

[Translation]

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#### Announcement of Our 10-Year Plan and New Medium-Term Business Plan

We are pleased to announce that our company has formulated the "10-Year Plan 2035" (FY2025-FY2034) for our group, as well as a new three-year Medium-Term Business Plan (FY2025-FY2027), which marks the initial phase of this 10-Year Plan.

##### 1. 10-Year Plan 2035

We have newly set our goal for 2035: "Be Engineering for a Sustainable Society". Recognizing global industrial innovation as our key business opportunity, we aim to contribute to a sustainable society through engineering of green and smart technologies. Additionally, targets under "10-Year Plan 2035" include achieving a net-sales of completed construction contracts of 500 billion yen, an ROE of 12%, and a DOE of 5%, aiming to increase corporate value through the achievement of these targets.

##### 2. Medium-Term Business Plan (FY2025-FY2027)

The new Medium-Term Business Plan is positioned as a three-year period of "restructuring for transformation" to achieve our goal for 2035. Focusing on the two core businesses of "Green Technology System" and "Paint Finishing System", we consider the creation of growth businesses through the synergy of these two businesses as a key point. To build the foundation for rapid growth, we will engage in growth investments totaling 38 billion yen over the next three years.

For more detailed information, please see the attached documents.

# 10-Year Plan 2035 (FY2025–FY2034)



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Our 10-Year Goals for Taikisha in 2035

**1.**

10-Year Plan 2035 (FY2025–FY2034)

## **Our Goals for 2035**

# Taikisha in 2035

## Our unique strengths

### Services for Manufacturers, Global Capabilities

#### Strength ① Services for Manufacturers

**A leader in system engineering for factories and research facilities for manufacturers and a wide range of other industries**

Extensive record of success

Advanced technology/expertise

Excellent customer base

Talented engineers



#### Strength ② Global Capabilities

**Global network with deep local roots created through overseas expansion since the 1980s**

Global network with close local ties

Global talent

Overseas R&D facilities and laboratories

Proven track record with Japanese and non-Japanese companies

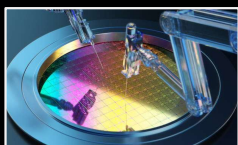


**Taikisha's unique strengths are key to the realization of our Goals for 2035 and 10-Year Plan.**

# Be Engineering

for a Sustainable Society

**Taikisha is a global engineering company  
dedicated to social sustainability.**



Our definition of “engineering”

The integration of core technologies from various fields to create systems capable of providing essential functions, and the use of those functions to solve problems

| Our Goals for 2035 |

# Be Engineering

## for a Sustainable Society



| Strategic Policy 1 |

### Innovative Engineering

By integrating of core technologies from various fields, we build dynamic and innovative systems that empower smart, carbon-neutral industries.



| Strategic Policy 2 |

### Global Inclusion

We collaborate with local communities and leverage regional expertise to drive sustainable progress worldwide. By uniting global perspectives with local action, we create inclusive solutions that benefit industries, societies, people, and the global environment.

### Be Engineering for a Sustainable Society

#### Strategic Policy 1

# Innovative Engineering

By integrating of core technologies from various fields, we build dynamic and innovative systems that empower smart, carbon-neutral industries.

#### Focus on Industry

Taikisha has long provided engineering services for cutting-edge industries ranging from electronics and automotive manufacturing to pharmaceuticals and data centers. This experience is the source of our ability to provide unique solutions.

#### Design, Build & Care

By providing integrated services from design proposals through to construction and after-care, we create innovative engineering solutions with enhanced added value.

#### GX and DX Optimization

We provide solutions by leveraging advanced technology to help our corporate clients accelerate their transformation toward smarter, low-carbon production environments.



### Be Engineering for a Sustainable Society

#### Strategic Policy 2

# Global Inclusion

We collaborate with local communities and leverage regional expertise to drive sustainable progress worldwide. By uniting global perspectives with local action, we create inclusive solutions that benefit industries, societies, people, and the global environment.

#### Global Network

The result of evolution spanning over 50 years, Taikisha's global network today consists of 30 affiliates in 20 countries. Built on a foundation of trusting relationships with industries in Japan and overseas, this network gives Taikisha unique strengths backed by open-mindedness, a challenging spirit, and a commitment to quick responses.

#### Global R&D

By taking up the challenge of technological innovation, our five global R&D centers continually enhance our ability to provide engineering solutions to meet the needs of industries around the world.

#### Global & Local Commitment

Taikisha has built a strong presence in domestic and overseas markets and contributes to the solution of global environmental and social issues through business operations led by skilled engineers with a deep understanding of market needs.

10-Year Growth Path to 2035

## 2. 10-Year Plan 2035 (FY2025–FY2034) Targets and Milestones

# Targets for 2035

## Targets Under 10-Year Plan 2035 (FY2025–FY2034)

Sharing our high aspirations for Taikisha with all stakeholders

### Challenge 500

Net-sales of completed  
construction contracts  
**¥500 billion**

### Target 12% ROE

**ROE**  
**12%**

### Dividend Commitment

**DOE**  
**5.0%**

## Increase Corporate Value

**Double economic value and enhance social value**

Increase market capitalization and other corporate value indicators.

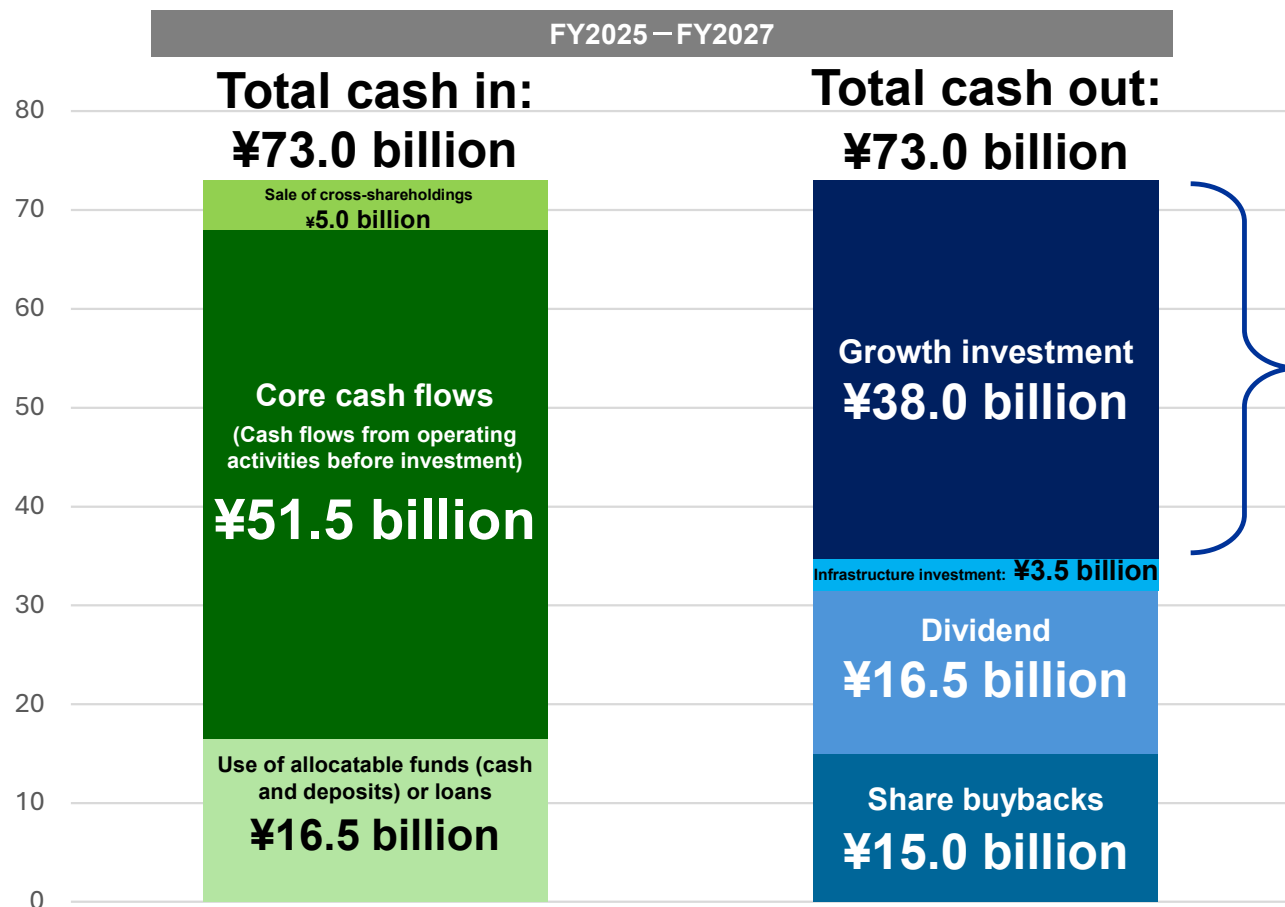
Help to achieve social goals, including harmony with the natural environment.

# Financial/Non-financial Targets and Milestones for 10-Year Plan 2035 (FY2025–FY2034)

10-Year Plan 2035 (FY2025–FY2034)										
Financial indicators	Medium-Term Business Plan (FY2025–FY2027)			Medium-Term Business Plan (FY2028–FY2030)			Medium-Term Business Plan (FY2031–FY2034)			
	<b>3-year phase of restructuring for transformation</b>			<b>3-year phase of full-scale investment toward growth</b>			<b>4-year phase of rapid expansion driven by growth strategy realization and continuing investment</b>			
	Building foundations for growth strategies through growth investment funded by cash flows from domestic business			Expansion of markets, business domains, and geographical scope through substantial investment in overseas M&A			Optimization of expanded markets, business domains, and geographical scope, leading to sustainable growth			
	<b>Target for net sales of completed construction contracts (end of FY2027)</b> <b>¥336 billion</b> Core businesses: ¥246 billion Growth businesses: ¥88 billion FY2024 results: ¥57 billion for non-Japanese customers New businesses: ¥2 billion (including ¥113 billion for non-Japanese customers)			<b>Target for net sales of completed construction contracts (end of FY2030)</b> <b>¥400 billion</b> Core businesses: ¥250 billion Growth businesses: ¥125 billion New businesses: ¥25 billion (including ¥128 billion for non-Japanese customers)			<b>Target for net sales of completed construction contracts (end of FY2034)</b> <b>Over ¥500 billion</b> Core businesses: ¥270 billion Growth businesses: ¥180 billion New businesses: ¥50 billion (including ¥169 billion for non-Japanese customers)			
	<b>ROE (end of FY2027)</b> <b>10%</b>			<b>ROE (end of FY2030)</b> <b>11%</b>			<b>ROE (end of FY2034)</b> <b>12% or higher</b>			
	<b>Shareholders' equity ratio: 40% or higher</b>									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	<b>Dividend Policy (DOE)</b> <b>4.0%</b> <b>4.0%</b> <b>4.0%</b>			<b>Dividend Policy (DOE)</b> <b>4.5%</b> <b>4.5%</b> <b>4.5%</b>			<b>Dividend Policy (DOE)</b> <b>5.0%</b> <b>5.0%</b> <b>5.0%</b> <b>5.0% or higher</b>			
	<b>Share buybacks</b> <b>¥5 billion</b> <b>¥5 billion</b> <b>¥5 billion</b>									
	<b>Cross-shareholdings</b> <b>15% or less of net assets</b>									
Non-financial indicators	<b>CO<sub>2</sub> emissions (end of FY2027)</b> <b>Scope 1, 2: 26% lower</b> <b>Scope 3: 15% lower (vs. FY2022)</b>			<b>CO<sub>2</sub> emissions (end of FY2030)</b> <b>Scope 1, 2: 42% lower</b> <b>Scope 3: 25% lower (vs. FY2022)</b>			<b>CO<sub>2</sub> emissions (end of FY2034)</b> <b>Scope 1, 2: 53% lower</b> <b>Scope 3: 35% lower (vs. FY2022)</b>			
							<b>Number of employees (end of FY2034)</b> <b>7,200</b>			

# Cash Allocations Under Medium-Term Business Plan (FY2025–FY2027)

In the first three years of the plan, we will build foundations for rapid growth by combining aggressive growth investment with solid shareholder returns.



