

TAIKI-SHA LTD.

# Financial Results Briefing

FY2022(Ended March 31, 2023)

May 18,2023

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**1. Financial Summary**

President:Masashi Osada

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## 2. Financial Summary by Segment

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## Orders-Received set the highest result Achieved Increase in Sales and Income in All categories

### Business environment (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.

### Business environment (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.

#### Orders-received

**2,886**

Hundred millions of yen

〔 YoY Change  
+24.4% 〕

#### Sales

**2,147**

Hundred millions of yen

〔 YoY Change  
+2.6% 〕

#### Ordinary income

**130**

Hundred millions of yen

〔 YoY Change  
+20.2% 〕

#### Profit attributable to owners of parent

**79**

Hundred millions of yen

〔 YoY Change  
+9.2% 〕

## Orders-received・Sales・Ordinary Income were higher than the Forecast

(Hundred millions of yen)	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts	vs. Forecast
Orders-received	2,321	<b>2,886</b>	565	2,830*	56
Net-sales of completed construction contracts	2,092	<b>2,147</b>	55	2,125	22
Ordinary income	108	<b>130</b>	21	120	10
Ratio	5.2%	<b>6.1%</b>	0.9pt	5.6%	0.4pt
Profit attributable to owners of parent	72	<b>79</b>	6	86	-6
Ratio	3.5%	<b>3.7%</b>	0.2pt	4.0%	-0.4pt
ROE	5.9%	<b>6.3%</b>	0.4pt	6.8%	-0.5pt
EPS	212.69yen	<b>234.62yen</b>	21.93yen	-	-

\* Revised at the announcement of the financial result for the third quarter

### Exchange rate of main overseas affiliates

(Yen)	① FY2021	② FY2022
US \$	109.86	130.78
THB	3.44	3.73
CNY	17.03	19.39
INR	1.52	1.68

### Exchange rate impact

Impact of exchange rate difference between ① and ②

Sales: 82 hundred million yen

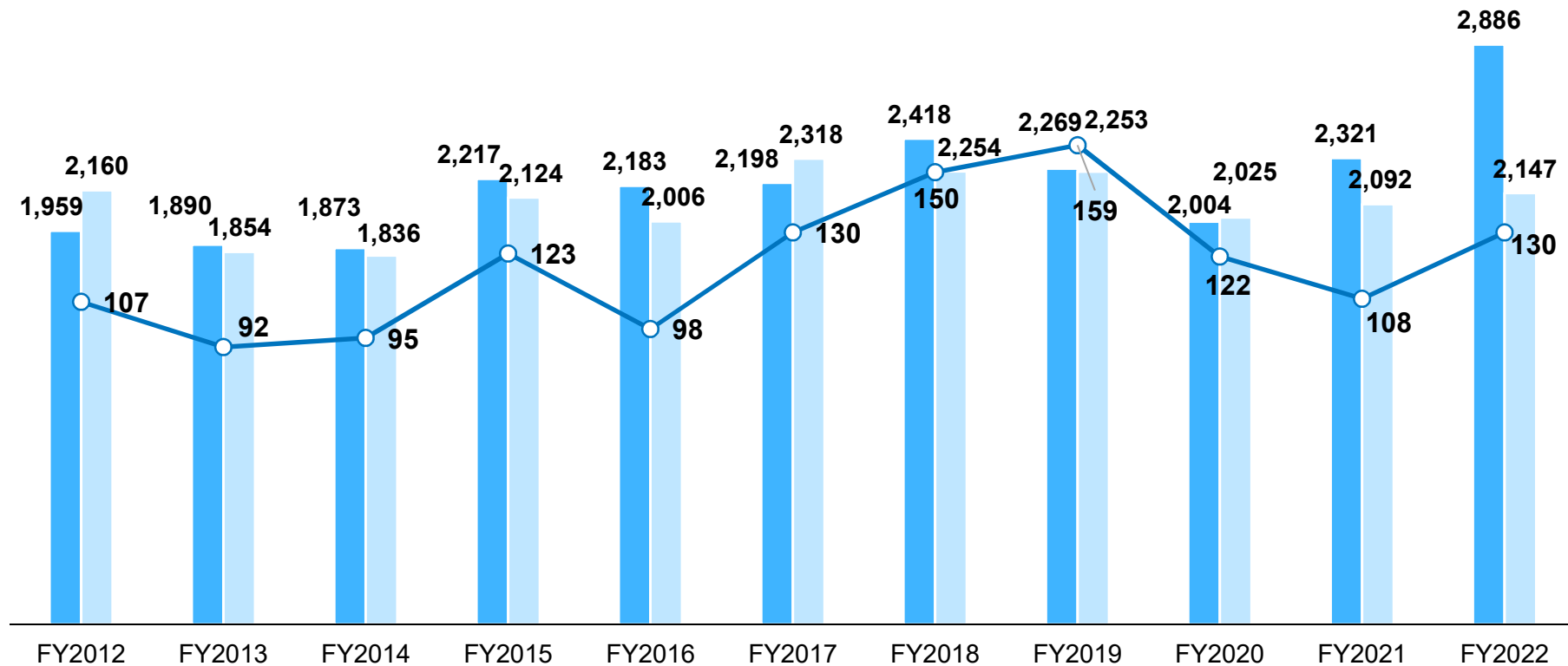
Ordinary income: 3 hundred million yen

## Orders-Received set the highest results Sales and Ordinary income were steady

### Trends in Orders-received · Sales · Ordinary income

(Hundred millions of yen)

- Orders-received
- Sales
- Ordinary income

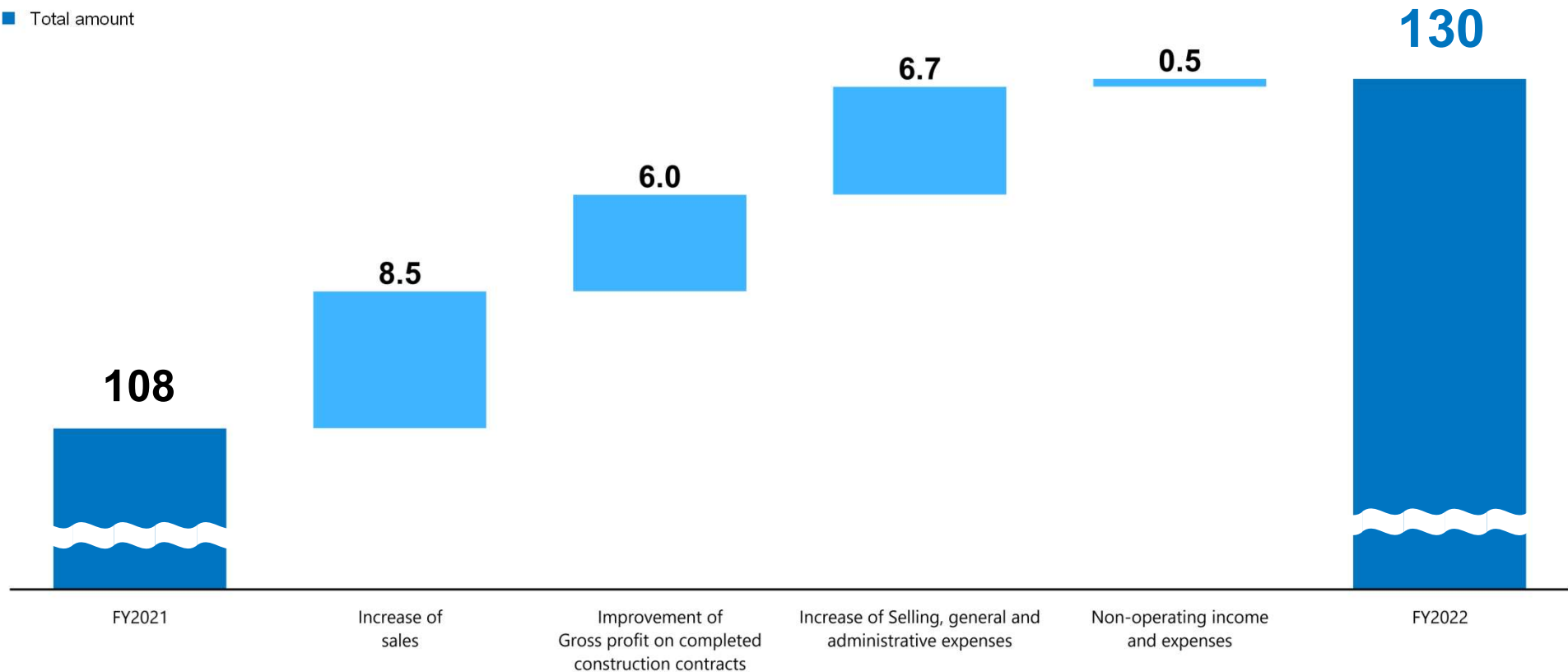


## Increased compared to FY2021 due to the increase in Sales and improvement in Profit margin

(Hundred millions of yen)

### Breakdown of fluctuation in Ordinary Income (YoY change)

- Increase
- Decrease
- Total amount



**Expect Increase in Sales and Income despite the decrease in Orders-received due to the adjustment of Orders-received according with the increase in holding projects**

## Earnings forecast

(Hundred millions of yen)

	FY2022 Results	FY2023 Forecasts	YoY Change
<b>Orders-received</b>	2,886	2,180	-706
<b>Net-sales of completed construction contracts</b>	2,147	2,550	402
<b>Operating income</b>	115	131	15
<b>Ordinary income</b>	130	140	9
<b>Profit attributable to owners of parent</b>	79	93	13
ROE	6.3%	7.3%	1.0pt

## Exchange rate of main overseas affiliates

(Yen)

	FY2022 Results	FY2023 Assumptions
US\$	130.78	128.00
THB	3.73	3.85
CNY	19.39	18.80
INR	1.68	1.57

## Impact of exchange rate fluctuations

Impact of 1% change in all exchange rates on the FY2023 forecast

Sales: 12 hundred million yen

Ordinary income: 0.6 hundred million yen



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## Increased both in Green Technology and Paint Finishing compared to FY2021

(Hundred millions of yen)

	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
<b>Orders-received</b>	2,321	<b>2,886</b>	565	2,830	56
Japan	1,434	<b>1,527</b>	92	1,511	16
Overseas	886	<b>1,359</b>	473	1,319	40
<b>Green Technology</b>	1,589	<b>2,080</b>	491	2,050	30
Building HVAC	433	<b>361</b>	-71	352	9
Industrial HVAC	1,155	<b>1,718</b>	563	1,698	20
<b>Paint Finishing</b>	732	<b>805</b>	73	780	25

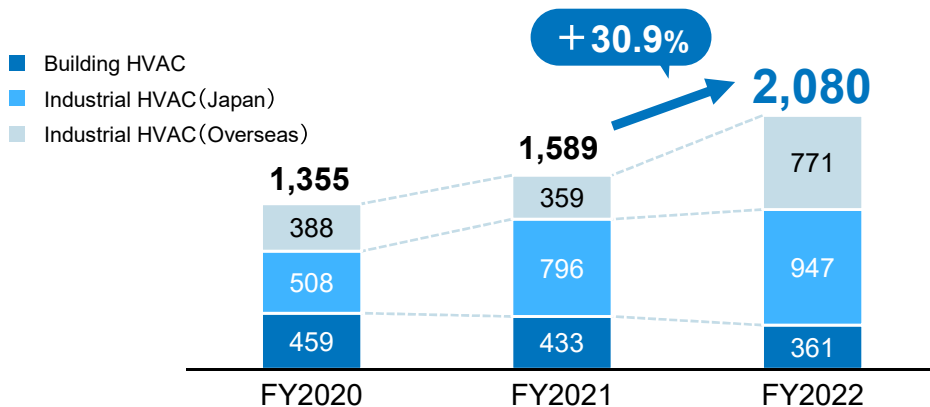
\* Revised at the announcement of the financial result for the third quarter

# Increased significantly compared to FY2021 driven by Industrial HVAC

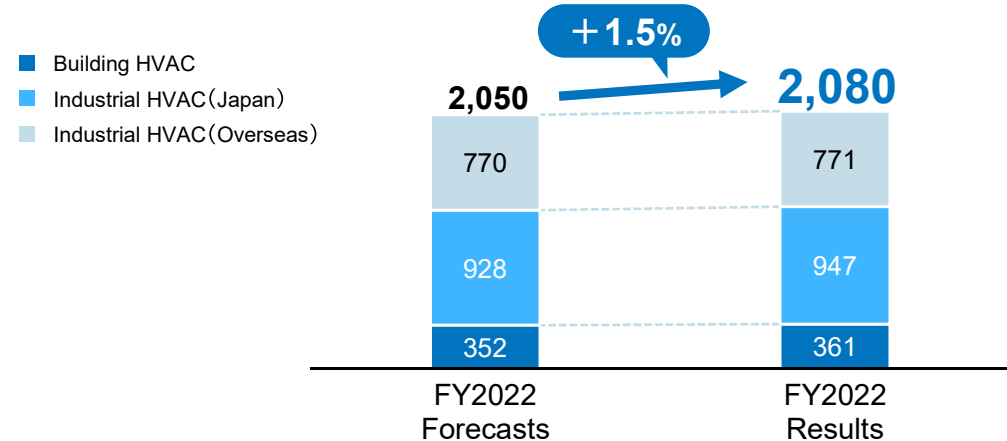
(Hundred millions of yen)	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
<b>Orders-received</b>	1,589	<b>2,080</b>	491	2,050	30
Building HVAC	433	<b>361</b>	-71	352	9
Industrial HVAC	1,155	<b>1,718</b>	563	1,698	20
Japan	796	<b>947</b>	151	928	19
Overseas	359	<b>771</b>	411	770	1
Overseas ratio	22.6%	<b>37.1%</b>	14.5pt	37.6%	-0.5pt

