

# SINKO INDUSTRIES LTD.

(TSE Prime Market Stock Exchange Code: 6458)

## Supplementary Materials on Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2026

February 10, 2026

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# **I. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2026**

# Summary of Financial Results

- Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2026:  
Consolidated net sales of 40.6 billion yen (4.0% increase YoY), and consolidated operating profit 5.99 billion yen (12.1% 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 year-on-year. 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 year-on-year.
- 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 year-on-year. 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 0.19 billion yen compared to the same period last year).
- Based on the performance progress up to this quarter, we have revised our full-year consolidated earnings forecast. For details of the forecast revision and the outlook for the fiscal year ending March 31, 2027, please refer to this document from page 8 onward.

# Consolidated Statements of Income

- Net sales were 40.6 billion yen (up 4.0% YoY), and operating profit was 5.99 billion yen (down 12.1% YoY).

(Unit: millions of yen, %)

	Q3 FYE 2025/3		Q3 FYE 2026/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
<b>Net sales</b>	<b>39,108</b>	<b>100.0</b>	<b>40,666</b>	<b>100.0</b>	<b>1,558</b>	<b>4.0</b>
Japan	35,266	90.2	35,680	87.7	414	1.2
Asia	3,879	9.9	5,060	12.4	1,181	30.4
<b>Gross profit</b>	<b>15,037</b>	<b>38.4</b>	<b>15,321</b>	<b>37.7</b>	<b>284</b>	<b>1.9</b>
<b>Operating profit</b>	<b>6,824</b>	<b>17.4</b>	<b>5,999</b>	<b>14.8</b>	<b>(825)</b>	<b>(12.1)</b>
Japan	7,021	18.0	6,015	14.8	(1,006)	(14.3)
Asia	(228)	(0.6)	(33)	(0.1)	195	—
<b>Ordinary profit</b>	<b>7,403</b>	<b>18.9</b>	<b>6,573</b>	<b>16.2</b>	<b>(830)</b>	<b>(11.2)</b>
<b>Profit attributable to owners of parent</b>	<b>5,527</b>	<b>14.1</b>	<b>4,392</b>	<b>10.8</b>	<b>(1,135)</b>	<b>(20.5)</b>

- 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 same period last year. 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 same period last year.
- In the Asia segment, both air conditioning equipment sales and installation projects increased, leading to higher sales compared to the same period last year. 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 same period last year).

# Revenue Analysis and Forecast for the Second Half

- During the third quarter, despite efforts to promote air-conditioning equipment sales and improve earnings through price pass-through, a decrease in equipment sales volume resulted in lower profits and reduced production efficiency. We will continue to focus on improving earnings through price pass-through and on securing sufficient volume to support that strategy.

