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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



June 30, 2023

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  
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 Scheduled date of general shareholders' meeting: June 28, 2023  
 Scheduled date of commencing dividend payments: June 29, 2023  
 Scheduled date of filing securities report: June 30, 2023  
 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, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated Operating Results (% 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	%
Fiscal year ended March 31, 2023	126,696	15.1	7,730	22.8	8,172	14.8	5,230	10.7
March 31, 2022	110,120	0.4	6,297	2.0	7,120	4.6	4,724	(1.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥6,115 million [44.6%]

Fiscal year ended March 31, 2022: ¥4,227 million [(42.6)%]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	382.29	–	12.0	9.2	6.1
March 31, 2022	345.82	–	11.8	8.6	5.7

(Reference) Share of loss (profit) of entities accounted for using equity method:

Fiscal year ended March 31, 2023: ¥ – million

Fiscal year ended March 31, 2022: ¥ – million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	92,058	45,492	49.4	3,323.65
As of March 31, 2022	84,693	41,669	49.2	3,049.57

(Reference) Equity: As of March 31, 2023: ¥ 45,492 million

As of March 31, 2022: ¥ 41,669 million

(Note) The Company finalized a provisional accounting treatment concerning business combination in the three months ended December 31, 2022. The figures for the fiscal year ended March 31, 2022 reflect the finalization of the provisional accounting treatment.

### (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, 2023	4,758	(5,032)	(2,649)	4,938
March 31, 2022	11,010	(5,127)	(3,296)	7,660

### 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			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	–	17.00	–	122.00	139.00	1,900	40.2	4.7
March 31, 2023	–	49.00	–	113.00	162.00	2,229	42.4	5.1
March 31, 2024 (Forecast)	–	61.00	–	121.00	182.00		40.2	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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
	135,000	6.6	8,800	13.8	9,300	13.8	6,200	18.5	452.97



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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

With regard to the Japanese economy in the fiscal year under review, the severe conditions arising from COVID-19 were alleviated, and social and economic activities gradually normalized. On the other hand, the outlook still remained uncertain primarily due to the impacts of sharp foreign exchange rate fluctuations, a surge in resource prices originating from the Ukrainian situation, and a slowdown in the economy resulting from the global tightening of monetary policy.

Turning to the construction industry in which the Totech Group operates, despite a strong order intake owing to steady level of investment by both public and private sectors looking ahead to the end of the pandemic, 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 fiscal year 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 ¥126,696 million (up 15.1% year on year). On the profit front, even though there was an increase in selling, general and administrative expenses such as personnel expenses, thanks to gross profit steadily increasing in proportion to a rise in net sales, operating profit increased significantly to ¥7,730 million (up 22.8% year on year). As stated in the additional information presented on page 13, fraud-related losses were recorded under non-operating expenses following the exposure of fraudulent acts by an employee of a consolidated subsidiary of the Company. In addition, temporary foreign exchange gain and gain on sales of investment securities were recorded under non-operating income in the previous fiscal year. Consequently, ordinary profit amounted to ¥8,172 million, up only 14.8% year on year, however, the Company marked the 12th consecutive year of ordinary profit growth. Profit attributable to owners of parent totaled ¥5,230 million (up 10.7% year on year) due to the impact of several factors, including the recording of income taxes for prior periods associated with the fraudulent acts mentioned above.

#### <Product sales business>

The product sales business primarily purchases and sells facilities equipment with a focus on air conditioners, controllers, and energy efficient equipment, and provides related installation and after-sales services, etc. In the fiscal year under review, despite difficulties in securing some air conditioner products offered for sale caused by the deterioration of the semiconductor supply environment, owing to strong orders particularly due to the brisk demand associated with redevelopment projects in urban areas, net sales were ¥81,084 million (up 11.3% year on year). On the profit front, gross profit was ¥16,704 million (up 12.7% year on year) thanks to the expansion of air conditioner maintenance projects with relatively high profit margins.

#### <Construction business>

The construction business engages in instrumentation work, design and execution of a variety of construction, and maintenance. In the fiscal year under review, against a backdrop of worldwide efforts to achieve carbon neutrality moving forward and an increase in energy prices, and in an environment where higher energy efficiency continued to be sought, demand for instrumentation systems supplied by the Totech Group grew further, and electrical work in the energy business also expanded. In addition, newly consolidated overseas subsidiaries contributed to the business performance. As a result, net sales came to ¥47,837 million (up 23.4% year on year) and gross profit was ¥14,896 million (up 18.8% year on year).

