



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 FY2022 Financial Results Briefing



Nov 15,2022

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1. Business environment and Achievements for the First Half of FY2022
2. Earnings Forecast for FY2022

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

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

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

1. Business environment and Achievements for the First Half of FY2022

1 Business environment and Achievements for the First Half of FY2022

Business environment of H1

In Japan

Capital investment of electronic component manufactures and pharmaceutical manufacturers was strong. And also, demand for the construction of office buildings in Tokyo area and investment of automobile manufactures was steady.

Overseas

Although the uncertainty due to the impact of COVID-19 still persisted and soaring price of resources, manufacturers continued to recover their capital investment.

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

In overseas market, although the uncertainty due to the impact of COVID-19 still persisted and soaring price of resources, manufacturers continued to recover their capital investment.

1 Business environment and Achievements for the First Half of FY2022

Consolidated performance of H1

(Hundred millions of yen)

	Original expectation	Results of H1 FY2022	Change
Orders-received	1,133	1,620	487
Net sales of completed construction contracts	924	857	-66
Ordinary income	39	46	7
(Ratio)	4.2%	5.4%	1.2pt
Profit attributable to owners of parent	24	24	-
(Ratio)	2.6%	2.8%	0.3pt

- The orders-received exceeded the initial forecast for the whole Group, supported by the good market environment and the orders-received ahead of the schedule from the FY2022/H2 in both Green Technology System and Paint Finishing System.
- Net sales of completed construction contracts fell short of the initial forecast due to the impact of the deconsolidation of Geico S.p.A, in addition to the fact that the volume of work did not reach the forecast.
- The ordinary income exceeded the initial forecast mainly due to the profit improvement through cost reduction activity.
- As for the profit attributable to the owners of parent increased slightly, as the defrayment such as corporate tax increased, regardless of the exceeding for the initial forecast of the ordinary income.

Under these circumstances, regarding to the performance of the FY2022/H1, the orders-received exceeded the initial forecast for the whole Group, supported by good market environment and orders-received ahead of the schedule from the FY2022/H2 in both Green Technology System and Paint Finishing System.

The net sales of completed construction contracts fell short of the initial forecast due to the impact of the deconsolidation of Geico S.p.A, in addition to the fact that the volume of work did not reach the forecast.

The ordinary income exceeded the initial forecast by 0.7billion yen, mainly due to the profit improvement through cost reduction activity.

As for the profit attributable to the owners of parent increased slightly, as the defrayment such as corporate tax increased, regardless of the exceeding for the initial forecast of the ordinary income.

2. Earnings Forecast for FY2022

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

2 Earnings Forecast for FY2022

Consolidated Earnings Forecast for FY2022

(Hundred millions of yen)

	Results of H1	Expectations of H2	Latest expectation of FY2022	Original expectation of FY2022	Difference
Orders-received	1,620	1,029	2,650	2,150	500
Net sales of completed construction contracts	857	1,267	2,125	2,125	-
Ordinary income	46	73	120	120	-
(Ratio)	5.4%	5.8%	5.6%	5.6%	-
Net income	24	61	86	86	-
(Ratio)	2.8%	4.9%	4.0%	4.0%	-

- As for the Orders-received, we revised the orders received that we announced on March 16th, 2022, from 215 billion yen to 265 billion yen, because the orders-received of H1 exceeded the initial forecast both in Green Technology System Division and Paint Finishing System Division, due to the strong investment of manufactures.
- Although there are no changes from the announcement on March 16th, 2022, in net sales of completed construction contracts, ordinary income, and profit attributable to owners of parent, we revised the breakdown of each segment taking the progress of the project into account.

We revised our full-year earnings forecast in light of the H1 results and recent business environment.

As for the Orders-received, we revised the orders received that we announced on March 16th, 2022, from 215 billion yen to 265 billion yen, because the orders-received of H1 exceeded the initial forecast both in Green Technology System Division and Paint Finishing System Division, due to the strong investment of manufactures.

Although there are no changes from the announcement on March 16th, 2022, in net sales of completed construction contracts, ordinary income, and profit attributable to owners of parent, we revised the breakdown of each segment taking the progress of the project into account.

Primary factor of each segment will be explained later.

1. Explanation about the First Half of FY2022

- | | |
|---|---|
| ① Highlight of the First Half of FY2022 | ④ Main projects in Order/Sales/ Carried forward |
| ② Results of Green Technology System Business | ⑤ Earnings Forecast for FY2022 |
| ③ Results of Paint Finishing System Business | |

2. Initiatives in Each Strategy of Mid-Term Business Plan

(from the fiscal year ending March 2023 to the fiscal year ending march 2025)

3. Shareholders Returns

4. A Plan of Reducing Cross-shareholding

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 FY2022

**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 FY2022.**

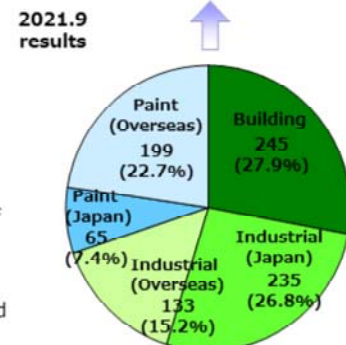
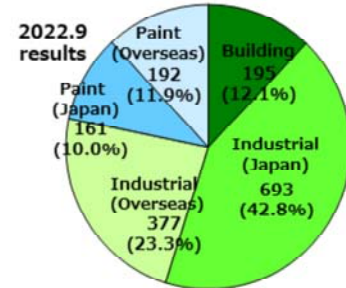
1 Highlight of the First Half of FY2022

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

(Hundred millions of yen)

	2021.9	2022.9	Change
Orders-received	879	1,620	741
(Japan)	(546)	(1,050)	(504)
(Overseas)	(333)	(569)	(236)
Green Technology	614	1,266	651
Building HVAC	245	195	-49
Industrial HVAC	368	1,070	701
(Japan)	(235)	(693)	(457)
(Overseas)	(133)	(377)	(243)
Paint Finishing	264	354	89
(Japan)	(65)	(161)	(96)
(Overseas)	(199)	(192)	(△6)

- In the building HVAC segment, the orders-received decreased despite the good market environment, because we prioritized the orders in the industrial HVAC segment market.
- In the industrial HVAC segment, the orders-received increased due to the acceleration of capital investment in the electrical and electronics field against the background of global shortage of semiconductors and due to the strong capital investment by pharmaceutical manufacturers.
- In the Paint Finishing System Division, the orders-received increased because we received orders of large scale project in Japan.



This slide shows the summary of orders-received by division compared to FY2021/H1.

As the whole Group, it increased by 74.1billion to 162 billion.

In the building HVAC segment, the orders-received decreased despite the good market environment, because we prioritized the orders in the industrial HVAC segment market.

In the industrial HVAC segment, the orders-received increased due to the acceleration of capital investment in the electrical and electronics field against the background of global shortage of semiconductors and due to the strong capital investment by pharmaceutical manufacturers.

In the Paint Finishing System Division, the orders-received increased because we received orders of large scale project in Japan.

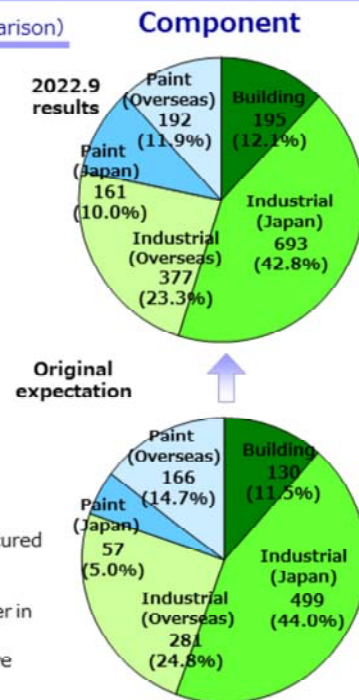
1 Highlight of the First Half of FY2022

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

(Hundred millions of yen)

	Original expectation	Result of H1 FY2022	Change
Orders-received	1,133	1,620	487
(Japan)	(686)	(1,050)	(364)
(Overseas)	(447)	(569)	(122)
Green Technology	910	1,266	356
Building HVAC	130	195	65
Industrial HVAC	780	1,070	290
(Japan)	(499)	(693)	(194)
(Overseas)	(281)	(377)	(96)
Paint Finishing	223	354	131
(Japan)	(57)	(161)	(104)
(Overseas)	(166)	(192)	(26)

- In the Building HVAC segment, orders-received exceeded the forecast because we secured the orders-received more than expected supported by good market environment.
- In the Industrial HVAC segment, orders-received exceeded the forecast, because we received advance orders for large-scale project from semiconductor-related manufacturer in Japan, and we could receive orders received more than expected in overseas.
- In the Paint Finishing system division, orders-received exceeded the forecast because we received an advance order of large scale project in Japan.



This slide also shows the summary of the orders-received compared to the forecast.

The orders-received was 48.7 billion yen higher than the forecast at beginning of term.

In the Building HVAC segment, it exceeded the forecast because we secured the orders-received more than expected supported by good market environment.

In the Industrial HVAC segment, it exceeded the forecast, because we received advance orders for large-scale project from semiconductor-related manufacturer in Japan, and we could receive orders received more than expected in overseas.

In the Paint Finishing system division, it exceeded the forecast because we received an advance order of large scale project in Japan.

1 Highlight of the First Half of FY2022

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

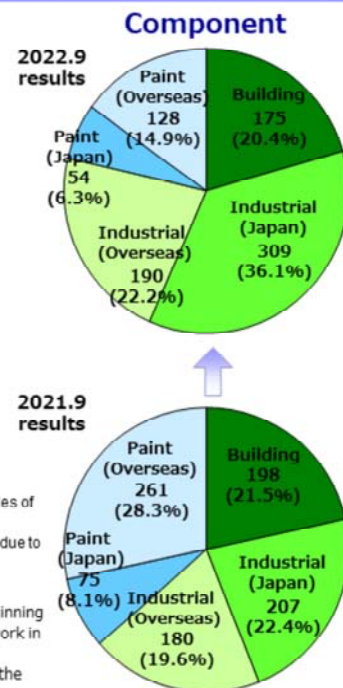
	(Hundred millions of yen)		
	2021.9	2022.9	Change
Net sales of completed construction contracts	924	857	-66
(Japan)	(481)	(539)	(57)
(Overseas)	(442)	(318)	(△124)
Green Technology	587	675	88
Building HVAC	198	175	-23
Industrial HVAC	388	500	111
(Japan)	(207)	(309)	(102)
(Overseas)	(180)	(190)	(9)
Paint Finishing	337	182	-154
(Japan)	(75)	(54)	(△21)
(Overseas)	(261)	(128)	(△133)

(Green Technology System Division)

- In the Building HVAC segment, although construction carried-forward at the beginning of term increased compared to the FY2021/H1, many projects with long construction period did not contribute to the volume of FY2022/H1, thereby the net sales of completed construction decreased.
- In the industrial HVAC segment, the net sales of completed construction increased compared with FY2021/H1 in Japan, due to the increase of construction carried forward reflecting an expansion of orders received that continued from FY2021/H2.

