A/R DES/GN COMPANY

SINKO

Integrated Report 2024

SINKO INDUSTRIES LTD.

A/R DES/GN COMPANY

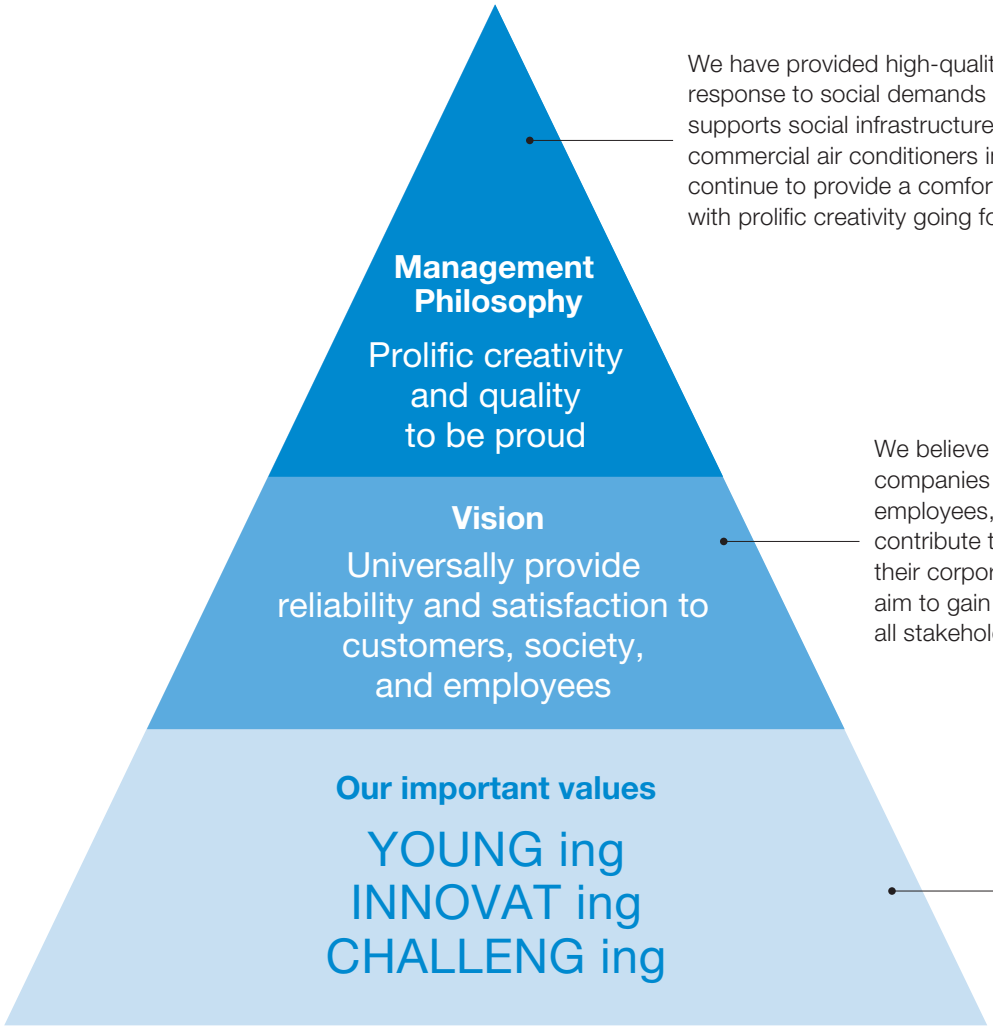
We focus on the quality of air every day.

SINKO is an unmatched air conditioning expert that has solved
a variety of air conditioning issues by leveraging not only strong product capabilities
but also its abundant know-how, to address air conditioning issues that vary depending
on the use and environment of the space.

Air is an invisible factor that may be noticeable only when it becomes uncomfortable.

We focus on the quality of air and create an air quality that is comfortable
for people and things in all types of spaces with varying conditions,
in other words, we design air quality.

We will continue to provide optimal air quality as an AIR DESIGN COMPANY
that supports Japan's air conditioning infrastructure.



We have provided high-quality products in response to social demands as a company that supports social infrastructure and is a pioneer of commercial air conditioners in Japan. We will continue to provide a comfortable environment with prolific creativity going forward.

We believe that it is not surprising companies satisfy customers and employees, and that it is important to contribute to society directly through their corporate activities. We always aim to gain the trust and satisfaction of all stakeholders.

We are constantly pursuing innovation and taking on challenges without living in the past or fearing risks. We value the importance of always maintaining the youth, which makes it possible to achieve these things.

Table of Contents

About SINKO INDUSTRIES

This section introduces the business activities of the Group, which have contributed to the development of society and industry in the business domain of “creating comfortable environments” as well as its history and achievements to date.

Value Creation Story

We present our vision in the long-term vision and the message from top management, and also explain the value creation process and our strengths in order to realize this vision.

Foundation of Value Creation

This section introduces our sustainability initiatives from an ESG perspective, including efforts to reduce our environmental impact, the details of our human capital management practices, and a message from Outside Directors regarding our governance.

Corporate Information

Editorial Policy

The Group has published this Integrated Report for the first time as a communication tool to help stakeholders understand the Group’s business activities and the direction it is heading.

The report comprehensively and concisely summarizes financial information such as the long-term vision and the Medium-term Management Plan for its realization in addition to business activities and management strategies, as well as non-financial information such as sustainability initiatives.

Going forward, we will strive to promote dialogue with stakeholders and to enhance corporate value through enhanced information disclosure, including this report.

Scope: SINKO INDUSTRIES Group on a consolidated basis (including some non-consolidated figures)
Period covered: Fiscal year ended March 31, 2024 (April 2023 to March 2024)

Notes on Forward-looking Statements

The content in this report that are not historical facts are forward-looking statements and future projections based on plans. These future projections include factors subject to risks and uncertainties, and actual results and achievements may differ from the outlook presented.

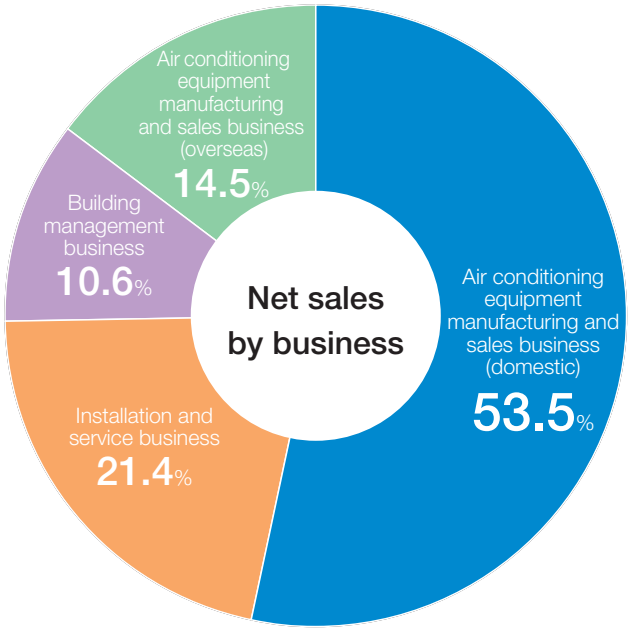
Referenced Guidelines

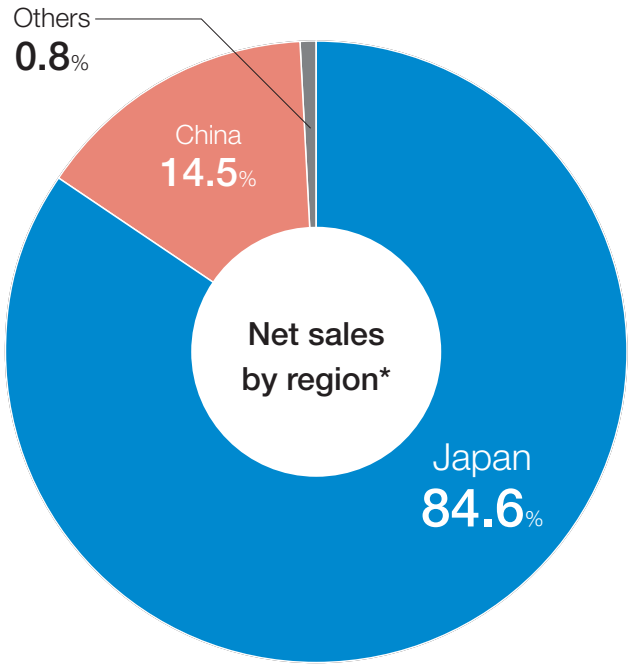
The International <IR> Framework; IFRS Foundation
Guidance for Collaborative Value Creation 2.0; Ministry of Economy, Trade and Industry

At a Glance

With “prolific creativity and quality to be proud” as our Management Philosophy, the Group is dedicated to universally providing reliability and satisfaction to all stakeholders through its manufacturing and sale and installation and service businesses of air conditioning equipment, and building management business. Guided by our long-term vision of “By Air, to the Future,” we will continue to take on the challenge of creating new value to realize a sustainable society.

Sales Composition (Consolidated: 51.9 billion yen for the fiscal year ended March 31, 2024)





* Based on the customer's location.

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

Installation and service business

- SINKO ATMOS CO., LTD.

Building management business

- CHIYODA BLDG. KANZAI CO., LTD.

SINKO INDUSTRIES by the Numbers

Financial

Net sales
51.9 billion yen
(YoY) UP 15.9% ↗

Operating profit
8.6 billion yen
(YoY) UP 43.8% ↗

ROE
11.3 %
(YoY) UP 2.8pt ↗

PBR
1.6 times
(YoY) UP 0.8 times ↗

Basic earnings per share
265 yen
(YoY) UP 48.9% ↗

Payout ratio
39.6 %
(YoY) UP 7.7pt ↗

Business

Established
1950

Share of air conditioners in the Japanese market
No.1

Non-financial

Number of employees on consolidated basis
1,616

CO_2 emissions (non-consolidated basis)
69% reduction*
*Against FY2019; covers Scope1 and Scope2

Number of intellectual property rights held (non-consolidated)
217

Suppliers (non-consolidated)
319

Showroom

SINKO A/R DES/GN STUD/O

SINKO AIR DESIGN STUDIO is a sensory experience-based showroom established from our aspiration to communicate the appeal and the latest technology of air conditioning to as many people as possible. With the concept of “SWITCH!” we use various methods to visualize the mechanisms and appeal of air conditioning that are usually unseen, and also make it possible to experience differences in air quality. The showroom is visited by not only those in the construction industry, but also investors, students, and many other visitors.




Business of the SINKO Group

Contributing to improving the value of buildings and solving social issues as a leading manufacturer of central air conditioning equipment

The Group continues to lead the industry as a leading manufacturer of central air conditioning equipment. Leveraging the strengths of our track record and know-how accumulated over many years and with the air conditioning equipment manufacturing and sales as our core businesses, we are expanding our business into the air conditioning installation and service businesses that contribute to the value enhancement and stable operation of buildings, and various building-related businesses including the building management business.

The Group is also actively working to solve social issues and aims to contribute to a sustainable society and enhance corporate value through technological innovation and expansion of services.


Air conditioners (AHU)


Fan coil units


All-in-one heat pump air conditioner unit Ocoogeo®


Cooling towers (hybrid type)

Green AHU®

Conceptual study model for a new air conditioner

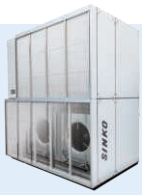
SINKO DIRECT®

Customer operations support tool

Air conditioning equipment manufacturing and sales business

We are constantly attentive to social issues and respond with an integrated system that is closely aligned with the field, encompassing areas from research and development to design, manufacturing, sales, and service and maintenance systems.

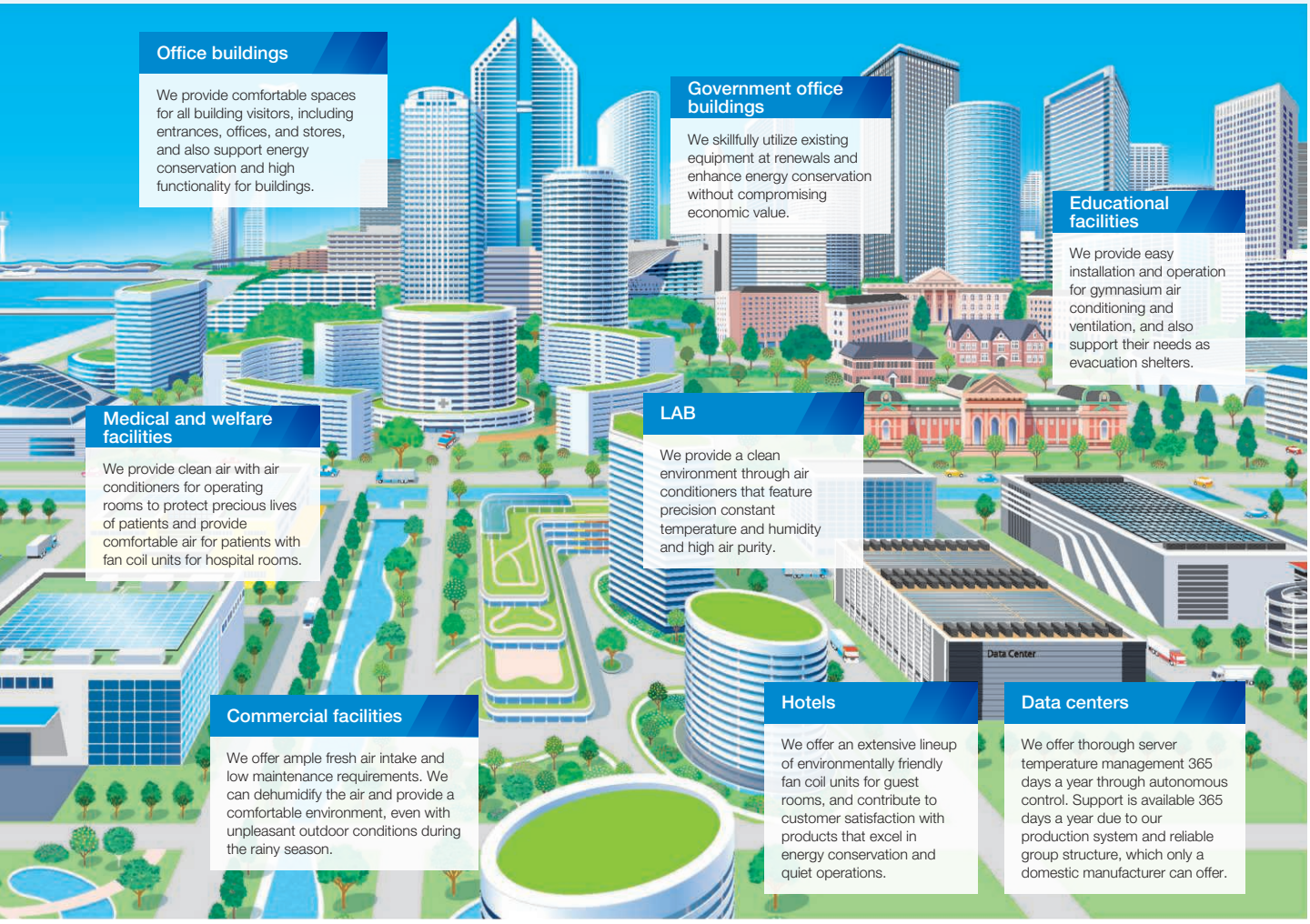
In order to provide the optimal building environment for customers as a social infrastructure company through the technologies and services we have developed to date, we design air conditioners according to building uses, ranging from general air conditioning for commercial buildings, hospitals, and office buildings to industrial air conditioning for data centers, LABs, and factories for semiconductor-related equipment and pharmaceuticals. Through advanced technological capabilities and flexible adaptability, we design the appropriate air quality for any building, according to the specific environment.



Data center air conditioner model DE-W

Thoroughly managing the temperatures in server rooms through built-in automatic control!

A built-in automatic control function makes it possible for the temperature to be maintained at a constant level by the air conditioner itself. In addition, features such as switching devices from the main power supply to emergency power make continued operation possible even in emergencies.



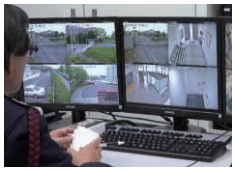

V-belt tension measurement


Air conditioner control panel inspection


Bearing vibration measurement


Equipment function maintenance


Building cleaning


Security and guarding

Installation and service business

In the installation and service business, our air conditioning professionals provide comprehensive support for existing central air conditioning equipment from all aspects, and offer optimal proposals to customers, including deterioration diagnosis, maintenance contracts, improvement work, and renewal work. Our strength is our ability to respond as a team to handle even air conditioning equipment that manufacturers have discontinued service for, by leveraging our accumulated knowledge, experience, and creativity.

Building management business

In the building management business, we provide services including routine management, maintenance, cleaning, and security management to owners and operators of building facilities. Our expert staff leverages their abundant experience and skills with sincerity and swift responsiveness to maintain the asset value of buildings and facilities, and provide a comfortable environment for users and residents.

Achievements of the SINKO Group

In addition to our outstanding technical capabilities and flexible adaptability, the strength of the SINKO Group is its track record of delivering air conditioning equipment to numerous well-known buildings and facilities both in Japan and overseas since its establishment in 1950.

Japan

Azabudai Hills

A community where people can live in harmony with nature as a healthy human being.

Supercomputer Fugaku (RIKEN)

Contributing to Japan's growth through solving social and scientific issues.

Japan National Stadium

A stadium where various national and international sporting events are held.

Central Japan International Airport Centrair

An air gateway to the Chubu area.

Osaka Station area

The bustling gateway to Osaka that is crowded with many people.

Abeno Harukas

A skyscraper consisting of department stores, art museums, offices, hotels, and an observation deck.

China

Shanghai Tower

The Capital Museum

InterContinental Hotel

Shanghai Pudong International Airport

Nagasaki-shi new office

A new municipal building consolidating nine municipal offices that were dispersed throughout the city into one building.

Hotel Nikko Alivia / Yomitan Resort Okinawa

A superior resort hotel that emphasizes a sense of privacy.

Iwate Medical University Hospital

A medical center in the north Tohoku region of Japan that provides comprehensive medical hospitality.

COCONO SUSUKINO

A commercial complex with approximately 80 stores located at the entrance to Sapporo's Susukino area.

JAXA H3 rocket launch pad

SINKO INDUSTRIES expands into the space industry

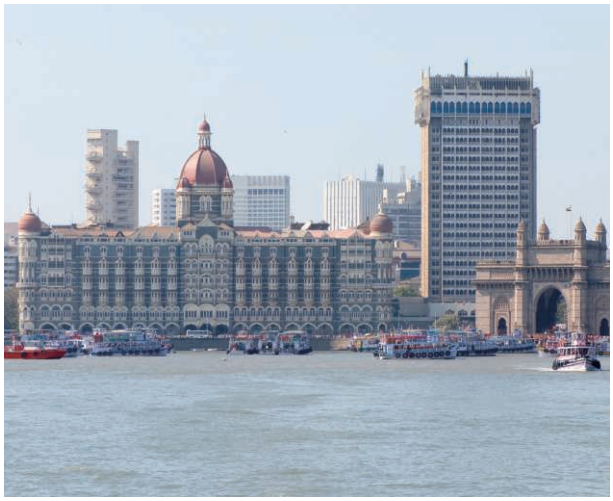
The H3 rocket is a next-generation large core rocket. It is being developed as a successor to the H-IIA rocket which is currently in operation, so that Japan is able to maintain a means of space transportation.

Our air conditioners are actually involved with the H3 rocket. They deliver dry air to the satellite in the fairing.

The fairing is located at the tip of the rocket, and plays a role in protecting the satellite and other payloads from loud noises and vibrations during launch, as well as from the frictional heat generated during flight through the atmosphere. In this manner, our air conditioners have expanded their range of activity beyond Earth and into space.

Overseas

Dubai

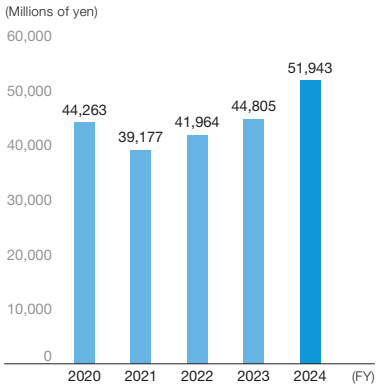


India

Financial Highlights

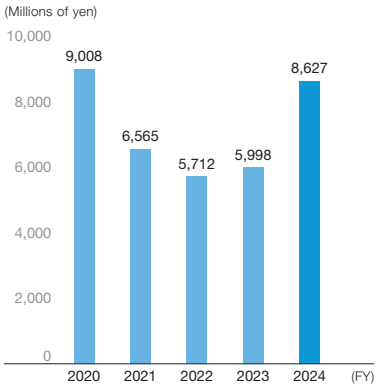
Net sales

51,943 million yen



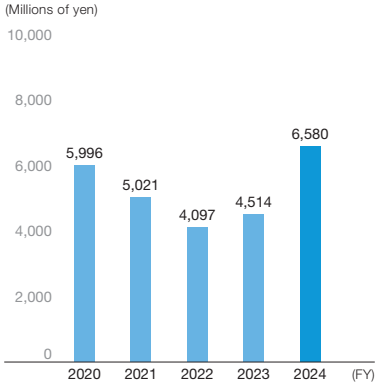
Operating profit

8,627 million yen



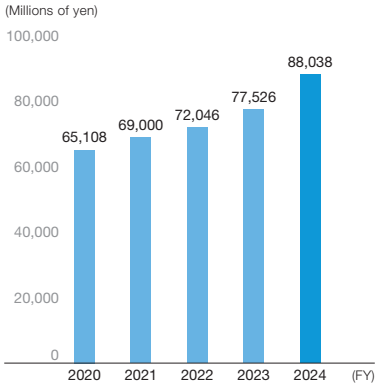
Profit attributable to owners of parent

6,580 million yen



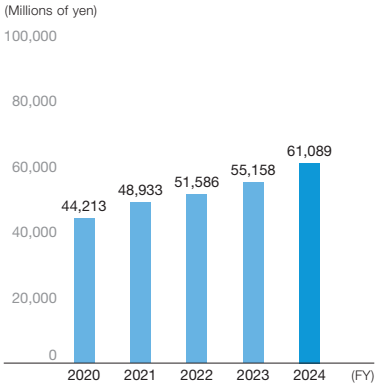
Net assets

88,038 million yen



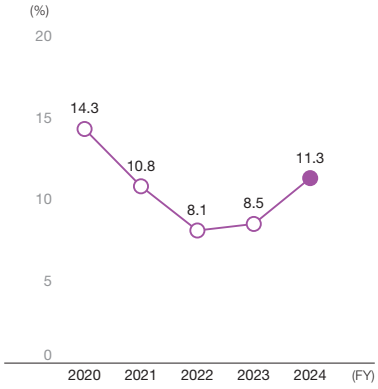
Equity

61,089 million yen



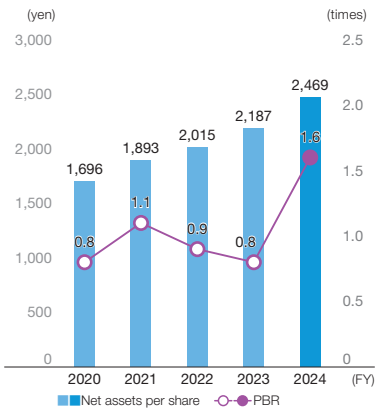
ROE

11.3%



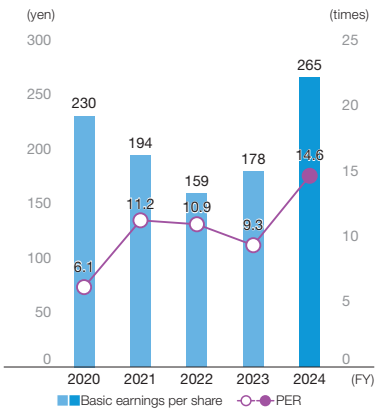
Net assets per share / PBR

2,469.30 yen **1.6** times



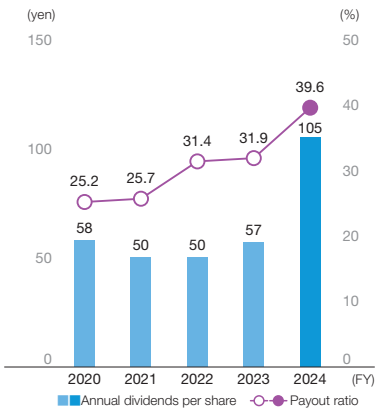
Basic earnings per share / PER

265.11 yen **14.6** times



Annual dividends per share / payout ratio

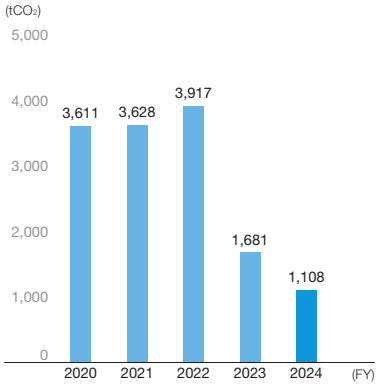
105.00 yen **39.6**%



Non-financial Highlights

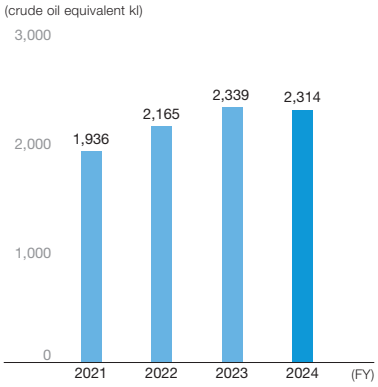
CO_2 emissions (non-consolidated basis)

1,108 tCO_2



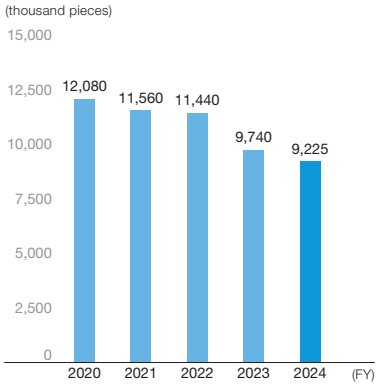
Energy consumption (non-consolidated basis)

2,314 crude oil equivalent kl



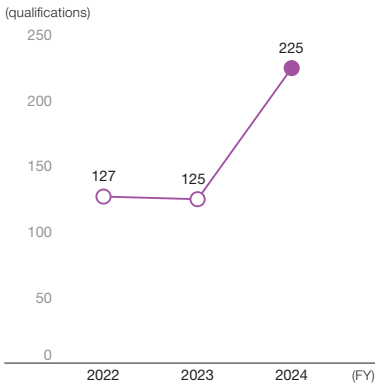
Paper consumption (non-consolidated basis)

9,225 thousand pieces



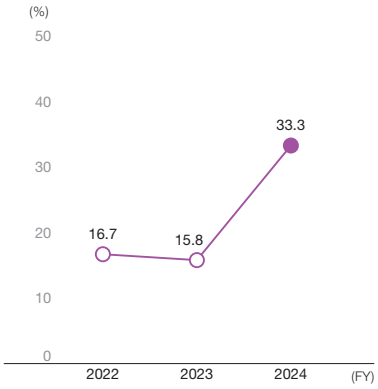
Number of qualifications obtained (non-consolidated basis)

225



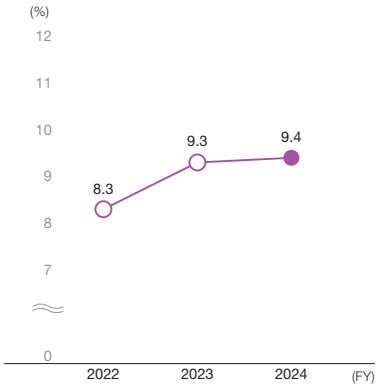
Ratio of female new graduate hires (non-consolidated basis)

33.3%



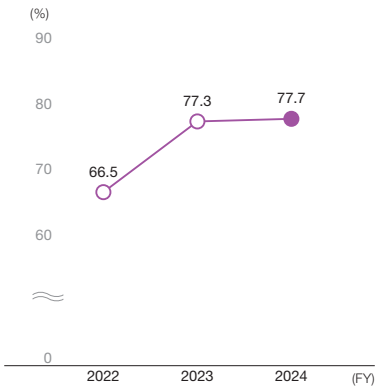
Turnover rate within 3 years (non-consolidated basis)

9.4%



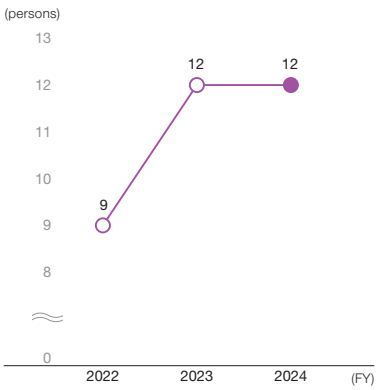
Ratio of paid leave taken (non-consolidated basis)

77.7%



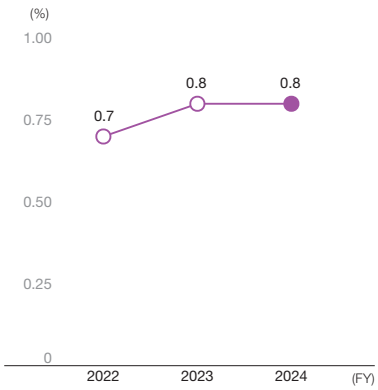
Number of employees with disabilities (non-consolidated basis)

12



Ratio of female managers (non-consolidated basis)

0.8%



History of SINKO INDUSTRIES

The Group's history began with the founding of Sinko Industries Ltd. by Noriyoshi Fujii in 1938. In 1942, Shinko Industries faced the difficulty of business suspension after only four years since its founding, due to the outbreak of the Pacific War. However, the Company re-emerged in 1950 with the establishment of SINKO INDUSTRIES LTD. With its strong development capability and flexible adaptability, SINKO INDUSTRIES supported Japan's rapid economic growth as a leading manufacturer of commercial air conditioning equipment.