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

### (Assets)

Total assets as of March 31, 2023 amounted to ¥92,058 million, an increase of ¥7,364 million from the end of the previous fiscal year. This was primarily attributable to a net increase of ¥6,318 million in trade receivables and inventories and an increase of ¥3,110 million in property, plant and equipment due to increases in buildings and structures and construction in progress, despite a decrease of ¥1,783 million in cash and deposits.

### (Liabilities)

Total liabilities as of March 31, 2023 amounted to ¥46,565 million, an increase of ¥3,541 million from the end of the previous fiscal year. This was primarily attributable to an increase of ¥2,923 million in notes and accounts payable - trade and electronically recorded obligations - operating and an increase of ¥691 million in income taxes payable.

### (Net assets)

Total net assets as of March 31, 2023 amounted to ¥45,492 million, an increase of ¥3,823 million from the end of the previous fiscal year. This was primarily attributable to a net increase of ¥2,887 million in retained earnings in which dividends paid were deducted from the recording of profit attributable to owners of parent, an increase of ¥653 million in foreign currency translation adjustment due to the fluctuation in foreign exchange rates, and an increase of ¥451 million in valuation difference on available-for-sale securities resulting from a raise in the market value of held securities.

As a result, the equity ratio for the fiscal year under review stood at 49.4%, a 0.2% 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 ¥4,938 million, a decrease of ¥2,722 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 ¥4,758 million (the previous fiscal year saw income of ¥11,010 million). This was primarily attributable to an increase in Funds due to recording ¥8,182 million in profit before income taxes against the backdrop of strong business performance, an increase of ¥2,843 million in trade payables, and a depreciation of ¥1,335 million, although there was a decrease in Funds due to ¥2,329 million in income taxes paid in addition to an increase of ¥5,756 million in trade receivables.

### (Cash flows from investing activities)

Funds used in investing activities at the end of the fiscal year under review amounted to ¥5,032 million (the previous fiscal year saw expenditures of ¥5,127 million). This was primarily due to ¥4,304 million in purchase of property, plant and equipment and ¥1,070 million in payments into time deposits.

### (Cash flows from financing activities)

Funds used in financing activities at the end of the fiscal year under review amounted to ¥2,649 million (the previous fiscal year saw expenditures of ¥3,296 million). This was primarily due to ¥2,340 million in dividends paid. The net increase in interest-bearing liabilities, such as borrowings, totaled ¥41 million.

#### (4) Future Outlook

With respect to the outlook of the next fiscal year, though large-scale redevelopment projects mainly in urban areas are expected to continue in the construction industry, as soaring energy and raw material prices, constraints on the supply of materials, aging of skilled workers, and a decline in the number of workers at the construction sites are anticipated, the business environment in which the Totech Group operates is expected to remain uncertain and difficult.

In order to respond to this situation, the Totech Group has formulated a medium-term management plan for the three years starting in the fiscal year ending March 31, 2024. The Totech Group will drive its business forward, centering on the following four strategies set forth in the “Totech Group Medium-term Management Plan” (FY2023-2025).

1. Investment in human resources  
Human resources constitute an important foundation that supports the creation of social and economic values, and we will continuously strengthen and invest in them.
2. ESG-focused management  
We will promote concrete action plans from the perspectives of the environment, society, and governance for the benefit of all stakeholders.
3. Strengthen core business  
We will focus on large-scale and high-profit projects and cement relationships with existing customers and increase new customers to expand sales and strengthen profitability. In addition, we will further strengthen the comprehensive strengths of the Totech Group, which can provide a wide range of solutions in an integrated package, and enhance our profitability and growth potential.
4. Expand overseas business  
We will expand our overseas business by broadening our solutions, customer base, and areas while strengthening our human resources and structure.

Through these growth strategies, the Company aims to achieve consolidated net sales of ¥150,000 million and consolidated ordinary profit of ¥10,000 million in the fiscal year ending March 31, 2026.

Regarding the full-year consolidated financial results forecast for the fiscal year ending March 31, 2024, the Company expects net sales of ¥135,000 million (up 6.6% compared to the fiscal year under review), operating profit of ¥8,800 million (up 13.8%), ordinary profit of ¥9,300 million (up 13.8%), and profit attributable to owners of parent of ¥6,200 million (up 18.5%).

