

TAIKI-SHA LTD.

Financial Results Briefing

FY2022(Ended March 31, 2023)

May 18, 2023



1. Financial Summary	President: Masashi Osada	P.03
2. Financial Summary by Segment	Administrative Management Headquarters: Yasushi Nakajima	P.09
3. Financial Statement		P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	Corporate Planning Headquarters: Masanori Nakagawa	P.27
5. Shareholders Returns		P.39
6. Appendix		P.42

My name is Masashi Osada, Representative Director, and 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 FY2022, and our earnings forecast for FY2023.

1. Financial Summary	President: Masashi Osada	P.03
2. Financial Summary by Segment		P.09
3. Financial Statement		P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)		P.27
5. Shareholders Returns		P.39
6. Appendix		P.42

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%

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

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

Under these circumstances, the orders received achieved a record high. In terms of financial performance, we achieved an increase both in sales and income in all categories compared with FY2021.

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	2,886	565	2,830*	56
Net-sales of completed construction contracts	2,092	2,147	55	2,125	22
Ordinary income	108	130	21	120	10
Ratio	5.2%	6.1%	0.9pt	5.6%	0.4pt
Profit attributable to owners of parent	72	79	6	86	-6
Ratio	3.5%	3.7%	0.2pt	4.0%	-0.4pt
ROE	5.9%	6.3%	0.4pt	6.8%	-0.5pt
EPS	212.69yen	234.62yen	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

Under these circumstances, in terms of a comparison with the forecast, the orders received, net sales of completed construction, and ordinary income exceeded the FY2022 forecast.

Profit attributable to owners of parent was lower than the revised forecast because we recorded extraordinary losses that were not expected in the initial forecast.

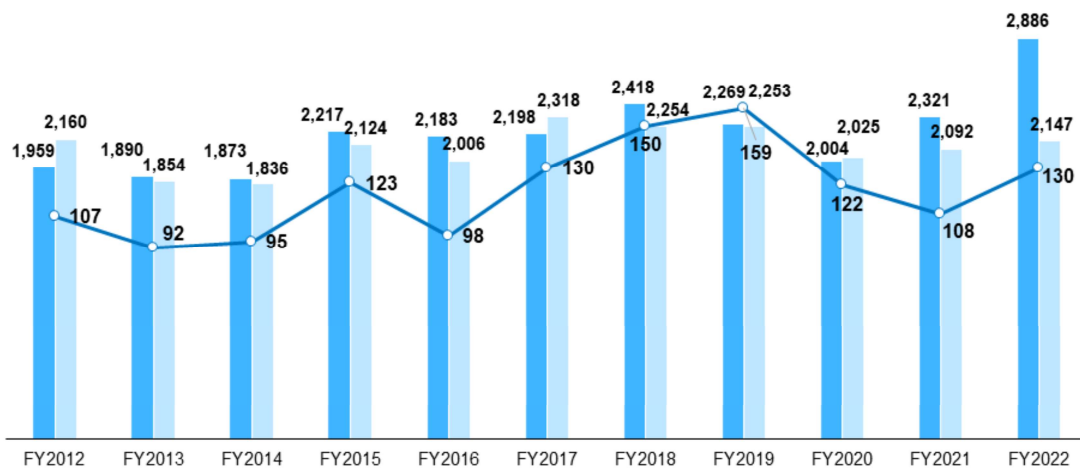
Please check the exchange rate of main overseas affiliates and the effect of exchange rate differences shown in the slide below.

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



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6

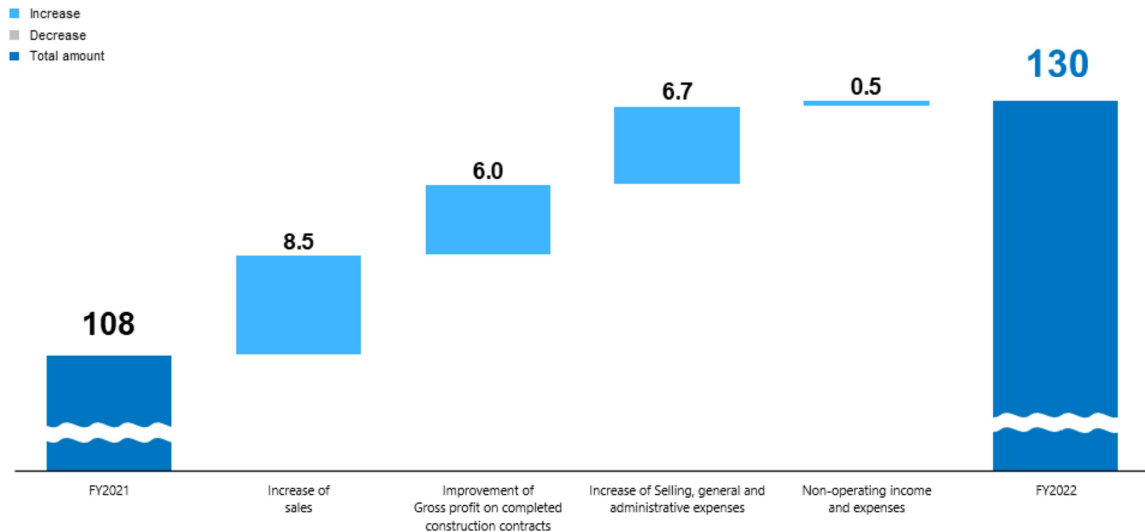
This slide shows the performance of the company.

We are currently recovering from the effect of COVID-19, and the orders received in FY2022 reached a record high, while net sales of completed construction and ordinary income remained steady.

**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)



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7

This slide shows the factors causing a fluctuation in ordinary income in FY2022.

This increase is mainly due to the increase in net sales of completed construction contracts and improvement in profit margins.

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
Orders-received	2,886	2,180	-706
Net-sales of completed construction contracts	2,147	2,550	402
Operating income	115	131	15
Ordinary income	130	140	9
Profit attributable to owners of parent	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

Next, I would like to explain the full-year earnings forecast for FY2023.

Orders received will decrease in whole group due to the adjustment of orders in line with the increase in holding projects. Net sales of completed construction contracts will increased thanks to the steady progress of holding projects. Ordinary income is expected to increase in due to the increase in net sales of completed construction contracts.

Profit attributable to owners of parent will increase due to the increase in ordinary income and drop in the extraordinary losses.

Please check the exchange rates of main overseas affiliates and the effect of exchange rate differences shown in the slide below.

Mr. Nakajima, Chief Executive of the Administrative Management Headquarters, will explain the factors of each segment later.

1. Financial Summary	P.03
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Administrative Management
Headquarters:
Yasushi Nakajima

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

From this slide, I am going to explain the financial results by segment.

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
Orders-received	2,321	2,886	565	2,830	56
Japan	1,434	1,527	92	1,511	16
Overseas	886	1,359	473	1,319	40
Green Technology	1,589	2,080	491	2,050	30
Building HVAC	433	361	-71	352	9
Industrial HVAC	1,155	1,718	563	1,698	20
Paint Finishing	732	805	73	780	25

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

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10

From this slide, I will explain the achievements of FY2022 by division.

