SINKO INDUSTRIES LTD.

(TSE Prime Market Stock Exchange Code: 6458)

Supplementary Materials

on Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027

August 6, 2026

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I. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027

A/R DES/GN COMPANY

Summary of Financial Results

- Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027:
  Consolidated net sales of 11.4 billion yen (6.4% decrease YoY), and consolidated operating profit of 1.17 billion yen (29.1% decrease YoY).
- Driven by robust investment for air conditioning in office buildings, industrial air conditioning and data center, demand mainly for air conditioning equipment installation remained solid. On the other hand, due to work style reforms in the construction and logistics sectors and rising construction costs, the domestic construction market is experiencing impacts such as prolonged project durations and revisions to investment plans.
- In the Japan segment, against the backdrop of supply constraints in the construction industry, equipment shipments across the central air conditioning market remained sluggish. At the Company, the start of equipment sales for the period was delayed, resulting in a year-on-year decrease in net sales. In addition to the profit decline associated with lower revenue, the continuous rise in SG&A expenses also contributed to a year-on-year decrease in operating profit.
- In the Asia segment, the impact of the slowdown in China's real estate market persisted. This period saw a year-on-year decrease in net sales due to a decline in the sales volume of air conditioning equipment. Given the challenging business environment, where price sensitivity is a key factor, an operating loss was incurred, similar to the beginning of the last year. We will thoroughly implement cost reductions and differentiate our sales strategies to improve profitability.
- The performance is generally off to a start in line with the full-year earnings targets. Backed by a record-high level of order backlog (see this material p.7), shipments of air conditioning equipment in Japan are expected to progress from the second quarter onward, and profitability is expected to improve gradually. We will continue to steadily implement initiatives to achieve the final targets of the Medium-term Management Plan by simultaneously expanding our track record in target markets and absorbing costs through price pass-through.
- For detailed full-year consolidated earnings forecasts, please refer to pages from p.8 onwards of this material (no revision from the forecast announced on May 14, 2026)

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Consolidated Statements of Income

■ Net sales were 11.4 billion yen (down 6.4% YoY), and operating profit was 1.17 billion yen (down 29.1% YoY).

(Unit: millions of yen, %)

