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, 2027

November 12, 2026

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Table of Contents

I. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2027 P.2 -

II. Financial Results Forecast for the Fiscal Year Ending March 31, 2027 P.13 -

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

Appendix P.17 -

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

Summary of Financial Results

A/R DES/GN COMPANY SINKO

Q2 Results	**Consolidated net sales**	**25.8 billion yen** (down 0.3% YoY)	
	Consolidated operating profit	**3.28 billion yen** (down 8.2% YoY)	
Japan Segment	**Net sales**	**¥23.4B** (up 4.2% YoY)	• Against the backdrop of a high level of order backlog, the shipment pace of air conditioning equipment recovered from July to September. • Group businesses, such as installation/services, also performed steadily.
	Operating profit	**¥3.58B** (up 1.5% YoY)	• While SG&A expenses, such as personnel and logistics costs, increased from the beginning of the year, the rise in costs was absorbed by profit growth from increased revenue and the improvement of added value in products and services.
Asia Segment	**Net sales**	**¥2.40B** (down 29.9% YoY)	• Amid the continued impact of the stagnation in China's real estate market, sales of air conditioning equipment remained sluggish.
	Operating profit	**¥(0.31)B** (prior year operating profit: ¥0.03B)	• The segment recorded an operating loss, due to a challenging business environment where price sensitivity is a key factor, in addition to a profit decline due to lower revenue.
Shareholder Returns	**The interim dividend is planned as 20 yen per share, in line with the initial plan.**		
Full-year Forecast	**Equipment shipments will accelerate from Q3 onward. We will focus on measures to improve profitability and aim to achieve the final targets of the Medium-term Management Plan.**		

- Net sales and profit for H1 exceeded the plan due to strong performance in domestic air conditioning equipment sales and installation/service operations.
- In H2, we expect profitability to improve as equipment shipments reach their peak and the order backlog is processed. We will continue to steadily implement initiatives to achieve the final targets of the Medium-term Management Plan, by concurrently expanding our track record in target markets and absorbing costs through price pass-through.
- In the China business, we will strive to reduce losses by securing profits through sales promotion toward the fiscal year-end and by strengthening the production of certain products for Japan market.

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Consolidated Statements of Income

(Unit: millions of yen, %)

	Q2 FYE 2026/3		Q2 FYE 2027/3			
	Amount	Composition ratio	Amount	Composition ratio	YoY	
					Change	Rate of change
Net sales	25,878	100.0	25,805	100.0	(73)	(0.3)
Japan	22,490	86.9	23,440	90.8	950	4.2
Asia	3,423	13.2	2,400	9.3	(1,023)	(29.9)
Gross profit	9,604	37.1	9,925	38.5	321	3.3
SG&A expenses	6,028	23.3	6,643	25.7	615	10.2
Operating profit	3,576	13.8	3,281	12.7	(295)	(8.2)
Japan	3,530	13.6	3,585	13.9	55	1.5
Asia	32	0.1	(316)	(1.2)	(348)	—
Ordinary profit	3,883	15.0	3,756	14.6	(127)	(3.3)
Profit attributable to owners of parent	2,611	10.1	2,608	10.1	(3)	(0.1)
Basic earnings per share (yen)	37.67	—	38.83	—	—	—

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Revenue Analysis for the First Half of the Year

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- Due to increased shipments of domestic air conditioning equipment, growth in installation and services, and improved production efficiency from higher factory utilization, profit margins for Q2 alone increased YoY (a).
- Compared to the H1 financial results forecast, net sales exceeded expectations by 0.8 billion yen and operating profit by 0.48 billion yen (b). On the other hand, the rise in SG&A expenses since the beginning of the year and the lingering impact of the profit decline in Q1 resulted in a year-on-year decline in the operating profit margin for H1 (c).

(Unit: millions of yen)

		H1					H2	Full Year
		Q1	Q2	H1 total	Initial forecast	Forecast / result difference	Forecast	Forecast
FYE 2026/3	Net sales	12,227	13,651	25,878	—	—	—	—
	Gross profit	4,627	4,977	9,604	—	—	—	—
	Gross profit margin	37.8%	36.5%	37.1%	—	—	—	—
	Operating profit	1,657	1,919	3,576	—	—	—	—
	Operating profit margin	13.6%	14.1%	13.8%	—	—	—	—
FYE 2027/3	Net sales	11,445	14,360	25,805	25,000	805	37,195	63,000
	Gross profit	4,425	5,500	9,925	—	—	—	—
	Gross profit margin	38.7%	38.3%	38.5%	—	—	—	—
	Operating profit	1,175	2,106	3,281	2,800	481	6,719	10,000
	Operating profit margin	10.3%	14.7%	12.7%	11.2%	1.5pt	18.1%	15.9%
Change / Rate of change	Net sales	(782) (6.4)%	709 5.2%	(73) (0.3)%	—	—	—	—
	Gross profit	(202) (4.4)%	523 10.5%	321 3.3%	—	—	—	—
	Operating profit	(482) (29.1)%	187 9.7%	(295) (8.2)%	—	—	—	—

