



This photo shows Kumbhalgarh Fort, one of the Hill Forts of Rajasthan, the world heritage in India, where Taikisha has affiliates.

The First Half of FY2020 Financial Results Briefing



Nov 17, 2020

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 FY2020
2. Earnings Forecast for FY2020



1. Business environment and Achievements for the First Half of FY2020

1 Business environment and Achievements for the First Half of FY2020

Business environment of H1

In Japan

In the field of Building HVAC, there was a movement to postpone investment due to the impact of the state of emergency during the first quarter of FY2020.

Also, regarding the field of Industrial HVAC, due to the effects of the economic downturn caused by the spread of COVID-19 infection and the growing uncertainty about the future, capital investment by manufacturers continued to be cautious.

Overseas

Capital investment by each manufacturer continued to adjust in both the fields of Industrial HVAC and the automobile paint finishing system.

1 Business environment and Achievements for the First Half of FY2020

Consolidated performance of H1

(Hundred millions of yen)

	Original expectation	Results of H1 FY2020	Change
Orders-received	900	945	45
Net sales of completed construction contracts	805	815	10
Ordinary income	39	37	-1
(Ratio)	4.8%	4.6%	-0.3%
Profit attributable to owners of parent	29	30	1
(Ratio)	3.6%	3.8%	0.2%

Due to the impact of the spread of COVID-19 infection, the earnings forecast was disclosed at the timing of the announcement of the first quarter financial results on August 11.

As a result, the achievements were almost as expected compared to the original expectation for the first half.



2. Earnings Forecast for FY2020

2 Earnings Forecast for FY2020

Consolidated Earnings Forecast for FY2020

(Hundred millions of yen)

	Results of H1	Expectations of H2	Original expectation of FY2020
Orders-received	945	1,074	2,020
Net sales of completed construction contracts	815	1,214	2,030
Ordinary income	37	82	120
(Ratio)	4.6%	6.8%	5.9%
Net income	30	49	80
(Ratio)	3.8%	4.1%	3.9%

【Outlook for the business environment】

(Green Technology System Business)

Construction demand for the field of building HVAC has become more declining due to the spread of remote work, and there are movements to postpone or shrink investment plans in the short term. But demands for such as large-scale redevelopment, renewal, and data centers are expected to remain firm in the medium to long term.

In the field of Industrial HVAC, capital investment is expected to continue in the correction phase in the short term due to the economic downturn caused by the spread of COVID-19 infection both in Japan and overseas.

On the other hand, although there are concerns about the speed, we believe that demand will recover in the medium to long term due to the spread of 5G and the full-scale implementation of CASE, both in Japan and overseas.

(Paint Finishing System Business)

The outlook remains uncertain due to the re-expansion of COVID-19 infection, and capital investment is expected to continue in a correction phase.

1. Explanation about the First Half of FY2020

- | | |
|---|---|
| ① Highlight of the First Half of FY2020 | ④ Main projects in Order/ Sales / Carried forward |
| ② Results of Green Technology System Business | ⑤ Earnings Forecast for FY2020 |
| 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 FY2020

1 Highlight of the First Half of FY2020

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

(Hundred millions of yen)

	2019.9	2020.9	Change
Orders-received	1,184	945	-239
(Japan)	(666)	(449)	(△216)
(Overseas)	(518)	(495)	(△22)
Green Technology	786	594	-191
Building HVAC	235	161	-74
Industrial HVAC	550	433	-117
(Japan)	(360)	(238)	(△122)
(Overseas)	(189)	(194)	(5)
Paint Finishing	398	350	-48
(Japan)	(69)	(49)	(△20)
(Overseas)	(328)	(300)	(△27)

(Green Technology System Business)

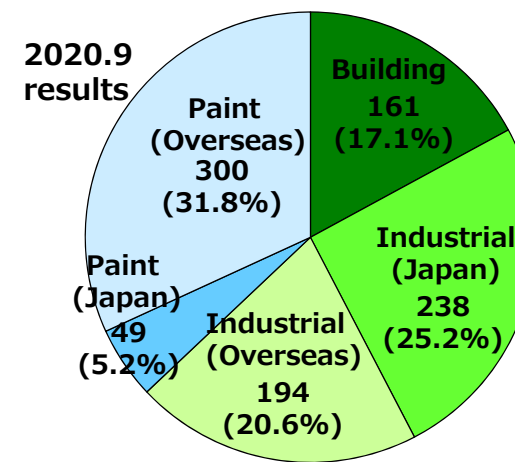
In the field of Building HVAC, there was reactionary decline due to orders for large-scale projects in the same period of FY2019 and postponement of investment in the short term due to the spread of COVID-19 infection.

In the field of industrial HVAC in Japan, there was reactionary decline due to orders for large-scale projects in the same period of FY2019, and capital investment continued to be adjusted due to the downturn caused by the spread of COVID-19 infection.

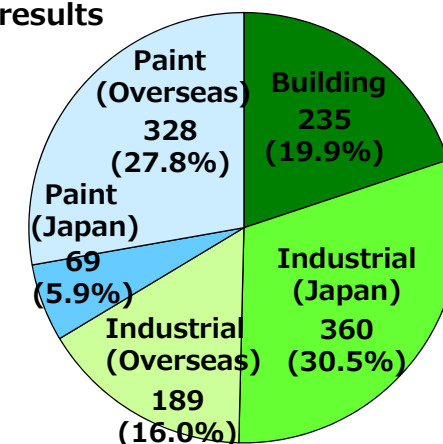
On the other hand, the field of industrial HVAC in overseas was also affected by the economic downturn, but due to orders for large-scale redevelopment projects in Thailand, etc., the orders-received increased.

(Paint Finishing System Business)

As for Paint Finishing System Business, although we received orders for large-scale projects from non-Japanese customers in Europe FY2020, orders-received decreased, because capital investment continued to adjust due to the effects of the economic downturn, and we received abundant orders in North America in the same period of the previous year.



2019.9 results



1 Highlight of the First Half of FY2020

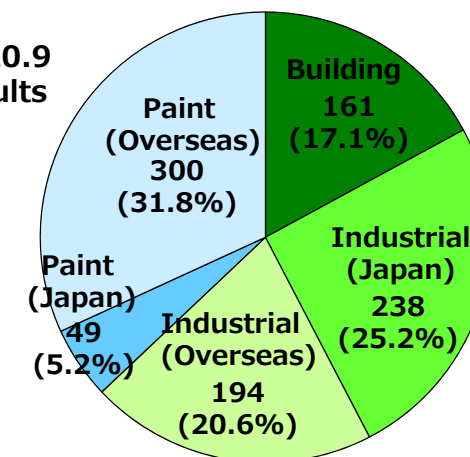
1-②. Orders-received by Business (Expected comparison)

Component

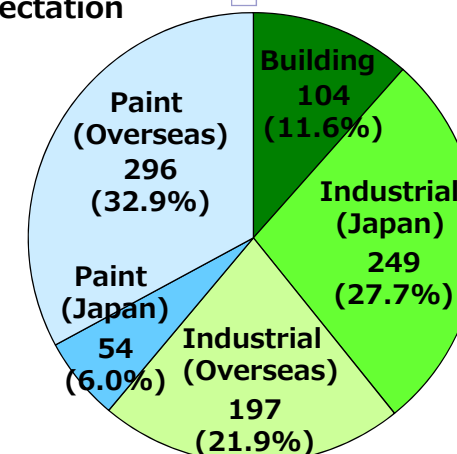
(Hundred millions of yen)

	Original expectation	Result of H1 FY2020	Change
Orders-received	900	945	45
(Japan)	(407)	(449)	(42)
(Overseas)	(493)	(495)	(2)
Green Technology	550	594	44
Building HVAC	104	161	57
Industrial HVAC	446	433	-12
(Japan)	(249)	(238)	(△10)
(Overseas)	(197)	(194)	(△2)
Paint Finishing	350	350	0
(Japan)	(54)	(49)	(△4)
(Overseas)	(296)	(300)	(4)

2020.9 results



Original expectation



(Green Technology System Business)

In the field of Building HVAC, the orders-received exceeded original expectation, because the projects that were expected to be issued in the second half or later in view of the movement of customers to postpone the investment period due to the spread of the COVID-19 infection were received ahead of schedule in the first half.

The orders-received of industrial HVAC in Japan fell below original expectations because of the postponement of investment plans due to the economic downturn caused by the spread of the COVID-19 infection.

(Paint Finishing System Business)

The orders-received of Paint Finishing System Business was almost as expected.

1 Highlight of the First Half of FY2020

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

(Hundred millions of yen)

	2019.9	2020.9	Change
Net sales of completed construction contracts	1,049	815	-233
(Japan)	(642)	(474)	(△168)
(Overseas)	(407)	(341)	(△65)
Green Technology	761	573	-188
Building HVAC	251	175	-75
Industrial HVAC	510	397	-112
(Japan)	(334)	(258)	(△75)
(Overseas)	(176)	(139)	(△36)
Paint Finishing	288	242	-45
(Japan)	(57)	(40)	(△16)
(Overseas)	(230)	(201)	(△29)

(Green Technology System Business)

In the field of Building HVAC, the volume of large-scale redevelopment projects increased in the same period of FY2019, so the net sales decreased in reaction.

In the field of industrial HVAC in Japan, significant progress of several large-scale projects in the same period of FY2019, so the net sales decreased.

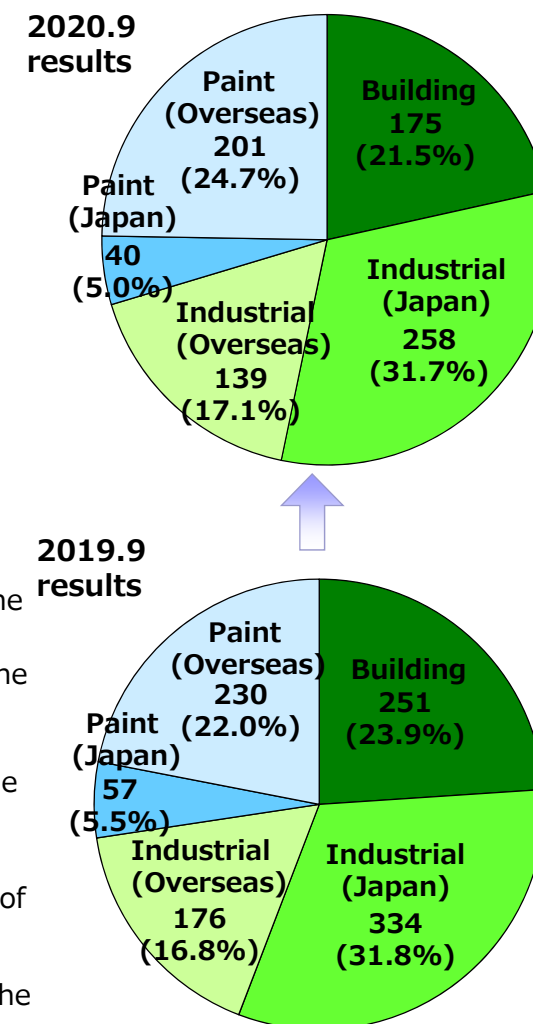
In the field of industrial HVAC in overseas, although the amount of carried forward was higher than at the beginning of the first half of FY2019, there were few projects that contributed to the completion of the first half accounting period of the current term, so the net sales decreased.

(Paint Finishing System Business)

As the amount of carried forward was less than at the beginning of FY2019, the total amount of net sales decreased.

In both businesses, construction activities were restricted overseas during the lockdown, but the impact was minor.

