

SINKO INDUSTRIES LTD.

(TSE Prime Market Stock Exchange Code: 6458)

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

November 13, 2025

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I. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2026

Summary of Financial Results



- Financial results for the second quarter of the fiscal year ending March 31, 2026:
Consolidated net sales of 25.8 billion yen (6.9% increase YoY) and consolidated operating profit of 3.57 billion yen (0.4% increase YoY)
- Fueled by robust demand for air conditioning for buildings including those in large-scale redevelopment, industrial air conditioning for domestic manufacturing facilities, and data center investments, the business environment remained favorable. Meanwhile, in the domestic construction market, work style reforms in construction and logistics, rising construction costs, and shifts in international trade policies have begun to affect project durations and investment plans, necessitating cautious monitoring of future market trends.
- In the Japan segment, sales increased year over year due to robust air conditioning equipment sales and strong demand for installation and maintenance services. Although efforts were made to establish price revisions and enhance product and service value, rising labor and logistics costs led to a decline in operating income compared to the previous year. The effects of the price revisions implemented at the start of the period are expected to emerge in the latter half, with full-year profit levels projected to improve.
- In the Asia segment, the impact of the slowdown in China's real estate market persisted. This period saw an increase in air conditioning equipment sales volume, resulting in higher sales compared to the same period last year. Increases in gross profit from equipment sales and project income recognition led to a positive segment profit. However, the challenging pricing-focused business environment remains a concern, and efforts to reduce costs and implement a differentiated strategy combining equipment sales and installation are underway to improve future profitability.
- The interim dividend is planned as 20 yen per share, in line with initial expectations (an effective increase of 2 yen per share over the previous period).
- For detailed full-year consolidated earnings forecasts, please refer to pages from p.9 onwards of this document (no revision from the forecast announced on May 15, 2025).

Consolidated Statements of Income

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■ Net sales were 25.8 billion yen (up 6.9% year on year), and operating profit was 3.57 billion yen (up 0.4% year on year).

(Unit: millions of yen, %)

	Q2 FYE 2025/3		Q2 FYE 2026/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
Net sales	24,201	100.0	25,878	100.0	1,677	6.9
Japan	21,500	88.8	22,490	86.9	990	4.6
Asia	2,713	11.2	3,423	13.2	710	26.2
Gross profit	8,910	36.8	9,604	37.1	694	7.8
Operating profit	3,561	14.7	3,576	13.8	15	0.4
Japan	3,652	15.1	3,530	13.6	(122)	(3.3)
Asia	(112)	(0.5)	32	0.1	144	—
Ordinary profit	3,907	16.1	3,883	15.0	(24)	(0.6)
Profit attributable to owners of parent	3,138	13.0	2,611	10.1	(527)	(16.8)

- In the Japan segment, sales increased year-over-year thanks to robust sales of air conditioning equipment, as well as strong demand for air conditioning installation and maintenance. While initiatives such as price revisions and enhancement of product and service value were pursued, rising personnel and logistics costs resulted in a decline in operating income compared to the same period last year.
- In the Asia segment, increased sales volume of air conditioning equipment led to higher sales year-over-year. Gains from increased equipment sales and recognition of profits from installation projects resulted in the segment turning profitable. Despite the ongoing challenge of a cost-sensitive business environment, measures such as thorough cost reduction and a differentiation strategy combining equipment sales and installation projects are being pursued to improve future profitability.

Revenue Analysis for the First Half of the Year

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- Boosted by increased sales of installation and services and improved profitability in the Asia segment, the profit level for the second quarter alone increased year-on-year **(a)**.
- Against the first-half earnings forecast, consolidated operating income exceeded expectations by 270 million yen **(b)**. Meanwhile, due to rising SG&A expenses such as personnel and logistics costs from the start of the period, the consolidated operating margin for the first half declined year-on-year **(c)**.

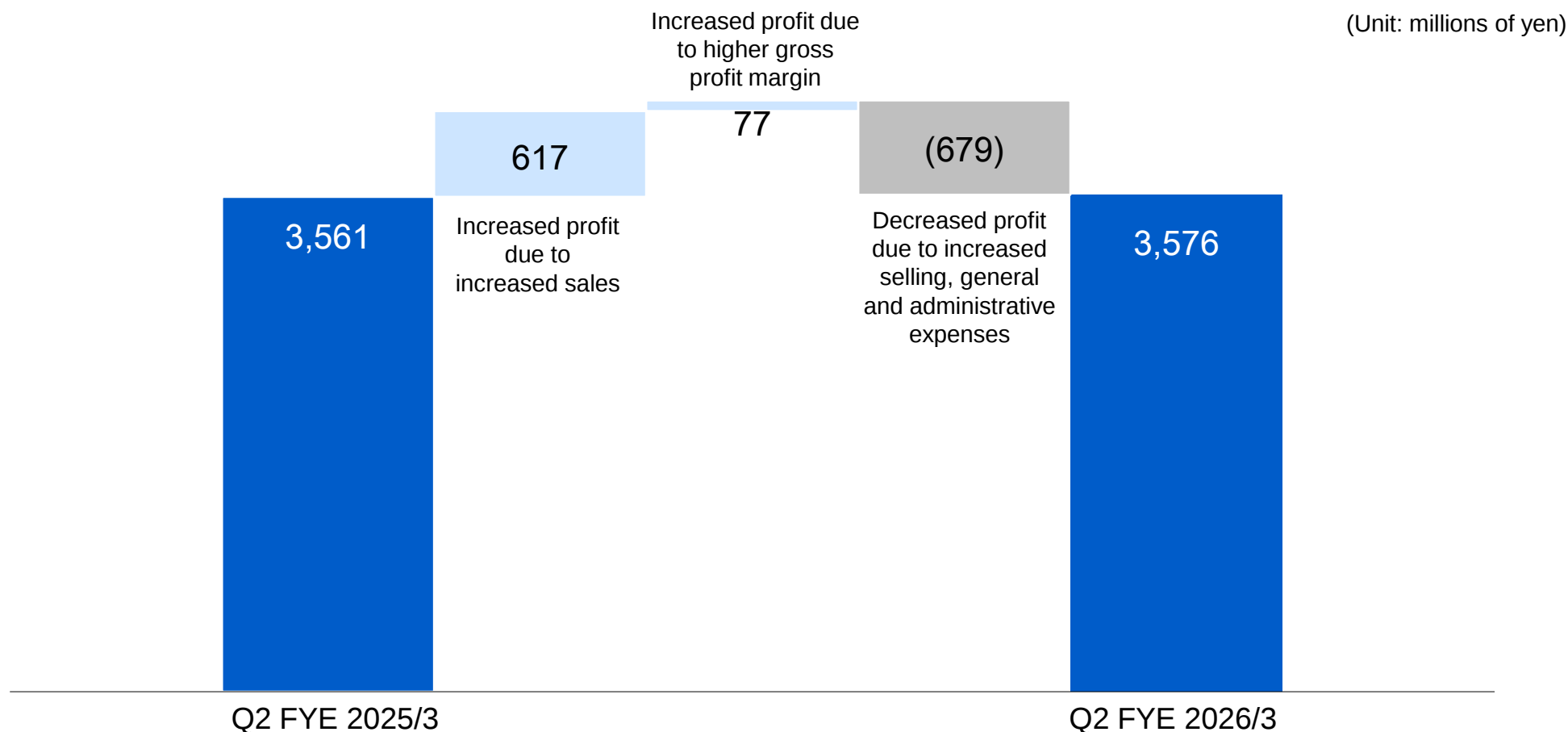
(Unit: millions of yen)

