

TOTECH Group Second Medium-term Management Plan

FY2026–FY2030

Redesign TOTECH
—A Bridge to Our 100th Year—

TOTECH CORPORATION

May 25, 2026

Totech Group

ここちよい未来をアシスト

CONTENTS

1	Corporate Profile (Long-term Vision and Business Domains)	3
2	Recap of First Medium-term Management Plan	13
3	Second Medium-term Management Plan FY2026–FY2030 Redesign TOTECH —A Bridge to Our 100th Year—	18
4	APPENDIX (Financial Indicators)	38

CONTENTS

1	Corporate Profile (Long-term Vision and Business Domains)	3
2	Recap of First Medium-term Management Plan	13
3	Second Medium-term Management Plan FY2026–FY2030 Redesign TOTECH —A Bridge to Our 100th Year—	18
4	APPENDIX (Financial Indicators)	38

PURPOSE

The Totech Group creates a comfortable environment that is rich in spirit.

Our mission is to seek not only economic efficiency and convenience, but also the spiritual richness that lies beyond them.

Taking comfort to the next level.

Comfort to people, society, and the earth.
We pursue that "comfort" 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.

Joining the ranks of 100-year companies

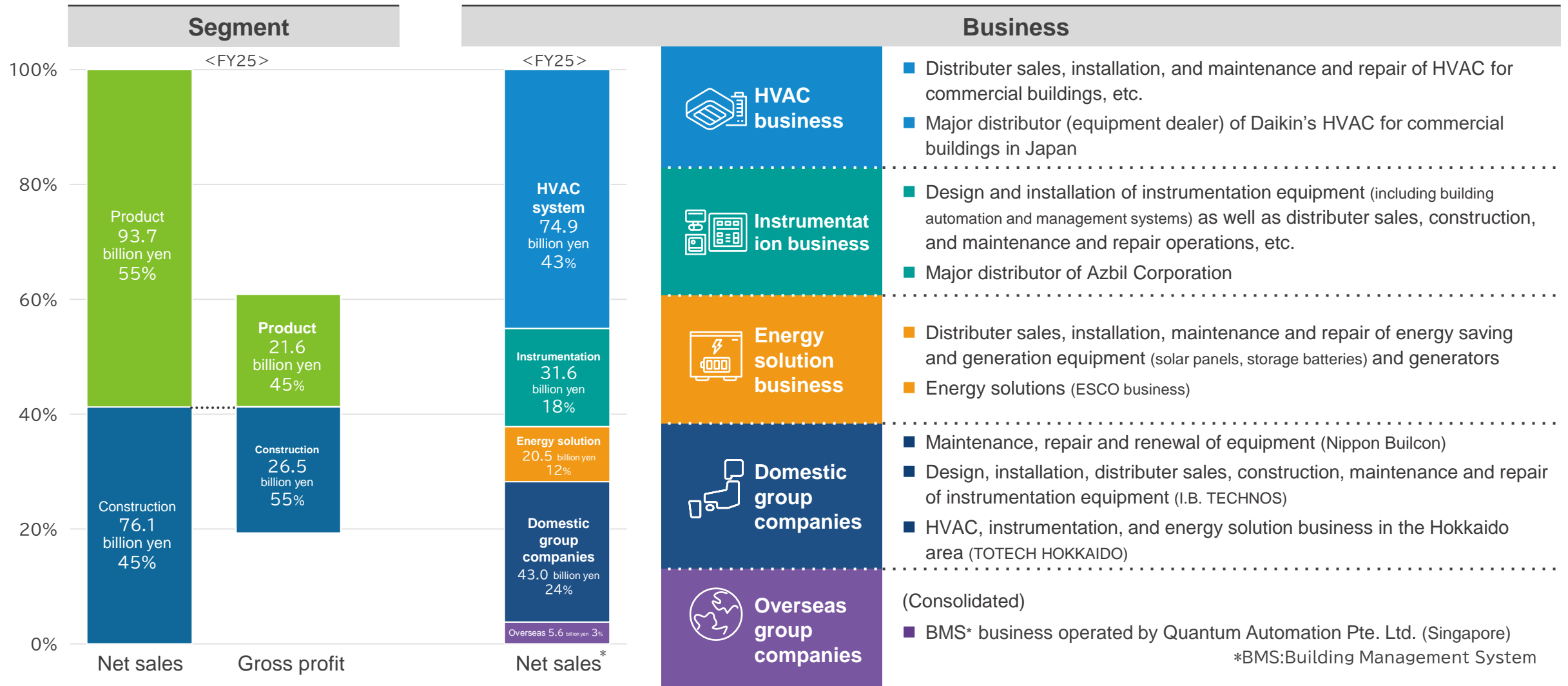
FY2055

Founding 70th anniversary

FY2025

FY2030

- Under the product sale and construction business segments, the pillars of our business activities are the HVAC business, instrumentation business, energy solution business, and domestic and overseas group companies.



*Figures for each business segment do not include internal sales.



Creating a comfortable environment for all types of buildings as HVAC professionals

- A trading company unit that purchases products from manufacturers and provides them to subcontractors that are building construction operators
- Creating comfortable environments according to customer needs and building applications by utilizing our expertise accumulated over the years and extensive range of HVAC equipment

Strengths

Proposal capabilities as a specialized trading company

Offering an extensive range of products as a pioneer of trading specialized in HVAC equipment

Providing added value through our one-stop services

Providing one-stop services encompassing not only equipment sales, but also installation, maintenance and repair in collaboration with our group companies

Extensive networks in the construction industry

A robust network of contacts with building owners, general construction companies, design firms, etc. DAIKIN INDUSTRIES' major distributor in Japan

HVAC

Heat source equipment(central HVAC system*1)



Modular chiller



Absorption Chiller/heater



Steam Boiler

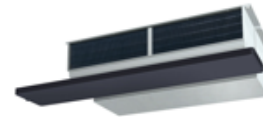


Water pump

HVAC systems(central HVAC systems)



Air handling unit



Fan coil unit



VAV·CAV

HVAC for individual zones*2



Multi-air conditioning for building



Gas heat pump air conditioning



*1 A system that combines a heat source equipment and HVAC unit, and centrally controls them to provide air conditioning throughout the entire building

*2 A system in which independent HVAC units are installed in the rooms or floors, with each unit providing air conditioning to independent rooms or floors



Engaged in design, construction, maintenance and repair of automatic control systems

- A business unit that handles automatic control systems that serve as the building's central nervous system
- Our advanced technological capabilities and know-how enable us to construct automatic control systems that align with the specific characteristics of the building, thereby ensuring optimal operation

Strengths

Use of highly reliable sensors

The sensors that control the automatic control are manufactured by Azbil Corporation, which holds the largest market share in Japan

Cutting-edge technological capabilities

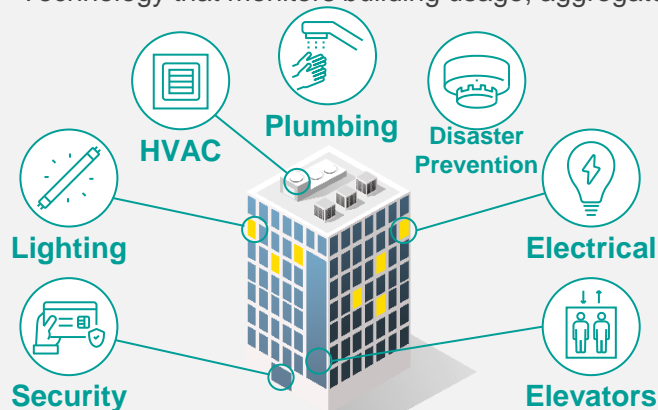
Providing services that combine cutting-edge technological capabilities with unparalleled quality, backed by a robust engineering framework and a wealth of accumulated expertise

Realize efficient facility operations

Our optimal tuning solution, based on control data, ensures efficient facility operation

Instrumentation

- Technology that uses sensors—such as those for measuring room temperature and detecting human presence—to operate various building systems safely, comfortably, and energy-efficiently
- Technology that monitors building usage, aggregates that data, and automatically controls all systems to maintain an optimal environment at all times



計装の仕組み

Control

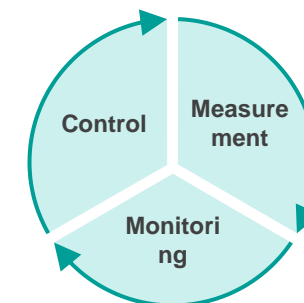
Use valves, dampers, and other equipment to guarantee optimal performance of machinery

Measurement

Use sensors to gauge room temperature and humidity, air flow, the number of people in the room, etc.

Monitoring

Central monitoring device oversees the collection of data from the various centers and provides guidance to ensure optimal conditions for each piece of equipment





Providing solutions that contribute to carbon neutrality through the use of a range of commercial products and cutting-edge technologies.

- A business unit providing solutions toward carbon neutrality by utilizing various commercial products and cutting-edge technologies
- Our business activities encompass a comprehensive range of services, including product sales, installation, and subsidy application

Examples of the challenges our customers face

We want to promote environmental and decarbonization initiatives

We want to enhance our Business Continuity Plan (BCP) measures Business Flow

We want to conserve energy in an efficient manner

We want to reduce maintenance and management costs



Proposal, sale, installation, maintenance and repair

Energy conservation & Facility solutions

Air conditioning

Heat source

EMS

Improve environment

BCP solutions

Generators

Storage batteries

UPS

Renewable energy & Electrical solutions

Photovoltaic power generation

Storage batteries

EV related

Strengths

Robust proposal capabilities lead to optimal solutions

Proposing solutions not only through equipment sales and installation, but also through collaboration with leasing and energy companies, and the effective use of subsidies

Comprehensive product range

Providing optimal facilities and equipment to meet diverse needs, without being bound to a specific manufacturer

Technological capabilities to solve problems

Visualize energy consumption status to support operational improvement through BEMS and other energy management systems

Solution Proposal Examples



Air-cooled heat pump chiller

Before equipment renewal

- 【Cooling】 Steam absorption chiller, chiller for cooling only
- 【Heating】 Steam boiler
- 【Humidification】 Steam humidifier

After equipment renewal

- 【Cooling/heating】 Air-cooled heat pump
- 【Humidification】 Vaporizing humidifier

Results

- Fuel oil A consumption Zero
- CO₂ reduction Approx. 2,900t/year



Leveraging our Group network to provide high added value services

Nippon Bulcon Corporation

(Wholly-owned subsidiary by TOTECH)

Facility/equipment spot maintenance, repair, and upgrade and modification of equipment



Strengths

Original method for cycle maintenance

Head Office	Sumida-ku, Tokyo	Number of employees	753 persons
Established	1973	Net sales	22.4 billion yen
		Ordinary profit	2.6 billion yen

(As of the end of March 2026)

- Expand the provision of Cycle Maintenance® (maintenance -> repair -> upgrade) services
- Increase proposals for three major solutions: energy saving, air quality, and BCP

I.B. Technos Co., Ltd.

(Wholly-owned subsidiary by TOTECH)

Design, installation management, and spot maintenance of central monitoring systems and automatic air conditioning control systems



Strengths

An open system operator in the instrumentation sector

Head Office	Chuo-ku, Tokyo	Number of employees	303 persons
Established	1975	Net sales	7.9 billion yen
		Ordinary profit	1.1 billion yen

(As of the end of March 2026)

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

TOTECH HOKKAIDO CO., LTD.

(Wholly-owned subsidiary by TOTECH)

Sales of air conditioning equipment and energy products, facilities work, instrumentation work, and various kinds of maintenance



Strengths

Leading engineering company in Hokkaido

Head Office	Shiroishi-ku, Sapporo-shi, Hokkaido	Number of employees	183 persons
Established	1970	Net sales	6.7 billion yen
		Ordinary profit	0.3 billion yen

(As of the end of March 2026)

- Expand sale of HVAC equipment that leads to Cycle Maintenance®
- Expand sale of instrumentation and energy products in addition to the HVAC business



Expanding the technological capabilities and sales expertise cultivated in Japan into Southeast Asia

Quantum Automation Pte. Ltd.

(Wholly-owned subsidiary by TOTECH) Consolidated

Became a subsidiary of the Totech Group in March 2022.



