

TAIKI-SHA LTD.

# Financial Results Briefing

The Second Quarter of FY2023

November 16, 2023

# Table of Contents

<b>1. Financial Summary</b>	President:Masashi Osada	<b>P.03</b>
<b>2. Financial Summary by Segment</b>	Administrative Management Headquarters: Yasushi Nakajima	<b>P.08</b>
<b>3. Financial Statement</b>		<b>P.22</b>
<b>4. Progress of Mid-Term Business Plan (FY2022~FY2024)</b>	Corporate Planning Headquarters: Masanori Nakagawa	<b>P.26</b>
<b>5. Shareholder Returns</b>		<b>P.38</b>
<b>6. Appendix</b>		<b>P.41</b>

**1. Financial Summary**

President:Masashi Osada

**P.03**

## 2. Financial Summary by Segment

P.08

## 3. Financial Statement

P.22

4. Progress of Mid-Term Business Plan  
(FY2022~FY2024)

P.26

## 5. Shareholder Returns

P.38

## 6. Appendix

P.41

## Sales and the Income reached a Record High

### Business environment (Japan)

Capital investment of electronic component manufacturers and automobile manufacturers is ongoing and demand for the renovations in the Tokyo area was steady.

### Business environment (Overseas)

Although there is a concern about the slowdown of the global economy, the capital investment of manufacturers continued to be steady.

#### Orders-received

**127.1**

Billion yen

( YoY Change  
-21.5% )

#### Sales

**130.4**

Billion yen

( YoY Change  
+52.0% )

#### Ordinary income

**8.1**

Billion yen

( YoY Change  
+73.9% )

#### Profit attributable to owners of parent

**6.6**

Billion yen

( YoY Change  
+171.2% )

## Exceeded the Forecast in All Items

(JPY bn)	2Q FY2022 Results	2Q FY2023 Results	YoY Change	2Q FY2023 Forecasts	vs. Forecast
Orders-received	162.0	<b>127.1</b>	-34.8	118.0*	9.1
Net-sales of completed construction contracts	85.7	<b>130.4</b>	44.6	127.1	3.3
Ordinary income	4.6	<b>8.1</b>	3.4	6.3	1.8
Ratio	5.4%	<b>6.2%</b>	0.8pt	5.0%	1.3pt
Profit attributable to owners of parent	2.4	<b>6.6</b>	4.1	4.6	2.0
Ratio	2.8%	<b>5.1%</b>	2.2pt	3.6%	1.5pt
EPS	71.79yen	<b>199.51yen</b>	127.71yen	-	-

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

### Exchange rate of main overseas affiliates

(Yen)	① 2Q FY2022	② 2Q FY2023	③ FY2023 original Assumptions
US\$	123.18	135.99	128.00
THB	3.64	3.95	3.85
CNY	18.98	19.47	18.80
INR	1.70	1.72	1.57

### Exchange rate impact

Impact of exchange rate difference between ①and②

Sales: 2.5 billion yen/Ordinary income: 0.1 billion yen

Impact of exchange rate difference between ②and③

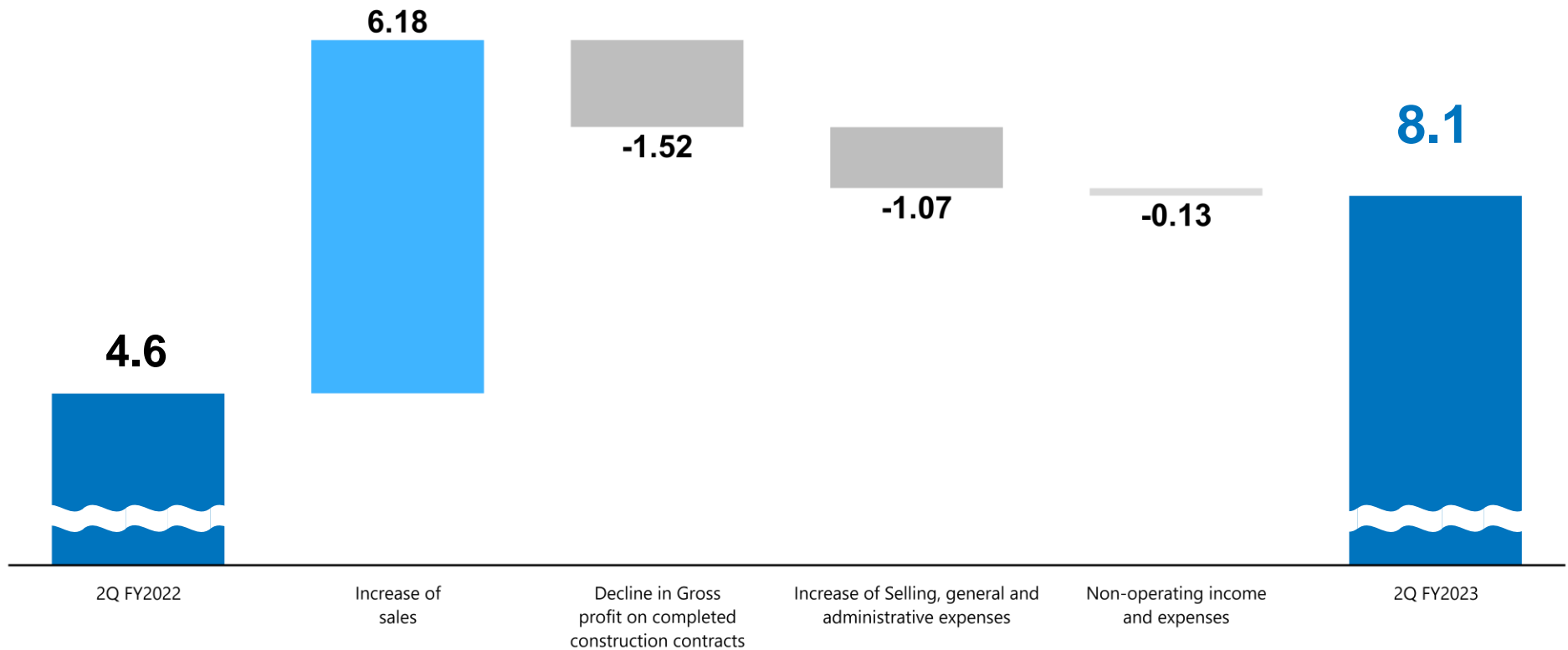
Sales: 2.3 billion yen/Ordinary income: 0.1 billion yen

## Increased YoY due to the increase in Sales

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

(JPY bn)

- Increase
- Decrease
- Total amount



## All items are expected to exceed original forecasts

### Earnings Forecast

(JPY Bn)	FY2022 Results			FY2023 New Forecasts*			FY2023 Original forecasts Total	vs. Forecast Total
	1H	2H	Total	1H Results	2H	Total		
<b>Orders-received</b>	162.0	126.6	288.6	<b>127.1</b>	<b>98.3</b>	<b>225.5</b>	218.0	7.5
<b>Net-sales of completed construction contracts</b>	85.7	129.0	214.7	<b>130.4</b>	<b>154.5</b>	<b>285.0</b>	255.0	30.0
<b>Operating income</b>	3.8	7.7	11.5	<b>7.4</b>	<b>7.0</b>	<b>14.5</b>	13.1	1.4
<b>Ordinary income</b>	4.6	8.3	13.0	<b>8.1</b>	<b>7.3</b>	<b>15.5</b>	14.0	1.5
<b>Profit attributable to owners of parent</b>	2.4	5.4	7.9	<b>6.6</b>	<b>3.8</b>	<b>10.5</b>	9.3	1.2
ROE			6.3%			<b>8.2%</b>	7.3%	0.9pt

\* The amount of completed construction contracts and profit were revised in accordance with the "Announcement of Revision of Earnings Forecasts for the Fiscal Year ending March 31, 2024" on November 13

### Exchange rate of main overseas affiliates

(Yen)	FY2022 Results	① FY2023 New Assumptions	② FY2023 Original Assumptions
US\$	130.78	138.00	128.00
THB	3.73	3.85	3.85
CNY	19.39	18.80	18.80
INR	1.68	1.72	1.57

### Impact of exchange rate fluctuations

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

Sales: 1.3 billion yen/Ordinary income: 0.06 billion yen

Impact of exchange rate difference between ① and ②

Sales: 5.3 billion yen/Ordinary income: 0.2 billion yen

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5. Shareholder Returns		P.38
6. Appendix		P.41



## Decreased in the Green Technology and Increased in the Paint Finishing

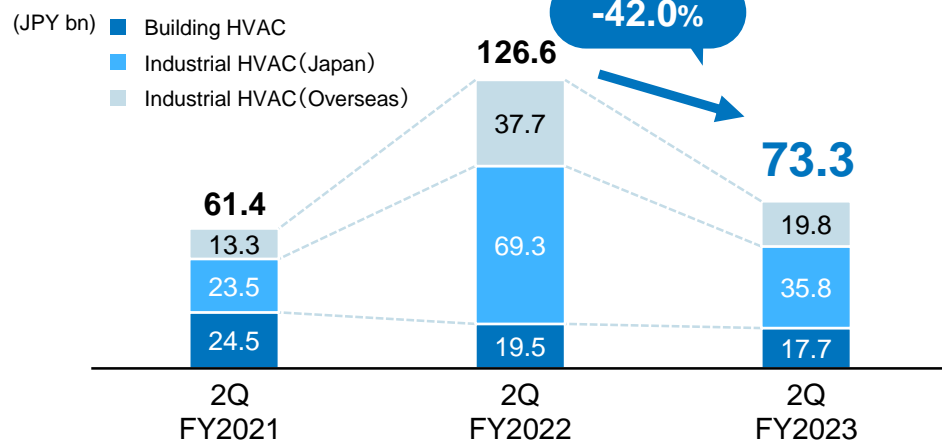
(JPY bn)	2Q FY2022 Results	2Q FY2023 Results	YoY Change	2Q FY2023 Forecasts*	vs. Forecast
<b>Orders-received</b>	162.0	<b>127.1</b>	-34.8	118.0	9.1
Japan	105.0	<b>70.2</b>	-34.8	63.0	7.2
Overseas	56.9	<b>56.9</b>	-0.0	55.0	1.9
<b>Green Technology</b>	126.6	<b>73.3</b>	-53.2	73.0	0.3
Building HVAC	19.5	<b>17.7</b>	-1.8	13.5	4.2
Industrial HVAC	107.0	<b>55.6</b>	-51.3	59.5	-3.8
<b>Paint Finishing</b>	35.4	<b>53.7</b>	18.3	45.0	8.7

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

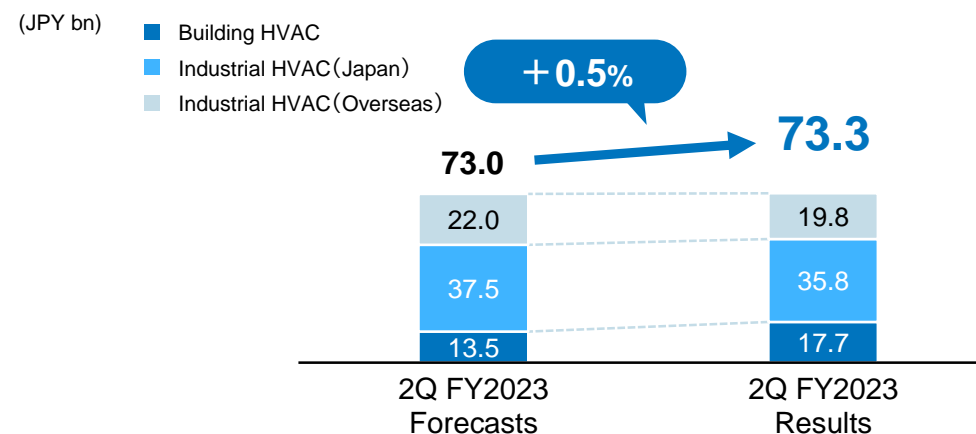
# Decreased YoY due to Reactionary Decline from Large-scale projects in Industrial HVAC

(JPY bn)	2Q FY2022 Results	2Q FY2023 Results	YoY Change	2Q FY2023 Forecasts*	vs. Forecast
<b>Orders-received</b>	126.6	<b>73.3</b>	-53.2	73.0	0.3
Building HVAC	19.5	<b>17.7</b>	-1.8	13.5	4.2
Industrial HVAC	107.0	<b>55.6</b>	-51.3	59.5	-3.8
Japan	69.3	<b>35.8</b>	-33.4	37.5	-1.6
Overseas	37.7	<b>19.8</b>	-17.8	22.0	-2.1
Overseas ratio	29.8%	<b>27.0%</b>	-2.8pt	30.1%	-3.1pt