(Paint Finishing System Division)

- The net sales of completed construction decreased in Japan. Although construction carried-forward at the beginning of FY2022/H1 increased compared with FY2021/H2, the number of projects that contribute to the volume of work in 2022/H1 was small.
- The net sales of completed construction decreased also in overseas, because of reasons such as decrease of the construction carried-forward in North America and deconsolidation of Geico S.p.A.



This slide shows the summary of the net sales of completed construction contracts by division compared to FY 2021/H1.

As the whole Group, the net sales of completed construction decreased by 6.6 billion to 85.7 billion.

With regard to the Green Technology System Division, in the Building HVAC segment, although construction carried-forward at the beginning of term increased compared to the FY2021/H1, many projects with long construction period did not contribute to the volume of FY2022/H1, thereby the net sales of completed construction decreased.

In the industrial HVAC segment, the net sales of completed construction increased compared with FY2021/H1 in Japan, due to the increase of construction carried forward reflecting an expansion of orders received that continued from FY2021/H2.

In the Paint Finishing System Division, the net sales of completed construction decreased in Japan. Although construction carried-forward at the beginning of FY2022/H1 increased compared with FY2021/H2, the number of projects that contribute to the volume of work in 2022/H1 was small. The net sales of completed construction decreased also in overseas, because of reasons such as decrease of the construction carried-forward in North America and deconsolidation of Geico S.p.A.

1 Highlight of the First Half of FY2022

2-②. Sales by Business (Expected comparison)

(Hundred millions of yen)

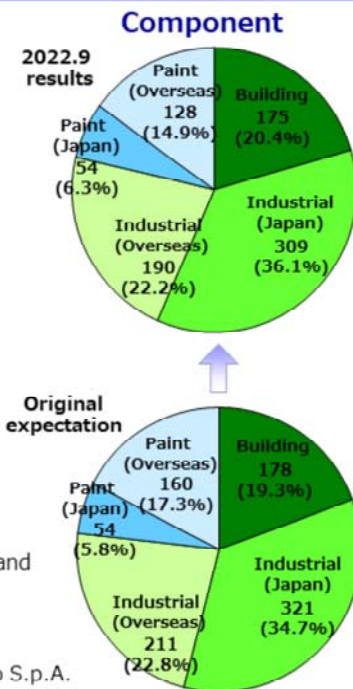
	Original expectation	Result of H1 FY2022	Change
Net sales of completed construction contracts	924	857	-66
(Japan)	(553)	(539)	(Δ13)
(Overseas)	(371)	(318)	(Δ52)
Green Technology	710	675	-34
Building HVAC	178	175	-2
Industrial HVAC	532	500	-31
(Japan)	(321)	(309)	(Δ11)
(Overseas)	(211)	(190)	(Δ20)
Paint Finishing	214	182	-31
(Japan)	(54)	(54)	(0)
(Overseas)	(160)	(128)	(Δ31)

(Green Technology System Division)

In the industrial HVAC segment, We did not achieve the initially expected volume and the net sales of completed construction fell short of the forecast.

(Paint Finishing System Division)

With regard to the Paint Finishing System Division, the net sales of completed construction contracts fell short of the forecast due to the deconsolidation of Geico S.p.A.



This slide also shows the summary of the net sales of completed construction contracts compared to the forecast.

The net sales of completed construction contracts was 6.6 billion yen lower than the initial forecast for the whole Group.

With regard to the Green Technology System Division, in the industrial HVAC segment, We did not achieve the initially expected volume and the net sales of completed construction fell short of the forecast.

With regard to the Paint Finishing System Division, the net sales of completed construction contracts fell short of the forecast due to the deconsolidation of Geico S.p.A.

1 Highlight of the First Half of FY2022

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

(Hundred millions of yen)

	2021.9	2022.9	Change
Operating income	27	38	10
(Ratio)	3.0%	4.5%	1.5pt
Green Technology	30	49	18
(Ratio)	5.3%	7.3%	2.0pt
Paint Finishing	-5	-9	-4
(Ratio)	-1.6%	-5.2%	-3.7pt
Ordinary income	35	46	10
(Ratio)	3.9%	5.4%	1.6pt
Green Technology	33	53	19
(Ratio)	5.7%	7.9%	2.2pt
Paint Finishing	-4	-10	-6
(Ratio)	-1.2%	-5.7%	-4.5pt

(Green Technology System Division)

•The ordinary income of Green Technology System Division increased due to the reaction of low ratio of highly profitable projects in the FY2021/H1 and increase of the net sales of completed construction contracts.

(Paint Finishing System Division)

(•The ordinary income of Paint Finishing System Division was deficit in FY2021, due to the reaction of deterioration of the profitability of projects in Europe deteriorated.)

•In 1H FY2022, since the net sales of completed construction decreased largely compared with 1H FY2021, we could not afford distribution cost and administration overhead, thereby the ordinary income was deficit.

This slide shows the summary of profit by division compared to the FY2021/H1.

As the whole Group, the ordinary income increased by 1 billion yen to 4.6 billion yen.

The ordinary income of Green Technology System Division increased due to the reaction of low ratio of highly profitable projects in the FY2021/H1 and increase of the net sales of completed construction contracts.

The ordinary income of Paint Finishing System Division was deficit in FY2021, due to the reaction of deterioration of the profitability of projects in Europe deteriorated. In 1H FY2022, since the net sales of completed construction decreased largely compared with 1H FY2021, we could not afford distribution cost and administration overhead, thereby the ordinary income was deficit.

1 Highlight of the First Half of FY2022

3-②. Profit by Business (Expected comparison)

(Hundred millions of yen)

	Original expectation	Results of H1 FY2022	Change
Operating income	34	38	4
(Ratio)	3.7%	4.5%	0.8pt
Green Technology	47	49	2
(Ratio)	6.6%	7.3%	0.6pt
Paint Finishing	-10	-9	0
(Ratio)	-4.7%	-5.2%	-0.6pt
Ordinary income	39	46	7
(Ratio)	4.2%	5.4%	1.2pt
Green Technology	48	53	5
(Ratio)	6.8%	7.9%	1.1pt
Paint Finishing	-10	-10	-0
(Ratio)	-4.7%	-5.7%	-1.0pt

(Green Technology System Division)

•The ordinary income of Green Technology System Division exceeded the forecast because of the profit improvement through cost reduction activities.

(Paint Finishing System Division)

•Even though the profit of Paint Finishing System Division was same as expected, the ordinary income was deficit, because the net sales of completed construction contracts decreased largely and the company could not afford distribution cost and administration overhead, as mentioned before.

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

As the whole Group, the ordinary income exceeded the initial forecast by 0.7 billion yen.

The ordinary income of Green Technology System Division exceeded the forecast because of the profit improvement through cost reduction activities.

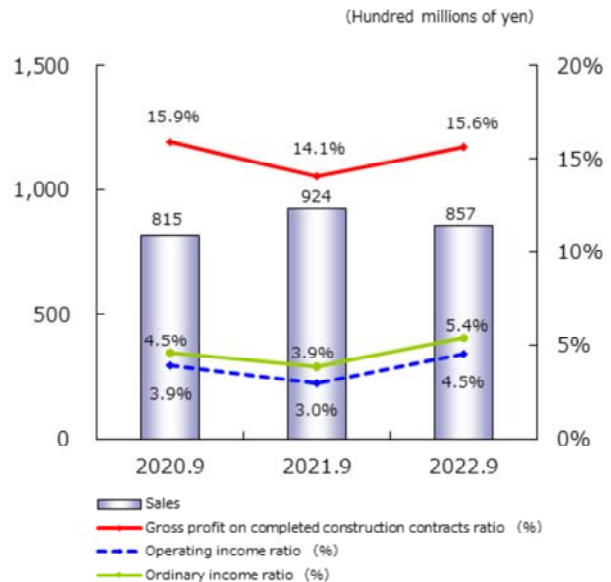
Even though the profit of Paint Finishing System Division was same as expected, the ordinary income was deficit, because the net sales of completed construction contracts decreased largely and the company could not afford distribution cost and administration overhead, as mentioned before.

1 Highlight of the First Half of FY2022

4. Consolidated Income Statements

(Hundred millions of yen)

	2020.9	2021.9	2022.9
Net sales of completed construction contracts	815	924	857
Gross profit on completed construction contracts	129	130	134
(Ratio)	15.9%	14.1%	15.6%
Selling, general and administrative expenses	97	102	95
(Ratio)	12.0%	11.1%	11.1%
Operating income	31	27	38
(Ratio)	3.9%	3.0%	4.5%
Ordinary income	37	35	46
(Ratio)	4.5%	3.9%	5.4%
Profit attributable to owners of parent	30	16	24
(Ratio)	3.8%	1.8%	2.8%

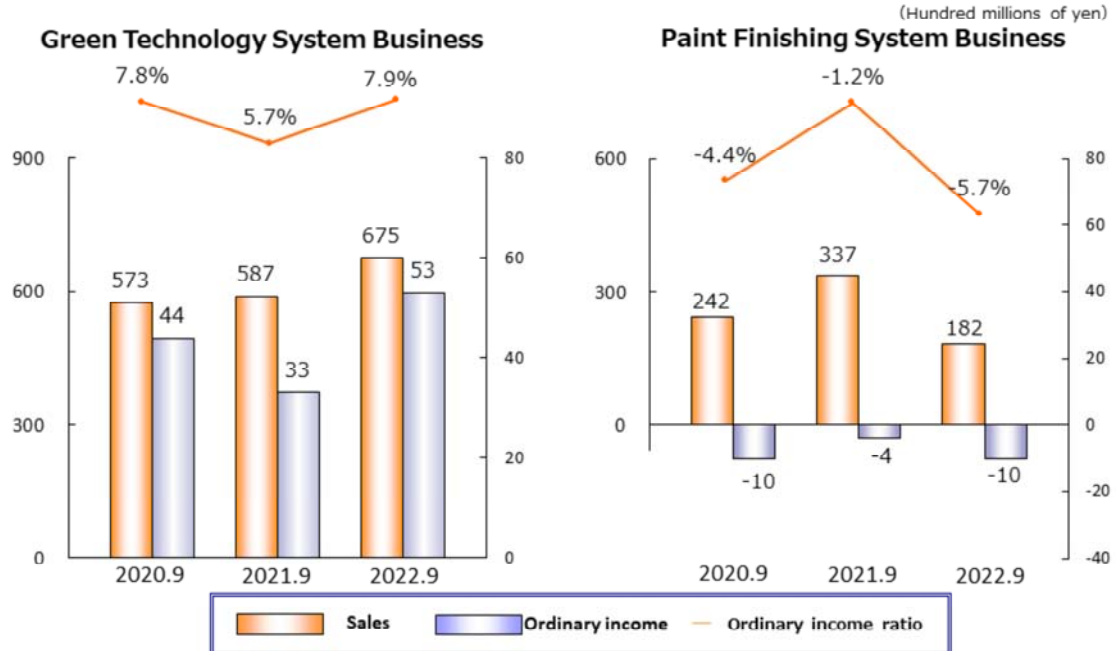


This slide shows the performance of the company for the past three fiscal years.

