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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]



May 15, 2025

Company name: Totech Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 9960
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 Scheduled date of general shareholders' meeting: June 25, 2025
 Scheduled date of commencing dividend payments: June 26, 2025
 Scheduled date of filing securities report: June 25, 2025
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 - March 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	155,958	10.8	14,691	48.3	15,574	47.1	11,194	59.8
March 31, 2024	140,732	11.1	9,905	28.1	10,585	29.5	7,004	33.9

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥10,719 million [4.3%]

Fiscal year ended March 31, 2024: ¥10,273 million [68.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	272.06	—	19.5	15.1	9.4
March 31, 2024	170.36	—	14.2	11.0	7.0

(Reference) Share of loss (profit) of entities accounted for using equity method:

Fiscal year ended March 31, 2025: ¥ – million

Fiscal year ended March 31, 2024: ¥ – million

(Note) The Company conducted a 3-for-1 stock split on April 1, 2024. “Basic earnings per share” was calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	105,229	61,229	58.2	1,487.75
As of March 31, 2024	100,479	53,437	53.2	1,299.26

(Reference) Equity: As of March 31, 2025: ¥61,228 million

As of March 31, 2024: ¥53,434 million

(Note) The Company conducted a 3-for-1 stock split on April 1, 2024. “Net assets per share” was calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2025	13,883	(1,104)	(8,414)	13,046
March 31, 2024	9,939	(437)	(6,016)	8,524

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	—	61.00	—	144.00	205.00	2,822	40.1	6.3
Fiscal year ended March 31, 2025	—	24.00	—	92.00	116.00	4,792	42.6	8.3
Fiscal year ending March 31, 2026 (Forecast)	—	35.00	—	69.00	104.00		40.0	

(Notes) (1) The Company conducted a 3-for-1 stock split on April 1, 2024. Figures for the fiscal year ended March 31, 2024 are actual dividends before the stock split. Figures for the fiscal years ended March 31, 2025 and ending March 31, 2026 (forecast) are based on figures after the stock split. The annual dividends for the fiscal years ended March 31, 2025 and ending March 31, 2026 (forecast) without taking into account the stock split would be 348 yen and 312 yen, respectively.

(2) The year-end dividend of 116 yen for the fiscal year ended March 31, 2025 includes a commemorative dividend of 7 yen in celebration of the 70th anniversary of the Company’s establishment.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	160,000	2.6	15,000	2.1	15,800	1.5	10,700 (4.4)	259.99

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – (), Excluded: – ()

Notes on significant changes in the scope of consolidation during the period

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards and other regulations: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Notes on changes in accounting policies due to the revision of accounting standards and other regulations

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of March 31, 2025: 41,964,000 shares

As of March 31, 2024: 41,964,000 shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2025: 808,875 shares

As of March 31, 2024: 837,039 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2025: 41,147,487 shares

Year ended March 31, 2024: 41,114,122 shares

(Notes) 1. The Company conducted a 3-for-1 stock split on April 1, 2024. The number of issued shares (common shares) was calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

2. The total number of treasury shares at the end of the period includes the shares of the Company (163,236 shares as of March 31, 2025) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of Board Benefit Trust (J-ESOP). The shares of the Company (166,351 shares as of March 31, 2025) held by Custody Bank of Japan, Ltd. (Trust Account E) are included in the treasury shares that are deducted in the calculation of the average number of shares outstanding during the period.

* These financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The forward-looking statements such as financial results forecast included in this document are based on the information currently available to the Company and certain assumptions deemed reasonable, and the Company does not in any way guarantee the achievement of these projections. Actual results may differ significantly due to various factors. For the assumptions underlying the financial forecasts and notes on the use of the financial forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 4 of the attached document.

(Access to supplementary explanatory materials on annual financial results)

The Company will hold an annual financial results briefing session for institutional investors and analysts on Monday, May 26, 2025. Supplementary explanatory materials on annual financial results used at the annual financial results briefing session will be posted on the Company’s website after the session.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Japanese economy during the fiscal year under review continued to be affected by soaring resource and energy prices caused by the prolonged conflicts overseas, as well as by rising global commodity prices, resulting in an uncertain outlook. Domestically as well, although there were signs of recovery in consumer spending and demand from inbound tourists, rising commodity prices dampened consumer confidence, raising concerns over downside risks to the economy.

