

TAIKI-SHA LTD.

Financial Results Briefing

FY2023 (Ended March 31, 2024)

May 20, 2024



1. Financial Summary	President: Masashi Osada	P.03
2. Financial Summary by Segment	Administrative Management Headquarters: Yasushi Nakajima	P.09
3. Financial Statement		P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	Corporate Planning Headquarters: Masanori Nakagawa	P.27
5. Shareholders Returns		P.40
6. Appendix		P.43

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 FY2023, and our earnings forecast for FY2024.

1. Financial Summary	President: Masashi Osada	P.03
2. Financial Summary by Segment		P.09
3. Financial Statement		P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)		P.27
5. Shareholders Returns		P.40
6. Appendix		P.43

Set all-time records in Sales and all income items

Business environment (Japan)

Capital investment of electronic component manufacturers and automobile manufacturers is ongoing and demand for the renovations in the metropolitan 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

263.5

Billion yen

YoY Change
-8.7%

Sales

293.5

Billion yen

YoY Change
+36.7%

Ordinary income

19.8

Billion yen

YoY Change
+52.7%

Profit attributable to owners of parent

15.6

Billion yen

YoY Change
+97.1%

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 metropolitan 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 such market environment, there was a reactionary decrease in orders-received because we had large orders in the same period of the previous fiscal year. However, in terms of performance, backed by steady progress in construction work carried forward, we achieved the highest-ever net sales of completed construction contracts and all income items.

Exceeded Forecasts in Orders-received and income items

(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Orders-received	288.6	263.5	-25.1	256.0	7.5
Net-sales of completed construction contracts	214.7	293.5	78.7	294.5	-0.9
Ordinary income	13.0	19.8	6.8	18.1	1.7
Ratio	6.1%	6.8%	0.7pt	6.1%	0.6pt
Profit attributable to owners of parent	7.9	15.6	7.6	13.3	2.3
Ratio	3.7%	5.3%	1.6pt	4.5%	0.8pt
ROE	6.3%	11.6%	5.3pt	10.1%	1.5pt
EPS	234.62 yen	471.94 yen	237.32 yen	-	-

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

Exchange rate of main overseas affiliates

(Yen)	① FY2022	② FY2023
US \$	130.78	140.55
THB	3.73	4.04
CNY	19.39	19.81
INR	1.68	1.75

Exchange rate impact

Impact of exchange rate difference between ① and ②

Sales: 6.5 billion yen

Ordinary income: 0.3 billion yen

Under such circumstances, we exceeded the full-year forecast revised at the time of announcing the third quarter financial results, in all the items except net sales of completed construction contracts.

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

Although net sales of completed construction contracts were slightly lower than expected, the results were almost as forecasted.

On the profit side, improvements were seen in construction profitability, resulting in ordinary income exceeding the forecast.

As for profit attributable to owners of parent, in addition to the factors mentioned previously, we exceeded our forecast from the proceeds of the sale of investment securities and others.

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

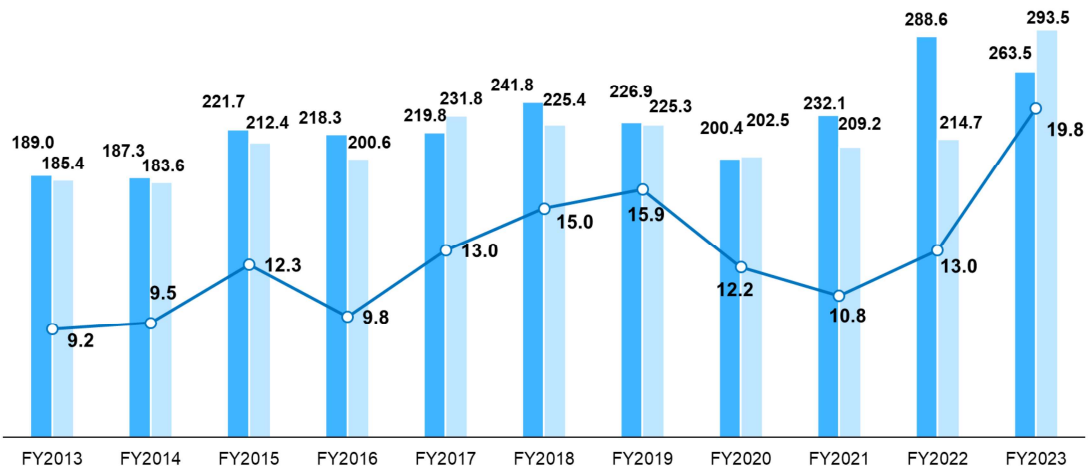
Please check the exchange rate of the main overseas affiliates and the effect of exchange rate differences shown in the bottom of the slide.

Growth continues despite being affected by external environment

Trends in Orders-received · Sales · Ordinary income

(JPY bn)

- Orders-received
- Sales
- Ordinary income



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6

This slide shows the performance of the company.

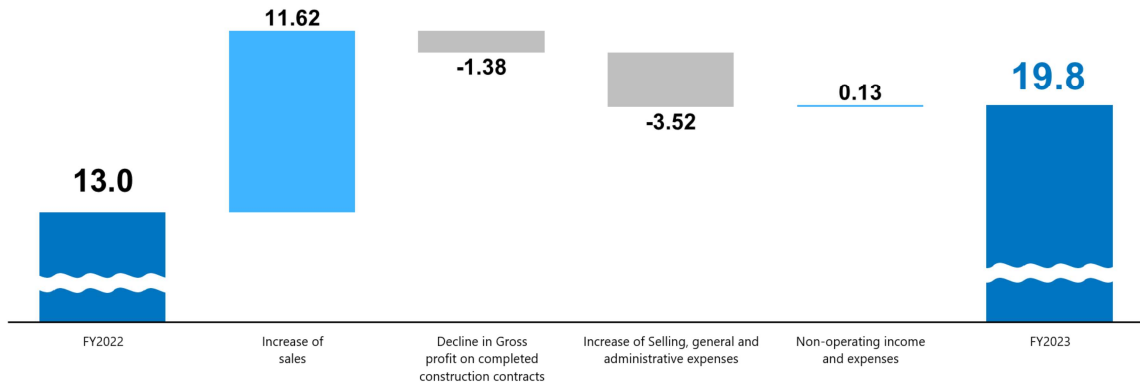
We have been able to continue with our growth, even though the business has been affected to a certain amount of fluctuation in the external environment, such as the impact of COVID-19.

