

This is Falling Water (Kaufmann House), one of the 20th-Century Architecture of Frank Lloyd Wright and the world heritage sites in The United States, where Taikisha has overseas affiliates.

The First Half of FY2021 Financial Results Briefing



Nov 16,2021

1. Business environment and Achievements
for the First Half of FY2021
2. Earnings Forecast for FY2021

1. Business environment and Achievements for the First Half of FY2021

1 Business environment and Achievements for the First Half of FY2021

Business environment of H1

In Japan

Demand for the construction of office buildings in the Tokyo area was strong, and investment by pharmaceutical and electronic component manufacturers was also steady.

Overseas

As uncertainty due to the impact of COVID-19 still persisted, manufacturers continued to be cautious in their capital investment.

1 Business environment and Achievements for the First Half of FY2021

Consolidated performance of H1

(Hundred millions of yen)

| | Original expectation | Results of H1 FY2021 | Change |
|---|----------------------|----------------------|--------|
| Orders-received | 940 | 879 | -60 |
| Net sales of completed construction contracts | 920 | 924 | 4 |
| Ordinary income | 27 | 35 | 8 |
| (Ratio) | 2.9% | 3.9% | 0.9% |
| Profit attributable to owners of parent | 17 | 16 | -0 |
| (Ratio) | 1.8% | 1.8% | -0.0% |

- The orders-received fell short of the initial forecast for the whole Group as the adjustment phase of capital investment overseas in both Green Technology System and Paint Finishing System divisions still continued due to the impact of the spread of COVID-19.
- Ordinary income exceeded the initial forecast as Green Technology System Division compensated for the loss in the Paint Finishing System Division.
- Profit attributable to owners of parent fell slightly short of the initial forecast due to the worsening profitability of overseas subsidiaries and the increased burden of income taxes.

2. Earnings Forecast for FY2021

2 Earnings Forecast for FY2021

Consolidated Earnings Forecast for FY2021

(Hundred millions of yen)

| | Results of H1 | Expectations of H2 | Latest expectation of FY2021 | Original expectation of FY2021 | Difference |
|---|---------------|--------------------|------------------------------|--------------------------------|------------|
| Orders-received | 879 | 1,420 | 2,300 | 2,440 | -140 |
| Net sales of completed construction contracts | 924 | 1,125 | 2,050 | 2,180 | -130 |
| Ordinary income | 35 | 64 | 100 | 135 | -34 |
| (Ratio) | 3.9% | 5.7% | 4.9% | 6.2% | -1.3% |
| Net income | 16 | 43 | 60 | 84 | -24 |
| (Ratio) | 1.8% | 3.8% | 2.9% | 3.9% | -0.9% |

- We have revised our full-year earnings forecast in light of the H1 results and recent business environment.
- All items are expected to fall short of the initial forecast.
- The main reasons for this were the impact of the spread of COVID-19 overseas and the worsening profitability of overseas subsidiaries.

1. Explanation about the First Half of FY2021

- ① Highlight of the First Half of FY2021
- ② Results of Green Technology System Business
- ③ Results of Paint Finishing System Business
- ④ Main projects in Order/ Sales / Carried forward
- ⑤ Earnings Forecast for FY2021

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

3. Shareholders 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.

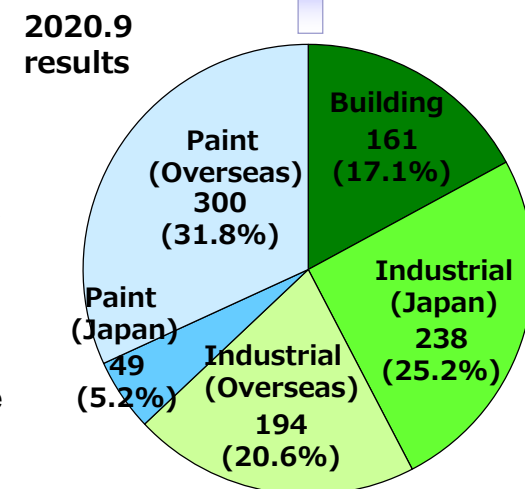
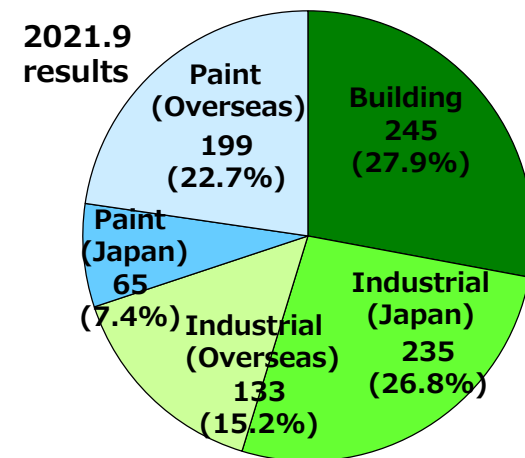
1. Explanation about the First Half of FY2021

1 Highlight of the First Half of FY2021

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

(Hundred millions of yen)

| | 2020.9 | 2021.9 | Change |
|------------------------|------------|------------|------------|
| Orders-received | 945 | 879 | -65 |
| (Japan) | (449) | (546) | (96) |
| (Overseas) | (495) | (333) | (-162) |
| Green Technology | 594 | 614 | 19 |
| Building HVAC | 161 | 245 | 83 |
| Industrial HVAC | 433 | 368 | -64 |
| (Japan) | (238) | (235) | (-3) |
| (Overseas) | (194) | (133) | (-61) |
| Paint Finishing | 350 | 264 | -85 |
| (Japan) | (49) | (65) | (15) |
| (Overseas) | (300) | (199) | (-101) |



- In the building HVAC segment, although the impact of capital investment shortage due to the spread of COVID-19 was huge in the H1 of FY2020, this year the orders-received increased because of large-scale redevelopment projects in the Tokyo area.
- The orders-received of the industrial HVAC segment and Paint Finishing System Division decreased as a result of a reactionary decline from the large orders-received overseas in the H1 of FY2020, as well as the continued adjustment phase of capital investment due to the economic downturn caused by the spread of COVID-19.

1 Highlight of the First Half of FY2021

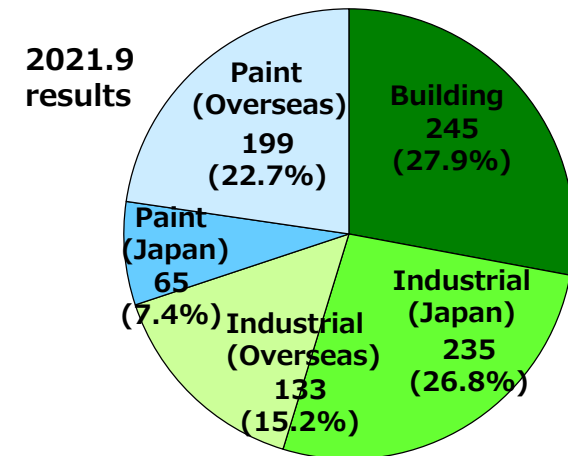
1-②. Orders-received by Business (Expected comparison)

(Hundred millions of yen)

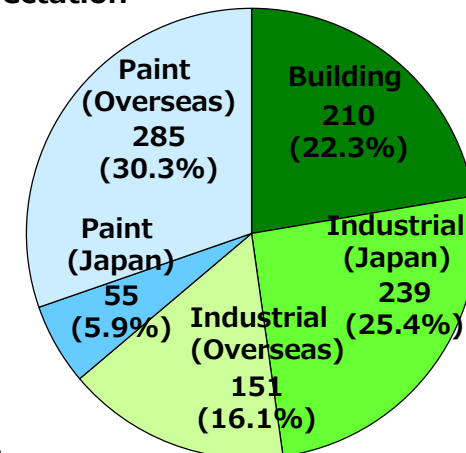
| | Original expectation | Result of H1 FY2021 | Change |
|------------------------|----------------------|---------------------|------------|
| Orders-received | 940 | 879 | -60 |
| (Japan) | (504) | (546) | (42) |
| (Overseas) | (436) | (333) | (-102) |
| Green Technology | 600 | 614 | 14 |
| Building HVAC | 210 | 245 | 35 |
| Industrial HVAC | 390 | 368 | -21 |
| (Japan) | (239) | (235) | (-3) |
| (Overseas) | (151) | (133) | (-17) |
| Paint Finishing | 340 | 264 | -75 |
| (Japan) | (55) | (65) | (10) |
| (Overseas) | (285) | (199) | (-85) |

- In the building HVAC segment, the orders-received exceeded the forecast because we were able to steadily capture demand for large-scale redevelopment projects mainly in the Tokyo area.
- In the overseas market in the industrial HVAC segment and Paint Finishing System Division, we had expected COVID-19 to end within FY2021 and factored in a certain amount of postponed projects; however, the impact of the spread of COVID-19 has lasted longer than expected and the adjustment phase of capital investment continued.

Component



Original expectation



1 Highlight of the First Half of FY2021

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

(Hundred millions of yen)

| | 2020.9 | 2021.9 | Change |
|--|--------|--------|--------|
| Net sales of completed construction contracts | 815 | 924 | 108 |
| (Japan) | (474) | (481) | (6) |
| (Overseas) | (341) | (442) | (101) |
| Green Technology | 573 | 587 | 13 |
| Building HVAC | 175 | 198 | 23 |
| Industrial HVAC | 397 | 388 | -9 |
| (Japan) | (258) | (207) | (-51) |
| (Overseas) | (139) | (180) | (41) |
| Paint Finishing | 242 | 337 | 94 |
| (Japan) | (40) | (75) | (34) |
| (Overseas) | (201) | (261) | (59) |

(Green Technology System Business)

- In the building HVAC segment, the sales was increased compared to FY2020 due to the increase of the sales carried forward at the beginning of FY2021.
- In the industrial HVAC segment, the overseas sales increased, but the total sales decreased.

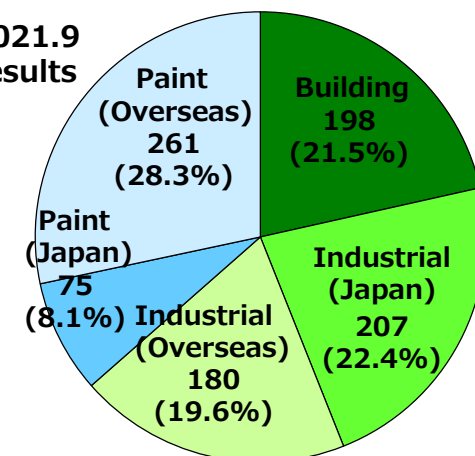
(Several large projects made significant progress in the H1 of FY2020 in Japan.)

(Paint Finishing System Business)

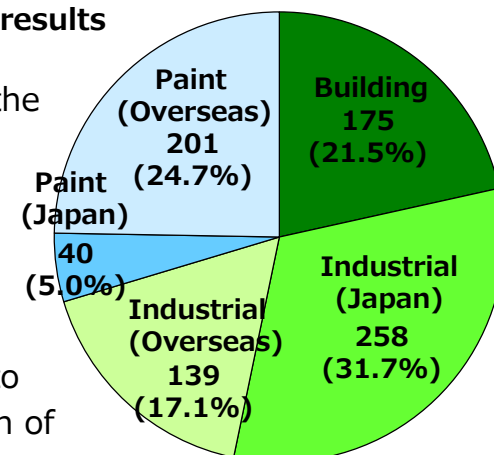
- Although the sales carried forward at the beginning of FY2021 decreased compared to FY2020, the sales was increased compared to FY2020 due to the timing of completion of construction.

Component

2021.9 results



2020.9 results



1 Highlight of the First Half of FY2021

2-②. Sales by Business (Expected comparison)

(Hundred millions of yen)

| | Original expectation | Result of H1 FY2021 | Change |
|--|----------------------|---------------------|--------|
| Net sales of completed construction contracts | 920 | 924 | 4 |
| (Japan) | (450) | (481) | (31) |
| (Overseas) | (470) | (442) | (-27) |
| Green Technology | 600 | 587 | -12 |
| Building HVAC | 180 | 198 | 18 |
| Industrial HVAC | 420 | 388 | -31 |
| (Japan) | (214) | (207) | (-6) |
| (Overseas) | (206) | (180) | (-25) |
| Paint Finishing | 320 | 337 | 17 |
| (Japan) | (56) | (75) | (19) |
| (Overseas) | (264) | (261) | (-2) |

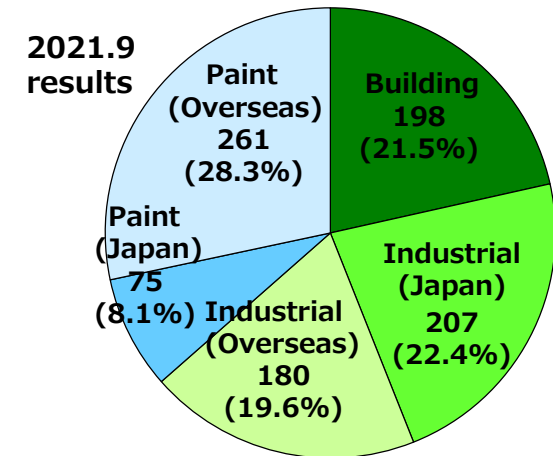
(Green Technology System Business)

- The sales of the building HVAC segment exceeded the annual forecast due to an increase in the progress of large-scale redevelopment projects.
- The sales of the industrial HVAC segment fell short of the forecast because the construction schedule of large-scale projects delayed due to the spread of COVID-19 overseas.

