

TAIKI-SHA LTD.

# Financial Results Briefing

The Second Quarter of FY2023

November 16, 2023



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**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 the first half of FY2023, and our earnings forecast for FY2023.**

<b>1. Financial Summary</b>	President: Masashi Osada	<b>P.03</b>
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## 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% ]

Regarding the business environment for the Group, in the Japanese market, capital investment of electronic component manufacturers and automobile manufacturers is ongoing and demand for the renovations in the Tokyo area was steady.

In overseas markets, although there is a concern about the slowdown of the global economy, the capital investment of manufacturers continued to be steady.

Under these circumstances, in terms of financial performance, we posted new the records in the first half of the FY in both sales and income due to the steady progress of construction carried forward, although there was a reactionary decrease in orders-received because we had large orders in the same period of the previous fiscal year.



## 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	127.1	-34.8	118.0*	9.1
Net-sales of completed construction contracts	85.7	130.4	44.6	127.1	3.3
Ordinary income	4.6	8.1	3.4	6.3	1.8
Ratio	5.4%	6.2%	0.8pt	5.0%	1.3pt
Profit attributable to owners of parent	2.4	6.6	4.1	4.6	2.0
Ratio	2.8%	5.1%	2.2pt	3.6%	1.5pt
EPS	71.79yen	199.51yen	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

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## Exchange rate impact

Impact of exchange rate difference between ① and ②

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

Impact of exchange rate difference between ② and ③

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

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Under these circumstances, orders received exceeded the forecast that was revised in the first quarter of FY2023.

Net-sales of completed construction contracts and profits exceeded the original forecast, as we disclosed in the "Announcement of Revision of Earnings Forecasts for the First Half of the Fiscal Year Ending March 31, 2024,." on October 27.

As I will explain by item, orders-received exceeded the forecast because we secured more orders than expected.

Net sales of completed construction contracts exceeded the forecast as the progress in construction carried forward exceeded the original expectation.

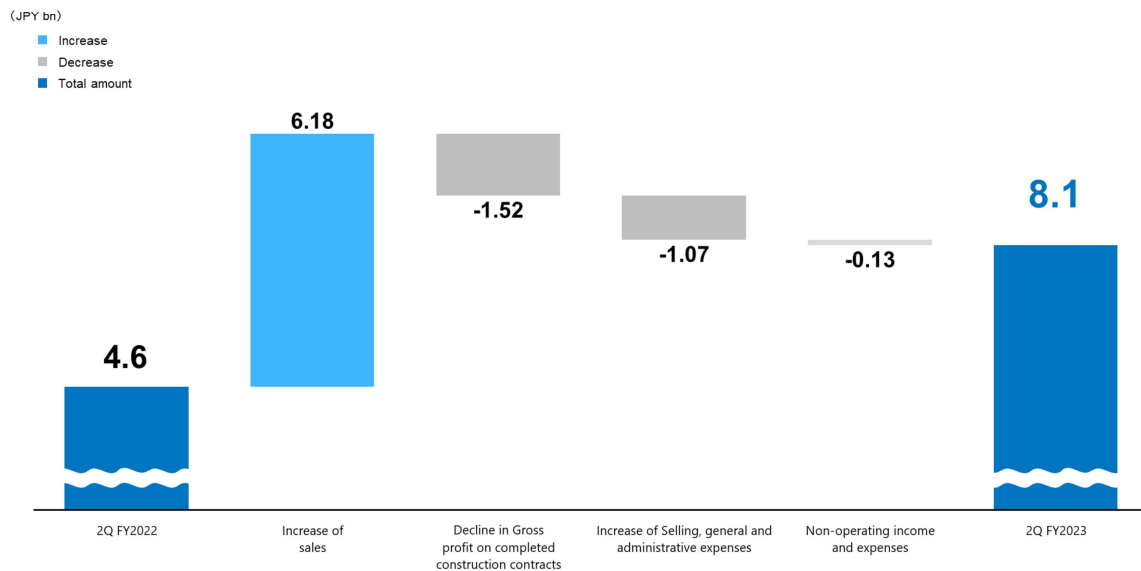
For profits, in addition to the increase in sales, since the profitability in construction overseas improved, ordinary income exceeded the forecast. Quarterly profits attributable to owners of parent exceeded the forecast because of the increase in gain on sales of investment securities, in addition to the factors mentioned earlier.

Factors by segment will be explained by Yasushi Nakajima, a Chief Executive of the Administrative Management Headquarters.

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

## Increased YoY due to the increase in Sales

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



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**This slide shows the factors causing a fluctuation in ordinary income for FY2023 1H.**

**It increased YoY due to an increase in the amount of completed construction projects, despite the impact of lower profit margins due to strategic order receipt projects.**

## All items are expected to exceed original forecasts

### Earnings Forecast

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

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### 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

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

We have revised our full-year forecasts in light of our 1H results and the recent business environment.

As disclosed in the "Announcement of Revision of Earnings Forecasts for the Fiscal Year Ending March 31, 2024," on November 13, all items are expected to exceed the original forecast.

Orders received are expected to exceed the forecast for the full year because we could receive more orders than expected in 2023 1H.

Net sales of the completed construction contracts are expected to exceed the original forecast as the progress of the construction carried-forward from the previous year was higher than expected.

As for income, operating income and ordinary income are expected to increase compared with previous forecasts mainly due to the increase in net sales of completed construction contracts.

Profit attributable to owners of parent is expected to increase compared with previous forecasts, because of the increase in gain on sale of investment securities in addition to the reasons mentioned above.

Factors by segment will be explained later by Mr. Nakajima, a Chief Executive of Administrative Management Headquarters.