Note: Core cash flows = Profit + Capital expenditures + Depreciation / Amortization of goodwill – Gains from the sale of cross-shareholdings

## Breakdown of growth investment

### 1. Business growth investment **¥6.5 billion**

Main investment areas:

- Dry decoration demonstration line
- R&D, new businesses

### 2. Capital allocation **¥22.0 billion**

Main investments:

- Japan: ¥7.0 billion Enhancement of engineering capabilities in Japan
- North America: ¥7.0 billion Acquiring affiliates in the US
- India: ¥5.0 billion Business expansion in India
- Europe: ¥2.0 billion Expansion of European supply chains
- ASEAN: ¥1.0 billion ASEAN business structure

### 3. Digital growth investment **¥7.0 billion**

Main investment areas:

- BIM & DX investment, promotion of AI use
- Global communication
- Investment in digitalization of procurement

### 4. Human capital investment for growth **¥2.5 billion**

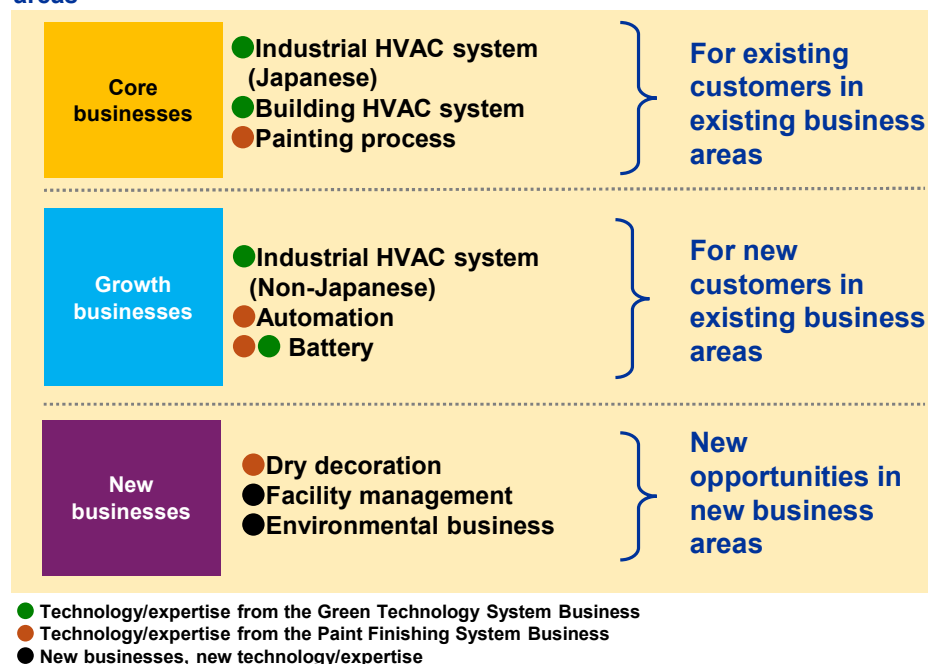
Main investment areas:

- Recruitment of specialist personnel in Japan and overseas
- Training of personnel with digital skills and the ability to work globally

# Our Philosophy on Business Growth

While maintaining steady growth in **core businesses**, we will pursue rapid and disruptive growth in **growth** and **new businesses**.

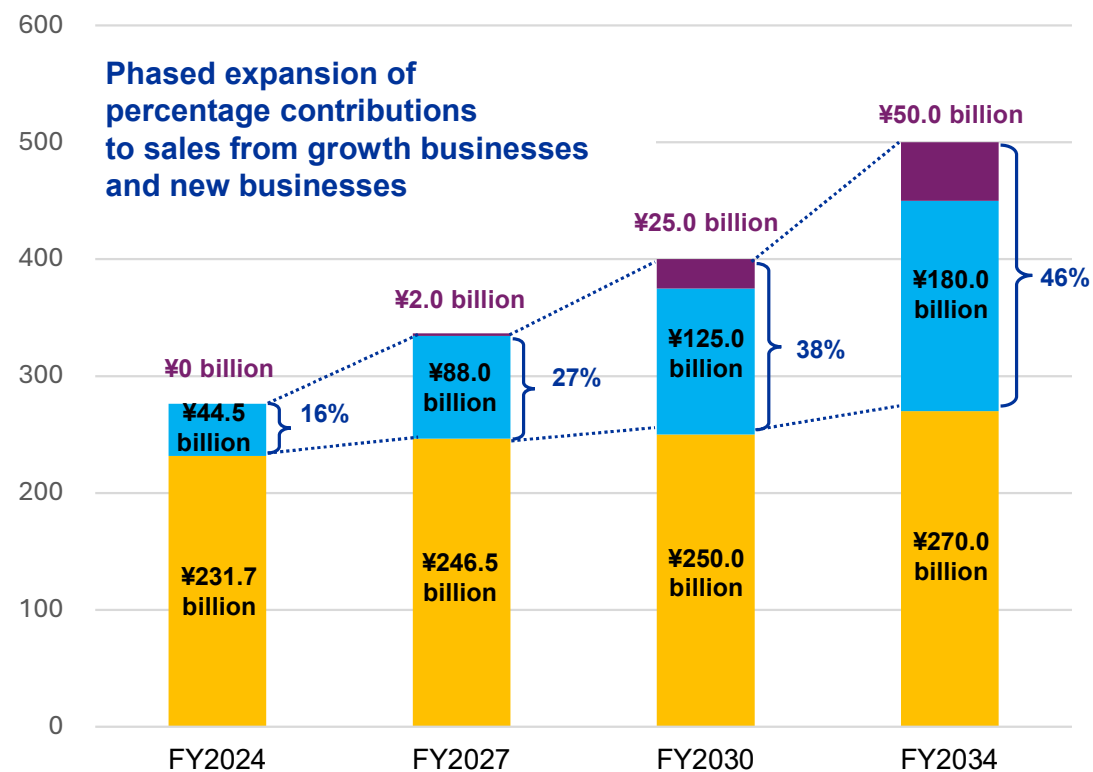
Strategic reclassification of business domains into core, growth, and new areas



## Future growth vision

(Net-sales of completed construction contracts)

Core businesses Growth businesses New businesses



Overcoming Challenges on the Path to Success for Our Growth Strategies

# Strategic Focus

## 3. 10-Year Plan 2035 (FY2025–FY2034) Growth Strategy Focal Points

# Core Strategies Under 10-Year Plan 2035 (FY2025–FY2034)

Evolution as a global engineering company capable of supporting sustainable social development

## Eight strategic focal points for Taikisha

### Business strategy

#### Active expansion into growth industries

Aggressive targeting of high-tech industries affected by industry restructuring

#### Global regional strategies

Utilization and reinforcement of global networks  
Targeting overseas markets with high growth potential

#### Development of non-Japanese customers

Transformation of our Japan-centered customer portfolio  
Aggressive marketing to non-Japanese companies that are achieving global growth

### Enhancement of intellectual capital

#### Advancement of GX/DX technologies

Expansion of GX/DX engineering R&D in response to increasingly sophisticated needs linked to the pursuit of carbon neutrality and the digital shift

### Enhancement of human capital

#### Quantitative/qualitative enhancement and business process transformation

Reduction of business opportunity losses caused by a lack of resources  
Quantitative/qualitative enhancement of human capital, business process rationalization and efficiency improvement

### Strengthening the management base

#### Enhancement of business execution/monitoring structures

#### Enhancement of global group management infrastructure

### DX strategy

Leverage data analytics and simulations to provide new value

Accelerated global collaboration and co-creation

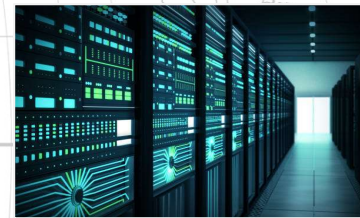
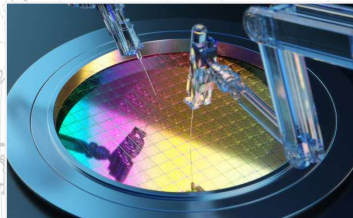
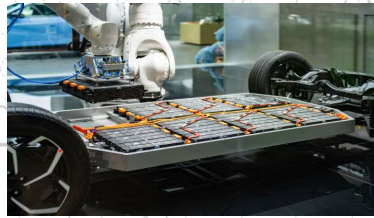
Improve operational efficiency and develop high-profit structures through business process reforms centered on digital infrastructure



## Engineering services to support **global industrial innovation**

### **Active engagement with growth industries**

Our priority markets are semiconductors, electronic components, mobility, batteries, biopharmaceuticals, and data centers



### **Global regional strategies**

**The technologies that people need, where they need them**

We will leverage our management resources, including seed technologies and overseas business operations, to strengthen our business presence in new industries in North America, India, Europe, and other markets.

### **Development of non-Japanese customers**

**Leveraging our advanced technologies to bring value to non-Japanese customers**

We will visualize and disseminate Taikisha's technical capabilities and turn our unique technologies and expertise into global standards through global deployment.

## Leveraging green and smart technologies to support industrial innovation

### Green Transformation

Decarbonization through  
green engineering

Industry Worldwide



Green Factory / Smart Factory

### Digital Transformation

Transition to smart technologies  
through digital engineering

#### Advancement of GX engineering

Developing new businesses by leveraging technologies  
that help to reduce industrial and social CO<sub>2</sub> emissions

- System downsizing (use of compact equipment to save space)
- Analysis of systems, optimization of controls
- Heat energy/exhaust treatment
- Resource recycling
- CCUS (DAC/DOC)

#### Advancement of DX/automation technology

We will apply innovative factory automation technology  
developed for the automotive Paint Finishing System  
Business to a wide range of other industries

- Digital twinning
- Auto-teaching technology
- Auto-repair technology
- High-efficiency painting technology
- High-quality film coating technology
- Diverse shape handling
- Advanced environment-responsive technologies
- Space- and energy-saving technologies

Enhancing our responsiveness to rapidly expanding business opportunities  
**Human capital enhancement (quantitative, qualitative) and  
business process rationalization/efficiency improvement**

**Enhancement of human capital and resources  
(quantitative/qualitative expansion)**

Expansion of our pool of:

- **Executive and management personnel**
- **People capable of working globally**
- **Senior expert engineers**
- **End-to-end solutions experts (design/build & after-care)**

Creation of working environments that generate innovation and excitement

⇒Shift from passive to active mindsets



**Business process rationalization/  
efficiency improvement**

- DX-based business process engineering  
Application of DX to engineering through the **introduction of BIM (Building Information Modeling)**
- Establishment of business processes as **ancillary engineering for production facilities**
- Expansion of scope of **construction equipment unitization/modularization**
- Extension of **design/construction platform** to include overseas affiliates



Building structures capable of realizing sustainable growth and enhancing corporate value  
**Development of systems/structures to support growth strategies**

Strengthening the management base 1

**Enhancement of business  
execution/monitoring structures**

- Establishment of the **Growth Strategy Council**
- Establishment of the **Digital Innovation Committee (governance side)** and further strengthening of the functions of the **Digital Strategy Committee (executive side)**
- Introduction of the **Group Corporate Officer System**
- Introduction of a **new management accounting system** to facilitate growth investment
- Functional enhancement of the **Sustainability Promotion Committee** and the **Business Investment Committee**
- Group-wide extension of **ROIC management**



Strengthening the management base 2

**Enhancement of global group  
management infrastructure**

- Introduction of **common global IT systems infrastructure**
- Enhancement of **IT governance structures**
- Establishment of the **ASEAN Regional Management Dept. of affiliated companies**
- Improvement of effectiveness of **boards of directors of affiliated companies**
- Future establishment of **intermediate holding companies and regional HQs**



**Our DX strategy is based on three parallel actions and the continuous allocation of management resources to the BIM/DX stage.**

| Action ❶ |

**Leverage data analytics and simulations to provide new value**

Accumulate knowledge through engineering projects for global high-tech companies.  
Bring new value into the world by contributing to carbon neutrality and the introduction of smart factory technology.

| Action ❷ |

**Accelerated global collaboration and co-creation**

Build global platforms.  
Create structures that support global cooperation among R&D facilities and project collaboration.

| Action ❸ |

**Improve operational efficiency and develop high-profit structures through business process reforms centered on digital infrastructure**

Accelerate the transition to digital integrated management.  
Develop platforms and implement automation and optimal cost management.