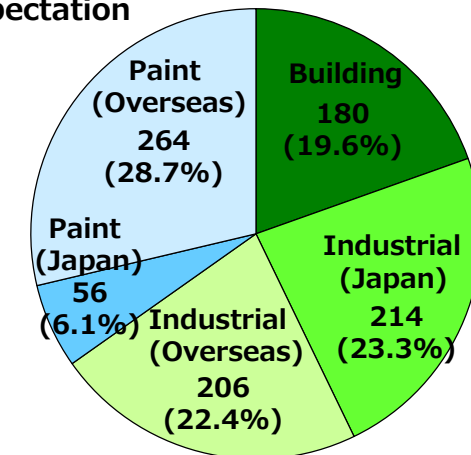
(Paint Finishing System Business)

- The sales exceeded the forecast due to greater progress than expected in construction in Japan.

Component



Original expectation



1

Highlight of the First Half of FY2021

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

(Hundred millions of yen)

| | 2020.9 | 2021.9 | Change |
|-------------------------|--------|--------|--------|
| Operating income | 31 | 27 | -4 |
| (Ratio) | 3.9% | 3.0% | -0.9% |
| Green Technology | 42 | 30 | -11 |
| (Ratio) | 7.4% | 5.3% | -2.1% |
| Paint Finishing | -10 | -5 | 5 |
| (Ratio) | -4.5% | -1.6% | 2.9% |
| Ordinary income | 37 | 35 | -1 |
| (Ratio) | 4.6% | 3.9% | -0.7% |
| Green Technology | 44 | 33 | -11 |
| (Ratio) | 7.8% | 5.7% | -2.1% |
| Paint Finishing | -10 | -4 | 6 |
| (Ratio) | -4.4% | -1.2% | 3.1% |

(Green Technology System Division)

- The ordinary income declined compared to FY2020 due to the reduction in the proportion of high profitable projects as well as the increase in SG&A expenses such as amortization of goodwill of Nicomac Taikisha Clean Rooms Private Limited in India, which was acquired last year.

(Paint Finishing System Division)

- (•The ordinary income in the H1 of FY2020 resulted in a current account deficit due to the reduction in the proportion of high profitable projects with stiff competition.)
- Compared to FY2020, deficit decreased in the H1 of FY2021 along with the increase of sales. However, it is resulted in a current account deficit because profitability deteriorated for Geico's projects in Europe.

1

Highlight of the First Half of FY2021

3-②. Profit by Business (Expected comparison)

(Hundred millions of yen)

| | Original expectation | Results of H1 FY2021 | Change |
|-------------------------|----------------------|----------------------|--------|
| Operating income | 23 | 27 | 4 |
| (Ratio) | 2.5% | 3.0% | 0.5% |
| Green Technology | 24 | 30 | 6 |
| (Ratio) | 4.0% | 5.3% | 1.3% |
| Paint Finishing | 1 | -5 | -6 |
| (Ratio) | 0.3% | -1.6% | -1.9% |
| Ordinary income | 27 | 35 | 8 |
| (Ratio) | 2.9% | 3.9% | 0.9% |
| Green Technology | 25 | 33 | 8 |
| (Ratio) | 4.2% | 5.7% | 1.6% |
| Paint Finishing | 1 | -4 | -5 |
| (Ratio) | 0.3% | -1.2% | -1.5% |

(Green Technology System Division)

- The ordinary income exceeded the forecast due to a greater-than-expected profit improvement in projects completed in the H1 of FY2021 among projects carried forward at the beginning of FY2021.

(Paint Finishing System Division)

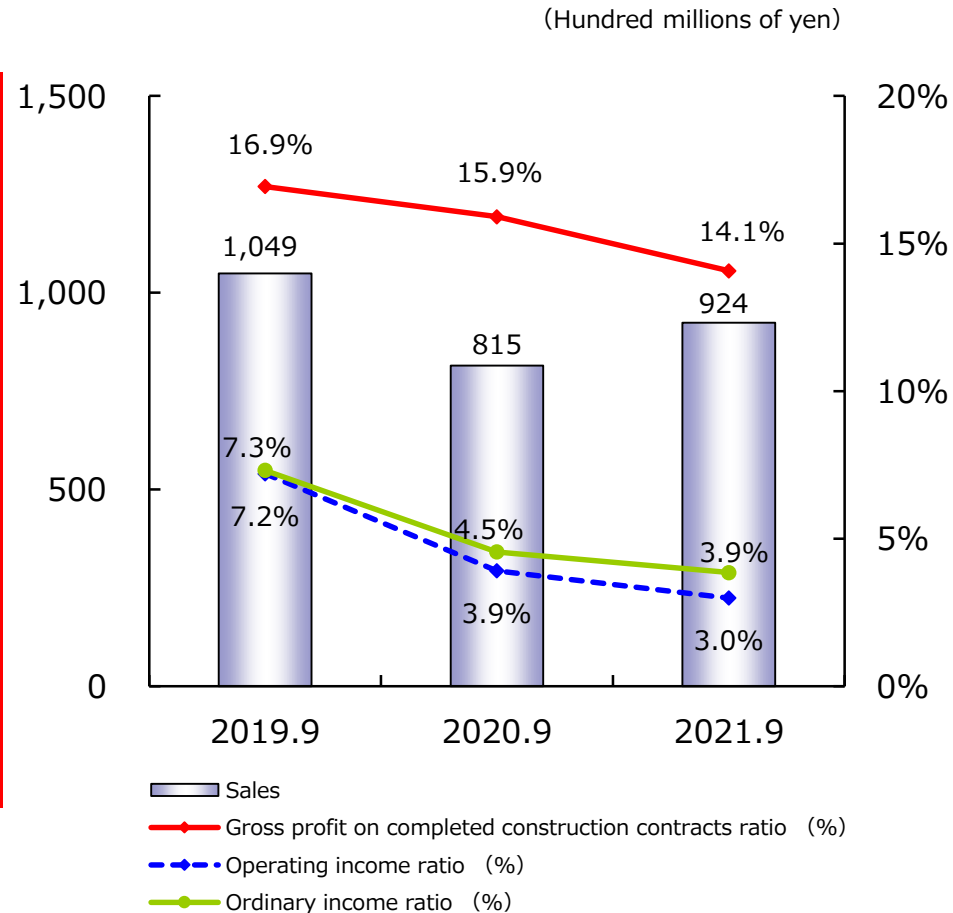
- It was able to secure a higher-than-expected profit; however, the profitability of Geico's project in Europe deteriorated and the loss could not be compensated, resulting in an ordinary loss.

1 Highlight of the First Half of FY2021

4. Consolidated Income Statements

(Hundred millions of yen)

| | 2019.9 | 2020.9 | 2021.9 |
|---|--------|--------|--------|
| Net sales of completed construction contracts | 1,049 | 815 | 924 |
| Gross profit on completed construction contracts | 177 | 129 | 130 |
| (Ratio) | 16.9% | 15.9% | 14.1% |
| Selling, general and administrative expenses | 102 | 97 | 102 |
| (Ratio) | 9.7% | 12.0% | 11.1% |
| Operating income | 75 | 31 | 27 |
| (Ratio) | 7.2% | 3.9% | 3.0% |
| Ordinary income | 76 | 37 | 35 |
| (Ratio) | 7.3% | 4.5% | 3.9% |
| Profit attributable to owners of parent | 53 | 30 | 16 |
| (Ratio) | 5.1% | 3.8% | 1.8% |



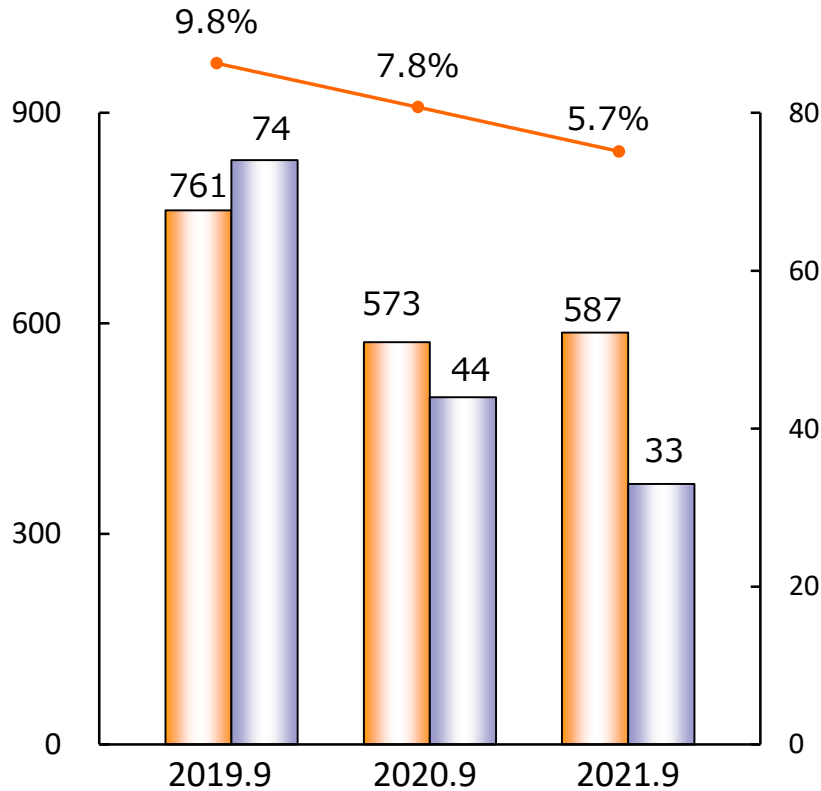
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Highlight of the First Half of FY2021

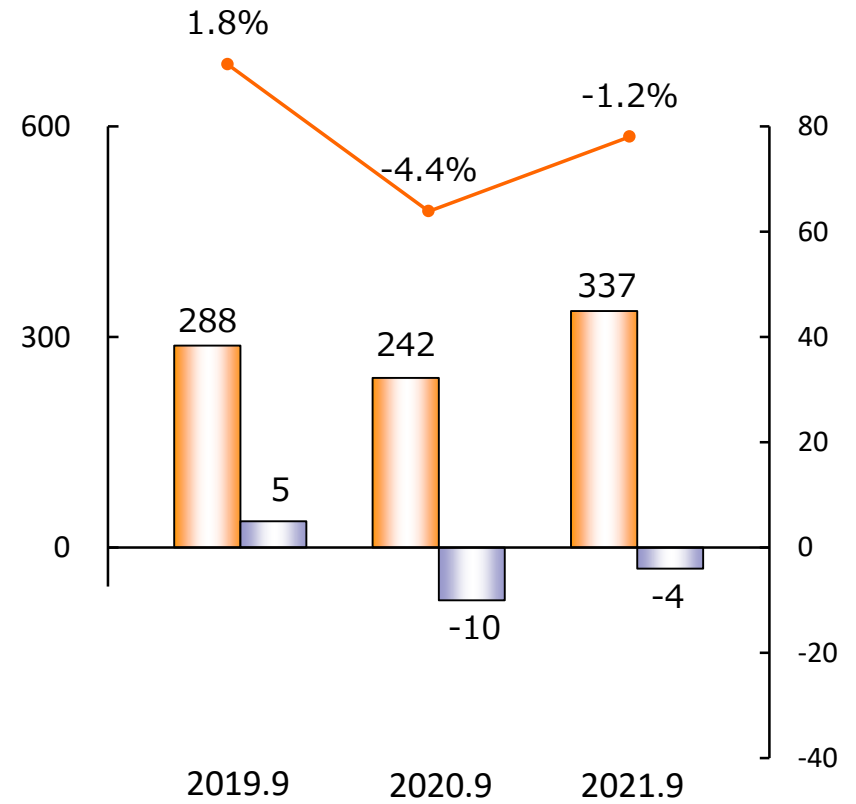
5. Net sales of completed construction contracts / Ordinary income by Division

(Hundred millions of yen)

Green Technology System Business



Paint Finishing System Business



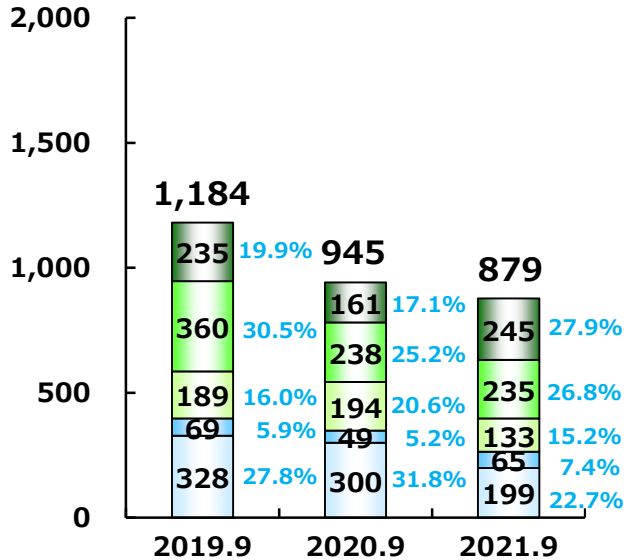
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Highlight of the First Half of FY2021