The profit attributable to owners of parent increased by 0.7 billion yen from FY2021/H1 to 2.4 billion yen, due to the increase of ordinary income.

1 Highlight of the First Half of FY2022

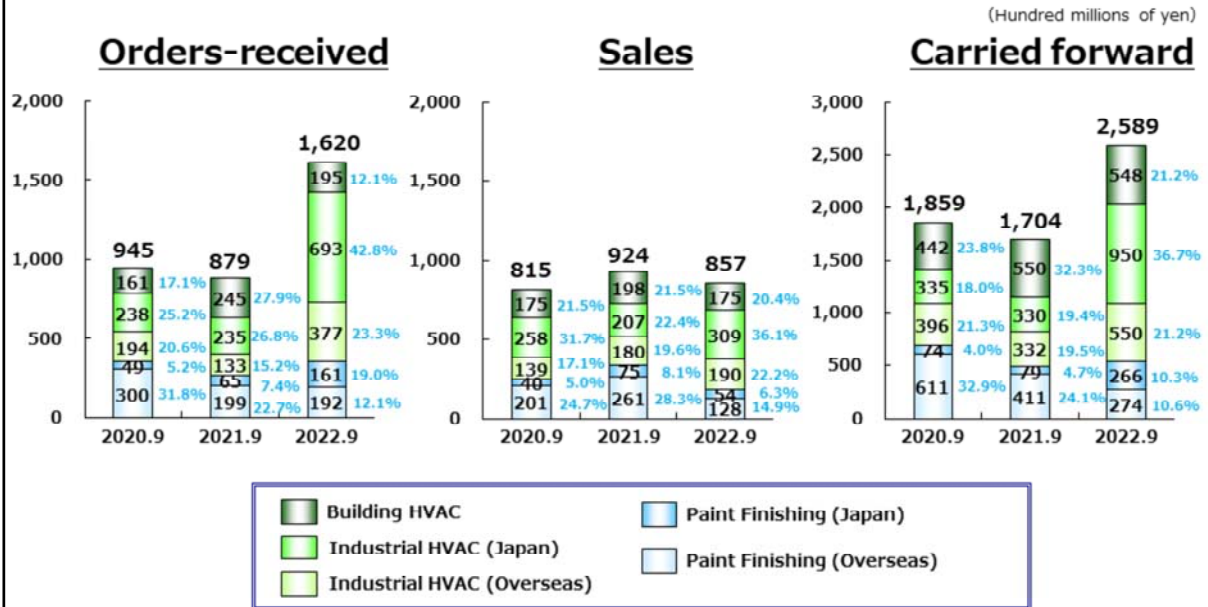
5. Net sales of completed construction contracts / Ordinary income by Division



This slide shows the graphs of the transition of the net sales of completed construction contracts and ordinary income by segment.

1 Highlight of the First Half of FY2022

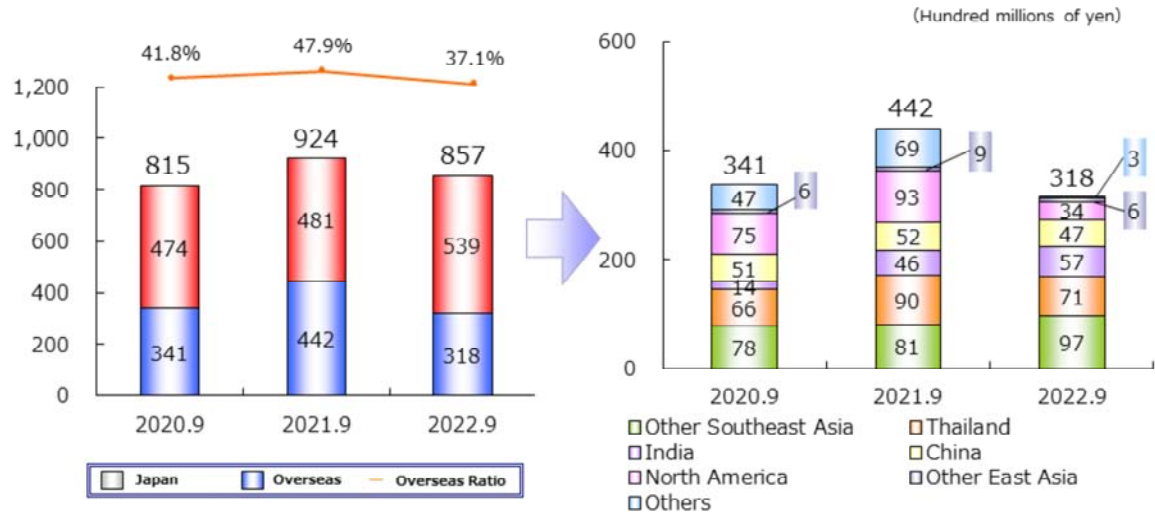
6. Orders-received / Net sales of completed construction contracts / Construction carried forward



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

1 Highlight of the First Half of FY2022

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 net sales of completed construction contracts of overseas.

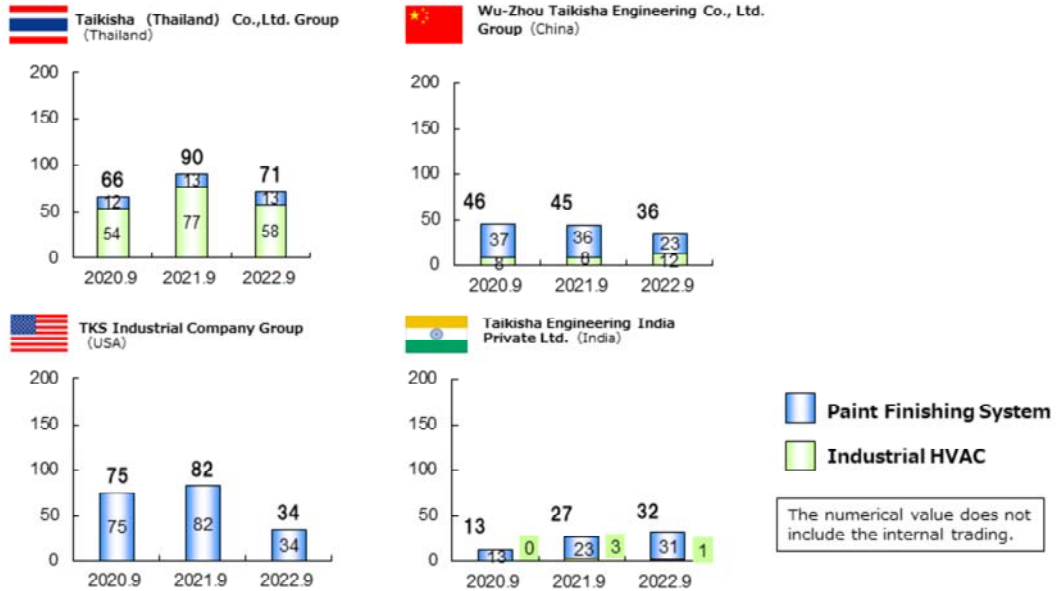
The left graph shows the transition of the breakdown of sales in Japan and overseas and the ratio of sales in overseas.

The net sales of completed construction contracts of 2022/H1 increased in Japan and decreased in overseas compared with 2021/H1, thereby the ratio of sales in overseas showed in orange line declined by 10.8 point, from 47.9% to 37.1%.

1 Highlight of the First Half of FY2022

8. Sales of overseas main four companies

(Hundred millions of yen)



This slide shows the sales of four main overseas companies.

The net sales of completed construction of contracts of the group companies in Thailand and in North America decreased, because the construction carried forward decreased compared with 2022/H2 and there were less construction works which contribute to the sales.

1

Highlight of the First Half of FY2022

9. Consolidated Balance Sheet

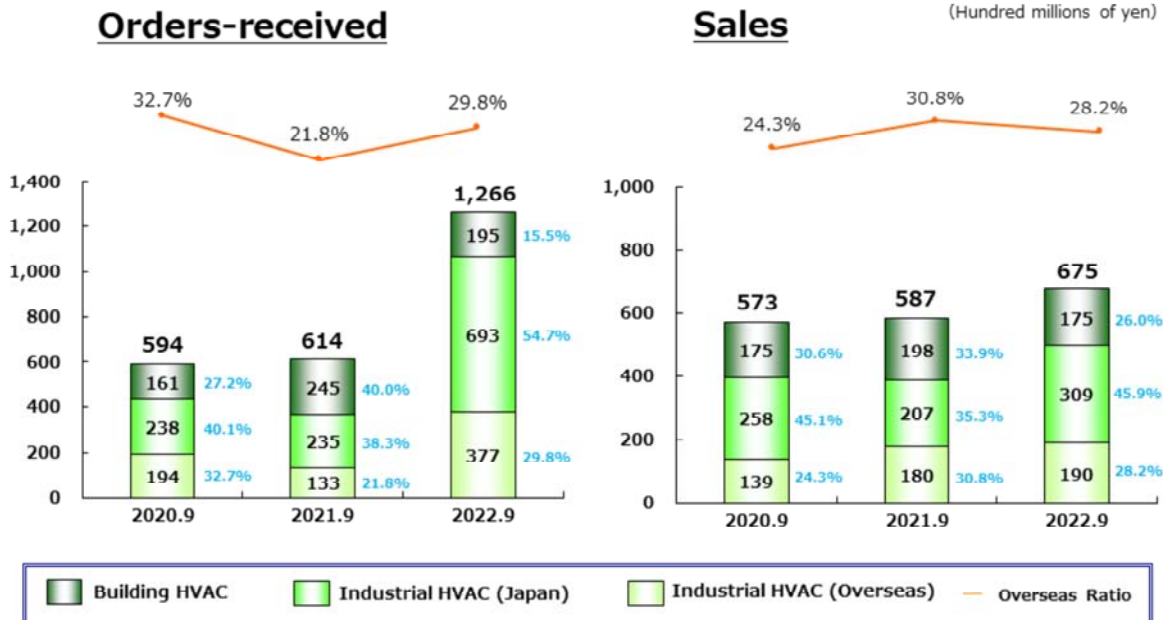
(Hundred millions of yen)

	2022.3	2022.9	Change		2022.3	2022.9	Change
Current assets	1,681	1,524	-157	Current liabilities	818	619	-199
Cash and deposits	490	383	-107	Notes payable, accounts payable for construction contracts and other	471	362	-108
Notes receivable, Accounts receivable from completed construction contracts and other	1,049	878	-171	Advances received on uncompleted construction contracts	69	99	30
Securities	30	59	29	Provision for loss on construction contracts	3	2	-1
Costs on uncompleted construction contracts· Raw materials and supplies	27	31	3	Other	274	155	-119
Other intangible assets	90	176	85	Non-current liabilities	154	102	-52
Allowance for doubtful accounts	-7	-4	2	Total liabilities	973	722	-251
Non-current assets	599	530	-68	Total net assets	1,307	1,332	24
Property, plant and equipment	112	90	-22	Capital stock	64	64	0
Goodwill	39	41	2	Capital surplus	50	50	0
Other intangible assets	34	27	-6	Retained earnings	998	1,007	8
Investment securities	296	259	-37	Treasury shares, at cost	-25	-32	-7
Deferred tax assets	5	4	-0	Valuation difference on available-for-sale securities	119	99	-19
Other	116	111	-4	Deferred gains or losses on hedges	-0	-0	-0
Allowance for doubtful accounts	-0	-0	-0	Foreign currency translation adjustment	20	62	42
Total assets	2,281	2,054	-226	Accumulated remeasurements of defined benefit plans	19	13	-5
				Non-controlling interests	60	66	5
				Total liabilities and net assets	2,281	2,054	-226

This slide shows the consolidated balance sheet.

