

SINKO INDUSTRIES LTD.

(TSE Prime Market Stock Exchange Code: 6458)

Supplementary Materials on Financial Results for the Fiscal Year Ended March 31, 2026

May 14, 2026

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I. Financial Results for the Fiscal Year Ended March 31, 2026

Summary of Financial Results



- Financial Results for the Fiscal Year Ended March 31, 2026:
Consolidated net sales of 59.3 billion yen (4.1% increase YoY), and consolidated operating profit of 9.44 billion yen (5.4% decrease YoY).
- Driven by robust demand for air conditioning installed in buildings, including those in large-scale redevelopment projects, industrial air conditioning supplied to domestic manufacturing facilities, and investments in data centers, orders received by equipment installation companies remained at high levels, and the business environment was favorable. On the other hand, due to work style reforms in the construction and logistics sectors, rising construction costs, and trends in international trade policies, the domestic construction market has begun to exhibit the impact of prolonged project durations and revisions of investment plans, necessitating careful scrutiny of future market trends.
- In the Japan segment, while equipment sales revenue declined due to a decrease in shipments across the central air conditioning market, air conditioning installation and service remained strong, with sales increasing from the previous period. In terms of profit, although price revisions for equipment sales aimed to improve margins, the decrease in shipments and rising costs became downward pressures, resulting in a decline in operating profit compared to the previous period.
- In the Asia segment, the impact of the slowdown in China's real estate market persisted. This fiscal year saw an increase in air conditioning equipment sales and installation projects, leading to higher sales compared to the previous period. In terms of profit, although profit recognition from installation projects advanced, intense price competition in equipment sales resulted in an operating loss (with the loss amount narrowed by 0.16 billion yen compared to the previous period).
- Through the pursuit of capital cost management under the Medium-term Management Plan "move.2027," ROE was 11.0% (1.8 points lower YoY), and PBR stood at 1.3x as of the end of March 2026.

Consolidated Statements of Income

- Net sales were 59.3 billion yen (up 4.1% YoY), and operating profit was 9.44 billion yen (down 5.4% YoY).

(Unit: millions of yen, %)

	FYE 2025/3		FYE 2026/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
Net sales	57,005	100.0	59,339	100.0	2,334	4.1
Japan	49,768	87.3	51,332	86.5	1,564	3.1
Asia	7,298	12.8	8,092	13.6	794	10.9
Gross profit	21,797	38.2	22,622	38.1	825	3.8
Operating profit	9,986	17.5	9,444	15.9	(542)	(5.4)
Japan	10,228	17.9	9,535	16.1	(693)	(6.8)
Asia	(283)	(0.5)	(116)	(0.2)	167	—
Ordinary profit	10,615	18.6	10,061	17.0	(554)	(5.2)
Profit attributable to owners of parent	7,829	13.7	6,826	11.5	(1,003)	(12.8)
Basic earnings per share (yen)	107.68	—	99.59	—	—	—
Investment amount	3,059	—	6,590	—	3,531	115.4
Depreciation	1,576	—	1,838	—	262	16.6

- In the Japan segment, while sales of air conditioning equipment declined, air conditioning installation and maintenance services remained strong, leading to increased sales compared to the previous period. Although efforts were made to improve profitability through price pass-through in equipment sales, decreased sales revenue and rising costs resulted in a decline in operating profit compared to the previous period.
- In the Asia segment, both air conditioning equipment sales and installation projects increased, leading to higher sales compared to the previous period. On the profit side, although profit recognition from installation projects advanced, intense price competition in equipment sales resulted in operating losses (with the loss amount narrowing compared to the previous period).

Revenue Analysis for Second Half and Full Fiscal Year

- In this fourth quarter (January to March), air conditioning installation and maintenance services performed robustly, and the shipments of domestic air conditioning equipment sales showed a modest upswing, with profit levels improving compared to the third quarter (October to December). As a result, the performance for the full year slightly exceeded the forecast.

