

(TOTECH Group)
Medium-term Management Plan

FY2023 to FY2025

(TOTECH CORPORATION)

April 17, 2023

(Updated Nov 11, 2025)



CONTENTS

- 1 Purpose and Long-term Vision
- 2 Business Environment Surrounding the TOTECH Group
- 3 Demand in Japan and Overseas
- 4 Our Growth Trajectory and Business Areas/Strengths
- 5 Medium-to Long-Term Goals (Goals for FY2030)

PURPOSE

Our raison d'être

Create Pleasant, Comfortable Environments that Make One Feel at Ease.

Don't aim for just economy and convenience, go beyond that to a feeling of being at ease.

First Medium-term Management Plan
FY2023-FY2025

Net sales: 166 billion yen*

Ordinary profit: 16.8 billion yen*

*Reflects upward revision (Nov 11, 2025)

Good for people

Fostering a culture of taking on challenges and accepting failure

■ Slogan of the long-term vision

Go beyond pleasant.

Pleasantness for people, for society, for the earth.

We will pursue that pleasantness 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.

The business environment surrounding the TOTECH Group is greatly influenced by changes in social conditions.

We will proactively respond to such changes in the business environment.

Declining domestic population

(Labor shortage and the shrinking market)

New infectious diseases and geopolitical risks

(Soaring material prices and stagnant commodity distribution)

SDGs and ESG

(Contribution to solving environmental and social issues)

Sharp fluctuations in foreign exchange and interest rates

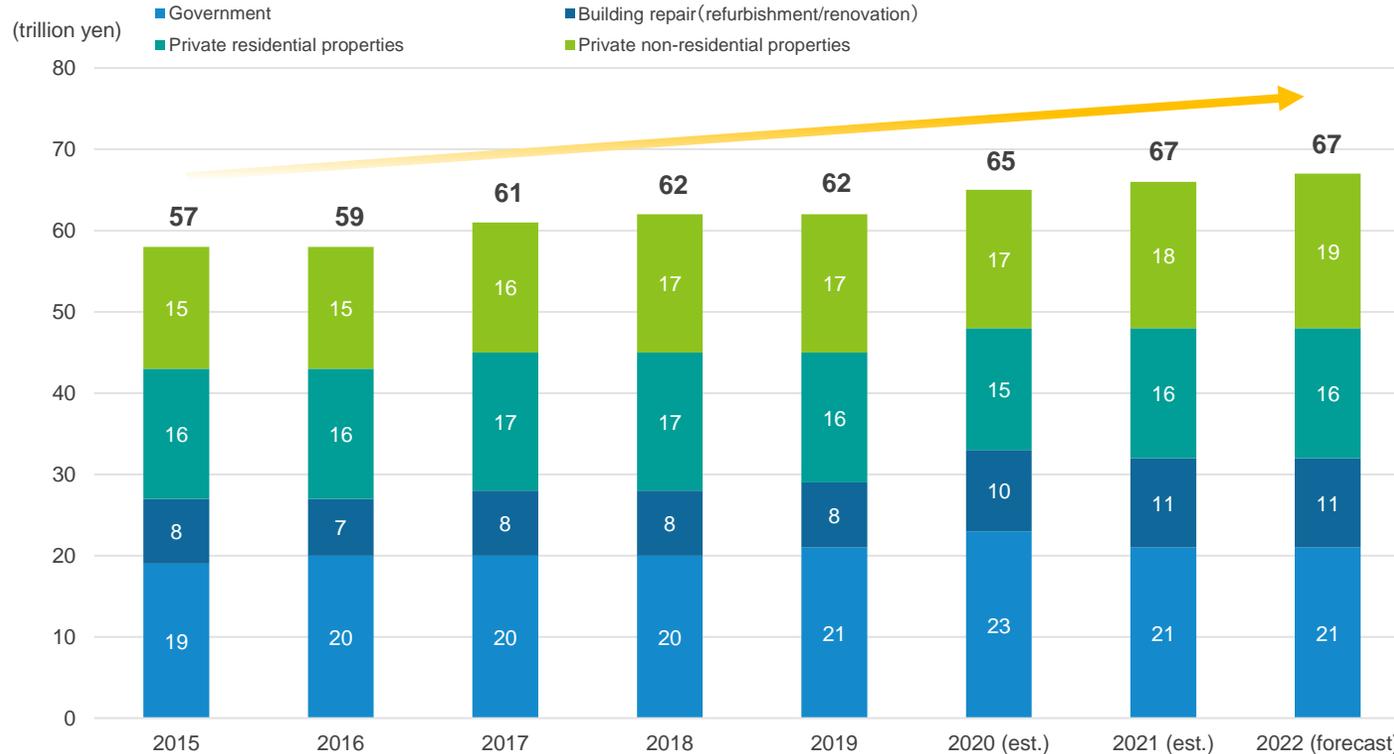
(Risk to economic value creation)

Trends in Domestic Construction Investment and Order Amount for Domestic Facilities Work Projects

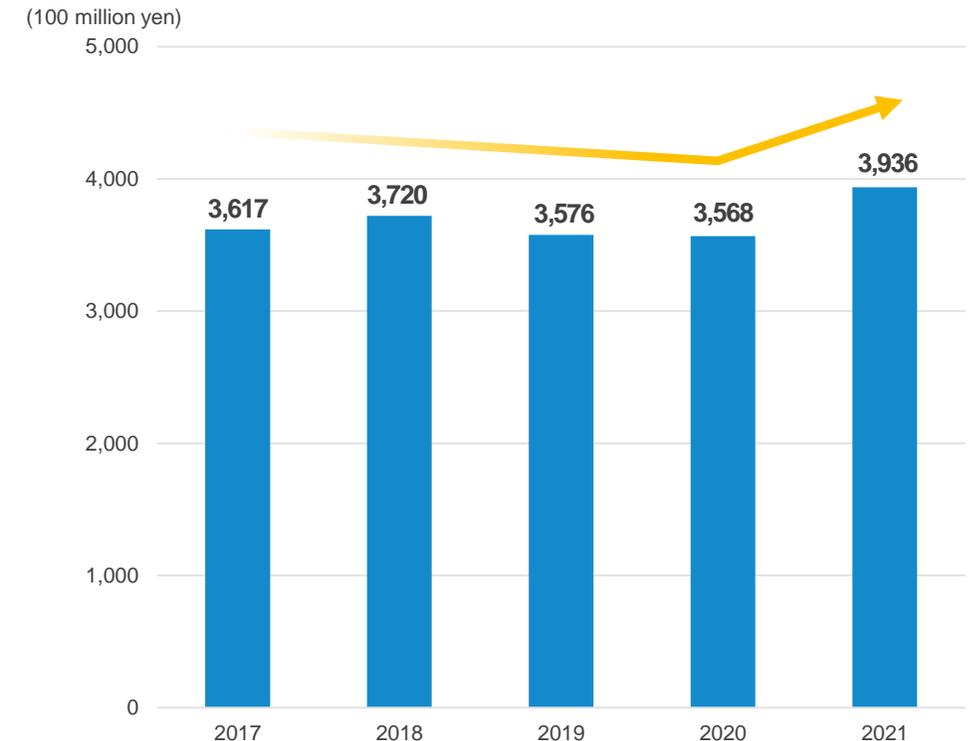


- The investment in “the private non-residential properties” and “building repair (refurbishment and renovation)” in domestic markets is increasing, and we expect the continued demand for large-scale projects, rebuilding, and improvements for energy-saving.
- In the domestic market, the amount of orders for instrumentation work is on a recovery trend from the impact of the COVID-19 pandemic. The demand for instrumentation work is also expected to continue.