2 Results of Green Technology System Business

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



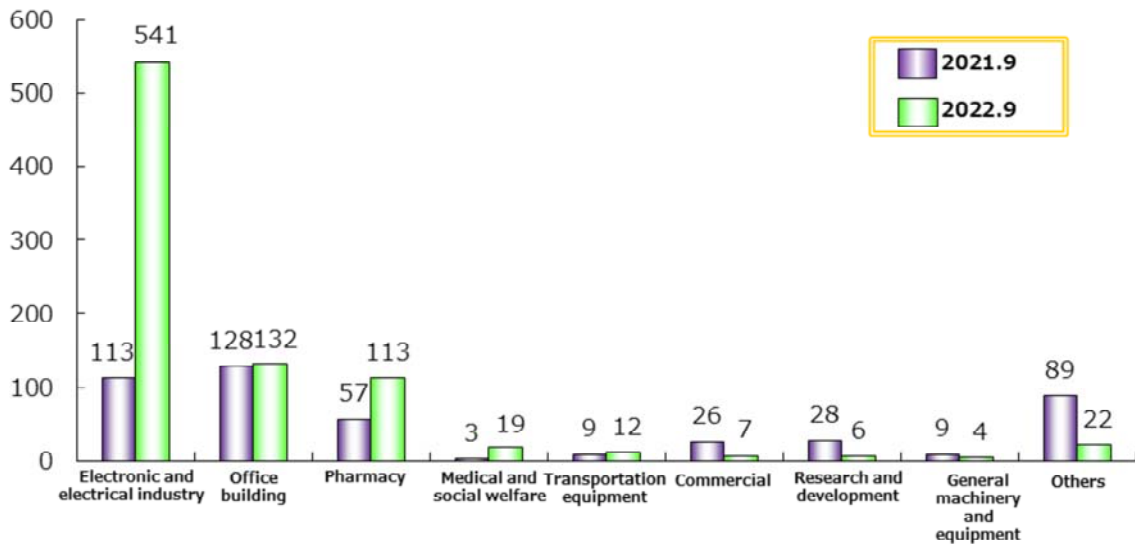
From this slide, I would like to explain the results of the Green Technology System Division.

The graph on the left shows the trend of orders-received, and the graph on the right shows the trend of net sales of completed construction contracts by each sector.

2 Results of Green Technology System Business

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

(Hundred millions of yen)



23

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

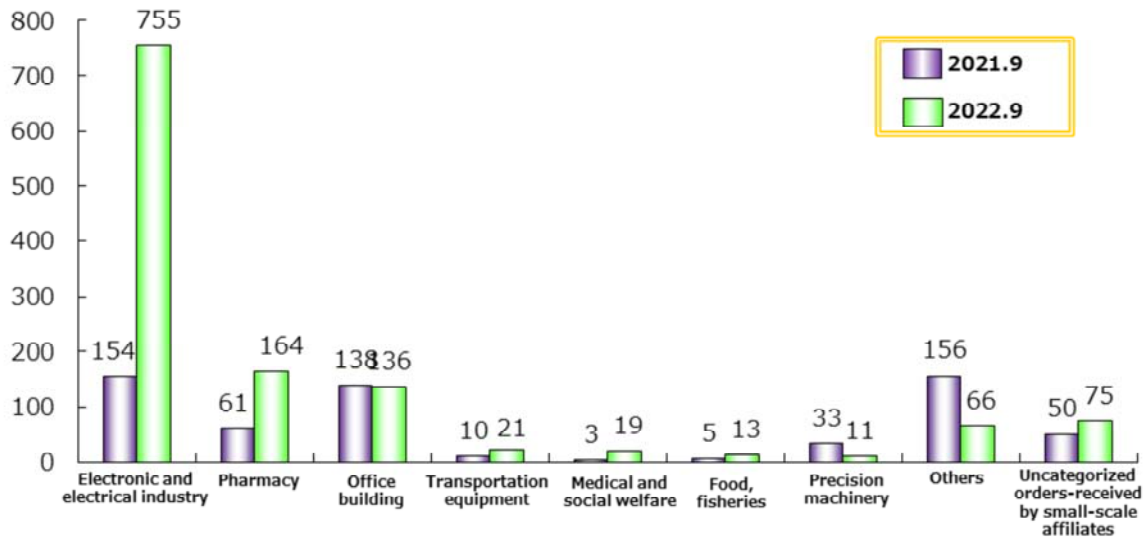
The orders-received in the electrical and electronics market increased greatly because of the strong capital investment such as orders of big project from semiconductor related manufactures.

The orders-received of chemical and pharmaceutical plants increased as orders-received of the large scale projects from pharmaceutical manufactures contributed.

2 Results of Green Technology System Business

3. Order of the market classification (Consolidated)

(Hundred millions of yen)

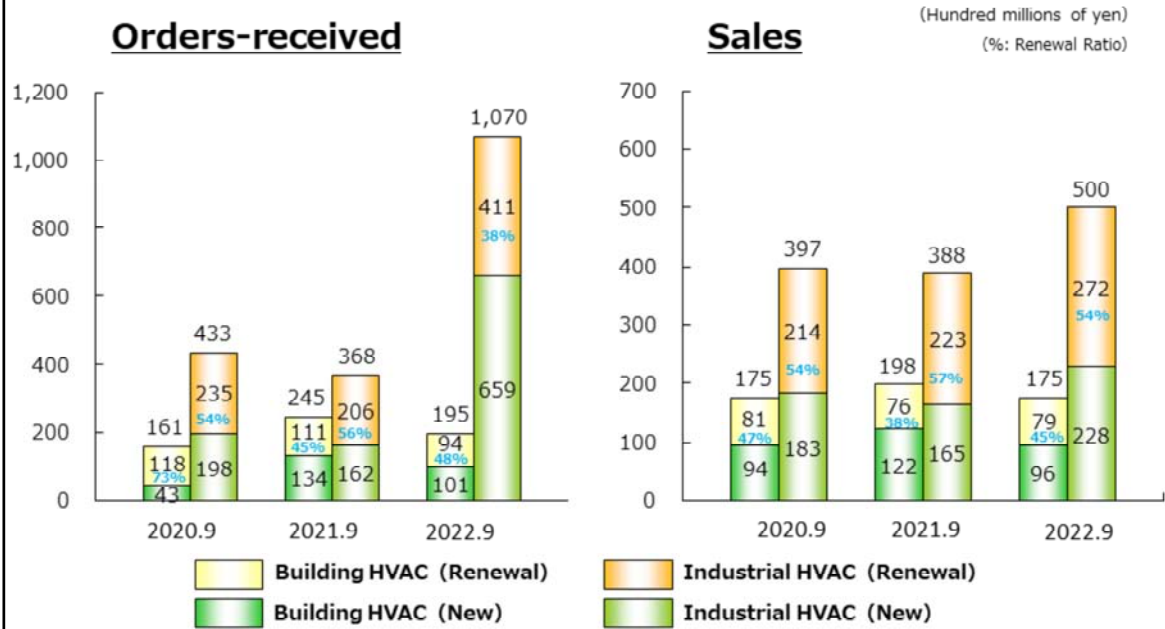


This slide shows the consolidated orders-received of the Green Technology System Division by market categories.

The orders received in the electronic and electrical market also increased in overseas because of the strong investment in addition to the reasons mentioned in previous slide.

2 Results of Green Technology System Business

4. Renewal construction (Consolidated)

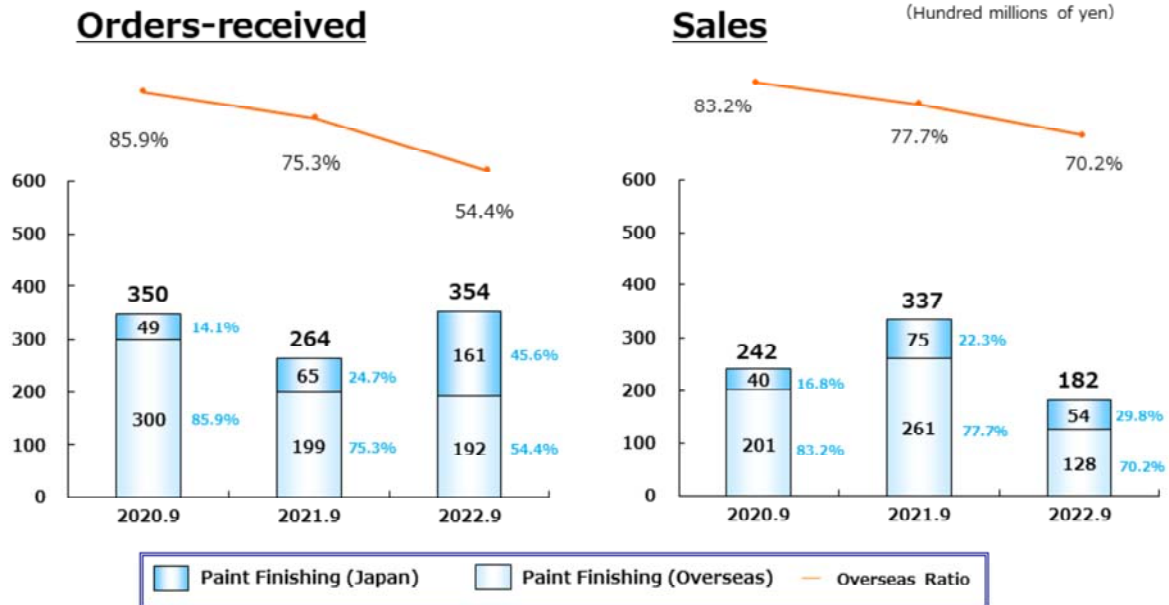


This slide shows the trend of renewal construction projects.

