

# TOTECH Group Supplementary Material for Q1 FY3/26

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TOTECH CORPORATION

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August 8, 2025

## Performance: Record-high Q1 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 Q1 period reached record highs.
- The Company's core business areas—HVAC, instrumentation, and energy—each showed growth, and order trends remained firm.

Net sales

**¥36.1bn**

(+14.0% YoY)

Operating profit

**¥2.9bn**

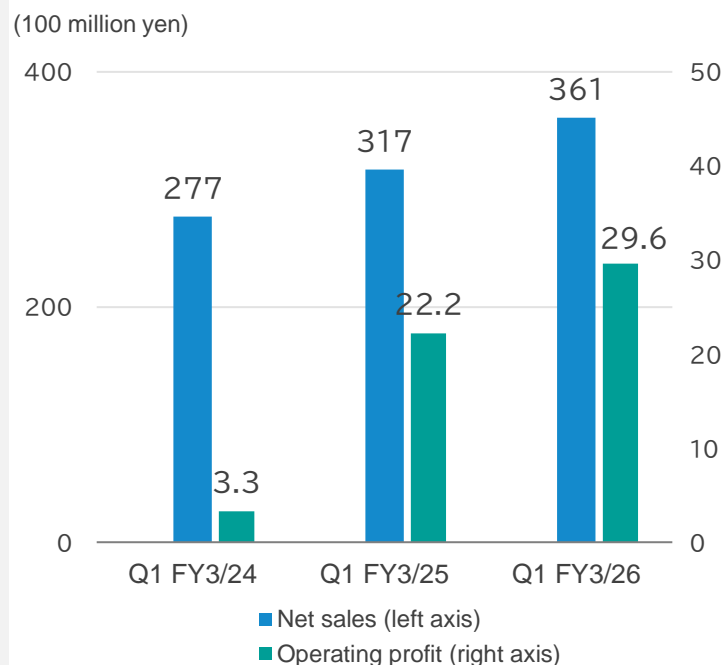
(+32.9% YoY)

Operating profit margin

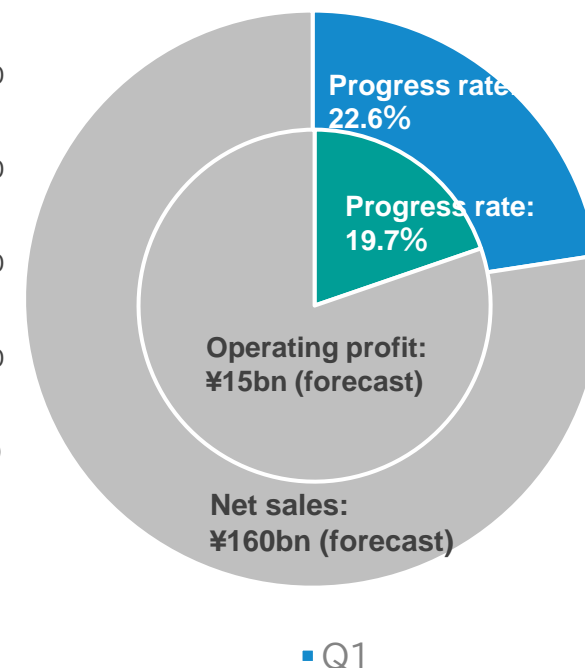
**8.2%**

(+1.2 ppt. YoY)

3-period comparison



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



# Consolidated Statements of Income



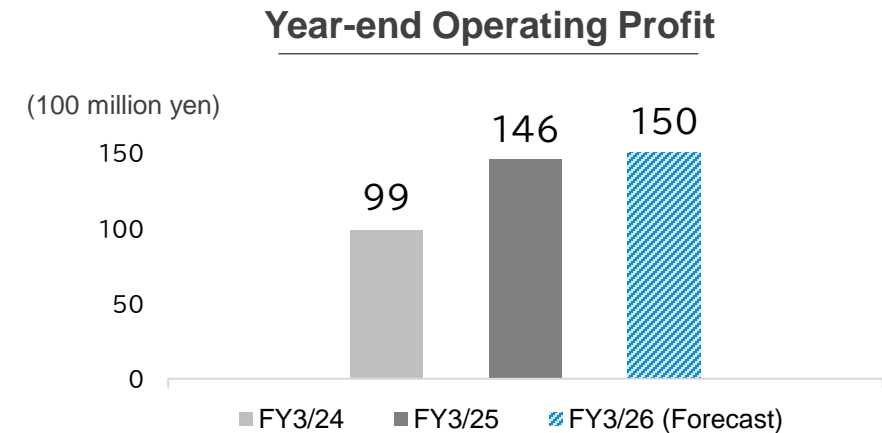
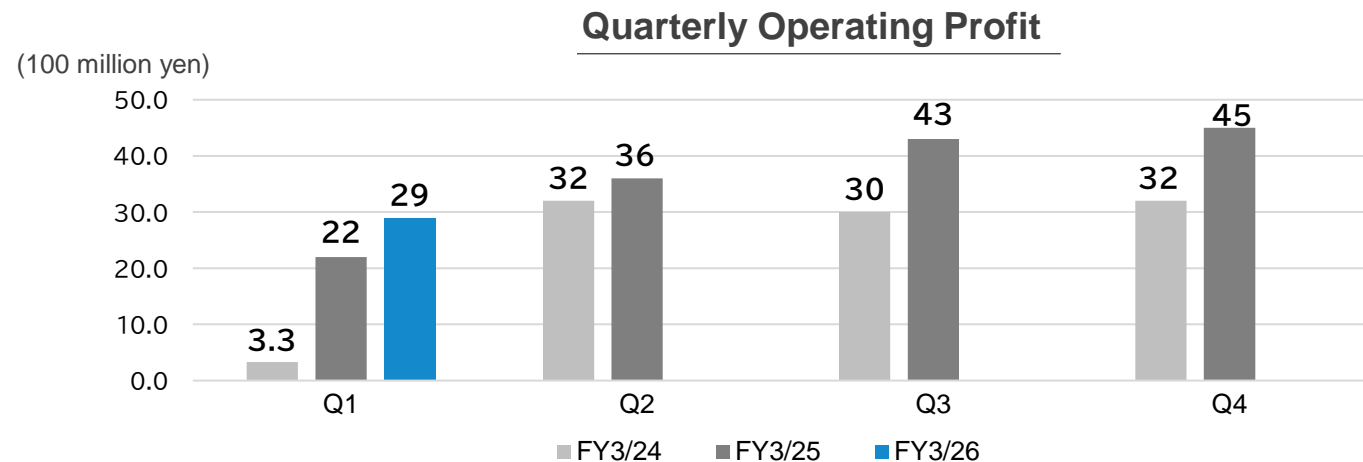
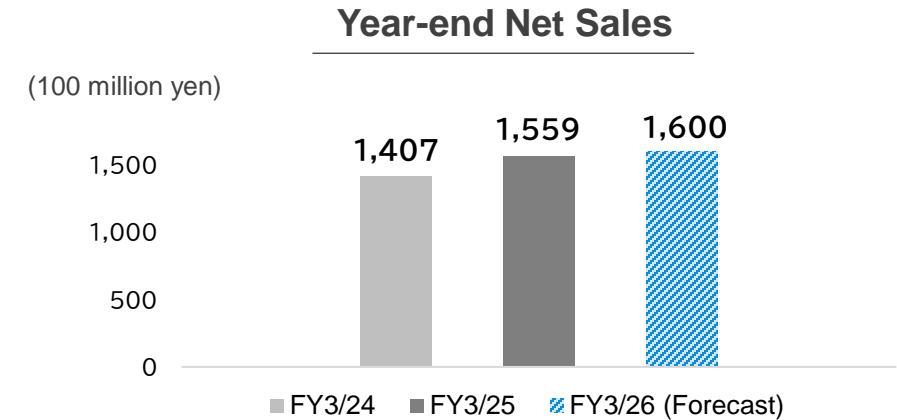
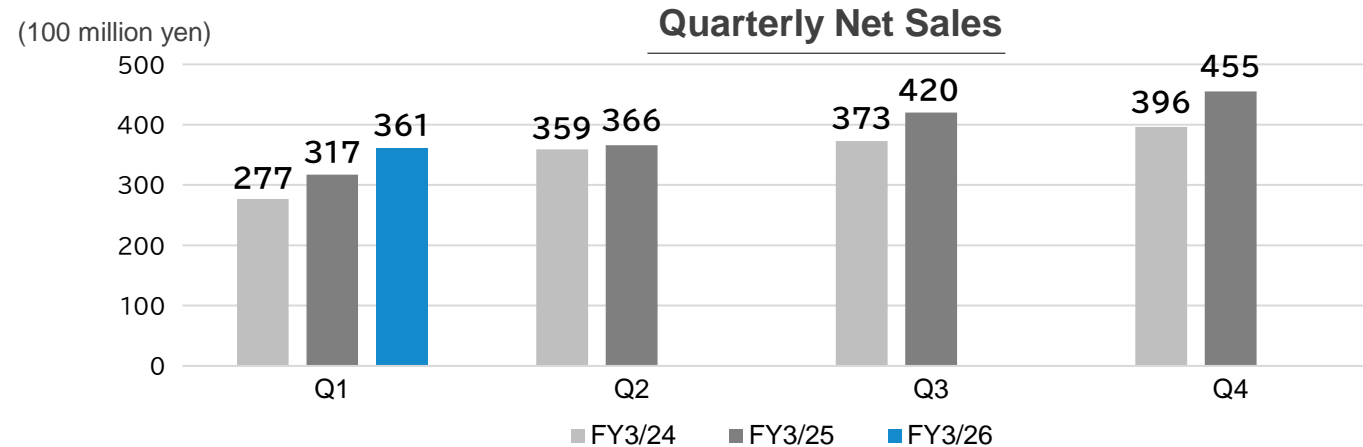
- Net sales rose by 14.0% YoY (+4.4 billion yen), marking a double-digit increase.
- Amid robust demand, growth in high-margin construction projects and solid performance by domestic affiliates drove about 32.9% YoY increase in operating profit to 2.9 billion yen. Ordinary profit reached 3.2 billion yen and profit attributable to owners of parent totaled 2.1 billion yen—both record highs.