Increased YoY from significant growth in Sales

(JPY bn)

Breakdown of fluctuation in Ordinary Income (YoY change)

- Increase
- Decrease
- Total amount



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7

This slide shows the factors causing a fluctuation in ordinary income in FY2023.

We achieved a year-on-year increase in ordinary income through a significant increase in net sales of completed construction contracts despite the fall in profitability related to large-scale projects and the increase in selling, general and administrative (SG&A) expenses, mainly for labor cost.

Although a decrease in Sales and Income is expected due to absence of large projects, Orders-received are expected to return to highest-ever level

Earnings forecast

(JPY bn)	FY2023 Results	FY2024 Forecasts	YoY Change	FY2024 Mid-Term Business Plan Targets
Orders-received	263.5	280.0	16.4	236.0
Net-sales of completed construction contracts	293.5	258.0	-35.5	238.0
Operating income	18.2	14.0	-4.2	-
Ordinary income	19.8	15.0	-4.8	15.0
Profit attributable to owners of parent	15.6	10.2	-5.4	9.6
ROE	11.6%	7.0%	-4.6pt	7.2%

Exchange rate of main overseas affiliates

(Yen)	FY2023 Results	FY2024 Assumptions
US\$	140.55	147.00
THB	4.04	4.03
CNY	19.81	20.00
INR	1.75	1.76

Impact of exchange rate fluctuations

Impact of 1% change in all exchange rates on the FY2024 forecast

Sales: 1.2 billion yen

Ordinary income: 0.07 billion yen

Next, I would like to explain the full-year earnings forecast for FY2024.

We saw the completion of multiple large-scale projects for FY2023. However, we forecast a decrease in income and sales, due to their absence in FY2024. However, regarding the amount of construction orders received, we had been adjusting the size of orders received for FY2023 due to a large increase in construction orders in hand. For FY2024, these construction orders in hand decreased last fiscal year, and the market environment for both businesses will continue to be favorable. Thereby, we expect to see an increase for the Company as a whole. The level of orders-received is expected to be close to 288.6 billion yen, which was the highest-ever level recorded two terms ago.

This FY marks the final year of the Mid-term business plan stretching from FY2022 to FY2024. When the plan was formulated, the target for FY2024 was shown here in the extreme right column. Net sales of completed construction contracts have exceeded the target and although profitability is on a path towards improvement, there has been a significant increase in labor costs, more than forecasted, stemming from higher salaries and an increase in selling, general and administrative (SG&A) expenses, such as R&D and IT investments, and we expect ordinary income of 15 billion yen, the same as the original target. We shall continue with our efforts to exceed the target numbers.

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.

1. Financial Summary		P.03
2. Financial Summary by Segment	Administrative Management Headquarters: Yasushi Nakajima	P.09
3. Financial Statement		P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)		P.27
5. Shareholders Returns		P.40
6. Appendix		P.43

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

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

Decreased in the Green Technology and Increased in the Paint Finishing

(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Orders-received	288.6	263.5	-25.1	256.0	7.5
Japan	152.7	148.4	-4.3	142.7	5.7
Overseas	135.9	115.1	-20.8	113.3	1.8
Green Technology	208.0	171.9	-36.1	167.0	4.9
Building HVAC	36.1	36.2	0.0	33.0	3.2
Industrial HVAC	171.8	135.6	-36.1	134.0	1.6
Paint Finishing	80.5	91.6	11.0	89.0	2.6

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

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10

From this slide, I will explain the achievements of FY2023 by division.

This slide shows a summary of the orders received by division compared with FY2022 and forecasts.

On the whole, while an increase was seen in the Paint Finishing System Division, a fall was recorded for the Green Technology System Division, resulting in 263.5 billion yen, a year-on-year decrease of 25.1 billion yen.

In comparison with forecast, we exceeded the forecast revised in the third quarter financial results in all fields.

The following slides explain a breakdown by divisions.

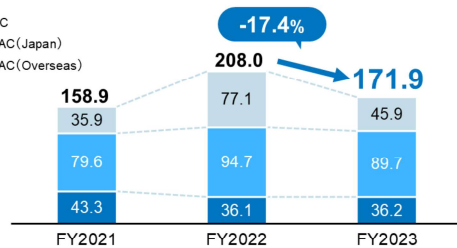
Decreased YoY due to Reactionary Decline from Large-scale projects in Industrial HVAC

(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Orders-received	208.0	171.9	-36.1	167.0	4.9
Building HVAC	36.1	36.2	0.0	33.0	3.2
Industrial HVAC	171.8	135.6	-36.1	134.0	1.6
Japan	94.7	89.7	-4.9	88.5	1.2
Overseas	77.1	45.9	-31.2	45.5	0.4
Overseas ratio	37.1%	26.7%	-10.4pt	27.2%	-0.5pt

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

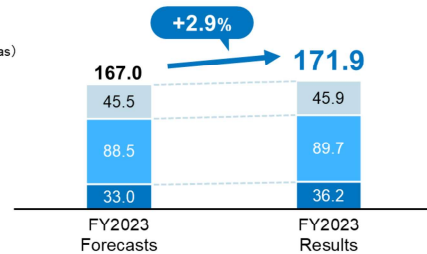
Trend

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



Difference form Forecast

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



This slide shows the orders received in the Green Technology System Division compared with FY2022 and forecasts.

Orders received decreased 36.1 billion yen from FY2022 to 171.9 billion yen.

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

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

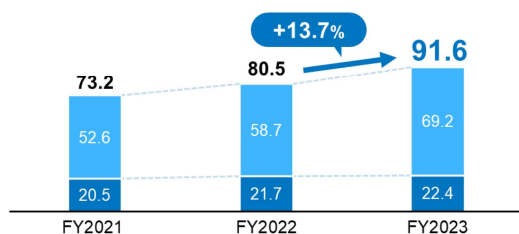
Increased YoY both in Japan and overseas

(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Orders-received	80.5	91.6	11.0	89.0	2.6
Japan	21.7	22.4	0.6	21.2	1.2
Overseas	58.7	69.2	10.4	67.8	1.4
Overseas ratio	73.0%	75.5%	2.6pt	76.2%	-0.6pt

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

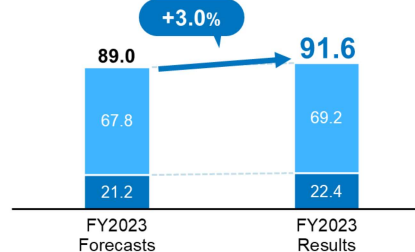
Trend

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



Difference from forecast

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



This slide shows the orders received at the Paint Finishing System Division compared with FY2022 and forecasts.

