TOTECH Group Supplementary Material for FY3/26

TOTECH CORPORATION

May 14, 2026

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Overview of FY3/26 Performance: Record-high Sales and Profits

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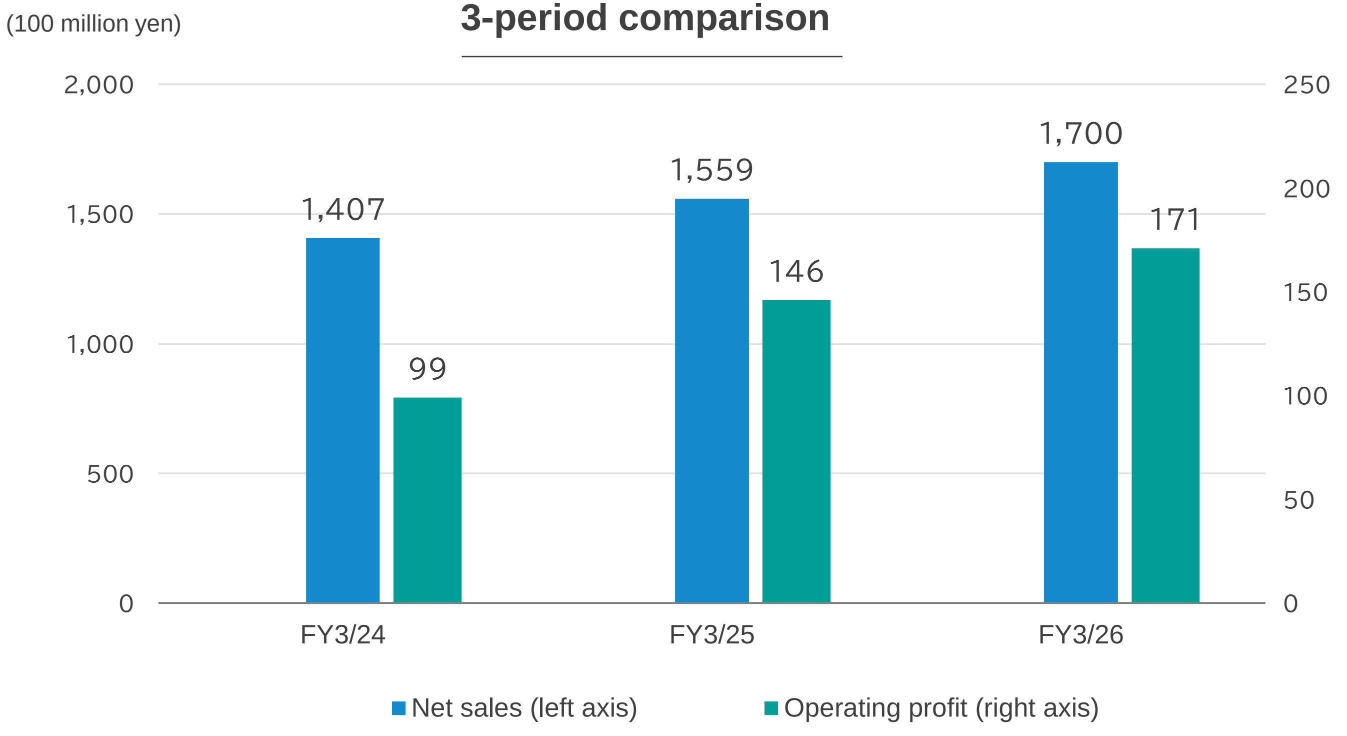
Financial Results: Full-year results exceeded plan, achieving record-high sales and profits

- In addition to demand for redevelopment and new construction projects centered in major metropolitan areas, we captured demand for private-sector investment projects, including data centers, factories, and hotels, as well as government-related projects. As a result, alongside the Product Sales Segment, the Construction Segment in particular recorded double-digit sales growth (+16.8% YoY). In addition to the positive impact of higher sales, improved project profitability at the order stage led to improved gross profit margins in both the Product Sales Segment and the Construction Segment, contributing to overall profit growth.
- All three core businesses achieved sales growth, with particularly strong double-digit growth in the Instrumentation Business and the Energy Solution Business. (HVAC Business: +3.6% YoY; Instrumentation Business: +15.2%; Energy Solution Business: +32.7%)
- Orders received and order backlog also remained strong.

Net sales	¥170.0bn (+9.0% YoY)
Operating profit	¥17.1bn (+16.6% YoY)
Operating profit margin	10.1% (+0.7ppt. YoY)



Consolidated Statements of Income

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- Both net sales and operating profit exceeded forecasts, achieved record-high.
- Operating profit increased 16.6% YoY to 17.1 billion yen, while the operating profit margin improved by 0.7 percentage points to 10.1%. Ordinary profit reached 17.9 billion yen and profit attributable to owners of parent also hit a record high at 13.1 billion yen. This was driven by an increase in construction projects with a strong focus on profitability amid robust demand.

(100 million yen)	FY3/24 Results	FY3/25 Results	FY3/26 Results	Profit margin %	YoY Change	Difference vs. Forecast (Amount / %)
Net sales	1,407	1,559	1,700	—	+140 (+9.0%)	+40 (+2.4%)
Operating profit	99	146	171	10.1%	+24 (+16.6%)	+11 (+7.0%)
Ordinary profit	105	155	179	10.6%	+24 (+15.5%)	+11 (+7.0%)
Profit attributable to owners of parent	70	111	131	7.7%	+19 (+17.3%)	+11 (+9.4%)

Quarterly Performance

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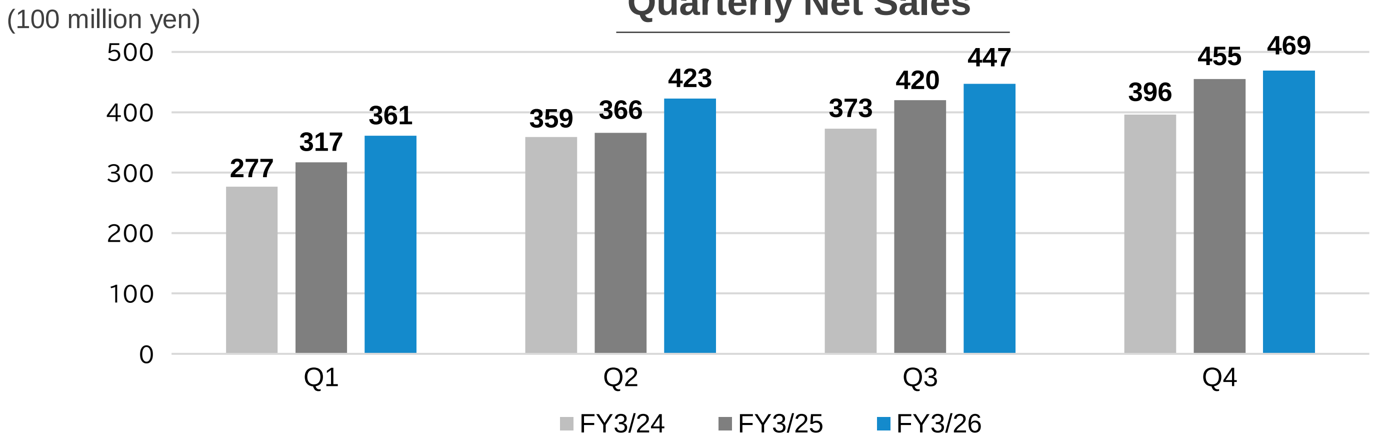
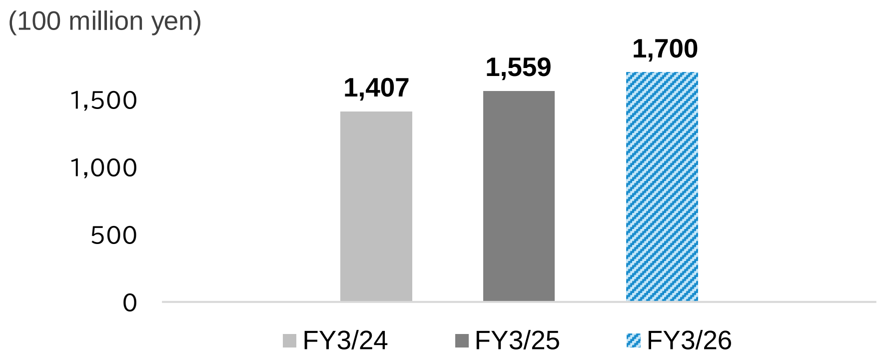
- Both quarterly net sales and operating profit continued to reach record highs.
- Our company has continuously promoted improvements in project profitability at the order stage, and its earnings structure is gradually improving from one heavily weighted toward Q4 to a more balanced full-year earnings profile for both net sales and operating profit.