Strengths

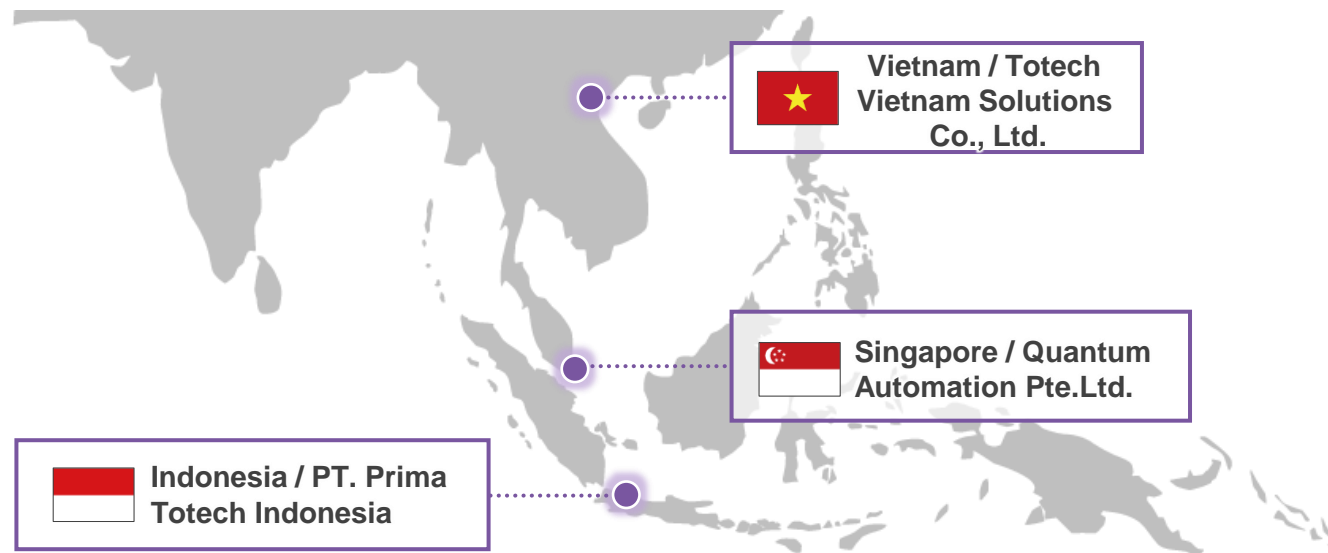
Synergies with the Totech Group (Strengthening ties with Japanese subcontractors)

Head Office	Singapore	Number of employees	305 persons
Subsidiaries	Thailand, Malaysia	Net sales	5.6 billion yen
Establishment	1979	Ordinary profit	0.7 billion yen

(As of the end of December 2025)

- A leading BMS* company in Singapore. Construction of automatic control systems, entry and exit management systems, etc.
- Manufacture of proprietary controllers, software development

*BMS: Building Management System



PT. Prima Totech Indonesia (PTI) (69% capitalized by TOTECH)

Established in Jakarta, Indonesia in December 2015
 Engages in sales and spot maintenance business for air conditioning equipment.

Totech Vietnam Solutions Co., Ltd. (TVS) (Wholly-owned subsidiary of TOTECH)

Established in Hanoi, Vietnam in May 2021.
 Engages in sales of air conditioning equipment, instrumentation work, spot maintenance service business.

Company Profile

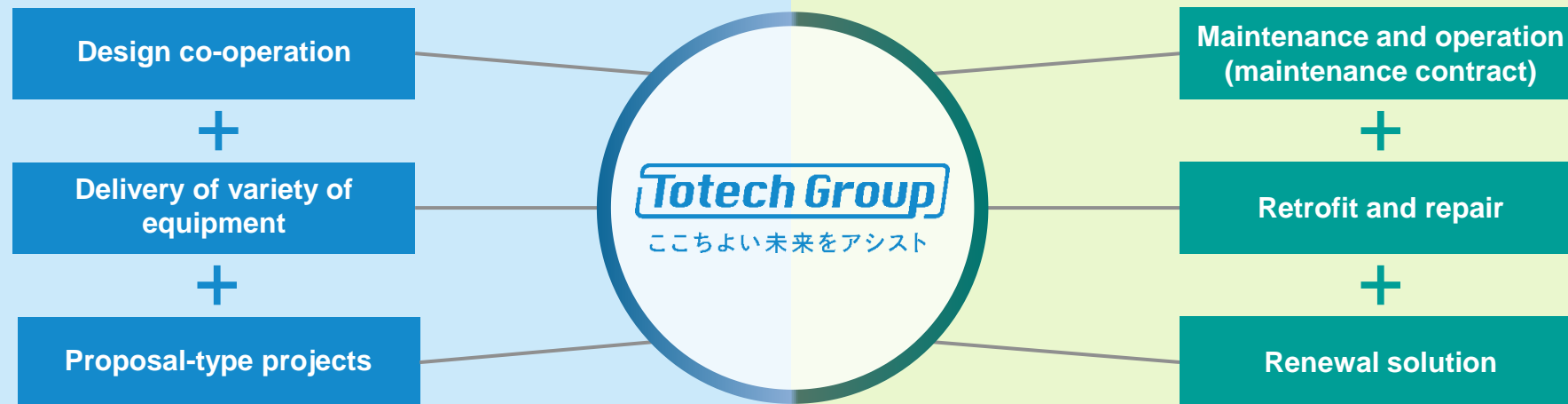
Established a Business Model Which Covers the Full Life Cycle of Buildings

Development of business models throughout life cycle of buildings, from new construction to existing properties

Participate in new projects and transition into stock business



Generate a stable revenue stream and cash flow



■ Package orders for equipment and instrumentation work (One-stop service)

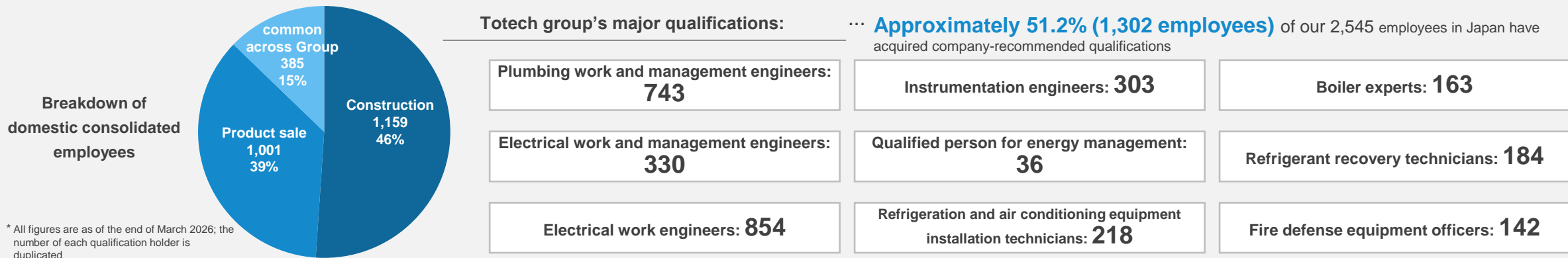
■ Combine a wealth of products and advantechological capabilities; in addition, deliver proposal solutions tailored to BCP, energy conservation, and other needs

One-stop solutions supported by professional engineers

- Leveraging the technical expertise of our specialized engineers, we provide one-stop solutions for challenges and issues related to HVAC-centered instrumentation systems, energy management, and decarbonization initiatives.
- As a result, it is able to engage from the new installation stage and continue to deliver optimal value throughout the entire lifecycle of a building.



— Totech Group's human capital base supporting our “Technological capabilities” and “Proposal capabilities” to meet diverse needs of our customers —



* All figures are as of the end of March 2026; the number of each qualification holder is duplicated

CONTENTS

1	Corporate Profile (Long-term Vision and Business Domains)	3
2	Recap of First Medium-term Management Plan	13
3	Second Medium-term Management Plan FY2026–FY2030 Redesign TOTECH —A Bridge to Our 100th Year—	18
4	APPENDIX (Financial Indicators)	38

- Working as a unified Group toward value creation, we exceeded expectations in the final year of the plan, which also marked our 70th anniversary

*Figures for each business segment do not include internal sales.

Main points for performance evaluation during the First Medium-term Management Plan

HVAC business

A founding business and still posts years with double-digit growth. With workforce remaining largely unchanged, we focused on securing large-scale projects and delivering higher added value proposals as key sales drivers. By increasing project unit prices, we expanded the scale of the business and contributed to profit growth as well.

Instrumentation business

By expanding workforce and improving technological capabilities as key profit drivers, we enhanced our market reputation and achieved growth far exceeding our projections. This was the primary factor behind the increase in consolidated profits, contributing significantly to improved profitability.

Energy solution business

A new business area for our Group that is steadily growing against the backdrop of societal demand. Through initiatives to explore new technological fields and expand our customer base, we contributed to our overall performance in terms of both sales and profit.

Domestic group companies

Our main businesses are instrumentation and maintenance and repair services. Services form the foundation of our continuous lifecycle business; as a revenue model that bridges the gap between product sales and construction projects, they play a vital role in supporting the Group's current and future operations.

Overseas group companies

New business areas for the Group where growth exceeding that of the domestic market is expected. While achieving steady growth, we also laid the groundwork for further business expansion. Based on this positive momentum, we anticipate making significant strides during the next Medium-term Management Plan.

*Figures are for Quantum Automation only (consolidated entity)

(100 million yen)	FY22 results	FY25 plan	FY25 results	FY25 versus FY22	FY25 results versus plan
Consolidated net sales	1,266	1,500	1,700	+34.3%	+13.3%
HVAC business*	615	700	749	+21.8%	+7.0%
Instrumentation* business	199	230	316	+58.8%	+37.4%
Energy solution* business	146	170	205	+40.4%	+20.6%
Domestic group* companies	315	330	430	+36.5%	+30.3%
Overseas group* companies	38	53	56	+47.4%	+5.7%
Consolidated ordinary profit	81	100	179	+121.0%	+79.0%
Consolidated ordinary profit margin	6.5%	6.7%	10.6%	+4.1pt	+3.9pt
ROE	12.0%	10% or more	14.7%	+2.7pt	+4.7pt
By segment	1,266	1,500	1,700	—	—
Product sales	788	870	937	+18.9%	+7.7%
Construction	477	630	761	+59.5%	+20.8%

Achievement Status of the Four Key Strategies in the Strategic Framework

Investment in human resources

- Domestic ratio of technical qualification holders exceeds 50%
- Proactive recruitment of new graduates and mid-career employees
- Salary increases for three consecutive years
- △ Internal recruitment system and commendation system
- △ Establishment of a career planning program

ESG-focused management

- Executing efficiency by reviewing inefficient processes and automating tasks that can be standardized
- Strengthening governance through shift to a company with an Audit and Supervisory Committee
- Expanding investor dialogue through proactive IR activities
- Disclosure of GHG emissions by scope
- Awarded "B" score from CDP
- Certified for the first time as a Health & Productivity Management Outstanding Organization
- △ Improving operational quality and risk resilience through compliance training
- △ Recycled refrigerant / Reduced construction work
- × Acquisition of Eruboshi and Kurumin certifications

Strengthen core business

- Expansion of product sales while also improving the gross profit margin
- Increasing gross profit margin of construction segment to 34.8%
- Stable acquisition of maintenance and repair contracts
- Increasing the contribution of group companies to consolidated financial results
- △ SANNOU KIKOU becomes a subsidiary
- △ Strengthening of continuous lifecycle business

Expand overseas business

- Strengthening BMS with Quantum Automation as the core, building a foundation for expansion into ASEAN
- Strengthening presence within the TOTECH Group through sales growth
- Reinforcement of management foundation through initiatives to enhance employee skills and motivation
- △ Shortage of personnel for overseas business and development of the next-generation management leadership
- △ Promoting M&A



Issues in the Second Medium-term Management Plan

- Response to workstyle reform
- Further strengthening of sales capabilities

- Securing and utilizing stable human capital
- Further improvement of operational efficiency

■ M&A

- Investment in human capital and sales initiatives is supporting earnings growth, while reinforcement of management foundation will be carried over to the second medium-term plan

Major initiatives

Human capital investment

Measures to improve both the scale and quality of human capital, including hiring, upskilling, increasing employee motivation, and retention initiatives