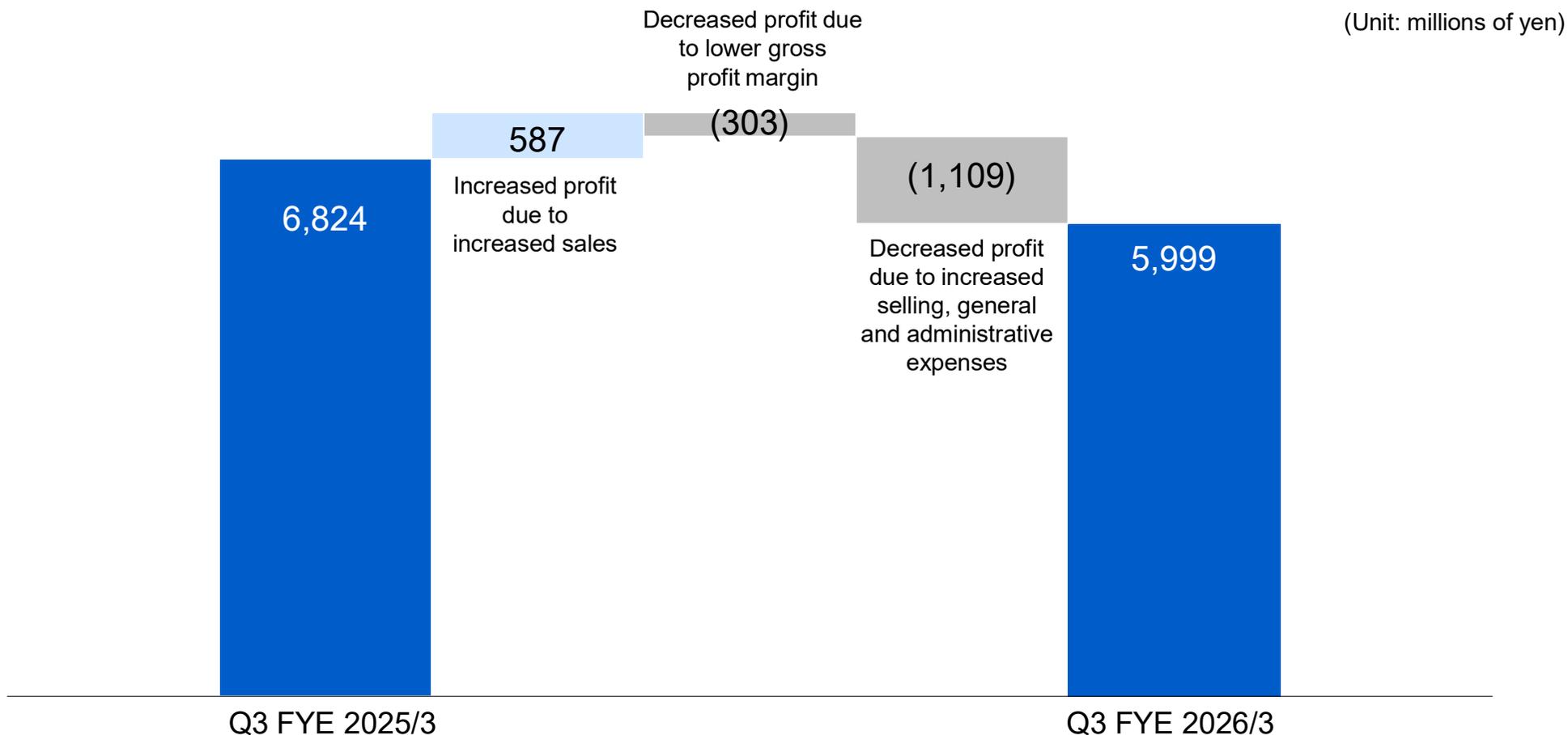
(Unit: millions of yen)

		H1			H2			Full Year*
		Q1	Q2	H1 total	Q3	Q4*	H2 total*	
FYE 2025/3	Net sales	11,651	12,550	24,201	14,907	17,897	32,804	57,005
	Gross profit	4,596	4,314	8,910	6,127	6,760	12,887	21,797
	Gross profit margin	39.4%	34.4%	36.8%	41.1%	37.8%	39.3%	38.2%
	Operating profit	1,958	1,603	3,561	3,263	3,162	6,425	9,986
	Operating profit margin	16.8%	12.8%	14.7%	21.9%	17.7%	19.6%	17.5%
FYE 2026/3	Net sales	12,227	13,651	25,878	14,788	18,034	32,822	58,700
	Gross profit	4,627	4,977	9,604	5,717	—	—	—
	Gross profit margin	37.8%	36.5%	37.1%	38.7%	—	—	—
	Operating profit	1,657	1,919	3,576	2,423	3,101	5,524	9,100
	Operating profit margin	13.6%	14.1%	13.8%	16.4%	17.2%	16.8%	15.5%
Change	Net sales	576 4.9%	1,101 8.8%	1,677 6.9%	(119) (0.8)%	137 0.8%	18 0.1%	1,695 3.0%
	Gross profit	31 0.7%	663 15.4%	694 7.8%	(410) (6.7)%	—	—	—
Rate of change	Operating profit	(301) (15.4)%	316 19.7%	15 0.4%	(840) (25.7)%	(61) (1.9)%	(901) (14.0)%	(886) (8.9)%