Trend in domestic construction investment



Trend in the order amount for instrumentation work



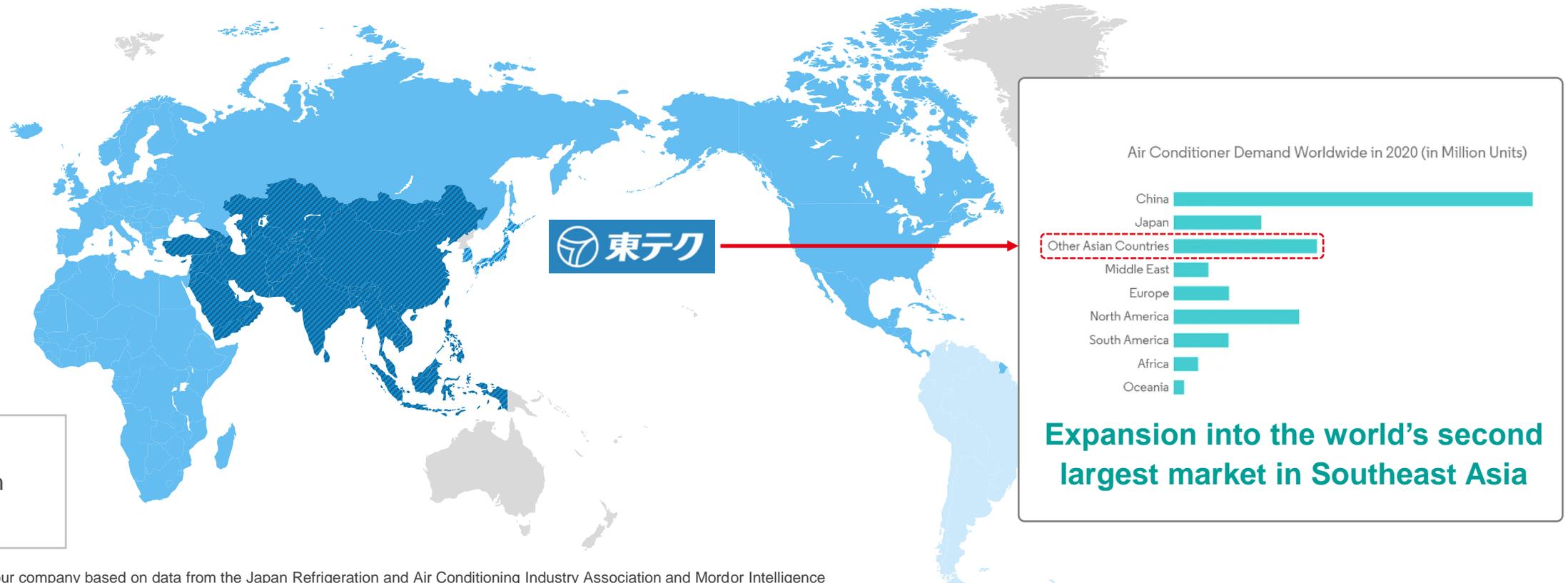
Source: Produced by our company with reference to FY2022 Construction Investment Outlook Summary of the Policy Bureau, the Ministry of Land, Infrastructure, Transport and Tourism

Source: Produced by our company with reference to “(Flash Report) Results of the Survey on Order Amounts for Facilities Work (20 Major Companies in Each Work)” as of December of 2022, by the Policy Bureau, the Ministry of Land, Infrastructure, Transport and Tourism

Estimated Overseas Demand for Air Conditioners



- The global demand for air conditioners used in housing, buildings, etc. in 2021 was 110 million units (up 2% from the previous year). (Japan Refrigeration and Air Conditioning Industry Association)
- The global air conditioner market from 2021 to 2026 is predicted to be CAGR of 5%. (Mordor Intelligence)
- The International Energy Agency (IEA) predicts that the number of air conditioners in operation worldwide will increase by about three times in the next 30 years (“The Future of Cooling,” May 2018)
- Southeast Asia has the second-highest demand for air conditioners after China, so we will enter the Southeast Asian market and establish a foothold there.

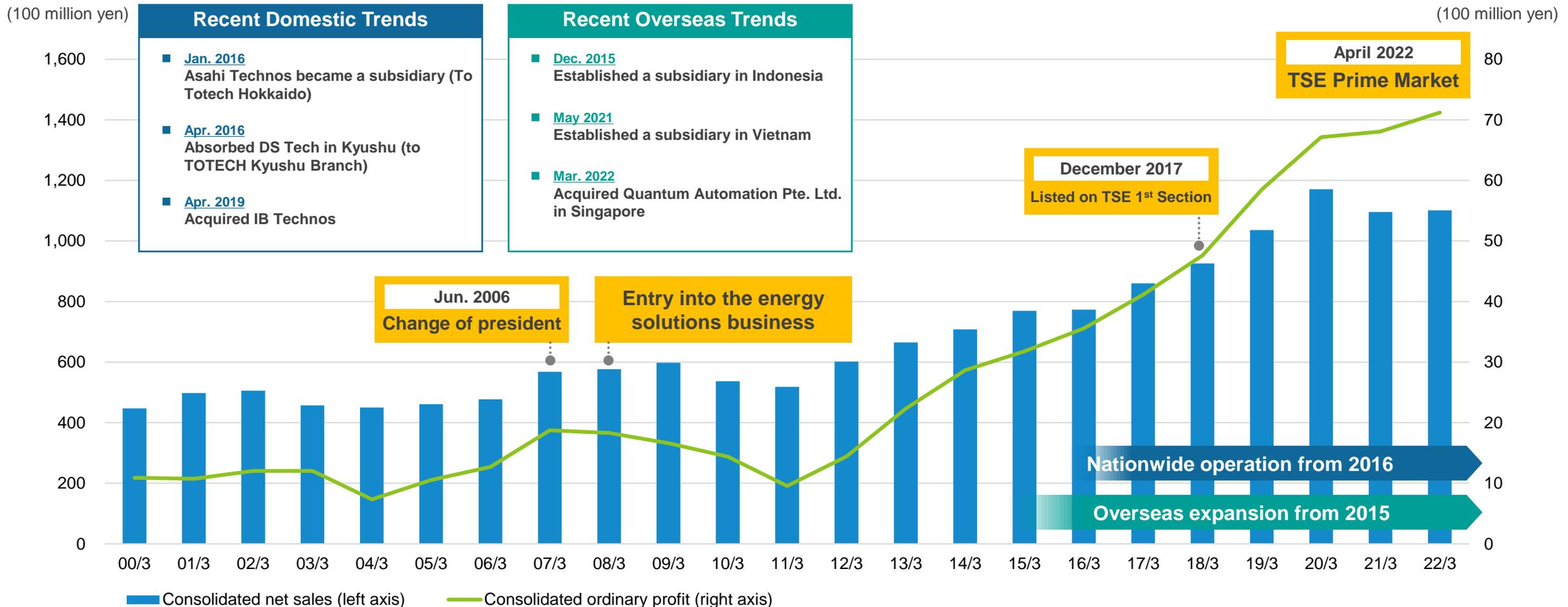


Source: Produced by our company based on data from the Japan Refrigeration and Air Conditioning Industry Association and Mordor Intelligence

TOTECH Group: Growth Trajectory

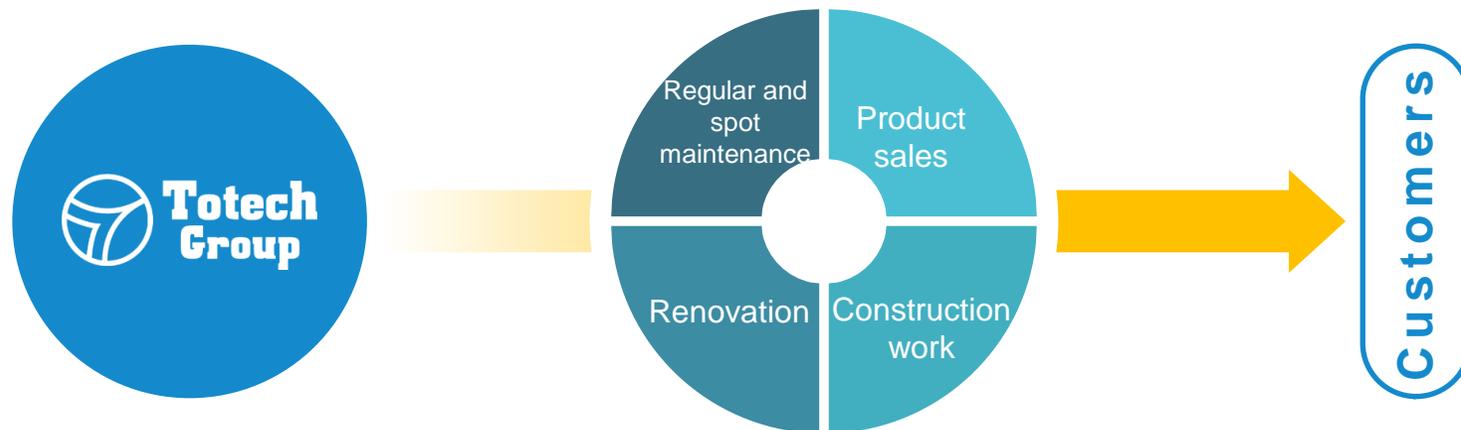


July 2025 marks the 70th anniversary of our founding. In addition to organic growth, we have been promoting sales and profit growth through M&As (domestic and overseas).



