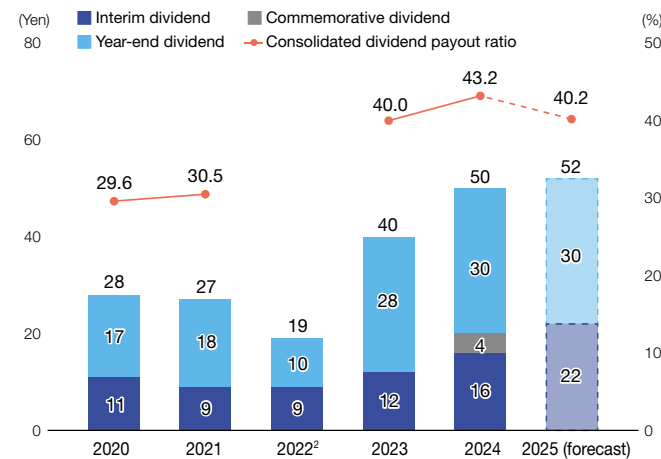
Shareholder Returns and Reduction of Cross-Shareholdings

Shareholder Returns

The Company's dividend policy is to return profits to shareholders in proportion to business performance with a consolidated dividend payout ratio of 30% or more. In FY 2024, taking into account our solid performance and stock price level, we increased our annual dividend to 50 yen per share (a consolidated dividend payout ratio of 43.2%).

For FY 2025, we expect to pay an annual dividend of 52 yen, meaning there will be an increase in the annual dividend for the third consecutive year (a consolidated dividend payout ratio of 40% or more). Once we have steadily implemented growth strategies in line with the Medium-term Management Plan 2027 to enhance business profitability, we will continue to strengthen shareholder returns to enhance corporate value, as per our Policy for Realization of Management Conscious of Cost of Capital and Stock Price.

Annual dividend per share¹/Consolidated dividend payout ratio



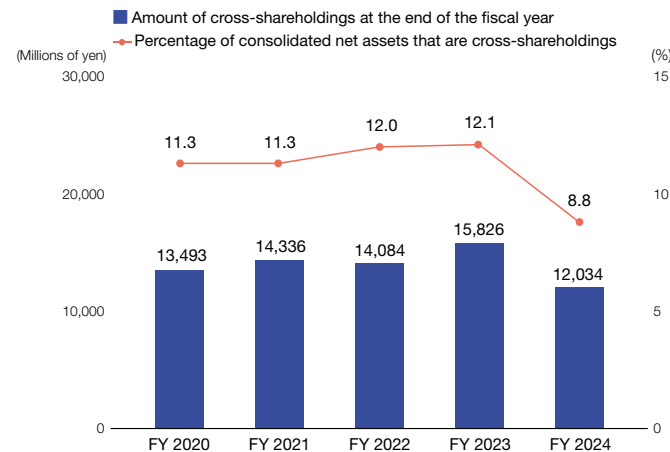
- The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. The dividend amount per share has been calculated as if the stock split had occurred at the beginning of FY 2020.
- The dividend payout ratio for FY 2022 is not presented here because the net profit attributable to shareholders of the parent company was negative (net loss).

Reduction of Cross-Shareholdings

Amid a growing desire to reduce cross-shareholdings from the perspective of strengthening corporate governance and capital efficiency, the Company clarified its policy to keep cross-shareholdings below 10% of consolidated net assets in January 2025 and proceeded to sell cross-shareholdings. The Board of Directors regularly deliberates on the appropriateness of holding these shares by comparing the return on investment and cost of capital based on each stock's contribution to profits (such as construction orders). We reduce cross-shareholdings that are not deemed appropriate, while obtaining the understanding of the issuing company.

In FY 2024, the Company sold shares equivalent to approximately 2.6 billion yen, and our percentage of cross-shareholdings as of the end of March 2025 was 8.8% (of consolidated net assets), clearing the target level of our reduction policy. The proceeds from the sales will be allocated to areas such as future growth investments, business site development, and shareholder returns.

Status of cross-shareholdings



Results of selling cross-shareholdings

Fiscal year implemented	Number of stocks	Sales amount (millions of yen)
FY 2020	3	7
FY 2021	1	3
FY 2022	5	154
FY 2023	10	3,029
FY 2024	22	2,618

Policy to reduce cross-shareholdings

Aim to keep cross-shareholdings below 10% of consolidated net assets

Technological Research and Development



Hiroshi Kobayashi
Executive Officer
General Manager of Research &
Development Division

Contributing to customers and society with technological research and development that helps create added value and improves efficiency

To achieve our Medium-term Management Plan 2027 targets, the Research & Development Division conducts R&D in accordance with its basic policies of pursuing technological R&D that both helps create added value and improve efficiency. These policies are based on the Division’s medium- to long-term vision, which was revised in 2023.

Specifically, we are focused on R&D that both helps strengthen the value chain with our customers through the use of our proprietary energy management system, ToEMS, and achieves carbon neutrality through the use of DC micro-grid systems. Moreover, we are committed to further developing our proprietary technologies, such as by implementing them at our business sites.

We are also continuously engaged in R&D aimed at improving on-site operational efficiency and achieving zero accidents, applying generative AI and IoT technologies to on-site operations, and developing systems to support enhanced safety management.

We will continue to leverage technological R&D to improve our ability to propose solutions to our customers.

Basic Policies for Technological Research and Development	
(1) Technological research and development that helps create added value	Promote research to improve technological and proposal capabilities that capture changes in the world Promote research aimed at creating new businesses
(2) Technological research and development that helps improve efficiency	Promote research aimed at improving safety and productivity in response to on-site needs

Future Plans	
In accordance with the above basic policies, we will pursue technological research and development outlined in the table below, aiming for early practical application.	
1. Creating added value	
Field	Main technological R&D aims
Carbon neutrality	<ul style="list-style-type: none"> DC micro-grid system Fault diagnosis of solar power generation equipment Evaluating energy-saving in ZEB's operational phase
New businesses	<ul style="list-style-type: none"> Expanding ToEMS functions Next-generation communication technology Biomass carbonization
Enhancing technological capabilities	<ul style="list-style-type: none"> Diagnosing transformer degradation Lightning protection design Energy-saving system for steam equipment at school-lunch service facilities

2. Improving efficiency	
Field	Main technological R&D aims
Improving operational efficiency	<ul style="list-style-type: none"> Automatic design Smart security Developing tools and equipment for power distribution line work
Safety and construction quality	<ul style="list-style-type: none"> Enhancing safety (by preventing traffic and work-related accidents) Improving construction quality of power distribution line work

ToEMS is a registered trademark of Toenec Corporation.

Research Results

Development of the cloud-based ToEMS

We developed and currently sell our proprietary energy management system, ToEMS (Toenec Energy Management System).

In FY 2024, we developed a new cloud-based system—which is focused on functions such as monitoring the utilization and demand status of solar power—and are deploying it at our business sites.

We aim to provide this system as a service to our customers, supporting their carbon neutrality goals.



Cloud-based ToEMS display screen



Toenec Safety Navigator (tentative name)

VOICE An employee's thoughts

To realize a more comfortable society

I have been engaged in research on environmental improvement and management, including biological wastewater treatment methods and oil mist countermeasures. Thanks to this background, I was able to pass the Professional Engineer (Environmental Engineering) examination in 2024. I hope to offer my experience in guiding junior colleagues preparing for this exam.

I am currently responsible for research on efficient smart security. By engaging in various fields, I believe I can explore solutions to issues from multiple perspectives. I will strive to leverage my experience and knowledge to help realize a comfortable society for generations to come.



Ms. Chikada
Deputy Principal Investigator
Research & Development Group

Human Resource Strategy Policy



Hiroyuki Mori

Senior Managing Executive Officer
Supervisory Manager of Personnel Division

One of our management philosophies is to build a human-centric corporation of active people who think and take on challenges. Based on respect for the human person, we encourage our employees to raise the quality of their work with a constant desire to improve, and to take on challenges without fear of failure, to become creative and unique human resources. We have also worked to develop human resources with the goal of enabling our employees to reach their full potential.

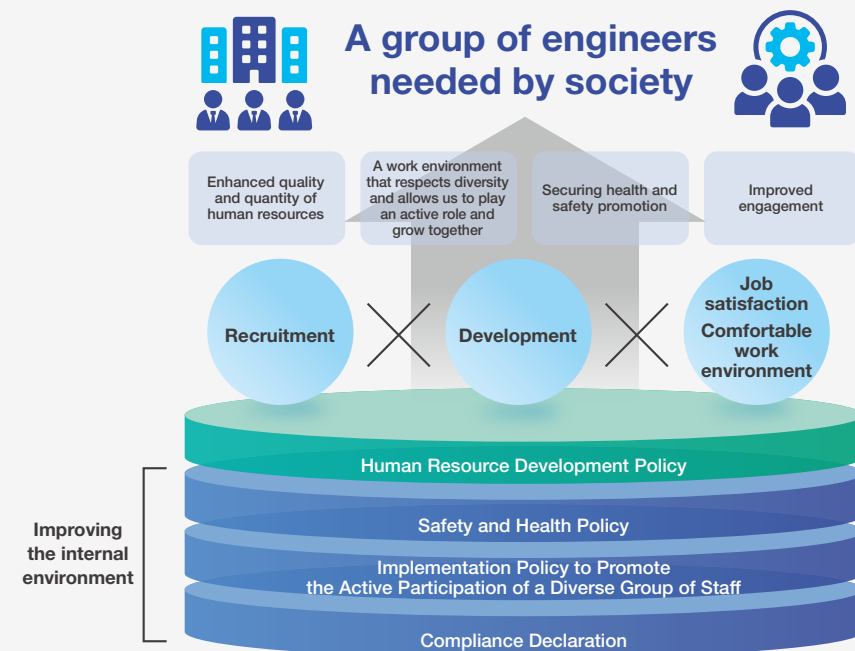
One of the basic policies in the Medium-term Management Plan 2027 is further expanding human resource investment, and we enhance the quality and quantity of our employees as well as promote initiatives to maximize each employee's diverse abilities.

Furthermore, we have established the Human Resource Strategy Committee for planning specific human resource strategy measures linked with management strategies in order to accelerate human resource investment based on the Human Resource Strategy Policy, with its three pillars of recruitment, development, and job satisfaction and a comfortable work environment. We gather opinions from each department and division and reflect them in strategies as measures such as hiring strategies and the promotion of acquisition of qualifications.

Through these efforts, we will strive to form a group of engineers needed by society.

Human Resource Strategy Policy

Staff are the driving force of our Company and the source of our growth. In order to deliver a safe and friendly environment to society, we will further expand the investment in staff and enhance the quality and quantity of staff. In addition, we will actively promote measures to increase employee engagement so that a diverse group of staff can work healthily, safely, and energetically. Through these efforts, we hope that each and every one of our employees will feel pride and joy in their work, and that we will be a group of engineers needed by society.



Human Resource Strategy

Recruitment

In order for our Company to continue to grow strongly, it is necessary to strengthen existing businesses and build a foundation for future growth. To achieve that, we believe it is essential to secure human resources who are a driving force. So, we will promote the recruitment of not only new graduates, but also experienced personnel who are ready to work, as well as a diverse group of staff regardless of nationality, gender, disabilities, and so on.

Regular (new graduate) recruitment

In order to achieve our growth strategy and sustainable growth, we actively recruit technical positions. We also hold events for job-hunting students, such as Company information sessions, recruitment activities, internships, and workplace tours, in order to connect with more students and let them become interested in the Company. In addition, we aim to secure human resources regardless of their area of expertise and have enhanced our educational system for after they join the Company.

Recruitment of experienced personnel

We are focusing on hiring experienced personnel while utilizing various hiring channels in order to acquire staff who are ready to work and core employees. In the future, we will aim to promote the acceptance of expert and skilled specialists who will drive the growth of our Company, and develop necessary systems.

Recruitment of non-Japanese personnel

We conduct recruitment activities regardless of nationality in order to secure a diverse group of staff. In addition, these staff participate actively in a wide range of roles after recruitment, regardless of department, in technical and operational positions. (Resulting number of regular hires: 1 person in FY 2023, 2 people in FY 2024, 2 people in FY 2025)

Follow-up system after joining the company

We are working to prevent turnover (for staff retention) by focusing on follow-ups after joining the Company. In order to encourage internal communication after joining the Company and to be able to quickly blend in with the Company, we are implementing a mentor system and holding events for joining the Company at the same time. In addition, we are working to enhance various systems such as scholarship loan repayment support, and have established a system to support young employees.

Regular (new graduate) hires (joined in FY 2025) (Unit: People)

Job type	Operational position			Technical position			Skilled position			Total
Academic background	University graduate	High school graduate	Total	University graduate	High school graduate	Total	University graduate	High school graduate	Total	
Male	10	0	10	77	40	117	—	73	73	200
Female	21	2	23	3	0	3	—	—	—	26
Total	31	2	33	80	40	120	—	73	73	226

University graduates include graduates from junior colleges, technical colleges, and vocational schools

Recruitment of experienced personnel (as of March 31, 2025)

	FY2022	FY2023	FY2024
No. of new hires with experience and their percentage among new hires (No. of people)	10.1% (22)	13.1% (28)	13.4% (34)
No. of new hires with experience and their percentage among employees (No. of people)	6.2% (268)	6.4% (275)	6.8% (314)
No. of employees converted from non-regular employment to regular employment	Male	13	12
	Female	1	5

Turnover rate of regular hires (as of March 31, 2025)

Fiscal year joined (Period)	FY2022 (3 years)	FY2023 (2 years)	FY2024 (1 year)
No. of hires	192	195	224
No. of employees who left the Company	29	22	7
Turnover rate	15.1%	11.3%	3.1%

Development

Our human resource development is aimed at improving the job satisfaction of our employees and achieving sustainable company growth. By promoting development, we believe that individual growth leads to company growth, which in turn creates a virtuous circle. Under the Human Resource Development Policy, we will work on development so that each and every employee has the motivation to grow on their own and enhance their knowledge, technical skills, and human capabilities.

Human Resource Development Policy

1 Expected staff image (The Company's expectations of its human resources)

- (1) A person who is sincere and thinks from the other person's point of view.
- (2) A person who has safety awareness, high technical skills, and expertise.
- (3) A person full of motivation who thinks and acts on their own.
- (4) A person who takes on challenges without fear of failure.

2 The role and mindset of human resource development (The Company's role and employee mindset)

- (1) In order to promote the growth of employees, the Company will enhance its systems and environments. When developing our employees, we will respect the individuality of each individual and implement it in a systematic manner.
- (2) Supervisors must work closely with their subordinates and develop a sense of responsibility.
- (3) Employees shall have a positive attitude to learn and improve their knowledge and skills.

3 Initiatives for human resource development (Basic initiatives of the Company)

- (1) Promote development based on education and guidance through practical work.
- (2) Enhance managers' ability to properly coach subordinates.
- (3) Provide a variety of work opportunities to enable broader thinking.
- (4) Implement education to acquire knowledge and improve technical skills and abilities.
- (5) Motivate employees to grow and support their motivation.

Group training

The Education & Training Center and each department systematically implement group training according to the type of job, department, level, etc. We not only enhance our expertise outside the workplace to acquire the necessary knowledge, skills, and techniques, but also improve awareness of All Toenec by providing opportunities to learn with colleagues.

In addition, at the practical training facility in the Education & Training Center, employees can acquire practical training such as practical skills suitable for the field. At the Safety Creation Center, they aim to improve their sensitivity to danger and safety awareness through experiencing unsafe situations.

Group training organized by the Education & Training Center and the department administration division (FY 2024)

No. of courses	Total no. of training days	Total no. of trainees
144	1,594	4,573



Education & Training Center
(Minami Ward, Nagoya City)

Human Resource Strategy

OJT (On the Job Training)

We recognize that OJT is an important opportunity for staff development, where employees can acquire practical knowledge and skills through practical work. OJT is implemented systematically rather than individually, and OJT manuals have been prepared to improve its effectiveness. In addition, we are systematically creating an environment for education by managing individual skills and setting goals using checklists.

Self-improvement

We have established systems to support employee self-improvement, such as correspondence education, and voluntary training organized by the Education & Training Center. Also, employees who aim to acquire the qualifications necessary for work will be provided with preparatory courses, and we will also support the employee acquisition of qualifications with congratulatory money for passing examinations, at the Company's own cost for the price of examinations.

Status of the number of qualified persons (as of March 31, 2025)

Professional Engineer	Professional Engineer	31
Electrical	Type 1, 2, and 3 Chief Electrical Engineers	588
	First- and Second-Class Electrical Works Execution Managers	1,426
	First-Class Electricians	1,438
Facilities	First- and Second-Class Plumbing Work Construction Management Engineer	271
	Building Mechanical and Electrical Engineers	76
	First-Class Instrumentation Engineers	48
	Chief Engineer for Water Feed System Construction	34
	Class A Fire Defense Equipment Officers	761
Communications	First- and Second-Class Telecommunication Engineering Construction Management Engineers	76
	Chief Telecommunications Engineers—Transmission Exchange	32
	Chief Telecommunications Engineers—Lines	16
	AI Type 1 Installation Technicians	93
	DD Type 1 Installation Technicians	134
Architecture	AI and DD Installation Technicians—General	227
	First- and Second-Class Architects	23
	First- and Second-Class Building Construction Management Engineers	43
Civil engineering	First- and Second-Class Civil Work Construction Management Engineers	122
	Surveyors	7
Other	First- and Second-Class Construction Industry Accountants	488
	Type 1 Health Supervisors	353

Internal recruitment system

We have introduced an internal recruitment system to promote active staff participation for those who are motivated to take on challenges and who have the aptitude. Recently, we recruited candidates for overseas training at our local subsidiary in the Philippines, employees dispatched to other companies for training, and DX Promotion Division Staff. We are also recruiting trainees for human resource development and DX who can formulate management plans, recruiters, and mentors through internal recruitment. We are encouraging employees to think and act on their own and provide opportunities for taking on challenges and skill development.

Skills Competition

We have participated in the National Skills Competition every year since 1991, with the aim of developing staff with high skills and techniques, and passing those on to younger staff. To date, we have won five gold medals and participated in the World Skills Competition four times.

In competitions, not only skills such as sensitivity and accuracy but also a strong mind that always stays calm are necessary, so we are working to improve our human ability to respond to any challenge.

Number of awards at the National Skills Competition (Electric works)

Gold Prize	5
Silver Prize	15
Bronze Prize	16



Human Resource Strategy

Job Satisfaction and Comfortable Work Environment

Our employees are of maximum importance to us. In order for our Company to achieve sustainable growth, it is necessary for each and every employee to carry out their work with a sense of vigor and satisfaction. We will continue to work to improve employee engagement so that employees and the Company can understand and trust each other.

Introduction of engagement survey

We introduced an engagement survey in FY 2024, replacing the employee satisfaction survey we have conducted in the past.

In order to enhance the quality and quantity of staff, and to increase employee engagement so that diverse group of staff can work healthily, safely, and energetically as per our Human Resource Strategy Policy, we visualized how our employees feel about the Company and their workplace.

We will continue initiatives centered on the efforts of workplace leaders to improve the issues observed.

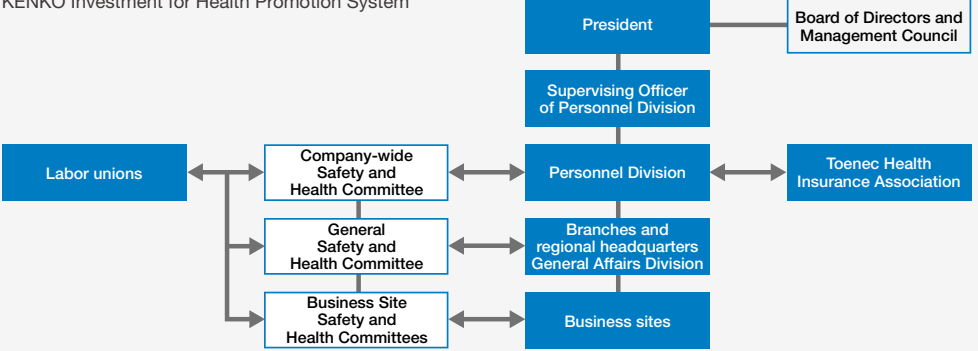
KENKO Investment for Health

The president is responsible for promoting KENKO Investment for Health, and in cooperation with labor unions and the Toenec Health Insurance Association, we are promoting KENKO Investment for Health so that all employees of our Company can be healthy in mind and body and fully demonstrate their abilities. In the annual stress check, we are working to maintain and improve the test-taking rate and reduce overall health risks. In addition, health guidance and health promotion campaigns are implemented based on the results of health checkups and lifestyle surveys.

As a result of our efforts, we were recognized as a Certified Outstanding Organization of KENKO Investment for Health (Large Enterprise Category) under the Outstanding Organizations of KENKO Investment for Health Program organized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a company practicing excellent health investment for the second consecutive year. (March 2025)



KENKO Investment for Health Promotion System



Creating a psychologically safe and healthy workplace

We promote positive activities by striving to be a psychologically safe and healthy workplace where employees experience job satisfaction.

Training sessions were held by outside lecturers for managers to learn communication and instructional methods that increase psychological safety, and approximately 2,100 people had taken these lectures by FY 2024. In FY 2025, the same training sessions are scheduled to be expanded and held for general positions.



Health-related indicators

	FY 2022	FY 2023	FY 2024
Obesity rate (BMI: 25 or higher)	30.9%	31.0%	31.4%
Smoking rate	28.1%	28.4%	27.5%

Stress check implementation status

	FY 2022	FY 2023	FY 2024
Test-taking rate	99.8%	99.8%	99.9%
Total health risk*	84	85	83
Rate of people with high stress	10.5%	9.9%	10.2%

* A quantitative measure of the impact of the workplace environment on employees' health. Setting the national average to 100, the higher the number, the higher the risk.