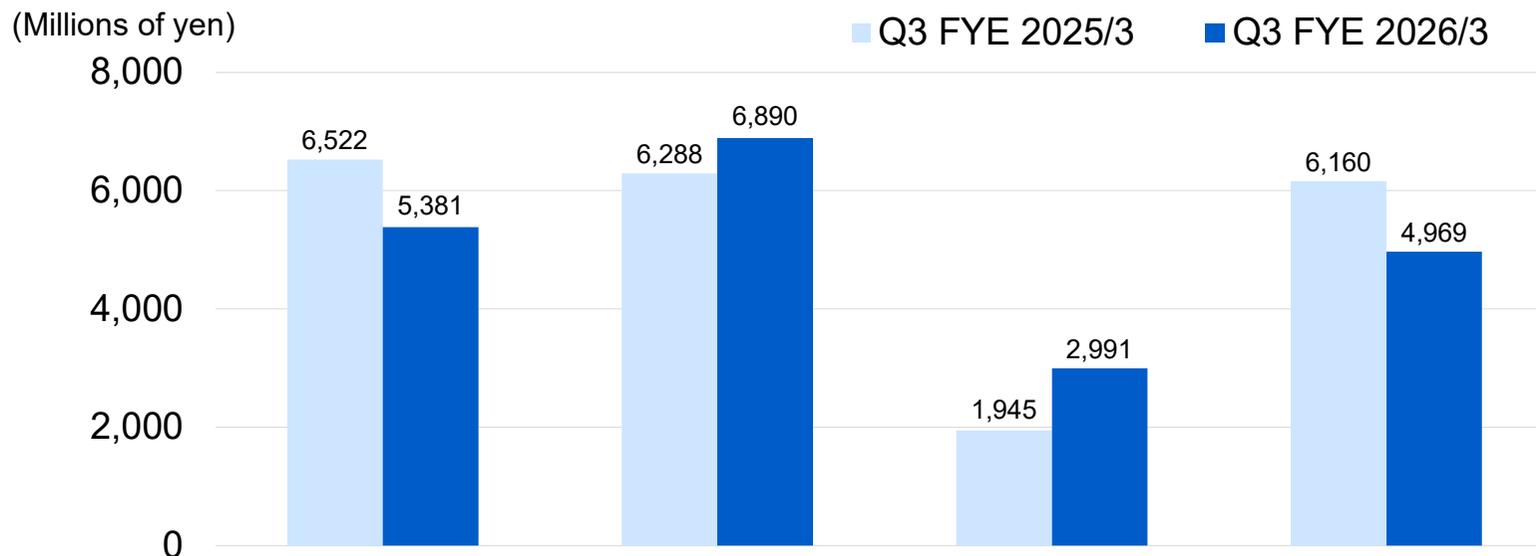
\* The results for the fourth quarter, second half, and full year of the fiscal year ending March 31, 2026 are based on the revised forecasts announced on February 10, 2026.

# Factors for Changes in Operating Profit

- A profit gain from revenue increase was 0.58 billion yen, a profit decline due to a drop in gross profit margin was 0.3 billion yen, and a profit decline due to increased SG&A expenses was 1.1 billion yen. In total, operating profit decreased by 0.82 billion yen compared to the same period last year.
- Despite increased revenue from domestic installation and services boosting gross profit, a decline in air conditioning equipment sales and reduced production efficiency led to a drop in gross profit margin compared to the same period last year. SG&A expenses, including labor and logistics costs, continued to rise, and cost absorption through price pass-through remained limited.



# Sales Trend by Construction Application (SINKO INDUSTRIES alone)



	Large buildings	Industrial	Data center	Other (*2)	Total
Q3 FYE 2025/3 Net sales (*1)	6,522	6,288	1,945	6,160	20,915
Q3 FYE 2026/3 Net sales (*1)	5,381	6,890	2,991	4,969	20,231
YoY	Change	(1,141)	602	(1,191)	(684)
	Rate of change	(17.5)%	9.6%	53.8%	(19.3)%

\*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 year-over-year decline in sales. 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, sales for new manufacturing bases and research facilities have remained solid, and increased by capturing renovation work. Meanwhile, rising construction costs and concerns over international trade policies are prompting cautious monitoring of market trends in domestic industrial investment.
- 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.

## **II. Financial Results Forecast for the Fiscal Year Ending March 31, 2026**

(Revised on February 10, 2026)

# Consolidated Statements of Income (Comparison with Prior Forecast)

**SINKO**

- Based on performance through the third quarter, the consolidated earnings forecast for the full year has been revised. After the revision, an increase in revenue and a decrease in profit are expected compared to the prior forecast.
- Even after the revision, the annual dividend is expected to remain in line with the previous forecast (50 yen per share). With a decrease in earnings per share, the payout ratio is expected to rise to 52.8%.

(Unit: millions of yen, %)