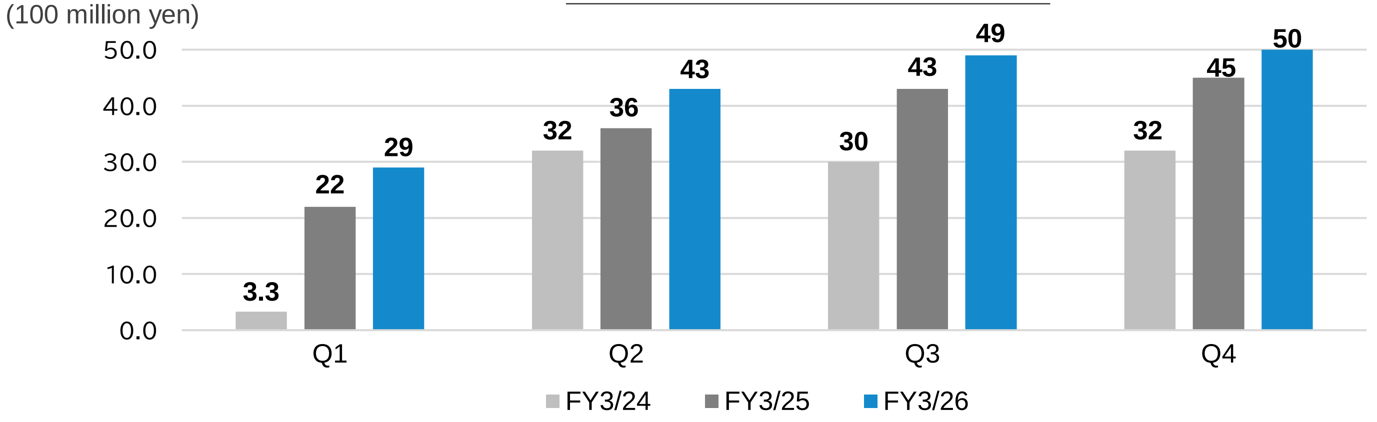
Quarterly Net Sales



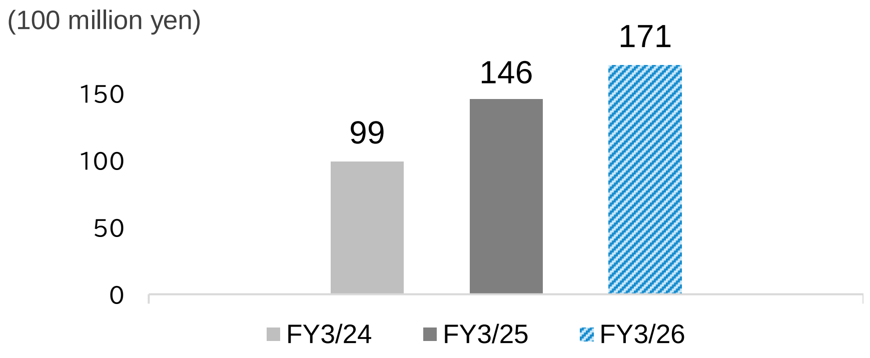
Year-end Net Sales



Quarterly Operating Profit

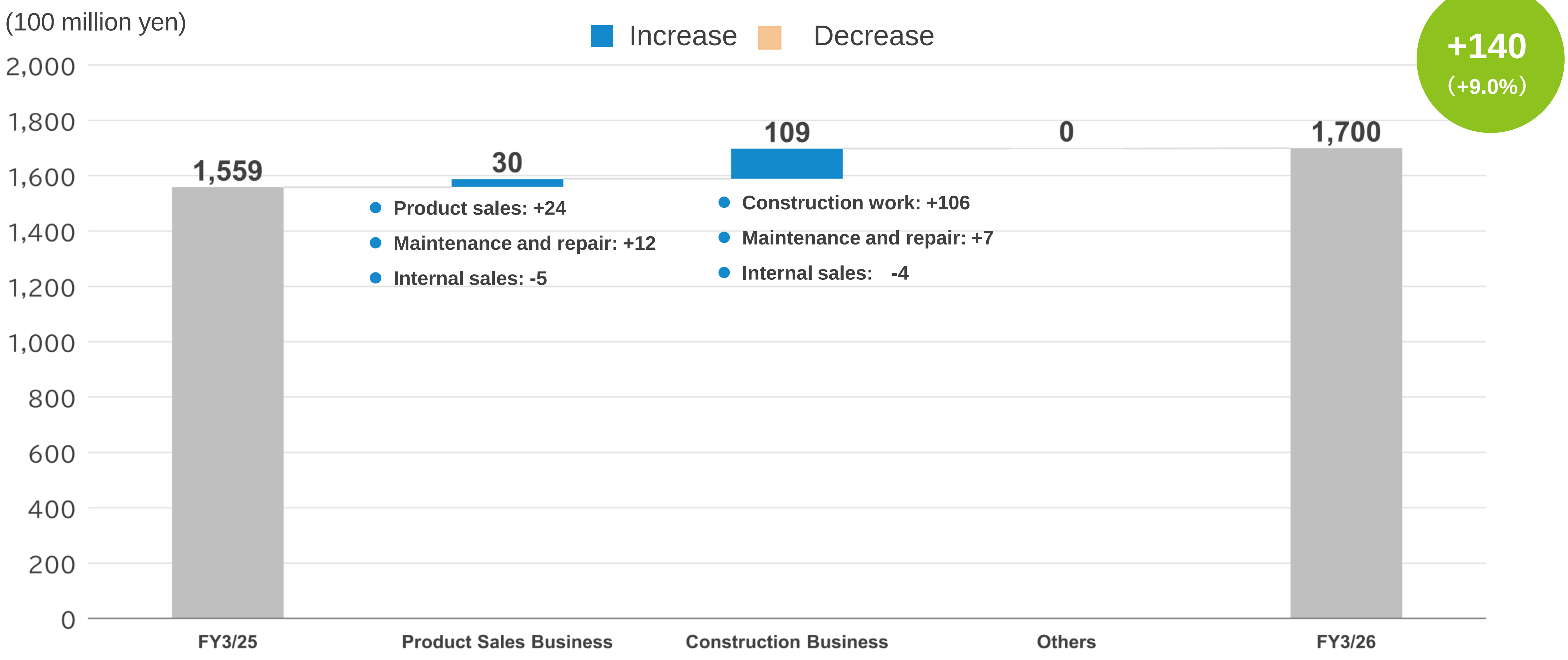


Year-end Operating Profit



Change Factors for Net sales by Segment

- Within the Product Sales Segment, both product sales and maintenance and repair services increased, resulting in a 3 billion yen increase in sales.
- The Construction Segment recorded a substantial 10.9 billion yen increase in sales, driven by construction work in the Instrumentation Business and Energy Solution Business. In both the Product Sales and the Construction segments, the growth trend in maintenance and repair services remained unchanged.



