

TOTECH Group Supplementary Material for FY3/25

TOTECH CORPORATION

May 15, 2025

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FY3/25 Financial Results Report / FY3/26 Business Plan

[APPENDIX]

Overview of FY3/25 Performance



Performance Overview: Both net sales and operating profit reached record highs, resulting in increased sales and profits. The Company achieved its Mid-Term Management Plan Phase I net sales target of 155.0 billion yen one year ahead of schedule, and profit target also one year early.

- Sales are trending favorably due to the increase in new construction demand from redevelopment projects mainly in large cities, as well as an increase in capital investment projects for private factories and data centers.
- The reason for the significant increase in operating profit was that the growth of the instrumentation business which requires high technical capabilities, contributed more to the increase in profits than sales. Alos in the product sales business, we promoted the development of value-added services for large projects, additionally with a reduction in the company-wide cost of sales ratio, led to the growth in operating profit.
- Both order intake and order backlog remained solid, supporting sustained and stable growth.

Net sales

¥155.9bn
(YoY+10.8%)

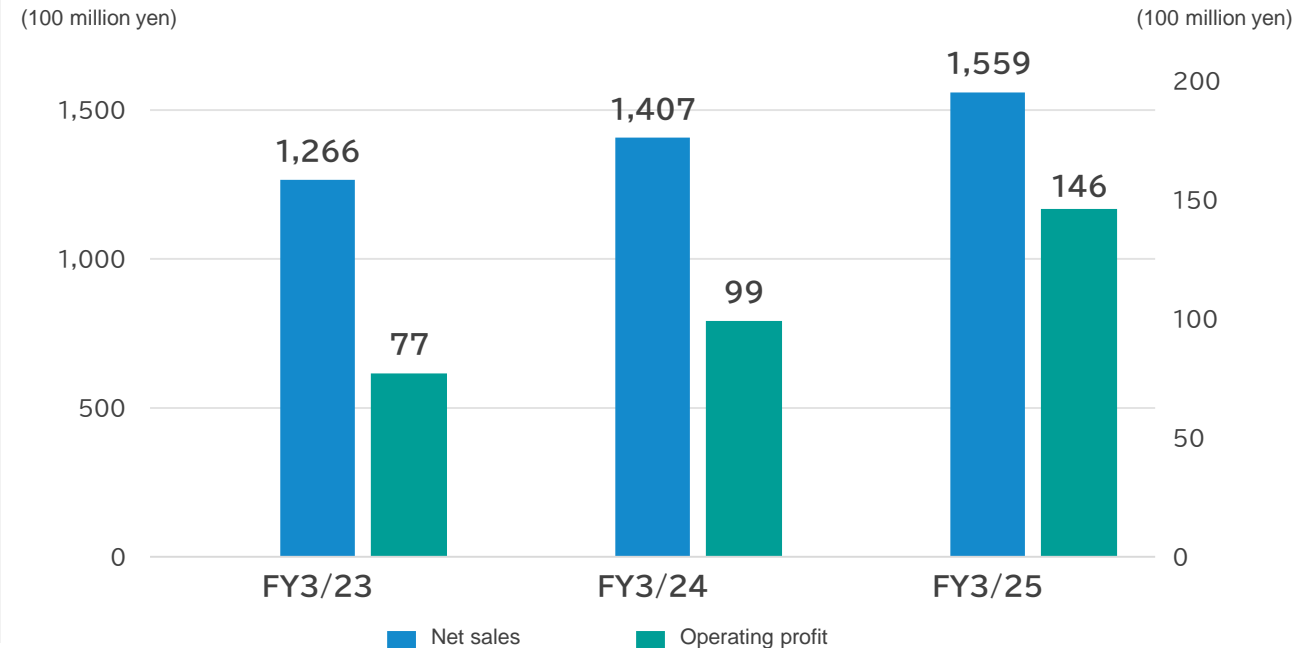
**Operating
profit**

¥14.6bn
(YoY+48.3%)

**Operating
profit margin**

9.4%
(YoY+2.4Point)

3-period comparison



Consolidated Statements of Income



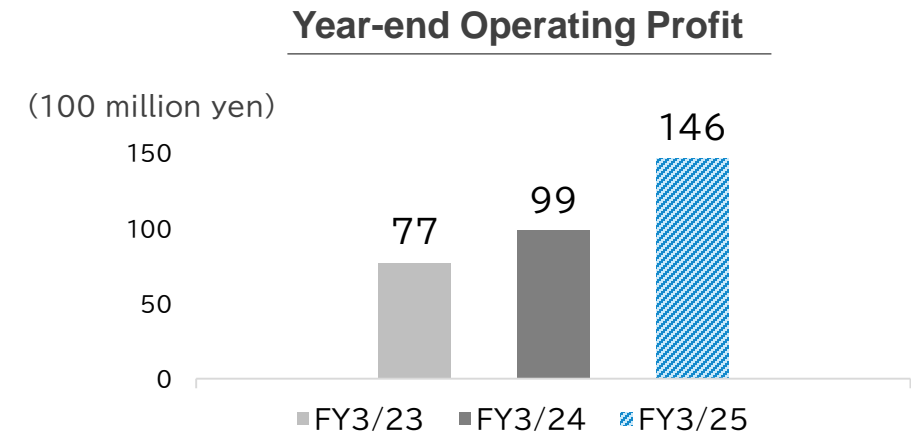
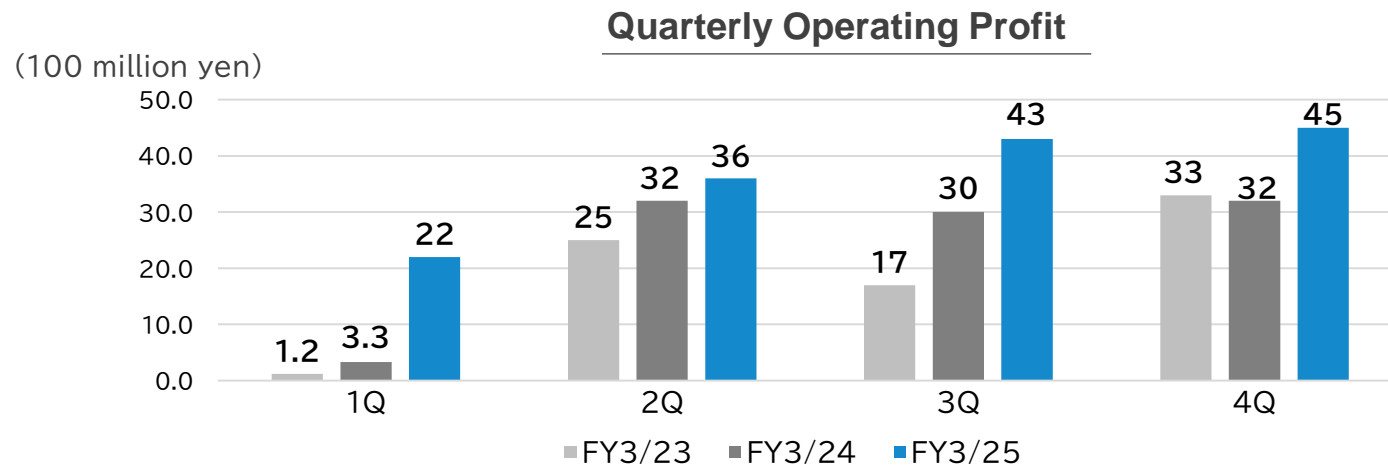
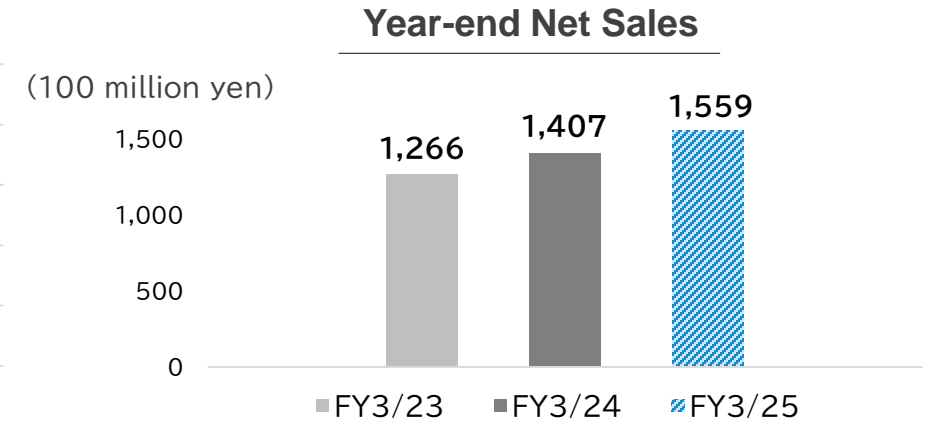
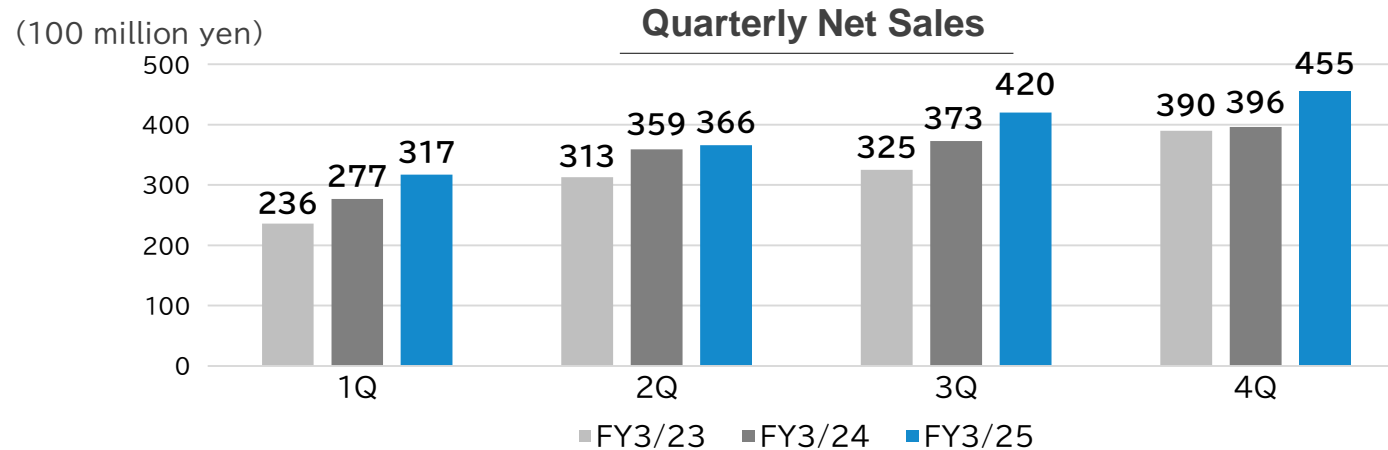
- Sales were up 10.8% YoY, and each profit level exceeded expectations, resulting in a 10% ordinary profit margin.
- Growth in the construction business and improvement in gross profit margins of each business division, especially the improvement in sales and profit margins of the instrumentation business, contributed to overall profits.

