



This photo shows Grand Canyon National Park, the world heritage of U.S. with our overseas affiliate.

The First Half of FY2019 Financial Results Briefing



Nov 15, 2019

Today's explanation contents

1. Greeting

Representative Director, President
Corporate Officer

Koji Kato

- 2. •Explanation about the settlement of accounts**
•Initiatives of each strategy in mid-term business plan (FY2019-FY2021)

Director, Managing Corporate Officer / Chief Executive, Administrative Management Headquarters

Masanori Nakagawa

3. Questions and answers

1. Business environment and Achievements
for the First Half of FY2019
2. Earnings Forecast for FY2019

1. Business environment and Achievements for the First Half of FY2019

1

Business environment and Achievements for the First Half of FY2019

In Japan

Uncertainties arising from factors such as the US-China trade friction continue, however, demand for the investments by manufacturers of electronic parts, and for the construction investments of office buildings in central Tokyo remained strong.

Overseas

The economic slowdown is getting stronger, however, demands for automobile manufacturers increased and remained strong.

1 Business environment and Achievements for the First Half of FY2019

Consolidated performance of H1

(Hundred millions of yen)

	Original expectation	Results of H1 FY2019	Change
Orders-received	1,112	1,184	72
Net sales of completed construction contracts	1,106	1,049	-56
Ordinary income	64	76	12
(Ratio)	5.8%	7.3%	1.5%
Profit attributable to owners of parent	42	53	11
(Ratio)	3.8%	5.1%	1.3%

- The orders-received exceeded original expectation at group level due to orders-received in Japan of Green Technology System Business in Japan.
- The net sales of completed construction contracts fell below original expectation on the grounds that the orders-received of Paint Finishing System Business fell below the forecast.
- On the other hand, ordinary income and profit attributable to owners of parent exceeded original expectation because profitability improved from forecast of beginning of the term.

2. Earnings Forecast for FY2019

2 Earnings Forecast for FY2019

Consolidated Earnings Forecast for FY2019

(Hundred millions of yen)

	Results of H1	Expectations of H2	Original expectation of FY2019
Orders-received	1,184	1,213	2,398
Net sales of completed construction contracts	1,049	1,340	2,390
Ordinary income	76	76	153
(Ratio)	7.3%	5.7%	6.4%
Net income	53	43	97
(Ratio)	5.1%	3.2%	4.1%

【Outlook for the business environment】

In domestic market

- The market is expected to remain firm, including demands for office buildings and redevelopment projects, as well as demands for renovation of buildings with anti-seismic standards and of obsolescence building.
- In the industrial HVAC business, manufacturers of electronic parts may be refrained renewal investments due to the temporary slowdown in demand for products. Although, it is expected that they continue investing in the new construction field where future growth is expected, such as 5G.

In overseas market

- With economic slowdown, in the Green Technology System Business, there is uncertainty about the prospect of recovery in investments for equipment by Japanese manufacturers. As well, the Paint Finishing System Business is concerned by influence of investments of increased production by automobile manufacturers.

⇒We consider the outlook for the business environment, so we decided to leave the full-year earnings forecast for FY2019 unchanged.

1. Explanation about the First Half of FY2019

- | | |
|---|---|
| ① Highlight of the First Half of FY2019 | ④ Main projects in Order/ Sales / Carried forward |
| ② Results of Green Technology System Business | ⑤ Earnings Forecast for FY2019 |
| ③ Results of Paint Finishing System Business | ⑥ Shareholders Returns |

2. Initiatives of each strategy in mid-term business plan (FY2019-2021)

1. The mention numerical value is in principle consolidated basis. In the case of non-consolidated basis, it is noted on the title of the page.
2. Achievements numerical value is in principle a business amount of money for the external customers. Only about operating income and ordinary income according to the segment, it becomes the numerical value including the intersegment turnover.
3. The forecasted figures are based on available information as of the date of this announcement. It includes economic trends, intense competition in the industry, market demand, exchange rate, reforms of the tax system and various systems, and various other risks and uncertainties. Therefore, please note that actual results may differ from our expectations.

1. Explanation about the First Half of FY2019

1 Highlight of the First Half of FY2019

1-①. Orders-received by Business (Previous year comparison) Component

(Hundred millions of yen)

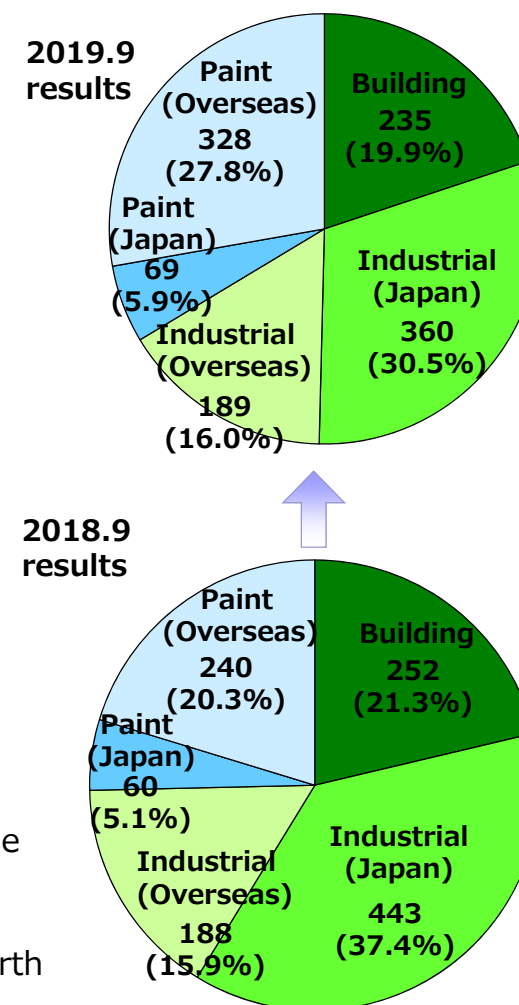
	2018.9	2019.9	Change
Orders-received	1,185	1,184	△ 0
(Japan)	(756)	(666)	(-90)
(Overseas)	(428)	(518)	(89)
Green Technology	884	786	-98
Building HVAC	252	235	-16
Industrial HVAC	632	550	-82
(Japan)	(443)	(360)	(-83)
(Overseas)	(188)	(189)	(1)
Paint Finishing	300	398	97
(Japan)	(60)	(69)	(9)
(Overseas)	(240)	(328)	(88)

(Green Technology System Business)

•In the field of industrial HVAC in Japan, there was a reactionary fall after large-scale projects in the same period of the previous fiscal year.

(Paint Finishing System Business)

•The orders-received increased due to an increase of orders-received projects in North America.



1 Highlight of the First Half of FY2019

1-②. Orders-received by Business (Expected comparison)

(Hundred millions of yen)

	Original expectation	Result of H1 FY2019	Change
Orders-received	1,112	1,184	72
(Japan)	(577)	(666)	(89)
(Overseas)	(535)	(518)	(-16)
Green Technology	700	786	86
Building HVAC	190	235	45
Industrial HVAC	510	550	40
(Japan)	(320)	(360)	(40)
(Overseas)	(190)	(189)	(△0)
Paint Finishing	412	398	-13
(Japan)	(67)	(69)	(2)
(Overseas)	(345)	(328)	(-16)

(Green Technology System Business)

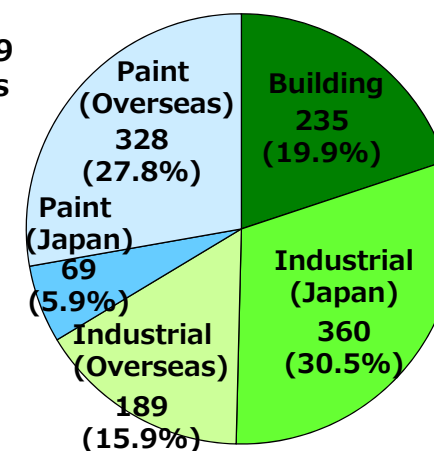
•The orders-received exceeded the original expectation due to increase of the building HVAC and the industrial HVAC in Japan.

(Paint Finishing System Business)

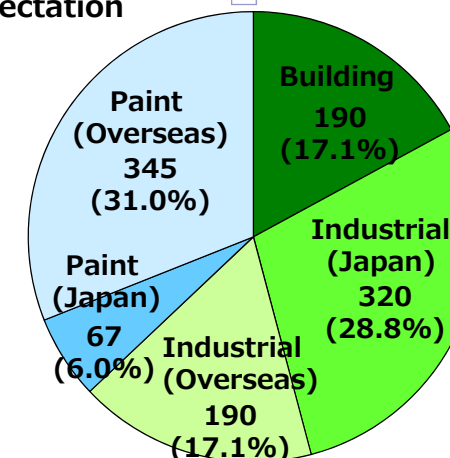
•The orders-received fell below original expectations because the order for project we had expected to receive in the first half of FY2019 was postponed.

Component

2019.9 results



Original expectation



1 Highlight of the First Half of FY2019

2-①. Sales by Business (Previous year comparison)

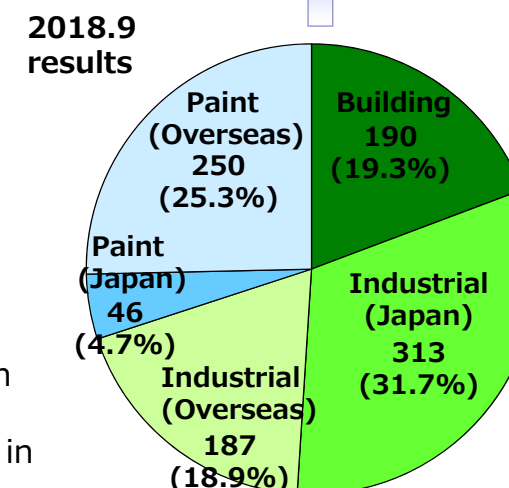
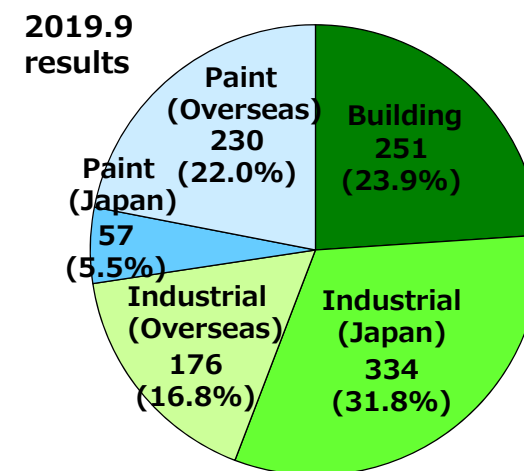
(Hundred millions of yen)

	2018.9	2019.9	Change
Net sales of completed construction contracts	988	1,049	60
(Japan)	(550)	(642)	(91)
(Overseas)	(437)	(407)	(-30)
Green Technology	691	761	70
Building HVAC	190	251	60
Industrial HVAC	500	510	9
(Japan)	(313)	(334)	(20)
(Overseas)	(187)	(176)	(-11)
Paint Finishing	297	288	-9
(Japan)	(46)	(57)	(10)
(Overseas)	(250)	(230)	(-19)

(Green Technology System Business)

•In overseas, for example, in Thailand, the net sales decreased. However, in Japan, the net sales of building HVAC increased greatly because the completed construction of redevelopment projects in central Tokyo increased, and also the net sales of industrial HVAC increased, as a result the net sales increased, compared with those in the same period of FY2018.

