

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

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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

My name is Koji Kato, Representative Director, President Corporate Officer.

Thank you very much for attending our financial results briefing today.

We wanted to explain to you face-to-face, but this time we will explain the financial results remotely to prevent the spread of COVID-19 infection.

I would like to present the business environment, our achievements for the first half of FY2020, and our 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.

Regarding the business environment of the Group, in Japanese market, 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.

In overseas markets as well as in Japan, 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.

Next, I would like to explain the business achievements for the first half.

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

Next, I would like to explain the full-year earnings forecast.

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.

First, I would like to explain the outlook for the business environment.

In 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.

Regarding 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.

Under these circumstances, we decided the full-year earnings forecast remains unchanged at this point, because, as I mentioned earlier, the achievements for the first half are almost as expected compared to the original expectation for the current term disclosed at the time of the announcement of the first quarter financial results.

We will continue steadily implementing each measure in accordance with the basic policy of the mid-Term business plan, and aim for achievement of the forecast.

Furthermore, Nakagawa, Chief Executive, Administrative Management Headquarters will explain achievements and progresses on initiatives of each strategy in mid-term business plan (FY2019-FY2021), after the explanation on the achievements of the first half of FY2020.

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

My name is Masanori Nakagawa, Director, Managing Corporate Officer, Chief Executive of the Administrative Management Headquarters.

I am going to explain the financial results of 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)	(Δ216)
(Overseas)	(518)	(495)	(Δ22)
Green Technology	786	594	-191
Building HVAC	235	161	-74
Industrial HVAC	550	433	-117
(Japan)	(360)	(238)	(Δ122)
(Overseas)	(189)	(194)	(5)
Paint Finishing	398	350	-48
(Japan)	(69)	(49)	(Δ20)
(Overseas)	(328)	(300)	(Δ27)

(Green Technology System Business)

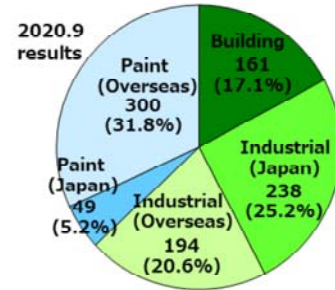
In the field of Building HVAC, there was reactionary decline due to orders for large-scale projects in the same period of FY2019 and postponement of investment in the short term due to the spread of COVID-19 infection.

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.

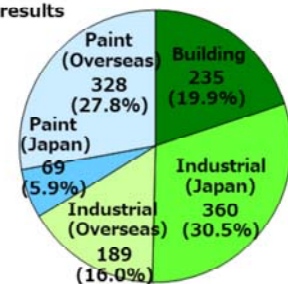
On the other hand, the field of industrial HVAC in overseas was also affected by the economic downturn, but due to orders for large-scale redevelopment projects in Thailand, etc., the orders-received increased.

(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



This slide shows a comparison between the orders-received by business in the first half of FY2020 and those in the same period of FY2019.

The orders-received consolidated basis decreased 23.9 billion yen to 94.5 billion yen.

Of this, the orders-received of Green Technology System Business totally decreased by 19.1 billion yen to 59.4 billion yen.

In the field of Building HVAC, order-received amounted to 16.1 billion yen with a decrease of 7.4 billion yen, because of 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, orders-received amounted to 23.8 billion yen with a decrease of 12.2 billion yen, because of 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 amounted to 19.4 billion with increase of 5.0 billion yen.

As for Paint Finishing System Business, although we received orders for large-scale projects from non-Japanese customers in Europe FY2020, orders-received amounted to 35.0 billion yen with a decrease of 48.0 billion yen, 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.

1 Highlight of the First Half of FY2020

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

(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)

(Green Technology System Business)

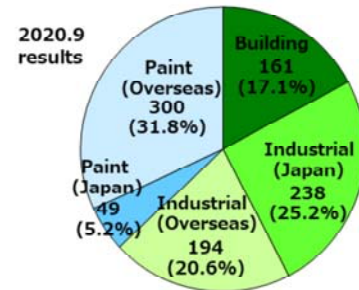
In the field of Building HVAC, the orders-received exceeded original expectation, because the projects that were expected to be issued in the second half or later in view of the movement of customers to postpone the investment period due to the spread of the COVID-19 infection were received ahead of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

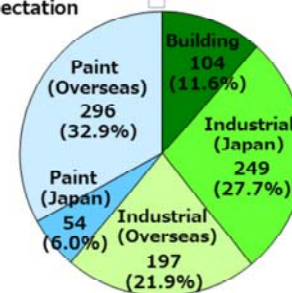
(Paint Finishing System Business)

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

Component



Original expectation



This slide shows a expected comparison of orders-received with the original expectation.

The original expectation is not changed from the one disclosed at the time of the announcement of the first quarter financial results on August 11.

In consolidated basis, the orders-received exceeded original expectation by 4.5 billion yen.

Of this, in Green Technology System Business, the orders-received exceeded original expectation by 4.4 billion yen.

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.

On the other hand, 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)	(Δ168)
(Overseas)	(407)	(341)	(Δ65)
Green Technology	761	573	-188
Building HVAC	251	175	-75
Industrial HVAC	510	397	-112
(Japan)	(334)	(258)	(Δ75)
(Overseas)	(176)	(139)	(Δ36)
Paint Finishing	288	242	-45
(Japan)	(57)	(40)	(Δ16)
(Overseas)	(230)	(201)	(Δ29)

(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.

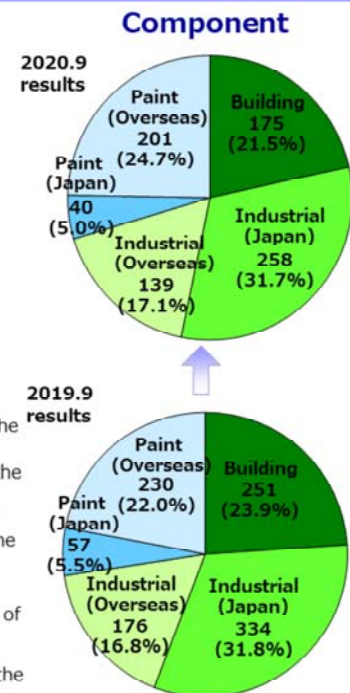
In the field of industrial HVAC in Japan, significant progress of several large-scale projects in the same period of FY2019, so the net sales decreased.

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.



This slide shows a comparison between the net sales of completed construction contracts by business in the first half of FY2020 and those in the same period of FY2019.

The net sales consolidated basis decreased 23.3 billion yen to 81.5 billion yen.

Of this, the net sales of Green Technology System Business totally decreased by 18.8 billion yen to 57.3 billion yen.

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.

Regarding 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 by 4.5 billion yen to 24.2 billion yen.

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

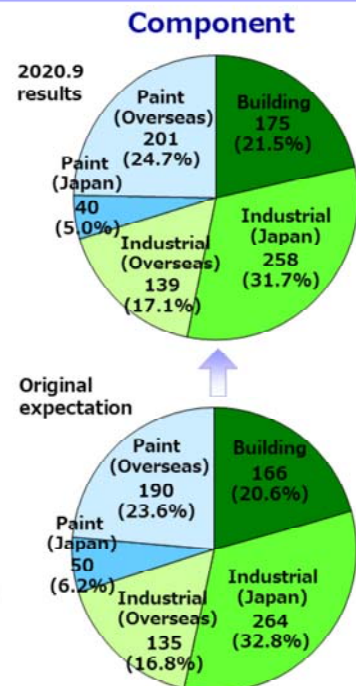
1 Highlight of the First Half of FY2020

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.



