

Financial Report for the First Quarter of the Fiscal Year ending March 31, 2020

August 9, 2019

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company... Taikisha Ltd.

Stock Exchange..... First Section of Tokyo Stock Exchange

Code..... 1979

Representative..... Koji Kato, President and Representative Director

Contact..... Masanori Nakagawa, Director, Managing Corporate Officer, Administrative Management
Headquarters Chief Executive

TEL..... (03)5338 - 5052

URL..... <https://www.taikisha.co.jp/>

Scheduled date to submit Quarterly report : August 14, 2019

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : None

Briefing session of financial results : None

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2019 through June 30, 2019)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended								
June 30, 2019	46,394	(5.5)	2,326	(8.9)	2,306	(17.8)	1,748	(0.3)
June 30, 2018	49,089	13.2	2,554	407.8	2,805	356.1	1,754	561.9

(Note) Comprehensive income Three months ended June 30, 2019 135 million yen (91.4)%
Three months ended June 30, 2018 1,573 million yen (26.8)%

Three months ended	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
	yen	yen
June 30, 2019	51.33	—
June 30, 2018	51.51	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
June 30, 2019	203,927	111,441	52.3
March 31, 2019	223,080	113,649	48.8

(Note) Shareholders' Equity As of June 30, 2019 106,699 million yen
As of March 31, 2019 108,787 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2019	—	25.00	—	66.00	91.00
March 31, 2020	—				
Year ending March 31, 2020 (Forecast)		30.00	—	70.00	100.00

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2020 (April 1, 2019 through March 31, 2020)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Half year	110,600	11.9	5,900	73.7	6,400	65.1	4,200	361.5	123.28
Full year	239,000	6.0	14,600	4.0	15,300	1.4	9,700	9.7	284.72

(Note) Revisions to forecast of earnings : None

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Adoption of particular accounting treatments for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revisions of accounting standards etc. : None
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatements : None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at the end of period (including treasury shares)
 - As of June 30, 2019 35,082,009 shares
 - As of March 31, 2019 35,082,009 shares
 - (ii) Number of treasury shares at the end of period
 - As of June 30, 2019 1,013,293 shares
 - As of March 31, 2019 1,013,293 shares
 - (iii) Average number of shares during the period
 - Three months ended June 30, 2019 34,068,716 shares
 - Three months ended June 30, 2018 34,068,992 shares
- ※ Notice of status of implementation for quarterly review procedures
This financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.
- ※ Explanation about the proper use of consolidated forecasts and other notes
Data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	52,107	35,407
Notes receivable, accounts receivable from completed construction contracts and other	104,705	99,743
Securities	1,000	1,000
Costs on uncompleted construction contracts	2,807	4,919
Raw materials and supplies	396	419
Other	8,379	11,106
Allowance for doubtful accounts	(428)	(457)
Total current assets	168,968	152,139
Non-current assets		
Property, plant and equipment	10,333	10,337
Intangible assets		
Goodwill	1,332	1,300
Other	3,318	3,165
Total intangible assets	4,650	4,466
Investments and other assets		
Investment securities	29,378	27,010
Net defined benefit asset	5,912	5,692
Other	3,891	4,334
Allowance for doubtful accounts	(53)	(53)
Total investments and other assets	39,128	36,984
Total non-current assets	54,111	51,787
Total assets	223,080	203,927
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	55,835	50,910
Short-term loans payable	10,892	3,771
Income taxes payable	2,711	352
Advances received on uncompleted construction contracts	14,778	16,576
Provision for bonuses	—	967
Provision for warranties for completed construction	787	800
Provision for loss on construction contracts	407	360
Provision for directors' bonuses	154	—
Other	13,225	8,927
Total current liabilities	98,791	82,665
Non-current liabilities		
Long-term loans payable	3,076	2,279
Provision for directors' retirement benefits	62	39
Net defined benefit liability	1,370	1,550
Other	6,127	5,949
Total non-current liabilities	10,638	9,819
Total liabilities	109,430	92,485

Millions of yen

	As of March 31, 2019	As of June 30, 2019
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,244	7,244
Retained earnings	84,984	84,484
Treasury shares	(2,476)	(2,476)
Total shareholders' equity	96,208	95,708
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,842	10,240
Deferred gains or losses on hedges	(0)	2
Foreign currency translation adjustment	164	486
Accumulated remeasurements of defined benefit plans	572	260
Total accumulated other comprehensive income	12,578	10,990
Non-controlling interests	4,862	4,742
Total net assets	113,649	111,441
Total liabilities and net assets	223,080	203,927

