

TOTECH Group Supplementary Material for Q2 FY3/26

TOTECH CORPORATION

November 11, 2025

Performance: Record-high H1 sales and profits

- Driven by new construction demand from redevelopment projects in major urban areas, as well as solid demand from private-sector investments (including data centers, factories, and hotels) and public-sector projects, both the Product Sales business and the Construction business performed strongly. Thanks to sales growth and improved profit margins at the time of order placement, all profit items for the first-half period reached record highs.
- The Company's three core business areas—HVAC, instrumentation, and energy—each showed double-digit sales growth, and order status also showed strong results.

Net sales

¥78.4bn

(+14.8% YoY)

Operating profit

¥7.2bn

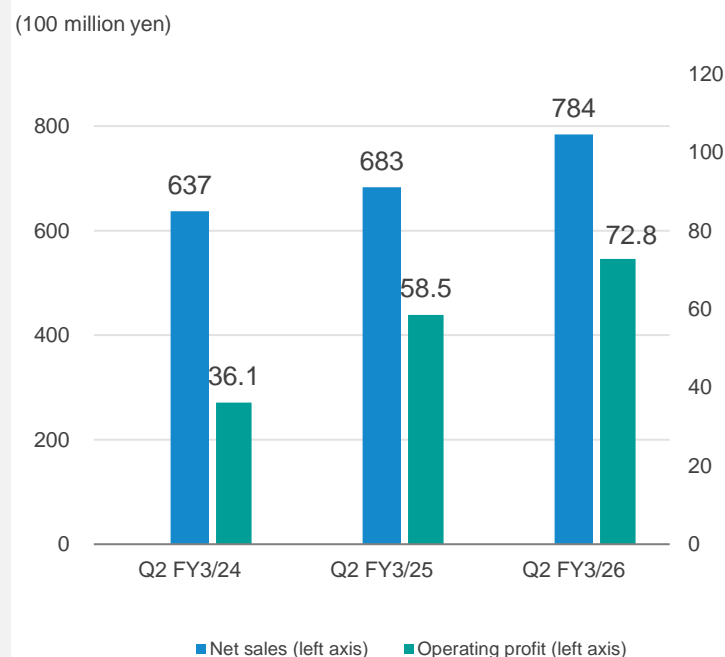
(+24.4% YoY)

Operating profit margin

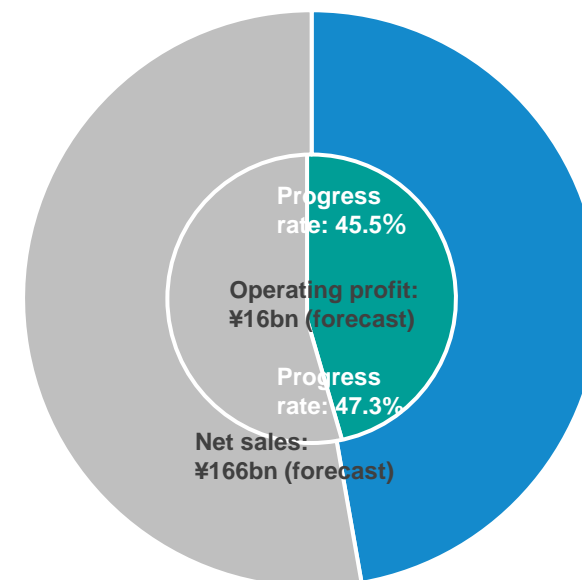
9.3%

(+0.7 ppt. YoY)

3-period comparison



Progress rate
(Outside: Net sales, Inside: Operating profit)



Upward Revision to Full-year Business Forecasts for FY3/26



- Reflecting the results for Q2, we have announced an upward revision to its full-year business forecasts. The annual dividend has also been raised in line with the forecast revision, increasing by 13 yen to 117 yen for the full year.
- We also revised upward the numerical targets of its current medium-term management plan, which concludes this fiscal year, by the same amount.

	FY3/25 Results (100 million yen)	FY3/26 <Initial Forecasts> (100 million yen)	Q2 FY3/26 <Revised Forecasts> (100 million yen)	Vs. FY3/25 Results %	Vs. Initial Forecasts %
Net sales	1,559	1,600	1,660	+6.4%	+60 (+3.8%)
Operating profit	146	150	160	+8.9%	+10 (+6.7%)
Ordinary profit	155	158	168	+7.9%	+10 (+6.3%)
Profit attributable to owners of parent	111	107	120	+7.2%	+13 (+12.1%)

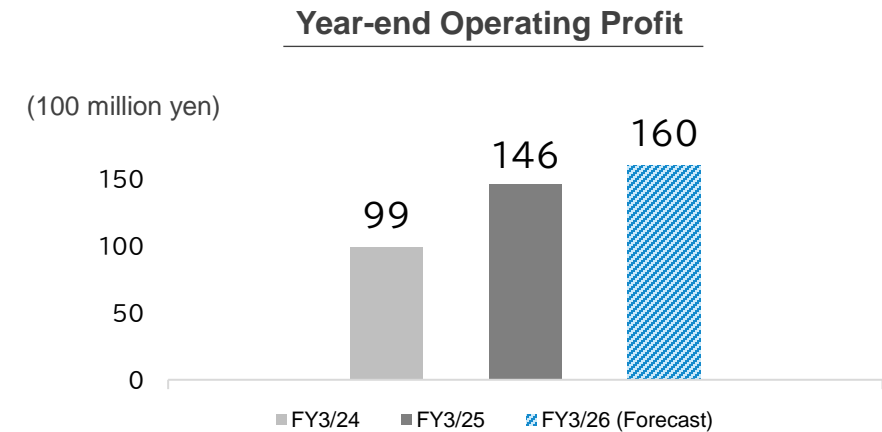
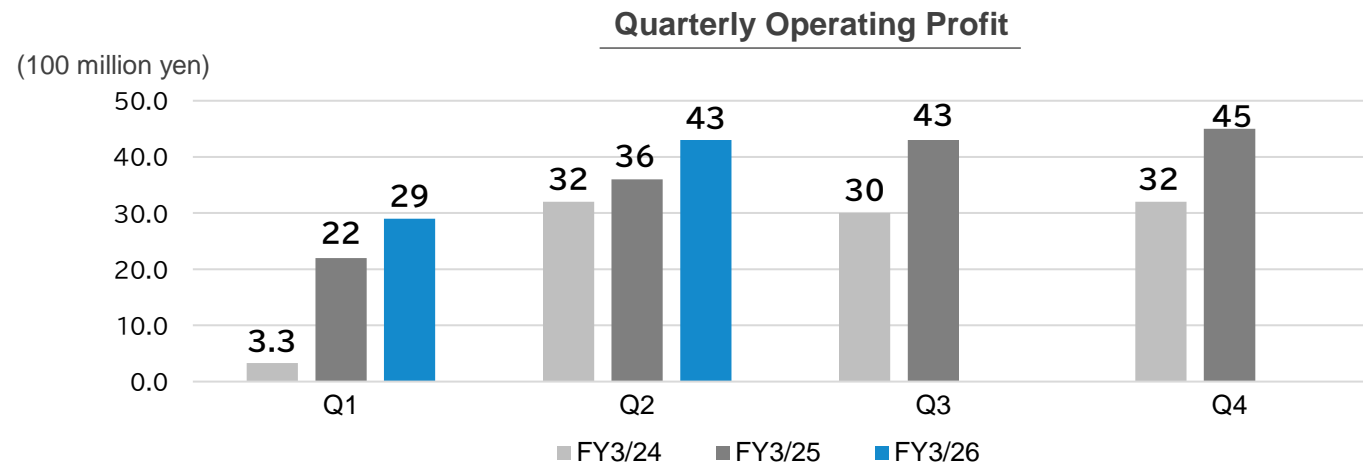
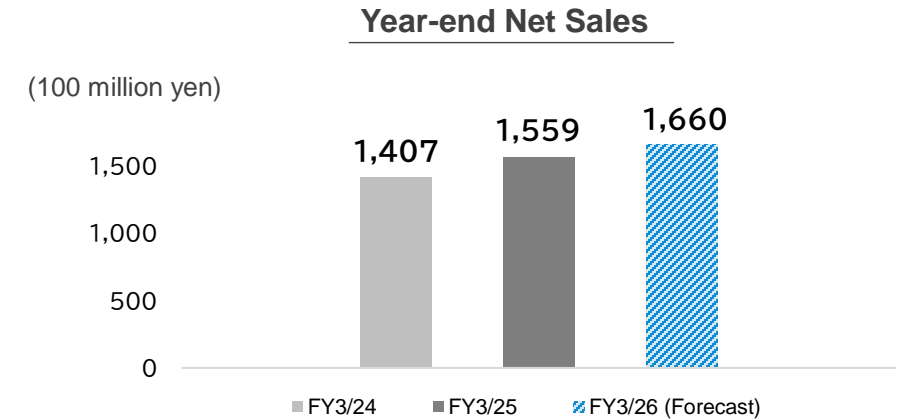
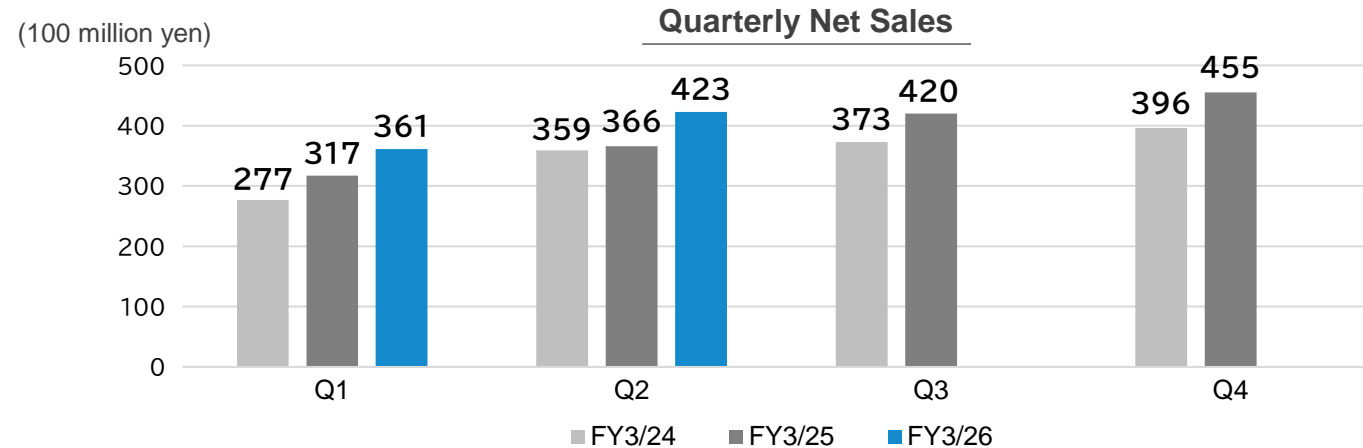
Consolidated Statements of Income (Q2)



- Net sales rose by 14.8% YoY (+10.1 billion yen), marking a double-digit increase.
- Amid strong demand, a growing number of highly profitable construction projects drove results, with operating profit up 24.4% YoY to 7.2 billion yen, ordinary profit at 7.7 billion yen, and profit at 5.2 billion yen, achieving the record-high profits.