This slide shows a comparison between expectations of the net sales of completed construction contracts and the actual net sales.

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

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.

This slide shows a comparison between the profit by business in the period ended in September of FY2020 and that in the same period of FY2019.

In consolidated basis, the ordinary income amounted to 3.7 billion yen with a decrease of 3.9 billion yen.

Of this, the ordinary income of Green Technology System Business amounted to 4.4 billion yen with a decrease of 3.0 billion yen because of a significant decrease in the amount of the net sales of completed construction contracts.

In the Paint Finishing System Business, 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%

This slide shows a comparison between the expectation of profits and the actual profits in the first half of FY2020.

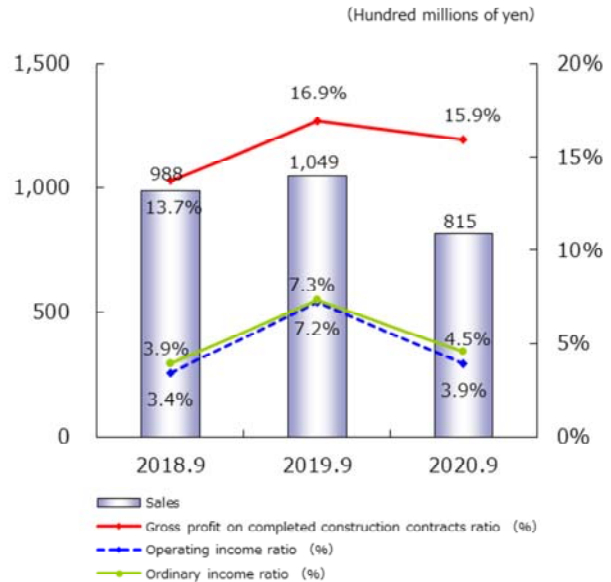
Both Green Technology System Division and Paint Finishing System Division achieved almost the expected results.

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%

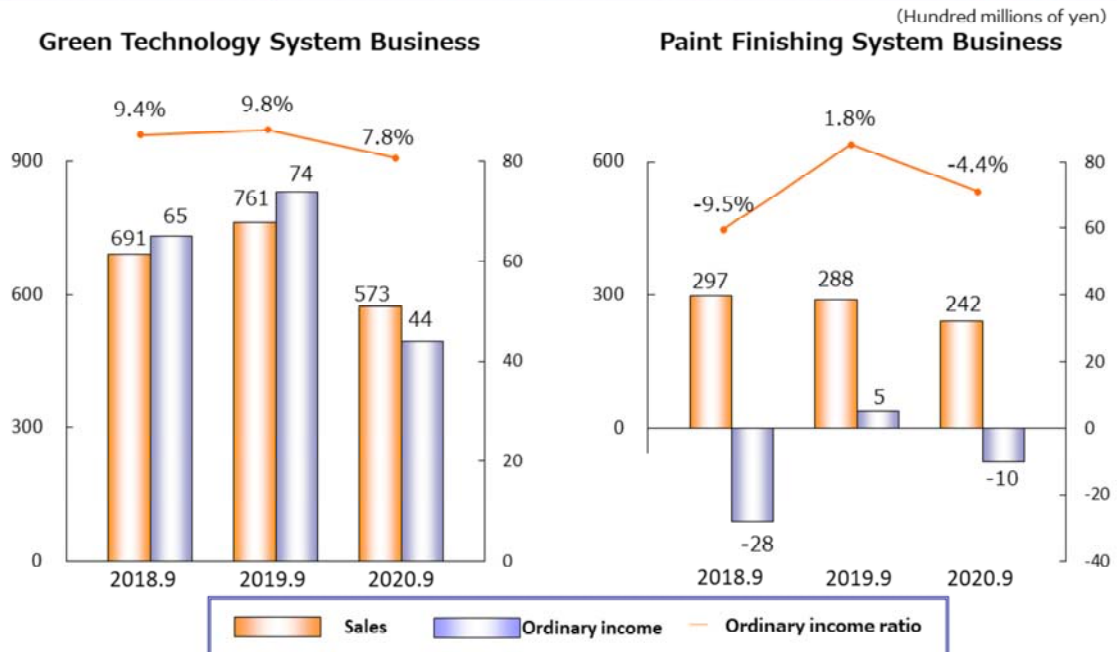


This slide shows income data for the past three fiscal years.

Please take a look at it for reference.

1 Highlight of the First Half of FY2020

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

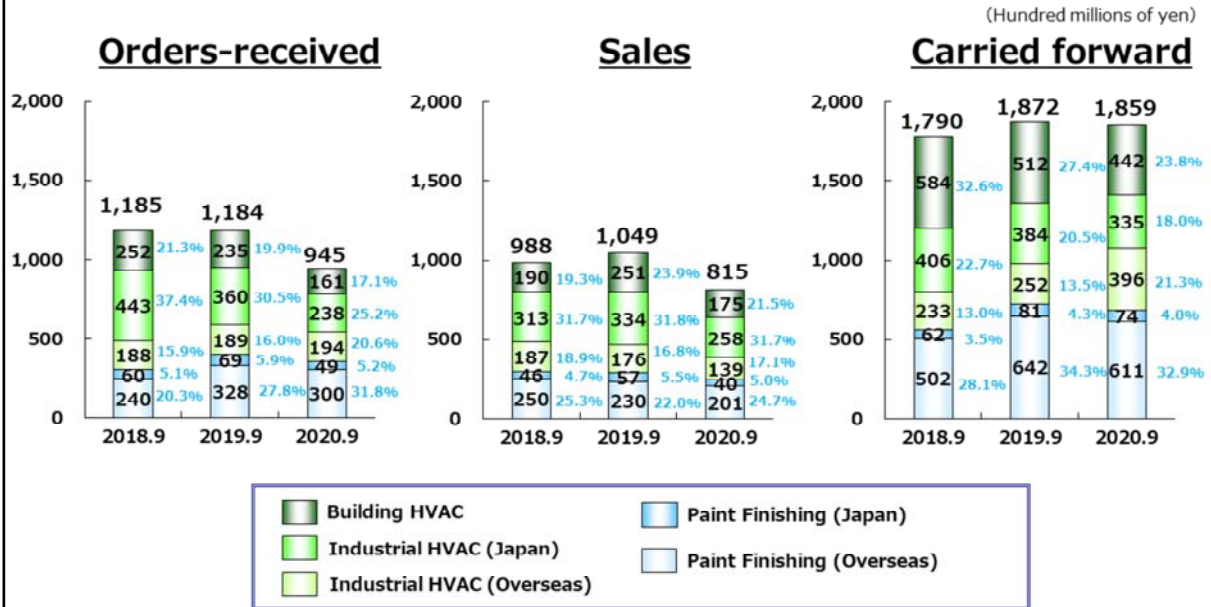


This slide shows graphs of the net sales of completed construction contracts and ordinary income by business that I explained earlier.