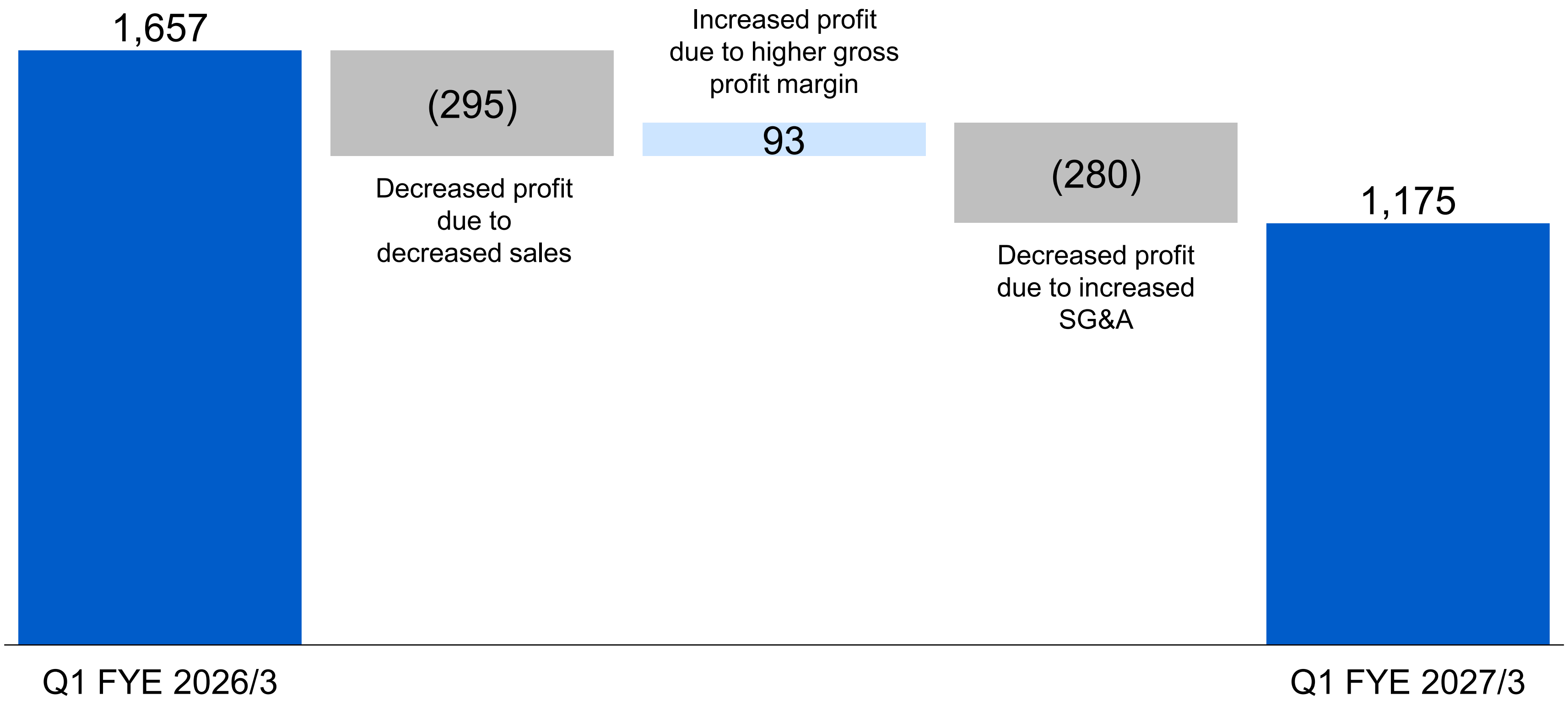
		Q1 FYE 2026/3		Q1 FYE 2027/3			
		Amount	Composition ratio	Amount	Composition ratio	YoY	
						Change	Rate of change
Net sales		12,227	100.0	11,445	100.0	(782)	(6.4)
	Japan	11,001	90.0	10,460	91.4	(541)	(4.9)
	Asia	1,246	10.2	1,001	8.7	(245)	(19.6)
Gross profit		4,627	37.8	4,425	38.7	(202)	(4.4)
Operating profit		1,657	13.6	1,175	10.3	(482)	(29.1)
	Japan	1,710	14.0	1,336	11.7	(374)	(21.9)
	Asia	(60)	(0.5)	(167)	(1.5)	(107)	-
Ordinary profit		1,917	15.7	1,535	13.4	(382)	(19.9)
Profit attributable to owners of parent		1,312	10.7	1,072	9.4	(240)	(18.3)

- ■ In the Japan segment, shipments of equipment in the overall central air conditioning market remained sluggish, and our initial equipment sales were also slow to start. Due to the combined impact of decreased revenue and rising costs, both net sales and operating profit declined year on year.
- ■ In the Asia segment, while the impact of the stagnation in China's real estate market persisted, equipment sales volume decreased, leading to a decline in net sales year on year. On the profit side, despite implementing measures to improve profit margins across both manufacturing and sales operations, intense price competition led to an operating loss.

Factors for Changes in Operating Profit

- Decrease in profit from lower sales was 295 million yen, increase in profit due to rising gross profit margin was 93 million yen, and decrease in profit from rising SG&A expenses was 280 million yen. In total, operating profit decreased by 482 million yen year on year.
- While the decline in air conditioning equipment sales pushed down gross profit, net sales in the high-margin installation and service business remained steady year on year. Due to changes in the sales composition ratio of each Group business, the gross profit margin for the consolidated Group increased slightly.

(Unit: millions of yen)