Orders-received increased 11 billion yen from FY2022 to 91.6 billion yen.

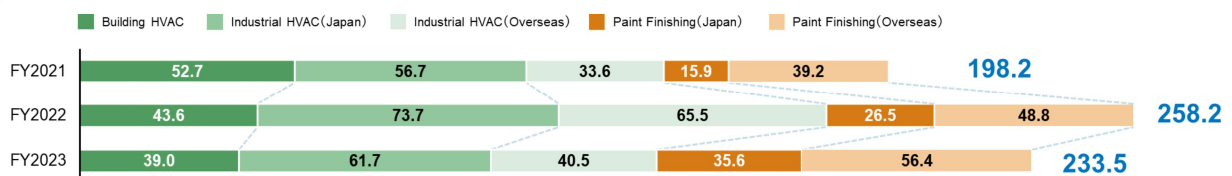
Overseas, they increased due to the contribution of the large-scale project from automobile manufacturers.

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

Decreased in the Green Technology and Increased in the Paint Finishing

(JPY bn)	FY2021 Results A	FY2022 Results B	FY2023 Results C	Change B-A	Change C-B
Orders-received	232.1	288.6	263.5	56.5	-25.1
Net-sales of completed construction contracts	209.2	214.7	293.5	5.5	78.7
Construction carried-forward	198.2	258.2	233.5	60.0	-24.7
Green Technology	143.1	182.8	141.4	39.7	-41.4
Building HVAC	52.7	43.6	39.0	-9.1	-4.5
Industrial HVAC	90.3	139.2	102.3	48.8	-36.9
Paint Finishing	55.1	75.4	92.1	20.2	16.7

Breakdown of Construction Carried-Forward



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

For FY2023, while an increase was seen in the Paint Finishing System Division, the Green Technology System Division showed a decrease, resulting in 233.5 billion yen.

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

(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Net-sales of completed construction contracts	214.7	293.5	78.7	294.5	-0.9
Japan	134.2	155.7	21.5	156.3	-0.5
Overseas	80.5	137.7	57.2	138.2	-0.4
Green Technology	171.8	216.5	44.6	217.0	-0.4
Building HVAC	45.3	40.7	-4.5	40.5	0.2
Industrial HVAC	126.4	175.7	49.2	176.5	-0.7
Paint Finishing	42.9	77.0	34.0	77.5	-0.4
Ordinary income	13.0	19.8	6.8	18.1	1.7
Ratio	6.1%	6.8%	0.7pt	6.1%	0.6pt
Green Technology	14.5	17.0	2.4	16.0	1.0
Ratio	8.5%	7.9%	-0.6pt	7.4%	0.5pt
Paint finishing	-1.6	2.8	4.4	2.2	0.6
Ratio	-3.7%	3.6%	7.4pt	2.8%	0.8pt

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

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14

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

The net sales of completed construction contracts increased both in the Green Technology System Division and the Paint Finishing System Division and they increased 78.7 billion yen from YoY to 293.5 billion yen.

In terms of the forecast, both the Green Technology System Division and Paint Finishing System Division have underachieved compared with the forecast revised at the time of the third quarter financial results, but have ended up almost as forecasted.

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 6.8 billion yen YoY, and exceeded the forecast by 1.7 billion yen to record 19.8 billion yen.

Further information is explained from the next slides.

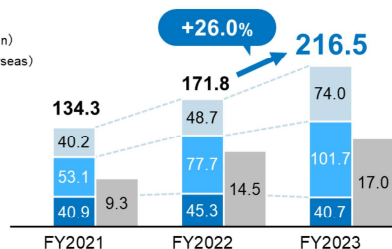
Achieved increase in Sales and Income by the contribution of Industrial HVAC

(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Net-sales of completed construction contracts	171.8	216.5	44.6	217.0	-0.4
Building HVAC	45.3	40.7	-4.5	40.5	0.2
Industrial HVAC	126.4	175.7	49.2	176.5	-0.7
Japan	77.7	101.7	24.0	102.0	-0.2
Overseas	48.7	74.0	25.2	74.5	-0.4
Overseas ratio	28.4%	34.2%	5.8pt	34.3%	-0.1pt
Ordinary income	14.5	17.0	2.4	16.0	1.0
Ratio	8.5%	7.9%	-0.6pt	7.4%	0.5pt

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

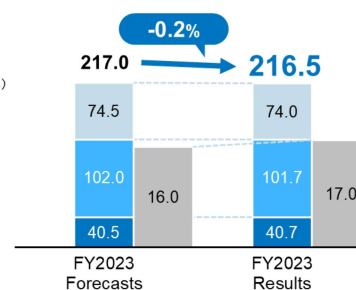
Trend

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



Difference from Forecast

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



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15

This slide shows the net sales of completed construction contracts and ordinary income of the Green Technology System Division by segment compared with FY2022 and forecasts.

Net sales of completed construction contracts increased 44.6 billion yen to 216.5 billion yen in the whole group.

Although a fall was seen in Building HVAC, completion of a large-scale project in the Industrial HVAC field has contributed, resulting in an increase.

In spite of a fall in profitability of large-scale projects and higher SG&A expenses, such as labor costs, we were supported by a large increase in net sales of completed construction contracts, and managed to record ordinary income of 17 billion yen, a year-on-year increase of 2.4 billion yen.

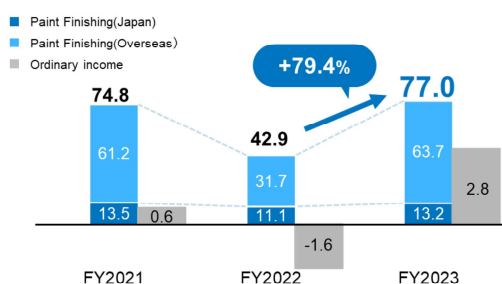
In comparison with forecast, improvements in profit from activities to lower costs have progressed and profit exceeded the forecast revised at the time of announcing the third quarter financial results.

