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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 [Japanese GAAP]

May 14, 2026

Company name: Totech Corporation
Stock exchange listing: Tokyo Stock Exchange
Securities code: 9960
URL: https://www.totech.co.jp/
Representative: Kaoru Koyama, Representative Director and President
Contact: Toshikazu Kanai, Executive Officer and Deputy General Manager of Administration Division
Phone: +81-3-6632-7000
Scheduled date of general shareholders' meeting: June 24, 2026
Scheduled date of commencing dividend payments: June 25, 2026
Scheduled date of filing securities report: June 23, 2026
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, 2026 (April 1, 2025 - March 31, 2026)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2026	170,013	9.0	17,125	16.6	17,983	15.5	13,133	17.3
March 31, 2025	155,958	10.8	14,691	48.3	15,574	47.1	11,194	59.8

(Note) Comprehensive income: Fiscal year ended March 31, 2026: ¥18,417 million [71.8%]
Fiscal year ended March 31, 2025: ¥10,719 million [4.3%]

	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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	319.18	–	19.5	16.3	10.1
March 31, 2025	272.06	–	19.5	15.1	9.4

(Reference) Share of loss (profit) of entities accounted for using equity method:
Fiscal year ended March 31, 2026: ¥ – million
Fiscal year ended March 31, 2025: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2026	115,120	73,670	64.0	1,796.55
As of March 31, 2025	105,229	61,229	58.2	1,487.75

(Reference) Equity: As of March 31, 2026: ¥73,669 million
As of March 31, 2025: ¥61,228 million

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2026	9,594	(8,506)	(4,973)	9,211
March 31, 2025	13,883	(1,104)	(8,414)	13,046

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, 2025	–	24.00	–	92.00	116.00	4,792	42.6	8.3
Fiscal year ended March 31, 2026	–	35.00	–	93.00	128.00	5,273	40.1	7.8
Fiscal year ending March 31, 2027 (Forecast)	–	42.00	–	86.00	128.00		38.3	

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3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 - March 31, 2027)

(% 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	180,000	5.9	18,000	5.1	18,500	2.9	13,700	4.3	334.10

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (SANNOU KIKOU CO., LTD.)
Excluded: 2 companies (Totech Denko Corporation, Quantum Security System Pte.Ltd.)

(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: None
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, 2026:	41,964,000 shares
As of March 31, 2025:	41,964,000 shares

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

As of March 31, 2026:	957,793 shares
As of March 31, 2025:	808,875 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2026:	41,148,883 shares
Year ended March 31, 2025:	41,147,487 shares

(Note) The total number of treasury shares at the end of the period includes the shares of the Company (144,354 shares as of March 31, 2026) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of Board Benefit Trust (J-ESOP). The shares of the Company (150,232 shares as of March 31, 2026) 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.

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

<u>* Explanation of the proper use of financial results forecast and other notes</u>

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 3 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 25, 2026. 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.

Table of Contents - Attachments

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 was on a moderate recovery trend. Despite a gradual rise in consumer prices, personal spending showed signs of picking up against a backdrop of improvements in employment conditions. In the corporate sector, although some effects of U.S. trade policies remained, corporate earnings showed an upward trend and private capital investment also recovered. Public investment remained robust, partly due to the effects of a supplementary budget and other measures. The overseas economy was on a moderate recovery trend overall, even with regional disparities.

In the construction industry in which the Group's main customers operate, an appetite for investment steadily increased in fields related to datacenters and renewable energy, in addition to redevelopment projects mainly in urban areas, supported by the improved corporate earnings, the recovery of capital investment, and robust public investment seen in the overall Japanese economy. On the other hand, construction material prices continuously tended to hover high, and a sense of labor shortage, which is typical of the labor-intensive construction industry, has remained at high level. Accordingly, management of construction period and ensuring of execution systems have become ongoing issues in business management.

Under such circumstances, the Group has worked on acquiring demand in growth fields such as data centers, exactly grasping robust private capital investment and public demand. The Group also strived to ensure profitability by pushing ahead with further efficient and sophisticated sales and execution systems. As a result, the Totech Group's business results for the fiscal year under review significantly exceeded the initial targets set out in the first Medium-term Management Plan in both net sales and operating profit in each segment.

