

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

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

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

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

**Continuing from the last time, we will explain the
financial results remotely to prevent the spread of
COVID-19 infection.**

**I would like to present the business environment, our
achievements for the first half of FY2021, and our
earnings forecast for FY2022.**

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.

Regarding the business environment for the Group, in Japanese market, demand for the construction of office buildings in the Tokyo area was strong, and investment by pharmaceutical and electronic component manufacturers was also steady.

In overseas market, 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.

Under these circumstances, regarding to the performance of the H1, 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 by 800 million yen, 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.

The details of the worsening profitability will be explained later by Mr. Nakajima, Director, Executive Corporate Officer, Chief Executive of the Administrative Management Headquarters.

2. Earnings Forecast for FY2021

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

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.

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.

The factors for each category will be explained later.

1. Explanation about the First Half of FY2021

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

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

My name is Yasushi Nakajima, Director, Executive Corporate Officer, Chief Executive of the Administrative Management Headquarters.

I am going to explain the financial results of the first half of FY2021.

1 Highlight of the First Half of FY2021

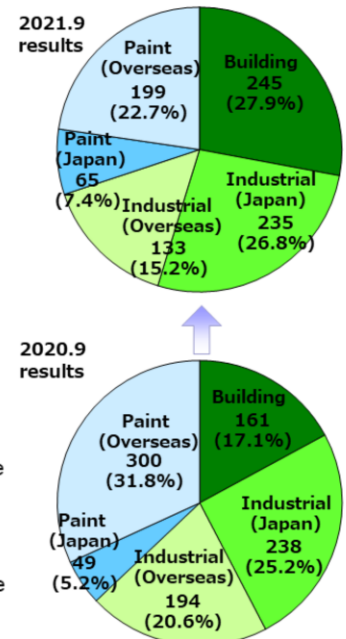
1-①. Orders-received by Business (Previous year comparison)

(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.

Component



This slide shows the summary of orders-received by division compared to the H1 of FY2020.

As the whole Group, the orders-received decreased by 6.5 billion yen to 87.9 billion yen.

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.

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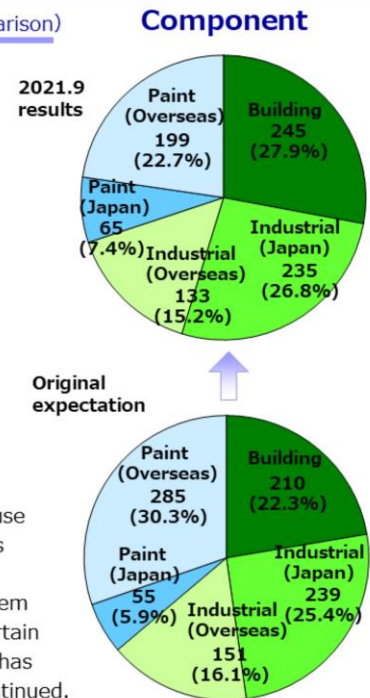
Highlight of the First Half of FY2021

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.



This slide shows the summary of orders-received compared to the forecast at the beginning of FY2021.

The orders-received were 6 billion yen lower than the initial forecast for the whole Group.

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.

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)

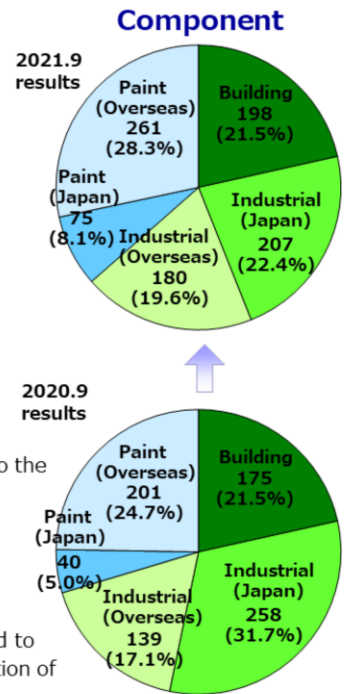
(Green Technology System Business)

- 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.



This slide shows the summary of sales by division compared to the H1 of FY2020.

As the whole Group, the sales increased by 10.8 billion yen to 92.4 billion yen.

With regard to the Green Technology System Division, 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 compared to FY2020 in reaction to the significant progress made on several large projects in the H1 of FY2020 in Japan.

As for the Paint Finishing System Division, 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.

1

Highlight of the First Half of FY2021

2-②. Sales by Business (Expected comparison)

(Hundred millions of yen)

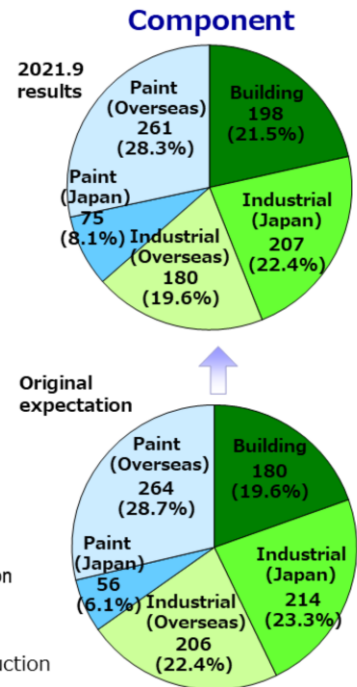
	Original expectation	Result of H1 FY2021	Change
Net sales of completed construction contracts	920	924	4
(Japan)	(450)	(481)	(31)
(Overseas)	(470)	(442)	(-27)
Green Technology	600	587	-12
Building HVAC	180	198	18
Industrial HVAC	420	388	-31
(Japan)	(214)	(207)	(-6)
(Overseas)	(206)	(180)	(-25)
Paint Finishing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



This slide shows the summary of sales compared to the forecast at the beginning of FY2021.

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

For Green Technology System Division, 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.

For Paint Finishing System Division, the sales exceeded the forecast due to greater progress than expected in construction in Japan.

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.

This slide shows the summary of profit by division compared to the H1 of FY2020.

As the whole Group, the ordinary income decreased by 0.1 billion yen to 3.5 billion yen.

The ordinary income of Green Technology System Division 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.

The ordinary income of Paint Finishing System Division 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.

In comparison with that, 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.

This slide shows the summary of profit compared to the forecast.

The ordinary income was 0.8 billion yen higher than the initial forecast for the whole Group.