Increase in income and profits driven by overseas
Turnabout from ordinary loss to profit

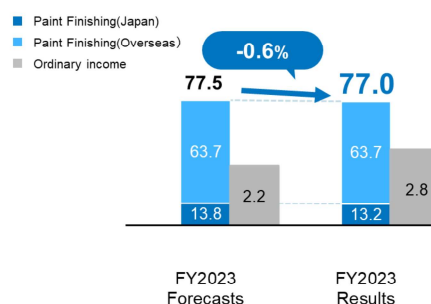
(JPY bn)	FY2022 Results	FY2023 Results	YoY Change	FY2023 Forecasts*	vs. Forecast
Net-sales of completed construction contracts	42.9	77.0	34.0	77.5	-0.4
Japan	11.1	13.2	2.1	13.8	-0.5
Overseas	31.7	63.7	31.9	63.7	0.0
Overseas ratio	74.0%	82.8%	8.7pt	82.2%	0.6pt
Ordinary income	-1.6	2.8	4.4	2.2	0.6
Ratio	-3.7%	3.6%	7.4pt	2.8%	0.8pt

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

Trend



Difference from Forecast



This slide shows the net sales of completed construction contracts and ordinary income compared with FY2022 and forecasts in the Paint Finishing System Division.

Net sales of completed construction contracts increased 34 billion yen from FY2022 to 77 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.

Ordinary income came to 2.8 billion yen, a year-on-year increase of 4.4 billion yen, from an increase in net sales of completed construction contracts. In the previous term, we had not been able to secure sales, due to delay in completed construction projects, both in Japan and overseas, due to changes in production plans of our customers, and not being able to cover our SG&A expenses resulting in an ordinary loss; however, for FY2023, there is no such impact and we returned to profit.

In comparison with forecast, improvements in profit from activities to lower costs have progressed and profit has exceeded the forecast revised at the time of announcing the third quarter financial results.

Expect increase in the Green Technology but decrease in the Paint Finishing System Division

(JPY bn)	FY2023 Results			FY2024 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Orders-received	127.1	136.3	263.5	114.0	166.0	280.0	-13.1	29.6	16.4
Japan	70.2	78.1	148.4	60.6	94.2	154.8	-9.6	16.0	6.3
Overseas	56.9	58.1	115.1	53.4	71.8	125.2	-3.5	13.6	10.0
Green Technology	73.3	98.5	171.9	83.0	117.0	200.0	9.6	18.4	28.0
Building HVAC	17.7	18.4	36.2	23.0	14.6	37.6	5.2	-3.8	1.3
Industrial HVAC	55.6	80.0	135.6	60.0	102.4	162.4	4.3	22.3	26.7
Paint Finishing	53.7	37.8	91.6	31.0	49.0	80.0	-22.7	11.1	-11.6

From now, I will explain the FY2024 earnings forecast by segment.

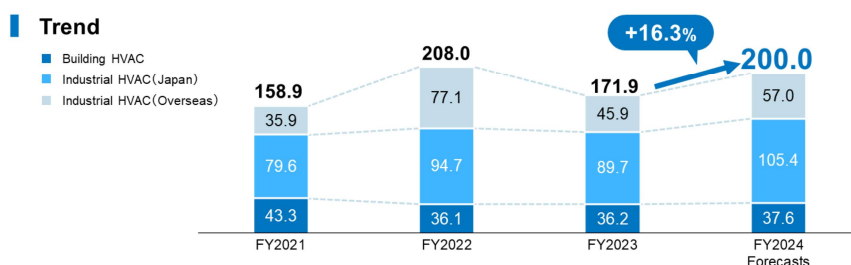
This slide shows the forecast of orders to be received by segment compared with FY2023.

On the whole, although there will be a decrease from the Paint Finishing System Division, the Green Technology System Division will show an increase and we expect to see orders-received of 280 billion yen, a year-on-year increase of 16.4 billion yen.

Further information is explained from the next slide by segment.

Aim for increase in all fields under a favorable market environment

(JPY bn)	FY2023 Results			FY2024 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Orders-received	73.3	98.5	171.9	83.0	117.0	200.0	9.6	18.4	28.0
Building HVAC	17.7	18.4	36.2	23.0	14.6	37.6	5.2	-3.8	1.3
Industrial HVAC	55.6	80.0	135.6	60.0	102.4	162.4	4.3	22.3	26.7
Japan	35.8	53.9	89.7	33.0	72.4	105.4	-2.8	18.4	15.6
Overseas	19.8	26.0	45.9	27.0	30.0	57.0	7.1	3.9	11.0
Overseas ratio	27.0%	26.5%	26.7%	32.5%	25.6%	28.5%	5.5pt	-0.8pt	1.8pt



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18

This slide explains orders to be received in the Green Technology System Division compared with FY2023.

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

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

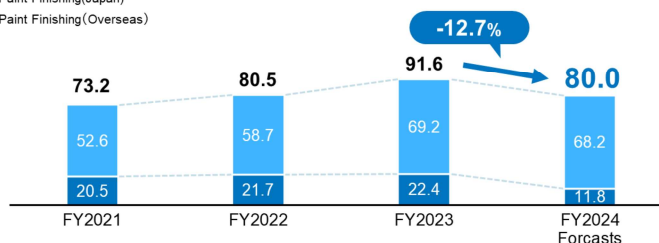
As explained previously by our president, Osada, we had been adjusting the amount of orders received accompanying a large increase in construction contracts in hand for FY2023. However, for FY2024, orders in hand decreased last fiscal year, and with the market continuing to be favorable. Thereby, we expect orders-received to be 200 billion yen, a year-on-year increase of 28 billion yen. You can see in the trend of orders-received that the level is close to 208 billion yen, the highest-ever level recorded two terms ago.

Although a decrease is expected mainly in Japan, will maintain a level in excess of 80 billion yen for three consecutive terms

(JPY bn)	FY2023 Results			FY2024 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Orders-received	53.7	37.8	91.6	31.0	49.0	80.0	-22.7	11.1	-11.6
Japan	16.6	5.7	22.4	4.6	7.2	11.8	-12.0	1.4	-10.6
Overseas	37.1	32.1	69.2	26.4	41.8	68.2	-10.7	9.6	-1.0
Overseas ratio	69.0%	84.8%	75.5%	85.2%	85.3%	85.3%	16.2pt	0.5pt	9.7pt

Trend

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



This slide shows the orders to be received at the Paint Finishing System Division compared with FY2023.