	(100 million yen)		Q2 FY3/26 Results	Profit margin %	YoY Change
	Q2 FY3/24 Results	Q2 FY3/25 Results			
Net sales	637	683	784	—	+101 (+14.8%)
Operating profit	36	58	72	9.3%	+14 (+24.4%)
Ordinary profit	40	63	77	9.9%	+13 (+21.2%)
Profit attributable to owners of parent	26	45	52	6.6%	+6 (+15.2%)

- On a quarterly basis, both net sales and operating profit reached record highs.
- Profit grew in Q2 following Q1 due to improved order profitability and higher operating rates.

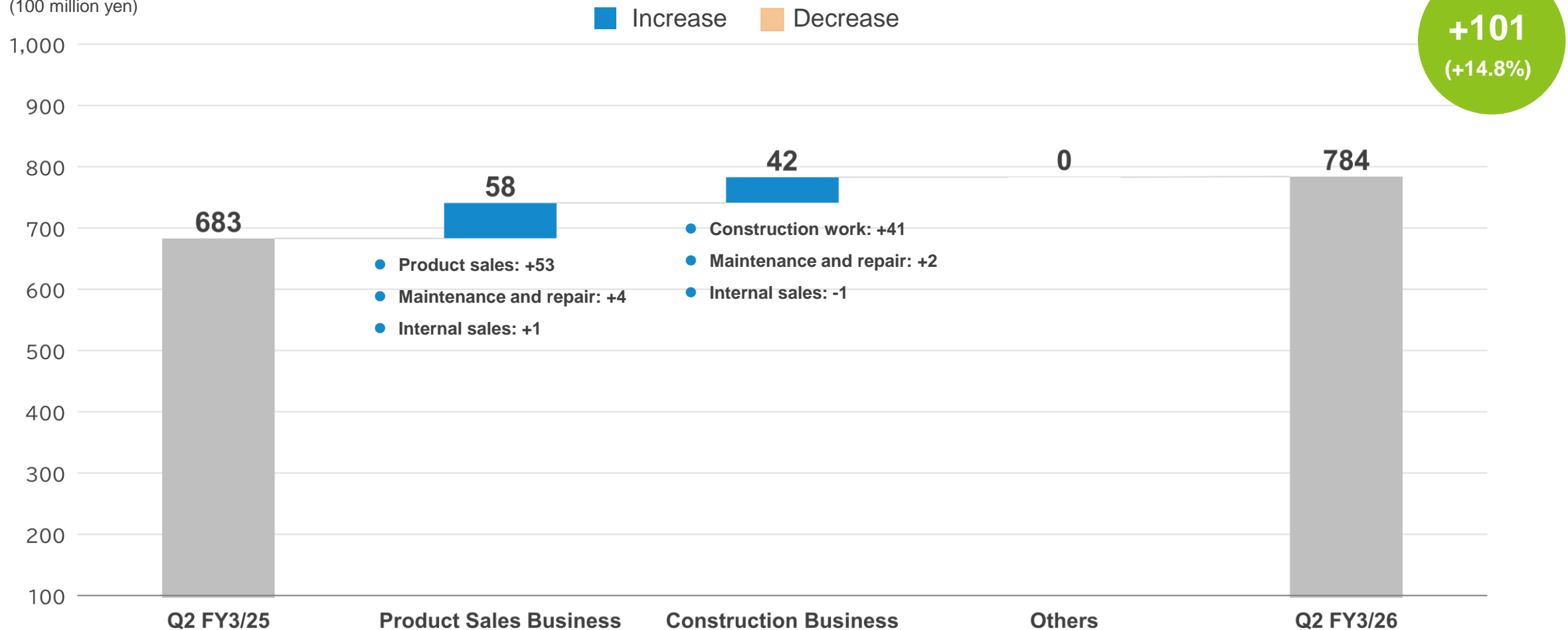


Change Factors for Net sales by Segment



- In the Product Sales business, equipment sales increased, while the Construction business also remained strong, resulting in a combined YoY increase in net sales of 10.1 billion yen (+14.8%).
- Both the Product Sales and Construction businesses saw steady performance in maintenance and after-sales services.

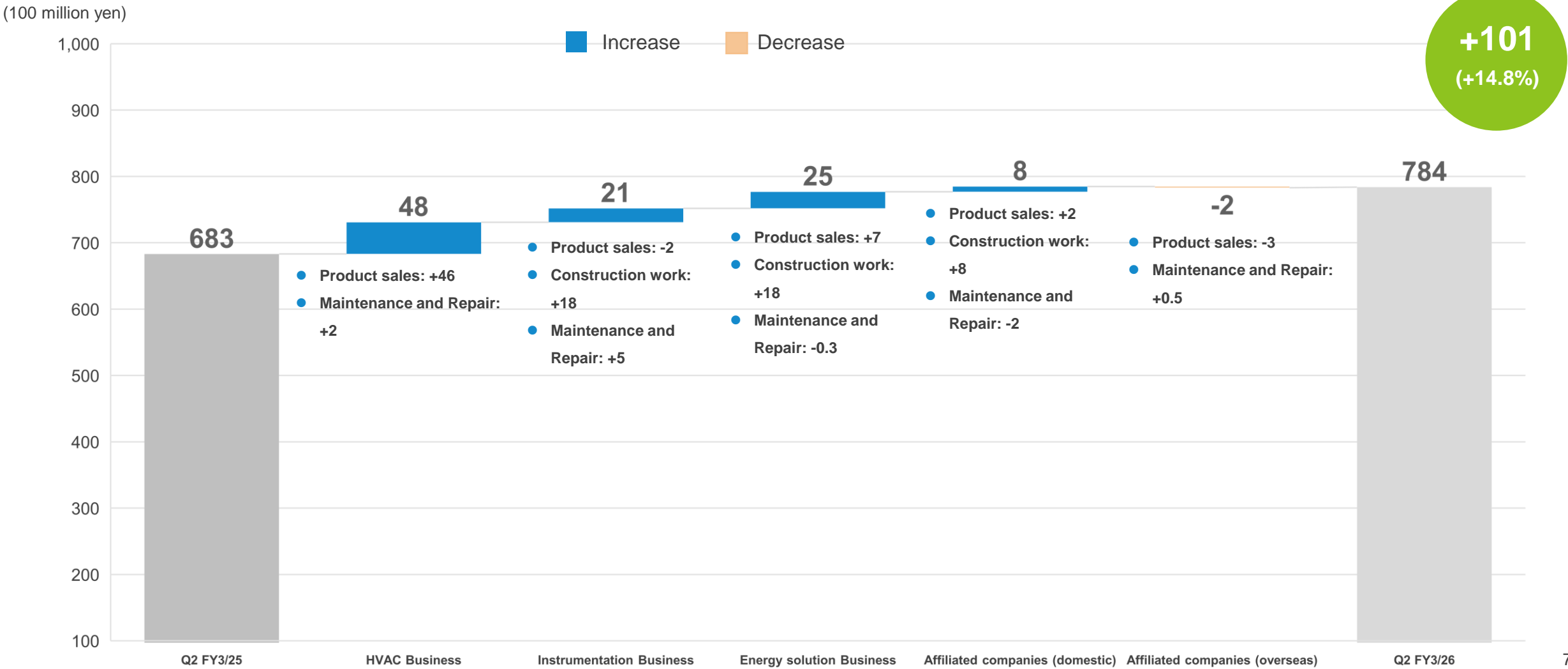
(100 million yen)



Change Factors for Net sales by Business Field



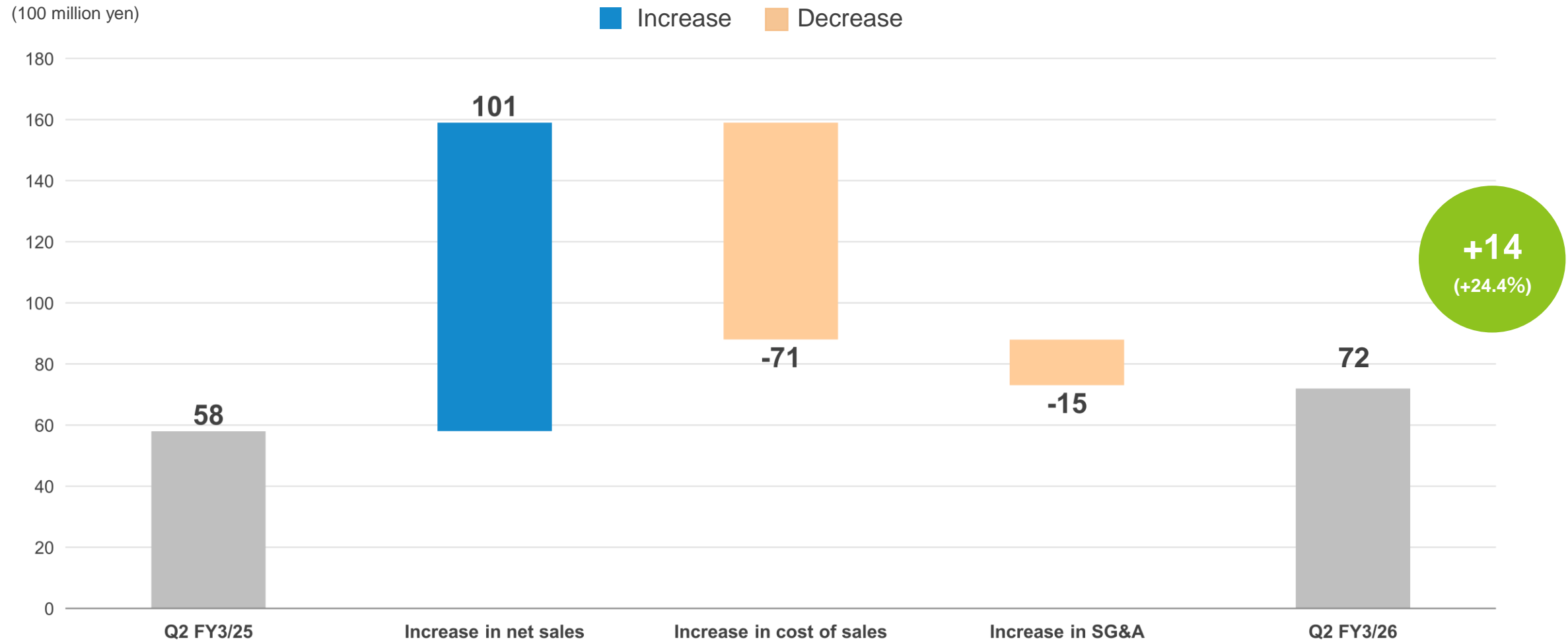
- The HVAC Business grew significantly, while the core Instrumentation and Energy Solution businesses also performed well. Domestic subsidiaries achieved YoY sales growth, while only overseas subsidiaries posted a slight decline.
- In construction projects, sales from the Instrumentation Business, the Energy Solution Business, and domestic affiliates achieved well-balanced increases.



