

Financial Report for the Third Quarter of the Fiscal Year ending March 31, 2021

February 10, 2021

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

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Scheduled date to submit Quarterly report : February 12, 2021

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : No

Briefing session of financial results : No

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2020 through December 31, 2020)

(1) Consolidated operating results (Cumulative)

(% 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	%
Nine months ended								
December 31, 2020	135,592	(14.6)	5,806	(46.5)	6,195	(44.9)	4,585	(40.9)
December 31, 2019	158,696	2.6	10,852	34.1	11,249	28.7	7,761	91.2

(Note) Comprehensive income
 Nine months ended December 31, 2020 : 8,941 million yen (4.0 %)
 Nine months ended December 31, 2019 : 8,599 million yen (440.8 %)

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
Nine months ended	yen	yen
December 31, 2020	134.59	—
December 31, 2019	227.81	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of	million yen	million yen	%
December 31, 2020	223,686	118,571	50.8
March 31, 2020	215,389	112,843	50.2

(Note) Shareholders' Equity
 As of December 31, 2020 : 113,724 million yen
 As of March 31, 2020 : 108,209 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2020	—	30.00	—	70.00	100.00
March 31, 2021	—	30.00	—	—	—
Year ending March 31, 2021 (Forecast)	—	—	—	60.00	90.00

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2021 (April 1, 2020 through March 31, 2021)

(% 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	
Full year	203,000	(9.9)	11,000	(28.8)	12,000	(25.0)	8,000	(12.4)	234.82	

(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 end of period (including treasury shares)
 - As of December 31, 2020 35,082,009 shares
 - As of March 31, 2020 35,082,009 shares
 - (ii) Number of treasury shares at end of period
 - As of December 31, 2020 1,013,719 shares
 - As of March 31, 2020 1,013,573 shares
 - (iii) Average number of shares during the period
 - Nine months ended December 31, 2020 34,068,365 shares
 - Nine months ended December 31, 2019 34,068,661 shares

(Note) The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan and its own shares remaining in the Trust are included as treasury shares. The number of treasury shares owned by the trust as of December 31, 2020 and as of March 31, 2020 are 136,400 and 136,400, respectively. The average number of treasury shares owned by the trust for nine months ended December 31, 2020 and for nine months ended December 31, 2019 are 136,400 and 68,200, respectively.

- ※ 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, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	57,626	40,900
Notes receivable, accounts receivable from completed construction contracts and other	96,726	99,784
Securities	3,500	1,000
Costs on uncompleted construction contracts	3,097	4,220
Raw materials and supplies	358	681
Other	7,979	17,918
Allowance for doubtful accounts	(329)	(263)
Total current assets	168,958	164,242
Non-current assets		
Property, plant and equipment	10,493	10,375
Intangible assets		
Goodwill	755	3,969
Customer-related assets	—	1,331
Other	2,824	3,223
Total intangible assets	3,580	8,524
Investments and other assets		
Investment securities	24,388	31,379
Deferred tax assets	655	572
Net defined benefit asset	5,181	6,575
Other	2,187	2,069
Allowance for doubtful accounts	(55)	(54)
Total investments and other assets	32,357	40,542
Total non-current assets	46,430	59,443
Total assets	215,389	223,686
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	57,623	47,301
Short-term loans payable	6,460	11,428
Income taxes payable	1,481	446
Advances received on uncompleted construction contracts	14,342	16,016
Provision for bonuses	—	2,497
Provision for warranties for completed construction	836	844
Provision for loss on construction contracts	289	207
Provision for directors' bonuses	116	15
Other	12,772	12,703
Total current liabilities	93,924	91,462
Non-current liabilities		
Long-term loans payable	1,952	2,576
Deferred tax liabilities	4,497	8,921
Provision for directors' retirement benefits	51	38
Provision for share-based remuneration for directors	109	125
Net defined benefit liability	1,706	1,673
Other	305	316
Total non-current liabilities	8,622	13,652
Total liabilities	102,546	105,114

	Millions of yen	
	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	5,058	5,058
Retained earnings	90,842	92,007
Treasury shares	(2,593)	(2,594)
Total shareholders' equity	99,762	100,926
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,376	13,307
Deferred gains or losses on hedges	(0)	3
Foreign currency translation adjustment	372	(1,143)
Accumulated remeasurements of defined benefit plans	(302)	630
Total accumulated other comprehensive income	8,447	12,797
Non-controlling interests	4,633	4,846
Total net assets	112,843	118,571
Total liabilities and net assets	215,389	223,686