\* Revised at the announcement of the financial result for the third quarter

## Trend



## Difference form Forecast



## Year on Year Increased both in Japan and Overseas

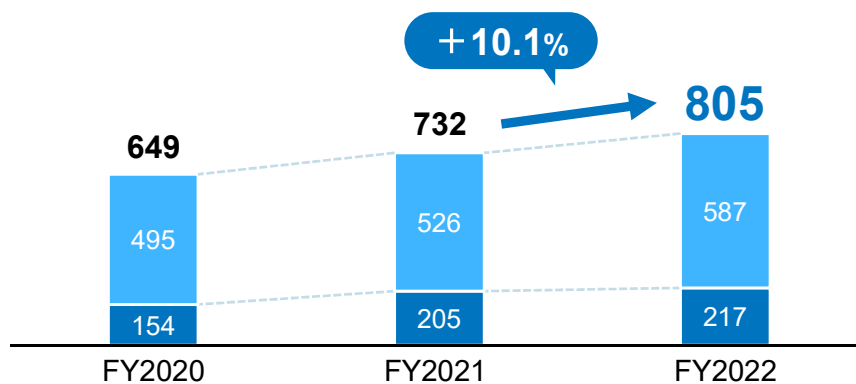
(hundred millions of yen)

	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
<b>Orders-received</b>	732	<b>805</b>	73	780	25
Japan	205	<b>217</b>	12	231	-13
Overseas	526	<b>587</b>	61	549	38
Overseas ratio	72.0%	<b>73.0%</b>	1.0pt	70.4%	2.6pt

\* Revised at the announcement of the financial result for the third quarter

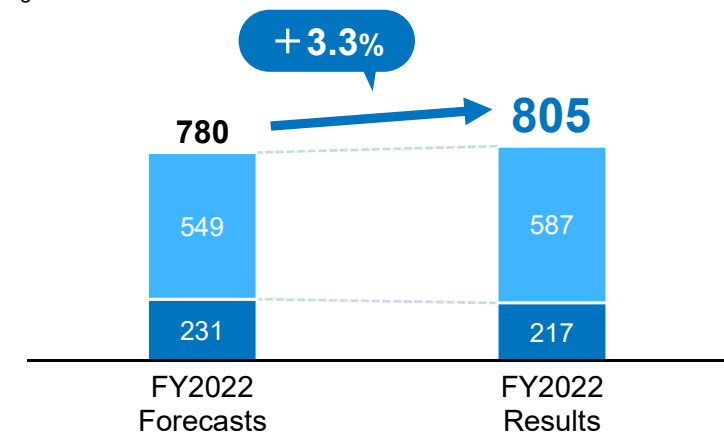
### Trend

- Paint Finishing(Japan)
- Paint Finishing(Overseas)



### Difference from forecast

- Paint Finishing(Japan)
- Paint Finishing(Overseas)

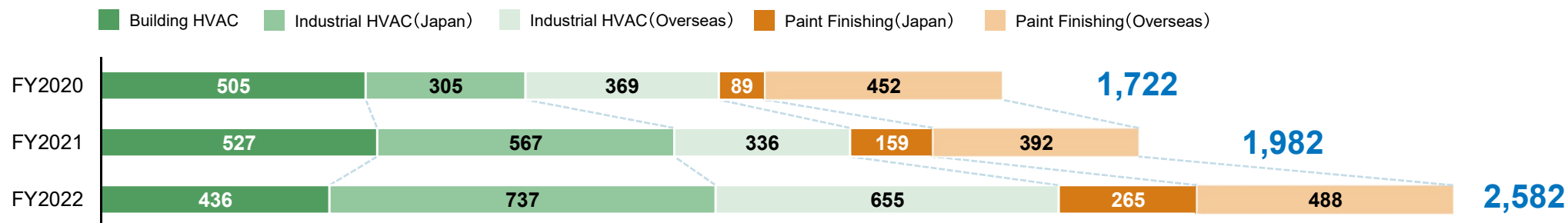


## Increased largely compared to FY2021 both in Green technology and Paint Finishing

(Hundred millions of yen)

	FY2020 Results A	FY2021 Results B	FY2022 Results C	Change B-A	Change C-B
Orders-received	2,004	2,321	2,886	316	565
Net-sales of completed construction contracts	2,025	2,092	2,147	67	55
<b>Construction carried-forward</b>	<b>1,722</b>	<b>1,982</b>	<b>2,582</b>	<b>260</b>	<b>600</b>
<b>Green Technology</b>	<b>1,180</b>	<b>1,431</b>	<b>1,828</b>	<b>251</b>	<b>397</b>
Building HVAC	505	527	436	22	-91
Industrial HVAC	674	903	1,392	229	488
<b>Paint Finishing</b>	<b>541</b>	<b>551</b>	<b>754</b>	<b>9</b>	<b>202</b>

### Breakdown of Construction Carried-Forward



## The Increase in Sales and Income in Green Technology covered the Decrease in Sales and Income in Paint Finishing

(Hundred millions of yen)

	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
<b>Net-sales of completed construction contracts</b>	2,092	<b>2,147</b>	55	2,125	22
Japan	1,077	<b>1,342</b>	265	1,320	22
Overseas	1,015	<b>805</b>	-209	805	0
<b>Green Technology</b>	1,343	<b>1,718</b>	374	1,700	18
Building HVAC	409	<b>453</b>	43	446	7
Industrial HVAC	934	<b>1,264</b>	330	1,254	10
<b>Paint Finishing</b>	748	<b>429</b>	-319	425	4
<b>Ordinary income</b>	108	<b>130</b>	21	120	10
Ratio	5.2%	<b>6.1%</b>	0.9pt	5.6%	0.4pt
<b>Green Technology</b>	93	<b>145</b>	52	130	15
Ratio	6.9%	<b>8.5%</b>	1.6pt	7.6%	0.8pt
<b>Paint finishing</b>	6	<b>-16</b>	-22	-10	-6
Ratio	0.9%	<b>-3.7%</b>	-4.6pt	-2.4%	-1.4pt

\* Revised at the announcement of the financial result for the third quarter

## Achieved Increase in Sales and Income driven by Industrial HVAC

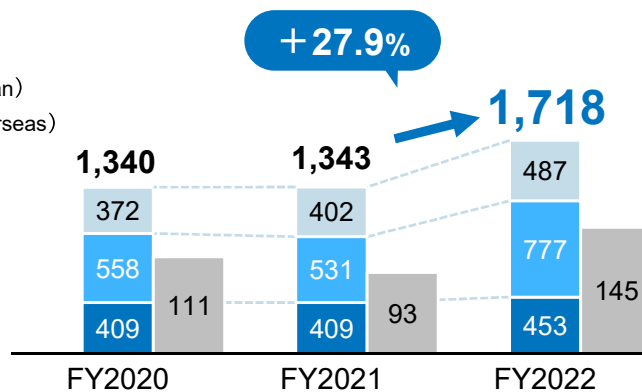
(Hundred millions of yen)

	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
<b>Net-sales of completed construction contracts</b>	1,343	<b>1,718</b>	374	1,700	18
Building HVAC	409	<b>453</b>	43	446	7
Industrial HVAC	934	<b>1,264</b>	330	1,254	10
Japan	531	<b>777</b>	245	769	8
Overseas	402	<b>487</b>	85	485	2
Overseas ratio	30.0%	<b>28.4%</b>	-1.6pt	28.5%	-0.2pt
<b>Ordinary income</b>	93	<b>145</b>	52	130	15
Ratio	6.9%	<b>8.5%</b>	1.6pt	7.6%	0.8pt

\* Revised at the announcement of the financial result for the third quarter

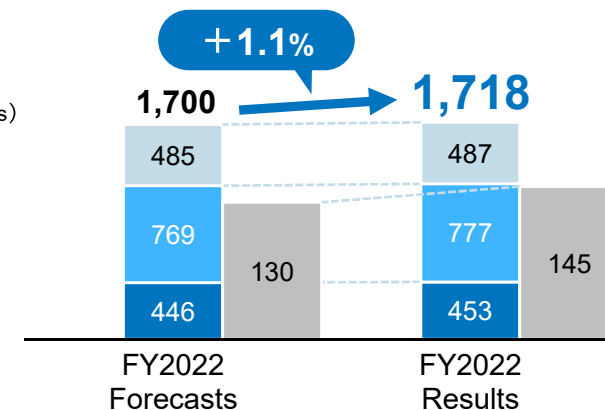
### Trend

- Building HVAC
- Industrial HVAC(Japan)
- Industrial HVAC(Overseas)
- Ordinary income



### Difference from Forecast

- Building HVAC
- Industrial HVAC(Japan)
- Industrial HVAC(Overseas)
- Ordinary income



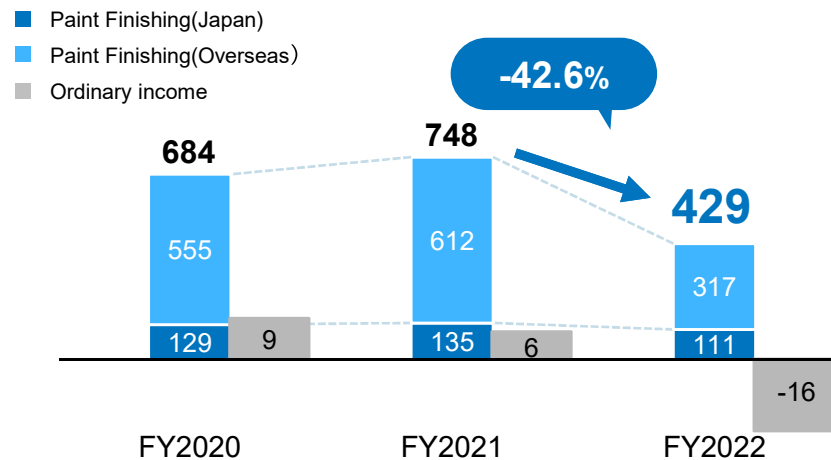
## Decreased largely in sales due to the customers' changes of production plan therefore recorded ordinary loss

(Hundred millions of yen)

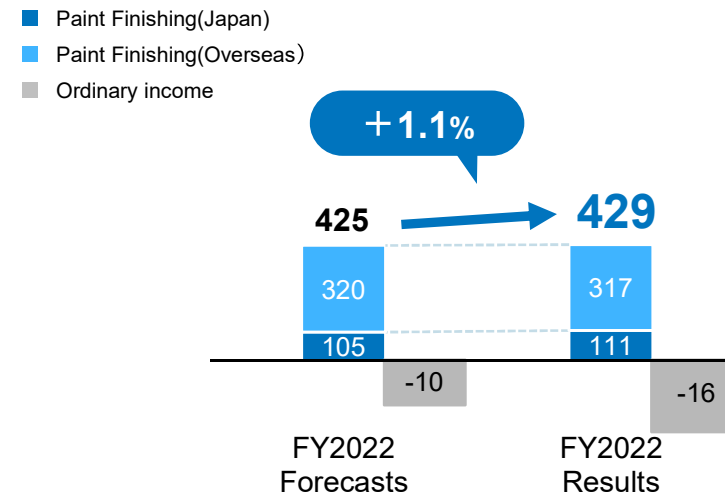
	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
<b>Net-sales of completed construction contracts</b>	748	429	-319	425	4
Japan	135	111	-24	105	6
Overseas	612	317	-295	320	-2
Overseas ratio	81.9%	74.0%	-7.8pt	75.3%	-1.3pt
<b>Ordinary income</b>	6	-16	-22	-10	-6
Ratio	0.9%	-3.7%	-4.6pt	-2.4%	-1.4pt