As for the market environment, we expect that demand for automobile manufacturers will grow steady based on the capital investment in Europe, North America, and Japan, and the investment for increased production in China and India.

As I have just explained, although the market environment is favorable, in Japan, as a reaction to multiple medium-sized projects in FY2023, orders-received for the Paint Finishing System Division are expected to be 80 billion yen, a year-on-year decrease of 11.6 billion yen.

However, as can be seen in the trend of orders-received, we will be maintaining a level in excess of 80 billion yen for three consecutive years.

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

	FY2023 Results			FY2024 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
(JPY bn)									
Net-sales of completed construction contracts	130.4	163.1	293.5	110.0	148.0	258.0	-20.4	-15.1	-35.5
Japan	81.4	74.3	155.7	51.7	80.6	132.3	-29.7	6.2	-23.4
Overseas	48.9	88.8	137.7	58.3	67.4	125.7	9.3	-21.4	-12.0
Green Technology	103.9	112.5	216.5	72.0	97.0	169.0	-31.9	-15.5	-47.5
Building HVAC	20.6	20.0	40.7	14.0	24.0	38.0	-6.6	3.9	-2.7
Industrial HVAC	83.2	92.4	175.7	58.0	73.0	131.0	-25.2	-19.4	-44.7
Paint Finishing	26.4	50.5	77.0	38.0	51.0	89.0	11.5	0.4	11.9
Ordinary income	8.1	11.7	19.8	4.9	10.1	15.0	-3.2	-1.6	-4.8
Ratio	6.2%	7.2%	6.8%	4.5%	6.8%	5.8%	-1.8pt	-0.4pt	-0.9pt
Green Technology	7.5	9.4	17.0	4.2	6.5	10.7	-3.3	-2.9	-6.3
Ratio	7.3%	8.4%	7.9%	5.8%	6.7%	6.3%	-1.5pt	-1.7pt	-1.5pt
Paint Finishing	0.0	2.7	2.8	0.1	3.8	3.9	0.0	1.0	1.0
Ratio	0.2%	5.4%	3.6%	0.3%	7.5%	4.4%	0.0pt	2.0pt	0.7pt

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20

This slide shows the net sales of completed construction contracts and ordinary income by segment compared with FY2023.

Although the net sales of completed construction contracts will increase at the Paint Finishing System Division, it will be down at the Green Technology System Division, resulting in a forecast of 258 billion yen, a year-on-year decrease of 35.5 billion yen.

Similarly for ordinary income, an increase will be seen in the Paint Finishing System Division while a drop will be seen at the Green Technology System Division, resulting in a forecast of 15 billion yen, a year-on-year decrease of 4.8 billion yen.

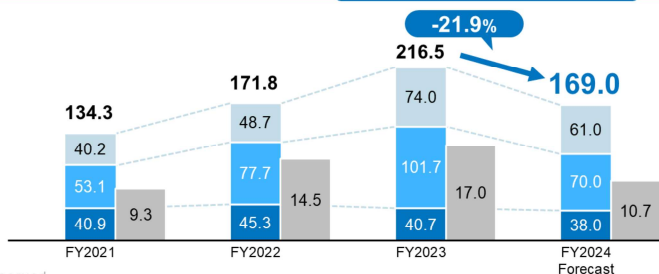
Further information is explained in order by segment from the next slide.

**Decrease in Sales and Income is expected due to absence of large projects
Aim to cutback decrease in profit through cost-reduction activities**

(JPY bn)	FY2023 Results			FY2024 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales of completed construction contracts	103.9	112.5	216.5	72.0	97.0	169.0	-31.9	-15.5	-47.5
Building HVAC	20.6	20.0	40.7	14.0	24.0	38.0	-6.6	3.9	-2.7
Industrial HVAC	83.2	92.4	175.7	58.0	73.0	131.0	-25.2	-19.4	-44.7
Japan	54.6	47.0	101.7	29.0	41.0	70.0	-25.6	-6.0	-31.7
Overseas	28.6	45.3	74.0	29.0	32.0	61.0	0.3	-13.3	-13.0
Overseas ratio	27.5%	40.3%	34.2%	40.3%	33.0%	36.1%	12.7pt	-7.3pt	1.9pt
Ordinary income	7.5	9.4	17.0	4.2	6.5	10.7	-3.3	-2.9	-6.3
Ratio	7.3%	8.4%	7.9%	5.8%	6.7%	6.3%	-1.5pt	-1.7pt	-1.5pt

Trend

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



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This slide shows the net-sales of completed construction contracts and ordinary income in the Green Technology System Division, compared with FY2023.

The net sales of completed construction contracts are expected to increase 47.5 billion yen compared with FY2023 to 169 billion yen.

In the area of Building HVAC, we had been adjusting the amount of orders to be received for two consecutive terms, FY2022 and FY2023. This has resulted in a fall in contracts in hand that will contribute to sales of FY2024, resulting in a decrease.

In the area of Industrial HVAC, sales are expected to fall in absence of large-sized projects, both in Japan and overseas.

Ordinary income is expected to decrease 6.3 billion yen to 10.7 billion yen.

As I have just explained, in addition to a fall in the net sales of completed construction contracts in all the fields, we expect ordinary income to fall from an increase in selling, general and administrative expenses, as explained by our president, Osada.

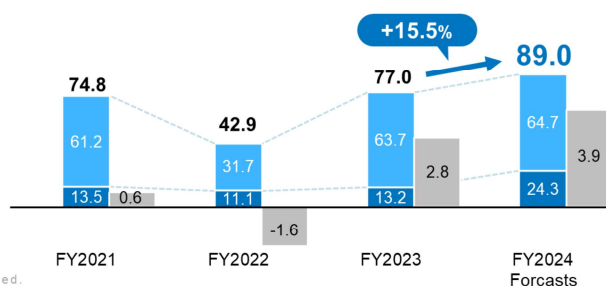
However, the profitability of construction contracts is improving and efforts will continue to lessen the drop in profit through further cost-reduction activities.