Even today, with sustainability as a key concept, our core values remain unchanged. We are committed to creating optimal air and designing air quality, while working to reduce our environmental impact through decarbonization and energy conservation.

Noriyoshi Fujii
Founder

Oe Building, where the office was set up at the time of the Company's founding (Kinugasa-cho, Kita-ku, Osaka)

The Origin of SINKO INDUSTRIES

In 1937, our founder Noriyoshi Fujii toured air conditioning facilities across the U.S. for about six months. He saw great potential for air conditioning in Japan and brought back extensive information. Having decided to pursue air conditioning, Noriyoshi Fujii founded Sinko Industries Ltd. in September of the following year with his brothers-in-law who shared his vision. The company began importing and selling heating equipment.

Origin of the Company Name

In 1949, as the postwar upheaval was easing, Fujii restarted Sinko Industries' operations on his own. He still had technology and materials from his study trip to America before the war, and also relied on advice from people around him. Fujii founded SINKO INDUSTRIES LTD. in 1950 and became its CEO. For the company name, he took a Kanji character "ko" from Sanko Trading Company (present-day Sanko Air Conditioning Co., Ltd.), a company he had close ties with.

1959

KUROGANE INDUSTRIES (Neyagawa Factory) was established

Established in Neyagawa-shi, Osaka to meet growing demand. Set up manufacturing lines for large air conditioners and Climators.

Hadano Factory (around 1979)

1965

SINKO INDUSTRIES LTD. Hadano Factory was established

Against the backdrop of increased orders in the Kanto area in addition to rising demand for air conditioners, the Company established a factory in Hadano-shi, Kanagawa (present-day Kanagawa Factory of the Company) as a separate entity. Production of air conditioners began the following year.

Consolidated net sales

*The Company changed its fiscal year-end from the end of December to the end of March.

Okayama Factory

1981

SINKO INDUSTRIES Ltd. Okayama Factory was established

To update the production system, the Company established a new factory in Tsuyama-shi, Okayama as a separate entity. Production of Climators began (the present-day Okayama Factory of the Company).

Newspaper ad for listing on the second section of the Osaka Stock Exchange (The Nikkei)

1985

Listed on the second section of the Osaka Stock Exchange.

After several years of listing preparation, the Company was listed on the second section of the Osaka Stock Exchange after 35 years of its establishment. The Company was then listed on the first section of the Osaka Stock Exchange in 2012, and on the first section of the Tokyo Stock Exchange in 2013.

Shanghai SINKO Air Conditioning Equipment Co., Ltd. opening ceremony

1987

Shanghai SINKO Air Conditioning Equipment Co., Ltd. was established

In the high-potential market of China, the Company established Shanghai SINKO Air Conditioning Equipment Co., Ltd. through a joint venture with Shanghai Industrial Equipment Installation Co.

The SINKO Technical Center

2009

The SINKO Technical Center was established

The center was established by consolidating the Technical Divisions spread across Neyagawa-shi, Osaka, and Hadano-shi, Kanagawa. It was within the Kanagawa Factory as a research and development center, including a showroom.

2017

Entered into a capital and business partnership with DAIKIN INDUSTRIES, LTD.

A capital business partnership agreement was formed to jointly develop central air conditioning systems and to hold each other's shares to strengthen mutual trust.

SINKO AIR DESIGN STUDIO

2020

Established the SINKO AIR DESIGN STUDIO

Opened as a "whole building air conditioning experience showroom" where visitors can feel, notice, and learn about air conditioning throughout the entire building (Neyagawa-shi, Osaka).

2020

Built a unified manufacturing and sales system

To further enhance work efficiency and strengthen its business foundation through an integration aimed at becoming a unified manufacturing and sales organization, the Company, which mainly sold air conditioners, merged with Sinko Air Conditioning Industries Ltd. and another manufacturing company.

2022

Listed on the Prime Market of the Tokyo Stock Exchange

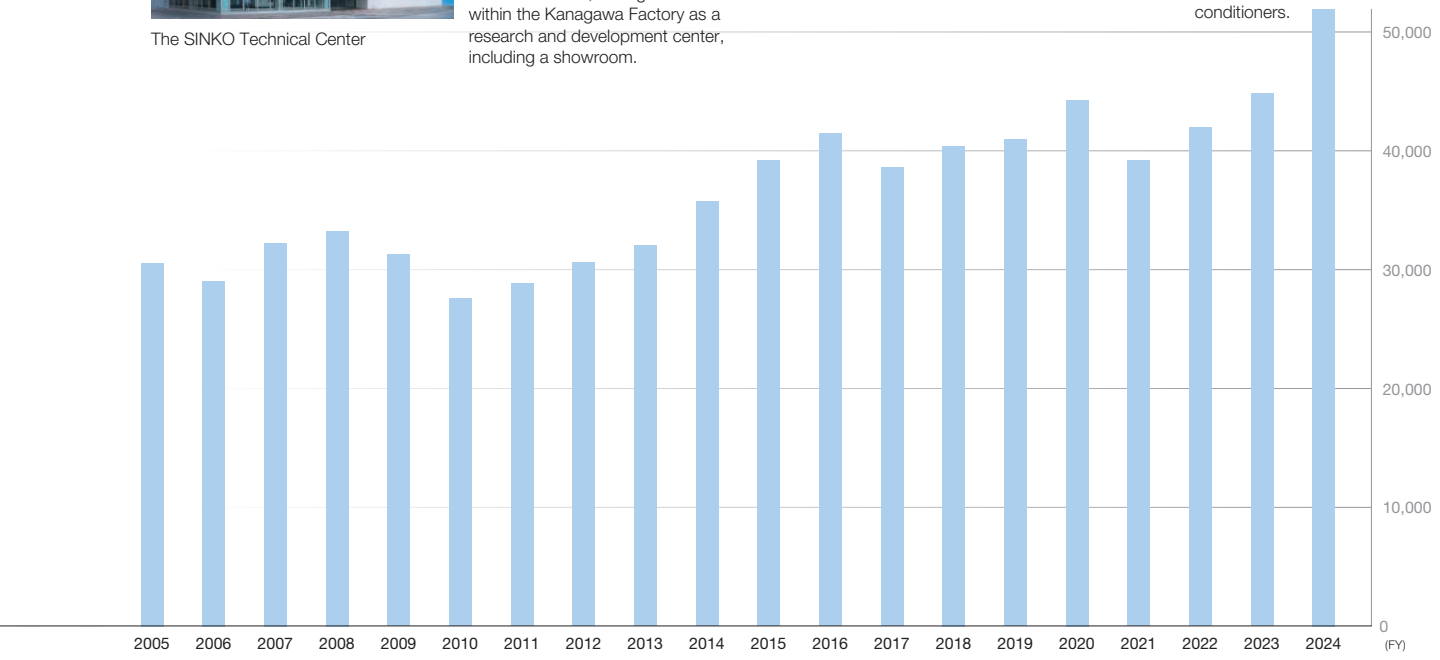
The Company transitioned to the Prime Market of the Tokyo Stock Exchange in line with the revision of the market classification of the Tokyo Stock Exchange.

Comprehensive testing building
SINKO AIR DEVELOPMENT LAB

2024

Operations started at SINKO AIR DEVELOPMENT LAB, a comprehensive testing building

In addition to the SINKO Technical Center, we aim for the LAB to enable more advanced air conditioning tests, thereby enhancing and streamlining R&D and quality control of air conditioners.



Long-term Vision

VISION 2030
By Air, to the Future

In today's fast-changing economic environment, we at the SINKO Group are aware of the importance of setting clear policies for the future and making decisions from a long-term perspective. With this in mind, we formulated our "VISION 2030: By Air, to the Future," a long-term vision that embodies our commitment to the future. This vision reflects the need for air conditioning in modern society and the opportunities it presents. Today, air conditioning has become an essential social infrastructure in our daily lives, and we see providing optimal air as our social duty. Looking ahead to 2030, our vision centers on adapting to the demands of the times and societal changes, creating a comfortable and prosperous future environment, and contributing to the realization of a sustainable society.

Since its founding in 1938, the Company has met the needs of each era through the development and provision of air conditioning technology and contributed to solving social issues as a pioneer in commercial air conditioning in Japan. To carry our pioneering spirit into the future, we will make sustainability the core of our management strategy in our efforts to pursue "VISION 2030." As a company that engages in the social infrastructure business, we aim to balance contributing to society with pursuing profits.

Our Three Visions

Air 01 Infrastructure

Air × Infrastructure to realize a sustainable society

In today's society, air conditioning has become essential in providing health and comfort in people's daily lives. At the same time, as environmental issues such as global warming and climate change worsen, efforts to achieve carbon neutrality are being called for worldwide.

As a social infrastructure company that solves social issues through air conditioning, we are researching and developing environmental technologies to reduce greenhouse gas emissions during both production and use with the aim of balancing comfort with care for the global environment. Through these efforts, we are promoting the achievement of carbon neutrality and contributing to the creation of a sustainable society.

Air 02 Digital

Air × Digital to contribute to the future environment

We promote business management efficiently and effectively based on the SSA (SINKO Scalable Architecture), which is central to our DX strategy. Through this effort, we will speed up our product development process and automate simple tasks. This will enable us to address the labor shortage caused by declining birthrates and the aging population.

In addition, we will promote a shift to new work styles through SSA and improve the quality of our work environment, with the aim of achieving a work-life balance for all employees. We aim to make the future lives of our employees and all people richer and healthier.

Air 03 Challenge

Air × Challenge to create excitement

To embody our management philosophy of "prolific creativity and quality to be proud," we value the spirit of taking on challenges. We strive to create a workplace where everyone can drive innovations and continue to take on challenges without fear of risks.

We aim to be a company that excites and inspires not just its employees, but all its stakeholders. Through innovative efforts and active challenges, we will build a corporate culture that all stakeholders find impressive and that all those involved can be proud of.

Sustainability

Our Management Philosophy is “prolific creativity and quality to be proud.” To realize this, the Group has engaged in every effort to universally provide reliability and satisfaction to our customers, society, and employees. In other words, this aligns perfectly with the current global trends toward ESG and SDGs and their targets. Our long-term vision “By Air, to the Future,” is a verbal expression of the role we aim to play. Amid a rapidly changing business environment, we have renewed our awareness of the relationship between our long-term vision and the ESG and SDGs, and defined how we can uniquely achieve social and Group corporate sustainability.

Initiatives on ESG and SDGs

The Group believes that management that incorporates ESG and SDGs is key to the sustainable growth of a company. By placing sustainability at the heart of our business, the Group tackles social issues through our business that only we are uniquely positioned to solve. Working toward our long-term vision, “By Air, to the Future,” we aim to enhance the Group’s corporate value and help achieve a sustainable society.

Environment

We recognize responding to climate change by promoting decarbonization as a key management issue. We are developing energy-efficient products, reducing material use, and switching to carbon-free power for business consumption. We thereby contribute to achieving a sustainable society by reducing our environmental impact through business activities and products.

■Relevant SDGs

Disclosure of climate-related information based on TCFD recommendations

In 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are identifying risks and opportunities and verifying the resilience of our strategies through scenario analysis. See page 49 and our website for more details.

Social

Building good relationships with society and promoting its healthy development are key to the ongoing growth of the Group’s business. As such, we actively provide experiences and learning opportunities for younger generations who will lead the future, engage in activities to contribute to the community, and make donations. We are also working to create an environment where a diverse group of employees, who play a central role in realizing our long-term vision, can thrive.

■Relevant SDGs

Governance

To achieve our long-term vision and meet our social duties, we recognize the need to maintain soundness and transparency of management, while promptly establishing our business structure. We constantly work on strengthening corporate governance, fully upholding compliance, and boosting both risk management and information security.

■Relevant SDGs

Message from Top Management

Transitioning to a new business model to realize our vision of “By Air, to the Future”

As a leading company in the field of air conditioners in Japan, the Group is currently promoting sustainable management to work toward the realization of our long-term vision “VISION 2030,” as we implement our Medium-term Management Plan “move.2027.” Led by the slogan “A/R DES/GN COMPANY,” we are actively advancing initiatives such as decarbonization efforts, creating comfortable working environments, and implementing digitalization, thereby taking on the challenges of turning the conventional wisdom of our industry on its head.

Evolving our sales and production systems Moving away from labor-intensive manufacturing

The Group was founded in 1938 by Noriyoshi Fujii, and officially established as SINKO INDUSTRIES LTD. in 1950. Leveraging our spirit of inquisitiveness, our development capability, and our flexible adaptability, we have supported Japan’s economic growth as a leading air conditioner company. The Group, centered on SINKO INDUSTRIES, engages in business domains related to creating comfortable environments. We provide optimal air quality while working to help realize decarbonization and energy conservation, focusing on the creation of a sustainable global environment. Furthermore, we also engage in social infrastructure business, supplying diverse products to office buildings, infrastructure facilities, factories, and other buildings, both in Japan and abroad.

The Group’s Management Philosophy is “prolific creativity and quality to be proud,” and we universally provide reliability and satisfaction to our customers, society, and employees. In line with this Management Philosophy, we have made a major change of course in our management, evolving from a labor-intensive manufacturing approach to a new business model to achieve sustained growth amid environmental issues and social changes such as the shrinking of Japan’s working population. One of our main objectives is to switch from our conventional approach of satisfying our social

responsibilities by supplying products based on the needs of the times to a new system in which the very business of the Group takes the lead in solving social issues.

For example, we design and manufacture air conditioners tailored to individual buildings. Even within buildings, the specifications required of these air conditioners vary by floor, orientation, and usage purposes of the room. As such, we must conduct meetings regarding each unit and design and manufacture each one separately. This complex process of our operations has been one factor inhibiting our DX. Furthermore, the production volume and the timing of shipments were also affected by the construction status of the sites our products were to be delivered to. This made systematic production difficult, and we have struggled with moving away from our labor-intensive manufacturing approach.

Since being appointed President, I have worked to promote both the enhancement of our production system through DX and the review of our portfolio, and the employment of a growth strategy based on value chain initiatives, so that our approach of creating unique custom units does not hamper our future growth. To further this implementation, we have formulated a new Medium-term Management Plan, “move.2027.” This plan clearly sets forth how we will implement these activities within our business strategies, financial strategies, and non-financial strategies.

Solving various challenges with DX Establishing an innovative production method for air conditioners

In 2020, the Group launched the SIMA (SINKO Innovative Manufacturing of AHU) Project, by establishing a pioneering new operation system in the industry, with the aim of using DX to address the issues shared by air conditioner manufacturers. Our aim is to aggregate the data that is spread across multiple divisions, digitalizing our advanced know-how to establish a system for improving the efficiency of operation processes and enhancing productivity. We will utilize technologies such as AI, 3DCAD, industrial robots, and automatic guided vehicles (AGVs) to increase the efficiency of all processes from sales on-site meetings to upstream manufacturing processes such as design and estimation, manufacturing, and after-sales service. By standardizing parts and introducing a line production system, we aim to transition to a system that offers greater efficiency even for manufacturing requiring customized handling.

The SIMA Project is composed of four phases: design, manufacturing, sales, and after-sales service. During the design phase, we create data for even the most detailed requirement specifications, and in our production processes, we reflect individual assembly loads in production plans. By doing so, we will make it possible to level out peak production periods and optimally allocate personnel. Furthermore, on the sales front, it will also enable us to adjust delivery schedules to match customer desires based on the latest arrangement conditions. Furthermore, by accumulating such information, we will be able to create diverse value both inside and outside the Company, such as deploying digital marketing and providing new maintenance services. In particular, sales plays the most important role, as sales personnel are responsible for interfacing with customers. As such, we have established a new Sales Management Division and introduced a Promising Human Resource Ideals Project with the aim of improving sales skills which enable sales personnel to effectively utilize DX.

In 2023, the SIMA Project combined its functions with digital analysis technologies and evolved into SSA (SINKO Scalable Architecture), which achieves a new product development and production system. Digital analysis makes it possible to perform various simulations. For example, we can simulate the flow of cold or warm air, the amount of floor vibration caused when a blower is operated, or the amount of swaying of the structure caused by an earthquake. This enables a higher level of proposals and risk analysis. Currently, we are embarking on the implementation phase of our 3DCAD systems in stages. Ultimately, our aim is to digitalize our conventional design information, manufacturing instructions, know-how required for customization, and other processes, and integrate all operations, from initial meetings to production, thereby creating a revolutionary air conditioner production system.

The evolution of SIMA into SSA has created all kinds of innovations, such as our AI-based production reservation system, SINKO Direct®, in which users can search for drawings in our product database, and SINKO KAZASHITE MAINTENANCE®, which makes it possible to access maintenance information using 2D barcodes on products themselves.

We plan to complete our construction of these systems through DX by 2029. To ensure a steady supply of system engineers, we plan to open the SINKO System Development Center Nagasaki Base in April 2026. This internal system development site will be located in Nagasaki-shi, Nagasaki, near numerous technical universities. In the five years after we open the site, we plan to hire 17 system engineers.

“Acceleration Stage” to evolve value chain Reinforcing our sales measures in five core domains

The Medium-term Management Plan “move.2027” is positioned as a stage of acceleration in which we will update the value chain of all Group companies. We have divided the air conditioner market into five core domains: (1) Large buildings air conditioning, (2) Industrial air conditioning, (3) Data centers, (4) Replacements, and (5) Split AC systems. We are advancing sales strategies tailored to the targets in each of these core domains. Each domain has its own distinctive market characteristics and technical requirements, and we will continue to enhance our approach of leveraging the know-how we have accumulated to date.

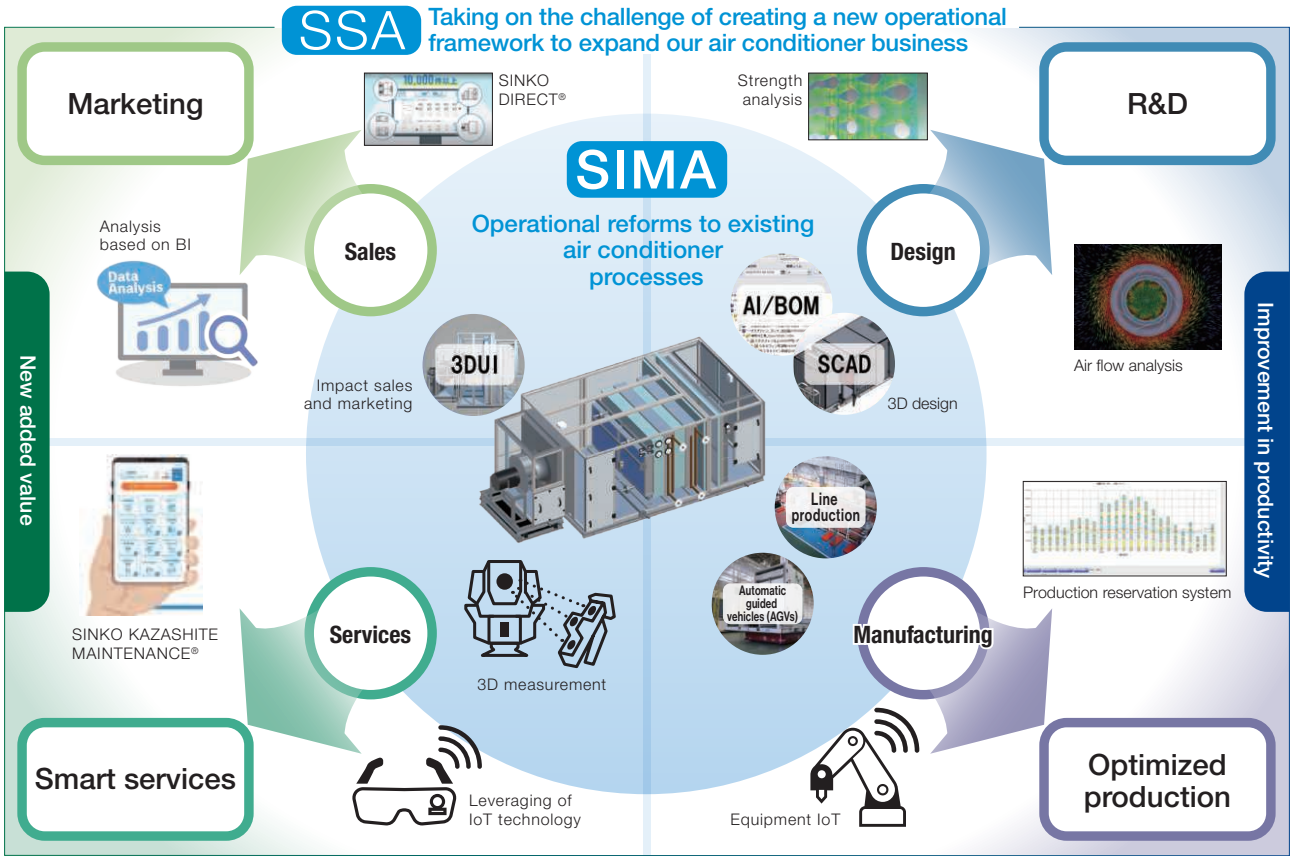
Within the domestic market, we are seeing movements of bringing manufacturing sites back to Japan in various industries. Investment in industrial air conditioning and data centers is seeing particularly high levels of growth. The Group is also responding to this trend by reinforcing our sales measures related to industrial air conditioning and data centers, and expanding our air conditioning installation work.

As a result of these efforts, both net sales and operating profit have grown significantly, and we achieved the targets of our previous Medium-term Management Plan one year ahead of schedule. Large cooling towers from Group company BAC JAPAN CO., LTD. have seen particular success due to data center demand. Large cooling towers are becoming the mainstream method to cool servers which are reaching higher temperatures due to the use of higher performance chips and other technology. BAC Japan has revised upward its sales target for the fiscal year ending March 31, 2027, and is expanding its human capital and preparing its exhibition and training facilities. Our policy is to achieve further growth in this domain, while satisfying climbing demand by exhibiting actual products at SINKO AIR DESIGN STUDIO, an air conditioning experience showroom in Neyagawa-shi, Osaka, and utilizing the diverse environments in the Comprehensive Testing Building on the grounds of the Kanagawa Factory to perform performance testing.