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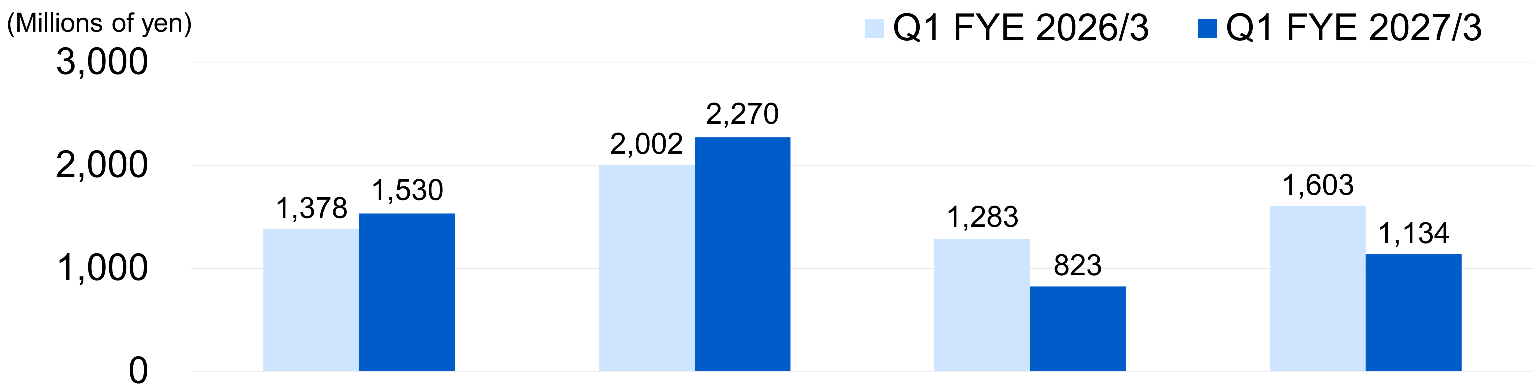
Sales Trend by Building Type (SINKO INDUSTRIES alone)

The data center sector saw weak results due to low shipments at the beginning of this year; however, we forecast the full-year DC sales to grow by +40% year on year.



		Large buildings	Industrial	Data center	Other (*2)	Total
Q1 FYE 2026/3	Net sales (*1)	1,378	2,002	1,283	1,603	6,266
Q1 FYE 2027/3	Net sales (*1)	1,530	2,270	823	1,134	5,756
YoY	Change	152	268	(460)	(469)	(509)
	Rate of change	11.0%	13.4%	(35.9)%	(29.3)%	(8.1)%

*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, sales increased year on year due to demand for redevelopment projects and renovation work. In addition to a growing backlog of orders scheduled for delivery from the current to the next year, we aim to secure further projects through the model change of our compact-type air conditioners.
- In the industrial sector, sales increased year on year due to deliveries for new manufacturing bases and the launch of new products for heatstroke prevention. Meanwhile, the impact of rising construction costs and escalating tensions in the Middle East on domestic industrial investment remains uncertain, and we will continue to monitor future market trends.
- In the data center sector, sales temporarily decreased due to low shipments at the beginning of this year. We expect sales to increase for the full year as the order backlog is executed from the second quarter onward. Efforts to strengthen sales initiatives have been successful in generating inquiries, and we are currently entering a new phase of growth, including the expansion of sales channels to foreign-affiliated data centers.
- In other sectors, shipments for large-scale projects such as hospitals, hotels, and public facilities have stabilized, resulting in a decline in sales.

Reference: Overview of Orders in the Current First Quarter

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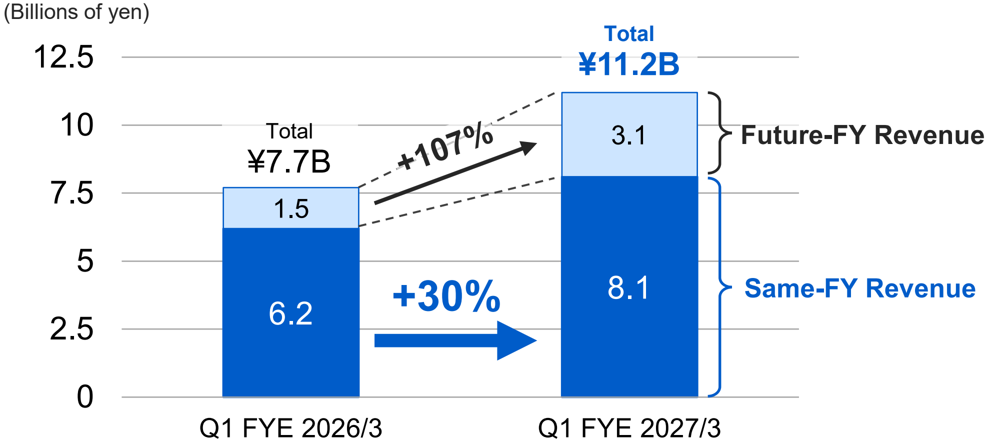
Q1 performance had a slow start due to the imbalance of shipment timing.
We aim to achieve the Mid-term Plan targets by working through a record-high order backlog.