# DX Digital Transformation

Achieving Dramatic Growth—Taikisha's Advantages and Specific Strategies and Tactics

# 4.

10-Year Plan 2035 (FY2025–FY2034)

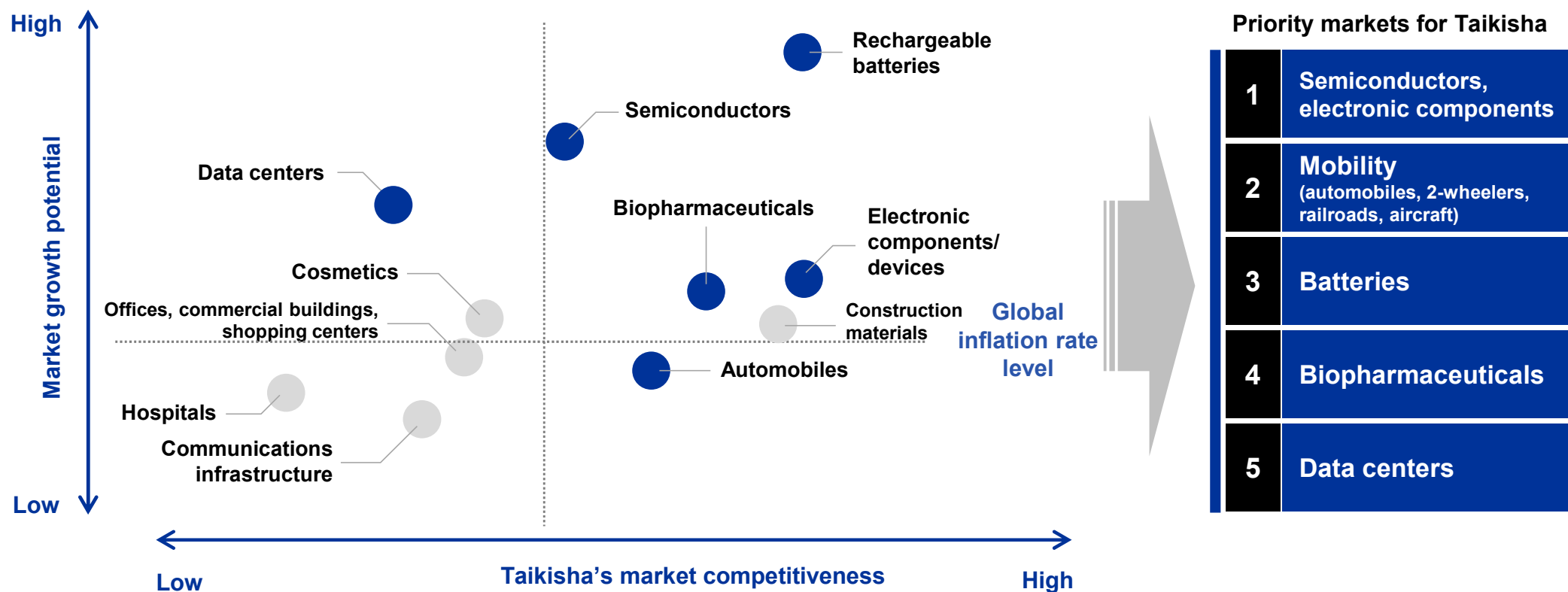
## Strategies and Tactics



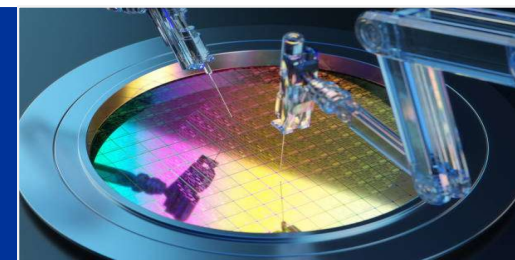
# Market Strategy: Analysis of Priority Markets

## Concentrate management resources into global growth industries.

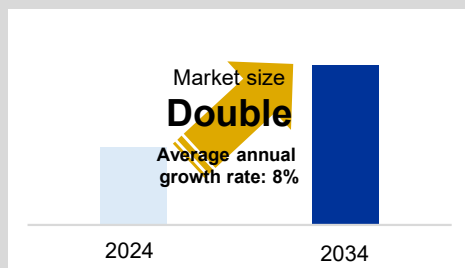
We will target growth industries, such as semiconductors, electronic components, mobility, batteries, biopharmaceuticals, and data centers.



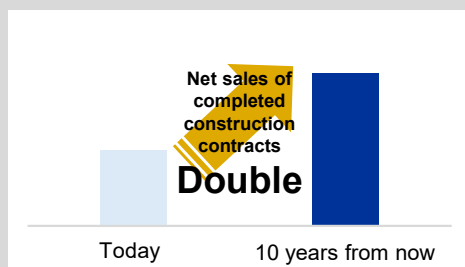
Environmental requirements in production facilities are becoming increasingly sophisticated in step with rising semiconductor demand due to a full-scale shift to the IoT/AI society.



#### Market growth potential



#### Growth outlook



#### Basic strategic policy

- Customer-axis** Capture demand driven by the expansion of investment by global Japanese and non-Japanese companies due to spread of the IoT and generative AI.
- Regional axis** Focus on East Asia, especially Taiwan, as well as expansion into the US and Indian markets, and engagement with the Silicon Island Strategy in Japan.
- Technology axis** Provide advanced energy solutions and mini-environments (ultra-precise temperature control). Provide water recycling technology.

#### Roadmap for achieving targets

Medium-Term Business Plan (FY2025–FY2027)	Medium-Term Business Plan (FY2028–FY2030)	Medium-Term Business Plan (FY2031–FY2034)
<ul style="list-style-type: none"> <li>Strengthening our business base in Japan.</li> <li>Enhancement of capacity to support investment by Japanese global companies.</li> <li>Expansion into the manufacturing equipment field.</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of orders from non-Japanese customers in Taiwan</li> <li>Entry into the US and Indian markets.</li> </ul>	<ul style="list-style-type: none"> <li>Expansion into the US and Indian markets.</li> </ul>



## Key Strategies

### East Asia Semiconductor Strategy

Looking ahead 10 years: Our Goals for 2035

- We will evolve as an engineering company capable of supporting capital investment by semiconductor-related companies in Japan and Asia.
- We will build our presence in Taiwan and ASEAN, which have clusters of advanced semiconductor firms.



Strategic policies

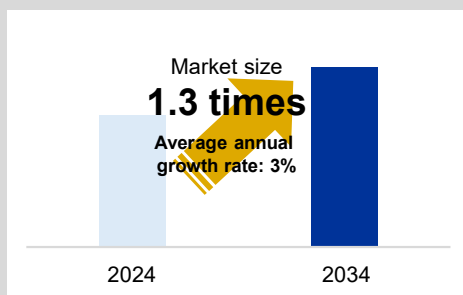
- Approach semiconductor-related companies in Japan
- Pursue business with Taiwanese semiconductor firms through our office there.
- Provide turnkey solutions, such as design/build proposals and water treatment



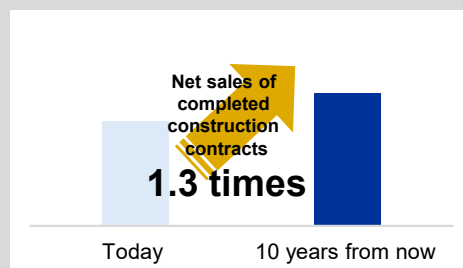
The automotive industry is going through a once-in-century transition. Production is being transformed by the shift to EVs and SDVs, while GX has become an urgent priority.



#### Market growth potential



#### Growth outlook



#### Basic strategic policy

- Customer-axis** Respond to the production transformation caused by the shift from ICE vehicles to EVs and SDVs.
- Regional axis** Take up new challenges in the European market, as well as the US and India.
- Technology axis** Focus on GX technology and the impact of dry decoration technology.

#### Roadmap for achieving targets

Medium-Term Business Plan (FY2025–FY2027)	Medium-Term Business Plan (FY2028–FY2030)	Medium-Term Business Plan (FY2031–FY2034)
<ul style="list-style-type: none"> <li>Creation of a dry decoration demonstration line</li> </ul>	<ul style="list-style-type: none"> <li>Stable operations in Europe, further expansion in North America and India</li> <li>Customization of dry decoration</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of business domains in Europe</li> <li>Introduction of dry decoration in mobility markets other than 4-wheelers</li> </ul>

EV: Electric Vehicle SDV: Software Defined Vehicle

## Key Strategies

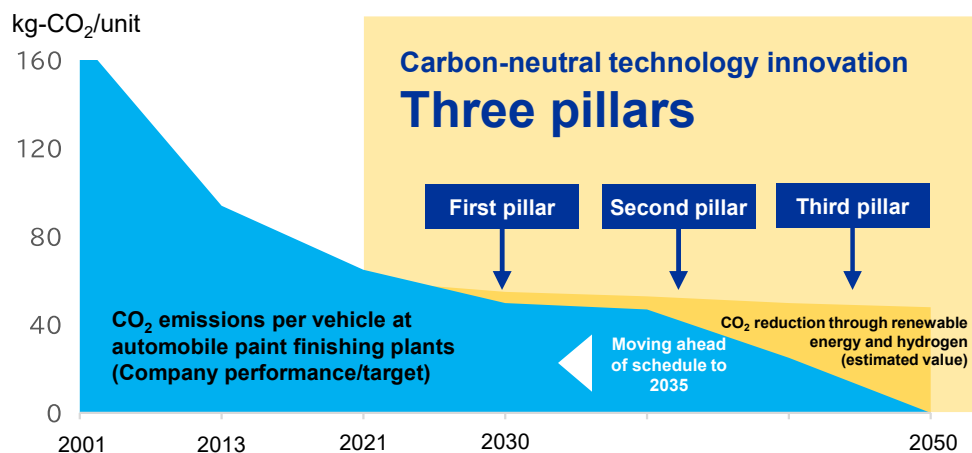
### Support the GX transition in the mobility sector through GX engineering.

**【First pillar】** Streamlining painting process by implementing energy-saving measures

**【Second pillar】** Response to the energy transition

**【Third pillar】** Development of alternative painting technologies

#### The Company's carbon neutrality goals and basic policy



### Key GX technology for automobile manufacturing Maximize the decarbonization impact of dry decoration technology.

#### 75% reduction in CO<sub>2</sub> emissions during automobile production (emissions from production facilities)

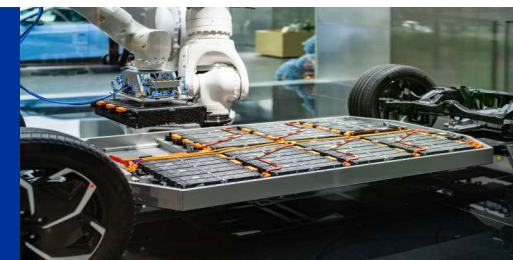
- Painting processes are a major source of CO<sub>2</sub> emissions during automobile production. Existing paint spraying processes consume large amounts of energy.
- Instead of spraying paint, dry decoration technology involves the application of films. This contributes significantly to decarbonization by reducing CO<sub>2</sub> emissions from production facilities by 75%.
- In addition to the automotive industry, dry decoration technology also has potential uses in non-mobility industries.



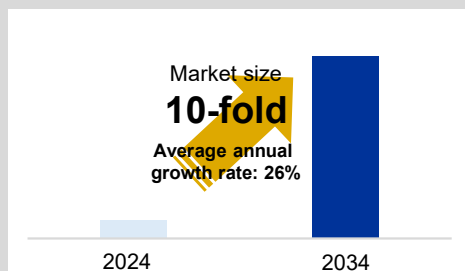
#### Looking ahead 10 years: Our Goals for 2035

- As a pioneer of the dry decoration business for 4-wheelers, we will lead industry efforts to make this the mainstream method.
- We will expand the technology into mobility markets other than 4-wheelers and other industrial markets.

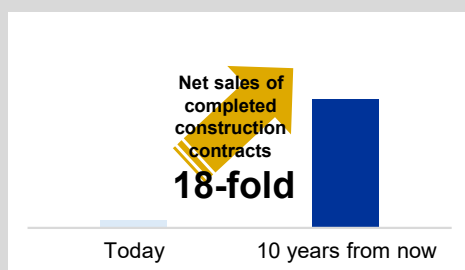
The shift to EVs is an important step toward the decarbonization of the mobility sector. Batteries hold the key to the early adoption of this technology. The evolution of battery technology will create a brighter future for the global environment.



#### Market growth potential



#### Growth outlook



#### Basic strategic policy

- Customer-axis** Demand for automotive batteries is growing with the shift to EVs.
- Regional axis** Start through co-creation with Japanese manufacturers in Japan and North America.
- Technology axis** Apply smart technology on construction sites through new modularization concepts encompassing all aspects from production line equipment and thermal power sources to plant buildings.

#### Roadmap for achieving targets

Medium-Term Business Plan (FY2025–FY2027)	Medium-Term Business Plan (FY2028–FY2030)	Medium-Term Business Plan (FY2031–FY2034)
<ul style="list-style-type: none"> <li>Expansion of business domains to include ancillary and heat/power supply engineering for battery plants in North America</li> </ul>	<ul style="list-style-type: none"> <li>Expansion into other business domains, such as solvent recovery and dry rooms</li> <li>Battery manufacturing equipment installation contracting</li> </ul>	<ul style="list-style-type: none"> <li>Evolution as a one-stop solutions provider producing manufacturing equipment in-house</li> </ul>

## Key Strategies

We will pursue synergies between our Green Technology System Business and Paint Finishing System Business.

Create new value through the convergence of engineering technologies from our two core business areas.

### Green Technology System Business

- Dry rooms
- Solvent Recovery
- Heat/power supply technologies
- Clean room equipment installation

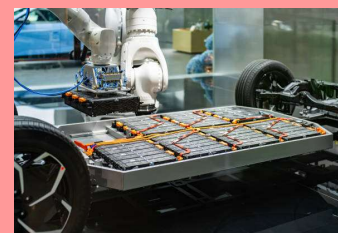
Technology synergies

### Paint Finishing System Business

- E-coating technology for in-vehicle cases
- Airtight and waterproof sealing technology
- Conveyance technology
- Material handling robot technology

### Technology synergies in the Battery Business

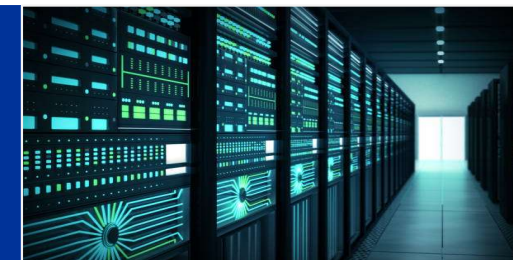
- Integrated provision of production environment technology and production line technology
- Proposal of optimized automation systems, including conveyance and material handling
- Provision of energy- and material-saving technologies
- Proposal of methods to speed up and standardize plant construction (establishment of total modularization method)



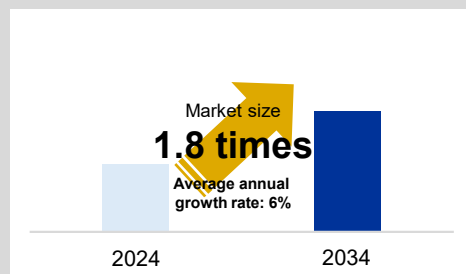
Global engineering support to meet the increasingly sophisticated needs of innovative pharmaceutical manufacturing process .