Component



1 Highlight of the First Half of FY2020

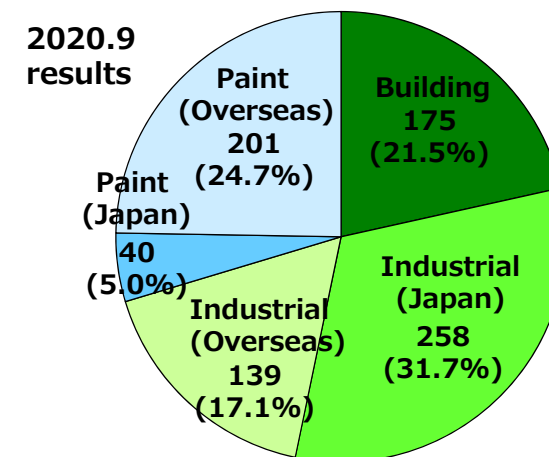
2-②. Sales by Business (Expected comparison)

(Hundred millions of yen)

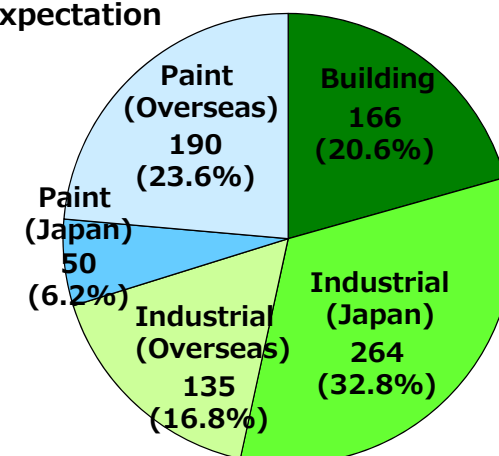
	Original expectation	Result of H1 FY2020	Change
Net sales of completed construction contracts	805	815	10
(Japan)	(480)	(474)	(△5)
(Overseas)	(325)	(341)	(16)
Green Technology	565	573	8
Building HVAC	166	175	9
Industrial HVAC	399	397	-1
(Japan)	(264)	(258)	(△5)
(Overseas)	(135)	(139)	(4)
Paint Finishing	240	242	2
(Japan)	(50)	(40)	(△9)
(Overseas)	(190)	(201)	(11)

The net sales in both the Green Technology System Business and the Paint Finish System Business were almost as expected.

Component



Original expectation



1 Highlight of the First Half of FY2020

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

(Hundred millions of yen)

	2019.9	2020.9	Change
Operating income	75	31	-43
(Ratio)	7.2%	3.9%	-3.3%
Green Technology	72	42	-29
(Ratio)	9.5%	7.4%	-2.1%
Paint Finishing	5	-10	-16
(Ratio)	1.9%	-4.5%	-6.3%
Ordinary income	76	37	-39
(Ratio)	7.3%	4.6%	-2.8%
Green Technology	74	44	-30
(Ratio)	9.8%	7.8%	-2.0%
Paint Finishing	5	-10	-15
(Ratio)	1.8%	-4.4%	-6.2%

(Green Technology System Division)

The ordinary income decreased because of a significant decrease in the amount of the net sales of completed construction contracts.

(Paint Finishing System Division)

The amount of net sales in relatively profitable areas decreased due to the impact of the economic downturn, resulting in a current account deficit.

1 Highlight of the First Half of FY2020

3-②. Profit by Business (Expected comparison)

(Hundred millions of yen)

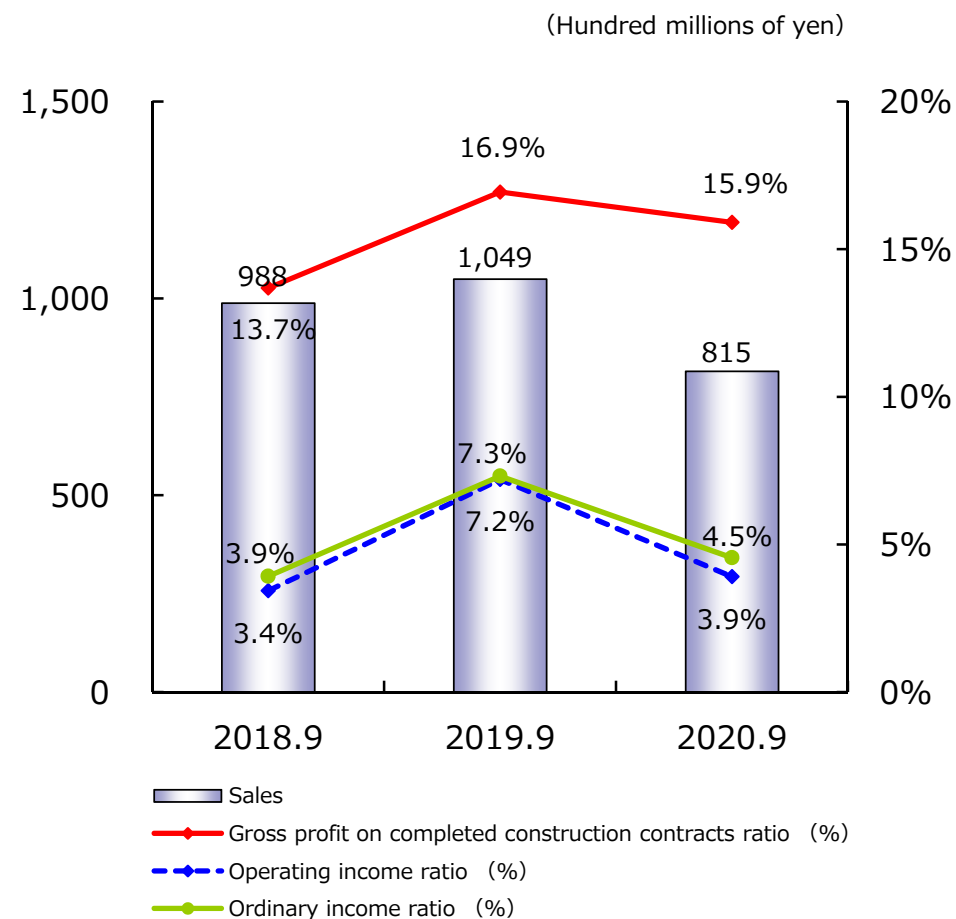
	Original expectation	Results of H1 FY2020	Change
Operating income	31	31	0
(Ratio)	3.9%	3.9%	0.1%
Green Technology	42	42	0
(Ratio)	7.4%	7.4%	△0.0%
Paint Finishing	-10	-10	△0
(Ratio)	-4.2%	-4.5%	-0.3%
Ordinary income	39	37	-1
(Ratio)	4.8%	4.6%	-0.3%
Green Technology	44	44	0
(Ratio)	7.8%	7.8%	△0.0%
Paint Finishing	-8	-10	-2
(Ratio)	-3.3%	-4.4%	-1.0%

1 Highlight of the First Half of FY2020

4. Consolidated Income Statements

(Hundred millions of yen)

	2018.9	2019.9	2020.9
Net sales of completed construction contracts	988	1,049	815
Gross profit on completed construction contracts	135	177	129
(Ratio)	13.7%	16.9%	15.9%
Selling, general and administrative expenses	101	102	97
(Ratio)	10.3%	9.7%	12.0%
Operating income	33	75	31
(Ratio)	3.4%	7.2%	3.9%
Ordinary income	38	76	37
(Ratio)	3.9%	7.3%	4.5%
Profit attributable to owners of parent	9	53	30
(Ratio)	0.9%	5.1%	3.8%

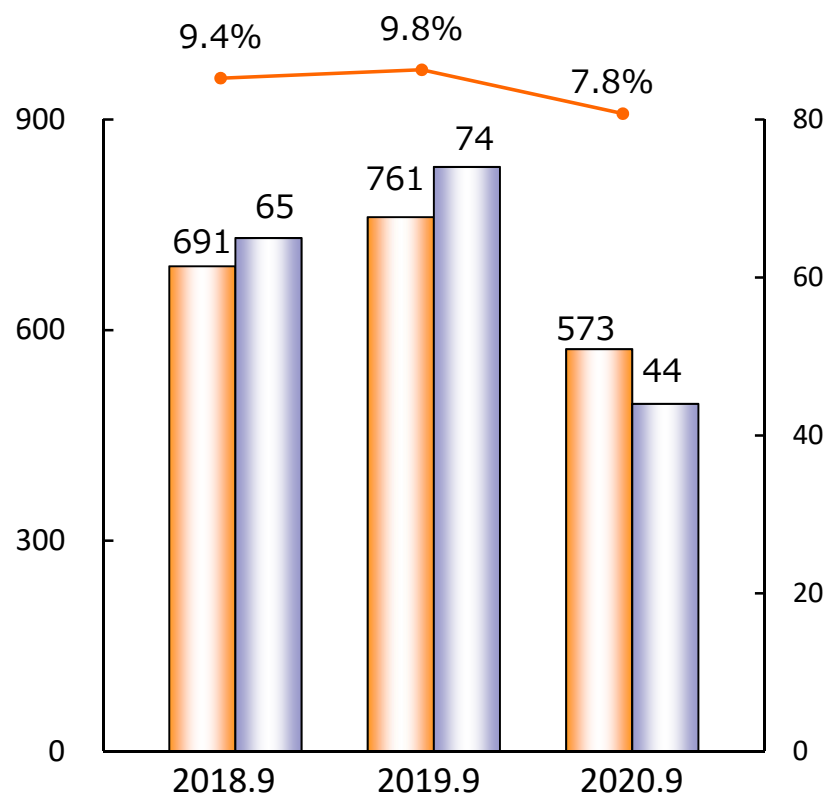


1 Highlight of the First Half of FY2020

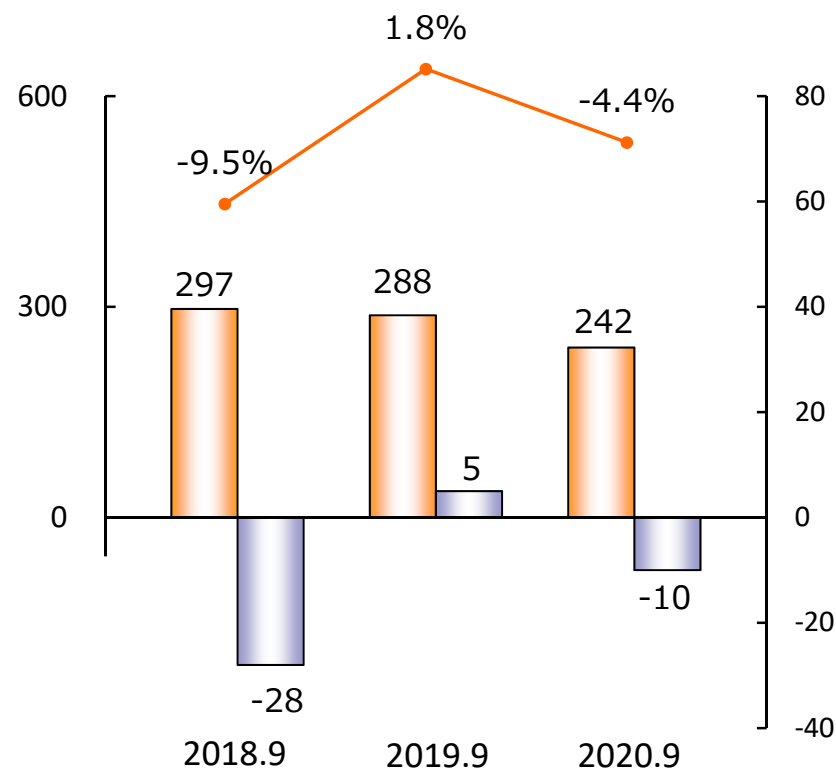
5. Net sales of completed construction contracts / Ordinary income by Division

(Hundred millions of yen)