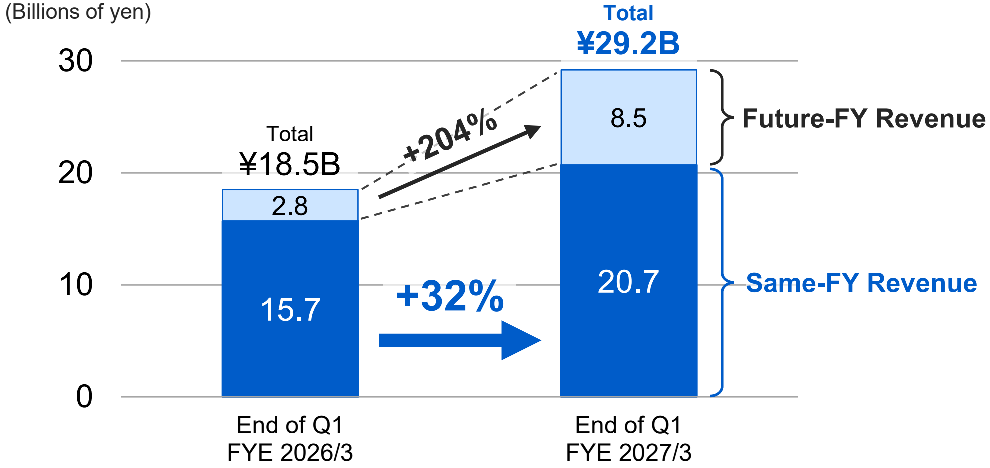
- The slowdown in Q1 performance is primarily due to a weaker initial sales caused by the imbalance of equipment shipment timing; we recognize this as a temporary decline.
- Orders received and order backlog for domestic air conditioning equipment sales remain at record-high levels and are growing steadily year on year. Compared with the full-year earnings plan, the outlook for equipment sales volume is steadily accumulating, and we will proceed with earnings improvement through the execution of the order backlog.

Orders Received
(SINKO INDUSTRIES alone)



- ✓ Orders received for all building types are growing. In particular, we have secured projects in the large building sector, including commercial buildings and government offices, and have also seen an increase in industrial projects such as factories and research laboratories.
- ✓ To secure further sales volume in H2, we will continue proactive sales activities targeting unbooked projects that are expected to be shipped within the current year.

Order Backlog
(SINKO INDUSTRIES alone)



- ✓ Due to the strengthening of sales measures in the last year, we have achieved results such as winning large-scale projects in the large building and data center sectors, leading to an increase in the order backlog year on year.
- ✓ From Q2 onwards, the shipment pace is expected to pick up, and we forecast earnings improvement through the execution of the order backlog.

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

(No revision has been made to the forecast announced on May 14, 2026)

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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