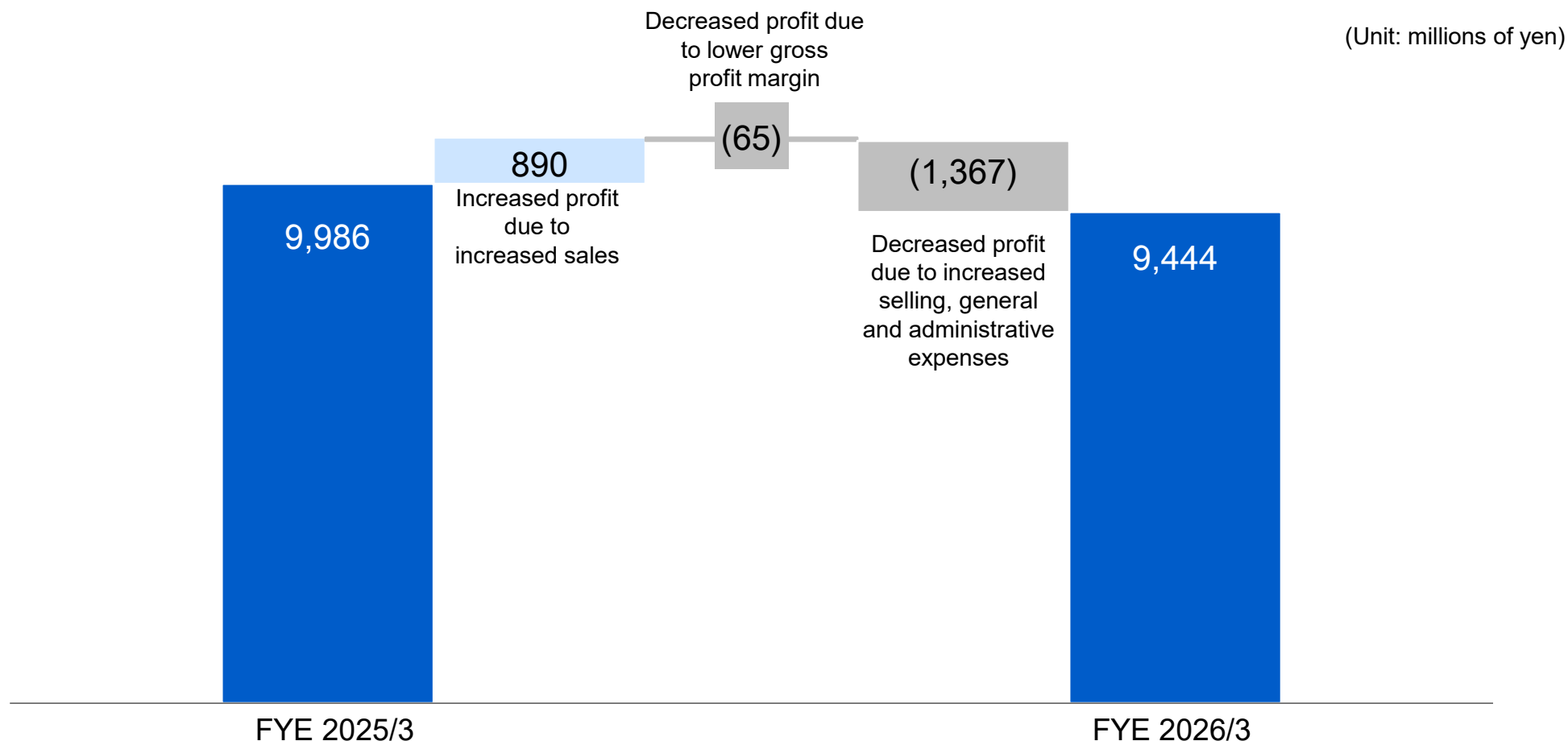
(Unit: millions of yen)

		H1	H2				Full Year			
			Q3	Q4	H2 total	Forecast*	Forecast/ Result Difference	Full year total	Forecast*	Forecast/ Result Difference
FYE 2025/3	Net sales	24,201	14,907	17,897	32,804	—	—	57,005	—	—
	Gross profit	8,910	6,127	6,760	12,887	—	—	21,797	—	—
	Gross profit margin	36.8%	41.1%	37.8%	39.3%	—	—	38.2%	—	—
	Operating profit	3,561	3,263	3,162	6,425	—	—	9,986	—	—
	Operating profit margin	14.7%	21.9%	17.7%	19.6%	—	—	17.5%	—	—
FYE 2026/3	Net sales	25,878	14,788	18,673	33,461	32,822	639	59,339	58,700	639
	Gross profit	9,604	5,717	7,301	13,018	—	—	22,622	—	—
	Gross profit margin	37.1%	38.7%	39.1%	38.9%	—	—	38.1%	—	—
	Operating profit	3,576	2,423	3,445	5,868	5,524	344	9,444	9,100	344
	Operating profit margin	13.8%	16.4%	18.4%	17.5%	16.8%	0.7pt	15.9%	15.5%	0.4pt
Change	Net sales	1,677 6.9%	(119) (0.8)%	776 4.3%	657 2.0%	—	—	2,334 4.1%	—	—
	Gross profit	694 7.8%	(410) (6.7)%	541 8.0%	131 1.0%	—	—	825 3.8%	—	—
Rate of change	Operating profit	15 0.4%	(840) (25.7)%	283 9.0%	(557) (8.7)%	—	—	(542) (5.4)%	—	—

*The forecast for the second half and the full year of the fiscal year ended March 31, 2026 is based on the revised forecast published on February 10, 2026.

Factors for Changes in Operating Profit

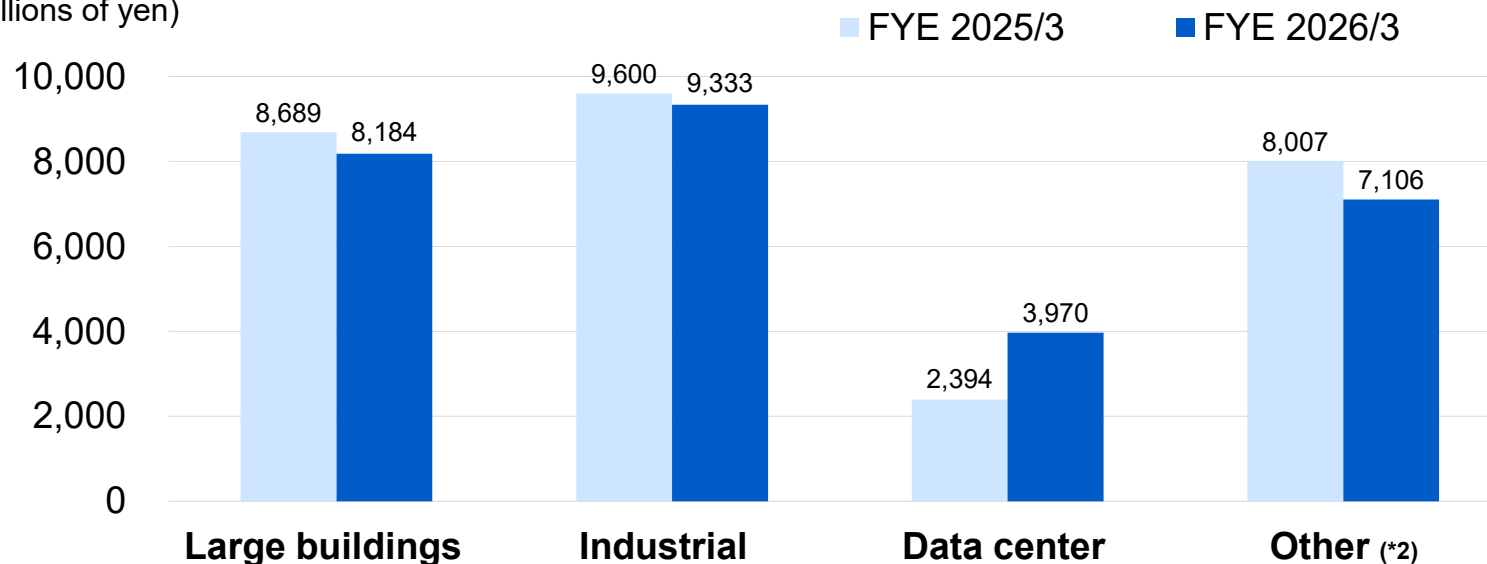
- Increase in profit from higher sales was 0.89 billion yen, decrease in profit due to falling gross profit margin was 65 million yen, and decrease in profit from rising selling, general and administrative expenses was 1.36 billion yen. Overall, profit decreased by 0.54 billion yen compared to the previous period.
- Although higher revenue from domestic installation and services boosted gross profit, the gross profit margin remained flat compared to the previous period due to a decline in air conditioning equipment sales and reduced production efficiency. Selling, general and administrative expenses such as personnel and logistics expenses continued to rise, and cost absorption through price pass-through was limited.