The Group aims to establish further strengthened business and financial foundations through the second Medium-term Management Plan, which began in the fiscal year ending March 31, 2026, using the strong business results for the fiscal year under review as a solid starting point.

<Product sales business>

The product sales business primarily sells equipment with a focus on air conditioners, controllers, and electric facilities equipment, and provides maintenance service. Owing to steady order intake including redevelopment projects especially in urban areas, net sales and gross profit amounted to ¥96,820 million (up 4.0% year on year) and ¥21,691 million (up 10.0% year on year), respectively.

<Construction business>

The construction business engages in design and execution of instrumentation work, plumbing and electric work, etc., as well as provision of regular and spot maintenance. Thanks to brisk construction demand and sales with proposals in the field of regular maintenance, net sales and gross profit amounted to ¥76,290 million (up 16.8% year on year) and ¥26,568 million (up 20.0% year on year), respectively.

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

(Assets)

Total assets as of March 31, 2026 amounted to ¥115,120 million, an increase of ¥9,890 million from the end of the previous fiscal year. This was primarily attributable to an increase of ¥6,222 million in investment securities mainly due to a rise in the market value of held securities and an increase of ¥5,486 million in property, plant and equipment mainly due to an increase in land, despite a net decrease of ¥1,942 million in trade receivable and inventories.

(Liabilities)

Total liabilities as of March 31, 2026 amounted to ¥41,449 million, a decrease of ¥2,550 million from the end of the previous fiscal year. This was primarily attributable to a decrease of ¥7,736 million in notes and accounts payable – trade and electronically recorded obligations - operating, despite an increase of ¥2,089 million in interest bearing liabilities, an increase of ¥2,265 million in deferred tax liabilities, and an increase of ¥554 million in other liabilities.

(Net assets)

Total net assets as of March 31, 2026 amounted to ¥73,670 million, an increase of ¥12,441 million from the end of the previous fiscal year. This was primarily attributable to an increase of ¥4,381 million in valuation difference on available-for-sale securities resulting mainly from a rise in the market value of held securities, a net increase of ¥7,885 million in retained earnings in which dividends paid and other items were deducted from the recording of profit attributable to owners of parent, as well as an increase of ¥615 million in remeasurements of defined benefit plans, despite an increase of ¥762 million in treasury shares resulting from purchase of treasury shares.

As a result, the equity ratio for the fiscal year under review stood at 64.0%, a 5.8% 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 ¥9,211 million, a decrease of ¥3,835 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 ¥9,594 million (the previous fiscal year saw income of ¥13,883 million). This was primarily attributable to an increase in Funds due to recording ¥18,101 million in profit before income taxes against the backdrop of strong business performance, a decrease of ¥1,619 million in trade receivables, a depreciation of ¥1,581 million, a decrease of ¥861 million in inventories, and an amortization of goodwill of ¥734 million, although there was a decrease in Funds due to a decrease of ¥7,986 million in trade payables, in addition to ¥5,534 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 ¥8,506 million (the previous fiscal year saw expenditures of ¥1,104 million). This was primarily due to ¥5,730 million in purchase of property, plant and equipment, a net increase of ¥1,763 million in time deposits, and ¥1,151 million in payments for the acquisition of shares of a subsidiary resulting in a change in scope of consolidation.

(Cash flows from financing activities)

Funds used in financing activities at the end of the fiscal year under review amounted to ¥4,973 million (the previous fiscal year saw expenditures of ¥8,414 million). This was primarily due to a net increase of ¥1,358 million in long-term and short-term borrowings, while Funds decreased due to ¥5,246 million in dividends paid and ¥779 million in payments for the purchase of treasury shares.

(4) Future Outlook

While the Japanese economy is expected to continue its moderate recovery supported by improvements in employment and income conditions, close attention must still be paid to potential impacts arising from the situation in the Middle East and volatility in global financial markets. In the construction industry in which the Group’s main customers operate, such uncertainties combined with persistently high energy prices are further accelerating customers’ need for decarbonization and enhanced energy-efficiency. Demand for reconstruction of existing buildings, as well as appetite for investment in datacenters and other related fields, is also expected to remain solid. The Group views these trends as medium- to long-term growth opportunities.