		H1					H2	Full Year
		Q1	Q2	H1 total	Initial forecast	Forecast / result difference	Forecast	Forecast
FYE 2025/3	Net sales	11,651	12,550	24,201	—	—	—	—
	Gross profit	4,596	4,314	8,910	—	—	—	—
	Gross profit margin	39.4%	(a) 34.4%	36.8%	—	—	—	—
	Operating profit	1,958	1,603	3,561	—	—	—	—
	Operating profit margin	16.8%	12.8%	(a) 14.7%	—	—	—	—
FYE 2026/3	Net sales	12,227	13,651	25,878	25,000	878	32,122	58,000
	Gross profit	4,627	4,977	9,604	—	—	—	—
	Gross profit margin	37.8%	36.5%	37.1%	—	(b) —	—	—
	Operating profit	1,657	1,919	3,576	3,300	276	6,524	10,100
	Operating profit margin	13.6%	14.1%	(c) 13.8%	13.2%	0.6pt	20.3%	17.4%
Change	Net sales	576 4.9%	1,101 8.8%	1,677 6.9%	—	—	—	—
	Gross profit	31 0.7%	663 15.4%	694 7.8%	—	—	—	—
	Operating profit	(301) (15.4)%	316 19.7%	15 0.4%	—	—	—	—

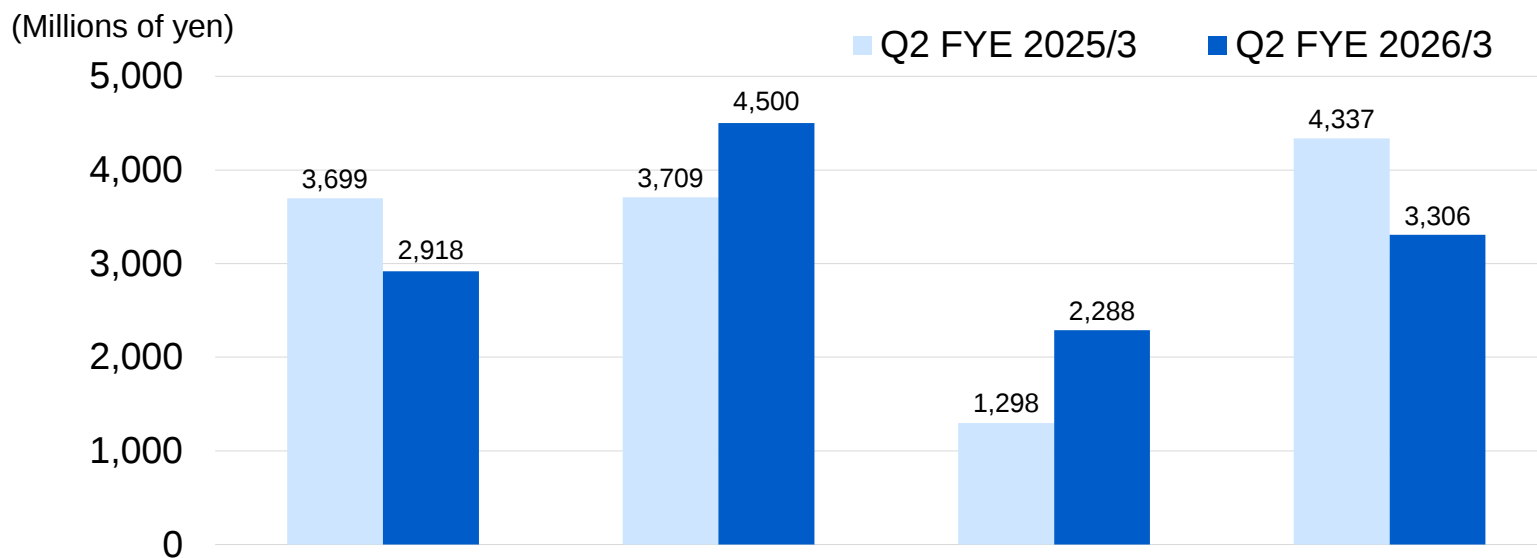
Factors for Changes in Operating Profit

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- The increase in profit due to the increase in sales was approximately 610 million yen, while a higher gross profit margin lifted profit by around 70 million yen. The decrease in profit due to the increase in other selling, general and administrative expenses such as personnel and logistics expenses was approximately 670 million yen. Total profit increased by approximately 10 million yen year on year.
- In the Japan segment, growth in installation and services drove gross profit higher, while in the Asia segment, increased equipment sales played a major role. Meanwhile, significant rises in SG&A expenses, including personnel and logistics costs, resulted in consolidated operating profit remaining flat compared to the same period last year.



Sales Trend by Construction Application (SINKO INDUSTRIES alone)

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		Large buildings	Industrial	Data center	Other (*2)	Total
Q2 FYE 2025/3	Net sales (*1)	3,699	3,709	1,298	4,337	13,043
Q2 FYE 2026/3	Net sales (*1)	2,918	4,500	2,288	3,306	13,012
YoY	Change	(781)	791	990	(1,031)	(31)
	Rate of change	(21.1)%	21.3%	76.3%	(23.8)%	(0.2)%