Sales Trend by Construction Application (SINKO INDUSTRIES alone)



(Millions of yen)



		Large buildings	Industrial	Data center	Other (*2)	Total
FYE 2025/3	Net sales (*1)	8,689	9,600	2,394	8,007	28,689
FYE 2026/3	Net sales (*1)	8,184	9,333	3,970	7,106	28,593
YoY	Change	(505)	(268)	1,577	(900)	(96)
	Rate of change	(5.8)%	(2.8)%	65.9%	(11.2)%	(0.3)%

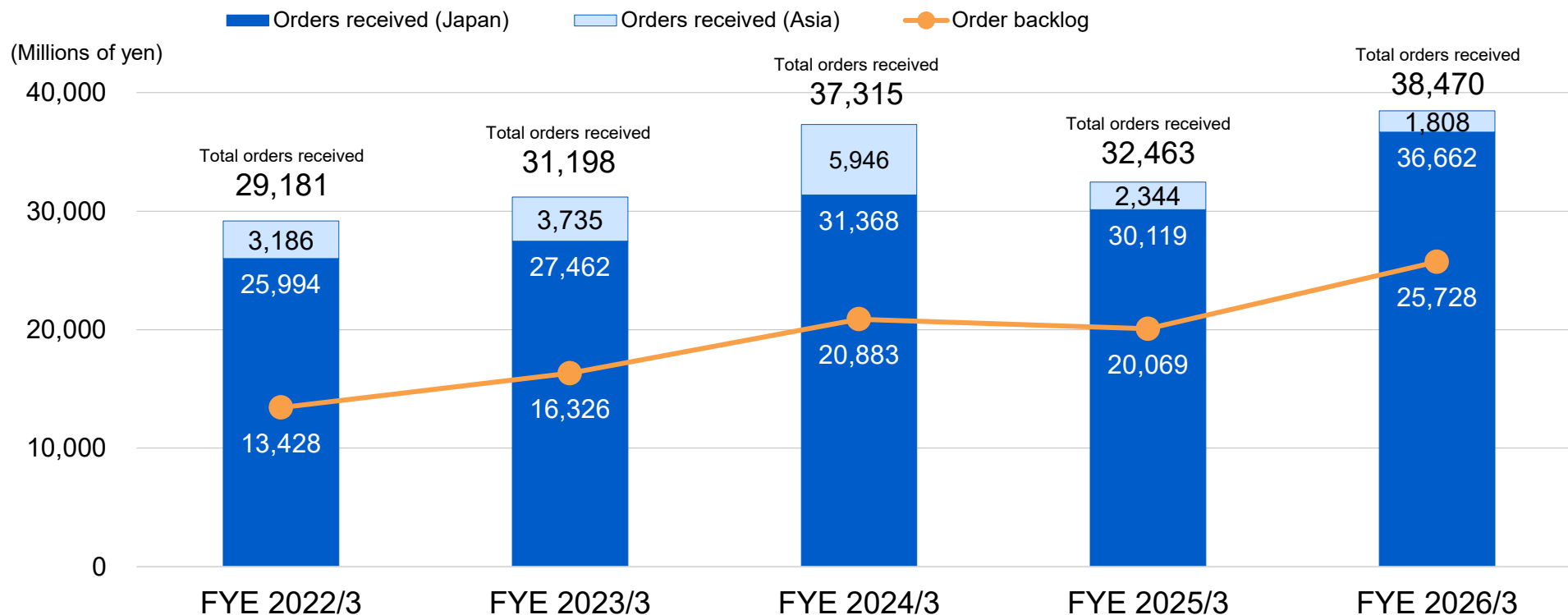
*1 Net sales in Japan of SINKO INDUSTRIES alone

*2 Other includes medical and welfare, education, accommodations, stations, airports, etc.

- In the large building sector, shipments for redevelopment projects have slowed, resulting in a decline in net sales compared to the previous term. With large projects scheduled for delivery from 2027 onward and an expected rise in demand for equipment updates in aging buildings, efforts to strengthen sales strategies are underway.
- In the industrial sector, although sales for new manufacturing bases and research facilities have remained solid, product shipments towards the end of the term decreased compared to the previous period. While demand is expected to remain steady, concerns persist over changes in market conditions due to rising construction costs and Middle Eastern developments, necessitating close monitoring.
- In the data center sector, strengthened sales initiatives and strategic investments have driven sales growth. With continued strong demand expected, further efforts to capture demand are being prioritized.
- In other sectors, shipments for large-scale projects targeting hospitals, hotels, and public facilities have stabilized, resulting in a decline in sales.