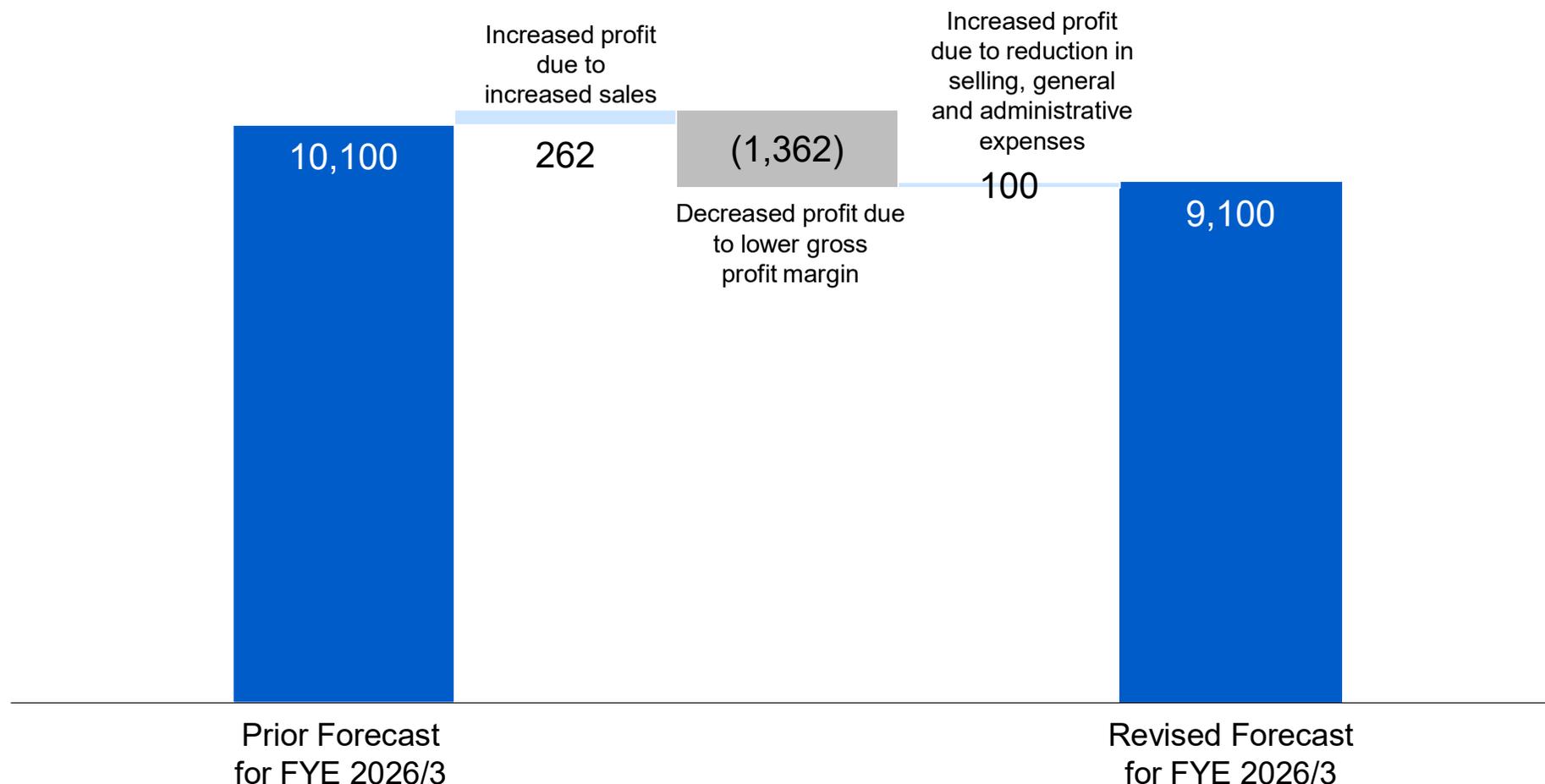
	Prior Forecast for FYE 2026/3		Revised Forecast for FYE 2026/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
<b>Net sales</b>	<b>58,000</b>	<b>100.0</b>	<b>58,700</b>	<b>100.0</b>	<b>700</b>	<b>1.2</b>
<b>Japan</b>	<b>50,000</b>	<b>86.2</b>	<b>50,610</b>	<b>86.2</b>	<b>610</b>	<b>1.2</b>
<b>Asia</b>	<b>8,000</b>	<b>13.8</b>	<b>8,090</b>	<b>13.8</b>	<b>90</b>	<b>1.1</b>
<b>Operating profit</b>	<b>10,100</b>	<b>17.4</b>	<b>9,100</b>	<b>15.5</b>	<b>(1,000)</b>	<b>(9.9)</b>
<b>Ordinary profit</b>	<b>10,700</b>	<b>18.4</b>	<b>9,700</b>	<b>16.5</b>	<b>(1,000)</b>	<b>(9.3)</b>
<b>Profit attributable to owners of parent</b>	<b>7,400</b>	<b>12.8</b>	<b>6,500</b>	<b>11.1</b>	<b>(900)</b>	<b>(12.2)</b>
<b>Basic earnings per share (yen)</b>	<b>104.66</b>	<b>—</b>	<b>94.76</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Investment amount</b>	<b>4,200</b>	<b>—</b>	<b>4,200</b>	<b>—</b>	<b>0</b>	<b>0.0</b>
<b>Depreciation</b>	<b>1,750</b>	<b>—</b>	<b>1,800</b>	<b>—</b>	<b>50</b>	<b>2.9</b>