Change Factors for Operating Profit



- The 14.8% YoY increase in sales expanded gross profit, offsetting higher SG&A costs and resulting in a 1.4 billion yen increase in operating profit YoY.
- Although personnel expenses rose due to base salary increases, the impact was absorbed by higher sales and improved gross profit margins, leading to operating profit growth.



Sales Breakdown by Segment



- Double-digit growth was achieved in equipment sales within the Product Sales business and in construction work within the Construction business. The overall sales increase—particularly the strong performance of the Construction business—contributed to an improvement in gross profit margin.
- Both the Product Sales and Construction businesses also saw steady expansion in maintenance and after-sales services.

(100 million yen)	Q2 FY3/25	Q2 FY3/26	
	Net sales	Net sales	YoY %
Product Sales Business	388	447	+15.1%
Product sales	329	382	+16.2%
Regular and spot maintenance	80	84	+5.0%
Internal sales	-21	-20	-
Construction Business	294	337	+14.5%
Construction work	240	281	+17.3%
Regular and spot maintenance	55	57	+4.1%
Internal sales	-0	-2	-

Sales Breakdown by Business



- The three core businesses—HVAC, Instrumentation, and Energy Solution—all recorded double-digit growth.
- Domestic affiliates also increased sales, while only overseas subsidiaries showed a slight decline.

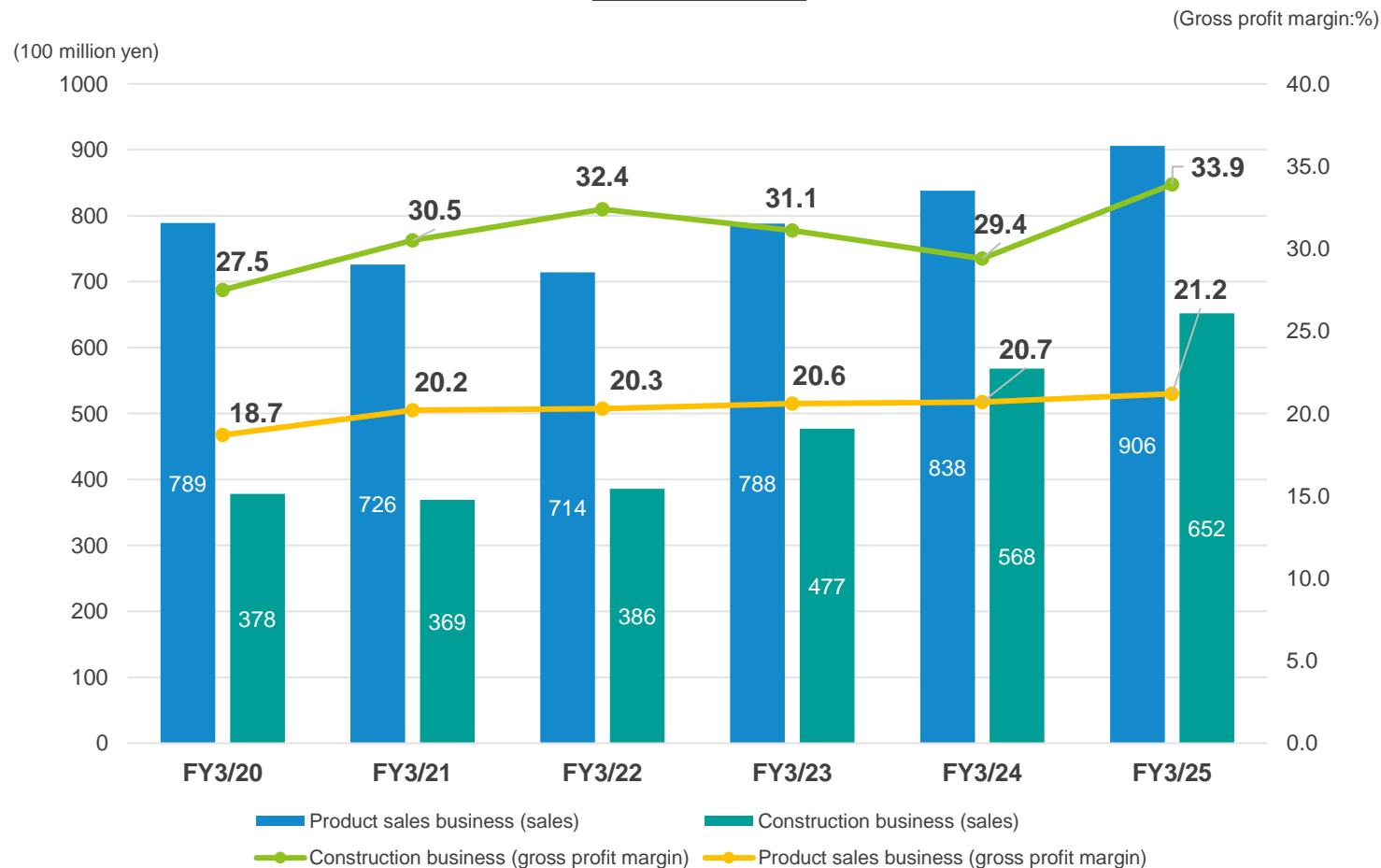
	Q2 FY3/25	Q2 FY3/26	
	Net sales (million yen)	Net sales (million yen)	YoY
HVAC Business	302	351	+16.2%
Product sales	287	333	+16.1%
Regular and spot maintenance	14	17	+18.8%
Instrumentation Business	121	142	+17.4%
Product sales	6	4	-34.7%
Construction work	98	117	+18.4%
Regular and spot maintenance	15	21	+34.1%
Energy Solution Business	64	89	+39.5%
Product sales	6	14	+107.0%
Construction work	40	58	+45.7%
Regular and spot maintenance	17	16	-2.0%
Affiliated companies (domestic)	187	196	+4.6%
Product sales	28	31	+7.9%
Construction work	82	90	+10.3%
Regular and spot Maintenance	76	74	-2.7%
Affiliated companies (overseas)	29	26	-10.0%
Construction work	18	15	-18.7%
Regular and spot maintenance	11	11	+4.8%
Internal sales	-22	-22	-

Segment Sales and Gross Profit Margin

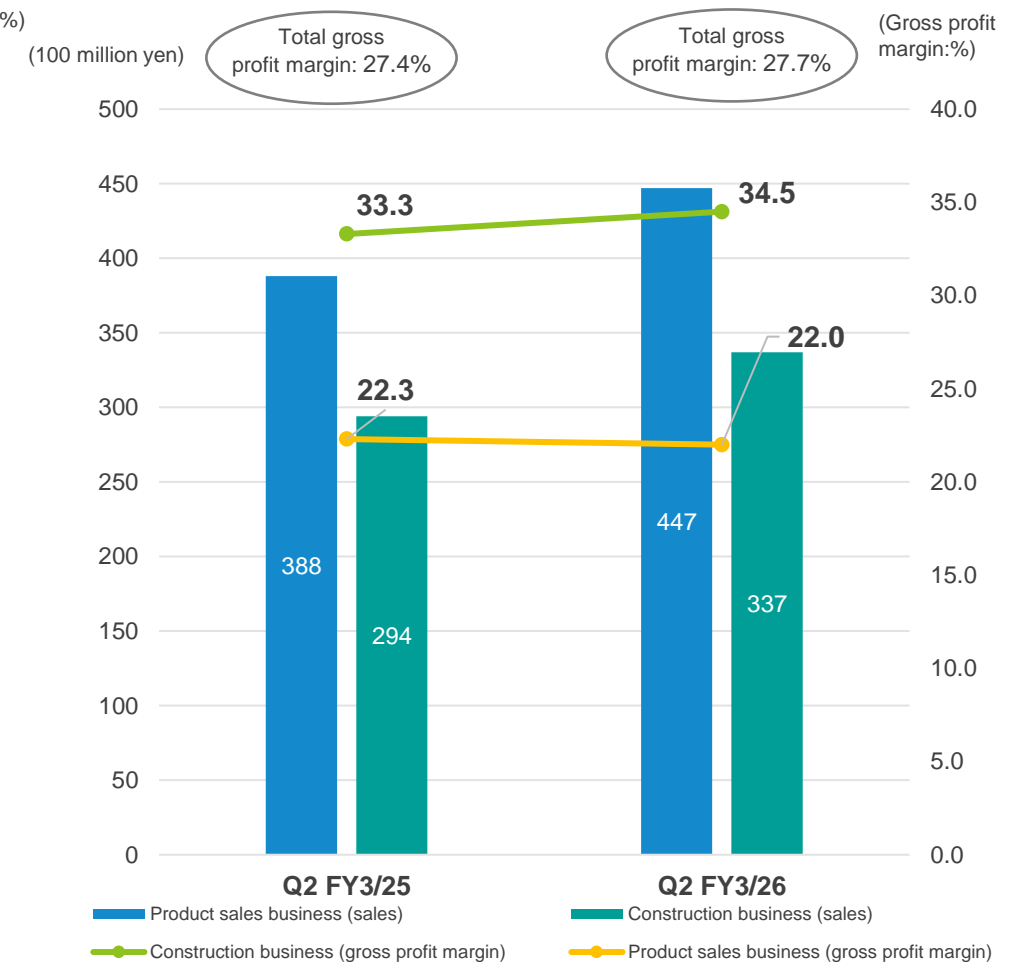


- The gross profit margin in Q2 improved by 0.3ppt YoY to 27.7%.
- While the gross profit margin for the Product Sales business slightly declined from the previous year, the increase in sales and margin improvement in the Construction business contributed to an overall improvement in gross profit margin.