Under such business circumstances, the Group marked the 70th anniversary of the Company’s establishment year, which also served as the final year of the previous Medium-term Management Plan. Using this milestone as a turning point, the Group has launched its second Medium-term Management Plan, representing the first step toward becoming a 100-year company. Across our air conditioners, instrumentation, and energy businesses, as well as our domestic and overseas Group companies, we aim to expand our operations based on the following two strategic pillars.

1. Shift to a high-profit structure
   - Allocating resource to profitable business
   - Strengthening measures to create added value
   - Improving cost control
   - Strengthening initiatives to improve productivity
2. Establishment of management foundation
   - Accelerating aggressive business reforms
   - Enhancement of investments in broadly defined human capital
   - Enhancing governance
   - Stable returns to shareholders supporting business

The group is committed to enhancing and optimizing human capital, which serves as the source of our value creation. In addition to steadily increasing our workforce, we will make proactive investments in education and training not only by strengthening our development programs but also through initiatives such as establishing an Integrated Technical Training Center (working name). We will also work to improve the overall working environment by managing annual average working hours, including overtime and paid leave, and by offering competitive compensation. Through these efforts, we aim to strengthen our execution capabilities to achieve the Medium-term Management Plan and ensure the long-term sustainability of our business.

Furthermore, the Group places strong emphasis on improving capital efficiency and enhancing shareholder returns. By maintaining cash and deposits at a level equivalent to 1.5 months of sales, reducing strategic shareholdings to 15% or less of consolidated net assets by the end of the fiscal year ending March 31, 2030, and other initiatives, we will work to optimize our balance sheet. In addition, the Group will manage the business with a focus on maintaining a positive equity spread, targeting an ROE of 12-15% against a shareholder cost of equity of 9-10%.

As part of our shareholder return policy, the Group will shift from the previous dividend-payout-ratio-based approach to a new policy of "DOE (Dividend on Equity) of 6% plus a progressive dividend" during the second Medium-term Management Plan period. This will enable us to provide stable shareholder returns without being affected by fluctuations in annual net income. Through these management initiatives, we aim to achieve the consolidated performance targets for the fiscal year ending March 31, 2026, the final year of the second Medium-term Management Plan: net sales of ¥220,000 million (up 29.4% compared to the fiscal year ended March 31, 2025) and ordinary profit of ¥22,000 million (up 22.3%).

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 ¥180,000 million (up 5.9% compared to the fiscal year under review), operating profit of ¥18,000 million (up 5.1%), ordinary profit of ¥18,500 million (up 2.9%), and profit attributable to owners of parent of ¥13,700 million (up 4.3%).

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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	13,078	11,303
Notes and accounts receivable - trade, and contract assets	33,414	32,792
Electronically recorded monetary claims - operating	7,448	6,964
Inventories	4,632	3,796
Accounts receivable - other	1,321	821
Other	391	644
Allowance for doubtful accounts	(0)	(0)
Total current assets	60,285	56,321
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,327	14,908
Land	8,386	13,050
Leased assets	1,210	1,903
Construction in progress	523	579
Other	1,241	1,366
Accumulated depreciation	(4,750)	(5,383)
Total property, plant and equipment	20,938	26,425
Intangible assets		
Goodwill	1,058	885
Customer-related intangible assets	669	1,165
Software	658	361
Software in progress	184	788
Other	335	402
Total intangible assets	2,906	3,604
Investments and other assets		
Investment securities	15,055	21,278
Deferred tax assets	463	262
Retirement benefit asset	717	2,383
Other	4,937	4,931
Allowance for doubtful accounts	(75)	(133)
Total investments and other assets	21,098	28,770
Total non-current assets	44,943	58,799
Total assets	105,229	115,120

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,561	13,365
Electronically recorded obligations - operating	6,716	2,176
Short-term borrowings	2,998	4,960
Income taxes payable	3,274	2,840
Provision for bonuses	3,960	4,351
Provision for bonuses for directors (and other officers)	15	17
Other	5,706	6,978
Total current liabilities	39,235	34,689
Non-current liabilities		
Long-term borrowings	819	333
Lease liabilities	766	1,380
Deferred tax liabilities	1,966	4,231
Provision for retirement benefits for directors (and other officers)	179	210
Retirement benefit liability	137	424
Other	896	179
Total non-current liabilities	4,764	6,760
Total liabilities	44,000	41,449
Net assets		
Shareholders’ equity		
Share capital	1,857	1,857
Capital surplus	2,319	2,352
Retained earnings	48,660	56,546
Treasury shares	(210)	(972)
Total shareholders’ equity	52,626	59,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,065	11,446
Foreign currency translation adjustment	1,285	1,572
Remeasurements of defined benefit plans	250	866
Total accumulated other comprehensive income	8,601	13,886
Non-controlling interests	0	0
Total net assets	61,229	73,670
Total liabilities and net assets	105,229	115,120

