TOTECH Group Supplementary Material for Q2 FY3/27

TOTECH CORPORATION

November 10, 2026

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Q2 FY3/27 Results Overview: Record-high Sales and Operating Profit

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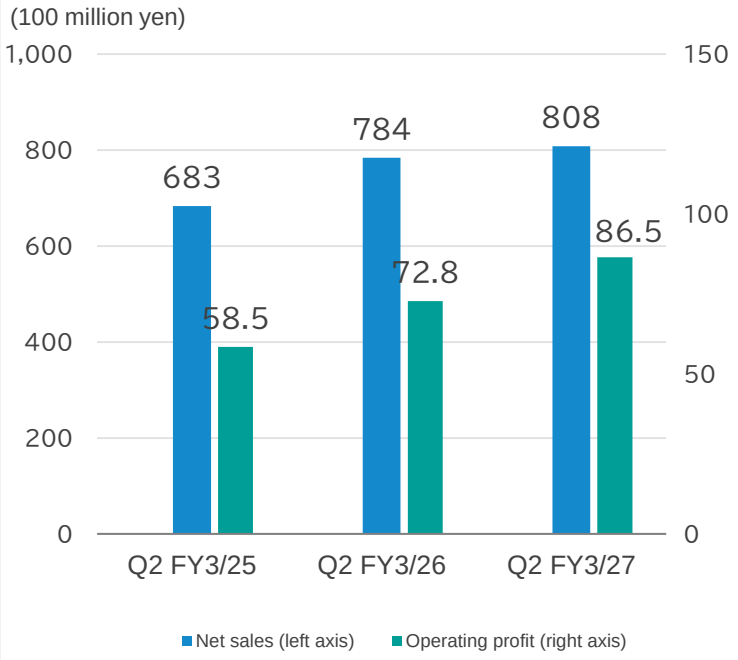
Financial Results: We recovered the decline in profit recorded in Q1 during Q2, achieving record-high profit.

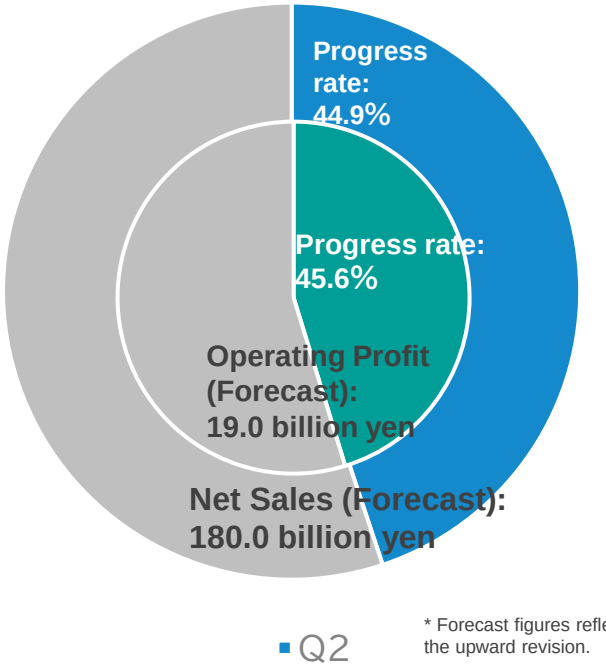
- We performed steadily, capturing demand from new construction associated with redevelopment projects, particularly in major metropolitan areas, as well as private-sector investment projects (data centers, factories, hotels, etc.) and public-sector projects. In particular, higher sales in the Instrumentation Business and at group companies in Q2 drove overall operating profit. The consolidated gross profit margin also reached a record high of 30.4%, absorbing increased costs associated with investments in human resources and other initiatives and resulting in higher profit at all levels.
- On the order front, we continued to strategically secure orders amid solid domestic demand. Both orders received and order backlog reached record highs, supported by large-scale, long-term projects secured by overseas group companies.

Orders Received	142.4 billion yen (+30.4% YoY)
Net Sales	80.8 billion yen (+3.0% YoY)
Operating Profit	8.6 billion yen (+18.6% YoY)
Operating Profit Margin	10.7% (+1.4ppt. YoY)

3-period comparison



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



* Forecast figures reflect the upward revision.

Upward Revision to Full-Year Business Forecasts for FY3/27

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- We announced an upward revision to our full-year business forecasts based on our Q2 results.
- In the second half, we plan to continue investing in human resources, branding, and IT while absorbing these costs and achieving higher profit.

	FY3/26 Actual (100 million yen)	FY3/27 ＜Initial Forecast＞ (100 million yen)	FY3/27 ＜Revised Forecast＞ (100 million yen)	Change from Previous Result %	Change from Previous Forecast %
Net sales	1,700	1,800	1,800	+5.9%	±0 (-)
Operating profit	171	180	190	+10.9%	+10 (+5.6%)
Ordinary profit	179	185	195	+8.4%	+10 (+5.4%)
Profit attributable to owners of parent	131	137	144	+9.6%	+7 (+5.1%)

Consolidated Statements of Income

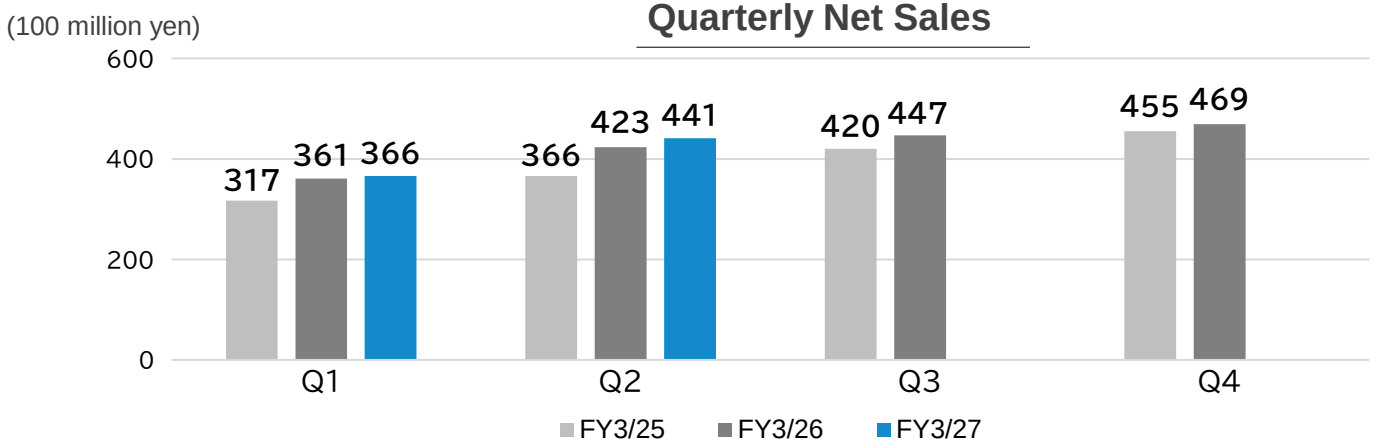
- **Sales increased by 3.0% (+2.3 billion yen) YoY, reflecting continued steady progress in converting orders received during the current fiscal year into sales.**
- **The increase in operating profit was driven by steady progress in instrumentation work during Q2, along with improved project pricing and contributions from group companies.**

(100 million yen)	Q2 FY3/25 Results	Q2 FY3/26 Results	Q2 FY3/27 Results	Profit margin %	YoY Change
Net sales	683	784	**808**	**—**	**+23**
Operating profit	58	73	**86**	**10.7%**	**+13**
Ordinary profit	63	77	**91**	**11.3%**	**+14**
Profit attributable to owners of parent	45	52	**60**	**7.5%**	**+8**

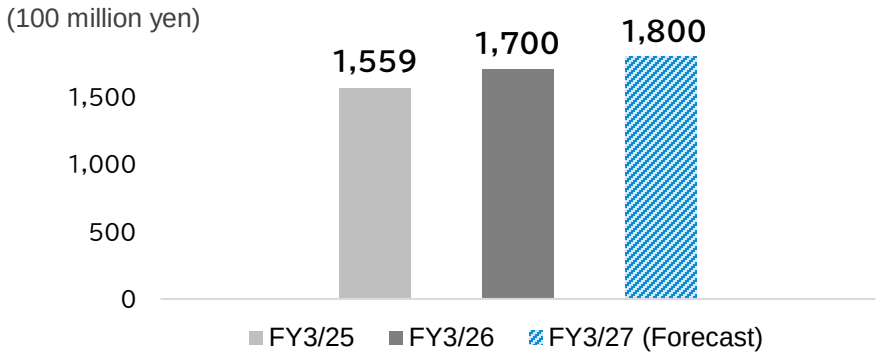
Quarterly Performance

■ **Record-high net sales and operating profit in Q2, driven by steady progress in instrumentation work.**