*1 Net sales in Japan of SINKO INDUSTRIES alone

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

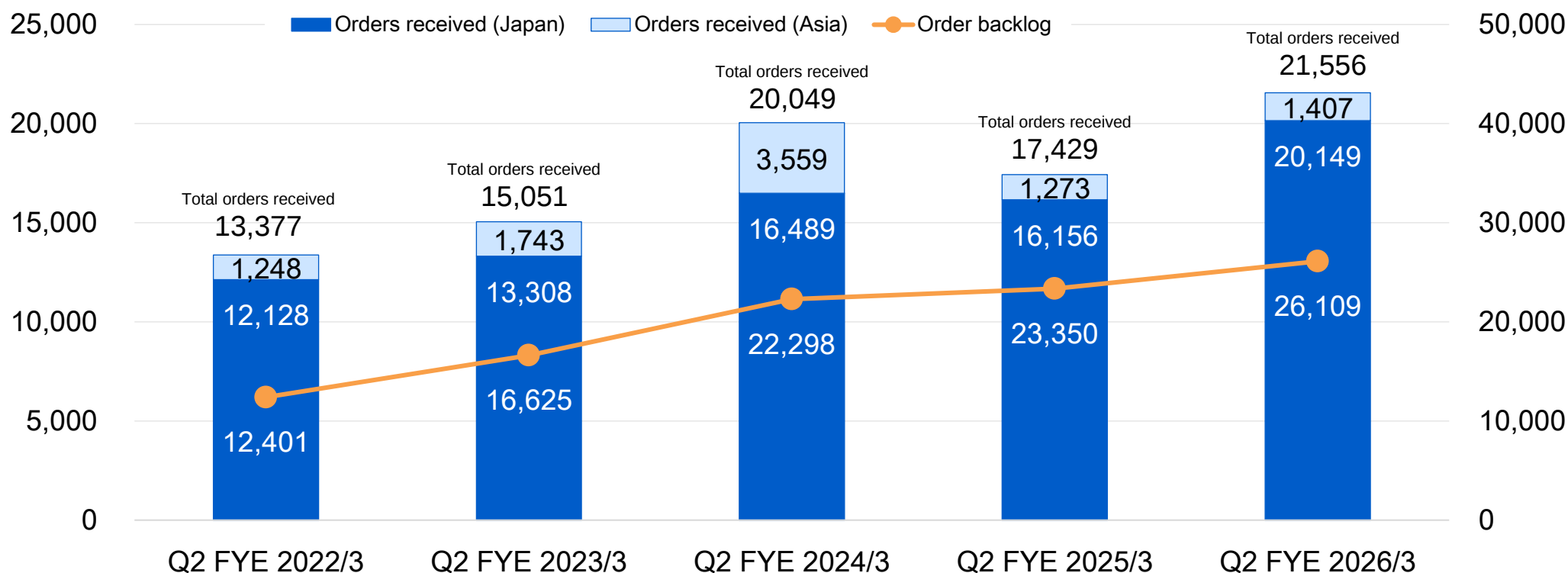
- In the large building sector, shipments for redevelopment projects have slowed, resulting in a year-over-year decline in sales. With large projects scheduled for delivery from 2027 onward and an expected rise in demand for equipment updates in aging buildings, efforts to strengthen sales strategies 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.

Trends in Orders Received and Order Backlog

- Amid labor reform initiatives in the construction industry and a surge in construction costs, the trend for early issuance is accelerating, particularly for large-scale domestic projects.
- In the large building sector, orders for redevelopment projects and new construction scheduled for delivery between 2026 and 2027 are increasing.
- In the domestic data center segment, a key target market in the medium-term plan, orders for large-scale projects, including those from hyperscalers, have increased as sales initiatives and strategic investments have been strengthened.

(Orders received, millions of yen)

(Order backlog, millions of yen)



*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)

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

(No revision has been made to the forecast announced
on May 15, 2025)

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

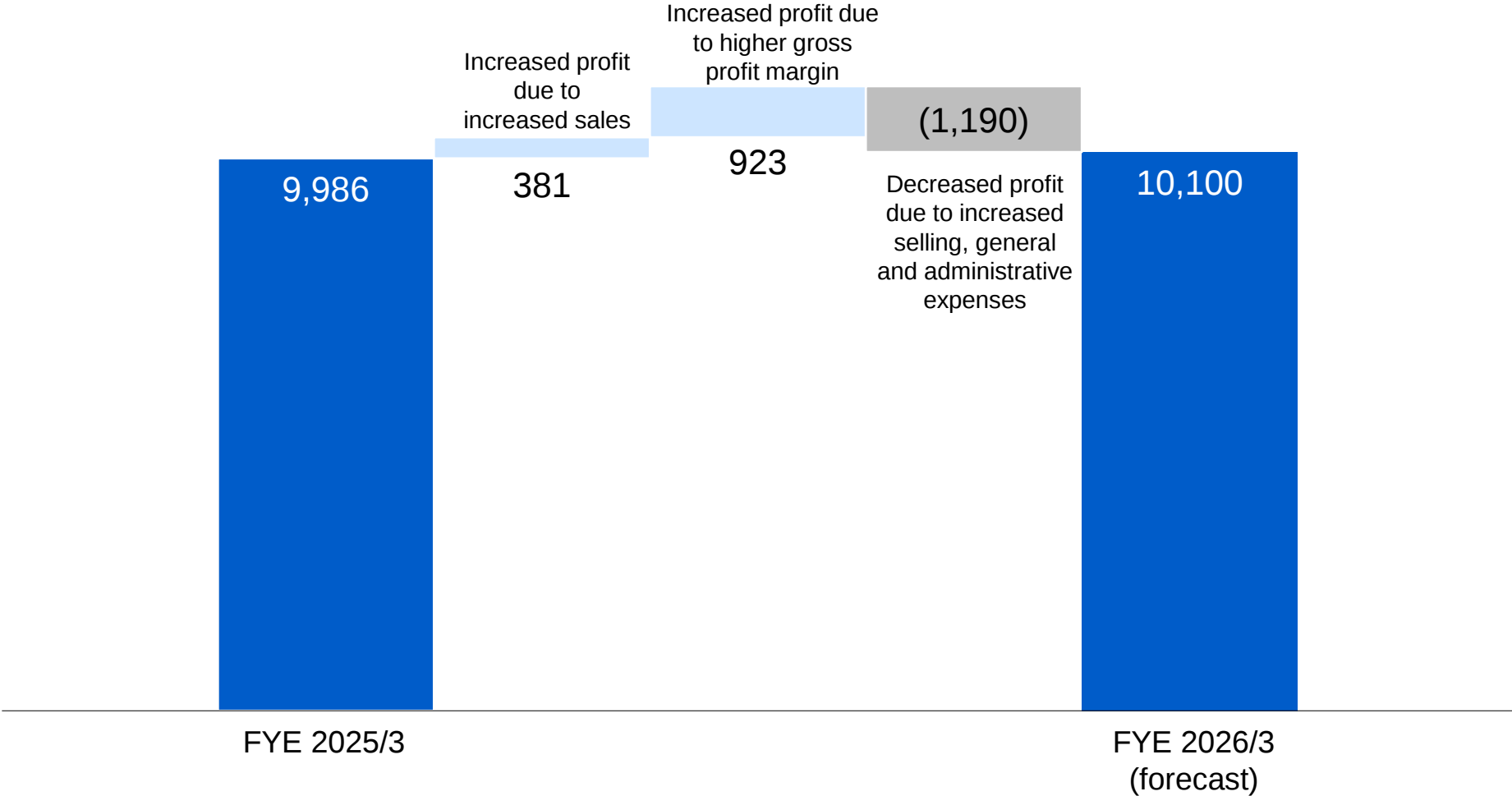
- While investment in air conditioning equipment in Japan is expected to remain strong, due to work style reforms, soaring construction costs, and other factors, the impact of longer project durations and reviews of investment plans is expected to emerge, requiring careful identification of future market 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