I hope you will take a look at them.

1 Highlight of the First Half of FY2020

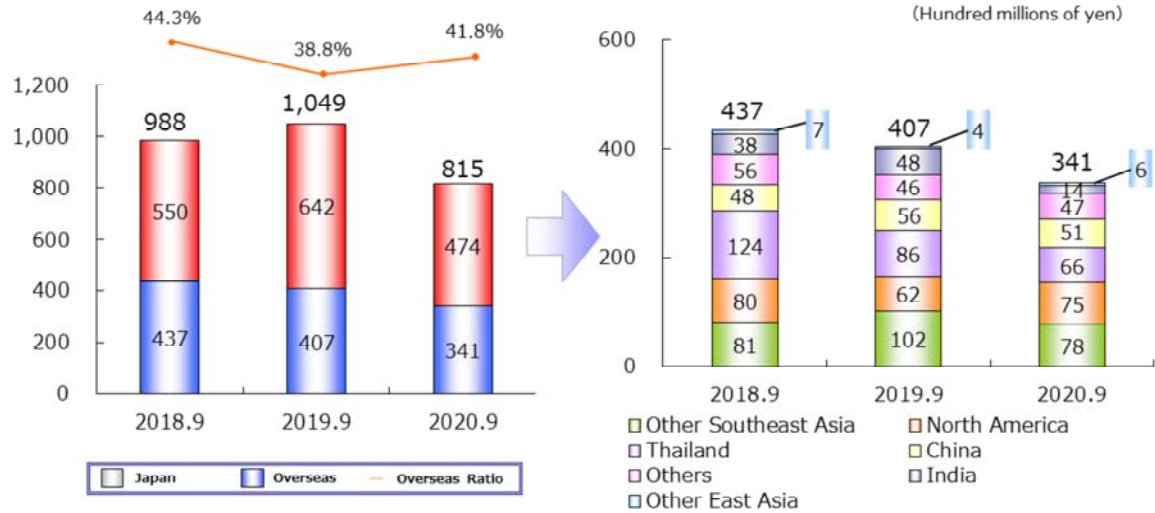
6. Orders-received / Net sales of completed construction contracts / Construction carried forward



This slide shows the breakdown and changes of orders-received, net sales of completed construction contracts, and construction contracts carried forward by business.

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

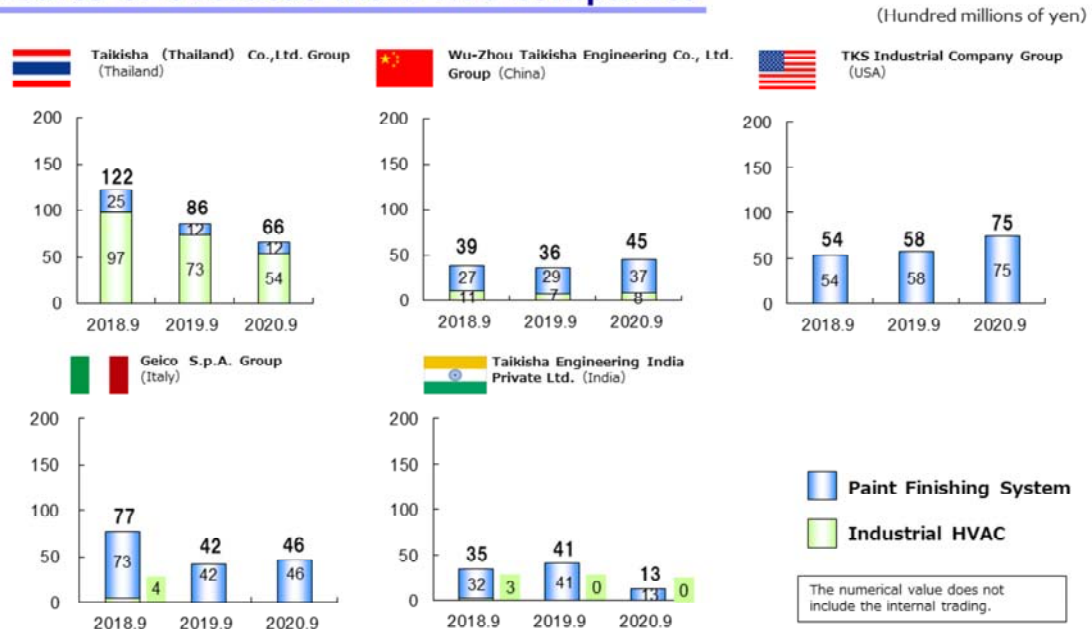
This slide shows the change of overseas net sales of completed construction contracts by region.

The left graph shows the breakdown of net sales in Japan and overseas and the ratio of net sales in overseas.

The amount of net sales of completed construction contracts for this term decreased both in Japan and overseas compared to the same period of the previous year, but the overseas ratio increased because the decrease in Japan was larger.

1 Highlight of the First Half of FY2020

8. Sales of overseas main five companies



This slide shows the change of the net sales of the completed construction contracts of five overseas main companies.

The sales of Geico in the same period of FY2018 were high thanks to large-scale automobile paint finishing system projects in the U.S.

1

Highlight of the First Half of FY2020 9. Consolidated Balance Sheet

(Hundred millions of yen)

	2020.3	2020.9	Change		2020.3	2020.9	Change
Current assets	1,689	1,534	-155	Current liabilities	939	818	-120
Cash and deposits	576	508	-67	Notes payable, accounts payable for construction contracts and other	576	395	-180
Notes receivable, Accounts receivable from completed construction contracts and other	967	831	-135	Advances received on uncompleted construction contracts	143	177	33
Securities	35	10	-25	Provision for loss on construction contracts	2	1	-1
Costs on uncompleted construction contracts- Raw materials and supplies	34	41	6	Other	216	244	27
Other intangible assets	79	145	65	Non-current liabilities	86	108	21
Allowance for doubtful accounts	-3	-2	0	Total liabilities	1,025	926	-98
Non-current assets	464	543	79	Total net assets	1,128	1,151	22
Property, plant and equipment	104	105	0	Capital stock	64	64	0
Goodwill	7	48	40	Capital surplus	50	50	0
Other intangible assets	28	32	3	Retained earnings	908	915	6
Investment securities	243	274	30	Treasury shares, at cost	-25	-25	0
Deferred tax assets	6	5	-0	Valuation difference on available-for-sale securities	83	105	21
Other	73	78	4	Deferred gains or losses on hedges	-0	-0	-0
Allowance for doubtful accounts	-0	-0	0	Foreign currency translation adjustment	3	-4	-8
Total assets	2,153	2,077	-75	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

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.

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This slide shows the consolidated balance sheet for the first half of the current fiscal year.