This slide shows a summary of the orders received by division compared with FY2021 and forecasts.

As the whole group, both the Green Technology System Division and the Paint Finishing System Division increased, with an increase of 56.5 billion yen from the FY2021 to 288.6 billion yen.

All categories exceeded the forecast which was revised in FY2021/3Q.

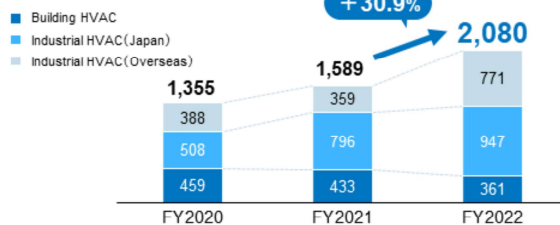
The following slides explain a breakdown by divisions.

Increased significantly compared to FY2021 driven by Industrial HVAC

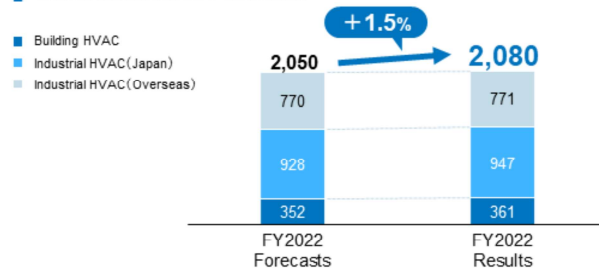
(Hundred millions of yen)	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
Orders-received	1,589	2,080	491	2,050	30
Building HVAC	433	361	-71	352	9
Industrial HVAC	1,155	1,718	563	1,698	20
Japan	796	947	151	928	19
Overseas	359	771	411	770	1
Overseas ratio	22.6%	37.1%	14.5pt	37.6%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

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

Trend



Difference from Forecast



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11

This slide shows the orders received in the Green Technology System Division compared with FY2021 and forecasts.

Orders received increased 49.1 billion yen from FY2021 to 208 billion yen.

In the Building HVAC segment, they decreased despite the good market environment, because we prioritized orders in the Industrial HVAC segment market in Japan.

In the Industrial HVAC segment, orders increased due to the contributions from large-scale projects by semiconductor-related manufacturers and pharmaceutical manufacturers in Japan.

They also increased overseas due to the contribution of large-scale projects by semiconductor-related manufacturers.

Orders received in all segments of the Green Technology System Division exceeded the forecasts revised at the time of the third quarter results.

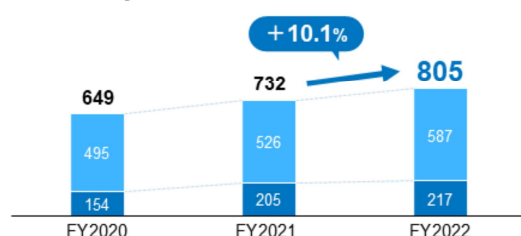
Year on Year Increased both in Japan and Overseas

(hundred millions of yen)	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
Orders-received	732	805	73	780	25
Japan	205	217	12	231	-13
Overseas	526	587	61	549	38
Overseas ratio	72.0%	73.0%	1.0pt	70.4%	2.6pt

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

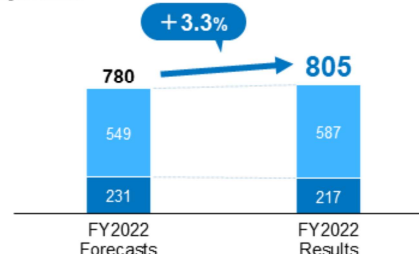
Trend

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



Difference from forecast

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



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12

This slide shows the orders received at the Paint Finishing System Division compared with FY2021 and forecasts.

Orders-received increased 7.3 billion yen from FY2021 to 80.5 billion yen.

In the whole Paint Finishing System Division, although there was a recoil decrease due to the impact of deconsolidation of Geico S.p.A., they increased due to the contribution of the large-scale projects by automobile manufacturers both in Japan and overseas.

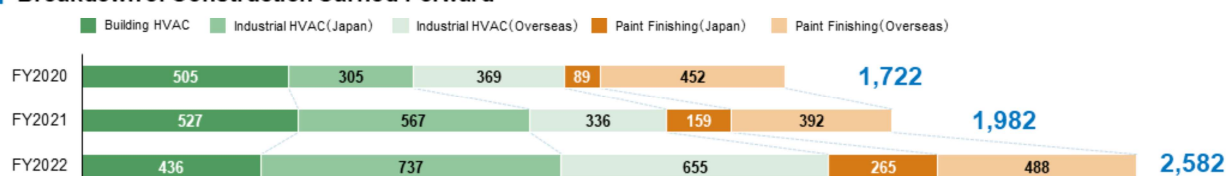
In comparison with forecasts, the volume of orders received exceeded the forecast revised at the time of the third quarter results.

**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
Construction carried-forward	1,722	1,982	2,582	260	600
Green Technology	1,180	1,431	1,828	251	397
Building HVAC	505	527	436	22	-91
Industrial HVAC	674	903	1,392	229	488
Paint Finishing	541	551	754	9	202

Breakdown of Construction Carried-Forward



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13

This slide summarizes the construction carried forward construction carried-forward in three years by segment.

Construction carried-forward in FY2021 increased 26 billion yen from FY2020 to 198.2 billion yen. However, in the Paint Finishing System Division, 19.8 billion yen of the construction carried forward from Geico S.p.A. is included. Geico S.p.A. was excluded from consolidation at the beginning of FY2022.

Construction carried forward in FY2022 increased 60 billion yen from FY2021 to 258.2 billion yen.

In the Green Technology System Division, although it decreased in Building HVAC, it largely increased in Industrial HVAC and was up to 39.7 billion yen from FY2021 in the whole Division.

In the Paint Finishing System Division, it increased both in Japan and overseas, despite the reactionary decrease due to the deconsolidation of Geico S.p.A., and grew 20.2 billion yen in the whole Division.

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

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

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14

This slide shows the net sales of completed construction contracts and ordinary income by segment compared with FY2021 and forecasts by segment.

Net sales of completed construction contracts increased 5.5 billion yen from FY2021 to 214.7 billion yen in the whole group. Although they fell in the Paint Finishing system Division, the increase in the Green Technology System Division covered it.

In comparison with forecasts, all divisions exceeded the revised forecasts at FY2021/3Q.

Ordinary income rose 2.1 billion yen from FY2021 in the whole group because the sales growth in the Green Technology System Division covered the drop in in the Paint Finishing System Division. In comparison with the forecast, it increased by 1 billion yen to become 13 billion yen.

Further information is explained from the next slides.