Green Technology System Business



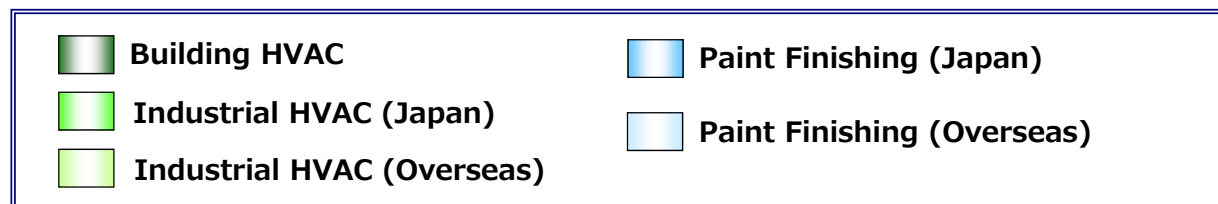
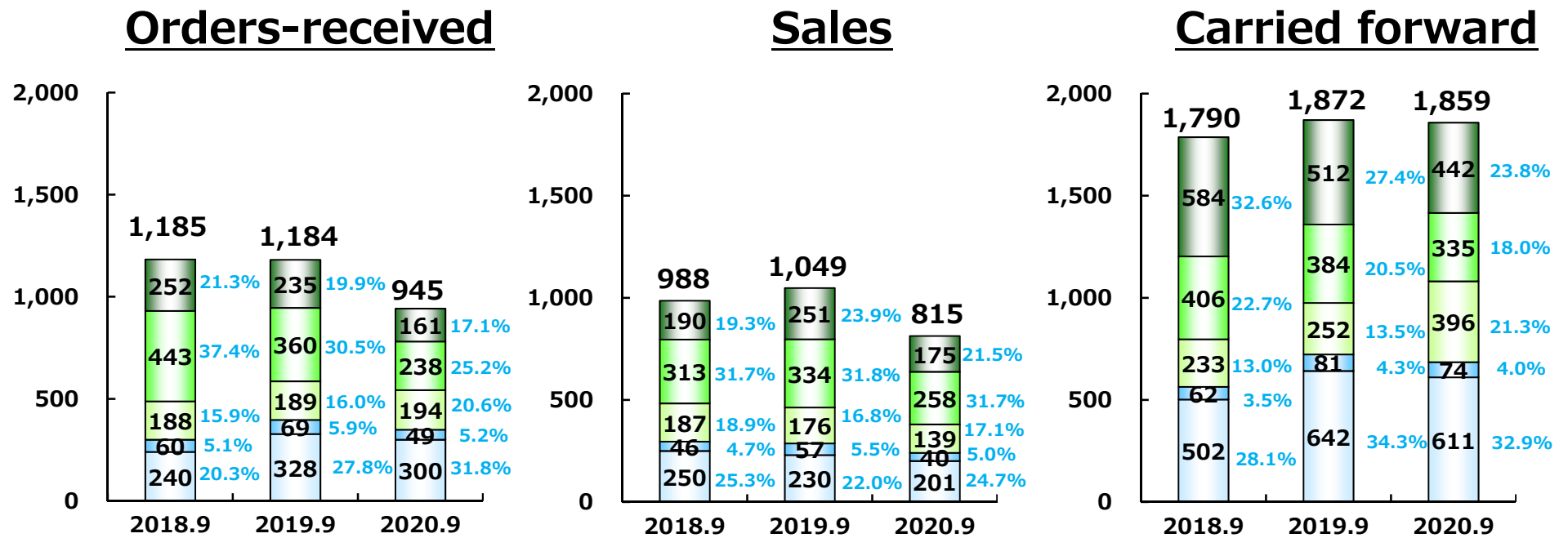
Paint Finishing System Business



1 Highlight of the First Half of FY2020

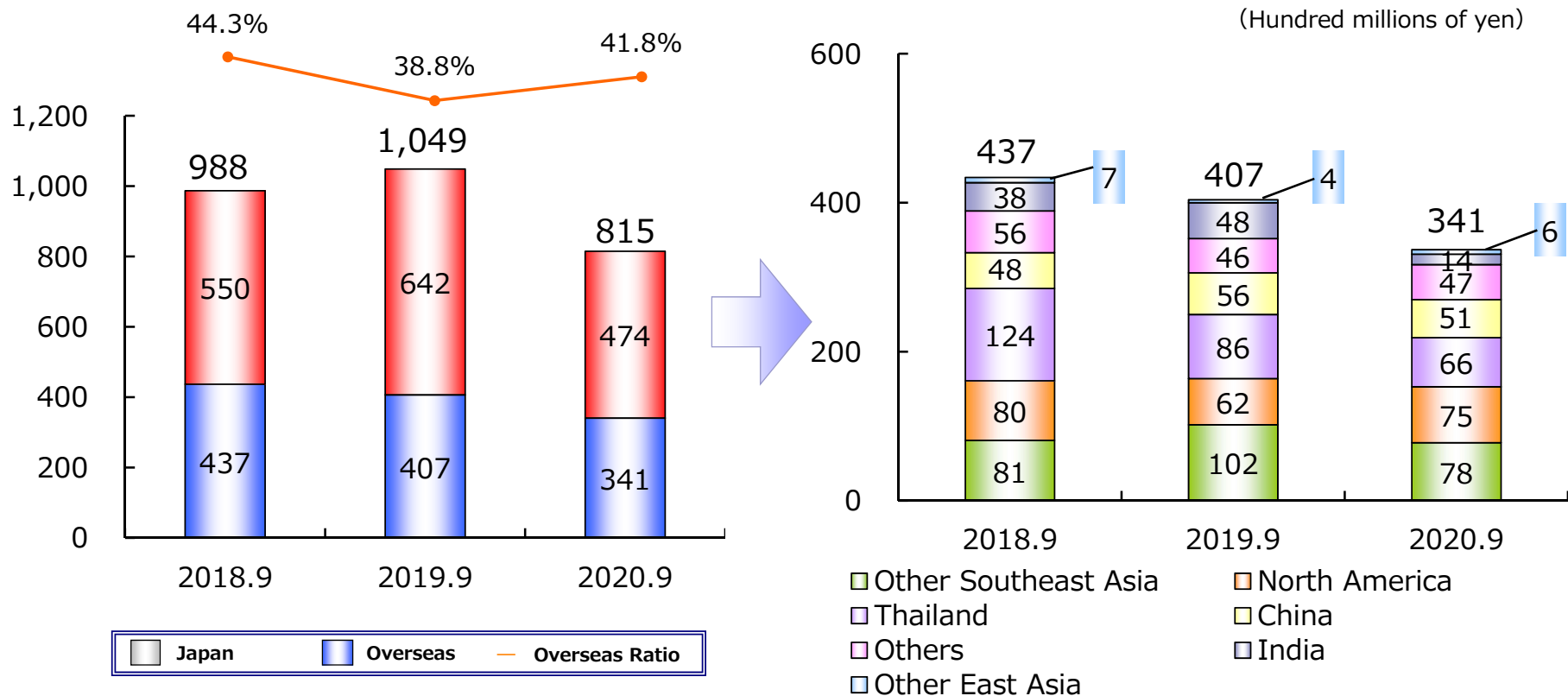
6. Orders-received / Net sales of completed construction contracts / Construction carried forward

(Hundred millions of yen)



1 Highlight of the First Half of FY2020

7. Overseas net sales of completed construction contracts by Region



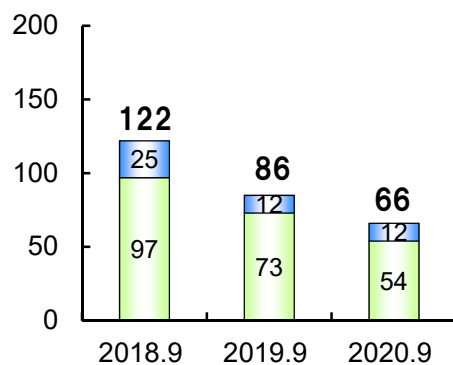
● Main countries and regions ※ The numerical value does not include the internal trading.
 • **Other Southeast Asia**-- Singapore, Malaysia, Indonesia, Philippines, Vietnam, others
 • **Other East Asia**-- Taiwan, Korea • **North America** -- USA, Canada, Mexico
 • **Others**-- Russia, South America,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


1 Highlight of the First Half of FY2020

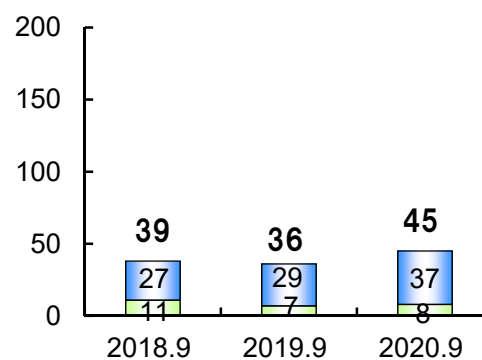
8. Sales of overseas main five companies

(Hundred millions of yen)

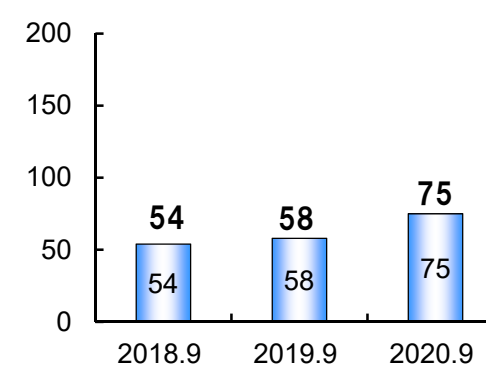
 **Taikisha (Thailand) Co.,Ltd. Group**
(Thailand)




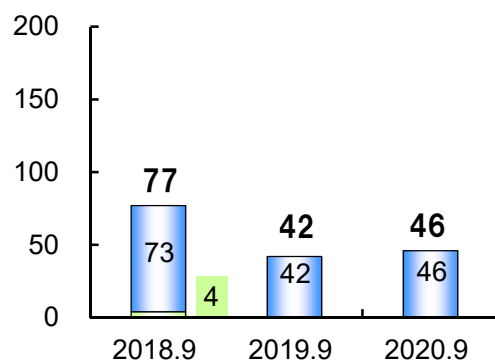
 **Wu-Zhou Taikisha Engineering Co., Ltd. Group**
(China)



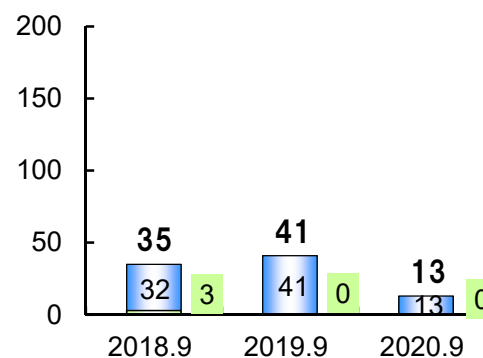
 **TKS Industrial Company Group**
(USA)





 **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 FY2020

9. Consolidated Balance Sheet

(Hundred millions of yen)

	2020.3	2020.9	Change
Current assets	1,689	1,534	-155
Cash and deposits	576	508	-67
Notes receivable, Accounts receivable from completed construction contracts and other	967	831	-135
Securities	35	10	-25
Costs on uncompleted construction contracts· Raw materials and supplies	34	41	6
Other intangible assets	79	145	65
Allowance for doubtful accounts	-3	-2	0
Non-current assets	464	543	79
Property, plant and equipment	104	105	0
Goodwill	7	48	40
Other intangible assets	28	32	3
Investment securities	243	274	30
Deferred tax assets	6	5	-0
Other	73	78	4
Allowance for doubtful accounts	-0	-0	0
Total assets	2,153	2,077	-75

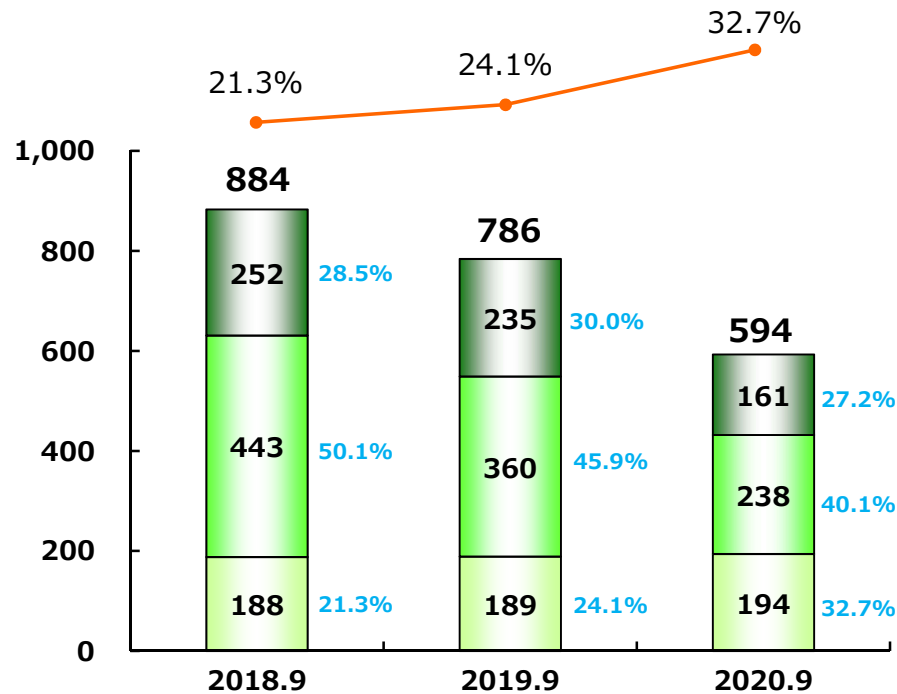
• On July 30, 2020, Taikisha Ltd. conducted a capital participation in Nicomac Clean Rooms Far East LLP a manufacturer and marketer of clean room panels in India and it became a consolidated subsidiary. As a result, goodwill increased by 4 billion yen from the end of the previous fiscal year.

