



This is Sukhothai Historical Parks, the world heritage of Thailand where we have overseas affiliates.

FY2020 Financial Results Briefing



May 20, 2021

Financial Highlights

- 1 . Business environment and achievements for FY2020
- 2 . Earnings forecast and action for FY2021

1 Business environment and achievements for FY2020

Business Environment

Japanese market

In the Japanese building HVAC market, the state of emergency and other factors had an impact on capital investment, but the market has since recovered.

On the other hand, in the industrial HVAC market, manufacturers continued to be cautious about capital investment due to the impact of the worsening economy and growing uncertainty about the future.

Overseas market

In both industrial HVAC and automobile paint finishing system markets, capital investment by each manufacturer continued to be in an adjustment phase.

1 Business environment and achievements for FY2020

Consolidated performance

(Hundred millions of yen)

	Original Expectation	FY2020 (Result)	Difference
Orders-received	2,020	2,004	-15
Net sales of completed construction	2,030	2,025	-4
Ordinary income	120	122	2
(Ratio)	5.9%	6.1%	0.2%
Profit attributable to owners of parent	80	82	2
(Ratio)	3.9%	4.1%	0.1%

- The orders-received fell short of the initial forecast for the whole Group due to the continued adjustment phase in capital investment overseas in both Green Technology System and Paint Finishing System division as a result of the economic downturn caused by the spread of COVID-19.
- The results of other items were almost in line with the initial forecast.

2 Earnings forecast and action FY2021

Earnings forecast

(Hundred millions of yen)

	FY2020 (Results) (a)	FY2021 (Expectation) (b)	FY2021 (Mid-Term Business Plan) (c)	Difference (b-a)	Difference (b-c)
Orders-received	2,004	2,440	2,650	435	-210
Net sales of completed construction	2,025	2,180	2,600	154	-420
Ordinary income	122	135	160	12	-25
(Ratio)	6.1%	6.2%	6.2%	0.1%	0.0%
Profit attributable to owners of parent	84	84	100	1	-16
(Ratio)	4.1%	3.9%	3.8%	-0.2%	0.1%

- All items are expected to increase for the whole Group.
- Although it is expected to be difficult to achieve the target for FY2021, the final year of our Mid-Term Business Plan (FY2019-FY2021), we will continue to make efforts to reach our targets.

1. Explanation about FY2020

- ① Highlight of FY2020
- ② Results of
Green Technology System Division
- ③ Results of
Paint Finishing System Division
- ④ Main projects in Order/ Sales / Carried forward
- ⑤ Shareholders Returns

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

3. Shareholder Returns

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 FY2020

1 Highlight of FY2020

1-①. Orders-received by Division (previous year comparison)

(Hundred millions of yen)

	FY2019	FY2020	Change
Orders-received	2,269	2,004	-264
(Japan)	(1,245)	(1,121)	(-124)
(Overseas)	(1,023)	(883)	(-139)
Green Technology	1,605	1,355	-250
Building HVAC	477	459	-18
Industrial HVAC	1,127	896	-231
(Japan)	(632)	(508)	(-124)
(Overseas)	(495)	(388)	(-107)
Paint Finishing	663	649	-14
(Japan)	(136)	(154)	(18)
(Overseas)	(527)	(495)	(-32)

(Green Technology System Division)

•In the building HVAC segment, there was an impact on capital investment due to the state of emergency and other factors during the first quarter of FY2020, but the business has since begun to recover.

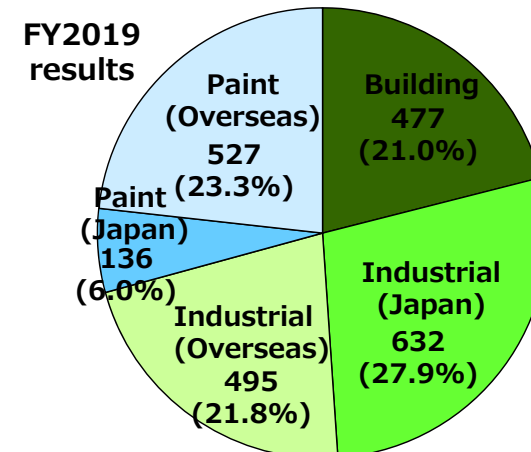
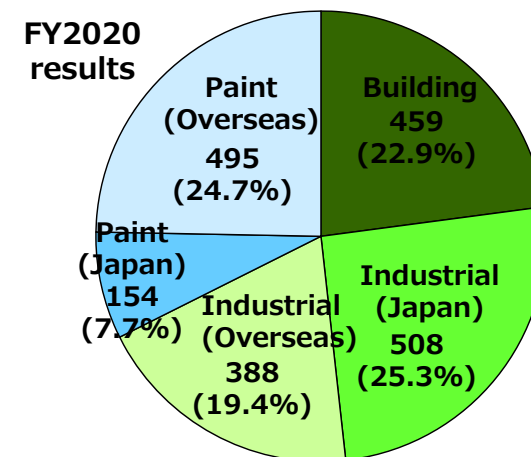
•In the industrial HVAC segment, capital investment in Japan continued to be in an adjustment phase due to a reactionary decline from the large orders-received in FY2019 as well as the economic downturn caused by the spread of COVID-19.

•Capital investment in overseas also continued to be in an adjustment phase due to the economic downturn.

(Paint Finishing System Division)

•Although we received orders for large-scale projects from non-Japanese customers in Europe FY2020 and achieved results from our sales activities in fields other than Automobile in Japan, the orders-received decreased due to the continued adjustment phase of capital investment caused by the economic downturn.

Component



1 Highlight of FY2020

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

(Hundred millions of yen)

	Original expectation A	FY2020 Results B	Difference B-A
Orders-received	2,020	2,004	-15
(Japan)	(1,035)	(1,121)	(86)
(Overseas)	(985)	(883)	(-101)
Green Technology	1,300	1,355	55
Building HVAC	355	459	104
Industrial HVAC	945	896	-48
(Japan)	(558)	(508)	(-49)
(Overseas)	(387)	(388)	(1)
Paint Finishing	720	649	-70
(Japan)	(122)	(154)	(32)
(Overseas)	(598)	(495)	(-102)

(Green Technology System Division)

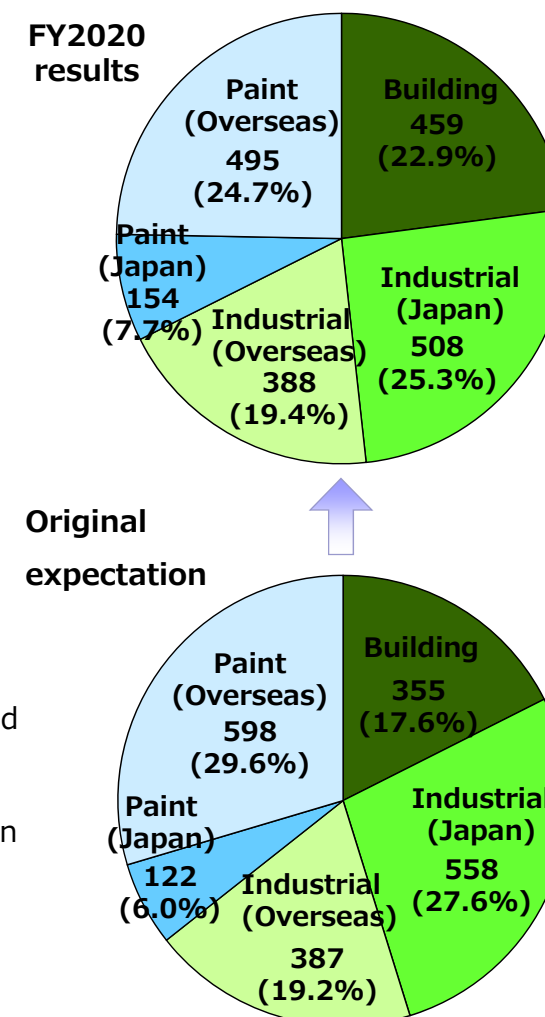
- The building HVAC segment outperformed the forecast, mainly due to the fact that we were able to steadily capture demand for large-scale redevelopment in the Tokyo area and data centers.

- In Japan, the orders-received of the industrial HVAC segment fell short of the forecast, mainly due to the postponement of investment plans as a result of the economic downturn caused by the spread of COVID-19.

(Paint Finishing System Division)

- As in the case of the industrial HVAC segment, the orders-received fell short of the forecast due to the continued adjustment phase of capital investment in line with the economic downturn.

Component



1 Highlight of FY2020

2-①. Sales by Division (previous year comparison)

(Hundred millions of yen)

	FY2019	FY2020	Change
Net sales of completed construction contracts	2,253	2,025	-228
(Japan)	(1,323)	(1,097)	(-225)
(Overseas)	(930)	(927)	(-2)
Green Technology	1,573	1,340	-233
Building HVAC	549	409	-140
Industrial HVAC	1,024	930	-93
(Japan)	(634)	(558)	(-76)
(Overseas)	(389)	(372)	(-16)
Paint Finishing	680	684	4
(Japan)	(139)	(129)	(-9)
(Overseas)	(540)	(555)	(14)

(Green Technology System Division)

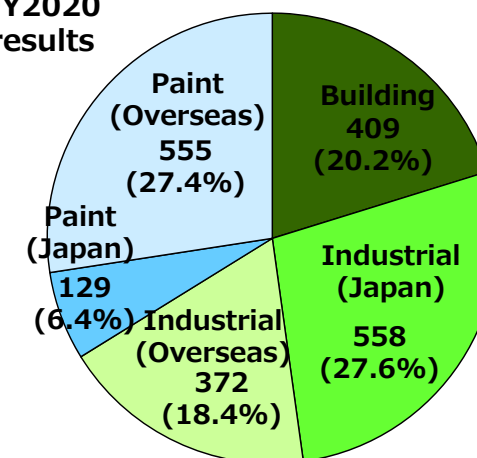
- In the building HVAC segment, there was a reactionary decline due to the volume of large-scale redevelopment projects in FY2019.
- In Japan, the sales of the industrial HVAC segment was down in reaction as there were several large projects in FY2019.
- The overseas sales of the industrial HVAC segment decreased due to delays in the construction of large-scale projects in some overseas regions caused by the spread of COVID-19, as well as sluggish growth in the sales open and close within FY2020, although the sales carried forward was higher than at the beginning of FY2019.

(Paint Finishing System Division)

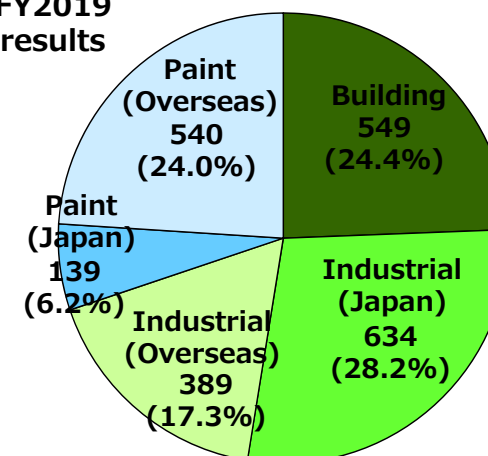
- The sales increased due to steady progress in large-scale overseas projects, despite the postponement of some investment plans.