The ordinary income of Green Technology System 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 was able to secure a higher-than-expected profit. However, as mentioned earlier, the profitability of Geico's project in Europe deteriorated and the loss could not be compensated, resulting in an ordinary loss.

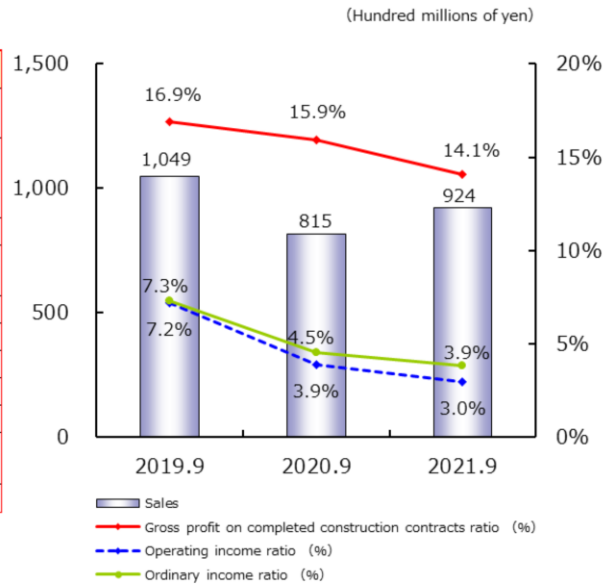
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Highlight of the First Half of FY2021

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%



This slide shows the performance for the past three fiscal years.

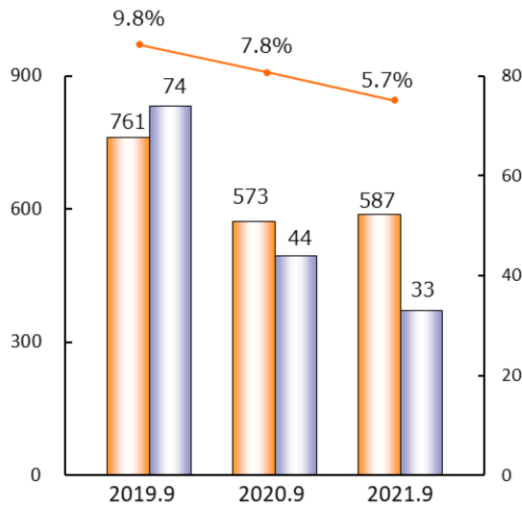
The profit attributable to owners of parent decreased by 1.3 billion yen from FY2020 to 1.6 billion yen, mainly due to the worsening profitability of Geico and the increased burden of income taxes.

1 Highlight of the First Half of FY2021

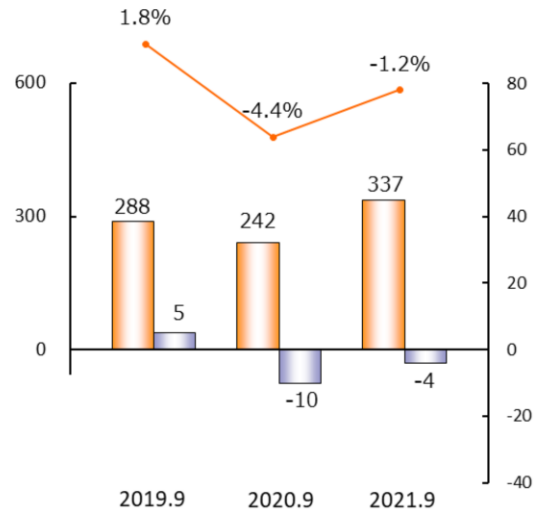
5. Net sales of completed construction contracts / Ordinary income by Division

(Hundred millions of yen)

Green Technology System Business



Paint Finishing System Business

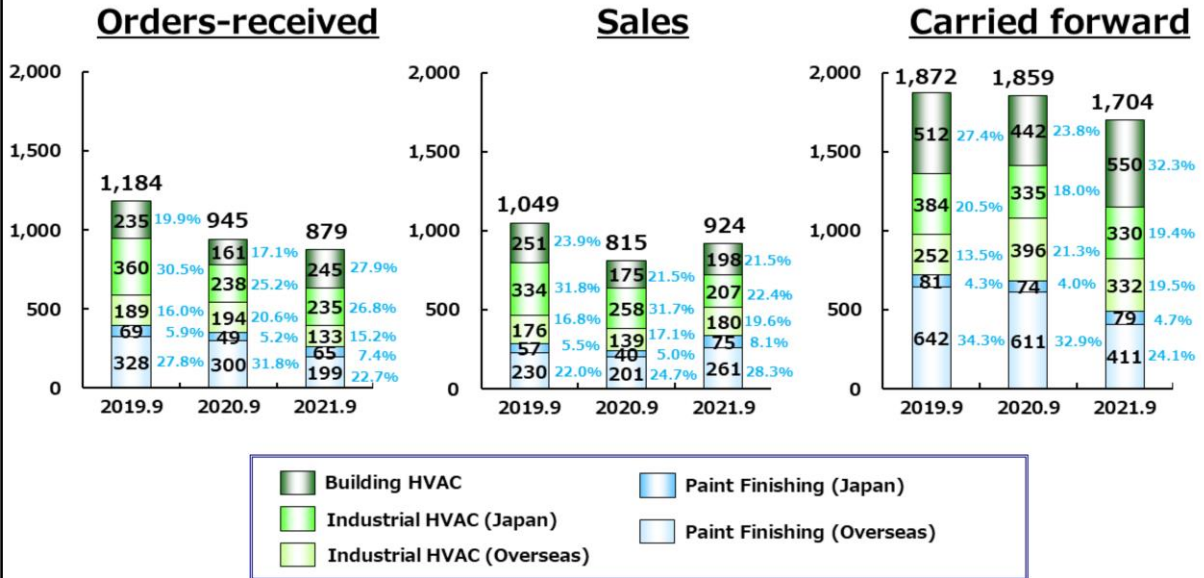


This slide shows the graphs of the sales and ordinary income by division.