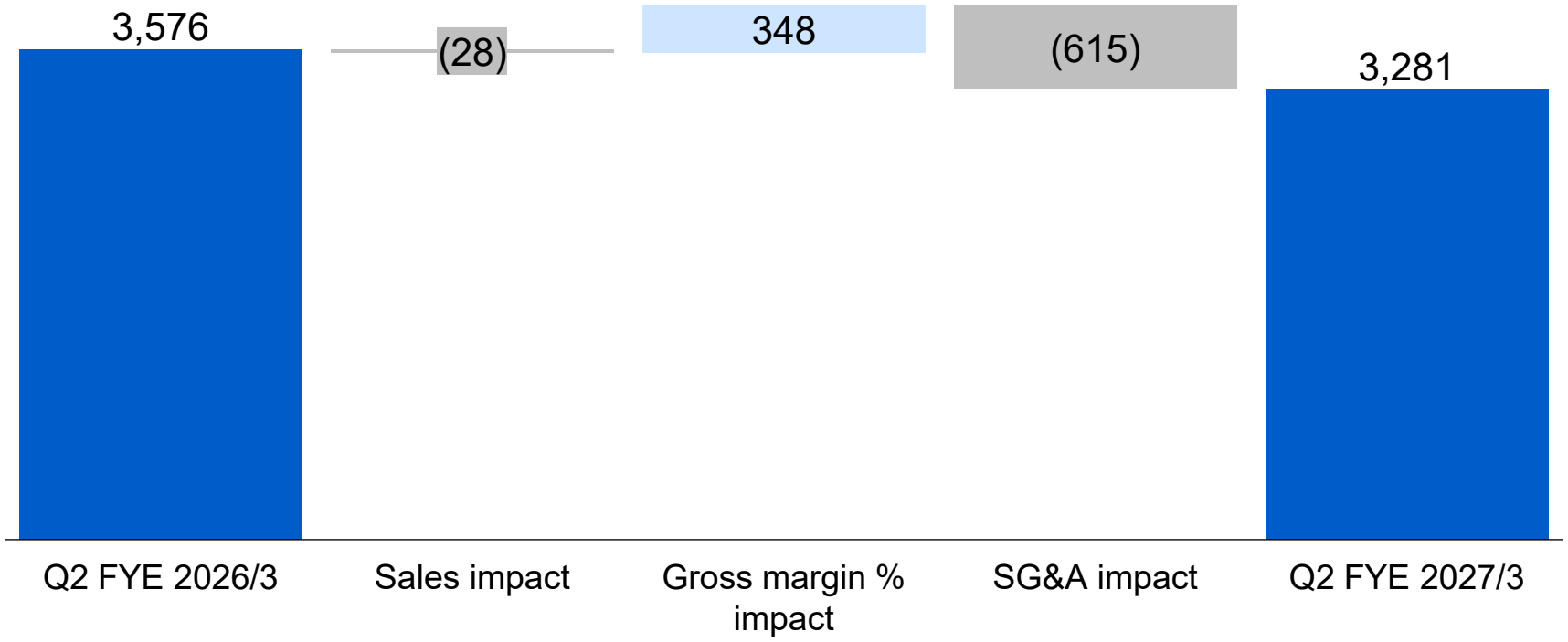
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Factors for Changes in Operating Profit

Although SG&A expenses are currently rising, we aim to improve performance by securing profit through increased revenue from H2.

■ The sales composition ratio of each Group business changed due to a decrease in revenue in the Asia segment and strong sales of domestic air conditioning equipment and installation/service, which have high profitability. As a result, the gross profit margin for the consolidated Group increased YoY.

(Unit: millions of yen)

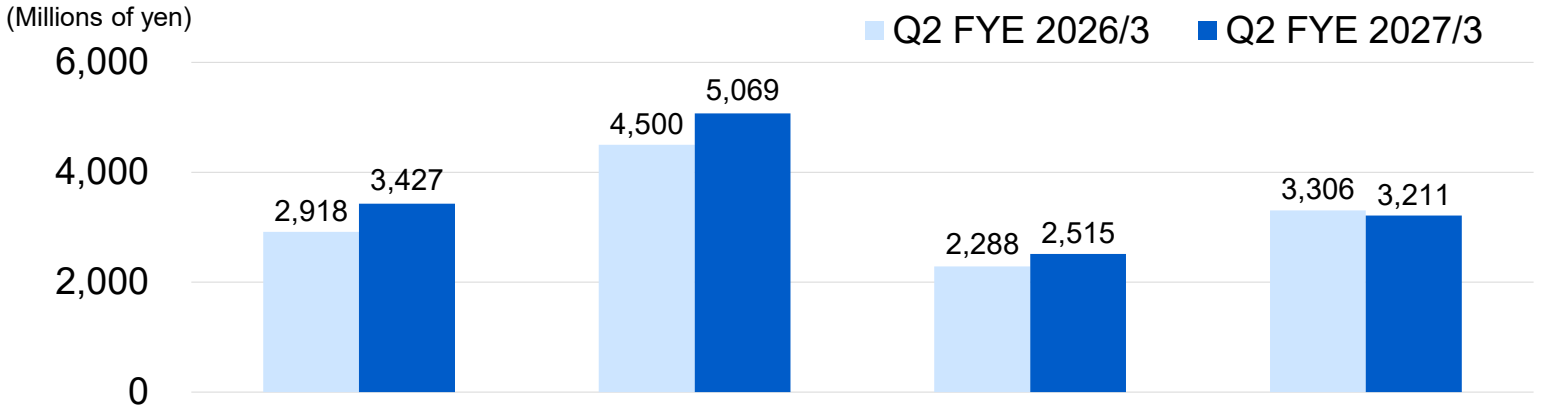


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Sales Trend by Building Type (SINKO INDUSTRIES alone)

A/R DES/GN COMPANY SINKO

Due to the accelerated pace of equipment shipments from July to September, sales in the three major sectors, including data centers, increased year on year.



		Office buildings	Industrial	Data center	Other (*2)	Total
Q2 FYE 2026/3	Net sales (*1)	**2,918**	**4,500**	**2,288**	**3,306**	**13,012**
Q2 FYE 2027/3	Net sales (*1)	**3,427**	**5,069**	**2,515**	**3,211**	**14,223**
YoY	Change	**510**	**569**	**227**	**(95)**	**1,211**
	Rate of change	**17.5%**	**12.6%**	**9.9%**	**(2.9)%**	**9.3%**

*1 Net sales in Japan of SINKO INDUSTRIES alone *2 Other includes medical and welfare, education, accommodations, stations, airports, etc.