\* Revised at the announcement of the financial result for the third quarter

### Trend



### Difference from Forecast





## Expect to decrease both in Green Technology and Paint Finishing

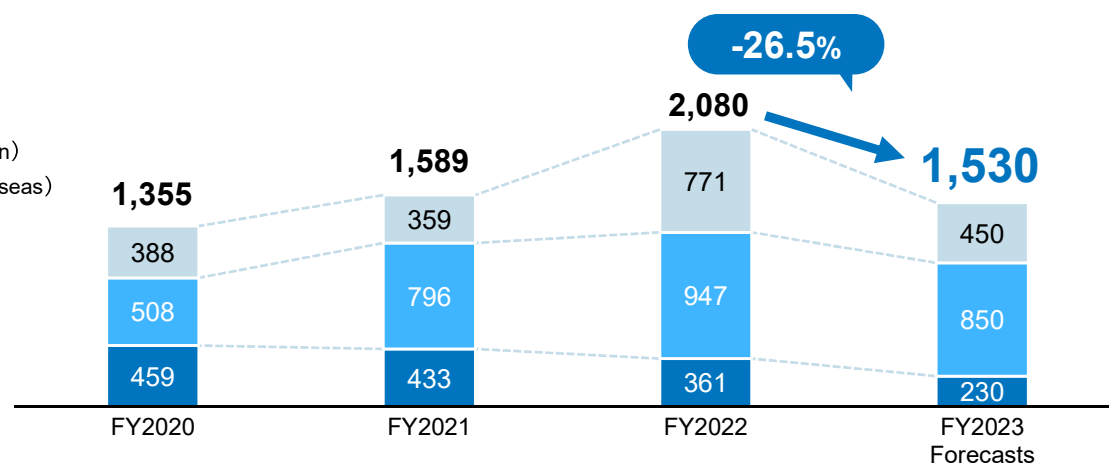
(Hundred millions of yen)	FY2022 Results			FY2023 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
<b>Orders-received</b>	1,620	1,266	2,886	<b>1,023</b>	<b>1,157</b>	<b>2,180</b>	-597	-109	-706
Japan	1,050	476	1,527	<b>620</b>	<b>620</b>	<b>1,240</b>	-430	143	-287
Overseas	569	789	1,359	<b>403</b>	<b>537</b>	<b>940</b>	-166	-252	-419
<b>Green Technology</b>	1,266	814	2,080	<b>730</b>	<b>800</b>	<b>1,530</b>	-536	-14	-550
Building HVAC	195	166	361	<b>135</b>	<b>95</b>	<b>230</b>	-60	-71	-131
Industrial HVAC	1,070	648	1,718	<b>595</b>	<b>705</b>	<b>1,300</b>	-475	56	-418
<b>Paint Finishing</b>	354	451	805	<b>293</b>	<b>357</b>	<b>650</b>	-61	-94	-155

## Expect decrease in all categories despite the good market environment due to the adjustment of Orders-received according with the increase in holding projects

(Hundred millions of yen)	FY2022 Results			FY2023 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
<b>Orders-received</b>	1,266	814	2,080	<b>730</b>	<b>800</b>	<b>1,530</b>	-536	-14	-550
Building HVAC	195	166	361	<b>135</b>	<b>95</b>	<b>230</b>	-60	-71	-131
Industrial HVAC	1,070	648	1,718	<b>595</b>	<b>705</b>	<b>1,300</b>	-475	56	-418
Japan	693	254	947	<b>375</b>	<b>475</b>	<b>850</b>	-318	220	-97
Overseas	377	394	771	<b>220</b>	<b>230</b>	<b>450</b>	-157	-164	-321
Overseas ratio	29.8%	48.4%	37.1%	<b>30.1%</b>	<b>28.8%</b>	<b>29.4%</b>	0.3pt	-19.7pt	-7.7pt

### Trend

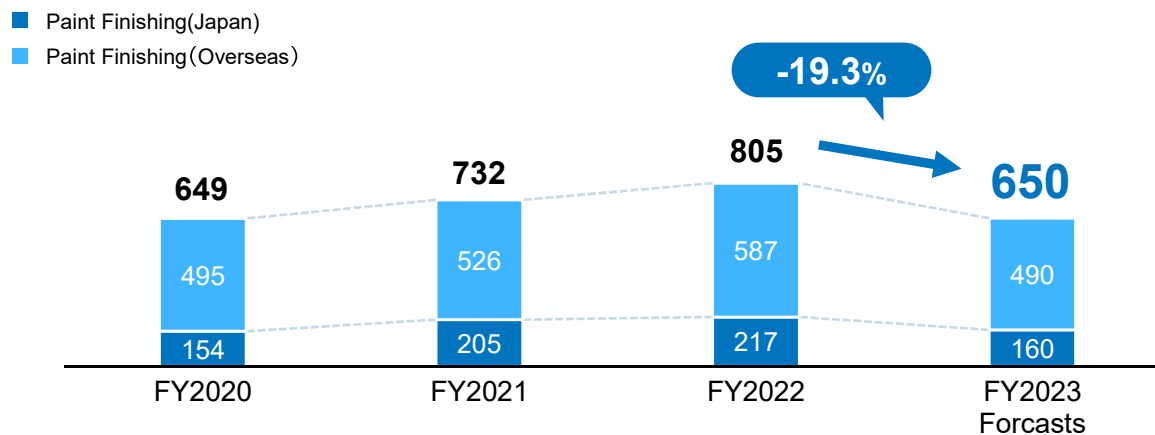
- Building HVAC
- Industrial HVAC(Japan)
- Industrial HVAC(Overseas)



## Expect decrease in Japan and overseas despite the good market environment due to the adjustment of Orders-received according with the increase in holding projects

(Hundred millions of yen)	FY2022 Results			FY2023 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
<b>Orders-received</b>	354	451	805	<b>293</b>	<b>357</b>	<b>650</b>	-61	-94	-155
Japan	161	56	217	<b>110</b>	<b>50</b>	<b>160</b>	-51	-6	-57
Overseas	192	395	587	<b>183</b>	<b>307</b>	<b>490</b>	-9	-88	-97
Overseas ratio	54.4%	87.6%	73.0%	<b>62.5%</b>	<b>86.0%</b>	<b>75.4%</b>	8.1pt	-1.6pt	2.4pt

### Trend



## Expect Increase in Sales and decrease in Income in Green Technology, and Increase in Sales and Income in Paint Finishing

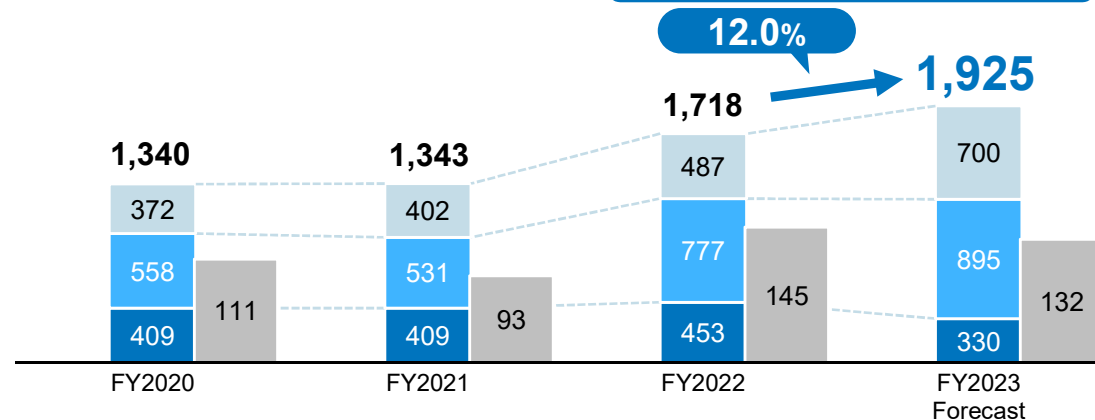
	FY2022 Results			FY2023 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
(Hundred millions of yen)									
<b>Net-sales of completed construction contracts</b>	857	1,290	2,147	<b>1,271</b>	<b>1,279</b>	<b>2,550</b>	413	-11	402
Japan	539	802	1,342	<b>783</b>	<b>573</b>	<b>1,356</b>	243	-229	13
Overseas	318	487	805	<b>488</b>	<b>706</b>	<b>1,194</b>	169	218	388
<b>Green Technology</b>	675	1,042	1,718	<b>1,030</b>	<b>895</b>	<b>1,925</b>	354	-147	206
Building HVAC	175	278	453	<b>210</b>	<b>120</b>	<b>330</b>	34	-158	-123
Industrial HVAC	500	764	1,264	<b>820</b>	<b>775</b>	<b>1,595</b>	319	10	330
<b>Paint Finishing</b>	182	247	429	<b>241</b>	<b>384</b>	<b>625</b>	58	136	195
<b>Ordinary income</b>	46	83	130	<b>63</b>	<b>77</b>	<b>140</b>	16	-6	9
Ratio	5.4%	6.5%	6.1%	<b>5.0%</b>	<b>6.0%</b>	<b>5.5%</b>	-0.5pt	-0.4pt	-0.6pt
<b>Green Technology</b>	53	92	145	<b>67</b>	<b>65</b>	<b>132</b>	13	-27	-13
Ratio	7.9%	8.9%	8.5%	<b>6.5%</b>	<b>7.3%</b>	<b>6.9%</b>	-1.4pt	-1.6pt	-1.6pt
<b>Paint Finishing</b>	-10	-5	-16	<b>-5</b>	<b>14</b>	<b>9</b>	5	19	25
Ratio	-5.7%	-2.3%	-3.7%	<b>-2.1%</b>	<b>3.6%</b>	<b>1.4%</b>	3.6pt	5.9pt	5.2pt

## Expect decrease in Income due to the increase in ratio of unprofitable projects that we strategically acquired despite the increase in sales of Industrial HVAC

(Hundred millions of yen)	FY2022 Results			FY2023 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
<b>Net sales of completed construction contracts</b>	675	1,042	1,718	<b>1,030</b>	<b>895</b>	<b>1,925</b>	354	-147	206
Building HVAC	175	278	453	<b>210</b>	<b>120</b>	<b>330</b>	34	-158	-123
Industrial HVAC	500	764	1,264	<b>820</b>	<b>775</b>	<b>1,595</b>	319	10	330
Japan	309	467	777	<b>530</b>	<b>365</b>	<b>895</b>	220	-102	117
Overseas	190	297	487	<b>290</b>	<b>410</b>	<b>700</b>	99	112	212
Overseas ratio	28.2%	28.5%	28.4%	<b>28.2%</b>	<b>45.8%</b>	<b>36.4%</b>	0.0pt	17.3pt	8.0pt
<b>Ordinary income</b>	53	92	145	<b>67</b>	<b>65</b>	<b>132</b>	13	-27	-13
Ratio	7.9%	8.9%	8.5%	<b>6.5%</b>	<b>7.3%</b>	<b>6.9%</b>	-1.4pt	-1.6pt	-1.6pt

### Trend

- Building HVAC
- Industrial HVAC(Japan)
- Industrial HVAC(Overseas)
- Ordinary income

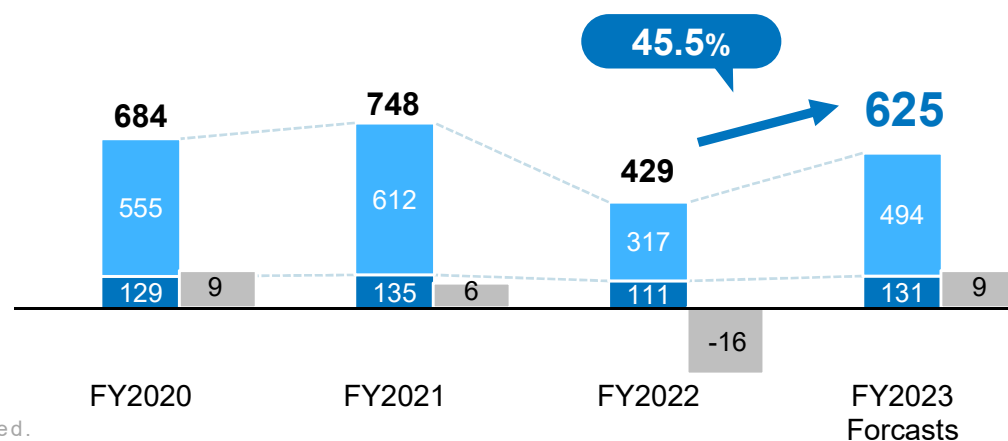


## Expect return to the Black in Ordinary income driven by the increase in Sales in Overseas

(Hundred millions of yen)	FY2022 Results			FY2023 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
<b>Net sales of completed construction contracts</b>	182	247	429	<b>241</b>	<b>384</b>	<b>625</b>	58	136	195
Japan	54	57	111	<b>43</b>	<b>88</b>	<b>131</b>	-11	30	19
Overseas	128	189	317	<b>198</b>	<b>296</b>	<b>494</b>	69	106	176
Overseas ratio	70.2%	76.8%	74.0%	<b>82.2%</b>	<b>77.1%</b>	<b>79.0%</b>	11.9pt	0.3pt	5.0pt
<b>Ordinary income</b>	-10	-5	-16	<b>-5</b>	<b>14</b>	<b>9</b>	5	19	25
Ratio	-5.7%	-2.3%	-3.7%	<b>-2.1%</b>	<b>3.6%</b>	<b>1.4%</b>	3.6pt	5.9pt	5.2pt