Component

FY2020 results



FY2019 results



1 Highlight of FY2020

2-②.Sales by Division (expected comparison)

(Hundred millions of yen)

	Original expectation A	FY2020 Results B	Difference B-A
Net sales of completed construction contracts	2,030	2,025	-4
(Japan)	(1,052)	(1,097)	(45)
(Overseas)	(978)	(927)	(-50)
Green Technology	1,300	1,340	40
Building HVAC	360	409	49
Industrial HVAC	940	930	-9
(Japan)	(558)	(558)	(0)
(Overseas)	(382)	(372)	(-9)
Paint Finishing	730	684	-45
(Japan)	(134)	(129)	(-4)
(Overseas)	(596)	(555)	(-41)

(Green Technology System Division)

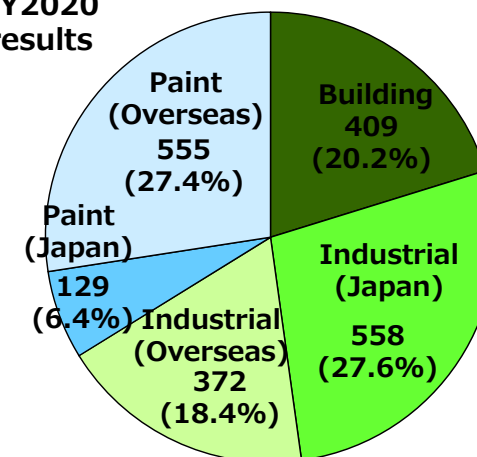
•The impact of COVID-19 on construction activities was more limited than expected, and the sales exceeded the forecast.

(Paint Finishing System Division)

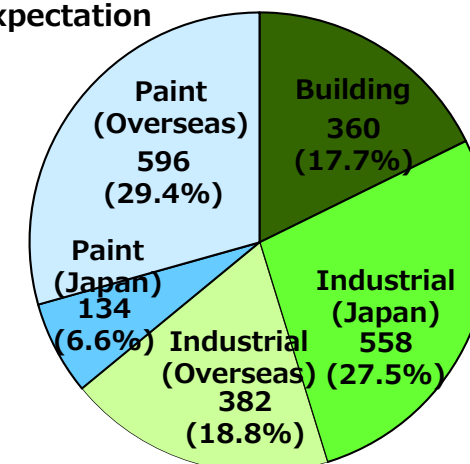
•The sales fell short of the forecast due to the continued adjustment phase of capital investment caused by the economic downturn, as well as the suspension of construction work caused by the lockdown.

Component

FY2020 results



Original expectation



1 Highlight of FY2020

3-①. Profit by Division (previous year comparison)

(Hundred millions of yen)

	FY2019	FY2020	Change
Operating income	154	116	-37
(Ratio)	6.9%	5.8%	-1.1%
Green Technology	135	111	-24
(Ratio)	8.6%	8.3%	-0.3%
Paint Finishing	27	9	-18
(Ratio)	4.1%	1.4%	-2.7%
Ordinary income	159	122	-37
(Ratio)	7.1%	6.1%	-1.0%
Green Technology	138	111	-27
(Ratio)	8.8%	8.3%	-0.5%
Paint Finishing	28	9	-19
(Ratio)	4.1%	1.3%	-2.8%

(Green Technology System Division)

•The ordinary income declined due to the significant decrease of sales.

(Paint Finishing System Division)

•The ordinary income declined due to the dropped ratio of the highly profitable projects because of the intensifying competitive.

1 Highlight of FY2020

3-②. Profit by Division (Expected comparison)

(Hundred millions of yen)

	FY2019	FY2020	Change
Operating income	154	116	-37
(Ratio)	6.9%	5.8%	-1.1%
Green Technology	135	111	-24
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Ordinary income	159	122	-37
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Green Technology	138	111	-27
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(Paint Finishing System Division)

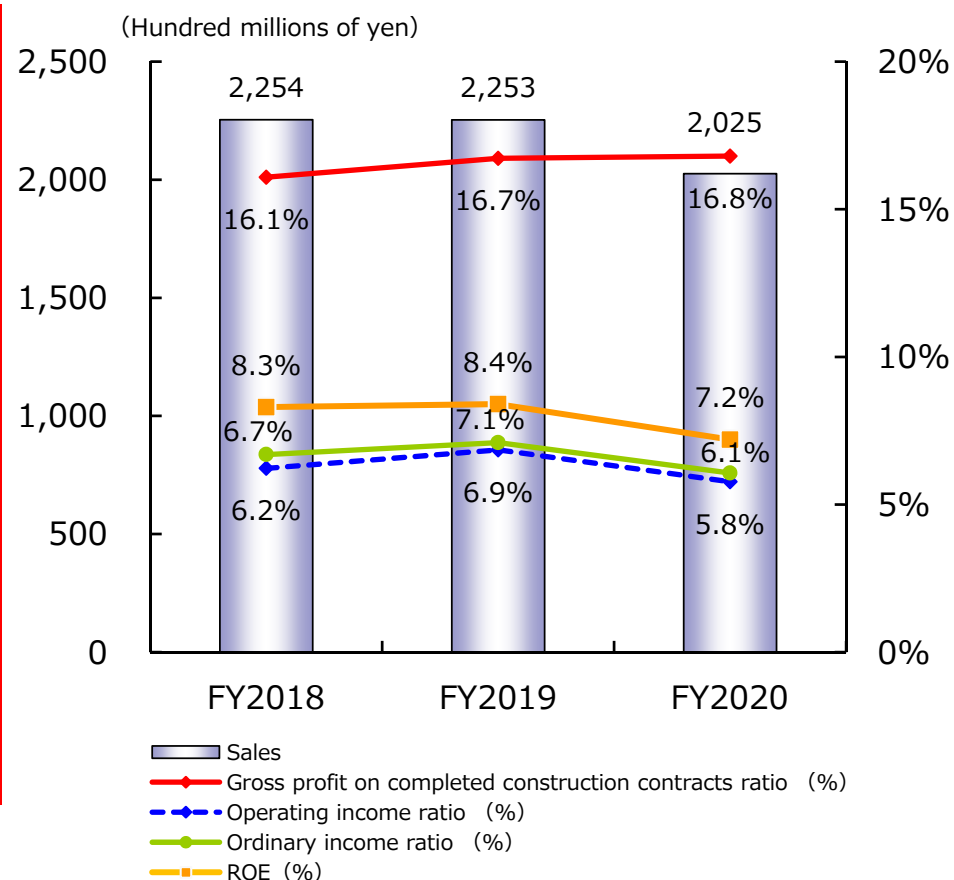
•The ordinary income was lower than the initial forecast as sales decreased due to a slower-than-expected market recovery from the effects of the economic downturn.

1 Highlight of FY2020

4. Consolidated Income Statement

(Hundred millions of yen)

	FY2018	FY2019	FY2020
Net sales of completed construction contracts	2,254	2,253	2,025
Gross profit on completed construction contracts	362	376	340
(Ratio)	16.1%	16.7%	16.8%
Selling, general and administrative expenses	222	222	223
(Ratio)	9.9%	9.9%	11.0%
Operating income	140	154	116
(Ratio)	6.2%	6.9%	5.8%
Ordinary income	150	159	122
(Ratio)	6.7%	7.1%	6.1%
Profit attributable to owners of parent	88	91	82
(Ratio)	3.9%	4.1%	4.1%
ROE	8.3%	8.4%	7.2%

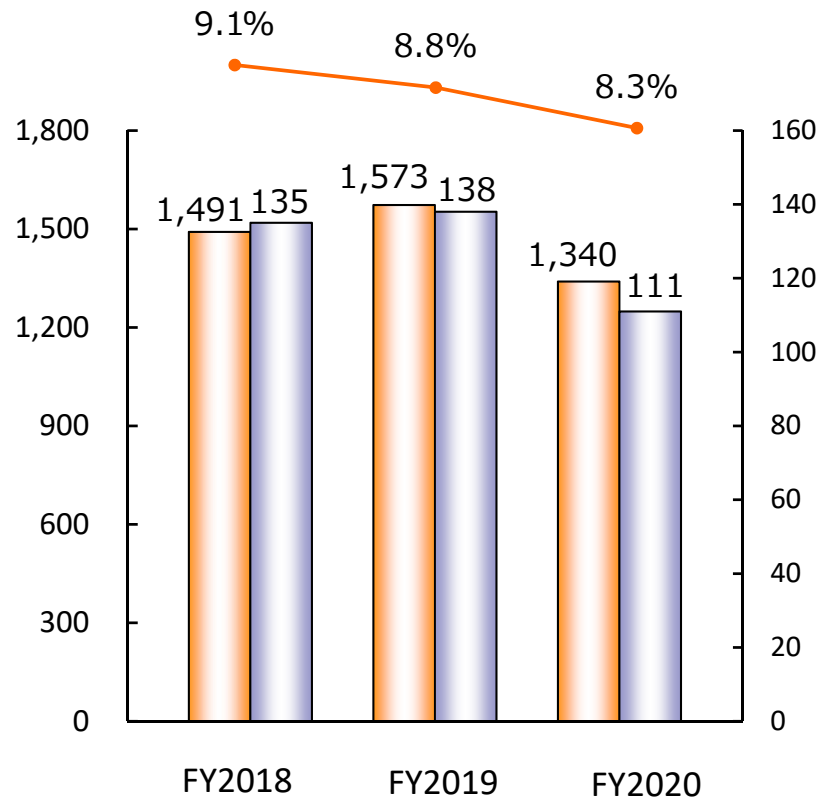


1 Highlight of FY2020

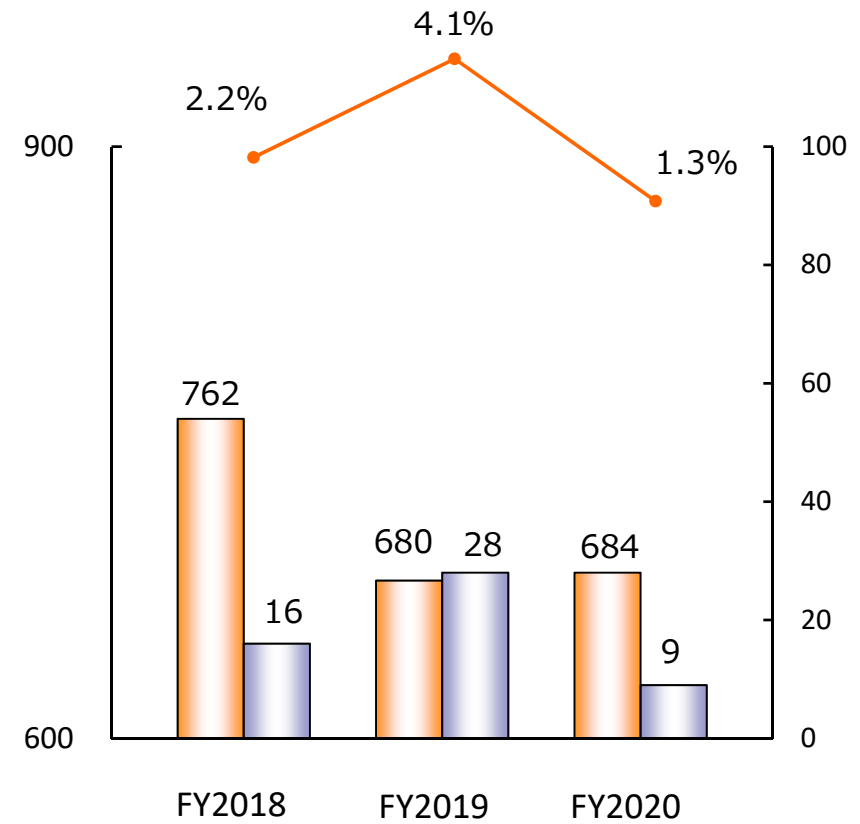
5. Net sales of completed construction contracts / ordinary income by Division

(Hundred millions of yen)