- Although investments in domestic air conditioning equipment remain robust, influences such as work-style reforms in the construction industry and rising construction costs have led to longer project durations and revisions to investment plans. Sales of central air conditioning equipment across the entire market for the current fiscal year showed a decrease in shipment volume compared to the previous fiscal year (see page 13).
- While the Japan segment is expected to see higher revenue due to stronger-than-planned growth in installation and services, lower revenue and increased costs in central air conditioning equipment sales—which account for over half of consolidated earnings—have led to a downward revision of the full-year profit forecast.
- The Asia segment is expected to slightly exceed initial forecasts due to increased equipment sales, more installation projects, and the effects of exchange rate fluctuations.

# Factors for Changes in Operating profit (Comparison with Prior Forecast) **SINKO**

- Installation and services in the Japan segment are growing at a pace exceeding initial plans and are expected to contribute to full-year revenue increases. Meanwhile, air conditioning equipment sales are projected to fall short of initial plans toward the end of the fiscal year, which is anticipated to depress the gross profit margin due to declining production efficiency.
- Due to measures such as curbing logistics costs in response to the decline in air conditioner sales volume, full-year SG&A expenses are expected to decrease by 100 million yen compared to initial plans.

(Unit: millions of yen)



## Shareholder Returns (Dividends)



- In line with shareholder return policy in the Medium-term Management Plan, we will maintain the annual dividend at the previously forecast level (50 yen per share) even after revising our earnings forecast.
- Due to a decrease in earnings per share, the payout ratio is expected to exceed the target in the Medium-term Management Plan of 50%, rising to approximately 52.8%.

		Annual dividend per share			Total amount of dividends <sup>*3</sup>	Amount of treasury shares purchased <sup>*3</sup>	Payout ratio <sup>*3</sup>	Total payout ratio <sup>*3</sup>
		Interim	Year-end	Total				
		Yen	Yen	Yen	Millions of yen	Millions of yen	%	%
FYE 2025/3	Determined amount	54.00	32.00	- <sup>*2</sup>	3,608	4,715	46.4	106.3
	After adjustment for stock split <sup>*1</sup>	18.00	32.00	50.00				
FYE 2026/3	Determined amount	20.00	-	-	3,430	4,584	52.8	123.3
	Forecast amount	-	30.00	50.00				
Change	After adjustment for stock split <sup>*1</sup>	+2.00	(2.00)	0.00	(178)	(131)	+6.4pt	+17.0pt

\*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 Total amount of dividends, amount of treasury shares purchased, payout ratio 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 January 31, 2026, 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.

## Shareholder Benefits

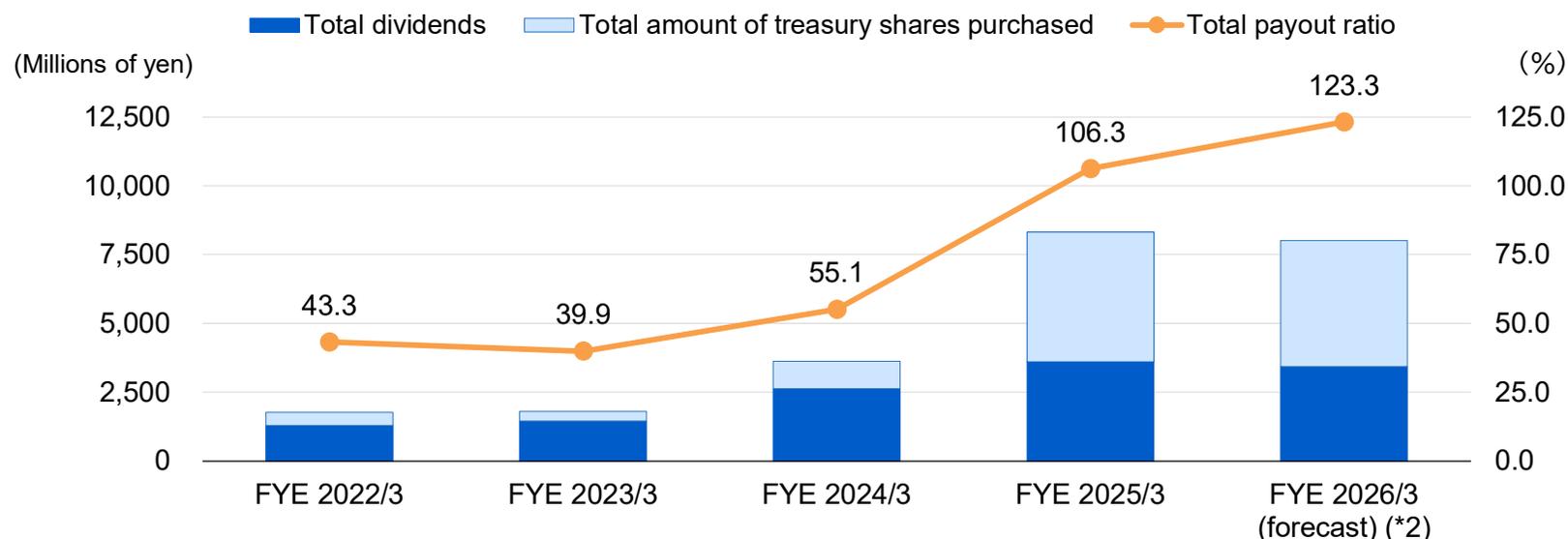
\*Number of shares held is adjusted for the stock split