The orders received of renewal construction projects in industrial HVAC sector increased because of the strong capital investment in the electrical and electronics market.

3 Results of Paint Finishing System Business

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

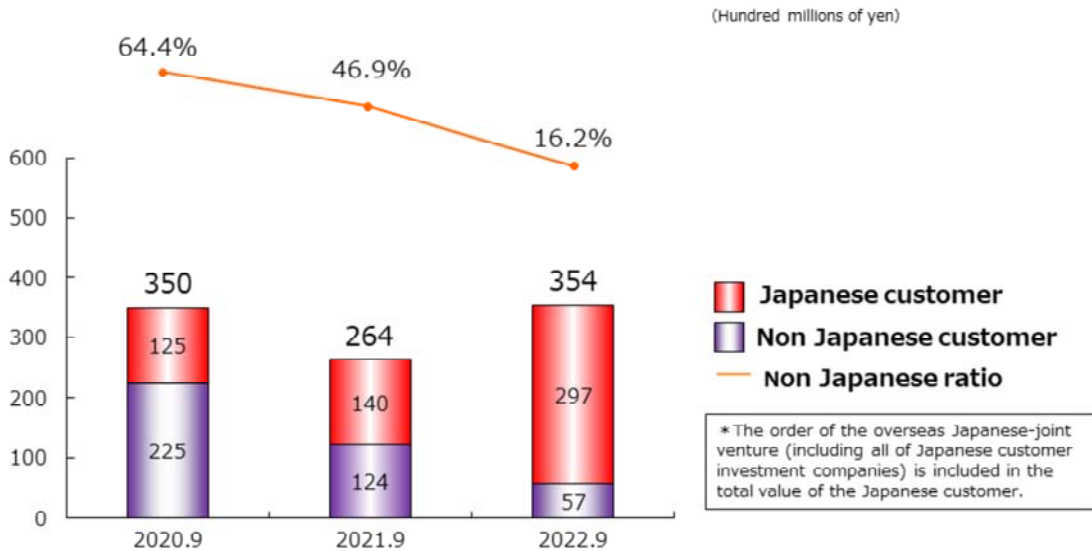


From this slide, I would like to explain the results of the Paint Finishing System Division.

The graph on the left shows the orders-received and the graph on the right shows the net sales of completed construction contracts in Japan and overseas.

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 of orders-received from non-Japanese automobile manufactures declined, as we received large-scale projects from domestic automobile manufactures, and projects from European and U.S. clients reduced because of the reconsideration of European marketing strategy.

4 Main projects in Order/ Sales / Carried forward

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

Number of cases over 5 hundred millions of yen / construction, market classification				
Orders-received 30 Cases 962 hundred millions of yen	Japan 659 hundred millions of yen	19 Cases	Office building	3
			Medical and social welfare	1
			Administrative facility	1
			Electronic and electrical industry	9
			Pharmacy	2
			Automobile	2
			Others	1
	Overseas 303 hundred millions of yen	8 Cases	Electronic and electrical industry	5
			Pharmacy	1
			Food, fishery	1
			Other factory	1
			Automobile	2
			Railway	1

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, and the number of project cases carried forward of 1.5 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>23 Cases</p> <p>230 hundred millions of yen</p>	<p>Japan</p> <p>179 hundred millions of yen</p>	<p>18 Cases</p>	Office building	5
			Culture, entertainment	1
			Research and development	1
			School, educational institution	1
			Electronic and electrical industry	3
			Pharmacy	3
			Research and development	2
			General machinery and equipment	1
			Food, fisheries	1
	<p>Overseas</p> <p>51 hundred millions of yen</p>	<p>5 Cases</p>	Office building	2
			Electronic and electrical industry	2
			Automobile	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 FY2022	
Carried forward 37 Cases 1,648 hundred millions of yen	Japan 1,247 hundred millions of yen	28 Cases	Office building	10	
			Administrative facility	2	
			Medical and social welfare	1	
			Electronic and electrical industry	8	1
			Pharmacy	3	
			Precision machinery	1	
			Automobile	2	
	Others	1			
	Overseas 401 hundred millions of yen	9 Cases	Office building	1	
			Commercial	1	
			Electronic and electrical industry	4	
			Pharmacy	1	
			Automobile	2	

5 Earnings Forecast for FY2022

Expectations by Business

(Hundred millions of yen)

	Results of H1	Expectations of H2	Latest expectation of FY2022	Original expectation of FY2022	Difference
Orders-received	1,620	1,029	2,650	2,150	500
(Japan)	(1,050)	(339)	(1,390)	(1,230)	(160)
(Overseas)	(569)	(690)	(1,260)	(920)	(340)
Green Technology	1,266	633	1,900	1,600	300
Building HVAC	195	117	313	330	-17
Industrial HVAC	1,070	516	1,587	1,270	317
(Japan)	(693)	(163)	(857)	(738)	(119)
(Overseas)	(377)	(352)	(730)	(532)	(198)
Paint Finishing	354	395	750	550	200
(Japan)	(161)	(58)	(220)	(162)	(58)
(Overseas)	(192)	(337)	(530)	(388)	(142)

(Green Technology System Division)

- As for the building HVAC segment, although the market environment is good, the orders-received is expected to be lower than the initial forecast, as we prioritized orders of domestic industrial HVAC sector.
- As for the industrial HVAC segment, the orders-received is expected to exceed the initial forecast because investment of semiconductor-related manufacturers is strong and orders received exceeded the initial forecast.

(Paint Finishing System Division)

- The orders-received of Paint Finishing System Division is expected to be higher than the initial forecast because the orders received in 2022/H1 exceeded the initial forecast and the capital investment by automakers is expected to be continue in the 2022/H2.

From this slide, I would like to explain the earnings forecasts for FY2022. We have revised our full-year earnings forecast in light of the FY2022/H1 results and recent business performance.

The orders-received is expected to be 50 billion yen higher than the initial forecast for the whole Group.

Among that, the orders-received of Green Technology System Division is expected to be 30 billion yen higher than forecast.

As for the building HVAC segment, although the market environment is good, the orders-received is expected to be 31.3 billion yen in whole, which is 1.7 billion yen lower than the initial forecast, as we prioritized orders of domestic industrial HVAC sector.

As for the industrial HVAC segment, the orders-received is expected to be 158.7 billion yen, which is 31.7 billion yen higher than the initial forecast because investment of semiconductor-related manufacturers is strong and orders received exceeded the initial forecast.

The orders-received of Paint Finishing System Division is expected to be 75 billion yen in whole, which is 20 billion yen higher than the initial forecast because the orders received in 2022/H1 exceeded the initial forecast and the capital investment by automakers is expected to be continue in the 2022/H2.

5 Earnings Forecast for FY2022

Expectations by Business

(Hundred millions of yen)

	Results of H1	Expectations of H2	Latest expectation of FY2022	Original expectation of FY2022	Difference
Net sales of completed construction contracts	857	1,267	2,125	2,125	-
(Japan)	(539)	(755)	(1,295)	(1,258)	(37)
(Overseas)	(318)	(511)	(830)	(867)	(Δ37)
Green Technology	675	989	1,665	1,550	115
Building HVAC	175	259	435	400	35
Industrial HVAC	500	729	1,230	1,150	80
(Japan)	(309)	(440)	(750)	(688)	(62)
(Overseas)	(190)	(289)	(480)	(462)	(18)
Paint Finishing	182	277	460	575	-115
(Japan)	(54)	(55)	(110)	(170)	(Δ60)
(Overseas)	(128)	(221)	(350)	(405)	(Δ55)

(Green Technology System Division)

• Among that, the net sales of the completed construction contracts of the Green Technology System Division is expected to be higher than the initial forecast, because the amount of orders-received of both industrial and building HVAC sector exceeded the initial forecast largely and part of which will contribute to the net sales of completed construction contracts of 2022/H2.

(Paint Finishing System Division)

• The net sales of completed construction contracts of the Paint Finishing System Division is expected to be lower than the initial forecast for whole business year, because of delaying projects due to changes in customers' production plans, although the business environment is good both in Japan and overseas.

Next, I would like to explain the net sales of completed construction contracts.

The net sales of completed construction contracts is expected to be 212.5 billion yen, as the initial forecast.

Among that, the net sales of the completed construction contracts of the Green Technology System Division is expected to be 166.5 billion yen for the whole fiscal year, which is 11.5 billion yen higher than the initial forecast, because the amount of orders-received of both industrial and building HVAC sector exceeded the initial forecast largely and part of which will contribute to the net sales of completed construction contracts of 2022/H2.

The net sales of completed construction contracts of the Paint Finishing System Division is expected to be 46 billion yen, which is 11.5 billion yen lower than the initial forecast for whole business year, because of delaying projects due to changes in customers' production plans, although the business environment is good both in Japan and overseas.

5 Earnings Forecast for FY2022

Expectations by Business

(Hundred millions of yen)

	Results of H1	Expectations of H2	Latest expectation of FY2022	Original expectation of FY2022	Difference
Operating income	38	69	108	108	-
(Ratio)	4.5%	5.5%	5.1%	5.1%	-
Green Technology	49	63	113	105	8
(Ratio)	7.3%	6.5%	6.8%	6.8%	-
Paint Finishing	-9	12	3	11	-8
(Ratio)	-5.2%	4.5%	0.7%	1.9%	-1.3pt
Ordinary income	46	73	120	120	-
(Ratio)	5.4%	5.8%	5.6%	5.6%	-
Green Technology	53	62	116	108	8
(Ratio)	7.9%	6.3%	7.0%	7.0%	-
Paint Finishing	-10	14	4	12	-8
(Ratio)	-5.7%	5.2%	0.9%	2.1%	-1.2pt
Profit attributable to owners of parent	24	61	86	86	-
(Ratio)	2.8%	4.9%	4.0%	4.0%	-

(Green Technology System Business)

• The ordinary income of Green Technology System Division is expected to be 11.3 billion yen for FY2022, which is 0.8 billion yen higher than the initial forecast, because the net sales of completed construction contracts is expected to increase both in Japan and overseas, as we mentioned earlier.

(Paint Finishing System Business)

• The ordinary income of Paint Finishing System Division is expected to be lower than initial forecast, because of the decrease of net sales of completed construction contracts by the reason we mentioned before.

Next, I would like to explain the profit.

The ordinary income is expected to be 12 billion yen as the initial forecast for the whole Group.

The ordinary income of Green Technology System Division is expected to be 11.3 billion yen for FY2022, which is 0.8 billion yen higher than the initial forecast, because the net sales of completed construction contracts is expected to increase both in Japan and overseas, as we mentioned earlier.

The ordinary income of Paint Finishing System Division is expected to be 0.4 billion yen, which is 0.8 billion yen lower than initial forecast, because of the decrease of net sales of completed construction contracts by the reason we mentioned before.