Amid a highly uncertain economic environment, the construction industry in which the Totech Group operates continued to face soaring construction material prices. In addition, the industry is burdened by structural supply issues, including a declining labor force due to a shrinking and aging population, as well as a chronic shortage of engineers. Even under these challenging circumstances, investment by public and private sectors remained steady, and capital investment demand was steadily captured through redevelopment projects in major cities and the reshoring of manufacturing operations.

Net sales amounted to ¥155,958 million (up 10.8% year on year) owing to the basic operating activities conducted against the backdrop of steady construction demand, as well as the Company's unique value-added proposals, such as the promotion of off-site production and remote maintenance. On the profit front, as the growth in net sales outpaced the increase in cost of sales, operating profit amounted to ¥14,691 million (up 48.3% year on year). Accordingly, ordinary profit and profit attributable to owners of parent amounted to ¥15,574 million (up 47.1% year on year) and ¥11,194 million (up 59.8% year on year), respectively.

<Product sales business>

The product sales business primarily sells equipment with a focus on air conditioners, controllers, and facilities equipment, and provides regular and spot maintenance for the equipment it has sold. Owing to strong order intake including redevelopment projects especially in urban areas, net sales and gross profit amounted to ¥93,084 million (up 8.0% year on year) and ¥19,721 million (up 10.7% year on year), respectively.

<Construction business>

The construction business engages in instrumentation and plumbing work, design and execution of a variety of construction, and the provision of regular and spot maintenance for the construction work it has done. With brisk demand nationwide and growing sales of regular and spot maintenance, net sales and gross profit amounted to ¥65,303 million (up 14.8% year on year) and ¥22,143 million (up 32.5% year on year), respectively.

As described above, despite the challenging operating environment, we achieved an increase in sales for the 14th consecutive year. However, the environment surrounding the construction industry continues to evolve rapidly, and going forward, an even greater ability to respond swiftly will be required. The Totech Group will accurately respond to these changes and, building on the strong relationships with stakeholders that the Company has cultivated over many years, will work to further strengthen its management foundation in order to achieve sustainable growth as it marks its 70th anniversary in July 2025.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets as of March 31, 2025 amounted to ¥105,229 million, an increase of ¥4,749 million from the end of the previous fiscal year. This was primarily attributable to an increase of ¥4,389 million in cash and deposits, an increase of ¥997 million in investments and other assets - other due to increases in leasehold and guarantee deposits as well as investments in capital, and an increase of ¥506 million in construction in progress, despite a decrease of ¥490 million in accounts receivable - other, and a decrease of ¥464 million in investment securities.

(Liabilities)

Total liabilities as of March 31, 2025 amounted to ¥44,000 million, a decrease of ¥3,041 million from the end of the previous fiscal year. This was primarily attributable to a decrease of ¥5,183 million in interest-bearing liabilities, despite an increase of ¥1,041 million in provision for bonuses, and an increase of ¥979 million in income taxes payable.

(Net assets)

Total net assets as of March 31, 2025 amounted to ¥61,229 million, an increase of ¥7,791 million from the end of the previous fiscal year. This was primarily attributable to a net increase of ¥8,220 million in retained earnings in which dividends paid and other items were deducted from the recording of profit attributable to owners of parent, despite a decrease of ¥517 million in remeasurements of defined benefit plans.

As a result, the equity ratio for the fiscal year under review stood at 58.2%, a 5.0% increase from the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter “Funds”) at the end of the fiscal year under review amounted to ¥13,046 million, an increase of ¥4,522 million from the end of the previous fiscal year.

The cash flows at the end of the fiscal year under review and their contributing factors are as follows.

(Cash flows from operating activities)

Funds provided from operating activities at the end of the fiscal year under review amounted to ¥13,883 million (the previous fiscal year saw income of ¥9,939 million). This was primarily attributable to an increase in Funds due to recording ¥15,872 million in profit before income taxes against the backdrop of strong business performance, a depreciation of ¥1,568 million, and an increase of ¥1,034 million in provision for bonuses, although there was a decrease in Funds due to a decrease of ¥720 million in retirement benefit liability, in addition to ¥3,846 million in income taxes paid.

(Cash flows from investing activities)

Funds used in investing activities at the end of the fiscal year under review amounted to ¥1,104 million (the previous fiscal year saw expenditures of ¥437 million). This was primarily due to ¥1,510 million in purchase of property, plant and equipment and intangible assets, and ¥425 million in payments of leasehold and guarantee deposits, despite ¥933 million in proceeds from sale and redemption of investment securities.