## Trend



## Difference form Forecast



## Increased YoY both in Japan and overseas

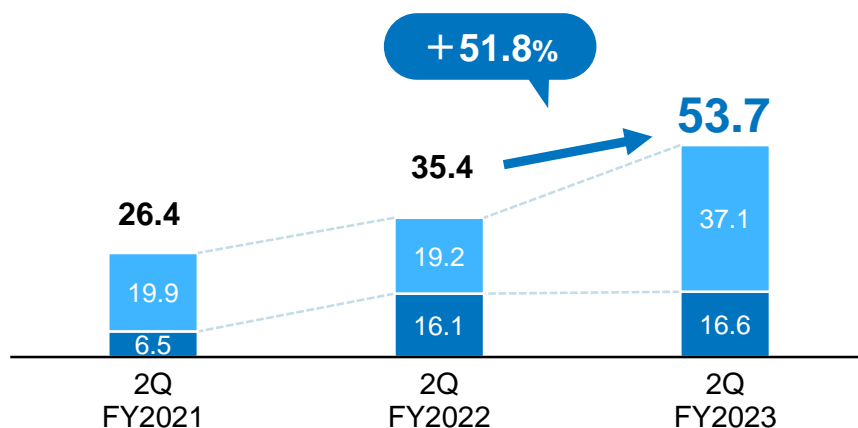
(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Orders-received	35.4	<b>53.7</b>	18.3	45.0	8.7
Japan	16.1	<b>16.6</b>	0.4	12.0	4.6
Overseas	19.2	<b>37.1</b>	17.8	33.0	4.1
Overseas ratio	54.4%	<b>69.0%</b>	14.6pt	73.3%	-4.3pt

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

### Trend

(JPY bn)

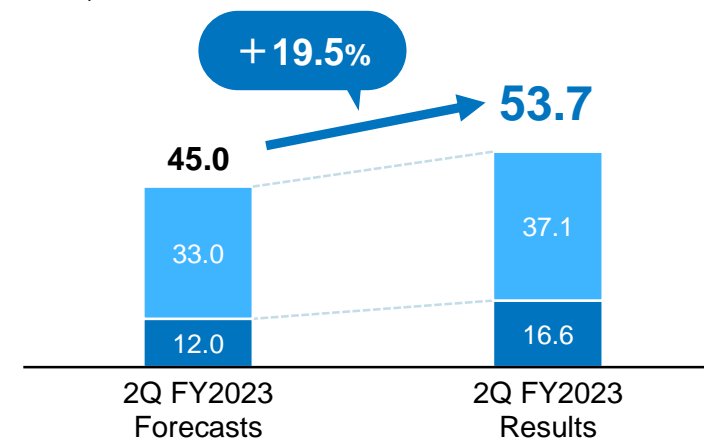
- Paint Finishing(Japan)
- Paint Finishing(Overseas)



### Difference form Forecast

(JPY bn)

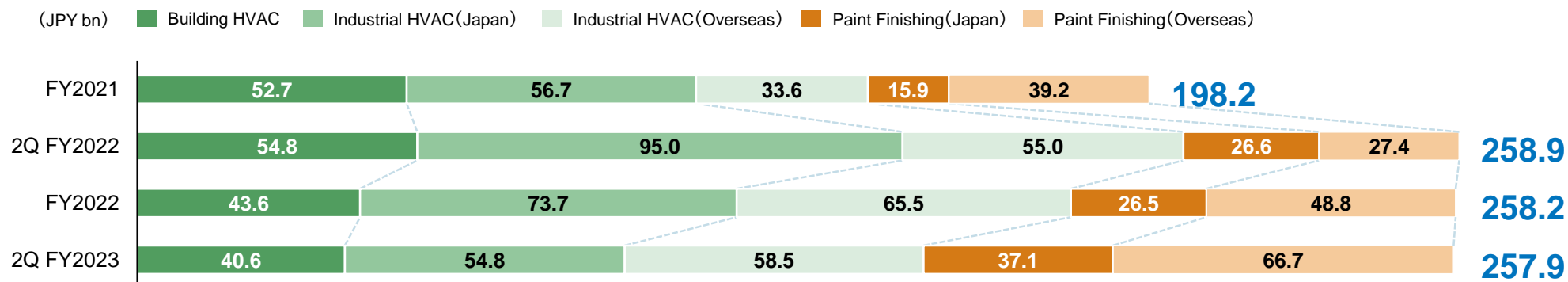
- Paint Finishing(Japan)
- Paint Finishing(Overseas)



## The entire company maintains the same level of construction carried-forward due to the increase in the Paint Finishing

(JPY bn)	FY2021 A	2Q FY2022 B	FY2022 C	2Q FY2023 D	Change C-A	Change D-B
Orders-received	232.1	162.0	288.6	127.1	56.5	-34.8
Net-sales of completed construction contracts	209.2	85.7	214.7	130.4	5.5	44.6
<b>Construction carried-forward</b>	<b>198.2</b>	<b>258.9</b>	<b>258.2</b>	<b>257.9</b>	<b>60.0</b>	<b>-1.0</b>
<b>Green Technology</b>	<b>143.1</b>	<b>204.8</b>	<b>182.8</b>	<b>154.0</b>	<b>39.7</b>	<b>-50.7</b>
Building HVAC	52.7	54.8	43.6	40.6	-9.1	-14.1
Industrial HVAC	90.3	150.0	139.2	113.4	48.8	-36.6
<b>Paint Finishing</b>	<b>55.1</b>	<b>54.1</b>	<b>75.4</b>	<b>103.8</b>	<b>20.2</b>	<b>49.7</b>

### Breakdown of Construction Carried-Forward



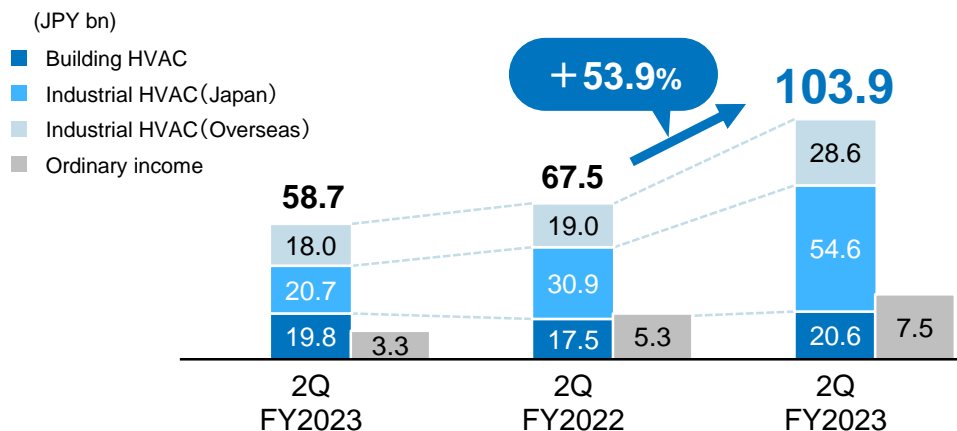
## Increased in Sales and Income both in the Green Technology and the Paint Finishing

(JPY bn)	2Q FY2022 Results	2Q FY2023 Results	YoY Change	2Q FY2023 Forecasts	vs. Forecast
<b>Net-sales of completed construction contracts</b>	85.7	<b>130.4</b>	44.6	127.1	3.3
Japan	53.9	<b>81.4</b>	27.4	78.3	3.1
Overseas	31.8	<b>48.9</b>	17.1	48.8	0.1
<b>Green Technology</b>	67.5	<b>103.9</b>	36.4	103.0	0.9
Building HVAC	17.5	<b>20.6</b>	3.1	21.0	-0.3
Industrial HVAC	50.0	<b>83.2</b>	33.2	82.0	1.2
<b>Paint Finishing</b>	18.2	<b>26.4</b>	8.2	24.1	2.3
<b>Ordinary income</b>	4.6	<b>8.1</b>	3.4	6.3	1.8
Ratio	5.4%	<b>6.2%</b>	0.8pt	5.0%	1.3pt
<b>Green Technology</b>	5.3	<b>7.5</b>	2.2	6.7	0.8
Ratio	7.9%	<b>7.3%</b>	-0.6pt	6.5%	0.8pt
<b>Paint Finishing</b>	-1.0	<b>0.0</b>	1.0	-0.5	0.5
Ratio	-5.7%	<b>0.2%</b>	5.9pt	-2.1%	2.3pt

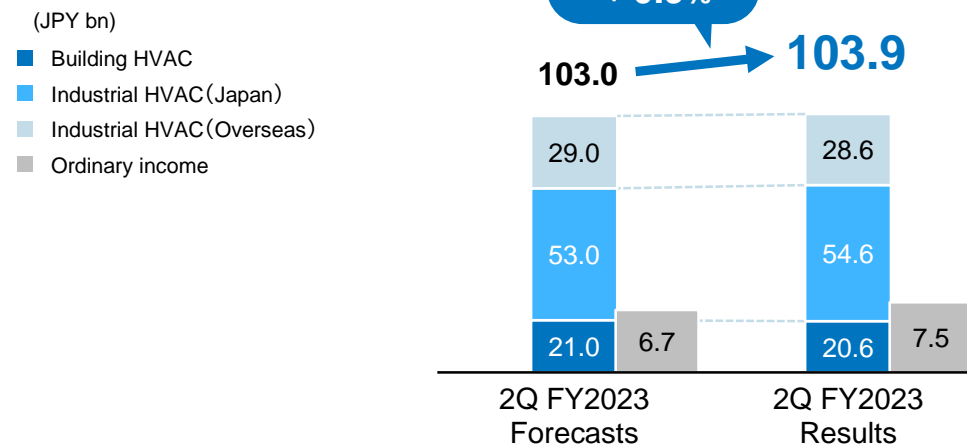
# Achieved increase in Sales and Income by the contribution of Industrial HVAC

(JPY bn)	2Q FY2022 Results	2Q FY2023 Results	YoY Change	2Q FY2023 Forecasts	Vs. Forecast
<b>Net-sales of completed construction contracts</b>	67.5	<b>103.9</b>	36.4	103.0	0.9
Building HVAC	17.5	<b>20.6</b>	3.1	21.0	-0.3
Industrial HVAC	50.0	<b>83.2</b>	33.2	82.0	1.2
Japan	30.9	<b>54.6</b>	23.6	53.0	1.6
Overseas	19.0	<b>28.6</b>	9.5	29.0	-0.3
Overseas ratio	28.2%	<b>27.5%</b>	-0.6pt	28.2%	-0.6pt
<b>Ordinary income</b>	5.3	<b>7.5</b>	2.2	6.7	0.8
Ratio	7.9%	<b>7.3%</b>	-0.6pt	6.5%	0.8pt