Aiming to sustainably enhance our corporate value by creating an environment that fosters success and growth

We have also taken into consideration the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” announced by the Tokyo Stock Exchange in formulating a management policy and management indicators aimed at sustainably enhancing our corporate value. To respond to the reshoring of the manufacturing

industry to Japan and the increasing of site scales, we must increase equipment sizes and apply our ingenuity and ideas to sales expansion, manufacturing man-hours, and logistics. Furthermore, to place the Group on a growth trajectory, we need to invest in work environment improvements, DX, human resources, product performance improvements, automation sectional meetings, factory expansion, and more. We must take due time in addressing these issues on an ongoing basis. To this end, in November 2023, we formulated our long-term vision “VISION 2030.” Led by our slogan of “By Air, to the Future,” we have defined our future vision as “Air × Infrastructure to realize a sustainable society,” “Air × Digital to contribute to the future environment,” and “Air × Challenge to create excitement.”



In the new Medium-term Management Plan currently underway, we have set the financial strategic targets of ROE of 10% or more and PBR of 1x or more. Under these targets, we plan to promote management that is conscious of capital costs and return on capital as we put the Group on a growth trajectory. As for our non-financial strategy, we will focus our efforts on developing executive talent that will take on challenges in new markets, and executive talent that will identify changes in our business environment, such as climate change and digitalization, and leverage their expert knowledge to continuously take on challenges. We aim to become a Group in which all of our Group company employees generate new ideas and wisdom with active mindsets, build up a wealth of successful experiences, and work excitedly to achieve the growth of both themselves and the Group.

It is said that “before a company makes products, it has to make people.” My main focus is on developing talent who can respond to the changing times and lead our company into the future. For example, we have prepared a wide range of curricula for a diverse pool of talent, which encompass everything from hands-on human resource development in which mid-career and junior employees are sent to observe Western sites and absorb diverse knowledge, to learning-based human resource development such as sending management personnel to study in management schools and providing foreign national employees with opportunities to study Japanese.

At the same time, we are also focusing our efforts to create workplace environments in which diverse human resources can thrive. Our management team engages in initiatives to put the ideas from junior employees into actual practice by visiting sites across Japan to hold a round table. We also established a Diversity Promotion Committee to create more comfortable workplaces for all. We will firmly establish these measures over the next two years and promote human capital management by enhancing employee engagement, improving workstyles, and fostering a greater understanding of diversity.

To design air that meets customer requirements

I joined the Company in 1984, and I primarily built up my experience in sales at sites across Japan. Our sales personnel were required to engage in individualized, detailed discussions about each air conditioner unit, and needed to be thoroughly knowledgeable about designs and manufacturing. This was one of the factors that made the Group’s operations so complicated. The speed of processes, specifications, and risks differ between industrial air conditioners and building air conditioners. Developing the sales abilities to handle diverse clients has required, on average, seven years of actual work experience. The speed with which employees gain these work skills also varies from person to person. It is not like if you simply have enough seniority, you will be able to do the job. This was what made me recognize the need to create a sales database. From this human resource development perspective, we promoted the utilization of BI tools that are easy for anyone to use. As a result, we have dramatically improved the accuracy of our management figures. Based on this experience, I felt that it was important to evolve our systems so that our diverse employees can thrive.

I believe the Group’s DX initiatives are also a means to create a system in which all employees can contribute to customers and society while experiencing success and growth amid the shrinking working population. The core value we are capable of providing is “to design air.” The required qualities of air differ depending on how the space will be used; they vary based on the people who work or shop in buildings and facilities, the cultural artifacts that are stored there, the products that are warehoused there, the servers that generate heat, and more. The essence of our business is to be mindful of their individual respective needs, and provide optimal air quality for each of them.

It is also important to take the same approach to dealing with the global environment such as climate change. Our air conditioners use cold water, a natural refrigerant, instead of chlorofluorocarbon gases which have a high global warming potential. With heat pump air conditioners that use chlorofluorocarbon gases, we are transitioning to the use of refrigerants with low global warming potential. We recognize that it is our vital mission to pursue ongoing improvement of the environmental performance of facilities and buildings. The Group pursues greater energy conservation in order to achieve carbon neutrality. Our air conditioning equipment makes significant contributions to reductions in power usage compared to past SINKO equipment. For example, our newest fans have a maximum static pressure efficiency of roughly 14% higher than previous models, and the heat-exchange efficiency of our heat exchangers is roughly 15% higher. Furthermore, in our manufacturing processes, we are promoting sustainability initiatives such as reducing the amount of welding that is performed and using recycled materials.

I believe that the products we develop going forward through SSA using this concept will further improve the performance, product strengths, and already high quality we offer as an industry leader. Through them, we are certain to demonstrate a major presence in our society of healthy competition. Going forward, we will continue to implement various measures to achieve sustainable growth and contribute to society. We will continue to strive to create a better future while always valuing the relationships we have with our customers and stakeholders.

Message from the Chief Financial Officer

We will implement a financial strategy that puts us on a trajectory of new growth while taking into consideration capital costs and return on capital.

Tokuji Aota
Representative Director and Executive Vice President, Chief Financial Officer

Significantly enhancing shareholder returns and making bold review of liabilities and capital

Under our previous Medium-term Management Plan, move.2025, we achieved our net sales target of 52.0 billion yen and our operating profit target of 7.5 billion yen one year ahead of schedule. In November 2023, we announced our new Medium-term Management Plan, move.2027. The construction industry has seen a rise in demand as manufacturing sites return to Japan as a result of the COVID-19 pandemic, the Russian invasion of Ukraine, the depreciation of the yen, and other factors, along with a boom in data center construction. Customers have been understanding of the shifting of costs to sales prices resulting from the soaring price of materials since the pandemic began, and in May 2024, we revised targets for the fiscal year ending March31, 2027, the final year of the current Medium-term Management Plan. We raised the consolidated net sales target by 4.0 billion yen to 60.0 billion yen, and the operating profit target by 1.4 billion yen to 10.0 billion yen.

Another reason that we announced our current Medium-term Management Plan a year ahead of schedule is to comply with the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” announced by the Tokyo Stock Exchange in March 2023. We had been positioning operating profit, which is easy for all employees to understand, as our central management target, and we had not placed capital costs, PBR, or ROE at the forefront of our policies. Our PBR was less than 1x. Under the current Medium-term Management Plan, we have shifted our financial strategy from focusing on consolidated operating profit to achieving an ROE of 10% or more and a PBR of 1x or more. Aiming for these targets, we will promote management that is conscious of capital costs and return on capital as we implement the plan to place the Group on a new growth trajectory. At the same time, we will place greater importance on dialogue with the market.

We are significantly expanding shareholder returns and making dramatic changes to liabilities and capital. Our payout ratio target is 50%, and we plan to maintain a DOE of at least 3.5%. To achieve a PBR of 1x or higher, we will improve ROE and reduce the cost of equity. To improve our ROE, we will sustainably increase our profit while making dramatic changes to our capital. Over the course of roughly five years, we will acquire on the order of 10.0 billion yen in share repurchases. We plan to procure the funds used for these share repurchases through corporate bonds or borrowings.

Furthermore, foreign investors account for a greater share of our investors every year. Currently, the foreign investor composition ratio is over 25%. Our Group engages in B-to-B business, and we occupy niche domains in Japan, which makes our business particularly challenging for foreign investors to understand. We are therefore disclosing materials such as our Medium-term Management Plan in English to promote a greater understanding of the Group’s businesses. Furthermore, we create opportunities for dialogue by inviting investors to tour facilities such as the SINKO AIR DESIGN STUDIO, our air conditioning experience showroom, and the

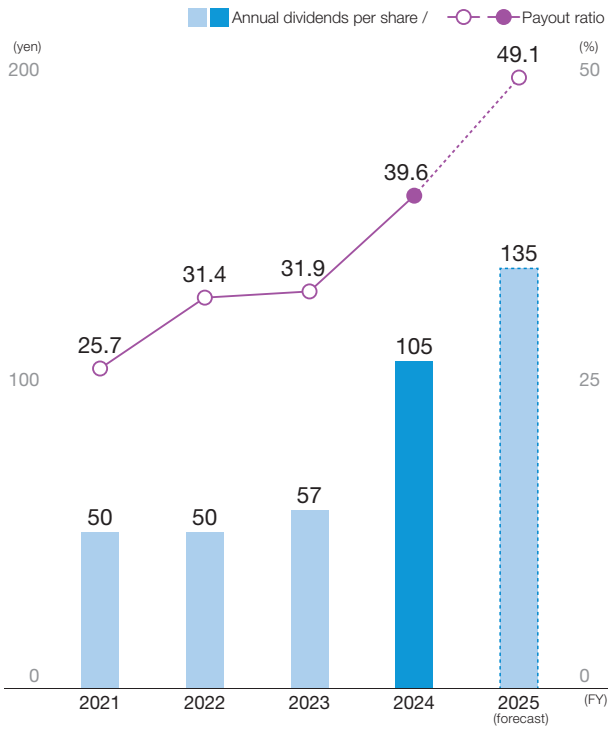
Comprehensive Testing Building on the grounds of our Kanagawa Factory. We plan to carry out various initiatives to foster a better understanding by our shareholders and institutional investors.

Expanding revenue in growth domains through active strategic investments

To move away from our current labor-intensive manufacturing approach, the Group is implementing various reforms, such as applying DX to operations and creating more comfortable working environments. To accomplish this, we are actively investing in systems and facilities. Corporate value is supported by achieving sustainable growth. Our business environment is benefiting from factors that are driving business, such as regular replacements that are creating steady demand. Ever since the Company was founded, we have been leading the industry as Japan's leading manufacturer in the field of commercial air conditioners. One of our main strengths has been our ability to flexibly adapt to customer demands in a highly meticulous manner through our make-to-order production of each individual product. However, amid the shrinking of Japan's working population, there is a significant concern about the future if we maintain this same system. As such, in 2020, we merged with our manufacturing division, which was at the time a wholly-owned subsidiary, and we are addressing various issues through measures such as introducing DX in the manufacturing field and restructuring sales.

We expect to see demand continue to grow in each of our five priority targets of large buildings air conditioning, industrial air conditioning, data centers, replacements, and split AC systems, where our Group dedicates its efforts. During this period of ongoing market growth, it is necessary for us to make various improvements so that we can always embody our Group vision of "universally provide reliability and satisfaction to customers, society, and employees." We will improve and maintain even higher levels in all aspects of business performance, product quality, employee quality, and management quality. In other words, we will sustainably improve our corporate value. To this end, we will not only continue with our steady and continuous investment in R&D, system, and human capital, but also particularly focus our investment on growth domains during the period of our current Medium-term Management Plan. This strategic investment will lead to an increase in revenue in these growth domains. We will also promote the improvement of productivity in existing businesses and the strengthening of our production capacity. In our production frontlines, we must strive to optimize factory operations while also investing in creating more comfortable working environments in our plants. In terms of specific strategic investment amounts, over the three-year plan period we will invest 4.8 billion yen in growth domains and new businesses, and 8.7 billion yen in reinforcing the foundation of our existing business, for a combined total of 13.5 billion yen in investment. The contents of this investment will include 6.5 billion yen in expanding our production capacity, 0.9 billion yen in SIMA development, 0.8 billion yen in capital investment, and up to 1.8 billion yen in growth domain investment.

For us to aim for further corporate value enhancement, it is vital that SINKO INDUSTRIES continues to be a strong company. The Company's reputation is improved not just by our business results but also by the motivation with which our employees work, the improvements they make to our products' quality, and the resulting enhancements of our management quality. These contribute to the joy of all of our stakeholders. The initiatives we will implement under our move.2027 Medium-term Management Plan are all based on this concept. We will strive to respond to the changing times while achieving growth that contributes to the future.



(FYE 2025/3 – FYE 2029/3)

Share Repurchases

Upper limit

10.0 billion yen / 5 million shares

Site tour for shareholders and institutional investors conducted in March 2024

Value Creation Process

External Environment P. 23 ▶

Social Issues

Decarbonization to respond to climate change

Achieving both energy savings and comfort

Establishing a robust production system

Responding to labor shortages and workstyle reforms

Providing a safe and comfortable work environment

Maintenance and replacement of aging facilities

Providing evacuation facilities in the event of a disaster

Philosophy P. 01 ▶

Management Philosophy

Prolific creativity and quality to be proud

Vision

Universally provide reliability and satisfaction to customers, society, and employees

Our important values

YOUNGing
INNOVATing
CHALLENGing

INPUT P. 24 ▶

Management Capital
(FYE 2024/3)

Financial Capital

- Equity **61.0** billion yen
- Strategic investments **13.5** billion yen (move.2027 plan)

Manufacturing Capital

- Production bases
  Two domestic locations
  Two overseas locations
- Capital investment amount
  2,960 million yen

Intellectual Capital

- Number of intellectual property rights held
  217 (non-consolidated)
- R&D expenses **893** million yen

Human Capital

- Number of employees on consolidated basis **1,616**
- Training cost per employee
  24,381 yen (non-consolidated)

Social and Relational Capital

- Sites (including overseas distributors)
  30 domestic locations
  20 overseas locations
- Suppliers (including partner companies)
  319 companies (non-consolidated)

Natural Capital

Energy consumption
2,314 kl (crude oil equivalent) (non-consolidated)

Business Model

P. 41-42 ▶

Medium-term Management Plan move.2027

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 the cost of equity

ESG Materiality P. 47 ▶

E

- Responding to climate change by promoting decarbonization
- Minimizing environmental impact through resource circulation

S

- Creating a workplace where everyone can work happily

Long-term Vision
By Air, to the Future

P. 13 ▶

Research and Development

Design

DX Strategy SSA

Business Processes

P. 25-26 ▶

P. 27-34 ▶

Non-financial Strategy

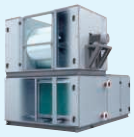
Promote non-financial strategy centered on ESG

G

- Appropriate governance and information disclosure
- Strengthening of risk management
- Ensuring compliance

OUTPUT

Air Conditioning Equipment and Systems



Air conditioners

Heat pump air conditioners

Fan coil units

Data center air conditioners

Cooling towers

Installation and Services

Building Management and Cleaning

OUTCOME

Economic Value
FYE 2027/3 Targets

Consolidated net sales	60.0 billion yen
Consolidated operating profit	10.0 billion yen
ROE	10 % or higher
Payout ratio	50 %
DOE	3.5 % (lower limit)
PBR	1 x or higher

Creation of Social Value
(Value provided to stakeholders)

Customers	Providing reliability and satisfaction through environmental performance and stable operations
Shareholders and investors	Enhancing corporate value by strengthening profit returns and reviewing capital structure
Employees	Fostering a corporate culture that embraces challenges through human resources development and respect for diversity
Suppliers	Coexistence and mutual prosperity with partners who adhere to fair trade practices
Local communities	Contributing to regional revitalization through engagement such as cleaning activities and factory tours

External Environment

Social Issues

Modern society faces a wide range of social issues. Addressing climate change and achieving a carbon-free society are urgent priorities. There is a need to achieve both energy savings and comfort in living spaces, provide advanced production environments and ensure stable operations that support advanced industries, as well as provide a safe and comfortable work environment, and maintain and replace facilities built during Japan's period of rapid economic growth. The construction industry is being forced to adapt to the workstyle reforms known as the "2024 problem," making it essential to provide products that contribute to improving on-site productivity.

Managing infectious diseases and preparing safe evacuation shelter environments in the event of a disaster have also become important social issues. These are issues that deeply affect the sustainability of our lives and society, and require immediate solutions.

With these social issues as a starting point, our Group will work toward resolving them both at the operational level and throughout our corporate activities. Based on the Sustainable Development Goals (SDGs) and the philosophy of ESG, we will aim to contribute to a better future by creating new values through the resolution of social issues.

Market Environment

With the major trend of industry returning to Japan, demand is expected to remain strong, mainly for industrial air conditioning in factories, research facilities, data centers, etc. In particular, developments in digitalization and AI technology have spurred plans by global platform giants to expand data centers. We will focus on data centers, which require high capacity and stable operation, as promising targets where our Group's strengths can be leveraged. Furthermore, with the emphasis on outside air intake, the heat pump air conditioner market is seeing remarkable growth, and there is also rising demand to replace air conditioners installed during Japan's period of rapid economic growth.

In the medium to long term, demand for cooling and heat storage is expected to grow as the use of hydrogen and renewable energy expands.

Meanwhile, while global inflation and the risks of rising resource and raw material prices remain unclear, we believe that the work style reform regulations introduced in the fiscal year ending March 31, 2025 for the construction and logistics industries will bring about certain changes in demand and the business environment in our industry. In this market environment, our Group will promote strategies that fully leverage our value chain, respond flexibly to diverse needs and market fluctuations, and aim for sustainable growth.

Capital of SINKO INDUSTRIES

Since its founding in 1938, the Sinko Group has accumulated diverse forms of capital that can be attributed to its business domain of “creating comfortable environments,” and has contributed to the development of society and industry. We will organically link our accumulated capital and use it as a source of value creation, aiming to sustainably enhance corporate value.

Management Capital (FYE 2024/3)

Financial Capital

Based on a strong financial foundation, we will direct operating cash flow and liquidity on hand primarily toward strategic investments with the aim of sustainable profit growth. We will also leverage debt to drastically revise our capital structure.

■ Equity
61.0 billion yen

■ Strategic investments
13.5 billion yen
(move.2027 plan)

Manufacturing Capital

With the largest production capacity in Japan and as the only company with multiple production bases, we will build a robust and optimized production system to appropriately respond to the diversifying needs of our customers and fluctuations in demand for air conditioners.

■ Production bases
Two domestic locations,
Two overseas locations

■ Capital investment amount
2,960 million yen

Intellectual Capital

To address social issues expected in the medium to long term, we will establish a technology infrastructure, such as digital design systems and various testing facilities, and promote research into core technologies, product development, and quality enhancement both in Japan and overseas.

■ Number of intellectual property rights held
217 (non-consolidated)

■ R&D expenses
893 million yen

Human Capital

To create an environment where our human resources, who are the source of enhancement of our corporate value and growth of the Group, can thrive, we will actively support their growth, ensure diversity, and establish systems that make it easier to work.

■ Number of employees on consolidated basis
1,616

■ Training cost per employee
24,381 yen
(non-consolidated)

Social and Relational Capital

Leveraging our network with our partner companies and suppliers, we will provide services that lead to our customers’ trust, aiming for the Group’s growth.

■ Sites
(including overseas distributors)
30 domestic locations,
20 overseas locations

■ Suppliers
(including partner companies)
319 companies
(non-consolidated)

Natural Capital

Recognizing the finite nature of Earth’s resources, we will work toward efficient energy utilization to create economic value while protecting the environment.

■ Energy consumption
2,314 kl
(crude oil equivalent)
(non-consolidated)

Business Processes

We have set up an integrated system that is closely tied to the field, starting at R&D, spanning the full range of design to order that meets our customers' needs, manufacturing, sales, and comprehensive service and maintenance.

Backed by in-depth knowledge and experience, our highly reliable business processes, unique to a top manufacturer, still continue to evolve through operational innovations including digitalization. We are reinforcing our business foundation by enhancing efficiency and quality and refining our ability to respond quickly to market trends, aiming for further increases in corporate value.

PROCESS

R&D → Design → Manufacturing → Sales → Services

Design

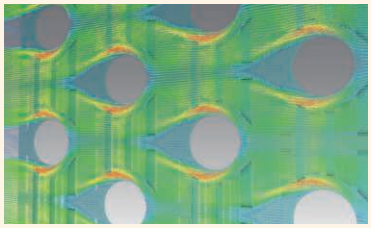
We handle everything from orders to production design, and based on our many years of experience and abundant track record, we propose the most suitable air conditioning equipment using our flexible and advanced technical capabilities to meet our customers' detailed requests and building features. At the same time, we strive to create sustainable designs with an emphasis on consideration for the environment and energy savings.

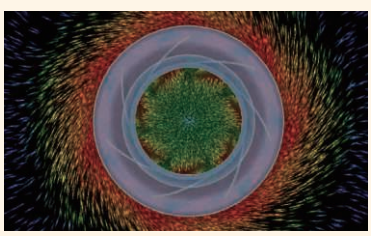
Furthermore, to keep up with the changing times, we have adopted DX using cutting-edge technologies, such as 3DCAD and AI, to realize innovative air conditioner designs. We deliver the best service to our customers by combining cutting-edge technology with our abundant track record.

Ayano Osako

Chief Engineer of Technology Control Department III, Manufacturing Division

Design





Research and development using SSA

R&D

We conduct core technology research and product development for air conditioning equipment through efficient processes based on the digital operation framework, "SSA (SINKO Scalable Architecture)," which utilizes various CAE technologies, etc., in addition to our accumulated technical know-how and skills. By working closely with our design, manufacturing, sales, and service divisions, we will respond to a wide range of needs both in Japan and overseas, and contribute to improving business development and profitability and reducing environmental impact through our technologies and products.

Kazunari Ueda

Assistant General Manager of R & D Department, Technical Center I, Technical Division

R & D

Manufacturing

Manufacturing

From the chassis to core internal components, our manufacturing division makes most of our air conditioner parts in-house. This allows us to incorporate the diverse needs of our customers into our products without compromise. Furthermore, by minimizing the amount of work-in-progress between production stages, we have managed to shorten production lead times. This enables us to reliably deliver products when our customers need them.

Takashi Kurose

General Manager of Manufacturing Control Department, Manufacturing Division

Sales

Sales

One of our key strengths is our direct sales system which enables us to build strong relationships of trust with our customers. We are thoroughly familiar with the functions, performance, and peripheral systems that our customers require, and we use our technology and services to propose optimal solutions and provide customer support.

We have earned our customers' trust through a strong delivery track record, our ability as a specialist manufacturer to design solutions tailored to specific needs, and our flexibility in adapting to various circumstances.

Another strength of our Group is our ability to provide swift, one-stop support when problems arise.

Masami Funada

Outside Sales, Osaka Branch, Sales Management Division

Services

Services

We ensure the efficiency and durability of air conditioning systems through regular inspections and preventive maintenance of air conditioning equipment delivered to sites. When issues arise, we respond swiftly, using the latest technology and our accumulated expertise to resolve them. We respond flexibly to our customers' needs, providing a safe and comfortable air-conditioned environment, while also incorporating feedback from our customers on-site to enhance the quality of our business processes.

Takashi Matsuura

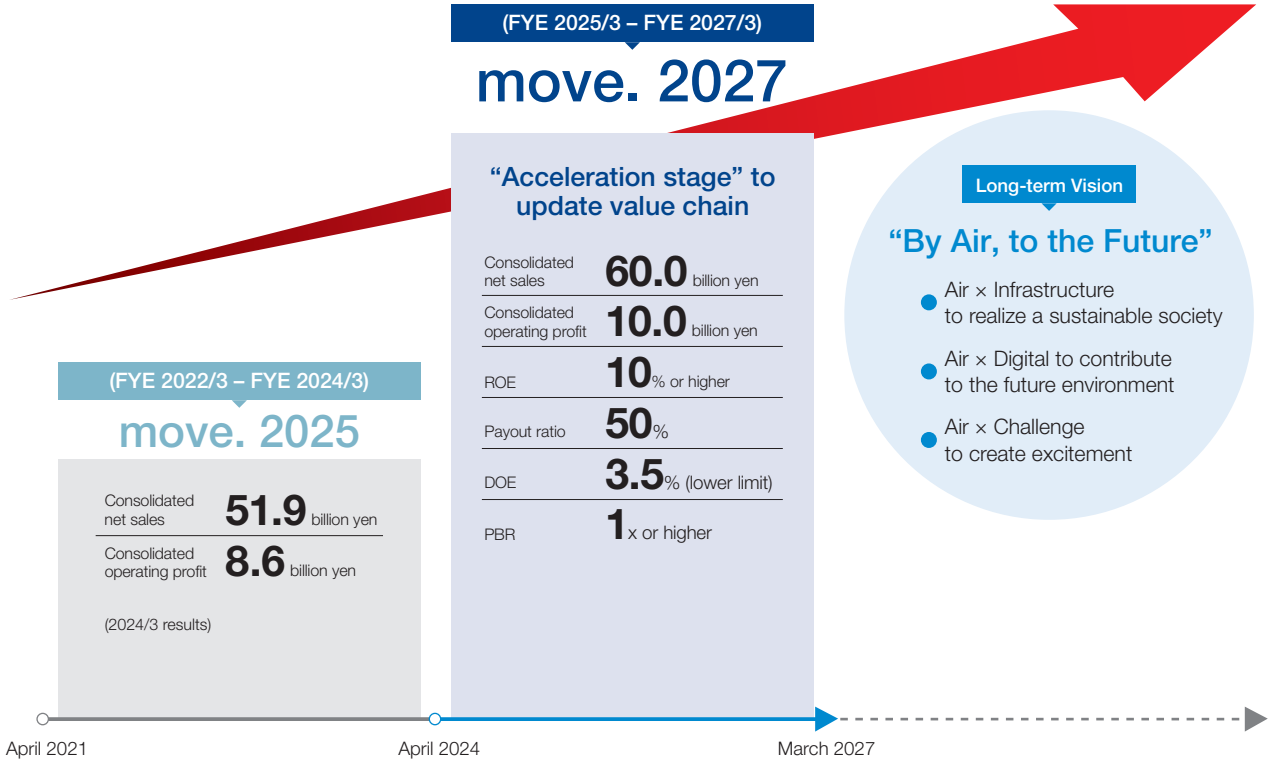
Section Manager of Sales Technology Department I, Osaka Branch, SINKO ATMOS CO., LTD.

Medium-term Management Plan “move.2027”

The Group formulated the new Medium-term Management Plan “move.2027” to achieve further growth as a corporate group capable of sustainable development in response to ESG management and SDGs, including labor shortages due to a declining birthrate and aging population and response to climate change.

In “move.2027,” based on the “Action to Implement Management That is Conscious of Cost of Capital and Stock Price” released by the TSE in March 2023, we clearly state that cost of capital management will be the core of our business operations, and that we have switched our target management indicators from consolidated operating profit to ROE, etc., and have set specific targets with an awareness of the cost of capital and return on capital, including an ROE of 10% or higher, a PBR of 1x or higher, a payout ratio of 50%, and DOE of at least 3.5%.

Furthermore, taking the current business environment into account, although the policies of “move.2027” remain unchanged, in May 2024, we revised the targets for consolidated net sales and operating profit upwards.



In Formulating the Medium-term Management Plan

The Group has largely achieved targets set out in the Medium-term Management Plan, which has the fiscal year ending March 31, 2025 as its final year, one year ahead of schedule. In this favorable business environment, in order to achieve “Management That is Conscious of Cost of Capital and Stock Price” as proposed by the TSE in March 2023, we have formulated the new Medium-term Management Plan, “move.2027,” and our first long-term Vision, “VISION 2030,” centered around “cost of capital management,” which is expected to receive more and more attention in corporate management in the future.