Component



1 Highlight of the First Half of FY2019

2-②. Sales by Business (Expected comparison)

(Hundred millions of yen)

	Original expectation	Result of H1 FY2019	Change
Net sales of completed construction contracts	1,106	1,049	-56
(Japan)	(652)	(642)	(-9)
(Overseas)	(454)	(407)	(-46)
Green Technology	780	761	-18
Building HVAC	251	251	0
Industrial HVAC	529	510	-18
(Japan)	(339)	(334)	(-4)
(Overseas)	(190)	(176)	(-13)
Paint Finishing	326	288	-37
(Japan)	(62)	(57)	(-4)
(Overseas)	(264)	(230)	(-33)

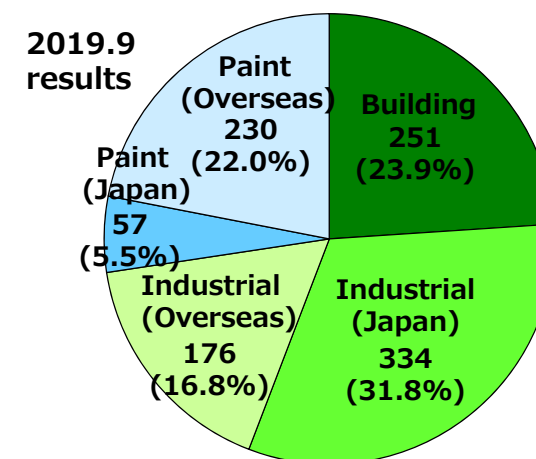
(Green Technology System Business)

•The net sales of the industrial HVAC fell below original expectation, as a result the net sales of whole Green Technology system Business fell below original expectation.

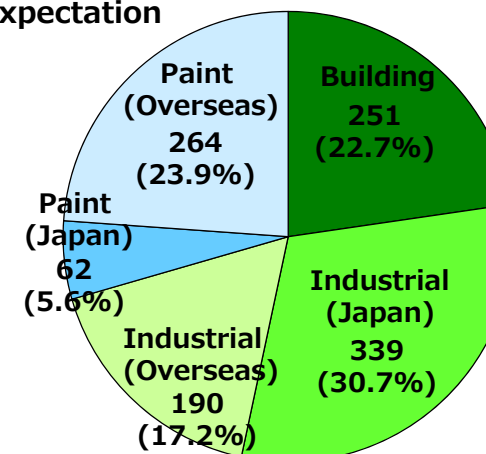
(Paint Finishing System Business)

•The net sales fell below original expectation because the orders-received fell below original expectation.

Component



Original expectation



1 Highlight of the First Half of FY2019

3-①. Profit by Business (Previous year comparison)

(Hundred millions of yen)

	2018.9	2019.9	Change
Operating income	33	75	41
(Ratio)	3.4%	7.2%	3.8%
Green Technology	62	72	9
(Ratio)	9.1%	9.5%	0.4%
Paint Finishing	-27	5	33
(Ratio)	-9.3%	1.9%	11.2%
Ordinary income	38	76	38
(Ratio)	3.9%	7.3%	3.4%
Green Technology	65	74	9
(Ratio)	9.4%	9.8%	0.4%
Paint Finishing	-28	5	33
(Ratio)	-9.5%	1.8%	11.4%

(Green Technology System Division)

•The ordinary income increased because of the increase in the net sales of completed construction contracts by capturing abundant demand in Japan, as well as profitability-oriented order-receiving activities and cost reductions.

(Paint Finishing System Division)

•Profitability deteriorated due to the project in North America in the same period of the previous fiscal year.

1 Highlight of the First Half of FY2019

3-②. Profit by Business (Expected comparison)

(Hundred millions of yen)

	Original expectation	Results of H1 FY2019	Change
Operating income	59	75	16
(Ratio)	5.3%	7.2%	1.9%
Green Technology	61	72	11
(Ratio)	7.8%	9.5%	1.7%
Paint Finishing	3	5	2
(Ratio)	0.9%	1.9%	1.0%
Ordinary income	64	76	12
(Ratio)	5.8%	7.3%	1.5%
Green Technology	63	74	11
(Ratio)	8.1%	9.8%	1.7%
Paint Finishing	3	5	2
(Ratio)	0.9%	1.8%	0.9%

·In the both business, the net sales of completed construction contracts fell below original expectation, however the ordinary income exceeded original expectation due to improvement of profitability.

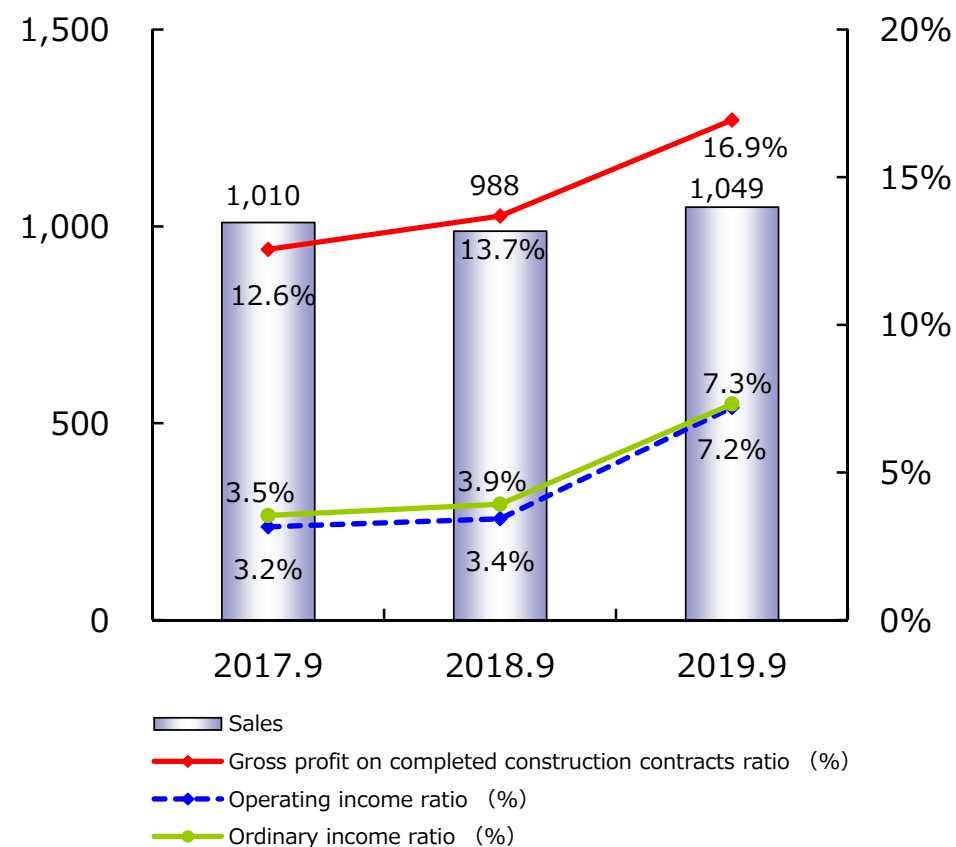
1 Highlight of the First Half of FY2019

4. Consolidated Income Statements

(Hundred millions of yen)

	2017.9	2018.9	2019.9
Net sales of completed construction contracts	1,010	988	1,049
Gross profit on completed construction contracts	126	135	177
(Ratio)	12.6%	13.7%	16.9%
Selling, general and administrative expenses	94	101	102
(Ratio)	9.4%	10.3%	9.7%
Operating income	31	33	75
(Ratio)	3.2%	3.4%	7.2%
Ordinary income	35	38	76
(Ratio)	3.5%	3.9%	7.3%
Profit attributable to owners of parent	22	9	53
(Ratio)	2.3%	0.9%	5.1%

(Hundred millions of yen)

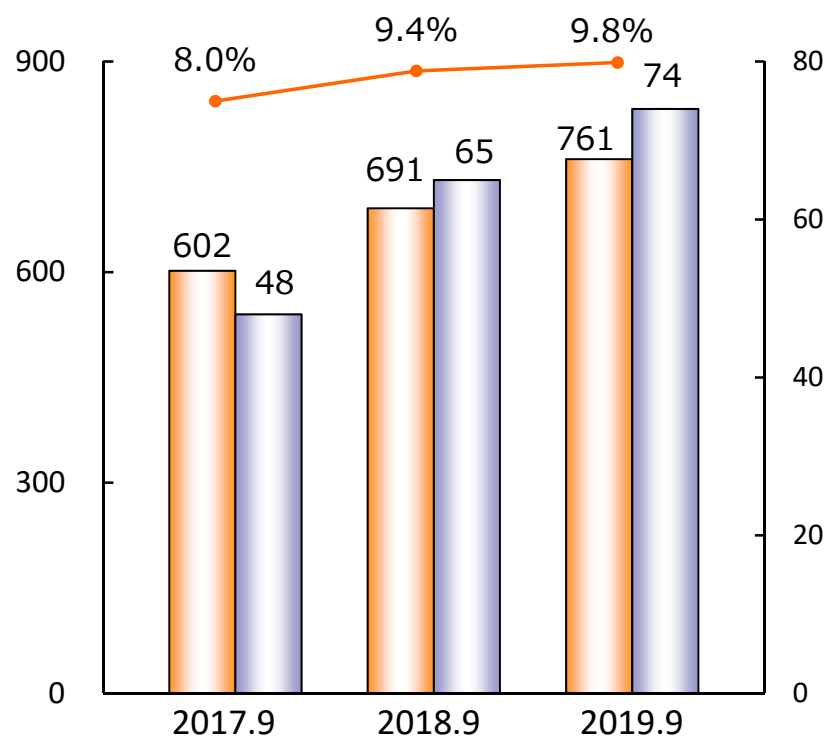


1 Highlight of the First Half of FY2019

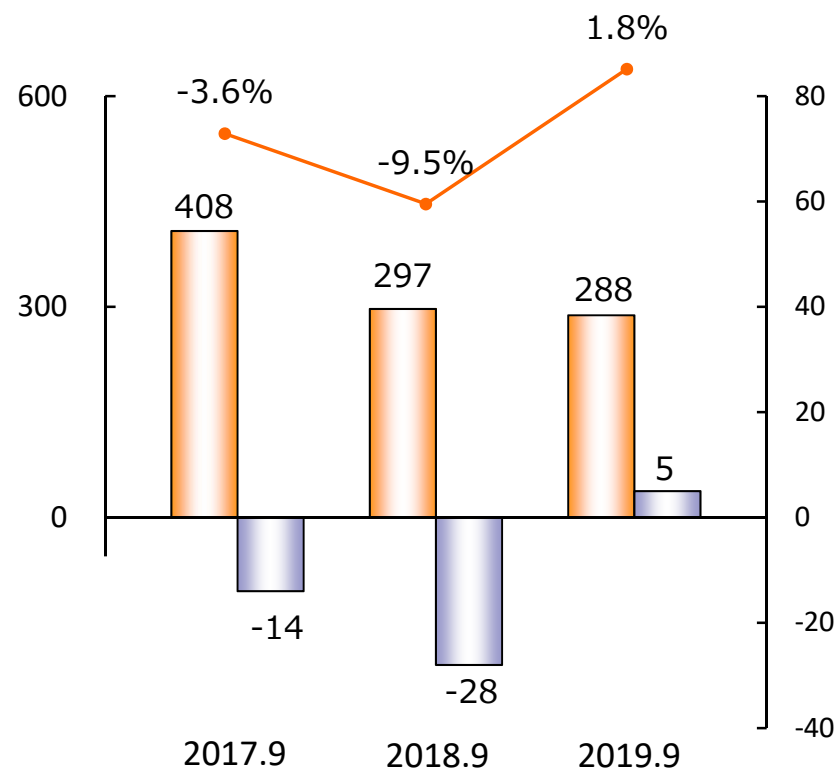
5. Net sales of completed construction contracts / Ordinary income by Division

(Hundred millions of yen)

Green Technology System Business



Paint Finishing System Business



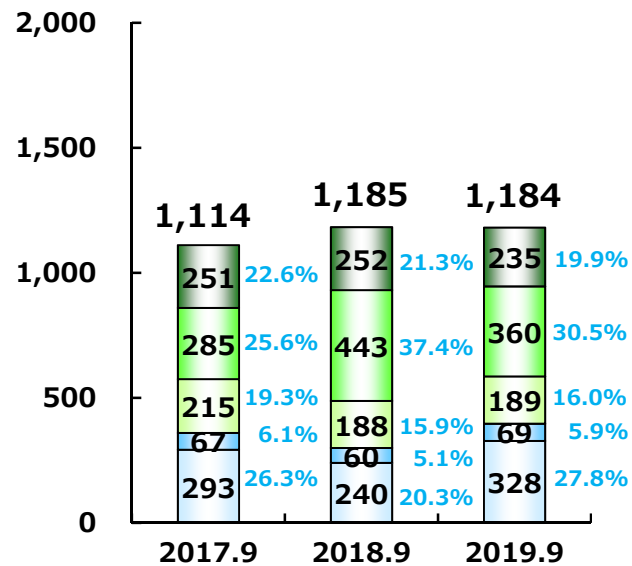
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Highlight of the First Half of FY2019