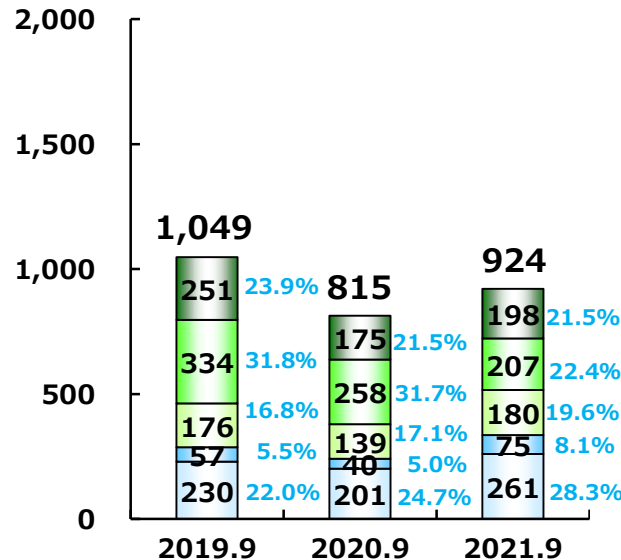
6. Orders-received / Net sales of completed construction contracts / Construction carried forward

(Hundred millions of yen)

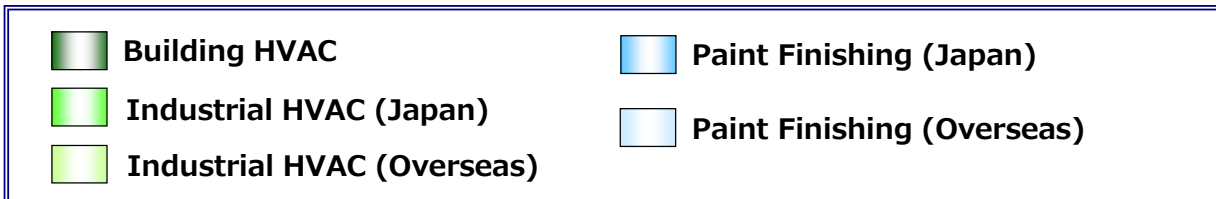
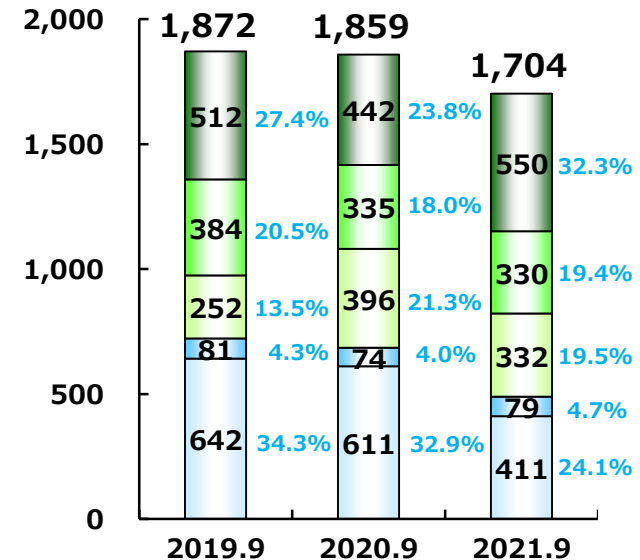
Orders-received



Sales



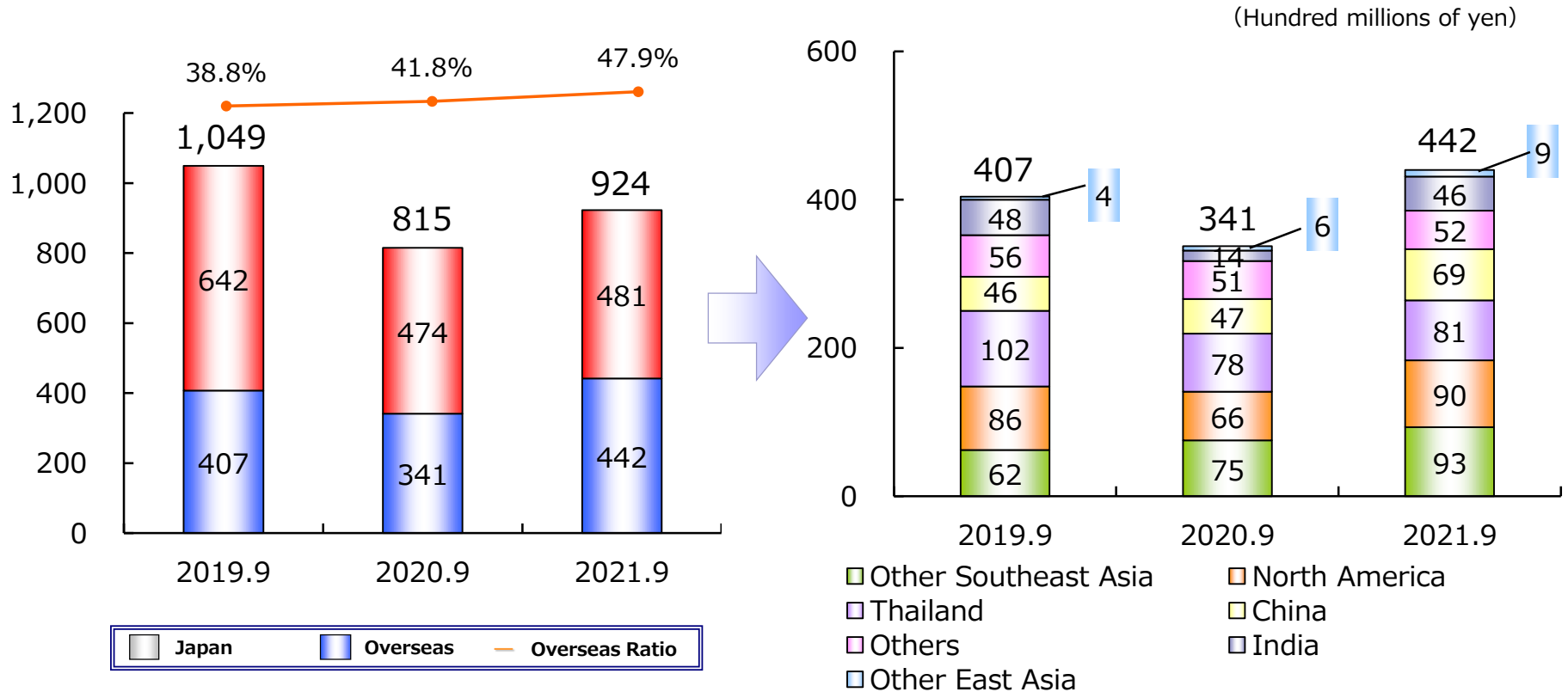
Carried forward



1

Highlight of the First Half of FY2021

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**-- Europe, South America, others

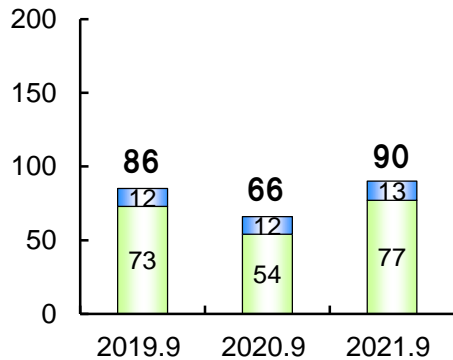
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Highlight of the First Half of FY2021

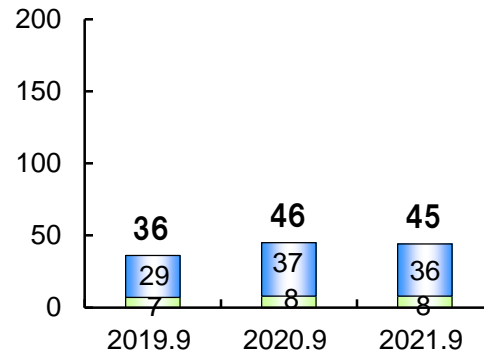
8. Sales of overseas main five companies

(Hundred millions of yen)

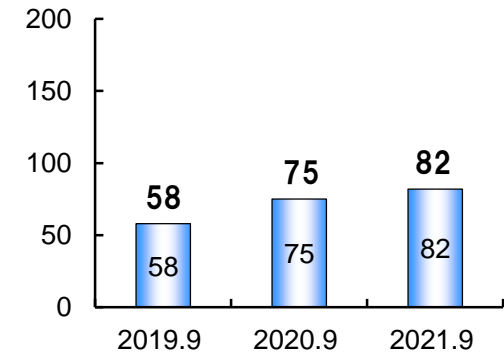
Taikisha (Thailand) Co.,Ltd. Group (Thailand)



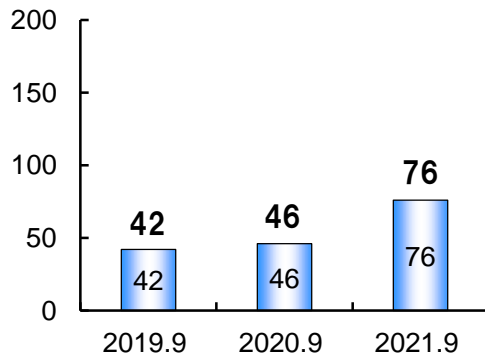
Wu-Zhou Taikisha Engineering Co., Ltd. Group (China)



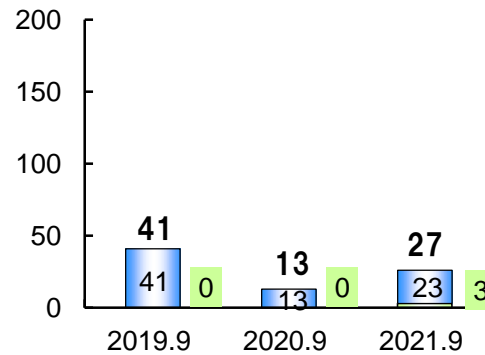
TKS Industrial Company Group (USA)



Geico S.p.A. Group (Italy)



Taikisha Engineering India Private Ltd. (India)



Paint Finishing System
Industrial HVAC

The numerical value does not include the internal trading.

1

Highlight of the First Half of FY2021

9. Consolidated Balance Sheet

(Hundred millions of yen)

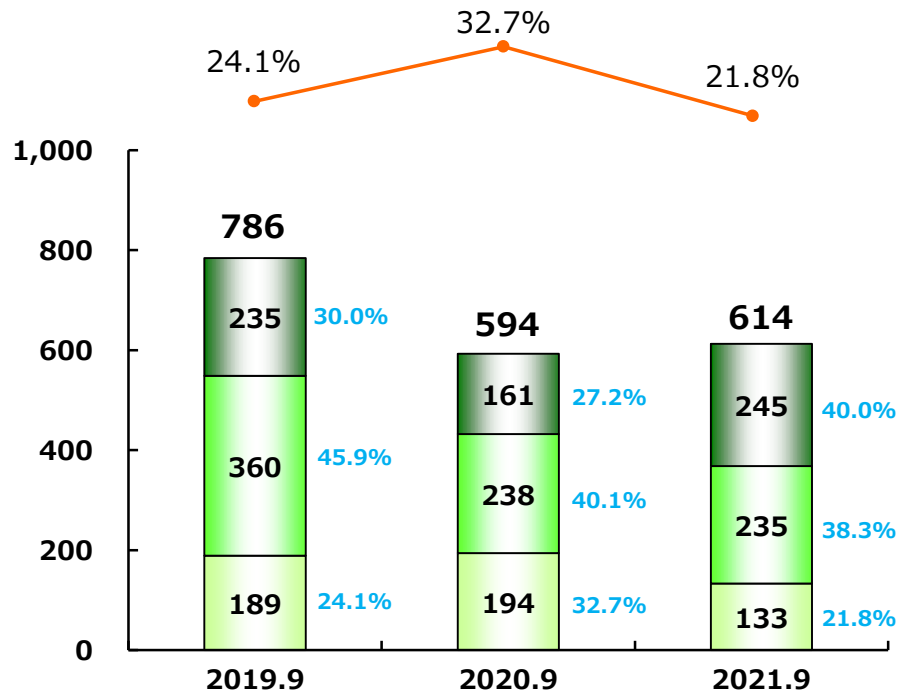
| | 2021.3 | 2021.9 | Change |
|---|--------|--------|--------|
| Current assets | 1,653 | 1,581 | -72 |
| Cash and deposits | 520 | 465 | -54 |
| Notes receivable, Accounts receivable from completed construction contracts and other | 1,014 | 919 | -94 |
| Securities | 20 | 20 | 0 |
| Costs on uncompleted construction contracts· Raw materials and supplies | 24 | 24 | -0 |
| Other intangible assets | 80 | 158 | 77 |
| Allowance for doubtful accounts | -6 | -6 | 0 |
| Non-current assets | 634 | 639 | 4 |
| Property, plant and equipment | 101 | 107 | 6 |
| Goodwill | 40 | 39 | -1 |
| Other intangible assets | 43 | 41 | -2 |
| Investment securities | 326 | 328 | 2 |
| Deferred tax assets | 10 | 3 | -6 |
| Other | 112 | 118 | 6 |
| Allowance for doubtful accounts | -0 | -0 | -0 |
| Total assets | 2,288 | 2,220 | -67 |

| | 2021.3 | 2021.9 | Change |
|--|--------|--------|--------|
| Current liabilities | 869 | 766 | -103 |
| Notes payable, accounts payable for construction contracts and other | 520 | 405 | -115 |
| Advances received on uncompleted construction contracts | 142 | 112 | -29 |
| Provision for loss on construction contracts | 4 | 3 | -0 |
| Other | 202 | 245 | 43 |
| Non-current liabilities | 156 | 180 | 24 |
| Total liabilities | 1,025 | 946 | -79 |
| Total net assets | 1,263 | 1,274 | 11 |
| Capital stock | 64 | 64 | 0 |
| Capital surplus | 50 | 50 | 0 |
| Retained earnings | 957 | 953 | -3 |
| Treasury shares, at cost | -25 | -25 | 0 |
| Valuation difference on available-for-sale securities | 142 | 144 | 1 |
| Deferred gains or losses on hedges | -0 | -0 | -0 |
| Foreign currency translation adjustment | -2 | 8 | 10 |
| Accumulated remeasurements of defined benefit plans | 24 | 25 | 1 |
| Non-controlling interests | 52 | 53 | 1 |
| Total liabilities and net assets | 2,288 | 2,220 | -67 |