- 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)



Shareholder Returns (Dividends)

- Considering the medium-term shareholder return policy and the current period's performance, the annual dividend is expected to be the same as the initial forecast (effectively equal to the previous period).
- Although the total dividend amount is expected to decrease due to ongoing share buybacks, the dividend payout ratio is expected to increase by approximately 1.4 points.

		Annual dividend per share			Total amount of dividends ^{*3}	Amount of treasury shares purchased ^{*3}	Payout ratio ^{*3} (consolidated)	Total payout ratio ^{*3} (consolidated)
		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	-	-	3,535	4,584	47.8	109.7
	Forecast amount	-	30.00	50.00				
Change	After adjustment for stock split ^{*1}	+2.00	(2.00)	0.00	(73)	(131)	+1.4pt	+3.4pt

^{*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 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.

Shareholder Benefits

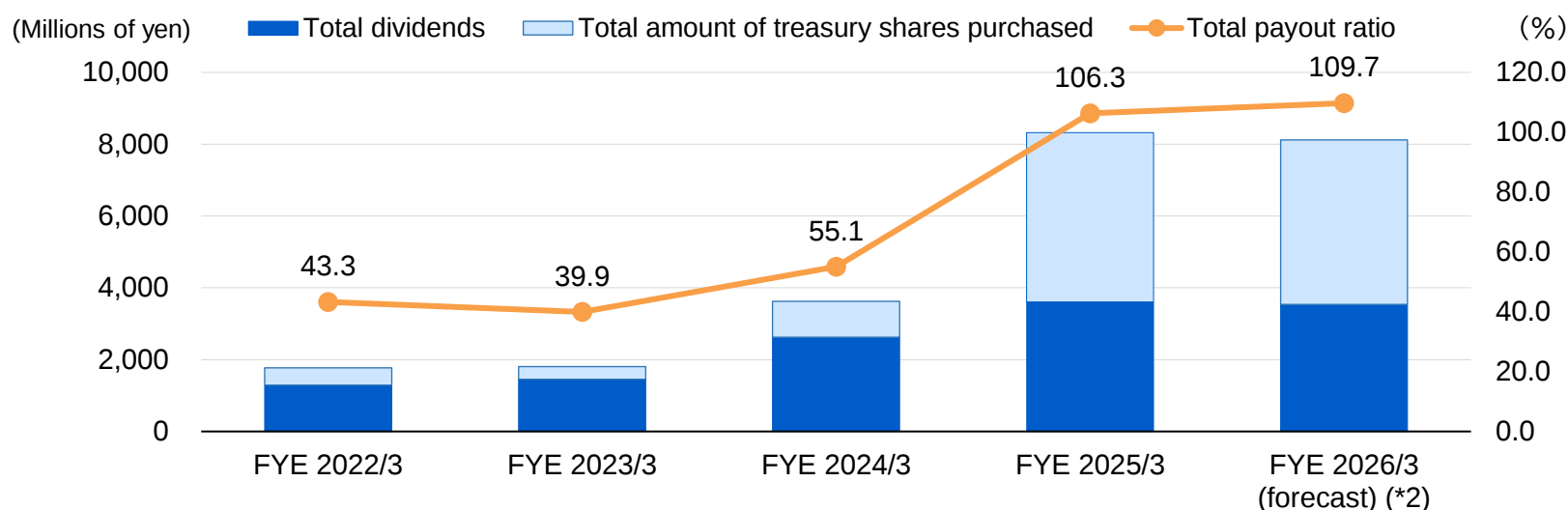
^{*}Number of shares held is adjusted for the stock split

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)

- 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. Initiatives to Implement Cost of Capital Management

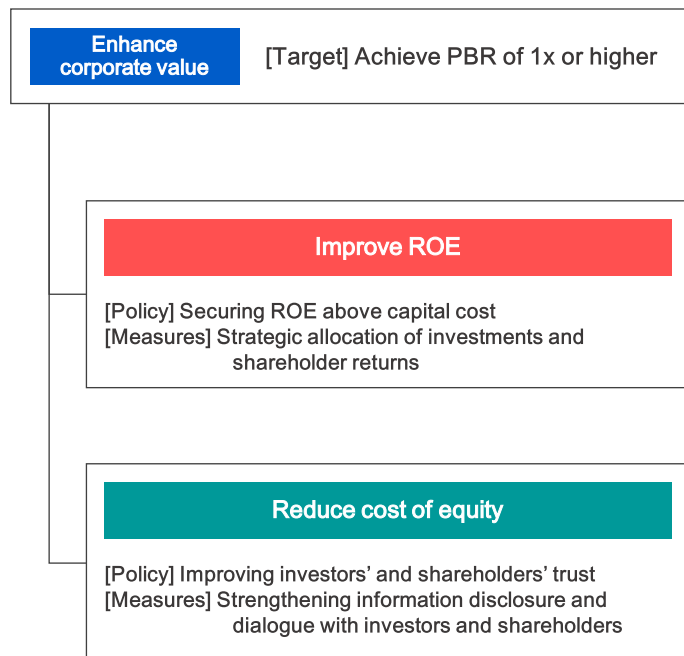
Progress and Results Regarding the Medium-term Financial Strategy

SINKO

- Based on the request announced by Tokyo Stock Exchange (TSE) in March 2023 regarding measures to realize management that is conscious of capital cost and share price, our group is promoting management focused on these aspects in the medium-term management plan “move.2027” starting in fiscal year ended March 31, 2025. It clearly states that capital cost management will be the central axis of business operations by newly setting quantitative targets such as ROE and PBR as management indicators.
- The three-year medium-term period has reached its midpoint. While reviewing our efforts to promote capital cost management, we will continue to strive to enhance corporate value in order to achieve the long-term vision “VISION 2030: By Air, to the Future.”