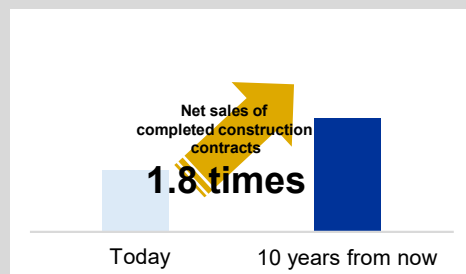
Support for the expansion of data centers in step with the spread of generative AI.



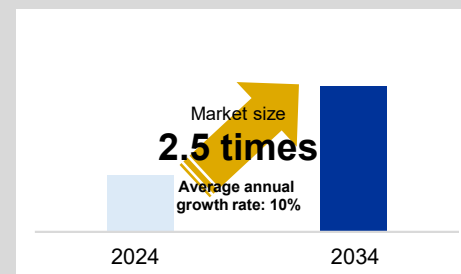
## Market growth potential



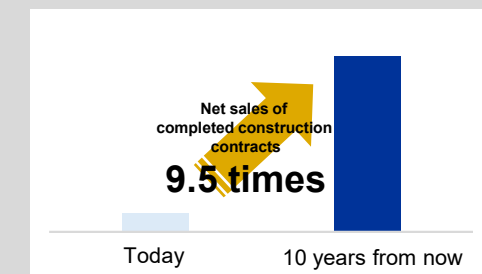
## Growth image



## Market growth potential



## Growth image



## Basic strategic policy

- Customer axis:** Mainly non-Japanese global companies, including American/European companies and local companies in ASEAN
- Regional axis:** Japan, as well as ASEAN, India, and North America
- Technology axis:** Room pressure control technology, decontamination technology, measurement support, GMP/production facility knowledge

## Basic strategic policy

- Customer axis:** Pursuit of globally active customers, approaches to mega-cloud companies
- Regional axis:** Expansion from Japan to ASEAN and India
- Technology axis:** Support for smart facilities through the unitization/modularization of buildings and equipments, development of new cooling methods



# Deepening and exploring the potential of engineering technology

We will assess our accumulated technology and develop more sophisticated uses.

### | Approach 1 |

Development of business with non-Japanese companies through the standardization of design/build technology/know-how and the visualization of technological capabilities

### | Approach 2 |

Creation of synergies between the Green Technology System Business and the Paint Finishing System Business

### | Approach 3 |

Development of new businesses based on the use of environmental contribution technology to achieve social goals

We will use GX and DX to develop and provide high-added-value engineering services.

## Creating innovation through the combination of core technologies and fundamental technologies

### Core technologies

- ① Environmental load reduction/carbon neutrality
- ② Environmental protection and care
- ③ Production facility engineering
- ④ Productivity improvement
- ⑤ Quality assurance
- ⑥ Plant cultivation

### Fundamental technologies

- ① Design
- ② Fundamental construction technology (practical engineering)
- ③ Construction management (QSCDE)
- ④ Trial operation
- ⑤ Operational maintenance

## Enhancement of organizational structures supporting technology strategies

Establishment of the Engineering Headquarters and enhancement of Corporate Technology Committee functions

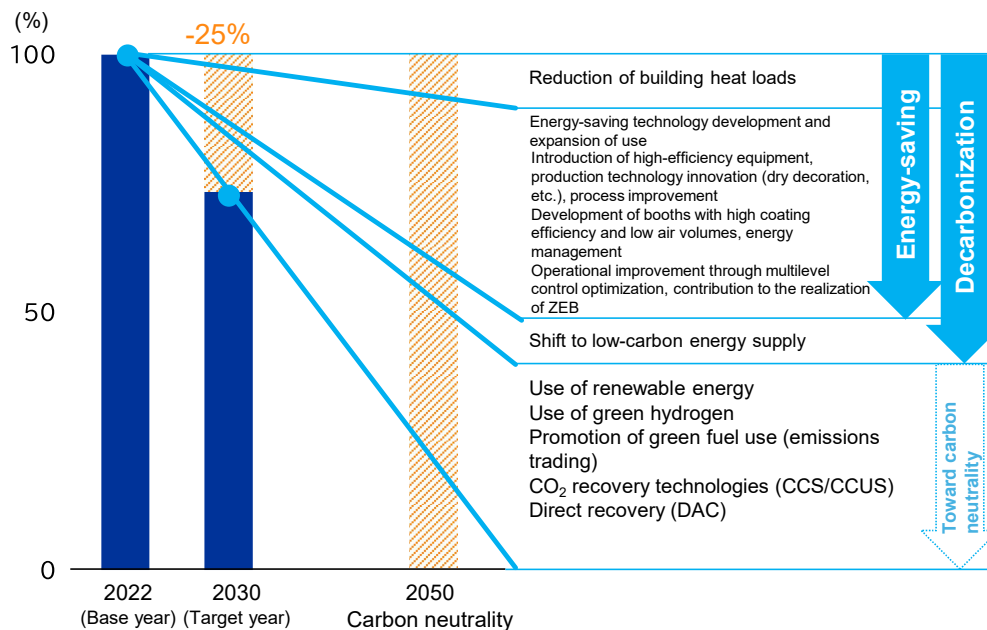
Expansion of Business Development Headquarters, strengthening of new business development functions

Expansion of functions of Intellectual Property Dept. and enhanced management/utilization of intellectual property

## GX engineering will have a major decarbonization impact.

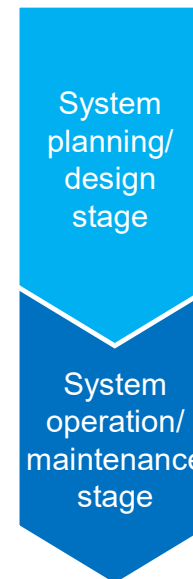
### Initiatives based on CO<sub>2</sub> emissions reduction roadmap

#### Combining energy-saving and low-carbon technologies to contribute to carbon neutrality



### Supply chain decarbonization

#### Supporting smart factories from the **planning/design** stage through to operations/ maintenance.



#### ■ Downsizing

- Creation of energy-saving systems tailored to production equipment operating conditions, while maintaining a safe, high-quality environment
- Creation of mini-environments

#### ■ Adapting to new technologies

- Using new technologies to update customer's production environments

#### ■ Operational management using digital/AI technology

- AI-based real-time data analysis and rapid reflection in supply chains
- Optimization of system controls to reduce environmental loads during operations, maintenance, and support.



### Using **high-potential seed technologies** to create business opportunities

We will use Paint Finishing System Business technology developed to meet the needs of automobile manufacturers to open up new markets in other areas.



Accumulation of wide-ranging technologies and know-how through engineering work in automobile plants as part of the Paint Finishing System Business

#### Automation technologies/ know-how

- Digital twinning
- Auto-teaching
- Auto-repair
- High coating efficiency



#### Creating new business opportunities

- Development of business based on painting automation for high-mix, low-volume production
- Proposal of smart technologies, including robotics, to industrial customers

#### Dry decoration technologies/ know-how

- High-quality film application technology
- Adaptable to multiple types/formats
- Advanced environmental protection
- Space- and energy-saving



#### Creating new business opportunities

- Use of the automotive industry, which has high quality requirements, as a stepping-stone for expansion into other industries
- Proposal of optimal technologies for high-added-value designs
- Production process innovation, proposal of new manufacturing concepts

## **Keys to developing non-Japanese customers: Standardization of design/build know-how, visualization of technological capabilities**

### **Standardization of design/construction know-how**

#### **Conversion of tacit knowledge into explicit knowledge**

Standardization of working processes and construction technology know-how through the development of innovative operational management systems to improve quality stability at all sites and for all staff

#### **Global dissemination of explicit knowledge**

Use of digital tools and smart devices to disseminate this know-how as global standards and facilitate its use

#### **Elevation to Taikisha proprietary standards**

Standardization of business processes and use of BIM data to enable customization proposals to any customer, based on accumulated know-how encapsulated in Taikisha Standards

### **Visualization of technological capabilities**

#### **Open innovation at research facilities**



Co-creation at Taikisha Innovation Site Alkawa



Installation of dry decoration line at Zama Technical Center

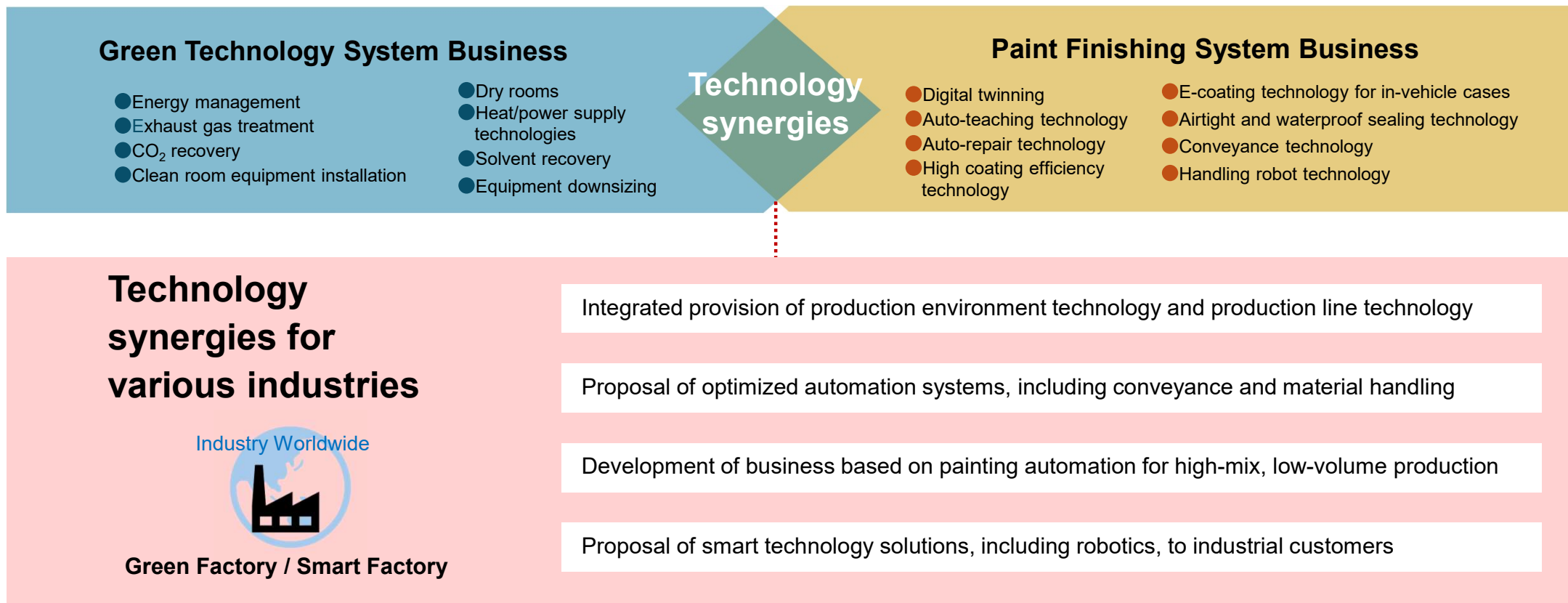
#### **Facilities that provide audiovisual experiences of our technology**



Visualization and verification of customer needs on a global basis through the establishment of laboratories in ASEAN, India, North America, and Europe

Enhancement of facilities to allow our technologies to be experienced remotely through the networking of research facilities

## Creating new value through the convergence of technologies from our two core businesses



### Create new businesses to solve environmental and social issues.

**We will take up the challenge of developing a third core business alongside the Green Technology System Business and Paint Finishing System Business.**

#### Processing of heat energy and exhaust gases

We will contribute to the energy transition and the prevention of global warming through the utilization of unused heat energy produced during industrial operations.

We will help to protect the global environment by enhancing our exhaust gas treatment technologies for markets and regions subject to tighter environmental regulations, and by developing new solvent recovery and recycling technologies.



#### Contributing to the circular economy

We will take up the challenge of developing practical water treatment and recycling technologies for factories, including metal organic frameworks (MOFs) and covalent organic frameworks (COFs).



#### Carbon Capture, Utilization, and Storage (CCUS)

We will contribute to the achievement of carbon negativity by pursuing advances in direct air capture and direct ocean capture.