Investment for business expansion and creation of added value

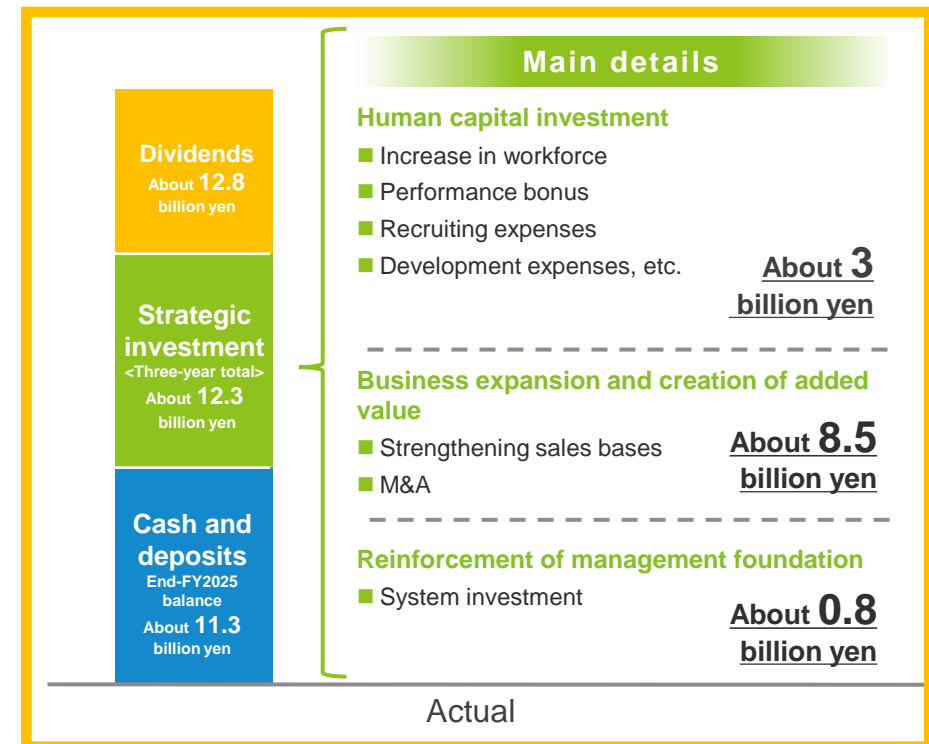
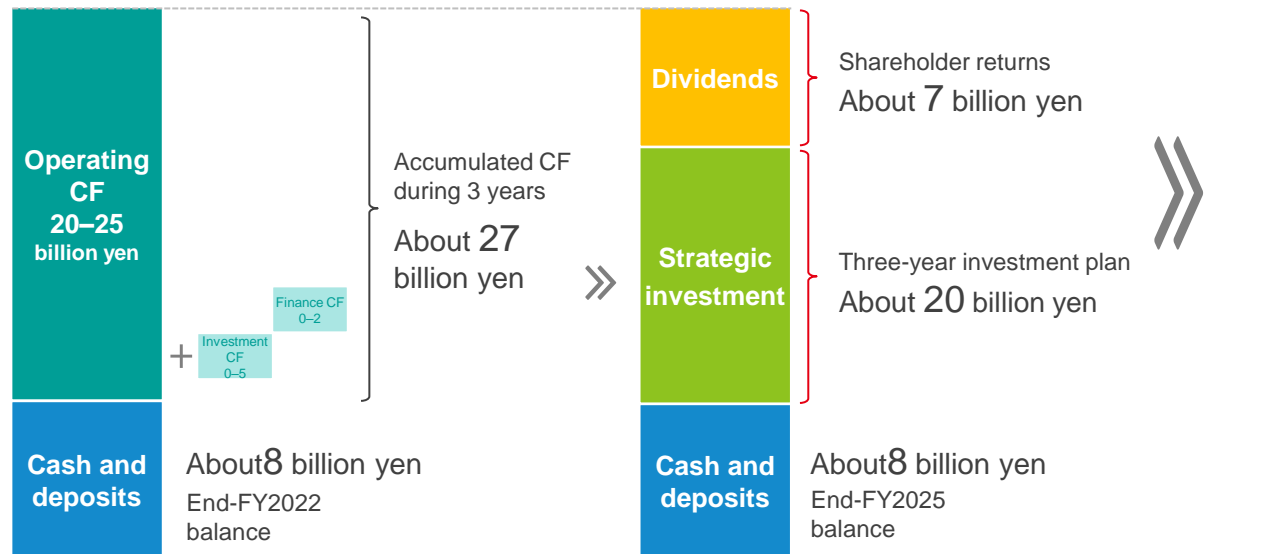
Expansion of sales bases, solution bases, M&A, etc.

Investments in broadly defined human capital

IT investment to support talent by improving productivity and saving labor, office environment improvement, and recruitment support through brand awareness, etc.

Investment to reinforcement of management foundation

Updating enterprise systems, operational efficiency, etc.



- While the construction market is expected to remain strong, excessive optimism is unwarranted. It is essential to prepare for an increasingly challenging labor market

	Construction market	Labor market
Macroenvironment	<ul style="list-style-type: none"> ✦ Expanding construction investment backed by public investment and low interest rates ✦ Expanding demand for capital investment in factories, data centers, and logistics ✦ Strong appetite for investment in manufacturing and ICT ✦ Expanding demand for replacement and high-performance equipment due to ZEB/GX compatibility ▬ Risk of capability gaps arising from increasingly diverse and specialized demand ▬ Rising material and labor costs + external environment risks (overseas and policy-related) 	<ul style="list-style-type: none"> ✦ Supplementing the labor force through the utilization of a diverse workforce ✦ Labor savings and productivity improvements through DX and automation ▬ Structural labor shortage (tight supply/demand) ▬ Aging workforce + and shortage of younger workers ▬ Difficulty in retaining younger employees (quick attrition) ▬ Increase in personnel and recruiting costs ▬ Construction and schedule constraints due to workstyle regulations
Microenvironment	<ul style="list-style-type: none"> ✦ Demand driven by continued large-scale investment in data centers, semiconductors, logistics, and other sectors ✦ Growing demand for renovation and maintenance of non-residential properties and expansion of the continuous lifecycle business ✦ Increasing opportunities for high added value proposals through GX and energy conservation initiatives ✦ Stable sourcing capability through special contractual relationships ▬ Intensifying price and project competition due to increased market entrants ▬ Difficulty in ensuring profitability due to persistently high costs + delivery schedule risks 	<ul style="list-style-type: none"> ✦ Mid-career hiring opportunities increase ✦ Improving in-sourcing productivity through training and business reform ✦ Focusing engineers on high added value tasks through specialization and DX ▬ Difficulty in significantly increasing the number of engineers (due to structural constraints) ▬ Rising labor costs ▬ Reduced operational capacity due to labor regulations
Key opportunities	<ul style="list-style-type: none"> ■ Increased opportunities for winning orders resulting from the continued expansion of private and public investment ■ Acquisition of major projects ■ Expansion of equipment renovation and maintenance services for existing buildings 	<ul style="list-style-type: none"> ■ Advancement of recruitment methods ■ Diversification of measures to enhance awareness
Key threats	<ul style="list-style-type: none"> ■ Increasingly competitive landscape ■ Fiscal year lags from projects becoming larger and longer in duration 	<ul style="list-style-type: none"> ■ Increasingly competitive landscape ■ Rising recruitment costs

CONTENTS

1	Corporate Profile (Long-term Vision and Business Domains)	3
2	Recap of First Medium-term Management Plan	13
3	Second Medium-term Management Plan FY2026–FY2030 Redesign TOTECH —A Bridge to Our 100th Year—	18
4	APPENDIX (Financial Indicators)	38



External environmental factors leading to becoming a 100-year company

- The Earth is becoming increasingly warm = Perspective of global warming countermeasures
- Energy demand and the need for greater efficiency are growing steadily = Expansion of energy business
- Stagnation in domestic new construction demand and an increase in aging buildings = Expansion of the renovation and replacement business
- Declining population and shortage of human resources = Increasing difficulty in ensuring a stable supply of human capital
- Advances in AI and other technologies = The gap in proficiency in IT utilization is widening



Celebrating its 70th anniversary, the Totech Group is refining itself as a corporate group that integrates technology x people x culture, with an eye toward becoming a 100-year company.

Business development

- By taking a flexible approach to product sales, considering not only procurement methods but also climate change mitigation, we can expand into a business that creates added value
- In anticipation of a slowdown in new construction demand, we aim to expand our services for replacement, renovation, and maintenance and repair of existing properties
- Enhancing capability for making technology proposals through a cross-functional, one-stop solution approach that integrates sales, engineering, and service operations
- Creating new value through cross-functional mindset that transcends conventional divisional boundaries
- Expand overseas business
- Given the challenges in recruiting talent, we will reinforce our management foundation by making investments in broadly defined human capital, including labor-saving measures and productivity improvements through IT, M&A aimed at talent acquisition, enhancing our brand recognition to support recruitment, and using outsourcing.

Personnel sought by the Totech Group

- We seek individuals who possess expertise, a diligent work ethic, a spirit of taking on challenges, and a warm, caring nature.
- To build an organization capable of adapting flexibly to environmental changes, we will establish a self-directed organizational structure that combines individual skill development, leadership, and clear delegation of authority with collaboration, organizational learning, and governance.

First Medium-term Management Plan

- **Positioning**
 - Meeting the responsibilities of becoming a TSE Prime Market-listed company
 - Demonstrated our ability to implement the long-term vision formulated in FY20
- **Outcomes and issues**
 - Achieved performance exceeding expectations
 - Improved the labor environment
 - Reinforced the management foundation toward becoming a 100-year company

Second Medium-term Management Plan

- **Positioning**
 - **Realigning our management approach to mark our 70th anniversary and become a corporate group capable of becoming a 100-year company**
- **Expected outcomes**
 - **We are deepening our human capital management as a corporate group that places people in a leading role (the integration of business strategy and HR strategy)**
 - **Shift to a high-profit structure**
 - **Establishing the management foundation toward becoming a 100-year company**

Joining the ranks of **100-year companies**

Long-term vision

FY20

FY22

FY23

FY25

FY30

FY55

Transition to the TSE Prime Market

70th anniversary

100th anniversary

COVID-19 pandemic

Workstyle reform and stricter labor regulations

Rising material prices and construction costs

Promoting construction DX and productivity enhancement

Stagnant demand for new construction

Deepening labor shortage

Stronger decarbonization and environmental regulations



Strengthening human capital management

Enhancing the value of human capital and pursuing optimization

Shift to a high-profit structure

- Allocating resources to profitable businesses
- Strengthening measures to create added value
- Improving cost control
- Strengthening initiatives to improve productivity

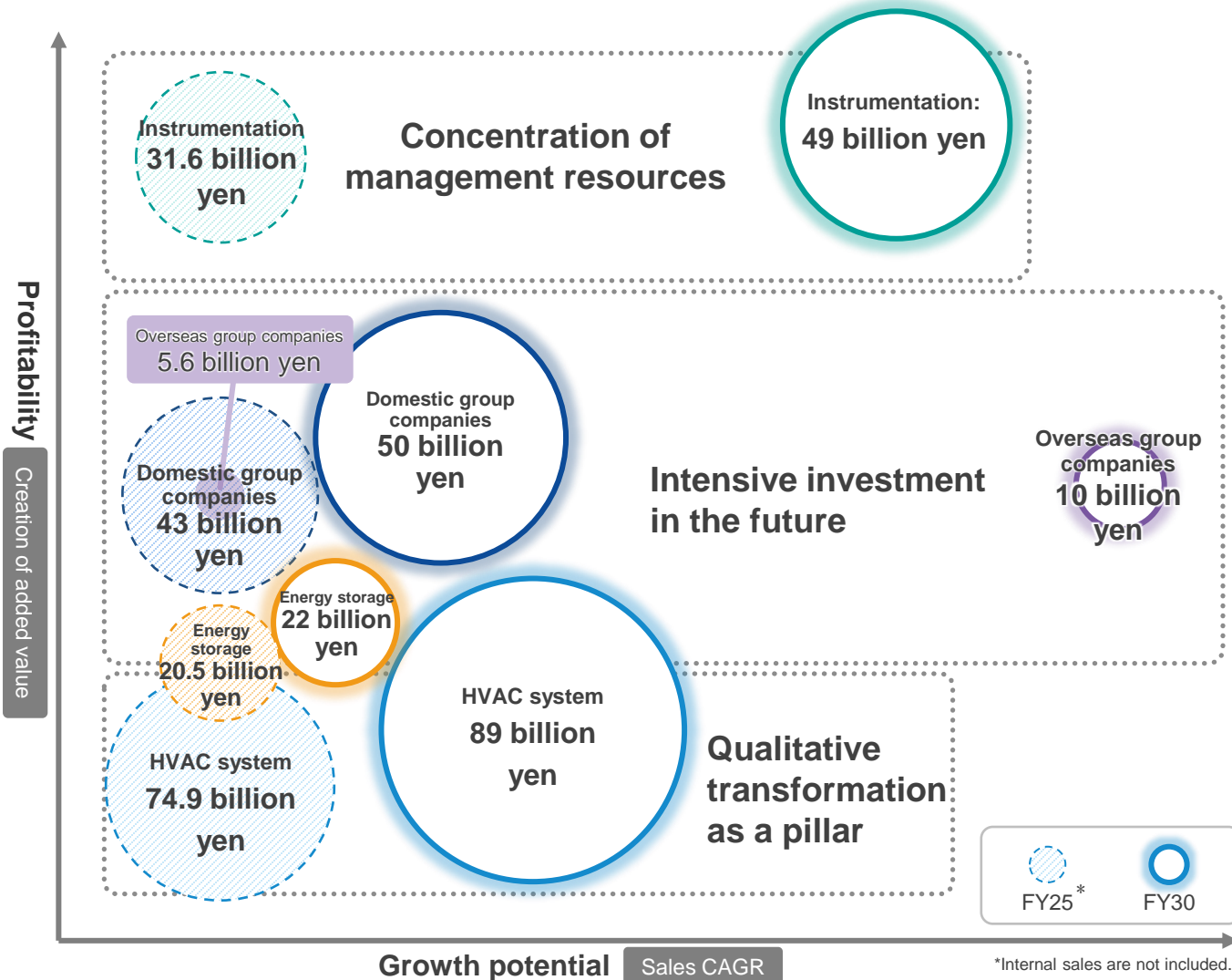
Establishment of management foundation

- Accelerating aggressive business reforms
- Enhancement of investments in broadly defined human capital
- Enhancing governance
- Stable returns to shareholders supporting business

Demonstration of ability to execute and sustainability

Aiming to become a 100-year company by playing a vital role in social infrastructure and continuing to deliver value to our stakeholders

- Transformation into a high-profit structure through unified Group management, alongside clarification of roles contributing to sustainability



■ HVAC business

[Rev] Profit contribution in the core project price band through high added value proposals
[Sus] Revenue scale = embodiment of market needs = foundation for creation of social credibility

■ Instrumentation business

[Rev] Driver of profit expansion through high operating leverage
[Rev/Sus] Simultaneous pursuit of earnings in the current fiscal year and investment in future growth (continuous lifecycle business)

■ Energy solution business

[Rev] Broadening new market domains leveraging energy efficiency, renewable energy, and BCP as hooks
[Sus] A role focused on expanding our customer base and range of solutions through direct proposals
[Sus] Through solutions aimed at the realization of a decarbonized society, we are committed to addressing social challenges from an ESG perspective