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	155,958	170,013
Cost of sales	114,070	121,732
Gross profit	41,887	48,281
Selling, general and administrative expenses	27,196	31,155
Operating profit	14,691	17,125
Non-operating income		
Interest income	50	67
Dividend income	400	495
Purchase discounts	422	455
Rental income from real estate	149	166
Foreign exchange gains	7	9
Miscellaneous income	168	146
Total non-operating income	1,198	1,341
Non-operating expenses		
Interest expenses	77	132
Provision of allowance for doubtful accounts	–	9
Rental costs on real estate	94	98
Electronically recorded monetary claims	30	54
Guarantee commission	91	92
Miscellaneous losses	20	96
Total non-operating expenses	314	483
Ordinary profit	15,574	17,983
Extraordinary income		
Gain on sale of non-current assets	1	–
Gain on sale of investment securities	302	322
Total extraordinary income	304	322
Extraordinary losses		
Loss on sale of non-current assets	7	–
Loss on retirement of non-current assets	–	56
Loss on valuation of investments in capital of subsidiaries and associates	–	148
Total extraordinary losses	7	204
Profit before income taxes	15,872	18,101
Income taxes - current	4,861	5,068
Income taxes - deferred	(181)	(100)
Total income taxes	4,680	4,967
Profit	11,192	13,133
Loss attributable to non-controlling interests	(2)	(0)
Profit attributable to owners of parent	11,194	13,133

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	11,192	13,133
Other comprehensive income		
Valuation difference on available-for-sale securities	(394)	4,381
Foreign currency translation adjustment	439	287
Remeasurements of defined benefit plans, net of tax	(517)	615
Total other comprehensive income	(472)	5,284
Comprehensive income	10,719	18,417
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,722	18,418
Comprehensive income attributable to non-controlling interests	(2)	(0)

(3) Consolidated Statements of Changes in Equity

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
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
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	0	61,229

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,857	2,319	48,660	(210)	52,626
Changes of items during period					
Dividends of surplus			(5,247)		(5,247)
Profit attributable to owners of parent			13,133		13,133
Purchase of treasury shares				(779)	(779)
Disposal of treasury shares		33		16	50
Net changes of items other than shareholders' equity					
Total changes of items during period	-	33	7,885	(762)	7,156
Balance at end of current period	1,857	2,352	56,546	(972)	59,783

	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	7,065	1,285	250	8,601	0	61,229
Changes of items during period						
Dividends of surplus						(5,247)
Profit attributable to owners of parent						13,133
Purchase of treasury shares						(779)
Disposal of treasury shares						50
Net changes of items other than shareholders' equity	4,381	287	615	5,284	0	5,284
Total changes of items during period	4,381	287	615	5,284	0	12,441
Balance at end of current period	11,446	1,572	866	13,886	0	73,670