## Trend



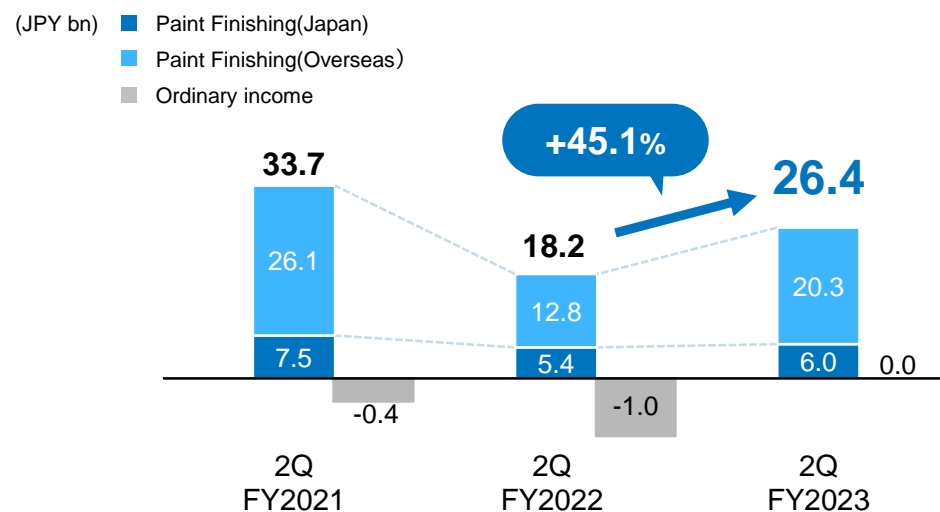
## Difference from Forecast



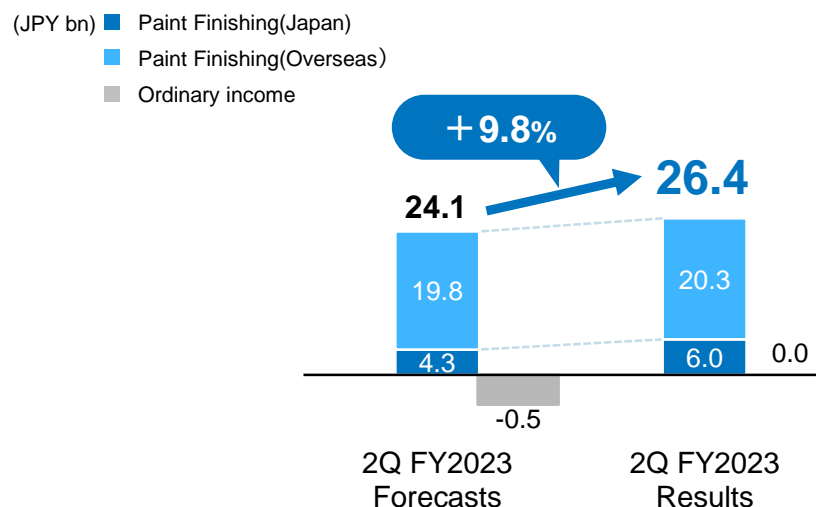
# Achieved increase in Sales and Income by the contribution of overseas Converted from the Ordinary loss to Ordinary income

(JPY bn)	2Q FY2022 Results	2Q FY2023 Results	YoY Change	2Q FY2023 Forecasts	Vs. Forecast
<b>Net-sales of completed construction contracts</b>	18.2	<b>26.4</b>	8.2	24.1	2.3
Japan	5.4	<b>6.0</b>	0.6	4.3	1.7
Overseas	12.8	<b>20.3</b>	7.5	19.8	0.5
Overseas ratio	70.2%	<b>77.0%</b>	6.7pt	82.2%	-5.2pt
<b>Ordinary income</b>	-1.0	<b>0.0</b>	1.0	-0.5	0.5
Ratio	-5.7%	<b>0.2%</b>	5.9pt	-2.1%	2.3pt

## Trend



## Difference from Forecast



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

(JPY bn)	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts Total	vs. Forecast Total
	1H	2H	Total	1H Results	2H	Total		
<b>Orders-received</b>	162.0	126.6	288.6	<b>127.1</b>	<b>98.3</b>	<b>225.5</b>	218.0	7.5
Japan	105.0	47.6	152.7	<b>70.2</b>	<b>61.7</b>	<b>132.0</b>	124.0	8.0
Overseas	56.9	78.9	135.9	<b>56.9</b>	<b>36.5</b>	<b>93.5</b>	94.0	-0.5
<b>Green Technology</b>	126.6	81.4	208.0	<b>73.3</b>	<b>79.6</b>	<b>153.0</b>	153.0	-
Building HVAC	19.5	16.6	36.1	<b>17.7</b>	<b>13.2</b>	<b>31.0</b>	23.0	8.0
Industrial HVAC	107.0	64.8	171.8	<b>55.6</b>	<b>66.3</b>	<b>122.0</b>	130.0	-8.0
<b>Paint Finishing</b>	35.4	45.1	80.5	<b>53.7</b>	<b>18.7</b>	<b>72.5</b>	65.0	7.5

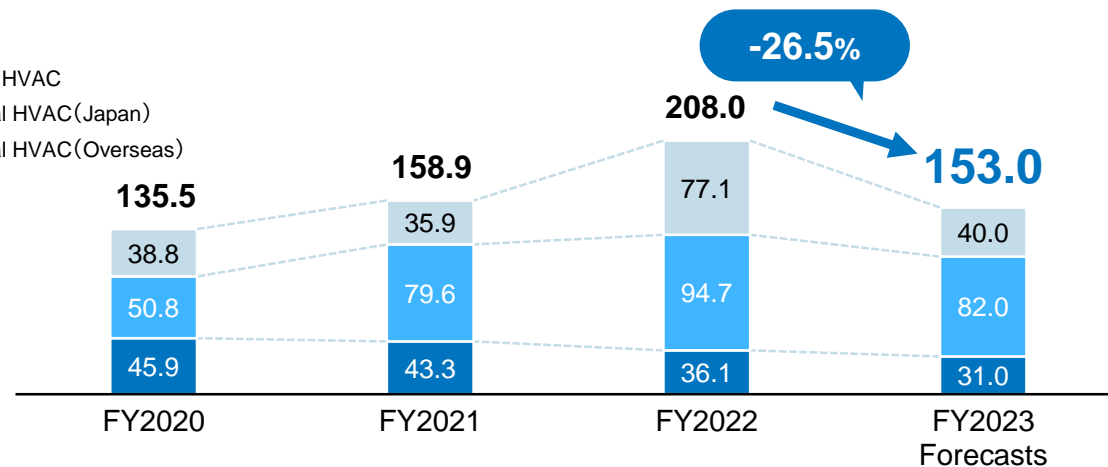


# Orders are expected to be in line with original forecasts

(JPY bn)	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts Total	vs. Forecast Total
	1H	2H	Total	1H Results	2H	Total		
<b>Orders-received</b>	126.6	81.4	208.0	<b>73.3</b>	<b>79.6</b>	<b>153.0</b>	153.0	-
Building HVAC	19.5	16.6	36.1	<b>17.7</b>	<b>13.2</b>	<b>31.0</b>	23.0	8.0
Industrial HVAC	107.0	64.8	171.8	<b>55.6</b>	<b>66.3</b>	<b>122.0</b>	130.0	-8.0
Japan	69.3	25.4	94.7	<b>35.8</b>	<b>46.1</b>	<b>82.0</b>	85.0	-3.0
Overseas	37.7	39.4	77.1	<b>19.8</b>	<b>20.1</b>	<b>40.0</b>	45.0	-5.0
Overseas ratio	29.8%	48.4%	37.1%	<b>27.0%</b>	<b>25.4%</b>	<b>26.1%</b>	29.4%	-3.3pt

## Trend

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

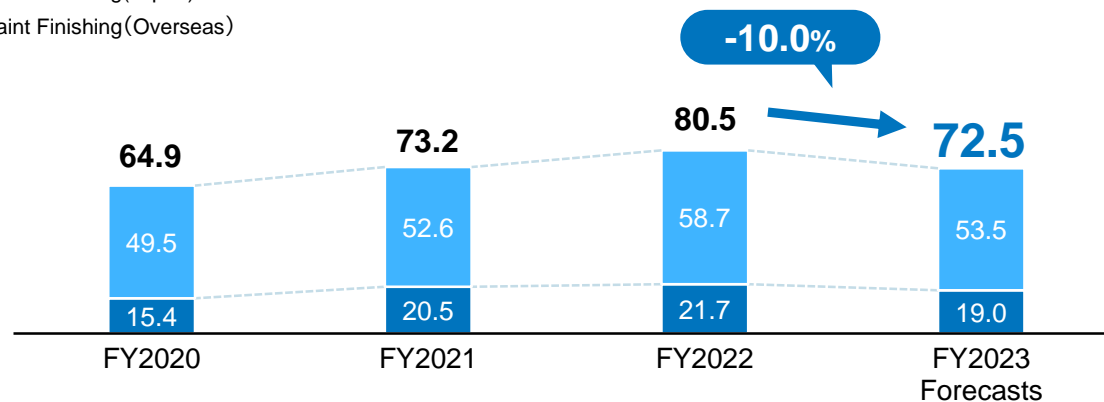


# Expect to exceed the original forecasts by securing more orders than expected

(JPY bn)	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts	vs. Forecast
	1H	2H	Total	1H Results	2H	Total	Total	Total
<b>Orders-received</b>	35.4	45.1	80.5	<b>53.7</b>	<b>18.7</b>	<b>72.5</b>	65.0	7.5
Japan	16.1	5.6	21.7	<b>16.6</b>	<b>2.3</b>	<b>19.0</b>	16.0	3.0
Overseas	19.2	39.5	58.7	<b>37.1</b>	<b>16.3</b>	<b>53.5</b>	49.0	4.5
Overseas ratio	54.4%	87.6%	73.0%	<b>69.0%</b>	<b>87.6%</b>	<b>73.8%</b>	75.4%	-1.6pt

## Trend

(JPY bn) ■ Paint Finishing(Japan)  
■ Paint Finishing(Overseas)



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

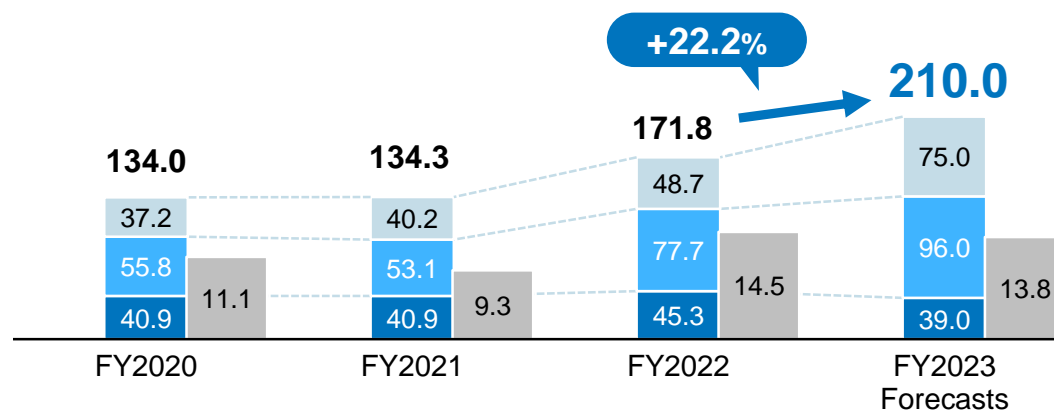
	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts Total	vs. Forecast Total
	1H	2H	Total	1H Results	2H	Total		
(JPY bn)								
<b>Net-sales of completed construction contracts</b>	85.7	129.0	214.7	<b>130.4</b>	<b>154.5</b>	<b>285.0</b>	255.0	30.0
Japan	53.9	80.2	134.2	<b>81.4</b>	<b>66.6</b>	<b>148.1</b>	135.6	12.5
Overseas	31.8	48.7	80.5	<b>48.9</b>	<b>87.9</b>	<b>136.9</b>	119.4	17.5
<b>Green Technology</b>	67.5	104.2	171.8	<b>103.9</b>	<b>106.0</b>	<b>210.0</b>	192.5	17.5
Building HVAC	17.5	27.8	45.3	<b>20.6</b>	<b>18.3</b>	<b>39.0</b>	33.0	6.0
Industrial HVAC	50.0	76.4	126.4	<b>83.2</b>	<b>87.7</b>	<b>171.0</b>	159.5	11.5
<b>Paint Finishing</b>	18.2	24.7	42.9	<b>26.4</b>	<b>48.5</b>	<b>75.0</b>	62.5	12.5
<b>Ordinary income</b>	4.6	8.3	13.0	<b>8.1</b>	<b>7.3</b>	<b>15.5</b>	14.0	1.5
Ratio	5.4%	6.5%	6.1%	<b>6.2%</b>	<b>4.8%</b>	<b>5.4%</b>	5.5%	-0.1pt
<b>Green Technology</b>	5.3	9.2	14.5	<b>7.5</b>	<b>6.2</b>	<b>13.8</b>	13.2	0.6
Ratio	7.9%	8.9%	8.5%	<b>7.3%</b>	<b>5.9%</b>	<b>6.6%</b>	6.9%	-0.3pt
<b>Paint Finishing</b>	-1.0	-0.5	-1.6	<b>0.0</b>	<b>1.8</b>	<b>1.9</b>	0.9	1.0
Ratio	-5.7%	-2.3%	-3.7%	<b>0.2%</b>	<b>3.8%</b>	<b>2.5%</b>	1.4%	1.1pt

## Both Sales and Income are expected to exceed the original forecasts due to the progress of constructions more than expected