2 Results of Green Technology System Business

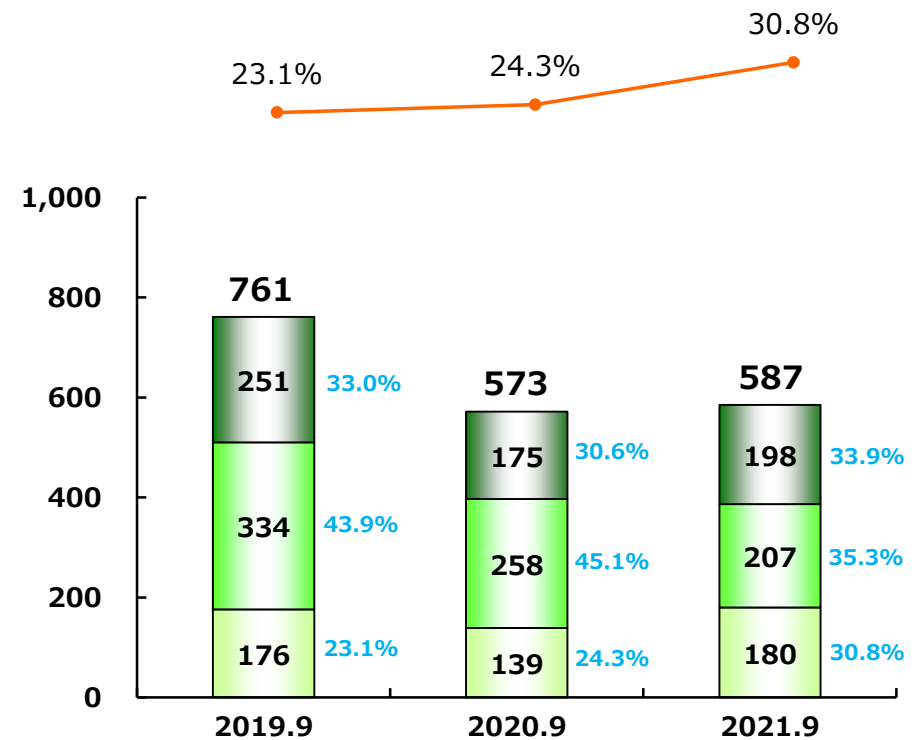
1. Orders-received / Net sales of completed construction contracts

Orders-received



Sales

(Hundred millions of yen)

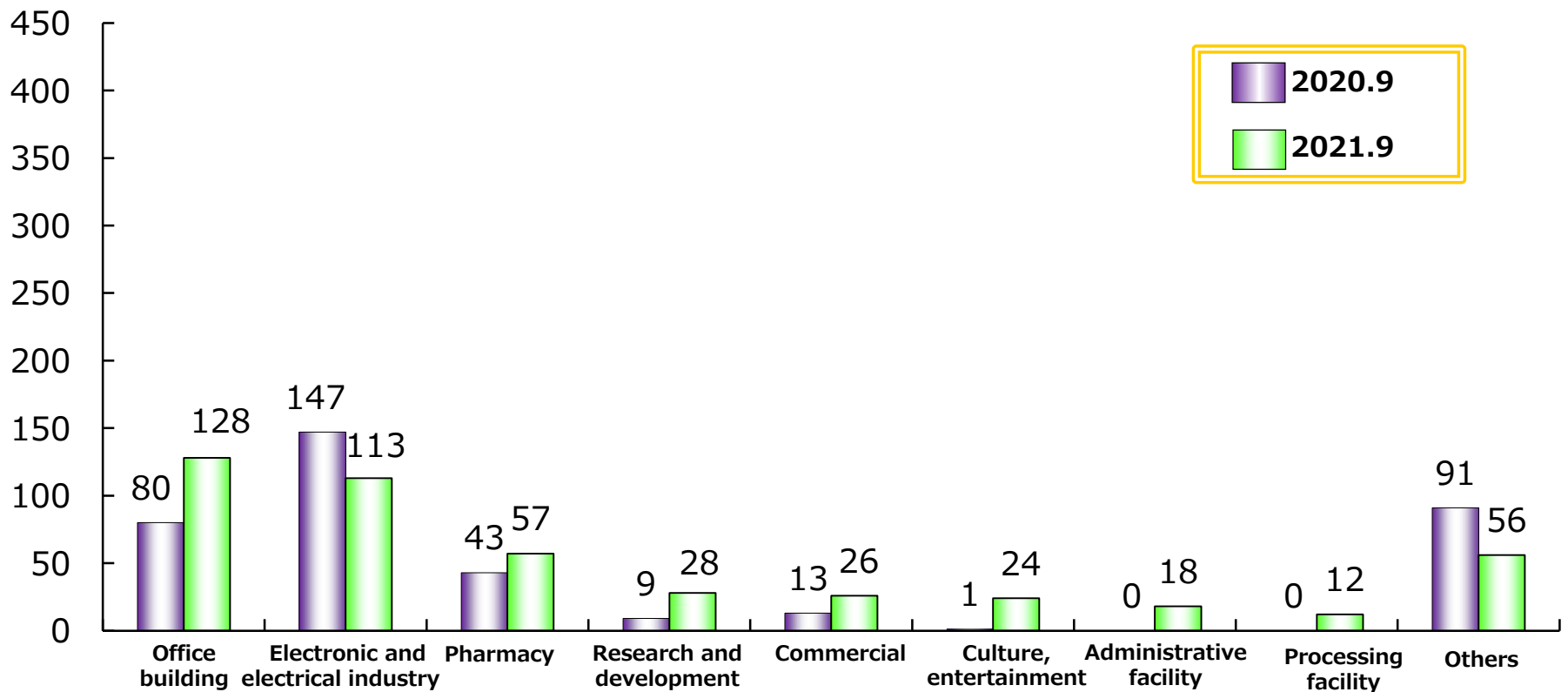


Building HVAC
 Industrial HVAC (Japan)
 Industrial HVAC (Overseas)
 Overseas Ratio

2 Results of Green Technology System Business

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

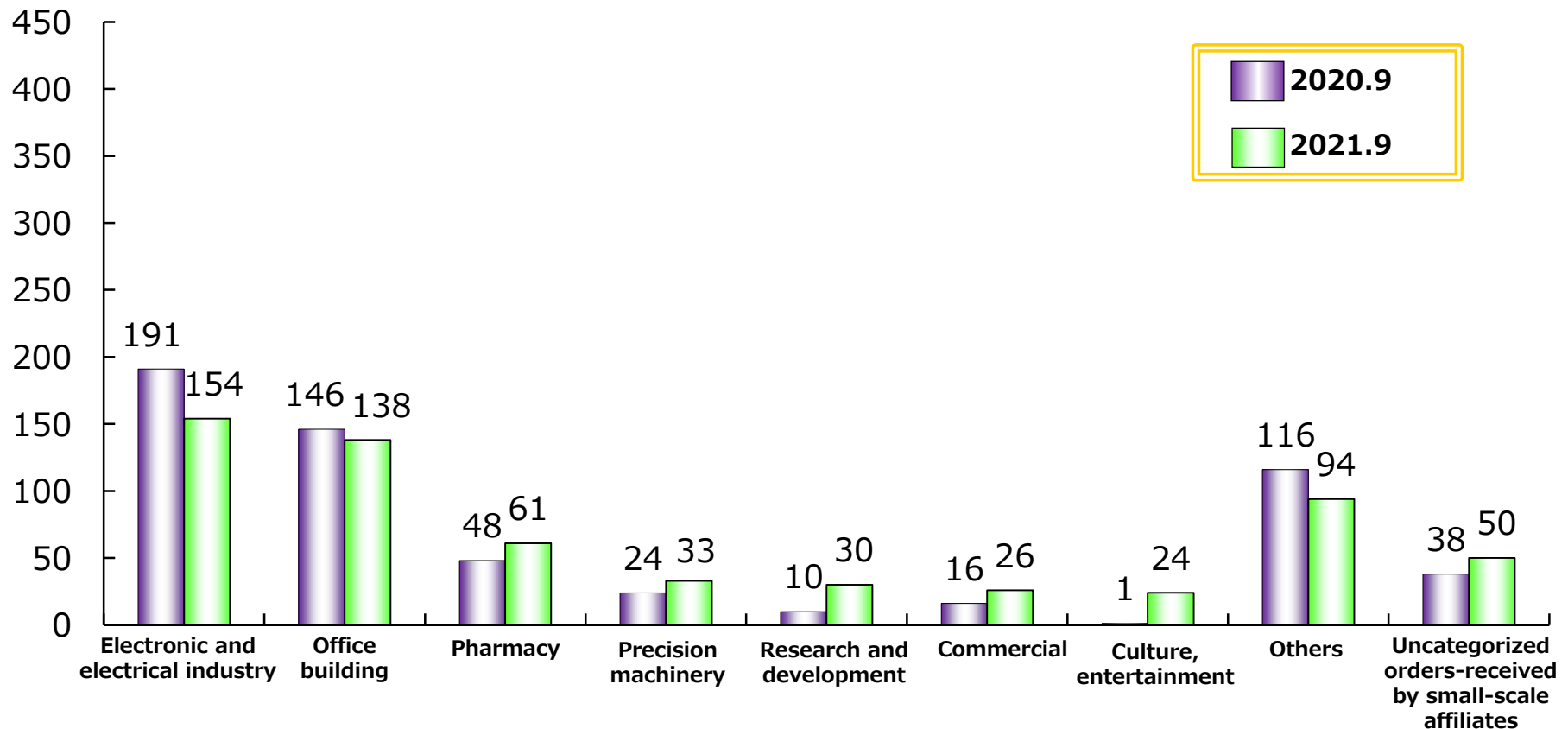
(Hundred millions of yen)



2 Results of Green Technology System Business

3. Order of the market classification (Consolidated)

(Hundred millions of yen)



