

# COMPANY RESEARCH AND ANALYSIS REPORT

**TOYOKOH Inc.**

**341A**

Tokyo Stock Exchange Growth Market

17-Jul.-2025

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<https://www.fisco.co.jp>

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## Summary

### The CoolLaser business has finally moved from the investment phase to profitability, and there is ample room for profit growth

TOYOKOH Inc. <341A> (hereafter, also “the Company”) operates the SOSEI business, which uses its own unique method to paint and waterproof roofs of aging factories and other buildings, and the CoolLaser business, which manufactures and sells processing equipment to remove rust from aging social infrastructure such as bridges and steel towers. The SOSEI business, which is the Company’s original business, serves as a stable source of earnings, and with the aging of social infrastructure currently becoming a social issue, the Company has invested a lot of management resources into the growing CoolLaser business. Currently, profits are expanding following the launch of a commercial model of the product, and the Company’s actions are attracting attention from the perspective of solving social issues.

#### 1. Overview of FY3/25 results

In FY3/25, net sales increased 84.9% year on year (YoY) to ¥2,025mn. Operating profit was ¥301mn, ordinary profit was ¥262mn, and net profit was ¥321mn, as the Company turned profitable, and all sales and profit lines were record highs. The SOSEI business performed steadily on the back of large projects, and CoolLaser saw a full-fledged contribution from equipment sales. Since FY3/19, when full-scale development of CoolLaser began, the business has been in the red, but it became profitable as product deliveries began. In addition, a decrease in research and development expenses since the launch of the “G19-6000” series has also contributed to improved profitability.

#### 2. FY3/26 forecasts

For FY3/26, the Company expects net sales to increase 48.1% YoY ¥3,000mn, operating profit to increase 92.5% to ¥580mn, ordinary profit to increase 113.0% to ¥560mn, and net profit to increase 49.5% to ¥480mn, all of which are expected to be record highs. The forecast assumes the delivery of 12 CoolLasers in FY3/26. The lead time is usually around six months, and there are six units on backlog (as of March 2025), so the remaining six units will need to be ordered to achieve the plan. Given the recent IPO and the media reports and PR benefits related to its selection as a semi-recommended technology by the Ministry of Land, Infrastructure, Transport and Tourism, it is believed that there is a high possibility that the Company will be able to achieve its forecasts.

#### 3. Progress of medium-term management plan

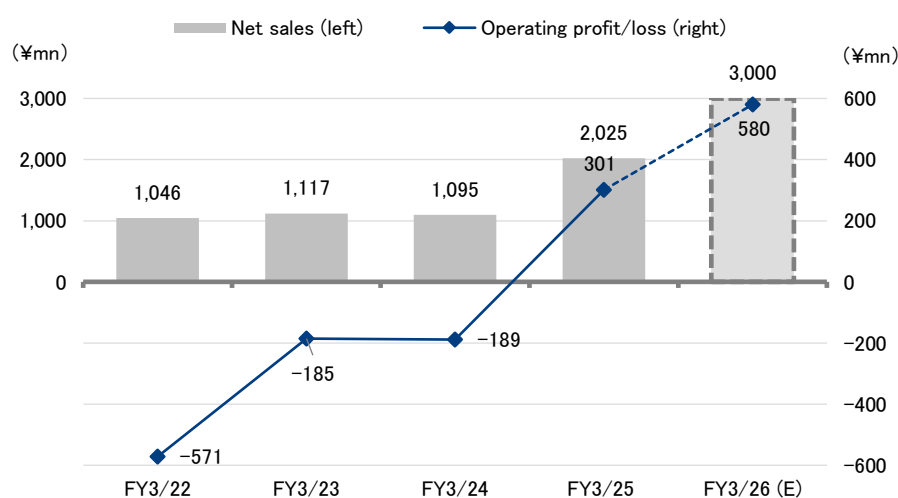
The Company announced its medium-term management plan for the CoolLaser business on December 9, 2024. It has set minimum and maximum delivery targets for each fiscal year up to FY3/28, with 9–15 units for FY3/26, 16–29 units for FY3/27, and 35–65 units for FY3/28. In addition, the Company has set a target of 120 units for FY3/30, which is the fifth fiscal year with FY3/26 as the first fiscal year of the plan period. Given the estimated domestic market size of ¥80.0bn, there is significant room for growth. Another upside is that the Company is looking to expand overseas. In the future, FISCO would like to watch the strengthening of organizational management in line with the expansion in scale, such as the production system, maintenance and management, personnel recruitment, and corporate governance.