Green Technology System Division



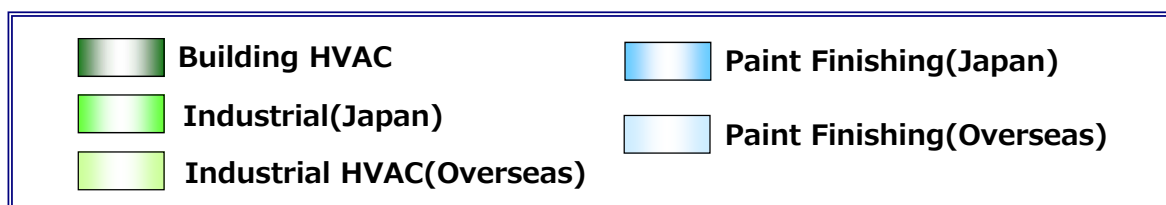
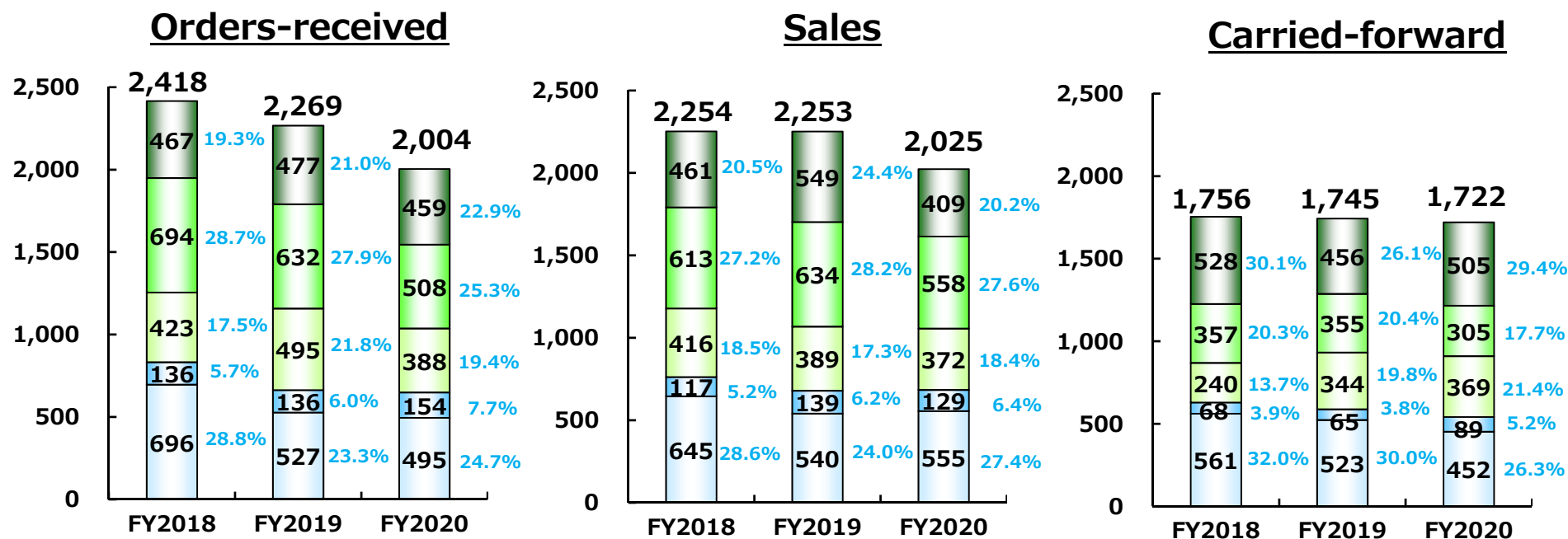
Paint Finishing System Division



1 Highlight of FY2020

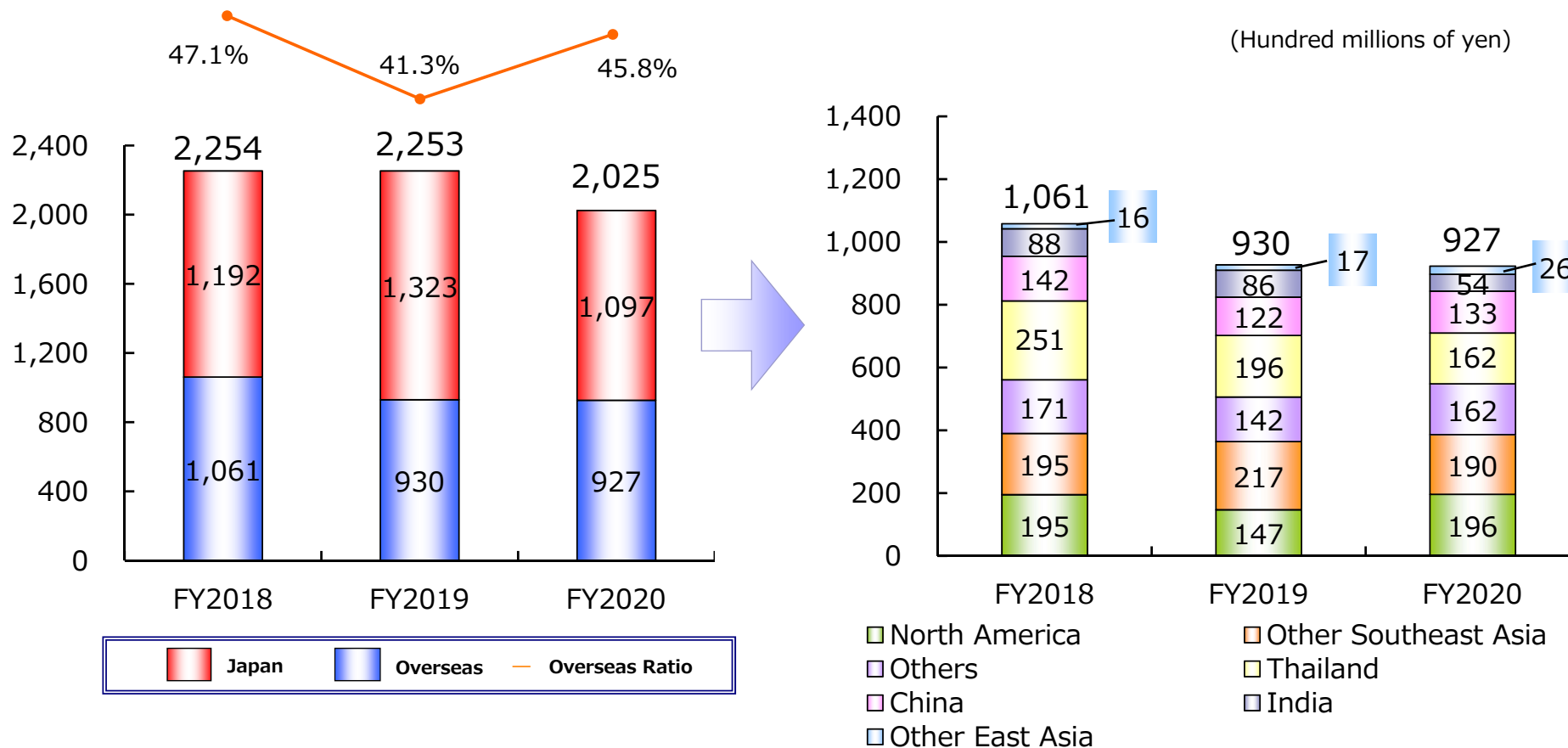
6. Orders-received / Net sales of completed construction contracts / Construction carried-forward

(Hundred millions of yen)



1 Highlight of FY2020

7. Overseas net sales of completed construction contract by Region



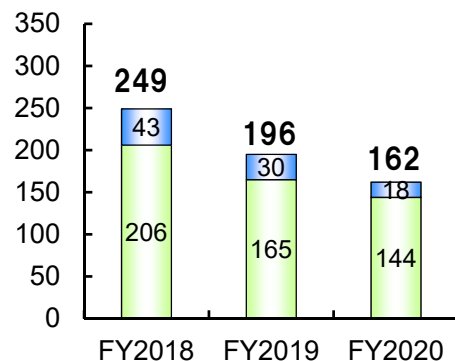
● Main countries and regions ※The numerical value does not include the internal trading.
 • **Other Southeast Asia**-- Singapore , Malaysia, Indonesia, Philippines, Vietnam , others
 • **Other East Asia**--Taiwan, Korea • **North America** --USA, Canada, Mexico
 • **Others**-- Russia, South America,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

1 Highlight of FY2020

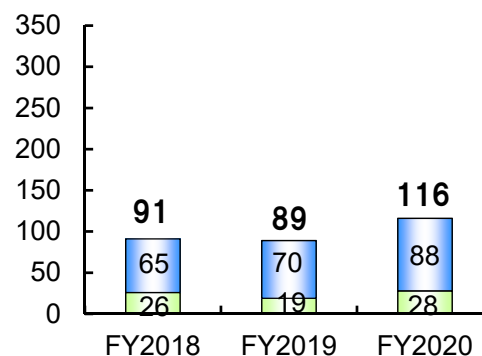
8.Sales of five main overseas companies

(Hundred millions of yen)

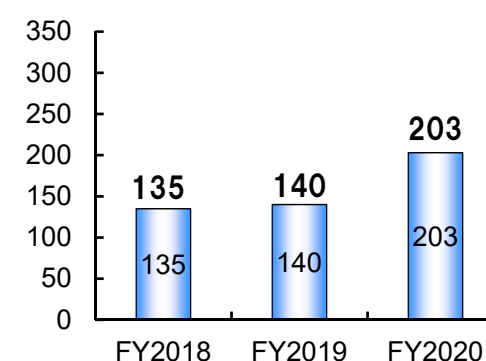
Taikisha (Thailand) Co., Ltd. Group
(Thailand)



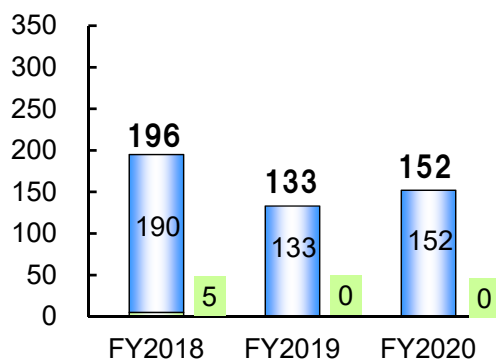
Wu-Zhou Taikisha Engineering Co., Ltd. Group
(China)



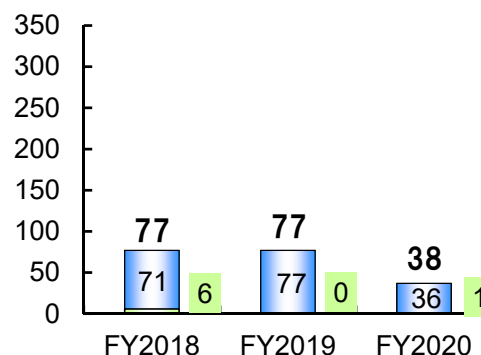
TKS Industrial Company Group
(USA)