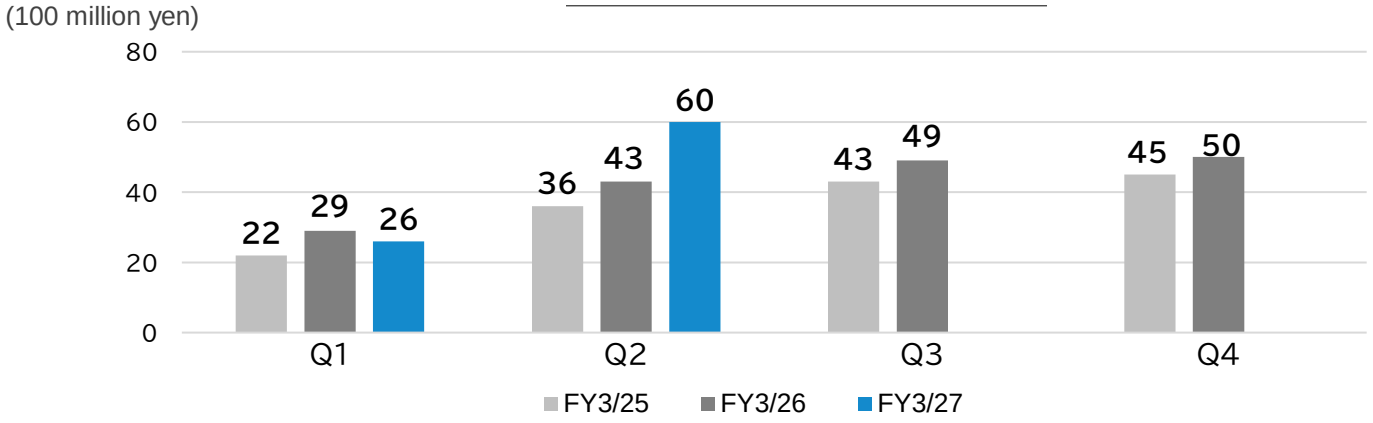
Quarterly Net Sales



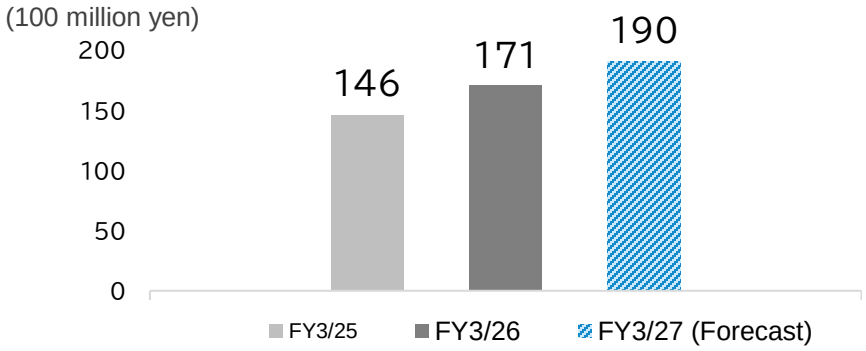
Year-end Net Sales



Quarterly Operating Profit

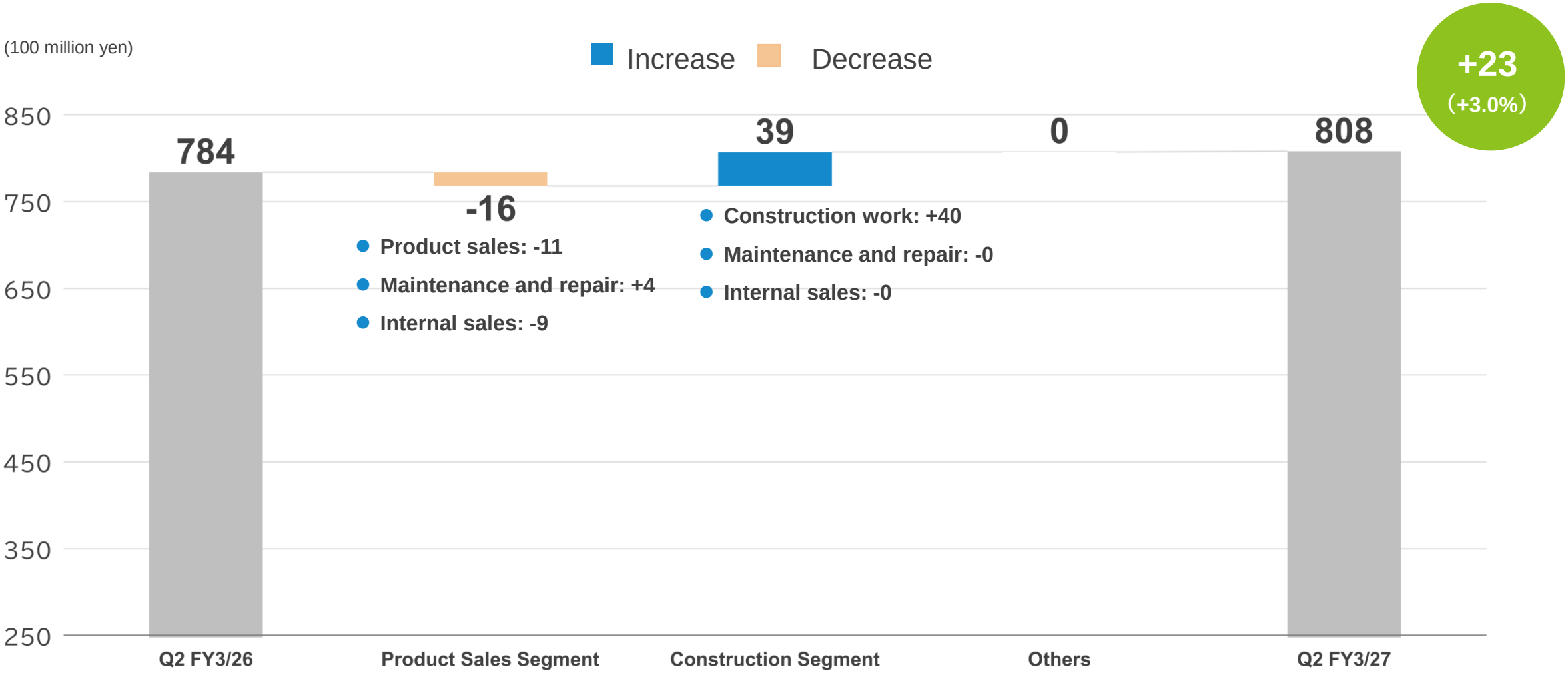


Year-end Operating Profit



Change Factors for Net sales by Segment

- **Although sales in the Product Sales segment declined slightly YoY, growth in the Construction segment drove an overall sales increase of 3.0% (+2.3 billion yen).**



Change Factors for Net sales by Business Field

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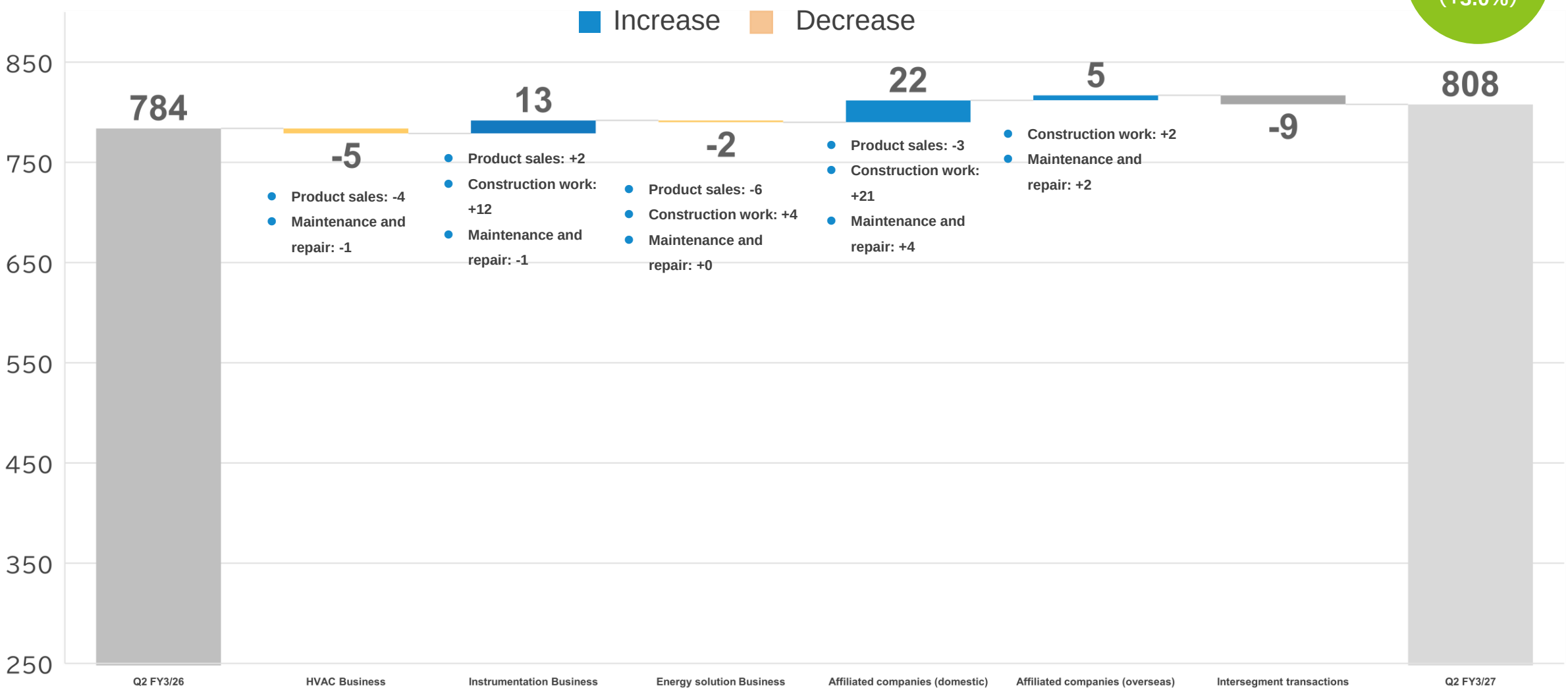
- **By business, sales increased in the Instrumentation Business and domestic group companies, while the HVAC Business and Energy Solution Business recorded slight declines.**

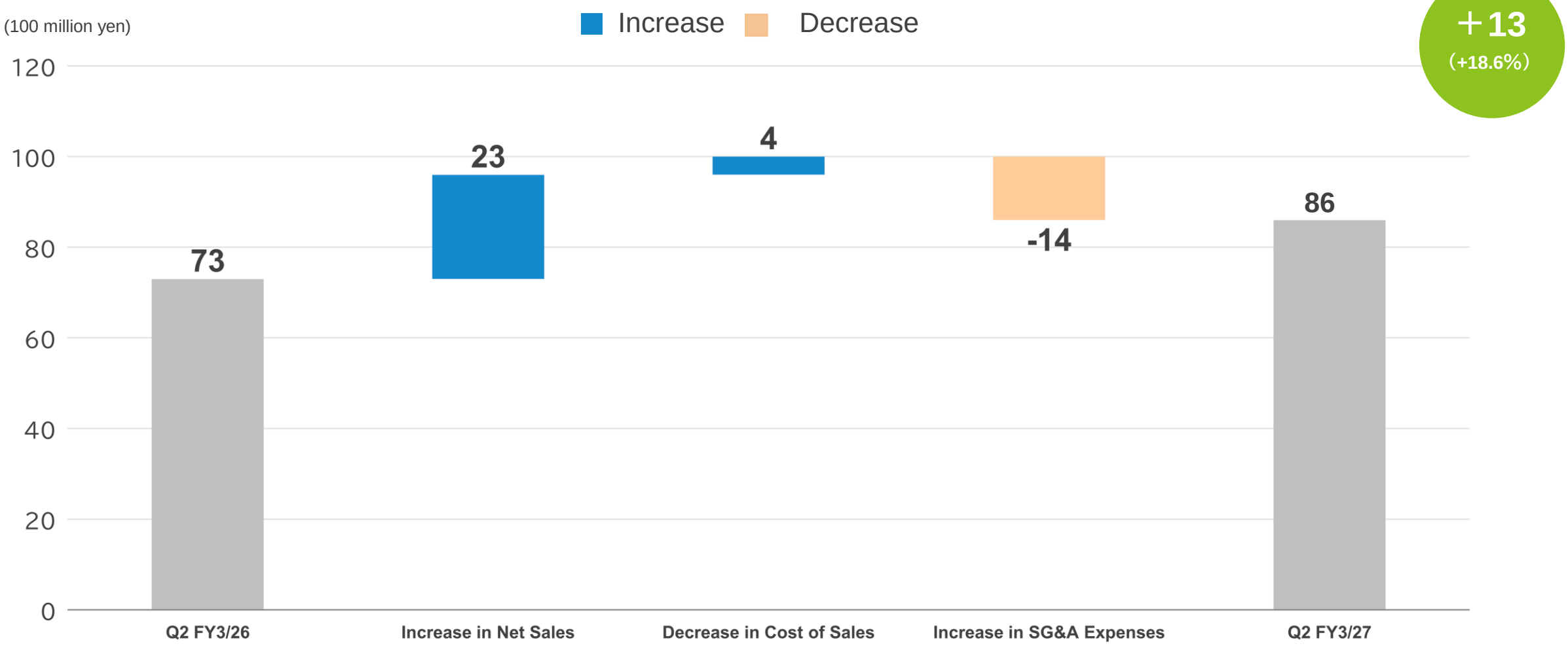
+23
(+3.0%)

(100 million yen)



Change Factors for Operating Profit

- **Sales increased by 2.3-billion-yen YoY, while cost of sales decreased by 400 million yen. Although SG&A expenses increased by 1.4-billion-yen YoY due to investments in human resources (including expanded recruitment of new graduates and mid-career professionals) aimed at building a foundation for growth under the Second Medium-Term Management Plan, the increase in gross profit more than offset these costs. As a result, operating profit increased by 1.3-billion-yen YoY to 8.6 billion yen.**



Sales Breakdown by Segment

- **Product sales in the Product Sales segment decreased by 3.1% YoY, while construction work in the Construction segment, which has a higher gross profit margin, grew by 14.4%.**

(100 million yen)	Q2 FY3/26	Q2 FY3/27	
	Net sales	Net sales	YoY %
Product Sales Segment	**447**	**430**	-3.7%
Product sales	382	371	-3.1%
Maintenance and repair	84	89	+5.5%
Internal sales	-20	-29	-
Construction Segment	**337**	**377**	+11.8%
Construction work	281	322	+14.4%
Maintenance and repair	57	57	-0.2%
Internal sales	-2	-2	-

* Segment sales exclude intersegment transactions.