1 Highlight of the First Half of FY2021

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

(Hundred millions of yen)

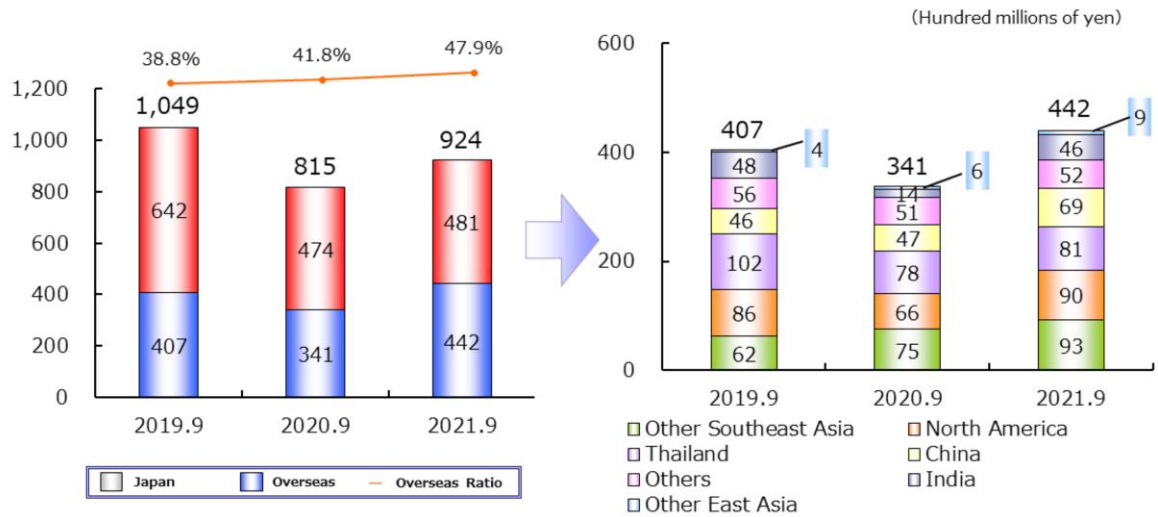


This slide shows the breakdown of orders-received, sales and carried-forward by division.

1

Highlight of 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

This slide shows the overseas sales by region.

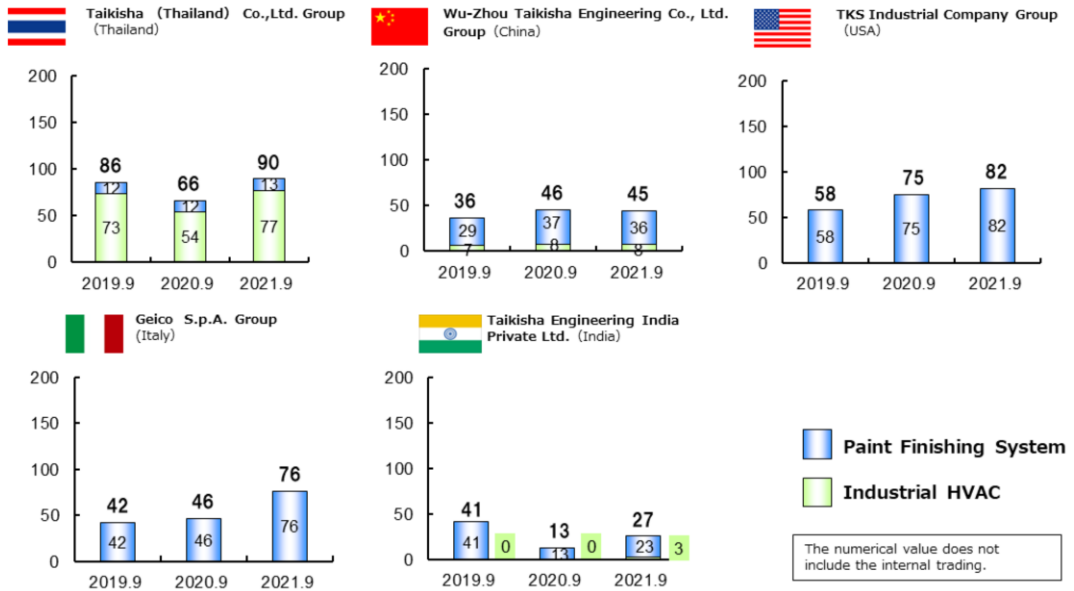
The left graph shows the breakdown of sales in Japan and overseas and the ratio of sales in overseas.

Both Japan and overseas sales for the H1 of FY2021 was increased compared to the same period of FY2020. Because the increase in overseas sales was larger than Japan, the overseas ratio indicated by the orange polygon line increased by 6.1% from 41.8% in FY2020 to 47.9%.

1 Highlight of the First Half of FY2021

8. Sales of overseas main five companies

(Hundred millions of yen)



This slide shows the sales of five main overseas companies.

The sales of Taikisha Thailand, TKS Industrial Company Group, and Geico S.p.A Group increased due to the steady progress of large-scale projects.

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Highlight of the First Half of FY2021

9. Consolidated Balance Sheet

(Hundred millions of yen)

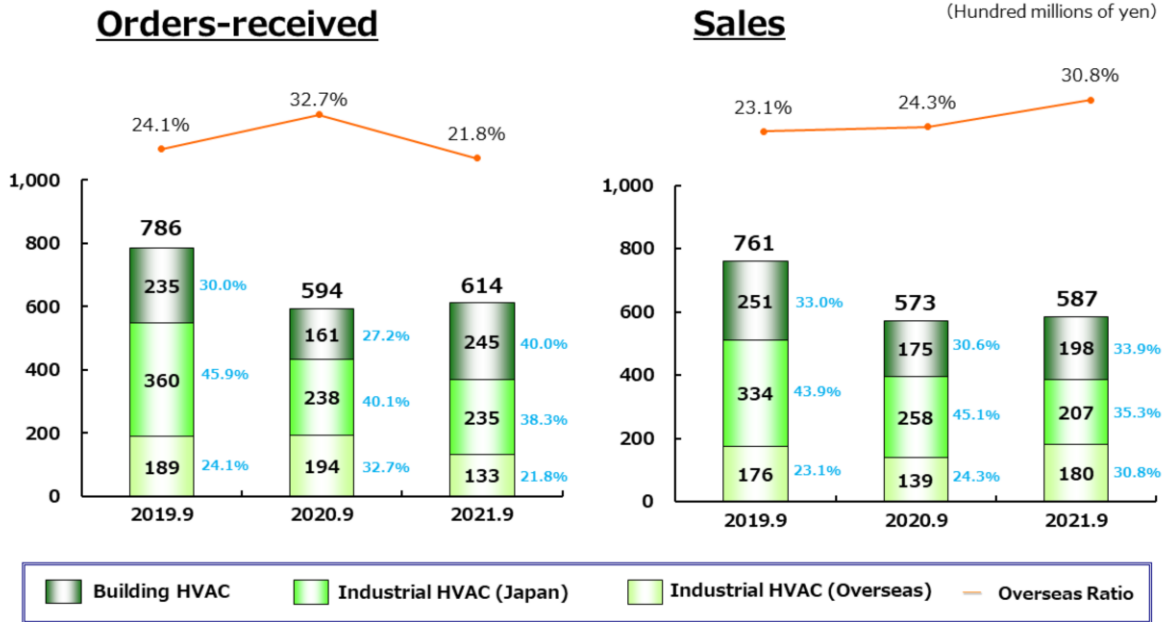
	2021.3	2021.9	Change
Current assets	1,653	1,581	-72
Cash and deposits	520	465	-54
Notes receivable, Accounts receivable from completed construction contracts and other	1,014	919	-94
Securities	20	20	0
Costs on uncompleted construction contracts- Raw materials and supplies	24	24	-0
Other intangible assets	80	158	77
Allowance for doubtful accounts	-6	-6	0
Non-current assets	634	639	4
Property, plant and equipment	101	107	6
Goodwil	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