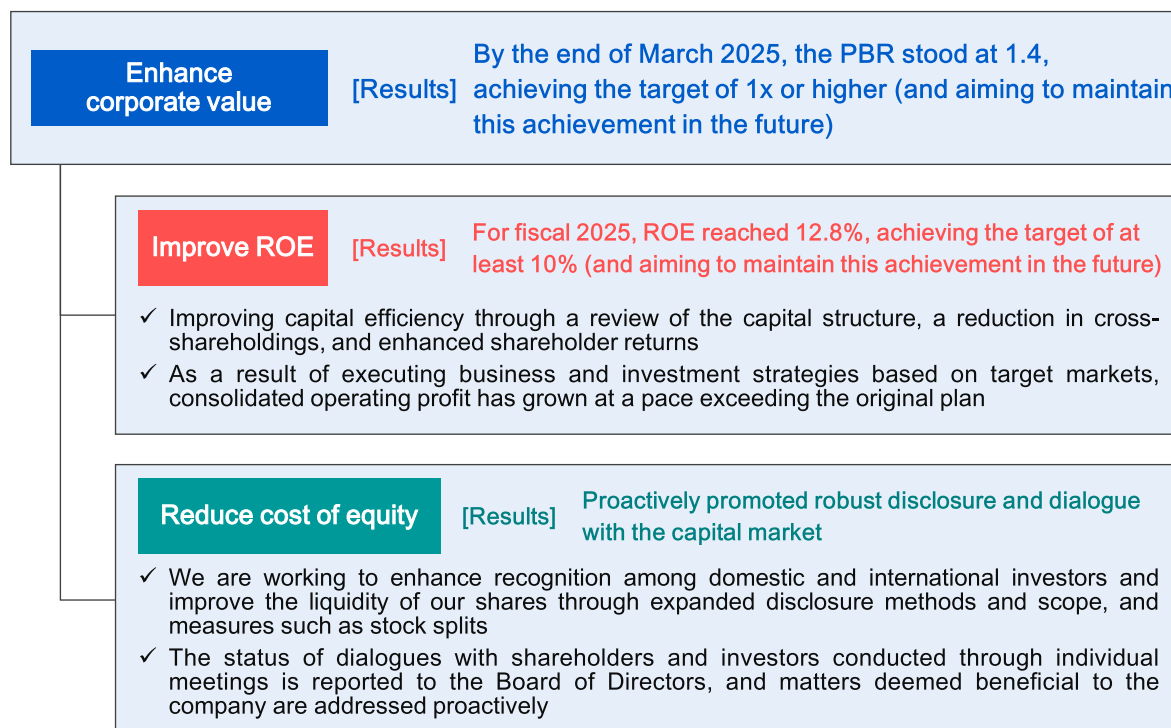
Financial Strategy in the Medium-term Management Plan “move.2027”

Enhancing corporate value by improving ROE and reducing cost of equity



Efforts and results in the first half of the medium-term period

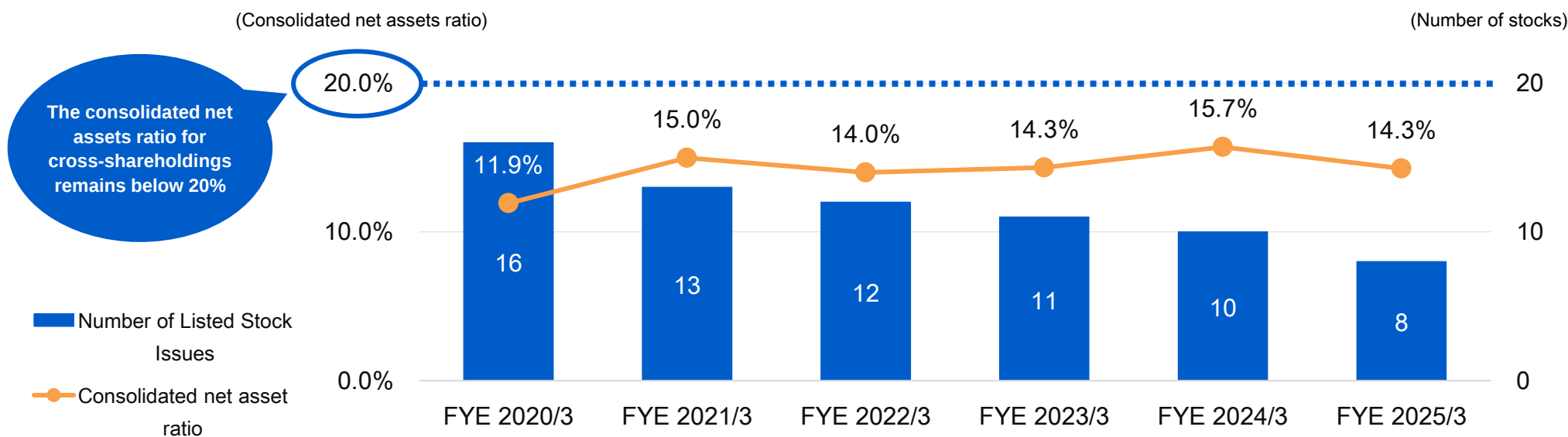
The first year of the medium-term period, fiscal year ended March 31, 2025, is progressing smoothly. We will continue to pursue initiatives to enhance corporate value.



Reduction of Cross-shareholdings

- To improve capital efficiency, cross-shareholdings have been continuously reduced. The Board of Directors will comprehensively evaluate the rationale for these holdings, and those determined as sellable were largely divested by the fiscal year ended March 31, 2025.
- Although holdings in capital alliance partners and major business partners will be maintained, efforts will be made to enhance governance transparency by disclosing the purposes of these holdings and dividend amounts in the securities reports.

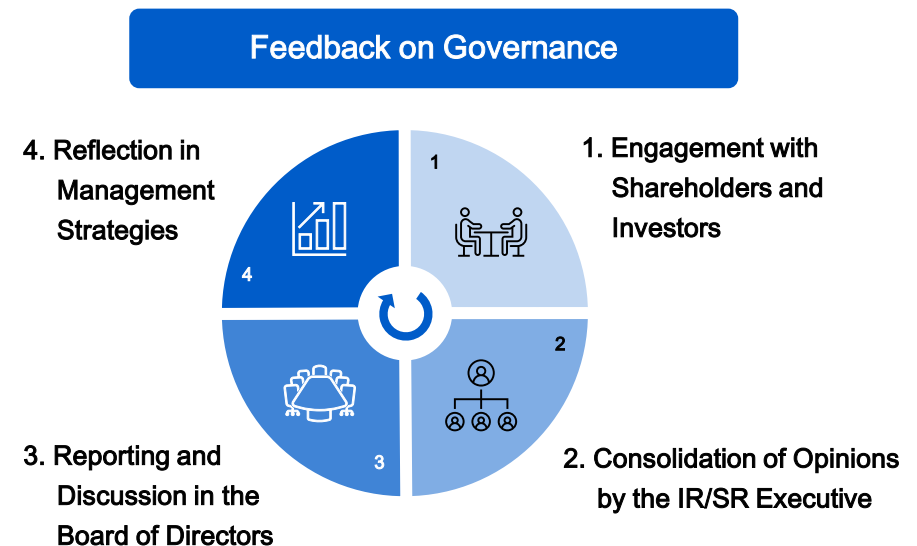
Status of Holdings in Cross-shareholdings (Listed Issue)