#### 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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,836	6,052
Notes and accounts receivable - trade, and contract assets	23,863	29,412
Electronically recorded monetary claims - operating	7,897	7,976
Inventories	3,733	4,424
Accounts receivable - other	2,189	1,917
Other	771	371
Allowance for doubtful accounts	(59)	(51)
Total current assets	46,231	50,103
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,878	12,489
Land	8,721	8,755
Leased assets	1,076	1,125
Construction in progress	208	1,948
Other	801	1,058
Accumulated depreciation	(4,157)	(4,738)
Total property, plant and equipment	17,528	20,639
Intangible assets		
Goodwill	1,992	1,633
Software	1,930	1,462
Software in progress	93	69
Other	967	1,153
Total intangible assets	4,983	4,318
Investments and other assets		
Investment securities	11,761	12,655
Deferred tax assets	344	449
Retirement benefit asset	421	277
Other	3,500	3,690
Allowance for doubtful accounts	(78)	(76)
Total investments and other assets	15,949	16,996
Total non-current assets	38,462	41,955
Total assets	84,693	92,058



(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,607	13,480
Electronically recorded obligations - operating	6,979	9,030
Short-term borrowings	5,490	6,790
Current portion of bonds payable	32	–
Income taxes payable	1,281	1,973
Provision for bonuses	2,646	2,956
Provision for bonuses for directors (and other officers)	37	13
Other	4,232	3,535
Total current liabilities	33,307	37,779
Non-current liabilities		
Long-term borrowings	6,763	5,537
Deferred tax liabilities	1,044	1,113
Provision for retirement benefits for directors (and other officers)	966	162
Retirement benefit liability	455	534
Other	486	1,436
Total non-current liabilities	9,716	8,785
Total liabilities	43,023	46,565
Net assets		
Shareholders' equity		
Share capital	1,857	1,857
Capital surplus	2,081	2,259
Retained earnings	32,946	35,833
Treasury shares	(134)	(261)
Total shareholders' equity	36,750	39,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,924	5,376
Foreign currency translation adjustment	(240)	412
Remeasurements of defined benefit plans	234	14
Total accumulated other comprehensive income	4,919	5,803
Total net assets	41,669	45,492
Total liabilities and net assets	84,693	92,058

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	110,120	126,696
Cost of sales	82,735	95,086
Gross profit	27,384	31,610
Selling, general and administrative expenses	21,087	23,879
Operating profit	6,297	7,730
Non-operating income		
Interest income	2	17
Dividend income	214	236
Purchase discounts	353	393
Gain on sales of investment securities	119	–
Foreign exchange gain	193	–
Compensation income	33	–
Miscellaneous income	94	227
Total non-operating income	1,012	875
Non-operating expenses		
Interest expenses	80	87
Guarantee commission	73	74
Compensation expenses	0	72
Foreign exchange losses	–	4
Fraud-related losses	–	156
Miscellaneous losses	35	36
Total non-operating expenses	189	432
Ordinary profit	7,120	8,172
Extraordinary income		
Gain on sale of non-current assets	–	15
Total extraordinary income	–	15
Extraordinary losses		
Impairment losses	–	56
Total extraordinary losses	–	56
Profit before income taxes	7,120	8,130
Income taxes - current	2,358	2,845
Income taxes for prior periods	–	202
Income taxes – deferred	37	(148)
Total income taxes	2,395	2,900
Profit	4,724	5,230
Profit attributable to owners of parent	4,724	5,230

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	4,724	5,230
Other comprehensive income		
Valuation difference on available-for-sale securities	(326)	451
Foreign currency translation adjustment	(240)	653
Remeasurements of defined benefit plans, net of tax	70	(220)
Total other comprehensive income	(496)	884
Comprehensive income	4,227	6,115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,227	6,115

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,857	2,081	29,397	(160)	33,175
Cumulative effect of accounting change			(26)		(26)
Restated balance	1,857	2,081	29,370	(160)	33,148
Changes of items during period					
Dividends of surplus			(1,148)		(1,148)
Profit attributable to owners of parent			4,724		4,724
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				26	26
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,575	25	3,601
Balance at end of current period	1,857	2,081	32,946	(134)	36,750

