

SINKO INDUSTRIES LTD.

(TSE Prime Market Stock Exchange Code: 6458)

Financial Results Briefing for the Fiscal Year Ended March 31, 2025

June 12, 2025

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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I. Financial results for the FYE 2025/3

Summary of Financial Results



■ Results for the fiscal year ended March 31, 2025:

Net sales of 57.0 billion yen, operating profit of 9.98 billion yen (compared to the plan: net sales up 3.6%, operating profit up 5.1%)

- The market environment was strong, driven by demand for industrial air conditioning with the return of manufacturing bases to Japan, building air conditioning for large-scale redevelopment projects, and air conditioning units for cooling data center servers.
- In the Japan segment, production leveling efforts paid off throughout the fiscal year, which also drove increases in consolidated sales and profit. Work to capture demand in our target markets of data centers and air conditioning equipment installation and maintenance also contributed to significant growth in net sales and operating profit.
- In the Asia segment, the impact of the stagnant real estate market in China continued. Despite efforts to raise profit margins, mainly due to a harsh, heavily price-focused business environment, the fiscal year ended with an operating loss.
- In financial strategy, we repurchased a total amount of approximately 4.71 billion yen in treasury shares over one year. And in December, we also carried out a stock split to boost share liquidity and broaden our investor base. In the fiscal year ending March 31, 2026, we are planning share repurchases of approximately 4.58 billion yen (upper limit), to be funded by the convertible bonds whose issue was resolved in March 2025, as part of bold review of our capital structure through the use of debt.
- Through the pursuit of capital cost management under the Medium-term Management Plan “move.2027,” ROE improved to 12.8% (up 1.5 points year on year), and PBR stood at 1.4x on March 31, 2025.

Consolidated Statements of Income

■ Net sales were 57.0 billion yen (up 9.7% year on year), and operating profit was 9.98 billion yen (up 15.8% year on year).

(Unit: millions of yen, %)

	FYE 2024/3		FYE 2025/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
Net sales	51,943	100.0	57,005	100.0	5,062	9.7
Japan	44,426	85.5	49,768	87.3	5,342	12.0
Asia	7,517	14.5	7,237	12.7	(280)	(3.7)
Operating profit	8,627	16.6	9,986	17.5	1,359	15.8
Japan	8,448	16.3	10,228	17.9	1,780	21.1
Asia	135	0.3	(283)	(0.5)	(418)	—
Ordinary profit	9,120	17.6	10,615	18.6	1,495	16.4
Profit attributable to owners of parent	6,580	12.7	7,829	13.7	1,249	19.0
Orders received	37,315	—	32,463	—	(4,852)	(13.0)
Order backlog	20,883	—	20,069	—	(814)	(3.9)
Investment amount	3,268	—	3,059	—	(209)	(6.4)
Depreciation	1,320	—	1,576	—	256	19.4

- The market environment was strong, driven by demand for industrial air conditioning with the return of manufacturing bases to Japan, building air conditioning for large-scale redevelopment projects, and air conditioning units for cooling data center servers.
- In the Japan segment, production leveling efforts paid off throughout the fiscal year, which also drove increases in consolidated sales and profit. Work to capture demand in our target markets of data centers and air conditioning equipment installation and maintenance also contributed to significant growth in net sales and operating profit.
- In the Asia segment, the impact of the stagnant real estate market in China continued. Despite efforts to raise profit margins, mainly due to a harsh, heavily price-focused business environment, the fiscal year ended with an operating loss.

Revenue Analysis for Second Half and Full Fiscal Year

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- Although the industry's tendency toward concentration in the second half of the fiscal year remains, due to the effects of production leveling, the profit growth in the first half contributed to growth in the full fiscal year's results.
- Although the revised forecast announced in November last year reflected the decline in profit in the Asia segment, leading to a forecast of a substantive decrease in second-half earnings, the strong performance of the Japan segment offset the decline in the Asia segment better than expected. As a result, operating profit for the second half exceeded even the pre-revision forecast (6.3 billion yen).

(Unit: millions of yen)

* H2 and full-year forecasts are after the revisions announced on November 12, 2024

		H1	H2					Full Year		
			Q3	Q4	H2 total	Forecast*	Forecast/ Result Difference	Full year total	Forecast*	Forecast/ Result Difference
FYE 2024/3	Net sales	22,290	13,996	15,657	29,653	—	—	51,943	—	—
	Gross profit	7,435	5,507	6,158	11,665	—	—	19,100	—	—
	Gross profit margin	33.4%	39.3%	39.3%	39.3%	—	—	36.8%	—	—
	Operating profit	2,527	2,826	3,274	6,100	—	—	8,627	—	—
	Operating profit margin	11.3%	20.2%	20.9%	20.6%	—	—	16.6%	—	—
FYE 2025/3	Net sales	24,201	14,907	17,897	32,804	30,799	2,005	57,005	55,000	2,005
	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	5,939	486	9,986	9,500	486
	Operating profit margin	14.7%	21.9%	17.7%	19.6%	19.3%	0.3pt	17.5%	17.3%	0.2pt
Change Rate of change	Net sales	1,911 8.6%	911 6.5%	2,240 14.3%	3,151 10.6%	—	—	5,062 9.7%	—	—
	Gross profit	1,475 19.8%	620 11.3%	602 9.8%	1,222 10.5%	—	—	2,697 14.1%	—	—
	Operating profit	1,034 40.9%	437 15.5%	(112) (3.4)%	325 5.3%	—	—	1,359 15.8%	—	—

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 (57.0 billion yen for the fiscal year ended March 31, 2025)

Air conditioning equipment manufacturing and sales business

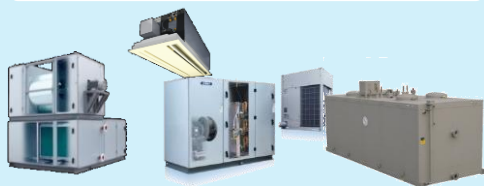
SINKO INDUSTRIES LTD.

BAC JAPAN CO., LTD.

Shanghai SINKO Air Conditioning Equipment Co., Ltd.

SINKO Air Conditioning (H.K.) Limited

Taiwan SINKO Kogyo Co.,Ltd.



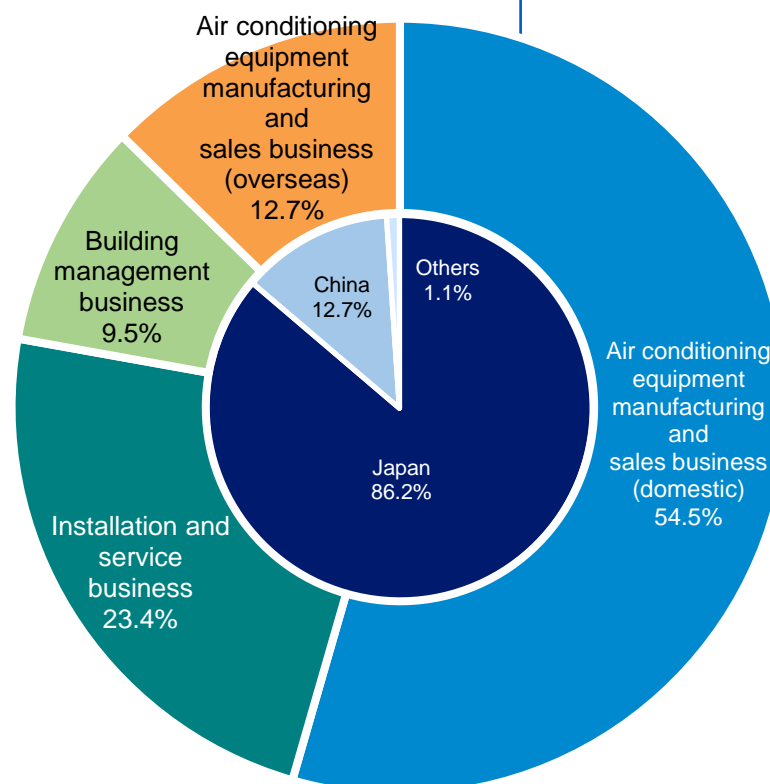
AHU / FCU / heat pump AHU / ice thermal storage

Installation and service business

SINKO ATMOS CO., LTD.

Building management business

CHIYODA BLDG. KANZAI CO., LTD.



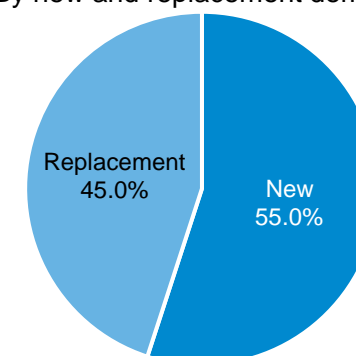
Source: the Company's results

*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.

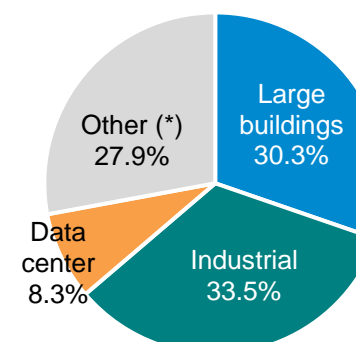
*Due to rounding, the total of composition ratios in the pie charts may not be 100%.