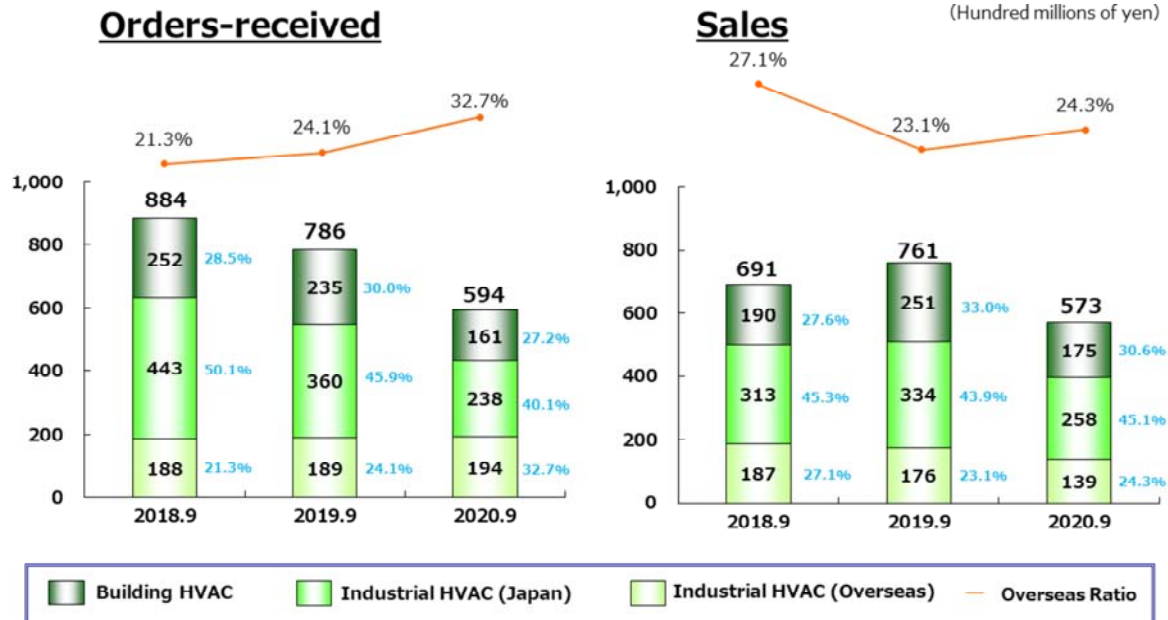
On July 30, 2020, Taikisha Ltd. conducted a capital participation in Nicomac Clean Rooms Far East LLP a manufacturer and marketer of clean room panels in India and it became a consolidated subsidiary.

The outline of this matter will be announced separately in the latter part, but regarding the impact on business performance, since the deemed acquisition date is September 30, 2020, during the second quarter consolidated cumulative period, only the balance sheet of Nicomac is consolidated and the income statement is not consolidated.

As a result, goodwill increased by 4 billion yen from the end of the previous fiscal year.

2 Results of Green Technology System Business

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



From this slide, I would like to explain the results of the Green Technology System Business.

The left graph and the right graph show the change of orders-received and the change of net sales of completed construction contracts by category, respectively.

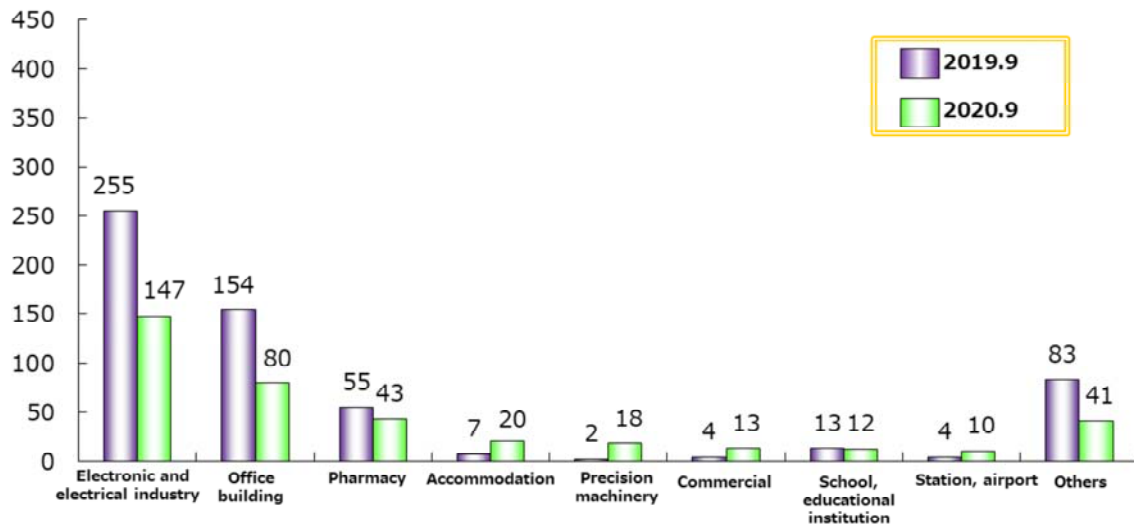
The amount of orders-received continued to decline in Japan, and the overseas ratio was on an upward trend.

The amount of net sales of completed construction contracts decreased both in Japan and overseas, but the rate of decrease in Japan was larger and the overseas ratio increased.

2 Results of Green Technology System Business

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

(Hundred millions of yen)



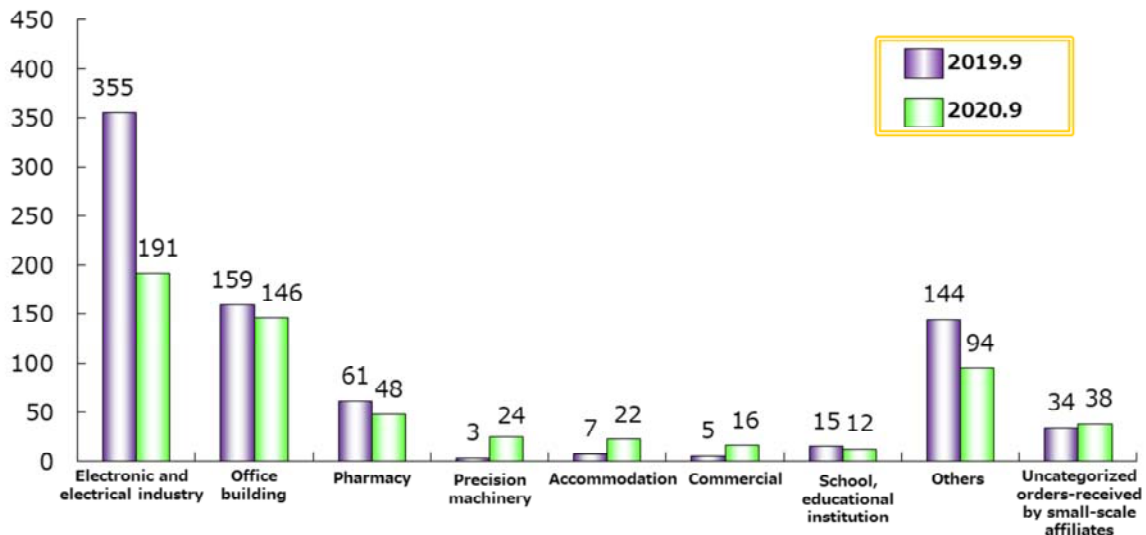
This slide shows the non-consolidated orders-received by market categories.

Orders-received in the electrical and electronic industry and office building fell sharply due to the reactionary decline due to orders-received for large-scale projects in the same period of FY2019 and the spread of the novel coronavirus infection.