(JPY bn)	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts Total	vs. Forecast Total
	1H	2H	Total	1H Results	2H	Total		
<b>Net-sales of completed construction contracts</b>	67.5	104.2	171.8	<b>103.9</b>	<b>106.0</b>	<b>210.0</b>	192.5	17.5
Building HVAC	17.5	27.8	45.3	<b>20.6</b>	<b>18.3</b>	<b>39.0</b>	33.0	6.0
Industrial HVAC	50.0	76.4	126.4	<b>83.2</b>	<b>87.7</b>	<b>171.0</b>	159.5	11.5
Japan	30.9	46.7	77.7	<b>54.6</b>	<b>41.3</b>	<b>96.0</b>	89.5	6.5
Overseas	19.0	29.7	48.7	<b>28.6</b>	<b>46.3</b>	<b>75.0</b>	70.0	5.0
Overseas ratio	28.2%	28.5%	28.4%	<b>27.5%</b>	<b>43.7%</b>	<b>35.7%</b>	36.4%	-0.6pt
<b>Ordinary income</b>	5.3	9.2	14.5	<b>7.5</b>	<b>6.2</b>	<b>13.8</b>	13.2	0.6
Ratio	7.9%	8.9%	8.5%	<b>7.3%</b>	<b>5.9%</b>	<b>6.6%</b>	6.9%	-0.3pt

### Trend

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



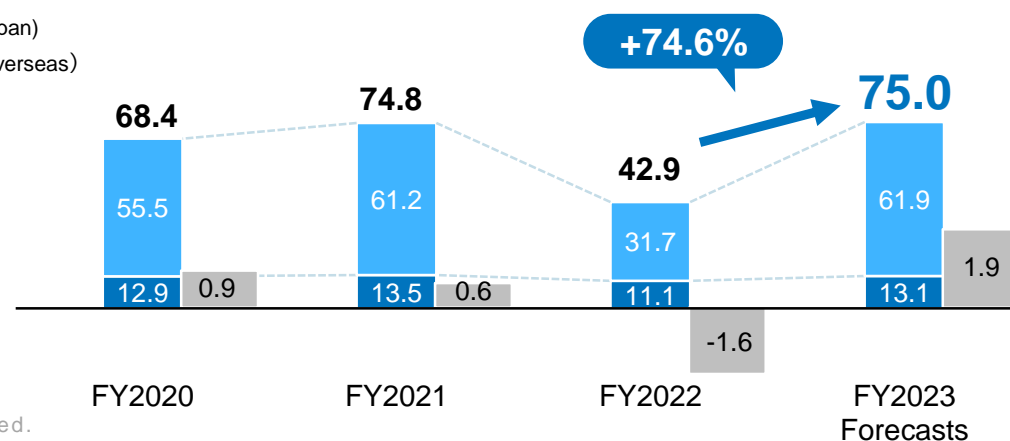
## Both Sales and income are expected to exceed the original forecasts due to the construction progress more than expected

(JPY bn)	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts Total	vs. Forecast Total
	1H	2H	Total	1H Results	2H	Total		
<b>Net sales of completed construction contracts</b>	18.2	24.7	42.9	<b>26.4</b>	<b>48.5</b>	<b>75.0</b>	62.5	12.5
Japan	5.4	5.7	11.1	<b>6.0</b>	<b>7.0</b>	<b>13.1</b>	13.1	-
Overseas	12.8	18.9	31.7	<b>20.3</b>	<b>41.5</b>	<b>61.9</b>	49.4	12.5
Overseas ratio	70.2%	76.8%	74.0%	<b>77.0%</b>	<b>85.6%</b>	<b>82.5%</b>	79.0%	3.5pt
<b>Ordinary income</b>	-1.0	-0.5	-1.6	<b>0.0</b>	<b>1.8</b>	<b>1.9</b>	0.9	1.0
Ratio	-5.7%	-2.3%	-3.7%	<b>0.2%</b>	<b>3.8%</b>	<b>2.5%</b>	1.4%	1.1pt

### Trend

(JPY bn)

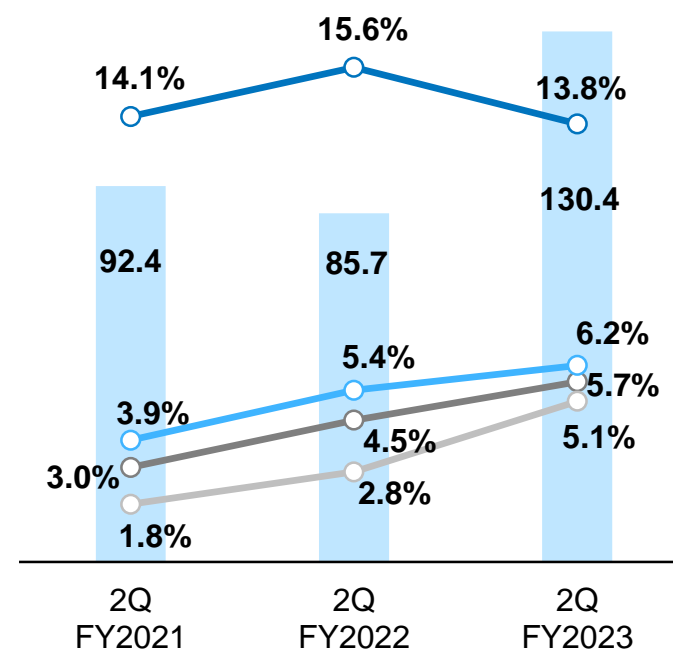
- Paint Finishing(Japan)
- Paint Finishing(Overseas)
- Ordinary income



1. Financial Summary	P.03
2. Financial Summary by Segment	P.08
<b>3. Financial Statement</b>	<b>P.22</b>
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.26
5. Shareholder Returns	P.38
6. Appendix	P.41

Administrative Management  
Headquarters:  
Yasushi Nakajima

(JPY bn)	2Q FY2021	2Q FY2022	2Q FY2023
<b>Net-sales of completed construction contracts</b>	92.4	85.7	<b>130.4</b>
<b>Gross profit on completed construction contracts</b>	13.0	13.4	<b>18.0</b>
<b>Ratio</b>	14.1%	15.6%	<b>13.8%</b>
<b>Operating income</b>	2.7	3.8	<b>7.4</b>
<b>Ratio</b>	3.0%	4.5%	<b>5.7%</b>
<b>Ordinary income</b>	3.5	4.6	<b>8.1</b>
<b>Ratio</b>	3.9%	5.4%	<b>6.2%</b>
<b>Profit attributable to owners of parent</b>	1.6	2.4	<b>6.6</b>
<b>Ratio</b>	1.8%	2.8%	<b>5.1%</b>



- Sales
- Gross profit on completed construction contracts ratio
- Operating income ratio
- Ordinary income ratio
- Net income ratio

(JPY bn)	Subject	FY2022	2Q FY2023	YoY Change
	<b>Current assets</b>	184.4	<b>200.1</b>	15.6
	Cash and deposits	46.9	<b>54.0</b>	7.0
	Notes receivable, accounts receivable from completed construction contracts and other	124.2	<b>114.0</b>	-10.1
	Securities	0.0	<b>8.0</b>	8.0
	Costs on uncompleted construction contracts · Raw materials and supplies	3.1	<b>2.8</b>	-0.3
	Other	10.7	<b>21.8</b>	11.0
	Allowance for doubtful accounts	-0.6	<b>-0.6</b>	0.0
	<b>Non-current assets</b>	52.6	<b>55.8</b>	3.2
	Property, plant and equipment	8.5	<b>9.5</b>	0.9
	Goodwill	3.6	<b>3.7</b>	0.1
	Other intangible assets	2.2	<b>2.3</b>	0.0
	Investment securities	26.4	<b>28.1</b>	1.6
	Deferred tax assets	0.5	<b>0.5</b>	-0.0
	Other	11.5	<b>11.7</b>	0.2
	Allowance for doubtful accounts	-0.5	<b>-0.2</b>	0.2
	<b>Total assets</b>	237.1	<b>256.0</b>	18.9

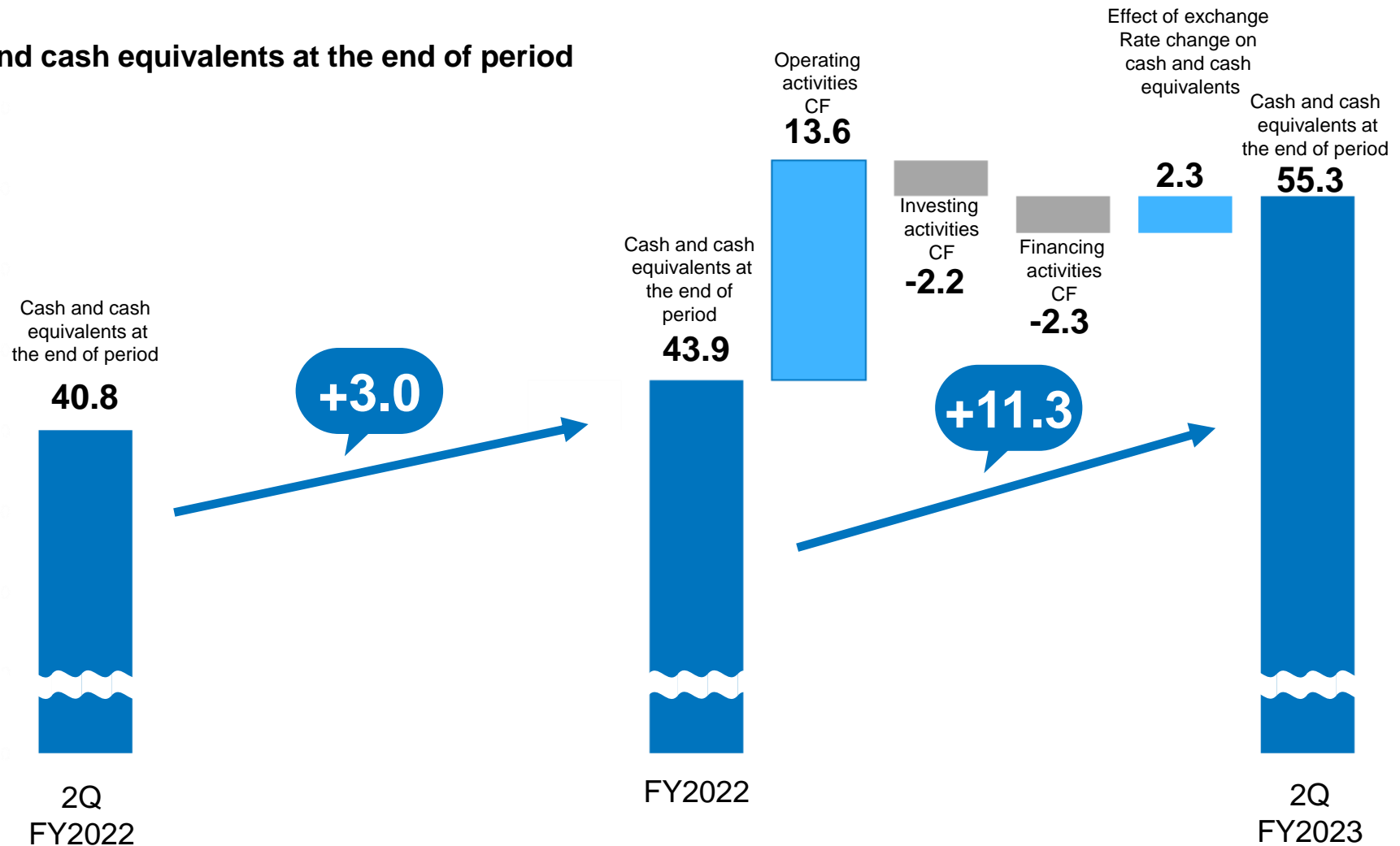
Subject	FY2022	2Q FY2023	YoY Change
<b>Current liabilities</b>	95.9	<b>103.9</b>	8.0
Notes payable, accounts payable for construction contracts and other	55.4	<b>60.4</b>	4.9
Advances received on uncompleted construction contracts	23.3	<b>21.9</b>	-1.3
Provision for loss on construction contracts	0.3	<b>0.2</b>	-0.0
Other	16.8	<b>21.3</b>	4.4
<b>Non-current liabilities</b>	9.1	<b>11.0</b>	1.9
<b>Total liabilities</b>	105.1	<b>115.0</b>	9.9
<b>Net assets</b>	131.9	<b>140.9</b>	8.9
Capital stock	6.4	<b>6.4</b>	-
Capital surplus	3.5	<b>3.6</b>	0.0
Retained earnings	100.2	<b>104.5</b>	4.2
Treasury shares	-1.1	<b>-1.6</b>	-0.4
Valuation difference on available-for-sale securities	10.5	<b>12.2</b>	1.6
Deferred gains or losses on hedges	-0.0	<b>-0.1</b>	-0.0
Foreign currency translation adjustment	4.7	<b>7.8</b>	3.0
Accumulated remeasurements of defined benefit plans	1.4	<b>1.3</b>	-0.0
Non-controlling interests	6.2	<b>6.6</b>	0.4
<b>Total liabilities and net assets</b>	237.1	<b>256.0</b>	18.9