Domestic sales trend of SINKO INDUSTRIES alone

By new and replacement demand

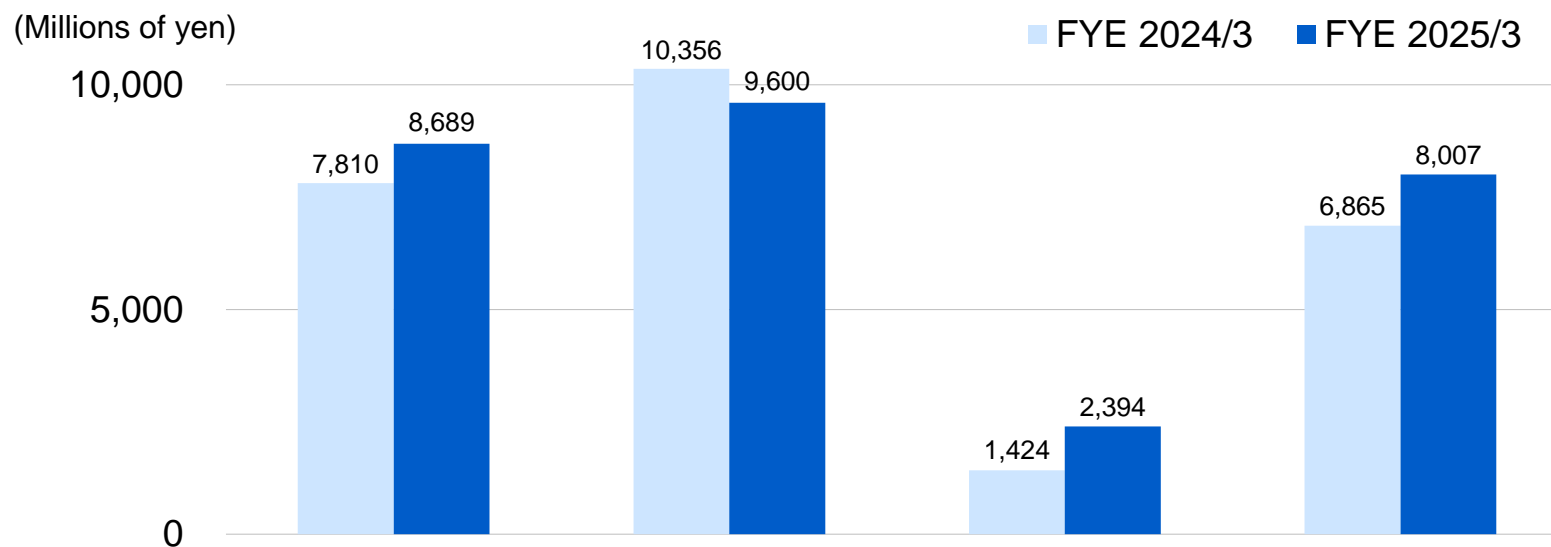


By construction application



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

Sales Trend by Construction Application (SINKO INDUSTRIES alone)

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		Large buildings	Industrial	Data center	Other (*2)	Total
FYE 2024/3	Net sales (*1)	7,810	10,356	1,424	6,865	26,455
FYE 2025/3	Net sales (*1)	8,689	9,600	2,394	8,007	28,689
YoY	Change	879	(756)	970	1,142	2,234
	Rate of change	11.3%	(7.3)%	68.1%	16.6%	8.4%

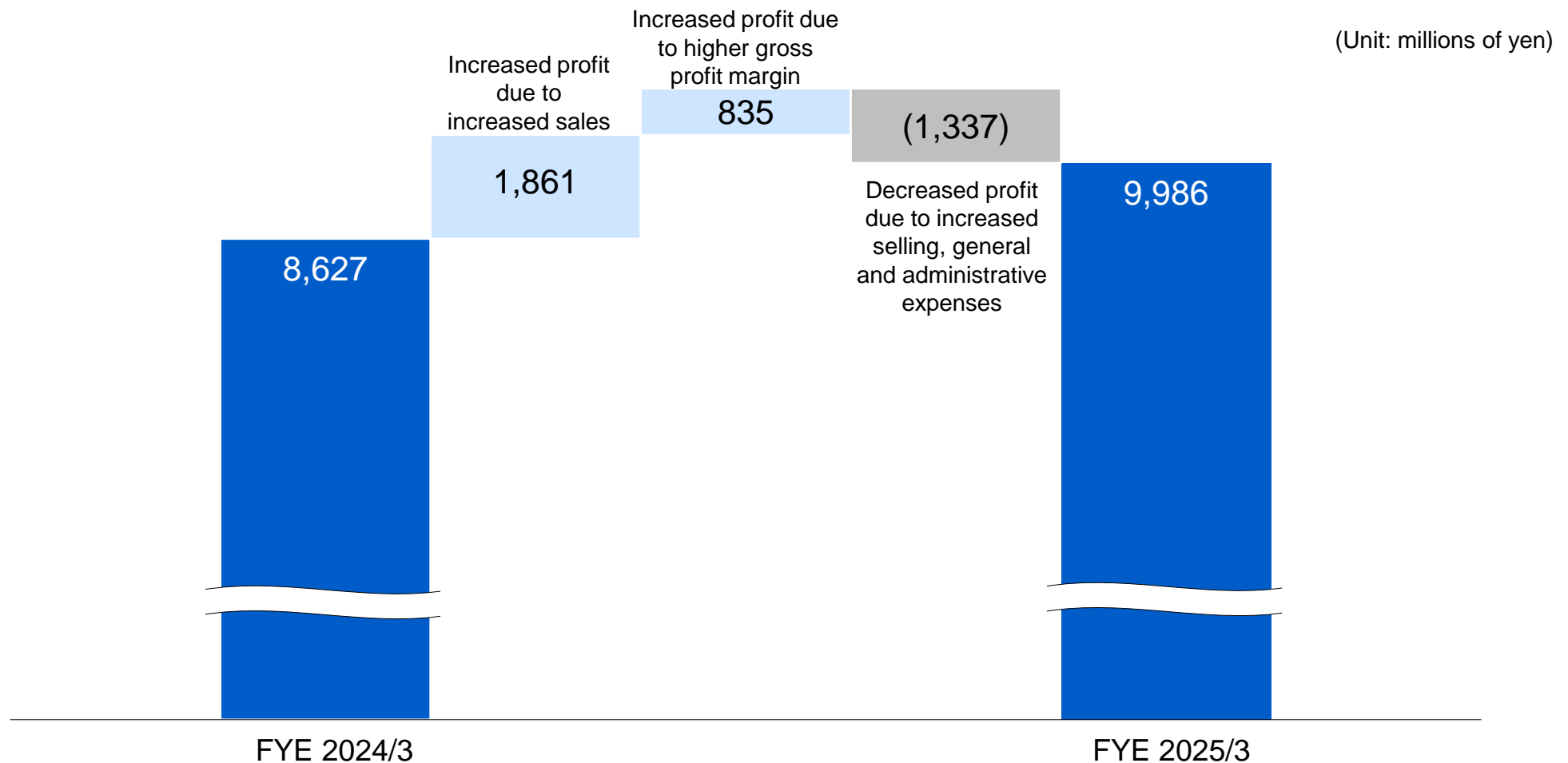
*1 Net sales in Japan of SINKO INDUSTRIES alone

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

- Net sales in the large buildings sector increased due to demand for large-scale redevelopment projects in metropolitan areas, and equipment replacement and renovation works in existing buildings, etc.
- In the industrial sector, despite a decline from the previous fiscal year's record high results, when viewed over a five-year period, the trend of increased sales continues.
- In the data center sector, although net sales declined in the previous fiscal year due to fluctuations in demand, sales grew significantly in this fiscal year due to strengthened sales measures and strategic investments. Inquiries are expected to continue their favorable trend, and we will focus efforts on further capturing demand.
- In the other sector, we captured demand for new construction projects for hospitals, hotels, etc., and refurbishment and maintenance works in public facilities, resulting in a year-on-year increase in net sales.

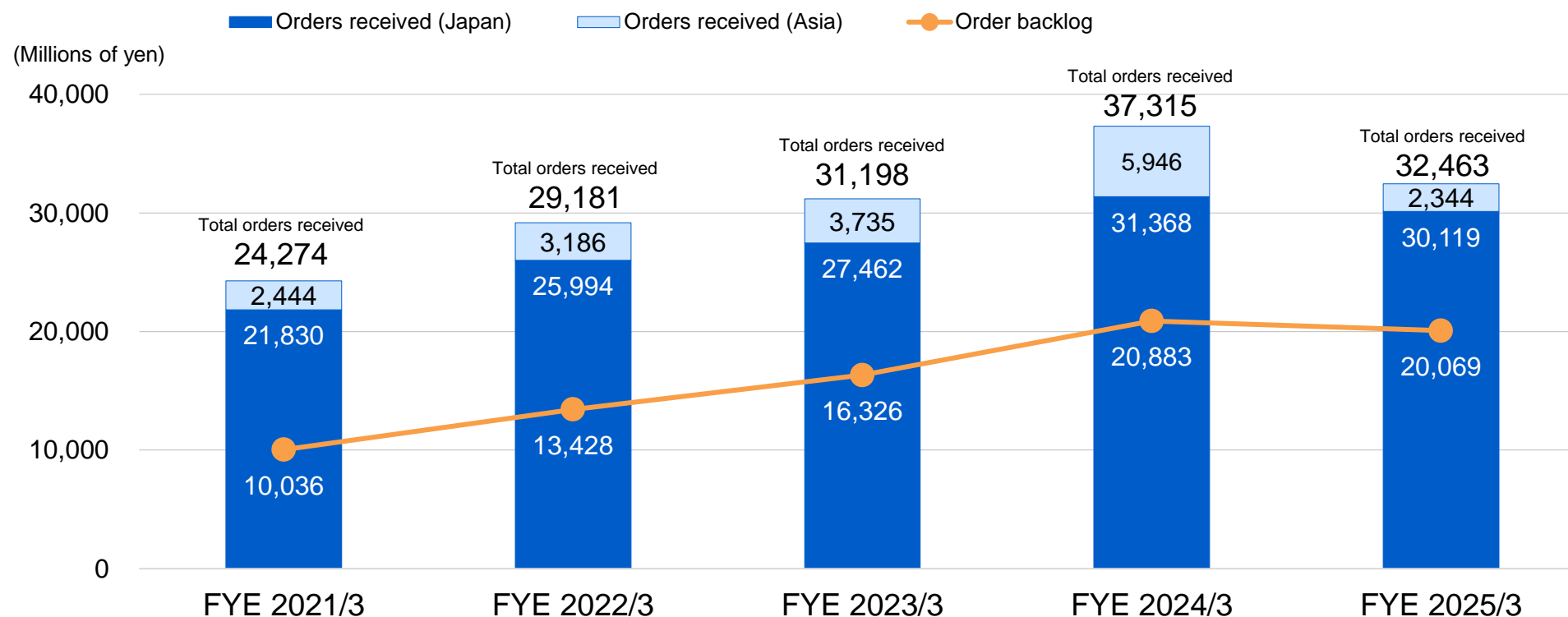
Factors for Changes in Operating Profit

- The increase in profit due to the increase in sales was approximately 1.86 billion yen, while a higher gross profit margin lifted profit by around 0.83 billion yen. The decrease in profit due to the increase in other selling, general and administrative expenses such as personnel and logistics expenses was approximately 1.33 billion yen. Total profit increased by approximately 1.35 billion yen year on year.
- The increase in the gross profit margin was due in part to efficiency improvements in factory operations resulting from production leveling, as well as the effect of price revisions implemented in the previous and this fiscal years.