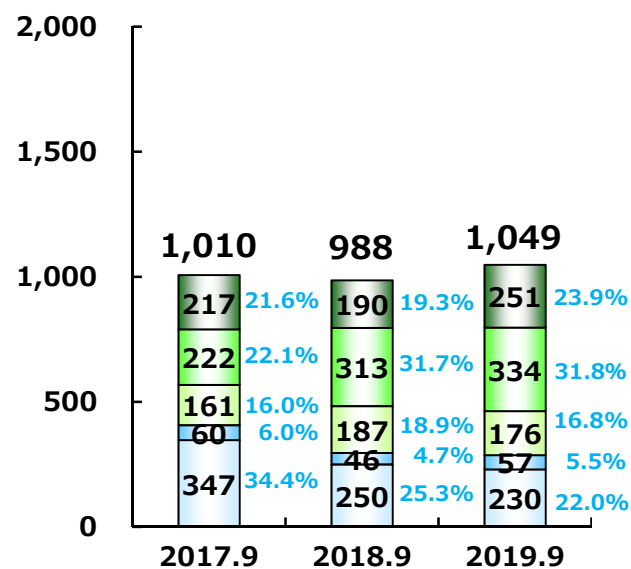
6. Orders-received / Net sales of completed construction contracts / Construction carried forward

(Hundred millions of yen)

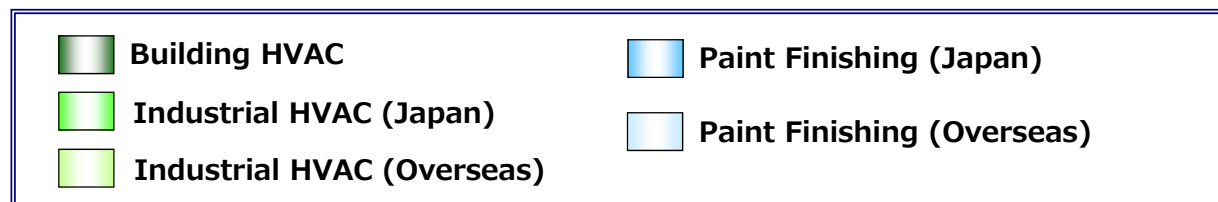
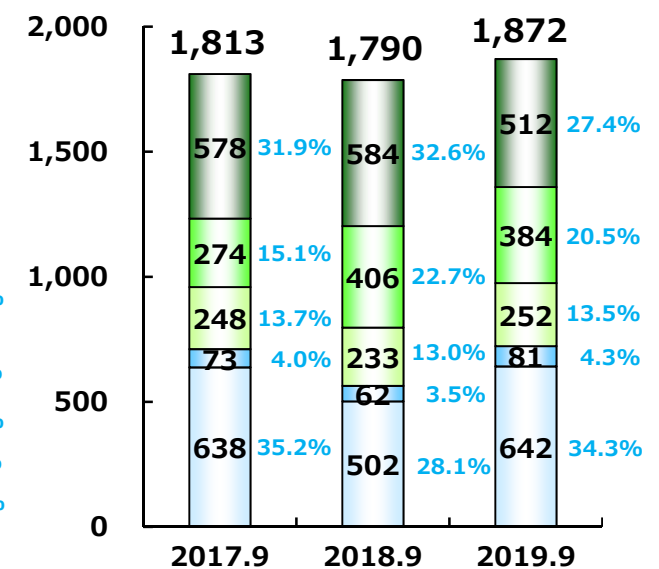
Orders-received



Sales

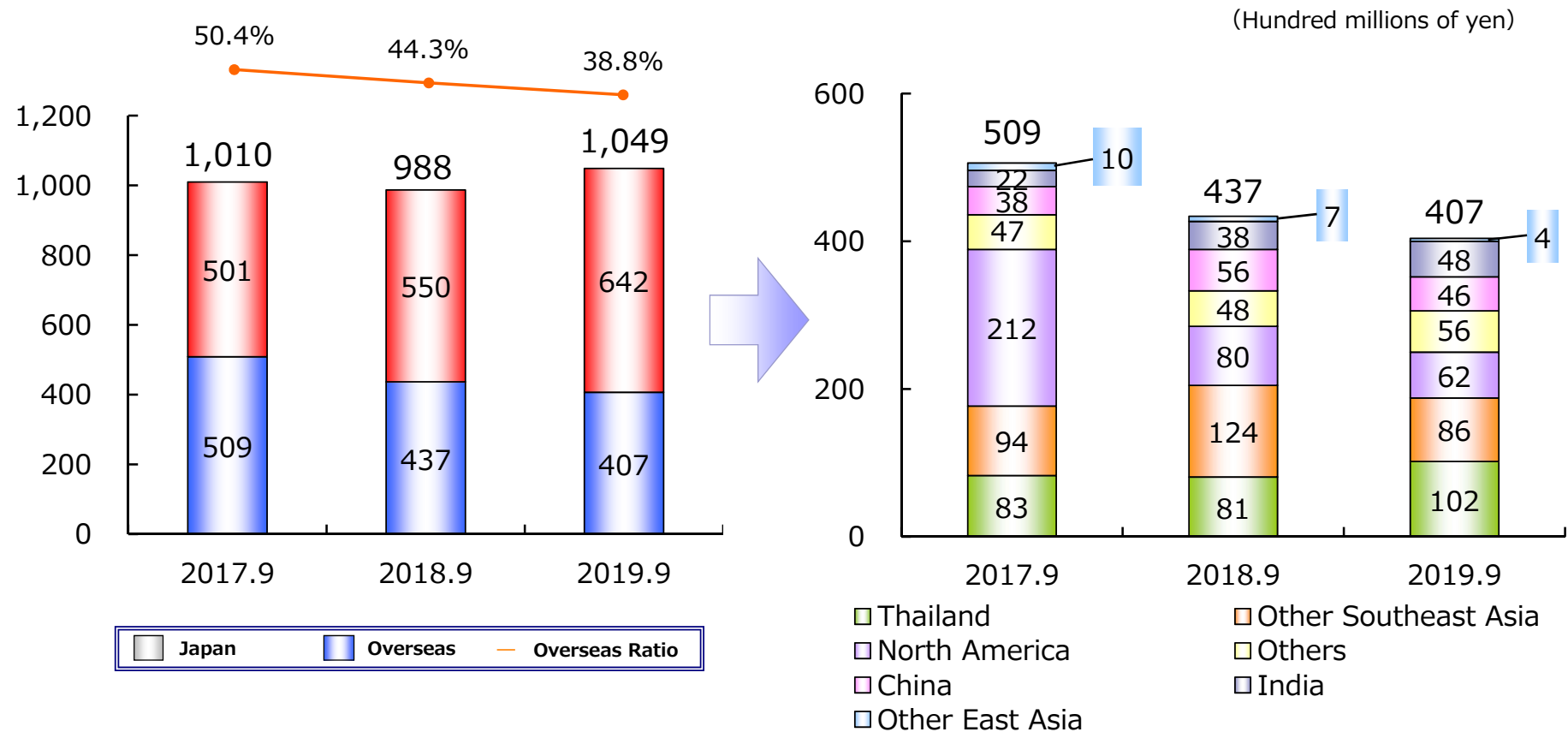


Carried forward



1 Highlight of the First Half of FY2019

7. Overseas net sales of completed construction contracts by Region



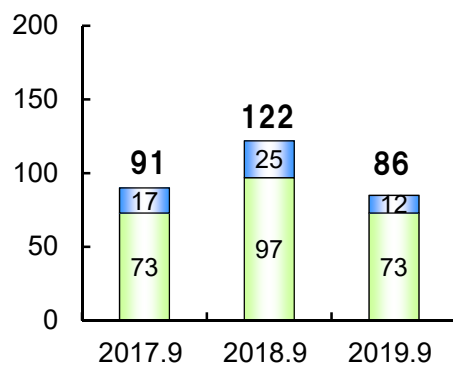
● Main countries and regions ※ The numerical value does not include the internal trading.
 • **Other Southeast Asia**-- Singapore, Malaysia, Indonesia, Philippines, Vietnam, others
 • **Other East Asia**-- Taiwan, Korea • **North America** -- USA, Canada, Mexico
 • **Others**-- Russia, South America, others


1 Highlight of the First Half of FY2019

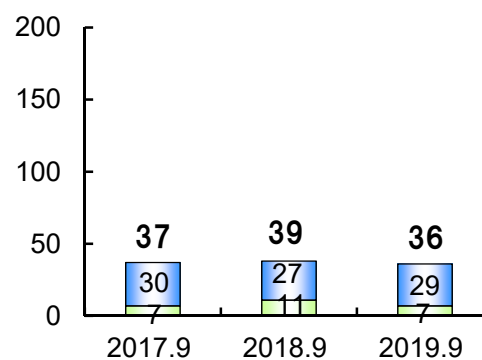
8. Sales of overseas main five companies


(Hundred millions of yen)

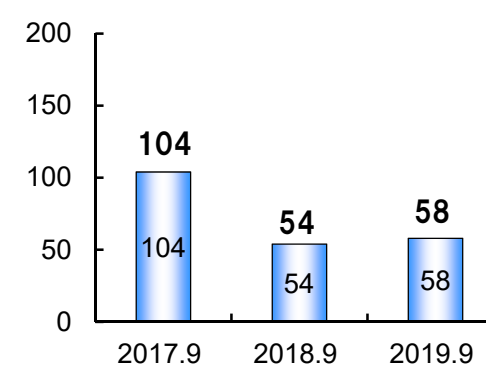
 **Taikisha (Thailand) Co.,Ltd. Group**
(Thailand)




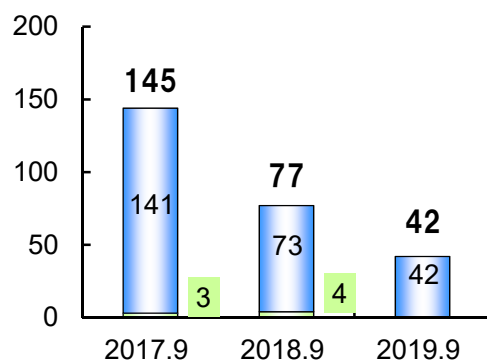
 **Wu-Zhou Taikisha Engineering Co., Ltd. Group**
(China)



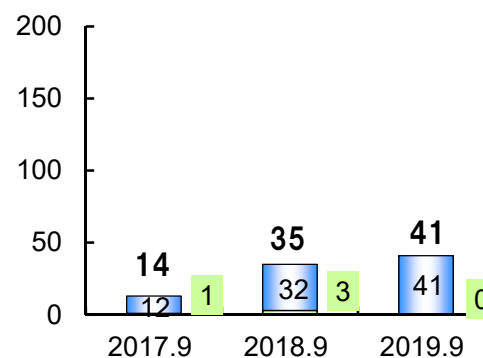
 **TKS Industrial Company Group**
(USA)





 **Geico S.p.A. Group**
(Italy)



 **Taikisha Engineering India Private Ltd.**
(India)



 **Paint Finishing System**
 **Industrial HVAC**

The numerical value does not include the internal trading.

1

Highlight of the First Half of FY2019

9. Consolidated Balance Sheet

(Hundred millions of yen)

	2019.3	2019.9	Change
Current assets	1,689	1,582	-107
Cash and deposits	521	344	-176
Notes receivable, Accounts receivable from completed construction contracts and other	1,047	1,036	-10
Securities	10	28	18
Costs on uncompleted construction contracts· Raw materials and supplies	32	34	2
Other	83	140	56
Allowance for doubtful accounts	-4	-2	2
Non-current assets	541	521	-19
Property, plant and equipment	149	145	-4
Investment securities	293	276	-17
Other	98	99	1
Allowance for doubtful accounts	-0	-0	0
Total assets	2,230	2,103	-127

We have increased the investment ratio in Encore Automation LLC from 51% to 100%. From this reason, capital surplus decreased by 2.2 billion yen.