Change Factors for Net sales by Business Field

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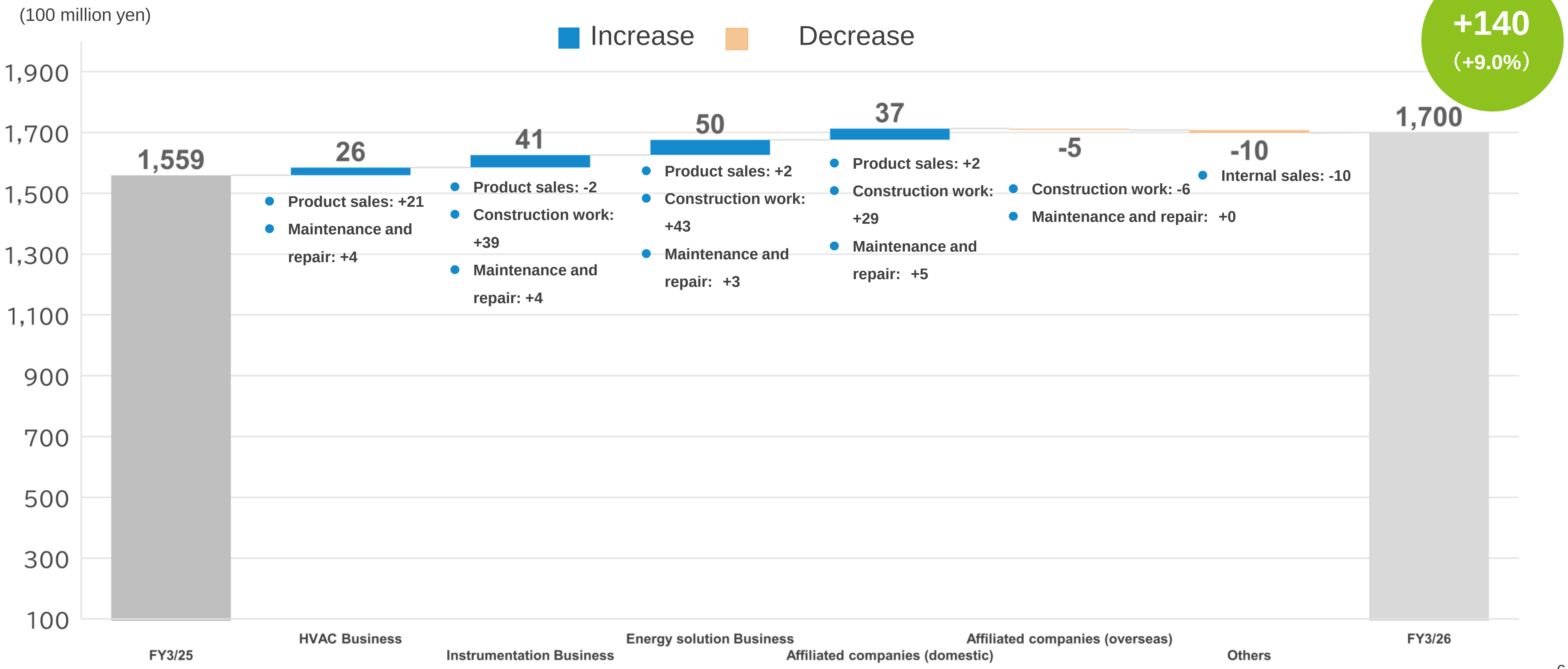
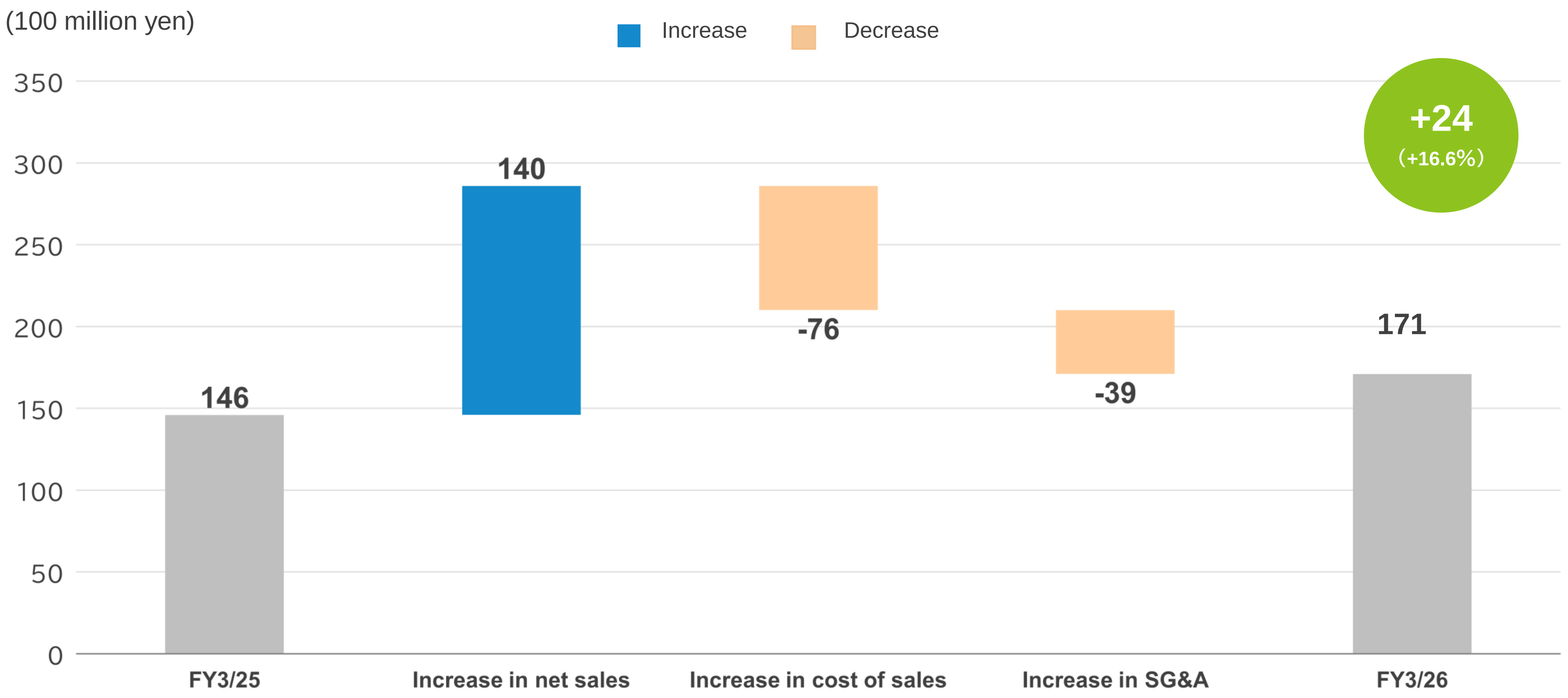
- The Energy Solution Business achieved significant growth, while the other core businesses, HVAC Business and Instrumentation Business, also recorded higher sales. Domestic group companies likewise performed steadily.
- In construction works, the Instrumentation Business, the Energy Solution Business, and domestic group companies all posted balanced growth, while maintenance and repair services expanded across each business.



Change Factors for Operating Profit

- In addition to higher sales (+9.0% YoY), improvements in gross profit absorbed the increase in SG&A expenses, resulting in a 2.4 billion yen increase in operating profit YoY.
- Within SG&A expenses, personnel costs increased due to base salary hikes; however, higher sales and an improved gross profit margin (+1.5 percentage points) led to growth in operating profit.



Sales Breakdown by Segment

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- The Product Sales Segment remained solid, growing 3.4% YoY. The Construction Segment expanded significantly, up 16.8% YoY, contributing to overall sales growth and improvement in the gross profit margin.
- Maintenance and repair services also continued to expand steadily in both the Product Sales Segment and the Construction Segment.

(100 million yen)	FY3/25 Net sales	FY3/26 Net sales	FY3/26 YoY %
Product Sales Segment	**906**	**937**	+3.4%
Product sales	784	809	+3.1%
Maintenance and repair	167	179	+7.2%
Internal sales	-45	-51	-
Construction Segment	**652**	**761**	+16.8%
Construction work	540	647	+19.7%
Maintenance and repair	113	120	+6.3%
Internal sales	-2	-6	-