Trends in Orders Received and Order Backlog

- In Japan, due to production leveling and planned receipt of orders in anticipation of medium- to long-term growth, orders received in this fiscal year ended slightly lower than that of the previous fiscal year.
- In Asia (mainly China), orders received in this fiscal year decreased year on year in a reaction against the surge of orders during the previous fiscal year driven by the reopening of the economy after the COVID-19 pandemic.
- Due to work style reforms in the construction and logistics industries, soaring construction costs, and other factors, the impact of longer project durations and reviews of investment plans is expected to emerge from the fiscal year ending March 31, 2026. Going forward, we will sharpen our focus on target markets and concentrate our efforts on winning project contracts and capturing demand in the fiscal year ending March 31, 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)

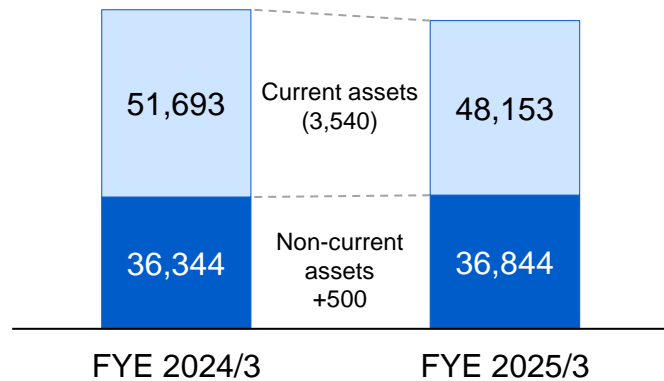
Consolidated Balance Sheets

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- Cash and deposits decreased mainly due to shareholder returns and payments to suppliers. Property, plant and equipment increased due to capital investments, etc.
- Liabilities decreased due to shortened terms of payments to suppliers, etc. Despite recording of profit, net assets increased only slightly due to shareholder returns, etc.

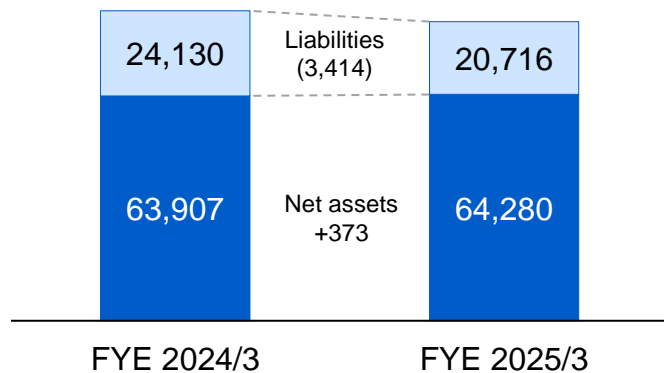
Assets

(Unit: millions of yen)



Liabilities/Net Assets

(Unit: millions of yen)



(Unit: millions of yen)

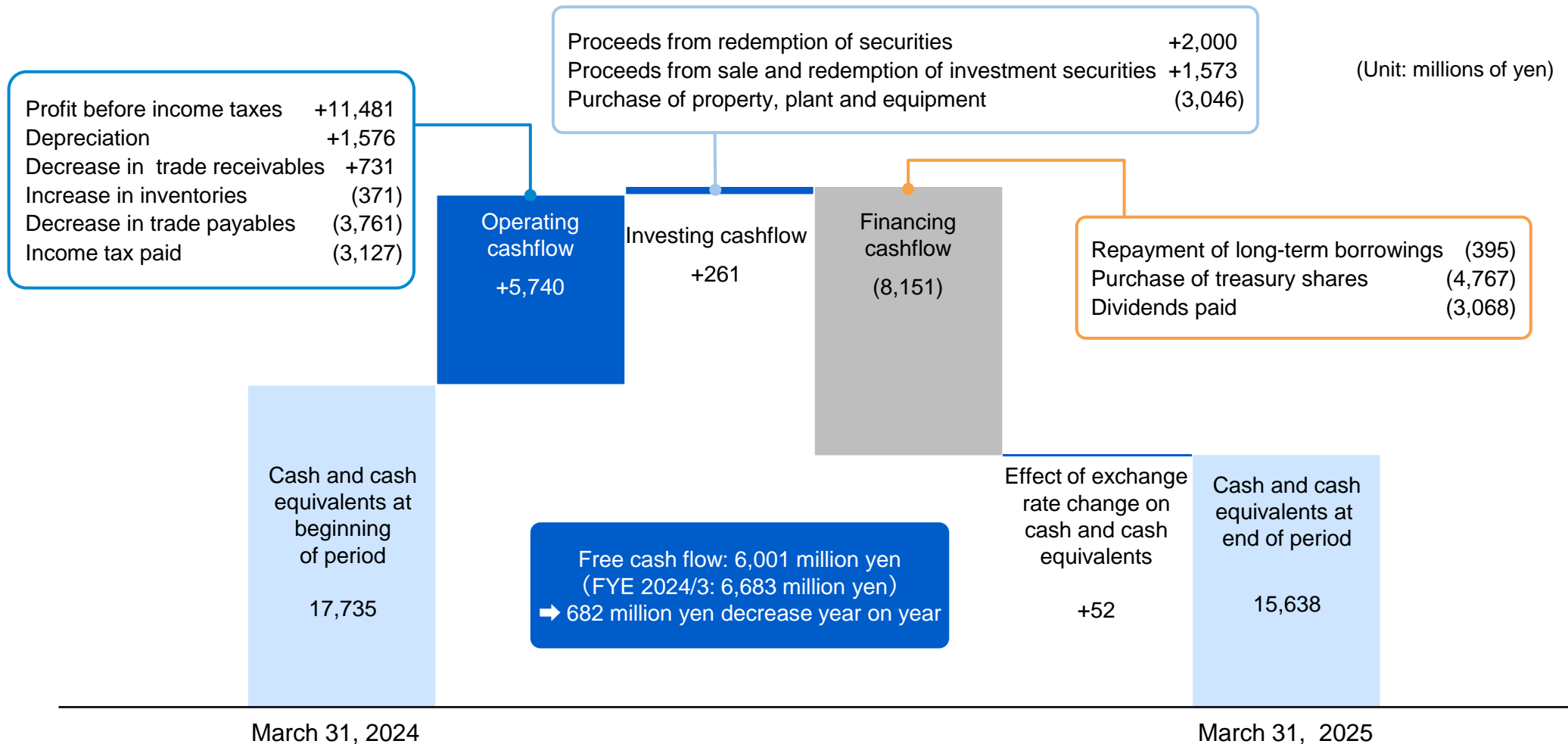
	FYE 2024/3	FYE 2025/3	Change
Current assets	51,693	48,153	(3,540)
Cash and deposits	17,735	15,669	(2,066)
Notes and accounts receivable – trade	18,593	19,249	656
Inventories	3,700	4,142	442
Non-current assets	36,344	36,844	500
Property, plant and equipment	19,076	20,777	1,701
Intangible assets	1,097	1,163	66
Investments and other assets	16,170	14,903	(1,267)
Total assets	88,038	84,997	(3,041)
Total liabilities	24,130	20,716	(3,414)
(Interest-bearing debts balance)	2,594	2,412	(182)
Total net assets	63,907	64,280	373
Total liabilities and net assets	88,038	84,997	(3,041)

(Unit: %)

Equity ratio	69.4	71.7	+2.3pt
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Consolidated Statements of Cash Flows

- Operating cashflow increased due to recording of profit and decreases in trade receivables and trade payables. Decrease in trade payables was due to shortened terms of payments to suppliers.
- Investing cashflow increased slightly due to redemption of securities, sale and redemption of investment securities, purchase of property, plant and equipment, etc.
- Financing cashflow decreased due to strengthening of shareholder returns, including purchase of treasury shares and dividends payment. Balance of cash and cash equivalents also decreased from the beginning to the end of the fiscal year.



Shareholder Returns (Dividends)

- In light of the shareholder return policy in the Medium-term Management Plan and financial results for this fiscal year, a year-end dividend will be the amount as previously expected.
- The annual dividend per share for the fiscal year ended March 31, 2025 is 18 yen for the interim dividend and 32 yen for the year-end dividend, for a total of 50 yen, which will be a substantive increase of 15 yen year on year (adjusted for the stock split of common shares conducted on December 1, 2024).

		Annual dividend per share			Total dividends	Amount of treasury shares purchased	Payout ratio (consolidated)	Total payout ratio (consolidated)
		Interim	Year-end	Total				
		Yen	Yen	Yen	Millions of yen	Millions of yen	%	%
FYE 2024/3	Determined amount	35.00	70.00	105.00	2,623	1,001	39.6	55.1
	After adjustment for stock split*1	11.67	23.33	35.00				
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				
Change	After adjustment for stock split*1	6.33	8.67	15.00	985	3,714	6.8pt	51.2pt

*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.

Shareholder Benefits

*Number of shares held is adjusted for the stock split

	Number of shares held	Benefit
Held 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 FYE 2026/3

Consolidated Statements of Income

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- We expect net sales of 58.0 billion yen (up 1.7% year on year) and operating profit of 10.1 billion yen (up 1.1% year on year) for the full fiscal year ending March 31, 2026.
- Regarding the annual dividend per share, in line with the dividend policy in the Medium-term Management Plan “mov.2027,” we plan to pay an interim dividend of 20 yen and a year-end dividend of 30 yen, for a total of 50 yen.