5 Earnings Forecast for FY2022

Expectations by Business

(Hundred millions of yen)

	2022.3									2023.3								
	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	614	974	1,589	264	467	732	879	1,441	2,321	1,266	633	1,900	354	395	750	1,620	1,029	2,650
Sales	587	756	1,343	337	411	748	924	1,168	2,092	675	989	1,665	182	277	460	857	1,267	2,125
Operating income	30	58	89	-5	10	5	27	66	94	49	63	113	-9	12	3	38	69	108
Ordinary income	33	59	93	-4	10	6	35	72	108	53	62	116	-10	14	4	46	73	120
Net income	-	-	-	-	-	-	16	55	72	-	-	-	-	-	-	24	61	86

① Results of FY2021 H1:1US\$=¥107.76, 1€=¥129.97, 1THB=¥3.49

② Results of FY2022 H1:1US\$=¥123.18, 1THB=¥3.64

③ FY2022 Estimation (Initial estimation) : 1US\$=¥120, 1THB=¥3.58

④ FY2022 Estimation (Forecast estimation) : 1US\$=¥131, 1THB=¥3.58

Effects of foreign exchange differences between ① and ② on
Sales : 28 hundred millions of yen, Ordinary income : 0.4 hundred millions of yen.

Effects of foreign exchange differences between ② and ③ on
Sales : 8 hundred millions of yen, Ordinary income: 0.1 hundred millions of yen.

Effects of foreign exchange differences between ③ and ④ on
Sales : 35 hundred millions of yen, Ordinary income: 1 hundred millions of yen.

※ Influence for the earnings forecasts for FY2022 when all exchange rates fluctuate by 1% is:

Orders/Sales : Approximately 8 hundred millions of yen, Ordinary income : Approximately 0.3 hundred millions of yen

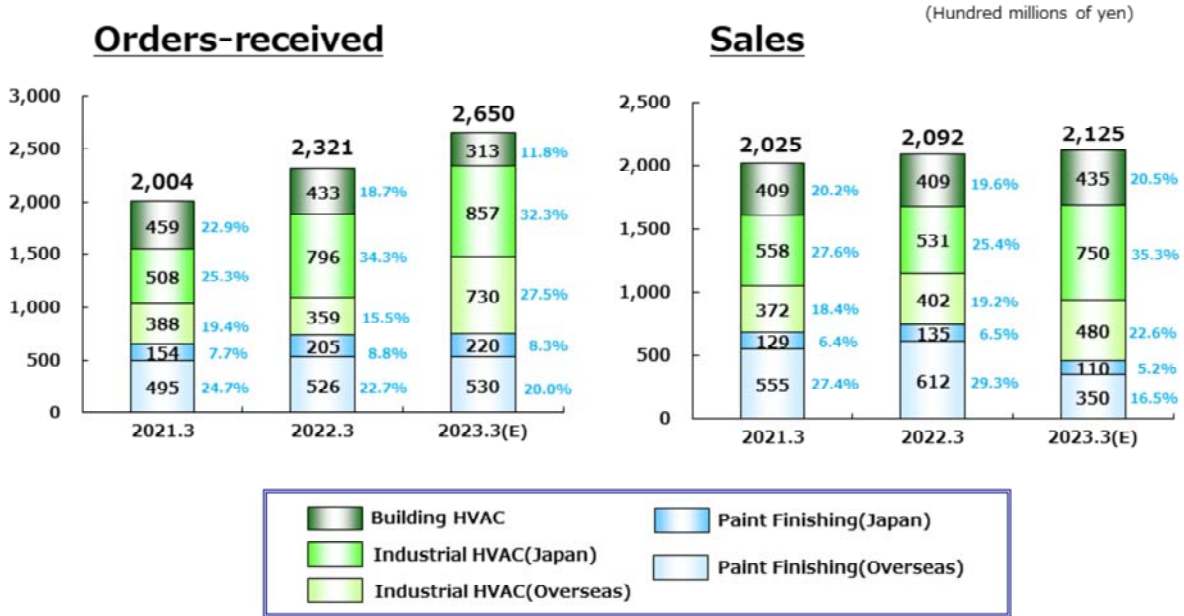
This slide shows the earnings forecasts by divisions for FY2022.

This conclude our explanation of the revision of the Earnings Forecast for FY2022.

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

5 Earnings Forecast for FY2022

Earnings Forecasts by Business

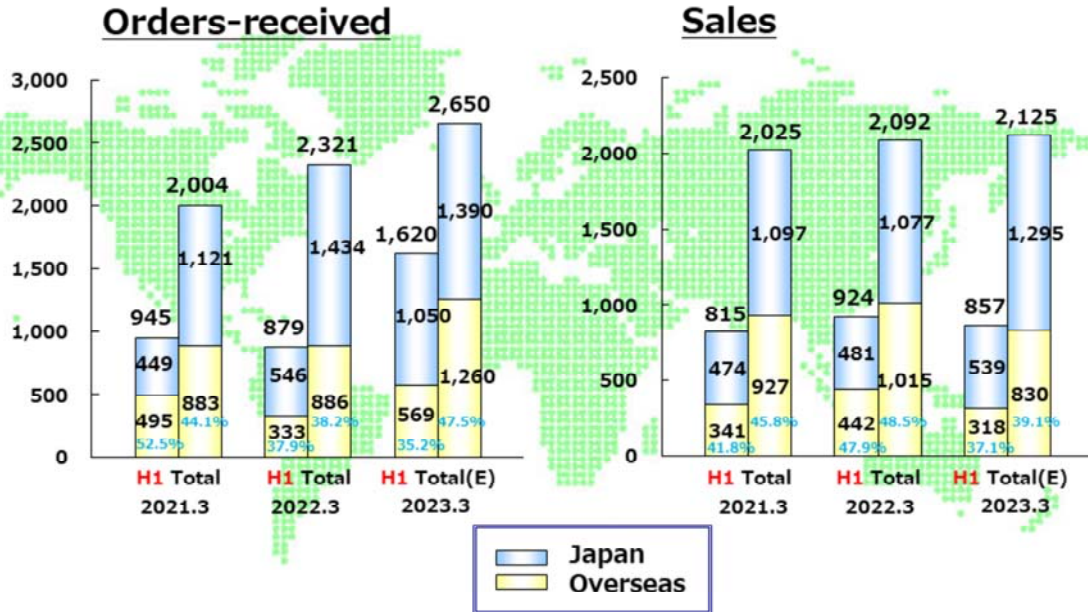


Slide 35 to 38 shows the earnings forecasts of the orders-received and the net sales of completed construction contracts of the whole Group and each division.

5 Earnings Forecast for FY2022

Total (Japan/Overseas)

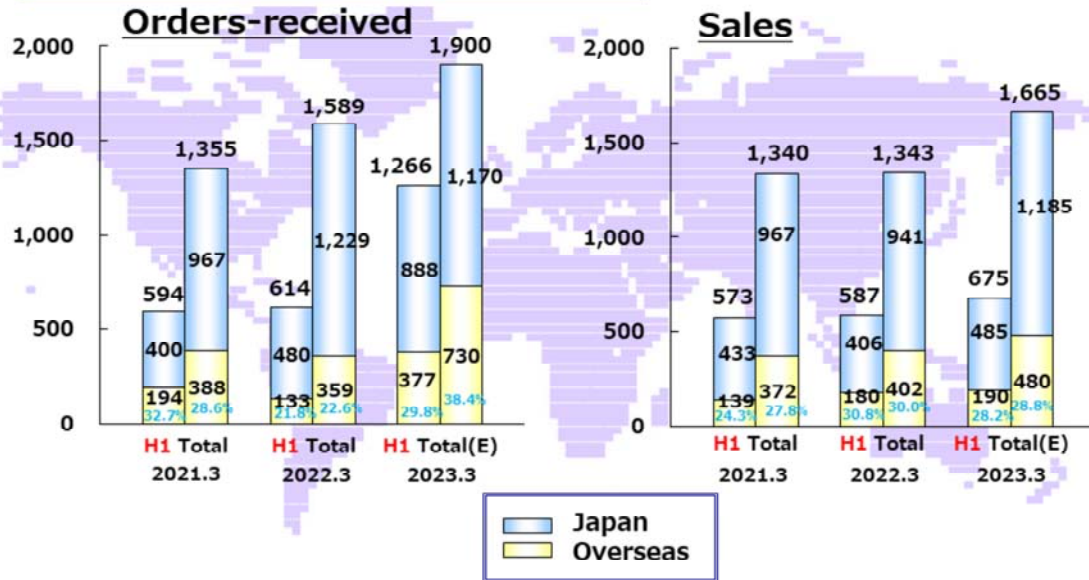
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2022

Green Technology System Division (Japan/Overseas)

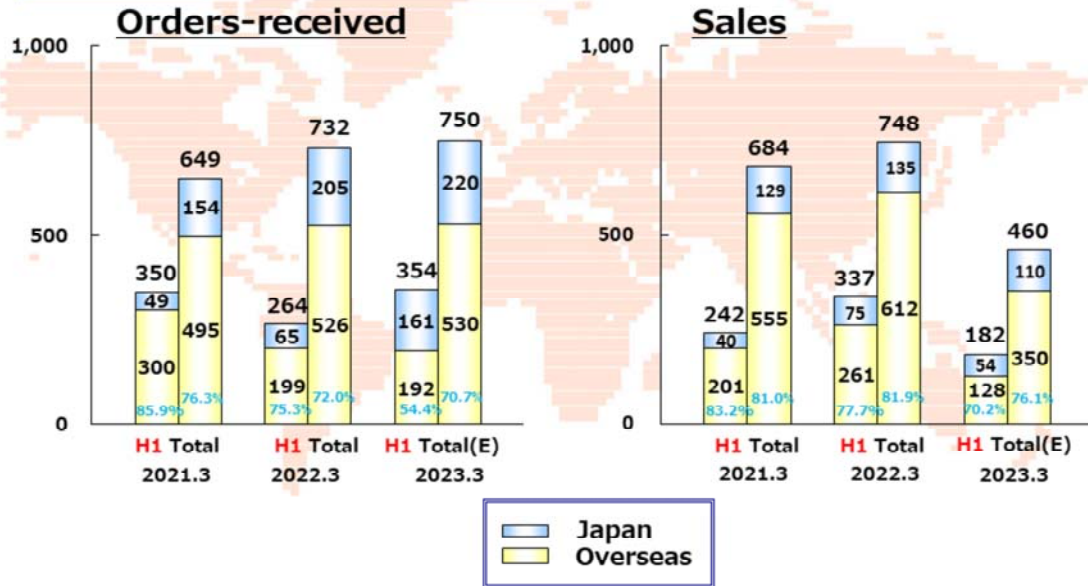
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2022

Paint Finishing System Division (Japan/Overseas)

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



2. Initiatives in Each Strategy of Mid-Term Business Plan

from the fiscal year ending March 2023 to the fiscal year ending March 2025

I am Nakagawa, the Chief Executive , Corporate Planning Headquarters.