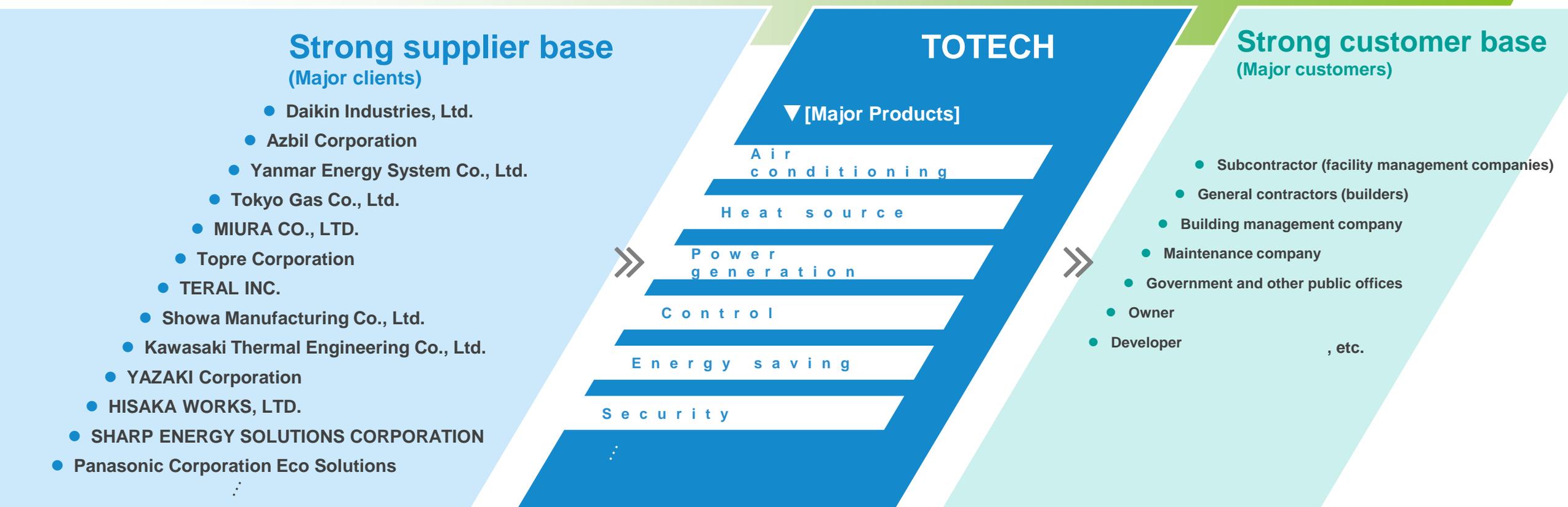
- Our company conducts business activities in the product sales and construction business segments, while focusing on the air conditioning, instrumentation, and energy fields.
- Group-wide one-stop services: From product sales, instrumentation work to regular and spot maintenance

| Segments: Product sales business and construction business | | |
|--|--|---|
|  Air conditioning sector |  Instrumentation work sector |  Energy sector |
| <ul style="list-style-type: none"> ● Purchase, sales, installation, and regular and spot maintenance of commercial air conditioners, etc. ● Largest domestic distributor of Daikin's commercial air conditioners | <ul style="list-style-type: none"> ● Design, installation, purchase, sales, construction, and regular and spot maintenance of instrumentation equipment (building automation and management systems) ● Azbil's major distributor | <ul style="list-style-type: none"> ● Purchase, sales, installation, and regular and spot maintenance of energy-saving and energy-creation equipment (solar panels and storage batteries) and generators ● Energy solutions such as ESCO business. |



- Long-standing track record and trust as a distributor of industry's top manufacturers
⇒ Building a solid business base in the **equipment industry**, from suppliers to customers

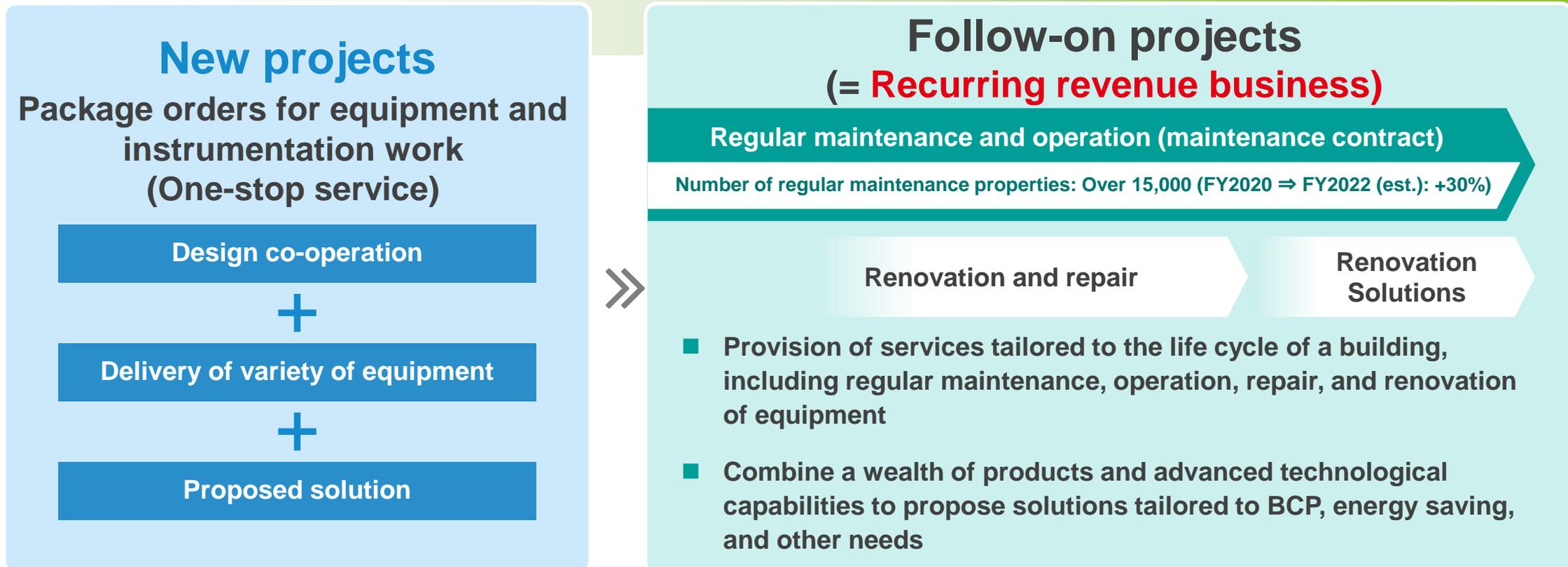
Building an Extremely Strong Value Chain ▶ ▶ ▶



- **LTV-focused management: Delivering optimal value to customers throughout the building lifecycle, from new projects to follow-on projects**

*LTV: Life Time Value. The total amount of profit a customer brings in during the customer's life cycle (from the start to the end of the transaction).

Providing optimal value throughout the life cycle of a building ▶▶▶



- **As a total solution planner that supports the creation of a better environment, we have leveraged our long-standing technological and proposal capabilities to respond to customer needs through our integrated system.**

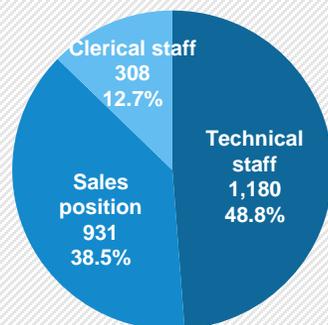
Providing total solutions to meet increasingly complex demands for energy saving, energy creation, and BCP measures: Not merely upgrading equipment, but also combining energy saving, energy creation, and energy storage facilities, constructing systems, and utilizing various subsidies in cooperation with leasing companies, etc.

Providing total solutions to customers



-TOTECH's human capital base: Sources of our technological and proposal solution supporting our total solution services

Breakdown of TOTECH employees



TOTECH group's major qualifications: 1,640 out of 2,162 domestic employees acquired company-recommended qualifications.