## Summary

### Key Points

- The Company has two pillars: the SOSEI business and the CoolLaser business
- The CoolLaser business has moved from the research and development phase to the revenue-earning phase, and its earnings are expanding
- FY3/26 profits are expected to be the highest ever. There is also room for growth in the CoolLaser business
- As infrastructure ages, there is significant demand both domestically and overseas, and the upside is considerable

### Results trends



Source: Prepared by FISCO from the Company's financial results and results briefing materials

## Company profile

### The Company's original SOSEI business is its source of revenue, and it aims to expand its CoolLaser business

#### 1. Company profile

The Company operates the SOSEI business, which uses its own unique method to paint and waterproof the roofs of aging factories and other buildings, and the CoolLaser business, which manufactures and sells processing equipment to remove rust from aging social infrastructure such as bridges and steel towers. The SOSEI business, which was the Company's original business, serves as a stable source of earnings, and now, with the aging of social infrastructure becoming a social issue, the Company is allocating management resources to the growing CoolLaser business, with the aim of growing the business.

#### Company profile

The Company was founded in 1996 as a painting and waterproofing company. Then, in 2003, current CEO Kazuaki Toyosawa joined the Company and it transitioned to a technology-oriented business structure. The first turning point came in 2006, when the Company developed a unique spray cover method called SOSEI to extend the life and insulate existing slate roofs. The Company established a differentiated model of “contracted install + in-house technology” and expanded its business by capturing demand for factory and warehouse repairs and renovations.

In 2008, Toyosawa enrolled in the Graduate School of Optical Industries and began joint research on CoolLaser, a rust removal technology that uses a high-power laser. Since its founding, the Company has consistently worked on the fundamental challenges faced by construction and civil engineering sites, and one of its unique features is that it does not stick to traditional methods but instead draws inspiration from the latest engineering perspectives.

In 2014, the Company opened its Hamamatsu Research Laboratory and began full-scale development. From 2018 to 2024, the Company raised a total of approximately ¥2.3bn in funding, thereby accelerating research and development. The Company’s entry into the laser field was the second leap forward in establishing a unique position in the “construction x optics” domain. In 2023, the Company commercially launched the CoolLaser “G19-6000” series, an outdoor laser device with the world’s highest output of 5.4 kW, and the Company is now moving into the business expansion and profitability phase as an equipment manufacturer.

In FY3/25, the Company listed on the Tokyo Stock Exchange Growth Market. CoolLaser was selected as a “semi-recommended technology” for 2025 by the Ministry of Land, Infrastructure, Transport and Tourism’s NETIS (New Technology Information System), and is being fully adopted for public infrastructure projects such as bridges and steel towers.

## 2. Business overview

The Company’s business is based on two pillars: SOSEI and CoolLaser. SOSEI is a unique method for restoring the roofs of aging factories and warehouses with three layers of special resin, and is the only technology that simultaneously achieves waterproofing, insulation, and reinforcement. SOSEI also makes it possible to install solar panels, helping buildings achieve both decarbonization and BCPs (Business Continuity Plans). SOSEI enables work to be done without the need for customers to stop operations and without damaging roofs. CoolLaser is a high-power laser device aimed at removing rust and paint from social infrastructure (bridges, steel towers, etc.). Compared to conventional blasting methods, this method can suppress dust, industrial waste, salt residue, and the dispersion of harmful substances, and boasts the world’s highest level of output at 5.4 kW. The Company has a track record of supplying products to major electric power companies and construction equipment rental companies, and both businesses are hybrid models that combine product sales and construction services. The Company is working to diversify revenue sources such as equipment sales, consumables, maintenance, and construction.