■ Domestic group companies

[Rev/Sus] Capability to meet a wide range of customer needs in the provision of products and services, through the complementary strengths of TOTECH and its group companies
[Rev/Sus] Maintenance and repair services as the cornerstone of the continuous lifecycle business

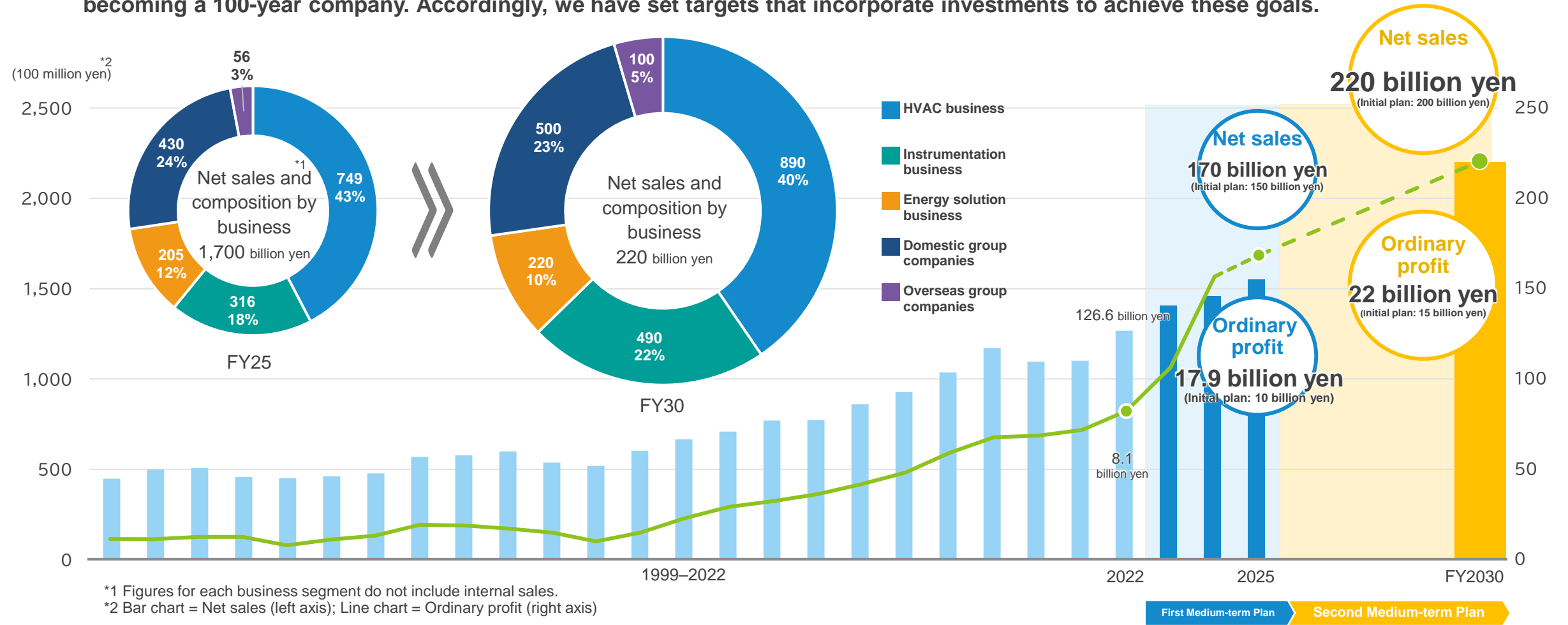
■ Overseas group companies

[Rev/Sus] Strengthening the construction and maintenance and repair services business
[Sus] Contribution to diversification of country risk

[Rev] Shift to a high-profit structure
[Sus] Sustainability

Numerical Targets <Growth and Profit Level>

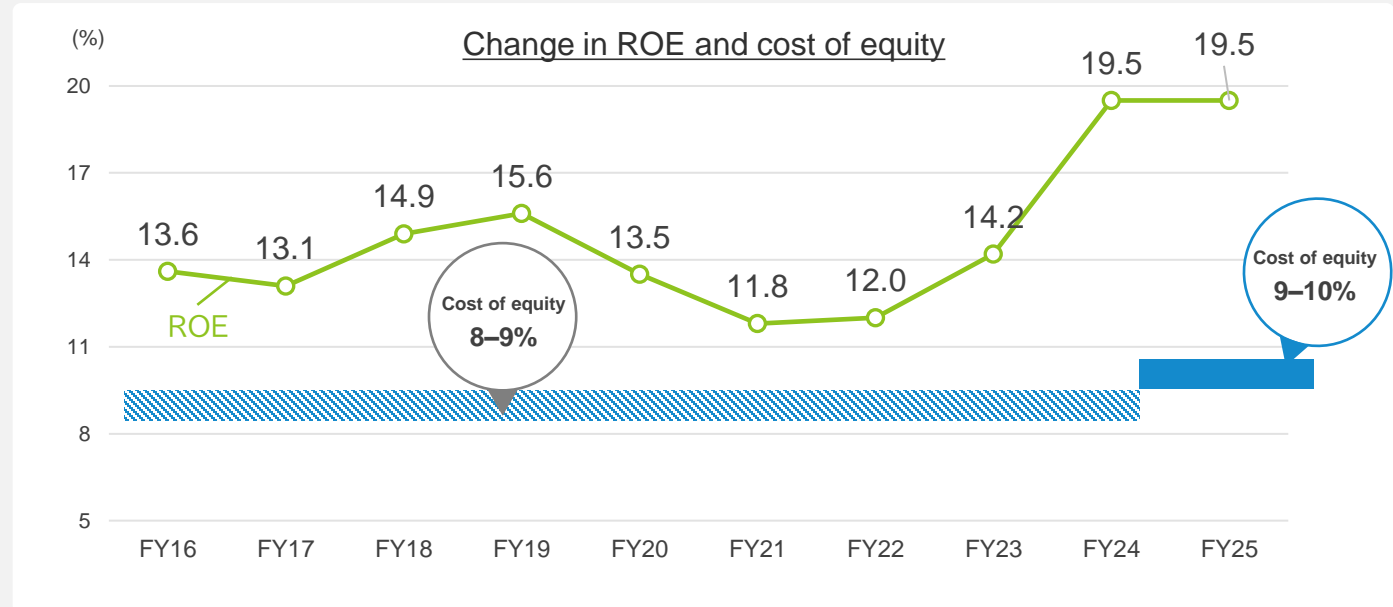
- Revised up the performance targets for FY2030 (the final year of the Second Medium-term Management Plan), which were set as part of our long-term vision
- Based on our strong performance during the first Medium-term Management Plan, we have determined that further strengthening of human capital and the consolidation of our management foundation are essential for sustainable growth moving forward, with an eye toward becoming a 100-year company. Accordingly, we have set targets that incorporate investments to achieve these goals.



*1 Figures for each business segment do not include internal sales.
 *2 Bar chart = Net sales (left axis); Line chart = Ordinary profit (right axis)

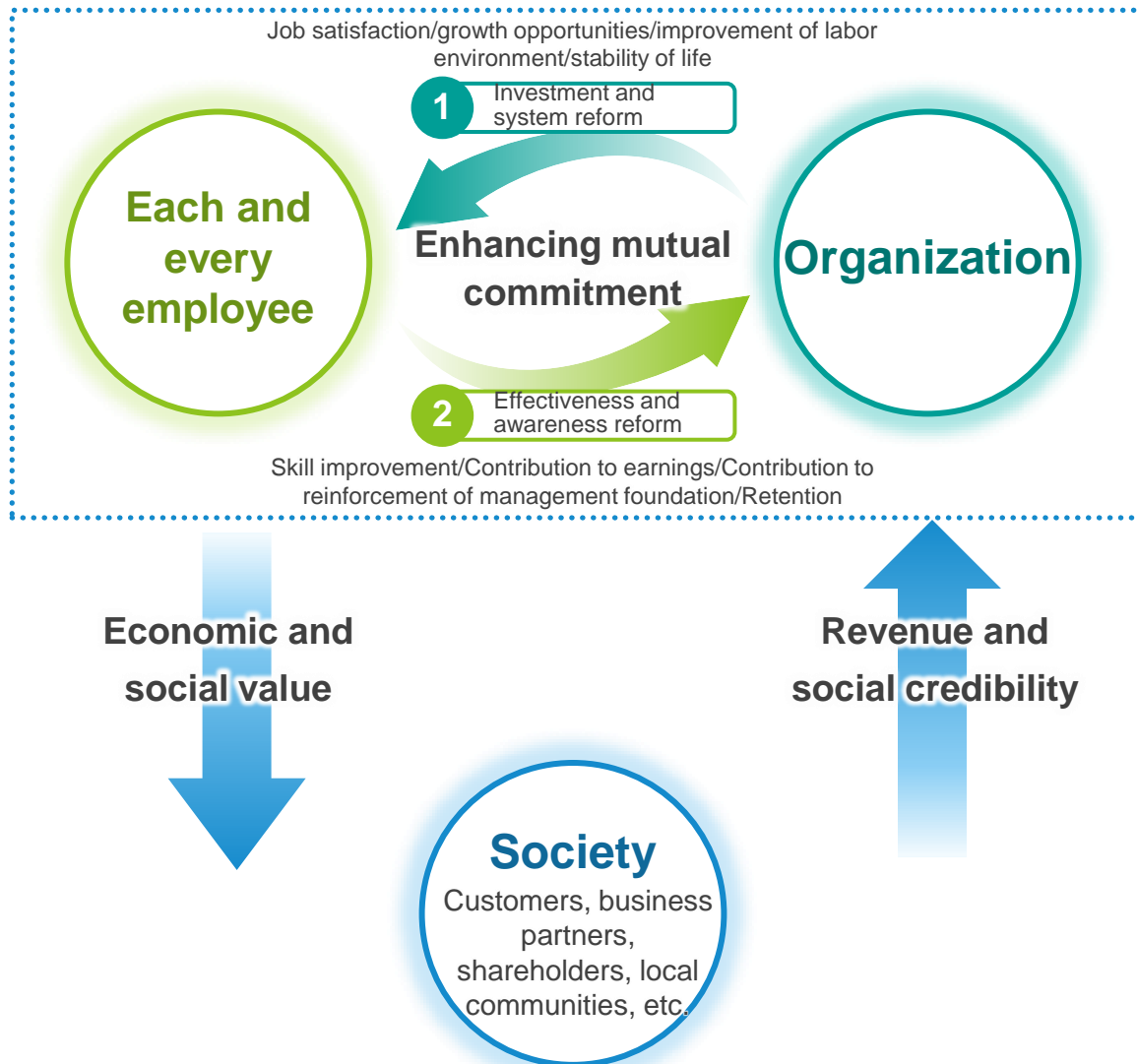
- We aim to maximize capital efficiency and shareholder value by achieving a ROE that exceeds the cost of equity and optimizing the levels of strategic shareholdings and cash and deposits.

- The Company estimates its cost of equity at **approximately 9–10%**, revised upward from the previous medium-term management plan period, taking into account recent increases in long-term interest rates and investors' expected returns.
- ROE has remained above 10% annually over the past 10 years, and we aim to maintain a target range of **12–15%** going forward, while keeping the equity spread in positive territory



- With the Corporate Governance Code requirements in mind, by end-FY2030, the company will limit its strategic shareholdings to **15% or less** of consolidated net assets
 -> The company's policy to use the proceeds from the sales for investment, debt reduction, and shareholder returns
- With respect to our policy on optimizing cash and deposit levels, we recognize the need to balance the allocation of excess liquidity to investments and shareholder returns with the retention of an appropriate level of cash and deposits as part of BCP (Business Continuity Planning). Accordingly, we use **about 1.5 months of monthly sales as a benchmark**

Value creation cycle model of human capital management



Initiatives to integrate business strategy and human resources strategy

■ Revamping the basic HR strategy with a view to becoming a 100-year company

To ensure we remain a resilient organization capable of demonstrating our value even amid an uncertain social environment, we are re-examining our approach to ideal personnel, recruitment, development, measures to increase employee motivation, and workplace environment improvements.

■ HR system transformation

To achieve sustainable, medium- to long-term growth for the Group, we will establish a personnel system that “supports the growth of human resources who can think and act independently and create new value by taking on challenges and accepting failure,” while building an organizational structure capable of effectively managing this platform.

■ Strengthening technological capabilities

In addition to increasing the number of technical staff—the source of our competitiveness—we are **strengthening our skills development initiatives** to enhance technological capabilities company-wide, regardless of job role. The company plans to systematize its **training programs** and begin establishing **the (working name) Integrated Technical Training Center**, which will serve as a symbol of these initiatives, to create an environment conducive to continuous learning.