2 Results of Green Technology System Business

3. Order of the market classification (Consolidated)

(Hundred millions of yen)



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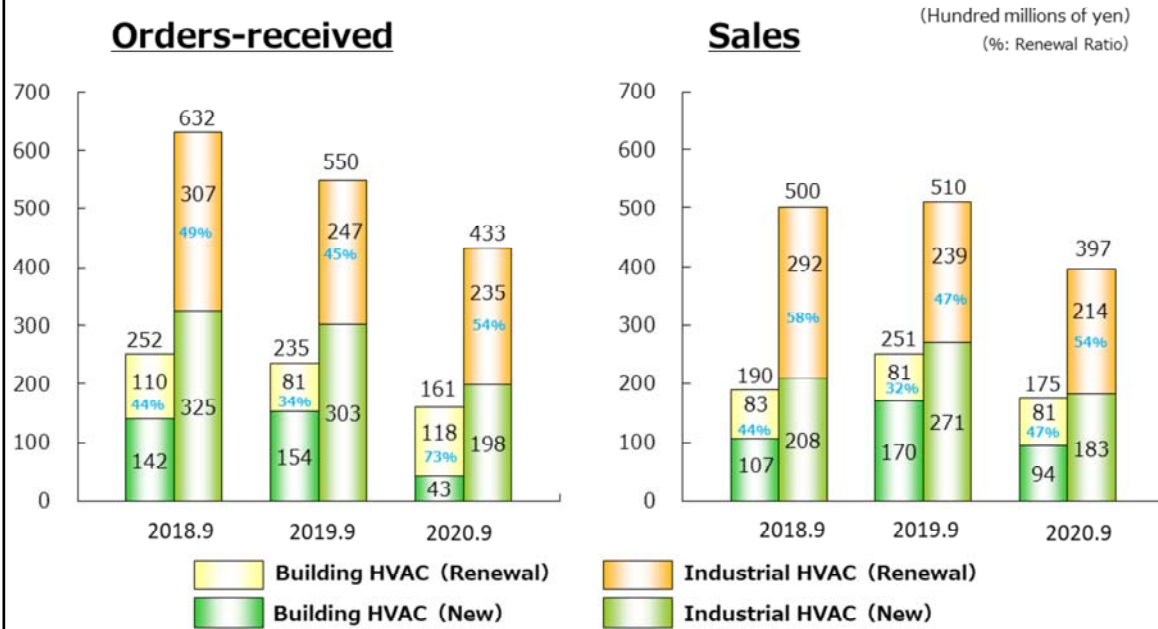
This slide shows the consolidated orders-received of the Green Technology System Business by market category.

Orders-received in the electronic and electrical industry also declined overseas due to adjustments in capital investment due to the economic downturn.

On the other hand, regarding orders-received in the office building, the difference from the same period of FY2019 on a non-consolidated basis narrowed due to orders for large-scale redevelopment projects in Thailand FY2020.

2 Results of Green Technology System Business

4. Renewal construction (Consolidated)

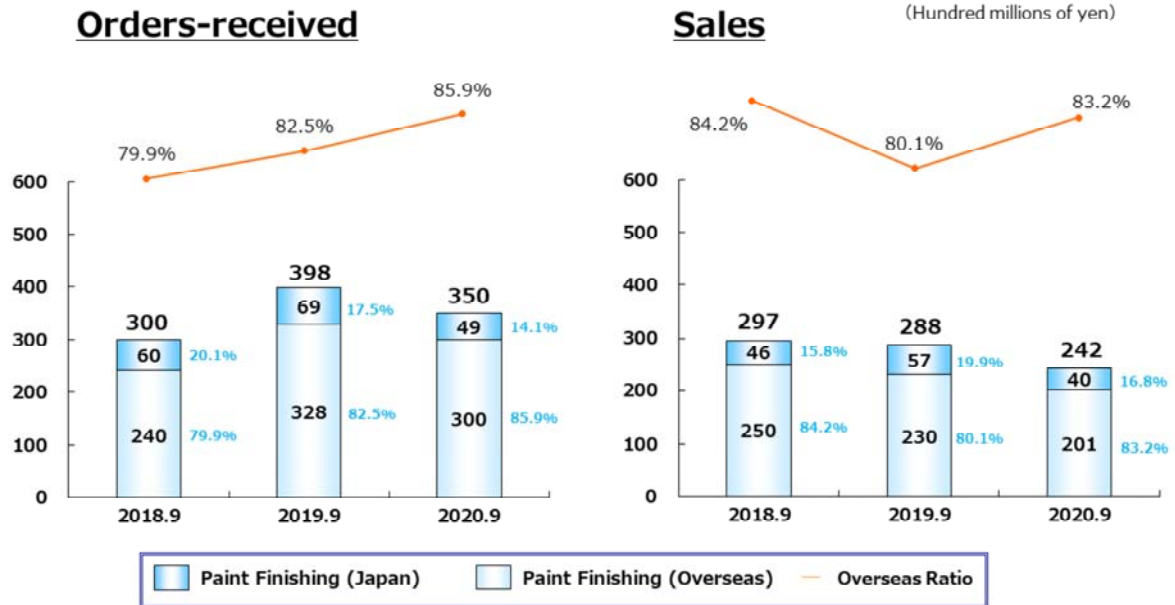


This slide shows the change of the orders-received and the net sales of completed construction contracts for renewal construction projects.

Orders-received for renewal construction projects of Building HVAC increased in FY2020 due to orders for large-scale renewal projects.

3 Results of Paint Finishing System Business

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



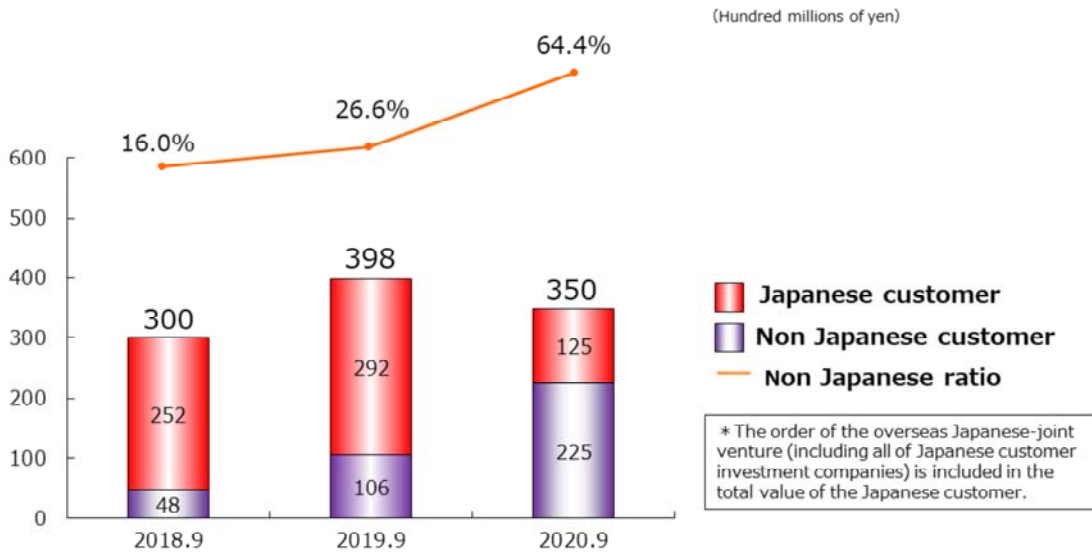
From this slide, I would like to explain the Paint Finishing System Business.