(Unit: millions of yen, %)

	FYE 2025/3		Results forecast for FYE 2026/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
Net sales	57,005	100.0	58,000	100.0	995	1.7
Japan	49,768	87.3	50,000	86.2	232	0.5
Asia	7,237	12.7	8,000	13.8	763	10.5
Operating profit	9,986	17.5	10,100	17.4	114	1.1
Ordinary profit	10,615	18.6	10,700	18.4	85	0.8
Profit attributable to owners of parent	7,829	13.7	7,400	12.8	(429)	(5.5)
Basic earnings per share (yen)	107.68	—	104.66	—	(3.02)	(2.8)
Investment amount	3,059	—	4,200	—	1,141	37.3
Depreciation	1,576	—	1,750	—	174	11.0

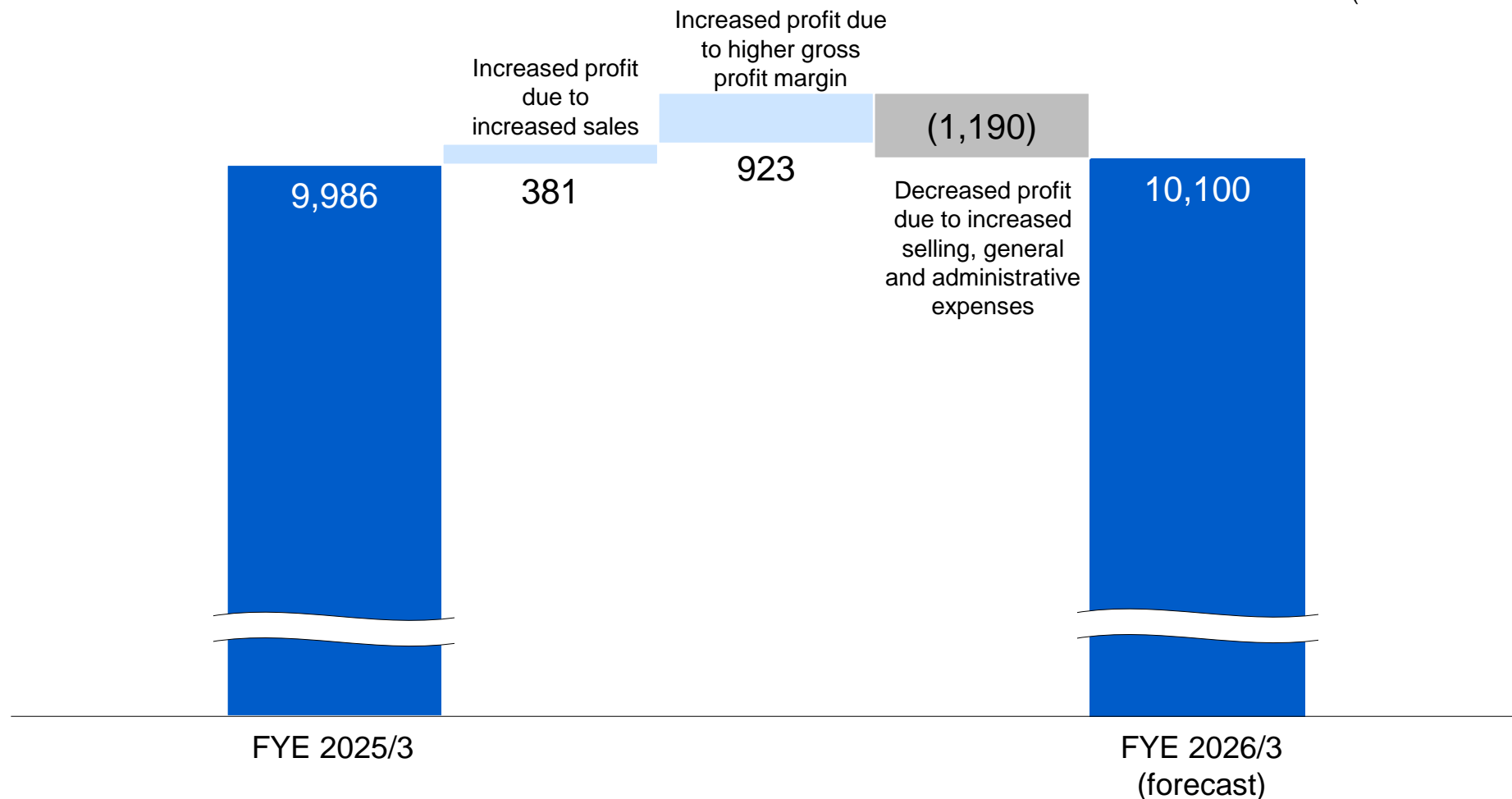
- While investment in air conditioning equipment in Japan is expected to remain strong, due to work style reforms, soaring construction costs, and other factors, the impact of longer project durations and reviews of investment plans is expected to emerge, requiring careful identification of future market trends.
- In the second year of the Medium-term Management Plan, we will further sharpen our focus on target markets and work to improve profitability across the Group and strengthen Group synergies.
- As Japan and the Asia region account for almost all the Group's business, the tariff measures of the U.S. government are not expected to have a direct impact. We will continue to monitor market trends amid uncertainties about the future of the global economy.

Factors for Changes in Operating profit

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- Costs, including personnel and logistics expenses, are expected to increase even further going forward.
- For the fiscal year ending March 31, 2026, we will work to increase added value in our target markets and improve profitability of the Group overall, as well as strive to absorb cost increases through price revisions.

(Unit: millions of yen)



Analysis of Financial Results Forecast

- In the first half of the fiscal year, in addition to equipment sales on a par with the previous fiscal year, the effects of the previous fiscal year's price revisions will penetrate, and Group net sales will increase. On the other hand, cost increases, including the ongoing increases in personnel expenses and logistics unit costs, as well as costs from temporary factors such as increased external warehouse space, are expected to exceed the increase in revenue.
- For the full year, in addition to equipment sales on a par with the previous fiscal year, the effects of the price revisions in the previous and this fiscal years will emerge. On the profit front, we will work to increase added value through target market approaches and improve the Group profitability to absorb the increases in costs.

Analysis of Financial Results Forecast for the Fiscal Year Ending March 31, 2026

Net sales

Operating profit

H1


+3.3%
 YoY

- | | |
|-----------------------|--------------------|
| FYE 2025/3 | 24,201 million yen |
| FYE 2026/3 (forecast) | 25,000 million yen |
- Equipment sales expected to **trend on par with previous fiscal year for both volume and factory operation rates**
 - Effect of **price revisions** implemented in previous fiscal year
 - Other **increases in revenue across entire Group**


(7.3)%
 YoY

- | | |
|-----------------------|-------------------|
| FYE 2025/3 | 3,561 million yen |
| FYE 2026/3 (forecast) | 3,300 million yen |
- Continued increase in selling, general and administrative expenses, mainly **personnel expenses and logistics unit costs**
 - Due to Kanagawa factory renovations, **costs from temporary factors such as increased external warehouse space** expected

Full year


+1.7%
 YoY

- | | |
|-----------------------|--------------------|
| FYE 2025/3 | 57,005 million yen |
| FYE 2026/3 (forecast) | 58,000 million yen |
- Equipment sales expected to **trend on par with previous fiscal year for both volume and factory operation rates**
 - Effect of **price revisions** implemented in previous and this fiscal years

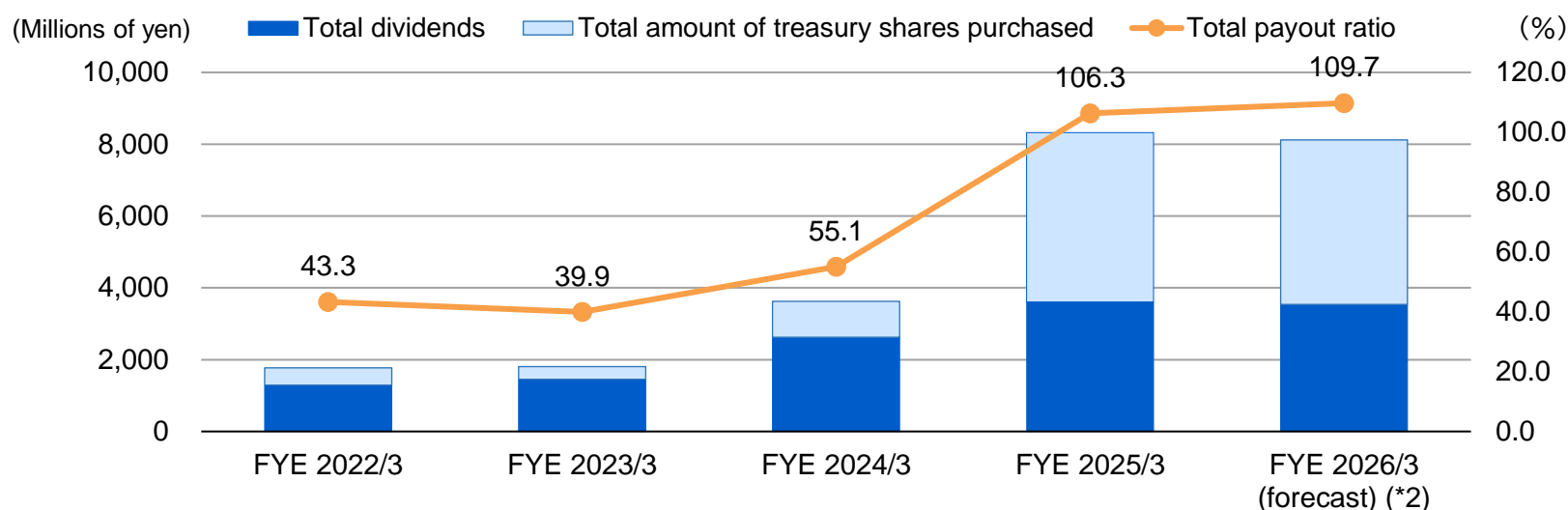

+1.1%
 YoY

- | | |
|-----------------------|--------------------|
| FYE 2025/3 | 9,986 million yen |
| FYE 2026/3 (forecast) | 10,100 million yen |
- **Increase added value of products and services** by focusing efforts on target markets under the Medium-term Management Plan
 - **Improve profitability of Group as a whole**
 - Other **cost controls**

Shareholder Returns (Trends in Total Payout Ratio)

- Under the Medium-term Management Plan “move.2027,” we have adopted a dividend policy of raising our target payout ratio to 50% and maintaining a minimum DOE of 3.5%. We will work to strengthen our shareholder returns by also conducting share repurchases and raising our total payout ratio.
- Regarding the annual dividend per share for the fiscal year ending March 31, 2026, in line with the above dividend policy, we plan to pay an interim dividend of 20 yen and a year-end dividend of 30 yen, for a total of 50 yen.