Sales Breakdown by Segment

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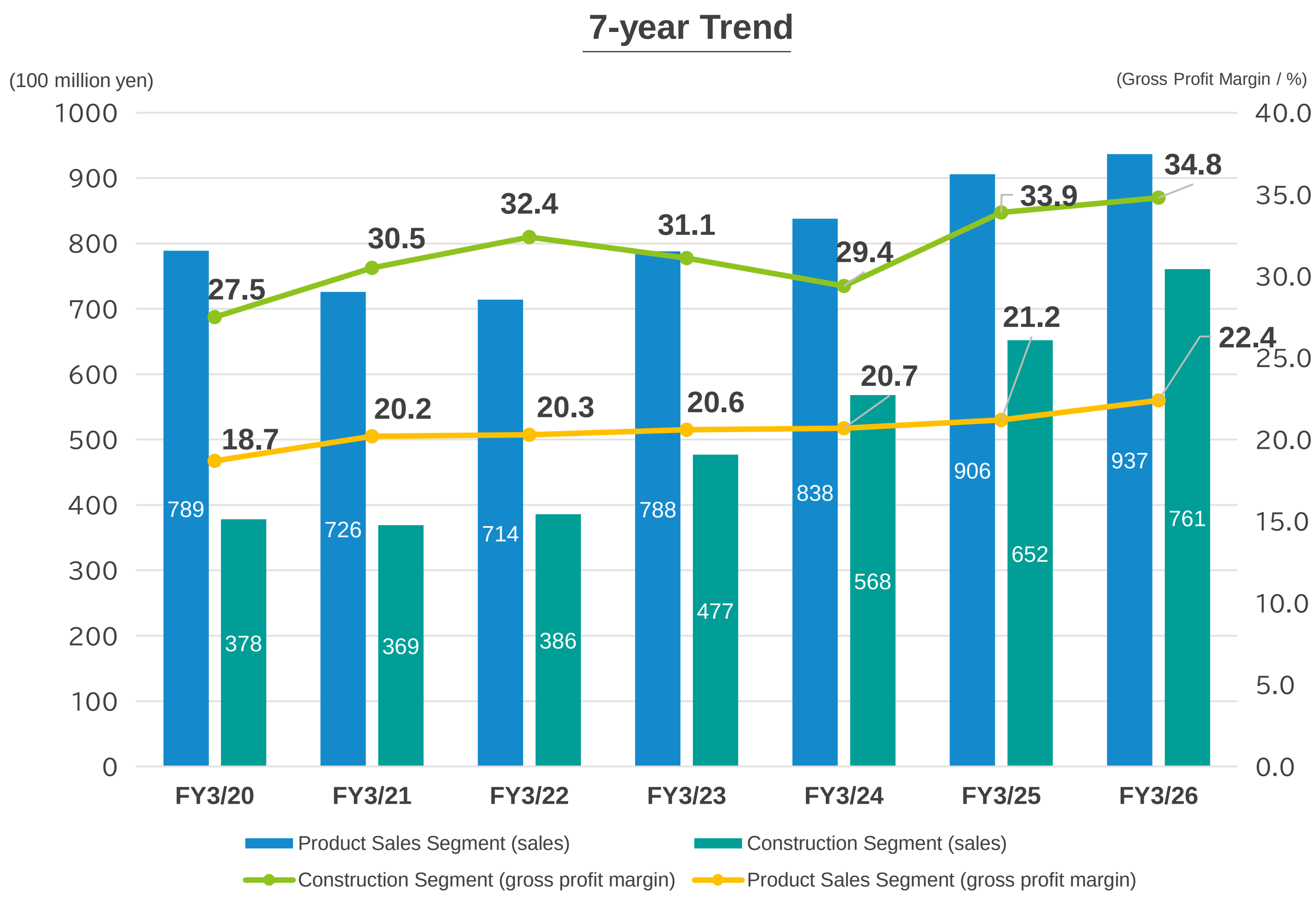
- Core businesses continued to expand steadily, with the Instrumentation Business growing 15.2% YoY and the Energy Solution Business recording particularly strong growth of 32.7%.
- Domestic group companies also achieved higher sales, while overseas group companies posted a slight decline.

		FY3/25	FY3/26	
		Net sales (100 million yen)	Net sales (100 million yen)	YoY
HVAC Business		**723**	**749**	**+3.6%**
	Product sales	687	709	+3.1%
	Maintenance and repair	35	40	+12.8%
Instrumentation Business		**274**	**316**	**+15.2%**
	Product sales	13	11	-19.9%
	Construction work	224	263	+17.7%
	Maintenance and repair	36	41	+13.1%
Energy Solution Business		**154**	**205**	**+32.7%**
	Product sales	23	26	+12.5%
	Construction work	97	141	+44.7%
	Maintenance and repair	33	37	+11.8%
Affiliated companies (domestic)		**392**	**430**	**+9.6%**
	Product sales	59	62	+4.9%
	Construction work	181	211	+16.3%
	Regular and spot Maintenance	151	156	+3.4%
Affiliated companies (overseas)		**61**	**56**	**-8.7%**
	Construction work	37	31	-16.5%
	Maintenance and repair	24	24	+3.5%
Internal sales		**-47**	**-57**	**-**

Segment Sales and Gross Profit Margin

- The Company-wide gross profit margin improved 1.5 percentage points YoY to 28.4%.
- Both the Product Sales Segment and the Construction Segment achieved sales growth, and gross profit margins improved in both segments.



Balance Sheet / Cash Flow

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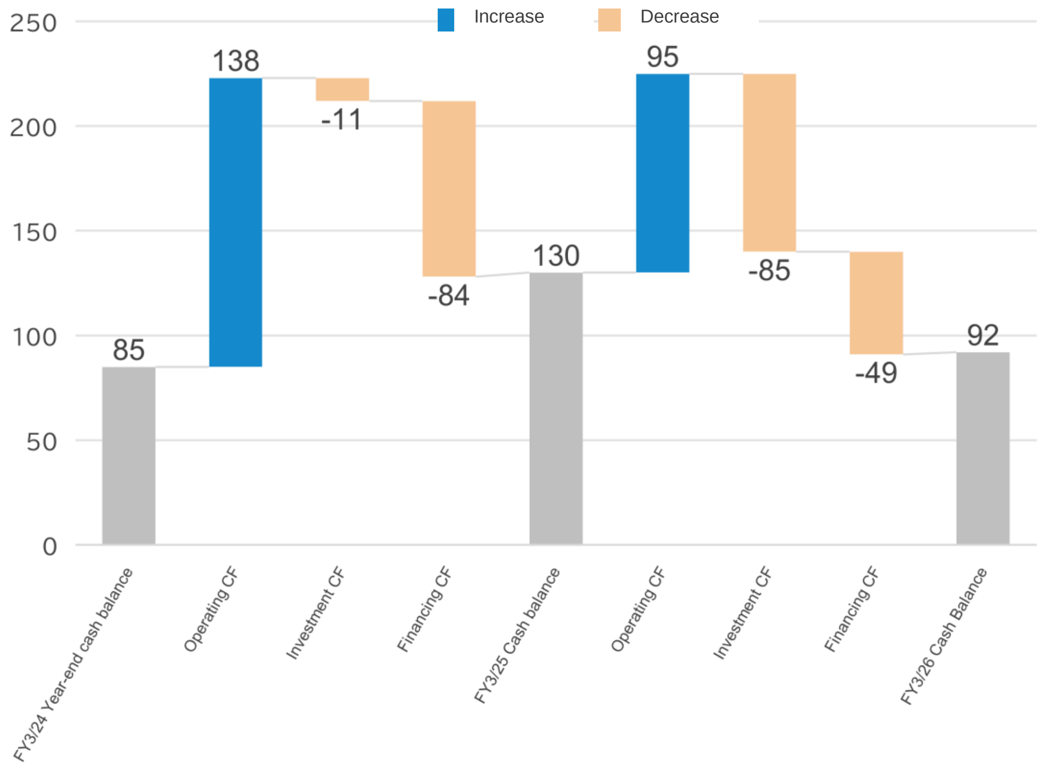
(100 million yen)	FY3/25	FY3/26	Change
Current assets	602	563	-39
Cash and deposits	130	113	-17
Notes and accounts receivable-trade, contract assets, and electronically recorded monetary claims	408	397	-11
Inventories	46	37	-8
Other	17	14	-2
Non-current assets	449	587	+138
Property, plant and equipment	209	264	+54
Intangible assets	29	36	+6
Investments and other assets	210	287	+76
Total assets	1, 052	1,151	+98
Current liabilities	392	346	-45
Notes and accounts payable-trade, electronically recorded obligations-operating	232	155	-77
Short-term borrowings + current portion of long-term borrowings	29	49	+19
Other	129	141	+12
Non-current liabilities	47	67	+19
Long-term debt	8	3	-4
Other	39	64	+24
Net assets	612	736	+124
Total shareholders' equity	526	597	+71
Accumulated other comprehensive income, etc.	86	138	+52
Total liabilities and net assets	1, 052	1,151	+98
Shareholders' equity ratio	58.2%	64.0%	+5.8%