Number of listed stocks (issue)	16	13	12	11	10	8
Total amount on the balance sheet (in million yen)	5,519	7,639	7,560	8,269	10,044	9,171
Consolidated net assets (in million yen)	46,254	50,981	53,982	57,683	63,907	64,280
Consolidated net assets ratio (%)	11.9	15.0	14.0	14.3	15.7	14.3

Engagement with Shareholders and Investors

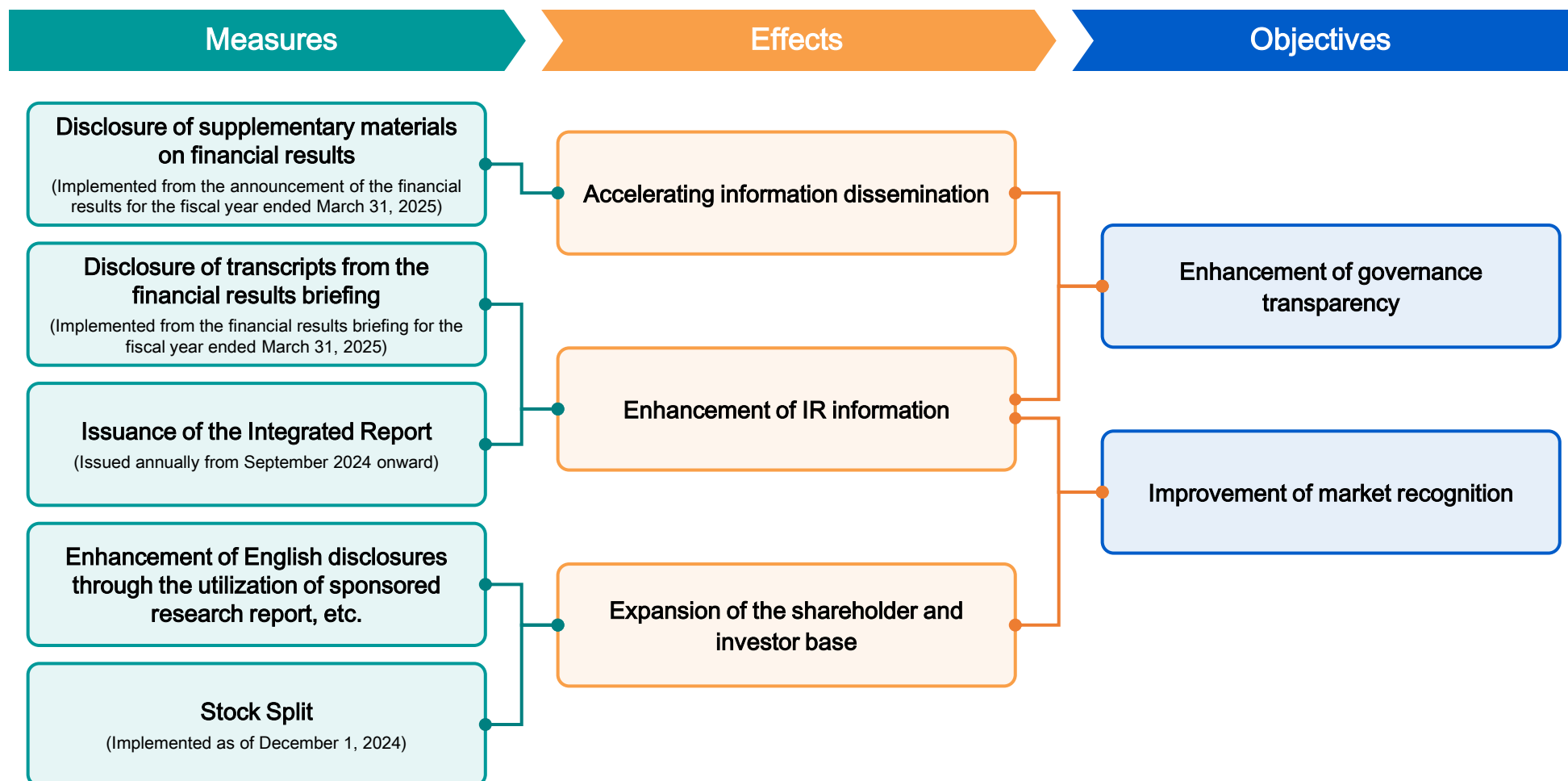
- The status of IR/SR activities is reported to management through the responsible officer, and opinions deemed beneficial are addressed proactively.
- In addition to holding semi-annual earnings briefings, over 80 individual meetings are conducted annually (actual results for the fiscal year ended March 31, 2025), and tours of our plants and showrooms are held as needed to enhance opportunities for dialogue.



Examples of Feedback and Requests from Investors	Status of Response to Feedback and Requests
We highly appreciate the medium-term management plan that adopts capital cost management.	We have taken note of the market's evaluation of this plan, and we will strive to operate our business with a greater awareness of capital cost.
In order to save the effort of calculating and comparing with the prior period based on sales composition ratios, I would like the actual figures to be included in the financial results briefing materials.	We have revised the financial results briefing materials as requested.
I believe there is a need to reassess the profitability of group businesses, and I hope to stimulate internal discussions involving the management team.	All feedback received from investors has been reported to and deliberated by the Board of Directors.
I would like the order intake figures to be disclosed simultaneously with the summary of financial results.	Supplementary materials including orders received were disclosed concurrently with the summary of financial results.
I would like to see an enhancement in the English disclosure of IR information.	The supplementary materials and transcripts of the financial results briefing have been disclosed in English.

Efforts to Enhance Governance Transparency and Market Recognition **SINKO**

- Since the announcement of our medium-term management plan “move.2027” in November 2023, while our share price has risen sharply, our market capitalization has remained around 100 billion yen over the past year.
- To sustainably enhance corporate value, we are not only building a clear value creation story but also working to improve recognition in the capital markets and governance transparency through straightforward communication.