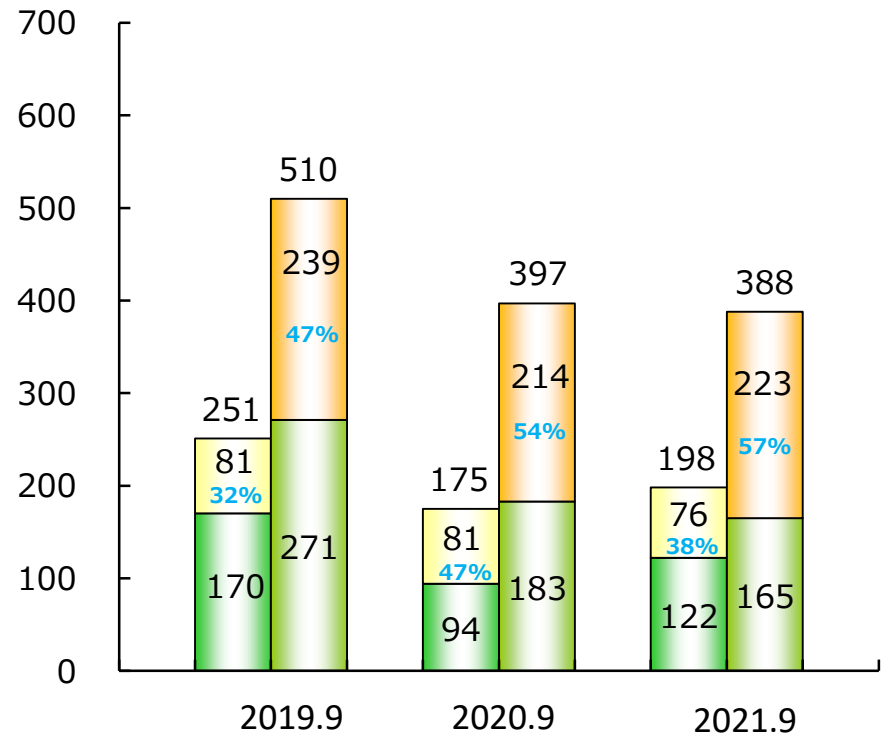
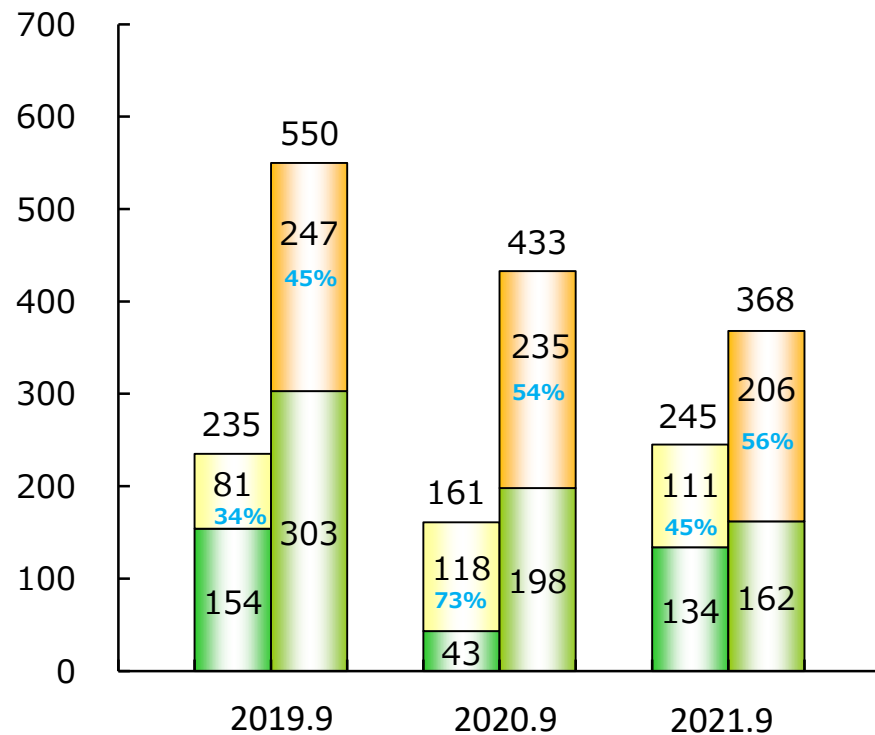
2 Results of Green Technology System Business

4. Renewal construction (Consolidated)

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

Orders-received

Sales



Building HVAC (Renewal)
 Building HVAC (New)

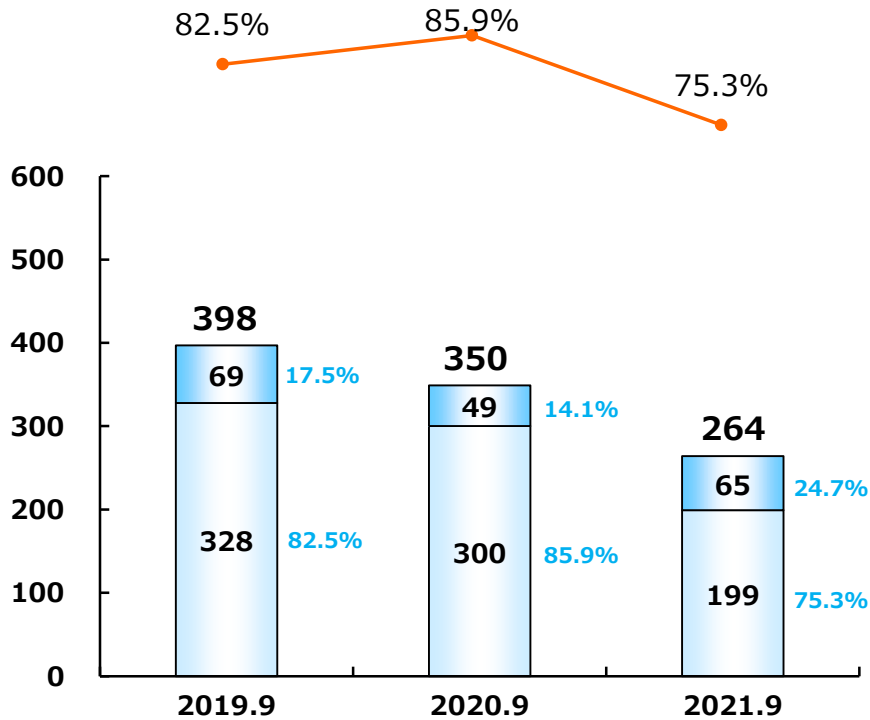
Industrial HVAC (Renewal)
 Industrial HVAC (New)

3

Results of Paint Finishing System Business

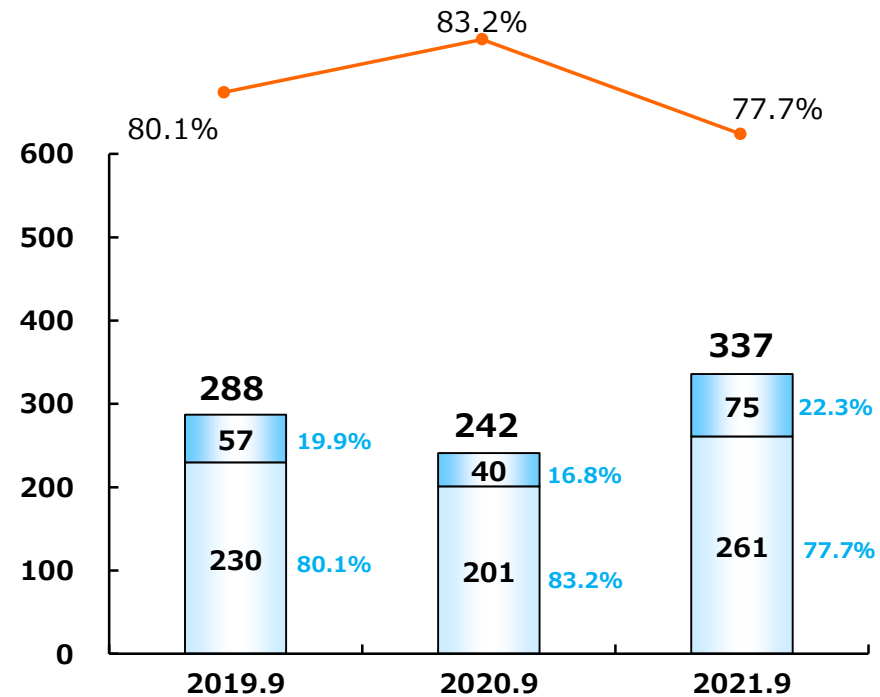
1. Orders-received / Net sales of completed construction contracts

Orders-received



Sales

(Hundred millions of yen)



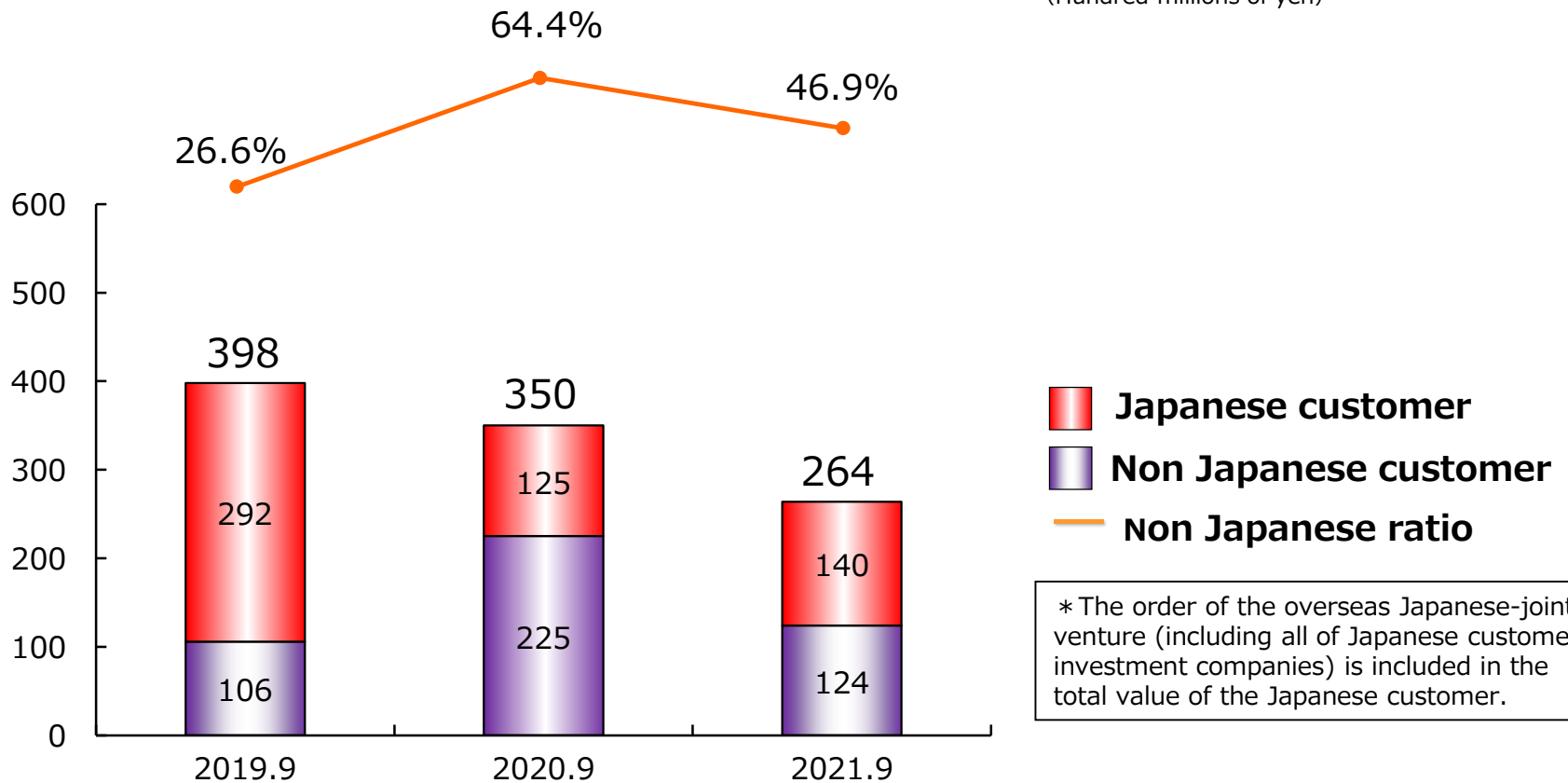
Paint Finishing (Japan)
 Paint Finishing (Overseas)
 Overseas Ratio

3

Results of Paint Finishing System Business

2. Order ratio from non Japanese customers

(Hundred millions of yen)



4 Main projects in Order/ Sales / Carried forward

1. Order from project more than 5 hundred millions of yen

| Number of cases over 5 hundred millions of yen / construction, market classification | | | | |
|--|--|----------------------------|------------------------------------|---|
| <p>Orders-received</p> <p>25 cases</p> <p>324 hundred millions of yen</p> | <p>Japan</p> <p>201 hundred millions of yen</p> | <p>16 cases</p> | Office building | 4 |
| | | | Commercial | 2 |
| | | | Culture, entertainment | 1 |
| | | | Administrative facility | 1 |
| | | | Processing facility | 1 |
| | | | Research and development | 2 |
| | | | Pharmacy | 2 |
| | | | Precision machinery | 1 |
| | Automobile | 2 | | |
| | <p>Overseas</p> <p>123 hundred millions of yen</p> | <p>9 Cases</p> | Precision machinery | 2 |
| | | | Electronic and electrical industry | 1 |
| | | | Automobile | 6 |

4 Main projects in Order/ Sales / Carried forward

2. Sales from project more than 5 hundred millions of yen

| Number of cases over 5 hundred millions of yen / construction, market classification | | | | |
|--|--|----------------------------|------------------------------------|----------|
| <p>Sales</p> <p>30 cases</p> <p>330 hundred millions of yen</p> | <p>Japan</p> <p>153 hundred millions of yen</p> | <p>15 Cases</p> | Office building | 6 |
| | | | Accommodation | 1 |
| | | | Commercial | 1 |
| | | | Medical and social welfare | 1 |
| | | | Electronic and electrical industry | 2 |
| | | | Pharmacy | 2 |
| | | | Research and development | 1 |
| | | | Automobile parts | 1 |
| | <p>Overseas</p> <p>177 hundred millions of yen</p> | <p>15 Cases</p> | Office building | 1 |
| | | | Station, airport | 1 |
| | | | Electronic and electrical industry | 3 |
| | | | Other factory | 1 |
| | | | Automobile | 7 |
| | | | Motorcycle | 1 |
| | | | Truck | 1 |