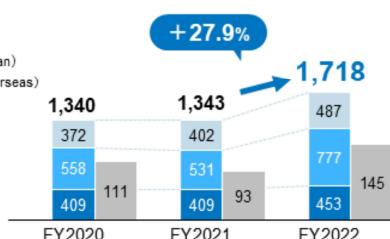
Achieved Increase in Sales and Income driven by Industrial HVAC

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

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

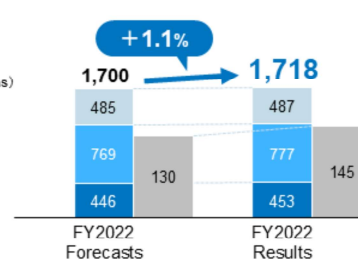
Trend

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



Difference from Forecast

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



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15

This slide shows the net sales of completed construction contracts and ordinary income of the Green Technology System Division by segment compared with FY2021 and forecasts.

Net sales of completed construction contracts increased 37.4 billion yen to 171.8 billion yen in the whole group.

They grew in the Building HVAC segment and Industrial HVAC segment in Japan because the construction carried forward at the beginning of the period was higher than in FY2021.

In the overseas Industrial HVAC segment, there was an increase due to a higher number of projects with relatively long construction periods that progressed in FY2022.

Ordinary income grew 5.2 billion yen to 14.5 billion yen compared with FY2021 due to the increase in net sales of completed construction contracts.

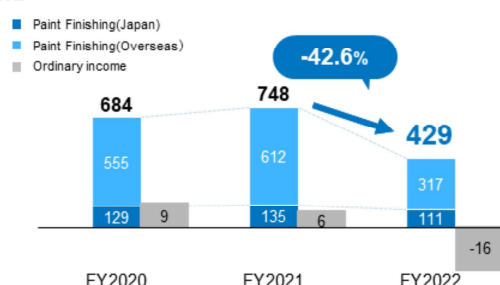
In addition, it exceeded the forecasts because profits improved due to cost reduction activities.

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

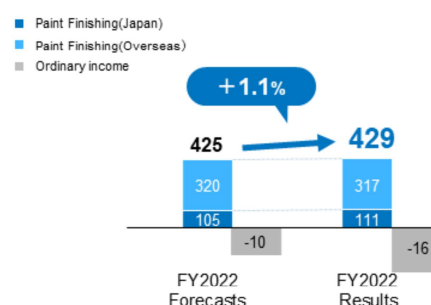
(Hundred millions of yen)	FY2021 Results	FY2022 Results	YoY Change	FY2022 Forecasts*	vs. Forecast
Net-sales of completed construction contracts	748	429	-319	425	4
Japan	135	111	-24	105	6
Overseas	612	317	-295	320	-2
Overseas ratio	81.9%	74.0%	-7.8pt	75.3%	-1.3pt
Ordinary income	6	-16	-22	-10	-6
Ratio	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



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16

This slide shows the net sales of completed construction contracts and ordinary income compared with FY2021 and forecasts in the Paint Finishing System Division.

Net sales of completed construction contracts fell 31.9 billion yen from FY2021 to 42.9 billion yen.

They dropped largely due to the deconsolidation of Geico S.p.A. and increase in construction carried forward in FY2023 because of customer's change to their production plan both in Japan and overseas.

Ordinary income decreased 2.2 billion yen to record 1.6 billion yen in an ordinary loss.

As I have explained, due to the significant decrease in net sales of completed construction contracts, selling, as well as general and administrative expenses could not be covered, resulting in an ordinary loss.

Net sales were lower than the forecasts mainly because the costs incurred by non-consolidated specific projects were higher than expected.

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

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17

From now, I will explain the FY2023 earnings forecast by segment.

This slide shows the forecast of orders to be received by segment compared with FY2022.

They are forecast to down for the whole group both in the Green Technology System Division and the Paint Finishing System Division. They are forecast to decrease 70.6 billion yen from FY2022 to 218 billion yen.

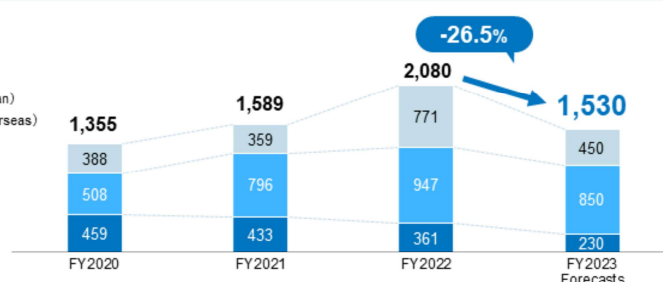
Further information is explained from the next slide by segment.

**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
Orders-received	1,266	814	2,080	730	800	1,530	-536	-14	-550
Building HVAC	195	166	361	135	95	230	-60	-71	-131
Industrial HVAC	1,070	648	1,718	595	705	1,300	-475	56	-418
Japan	693	254	947	375	475	850	-318	220	-97
Overseas	377	394	771	220	230	450	-157	-164	-321
Overseas ratio	29.8%	48.4%	37.1%	30.1%	28.8%	29.4%	0.3pt	-19.7pt	-7.7pt

Trend

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



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18

This slide explains orders to be received in the Green Technology System Division compared with FY2022.

In terms of expectations for the market-environment, we believe that construction demand in the Building HVAC segment will remain firm in the long term.

In the Industrial HVAC segment, we expect that capital investment in the electrical and electronics field will continue because of the growing demand for AI and IoT devices, as well as automated driving systems. We also expect the same trend will continue in overseas.

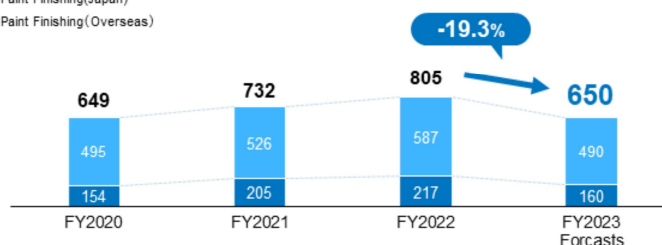
As I have explained, orders to be received in the Green Technology System Division are expected to decrease 55 billion yen from FY2022 to 153 billion yen despite the good market environment due to the adjustment of orders in line with the increase in volume of work on hand.

**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
Orders-received	354	451	805	293	357	650	-61	-94	-155
Japan	161	56	217	110	50	160	-51	-6	-57
Overseas	192	395	587	183	307	490	-9	-88	-97
Overseas ratio	54.4%	87.6%	73.0%	62.5%	86.0%	75.4%	8.1pt	-1.6pt	2.4pt

Trend

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



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19

This slide shows the orders to be received at the Paint Finishing System Division compared with FY2022.

As for the market environment, we expect that demand for automobile manufacturers will grow steady based on the capital investment in North America and Japan, and the investment for increased production in China and India, although there is an effect on the investment by European manufacturers because of the prolonged situation in Ukraine.

As I have explained, orders to be received in the Paint Finishing System Division are expected to decrease 15.5 billion yen from FY2022 to 65 billion yen due to the adjustment of orders in line with the significant increase in holding construction despite the good market environment.

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

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

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20

This slide shows the net sales of completed construction contracts and ordinary income by segment compared with FY2022.

Net sales of completed construction contracts are expected to increase both in the Green Technology System Division and the Paint Finishing System Division, and to increase 40.2 billion yen from FY2022 to 255 billion yen in the whole group.