Please also refer to the assumed exchange rates for our major overseas affiliates and the impact of exchange rate fluctuations.

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Administrative Management  
Headquarters:  
Yasushi Nakajima

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

**From this slide, I will provide a summary of results by segment.**

## 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

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From now, I will explain the achievements of FY2023 2Q by division.

This slide shows a summary of the orders received by division compared with the same period of the last FY and with the forecast.

In the Paint Finishing System Division, orders increased and in the Green Technology System Division decreased, and companywide, we recorded 127.1 billion yen, down 34.8 billion yen YoY.

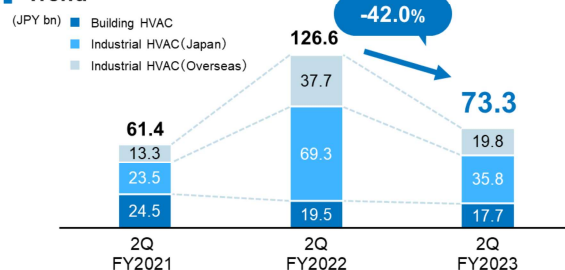
In terms of forecasted comparison, both the Green Technology System Division and the Paint Finishing System Division exceeded the forecasts that revised at 1Q.

I will explain each division in turn from the next slide.

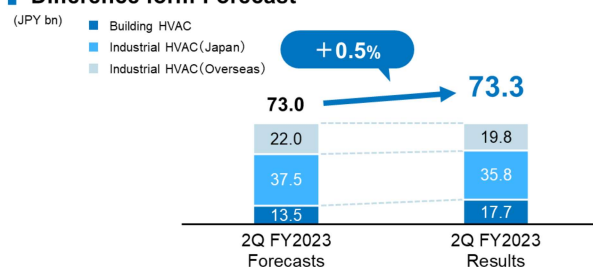
## Decreased YoY due to Reactionary Decline from Large-scale projects in Industrial HVAC

(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 from Forecast



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This slide shows the orders received at the Green Technology system Division compared with the same period of the last FY and with the forecast.

Orders-received decreased 53.2 billion yen YoY to 73.3 billion yen.

In the building HVAC segment, they decreased because of the impact of the order receipt activities while taking construction capacity of the Company into Consideration.

In the industrial HVAC segment, they decreased both in Japan and overseas because of the reactionary decline from the large-scale projects last year.

In terms of the forecast, the performance of the building HVAC segment covered the weaker performance of the industrial HVAC segment, and we ended up in line with the original forecast.

## Increased YoY both in Japan and overseas

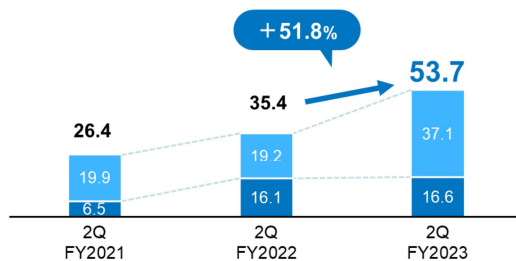
(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Orders-received	35.4	53.7	18.3	45.0	8.7
Japan	16.1	16.6	0.4	12.0	4.6
Overseas	19.2	37.1	17.8	33.0	4.1
Overseas ratio	54.4%	69.0%	14.6pt	73.3%	-4.3pt

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

## Trend

(JPY bn)

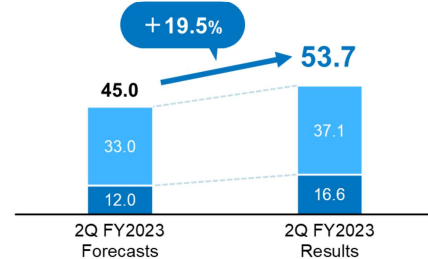
- Paint Finishing(Japan)
- Paint Finishing(Overseas)



## Difference form Forecast

(JPY bn)

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



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This slide shows the orders-received at the Paint Finishing system Division compared with the same period of the last FY and with the forecast.

Orders received increased 18.3 billion yen YoY to 53.7 billion yen.

Overseas, they increased due to the contribution of the large-scale project from automobile manufacturers.

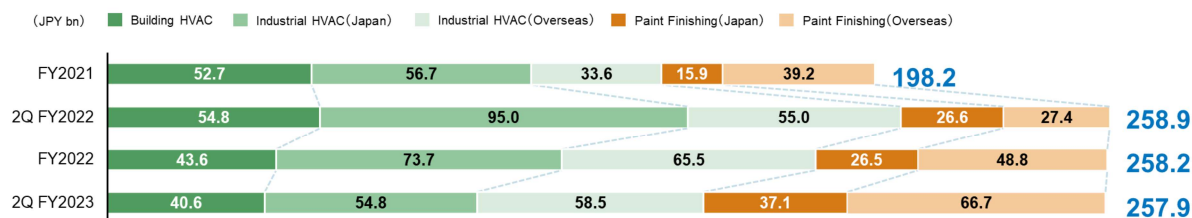
In terms of comparison with the forecast, orders exceeded the revised forecast as we steadily captured the demand for renovation from automobile manufacturers.



## 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



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This slide shows how construction carried forward changed by segment.

It increased significantly in both the Green Technology System Division and the Paint Finishing System Division, in FY2022 and ended up at 258.2 billion yen.

In FY2023 1H, it came out to be 257.9 billion yen, due to the further increase in the Paint Finishing System Division from the end of the previous FY, despite a decrease in the Green Technology System Division.

The entire company has maintained the same level 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

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This slide shows the net sales of completed construction contracts and ordinary income and compared with the same period of the last FY and with the forecast.

