

Notice Regarding Change in Subsidiary

Taikisha Ltd. (hereinafter "Company") announced that its Board of Directors held on July 22, 2020 has resolved Nicomac Clean Rooms Far East LLP (India, hereinafter "Nicomac") to become a subsidiary of the Company by way of contribution.

1. Purpose of Change

Nicomac is a manufacturer and marketer of clean room panels and manufactures and sells high quality panels to Indian pharmaceutical manufacturers as its main customers.

Under the basic policy of the Mid-Term Business Plan, "solidify the Company's position in the global market", and the direction of the plan, "expand business domains", in the Indian market, which is expected to grow economically in the medium to long term, the Company aims to strengthen its ability to respond to the Indian clean room construction market, by combining Nicomac's panel manufacturing and installation technologies with air conditioning system technologies of the Company, mainly in the pharmaceutical manufacturing environment, which requires high performance air conditioning systems.

2. Method of Change

The Company will invest INR 3,189 million Indian Rupee to Nicomac as of July 31, 2020 (planned). The form of legal entity of Nicomac at the time of the investment by the Company is Limited Liability Partnership (LLP). After the investment of the Company, Nicomac will convert into private limited company promptly. The voting rights held by the Company will be equivalent to 74.0% of the total voting rights of Nicomac.

3. Outline of the Corporation that will become a Subsidiary

(1) Corporate Name	Nicomac Clean Rooms Far East LLP ("Nicomac")	
(2) Head Office	Plot No. 116, IDA Bollaram, Near Miyapur, Sangareddy District, Hyderabad Medak Telangana 50232	
(3) Name and Title of Representative	Gundala Ramesh (Designated Partner), Bandreddi Narasimha Rao (Designated Partner)	
(4) Principal Line of Business	Design, installation and manufacturing of cleanroom panels	
(5) Established	April, 2011	
(6) Capital Contribution	10 million Indian Rupees (Note 1)	
(7) Principapl Partners and Capital Contribution Ratio	Nicomac Srl 29.70%, Gland Celsus Bio Chemicals Private Limited 24.75%, Others 3	
(8) Relationship with Company	Capital relationship	There are no significant capital relationships between Company and Nicomac. In addition, there are no noteworthy capital relationships between the interested parties and affiliated companies of Company and Nicomac.
	Personnel relationship	There are no significant personnel relationships between Company and Nicomac. In addition, there are no noteworthy personnel relationships between the interested parties and affiliated companies of Company and Nicomac.
	Business Relationship	There are no significant business relationships between Company and Nicomac. In addition, there are no noteworthy business relationships between the interested parties and affiliated companies of Company and Nicomac.
	Status as a Related Party	New Encore is not considered to be a related party of Company. In addition, interested parties and affiliated companies of Nicomac do not fall under the related parties of Company
Net Sales of Nicomac		
Financial Year	Financial Year ended 31st March, 2019	
Net sales	2,451 million Japanese Yen (1,712 million Indian Rupees)	

(Note 1) Since the amount contributed by the Company into Nicomac is to be distributed in full to the partner of Nicomac as of the date before the contribution by the Company, the amount of capital contribution of Nicomac after the contribution by the Company will not be changed.

(Note 2) Exchange Rate (1 Indian Rupee = 1.43 Japanese Yen)

4. Number of Interest Acquired, and Ownership before and After the Contribution

(1) Number of Interest Owned before Contribution	— (Ratio of voting rights owned: -)
(2) Number of Interest to be Acquired	— (Ratio of voting rights owned: 74.0%)
(3) Amount of Contribution	4,564 million Japanese Yen (3,189 million Indian Rupee)
(4) Number of Interest Owned after Contribution	— (Ratio of voting rights owned: 74.0%)

(Note) Exchange Rate (1Indian Rupee = 1.43 Japanese Yen)

(Note) As limited liability partnership ("LLP") under Indian law do not have a concept that corresponds to the number of voting rights, ratio of voting rights owned is the percentage of voting rights held by the Company after the conversion of Nicomac into private limited company.

5. Schedule of Contribution

(1) Date of Resolution of the meeting of Board of Directors	July 22, 2020
(2) Execution Date of Investment Agreement	July 22, 2020 (planned)
(3) Date of Contribution	July 31, 2020 (planned)

6. Financial Outlook

As a result of this contribution, Nicomac will become a consolidated subsidiary of the Company. The impact of this transaction on the Company's consolidated and non-consolidated financial results is not expected to be material. In the event that there are matters that need to be disclosed, the Company will promptly announce them. In addition, the consolidated business forecast for the fiscal year ending March 31, 2021 has not been determined as it is difficult for the Company to make a reasonable assessment of the timing of the convergence of the new coronavirus and the impact of the spread of the infection at this stage. The Company plans to disclose the forecast as soon as it becomes available.