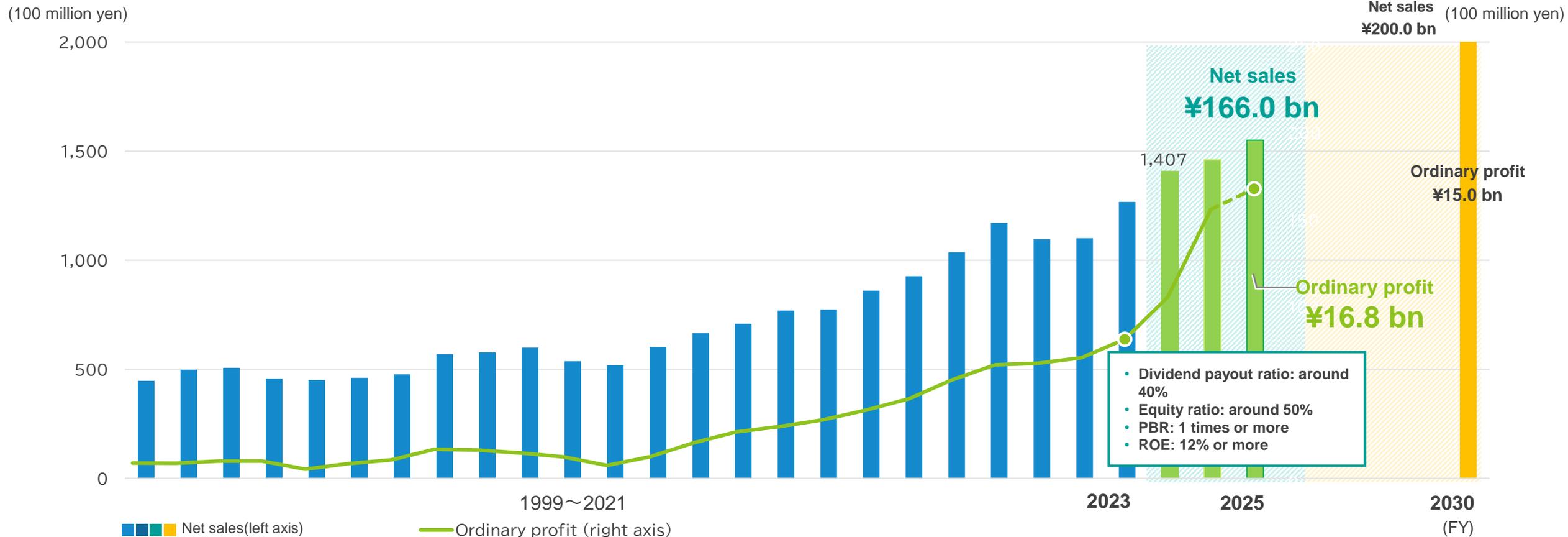
| | | |
|---|--|---|
| Plumbing work construction manager 667 employees | Instrumentation engineer 274 engineers | Boiler engineer 149 engineers |
| Electric installation management engineer 272 engineers | Qualified energy management personnel 24 engineers | Refrigerant recovery technician 207 engineers |
| Qualified electrician 720 engineers | Refrigeration air conditioning equipment installation technician 206 engineers | Fire protection engineer 133 engineers |

*All figures are as of the end of March 2022.

TOTECH's Medium-to Long-Term Goals



We aim to achieve net sales of 200 billion yen and ordinary profit of 15 billion yen by FY2030 as our medium-to long-term goals. As the first Medium-term Management Plan, we aim to achieve management which is “good for people” and net sales of 166 billion* yen and ordinary profit of 16.8 billion* yen by FY2025. *Reflects upward revision (Nov 11, 2025)



1 Overall Strategic Framework

Strategic Framework

2 (Investment in human resources, ESG-focused management, core business and overseas business)

3 Numerical Targets

In the First Medium-term Management Plan, we aim to realize a corporate group which is “good for people” and strategically promote the creation of social and economic values.

Gist of the First Medium-term Management Plan

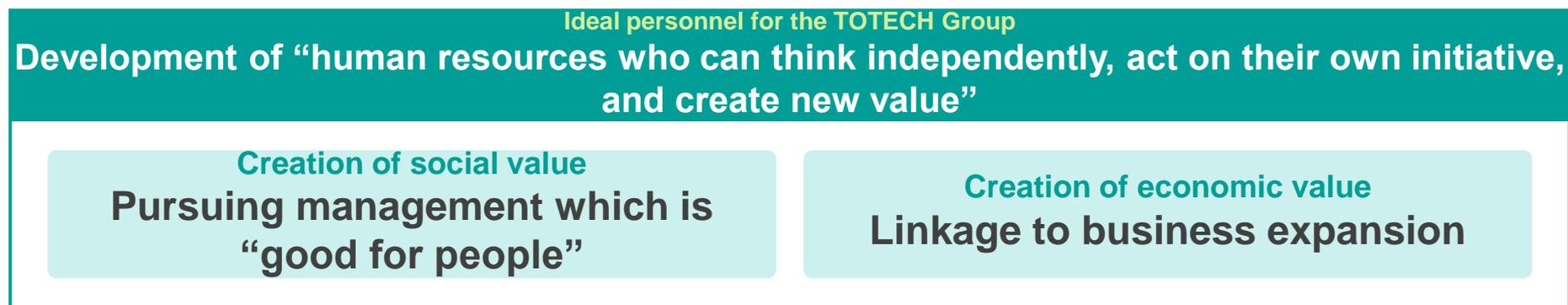
“Good for people” (Fostering a culture of taking on challenges and accepting failure)



| Strategic framework | Creation of social value | Creation of economic value |
|---------------------------------|--------------------------|----------------------------|
| ① Investment in human resources | ◎ | ◎ |
| ② ESG-focused management | ◎ | |
| ③ Strengthen core business | | ◎ |
| ④ Expand overseas business | | ◎ |

① Investment in Human Resources

Human resources constitute an important foundation that supports the creation of social and economic values, and we will strengthen and invest in them throughout the entire group.



Supporting the growth of individuals and fostering a culture of taking on challenges and accepting failure

Strengthening human resources

Creating an environment where everyone can work with enthusiasm

Improving education and training systems

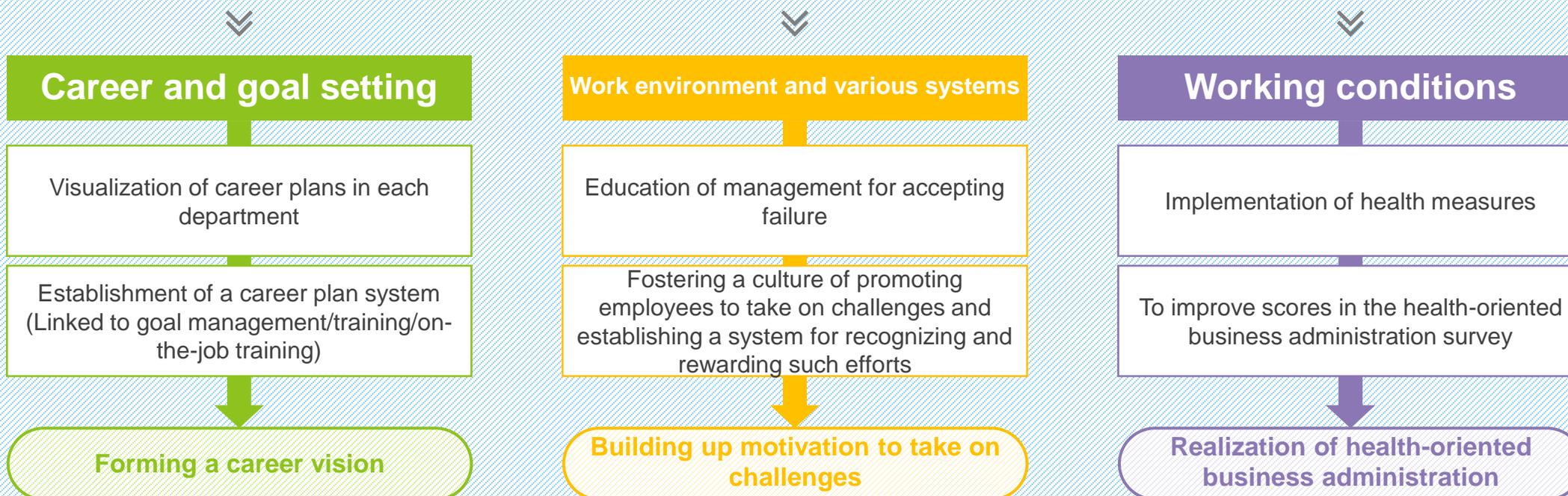
Improvement activities based on engagement surveys

1 Investment in Human Resources

In the First Medium-term Management Plan, we will focus on addressing the challenges identified through engagement surveys and promote “investment in human resources.”

To solve common engagement issues across the group through selection and concentration

Engagement survey results



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.

Social value

Realizing management which is “good for people” for all stakeholders

Customers

Shareholders & investors

Employees

Suppliers and business partners

Government & municipalities

Local communities



Promoting action items that would lead to the creation of social value

E Environment **S** Society

Addressing environmental and social issues through our business

Realization of a decarbonized society

Realization of a resilient society

G Governance

Strengthening and streamlining the management system

Separation of supervision and execution

Promoting dialogue with stakeholders

② ESG-focused Management

We will promote the establishment of a system and foundation for continuously improving non-financial factors.

The sustainability strategy: “Achieving carbon neutrality and promoting workstyle reform”

E

Calculating and reducing the total greenhouse gas emissions of our corporate group

E

Taking measures such as the recycling of refrigerants and energy-saving construction in each business division

S

Obtaining a certification as a corporation with excellent health-oriented business administration, and certifications for Eruboshi, Kurumin, etc.