The net sales of completed construction contracts increased both in the Green Technology System Division and the Paint Finishing System Division and they increased 44.6 billion yen from YoY to 130.4 billion yen.

In terms of comparison with the forecast, net sales exceeded the forecast both in the Green Technology system Division and the Paint Finishing System Division in each whole division.

In terms of the ordinary income, it increased both in the Green Technology System Division and the Paint finishing System Division. In the whole company, it increased 3.4 billion yen YoY, and exceeded the forecast by 1.8 billion yen to record 8.1 billion yen.

I will explain by each segment from the next slide.

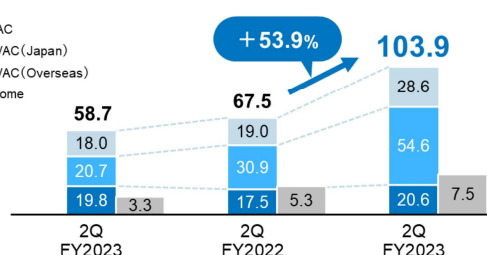
## Achieved increase in Sales and Income by the contribution of Industrial HVAC

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

### Trend

(JPY bn)

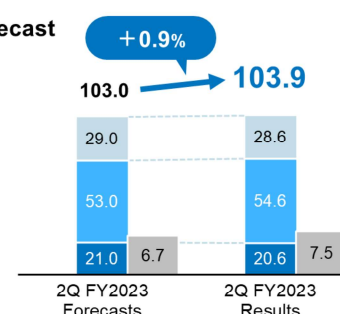
- Building HVAC
- Industrial HVAC(Japan)
- Industrial HVAC(Overseas)
- Ordinary income



### Difference from Forecast

(JPY bn)

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



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This slide shows net sales of the completed construction contracts and ordinary income of the Green Technology System Division compared with the same period of the last FY and with the forecast.

Net sales of completed construction contracts increased 36.4 billion yen YoY to 103.9 billion yen. This increase was mainly due to the contribution of a large-scale project at the industrial HVAC segment.

Ordinary income increased 2.2 billion yen YoY to 7.5 billion yen because of the increase in sales.

In terms of comparison with the forecast, it exceeded the forecast because of the improved profit from the cost-reduction activities mainly overseas.

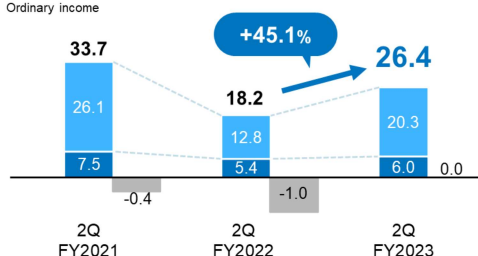
## Achieved increase in Sales and Income by the contribution of overseas Converted from the Ordinary loss to Ordinary income

(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

(JPY bn)

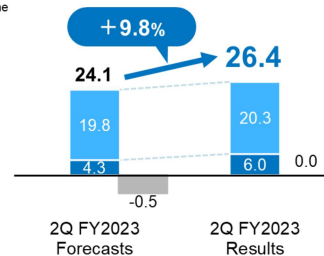
- Paint Finishing(Japan)
- Paint Finishing(Overseas)
- Ordinary income



### Difference from Forecast

(JPY bn)

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



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This slide shows the net sales of the completed construction contracts and ordinary income of the Paint Finishing System Division compared with the same period of the last FY and with the forecast.

Net sales of completed construction contracts increased 8.6 billion yen YoY to 26.4 billion yen.

They increased both in Japan and overseas because of the larger amount of construction carried-forward from the beginning of the FY compared with the previous FY.

The ordinary income increased by 1.0 billion yen YoY due to the increase of the sales and turned into positive.

In terms of comparison with the forecast, it exceeded the forecast because the construction carried forward progressed more than expected.

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

(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>	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

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

This slide shows the orders received by segment based on the result of FY2022, the new forecast disclosed on November 13, and the original forecast.

In terms of expectations for the market environment, in the Green Technology System Division, construction demand in Building HVAC segment is expected to remain steady in the medium to 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, the IoT devices, and automated driving systems. We also expect the same trend will continue overseas.

In the Paint Finishing System Division, we expect that demand from automobile manufacturers will grow steadily based on the capital investment in North America and Japan, and the investment for increased production in China and India.

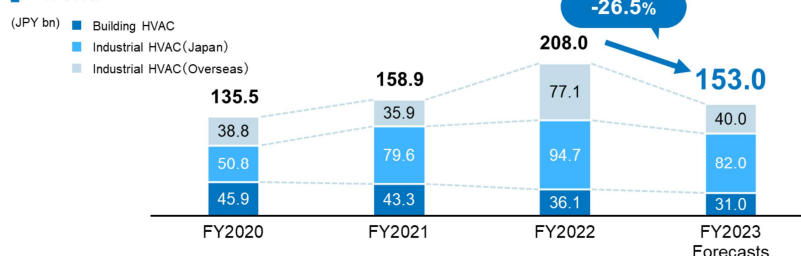
Although the market environment remains firm, we forecast a decrease in both the Green Technology System Division and Paint Finishing System Division, down 63.1 billion yen YoY to 225.5 billion yen, due to the impact of the order receipt activities by taking construction capacity of the Company into consideration.

Further information is explained from next slide by segment.

## 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	73.3	79.6	153.0	153.0	-
Building HVAC	19.5	16.6	36.1	17.7	13.2	31.0	23.0	8.0
Industrial HVAC	107.0	64.8	171.8	55.6	66.3	122.0	130.0	-8.0
Japan	69.3	25.4	94.7	35.8	46.1	82.0	85.0	-3.0
Overseas	37.7	39.4	77.1	19.8	20.1	40.0	45.0	-5.0
Overseas ratio	29.8%	48.4%	37.1%	27.0%	25.4%	26.1%	29.4%	-3.3pt

### Trend



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This slide shows the orders received at the Green Technology System Division, the result of the FY2022, the new forecast, and the original forecast.