From here, I explain the main initiatives in each strategy of Mid-Term Business Plan.

Long-Term Business Plan / Target Value / Investment Theme

Long-term Vision

Mission Statement "Customers First"

Corporate Philosophy Establish a company which can continuously grow and contribute to the society Establish an attractive company

- Long-term Vision**
- Innovative Engineering** 1 **Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water**
Innovative Engineering for a Sustainable Society- with energy, air and water -
 - Diversity & Inclusion** 2 **Become an Inclusive Global Company by Leveraging Diverse Human Resources and Knowledge**
Diversity & Inclusion as a Global Company

Financial Times	Mid-Term Business Plan Period (hundred million yen)			What Taikisha Group is aiming for in 5 years
	2023.3	2024.3	2025.3	
Orders-received	2,150	2,230	2,360	2,700
Net sales of completed Construction contracts	2,125	2,235	2,380	2,650
Ordinary income	120	135	150	165
Profit attributable to owners of parent	86	91	96	
Dividend on equity ratio (DOE)	We will implement steady dividends targeting a consolidated dividend on equity ratio(DOE) of 3.2%			
Dividend on equity ratio	We will purchase of treasury shares of roughly 2 billion yen per year.			
Cross-shareholdings as a percentage of net assets	20.7%	17.7%	-	

Growth investment in the Mid-Term Business Plan period: 200 hundred million yen



Non-financial Targets

CO₂ emissions from business activities(Scope 1 and 2) ⇒ 46% reduction by 2030 (compared with FY2015 results)

Other indicators and targets related to climate change will be set as the TCFD response (during FY2023)

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

With regard to the 200 hundred million yen growth investment, we are planning to invest in R&D for the carbon neutrality, the new laboratory that contains virtual showroom which enables the simulated experience of our technology and R&D satellite, the construction of system related to digitalization and DX, the installation of core system of overseas affiliates.

In addition, we are planning capital alliance and M&A in accordance with the Long term vision.

Although it is difficult to provide specific details for now, we will report our efforts as soon as we are ready to explain them.

Basic Policy and Strategy

Basic Policy	Strategy	Initiatives
1 Further strengthen core businesses Continuously create added value through pursuit-based Problem solving, which is one of our strengths	Green Technology System Business Business development that continues to create added value Strengthen Taikisha, the Technology Company Improve business operation systems and productivity	<ul style="list-style-type: none"> Decarbonizing business initiatives to achieve carbon neutrality Structure that continues to meet the technical needs of customers and projects, and developing professionals Identifying customer needs and joint development by utilizing new Research and Development Center and R&D Satellite Proactively making technology proposals to customers and uncovering needs through collaboration between sales and development divisions Digitalization and DX of business operations to improve ease of work Business process reform to eliminate forcing, waste, and inconsistency Create a system where we can strengthen the relationships and grow together with suppliers
	Paint Finishing System Business Establish a firm position at home and abroad Development with an awareness of global social issues Improve business operation system and productivity	<ul style="list-style-type: none"> Diversification of technologies to meet the needs of non-Japanese customers researching out to new customers outside the automotive market through collaboration with partners Business development rooted in the local communities by utilizing overseas network Contributing to the transformation of customers' production technologies through technological development to achieve carbon neutrality Establishing a development structure linked to overseas bases Remote and automated onsite operations through digitalization of business processes Designing global educational programs Optimizing human resources by reviewing the project management structure
2 Challenge to create new value Create innovation and expand business domains by integrating our own technologies with external knowledge	Plan and promote intellectual property strategies Development from the customer's perspective Open innovation Horizontal deployment of technologies that are our strength Develop new business	<ul style="list-style-type: none"> Promote management strategies that leverage our own intellectual property and intangible assets Establish R&D Satellites with easy access to promote proactive identification of customer needs Open a new R&D Center to promote the development of innovative technologies through integration with academic institutions and startups Create a business in a niche field by integrating HVAC business with manufacturing industry Focus on robot control technology to develop nonautomotive markets such as automated sanding equipment Establish a brand through construction and aggressive market development for production and sales of factory Pursue new businesses by utilizing intellectual property and integrating with external knowledge through R&D
	Develop and secure human capital Digital strategies to provide new value Strengthen the Group governance structure	<ul style="list-style-type: none"> Creating an organizational culture that fosters innovation Improve employee engagement Systematic development of human resource value Improving productivity through onsite digitalization and DX Establishing a global IT and DX structure Enhancing the effectiveness of the board of directors and auditing functions of affiliated companies Business portfolio management in light of capital costs Enhancing the effectiveness of the board of directors and auditing functions of affiliated companies
3 Strengthen management base that supports transformation and growth Underste initiatives with a focus on business capital, digital strategies, and governance to transform our business structure		

This slide shows the Basic Policy and Direction of the mid-term Business Plan/Initiatives.

Initiatives of each strategy ~Green Technology System Division~

Directionality : Development that continues to create added value

Development of air-volume controlled low-dew-point room to provide environments with low humidity

【The Challenge of Energy Saving in Clean Rooms】

Cleanrooms used in the manufacturing process of semiconductors and other precision devices are composed of various systems in order to maintain high cleanliness and precise control of temperature and humidity. Because they consume a lot of energy in the plant, energy-saving of cleanrooms have become our new challenge in recent years.

【Mini-Environment】

In order to tackle this issue, Taikisha supports its clients by taking a measure to create a mini-cleanroom environment, a zone inside the facility that has a higher level of cleanliness than other area, instead of making the entire area ultra-clean.

【Development of Variable Air-Volume Low-dew-point room】

One of these trend is the use of mini environment in low-dew-point environments, extremely low humidity environments, in rechargeable battery manufacturing environment and some pharmaceutical manufacturing environment, which consume a lot of energy to maintain a low-dew-point.

Our low-dew-point room can save energy consumption by flexibly adjusting the dehumidifier's air volume through the change of loads caused by time course and the movements of people and goods. In addition, we aim to minimize the energy consumption by developing a system to maintain ultra-low humidity to minimum necessary area. Furthermore, we are working on developing air-volume control system of dehumidifiers not only to maintain such environment during opening the door for maintenance. This system can be applied for production process of "all-solid-state batteries", expectation and demand of which will grow in the shift to electric vehicles.

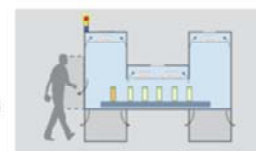


Image of localized lithium-ion battery assembly process

I will introduce two initiatives related to carbon neutral based on each strategies in Mid-Term Business Plan in the Green Technology Division and Paint Finishing System Division.

The first is the development of Variable Air-Volume Low-Dew-Point room to realize a low-humidity environment as an initiative of "Business development that continues to create added value", the strategy in Green Technology System Division.

To tackle the challenge of energy saving in Clean Rooms, which consume a lot of energy in the plant, we developed a system to create so-called "Mini-Environment", a zone inside the facility that has a higher level of cleanliness than other area.

One of these trend is the use of mini environment in low-dew-point environments, extremely low humidity environments, in rechargeable battery manufacturing environment and some pharmaceutical manufacturing environment. Our low-dew-point room can save energy consumption by flexibly adjusting the dehumidifier's air volume through the change of loads caused by time course and the movements of people and goods. This system can be applied for production process of "all-solid-state batteries", expectation and demand of which will grow in the shift to electric vehicles.

Initiatives of each strategy ~Paint Finishing System Division~

Directionality : Development with an awareness of global social issues

Initiative toward carbon neutrality in automobile painting processes

Aiming to realize the growing demand for a carbon-neutral society around the world, in the automotive industry, automakers have set high environmental goals. Taikisha has developed and proposed CO₂ reduction technology, being able to receive direct input from customers diverse automobile manufactures regarding their technological needs and points for improvement. Being in such a position is the great advantage of us. As for our future carbon neutrality strategy , we plan to refine our current low CO₂ production technologies until 2030, and then reduce emissions by using renewable energy and hydrogen by 2050, which are in step with the basic strategies of automobile manufactures. At the same time, we will work to develop technological innovations such as changing production technologies. Specifically, we have established the following three pillars.

First Pillar	<p>CO₂ reduction activities based on improvement through the upgrade of our technologies</p> <p>Even in the conventional painting process, we are developing and expanding a product lineup called the “i-series” that will reduce CO₂ emissions by significantly upgrading basic items.</p>
Second Pillar	<p>Energy management and CO₂ reduction activities in response to primary energy reforms such as electrification and hydrogen utilization</p> <p>In light of the moves of automobile manufactures that have expressed their intention of considering introduction hydrogen and electrification, we consider the supporting for fully electrified facilities and proposing a system that can deal with the hybrid energy such as hydrogen, gas, and electricity.</p>
Third Pillar	<p>The elimination of CO₂ by the production technology transformation of a Paint-free decoration from conventional Wet coating method</p> <p>To address the carbon-neutral paint process of automobiles, we study and develop the film decoration for the automobile exterior as one of the alternatives of conventional spray decoration.</p>

The second is the Initiative toward carbon neutrality in automobile painting process as an initiative as an initiative to realize “Development with an awareness of global social issues”.

As for our future carbon neutral strategy, we are going to keep in touch with the basic strategies of automobile manufactures. We plan to refine our current low CO₂ production technologies until 2030, and then educe emissions by using renewable energy and hydrogen by 2050. At the same time, we ware going to work to develop technological innovations such as changing production technologies.

Specifically, we have established the following three pillars.

Initiatives of Each Strategy ~ Achievement and Main initiative in progress①~

Basic Policy	Strategy		Achievement and Main initiative in progress
Further strengthen core businesses	GT	Business development that continues to create added value	<ul style="list-style-type: none"> ● Establishing a system to handle large-scale projects and promoting development and training of next-generation employees
		Strengthen Taikisha, the Technology Company	<ul style="list-style-type: none"> ● Continuing development of technological proposals for customers through collaboration of sales divisions and development divisions.
		Improve business operation systems and productivity	<ul style="list-style-type: none"> ● Effective use of tablet devices onsite and reorganization of business management system. ● Sharing issues with Taikisha and subcontractors and consider the countermeasure for such issue.
	PF	Establish a firm position at home and abroad	<ul style="list-style-type: none"> ● Sales activities toward both Japanese and non-Japanese customers based on business strategies for region.
		Development with an awareness of global social issues	<ul style="list-style-type: none"> ● Technological development related to carbon neutrality. Concurrently, collaborating with customers, related to carbon neutrality by sending engineers, exchanging technologies, etc. ● Global development and operation of development bases, laboratories, and showrooms are ongoing. Five locations, including one in Japan, are currently being developed, and collaboration is being strengthened.
		Improve business operation systems and productivity	<ul style="list-style-type: none"> ● Active using of 3D drawing and BIM. ● Continuing remote onsite operations and initiatives for operational efficiency. ● Designing global educational programs.