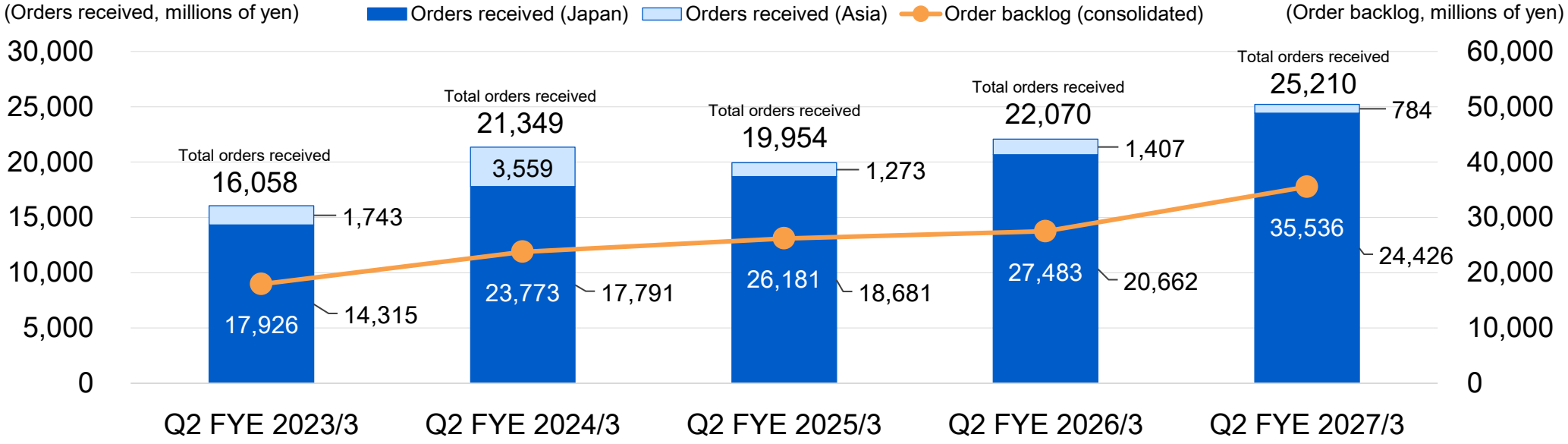
- In the office building sector, sales increased year on year due to demand for redevelopment projects and renovation work. We secure a solid order backlog mainly for large-scale projects scheduled for delivery from H2 of this year to the next FY, while focusing on securing those expected through around 2029.
- In the industrial sector, sales increased year on year due to deliveries for new manufacturing bases and the launch of new products for heatstroke prevention. Meanwhile, the impact of rising construction costs and escalating tensions in the Middle East on domestic industrial investment remains uncertain, and we will continue to monitor future market trends.
- In the data center sector, sales turned to a year-on-year increase due to higher shipments in the three months of Q2 alone (July-September). Shipments are expected to increase further toward H2, and we anticipate a 50% increase in full-year sales YoY.
- In other sectors, although shipments progressed for relatively large-scale projects such as hospitals, hotels and public facilities, sales decreased slightly YoY.

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Trends in Orders Received and Order Backlog

Group orders further expand through the capture of target markets, including data centers.

- **From the current fiscal year, the scope of aggregation for orders received and order backlog in the Japan segment has been changed to include the results of the group company, BAC JAPAN CO., LTD.**
  (The results of the company have also been added retroactively for past fiscal years.)
- While the trend of early order issuance remains due to work style reforms in the construction industry and rising construction costs, we are working on sales measures that balance the acquisition of projects contributing to immediate sales with the securing of medium- to long-term volume.



*From the fiscal year ending March 31, 2027, the scope of aggregation has been changed to include the orders received and order backlog of BAC JAPAN CO., LTD. in the Japan segment.

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

Japan segment: Orders received for the air conditioning equipment manufacturing and sales business, including SINKO INDUSTRIES (AHU, FCU, etc.) and BAC JAPAN (cooling towers, ice thermal storage systems) (Excluding orders for installation and services, etc., of domestic group companies)

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)

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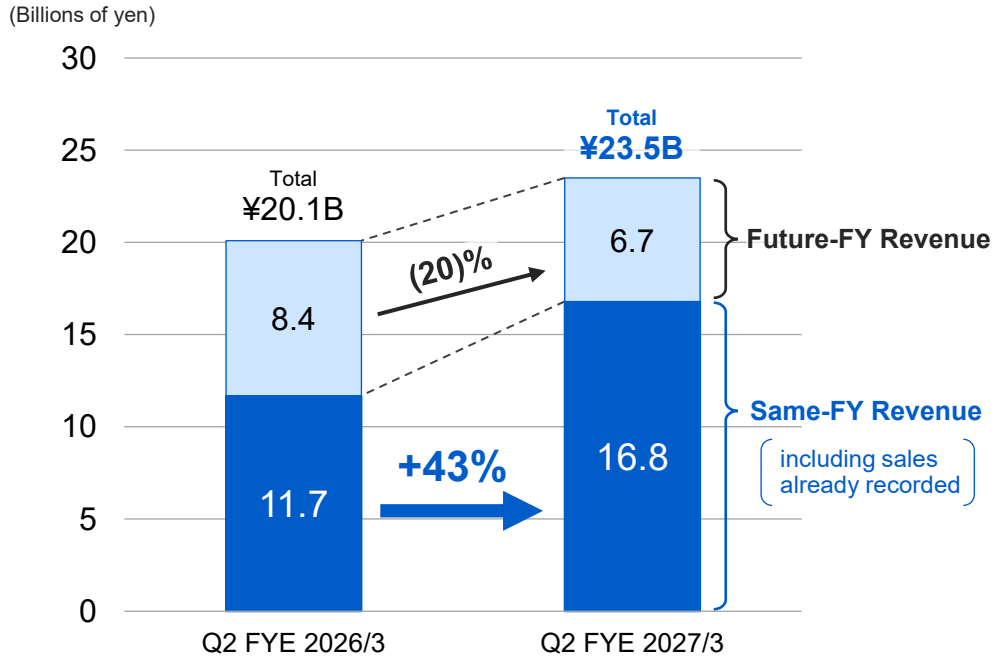
Reference: Overview of Orders in the Current Second Quarter