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 FY2021 |
|---|---|----------------------------|------------------------------------|-----------|---|
| <p><u>Carried forward</u></p> <p>36 cases</p> <p>797 hundred millions of yen</p> | <p>Japan 470 hundred millions of yen</p> | <p>23 cases</p> | Office building | 12 | |
| | | | Administrative facility | 2 | |
| | | | Culture, entertainment | 1 | |
| | | | Station, airport | 1 | |
| | | | Research and development | 3 | |
| | | | Pharmacy | 2 | |
| | | | Food, fishery | 1 | |
| | | | Other | 1 | |
| | <p>Overseas 327 hundred millions of yen</p> | <p>13 cases</p> | Office building | 2 | |
| | | | Electronic and electrical industry | 1 | |
| | | | Automobile | 8 | 1 |
| | | | Truck | 1 | |
| | | | Railway | 1 | |

5 Earnings Forecast for FY2021

Expectations by Business

(Hundred millions of yen)

| | Results of H1 | Expectations of H2 | Latest expectation of FY2021 | Original expectation of FY2021 | Difference |
|-------------------------|---------------|--------------------|------------------------------|--------------------------------|------------|
| Orders-received | 879 | 1,420 | 2,300 | 2,440 | -140 |
| (Japan) | (546) | (928) | (1,475) | (1,318) | (157) |
| (Overseas) | (333) | (491) | (825) | (1,122) | (-297) |
| Green Technology | 614 | 955 | 1,570 | 1,710 | -140 |
| Building HVAC | 245 | 214 | 460 | 444 | 16 |
| Industrial HVAC | 368 | 741 | 1,110 | 1,266 | -156 |
| (Japan) | (235) | (552) | (788) | (740) | (48) |
| (Overseas) | (133) | (188) | (322) | (526) | (-204) |
| Paint Finishing | 264 | 465 | 730 | 730 | 0 |
| (Japan) | (65) | (161) | (227) | (134) | (93) |
| (Overseas) | (199) | (303) | (503) | (596) | (-93) |

(Green Technology System Division)

- As for the building HVAC segment, the orders-received is expected to be higher than the initial forecast, as we secured more orders in the H1 than expected at the beginning of FY2021.
- As for the industrial HVAC segment, the orders-received in Japan is expected to be higher than the initial forecast because semiconductor-related manufacturers and pharmaceutical manufacturers are more willing to invest than initially expected. However, the total is expected to be lower than the initial forecast, due to the postponement or reduction of capital investment plans because of the impact of the spread of COVID-19 overseas.

(Paint Finishing System Division)

- The orders-received is expected to be as forecasted at the beginning of FY2021, as the sales in Japan will cover the decrease in overseas sales.

5

Earnings Forecast for FY2021

Expectations by Business

(Hundred millions of yen)

| | Results of H1 | Expectations of H2 | Latest expectation of FY2021 | Original expectation of FY2021 | Difference |
|--|---------------|--------------------|------------------------------|--------------------------------|------------|
| Net sales of completed construction contracts | 924 | 1,125 | 2,050 | 2,180 | -130 |
| (Japan) | (481) | (591) | (1,073) | (1,063) | (10) |
| (Overseas) | (442) | (534) | (977) | (1,117) | (-140) |
| Green Technology | 587 | 732 | 1,320 | 1,420 | -100 |
| Building HVAC | 198 | 216 | 415 | 373 | 42 |
| Industrial HVAC | 388 | 516 | 905 | 1,047 | -142 |
| (Japan) | (207) | (320) | (528) | (561) | (-33) |
| (Overseas) | (180) | (196) | (377) | (486) | (-109) |
| Paint Finishing | 337 | 392 | 730 | 760 | -30 |
| (Japan) | (75) | (54) | (130) | (129) | (1) |
| (Overseas) | (261) | (338) | (600) | (631) | (-31) |

(Green Technology System Division)

- As for the building HVAC segment, the sales is expected to be higher than the initial forecast, as the progress of projects exceeded initial expectations, particularly in large-scale redevelopment projects in the Tokyo area.
- The sales of industrial HVAC segment is expected to be lower than the initial forecast because large-scale projects are not completed within FY2021, even though orders-received will increase in Japan. As for overseas, we had expected COVID-19 to end within FY2021 and factored in a certain amount of projects open and close within FY2021; however, the sales is expected to be lower than expected due to the remaining impact of the COVID-19.

(Paint Finishing System Division)

- The sales is expected to be lower than the initial forecast due to the delay in the timing of orders because of the impact of the spread of COVID-19 overseas.

5 Earnings Forecast for FY2021

Expectations by Business

(Hundred millions of yen)

| | Results of H1 | Expectations of H2 | Latest expectation of FY2021 | Original expectation of FY2021 | Difference |
|--|---------------|--------------------|------------------------------|--------------------------------|------------|
| Operating income | 27 | 62 | 90 | 127 | -37 |
| (Ratio) | 3.0% | 5.5% | 4.4% | 5.8% | -1.4% |
| Green Technology | 30 | 58 | 89 | 106 | -17 |
| (Ratio) | 5.3% | 7.9% | 6.7% | 7.5% | -0.7% |
| Paint Finishing | -5 | 9 | 4 | 27 | -23 |
| (Ratio) | -1.6% | 2.4% | 0.5% | 3.6% | -3.0% |
| Ordinary income | 35 | 64 | 100 | 135 | -35 |
| (Ratio) | 3.9% | 5.7% | 4.9% | 6.2% | -1.3% |
| Green Technology | 33 | 56 | 90 | 108 | -18 |
| (Ratio) | 5.7% | 7.7% | 6.8% | 7.6% | -0.8% |
| Paint Finishing | -4 | 10 | 6 | 27 | -21 |
| (Ratio) | -1.2% | 2.6% | 0.8% | 3.6% | -2.7% |
| Profit attributable to owners of parent | 16 | 43 | 60 | 84 | -24 |
| (Ratio) | 1.8% | 3.8% | 2.9% | 3.9% | -0.9% |

(Green Technology System Business)

- In Japan, although the ordinary income for the completed projects in the H1 exceeded the initial H1 forecast at the beginning of FY2021 along with greater profit improvement than expected, profit improvement beyond the high target level for H2 is not expected to be reached, and the profit expected to be earned in H2 was brought forward to the H1.
- In overseas, the ordinary income is expected to be lower than the initial forecast due to the shortage of sales because of the decrease in orders-received, the delay in the construction progress, and the soaring material costs which all have been brought by the impact of the spread of COVID-19.

(Paint Finishing System Business)

- The ordinary income is expected to be lower than the initial forecast because, in addition to the impact of the deteriorating profitability of Geico in the H1, the H2 of FY2021 is expected to be decreased in sales at Geico and its subsidiaries in North America and India due to the factors mentioned earlier as well as the deterioration of profit margins due to soaring material costs.

5 Earnings Forecast for FY2021

Expectations by Business

(Hundred millions of yen)

| | 2021.3 | | | | | | | | | 2022.3 | | | | | | | | |
|------------------|------------------|-----|-------|-----------------|-----|-------|-------|-------|-------|------------------|-------|----------|-----------------|-------|----------|-------|-------|----------|
| | 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 | 594 | 760 | 1,355 | 350 | 299 | 649 | 945 | 1,059 | 2,004 | 614 | 955 | 1,570 | 264 | 465 | 730 | 879 | 1,420 | 2,300 |
| Sales | 573 | 767 | 1,340 | 242 | 442 | 684 | 815 | 1,209 | 2,025 | 587 | 732 | 1,320 | 337 | 392 | 729 | 924 | 1,125 | 2,050 |
| Operating income | 42 | 68 | 111 | -10 | 20 | 9 | 31 | 84 | 116 | 30 | 58 | 89 | -5 | 9 | 4 | 27 | 62 | 90 |
| Ordinary income | 44 | 67 | 111 | -10 | 19 | 9 | 37 | 85 | 122 | 33 | 56 | 90 | -4 | 10 | 6 | 35 | 64 | 100 |
| Net income | - | - | - | - | - | - | 30 | 52 | 82 | - | - | - | - | - | - | 16 | 43 | 60 |

- ① Results of FY2020 H1: 1US\$=¥108.44, 1€=¥119.85, 1THB=¥3.44
- ② Results of FY2021 H1: 1US\$=¥107.76, 1€=¥129.97, 1THB=¥3.49
- ③ FY2021 Estimation : 1US\$=¥103.00, 1€=¥121.00, 1THB=¥3.30

Effects of foreign exchange differences between ① and ② on
 Sales : +14.7 hundred millions of yen, Ordinary income : △0.8 hundred millions of yen.
 Effects of foreign exchange differences between ② and ③ on
 Sales : +25.4 hundred millions of yen, Ordinary income: △0.2 hundred millions of yen.

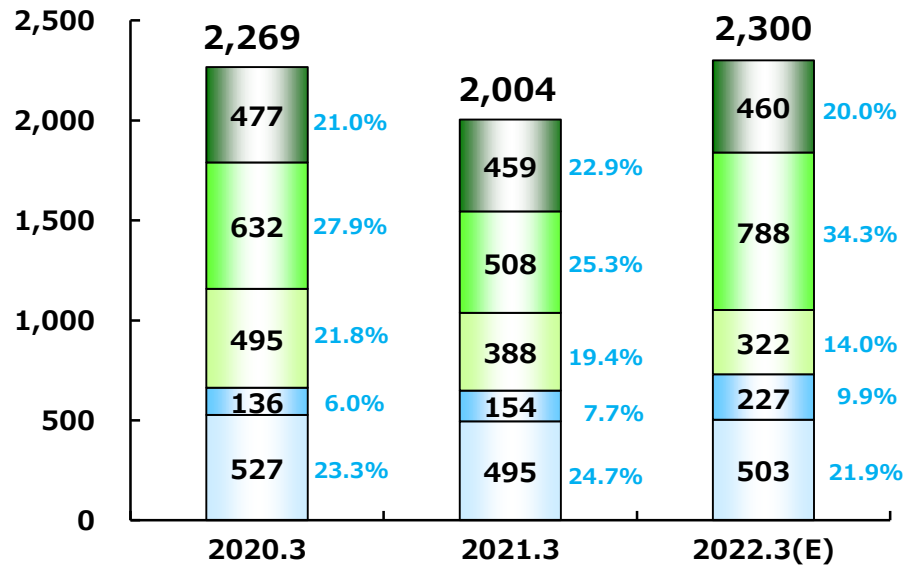
※ Influence for the earnings forecasts for FY2021 when all exchange rates fluctuate by 1% is;
 Orders/Sales : Approximately 10 hundred millions of yen, Ordinary income : Approximately 0.1 hundred millions of yen

5 Earnings Forecast for FY2021

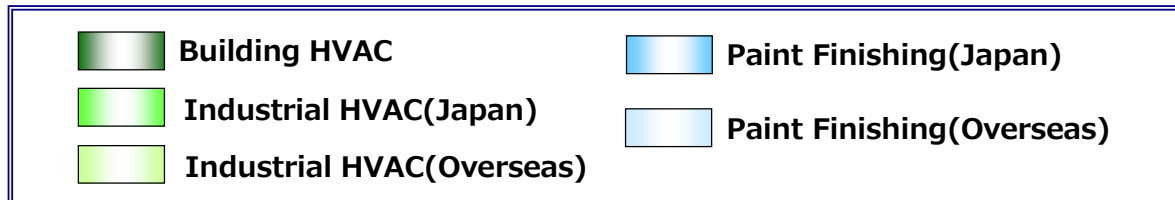
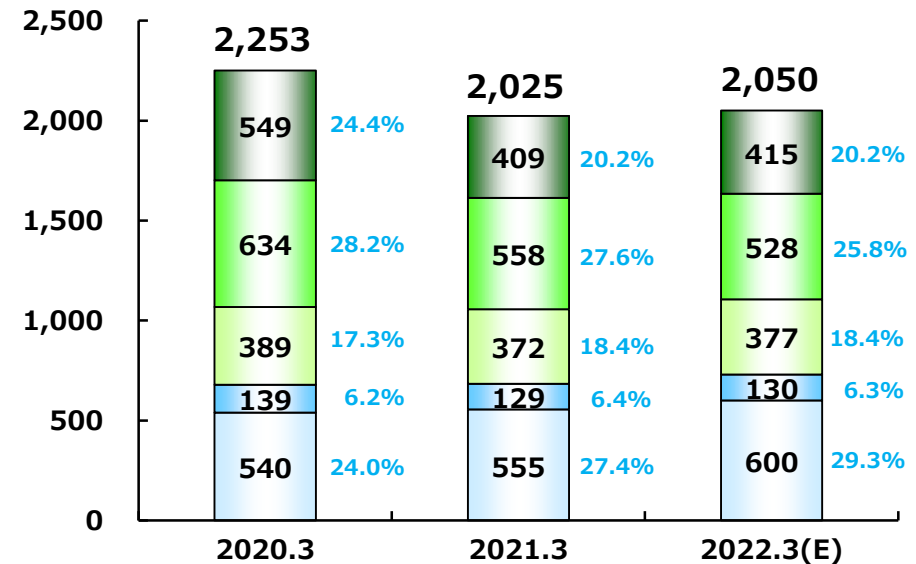
Earnings Forecasts by Business