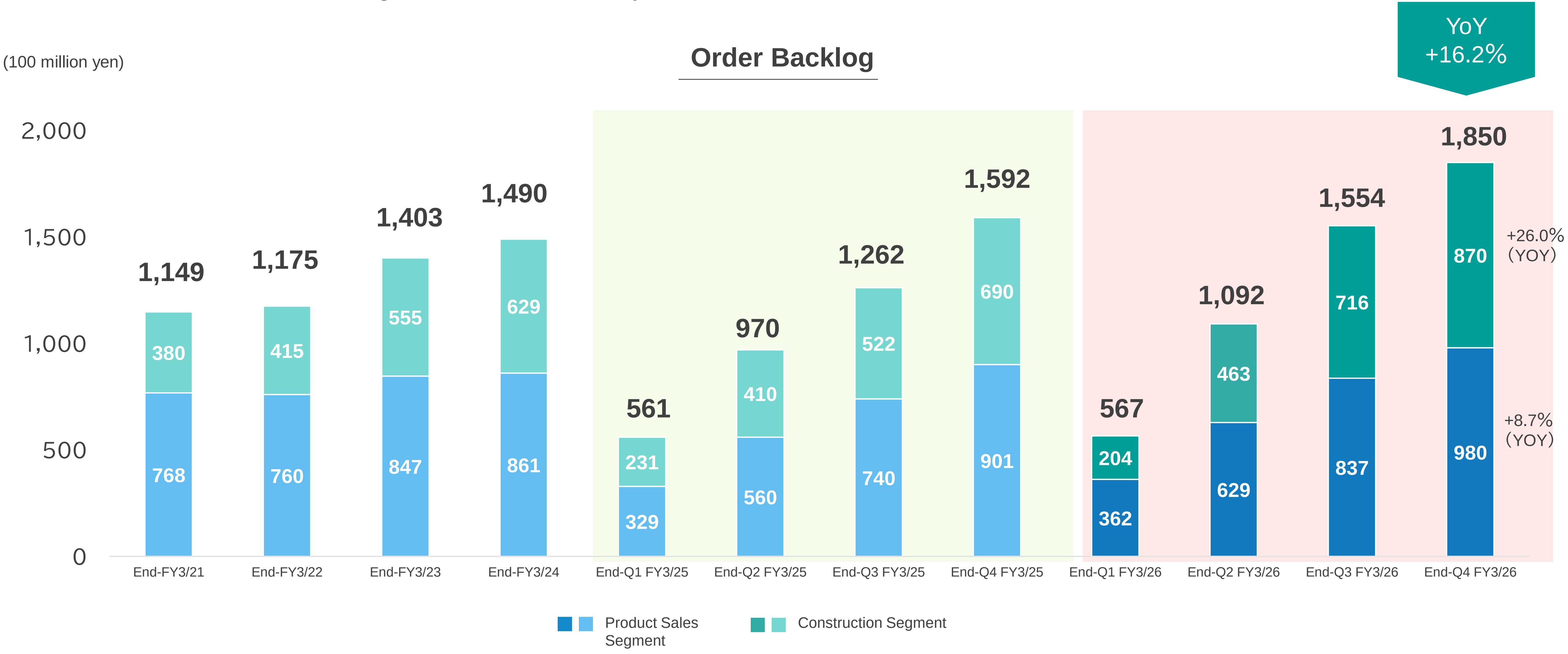
(Ref.)

(100 million yen)	FY3/25	FY3/26
Operating CF	138	95
Investment CF	-11	-85
Free CF	127	10
Finance CF	-84	-49
Cash balance	130	92



Order Backlog

- Through strategic order acquisition that took our supply capacity into account, orders received remained strong (+16.2% YoY).
- Orders received in the Construction Segment, which carries a higher gross profit margin, performed particularly well, increasing 26.0% YoY. (Orders received in the Product Sales Segment increased 8.7% YoY.)



Orders Received

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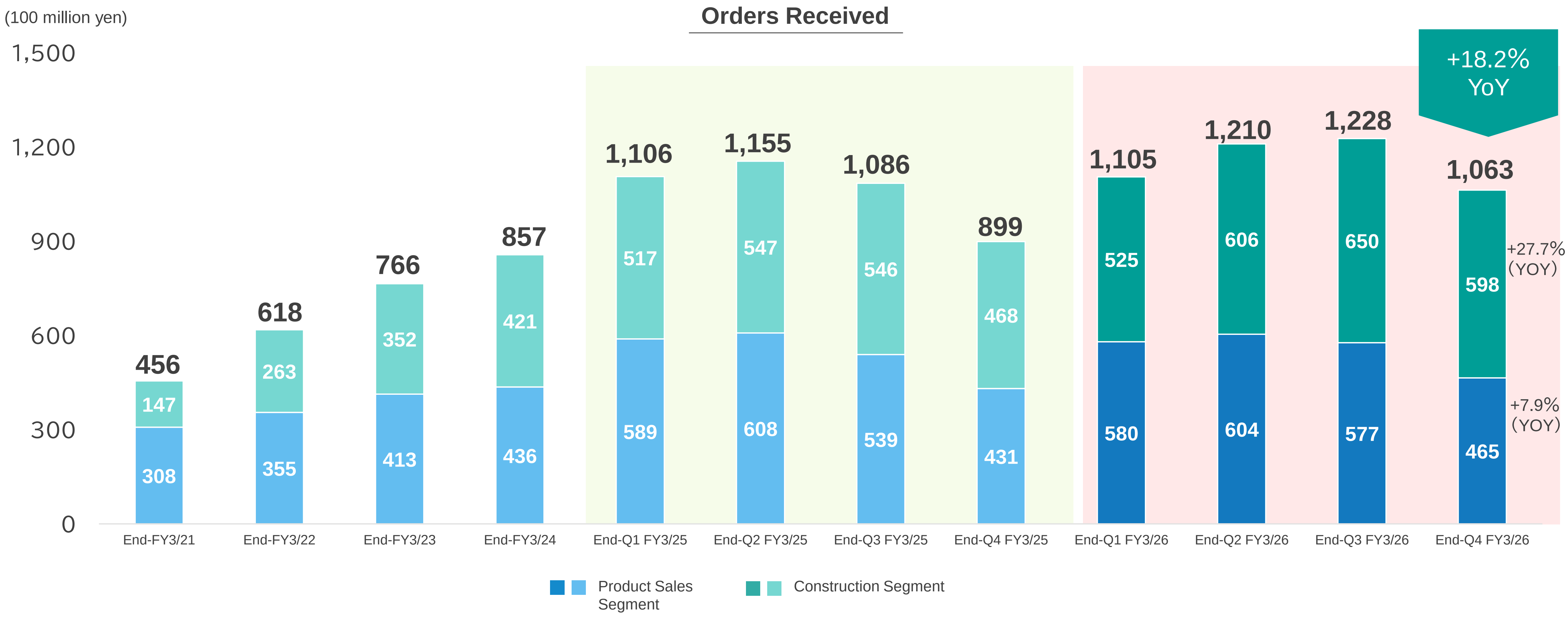
- Backlog also remained solid through strategic order acquisition that considered supply-side conditions (+18.2% YoY).
- Backlog in the Construction Segment, which carries a higher gross profit margin, remained strong with a 27.7% YoY increase. (Backlog in the Product Sales Segment increased 7.9% YoY.)



Full-year Business Forecasts: FY3/27

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(100 million yen)	FY3/26 (Results)	FY3/27 (Forecasts)	Pct. change
Net sales	1, 700	**1,800**	**+5.9%**
Operating profit	171	**180**	**+5.1%**
Ordinary profit	179	**185**	**+2.9%**
Profit attributable to owners of parent	131	**137**	**+4.3%**

[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 aim to achieve higher sales and profit through the execution of the business expansion strategy outlined in the Second Medium-term Management Plan..

Dividend Policy: Dividends Paid and Forecasts

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- Until now, our basic policy has been to target a consolidated dividend payout ratio of 40%. For FY3/26, we plan to increase the annual dividend by 24 yen from the initial forecast to 128 yen per share (dividend payout ratio: 40.1%).
- Based on the Second Medium-term Management Plan, from FY3/27 onward, the shareholder return policy will shift ratio target to “DOE of 6% + progressive dividends.”