Since the announcement of the Plan in November 2023, it has been highly praised by shareholders and investors, and the PBR has significantly exceeded the target of 1.0x. From the current fiscal year, we will move into the implementation phase of the new Medium-term Plan, “move.2027.” By linking the values of each Group company, we aim for the further growth of the Group through the creation of new added value and possibilities.


Tomoaki Fujii
Director and Senior Executive Officer, General Manager of Corporate Planning Division

Vision of “move.2027”

Under “move.2027,” we are entering an “acceleration stage” in which we will update our value chain to reflect the business foundation that we have been developing under our previous Medium-term Management Plan, “move.2025.” Based on our long-term vision of “By Air, to the Future,” we will aim to improve our corporate value and achieve sustainable growth by “continuing to lead the industry with the best-performing air conditioners,” “achieving capital cost management to enhance corporate value,” and “further promoting and deepening ESG initiatives.”

The main points of these initiatives are as follows.

Quantitative Targets

Consolidated net sales **60.0** billion yen

Operating profit **10.0** billion yen

Qualitative Targets

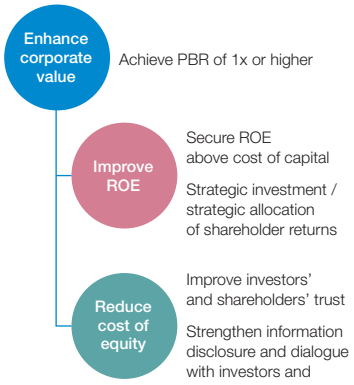
- Continue to lead the industry with best-performing air conditioners
- Achieve capital cost management to enhance corporate value
- Further promote and deepen ESG initiatives

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

Mitigate forecast climate change risks and capture business opportunities

Human capital management

Create a happy environment for all

Strengthen effectiveness of corporate governance

Performance Figure Targets

	FYE 2023/3 Results	FYE 2027/3 Targets
Consolidated net sales	44.8 billion yen	60.0 billion yen
ROE	8.5%	10.0% or higher

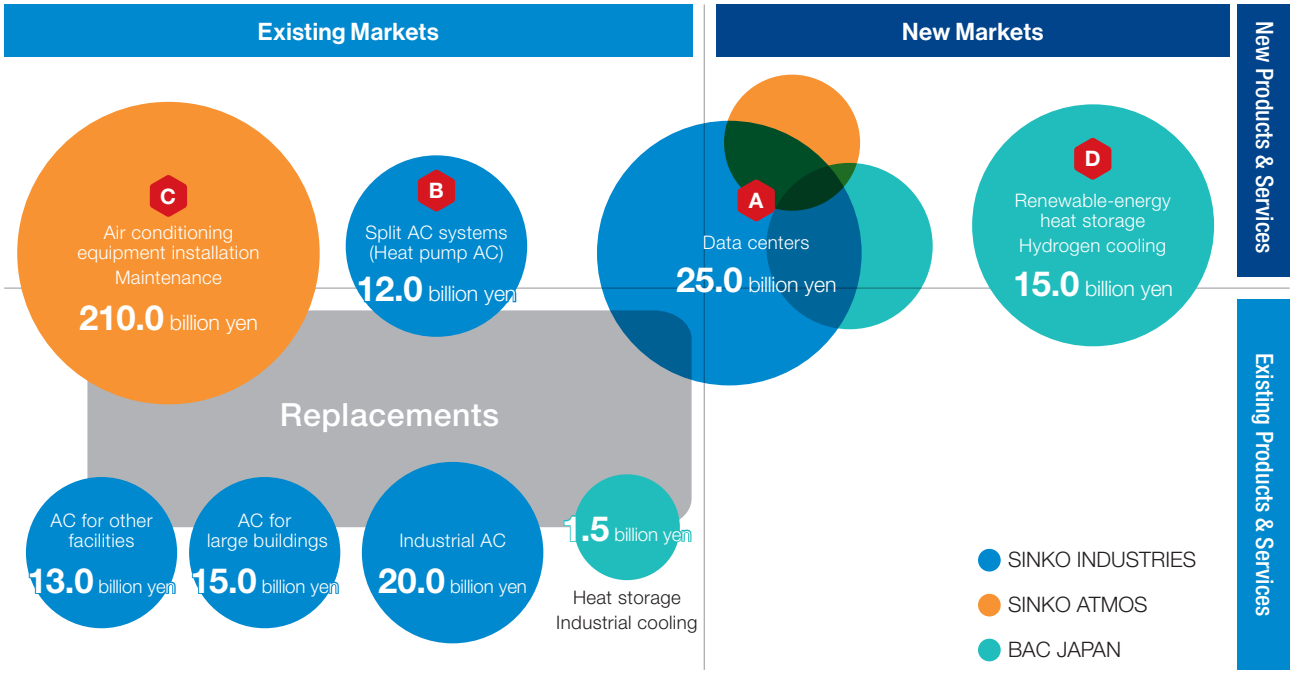
Shareholder Returns Targets

	FYE 2023/3 Results	FYE 2027/3 Targets
Payout ratio	31.9%	50.0%
DOE	2.7%	3.5% (lower limit)

Target Markets

We have divided the domestic air conditioner market into five core domains, creating sales strategies tailored to each target. The five core domains are large buildings air conditioning, industrial air conditioning, data centers, replacements, and split AC systems. Each target has its own unique market characteristics and different technological requirements, but by leveraging the expertise we have cultivated, we will take an all-round approach to the five areas.

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



A Data Centers

In recent years, advances in AI technology, the shift to cloud services, and increased data traffic following 5G have fueled demand for data center construction in the domestic market. The rise of generative AI, in particular, has prompted hyper scaler data centers to ramp up their investment plans, with growth expected to continue in the medium to long term.

Our flagship air conditioners are well-suited for handling large airflows and heavy heat loads. In addition, our Group company, BAC JAPAN CO., LTD., offers large cooling towers used as heat sources in data centers, supporting both air and liquid cooling for servers. In addition, many hyper scaler data centers choose us for the reliability we provide through our Group's value chain, including 24-hour stable operation and fast domestic support systems.

To achieve our sales target of 5.5 billion yen by the fiscal year ending March 31, 2027, we are strengthening our workforce and enhancing testing and exhibition facilities at our Kanagawa factory.

B Split AC Systems

Heat pump air conditioners, as split AC systems, combined with a heat source, offer high value due to their ease of design and installation and are particularly suitable for small- to medium-sized buildings and spot cooling. In recent years, heat pump air conditioners using chlorofluorocarbon gases with high global warming potential (GWP) have come under environmental regulations. However, switching to more eco-friendly refrigerants will allow us to enhance their value while retaining their existing advantages.

Heat pump air conditioners are strategic products for penetrating the small- and medium-sized buildings market. We will leverage our expertise in air conditioners to strengthen both product development and sales efforts. For this target, we plan to raise our sales from the current 2.0 billion yen level to 3.0 billion yen by the fiscal year ending March 31, 2027.

Among these, we have set A Data Centers, B Split AC Systems, C Air Conditioning Equipment Installation and Maintenance, and D Renewable-Energy Heat Storage and Hydrogen Cooling as growth area targets. The expected market size and management strategy for each target are as follows:

Group Market Strategy Targets

Main Themes of Group Market Strategy	Main Players			Market Size (FYE 2027/3)	Group Sales		Group's Aims
	SINKO INDUSTRIES	SINKO ATMOS	BAC JAPAN		FYE 2023/3 Results	FYE 2027/3 Targets	
A Data centers	○	○	○	**25.0 billion yen**	2.0 billion yen	5.5 billion yen	•Leverage SINKO Group value chain to propose total products + services solutions •Offer stable operation and environmental value
B Split AC systems	○	○		**12.0 billion yen**	2.0 billion yen	3.0 billion yen	•Ocoogeo® (All-in-one heat pump air conditioner) •Development and sale of heat pump air conditioners compatible with new low-GWP refrigerants
C Air conditioning equipment installation Maintenance	○	○		**210.0 billion yen**	10.0 billion yen	12.6 billion yen	•Actively expand post-installation downstream offerings, e.g. service packages, regular inspection packages •Expand electrical work related to maintenance and replacement of air conditioning units
D Renewable-energy heat storage Hydrogen cooling			○	**15.0 billion yen**	-	0.7 billion yen	•Storage systems for heat generated by renewable energy •Development of market for high-spec cooling systems used in hydrogen manufacturing process, etc.

Revenue increase from expansion of business domains into new markets and products → **+7.8** billion yen

C Air Conditioning Equipment Installation and Maintenance

The installation, servicing, and maintenance of air conditioning equipment such as air conditioners and heat pump air conditioners influence the functionality of a building's air conditioning system, which is a crucial element of a building, and thus require extensive product knowledge, installation skills, safety management expertise, and field experience. In recent years, amid the growing construction market and rising demand for replacements, the scale of air conditioning equipment installation and maintenance has expanded, resulting in a constant shortage of labor. While recruitment and training personnel in this area are challenges, we see it as a market with the potential for high profit growth.

By strengthening work style reforms and employee support and boosting employee engagement, we will secure and develop human resources and aim to expand profits. For this target, we plan to increase sales from the current 11.0 billion yen level to 12.6 billion yen by the fiscal year ending March 31, 2027.

D Renewable-Energy Heat Storage and Hydrogen Cooling

Renewable energy sources, such as solar, wind, geothermal, small- and medium-scale hydropower, and biomass are domestic energy sources that contribute to energy security without emitting greenhouse gases. However, challenges remain in the stability of power generation in terms of hours and power output. The Ice Thermal Storage, a product of BAC JAPAN CO., LTD., can store surplus electricity as cold energy, helping stabilize power generation from renewable energy sources. We will strengthen the sales of heat storage equipment and pursue new market opportunities in the expanding renewable energy market.

In addition, hydrogen is expected to play a key role in realizing a green energy circulation society, and we are strengthening our sales activities as we expect there will be demand for cooling using our Group's products in the hydrogen production, transportation, storage, etc. processes. This target is set for the long term, with a focus on creating new businesses.

Business Strategy

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

The core of our business strategy is to continue to create value for our customers through top-tier products and the know-how we have accumulated over the years, and to leverage our value chain to expand growth areas and delve deeper into existing businesses.

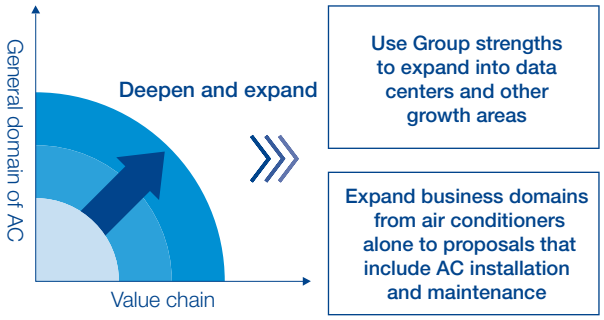
With an awareness of value chain management, we will leverage our capabilities as a Group to aim for the strengthening, etc. of growth areas such as data centers and existing air conditioning installation and maintenance. Additionally, we will utilize digital technology to expand customer touchpoints and strive to deliver new value.

In the domestic market, in our mainstay air conditioner sales, we will focus on five priority targets, enhance our appeal by employing impact sales, etc., establish an unwavering top position, and work to develop new markets to meet diverse needs.

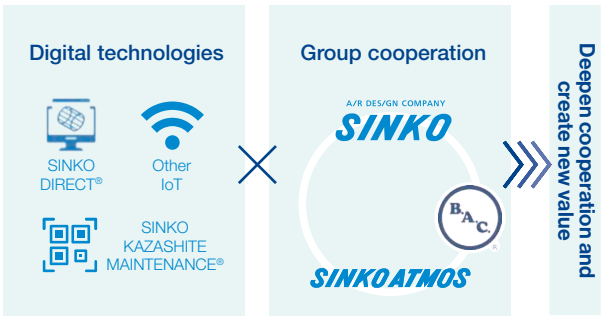
In the Chinese market, we will develop a new business focused on the "design and construction of medical facility clean rooms" and take on the challenge of evolving from an air conditioner manufacturer to a comprehensive air conditioning company.

We aim to digitalize our business—including manufacturing, sales, and product development—using SSA (SINKO Scalable Architecture) as our business concept, focusing on creating value across various domains.

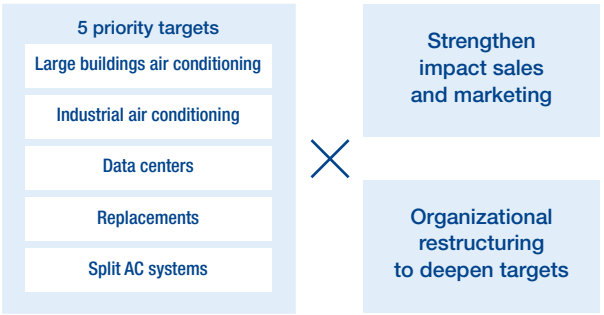
1 All-in-one proposals that leverage Group strengths



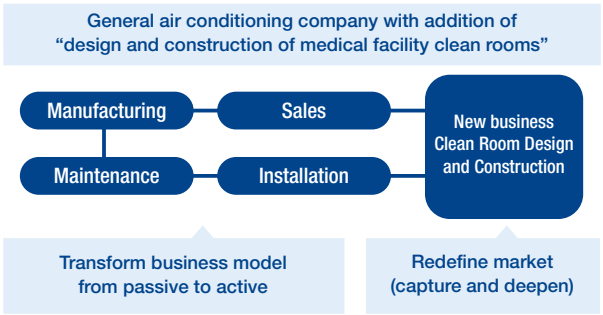
2 Promote Group cooperation through the use of digital technologies



3 Establish top position in the air conditioner domain (domestic market)



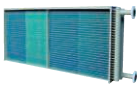
4 Evolve from an air conditioner manufacturer to a general air conditioning company (Chinese market)



5 Pursue leading development systems based on SSA – Contribute to carbon neutrality

As a long-time industry leader, we will continue to promote product development, based on our top-performance core components, in pursuit of the top position on the dual axes of corporate growth and social contribution.

Develop core components



Develop new types of coils

Develop new types of coil that will increase heat **exchange efficiency** compared with previous types.
Contribute to downsizing of air conditioners and achieve energy savings for buildings.

Develop new types of plug fans

Expand line-up of fans with industry-leading efficiency in mass-market segment.
Achieve **reductions of both CO_2 emissions during manufacturing and power consumption during operation.**

Carbon neutrality × Japan's top core components

Develop new types of air conditioners

Make units **more compact** by mounting latest devices and through optimized design.

Develop products to achieve different appeal for different markets

Develop air conditioners for data centers

The **first Japan-made** air conditioner exclusively for hyper-scale data centers, which is SINKO INDUSTRIES' first development that integrates hardware and software.

Green AHU

Expand technologies to realize "Green AHU®," a new concept of air conditioners.

Proactively adopt sustainable materials. (natural materials, recycled materials)

Develop products that do not use manufacturing methods with high environmental impact, e.g. painting and welding.

Respond to decarbonization

Construction of SINKO AIR DEVELOPMENT LAB, a comprehensive testing building

Facility that enables testing conditions of JIS/JRA standards and measurement in harsh winter and future extreme heat conditions.
Contribute to raising standards and efficiency of R&D and the improvement of product reliability, including development of air conditioners that accommodate new refrigerants.

Promote open innovation through collaboration with universities and companies.
Extend research fields in light of global trends and increase speed of development.

Strengthen R&D capabilities

6 Strengthen next-generation production systems based on SSA – Production process innovation

Through digital technology innovation, we will further promote data utilization and thoroughly optimize every process, from design to production and distribution.

Further promotion of SIMA Project

Leverage SIMA outcomes to further evolve the production process with digital technology reforms and resolve **19 production issues** in conventional processes

Realize **automation** of production planning with AI-generated man hours and **optimization** of procurement management and production process cycle

Use BOM data to **raise work quality and product quality**

Logistics reforms in response to the "2024 problem" (new law restricting driver working hours), etc.

Digital technology innovation × Next-generation production system

Convert to weldless structures

Further promote the reduction of welding and painting of products that have led the industry

Review product structure and pursue labor savings

- Reduce environmental impact of CO_2 emissions, welding fumes, etc.
- Achieve stable quality without reliance on worker tasks

Expand unstaffed automated conveyance using AGV

In addition to reducing conveyance man hours, achieve Just In Time component supply by linking data

Strengthen production capacity by expanding capital investment

Hybrid production system that maximizes assembly efficiency by using line production and cell production for different purposes respectively

Expand production capacity

Factory optimization plan

Make major improvements to traffic routes in the factory to increase productivity through reviews of organizational structure and process streamlining and differentiation

Optimal operation by linking to equipment data

Pursue **Just In Time** to the utmost limit
Reduce equipment shutdown risks

Optimal factory operation

Financial Strategy

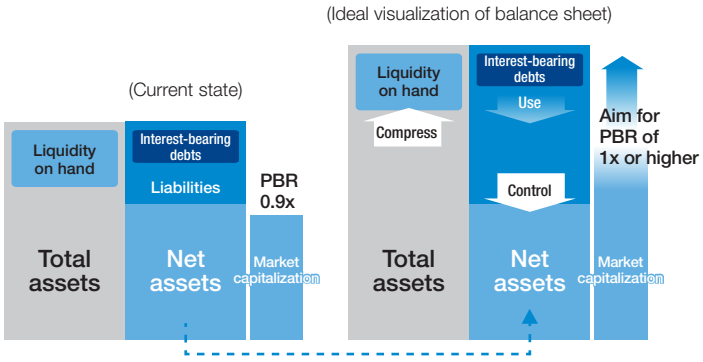
We will boldly review our liabilities and capital structure through the enhancement of shareholder returns and the use of debt.

We will implement a dividend policy with a payout ratio of 50% and a DOE of at least 3.5% regardless of performance, and we also plan to conduct share repurchases on the scale of 1 0.0 billion yen over a period of approximately 5 years starting from the fiscal year ending March 31, 2025.

In addition to shareholder returns, we will also enhance strategic investments as we aim for sustainable profit growth.

Overview of Capital and Financial Strategies

Visualization of balance sheet

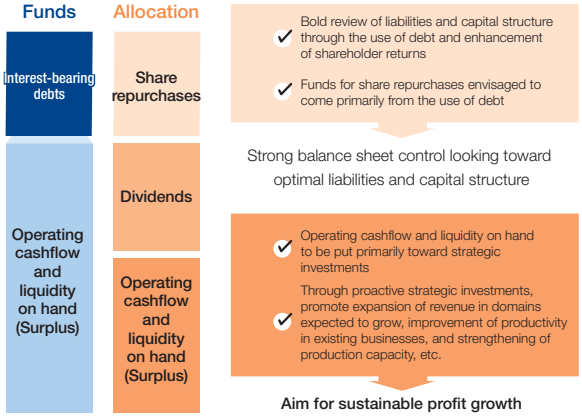


Share repurchases: Upper limits of 10.0 billion yen and 5 million shares over five years from FYE 2025/3 to FYE 2029/3

Increased dividends: Payout ratio of 50%; DOE lower limit of 3.5%

Bold review of liabilities and capital structure through enhancement of shareholder returns and use of debt

Visualization of cash allocation

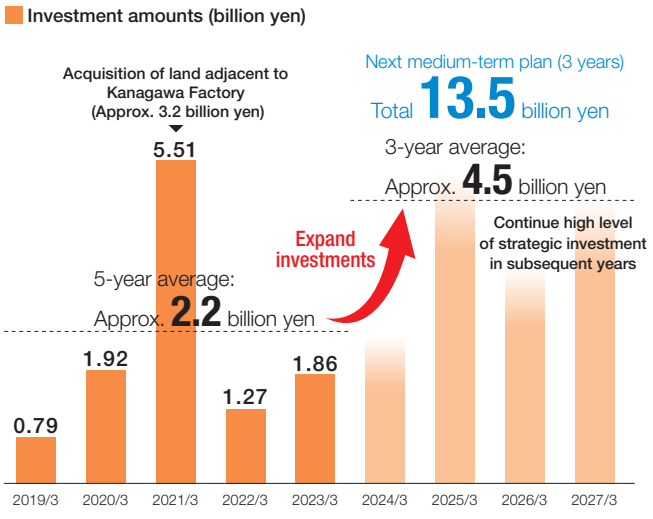


Operating cashflow and liquidity on hand to be put primarily toward strategic investments with the aim of sustainable profit growth

Investment Strategy

Through proactive strategic investments, we will promote the expansion of revenue in growth domains, improvement of productivity in existing businesses, and strengthening of production capacity, etc.

Investment Strategy



Note: If M&A investment (3.0 billion yen –) is included

Growth domains & New businesses

4.8 billion yen -

(Breakdown)

M&A investment: 3.0 billion yen

Investment in growth: 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

3 Domestic market — **1 Related business strategy**

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

5 Development systems

- Pursue leading development systems based on SSA – Contribute to carbon neutrality
  - Development of core components in pursuit of top position in domestic market, development of products to achieve market-specific appeal, etc.

6 Production systems

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

Non-financial Strategy

We will promote and deepen ESG initiatives and contribute to the realization of a sustainable society by resolving social issues, while also working to build a resilient organization capable of adapting to a rapidly changing era, thereby improving our corporate value.

Environmental

Mitigate forecast climate change risks and capture business opportunities

- Respond to climate change
- Contribute to reduction of environmental impact
- Further expand business opportunities through TCFD scenario analysis

Social

Human capital management

Create a happy environment for all

- Human resources development that aims to firmly establish a corporate culture that encourages challenge
- Leverage diversity
- Create a safe and vibrant workplace
- Co-existence with local communities

Governance

Strengthen effectiveness of corporate governance

- Ensure diversity in composition of the Board of Directors
- Make highly transparent information disclosures

Value and Strengths that Our Group Provides

The common values expected from air conditioning include high environmental value and energy-saving performance, higher building value, highly reliable operation, and enriched services.

Value Enhancement Policy to Capture Markets

Common elements of value demanded by target markets

High environmental value

Higher building value

Highly reliable operation

Enriched services

Policy for raising value sensed by customers

- Achieve and deliver industry's highest standards of environmental performance
- Pursue top quality to support stable operation and deliver reliability to customers
- Raise spatial value of buildings through provision of air conditioning expertise
- Increase customer convenience through release of new services
- Deliver higher level of installation services through expansion of air conditioning installation systems
- Offer products that meet demands for energy storage and hydrogen cooling

Overview of Business by Segment

Air Conditioning Equipment Manufacturing and Sales Business SINKO INDUSTRIES LTD.

Noriaki Michibata

Director and Executive Officer,
General Manager of Sales
Management Division

In the fiscal year ended March 31, 2024, investments continued mainly in industrial air conditioning, driven by the reshoring of manufacturing to Japan. Additionally, investments in data centers expanded in anticipation of growing demand for AI and cloud services. As a result, order volumes for plumbing and equipment construction firms remained at a high level, supporting a favorable business environment.

We will solidify our revenue base for general and industrial air conditioners by implementing sales strategies for products and services across five priority targets, such as industrial and data center use, and advance digitalization of the business.

We are adopting a sales perspective as we tackle current challenges including rising resource and material costs, increased transportation fees, and chronic labor shortages.

Achievements and Challenges

Achievements

- Establishment of a new business model by proposing air conditioning solutions for data centers
- Proposal of Green AHU®, a concept study model for realizing a carbon-neutral society
- Release of SINKO Direct® to help improve customers' operational efficiency

Challenges

- Improvements in productivity and efficiency
- Cost pass-through due to fluctuations in material and equipment prices

China Business

Shanghai SINKO Air Conditioning Equipment Co., Ltd.

Established in 1987, as a Japan-China joint venture between SHINKO INDUSTRIES and Shanghai Industrial Equipment Installation Co. Under a technology transfer agreement with SINKO INDUSTRIES, the company began manufacturing and selling fan coil units, and in 1995, expanded operations to Japanese companies operating in China. Since 2000, the company has expanded its business by adding Chinese companies as customers, and in 2008, was certified as a "Shanghai High-Tech Enterprise" (an accreditation it continues to hold). In 2014, our Chinese partner changed to the parent company, Shanghai Construction Group Co., Ltd.

Shanghai SINKO Songjiang Factory

Air Conditioning Equipment Manufacturing and Sales Business BAC JAPAN CO., LTD.

For the fiscal year ended March 31, 2024, sales rose by 53% year on year.

Sales of data center air conditioners surged 400% year on year, and we expect a favorable business environment beyond the fiscal year ending March 31, 2025. In addition, sales in existing markets saw a 20% year-on-year increase, and we believe the favorable business environment here will also continue as industrial projects that had been delayed due to the COVID-19 pandemic resume, among other factors.

The 6th Strategic Energy Plan, a national policy of Japan, aims to reduce fossil fuels and double renewable energy. The most effective system for this is an energy storage system. Hydrogen is expected to play a key role in realizing a green energy circulation society, and we can expect demand for our products in its production, transport, and storage processes.

Tadataka Hiraishi

Representative Director and Chief Executive Officer, BAC JAPAN CO., LTD.

Achievements and Challenges

Achievements

- Reorganization of sales divisions (efficiency improvement and staff increase)
- Demonstration facility for a large cooling tower for data centers and plants (in progress, opening scheduled for October 2024)

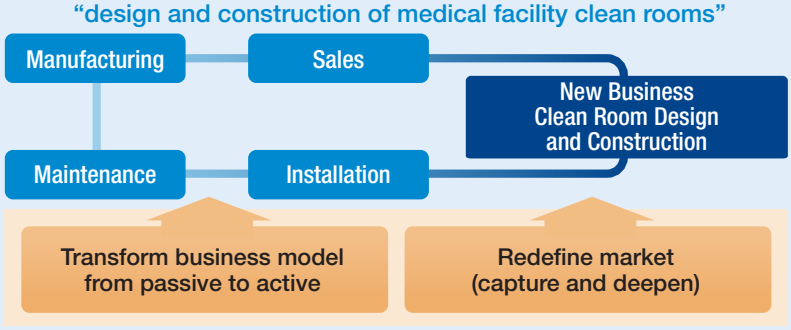
Challenges

- Further strengthening of human resources (sales, on-site, service, technical, management)
- Clarifying our strengths and enhancing sales capabilities to Japanese data centers
- Gaining market insights and improving knowledge of new products
- Strengthening collaboration between sales and manufacturing

Growth Strategy “Evolve to a General Air Conditioning Company”

In air conditioning equipment manufacturing and sales, we will focus on boosting air conditioner and fan coil unit sales, especially for social infrastructure facilities. We aim to achieve this by localizing Japanese product design and manufacturing technologies to encourage local production and consumption. As a pillar of medium- to long-term growth, we will expand our clean room-related business, which we have been conducting for medical facilities since before the COVID-19 pandemic, into a “design-and-build contract” business, aiming to evolve from an air conditioner manufacturer to a “general air conditioning company.”