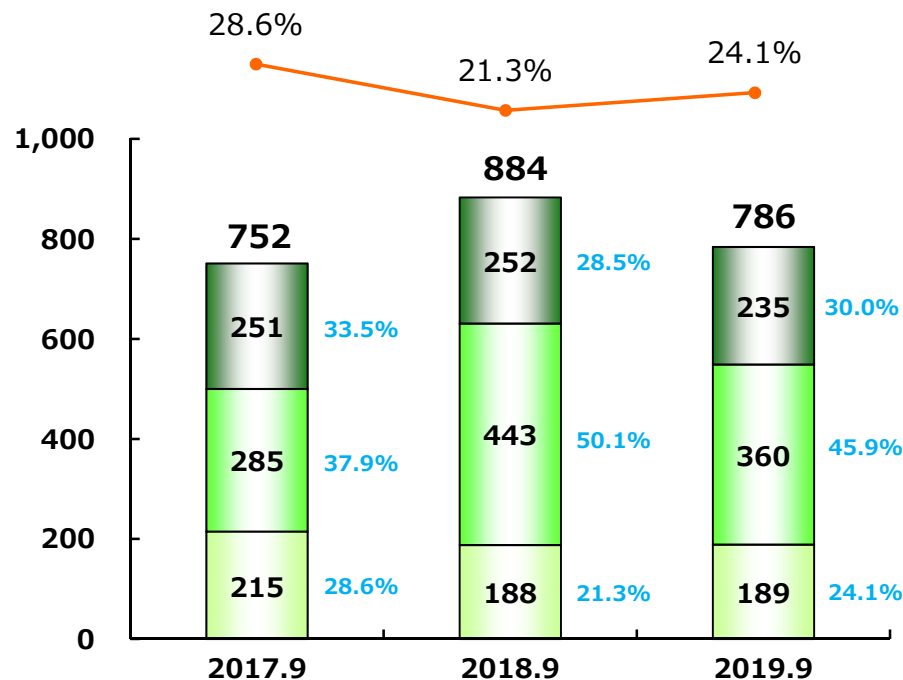
	2019.3	2019.9	Change
Current liabilities	987	874	-113
Notes payable, accounts payable for construction contracts and other	558	493	-64
Advances received on uncompleted construction contracts	147	180	32
Provision for loss on construction contracts	4	3	-0
Other	277	196	-80
Non-current liabilities	106	103	-2
Total liabilities	1,094	978	-116
Total net assets	1,136	1,125	-10
Capital stock	64	64	0
Capital surplus	72	50	-22
Retained earnings	849	881	31
Treasury shares, at cost	-24	-25	-1
Valuation difference on available-for-sale securities	118	107	-10
Deferred gains or losses on hedges	-0	0	0
Foreign currency translation adjustment	1	0	-1
Accumulated remeasurements of defined benefit plans	5	3	-2
Non-controlling interests	48	44	-4
Total liabilities and net assets	2,230	2,103	-127

2

Results of Green Technology System Business

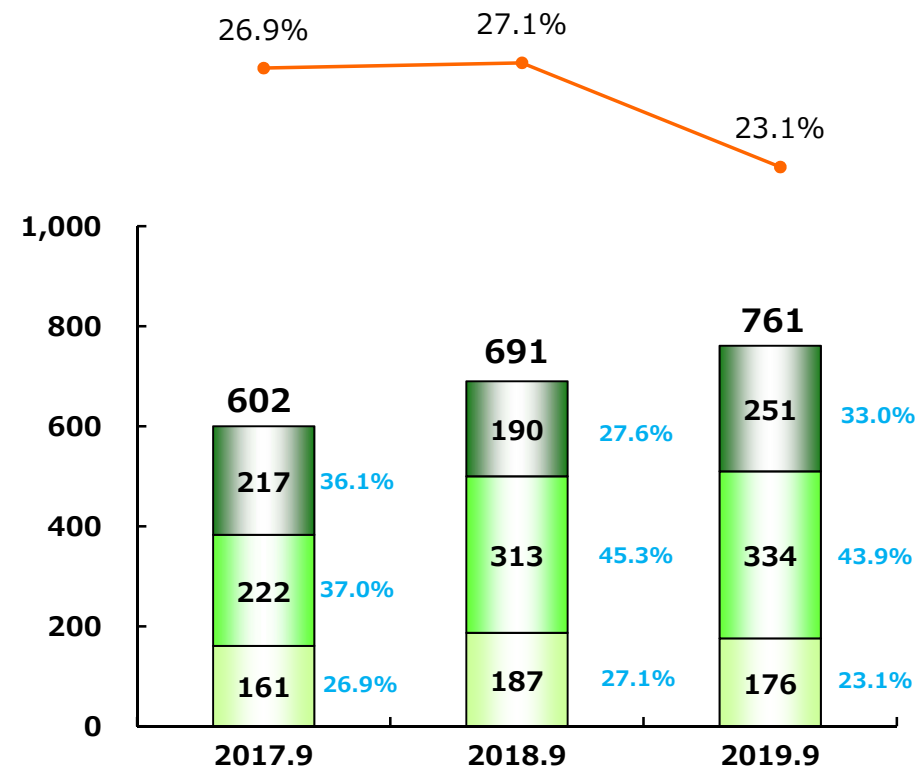
1. Orders-received / Net sales of completed construction contracts

Orders-received



Sales

(Hundred millions of yen)



 Building HVAC

 Industrial HVAC (Japan)

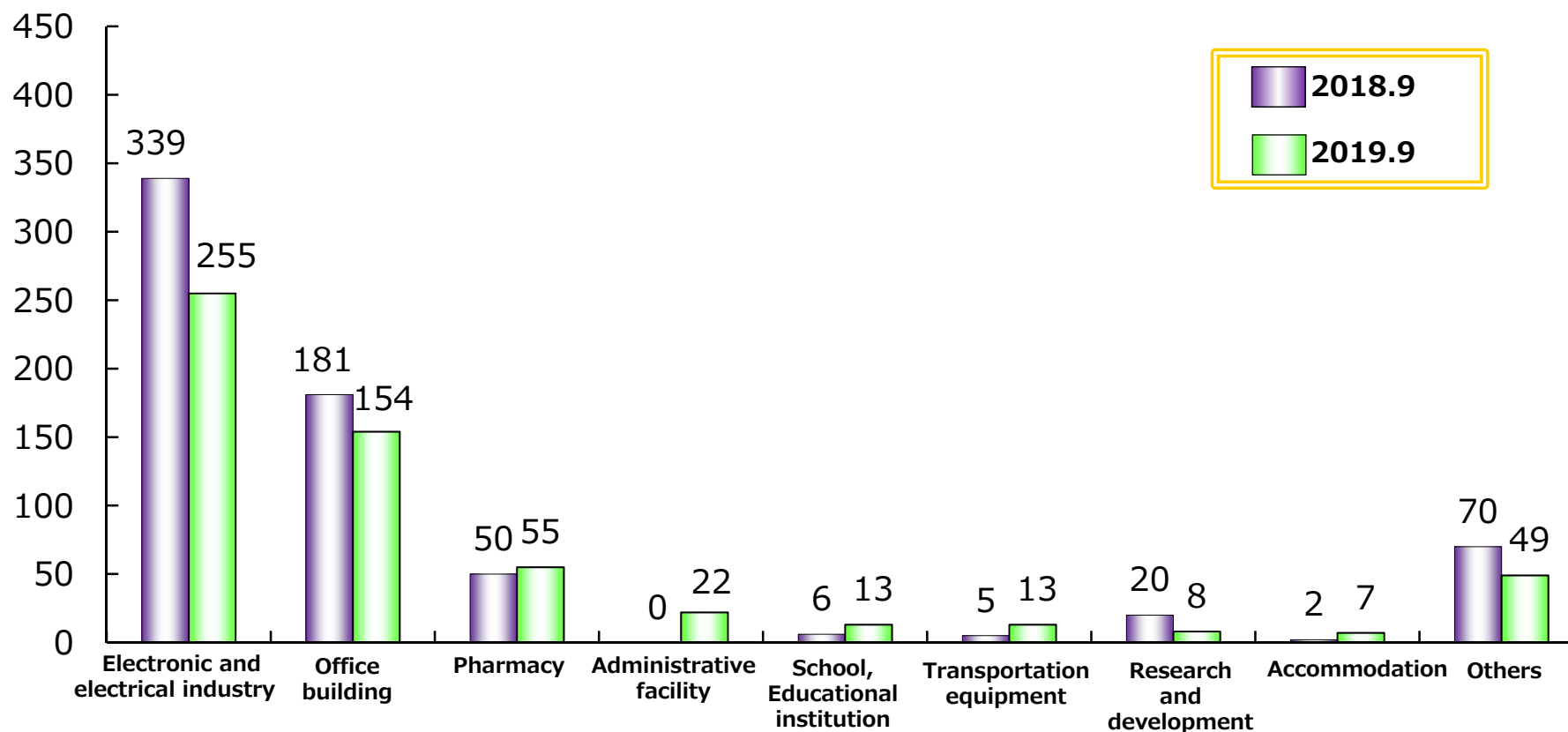
 Industrial HVAC (Overseas)

 Overseas Ratio

2 Results of Green Technology System Business

2. Order of the market classification (Non-consolidated)

(Hundred millions of yen)

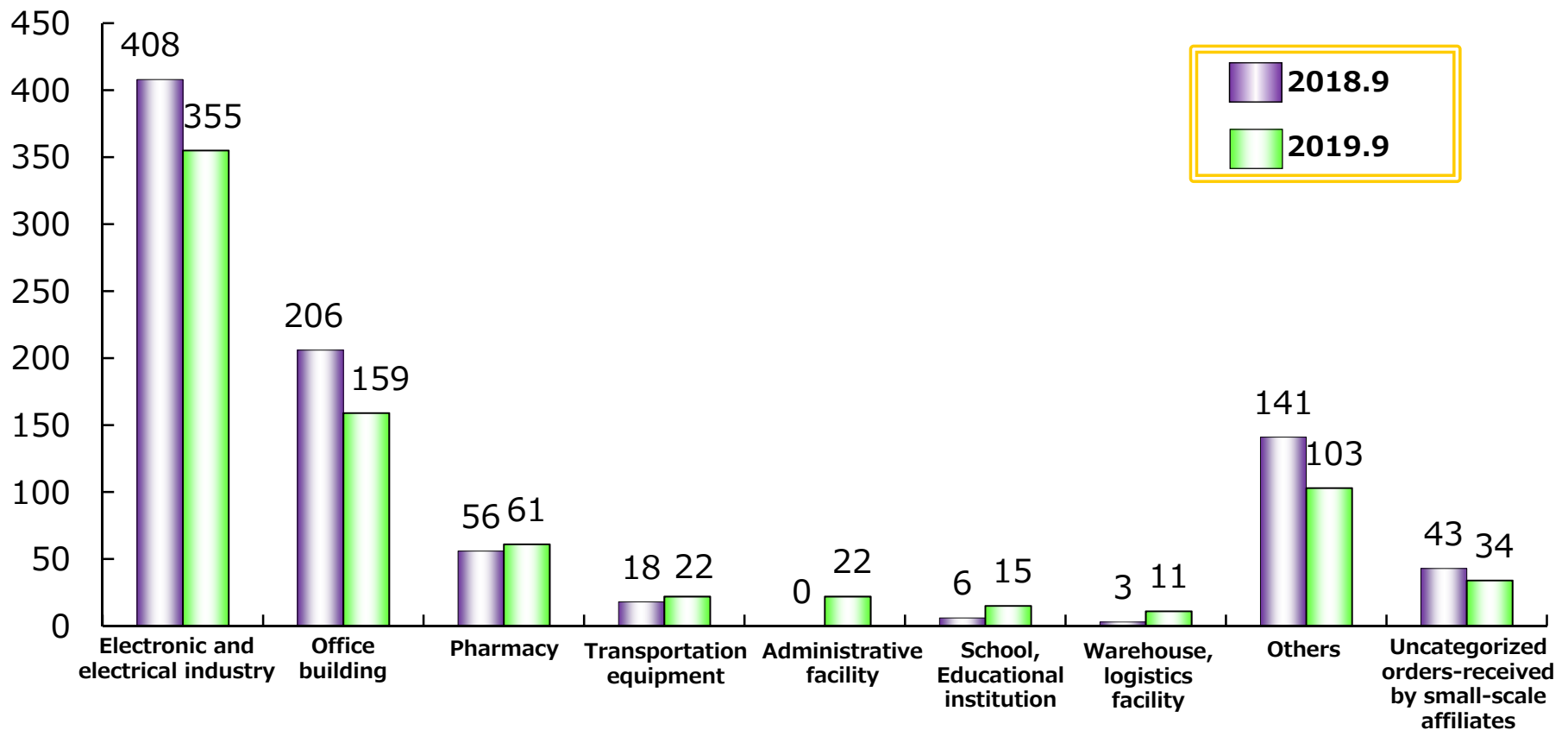


2

Results of Green Technology System Business

3. Order of the market classification (Consolidated)

(Hundred millions of yen)