## Operating activities CF: Positive mainly due to the decrease in receivable-trade

### Cash and cash equivalents at the end of period

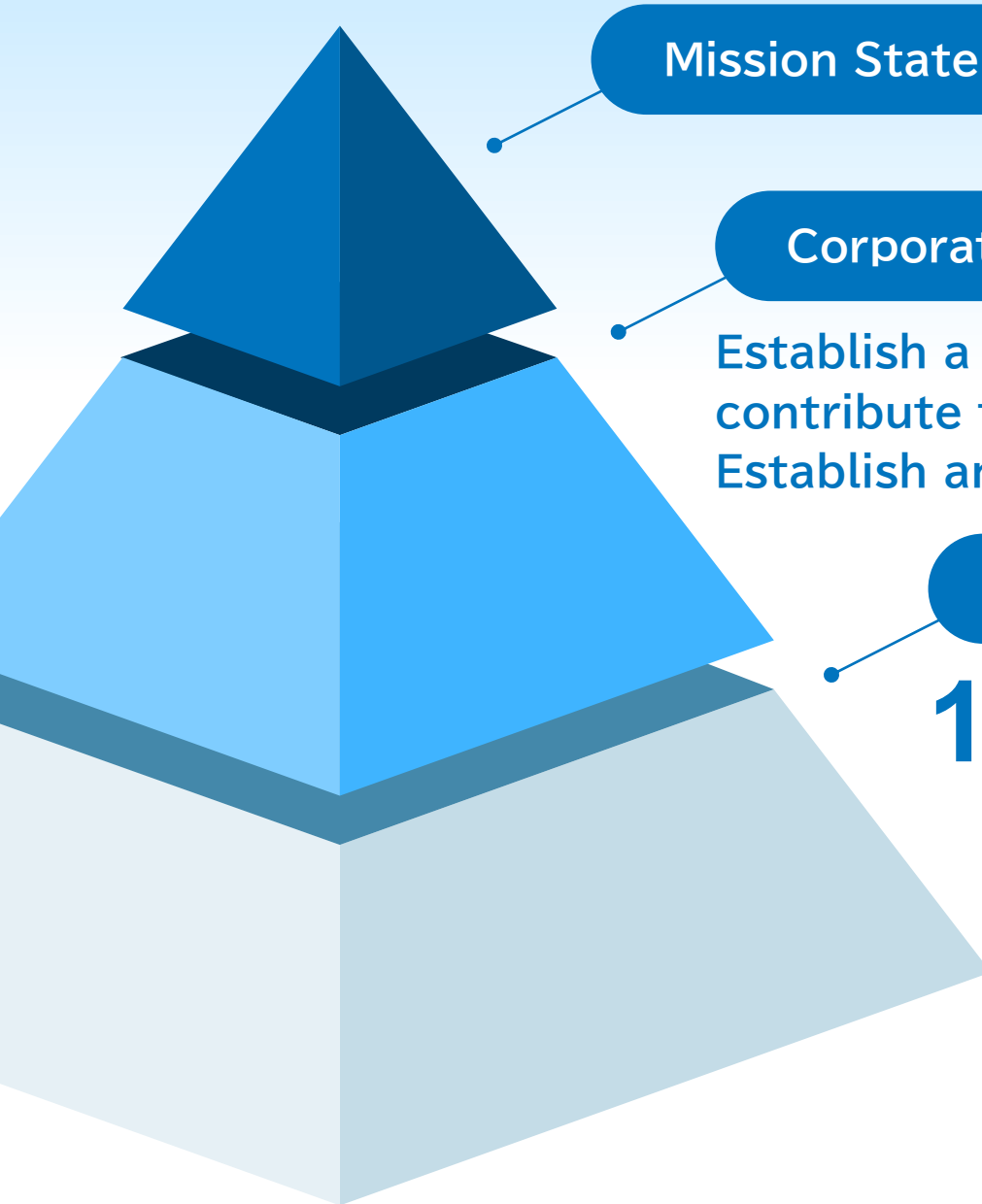
(JPY bn)



# Table of Contents

1. Financial Summary	P.03
2. Financial Summary by Segment	P.08
3. Financial Statement	P.22
<b>4. Progress of Mid-Term Business Plan (FY2022~FY2024)</b>	<b>P.26</b>
5. Shareholder Returns	P.38
6. Appendix	P.41

Corporate Planning  
Headquarters:  
Masanori Nakagawa



## 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 -

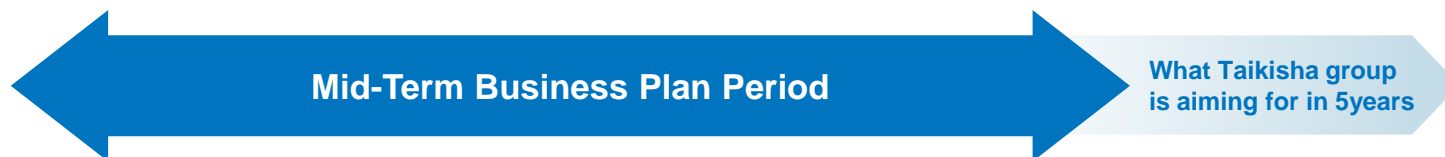
# 2

### Diversity & Inclusion

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

Diversity & Inclusion as a Global Company

## Expect to exceed Mid-Term Business Plan targets for FY 2023



(JPY bn)	FY2022 Results	FY2023 Forecasts	FY2023 Targets	FY2024 Targets	FY2026 Targets
Orders-received	288.6	225.5	223.0	236.0	270.0
Net sales of completed construction contracts	214.7	285.0	223.5	238.0	265.0
Ordinary income	13.0	15.5	13.5	15.0	16.5
Profit attributable to owners of parent	7.9	10.5	9.1	9.6	
ROE	6.3%	8.2%	7.0%	7.2%	
DOE	3.2 %	Implement steady dividends targeting DOE of 3.2%			
Purchase of treasury shares	3.0	Aim to implement 2.0 billion yen per year			
Ratio of cross-shareholdings to net assets	21.8%	Reduce to less than 20% by the end of FY2023			

## 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

**CO2 emissions from business activities(Scope1 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> <li>• Participation in the renewable energy industry</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>• 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 3.9 billion yen in FY2022

	Main Achievement until the first half of FY2023	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>2.5 billion 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>0.6 billion yen</b>	<b>16.0 billion yen</b>	
<b>Technology development investments</b>	<ul style="list-style-type: none"> <li>Established R&amp;D satellite at the head office</li> <li>Planning to build a new Research and Development Center( to be completed in May 2024)</li> <li>Development of dry decoration technology is underway and a demonstration line is scheduled to be installed at an R&amp;D facility in Japan</li> </ul>	<b>0.7 billion yen</b>		

Mid-Term Business Plan  
Three years total  
**20.0 billion yen**

Basic Policy	Direction	Initiatives	
<b>1 Further strengthen core business</b> 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"> <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>
<b>2 Challenge to create new value</b> 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"> <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>	
<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	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>	

## Toward the Personal Air Conditioning of new era Developed Target-guided airflow system FOLLOAS

~Improved working environment and energy saving~

Taikisha developed “FOLLOAS”, a cool air outlet system that blow cool air following the movement of people, utilizing the image recognition technology. This product is expected to improve the comfort of workers and reduce energy consumption and CO<sub>2</sub> emissions by reducing the overall air supply volume.

### 【The background of development】

Factories have used individual air conditioning system with fixed air outlets so far, but fixed air outlets do not cover the entire range of worker movements, making factory operations in the summer times sometimes difficult. We have been developing ICT-based technology, and especially focusing on applying image recognition technology to existing technologies.

We have developed a product that changes the direction of air supply following the subject by combining the air conditioning control technology we have developed over many years with image recognition technology to realize more personalized air conditioning.

### 【Further Business Expansion】

Currently, we have already been proposing the introduction of these systems to customers who consider the improvement of the working environment, prepare for the heat, and saving energy of entire factory .

We are also planning to start mass production based on the results of trial installations and durability verification at several factories. We aim to achieve annual sales of 3,000 units by 2025, and will continue to build a system for mass production.



Product image



## Received the Jury's Award in "SURCAR"

### ~Presented "Dry Film Coating: New Generation Coating Method in Automotive Manufacturing"~

An International Automotive Body Finishing Conference, "SURCAR 6<sup>th</sup> AMERICAN CONGRESS" was held in Detroit, USA on Jun, 2023. TKS industrial company, our group company, and Nippon Paint Automotive Coatings Co., Ltd. jointly gave a presentation, and received Jury's Award, which is granted to the presentation that receives the highest evaluation from the judges.

Dry decoration has had issues related to the size and shape of the coated object that can be decorated. This presentation was highly praised for realizing dry decoration even on integral-type bumpers with a height of 700 mm or more and a large curvature without wrinkles and with reduced color tone changes by controlling the film extension percentage to 100% or less.

#### 【Future Business Expansion】

In order to establish the process line of dry decoration, we are planning to construct the demo-line of dry decoration assuming a mass production line in our R&D facility in the near future. We will contribute to the realization of decarbonized society through the technological development of dry decoration as a value-added technology for automobile exteriors.



※1 Dry decoration technology provides the exteriors with film decoration (dry decoration) by applying films through vacuum suction and heating instead of conventional spray coating (wet coating). Compared to conventional way of paint finishing with paint, this way can reduce the energy used significantly in the direct emissions part of the processing plant.

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
Further strengthen core business	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			○

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>Verifying the usefulness of the company's intellectual property and intangible assets.</li> <li>Intellectual property strategies are being developed and promoted in cooperation with the Green Technology System division and the Paint Finishing System division.</li> <li>Continued employee education on intellectual property and revised regulations on inventions.</li> </ul>				
	Development from the customer's perspective	<ul style="list-style-type: none"> <li>Opened "TAIKISHA INNOVATION GATE Shinjuku " with easy access at the head office in April 2023 and started to introduce to customers. Considering to understand the potential needs of customers and develop products that 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). Aim to expand communication with customers and promoted customer-oriented technology development through collaboration with R&amp;D satellite.</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> </ul> <p>*1 An equipment that provides a production environment for manufacturing semiconductors, and ultra-precise processing, measurement and testing.</p> <ul style="list-style-type: none"> <li>Expanding lineup of exhaust treatment equipment underway</li> <li>Building a system for mass production of "FOLLOAS" , a cool-air outlet system that blows cool air following human movements is underway.</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 for the bringing of high efficient paint finishing technology into market.</li> <li>Development of dry decoration technology is underway and a demonstration line is scheduled to be installed at an R&amp;D facility in Japan. Accelerating the development speed by sharing development issues with oversea R&amp;D facilities.</li> </ul>	○	○	
		Plan factory business	<ul style="list-style-type: none"> <li>Experimental study is undergoing at our own factory. And continuously considering market cultivation.</li> </ul>	○	○	
	Develop new business	<ul style="list-style-type: none"> <li>Based on the market research, joint research about new businesses assuming the business model when it is implemented in society is being conducted with universities, research institutions, and private companies.</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
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 (75 New graduates and 27 mid-careers)。</li> <li>Started maintenance and operation of training program for the systematically development of senior-level personnel in long-term and honoring system for professional personnel.</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>Obtained the “Certified Health productivity management Outstanding Organization recognition program(White 500)”(Overall rank 301-350)</li> <li>As countermeasures for the long working hours, grasping the actual conditions of employees engaged in on-site work and issues and measures to improve the working environment are under consideration.</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 and started site monitoring.</li> <li>Clarified the role and scope of responsibility of the Board of Directors of affiliates and implemented various measures to improve effectiveness of them. The Board of Directors is strengthened and the monitoring system by the head office is reinforced.</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