	FY3/24 Results (100 million yen)	FY3/25 <Forecast> (100 million yen)	FY3/25 Results (100 million yen)	Profit margin %	YoY change %	Vs. previous forecast %
Net sales	1,407	1, 550	1,559	-	+10.8%	+9 (+0.6%)
Operating profit	99	130	146	9.4%	+48.3%	+16 (+13.0%)
Ordinary profit	105	138	155	10.0%	+47.1%	+17 (+12.9%)
Profit attributable to owners of parent	70	95	111	7.2%	+59.8%	+16 (+17.8%)

Quarterly Performance

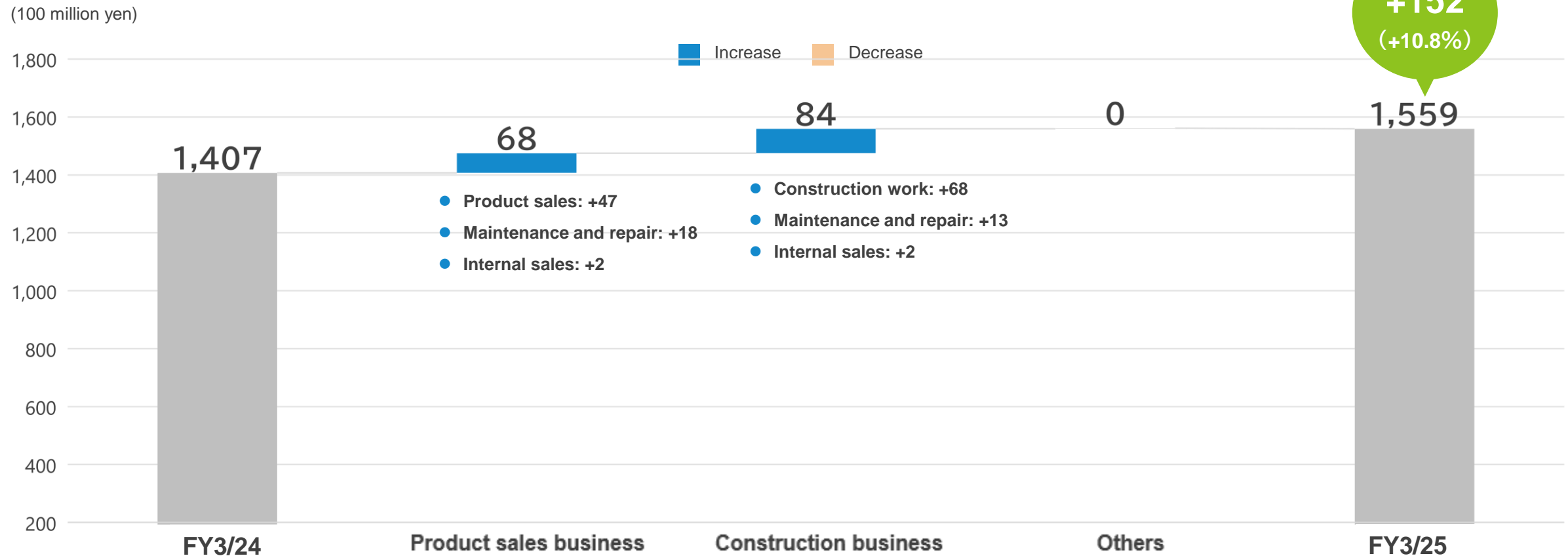


- Both sales and operating profits reached record highs on a quarterly basis.
- The trend of increasing sales in 4Q remains unchanged, but due to larger projects, the trend towards leveling out over the year is gradually progressing.



Change Factors for Net sales by Segment

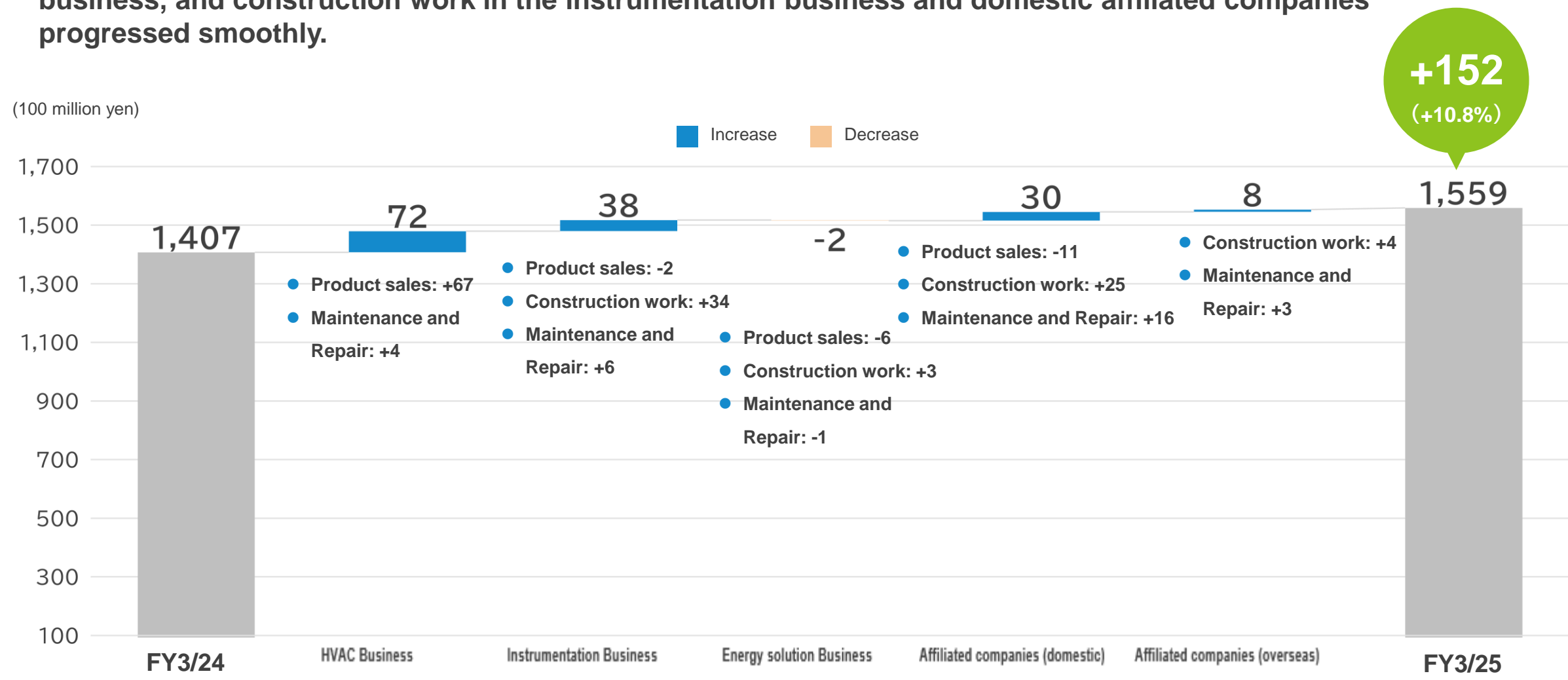
- The product sales business increased by 6.8 billion yen compared to the previous fiscal year, and the construction business increased by 8.4 billion yen compared to the previous fiscal year.
- Both the product and construction businesses grew significantly, contributing to an increase in overall sales. Maintenance, which leads to stock sales in both the product sales and construction businesses, also grew steadily.