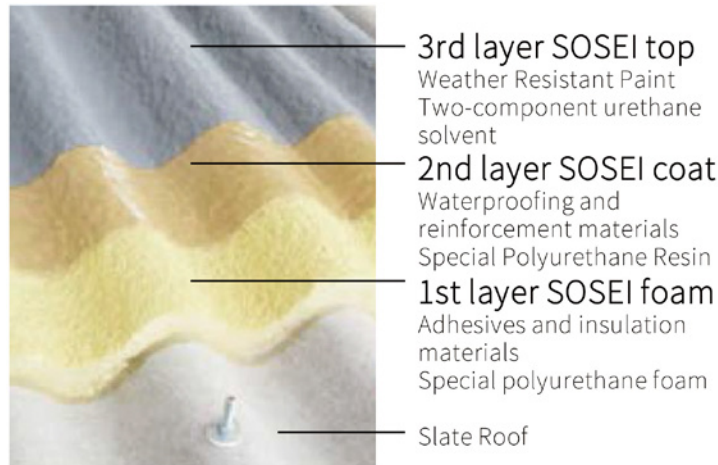
### (1) SOSEI Business

This business provides work on aging slate roofs at factories located mainly along the Pacific Belt Zone. Factories have a need to extend the life and reinforce aging roofs without stopping operations, and SOSEI has advantages over conventional work methods. There is also a method called metal covering for reinforcing roofs, but SOSEI’s method is relatively inexpensive and lightweight in terms of load, so it has earned a good reputation from customers as a well-balanced method. Repeat business from customers is also high, providing a stable revenue base.

Another feature of SOSEI is that it uses a technology that involves coating with three special layers of resin. The first and second layers use special resins that harden instantly, making it possible to create a strong finish quickly. In addition, the resin used in the first layer has an external insulating effect, contributing to a building’s heating and cooling efficiency by keeping heat out in the summer and retaining heat in the winter.

## Company profile

## Overview of SOSEI product



Note 1: The first insulating layer keeps the building cool in the summer, improving cooling efficiency, and in the winter, it keeps the building warm, improving heating efficiency.

Note 2: Patent No. 7332142, 6815548

Source: The Company's results briefing materials

In recent years, in addition to the aging of factories, the effects of climate change have been a tailwind for the business. There have been cases of typhoons, earthquakes, and rising temperatures directly damaging factory equipment and products, and the needs for roof and wall repair work have increased dramatically.

As for other initiatives, the Company is seeing the need for solar panel installation as a business opportunity. Previously, it was not possible to install heavy solar panels on slate roofs, but SOSEI has increased the durability of such slate roofs, making it possible to install solar panels on them (patent pending). Currently, the Company has received many inquiries from major businesses operating PPAs (power purchase agreements), and it plans to strengthen this as a new business.

## (2) CoolLaser business

CoolLaser is a high-powered rust-removal laser application device that applies high-power lasers that are traditionally used for cutting and welding processes inside factories to cleaning purposes, making it possible to remove thick rust and paint films. The Company manufactures and sells equipment and provides consumables and maintenance services to related construction companies in four key fields: bridges (roads and railways), steel towers (communications and power transmission), maritime (shipping and docks), and others (plants and storage).

There are three advantages to using lasers. First, the biggest advantage is that it produces zero secondary industrial waste, and no garbage is produced overall. Secondly, rust has salt mixed in with it, but CoolLaser can evaporate and remove the salt in the rust removal process. With existing technologies, it is difficult to remove salt, and painting without removing the salt can lead to poor durability and the recurrence of rust, but this technology solves this issue. Finally, it ensures safety for the installers. The tip of the CoolLaser has a dust collection system, which allows work to be carried out safely without scattering any harmful substances that are mixed in with the paint film.