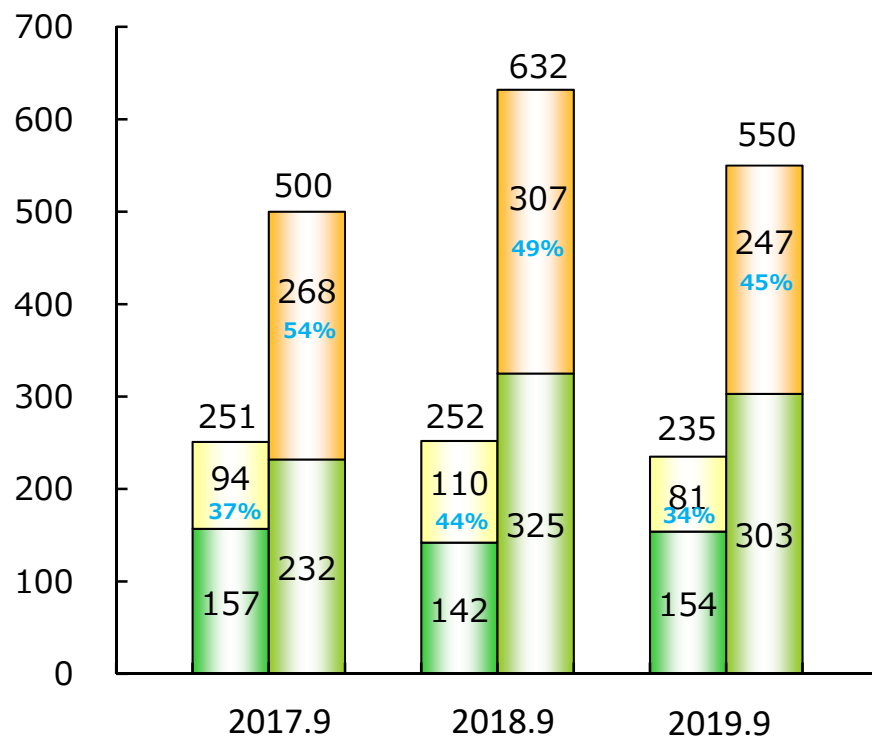


2 Results of Green Technology System Business

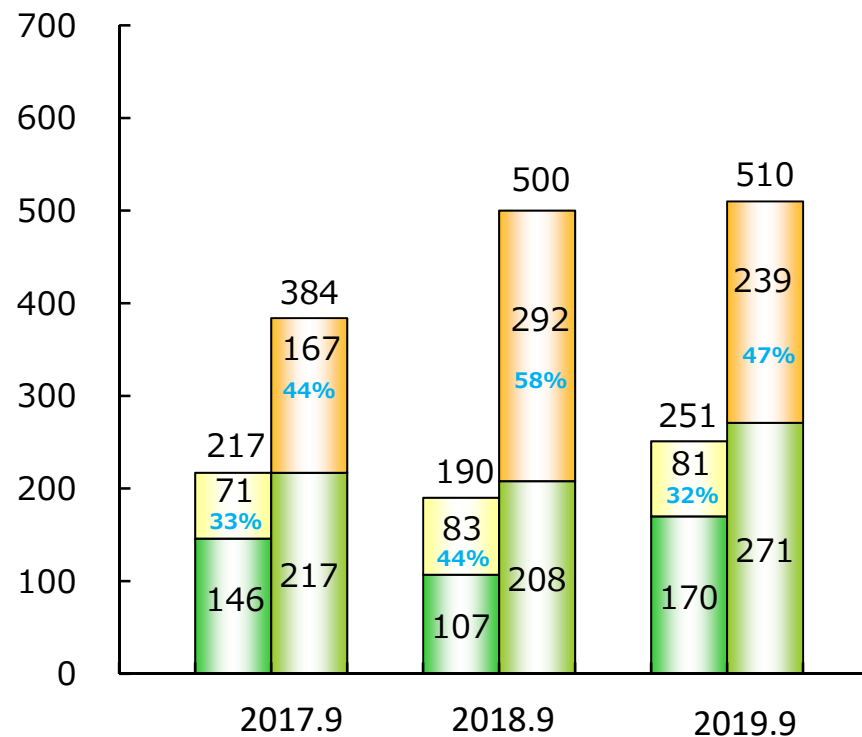
4. Renewal construction (Consolidated)

(Hundred millions of yen)
(%: Renewal Ratio)

Orders-received



Sales



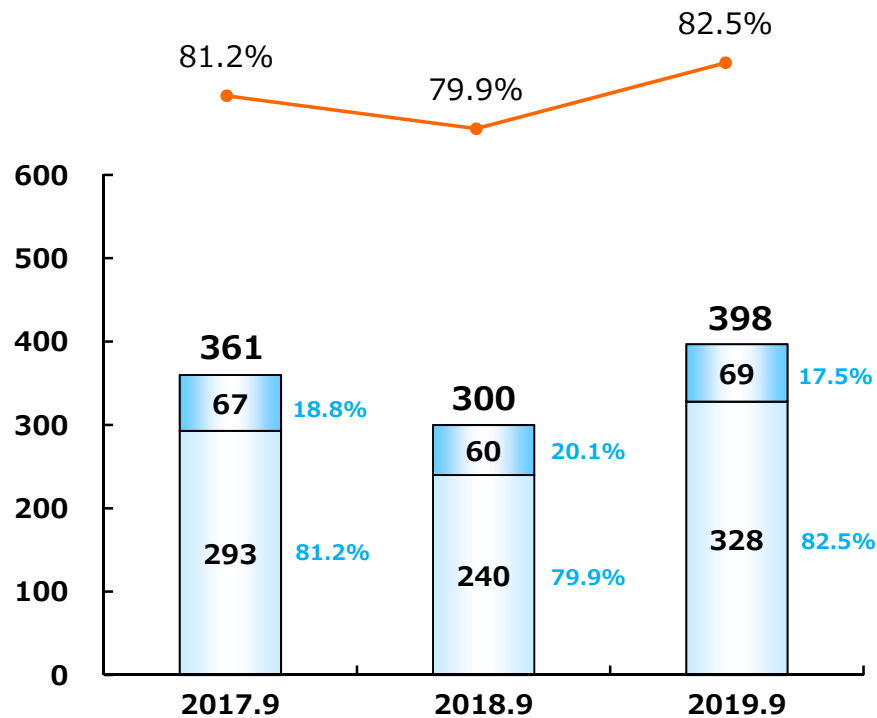
Building HVAC (Renewal)
 Building HVAC (New)

Industrial HVAC (Renewal)
 Industrial HVAC (New)

3 Results of Paint Finishing System Business

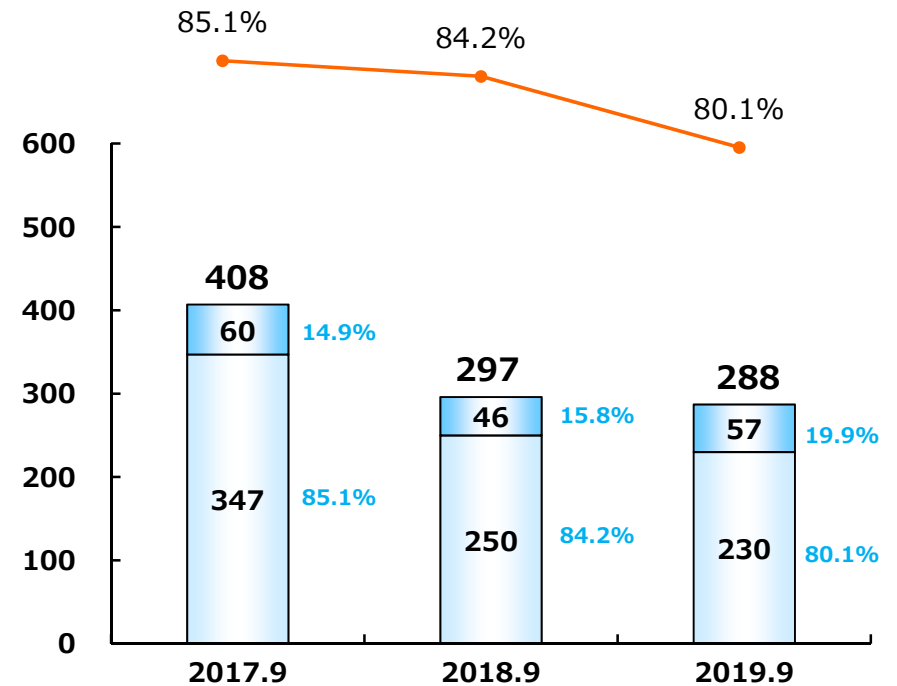
1. Orders-received / Net sales of completed construction contracts

Orders-received



Sales

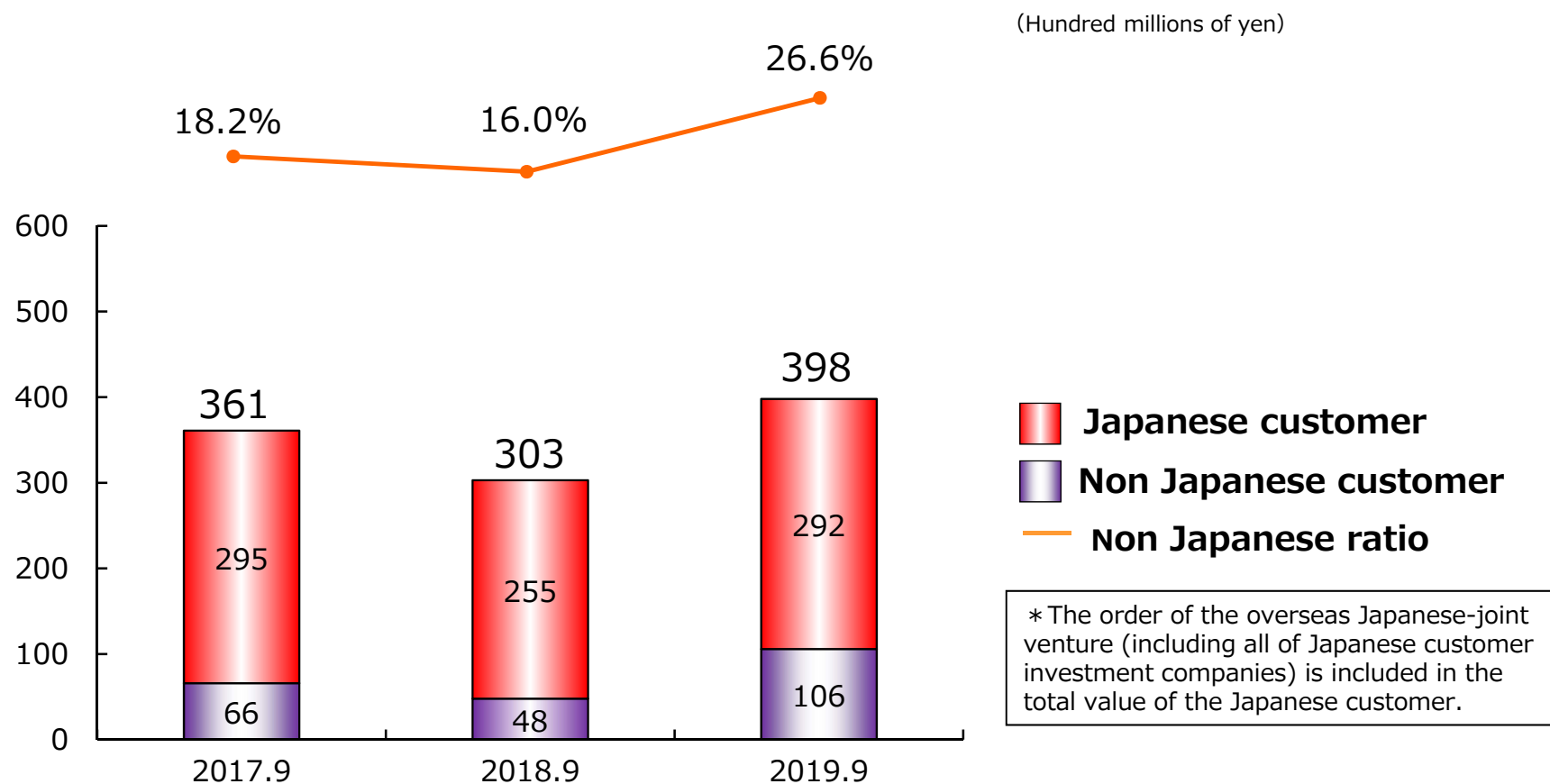
(Hundred millions of yen)