[FY3/27 Dividend Forecast] Planned annual dividend: 128 yen

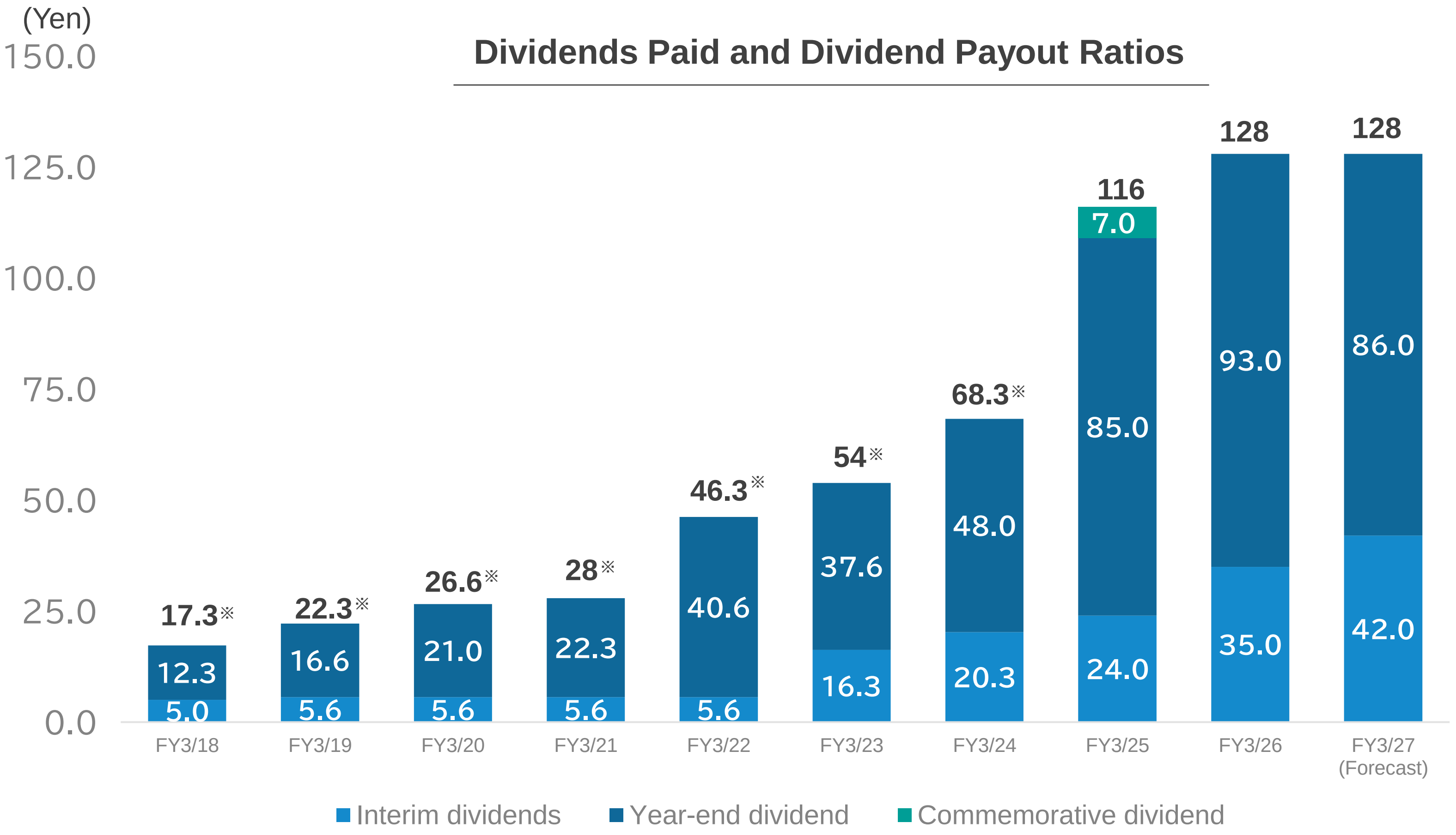
Profit return policy

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

During the period of the Second Medium-term Management Plan, our basic policy will be to maintain “DOE of 6% + progressive dividends,” with the aim of providing stable dividends that are less susceptible to earnings fluctuations.

Dividends Paid and Dividend Payout Ratios



* 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

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- **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.**

Since FY3/2027 of the Second Medium-term Management Plan, we revised our key financial KPIs, capital cost assumptions, ROE targets and Policy-held stock target.

Key Financial Indicators

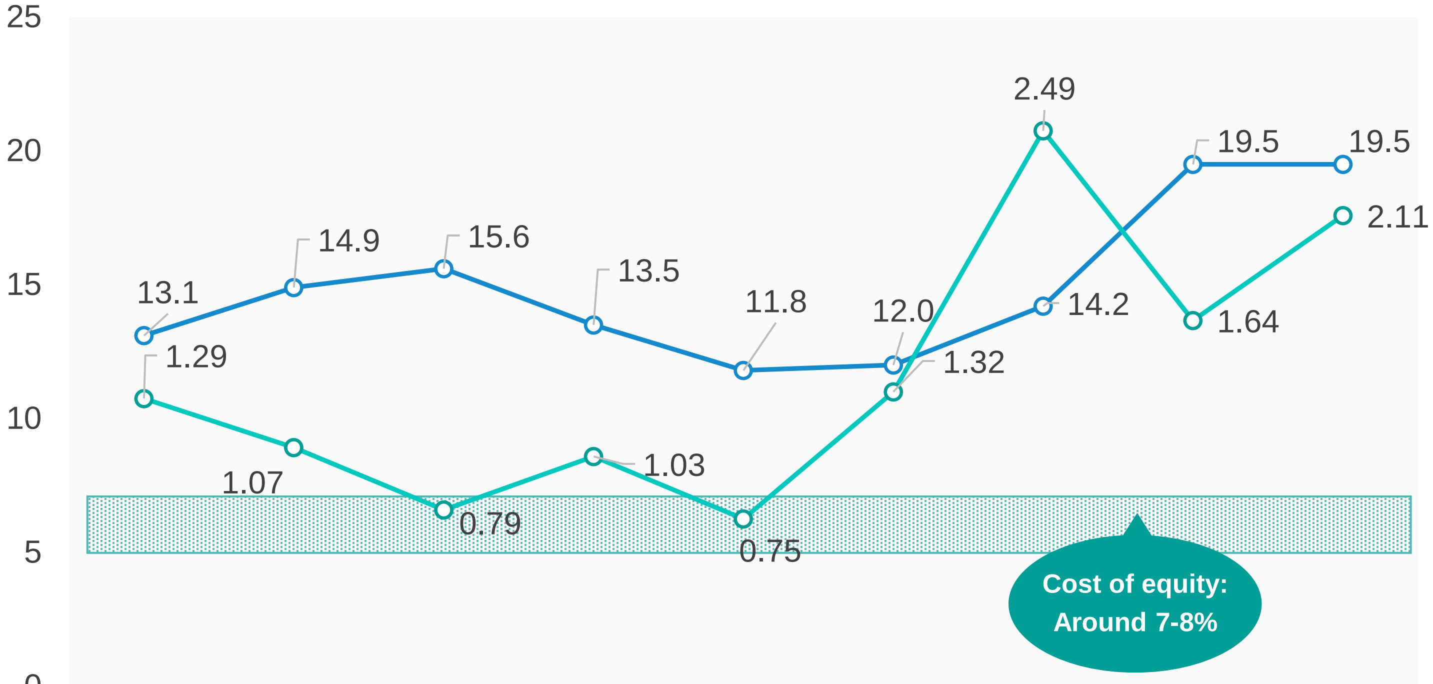
Shareholders' equity ratio : Around 50%

PBR : 1x or more

ROE : 12% or more

Cost of Equity < **ROE**

PBR — **Maintain at least 1 times in a stable and continuous manner**



	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3	26/3
ROE(%)	13.1	14.9	15.6	13.5	11.8	12.0	14.2	19.5	19.5
PBR(x)	1.29	1.07	0.79	1.03	0.75	1.32	2.49	1.64	2.11