### Trend

- Paint Finishing(Japan)
- Paint Finishing(Overseas)
- Ordinary income

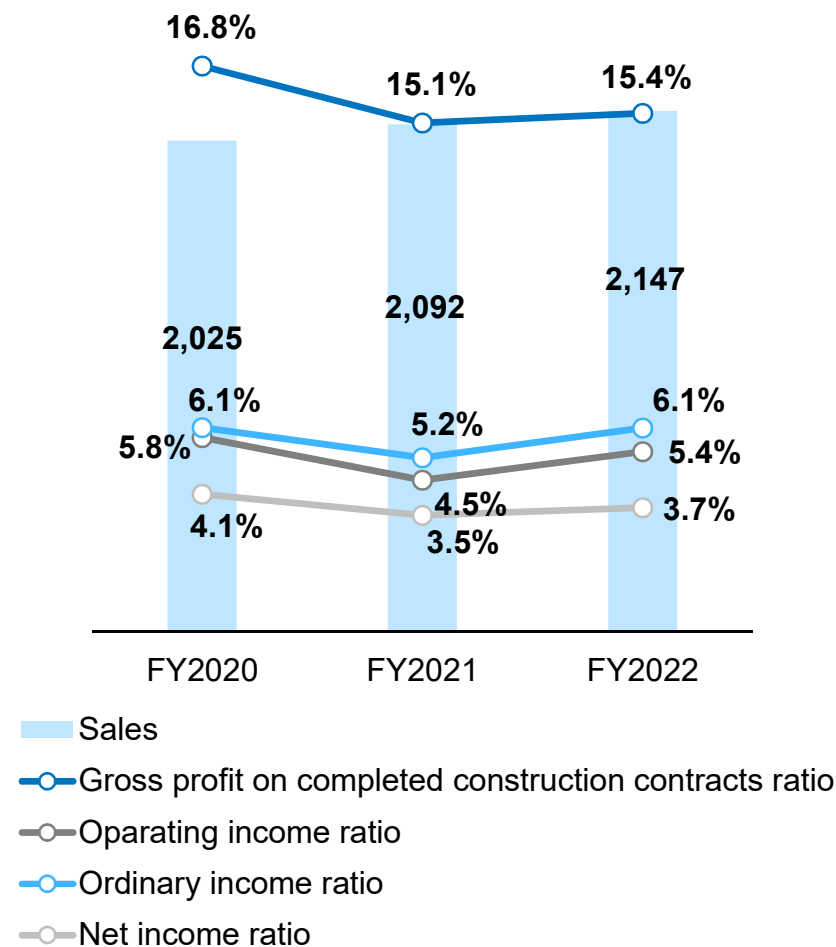


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Administrative Management  
Headquarters:  
Yasushi Nakajima

(Hundred millions of yen)	FY2020	FY2021	FY2022
<b>Net-sales of completed construction contracts</b>	2,025	2,092	<b>2,147</b>
<b>Gross profit on completed construction contracts</b>	340	316	<b>330</b>
<b>Ratio</b>	16.8%	15.1%	<b>15.4%</b>
<b>Operating income</b>	116	94	<b>115</b>
<b>Ratio</b>	5.8%	4.5%	<b>5.4%</b>
<b>Ordinary income</b>	122	108	<b>130</b>
<b>Ratio</b>	6.1%	5.2%	<b>6.1%</b>
<b>Profit attributable to owners of parent</b>	82	72	<b>79</b>
<b>Ratio</b>	4.1%	3.5%	<b>3.7%</b>
<b>ROE</b>	7.2%	5.9%	<b>6.3%</b>





(Hundred millions of yen)

Subject	FY 2021	FY 2022	YoY Change
<b>Current assets</b>	1,681	<b>1,844</b>	162
Cash and deposits	490	<b>469</b>	-20
Notes receivable, accounts receivable from completed construction contracts and other	1,049	<b>1,242</b>	192
Securities	30	-	-30
Costs on uncompleted construction contracts · Raw materials and supplies	27	<b>31</b>	4
Other	90	<b>107</b>	16
Allowance for doubtful accounts	-7	<b>-6</b>	0
<b>Non-current assets</b>	599	<b>526</b>	-73
Property, plant and equipment	112	<b>85</b>	-26
Goodwill	39	<b>36</b>	-3
Other intangible assets	34	<b>22</b>	-11
Investment securities	296	<b>264</b>	-31
Deferred tax assets	5	<b>5</b>	0
Other	116	<b>115</b>	-0
Allowance for doubtful accounts	-4	<b>-5</b>	-1
<b>Total assets</b>	2,281	<b>2,371</b>	89

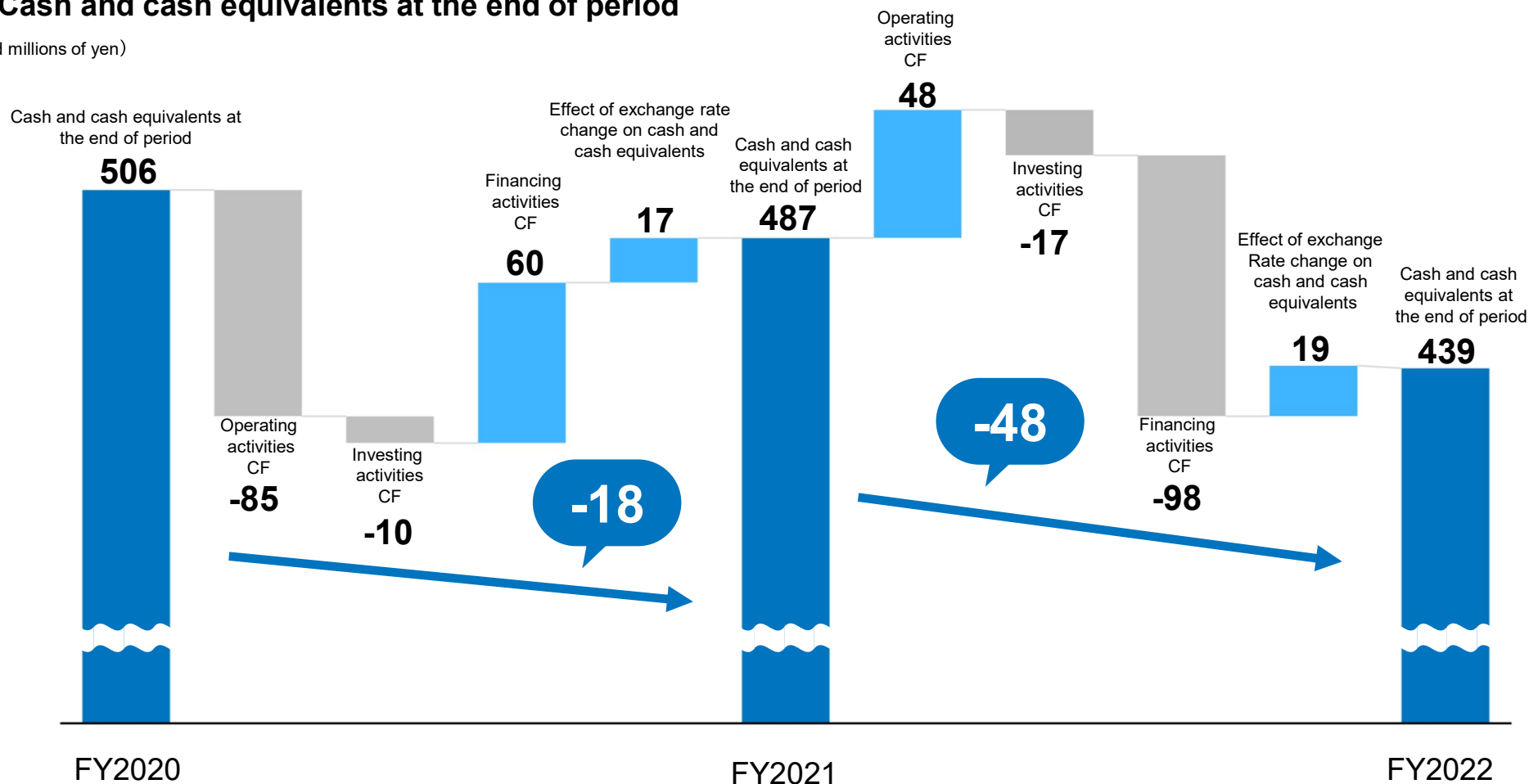
Subject	FY 2021	FY 2022	YoY Change
<b>Current liabilities</b>	818	<b>959</b>	140
Notes payable, accounts payable for construction contracts and other	471	<b>554</b>	83
Advances received on uncompleted construction contracts	69	<b>233</b>	164
Provision for loss on construction contracts	3	<b>3</b>	-0
Other	274	<b>168</b>	-106
<b>Non-current liabilities</b>	154	<b>91</b>	-63
<b>Total liabilities</b>	973	<b>1,051</b>	77
<b>Net assets</b>	1,307	<b>1,319</b>	12
Capital stock	64	<b>64</b>	-
Capital surplus	50	<b>35</b>	-15
Retained earnings	998	<b>1,002</b>	4
Treasury shares	-25	<b>-11</b>	13
Valuation difference on available-for-sale securities	119	<b>105</b>	-13
Deferred gains or losses on hedges	-0	<b>-0</b>	-0
Foreign currency translation adjustment	20	<b>47</b>	27
Accumulated remeasurements of defined benefit plans	19	<b>14</b>	-5
Non-controlling interests	60	<b>62</b>	1
<b>Total liabilities and net assets</b>	2,281	<b>2,371</b>	89

**Operating activities CF: Positive due to the increase in net income**

**Financing activities CF: Negative due to the dividend payments, purchase of treasury shares, and additional investment toward Nicomac Taikisha Clean Rooms (India)**

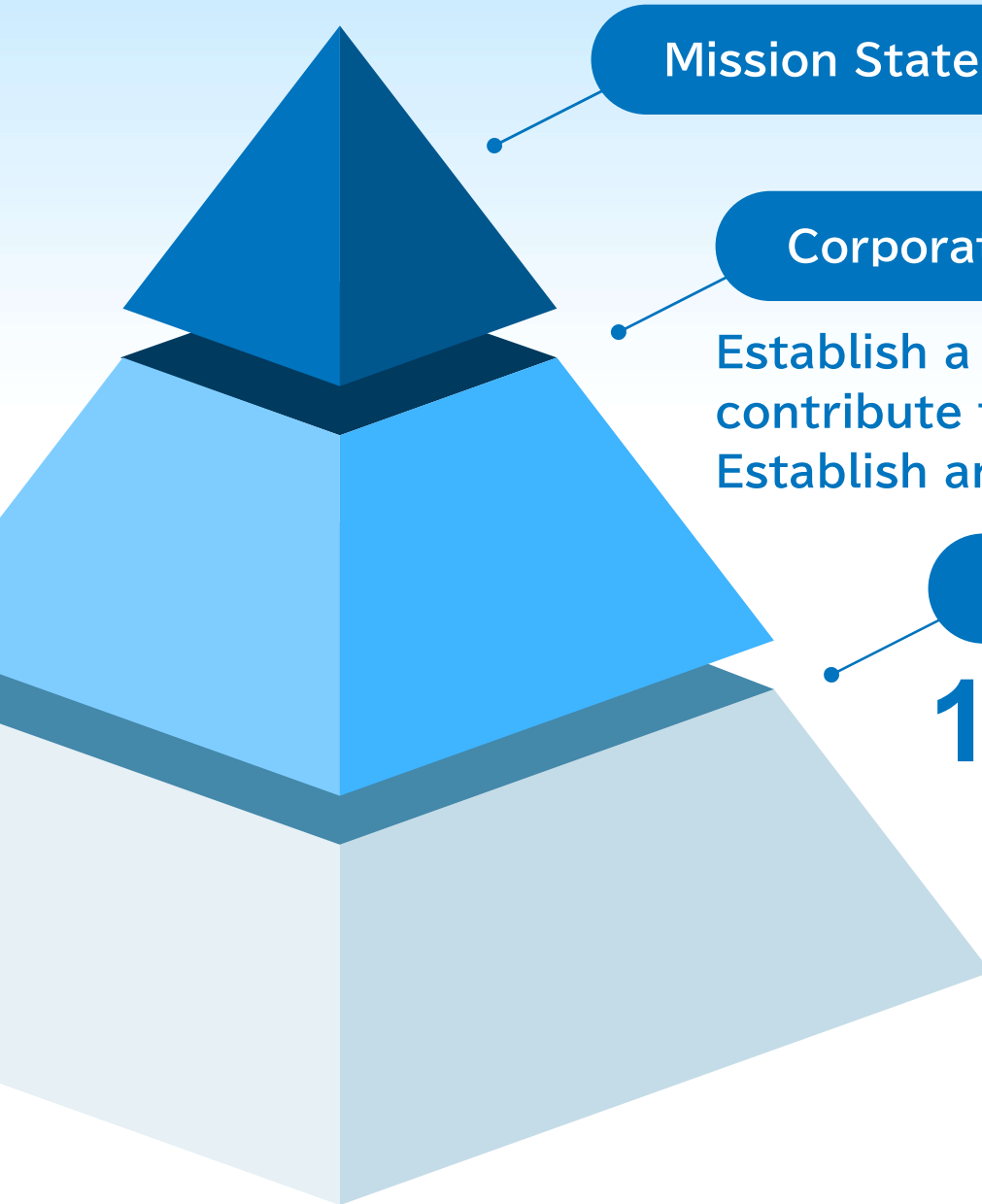
## Cash and cash equivalents at the end of period