In terms of Industrial HVAC segment, orders are expected to be lower than the original forecast, mainly due to the impact of the delayed timing of project delivery at some bases.

On the other hand, in the Building HVAC segment, orders will exceed the forecast by covering the downturn in the industrial HVAC segment.

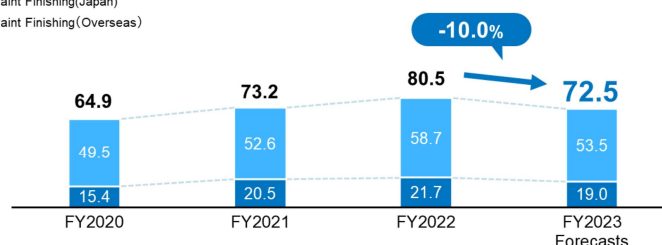
In total, although there can be an increase and decrease in each segment, orders received in the Green Technology System Division are expected to be 153.0 billion yen, in line with the original forecast.

## 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)



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This slide shows the orders received at the Paint Finishing System Division, based on the result of the FY2022, the new forecast, and the original forecast.

They will exceed the forecast made in 1H both in Japan and overseas, by securing the more orders than expected.

Orders received in the Paint Finishing System Division will exceed the original forecast by 7.5 billion yen to 72.5 billion yen.



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

(JPY bn)	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts	vs. Forecast
	1H	2H	Total	1H Results	2H	Total	Total	Total
<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

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This slide shows the net sales of the completed construction contracts and ordinary income by division, based on the result of FY2022, the new forecast disclosed on November 13, and the original forecast.

Net sales of the completed construction contracts are expected to increase both in the Green Technology System Division and the Paint Finishing System Division, and will increase 70.2 billion yen from FY2022 to 285.0 billion yen in the whole group.

Ordinary income will increase 2.4 billion yen from FY2022 to 15.5 billion yen in the whole group.

I will explain by division from next slide.

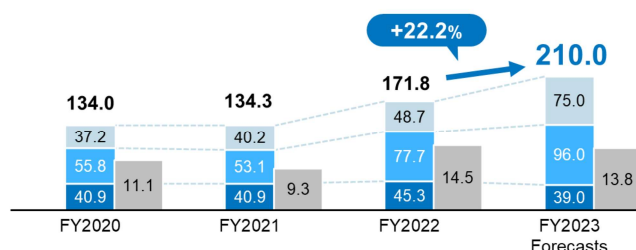
## Both Sales and Income are expected to exceed the original forecasts due to the progress of constructions more than expected

(JPY bn)	FY2022 Results			FY2023 New Forecasts			FY2023 Original forecasts	vs. Forecast
	1H	2H	Total	1H Results	2H	Total	Total	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



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This slide shows net sales of the completed construction contracts and ordinary income at the Green Technology System Division, based on the result of FY2022, the new forecast disclosed on November 13, and the original forecast.

In the new forecast, the net sales of completed construction contracts will exceed the original forecast by 17.5 billion yen to 210.0 billion yen due to the construction carried forward from FY2022 and project orders received in this FY progressing more than expected.

Ordinary income will exceed the forecast 0.6 billion yen to 13.8 billion yen thanks to the improved profitability of some construction projects in addition to the increase in sales.

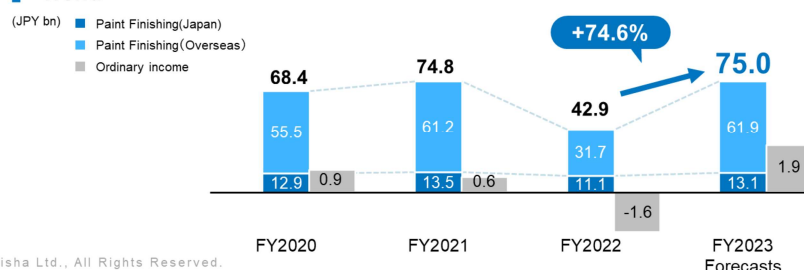
In terms of FY2022 comparison, although sales will increase because of the progress of the large-scale projects, the profit will decrease due to the increased proportion of the unprofitable large-scale projects. Those unprofitable projects were strategically awarded for the Company to acquire further technological capabilities.



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

### Trend



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This slide shows net sales of the completed construction contracts and ordinary income at the Paint Finishing System Division, based on the result of FY2022, the new forecast disclosed on November 13, and the original forecast.

In the new forecast, sales will exceed the original forecast by 12.5 billion yen to 75.0 billion yen because the progress of the construction carried forward from FY2022 exceeded the original forecast overseas.

Ordinary income is expected to be 1.9 billion yen, 1.0 billion yen higher than the original forecast, due to an increase in completed construction volume.

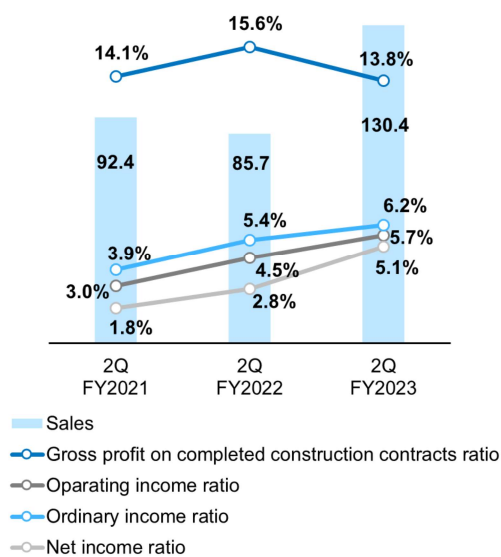
In terms of a comparison with the previous FY, there was an increase in construction carried forward in FY2023 due to a customer changing to their production plan in FY2022. But this trend is expected to be resolved this FY, resulting in an increase in sales, and a corresponding shift from an ordinary loss to an 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

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

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



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

## Balance Sheets

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

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

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This slide shows the consolidated balance sheet.