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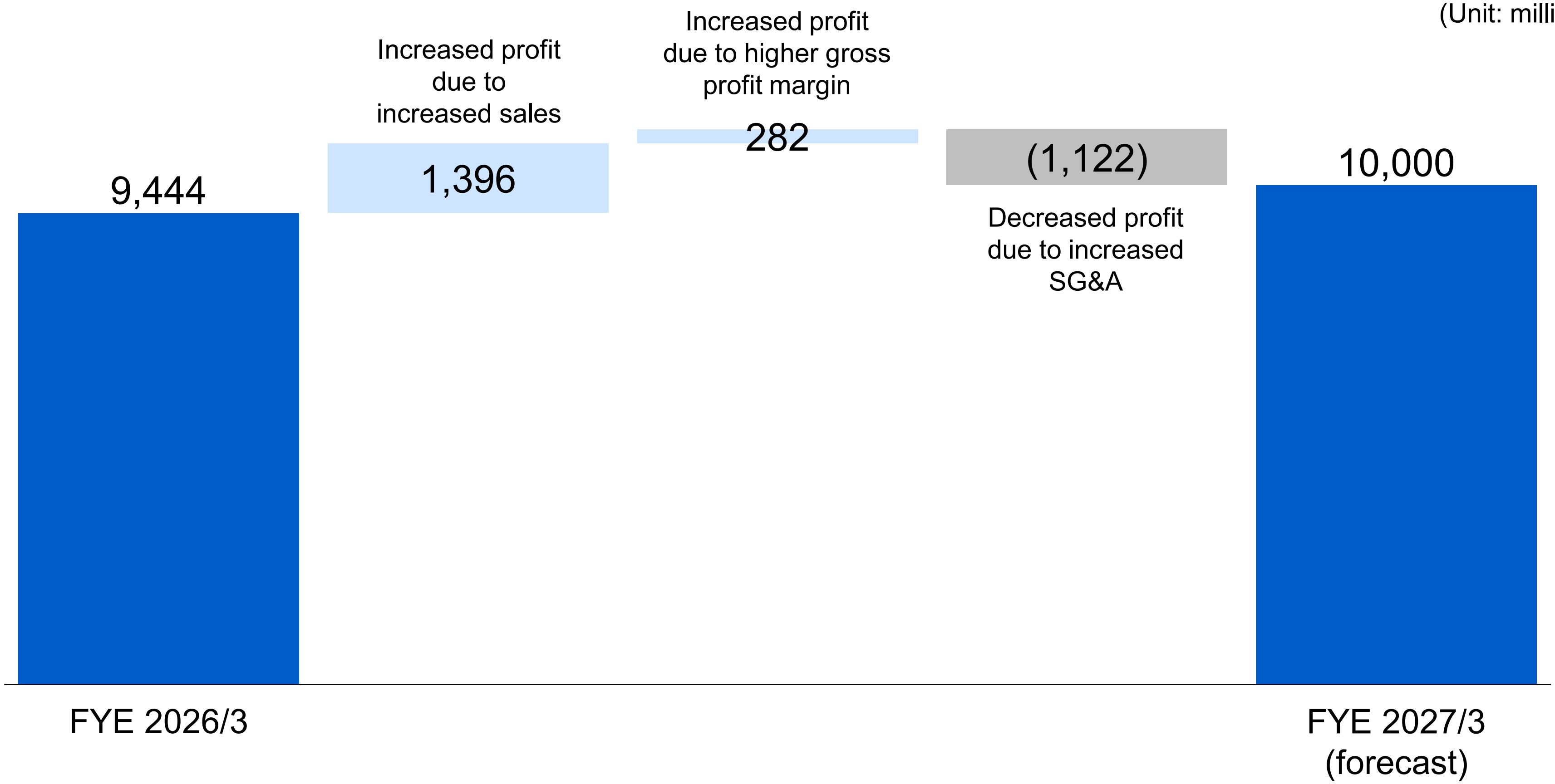
- Through proactive sales activities and securing orders, we are working to boost sales and enhance profitability in its existing business (air conditioning equipment sales) in the fiscal year ending March 2027.
- Domestic orders received has reached record-high levels (see this material p.7), and we 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

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- 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	**(3.4)% YoY**	FYE 2026/3: 25,878 million yen FYE 2027/3 (forecast): 25,000 million yen • 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	**(21.7)% YoY**	FYE 2026/3: 3,576 million yen FYE 2027/3 (forecast): 2,800 million yen • 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	**+6.2% YoY**	FYE 2026/3: 59,339 million yen FYE 2027/3 (forecast): 63,000 million yen • **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	**+5.9% YoY**	FYE 2026/3: 9,444 million yen FYE 2027/3 (forecast): 10,000 million yen • **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**

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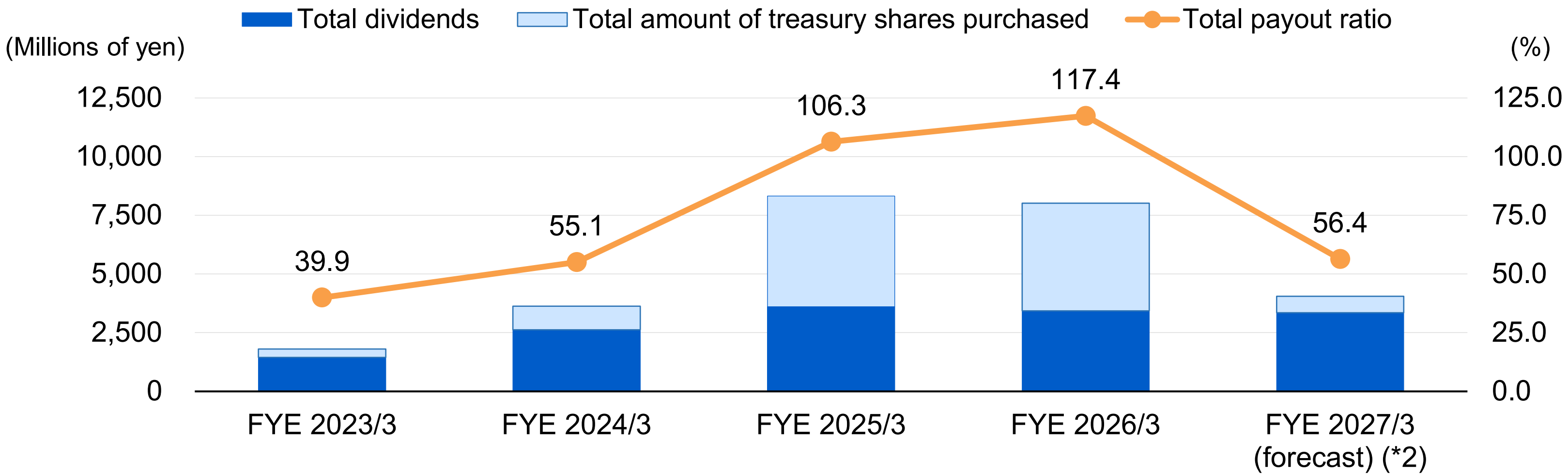
Shareholder Returns (Trends in Total Payout Ratio)