General air conditioning company with the addition of “design and construction of medical facility clean rooms”



Operating Room Shanghai SINKO Showroom

Installation and Service Business
SINKO ATMOS CO., LTD.

For the fiscal year ended March 31, 2024, net sales increased by 40% and operating profit by 65% compared to the fiscal year ended March 31, 2021, and the ratio of operating profit to net sales improved to 24.5%. We attribute this success to our efforts to balance employee workloads and boost labor productivity.

We expect the market environment for the installation and service business to remain stable going forward. As this is a labor-intensive business, we believe there is significant room for expansion by securing the quantity and quality of human resources and continuing to be chosen by our customers.

We are working to increase recruitment (securing quantity) and improving technical materials and internal training (securing quality) to ensure we have the workforce needed for business expansion. In addition to plumbing, we have obtained an electrical construction business license in the construction industry as we work to expand our business scope.

Toshiaki Fujii

Representative Director and Chief Executive Officer,
SINKO ATMOS CO., LTD.

Achievements and Challenges

Achievements

- Significant business growth
- Balancing workloads and improving labor productivity

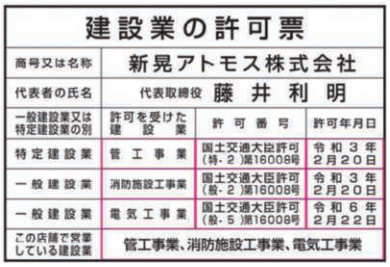
Challenges

- Moving away from the standalone water-based air conditioning domain
- Building systems that link sales and service
- Continuing efforts to secure the quantity and quality of workforce

TOPICS

Establishment of New Sales Locations

To enhance customer satisfaction and serve as a base to support future business growth, we have opened the Yokohama Office in the fiscal year ending March 31, 2025, following the Sapporo Office in 2023. This has brought our nationwide sites to 12 locations, significantly enhancing mobility in the Kanagawa and Shizuoka prefectures.



建設業の許可票

商号又は名称	新晃アトモス株式会社		
代表者の氏名	代表取締役 藤 井 利 明		
一般建設業又は特定建設業の別	許可を受けた建設業	許可番号	許可年月日
特定建設業	管工事業	国土交通大臣許可（特-２）第16008号	令和３年２月２０日
一般建設業	消防施設工事業	国土交通大臣許可（般-２）第16008号	令和３年２月２０日
一般建設業	電気工事業	国土交通大臣許可（般-５）第16008号	令和６年２月２２日
この店舗で営業している建設業	管工事業、消防施設工事業、電気工事業		

Electrical Construction Business License Acquired

Our Tokyo Branch recently acquired a construction industry electrical construction business license. This allows us to take on large electrical projects that we previously have had to turn down. We hope to use this as a cornerstone to break away from the stand-alone air conditioning equipment domain.

Achieved 10 Billion Yen in Sales

The fiscal year ended March 31, 2024 was a milestone year, marking nine consecutive years of revenue and profit growth, with sales surpassing 10 billion yen for the first time since our founding. We are working to strengthen our sales and delivery capabilities in a balanced manner to drive further growth.

Building Management Business
CHIYODA BLDG. KANZAI CO., LTD.

In the fiscal year ended March 31, 2024, we acquired new properties for the future, resulting in an 8.3% increase in sales year on year. This fiscal year, we will concentrate our workforce in key locations and introduce the latest cleaning robots into the market. We will also start hiring foreign workers (including Specified Skilled Workers) from Thailand in addition to Vietnam and Myanmar.

To expand our business, we will undertake comprehensive real estate management and acquire tenant construction projects. Additionally, in the road infrastructure business, we will progress inspections using drones, and in our painting business, partner with waterproofing manufacturers to develop durable, easy-to-apply polyurea waterproof sheets.

Motonao Kasahara

Representative Director and Chief Executive Officer, CHIYODA BLDG. KANZAI CO., LTD.

Achievements and Challenges

Achievements

- Electrical equipment repairs for commercial facility tenants
- Cleaning contracts for large new office buildings
- Reconstruction of luxury rental housing (real estate revenue)

Challenges

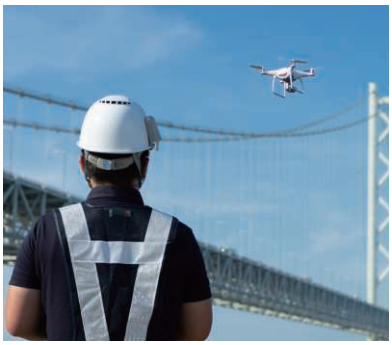
- Securing human resources
- Aging on-site staff
- Communication with foreign on-site staff
- Cost pass-through due to fluctuations in labor, material and equipment prices

TOPICS

Kichijoji F Building

Contracted to provide cleaning, maintenance, and security services from April 2024. The 11-story building has a total floor area of approximately 9,450 m^2.

The building is earthquake-resistant and equipped for 72-hour BCP response.



Infrastructure Inspection Using Drones

We will promote the use of drones for preliminary bridge pier inspections, etc.

In the Infrastructure Division, one employee has acquired an Unmanned Aircraft Remote Pilot Class I* certification and another, the Class II* certification.

*A new national certification established in December 2022. Allows autonomous “Level 4 flights” in populated areas.

Robot Cleaning in Large New Office Buildings

Customer-specified cleaning robots can connect with elevators via wireless communication. Robots can automatically use elevators to move between floors while cleaning the building.

Evolution of Technologies

As a top manufacturer in the commercial air conditioning sector, SINKO INDUSTRIES has led the commercial air conditioning field, adapting to the society and environment changing with the times. Here, we showcase some of our technological advances over the years.

Major Societal Events and Demands

1950

Building Standards Act comes into force

Japan's equipment industry broke away from foreign technology in the early Showa period, with 1935 marking a turning point in manufacturing technology.

The 1950 Building Standards Act led to shorter on-site construction periods and improved building quality.

From 1960 onward, domestic technology emerged and reached international standards.

1973

Oil Crisis

The rapid economic growth period, symbolized by the 1964 Tokyo Olympics, spurred major development in industrial products such as automobiles and electrical appliances along with the construction and air conditioning sectors.

In 1973, the Oil Crisis drove up energy costs, prompting the integration of energy-saving measures into building equipment design.

1988

Nikkei stock average exceeds 30,000 yen

As the domestic economy boomed, demand surged for Office Automation (OA) devices and air conditioning systems suitable for office work. There was a growing trend toward individual, decentralized air conditioning to suit each tenant, and toward maximizing office space by reducing space for air conditioners and other equipment.

Initiatives of SINKO INDUSTRIES

Founding period

In response to a request to "make finished products in a factory," factory-assembled air conditioners were born. Factory assembly shortened construction time compared to on-site assembly, and volume efficiency enabled an improvement in quality.

Starting with Japan's first cooler-heater, concern for indoor noise grew. This spurred the development of a low-noise airfoil-type runner paired with a three-speed motor. The result was the "Climator," a fan coil unit that was remarkably quiet for its time.

Japan's first "Cooler-Heater"

1951

Japan's first "Cooler-Heater" that uses propeller fans and cross-fin coils was developed

1957

The factory-assembled unit-type air conditioner, Japan's first floor-zoning air conditioner, was completed

Factory-assembled unit-type air conditioner

Development of air conditioning equipment

Keeping pace with the developing domestic manufacturing industry, SINKO's air conditioner lineup was expanded, and in 1961, a series of standard-type air conditioners equipped with built-in fans manufactured in-house, with slogans of quiet operation, high static pressure, and high efficiency, was launched.

In response to the demand for economic efficiency, research and development of VAV units began. After the oil crisis, VAV systems entered their heyday thanks to their energy-saving performance.

1961

Standard-type air conditioners

Standard-type air conditioners, available in 10 sizes from #3 to #30, with complete design specifications were launched

1971

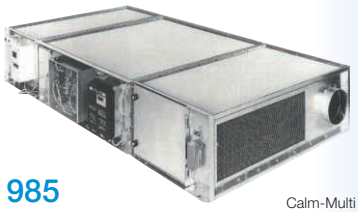
Started domestic production of Bensod Versatrol VAV units

Versatrol VAV unit

High-Tech era

In office building air conditioning after 1985, energy-saving control system plans combining VAV (Variable Air Volume) and CO_2 concentration control were advanced, and "SYSPAK," equipped with various sensors and controllers, and "Calm-Multi," which enabled individually distributed air conditioning systems, were developed.

In industrial air conditioning, deliveries of air conditioning equipment for various semiconductor clean rooms increased, including those with built-in HEPA filters.



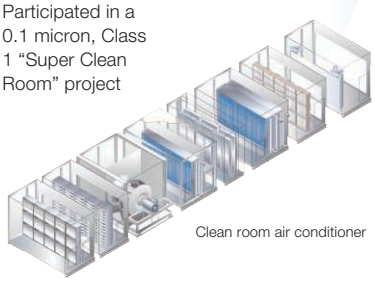
1985

Calm-Multi

"Calm-Multi," a compact terminal air conditioner that subdivides air conditioning zones and eliminates the need for machine rooms on each floor, was completed

1986

Participated in a 0.1 micron, Class 1 "Super Clean Room" project



Clean room air conditioner

1997

Adoption of the Kyoto Protocol

To improve energy efficiency, domestic companies adopted high-efficiency equipment and systems, seeking to cut carbon dioxide emissions.

As environmental awareness in society increased, "environmentally friendly design" was also stipulated in ISO14000 for products.

Environmental labeling systems like CASBEE were introduced in office buildings, and machine rooms on each floor became common in high-rise buildings.

2005

Cool Biz begins

The Ministry of the Environment recommended setting air conditioners to 28°C and adopting a no-tie, no-jacket style so that workers could stay comfortable in summer. This soon became the norm.

In the industrial sector, amid the advancement of globalization and fierce international competition, Japan maintained strong influence in sectors where it traditionally excelled, such as electronic devices.

2015

Law Concerning the Rational Use of Energy for Buildings enacted

With rising global awareness of environmental issues, including global warming, ZEB and ZEH were promoted in construction. Interest grew in buildings that offered both comfort and energy efficiency. As a result, greater importance was put on environmental performance, including energy and resource savings in equipment like air conditioners.

Transition period

SINKO was quick to respond to the needs of the times, and in 1996, adopted Al-Zn steel sheets, which do not require painting, for all air conditioner exterior panels, thereby reducing carbon dioxide emissions in the manufacturing process.

In office air conditioning, the release of "Air-Joy," a compact unit designed to fit tight machine room spaces, sparked an industry shift in air conditioner formats.

Various products were delivered for the semiconductor and pharmaceutical industries, including constant temperature and humidity, high purity, and large air volume systems.

Air-Joy

1991

"Air-Joy," a compact, low-profile, low-noise air conditioner with built-in control functions that can be installed near living spaces, was developed

GT Air Conditioner

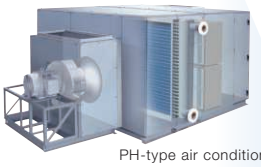
1996

The "GT type AHU" with an Al-Zn double-coated foam panel exterior was developed

Maturity period

With the spread of Cool Biz, which recommends a set temperature of 28°C in the summer, latent-sensible heat separate control air conditioners were delivered, focusing on humidity as a key factor in office comfort.

Needs increased for high-efficiency air conditioners that combine corrosion resistance and ease of maintenance for production facilities operating 24 hours.



PH-type air conditioner

2004

A high-efficiency PC fan-mounted air conditioner featuring a stainless steel square pipe frame and motors installed outside for easy maintenance was released

Stainless steel square pipe

Desicon Air

2006

"Desicon Air," a latent-sensible heat separate control air conditioner compatible with Cool Biz that provides a comfortable air-conditioned environment even at 28°C, was developed

Environmental & health adjustment period

Products featuring high-efficiency air-blowing devices (FCUs with DC motors, compact air conditioners, and PS fans) aimed at reducing CO_2 emissions were developed.

In addition, UV-C lamp-embedded air conditioners were developed to improve air hygiene in hospitals and public facilities, where public concern increased due to the 2020 pandemic, using a different approach from standard ventilation in terms of air sterilization.

2016

An FCU with a DC motor that reduces CO_2 emissions was developed

Cassette-type fan coil unit

PS-type fan

2019

The high-efficiency "PS-type" plug fan featuring three-dimensionally curved single-plate fan blades was developed

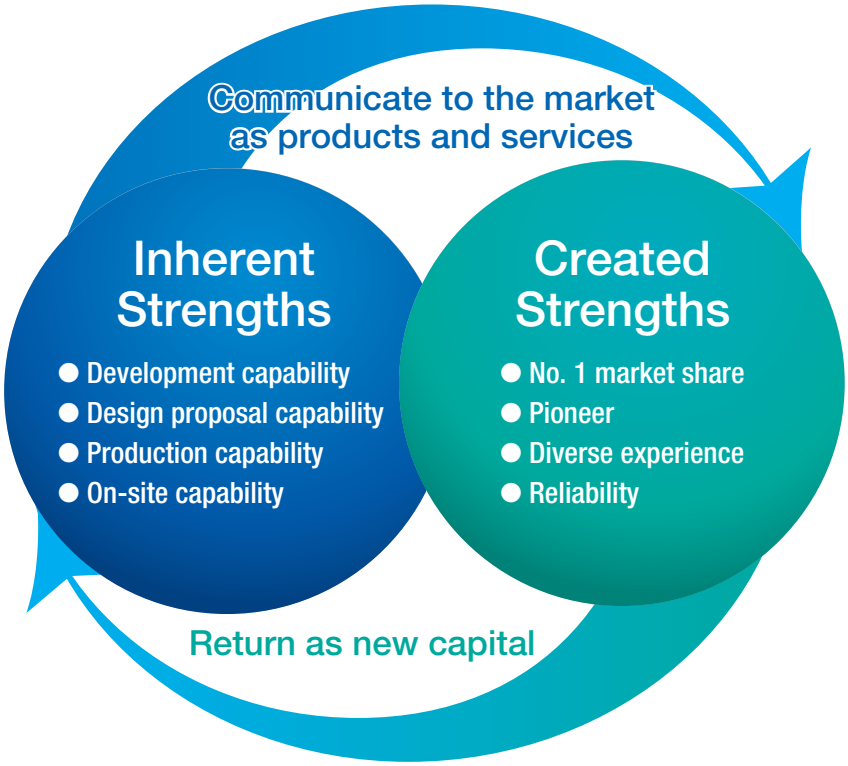
2024 Toward the Next Era

We aim to be No. 1 in environmental performance by developing high-efficiency air conditioning devices to tackle global warming and energy issues. At the same time, we will drive digital technology advancements to realize a sustainable society for the future.

Strengths of SINKO INDUSTRIES

From Japan's post-war recovery and rapid growth to the present, we have worked to meet the changing demands of society over the years. Large facilities are all designed and constructed as one of a kind, and accordingly, our products delivered to these facilities are also custom-designed and manufactured.

Our work is not just about providing mass-produced items, but proposing, designing, and manufacturing "what is best" for society's demands, and we have built up the capabilities to make this a reality. Along the way, we have gained a wealth of experience while providing products and technologies that were the first of their kind in Japan, and have earned the trust of the market. These created strengths are returned as capital, forming a new foundation for our inherent strengths, and will help us meet the demands of society in the next era—this cycle is what defines our strength.



Inherent Strengths

Development capability

To meet the ever-changing demands of society, we need the right products to respond to those demands. We have the best infrastructure of any specialized manufacturer, including in-house production of devices that enable us to flexibly design and manufacture a wide variety of products, experimental facilities for developing such devices, and product design systems.

Design proposal capability

To turn proposals addressing social issues into reality, we must consider different specifications, sizes, etc. for each unit and propose them to our customers. Utilizing our design system, which we take pride in, and tapping into our extensive experience in sales and technology, we brainstorm and propose the best products to our customers.

Production capability

To create unique products that differ from one unit to another, production sites must flexibly design production lines and control processes. We are the only manufacturer that can handle such production at two locations in Japan. Boasting the largest air conditioner production capacity in Japan, we can ensure stable supply and flexible delivery.

On-site capability

After delivery, large-scale air conditioning systems can present unexplained issues due to various factors. We have the know-how to respond swiftly and resolve issues through a one-stop approach, covering sales, technology, manufacturing, quality control, and service, according to on-site circumstances.

Establishing “Next-Generation Strengths” through DX

We are now facing new social issues such as global warming, energy problems, a shrinking domestic workforce, and the need to adapt to an era respecting individual workstyles.

The solution to these new issues is “SSA,” our DX strategy. By combining SSA with the strengths we have built up thus far, we will establish “next-generation strengths.”

Social Issue 1 : Addressing Global Warming and Energy Issues

There is a demand for high-efficiency products that achieve conventional performance using less energy than before.

We will make full use of CAE to develop devices that underpin our diverse product designs, and will utilize our industry-leading “comprehensive testing building,” which was completed this year, to shorten product development lead times and advance research and development of high-efficiency products from both the software and hardware perspectives.

Social Issue 2 : Addressing Labor Shortages and Workstyle Reforms in the Industry

The construction industry will require new workstyles to adapt to an era of labor shortages in the future, and designers and contractors will need to perform the same tasks with less effort and time than before.

We will provide products that suit these new workstyles, such as “Multi-Module” that reduce the workload on our customers. To realize the associated new production methods and reforms in ordering and delivery, we will advance digitalization and work procedure review, and will transform into a new work style that enables everyone to perform the same or better work faster while maintaining work quality.

SSA=SINKO Scalable Architecture

Created Strengths

No. 1 market share

We have maintained a market share of approximately 40%[*1] for air conditioners, backed by our ability to respond to the demands of society. Since our founding, we have provided the largest number of air conditioners in Japan that are still operating today, and these give rise to a strong demand for replacements each year.

Pioneer

We were the first in Japan to achieve domestic production of air conditioners and fan coil units, and have spearheaded the introduction of technology from overseas, remaining a pioneer in the industry over the years. In recent years, we have led the way in improving industry quality, by becoming the only company in Japan to obtain the international third-party certification “AMCA Accredited Lab[*2],” for example.

Diverse experience

Since our founding, we have supplied a wide variety of air conditioners to various facilities, and have gained a wealth of experience, spanning from design proposals, manufacturing, adjustments at construction sites, to troubleshooting. Our accumulated experience continues to serve as a foundation for proposals to customers today, contributing to the development of the industry.

Reliability

Our air conditioners feature stainless steel frames, ensuring durability and rust resistance as a standard. We provide products designed for long-term safety and durability even in earthquake-prone Japan, without compromising on quality.

*1 By our calculations based on statistics from The Japan Refrigeration and Air Conditioning Industry Association
*2 A nonprofit organization representing the global air equipment industry. Its Aerodynamic Performance Test standards are widely recognized around the world, including in Europe, America, and Asia.

Research and Development

Hajime Kawanaka
Senior Executive Officer,
General Manager of
Technical Division

Connecting Experiential Knowledge to the Future through DX

Our Group has controlled the air that flows unseen in a variety of buildings, and we have the development capabilities and experiential knowledge to lead the industry ahead of our time, such as in the adoption of plate-fin heat exchangers, high-efficiency plug fans, galvalume steel sandwich panels, and stainless steel frames. A key question for research and development departments is how to leverage these valuable assets in the future. While advancing both the SIMA and SSA projects and enhancing our development system to incorporate speed, manufacturing standards, and originality, we will also provide beneficial performance and quality to our customers by “visualizing” effects and efficacies through a variety of simulations.

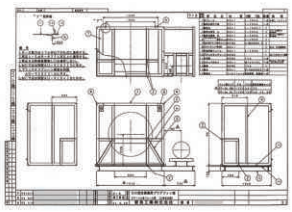
As the scope of analysis expands with the promotion of SSA, the mission of manufacturers will evolve from making products to creating solutions. The “visualization = sharing” of experiential knowledge and know-how brings great benefits to both customers and employees, and also deepens research that contributes to a sustainable society in areas such as environmental friendliness and health.

History of R&D and the Future Direction

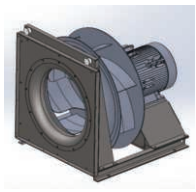
As Japan’s commercial air conditioning market has grown, SINKO INDUSTRIES’ air conditioning technology has also evolved. Air conditioners were initially assembled on construction sites(knockdown method), but a switch to production at factories has improved the productivity and the quality of air conditioning systems, which are construction machinery and equipment.

By developing fans and heat exchangers (coils) in-house, which determine environmental performance, we have improved the performance of fan coil units and air conditioners and can now design air conditioners with specifications that meet customer needs. Considering the manufacturing environment and the need for long-term operation of more than 10 years, we adopted stainless steel frames as a standard to enhance maintainability and durability, and also switched from glass wool insulation to the industry’s first sandwich panels using galvalume steel sheets, which require no painting, setting the new standard for commercial air conditioners.

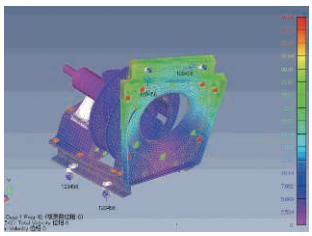
In the future, even with a shrinking domestic workforce and the urgent need to improve productivity, CO_2 emissions throughout the product lifecycle must be reduced to the absolute minimum to achieve carbon neutrality by 2050. To address these social issues, SINKO INDUSTRIES will continue to serve as a key research and development hub of the Group as we take on new challenges.



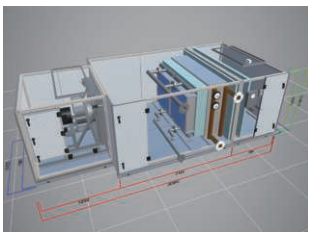
Fan room plans (1990s)



PS-type plug fan 3D model



PS-type plug fan structural analysis



3DUI/VR drawing

Technology Strategies Toward the Future

In response to changes in the market environment, we will advance our activities as a research and development hub based on move.2027 and VISION 2030. Our priority targets will be analytical technology and device development, TCFD compliance, refrigerant product development, and quality improvement, and we aim to expand SIMA and enhance the adoption rate of 3D CAD in production design. As quality measures, we will strengthen our preliminary drawing and drawing check, and inspection systems. We will formulate a three-year development plan focusing on reducing environmental impact, improving performance, cutting costs, utilizing digital technology, and prioritizing quality, and will communicate information on product development and key product features, focusing on technology strategies.

SINKO Technical Center

Comprehensive testing building:
SINKO AIR DEVELOPMENT LAB

Aerodynamic Performance Test Equipment (AMCA)

Acoustic measurement facility (left) Reverberation chamber
(right)Semi-anechoic chamber

Showrooms

SINKO Technical Center

This facility was completed in 2009 as a development hub for air conditioner units and core components such as fans and heat exchange coils.

Located on the same premises as the Kanagawa Factory, it was completed with consideration for the environment while maintaining close collaboration with the manufacturing site. We have integrated the simulation technology and testing equipment necessary for future air conditioning equipment research, such as the latest analytical technology and aerodynamic performance test equipment based on AMCA standards, to create a research and development environment that meets modern needs.

Aerodynamic Performance Test Equipment

The testing equipment is approved as an accredited laboratory by AMCA (Air Movement and Control Association International). This approval certifies that both our testing facilities and the measurement skills of our technicians meet AMCA standards. SINKO INDUSTRIES has the only AMCA-accredited laboratory in Japan.

Comprehensive testing building: SINKO AIR DEVELOPMENT LAB

In addition to JIS/JRA testing conditions, this facility can measure heating and cooling capacity under harsh winter and future extreme heat conditions.

This facility will contribute to raising standards and efficiency of research and development and the improvement of product reliability, including performance verification of large air conditioners and the development of air conditioners that accommodate new refrigerants.

Acoustic measurement facility

This facility measures the noise from air conditioners, fan coil units, and blowers.

It includes a reverberation chamber designed so that the walls reflect sound, and a semi-anechoic chamber where everything except the floor is covered with sound-absorbing material. These facilities measure acoustic power levels and noise levels (dBA) emitted from air conditioning equipment.

Showrooms

We offer a variety of content including exhibits about manufacturing and our latest products focusing on the environment and health, along with sensory experience of air conditioner noise and blower operation characteristics.

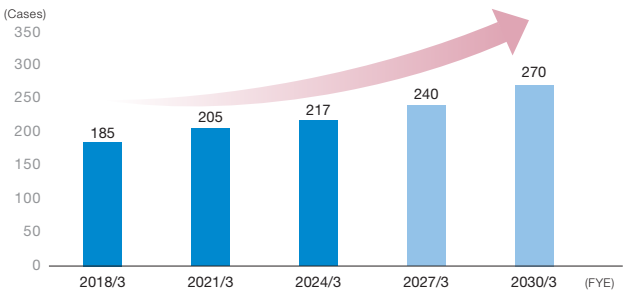
Intellectual Property

We proactively strive to protect the technological achievements in product development and productivity improvement through patents and other means.

In addition, with regard to the risk of infringement of other companies' rights, we ensure that we respect their rights by periodically reviewing publicly-available patent applications of our competitors, not just when considering filing our own patents, and sharing this information with our development team.

It is crucial that intellectual property rights contribute to business revenue. From the fiscal year ended March 2024, a new performance incentive system for patents that consistently contribute to sales performance, etc., and an award system for outstanding patents have been established. This will contribute to enhanced employee engagement and encourage more beneficial patent applications, thereby contributing to our competitive edge and greater corporate earnings.