	2020.3	2020.9	Change
Current liabilities	939	818	-120
Notes payable, accounts payable for construction contracts and other	576	395	-180
Advances received on uncompleted construction contracts	143	177	33
Provision for loss on construction contracts	2	1	-1
Other	216	244	27
Non-current liabilities	86	108	21
Total liabilities	1,025	926	-98
Total net assets	1,128	1,151	22
Capital stock	64	64	0
Capital surplus	50	50	0
Retained earnings	908	915	6
Treasury shares, at cost	-25	-25	-0
Valuation difference on available-for-sale securities	83	105	21
Deferred gains or losses on hedges	-0	-0	-0
Foreign currency translation adjustment	3	-4	-8
Accumulated remeasurements of defined benefit plans	-3	0	3
Non-controlling interests	46	45	-0
Total liabilities and net assets	2,153	2,077	-75

2 Results of Green Technology System Business

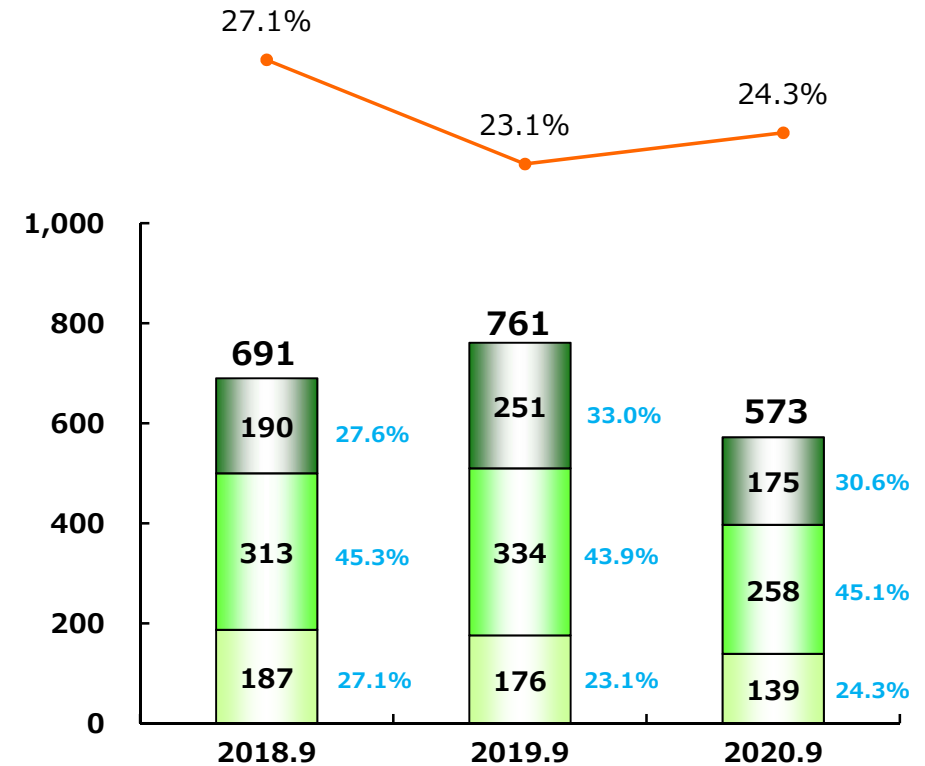
1. Orders-received / Net sales of completed construction contracts

Orders-received



Sales

(Hundred millions of yen)

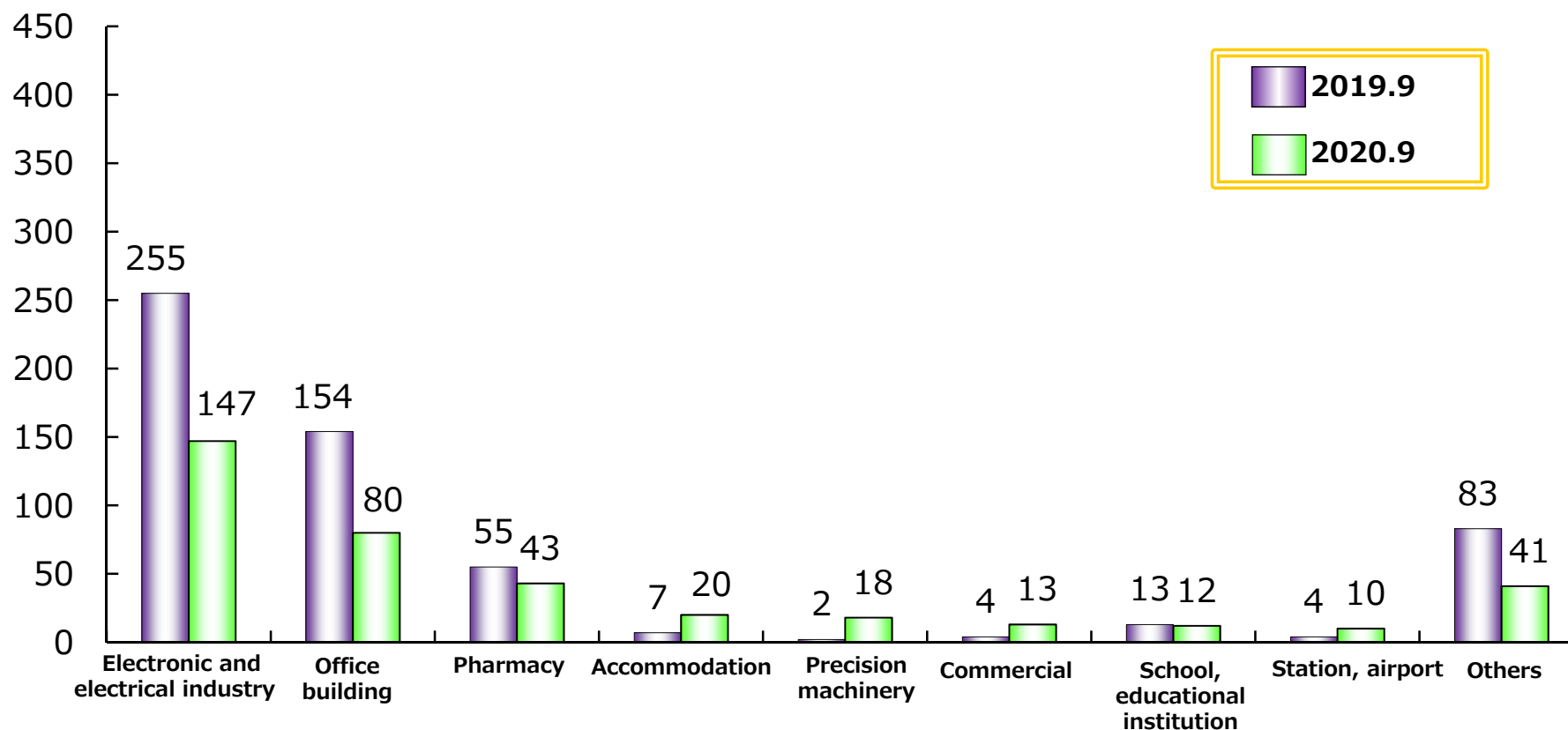


Building HVAC
 Industrial HVAC (Japan)
 Industrial HVAC (Overseas)
 Overseas Ratio

2 Results of Green Technology System Business

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

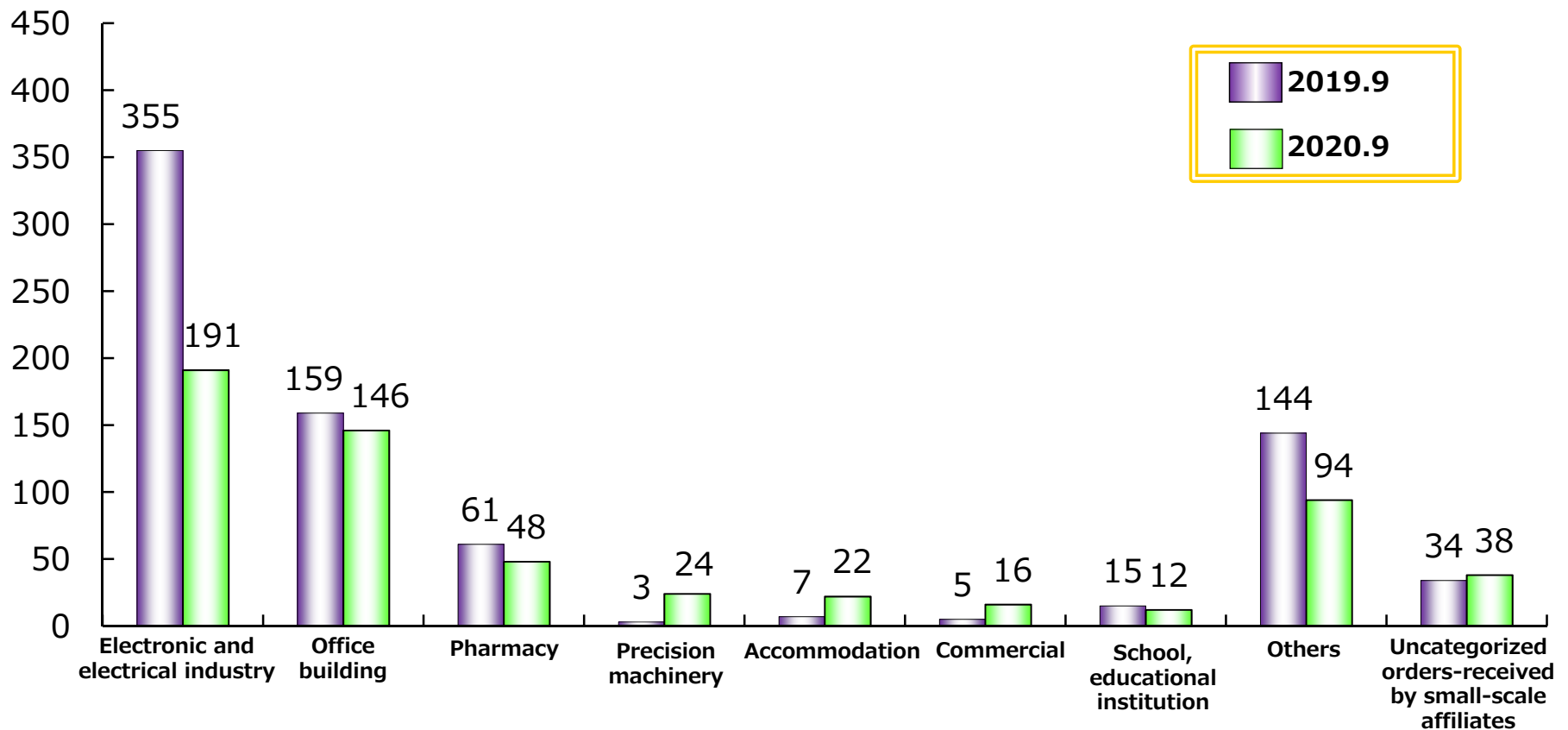
(Hundred millions of yen)