S

Improving non-financial indicators such as the ratio of male employees who have taken childcare leave and the ratio of employees with disabilities.

Governance strategy: “Building a more sophisticated governance structure”

G

Reviewing institutional design (shift to a company with an audit and supervisory committee)

G

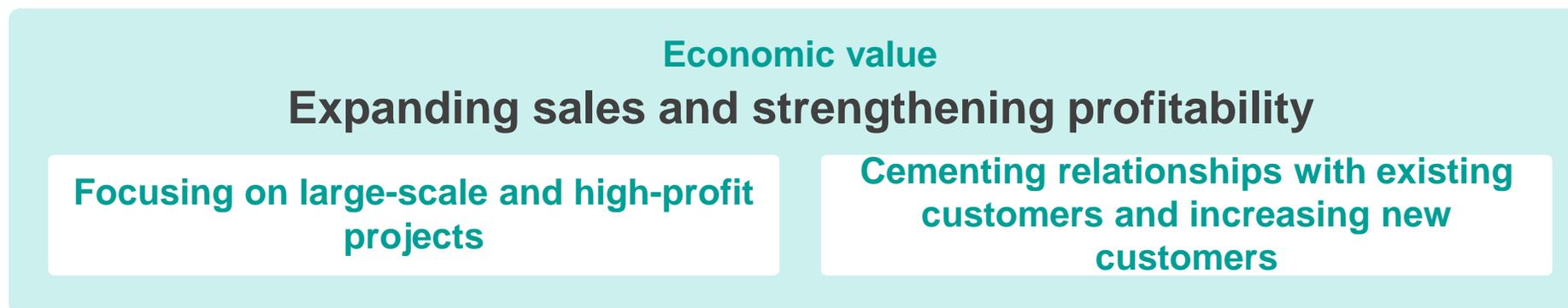
Strengthening IR activities

G

Promotion of compliance activities

3 Strengthen Core Business

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.



Comprehensive strengths as a total solution planner

- Further strengthening of our ability to propose
- Strengthening of the competitiveness of products and services
- Improvement of human resources and operational efficiency



Air conditioning × Instrumentation × Energy × Regular and spot maintenance

Basic policy



We will build stronger relationships with end users (such as developers and owners) and general contractors/design firms.



We will provide products and solutions suitable for a carbon-neutral society in all of our businesses.



Utilizing new technologies, we will strive to enhance our technological capabilities and improve our quality.



Air conditioning sector

- We will cement relationships with major customers to win large contracts, while putting energy into small and medium-sized projects.
- We will strengthen our sales and technological capabilities, and receive more orders for **projects including installation**.
- In response to rising costs of raw materials, we will promote pricing and delivery scheduling solutions, support new product development for suppliers, and provide optimal proposals to customers and suppliers.



Instrumentation work sector

- We will proceed with **structural reform** to improve profitability, while receiving more orders for high-quality projects and regular and spot maintenance services, establishing services to reduce environmental loads, and promoting M&A.
- **Through digitalization**, we will promote **the reduction of burdens and the improvement of efficiency** for on-site engineers, and strengthen our capabilities in installation and engineering. We will also enhance our ability to propose new solutions.
- We will strengthen the functions of the Technical Division, including safety and quality management, personnel development, and field support.



Energy sector

- We will propose **energy-saving solutions and strengthen the solar panel + storage battery business**.
- We will actively propose large generators to redevelopment plans and data centers, etc.
- We will strengthen technological and installation capabilities by hiring and training engineers. We will also enhance trust by strengthening quality and safety management.
- We will invest in next-generation energy business and engage in aggressive M&A in addition to enrichment of new products.

Domestic Subsidiaries

[Nippon Bulcon Corporation] (Air conditioning and energy sectors)

- Expanding the provision of Cycle Maintenance® (maintenance → repair → upgrade) services.
- Increasing proposals for the three major solutions (energy saving, air quality, and BCP) by utilizing the Solution Plaza to meet customer needs.

[I.B. Technos Corporation] (Instrumentation work sector)

- Expanding sales to major customers, and promoting sales to data centers and foreign-affiliated companies. Utilizing non-Japanese human resources and enhancing the functions of foreign-made central monitoring systems.

[Totech Hokkaido Corporation] (Air conditioning, instrumentation work and energy sectors)

- Expanding sales of air conditioning equipment that leads to maintenance, and gaining trust from customers.
- Expanding sales of instrumentation and energy products in addition to air conditioning, and maximizing synergy among all three fields.

| | Nippon Bulcon Corporation (Wholly-owned subsidiary by TOTECH) | I.B. Technos Corporation (Wholly-owned subsidiary by TOTECH) | Totech Hokkaido Corporation (Wholly-owned subsidiary by TOTECH) |
|----------------------------|--|--|--|
| Company Profile | Facility/equipment spot maintenance, repair, and upgrade and modification of equipment | Design, installation management, and spot maintenance of central monitoring systems and automatic air conditioning control systems | Sales of air conditioning equipment and energy products, facilities work, instrumentation work, and various kinds of maintenance |
| Number of Employees | 650 | 276 (including its subsidiary) | 150 |
| Net sales | 15.2 billion yen | 6.4 billion yen (including its subsidiary) | 5.3 billion yen |

(As of March 31, 2022)

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.

Economic value

Expanding sales and strengthening profitability

Providing total solutions to existing customers

Expanding our customer base by acquiring new customers

Considering the entry into new markets in Southeast Asia

Proactively pursuing M&A opportunities



Strengthening our human resources and organizational structure to support growth

Expanding human resources

Strengthening management and governance

Hiring and nurturing global human resources

Strengthening regional and business management functions

4 Expand Overseas Business

Overseas Subsidiaries

- We aim to expand business in Southeast Asia, where the market is growing, mainly through local bases, and will actively conduct M&A to expand our business.
- We will expand our highly regarded capability of offering total solutions to Southeast Asia to meet customer needs.



| | Quantum Automation Pte. Ltd. (QA) (Wholly-owned subsidiary by TOTECH) | PT. Prima Totech Indonesia (PTI) (67% capitalized by TOTECH) | Totech Vietnam Solutions Co., Ltd. (TVS) (Wholly-owned subsidiary by TOTECH) |
|-----------------|--|--|---|
| Company Profile | A leading BMS* (Building Management System) company in Singapore. Became a subsidiary of the TOTECH Group in March 2022. | Established in Jakarta, Indonesia in December 2015. Engages in sales and spot maintenance business for air conditioning equipment. | Established in Hanoi, Vietnam in May 2021. Engages in sales of air conditioning equipment, instrumentation work, spot maintenance service business. |

*BMS: Building Management System

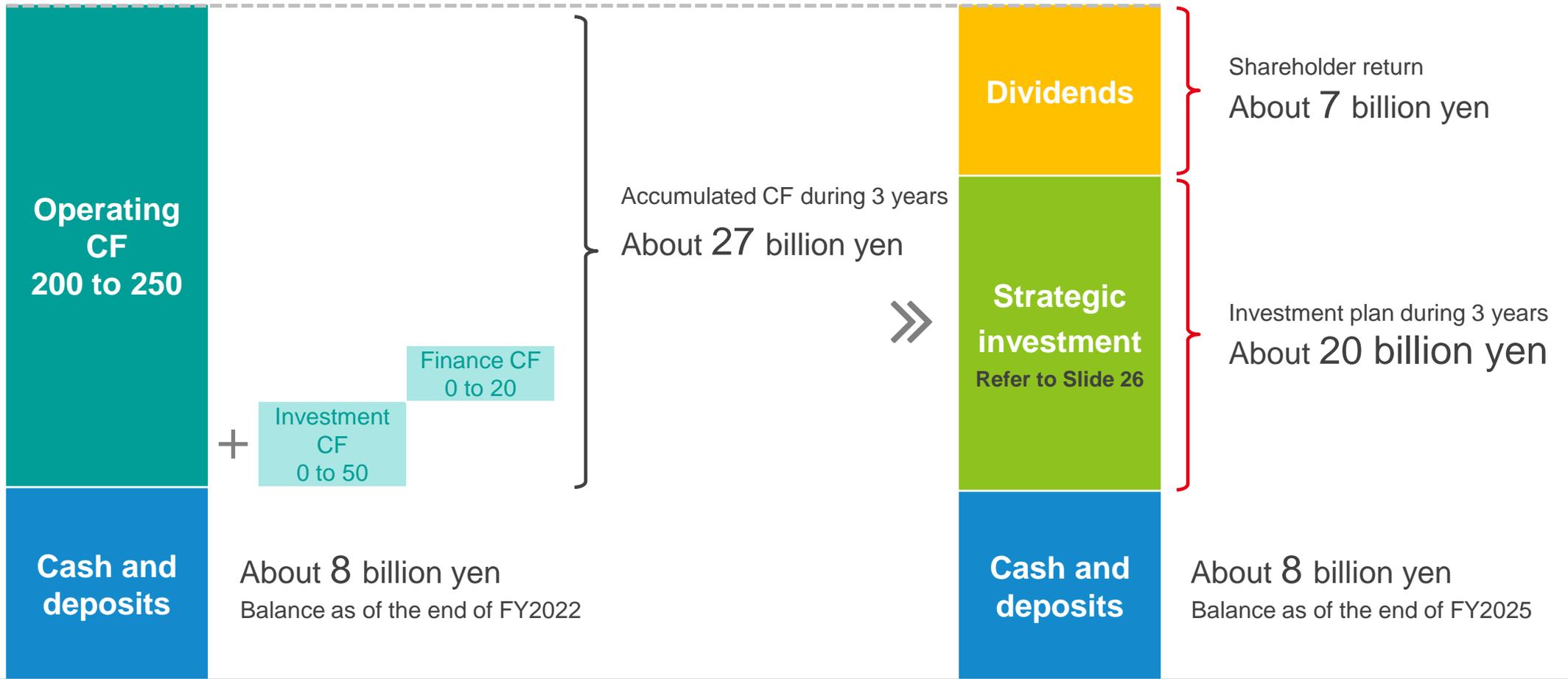
The TOTECH Group aims to achieve net sales of 166 billion yen and ordinary profit of 16.8 billion yen in FY2025.