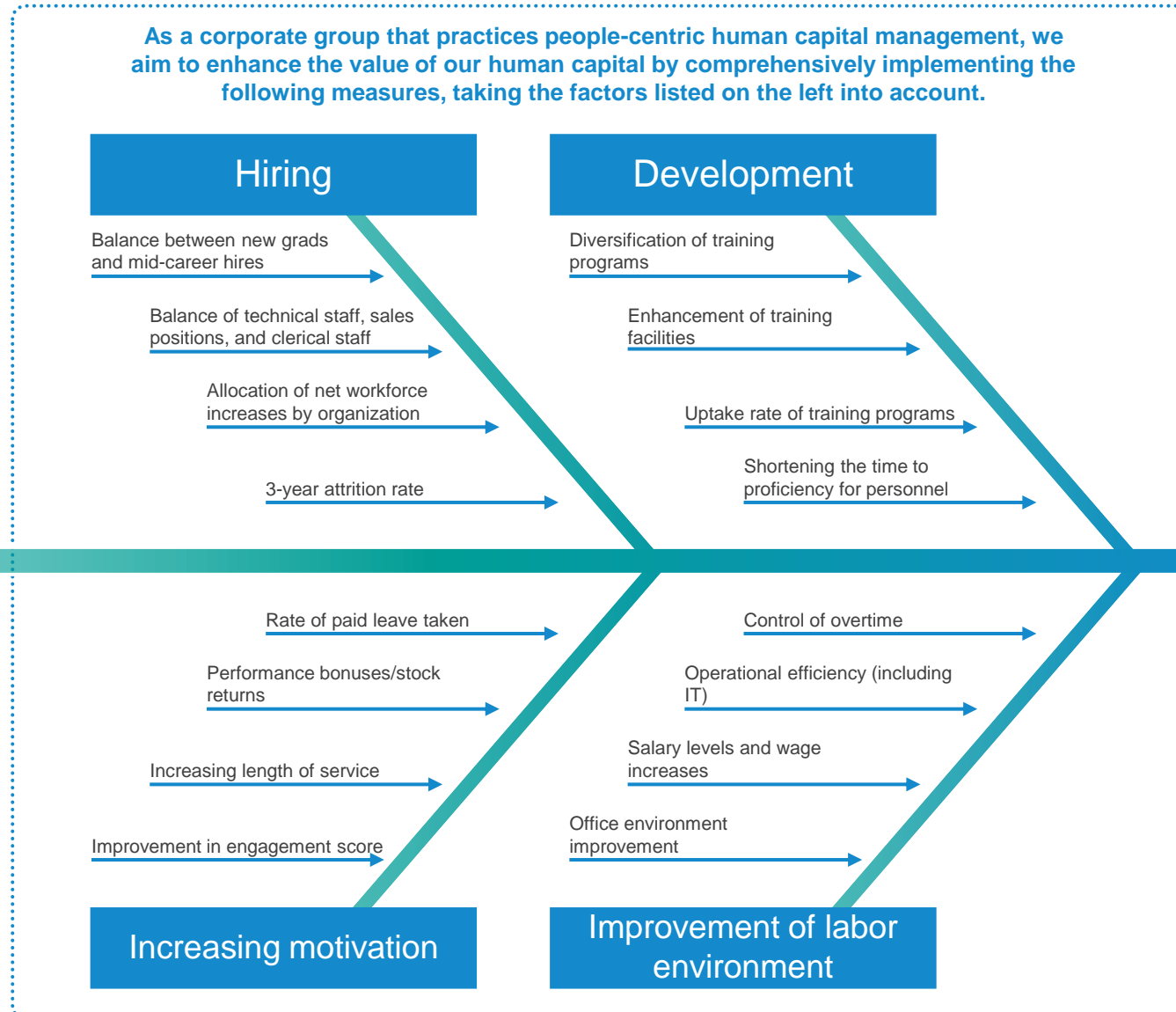
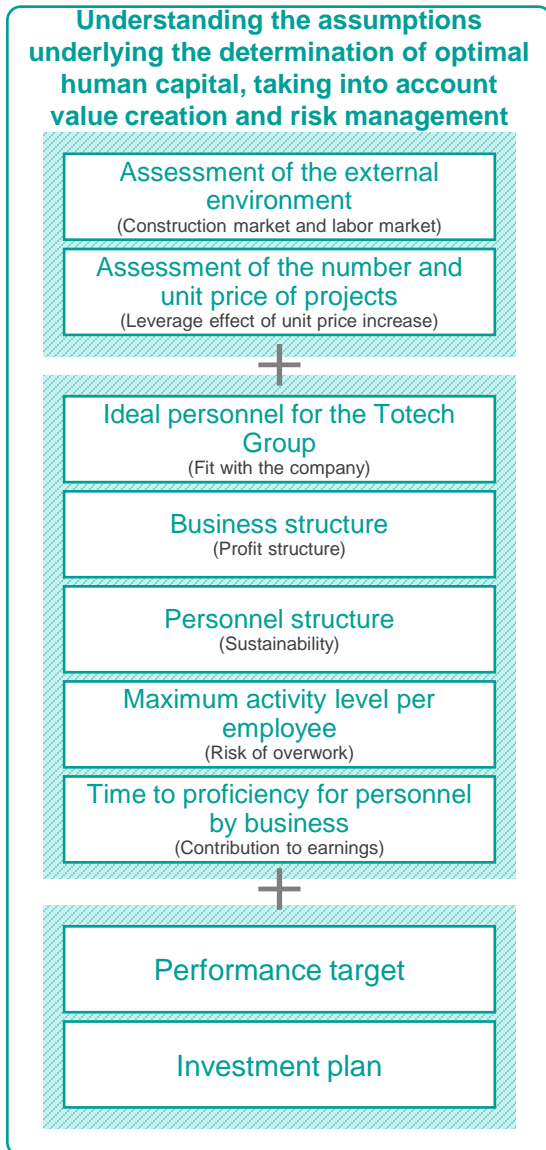
■ Establishing human capital management that strikes a balance between offense and defense

We are establishing an optimal personnel structure that supports the achievement of performance targets and addresses risks based on a thorough understanding of the external environment, available management resources, and business structure. Furthermore, to improve labor productivity while ensuring an appropriate labor distribution ratio, we will comprehensively promote **proactive workforce expansion, effective staffing, enhanced HR development, measures to increase employee motivation, and improvements to the work environment.**

■ Investments in broadly defined human capital

In addition to direct investment in human resources, we are making proactive investments as part of our initiatives to build a Group management foundation aimed at becoming a 100-year company. These measures include **developing IT systems** to support employees in improving operational efficiency and productivity, implementing **measures to raise our brand recognition** to aid recruitment, and enhancing the work environment to increase motivation.

Human Capital Management <Integrated Measures to Enhance Human Capital Value>



Aiming to be a genuine entity that continues to provide value to society as a going concern

Economic value creation
Social value creation

Revenue
Acquisition of social credibility

Reinvestment
Retention of human capital

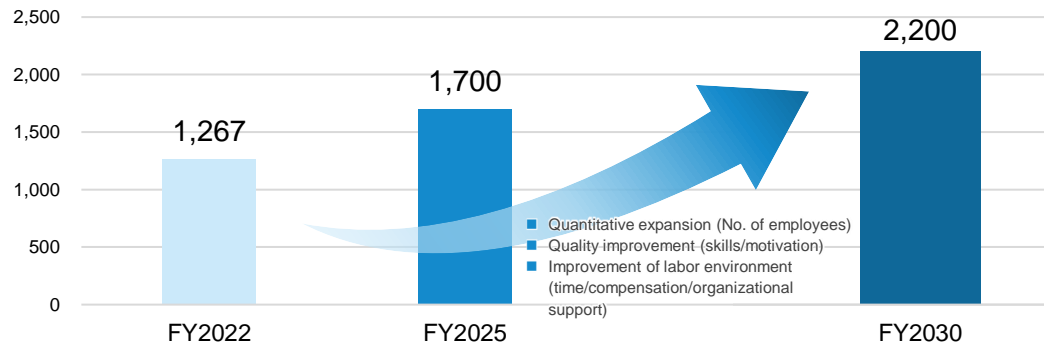
Demonstration of ability to execute and sustainability

Toward Becoming a 100-year Company

Human Capital Management <Human Capital KPIs>

Consolidated net sales

(100 million yen)



Main KPIs	FY2022	FY2025	FY2030
Number of employees	2,505 persons	2,855 persons	3,595 persons <small>(Consolidated)</small>
Qualification holders in Japan ^{*1}	1,179 persons	1,302 persons	1,536 persons or more <small>(Consolidated)</small>
Engineers in Japan ^{*2}	998 persons	1,159 persons	1,391 persons or more <small>(Consolidated)</small>
Education and training expenses	About 30 million yen	About 50 million yen	About 110 million yen <small>Separately, a comprehensive training facility</small> <small>(Non-consolidated)</small>
Average hours worked per year	2,025 hours	2,048 hours	About 2,000 hours <small>(Non-consolidated)</small>
Average annual income	7.46 million yen	9.18 million yen	About 10 million yen <small>(Non-consolidated)</small>
Investments in broadly defined human capital	—	About 6.1 billion yen	About 11.7 billion yen <small>(Non-consolidated)</small>
Engagement score	74.5pt	76.4pt	76.4pt or more <small>(Non-consolidated)</small>
Attrition rate	5.2%	4.3%	5.0% or less <small>(Non-consolidated)</small>

*1 Number of employees in the Construction segment

*2 Number of employees with technical qualifications recommended by the Company for domestic employees

Business

Concept of human capital



HVAC business

- Since controlling fixed costs is key, we will continue to explore the optimal balance between sales growth and minimal increases in headcount.
- From the perspective of investments in broadly defined human capital, we will actively implement IT investments aimed at supporting our workforce, improving efficiency, and reducing the need for workforce



Instrumentation business

- Given the strong correlation between increased sales and an expanded workforce, we will focus on increasing the size of our workforce as a strategic initiative to transition to a high-profitability business model.
- We will strengthen measures to improve technological capabilities and improve employee retention.



Energy solution business

- Given the strong correlation between increased sales and an expanded workforce, we will focus on increasing human capital
- Strengthening measures to foster engineers and retain talent
- Facility development to acquire expertise in new technological fields
Investments in broadly defined human capital



Domestic group companies

- Across the Group as a whole, we aim to expand our human capital on a scale that exceeds the increase in workforce at TOTECH on a non-consolidated basis
- Strengthening group-wide recruitment, technical training, and talent retention measures



Overseas group companies

- Focusing on measures to increase the motivation of local employees and reducing attrition
- Identifying and developing talent capable of becoming executives in the future

- We aim to create high added value opportunities to drive strong profitability across the entire Group by accurately identifying the challenges faced by our customers and the external environment, and by executing the business strategies of each organization.

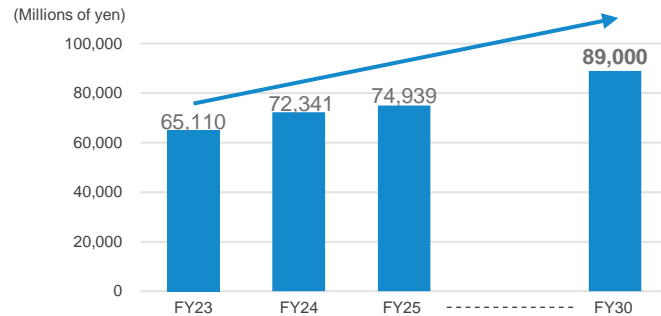
**Deeper development
of high added value
solutions**

**Expansion of
continuous lifecycle
business**

**Maximization of
profit opportunities
through Group
collaboration**

- Propose solutions for creating high added value, such as offsite production
We will work to improve profitability by increasing margins while also pursuing new business opportunities

HVAC business Net sales



Strengthening the business foundation

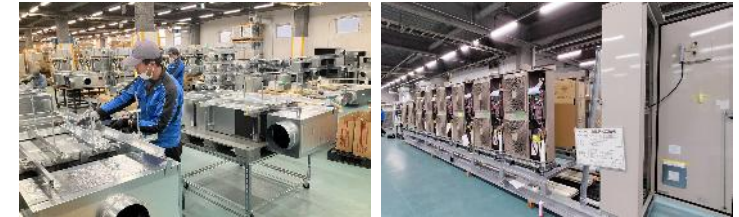
- **HR development and operational efficiency**
 - Creation of training programs to encourage individual growth
 - Enhancing employee growth and improving corporate productivity and competitiveness through appropriate staff placement
 - Differentiating through operational efficiency such as onsite shipping management by back-office staff

Initiatives to increase margins

■ Offsite production

Expanding offsite production in collaboration with Nippon Bulcon.

We will simultaneously reduce onsite labor hours, address the shortage of skilled workers, and resolve logistics challenges, thereby enhancing the added value provided to our customers.



Offsite production (Unitization of equipment at Nippon Bulcon)

■ Maintaining market share of core products and boosting orders received for maintenance and repair services

While maintaining and expanding our market share in packaged and central air conditioning systems, we will intensify our promotion of units compatible with R32-refrigerant (multi-split systems for buildings) to effectively capture demand for eco-friendly solutions. We will accurately identify renewal needs and strengthen our efforts to win maintenance and repair contracts.

■ Expansion of product lineup

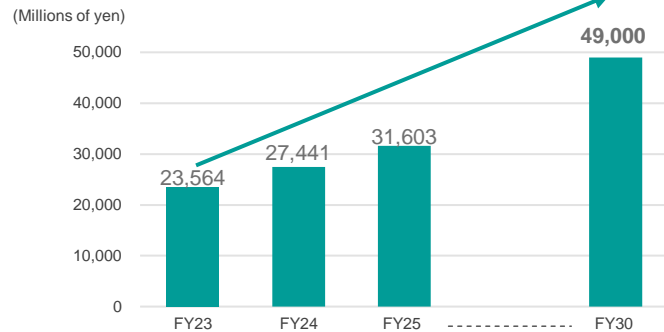
In addition to core products, we propose a broader range of offerings (through-flow boilers, dehumidifiers, industrial chillers, etc.) By offering bundled packages of multiple products, we aim to meet our customers' diverse needs and maximize order value per project. We will also strengthen our offerings of unique products tailored to specific applications, such as fan filter units, radiant HVAC systems, and industrial water chillers.