(100 million yen)	Q1 FY3/24 Results	Q1 FY3/25 Results	Q1 FY3/26 Results	Profit margin %	YoY Change
Net sales	277	317	361	—	+44
Operating profit	3.3	22	29	8.2%	+7
Ordinary profit	5.2	26	32	9.1%	+6
Profit attributable to owners of parent	2.5	20	21	6.1%	+1

# Quarterly Performance



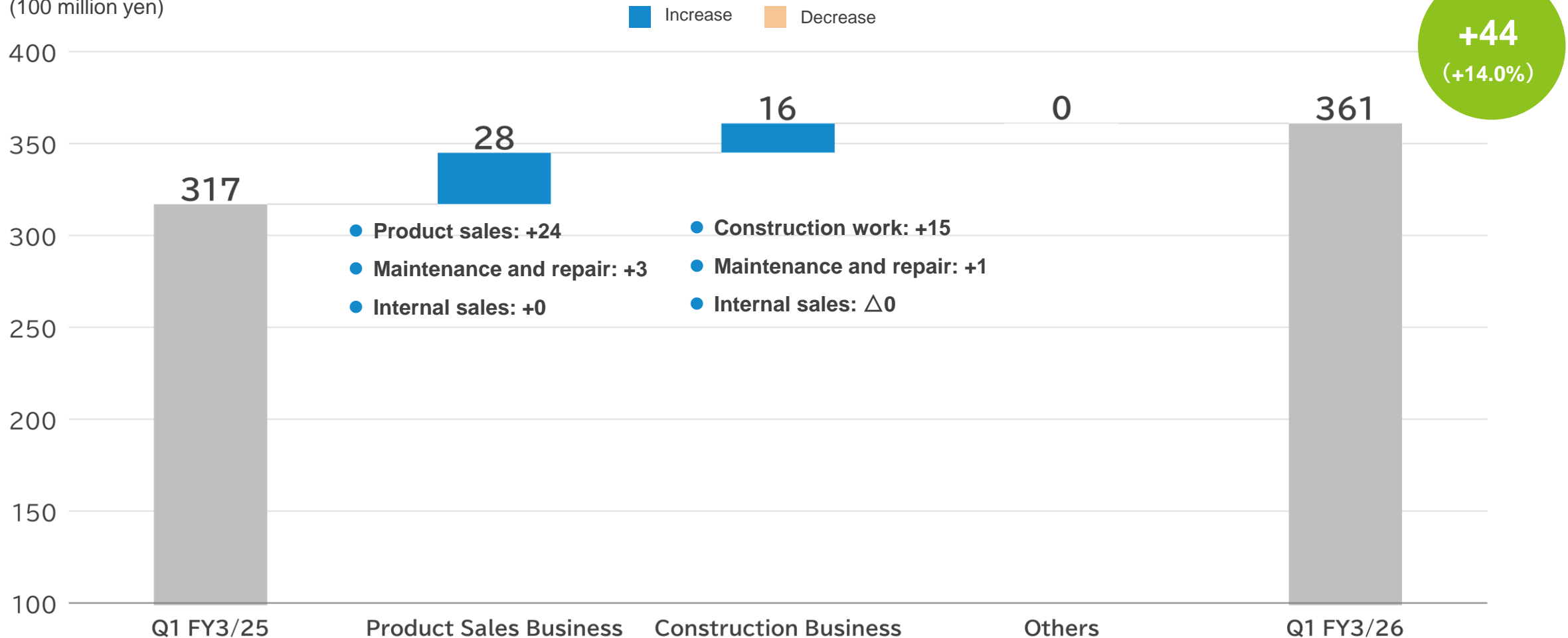
- On a quarterly basis, both net sales and operating profit hit record highs.
- Improved profit margins at the time of order placement and higher operating rates contributed to a greater profit increase even in Q1.



# 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 4.4 billion yen (+14.0%).
- Both the Product Sales and Construction businesses saw steady performance in maintenance and after-sales services.

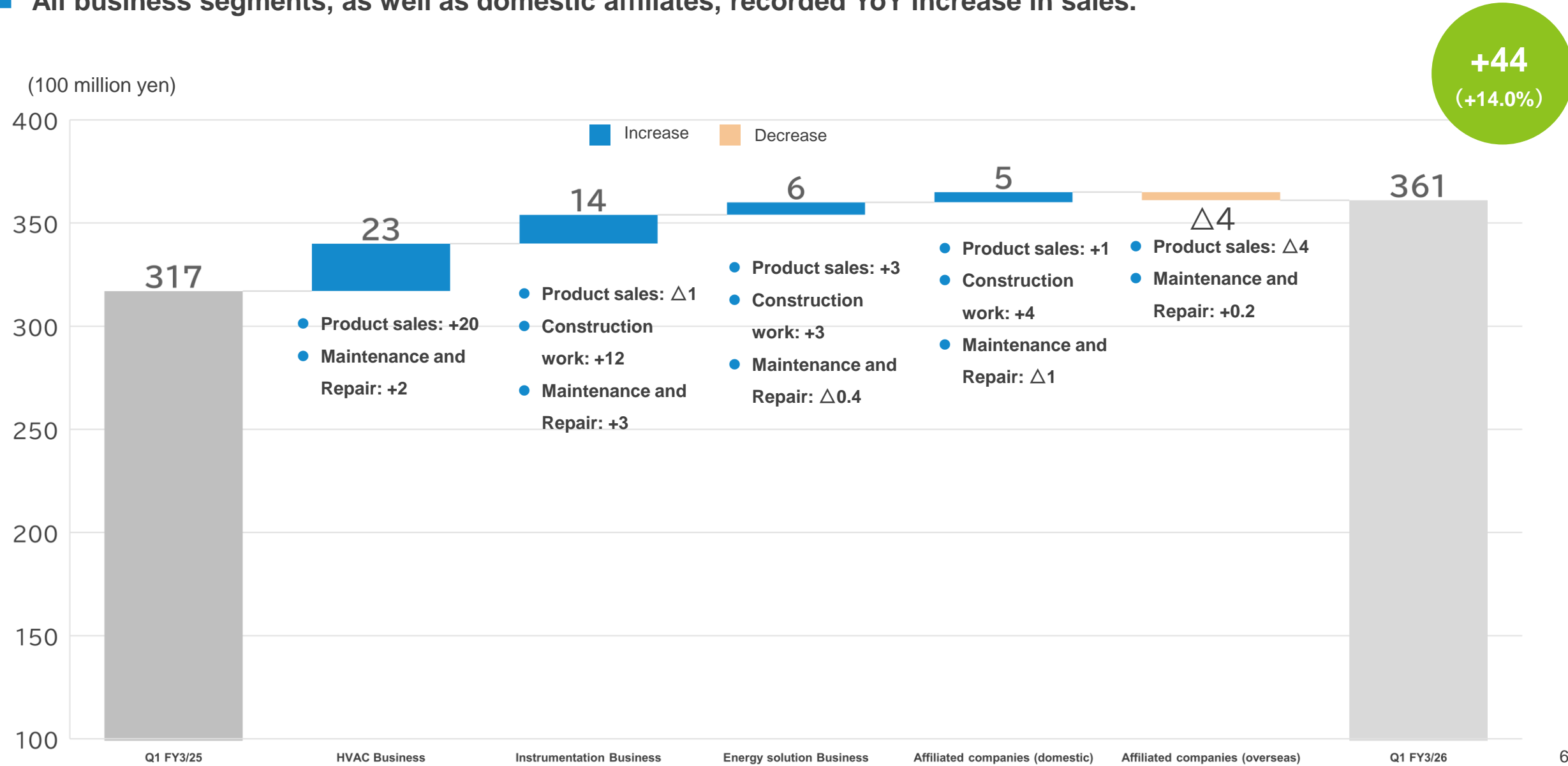
(100 million yen)



# Change Factors for Net sales by Business Field



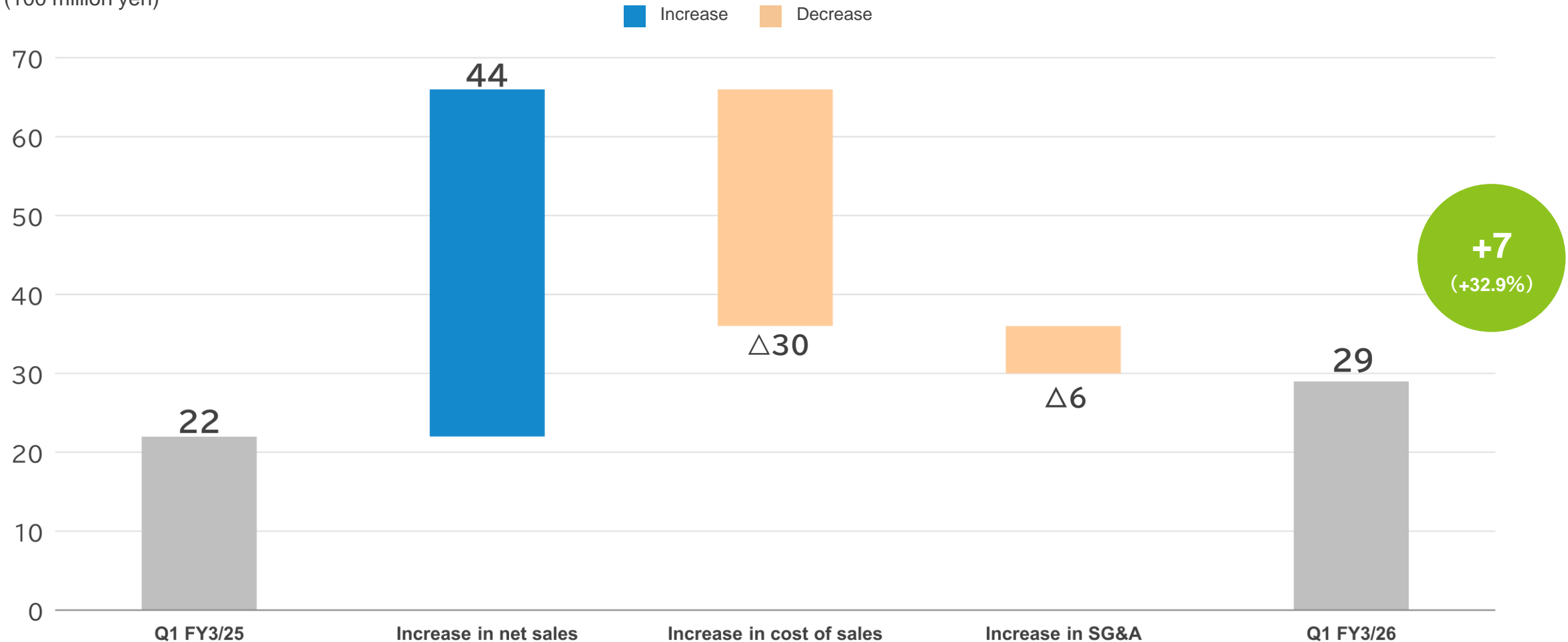
■ All business segments, as well as domestic affiliates, recorded YoY increase in sales.