Sales Breakdown by Business

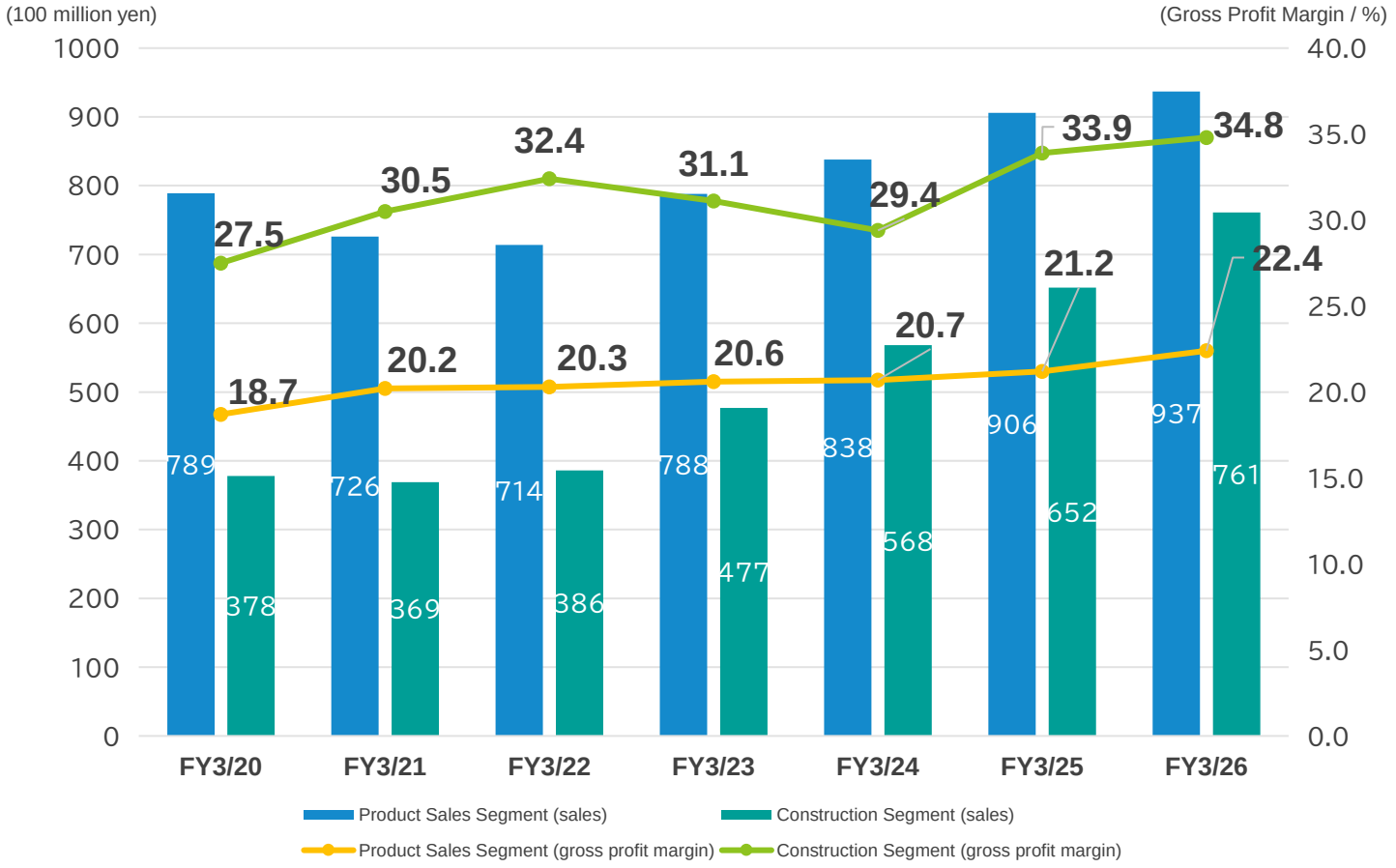
- **By business, sales in the HVAC Business and Energy Solution Business declined slightly YoY. However, growth in the Instrumentation Business and domestic and overseas group companies drove an overall sales increase of 3.0% YoY.**

	Q2 FY3/26	Q2 FY3/27	
	Net sales (100 million yen)	Net sales (100 million yen)	YoY
HVAC Business	**351**	**345**	**-1.7%**
Product sales	333	328	-1.3%
Maintenance and repair	17	16	-8.4%
Instrumentation Business	**142**	**156**	**+9.4%**
Product sales	4	6	+46.6%
Construction work	117	130	+11.1%
Maintenance and repair	21	19	-7.5%
Energy Solution Business	**89**	**87**	**-2.3%**
Product sales	14	7	-44.5%
Construction work	58	62	+6.8%
Maintenance and repair	16	17	+1.4%
Affiliated companies (domestic)	**196**	**218**	**+11.4%**
Product sales	31	27	-10.4%
Construction work	90	111	+23.2%
Maintenance and repair	74	79	+6.1%
Affiliated companies (overseas)	**26**	**32**	**+19.6%**
Construction work	15	17	+16.1%
Maintenance and repair	11	14	+24.2%
Internal sales	**-22**	**-32**	**-**

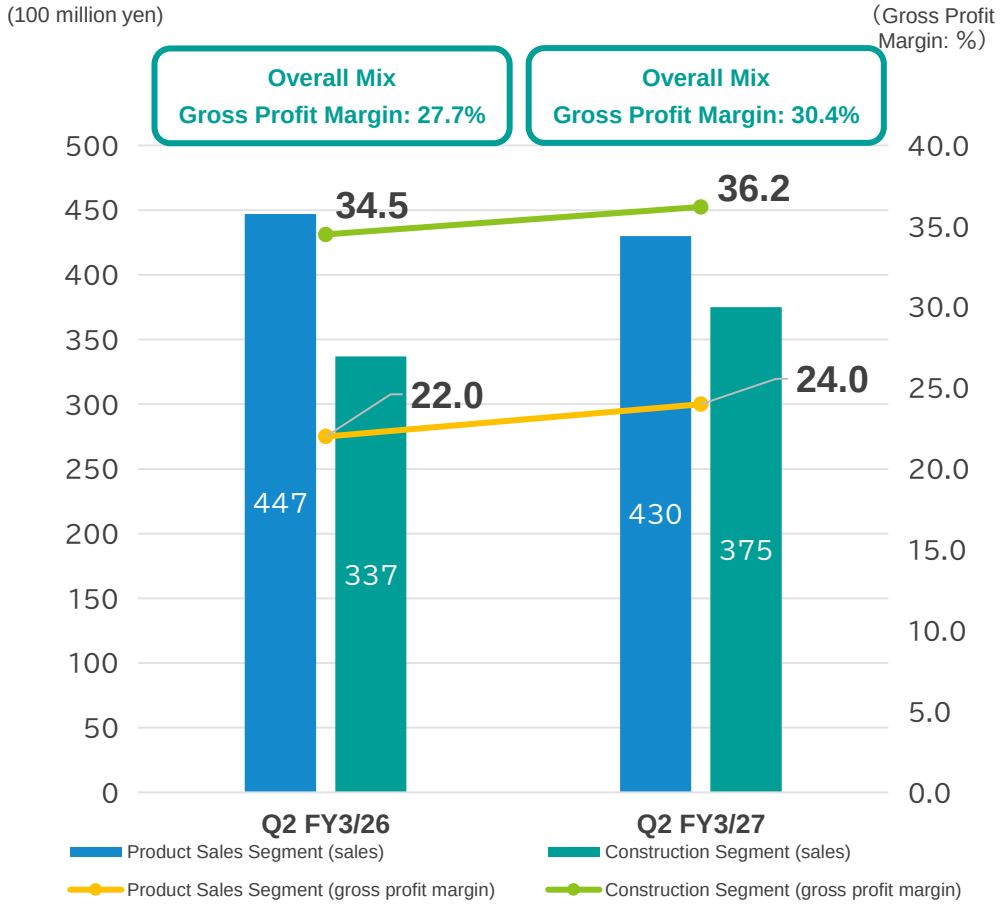
Segment Sales and Gross Profit Margin

- **The gross profit margin for Q2 improved by 2.7 percentage points YoY to 30.4%.**
- **The gross profit margin improved by 2.0 percentage points in the Product Sales segment and 1.7 percentage points in the Construction segment.**

7-year Trend



YoY Comparison



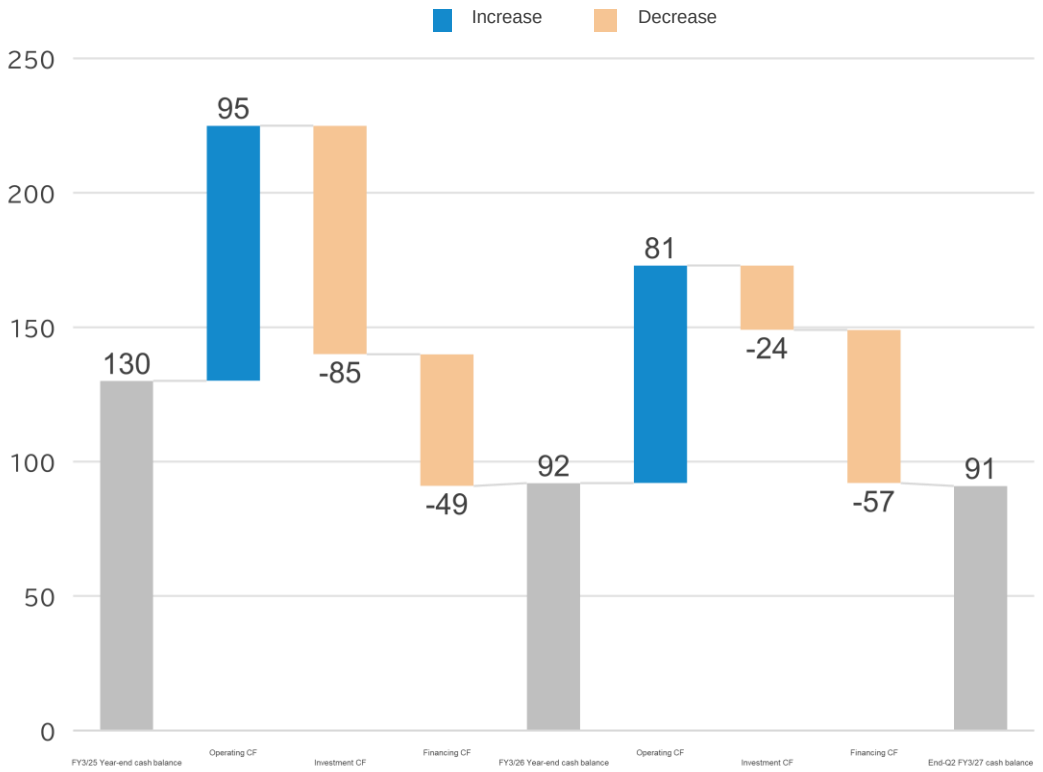
Balance Sheet / Cash Flow

(100 million yen)