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

# Shareholder Returns (Trends in Total Payout Ratio)

- Share repurchases are being executed as planned. Of the planned acquisition amount 4.58 billion yen for this fiscal year, 4.05 billion yen have been acquired as of the end of January 2026.
- With the revision of net income forecasts and unchanged annual dividend forecasts, the adjusted total payout ratio is expected to reach 123.3%.

## Trends in total payout ratio



Basic earnings per share (*1)	(yen)	53.04	59.54	88.37	107.68	94.76
Dividend per share (*1)	(yen)	16.67	19.00	35.00	50.00	50.00
Payout ratio	(%)	31.4	31.9	39.6	46.4	52.8
Total payout ratio	(%)	43.3	39.9	55.1	106.3	123.3

\*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 January 31, 2026, 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.

# Reference: Outlook toward the ultimate target in the Medium-term Management Plan for the fiscal year ending March 31, 2027



- In the fiscal year ending March 31, 2026, primarily due to reduced revenues and profits from domestic central air conditioning equipment sales, the group's growth pace slowed. Meanwhile, progress in key target markets in the Medium-term Management Plan such as data centers and air conditioning installation/maintenance has been generally on track.
- For the fiscal year ending March 31, 2027, while addressing the top priority of securing volume for air conditioning equipment sales (improving production efficiency) and achieving profitability improvements through price pass-through, the expansion of growth domains currently yielding results will also continue, aiming for a return to a growth pace in line with the Medium-term Management Plan's ultimate target.

## Analysis of recent market and performance and outlook for the next fiscal year

### Estimates and Issue Analysis for the Fiscal Year Ending March 31, 2026

- Sales of central air conditioning equipment is expected to fall short of initial plans. **Due to lower production efficiency caused by insufficient volume and increased costs, consolidated profit levels will decline.** This fiscal year, central air conditioning equipment sales are expected to temporarily decrease across the overall market (see chart on the right).
- A key challenge is to improve profitability in equipment sales by **ensuring sufficient volume to boost production efficiency and achieve production leveling**, as well as to **absorb costs through price pass-through**.

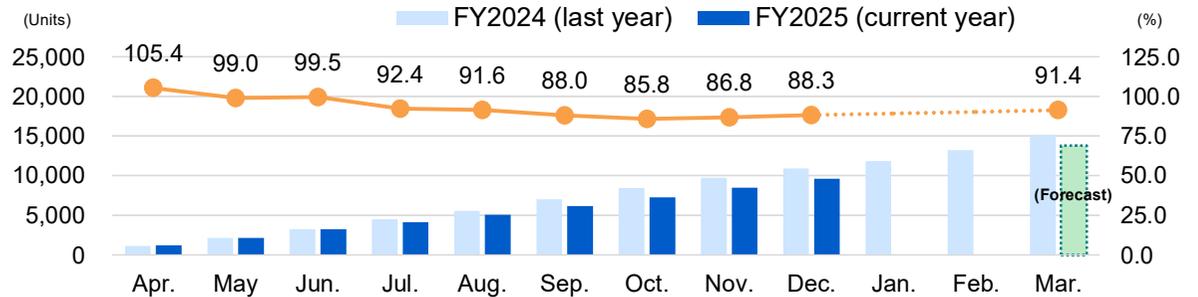


### Enhancing Sales Efforts in Equipment Sales Toward the Medium-term Management Plan Ultimate Target

- Cumulative domestic orders received for the nine months ended December 31, 2025 were approximately 27.5 billion yen (compared to 23.8 billion yen in the same period of the previous fiscal year). **Order-taking activities for the next fiscal year are being steadily carried out.**
- **The inquiry amount for planned projects (with delivery scheduled for the next fiscal year) targeted for order-taking activities has also increased by approximately 14% compared to the same period last year.** We will intensify efforts to identify potential projects and strengthen price negotiations before and after receiving orders, thereby building up profits.