Ordinary income is expected to grow in the Green Technology System Division and fall in the Paint Finishing System Division, and increase 0.9 billion yen compared with FY2022 to 14 billion yen in the whole group.

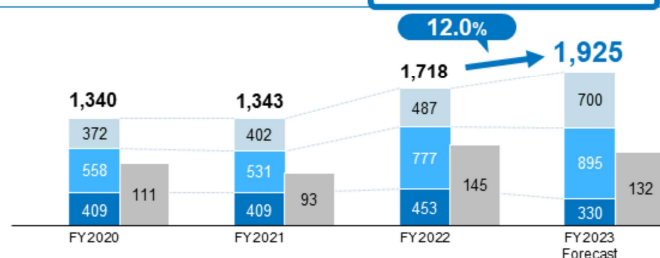
Further information is explained in order by segment from the next slide.

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

Trend

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



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21

This slide shows the net-sales of completed construction contracts and ordinary income in the Green Technology System Division, compared with FY2022.

The net sales of completed construction contracts are expected to increase 20.6 billion yen compared with FY2022 to 192.5 billion yen.

Net sales of completed construction contracts are expected to drop in FY2022 in the Building HVAC segment due to the prioritization of the Industrial HVAC segment.

In the industrial HVAC segment, net sales are expected to increase both in Japan and overseas because of the progress in large-scale projects.

Ordinary income is expected to decrease 1.3 billion yen to 13.2 billion yen. As I have explained, although net sales of completed construction contracts will increase because of the progress in large-scale projects, the profit will fall due to the increase in ratio of unprofitable large projects.

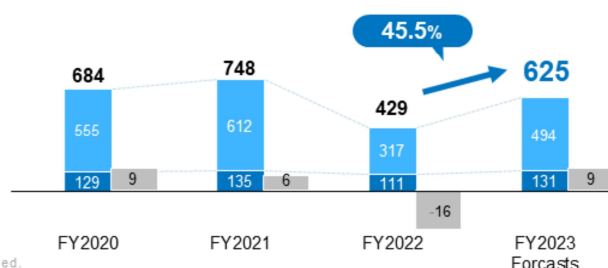
Those unprofitable large projects are orders that we received to acquire further technical capabilities.

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
Net sales of completed construction contracts	182	247	429	241	384	625	58	136	195
Japan	54	57	111	43	88	131	-11	30	19
Overseas	128	189	317	198	296	494	69	106	176
Overseas ratio	70.2%	76.8%	74.0%	82.2%	77.1%	79.0%	11.9pt	0.3pt	5.0pt
Ordinary income	-10	-5	-16	-5	14	9	5	19	25
Ratio	-5.7%	-2.3%	-3.7%	-2.1%	3.6%	1.4%	3.6pt	5.9pt	5.2pt

Trend

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



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22

This slide shows the orders to be received and net sales of completed construction contracts of the Paint Finishing System Division compared with FY2022.

Net sales of completed construction contracts is expected to increase 19.5 billion yen to 62.5 billion yen compared with FY2022.

Although there was an increase in construction carried forward because of the customers' change in production plan both in Japan and overseas in FY2022, the trend is expected to gradually be resolved and turn into an increase in FY2023.

Ordinary income is expected to return to the black as it increased 2.5 billion yen from FY2022 to 0.9 billion yen led by the increase in net sales of completed construction contracts.

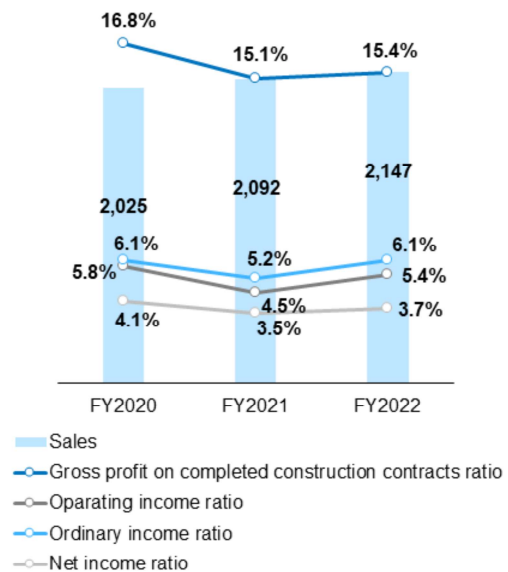
1. Financial Summary	P.03
2. Financial Summary by Segment	P.09
3. Financial Statement	P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.27
5. Shareholders Returns	P.39
6. Appendix	P.42

Administrative Management
Headquarters:
Yasushi Nakajima

I will explain the consolidated financial statements in order from this slide.

(Hundred millions of yen)

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



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24

This slide shows the three-year transition in the income statements.

Profit attributable to owners of parent only increased 0.6 billion yen to 7.9 billion yen because there was an impairment loss in the Vege-Factory despite increase in ordinary income.

Balance Sheets

(Hundred millions of yen)

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

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

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25

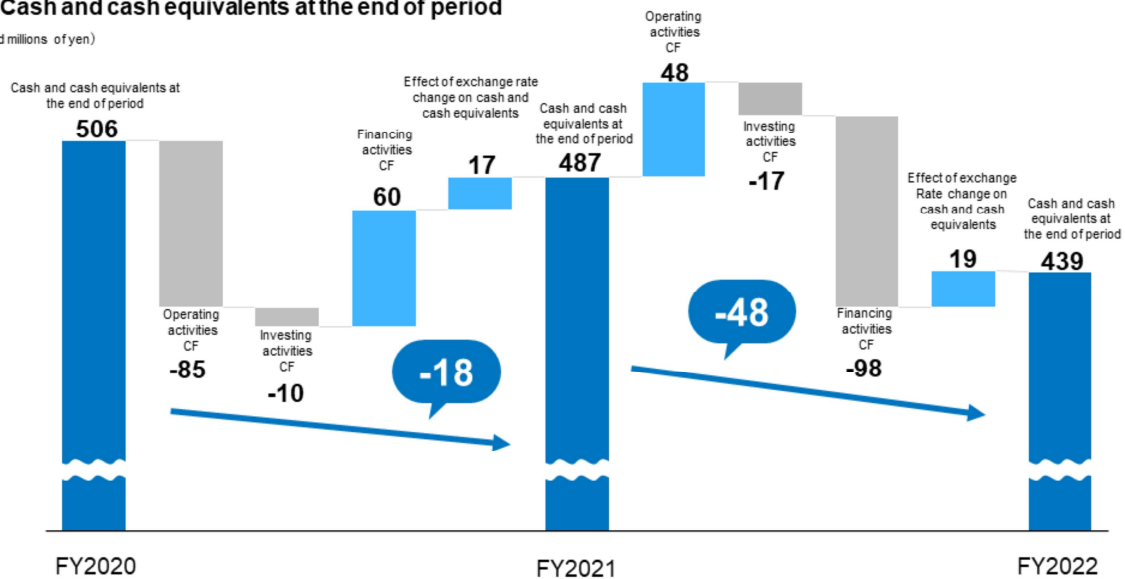
This slide shows the consolidated balance Sheet.