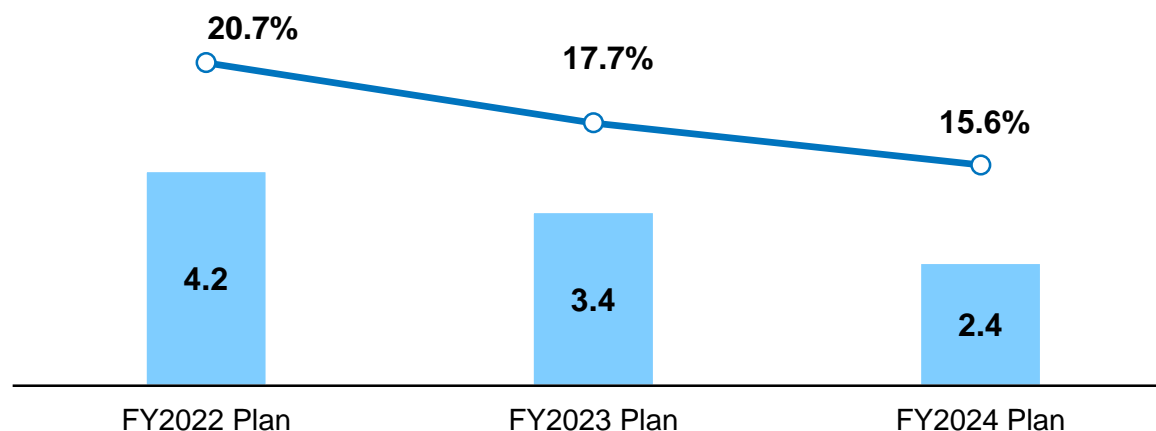
### Plans for the Mid-Term Business Plan Period

(JPY bn)	FY2022	FY2023	FY2024	Total
Proceeds from sale	4.2	3.4 <sup>*1</sup>	2.4	10.0
Ratio to net assets	20.7%	17.7% <sup>*2</sup>	15.6%	

\*1...2.5 billion has been sold between April 1 and September 30, 2023  
 \*2...21.7% for FY2023 2Q result

### Trend in cross-shareholdings

- Proceeds from sale
- Ratio to net assets



# Table of Contents

1. Financial Summary	P.03
2. Financial Summary by Segment	P.08
3. Financial Statement	P.22
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.26
<b>5. Shareholder Returns</b>	<b>P.38</b>
	Corporate Planning Headquarters: Masanori Nakagawa
6. Appendix	P.41

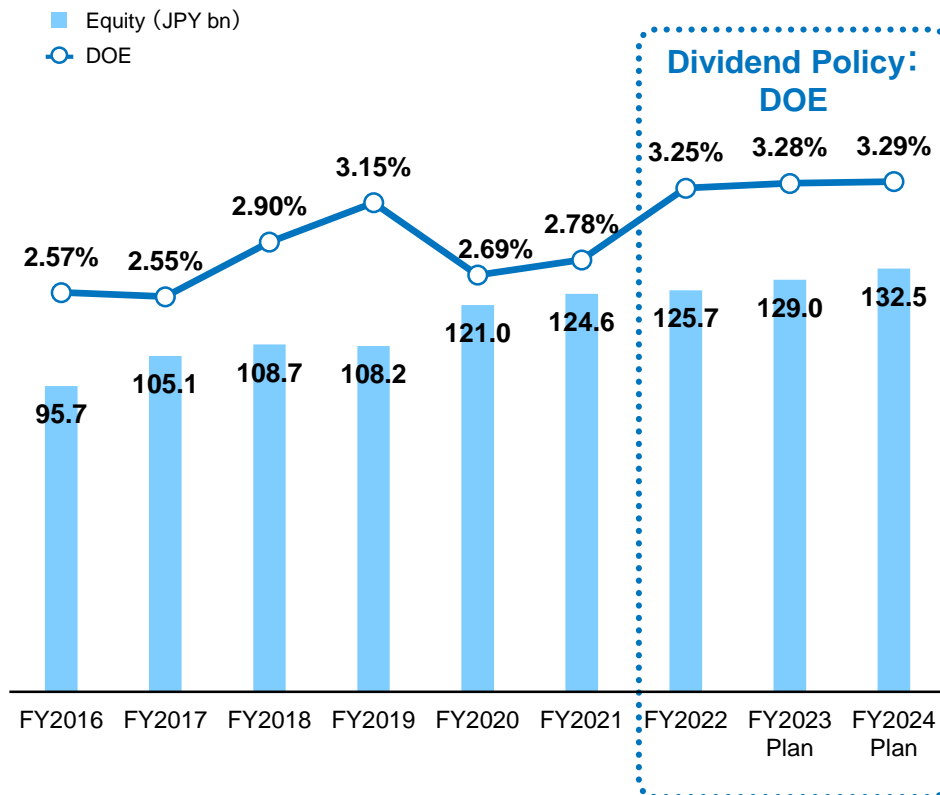
## Dividends are expected to increase as planned during the period of the Mid-Term Business Plan

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

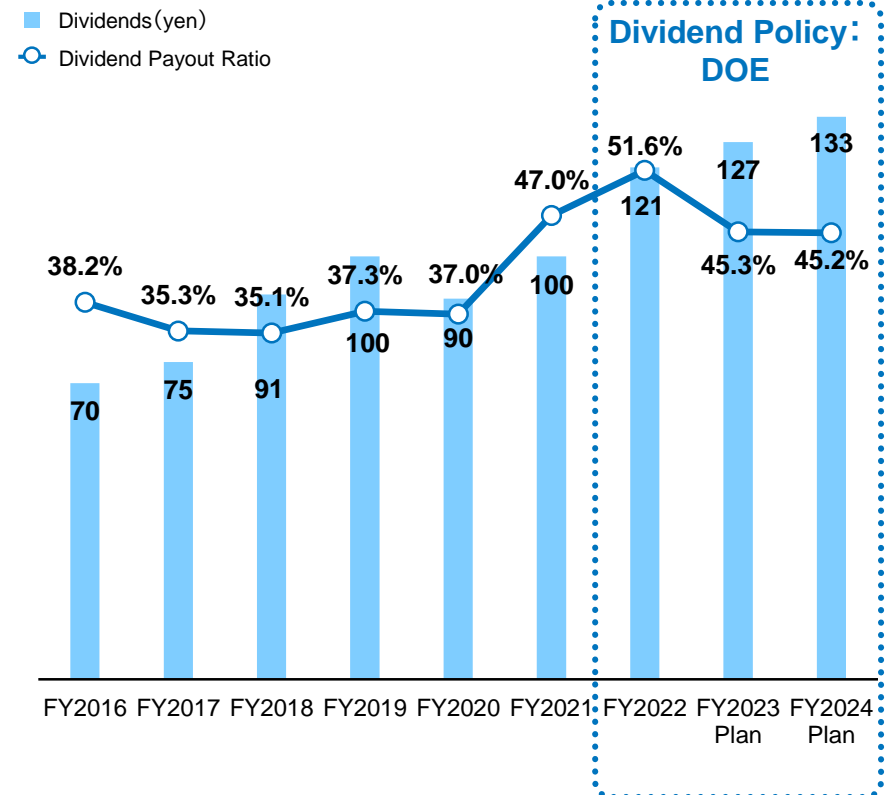
$$\text{DOE } 3.2\% = \text{Aimed ROE level } 8.0\% \times \text{Dividend payout ratio } 40\%$$

Dividend for FY2023 will be increased to 127 yen

### Trend in Equity and DOE



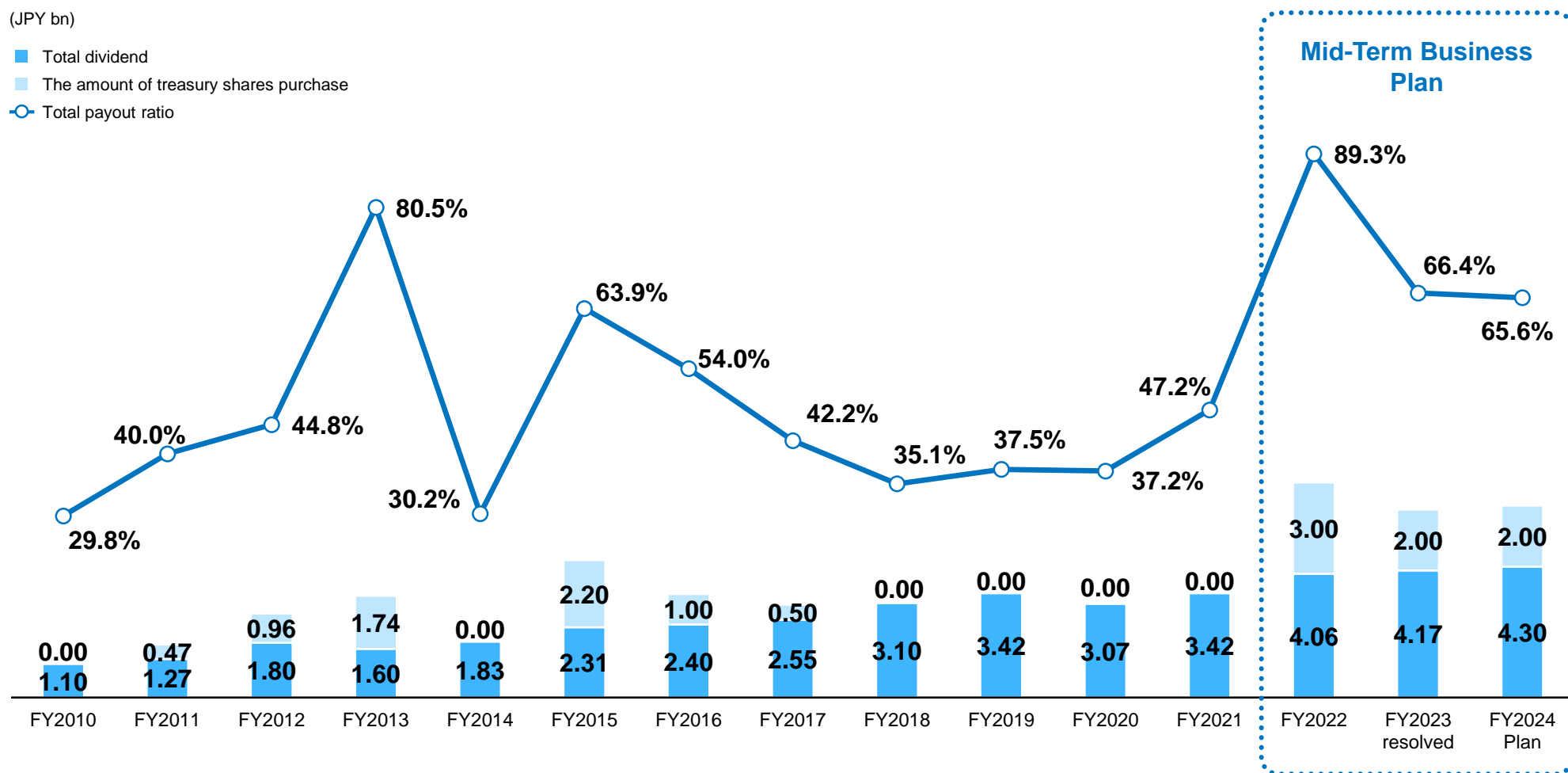
### Trend in Dividends and Dividend Payout Ratio