# Change Factors for Operating Profit

- The YoY increase in sales (+14.0%) offset the rise in both cost of sales and SG&A expenses, resulting in a 7 100million yen increase in operating profit YoY.
- Although personnel expenses increased due to base salary hikes, this was absorbed by higher sales and an improvement in gross profit margin, leading to growth in operating profit.

(100 million yen)



# 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)	Q1 FY3/25	Q1 FY3/26	
	Net sales	Net sales	YoY %
<b>Product Sales Business</b>	<b>176</b>	<b>204</b>	+15.9%
Product sales	150	174	+16.2%
Regular and spot maintenance	38	41	+8.1%
Internal sales	△11	△11	-
<b>Construction Business</b>	<b>140</b>	<b>156</b>	+12.1%
Construction work	113	128	+13.4%
Regular and spot maintenance	26	28	+6.6%
Internal sales	0	△0	-



# Sales Breakdown by Business



- The HVAC, Instrumentation, and Energy Solution businesses all recorded double-digit growth.
- Domestic affiliates also posted solid performance.

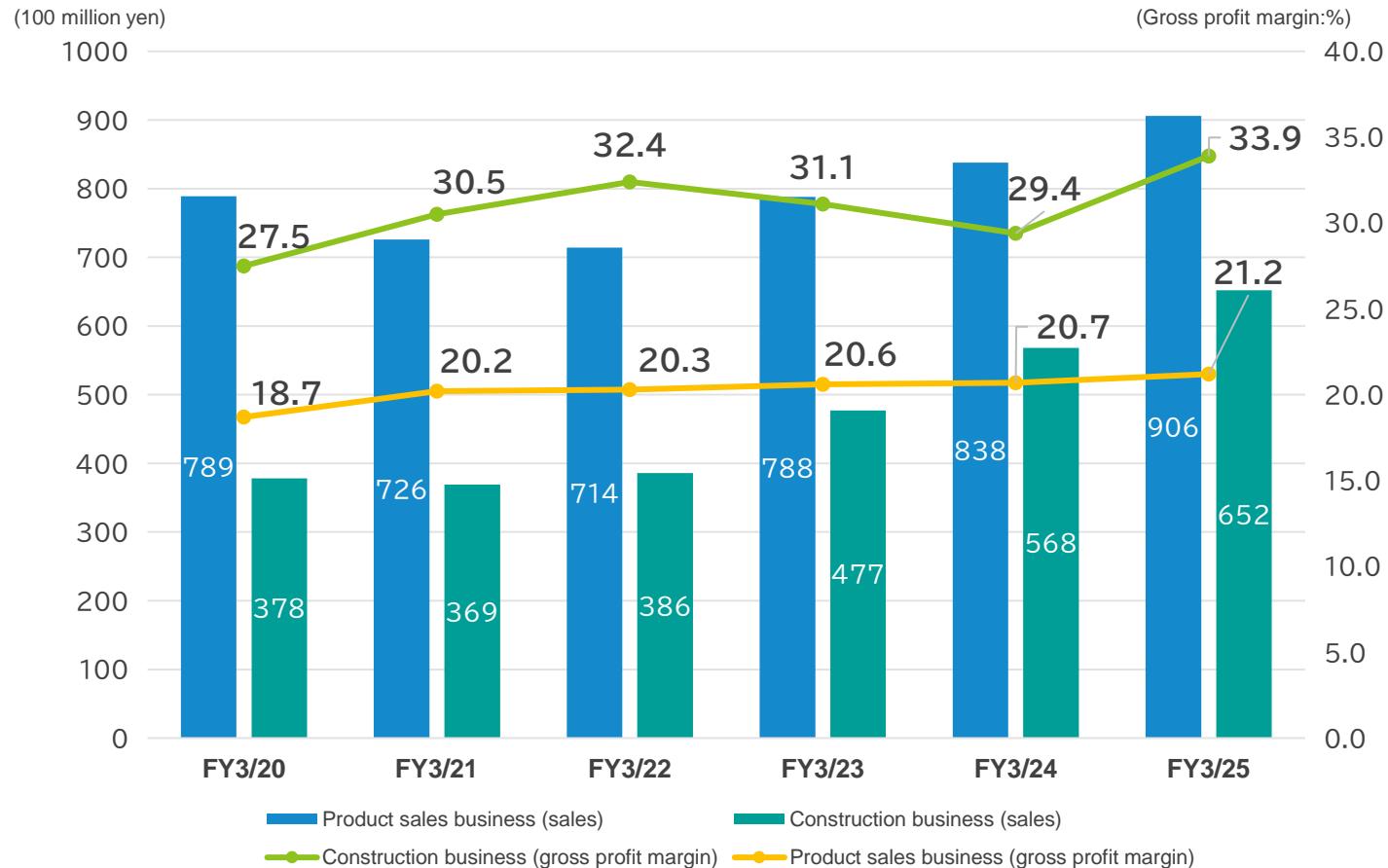
	Q1 FY3/25	Q1 FY3/26	
	Net sales (100 million yen)	Net sales (100 million yen)	YoY
<b>HVAC Business</b>	<b>135</b>	<b>158</b>	<b>+17.1%</b>
Product sales	128	149	+16.2%
Regular and spot maintenance	6	9	+34.3%
<b>Instrumentation Business</b>	<b>52</b>	<b>66</b>	<b>+27.7%</b>
Product sales	3	2	△41.8%
Construction work	42	54	+28.6%
Regular and spot maintenance	6	10	+58.8%
<b>Energy Solution Business</b>	<b>32</b>	<b>38</b>	<b>+19.9%</b>
Product sales	4	7	+78.3%
Construction work	19	23	+19.2%
Regular and spot maintenance	8	8	△5.0%
<b>Affiliated companies (domestic)</b>	<b>92</b>	<b>97</b>	<b>+5.5%</b>
Product sales	13	15	+13.0%
Construction work	41	45	+10.6%
Regular and spot Maintenance	37	36	△2.9%
<b>Affiliated companies (overseas)</b>	<b>15</b>	<b>11</b>	<b>△29.5%</b>
Construction work	10	5	△47.2%
Regular and spot maintenance	5	5	+4.3%
<b>Internal sales</b>	<b>△11</b>	<b>△11</b>	<b>-</b>

# Segment Sales and Gross Profit Margin

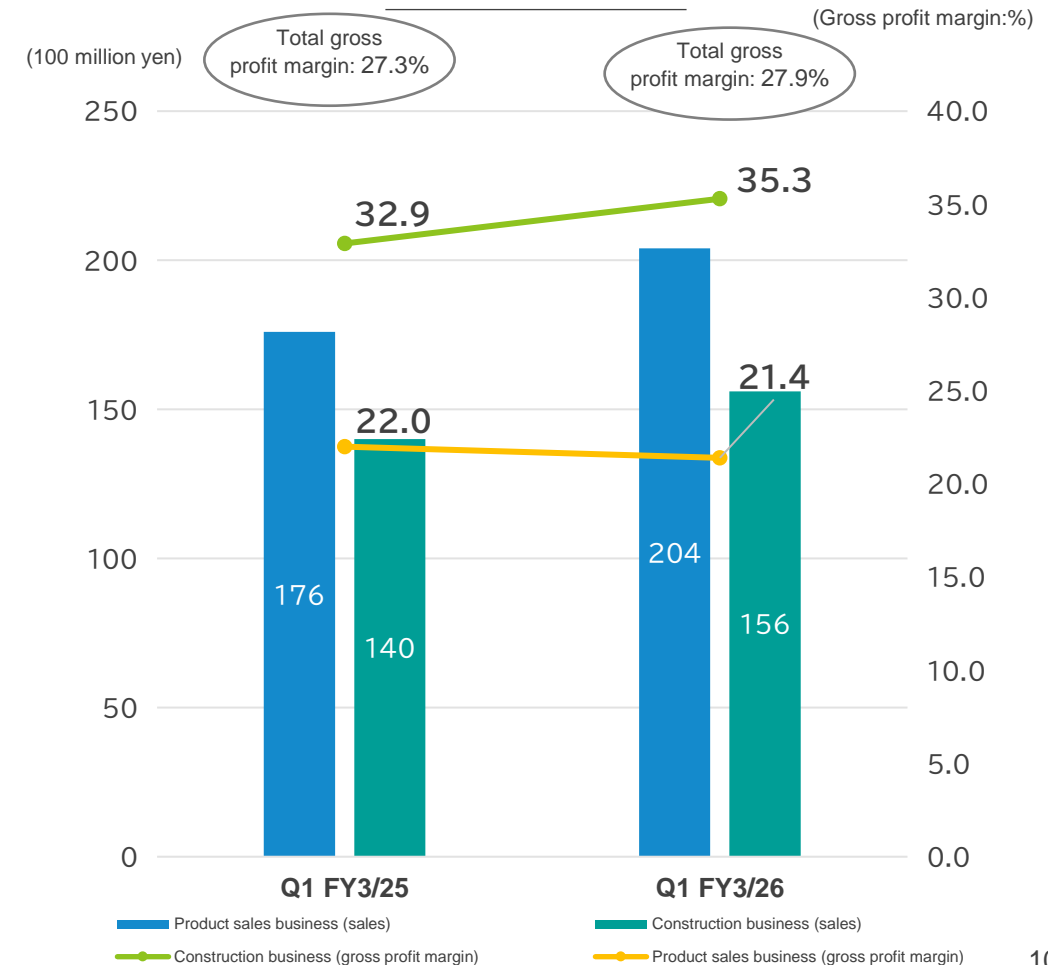


- The gross profit margin for Q1 improved by 0.6 percentage points YoY to 27.9%.
- While the gross profit margin for the Product Sales business slightly declined from the previous year, the increase in sales and margin improvement in the Construction business contributed to an overall improvement in gross profit margin.