2 Results of Green Technology System Business

3. Order of the market classification (Consolidated)

(Hundred millions of yen)



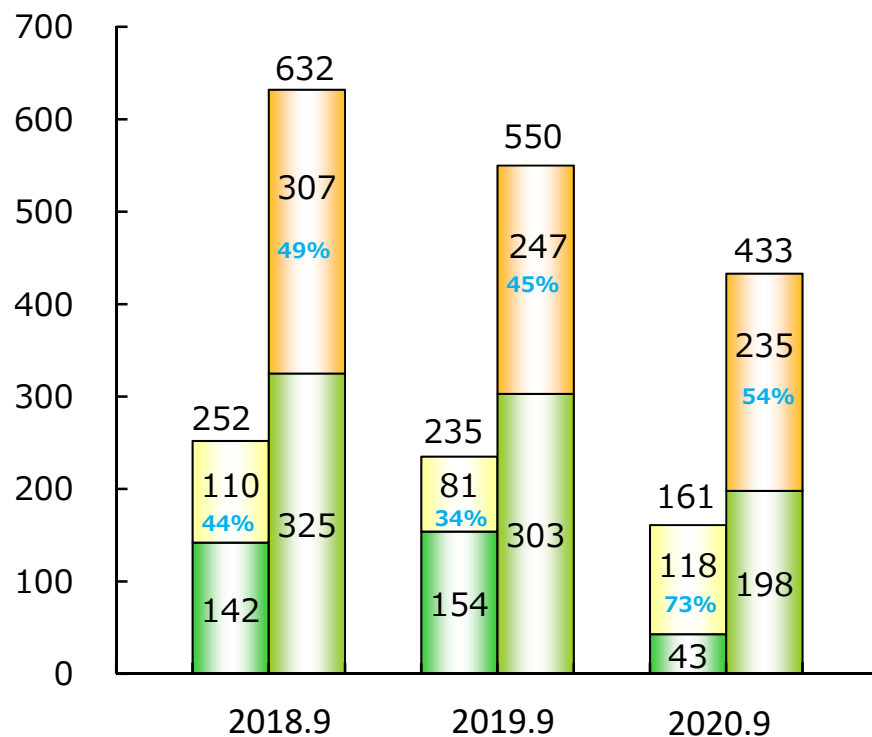
2 Results of Green Technology System Business

4. Renewal construction (Consolidated)

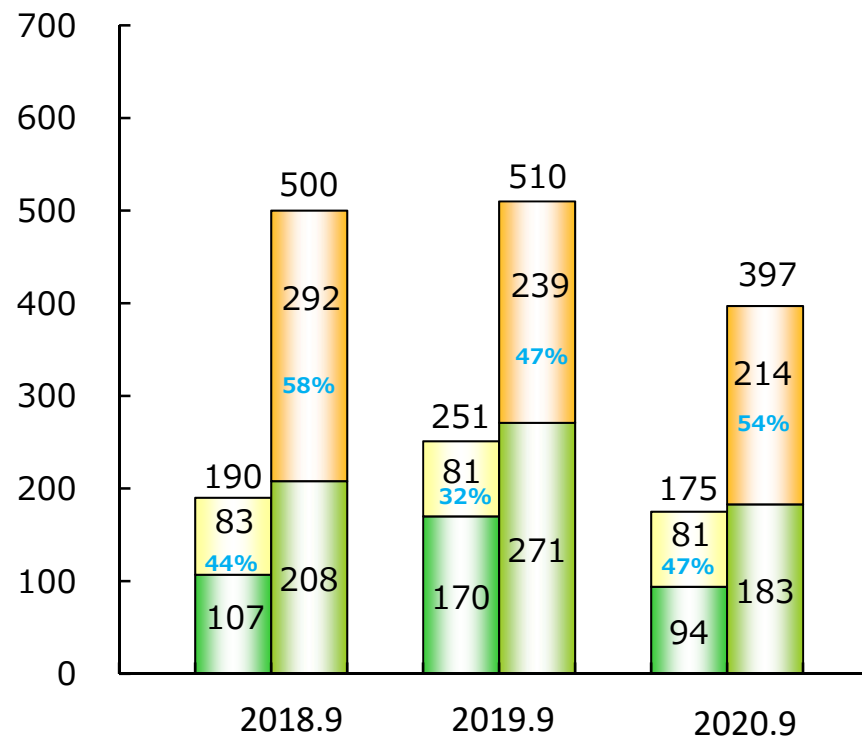
(Hundred millions of yen)

(%: Renewal Ratio)

Orders-received



Sales



 Building HVAC (Renewal)

 Building HVAC (New)

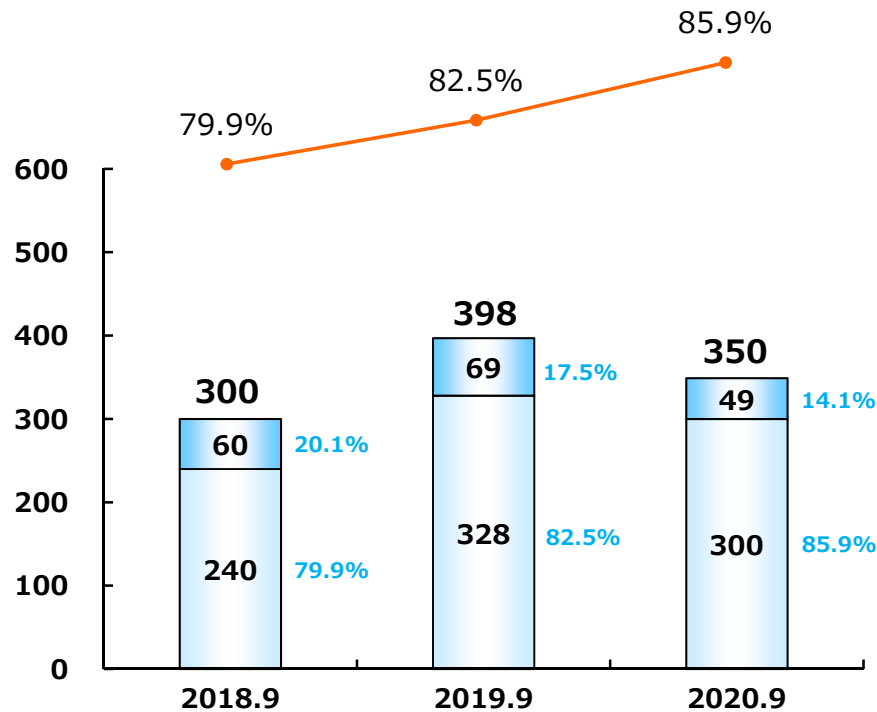
 Industrial HVAC (Renewal)

 Industrial HVAC (New)

3 Results of Paint Finishing System Business

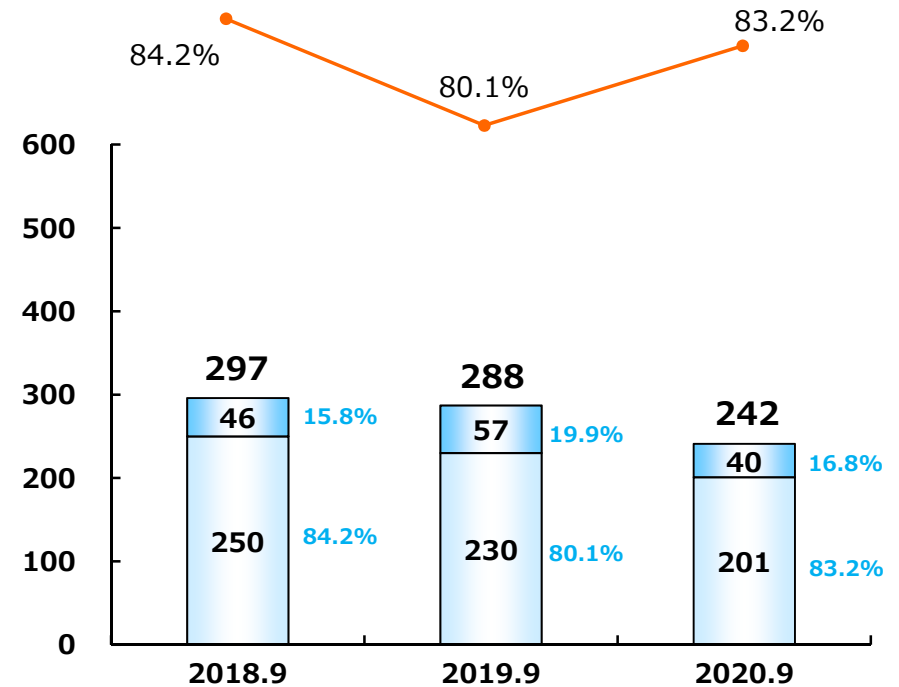
1. Orders-received / Net sales of completed construction contracts

Orders-received



Sales

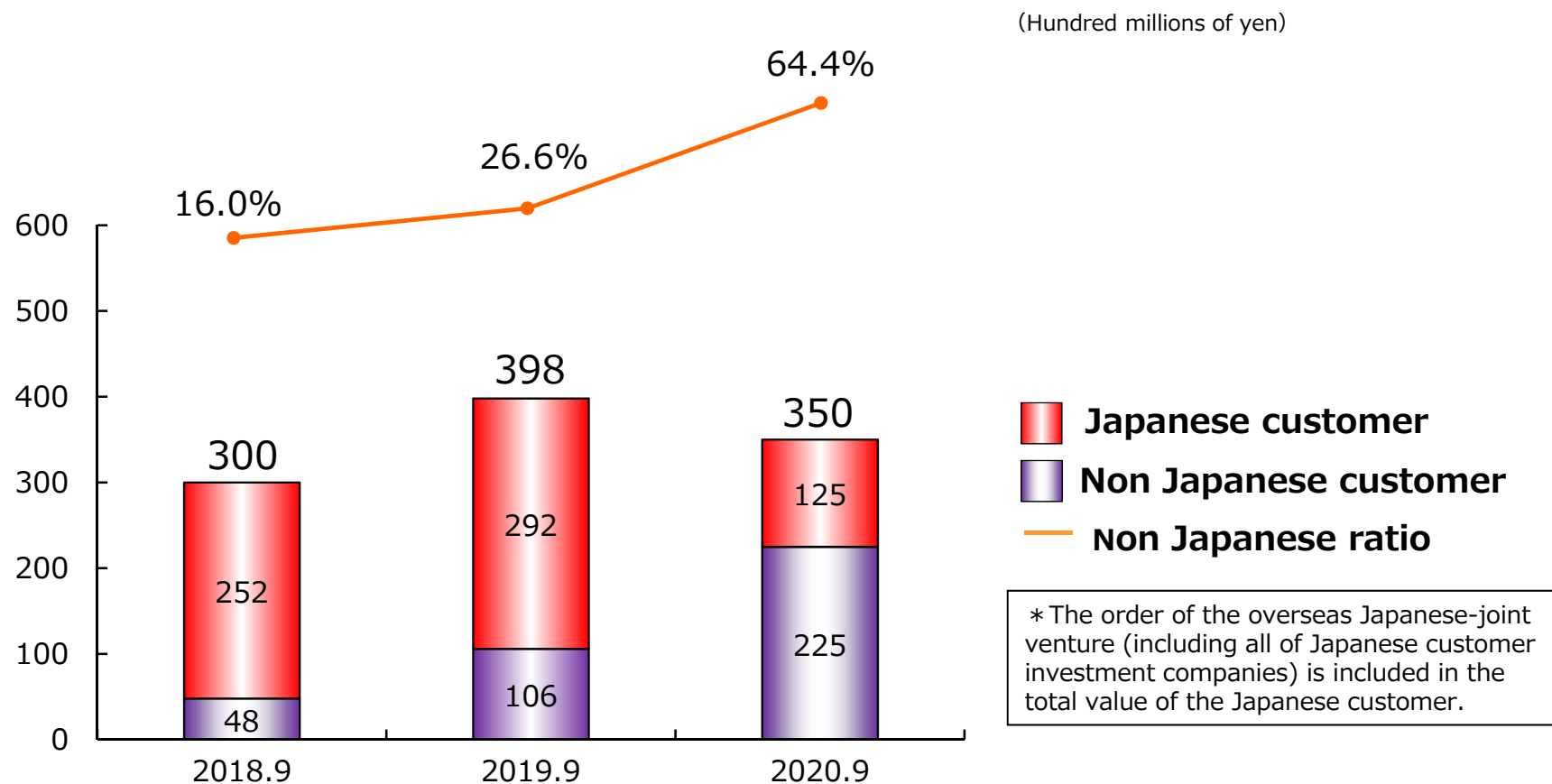
(Hundred millions of yen)



