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**Notice Concerning the Formulation of the “2026 Four-Year Mid-Term Management Plan”
(FY2027/03-FY2030/03)**

Nippon Air Conditioning Services Co., Ltd. (the “Company”) formulated and is currently implementing the “2024 Five-Year Mid-Term Management Plan,” with the fiscal year ended March 2025 as its first year. As certain numerical targets was achieved in the fiscal year ended March 2026, which was the second year of the plan, the Company has reviewed its contents and newly formulated the “2026 Four-Year Mid-Term Management Plan,” extending through the fiscal year ending March 2030, as outlined below.

1. Progress of the “2024 Five-Year Mid-Term Management Plan”

(1) Status of achievement of numerical targets

(Millions of yen)

	Consolidated fiscal year ended March 2026 (achievements)	Consolidated fiscal year ending March 2029 (the goal)	Status of achievements
Net sales	69,245	74,000	93.6%
Operating profit	4,758	4,300	110.7%
Ordinary profit	5,108	4,500	113.5%
Profit attributable to owners of parent	3,696	3,200	115.5%

(2) Reasons for differences from targets

Since the COVID-19 pandemic, demand for heat countermeasures to improve working environments, particularly in manufacturing plants and other workplaces, has continued to expand. In addition, both explicit and latent needs related to energy saving and cost reduction remain strong. In addition, as supply-side capacity continues to fall short of customer demand for capital investment, the Company has been successful in receiving orders at appropriate pricing, based on the premise of the provision of high-quality services. In the fiscal year ended March 2026, which was the second year of the “2024 Five-Year Mid-Term Management Plan,” operating profit, ordinary profit, and profit attributable to owners of parent exceeded the target figures for the final year (fiscal year ending March 2029).

(3) Recognition of issues regarding the current situation

Although personnel expenses and other costs have increased with the promotion of human capital management, both profit amounts and margins have improved due to a greater increase in unit sales prices. However, as noted above, the Company’s performance relies heavily on improvements in the external environment, and the Company recognizes that it is an urgent priority to build a robust earnings base that does not depend on such improvements.

2. Purpose of formulating the “2026 Four-Year Mid-Term Management Plan”

The Company Group recognizes that its purpose (reason for existence) is to “Contributing to the sustainability of customer businesses and enhancing the value of society as a whole” and its long-term vision (what it wants to be) is to “Improving the happiness of all stakeholders in a sustainable manner.” In order to realize this long-term vision, the Company Group conducts its business activities based on its management philosophy, “Bringing together the technological capabilities and human resources to maintain optimal environments and give its clients peace of mind through top-quality service,” as its mission (duty to be fulfilled), and strives to create social value. The Company Group’s basic management policy is that economic value will be created as a result of this.

This plan has been formulated as the values (action guidelines) for the Company Group to realize its long-term vision, and by steadily implementing this plan, the Company Group will promote the expansion of corporate value.

3. Business strategy

The Company Group expresses its purpose of “Contributing to the sustainability of customer businesses and enhancing the value of society as a whole” with the phrase “Thrive, for growth (Iki, Tsuzukeru Tameni).” In this phrase, “iki” includes the meanings of “breath,” “life,” and “vitality.” Through building facilities maintenance, the Company Group aims to optimize the operation of its customers’ facilities by achieving both stable operation and energy conservation, thereby remaining committed to its “direction to aim for,” which is to support people’s “lives,” and will continue to promote the expansion of corporate value. Enhancing the value of the human capital that serves as the foundation is the Company Group’s most important business strategy. By accelerating a virtuous cycle of expanding returns to employees and continuously improving employees’ performances, the Company Group aims to realize “Improving the happiness of all stakeholders in a sustainable manner.”

In executing the business strategy, while addressing the following issues that the Company must address, the Company Group will focus on growth strategies that contribute to expanding corporate value (strengthening competitive advantage of its core business), without mistaking the purpose and means, and will work to improve corporate governance in order to conduct management from a medium- to long-term perspective. Furthermore, based on what the Company Group believes to be the right way of doing things - “Working from the basic stance of demonstrating integrity in all that we do, it will spare no effort to achieve better results, engage in dialogue with all stakeholders until all parties are satisfied, and achieve its goals backed by a conviction of seeing them through to the end” - it will strengthen compliance to further foster a corporate culture of fair dealing.

With these initiatives at the core, the Company Group will implement “We will do what we must” to strengthen the competitive advantages of its core businesses, thereby further improving its position in

the industry and building its own unique business model that will contribute to increasing its corporate value as a “leader in the building facilities maintenance industry.”

[Issues that the Company must address]

(1) Strengthening human capital: enhancing human capital through expanded engagement and recruiting

(i) Improving compensation for employees, the most important stakeholder, based on the premise of the continuous improvement of the operating profit margin, which indicates the strengthening of the competitive advantage of the core business

KPI: Achieving an increase in salary levels of approximately 5% on average, based on the premise of the continuous improvement of the operating profit margin
(FY2026/03 achievements: 5.7% on average)

* Salary levels: A figure that includes regular salary increases for all full-time employees.

(ii) Increasing engagement to maximize the performance of its greatest asset, its employees

KPI: Achieving an engagement score of 75 pt or higher
(FY2026/03 achievements: 72.6 pt)

* Engagement score: A figure aimed at measuring engagement (whether employees have a sense of contribution to the organization and their work and actively participate).