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

**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 when formulating this Mid-Term Business Plan.**

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

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

					
What Taikisha group is aiming for in 5years					
(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			

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

**For FY2023, we plan to exceed the Mid-Term Business Plan targets.**





## 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</b> billion yen		
<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</b> billion yen	<b>16.0</b> billion yen	
<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</b> billion yen		

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

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

In the Green Technology System Division, we are planning to establish a new R&D center in Aikawa, Kanagawa Prefecture. The construction will be finished on next May. We will enhance communication with customers and technological development through collaboration with customers by using the technical experience acquired in collaborating with the R&D satellite at the head office, which opened in April this year.

In the Paint Finishing System Division, we are rapidly developing dry decorating technology that can replace spray coating. We plan to set up a demonstration line at our Technical Center in Zama City, Kanagawa Prefecture.

We would like to report on future investment plans, we would like to report one by one, starting with those that we are ready to explain.

Basic Policy		Direction	Initiatives
<b>1</b> <b>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</b> <b>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		<b>Green equipment business</b> <ul style="list-style-type: none"> <li>Create a business in a niche fields by integrating HVAC business with manufacturing industry</li> </ul> <b>Automation business</b> <ul style="list-style-type: none"> <li>Focus on robot control technology to develop non-automotive markets such as automated sanding equipment</li> </ul> <b>Plant factory business</b> <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</b> <b>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>

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

## **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

**I will now introduce two initiatives based on each strategy in the Mid-Term Business Plan for the first half of FY2023, in the Green Technology System Division and the Paint Finishing System Division.**

**The first, as an initiative for the Green Technology System Division called, “Strengthen Taikisha, the Technology Company,” we developed target-guided airflow system “FOLLOAS”.**

**It is an air-outlet system that can follow the movement of people, by utilizing image recognition technology and it can be expected to improve the comfort of workers and reduce energy consumption and CO<sub>2</sub> emissions.**

**Currently, we have already been proposing the introduction of these systems to customers and trial installations and durability verification at several factories are currently underway.**

**We aim to achieve annual sales of 3,000 units by 2025, and will continue to build a system for mass production.**

### 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.

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**In the second initiative, as a trial for the "*development with an awareness of global issues*" in the Paint Finishing System Division, we received an award for our presentation at an international conference.**

**We received Jury's Award, which is granted to the presentation that received the highest evaluation from the judges in an international Automotive Body Finishing Conference, "SURCAR 6<sup>th</sup> AMERICAN CONGRESS" held in Detroit, USA in June this year.**

**Dry decoration has had issues related to the size and shape of the coated object that can be decorated, although it can reduce the emissions of GHG by eliminating the need for a conventional painting process. This presentation was highly praised for realizing dry decoration even on bumpers, which are one of the most difficult exterior parts to decorate, without wrinkles and with reduced color tone changes.**

**We are planning to construct a demo-line for dry decoration assuming a mass production line in our research facility, and we are accelerating development for the early realization of a decarbonized society.**

## Achievements and Initiatives in progress①

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value				
			E Climate change mitigation and adaptation	E Initiatives to prevent pollution and reduce environmental impact	S Securing and developing human resources	S Creation of pleasant working environment	G Highly effective corporate governance
Further strengthen core business	Green Technology 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			○	○	

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From this slide, the results for the first half of the FY2023 for each strategy and the main initiatives underway are described. Please refer to the following slides.



## Achievements and Initiatives in progress ②

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value				
			E	S	G		
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	<b>Green equipment business</b> <ul style="list-style-type: none"> <li>Promoting order-receiving activities for Ultra-precise temperature control chamber*1.</li> <li>*1 An equipment that provides a production environment for manufacturing semiconductors, and ultra-precise processing, measurement and testing.</li> <li>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>	○	○			
		<b>Automation business</b> <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 overseas R&amp;D facilities.</li> </ul>	○	○			
		<b>Plan factory business</b> <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	S	G	
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>				

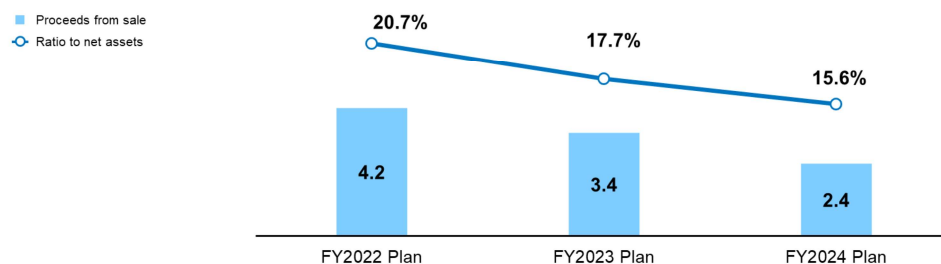


**Planning to sell the 100 hundred million yen of cross-shareholdings and reduce cross-shareholdings(holdings including deemed holdings) to less than 20% of net assets by the second year of the Mid-Term Business Plan period**

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%	

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

#### Trend in cross-shareholdings



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

**The actual amount of sales price in the first half of the FY2023 was 2.5 billion yen.**

**Although sales are proceeding as planned, due in part to the impact of the rise in stock prices, the ratio to net assets of the end of September 2023 was 21.7%.**