6-year Trend



YoY Comparison

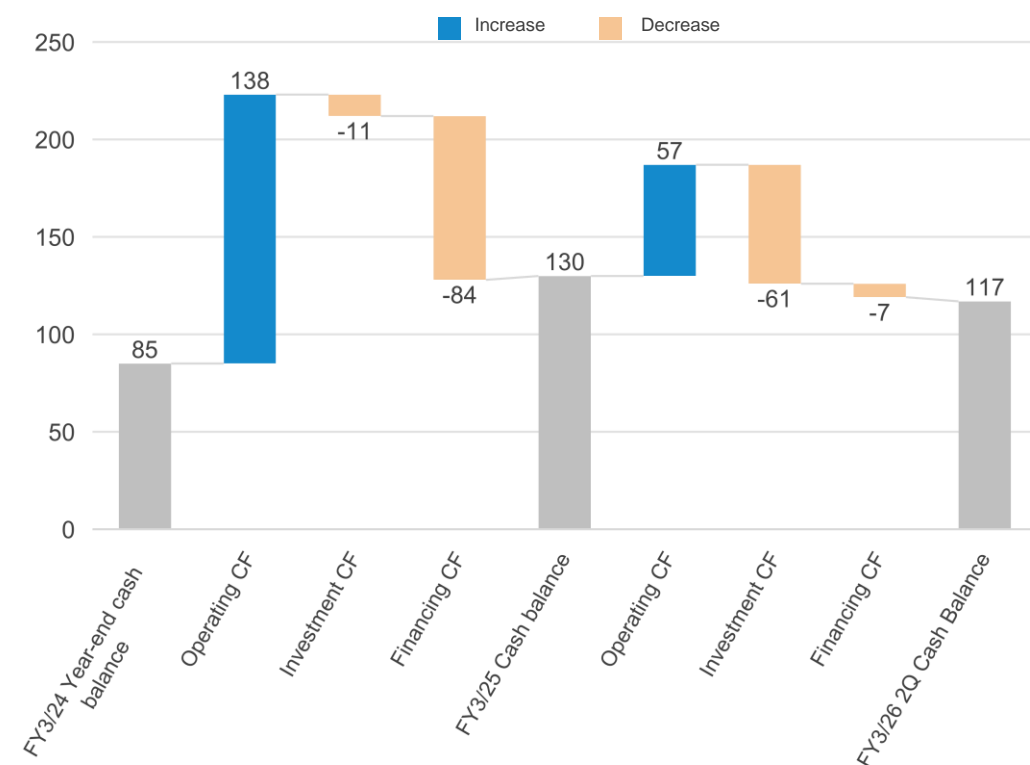


Balance Sheet / Cash Flow

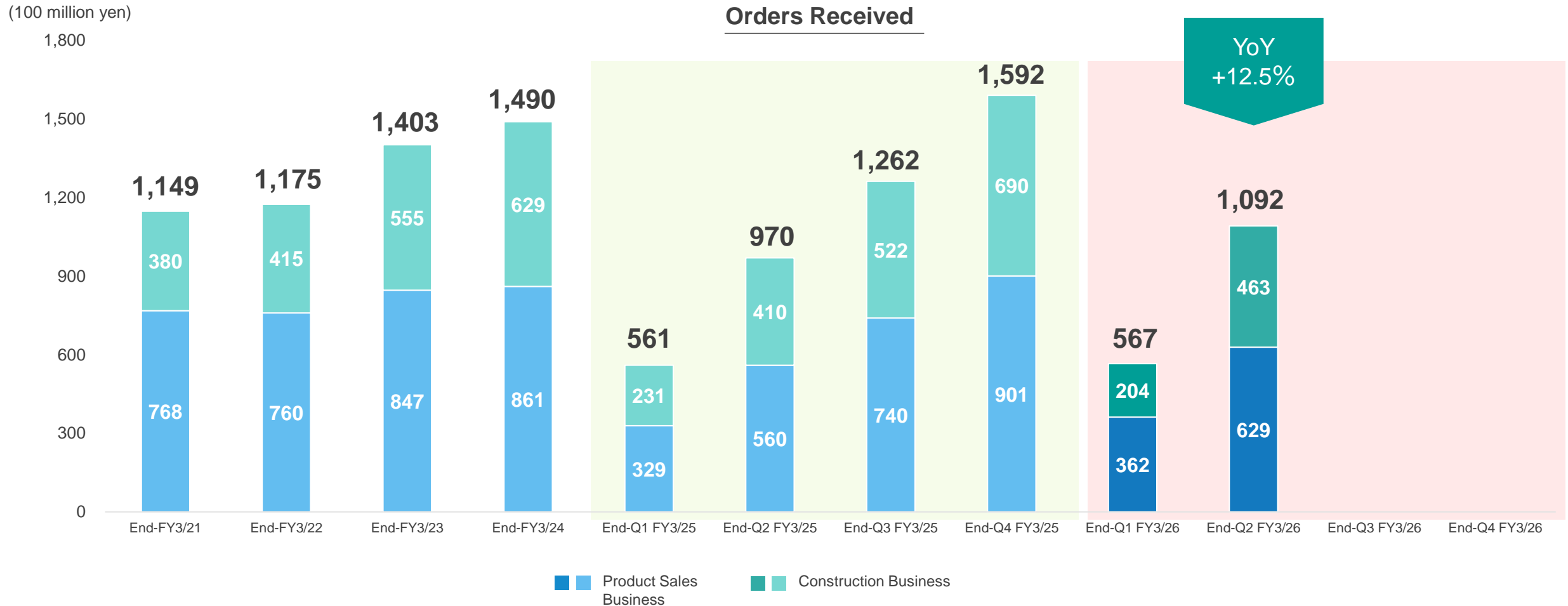


(100 million yen)	FY3/25	Q2 FY3/26	Change
Current assets	602	531	-71
Cash and deposits	130	121	-9
Notes and accounts receivable-trade, contract assets, and electronically recorded monetary claims	408	360	-47
Inventories	46	38	-7
Other	17	11	-5
Non-current assets	449	552	+103
Property, plant and equipment	209	258	+49
Intangible assets	29	36	+7
Investments and other assets	210	257	+46
Total assets	1,052	1,084	+31
Current liabilities	392	362	-29
Notes and accounts payable-trade, electronically recorded obligations-operating	232	189	-43
Short-term borrowings	29	70	+40
Other	129	103	-25
Non-current liabilities	47	65	+18
Long-term debt	8	1	-6
Other	39	64	+25
Net assets	612	655	+43
Total shareholders' equity	526	540	+14
Accumulated other comprehensive income, etc.	86	114	+28
Total liabilities and net assets	1,052	1,084	+31
Shareholders' equity ratio	58.2%	60.4%	+2.2%

(100 million yen)	Q2 FY3/25	Q2 FY3/26
Operating CF	43	57
Investment CF	0	-61
Free CF	43	-4
Finance CF	-42	-7
Cash balance	87	117

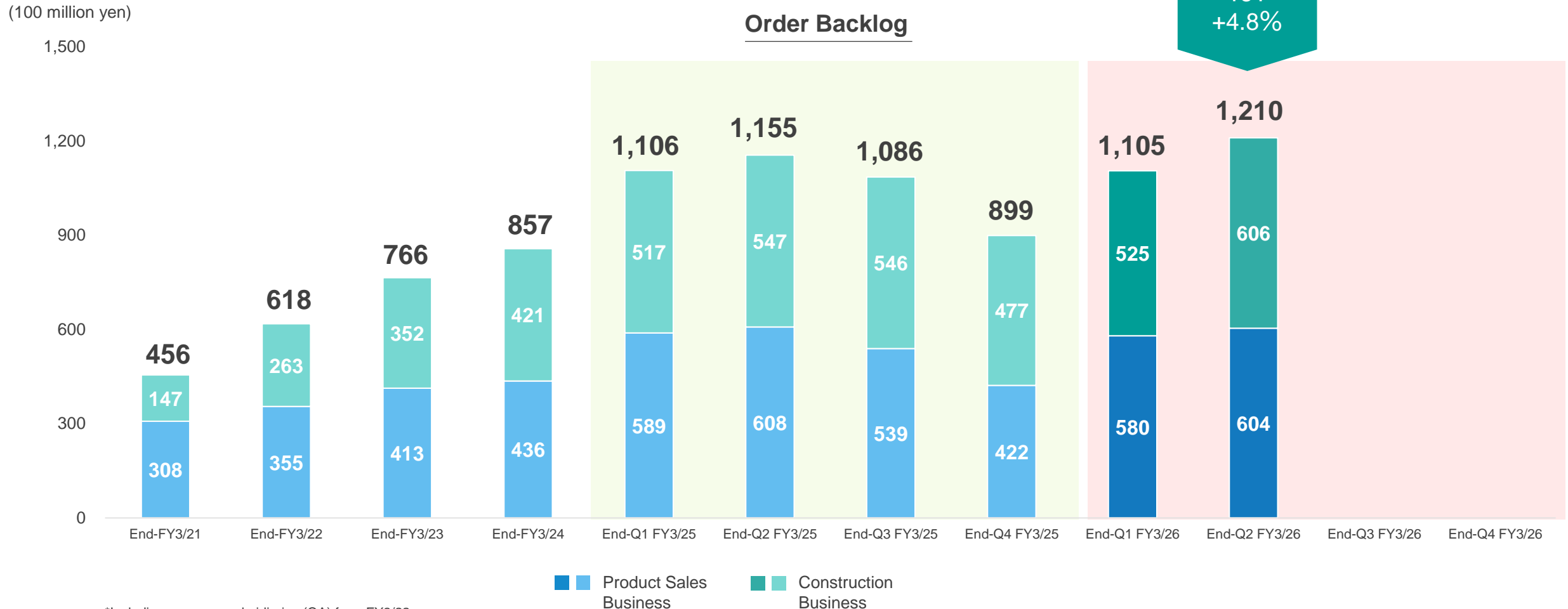


- Strategic order acquisition, taking supply-side factors into account, led to steady growth in orders received (+12.5% YoY).
- Orders for construction projects with high gross margins were particularly strong (+12.8% YoY), while orders for product sales also increased (+12.3% YoY).



*Including overseas subsidiaries (QA) from FY3/22

- Order backlog remained solid, increasing 4.8% YoY, supported by strategic order acquisition that took supply-side factors into consideration.
- The backlog of construction projects, which carry a higher gross profit margin, also remained strong, rising 10.8% YoY, while the backlog of product sales declined slightly by 0.6% YoY.



*Including overseas subsidiaries (QA) from FY3/22

(100 million yen)	FY3/25 (Results)	FY3/26 (Revised Forecasts)	Pct. change
Net sales	1,559	1,660	+6.4%
Operating profit	146	160	+8.9%
Ordinary profit	155	168	+7.9%
Profit attributable to owners of parent	111	120	+7.2%

[Business Environment Outlook]

The construction industry surrounding our group is expected to continue seeing large-scale redevelopment projects, especially in urban areas. However, rising costs of goods and increasing logistics expenses are anticipated. Additionally, to boost employee motivation and attract top talent, we plan to raise our group-wide salary levels, which will lead to higher SG&A expenses. While the business environment remains uncertain, we will aim for sales growth through the execution of our business expansion strategy in line with our medium-term management plan.