Average years of service of employees

	FY 2022	FY 2023	FY 2024
Overall	18.1	18.5	18.6
Male	17.8	18.1	18.3
Female	22.2	22.1	21.4

Average number of days of paid leave taken

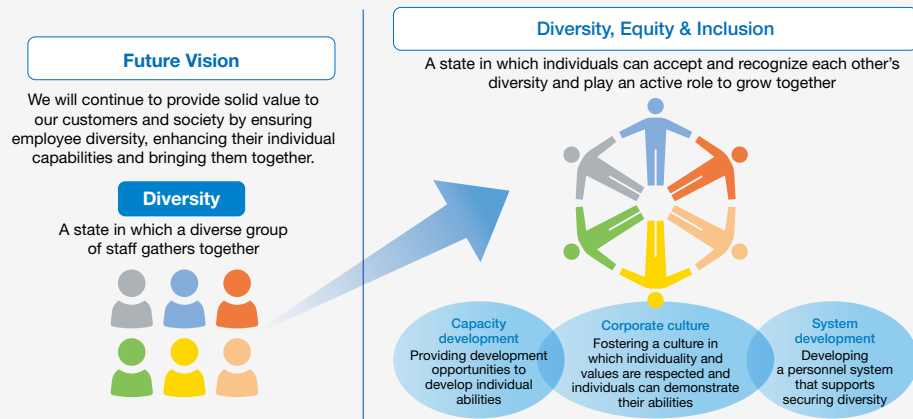
	FY 2022	FY 2023	FY 2024
Overall	13.9	14.7	14.2
Operational position	14.9	15.3	14.3
Technical position	11.9	13.0	13.0
Skilled position	16.7	17.9	16.8

Average number of overtime hours worked per month

	FY 2022	FY 2023	FY 2024
Overall	31.2	27.5	26.9
Operational position	15.4	15.6	14.9
Technical position	39.7	33.3	33.4
Skilled position	23.5	20.8	17.3

Diversity, Equity & Inclusion 2027

Since diversity is an important factor in securing human capital and enhancing value, in April 2023 we formulated Diversity, Equity & Inclusion 2027 (DE&I 2027), which summarizes our vision and goals for FY 2027. Based on the Implementation Policy to Promote the Active Participation of a Diverse Group of Staff, we will steadily work on not only ensuring and spreading diversity, but also further developing it to create a workplace environment where diversity is accepted and mutually recognized, and where people can play active roles and grow together (diversity, equity & inclusion).



Implementation Policy to Promote the Active Participation of a Diverse Group of Staff

Creating an attractive company where a diverse group of staff can play an active role

- Fostering a corporate culture where employees can work energetically**
Foster a corporate culture that recognizes everyone's abilities and values and supports each other
- Promoting work-life balance**
Re-establish working conditions that allow employees to fulfill their responsibilities and requests other than work, such as childcare, nursing care, and community activities
- Increasing competitiveness by utilizing diversity**
Improve our competitiveness by creating a work environment in which everyone can fully demonstrate their abilities, regardless of gender, age, etc.

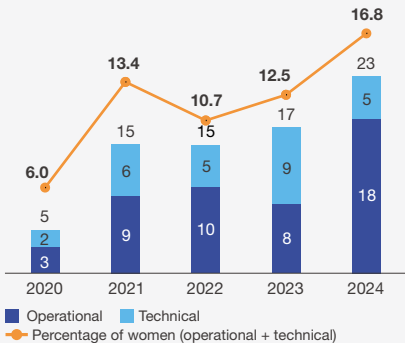


Please refer to our website for more details on diversity, equity, and inclusion
<https://www.toenec.co.jp/csr/diversity/>

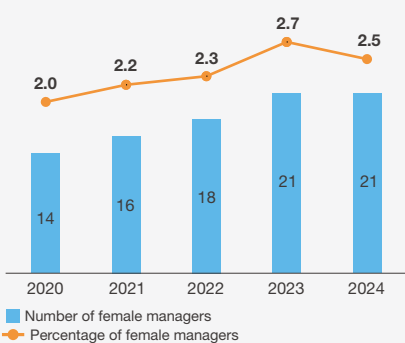
Quantitative goals

Theme	Index	At time of DE&I 2027 formulation (FY 2022 results)	Goal (FY 2027)
Women's participation	Percentage of women among regular hires	Total	10.7%
		Technical position	3.9%
		Operational position	83.3%
	Number of female managers (Percentage of female managers)	18 (2.3%)	31 or more (4%)
Work-life balance	Percentage of employees taking childcare leave	Male	88.6%
		Female	100%
Employing people with disabilities	Employment rate of people with disabilities	2.8%	2.8% or more

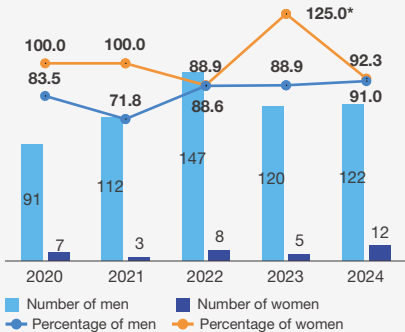
Number of female regular hires



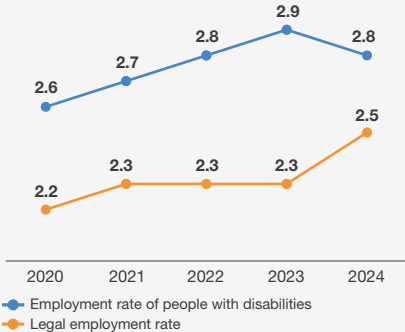
Number and ratio of female managers



Number and percentage of people taking childcare leave



Employment rate of people with disabilities



* FY 2023 percentage of women taking childcare leave: 5 women taking childcare leave ÷ 4 births = 125%.
(The percentage of women taking childcare leave is calculated by dividing the number of employees taking childcare leave during the fiscal year by the number of births, so the percentage exceeds 100% if the birth and childcare leave occur in different fiscal years.)
Note: People taking childcare leave include people taking any leave for childcare purposes.

Promoting the Active Participation of Women

We are working to create an environment where everyone can fully demonstrate their abilities, regardless of gender, age, etc. We are implementing a variety of measures to help women build their careers and expand their work fields.

Female mentoring activities

We are conducting female mentoring activities with the aim of relieving work anxiety, improving motivation, and forming a personal network within the Company. In addition, interacting with senior female employees who are taking active roles in the workplace is leading to the improvement of junior female employees' motivation to advance their careers.



Mentoring activity kickoff training

Female engineer workshops and female sales staff exchange meetings

We are holding exchange meetings and other events for female employees in construction management, sales, and other work. We will work to improve the environment where it is easy for everyone to continue working by preventing isolation of minority groups, and maintaining and improving motivation. In FY 2024, we held the Denko Komachi Workshop with two other companies in the industry for female engineers to exchange opinions about their lives and careers.



Female engineer workshop

Women's participation promotion

We are working on a variety of awareness-raising activities aimed at creating a vibrant corporate culture in which female individuals can fully demonstrate their individuality and abilities, as well as providing joint seminars with four Chubu Electric Power Group companies, unconscious bias trainings for managers, trainings to promote women to managerial positions, etc. In FY 2024, we introduced Femtech services to solve women's health issues.



Female leader training

Other

We are working to create an environment where everyone can fully demonstrate their abilities, regardless of gender, age, etc. We are reviewing our internal systems, adding work-life balance support tools on our internal website, spreading information, and so forth. In addition, the average length of service for women continues to exceed 20 years.

Promoting the active participation of women

Our initiatives to promote the active participation of women have received certifications including those shown on the right.



"Eruboshi" certification
(the Ministry of Health,
Labour and Welfare)



Excellent Aichi Women's
Brilliance Company
(Aichi Prefecture)



Aichi Women's
Advancement
Promotion Leader
(Aichi Prefecture)



Company promoting
the advancement
of women
(Nagoya City)

Work-life Balance

With the aim of creating a company where employees can enjoy fulfilling days at work by balancing their work and personal time, we are working as one to reform work styles as a company where employees can value their own time. In addition, we have set a target childcare leave percentage, and are working to achieve a reality where zero employees must leave the Company for nursing care. We are implementing a work-life balance support system that makes it normal to balance childcare, nursing care, illness treatment, etc. with work, and we are creating a positive workplace culture by enhancing support tools and raising awareness.

Balancing work with childcare

We are working to increase the percentage of male employees taking childcare leave. In addition to raising awareness through IkuBoss training (for bosses to understand and support workers' participation in childcare and work-life balance), e-learning education, study groups, etc., we are creating a work environment where employees can easily take childcare leave through the creation of the HoKatsu support guidebook (a guidebook for activities that parents take to enroll their children in nursery school) and leaflets.



A guidebook for
working moms
and dads



Work-life balance
support handbook
—Basic knowledge
of nursing care

Balancing work with nursing care

At nursing care seminars, we provide useful knowledge and information to prepare workers for nursing care. In addition, we have introduced a flextime system and a telecommuting system, and are developing internal systems to support a diverse range of work styles.

In recognition of our efforts to create an employee-friendly working environment, we received an award from Aichi Prefecture as a family-friendly company. In FY 2022, we received an award from Nagoya City as a parental support company in recognition of our long-term work-life balance support, such as a life support leave (infertility treatment leave) and a short-time work system that employees with children up to the sixth grade of elementary school can use.



Company awarded
as a parental
support company
(Nagoya City)



Family Friendly
Company Award
(Aichi Prefecture)



Family Friendly
Company
(Aichi Prefecture)

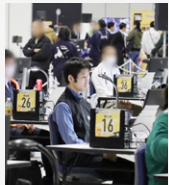


Aichikko
Home Education
Support Company
(Aichi Prefecture)

Employing People with Disabilities

We aim to create a people-friendly workplace culture where everyone can understand the diverse personalities and characteristics that make up the workforce and help each other. We continue to support our employees with disabilities themselves, as well as those who help them, and we train them to ensure employee retention and to help them display their abilities. Through a working farm where people with disabilities can cultivate vegetables, we are working to expand employment and foster awareness and understanding of people with disabilities.

We also encourage employees with disabilities to participate in the Abilympics (skills competition for people with disabilities) if they so choose, with the goal of contributing to the growth and further active participation of employees with disabilities. Our employees participated in the 2019, 2020, 2021, and 2024 national competitions.



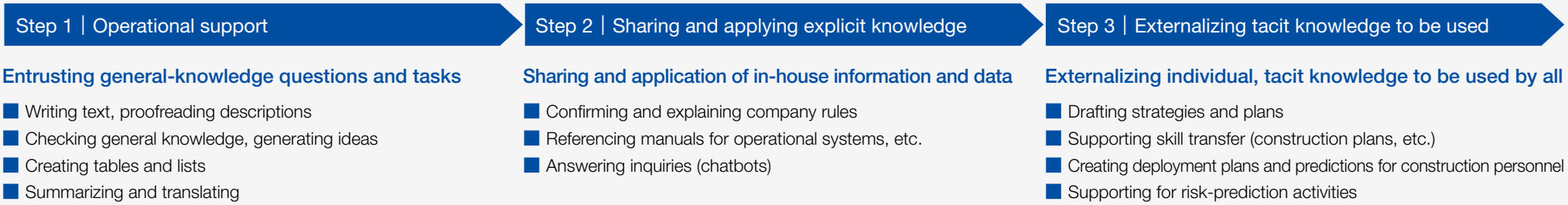
Work Style Reform

Basic Philosophy

In April 2017, we established the Work Style Reform Promotion Committee to improve productivity, reduce long working hours and holiday work, and aim to be a company where each employee can value their own time. Under the slogan of “‘stop’ or ‘change’ operations and create a new corporate culture,” we continue to implement various initiatives to reform the way we work and to comply with the overtime work limit regulations that began in FY 2024.

Use of generative AI

To improve productivity and reduce overtime work, we are proceeding with the use of generative AI across the Company, with a focus on a department dedicated to DX, and working not only to increase operational efficiency but also to share tacit knowledge (skills and know-how).



Introduction of an electronic expense reimbursement system

Until now, employee expense reimbursement was a complicated paper-based process, with receipts attached to the back of a sheet of paper and stamped with the seal of the person involved. Providing all employees with company-owned smartphones led to the computerization of expense reimbursement operations, streamlining both on-site and back-office operations.

Heat countermeasures for overhead power distribution line work (trial of a four-day work week)

We introduced a trial four-day work week for skilled and technical positions in the overhead power distribution line department, which conducts tasks such as outdoor reinstallation of power lines, in August 2025. Every Wednesday was set as a substitute holiday,* and continuous work was avoided in times of extreme heat, reducing the burden on employees and their risk of heatstroke. Going forward, we will verify this trial’s effectiveness and points needing improvement, such as through questionnaires and interviews of the relevant employees. If the benefits of introducing a four-day work week are confirmed, we will consider expanding the trial to other departments, including the underground power distribution line department.

* As the number of workers and construction ability does not change throughout the year, employees involved in this trial will substitute work on weekends or holidays between October 1 and December 21.

Sending a message of compliance with the work style reform-related laws

As part of our internal as well as external efforts to improve the working environment of the construction industry as a whole and to secure young human resources, we provide private companies and owners with information on appropriately setting construction periods and work styles via our website.

Request for Compliance with the Work Style Reform-Related Act

Starting April 2024, a cap on overtime with penalties also applies to the construction industry based on revisions to act.

In order to comply with laws and regulations from April 2024, we have set "promotion of work style reforms" in our Medium-term Management Plan and are introducing various initiatives.

We ask for your understanding and cooperation in setting appropriate construction periods and working styles to improve the working environment of the construction industry as a whole and to secure young human resources.

To private-sector businesses and owners

(1) Request to set an appropriate construction period and change the contract

- ✓ Sign contracts with appropriate construction periods.
- ✓ Extend construction period in the event of process delays that are not the fault of the Company.
- ✓ Quickly decide on design specifications and establish and strictly adhere to design change deadlines.

(2) Requests regarding working methods

- ✓ Establish a schedule containing 8 fully-closing days/4 weeks to achieve work-life balance.
- ✓ Approve rotational and remote participation in morning meetings.
- ✓ Establish a system to conduct various meetings during regular business hours.
- ✓ Ensure adequate time for various reviews and document preparation requests.

We will continue our efforts to create a highly satisfying workplace where employees can demonstrate their abilities and experience growth through human resources development, work style reforms, and the creation of an open and comfortable workplace.

Employee Discussion to Promote the Active Participation of Diverse Human Resources

A culture that supports taking on challenges unites diverse skills

With the progress of the declining birthrate and aging population, the shortage of workers in the construction industry has become a pressing issue. Toenec is striving to promote the active participation of diverse human resources under the goals of DE&I 2027 as one measure to secure human resources.

Here, five women—three female employees with different job types, Outside Director Yoshimoto, and Executive Officer Kitamura—discuss their candid opinions and thoughts on the active participation of women, a particularly important topic regarding diverse human resources, to share the current status of and issues at the Company.



Front from left
Akiko Yoshimoto
Outside Director
Rika Kitamura
Executive Officer,
General Manager of
Purchasing Division

Back from left
Ms. Soga (technical position)
Deputy Director, Technology Group, Wiring Division, Chubu Headquarters
Ms. Yamakawa (operational position)
Chief, Personnel and Labor Group, Personnel Division
Ms. Ichikawa (sales position)
Chief, Business Promotion Group 2, Business Promotion Division, Business Promotion Department

Yoshimoto: This is my fourth year as a director of the Company, but I had a relationship with Toenec previous to taking up the post, and I already had the impression that Toenec is a company that treasures its human resources and actively strengthens its human capital. The labor shortage is intensifying across the industry, and there is no doubt that securing human resources and promoting their active participation is an important issue for making a company stronger. I think the active participation of women is a top priority within this issue. Toenec's systematic work to promote the active participation of women has steadily produced results and is also apparent in the numbers. I am looking forward to hearing your frank opinions in person today.

| Reasons for joining the Company and personal job satisfaction

Kitamura: I have liked heavy machinery since childhood, and worksites felt familiar to me. Not only that, but my hometown is also Nagoya, so when I had the chance to join Toenec, which conducts facility construction, I did. I have had experience in nine divisions up to now, and currently I am the manager of the Purchasing Division, which mainly engages in procurement of materials and equipment for use in construction. The consistent job satisfaction I feel even in different divisions and positions is due to my involvement in work that protects the social infrastructure along with the people at worksites. It is indirect, but supporting worksites from the back office makes me proud that I can also contribute to society.



Ms. Kitamura

Soga: After graduating from a technical high school, I enrolled at the Company's technical junior college within the Education & Training Center. I finished the two-year course, joined the Design Division, then managed construction as a site supervisor for a time. I took the opportunity presented by the birth of my child to get involved in human resource training at the Education & Training Center, but I returned to the field last year, and now I manage construction at a worksite near Nagoya Station. I was involved through logistical support, drawing blueprints and writing construction documents, even while I was away from worksites, but all the same, it feels rewarding and fun to see buildings completed before my eyes while directly experiencing the enthusiasm of hundreds of people working onsite.

Employee Discussion to Promote the Active Participation of Diverse Human Resources

Yamakawa: I decided to join the Company because I believed I could work at Toenec for a long time with peace of mind, and that I could work while experiencing that my own job was useful to society. After experiencing accounting and general affairs in an operational position, I started working in the Personnel Division in my fourth year at the Company. This is my seventh year in my current division, and I have previously been in charge of business including recruitment and labor management. I feel that my experience and expertise have increased steadily through my involvement in a variety of tasks. In addition, the work I oversee, including system revision, gives me satisfaction in my job because it leads to a more comfortable work environment at the Company.



Ms. Yamakawa

Ichikawa: Required facilities change along with the times and needs, and this continues to generate demand for facility construction projects. I decided to join the Company believing that I could build my own career with peace of mind. When I joined, there was a rotation system to experience various divisions, and new employees switched every two years, so I experienced the Finance & Accounting Division and the International Division. I still belong to the final division I was assigned to in my rotation, the Business Promotion Division. Currently, I am mainly in charge of projects for government and municipal offices in a sales position, specifically projects related to school lunch centers and school air conditioning throughout Japan. My job satisfaction is the same as Ms. Soga's. I feel a great sense of achievement when I conduct sales activities and a facility I received the order for is completed in the real world. Government and municipal projects, especially, are facilities necessary to the local people, so I often feel that our hard work and proposals are contributing to society.

Yoshimoto: Listening to you all has reminded me that the Company ultimately carries out our work through a concentration of knowledge and effort, including not only worksites but also the back office. I think the sense of corporate unity brought about in that process is a significant strength for the Company.

| Toenec's advantages and issues regarding women's active participation

Ichikawa: Urgent responses are always expected in a sales position, and I also have many business trips, so to be honest, I think about the timing of my own life events.

Nevertheless, the Company has a system in place that considers circumstances particular to women and people caring for children or the elderly, and there are actually many employees who return to work after birth and childcare. Women's lifestyles have diversified compared with the past, and I feel like our workplace considers individual situations as much as possible and has a supportive atmosphere. However, although there is a system and understanding from coworkers if someone spends a long time away from work, they still feel some sort of guilt. Some companies have introduced incentive systems for coworkers, and I think that more flexible, diverse work styles would pervade if the Company also compensated the people supporting others taking childcare leave or working reduced hours. I would like the Company to adopt a better system in the future by referencing examples from other companies.



Ms. Ichikawa

Yamakawa: Right now, I work full time while raising two children, a two- and a five-year-old. Normally I use the flextime system to accommodate my work hours, and somehow, I'm balancing work and childcare, but in busy work periods, or if there is a sudden accident, I have to ask the people around me for support regardless. It makes me feel frustrated and guilty, but my boss and coworkers always willingly let me take off work. When that happens, I really feel how comfortable the work environment is at Toenec. I do not have any big complaints because I receive enough support from the people around me, and there is a system in place, but if I am forced to say something, then I would love to have more flexible work styles. Childcare also fluctuates, so there are days when I can work longer and days when I need to leave early to do things like pick up my children or attend events. I wanted to work as hard as possible when time allowed, so it would be nice to have a system established that lets people flexibly choose their work style and hours according to the circumstances.

Soga: There are more female construction staff in recent years, and I think the Company is taking a good approach to actively expanding women's work fields. However, the truth is that there are still many issues in the industry when it comes to the work environment from the viewpoint of acceptance. In my experience, there were no big hurdles to balancing marriage and childbirth with work. But that is not the case with



Ms. Soga

Employee Discussion to Promote the Active Participation of Diverse Human Resources

childcare. No matter what, your child becomes the center of your life, and pushing yourself too hard is not sustainable. Work style reforms are moving forward at worksites, and weekend holidays are no longer unusual, but sometimes we are required to work overtime or work on Saturdays when the completion period of a project approaches. In that case, I think the reality is that the people at the worksite and their families manage somehow. From now on, for the construction industry to secure future workers, I feel that not only Toenec but the construction industry as a whole needs to improve this situation.

Kitamura: I feel that the corporate culture and system have changed quite a lot compared with the past. When I had my first child, I was the first person in the workplace to take childcare leave. I think it was said out of real concern for me, but I remember my boss at the time suggesting, “You can take a year off, but why not come back to work as quickly as possible in consideration of your future growth?” After I came back to work, I was also greatly encouraged by the kind words of senior employees in other divisions who were actively balancing childcare and work.

This is how a culture supporting colleagues aiming to balance work with life events was created in the workplace, through many senior employees at the Company carving the path before us. I also feel like the system has now really improved, thanks to efforts to promote work-life balance as a company.

Yoshimoto: The “flexible work styles” I heard so much of in your remarks is an important element, and I feel that a system supporting work-life balance has been established as a result of responding to this seriously as a company. I think we should continue listening to employee feedback to pursue a comfortable work environment.

Hearing about the understanding and support from coworkers, I also felt that our culture of valuing people is firmly rooted. It may be related to the nature of the construction industry, which is not viable without people, but since the approach of respecting individuals and helping one another is also essential to the promotion of diversity, I would like that to be valued going forward.

| Taking on challenges and future career plans

Yamakawa: My work right now is related to hiring, so I have learned about the situations of people working on the front lines at worksites, like through work logs. The more I know about their situations, the more I want to acquire legal knowledge, support the people doing their best at worksites, and establish a system that allows them to demonstrate their abilities fully. I think that is the duty of someone in an operational position and my challenge to take on. In addition, my goal in my corporate life from the perspective of my future

career is to accumulate experience and knowledge not only in the Personnel Division but in various divisions, and to contribute to creating a better company.

Kitamura: From the standpoint of someone in a management position, I would like to move the workplace and the Company forward in a positive direction no matter what. In the past, when I was entrusted with leadership in a male-centered workplace or a scenario where my knowledge was not really coming across, I sometimes unconsciously hesitated to speak up. At that time, I had an acute realization when another member told me not to use ignorance as an excuse. As someone in a management position, I am required to be firm in sharing my opinions and anything that I feel is off, and to discuss with the people involved to guide the organization in a positive direction. I would like to continue updating my own values and focusing on creating a psychologically safe and healthy workplace to fulfill my role, as well.