**We will continue to make reductions to achieve the plan.**

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>
6. Appendix	P.41

Corporate Planning  
Headquarters:  
Masanori Nakagawa

**Next, I will explain shareholders return.**

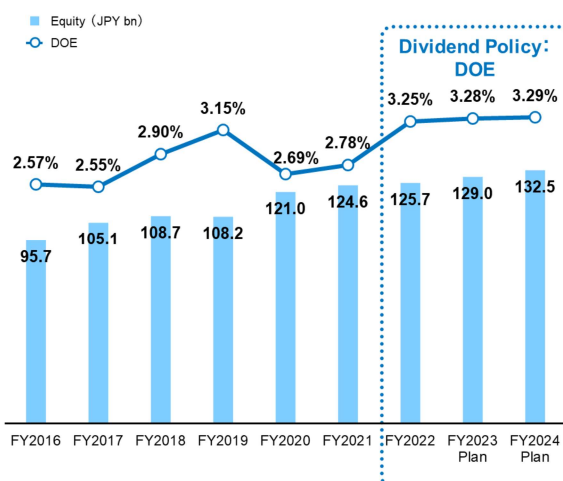
## Dividends are expected to increase as planned during the period of the Mid-Term Business Plan

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

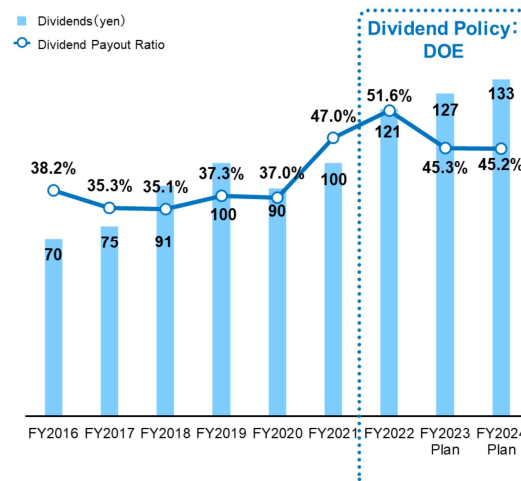
$$\text{DOE } 3.2\% = \text{Aimed ROE level } 8.0\% \times \text{Dividend payout ratio } 40\%$$

**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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This slide shows the shareholder return.

While our dividend policy was based on a dividend payout ratio before, in the Mid-Term Business Plan that started in FY2022, the dividend policy was changed to the DOE standard.

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.

The annual dividend for the end of FY2023 is planned to be 127 yen per share, unchanged from the planned dividend amount announced at the beginning of the FY2023.

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

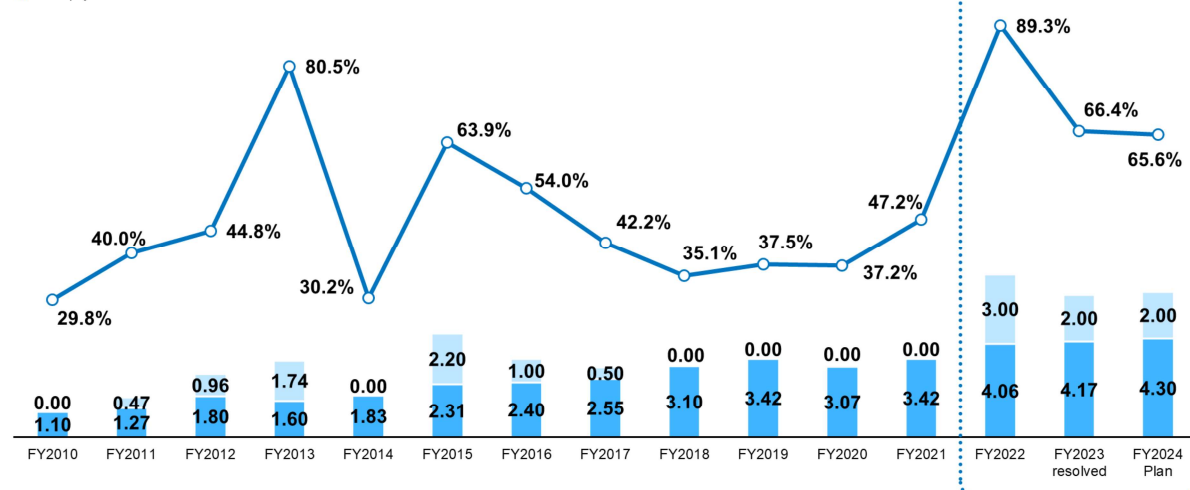
### [Policy for purchase of treasury shares]

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

(JPY bn)

■ 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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This slide explains our purchase of treasury shares.

The pale blue bar graph shows the treasury shares acquired.

In the first year of the Mid-Term business plan, the company repurchased 3 billion yen's worth of treasury shares in FY2022, and plans to repurchase 2 billion yen's worth of its treasury shares annually in the second and subsequent years. In FY2023, the Board of Directors has already passed a resolution on August 10th to repurchase 2 billion yen's worth of treasury shares.

