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**Consolidated Financial Results  
for the Three Months Ended June 30, 2022  
[Japanese GAAP]**



July 29, 2022

Company name: Totech Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 9960  
 URL: <https://www.totech.co.jp/>  
 Representative: Katsumi Nagao, Representative Director and President  
 Contact: Toshikazu Kanai, Executive Officer and General Manager of Finance and Accounting Division  
 Phone: +81-3-6632-7000  
 Scheduled date of filing quarterly securities report: August 10, 2022  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary explanatory materials on quarterly financial results: None  
 Schedule of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2022	23,698	12.4	133	22.1	303	26.9	143	29.7
June 30, 2021	21,075	(3.5)	109	(53.0)	239	(38.2)	110	(44.0)

(Note) Comprehensive income: Three months ended June 30, 2022: ¥71 million [-%]

Three months ended June 30, 2021: ¥(295) million [-%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	10.51		–	
June 30, 2021	8.11		–	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2022	78,213		40,100		51.3		2,931.95	
As of March 31, 2022	84,611		41,669		49.2		3,049.57	

(Reference) Equity: As of June 30, 2022: ¥40,100 million

As of March 31, 2022: ¥41,669 million

## 2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	17.00	—	122.00	139.00
Fiscal year ended March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		49.00	—	98.00	147.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	122,000	10.8	7,000	11.2	7,500	5.3	5,000	5.8	365.63

(Note) Revision to the financial results forecast announced most recently: None

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation):  
Newly included: – ( ), Excluded: – ( )
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) Total number of issued shares (common shares)  
1) Total number of issued shares at the end of the period (including treasury shares):  
As of June 30, 2022: 13,988,000 shares  
As of March 31, 2022: 13,988,000 shares  
  
2) Total number of treasury shares at the end of the period:  
As of June 30, 2022: 310,986 shares  
As of March 31, 2022: 323,986 shares  
  
3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):  
Three months ended June 30, 2022: 13,669,964 shares  
Three months ended June 30, 2021: 13,657,851 shares  
(Note) The total number of treasury shares at the end of the period includes the shares of the Company (73,800 shares as of June 30, 2022) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of Board Benefit Trust (J-ESOP). The shares of the Company (43,350 shares as of June 30, 2022) 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.

\* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

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 “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached document.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

With regard to the Japanese economy during the three months ended June 30, 2022, the severe conditions arising from COVID-19 were alleviated, and social and economic activities gradually normalized. On the other hand, the outlook remained uncertain due to fluctuating exchange rates caused by rapid yen depreciation, a surge in resource prices originating from the invasion of Ukraine by Russia, and activity restrictions associated with the pandemic lockdown in China.

Turning to the construction industry in which the Totech Group operates, despite a steady level of both public and private investment as well as strong order intake, the lingering impact of the surge in construction material prices, delays in delivery times, and other issues resulted in the operating environment remaining severe in terms of supply.

Under these circumstances, the Totech Group's operating results for the period under review were as follows.

Against the backdrop of strong orders, sales steadily grew, especially in the construction business segment. As a result, net sales were ¥23,698 million (up 12.4% year on year). On the profit front, thanks to gross profit steadily increasing in proportion to a rise in net sales, operating profit was ¥133 million (up 22.1% year on year). Accordingly, ordinary profit and profit attributable to owners of parent amounted to ¥303 million (up 26.9% year on year) and ¥143 million (up 29.7% year on year), respectively.

Note that the Totech Group's net sales tend to be concentrated in the fourth quarter of the fiscal year and financial results fluctuate seasonally.

#### <Product sales business>

The product sales business primarily sells equipment with a focus on air conditioners, controllers, and facilities equipment, and provides regular and spot maintenance for the equipment it has sold. Net sales and gross profit amounted to ¥15,324 million (up 2.2% year on year) and ¥3,258 million (up 6.0% year on year), respectively.

#### <Construction business>

The construction business engages in instrumentation and plumbing work, design and execution of a variety of construction, and the provision of regular and spot maintenance for the construction work it has done. Net sales and gross profit amounted to ¥8,919 million (up 39.5% year on year) and ¥2,404 million (up 21.7% year on year), respectively.

### (2) Explanation of Financial Position

#### (Assets)

Total assets as of June 30, 2022 amounted to ¥78,213 million, a decrease of ¥6,398 million from the end of the previous fiscal year. This was primarily attributable to a decrease of ¥6,749 million in current assets due to factors such as a net decrease of ¥4,825 million in trade receivables and a decrease of ¥1,937 million in cash and deposits.