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

	Millions of yen	
	Nine months ended December 31, 2019 Apr. 1, 2019 - Dec. 31, 2019	Nine months ended December 31, 2020 Apr. 1, 2020 - Dec. 31, 2020
Net sales of completed construction contracts	158,696	135,592
Cost of sales of completed construction contracts	131,663	114,327
Gross profit on completed construction contracts	27,032	21,264
Selling, general and administrative expenses	16,180	15,457
Operating income	10,852	5,806
Non-operating income		
Interest income	250	215
Dividend income	525	510
Dividend income of insurance	123	145
Real estate rent	84	75
Reversal of allowance for doubtful accounts	—	0
Other	151	212
Total non-operating income	1,135	1,159
Non-operating expenses		
Interest expenses	134	124
Rent expenses on real estates	18	22
Foreign exchange losses	286	423
Provision of allowance for doubtful accounts	0	—
Share of loss of entities accounted for using equity method	181	84
Other	116	116
Total non-operating expenses	737	771
Ordinary income	11,249	6,195
Extraordinary income		
Gain on disposal of non-current assets	26	618
Gain on sales of investment securities	447	—
Gain on step acquisitions	—	61
Total extraordinary income	474	680
Extraordinary losses		
Loss on disposal of non-current assets	53	158
Impairment loss	0	0
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	0	13
Total extraordinary losses	53	171
Profit before income taxes	11,669	6,703
Income taxes-current	2,554	618
Income taxes-deferred	907	1,482
Total income taxes	3,461	2,100
Profit	8,208	4,603
Profit attributable to non-controlling interests	447	17
Profit attributable to owners of parent	7,761	4,585

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Apr. 1, 2019 - Dec. 31, 2019	Apr. 1, 2020 - Dec. 31, 2020
Profit	8,208	4,603
Other comprehensive income		
Valuation difference on available-for-sale securities	707	4,930
Deferred gains or losses on hedges	0	3
Foreign currency translation adjustment	(382)	(1,524)
Remeasurements of defined benefit plans	94	933
Share of other comprehensive income of entities accounted for using equity method	(28)	(4)
Total other comprehensive income	390	4,338
Comprehensive income	8,599	8,941
Comprehensive income attributable to :		
Owners of parent	8,301	8,935
Non-controlling interests	297	5

(Additional information)

(Accounting estimates associated with the spread of COVID-19)

There is no significant change in the assumption stated in “(Additional information) Accounting estimates associated with the spread of COVID-19” in the securities report for the previous consolidated fiscal year.

(Segment information)

Nine months ended December 31, 2019 (April 1, 2019 - December 31, 2019)

1. Sales and profits or losses by reportable segments

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	113,744	44,952	158,696	—	158,696
Intersegment	3	—	3	(3)	—
Total	113,747	44,952	158,699	(3)	158,696
Segment profit	10,165	1,391	11,557	(307)	11,249

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

Eliminations/ Corporate of Segment profit of minus 307 million yen includes non-allocatable common profits (net amount of common profit and loss) of minus 310 million yen and other adjustments 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 is adjusted in the ordinary income of the consolidated income statement.

2. Impairment loss on non-current assets or goodwill etc. by reportable segment

Not applicable.

Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)

1. Sales and profits or losses by reportable segments

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	92,212	43,380	135,592	—	135,592
Intersegment	6	—	6	(6)	—
Total	92,218	43,380	135,599	(6)	135,592
Segment profit	7,287	(1,473)	5,813	382	6,195

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

Eliminations/ Corporate of Segment profit of 382 million yen includes non-allocatable common profits (net amount of common profit and loss) of 381 million yen and other adjustments of 0 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 is adjusted in the ordinary income of the consolidated income statement.

2. Impairment loss on non-current assets or goodwill etc. by reportable segment

(Significant fluctuation in the amount of goodwill)

In Green Technology System Division, the Company has acquired equity interest of Nicomac Clean Rooms Far East LLP (currently, Nicomac Clean Rooms Far East Private Limited) and it has become a consolidated subsidiary of the Company. As a result, goodwill in Green Technology System Division is increased by 3,432 million yen in the consolidated cumulative third quarter.

In addition, the amount of goodwill reflects a revision of the initially allocated amounts of acquisition costs as a result of the finalization of a provisional consolidated accounting treatment.