Ichikawa: As someone in a sales position, I would like to acquire more knowledge and experience going forward to make more persuasive proposals. In addition, right now I develop original products with manufacturers, but I never imagined I would join an integrated equipment engineering company and get to take on these kinds of challenges. I would like to reliably produce results to contribute to strengthening the Company’s sales in order to respond to the expectations of the senior employees and coworkers who support me in taking on these challenges.

Soga: Right now, I have a child in the second year of junior high school. No one in the Company has experienced balancing childcare with being a site supervisor, so I would somehow like to be the one to achieve that. I think various difficulties will arise as a matter of course, but I would like to communicate any issues and points needing improvement that become clear to the Company, and to set a good precedent and leave behind a good environment for junior female engineers.

Yoshimoto: Everyone gathered here has firm goals with a view on the future, so I hope you can be confident in your work going forward. This environment where women can participate energetically and actively was not built in a day but thanks to the challenges undertaken and the efforts of senior employees. Women’s work fields were initially limited but, little by little, have expanded in all directions. I would like everyone to be a role model for the next generation in their own way in the future.



Ms. Yoshimoto

Power Distribution Line Work



Osamu Yoshioka

Senior Managing Executive Officer
General Manager of Distribution
Department

Contributing to a stable supply of electric power

In the Distribution Department, we are working to establish a safe work environment, improve efficiency and productivity (Kaizen), and maintain and enhance our construction system to ensure a stable supply of electric power.

Among these, establishing a safe work environment is a particularly important theme for our Company, which places the highest value on safety. We are advancing efforts, such as our transition in April 2025 to the indirect live wire work method, to create an environment where everyone can work safely.

In addition, to improve efficiency and productivity, we are promoting Kaizen (improvement), which incorporates the concept of the Toyota Production System. We aim to reduce labor and manpower through Kaizen of on-site work that is not bound by conventional methods. At the same time, we will leverage IoT and digital technologies to further improve the overall efficiency of operations from many angles.

Finally, we believe it is important to maintain and enhance our construction system to ensure a stable supply of electric power, including new installation, maintenance, servicing and disaster recovery of power distribution facilities. We will continue to strive to maintain and enhance this system, together with cooperative companies that possess specialized skills.

Strengths

- High technological capabilities, which have protected people's lives and supported local infrastructure since our founding, and the trust placed in us
- Ability to organize and mobilize staff for rapid recovery in the event of a natural disaster

Opportunities

- Increase in demand for replacement due to the increase in aging and deteriorating facilities
- Increase in electricity demand for new facilities such as semiconductor-related factories
- Increase in restoration work due to more frequent and severe natural disasters

Risks and Issues

- Shortage of engineers due to the low birthrate and aging population
- Passing on skills following retirement of skilled engineers
- Deterioration of the work environment due to climate change

Review of FY 2024

On-site operations of overhead distribution equipment decreased due to enhanced education and training for the transition to the indirect live wire work method. However, orders received increased 2.9% from the previous year to 75.8 billion yen as a result of improved productivity and appropriately passing through higher labor costs.

Sales increased 8.1% from the previous year to 79.3 billion yen due to steady progress in work related to overhead distribution equipment and renewable energy.

Outlook for FY 2025

We expect sales to increase 2.5% from the previous year to 81.4 billion yen due to improved productivity from early adoption of the indirect live wire work method and an increase in renewable energy-related work.

FY 2024 Results

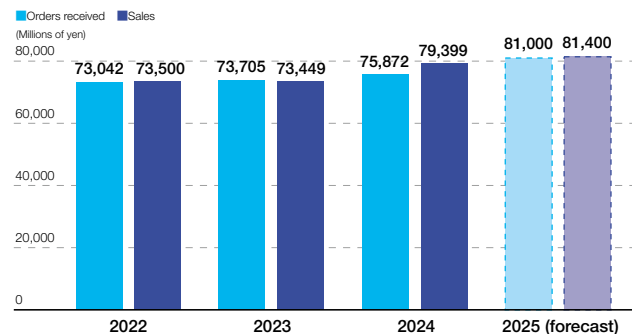
Orders received

75,872 million yen
(vs. previous year: +2.9%)

Sales

79,399 million yen
(vs. previous year: +8.1%)

Orders received/Sales



VOICE An employee's thoughts

Developing tools and equipment by leveraging field experience

In our daily on-site work, we are committed to ensuring safety and construction quality under the following principles: no unauthorized electricity shutdowns and no injuries to oneself and others. When I serve as field supervisor, I try to give careful instructions and explanations so that younger workers can understand the work and my expectations.

Until last fiscal year, I managed sites on the front-line as a field supervisor. However, starting this fiscal year, I have transferred to the Work Methods and Supplies Group within the Distribution Engineering Division.

This fiscal year marks a major turning point as we transition from direct to indirect live wire work methods, which will also significantly change the tools and equipment we use on-site. To successfully navigate this major turning point, I will leverage my field experience to develop tools and equipment that enable everyone on-site to perform indirect live wire work with confidence.



Mr. Okubora

Work Methods and Supplies Group
Distribution Engineering Division
Distribution Department

Power Distribution Line Work (Market Development Division)



Shoji Otsubo

Executive Officer
General Manager of
Market Development Division
Distribution Department

Becoming your local Toenec—trusted for all electrical needs

The Market Development Division not only handles transactions with corporate customers (B2B) but is the only department in the Company that deals with individual customers (B2C). We consider ourselves a familiar presence in the community.

Demand for renewable energy-related work (for large-scale solar power generation equipment, battery storage systems, EV charging equipment, private interconnection lines, etc.) is expected to remain high going forward. We will continue to actively engage in this area to realize the Medium-term Management Plan 2027 and help resolve issues related to carbon neutrality, which society as a whole must address. In addition, we will propose satisfactory plans and win orders for housing equipment-related work (installation and sales of all-electric appliances, renovation of home electrification, and installation of solar power generation and storage batteries for residential use) targeting individual customers to provide them with a secure and comfortable lifestyle.

We will continue leveraging our experience and technologies, our construction system that covers a wide area—mainly in the Chubu region—as well as our advanced and high-quality technologies in order to strengthen relationships with customers and expand our customer base.

Strengths	Opportunities	Risks and Issues
<ul style="list-style-type: none"> ● Construction system that can respond to a wide range of construction needs with bases located throughout the Chubu area ● Extensive experience in housing work, electrical equipment work, renewable energy-related work, etc. ● Advanced technological capabilities that leverage our ability in power distribution line work ● High reliability as a Chubu Electric Power Group company 	<ul style="list-style-type: none"> ● Increase in renewable energy-related work due to efforts to become carbon neutral ● Increase in installation work of charging infrastructure to meet electric vehicle (EV) adoption ● Increase in demand for renovations due to aging buildings 	<ul style="list-style-type: none"> ● Shortage of engineers and reduced housing demand due to the low birthrate and aging population ● Decline in demand for charging infrastructure due to a slowdown in electric vehicle adoption ● Increase in construction costs due to rising prices

Review of FY 2024	Outlook for FY 2025
<p>Orders received increased for renovation work of high-voltage power receiving equipment as well as construction work of EV chargers and private interconnection lines.</p> <p>Sales increased due to the steady progress of renewable energy-related work secured in the previous fiscal year. Sales for housing equipment-related work remained at the same level as the previous fiscal year.</p>	<p>In FY 2025, we will secure sales by capturing demand for renewals of high-voltage power receiving equipment and through continued orders for construction work of EV chargers.</p> <p>As for renewable energy-related work, because we expect demand to persist, we will focus on acquiring regular orders and strengthening our construction system.</p>

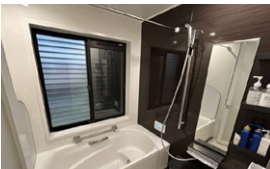
Main Businesses

Industrial-use infrastructure equipment work

Private interconnection line work for industrial solar power generation and renewable energy power plants, as well as EV charging equipment work. Demand for such work is expected to increase due to greater adoption of renewable energy.

Residential-use electrical equipment work

Home electrification work involving the installation of electrical equipment such as EcoCute systems and home storage batteries. Demand for renovations of home electrification, which help reduce energy use and CO₂ emissions, is projected to grow due to rising electricity costs and efforts to become carbon neutral. Demand is particularly expected to increase in the renovation market for existing homes.



VOICE An employee's thoughts

On renovation suggestions for home electrification

In the renovation projects I suggest daily for home electrification, I strive to listen carefully to customers' needs and deliver solutions that satisfy them. Sometimes, a small repair job can lead to larger renovation work. Meeting customers is what motivates me every day, and hearing them say, "I'm glad I chose Toenec," is the most rewarding moment. I will continue to put customers first so that we can gain as many Toenec fans as possible.



Mr. Suzuki
Senior Engineer
Market Development Group
Kariya Sales Office, Okazaki Branch

Underground Line Work



Mitsutaka Kagami

Executive Officer
General Manager of
Underground Cable Division

Contributing to Japan’s development with advanced technological capabilities

The Underground Cable Division is focusing on three key areas: strengthening our ability to propose solutions for renewable energy-related work, handling increased work orders for the elimination of utility poles, and improving operational efficiency through DX promotion.

First, with respect to strengthening our ability to propose renewable energy-related work, we have been handling everything from design to construction by utilizing our expertise in underground line work, mainly for interconnection line construction between power generation operators and power companies, while also leveraging our advanced 154 kV cable splicing skills in order to strengthen proposals with regard to ultra-high voltage power lines.

Next, regarding handling increased work orders for the elimination of utility poles, we are working to improve construction efficiency and ensure construction capabilities through the appropriate allocation of personnel, securing cooperative companies, and deploying necessary specially equipped vehicles.

Lastly, with regard to improving operational efficiency through DX promotion, we have introduced measures to address personnel shortages and legal regulations restricting overtime, and efforts are being made to improve business efficiency through DX, including the use of on-site management apps on tablets and smartphones to make on-site personnel more efficient, as well as cloud-based approaches to materials procurement.

Strengths

- Differentiation from other companies in the industry by possessing 154 kV cable splicing skills in-house
- One-stop technological capabilities from route design to construction of underground power lines
- Efficient construction with specially equipped vehicles that specialize in underground line work (cable installation and removal, etc.)

Opportunities

- Increase in new construction as well as refurbishment of electric power infrastructure as demand for electricity grows
- Increase in renewable energy-related work due to efforts to become carbon neutral
- Increase in underground line work through promotion of the Removal of Utility Poles Promotion Plan

Risks and Issues

- Securing personnel and cooperative companies to meet increased demand
- Delays or postponements in customer construction schedules
- Increase in construction costs due to rising prices

Review of FY 2024

Orders received decreased by 21.5% from the previous year to 9.0 billion yen, despite an increase in underground power distribution line work, due to the absence of large-scale renewable energy-related projects secured in the previous fiscal year.

Sales increased 65.2% from the previous year to 14.9 billion yen due to an increase in the volume of underground power distribution line work and steady progress in large-scale renewable energy-related projects.

Outlook for FY 2025

Orders received are expected to increase in FY 2025 due to demand for underground power distribution line work and renewable energy-related projects.

Sales are expected to decrease 12.1% from the previous year to 13.1 billion yen due to a decline in renewable energy-related work.

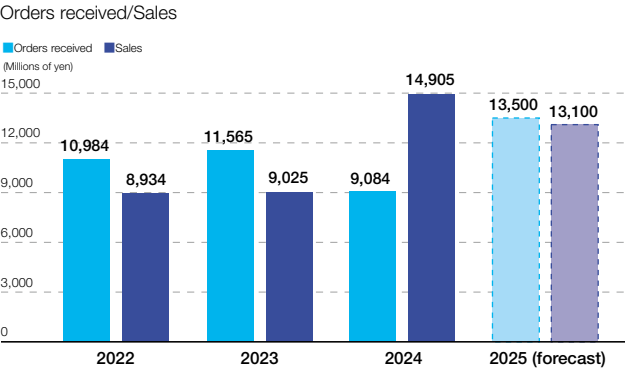
FY 2024 Results

Orders received

9,084 million yen
(vs. previous year: -21.5%)

Sales

14,905 million yen
(vs. previous year: +65.2%)



VOICE An employee's thoughts

Engaging in infrastructure work in Japan

I came from Korea to join Toenec and to gain diverse experience in Japan, including enhancing my expertise in electrical engineering.

Currently, I am engaged in construction management for underground line work, overseeing infrastructure projects such as cable replacement at the extra-high voltage substations of power companies, as well as transformer foundation work and interconnection line work for solar power plants.

On-site, we plan work methods and safety measures in advance, but things often don't go as planned, and the challenges are constant. However, the sense of accomplishment felt the moment we successfully complete a project is truly the best. To compensate for my lack of terminology and Japanese language skills compared to others, I make it a habit to constantly take notes and strive to think for myself before asking questions, working diligently every day.

Moving forward, I will continue to take responsibility in construction management and contribute to Japan's infrastructure development.



Mr. Yun

Renewable Energy & Underground
Infrastructure Construction Group
Underground Cable Division,
Distribution Department

Indoor Wiring Work



Shigemitsu Yamazaki

Executive Vice President
General Manager of
Business Promotion Department

Good Work, Good Life—bringing vitality and prosperity to people and society

Our indoor wiring work business strives to achieve the goals of the Medium-term Management Plan 2027 by strengthening the integrated framework for business promotion and construction, and by further enhancing and enriching human resource development.

Through the installation of indoor wiring, our department supports the creation of facilities that many people enjoy using, which includes large-scale projects such as new town development and carbon neutrality in manufacturing, as well as responding to inbound demand.

Most important of all is the safety and health of workers. First, we value the health of our employees and promote the creation of a safe and secure workplace. In addition, we will continue our efforts to improve our technologies, skills, and services to meet customers' quality requirements.

Strengths

- Ability to propose one-stop services, from planning to maintenance and servicing
- Industry-leading technologies and extensive experience
- Organizational capabilities that extend to key areas nationwide, with the Chubu region—the heart of Japan's manufacturing industry—as our solid foundation

Opportunities

- Robust demand for capital investment driven by redevelopment and aging buildings
- Increase in demand for capital investment in order to become carbon neutral and advance digital transformation (DX)

Risks and Issues

- Securing personnel and cooperative companies to meet increased demand
- Slowing construction demand due to population decline
- Complying with legal regulations restricting overtime
- Increase in construction costs due to rising prices

Review of FY 2024

Orders received totaled 94.2 billion yen, compared with a target of 85.0 billion yen, as a result of Company-wide efforts to secure orders by establishing a business promotion, design, and construction system amid on-going strength from last year in private capital investment, particularly in the manufacturing sector in the Chubu area, and on-going, brisk redevelopment activity in the Tokyo metropolitan area.

Sales increased 12.0% from the previous year to 92.6 billion yen on the back of uncompleted construction projects carried over from the previous year, in addition to launching and steadily advancing the largest projects we have undertaken to date.

The amount of uncompleted construction projects at the beginning of the period was a high 86.4 billion yen.

Outlook for FY 2025

In FY 2025, we will work to secure order reception and expand sales based on the Medium-term Management Plan 2027. Specifically, we will conduct systematic sales activities in a department-wide, integrated manner, while also developing human resources, strengthening our construction system through cooperation with Group companies and cooperative companies, and efficiently allocating personnel. In particular, we will actively expand into growth sectors, including data centers, aiming to further increase our business scale.

FY 2024 Results

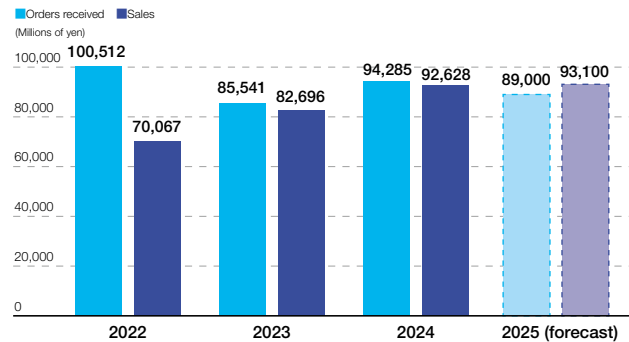
Orders received

94,285 million yen
(vs. previous year: +10.2%)

Sales

92,628 million yen
(vs. previous year: +12.0%)

Orders received/Sales



VOICE An employee's thoughts

Pride in manufacturing: embracing the future with the next generation

I am currently involved in the construction of a logistics center positioned as a relay point connecting eastern and western Japan.

This work demands precise judgment and swift action, and it is by no means easy. When faced with uncertainty in decision-making, I consciously ask myself, "If I were building my own home, how would I make this choice?" The exhilaration of completing a high-quality building without compromise is an irreplaceable feeling.

My mission and goal going forward is to dedicate myself to nurturing talent in the construction industry, so that the next generation of young people can experience this same feeling.



Mr. Ishii

Construction Section Manager,
Construction Group 1
Business Promotion Division,
Osaka Headquarters

Air Conditioning & Plumbing Work



Atsushi Watabe

Senior Managing Executive Officer
General Manager of Air Conditioning & Plumbing Department

Focusing on strengthening our construction system for further growth

The Air Conditioning & Plumbing Department will strengthen collaboration with relevant departments to meet the steady construction demand expected to continue as we work toward achieving the Medium-term Management Plan 2027. We will strive to gather information and assess construction capabilities, promoting planned order reception with a focus on medium- to long-term profitability.

Furthermore, we will promote front-loading utilizing Building Information Modeling (BIM) through the advancement of digital transformation, striving to further improve construction efficiency and profitability. We will also work to expand our construction system by further strengthening collaboration with Group companies and cooperative companies.

In our business operations, we value mutual prosperity and coexistence with business partners, and strive to be an organization trusted by society.

Strengths

- Ability to propose one-stop services, from planning to maintenance and servicing
- Organizational capabilities that extend to key areas nationwide, with the Chubu region—the heart of Japan’s manufacturing industry—as our solid foundation
- Responsiveness leveraging our strengths as an integrated equipment engineering company handling diverse facility construction projects

Opportunities

- Robust demand for capital investment driven by redevelopment and aging buildings
- Increase in demand for capital investment in order to become carbon neutral and advance digital transformation (DX)

Risks and Issues

- Securing personnel and cooperative companies to meet increased demand
- Slowing construction demand due to population decline
- Complying with legal regulations restricting overtime
- Increase in construction costs due to rising prices

Review of FY 2024

Orders received totaled 23.7 billion yen, up 34.2% from the previous year, as a result of organizing information from both sales and construction operations and promoting planned orders, amid on-going strength from last year in private capital investment, particularly in the manufacturing sector in the Chubu area, and on-going redevelopment activity in the Tokyo metropolitan area.

Sales were 22.2 billion yen, due to steady progress in uncompleted construction projects from the previous fiscal year.

The amount of uncompleted construction projects at the beginning of the period was a high 22.5 billion yen, up 7.4% from the previous year.

Outlook for FY 2025

In FY 2025, we will aim to secure orders and sales as the favorable order environment continues in the fiscal year. Orders received are expected to remain at a high level, as we are conducting activities to win planned orders considering our construction system, given the large amount of uncompleted construction projects at the beginning of the period.

Meanwhile, sales are expected to decline from the previous year, due to the high proportion of uncompleted construction projects being large-scale projects, which entail prolonged construction periods, and, based on estimated construction progress, a large amount of work will be carried over into the subsequent period and beyond.

FY 2024 Results

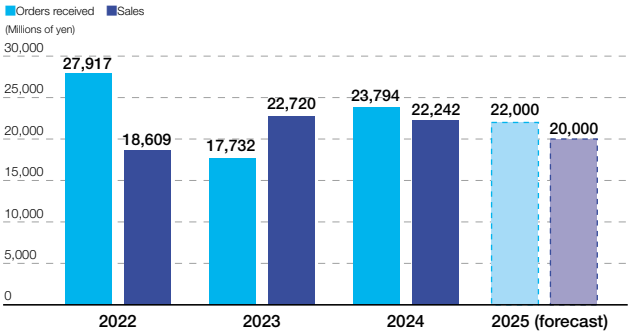
Orders received

23,794 million yen
(vs. previous year: +34.2%)

Sales

22,242 million yen
(vs. previous year: -2.1%)

Orders received/Sales



VOICE An employee's thoughts

The importance of teamwork and the sense of accomplishment achieved through manufacturing

Currently, I am involved in the air conditioning and sanitation equipment installation for the expansion project of a power frequency conversion station.

I feel that construction management work is a task where teamwork is extremely important, involving communication with people from diverse professions to create a single entity.

During construction, I often face numerous challenges, but with the cooperation of many people, I am able to overcome them. When the site is completed, I experience a tremendous sense of accomplishment. This is precisely what makes construction management work rewarding, and I take pride in being part of it.



Mr. Yoshito

Construction Section Manager,
Air Conditioning & Plumbing
Construction Group
Business Promotion Division,
Shizuoka Branch

Communication Line Work



Tatsuo Ikeyama

Senior Managing Executive Officer
Supervisory Manager of Information &
Communication Administration Division

Our role alongside the information and communication technologies enabling a safe and comfortable future

The Information & Communication Administration Division plays a vital role in supporting the foundational ICT infrastructure of society, which has grown in importance to be on par with that of electricity, gas, and water. Our mission is not only to build infrastructure, but to protect it under any circumstances. When natural disasters such as earthquakes or typhoons strike, we mobilize all our resources to carry out recovery operations, working diligently to restore peace of mind to everyone as quickly as possible.

In addition to the spread of remote work and online services, the introduction of 5G and 6G technologies, and the advancement of IoT, are further expanding demand for communication infrastructure. Our division provides comprehensive ICT solutions not only for building communication infrastructure but also for a wide range of fields including manufacturing, education, and healthcare. We are also actively engaged in road-related construction projects that incorporate advanced ICT, contributing to the creation of a safe and comfortable society.

The Medium-term Management Plan 2027 identifies carbon neutrality and digital transformation (DX) as key growth areas. As customer investment in information and communications technology accelerates, our division is advancing technological capabilities and building a robust framework to expand orders and achieve sustainable growth. We will continue to provide peace of mind, safety, and convenience, and keep moving forward as a business that paves the way for society's future.

