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## **FY2020 Financial Results Briefing**



**May 20, 2021**

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## Financial Highlights

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

**Thank you for your continuous support of Taikisha Group.**

**This slide shows the business environment and our achievements for FY2020, and our 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.

**With regard to the market environment for Taikisha Group, 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.**

**In both overseas 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.

Under these circumstances, 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 divisions 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.

This slide shows the earnings forecast for FY2021.  
All items are expected to increase for the whole Group.

This year is the final year of our Mid-Term Business Plan for FY2019 to FY2021, and when the plan was first formulated, we had set the targets for FY2021 as shown in the table.

However, with the spread of COVID-19, the Group's market environment, particularly in the industrial HVAC and automobile paint finishing system fields, has seen a trend of restraint in capital investment by manufacturers; therefore, it is expected to be difficult to achieve the target at present.

Despite these circumstances, we will continue to make efforts to reach our targets.

There is no change in our approach to the management issues to achieve our long-term vision, and we will steadily implement them.

## 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

**From this part, we would like to explain about FY2020.**

# 1 Highlight of FY2020

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

(Hundred millions of yen)

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

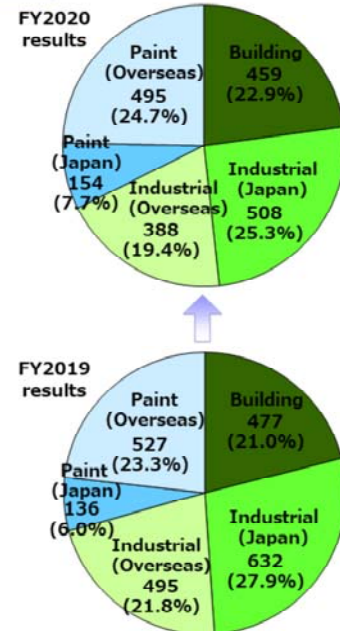
(Green Technology System Division)

- 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



This slide shows the summary of orders-received by division compared to FY2019.

As the whole Group, the orders-received decreased by 26.4 billion to 200.4 billion.

With regard to the 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.

On the other hand, as for the 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.



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

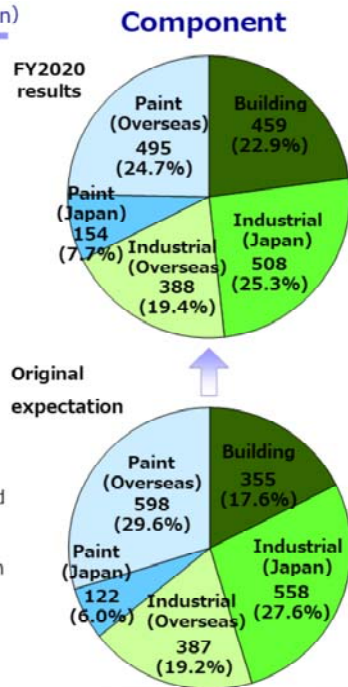
(Green Technology System Division)

•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.



This slide shows the summary of orders-received compared to the forecast at the beginning of FY2020.

The orders-received was 1.5 billion yen lower than the initial forecast for the whole Group.

The building HVAC segment of Green Technology System Division 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.

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

# 1 Highlight of FY2020

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

(Hundred millions of yen)

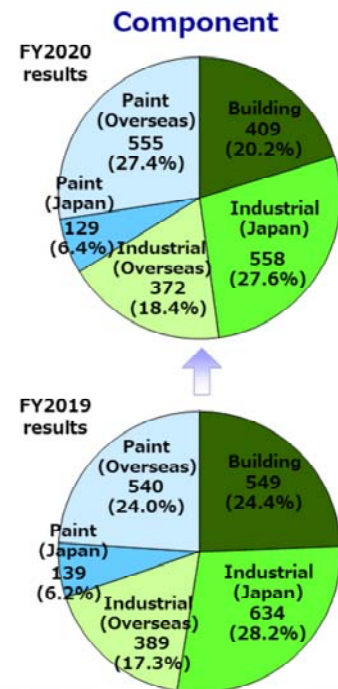
	FY2019	FY2020	Change
<b>Net sales of completed construction contracts</b>	2,253	2,025	-228
(Japan)	(1,323)	(1,097)	(-225)
(Overseas)	(930)	(927)	(-2)
<b>Green Technology</b>	1,573	1,340	-233
Building HVAC	549	409	-140
Industrial HVAC	1,024	930	-93
(Japan)	(634)	(558)	(-76)
(Overseas)	(389)	(372)	(-16)
<b>Paint Finishing</b>	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.



This slide shows the summary of sales by division compared to FY2019.

As the whole Group, the sales decreased by 22.8 billion to 202.5 billion.

In the building HVAC segment of the Green Technology System Division, 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.

On the other hand, the sales of Paint Finishing System Division increased due to steady progress in large-scale overseas projects, despite the postponement of some investment plans.

# 1 Highlight of FY2020

## 2-②.Sales by Division (expected comparison)

(Hundred millions of yen)

	Original expectation A	FY2020 Results B	Difference B-A
<b>Net sales of completed construction contracts</b>	<b>2,030</b>	<b>2,025</b>	<b>-4</b>
(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)

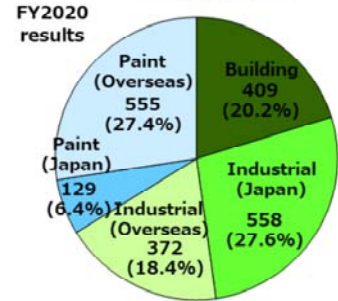
(Green Technology System Division)

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

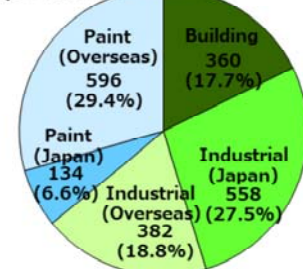
(Paint Finishing System Division)

·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



Original expectation



This slide shows the summary of sales compared to the forecast at the beginning of FY2020.

The sales were 0.4 billion yen lower than the initial forecast for the whole Group.

For Green Technology System Division, the impact of COVID-19 on construction activities was more limited than expected, and the sales exceeded the annual forecast announced in August 2020.

On the other hand, the sales of Paint Finishing System Division which focused on overseas fell short of the annual forecast announced in August 2020 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.

# 1 Highlight of FY2020

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

(Hundred millions of yen)

	FY2019	FY2020	Change
<b>Operating income</b>	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%
<b>Ordinary income</b>	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.

This slide shows the summary of profit by division compared to FY2019.

As the whole Group, the ordinary income decreased by 3.7 billion to 12.2 billion.

The ordinary income of Green Technology System Division declined due to the significant decrease of sales.

The ordinary income of Paint Finishing System Division also declined due to the dropped ratio of the highly profitable projects because of the intensifying competitiveness.

# 1 Highlight of FY2020

## 3-②. Profit by Division (Expected comparison)

(Hundred millions of yen)

	FY2019	FY2020	Change
<b>Operating income</b>	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%
<b>Ordinary income</b>	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%

(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.