(Hundred millions of yen)

Orders-received



Sales

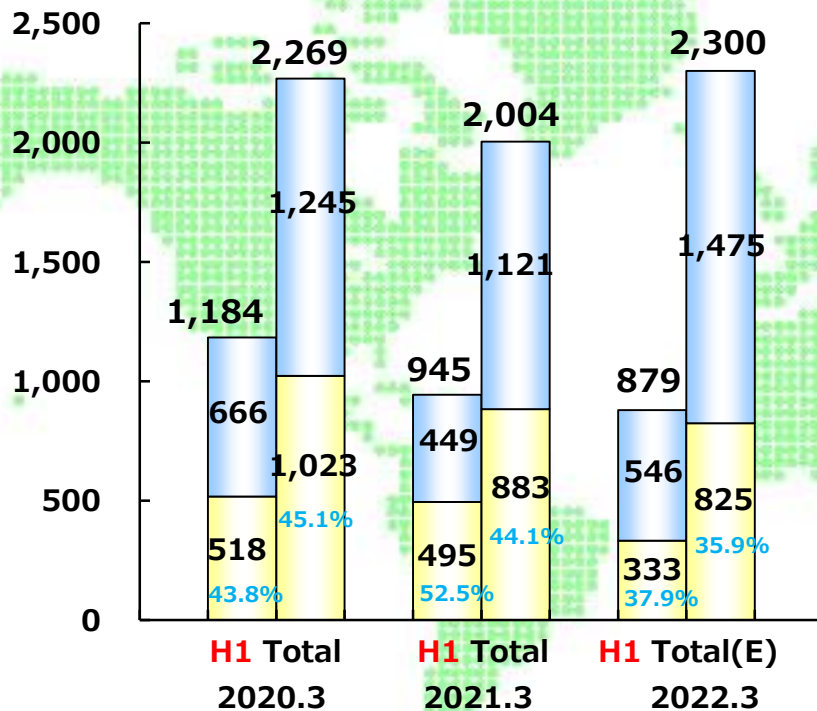


5 Earnings Forecast for FY2021

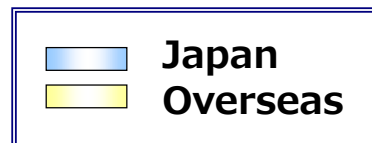
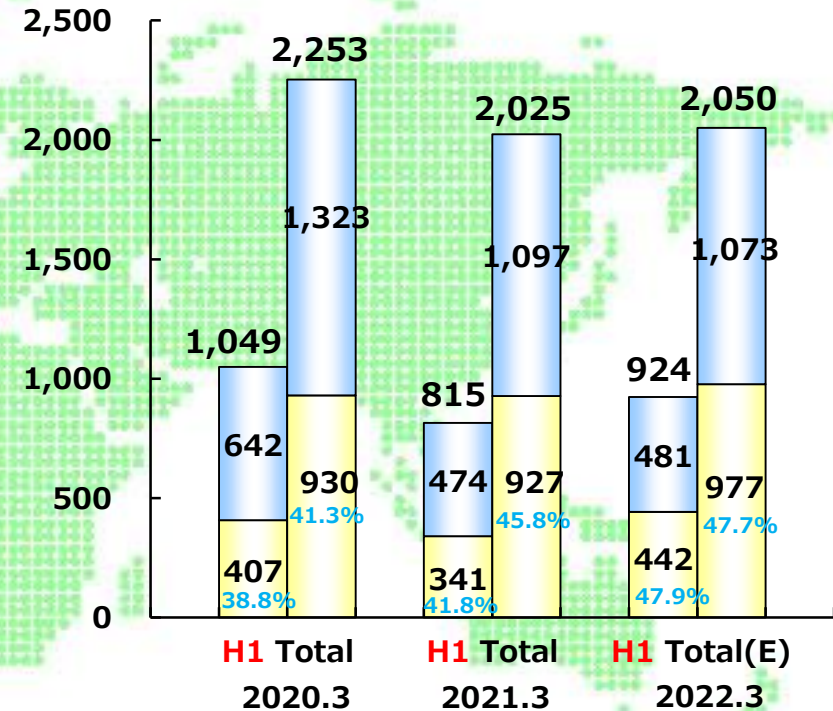
Total (Japan/Overseas)

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

Orders-received



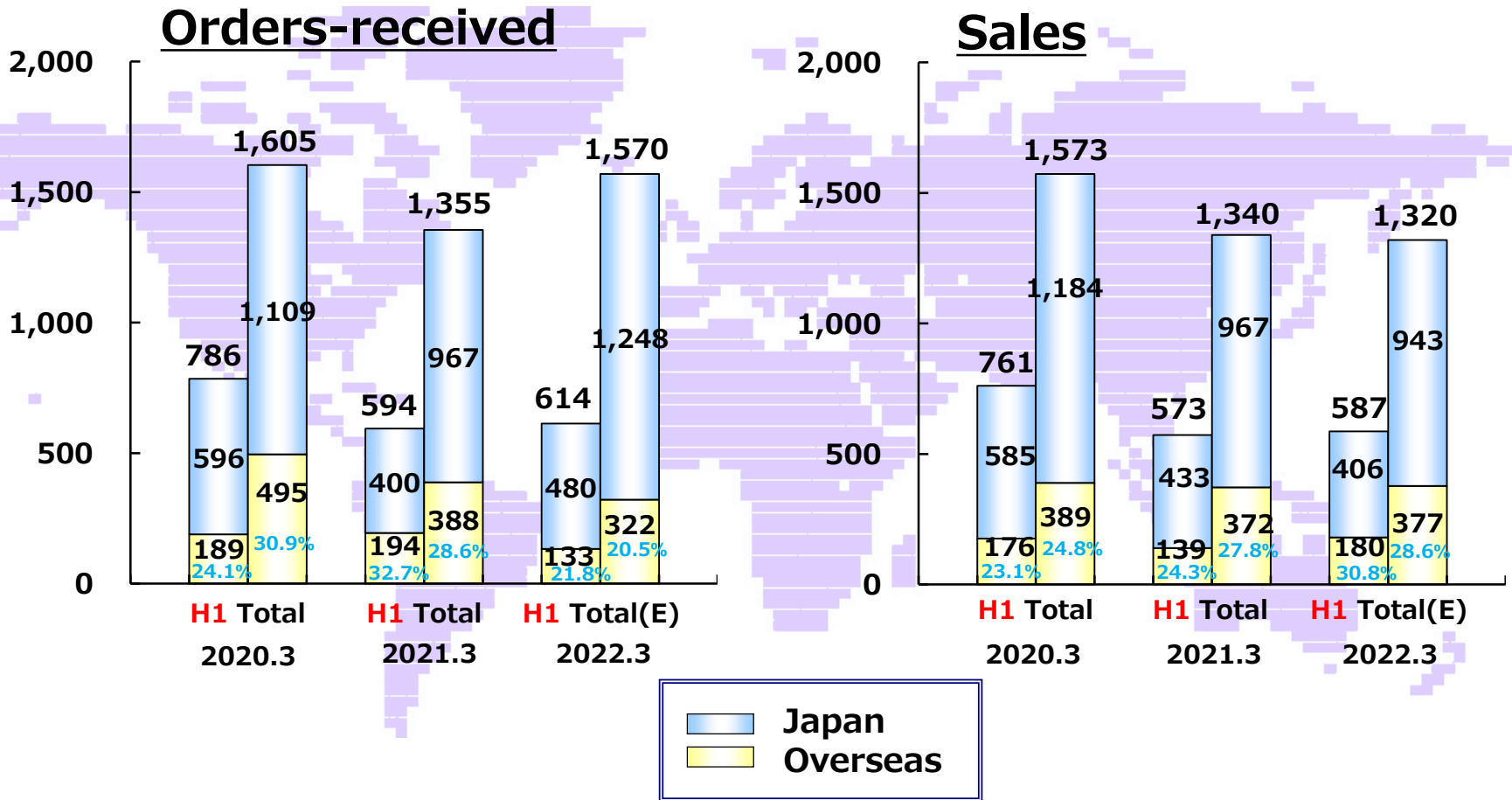
Sales



5 Earnings Forecast for FY2021

Green Technology System Division (Japan/Overseas)

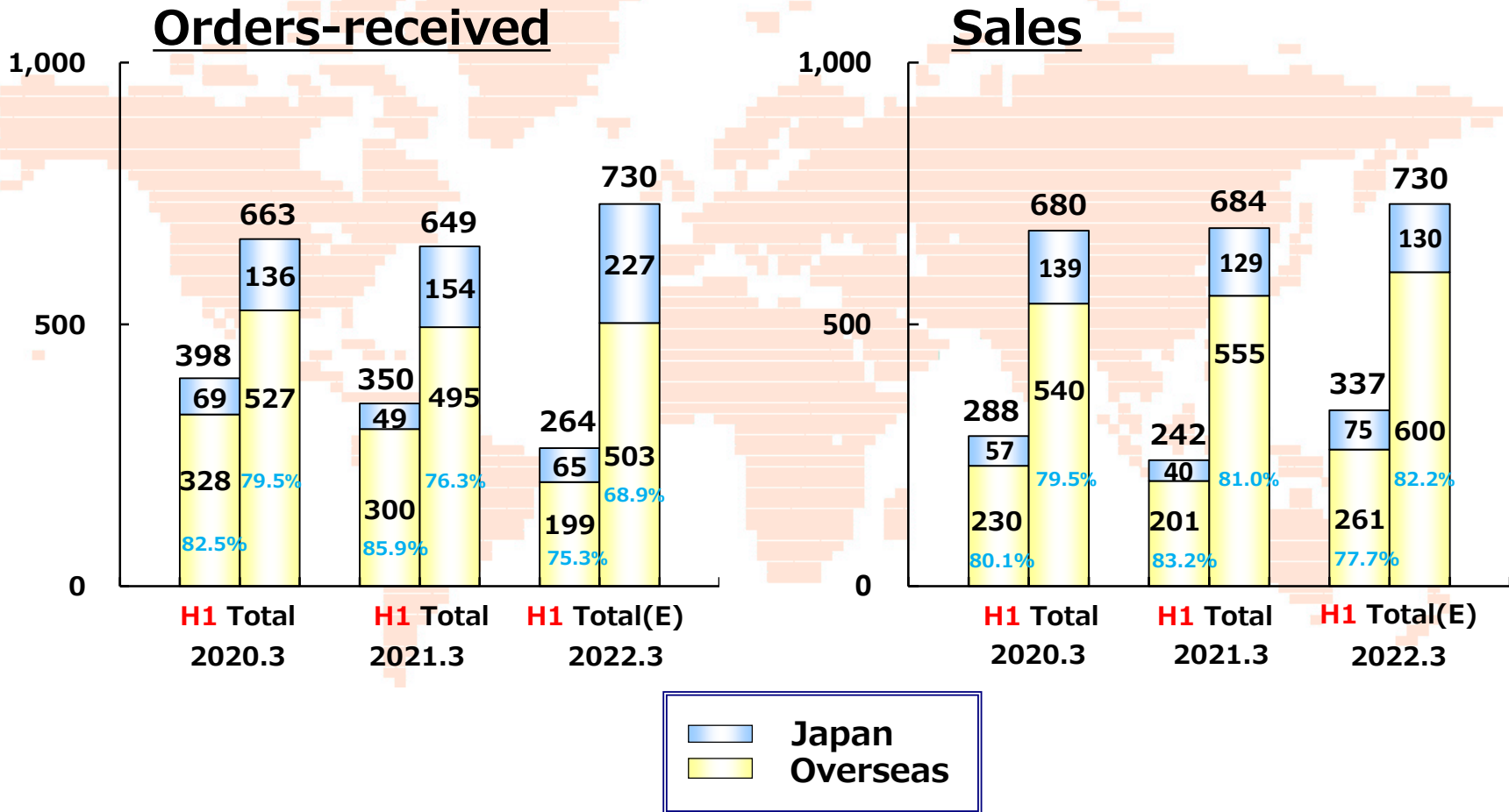
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2020

Paint Finishing System Division (Japan/Overseas)