## 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 2 billion yen per year. (Resolved 2 billion yen for FY2023)

### Shareholder returns and Total Payout ratio



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

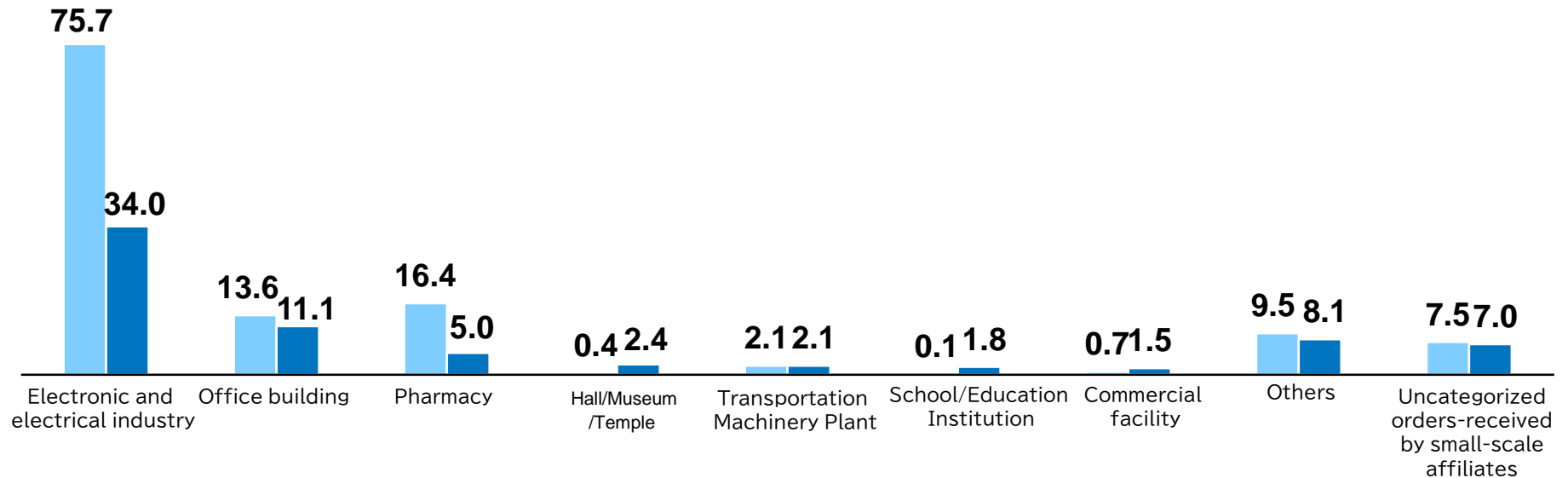


1. Financial Summary	P.03
2. Financial Summary by Segment	P.08
3. Financial Statement	P.22
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.26
5. Shareholder Returns	P.38
<b>6. Appendix</b>	<b>P.41</b>

## Orders-received

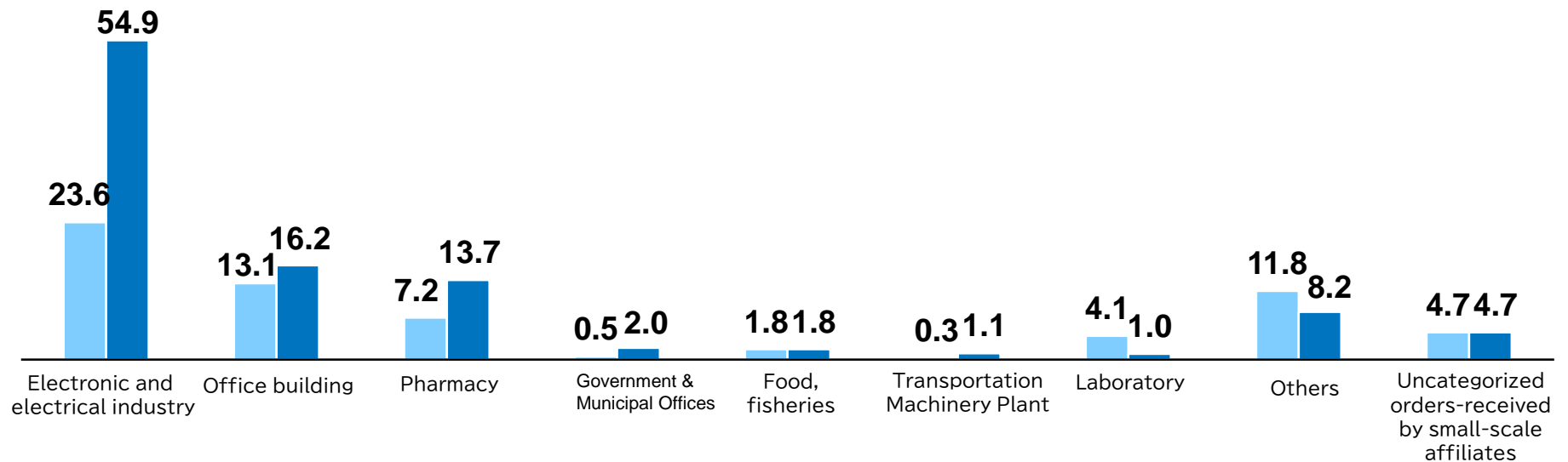
(JPY bn)

■ 2Q FY2022  
■ 2Q FY2023



## Sales

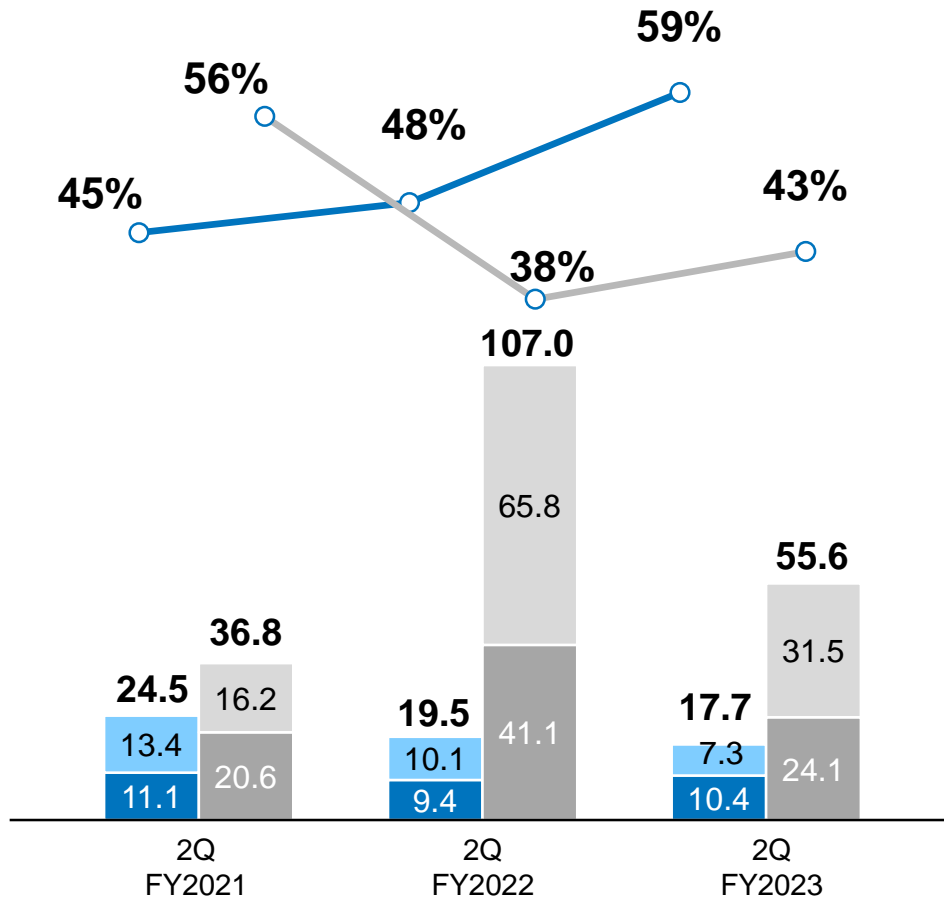
■ 2Q FY2022  
■ 2Q FY2023



(JPY bn)

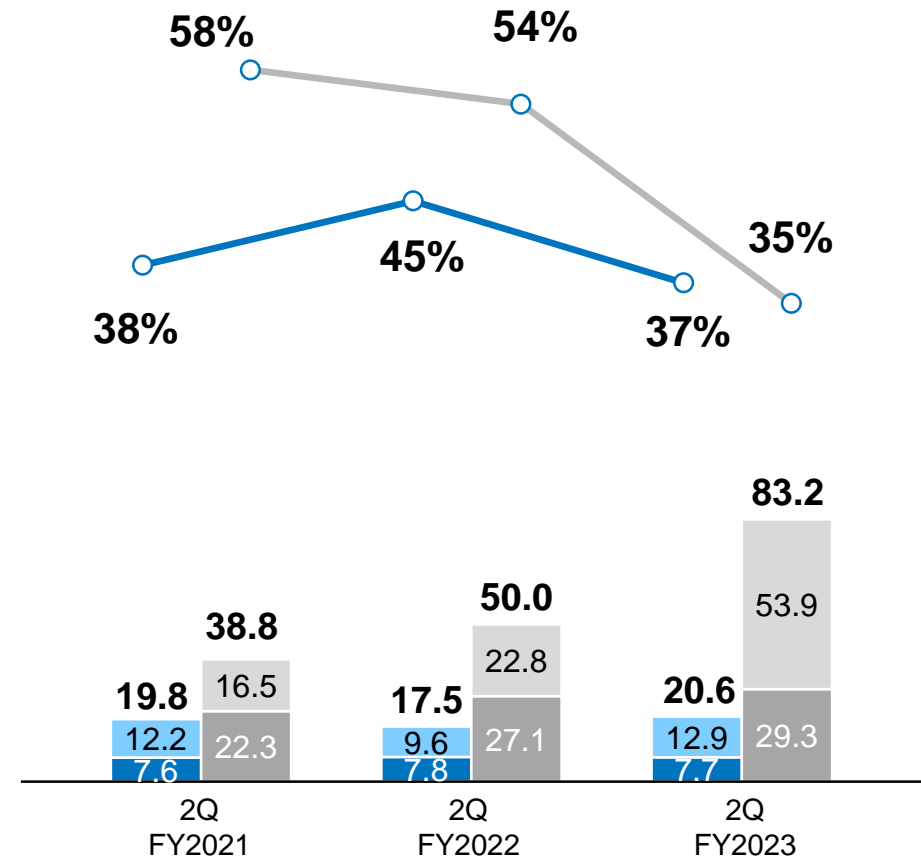
## Orders-received

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



## Sales

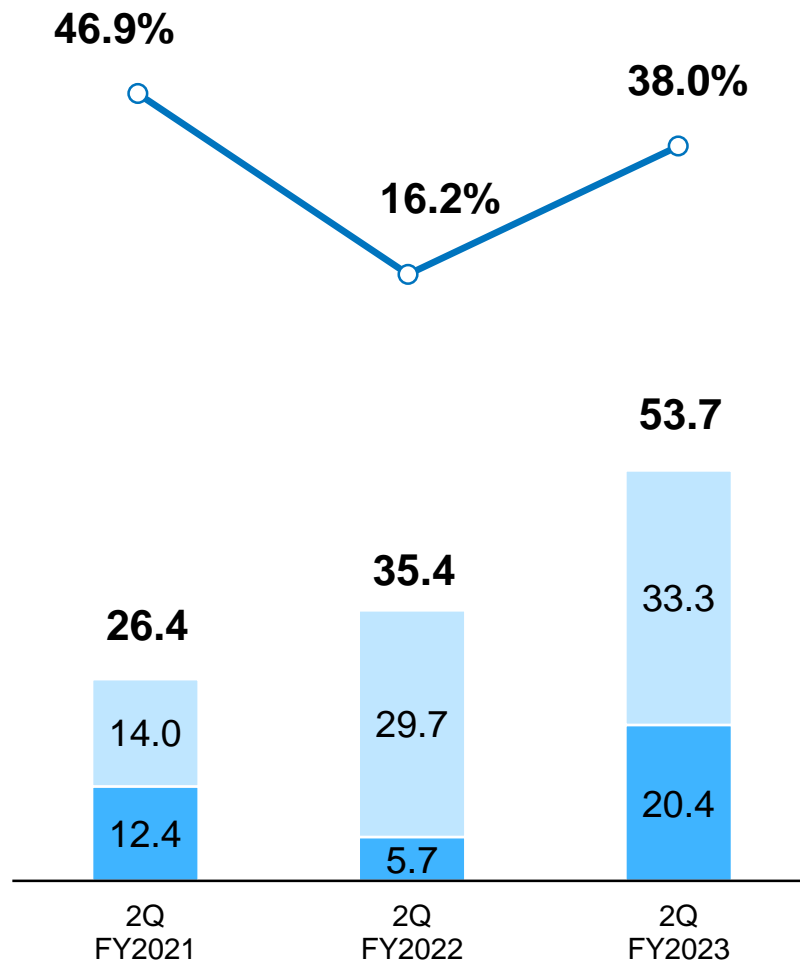
- Building HVAC(renovation)
- Building HVAC(new construction)
- Building HVAC renovation ratio
- Industrial HVAC(renovation)
- Industrial HVAC(new construction)
- Industrial HVAC renovation ratio



(JPY bn)