Expect increase in both Sales and Income for two consecutive terms

(JPY bn)	FY2023 Results			FY2024 Forecasts			YoY Change		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales of completed construction contracts	26.4	50.5	77.0	38.0	51.0	89.0	11.5	0.4	11.9
Japan	6.0	7.1	13.2	8.7	15.6	24.3	2.6	8.4	11.0
Overseas	20.3	43.4	63.7	29.3	35.4	64.7	8.9	-8.0	0.9
Overseas ratio	77.0%	85.8%	82.8%	77.1%	69.4%	72.7%	0.1pt	-16.4pt	-10.1pt
Ordinary income	0.0	2.7	2.8	0.1	3.8	3.9	0.0	1.0	1.0
Ratio	0.2%	5.4%	3.6%	0.3%	7.5%	4.4%	0.0pt	2.0pt	0.7pt

Trend

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



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22

This slide shows the orders to be received and net sales of completed construction contracts of the Paint Finishing System Division compared with FY2023.

Net sales of completed construction contracts is expected to increase 11.9 billion yen to 89 billion yen compared with FY2023.

We expect to see a significant increase through progress made in large-scale projects, both in Japan and overseas.

Ordinary income is expected to reach 3.9 billion yen, a year-on-year increase of 1 billion yen.

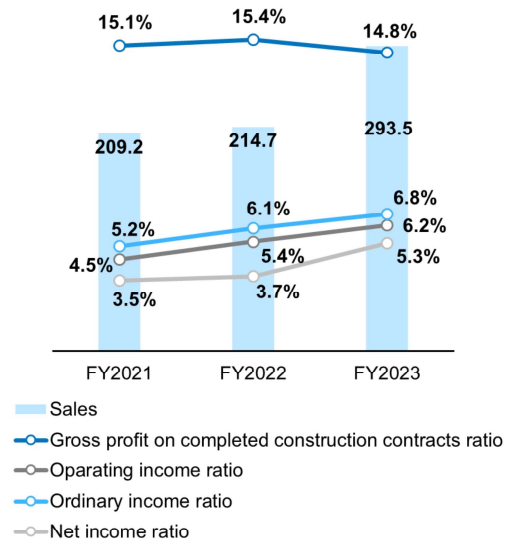
As can be seen in the trend of net sales of completed construction contracts and ordinary income, they hit the bottom in FY2022 and an increase in sales and income for two consecutive terms is expected.

1. Financial Summary	P.03
2. Financial Summary by Segment	P.09
3. Financial Statement	P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.27
5. Shareholders Returns	P.40
6. Appendix	P.43

Administrative Management
Headquarters:
Yasushi Nakajima

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

(JPY bn)	FY2021	FY2022	FY2023
Net-sales of completed construction contracts	209.2	214.7	293.5
Gross profit on completed construction contracts	31.6	33.0	43.3
Ratio	15.1%	15.4%	14.8%
Operating income	9.4	11.5	18.2
Ratio	4.5%	5.4%	6.2%
Ordinary income	10.8	13.0	19.8
Ratio	5.2%	6.1%	6.8%
Profit attributable to owners of parent	7.2	7.9	15.6
Ratio	3.5%	3.7%	5.3%
ROE	5.9%	6.3%	11.6%



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

In addition to the increase in ordinary income, a gain on sales of investment securities, and a reduction in corporate tax rate burden through the application of reduced tax rates to promote wage increases, and so profit attributable to owners of parent for FY2023 reached 15.6 billion yen, a year-on-year increase of 7.6 billion yen.

Balance Sheets

(JPY bn)

Subject	FY 2022	FY 2023	YoY Change
Current assets	184.4	203.3	18.9
Cash and deposits	46.9	55.4	8.4
Notes receivable, accounts receivable from completed construction contracts and other	124.2	125.3	1.1
Securities	-	9.0	9.0
Costs on uncompleted construction contracts - Raw materials and supplies	3.1	3.3	0.1
Other	10.7	11.2	0.4
Allowance for doubtful accounts	-0.6	-1.0	-0.3
Non-current assets	52.6	63.1	10.4
Property, plant and equipment	8.5	11.6	3.1
Goodwill	3.6	3.5	-0.1
Other intangible assets	2.2	2.4	0.1
Investment securities	26.4	30.8	4.3
Deferred tax assets	0.5	0.8	0.2
Other	11.5	14.4	2.8
Allowance for doubtful accounts	-0.5	-0.7	-0.2
Total assets	237.1	266.4	29.3

Subject	FY 2022	FY 2023	YoY Change
Current liabilities	95.9	103.5	7.5
Notes payable, accounts payable for construction contracts and other	55.4	64.8	9.3
Advances received on uncompleted construction contracts	23.3	13.8	-9.4
Provision for loss on construction contracts	0.3	0.3	0.0
Other	16.8	24.3	7.5
Non-current liabilities	9.1	11.4	2.2
Total liabilities	105.1	114.9	9.8
Net assets	131.9	151.5	19.5
Capital stock	6.4	6.4	-
Capital surplus	3.5	3.6	0.0
Retained earnings	100.2	111.8	11.5
Treasury shares	-1.1	-2.9	-1.8
Valuation difference on available-for-sale securities	10.5	14.3	3.8
Deferred gains or losses on hedges	-0.0	-0.0	0.0
Foreign currency translation adjustment	4.7	7.7	2.9
Accumulated remeasurements of defined benefit plans	1.4	2.9	1.5
Non-controlling interests	6.2	7.5	1.3
Total liabilities and net assets	237.1	266.4	29.3

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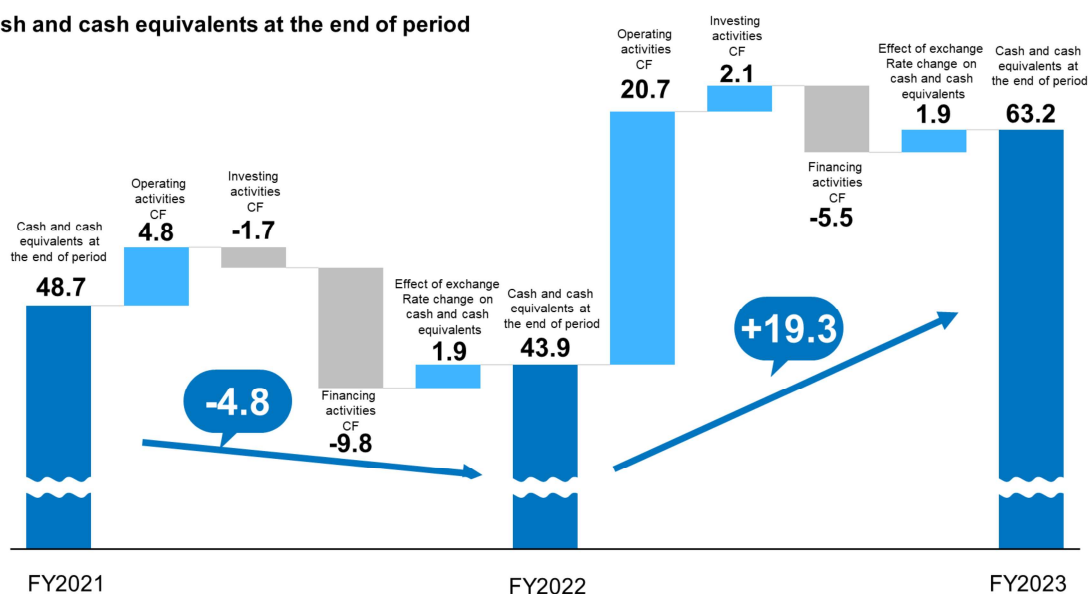
25

This slide shows the consolidated balance Sheet.