This slide shows the consolidated balance sheet.

2 Results of Green Technology System Business

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



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

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

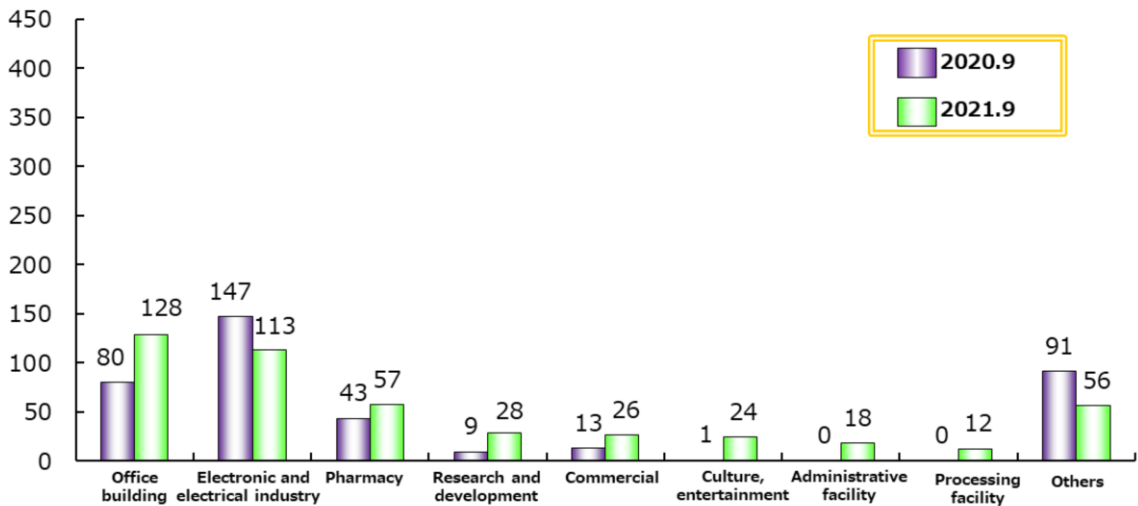
The orders-received increased in Japan but decreased overseas, resulting in a decrease in the overseas ratio.

The sales decreased in Japan but decreased overseas, resulting in an increase in the overseas ratio.

2 Results of Green Technology System Business

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

(Hundred millions of yen)



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

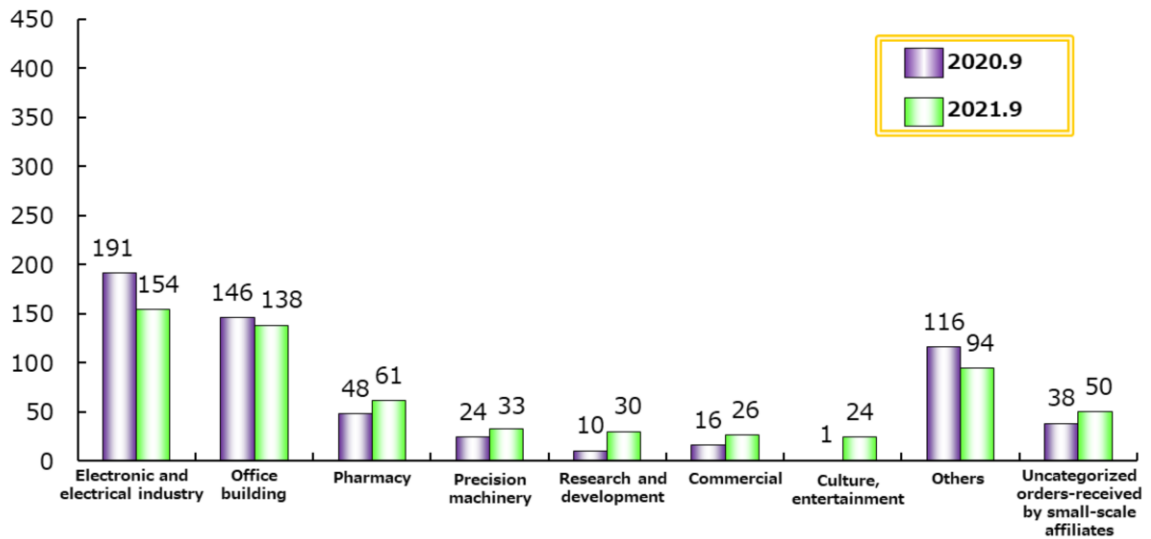
The orders-received in the electrical and electronics market decreased greatly due to the postponement of investment plans as a result of the economic downturn caused by the spread of COVID-19.