The overseas ratio of orders-received has been on the rise.

The net sales of completed construction contracts decreased both in Japan and overseas compared to the same period of FY2019, but the rate of decrease in Japan was large and the overseas ratio increased.

3 Results of Paint Finishing System Business

2. Order ratio from non Japanese customers



This slide shows the ratio of the orders-received from non-Japanese automobile manufacturers.

The order ratio from non Japanese customers increased significantly in FY2020 due to orders for large-scale projects 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				
Orders-received 23 cases 445 hundred millions of yen	Japan 132 hundred millions of yen	13 cases	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
	Overseas 312 hundred millions of yen	10 Cases	Office building	1
			Electronic and electrical industry	1
			Other factory	1
Automobile			4	
Truck			1	
		Railway	1	
		Motorcycle	1	

Slides 29 to 30 show the orders-received and net sales, each of which amounted to 500 hundred millions of yen or more in the results of the first half FY2020. And slide 31 shows the contract carried forward, which amounted to 1 billion yen or more in the results of the first half of FY2020.

Please take a look at them.

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				
Sales 27 cases 285 hundred millions of yen	Japan 144 hundred millions of yen	16 Cases	Office building	4
			School, educational institution	1
			Accommodation	1
			Electronic and electrical industry	6
			Pharmacy	3
			Transportation equipment	1
	Overseas 141 hundred millions of yen	11 Cases	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		
Carried forward	Japan 367 hundred millions of yen	16 cases	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			
	Overseas 698 hundred millions of yen	23 cases	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			
			39 cases				
			1,066 hundred millions of yen				

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 : △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.

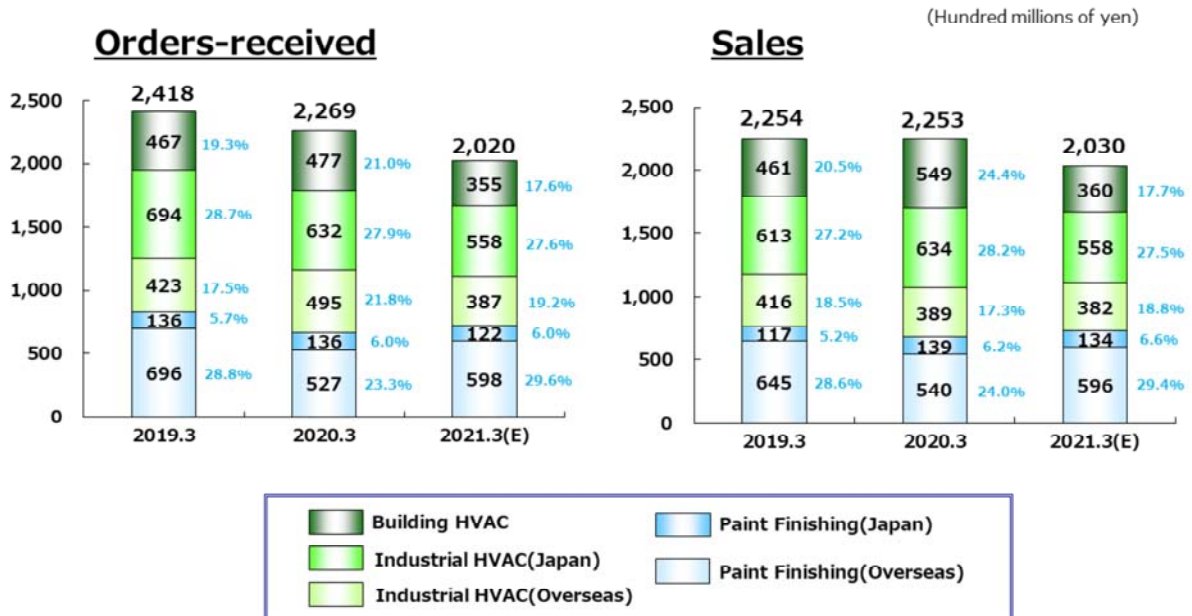
※ Influence for the earnings forecasts for FY2020 when all exchange rates fluctuate by 1% is;

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

This slide is a sheet of expectations of results of FY2020 and the actual results of FY2019.

5 Earnings Forecast for FY2020

Earnings Forecasts by Business

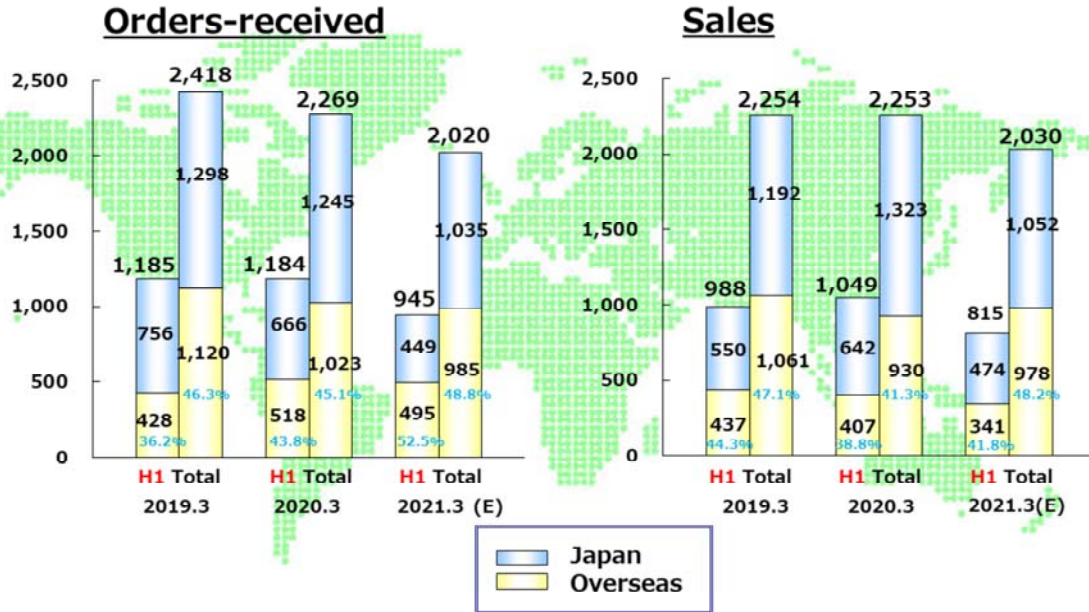


Slides 33 to 36 show the earnings forecasts for orders-received and net sales of completed construction contracts both on a whole group by business segment. Please take a look at it for your reference.