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 FY2020

9. Consolidated Balance Sheet

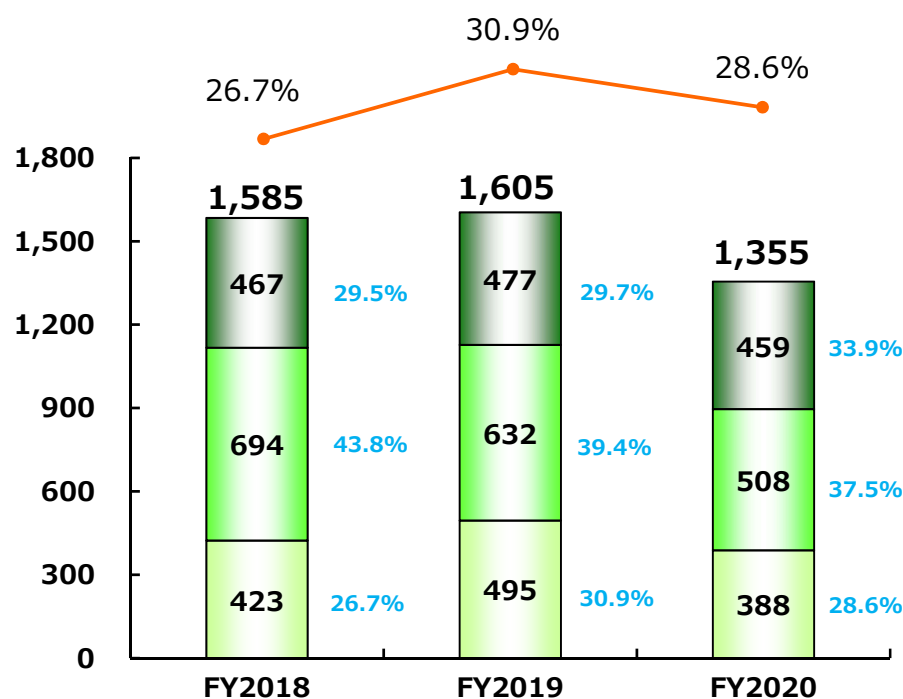
(Hundred millions of yen)

	FY2019	FY2020	Change		FY2019	FY2020	Change
Current assets	1,689	1,653	-35	Current liabilities	939	869	-70
Cash and deposits	576	520	-55	Notes payable, accounts payable for construction contracts and other	576	520	-55
Notes receivable, Accounts receivable from completed construction contracts and other	967	1,014	46	Advances received on uncompleted construction contracts	143	142	-1
Securities	35	20	-15	Provision for loss on construction contracts	2	4	1
Costs on uncompleted construction contracts· Raw materials and supplies	34	24	-9	Other	216	202	-14
Other intangible assets	79	80	0	Non-current liabilities	86	156	70
Allowance for doubtful accounts	-3	-6	-3	Total liabilities	1,025	1,025	-0
Non-current assets	464	634	170	Total net assets	1,128	1,263	134
Property, plant and equipment	104	101	-3	Capital stock	64	64	0
Goodwil	7	40	33	Capital surplus	50	50	0
Other intangible assets	28	43	15	Retained earnings	908	957	48
Investment securities	243	326	82	Treasury shares, at cost	-25	-25	-0
Deferred tax assets	6	10	3	Valuation difference on available-for-sale securities	83	142	58
Other	73	112	38	Deferred gains or losses on hedges	-0	-0	-0
Allowance for doubtful accounts	-0	-0	0	Foreign currency translation adjustment	3	-2	-6
Total assets	2,153	2,288	134	Accumulated remeasurements of defined benefit plans	-3	24	27
				Non-controlling interests	46	52	6
				Total liabilities and net assets	2,153	2,288	134

2 Results of Green Technology System Division

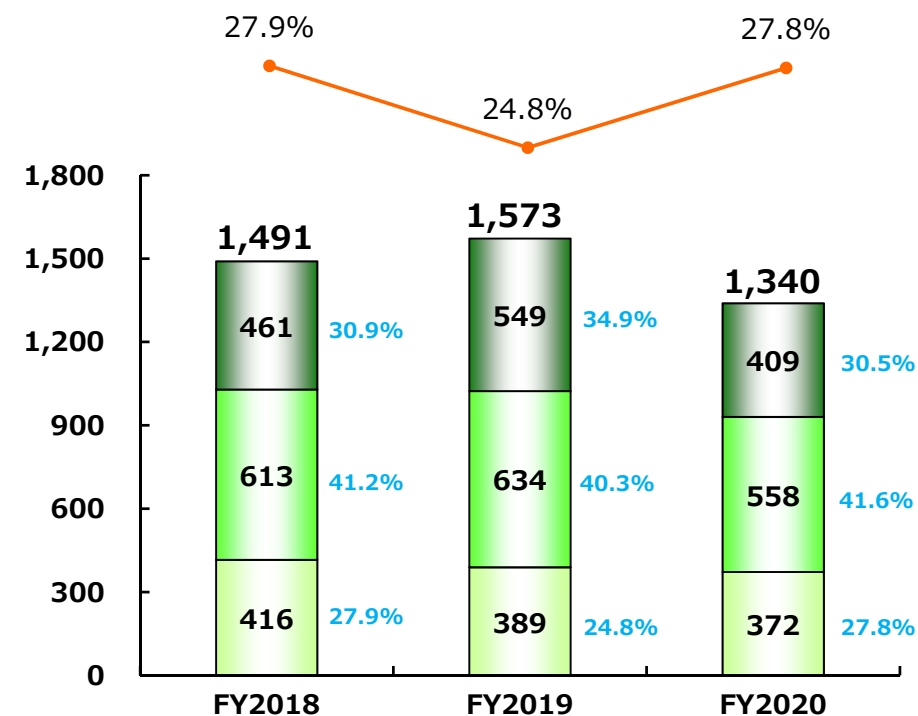
1. Orders-received / Net sales of completed construction contracts

Orders-received



Sales

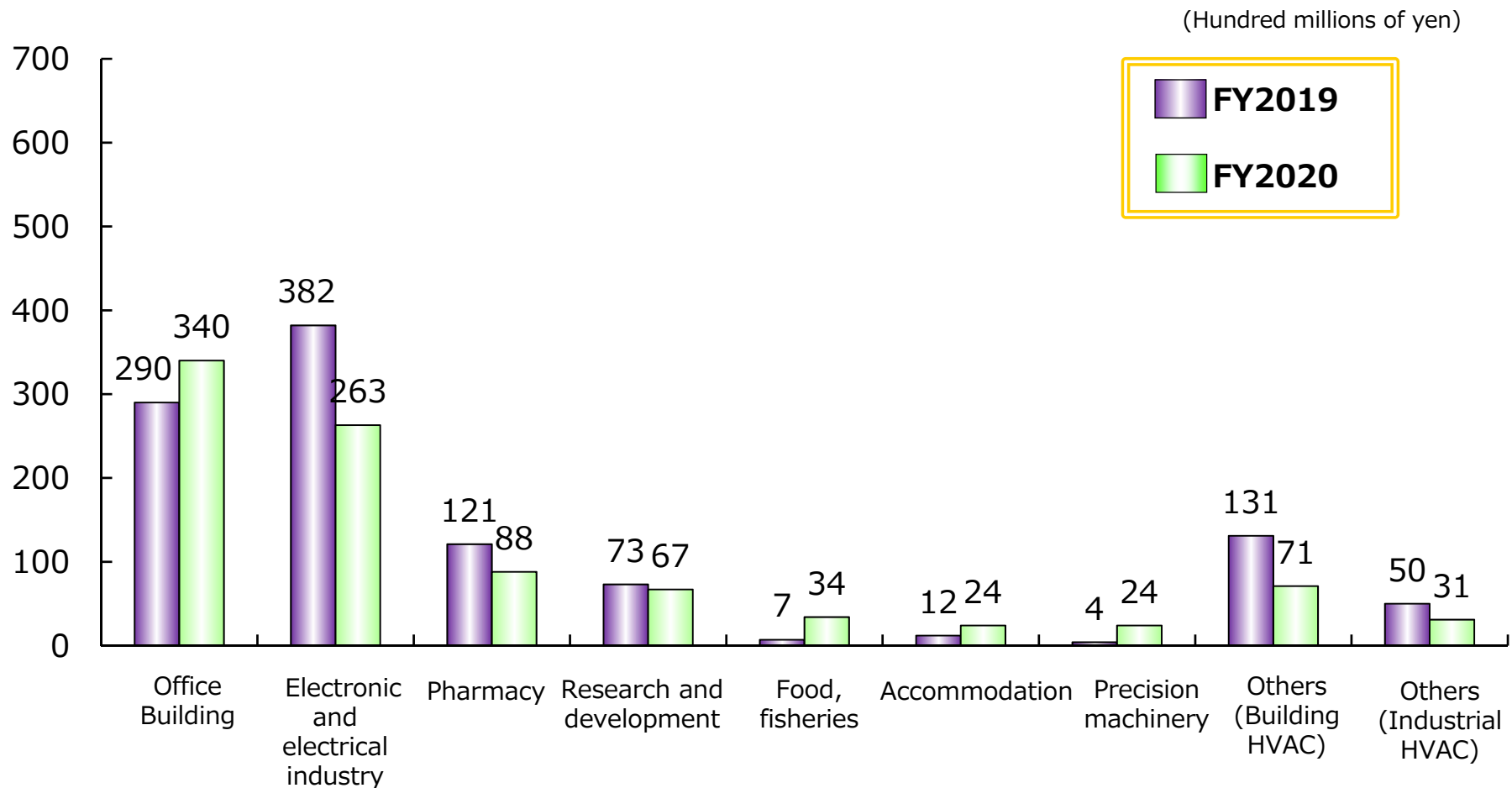
(Hundred millions of yen)



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

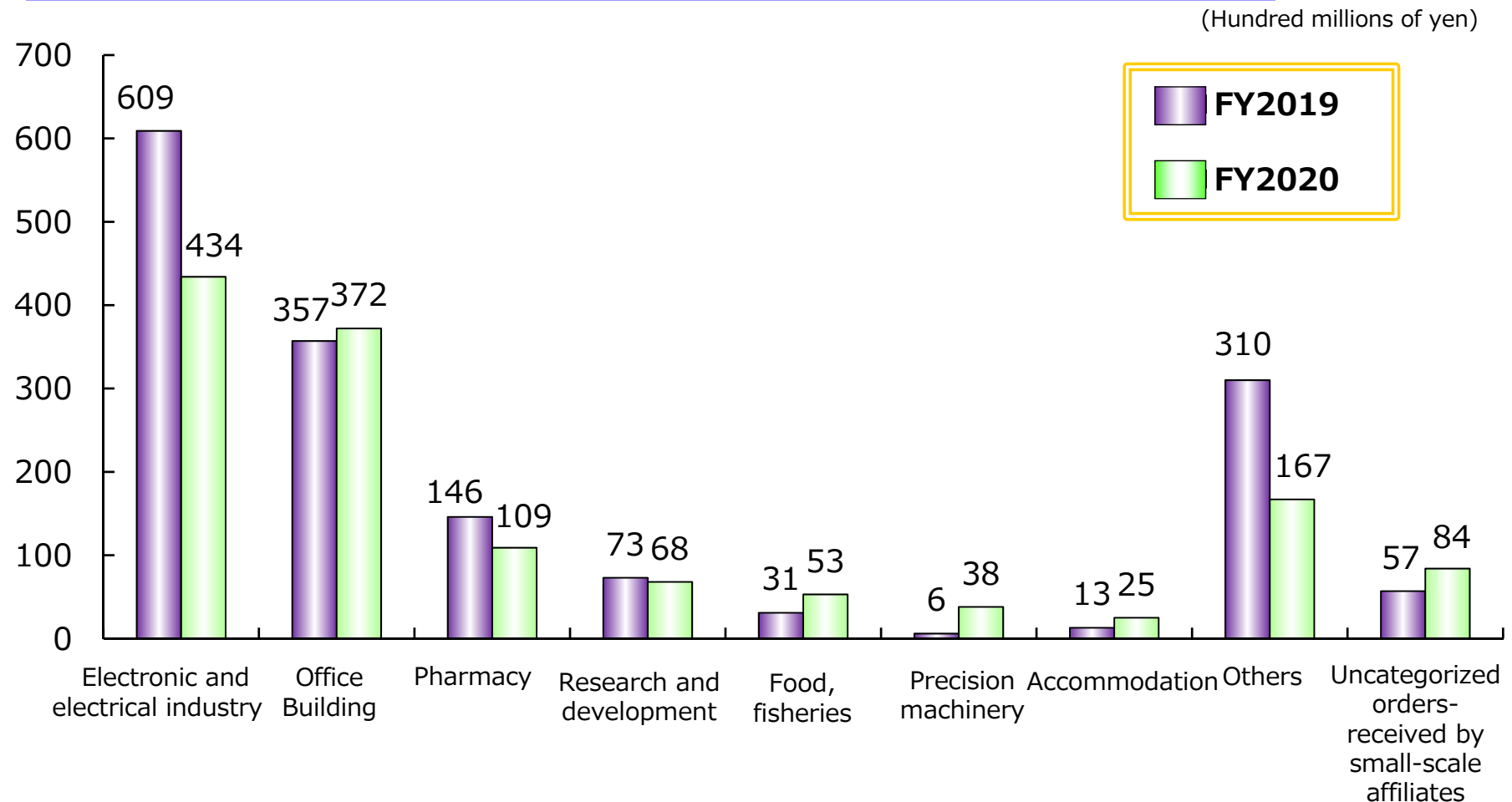
2 Results of Green Technology System Division