### Targeting rapid growth in **high-growth overseas markets** while achieving robust results backed by **stable profitability in the Japanese market**



Prioritized Investment Leading to Cash-Flow Expansion over a 10-Year Timeframe

# 5. Strategic Investment for Growth (DX & Human Capital)

10-Year Plan 2035 (FY2025–FY2034)

## Transitioning from labor-intensive to capital-intensive business

We will build BIM-centered DX infrastructure. AI and robotics will be used to aggregate traditional operations, allowing human capital to be redeployed to creative work with enhanced added value.

Labor-intensive

Capital-intensive

### Increasing use of digital technology

#### Transition to digitalization for existing processes

- Elimination of analog processes from estimation to completion inspections
- Systemization of design/build operations



### Improvement of operational efficiency and productivity

#### Expansion of scope of automation

- Linkage of BIM and cost systems
- Use of BIM to automate design/build operations



### Creation of high-profit structures

#### Use of AI to optimize operations

- AI-based global cost management
- AI linkage in design/build operations



### Creation of new businesses

#### Implementation of autonomy

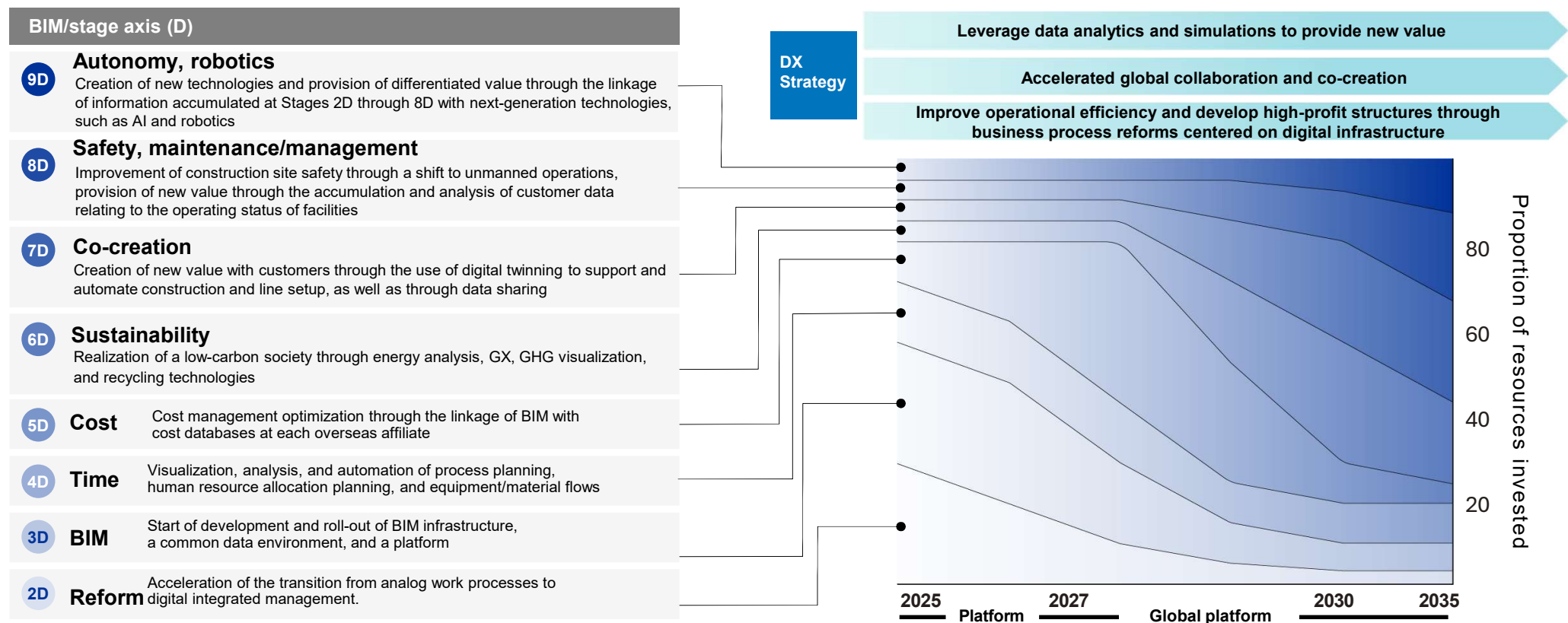
- Use of AI and robotics in engineering



## Positioning of DX as the core of our growth strategy —continuous investment of management resources

Accumulation of data gathered using BIM on a platform, simultaneous execution of DX strategy

### Proportions of management resources used at each BIM/DX stage





# Human Capital Expansion: Introduction of Global Human Capital Portfolio Management

**We regard global human capital as a core source of competitiveness.  
Human capital portfolio management will play a core role in  
the enhancement of our human capital to support our growth strategies.**

## Definition of human capital portfolio

### Roles of four human capital portfolios in supporting growth strategies

#### ■ Executive and management personnel

Performance of management tasks leading to the realization of growth strategies and business strategies

#### ■ Innovators

Creation of new businesses to turn social issues into opportunities through technological innovation

#### ■ Senior expert engineers

Creation of technology value in growth businesses and areas through design/build and R&D work

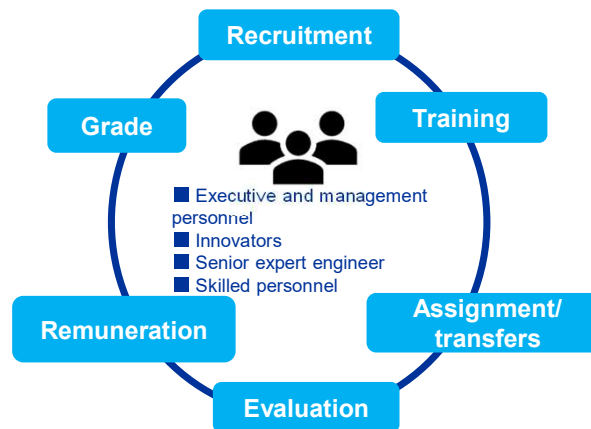
#### ■ Skilled personnel

Provision of added value through highly specialized work in core business areas

→ Increased deployment of **career professionals** with advanced skills in various fields

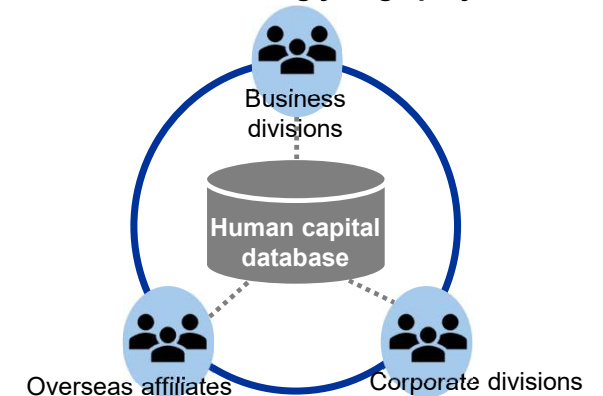
## Linkage to personnel systems

Using human capital management systems to enable diverse talent to function strategically



## Development of global human capital database

Creation of a database to facilitate the global divisions of labor needed to handle increasingly large projects



## Promotion of DE&I

### Enablement, engagement

Create a culture that respects and acknowledges differences

### Training

### Motivation toward challenges

Build organizations and systems where each employee can actively challenge themselves

### Support

### Accumulation of diverse experience

Mechanisms to recognize those who take on new challenges and encourage reflection on experiences

## We will expand our engineering and global response capabilities through borderless recruitment and training.

### Expanding engineering capabilities

#### ■ Enhanced administration of the certification program for leading senior expert engineers

We will identify and differentiate top technical specialists in each field (persons with exceptional skills and achievements).

#### ■ Enhancement of training for end-to-end solutions experts (design/build & after-care)

We will train technical personnel capable of handling all design, building, and after-care processes.

#### ■ Establishment of new specialized training institute

We will train specialists in particular fields, such as semiconductors and pharmaceutical manufacturing.

KPI

Career professionals, including senior expert engineers **1,780 by 2035**  
(1,200 in 2025)

### Enhancement of global response capabilities

#### ■ Borderless deployment of Japanese personnel



- ① Early experience of overseas work, including participation in the overseas trainee system
- ② Experience as overseas affiliate managers
- ③ Candidates for senior management/CEO

#### ■ Executive training for national staff



- ① Early selection
  - ② Management participation
  - ③ Global experience in Japan/overseas affiliates
- Future participation in group management as group corporate officers

KPI

Persons with global skills based on management experience at overseas affiliates **350 by 2035**  
(100 in 2025)

## Precaution about Forward Perspective

The data and future prospection in this material is based on the judgement on the announcement date and the available information.

They are possible to change by various kinds of factors and can not guarantee the achievement of goals and future performance. This information is subject to change without notice.

We therefore recommend that you use this information with checking and confirming other information as well.  
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# Medium-Term Business Plan (FY2025–FY2027)



1	Targets and Cash Allocations under the 3-Year Plan	3
2	Growth Strategies and Key Policies	7
3	Development of Systems and Structures to Support Growth Strategies	20

Our Goals for the First 3-Year Phase of 10-Year Plan 2035 (FY2025–FY2034)

# 1. **Targets and Cash Allocations Under the 3-Year Plan**

Medium-Term Business Plan (FY2025–FY2027)

## Targets for 2028

# Financial/Non-financial Targets Under the Medium-Term Business Plan

## FY2027 targets based on our Goals for 2035

10-Year Plan 2035 (FY2025–FY2034)										
Financial indicators	Medium-Term Business Plan (FY2025–FY2027)			Medium-Term Business Plan (FY2028–FY2030)			Medium-Term Business Plan (FY2031–FY2034)			
	3-year phase of restructuring for transformation			3-year phase of full-scale investment toward growth			4-year phase of rapid expansion driven by growth strategy realization and continuing investment			
	Building foundations for growth strategies through growth investment funded by cash flows from domestic business			Expansion of markets, business domains, and geographical scope through substantial investment in overseas M&A			Optimization of expanded markets, business domains, and geographical scope, leading to sustainable growth			
	■ Target for net sales of completed construction contracts (end of FY2027)			■ Target for net sales of completed construction contracts (end of FY2030)			■ Target for net sales of completed construction contracts (end of FY2034)			
	Core businesses: ¥246 billion Growth businesses: ¥88 billion New businesses: ¥2 billion (Including ¥113 billion for non-Japanese customers)			Core businesses: ¥250 billion Growth businesses: ¥125 billion New businesses: ¥25 billion (Including ¥128 billion for non-Japanese customers)			Core businesses: ¥270 billion Growth businesses: ¥180 billion New businesses ¥50 billion (Including ¥169 billion for non-Japanese customers)			
	■ ROE (end of FY2027)			■ ROE (end of FY2030)			■ ROE (end of FY2034)			
	Shareholders' equity ratio:									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	■ Dividend Policy (DOE)			■ Dividend Policy (DOE)			■ Dividend Policy (DOE)			
	4.0%			4.5%			5.0%			
■ Share buybacks						or higher				
¥5 billion										
■ Cross-shareholdings										
15% or less of net assets										
■ CO <sub>2</sub> emissions (end of FY2027)			■ CO <sub>2</sub> emissions (end of FY2030)			■ CO <sub>2</sub> emissions (end of FY2034)				
Scope 1, 2: 26% lower Scope 3: 15% lower (vs. FY2022)			Scope 1, 2: 42% lower Scope 3: 25% lower (vs. FY2022)			Scope 1, 2: 53% lower Scope 3: 35% lower (vs. FY2022)				
						■ Number of employees (end of FY2034)				
						7,200				