(Hundred millions of yen)



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## 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

# 1

### Innovative Engineering

## Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water

Innovative Engineering for a Sustainable Society- with energy, air and water -

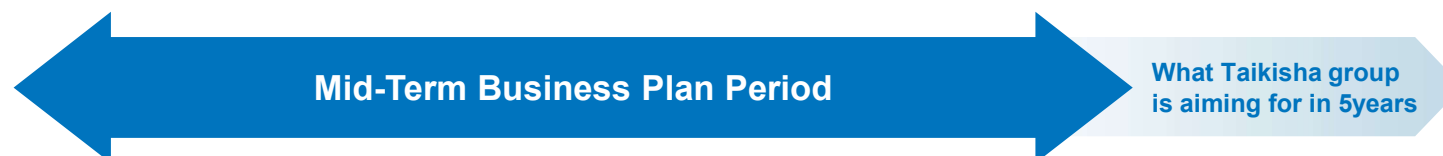
# 2

### Diversity & Inclusion

## Become an Inclusive Global Company by Leveraging Diverse Human Resources and Knowledge

Diversity & Inclusion as a Global Company

## Plan to exceed Mid-Term Business Plan targets in Sales and Income for FY 2023



(Hundred millions of yen)	FY2022 Results	FY2023 Forecasts	FY2023 Targets	FY2024 Targets	FY2026 Targets
Orders-received	2,886	2,180	2,230	2,360	2,700
Net sales of completed construction contracts	2,147	2,550	2,235	2,380	2,650
Ordinary income	130	140	135	150	165
Profit attributable to owners of parent	79	93	91	96	
ROE	6.3%	7.3%	7.0%	7.2%	
DOE	3.2 %	Implement steady dividends targeting DOE of 3.2%			
Purchase of treasury shares	30	Aim to implement 20 hundred million yen per year			
Ratio of cross-shareholdings to net assets	21.8%	Reduce to less than 20% by the end of FY2023			

\* "Target" refers to the numerical targets of the Mid-Term Business Plan disclosed on May16, 2022.

## Disclosed climate-related information based on TCFD on April 25<sup>th</sup> in addition to the Non Financial Targets set in Mid Term Business Plan

### Non-financial Targets

CO<sub>2</sub> emissions from business activities (Scope 1 and 2) ⇒ 46% reduction by 2030 (compared with FY2015 results)

Disclosure of climate-related information based on TCFD's recommendations



### Governance

The compensation structure of the executive directors has been revised by introducing non-financial indicators at a specific rate to encourage stronger action on climate change.

### Strategies/Risk Management

- Identified factors of risks and opportunities having a great impact on us in 2035.
- Endeavor to reduce material risks including climate change, and minimize risks that will become apparent by organizing the Risk Management Committee.

Material risks and opportunities	Assumed countermeasures
<b>Carbon tax</b>	<ul style="list-style-type: none"> <li>• Setting of GHG reduction targets</li> <li>• Development of low-carbon technologies and systems</li> </ul>
<b>Changes in customer behavior</b> <b>Prevalence of energy-saving and renewable energy technologies</b>	<ul style="list-style-type: none"> <li>• Participation in the renewable energy industry</li> <li>• Construction of energy circulation systems</li> <li>• Acquisition and reform of painting technologies, and promotion of product development</li> <li>• Development of CO<sub>2</sub> recovery and recycling technologies</li> </ul>
<b>Average temperature rise</b>	<ul style="list-style-type: none"> <li>• Diversified expansion of the plant factory business</li> <li>• Promotion of the mechanization and automation of installation works</li> <li>• Improvement of the working environment and promotion of countermeasures against heatstroke</li> </ul>

### Indicators and Targets

Set CO<sub>2</sub> reduction targets for 2030 and 2050 for each division.

	Green Technology System Division	Paint Finishing System Division
<b>Reduction target for 2050</b>	CO <sub>2</sub> emissions reduced by 80%* (from FY2013 level)	Reduce CO <sub>2</sub> emissions of automobiles to virtually 0kg-CO <sub>2</sub> /unit with the technologies that envisages future energy reform.
<b>Milestone for 2030</b>	CO <sub>2</sub> emissions reduced by 25%* (from FY2013 level)	Reduce CO <sub>2</sub> emissions of automobiles to 60 kg-CO <sub>2</sub> /unit with the current heat source configuration for paint finishing processes.
<b>Commitments in FY2022 (achievements)</b>	Proposed a system capable of controlling energy used throughout a building's lifecycle, and provided technologies for "low carbon" and "reducing environmental burdens."	Using an energy estimation model for a paint finishing line, improved efficiency and downsized equipment, and introduced renewable energy and low-temperature waste heat recovery systems.

\* CO<sub>2</sub> Reduction targets during the operation stage of equipment designed and constructed by us

## Invested 39 hundred million yen in FY2022

	Main Achievement on FY2022	FY2022 Results	FY2023 Plan	FY2024 Plan
<b>Business-related investments</b>	<ul style="list-style-type: none"> <li>Increased the Shareholding ratio in Nicomac Taikisha Clean Rooms Private Limited</li> </ul>	<b>25 hundred million yen</b>		
<b>Capital and human resources investments</b>	<ul style="list-style-type: none"> <li>Construction-site DX operational verification costs such as BIM (in preparation)</li> <li>Preparation cost of global basic operations system (in preparation)</li> </ul>	<b>6 hundred million yen</b>	<b>160 hundred million yen</b>	
<b>Technology development investments</b>	<ul style="list-style-type: none"> <li>Establishment of R&amp;D satellite at the head office</li> <li>Investment toward the research and development for carbon neutrality of Paint Finishing System (under development)</li> </ul>	<b>7 hundred million yen</b>		

Mid-Term Business Plan  
Three years total

# 200 hundred million yen

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



## Increased the shareholding ratio in Nicomac Taikisha Clean Rooms (India)

We increased the shareholding ratio in Nicomac Taikisha Clean Rooms Private Limited (we made it subsidiary in July 2020 to combine panel manufacturing and installation technology with air conditioning equipment technology) from 74% to 100%.

The company has Indian pharmaceutical manufacturers as its main customers and provides integrated services from manufacturing to construction (installation) of clean panels. In recent years, it sells its products not only in India, but also exports them to neighborhood countries and the USA.

### 【Background of the increase in shareholding ratio】

Growth in the Indian economy is expected to remain robust supported by population growth, growing urbanization, and economic reforms. The cleanroom market in India is currently dominated by pharmaceutical plants, but the clean room market for semiconductor, lithium-ion battery, and other manufacturing facilities is expected to expand based on the India government's policy of attracting plants and fostering industry.

As usual, our overseas business of Green Technology System Division has been focused on Japanese companies in China and ASEAN. However, with this increase in shareholding ratio, we will further promote the business expansion strategy in high value-added clean room construction market in India, by combining its high brand strength for major pharmaceutical manufacturers with our expertise gained from extensive experience in constructing pharmaceutical plants in Japan.



Facility with the company's clean panels installed  
(walls, ceilings, windows, doors, etc.)

## Developed “i-Navistar”, a monitoring and factor analysis system for automotive paint finishing lines using IoT and AI

~Introduced mainly for automotive painting lines, EMS function is newly added~

### 【Background and target of development】

Many kinds of equipment are installed in automotive paint finishing line, and analysis and verification of data are repeated over a long period of time based on the knowledge of skilled engineers at the production sites. So it depends on many manpower for the identification of the cause of defects. In order to resolve these problems of productivity and quality, we have been focusing on the development of “i-Navistar”, a system using IoT and AI to analyze the causes of operational shutdown and quality defects.

### 【New function】

In order to contribute to the decarbonization of each automobile manufacturer, we have developed “EMS(Energy Management System)” function of paint finishing lines which aims to “visualize the wasted energy and optimize energy management using a simulator function”. Many automobile manufacturers are already highly interested in the function.

As efforts towards decarbonization continue to accelerate worldwide, the need for EMS function is expected to increase even more.

### 【Existing “i-Navistar” functions】

#### ① Operation Analysis System :

Constantly monitors equipment operating conditions with sensors and predicts malfunctions based on trends in measured values, and enables efficient maintenance work.

#### ② Quality Analysis System :

Analyzes the causes of quality defects based on the controlled operation and quality data, and reduces significantly the time required to identify the causes and the reliance on skilled engineers.



Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value		
			E Climate change mitigation and adaptation	S Securing and developing human resources	G Highly effective corporate governance
Further strengthen core businesses	Green Technology System Division	<ul style="list-style-type: none"> <li>Establishing a system to handle large-scale projects and promoting development and training of next-generation special employee.</li> <li>Increased the shareholding ratio in Nicomac Taikisha Clean Rooms Private Limited (India).</li> </ul>	○	○	
		<ul style="list-style-type: none"> <li>Strengthening the design department and promoting the development of global human resource.</li> <li>Establishing an internal system to promote EMS.</li> </ul>		—	
		<ul style="list-style-type: none"> <li>Verifying on-site DX operation, including BIM, and redeveloping Business Management System.</li> <li>Sharing issues with Taikisha and subcontractors and considering the countermeasure for such issue.</li> </ul>		○	○
	Paint Finishing System Division	<ul style="list-style-type: none"> <li>Conducting sales activities to Japanese and non-Japanese customers based on regional business strategies and approach toward new customers outside the automotive market.</li> <li>Developing unique technologies to meet customer needs.</li> <li>Conducting business development rooted in the local communities by utilizing overseas networks.</li> </ul>		○	
		<ul style="list-style-type: none"> <li>Conducting technological development related to carbon neutrality. Concurrently, collaborating with customers, related to carbon neutrality by sending engineers, exchanging technologies, etc.</li> <li>Enhancing the global development and operation of domestic and foreign development bases, laboratories, and showrooms are ongoing. Considering the introduce of the real-time communication system to share the status of lab testing between sites.</li> </ul>	○	○	
		<ul style="list-style-type: none"> <li>Conducting active using of 3D drawing and BIM</li> <li>Continuing remote onsite operation and initiatives for operational efficiency.</li> <li>Promoting the level-up of designing of local staffs based on the e-learning.</li> </ul>		○	○
		<ul style="list-style-type: none"> <li>Improve business operation systems and productivity</li> </ul>			

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value			
			E Climate change mitigation and adaptation	S Initiatives to prevent pollution and reduce environmental impact	G Highly effective corporate governance	
Challenge to create new value	Plan and promote intellectual property strategies	<ul style="list-style-type: none"> <li>Considering company's intellectual property strategy utilizing company's intellectual property and intangible assets.</li> <li>Provided employee education on intellectual business and developed regulations related to intellectual property.</li> <li>Applying for and obtaining patents related to new businesses.</li> </ul>				
	Development from the customer's perspective	<ul style="list-style-type: none"> <li>Opened "TAIKIAH INNOVATION GATE Shinjuku" with easy access at the head office in April 2023 to identify potential customer needs and promote product development to create new value.</li> </ul>	○	○		
	Open innovation	<ul style="list-style-type: none"> <li>Planning to build a new Research and Development Center (to be completed in May 2024).</li> </ul>	○	○		
	Horizontal deployment of technologies that are our strength	Green equipment business	<ul style="list-style-type: none"> <li>Promoting order-receiving activities for Ultra-precise temperature control chamber*1.</li> <li>*1 An equipment that provides a production environment for manufacturing semiconductors, and ultra-precise processing, measurement and testing.</li> <li>Lineup of exhaust treatment equipment is being expanded.</li> </ul>	○	○	
		Automation business	<ul style="list-style-type: none"> <li>Effort to expand the automation business field is ongoing.</li> <li>For acquisition of new customers, activities such as participating exhibitions are ongoing.</li> <li>Various verifications are underway to improve performance for the bringing of high efficient paint finishing technology into market.</li> </ul>	○	○	
		Plant factory business	<ul style="list-style-type: none"> <li>Experimental study is undergoing at our own factory. And continuously considering market cultivation strategy.</li> </ul>	○	○	
	Develop new businesses	<ul style="list-style-type: none"> <li>Based on market research, joint research is being conducted with universities, research institutes, and private companies to contribute to new businesses while assuming the business model when the new business are implemented in society.</li> </ul>	○	○		