(Cash flows from financing activities)

Funds used in financing activities at the end of the fiscal year under review amounted to ¥8,414 million (the previous fiscal year saw expenditures of ¥6,016 million). This was primarily due to a net decrease of ¥5,183 million in long-term and short-term borrowings and ¥2,977 million in dividends paid.

(4) Future Outlook

With respect to the future business environment, redevelopment projects, mainly in urban areas, and private-sector capital investments are expected to continue in the construction industry, although soaring energy and raw material prices, constraints on the supply of materials, aging of skilled workers, and a decline in the number of workers at construction sites are anticipated, and the operating environment which surrounds the Totech Group is expected to remain uncertain and difficult.

In order to respond to this situation, the Totech Group has positioned investment in human capital as a key strategy and will focus on the development of each employee's capabilities, the transfer of technical skills, and the recruitment and development of diverse talent. Based on the belief that human resources are the driving force behind sustainable growth, we will also actively promote work style reforms and improvements to the workplace environment, striving to strengthen organizational capabilities to overcome the structural challenges faced by the industry.

To put these initiatives into practice, the Totech Group will aim to be a corporate group that is Good for people as set out in the Medium-term Management Plan, while promoting its future business centered on the framework of the following four strategies.

1. Investment in human resources

Human resources constitute an important foundation that supports the creation of social and economic values, and we will strengthen and invest in them across the Group.

2. ESG-focused management

We will promote concrete action plans from the perspectives of the environment, society, and governance for the benefit of all stakeholders.

3. Strengthen core business

We will further strengthen the comprehensive strengths of the Totech Group, which can provide a wide range of solutions in an integrated package, and enhance our profitability and growth potential.

4. Expand overseas business

We will expand our overseas business by broadening our solutions, customer base, and areas while strengthening our human resources and structure.

Through these growth strategies, with regard to the full-year consolidated financial results forecast for the fiscal year ending March 31, 2026, which is the final year of the Medium-term Management Plan, the Company expects net sales of ¥160,000 million (up 2.6% compared to the fiscal year under review), operating profit of ¥15,000 million (up 2.1%), ordinary profit of ¥158,000 million (up 1.5%), and profit attributable to owners of parent of ¥10,700 million (down 4.4%).

2. Basic Policy on Selection of Accounting Standards

The stakeholders of the Totech Group consist mainly of shareholders, creditors, and business partners in Japan. Because the group has little need for financing from outside Japan, it applies Japanese GAAP for accounting standards.

In regard to the application of IFRS, the Company's policy is to apply the standards upon consideration of circumstances within and outside Japan.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	8,688	13,078
Notes and accounts receivable - trade, and contract assets	31,894	33,414
Electronically recorded monetary claims - operating	8,849	7,448
Inventories	4,248	4,632
Accounts receivable - other	1,811	1,321
Other	579	391
Allowance for doubtful accounts	(93)	(0)
Total current assets	55,978	60,285
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,922	14,327
Land	8,175	8,386
Leased assets	1,217	1,210
Construction in progress	16	523
Other	1,168	1,241
Accumulated depreciation	(4,230)	(4,750)
Total property, plant and equipment	20,269	20,938
Intangible assets		
Goodwill	1,171	1,058
Software	1,048	658
Software in progress	38	184
Other	1,051	1,005
Total intangible assets	3,310	2,906
Investments and other assets		
Investment securities	15,519	15,055
Deferred tax assets	447	463
Retirement benefit asset	1,091	717
Other	3,939	4,937
Allowance for doubtful accounts	(76)	(75)
Total investments and other assets	20,921	21,098
Total non-current assets	44,501	44,943
Total assets	100,479	105,229

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,388	16,561
Electronically recorded obligations - operating	9,501	6,716
Short-term borrowings	5,313	2,998
Income taxes payable	2,295	3,274
Provision for bonuses	2,919	3,960
Provision for bonuses for directors (and other officers)	14	15
Other	4,750	5,706
Total current liabilities	39,184	39,235
Non-current liabilities		
Long-term borrowings	3,688	819
Deferred tax liabilities	2,406	1,966
Provision for retirement benefits for directors (and other officers)	149	179
Retirement benefit liability	108	137
Other	1,504	1,662
Total non-current liabilities	7,857	4,764
Total liabilities	47,041	44,000
Net assets		
Shareholders' equity		
Share capital	1,857	1,857
Capital surplus	2,286	2,319
Retained earnings	40,439	48,660
Treasury shares	(222)	(210)
Total shareholders' equity	44,360	52,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,459	7,065
Foreign currency translation adjustment	846	1,285
Remeasurements of defined benefit plans	767	250
Total accumulated other comprehensive income	9,074	8,601
Non-controlling interests	3	0
Total net assets	53,437	61,229
Total liabilities and net assets	100,479	105,229