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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26

This slide shows the consolidated cash flows.

Cash and cash equivalents at the end of FY2022 fell 4.8 billion yen from FY2021 to 43.9 billion yen.

Cash flow in operating activities returned to positive territory with 4.8 billion yen.

Cash flow in the financial statements became minus 9.8 billion yen due to the dividend payments, purchase of treasury shares, and additional investment in Nicomac Taikisha Clean Rooms, Indian consolidated subsidiary.

1. Financial Summary	P.03
2. Financial Summary by Segment	P.09
3. Financial Statement	P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.27
5. Shareholders Returns	P.39
6. Appendix	P.42

Corporate Planning
Headquarters:
Masanori Nakagawa

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

From here, I will explain the progress of the Mid-Term Business Plan.



This slide shows the Long-Term Vision that we revised in the formulation of this new Mid-Term Business Plan.

We have two visions: Innovative Engineering and Diversity & Inclusion.

**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.

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29

This slide shows the financial targets of the Mid-Term Business Plan.

For FY2023, we plan to exceed the Mid-Term Business Plan targets in net sales of completed construction contracts and profits.

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

Non-financial Targets

CO₂ 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

TCFD
Task Force on
Climate-Related
Disclosures

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
Carbon tax	<ul style="list-style-type: none"> Setting of GHG reduction targets Development of low-carbon technologies and systems
Changes in customer behavior Prevalence of energy-saving and renewable energy technologies	<ul style="list-style-type: none"> Participation in the renewable energy industry Construction of energy circulation systems Acquisition and reform of painting technologies, and promotion of product development Development of CO₂ recovery and recycling technologies
Average temperature rise	<ul style="list-style-type: none"> Diversified expansion of the plant factory business Promotion of the mechanization and automation of installation works Improvement of the working environment and promotion of countermeasures against heatstroke

Indicators and Targets

Set CO₂ reduction targets for 2030 and 2050 for each division.

	Green Technology System Division	Paint Finishing System Division
Reduction target for 2050	CO ₂ emissions reduced by 80%* (from FY2013 level)	Reduce CO ₂ emissions of automobiles to virtually 0kg-CO ₂ /unit with the technologies that envisages future energy reform.
Milestone for 2030	CO ₂ emissions reduced by 25%* (from FY2013 level)	Reduce CO ₂ emissions of automobiles to 60 kg-CO ₂ /unit with the current heat source configuration for paint finishing processes.
Commitments in FY2022 (achievements)	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.

* CO₂ Reduction targets during the operation stage of equipment designed and constructed by us

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30

This slide shows the Non-Financial Targets of Mid-Term Business Plan.

In addition to the reduction targets for Scope1 and 2 CO₂ emissions set in the Mid-Term Business Plan, we disclosed climate-related information based on TCFD on April 25.

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.

The Strategy, Risk Management, indicators and Targets are listed in this slide.

Please visit our website for further information.

Invested 39 hundred million yen in FY2022

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

Mid-Term Business Plan
Three years total
200 hundred million yen

This slide shows the investment plan for the Mid-Term Business Plan.

In FY2022, we invested 3.9 billion yen out of the 20 billion yen investment plan for the Mid-Term Business Plan period.

In terms of business-related investments, we have made an additional investment in Nicomac Taikisha Clean Rooms (India) , and as capital and human resource investments, we started construction-site DX-related initiatives, and are also building a global basic operations system.

In terms of technology development investments, the Green Technology System Division established an R&D satellite at the head office and the research on carbon neutrality is underway in the Paint Finishing System Division.

As for the investment plans, we would like to report them when they are ready to be explained.

Basic Policy	Direction	Initiatives
1 Further strength core business Continuously create added value through pursuit-based problem solving, which is one of our strengths.	Green Technology System Division	Business development that continues to create added value <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
		Strengthen Taikisha, the Technology Company <ul style="list-style-type: none"> 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 seeds through collaboration between sales and development divisions
		Improve business operation systems and productivity <ul style="list-style-type: none"> 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 Division	Establish a firm position at home and abroad <ul style="list-style-type: none"> Diversification of technologies to meet the needs of non-Japanese customers Research out to new customers outside the automotive market through collaboration with partners Business development rooted in the local communities by utilizing overseas networks
		Development with an awareness of global social issues <ul style="list-style-type: none"> Contributing to the transformation of customer's production technologies through technological development to achieve carbon neutrality Establish a development structure linked to overseas bases
		Improve business operation systems and productivity <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Promote management strategies that leverage our own intellectual property and intangible assets
	Development from the customer's perspective	<ul style="list-style-type: none"> Establish R&D Satellite with easy access to promote proactive identification of customer needs
	Open innovation	<ul style="list-style-type: none"> Open a new R&D Center to promote the development of innovative technologies through integration with academic institution and startups
	Horizontal deployment of technologies that are our strength	Green equipment business <ul style="list-style-type: none"> Create a business in a niche fields by integrating HVAC business with manufacturing industry Automation business <ul style="list-style-type: none"> Focus on robot control technology to develop non-automotive markets such as automated sanding equipment Plant factory business <ul style="list-style-type: none"> Establish a brand through plant construction and aggressive market development for production and sales of factory vegetables
	Develop new businesses	<ul style="list-style-type: none"> Pursue new businesses by utilizing intellectual property and integrating with external knowledge through R&D
3 Strengthen management base that supports transformation and growth Undertake initiatives with a focus on human capital, digital strategies, and governance to transform our business structure	Develop and secure human capital	<ul style="list-style-type: none"> Creating an organizational culture that fosters innovation Improve employee engagement Systematic development of human resource value
	Digital strategies to provide new value	<ul style="list-style-type: none"> Improving productivity through onsite digitalization and DX Establish a global IT and DX structure Digital integration for R&D and new business creation
	Strengthen the Group governance structure	<ul style="list-style-type: none"> Business portfolio management in light of capital costs Enhancing the effective of the board of directors and auditing functions of affiliated companies

This slide shows the Basic Policy and Direction/Initiatives of the Mid-Term Business Plan.

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.)

I would like to introduce two initiatives underway at the Green Technology System Division and the Paint Finishing System Division in FY2022 among initiatives based on each strategy of the Mid-Term Business Plan.

For the first one, as an initiative for the strategy in the Green Technology System Division “Business development that contributes to creating added value”, we increased the shareholding ratio in Nicomac Taikisha Clean Rooms Private Limited as I mentioned earlier on the Investment Plan page.

Given the growth in the Indian economy, we increased the shareholdings ratio in Nicomac and made it a 100%-owned subsidiary.

We will further promote the business expansion strategy in the high-value-added clean room construction market in India, by combining its good brand strength for major pharmaceutical manufacturers with our expertise gained from extensive experience in constructing pharmaceutical plants in Japan.

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.



For the second one, as an initiative for the strategy in the Paint Finishing System Division “Development with an awareness of global social issues”, we developed i-Navistar, a monitoring and factor analysis system for automotive paint finishing lines.

i-Navistar is a system that utilizes the IoT and AI to analyze the causes of operational shutdown and quality defects in order to improve productivity and quality at customers. We have been developing this system and have already introduced it to our customers. Multiple automobile manufacturers have shown great interest in it.