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value		
			E Climate change mitigation and adaptation Impact	S Securing and developing human resources	G Creation of pleasant working environment Highly effective corporate governance
Strengthen management base that supports transformation and growth	Develop and secure human capital	<ul style="list-style-type: none"> <li>Securing highly motivated and competent human capital that match the progress of our business development regardless of gender and nationality.(75 New graduates and 27 mid-careers)</li> <li>Stared maintenance and Operation of training program and honoring system for the systematically development of senior-level personnel in long-term.</li> <li>Partly started 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 resource data base.</li> <li>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 system is under construction.</li> <li>In order to further deepen the “Certified Health productivity management Outstanding Organization recognition program(White 500)”, various measures are being implemented through the continuous promotion of “health management”.(Overall rank 301-350)</li> <li>As countermeasures for the long working hours, mainly grasping the actual conditions of employees engaged mainly in on-site work and considering issues and measures to improve the working environment.</li> </ul>		○	○
	Digital strategies to provide new value	<ul style="list-style-type: none"> <li>Promoting digitization and DX to improve productivity of each process in projects such as design, cost estimation, and construction management. Started out this by joining “Facilities BIM Research Liaison Committee” to normalize, spread and promote the Facilities BIM.</li> <li>Establishment of global IT・DX structure is under consideration. Started the construction of IT management structure concerning about security.</li> <li>Enhancement of developing Digital human resource is under consideration</li> </ul>		○	○
	Strengthen the Group governance structure	<ul style="list-style-type: none"> <li>Management index that measure the return on capital by each division is under consideration</li> <li>Business investment Guideline was formulated in order to systematically implement the administration that considers business portfolio management.</li> <li>Organizing of the structure and the scope of responsibility of Board of Directors and audit function of affiliates was carried out. Clarifying the process and enhancing monitoring by informing the local Board of Directors is under consideration.</li> </ul>			○

**Planning to sell the 100 hundred million yen of cross-shareholdings and reduce cross-shareholdings(holdings including deemed holdings) to less than 20% of net assets by the second year of the Mid-Term Business Plan period**

## Plans for the Mid-Term Business Plan Period

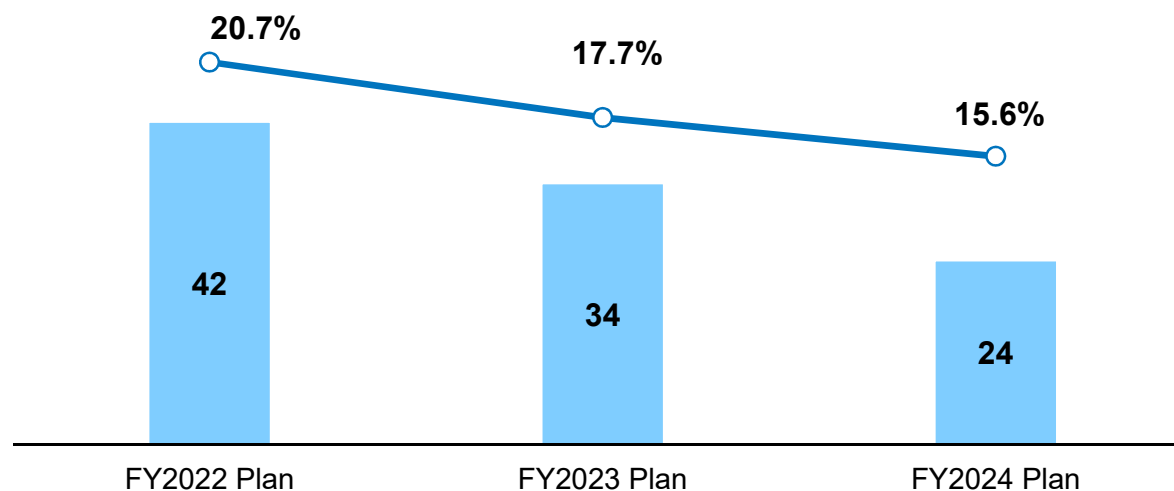
(Hundred millions of yen)	FY2022	FY2023	FY2024	Total
Proceeds from sale	42 <sup>*1</sup>	34	24	100
Ratio to net assets	20.7% <sup>*2</sup>	17.7%	15.6%	

\*1...31 hundred millions of yen for FY2022 result

\*2...22.1% for FY2022 result

## Trend in cross-shareholdings

- Proceeds from sale
- Ratio to net assets



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Corporate Planning  
Headquarters:  
Masanori Nakagawa

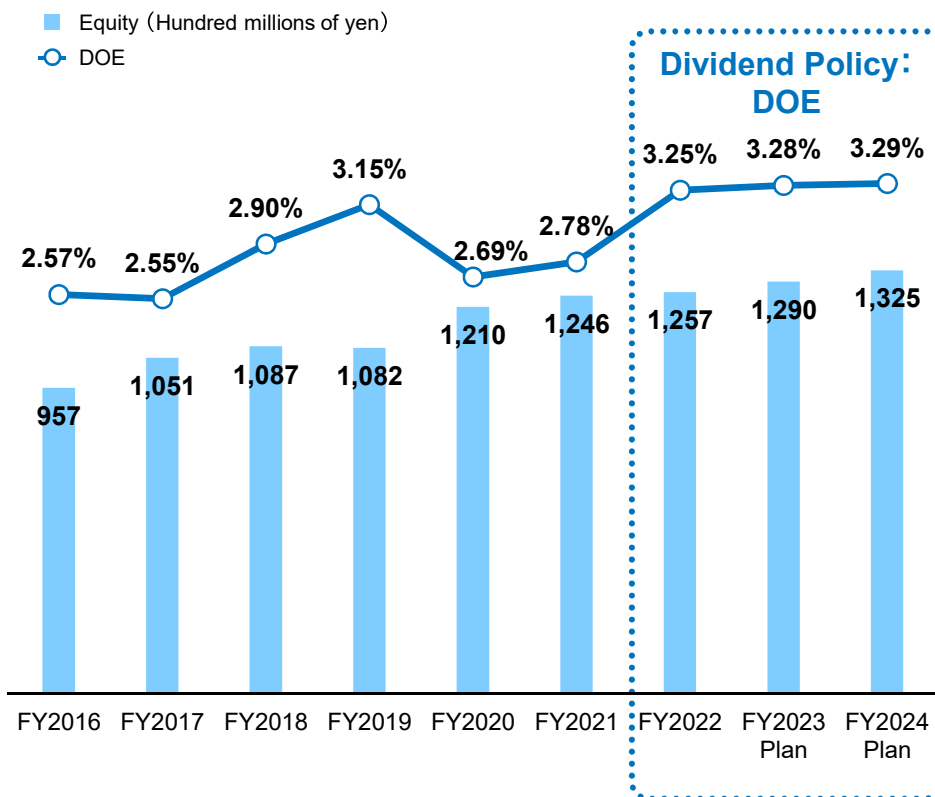
## Dividends are expected to increase as planned during the period of the Mid-Term Business Plan

**【Dividend policy】** We will implement steady dividends targeting a consolidated dividend on equity ratio(DOE) of 3.2%

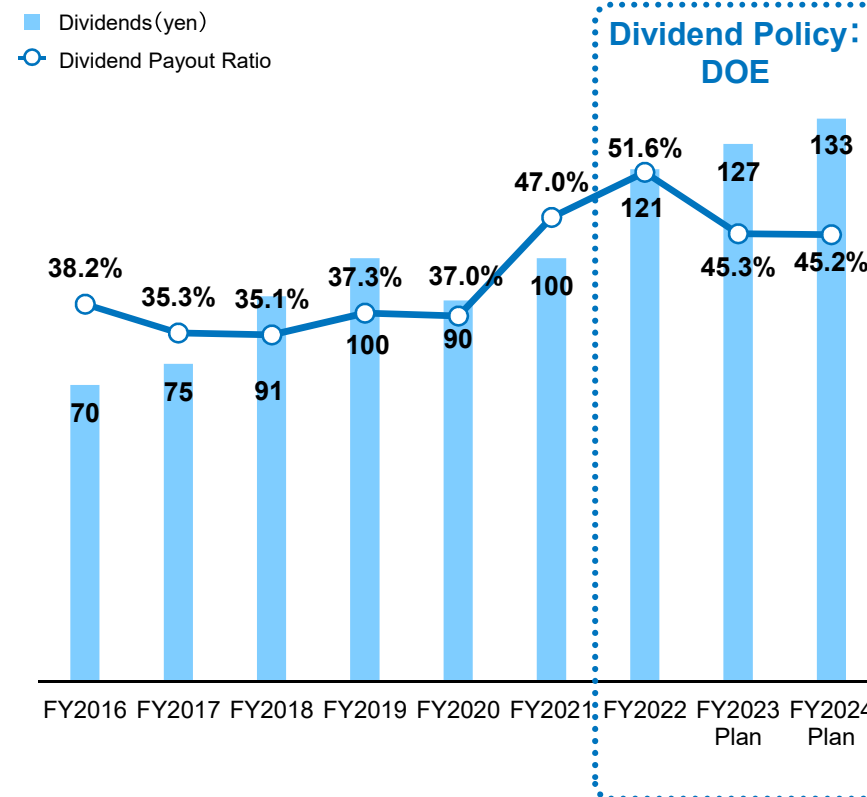
$$\text{DOE } 3.2\% = \text{Aimed ROE level } 8.0\% \times \text{Dividend payout ratio } 40\%$$

Dividend for FY2023 will be increased to 127 yen

### Trend in Equity and DOE



### Trend in Dividends and Dividend Payout Ratio





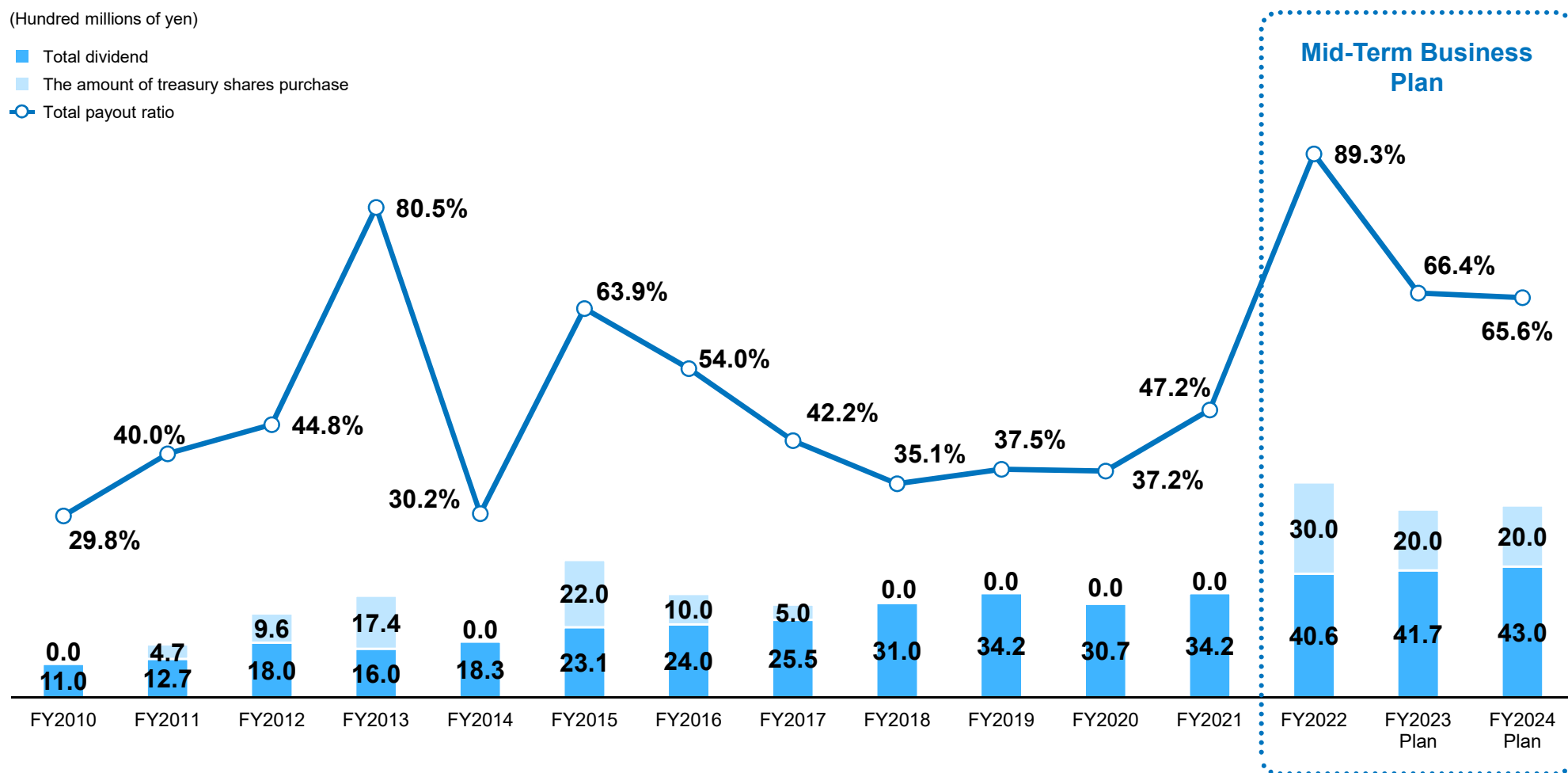
## Aim the higher level of shareholder returns by the collaboration of dividends and purchase of treasury shares