Change Factors for Net sales by Business Field

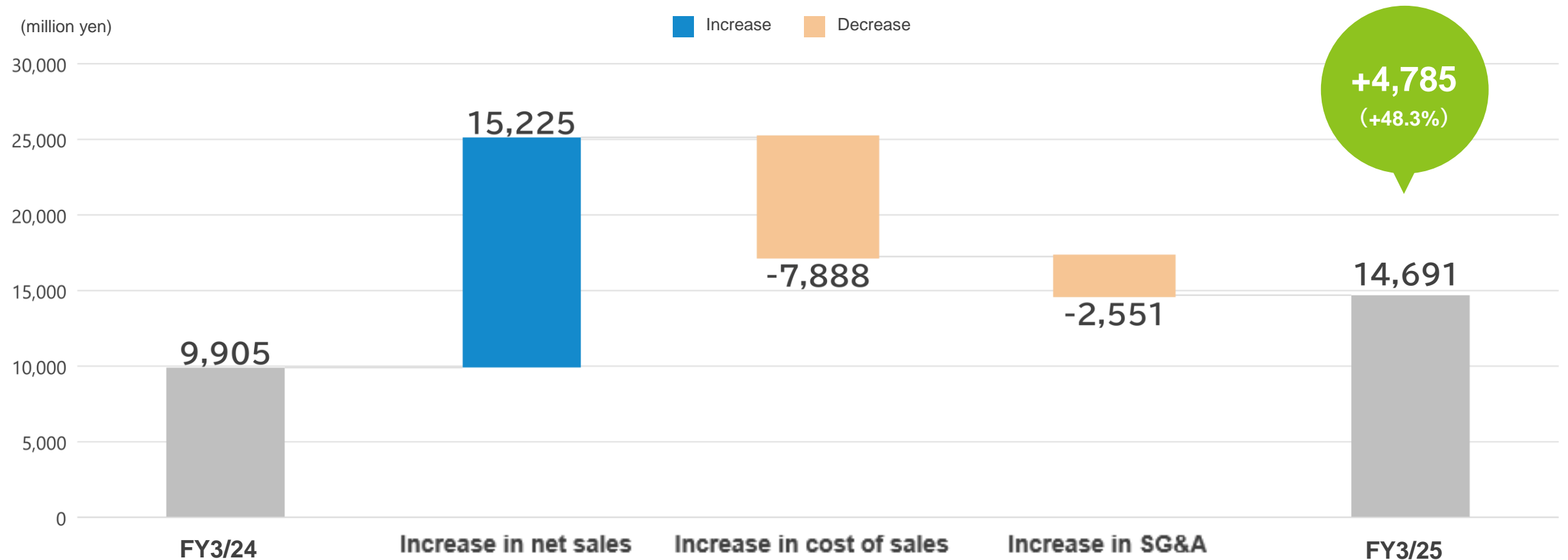


■ Exception of the energy business, which saw a backlash from large-scale projects in the previous fiscal year, all business areas grew compared to the previous fiscal year. In particular, equipment sales in HVAC business, and construction work in the instrumentation business and domestic affiliated companies progressed smoothly.



Change Factors for Operating Profit

- Driven by 10.8% year-on-year increase in net sales and an improvement in gross profit margin, we were able to offset the rise in SG&A expenses(including labor costs of up 2,460 million yen), resulting in a year-on-year operating profit increase of 4,785 million yen (+48.3%).



Sales Breakdown by Segment



- The Product sales business grew by 8.1% overall, while regular and spot maintenance services recorded double-digit growth, both contributing to steady performance.
- The Construction business achieved a year-on-year increase of 14.8%, with both construction and maintenance services posting double-digit growth, driving overall profit improvement.

	FY3/24	FY3/25	
	Net sales (100 million yen)	Net sales (100 million yen)	YoY
Product sales business	838	906	+8.1%
Product sales	737	784	+6.4%
Regular and spot maintenance	149	167	+12.1%
Internal sales	-48	-45	-
Construction business	568	652	+14.8%
Construction work	472	540	+14.6%
Regular and spot maintenance	100	113	+13.0%
Internal sales	-4	-1	-