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

Initiatives of Each Strategy ~ Achievement and Main initiative in progress②~

Basic Policy	Strategy	Achievement and Main initiative in progress	
Challenge to create new value	Plan and promote intellectual property strategies	<ul style="list-style-type: none"> ● Considering company's intellectual property strategy that utilize the company's intellectual property and intangible assets. 	
	Development from the customers' perspective	<ul style="list-style-type: none"> ● Planning to place R&D satellite at its head office which is easy to access for clients. (scheduled to open in January 2023) 	
	Open innovation	<ul style="list-style-type: none"> ● Planning to build a new Research and Development. (to be completed in 2024) 	
	Horizontal deployment of technologies that are our strength	Green equipment business	<ul style="list-style-type: none"> ● Promotion of order-receiving activities for Ultra-precise temperature control chamber^{※1} is carrying out. ※1 An equipment that provides a production environment for manufacturing semiconductors, and ultra-precise processing, measurement and testing ● Lineup of exhaust treatment equipment is being expanded.
		Automation business	<ul style="list-style-type: none"> ● Effort to expand the automation business field is ongoing. ● For acquisition of new customers, activities such as participating exhibitions are ongoing.
		Plant factory business	<ul style="list-style-type: none"> ● Experimental study is undergoing at our own factory. And continuously considering Market cultivation strategy.
Develop new businesses	<ul style="list-style-type: none"> ● Talkisha started joint research with JAXA Space Exploration Innovation Hub Center, Tokyo University of Science, and Taisei Corporation. Other Joint researches with several other external organizations which will contribute to new businesses are ongoing. 		

Initiatives of Each Strategy ~ Achievement and Main initiative in progress③~

Basic Policy	Strategy	Achievement and Main initiative in progress
Strengthen management base that supports transformation and growth	Develop and secure human capital	<ul style="list-style-type: none"> ●Securing highly motivated and competent human capital that match the progress of our business development regardless of the gender and nationality. ●Maintenance and Operation of training program and honoring system for the systematically development of senior-level personnel in long-term are in progress. ●Brush up of Career Planning Scheme, effective placement of the right person in the right position and assignment of work through the use of human resources database is in progress. ●As a part of the improvement of corporate atmosphere, Taikisha partially started 360 degree feedback system, which includes feedback from colleagues and subordinates in addition to from superiors. Expansion of the system is under consideration. ●In order to further deepen the “Certified Health and Productivity management Outstanding Organizations recognition Program (White 500)”, various measures are being implemented through the continuous promotion of “health management”. ●As a countermeasure for the long working hours, various measures that contribute to the improvement of streaming operations and organization of working environment is in progress.

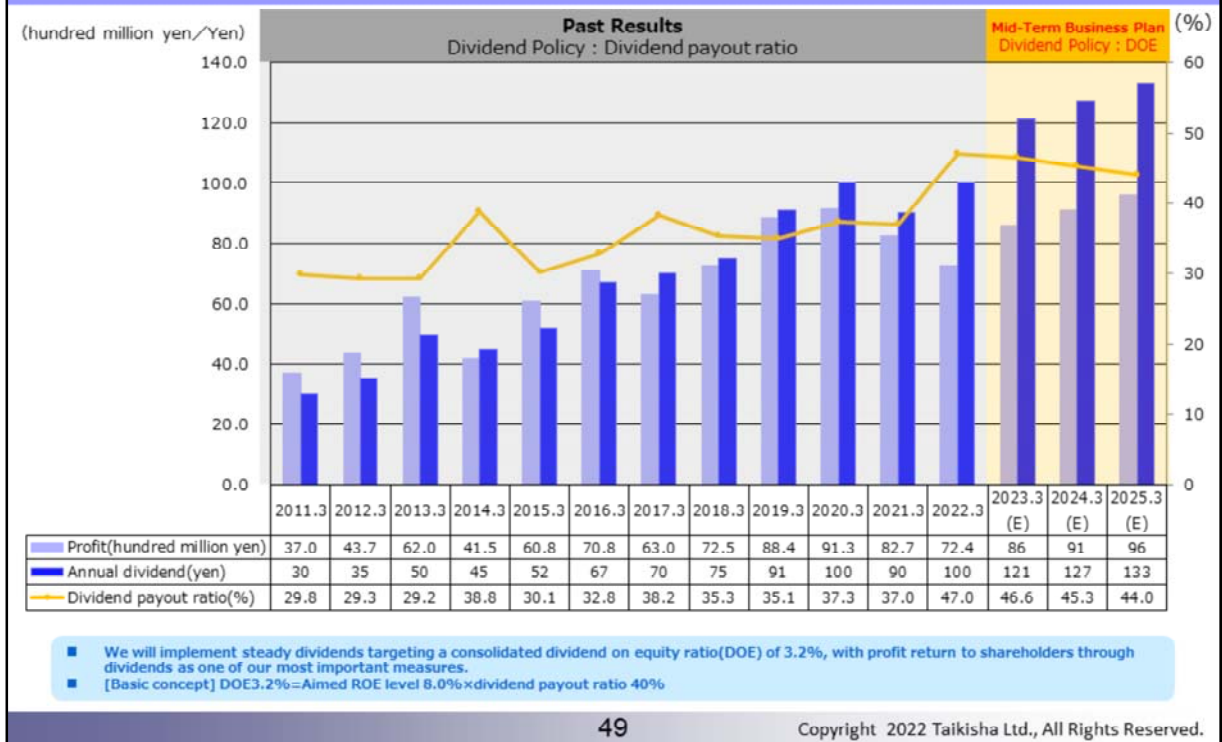
Initiatives of Each Strategy ~ Achievement and Main initiative in progress④~

Basic Policy	Strategy	Achievement and Main initiative in progress
Strengthen management base that supports transformation and growth	Digital strategies to provide new value	<ul style="list-style-type: none"> ● Digitalization and DX for improvement of productivity on each process in projects such as design, cost estimation, and construction management is in progress. ● Establishment of global IT・DX structure is under consideration. ● Enhancement of developing Digital human resource is under consideration.
	Strengthen the Group governance structure	<ul style="list-style-type: none"> ● Management index that measure the return on capital by each division is under consideration. ● Business investment Guideline is currently being formulated in order to systematically implement the administration that considers business portfolio management. ● Organizing of the structure and the scope of responsibility of Board of Directors and audit function is being carried out.

3 . Shareholder Returns

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

Shareholder Returns① Net income & Cash Dividends

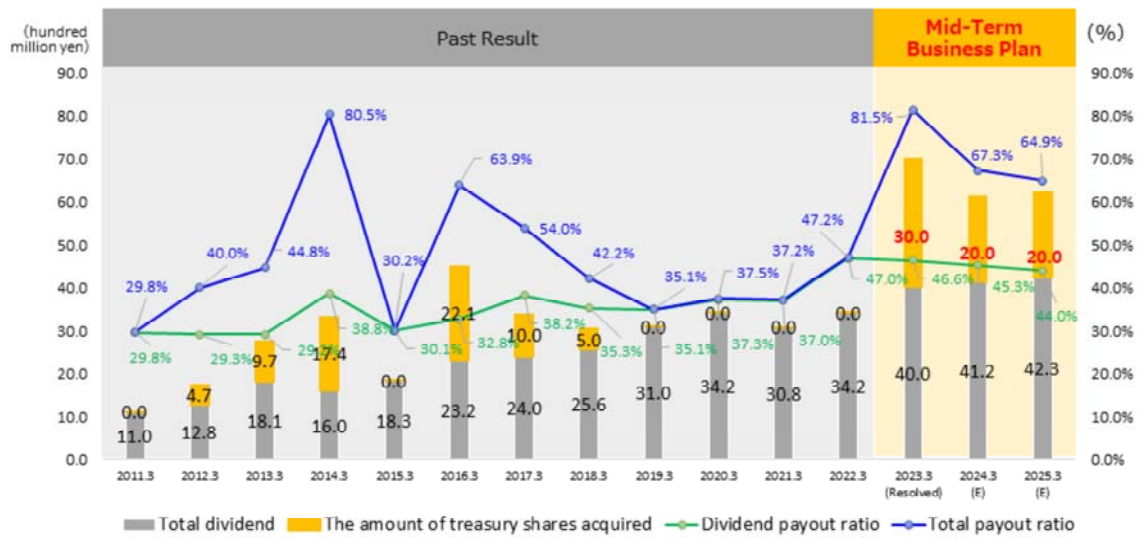


This slide shows data on cash dividends.

While our dividend policy was based on a dividend payout ratio, In the mid-term plan that started this fiscal year, we will implement steady dividends targeting a consolidated dividend on equity ratio(DOE) of 3.2%, with profit return to shareholders through dividends as one of our most important measures.

The annual dividend per share will be 121 yen for this fiscal year, no change from the dividend forecast announced at the beginning of the fiscal year.

Shareholder Returns② Shareholder Returns and Total Return ratio



* The amount of treasury shares acquired includes the acquisition of fractional shares.

We will flexibly purchase and retire treasury shares in order to improve capital efficiency and promptly implement financial policies. The new Mid-Term Business Plan includes purchase of treasury shares of roughly 2 billion yen per year.
(Resolved 3 billion yen for the fiscal year ending March 31, 2022)

This slide explains the purchase of treasury shares.

Orange bar graph shows the treasury acquired.

Although we haven't acquired the treasury shares recently, the new Mid-Term Business Plan that started this fiscal year includes purchase of treasury shares if roughly 2 billion yen per year.

We aim the higher level of shareholder returns by the collaboration of dividends and acquirement of treasury shares.

For the reference, please also look at the shareholder returns and total return ratio.

4 . A plan of reducing cross-shareholding

Lastly, we would like to explain the plan of reducing cross-shareholdings.

Plan to Reduce Cross-Shareholdings

- Reduce cross-shareholdings to less than 20% of net assets by the second year of the Mid Term Business Plan Note1

Item	Actual value		Planned value	
	2022.3	2023.3	2024.3	
Proceeds from sale (hundred million yen)	14	42 ^{Note 2}	34	
Ratio to net assets(%)	24.4%	20.7% ^{Note 3}	17.7%	

Note 1: holdings including deemed holdings

Note 2: of which, 2.3billion yen has been sold from April 1st, 2022 to September 30th, 2022

Note 3: Ratio to net assets of the end of September is 20.8%

By the end of the fiscal year ending March 31st, 2023, we plan to reduce cross-shareholdings to less than 20% of net assets.

Selling cross-shareholdings is expected to reduce the ratio to 17.7% of net assets at the end of the fiscal year ending March 31st, 2024.

At the end of September 2022, proceeds from sale will be 23billion yen and ratio to net sales will be 20.8%.

**That concludes our explanation.
Thank you very much for your attention.**

Precaution about Forward Perspective

The data and future prospection in this material is based on the judgement 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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