■ Entry into growth markets

Augmenting large-scale redevelopment projects in major cities, we are building a track record of supplying solutions for specific applications with strong growth potential, including data centers operated by non-Japanese entities, semiconductor factories, PFI projects for school HVAC, HVAC for school gymnasiums, and BCP measures.

- Maximizing technological capabilities and profitability, and building a high added value business structure resilient to environmental changes

Instrumentation business Net sales



Strengthening the business foundation

- Resolving labor shortages and improving operational efficiency

Focusing on DX and securing human resources

We are working to reduce man-hours by implementing construction management tools and promoting remote maintenance.

Initiatives to increase margins

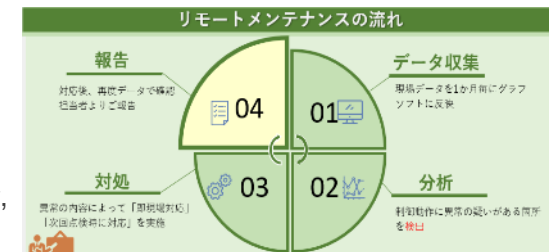
- Expansion of continuous lifecycle business

Preparing to shift to a stock market in anticipation of changes in the market for new construction starts. As a contractor specializing in existing structures, we are actively pursuing renovation projects and, alongside the market for new construction starts, are focusing our efforts on maintenance and renovation projects for existing buildings. Currently, we aim to shift the ratio of new construction to existing projects from 70/30 to 50/50, with the goal of achieving sustainable growth.

- Standardization of remote maintenance

Remote maintenance is a service that remotely monitors the operational status of equipment based on data to verify operation, detect malfunctions, and evaluate controllability.

Because we can monitor site conditions around the clock throughout the year, we are able to propose solutions in a timely and proactive manner.



- Building a construction framework for growth markets

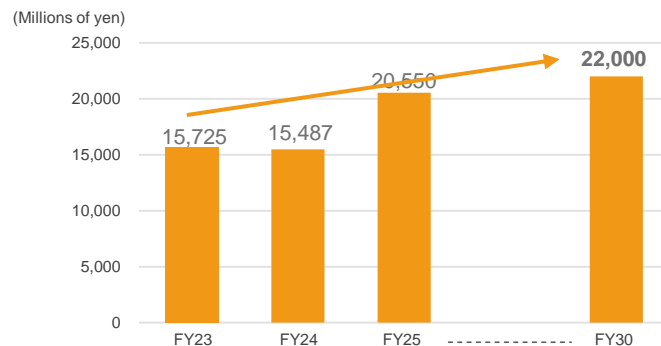
We will expand our order intake in growth markets that demand highly sophisticated construction quality with a strong emphasis on system integration, such as large-scale data center projects centered in the Kansai region, mega-scale redevelopment projects centered in the Tokyo metropolitan area, and semiconductor and pharmaceutical plant projects across various regions, and establish a construction framework capable of meeting these demands.

- Improving profitability and quality through VE proposals

We promote timely and proactive value engineering (VE) proposals, including system evaluations from the start of construction and labor-saving construction methods. We aim to strengthen our technological capabilities and maximize revenues while reducing onsite management hours and cutting costs, thereby achieving both high-quality construction and profitability.

- **Creating added value through three major solutions: energy saving, renewable energy, and BCP**
Establishing a high-profit lifecycle model through Group collaboration

Energy solution business Net sales



Strengthening the business foundation

- **Embedding of corporate culture and human resource development**

This department has many mid-career hires and is home to a diverse group of employees, ranging from young professionals to mid-career staff. We work together to explore each individual's aspirations for the future, career advancement, and goals, with the aim of fostering a strong corporate culture. Strengthening and promoting training tailored to each individual's aptitudes.

Initiatives to increase margins

- **Three major solutions**

We are expanding our solution portfolio with F-SOL (energy conservation), E-SOL (renewable energy), and BCP-SOL (emergency power supplies). Aiming to shift from simple renovations to added value proposals.

- **Renewable energy and energy conservation products**

Reinforcing efforts to promote renewable energy through proposals for solar power generation facilities such as flexible PV systems, solar carports, and onsite PPAs. We provide support for energy conservation proposals involving the renewal of HVAC and heat source systems

- **Sales expansion of generators and storage batteries**

We aim to achieve our sales targets for diesel generator systems for disaster prevention equipment and will also expand sales of gas turbines and large-scale equipment. We will strengthen sales of grid-use and industrial storage batteries, uninterruptible power supply (UPS) systems, and active voltage conditioners for instantaneous voltage drop, etc. to meet customers' power supply needs.

- **Cost reduction and procurement**

We promote direct orders with partner companies that handle design, construction, and maintenance to reduce intermediate margins. We will develop new suppliers for solar panel materials and panel modifications to strengthen our competitiveness.

- **Plus-one proposals**

Obtain maintenance contracts and propose additional products for all projects and sites (plus-one proposal). Our aim is not just product sales, but to secure revenue throughout the entire product lifecycle.

- **Approaching target markets**

We will focus our efforts on data centers, food and semiconductor factories, and logistics warehouses. We will propose integrated solutions combining power generation, heat sources, and renewable energy facilities to expand the scale of our projects. We aim to shift to a high-profit structure by leveraging our connections with stakeholders to secure properties in locations close to building owners.

- **Shift to a lifecycle-based, added value, high-profit model through Group collaboration**

Leveraging Group synergies, we are rolling out proposals for "cross-group energy solutions" that integrate HVAC, power supply, renewable energy, and maintenance services and build on our established customer base for which we already provide maintenance and management. By leveraging our relationships with existing customers, we aim to increase the visibility of successful projects and expand the scope of our proposals.



Lightning protection using a compact, low-cost active voltage conditioner for instantaneous voltage drop without a battery

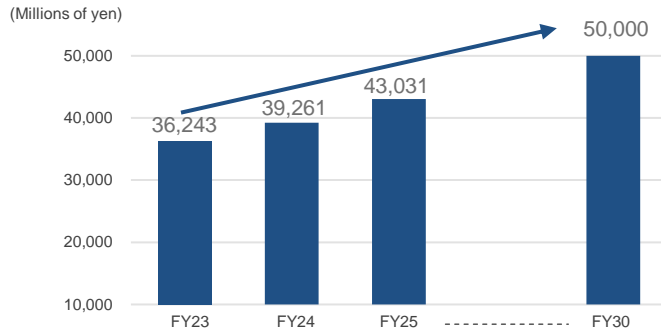


Contributing to decarbonization through fuel conversion (switching to natural gas)

- Leveraging each company's specialized expertise and local presence to further develop our continuous lifecycle business

Aim to expand our revenue base by leveraging the combined strength of our group collaboration

Domestic group companies Net sales



Strengthening the business foundation

- Improving productivity through better operational efficiency (Nippon Builcon)

The company will bolster customer service capabilities by establishing five sales offices in the Tokyo metropolitan area, strengthening its community-focused brand, advancing DX (having obtained DX certification), and enhancing operational productivity through the consolidation and standardization of back-office operations.

- Strengthening recruitment (I.B. Technos Co., Ltd.)

We are actively recruiting from a wide range of sources to address the growing shortage of personnel. We will develop individual training plans for each employee to enhance their skills. (IBG)

- Strengthening construction capacity through talent development (TOTECH HOKKAIDO CO., LTD.)

We will expand the scope of in-house support by enhancing education. Also, we will strengthen construction capacity.

Initiatives to increase margins

- Expansion of Cycle Maintenance® (Nippon Builcon)

Nippon Builcon delivers one-stop service that provides comprehensive support for the maintenance, repair, and renovation of building equipment, tailored to each customer's specific requirements. Expanding the Cycle Maintenance®, they aim for a 50% share of total sales. They build a solid earnings base in the existing (stock) market.

- Three major solutions (Nippon Builcon)

They expand businesses based on the three major solutions of energy conservation, air quality, and BCP. At the Head Office Solution Plaza in Tokyo, visitors can view actual units such as "Ene-Suke-kun" and the "Power Supply Independent HVAC GHP," while at the East Japan Technical Center, they hold tours and training sessions featuring mock-up units of their new R32 refrigerant multi-split systems for commercial buildings. They help customers solve their problems by proposing equipment solutions and R32 equipment.



Cycle maintenance
Nippon Builcon

- Expanding sales of proprietary central monitoring system (I.B. Technos Co., Ltd.)

I.B. Group is expanding sales of its proprietary open-architecture central monitoring system, IB-VISION and the cloud-based IB-VISION Cloud. They can construct systems by freely combining devices from multiple manufacturers. They are strengthening proposals for specialized facilities such as pharmaceutical and semiconductor plants.

- Strengthening the response structure for special facilities (I.B. Technos Co., Ltd.)

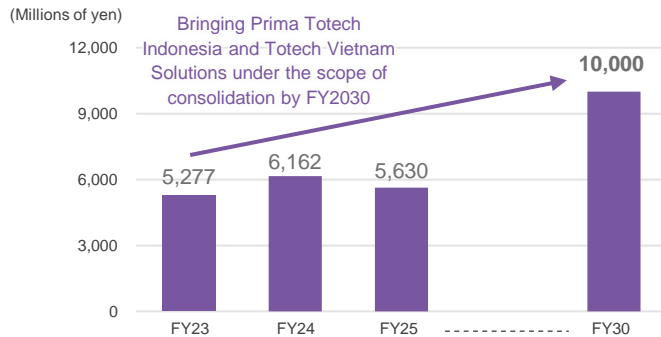
They expand installation work for power monitoring systems and automated control equipment at foreign-owned data centers. They strengthen their capabilities to handle specialized facilities such as pharmaceutical manufacturing plants and semiconductor cleanrooms.

- Participation in growth sectors (TOTECH HOKKAIDO CO., LTD.)

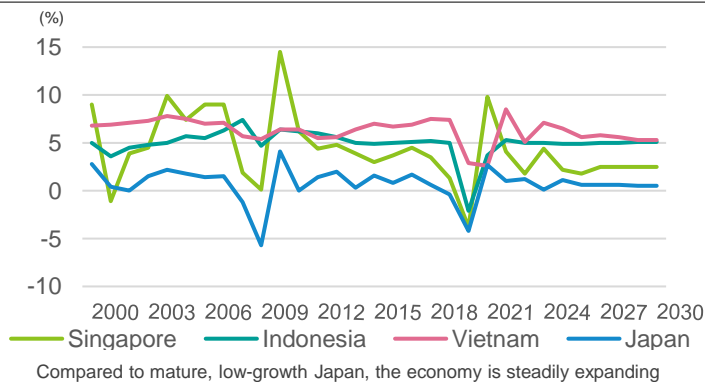
TOTECH HOKKAIDO participates in PFI projects as construction work. They also work to secure demand from semiconductor-related companies and expand sales of HVAC equipment, boilers, and other products.

- Expanding our value chain and strengthening our capability for making technology proposals
- Building a high-profit business foundation by enhancing uniqueness and cost competitiveness suited to each country's market

Overseas group companies Net sales



Real GDP growth (Annual percent change)



Initiatives to increase margins

Quantum Automation (QA)/Singapore

- Differentiate by developing and manufacturing BMS (Building Management Systems) and ELV (Extra-Low Voltage) systems in-house.
- By also performing maintenance, inspection, and adjustment work internally, we deliver a fully integrated, end-to-end solution—spanning the roles of manufacturer, Sler (system integrator), and maintenance provider—thereby demonstrating its unique strengths.
- They are creating added value by differentiating themselves from competitors through the development of technological capabilities and the enhancement of their customer service response.



BMS system

Totech Vietnam Solutions (TVS)/Vietnam

- Totech Vietnam Solutions is expanding its business beyond Japanese-affiliated factories to include retail facilities and office buildings. They will work to have their products included in the specifications of Japanese subcontractors and aim to improve margins by gaining a competitive advantage in price negotiations.
- By strengthening capabilities at their hub in the south (Ho Chi Minh City), they will expand their commercial footprint to reach all of Vietnam. They will also solidify their foundation through collaboration with local sales agents and the expansion of their sales channels.
- They aim to expand HVAC-related products and services, including the sale of VAV, CAV, and FFU systems as well as duct-mounted sound attenuators, along with recycled refrigerants and refrigerant recovery businesses.



Outdoor unit installation work

PT Prima Totech Indonesia (PTI)/Indonesia

- PT Prima Totech Indonesia provides design support during the early stages of projects. They also offer project management support and construction and provide added value in the form of high-quality Japanese-standard service.
- They also undertake projects such as applying salt-resistant coatings to outdoor units and manufacturing ducts in collaboration with Japanese companies to meet customer needs.
- They propose maintenance and repair for completed projects. By in-sourcing maintenance, they are building a high-margin business model.