This time, we newly developed EMS(Energy Management System) for paint finishing lines which aims to “visualize the wasted energy and have optimized energy management using a simulator function.”

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

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value				
			E	S	S	G	G
Further strengthen core businesses	Green Technology System Division	Business development that continues to create added value	○	○			
		Strengthen Taikisha, the Technology Company			—		
		Improve business operation systems and productivity			○	○	
	Paint Finishing System Division	Establish a firm position at home and abroad		○			
		Development with an awareness of global social issues	○	○			
		Improve business operation systems and productivity			○	○	

From this slide, the results for FY2022 for each strategy and the main initiatives underway are described. Please refer to the following slides.

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value				
			E Create change innovation and addition	S Sustainable development and reduce social issues	S Sustainable development and reduce social issues	G Conduct of business ethically	G Conduct of business ethically
Challenge to create new value	Plan and promote intellectual property strategies	<ul style="list-style-type: none"> Considering company's intellectual property strategy utilizing company's intellectual property and intangible assets. Provided employee education on intellectual business and developed regulations related to intellectual property. Applying for and obtaining patents related to new businesses. 					
	Development from the customer's perspective	<ul style="list-style-type: none"> 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. 	○	○			
	Open innovation	<ul style="list-style-type: none"> Planning to build a new Research and Development Center (to be completed in May 2024). 	○	○			
	Horizontal deployment of technologies that are our strength	Green equipment business <ul style="list-style-type: none"> Promoting order-receiving activities for Ultra-precise temperature control chamber*1. *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. Various verifications are underway to improve performance for the bringing of high efficient paint finishing technology into market. 	○	○			
		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"> 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. 	○	○			

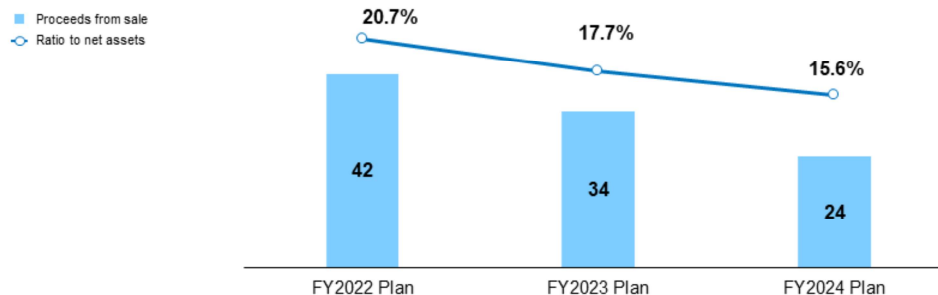
Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value			
			E	S	G	G
Strengthen management base that supports transformation and growth	Develop and secure human capital	<ul style="list-style-type: none"> Securing highly motivated and competent human capital that match the progress of our business development regardless of gender and nationality. (75 New graduates and 27 mid-careers) Stared maintenance and Operation of training program and honoring system for the systematically development of senior-level personnel in long-term. 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. 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. 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) 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. 		○	○	
	Digital strategies to provide new value	<ul style="list-style-type: none"> 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. Establishment of global IT・DX structure is under consideration. Started the construction of IT management structure concerning about security. 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 was 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 of affiliates was carried out. Clarifying the process and enhancing monitoring by informing the local Board of Directors is under consideration. 				○

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 ^{*1}	34	24	100
Ratio to net assets	20.7% ^{*2}	17.7%	15.6%	

^{*1}...31 hundred millions of yen for FY2022 result
^{*2}...22.1% for FY2022 result

Trend in cross-shareholdings



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38

This slide shows the plan to reduce cross-shareholdings in this Mid-Term Business Plan.

By the end of FY2023, 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 FY2023.

At the end of FY2022 proceeds from the sales were 3.1 billion yen and the ratio to net sales was 21.8%. We will continue to make reductions to achieve the plan.

1. Financial Summary	P.03
2. Financial Summary by Segment	P.09
3. Financial Statement	P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.27
5. Shareholders Returns	P.39
6. Appendix	P.42

Corporate Planning
Headquarters:
Masanori Nakagawa

Next, I will explain about shareholders returns.

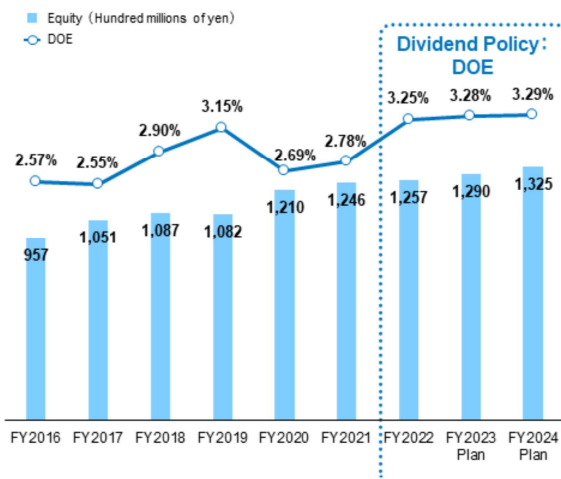
Dividends are expected to increase as planned during the period of the Mid-Term Business Plan

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

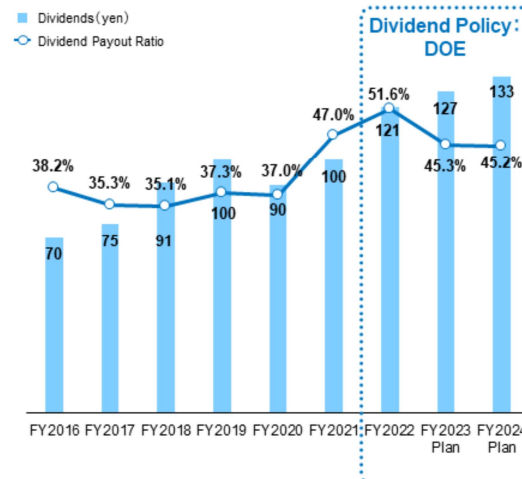
$$\text{DOE } 3.2\% = \text{Aimed ROE level } 8.0\% \times \text{Dividend payout ratio } 40\%$$

Dividend for FY2023 will be increased to 127 yen

Trend in Equity and DOE



Trend in Dividends and Dividend Payout Ratio



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40

This slide shows the shareholder returns.

While our dividend policy was based on a dividend payout ratio until FY2021, in the Mid-Term Business Plan that started in FY2022, we consider the return of profits to shareholders through dividends to be one of our highest priorities, and aim to achieve a dividend on equity ratio (DOE) of 3.2% and stable dividends. Based on this, we decided to set the dividend amount for FY2022 to 121 yen per share.

The annual dividend for the end of FY2023 is planned to be 127 yen per share, unchanged from the planned dividend amount in this Mid-Term Business Plan.