Trends in total payout ratio



Basic earnings per share (yen) (*1)	53.04	59.54	88.37	107.68	104.66
Dividend per share (yen) (*1)	16.67	19.00	35.00	50.00	50.00
Payout ratio (%)	31.4	31.9	39.6	46.4	47.8
Total payout ratio (%)	43.3	39.9	55.1	106.3	109.7 (*2)

*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.

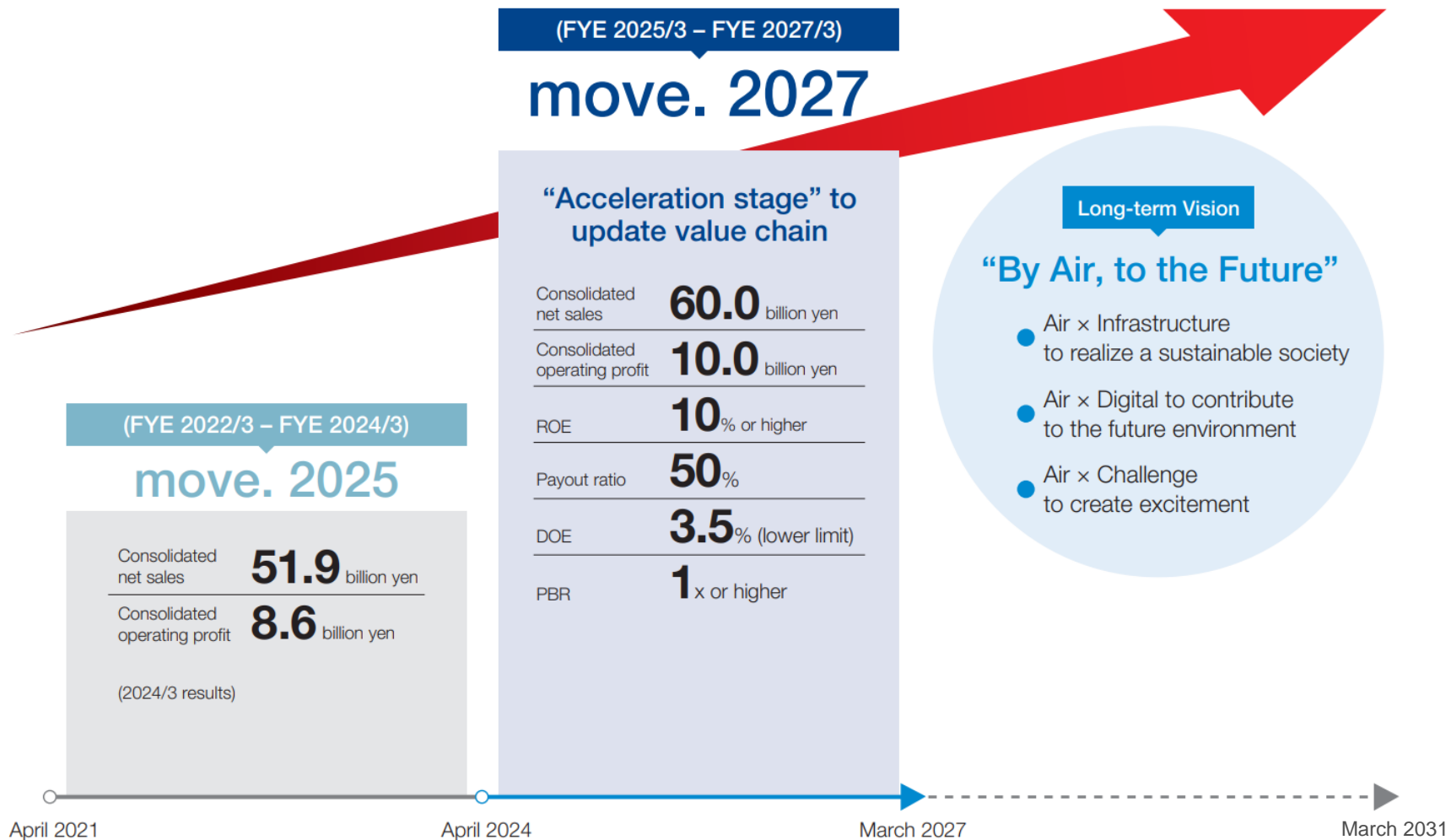
*2 Total dividends and total payout ratio for FYE 2026/3 are if dividends are paid as expected based on the number of issued shares (excluding treasury shares) as of March 31, 2025, and all the treasury shares not yet acquired (approx. 4.58 billion yen) of the treasury share repurchases resolved on March 13, 2025 (upper limit of 6.0 billion yen) are acquired.

III. Medium-term Management Plan

“move.2027”

move.2027 as an Acceleration Stage

- The Medium-term Management Plan “move.2027,” which began in the fiscal year ended March 31, 2025, progressed at a pace surpassing the initial plans in the first year.
- In the second year of the plan, the fiscal year ending March 31, 2026, we forecast consolidated net sales of 58.0 billion yen and consolidated operating profit of 10.1 billion yen. We will further sharpen our focus on target markets, where we are currently making steady progress, and work to improve profitability across the Group and strengthen Group synergies.

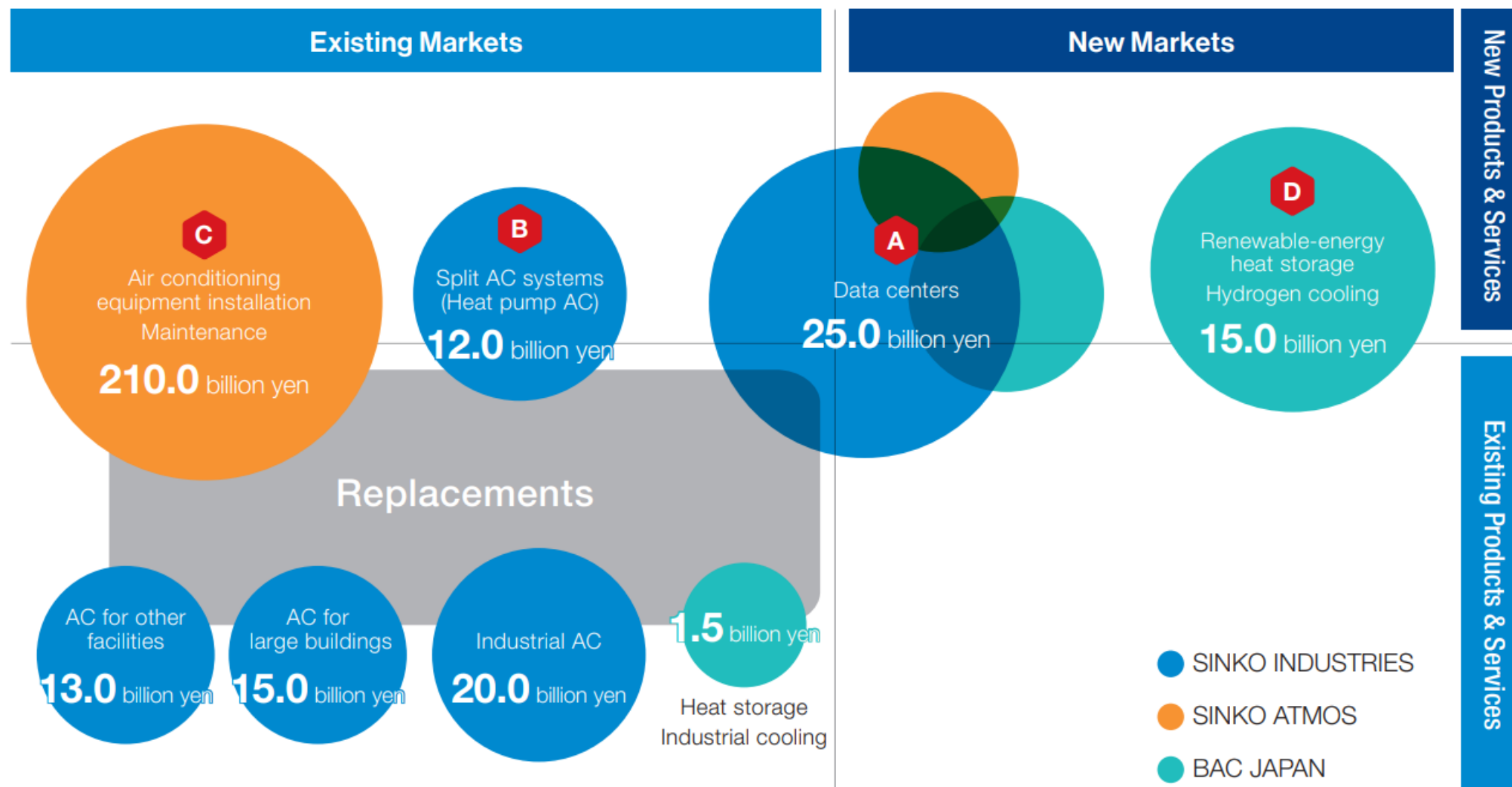


Medium-term Business Strategy Target Markets

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- Starting with expansion of existing markets and products, in line with the Medium-term Management Plan policies, we focus our efforts on extending business into four new domains, including data centers.

Market Size Matrix for Domestic Air Conditioning-related Domains (Envisaged size in FYE 2027/3)



Targets and Strategies for Target Markets

- Capturing the data center and air conditioning equipment installation and maintenance markets is progressing steadily and is on track to achieve targets.
- For the split AC system market, we achieved the initial target two years ahead of schedule. We will adopt new initiatives to accelerate business expansion and aim even further height.