Salt-damaged paint

Functional Strategy <Establishment of management infrastructure>

- As a company engaged in people-centric business model, the importance of a functional strategy is growing in the establishment of a sustainable growth structure that does not rely on workforce expansion
- Accelerating business reforms to build a management foundation aimed at becoming a 100-year company, promoting management system enhancements, operational efficiency, and DX to contribute to the sustainable growth of the Totech Group

First Medium-term Management Plan

Establishment of the Business Reform Promotion Office to accelerate transformation



Visualizing workload and identifying critical issues



Reviewing and systemizing work processes

- Implementation of various business systems, such as expense reimbursement and chatbots
- Reorganization of the division of roles between head offices and bases in some processes

Second Medium-term Management Plan

Promotion of aggressive business reforms as a Group

1 Clarifying the roles of each department and standardizing processes

2 Unify processes by introducing systems

3 Automating processes by utilizing IT tools



Enhanced hiring and nurturing of specialized human resources



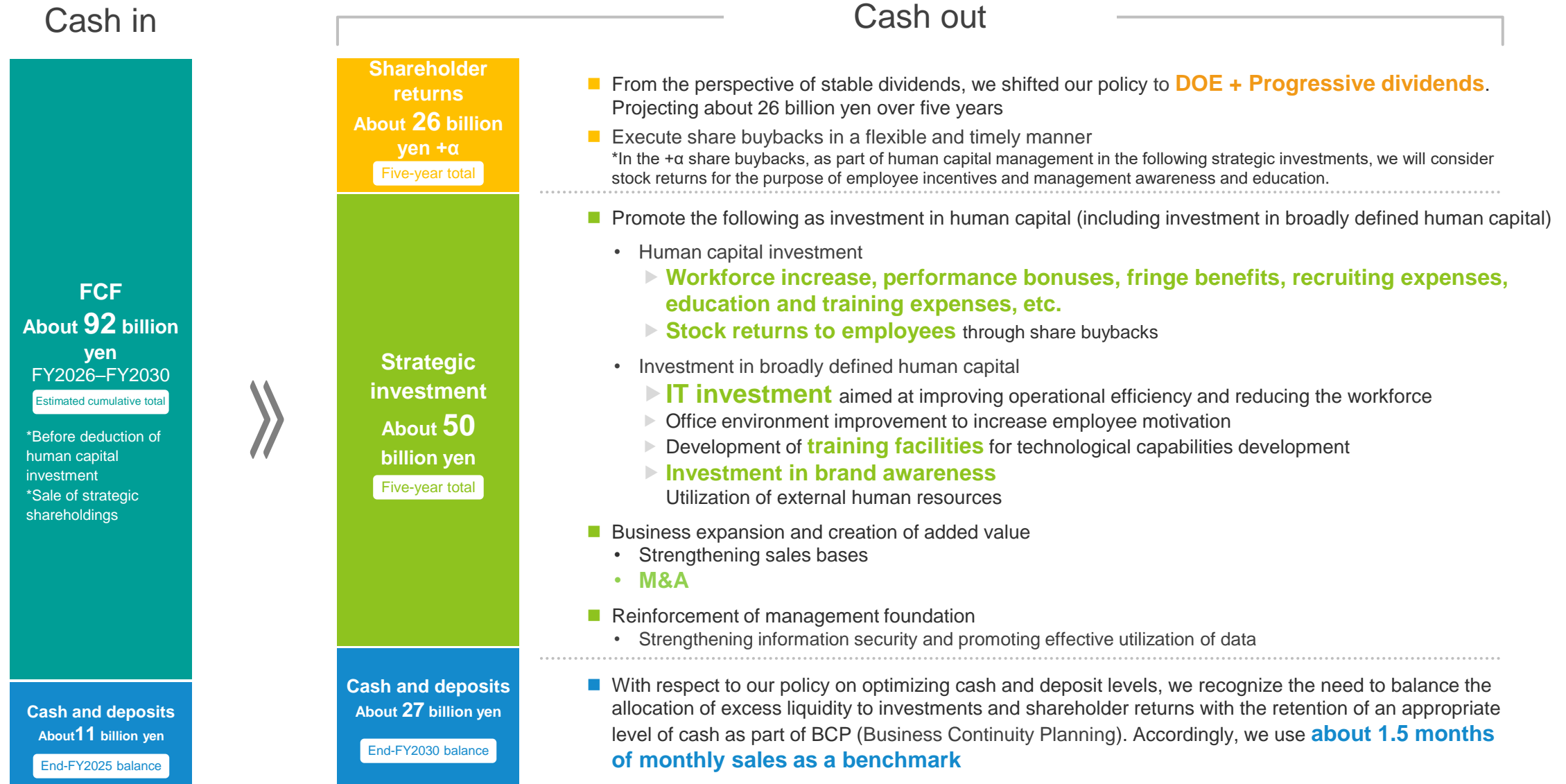
Operational centralization and partial outsourcing of certain operations

Enhancing governance

Advancement of processes

Strengthening Group capabilities

Strategic investment in human capital as a labor-intensive business, alongside balanced shareholder returns



Shareholder returns <Dividend Results and Policy Change>

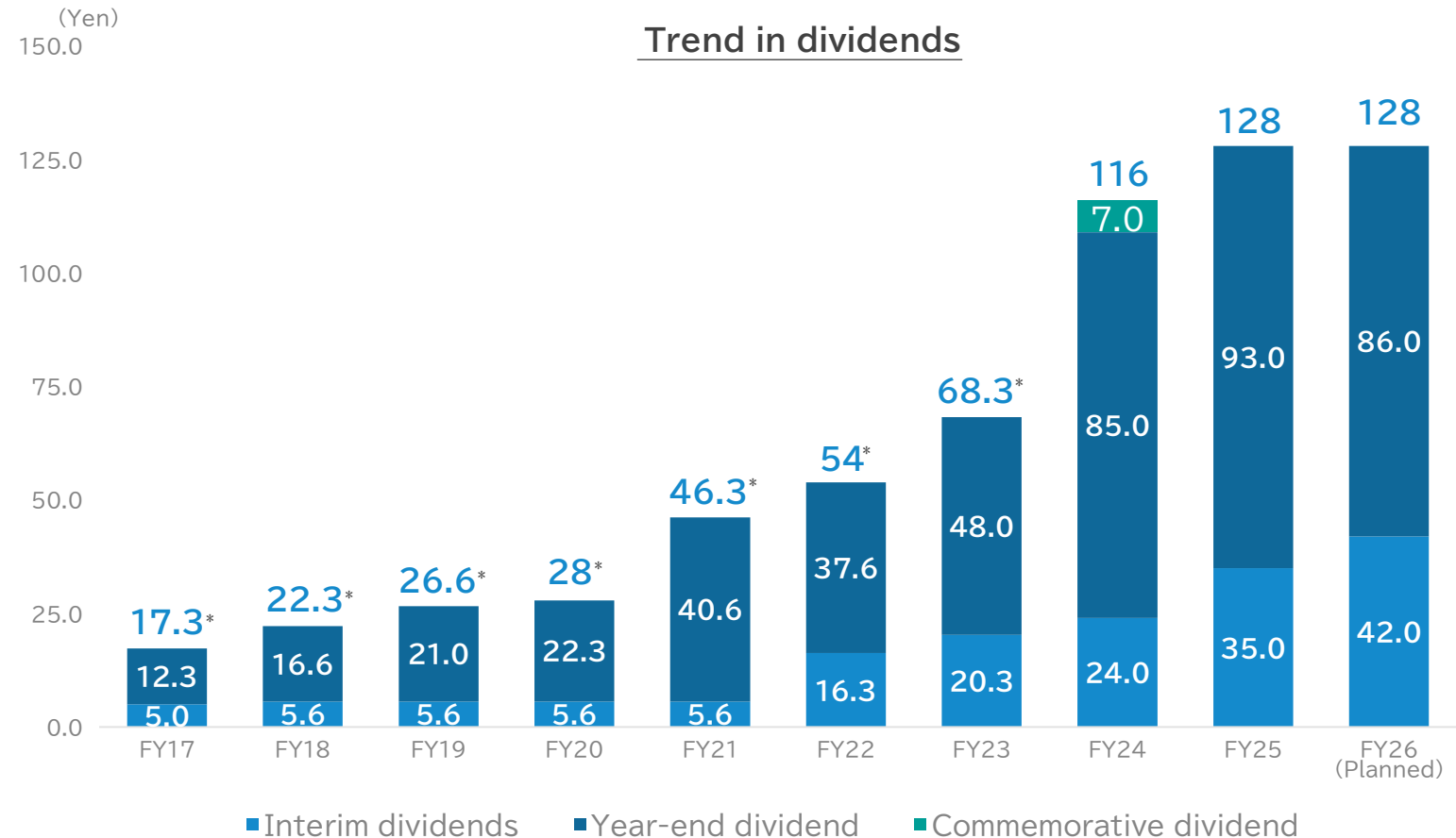
- With a view to achieving sustainable shareholder returns, we have revised our dividend policy to ensure stable dividends.

Dividend policy

We regard returning profits to our shareholders as a key management policy, and we distribute profits based on our business performance while striving to improve profitability and strengthen our financial affairs through effective business operations.

Specific metrics

During the Second Medium-term Management Plan, we will pay stable dividends that are not swayed by fluctuations in profits based on our basic policy of **DOE 6%+ Progressive dividends**.






* The company executed a three-for-one stock split of common shares effective April 1, 2024. Dividends for the past fiscal years are calculated based on the number of shares after the stock split.

■ Contributing to a sustainable society by creating enriching and comfortable environments

Our Vision

Over the years, the Totech Group has pursued not only economic efficiency and convenience, but also the spiritual richness that goes beyond that, by providing comfortable spaces. We continue to create a comfortable environment that is “comfort to people, society, and the earth” in order to realize both a sustainable society and pleasantness.

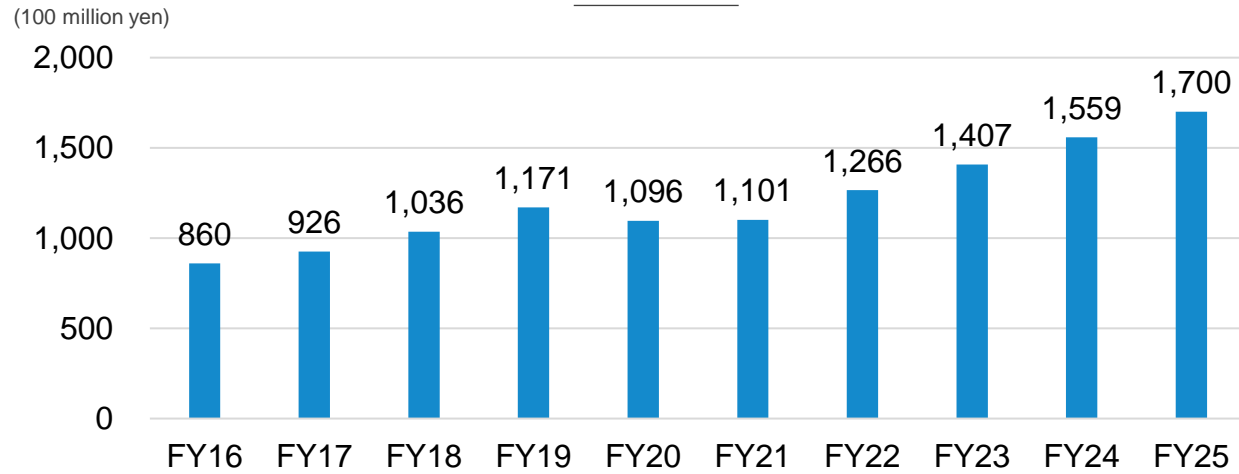
		Details of initiatives	Indicator	Current status (FY2025)	Target (FY2030)
E		Reduction of greenhouse gas emissions	Scope 1 + 2 emissions	1,202t-CO ₂ (estimated)	910t-CO ₂
			Percentage of renewable energy in the electricity used for business activities	49.7%(estimated)	80% or more
S		Improvement of job satisfaction and ease of working	Engagement score	76.4pt	76.4pt or more
		Retention of talent	Attrition rate	4.3%	5.0% or less
		Promotion of workstyle reforms	Total hours worked per employee per year Rate of paid leave taken	2,048 hours 68.0%	2,000 hours 70% or more
		Strengthening talent development	Education and training expenses	About 50 million yen	About 110 million yen
G		Thorough compliance	Number of serious legal violations	0 cases	0 cases
		Improving the effectiveness of the Board of Directors	Improvement rate for issues identified in an effectiveness assessment conducted by a third-party evaluation organization	—	100%
		Constructive dialogue with investors	Number of dialogues with institutional investors	99 cases	120 cases or more