Sales Breakdown by Business



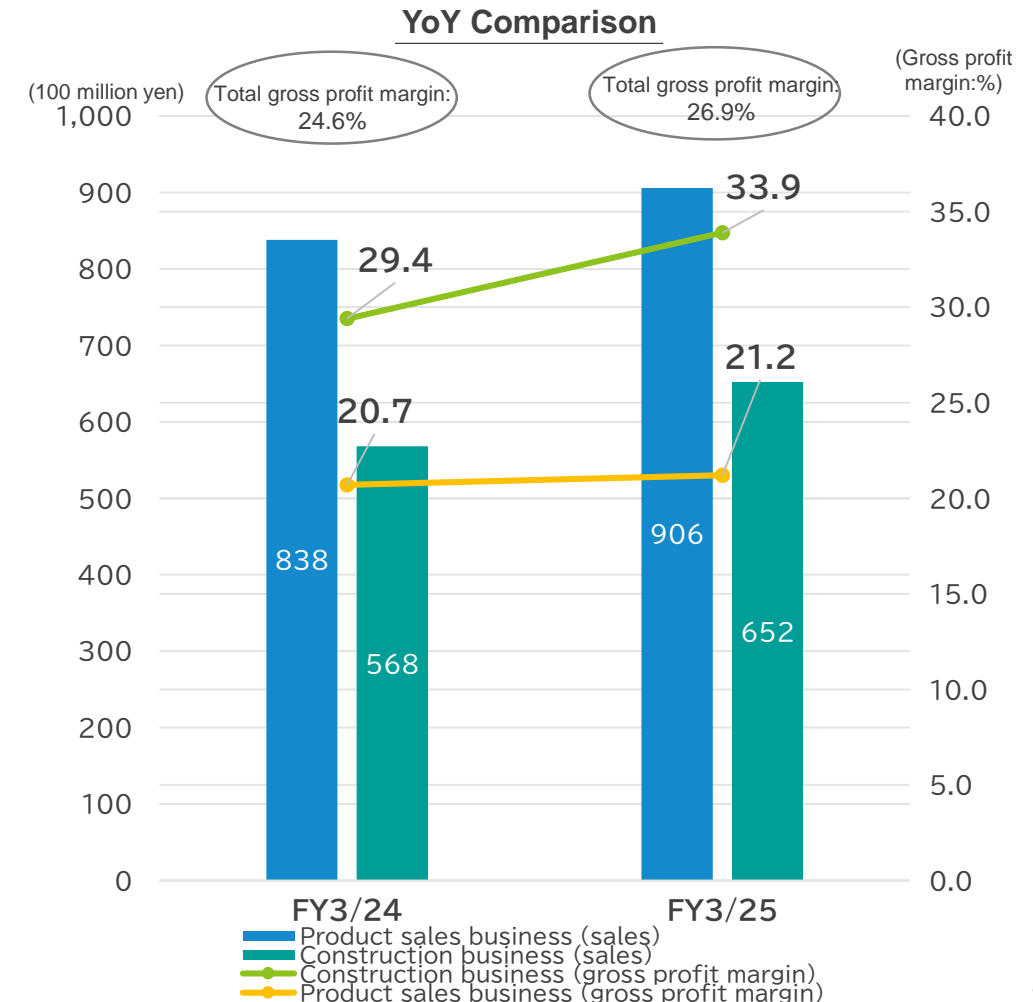
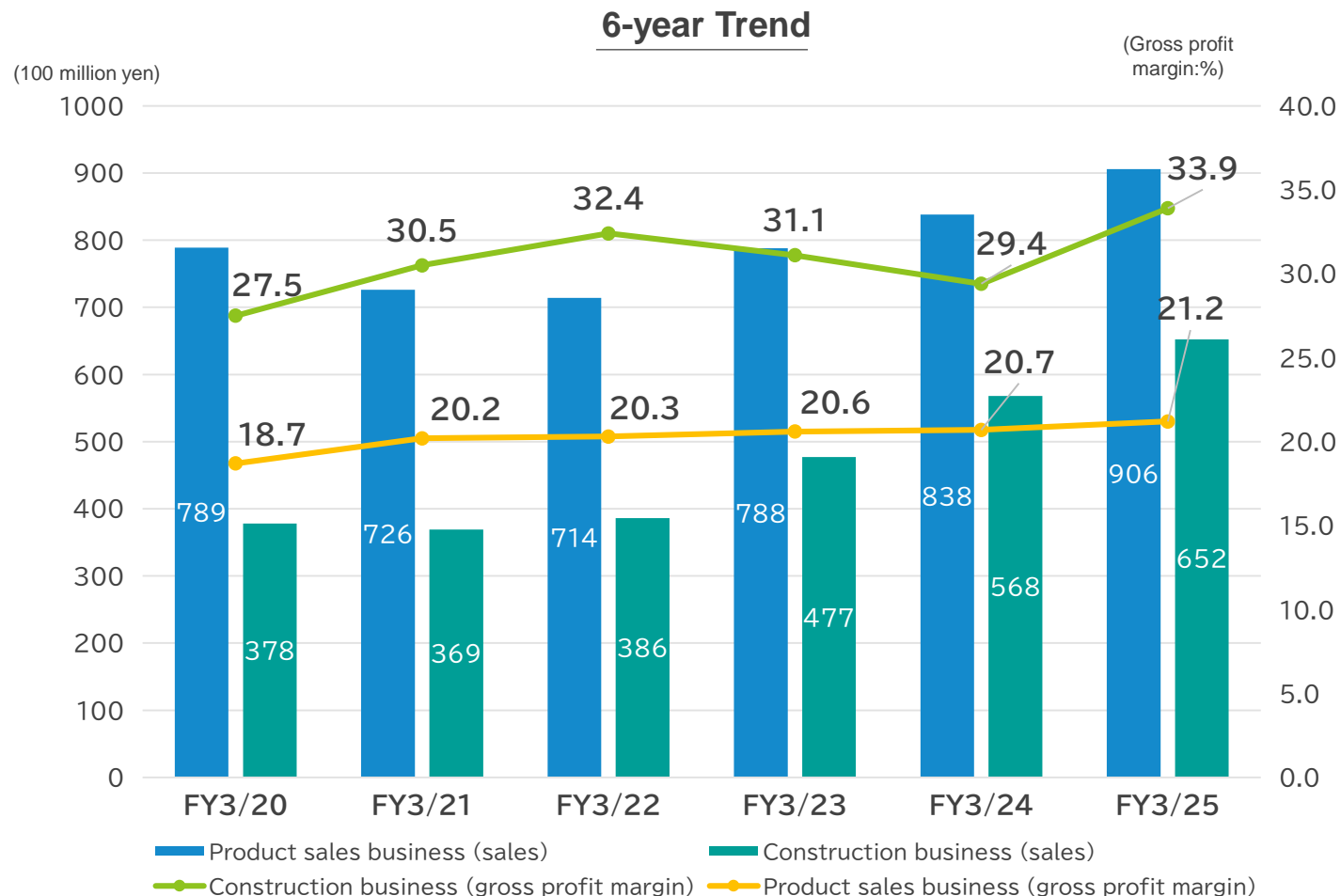
- Due to the reactionary decline following large-scale projects in the previous fiscal year, sales in the Energy Solution Business saw a slight year-on-year decrease. However, all other business segments recorded year-on-year growth.
- Company-wide, regular and spot maintenance services grew by 12.6% year-on-year, accounting for 18.0% of total net sales.

	FY3/24	FY3/25	
	Sales (million yen)	Sales (million yen)	YoY
HVAC Business	65,110	72,341	+11.1%
Product sales	61,995	68,780	+10.9%
Regular and spot maintenance	3,114	3,561	+14.3%
Instrumentation Business	23,564	27,441	+16.5%
Product sales	1,584	1,376	-13.1%
Construction work	18,980	22,403	+18.0%
Regular and spot maintenance	2,999	3,661	+22.1%
Energy solution Business	15,725	15,487	-1.5%
Product sales	3,026	2,394	-20.9%
Construction work	9,378	9,773	+4.2%
Regular and spot maintenance	3,320	3,319	+0%
Affiliated companies (domestic)	36,243	39,261	+8.3%
Product sales	7,127	5,935	-16.7%
Construction work	15,583	18,150	+16.5%
Regular and spot Maintenance	13,532	15,175	+12.1%
Affiliated companies (overseas)	5,277	6,162	+16.8%
Construction work	3,260	3,754	+15.1%
Regular and spot maintenance	2,017	2,408	+19.4%
Internal sales	-5,232	-4,774	-

Segment Sales and Gross Profit Margin



- The gross profit margin in the energy solution business which had previously been poor also improved, totally reaching a record high of 26.9%, an improvement of 2.3 percentage points from the previous fiscal year.
- The gross profit margin for the construction business was 33.9%, an improvement of 4.5 points from the previous fiscal year, and the gross profit margin for the product sales business was also the highest ever.