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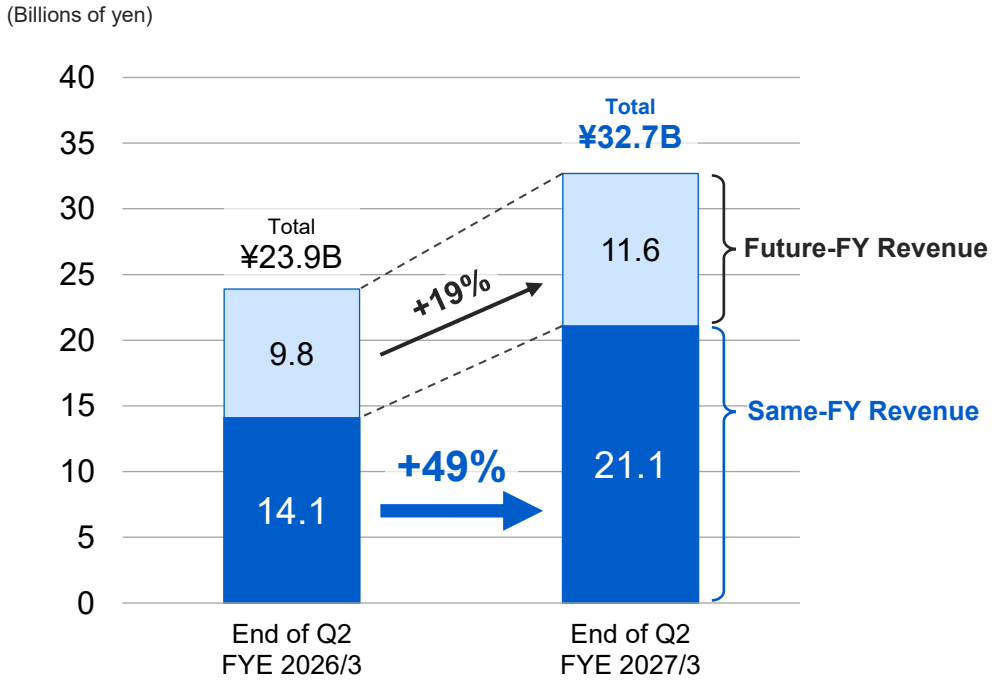
**Sales volume for the current year is sufficient due to proactive order-taking strategies.
Future sales activities will shift toward securing projects for delivery in the next fiscal year and beyond.**

- In H1, orders for domestic industrial facilities drove performance, and large building projects with shipments expected by around 2029 also grew.
- Orders for domestic data centers have also remained steady. While short-term fluctuations in demand due to constraints in construction capacity are anticipated, high levels of investment are expected to continue over the medium- to long-term.

Orders Received (SINKO INDUSTRIES alone)



Order Backlog (SINKO INDUSTRIES alone)

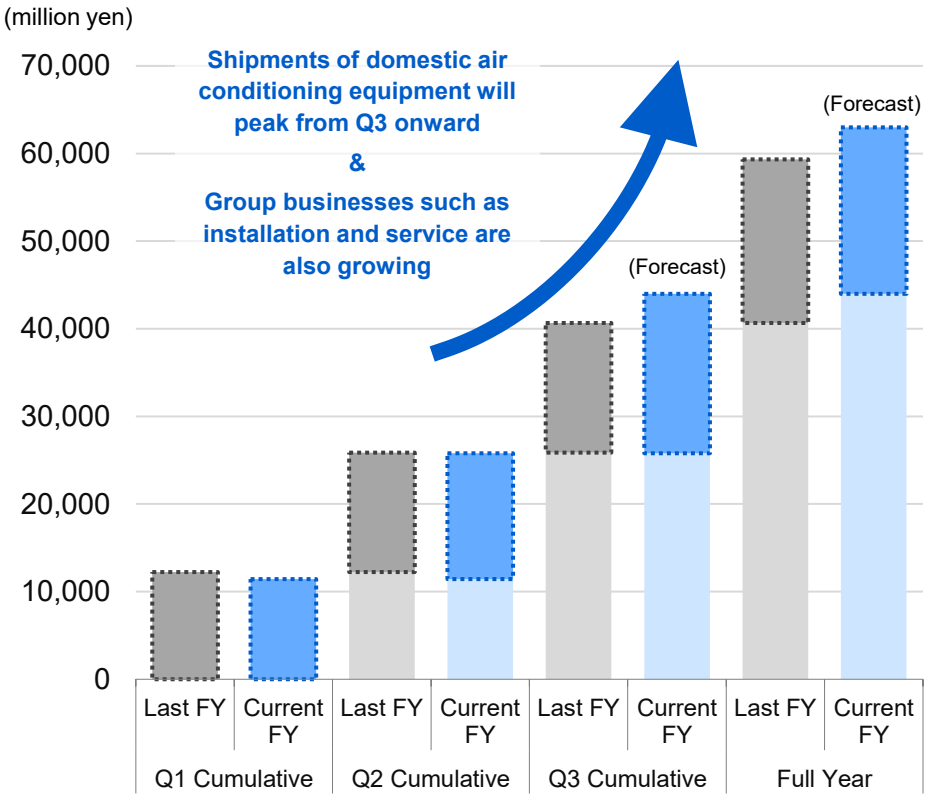


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Reference: Outlook for Performance Trends Toward Year-end

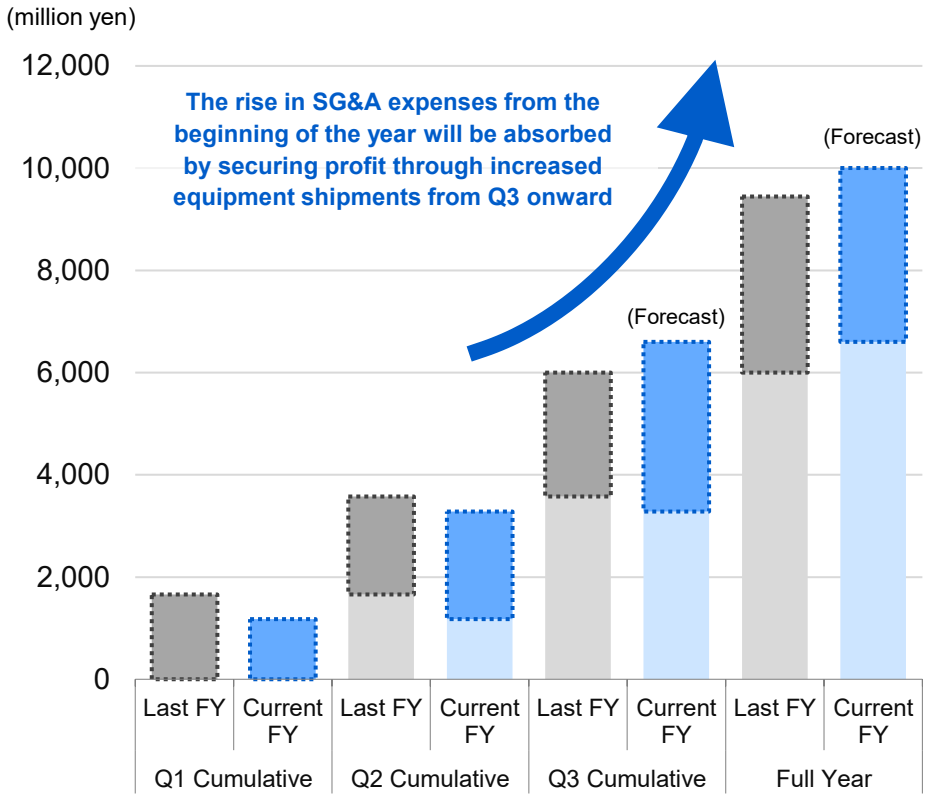
- Although H1 consolidated results showed a YoY decrease in both revenue and profit, both net sales and operating profit exceeded the initial plan due to the strong performance of domestic air conditioning equipment sales and the installation and service business.
- In the previous fiscal year, growth in H2 slowed due to a decrease in shipments of domestic air conditioning equipment; however, for the current fiscal year, performance is expected to accumulate with a H2-weighted trend as initially planned. We are on track to achieve the full-year plan and the final targets of the Medium-term Management Plan.