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



2 Results of Green Technology System Division

3. Order of the market classification (Consolidated)

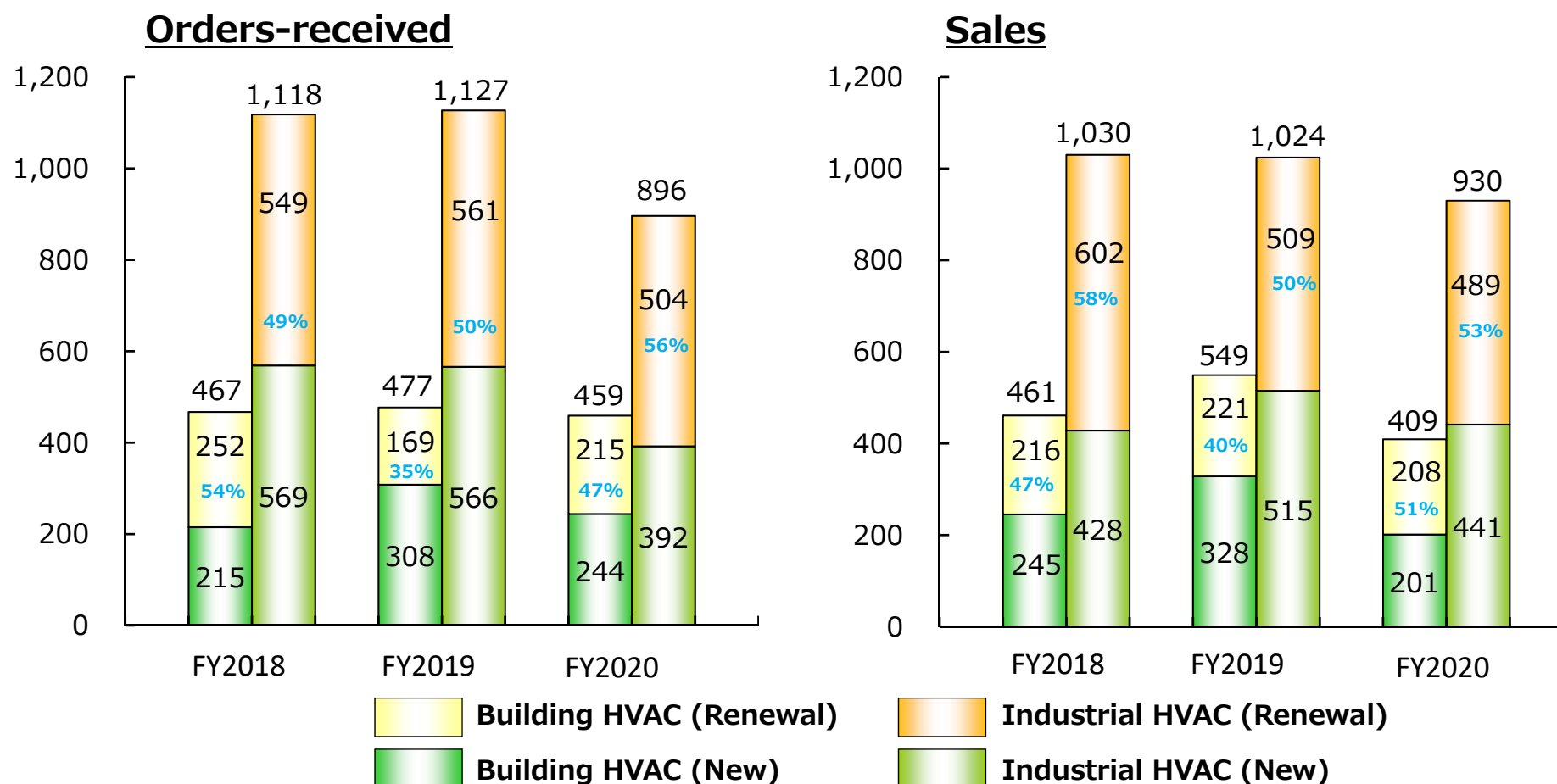


2 Results of Green Technology System Division

4. Renewal construction (Consolidated)

(Hundred millions of yen)

(%:Renewal Ratio)

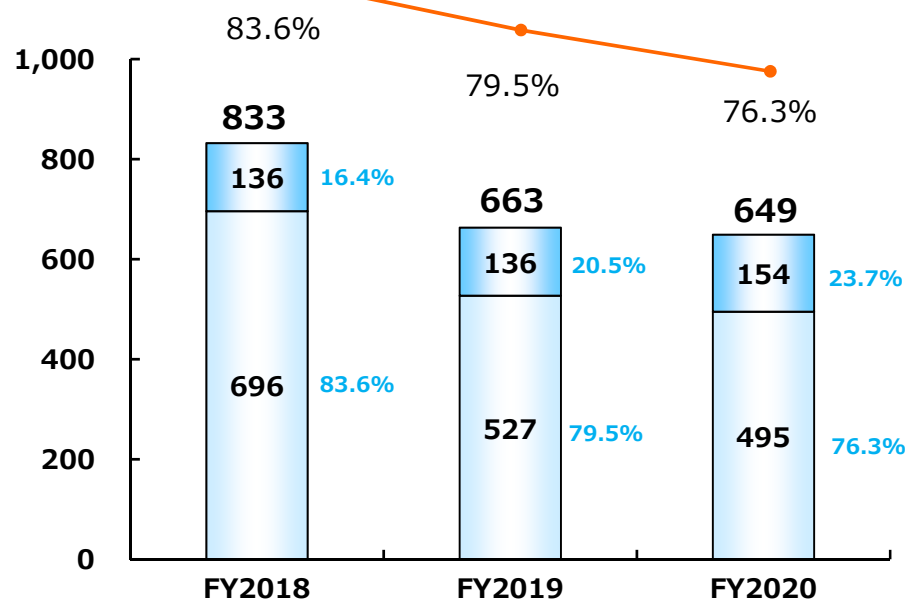


3 Results of Paint Finishing System Division

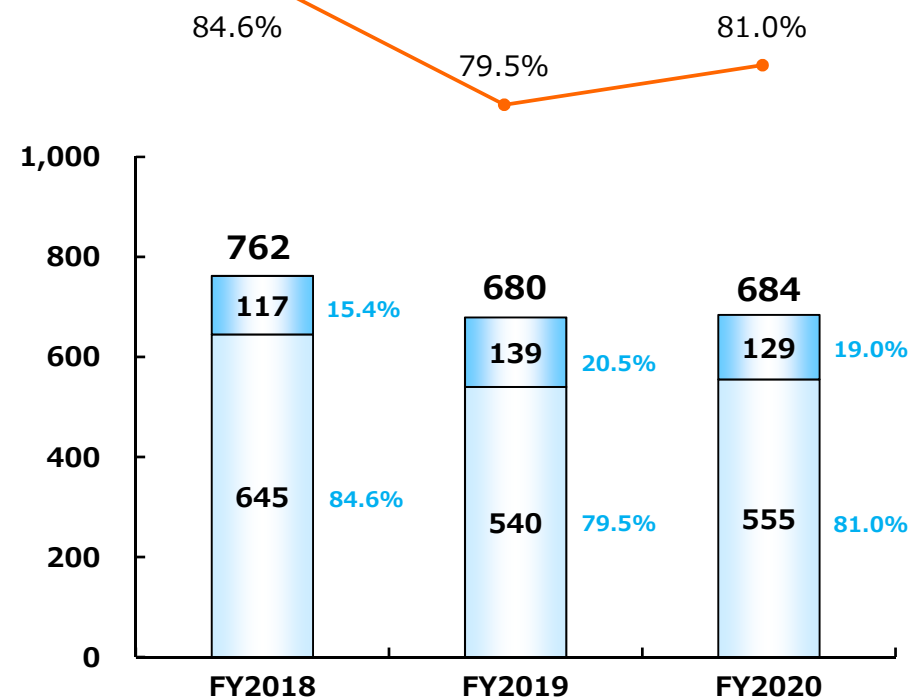
1. Orders-received / Net sales of completed construction contracts

(Hundred millions of yen)

Orders-received



Sales



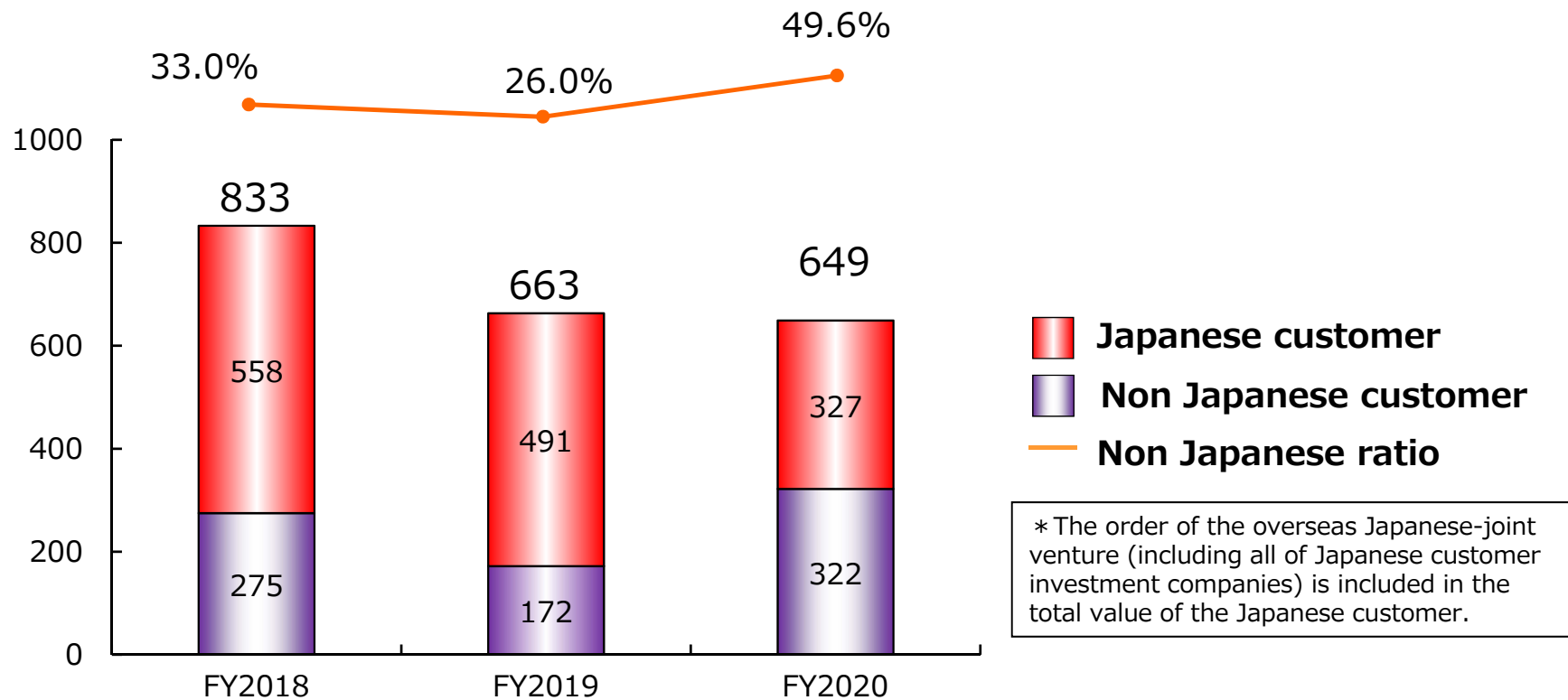
Paint Finishing (Japan)
 Paint Finishing (Overseas)
 Overseas Ratio