## 6-year Trend



## YoY Comparison



# Balance Sheet / Cash Flow

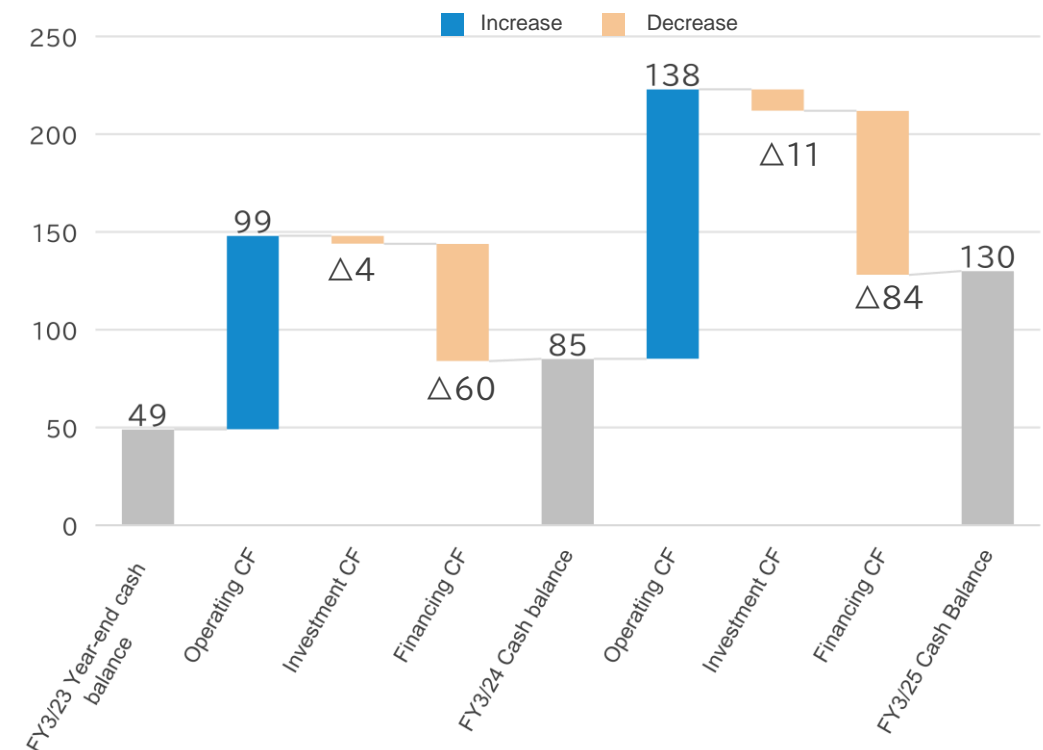


(100 million yen)

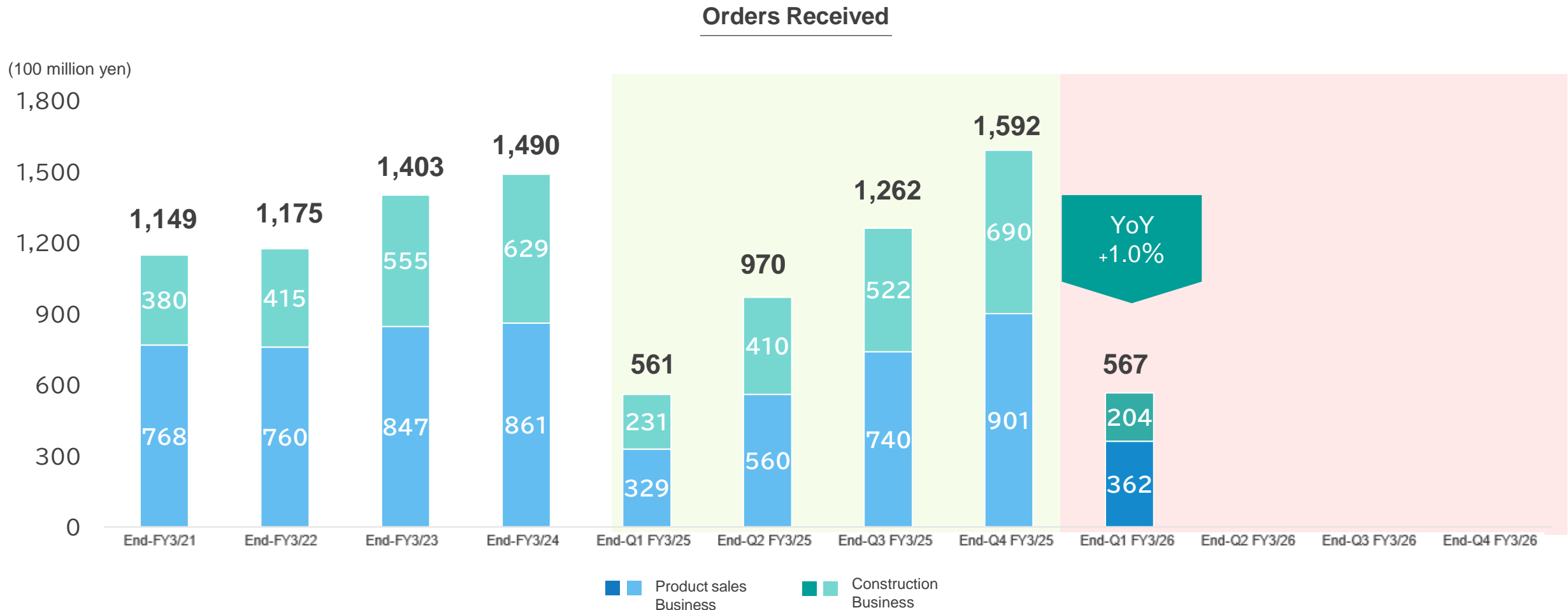
	FY3/25	Q1 FY3/26	Change
<b>Current assets</b>	<b>602</b>	<b>484</b>	<b>△118</b>
Cash and deposits	130	101	△28
Notes and accounts receivable-trade, contract assets, and electronically recorded monetary claims	408	322	△86
Inventories	46	45	△4
Other	17	14	△2
<b>Non-current assets</b>	<b>449</b>	<b>517</b>	<b>+68</b>
Property, plant and equipment	209	249	+40
Intangible assets	29	35	+6
Investments and other assets	210	232	+21
<b>Total assets</b>	<b>1,052</b>	<b>1,001</b>	<b>△50</b>
<b>Current liabilities</b>	<b>392</b>	<b>333</b>	<b>△59</b>
Notes and accounts payable-trade, electronically recorded obligations-operating	232	160	△72
Short-term borrowings	29	87	+57
Other	129	85	△44
<b>Non-current liabilities</b>	<b>47</b>	<b>59</b>	<b>+12</b>
Long-term debt	8	4	△3
Other	39	54	+15
<b>Net assets</b>	<b>612</b>	<b>608</b>	<b>△3</b>
Total shareholders' equity	526	510	△15
Accumulated other comprehensive income, etc.	86	98	+12
<b>Total liabilities and net assets</b>	<b>1,052</b>	<b>1,001</b>	<b>△51</b>
<b>Shareholders' equity ratio</b>	<b>58.2%</b>	<b>60.8%</b>	<b>+2.6%</b>

(100 million yen)

	FY3/24	FY3/25
<b>Operating CF</b>	<b>99</b>	<b>138</b>
<b>Investment CF</b>	<b>△4</b>	<b>△11</b>
<b>Free CF</b>	<b>95</b>	<b>127</b>
<b>Finance CF</b>	<b>△60</b>	<b>△84</b>
<b>Cash balance</b>	<b>85</b>	<b>130</b>



- Despite robust demand, the Company secured new orders at appropriate prices aligned with its construction capacity, resulting in a level comparable to the previous year (+1.0% YoY).