CONTENTS

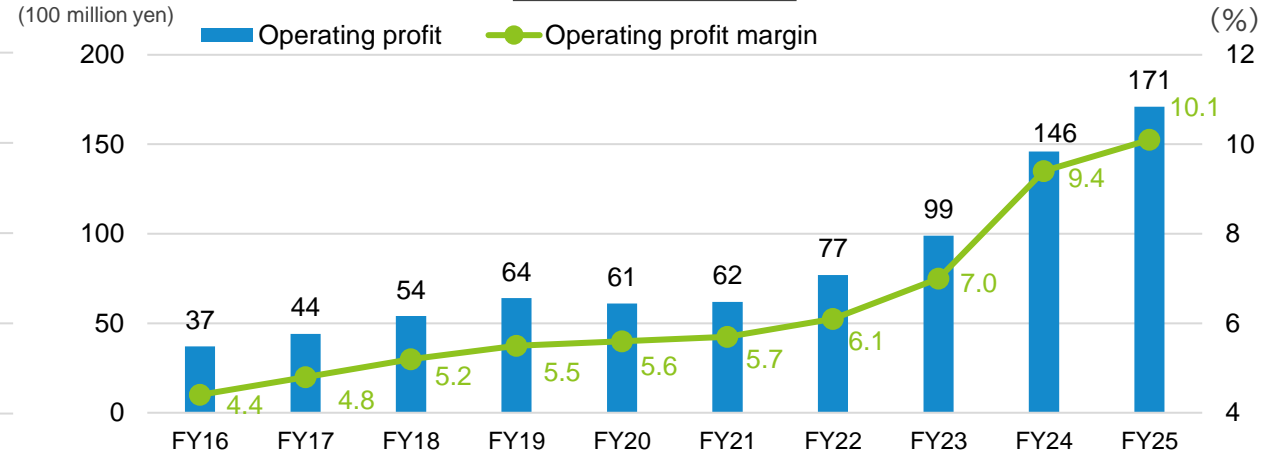
1	Corporate Profile (Long-term Vision and Business Domains)	3
2	Recap of First Medium-term Management Plan	13
3	Second Medium-term Management Plan	18
4	APPENDIX (Financial Indicators)	38

<Consolidated>

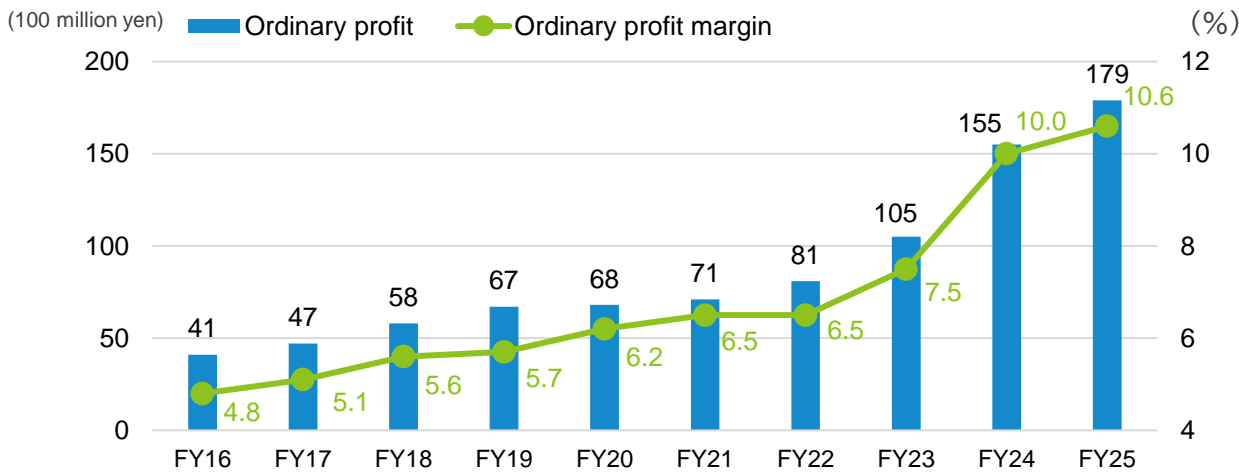
Net sales



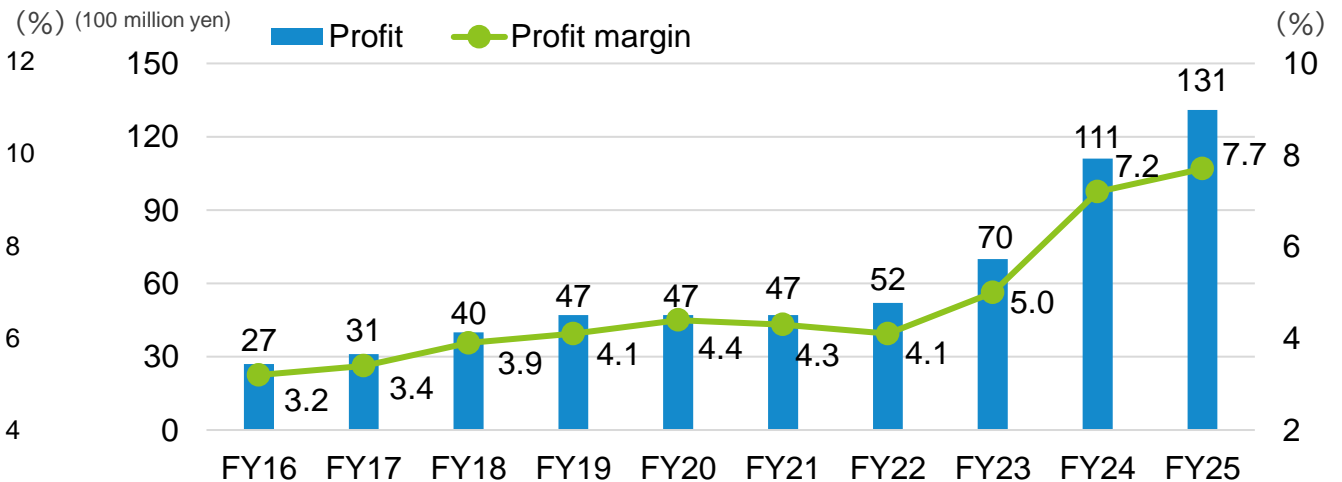
Operating profit



Ordinary profit

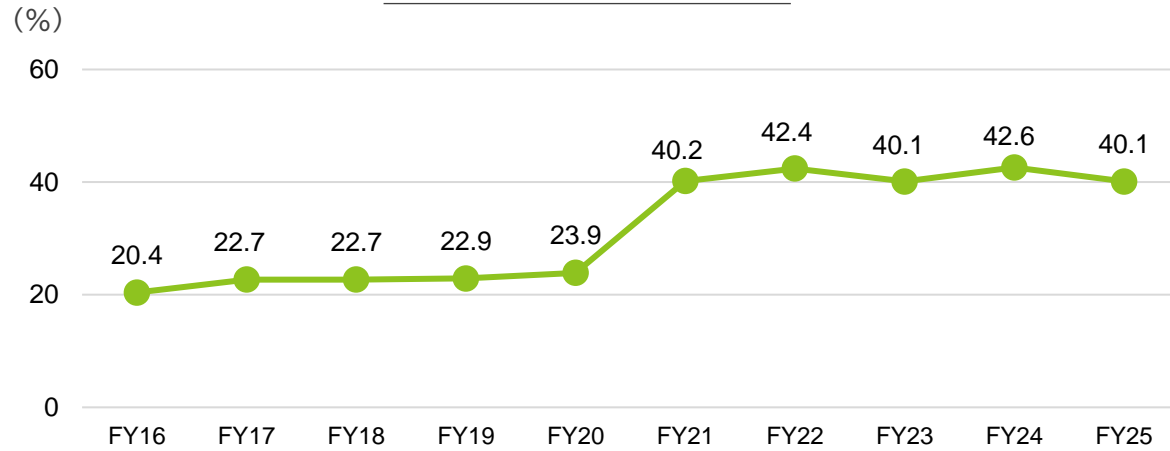


Profit

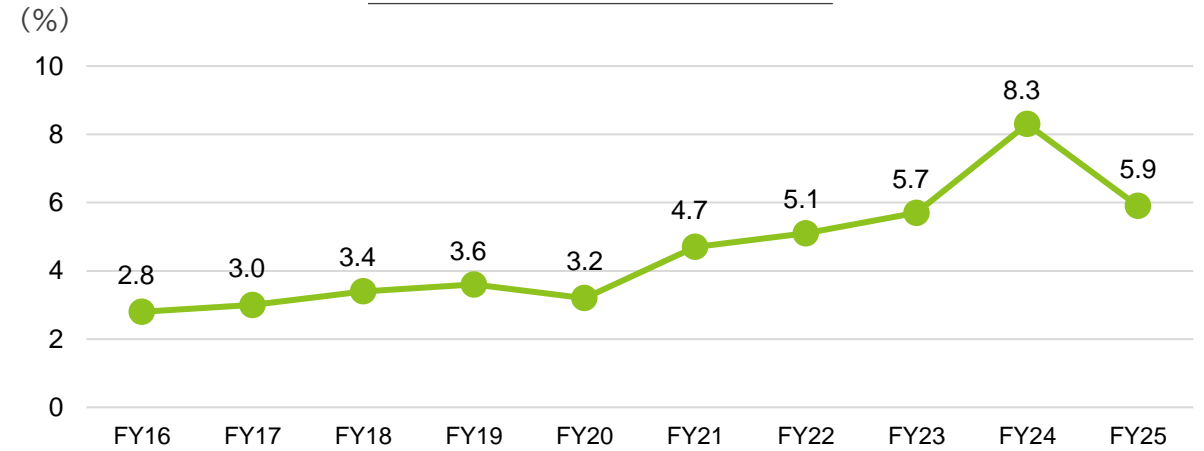


<Consolidated>

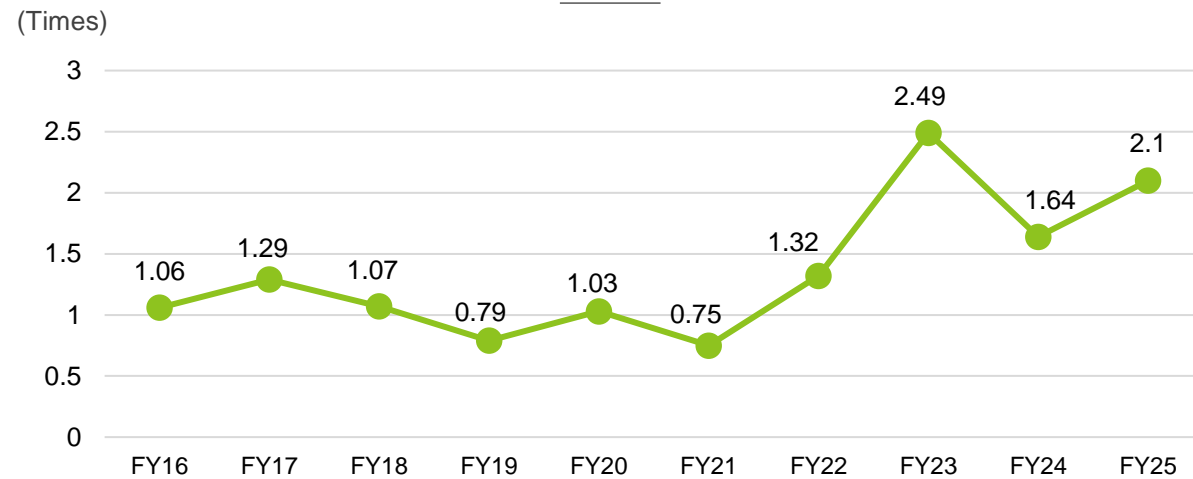
Dividend payout ratios



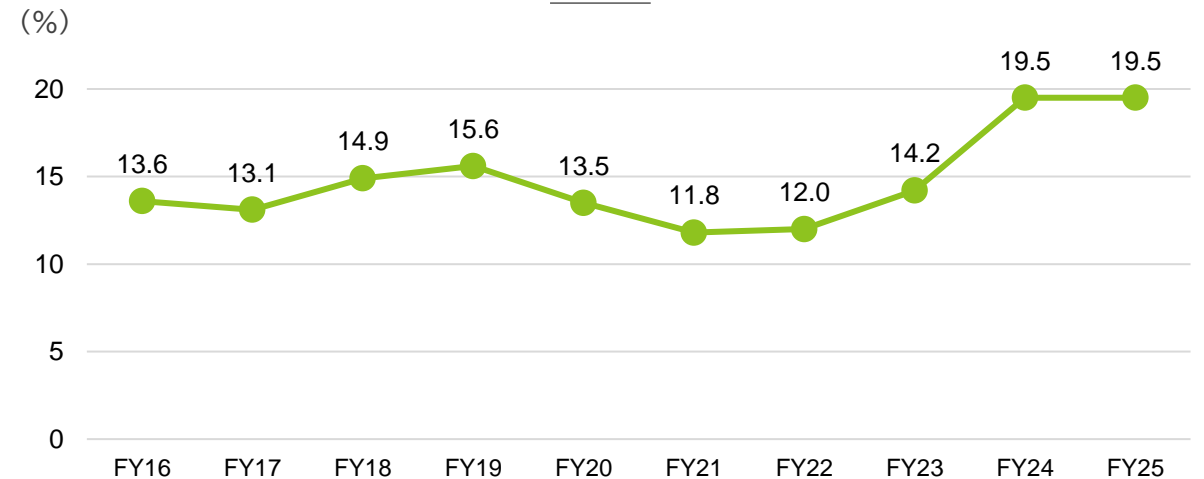
DOE (Dividend on Equity)



PBR



ROE



[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.
- * The company accepts no liability whatsoever for any losses incurred as a result of the use of this material.
- * This material is not a legal disclosure document under the Financial Instruments and Exchange Act and the accuracy and completeness of the information is not guaranteed.
- * This material has been prepared for the purpose of providing information to investors and is not intended as a solicitation to invest.

[Contact]

Public Relations and Investor Relations Group, Corporate Strategy Division

MAIL:ir@totech.co.jp



Totech Group character

Cocochii