(2) Consolidated Income Statements and Consolidated Statements of Comprehensive Income
Consolidated Income Statements

	Millions of yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
	Apr. 1, 2018 - Jun. 30, 2018	Apr. 1, 2019 - Jun. 30, 2019
Net sales of completed construction contracts	49,089	46,394
Cost of sales of completed construction contracts	41,627	39,104
Gross profit on completed construction contracts	7,461	7,289
Selling, general and administrative expenses	4,907	4,963
Operating income	2,554	2,326
Non-operating income		
Interest income	83	68
Dividend income	211	220
Real estate rent	26	26
Foreign exchange gains	2	—
Reversal of allowance for doubtful accounts	—	0
Other	69	54
Total non-operating income	393	369
Non-operating expenses		
Interest expenses	52	54
Rent expenses on real estates	5	6
Foreign exchange losses	—	234
Provision of allowance for doubtful accounts	0	—
Share of loss of entities accounted for using equity method	58	76
Other	25	18
Total non-operating expenses	142	389
Ordinary income	2,805	2,306
Extraordinary income		
Gain on disposal of non-current assets	2	1
Total extraordinary income	2	1
Extraordinary losses		
Loss on disposal of non-current assets	7	3
Loss on valuation of investment securities	—	0
Total extraordinary losses	7	3
Profit before income taxes	2,800	2,304
Income taxes-current	251	273
Income taxes-deferred	668	301
Total income taxes	920	575
Profit	1,880	1,729
Profit (loss) attributable to non-controlling interests	125	(19)
Profit attributable to owners of parent	1,754	1,748

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
	Apr. 1, 2018 - Jun. 30, 2018	Apr. 1, 2019 - Jun. 30, 2019
Profit	1,880	1,729
Other comprehensive income		
Valuation difference on available-for-sale securities	320	(1,601)
Deferred gains or losses on hedges	18	3
Foreign currency translation adjustment	(909)	310
Remeasurements of defined benefit plans	278	(317)
Share of other comprehensive income of entities accounted for using equity method	(14)	12
Total other comprehensive income	(307)	(1,594)
Comprehensive income	1,573	135
Comprehensive income attributable to :		
Owners of parent	1,605	160
Non-controlling interests	(32)	(25)

(Segment information)

Sales and profits or losses by reportable segments

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	33,692	15,396	49,089	—	49,089
Intersegment	—	0	0	(0)	—
Total	33,692	15,397	49,089	(0)	49,089
Segment profit (loss)	3,031	(449)	2,581	224	2,805

(Note) 1. The amount of Eliminations/ Corporate is as follows:

Eliminations/ Corporate of Segment profit (loss) of 224 million yen includes non-allocatable common profits (net amount of common profit and loss) of 222 million yen and other adjustment of 1 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

Three months ended June 30, 2019 (April 1, 2019 - June 30, 2019)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	33,351	13,042	46,394	—	46,394
Intersegment	—	—	—	—	—
Total	33,351	13,042	46,394	—	46,394
Segment profit (loss)	2,612	(290)	2,321	(14)	2,306

(Note) 1. The amount of Eliminations/ Corporate is as follows:

Eliminations/ Corporate of Segment profit (loss) of minus 14 million yen includes non-allocatable common profits (net amount of common profit and loss) of minus 18 million yen and other adjustment of 3 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

(Supplementary information)

1. Statement for orders-received during this period, net sales of completed construction contracts during this period, and construction carried forward by division (consolidated)