**【Policy for purchase of treasury 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 20 hundred million yen per year. (Purchased 30 hundred million yen for FY2022)

### Shareholder returns and Total Payout ratio

(Hundred millions of yen)

- Total dividend
- The amount of treasury shares purchase
- Total payout ratio



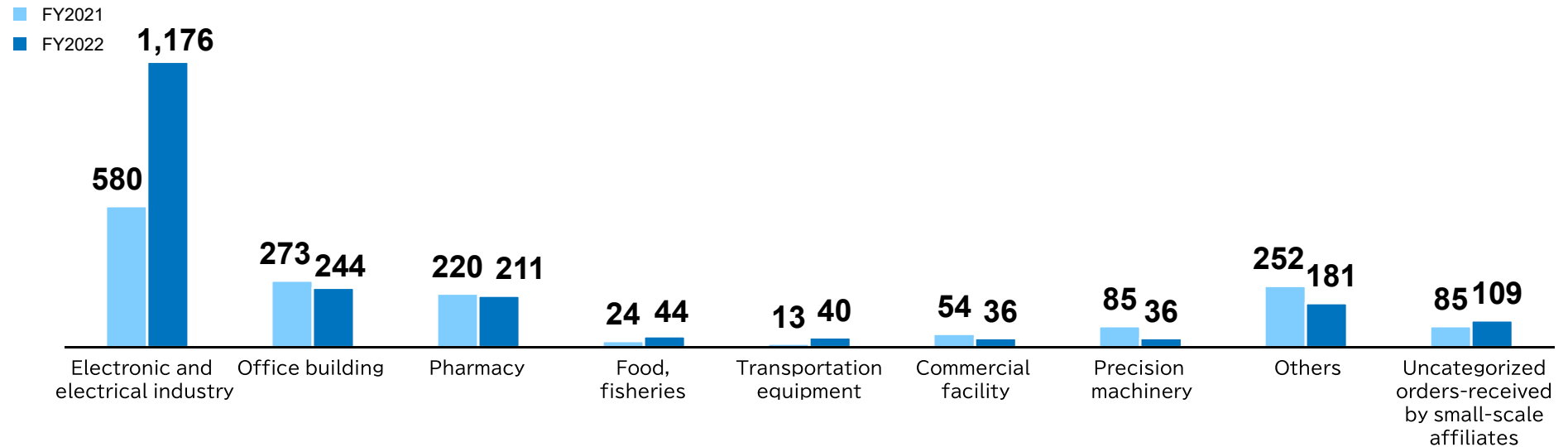
\* The amount of treasury shares includes the acquisition of fractional shares.

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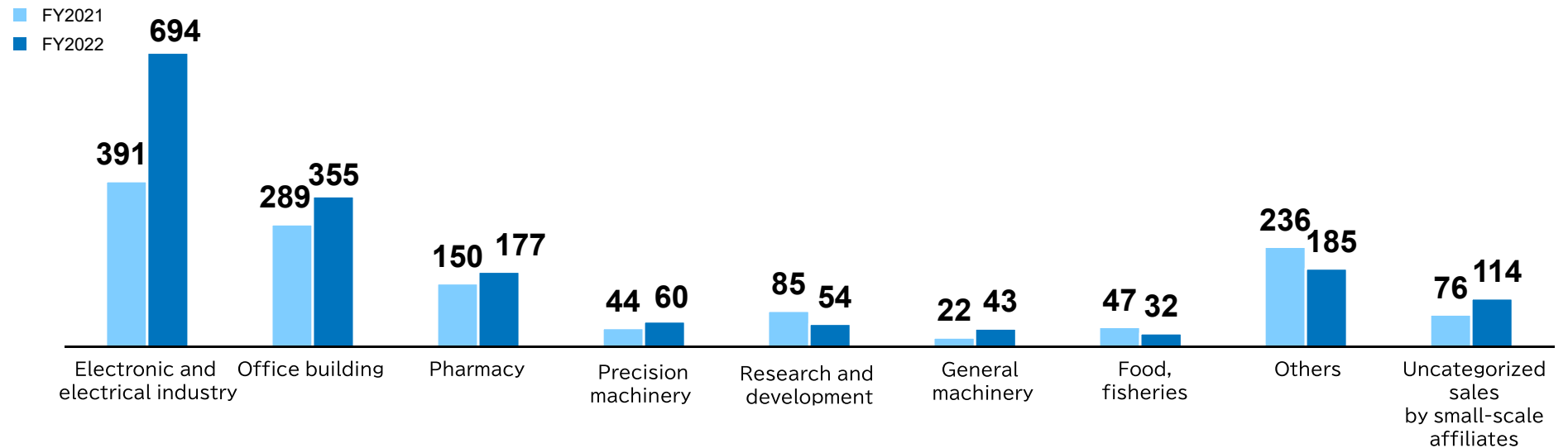
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(Hundred millions of yen)

## Orders-received



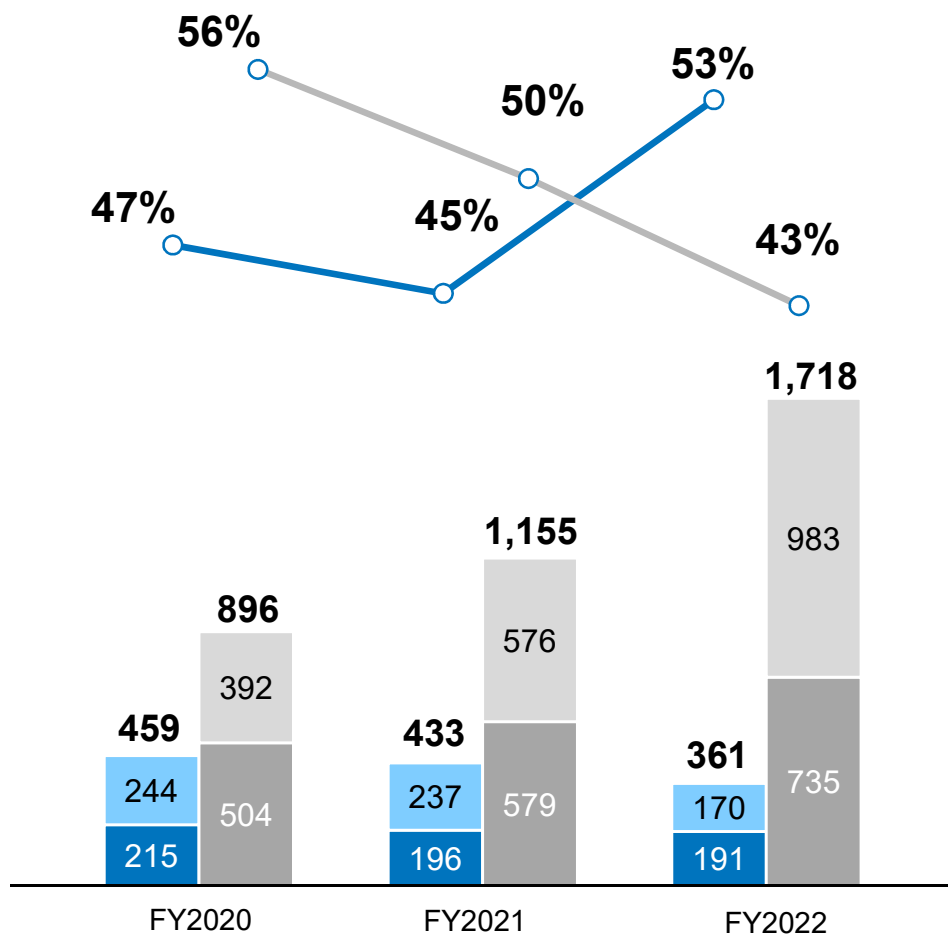
## Sales



(Hundred millions of yen)

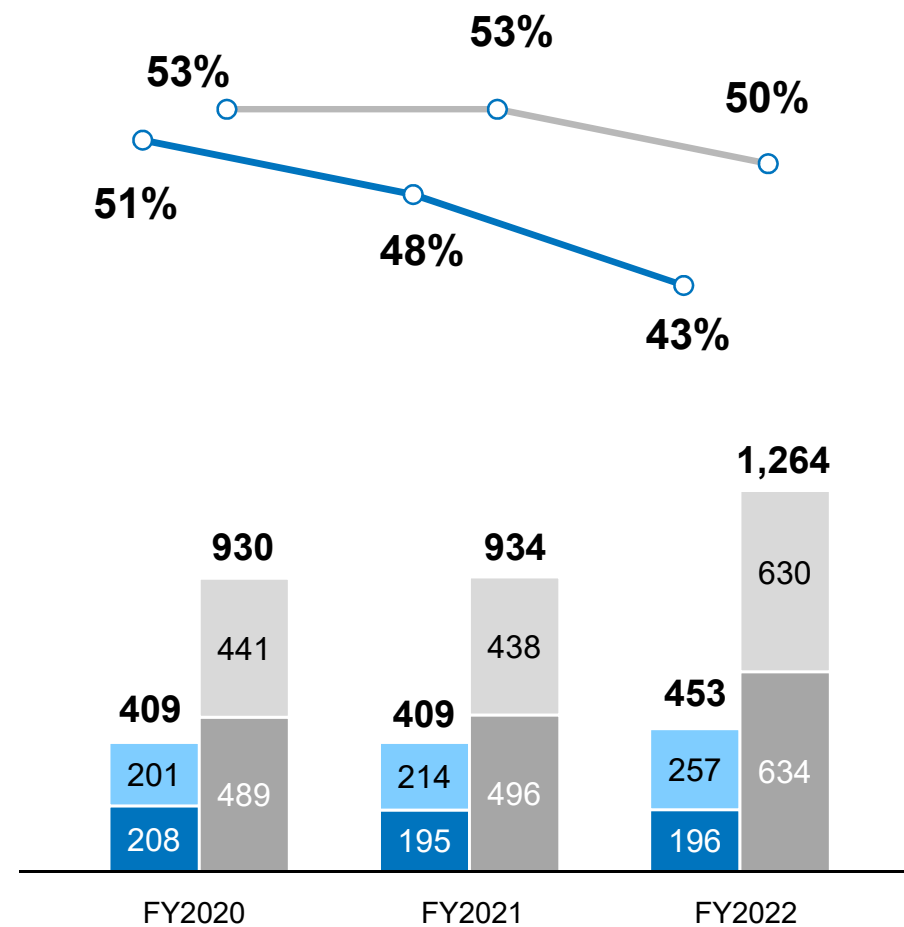
## Orders-received

- Building HVAC(renewal)
- Building HVAC(new construction)
- Building HVAC renewal ratio
- Industrial HVAC(renewal)
- Industrial HVAC(new construction)
- Industrial HVAC renewal ratio