Group Target Markets and Strategies

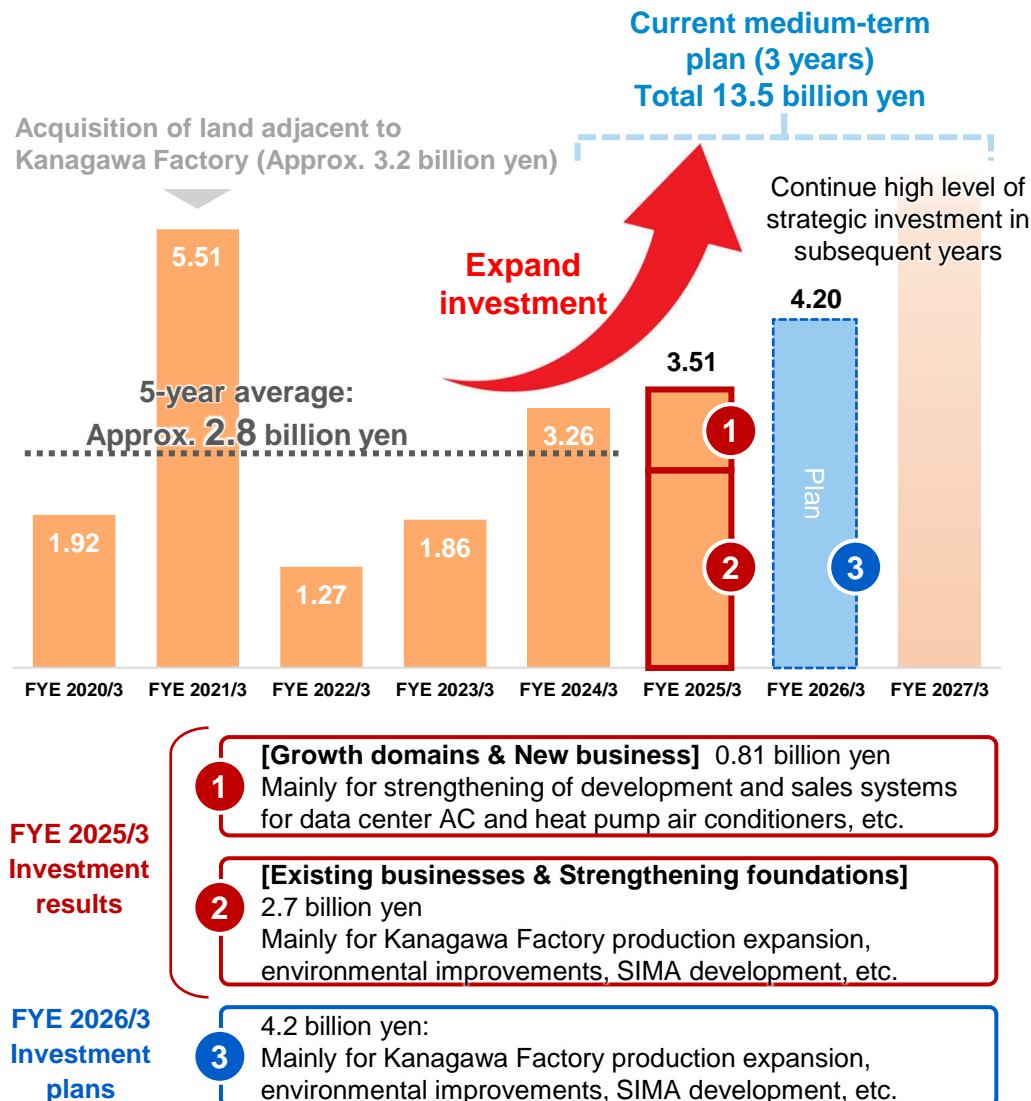
Main Themes of Group Market Strategy	Group Sales			Group's Aims	Progress in FYE 2025/3 (<u>E</u> xcellent/ <u>G</u> ood/ <u>F</u> air/ <u>P</u> oor)
	FYE 2024/3 Results	FYE 2025/3 Results	FYE 2027/3 Targets		
Data center	2.2 billion yen	4.3 billion yen	5.5 billion yen	<ul style="list-style-type: none"> • Leverage SINKO Group value chain to propose total solutions covering products and services • Offer stable operation and environmental value 	<p>Clarified products and service strengths and value and built a Group-wide consistent value chain</p> <p><u>E</u> Steadily accumulating inquiries and results through proactive marketing to Japanese and overseas DC operators</p>
Split AC system	2.1 billion yen	3.0 billion yen	3.3 billion yen	<ul style="list-style-type: none"> • Ocoogeo® (all-in-one heat pump air conditioner) • Development and sale of heat pump air conditioners compatible with new low-GWP refrigerants 	<p>Growth in sales to industrial customers, including for heat stroke prevention purposes at manufacturing sites. Achieved FYE 2027/3 initial target two years ahead of schedule</p> <p><u>E</u> Established a specialized division and developed proposal-based marketing mainly for small- to medium-sized buildings</p>
Air conditioning equipment installation and maintenance	11.1 billion yen	12.3 billion yen	12.6 billion yen	<ul style="list-style-type: none"> • Actively expand post-installation downstream offerings, e.g. service packages, regular inspection packages • Expand electrical works related to maintenance and replacement of air conditioning units 	<p>Captured strong demand for air conditioning equipment installation, resulting in steady sales growth in this fiscal year</p> <p><u>E</u> Worked to secure personnel, which is an issue for expansion of business performance</p>
Renewable-energy heat storage Hydrogen cooling	-	0.24 billion yen	0.7 billion yen	<ul style="list-style-type: none"> • Thermal storage systems for renewable energy • Develop market for high-spec cooling systems for hydrogen production processes, etc. 	<p>Secured sales results for this fiscal year through DR (demand response) driven marketing of heat storage products</p> <p><u>F</u> No results for hydrogen cooling for this fiscal year due to delay in forming market</p>

Raised the split AC system market's final sales target
3.0 billion yen → 3.3 billion yen

Investment Strategy

- Through proactive strategic investments, promote expansion of revenue in domains expected to grow, improved productivity in existing businesses, strengthening of production capacity, etc.

Investment Strategy



Growth domains & New business

4.8 billion yen – (Breakdown)
M&A investment: 3.0 billion yen
Growth investment: 1.8 billion yen

Existing businesses & Strengthening foundations

8.7 billion yen – (Breakdown)
Strengthen production capacity: 6.5 billion yen
SIMA development: 0.9 billion yen
Capital investment: 0.8 billion yen

Domestic market

- ✓ Invest in growth domains
 - Strengthening of development and sales systems for data center AC and heat pump air conditioners
 - M&A investments, etc. for expansion of new growth domains
- ✓ Develop new heat storage and hydrogen cooling markets
 - Energy storage systems for renewable energy
 - Development of market for high-spec cooling systems used in hydrogen production process, etc.

Development systems

- ✓ Pursue leading development systems based on SSA
 - Contribute to carbon neutrality
 - Develop core components in pursuit of top position in domestic market, develop products to achieve different appeal for different markets, etc.

Production systems

- ✓ Strengthen next-generation production systems based on SSA
 - Production process innovation
 - Optimal factory operation, expansion of production equipment and capacity, etc.
 - Improve both quality and production efficiency with DX

Visualization of Cash Allocation: Shareholder Returns

- Maintain cash allocation policy and conduct bold review of liabilities and capital structure through the enhancement of shareholder returns and use of debt
- Operating cashflow and liquidity on hand will be put primarily toward strategic investments with the aim of sustainable profit growth

Overview of Capital and Financial Strategies

Major enhancement of shareholder returns (plan)

FYE 2025/3 – FYE 2029/3 (5 years)

Share repurchases	Upper limit of 10.0 billion yen and 5 million shares (Before stock split)
Dividend policy	Payout ratio of 50% DOE lower limit of 3.5%

FYE 2026/3 (forecast)
 Plan to repurchase treasury shares with upper limit of approx. 4.58 billion yen for the second year
 In line with Medium-term Management Plan's dividend policy, plan to pay annual dividend of 50 yen, with payout ratio of 47.8%

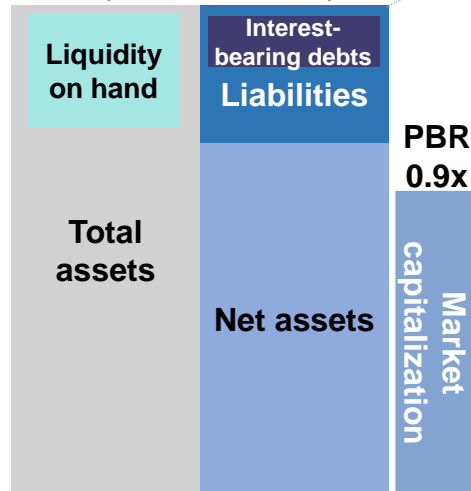
■ Visualization of Cash Allocation

Funds Allocation

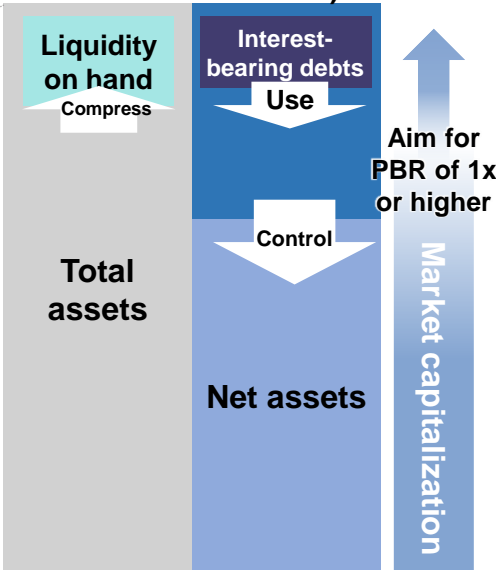
Interest-bearing debts	Share repurchases	<ul style="list-style-type: none"> ✓ Bold review of liabilities and capital structure through the use of debt and enhancement of shareholder returns ✓ Funds for share repurchases envisaged to come primarily from use of debt ✓ Resolved to issue 6.0 billion yen in CB in March 2025
	Dividends	<p>Strong balance sheet control looking toward optimal liabilities and capital structure</p>
Operating cashflow and liquidity on hand (surplus)	Strategic Investments	<ul style="list-style-type: none"> ✓ Operating cashflow and liquidity on hand to be put primarily toward strategic investments ✓ Through proactive strategic investments, promote expansion of revenue in domains expected to grow, improved productivity in existing businesses, strengthening of production capacity, etc. <p>Aim for sustainable profit growth</p>