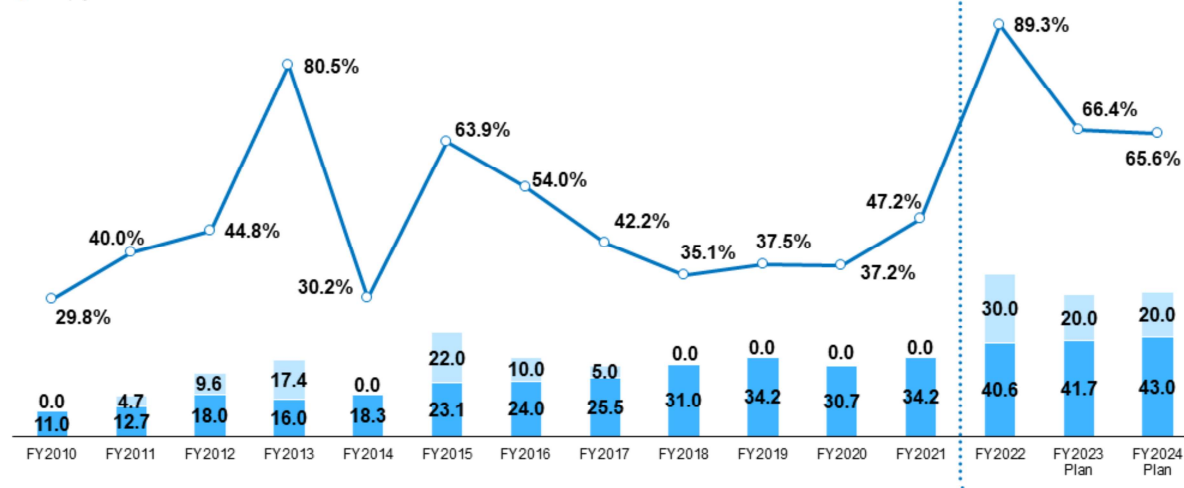
Aim the higher level of shareholder returns by the collaboration of dividends and purchase of treasury shares

[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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41

This slide explains the purchase of treasury shares.

The pale blue bar graph shows the treasury shares acquired.

In FY2022, the first year of the Mid-Term Business plan, we purchased 3 billion yen of treasury shares, and we plan to purchase 2 billion yen of treasury shares annually during the Mid-Term Business Plan.

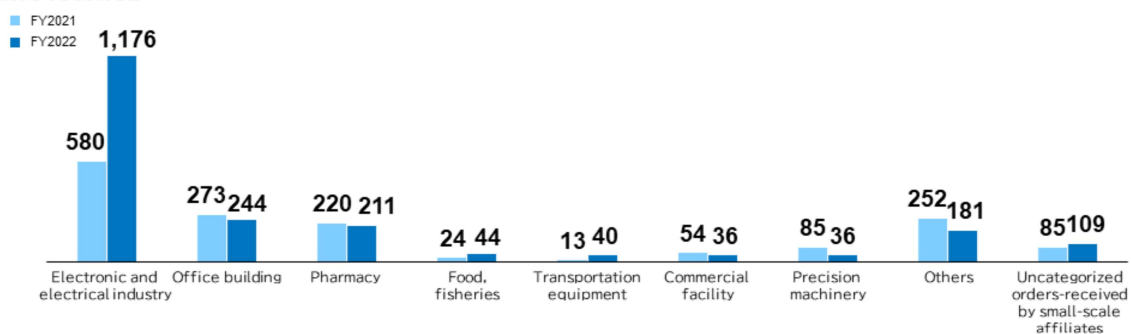
We aim to have a higher level of shareholder returns through a combination of paying dividends and acquiring of treasury shares.

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

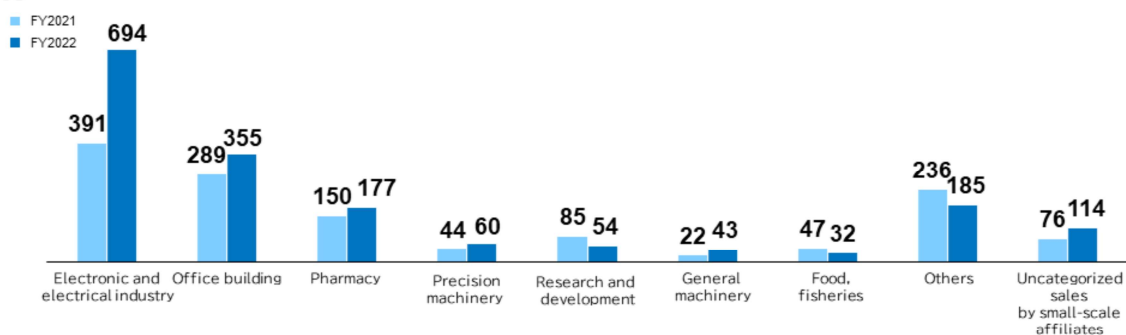
1. Financial Summary	P.03
2. Financial Summary by Segment	P.09
3. Financial Statement	P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.27
5. Shareholders Returns	P.39
6. Appendix	P.42

Orders-received

(Hundred millions of yen)



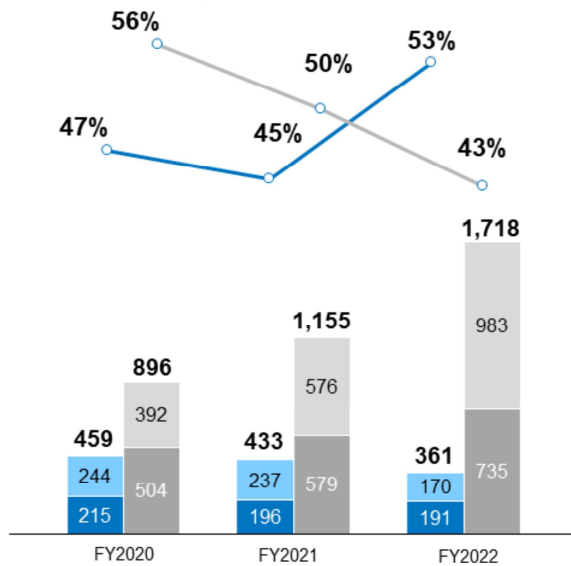
Sales



(Hundred millions of yen)