Strengths

- Ability to propose one-stop services, from planning to maintenance and servicing
- Responsiveness leveraging our strengths as an integrated equipment engineering company handling diverse facility construction projects
- Technological capabilities applicable to diverse facilities such as factories, schools, and hospitals

Opportunities

- Increase in demand for telecommunications equipment accompanying the spread of 5G and next-generation communication technologies
- Increase in demand for capital investment in smart city-related projects and digital transformation initiatives
- Increase in projects contributing to enhanced highway safety

Risks and Issues

- Securing engineers with specialized technical skills
- Shortage of engineers due to the low birthrate and aging population
- Increase in construction costs due to rising prices

Review of FY 2024

Orders received grew 11.8% from the previous year to 18.3 billion yen thanks to strengthened sales activities, despite projections of very harsh conditions from restrained capital investment by mobile carriers.

Sales were affected by delays in the progress of projects under construction, in addition to reduced construction of mobile phone base stations, resulting in 18.0 billion yen in sales, an 8.4% decrease over the previous year. Furthermore, due to persistently high raw material prices and rising labor costs, profits have declined, making a review of the revenue structure an urgent priority.

Outlook for FY 2025

We will intensify sales efforts targeting mobile phone carriers, whose capital investment is recovering, while focusing on expanding the area of sales activities and strengthening our construction system for road-related projects. As for orders from general customers, we are developing our sales activities focusing on the manufacturing industry.

We project sales of 19.0 billion yen in FY 2025 and will actively promote technical exchanges with manufacturers possessing specialized expertise in order to enhance the technological capabilities of our entire organization. Furthermore, we will advance revisions of our revenue structure by enhancing construction management capabilities, rigorously implementing cost management, and promoting digital transformation.

FY 2024 Results

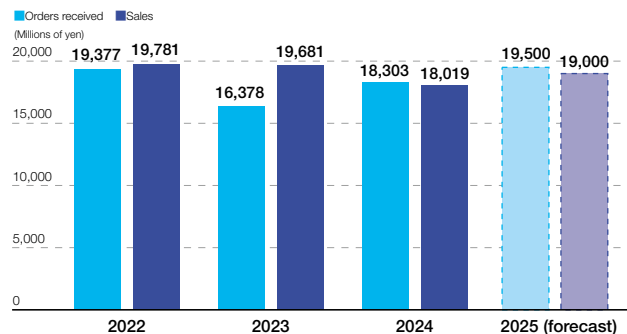
Orders received

18,303 million yen
(vs. previous year: +11.8%)

Sales

18,019 million yen
(vs. previous year: -8.4%)

Orders received/Sales



VOICE An employee's thoughts

Taking on new challenges to deliver higher-quality technology to our customers

Currently, I am involved in installation work for traffic information system on a newly constructed expressway. While it is challenging with so many first-time experiences, it is a rewarding site where I am gaining a lot of knowledge through communication with the civil engineers handling the paving work and the manufacturers supplying the equipment. I find it enjoyable and feel a sense of fulfillment every day. Where my knowledge falls short, I thoroughly consult with my senior colleagues and continue striving to provide higher-quality technology.



Mr. Ono

Information & Communication Group,
Information & Communication Division,
Shizuoka Branch

Energy Business



Koichi Ito
Executive Officer
General Manager of
Energy Business Division

Expanding business areas utilizing renewable energy

The Energy Business Division is working to secure stable earnings by engaging in the solar power generation business utilizing the FIT system and PPAs,¹ high-voltage bulk power-receiving services that provide electricity to condominiums, and facility services such as installation of air conditioning systems in school facilities and installation of underground water usage facilities in factories, hospitals, etc.

In addition, we are advancing new initiatives that leverage synergies with our solar power generation business, aiming to ensure a stable supply of renewable energy and foster growth across our entire energy operations. Specifically, we aim to further strengthen our profitability by entering the grid storage battery business utilizing our idle land holdings, maintaining long-term output through repowering² of power generation facilities, and enhancing the efficiency and productivity of our existing operations.

Finally, as an energy service provider, we are committed to fulfilling our social responsibility, maintaining all of our business facilities in good working order, and providing safe and stable service to our customers so that their daily lives and economic activities will not be disrupted during disasters or other incidents.

1. PPA (Power Purchase Agreement): A service in which a third party, rather than the company itself, installs and owns the power generation facilities and pays fees over a long period of time based on the amount of renewable energy electricity supplied.
2. Upgrading existing power generation facilities, such as solar power plants, by replacing or renewing equipment and technology to enhance power generation efficiency and reliability.

Strengths	Opportunities	Risks and Issues
<ul style="list-style-type: none"> ● Ability to propose ways of adopting renewable energy and effectively utilizing other forms of energy ● Business management experience and maintenance management systems cultivated over many years ● Management and personnel systems that can respond quickly to problems, etc. ● Promotion of business activities in harmony with local communities 	<ul style="list-style-type: none"> ● Increase in demand for renewable energy-related technologies in order to become carbon neutral (PPAs, repowering, grid storage battery projects, etc.) ● Increase in opportunities for facility service proposals driven by rising energy-saving demand ● Increase in interest in business continuity planning (BCP) measures due to more frequent and severe natural disasters 	<ul style="list-style-type: none"> ● Decrease in profitability due to legal changes ● Decrease in projected electricity sales revenue due to fluctuations in electricity demand ● Decrease in business demand due to changes in customer needs

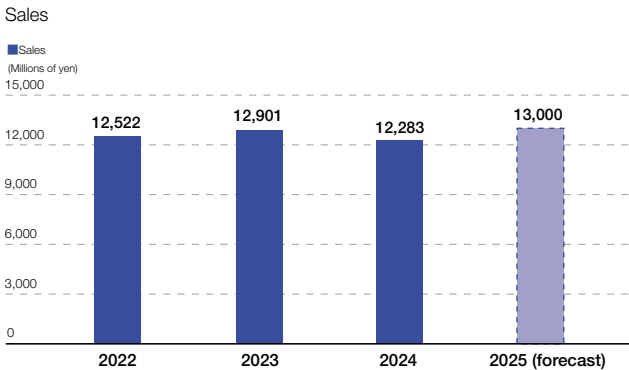
Review of FY 2024	Outlook for FY 2025
<p>Sales decreased 4.8% from the previous year to 12.2 billion yen due to a decline in annual volume of solar radiation in the solar power generation business, as well as damage to some business facilities caused by natural disasters and theft of power cables. However, to minimize the impact on earnings of facility damage caused by natural disasters, etc., we worked in collaboration with relevant internal departments to ensure a swift recovery.</p>	<p>In FY 2025, sales are expected to be 13.0 billion yen, a 5.8% increase over the previous year, thanks to the ongoing restoration of solar power generation facilities damaged by natural disasters, coupled with the continued stable operation of our other businesses.</p>

FY 2024 Results

Sales

12,283 million yen

(vs. previous year: -4.8%)



VOICE

An employee's thoughts

The significance and future prospects of work in the solar power generation business

I am primarily responsible for maintenance operations that are part of the maintenance and general operation of solar power plant facilities. I find great fulfillment in my role supporting the stable operation of solar power generation—a renewable energy source—as it contributes to a decarbonized society and combats global warming, thereby supporting the spread of clean energy.

When power outages occur due to equipment failures from natural disasters (e.g., lightning strikes) or equipment malfunctions, swift response is essential, and I feel significant pressure. However, working with the support of my colleagues and successfully restoring power brings a profound sense of accomplishment.

Looking ahead, my goal and mission extend beyond solar power generation itself. I aim to contribute further by engaging in the planning and development of new businesses and services.

Mr. Horimoto

Business Group 1
Energy Business Division

International Business



Toshiyuki Maeshima

General Manager of
International Division

Further strengthening international business and contributing to regional development with ODA projects

Our international business began in 1975, when we initially focused on constructing petrochemical plants in the Middle East. Today, we have bases across Asia and handle electrical equipment, air conditioning, and water supply and drainage work for production and commercial facilities such as factories, buildings, and hotels. We also handle power and communications infrastructure work as ODA projects.

To further strengthen overseas business centered on Asia, as outlined in the Medium-term Management Plan 2027, each office must proactively target projects from local and Western companies. This must be done—while maintaining Japanese manufacturers as key customers—in order to be less dependent on the investment trends of Japanese companies. In recent years, we have invested in local companies in Thailand, Vietnam, and Taiwan. Through collaboration, we are capturing growth in each country and securing new sales channels for stable sales and profit growth.

Furthermore, we will continue to engage in ODA projects, primarily in Asia, contributing to the region's sustainable development while accumulating ODA-related expertise and know-how.

Strengths

- Extensive construction experience and know-how cultivated over 50 years since launching our international business
- Expansive business reach with eight bases across Asia to meet customer needs
- Safe and high-quality construction that meets Japanese standards, delivered by Japanese engineers with extensive overseas experience
- Ability to propose one-stop services, from planning to maintenance and servicing

Opportunities

- Increase in construction demand resulting from economic development in target countries

Risks and Issues

- Decline in overseas investment by Japanese companies due to yen depreciation
- Increase in construction costs due to rising prices
- Heightened geopolitical and policy risks in target countries
- Decline in profitability due to exchange rate fluctuations

Review of FY 2024

Due to factors such as the weak yen, we struggled to secure orders in the countries we operate in, where Japanese companies form the core of our customer base. Furthermore, at Thailand's Tri-En Solution Co., Ltd., labor cost increases significantly deteriorated profitability on some projects, resulting in the recognition of construction losses.

In Taiwan, on the other hand, capital investment remained robust in both the real estate and manufacturing sectors. In Vietnam, the environment for orders also improved as monetary tightening eased.

Outlook for FY 2025

We must closely monitor the impact of U.S. tariff policies and exchange rate movements on our customers' investment plans. However, to ensure a steady flow of orders even under these circumstances, we will continue to conduct sales activities in coordination with our Japanese teams.

As for the Thai projects where construction losses were recorded in the previous year, we will strengthen construction management by providing necessary support from Japan to ensure that the projects are completed and delivered as planned.

VOICE An employee's thoughts

Providing safe and high-quality power transmission facilities in the Republic of Palau

I am responsible for the 34.5 kV overhead transmission line work under the ODA project (Project for Upgrading and Maintenance of the National Electric Power Grid in Palau). I primarily manage the schedule and construction, while providing safety and technical guidance to the on-site construction workers.

It's been over a year since I was assigned to Palau, and I feel a sense of fulfillment in my work. The name Toenec is gradually becoming recognized within Palau, and while working on-site, we sometimes receive warm words in Japanese like "Thank you" and "Keep up the good work" from the locals, along with offers of drinks.

In recent years, Palau has experienced frequent power outages due to deteriorating power facilities and increasing electricity demand. We will strive to complete the project as soon as possible and deliver safe, high-quality electricity to the people of Palau—a friend of Japan.



Mr. Gozawa

Deputy Director
Information & Communication and
Underground Line Group
International Division

Details of each overseas base are available on our Company website.
(<https://www.toenec.co.jp/english/international/index.html>)



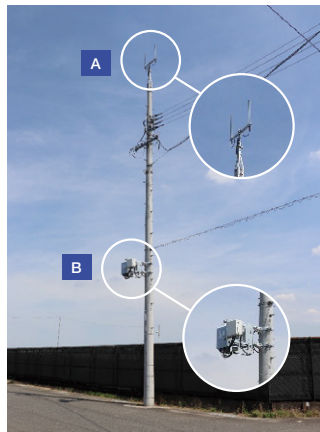
Proprietary Businesses

Antenna Sharing Business

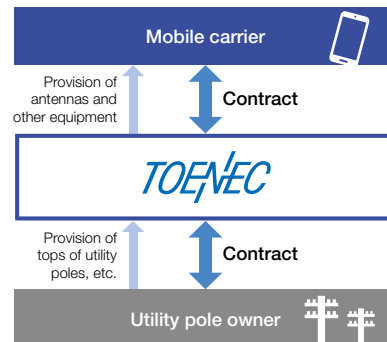
As an initiative to promote the early spread of 5G, we launched our antenna sharing business.

The Information & Communication Administration Division and the Distribution Division are working together to help promote this business. This business involves installing equipment such as antennas and power supplies for mobile phone base stations on utility poles in areas desired by mobile carriers, and then leasing this equipment to the carriers.

The advantages of this business include eliminating the need for mobile carriers to build base stations and the sharing of antennas and other equipment, which is expected to shorten the construction period and reduce costs compared to building base stations by mobile carriers themselves. We believe that this will lead to the early spread of 5G.



Antenna (A) at the top of a utility pole and power supply equipment, wireless equipment, etc., (B) in the middle (Photograph is for reference only.)



Radio Day and Info-Communications Promotion Month 2025 commendation ceremony:

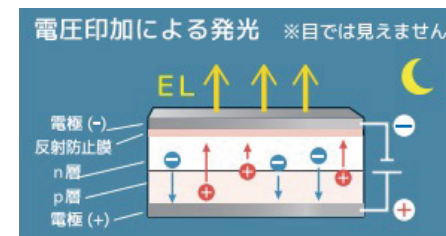
Received the Tokai Information Communication Conference Chairman's Award

This business was recognized for its contribution to ensuring stable communication quality in regions where installing base stations is difficult due to structural or landscape constraints.

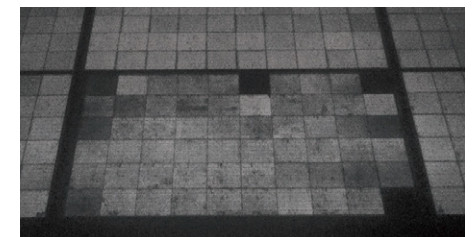
On-Site EL Measurement Service Business

The on-site EL measurement service for solar power plants is a service that detects panel failures using the EL measurement method without removing the solar panel from the frame. The EL measurement method is a method of photographing electroluminescence, a phenomenon in which the solar panel itself emits light by flowing current to the solar panel. When the inside of the solar panel is cracked or the panel is deteriorating, the luminescence intensity is reduced, so it is possible to identify defective parts and deterioration status from the images taken. By detecting these failures at an early stage and taking the necessary countermeasures, we can prevent a decrease in electricity sales revenue.

In general, solar cell manufacturers perform EL measurements in darkrooms prior to product shipment. However, by using a dedicated camera developed by our Company, measurements can be made on-site, where the solar power plant is located. As a result, our EL measurement can significantly reduce the time and cost of diagnosis compared to in-plant measurements. In particular, at large-scale solar power plants, dedicated cameras are mounted on drones to perform EL measurements to improve the efficiency of measurement work. Moreover, since EL measurements are performed at night, electricity sales revenue is not affected, which is a major advantage.



Principles of electroluminescence



EL image of a deteriorated panel

Applications of EL measurement

- To assess the asset value of the power plant
- To thoroughly investigate the cause of reduced power generation
- To verify construction quality before delivery
- To assess damage from typhoons or heavy snow
- To inspect panels for the first time (which had not been done because they were on the roof)



On-site EL measurement service for solar panels

JECA FAIR 2019, the 58th Product Contest:

Received the Minister of the Environment Award



Roundtable Discussion with Outside Directors

We will enhance the effectiveness of the Board of Directors while supporting efforts for sustainable growth.

Chairman Fujita and three outside directors had a roundtable discussion focusing on the theme of Toenec's sustainable growth. They discussed the effectiveness of the Board of Directors, as well as Toenec's strengths and issues, and what is necessary for sustainable growth, from the perspective of the outside directors.



Kazuhiro Igarashi
Outside Director

Yuzo Fujita
Chairman and
Representative Director

Atsushi Iizuka
Outside Director

Masayoshi Takigami
Outside Director

Board effectiveness and the roles of the outside directors

Iizuka: Five years have passed since I was appointed to the Board in June 2020. Looking back, I feel that discussions at Board meetings have become more active since Toenec transitioned to a company with an Audit and Supervisory Committee in June 2021. Prior to that, the Board often focused on deciding important business execution matters, with meetings largely devoted to reports from the part of the organization that executes those decisions. Now, with a certain degree of decision-making delegated to that part of the organization, topics such as the Company's medium- to long-term vision and management strategies have become central to the Board's agenda. I think that diverse opinions are now being exchanged, including from outside directors like myself, which has also contributed to enhancing the Board's effectiveness. I consider my role to involve leveraging my experience in government and at other companies to strengthen governance and provide advice on matters such as dealing with local governments. Over these past five years, I have consistently kept in mind the thought that merely highlighting my past experiences is pointless. Therefore, I will continue to offer advice in meetings that is informed by my experience and will contribute to the Company's development.

Igarashi: I was appointed to the Board in June 2024, and although it has only been about a year, my impression is that Board members, led by Chairman Fujita, all engage in proactive and lively discussion at meetings. Furthermore, regarding agenda items that have been under discussion for a long time, the Board provides new members with thorough support to ensure the Board's effectiveness. This includes arranging



opportunities to share with us the background of such agenda items. In my role, drawing on my seven years of experience as president of a publicly listed company with a parent company, I provide varied advice regarding major shareholder relations and other aspects of shareholder protection. In addition,

Roundtable Discussion with Outside Directors

having worked extensively in the railway industry, I understand the societal duty to safeguard society’s infrastructure. Therefore, I aim to continually remind employees that their work holds societal significance.

Takigami: Like all of you, I also have the impression that all Board members, including outside directors, actively exchange opinions. Robust discussions are essential in ensuring the Board’s effectiveness, and I feel we are able to discuss matters in a very positive atmosphere. In terms of how meetings are run, our suggestions are swiftly incorporated, and I think this approach also contributes to enhancing effectiveness. As for my role, I strive to offer remarks that take into account the perspective of the business execution part of the organization. While taking on challenges naturally entails risk, the Company cannot grow without doing so. To ensure that the business execution part of the organization does not become overly timid and avoid taking risk, I aim to make remarks that encourage them to take on challenges while properly assessing risks.

Fujita: We implement the proposals made by outside directors, which are not limited to how meetings are run, as quickly as possible. With independent outside directors comprising a majority of our Board, and considering our current skill matrix, I feel we have established an environment where various opinions can be provided from a wide range of perspectives. By incorporating everyone’s opinions—backed by their knowledge and expertise—to implement the PDCA cycle, I think our Company can move in a better direction.

| Toenec’s strengths and challenges

Takigami: Toenec’s strength lies in having a solid foundation in the Chubu area and consistently receiving orders for electric power infrastructure work. However, I feel that having a stable business foundation could also become an issue. Because the market is limited if the Company operates only in the local Chubu area, it must adopt an aggressive strategy to continue growing. This will involve maintaining market share in the Chubu area while simultaneously expanding business into other areas or



pursuing M&As of other companies. I think management must have the resolve and commitment to execute such strategies, even while taking on risks.

Igarashi: I share Mr. Takigami’s view. Toenec’s business foundation in the Chubu area, and the construction system it has in place to support society’s infrastructure, are major strengths unmatched by other companies. Furthermore, I feel that many employees are highly motivated and working hard, driven by a strong sense of fulfillment and loyalty in their mission to support society’s infrastructure. To continue leveraging these strengths, I feel it is crucial to secure and develop human resources, which includes the Company’s cooperative companies, while also strengthening cross-departmental collaboration. As the “All Toenec” slogan suggests, I think that strengthening collaboration between departments and bringing together technologies and human resources will elevate the Company’s capabilities as an integrated equipment engineering company and create new growth opportunities.

Iizuka: I think Toenec’s primary strength is that it possesses core technologies, starting with electrical equipment work. The Company’s commitment to technology is evident by its participation in the National Skills Competition, as well as the way management cares about the frontline. Because possessing core technologies is crucial when expanding beyond existing businesses into various fields, I would like Toenec to keep striving to enhance its technological capabilities. I also think that being based in the Chubu area is another strength of the Company’s. This area, compared to others, boasts an overwhelmingly strong manufacturing base, with a high concentration of manufacturing industries, providing the significant advantage of enabling stable management. On the other hand, as you all mentioned, this very stability can potentially turn into the weakness of a lack of aggressiveness. Because pursuing future growth will necessitate aggressively expanding beyond the Chubu area into the Tokyo metropolitan and other areas, I think the current favorable business environment presents a crucial juncture.



Roundtable Discussion with Outside Directors

Fujita: Regarding the issues raised by everyone—strengthening human capital and fostering a sense of unity to maximize our overall capabilities—we will continue to address these in collaboration with President Takimoto. He places great importance on the perspective of the frontline and is also working to strengthen our bottom-up culture. We will consider future actions based on the feedback gathered from on-site visits and the opinions shared by all of you.

| What is necessary for sustainable growth

Igarashi: For sustainable growth, I think it's crucial for everyone to share a long-term vision of the kind of company Toenec should become. My impression of the employees is that they are very diligent and sincere. Therefore, I think that if management presents a clear vision for the way forward, employees will be able to move forward highly motivated and united. We've begun discussions looking beyond the Medium-term Management Plan, but I think it's important as to whether we can set more concrete goals that can get everyone fired up.

Furthermore, while companies everywhere are struggling with recruitment, enhancing the Company's appeal not only requires improving compensation but also job satisfaction. I think it is important that our articulated Purpose permeates the Company, so that the Company's reason for being is widely recognized both internally and externally.

In addition, while this is already underway in the Research & Development Division, I believe the Company can better communicate its initiatives by building and maintaining collaborative relationships with other companies and universities, rather than being confined to an in-house approach. This should also help convey the Company's appeal to STEM students, who will one day shoulder our technological capabilities.

Takigami: To achieve sustainable growth, Toenec must—as we've all said—take on growth markets like Tokyo and Osaka. Securing human resources will be key, but I feel that recently hired new graduates have a strong preference for working near their home areas. People based in the Chubu area often feel reluctant about relocating to other areas, and the reverse is also true. Therefore, to grow our business outside the Chubu region in the long term, I think the Company must not only consider reassigning human

resources but also measures to secure and develop human resources deeply rooted in those other areas.

Iizuka: As many of you have noted, taking on growth fields is key to our sustainable growth. While the population continues to decline, specific sectors like new data centers and semiconductor factories—driven by carbon neutrality and AI adoption—are expected to see increased demand for capital investment. Furthermore, growth fields should not be limited to Japan; Toenec must also consider Asian countries, whose economies are growing. Moreover, where the Company places emphasis when envisioning the future will be of utmost importance. In addition, to capitalize on growth opportunities, the Company must maintain a mindset that actively embraces change and the taking on of challenges, while continuing to hone the Company's aforementioned strengths.

At Board meetings, discussions inevitably tend to focus on risk mitigation. But we directors must be mindful that we are not only acting the role of a brake. I hope the Board can engage in discussions that successfully support the Company's growth.