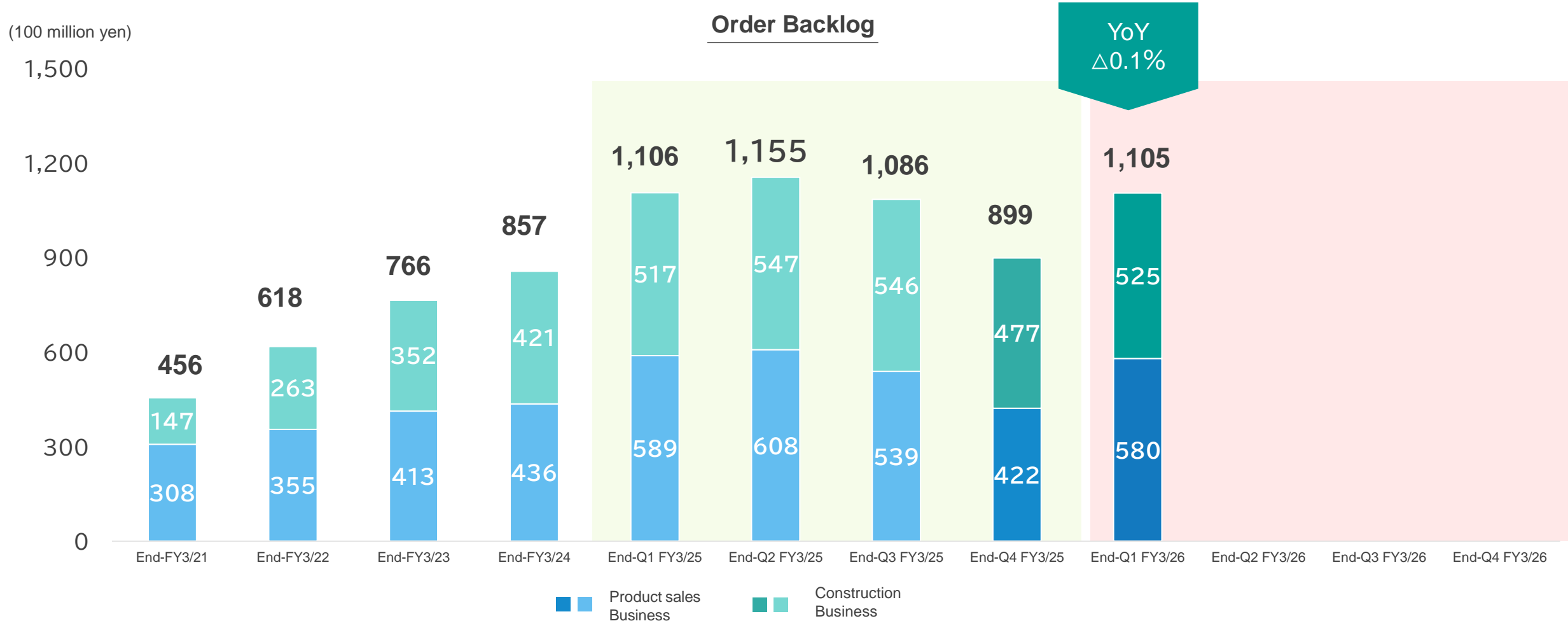


\*Including overseas subsidiaries (QA) from FY3/22

# Order Backlog



- Order backlog remained solid due to strategic order intake that factored in supply-side constraints, maintaining a level similar to the previous year.
- The order backlog for the Construction business, which has a high gross profit margin, grew steadily (+1.6% YoY), while orders for the Product Sales business declined slightly ( $\Delta$ 1.6% YoY).



\*Including overseas subsidiaries (QA) from FY3/22

# Full-year Business Forecasts: FY3/26



(100 million yen)	FY3/25 (Results)	FY3/26 (Revised Forecasts)	Pct. 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	△4.4%

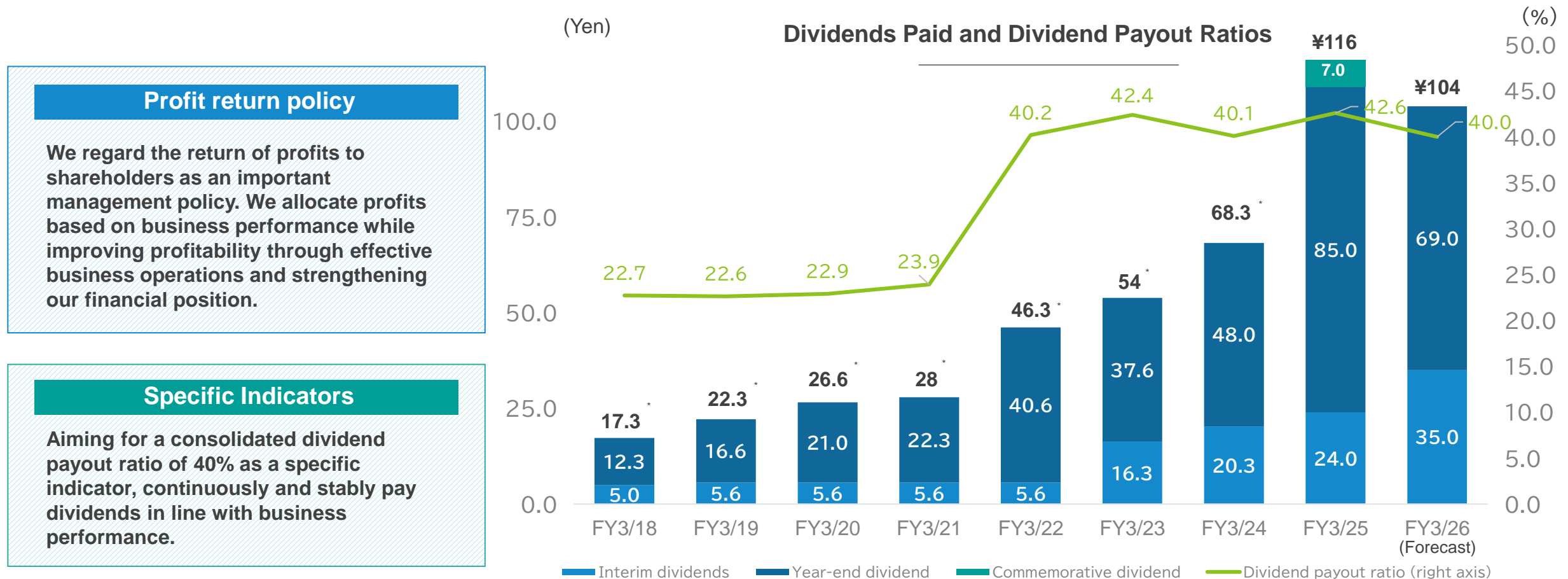
## [Business Environment Outlook]

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 Forecast



- 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 104 yen (payout ratio: 40.0%).



\* 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% 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

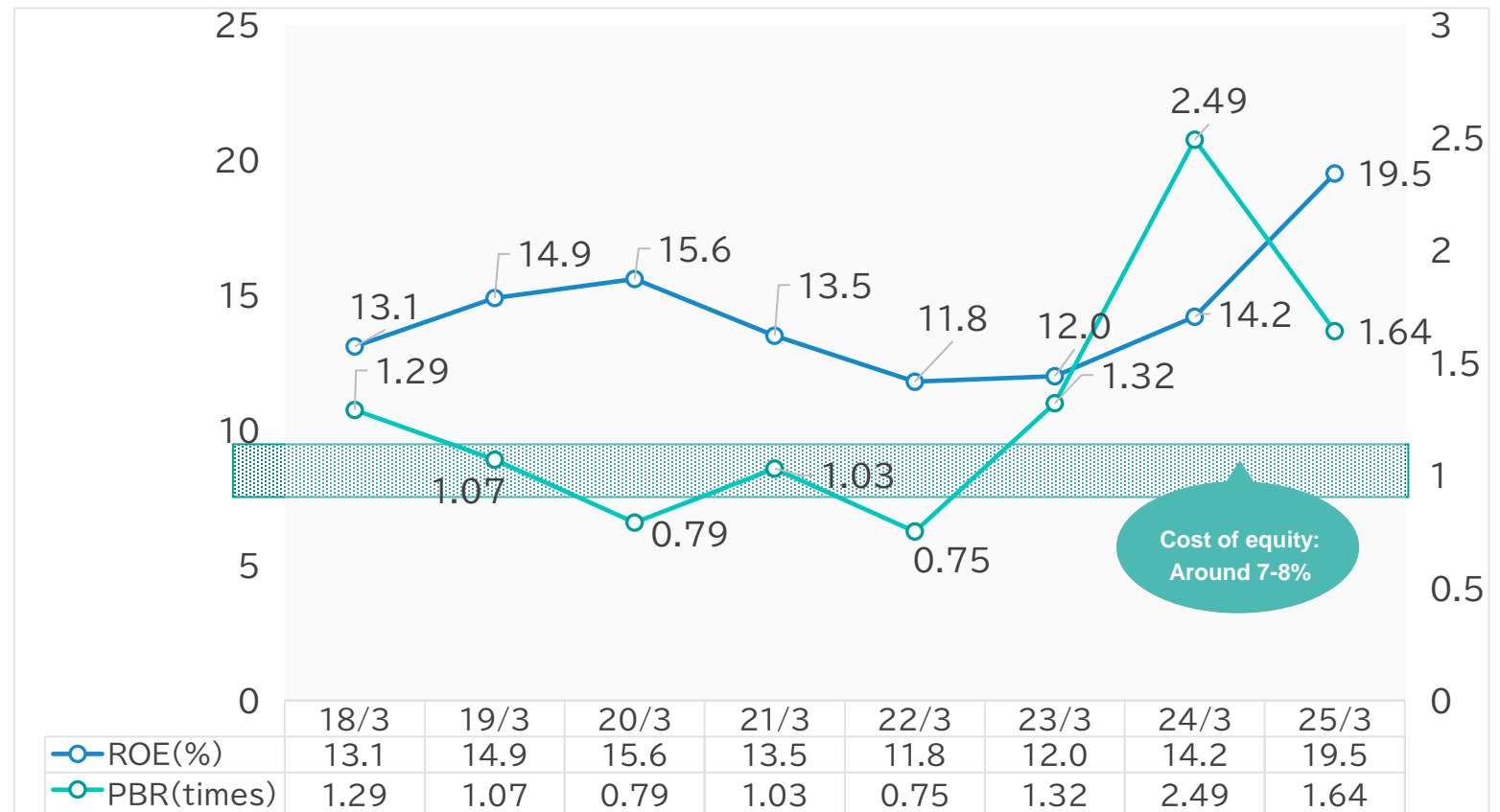
Cost of  
Equity



ROE

PBR

Maintain at least 1  
times in a stable and  
continuous manner







70周年記念サイト

<https://www.totech.co.jp/70th>



Newspaper Advertisement (July 7)

TOTECH Group Character  
“Kokochi”



70th Anniversary Celebration Party  
(Tokyo, Osaka, Fukuoka)



At Hotel Okura Tokyo (July 18)