| | FY2022 (est.) | Goal for FY2025 | Goal for FY2030 |
|-----------------------|-----------------|--------------------------|-----------------|
| Net sales | 122 billion yen | 166 billion yen* | 200 billion yen |
| Ordinary profit | 7.5 billion yen | 16.8 billion yen* | 15 billion yen |
| Ordinary profit ratio | 6.1% | 10.1%* | 7.5% |
| ROE | - | 12% or higher* | 10% or higher |

*Published on May 13, 2022

*Reflects upward revision (May 15, 2025)

We aim to increase our corporate value by actively using cash obtained through business activities for shareholder returns and investments.



Strategic framework

Points

1 Investment in human resources

- Recruitment/development/training
- Compensation system review

2 ESG-focused management

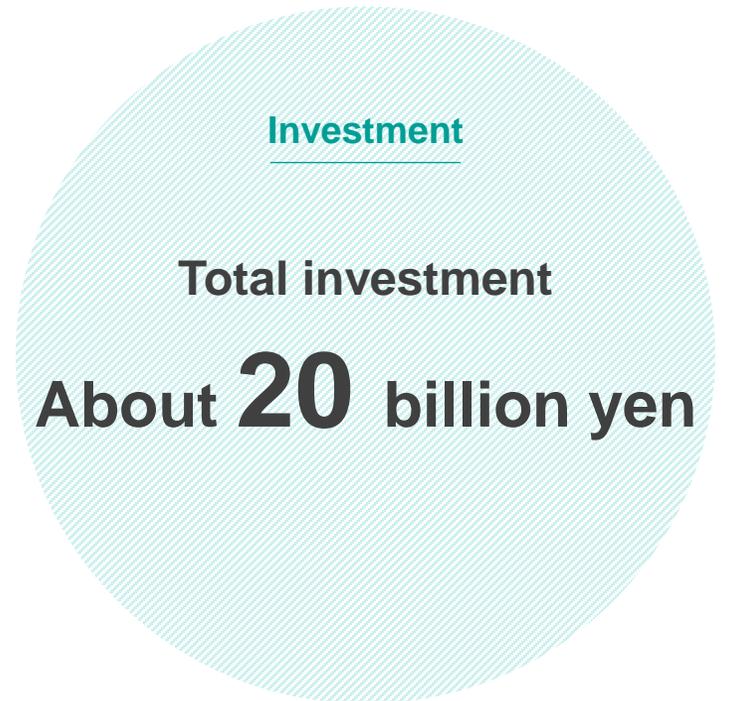
- Strengthening and streamlining of management systems
- Health-oriented business administration/workstyle reform