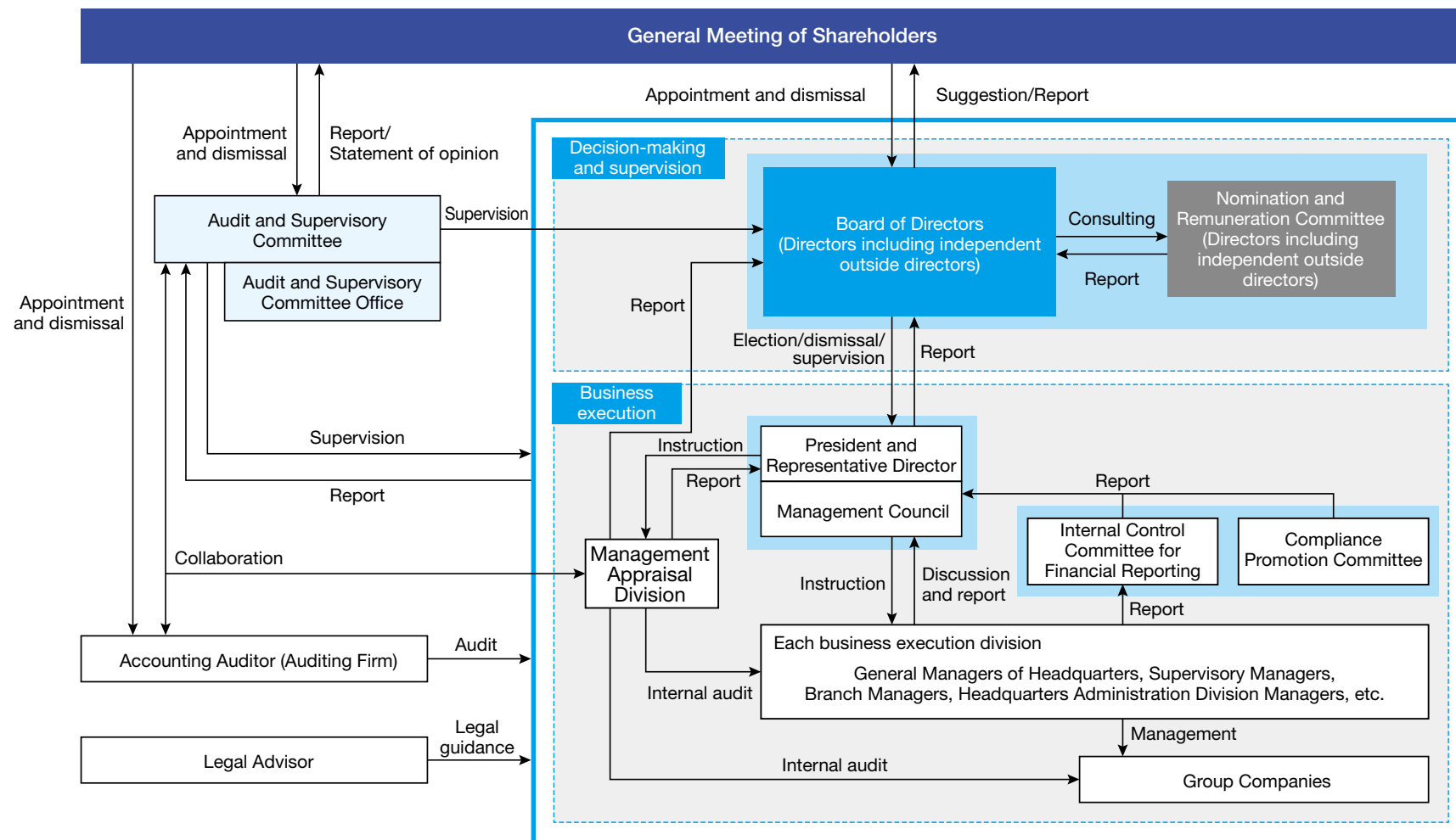
Fujita: As you have all pointed out, I think that to achieve sustainable growth, we must articulate our Group's long-term vision and work together as one to realize it. Currently, with our 100th anniversary in 2044 as the target year, we are internally discussing what kind of company we want to be at our 100th anniversary, and what we should focus on to achieve that. I would like to place our Group on a path of sustainable growth by listening not only to the opinions of our outside directors, but also to the expectations of all stakeholders—including customers, investors, and employees—and reflecting these in our vision.



Corporate Governance Structure

In order to realize our management philosophies of “Create comfortable environments,” “Develop excellent technologies,” and “Become a human-centric corporation,” the Company aims to achieve sustainable growth and enhance corporate value by continuing to provide solid value to customers and society through taking on challenges and reforms based on our Purpose to “Create and sustain comfortable environments that bring vitality and richness to people and society under any conditions.”

With this in mind, we strive to strengthen corporate governance by thoroughly enforcing corporate ethics and compliance; improving internal controls, risk management, and information disclosure; and enhancing management efficiency and corporate fairness and transparency, in accordance with the principles of the Corporate Governance Code.



Note: The Parent-Subsidiary Transaction Deliberation Committee has now been abolished due to the change from a consolidated subsidiary to an affiliate in July 2024 as a result of a review of the capital relationship with Chubu Electric Power Co., Inc.

Important Councils and Committees, etc.

(1) Board of Directors

The Board of Directors meets once a month in principle to make decisions on resolutions prescribed by laws, regulations, and the Company's Articles of Incorporation, and on important management matters, and to supervise the directors' execution of their duties, such as by receiving reports from the directors on the status of this execution. In addition, in order to strengthen the supervisory function of the Board of Directors, the majority (7) of the 13 directors are independent outside directors.

Position	Independent Outside	Name	Number of times attended (FY 2024)
Chairman of the Board of Directors		Yuzo Fujita	15/15
President and Representative Director		Tsuguhisa Takimoto	15/15
Representative Director		Shigemitsu Yamazaki	15/15
Director		Tatsuo Ikeyama	15/15
Outside Director	●	Atsushi Iizuka	15/15
Outside Director	●	Hiroyuki Ukai	15/15
Outside Director	●	Akiko Yoshimoto	15/15
Outside Director	●	Kazuhiro Igarashi	12/12
Outside Director	●	Masayoshi Takigami	12/12
Director		Yasuhiko Horiuchi	3/3
Director		Kouji Hirata	3/3
Outside Director, Senior Audit and Supervisory Committee Member		Shuichi Terada	15/15
Director, Audit and Supervisory Committee Member		Masahiko Kimura	15/15
Outside Director, Audit and Supervisory Committee Member	●	Katsuhiko Sugita	15/15
Outside Director, Audit and Supervisory Committee Member	●	Mitsuaki Shibata	15/15

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four directors (three of whom are outside directors). As an independent body entrusted by shareholders, the Audit and Supervisory Committee formulates audit plans and audits directors' execution of their duties based on these audit plans. The Audit and Supervisory Committee carries out its audits by attending meetings of the Board of Directors, the Management Council, and other important meetings, hearing from directors, etc., about the execution of their duties; investigating business and assets; and inspecting important documents. In addition, regarding subsidiaries, directors who are full-time members of the Audit and Supervisory Committee also serve as auditors of important domestic subsidiaries, conducting audits as well as regular investigations and communicating with the subsidiaries' management. These directors also conduct regular investigations of our overseas subsidiaries. Directors who are members of the Audit and Supervisory Committee include persons with sufficient knowledge of accounting, finance, and the practice of law.

Position	Name	Number of times attended (FY 2024)
Outside Director, Senior Audit and Supervisory Committee Member (full-time)	Shuichi Terada	19/19
Director, Audit and Supervisory Committee Member (full-time)	Masahiko Kimura	19/19
Outside Director, Audit and Supervisory Committee Member (part-time)	Katsuhiko Sugita	19/19
Outside Director, Audit and Supervisory Committee Member (part-time)	Mitsuaki Shibata	19/19

(3) Nomination and Remuneration Committee

In order to strengthen objectivity and transparency in procedures related to officer nomination and remuneration, the Nomination and Remuneration Committee has been established as a voluntary advisory body to the Board of Directors. The Nomination and Remuneration Committee, which consists of five directors (three of whom are independent outside directors), deliberates on matters such as the nomination of director candidates, election and dismissal of representative directors, and director remuneration (excluding directors who are Audit and Supervisory Committee members) in response to consultation by the Board of Directors, and reports to the Board of Directors.

(4) Management Council

The Management Council has been established to deliberate from multiple points of view on important matters with regard to the business execution of the divisions. The Management Council consists of the president and representative director, the executive vice president, and the senior managing executive officers and is also attended by full-time members of the Audit and Supervisory Committee and observers (the general manager of the Management Appraisal Division, general manager of the Legal Affairs Division, general manager of the Finance & Accounting Division, etc.). Management Council meetings are held at least once a month in principle, to deliberate on matters discussed by the Board of Directors and important management matters to be determined by the president, and to receive reports on the status of business execution.

(5) Internal Control Committee for Financial Reporting

The Internal Control Committee for Financial Reporting has been established to deliberate on the status of maintenance and operation of internal control over financial reporting and to ensure its efficient operation.

(6) Compliance Promotion Committee

The Compliance Promotion Committee has been established to deliberate and determine policies and measures related to compliance promotion in order to promote compliance comprehensively and reliably in the Toenec Group. Based on this, the Company strengthens and enhances our structure for preventing compliance risks.

In addition, the Compliance Promotion Committee reports important matters directly to the Board of Directors.

Internal Audit

As for internal audits, the Management Appraisal Division, a body independent of the business execution divisions that reports directly to the president, has been established as a dedicated department for the purpose of contributing to improving management efficiency and ensuring appropriate business execution. The Division conducts inspections across all company operations from the viewpoint of the effectiveness of the internal control system (including internal controls pertaining to financial reports), reports the results of these inspections to the president and directors who are members of the Audit and Supervisory Committee, and provides advice and recommendations to the relevant departments to encourage continuous improvement.

In addition, the Management Appraisal Division reports important matters directly to the Board of Directors.

Accounting Audit

KPMG AZSA LLC has been appointed as the accounting auditor and has continuously audited the Company for a period of 18 years. Two certified public accountants, Kuniyoshi Iwata and Tatsuhisa Murai, have performed the accounting audit. Assistants for accounting audit services are six certified public accountants and nine others.

Board of Directors (as of August 31, 2025)



Yuzo Fujita

Chairman and Representative Director

Jul. 2014 Executive Officer and General Manager of Distribution, Customer Service Division, Chubu Electric Power Co., Inc.
Jul. 2015 Managing Executive Officer and General Manager of Nagoya Branch, Chubu Electric Power Co., Inc.
Apr. 2018 Senior Managing Executive Officer and General Manager of Tokyo Headquarters
Jun. 2018 Director, Senior Managing Executive Officer and General Manager of Tokyo Headquarters
Apr. 2020 Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of Secretariat Division, Research & Development Division, and Information & Communication Administration Division
Apr. 2021 President and Representative Director, Chief Executive Officer
Apr. 2024 Chairman and Representative Director (current position)
Number of shares held: 33,159



Tatsuo Ikeyama

Director, Senior Managing Executive Officer
Supervisory Manager of Research & Development Division, Information Systems Division, and Information & Communication Administration Division
Apr. 1987 Joined the Company
Jun. 2013 Executive Officer and General Manager of Sales Division and Manager of Construction Group of Mie Branch
Jul. 2013 Executive Officer and General Manager of Air Conditioning & Plumbing Administration Division of Business Promotion Department
Jul. 2016 Executive Officer and General Manager of Air Conditioning & Plumbing Administration Division of Air Conditioning & Plumbing Department
Apr. 2018 Executive Officer and General Manager of Mie Branch
Apr. 2021 Senior Managing Executive Officer and Supervisory Manager of Information Systems Division and Information & Communication Administration Division
Apr. 2022 Senior Managing Executive Officer and Supervisory Manager of Research & Development Division, Information Systems Division and Information & Communication Administration Division
Jun. 2022 Director, Senior Managing Executive Officer and Supervisory Manager of Research & Development Division, Information Systems Division and Information & Communication Administration Division (current position)
Number of shares held: 14,246



Akiko Yoshimoto Independent Outside

Outside Director (part-time)
Jul. 2013 Vice-Governor, Aichi Prefecture
Jul. 2015 Assistant Minister (in charge of Worker's Compensation), Minister's Secretariat, Ministry of Health, Labour and Welfare
Jul. 2017 Deputy Director-General of Secretariat, Central Labor Relations Commission, Ministry of Health, Labour and Welfare
Jul. 2018 Director-General of Human Resources Development, Ministry of Health, Labour and Welfare
Jul. 2019 Director-General of Secretariat of Central Labor Relations Commission, Ministry of Health, Labour and Welfare (Retired from the Ministry in October 2021)
Feb. 2022 Senior Advisor, Boston Consulting Group (current position)
Jun. 2022 Outside Director of the Company (part-time) (current position)
Jun. 2023 Outside Auditor, Takara Holdings Inc. (current position)
Jun. 2024 External Director, Sumitomo Seika Chemicals Co., Ltd. (current position)
Number of shares held: 1,121



Tsuguhisa Takimoto

President and Representative Director
Chief Executive Officer

Apr. 1986 Joined the Company
Jun. 2013 Advisor and Deputy General Manager of the Underground Line Division of the Distribution Department
Jun. 2014 Executive Officer and General Manager of Shizuoka Branch
Apr. 2018 Executive Officer and Deputy General Manager of Tokyo Headquarters
Apr. 2020 Senior Managing Executive Officer and General Manager of Tokyo Headquarters
Jun. 2020 Director, Senior Managing Executive Officer and General Manager of Tokyo Headquarters
Apr. 2022 Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of Corporate Planning Division, Finance & Accounting Division, and Purchasing Division
Apr. 2023 Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of Secretariat Division, Personnel Division, Education & Training Center, and Purchasing Division
Apr. 2024 President and Representative Director, Chief Executive Officer (current position)
Number of shares held: 18,513



Atsushi Iizuka Independent Outside

Outside Director (part-time)

Jul. 2015 Director-General, Tokai Local Finance Branch Bureau, Ministry of Finance
Jul. 2016 First Deputy Commissioner, National Tax Agency
Jul. 2017 Director-General, Customs and Tariff Bureau, Ministry of Finance (Retired from Ministry of Finance in July 2018)
Nov. 2018 Advisor, Sampo Holdings, Inc.
Jan. 2019 Chairman, Sampo Japan Nipponkoa Research Institute Inc. (Retired in June 2020)
Jun. 2020 Outside Director of the Company (part-time) (current position)
Senior Managing Executive Officer, JAPAN POST HOLDINGS Co., Ltd.
Jun. 2021 Representative Executive Officer, Executive Vice President, JAPAN POST HOLDINGS Co., Ltd.
Jun. 2023 Director and Representative Executive Officer, Executive Vice President, JAPAN POST HOLDINGS Co., Ltd.
Apr. 2024 Director and Representative Executive Officer, Senior Executive Vice President, JAPAN POST HOLDINGS Co., Ltd. (current position)
Number of shares held: 5,676



Kazuhiro Igarashi Independent Outside

Outside Director (part-time)

Jun. 2006 General Manager of Rolling Stock Department, Shinkansen Operations Division, Central Japan Railway Company
Jun. 2010 Deputy General Manager, General Technology Division and General Manager, Technology Planning Department, Central Japan Railway Company
Jun. 2012 Executive Officer, Deputy General Manager, General Technology Division and General Manager, Technology Development Department, Central Japan Railway Company
Jun. 2014 Director, Managing Executive Officer, General Manager of General Technology Division, Supervisory Manager of Rolling Stock Department, Central Japan Railway Company
Jan. 2016 Executive Vice President, NIPPON SHARYO, LTD.
Jun. 2016 Representative Director, President & CEO, NIPPON SHARYO, LTD.
Jun. 2023 Senior Advisor, NIPPON SHARYO, LTD.
Jun. 2024 Outside Director of the Company (part-time) (current position)
Number of shares held: 828



Shigemitsu Yamazaki

Representative Director, Executive Vice President, assisting the President in general business management,
Supervisory Manager of International Division and General Manager of Business Promotion Department

Apr. 1987 Joined the Company
Jun. 2015 Advisor and Deputy General Manager of Corporate Planning Office
Jul. 2016 Executive Officer, Deputy General Manager of Corporate Planning Division and Manager of Corporate Management Group
Apr. 2017 Executive Officer, General Manager of Electric Construction Administration Division of Business Promotion Department
Apr. 2021 Executive Officer and General Manager of Personnel Division
Apr. 2022 Senior Managing Executive Officer and General Manager of Tokyo Headquarters
Jun. 2022 Director, Senior Managing Executive Officer and General Manager of Tokyo Headquarters
Apr. 2024 Representative Director and Executive Vice President, assisting the President in general business management, Supervisory Manager of International Division and General Manager of Business Promotion Department (current position)
Number of shares held: 17,539



Hiroyuki Ukai Independent Outside

Outside Director (part-time)

Apr. 2010 Vice-President of Nagoya Institute of Technology and Professor of Graduate School of Engineering, Nagoya Institute of Technology
Apr. 2014 President, Nagoya Institute of Technology
Apr. 2020 Vice-President and Professor of Faculty of business administration of Aichi Toho University, Toho Gakuen Administration Officer, Toho Gakuen (current position)
Apr. 2021 President, Aichi Toho University (current position)
Jun. 2021 Outside Director, Audit and Supervisory Committee Member, ASTI CORPORATION (current position)
Jun. 2022 Outside Director of the Company (part-time) (current position)
Number of shares held: 1,958



Masayoshi Takigami Independent Outside

Outside Director (part-time)

Jun. 1997 Director and General Manager of Sales Department, The Takigami Steel Construction Co., Ltd.
Jun. 1998 Director and General Manager, Nagoya Branch, The Takigami Steel Construction Co., Ltd.
Oct. 1999 Director and General Manager of Eastern Sales Department, The Takigami Steel Construction Co., Ltd.
Jun. 2004 Director, Executive Officer, General Manager of Eastern Sales Group, The Takigami Steel Construction Co., Ltd.
Jun. 2006 Director, Executive Officer, General Manager of Sales Headquarters, General Manager of Nagoya Branch, The Takigami Steel Construction Co., Ltd.
Apr. 2007 Director, Executive Officer, General Manager of Sales Headquarters, General Manager of Planning & Administration Office, The Takigami Steel Construction Co., Ltd.
Jun. 2007 Director, Executive Officer, Supervisory Manager of Administration Headquarters, and General Manager of Planning & Administration Office, The Takigami Steel Construction Co., Ltd.
Jun. 2008 Managing Director, Supervisory Manager of Planning & Administration Office, Production Headquarters, and Construction Headquarters, The Takigami Steel Construction Co., Ltd.
Jun. 2010 President and Representative Director, The Takigami Steel Construction Co., Ltd. (current position)
Jun. 2024 Outside Director of the Company (part-time) (current position)
Number of shares held: 828

Note: The number of shares held is as of the end of March 2025.

Board of Directors and Skills Matrix (as of August 31, 2025)

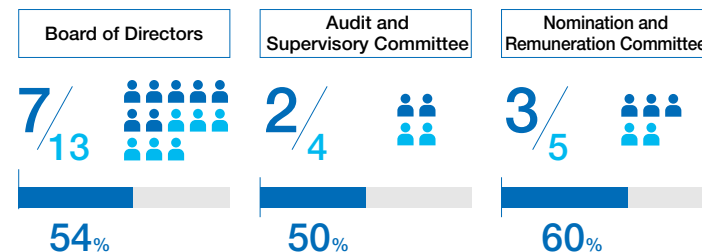


Shuichi Hosono Outside Newly appointed
 Outside Director, Senior Audit and Supervisory Committee Member (full-time)
 Jul. 2009 Affiliated Business Promotion Department, Chubu Electric Power Co., Inc., seconded the Company (Director and General Manager of Legal Affairs)
 Jul. 2011 Head of the Contract Group in the Materials Department, Chubu Electric Power Co., Inc.
 Jul. 2015 Vice President of Tokyo Branch, Chubu Electric Power Co., Inc.
 Apr. 2017 General Manager of Legal Affairs Department, Chubu Electric Power Co., Inc.
 Apr. 2018 Executive Officer and General Manager of Legal Affairs Department, Chubu Electric Power Co., Inc.
 Apr. 2020 Executive Officer and General Manager of the Business Management Division, Chubu Electric Power Co., Inc.
 Apr. 2021 Associate Director of Chubu Plant Services Co., Ltd.
 Jun. 2021 Auditor of Chubu Plant Services Co., Ltd.
 Jun. 2025 Outside Director, Senior Audit and Supervisory Committee Member of the Company (current position)
 Number of shares held: 0



Kanako Ito Independent Outside Newly appointed
 Outside Director, Audit and Supervisory Committee Member (part-time)
 Oct. 2006 Registered as an attorney at law
 Oct. 2006 Joined Ishihara Law Office
 Dec. 2016 Outside Audit & Supervisory Board Member of Kobayashi Create Co., Ltd. (current position)
 Jun. 2021 Left Ishihara Law Office
 Jul. 2021 Joint Owner of Musubi Law Office (current position)
 Jun. 2024 Outside Audit & Supervisory Board Member of Yahagi Construction Co., Ltd. (current position)
 Jun. 2025 Outside Director, Audit and Supervisory Committee Member (part-time) of the Company (current position)
 Number of shares held: 0

Percentage of Independent Outside Directors on the Board of Directors, Audit and Supervisory Committee, and Nomination and Remuneration Committee (as of July 2025)



Hideki Sato Newly appointed
 Director, Audit and Supervisory Committee Member (full-time)
 Apr. 1986 Joined the Company
 Jul. 2014 General Manager of Secretarial Office
 Jun. 2015 Executive Officer and General Manager of Secretarial Office
 Jul. 2016 Executive Officer and General Manager of Secretarial Division
 Apr. 2018 Executive Officer and General Manager of Personnel Division
 Apr. 2021 Executive Officer and General Manager of Nagano Branch
 Apr. 2025 Advisor to the Audit and Supervisory Committee Office
 Jun. 2025 Director, Audit and Supervisory Committee Member (current position)
 Number of shares held: 29,352



Mitsuaki Shibata Independent Outside
 Outside Director, Audit and Supervisory Committee Member (part-time)
 Mar. 1981 Registered as Certified Public Accountant
 May 2003 Representative Partner, Chuo Aoyama Audit Corporation
 Aug. 2007 Representative Partner, KPMG AZSA LLC
 Jul. 2013 Auditor, KPMG AZSA LLC
 Jul. 2015 President of Shibata Mitsuaki CPA Office (current position)
 Jun. 2019 Outside Auditor (part-time) of the Company
 Jun. 2021 Outside Director, Audit and Supervisory Committee Member (part-time) of the Company (current position)
 Number of shares held: 2,153

Skills Matrix

The Board of Directors is composed of directors with abundant experience and broad insight cultivated through diverse backgrounds in order to fulfill its roles and responsibilities, such as directing corporate strategies, creating an environment that supports appropriate risk taking by the management, and highly effective supervision from an independent and objective standpoint, and to achieve our sustainable growth and increase our corporate value over the medium to long term.