5 Earnings Forecast for FY2020

Total (Japan/Overseas)

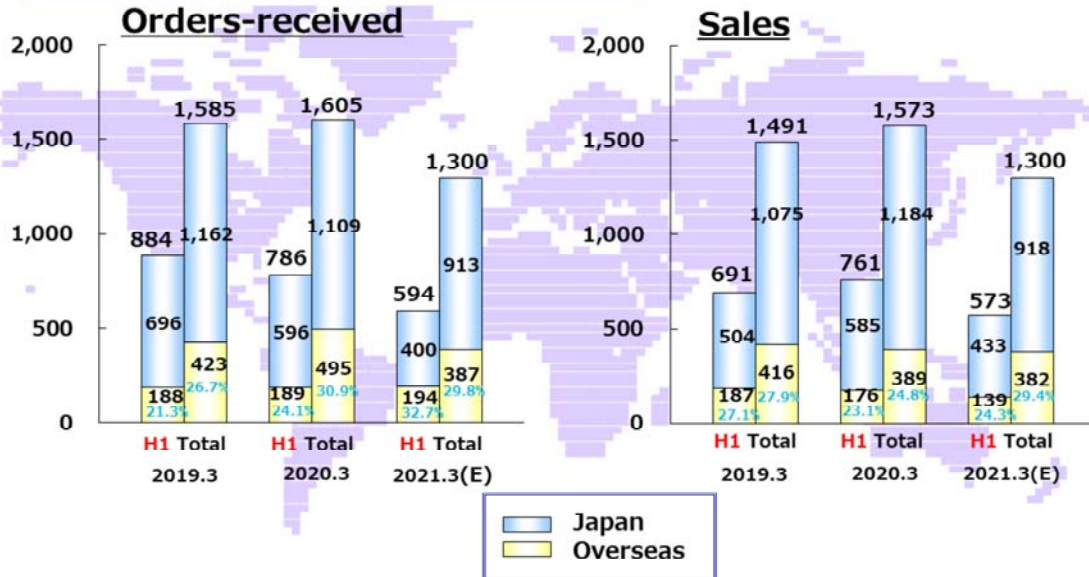
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2020

Green Technology System Division (Japan/Overseas)

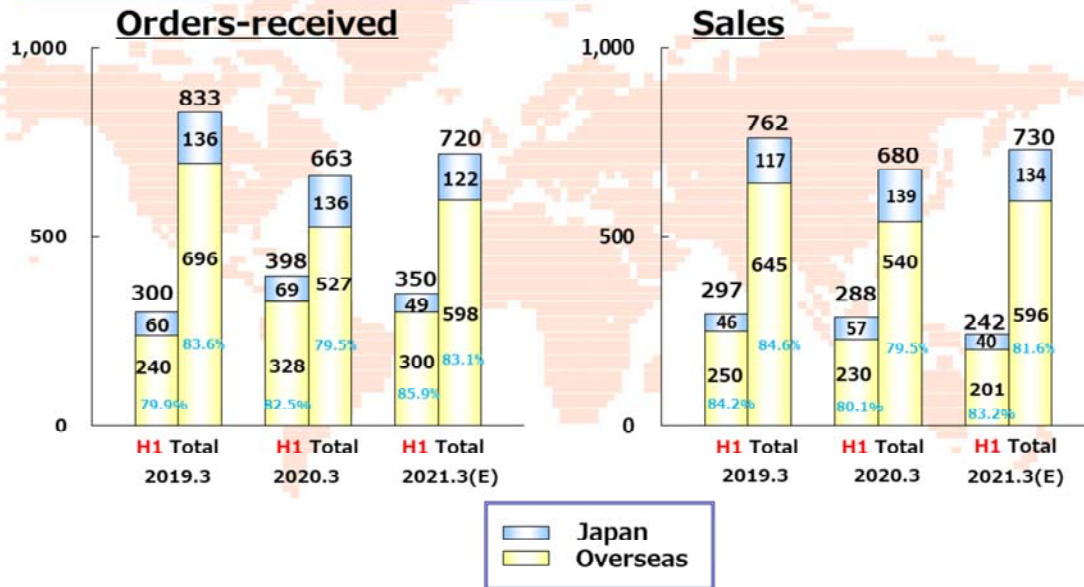
(Hundred millions of yen)
(%: Overseas ratio)



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

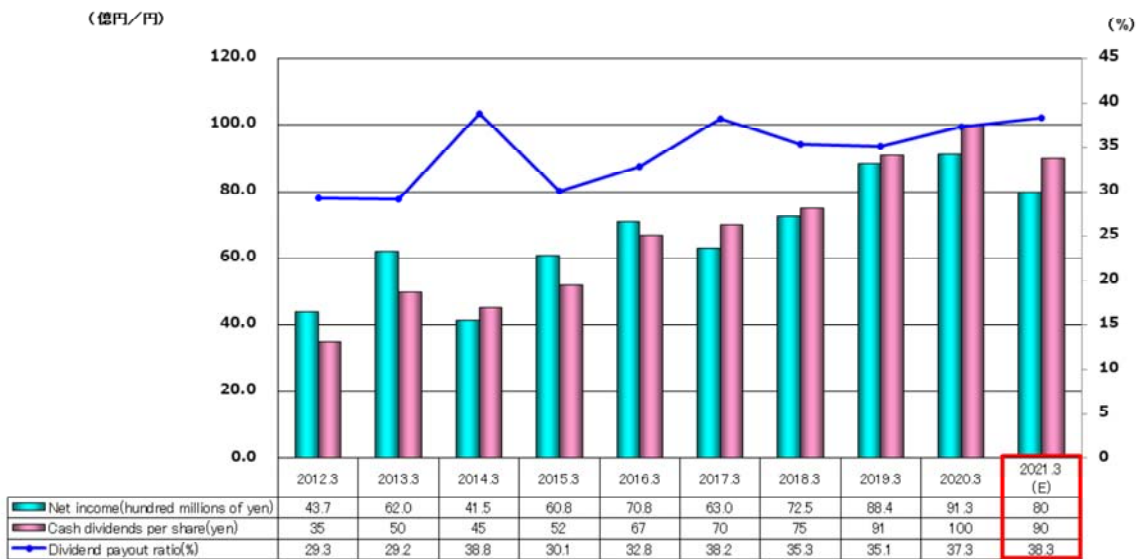
<u>Purchase Record</u>				<u>Retirement Record</u>			
Date	Number (thousand)	Unit Price (yen)	Amount (million yen)	Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2005/12	40	1,933	77	2008/8	1,200	1,593	1,912
2006/2	597	1,780	1,062	2018/2	1,700	2,443	4,154
2006/7,8	500	1,401	700				
2011/8	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				

<u>Disposal Record</u> (by ESOP)			
Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2013/2	180	1,860	334

This slide shows the results of the purchase and retirement disposal of treasury stock.

Our basic policy is to purchase and retire treasury stock flexibly in order to improve capital efficiency and promptly implement financial policies.

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%)

This slide shows data on cash dividends.

One of the most important policies is to return profits to shareholders through profit dividends, and the basic policy is to implement steady dividends by targeting a consolidated dividend payout ratio of 35%. Regarding the estimated annual dividend for the fiscal year ending March 31, 2021, it is 90 yen per share, considering comprehensively the results and this policy.

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

From this slide, I explain the initiatives of each strategy in mid-term business plan.

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.