3

Results of Paint Finishing System Division

2. Order ratio from non Japanese customers

(Hundred millions of yen)



4

Main projects in Order / Sales / Carried forward

1. Order project more than 1 billion yen

Number of cases over 1 billion yen / construction, market classification				
<p><u>Orders-received</u></p> <p>31 projects</p> <p>934 hundred millions of yen</p>	<p>Japan</p> <p>358 hundred millions of yen</p>	<p>17 projects</p>	Office building	8
			Accommodation	1
			Electronic and electrical industry	2
			Research and development	2
			Food, fisheries	1
			Pharmacy	1
			Automobile parts	1
	Other	1		
	<p>Overseas</p> <p>576 hundred millions of yen</p>	<p>14 projects</p>	Office building	2
			Other factory	1
			Automobile	8
			Truck	1
			Motorcycle	1
			Railway	1

4 Main projects in Order / Sales / Carried forward

2. Sales project more than 1 billion yen

Number of cases over 1 billion yen / construction, market classification				
<p><u>Sales</u></p> <p>31 projects</p> <p>713 hundred millions of yen</p>	<p>Japan</p> <p>247</p> <p>hundred millions of yen</p>	<p>14</p> <p>projects</p>	Office building	4
			Accommodation	1
			Electronic and electrical industry	6
			Pharmacy	2
			Automobile	1
	<p>Overseas</p> <p>466</p> <p>hundred millions of yen</p>	<p>17</p> <p>projects</p>	Office building	1
			Commercial	1
			Electronic and electrical industry	1
			Pharmacy	1
			Automobile	12
	Truck	1		

4 Main projects in Order / Sales / Carried forward

3. Carried forward project more than 1 billion yen

Number of cases over 1 billions yen / construction, market classification					Planned project to be completed in FY2021
Carried forward	Japan 488 hundred millions of yen	23 projects	Office building	13	3
			Medical and social welfare	1	-
			Administrative facility	1	-
			Research and development	3	-
			Pharmacy	2	2
			Food, fisheries	1	-
			Automobile parts	1	1
			Other	1	-
	Overseas 476 hundred millions of yen	16 projects	Office building	2	-
			Station, airport	2	-
			Electronic and electrical industry	2	-
			Other	1	-
			Automobile	7	4
			Truck	1	-
		Railway	1	-	
39 projects					
965 hundred millions of yen					

5 Earnings Forecasts for FY2021

Earnings Forecasts by Division

(Hundred millions of yen)

	FY2019			FY2020			FY2021								
	Green Technology	Paint Finishing	Total	Green Technology	Paint Finishing	Total	Green Technology			Paint Finishing			Total		
							H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)
Orders	1,605	663	2,269	1,355	649	2,004	600	1,110	1,710	340	390	730	940	1,500	2,440
Sales	1,573	680	2,253	1,340	684	2,025	600	820	1,420	320	440	760	920	1,260	2,180
Operating income	135	27	154	111	9	116	24	82	106	1	26	27	23	104	127
(ratio)	8.6%	4.1%	6.9%	8.3%	1.4%	5.8%	4.0%	10.0%	7.5%	0.3%	5.9%	3.6%	2.5%	8.3%	5.8%
Ordinary income	138	28	159	111	9	122	25	83	108	1	26	27	27	108	135
(ratio)	8.8%	4.1%	7.1%	8.3%	1.3%	6.1%	4.2%	10.1%	7.6%	0.3%	5.9%	3.6%	2.9%	8.6%	6.2%
Net income	-	-	91	-	-	82	-	-	-	-	-	-	17	67	84
(ratio)	-	-	4.1%	-	-	4.1%	-	-	-	-	-	-	1.8%	5.3%	3.9%

- ① FY2019 Results : 1US\$=¥109.37, 1€=¥122.51, 1THB=¥3.52
 ② FY2020 Results : 1US\$=¥106.68, 1€=¥122.01, 1THB=¥3.42
 ③ FY2021 Estimation : 1US\$=¥103, 1€=¥121, 1THB=¥3.30

Effects of foreign exchange differences between ① and ② on
 Sales : △21.6 hundred millions of yen, Ordinary income : △0.5 hundred millions of yen

※ Influence for the earnings forecasts for FY2021 when all exchange rates fluctuate by 1% is;
 Orders/Sales : Approximately 12 hundred millions of yen, Ordinary income : Approximately 0.5 hundred millions of yen

5 Earnings Forecasts for FY2021

Orders-received

(Hundred millions of yen)

	FY2020 (Results) A			FY2021 (Expectation) B			Difference B-A		
	H1	H2	Total	H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)
Orders-received	945	1,059	2,004	940	1,500	2,440	-5	440	435
(Japan)	(449)	(672)	(1,121)	(504)	(814)	(1,318)	(54)	(142)	(196)
(Overseas)	(495)	(387)	(883)	(436)	(686)	(1,122)	(-59)	(298)	(238)
Green Technology	594	760	1,355	600	1,110	1,710	5	349	354
Building HVAC	161	297	459	210	234	444	48	-63	-15
Industrial HVAC	433	462	896	390	876	1,266	-43	413	369
(Japan)	(238)	(269)	(508)	(239)	(501)	(740)	(0)	(231)	(231)
(Overseas)	(194)	(193)	(388)	(151)	(375)	(526)	(-43)	(181)	(138)
Paint Finishing	350	299	649	340	390	730	-10	90	80
(Japan)	(49)	(104)	(154)	(55)	(79)	(134)	(5)	(-25)	(-20)
(Overseas)	(300)	(194)	(495)	(285)	(311)	(596)	(-15)	(116)	(100)

(Green Technology System Division)

- Construction demand in the building HVAC field is expected to remain firm over the medium to long term, including the demand for data centers as well as large-scale redevelopment and renovation projects.
- In the industrial HVAC field, investments overseas are expected to recover in line with the spread of 5G and the full-scale implementation of CASE. New capital investments by pharmaceutical manufacturers are also expected in Japan.

(Paint Finishing System Division)

- Although the adjustment phase of capital investment is expected to continue in Japan, investment for renewal is expected in North America and Europe, etc., and investment for increased production is expected in China.

5 Earnings Forecasts for FY2021

Sales

(Hundred millions of yen)

	FY2020 (Results) A			FY2021 (Expectation) B			Difference B-A		
	H1	H2	Total	H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)
Net sales of completed construction contracts	815	1,209	2,025	920	1,260	2,180	104	50	154
(Japan)	(474)	(623)	(1,097)	(450)	(613)	(1,063)	(-24)	(-10)	(-34)
(Overseas)	(341)	(586)	(927)	(470)	(647)	(1,117)	(128)	(60)	(189)
Green Technology	573	767	1,340	600	820	1,420	26	52	79
Building HVAC	175	234	409	180	193	373	4	-41	-36
Industrial HVAC	397	533	930	420	627	1,047	22	94	116
(Japan)	(258)	(299)	(558)	(214)	(347)	(561)	(-44)	(47)	(2)
(Overseas)	(139)	(233)	(372)	(206)	(280)	(486)	(66)	(46)	(113)
Paint Finishing	242	442	684	320	440	760	77	-2	75
(Japan)	(40)	(89)	(129)	(56)	(73)	(129)	(15)	(-16)	(-0)
(Overseas)	(201)	(353)	(555)	(264)	(367)	(631)	(62)	(13)	(76)

- The sales of building HVAC segment is expected to see a temporary downturn due to fewer large-scale projects that contribute to sales.
- Although the number of carried forward projects is small, the sales of Japanese industrial HVAC segment is expected to remain flat in anticipation of securing projects open and close within FY2021.
- For overseas, we expect to secure project volume that were postponed in FY2020 both in the industrial HVAC segment and Paint Finishing System Division.

5 Earnings Forecasts for FY2021

Profit

(Hundred millions of yen)

	FY2020 (Results) A			FY2021 (Expectation) B			Difference B-A		
	H1	H2	Total	H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)
Ordinary income	37	85	122	27	108	135	-10	22	12
(Ratio)	4.5%	7.1%	6.1%	2.9%	8.6%	6.2%	-1.6%	1.5%	0.1%
Green Technology	44	67	111	25	83	108	-19	15	-3
(Ratio)	7.8%	8.8%	8.3%	4.2%	10.1%	7.6%	-3.6%	1.3%	-0.7%
Paint Finishing	-10	19	9	1	26	27	11	6	17
(Ratio)	-4.4%	4.4%	1.3%	0.3%	5.9%	3.6%	4.7%	1.5%	2.2%
Profit attributable to owners of parent	30	52	82	17	67	84	-13	14	1
(Ratio)	3.8%	4.3%	4.1%	1.8%	5.3%	3.9%	-1.9%	1.0%	-0.2%

【Ordinary income】

(Green Technology System Division)

•The ordinary income is expected to decrease due to low profitable carried-forwarded projects.

(Paint Finishing System Division)

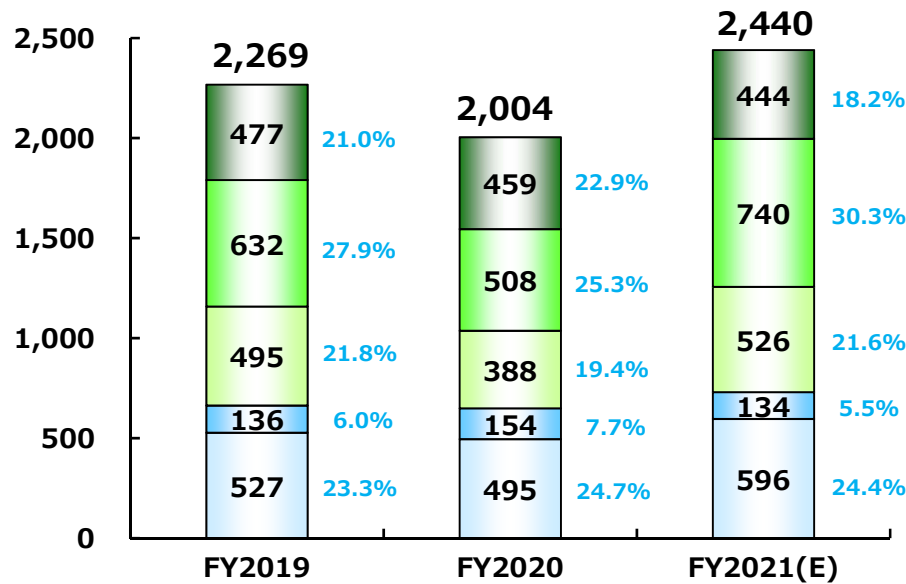
•The ordinary income is expected to increase as a result of the inclusion of delayed delivery projects in FY2020 and the sales increase with the carried-forwarded projects which were delayed in construction progress.