## Achievable forecasts on our path to the achievement of the FY2027 targets.

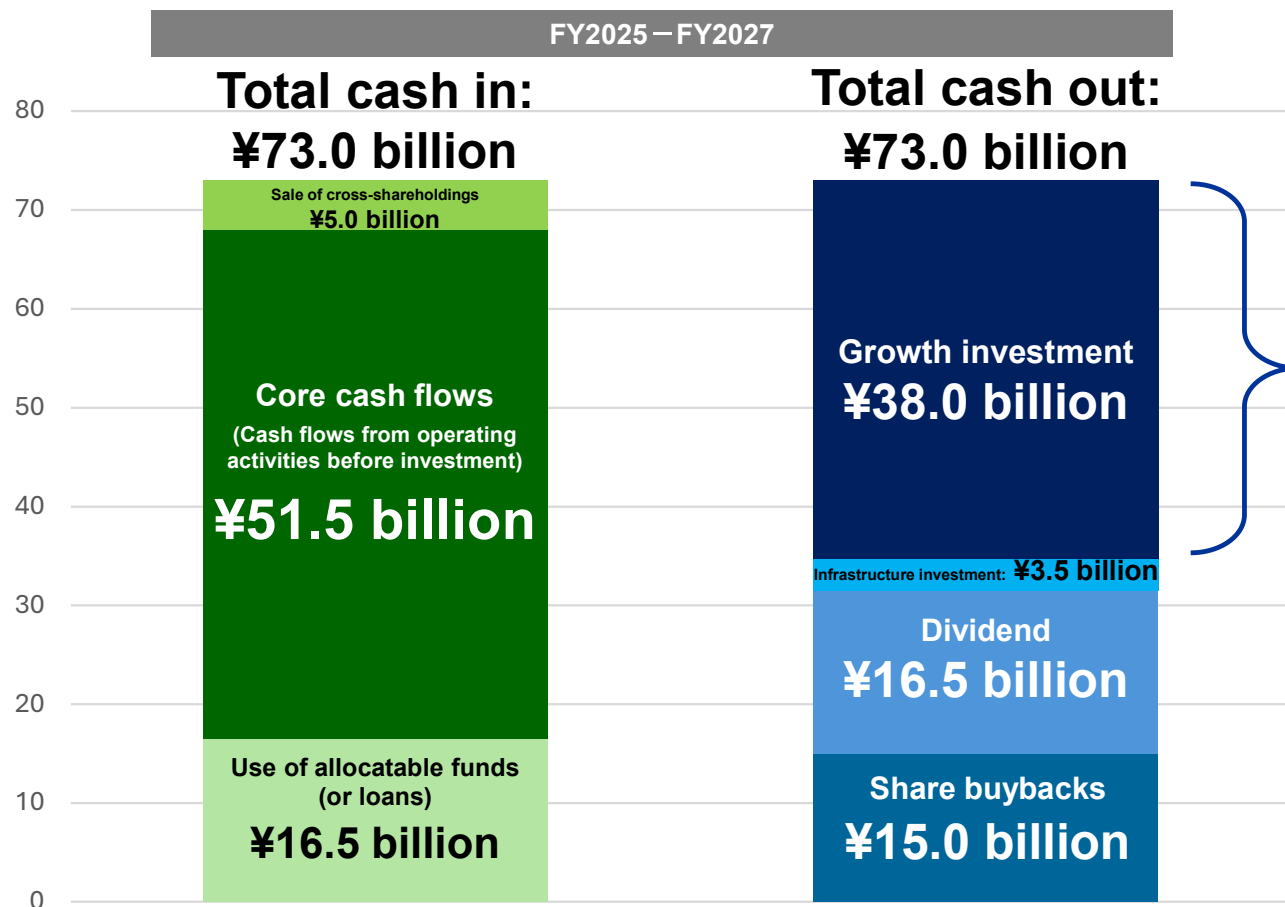
		FY2025 (forecasts)	FY2027 (targets)
Financial targets	Orders received	¥362.0 billion	¥296.0 billion
	Net sales of completed construction contracts	¥279.0 billion	¥336.5 billion
	Ordinary income	¥18.2 billion	¥22.7 billion
	Profit	¥12.0 billion	¥15.8 billion
	ROE	8.1%	10.3%
	Equity ratio	45% or higher	40% or higher
	Policy on shareholder returns	4.0% (Aimed ROE level 10% × dividend payout ratio 40%)	
	DOE	Shares worth ¥5.0 billion per year	
	Share buybacks		
	Cross-shareholdings	Ratio to net assets	15–20%
Non-financial targets	CO <sub>2</sub> emissions	Scope 1 and 2: 26% reduction Scope 3: 15% reduction (vs. FY2022 levels)	



# Cash Allocations Under Medium-Term Business Plan

Same content as on slide 12 of 10-Year Plan 2035

**In the first three years of the plan, we will build foundations for rapid growth by combining aggressive growth investment with solid shareholder returns.**



Note: Core cash flows = Profit + Capital expenditures + Depreciation / Amortization of goodwill – Gains from the sale of cross-shareholdings

## Breakdown of growth investment

### 1. Business growth investment **¥6.5 billion**

Main investment areas:

- Dry decoration demonstration line
- R&D, new businesses

### 2. Capital allocation **¥22.0 billion**

Main investments:

- Japan: ¥7.0 billion Enhancement of engineering capabilities in Japan
- North America: ¥7.0 billion Acquiring affiliates in the US
- India: ¥5.0 billion Business expansion in India
- Europe: ¥2.0 billion Expansion of European supply chains
- ASEAN: ¥1.0 billion ASEAN business structure

### 3. Digital growth investment **¥7.0 billion**

Main investment areas:

- BIM & DX investment, promotion of AI use
- Global communication
- Investment in digitalization of procurement

### 4. Human capital investment for growth **¥2.5 billion**

Main investment areas:

- Recruitment of specialist personnel in Japan and overseas
- Training of personnel with digital skills and the ability to work globally

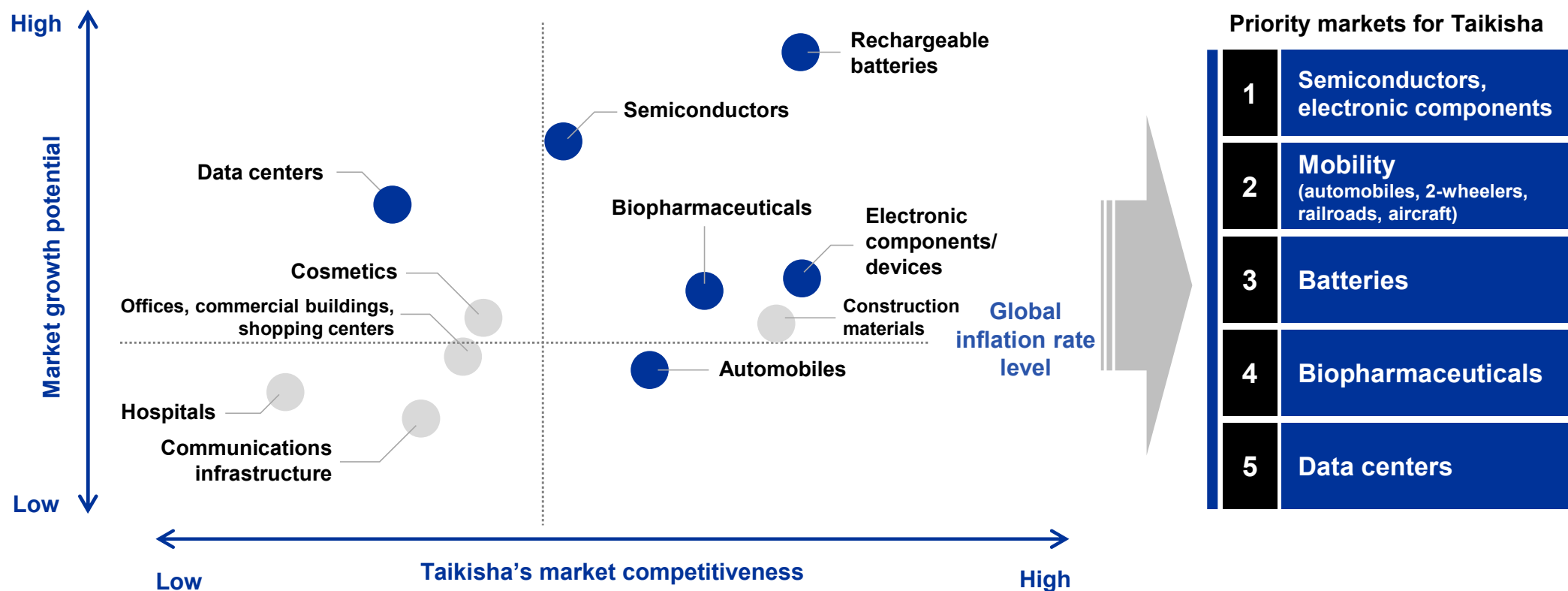
Foundations for a Rapid Growth Trajectory Defined by Backcasting from the 10-Year Goals

# **2.** **Medium-Term Business Plan (FY2025–FY2027)**

# **Growth Strategies and Key Policies**

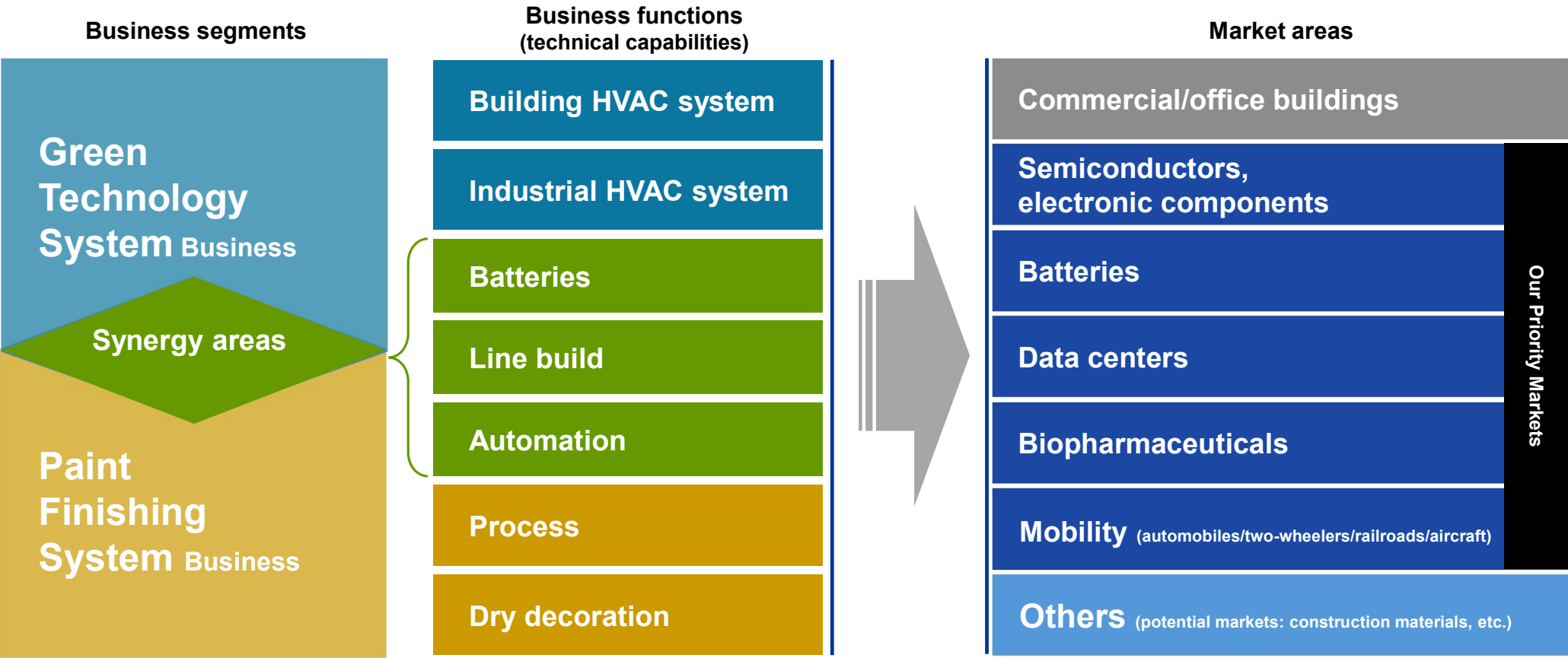
# Strategy

**Concentrate management resources into global growth industries.**  
We will target growth industries, such as semiconductors, electronic components, mobility, batteries, biopharmaceuticals, and data centers.



We will target priority markets linked to the Green Technology System Business and Paint Finishing System Business.

The key to growth will be the leveraging of synergies between these areas to create new businesses.



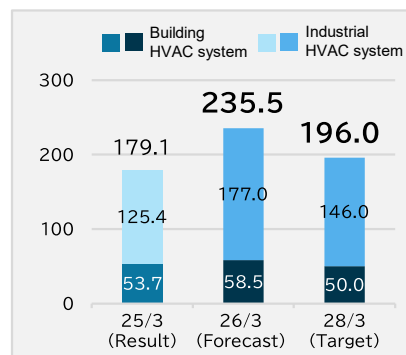
# Green Technology System Business: Growth Strategies

## Green Technology System Business

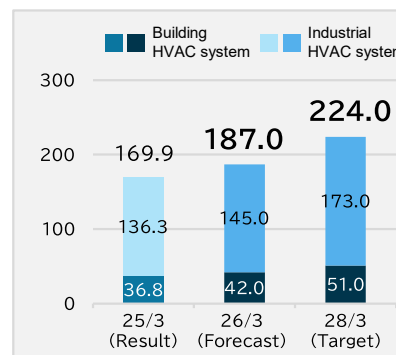
Building HVAC system

Industrial HVAC system

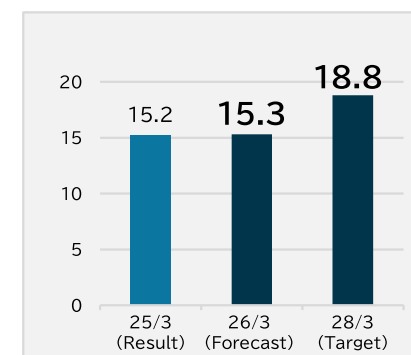
Orders-received (¥ billion)



Net sales of completed construction contracts (¥ billion)



Ordinary income (¥ billion)



### Focus for 3-year plan—Building foundations for growth

#### Market strategy

Maintain and improve our presence in the semiconductor/electronic components markets in Japan and overseas.

Semiconductors: Silicon Island/East Asia strategy

Electronic components: Enhanced support for Japan-based global manufacturers

#### Regional strategy

Maintain and enhance our presence in priority market areas.