Issuance of the 'Integrated Report 2025'

- Beginning in 2024, our group has issued an Integrated Report with the aim of enhancing communication with the capital markets and deepening dialogue with stakeholders.
- The latest 'Integrated Report 2025', issued at the end of September 2025, focuses on [the concretization of the roadmap for realizing our long-term vision], [systematic materiality identification], and [a special feature on our group's key initiatives and human capital].



SINKO INDUSTRIES LTD. 'Integrated Report 2025'

***The English and Chinese versions are scheduled to be published in late December 2025.**

▼ View and Download Here ▼
<https://www.sinko.co.jp/sustainability/integrated-report>



Roadmap for the Long-Term Vision



SINKO Group Materiality Identification



SINKO Group Special Feature on Key Initiatives
(Data centers, Split AC systems and DX Strategy)

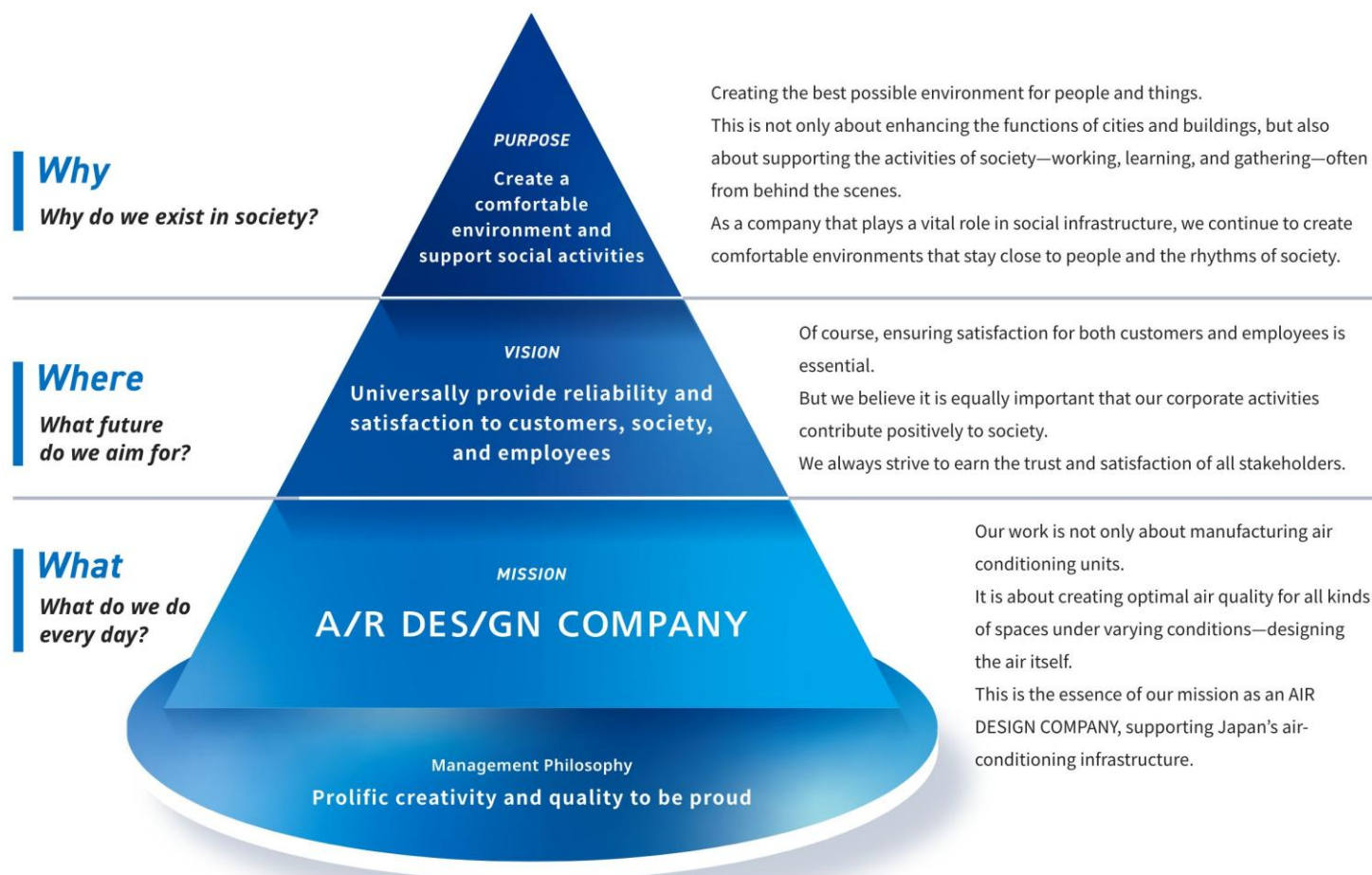


SINKO Group Introduction to Human Capital
(Employee Roundtable and Outside Directors' Roundtable)

SINKO Group's Mission “AIR DESIGN COMPANY”

SINKO

- As a foundation for sustainably enhancing corporate value, we have clarified our group-wide philosophy. We define our group's raison d'être (PURPOSE) as “[creating a comfortable environment and supporting social activities](#)” and are committed to establishing an organizational culture that encourages employee initiative.
- The essence of our group's business (MISSION) is “[AIR DESIGN COMPANY](#).” Beyond manufacturing, selling, and servicing air conditioning equipment, we deliver optimal air quality to society to create comfortable environments.



Reference: Stock Price Trend

- Since the announcement of the medium-term management plan “move.2027”, which set forth the implement of capital cost management, in November 2023, our stock price has consistently traded above a PBR of 1.0.
- While steadily implementing measures to continuously achieve the current mid-term plan's target of a PBR of at least 1, we are also committed to building a value creation story and enhancing corporate value sustainably, with an eye on the long-term vision ‘VISION 2030: By Air, to the Future’.