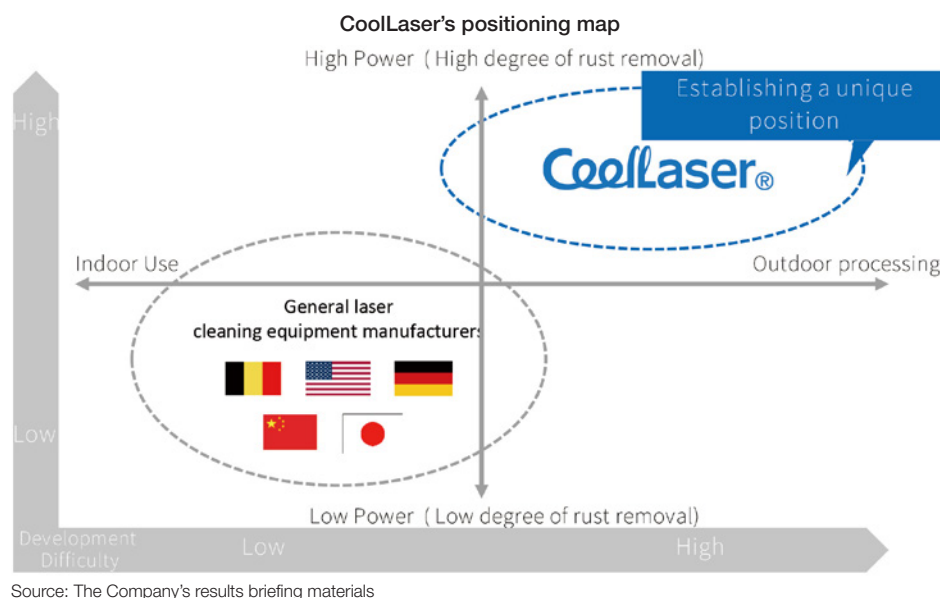
Next, a distinctive feature of CoolLaser's laser technology is that it removes rust on surfaces through circular rotating irradiation. The Company's competitive advantage comes from possessing patented technology that is simple yet has a very high barrier to entry. The Company has obtained 23 patents both in Japan and overseas, with 16 more pending (as of the end of February 2025).

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#### Company profile

With typical laser cleaning technologies, rust on outdoor infrastructure is thick and difficult to remove, but CoolLaser utilizes a continuous wave high-power laser used in laser welding and laser cutting, and combines it with patented high-speed rotation technology to avoid heat damage. Compared to other products, the greatly improved output of 5.4 kW sets it apart as a product that is used exclusively for outdoor work projects.

In addition, the Company took the lead in establishing the Society of Laser Processing for Transportable System in 2019, and has actively worked to develop the field by formulating safety guidelines and establishing the JIS standard “JIS Z 2358:2019 Measurement method for rust removal on laser-treated surfaces” in cooperation with the Ministry of Economy, Trade and Industry. These and other initiatives are part of the Company’s efforts to establish rules for societal implementation in both the public and private sectors. The Company believes that it will be able to strengthen its competitive advantage by establishing its presence and brand in the civil engineering and construction industries.



In addition, the Company has a track record of many projects in the SOSEI business, and it is believed that general contractors, railway companies, heavy industry companies, and steel manufacturers could be potential customers for CoolLaser. Going forward, it will be possible to accelerate business expansion by further accelerating cross-selling of both businesses.

As the aging of infrastructure, climate change risks, and the need for labor-saving initiatives progress simultaneously, interest in efficient and sustainable maintenance methods is growing in the construction industry. According to the Ministry of Land, Infrastructure, Transport and Tourism, more than 75% of bridges are expected to be more than 50 years old by 2040, and the Company’s technology will help with the renewal and repair of these bridges. Going forward, there is a risk that CoolLaser will be faced with the entry of new competitors and the rise of other technologies, but given the Company’s patented technology, the credibility gained from the establishment of standards in both the public and private sectors, and its track record as a front-runner, FISCO believes that the Company’s advantage position in this field will be strong for the time being.

## Results trends

### Sales of CoolLaser have started in earnest, resulting in achieving profitability. Net sales and ordinary profit set record highs

#### ● Overview of FY3/25 results

In FY3/25, net sales increased 84.9% YoY to ¥2,025mn. Operating profit was ¥301mn, ordinary profit was ¥262mn, and net profit was ¥321mn, as the Company turned profitable and all line items were record highs. The SOSEI business performed steadily on the back of large projects, and equipment sales significantly contributed to CoolLaser's performance. Since FY3/19, when full-scale development of CoolLaser began, the Company had been posting losses, but it has become significantly profitable as product deliveries have begun. In addition, a decrease in research and development expenses since the launch of the G19-6000 series has also contributed to improved profitability.