Outlook for Consolidated Net Sales Trends (YoY)



*The dotted line area indicates the QoQ increase for the 3-month period following the cumulative period of the previous quarter.

Outlook for Consolidated Operating Profit Trends (YoY)



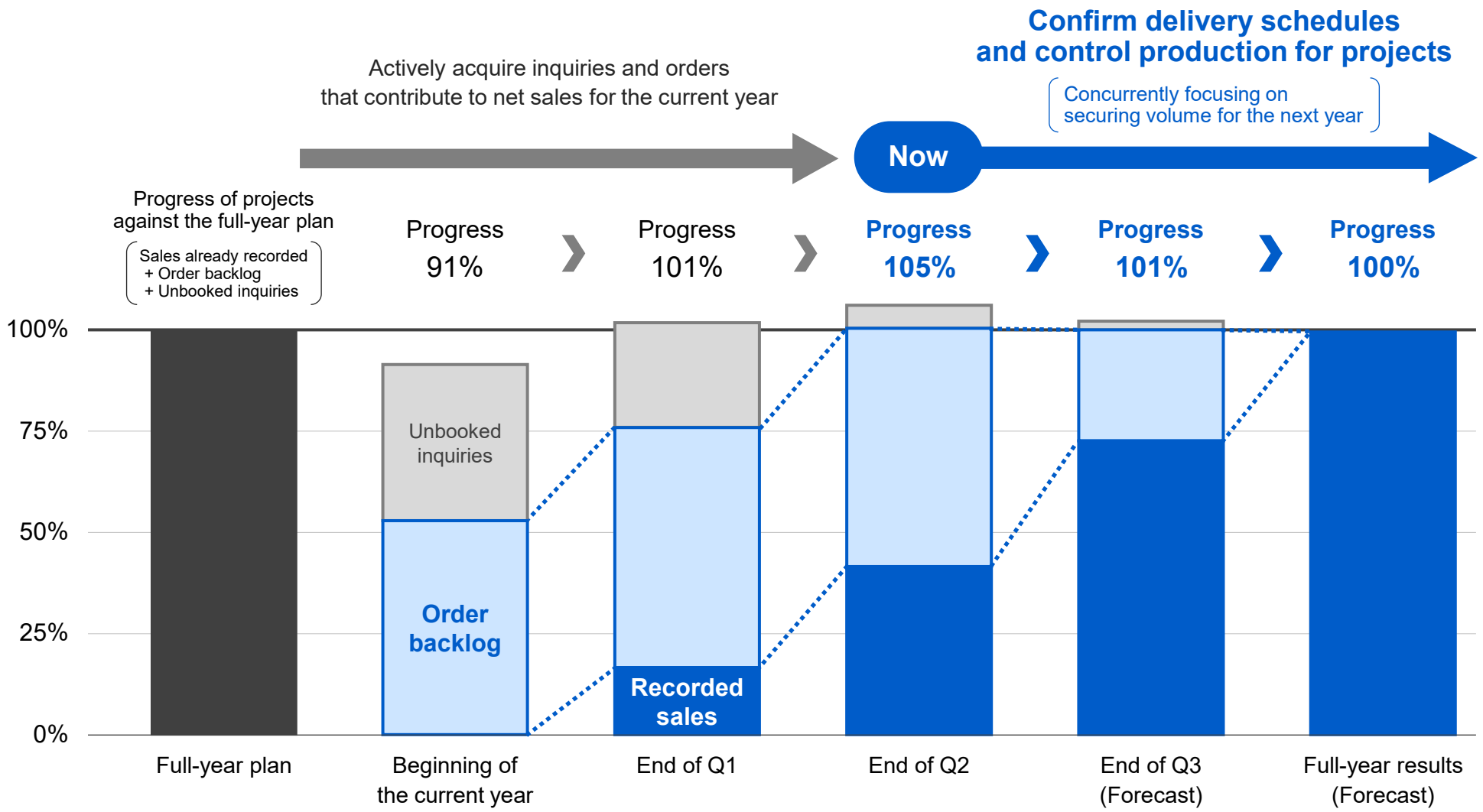
*The dotted line area indicates the QoQ increase for the 3-month period following the cumulative period of the previous quarter.

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Reference: Progress of Net Sales and Orders (SINKO INDUSTRIES alone)

As of the end of Q2, the sales volume of air conditioning equipment required to achieve the full-year plan is secured
(Sales already recorded + Order backlog)

* The chart below shows the image of the accumulation of projects scheduled for delivery only during the current year.



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Reference: Key Measures for Capturing Target Markets in the Medium-term Management Plan

■ The Medium-term Management Plan target markets—Data center, Split AC systems, and air conditioning equipment installation and maintenance—are expanding at a pace exceeding the initial plan. To accelerate growth driven by these factors, we have also initiated new investment plans.