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 from project more than 5 hundred millions of yen

Number of cases over 5 hundred millions of yen / construction, market classification				
<p><u>Orders-received</u></p> <p>23 cases</p> <p>445 hundred millions of yen</p>	<p>Japan</p> <p>132 hundred millions of yen</p>	<p>13 cases</p>	Office building	1
			School, educational institution	1
			Commercial	1
			Accommodation	1
			Station, airport	1
			Electronic and electrical industry	4
			Precision machinery	1
			Iron manufacture machinery	1
			Pharmacy	1
			Automobile	1
	<p>Overseas</p> <p>312 hundred millions of yen</p>	<p>10 Cases</p>	Office building	1
			Electronic and electrical industry	1
			Other factory	1
Automobile			4	
Truck			1	
		Railway	1	
		Motorcycle	1	

4

Main projects in Order/ Sales / Carried forward

2. Sales from 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>27 cases</p> <p>285 hundred millions of yen</p>	<p>Japan</p> <p>144 hundred millions of yen</p>	<p>16 Cases</p>	Office building	4
			School, educational institution	1
			Accommodation	1
			Electronic and electrical industry	6
			Pharmacy	3
			Transportation equipment	1
	<p>Overseas</p> <p>141 hundred millions of yen</p>	<p>11 Cases</p>	Office building	1
			Commercial	1
			Automobile	9

4 Main projects in Order/ Sales / Carried forward

3. Carried forward from project more than 1 billion yen

Number of projects over 1 billion yen / construction, market classification					Planned project to be completed in FY2020
<p>Carried forward</p> <p>39 cases</p> <p>1,066 hundred millions of yen</p>	<p>Japan</p> <p>367 hundred millions of yen</p>	<p>16 cases</p>	Office building	7	
			Administrative facility	1	
			Accommodation	1	
			Medical and social welfare	1	
			Electronic and electrical industry	2	1
			Pharmacy	2	
			Research and development	1	
			Construction machine	1	
	<p>Overseas</p> <p>698 hundred millions of yen</p>	<p>23 cases</p>	Office building	2	
			Station, airport	2	
			Electronic and electrical industry	2	
			Pharmacy	1	
			Other factory	1	
			Automobile	12	3
			Truck	1	
			Railway	1	
			Motorcycle	1	

5 Earnings Forecast for FY2019

Expectations by Business

(Hundred millions of yen)

	2020.3									2021.3								
	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	786	819	1,605	398	265	663	1,184	1,084	2,269	594	705	1,300	350	369	720	945	1,074	2,020
Sales	761	812	1,573	288	391	680	1,049	1,204	2,253	573	726	1,300	242	487	730	815	1,214	2,030
Operating income	72	63	135	5	22	27	75	78	154	42	63	106	-10	22	12	31	78	110
Ordinary income	74	64	138	5	22	28	76	83	159	44	63	108	-10	23	13	37	82	120
Net income	-	-	-	-	-	-	53	37	91	-	-	-	-	-	-	30	49	80

① Results of FY2019 H1:1US\$=¥110.11, 1€=¥124.47, 1THB=¥3.48

② Results of FY2020 H1:1US\$=¥108.44, 1€=¥119.85, 1THB=¥3.44

③ FY2020 Estimation : 1US\$=¥106.00, 1€=¥117.00, 1THB=¥3.49

Effects of foreign exchange differences between ① and ② on
Sales : Δ 9.3 hundred millions of yen, Ordinary income : +0.3 hundred millions of yen.

Effects of foreign exchange differences between ② and ③ on
Sales : +4.6 hundred millions of yen, Ordinary income: +0.1 hundred millions of yen.

※ Influence for the earnings forecasts for FY2020 when all exchange rates fluctuate by 1% is;

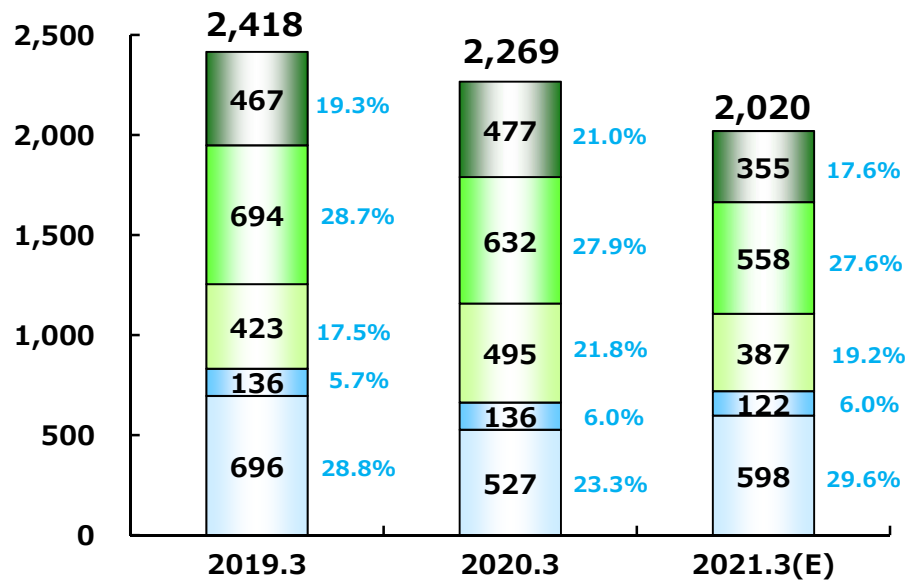
Orders/Sales : Approximately 10 hundred millions of yen, Ordinary income : Approximately 0.3 hundred millions of yen

5 Earnings Forecast for FY2020

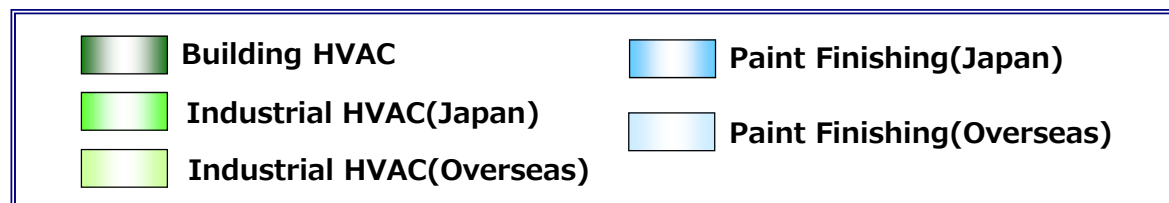
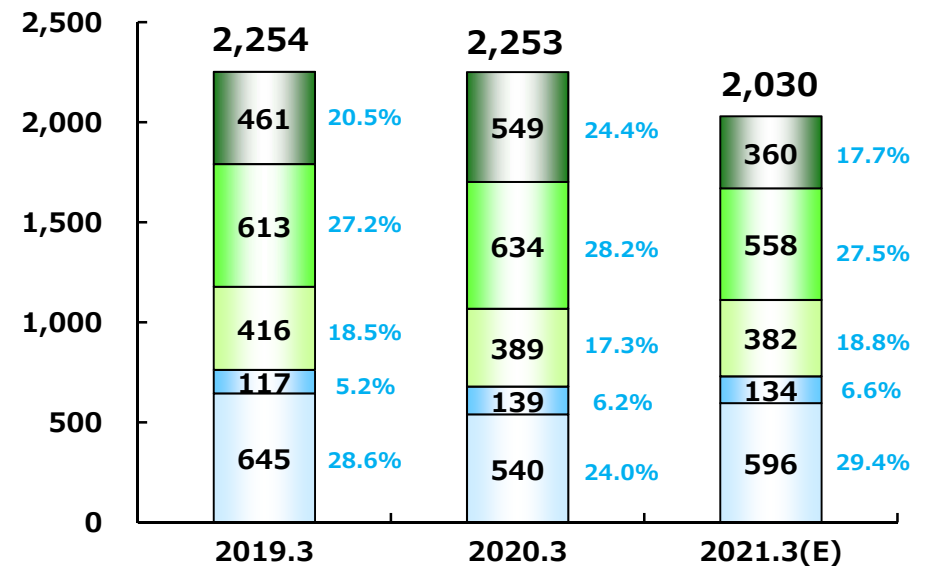
Earnings Forecasts by Business

(Hundred millions of yen)

Orders-received



Sales

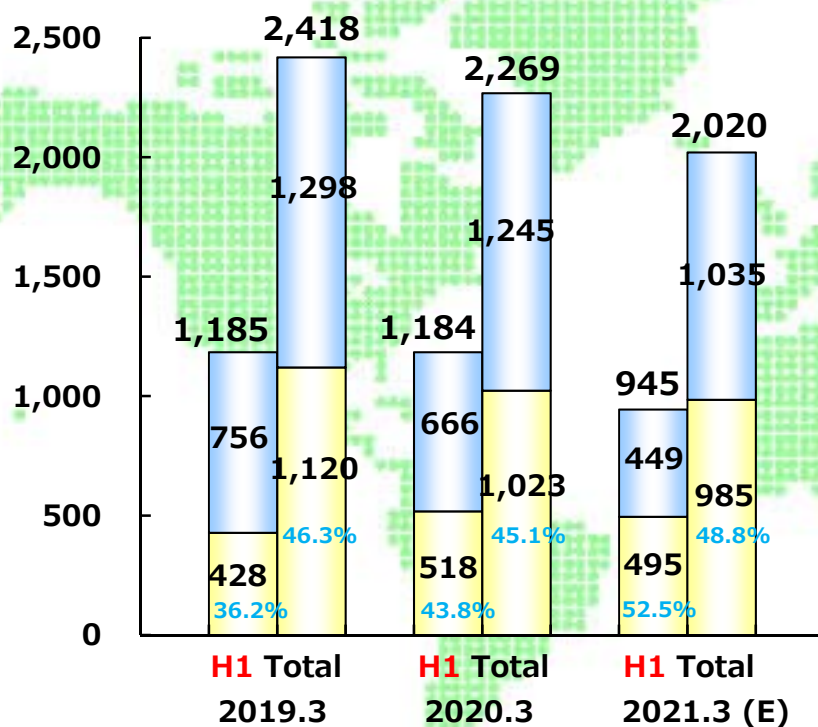


5 Earnings Forecast for FY2020

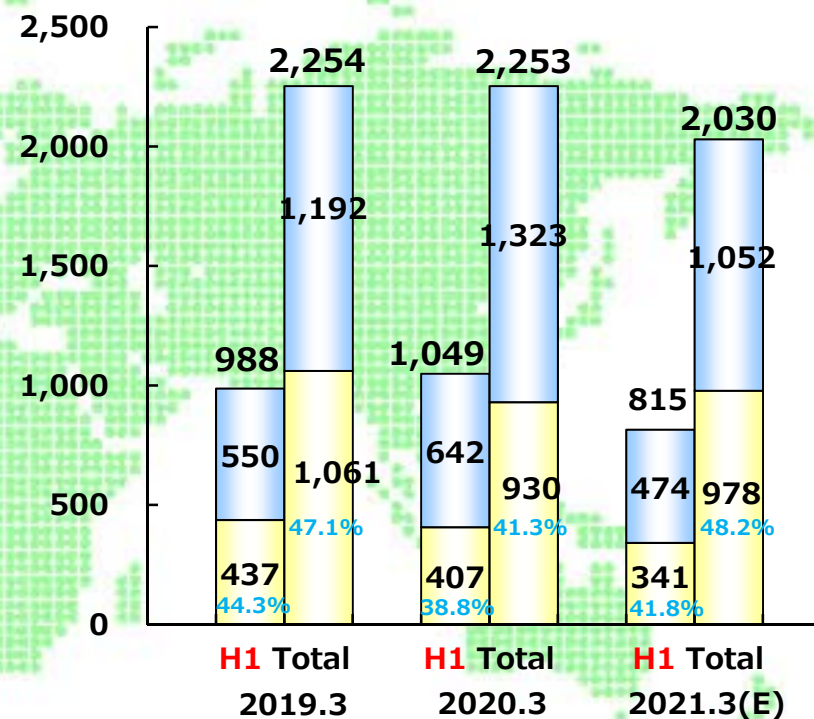
Total (Japan/Overseas)