This slide shows the summary of profit compared to the forecast at the beginning of FY2020.

The ordinary income was 0.2 billion yen higher than the initial forecast for the whole Group.

The ordinary income exceeded the forecast as a result of cost reduction activities and cost cutting, although the business environment has remained severe due to the impact of the spread of COVID-19.

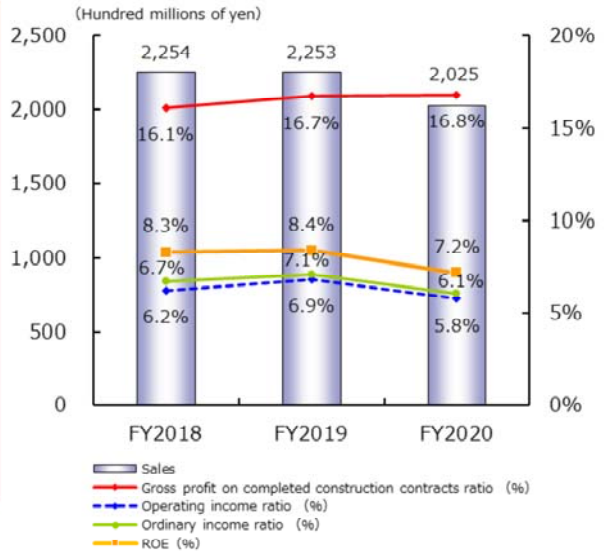
The ordinary income of Paint Finishing System Division was lower than the initial forecast as sales decreased due to a slower-than-expected market recovery from the effects of the economic downturn.

# 1 Highlight of FY2020

## 4. Consolidated Income Statement

(Hundred millions of yen)

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

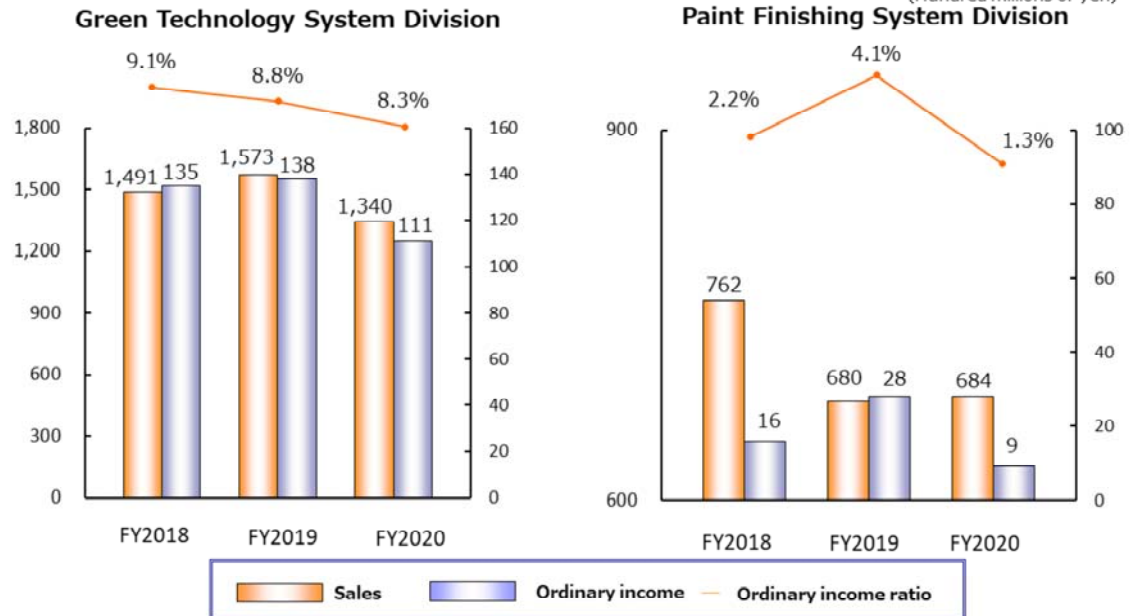


This slide shows the income data for the past three fiscal years.

1 Highlight of FY2020

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

(Hundred millions of yen)

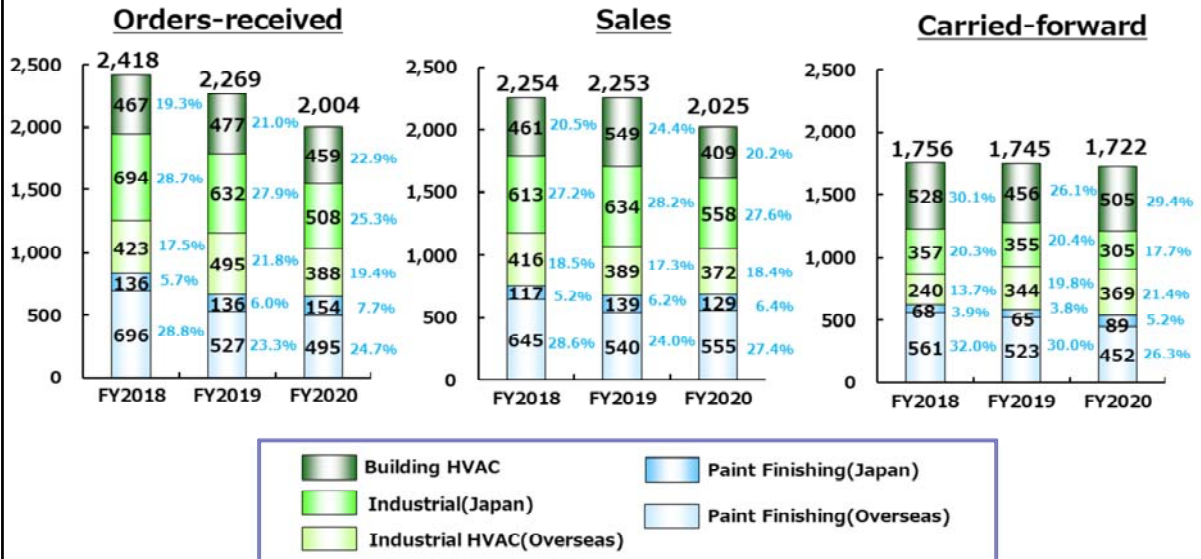


This slide shows the graphs of the sales and ordinary income by division.