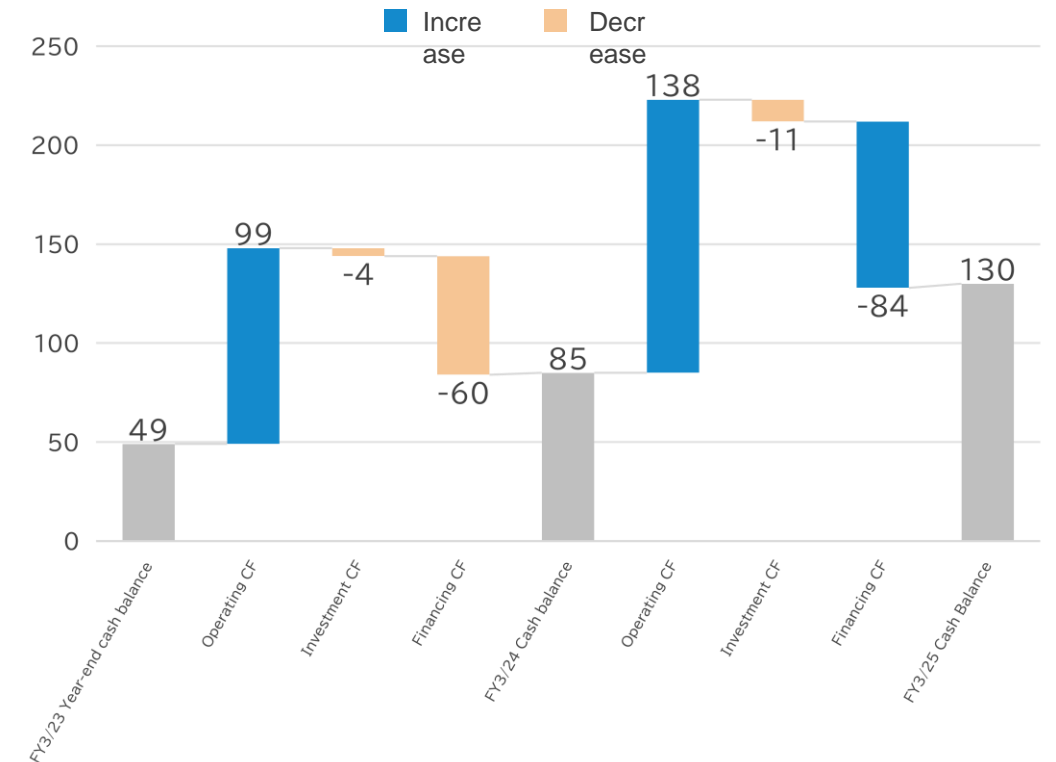


Balance Sheet / Cash Flow

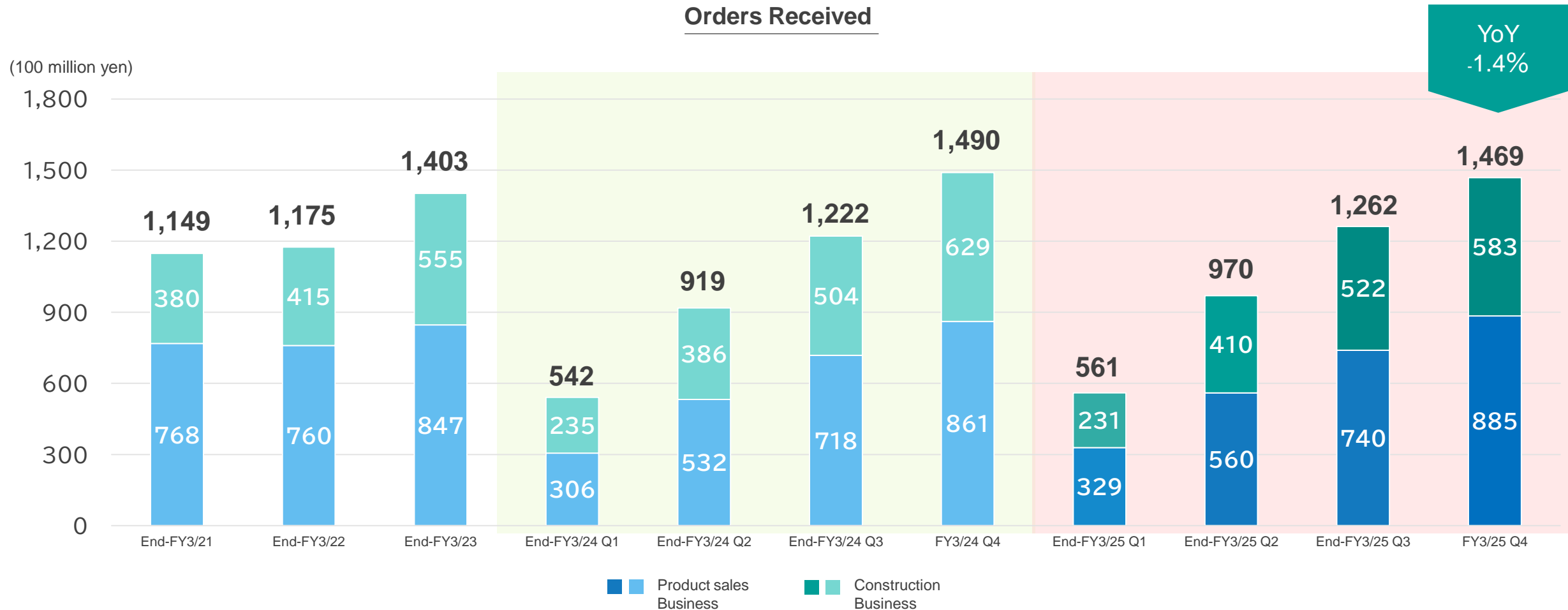


(100 million yen)	FY3/24	FY3/25	Change
Current assets	559	602	+43
Cash and deposits	86	130	+43
Notes and accounts receivable-trade, contract assets, and electronically recorded monetary claims	407	408	+1
Inventories	42	46	+3
Other	22	17	-5
Non-current assets	445	449	+4
Property, plant and equipment	202	209	+6
Intangible assets	33	29	-4
Investments and other assets	209	210	+1
Total assets	1,004	1,052	+47
Current liabilities	391	392	+0
Notes and accounts payable-trade, electronically recorded obligations-operating	238	232	-6
Short-term borrowings, Current portion of long-term borrowings	53	29	-23
Other	99	129	+29
Non-current liabilities	78	47	-30
Long-term debt	36	8	-28
Other	41	39	-2
Net assets	534	612	+78
Total shareholders' equity	443	526	+82
Accumulated other comprehensive income, etc.	90	86	-4
Total liabilities and net assets	1,004	1,052	+24
Shareholders' equity ratio	53.2%	58.2%	+5.0%

	FY3/24	FY3/25 (100 million yen)
Operating CF	99	138
Investment CF	-4	-11
Free CF	95	127
Finance CF	-60	-84
Cash balance	85	130



- In response to strong demand, we received new orders at the same level as the previous fiscal year at a fair price in line with our construction capacity (-1.4% YoY)

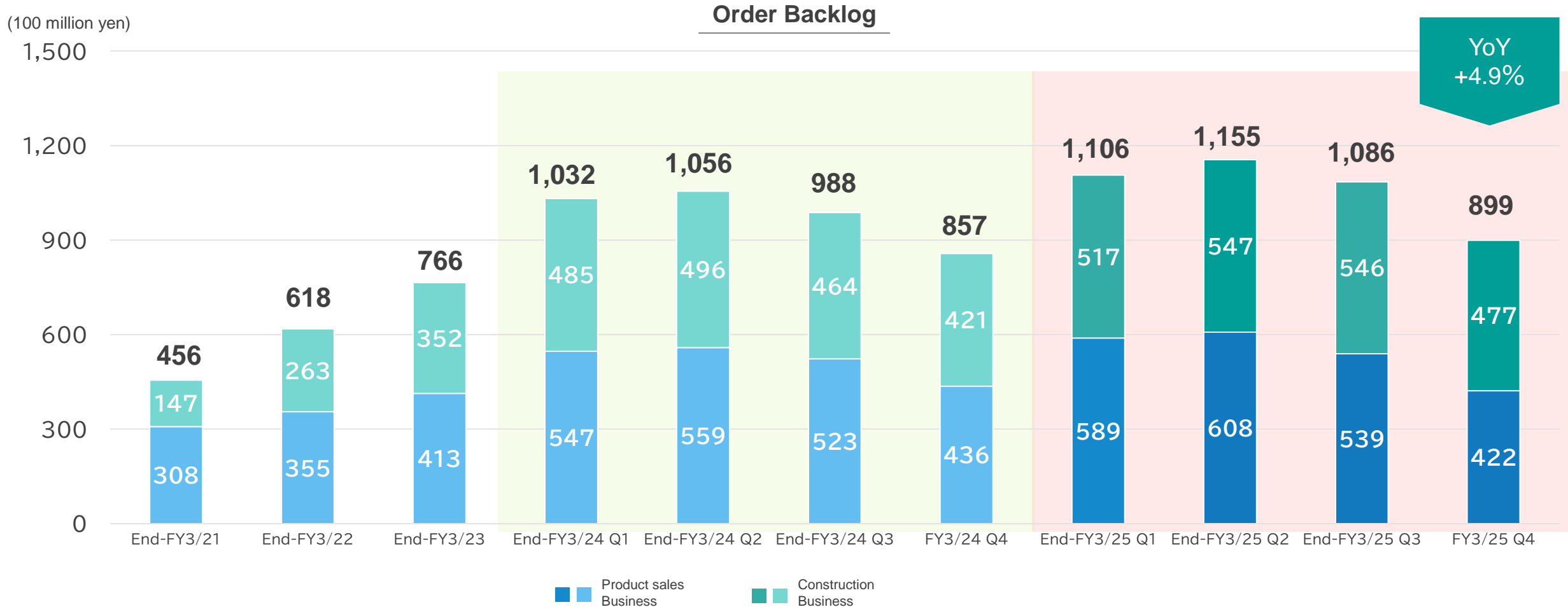


*Including overseas subsidiaries (QA) from FY22/3

Order Backlog



- Order backlog remains strong due to strategic order acquisition that also takes supply into consideration (order backlog is +4.9% compared to the previous period)
- Order backlog in the construction business is particularly strong at +13.3% (product sales orders are -3.2% compared to the previous period)



*Including overseas subsidiaries (QA) from FY22/3

Full-year Business Forecasts: FY3/26



(100 million yen)	FY3/25 (Results)	FY3/26 (Revised Forecast)	Rate of change
Net sales	1,559	1,600	+2.6%
Operating Profit	146	150	+2.1%
Ordinary profit	155	158	+1.5%
Profit attributable to owners of parent	111	107	-4.0%

[Business Environment Outlook]

In the construction industry surrounding our Group, large-scale redevelopment projects in urban areas are expected to continue. However, rising material costs and increased logistics expenses are also anticipated. In addition, to enhance employee motivation and attract top talent, we plan to raise overall salary levels across the Group, which is expected to lead to an increase in selling, general, and administrative expenses.

While the management environment is expected to remain uncertain, we will strive for continued revenue by steadily implementing our business expansion strategy based on the Mid-Term Management Plan.

Dividend Policy: Dividends Paid and Forecast



- As a basic policy, we aim for a consolidated dividend payout ratio of approximately 40%. For FY3/25, the annual dividend will be 109 yen, plus 7-yen commemorative dividend in celebration of the Company's 70th anniversary, bringing the total to 116 yen.
- For FY3/26, we plan to maintain a 104-yen dividend, based on a 40.0% payout ratio.