Name	Independent Outside	Main Areas of Expertise						
		Corporate Management	Business Promotion, Marketing	Technology, Quality, DX	Finance & Accounting	Legal Affairs, Risk Management	Internationality	ESG (Environmental, Social, Governance)
Yuzo Fujita		○	○	○		○		○
Tsuguhisa Takimoto		○			○	○	○	○
Shigemitsu Yamazaki		○	○	○			○	○
Tatsuo Ikeyama		○	○	○				○
Atsushi Iizuka	●	○			○	○		○
Hiroyuki Ukai	●	○		○		○		○
Akiko Yoshimoto	●	○				○	○	○
Kazuhiro Igarashi	●	○		○		○		○
Masayoshi Takigami	●	○	○	○				○
Shuichi Hosono		○				○		○
Hideki Sato					○	○		○
Mitsuaki Shibata	●				○	○		○
Kanako Ito	●				○	○		○

Note: The number of shares held is as of the end of March 2025.

Note: The above chart is not an exhaustive list of each person's areas of expertise and experience.

Executive Remuneration and Evaluation of the Effectiveness of the Board of Directors

Matters concerning the decision policy regarding the content of remuneration, etc. for each director (excluding directors who are Audit and Supervisory Committee members)

The Company has established a policy for determining the content of individual remuneration, etc. for directors (excluding directors who are Audit and Supervisory Committee members; hereinafter the same shall apply in this policy). The outline of the policy is as follows.

- In terms of company directors' remuneration, in order to achieve sustainable growth and increase corporate value over the medium- to long-term, the Company's basic policy is configured to reach the level for securing excellent staff, sharing greater value with shareholders, and functioning as an incentive to improve business performance.
- When determining the remuneration for individual directors, remuneration for the representative directors and executive directors consists of fixed basic remuneration, performance-linked remuneration, and non-monetary remuneration. Remuneration for outside directors and non-executive directors consists of basic remuneration only. No retirement bonus or retirement allowance under any other name shall be paid.
- Basic remuneration for directors shall be a fixed monthly remuneration, and shall be determined by position according to their responsibilities in comprehensive consideration of company performance, the level of other companies, the medium- to long-term business environment, etc.
- Performance-linked remuneration shall be in cash and will reflect performance indicators for each fiscal year, and the amount calculated according to the degree of achievement of consolidated ordinary profit targets for each fiscal year during the term of office shall be paid as bonuses at a certain time every year. Target performance indicators and their values will be reviewed based on deliberations made by the voluntary Nomination and Remuneration Committee.
- Transfer-restricted shares shall be granted as non-monetary remuneration in order to share the benefits and risks of share price fluctuations with shareholders and to further increase motivation to increase share price and corporate value. Grants shall be determined by position according to their responsibilities in comprehensive consideration of company performance, levels of other companies, the medium- to long-term business environment, etc. In addition, grants shall be made at a certain time every year during the term of office.
- Total amount of basic remuneration, performance-linked remuneration, and non-monetary remuneration is determined based on the results of an independent third party survey on director remuneration for companies comparable to the Company in terms of business details and size and through deliberation at the voluntary Nomination and Remuneration Committee. The Board of Directors shall respect the contents of such deliberations. The percentage of performance-linked remuneration shall not be fixed, and shall be designed to increase the percentage of performance-linked remuneration occupied in the total amount as business performance improves. Other remuneration percentages shall be determined within the range of the remuneration percentage for each type of remuneration deliberated by the voluntary Nomination and Remuneration Committee.

Remuneration for directors (FY 2024)

Officer category	Total remuneration (million yen)	Total remuneration by type, etc. (million yen)			Number of eligible officers
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (Excluding directors who are Audit and Supervisory Committee members)	233	168	58	5	11
Amount of which is remuneration for outside directors	36	36	—	—	5
Directors who are Audit and Supervisory Committee members	65	65	—	—	4
Amount of which is remuneration for outside directors	42	42	—	—	3

Notes:

1. The above figures include two directors who resigned at the conclusion of the 106th Ordinary General Meeting of Shareholders held on June 26, 2024.
2. Bonuses are paid to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) as performance-linked remuneration, etc. The performance indicators selected as the basis for the calculation of the amount of performance-linked remuneration, etc. are consolidated ordinary profit set in line with the numerical targets set in the Medium-Term Management Plan. The reason for selecting the performance indicators is because it was determined that the indicators clearly indicate the Group's performance. Performance-linked remuneration, etc. shall be calculated according to the degree of achievement of the consolidated ordinary profit target value, and the target value shall be reviewed based on deliberations by the voluntary Nomination and Remuneration Committee.
3. We issue transfer-restricted shares to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) as non-monetary remuneration, etc.

Evaluation of the effectiveness of the Board of Directors

Each year, all directors evaluate the composition and operation of the Board of Directors, and governance by the Board of Directors, as well as hold opinion exchanges between the representative director, outside directors, and directors who are Audit and Supervisory Committee members. Based on these results, the Board of Directors analyzes and evaluates the Board's effectiveness, and takes measures to further enhance that effectiveness.

In the evaluation for FY 2024, the Board of Directors has evaluated that they have been operating effectively with the aim of achieving sustainable corporate growth and increasing corporate value over the medium to long term.

In addition, the Board was evaluated more highly on points including "Composition of directors" and "Deliberation time for agenda items" compared with last fiscal year.

In order to further enhance the effectiveness of the Board of Directors, we will share the identified issues and future initiatives, and continue to work to enhance deliberations on important issues.

Evaluation of the effectiveness of the Board of Directors (FY 2024)

Evaluation method and result	Issues	Initiatives
Based on the results of the questionnaire and analysis, we have evaluated that the Board of Directors has been operating effectively	(1) Enhance discussion on medium- to long-term management strategies (2) Enhance discussion on risk assessment in decision making	(1) Discuss initiatives to discover and resolve important issues for the planning of management strategies supporting medium- to long-term improvement of corporate value (2) Discuss the approach and methodology for risk awareness and risk assessment

Risk Management

Basic Philosophy

As part of the measures to establish a system for ensuring the proper business of the Company as stipulated in the Companies Act, the Company's basic philosophy is to ensure the continuous and stable development of its business by understanding and assessing risks, implementing countermeasures, checking the implementation status, and making necessary improvements, on a daily basis within the scope of work that employees, etc. are responsible for.

Major Risks

(1) Risks related to sales to Chubu Electric Power Co.

The Company is an affiliate of Chubu Electric Power Co., Inc. The Company has received orders and conducted construction and installation for new expansion of power distribution equipment and other repair work, etc. from Chubu Electric Power Co., Ltd. and its subsidiaries Chubu Electric Power Grid Co., Inc. and Chubu Electric Power Miraiz Company, Inc., which account for approximately one-third of its sales. In the future, construction volume is expected to fluctuate due to restraining, etc. of capital investment in electric power due to changes in the business environment of the three companies mentioned above. Therefore, we are working to improve productivity and strengthen cost competitiveness.

However, in the event of a decline in transaction prices with the three companies mentioned above due to a greater-than-anticipated restraint in capital investment in electric power and a decline in market prices, etc., our sales and profits could decline, which could affect the Group's financial status, operating results, and cash flows.

(2) Risks related to sales to general customers

Sales to general customers account for approximately 60% of total sales, and are influenced by economic trends such as the construction market and capital investment by general customers. In order to respond to a decline in orders received due to restrained capital investment and low price competition, the Group is implementing measures to increase orders, including the development of new markets and the acquisition of new customers.

However, if capital investment is significantly restrained due to a worse-than-anticipated economic downturn, sales and profits could decline, which could affect the Group's financial status, operating results, and cash flows.

(3) Risks related to fluctuation of construction cost

The cost of construction for the Group is mainly composed of material costs, labor costs, and outsourcing costs and expenses. We are working to reduce costs by examining them before orders are received, and purchase materials, etc. at low prices.

However, a greater-than-anticipated change in construction costs could affect the Group's financial status, operating results, and cash flows.

Risk Management System

The Corporate Planning Division and each department shall regularly and as necessary identify and evaluate risks that could have a significant impact on management for the Group each year when formulating management plans and making important decisions, and they shall deliberate and manage the details at the Management Council. In addition, deliberations and reports shall be made at the Board of Directors meeting on a regular basis every year and as necessary.

(4) Risks related to serious detective work and accidents

In order to provide customers with safe and high-quality construction, the Group has prepared construction manuals and guidebooks, provided technical education, and conducted on-site patrols, striving to ensure thorough quality control.

However, the Group's financial status, operating results, and cash flows may be adversely affected if significant quality defects or accidents occur in connection with construction work.

(5) Risks related to owned assets

The Group holds assets such as commercial real estate and securities due to necessities related to its business activities. With respect to commercial real estate, the Group is verifying that the book value of an asset can be recovered from future cash flows obtained from said asset. In addition, the Group will verify that the necessity, benefits, and risks associated with holding securities and other assets are commensurate with the cost of capital, and will sell them if they are inappropriate or incommensurate.

However, in the event that the profitability of commercial real estate declines significantly or the market value of securities declines significantly, the Group's financial status, operating results, and cash flows may be affected.

(6) Risks related to business partners' credit

The Group enters into contracts with business partners, performs construction work in accordance with contract terms, and receives construction fees. When contracting, we manage our business partners' credit to prevent non-performing loans.

However, in the event that a business partner goes bankrupt and large-scale non-performing loans arise, the Group's financial status, operating results, and cash flows may be affected.

(7) Risks related to price negotiations and price shifting with business partners

The Group has established the Toenec Group Basic Procurement Policy and is working to strengthen relationships of trust with business partners by setting a Communication Promotion Month, etc.

However, if the Company's reputation decreases due to inadequate price negotiations with and price shifting to business partners, the Group's financial status, operating results, and cash flows may be affected.

Risk Management

(8) Risks related to the solar power generation business

Since these projects usually last a long period of time, the Group selects projects after thorough investigation and consideration of avoidance and reduction of assumed risks.

However, in the event of a significant change in the business environment or of a serious disaster or accident in business execution, the Group's financial status, operating results, and cash flows may be adversely affected. In addition, if projects are insufficiently explained to local governments and local residents, the Group's reputation may deteriorate as a result.

(9) Risks related to international business

In addition to formulating guidelines for the management of overseas affiliated companies, the Company strives to strengthen operational management and governance by conducting periodic checks of operations, sales, and construction by the departments in charge.

However, in the event of changes in the economic climate or of inappropriate operational management in the countries concerned, the trust of society may deteriorate due to events that violate social norms, or profits may decline due to a substantial increase in costs or delayed compensation, and the Group's financial status, operating results, and cash flows may be affected.

(10) Risks related to retirement benefit debt

With regard to managing the Company's retirement pension assets, the Pension Asset Management Review Committee reviews the medium- to long-term investment environment to ensure appropriate asset management.

If the management results of retirement pension assets differ from what is assumed, the actuarial differences shall be expensed over a certain period starting from the fiscal year in which they occurred.

However, a significant increase in premiums and retirement benefit costs due to a deterioration in the investment yield of retirement pension assets or a decline in the discount rate could affect the Group's financial status, operating results, and cash flows.

(11) Risks related to compliance, etc.

In order to comply with relevant laws and regulations (the Construction Business Act, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Industrial Safety and Health Act, etc.), internal rules and regulations, and social norms, the Group has established basic policies and a code of conduct in its Compliance Declaration and is engaged in employee education, etc.

However, if the Group is penalized for violations of related laws and regulations or for delays in responding to enactments, revisions, or repeal of such laws and regulations, or if its reputation decreases due to events that violate social norms, the Group's financial status, operating results, and cash flows may be affected.

(12) Risks related to information leakage

In order to properly manage important information such as personal information, the Group has established internal systems and rules regarding the handling of such information in accordance with the relevant laws and regulations, and is working to strengthen the security of information systems, educate employees, and take other measures.

However, if information leaks to the outside world and the reputation of the Group decreases, the Group's financial status, operating results, and cash flows may be affected.

(13) Risks related to human capital

The Group has formulated the Toenec Group Human Resource Strategy Policy and is working to develop proactive recruitment activities, strengthen human resource development, improve engagement, and promote diversity in order to enhance the quality and quantity of human resources, which are the source of growth, while maintaining and strengthening the construction system, including that of cooperative companies.

However, if it becomes difficult to establish a construction system due to a decrease in the number of recruits or an increase in the number of employees leaving the Company, or if it becomes difficult to pass on skills due to the retirement of veteran engineers, sales and profits may decline, and the Group's financial status, operating results, and cash flows may be affected.

(14) Risks related to natural disasters

The Group has established business continuity plans and other measures to reduce the risk of business interruption due to large-scale natural disasters, wars, coups, terrorism, and other emergencies, as well as pandemics of infectious diseases, etc.

However, in the event of human or property damage, difficulty of material acquisition due to disruptions in logistics networks, interruption or delay of construction work due to personnel shortages, or a deterioration in the global economy, etc. due to events such as a large-scale natural disaster, war, coup, terrorism, or other emergency, or a pandemic of infectious disease, etc., the Group's financial status, operating results, and cash flows may be affected.

(15) Risks related to climate change

The Group has established the Toenec Group Basic Environmental Policy and is actively working to protect the environment. At the same time, we promote the mitigation of global warming to achieve a decarbonized society, and are promoting initiatives aimed at decarbonization through our business activities. In April 2022, the Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Also, in anticipation of the impact of climate change on our business, we are strengthening risk management and beginning initiatives to integrate countermeasures and business strategies.

However, due to delays in the Group's attempts toward a decarbonized society, if orders from customers who promote environmental management decrease significantly, or if various regulations and carbon pricing, etc. are introduced and procurement costs significantly increase, or if productivity decreases due to abnormal weather conditions, the Group's financial status, operating results, and cash flows may be affected.

Compliance

The greatest foundation for the survival and development of a company is the relationship of trust with its customers and society.

To become a company that continues to be trusted by society, we strive for thorough compliance and fair and sincere corporate activities.

Compliance Declaration

Toenec and its Group companies will work together as one to establish compliance based on the following basic policies and code of conduct in order to fulfill our social responsibility as an integrated equipment engineering company, based on the three management philosophies of: creating comfortable environments that respond to the needs of society; developing excellent technologies for the future; and building a human-centric corporation of active people who think and take on challenges.

Basic Compliance Policy

We, Toenec Corporation and its group companies, have established the following basic policy regarding compliance.

Thorough compliance	We will comply with laws and regulations, internal rules, and social norms.
Fair and sincere corporate activities	We will enhance the trust of our customers, cooperative companies, suppliers, and local communities, and we will conduct fair and sincere corporate activities. We respect intellectual property rights such as copyright and patent rights.
Appropriate management of information and disclosure	We will strictly handle information and disclose information in a timely manner.
Establishing a sound corporate culture	We respect human rights and will work to create a healthy corporate culture.
Proper financial accounting	We will enhance the appropriateness of financial statements such as balance sheets and profit-and-loss statements under appropriate internal controls in accordance with corporate accounting laws and regulations, and standards.
Fair behavior	We will not act with a conflict of interest or provide or receive money or other goods that go against social norms. We will take a resolute stance against antisocial forces.
Environment preservation	We will strive to preserve the global environment.
Ensuring safety, health, and security	We will strive to ensure and maintain occupational safety, health, and security.

Corruption prevention

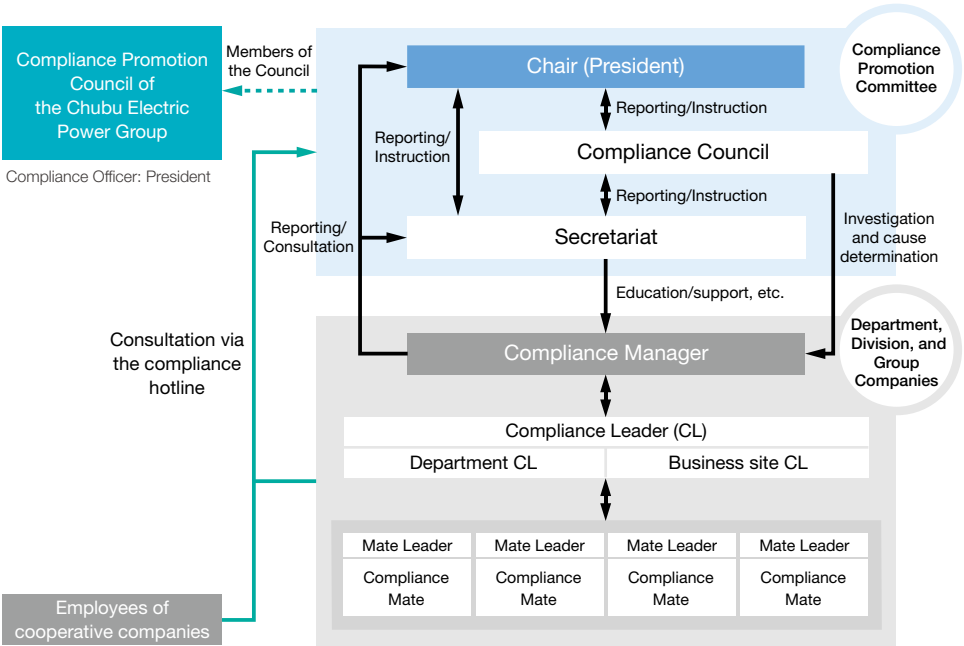
Based on the Chubu Electric Power Group Anti-Bribery and Anti-Corruption Policy, we have established rules on business entertainment and giving and receiving money and goods. In addition, from the perspective of preventing bribery of foreign public officials, we have established regulations for prevention of bribery of such officials, and we are working to prevent corruption by holding periodic council meetings to confirm the status of establishing and operating the system.

Compliance with antitrust laws

In order to prevent bid rigging, cartels, etc. and ensure business activities based on fair and free competition, we have established regulations concerning contact with competitors. In addition, we ensure compliance with antitrust laws through regular training of directors and employees on these regulations.

Compliance promotion system

In order to ensure thorough compliance, we have established a Compliance Promotion Committee chaired by the President and comprised of an attorney, a division general manager/supervisory manager, the president of a subsidiary, and other members. In addition, we have established a Companywide system with a head office manager, a department administration division manager at the head office, a branch manager, a headquarters administration division manager, and others appointed as compliance officers.



Internal reporting system (consultation service)

Our Company has established compliance hotlines both internally and externally as a point of contact for consultations on events that are considered to be compliance-related issues.

Company rules stipulate the protection of whistleblowers, confidentiality of the content of consultations, and prohibition of disadvantageous treatment as a result of consultations, in an effort to improve the effectiveness of the internal whistleblowing system. (38 consultations in FY 2024)

Sustainability-related Policy and Code of Conduct

Toenec has announced a vision for the future, which is to strive to become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people. To realize this vision, we established various committees to formulate a sustainability-related policy and code of conduct, and to develop specific goals and implementation plans. Important matters deliberated and reviewed by each committee are submitted and reported to the Management Council, where they are reflected in management practices.

Furthermore, by actively engaging in dialogue with stakeholders, we deepen mutual understanding and trust while identifying material issues and uncovering potential risks.

Vision for the future

Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people

Toenec

Sustainability-related Policy and Code of Conduct



Environment

- Basic Environmental Policy
- Human Resource Strategy Policy
 - Human Resource Development Policy
 - Implementation Policy to Promote the Active Participation of a Diverse Group of Staff
- Safety and Health Policy, Code of Conduct for Safety and Health



Society

- Quality Policy, Code of Conduct for Quality
- Procurement Basic Policy
 - Partnership Building Declaration
 - Multi-Stakeholder Policy
- Human Rights Basic Policy
- DX Promotion Basic Policy
- Research & Development Promotion Policy
- Chubu Electric Power Group Basic Policy for Social Contribution



Governance

- Compliance Basic Policy
- Internal Control Basic Policy
- Privacy Basic Policy

Chubu Electric
Power Group
CSR Declaration

Based on the Sustainability-related Policy and Code of Conduct, we have established various committees to set targets for solving issues, formulated specific action plans to implement them, and monitored the progress of various measures.

Important matters discussed and deliberated on by each committee are submitted and reported to the Management Council, and then reflected in management practices.