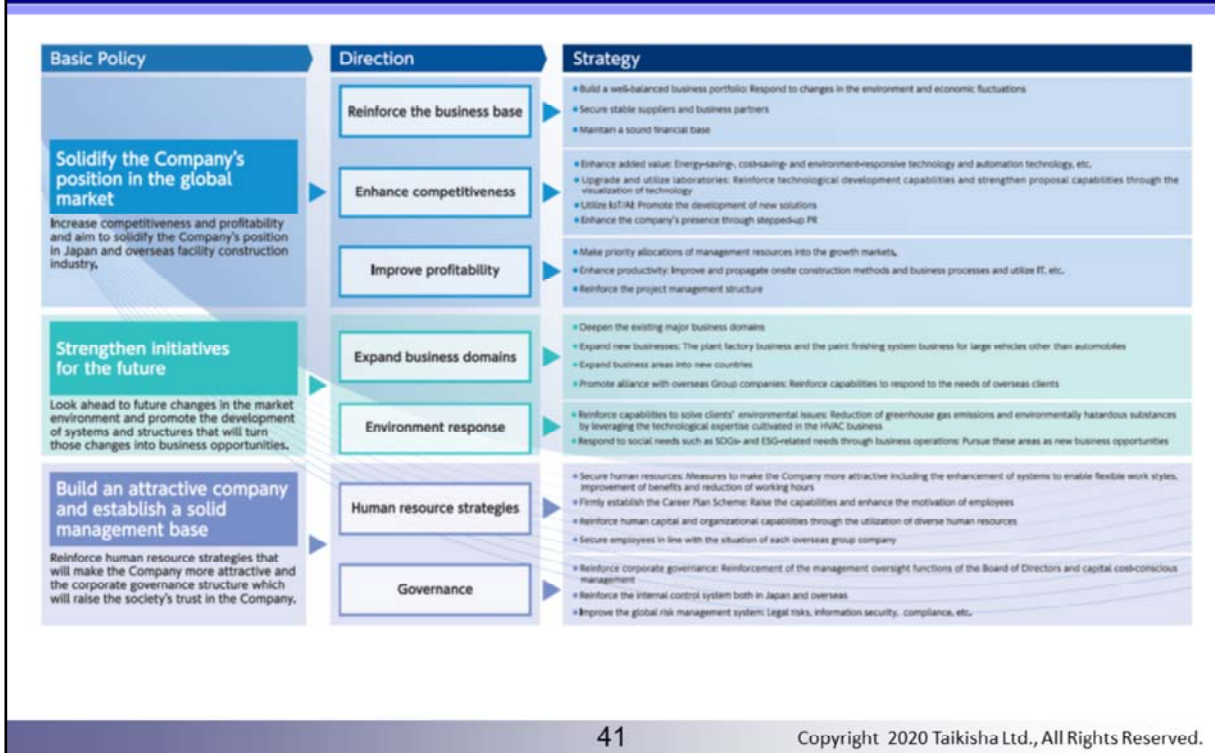
Quantitative targets for the FY 2021

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)	
Enhancement of productivity (e.g. utilization of IT) / Human resource development	200 hundred million yen
Capital investments such as M&As	

This slide shows long-term vision, quantitative targets, and investment theme of this mid-term business plan.

Basic Policy and Direction / Strategy



This slide shows basic policy and direction, and strategy.

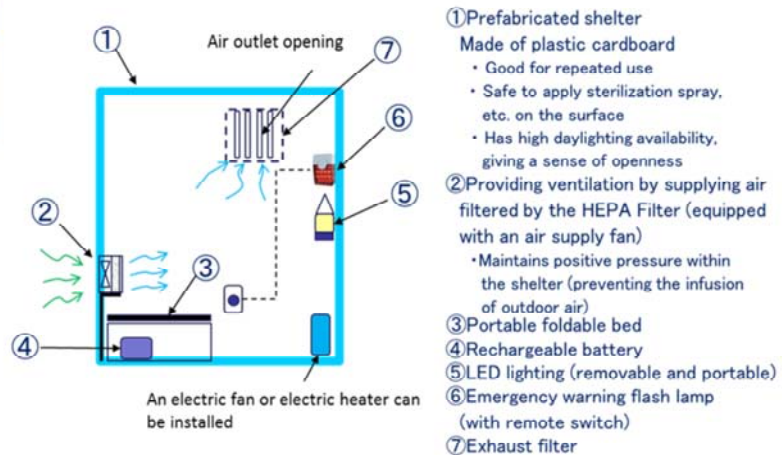
Initiatives of each strategy ~Achievement①~

Strategy : Respond to social needs through business operations①



Exterior appearance
 • 1700mmW
 x 2100mmL
 x 1910mmH

“Barrier Cube” Evacuation Shelter



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From this slide, we will inform you about the results of this term among the efforts in each strategy of the medium-term management plan.

This slide, as achievement of one of the strategies of the mid-term business plan, respond to social needs through business operations.

As the infection of the new coronavirus continues to spread, Taikisha has developed products that reduce the risk of novel coronavirus infection from the perspective of making social contributions by utilizing the existing air conditioning control technology.

First, in early July, Taikisha has developed “Barrier Cube,” an emergency shelter that can reduce the risk of novel coronavirus infection, for use at indoor evacuation centers in times of disaster.

Conventional evacuation shelters typically use curtains and cardboard as partitions to create private spaces. Meanwhile, Taikisha has developed a closed-off private shelter room with a high degree of privacy that can effectively reduce the risk of novel coronavirus infection by maintaining air cleanliness within the shelter through incorporating its proprietary air-conditioning technology.

As its biggest feature, Barrier Cube is equipped with a High Efficiency Particulate Air (HEPA) Filter (an ultra-high-performance filter with a strong air cleaning function) with an air ventilation fan as a mechanism to maintain a high level of air cleanliness within the shelter.

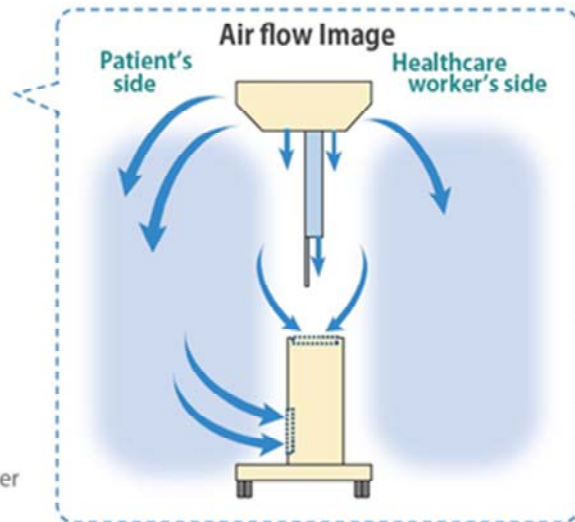
Initiatives of each strategy ~Achievement③~

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



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Furthermore, at the end of July, Taikisha has developed and proposed “Air Infection Block Plus,” a transportable high-performance air barrier unit that can reduce the risk of exposure to the virus infection simply through installation in a required place such as when Healthcare professional performs medical procedures with patients in face-to face or when medical examinations via specimen collection for PCR tests, etc.

Air Infection Block Plus protects healthcare professionals with a "unidirectional air flow" that has a centralized configuration of the air curtain and the air inlet on the patient's side.

Air Infection Block Plus also prevents the occurrence of secondary infection by adopting an additional aid of sterilization effect on HEPA filter.

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.



Next, I would like to report on the achievements in "Expansion of overseas business domain through capital alliance".

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We will continue to consider aggressive M & A in growth markets.

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>

Please refer to the following slides for the main initiatives of each strategy in progress.

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

We will explain the progress of the mid-term business plan at financial results briefing every half of the fiscal year.

That concludes my explanation.

Thank you very much for your attention.

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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