# 1 Highlight of FY2020

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

(Hundred millions of yen)

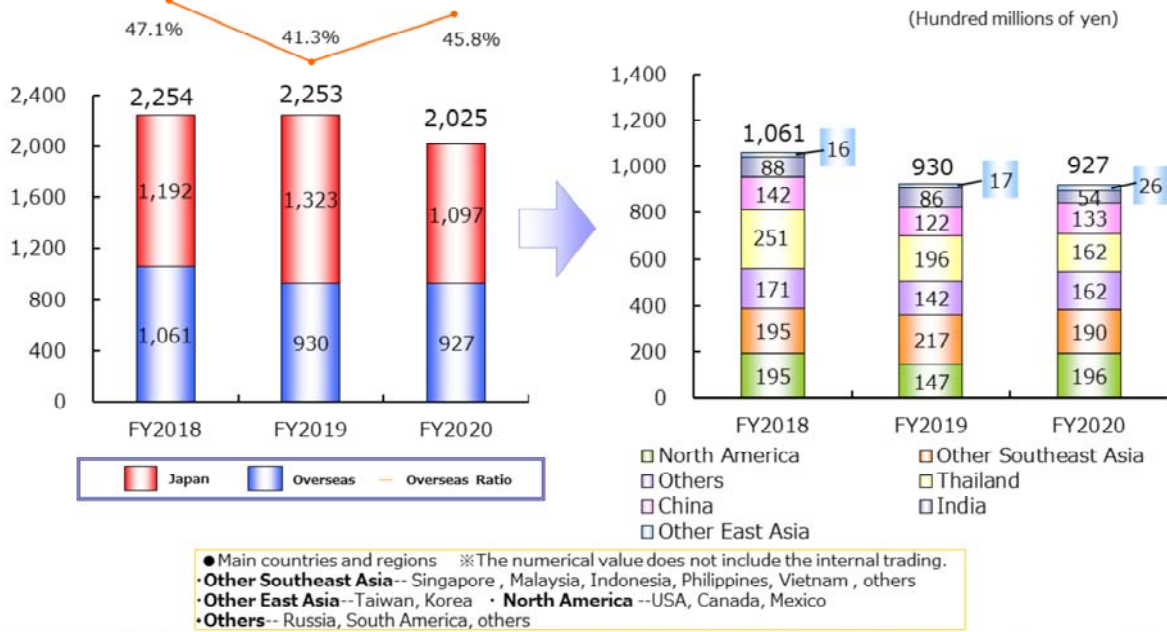


This slide shows the breakdown of orders-received, sales and carried-forward by division.



# 1 Highlight of FY2020

## 7. Overseas net sales of completed construction contract by Region



This slide shows the overseas sales by region.

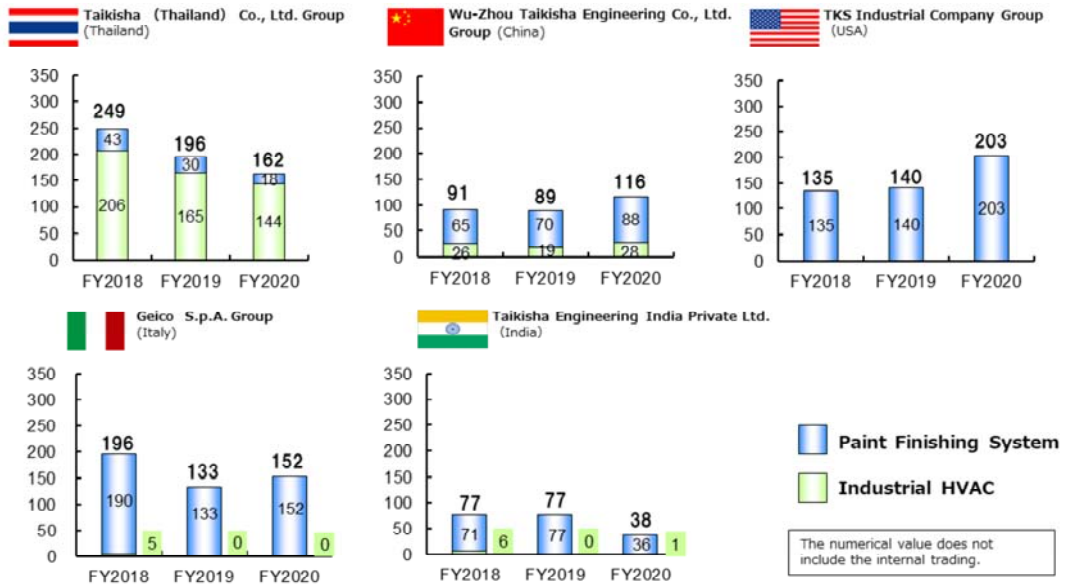
The left graph shows the breakdown of sales in Japan and overseas and the ratio of sales in overseas.

For the FY2020 sales, the overseas ratio indicated by the orange polygon line increased by 4.5% from 41.3% in FY2019 to 45.8% along with the decrease in Japan.

1 Highlight of FY2020

8.Sales of five main overseas companies

(Hundred millions of yen)



This slide shows the sales of five main overseas companies.

In North America, the sales increased due to the steady progress of large-scale projects.

# 1 Highlight of FY2020

## 9. Consolidated Balance Sheet

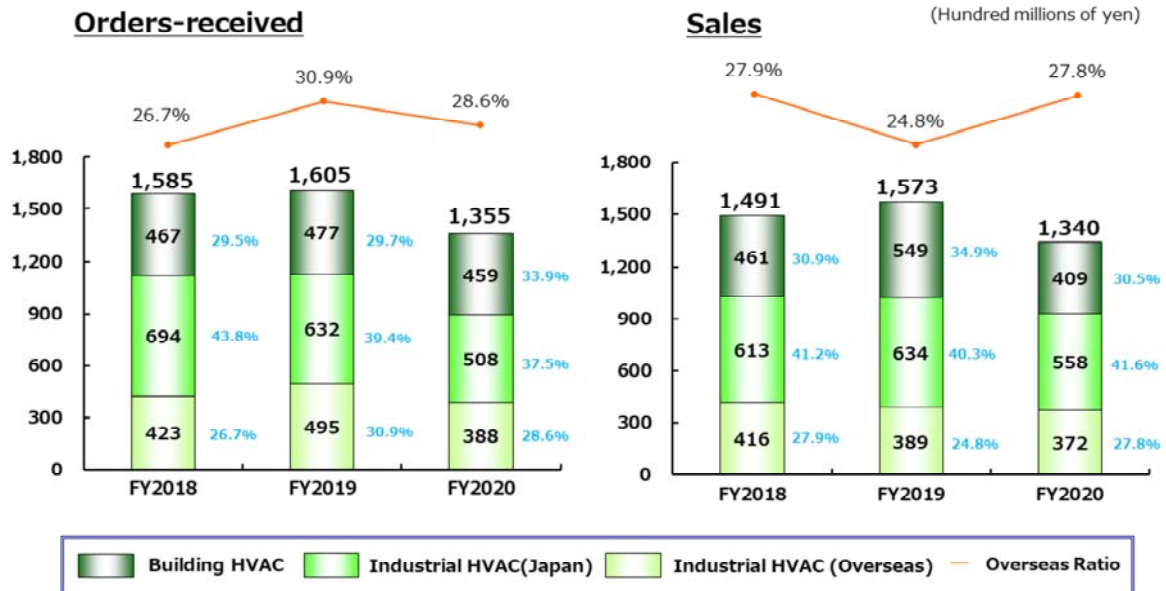
(Hundred millions of yen)

	FY2019	FY2020	Change		FY2019	FY2020	Change
<b>Current assets</b>	1,689	1,653	-35	<b>Current liabilities</b>	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	<b>Non-current liabilities</b>	86	156	70
Allowance for doubtful accounts	-3	-6	-3	<b>Total liabilities</b>	1,025	1,025	-0
<b>Non-current assets</b>	464	634	170	<b>Total net assets</b>	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
<b>Total assets</b>	2,153	2,288	134	Accumulated remeasurements of defined benefit plans	-3	24	27
				Non-controlling interests	46	52	6
				<b>Total liabilities and net assets</b>	2,153	2,288	134

This slide shows the consolidated balance sheet.