Paint Finishing (Japan)
 Paint Finishing (Overseas)
 Overseas Ratio

3 Results of Paint Finishing System Business

2. Order ratio from non Japanese customers



4 Main projects in Order/ Sales / Carried forward

1. Order project more than 5 hundred millions of yen

Number of cases over 5 hundred millions of yen / construction, market classification				
<p>Orders- received</p> <p>31cases</p> <p>610 hundred millions of yen</p>	<p>Japan</p> <p>311 hundred millions of yen</p>	<p>18 cases</p>	Office building	2
			Administrative facility	1
			School, educational institution	1
			Accommodation	1
			Electronic and electrical industry	8
			Pharmacy	2
			Transportation equipment	1
			Warehouse, logistics facility	1
			Automobile	1
	<p>Overseas</p> <p>298 hundred millions of yen</p>	<p>13 cases</p>	Electronic and electrical industry	4
			Other	2
			Automobile	7

4 Main projects in Order/ Sales / Carried forward

2. Sales project more than 5 hundred millions of yen

Number of cases over 5 hundred millions of yen / construction, market classification				
<p><u>Sales</u></p> <p>40cases</p> <p>450 hundred millions of yen</p>	<p>Japan 317 hundred millions of yen</p>	<p>25 cases</p>	Office building	8
			Medical and social welfare	2
			Culture	1
			School, educational institution	1
			Station, airport	1
			Electronic and electrical industry	8
			Iron manufacture machinery	1
			Research and development	1
			Pharmacy	1
			Automobile	1
	<p>Overseas 132 hundred millions of yen</p>	<p>15 cases</p>	Electronic and electrical industry	3
			Automobile	11
			Railway	1

4 Main projects in Order/ Sales / Carried forward

3. Carried forward project more than 1 billion yen

Number of projects over 1 billion yen / construction, market classification					Planned project to be completed in FY2019
<p><u>Carried forward</u></p> <p>37cases</p> <p>1,073 hundred millions of yen</p>	<p>Japan</p> <p>546 hundred millions of yen</p>	<p>23 cases</p>	Office building	9	
			Culture	1	
			Administrative facility	1	
			Electronic and electrical industry	7	1
			Pharmacy	1	
			Transportation equipment	1	
			Automobile	1	
			Construction Machinery	1	
	Automobile parts	1	1		
	<p>Overseas</p> <p>526 hundred millions of yen</p>	<p>14 cases</p>	Commercial	1	
			Electric and electrical industry	4	1
			Automobile	9	

5 Earnings Forecast for FY2019

Expectations by Business

(Hundred millions of yen)

	2019.3									2020.3								
	Green Technology			Paint Finishing			Total			Green Technology			Paint Finishing			Total		
	H1	H2	Total	H1	H2	Total	H1	H2	Total	H1	H2(E)	Total(E)	H1	H2(E)	Total(E)	H1	H2(E)	Total(E)
Order-received	884	701	1,585	300	532	833	1,185	1,233	2,418	786	823	1,610	398	389	788	1,184	1,213	2,398
Sales	691	800	1,491	297	464	762	988	1,265	2,254	761	843	1,605	288	496	785	1,049	1,340	2,390
Operating income	62	68	131	-27	42	14	33	106	140	72	61	134	5	15	21	75	70	146
Ordinary income	65	70	135	-28	45	16	38	112	150	74	62	137	5	15	21	76	76	153
Net income	-	-	-	-	-	-	9	79	88	-	-	-	-	-	-	53	43	97

- ① Results of FY2018 H1:1US\$=¥109.17, 1€=¥131.27, 1THB=¥3.42
- ② Results of FY2019 H1:1US\$=¥110.11, 1€=¥124.47, 1THB=¥3.48
- ③ Expectations of FY2019:1US\$=¥108.00, 1€=¥121.38, 1THB=¥3.39

Effects of foreign exchange differences between ① and ② on
Sales : Δ 5.8 hundred millions of yen, Ordinary income: +0.2 hundred millions of yen.

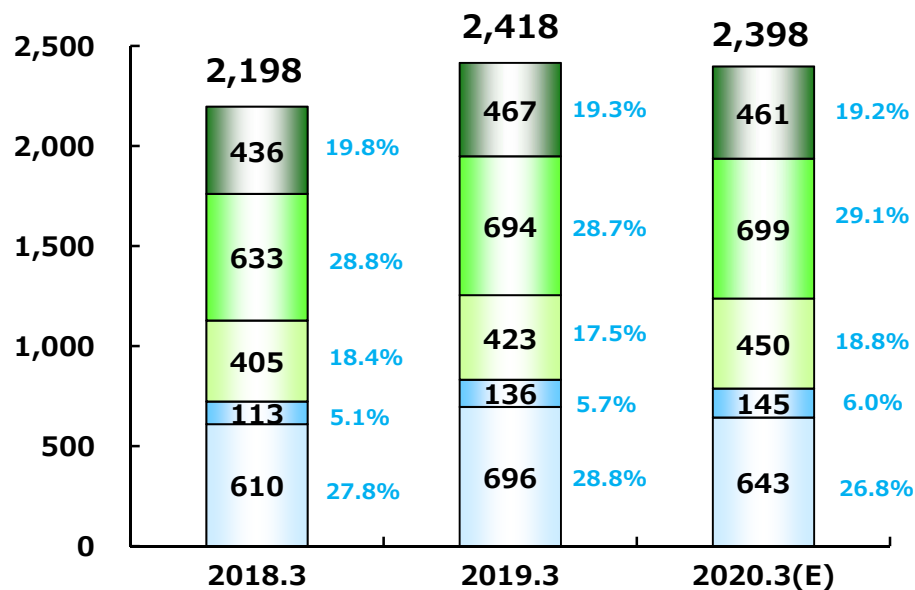
Effects of foreign exchange differences between ② and ③ on
Sales : +8.7 hundred millions of yen, Ordinary income: +0.3 hundred millions of yen.

5 Earnings Forecast for FY2019

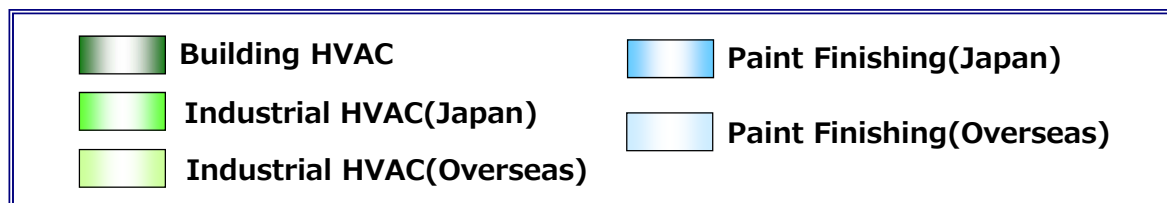
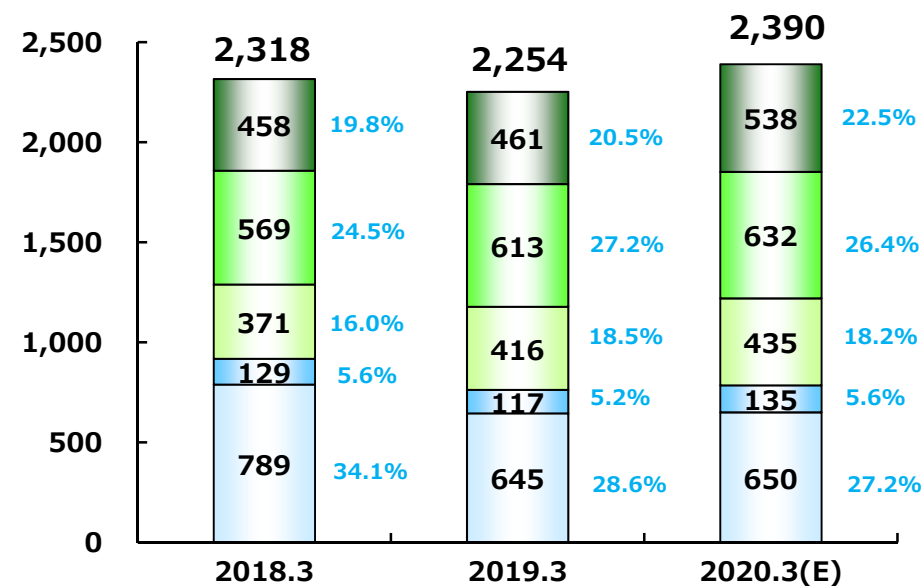
Earnings Forecast by Business

(Hundred millions of yen)

Orders-received



Sales

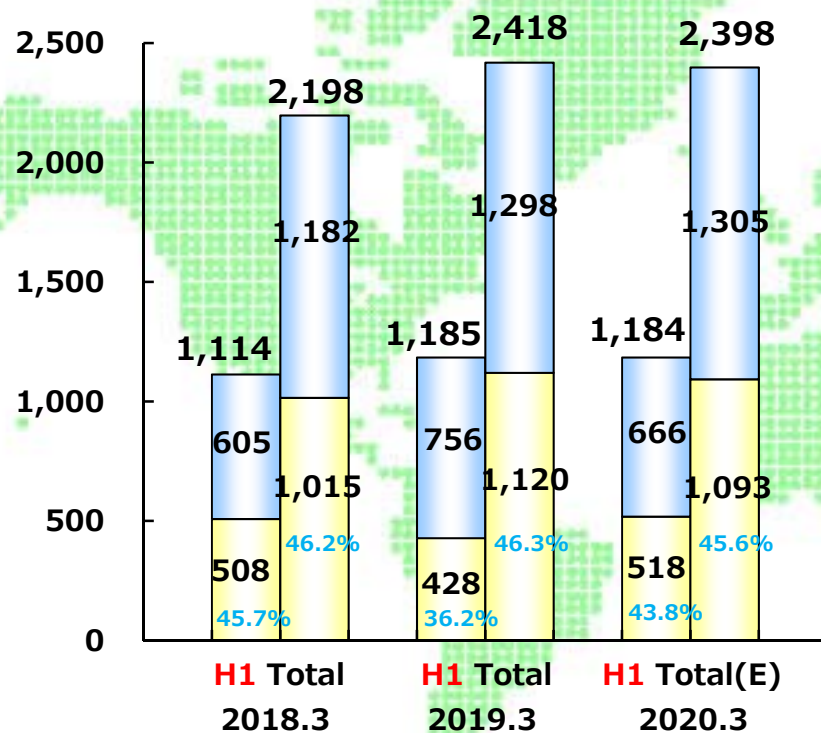


5 Earnings Forecast for FY2019

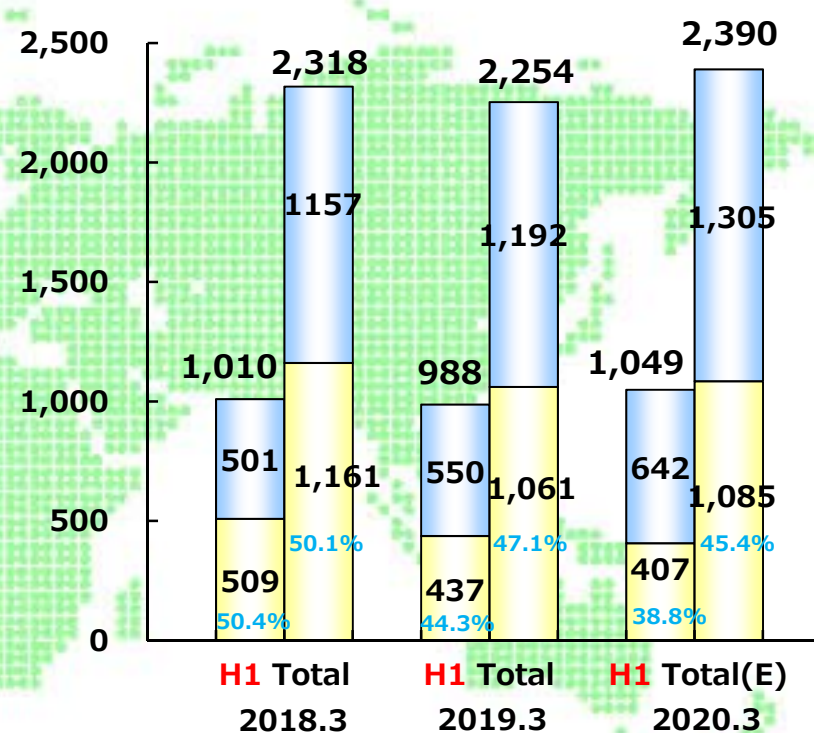
Total (Japan/Overseas)