■ Visualization of balance sheet

Before Medium-term Management Plan
 (As of November 2023)



(Visualization of balance sheet to be aimed for)



Vision, Strategies, and Targets of “move.2027”

Vision of “move.2027”

Quantitative targets

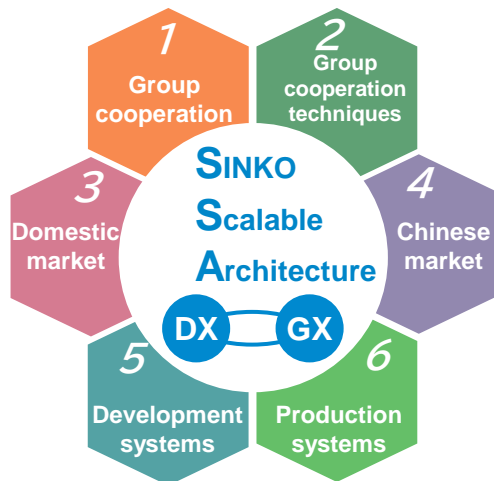
Consolidated net sales **60.0 billion yen**
Consolidated operating profit **10.0 billion yen**

Qualitative targets

- Continue to lead the industry with best-performing AHU
- Achieve capital cost management to enhance corporate value
- Further promote and deepen ESG initiatives

Business Strategy

Leverage value chain to expand growth domains and delve deeper into existing businesses



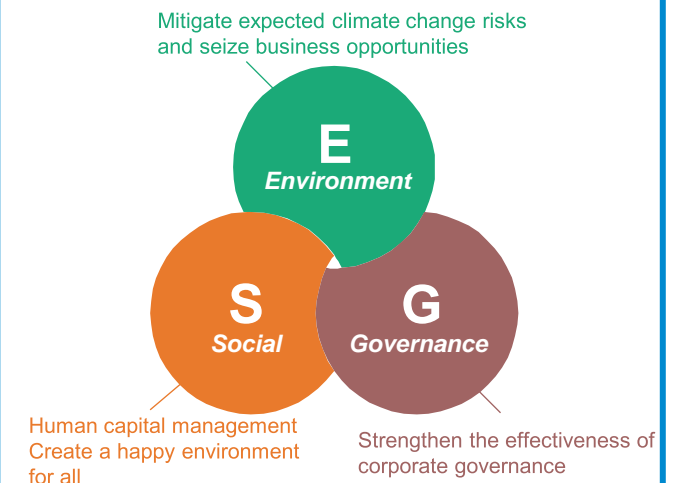
Financial Strategy

Enhance corporate value by improving ROE and reducing cost of equity



Non-financial Strategy

Promote non-financial strategy centered on ESG



Performance figures

Consolidated net sales **2027/3 60.0 billion yen**
ROE **2027/3 10% or higher**

Shareholder returns

Payout ratio **2027/3 50.0%**
DOE **2027/3 3.5% (lower limit)**

SIMA & SSA Project Initiatives

SINKO

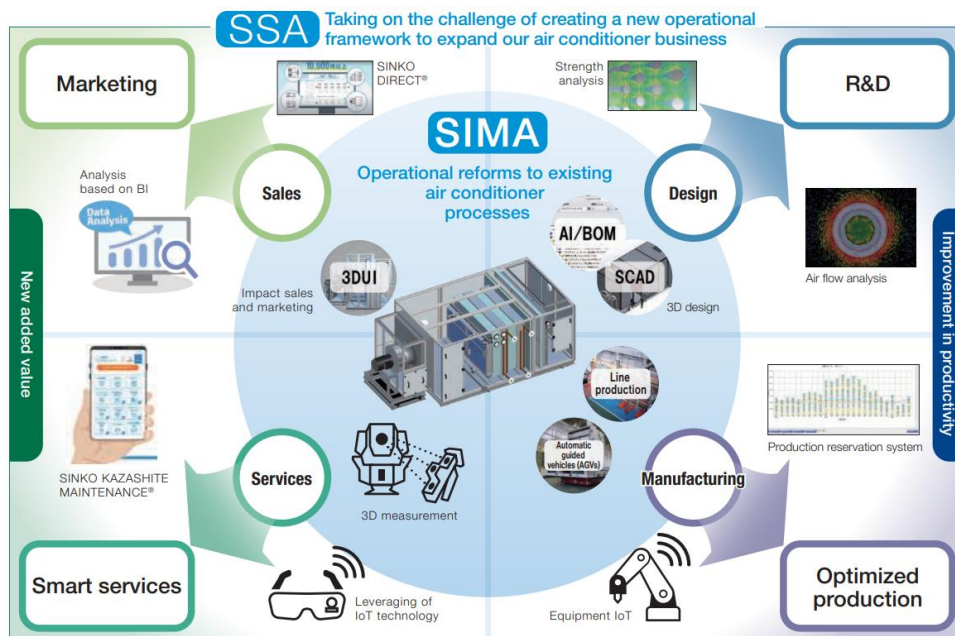
- The “SIMA* Project,” which began in 2020, has entered full-scale operation of Phase 1, and construction of Phase 2 has commenced.

*SIMA: SINKO Innovative Manufacturing of AHU

- “SSA* Project,” an extension of SIMA, was also launched in 2023 and is being pursued alongside SIMA.

*SSA : SINKO Scalable Architecture

Project	Target domains/Techniques	Objectives/Effects
SIMA	<ul style="list-style-type: none"> • Innovation of existing, manual processes with digital technologies • Shift from manual work to digital operations, data digitalization and automation 	<ul style="list-style-type: none"> ✓ Move away from labor-intensive operational systems ✓ Establish sustainable production and sales frameworks through labor saving and efficiency improvement
SSA	<ul style="list-style-type: none"> • Take on challenge of new value creation that is difficult to achieve with existing processes and manual work • Expand operational framework with digital analysis technologies and data utilization 	<ul style="list-style-type: none"> ✓ Create new added value, enhance appeal to customers ✓ Lay groundwork for business model transformation that looks toward the Long-term Vision



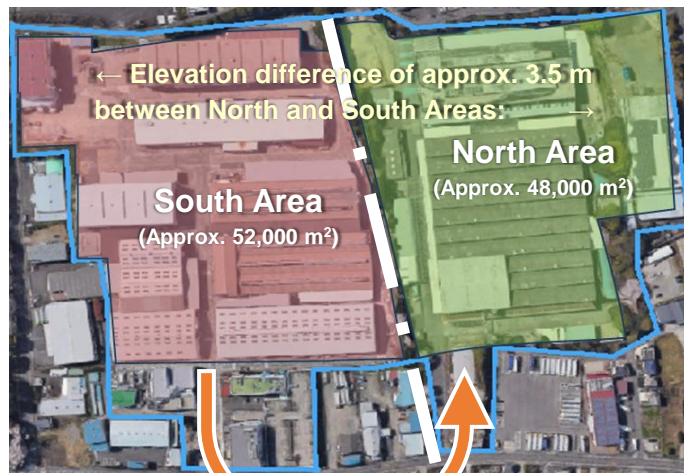
- 2020 Launched SIMA Project
- 2023 Launched SSA Project (pursue alongside SIMA)
- 2024 Began operation of Phase 1 (design process transformation)**
 - Improved drawing precision and speed with new design systems such as 3D-CAD
 - Completed familiarization with new design systems as planned; now aiming for further efficiency improvement
- 2026 Begin operation of Phase 2 (manufacturing process transformation)**
 - Build a new production system with aim of shortening manufacturing lead times and improving quality
 - Spend a year pursuing system design and development and operation trials in 2025
 - Subsequently, take on challenge of innovation of sales and service processes

Kanagawa Factory Optimization Plan

- Our Kanagawa Factory primarily produces air conditioners and other products for shipment to the East Japan region. In addition to the manufacturing department, it has R&D, design, purchasing, and other departments, making it a key location of the Group. On the other hand, due to staged expansions over many years, the layout of its facilities have become complicated.
- We have embarked on renovation works and production reforms of the entire factory in our challenge of the fundamental transformation of production processes, aiming for completion in 2030.

Current issues

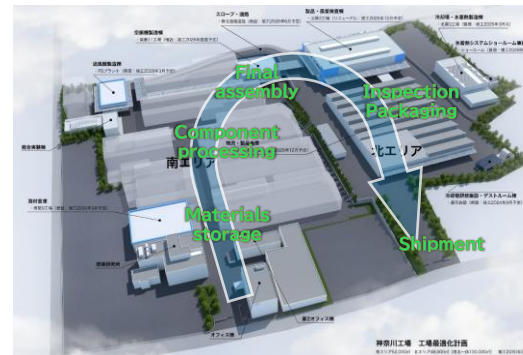
- ✓ About 60 years after establishment, facility repairs and improvement of working environment have become urgent challenges
- ✓ Manufacturing lines for high-mix production are scattered throughout the premises, reducing efficiency of production processes
- ✓ Need to move away from a production system that is dependent on skilled workers



Lateral transport of products across to North Area storage warehouse via public roads
 ➔ Resulting in added costs, congestion on nearby roads, etc.

After completion of optimization plan (visualization as of June 2025)

- ✓ Review and reorganize process layout of entire factory into a single-route workflow
- ✓ Reduce manufacturing lead times and improve quality through digital technological innovations
- ✓ Concurrently, promote environmental improvement, including installing air conditioners in workspaces, securing rest areas, etc.