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

Orders-received



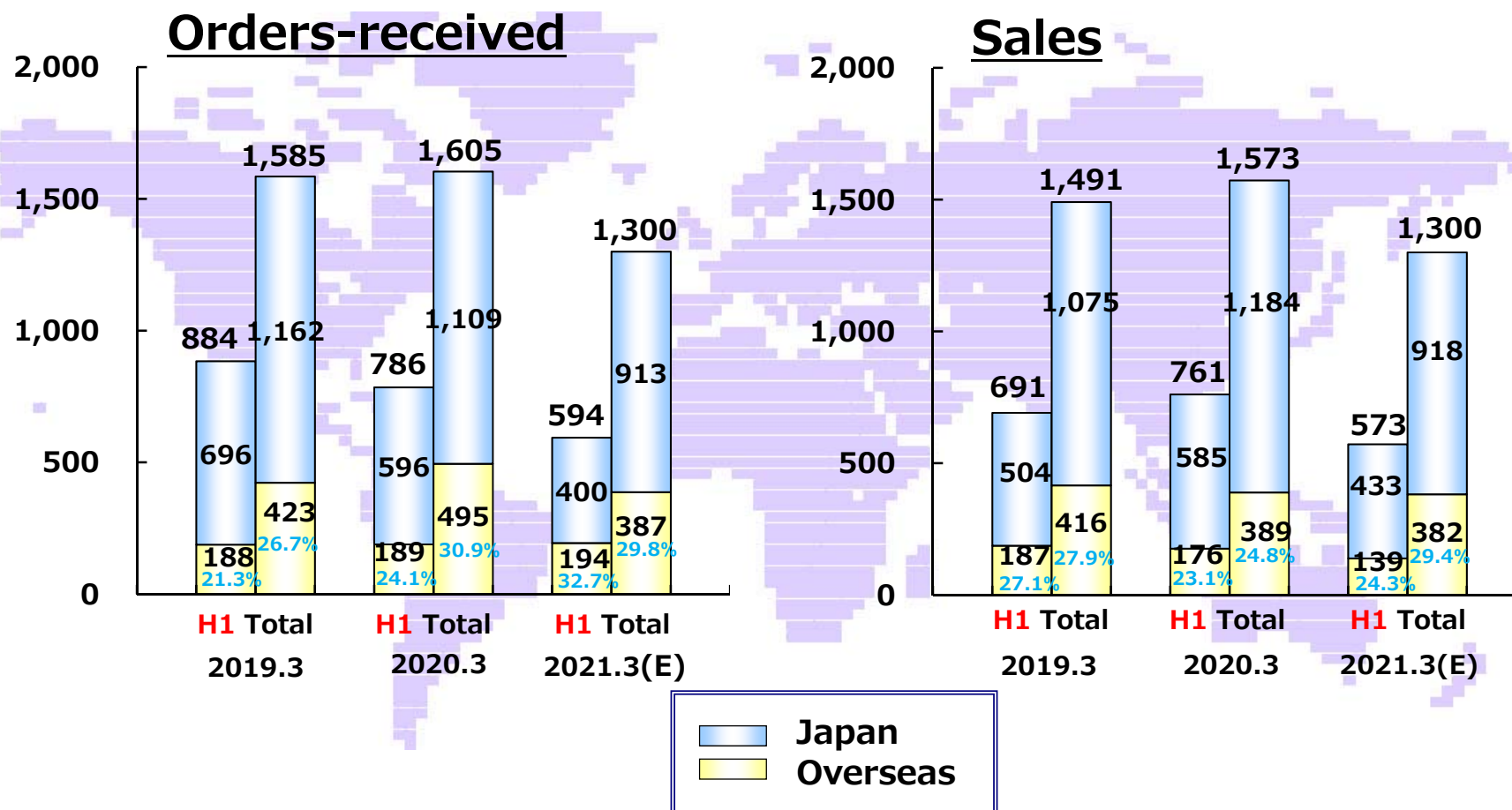
Sales



5 Earnings Forecast for FY2020

Green Technology System Division (Japan/Overseas)

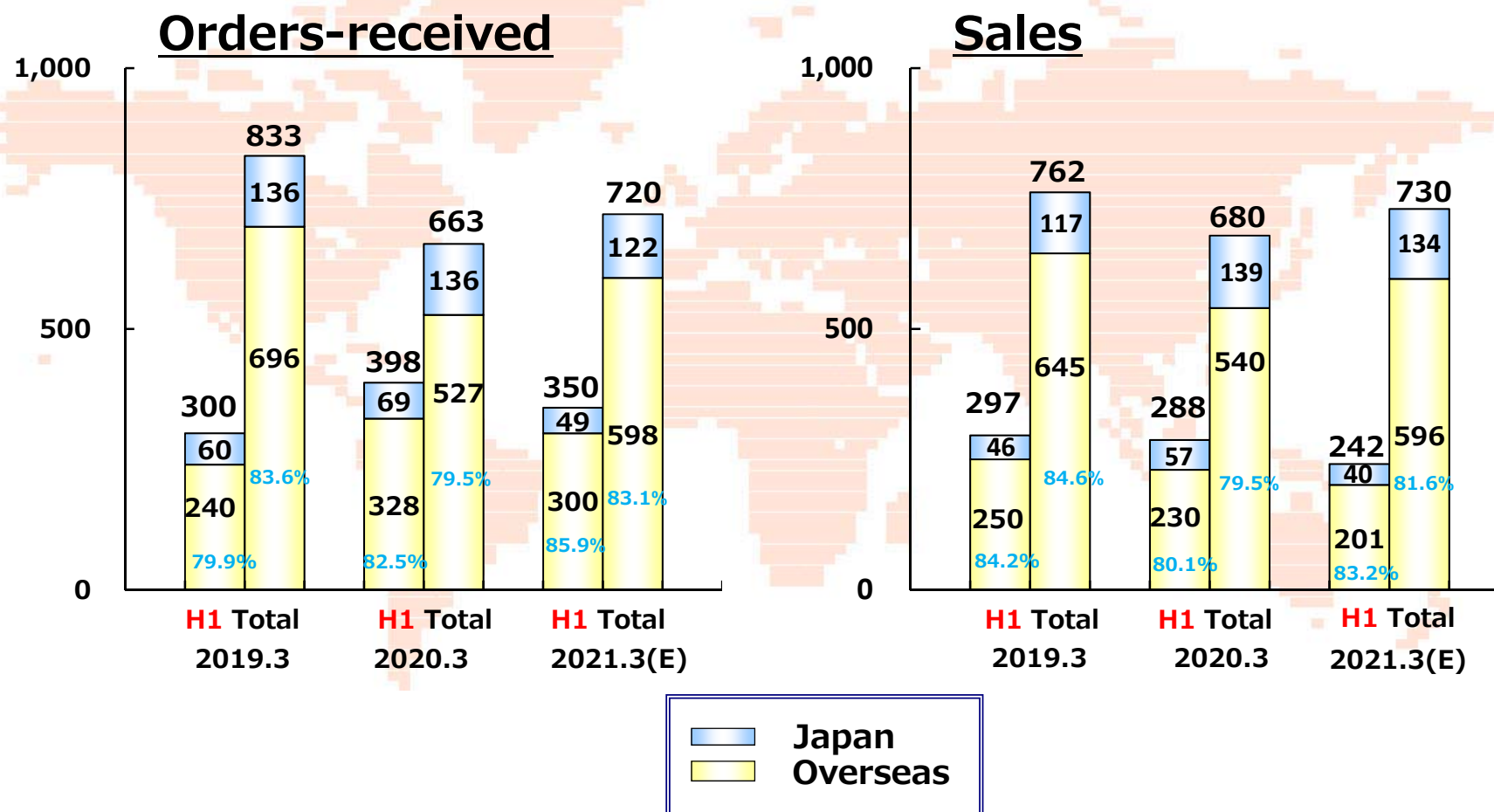
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2020

Paint Finishing System Division (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

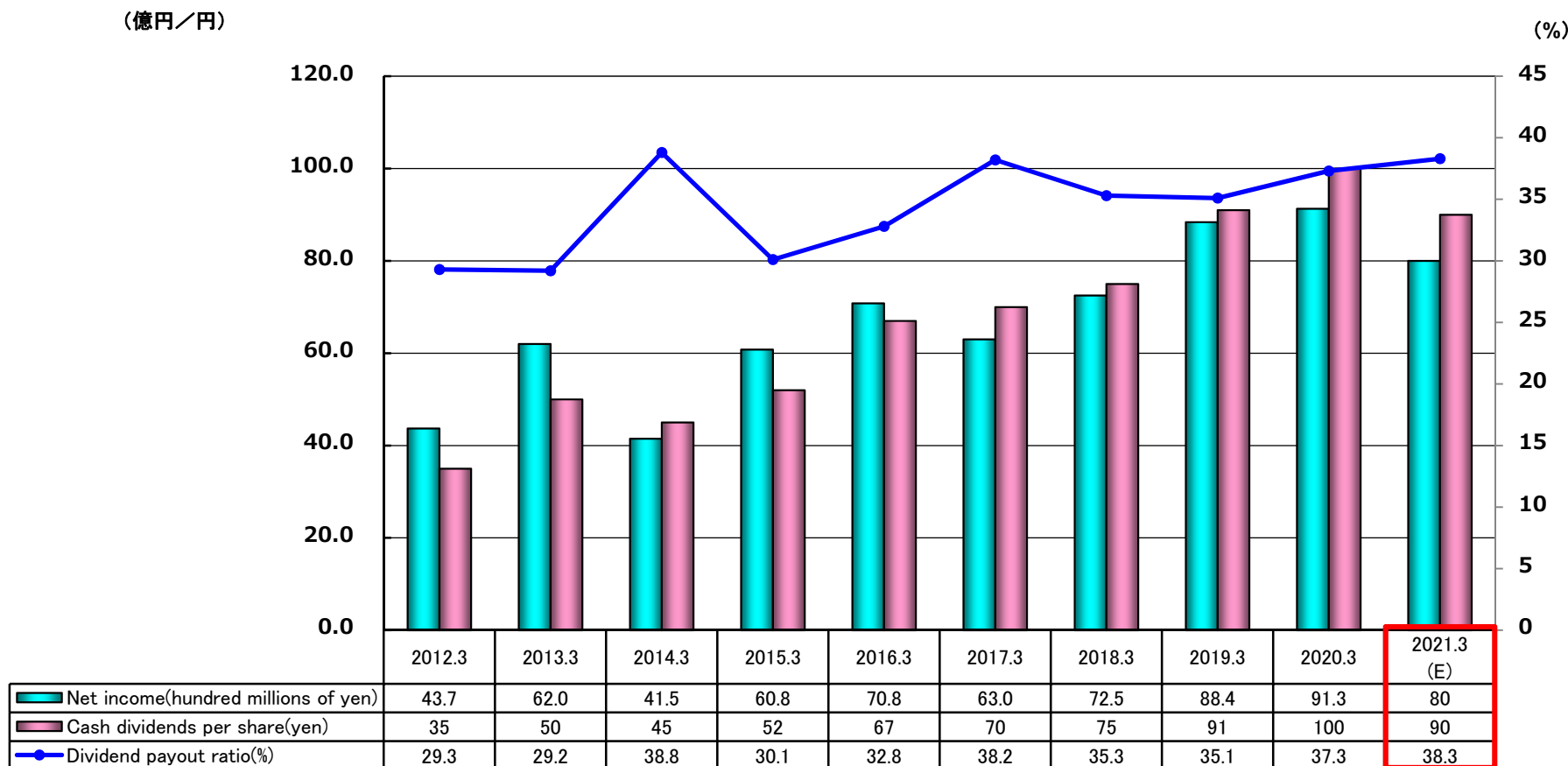
Disposal Record

(by ESOP)