Data center

Raised the outlook for the long-term revenue plan, “Smile Project*,” from 50 billion yen to 80 billion yen

*Smile Project: An internal name for a plan to build our group's value chain based on the smile curve theory and to create stable revenue in the data center sector



- Through sales measures such as utilizing exhibition facilities, the target cumulative group net sales for the 10-year period from 2023 to 2032 are expected to grow from 50 billion yen to 80 billion yen. (Upwardly revised from "Smile 500" to "Smile 800")

Split AC systems

With the launch of heatstroke prevention products, full-year net sales are expected to reach 6.0 billion yen (YoY +70%)



- Demand for heatstroke prevention is rising in small- and medium-sized factories and school gymnasiums where air conditioning has not yet been introduced.
- Using heatstroke prevention products as key devices, we are steadily capturing air conditioning demand for small- and medium-sized buildings and expanding our track record.

Installation and maintenance

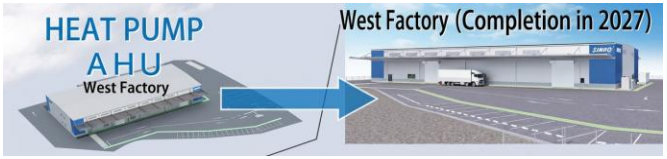
Planning the establishment of a new training facility to solve the issue of labor shortages



- While the installation and service business has high profitability and high growth, securing human resources is a challenge for future business expansion.
- Planning the establishment of an in-house training facility, “SINKO Academy (Tentative name),” to enable sustainable development of service staff.

Enhancement of production capacity

Expanding new production infrastructure to support increased sales of data center and split AC systems



- To respond to the increase in sales volume in both the data center and split AC system markets, we will build a dedicated factory within our Okayama Factory (scheduled to begin operation around June 2027).

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

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

Consolidated Statements of Income

A/R DES/GN COMPANY SINKO

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

(Unit: millions of yen, %)

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

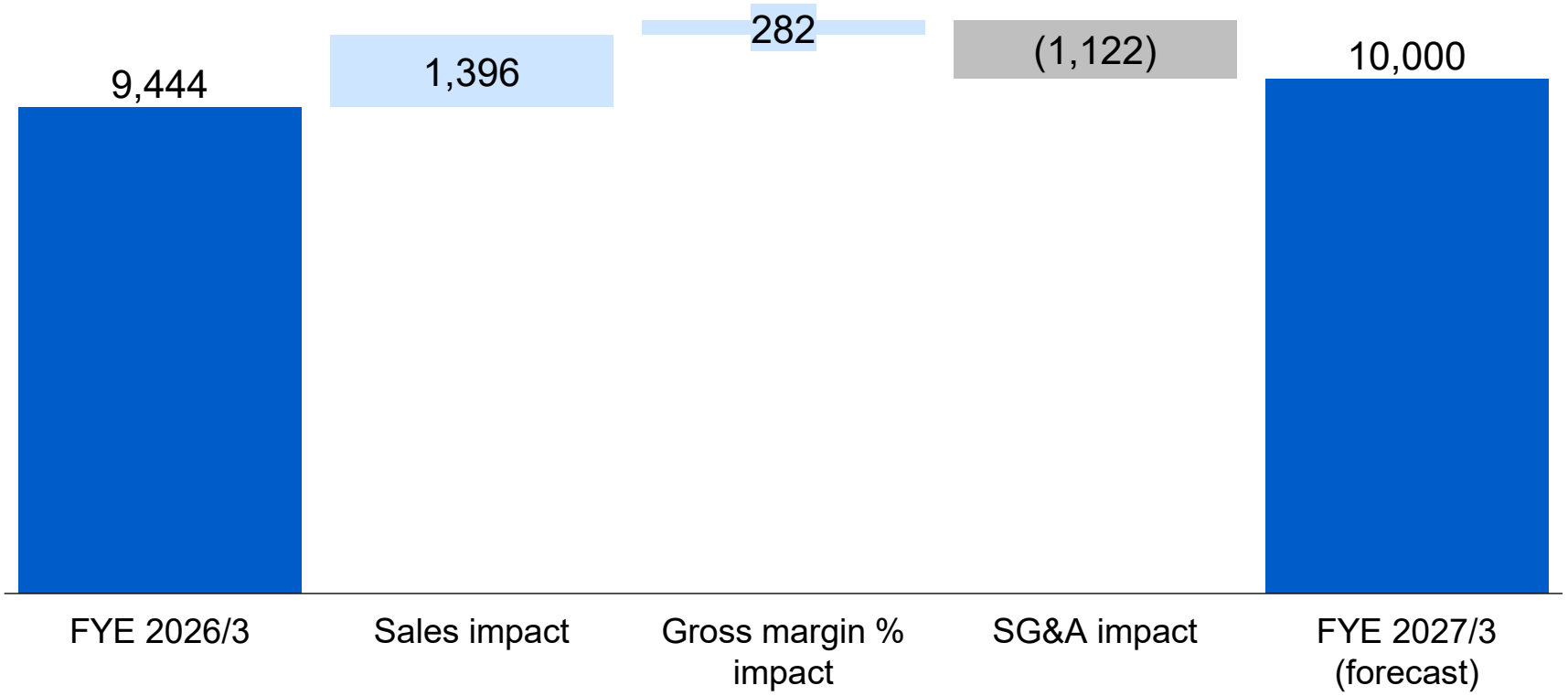
- Although investment in domestic air conditioning equipment is expected to remain solid, work style reforms in the construction industry, rising construction costs, and concerns over international trade policies and Middle Eastern developments requires careful scrutiny of the future trends in the domestic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

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Factors for Changes in Operating Profit

- Through proactive sales activities and securing orders, we are working to boost sales and enhance profitability in its existing business (air conditioning equipment sales) in the fiscal year ending March 2027.
- Domestic orders received has reached record-high levels, and sufficient volume has been secured for the full-year plan. We will control the pace of production and shipments in the second half to improve production efficiency, and improve profitability by working through order backlog.
- Although selling, general, and administrative expenses are expected to increase, particularly due to rises in personnel and logistics costs, we will continue to strive to absorb these costs through price pass-through.