## 2 Results of Green Technology System Division

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



From this slide, we would like to explain the results of the Green Technology System Division.

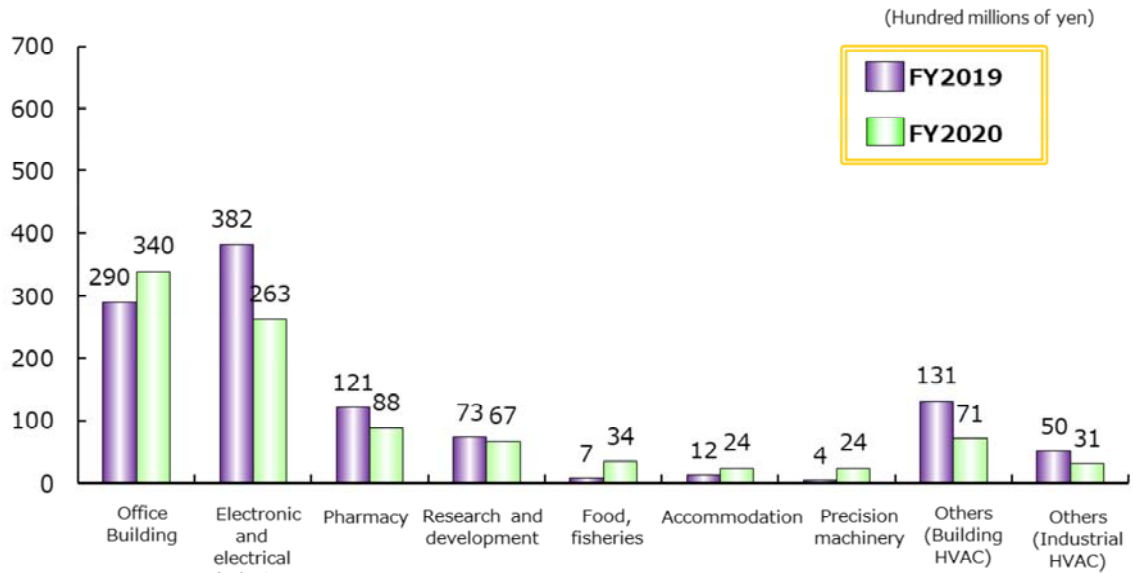
The left graph shows the trend of orders-received, and the right graph shows the trend of sales by business category.

The orders-received decreased both in Japan and overseas. The overseas ratio declined as the overseas sales decreased more than Japan.

The sales also decreased both in Japan and overseas. The overseas ratio increased as the sales in Japan decreased more than overseas.

## 2 Results of Green Technology System Division

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



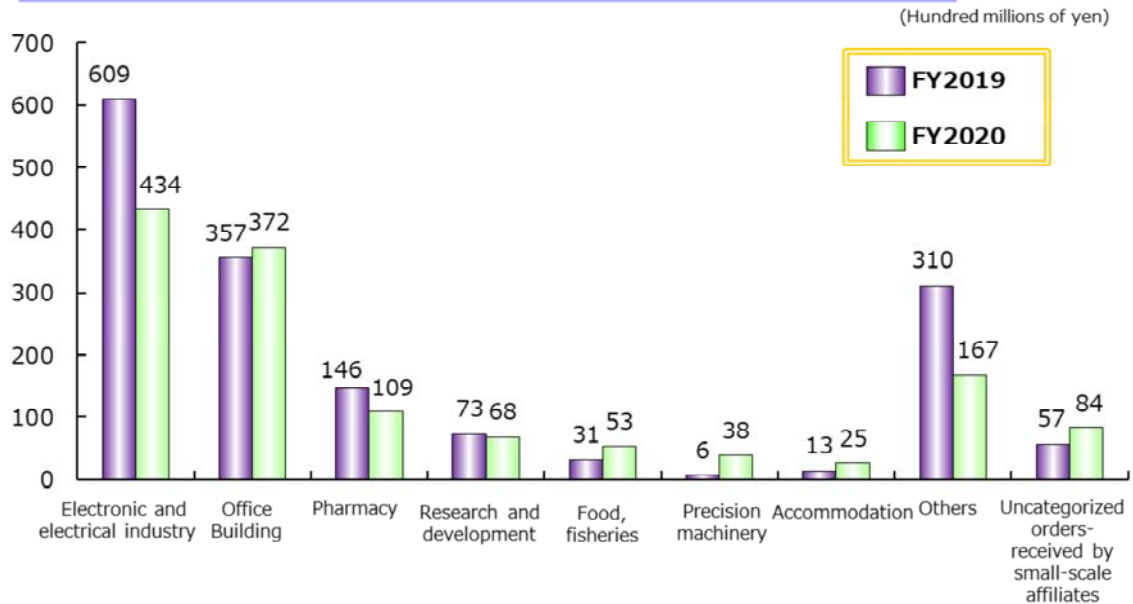
This slide shows the non-consolidated orders-received by market categories.

The orders-received in the electrical and electronics market decreased significantly due to a reactionary decline from the large orders received in FY2019, as well as the impact of the spread of COVID-19.

On the other hand, the orders-received in the office buildings market increased due to the steady capture of demand for large-scale redevelopment and renewal, mainly in the Tokyo area.

## 2 Results of Green Technology System Division

### 3. Order of the market classification (Consolidated)



This slide shows the consolidated orders-received of the Green Technology System Division by market categories.