	FY3/26	Q2 FY3/27	Change
Current assets	563	550	-12
Cash and deposits	113	126	+13
Notes and accounts receivable-trade, contract assets, and electronically recorded monetary claims	397	366	-31
Inventories	37	42	+4
Other	14	15	+0
Non-current assets	587	616	+28
Property, plant and equipment	264	267	+3
Intangible assets	36	34	-1
Investments and other assets	287	315	+27
Total assets	1,151	1,167	+16
Current liabilities	346	306	-40
Notes and accounts payable-trade, electronically recorded obligations-operating	155	148	-7
Short-term borrowings	49	32	-17
Other	141	125	-16
Non-current liabilities	67	81	+13
Long-term borrowings	3	2	-0
Other	64	78	+14
Net assets	736	779	+42
Total shareholders' equity	597	620	+22
Accumulated other comprehensive income, etc.	138	158	+20
Total liabilities and net assets	1,151	1,167	+16

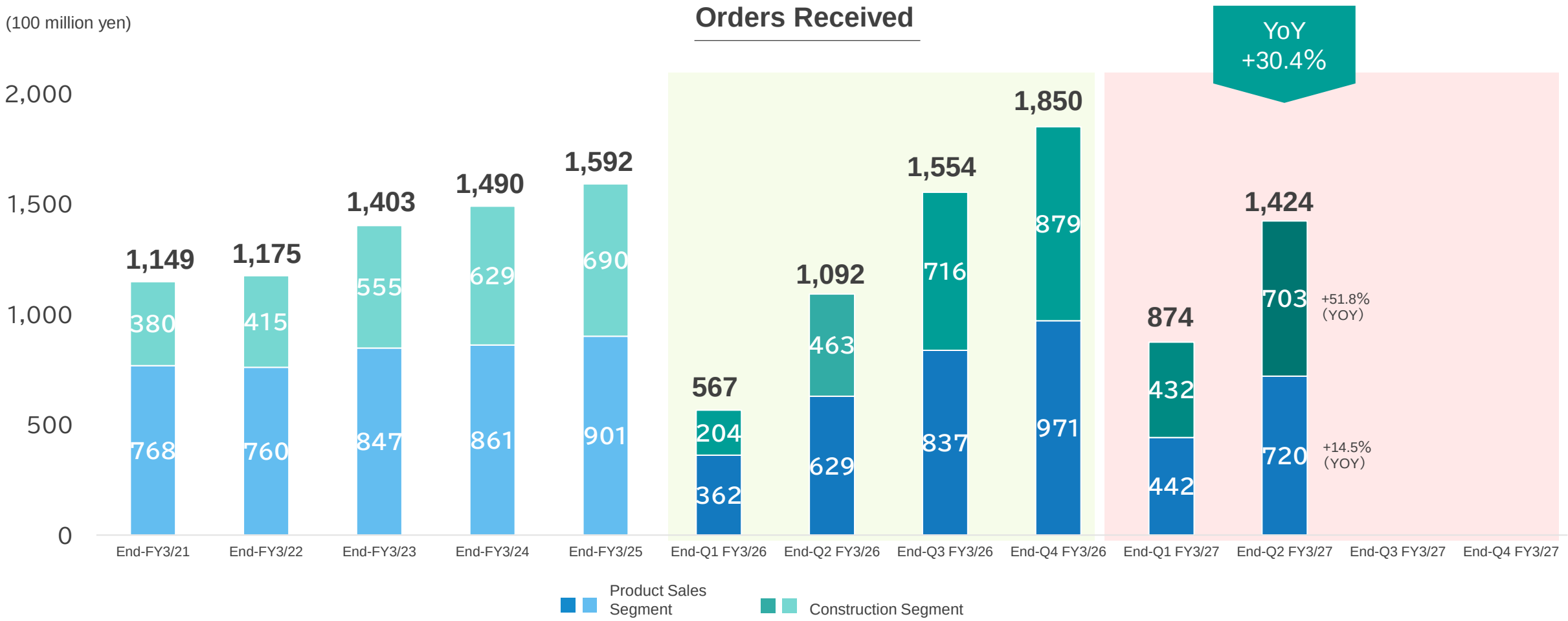
(100 million yen)

	Q2 FY3/26	Q2 FY3/27
Operating CF	57	81
Investment CF	-61	-24
Free CF	-4	56
Financing CF	-7	-57
Cash balance	117	91



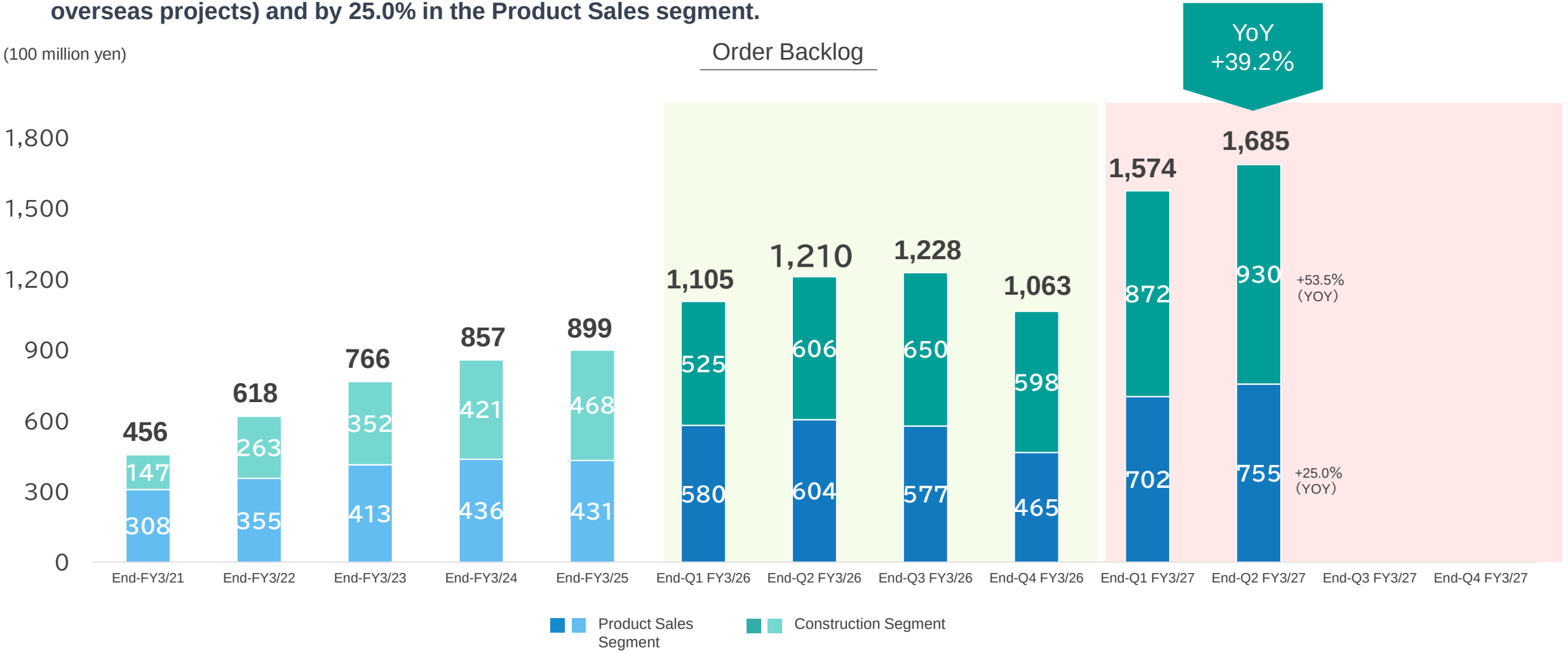
Orders Received

- **In Japan, we continued to strategically secure orders while taking supply capacity into account. In addition, Quantum Automation in Singapore secured a large-scale, long-term project (over one year) worth approximately 10.0 billion yen. As a result, orders received increased by 30.4% YoY to 142.4 billion yen.**
- **Although the large-scale project secured by Quantum Automation has a lower gross profit margin than domestic construction projects, we will continue to pursue such projects as part of our efforts to expand our overseas business. Sales from this project will be partially recognized in the current fiscal year, with full-scale revenue recognition beginning in the next fiscal year.**



Order Backlog

- **Order backlog increased by 39.2% YoY, reflecting our continued efforts to strategically secure orders while taking supply capacity into account, including large-scale projects.**
- **By segment, order backlog increased by 53.5% YoY in the Construction segment (including approximately 10.0 billion yen from overseas projects) and by 25.0% in the Product Sales segment.**



(Reference) Update on Large-Scale Order Secured by Quantum Automation

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- **Secured a contract worth over 10.0 billion yen for a complete package of ELV works for a hospital project commissioned by Singapore's Ministry of Health. Revenue recognition is expected to ramp up from 2027.**

Project Overview

Client:
Ministry of Health, Singapore

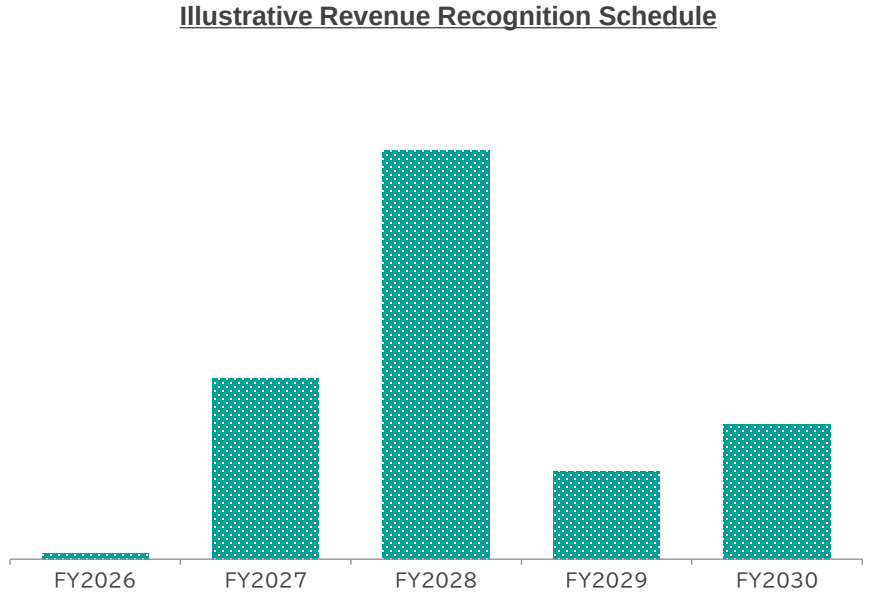
Scope of Work:
Complete package of ELV* works for a hospital construction project

Background:
This large-scale project was disclosed in the supplementary materials for the Q1 financial results. We will continue to pursue such projects as part of our efforts to expand our overseas business.