(iii) Increase in the number of employees as a source of corporate value

KPI: Achieving net increase of +100 employees/year
(FY2026/03 achievements: +69 persons)

(iv) Increase in the number of female employees, which is essential for accelerating the expansion of corporate value

KPI: Achieving a 17% female ratio among regular employees
(FY2026/03 achievements: 12.6%)

(2) Rebuilding of comprehensive technical competence: rebuilding of comprehensive technical competence, including on-site responsiveness, management skills, proposal development capability, negotiation ability, and administrative processing skills

(i) Improving the gross profit margin on annual contracts, spot contracts, and renewal work in the core business

KPI: Improving the gross profit margin (annual contracts +0.5% pt/year, spot contracts +1.0% pt/year, renewal work +1.0% pt/year)
(FY2026/03 achievements: Annual contracts 20.3%, spot contracts 26.2%, renewal work 19.6%)

(ii) Improving the Core Technical Capabilities Index to improve the technical capabilities of employees, who lie at the core of top quality services

KPI: Achieving Core Technical Capability Index CAGR of 3% or higher
(FY2026/03: -1.4%)

* Core Technical Capability Index: A figure calculated based on official qualifications that are strategically positioned to drive long-term growth of the core business (number of official technical qualifications obtained × qualification points ÷ number of technical employees).

(iii) Focusing on customers seeking to improve the sustainability of their business activities, with a particular emphasis on facilities with special environments (through environmental improvement, energy conservation, etc.)

KPI: Maintaining a sales ratio of facilities with special environments to general facilities of 7:3
(FY2026/03 achievements: Sales ratio of facilities with special environments 73.1%)

* Facilities with special environments: Hospitals and research facilities, manufacturing plants, etc., and other special facilities

(iv) Expanding overseas operations to serve as a future revenue base

KPI: Achieving overseas net sales of 4.5 billion yen and overseas operating profit of 225 million yen
(FY2026/03 achievements: Overseas net sales 2.5 billion yen and overseas operating profit -3 million yen)

* Overseas net sales and overseas operating profit: figures calculated as simple aggregates.

(3) Formulation and execution of capital policy: promoting complex management aimed at maximizing corporate value

(i) Raising profit levels to achieve the long-term vision

KPI: Achieving an operating profit margin of 8%
(FY2026/03 achievements: 6.9%)

(ii) Reducing investment securities to improve capital efficiency

KPI: Achieving a ratio of investment securities to net assets of 15% or less
(FY2026/03 achievements: 32.2%, investment securities 9,967 million yen, and net assets 30,940 million yen)

(iii) Improving capital productivity aiming to expand a positive equity spread

KPI: Achieving a ROE of 15%
(FY2026/03 achievements: 13.1%)

(iv) Implementing proactive and sustainable shareholder returns

KPI: Achieving a dividend payout ratio of 50%, based on the premise of a progressive dividend, a DOE of 7.5%, and an employee stock ownership plan participation rate of 60%
(FY2026/03 achievements: Dividend payout ratio 50.6%, DOE 6.6%, and employee stock ownership plan participation rate 37.8%)

* In the event that gains on the sale of investment securities arise, shareholder returns will be implemented based on EPS including those gains.

* The KPIs in (1)(i)(ii) and (2)(ii) of [Issues that the Company must address] are numerical targets for the Company on a non-consolidated basis.

4. Numerical targets

The Company Group will maximally focus on growth strategies that contribute to expanding corporate value toward the achievement of its long-term vision (strengthening competitive advantage of its core business). The Company Group believes that by accelerating the value of its human capital, which enables it to provide quality services at reasonable prices, and by achieving sustainable growth through its core business, it will be able to increase capital productivity and returns to all stakeholders.

As an indicator to confirm sustainable growth through the core business, the Company Group aims to achieve an operating profit margin of 8% based on the premise of sustained net sales growth. In addition, as an indicator of capital efficiency-conscious management, the Company Group aims to achieve a ROE of 15%, significantly exceeding the cost of equity of approximately 8% expected based on dialogue with investors and other sources. The Company Group will strive to generate a sustainable positive equity spread as a result of pursuing profits.

(Millions of yen)

	Consolidated fiscal year ended March 2026 (achievements)	Consolidated fiscal year ending March 2027 (forecast)	Consolidated fiscal year ending March 2030 (the goal)
Net sales	69,245	74,000	90,000
Operating profit	4,758	5,300	7,200
Ordinary profit	5,108	5,600	7,600
Profit attributable to owners of parent	3,696	3,900	5,300

5. Basic policy on profit distribution

The Company Group places importance on returning profits to shareholders, based on the premise of expanding profits through sustainable growth in its core business. The Company Group also recognizes stable returns as one of its most important management priorities, and it decides on profit distribution while taking into consideration the enhancement of internal reserves to strengthen its management base.

Based on the aforementioned recognition, in order to realize stable returns to shareholders, the Company Group will pay progressive dividends. At the same time, the Company Group will continue its basic policy of targeting a consolidated dividend payout ratio of 50%, and by combining this with the ROE target of 15%, it aims to realize sustainable returns to shareholders with the DOE target of 7.5%.

In addition, while exploring opportunities for growth investments that contribute to expanding corporate value, if no investment opportunities are expected to help expand a positive equity spread, the Company Group will strive to optimize its capital structure through measures such as share repurchases, within a level that does not impair the stability of its management base (equity ratio of approximately 50% to 60%).

Additionally, the Company Group positions shareholder returns as a broader form of returns to employees. The Company Group will promote participation in the employee stock ownership plan, which serves as a mechanism for employees to fully benefit from these returns, and aims to create a virtuous cycle of further enhancing engagement, accelerating the enhancement of human capital value, and expanding corporate value.

* The contents of this document are based on various assumptions and do not promise or guarantee the realization of future planned figures and measures.