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

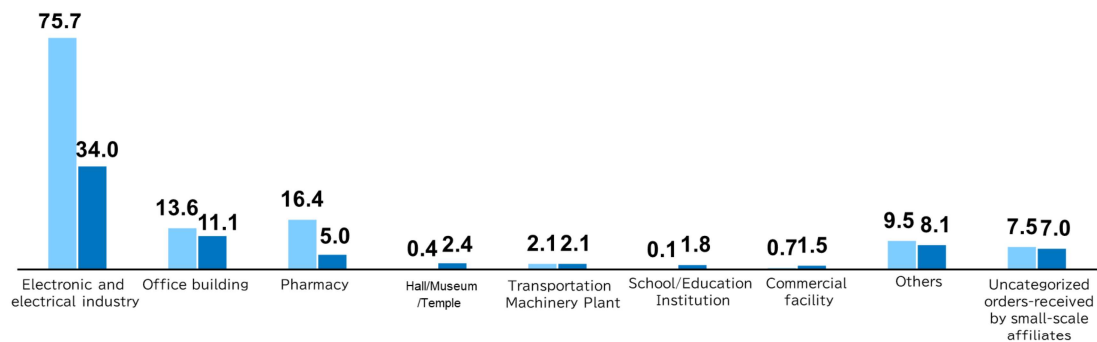
For reference, please look at the shareholder returns and total return ratio, as well.

1. Financial Summary	P.03
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## Orders-received

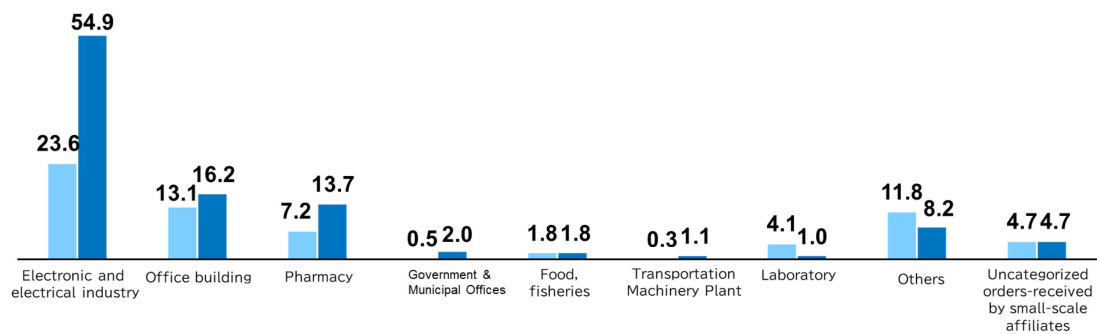
(JPY bn)

■ 2Q FY2022  
■ 2Q FY2023



## Sales

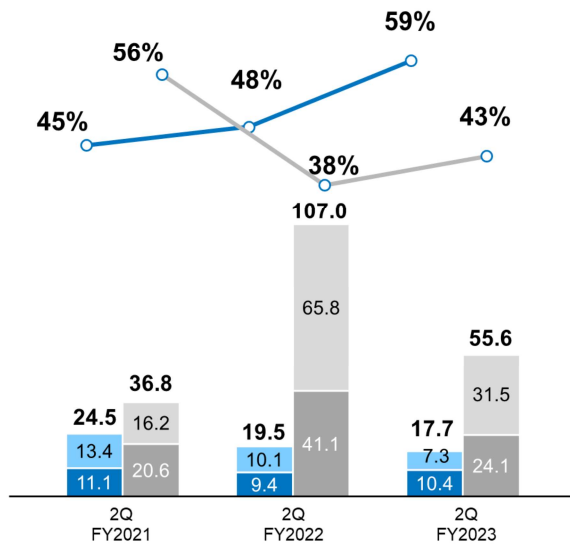
■ 2Q FY2022  
■ 2Q FY2023



(JPY bn)

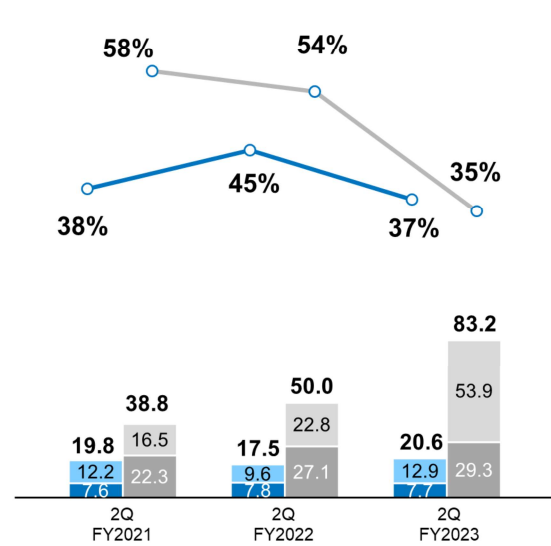
## Orders-received

- 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



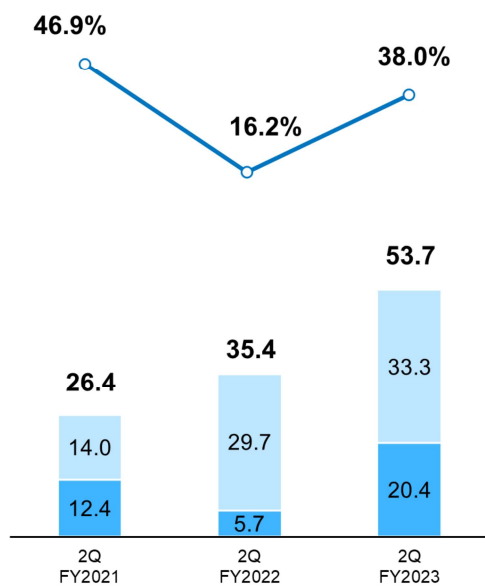
## Paint Finishing System Division Ratio of Orders-Received and Sales from non Japanese customers



(JPY bn)