Dividend Policy: Dividends Paid and Forecasts



- With a basic policy of maintaining a consolidated payout ratio of around 40%, we paid an annual dividend of 109 yen for FY3/25, plus a 70th anniversary commemorative dividend of 7 yen, bringing the total dividend to 116 yen.
- For FY3/26, we forecast an annual dividend of 117 yen, increasing by 13 yen compared to the initial forecast, with the payout ratio at 40.0%.

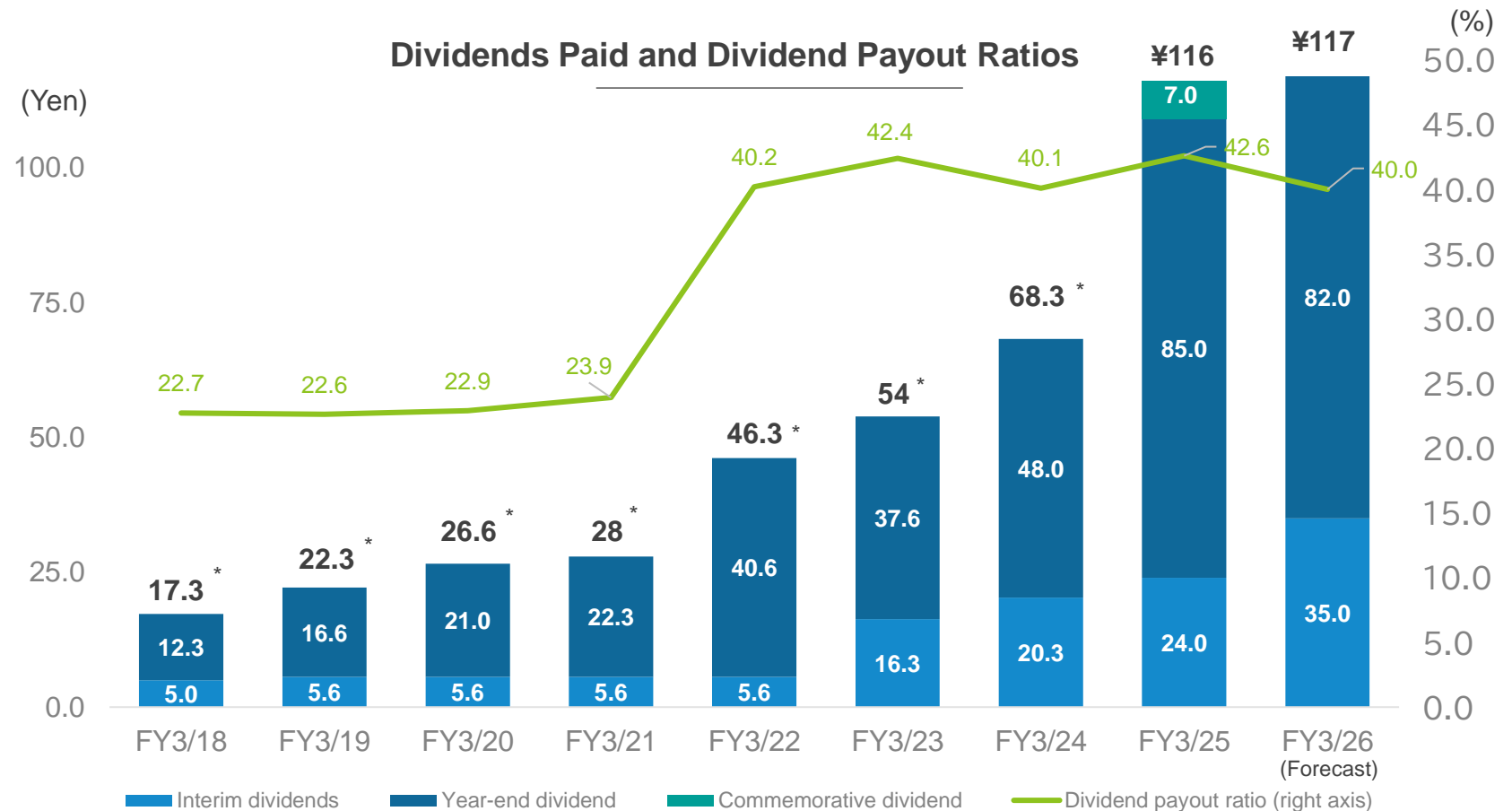


Profit return policy

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.

- We recognize that our assumed cost of equity is around 7-8%, based also on investors' expected returns.
- ROE has remained above 10%, 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

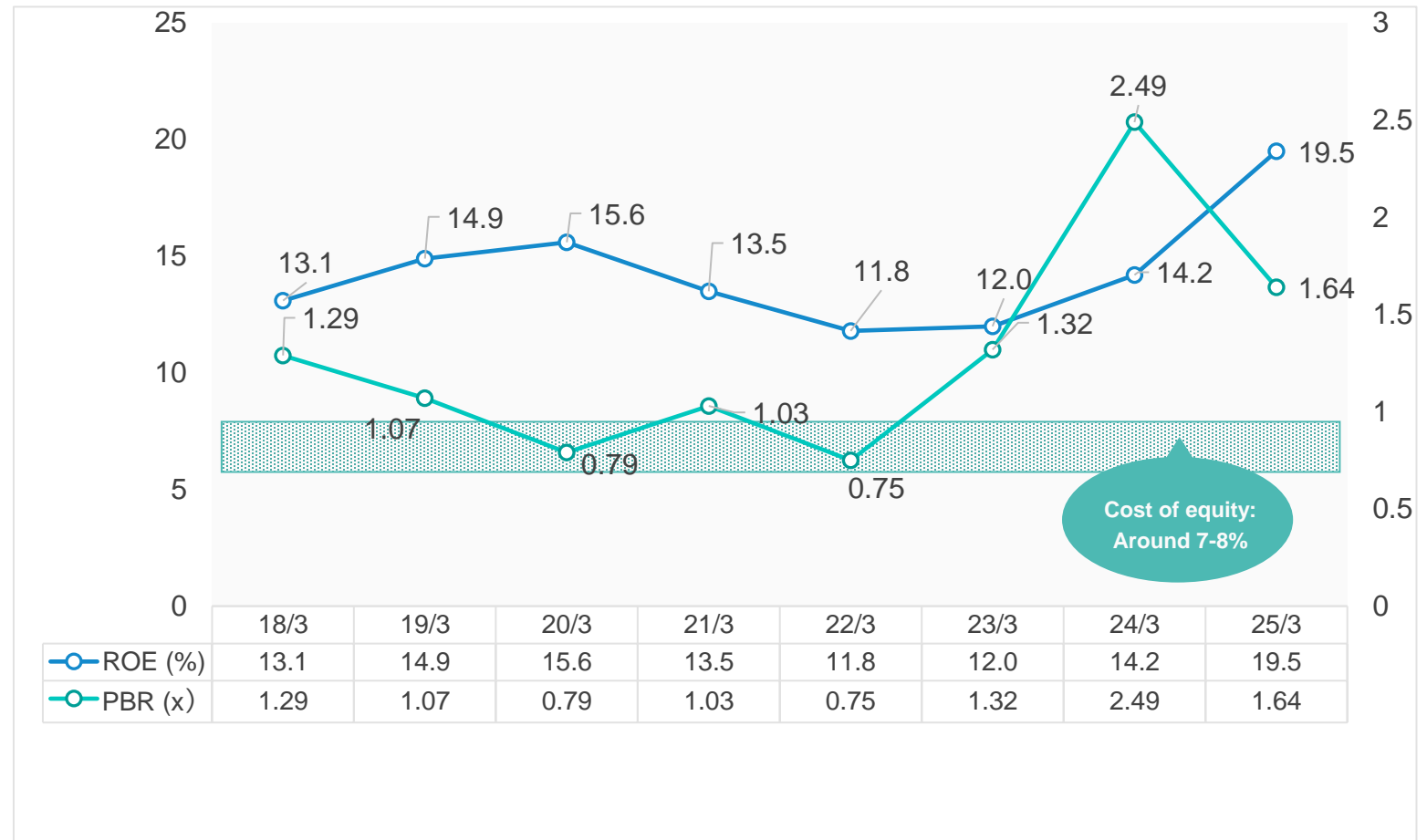
Cost of
Equity



ROE

PBR

Maintain at least 1
times in a stable and
continuous manner



<APPENDIX>

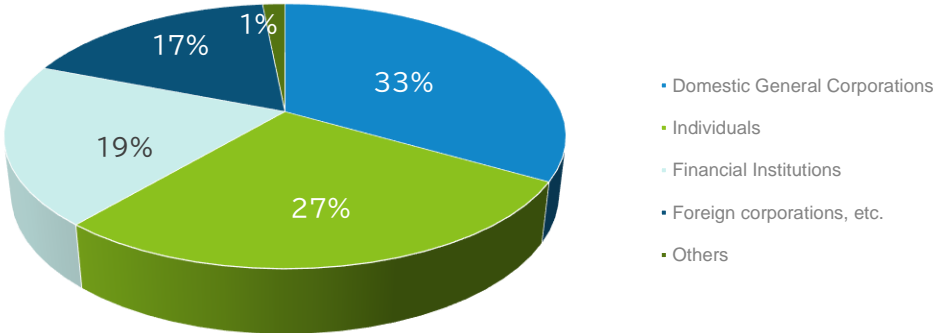
Company name	TOTECH CORPORATION (Tokyo Stock Exchange Prime Market; 9960)
Established	July 6, 1955
Business	Sales of Air Conditioning and other Equipment Business, Instrumentation work Business, Energy Business, etc.
Head Office	3-11-11, Nihonbashi, Honcho, Chuo-ku, Tokyo
Capital Stock	1,857 million yen (Number of shareholders: 9,087) (As of March 31, 2025)
Fiscal Year-end	March 31
Number of employees	2,648 (Consolidated); 1,089 (Non-consolidated) (As of March 31, 2025)
Directors	Tomoyuki Kusano, Director and Chairman of TOTECH Group Katsumi Nagao, Director and Chairman Kaoru Koyama, President and Representative Director Seiken Saito, Director; Atsuko Usami Director; Toshiro Nakamizo, Audit & Supervisory Board Member; Kazuhito Arata, Audit & Supervisory Board Member; Seira Kubota, Audit & Supervisory Board Member *Company with an Audit Committee and Nomination and Compensation Committee
Consolidated Subsidiaries	7 in Japan; 6 overseas (As of March 31, 2025)