- 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



		FYE 2023/3	FYE 2024/3	FYE 2025/3	FYE 2026/3	FYE 2027/3 (forecast) (*2)
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

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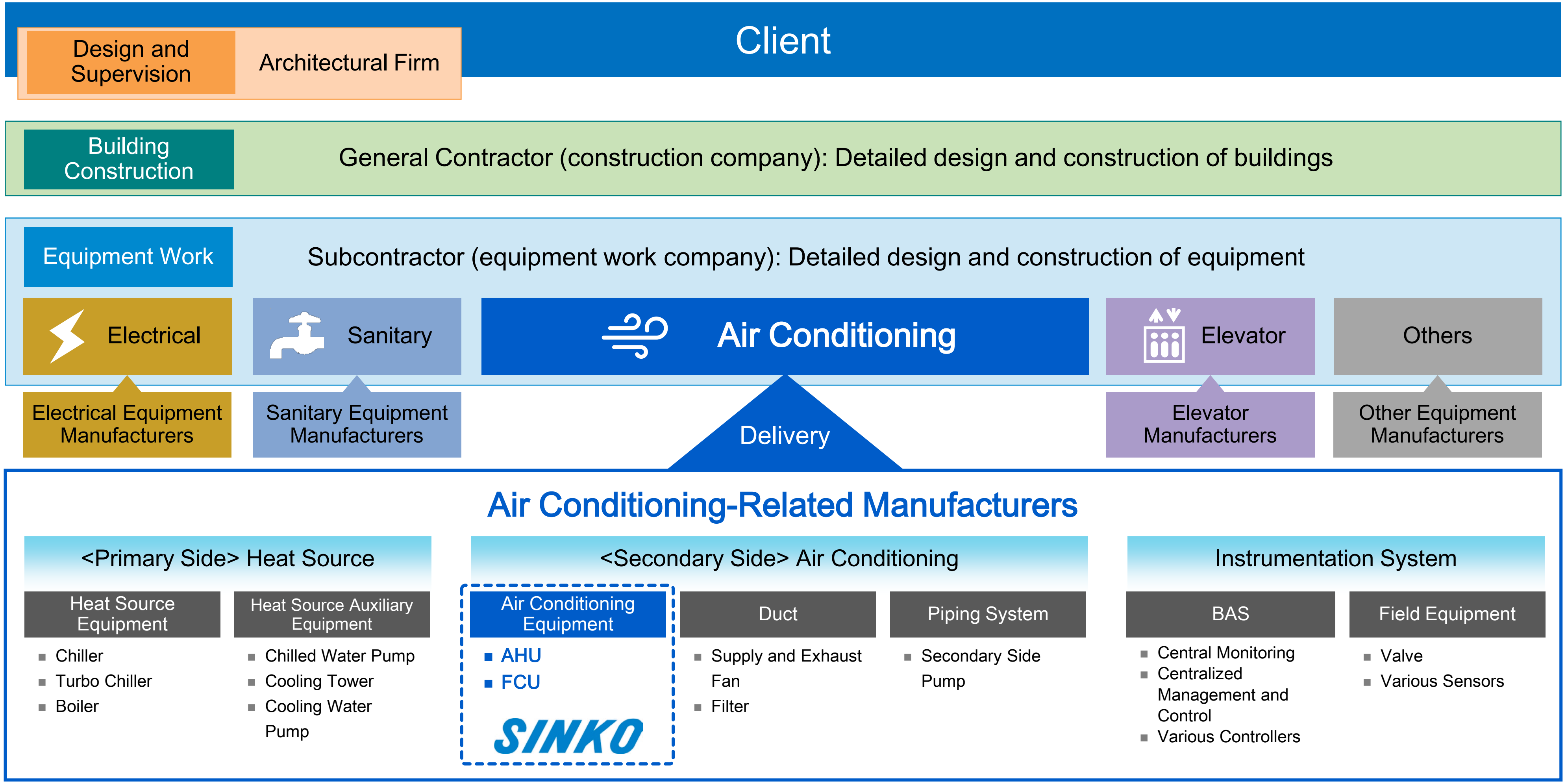
- The construction industry consists of players led by the owner (client), the design and supervision expert (architectural firm), the general contractor overseeing the entire building project, and the subcontractor handling equipment work.
- Within equipment work, subcontractors and manufacturers are 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