(Hundred millions of yen)
(%: Overseas ratio)

Orders-received



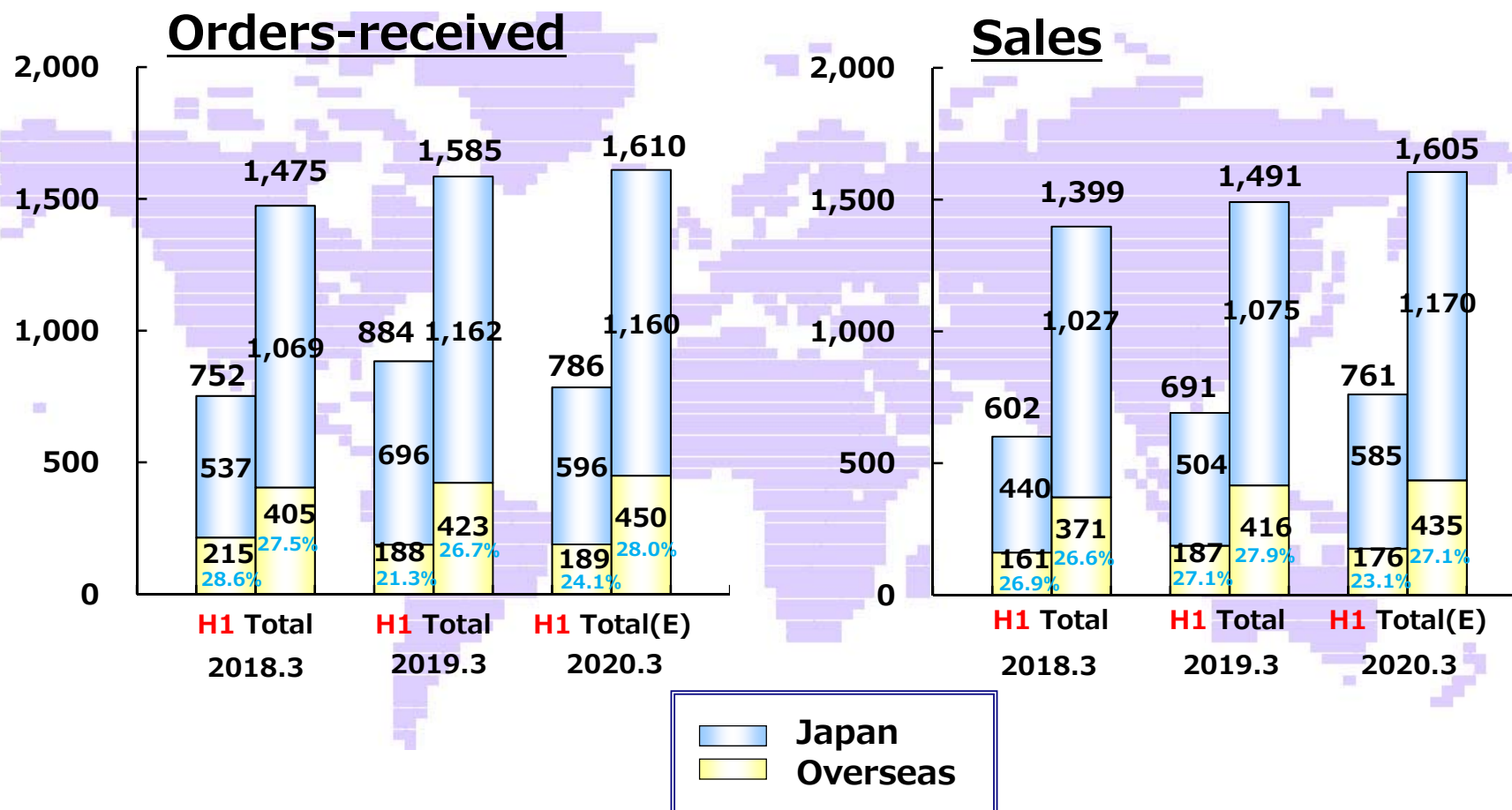
Sales



5 Earnings Forecast for FY2019

Green Technology System Business (Japan/Overseas)

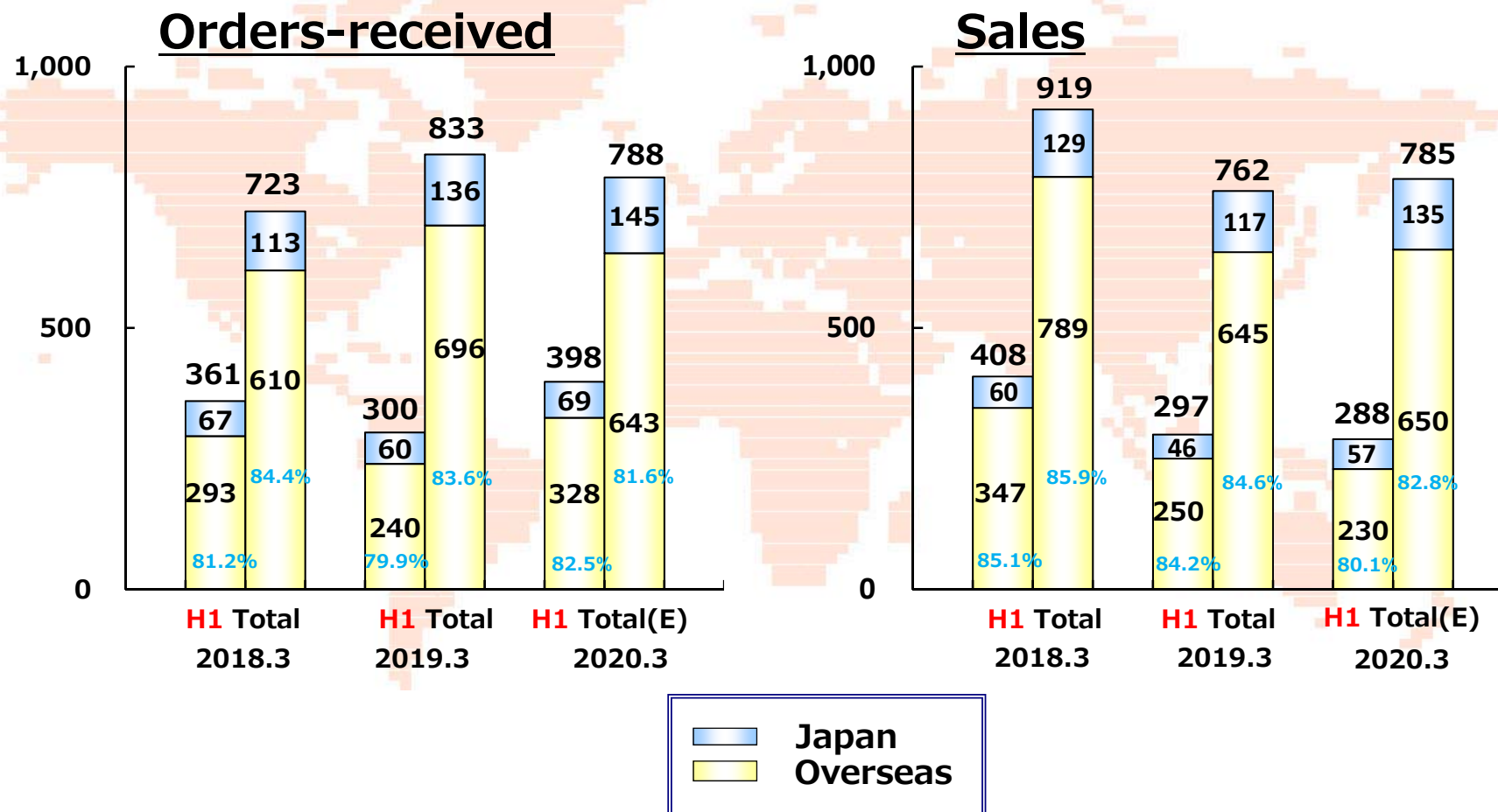
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2019

Paint Finishing System Business (Japan/Overseas)

(Hundred millions of yen)
(%: Overseas ratio)



6

Shareholders Returns

Purchase / Retirement Disposal of Treasury Shares

Purchase Record

Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2005/12	40	1,933	77
2006/2	597	1,780	1,062
2006/7,8	500	1,401	700
2011/8	300	1,576	472
2012/11	600	1,614	968
2013/12	800	2,170	1,736
2015/5	680	3,245	2,206
2016/11	356	2,805	999
2017/11,12	136	3,654	499

Retirement Record

Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2008/8	1,200	1,593	1,912
2018/2	1,700	2,443	4,154

Disposal Record

(by ESOP)

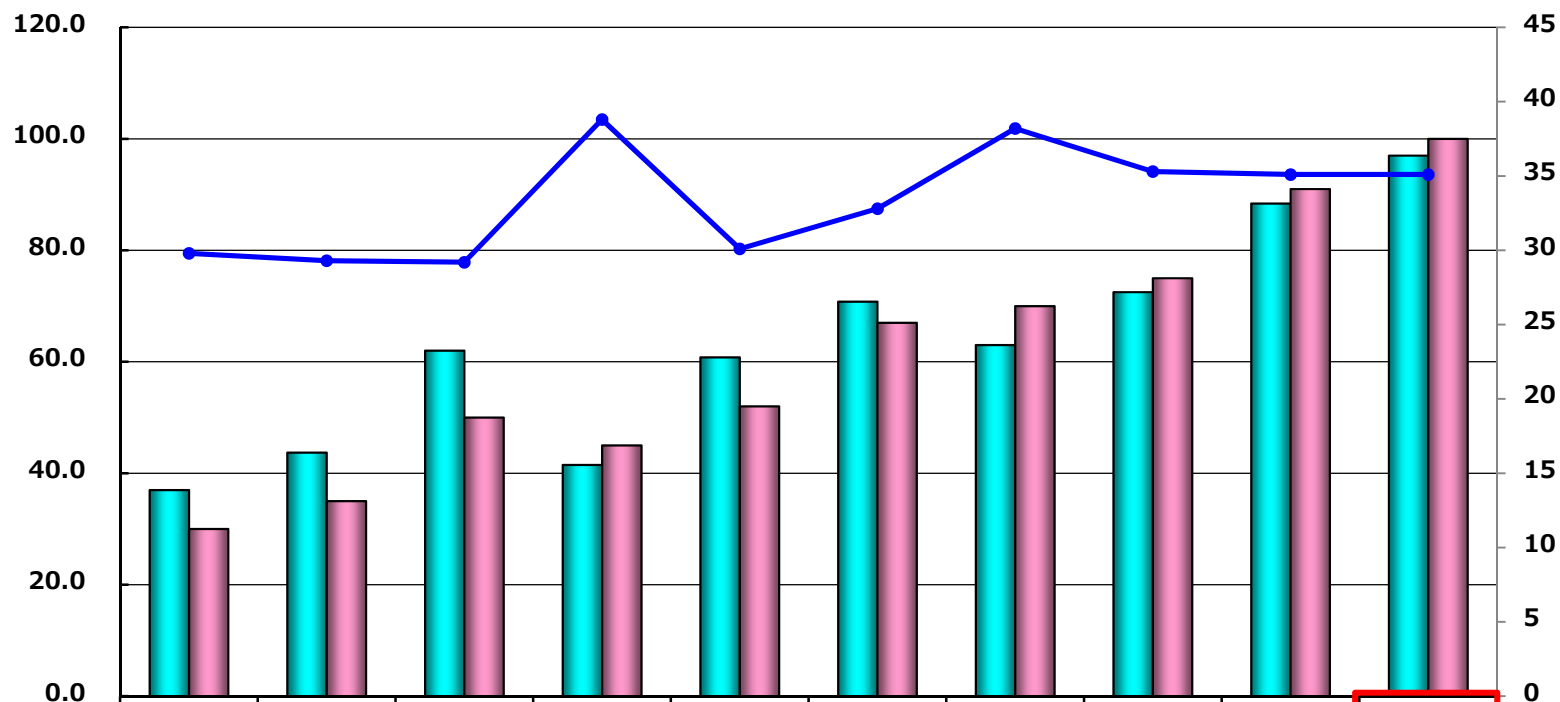
Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2013/2	180	1,860	334

6 Shareholders Returns

Net income & Cash Dividends

(Hundred millions of Yen / Yen)

(%)



Net income(hundred millions of yen)	37.0	43.7	62.0	41.5	60.8	70.8	63.0	72.5	88.4	97
Cash dividends per share(yen)	30	35	50	45	52	67	70	75	91	100
Dividend payout ratio(%)	29.8	29.3	29.2	38.8	30.1	32.8	38.2	35.3	35.1	35.1

The basic policy is to implement steady dividends by targeting a consolidated dividend payout ratio of 35%.

