



April 28, 2025

To Whom It May Concern:

Listed Company Name	TOTO LTD.
Representative	Shinya Tamura President, Representative Director
Code No.	5332 (Prime Market of Tokyo Stock Exchange, Premier Market of Nagoya Stock Exchange, Fukuoka Stock Exchange)
Contact Person	Takafumi Shinozaki General Manager, Management Planning Dept. (TEL: +81-3-6836-2024)

Notice Concerning the Structural Reform Plan for the Mainland China Business

TOTO LTD. (the “Company”) hereby announces that the Board of Directors meeting held today adopted a resolution, as provided below, regarding a structural reform plan for the Mainland China Business.

1. Background

The Company’s profits in the Mainland China Business have significantly deteriorated, mainly due to a prolonged stagnation in the real estate market in mainland China, and intensified price competition with competitors amid the ongoing downgrading of consumption due to the worsening economic environment. Despite the hard situation, the TOTO brand we have cultivated over the years continues to receive support. In order to continue the Mainland China Business, we will carry out structural reforms aimed at stable business operations in the future.

2. Details of Implementation

In terms of sales, we will concentrate our resources in areas where we can leverage our expertise in remodeling proposals, which is our strength cultivated in Japan, and further enhance our remodeling activities.

As for products, in addition to creating value in the luxury grade market, we will launch competitively priced products to cater to the middle and luxury grade and middle grade markets.

Regarding production, we will restructure our production system to match the scale of our business. Among the sanitary ware manufacturing bases in mainland China, we will close and liquidate the two bases of TOTO (Beijing) Co., Ltd. and TOTO East China Co., Ltd., and optimize the personnel. We will thereby improve operating rates, productivity, and eco-friendliness with a two-base system, including a new factory.

<p>This notice has been translated from the original notice in Japanese. In the event of any discrepancy, the original in Japanese shall prevail.</p>

3. Outline of Companies to be Liquidated

Name	TOTO (Beijing) Co., Ltd.		
Location	NO. 8 JIANCAI CITY ZHONG RD., XISANQI EAST HAIDIAN DISTRICT BEIJING		
Establishment	March 24, 1995		
Name and title of representative	Yutaka Yamagishi, Chairman		
Description of business	Manufacture and sale of sanitary ware		
Capital	USD 24 million		
Number of employees	1,030 (As of April 1, 2025)		
Major shareholders and shareholding ratio	TOTO (China) Co., Ltd. 60% (A wholly-owned subsidiary of the Company) Mitsui & Co., Ltd. 20%, a local partner company in China 20%		
Relationship between the Company and said company	Capital relationship	Consolidated subsidiary of the Company	
	Personal relationship	Three employees from the Company, one employee from Mitsui & Co., Ltd., and one employee from a local partner company in China are serving as Directors of said company.	
	Business relationship	Finished goods produced by this company are sold to the Chinese market through the Company's wholly-owned subsidiary TOTO (China) Co., Ltd.	
	Status as a related party	Said company is a consolidated subsidiary of the Company and qualifies as a related party.	
The said company's operating results and financial position for the last three years (Thousands of yuan)			
As of / Fiscal year ended	December 31, 2022	December 31, 2023	December 31, 2024
Net assets	281,787	314,723	299,477
Total assets	340,009	382,309	341,171
Net sales	346,270	429,805	292,105
Ordinary profit	(25,134)	45,128	1,762
Profit attributable to owners of parent	(12,384)	19,761	452

Name	TOTO East China Co., Ltd.		
Location	NO.1108 NANLE RD, SONGJIANG INDUSTRIAL PARK, SHANGHAI		
Establishment	November 13, 2001		
Name and title of representative	Yutaka Yamagishi, Chairman		
Description of business	Manufacture and sale of sanitary ware		
Capital	USD 42 million		
Number of employees	994 (As of April 1, 2025)		
Major shareholders and shareholding ratio	TOTO (China) Co., Ltd. 100% (A wholly-owned subsidiary of the Company)		
Relationship between the Company and said company	Capital relationship	Consolidated subsidiary of the Company	
	Personal relationship	An employee of the Company is serving as Director of this subsidiary.	
	Business relationship	Finished goods produced by this company are sold to the Chinese market through the Company's wholly-owned subsidiary TOTO (China) Co., Ltd.	
	Status as a related party	Said company is a consolidated subsidiary of the Company and qualifies as a related party.	
The said company's operating results and financial position for the last three years (Thousands of yuan)			
As of / Fiscal year ended	December 31, 2022	December 31, 2023	December 31, 2024
Net assets	446,405	442,495	445,492
Total assets	538,504	535,166	536,923
Net sales	556,886	628,045	519,402
Ordinary profit	35,807	44,746	27,526
Profit attributable to owners of parent	26,785	33,518	20,533

4. Future Outlook

With the implementation of this structural reform, we plan to record extraordinary losses as restructuring expenses for the fiscal year ending March 2026. Although we anticipate an improvement in profits in the fiscal year ending March 2027, the amounts for both are currently under review. We will make an announcement once the review is complete. Please note that an estimated value has been incorporated into the earnings forecast for the fiscal year ending March 2026.

This structural reform designed to revitalize the Mainland China Business will be promoted with the support of the entire company. We will contribute to realizing “clean, comfortable and healthy lifestyles” by providing products with high value for the customer in all regions, including mainland China, and creating a sustainable society with environmentally friendly products.

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