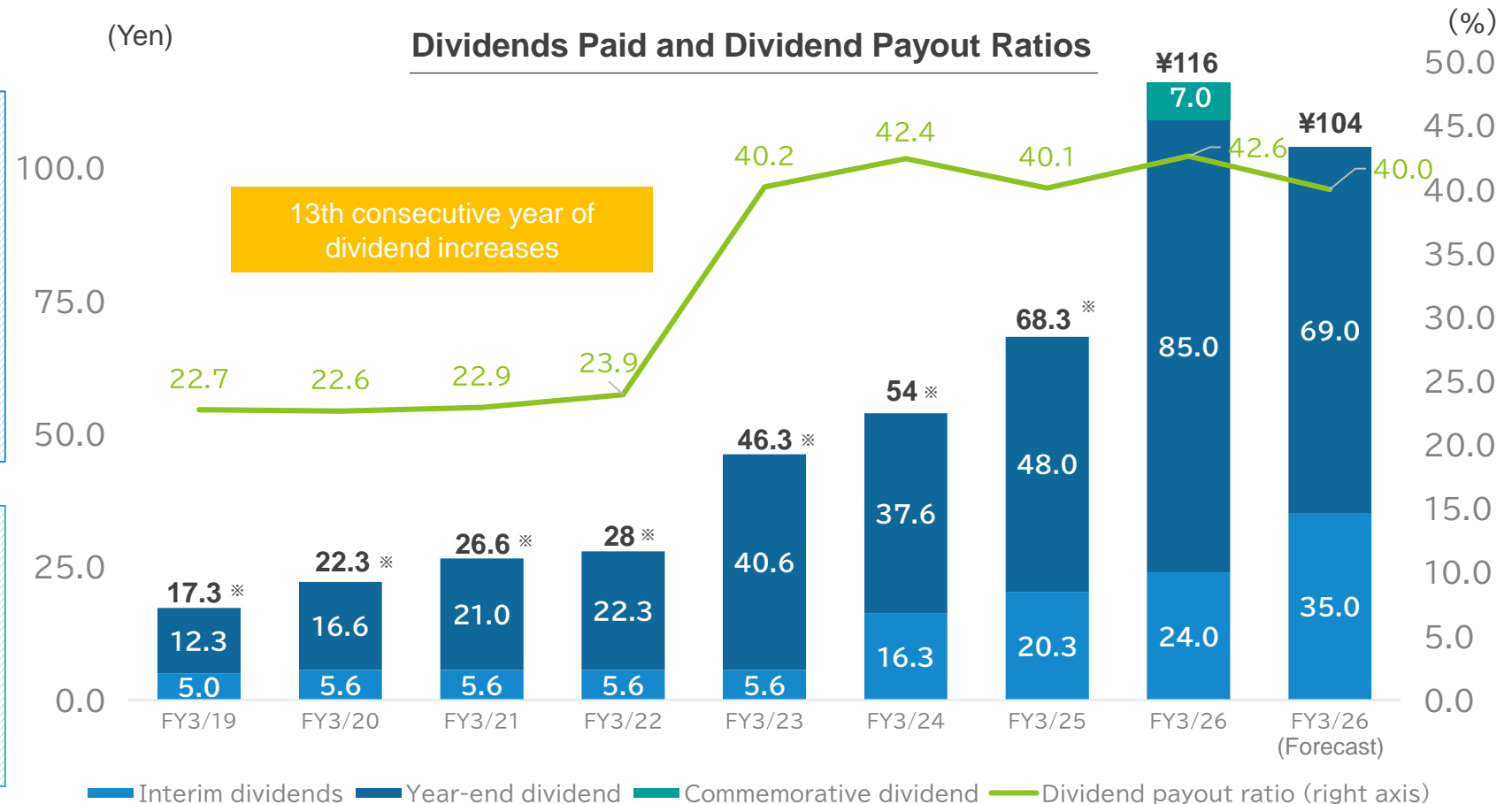


Profit return policy

We regard the return of profits to shareholders as an important management policy. We allocate profits based on business performance while improving profitability through effective business operations and strengthening our financial position.

Specific Indicators

Aiming for a consolidated dividend payout ratio of 40% as a specific indicator, continuously and stably pay dividends in line with business performance.



* The Company conducted a 3-for-1 stock split as of April 1, 2024. Dividends for the past fiscal years are calculated based on the number of shares after the stock split.

Enhance Corporate Value that is Conscious of Cost of Capital



- We recognize that our assumed cost of equity is around 7-8%, based also on investors' expected returns.
- ROE has remained above 10% annually for the last five years, and equity spreads have remained positive.
- Starting this fiscal year, we set a new target for cross-shareholdings to be less than 20% of consolidated net assets.

Key Financial Indicators

Shareholders' equity ratio : Around 50%

PBR : 1x or more

ROE : 12% or more

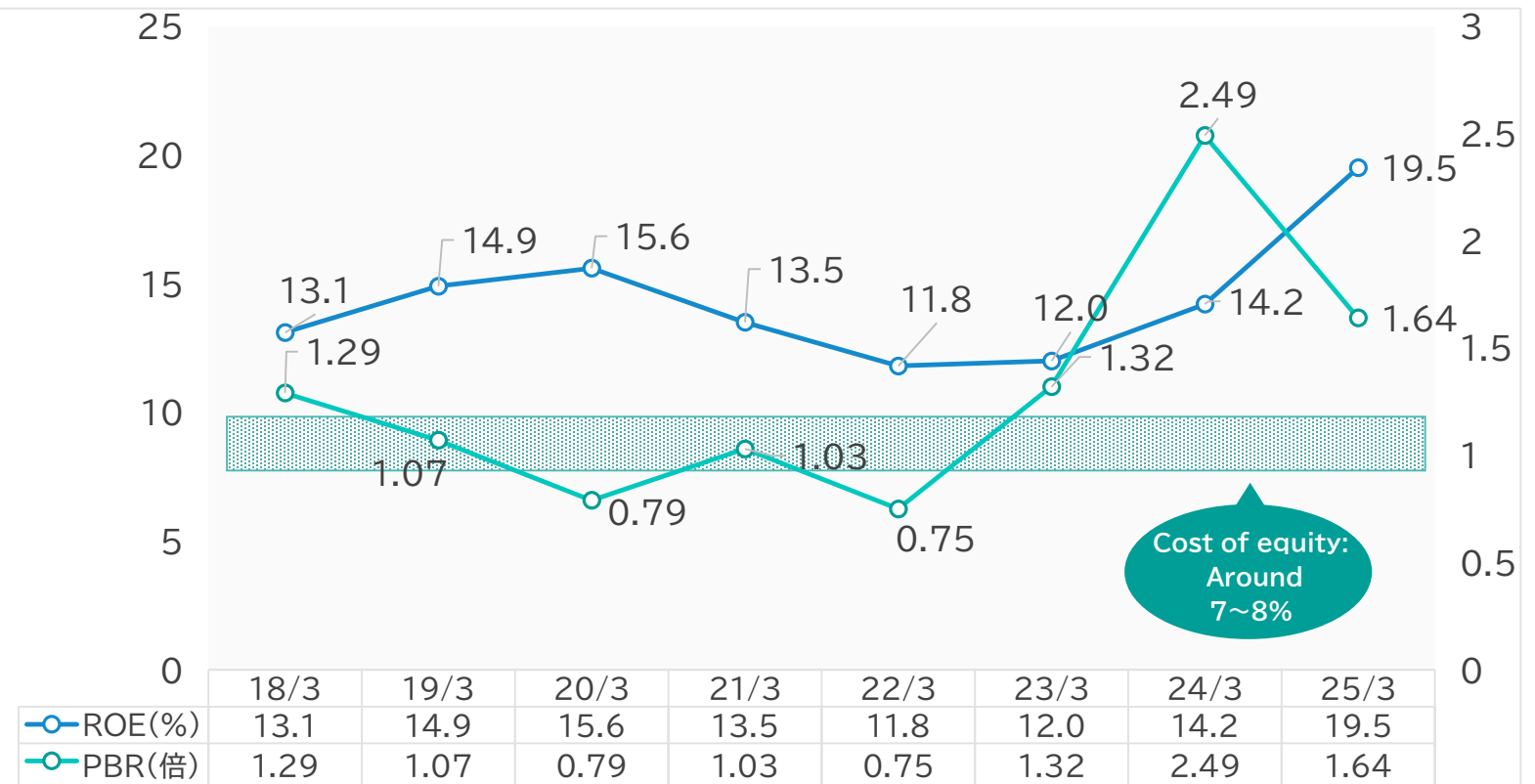
Cost of Equity



ROE

PBR

Maintain at least 1 times in a stable and continuous manner



<APPENDIX>

Strengthen Core Business (M&A:Sannou Kikou Co., Ltd. becomes a subsidiary)



- As part of our growth strategy and investment, we acquired shares of Sannou Kikou Co., Ltd. (Kobe City, Hyogo Prefecture), a company engaged in instrumentation construction and maintenance businesses, and made the company our subsidiary.
- By adding Sannou Kikou which has many experienced and excellent technical personnel to the Totech Group, we aim to further improve our instrumentation business.