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- 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

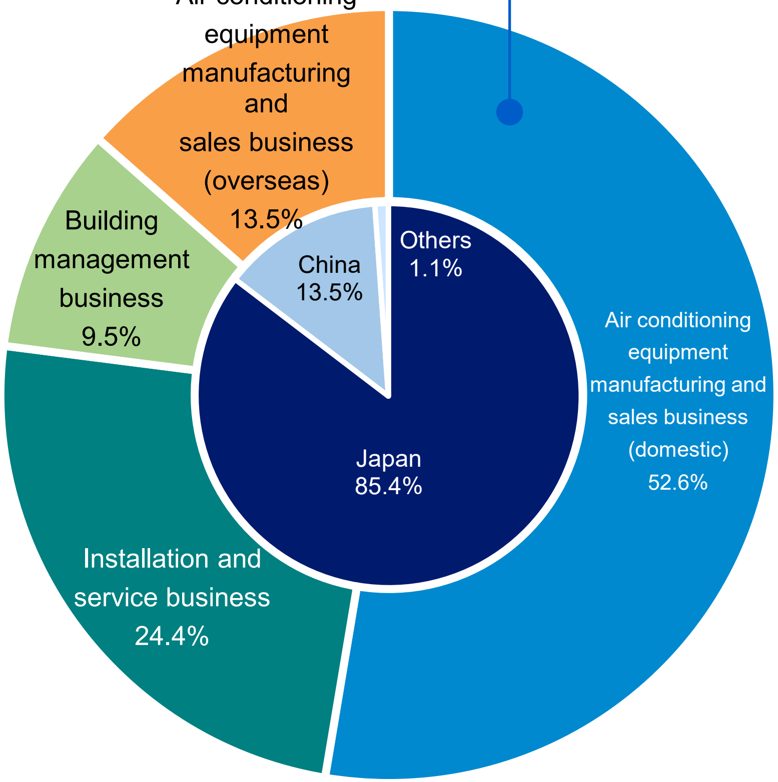
AHU / FCU / heat pump AHU / cooling tower

Installation and service business

- SINKO ATMOS CO., LTD.

Building management business

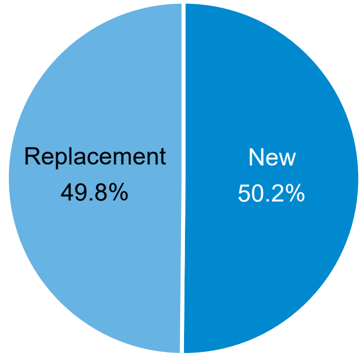
- CHIYODA BLDG. KANZAI CO., LTD.



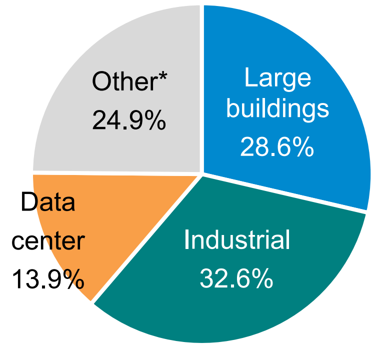
* The outer circle represents net sales categorized by business type and location of seller, while the inner circle represents net sales categorized by customer location.
* Due to rounding, the total of composition ratios in the pie charts may not be 100%.

Domestic sales trend of SINKO INDUSTRIES alone

By new and replacement demand



By building type



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

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