5 Earnings Forecasts for FY2021

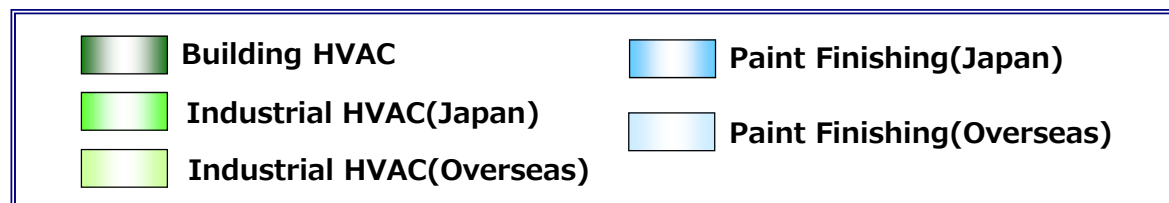
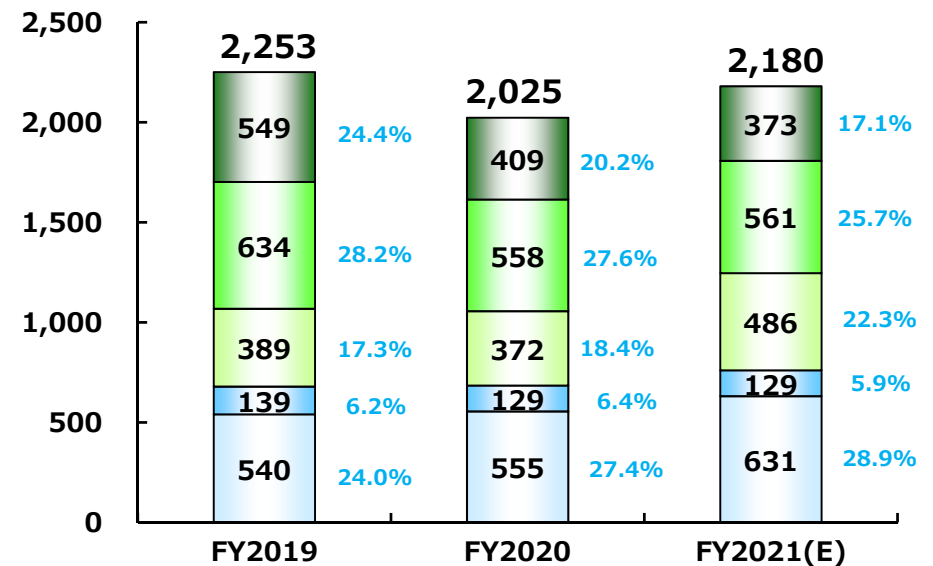
Earnings Forecasts by Division

(Hundred millions of yen)

Orders-received



Sales

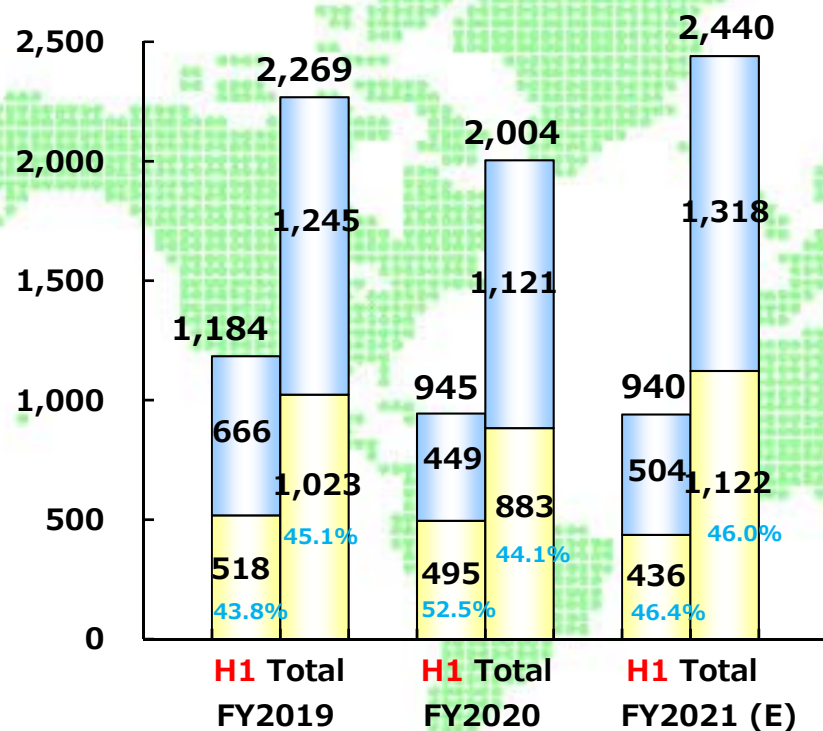


5 Earnings Forecasts for FY2021

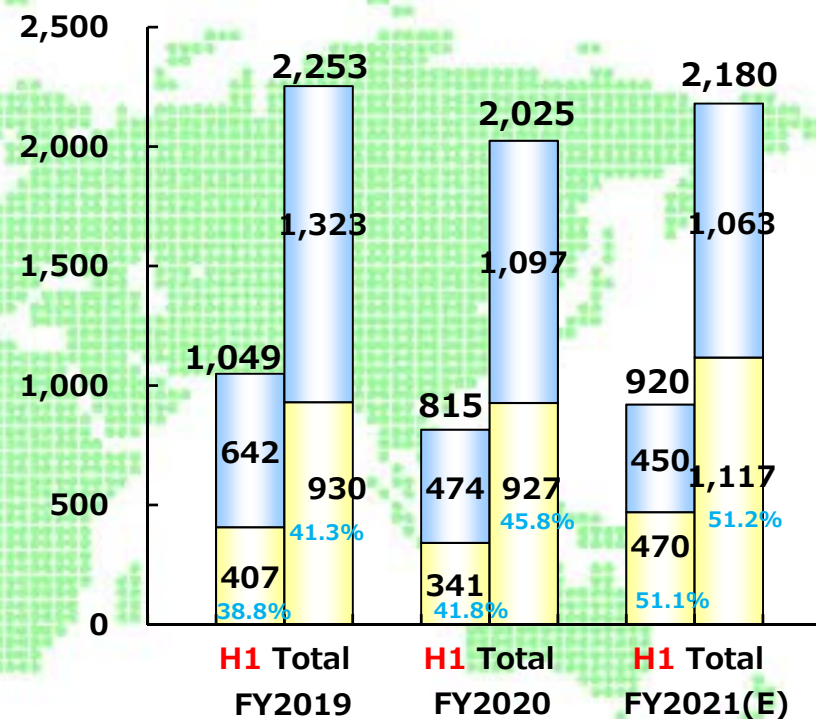
Total (Japan/Overseas)

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

Orders-received



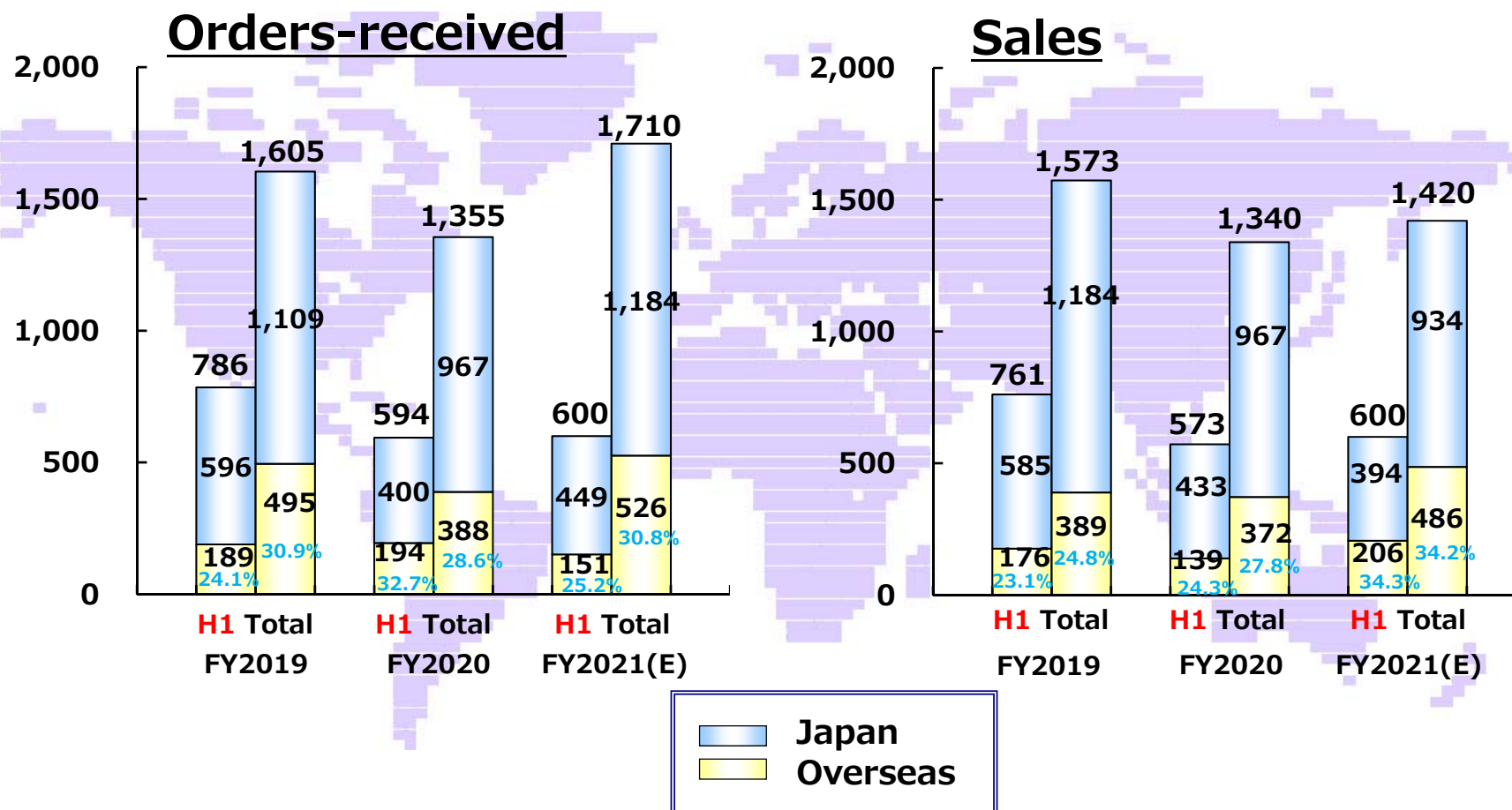
Sales



5 Earnings Forecasts for FY2021

Green Technology System Division (Japan/Overseas)