Millions of yen

	Three months ended June 30, 2018 (Apr. 1, 2018 - Jun. 30, 2018)		Three months ended June 30, 2019 (Apr. 1, 2019 - Jun. 30, 2019)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	16,526	27.9	15,889	25.3	(637)	(3.9)
Industrial HVAC	27,163	45.8	27,754	44.2	591	2.2
Total	43,689	73.7	43,644	69.5	(45)	(0.1)
[Overseas]	[9,742]	[16.4]	[8,271]	[13.2]	[(1,471)]	[(15.1)]
Paint Finishing System Division	15,565	26.3	19,113	30.5	3,548	22.8
[Overseas]	[13,687]	[23.1]	[15,975]	[25.4]	[2,288]	[16.7]
Total	59,254	100.0	62,757	100.0	3,503	5.9
[Overseas]	[23,429]	[39.5]	[24,247]	[38.6]	[818]	[3.5]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	8,897	18.1	11,908	25.7	3,011	33.8
Industrial HVAC	24,795	50.5	21,443	46.2	(3,352)	(13.5)
Total	33,692	68.6	33,351	71.9	(341)	(1.0)
[Overseas]	[8,657]	[17.6]	[8,278]	[17.9]	[(379)]	[(4.4)]
Paint Finishing System Division	15,396	31.4	13,042	28.1	(2,354)	(15.3)
[Overseas]	[13,434]	[27.4]	[10,265]	[22.1]	[(3,169)]	[(23.6)]
Total	49,089	100.0	46,394	100.0	(2,695)	(5.5)
[Overseas]	[22,091]	[45.0]	[18,543]	[40.0]	[(3,548)]	[(16.1)]
Construction carried forward						
Green Technology System Division						
Building HVAC	59,868	35.2	56,795	29.8	(3,073)	(5.1)
Industrial HVAC	53,388	31.4	66,035	34.6	12,647	23.7
Total	113,257	66.6	122,830	64.4	9,573	8.5
[Overseas]	[24,438]	[14.4]	[23,971]	[12.6]	[(467)]	[(1.9)]
Paint Finishing System Division	56,896	33.4	67,928	35.6	11,032	19.4
[Overseas]	[52,050]	[30.6]	[60,680]	[31.8]	[8,630]	[16.6]
Total	170,153	100.0	190,758	100.0	20,605	12.1
[Overseas]	[76,488]	[45.0]	[84,651]	[44.4]	[8,163]	[10.7]

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and carried forward are the transacted amount with external customers.

2. In the previous consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is 0 million yen difference between net sales of completed construction contracts of 15,396 million yen and total sales of 15,397 million yen in the segment information by the Paint Finishing System Division due to intersegment sales.

3. In the consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division. And, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Paint Finishing System Division.

2. Statement for orders-received during this period, net sales of completed construction contracts during this period, and construction carried forward by division (Non-consolidated)

Millions of yen

	Three months ended June 30, 2018 (Apr. 1, 2018 - Jun. 30, 2018)		Three months ended June 30, 2019 (Apr. 1, 2019 - Jun. 30, 2019)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	15,753	39.2	15,041	40.0	(712)	(4.5)
Industrial HVAC	16,983	42.2	19,510	51.8	2,527	14.9
Total	32,737	81.4	34,551	91.8	1,814	5.5
[Overseas]	[18]	[0.0]	[52]	[0.2]	[34]	[188.9]
Paint Finishing System Division	7,495	18.6	3,103	8.2	(4,392)	(58.6)
[Overseas]	[6,061]	[15.1]	[837]	[2.2]	[(5,224)]	[(86.2)]
Total	40,232	100.0	37,655	100.0	(2,577)	(6.4)
[Overseas]	[6,080]	[15.1]	[889]	[2.4]	[(5,191)]	[(85.4)]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	8,369	30.2	11,304	39.1	2,935	35.1
Industrial HVAC	16,101	58.2	13,168	45.6	(2,933)	(18.2)
Total	24,471	88.4	24,473	84.7	2	0.0
[Overseas]	[26]	[0.1]	[22]	[0.1]	[(4)]	[(15.4)]
Paint Finishing System Division	3,198	11.6	4,425	15.3	1,227	38.4
[Overseas]	[1,804]	[6.5]	[2,297]	[7.9]	[493]	[27.3]
Total	27,670	100.0	28,898	100.0	1,228	4.4
[Overseas]	[1,830]	[6.6]	[2,319]	[8.0]	[489]	[26.7]
Construction carried forward						
Green Technology System Division						
Building HVAC	59,121	58.5	55,875	52.3	(3,246)	(5.5)
Industrial HVAC	28,536	28.3	42,087	39.4	13,551	47.5
Total	87,658	86.8	97,962	91.7	10,304	11.8
[Overseas]	[12]	[0.0]	[36]	[0.0]	[24]	[200.0]
Paint Finishing System Division	13,369	13.2	8,876	8.3	(4,493)	(33.6)
[Overseas]	[9,043]	[9.0]	[3,038]	[2.9]	[(6,005)]	[(66.4)]
Total	101,027	100.0	106,839	100.0	5,812	5.8
[Overseas]	[9,055]	[9.0]	[3,074]	[2.9]	[(5,981)]	[(66.1)]

3. Sales by regions

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
26,997	5,034	5,736	3,870	1,786	351	2,023	3,289	49,089

Three months ended June 30, 2019 (April 1, 2019 - June 30, 2019)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
27,850	3,186	4,308	4,653	2,243	174	2,719	1,258	46,394