Trends in Orders Received and Order Backlog

- In the construction industry, work style reforms and rising construction costs have accelerated early orders, mainly for large domestic projects.
- Among the increase in orders for the Japan segment, the growth of large buildings (up 4.1 billion yen YoY) and data centers (up 3.7 billion yen YoY) is particularly notable.
- Although it includes some orders for large projects with long durations, the order backlog at the end of the period has reached record high levels. We will focus on sales activities balancing long-term demand forecasts with securing orders that contribute to current sales, in order to drive performance expansion from the fiscal year ending March 2027 and beyond.



*The scope of orders received and order backlog included in the totals for each segment is as follows.

Japan segment: Orders received by SINKO INDUSTRIES alone (domestic Group companies not included) in the air conditioning equipment manufacturing and sales business

Asia segment: Orders received for AHU sales by the Chinese subsidiary, Shanghai SINKO Air Conditioning Equipment Co., Ltd. (FCU and other equipment sales and equipment installation, etc. not included)

Shareholder Returns (Dividends)

- Net income decreased compared to the previous period, but in line with the shareholder return policy in the Medium-term Management Plan, the year-end dividend is planned to remain as previously forecast.
- Despite the decrease in basic earnings per share, by maintaining the same level of dividends and purchase of treasury shares as the previous period, payout ratio and total payout ratio have increased.

		Annual dividend per share			Total amount of dividends	Amount of treasury shares purchased ^{*3}	Payout ratio	Total payout ratio ^{*3}
		Interim	Year-end	Total				
		Yen	Yen	Yen	Millions of yen	Millions of yen	%	%
FYE 2025/3	Determined amount	54.00	32.00	- ^{*2}	3,608	4,715	46.4	106.3
	After adjustment for stock split ^{*1}	18.00	32.00	50.00				
FYE 2026/3	Determined amount	20.00	30.00	50.00	3,429	4,584	50.2	117.4
Change	After adjustment for stock split ^{*1}	+2.00	(2.00)	0.00	(179)	(131)	+3.8pt	+11.1pt

*1 As the Company conducted a 3-for-1 stock split of its common shares with an effective date of December 1, 2024, past dividend figures prior to and including the FYE 2025/3 interim dividend have been adjusted to reflect this split.

*2 The total determined amount of the dividend for FYE 2025/3 is not presented, as a simple aggregation is not possible due to the stock split (if the split were not considered, the annual dividend per share would be 96 yen at year-end and 150 yen in total).

*3 Amount of treasury shares purchased and total payout ratio do not include the treasury shares acquired through the Board Incentive Plan (BIP) Trust.

Shareholder Benefits

*Number of shares held is adjusted for the stock split

Holding Period	Number of shares held	Benefit
For one year or more	300 shares or more but less than 3,000 shares	Book gift card worth 1,000 yen
	3,000 shares or more	Gift voucher worth 5,000 yen

II. Financial Results Forecast for the Fiscal Year Ending March 31, 2027

Consolidated Statements of Income

- For the fiscal year ending March 2027, we forecast consolidated financial results with net sales of 63.0 billion yen (up 6.2% YoY) and operating profit of 10.0 billion yen (up 5.9% YoY).
- We will steadily implement initiatives aimed at achieving final targets for the Medium-term Management Plan (net sales of 60.0 billion yen and operating profit of 10.0 billion yen) and realizing capital cost management.

(Unit: millions of yen, %)