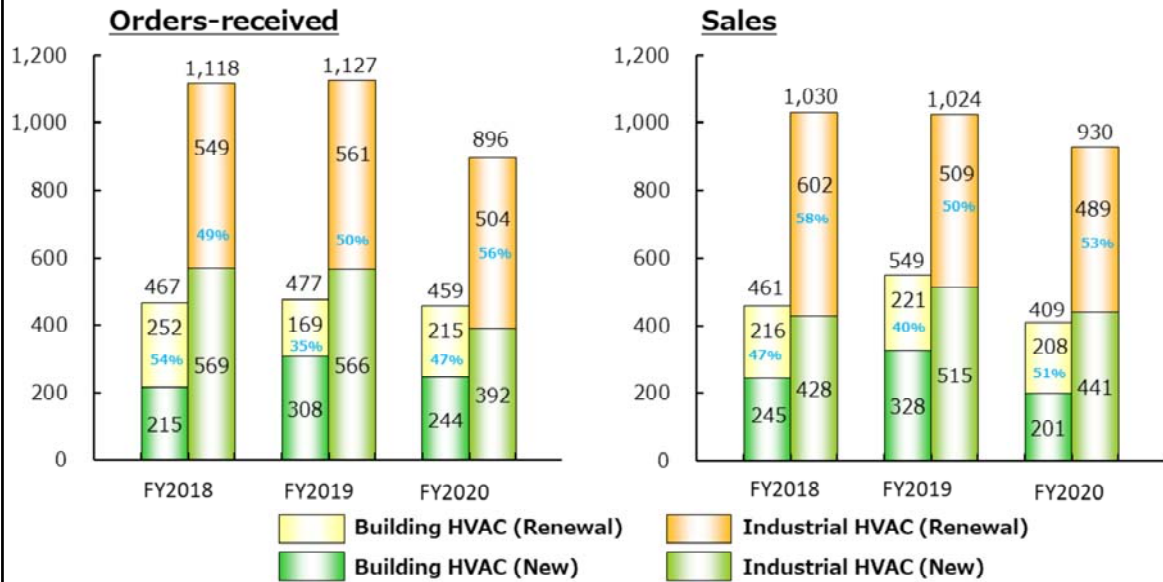
The overseas orders-received in the electrical and electronics market decreased due to a reactionary decline from the large orders-received by Japanese electronics manufacturers in FY2019 and, as in Japan, the continuous adjustment phase of capital investment with the economic downturn.

## 2 Results of Green Technology System Division

### 4. Renewal construction (Consolidated)

(Hundred millions of yen)

(%:Renewal Ratio)

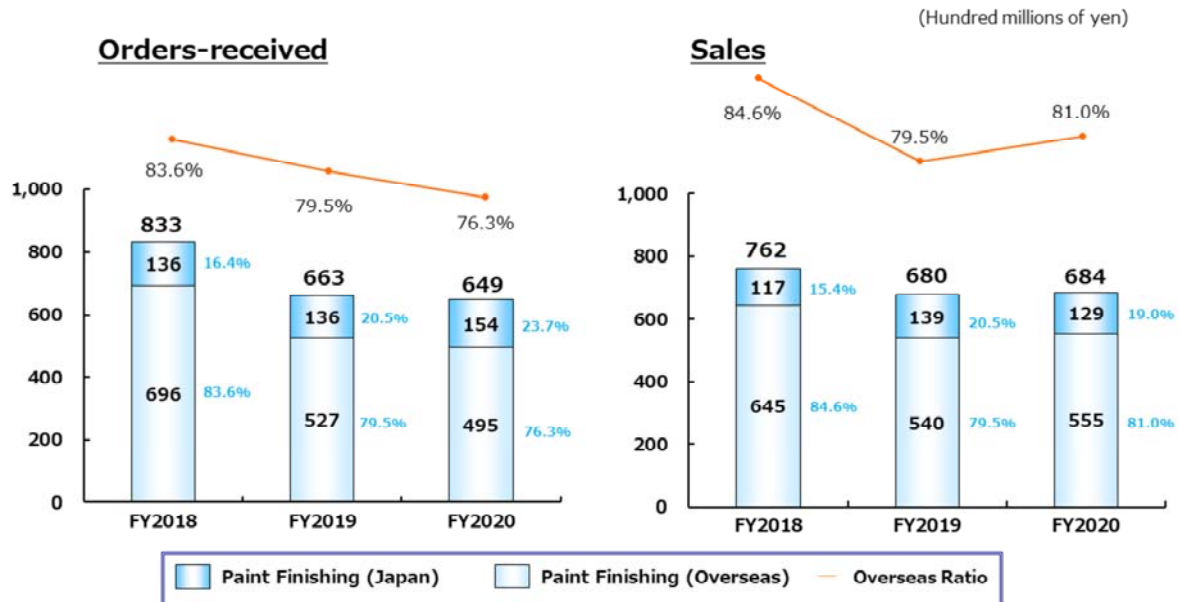


This slide shows the trend of renewal construction projects.

The orders-received of renewal construction projects in the building HVAC segment increased FY2020 due to orders for large-scale renewal projects.

### 3 Results of Paint Finishing System Division

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



From this slide, we would like to explain the results of Paint Finishing System Division.

The ratio of overseas orders-received shows a downward trend.

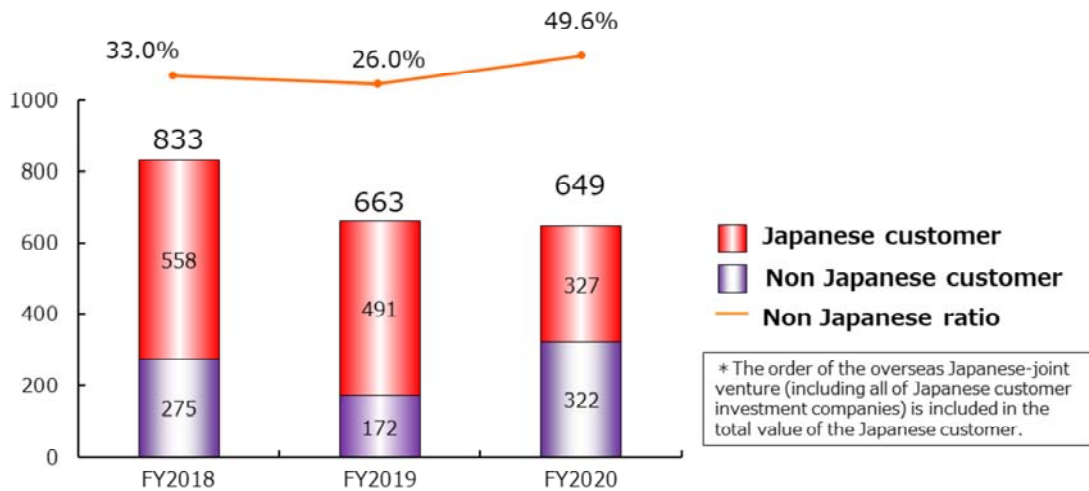
As for the sales, the overseas ratio increased due to a decrease in Japanese sales and an increase in overseas sales compared to FY2019.



### 3 Results of Paint Finishing System Division

#### 2. Order ratio from non Japanese customers

(Hundred millions of yen)



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

In FY2020, the ratio increased significantly due to the receipt of large orders from non-Japanese customers in Europe.

## 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				
<b>Orders-received</b>  31 projects  934 hundred millions of yen	<b>Japan</b>  358 hundred millions of yen	17 projects	Office building	8
			Accommodation	1
			Electronic and electrical industry	2
			Research and development	2
			Food, fisheries	1
			Pharmacy	1
			Automobile parts	1
	Other	1		
	<b>Overseas</b>  576 hundred millions of yen	14 projects	Office building	2
			Other factory	1
			Automobile	8
			Truck	1
			Motorcycle	1
			Railway	1

Slide 26 to 28 show the summary of the number of orders-received, sales and carried forward projects of 1 billion yen or more.