Stock Price Trend (January 2023 - October 2025)

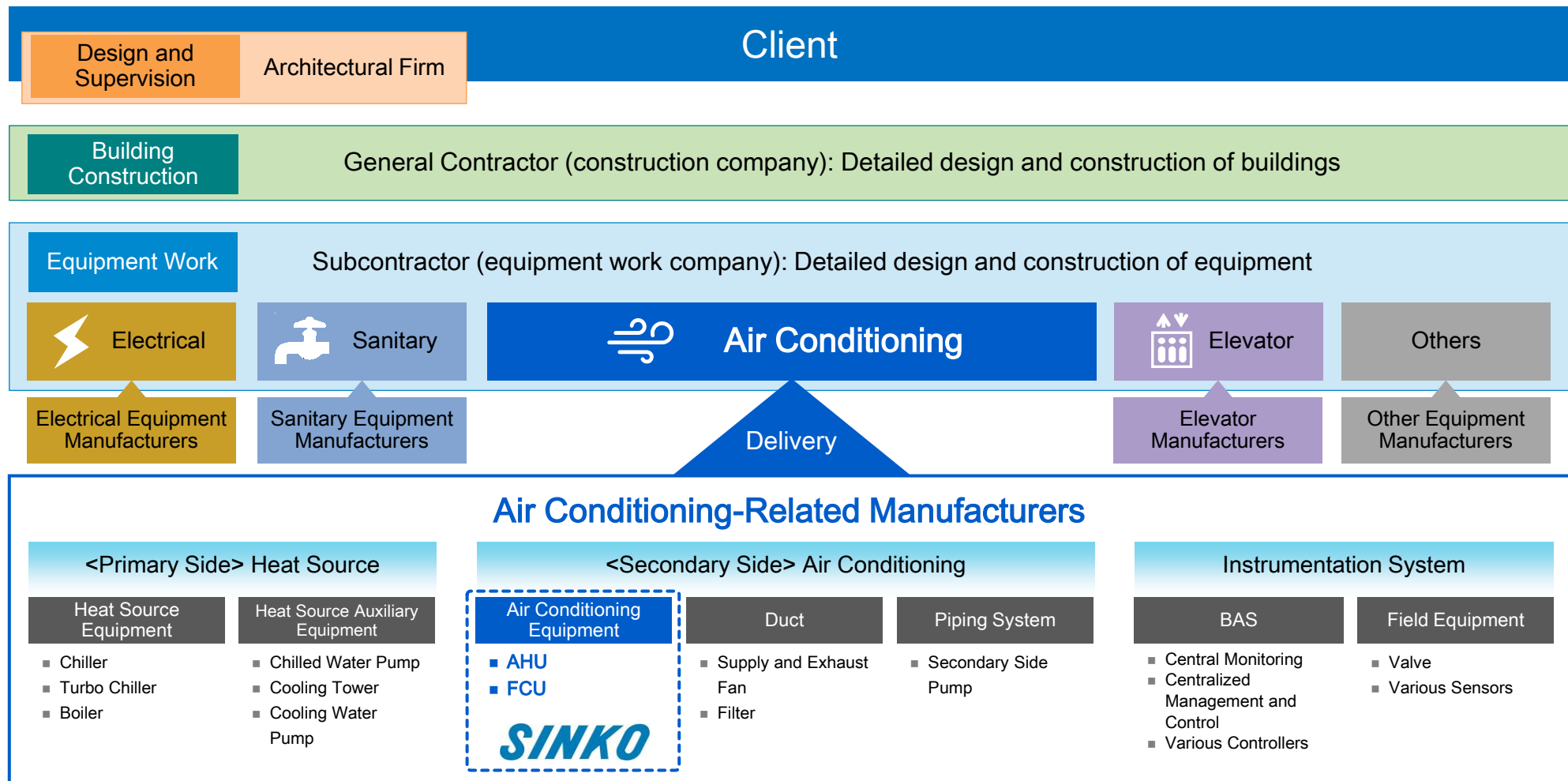
*Displays the trend of adjusted stock prices, considering the stock split implemented as of December 1, 2024



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.



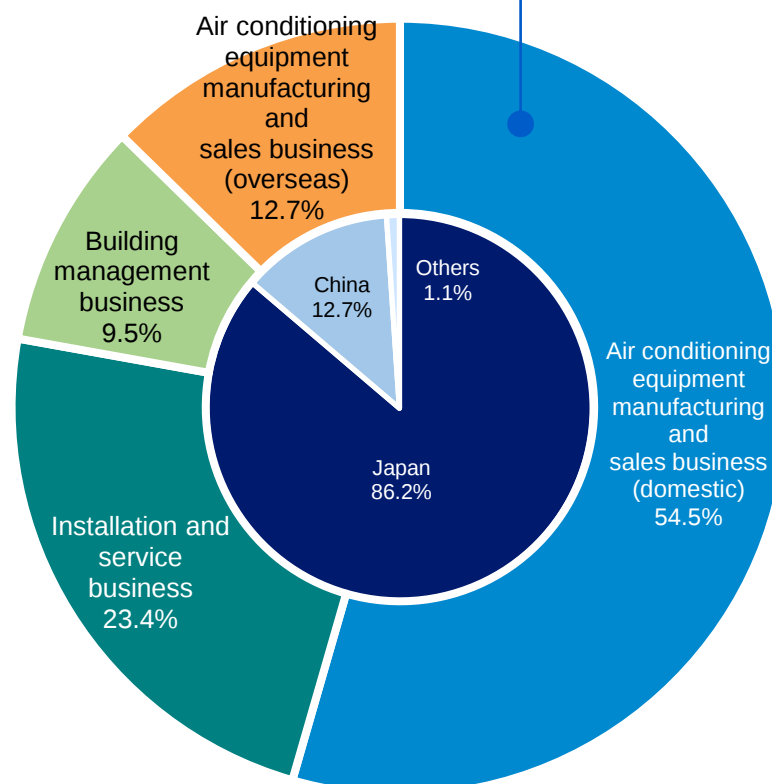
AHU / FCU / heat pump AHU / cooling tower

Installation and service business

SINKO ATMOS CO., LTD.

Building management business

CHIYODA BLDG. KANZAI CO., LTD.



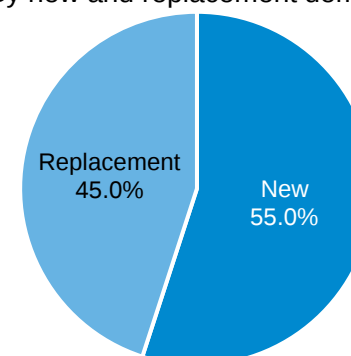
Source: the Company's results

*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.

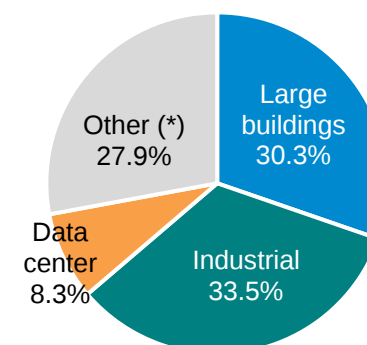
*Due to rounding, the total of composition ratios in the pie charts may not be 100%.

Domestic sales trend of SINKO INDUSTRIES alone

By new and replacement demand



By construction application



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

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

This material is solely intended to provide information to investors, and it is not intended to solicit sales or purchases. 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. The use of this material by investors for any purpose is assumed to be at their discretion and responsibility, and the Company assumes no responsibility in any circumstances.