2. Initiatives of each strategy in mid-term business plan (FY2019-2021)

Long-term Vision / Quantitative Targets / Investment theme

“Aim to become a global corporate group that creates an optimal environment Through unique engineering”

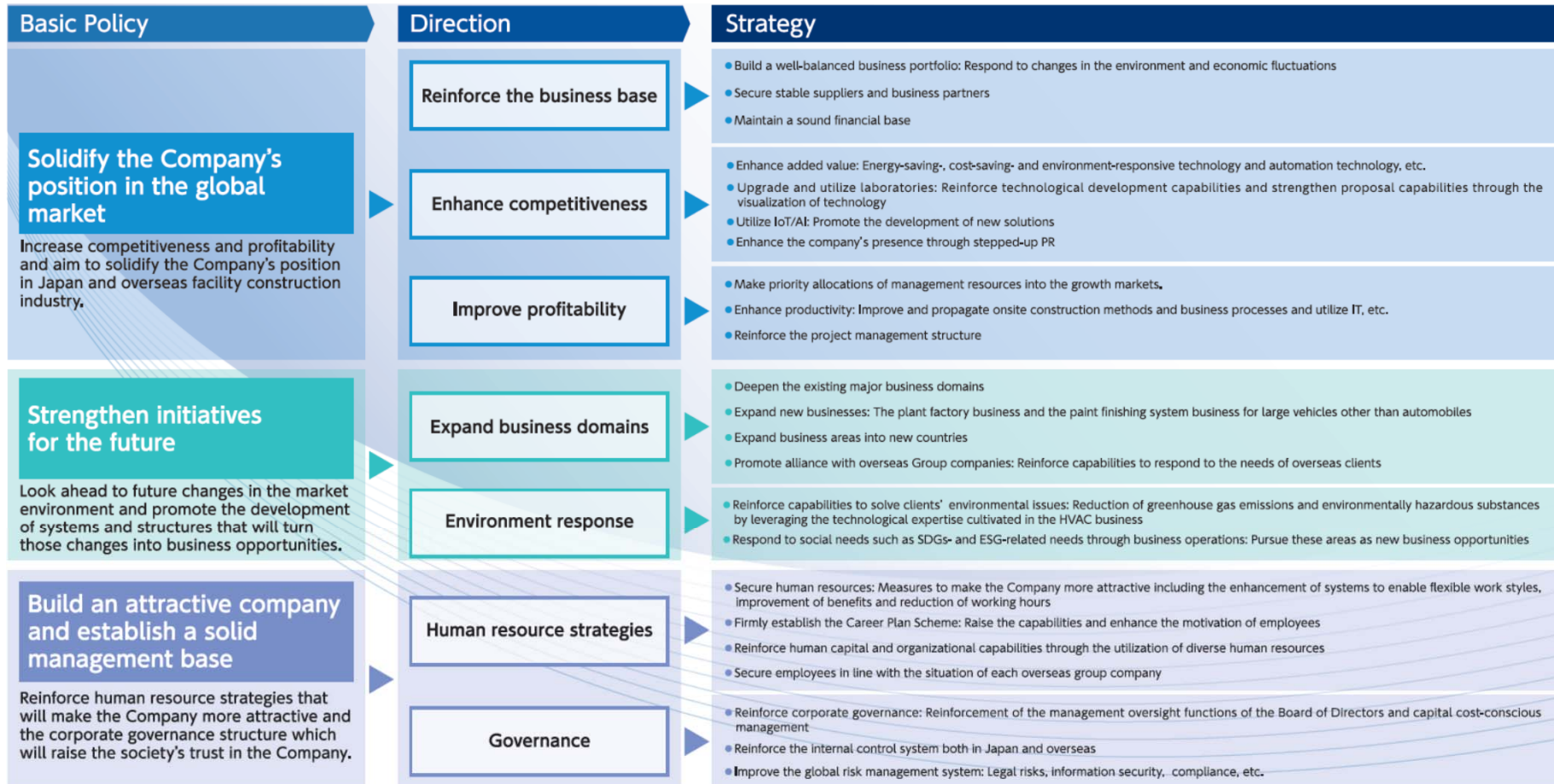
Technology	Aim to become an engineering group that meets the diverse needs of clients through energy-, air- and water-based technology.
Environment	Solve the clients' environmental issues with innovative solution technology and contribute to passing on the rich global environment to future generations.
Human Resources	Respect the individual's creativity and diversity, and value the corporate culture which allows employees to experience one's growth and the joy of working.

Quantitative targets for the FY 2021

Orders-received	2,650	hundred million yen
Net sales of completed construction contracts	2,600	hundred million yen
Ordinary income	160	hundred million yen
Profit attributable to owners of parent	100	hundred million yen
Return on equity (ROE)	8	% or higher
Investment Plan	200	hundred million yen

Investment theme	Investment amount (Planned)
Reinforcement of technological development and proposal capabilities / Promotion of initiatives into new businesses (e.g. improvement of R&D facilities)	200 hundred million yen
Enhancement of productivity (e.g. utilization of IT) / Human resource development	
Capital investments such as M&As	

Basic Policy and Direction/Strategy



Initiatives of each strategy ~Achievement~

Strategy : Promoting capital alliance with overseas affiliates~enhancing ability to serve overseas customers

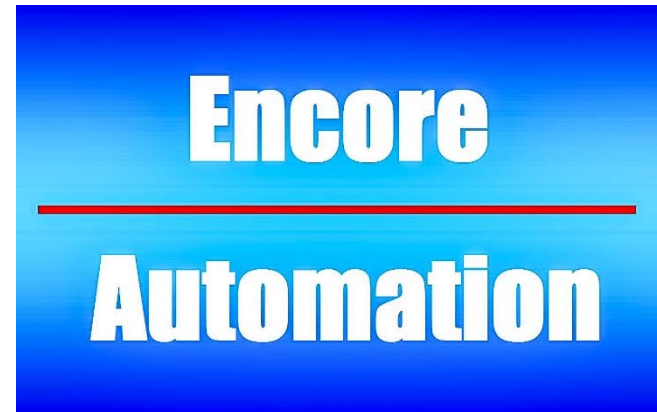
100% investment to Encore Automation LLC

Taikisha have increased the investment ratio in Encore Automation LLC to 100%. Taikisha had started to form a business and capital alliance with Encore Automation LLC (Hereinafter “Encore”) from acquiring 51% of investment in June 2014.

Encore is an engineering company in robot application system field which is the same case with Taikisha’s Automation System Head Office of Paint Finishing System Division, and has abundance of experience to American automobile manufacturers and aircraft manufacturers.

Through a close cooperation with Encore, Taikisha has achieved further increase in robot application system business of Paint Finishing System Division and strengthening the after sales net work in North American market.

Going forward, Taikisha will further promote to expand the system business of Encore in markets through Taikisha’s overseas network.



Initiatives of each strategy ~Main initiatives in progress①~

Strategy	Main initiative in progress
<p>Enhance added value ~Energy-saving, cost-saving and environment-responsive technology and automation technology, etc.</p>	<p>Develop and commercialize the paint system that remarkably improves coating efficiency</p> <p>Taikisha is promoting to develop and to commercialize the paint system that remarkably improves coating efficiency related to reduce CO₂ emissions.</p>
<p>Upgrade and utilize laboratories ~Reinforce technological development capabilities and strengthen proposal capabilities through the visualization of technology</p>	<p>Reconstruct Research and Development Center as demonstration center</p> <p>Taikisha is considering reconstruction of Research and Development Center as inspection facility to propose customers to technologies related to Green Technology System Division.</p>
<p>Utilize IoT·AI ~Promote the development of new solutions</p>	<p>Develop and commercialize IoT and AI-based predictive maintenance system in factories</p> <p>Taikisha is promoting business activity to expand introduction of i-Navistar. (an IoT and AI-based root cause analysis system for analyzing causes of suspended operation and quality defects on automotive paint)</p>

Initiatives of each strategy ~Main initiatives in progress②~

Strategy	Main initiative in progress
<p>Enhance productivity</p>	<p>Develop the automation system to draw the design and to estimate</p> <p>Taikisha is developing the automation system to draw the design and to estimate.</p>
<p>Expand new businesses ~The plant factory business and the paint finishing system business for large vehicles other than automobiles</p>	<p>Construct Taikisha's own plant factory</p> <p>Taikisha is considering establishment and demonstration of mass-production and automation technology, additionally construction of the facility to propose to customers.</p> <p>Develop and commercialize automated polishing system for aircraft and railway cars</p> <p>Taikisha is promoting business activities and technology demonstration for order-receiving the first project.</p>
<p>Expand business areas into new countries</p>	<p>Consider establishing affiliates in new countries</p> <p>Taikisha is considering establishing the new affiliates in the area that is expected to invest.</p>

Initiatives of each strategy ~Main initiatives in progress③~

Strategy	Main initiative in progress
<p>Secure human resources ~Measures to make the Company more attractive including the enhancement of systems to enable flexible work styles, improvement of benefits and reduction of working hours</p>	<p>Reconsider nursing and childcare leave</p> <p>Taikisha is considering extension of leave, and arrangement of taking enough leave as needed.</p> <p>Introduce of telework</p> <p>Taikisha is considering arrangement of making effective use of time and providing job opportunities for employees on administrative leave and retirees by introducing telework, as working from home, mobile work, working at satellite offices.</p>
<p>Reinforce human capital and organizational capabilities through the utilization of diverse human resources</p>	<p>Utilize of diverse human resources</p> <p>To promote women's career advancement, female employees can take flexible leave according to life event. And Taikisha provides job training guidance for employees reinstated. Also, Taikisha is considering correspondence of employment until 70, which the Japanese Government promotes.</p>

Initiatives of each strategy ~Main initiatives in progress④~

Strategy	Main initiative in progress
<p>Reinforce corporate governance ~Reinforcement of the management oversight functions of the Board of Directors and capital cost-conscious management</p>	<p>Deepen consideration about capital cost, capital and shareholders returns policy</p> <p>To aim for increase corporate value, Taikisha is promoting capital cost-conscious management, consideration about capital and shareholders returns policy.</p>
<p>Reinforce the internal control system both in Japan and overseas</p>	<p>Reinforce the internal control system related IT</p> <p>Taikisha is considering reinforcing internal control system to maintain and supervise IT in the entire group.</p>
<p>Improve the global risk management system ~Legal risks, information security, compliance, etc.</p>	<p>Reinforce the global information security measure</p> <p>Taikisha is considering reinforcing information security measure in overseas affiliates.</p>

Precaution about Forward Perspective

The data and future prospect in this material is based on the judgment 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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