Number of intellectual properties held



Intellectual Resources

R&D expenses
0.89 billion yen
Engineers
61

No. of intellectual properties held
217
(As of March 31, 2024)

Production

Takenori Taniguchi

Director and Senior Executive Officer, General Manager of Manufacturing Division

Evolving Both Production Systems and Technical Capabilities

Our Group boasts one of the largest air conditioner production capacities in Japan. Delivering different products for each building requires flexible production line design and process control. Our Group is the only manufacturer in Japan that achieves stable supply and flexible delivery from two domestic locations. With safety and quality as our core focus, we will promote DX to enable real-time monitoring and forecasting of production. We have established a system that not only boosts productivity but also supports systematic factory operations and strengthens sales efforts.

The design expertise and craftsmanship we have passed on and honed through make-to-order production are also major strengths unique to SINKO INDUSTRIES. We will continue to lead Japanese manufacturing by improving our work environment and pursuing both the evolution of our production system and the enhancement of our technical capabilities.

Kanagawa Factory

- Established in 1965
- Established to meet rising demand for air conditioners, with orders increasing in the Kanto region in particular(Initially a separate legal entity)
- In 2021, purchased adjacent land, expanding the site to 100,000 m^2, becoming the largest air conditioner production factory in Japan
- Products: Air conditioners, cooling towers, ice thermal storage

Site Area Approx. 100,000m²

Factory Total Floor Area Approx. 65,000m²

Okayama Factory

- Established in 1981
- Established to revamp the production system for fan coil units and meet the demand for air conditioners in the Kansai region and areas further west
- Initially only assembled air conditioners, but now handles everything from parts processing to assembly
- Products: Air Conditioners, Fan Coil Units

Site Area Approx. 79,000m²

Factory Total Floor Area Approx. 30,000m²

Further Promotion of SIMA Project

We are advancing the implementation of AI and MES(Manufacturing Execution Systems) to enhance efficiency and added value.

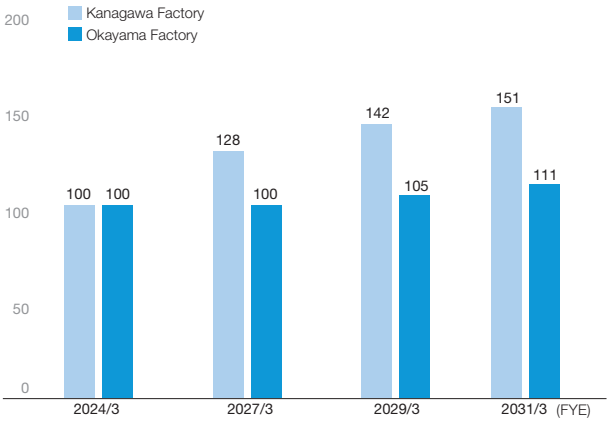
Our production planning using AI-based production man-hour prediction is linked with the sales departments to achieve production leveling of unique products. The MES, which is developed from BOM data, monitors and manages manufacturing processes and provides instructions and support to workers. In addition to improving productivity by centralizing previously fragmented departmental data, it also contributes to reducing equipment downtime risks by monitoring equipment status and performing preventive maintenance; preventing defective products through anomaly detection functions; and standardizing operations and transferring skills by analyzing manufacturing data.

We will continue to explore the potential of digital transformation, enabling work style reforms while contributing to value creation.

Expansion of Production Capacity

We are reinforcing each production process based on our Medium-term Management Plan. Planned based on demand forecasts for each target market, AI and 3D CAD are being fully utilized, while line and cell production are used in conjunction according to product characteristics, and workers are optimally allocated to maximize assembly efficiency. We are also adding multilingual support to our systems and making videos of our manuals to create a work environment where workers of various nationalities can communicate smoothly and aim to enhance operational efficiency.

Outlook for Production Capacity Expansion



Product Structure Review and Labor Savings

As labor shortages become a social issue, we are reviewing product structures and production processes to achieve labor saving, aiming to improve the work environment and reduce our environmental impact. For example, we will use sheet metal for main components like angle and channel bars, shifting to product structures that require less welding. We will also start introducing automated welding robots where necessary. In addition, we have revised the layout of our processes and switched to unmanned transport using AGVs (Automated Guided Vehicles), streamlining the workflow and improving work safety.

Optimal Factory Operation

In our previous productivity improvement measures, changes in workflow between factories were limited due to existing process constraints. However, under the new Medium-term Management Plan, which advocates for growing factories, we will undertake a fundamental review of process layouts across our Kanagawa and Okayama factories, working to optimize factory operations.

Optimization is underway at the Kanagawa Factory, including the acquisition of adjacent land in 2021, with construction scheduled to be completed by March 2030. Construction plans for Okayama Factory are advancing toward a start in the fiscal year ending March 2026. (Construction to be completed in March 2028)

Through this initiative, we aim to maximize efficiency at our factories.

Kanagawa Factory Optimization Plan

To be completed in March 2030

South area		North area		North and South combined
52,000m²	+	48,000m²	=	100,000m²

Sustainability of the SINKO Group

As a provider of air conditioning, the Group promotes management with a focus on sustainability under the slogan "CONDITIONING FUTURE," as it takes responsibility for the future.

We will contribute to the realization of a sustainable society by resolving social issues, while also working to build a resilient organization capable of adapting to a rapidly changing era, thereby improving our corporate value.

ESG Basic Policy

- We will contribute to the development of society by working on environmental preservation and reduction of environmental impact.
- We will provide high-quality products and services in order to offer reliability and satisfaction to our customers.
- We will strive to build cooperative relationships for mutual development in order to offer reliability and satisfaction to our business partners.
- We will strive to return profits appropriately and disclose information in order to offer reliability and satisfaction to our shareholders and investors.
- We will strive to provide fair treatment and create a comfortable workplace in order to offer reliability and satisfaction to our employees.

ESG Materiality

The Group organized the various initiatives it had undertaken in its ESG activities into ESG materiality (priority issues) and specific action plans in 2021, and aims to achieve its targets by implementing the PDCA cycle.

Going forward, we will steadily promote initiatives based on these priority issues, medium- to long-term targets, and action plans, with the aim of realizing a sustainable society and improving corporate value.

Priority issues	Initiatives	Medium- to long-term targets	
		Target value	Target FYE
E Environment			
Responding to climate change by promoting decarbonization	Carbon neutrality	Net-zero CO_2 emissions	2051/3
		50% reduction (against FYE 2020/3)	2031/3
	Switch to CO_2-free power for operational power consumption	Switch all	2031/3
	Reduce use of CO_2-emitting fuels	–	2031/3
	Reduce environmental impact related to transportation	–	2031/3
Curbing environmental impact through resource circulation	Develop and expand sales of environmentally friendly products	–	2031/3
	Reduce paper usage in business activities	50% reduction (against FYE 2020/3)	2031/3
	Reduce waste	–	2031/3
S Social			
Creating a workplace where everyone can work happily	Promote diversity	Establish committees (target for FYE 2022/3)	Every fiscal year
	Decrease the incidence of occupational accidents	Frequency rate of occupational accidents 1.10 (our results for FYE 2023/3) or less	Every fiscal year
	Reduce hazardous substances at production sites	–	2031/3
G Governance			
Appropriate governance and information disclosure	Effective corporate governance	–	Every fiscal year
Strengthening risk management	Strengthen the recognition and management of business and other risks	–	Every fiscal year
	Raise awareness of information security	Targeted email training 0% opening rate Information security check sheet 100% recovery rate	Every fiscal year
Ensuring compliance	In-house compliance education	In-house compliance education 100% participation rate	Every fiscal year

*** Specific details as well as results and progress of each initiative are disclosed on the Company's website. www.sinko.co.jp/csr/materiality (in Japanese only)**

ENVIRONMENT

Initiatives

Mitigate Forecast Climate Change Risks and Capture Business Opportunities

- **Respond to climate change**
- **Contribute to reduction of environmental impact**
- **Further expand business opportunities through TCFD scenario analysis**

Environmentally Friendly Products

We are actively addressing environmental issues as a leading company in commercial air conditioners. How should air conditioner manufacturers think about the environment now? We have undertaken various initiatives to answer the question of what we must do first.

All-in-one heat pump air conditioner Ocoogeo®
We have remodeled the Ocoogeo® heat pump air conditioner, in which the indoor unit, outdoor unit, and refrigerant piping are all in one. It is even slimmer than the previous model, and it is an environmentally friendly product as it requires no additional CFC filling, which accelerates global warming.

UV-C lamp-equipped fan coil unit
We have added a UV-C lamp-equipped fan coil unit to our lineup for the Kenko Kucho® (healthy air conditioning) series of air sterilization systems that remove bacteria and viruses from the air.

This contributes to infection control measures at hospitals, offices, commercial facilities, public institutions, and other places where a large number of people interact.

Ocoogeo®

UV-C lamp-equipped fan coil unit (patented)

Product Development Toward Achieving a Carbon-Neutral Society

As part of our efforts to reduce CO_2 emissions, we are (1) developing flagship devices (fan coils) to improve basic performance, (2) constructing structures to reduce pressure loss inside air conditioners, (3) developing fan motor units to reduce environmental impact (reduction of welding, painting, and number of parts), and (4) adopting highly durable stainless steel roll-forming frames.

A future issue is to break away from the current design standards, and we believe that reviewing structures that have been considered the norm and creating new air conditioners of a new standard with fresh ideas will be the next step toward achieving a carbon-neutral society.

One such effort is the concept model Green AHU®, which adopts wood (thinned wood) for exterior panels. We believe that the use of natural and recycled materials promotes the reduction of waste through the cyclical use of resources, and that the creation of an environment with a warm, woody feeling also helps to improve the wellness of users. We are working on this effort as a new challenge for air conditioners in light of the recent focus on the adoption of wood construction and wood materials for mid- and high-rise buildings.

Green AHU®

Shinichi Arizono
Deputy General Manager of Design Department and Business Strategy Office, Technical Center I, Technical Division

Disclosure Based on TCFD Recommendations

In 2022, the Company endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).* We are also identifying risks and opportunities and verifying the resilience of our strategies through scenario analysis.

* TCFD: Task Force on Climate-related Financial Disclosures

Governance

In order to promote initiatives based on the ESG Basic Policy, we have established a Sustainability Committee chaired by the Chief Executive Officer, which formulates issues, targets, and various measures related to sustainability, promotes ESG materiality, discusses the progress of targets and measures, and reports the status of activities to the Board of Directors.

The Board of Directors also receives reports from the Sustainability Committee as appropriate and makes resolutions after deliberation when necessary.

Strategies

By recognizing the impact of climate-related risks through scenario analysis and considering countermeasures, we aim to reduce our business risks and realize opportunities for value creation to secure sustainable and stable revenue over the long term.

1.5°C/2°C scenario (key results)

Type of risks/ opportunities	Significant risks/ opportunities	Impact on business based on results of scenario analysis (description of significant risks/ opportunities)	Time	Impact on operating profit	Countermeasures
Transition risks(market)	Increase in cost of raw materials	Leading to increased costs when costs of procuring raw materials increase due to the introduction of a carbon tax, etc.	Medium- to long-term	Medium 0.75 billion yen decrease	・Energy-saving and efficiency improvements in manufacturing ・Consideration of alternative measures to stabilize procurement prices
Opportunities (products/ services)	Increase in demand for products that contribute to GHG reduction and energy savings for customers (water coolants)	Expecting increased demand for water coolant products due to stricter GHG emission regulations/ regulations on CFC use	Medium- to long-term	High 2.1 billion yen increase	・Strengthening of energy-saving performance of air conditioning equipment/ technology development

4°C scenario (key results)

Type of risks/ opportunities	Significant risks/ opportunities	Impact on business based on results of scenario analysis (description of significant risks/ opportunities)	Time	Impact on operating profit	Countermeasures
Physical risks (acute)	Risk of business interruption due to severe wind and flood damage	Missing business opportunities due to difficulties in sales activities if sales offices are damaged as a result of the increased risk of typhoons, floods, and other wind and water damage caused by climate change	Medium- to long-term	Low	Strengthening of BCPs for procurement and manufacturing

Risk management

With regard to various changes in the external environment related to climate change, each risk identified and evaluated by the Sustainability Committee is managed by the relevant divisions, and countermeasures are considered. The Sustainability Committee consolidates and manages the proposed responses to these risks and regularly reports to the Board of Directors.

Metrics and targets

Metrics: The Company uses Scope 1 and Scope 2 CO_2 emissions as metrics for evaluating and managing climate-related risks and opportunities.

Targets: The Company aims to reduce CO_2 emissions by 50% compared to the results of the fiscal year ended March 31, 2020 by the end of the fiscal year ending March 31, 2031, and to achieve net-zero CO_2 emissions by the end of FYE 2051/3.

Status of achievement

(tCO_2)

(FYE 2020/3)	(FYE 2021/3)	(FYE 2022/3)	(FYE 2023/3)	(FYE 2024/3)
3,611	3,628	3,917	1,681	1,108

*** Details are disclosed on the Company's website www.sinko.co.jp/csr/tcfd/ (in Japanese only)**

SOCIAL

Tokuji Aota
Representative Director and Executive Vice President, Chief Financial Officer

Message from the Chief Human Resource Officer

Create a happy environment for all Becoming an organization that leverages diversity and challenges

SINKO INDUSTRIES' corporate value is supported by its human resources. High-quality sales and manufacturing, exceptional governance—all of these are done by people. Our ideal for human resources is an employee with the ability to make decisions backed by extensive knowledge and experience, the drive to always take on new challenges, and the observation skills to accurately identify and understand risks. We will enhance the dignity of our employees and the value of our Company by investing in our people, and we will work to create an environment that provides joy to all our stakeholders.

In order to implement human capital management that seeks to achieve our goal of "creating a happy environment for all," we have defined three primary policies: human resource development that aims to firmly establish a corporate culture that encourages new challenges, creating an organization that leverages diversity, and creating a safe and vibrant workplace.

We have conducted roughly 25 round-tables with management executives and employees of every level to share those ideals throughout the company. At these round-tables, we have directly communicated the goals of our management policies and reforms, along with the tasks that we must take on, to individual employees. We have also gathered employee feedback and concerns, and are implementing initiatives aimed at identifying potential improvement measures. Our employees have diverse opinions and ideas, and we try to put each of them that contributes to the future of our company into practice.

We are also enriching our education programs to better realize our human resource ideals. Our training for new hires goes beyond air conditioner-related content to a wide range of other training, including newspaper-based courses on the knowledge necessary as working members of society, human rights issues, AI training, and, for non-Japanese employees, we offer a year of language lessons. Furthermore, we provide tuition support to those who wish to go to graduate school and offer management training courses for management executive candidates.

We are working to foster a corporate culture that encourages taking on new challenges through measures such as enriching our support system for obtaining qualifications to promote self-development and providing incentives for employee inventions based on evaluations of the inventions.

We created a Diversity Promotion Committee with the aim of producing more comfortable working environments, and we were able to form a diverse committee by using an open application process for committee positions. We are implementing new systems and reforms, some based on new ideas that had not previously occurred to management, including a Human Rights Policy, enabling paid leave to be taken in hourly units, and a shortened working hours/staggered working hour system for raising grandchildren.

Harmonious co-existence with local communities is also an important aspect of human capital management. Through internships that provide young people with learning opportunities, plant tours for children, SINKO AIR CONDITIONING RESCUE®, which assists in creating comfortable environments in disaster evacuation sites, and other initiatives, we hope to earn the trust of communities and secure human resources of the future.

All of our employees embody our management philosophy of "prolific creativity and quality to be proud of," our vision to "universally provide reliability and satisfaction to customers, society, and employees," and our "YOUNGing INNOVATing CHALLENGing" values. We plan to continue to implement diverse initiatives to support our employees as they evolve into those who can boldly take on the challenge of our long-term vision, "By Air, to the Future."

Initiatives

Human Capital Management
Create a Happy Environment for All

- Human resources development that aims to firmly establish a corporate culture that encourages challenge
- Leverage diversity
- Create a safe and vibrant workplace
- Co-existence with local communities

Human Resources Development

Based on our management philosophy of “prolific creativity and quality to be proud of,” and with the aim of maintaining the quality of our company and the dignity of our employees, we are dedicated to creating an environment in which young, mid-career, and senior employees, who will all continue to grow in this era of centenarians, can work safely, happily, and energetically.

Furthermore, to establish a corporate culture that encourages individual challenges, we are establishing an “environment that creates human resources,” where the company and its employees aim to grow through a relationship in which they choose and are chosen by each other as they take on various challenges, and we aim to create diverse, open teams based on our employees’ expertise.

Building a training system that fits the times: The challenge of reskilling

Target		Training Content
Company-wide		Compliance training / Information security training / Finance and economics education / Mental health training / Working women’s health literacy training for male managers / Conflict management training / Unconscious bias training
Level-specific	New hires	Air conditioners of the future training / Introductory AI training / Applied AI training / Presentation training / New employee basic training / PC training / Job rotation training / Factory training
	Junior	Job crafting training / Follow-up training
	Mid-career	Leadership training
	Management	Management training / New managers’ training
Selective		Management leadership seminar dispatch for managers / EU/US inspection dispatch for mid-career and junior employees / Japanese language education for foreign employees
Directors and Operating Officers		Executive training
Specific themes		Human rights training / LGBTQ training / Second career training / DX Literacy Improvement training / AI training / Skill qualification training / SDGs and ESG training / Women’s leadership training / Roundtable discussions with female managers / Cross-cultural communication training

One-and-a-half-year rotation training: The challenge of manufacturing

We provide a variety of educational opportunities for our new employees, starting with basic training, going on to operational training, rotation training in various departments, factory training, manufacturing training, and applied AI training. All new employees acquire the skills and technology certifications necessary as part of the basic training they receive after joining.

Experiments by new employees

SDGs and ESG training

Proposing the air conditioners of the future (SINKO AIR CONDITIONING RESCUE®, Green AHU®) The challenge of future business

Based on their flexible creativity, our new employees come up with ideas for “air conditioners of the future” during the course of their training, and we use these fresh and novel ideas in the development of our products.

A proposal for an air conditioner of the future created by a new employee

Diversity

Our company is home to personnel with diverse backgrounds. We promote diversity management, where each of our employees respects each other and aims to create new value.

In Osaka City, companies that actively promote the creation of workplace environments where women can thrive are certified as “Leading Companies with Actively Participating Women in Osaka City,” and we have received a three-star certification. On February 22, 2024, we received a mayoral award (award of excellence) as a company making particularly outstanding efforts.

Examples of Initiatives

Examples of Hiring Activities	FYE 2022/3	FYE 2023/3	FYE 2024/3	FYE 2025/3 (as of April 1)
Active hiring of women for new graduates (Target: 40% of new hires) (persons)	3/18 (17%)	2/20(10%)	9/27(33%)	8/24(33%)
Hiring of foreign exchange students (Hires over fiscal year) (persons)	0	1	4	4
Hiring of persons with disabilities (Hires over fiscal year) (persons)	0	2	0	0
Active hiring of mid-career hires (hires over fiscal year) (persons)	19	28	30	2

Creating a Workplace Environment

We are carrying out various initiatives focused on creating new systems and a culture to allow our employees to work safely, securely, and healthily. Through initiatives such as adopting a personnel system that emphasizes dialogue to ensure that employees experience growth and that their personal growth leads to the company’s growth, we are aiming to improve productivity while focusing on work-life balance to promote the creation of an environment where everyone feels joy as they strive toward achieving the Medium-term Management Plan.

Examples of Initiatives

- Roundtable talks between management executives and junior employees (24 times)
- Extension of retirement age to age 65 (introduced April 2024)
- Engagement surveys (once per year)
- Promoting childcare leave for male employees (regular briefing sessions held)
- Introduction of hourly paid leave system (introduced April 2024)
- Workplace environment improvement workshops (2 times)
- Roundtable talks in manufacturing divisions (22 times)
- Introduction of shortened working hours and staggered working hour system for employees raising grandchildren under the age of one (April 1, 2023)

Male Employees Taking Childcare Leave

Yuta Ikumi

Chief Engineer (Technology Control Department, Manufacturing Division)
Joined the Company in 2013 Leave taken: August 21 to October 20, 2023

I consulted with my supervisor and made arrangements about four months before taking childcare leave, so I feel that the handover of my duties went relatively smoothly. Initially, I had felt a little guilty at the prospect of taking leave because I was worried that it would increase the burden on my colleagues, but with support from my supervisor and others, I was able to focus on taking care of my children with peace of mind.

We were new parents, so every day was a process of trial and error. Things seldom went as planned, but we talked things through and supported each other, so we were able to overcome any problems that arose.

The kids would wake each other up when we were trying to put them to bed for naps or at night, or we’d have to feed them every other hour at different times. My wife and I were thoroughly sleep-deprived. I think we were constantly on edge for the first few months since we couldn’t communicate with them and had no idea why they were crying. But when things weren’t going well, my wife and I would talk to each other, taking care of one problem at a time, which helped gradually relieve the stress my wife was under.

Taking childcare leave helped to reduce some of the burden my wife was under, but at the same time, it changed the way I approached the difficulties of childcare, from feeling like “I thought I understood” to “I understand.” It was an invaluable experience.

Supply Chain

Based on our management philosophy of “prolific creativity and quality to be proud of,” we work as one with our business partners, promoting procurement that meets the needs of society and our customers. In our transactions, to engage in appropriate procurement activities that are aligned with changes in the social environment, we regularly review the content, procurement methods, and procurement conditions of items procured, and discuss improvements through audits and evaluations of our partners, thereby promoting co-creation. We are also actively working to adopt new products that have new functions and could replace existing products.

The SINKO Group Code of Conduct is the foundation of all of our transaction activities. We consider the following to be important policies in our manufacturing of products that provide comprehensive satisfaction with quality, price, delivery time, and continuity.

- Compliance with laws, regulations and social norms
- Establishing and strengthening the supply chain
- Ensuring quality and safety
- Contributing to environmental conservation and regional development
- Thorough protection and management of information
- Implementing education and training

Human Rights Due Diligence

The Diversity Promotion Committee formulated the Human Rights Policy in April 2024 and published it on our website.

This Human Rights Policy is publicized within the company using digital signage and SINKO COMPASS CARDs, which contain our code of conduct and other information. In addition, we are working to raise awareness of human rights by conducting human rights training and LGBTQ training, mainly for new employees, including those of our Group companies.

Occupational Safety and Health

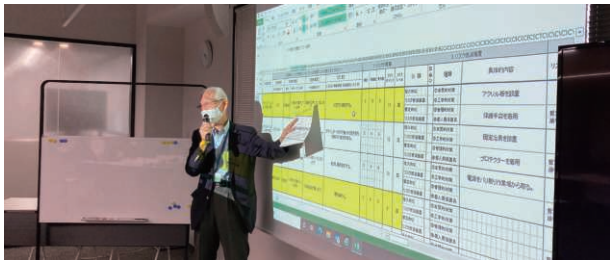
To create a safe and healthy workplace, we place great importance on sustainability and ESG materiality (priority issues). As part of this, we focus on “Society (S)” and work on occupational health and safety to create an environment where everyone can work happily. Every year, we set a target for the frequency rate of occupational accidents at less than the industry average of 1.2 (FY2019 results) with the aim of reducing the incidence of occupational accidents.

To raise safety awareness, we are working to prevent workplace accidents, for instance, through in-house training and information sharing of accidents, and are committed to ensuring the health and safety of our employees, the employees of our partners, and everyone involved in our business. In the fiscal year ended March 31, 2024, we have continued to raise safety awareness through such measures as sharing and investigating examples of occupational accidents, conducting internal workshops, and inviting outside consultants for safety guidance. Furthermore, we conducted simulated experiences of dangerous behavior using workshops and safety awareness-raising VR.

We conducted our first-ever safety conference since our founding to work on safety activities as a united company, where Directors, divisional executives, the Health and Safety Committee, and the Health and Safety Promotion Committee members recited our safety declaration, “Safety First, Safety Is Our Highest Priority,” striving to raise safety awareness. As a result of these efforts, the frequency rate of occupational accidents in the fiscal year ended March 2024 improved significantly from 1.1 (2 incidents) to 0.0 (0 incidents).

In the fiscal year ending March 2025, we will continue to make further efforts toward the goal of zero occupational accidents for the health and happiness of our employees. To achieve this, we will conduct hiyari-hatto activities (near miss reporting) and hazard prediction activities and training, and will take appropriate measures to prevent occupational accidents by carrying out a series of procedures such as identifying hazards and dangers in the workplace through risk assessment, envisioning risks, setting priorities, and determining risk mitigation measures.

Company-wide safety conference


Safety guidance by an outside consultant

Co-Existence with Local Communities

Planned opening of a DX site in Nagasaki City

We support Nagasaki Prefecture's initiative to create jobs for young people living in Nagasaki, and plan to open an office in Nagasaki City (FYE2027/3). In anticipation of this, we have created jobs for three new university graduates and one mid-career hire in Nagasaki Prefecture.

Nagasaki site agreement-signing ceremony

Donations (Furusato Nozei ("hometown tax"))

In Tsuyama City, Okayama Prefecture, where our production base is located, there are currently four regional revitalization projects with the aim of creating a "town inviting to young people," a "town where people want to stay or want to move in," "realizing a safe society" and a "sustainable town." In support of the "town inviting to young people" project, we have utilized the corporate version of the Furusato Nozei ("hometown tax") system to donate 3 million yen to Tsuyama City to help revitalize the local economy and create stable employment. On June 9, 2023, Mayor Keizo Taniguchi came to our Okayama Factory and presented us with a certification of gratitude.

Summer vacation work experience event at Hadano City

On Friday, July 28, 2023, we held a work experience event for local elementary school students at our Kanagawa Factory entitled "Become an Engineer and Experience the Flow of Air and Sound." A total of 34 participants, including 15 elementary school students and 19 parents and guardians, toured the factory, tried their hands at screwing in air conditioners with bolts, and conducted experiments to feel the flow of air and sound.

Work experience event

Social Contribution Activities

Internship program

In our work experience program for university students, we use a job rotation model that allows students to experience working in multiple departments with the goal of minimizing mismatches, such as early turnover, which has become a social issue.

In order to not interfere with students' studies, we offer five-to-ten-day internships at bases in Tokyo, Osaka, Kanagawa, and Okayama during the university summer break period (August to September) (total interns accepted: 29).

Students' feedback

"Thanks to the work experience I gained through creating drawings in the sales and design departments, I was able to get a clear picture of the processes that lead up to product delivery, how departments work together in these processes, and the atmosphere of the company."

"I didn't just learn about job hunting, but also got a full picture of what makes SINKO such an appealing company."