Overview of Sannou Kikou Co.,Ltd.

Name	SANNOU KIKOU CO.,LTD..
Address	5-1-6 Kusunokicho Chuo-ku Kobe City Hyogo Pre.
Business	Business control equipment construction, central monitoring system construction, etc.
Capital	50 million yen
Date of establishment	1971/4/1
Number of shares	89,000 shares
Sales	2,127 million yen (as of FY Jan-2024)
Employee	57 (as of Feb 2025、including part-time staffs)



Sannou Kikou and Totech Group Integration Launching Ceremony (April 24, 2025)

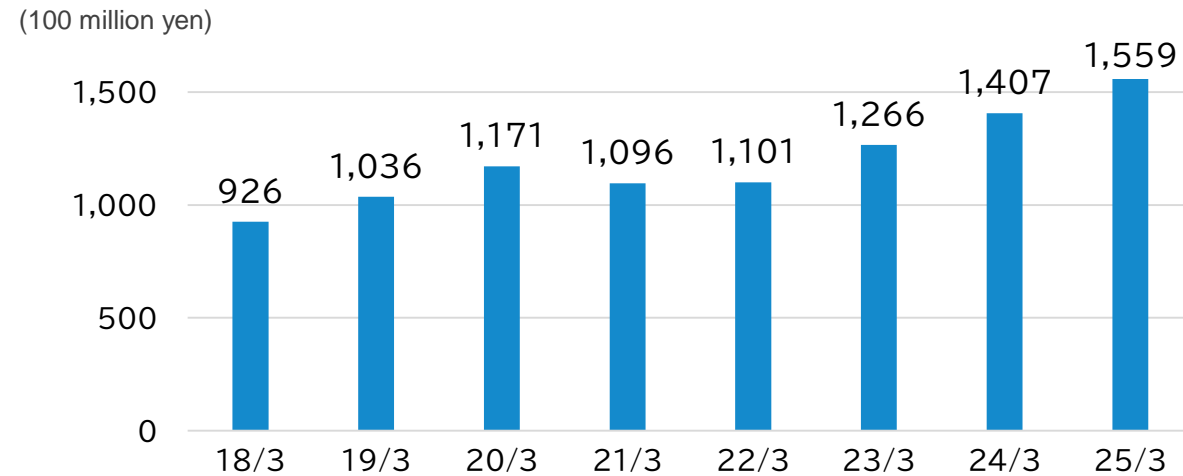
- Share transfer execution date: April 1, 2025

[APPENDIX] Financial Indicators

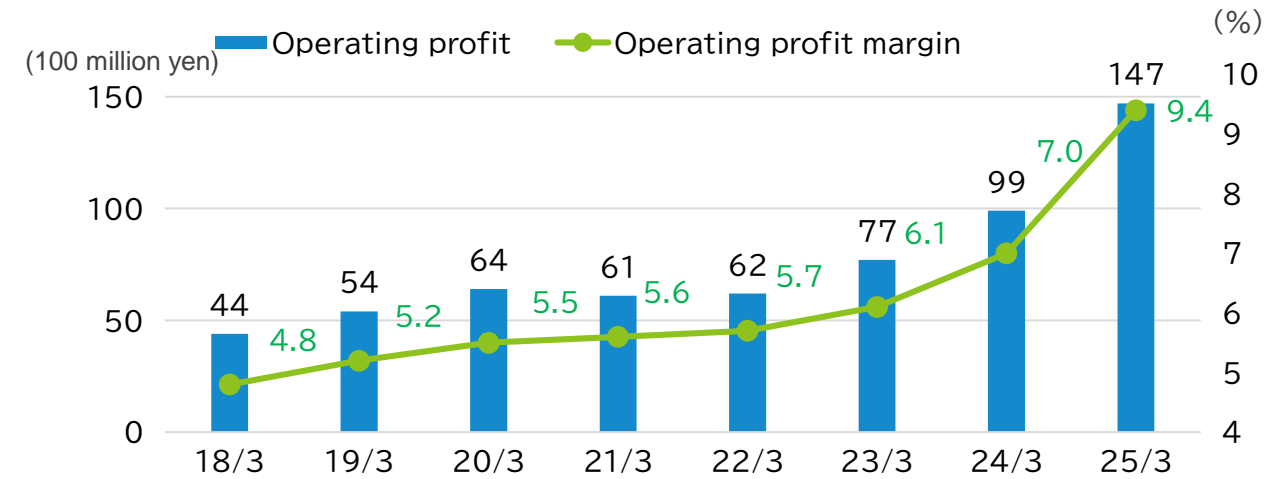


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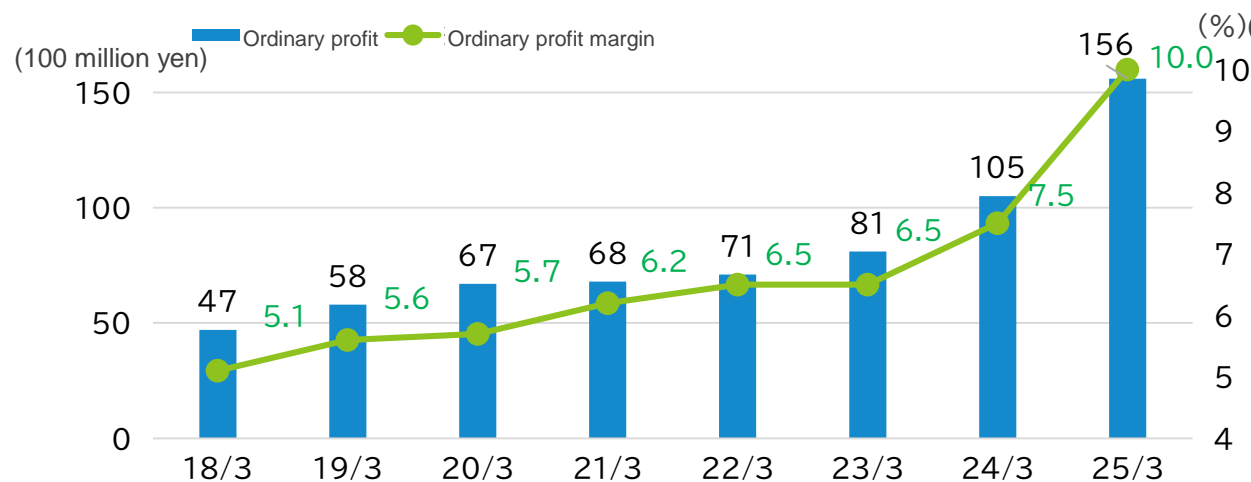
Net sales