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	140,732	155,958
Cost of sales	106,181	114,070
Gross profit	34,550	41,887
Selling, general and administrative expenses	24,645	27,196
Operating profit	9,905	14,691
Non-operating income		
Interest income	42	50
Dividend income	283	400
Purchase discounts	414	422
Rental income from real estate	52	149
Foreign exchange gains	—	7
Miscellaneous income	206	168
Total non-operating income	1,000	1,198
Non-operating expenses		
Interest expenses	100	77
Provision of allowance for doubtful accounts	62	—
Rental costs on real estate	2	94
Guarantee commission	85	91
Foreign exchange losses	5	—
Miscellaneous losses	65	50
Total non-operating expenses	320	314
Ordinary profit	10,585	15,574
Extraordinary income		
Gain on sale of non-current assets	63	1
Gain on sale of investment securities	656	302
Total extraordinary income	720	304
Extraordinary losses		
Loss on sale of non-current assets	689	7
Loss on valuation of investments in capital of subsidiaries and associates	55	—
Total extraordinary losses	745	7
Profit before income taxes	10,560	15,872
Income taxes - current	3,542	4,861
Income taxes - deferred	14	(181)
Total income taxes	3,556	4,680
Profit	7,003	11,192
Loss attributable to non-controlling interests	(0)	(2)
Profit attributable to owners of parent	7,004	11,194

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	7,003	11,192
Other comprehensive income		
Valuation difference on available-for-sale securities	2,083	(394)
Foreign currency translation adjustment	433	439
Remeasurements of defined benefit plans, net of tax	753	(517)
Total other comprehensive income	3,270	(472)
Comprehensive income	10,273	10,719
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,275	10,722
Comprehensive income attributable to non-controlling interests	(1)	(2)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,857	2,259	35,833	(261)	39,688
Changes of items during period					
Dividends of surplus			(2,394)		(2,394)
Profit attributable to owners of parent			7,004		7,004
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		26		39	65
Other			(3)		(3)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	26	4,605	38	4,671
Balance at end of current period	1,857	2,286	40,439	(222)	44,360

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,376	412	14	5,803	-	45,492
Changes of items during period						
Dividends of surplus						(2,394)
Profit attributable to owners of parent						7,004
Purchase of treasury shares						(0)
Disposal of treasury shares						65
Other						(3)
Net changes of items other than shareholders' equity	2,083	433	753	3,270	3	3,273
Total changes of items during period	2,083	433	753	3,270	3	7,945
Balance at end of current period	7,459	846	767	9,074	3	53,437

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,857	2,286	40,439	(222)	44,360
Changes of items during period					
Dividends of surplus			(2,974)		(2,974)
Profit attributable to owners of parent			11,194		11,194
Purchase of treasury shares				-	-
Disposal of treasury shares		32		12	45
Other			-		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	32	8,220	12	8,266
Balance at end of current period	1,857	2,319	48,660	(210)	52,626

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	7,459	846	767	9,074	3	53,437
Changes of items during period						
Dividends of surplus						(2,974)
Profit attributable to owners of parent						11,194
Purchase of treasury shares						-
Disposal of treasury shares						45
Other						-
Net changes of items other than shareholders' equity	(394)	439	(517)	(472)	(2)	(474)
Total changes of items during period	(394)	439	(517)	(472)	(2)	7,791
Balance at end of current period	7,065	1,285	250	8,601	-	61,229