#### FY3/25 results

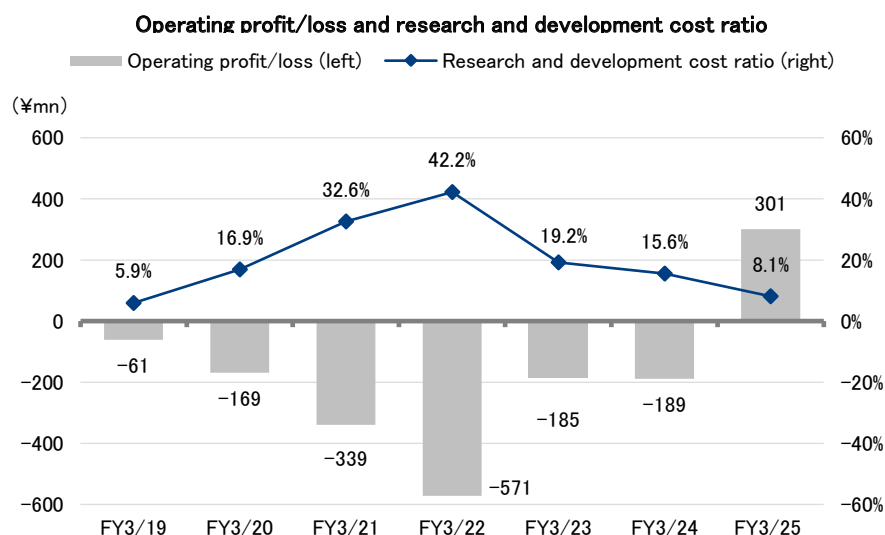
	FY3/24		FY3/25		YoY	
	Results	vs. net sales	Results	vs. net sales	Change amount	% change
Net sales	1,095	-	2,025	-	930	84.9%
SOSEI	1,058	96.6%	1,603	79.1%	544	51.4%
CoolLaser	36	3.4%	422	20.9%	386	1,051.4%
Gross profit	305	27.9%	862	42.6%	556	182.1%
SG&A expenses	494	45.2%	561	27.7%	66	13.5%
Operating profit/loss	-189	-17.3%	301	14.9%	490	-
SOSEI	280	26.5%	571	35.7%	291	104.1%
CoolLaser	-325	-885.4%	-69	-16.4%	255	-
Corporate expenses	-143	-	-201	-	-57	-
Ordinary profit/loss	-157	-14.4%	262	13.0%	420	-
Net profit/loss	-158	-14.5%	321	15.8%	479	-

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Company-wide earnings have improved significantly due to the gradual decline in research and development costs in the CoolLaser business. The research and development cost ratio (research and development costs / net sales) peaked at 42.2% in FY3/22 and then declined, reaching 8.1% in FY3/25, the lowest since FY3/20. Meanwhile, the operating loss also hit its lowest point in recent years at ¥571mn in FY3/22, but since then, as net sales have grown and research and development costs have decreased, operating profit for FY3/25 reached a record high of ¥301mn.



## Results trends



Source: Prepared by FISCO from the Company's results briefing materials

## Outlook

**Operating profit is expected to increase 92% YoY due to the growth of CoolLaser sales, and there is a high probability of achieving the target deliveries**

### ● FY3/26 forecasts

For FY3/26, net sales are expected to increase 48.1% YoY ¥3,000mn, operating profit to increase 92.5% to ¥580mn, ordinary profit to increase 113.0% to ¥560mn, and net profit to increase 49.5% to ¥480mn, all of which are expected to be record highs.

### FY3/26 forecasts

	FY3/25		FY3/26		
	Results	vs. net sales	Forecast	vs. net sales	% change
Net sales	2,025	-	3,000	-	48.1%
Operating profit	301	14.9%	580	19.3%	92.5%
Ordinary profit	262	13.0%	560	18.7%	113.0%
Net profit	321	15.8%	480	16.0%	49.5%
Earnings per share (¥)	27.09		35.47		

Source: Prepared by FISCO from the Company's financial results

## Outlook

For the SOSEI business, net sales are expected to increase 6.1% YoY to ¥1,700mn, and gross profit is expected to increase 3.7% to ¥730 million. Investment demand for aging factories, mainly in the Pacific Belt Zone, for natural disaster countermeasures and energy conservation remains solid, and results are expected to remain strong this fiscal year as well. The net sales growth rate for FY3/26 is expected to be 6.1%, but this is based on the fact that the compound annual growth rate (CAGR) from FY3/19 to FY3/24 was around 10%. Large-scale projects are continuing from FY3/25, and stable earnings are expected to be the revenue base.