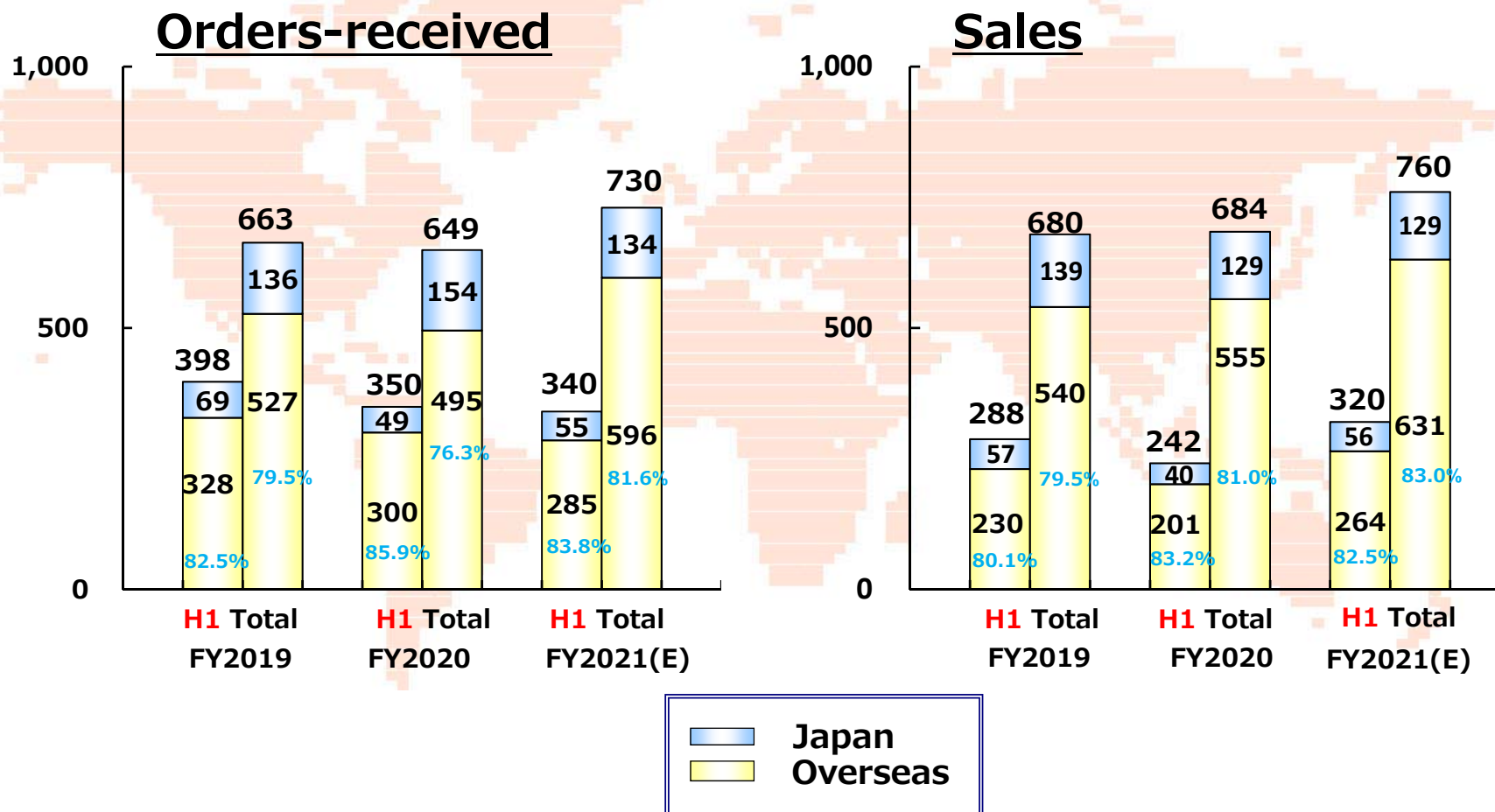
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecasts for FY2021

Paint Finishing System Division (Japan/Overseas)

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



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 ~Achievement①~

Strategy : Expand new businesses ~ The plant factory business and the paint finishing system business for large vehicles other than automobiles ~

Expanding the field of the plant factory business and Constructing Taikisha’s own mass production demonstration factory.

Taikisha has founded the wholly-owned affiliate “Vege-Factory Co., Ltd.”, which is capable of offering clients total solutions, from plant construction to the production and sale of vegetables, for the purpose of expanding and enriching the field of the plant factory business. The Company is also constructing the first of its own factories to demonstrate mass production in Sugito town, Saitama Prefecture. (Scheduled completion: July, 2021)

With this establishment, Taikisha Group will establish a new brand as a total agricultural company engaged in producing and selling vegetables. Taikisha will win a certain share of the business-use vegetable market over the medium term, and then, in collaboration with the food service industry and supplement and drug manufacturing companies, plan to step into the realm of “food, health, and medical care,” which is expected to further grow, and open up a new market, such as one for the development of new commodities or the manufacture of raw materials.



Sugito Factory to Demonstrate Mass Production scheduled to be completed in July 2021

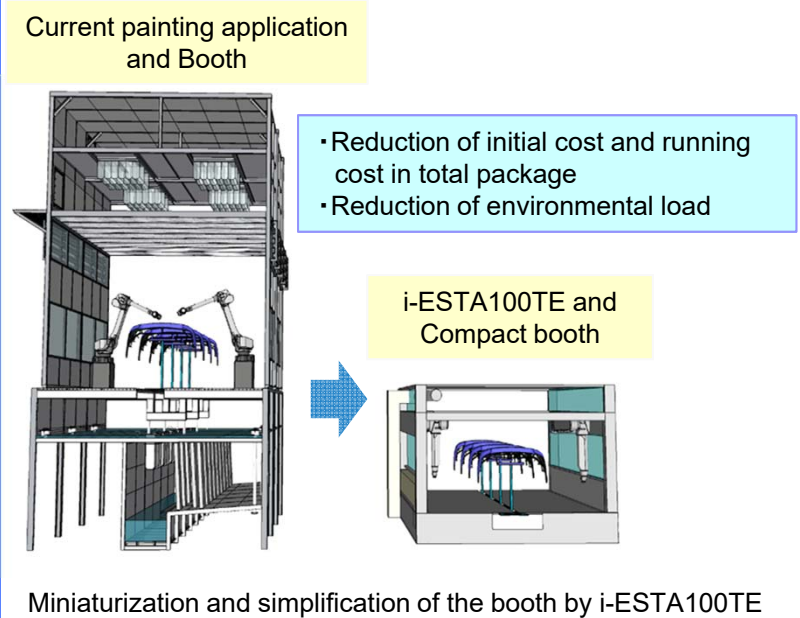
Initiatives of each strategy ~Achievement②~

Strategy : Enhance added value ~Energy-saving, cost-saving and environment-responsive technology and automation technology, etc.

Realization of an automatic coating system with 100% coating efficiency.

Taikisha has developed an electrostatic spray coating system, “i-ESTA100TE”, in collaboration with Toyota Auto Body Co. Ltd., which atomizes paint using electricity.

While the conventional coating machines which atomize paint with the power of air has the coating efficiency of about 70%, the new electrostatic spray coating system uses only electrostatic force to atomize paint and apply paint particles to the automobile body without using air. This has enabled to achieve 100% coating efficiency, which not only simplifies the booth-related equipment and reduces energy consumption, but also reduces environmental impact.



Initiatives of each strategy ~Achievement③~

Strategy	Achievement
<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>Implemented the telework system</p> <p>Taikisha changed a part of the previous rules for the telework system as of April, 2021. It is expanded to be used for Post-COVID-19.</p> <p>Selected under the “2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program” (White500)</p> <p>Taikisha was selected under the “2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program, the Large Enterprise Category” (White500) as an organization engaging in strategic health and productivity management program efforts for maintaining its employees’ health from a management perspective.</p>

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 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>Implement an Expense System</p> <p>Taikisha is considering to implement an expense system. The system enables to go paperless and improve the efficiency of business processes.</p>
<p>Expand new businesses ~The plant factory business and the paint finishing system business for large vehicles other than automobiles</p>	<p>Development and commercialization of automatic polishing equipment for aircraft and railway cars</p> <p>Sales activities are underway to expand the use of the system.</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</p> <p>~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>Response to legal revisions regarding “Equal Pay for Equal Work”</p> <p>Based on the point of revised law, Taikisha reconsidered treatment difference between non-regular employees and regular employees in its internal rule. The detailed contents of the amended treatment have already been decided and the revision will be set in force soon.</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</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>



3 . Shareholder Returns

Shareholder Returns

Purchase / Retirement 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)

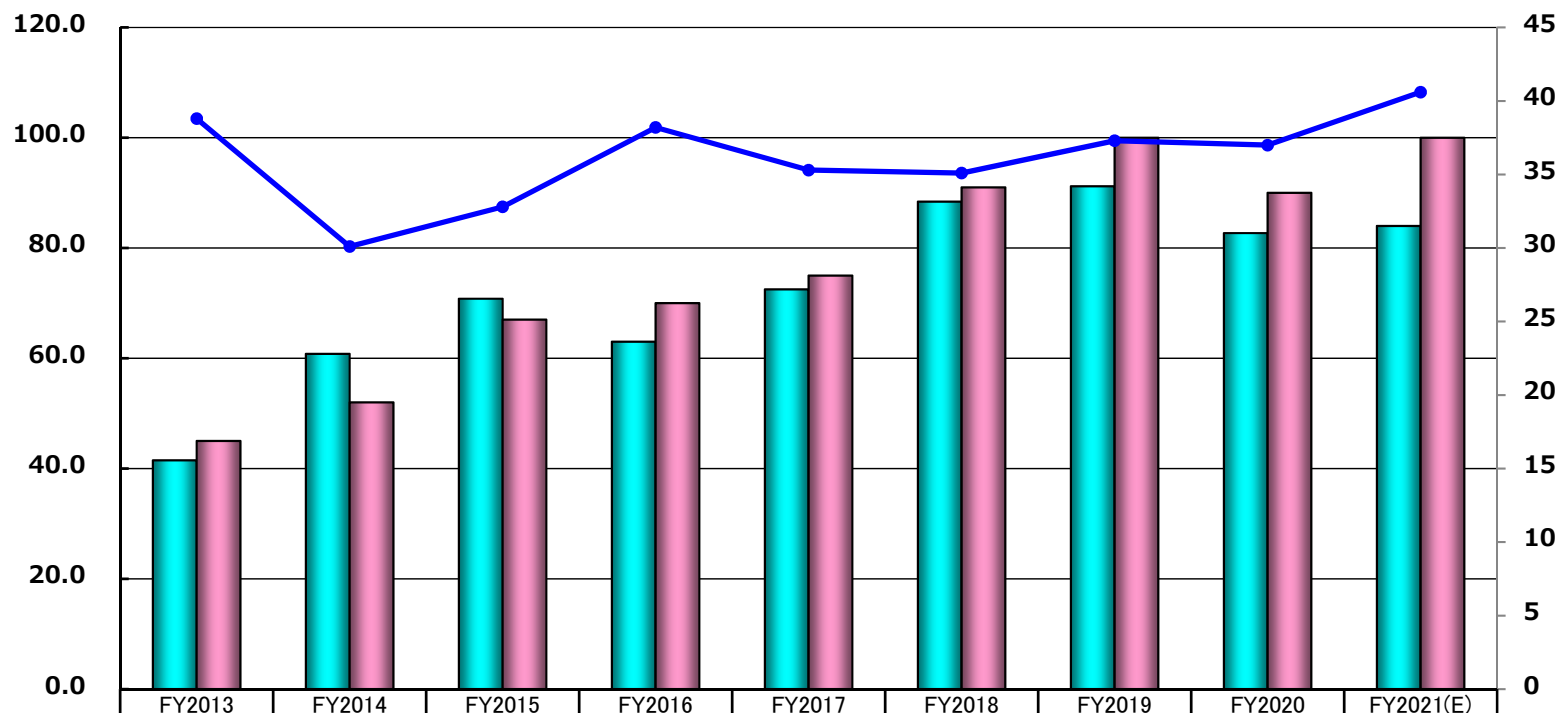
Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2013/2	180	1,860	334




Shareholder Returns

Net income & Cash Dividends

(Hundred millions of Yen / Yen)

(%)



 Net income(hundred millions of yen)	41.5	60.8	70.8	63.0	72.5	88.4	91.2	82.7	84
 Cash dividends per share(yen)	45	52	67	70	75	91	100	90	100
 Dividend payout ratio(%)	38.8	30.1	32.8	38.2	35.3	35.1	37.3	37.0	40.6

The basic policy is to implement steady dividends by targeting a consolidated dividend payout ratio of 40%.

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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