**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				
<b>Sales</b>  31 projects  713 hundred millions of yen	<b>Japan</b> <b>247</b> hundred millions of yen	14 projects	Office building	<b>4</b>
			Accommodation	<b>1</b>
			Electronic and electrical industry	<b>6</b>
			Pharmacy	<b>2</b>
			Automobile	<b>1</b>
	<b>Overseas</b> <b>466</b> hundred millions of yen	17 projects	Office building	<b>1</b>
			Commercial	<b>1</b>
			Electronic and electrical industry	<b>1</b>
			Pharmacy	<b>1</b>
			Automobile	<b>12</b>
		Truck	<b>1</b>	

**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	
<b>Carried forward</b>  39 projects  965 hundred millions of yen	<b>Japan</b>  488 hundred millions of yen	<b>23</b> 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	-
	<b>Overseas</b>  476 hundred millions of yen	<b>16</b> projects	Office building	2	-
			Station, airport	2	-
			Electronic and electrical industry	2	-
			Other	1	-
			Automobile	7	4
			Truck	1	-
		Railway	1	-	

## 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 : Δ21.6 hundred millions of yen, Ordinary income : Δ0.5 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

From this slide, we would like to explain the earnings forecasts for FY2021.

This slide shows the earnings forecasts by divisions.

Please check the assumed exchange rates and the effect of exchange rate differences shown below the slide.

## 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)
<b>Orders-received</b>	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)
<b>Green Technology</b>	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)
<b>Paint Finishing</b>	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.

This slide shows the breakdown of orders-received by divisions.

The orders-received of the whole Group for FY2021 is expected to increase by 43.5 billion yen to 244 billion yen.

This includes several capital investments that had been postponed in FY2020 due to the spread of COVID-19.

As for the outlook for the market environment, 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 such as pharmaceutical manufacturers are also expected in Japan.

In the 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)
<b>Net sales of completed construction contracts</b>	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)
<b>Green Technology</b>	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)
<b>Paint Finishing</b>	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.

This slide shows the breakdown of sales by division.

The sales of the whole Group for FY2021 is expected to increase by 15.4 billion yen to 218 billion yen.

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)
<b>Ordinary income</b>	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%
<b>Green Technology</b>	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%
<b>Paint Finishing</b>	-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%
<b>Profit attributable to owners of parent</b>	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.

This slide shows the ordinary income and the profit attributable to owners of parent.

The ordinary income is expected to increase by 1.2 billion yen to 13.5 billion yen.

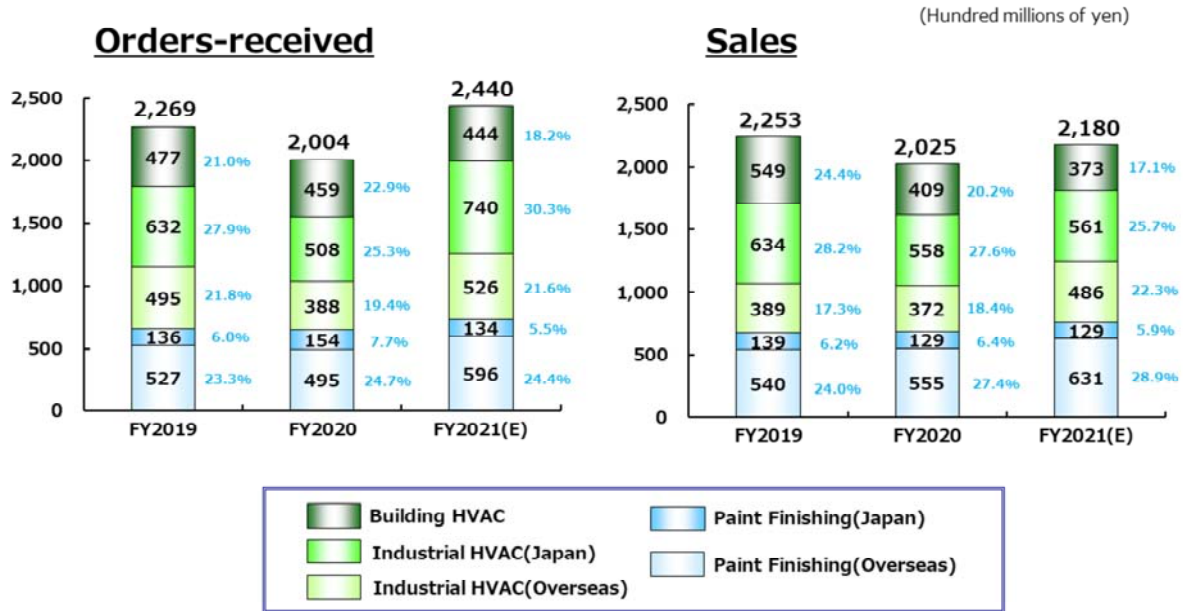
The ordinary income of Green Technology System Division is expected to decrease due to low profitable carried-forwarded projects.

The ordinary income of Paint Finishing System Division 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

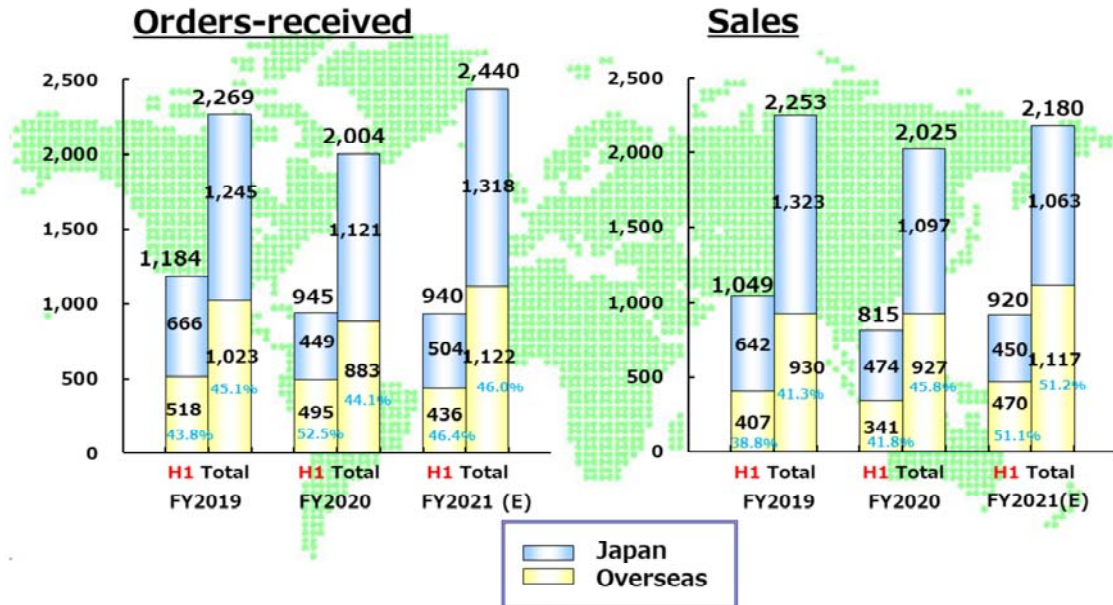


Slide 33 to 36 shows the earnings forecasts for orders-received and the sales of the whole Group and each division.