(Unit: millions of yen)

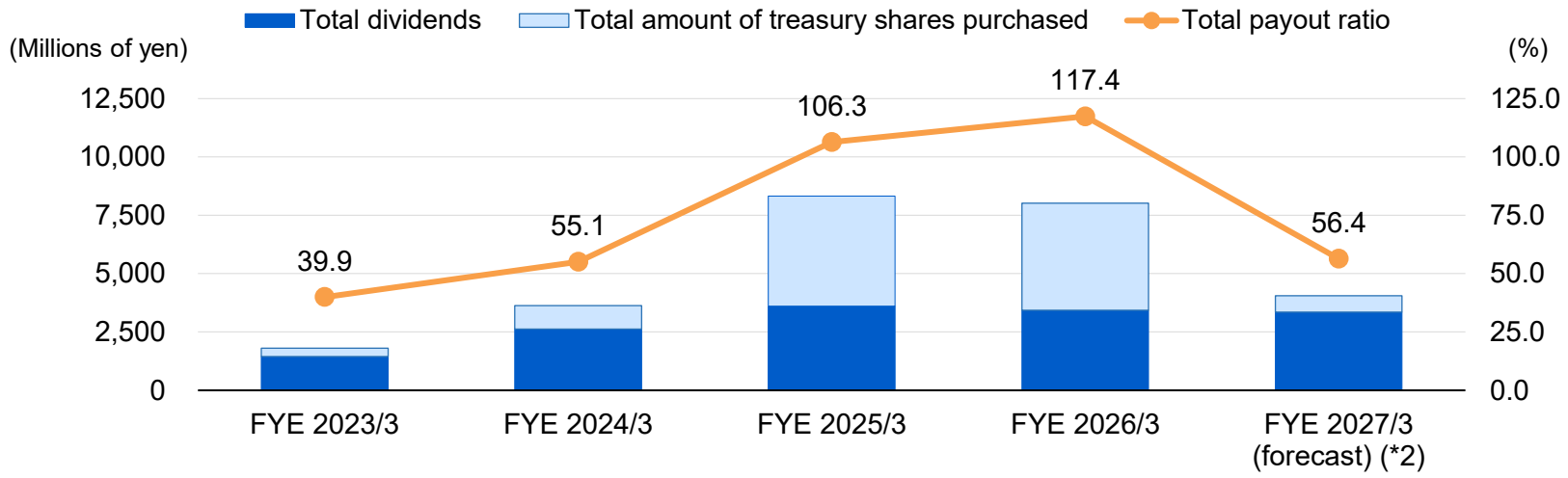


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Shareholder Returns (Trends in Total Payout Ratio)

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

Trends in total payout ratio



		FYE 2023/3	FYE 2024/3	FYE 2025/3	FYE 2026/3	FYE 2027/3 (forecast) (*2)
Basic earnings per share (*1)	(yen)	59.54	88.37	107.68	99.59	107.23
Dividend per share (*1)	(yen)	19.00	35.00	50.00	50.00	50.00
Payout ratio	(%)	31.9	39.6	46.4	50.2	46.6
Total payout ratio (*3)	(%)	39.9	55.1	106.3	117.4	56.4

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

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

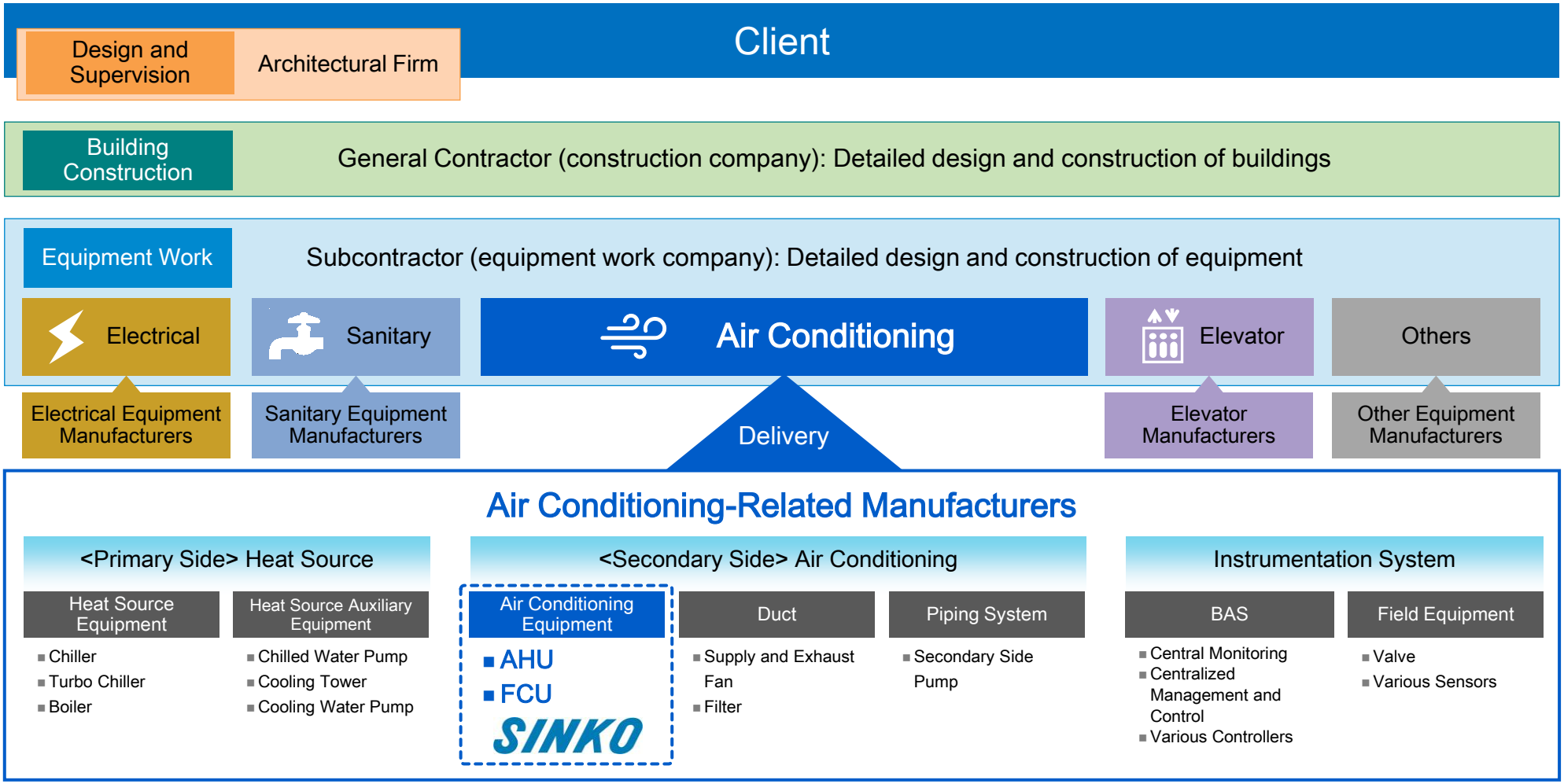
*3 Total payout ratio does not include the treasury shares acquired through the Board Incentive Plan (BIP) Trust.