Illustrative Revenue Recognition

Order Value: Over 10.0 billion yen



Revenue recognition will begin in FY2026 and ramp up in FY2027.
We expect the project to make a stable, long-term contribution to sales, peaking in FY2028.

* ELV stands for Extra Low Voltage, a general term for low-voltage systems such as telephone, LAN, security, and medical communication systems.

Full-year Business Forecasts: FY3/27

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■ **Based on our Q2 performance, we have revised upward our initial full-year earnings forecast.**

(100 million yen)	FY3/26 (Results)	FY3/27 (Forecasts)	Pct. change
Net sales	1,700	1,800	+5.9%
Operating profit	171	190	+10.9%
Ordinary profit	179	195	+8.4%
Profit attributable to owners of parent	131	144	+9.6%

[Business Environment Outlook]

In the construction industry surrounding our Group, large-scale redevelopment projects are expected to continue, particularly in urban areas. However, we anticipate rising costs and higher logistics expenses. We also expect SG&A expenses to increase as we raise salary levels across the Group to enhance employee motivation and attract talented personnel. Although the business environment is expected to remain uncertain, we aim to achieve higher sales and profit by executing our business expansion strategy under the Second Medium-Term Management Plan announced this fiscal year.

Shareholder Returns: Dividend History and Forecast for the Current Fiscal Year

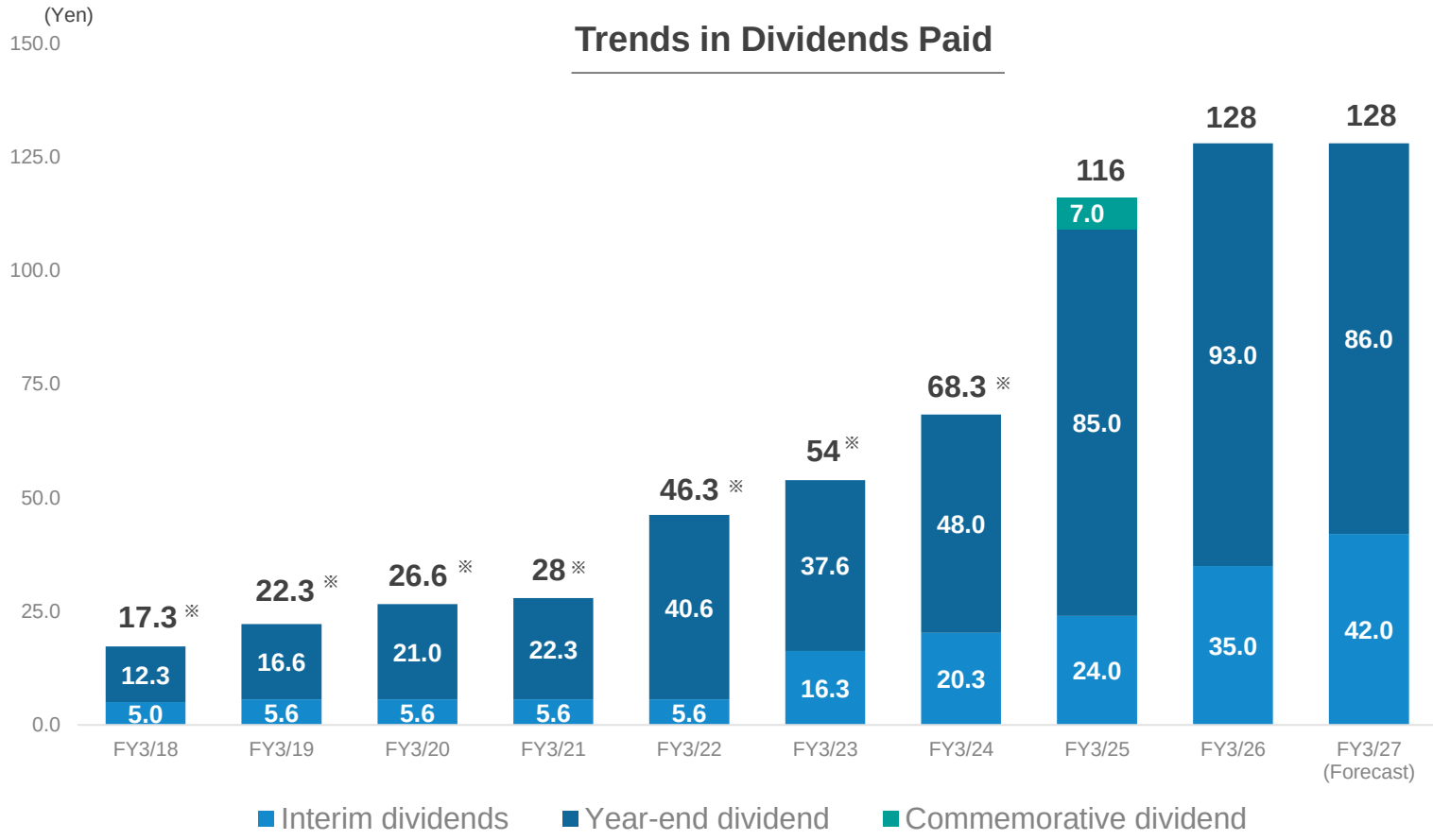
- **For FY3/26, we paid an annual dividend of 128 yen per share, an increase of 24 yen from the initial dividend forecast of 104 yen.**
- **Under the Second Medium-Term Management Plan, we have adopted a shareholder return policy of "DOE of 6% + Progressive Dividends" and forecast an annual dividend of 128 yen per share for FY3/27.**

Dividend 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.

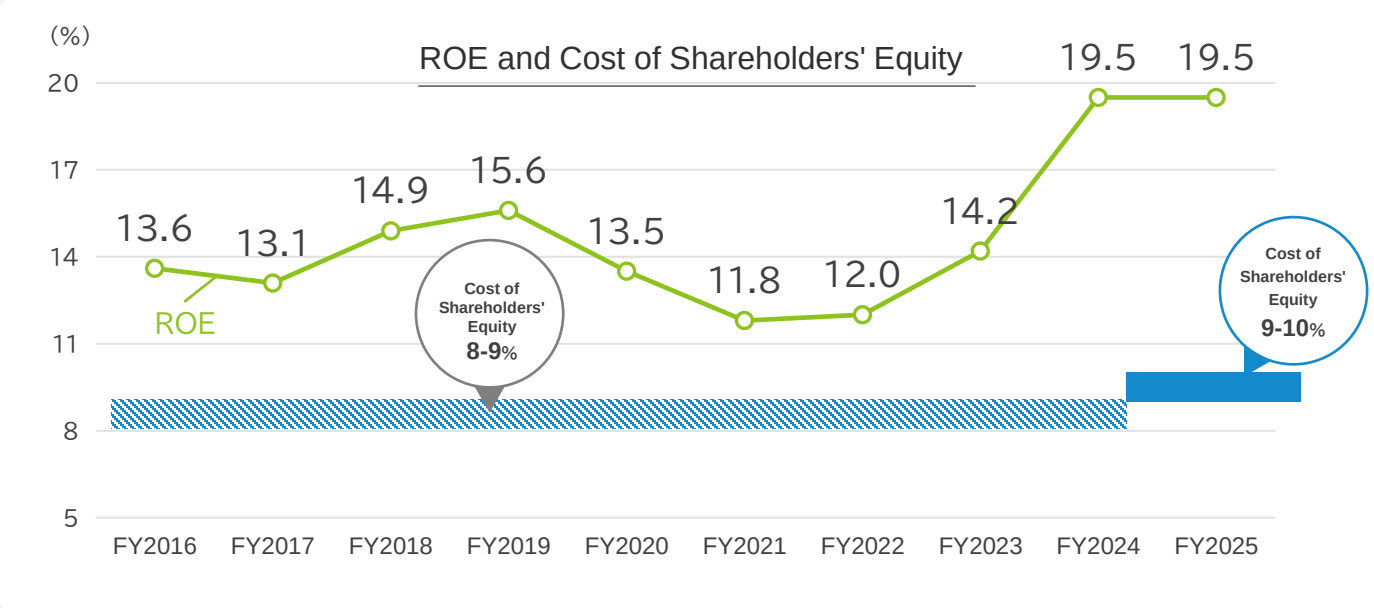


* The Company conducted a 3-for-1 stock split as of April 1, 2024. Dividends for the past fiscal years are calculated based on the number of shares after the stock split.

Enhancing Corporate Value with an Awareness of Cost of Capital (Capital Policy and Shareholder Value)

- **Maximize capital efficiency and shareholder value by achieving an ROE above the cost of shareholders' equity while optimizing the levels of strategic shareholdings and cash and deposits.**

- We estimate our current cost of shareholders' equity at **approximately 9–10%,** reflecting recent increases in long-term interest rates and investors' expected returns, representing an upward revision from the previous Medium-Term Management Plan.
- ROE has remained above 10% in each of the past ten fiscal years. Going forward, we target ROE of **12–15%** while maintaining a positive equity spread.



- In line with the Corporate Governance Code, we aim to reduce strategic shareholdings to **15% or less** of consolidated net assets by the end of FY2030.
  →Proceeds from the sale of strategic shareholdings will be allocated to various investments, debt reduction, and shareholder returns.
- We aim to optimize our cash position by balancing efficient capital utilization with financial resilience. While excess cash will be allocated to investments and shareholder returns, a certain level of cash will be maintained as part of our Business Continuity Plan (BCP), with **approximately 1.5 months of monthly sales** serving as a guideline.

＜APPENDIX＞

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Purpose and Long-term Vision

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PURPOSE

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.

Founding 70th anniversary

FY2025

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.