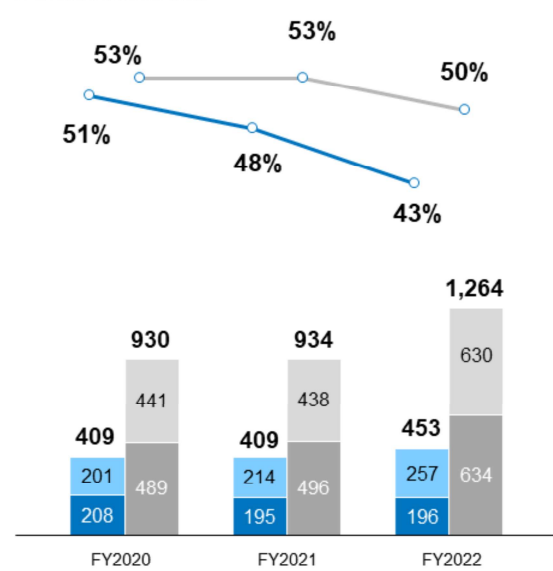
Orders-received

- 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

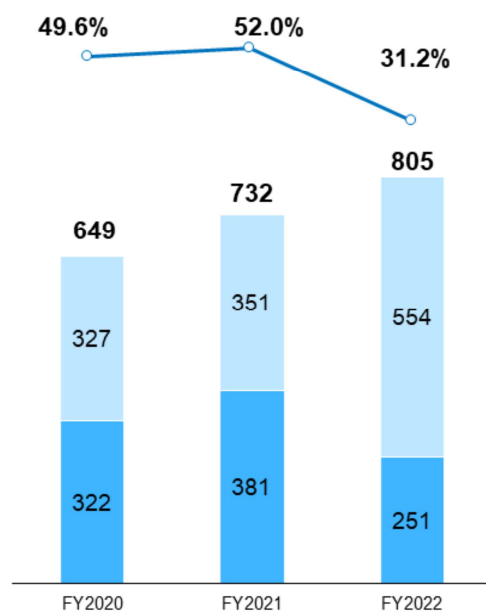


Paint Finishing System Division Ratio of Orders-Received and Sales from non Japanese customers

(Hundred millions of yen)

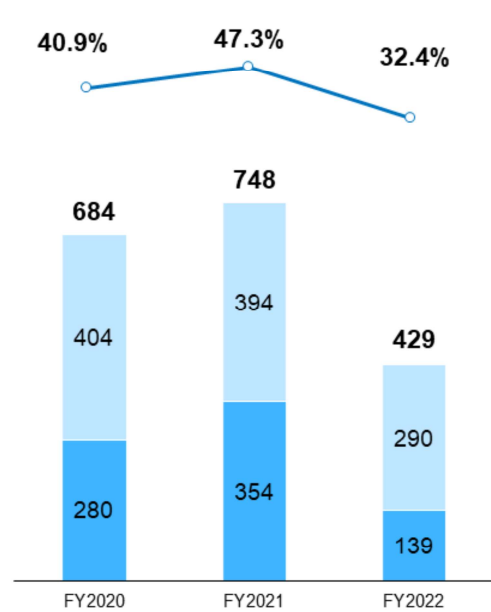
Orders-received

Japanese customer
Non Japanese customer
Non Japanese customer ratio



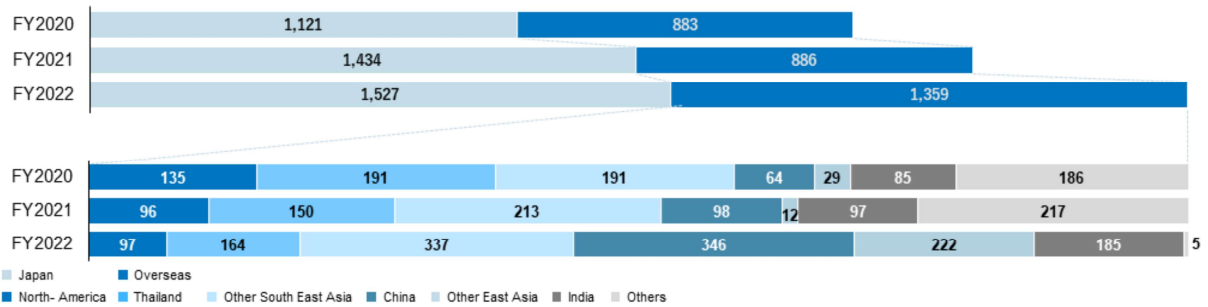
Sales

Japanese customer
Non Japanese customer
Non Japanese customer ratio

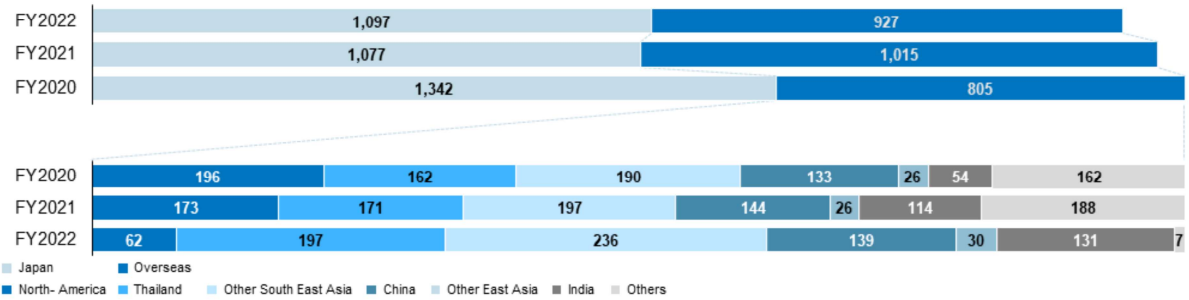


* The orders and sales of the overseas Japanese-joint venture(including all of Japanese customer investment companies) are included in the total value of the Japanese customer

Orders-received



Sales



* The numerical value does not include the internal trading.

* Major countries and regions:

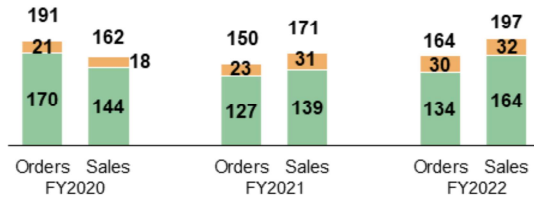
• Southeast Asia: Singapore, Malaysia, Indonesia, Philippines, Vietnam, others. • East Asia: Taiwan, Korea • North America: U.S.A., Canada, Mexico • Others: Russia, South America, others

Orders-Received and sales of overseas main four companies

Industrial HVAC Paint Finishing System

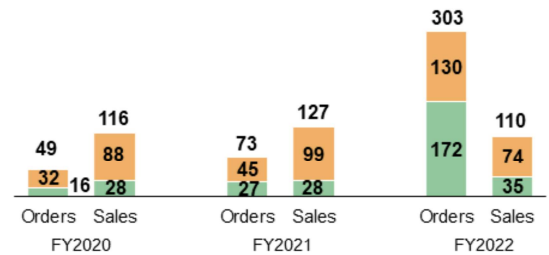
(Hundred millions of yen)

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

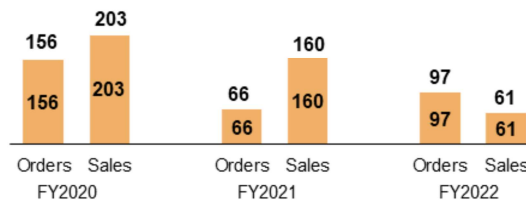


Wu-Zhou Taikisha Engineering Co., Ltd. (China)

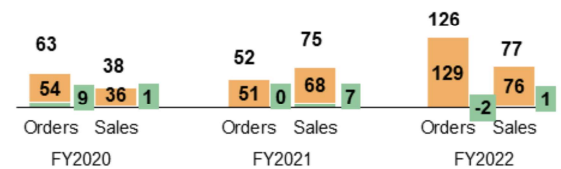
* FY2020 includes the result of Beijing WuZhou Taikisha Equipment Co., Ltd.



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

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