## 5 Earnings Forecasts for FY2021

### Total (Japan/Overseas)

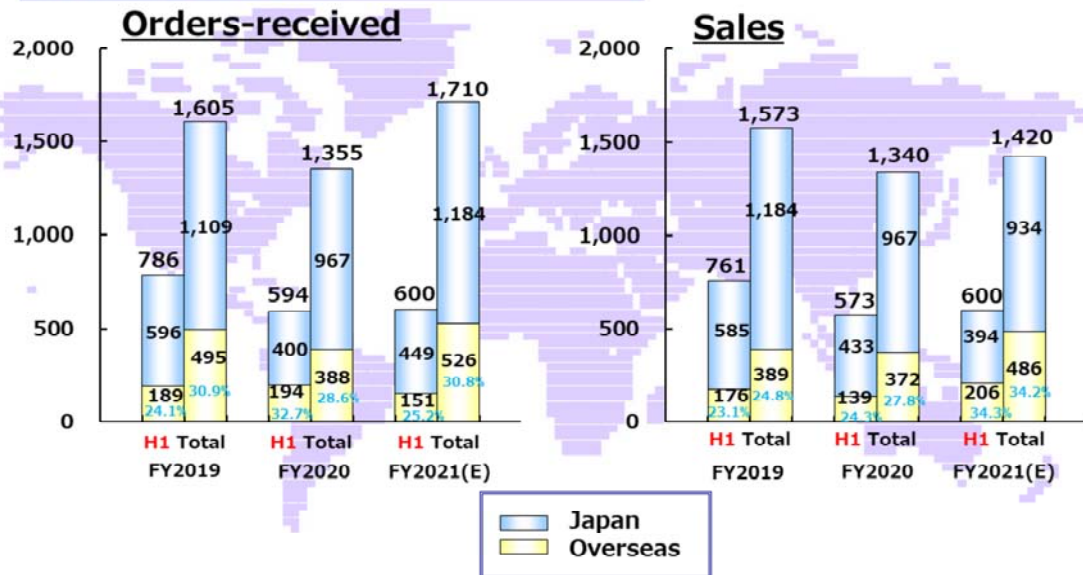
(Hundred millions of yen)  
(%: Overseas ratio)



## 5 Earnings Forecasts for FY2021

### Green Technology System Division (Japan/Overseas)

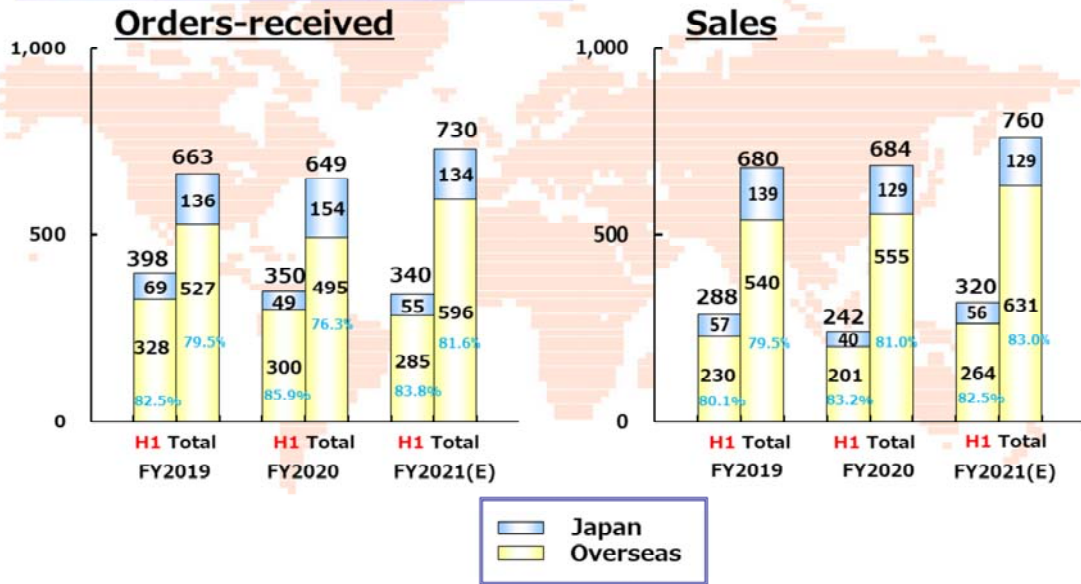
(Hundred millions of yen)  
(%: Overseas ratio)



## 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)

**In this section, we would like to 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”**

<b>Technology</b>	Aim to become an engineering group that meets the diverse needs of clients through energy-, air- and water-based technology.
<b>Environment</b>	Solve the clients' environmental issues with innovative solution technology and contribute to passing on the rich global environment to future generations.
<b>Human Resources</b>	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	<b>2,650</b>	hundred million yen
Net sales of completed construction contracts	<b>2,600</b>	hundred million yen
Ordinary Income	<b>160</b>	hundred million yen
Profit attributable to owners of parent	<b>100</b>	hundred million yen
Return on equity (ROE)	<b>8</b>	% or higher
Investment Plan	<b>200</b>	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	<b>200 hundred million yen</b>
Capital investments such as M&As	

**This slide shows the long-term vision, quantitative targets, and investment theme of this Mid-Term Business Plan.**

# Basic Policy and Direction/Strategy



This slide shows the 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

We would like to list three of the achievements based on each of the strategies in the Mid-Term Business Plan for FY2020.

The first is our achievement in "Expand new businesses" as a strategy of the plan, which is expanding the field of the plant factory business and constructing our first own mass production demonstration factory.

Taking this opportunity, Taikisha Group will aim to establish a new brand as a total agricultural company engaged in plant construction as well as the production and sales of vegetables.



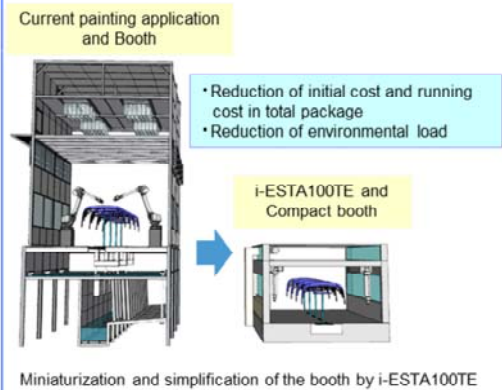
## Initiatives of each strategy ~Achievement②~

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.



The second is our achievement in “Enhance added value” as a strategy of Mid-Term Business Plan, which is the realization of an automatic coating system with 100% coating efficiency.

Taikisha has developed an electrostatic spray coating system, “i-ESTA 100TE”, in collaboration with Toyota Auto Body CO. Ltd., which atomizes paint using electricity.