(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

	Nine months ended December 31, 2019 (Apr. 1, 2019 - Dec. 31, 2019)		Nine months ended December 31, 2020 (Apr. 1, 2020 - Dec. 31, 2020)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	32,230	19.3	26,097	19.0	(6,133)	(19.0)
Industrial HVAC	82,285	49.3	57,846	42.1	(24,438)	(29.7)
Total	114,515	68.6	83,943	61.1	(30,571)	(26.7)
[Overseas]	[28,108]	[16.9]	[24,350]	[17.7]	[(3,757)]	[(13.4)]
Paint Finishing System Division	52,245	31.4	53,476	38.9	1,231	2.4
[Overseas]	[40,858]	[24.5]	[46,030]	[33.5]	[5,172]	[12.7]
Total	166,760	100.0	137,420	100.0	(29,340)	(17.6)
[Overseas]	[68,966]	[41.4]	[70,381]	[51.2]	[1,414]	[2.1]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	38,989	24.6	27,267	20.1	(11,721)	(30.1)
Industrial HVAC	74,754	47.1	64,944	47.9	(9,810)	(13.1)
Total	113,744	71.7	92,212	68.0	(21,531)	(18.9)
[Overseas]	[26,609]	[16.8]	[25,108]	[18.5]	[(1,501)]	[(5.6)]
Paint Finishing System Division	44,952	28.3	43,380	32.0	(1,571)	(3.5)
[Overseas]	[34,880]	[22.0]	[35,688]	[26.3]	[807]	[2.3]
Total	158,696	100.0	135,592	100.0	(23,103)	(14.6)
[Overseas]	[61,490]	[38.8]	[60,796]	[44.8]	[(693)]	[(1.1)]
Construction carried forward						
Green Technology System Division						
Building HVAC	46,054	25.4	44,434	25.2	(1,619)	(3.5)
Industrial HVAC	67,131	37.1	63,848	36.3	(3,283)	(4.9)
Total	113,186	62.5	108,282	61.5	(4,903)	(4.3)
[Overseas]	[25,354]	[14.0]	[34,648]	[19.7]	[9,294]	[36.7]
Paint Finishing System Division	68,004	37.5	67,793	38.5	(210)	(0.3)
[Overseas]	[59,801]	[33.0]	[61,488]	[34.9]	[1,687]	[2.8]
Total	181,190	100.0	176,076	100.0	(5,114)	(2.8)
[Overseas]	[85,155]	[47.0]	[96,137]	[54.6]	[10,981]	[12.9]

(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 third quarter, there is 3 million yen difference between net sales of completed construction contracts of 113,744 million yen and total sales of 113,747 million yen in the segment information by the Green Technology System Division. Above difference is due to intersegment sales.

There is no difference between net sales of completed construction contracts and total sales in the segment information by the Paint Finishing System Division.

3. In the consolidated cumulative third quarter, there is 6 million yen difference between net sales of completed construction contracts of 92,212 million yen and total sales of 92,218 million yen in the segment information by the Green Technology System Division. Above difference is due to intersegment sales.

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

	Nine months ended December 31, 2019 (Apr. 1, 2019 - Dec. 31, 2019)		Nine months ended December 31, 2020 (Apr. 1, 2020 - Dec. 31, 2020)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	29,397	30.5	24,168	36.1	(5,228)	(17.8)
Industrial HVAC	54,495	56.6	33,649	50.3	(20,846)	(38.3)
Total	83,892	87.1	57,817	86.4	(26,074)	(31.1)
[Overseas]	[396]	[0.4]	[247]	[0.4]	[(148)]	[(37.5)]
Paint Finishing System Division	12,453	12.9	9,128	13.6	(3,324)	(26.7)
[Overseas]	[4,030]	[4.2]	[3,122]	[4.7]	[(908)]	[(22.5)]
Total	96,346	100.0	66,946	100.0	(29,399)	(30.5)
[Overseas]	[4,426]	[4.6]	[3,369]	[5.1]	[(1,056)]	[(23.9)]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	37,120	38.1	24,709	33.6	(12,410)	(33.4)
Industrial HVAC	48,177	49.4	40,012	54.3	(8,164)	(16.9)
Total	85,297	87.5	64,721	87.9	(20,575)	(24.1)
[Overseas]	[107]	[0.1]	[264]	[0.4]	[157]	[147.4]
Paint Finishing System Division	12,251	12.5	8,898	12.1	(3,353)	(27.4)
[Overseas]	[4,757]	[4.9]	[2,525]	[3.4]	[(2,232)]	[(46.9)]
Total	97,549	100.0	73,620	100.0	(23,928)	(24.5)
[Overseas]	[4,864]	[5.0]	[2,790]	[3.8]	[(2,074)]	[(42.6)]
Construction carried forward						
Green Technology System Division						
Building HVAC	44,415	45.8	43,383	53.1	(1,031)	(2.3)
Industrial HVAC	42,064	43.4	29,369	36.0	(12,694)	(30.2)
Total	86,479	89.2	72,752	89.1	(13,726)	(15.9)
[Overseas]	[295]	[0.3]	[184]	[0.2]	[(111)]	[(37.7)]
Paint Finishing System Division	10,399	10.8	8,869	10.9	(1,530)	(14.7)
[Overseas]	[3,770]	[3.9]	[3,497]	[4.3]	[(272)]	[(7.2)]
Total	96,879	100.0	81,622	100.0	(15,256)	(15.7)
[Overseas]	[4,065]	[4.2]	[3,681]	[4.5]	[(384)]	[(9.4)]

3. Sales by regions

Nine months ended December 31, 2019 (April 1, 2019 - December 31, 2019)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
97,206	9,115	13,861	15,097	8,352	936	7,300	6,827	158,696

Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
74,796	13,676	11,820	12,868	8,669	1,338	3,081	9,341	135,592