# <APPENDIX>

# Corporate Profile



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

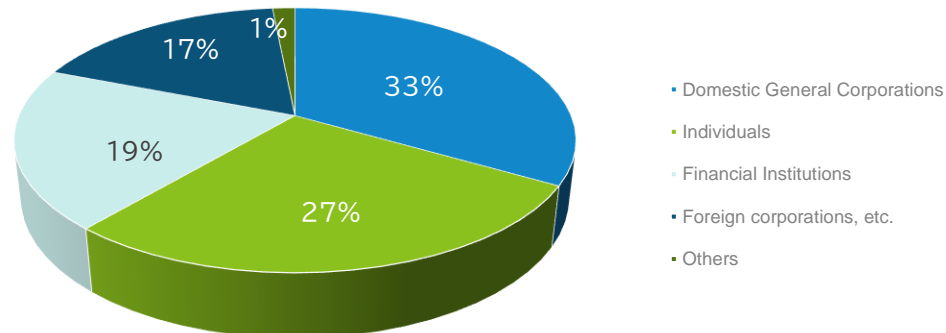
**April 2019:** Director, Managing Executive Officer and General Manager of Instrumentation Business Management Department of the Company

**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

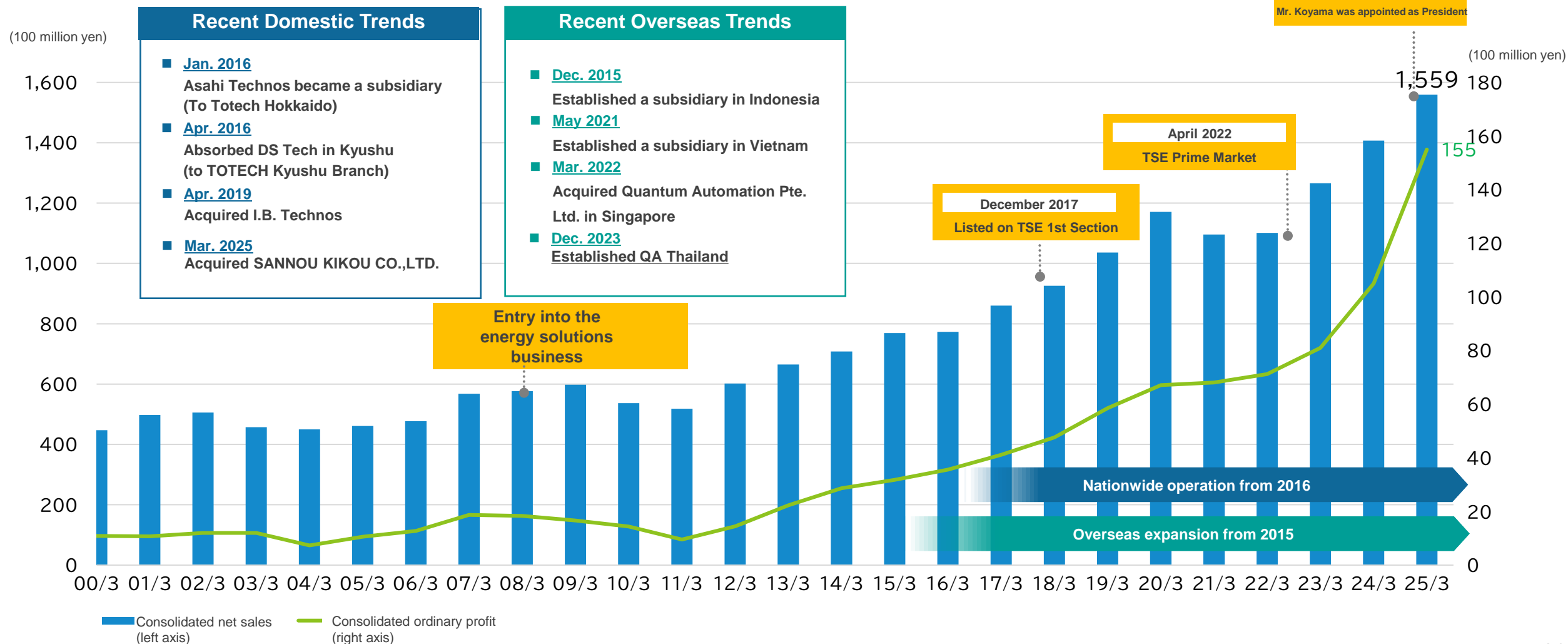


# TOTECH Group: Our Growth History






■ 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).

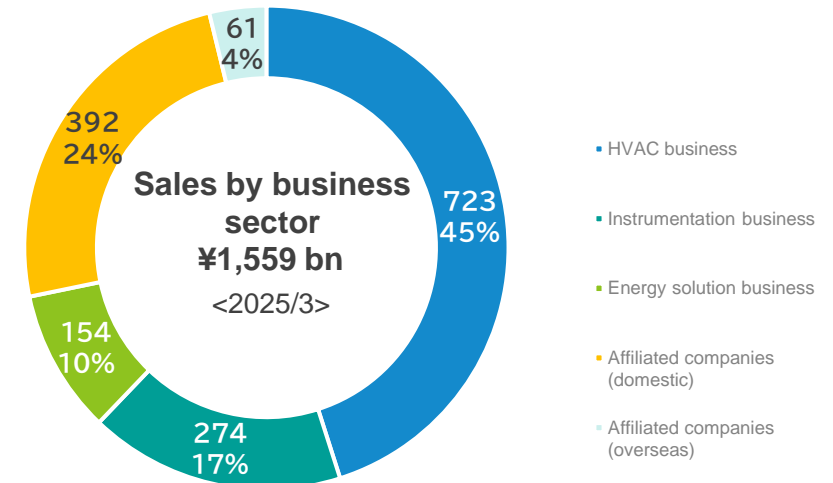
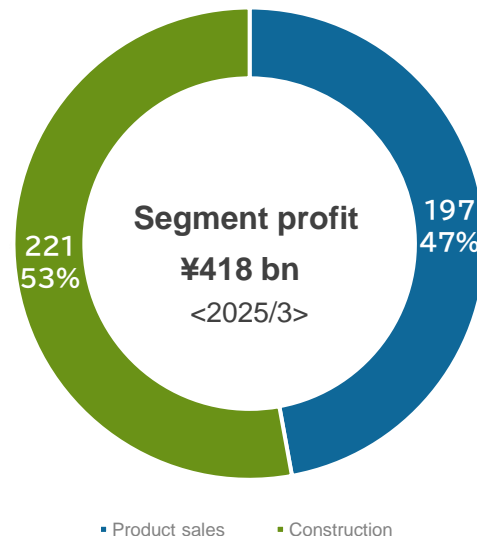
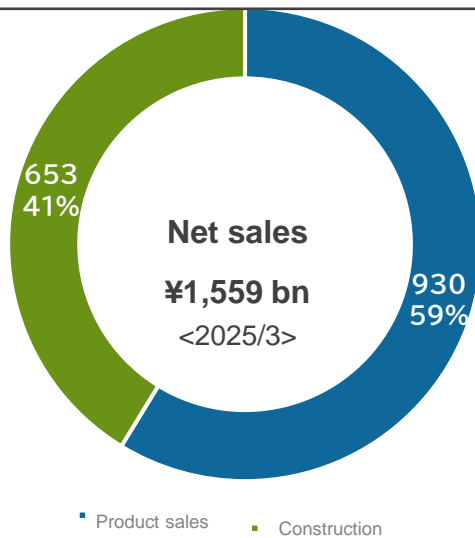
■ Effective April 1, 2025, Kaoru Koyama was appointed as new President.





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



## 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: 160 billion yen\***

**Ordinary profit: 15.8 billion yen\***

\*\*Upward revision announced on May 15, 2025

## Good for people

Fostering a culture of taking on challenges  
and accepting failure

## Taking comfort to the next level.

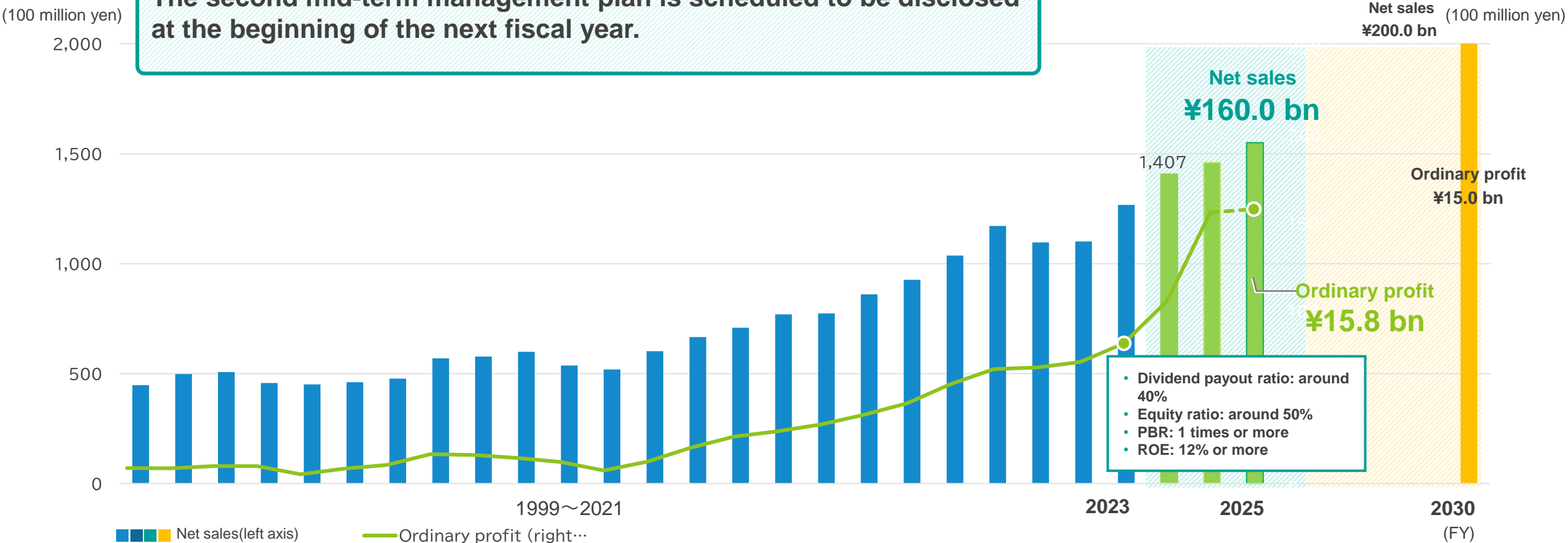
Comfort to people, society, and the earth.  
We pursue that "comfort" of a new era  
by capturing the changes in technological innovation  
and social organization,  
and aim to be a group that creates a comfortable  
environment that is one step ahead.