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	10,560	15,872
Depreciation	1,444	1,568
Loss (gain) on sale of non-current assets	626	6
Amortization of goodwill	567	206
Loss (gain) on sale of short-term and long-term investment securities	(656)	(302)
Loss on valuation of investments in capital	55	—
Interest and dividend income	(326)	(450)
Interest expenses	61	48
Foreign exchange losses (gains)	(4)	4
Increase (decrease) in allowance for doubtful accounts	41	(93)
Increase (decrease) in provision for bonuses	(37)	1,034
Increase (decrease) in retirement benefit liability	684	(720)
Decrease (increase) in trade receivables	(3,223)	62
Decrease (increase) in inventories	186	(371)
Decrease (increase) in accounts receivable - other	759	(107)
Increase (decrease) in trade payables	1,326	(677)
Increase (decrease) in accrued consumption taxes	893	426
Other, net	(17)	823
Subtotal	12,942	17,327
Interest and dividend income received	326	450
Interest expenses paid	(61)	(46)
Income taxes paid	(3,267)	(3,846)
Net cash provided by (used in) operating activities	9,939	13,883
Cash flows from investing activities		
Payments into time deposits	(145)	(106)
Proceeds from withdrawal of time deposits	1,156	240
Purchase of property, plant and equipment	(1,410)	(1,275)
Proceeds from sales of property, plant and equipment	281	7
Purchase of intangible assets	(124)	(235)
Purchase of investment securities	(35)	(39)
Proceeds from sale and redemption of investment securities	208	933
Payments of leasehold and guarantee deposits	(202)	(425)
Other, net	(165)	(203)
Net cash provided by (used in) investing activities	(437)	(1,104)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,500)	(20)
Proceeds from long-term borrowings	3,954	—
Repayments of long-term borrowings	(5,779)	(5,163)
Dividends paid	(2,393)	(2,977)
Other, net	(297)	(253)
Net cash provided by (used in) financing activities	(6,016)	(8,414)
Effect of exchange rate change on cash and cash equivalents	100	157
Net increase (decrease) in cash and cash equivalents	3,586	4,522
Cash and cash equivalents at beginning of period	4,938	8,524
Cash and cash equivalents at end of period	8,524	13,046

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter “Accounting Standard Revised in 2022”) and other standards from the beginning of the fiscal year under review.

With regard to the revision to classification to record income taxes (taxation on other comprehensive income), the Company has conformed to the transitional treatment provided for in the proviso to Paragraph 20-3 of the Accounting Standard Revised in 2022 and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter “Guidance Revised in 2022.” The changes in accounting policies have no impact on Consolidated Financial Statements.

With regard to the revision associated with the review of treatment in Consolidated Financial Statements in case that gain or loss on sale of shares in a subsidiary, etc. among consolidated companies is deferred for tax purpose, the Guidance Revised in 2022 has been applied from the beginning of the fiscal year under review. The changes in accounting policies have been retrospectively applied, and Consolidated Financial Statements for the previous fiscal year reflect the retrospective application. The changes in accounting policies have no impact on Consolidated Financial Statements for the previous fiscal year.

(Changes in presentation method)

(Consolidated statements of income)

“Rental income from real estate,” which was included in “Miscellaneous income” under “Non-operating income” in the previous fiscal year, has been presented separately from the fiscal year under review because it has exceeded 10% of the total amount of non-operating income. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥259 million shown as “Miscellaneous income” under “Non-operating income” in the consolidated statements of income for the previous fiscal year is reclassified as “Rental income from real estate” of ¥52 million and “Miscellaneous income” of ¥206 million.

“Rental costs on real estate,” which was included in “Miscellaneous losses” under “Non-operating expenses” in the previous fiscal year, has been presented separately from the fiscal year under review because it has exceeded 10% of the total amount of non-operating expenses. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥67 million shown as “Miscellaneous losses” under “Non-operating expenses” in the consolidated statements of income for the previous fiscal year is reclassified as “Rental costs on real estate” of ¥2 million and “Miscellaneous losses” of ¥65 million.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

The Totech Group's reportable segments are the units of the group for which financial information is separately available, and are regularly reviewed by the Board of Directors to make decisions on the allocation of managerial resources and assess financial results.

The Totech Group determines its operating segments taking into overall consideration mainly the market and the characteristics of the products and services. The group has two reportable segments: Product Sales Business and Construction Business. The main products and services included in each reportable segment are as follows.

(1) Product Sales Business: air conditioners, controllers, energy efficient equipment, and after-sales service

(2) Construction Business: instrumentation work, plumbing, electrical equipment work, and equipment installation work

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting treatment for reportable segments is in principle based on the method described in "Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements," and accounting treatment for certain inter-segment transactions is based on the Group's administrative accounting standards.

The profit of reportable segments is based on gross profit. Inter-segment income and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements
	Product Sales Business	Construction Business	Total				
Net sales							
Net sales to outside customers	83,880	56,808	140,689	43	140,732	-	140,732
Inter-segment net sales or transfers	2,334	65	2,400	-	2,400	(2,400)	-
Total	86,214	56,874	143,089	43	143,133	(2,400)	140,732
Segment profit (Note 3)	17,810	16,715	34,525	25	34,551	(0)	34,550
Segment assets	57,747	41,422	99,169	165	99,334	1,144	100,479
Other items							
Depreciation	-	5	5	13	18	(0)	17
Impairment losses	-	-	-	-	-	-	-
Changes in property, plant and equipment and intangible assets	2,808	1,945	4,754	1	4,756	-	4,756

(Notes) 1. The category of “Others” represents an operating segment not included in reportable segments, which operates a solar power business.