The orders-received in the office buildings market significantly 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 Business

3. Order of the market classification (Consolidated)

(Hundred millions of yen)

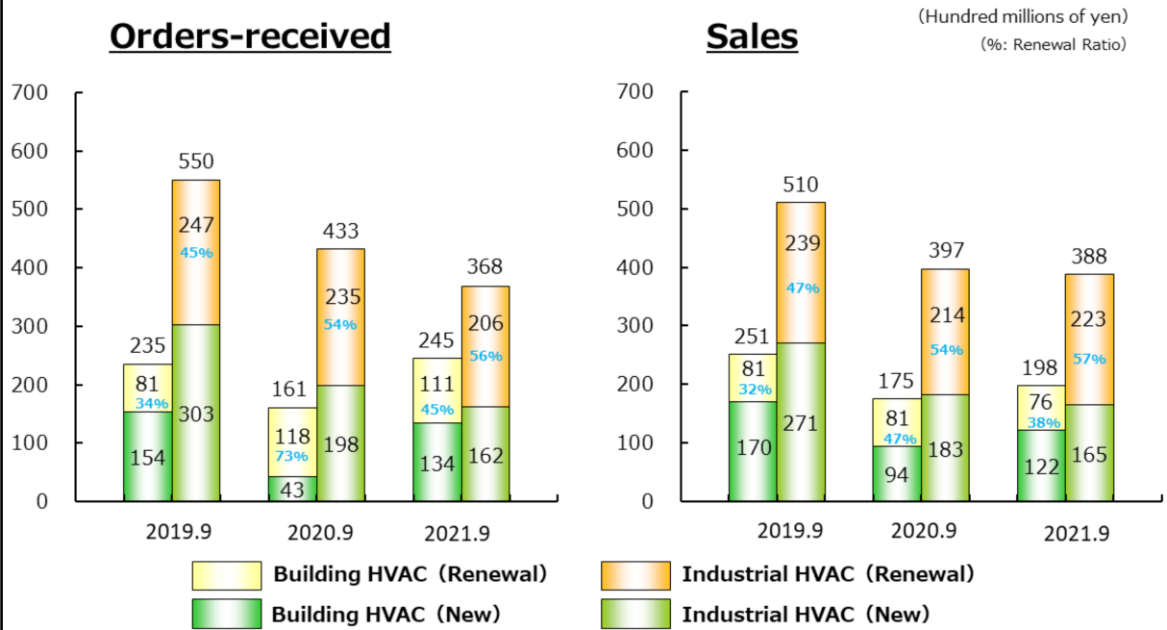


This slide shows the consolidated orders-received of the Green Technology System Division by market categories.

Orders-received in the electronic and electrical industry also declined overseas because the adjustment phase of capital investment continued due to the economic downturn.

2 Results of Green Technology System Business

4. Renewal construction (Consolidated)

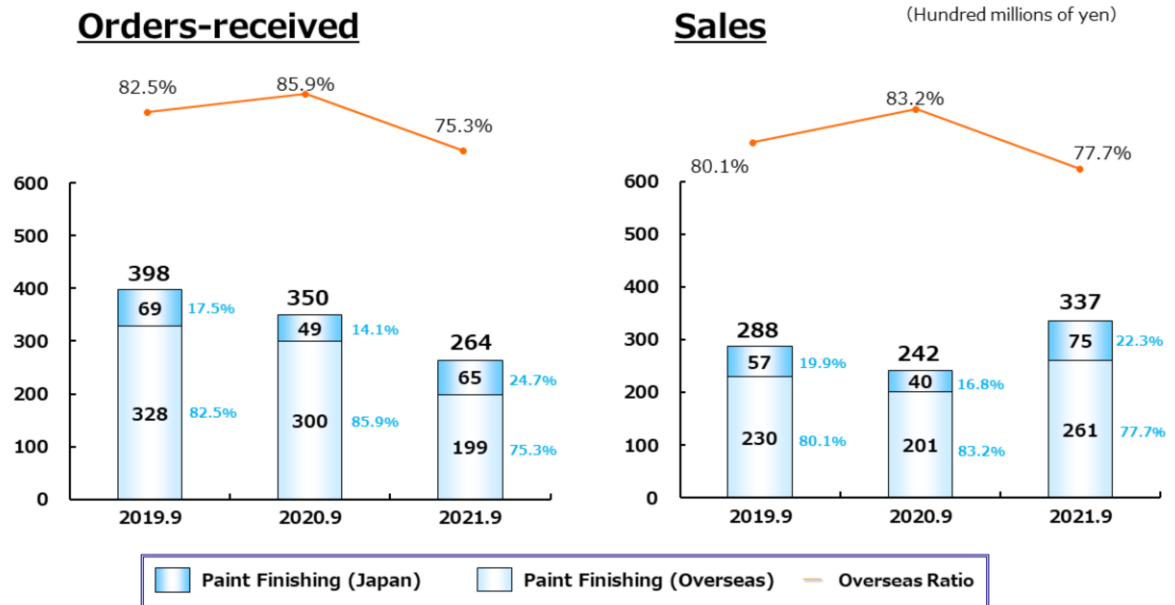


This slide shows the trend of renewal construction projects.

The orders-received of renewal construction projects in the industrial HVAC segment in FY2021 decreased due to the postponement of investment plans by electric and electronic component manufacturers.

3 Results of Paint Finishing System Business

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



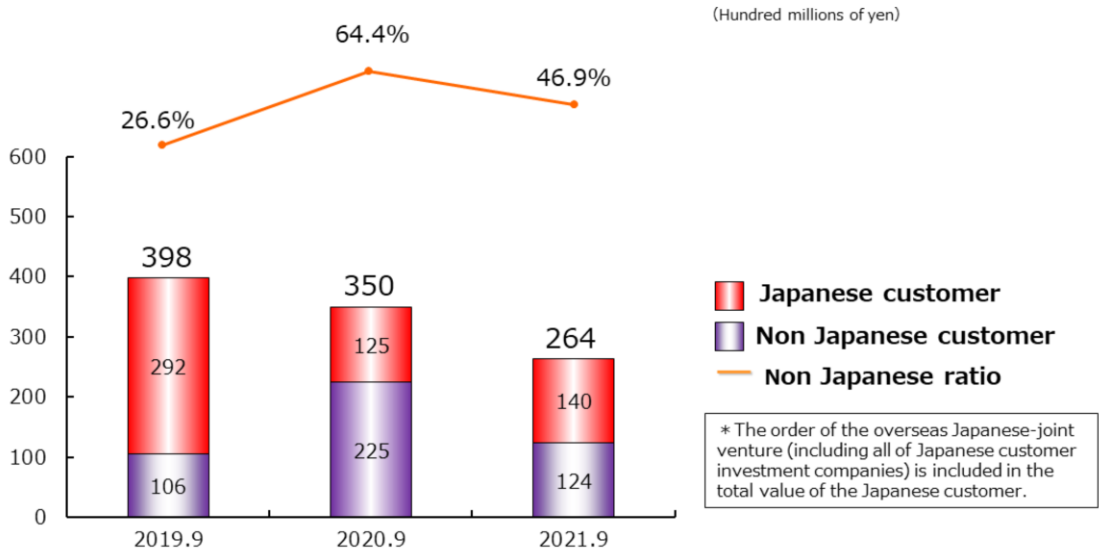
From this slide, I would like to explain the Paint Finishing System Business.