Fundamental review of process layout

- ✓ Create a single, U-shaped traffic route for product flow
- ✓ Build new transport corridor connecting North and South Areas in the premises to eliminate lateral transport



Progressively implement re-organization of process layout from this fiscal year

Move away from labor-intensive production

- ✓ Use line-based production, automated transport, etc. to improve production efficiency even for high-mix production
- ✓ Collect production plans and product information as data

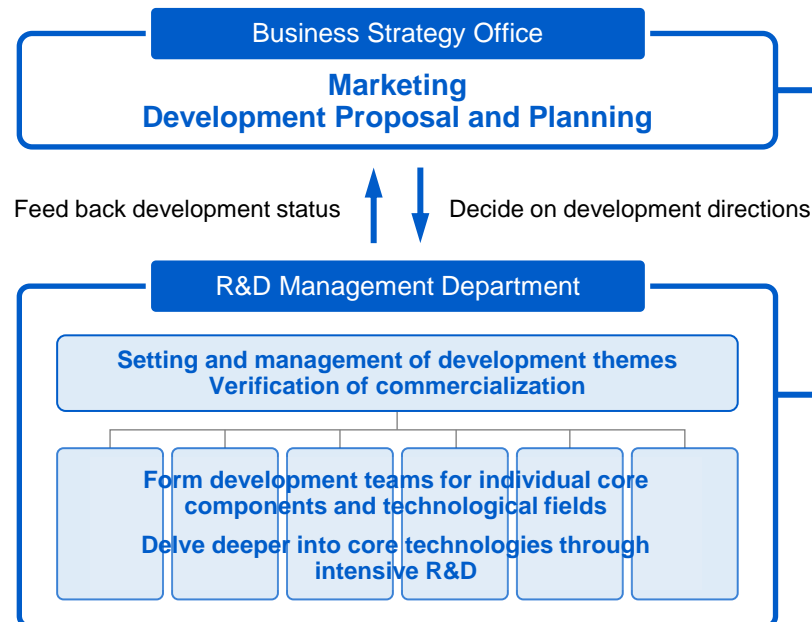


This fiscal year, focus on building SIMA Phase 2 (manufacturing process transformation)

Strengthening of Research and Development

- Product planning and core component development departments were integrated into a single organization in April 2025. In addition to formulating a medium- to long-term technology strategy, we shifted to an R&D structure focused on enhancing appeal to customers and increasing added value.
- In terms of medium- to long-term technology strategy, we will increase product competitiveness by predicting market needs and setting a model change cycle.
- In terms of deepening of core technologies, making use of SSA’s digital analysis technologies, etc., we will enhance basic performance and environmental values to underpin product competitiveness.

Restructuring of R&D departments



Medium- to long-term technology strategy

✓ Formulate development plans based on prediction of market needs

Looking three or more years ahead, use backcasting to set development milestones and pursue product development with an awareness of model change cycles

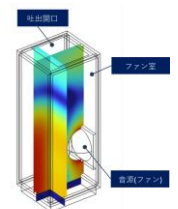
✓ Set research themes with a view toward carbon neutrality

Follow changes in business environment, such as low GWP refrigerants, and be flexible in introducing technologies and products that contribute to solving social issues

Delve deeper into core technologies through digital analysis

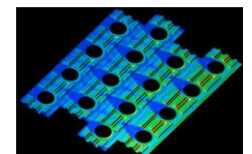
✓ Speed up development and improve effectiveness

Use both prototyping (real-world) and analysis (virtual) in development process. While shortening verification times and costs, broaden scope of consideration to increase development effectiveness



✓ Fusion of development expertise and the latest technologies

Unlock the full potential of accumulated development expertise with evolution of analysis technology and elevate them into core technologies



- Strategic shift from technology-centric approach to “market-out” approach, focusing on platform development oriented toward “solution-selling”
- While continuing research activities to delve deeper into core technologies, strategically incorporate them into product and core component development plans

Capturing Target Markets: Data Center Market Initiatives

SINKO

- Two requirements for capturing the data center market are **high reliability of products** and **establishment of support system for emergencies**. The SINKO Group is working to capture this market with **sales strategies that leverage technological capabilities and competitiveness** and **value chain with Group-wide integrated system**.
- The demonstration facility for cooling towers “BAC BASE” was completed as scheduled in February 2025, and has already been toured by many customers. Combined with our comprehensive testing facility “SINKO AIR DEVELOPMENT LAB,” we will aim to maximize the Group’s strengths and revenue.

A/R DES/GN COMPANY

SINKO

SINKO INDUSTRIES

Air conditioners for cooling data center servers

Air conditioner for cooling data center servers, “Model DE-W”



- ✓ Built-in automatic control functions necessary for air conditioning in data centers, such as temperature control and emergency operation
- ✓ Can be delivered as a single unit, **reducing on-site installation works**
- ✓ Exhibits the competitive advantage of **high quality and enriched service structure** that a domestic manufacturer can offer

Comprehensive testing facility “SINKO AIR DEVELOPMENT LAB”



- ✓ One of the largest facilities in Japan capable of advanced performance testing and automatic control demonstrations
- ✓ With the introduction of **actual equipment displays and control demonstration systems**, it can accommodate commissioning for data center projects
- ✓ Many hyper-scale **data center operators and major design firms** have toured the facility and have been **highly impressed**



BAC JAPAN

Large cooling towers for data centers

Large open cooling tower “Series3000”



- ✓ **Low-cost, space-saving** cooling tower that offers high efficiency
- ✓ This model will be needed even if liquid cooling and immersion become more prevalent, and **we expect stable demand** in the future, coupled with the growing trend toward free cooling and chiller-less systems.

Now Open!
Feb. 2025

Demonstration and training facility for cooling towers “BAC BASE”



- ✓ One of Japan’s largest showroom-cum-training facilities, displaying actual equipment of cooling towers for data centers and production plants
- ✓ Demonstration units, capable of actual operation, are used **for product acceptance inspections and to enhance skills of service personnel**
- ✓ Actual equipment displays help effective appeal of the product quality and structure and its scale, winning the reliability and high commendation from customers, including for our services

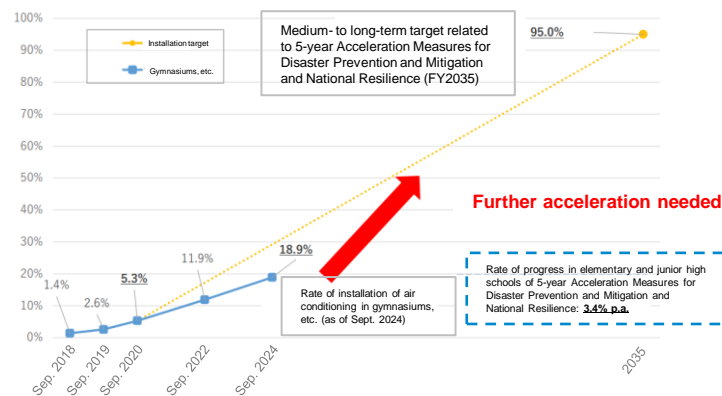
Capturing Target Markets: Split AC System Market Initiatives

SINKO

- In the fiscal year ended March 31, 2025, there was an increase in sales to industrial customers, including for heat stroke prevention purposes at manufacturing sites, and the initial sales target under the Medium-term Management Plan was achieved two years ahead of schedule.
- We have strengthened the foundations in the split AC system market, including revamping our sales system, targeting buildings of a different scale and nature from those with central air conditioning. We have established a specialized division that handles engineering as well as equipment sales, and we will accelerate the expansion of our business performance with a focus on proposal-based marketing.
- Addressing new needs, such as for the installation of air conditioning in existing school gymnasiums, we will aim for proposal-based marketing that contributes to solving social issues.

Current state of gymnasium air conditioning

- Dangers of heat stroke in educational facilities are increasing every year
- When used as disaster evacuation shelters, there are risks of secondary disasters such as deterioration in evacuees' health and the spread of infectious diseases
- The national government is also encouraging the installation of air conditioning, including a decision to establish new grants to assist gymnasium air conditioning in the FY2024 revised budget
- Costs and minimization of impact of air conditioning installation on lessons and events are also key factors



Current status of air conditioning installation in public school facilities

(From *Toward the Acceleration of Air Conditioning Installation in School Gymnasiums, etc.*
Ministry of Education, Culture, Sports, Science and Technology (January 2025))

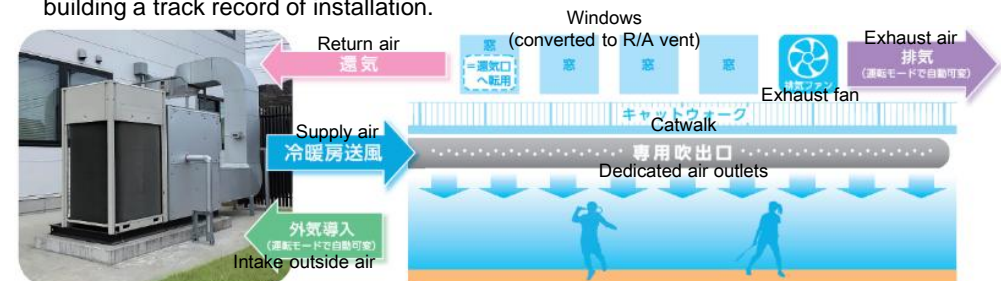
SINKO's air conditioning system proposal

Gymnasium Air Conditioning System “BREEZE for ARENA”

- ✓ Heat pump air conditioner “Ocoogeo®” suitable for environmental improvement through localized installation, and specialized air outlets that minimize airflow that could disrupt indoor sports such as badminton
- ✓ Exhibited at EDIX Tokyo 2025, one of Japan's largest education-related trade shows, in April 2025
- ✓ In collaboration with Hadano City in Kanagawa Prefecture, where our factory is located, we installed the system in the city's elementary schools. We will roll out PR activities to multiple other local governments and focus our efforts on building a track record of installation.

Superior AC for gymnasiums!

よい風
アリーナ
BREEZE for ARENA



Overview of “BREEZE for ARENA” system

*Trademark application for “BREEZE for ARENA” is currently pending.

IR Inquiries

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

Notes on forward-looking statements

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