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



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

Long-term Vision / Quantitative Targets / Investment theme

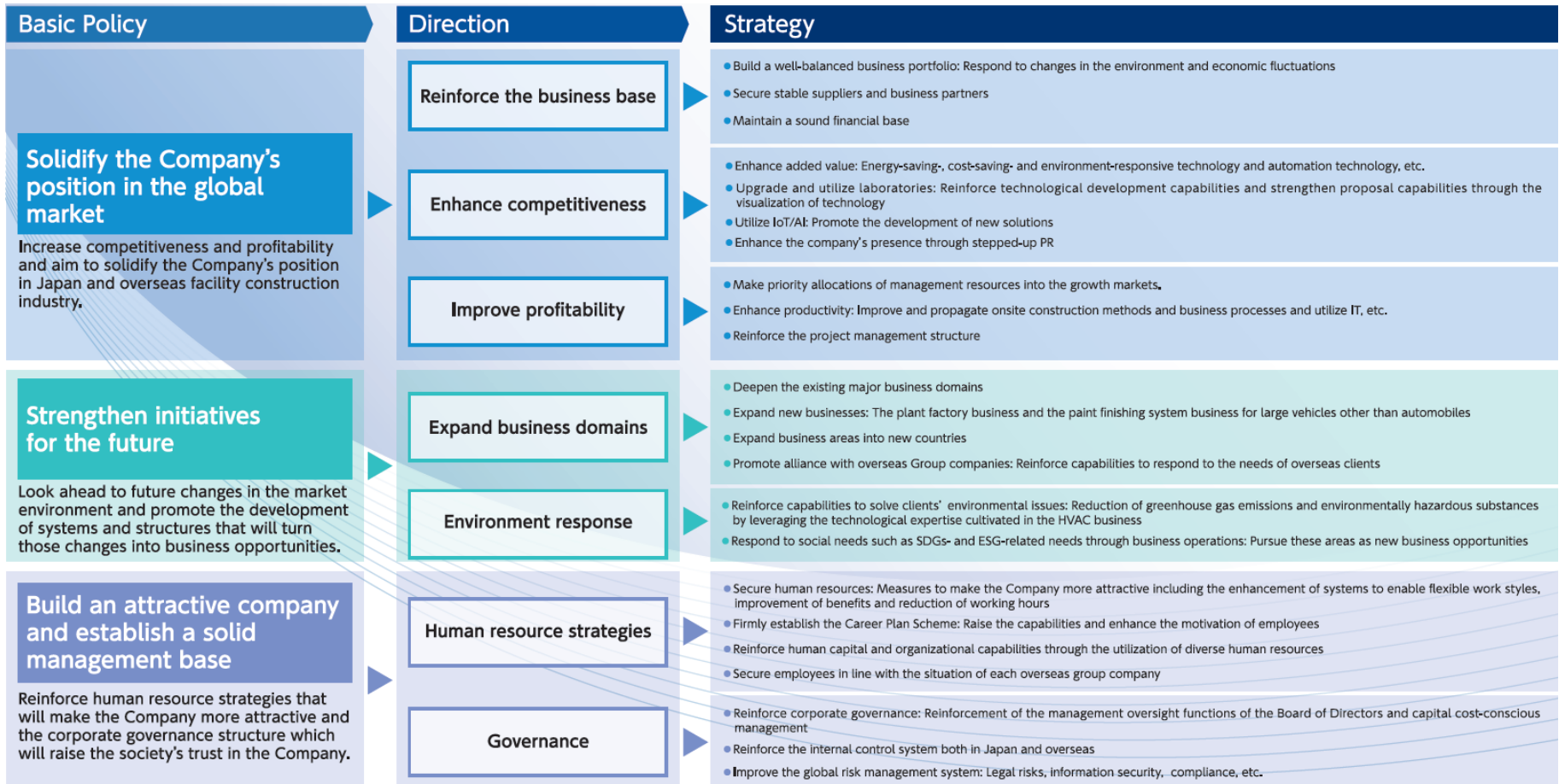
“Aim to become a global corporate group that creates an optimal environment Through unique engineering”

| | |
|------------------------|--|
| 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 ~

Leaf lettuce has begun to be shipped from our own mass production demonstration factory

We are continuing to improve our know-how on the operation of fully artificial lighting plant factories at the mass production demonstration factory in Sugito Town, Saitama, owned by Vege Factory CO., Ltd.

We have achieved mass production of high quality, long-life vegetables with a small number of viable bacteria with the “completely unmanned growth system with automatic transportation” and the “original hydroponic cultivation system”, which combine the air conditioning technology developed in the field of industrial air conditioning and automation technology developed in the field of paint finishing.

On September 1st, frill lettuce and green leaf lettuce have begun to be shipped.



Initiatives of each strategy ~Achievement②~

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

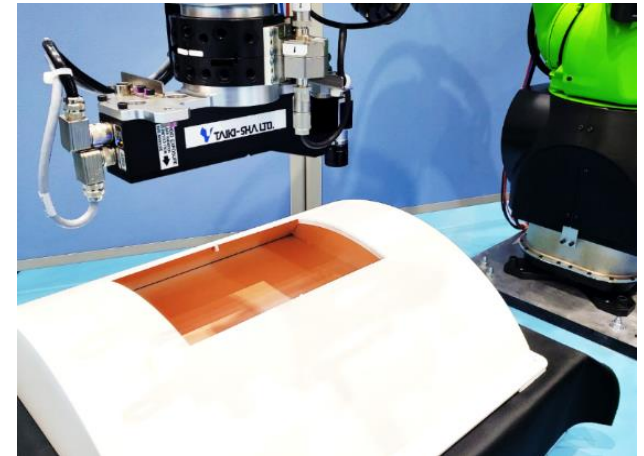
Development of “i-ART”, a system for automatically programming for industrial robots.

In the painting and polishing processes of automobile manufacturing factories, where we have been involved for many years, automation of operations using industrial robots is generalized from the perspective of reducing labor costs and stabilizing quality.

However, in some non-automotive manufacturing sites, automation has been abandoned because it is difficult to assign specialized engineers who can program the robots (i.e., teaching), or because the number of tasks is so diverse that teaching requires an enormous amount of time.

Against this background, we have developed "i-ART," a support tool that enables anyone to easily perform tasks automatically and in a short period of time, utilizing the teaching technology and know-how we have cultivated for painting robots.

The “i-ART” system uses 3D scanning of the position and shape of the object to be processed to create an algorithm for the robot movements required in the painting and polishing processes, allowing the robot to work without stopping the production line. This reduces the workload of specialized engineers and automates work in environments that are hazardous to the human body, such as organic solvents.



Initiatives of each strategy ~Achievement③~

Strategy

Achievement

Reinforce corporate governance

~Reinforcement of the management oversight functions of the Board of Directors and capital cost-conscious management

Further enhancement of the Board of Directors

In June of this year, the composition of the Board of Directors was reviewed, and nine directors were appointed including four outside directors. From the perspective of ensuring a balance of knowledge, experience, and ability as well as diversity and expertise of the Board of Directors as a whole, two new outside directors joined to further enhance the functions of the Board of Directors.

Improvement of committee functions

- ① The Nomination Advisory Committee and Compensation Advisory Committee, which were established to strengthen the independence, objectivity and accountability of the Board of Directors, were further strengthened by introducing a Succession Plan.
- ② The Governance Committee was newly established as an advisory body to the Board of Directors with the aim of improving the governance structure of the entire Group.
- ③ ① and ② above are all chaired by outside directors.

Initiatives of each strategy ~Achievement④~

Strategy

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

Achievement

Further promotion of health & Productivity management

In order to further deepen the "Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)" awarded last year, we have set up four priority measures; ①improvement of lifestyle, ②improvement of mental health, ③measures against long working hours, and ④support for work-life balance. We are also promoting more proactive efforts to address health issues of employees and their families through health committees located around the country, holding health seminars online, promoting the use of wearable devices, and improving literacy on lifestyle-related diseases.

Introduction of new benefit programs (i.e., cafeteria plan and package plan) to build an attractive company

The old benefit system was revamped, and a cafeteria plan and a package plan were introduced as a new benefit system that can meet the diverse needs of current employees, in line with their values and lifestyles, and can be used by more employees at any time.

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>We are 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>We are 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>We are 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>Streamlining and automatizing of various operations</p> <p>Development of systems for automatic drawing and cost management; promotion of 3D drawing and BIM; automation of estimation and project management, etc.</p> <p>Implement an Expense System</p> <p>We are 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 increase orders of the system.</p> |
| <p>Expand business areas into new countries</p> | <p>Consider establishing affiliates in new countries</p> <p>We are considering establishing the new affiliates in the area that is expected to invest.</p> |

Initiatives of each strategy ~Main initiatives in progress③~

Strategy

Reinforce human capital and organizational capabilities through the utilization of diverse human resources

Main initiative in progress

Recruitment and utilization of diverse human resources

We will continue to hire new graduates with diverse backgrounds, including IT knowledge and overseas experience, regardless of gender or nationality, at a high level of quality and quantity. At the same time, in order to meet the diverse needs of the business, we will actively recruit and utilize a variety of human resources with immediate ability from the mid-career hiring market.

We have completed a series of measures to promote female employees' career advancement, but in order to further promote, we will enhance our compensation and benefit systems, and consider and sequentially implement measures to reduce the stagnation of career development during childbirth and childcare.

Improvement of human resource capabilities to enhance our social value

In addition to the early development of young employees, we will introduce and promote various measures for the development and utilization of highly specialized human resources that will contribute to the improvement of management capabilities of upper-level personnel and the development of high-value-added businesses and market areas.

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, we are 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>We are 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>We are considering reinforcing information security measure in overseas affiliates.</p> |

3. Shareholders Returns

1

Shareholders Returns

Purchase / Retirement Disposal of Treasury Shares

Purchase Record

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

Retirement Record

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

Disposal Record

(by ESOP・performance-linked stock-based compensation system)

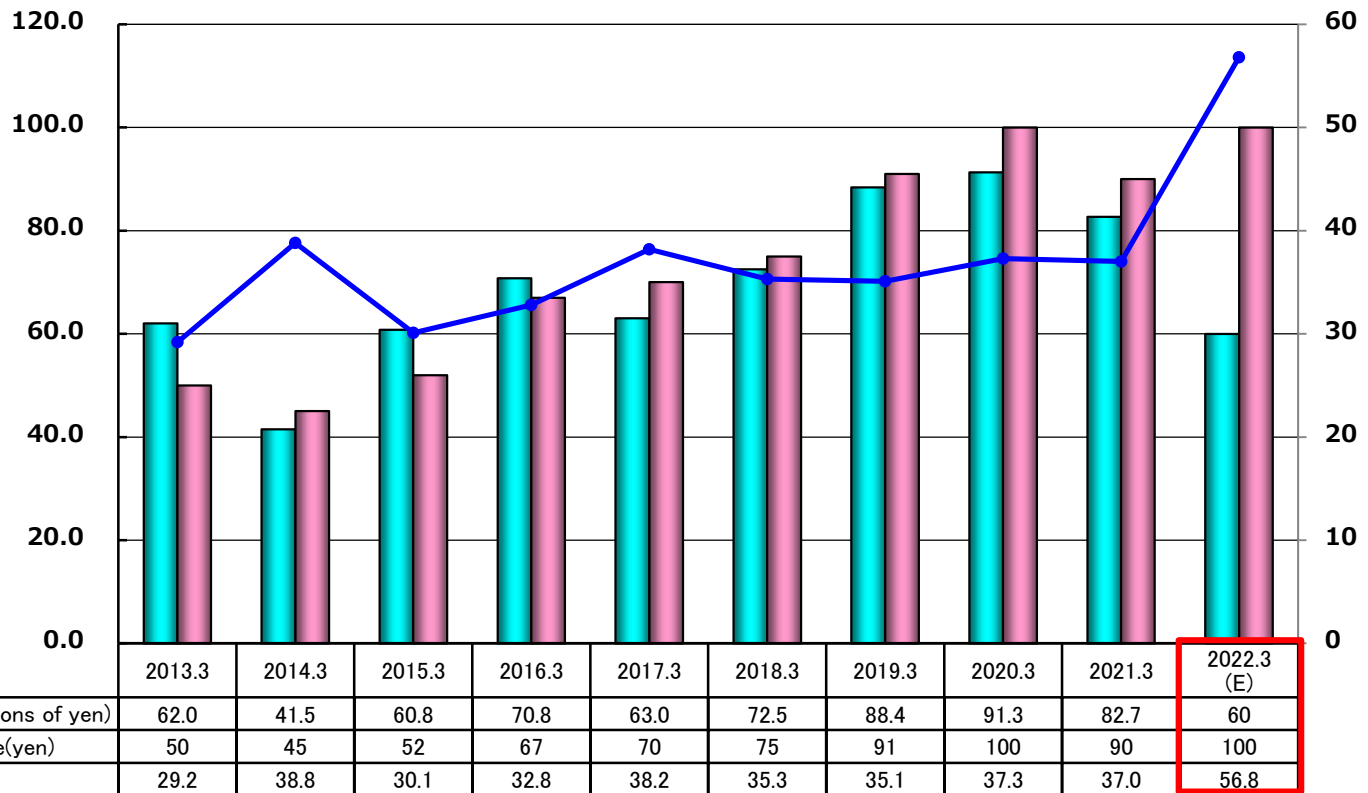
| Date | Number (thousand) | Unit Price (yen) | Amount (million yen) |
|--------|----------------------|------------------------|----------------------------|
| 2013/2 | 180 | 1,860 | 334 |
| 2019/8 | 136 | 3,299 | 449 |

1 Shareholders Returns

Net income & Cash Dividends

(億円/円)

(%)



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

The annual dividend for FY2021 is expected to be 100 yen per share. (Dividend payout ratio is 56.8%)

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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