Reinforcement of business base in Japan

Reinforcement of business base in ASEAN

#### Technology strategy

Contribute to carbon neutrality through the development of GX engineering technology.

Advancement of energy solutions

Enhancement of resource recycling support

Strengthening of compliance with environmental regulations

3-year targets (FY2027)

Net-sales of completed construction contracts: **¥224.0 billion**

Ordinary income: **¥18.8 billion**

## Foundations for Growth

### Maintaining and strengthening our presence in the semiconductor and electronic components market (Japan and overseas)

#### Semiconductors: Silicon Island/East Asia strategy

##### ■ Enhanced support for projects based on a strong local presence

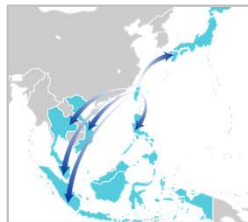
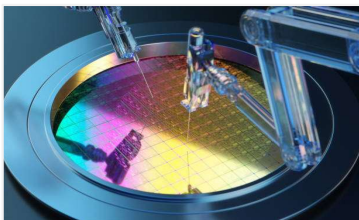
Prioritized deployment of human resources to regions likely to attract intensive semiconductor-related investment (e.g., Kyushu)  
Development of a structure, including partner companies, capable of handling large projects

##### ■ Strengthening of organizational structure in ASEAN as a target market for semiconductor-related investment

Development of capacity to handle large-scale projects in anticipation of manufacturing base diversification by global semiconductor manufacturers, including Taiwanese companies (see Page 12)

##### ■ Provision of high-end solutions (e.g., precision air conditioning)

Commercialization of technologies and provision of design/build services for industrial facilities requiring precise controls, such as Ultra-precise Temperature Control Chambers



#### Electronic components: Enhanced support for Japan-based global manufacturers

##### ■ Entry into the water treatment business

Proposal of wastewater recycling systems to comply with regulations in various countries

##### ■ Expansion of the energy management business

Creation of a one-stop AI-based system covering energy-saving for air conditioning and heat sources, safe operation, management, maintenance, and support

##### ■ Expansion of the overseas electrical engineering business

Creation of a turn-key solution proposal system integrated with electrical facility engineering



## Foundations for Growth

# Maintaining and enhancing our presence in key market areas

## Strengthening our business base in Japan

### ■ Expand and optimize human capital

Train highly qualified engineers in the industrial HVAC system field, allocate personnel and build organizational structures that reflect construction capacity and workloads.

### ■ Improve productivity at the design/build stages (See Page 13)

- Strengthen the product management organization.
- Use BIM-centered initiatives to improve operations (design, process charts).
- Convert buildings and equipment into factory products (unitization/modularization) through joint businesses with the Taikisha Partners Group (TPG-fab).
- Develop logistics systems for large-scale projects.

### ■ Strengthen relationships with partner companies

- Build enhanced win-win relationships and share project information with the Taikisha Partners Group (TPG).
- Improve the administrative efficiency of partner companies through the Taikisha Partners Operation System (TPOS).

## Strengthening our business base in ASEAN

### ■ Establish the ASEAN Management Dept. in Singapore

Shift HQ functions for overseas operations from Japan to Singapore and strengthen contact points with global companies.

### ■ Strengthen cooperative structures across ASEAN affiliates (Global Operational Diversity)

Share human resources as well as information and develop structures to handle projects based on joint contracting.

### ■ Establish bases to visualize our technological capabilities

Establish Innovation Gates as bases for strengthening customer relationships through technology promotions in Hanoi, Bangkok, and Singapore.

### ■ Establish global design & build standards

Roll out design/build platforms established in Japan to our ASEAN affiliates in order to achieve consistent operational efficiency and technological quality.



## Foundations for Growth

### Further improvement of productivity at the design/build stages

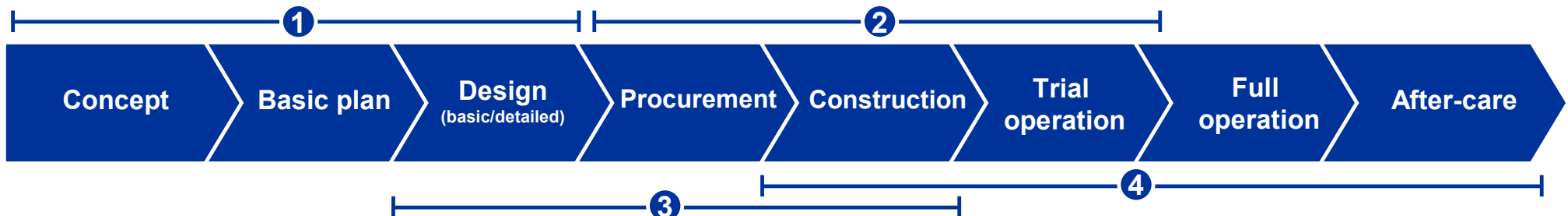
#### Strengthening our business base in Japan

##### 1 Strengthening the product management organization

- Company-wide roll-out of support for construction planning from the design stage by specialized units (front-loading)
- Use of BIM to improve design/process management efficiency

##### 2 Logistics enhancement

- Centralization of logistics bases and creation of materials/equipment management IT systems
- Optimization of conveyance/inventory management through visualization of inward/output movements of materials/equipment



##### 3 Construction process reform through unitization/modularization of construction equipment

- Reduction of construction lead times and standardization of build quality through construction equipment unitization/modularization
- Joint initiatives with Taikisha Partners Group (TPG) members (TPG-Fab)

##### 4 Use of BIM data to manage and maintain process progress and yields

- Remote management through digital twinning
- Frontline progress management using robots and drones
- Remote predictive maintenance

## Foundations for Growth

### Creating a path to carbon neutrality through the development of GX engineering technology

#### Enhanced energy solutions

##### ■ Mini-environmental control

(Expansion of areas of use for Ultra-precise Temperature Control Chamber)

Broaden the customer base by extending solutions beyond semiconductor and battery-related customers.

##### ■ Linkage of controls to production equipment (minimization of system operation)

Control and optimize airflows through timely monitoring of and feedback from production equipment operations.

##### ■ EMS system enhancement (AI, failure prediction)

Use AI control of operational/maintenance/support processes to reduce environmental loads.

##### ■ Use of natural energy

Use knowledge gained through monitoring and automated control of the use of natural energy at the Taikisha Innovation Site Aikawa (TISA) to provide feedback to customers

#### Expanded support for resource recycling

##### ■ Entry into water treatment field

(For semiconductors and electronic components)

Proposal of wastewater recycling solutions, including water recirculation systems, to meet industrial water needs, in collaboration with partners.

##### ■ Development of solvent recovery/purification systems

(solvents for NMP/solid-state batteries)

Develop integrated solvent recovery/recycling systems as key drivers for the expansion of the EV battery market.

#### Enhanced support for environmental compliance

##### ■ Non-combustion treatment of exhaust gases (electrification, gas recycling)

Develop clean equipment capable of using bio-fuels and hydrogen fuels instead of gas combustion.

##### ■ Incorporation of direct air capture (DAC) technology into air conditioning systems (use of captured CO<sub>2</sub>)

Contribute to the achievement of zero emission targets by improving interior environments through the recovery of low concentrations of CO<sub>2</sub> for use in agriculture, forestry, and fisheries.



# Paint Finishing System Business: Growth Strategies

## Paint Finishing System Business

Process

Automation

Line build

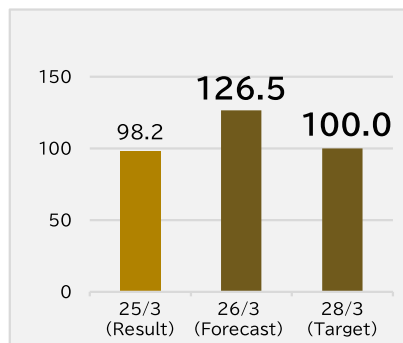
Dry decoration

3-year targets (FY2027)

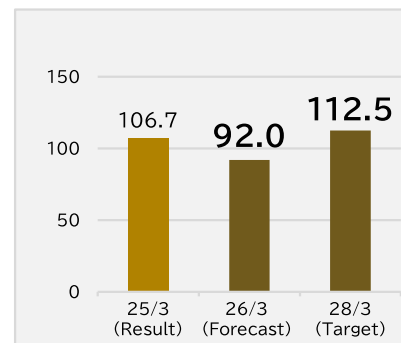
Net-sales of completed construction contracts: **¥112.5 billion**

Ordinary income: **¥4.5 billion**

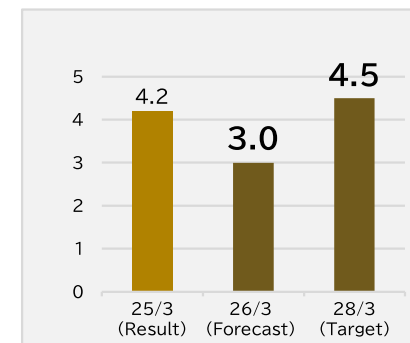
**Orders-received** (¥ billion)



**Net sales of completed construction contracts** (¥ billion)



**Ordinary income** (¥ billion)



### Focus for 3-year plan—Building foundations for growth

#### Market strategy

Maintain and enhance our presence in automotive markets.

Green factory technologies: Implementation of dry decoration

Smart factory technologies: Advancement of automation

Expansion of European customer portfolio

Create business opportunities in non-automotive markets.

Use of painting technology in other industries

Development of smart industrial HVAC systems

## Foundations for Growth

### Maintaining and expanding our presence in automotive markets

#### Green factory technologies: Implementation of dry decoration

##### ■ Expansion of demonstration line and establishment of working lines

Verify customers' required specifications in our laboratories and implement working lines capable of extremely high-quality performance.

##### ■ Proactive marketing to automotive OEMs

Establish dry decoration as a new mass-production technology for automobiles.



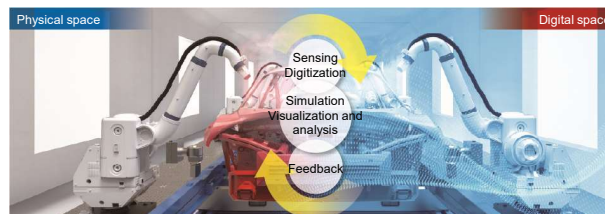
#### Smart factory technologies: Advancement of automation

##### ■ Accumulating automation technology outside of the paint/coating area

Leverage our track record in realizing and evaluating advanced concepts in the paint/coating field to expand from paint/coating technology to inspection, polishing, and material handling.

##### ■ Digital twinning

Digital twinning is a core tool for DX in manufacturing operations. It brings dramatic improvements in planning, development, implementation, and enhancement through feedback from digital and real spaces.



#### Expansion of European customer portfolio

##### ■ Expansion of track record and improvement of recognition

Expand our presence in Europe by winning orders for large-scale projects.

##### ■ Strengthening and expansion of our operating structure in Europe

(Supply chain collaboration, creation of alliances)

Create optimal order processing systems across entire supply chains and expand areas in which we have in-house production capabilities.

##### ■ Proposing technology to meet European environmental regulations

Learn about cutting-edge environmental needs and solutions and achieve global expansion in the long-term future through business expansion in Europe, which is a leader in environmental policy.



## Foundations for Growth

### Creating business opportunities in non-automotive markets (railroads, aircraft, other manufacturing)

#### Use of painting technology in other industries

##### ■ Smart factories capable of high-mix, low-volume production

Make major contributions to smart factory technology for high-mix, low-volume manufacturing through auto-teaching technology (i-ART).

##### ■ Exploration of the dry decoration market

Pursue marketing opportunities in coating and decoration markets, as well as automotive painting.



#### Development of smart industrial HVAC systems

##### ■ Use of digital twinning technology to provide integrated services from consulting to after-maintenance

- Use technology and know-how accumulated through automotive coating operations to contribute to smart factory development in all industries that need coating and decoration.
- Use environmental technology developed through the HVAC business (including specialized air conditioning) to provide one-stop solutions for optimized manufacturing environments.

##### ■ Proposal of GHG reduction solutions as part of factory operation consulting

Offer technology to achieve customers' GHG reduction targets, and visualize reductions achieved using that technology.



# Synergies between the Green Technology System Business and Paint Finishing System Business

## Foundations for Growth

**We will create new value through the convergence of engineering technologies from our two core businesses.**

### Green Technology System Business

- Dry rooms
- Solvent recovery
- Heat/power supply technologies
- Clean room equipment installation

### Technology synergies

### Paint Finishing System Business

- E-coating technology for in-vehicle cases
- Airtight and waterproof sealing technology
- Conveyance technology
- Material handling robot technology

### Offering new production line development technologies in response to growing demand for battery plant construction

#### ■ Expansion of support for EV battery plants, primarily through our US affiliates

Use experience, know-how, and human resources from our Green Technology System Business in Japan at our affiliates in the United States.