#### (Liabilities)

Total liabilities as of June 30, 2022 amounted to ¥38,112 million, a decrease of ¥4,829 million from the end of the previous fiscal year. This was primarily attributable to a decrease of ¥3,408 million in notes and accounts payable - trade and electronically recorded obligations - operating, a decrease of ¥1,209 million in items such as income taxes payable, and a decrease of ¥1,721 million in provision for bonuses due to bonus payments, despite an increase of ¥1,243 million in other current liabilities.

(Net assets)

Total net assets as of June 30, 2022 amounted to ¥40,100 million, a decrease of ¥1,569 million from the end of the previous fiscal year. This was primarily attributable to a net decrease of ¥1,524 million in retained earnings in which dividends paid and other items were deducted from the recording of profit attributable to owners of parent, and a decrease of ¥301 million in valuation difference on available-for-sale securities resulting from a drop in the market value of held securities.

As a result, equity ratio as of June 30, 2022 stood at 51.3%, a 2.0% increase from the end of the previous fiscal year.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the consolidated financial results forecast for the fiscal year ending March 31, 2023, there have been no changes to the full-year consolidated financial results forecast announced on May 13, 2022.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	7,836	5,898
Notes and accounts receivable - trade, and contract assets	23,863	18,302
Electronically recorded monetary claims - operating	7,897	8,633
Inventories	3,733	4,561
Accounts receivable - other	2,189	1,403
Other	771	739
Allowance for doubtful accounts	(59)	(57)
Total current assets	46,231	39,481
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,878	11,639
Land	8,721	8,824
Leased assets	1,076	1,093
Construction in progress	208	387
Other	801	871
Accumulated depreciation	(4,157)	(4,356)
Total property, plant and equipment	17,528	18,459
Intangible assets		
Goodwill	2,641	2,602
Software	1,930	1,802
Software in progress	93	93
Other	185	159
Total intangible assets	4,850	4,658
Investments and other assets		
Investment securities	11,761	11,335
Deferred tax assets	395	360
Retirement benefit asset	421	442
Other	3,500	3,554
Allowance for doubtful accounts	(78)	(79)
Total investments and other assets	16,000	15,613
Total non-current assets	38,380	38,731
Total assets	84,611	78,213

(Million yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,607	9,572
Electronically recorded obligations - operating	6,979	6,606
Short-term borrowings	5,490	6,852
Current portion of bonds payable	32	18
Income taxes payable	1,281	71
Provision for bonuses	2,646	924
Provision for bonuses for directors (and other officers)	37	–
Other	4,232	5,476
<b>Total current liabilities</b>	<b>33,307</b>	<b>29,521</b>
Non-current liabilities		
Long-term borrowings	6,763	5,743
Deferred tax liabilities	963	934
Provision for retirement benefits for directors (and other officers)	966	162
Retirement benefit liability	455	467
Other	486	1,282
<b>Total non-current liabilities</b>	<b>9,634</b>	<b>8,591</b>
<b>Total liabilities</b>	<b>42,942</b>	<b>38,112</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,857	1,857
Capital surplus	2,081	2,240
Retained earnings	32,946	31,421
Treasury shares	(134)	(265)
<b>Total shareholders' equity</b>	<b>36,750</b>	<b>35,253</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,924	4,623
Foreign currency translation adjustment	(240)	(0)
Remeasurements of defined benefit plans	234	224
<b>Total accumulated other comprehensive income</b>	<b>4,919</b>	<b>4,846</b>
<b>Total net assets</b>	<b>41,669</b>	<b>40,100</b>
<b>Total liabilities and net assets</b>	<b>84,611</b>	<b>78,213</b>



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	21,075	23,698
Cost of sales	16,025	18,035
Gross profit	5,049	5,662
Selling, general and administrative expenses	4,940	5,528
Operating profit	109	133
Non-operating income		
Interest income	0	2
Dividend income	65	73
Purchase discounts	86	95
Miscellaneous income	29	44
Total non-operating income	183	216
Non-operating expenses		
Interest expenses	19	15
Provision of allowance for doubtful accounts	–	1
Guarantee commission	19	16
Miscellaneous losses	14	13
Total non-operating expenses	53	46
Ordinary profit	239	303
Profit before income taxes	239	303
Income taxes - current	42	8
Income taxes - deferred	86	151
Total income taxes	128	159
Profit	110	143
Profit attributable to owners of parent	110	143

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	110	143
Other comprehensive income		
Valuation difference on available-for-sale securities	(396)	(301)
Foreign currency translation adjustment	–	239
Remeasurements of defined benefit plans, net of tax	(9)	(10)
Total other comprehensive income	(406)	(72)
Comprehensive income	(295)	71
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(295)	71
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.