The overseas ratio of orders-received declined due to the decrease in overseas and increase in Japan compared to FY2020.

The overseas ratio of the sales declined due to the larger increase in Japan than overseas, as sales increased both in Japan and overseas compared to FY2020.

3 Results of Paint Finishing System Business

2. Order ratio from non Japanese customers



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

The ratio decreased significantly in FY2021 due to the orders of large-scale projects from non-Japanese customers in Europe and North America in FY2020.

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

Slide 28 to 30 show the summary of the number of project cases with orders-received or sales of 0.5 billion yen or more or carried forward of 1 billion yen or more.

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

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.

From this page, I would like to explain the earnings forecasts for FY2021. We have revised our full-year earnings forecast in light of the H1 results and recent performance trends.

The orders-received is expected to be 14 billion yen lower than the initial forecast for the whole Group. Among that, the orders-received of Green Technology System Division is expected to be 14 billion yen lower than the initial forecast.

As for the building HVAC segment, the orders-received is expected to be 46 billion yen, which is 1.6 billion yen 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 111 billion yen, which is 15.6 billion yen 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.

On the other hand, the orders-received of Paint Finishing System Division is expected to be 73 billion yen as forecasted at the beginning of FY2021, as the sales in Japan will cover the decrease in overseas sales.

Expectations by Business

	Results of H1	Expectations of H2	Latest expectation of FY2021	Original expectation of FY2021	Difference
	(Hundred millions of yen)				
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.

Next, I would like to explain the sales.

The sales is expected to be 13 billion yen lower than the initial forecast for the whole Group.

Among that, the sales of Green Technology System Division is expected to be 10 billion yen lower than the initial forecast.

As for the building HVAC segment, the sales is expected to be 4.2 billion yen higher than the initial forecast, as the progress of projects exceeded initial expectations, particularly in large-scale redevelopment projects in the Tokyo area.

On the other hand, 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 14.2 billion yen lower than expected due to the remaining impact of the COVID-19.

The sales of Paint Finishing System Division is expected to be 3 billion yen 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.

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.

Next, I would like to explain the income.

The ordinary income is expected to be 3.5 billion yen lower than the initial forecast for the whole Group.

The ordinary income of Green Technology System Division is expected to be 9 billion yen for FY2021, which is 1.8 billion yen lower than the initial forecast. The reason in Japan is that, 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 along with 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.

The ordinary income of Paint Finishing System Division is expected to be 0.6 billion yen, which is 2.1 billion yen lower than the initial forecast for FY2021.

The reason is that, 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.

Profit attributable to owners of parent is expected to be 6.0 billion yen, 2.4 billion yen below the initial forecast, mainly due to the worsening profitability of Geico.

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

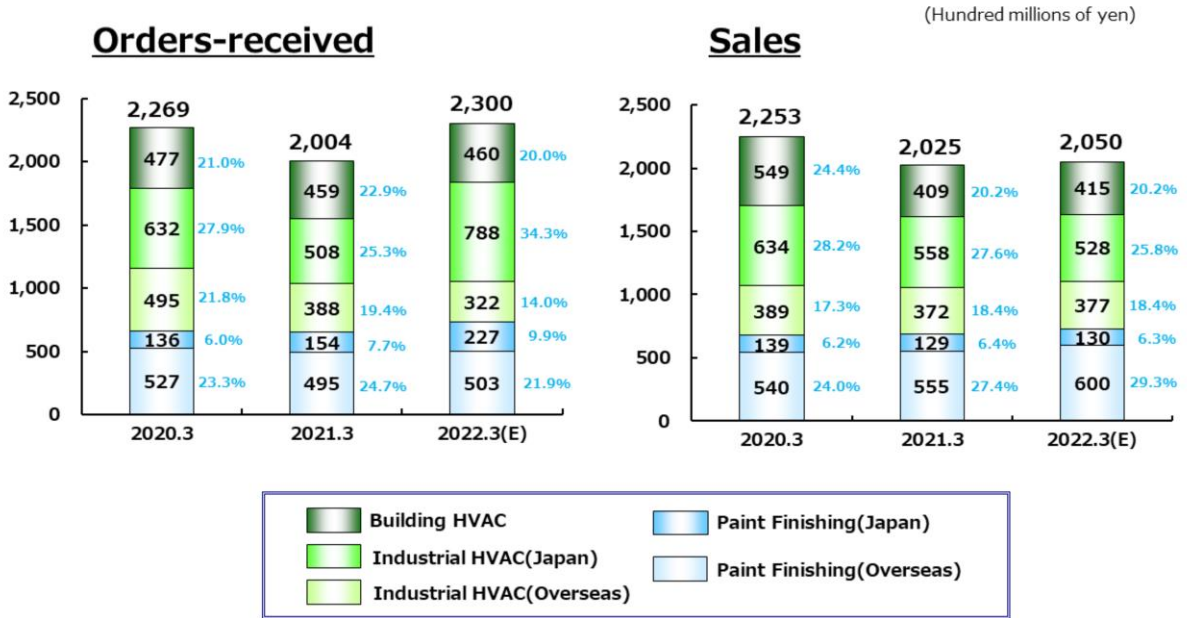
This slide shows the earnings forecasts by divisions for FY2021.

This conclude our explanation of the revision of the earnings forecast for FY2021.