FY2030

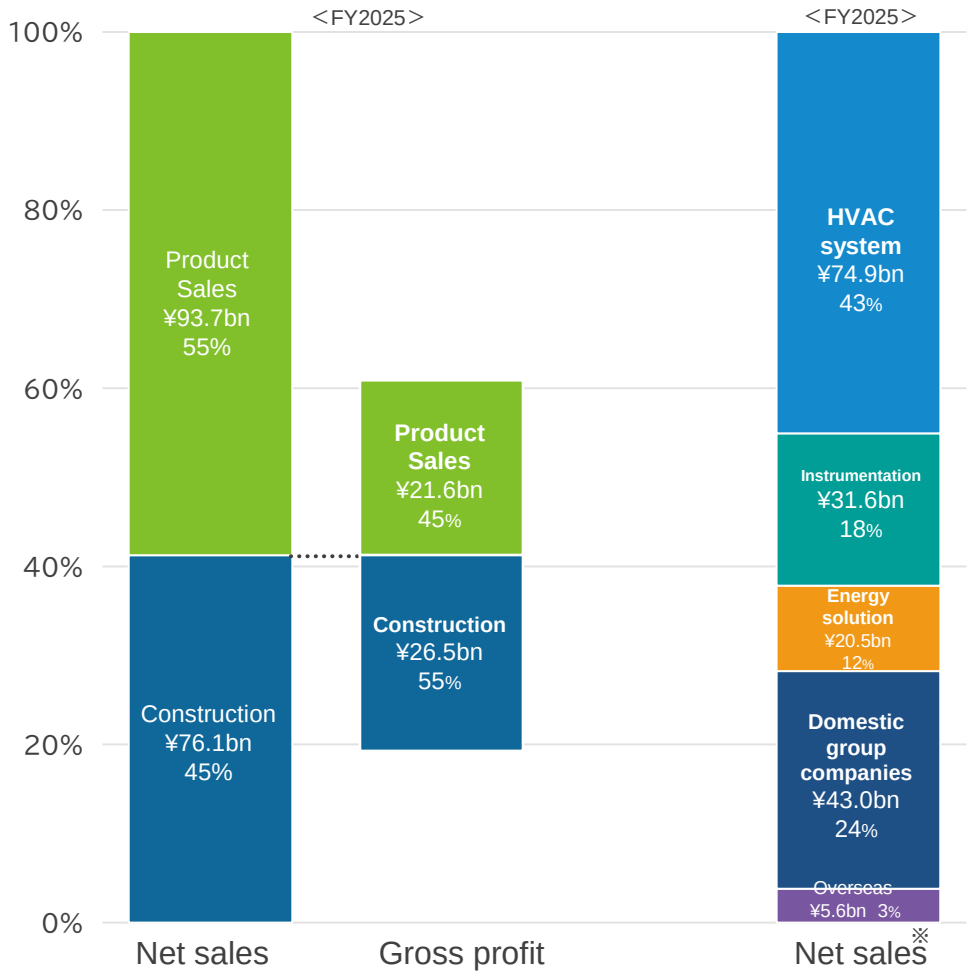
Joining the ranks of 100-year companies

FY2055

Business Domains

- **Under the product sale and construction business segments, the pillars of our business activities are the HVAC business, instrumentation business, energy solution business, and domestic and overseas group companies.**

By segment



Business

HVAC business

- Distributor sales, installation, and maintenance and repair of HVAC for commercial buildings, etc.
- Major distributor (equipment dealer) of Daikin's HVAC for commercial buildings in Japan

Instrumentation business

- Design and installation of instrumentation equipment (including building automation and management systems) as well as distributor sales, construction, and maintenance and repair operations, etc.
- Major distributor of Azbil Corporation

Energy solution business

- Distributor sales, installation, maintenance and repair of energy saving and generation equipment (solar panels, storage batteries) and generators
- Energy solutions (ESCO business)

Domestic group companies

- Maintenance, repair and renewal of equipment (Nippon Builcon)
- Design, installation, distributor sales, construction, maintenance and repair of instrumentation equipment (I.B. TECHNOS)
- HVAC, instrumentation, and energy solution business in the Hokkaido area (TOTECH HOKKAIDO)

Overseas group companies

(Consolidated)

- BMS* business operated by Quantum Automation Pte. Ltd. (Singapore)

* BMS: Building Management System

*Figures for each business exclude intersegment sales.

Second Medium-term Management Plan: Basic Policies

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Strengthening human capital management

Enhancing the value of human capital and pursuing optimization

Shift to a high-profit structure

- Allocating resources to profitable businesses
- Strengthening measures to create added value
- Improving cost control
- Strengthening initiatives to improve productivity

Establishment of management foundation

- Accelerating aggressive business reforms
- Enhancement of investments in broadly defined human capital
- Enhancing governance
- Stable returns to shareholders supporting business

Demonstration of ability to execute and sustainability

Aiming to become a 100-year company by playing a vital role in social infrastructure and continuing to deliver value to our stakeholders

Second Medium-term Management Plan: Business Portfolio

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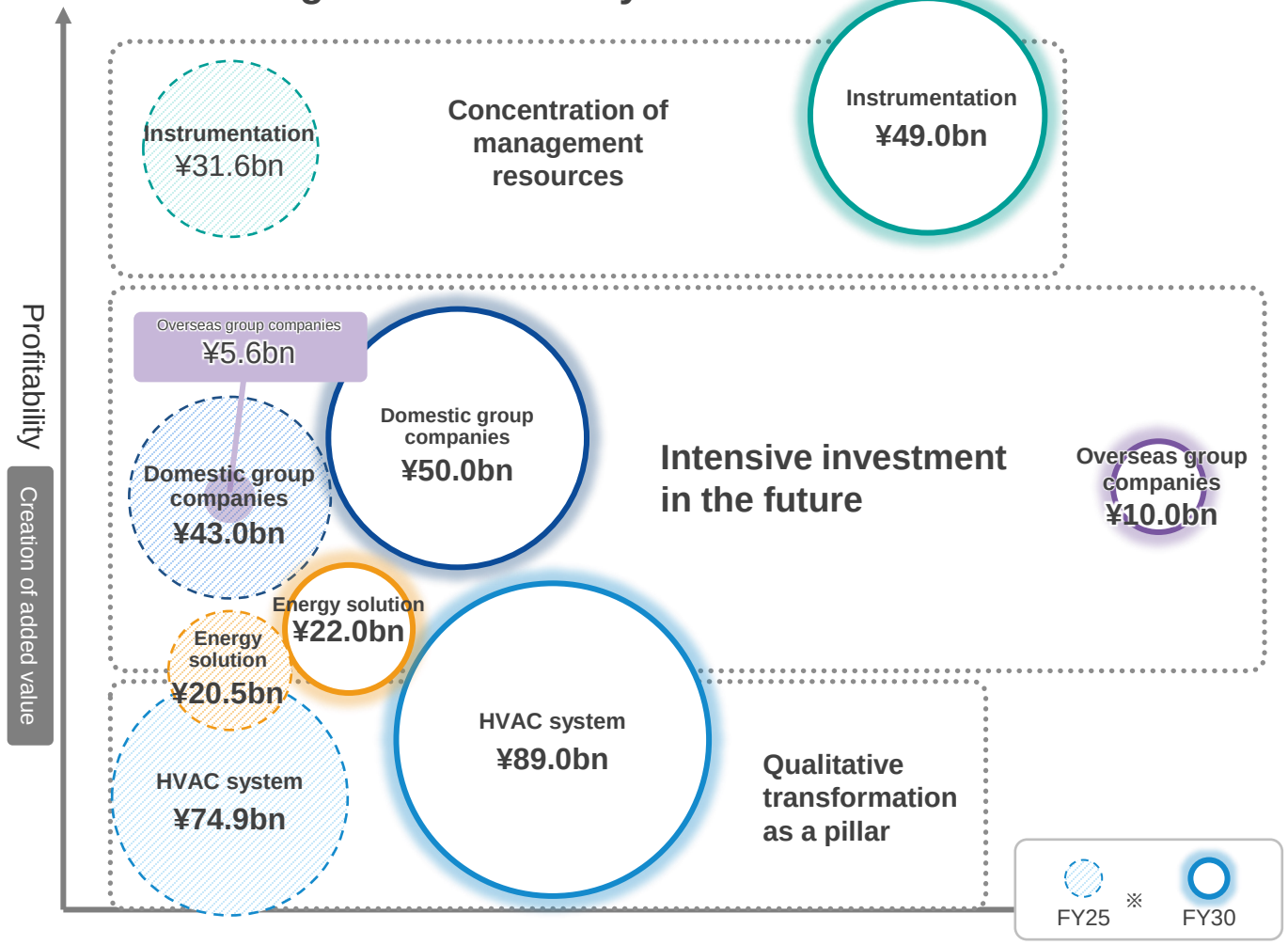
Transformation into a high-profit structure through unified Group management, alongside clarification of roles contributing to sustainability



*Excludes intersegment sales.

HVAC business
[Rev] Profit contribution in the core project price band through high added value proposals
[Sus] Revenue scale = embodiment of market needs = foundation for creation of social credibility

Instrumentation business
[Rev] A key driver of profit growth, supported by a highly profitable business structure
[Rev/Sus] Simultaneously generating earnings in the current fiscal year and laying the groundwork for future growth (recurring revenue business)

Energy solution business
[Rev] Broadening new market domains leveraging energy efficiency, renewable energy, and BCP as hooks
[Sus] A role focused on expanding our customer base and range of solutions through direct proposals
[Sus] Through solutions aimed at the realization of a decarbonized society, we are committed to addressing social challenges from an ESG perspective

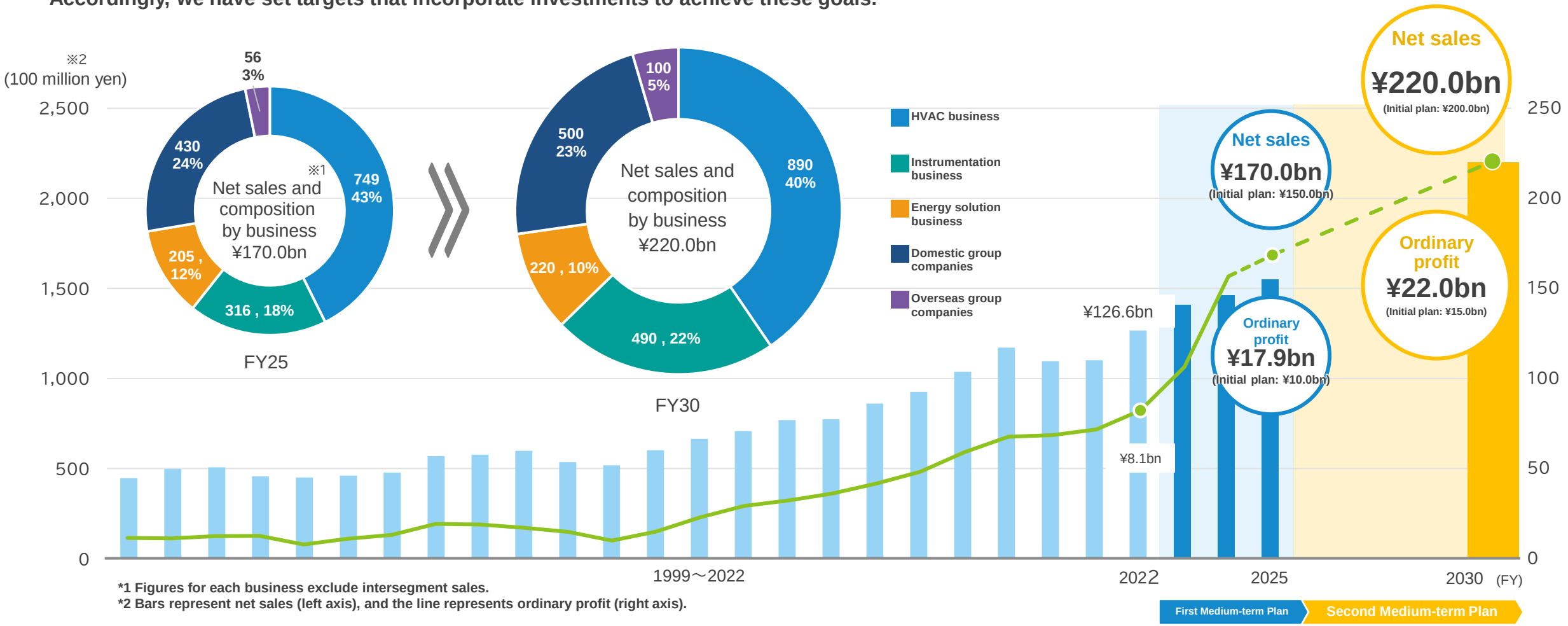
Domestic group companies
[Rev/Sus] Capability to meet a wide range of customer needs in the provision of products and services, through the complementary strengths of TOTECH and its group companies
[Rev/Sus] Maintenance and repair services as the cornerstone of the recurring revenue business

Overseas group companies
[Rev/Sus] Strengthening the construction and maintenance and repair services business
[Sus] Contribution to diversification of country risk

[Rev] Shift to a high-profit structure
[Sus] Sustainability

Second Medium-term Management Plan: Numerical Targets <Growth and Profit Level>

- **Revised up the performance targets for FY2030 (the final year of the Second Medium-term Management Plan), which were set as part of our long-term vision**
- **Based on our strong performance during the first Medium-term Management Plan, we have determined that further strengthening of human capital and the consolidation of our management foundation are essential for sustainable growth moving forward, with an eye toward becoming a 100-year company. Accordingly, we have set targets that incorporate investments to achieve these goals.**



*1 Figures for each business exclude intersegment sales.
*2 Bars represent net sales (left axis), and the line represents ordinary profit (right axis).