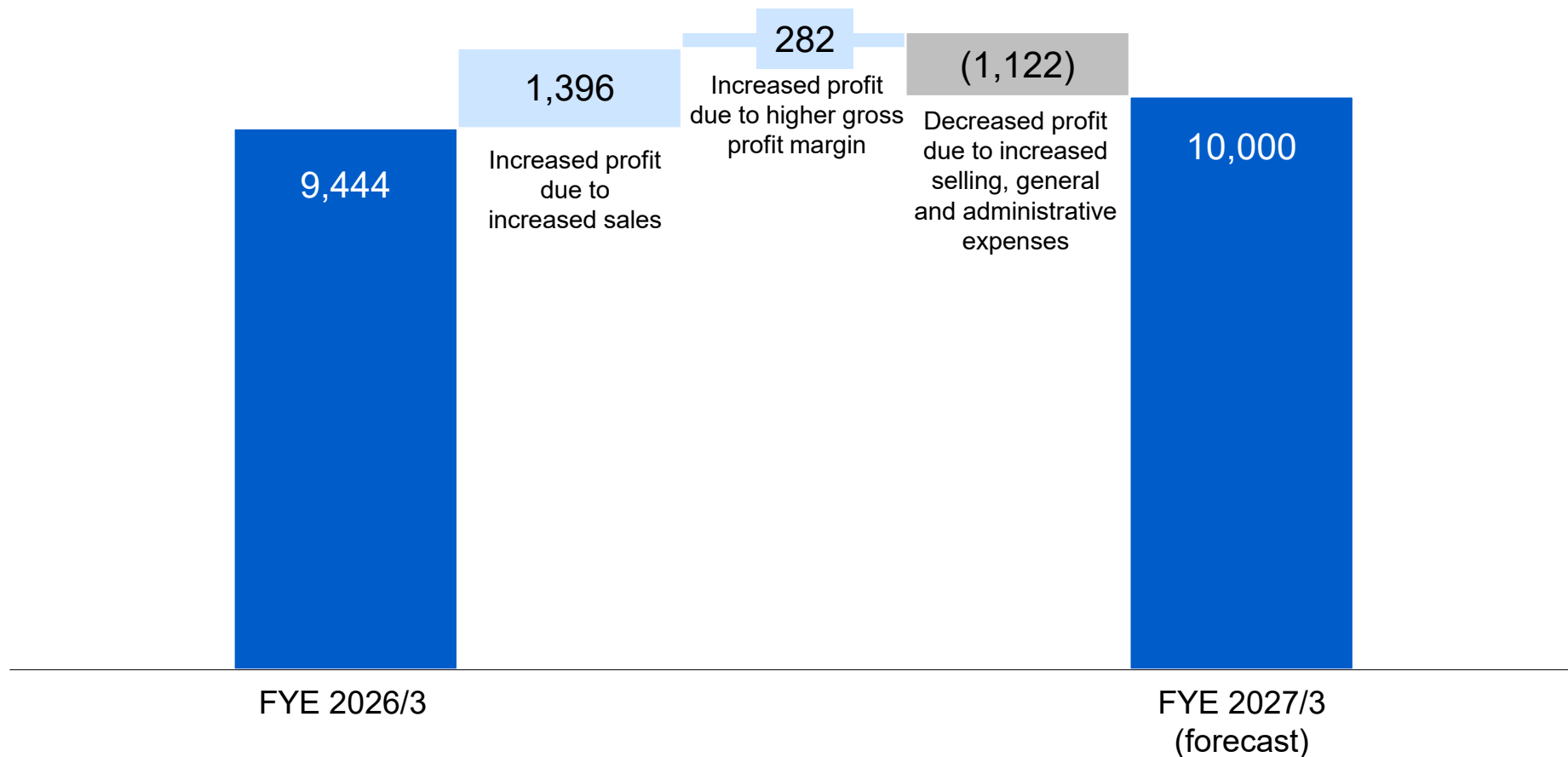
	FYE 2026/3		Results forecast for FYE 2027/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
Net sales	59,339	100.0	63,000	100.0	3,661	6.2
Japan	51,332	86.5	56,000	88.9	4,668	9.1
Asia	8,092	13.6	7,000	11.1	(1,092)	(13.5)
Operating profit	9,444	15.9	10,000	15.9	556	5.9
Ordinary profit	10,061	17.0	10,600	16.8	539	5.3
Profit attributable to owners of parent	6,826	11.5	7,200	11.4	374	5.5
Basic earnings per share (yen)	99.59	—	107.23	—	—	—
Investment amount	6,590	—	4,000	—	(2,590)	(39.3)
Depreciation	1,838	—	2,300	—	462	25.1

- Although investment in domestic air conditioning equipment is expected to remain solid, work style reforms in the construction industry, rising construction costs, and concerns over international trade policies and Middle Eastern developments requires careful scrutiny of the future trends in the domestic construction market.
- We will accelerate group growth by strengthening sales to achieve final targets for the Medium-term Management Plan and advancing business transformation toward realizing our Long-term Vision.
- Amid escalating tensions in the Middle East, some raw materials used in the manufacture of air conditioning equipment have become less available and increased in price. We are taking steps such as passing on the cost increases to sales prices and reviewing our supply chain, including overseas production bases; however, at this time, the impact on earnings forecasts is expected to be minimal.

Factors for Changes in Operating profit

- Through proactive sales activities and securing orders, we are working to boost sales and enhance profitability in its existing business (air conditioning equipment sales) in the fiscal year ending March 2027.
- Domestic orders received has reached record-high levels (see this material P.8), and we also aggressively capture unbooked orders that will contribute to net sales for the current period, aiming to secure sufficient volume.
- Although selling, general, and administrative expenses are expected to increase, particularly due to rises in personnel and logistics costs, we will continue to strive to absorb these costs through price pass-through.





(Unit: millions of yen)



Analysis of Financial Results Forecast

- In the first half of the fiscal year, although sales from the Japan segment remained comparable to the previous period, declines from the Asia segment are expected to result in lower consolidated sales and gross profit. Additionally, persistent increases in personnel and logistics costs are likely to dampen the first-half performance of consolidated operating profit.
- For the full year, we plan not only to increase sales volume in central air conditioning equipment and implement price pass-through but also to boost performance in target markets of the Medium-term Management Plan, expecting an increase in consolidated net sales. An increase in gross profit is anticipated to offset rising selling, general and administrative expenses, aiming for the Medium-term Management Plan's ultimate target of 10.0 billion yen in consolidated operating profit.

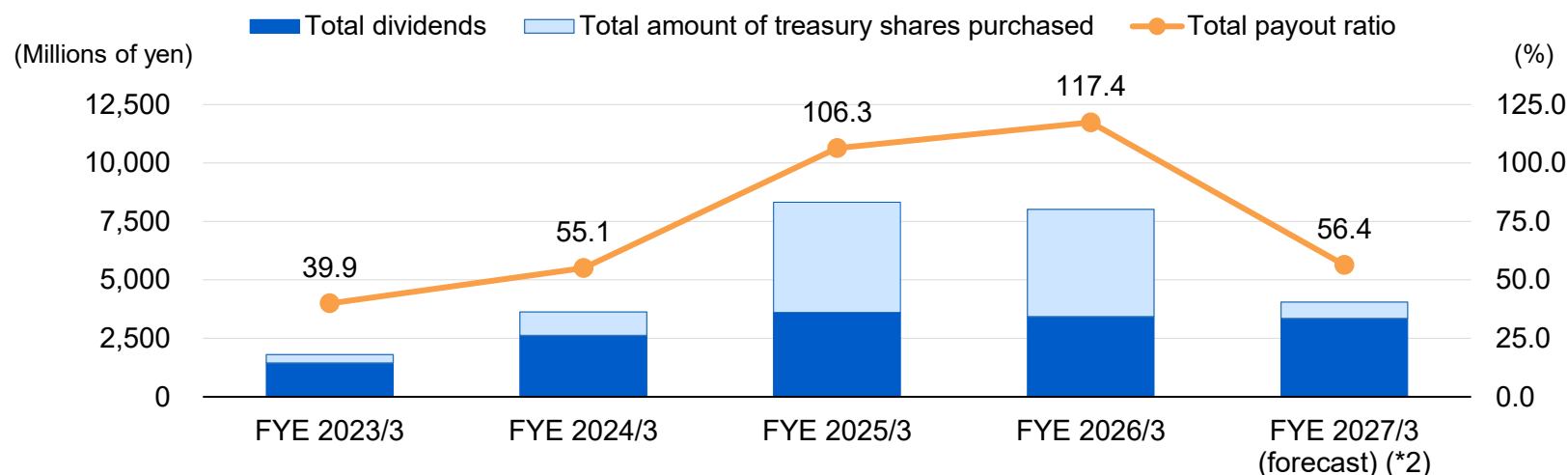
Analysis of Financial Results Forecast for the Fiscal Year Ending March 31, 2027