In addition, starting in FY3/26 the Company plans to begin a new business of using the SOSEI install method to install solar panels on roofs, which was previously difficult to do. Attracting new demand is likely to be an upside factor for performance in the SOSEI business.

For the CoolLaser business, net sales are expected to increase significantly from ¥422mn in FY3/25 to ¥1,300mn, and gross profit is expected to increase from ¥158mn to ¥470mn.

The forecast assumes the delivery of 12 CoolLaser G19 units this fiscal year. The price of the product is around ¥100mn per unit, and profits will be recorded after product delivery. The lead time is usually six months from the time the order is received, and as of May 2025 there are six units on order, so the Company will need to acquire orders for the other six units in order to achieve the target. Considering the recent IPO and the coverage and publicity effects related to being selected as a semi-recommended technology, FISCO believes that the probability of achieving the plan is high.

## Medium- to long-term growth strategies

### Focusing on manufacturing and expanding sales of CoolLaser, the Company is aiming to deliver 120 units by FY3/30

#### ● Medium-term management plan

The Company announced its medium-term management plan for the CoolLaser business on December 9, 2024. It has set minimum and maximum delivery targets for each fiscal year up to FY3/28, with 9–15 units for FY3/26, 16–29 units for FY3/27, and 35–65 units for FY3/28. In addition, the Company has set a target of 120 units for FY3/30, which is the fifth fiscal year with FY3/26 as the first fiscal year of the plan period.

CoolLaser annual target for units delivered

	(units)				
	FY3/25	FY3/26	FY3/27	FY3/28	FY3/30
Units delivered	3–4	9–15	16–29	35–65	120

Source: Prepared by FISCO from the Company's results briefing materials

### Medium- to long-term growth strategies

The growth strategy for the CoolLaser business includes the following three points.

#### (1) Expansion of sales through applied development

The four priority fields are bridges, steel towers, maritime, and others. There are many projects where the basic model (the G19) can be applied, but the Company believes there is room for sales expansion through applied development. Specifically, the target fields are bridges (roads and railways) and steel towers (power transmission). The domestic market size for the four fields combined is estimated to be more than ¥80.0bn per year (FY2023).

#### (2) Making features within specifications for each market field

Each of the priority fields has its own industry-specific ordering rules (construction specifications). In the past, the Company made its product features within the required specifications, mainly in the field of communication towers. However, for example, in the bridge domain (roads), which is the largest market, there is a construction specification called the “Handbook for Corrosion Prevention of Steel Road Bridges.” Going forward, the Company plans to further expand sales of its products by meeting the ordering rules of each field.

#### (3) Overseas development

The Company is also considering expanding overseas in the future. It is considering ways to export to overseas customers, mainly to countries and regions of a certain economic scale and with areas that have salt damage (areas facing the sea or areas where antifreeze is sprayed in winter). From the perspective of after-sales maintenance such as sales of consumables and maintenance, the Company plans to identify partner companies in each country and territory and build collaborative relationships.

Areas of key initiatives for CoolLaser



Source: The Company's results briefing materials

The Company is building a competitive advantage and first-mover advantage in the CoolLaser business through technology and patents, and is steadily expanding its results. On the other hand, as the CoolLaser business is a manufacturing industry that needs to provide products to customers, it will be important to acquire engineers, establish efficient operations, and strengthen corporate governance as it expands further. The Company plans to expand its workforce from 40 to 50 this fiscal year, and FISCO will be keeping a close eye on the Company's business operations, including its production system as well as maintenance and management.

## ■ Shareholder return policy

**The Company is prioritizing the increase in shareholder value through business expansion and strengthening its financial position, and will not pay a dividend in the near term**

The Company has not paid a dividend since it was founded. For the near term, it believes that strengthening its financial position through internal reserves and investing in future business development will lead to further business expansion, which it believes will lead to returning profits to shareholders. However, over the medium to long term, the Company considers returning profits to shareholders to be an important management issue, and will consider paying dividends while taking into account its financial position and business performance.

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