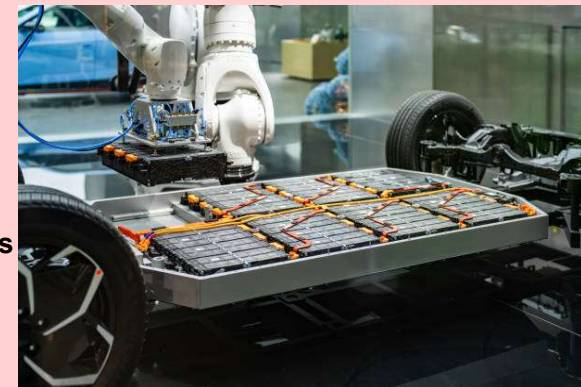
Expand the scope of contracting activities to encompass heat source supply and our proprietary technologies, including solvent recovery and dry rooms.

Begin to prepare for a role as a one-stop solution manufacturer.

#### ■ Proposal of production line modularization as a method of reducing project timeline and costs

Expand into the battery market through the convergence of design/build methods developed by our two business divisions for other industries.

- Create mini-environments in special-purpose environmental areas, such as dry rooms, and modularize heat/power supply areas.
- Shorten project timeline through the modularization of equipment, including manufacturing and material handling equipments.





### New business development

Reinforcement of Business Development Headquarters

Four business development perspectives

1. Market research
2. Technology surveys
3. Business companies
4. R&D

Foundations for Growth

We will create a unified structure capable of integrating all tasks from surveys and R&D to operations and business development. We will advance toward our medium- to long-term business creation goals by further strengthening inter-process linkage.

#### Unknown/undeveloped areas (technologies, industries, regions)

Areas in which we can apply existing technologies and leverage synergies with existing businesses

Environmental/energy-related areas, including DAC\*<sup>1</sup>, in which we can contribute to the solution of social issues

New areas emerging from the convergence of our technologies with smart technologies, such as automation and AI

New geographical frontiers for our existing businesses

#### Convergence of diverse technologies through internal and external networks

Exploration of customer needs and social needs, joint development activities based on collaboration between TISA\* and other development bases/laboratories

Increased cooperation/collaboration with universities, research institutes, and business partners in Japan and overseas

Use of VC/CVC to discover new seeds, start of collaboration with start-ups

#### Enhancement of business development infrastructure

- Creation of growth models based on guidelines that include process management and exit criteria
- Recruitment of talent capable of driving technology commercialization, training through accelerator programs, etc.
- Establishment of a competitive advantage through the creation of intellectual property
- Fostering a culture and developing internal systems that accept challenges and build on failures

\*1 DAC Direct Air Capture

\*2 TISA Taikisha Innovation Site Alkawa



Initiatives to Strengthen Our Management Base and Support Our Growth Strategies

# Capital & Governance

Medium-Term Business Plan (FY2025–FY2027)

**3.**

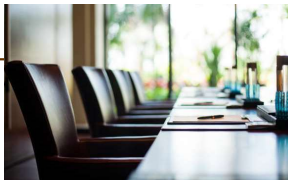
## Development of Systems and Structures to Support Growth Strategies

# Strengthening Business Promotion/Monitoring and Global Management Structures

## Systems to drive sustainable growth and enhance corporate value Developing systems and structures to support our growth strategies

### Enhancement of business execution/monitoring structures

- Establishment of the **Growth Strategy Council**
- Establishment of the **Digital Innovation Committee (governance side)** and further strengthening of the functions of the **Digital Strategy Committee (executive side)**
- Introduction of the **Group Corporate Officer System**
- Introduction of a **new management accounting system** to facilitate growth investment
- Functional enhancement of the **Sustainability Promotion Committee** and the **Business Investment Committee**
- Group-wide extension of **ROIC management**



### Enhancement of global group management infrastructure

- Introduction of **common global IT systems infrastructure**
- Enhancement of **IT governance structures**
- Establishment of the **ASEAN Regional Management Dept.**
- Improvement of the effectiveness of **boards of directors of affiliates**
- Start of study concerning the future establishment of **intermediate holding companies** and **regional HQs**

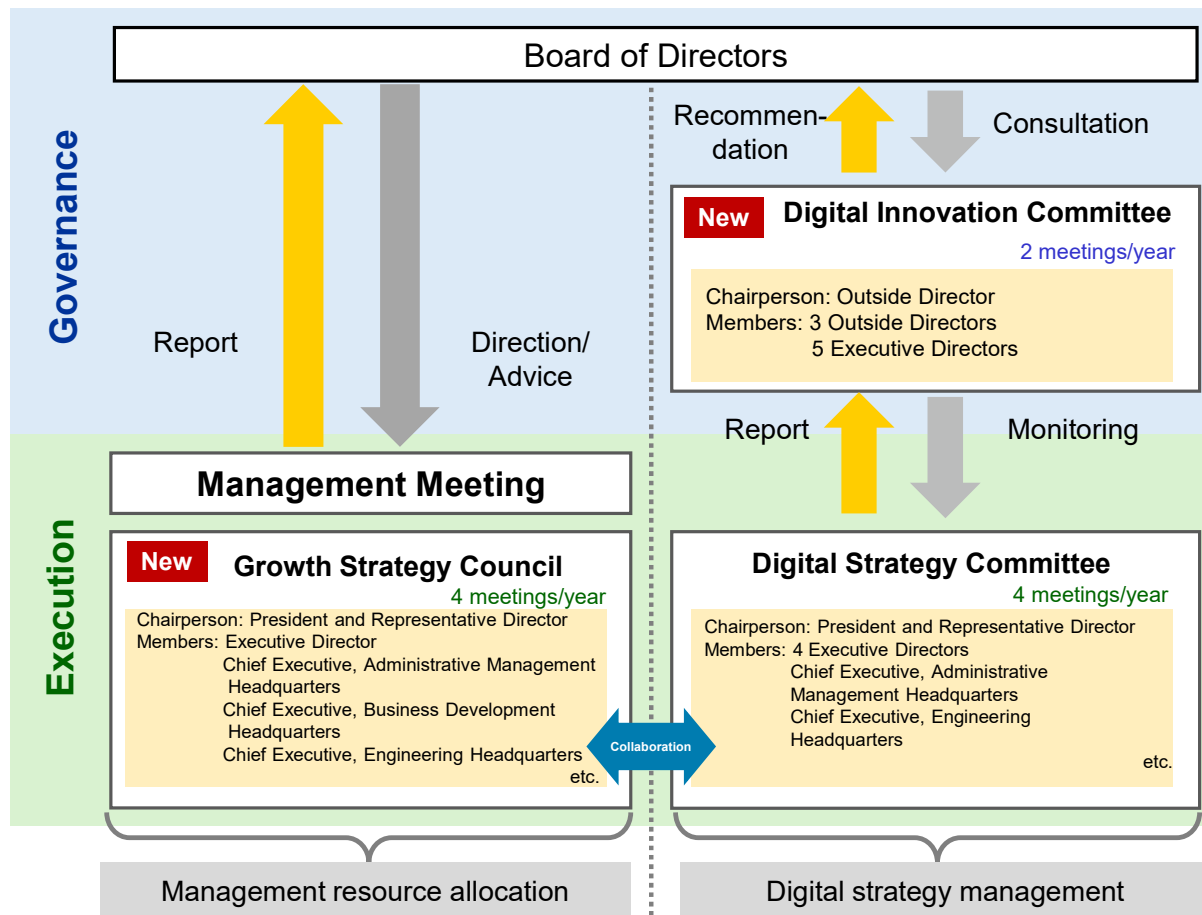
### Creation of global human capital portfolio management system

- Development of human capital data base for overseas affiliates to facilitate the international divisions of labor needed to handle increasingly large-scale projects



# Strengthening Structures to Support Management Resource Allocation and Digital Strategy Management

## Enhancement of Management Resource Allocation Strategy and Digital Strategy Governance



### Management resource allocation

#### ■ Growth Strategy Council **New**

Coordinated formulation and execution of group-level strategic policies relating to business, functions, financial management, and capital, etc., from the perspective of optimizing group-allocations of management resources, progress monitoring

—Indication of matters for deliberation—

- Company-wide dividend policies (DOE level, annual dividend amount)
- Company-wide capital policies (share buybacks, stock splits, etc.)
- Business portfolio policy (cash and capital allocations)
- Acceleration of business investment plans and growth strategies through human capital investment, recruitment, training, etc.

### Digital strategy management

#### ■ Digital Innovation Committee **New**

An advisory committee focused on digital strategy—Monitoring of the execution of digital strategies by the Digital Strategy Committee from an independent, objective perspective, oversight to ensure reliable strategy execution and accountability

#### ■ Digital Strategy Committee

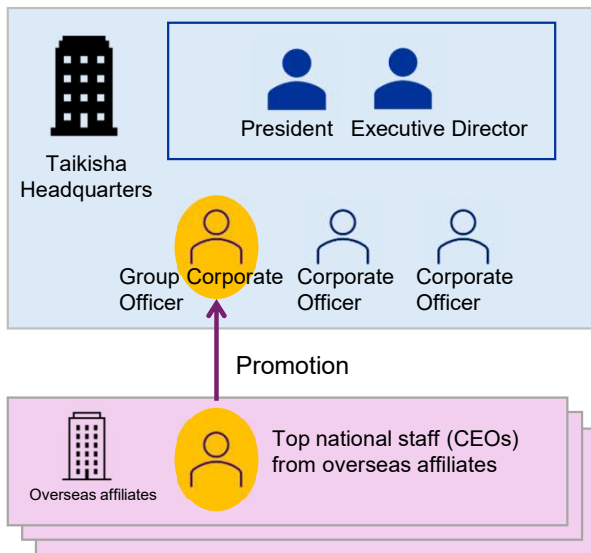
Execution of digital strategy by five subcommittees specializing in the following areas:

- (1) Company-wide BIM (2) Global communications
- (3) IT governance, information security
- (4) Proactive utilization of AI (5) Electronic procurement

## Development of structures and systems to strengthen global governance and enable sustainable growth investment

### Introduction of the Group Corporate Officer system

We will enable top national managers (CEOs) of overseas affiliates to participate in group management through promotion to Taikisha headquarters as Group Corporate Officers.



#### The roles of Group Corporate Officers will include the following:

- Top national managers (CEOs) of overseas affiliates will independently propose strategic directions for the Group's global strategies based on local business environments.
- They will energize communication between national staff, including employees in local affiliates, and head office.

### Introduction of a new management accounting system to facilitate growth investment

We plan to introduce a new management accounting system designed to enhance investment incentives for the development of new markets and technologies and digital growth investment, etc., so that growth investment can be maintained without affecting short-term business performance.

### Introduction of common global IT systems infrastructure

We will develop common global IT systems infrastructure and progressively introduce it at overseas affiliates.

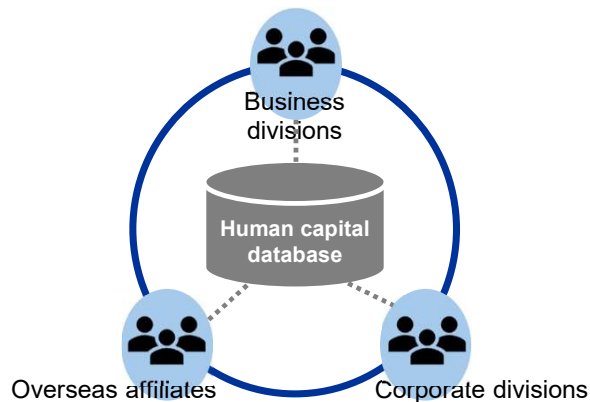
#### —Expected benefits—

- Flexible approach to future global business expansion and entry into new markets
- Visualization and integration of information, leading to standardized and more efficient business processes and stronger governance
- Enhancement of global human resource management and global procurement, etc.

## Development of systems and IT infrastructure for the realization of human capital portfolio management

### ■ Development and administration of human capital database for overseas affiliates

- Development of management and implementation structures and data infrastructure to support the realization of human capital portfolio management
- Visualization and management using technology record sheets
- Further enhancement of human resource systems and data, effective administration through collaboration among business divisions, corporate units, and the global organization
- Commencement of development of human capital databases for global affiliates, starting with ASEAN



### ■ Recruitment policies for overseas markets

- New graduate recruitment—
- Use of scholarship programs and partnerships with technology-focused universities to facilitate recruitment of foreign nationals
- Mid-career recruitment—
- Use of scouting and referrals to recruit executive candidates and specialists with extensive knowledge of industries and technologies

### ■ Development/implementation of human resource development systems for overseas markets

- Early training of local management candidates, especially for Asian markets, through the newly established ASEAN Management Division
- Human resource development based on specific requirements for individual countries

### ■ Development of attractive evaluation and remuneration systems

- Creation of evaluation and remuneration systems to attract people with diverse nationalities, backgrounds, and experience

### ■ Staff retention through the improvement of loyalty and engagement

- Dissemination of our core philosophy in relation to human capital, including personnel at overseas affiliates
- Visualization of employee satisfaction and engagement levels and issues through surveys, implementation of countermeasures

## Precaution about Forward Perspective

The data and future prospection in this material is based on the judgement on the announcement date and the available information.

They are possible to change by various kinds of factors and can not guarantee the achievement of goals and future performance. This information is subject to change without notice.

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