	Accumulated other comprehensive income				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	5,251	-	164	5,416	38,591
Cumulative effect of accounting change					(26)
Restated balance	5,251	-	164	5,416	38,564
Changes of items during period					
Dividends of surplus					(1,148)
Profit attributable to owners of parent					4,724
Purchase of treasury shares					(0)
Disposal of treasury shares					26
Net changes of items other than shareholders' equity	(326)	(240)	70	(496)	(496)
Total changes of items during period	(326)	(240)	70	(496)	3,104
Balance at end of current period	4,924	(240)	234	4,919	41,669

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,857	2,081	32,946	(134)	36,750
Changes of items during period					
Dividends of surplus			(2,342)		(2,342)
Profit attributable to owners of parent			5,230		5,230
Purchase of treasury shares				(159)	(159)
Disposal of treasury shares		178		31	210
Net changes of items other than shareholders' equity					
Total changes of items during period	-	178	2,887	(127)	2,938
Balance at end of current period	1,857	2,259	35,833	(261)	39,688

	Accumulated other comprehensive income				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	4,924	(240)	234	4,919	41,669
Changes of items during period					
Dividends of surplus					(2,342)
Profit attributable to owners of parent					5,230
Purchase of treasury shares					(159)
Disposal of treasury shares					210
Net changes of items other than shareholders' equity	451	653	(220)	884	884
Total changes of items during period	451	653	(220)	884	3,823
Balance at end of current period	5,376	412	14	5,803	45,492

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,120	8,130
Depreciation	1,311	1,335
Gain on sale of non-current assets	–	(15)
Impairment losses	–	56
Amortization of goodwill	377	550
Loss (gain) on sale of short-term and long-term investment securities	(119)	–
Interest and dividend income	(217)	(254)
Interest expenses	51	56
Foreign exchange losses (gains)	(193)	(5)
Fraud-related losses	–	156
Compensation expenses	0	72
Increase (decrease) in allowance for doubtful accounts	6	(10)
Increase (decrease) in provision for bonuses	168	289
Increase (decrease) in retirement benefit liability	236	(241)
Decrease (increase) in trade receivables	4,739	(5,756)
Decrease (increase) in inventories	(1,884)	(672)
Decrease (increase) in accounts receivable - other	1,153	793
Increase (decrease) in trade payables	541	2,843
Increase (decrease) in accrued consumption taxes	325	(153)
Other, net	(93)	(108)
Subtotal	13,524	7,066
Interest and dividend income received	216	254
Interest expenses paid	(53)	(57)
Fraud-related expenses paid	–	(103)
Compensation expenses paid	(0)	(72)
Income taxes paid	(2,675)	(2,329)
Net cash provided by (used in) operating activities	11,010	4,758
<b>Cash flows from investing activities</b>		
Payments into time deposits	(84)	(1,070)
Proceeds from withdrawal of time deposits	82	134
Purchase of property, plant and equipment	(1,599)	(4,304)
Proceeds from sales of property, plant and equipment	37	36
Purchase of intangible assets	(633)	(40)
Purchase of investment securities	(91)	(241)
Proceeds from sale and redemption of investment securities	187	23
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,128)	–
Other, net	102	431
Net cash provided by (used in) investing activities	(5,127)	(5,032)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(570)	980
Proceeds from long-term borrowings	3,900	4,290
Repayments of long-term borrowings	(5,098)	(5,196)
Redemption of bonds	(28)	(32)
Dividends paid	(1,147)	(2,340)
Other, net	(352)	(349)
Net cash provided by (used in) financing activities	(3,296)	(2,649)
Effect of exchange rate change on cash and cash equivalents	193	200
Net increase (decrease) in cash and cash equivalents	2,779	(2,722)
Cash and cash equivalents at beginning of period	4,880	7,660
Cash and cash equivalents at end of period	7,660	4,938

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation method)

(Consolidated statements of income)

“Compensation expenses,” which were included in “miscellaneous losses” under “non-operating expenses” in the previous fiscal year, have been presented separately from the fiscal year under review due to their increased financial significance. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, the ¥36 million of “miscellaneous losses,” which were presented under “non-operating expenses” in the consolidated statements of income for the previous fiscal year, have been reclassified as ¥0 million of “compensation expenses” and ¥35 million of “miscellaneous losses.”

(Consolidated statements of cash flows)

“Increase (decrease) in provision for retirement benefits for directors (and other officers),” which was presented separately under “cash flows from operating activities” in the previous fiscal year, has been included in “other, net” from the fiscal year under review due to its reduced significance. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, the ¥6 million of “increase (decrease) in provision for retirement benefits for directors (and other officers)” and ¥(99) million of “other, net,” which were presented under “cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year, have been reclassified as ¥(93) million of “other, net.”