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	15,872	18,101
Depreciation	1,568	1,581
Loss (gain) on sale of non-current assets	6	–
Loss on retirement of non-current assets	–	56
Amortization of goodwill	206	734
Loss (gain) on sale of short-term and long-term investment securities	(302)	(322)
Loss on valuation of investments in capital	–	148
Interest and dividend income	(450)	(562)
Interest expenses	48	91
Foreign exchange losses (gains)	4	–
Increase (decrease) in allowance for doubtful accounts	(93)	1
Increase (decrease) in provision for bonuses	1,034	340
Increase (decrease) in retirement benefit liability	(720)	922
Decrease (increase) in retirement benefit asset	138	(1,296)
Decrease (increase) in trade receivables	62	1,619
Decrease (increase) in inventories	(371)	861
Decrease (increase) in accounts receivable - other	(107)	480
Increase (decrease) in trade payables	(677)	(7,986)
Increase (decrease) in accrued consumption taxes	426	(31)
Other, net	685	(80)
Subtotal	17,327	14,657
Interest and dividend income received	450	563
Interest expenses paid	(46)	(93)
Income taxes paid	(3,846)	(5,534)
Net cash provided by (used in) operating activities	13,883	9,594
Cash flows from investing activities		
Payments into time deposits	(106)	(2,092)
Proceeds from withdrawal of time deposits	240	328
Purchase of property, plant and equipment	(1,275)	(5,730)
Proceeds from sales of property, plant and equipment	7	8
Purchase of intangible assets	(235)	(582)
Purchase of investment securities	(39)	(77)
Proceeds from sale and redemption of investment securities	933	619
Payments of leasehold and guarantee deposits	(425)	(223)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,151)
Other, net	(203)	394
Net cash provided by (used in) investing activities	(1,104)	(8,506)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(20)	3,920
Proceeds from long-term borrowings	–	370
Repayments of long-term borrowings	(5,163)	(2,931)
Dividends paid	(2,977)	(5,246)
Purchase of treasury shares	–	(779)
Other, net	(253)	(305)
Net cash provided by (used in) financing activities	(8,414)	(4,973)
Effect of exchange rate change on cash and cash equivalents	157	50
Net increase (decrease) in cash and cash equivalents	4,522	(3,835)
Cash and cash equivalents at beginning of period	8,524	13,046
Cash and cash equivalents at end of period	13,046	9,211

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation method)

(Consolidated balance sheets)

“Customer-related intangible assets,” which was included in “Other” under “Intangible assets” in the previous fiscal year, has been presented separately from the fiscal year under review due to its increased quantitative materiality. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥1,005 million shown as “Other” under “Intangible assets” in the consolidated statements of income for the previous fiscal year is reclassified as “Customer-related intangible assets” of ¥669 million and “Other” of ¥335 million.

“Lease liabilities,” which was included in “Other” under “Non-current liabilities” in the previous fiscal year, has been presented separately from the fiscal year under review due to its increased quantitative materiality. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥1,662 million shown as “Other” under “Non-current liabilities” in the consolidated statements of income for the previous fiscal year is reclassified as “Lease liabilities” of ¥766 million and “Other” of ¥896 million.

(Consolidated statements of income)

“Electronically recorded monetary claims,” 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 due to its increased quantitative materiality. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥50 million shown as “Miscellaneous losses” under “Non-operating expenses” in the consolidated statements of income for the previous fiscal year is reclassified as “Electronically recorded monetary claims” of ¥30 million and “Miscellaneous losses” of ¥20 million.

(Consolidated statements of cash flows)

“Decrease (increase) in retirement benefit asset,” which was included in “Other, net” under “Cash flows from operating activities” in the previous fiscal year, has been presented separately from the fiscal year under review due to its increased quantitative materiality. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥823 million shown as “Other, net” under “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year is reclassified as “Decrease (increase) in retirement benefit asset” of ¥138 million and “Other, net” of ¥685 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, 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 (Note 3)
	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	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
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.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Product Sales Business	Construction Business	Total				
Net sales							
Net sales to outside customers	93,786	76,193	169,979	33	170,013	-	170,013
Inter-segment net sales or transfers	3,034	96	3,130	-	3,130	(3,130)	-
Total	96,820	76,290	173,110	33	173,144	(3,130)	170,013
Segment profit	21,691	26,568	48,259	13	48,273	7	48,281
Segment assets	60,083	51,785	111,869	149	112,019	3,101	115,120
Other items							
Depreciation	-	6	6	13	19	(0)	18
Changes in property, plant and equipment and intangible assets	3,535	3,149	6,684	1	6,686	-	6,686

(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 ¥7 million mainly represents elimination related to inter-segment transactions.

(2) The adjustment of segment assets of ¥3,101 million includes ¥3,287 million of corporate assets not allocated to operating segments and ¥(186) 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, 2025	For the fiscal year ended March 31, 2026
Net assets per share	¥1,487.75	¥1,796.55
Basic earnings per share	¥272.06	¥319.18

(Notes) 1. Diluted earnings per share are not presented because the Company has no dilutive shares.
2. The basis for calculating basic earnings per share is as follows:

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	11,194	13,133
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	11,194	13,133
Average number of common shares outstanding during the period (Shares)	41,147,487	41,148,883

(Significant subsequent event)

Not applicable.