This system enabled to achieve 100% coating efficiency that had been said to be difficult until now, 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><b>Secure human resources</b>            ~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><b>Implemented the telework system</b></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><b>Selected under the “2021 Certified Health &amp; Productivity Management Outstanding Organizations Recognition Program” (White500)</b></p> <p>Taikisha was selected under the “2021 Certified Health &amp; 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>

The third achievement is the initiative for “Secure human resources” as a strategy of Mid-Term Business Plan, which is the implement of the telework system and the selection under the “2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program” (White 500).

We will continuously promote these measures to make the Company more attractive including the enhancement of the systems to enable flexible work styles, as well as the improvement of benefits and reduction of working hours.

## Initiatives of each strategy ~Main initiatives in progress①~

Strategy	Main initiative in progress
<b>Enhance added value</b> ~Energy-saving, cost-saving and environment-responsive technology and automation technology, etc.	<b>Develop and commercialize the paint system that remarkably improves coating efficiency</b> Taikisha is promoting to develop and to commercialize the paint system that remarkably improves coating efficiency related to reduce CO <sub>2</sub> emissions.
<b>Upgrade and utilize laboratories</b> ~Reinforce technological development capabilities and strengthen proposal capabilities through the visualization of technology	<b>Reconstruct Research and Development Center as demonstration center</b> Taikisha is considering reconstruction of Research and Development Center as inspection facility to propose customers to technologies related to Green Technology System Division.
<b>Utilize IoT・AI</b> ~Promote the development of new solutions	<b>Develop and commercialize predictive maintenance system in factories</b> 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)

From this slide, it shows the main initiatives of each strategy in progress.

Initiatives of each strategy ~Main initiatives in progress②~

Strategy	Main initiative in progress
<b>Enhance productivity</b>	<b>Develop the automation system to draw the design and to estimate</b>
	Taikisha is developing the automation system to draw the design and to estimate.
<b>Expand new businesses</b> ~The plant factory business and the paint finishing system business for large vehicles other than automobiles	<b>Implement an Expense System</b>
	Taikisha is considering to implement an expense system. The system enables to go paperless and improve the efficiency of business processes.
<b>Expand business areas into new countries</b>	<b>Development and commercialization of automatic polishing equipment for aircraft and railway cars</b>
	Sales activities are underway to expand the use of the system.
<b>Expand business areas into new countries</b>	<b>Consider establishing affiliates in new countries</b>
	Taikisha is considering establishing the new affiliates in the area that is expected to invest.

Initiatives of each strategy ~Main initiatives in progress③~

Strategy	Main initiative in progress
<p><b>Secure human resources</b>            ~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><b>Response to legal revisions regarding “Equal Pay for Equal Work”</b></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><b>Reinforce human capital and organizational capabilities through the utilization of diverse human resources</b></p>	<p><b>Utilize of diverse human resources</b></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
<b>Reinforce corporate governance</b> ~Reinforcement of the management oversight functions of the Board of Directors and capital cost-conscious management	<b>Deepen consideration about capital cost, capital and shareholders returns policy</b> To aim for increase corporate value, Taikisha is promoting capital cost-conscious management, consideration about capital and shareholders returns policy.
<b>Reinforce the internal control system both in Japan and overseas</b>	<b>Reinforce the internal control system</b> Taikisha is considering reinforcing internal control system to maintain and supervise IT in the entire group.
<b>Improve the global risk management system</b> ~Legal risks, information security, compliance, etc.	<b>Reinforce the global information security measure</b> 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.

## 3 . Shareholder Returns

**Lastly, We would like to explain the Company's shareholder returns.**

## Shareholder Returns

### Purchase / Retirement 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	<u>Disposal Record</u> (by ESOP)			
2012/11	600	1,614	968	Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2013/12	800	2,170	1,736	2013/2	180	1,860	334
2015/5	680	3,245	2,206				
2016/11	356	2,805	999				
2017/11,12	136	3,654	499				

This slide shows the record of purchase and retirement of treasury shares.

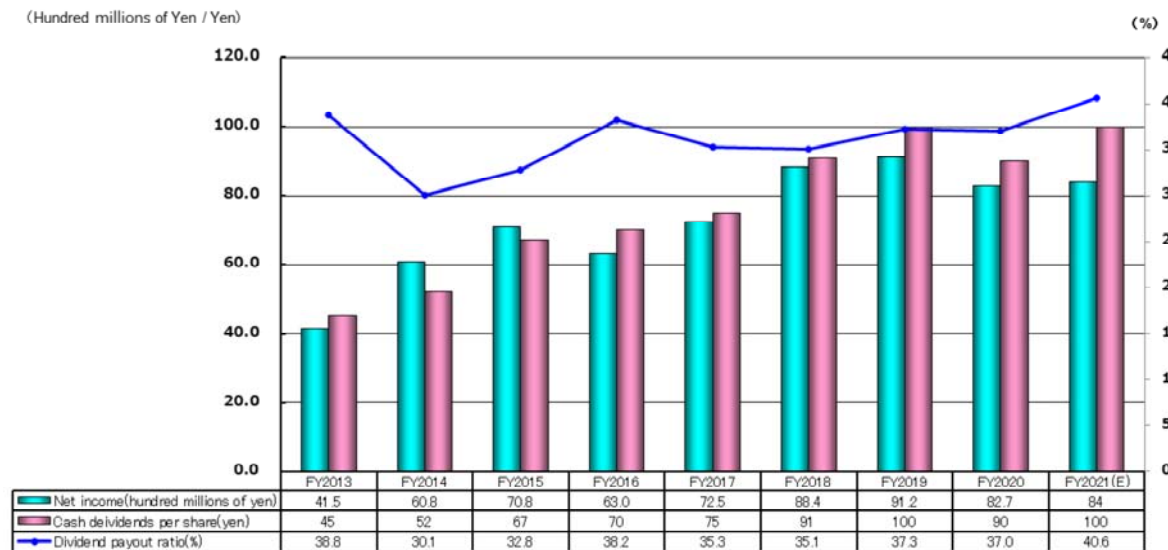
As a basic policy, we will flexibly purchase and retire treasury shares for the purpose of improving capital efficiency and quickly realizing financial policies.

In addition, we believe that it is important to make investments that will lead to further development in order to achieve stable and sustainable growth.

We will continue to purchase treasury shares flexibly based on our profit forecast and after making a comprehensive decision in consideration of our funding needs for growth investment and dividend amounts etc.



## Shareholder Returns Net income & Cash Dividends



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

This slide shows data on cash dividends.

We consider the return of profits to our shareholders through profit dividends as one of our most important measures, and our basic policy has been to provide stable dividends with a target consolidated dividend payout ratio of 35%.

For FY2021, in order to strengthen the return of profits to shareholders through profit dividends, we have decided to set a target consolidated dividend payout ratio of 40% by raising 5% for our basic policy to provide stable dividends.

As a result, the annual dividend for FY2021 is expected to be 100 yen per share, the same amount as FY2019 when the Company recorded its highest ever profit.

That concludes our 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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