	Chairpersons	Actual times held in FY 2024
Environmental Measures Promotion Meeting	President and Representative Director	1
Human Resource Strategy Committee	Supervisory Manager of Personnel Division	4
Work Style Reform Promotion Committee	Supervisory Manager of Corporate Planning Division	1
Company-wide Safety and Health Committee	President and Representative Director	1
Quality Measures Promotion Council	President and Representative Director	1
DX Promotion Committee	Supervisory Manager of Corporate Planning Division	3
Information Technology Promotion Committee	Supervisory Manager of Information Systems Division	1
Research & Development Promotion Committee	Supervisory Manager of Research & Development Division	1
Compliance Promotion Committee	President and Representative Director	2
Internal Control Committee	President and Representative Director	1
Business Continuity Plan Promotion Committee	Supervisory Manager of General Affairs Division	1

Active dialogue (engagement)



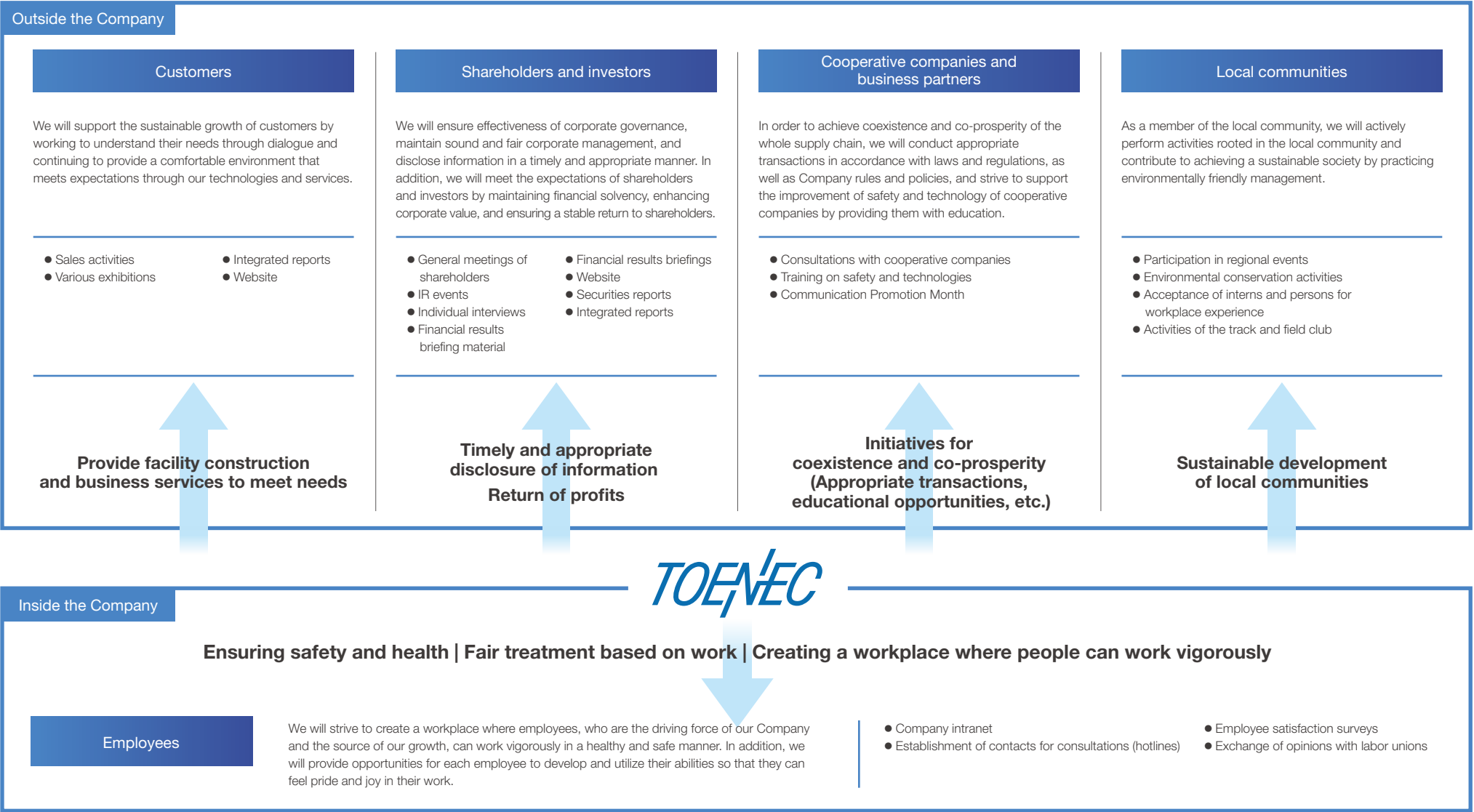
Stakeholders

Customers, shareholders, cooperative companies, local communities, employees, etc.

Stakeholder Engagement

In order for us to contribute to the resolution of social issues and achieve sustainable growth alongside our customers and society, active dialogue (engagement) with stakeholders is essential. We will deepen our relationships of trust with stakeholders by reflecting their feedback from these dialogues in our corporate management.

Multi-stakeholder Policy
https://www.toenec.co.jp/csr/chotatsu/chotatsu_stakeholders/index.html



The Toenec Group Basic Environmental Policy

As an integrated equipment engineering Group centered on power supply construction, electrical, air-conditioning ducts, and information and communications equipment, Toenec aims to achieve sustainable growth by striving to conserve the global environment.

To help achieve these goals, each and every employee of the Group will control their own conduct and contribute to the development of society.

Policies	Details on environmental goals or activities	Achievements
Policy 1 We will aim to achieve a decarbonized society Toward Achieving Zero Emissions	● We will promote the prevention of global warming (CO ₂ reduction measures) and aim to decarbonize through our business activities.	● Implemented energy-saving activities by all employees and measures to reduce Scope 1 and 2 emissions <ul style="list-style-type: none"> • Promoted electrification of general vehicles and installation of charging stations at business sites • Introduced solar power generation facilities utilizing idle land and self-consignment to business sites • Implemented Company-wide energy conservation activities involving all employees, such as eco-driving and strict management of office air conditioning temperatures • Installed rooftop solar power generation equipment at business sites • Implemented ToEMS at the Suzuki Building. • Promoted the use of aerial work platforms with electrified bucket and boom sections
	● We will propose solutions for a decarbonized society that meet the needs of our customers and society.	● Reduced environmental impact due to decrease in materials and equipment associated with renewal of construction methods <ul style="list-style-type: none"> • Downsized and reduced the variety of temporary power supply equipment
Policy 2 We will strive to coexist with nature	● In order to protect the rich natural environment, we will strive to prevent environmental pollution by conducting business activities with consideration for the sustainability of diverse ecosystems and water resources.	● Promoted environmental conservation activities by exchanging information and opinions, and confirming the environmental conservation progress of business sites
Policy 3 We will aim to achieve a society with a sound material-cycle	● In addition to reducing resource consumption, we will strive to minimize the amount of waste disposed by curbing the generation of waste and reusing and recycling resources.	● Appointed an industrial waste control supervisor and implemented waste management and education in line with business operation methods
		● Chipped logs (fuel for power generation) <ul style="list-style-type: none"> • FY 2024 chipping volume: 530 tons (chips + logs)
		● Recycled plastic industrial waste <ul style="list-style-type: none"> • Recycling rate for FY 2024: 64% (total disposal volume: 1,142 tons)
Policy 4 We will strive to raise environmental awareness	● We will deepen communication with the local community regarding the environment and energy.	● Collaborated with government agencies and others to promote community beautification through activities such as cleanup efforts, and implemented information exchange
	● We will contribute to society by fostering human resources who can voluntarily act in an environmentally friendly manner.	● Collected PET bottle caps <ul style="list-style-type: none"> • FY 2024 collection amount: 342 kg; CO₂ emissions reduction of 1 ton (estimated value)
		● Provided education to all employees to ensure compliance with laws and regulations and raise awareness of voluntary environmentally conscious behavior

The Company has obtained ISO 14001 and Nagoya SDGs Green Partners environmental certifications. For details, please visit our website.

Environmental Management
ISO 14001

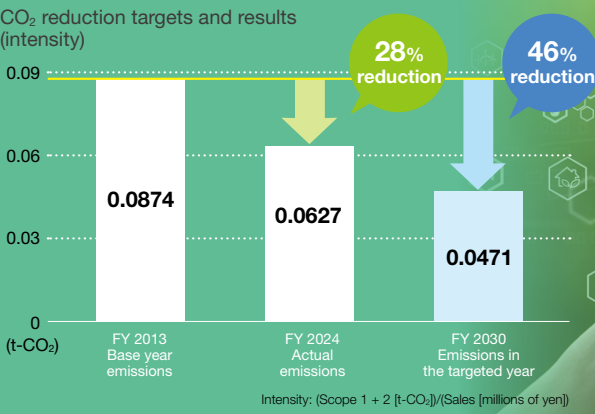


Nagoya SDGs Green Partners



Main Activities and Achievements in FY 2024

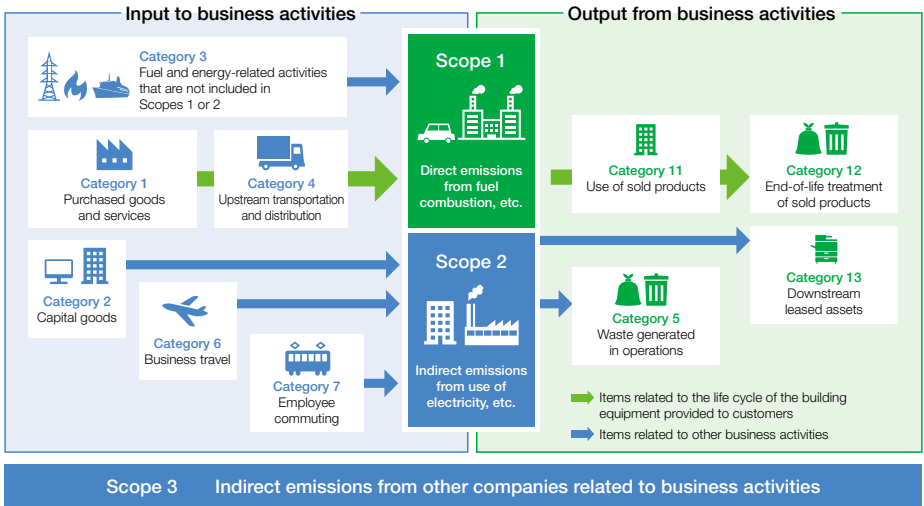
Our Zero Emission Goal



Initiatives to Reduce CO₂ Emissions in the Supply Chain

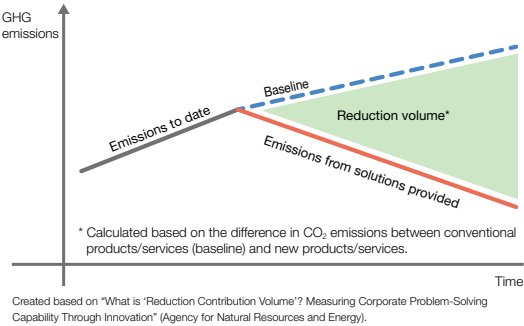
By calculating greenhouse gas emissions in Scopes 1, 2 and 3, the Toenec Group grasps the big picture of our emissions and identifies supply chain hotspots (major emissions categories) associated with our upstream and downstream business.

While advancing our own emissions reductions toward net-zero emissions by 2050, we are also working to contribute to our customers' emissions reductions through energy-saving equipment sales and renewable energy-related businesses, alongside technological research and development.



(Notes) 1. Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.7) issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
2. Categories 8 to 10, 14, and 15 do not apply to our business activities
3. Category 11: Emissions resulting from use of the product by the customer (after delivery) with an estimated usage period of 15 years

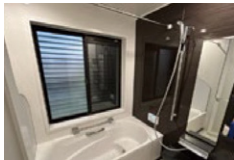
Diagram of Reduction Contribution Volume



Calculated results for FY 2024 (totals for Toenec, Toenec Service, and Asahi Synchrotech)

Category		Actual value (t-CO ₂)
Scope 1		9,370
Scope 2		7,532
Scope 3		2,528,373
Category	1 Purchased goods and services	406,191
	2 Capital goods	17,131
	3 Fuel and energy-related activities that are not included in Scopes 1 or 2	60,005
	4 Upstream transportation and distribution	80,465
	5 Waste generated in operations	4,105
	6 Business travel	1,753
	7 Employee commuting	3,657
	11 Use of sold products	1,946,760
	12 End-of-life treatment of sold products	7,715
	13 Downstream leased assets	592
	Total of Scopes 1, 2, and 3	2,545,276

Products/service examples	Contribution to customers' reductions
1. Energy-saving solutions (Sales of EcoCute and similar products)	Scopes 1, 2 reduction
2. Renewable energy solutions (Sales of renewable energy electricity and solar power generation equipment)	Scope 2 reduction



1. EcoCute



2. Solar power generation equipment

Information Disclosure Based on TCFD Recommendations



Recognizing the impact of climate change on our business as an important management issue, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to promote sustainability initiatives. In order to inform investors and other stakeholders about our initiatives, we are disclosing information in line with the TCFD recommendations.

In April 2022, Toenec expressed its support for the TCFD* Final Report.
* The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB) at the behest of G20 finance ministers and central bank governors.

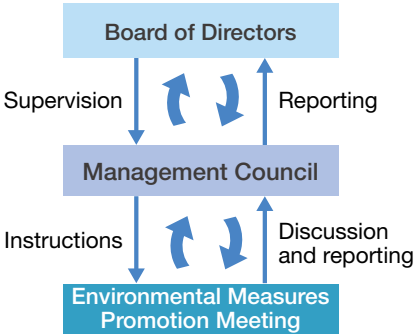
Governance

Based on the Toenec Group's Basic Environmental Policy, the Toenec Group has established the Environmental Measures Promotion Meeting (chaired by the president) to deliberate on basic policies and measures. Important matters are discussed and decided at the Management Council and reported to the Board of Directors. We have established a governance system supervised by the Board of Directors.

The Environmental Measures Promotion Meeting, which consists of managers from the relevant departments and presidents of Group companies, deliberates on the results of identifying and assessing climate-related risks and opportunities based on the TCFD recommendations, and also manages the degree of achievement of targets such as the achievement of zero emissions.

Strategy

We conducted 2°C and 4°C scenario analysis targeting the equipment installation business and the energy business, which account for the majority of the Group's sales, and we identified important risks and opportunities based on our future worldview.



		Time axis	2°C scenario		4°C scenario	
			Expected changes in society	Impact on our Company	Expected changes in society	Impact on our Company
Major risks	Policy and law—Cost increase due to introduction of carbon pricing	Medium	Carbon pricing, which is already widespread in Europe, has now been introduced in Japan.	Payment of carbon pricing according to the level of CO ₂ emissions will be required, which will increase costs.	High prices will not be set or introduced due to the delay of emission reduction initiatives.	No impact because carbon prices will not be introduced.
	Soaring energy prices—Increase in vehicle fuel costs	Medium	The spread of renewable energy will suppress the increase in demand for fossil fuels and curb the rate of price increases.	Fuel costs will be increased due to the rising cost of fossil fuel-derived fuels.	As demand for fossil fuels increases without the spread of renewable energy, prices will rise further compared to the 2°C scenario.	Fuel costs will be increased due to the rising cost of fossil fuel-derived fuels.
	Energy saving standards regulations—Increase in procurement costs for building materials	Medium	The carbon price will be added to the price of building materials.	Construction material procurement costs will be increased due to the introduction of carbon pricing.	As carbon pricing is not introduced, there will be no increase in the price of building materials due to reduction in CO ₂ emissions.	As carbon pricing is not introduced, the procurement costs of building materials will remain unchanged.
	Flood and storm surge damages—Decrease in revenue from sales of renewable energy electricity	Short	Temperatures will continue to rise until 2030, and the frequency of occurrence of disasters will be higher than today.	The solar power generation system will be damaged by disasters, and revenue from renewable energy sales will decrease due to power outages.	Although there is no significant difference in temperature in 2030, the frequency and severity of disasters will further increase compared to the 2°C scenario.	The solar power generation system will be damaged by disasters, and revenue from renewable energy sales will decrease due to power outages.
	Storm and flood damages—Decrease in revenue from sales of renewable energy electricity	Short		The amount of precipitation and the number of days of rainfall will increase, the amount of power generated by solar power will decrease, and revenue from renewable energy sales will decrease.		The amount of precipitation and the number of days of rainfall will increase, the amount of power generated by solar power will decrease, and revenue from renewable energy sales will decrease.
Important opportunities	Resource efficiency—Decrease in vehicle fuel costs	Medium	In order to reduce CO ₂ emissions, next-generation vehicles such as passenger cars and freight cars will become widespread.	Vehicle fuel cost will be reduced by switching to next-generation vehicles such as small passenger cars and freight cars.	The spread of next-generation vehicles will be delayed, and the spread of these vehicles will be limited to the current level of small passenger cars.	The effects of fuel cost reduction will be negligible, and it will be limited to switching from small passenger cars to next-generation vehicles.
	Energy sources—Increase in renewable energy-related construction sales	Medium	Momentum for the use of renewable energy as a measure against climate change will be increased, and the proportion of renewable energy such as solar and wind power generation in the power supply mix will increase.	Sales of solar and wind power generation-related work will increase.	There will be no major changes in power supply configuration, and dependence on fossil fuels will continue.	Construction related to solar and wind power generation will remain at the current levels.
	Energy sources—Increase in revenue from sales of renewable energy electricity	Medium		Electricity sales revenue will increase by promoting the installation of solar power generation facilities to meet the growing demand for renewable energy.		The demand for renewable energy will not change, and the number of solar power generation facilities will not increase significantly from now.
	Energy sources/products/services/markets—Increase in sales of ZEB, ZEH and energy saving support	Medium	Companies will become more conscious of reducing CO ₂ emissions, and most new buildings will meet the standards from ZEB, ZEH, etc.	Received orders for ZEB/ZEH-related work and energy-saving renovation work will increase by strengthening work related to energy saving support.	There will be no significant changes in corporate awareness of reducing CO ₂ emissions from the current situation, and the need for ZEB and ZEH will remain at the current level.	Energy-saving support and construction related to ZEB and ZEH will remain at the current levels.
	Products/services/resilience—Increase in opportunities for response to disaster	Short	Temperatures will continue to rise and disaster frequency will be higher than it is today (less than 4°C).	Opportunities for quick restoration work in the event of a disaster will increase by strengthening BCP.	Temperatures will continue to rise, and the frequency and severity of disasters will increase.	Opportunities for quick restoration work in the event of a disaster will significantly increase by strengthening BCP.

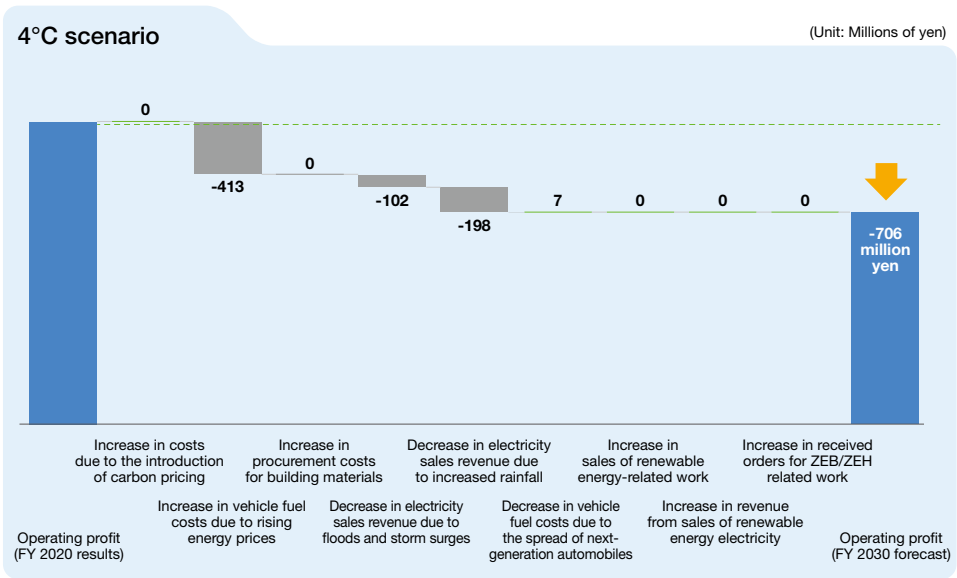
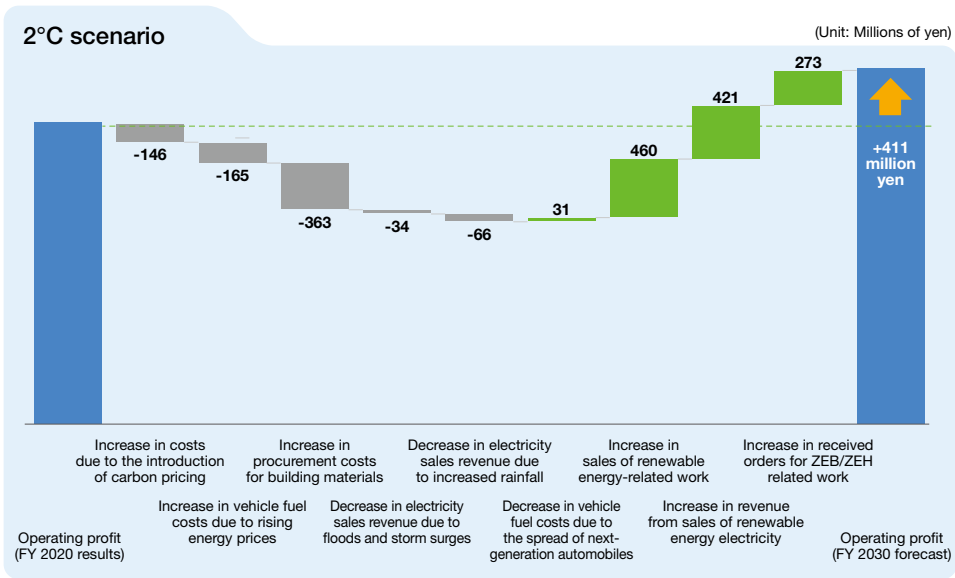
(Notes) 1. As for the 2°C scenario, refer to the International Energy Agency (IEA): SDS (Sustainable Development Scenario), etc.
2. As for the 4°C scenario, refer to the Intergovernmental Panel on Climate Change (IPCC): RCP 8.5, etc.

Information Disclosure Based on TCFD Recommendations

Impact Assessment on Operating Profit

Under the 2°C scenario, our operating profit in FY 2030 will be increased due to the large impact of renewable energy-related work and the sale of renewable energy electricity. On the other hand, under the 4°C scenario, the increase in vehicle fuel costs caused by the rise in energy prices will be significant, resulting in a decrease in our operating profit.

We aim to maximize operating profit by integrating the results of this scenario analysis into our management strategies and promoting initiatives to expand identified opportunities and reduce risks.



Risk management

The Environmental Measures Promotion Meeting deliberates on the results of the identification and evaluation of climate-related risks and opportunities based on the TCFD recommendations, and confirms the progress of countermeasures related to the identified risks and opportunities. In addition, we have set targets to achieve zero emissions and monitor emissions.

Climate-related risks assessed as having a significant impact by the Environmental Measures Promotion Meeting are linked with Group-wide risk management, where the Corporate Planning Division serves as the secretariat. Climate-related risk measures determined in Group-wide risk management are shared with the Environmental Measures Promotion Meeting as necessary.

Metrics and targets

We will contribute to achieve a decarbonized society by setting targets for zero emissions and advancing initiatives toward these goals.

Targets

- 2030
- Reduce CO₂ emissions per sales unit by **46% or more** compared to FY 2013
- 2050
- Achieve **net-zero** CO₂ emissions

Safety, Health, and Quality

For our Company, ensuring employee safety and health, as well as our technology/service quality, is the foundation of our corporate activities. We place the utmost importance on ensuring that all employees continue to work safely and healthily, and that our technologies and services continue to be of a trustworthy and satisfying quality.