	Net sales	Operating profit
H1	<p></p> <p>(3.4)% YoY</p> <p>FYE 2026/3 25,878 million yen FYE 2027/3 (forecast) 25,000 million yen</p> <ul style="list-style-type: none"> • Japan segment plans to achieve sales comparable to the previous period, with steady air conditioning equipment sales • Due to a decline in sales of the Asia segment, we forecast to experience lower revenues across the entire Group 	<p></p> <p>(21.7)% YoY</p> <p>FYE 2026/3 3,576 million yen FYE 2027/3 (forecast) 2,800 million yen</p> <ul style="list-style-type: none"> • Selling, general and administrative expenses continue to rise, primarily due to increases in personnel and logistics costs • A decline in gross profit due to overall lower consolidated revenues also pressured operating profit
Full year	<p></p> <p>+6.2% YoY</p> <p>FYE 2026/3 59,339 million yen FYE 2027/3 (forecast) 63,000 million yen</p> <ul style="list-style-type: none"> • An increase in sales volume of central air conditioning equipment and higher revenues driven by price pass-through • Expansion in the target market under the Medium-term Management Plan, such as air conditioning installation and maintenance 	<p></p> <p>+5.9% YoY</p> <p>FYE 2026/3 9,444 million yen FYE 2027/3 (forecast) 10,000 million yen</p> <ul style="list-style-type: none"> • Improved profitability through securing sufficient volumes and price pass-through in equipment sales • Increases in gross profit driven by higher consolidated revenues helped absorb rising selling, general and administrative expenses

Shareholder Returns (Trends in Total Payout Ratio)

- In accordance with shareholder return policy under the Medium-term Management Plan, the per-share dividend for fiscal year ending March 2027 is planned to be 20 yen for interim period, 30 yen at year-end, totaling 50 yen.
- Of the maximum 10.0 billion yen in treasury share repurchases set out in the Medium-term Management Plan, we completed the acquisition of 9.3 billion yen (excluding BIP Trust) by the end of March 2026.
- Although the planned treasury share acquisition amount is nearly depleted, we will continue to balance with shareholder returns and growth investments in the fiscal year ending March 2027, in line with the Medium-term Management Plan's financial strategy.

Trends in total payout ratio



Basic earnings per share (*1)	(yen)	59.54	88.37	107.68	99.59	107.23
Dividend per share (*1)	(yen)	19.00	35.00	50.00	50.00	50.00
Payout ratio	(%)	31.9	39.6	46.4	50.2	46.6
Total payout ratio (*3)	(%)	39.9	55.1	106.3	117.4	56.4

*1 As the Company conducted a 3-for-1 stock split of its common shares with an effective date of December 1, 2024, figures for basic earnings per share and dividend per share have been adjusted to reflect this split.