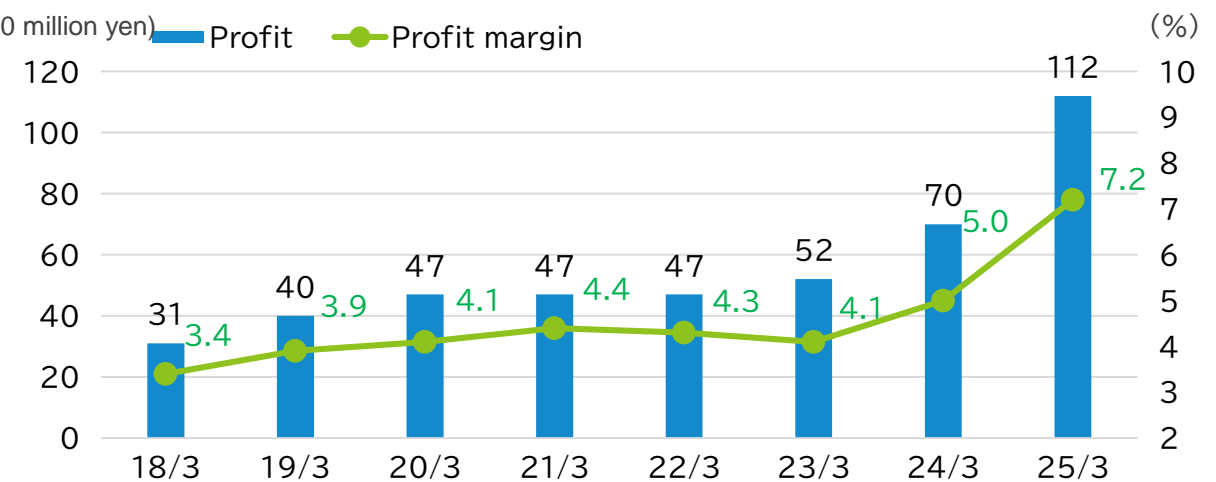
Operating profit



Ordinary profit

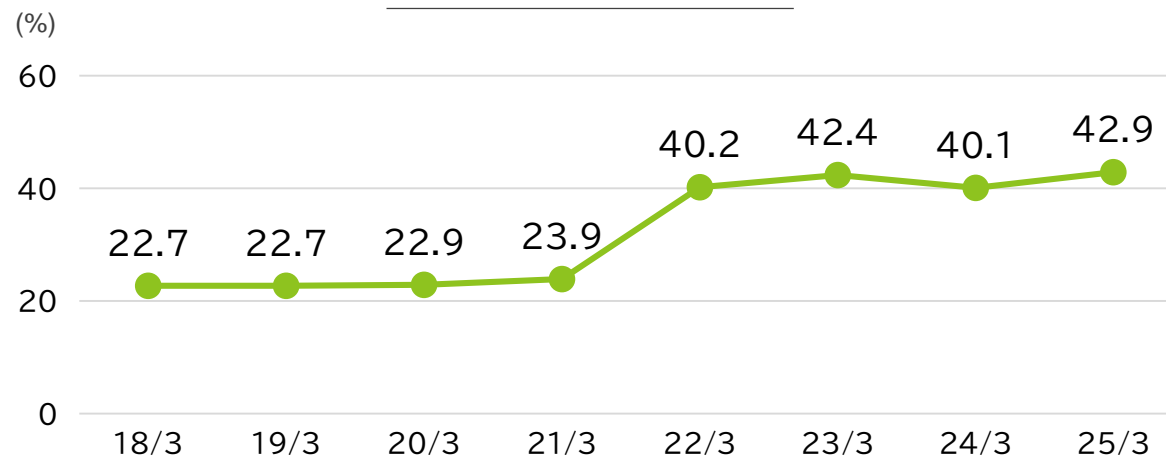


Profit

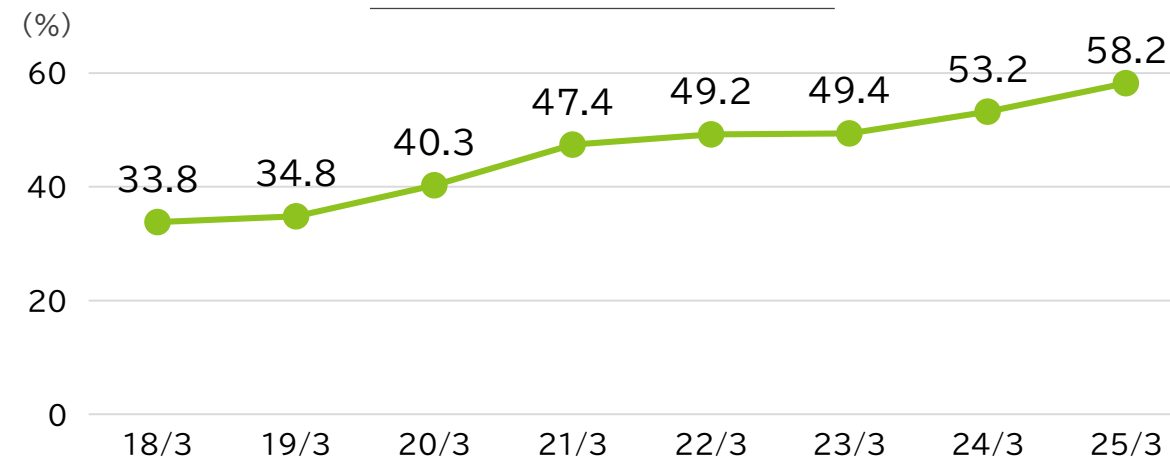


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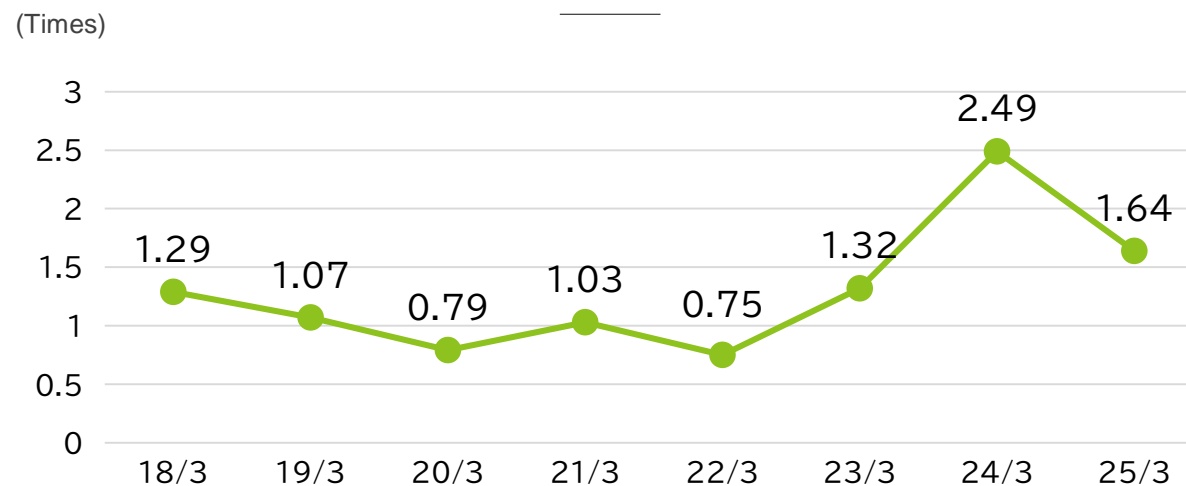
Dividend payout ratios



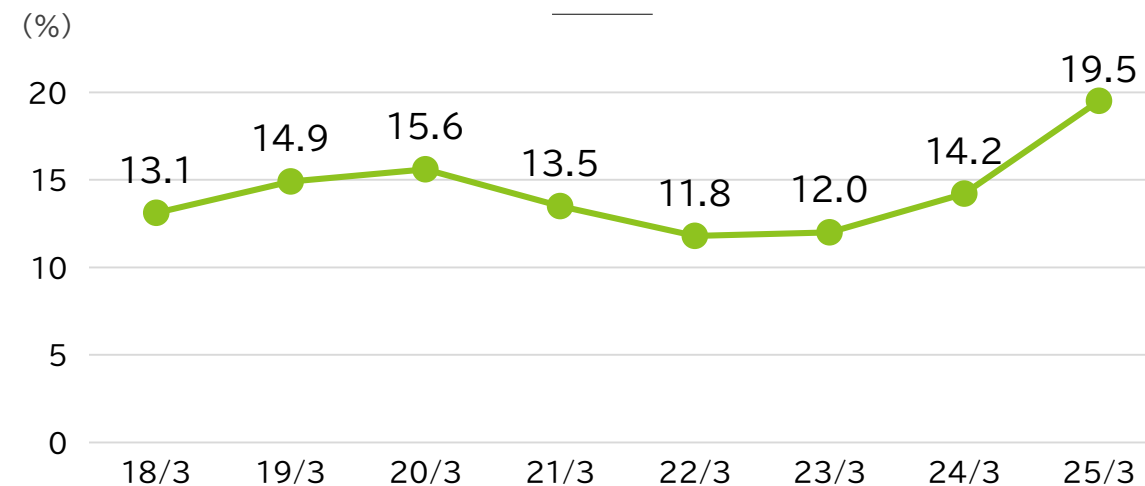
Shareholders' equity ratio











PBR



ROE



Pursuing Materiality (Key Issues) to "Contribute to the Realization of a Sustainable Society"

Materiality	Action plan	Corresponding SDGs
 <p>Good for earth Aiming to realize a sustainable decarbonized society and achieve comfort for the people living</p>	<ul style="list-style-type: none"> Promotion of energy saving Promotion of renewable energy Recycling and appropriate disposal of resources Reducing environmental loads in business activities 	
 <p>Good for society Aiming to create safe, secure and comfortable spaces that realize a resilient society</p>	<ul style="list-style-type: none"> Creating safe, secure, and high-quality Spaces Maintaining performance and extending life of buildings and equipment 	
 <p>Good for people Aiming to be a corporate group that attracts and enables a diverse range of people to play an active role</p>	<ul style="list-style-type: none"> Enhancing the active participation and productivity of all personnel Improving quality and technological capabilities Maintaining and improving safety and health 	
 <p>Enhance the sound management foundation Responding to the expectations of society and stakeholders and striving to be a trusted corporate group</p>	<ul style="list-style-type: none"> Strengthening corporate governance Compliance Dialogues with stakeholders 	



Results of initiatives are posted on our website on "Sustainability."

[Disclaimer]

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