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

5 Earnings Forecast for FY2021

Earnings Forecasts by Business

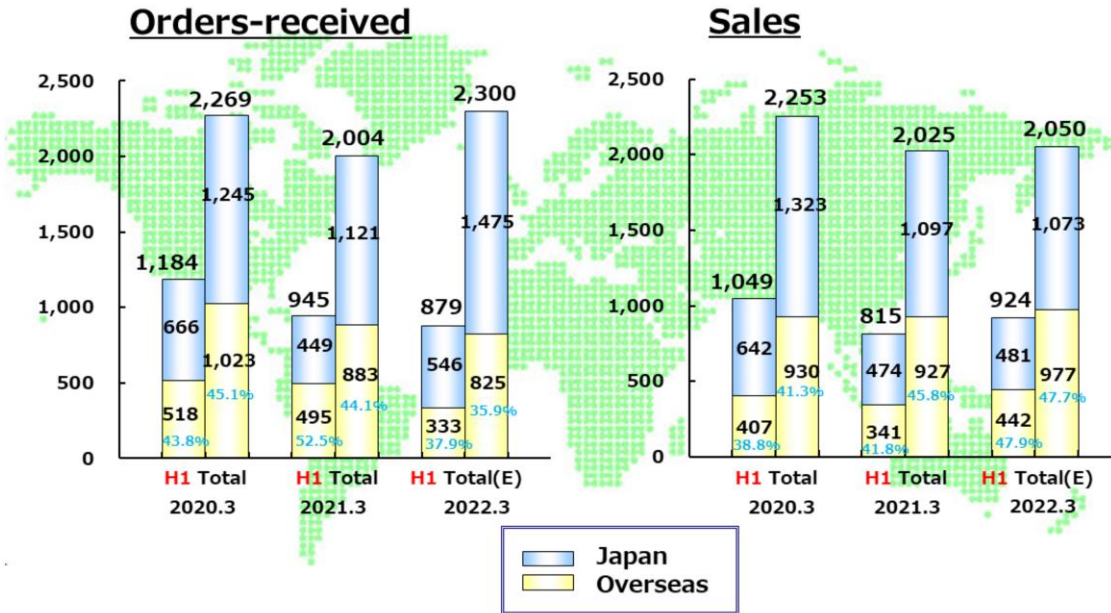


Slide 35 to 38 shows the earnings forecasts for orders-received and the sales of the whole Group and each division.

5 Earnings Forecast for FY2021

Total (Japan/Overseas)

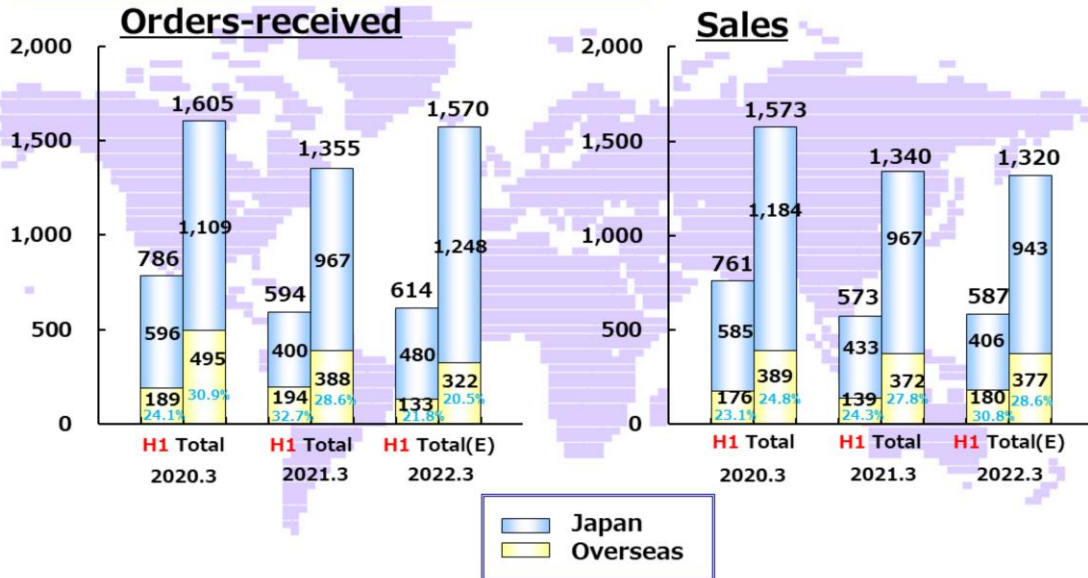
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2021

Green Technology System Division (Japan/Overseas)

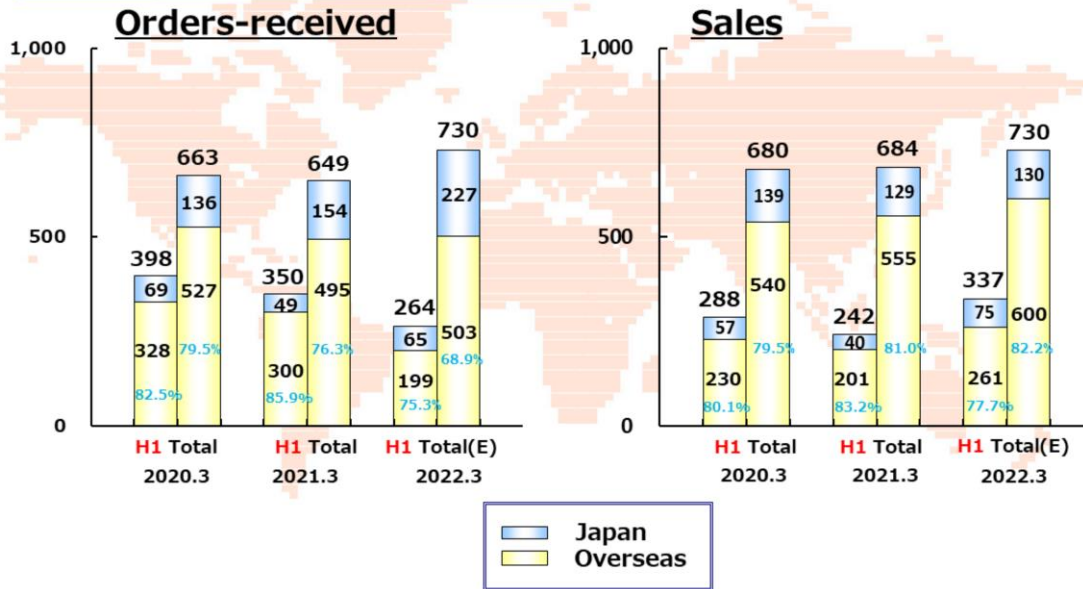
(Hundred millions of yen)
(%: Overseas ratio)



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)

This is Nakagawa, Director, Executive Corporate Officer, Chief Executive, Corporate Planning Headquarters, in charge of CSR.