Internship

Cleaning

The Okayama Factory takes part in the annual "Garbage Zero Day" cleaning activity in the local industrial park.

Numerous employees participated in the activity this fiscal year as well, contributing to the beautification of the industrial park.

Cleaning activity

Conclusion of a "Support Agreement on Disaster Management" with Hadano City

As part of our social contribution activities, we engage in support activities such as setting temporary air conditioning equipment in evacuation sites in the event of disasters and first-aid tents at outdoor events, providing people with comfortable environments. We will continue to conduct these support activities while deepening our ties with Hadano City and the community.

What is "SINKO AIR CONDITIONING RESCUE®"?

At disaster evacuation sites and outdoor event first-aid tents, it can be difficult to secure power, making air conditioning and ventilation a challenge. We load trucks with our "All-in-One Heat Pump Air Conditioner Ocoogeo®" and a power generator, and provide temporary air conditioners at sites where air conditioning is needed.

■Equipment configuration/specs

GOVERNANCE

Initiatives

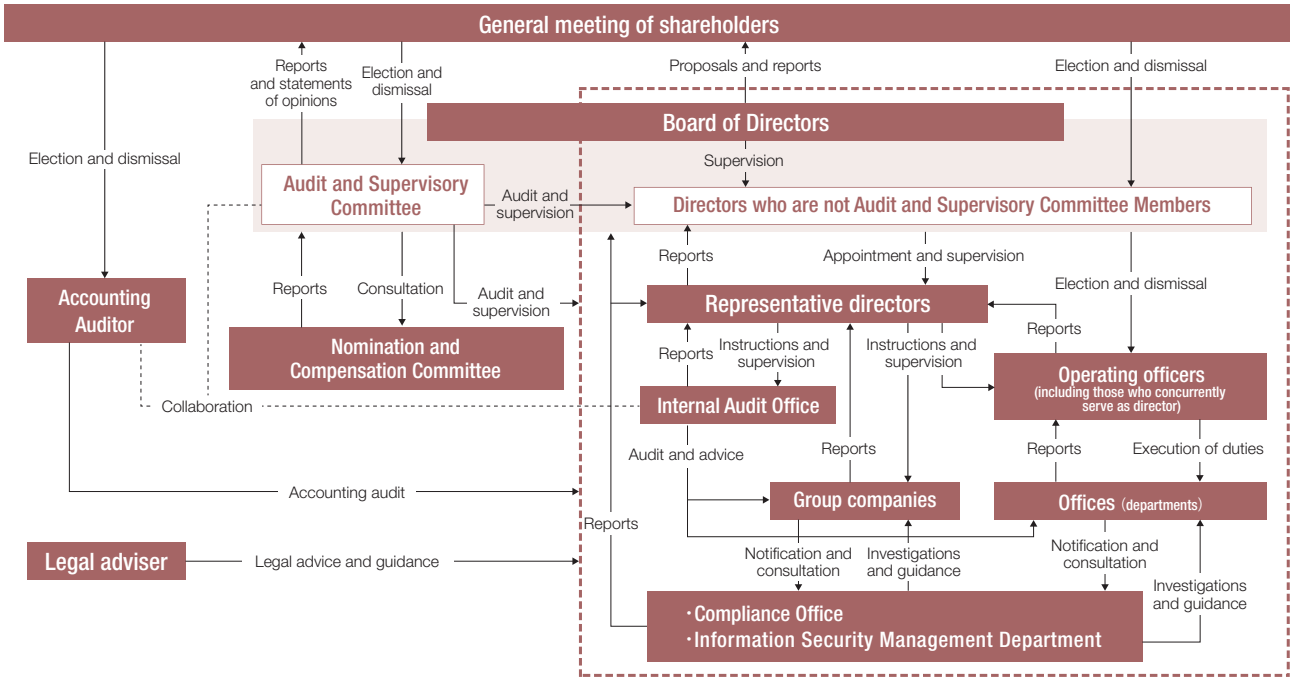
Strengthen Effectiveness of Corporate Governance

- Ensure diversity in the composition of the Board of Directors
- Make highly transparent information disclosures

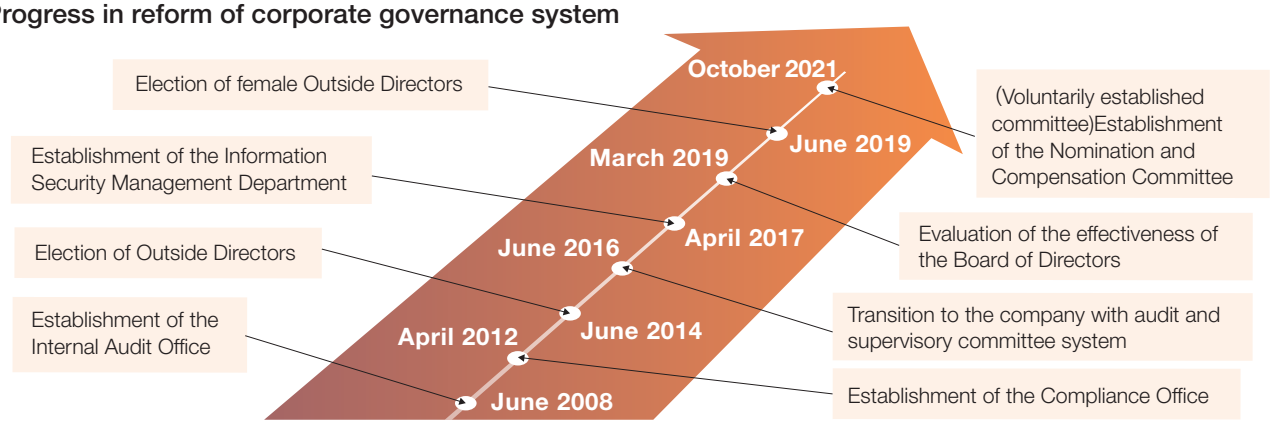
Corporate Governance Policy

The Group believes that ensuring sound and transparent management and creating an agile business structure are essential to fulfilling its social responsibility for shareholders, employees, business partners, and other stakeholders while increasing its corporate value in a sustainable manner. We regard corporate governance as a mechanism that enables us to achieve these goals.

Corporate governance system



Progress in reform of corporate governance system



Corporate Governance System

The Company has adopted, as its organizational design, the company with audit and supervisory committee system to strengthen the Board of Directors' audit and supervisory functions and enhance corporate governance further. Our corporate governance structure consists of the following bodies: the Board of Directors that makes decisions on management policy and other important matters while conducting supervision; the Audit and Supervisory Committee that audits and supervises management; and the Operating Officer System that facilitates agile operational management. In addition, we have the Nomination and Compensation Committee as a voluntarily established body that advises the Board of Directors.

Members of each body

Job title	Name	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee
Chief Executive Officer	**Satoshi Suenaga**	○		
Representative Director and Executive Vice President, Chief Financial Officer, General Manager of Administration Division	**Tokuji Aota**	○		○
Director and Senior Executive Officer, General Manager of Manufacturing Division	**Takenori Taniguchi**	○		
Director and Senior Executive Officer, General Manager of Corporate Planning Division	**Tomoaki Fujii**	○		
Director and Executive Officer, General Manager of Sales Management Division	**Noriaki Michibata**	○		
Outside Director	**Minako Adachi**	○		○
Outside Director	**Shinichi Hirano**	○		○
Outside Director	**Itsuko Fukuda**	○		
Director (Full-time Audit and Supervisory Committee Member)	**Masakazu Sano**	○	○	○
Director (Full-time Audit and Supervisory Committee Member)	**Hisao Kitadono**	○	○	
Outside Director (Audit and Supervisory Committee Member)	**Kenichiro Mizumura**	○	○	○
Outside Director (Audit and Supervisory Committee Member)	**Yoshio Nakagawa**	○	○	
Outside Director (Audit and Supervisory Committee Member)	**Emiko Ikigoshi**	○	○	

Board of Directors

The Company's Board of Directors consists of eight Directors (excluding Directors who are Audit and Supervisory Committee Members), including three Outside Directors (two female), and five Directors who are Audit and Supervisory Committee Members, including three Outside Directors (one female). The Board of Directors meets once a month in principle, and 17 meetings were held in the fiscal year ended March 31, 2024. Specific matters considered and resolved by the Board include the determination of management targets, approval of disclosure of quarterly performances, matters related to the Annual General Meeting of Shareholders, selection of representative directors, purchase and disposal of treasury shares, allocation of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members), policy on continued holding and sale of cross-shareholdings, and formulation of business continuity plans (BCPs). The Board of Directors also receives reports on the performance outlook, the status of business at sales departments, manufacturing departments, and overseas subsidiaries, plans and audit results from the Audit and Supervisory Committee and the Internal Audit Office, the status of risk identification from the chairperson of the Risk Management Committee, the status of notifications to the SK Group Compliance Hotline, and the results of meetings with investors. In addition, the Board receives reports on the results of the evaluation of the effectiveness of the Board of Directors, the progress of the Company's action plan on climate change based on the TCFD recommendations, and other matters.

Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of two full-time Audit and Supervisory Committee Members and three Outside Audit and Supervisory Committee Members.

The Audit and Supervisory Committee meets monthly in principle, and 12 meetings were held in the fiscal year ended March 31, 2024 (100% attendance rate). The Audit and Supervisory Committee thoroughly audits the operation of the internal control system to strengthen the Group's corporate governance and ensure compliance, and it conducts audits and supervision to establish a system in which the Group develops in a healthy manner toward achieving its targets, and to make the Group a corporate group that can contribute to society. The Audit and Supervisory Committee deliberates and considers matters related to the operation of the Audit and Supervisory Committee, agenda items of and matters reported to the Board of Directors, and matters related to the Annual General Meeting of Shareholders and the Accounting Auditor, and reports the results of audits of each office and Group company.

Nomination and Compensation Committee

The Company's Nomination and Compensation Committee consists of two Inside Directors and three Independent Outside Directors, and is chaired by an Independent Outside Director. The Company held Nomination and Compensation Committee meetings twice in the fiscal year ended March 31, 2024 (100% attendance). In order to strengthen the transparency, independence, and objectivity of procedures for nomination (including succession plans), compensation, and other matters relating to Directors, and to enhance corporate governance, this committee deliberates and reports on matters such as the selection of representative directors, policies on compensation, etc. of Directors, and personnel proposals for Director candidates in response to consultation by the Board of Director.

Role and Independence of Outside Directors

When appointing candidates for Outside Director, the Company places emphasis on whether the candidates possess the high-level expertise and ample experience that are needed to provide candid and constructive advice for and supervise its management, on top of the fulfillment of the requirements for outside directors specified in the Companies Act and the independence criteria set by financial instruments exchanges.

Each Outside Director provides advice that leads to medium- to long-term improvements in corporate value and supervises the execution of business based on a wealth of experience and insight in areas such as finance and accounting, legal affairs, international affairs, and IT, in addition to corporate management.

Reasons for election as Outside Director

Kenichiro Mizumura	Mr. Kenichiro Mizumura possesses many years of experience in financial institutions, deep insight and abundant achievements from his service as an officer for other companies, and considerable knowledge about finance and accounting. As it is expected that he can audit and supervise the overall management from a wide-ranging and high-level perspective, the Company elected him as an Outside Director who is an Audit and Supervisory Committee Member.
Minako Adachi	Ms. Minako Adachi possesses a wealth of experience and track record in corporate management accumulated as an officer for other companies, and has extensive international experience in particular. As it is expected that she can offer advice on the overall management of the Company and contribute to further enhancement of its management supervisory function, the Company elected her as an Outside Director.
Yoshio Nakagawa	Mr. Yoshio Nakagawa possesses ample experience and expertise accumulated as a public prosecutor and an attorney. Based on the belief that he will utilize them to improve the management of the Company and its corporate value, the Company elected him as an Outside Director who is an Audit and Supervisory Committee Member.
Shinichi Hirano	Mr. Shinichi Hirano possesses a wealth of experience, track record, and broad knowledge in corporate management accumulated over many years of his service as an officer for other companies. As it is expected that he can audit and supervise the overall management from a wide-ranging and high-level perspective, the Company elected him as an Outside Director.
Itsuko Fukuda	Ms. Itsuko Fukuda possesses a wealth of experience and a track record in corporate management accumulated as an officer for other companies, and has a high level of insight into the IT field. As it is expected that she can offer advice on the overall management of the Company and contribute to further enhancement of its management supervisory function, the Company elected her as an Outside Director.
Emiko Ikigoshi	Ms. Emiko Ikigoshi has ample experience and wide-ranging knowledge gained as a certified public accountant. As it is expected that she will utilize them to enhance the Company's audit system, the Company elected her as an Outside Director who is an Audit and Supervisory Committee Member.

Skills Matrix

After identifying skills that each Director should possess in light of the management strategy, and considering the operating environment and business characteristics, we select personnel with abundant experience and excellent insight in areas such as corporate management, sales, manufacturing and technology, legal affairs, IT, and compliance. Three of the 13 Directors are female, and four of the six Independent Outside Directors have experience as directors at other companies.

			Corporate management	Finance & accounting	Sales, marketing & strategy	Manufacturing, technology & IT	Legal affairs, compliance & risk management	ESG & sustainability	Industry knowledge	Personnel/ labor management & human resource development	Internationality
Directors	Satoshi Suenaga		●		●	●		●	●		●
	Tokuji Aota		●	●	●		●	●		●	
	Takenori Taniguchi		●			●			●	●	●
	Tomoaki Fujii		●		●	●			●		●
	Noriaki Michibata		●		●				●		
	Minako Adachi	Outside Independent	●		●						●
	Shinichi Hirano	Outside Independent	●		●					●	●
	Itsuko Fukuda	Outside Independent	●			●					
Directors who are Audit and Supervisory Committee Members	Masakazu Sano					●			●		
	Kenichiro Mizumura	Outside Independent	●	●	●						
	Yoshio Nakagawa	Outside Independent					●				
	Hisao Kitadono					●	●		●		
	Emiko Ikigoshi	Outside Independent		●							

Evaluation of the Effectiveness of the Board of Directors

The Company conducted a questionnaire survey of all Directors (including Directors who Audit and Supervisory Committee Members) to confirm that the Board of Directors is effective and to identify issues and matters for improvement, the results of which were analyzed and evaluated.

In the questionnaire, Directors were asked to perform a self-evaluation on 17 items from five perspectives: the composition of the Board of Directors, the operation of the Board of Directors, the status of deliberations and discussions, the provision of information to Outside Directors, and an overall assessment. As a result, it was found that the effectiveness of the Company's Board of Directors has generally been ensured.

In regard to the issues pointed out in the questionnaire, we will conduct the necessary studies and work on improvements to enhance the effectiveness of the Board of Directors.

Officer Compensation

Total compensation for FYE 2024/3

Category	Number of persons paid (persons)	Total amount of compensation, etc. (million yen)	Total amount of compensation by type (million yen)		
			Fixed compensation	Performance-linked compensation	Non-monetary compensation
Directors (excluding Audit and Supervisory Committee Members) (of which Outside Directors)	8 (2)	195 (12)	119 (12)	71 (—)	4 (—)
Directors (Audit and Supervisory Committee Members) (of which Outside Directors)	5 (3)	35 (18)	35 (18)	—	—
Total	13 (5)	231 (30)	155 (30)	71 (—)	4 (—)

(Notes) 1. The above table includes compensation, etc. during the term of office of one Director (excluding Audit and Supervisory Committee Members) who retired at the conclusion of the 74th Annual General Meeting of Shareholders held on June 23, 2023.
2. Non-monetary compensation consists of restricted shares.

Policy on the Determination of Officer Compensation

At the Company, the Nomination and Compensation Committee deliberates and reports on policies regarding the compensation, etc. of Directors in response to a consultation by the Board of Directors, and the Board of Directors makes resolutions on the policy for determining the content of compensation, etc. of individual Directors.

In the process of determining the compensation amount of each Director (excluding Directors who are Audit and Supervisory Committee Members), the Director in charge of personnel matters, first of all, prepares a draft of the compensation amount within the given limit based on the operating environment, the individual's achievements, and other factors, which is then deliberated by the Nomination and Compensation Committee and the Audit and Supervisory Committee to ensure objectivity and transparency, and, referring to their opinions, the final decision is made by a resolution of the Board of Directors including Outside Directors.

The compensation amount of each Director who is an Audit and Supervisory Committee Member is determined within the given limit through discussions by Directors who are Audit and Supervisory Committee Members.

At the 75th Annual General Meeting of Shareholders held on June 24, 2024, the introduction of performance-linked share-based compensation of Executive Directors, etc. (including some Operating Officers) was approved, and the compensation of Executive Directors comprises fixed compensation, performance-linked monetary compensation, and share-based compensation. The metrics for the performance-linked monetary compensation mainly consist of the Company's non-consolidated operating profit and consolidated operating profit. The reason why these profit indicators were chosen as metrics for performance-linked compensation was because they best reflect the profitability of the Company's core business. Performance-linked monetary compensation is determined by multiplying the fixed compensation amount that has been set for each position by the performance-based payment ratio that has been determined by comprehensively taking into account the year-on-year changes in non-consolidated operating profit and consolidated operating profit, the personal performance evaluation of each Director, the outlook on the Company's performance in and after the coming fiscal year and other factors, and paid out in the following fiscal year together with the fixed compensation as monthly remunerations. Furthermore, share-based compensation comprises restricted share-based compensation and performance-linked shared-based compensation. Restricted share-based compensation is a compensation plan in which restricted shares, for which certain transfer restriction periods have been set, are granted to each Director during his or her term in office. Performance-linked share-based compensation is a compensation plan in which points determined in advance are granted according to the degree of achievement of performance targets for each segment for which each officer is in charge, and the Company's shares, etc. equivalent to these points are delivered to the Director, etc., at the time of his or her retirement. The performance targets for each segment for which each officer is in charge are set individually for the eligible officers, based on the performance targets set in the Medium-term Management Plan, and consist mainly of financial indicators such as consolidated ROE, as well as non-financial indicators relating to human capital.

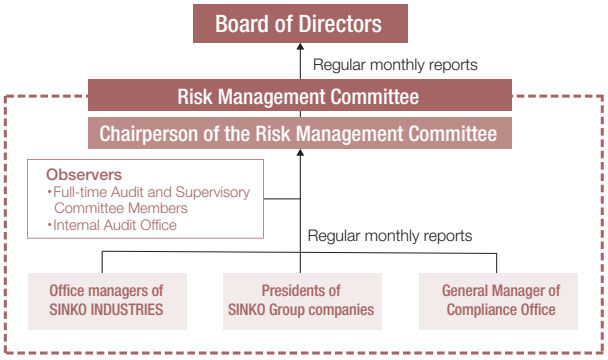
The compensation of Outside Directors shall comprise exclusively fixed compensation in view of their roles and independence.

Risk Management

In order to prevent the occurrence of risks that could significantly impact the Group's management and, in the event of a severe crisis occurring in the Group, to quickly restore trust in and minimize damage, we have established a Risk Management Committee.

The Company's office managers, Group company presidents, and the General Manager of the Compliance Office, who are members of the committee, submit monthly written reports on the status of risk identification to the chairperson, regardless of whether any risk matters exist. The chairperson, who is the Director in charge of the Administration Division, then reports this to the Board of Directors.

Risk management system



Business and Other Risks

Rules and other systems related to the management of the risk of loss of the Company and the Group are as follows.

(1) Corporate risks are controlled by assessing and managing them in accordance with the Risk Management Rules.
(2) The Company builds and operates a risk management system so that various issues—whether related to sales, management, or overseas business conditions—are discussed and assessed at Business Supervision Meetings, in addition to Board of Directors meetings, from a Group-wide perspective, and effective measures to mitigate the risks the Group may face can be taken.
(3) In the event that the Group faces a crisis, the Risk Management Committee, which is overseen by the Company's Chief Executive Officer and chaired by the Director in charge of the Administration Division, takes the helm in addressing the crisis.
(4) The Company's Board of Directors formulates business continuity plans (BCPs) to prepare for a situation where business continuity is at risk. The Board of Directors creates and operates systems to address emergencies for quick business recovery and continuity while creating and operating BCP management systems in normal times.

Information Security

We have formulated the Information Security Management Rules in order to prevent data breaches and damages through the proper use, preservation, and operation of information assets, and to improve the quality of business management.

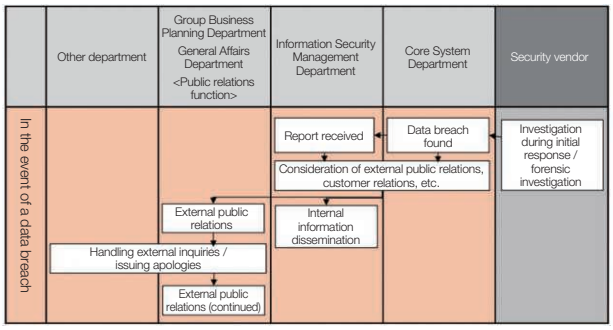
As a management system, we have established an Information Security Management Department for monitoring information security measures throughout the Group. In addition, by educating all employees, including officers, on information security and conducting targeted attack email training, we are working to enhance literacy in information security.

BCP

The Company's BCP initiatives are implemented in line with its policy of aiming for quick recovery and resumption of business in the event of an emergency such as earthquakes, wind and flood damage, and other various natural disasters, or major outbreaks of infectious diseases.

In the event of an emergency, we will follow our BCP activation flow and conduct initial response as well as business continuity and recovery, led by our BCP organization. We will also practice our Business Continuity Management (BCM), including education and training as well as corrections and reviews.

BCP: "Fire drill assuming fire caused by an earthquake"



Information security: "Flow in case of a data breach"

Compliance

At each office of the Company and its Group, we conduct workplace discussions twice a year based on the SINKO COMPASS CARD, which outlines our management philosophy and code of conduct, to ensure thorough understanding, and report the implementation status to the Board of Directors.

We are also working to build and maintain the Group's compliance system by developing an internal control system and establishing a Compliance Office. We have established the SK Group Compliance Hotline to detect potential violations of laws and internal regulations early. Monthly reports are made to the Board of Directors on whether there are any notifications or consultations to this hotline, and we are striving to raise awareness of compliance by providing mandatory compliance training every year.

SINKO COMPASS CARD

Internal Audit Office

We have established an Internal Audit Office as a department to conduct internal audits of the Group. The Internal Audit Office is organized as an independent department under the direct control of the Chief Executive Officer to conduct internal audits from an independent and objective standpoint. It consists of four dedicated members, including those from our sales and purchasing departments. The Internal Audit Office conducts internal audits to contribute to the achievement of management targets, based on an internal audit plan approved by the Chief Executive Officer at the beginning of the fiscal year and reported to the Board of Directors. These audits are performed on the Group's internal controls and the actual status of its operations and assets from a legality, rationality, and risk-based perspective at each domestic office and Group company. After the Internal Audit Office completes its internal audits, it promptly submits the internal audit report to the Chief Executive Officer and Audit and Supervisory Committee Members. It provides quarterly updates on the status of internal audits to the Chief Executive Officer, the Board of Directors, and Audit and Supervisory Committee Members. In this manner, a dual reporting line for direct reporting has been established. Through coordination with the Board of Directors and the Audit and Supervisory Committee, the office is striving to ensure the effectiveness of its internal audits. The office also shares information and otherwise collaborates with Ernst & Young ShinNihon LLC to increase audit effectiveness. The Internal Audit Office has developed a cooperative system with the Compliance Office and the Information Security Management Department.

Compliance Education

The Compliance Office hosts compliance seminars twice a year, in the first half and in the second half of each year, for all employees of the Group, including temporary staff.

At each seminar, we set training themes and content that consider internal issues and social demands, working to raise awareness of compliance.

Compliance Hotline

The Group has established the SK Group Compliance Hotline as a whistleblowing contact point for compliance issues. It accepts consultations and reports from employees and other staff of Group companies concerning acts that violate laws and internal regulations.

We have also placed posters and stickers in workplaces and on telephones, etc. that clearly indicate the whistleblowing contact point and the reporting method. In this manner, we are implementing activities to fully and continuously inform all officers and employees throughout the Group about the existence of the SK Group Compliance Hotline.