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

6 Shareholders Returns

Net income & Cash Dividends



The basic policy is to implement steady dividends by targeting a consolidated dividend payout ratio of 35%. Regarding the estimated annual dividend ended March 31, 2021, it is 90 yen per share. (dividend payout ratio of 38.3%)

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

Reinforcement of technological development and proposal capabilities /
Promotion of initiatives into new businesses (e.g. improvement of R&D facilities)

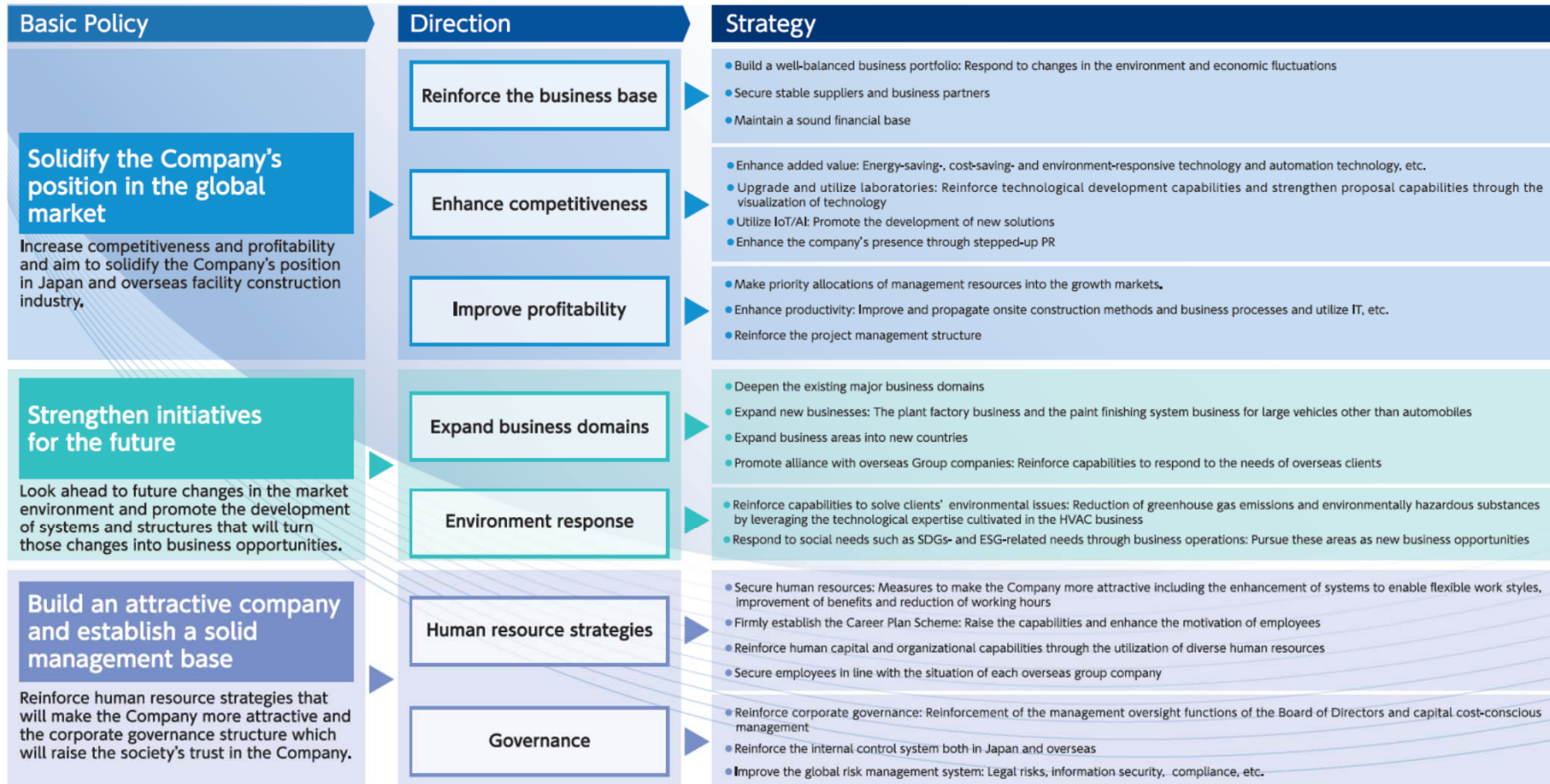
Enhancement of productivity (e.g. utilization of IT) /
Human resource development

Capital investments such as M&As

Investment amount (Planned)

200 hundred million yen

Basic Policy and Direction/Strategy



Initiatives of each strategy ~Achievement①~

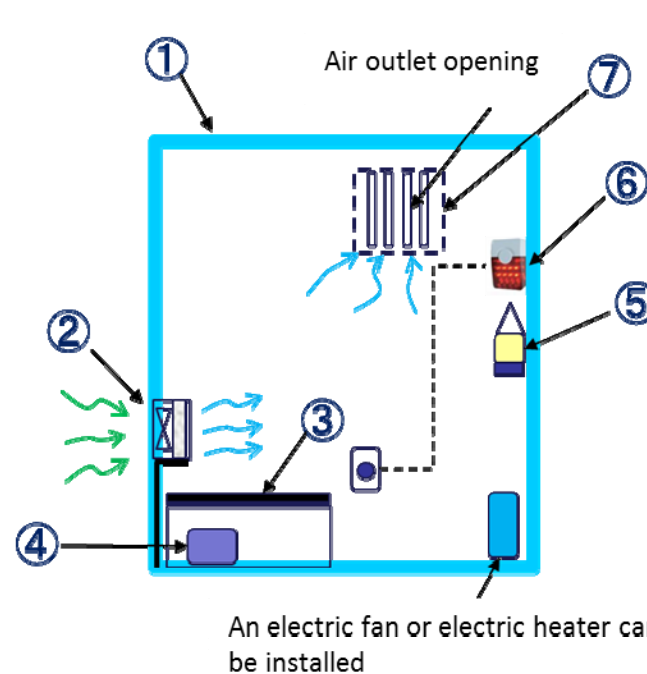
Strategy : Respond to social needs through business operations①



Exterior appearance

- 1700mmW
- x 2100mmL
- x 1910mmH

“Barrier Cube” Evacuation Shelter



- ① Prefabricated shelter
 - Made of plastic cardboard
 - Good for repeated use
 - Safe to apply sterilization spray, etc. on the surface
 - Has high daylighting availability, giving a sense of openness
- ② Providing ventilation by supplying air filtered by the HEPA Filter (equipped with an air supply fan)
 - Maintains positive pressure within the shelter (preventing the infusion of outdoor air)
- ③ Portable foldable bed
- ④ Rechargeable battery
- ⑤ LED lighting (removable and portable)
- ⑥ Emergency warning flash lamp (with remote switch)
- ⑦ Exhaust filter

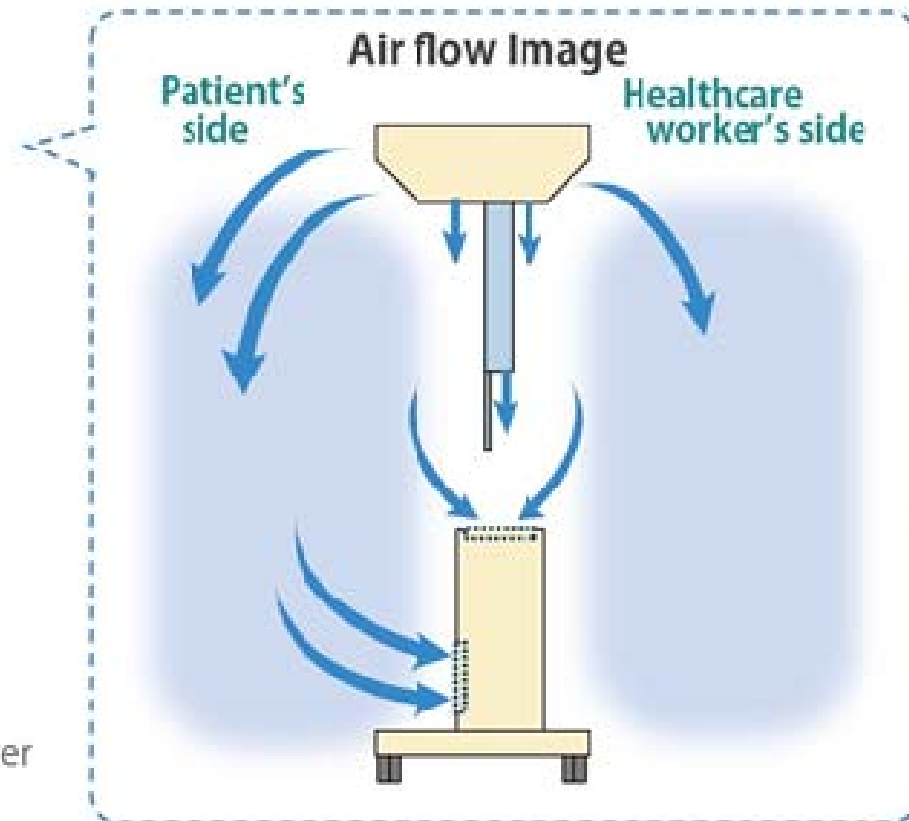
Initiatives of each strategy ~Achievement③~

Strategy : Respond to social needs through business operations②

Examples of usage



- When providing health care face-to face
- Each specimen collection for PCR tests or other
- Each medications when patients cannot wear masks such as endoscopy, etc



Initiatives of each strategy ~Achievement③~

Strategy : Expansion of overseas business domain through capital alliance

At the end of July 2020, Taikisha Ltd. (hereinafter “Company”) conducted a capital participation in Nicomac Clean Rooms Far East LLP, a manufacturer and marketer of clean room panels in India (hereinafter “Nicomac”).

Nicomac manufactures and sells high quality panels to Indian pharmaceutical manufacturers as its main customers.

Taking advantage of this capital participation, in the Indian market, which is expected to grow economically in the medium to long term, the Company aims to strengthen its ability to respond to the Indian clean room construction market, by combining Nicomac's panel manufacturing and installation technologies with air conditioning system technologies of the Company, mainly in the pharmaceutical manufacturing environment, which requires high performance air conditioning systems.



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>Efforts for post-corona damage such as expansion of telework system</p> <p>Taikisha is considering measures to improve the working styles of employees and improve work efficiency in anticipation of the post-corona damage, such as expanding the telework system suitable for Taikisha.</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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