Operating activities CF: Positive due to the increase in net income
Financing activities CF: Negative due to the dividend payments, and purchase of treasury shares

Cash and cash equivalents at the end of period

(JPY bn)



This slide shows the consolidated cash flows.

Cash and cash equivalents at the end of FY2023 fell 19.3 billion yen from FY2022 to 63.2 billion yen.

Cash flow from operating activities was plus 20.7 billion yen supported by an increase in profit.

Cash flow from financing activities became minus 5.5 billion yen due to the dividend payments, and purchase of treasury shares.

1. Financial Summary	P.03
2. Financial Summary by Segment	P.09
3. Financial Statement	P.23
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Corporate Planning
Headquarters:
Masanori Nakagawa

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

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



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

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

**Expect to achieve profit targets for the final year of the Mid-Term Business Plan
Promoting improvement in profits toward aimed ROE level of 8%**

(JPY bn)	Mid-Term Business Plan Period				What Taikisha group is aiming for in 5years
	FY2022 Results	FY2023 Results	FY2024 Forecasts	FY2024 Targets	FY2026 Targets
Orders-received	288.6	263.5	280.0	236.0	270.0
Net sales of completed construction contracts	214.7	293.5	258.0	238.0	265.0
Ordinary income	13.0	19.8	15.0	15.0	16.5
Profit attributable to owners of parent	7.9	15.6	10.2	9.6	
ROE	6.3%	11.6%	7.0%	7.2%	
DOE	3.2%	3.2%	Implement steady dividends targeting DOE of 3.2%		
Purchase of treasury shares	3.0	2.0	Aim to implement 2.0 billion yen per year		
Ratio of cross-shareholdings to net assets	21.8%	22.0%	Reduce to less than 20% by the end of FY2024		

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

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

As explained earlier by our president, Osada, we expect to significantly exceed the level set at the time of target-setting for orders received, which will be the base for sales in the next fiscal year and onwards, in FY2024, the final year of the Mid-Term Business Plan.

Although we expect profit to amount to 10.2 billion yen, exceeding the initial target of 9.6 billion yen, we forecast ROE to be at 7% with shareholders' equity coming in higher than the initial estimate due to factors such as foreign exchange rates and the valuation of investment securities at the time of formulating the Mid-Term Business Plan.

We will continue our efforts to exceed the aimed ROE level of 8% toward the next Mid-Term Business Plan which will start in FY2025.

Re-established reduction targets for GHG emissions set in the Mid-Term Business Plan, and applied for SBT*1 certification

Promoting reductions in emissions throughout the supply chain

*1 SBT: Abbreviation for Science Based Targets. Reduction targets for GHG emissions consistent with the Paris Agreement

Non-Financial Targets
CO2 emissions from business activities(Scope1 - 3)
 ⇒ **Scope1・2: 42% reduction by 2030(compared with FY2022 results)**
 ⇒ **Scope3: 25% reduction by 2030(compared with FY2022 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
Carbon tax	<ul style="list-style-type: none"> Setting of GHG reduction targets Development of low-carbon technologies and systems Participation in the renewable energy industry
Changes in customer behavior Prevalence of energy-saving and renewable energy technologies	<ul style="list-style-type: none"> Construction of energy circulation systems Acquisition and reform of painting technologies, and promotion of product development Development of CO₂ recovery and recycling technologies
Average temperature rise	<ul style="list-style-type: none"> Diversified expansion of the plant factory business Promotion of the mechanization and automation of installation works Improvement of the working environment and promotion of countermeasures against heatstroke

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

	Green Technology System Division	Paint Finishing System Division
Reduction target for 2050*3	CO ₂ emissions reduced by 80%*2(from FY2013 level)	Reduce CO ₂ emissions of automobiles to virtually 0kg-CO ₂ /unit with the technologies that envisages future energy reform.
Milestone for 2030*3	CO ₂ emissions reduced by 25%*2(from FY2013 level)	Reduce CO ₂ emissions of automobiles to 60 kg-CO ₂ /unit with the current heat source configuration for paint finishing processes.
Commitments in FY2022 (achievements)	Proposed a system capable of controlling energy used throughout a building's lifecycle, and provided technologies for "low carbon" and "reducing environmental burdens."	Using an energy estimation model for a paint finishing line, improved efficiency and downsized equipment, and introduced renewable energy and low-temperature waste heat recovery systems.

*2 CO₂ Reduction targets during the operation stage of equipment designed and constructed by us
 *3 Review of the reduction targets in light of SBT targets is in progress.

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

In order to promote efforts to reduce emissions throughout the supply chain to achieve carbon neutrality by 2050, we re-established reduction targets to cover Scope 3, in addition to the existing reduction targets for Scope 1 and 2, in January 2024.

We also applied to obtain SBT certification, an international initiative on the reduction of greenhouse gas emissions.

Invested 5.2 billion yen in FY2023

	Main Achievement on FY2023	FY2022 Results	FY2023 Results	FY2024 Plan
Business-related investments	<ul style="list-style-type: none"> Plant investment by Nicomac Taikisha Clean Rooms Private Limited, a consolidated subsidiary in India 	2.5 billion yen	1.1 billion yen	
Capital and human resources investments	<ul style="list-style-type: none"> Construction-site DX operational verification costs such as BIM (in preparation) Preparation cost of global basic operations system (in preparation) 	0.6 billion yen	0.9 billion yen	10.7 Billion yen
Technology development investments	<ul style="list-style-type: none"> New Research and Development Center under construction (scheduled to open in July 2024) Development of dry decoration technology is underway, and a demonstration line is scheduled to be installed at an R&D facility in Japan 	0.7 billion yen	3.1 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. We made investments of 5.2 billion yen in FY2023.