Kaoru Koyama,
President and Representative Director

April 1978: Joined the Company
April 2001: General Manager of TA System Sales Department, Osaka Branch
April 2010: General Manager of Osaka Branch
April 2016: Senior Executive Officer and General Manager of Osaka Branch
June 2018: Director and General Manager of Instrumentation Business Management Department of the Company
April 2019: Director, Managing Executive Officer and General Manager of Instrumentation Business Management Department of the Company
April 2023: Director, Senior Managing Executive Officer, General Manager of Engineering Headquarters and General Manager of Instrumentation Business Management Department General Manager of Engineering Headquarters and General Manager of Instrumentation Business Supervisory Div.
April 2025: Appointed as President and Representative Director

Shareholder Composition as of
March 31, 2025 (%)
Number of shareholders: 9,087

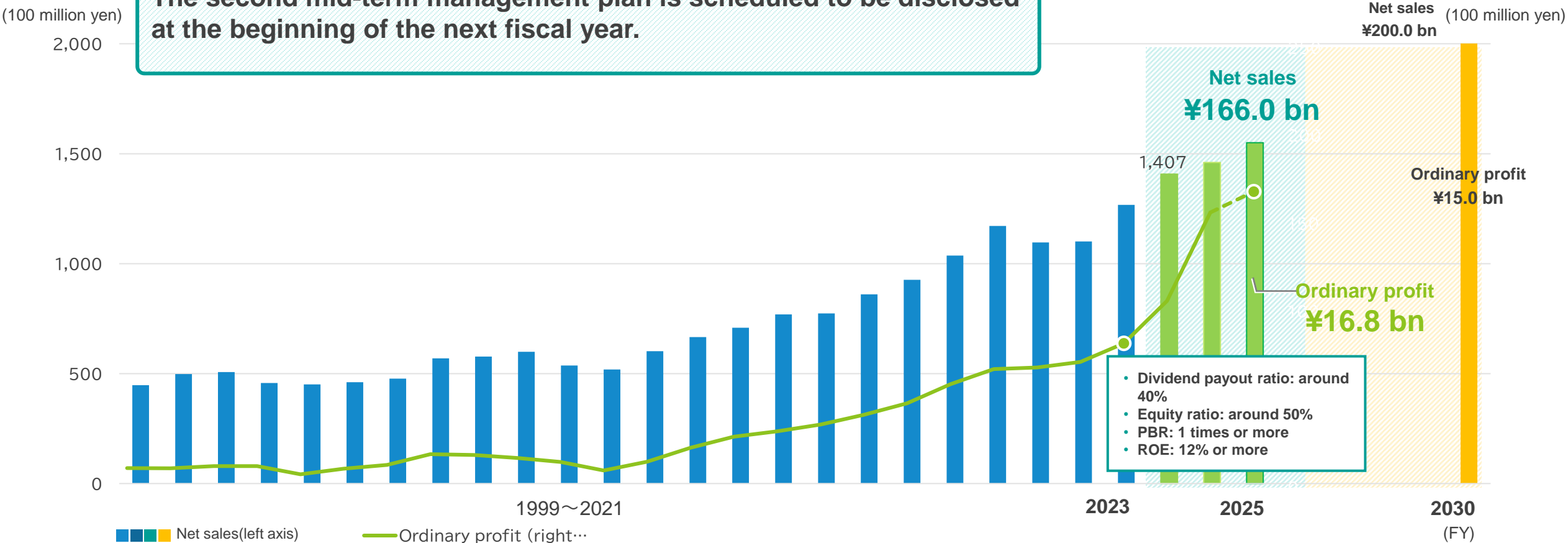


Medium- to Long-term Growth Targets of the TOTECH Group






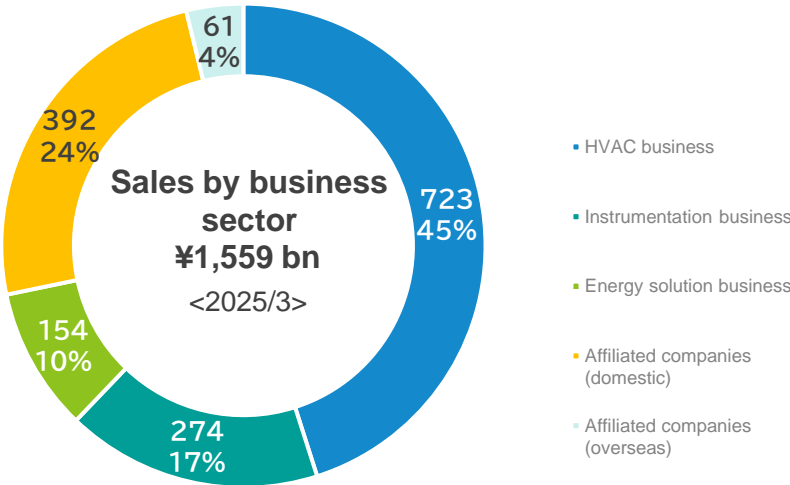
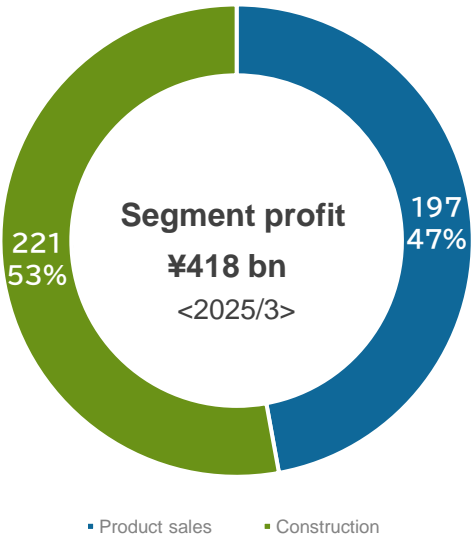
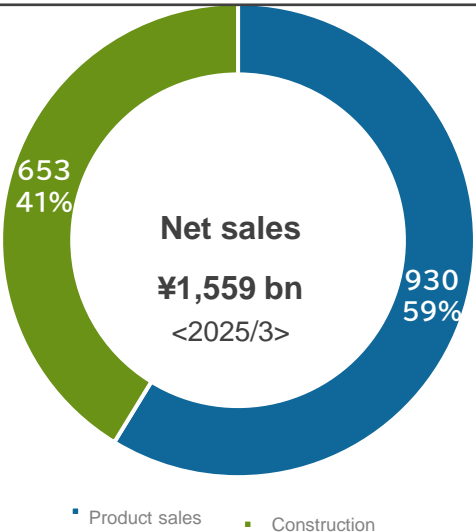
We aim to achieve net sales of 200 billion yen and ordinary profit of 15 billion yen in FY2030 as the 1st Medium- Term Management Plan, and in FY2025 we achieved net sales of 155 billion yen and ordinary profit of 12 billion yen one year ahead of schedule
This time (November 11, 2025), the targets have been revised upward to 166 billion yen in sales and 16.8 billion yen in ordinary profit.

The second mid-term management plan is scheduled to be disclosed at the beginning of the next fiscal year.



- Our company conducts business activities in the Product sales and Construction business segments, while focusing on the air conditioning, instrumentation, and energy fields.
- Group-wide one-stop services: From product sales, instrumentation work to regular and spot maintenance

Segments: Product Sales business/Construction business		
 HVAC Business	 Instrumentation business	 Energy solution business
<ul style="list-style-type: none">● Purchase, sales, installation, and maintenance and repair of commercial HVAC equipment, etc.● Large domestic distributor of Daikin's commercial air conditioning equipment	<ul style="list-style-type: none">● Design, installation, purchase, sales, construction, and maintenance and repair of instrumentation equipment (building automation and management systems)● Azbil's major distributor	<ul style="list-style-type: none">● Purchase, sales, installation, and Maintenance and repair of energy-saving And energy-production equipment (solar Panels and storage batteries) and generators● Energy solutions such as ESCO business



PURPOSE

Our raison d'être

The Totech Group creates a comfortable environment that is rich in spirit.

Our mission is to seek not only economic efficiency and convenience, but also the spiritual richness that lies beyond them.

■ Slogan of the long-term vision

First Medium-term Management Plan

FY2023-FY2025

Net sales: 166 billion yen*

Ordinary profit: 16.8 billion yen*

****Upward revision announced on Nov 11, 2025**

Good for people

Fostering a culture of taking on challenges
and accepting failure

Taking comfort to the next level.

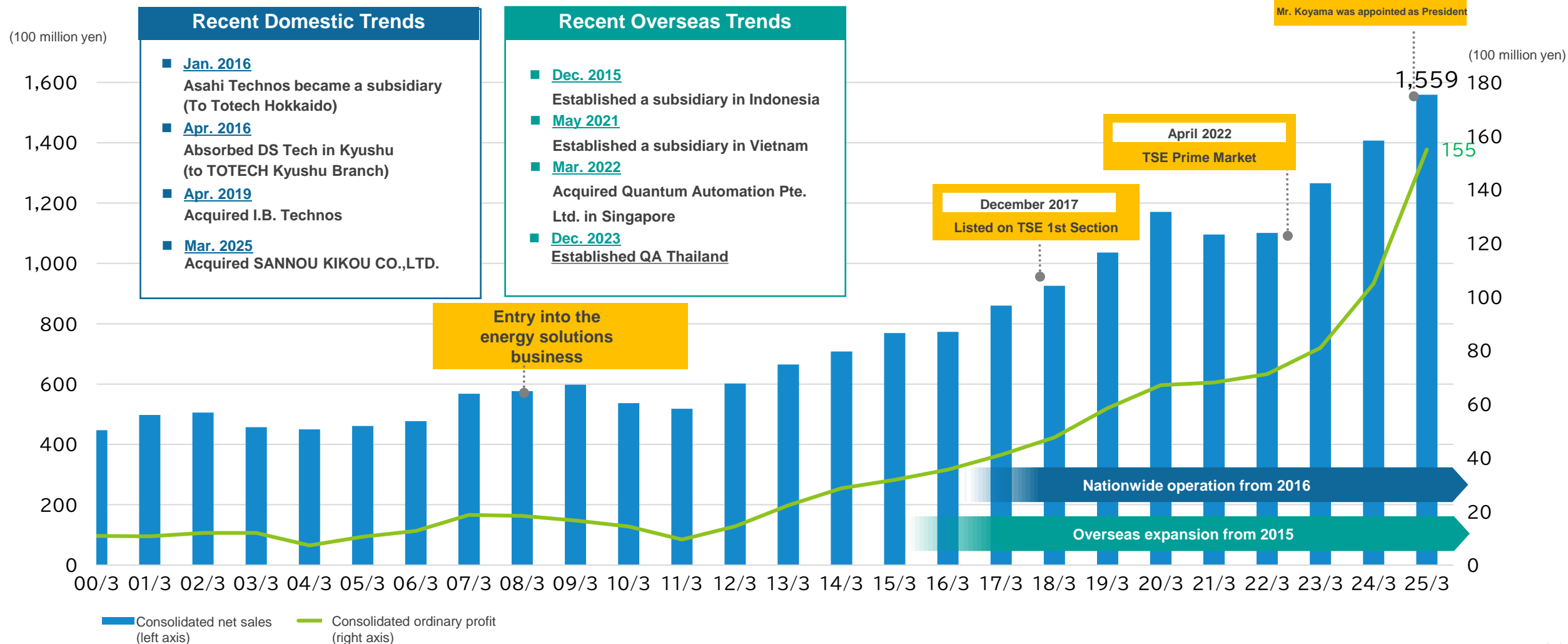
Comfort to people, society, and the earth.
We pursue that "comfort" of a new era
by capturing the changes in technological innovation
and social organization,
and aim to be a group that creates a comfortable
environment that is one step ahead.