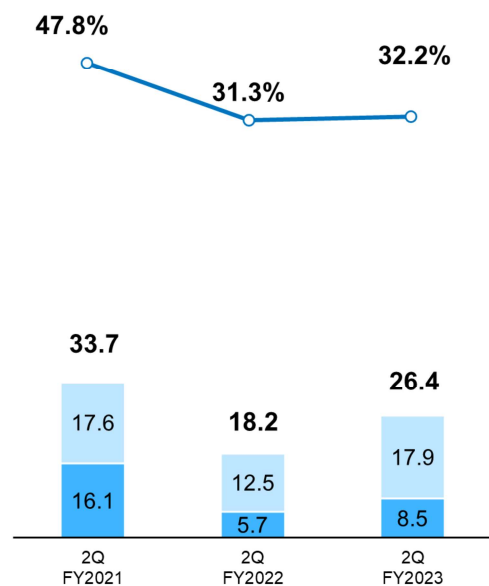
### Orders-received

■ Japanese customer  
■ Non Japanese customer  
○ Non Japanese customer ratio



### Sales

■ Japanese customer  
■ Non Japanese customer  
○ Non Japanese customer ratio



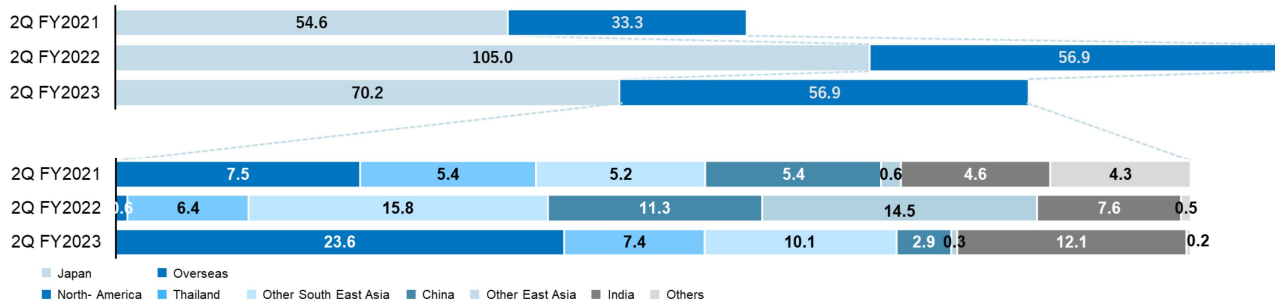
\* The orders and sales of the overseas Japanese-joint venture(including all of Japanese customer investment companies) are included in the total value of the Japanese customer



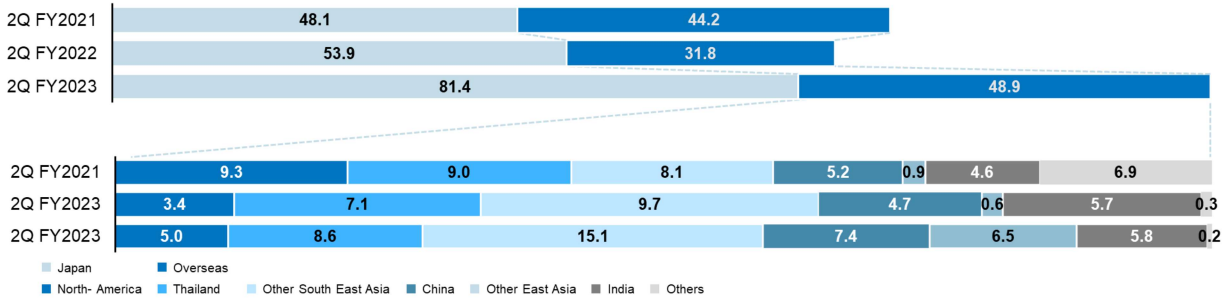
# Overseas Orders-Received and Sales by Region

(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

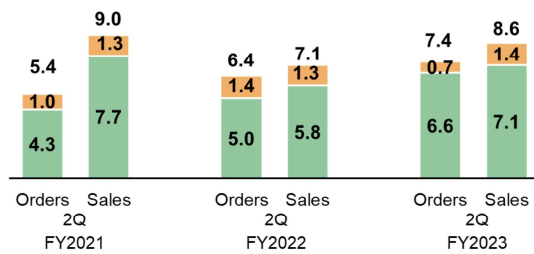
## Orders-Received and sales of overseas main four companies

TAIKI-SHA LTD.

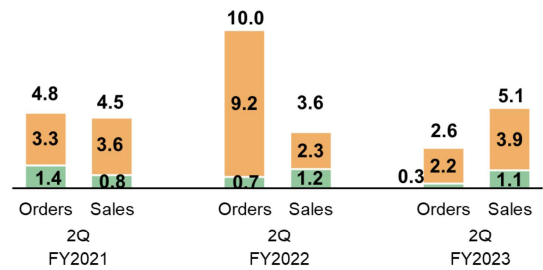
(JPY bn)

Industrial HVAC Paint Finishing System

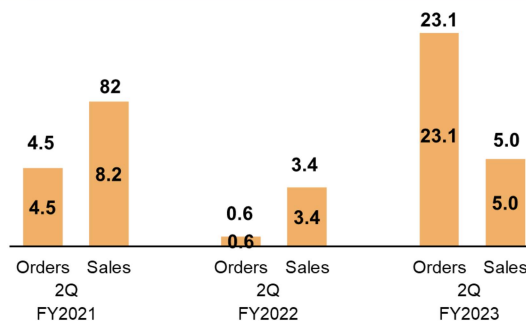
### Taikisha (Thailand) Co., Ltd. (Thailand) Group



### 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

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## 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.

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Contact information for inquiry about this material  
Investor Relations Section, Corporate Planning Headquarters,  
Taikisha Ltd.  
TEL: +81-3-03-5338-5052 FAX: +81-3-03-5338-5195