3 Strengthen core business

- Expansion of bases
- M&A

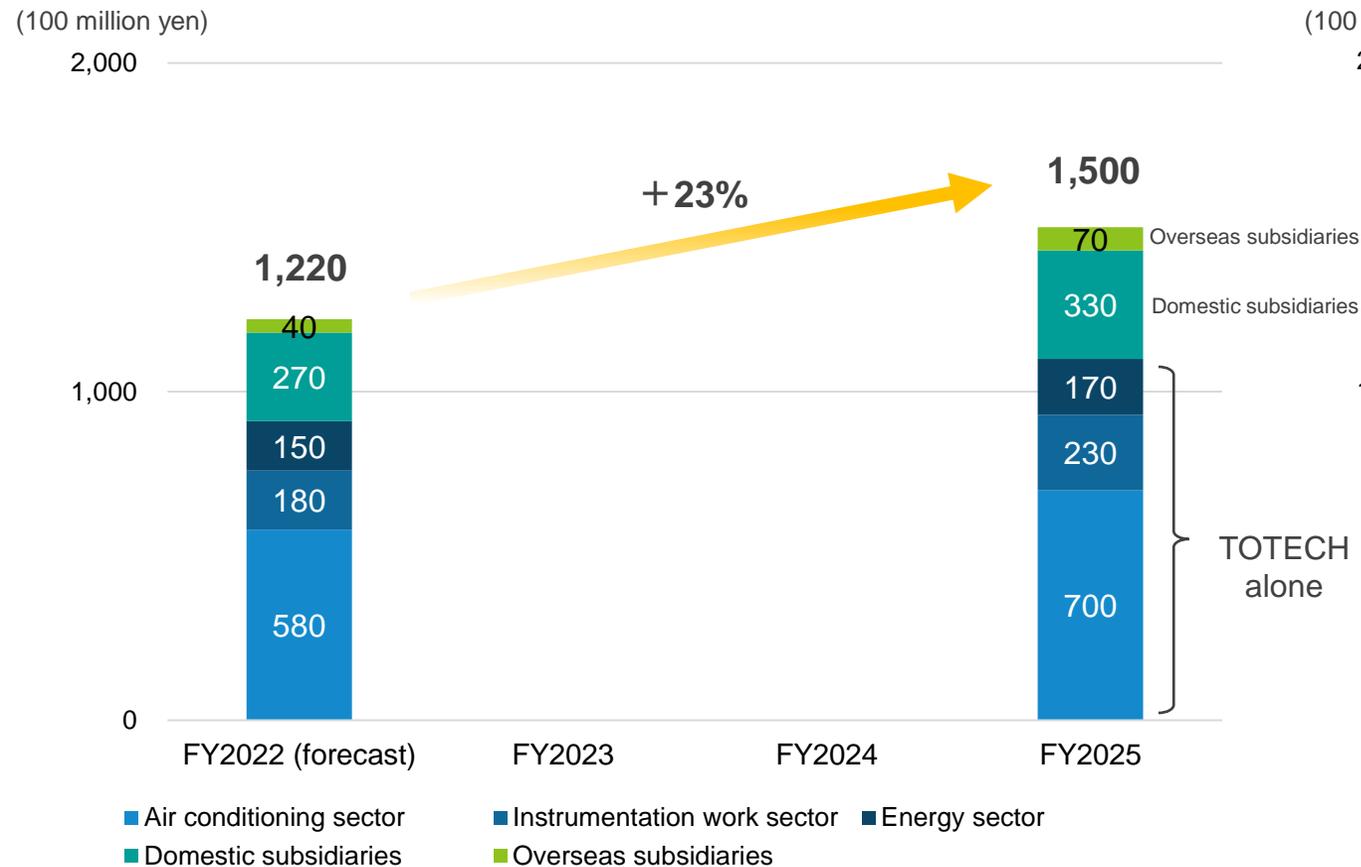
4 Expand overseas business

- Strengthening human resources and systems
- M&A

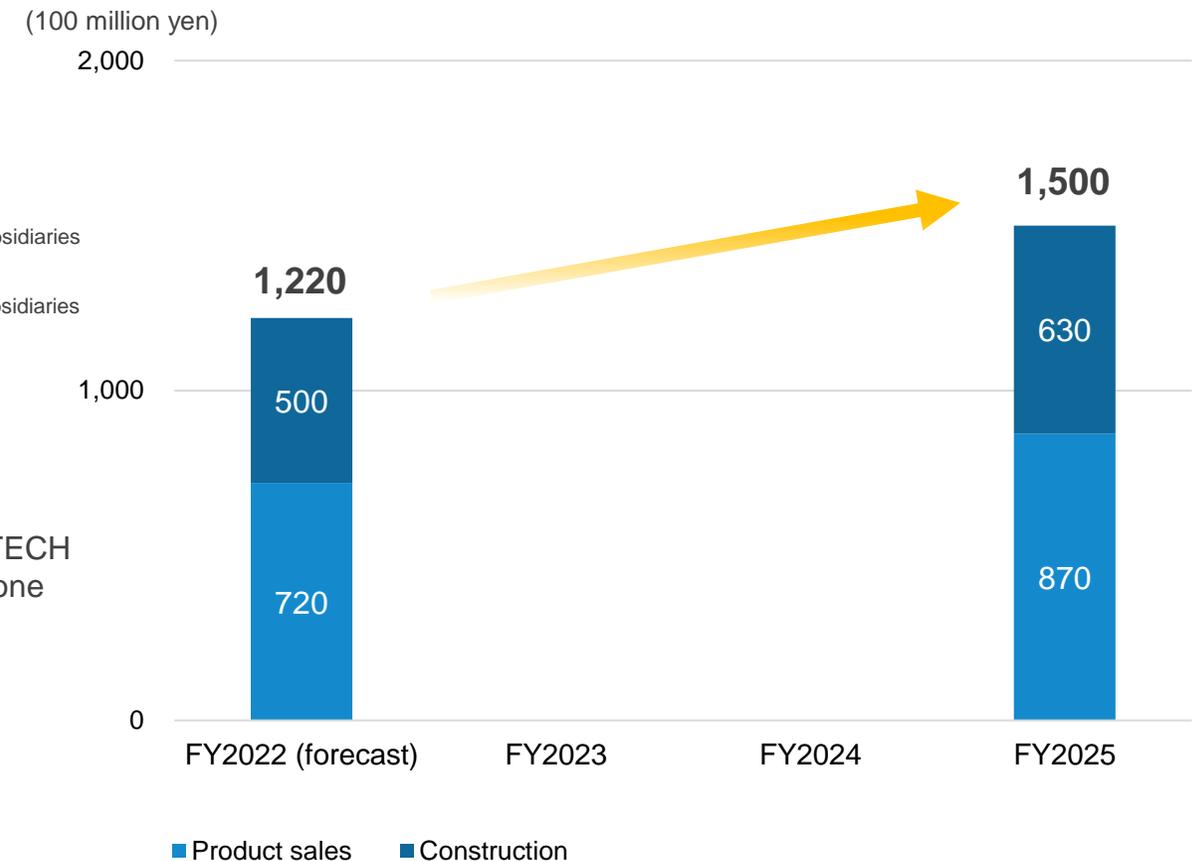


- We aim to increase sales in all fields by FY2025, with a focus on expanding our overseas subsidiaries.
- We also aim to improve profitability through an increase in the proportion of installation work.

Net sales of respective sectors, domestic subsidiaries, and overseas subsidiaries



Net sales by segment



[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.

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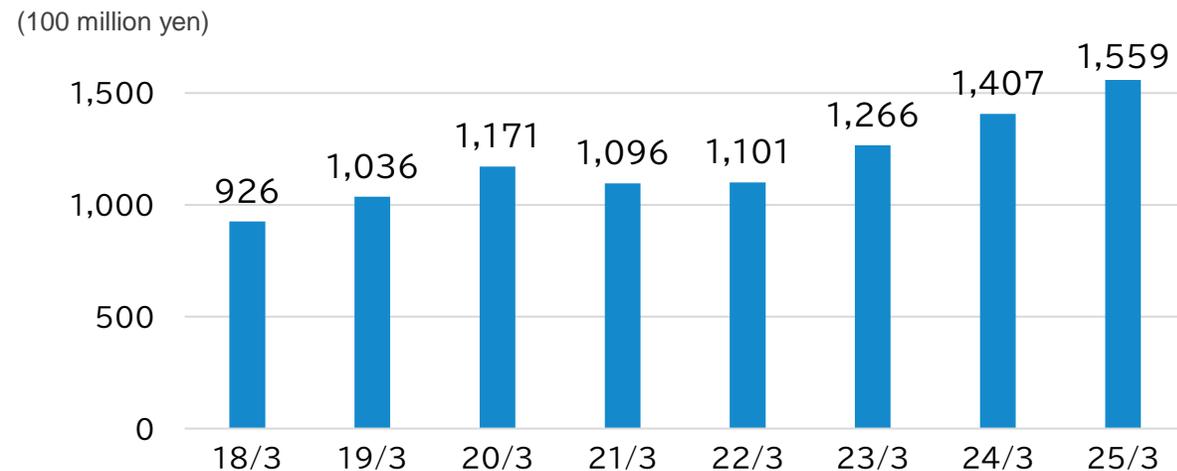
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Public Relations / IR Group

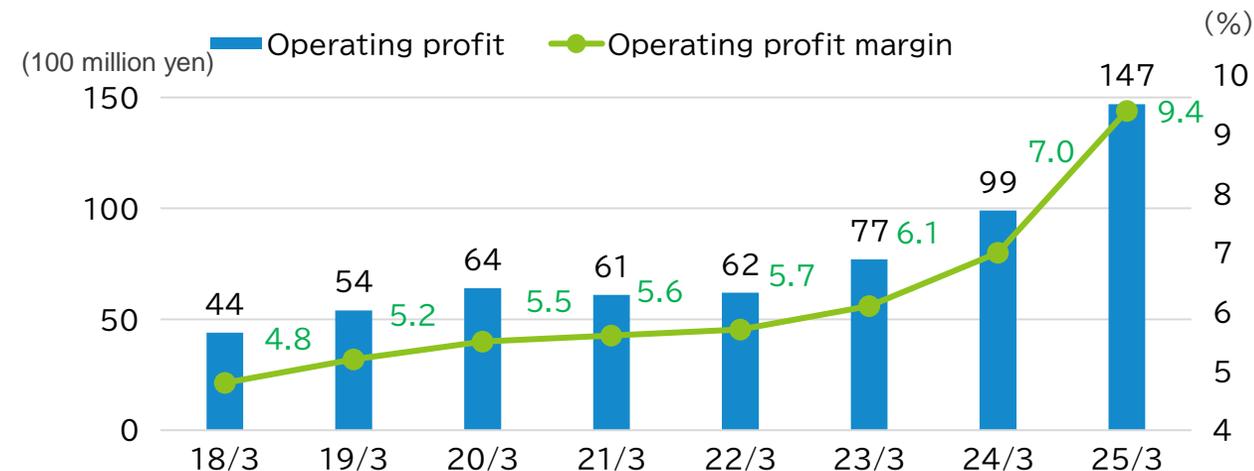
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Net sales



