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## **Formulation of Medium-term Management Plan “SNK Vision 2030 Phase III”**

Shin Nippon Air Technologies Co., Ltd. (the “Company”) hereby announces that it has formulated its next four-year management plan, “**SNK Vision 2030 Phase III (FY2026–2029)**,” commencing in FY2026, and resolved on its adoption at the Board of Directors meeting held today.

### Phase III Slogan

“For a more comfortable tomorrow. Relentlessly refining the ideal future”

## 1. Background to formulation of plan

In 2020, the Company’s Group formulated a ten-year vision “SNK Vision 2030” to serve as its long-term management policies looking toward 2030. In this vision, we set forth the following basic policy.

### Basic Policy:

SNK Group strives to be a group of engineers that utilizes knowledge and technology to realize a sustainable global environment and enhance the value of our customers’ assets.

In Phase I and Phase II (FY2020-2025), we deepened our environmental and social initiatives while responding flexibly to changes in social conditions, and worked steadily to strengthen our technological and front-line capabilities.

On the other hand, the business environment surrounding the Group has become even more unpredictable, due to factors such as the decline in the working population, supply chain constraints, the acceleration of decarbonization, magnified climate risks, and the rapid advancement of digital technologies and AI. Amid such changes, with data and knowledge, as our foundation, alongside the technological and front-line capabilities that we have cultivated to date, it is required that we continue to enhance the value we offer in line with changing customer needs and environmental demands.

We have positioned Phase III as both the final push to realize SNK Vision 2030 and as a key period that will serve as the bridge to our next long-term vision. Based on our efforts so far, we have organized the themes to be continued and newly emerging issues and redefined our vision for 2030.

## 2. Our vision for 2030

The Company's Group will go beyond making comfortable spaces to create "KAITEKI" (comfort) as a value that brings together health, safety, energy-saving, decarbonization, and resilience\* to realize a rich environment in which people, society, and the planet are in harmony.

### Vision

- With air conditioning works at the core of what we do, we are growing sustainably by refining our technological capabilities to meet social needs and connecting our contributions to the global environmental conservation to business growth.
- Positioning "KAITEKI" as our total value proposition, contribute to the enhancement of the value of our customers' assets by providing integrated services from planning and proposal to construction, maintenance, and renovation.
- We balance environmental value and profitability, centering on energy-saving and decarbonization.
- We balance productivity with wellbeing by firmly establishing workstyles that enable concentration on high value-added operations.
- The true state of our business has been made visible using common metrics, increasing the precision of our decision-making and the strength of their execution.
- Through the accumulation and re-use of knowledge, we are reducing reliance on individuals and evolving into an organization of continuous learning.
- Well-established collaboration that leverages data and cutting-edge technologies is increasing the speed and execution of our decision-making.
- We have become a chosen partner in co-creation to refine value with diverse customers and supply chains.
- Our unique characteristics and strengths have been codified and visualized, and they are recognized both within and outside our organization.
- The experience, skills, and achievements of our people are made visible and put to integrated use in human resources development, assignments, and evaluations.
- We have earned trust through transparent information disclosure and dialogue, and we have established systems for enhancing corporate value.

\*Resilience: The ability to maintain, restore, and evolve our business operations and our customers' comfort in the face of uncertainties, such as natural disasters, climate change, changing social conditions, and supply constraints.

### 3. Materiality

To realize our vision, we will set the following core material issues as themes to be addressed as a priority, in light of their impact both on the Group and on society and the environment.

#### Five Core Material Issues to Address as a Priority

1. Value creation through digital technologies
2. Decarbonization and strengthening of resilience
3. Human capital and evolution of organizational foundation
4. Establishment of a sustainable value chain
5. Creation of future growth domains

### 4. Basic strategies, fundamental issues to address, and promotion directions

We will adopt the following five basic strategies for realizing our vision and addressing materiality.

#### Digital Frontier Strategy

Leveraging data, knowledge, and AI as the foundation of management, promote the overall optimization of operational processes to enhance and accelerate decision-making and execution.

1. Development of platforms that enable consistent use across all operations, centering on data integration
2. Improvement of decision-making and planning precision through the visualization of business and the development of common metrics
3. Establishment of mechanisms for the accumulation and re-use of knowledge
4. Development of governance and operation frameworks to increase the reliability of the use of AI
5. Priority allocation of management resources to high value-added domains through the re-design of operational processes

#### Green Innovation Strategy

Enhance the value offered by “KAITEKI,” with energy-saving and decarbonization at the core, and strengthen resource circulation and resilience in an integrated manner, to evolve business models that achieve both environmental value and profitability, while also contributing to the resolution of social issues.

1. Strengthening of ability to provide integrated environmental value from planning and proposal to construction, maintenance, and renovation services
2. Promotion of energy optimization and continuous improvement at the operational stage
3. Standardization and systemization for total optimization of resource circulation
4. Strengthening of control and quality frameworks for the advancement of more sophisticated refrigerant management

- 5.Strengthening of delivery capabilities to support comfort and business continuity in both normal times and times of emergency through enhancement of resilience

### Human Capital and Engagement Strategy

With an integrated approach across the entire process from recruitment to development, placement, and retention, enhance employee growth and engagement and realize the organization’s sustainable value creation, through optimal personnel placement achieved through the visualization of personnel information, more sophisticated workstyles, the development of an environment that encourages challenges, and the transfer of knowledge.