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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.



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Group Net Sales by Business

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

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

Air conditioning equipment manufacturing and sales business

- SINKO INDUSTRIES LTD.
- BAC JAPAN CO., LTD.
- Shanghai SINKO Air Conditioning Equipment Co., Ltd.
- SINKO Air Conditioning (H.K.) Limited
- Taiwan SINKO Kogyo Co.,Ltd.

and 1 other company



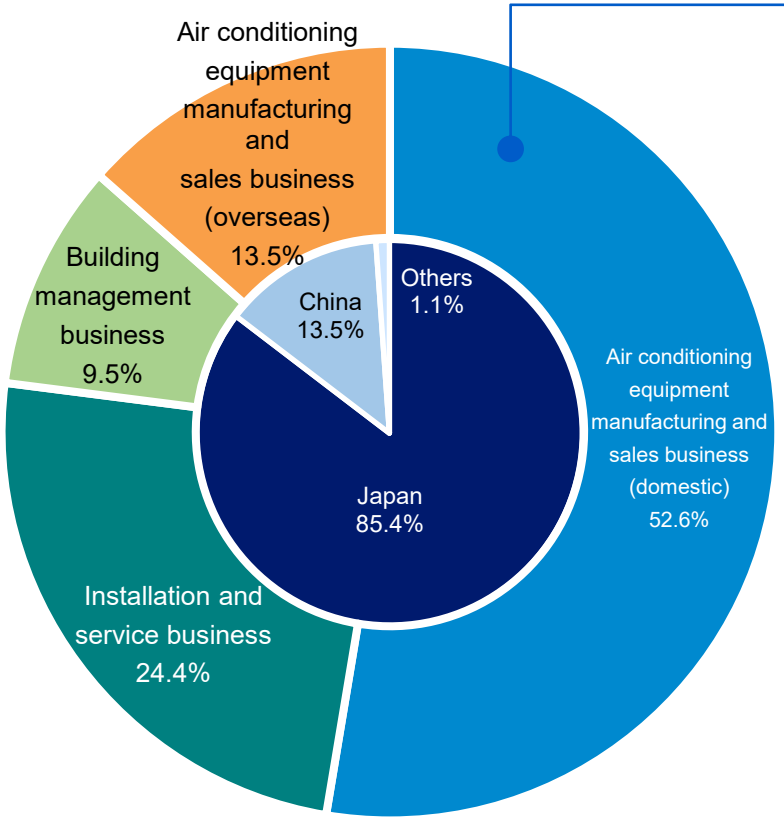
AHU / FCU / heat pump AHU / cooling tower

Installation and service business

- SINKO ATMOS CO., LTD.

Building management business

- CHIYODA BLDG. KANZAI CO., LTD.

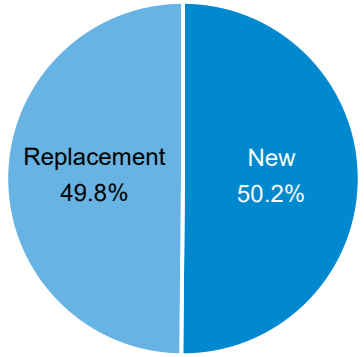


* The outer circle represents net sales categorized by business type and location of seller, while the inner circle represents net sales categorized by customer location.

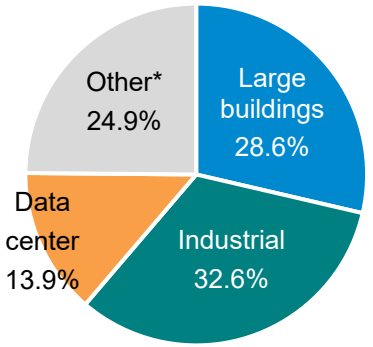
* Due to rounding, the total of composition ratios in the pie charts may not be 100%.

Domestic sales trend of SINKO INDUSTRIES alone

By new and replacement demand



By building type



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

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Issuance of the ‘Integrated Report 2026’

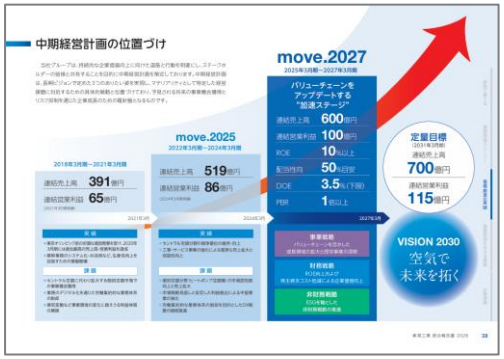
- Beginning in 2024, our group has issued an integrated report with the aim of enhancing communication with the capital markets and deepening dialogue with stakeholders.
- The latest ‘Integrated Report 2026', issued at the end of September 2026, clarifies the continuity from past mid-term management plans to our current plan, “move.2027,” and expanded the content covering the Group’s key business strategies, technical capabilities, and overview of Group operations.



SINKO INDUSTRIES LTD.
‘Integrated Report 2026’

*The English and Chinese versions are scheduled to be published in late December 2026.

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



Reviewing the achievements and challenges of past mid-term plans and clarifying how they led to the current mid-term plan



SINKO Group special feature on key initiatives: DX strategy, data centers and split AC systems



Strengthening Technical Capabilities to Support Our Group’s Growth



Employee roundtable: the challenge of creating new value through group collaboration

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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/

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