[APPENDIX] Financial Indicators

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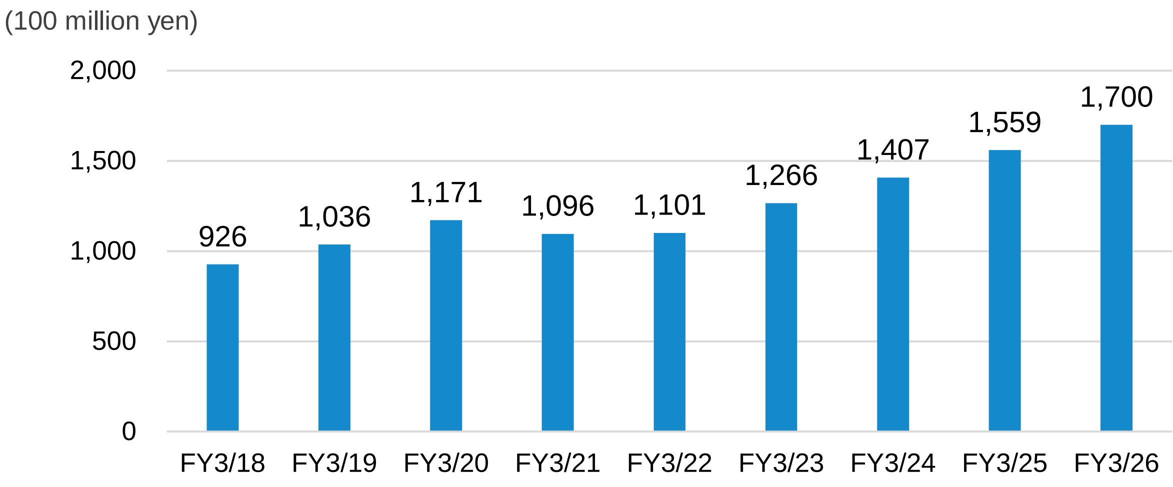
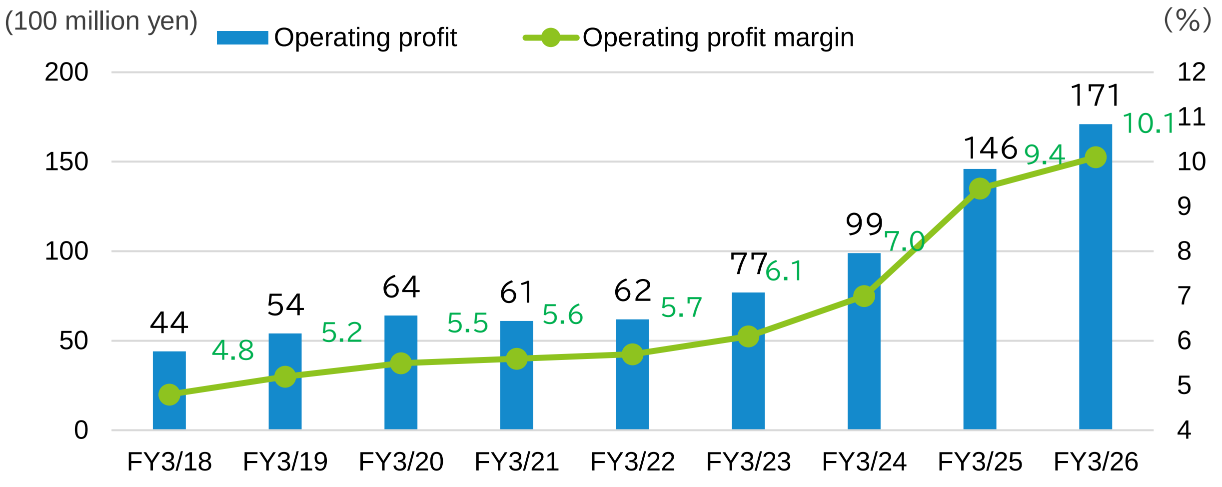
<Consolidated>