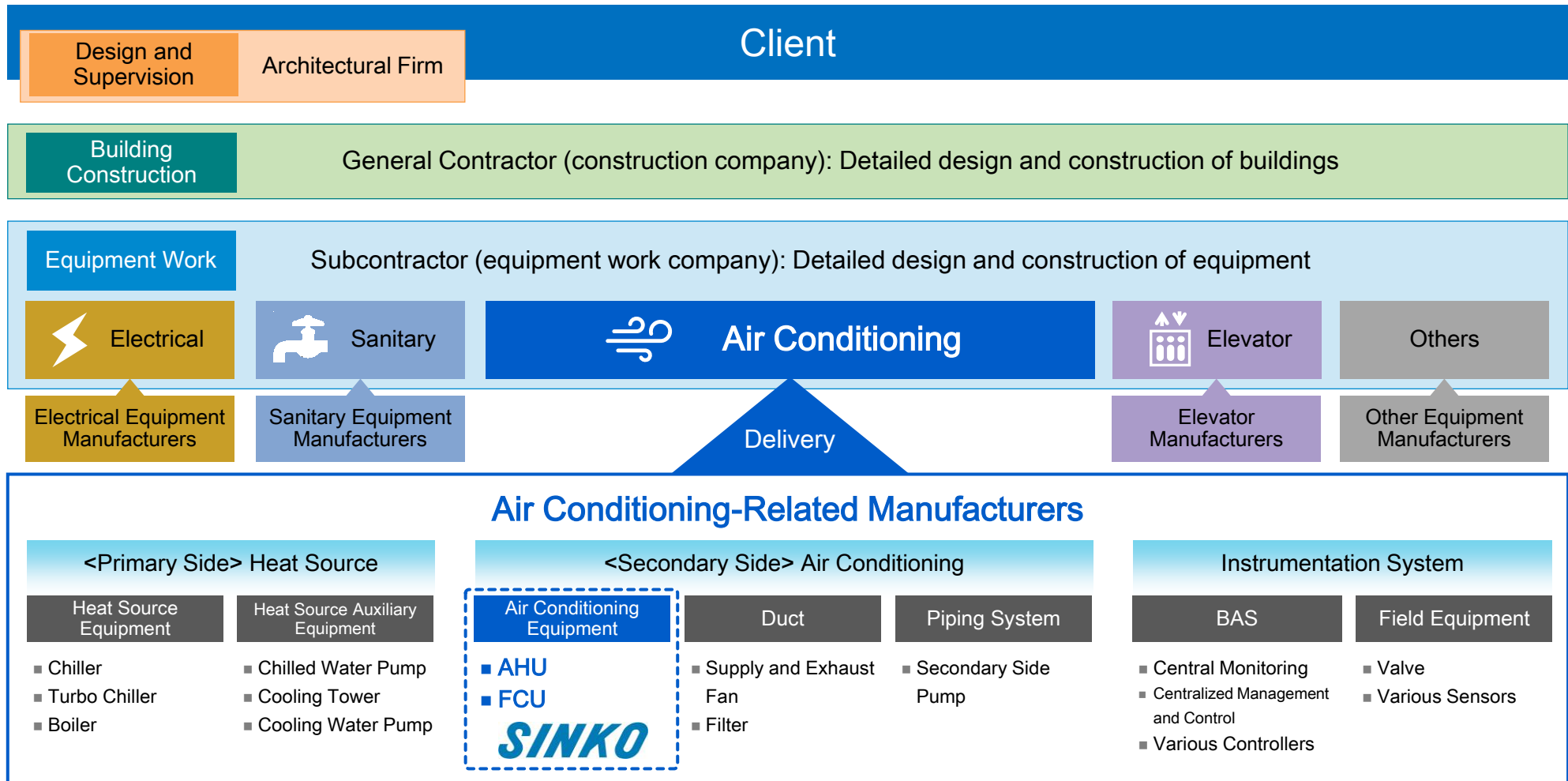
*2 Total dividends, payout ratio and total payout ratio for FYE 2027/3 are if dividends are paid as expected based on the number of issued shares (excluding treasury shares) as of March 31, 2026 and all the unacquired treasury shares (approximately 0.7 billion yen) as of March 31, 2026 out of the treasury share repurchase limit 10.0 billion yen under the Medium-term Management Plan "move.2027" are acquired within fiscal year ending March 2027.

*3 Total payout ratio does not include the treasury shares acquired through the Board Incentive Plan (BIP) Trust.

Appendix

Structure of the Construction Industry

- The construction industry consists of players led by the owner (client), the design and supervision expert (architectural firm), the general contractor overseeing the entire building project, and the subcontractor handling equipment work.
- Within equipment work, subcontractors and manufacturers are further subdivided by equipment type, with air conditioning being one such category.
- Air conditioning systems consist of a primary side 'heat source', a secondary side 'air conditioning', and an instrumentation system for overall monitoring and control.



Group Net Sales by Business

- We operate mainly in Japan, but also with production and sales bases in China and Taiwan. In overseas markets, we have the most such bases in China, and in other regions we operate mainly through agents.

Consolidated Sales Composition (59.3 billion yen for the fiscal year ended March 31, 2026)

Air conditioning equipment manufacturing and sales business

SINKO INDUSTRIES LTD.

BAC JAPAN CO., LTD.

Shanghai SINKO Air Conditioning Equipment Co., Ltd.

SINKO Air Conditioning (H.K.) Limited

Taiwan SINKO Kogyo Co.,Ltd.

and 1 other company



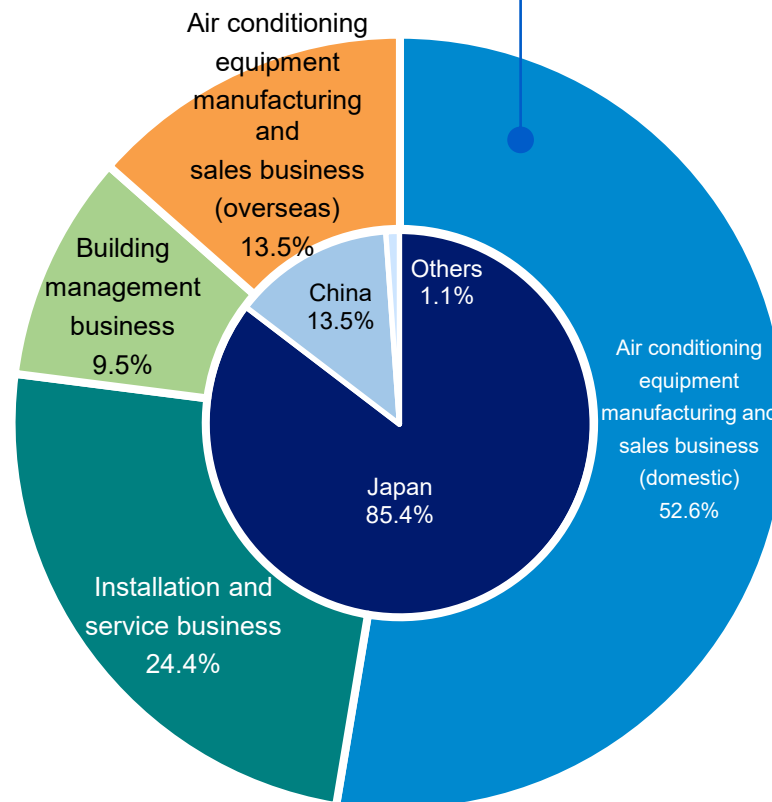
AHU / FCU / heat pump AHU / cooling tower

Installation and service business

SINKO ATMOS CO., LTD.