# 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 (May 15, 2025), the targets have been revised upward to 160 billion yen in sales and 15.8 billion yen in ordinary profit.

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



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

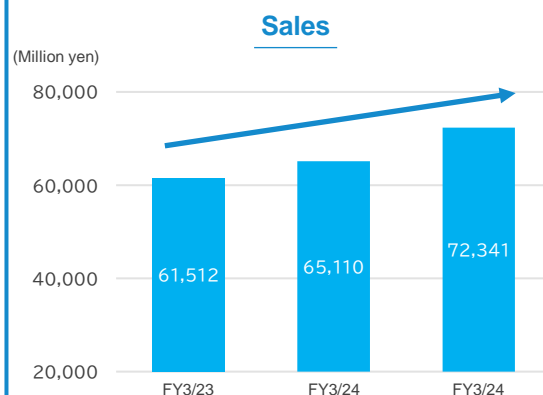
- Demand for redevelopment projects centered in major metropolitan areas
- Demand from factories and data centers driven by private-sector investment
- Demand for energy-saving and carbon-neutral solutions



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

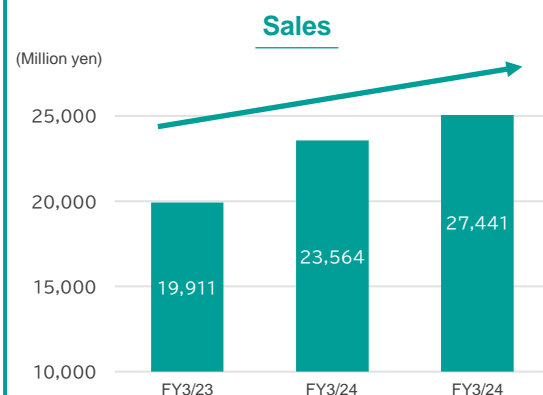
### HVAC Business

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



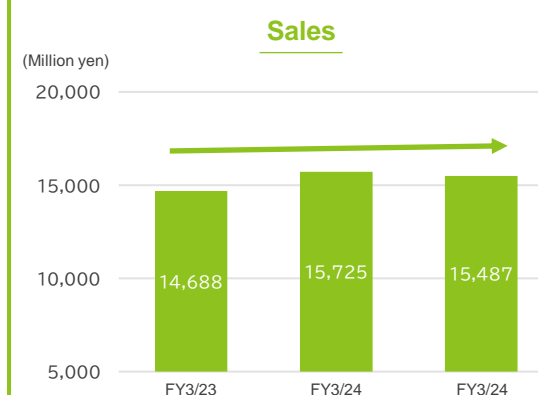
### Instrumentation Business

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



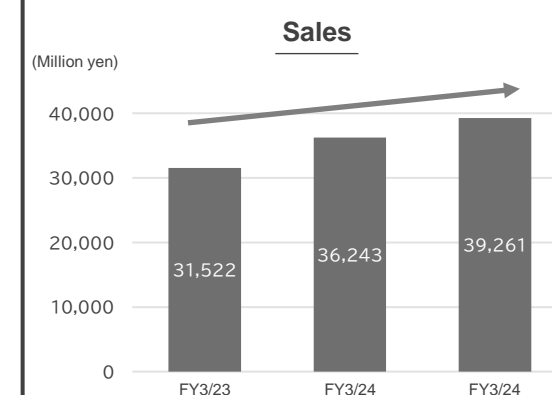
### Energy Solution Business

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



### Affiliated Companies (Domestic)

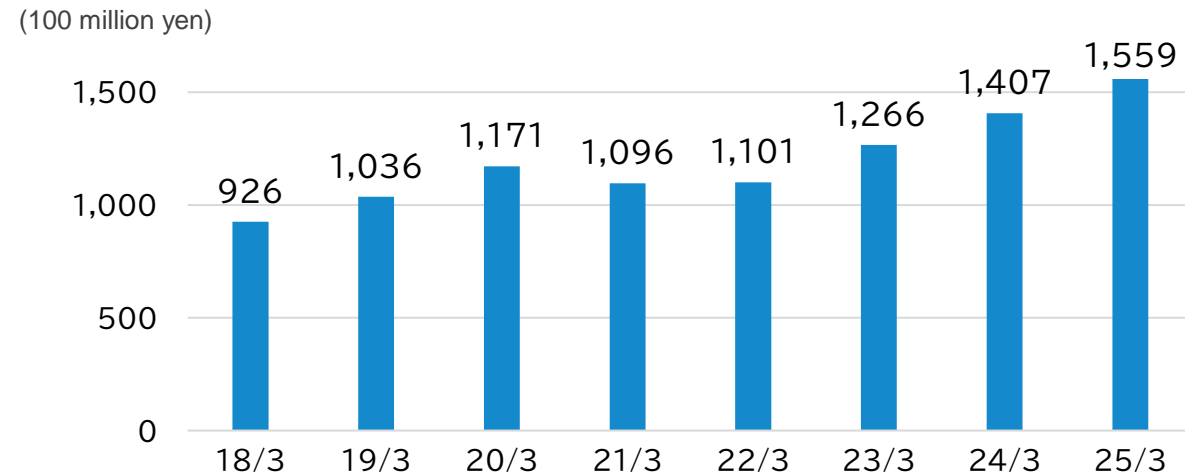
- Nippon Bulcon: Expanding maintenance and service proposals
- IB Technos: Promoting sales to data centers and foreign-affiliated companies
- TOTECH Hokkaido: Expanding total solution offerings