TOTECH Group: Our Growth History



■ July 2025 marks the 70th anniversary of our founding. In addition to organic growth, we have been promoting sales and profit growth through M&As (domestic and overseas).

■ Effective April 1, 2025, Kaoru Koyama was appointed as new President.



In the First Medium-term Management Plan, we aim to realize a corporate group which is "good for people" and strategically promote the creation of social and economic values.

Gist of the First Medium-term Management Plan

"Good for people" (Fostering a culture of taking on challenges and accepting failure)



Strategic framework	Creation of social value	Creation of economic value
1 Investment in human resources	◎	◎
2 ESG-focused Management	◎	
3 Strengthen core business		◎
4 Expand overseas 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.

Economic value

Expanding sales and strengthening profitability

Focusing on large-scale and high-profit projects

Cementing relationships with existing customers and increasing new customers



Comprehensive strengths as a total solution planner

Further strengthening of our ability to propose

Strengthening of the competitiveness of products and services

Improvement of human resources and operational efficiency



Air conditioning × Instrumentation × Energy × Regular and spot maintenance

3 Strengthening Core Businesses

Domestic Market Environment

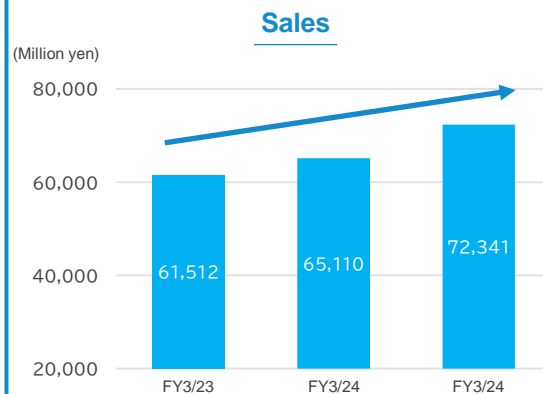
- Demand for redevelopment projects centered in major metropolitan areas
- Demand from factories and data centers driven by private-sector investment
- Demand for energy-saving and carbon-neutral solutions



All business units are actively responding to market needs and steadily building track record, contributing to the expansion of core businesses.

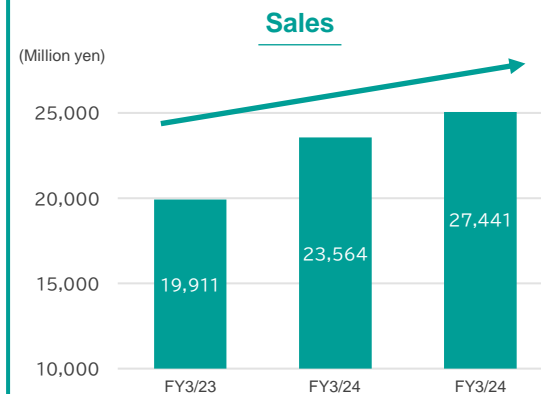
HVAC Business

- Joint sales activities through cross-divisional collaboration utilizing full TOTECH product lineup
- Expanding value-added solutions



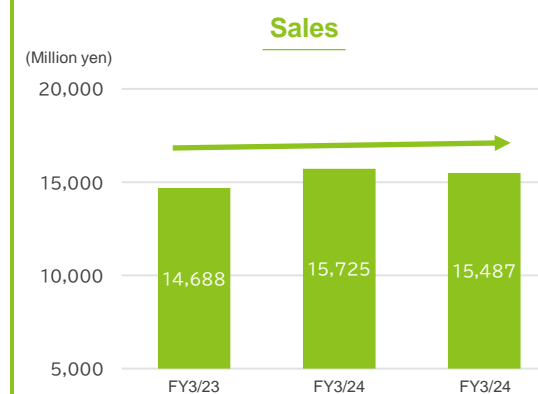
Instrumentation Business

- Expansion of solution-based business
- Expansion of maintenance and service business



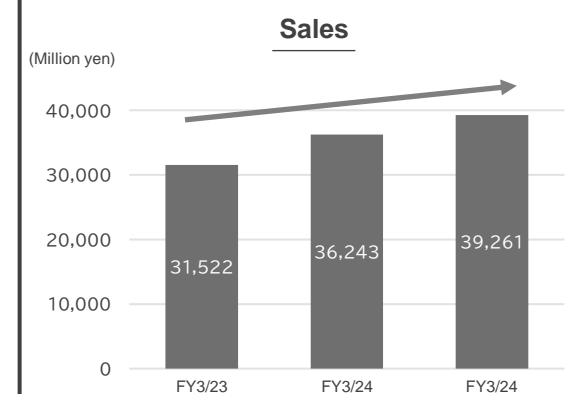
Energy Solution Business

- Strengthening of energy-saving solution proposals and solar + storage battery offerings
- Expanding the range of products and services handled



Affiliated Companies (Domestic)

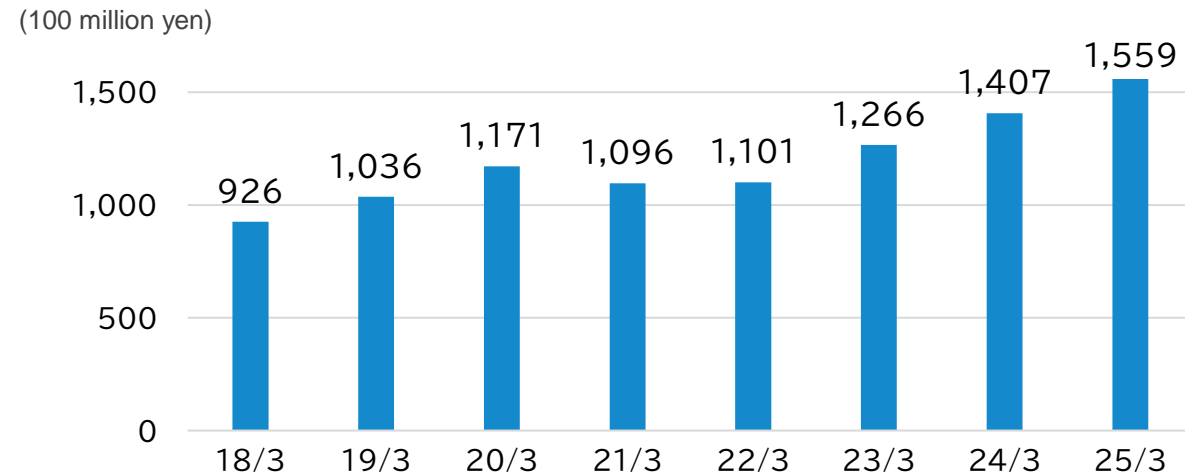
- Nippon Bulcon: Expanding maintenance and service proposals
- IB Technos: Promoting sales to data centers and foreign-affiliated companies
- TOTECH Hokkaido: Expanding total solution offerings