Compliance Hotline

Introduction of Officers

Directors

Satoshi Suenaga
Chief Executive Officer

April 1984 Joined the Company
April 2007 General Manager of Tokyo Branch
June 2008 Operating Officer
June 2013 Director and Operating Officer
April 2016 Director and Executive Officer
General Manager of Corporate Planning Division
June 2017 Director and Senior Executive Officer
June 2020 Chief Executive Officer (current position)

Tokuji Aota
Representative Director and Executive Vice President, Chief Financial Officer

October 2011 General Manager of Meguro Branch, the Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank, Ltd.)
February 2014 Joined the Company
Deputy General Manager of Administration Division
July 2014 Operating Officer
June 2015 Director and Operating Officer
June 2016 Chief Financial Officer, and General Manager of Administration Division (current position)
June 2017 Director and Executive Officer
June 2020 Representative Director and Executive Vice President, Chief Financial Officer (current position)

Takenori Taniguchi
Director
Senior Executive Officer
General Manager of Manufacturing Division

April 1982 Joined OKAYAMA SINKO KOGYO CO., LTD. (currently, the Company)
July 2007 Director; General Manager of Manufacturing Department I
June 2013 Director and Executive Officer
General Manager of General Affairs Department; General Manager of Manufacturing Management Department
June 2016 Chief Executive Officer
June 2017 Director of the Company
April 2020 Director and Senior Executive Officer (current position)
General Manager of Manufacturing Division (current position)

Tomoaki Fujii
Director
Senior Executive Officer
General Manager of Corporate Planning Division

April 1997 Joined the Company
April 2015 General Manager of Information Technology Department, Administration Division
April 2017 General Manager of Planning and Related Business Department, Corporate Planning Division
June 2017 Operating Officer
June 2018 Director
April 2020 Responsible for China Business Department
June 2020 Director and Executive Officer General Manager of Corporate Planning Division
April 2021 General Manager of Corporate Planning Division (current position)
June 2022 Director and Senior Executive Officer (current position)

Noriaki Michibata
Director
Executive Officer
General Manager of Sales Management Division

April 1989 Joined the Company
April 2008 General Manager of Sales Department I, Osaka Branch
July 2013 Vice General Manager of Osaka Branch
June 2015 Operating Officer
April 2016 General Manager of Osaka Branch
June 2019 Director
April 2021 General Manager of Sales Management Division (current position)
June 2022 Director and Executive Officer (current position)

Masakazu Sano
Director
Full-time Audit and Supervisory Committee Member

April 1980 Joined KUROGANE SINKO INDUSTRIES LTD. (currently, the Company)
April 2012 General Manager of Quality Control Department, Technical Division of the Company
April 2015 General Manager of Design Department, Technical Division
June 2018 Operating Officer
June 2021 Advisor, Technical Division
June 2022 Director (Full-time Audit and Supervisory Committee Member) (current position)

Hisao Kitadono
Director
Full-time Audit and Supervisory Committee Member

April 1983 Joined the Company
April 2012 General Manager of Information Technology Department, Administration Division
April 2016 Senior General Manager of Information Technology Department, Administration Division
October 2017 General Manager of Internal Audit Office
June 2018 Operating Officer
June 2024 Director (Full-time Audit and Supervisory Committee Member) (current position)

Minako Adachi

Outside Director

April 1979	Joined HOCHIKI CORPORATION
June 2006	Managing Director of Hochiki Europe (U.K.) Limited Director of HOCHIKI CORPORATION Chairman of Board of Hochiki Fire Prevention Technology Corp.
October 2012	President and Director of Hochiki Australia Pty. Ltd.
April 2013	Chairman of Board and General Manager of Hochiki Fire Prevention Technology Corp.
June 2015	President & Director of Hochiki Shoji Corp.
June 2019	Director of the Company (current position) Auditor (part-time) of HOCHIKI CORPORATION (current position)
June 2023	External Director of SANSHIN ELECTRONICS CO., LTD. (current position)

Shinichi Hirano

Outside Director

April 1979	Joined Asahi Breweries, Ltd. (currently, Asahi Group Holdings Ltd.)
July 2011	Managing Director, Senior General Manager of Sales Headquarters, ASAHI BREWERIES, LTD.
March 2013	Senior Managing Director; General Manager of Sales Administration Division
March 2015	Director and Vice President
March 2016	President and Representative Director
March 2019	Retired from President and Representative Director
January 2020	Outside Director of GiG Works Inc. (current position)
June 2020	Director (Audit and Supervisory Committee Member) of the Company
June 2021	Outside Director, Riken Vitamin Co., Ltd. (current position)
June 2022	Director of the Company (current position)

Itsuko Fukuda

Outside Director

April 1984	Joined TOSHIBA CORPORATION
June 2018	President and CEO of TOKYO ELECTRONICS SYSTEMS CORPORATION
October 2019	President and CEO of TOSHIBA ELECTRONIC SYSTEMS CORPORATION
October 2022	Director of TOSHIBA ELECTRONIC TECHNOLOGIES CORPORATION
June 2023	Retired from Director of TOSHIBA ELECTRONIC TECHNOLOGIES CORPORATION
June 2024	Director of the Company (current position) Outside Director of ICHIKAWA CO., LTD. (current position)

Kenichiro Mizumura

Outside Director
Audit and Supervisory Committee Member

May 2004	Executive Director; General Manager of Financial Institutions Department, the Bank of Tokyo-Mitsubishi, Ltd. (currently, MUFG Bank, Ltd.)
July 2005	Executive Director; General Manager of Kobe Branch
June 2007	Director; Deputy General Manager of Building Business Division of Odakyu Real Estate Co., Ltd.
June 2009	Director; General Manager of Building Business Division
January 2017	Representative Director and Managing Director of Chitose Kosan Co., Ltd.
June 2018	Director (Audit and Supervisory Committee Member) of the Company (current position)

Yoshio Nakagawa

Outside Director
Audit and Supervisory Committee Member

April 1995	Public Prosecutor of Tokyo District Public Prosecutors Office
April 2017	Public Prosecutor of Osaka High Public Prosecutors Office
July 2019	Registered as an attorney; joined Shizuoka Bar Association
November 2019	Attorney, Nakagawa Law Office (current position)
June 2020	Director of the Company
June 2022	Director (Audit and Supervisory Committee Member) (current position)

Emiko Ikigoshi

Outside Director
Audit and Supervisory Committee Member

October 1990	Joined Chuo Shinko Audit Corporation
March 1994	Registered as a Certified Public Accountant (current position)
June 2003	Partner, ChuoAoyama Audit Corporation
August 2007	Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC), Partner
October 2023	Representative of Ikigoshi Certified Public Accountant Office (current position)
June 2024	Director (Audit and Supervisory Committee Member) of the Company (current position) Outside Director (Audit and Supervisory Committee Member) of Chugin Financial Group, Inc. (current position) Outside Director of HISAKA WORKS, LTD. (current position)

Messages from Outside Directors

A diverse Board of Directors is the foundation of a company's success

Minako Adachi

Outside Director

Our Board of Directors meetings are held in the Osaka and Tokyo Headquarters and Kanagawa Office, where our R&D and manufacturing departments are located. They provide excellent opportunities to actually learn about areas of investment, such as our showroom or the comprehensive testing building. There are prior briefings for Outside Directors, and proper time is taken to respond in detail to our questions and proposals. Both Inside and Outside Directors engage in a lively exchange of ideas in the Board of Director meetings, and I can sense a shared passion for the company's development. I will dedicate myself to further improving our corporate value in order to meet your expectations.

Becoming a company that contributes to society through the reliability and satisfaction of our customers

Shinichi Hirano

Outside Director

We are a leading central air conditioning company, supplying air conditioners used in facilities in Japan and abroad, including the Japan National Stadium and Abeno HARUKAS. Through air conditioning, we are resolving social issues and contributing to sustainable growth, but it is also vital that we reinforce our investor relations activities to create greater awareness of our Company. Our Medium-term Management Plan, "move.2027," announced last November, received a positive response from the market, resulting in a PBR well above 1. The Board of Directors will continue to engage in active discussions so that we can continue to grow as a sustainable company that contributes to society through reliability and satisfaction.

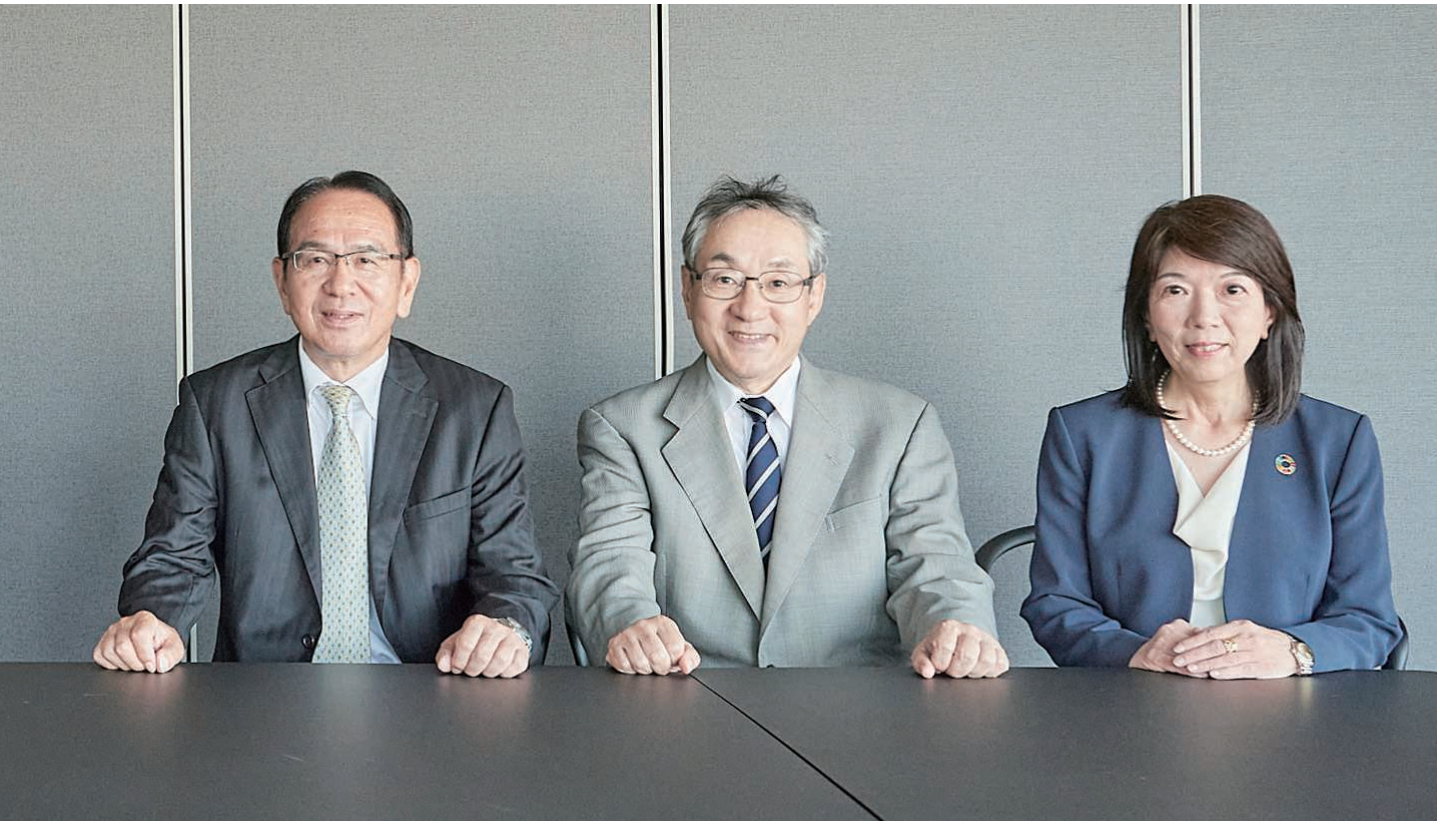
Boldly taking on new challenges while maintaining compliance

Itsuko Fukuda

Outside Director

Our Company leads the industry by "designing air quality," achieving an important social mission of ensuring stable operations of buildings and controlling optimal environments. Addressing social issues and contributing to society are also part of our future vision.

I will use my knowledge and experience in IT, digital technologies, and other manufacturing fields, developed through my history in system development, along with my own perspectives, which include a deep respect for diversity, to do my utmost toward the sustainable growth of the Company and enhancement of its corporate value.



Aiming for sustainable growth

Kenichiro Mizumura

Outside Director

Guided by the philosophy “Air Design,” our Company has grown as a leading manufacturer of central air conditioning systems, with its greatest strength being custom design and construction. However, we face major management issues in dealing with recent changes in our business environment, especially the structural labor shortage. As an Outside Director, I will faithfully fulfill my duties by invigorating discussions at Board of Directors meetings about how to optimize rationalization measures, such as streamlining workflows, investment in digitalization, and parts standardization, with our existing strengths.

For healthy corporate development

Yoshio Nakagawa

Outside Director

We have always been a blue-chip company, and we are currently in the midst of reform and transformation aimed at sustainable growth. Reform and transformation are painful and can sometimes give rise to new risks, so it is important that we prevent these risks before they manifest. There is no future for a company that does not support social justice. I will use my experience as a legal professional to share my frank opinions and do my utmost to enrich our legal and regulatory compliance for the healthy development of our Company.

Improving the effectiveness of the Board of Directors

Emiko Ikigoshi

Outside Director

I was appointed Outside Director (Audit and Supervisory Committee Member) last June. In addition to my financial and accounting expertise, I would like to utilize the knowledge I have accrued through my auditing experience in a variety of industries to deepen my understanding of management issues aimed at the sustainable growth of our Group through opportunities for communication with Group companies and departments. In addition, I will contribute to improving the effectiveness of the Board of Directors by actively sharing my opinions with management teams working to address issues and monitoring the progress made in these efforts.

11-year Consolidated Financial Summary

	Unit	FYE 2014/3	FYE 2015/3	FYE 2016/3	FYE 2017/3
Net sales	(Millions of yen)	35,738	39,189	41,462	38,578
Gross profit	(Millions of yen)	10,857	12,032	14,026	13,297
Selling, general and administrative expenses	(Millions of yen)	7,160	7,779	7,993	7,795
Operating profit	(Millions of yen)	3,696	4,252	6,033	5,502
Ordinary profit	(Millions of yen)	3,884	4,636	6,411	5,669
Profit attributable to owners of parent	(Millions of yen)	2,196	2,610	4,199	3,964
Cash flows from operating activities	(Millions of yen)	4,288	4,394	4,050	5,160
Cash flows from investing activities	(Millions of yen)	(3,975)	(819)	(858)	(1,204)
Cash flows from financing activities	(Millions of yen)	243	(1,143)	(1,838)	(2,221)
Free cash flow	(Millions of yen)	313	3,575	3,192	3,956
Cash and cash equivalents at end of period	(Millions of yen)	7,496	10,024	11,266	12,473
Total assets	(Millions of yen)	46,059	51,424	54,417	52,989
Equity	(Millions of yen)	23,847	28,648	31,161	33,344
Interest-bearing debts	(Millions of yen)	6,185	4,252	3,723	3,060
Net assets per share	(Yen)	933.70	1,053.24	1,163.71	1,277.28
Basic earnings per share	(Yen)	85.98	98.74	155.71	150.05
Dividends per share	(Yen)	18.00	23.00	33.00	36.00
Operating profit margin	(%)	10.3	10.9	14.6	14.3
ROE	(%)	9.8	10.0	14.0	12.3
Capital adequacy ratio	(%)	51.8	55.7	57.3	62.9
Payout ratio	(%)	20.9	23.3	21.2	24.0
DOE	(%)	2.0	2.3	3.0	2.9
Capital investment	(Millions of yen)	568	687	1,099	1,056
Depreciation	(Millions of yen)	707	726	742	802
R&D expenses	(Millions of yen)	487	613	518	539

	FYE 2018/3	FYE 2019/3	FYE 2020/3	FYE 2021/3	FYE 2022/3	FYE 2023/3	FYE 2024/3
	40,416	40,974	44,263	39,177	41,964	44,805	51,943
	14,065	14,042	17,938	15,200	14,852	15,263	19,100
	8,584	8,665	8,929	8,635	9,139	9,265	10,473
	5,480	5,376	9,008	6,565	5,712	5,998	8,627
	5,714	5,777	9,526	6,997	6,048	6,540	9,120
	3,891	4,155	5,996	5,021	4,097	4,514	6,580
	5,825	3,572	7,244	5,623	3,638	4,090	8,911
	(2,873)	(1,051)	(3,633)	(9,251)	(1,217)	(1,653)	(2,228)
	(1,738)	(957)	(1,484)	308	(2,299)	(2,293)	(3,353)
	2,952	2,521	3,611	(3,628)	2,421	2,437	6,683
	13,694	15,197	17,297	13,985	14,125	14,332	17,735
	59,094	62,170	65,108	69,000	72,046	77,526	88,038
	36,856	39,721	44,213	48,933	51,586	55,158	61,089
	2,455	2,200	1,949	4,124	3,603	3,141	2,600
	1,415.51	1,524.19	1,696.25	1,893.95	2,015.13	2,187.08	2,469.30
	149.12	159.52	230.06	194.25	159.12	178.62	265.11
	40.00	43.00	58.00	50.00	50.00	57.00	105.00
	13.6	13.1	20.4	16.8	13.6	13.4	16.6
	11.1	10.9	14.3	10.8	8.1	8.5	11.3
	62.4	63.9	67.9	70.9	71.6	71.1	69.4
	26.8	27.0	25.2	25.7	31.4	31.9	39.6
	3.0	2.9	3.6	2.8	2.6	2.7	4.5
	642	1,385	2,197	4,336	1,250	1,552	2,960
	805	791	949	889	958	1,036	1,320
	734	679	723	694	745	762	893

Stock Information

(as of March 31, 2024)

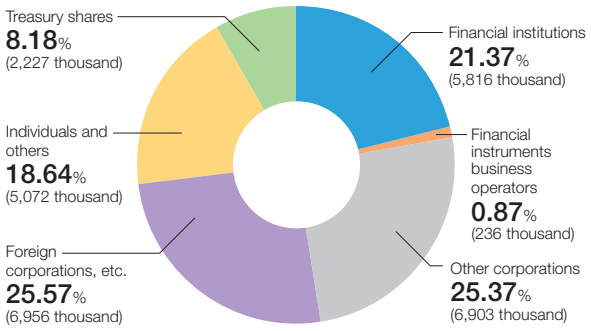
Total number of shares authorized to be issued	79,850,000
Total number of issued shares	27,212,263
Number of shareholders	15,180

Major Shareholders

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
MEIKO LTD.	4,507	18.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,689	10.76
STATE STREET BANK AND TRUST COMPANY 505025	1,598	6.39
DAIKIN INDUSTRIES, LTD.	1,350	5.40
NORTHERN TRUST CO. (AVFC) RE 009-016064-326 CLT	774	3.09
Custody Bank of Japan, Ltd. (Trust Account)	751	3.00
MUFG Bank, Ltd.	743	2.97
GOLDMAN SACHS INTERNATIONAL	659	2.63
Nippon Life Insurance Company	621	2.48
Shinko Stock Ownership Plan	470	1.88

*1 The Company holds 2,227 thousand treasury shares, which are excluded from the above table.
*2 The shareholding ratio is calculated excluding treasury shares.
*3 Treasury shares do not include 245 thousand shares of the Company's stock held by the ESOP trust.
*4 The number of shares held is rounded down to the nearest thousand shares.

Distribution of Shares by Shareholder



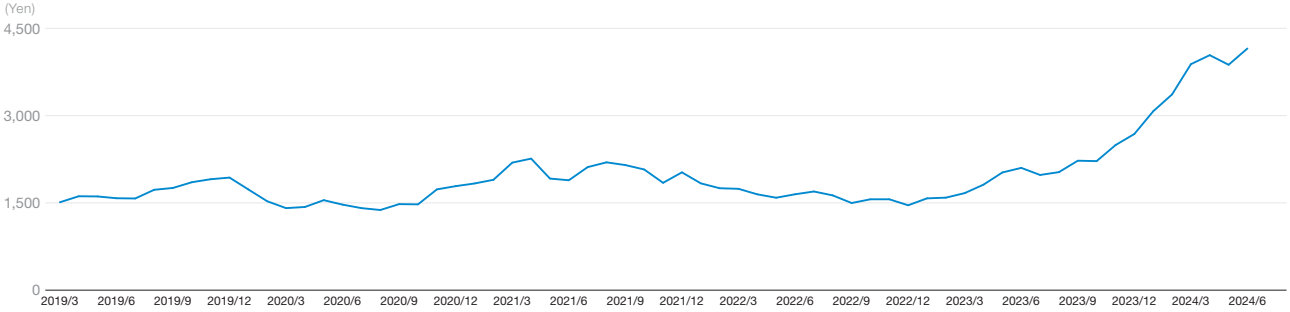
* The number of shares is rounded down to the nearest thousand shares.

Company Overview

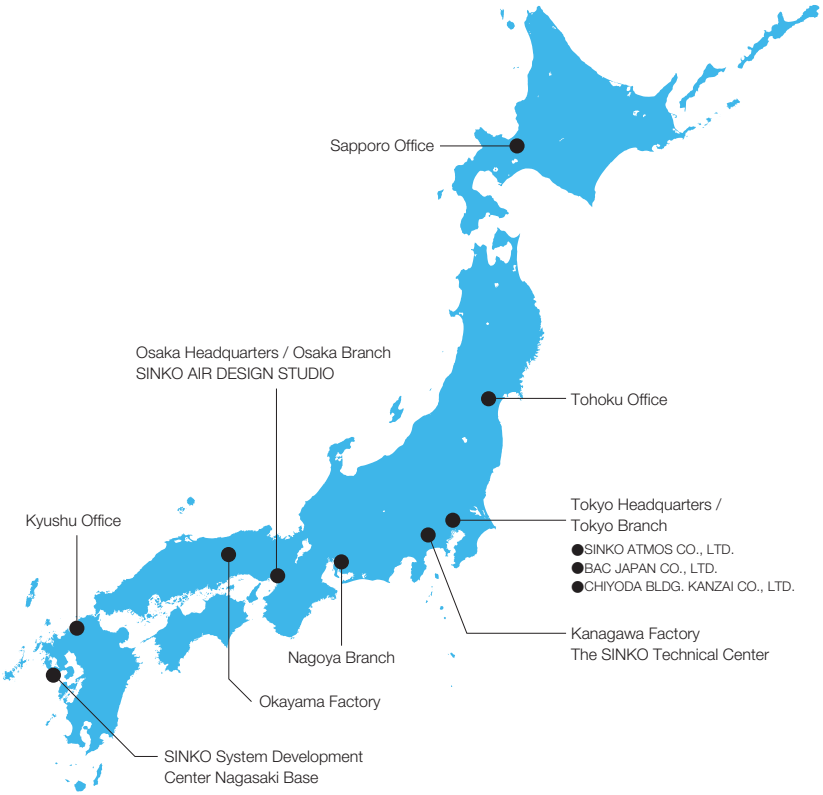
(as of March 31, 2024)

Company name	SINKO INDUSTRIES LTD.	
Headquarters	(Osaka) 1-4-5 Minamimori-machi, Kita-ku, Osaka-shi	
	(Tokyo) 2-57-7 Nihonbashi-Hamacho, Chuo-ku, Tokyo	
Foundation	June 16, 1950	
Description of business	Manufacturing and sales of air-conditioning equipment	
Representative	Chief Executive Officer Satoshi Suenaga	
Paid-up capital	5,822 million yen	
Employees	Non-consolidated: 699	
	Consolidated: 1,616	
Stock listing	Tokyo Stock Exchange Prime Market	
Domestic offices	**Headquarters** Tokyo and Osaka	**R&D Center** Kanagawa (Hadano)
	Branches Tokyo, Nagoya, and Osaka	**Manufacturing sites** Kanagawa (Hadano) Okayama (Tsuyama)
	Offices Sapporo, Sendai, and Fukuoka	**Showrooms** Osaka (Neyagawa) Kanagawa (Hadano)
	System development center Nagasaki (Opening in spring 2026)	
Domestic Group companies	SINKO ATMOS CO., LTD. (Koto-ku, Tokyo) BAC JAPAN CO., LTD. (Setagaya-ku, Tokyo) CHIYODA BLDG. KANZAI CO.,LTD. (Chuo-ku, Tokyo)	
Overseas Group companies	Shanghai SINKO Air Conditioning Equipment Co., Ltd. (Shanghai) SINKO Air Conditioning (H.K.) Limited (Hong Kong) Taiwan SINKO Kogyo Co., Ltd. (Taiwan)	
Website	https://www.sinko.co.jp/skeng/	

Share Price Trends

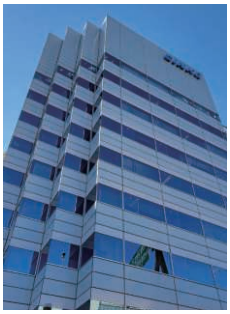


Network



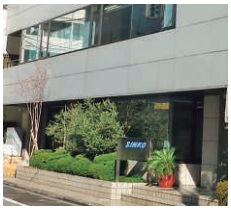
SINKO INDUSTRIES LTD.

Osaka Headquarters / Osaka Branch



Tokyo Headquarters / Tokyo Branch

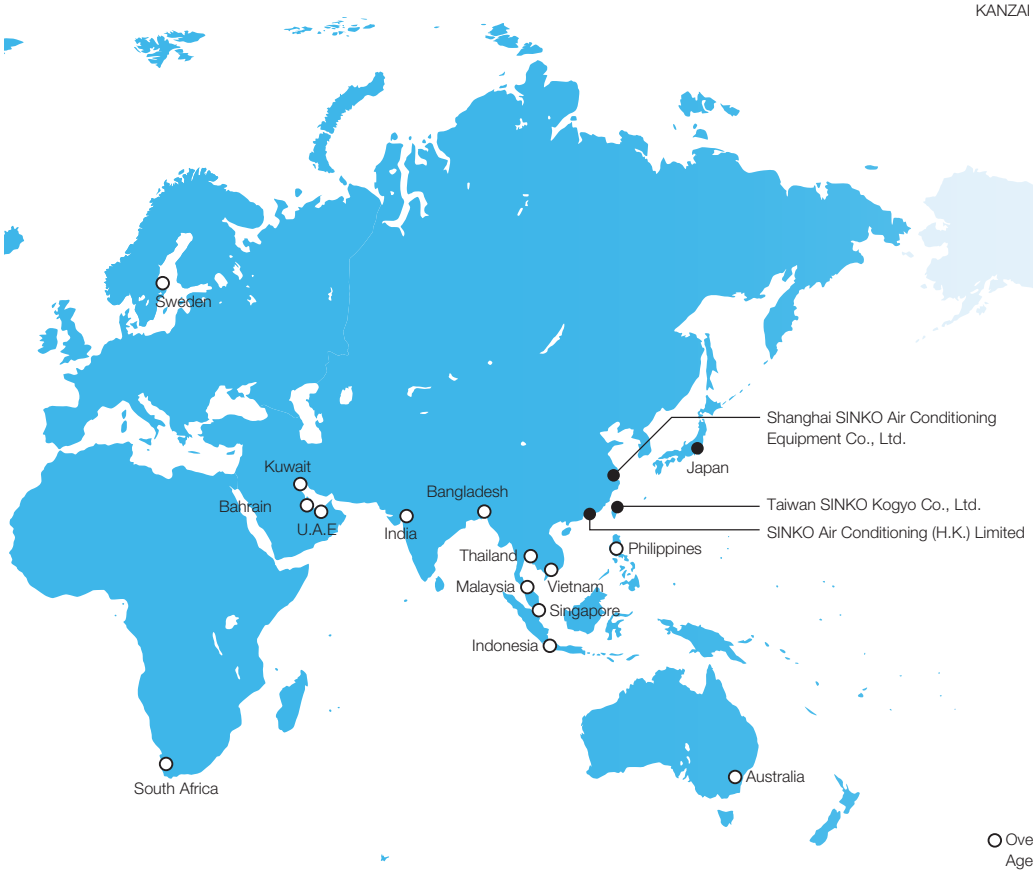
Domestic Group Companies



SINKO ATMOS CO., LTD.

BAC JAPAN CO., LTD.

CHIYODA BLDG. KANZAI CO., LTD.



Shanghai SINKO Air Conditioning Equipment Co., Ltd.

Taiwan SINKO Kogyo Co.,Ltd.

SINKO Air Conditioning (H.K.) Limited

A/R DES/GN COMPANY

SINKO

IRE-24-A 600TP