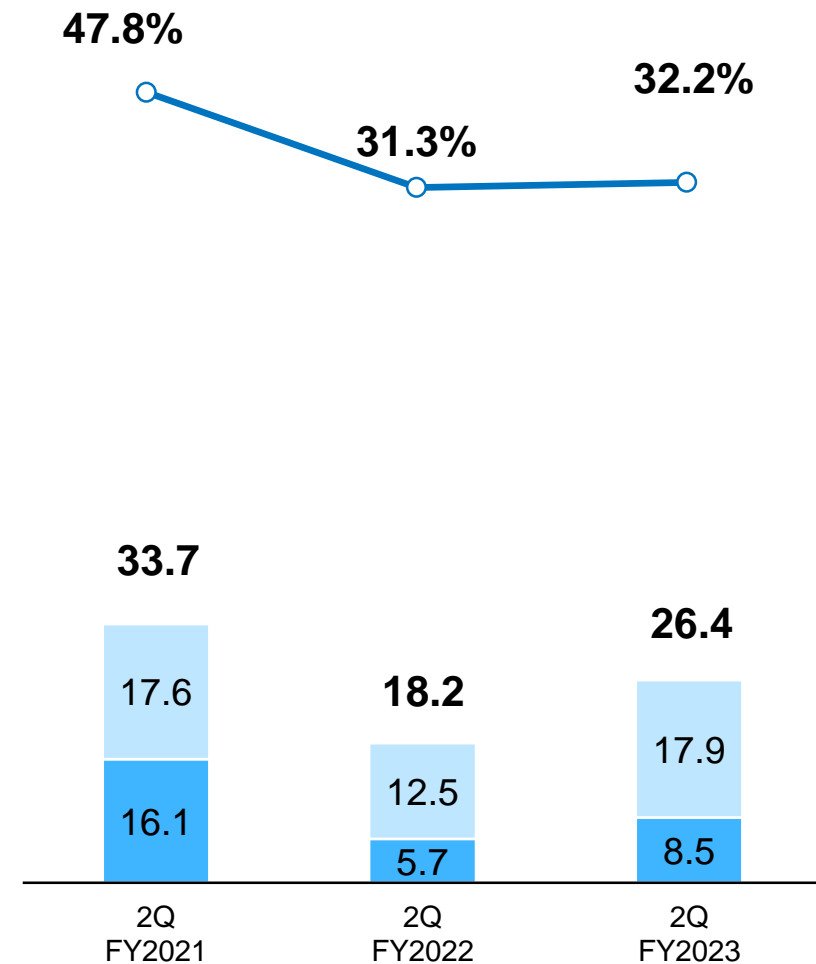
### Orders-received

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



### Sales

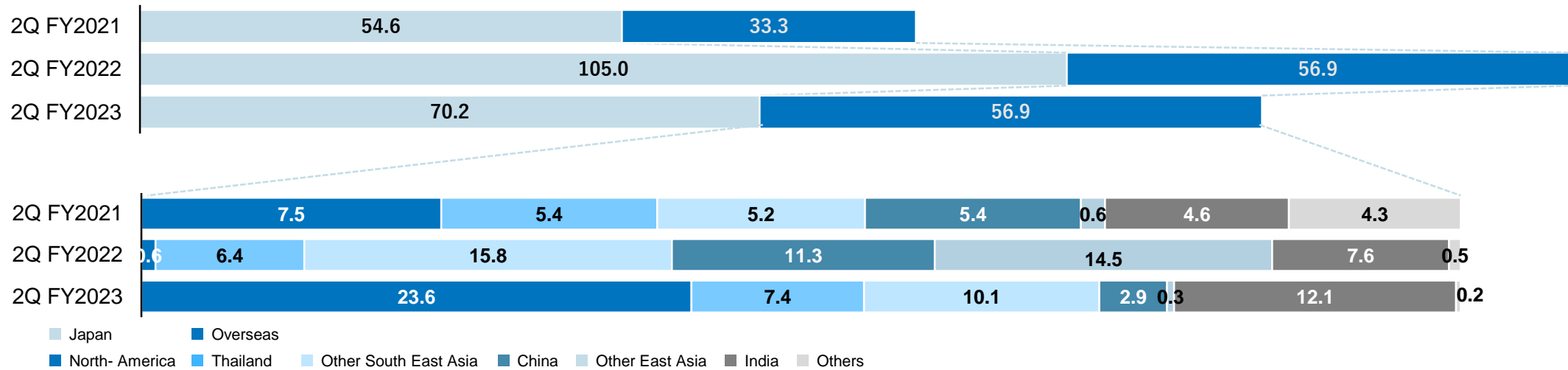
- Japanese customer
- Non Japanese customer
- Non Japanese customer ratio



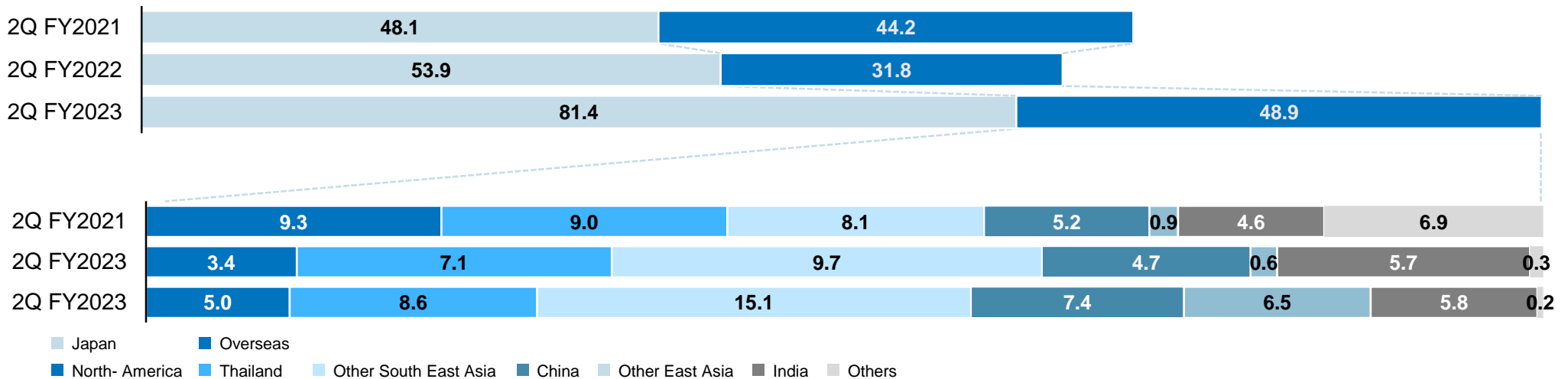
\* The orders and sales of the overseas Japanese-joint venture(including all of Japanese customer investment companies) are included in the total value of the Japanese customer

(JPY bn)

## Orders-received



## Sales



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

\* Major countries and regions:

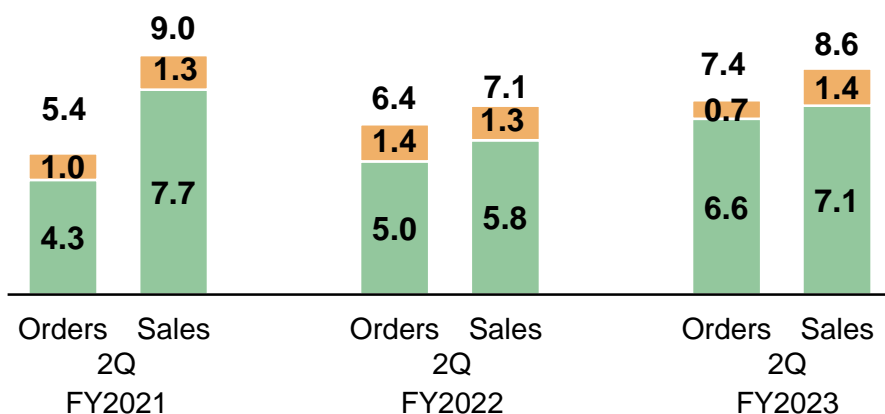
• **Southeast Asia:** Singapore, Malaysia, Indonesia, Philippines, Vietnam, others. • **East Asia:** Taiwan, Korea • **North America:** U.S.A., Canada, Mexico • **Others:** Russia, South America, others

# Orders-Received and sales of overseas main four companies

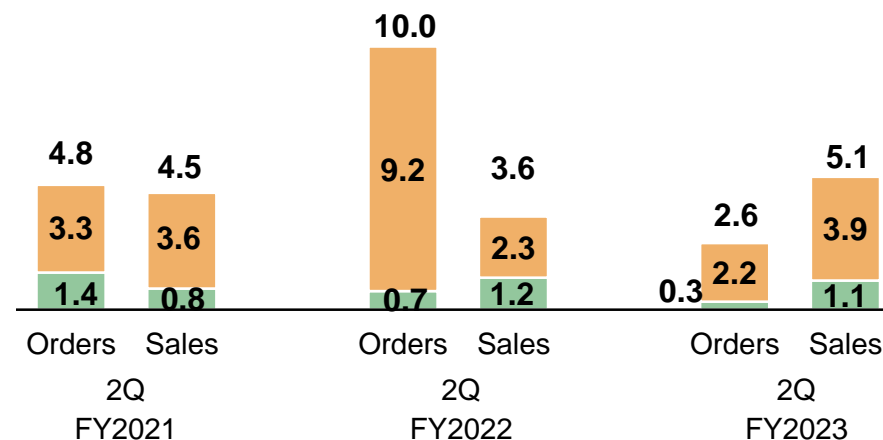
(JPY bn)

Industrial HVAC Paint Finishing System

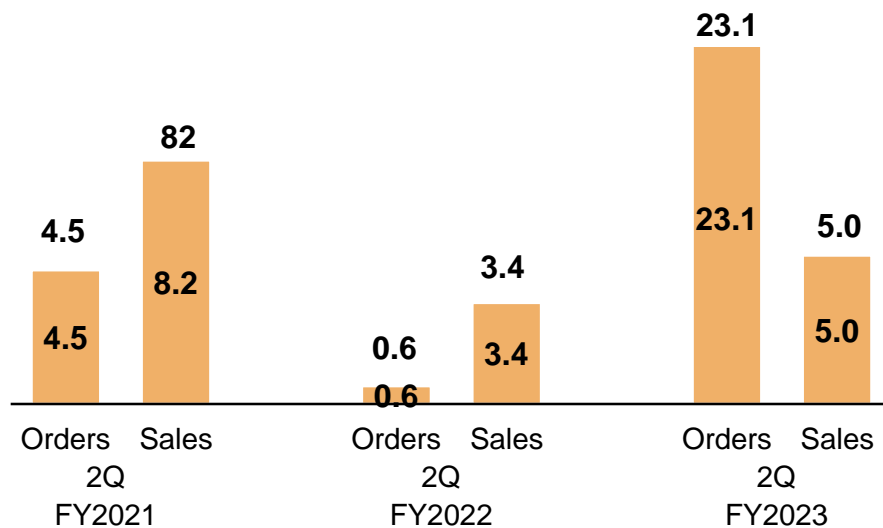
## Taikisha (Thailand) Co., Ltd. (Thailand) Group



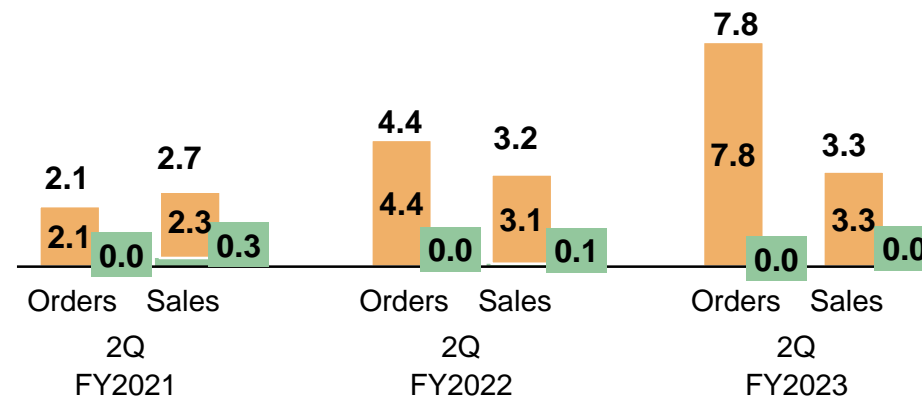
## Wu-Zhou Taikisha Engineering Co., Ltd. (China)



## 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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