2. (1) The adjustment of segment profit of ¥(0) million mainly represents elimination related to inter-segment transactions.

(2) The adjustment of segment assets of ¥1,144 million includes ¥1,302 million of corporate assets not allocated to operating segments and ¥(157) million of elimination of receivables and payables between segments. Corporate assets mainly represent surplus operating funds and long-term investment funds that are not attributable to operating segments.

3. Segment profit is adjusted against gross profit in consolidated statements of income.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements
	Product Sales Business	Construction Business	Total				
Net sales							
Net sales to outside customers	90,686	65,232	155,919	38	155,958	-	155,958
Inter-segment net sales or transfers	2,397	71	2,468	-	2,468	(2,468)	-
Total	93,084	65,303	158,387	38	158,426	(2,468)	155,958
Segment profit (Note 3)	19,721	22,143	41,864	22	41,886	1	41,887
Segment assets	60,739	43,366	104,105	150	104,256	972	105,229
Other items							
Depreciation	-	2	2	11	14	(0)	13
Impairment losses	-	-	-	-	-	-	-
Changes in property, plant and equipment and intangible assets	664	651	1,316	0	1,317	-	1,317

(Notes) 1. The category of “Others” represents an operating segment not included in reportable segments, which operates a solar power business.

2. (1) The adjustment of segment profit of ¥1 million mainly represents elimination related to inter-segment transactions.

(2) The adjustment of segment assets of ¥972 million includes ¥1,157 million of corporate assets not allocated to operating segments and ¥(184) million of elimination of receivables and payables between segments. Corporate assets mainly represent surplus operating funds and long-term investment funds that are not attributable to operating segments.

3. Segment profit is adjusted against gross profit in consolidated statements of income.

(Per share information)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net assets per share	¥1,299.26	¥1,487.75
Basic earnings per share	¥170.36	¥272.06

- (Notes)
1. Diluted earnings per share are not presented because the Company has no dilutive shares.
 2. On April 1, 2024, the Company conducted a three-for-one stock split of shares of common stock. Net assets per share and basic earnings per share are calculated on the premise that the stock split was conducted at the beginning of the previous fiscal year.
 3. The basis for calculating basic earnings per share is as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	7,004	11,194
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	7,004	11,194
Average number of common shares outstanding during the period (Shares)	41,114,122	41,147,487

(Significant subsequent event)

(Acquisition of a company through share acquisition)

The Company resolved, at a meeting of the Board of Directors held on February 21, 2025, to acquire shares of Sannou Kikou Co., Ltd. and make the company our subsidiary, and concluded a share transfer agreement on the same day. Based on this agreement, the Company acquired all shares on April 1, 2025, and made the company a wholly owned subsidiary.

(1) Name of the acquired company, description of its business, and scale of operation

- 1) Name of the acquired company: Sannou Kikou Co., Ltd.
- 2) Description of business: Automatic control systems equipment construction, central monitoring system construction, etc.
- 3) Scale of operation: Share capital ¥50 million

(2) Purpose of the share acquisition

Sannou Kikou Co., Ltd. is primarily engaged in instrumentation construction and maintenance businesses, mainly in Kobe City, Hyogo Prefecture, and possesses advanced expertise in instrumentation construction technologies.

Given the chronic shortage of engineers in the instrumentation industry, we have decided to acquire shares of Sannou Kikou Co., Ltd. and make it a subsidiary, with the expectation that adding the company, which has a large number of highly skilled and experienced engineers, to the Totech Group will allow us to expand the scale of our instrumentation construction business, strengthen our workforce, and further improve the profitability of the business.

(3) Name of the counterparties of the share acquisition

Teruhide Tanaka	87%
Sannou Kikou Co., Ltd. (treasury shares)	13%

(4) Timing of the share acquisition

Share acquisition date	April 1, 2025
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(5) The number of shares to be acquired, acquisition cost, and equity ratio after the acquisition

- 1) Number of shares to be acquired: 87,000 shares
- 2) Acquisition cost: ¥1,349 million for the shares, advisory fees, etc. (funded with our own capital).
- 3) Equity ratio after the acquisition: 100%