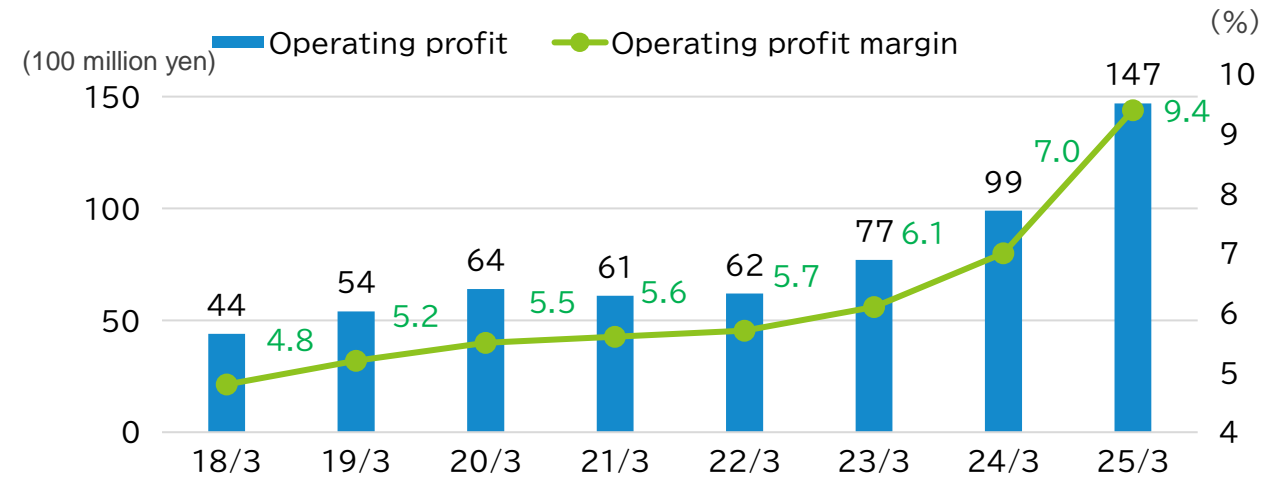
# [APPENDIX] Financial Indicators

<Consolidated>

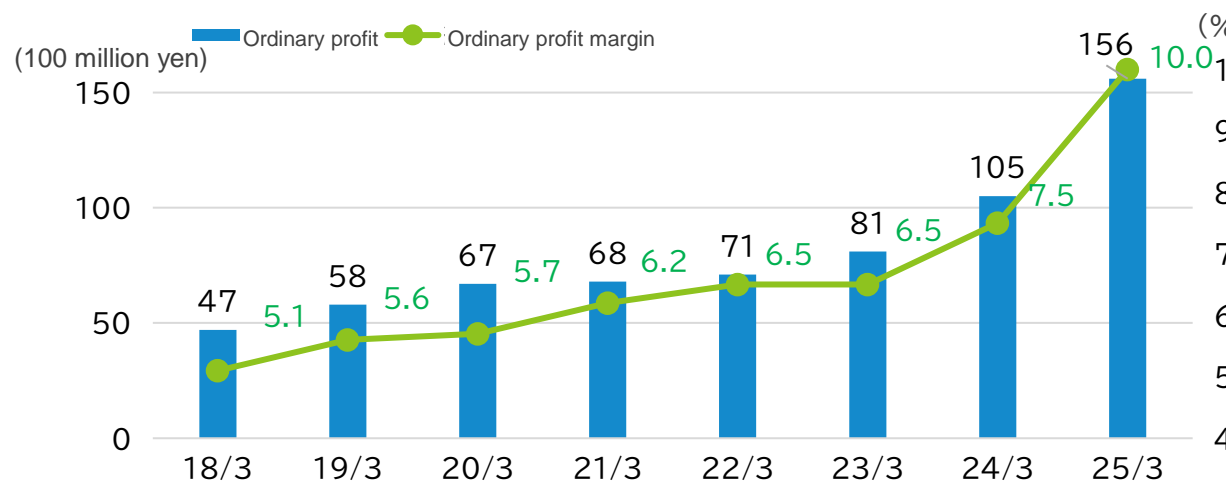
## Net sales



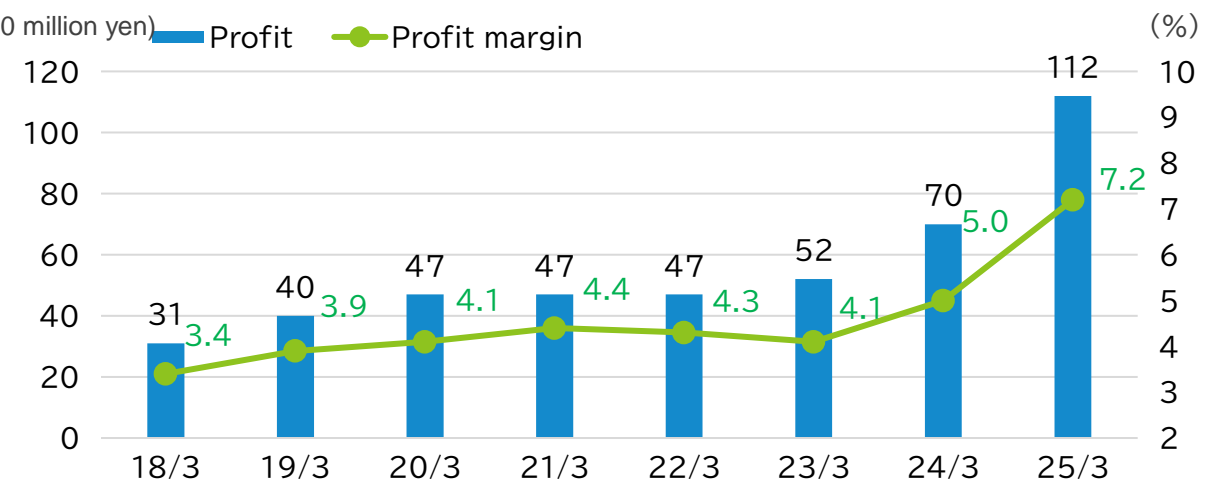
## Operating profit



## Ordinary profit

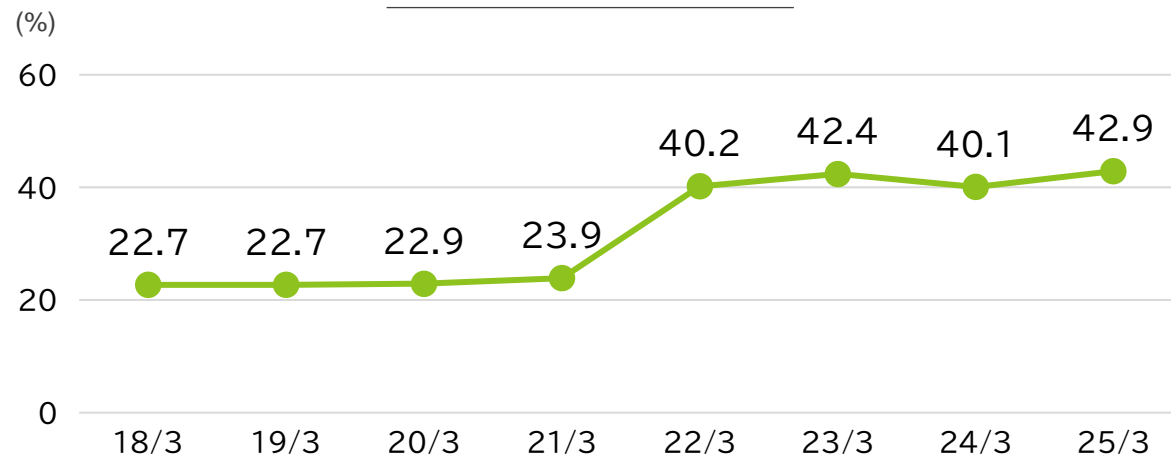


## Profit

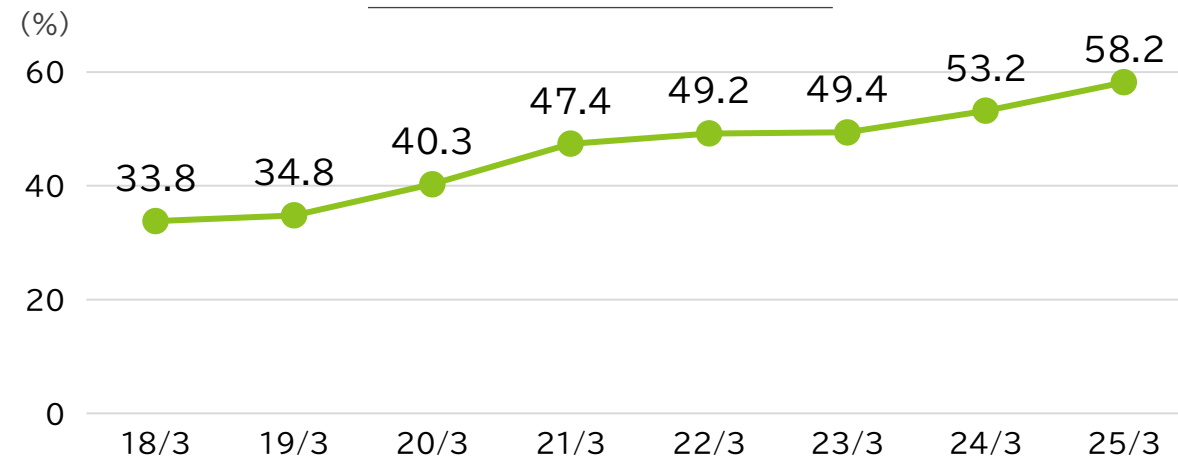


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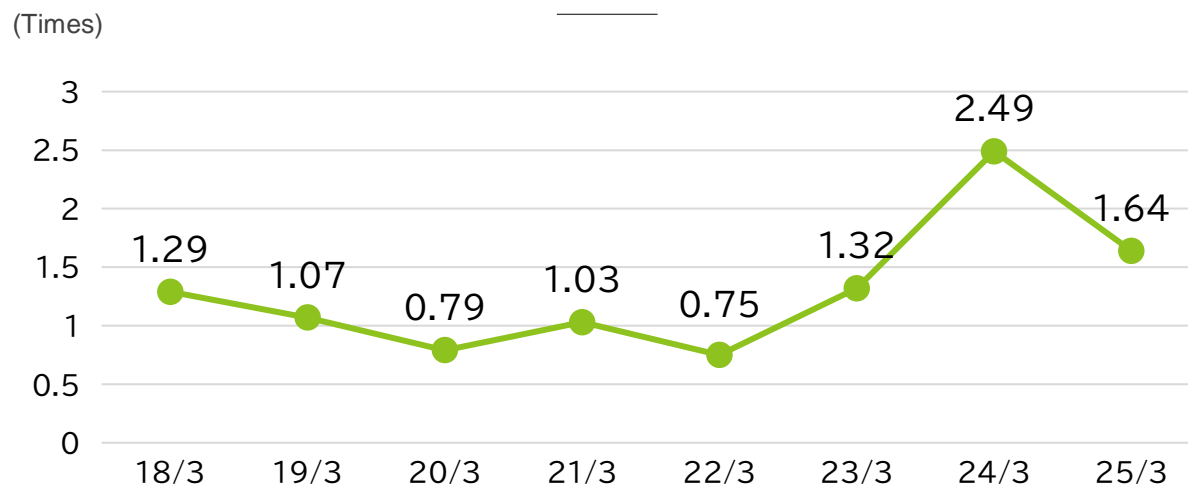
## Dividend payout ratios



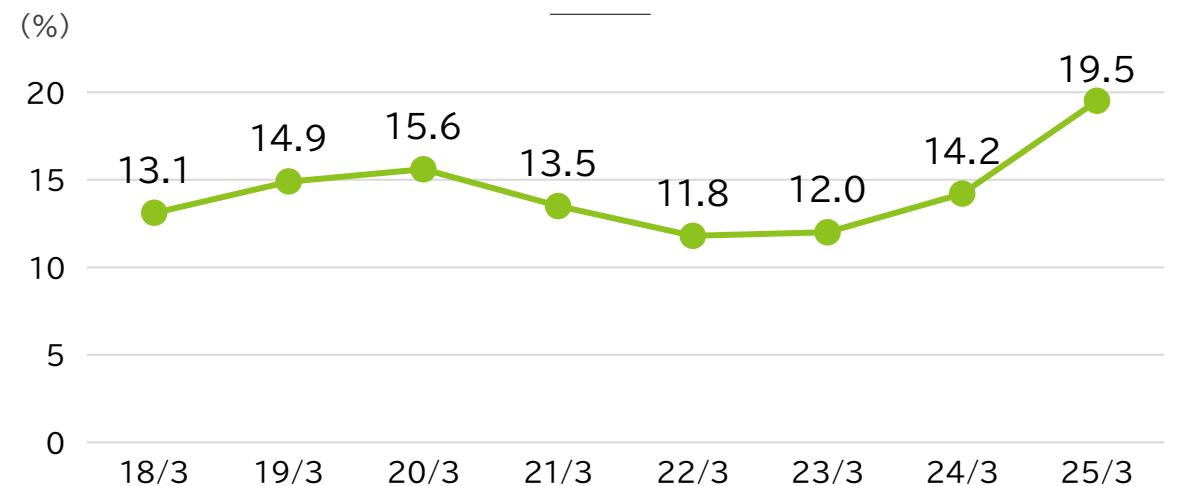
## Shareholders' equity ratio






















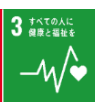









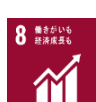



## PBR



## ROE



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

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



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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