Second Medium-term Management Plan: Investments and Cash Allocation

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■ **We will actively invest in growth initiatives that enhance human capital while pursuing stable shareholder returns and disciplined capital allocation.**

Cash in

FCF
About ¥92.0bn
FY2026–FY2030
Estimated cumulative total

*Before deduction of human capital investment
*Sale of strategic shareholdings

Cash and deposits
About ¥11.0bn
End-FY2025 balance

Cash out

Shareholder returns
About ¥26.0bn +α
Five-year total

- From the perspective of stable dividends, we shifted our policy to **DOE + Progressive dividends**. Projecting about 26.0 billion yen over five years
- Execute share buybacks in a flexible and timely manner
  *In the +α share buybacks, as part of human capital management in the following strategic investments, we will consider stock returns for the purpose of employee incentives and management awareness and education.

Strategic investment
About ¥50.0bn
Five-year total

- Promote the following as investment in human capital (including investment in broadly defined human capital)
  - Human capital investment
    - **Workforce increase, performance bonuses, fringe benefits, recruiting expenses, education and training expenses, etc.**
    - Stock returns to employees through share buybacks
  - Investment in broadly defined human capital
    - IT investment to improve operational efficiency and reduce labor requirements
    - Office environment improvement to increase employee motivation
    - Development of training facilities for technological capabilities development
    - **Investment in brand awareness**
      Utilization of external human resources
- Business expansion and creation of added value
  - Strengthening sales bases
  - **M&A**
- Reinforcement of management foundation
  - Strengthening information security and promoting effective utilization of data

Cash and deposits
About ¥27.0bn
End-FY2030 balance

- With respect to our policy on optimizing cash and deposit levels, we recognize the need to balance the allocation of excess liquidity to investments and shareholder returns with the retention of an appropriate level of cash as part of BCP (Business Continuity Plan). Accordingly, **we use about 1.5 months of monthly sales as a benchmark**

Second Medium-term Management Plan: Sustainability <Numerical Management>

■ Contributing to a sustainable society by creating enriching and comfortable environments

Our Vision

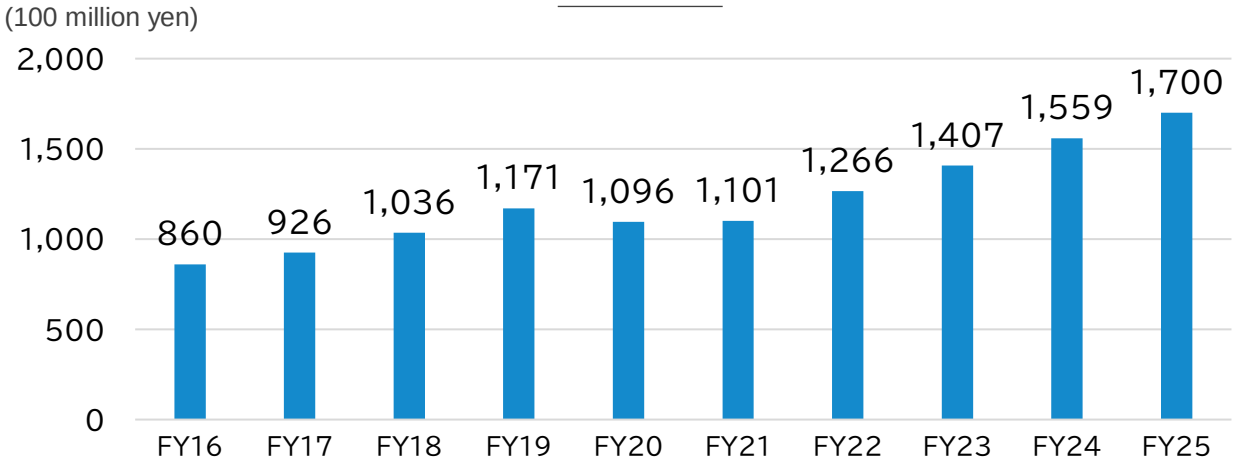
Over the years, the TOTECH Group has pursued not only economic efficiency and convenience, but also the spiritual richness that goes beyond that, by providing comfortable spaces. We continue to create a comfortable environment that is “comfort to people, society, and the earth” in order to realize both a sustainable society and pleasantness.

	Details of initiatives	Indicator	Current status (FY2025)	Target (FY2030)
E	Reduction of greenhouse gas emissions	Scope 1 and 2 GHG Emissions	1,202t-CO_2 (Forecast)	910t-CO_2
		Percentage of renewable energy in the electricity used for business activities	49.7% (Forecast)	80% or more
S	Improvement of job satisfaction and ease of working	Engagement score	76.4pt	76.4pt or more
	Retention of talent	Attrition rate	4.3%	5.0% or less
	Promotion of workstyle reforms	Total hours worked per employee per year Rate of paid leave taken	2,048 hours 68.0%	2,000 hours 70% or more
	Strengthening talent development	Training Expenses	Approximately ¥50 million	Approximately ¥110 million
G	Thorough compliance	Number of serious legal violations	0	0
	Improving the effectiveness of the Board of Directors	Improvement rate for issues identified through an effectiveness evaluation by a third-party organization	—	100%
	Constructive dialogue with investors	Number of dialogues with institutional investors	99 cases	120 cases or more