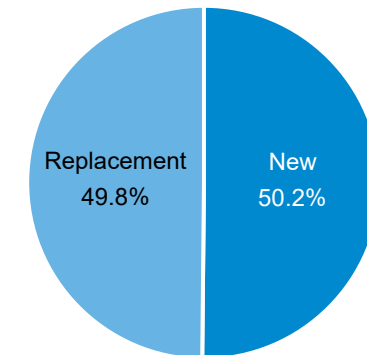
Building management business

CHIYODA BLDG. KANZAI CO., LTD.

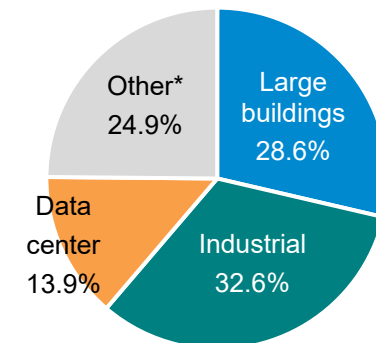


Domestic sales trend of SINKO INDUSTRIES alone

By new and replacement demand



By construction application



* The outer circle represents net sales categorized by business type and location of seller, while the inner circle represents net sales categorized by customer location.

* Due to rounding, the total of composition ratios in the pie charts may not be 100%.

* Other includes medical and welfare, education, accommodations, stations, airports, etc.

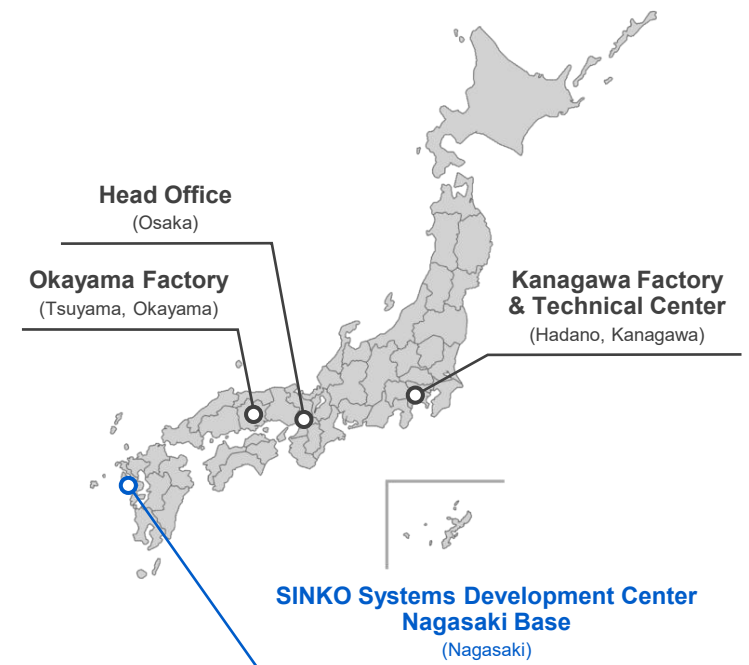
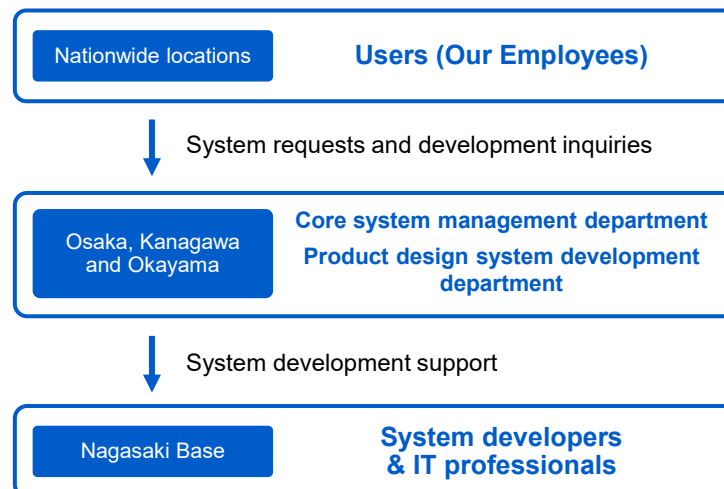
[Topics] Establishment of a New System Development Center to Accelerate DX **SINKO**

- The Company, anticipating a decline in the domestic labor force, has been pursuing long-term initiatives—such as its DX strategy, the "SIMA Project"—in order to shift away from labor-intensive manufacturing and sales operations and to achieve value creation and enhanced competitiveness through digital technology innovation. In October 2023, we signed a location agreement with Nagasaki Prefecture and Nagasaki City and began preparations for establishing a new system development hub.
- In the end of March 2026, the Company inaugurated its fourth system development hub, the "SINKO Systems Development Center Nagasaki Base" (in Nagasaki). Establishing a system development hub in Nagasaki Prefecture, a region committed to nurturing IT talent, aims to secure outstanding personnel and strengthen the DX promotion structure, evolving it into a key center for system development of the Company to compensate for the IT talent shortage in the greater Tokyo and Kansai areas.
- At the Nagasaki Base, we will actively recruit talent from nearby technical universities, thereby contributing to local community development through job creation.

Name	SINKO Systems Development Center Nagasaki Base
Address	3rd Floor, Nagasaki Ekimae Denki Bldg., 2-3 Ofunagura-machi, Nagasaki City, Nagasaki Prefecture
Business description	Matters related to the development and operation of core and technical systems within the SINKO Group



Office View of the Nagasaki Base



Locations of our system development hubs

IR Inquiries

SINKO INDUSTRIES LTD.

Group Business Planning Department, Corporate Planning Division

URL <https://www.sinko.co.jp/>

Contact URL <https://www.sinko.co.jp/contactus/form/>

Notes on forward-looking statements

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