### ■ Trends in air handling unit shipments (Entire domestic central air conditioning market)

Affected by work style reforms in the construction industry and other factors, overall market shipments this fiscal year are estimated to have decreased by about 10% compared to the previous fiscal year. Efforts are being made to pursue project acquisition with a long-term perspective and to expand the customer base through sales promotion, aiming to strengthen sales capabilities in existing businesses.



Prepared by the Company based on statistics from The Japan Refrigeration and Air Conditioning Industry Association.

### ■ A return to a growth pace leading toward achieving the Medium-term Management Plan's ultimate target



**Improvement in Profitability of Existing Businesses**  
(Central Air Conditioning Equipment Sales)



**Expansion of Growth Domains**  
(Target Markets in the mid-term plan)

# Reference: Strengthening Sales Activities Through Participation in HVAC&R JAPAN 2026



- In January 2026, we exhibited at HVAC&R JAPAN 2026, which is Japan’s only specialized exhibition for refrigeration, air conditioning, and heating equipment. With the theme of **proposing air conditioning solutions to address visitors’ challenges**, we showcased **new products** to be launched in the market as well as **our group’s value chain leveraging its strengths**.
- Within the exhibition booth, small sections were designated according to targets such as data centers and split AC system, allowing our group to promote the value it offers in line with visitors’ interests. The customer contacts established at the exhibition will be leveraged in **proactive customer acquisition and proposal-based sales**. **By strengthening the sales force and to acquire projects in our existing businesses, we aim to achieve the ultimate targets of our Medium-term Management Plan**.

Exhibition Title	HVAC&R JAPAN 2026 THE 44TH HEATING, VENTILATING, AIR-CONDITIONING AND REFRIGERATING EXPO
Organizer	The Japan Refrigeration and Air Conditioning Industry Association (JRAIA)
Period	January 27 (Tue) to January 30 (Fri), 2026 (4 days)
Venue	Tokyo Big Sight



Overview of Our Group’s Booth at HVAC&R JAPAN 2026



Split AC system products targeting new markets, such as heat countermeasure for small- to medium-sized factories

“Chibeta”