Having established policies and a code of conduct related to safety, health, and quality, we are promoting various initiatives to achieve zero occupational and traffic accidents, zero long-term absences from work, and zero construction defects (the three zeros).

Safety and Health Policy

The Toenec Corporation has established the following safety and health policy.

We place health and safety as a highly important management priority so that our colleagues can lead lively and fulfilling lives, working to eradicate occupational accidents, maintain and improve mental and physical health, and create a comfortable work environment.

In accordance with this Safety and Health Policy, we will develop sustainable activities for health and safety. We will also invest the necessary management resources to achieve this.

Safety and Health Conduct Code

All officers and employees shall act as follows for the wellbeing of themselves, their families, and their colleagues. We will also respect each other's actions and raise awareness of health and safety through dialog and cooperation.

1. Prioritize health and safety.
2. Understand the rules and be sure to follow them.
3. Think and act on our own to ensure health and safety.
4. Do not ignore unsafe behavior or the signs of a colleague in bad condition.
5. Identify risks and prevent disasters before they occur.
6. Investigate the cause of the trouble and improve measures.

Quality Control Policy

Toenec Corporation has established the following quality control policy.

We will contribute to society by providing technologies and services that meet customer needs and that create a comfortable environment.

In accordance with this quality control policy, we will set quality targets and continue to evaluate and improve them.

We will also invest the necessary management resources to achieve this.

Code of Conduct for Quality

All officers and employees shall, under any and all circumstances, act as follows and strive to earn the trust and confidence of customers.

1. Comply with laws and regulations and respond to customer needs.
2. Strive to improve our technologies and skills.
3. Strive to improve construction quality and services.
4. Strive to research and develop technologies that anticipate societal needs.
5. Strengthen cooperation with business partners.

ISO 9001 Acquisition Status

Registered offices: Business Promotion Department and Air Conditioning & Plumbing Department (including the sales department at each branch and regional headquarters)

Registration number: JQA-1933

Scope of registered activities: Design and installation of electrical and air-conditioning equipment for contract work

The Three Zeros

- Zero occupational and traffic accidents
- Zero long-term absences from work
- Zero construction defects



Safety Creation Center



We place the highest priority on ensuring the health and safety of workers, and aim to completely eliminate occupational accidents by aligning safety awareness with safe behavior.

In addition to conventional “see and hear” safety and health education, we established the Safety Creation Center, an educational facility that allows students to improve their sensitivity to danger and safety awareness by experiencing the seeds of danger hidden in their work, in 2017.

Along with hazard experience education for employees, we also accept visitors from other companies, organizations, etc. and provide them with hazard experience education.

Address: 1-79 Takiharu-cho, Minami-ku, Nagoya City, Aichi Prefecture
 URL: <https://www.toenec.co.jp/company/safetycreation>



Equipment for experiencing feet breaking through the floor (VR)



Bouldering elevation experience equipment



Stepladder fall experience equipment

Coexistence and Co-Prosperity with Business Partners / Human Rights

Coexistence and Co-Prosperity with Business Partners

In accordance with the Toenec Group Basic Procurement Policy, we ensure opportunities for price negotiations with our business partners, further strengthen communication, and work to build relationships of trust through fair and equitable transactions.

Toenec Group Basic Procurement Policy

1. Partnership

- (1) We consider our business partners as important partners for mutual development.
- (2) Through communication and fair and equitable business with our partners, we strive to foster more solid relationships of trust and jointly contribute to the sustainable development of society.

2. Fair and equitable procurement

We fairly and equitably procure materials and equipment based on economic rationality while taking into consideration their price, quality, performance, safety, certainty of delivery and after-sales service, as well as the technological capabilities, production capacity, management status, safety management system, and corporate social responsibility (CSR) initiatives of our business partners.

3. Thorough compliance

- (1) We conduct our business in compliance with laws, regulations, rules and corporate ethics.
- (2) We also give due consideration to respect for human rights (including prohibition of child labor and forced labor, elimination of unfair discrimination, etc.) and protection of intellectual property rights.

4. Ensuring safety

Based on the idea that safety takes precedence over everything else, we strive to prevent industrial accidents and ensure public safety and health.

5. Easing our environmental impact

In cooperation with our business partners, we contribute to the formation and establishment of a recycling-based society through green procurement and other efforts to reduce environmental burdens.

6. Open door policy

We do business not only with domestic companies, but also with a wide range of overseas companies based on our open door policy.

7. Confidentiality

We do not disclose confidential information obtained through procurement activities to third parties without the consent of our business partners.

Declaration of Partnership Building

https://www.toenec.co.jp/csr/chotatsu/chotatsu_partnership/index.html



Multi-Stakeholder Policy

https://www.toenec.co.jp/csr/chotatsu/chotatsu_stakeholders/index.html



Human Rights

In accordance with the Toenec Human Rights Basic Policy, we work to respect the human rights of our employees, supply chain, and other stakeholders by promoting employee awareness and human rights due diligence and other initiatives.

Toenec Group Human Rights Basic Policy

Based on the Chubu Electric Power Group CSR Declaration, we formulated the following basic policy on human rights.

The TOENEC Group supports and respects international norms on human rights, including the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). We also strive to put into practice the UN Guiding Principles on Business and Human Rights.

1 Respect for human rights

We respect the human rights of all people involved in our business activities. In addition, we are not complicit in human rights abuses. The Toenec Group complies with all applicable laws and regulations in the countries and regions in which it operates. In the unlikely event that there is a difference or inconsistency between national or regional laws and international norms and principles, we seek ways to respect international human rights norms and principles.

2 Scope of operation

This policy applies to all officers and employees of Toenec and its consolidated subsidiaries. We also seek the understanding of suppliers and all other business partners regarding this policy, and, in addition to their cooperation, continuously encourage them to respect this policy.

3 Commitment to specific human rights issues

The Toenec Group respects the following rights and dignity in accordance with international norms and principles concerning human rights in every opportunity in our business activities.

- (1) We do not discriminate in any form, including based on race, nationality, birthplace, creed, age, gender, sexual orientation, gender identity, social status, family origin, or disability.
- (2) We do not engage in any form of harassment, including power harassment, sexual harassment, and maternity harassment.
- (3) We respect freedom of association and the right to collective bargaining.
- (4) We promote diversity, equity & inclusion.
- (5) We do not traffic persons nor use forced labor or child labor in any form.
- (6) We support ensuring a minimum wage and a living wage.
- (7) We properly manage working hours and reduce excessive working hours.
- (8) We ensure a healthy and safe workplace and work environment.
- (9) We protect personal information and privacy.
- (10) We strive to protect the environment in our communities.

4 Human rights due diligence

We have established and continuously implement a human rights due diligence mechanism to identify and assess the negative human rights impacts of our business activities and to prevent or mitigate such risks.

5 Remedies and corrections

The Toenec Group has established internal and external contact points for reporting human rights issues in order to appropriately respond to such issues. The reporting desk is available not only to officers and employees of the Toenec Group, but also to all stakeholders, including business partners including suppliers and members of the local community. In addition to protecting the anonymity of whistleblowers and the confidentiality of their reports, the Company prohibits any prejudicial treatment or retaliatory measures against whistleblowers, and shall ensure the protection of whistleblowers. If it becomes clear that the business activities of the Toenec Group cause or encourage negative impacts on human rights, we work to remedy and correct such impacts through appropriate procedures and dialogue.

6 Dialogue and consultation

We engage in dialogue and consult with relevant stakeholders on addressing actual or potential impacts on human rights.

7 Education and training

We systematically and continuously provide education and training to deepen correct understanding and awareness of human rights.

8 Disclosure of information

The Toenec Group regularly discloses information on its initiatives based on this policy.

Harmony and Coexistence with Local Communities

Activities contributing to local communities

We strive to be a company trusted by local communities. As part of our corporate social responsibility, we engage in community contribution activities such as participating in local events and donating emergency food supplies, while fostering collaboration with the local community.

In FY 2024, as part of our 80th anniversary commemorative projects, we collaborated with municipalities where our head office, branches, and regional headquarters are located to implement nature conservation activities involving employees and their families.



Participating in a local event



Donating emergency food supplies



Participating in Aichi Prefecture's Corporate Forest Creation program

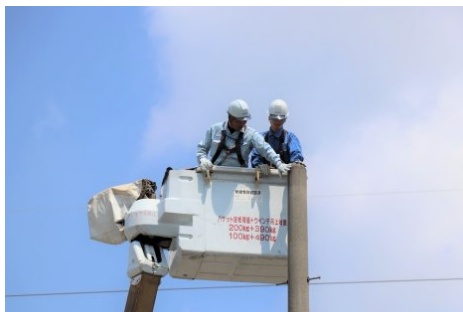


Cleanup activity at Odaiba Marine Park (Tokyo)

Learning and support activities

We collaborate with local governments and schools to provide technical instruction and career experience opportunities.

In August 2024, we participated as instructors in the Aichi STEM Competency Development Project, an initiative by the Aichi Prefectural Board of Education aimed at enhancing the capabilities of high school students in the prefecture across the four fields of science, technology, engineering, and mathematics.



Technical instruction for industrial high school students



Participating in Aichi Prefecture's Project for Promotion of Regional Settlement and Success of International Students

Track and field club activities

Our track and field club was founded in October 1990 and is currently based in Mizuho-ku, Nagoya, where training takes place daily.

We also foster ties with the local community by hosting or collaborating on events such as running workshops.



Toenec Track and Field Club



Holding a running workshop

Disaster Recovery Response

When lifelines are disrupted by natural disasters such as typhoons, earthquakes, snow damage, and lightning strikes, we mobilize all of our resources to restore them so that everyone can feel secure as soon as possible. In the event of a disaster, we conduct recovery work not only in the Chubu region but also nationwide, including remote islands.

In order to cope with more frequent and severe natural disasters due to climate change, we also have established a system that makes it possible to quickly recover when disasters occur, based on the knowledge and experience we have gained in disaster recovery responses to date.



Past disaster recovery efforts

October 2019: Typhoon No. 19 (Chiba Prefecture)

February 2022: Heavy snow damage (Nagano Prefecture)

January 2024: Noto Peninsula Earthquake (Ishikawa Prefecture)

August 2021: Heavy rain damage (Eastern Japan)

September 2022: Typhoons No. 14 and 15 (Shizuoka Prefecture)

Noto Peninsula Earthquake recovery operations

Details		Response
Power distribution equipment restoration	Personnel	785
	Vehicles	439
Communication equipment restoration	Personnel	216
	Vehicles	94
Total	Personnel	1,001
	Vehicles	533

Includes cooperative companies

10-Year Summary

Financial Summary

	(Unit)	Term 98 Year ended March 2016	Term 99 Year ended March 2017	Term 100 Year ended March 2018	Term 101 Year ended March 2019	Term 102 Year ended March 2020	Term 103 Year ended March 2021	Term 104 Year ended March 2022	Term 105 Year ended March 2023	Term 106 Year ended March 2024	Term 107 Year ended March 2025
Management performance											
Sales	Million yen	198,242	197,842	207,198	218,984	224,843	215,677	219,617	232,053	252,863	270,966
Operating profit	Million yen	8,117	7,716	9,002	11,029	13,307	15,509	14,072	10,287	15,910	16,041
Ordinary profit	Million yen	8,209	7,906	8,918	10,146	12,511	13,726	13,394	8,983	12,679	15,360
Net profit attributable to shareholders of the parent company	Million yen	4,442	5,170	5,783	6,672	9,314	8,832	8,283	-5,548	9,345	10,765
Return on equity (ROE)	%	5.2	6.1	6.4	6.8	8.8	7.7	6.7	-4.6	7.5	8.0
Cash flow											
Cash flow from operating activities	Million yen	236	8,915	11,117	9,616	16,593	24,111	5,943	12,640	19,118	19,014
Cash flow from investing activities	Million yen	-7,597	-13,533	-32,967	-24,030	-4,642	-3,716	2,969	-2,119	-2,060	-3,082
Cash flow from financing activities	Million yen	-2,487	9,921	19,305	11,958	-8,000	-9,933	-27,522	-8,358	-9,903	-13,670
Financial status											
Total assets	Million yen	198,015	208,923	239,395	263,458	292,299	308,232	301,599	300,172	304,931	310,561
Net assets	Million yen	82,754	88,110	93,358	102,132	109,628	119,740	126,596	117,193	131,140	136,681
Cash and cash equivalents at end of term	Million yen	32,296	37,572	34,993	32,472	36,390	46,857	28,424	30,601	38,018	40,299
Equity ratio	%	41.8	42.2	39.0	38.8	37.5	38.8	42.0	39.0	43.0	44.0
D/E ratio	Times	0.21	0.36	0.61	0.74	0.88	0.91	0.78	0.83	0.71	0.67
Depreciation	Million yen	4,442	4,884	5,418	5,596	6,561	7,950	8,970	9,887	10,148	10,430
Capital investment	Million yen	8,606	17,037	32,703	20,051	30,383	22,773	17,713	5,956	6,102	9,282
R&D expenses	Million yen	325	378	366	361	402	407	455	507	527	540
Stock indicators											
Book value per share (BPS)	Yen	884.32	942.25	998.79	1,092.67	1,172.89	1,281.13	1,354.48	1,253.43	1,402.16	1,472.09
Earnings per share (EPS)	Yen	47.47	55.27	61.86	71.39	99.67	94.51	88.65	-59.37	99.96	115.66
Dividend payout ratio	%	29.5	30.8	30.7	29.4	30.1	29.6	30.5	—	40.0	43.2
Dividend per share	Yen	14	17	19	21	30	28	27	19	40	50
Share price at end of term	Yen	694	556	621	608	636	783	657	682	1,150	968
Price-to-book ratio (P/B ratio)	%	0.78	0.59	0.62	0.56	0.54	0.61	0.49	0.54	0.82	0.66
Price-earnings ratio (P/E)	%	14.6	10.1	10.0	8.5	6.4	8.3	7.4	—	11.5	8.4

Note: The Company conducted a 1-for-5 reverse stock split on October 1, 2017 and a 5-for-1 stock split of its common shares on October 1, 2024.
In the above table, “book value per share,” “earnings per share,” “dividend per share,” and “share price at end of term” for the fiscal year ended March 31, 2018 to the fiscal year ended March 31, 2024 have been calculated as if no reverse stock split occurred.

Non-Financial Summary

		(Unit)	Term 98 Year ended March 2016	Term 99 Year ended March 2017	Term 100 Year ended March 2018	Term 101 Year ended March 2019	Term 102 Year ended March 2020	Term 103 Year ended March 2021	Term 104 Year ended March 2022	Term 105 Year ended March 2023	Term 106 Year ended March 2024	Term 107 Year ended March 2025
Directors												
Number of directors		People	10	12	11	11	11	11	14	15	13	13
Number of independent outside directors		People	1	2	2	2	2	3	5	5	5	7
Percentage of independent outside directors		%	10.0	16.7	18.2	18.2	18.2	27.3	35.7	33.3	38.5	53.8
Number of female directors		People	0	0	0	0	0	0	0	1	1	1
Human capital												
Securities reports	Number of employees (consolidated)	People	5,955	6,004	6,093	6,096	5,999	5,918	5,938	6,038	6,077	6,416
	Number of employees	People	4,754	4,797	4,858	4,887	4,858	4,780	4,743	4,808	4,868	4,942
	Average age	Years old	41.9	41.5	41.2	40.6	41.3	41.4	41.4	41.5	41.7	41.7
	Years of service	Years	20.5	19.9	19.5	18.9	19.4	19.4	19.3	19.3	19.5	19.5
Diversity	Number of female employees	People	366	376	389	399	395	398	406	410	416	421
	Percentage of female employees	%	8.3	8.5	8.7	8.8	8.8	9.0	9.1	9.2	9.3	9.5
	Percentage of employees with disabilities	%	2.0	2.0	2.1	2.6	2.7	2.6	2.7	2.8	2.9	2.8
Recruitment	Number of regular hires	People	146	201	198	206	140	120	160	192	195	224
	Number of experienced personnel	People	13	59	27	29	26	31	25	22	28	34
Development	Number of female managers	People	4	7	9	10	11	14	16	18	21	21
	Percentage of female managers	%	0.7	1.1	1.4	1.5	1.6	2.0	2.2	2.3	2.7	2.5
Comfortable work environment	Number of days of annual paid leave taken	Days	9.6	9.3	10.2	12.0	12.0	12.3	12.6	13.9	14.7	14.2
	Number of people taking childcare leave (men)	People	0	5	3	4	9	20	45	147	120	122
	Percentage of people taking childcare leave (men)	%	0.0	3.6	2.4	2.7	6.2	18.3	71.8	88.6	88.9	91.0
	Number of people taking childcare leave (women)	People	9	6	6	8	8	7	3	8	5	12
	Percentage of people taking childcare leave (women)	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	88.9	125.0	92.3
Technological Research and Development												
Number of patents held		Patents	46	47	43	45	45	47	40	41	42	43
Environment												
CO ₂ emissions		t-CO ₂	15,296	15,283	15,200	14,324	13,958	13,248	12,852	12,369	16,929	15,292
CO ₂ emission intensity		t-CO ₂ /Sales	0.0793	0.0847	0.0805	0.0728	0.0686	0.0675	0.0650	0.0596	0.0754	0.0627
Power consumption		10,000 kWh	1,356	1,364	1,345	1,300	1,247	1,321	1,322	1,304	1,717	1,575
Vehicle fuel consumption		10,000 ℓ	342	347	347	327	333	307	315	292	362	312
Vehicle electrification rate		%	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6
Total amount of industrial waste generated		t	23,999	26,104	22,132	22,678	24,699	27,330	33,713	31,195	30,765	30,374
Industrial waste recycling rate		%	84.0	88.0	87.0	87.0	82.0	90.0	83.0	88.0	87.0	85.0

Notes: 1. At the 103rd Ordinary General Meeting of Shareholders held on June 25, 2021, a resolution was passed to amend the Company's Articles of Incorporation: as a result, the Company transitioned to a company with an Audit and Supervisory Committee as of the same date.

2. The percentage of female managers and the number of people taking childcare leave / percentage of people taking childcare leave are calculated based on the number of regular employees.

3. From the fiscal year ended March 31, 2022, people taking childcare leave include people taking any leave for childcare purposes.

4. From the fiscal year ended March 31, 2023, the percentage of people taking childcare leave is calculated based on the number of people taking childcare leave ÷ number of births during the fiscal year, and may exceed 100%.

5. CO₂ emission intensity is per million yen of sales.

Company Information (as of March 31, 2025)

Company Information

Trade Name	Toenec Corporation
Head Office Address	31-23 Sakae 1-chome, Naka-ku, Nagoya, Aichi, 460-0008, Japan
Established	October 1, 1944
Capital	7,680 million yen
Number of Employees	4,942
Main Offices	Head Office, Head Office Annex, Education & Training Center, Chubu Headquarters, Tokyo Headquarters, Osaka Headquarters, Nagoya Branch, Okazaki Branch, Shizuoka Branch, Mie Branch, Gifu Branch, and Nagano Branch

Group Company Information

Japan

Company Name	Main Businesses
Toenec Service Corporation	Equipment installation and leasing of office equipment
Asahi Synchrotech Corporation	Plant plumbing work
Tateshina Sun Sun Farm, LLC.	Production, processing, and sales of agricultural products
PFI Toyokawa Hoisaijyo Co., Ltd.	Operation and maintenance of funeral homes
Chubu Plant Service Co., Ltd.	Construction, maintenance and operation of power generation facilities

Overseas

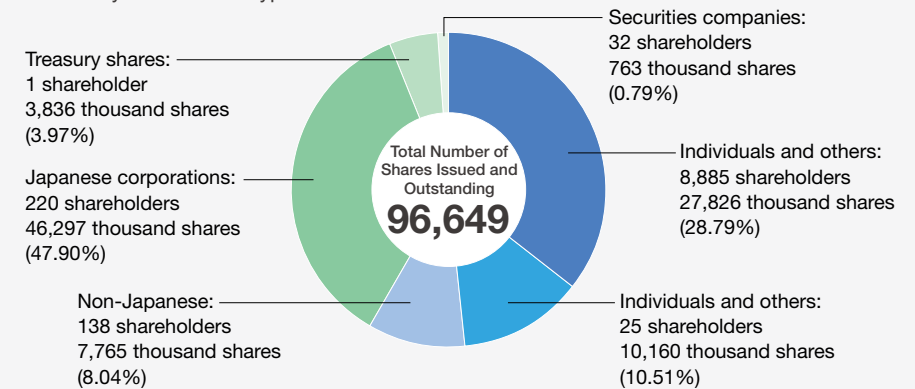
Company Name	Main Businesses
Toenec Construction (Shanghai) Co., Ltd.	Electrical, air-conditioning work
Toenec (Thailand) Co., Ltd.	—
Toenec Philippines Incorporated	Electrical, air-conditioning, water supply and drainage work
PT. Asahi Synchrotech Indonesia	Electrical, air-conditioning, plant plumbing work
Tri-En TOENEC Co., Ltd.	Electrical, air-conditioning work
Hawee Mechanical and Electrical Joint Stock Company	Electrical, air-conditioning work
FUHBIC TOENEC Corporation	Electrical, air-conditioning work

Note: Toenec (Thailand) Co., Ltd. has completed its business transfer to Tri-En TOENEC Co., Ltd. and is in the process of liquidation.

Stock Information

Total Number of Authorized Shares	200,000,000
Total Number of Shares Issued and Outstanding	96,649,950 (including 3,836,310 treasury shares)
Total Number of Shareholders	9,301

Breakdown by Shareholder Type



Major Shareholders

Shareholder Name	Number of Shares Held (thousand shares)	Shareholding Ratio
Chubu Electric Power Co., Inc.	41,406	44.61%
Toenec Employee Shareholding Association	5,622	6.06%
The Master Trust Bank of Japan, Ltd. (Trust account)	4,139	4.46%
Toenec Kyoekai	3,244	3.50%
Custody Bank of Japan, Ltd. (Trust account)	1,866	2.01%
DFA International Small Cap Value Portfolio	1,059	1.14%
STATE STREET BANK AND TRUST COMPANY 505001	935	1.01%
MUFG Bank, Ltd.	838	0.90%
Toenec Nagoya Cooperative Association Shareholding Association	773	0.83%
Toenec Okazaki Cooperative Association Shareholding Association	667	0.72%

Notes: 1. The Company holds 3,836 thousand treasury shares, but this is not included in the above list of major shareholders.
2. The shareholding ratios have been calculated excluding treasury shares.