- 1.Strengthening of the communication of our appeal, as well as recruitment and retention initiatives, to secure and retain talent
- 2.Realization of optimal personnel placement by developing platforms for the visualization and use of human resources information
- 3.Enhancement of workstyles by standardizing operational processes and division of roles
- 4.Creation of a cycle of challenge and growth by developing an environment that encourages challenges
- 5.Establishment of knowledge transfer mechanisms for a continuous cycle of acquisition and passing on of knowledge and expertise

### Value Co-Creation and Profitability Strategy

Strengthen our business portfolio and construction systems to support stable growth, create a more sophisticated earnings structure, refine value propositions that leverage our unique strengths, and, together with our diverse customers and supply chain, build a business foundation that continues to be chosen.

- 1.Strengthening of business structure through the clarification of focus areas and investment directions
- 2.Strengthening of proposal capabilities and brand strength through the clarification and communication of our strengths
- 3.Development of integrated delivery frameworks that deliver value across the entire lifecycle of buildings
- 4.Enhancement of earnings stability by improving the precision of order acceptance decisions and project management
- 5.Strengthening of collaboration across the supply chain to support sustainability of construction systems

### Future Business Creation Strategy

Broaden the range of value delivered by “KAITEKI,” cultivate businesses and services that will lead to future growth, and develop mechanisms for the continuous generation and commercialization of new initiatives, to elevate our presence in growth areas.

1. Development of frameworks for continuous theme creation that starts with customer collaboration
2. Clarification and strengthening of value offered by “KAITEKI”
3. Strengthening of continuous challenges by concentrating on priority domains and accumulating and deploying knowledge new domains
4. Development of evaluation and improvement frameworks that will lead to the verification and improvement of value
5. Development of common processes and implementation frameworks to increase reproducibility of commercialization

## 5. Execution Initiatives

This Plan is an execution plan for the realization of our vision for 2030. We will translate the individual strategies into concrete measures, clearly define the responsibility structure and order of priority, and continuously visualize progress and issues. In addition, with legal compliance and safety as our top priorities, we will review those measures as appropriate in response to changes in the business environment and steadily turn them into tangible results.

## 6. Management Numerical Targets

	FY2029
Orders received	¥220.0 billion
Net sales of completed construction contracts	¥200.0 billion
Operating profit (margin)	¥24.0 billion (12.0%)
Ordinary profit (margin)	¥24.5 billion (12.3%)
Profit (margin)	¥18.0 billion (9.0%)
ROE	18% or more

## 7. Policies for Growth Investment, Capital Policy, and Cross-Shareholding

### Growth Investment Policy

Regarding growth investments, in the Phase III period (FY2026 to FY2029), we will invest strategically and selectively, focusing on areas that will help expand our future earnings base and establish a competitive advantage.

Growth Investment Amount: ¥30.0 billion range

Targets of these investments will include the strengthening of the profitability of existing businesses, solutions that will contribute to the resolution of social issues, the digital and GX domain, M&As, and business development in new growth areas.

In the execution of growth investments, we will assess their strategic alignment, profitability, risks, and business synergy and work toward the qualitative transformation of our business portfolio, leading to sustainable improvement in ROE.

### Basic Capital Policy

The Company's Group's basic capital policy is to achieve both the sustainable enhancement of corporate value over the future and the improvement of capital efficiency.

Thoroughly implementing management that is conscious of cost of capital, we will strive for the optimal balance between growth investments, financial soundness, and shareholder returns, and in doing so, realize the creation of medium- to long-term corporate value.

Regarding our financial foundation, we will maintain soundness while ensuring resistance to changes in the business environment and securing capacity for future growth.

### Cross-Shareholding Policy

With respect to cross-shareholdings, we will continuously review the rationale for holding them from the perspectives of business relevance and capital efficiency and continue to reduce these holdings throughout the Phase III period.

In addition to achieving a cross-shareholdings ratio of less than 20% of net assets by the end of FY2029, we will put the capital thus generated to effective use in growth investments and shareholder returns, helping to improve capital efficiency and enhance corporate value.

## 8. Shareholder returns

Our basic policy for shareholder returns is for stable, continuous returns. When conducting such returns, we will take trends in business performance, financial condition, and balance with growth investments into consideration.

### Shareholder Return Policy

Shareholder return amount: ¥30.0 billion range during the Phase III period (cumulative)

DOE (dividend on equity): 5% (minimum)

Progressive dividends: Continue until FY2029

Share repurchases: Conduct flexibly with aim of purchasing around 2 million shares during the Phase III period

While upholding the minimum DOE and progressive dividend policy set forth in Phase II, we will strive for the further enhancement of shareholder returns, including share repurchases.

Through constructive dialogue with our shareholders and investors, we will promote their understanding of the Company's Group's growth strategies, capital policy, and shareholder return policy and work to enhance our credibility in the market.

Through the steady execution of the above capital policy and shareholder returns policy, the Company's Group will promote management that balances potential for growth and capital efficiency. Positioning Phase III as the culmination of SNK Vision 2030, we will aim to realize the vision we aspire to for 2030.

\* Forward-looking targets are based on judgments and information available as of the date of this document's publication and are subject to change due to various factors. They do not guarantee the achievement of such targets or forecasts, nor do they guarantee future performance. Furthermore, the information contained herein is subject to change without notice.