COMPANY RESEARCH AND ANALYSIS REPORT

‖ Company Research and Analysis ‖

TOYOKOH Inc.

341A

Tokyo Stock Exchange Growth Market

Company Information

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On track to achieve a third consecutive fiscal year of sales and profit growth with strong demand; high growth driven by infrastructure maintenance technology

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 also attracting attention from the perspective of solving social issues.

Keeping steady progress toward maintaining high growth with a necessary and sufficient lead for meeting earnings forecast

1. Overview of FY3/26

The FY3/26 financial results announced on May 13, 2026 exceeded preliminary forecasts that anticipated high growth (net sales of ¥3,000mn and operating profit of ¥580mn), with net sales up 54.7% year on year (YoY) to ¥3,133mn and operating profit up 108.8% to ¥629mn. By segment, net sales for the SOSEI business increased 11.3% to ¥1,783mn and operating profit rose 10.2% to ¥630mn. Net sales for the CoolLaser business increased 219.3% to ¥1,350mn and operating profit was ¥249mn (compared with an operating loss of ¥69mn in the previous fiscal year). This demonstrated a pronounced ramp-up of the CoolLaser business, which successfully turned a profit. Cumulative deliveries of CoolLaser units totaled 12 for all of FY3/26.

2. FY3/27 forecasts

For FY3/27, the Company expects net sales to increase 27.7% YoY to ¥4,000mn and operating profit to increase 25.6% to ¥790mn, putting the Company on track to achieve its third consecutive fiscal year of sales and profit growth. While both the SOSEI and CoolLaser businesses are maintaining a necessary and sufficient lead for achieving this earnings forecast, the Company intends to work on expanding its production capacity and resources with a view to further growth. The impact of the situation in the Middle East has also been limited, with the Company's progress toward maintaining high growth remaining steady.

CoolLaser, which removes rust from social infrastructure, will serve to drive further growth in the Company's market capitalization

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, 16–24 units for FY3/27, 35–65 units for FY3/28, and 120 units for FY3/30, and is working toward a cost reduction of ¥20mn per unit by around FY3/28. The Company has also received the Innovation & Environment Bureau Director's Award in the Fiscal 2025 Industrial Standardization Project Awards organized by the Ministry of Economy, Trade and Industry (METI), which recognize individuals and organizations with outstanding achievements in promoting industrial standardization activities.

In the immediate term, the Company was selected by the Japan International Cooperation Agency (JICA) for the 2025 SME/SDGs Business Support Program (JICA Biz), and also carried out test construction together with Yokogawa Bridge Holdings Corp. <5911> on the Kanetsu Expressway. In the future, the Company will also look into applying CoolLaser in the extension of the service life of pedestrian overpasses as well as in the defense sector, among other applications. These are expected to invigorate the Company's sales activities. Given that the estimated domestic market size is in the range of ¥80.0bn, there is significant room for growth. Another upside is that the Company is looking to expand overseas. On February 12, it announced that it won contracts for CoolLaser in the Middle East, the first time it received an order for the product overseas (contract for one unit; scheduled for delivery by March 2027). In the future, FISCO would also like to see the strengthening of organizational management in line with the expansion in scale; for example, in relation to the production system, maintenance and management, personnel recruitment, and corporate governance.

4. Stock price

As the Company was recently listed, the only medium-term announcement relating to its businesses is the above medium-term management plan for the CoolLaser business. The sales target of 120 CoolLaser units implies an operating profit CAGR of over 50%, even assuming that the profit margin does not change significantly. While the PER forecast for FY3/27 is currently over 40 times, the Company's market capitalization would still exceed ¥30.0bn even with an assumed PER of 15 times, which is likely the lowest figure heading into FY3/30. If the Company can maintain a profit growth rate in the 20–30% range backed by massive demand, a market capitalization of ¥40.0–60.0bn would be well within reach. It is reasonable to envision a scenario in which the stock price continues to move higher in line with strong profit growth while maintaining a high PER valuation, similar to those scenarios seen in AI-related stocks.

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 were the highest to date, and the Company is on track to meet its third consecutive fiscal year of sales and profit growth in FY3/27
- As infrastructure ages, there is significant demand both domestically and overseas, and the upsides are considerable

Disclaimer

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