## Sales

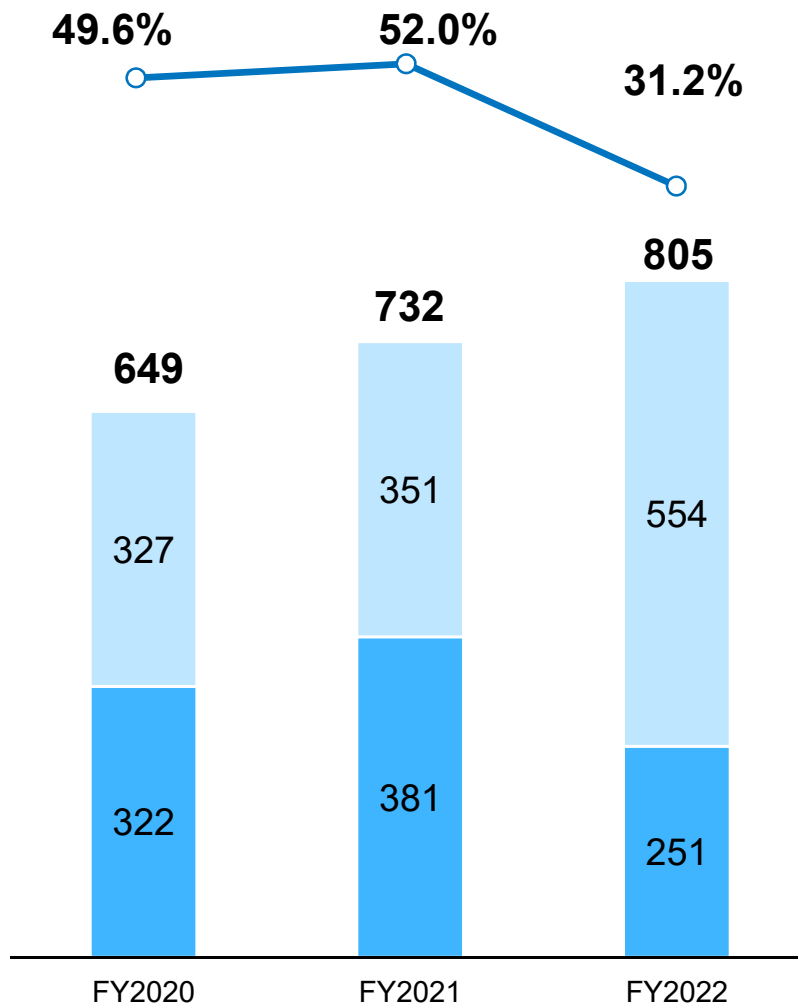
- Building HVAC(renewal)
- Building HVAC(new construction)
- Building HVAC renewal ratio
- Industrial HVAC(renewal)
- Industrial HVAC(new construction)
- Industrial HVAC renewal ratio



(Hundred millions of yen)

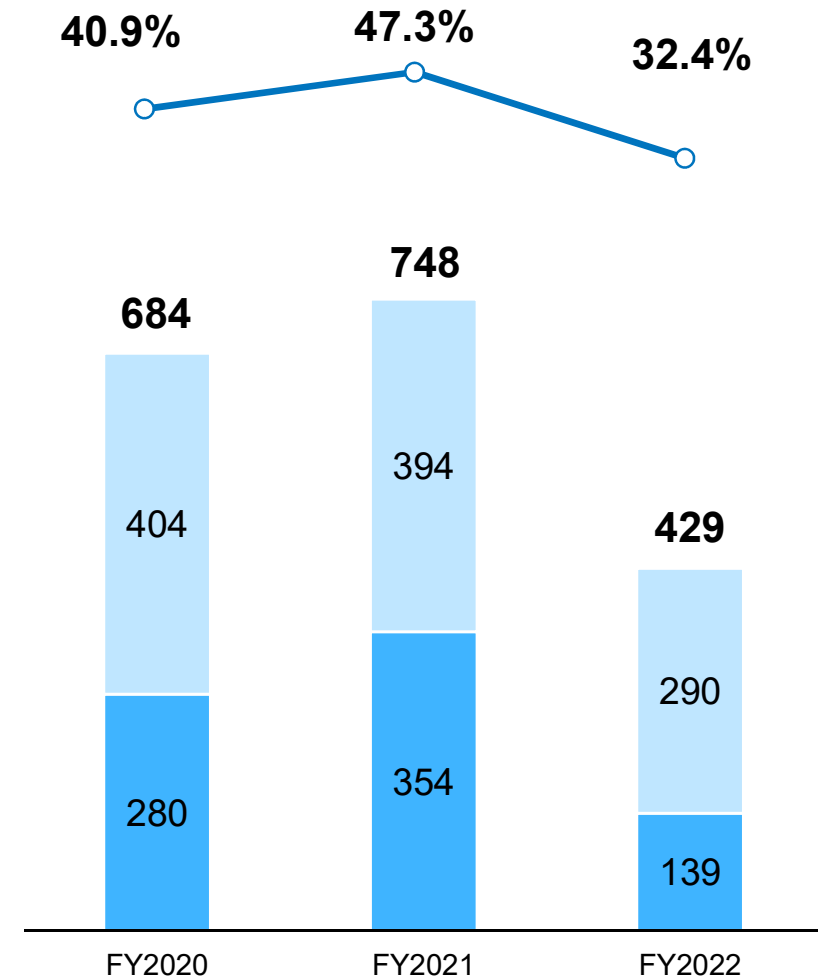
## Orders-received

- Japanese customer
- Non Japanese customer
- Non Japanese customer ratio



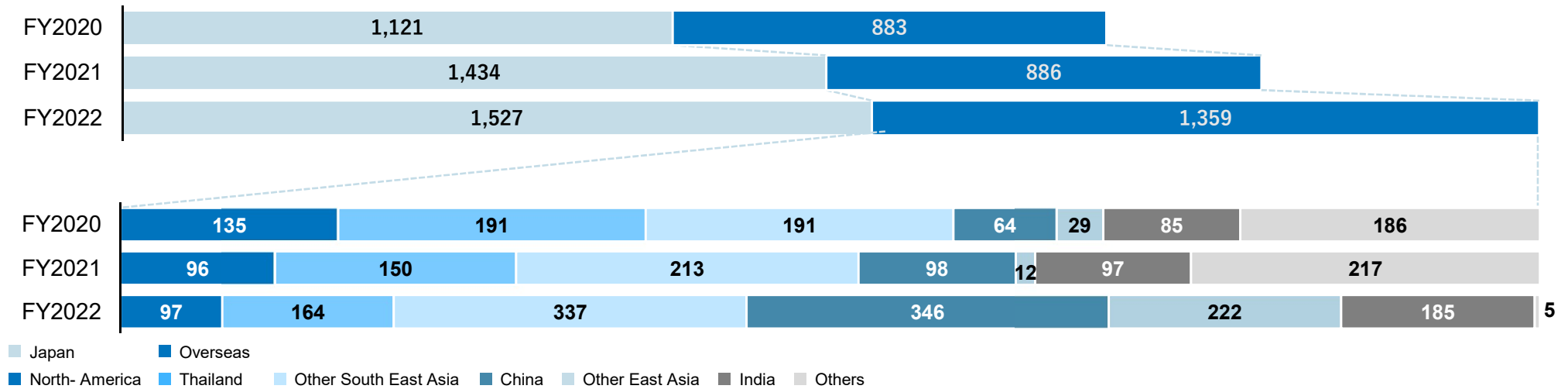
## Sales

- Japanese customer
- Non Japanese customer
- Non Japanese customer ratio

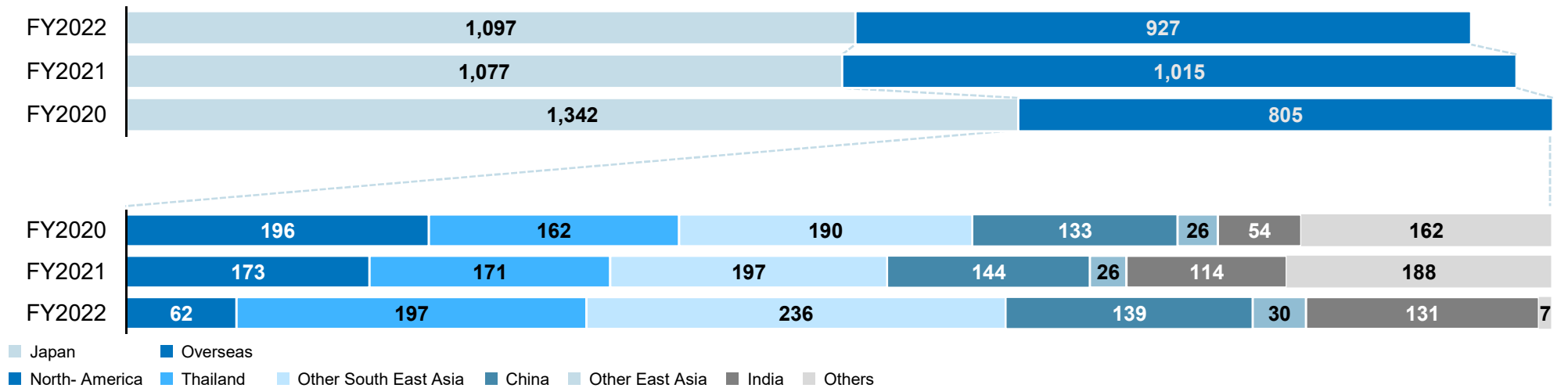


\* The orders and sales of the overseas Japanese-joint venture(including all of Japanese customer investment companies) are included in the total value of the Japanese customer

## Orders-received



## Sales



\* The numerical value does not include the internal trading.

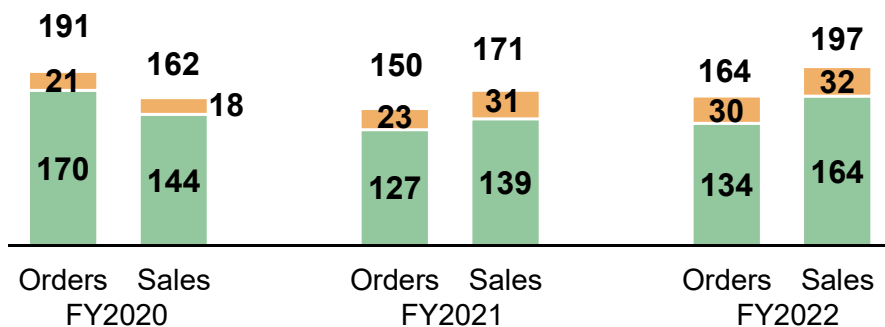
\* Major countries and regions:

• **Southeast Asia:** Singapore, Malaysia, Indonesia, Philippines, Vietnam, others. • **East Asia:** Taiwan, Korea • **North America:** U.S.A., Canada, Mexico • **Others:** Russia, South America, others

(Hundred millions of yen)

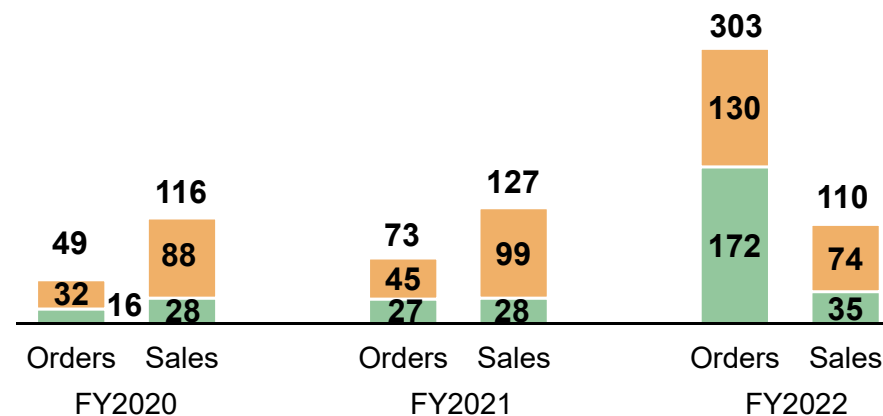
Industrial HVAC Paint Finishing System

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

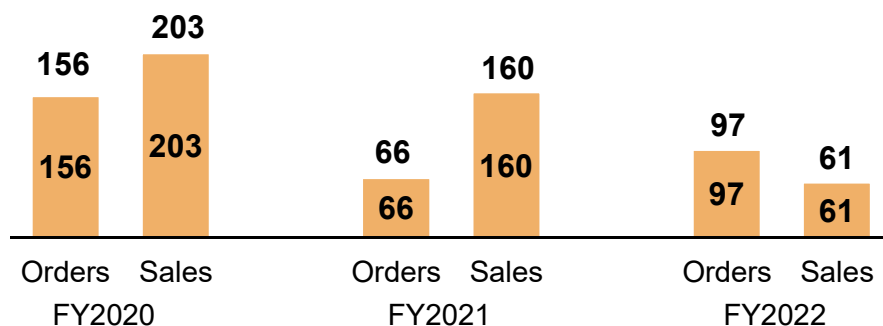


## Wu-Zhou Taikisha Engineering Co., Ltd. (China)

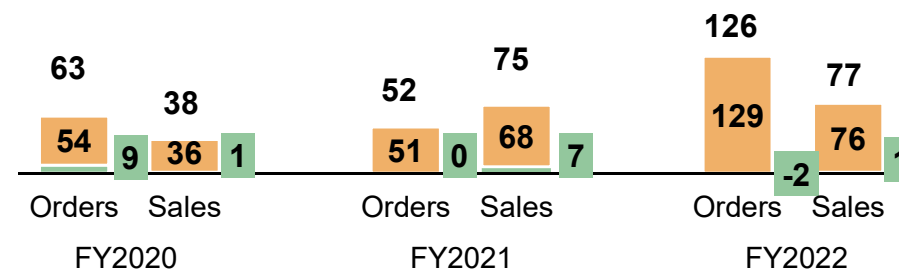
\* FY2020 includes the result of Beijing WuZhou Taikisha Equipment Co.,Ltd.



## TKS Industrial Company(U.S.A) Group



## Taikisha Engineering India Private Ltd. (India)



\* The numerical value does not include the internal trading

## 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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