From this slide, I 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”

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	

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

Basic Policy and Direction/Strategy



This slide shows basic policy and direction, and strategy.

Initiatives of each strategy ~Achievement①~

Strategy : 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.



From this slide, I would like to explain the achievements of FY2021 based on each of the strategies in the Mid-Term Business Plan.

First, I would like to report the achievement in the strategy of “Expand new businesses”.

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.

Taikisha Group will continue to establish a new brand as a total agricultural company engaged in producing and selling vegetables.

Initiatives of each strategy ~Achievement②~

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

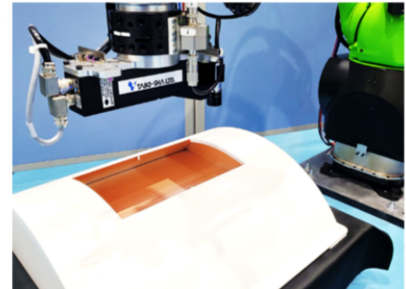
Development of "i-ART", a system for automatically programming for industrial robots.

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.



Secondly, as the achievement in the strategy of "Enhance added value", we would like to introduce the development of a system for automatically programming for industrial robots.

In the painting and polishing processes of automobile manufacturing factories, automation of operations using industrial robots is generalized; however, in some other manufacturing sites, automation has been abandoned because it is difficult to secure engineers who can program the robots, or because teaching requires an enormous amount of time.

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

This system has enabled to reduce 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
<p>Reinforce corporate governance ~Reinforcement of the management oversight functions of the Board of Directors and capital cost-conscious management</p>	<p>Further enhancement of the Board of Directors</p> <p>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.</p> <p>Improvement of committee functions</p> <p>①The 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.</p> <p>②The 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.</p> <p>③ ① and ② above are all chaired by outside directors.</p>

Our third achievement is the further enhancement of the Board of Directors and the improvement of committee functions, which were implemented based on the strategy of “reinforce corporate governance”.

From this fiscal year, we have welcomed two new outside directors to strengthen the functions of the Nomination Advisory Committee and the Compensation Advisory Committee, and established the new Governance Committee.

All of these committees are chaired by outside directors.

Initiatives of each strategy ~Achievement④~

Strategy	Achievement
<p>Secure human resources ~Measures to make the Company more attractive including the enhancement of systems to enable flexible work styles, improvement of benefits and reduction of working hours</p>	<p>Further promotion of health & Productivity management</p> <p>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.</p> <p>Introduction of new benefit programs (i.e., cafeteria plan and package plan) to build an attractive company</p> <p>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.</p>

The fourth achievement is the further promotion of health and productivity management and the new benefit system, which is an initiative based on the strategy of "secure human resources".

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.

In addition, we have introduced a new cafeteria plan and package plan benefit system to make us more attractive.

We will continue to promote measures to increase the attractiveness of us, such as expanding systems that enable flexible work styles, improving compensation, and reducing working hours.

Initiatives of each strategy ~Main initiatives in progress①~

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

Slide 46 to 49 shows the main initiatives of each strategy in progress.

Initiatives of each strategy ~Main initiatives in progress②~

Strategy	Main initiative in progress
<p>Enhance productivity</p>	<p>Streamlining and automatizing of various operations 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 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 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 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	Main initiative in progress
<p>Reinforce human capital and organizational capabilities through the utilization of diverse human resources</p>	<p>Recruitment and utilization of diverse human resources</p> <p>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.</p> <p>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.</p>
	<p>Improvement of human resource capabilities to enhance our social value</p> <p>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.</p>

Initiatives of each strategy ~Main initiatives in progress④~

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

Lastly, I would like to explain the Company's shareholder 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

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

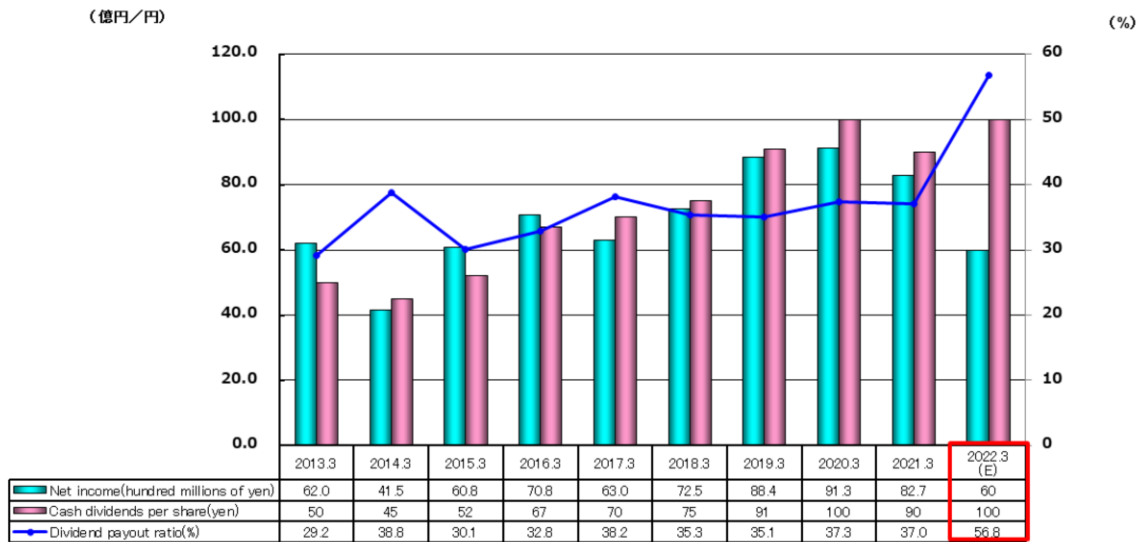
As a basic policy, we will flexibly purchase and retire treasury shares for the purpose of improving capital efficiency and quickly realizing financial policies.

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.

1 Shareholders Returns

Net income & Cash Dividends



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%)

This slide shows data on cash dividends.

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.

Although we have revised the earnings forecast, we plan to pay the annual dividend of 100 yen per share for FY2021, which is the same as the announcement in the beginning of the year.

As a result, the dividend payout ratio is expected to be approximately 56.8%.

That concludes our explanation. Thank you for your time and 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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Contact information for inquiry about this material
Investor Relations Section, Corporate Planning Headquarters,
Taikisha Ltd.
TEL : +81-3-5338-5052 FAX : +81-3-5338-5195