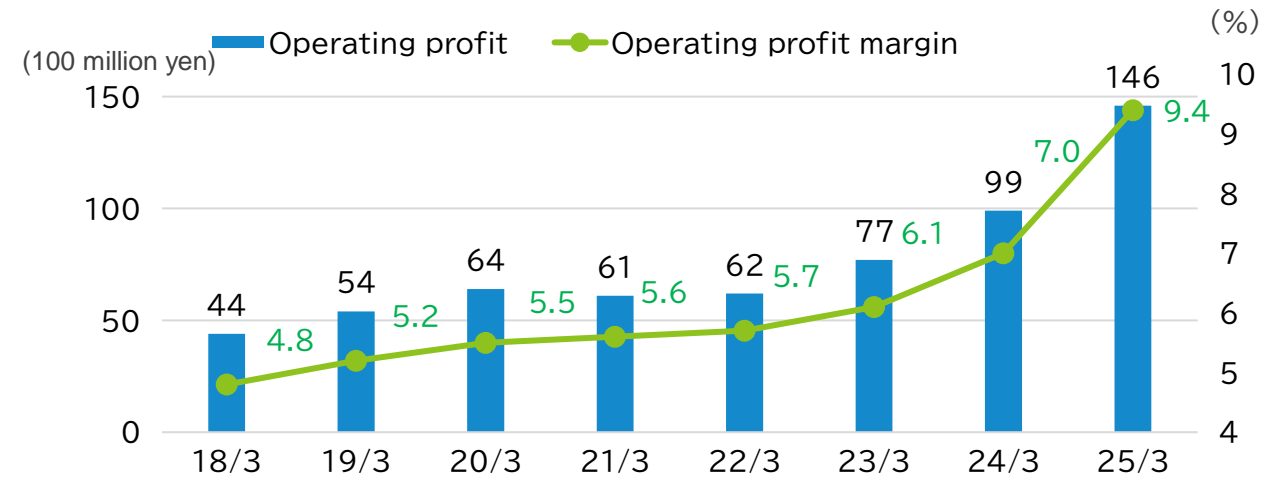
[APPENDIX] Financial Indicators

<Consolidated>

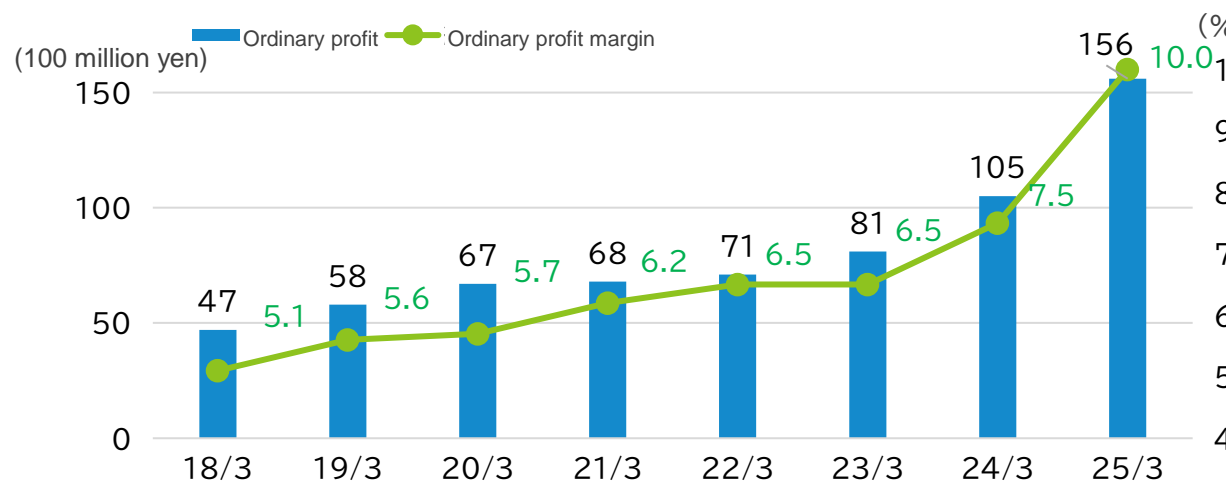
Net sales



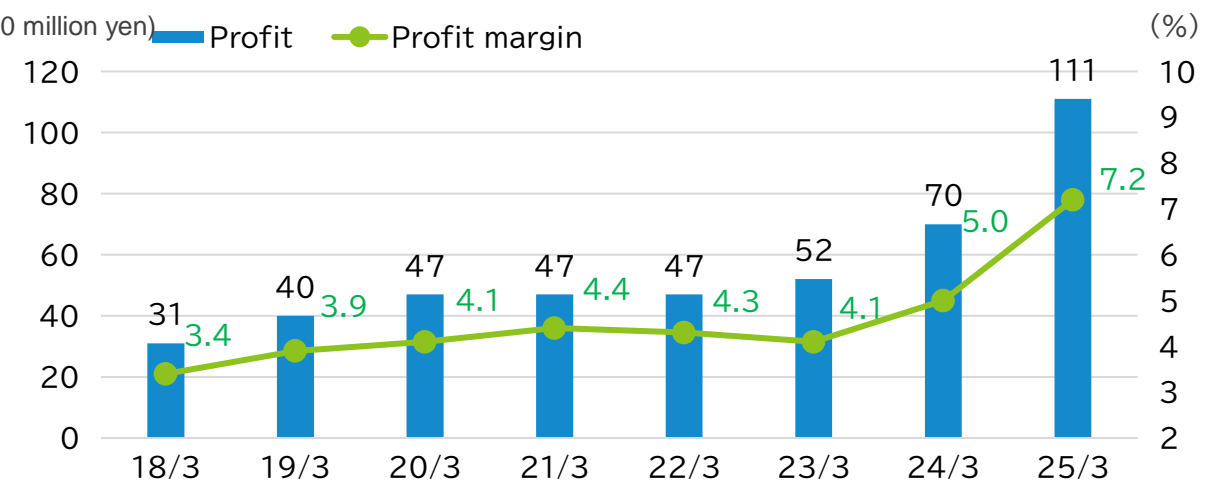
Operating profit



Ordinary profit

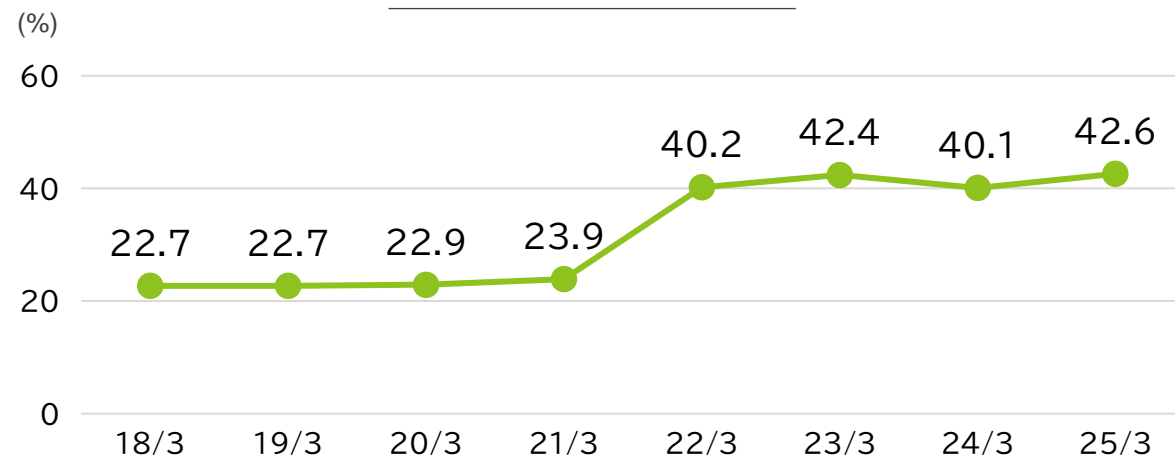


Profit

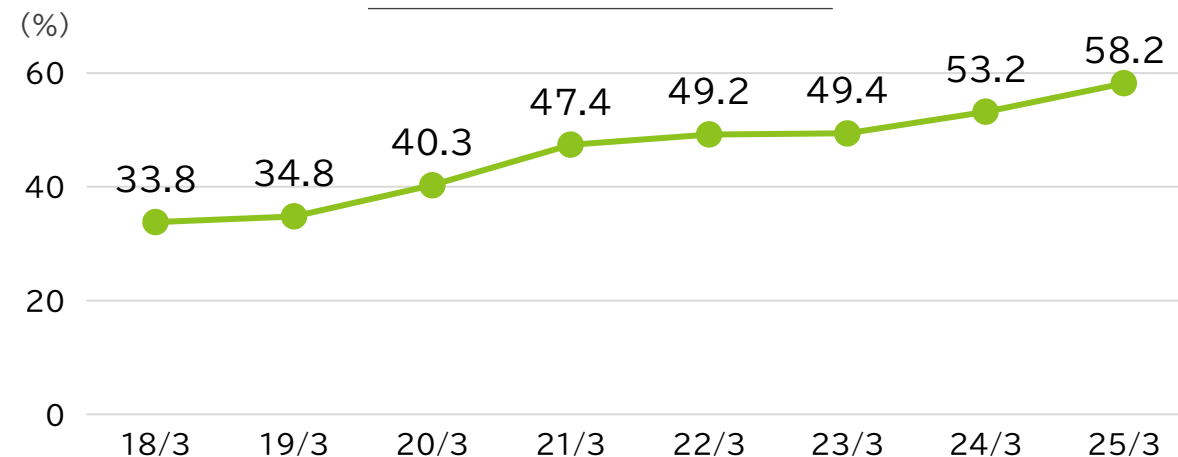


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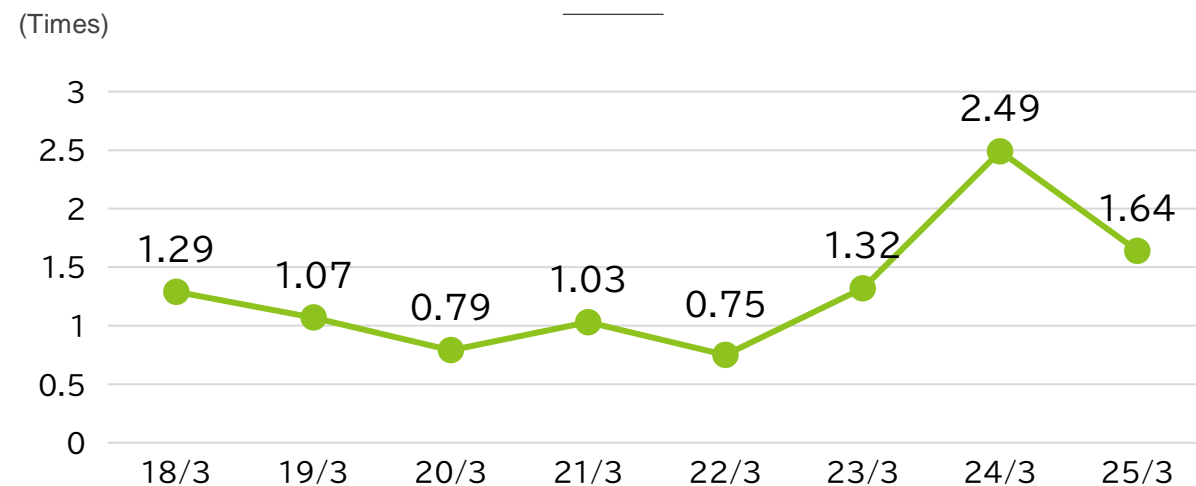
Dividend payout ratios



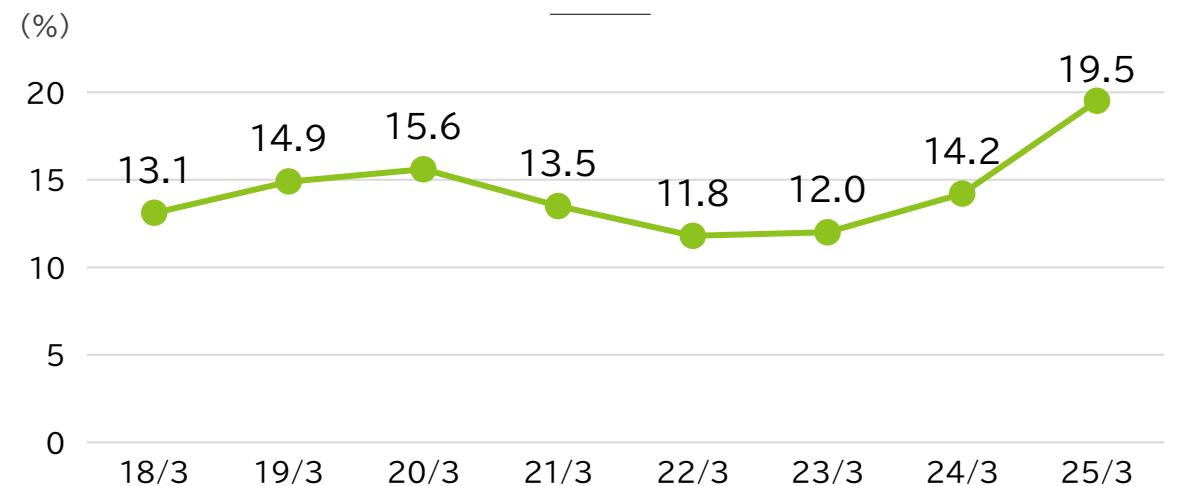
Shareholders' equity ratio






















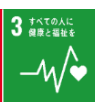









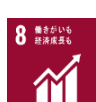



PBR



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]

*The information on the future, including forecasts, planned figures and prospects, contained in this material is based on information available to the Company as of the date of publication of this material. The actual results may differ materially from these forecasts due to a variety of factors. Please refrain from making investment judgments based only on this material.

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