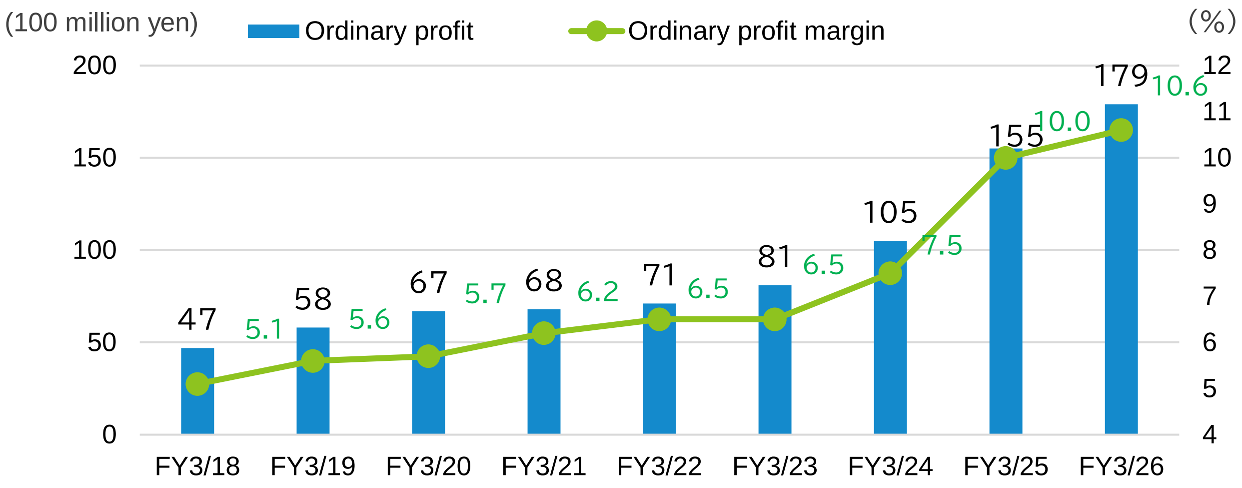
Net sales



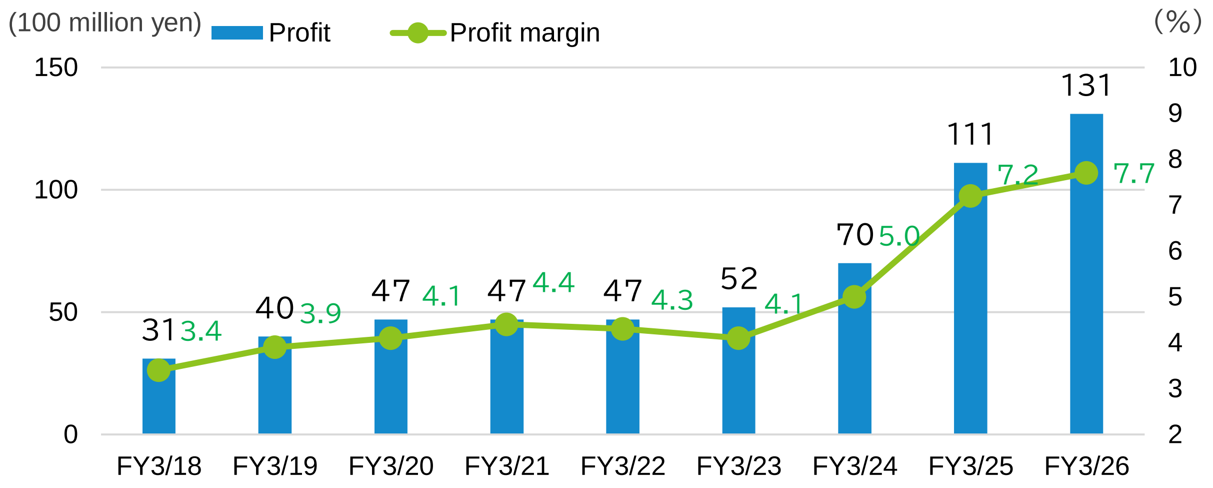
Operating profit



Ordinary profit



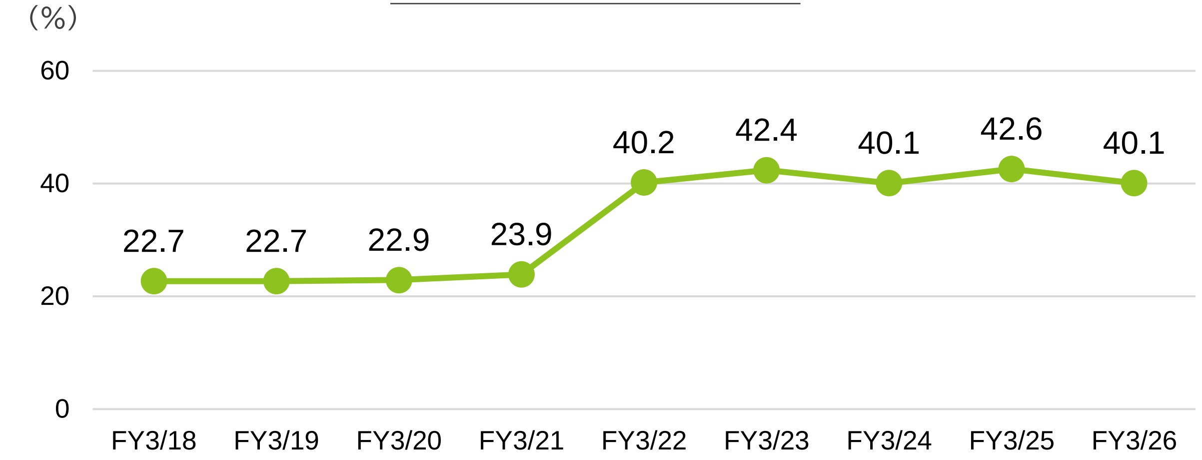
Profit



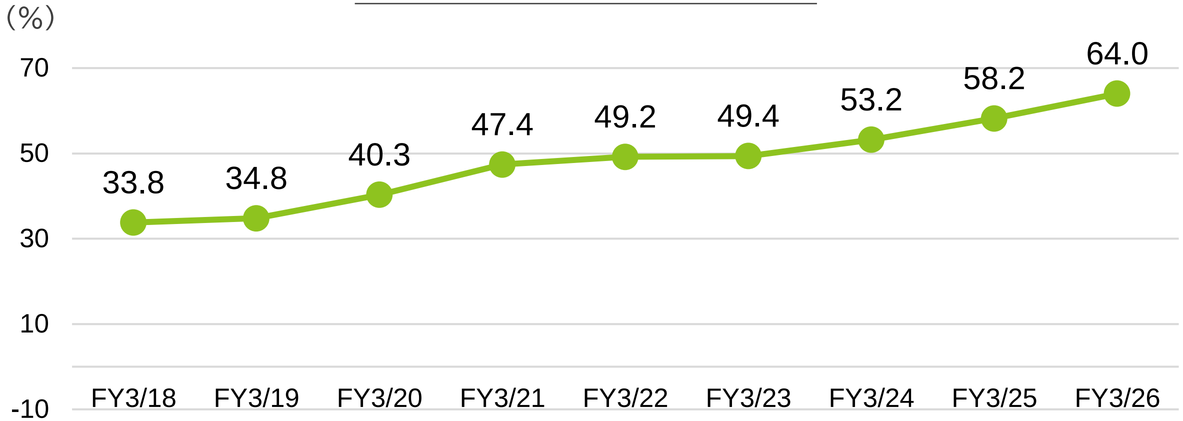
[APPENDIX] Financial Indicators

<Consolidated>

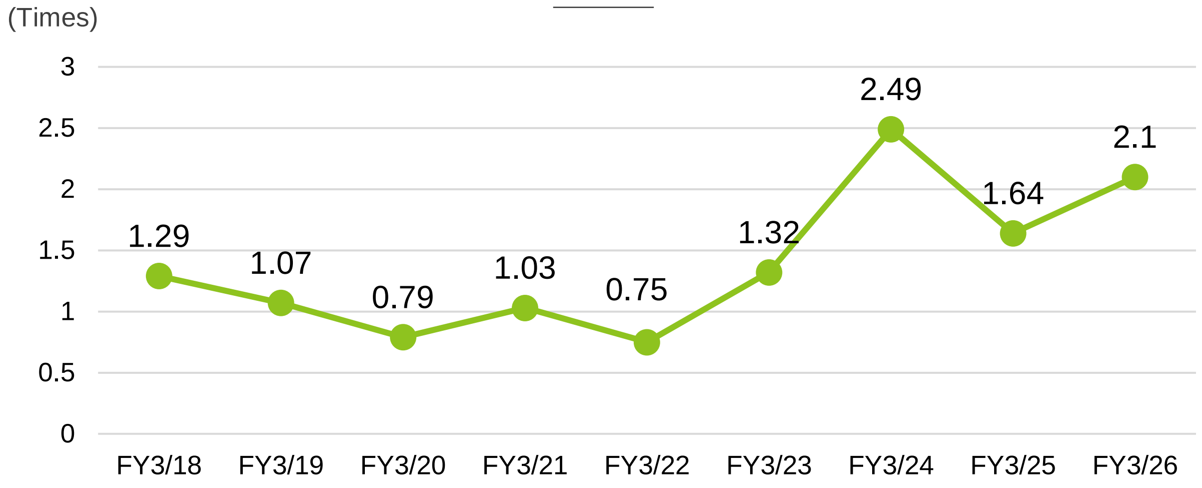
Dividend payout ratio



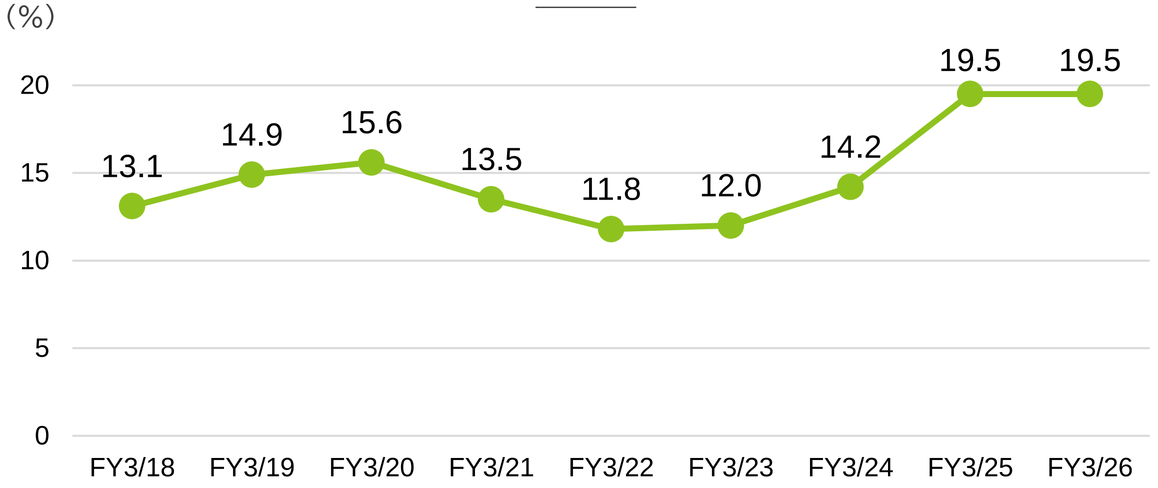
Shareholders' equity ratio



PBR



ROE



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

Materiality	Action plan	Corresponding SDGs Goals
Good for earth Aiming to realize a sustainable decarbonized society and achieve comfort for the people living	■ Promotion of energy saving ■ Promotion of renewable energy ■ Recycling and appropriate disposal of resources ■ Reducing environmental loads in business activities	3, 7, 8, 9, 11, 12, 17
Good for society Aiming to create safe, secure and comfortable spaces that realize a resilient society	■ Creating safe, secure, and high-quality spaces ■ Maintaining performance and extending life of buildings and equipment	1, 3, 7, 9, 11, 12, 13, 17
Good for people Aiming to be a corporate group that attracts and enables a diverse range of people to play an active role	■ Enhancing the active participation and productivity of all personnel ■ Improving quality and technological capabilities ■ Maintaining and improving safety and health	1, 3, 4, 5, 8, 9, 10, 11, 12, 16
Enhance the sound management foundation Responding to the expectations of society and stakeholders and striving to be a trusted corporate group	■ Strengthening corporate governance ■ Compliance ■ Dialogues with stakeholders	8, 10, 11, 16

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

Notes

[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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*This material has been prepared for the purpose of providing information to investors and is not intended as a solicitation to invest.

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