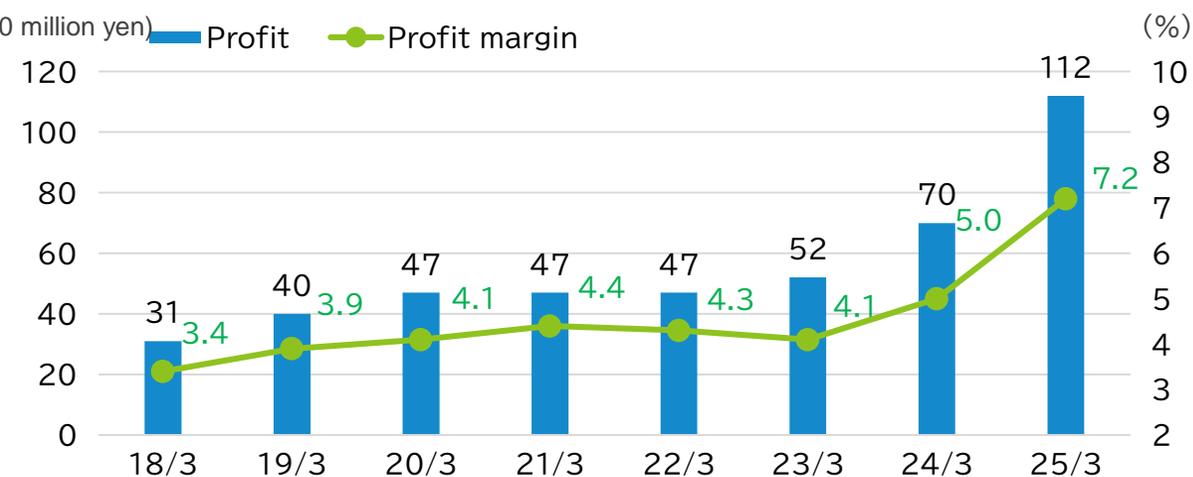
Operating profit



Ordinary profit



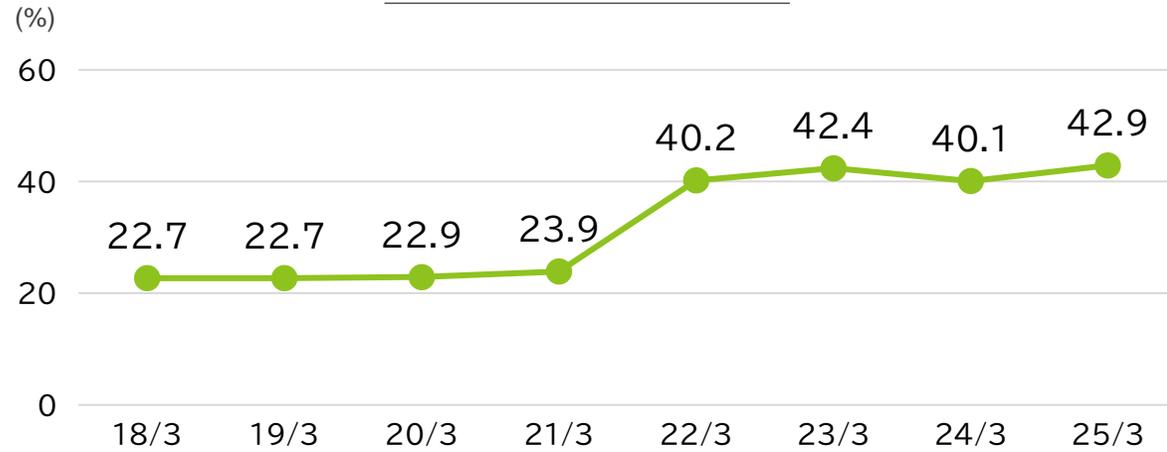
Profit



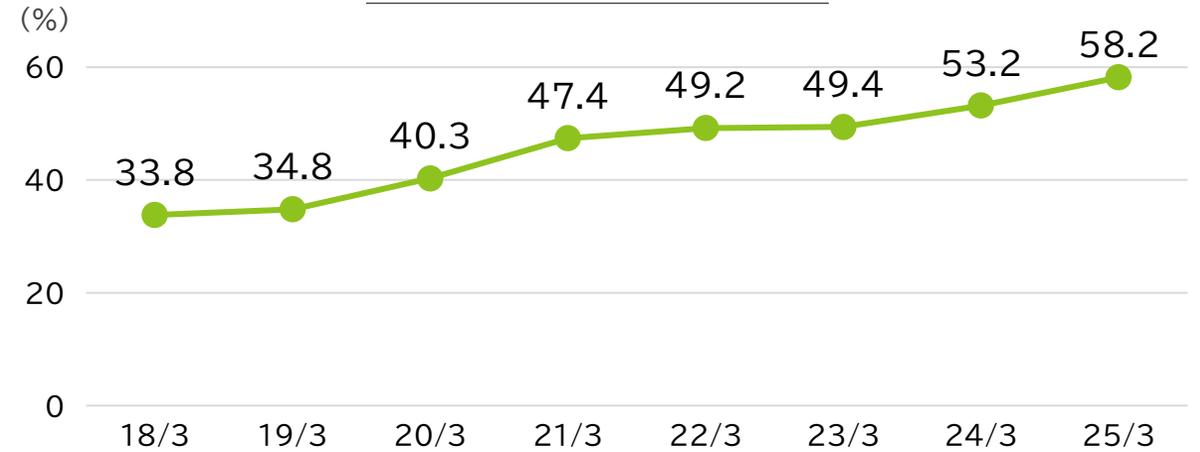
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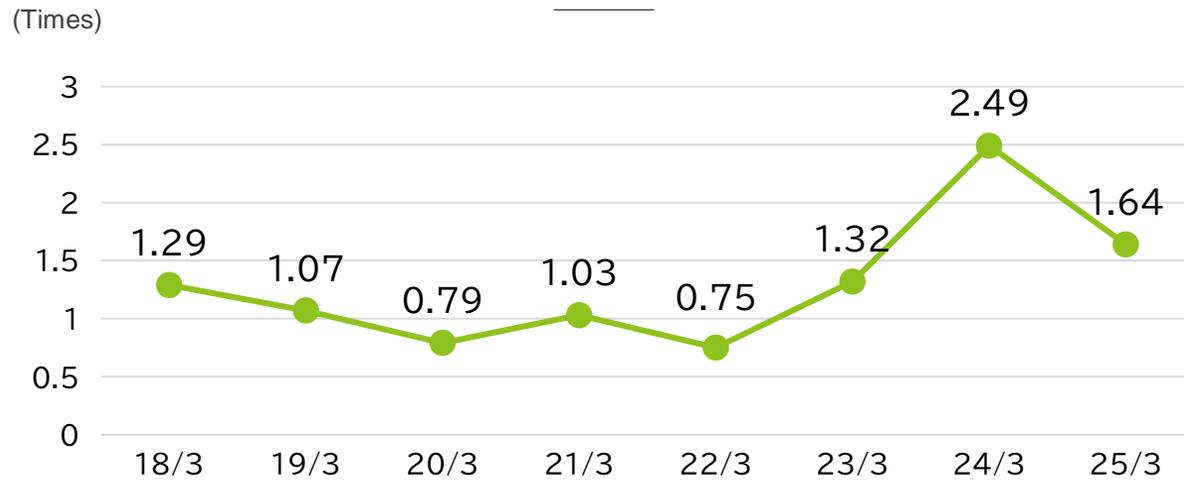
Dividend payout ratios



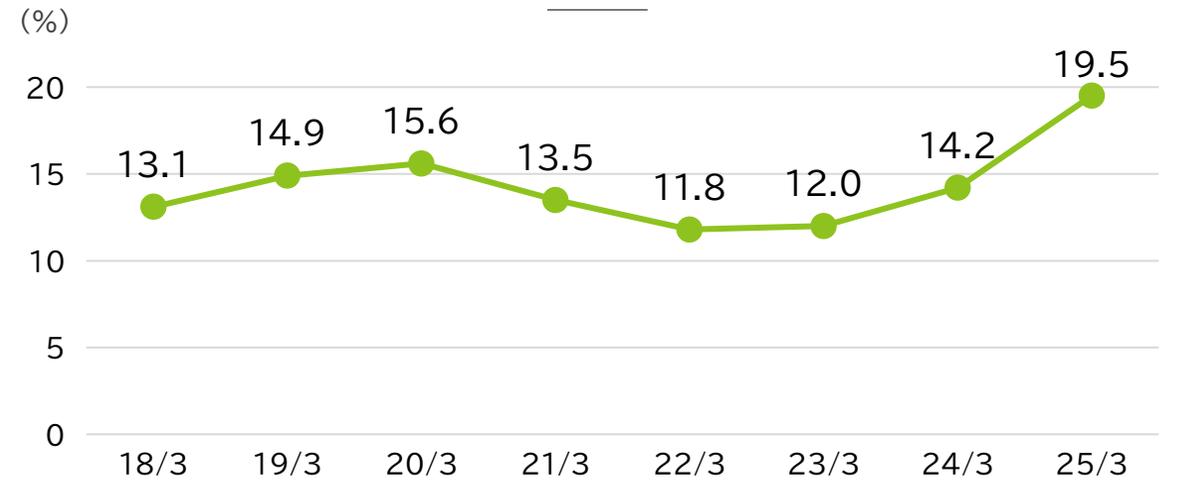
Shareholders' equity ratio



PBR



ROE



Pursuing Materiality (Key Issues) to “Contribute to the Realization of a Sustainable Society”

| Materiality | Action plan | Corresponding SDGs |
|---|---|---|
|  <p>Good for earth Aiming to realize a sustainable decarbonized society and achieve comfort for the people living</p> | <ul style="list-style-type: none"> Promotion of energy saving Promotion of renewable energy Recycling and appropriate disposal of resources Reducing environmental loads in business activities |  |
|  <p>Good for society Aiming to create safe, secure and comfortable spaces that realize a resilient society</p> | <ul style="list-style-type: none"> Creating safe, secure, and high-quality spaces Maintaining performance and extending life of buildings and equipment |  |
|  <p>Good for people Aiming to be a corporate group that attracts and enables a diverse range of people to play an active role</p> | <ul style="list-style-type: none"> Enhancing the active participation and productivity of all personnel Improving quality and technological capabilities Maintaining and improving safety and health |  |
|  <p>Enhance the sound management foundation Responding to the expectations of society and stakeholders and striving to be a trusted corporate group</p> | <ul style="list-style-type: none"> Strengthening corporate governance Compliance Dialogues with stakeholders |  |

➔ Results of initiatives are posted on our website on “Sustainability.”