“Compensation expenses,” which were included in “other, net” under “cash flows from operating activities” in the previous fiscal year, have been presented separately from the fiscal year under review due to their increased significance. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, ¥0 million of “compensation expenses” and ¥0 million of “compensation expenses paid” have been presented separately and the ¥13,523 million of “subtotal” has been modified to ¥13,524 million under “cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year.

(Additional information)

(Fraudulent acts by an employee of a consolidated subsidiary of the Company)

In the process of a tax investigation in mid-April 2023 on Totech Denko Corporation (“Totech Denko”), a consolidated subsidiary of the Company, an alleged case of inappropriate transactions was exposed, in which an employee of Totech Denko who is General Manager of Business Division and General Manager of Sales Department was involved. In response to it, the Company established on May 10, 2023 a Special Investigation Committee chaired by an outside specialist who has no conflict of interest with the Company to conduct an investigation into the case and received results of the investigation on June 29, 2023.

A brief description of the case and the amount of impact are as follows.

In relation to the orders for electrical works received by Totech Denko, it became known that the employee recorded fictitious outsourcing expenses to a specific supplier and had Totech Denko make payments of the fictitious outsourcing expenses to the supplier. The outsourcing expenses paid over the period of 11 years from April 1, 2012 to March 31, 2023 totaled ¥639 million. As the impact on our financial results, including operating profit, ordinary profit, profit before income taxes, and profit attributable to owners of parent for each of the eleven fiscal years, is all immaterial, the Company has decided to make no revision to the financial statements for the past fiscal years. The impact on the fiscal year under review is recording of fraud-related expenses comprised of ¥103 million in fictitious outsourcing expenses and ¥53 million yen in consumption taxes for prior periods, as well as ¥202 million in income taxes for prior periods.

(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

The profit of reportable segments are 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, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements
	Product Sales Business	Construction Business	Total				
Net sales							
Net sales to outside customers	71,408	38,668	110,077	43	110,120	-	110,120
Inter-segment net sales or transfers	1,467	86	1,553	-	1,553	(1,553)	-
Total	72,875	38,755	111,630	43	111,673	(1,553)	110,120
Segment profit (Note 3)	14,822	12,542	27,365	19	27,384	0	27,384
Segment assets	52,954	30,638	83,593	199	83,792	901	84,693
Other items							
Depreciation	-	1	1	17	19	(1)	17
Impairment losses	-	-	-	-	-	-	-
Changes in property, plant and equipment and intangible assets	1,363	2,763	4,127	0	4,128	0	4,129

(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 ¥0 million mainly represents elimination related to inter-segment transactions.

(2) The adjustment of segment assets of ¥901 million includes ¥1,175 million of corporate assets not allocated to reportable segments and ¥(273) million of elimination of receivables and payables between reportable segments. Corporate assets mainly represent surplus operating funds and long-term investment funds.

3. Segment profit is adjusted against gross profit in consolidated statements of income.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements
	Product Sales Business	Construction Business	Total				
Net sales							
Net sales to outside customers	78,897	47,766	126,663	32	126,696	-	126,696
Inter-segment net sales or transfers	2,187	70	2,258	-	2,258	(2,258)	-
Total	81,084	47,837	128,922	32	128,954	(2,258)	126,696
Segment profit (Note 3)	16,704	14,896	31,600	11	31,612	(2)	31,610
Segment assets	54,080	35,715	89,795	175	89,971	2,087	92,058
Other items							
Depreciation	-	3	3	15	18	(1)	17
Impairment losses	35	21	56	0	56	-	56
Changes in property, plant and equipment and intangible assets	981	1,528	2,509	0	2,509	-	2,509

(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 ¥(2) million mainly represents elimination related to inter-segment transactions.

(2) The adjustment of segment assets of ¥2,087 million includes ¥2,225 million of corporate assets not allocated to reportable segments and ¥(138) million of elimination of receivables and payables between reportable segments. Corporate assets mainly represent surplus operating funds and long-term investment funds.

3. Segment profit is adjusted against gross profit in consolidated statements of income.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥3,049.57	¥3,323.65
Basic earnings per share	¥345.82	¥382.29

(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, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	4,724	5,230
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	4,724	5,230
Average number of common shares outstanding during the period (Shares)	13,662,155	13,682,128

(Significant subsequent events)

Not applicable.