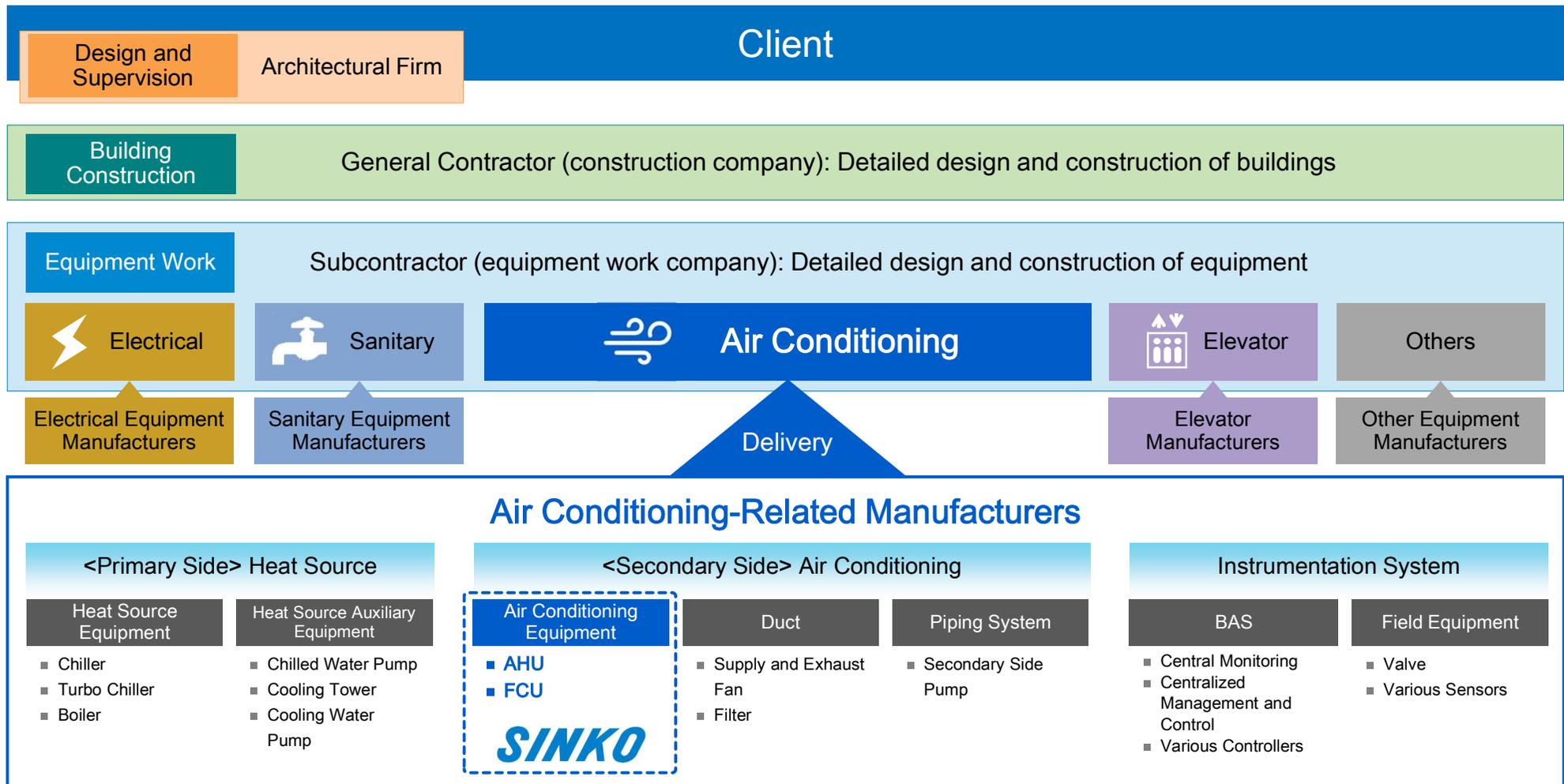


New model of compact type air handling unit designed to enhance competitiveness in the large building sector

# 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 (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.



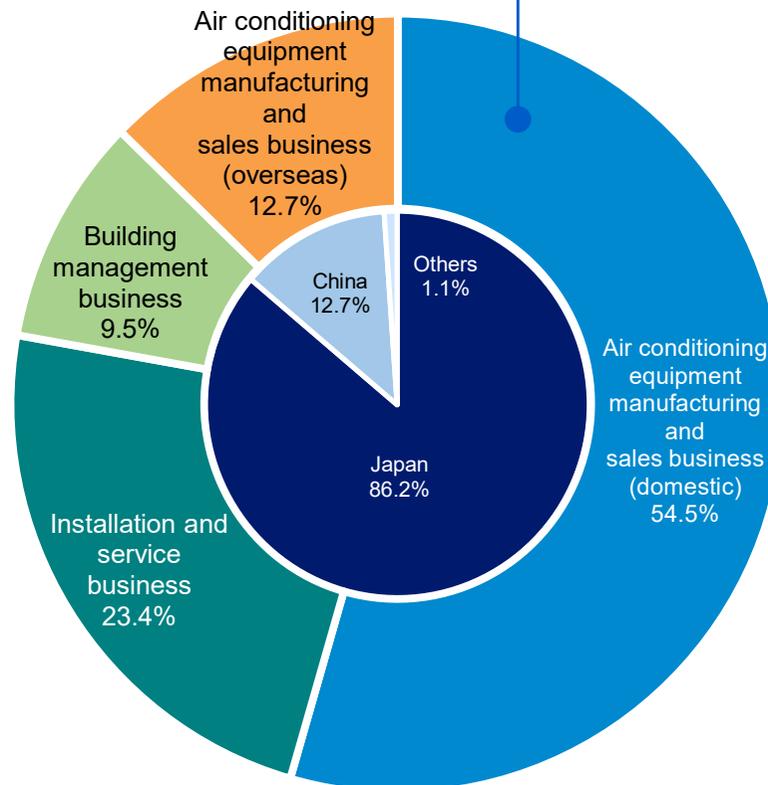
AHU / FCU / heat pump AHU / cooling tower

**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**

Demand Type	Percentage
New	55.0%
Replacement	45.0%

**By construction application**

Application	Percentage
Large buildings	30.3%
Industrial	33.5%
Other (*)	27.9%
Data center	8.3%

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

## IR Inquiries

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

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

### Notes on forward-looking statements

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Forward-looking statements in this material are based on targets and projections and do not constitute promises or guarantees. Please note that the Company's future performance may differ from the Company's current forecast.

In addition, while descriptions related to industries, etc. have been prepared based on data that are deemed to be reliable, the Company does not guarantee their accuracy or completeness.

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