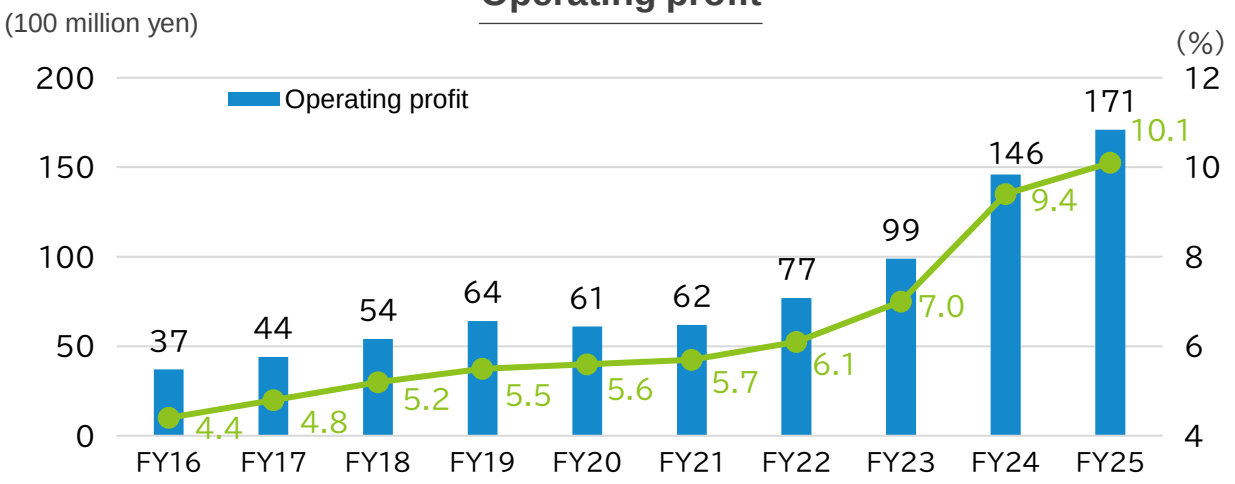
[APPENDIX] Financial Indicator Trends

<Consolidated>

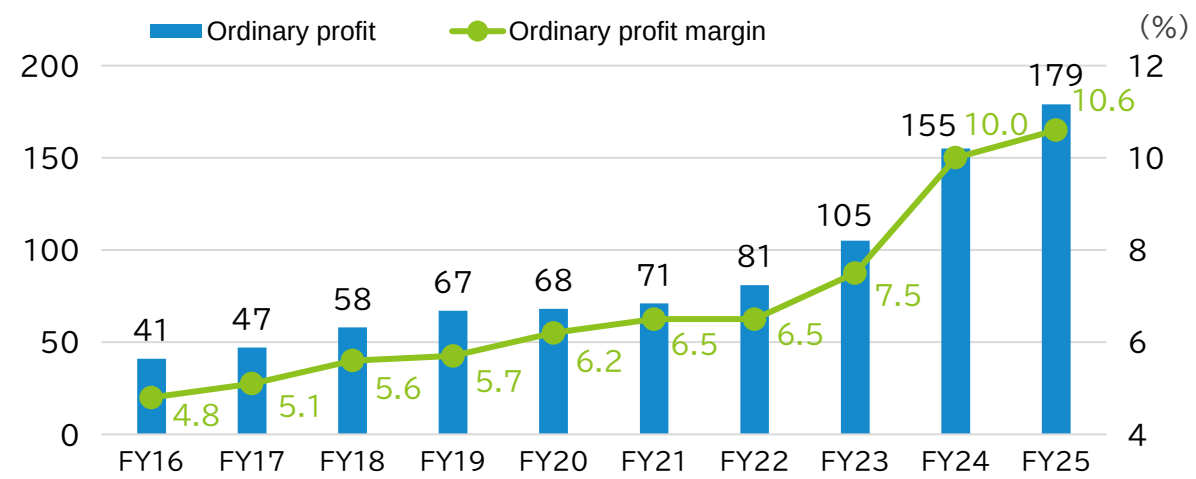
Net sales



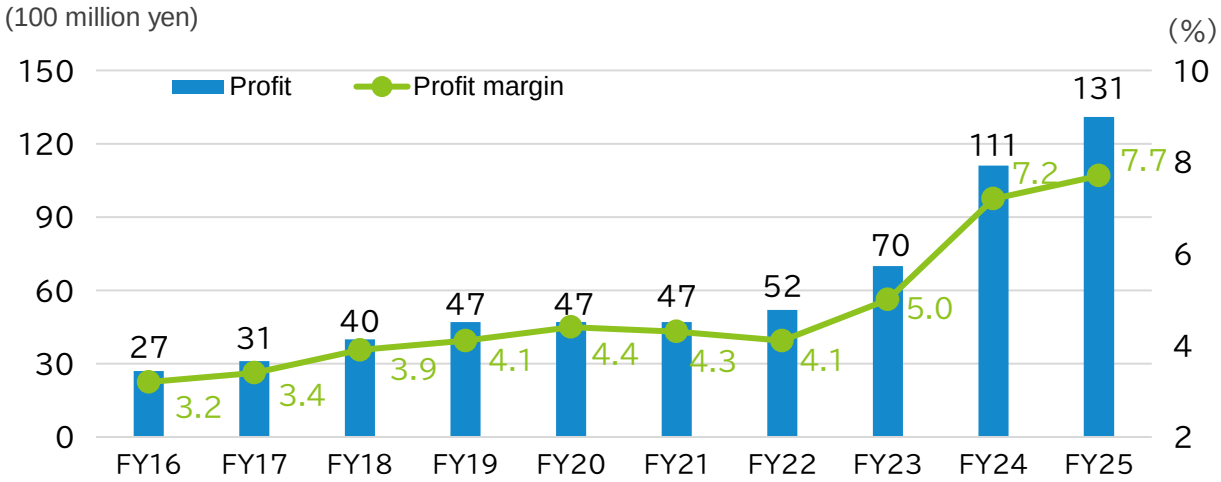
Operating profit



Ordinary profit



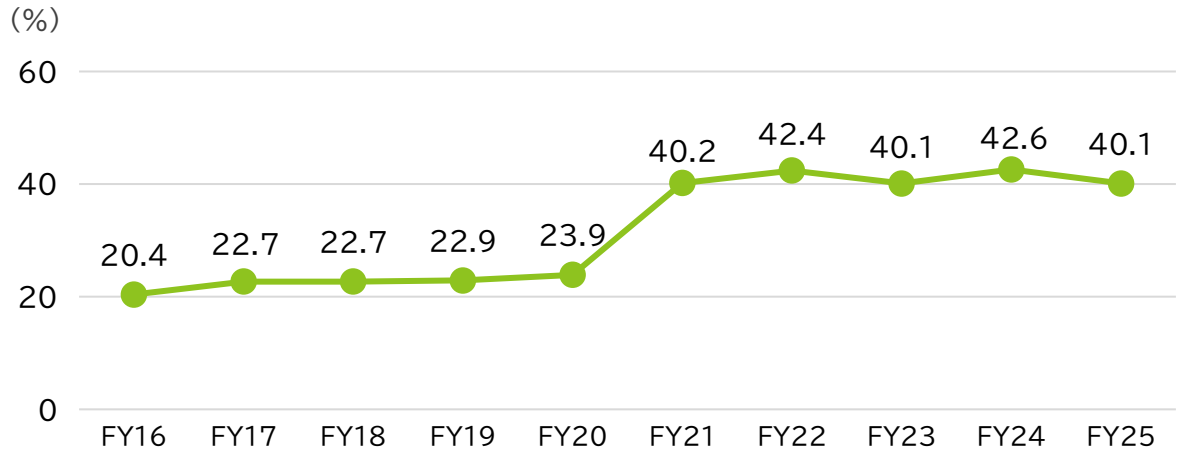
Profit



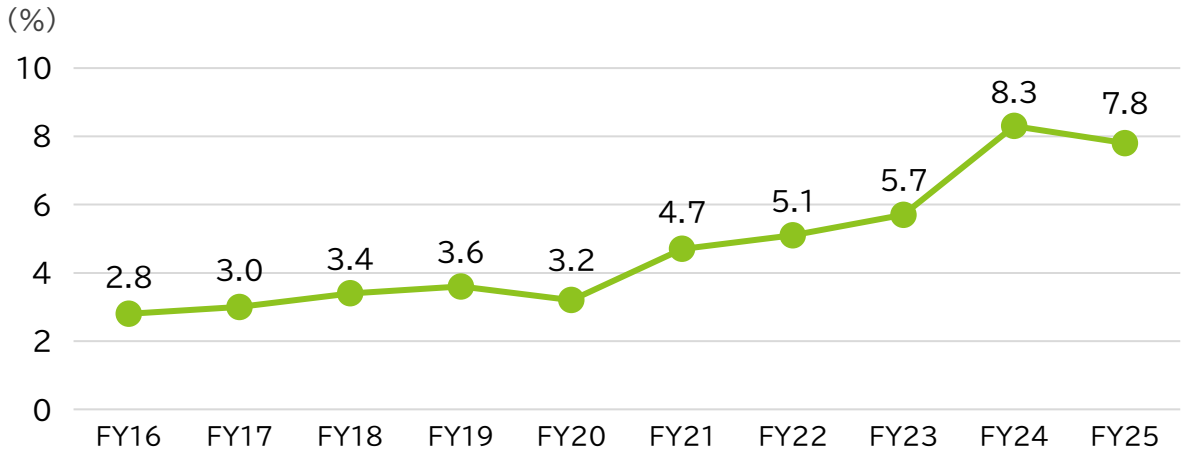
[APPENDIX] Financial Indicator Trends

<Consolidated>

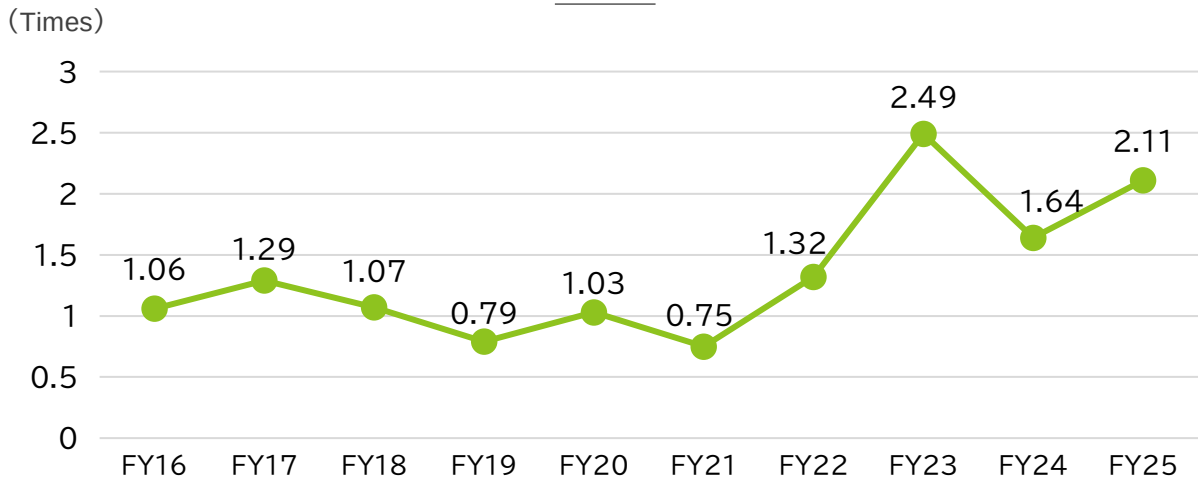
Dividend payout ratios



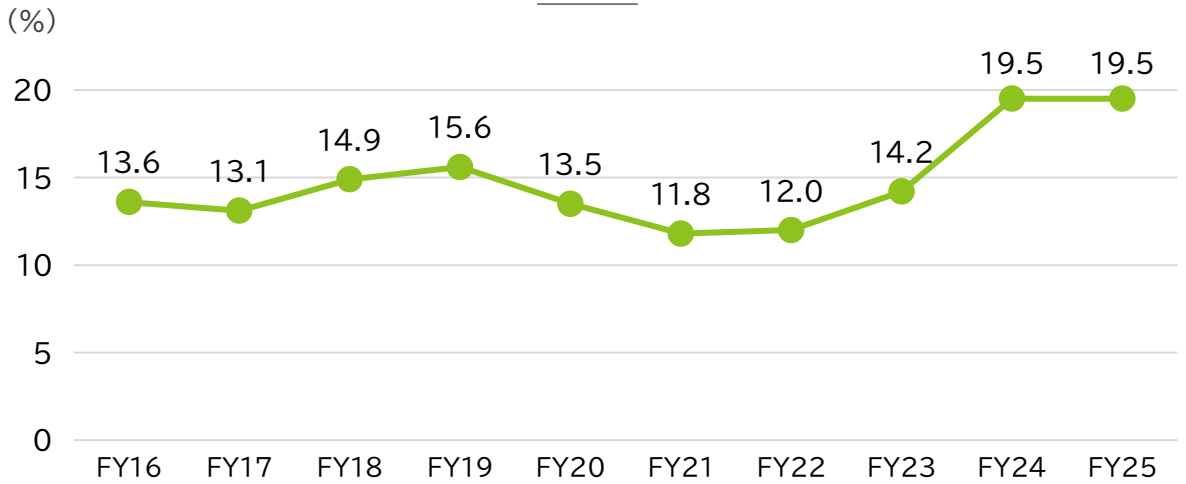
DOE（Dividend on Equity）



PBR



ROE



Corporate Profile

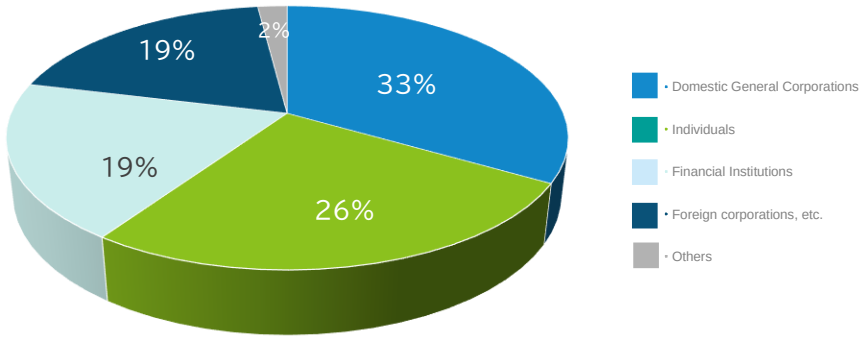
Company name	TOTECH CORPORATION (Tokyo Stock Exchange Prime Market; 9960)
Established	July 6, 1955
Business	Air conditioning and other equipment sales, instrumentation, and energy solution businesses, etc.
Head Office	3-11-11, Nihonbashi, Honcho, Chuo-ku, Tokyo
Capital Stock	1,857 million yen (Number of shareholders: 6,023) (As of March 31, 2026)
Fiscal Year-end	March 31
Number of Employees	2,855 (Consolidated); 1,171 (Non-consolidated) (As of March 31, 2026)
Directors	Kaoru Koyama, President and Representative Director, Directors: Koji Yoshikawa, Junji Wakamoto Outside Directors: Kengo Fukui, Atsuko Usami Directors (Audit and Supervisory Committee Members): Toshiro Nakamizo, Kazuto Arata, Masayoshi Kubota * Company with an Audit and Supervisory Committee
Consolidated Subsidiaries	7 in Japan; 5 overseas (As of March 31, 2026)



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 the Engineering Division, and General Manager of Instrumentation Business Management Department
April 2025: Appointed as President and Representative Director

Shareholder Composition as of March 31, 2026 (%)
Number of shareholders: 6,023



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.

*The company accepts no liability whatsoever for any losses incurred as a result of the use of this material.

*This material is not a legal disclosure document under the Financial Instruments and Exchange Act and the accuracy and completeness of the information is not guaranteed.

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

*This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

[Contact]

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