In the Green technology system business, we are planning to establish a new R&D center in Aikawa, Kanagawa Prefecture. The construction will be completed this month, in May, and it is scheduled to open in July.

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 last year.

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

In this fiscal year which is the third year, we will steadily execute investments of 20 billion yen through development-related investments as I have just mentioned, those related to ITDX (using IT for a digital transformation) and human resources, M&A, and others.

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

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

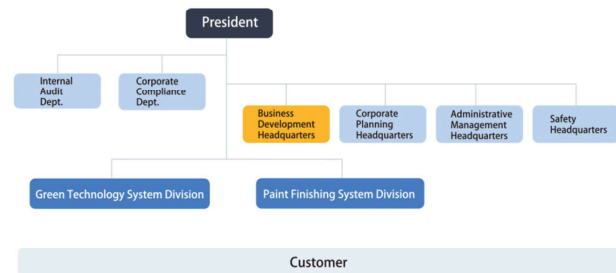
Established Business Development Headquarters – Aiming to achieve business growth from the perspective of overall Group optimization –

Since its establishment in 1913, Taikisha was quick to engage in overseas business, and has long been business activities rooted in local communities around the world. The Group's global network, which extends to approximately 20 countries and regions, is now one of its major strengths. It established a new Business Development Headquarters effective April 1, 2024, to promote more unified management and business operations of the Taikisha Group. The President will serve concurrently as the Chief Executive of the Business Development Headquarters and lead initiatives to create and implement growth strategies, including the development of new business field from a growth investment perspective.

【The business overview and the future development】

The newly established Business Development Headquarters will plan and promote business development, including entry into and expansion of businesses in countries and regions with growth potential, with a view toward M&A, capital and business alliances, etc. It will also focus on accumulating and sharing know-how related to these areas and talent development. Furthermore, from the perspective of overall Group optimization, we will also endeavor to strengthen the management system of domestic and overseas Group companies and optimize the capital structure.

The environment surrounding our businesses is changing rapidly and fostering greater uncertainty. Against this backdrop, Taikisha Group will strive to improve the collective ability of the Group to achieve global business growth.



I will now introduce three initiatives based on each strategy in the Mid-Term Business Plan for FY2023.

In the first one, as an initiative for the company-wide policy of “Challenge to create new value,” we established a new Business Development Headquarters effective April 1, 2024, to promote more unified management and business operations of the Taikisha Group in order to achieve global business growth.

The President serves concurrently as the Chief Executive of the Business Development Headquarters, which works to enlarge the business and expand into countries and regions where growth is expected, with an eye to M&A and capital and business alliances.

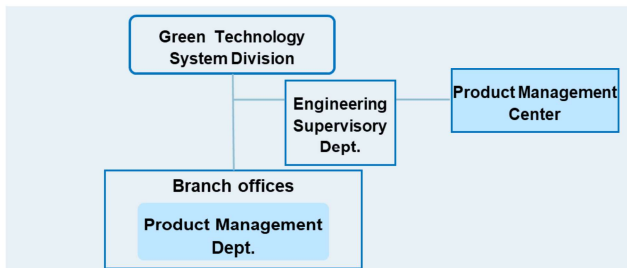
Furthermore, we will also endeavor to strengthen the management system of domestic and overseas Group companies and optimize the capital structure.

Both the Green technology and the Paint finishing launched new departments

Green Technology

【Background to the establishment】

Launched the Product Management Dept., which is responsible for promoting front-loading to reduce on-site load at each branch office, in order to respond to the regulation on the maximum overtime work hours in the construction industry and to level the workload.



【Implementation details】

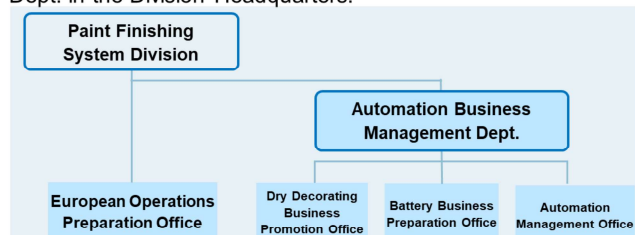
The department will primarily be engaged in construction drawing and construction planning, and aim to shift onsite operations to front-loading. The Product Management Center at the headquarters of the Green technology system business is responsible for sharing information on and supervising and managing those activities at each branch office.

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Paint Finishing

【Background to the establishment】

·In order to expand into the European market which is expected to grow in size, launched the European Operations Preparation Office directly under the Paint Finishing System Division.
·In order to further expand the automation business domain, launched the Automation Business Management Dept. in the Division Headquarters.



【Implementation details】

·Currently preparing for the establishment of a base in Europe in FY2024.
·Established directly under the Dept. the Dry Decorating Business Promotion Office which works to expand sales for and promote the dry decorating business, the Battery Business Preparation Office for a new business in anticipation for the acceleration of the adoption of electric vehicles, and the Automation Management Office which aims to expand the automation business in fields other than automobiles.

34

In the second one, as an initiative to “Further strengthen core business” and “Challenge to create new value,” both the Green technology system and Paint finishing system launched new departments effective April 1, 2024.

In the Green technology system, we launched the Product Management Dept., which is responsible for promoting front-loading to reduce on-site load at each branch office, in order to respond to the regulation on the maximum overtime work hours in the construction industry and to level the workload. The department is mainly engaged in construction drawing and construction planning, and aims to shift onsite operations from site-driven to front-loading. We will also make full use of the department to promote on-site DX, including the use of BIM.

Next, in the Paint finishing system, we launched the European Operations Preparation Office directly under the Paint Finishing System Division in order to expand into the European market which is expected to grow in size.

Further, in order to further expand the automation business domain, we launched the Automation Business Management Dept. in the Division Headquarters.

As for the European Operations Preparation Office, we are currently preparing for the establishment of a base in Europe in FY2024. I will keep you updated as progress is made.

With respect to the Automation Business Management Dept., we established directly under the Dept. the Dry Decorating Business Promotion Office which works to expand sales for and promote the dry decorating business, the Battery Business Preparation Office for a new business in anticipation for the acceleration of the adoption of electric vehicles, and the Automation Management Office which aims to expand the automation business in fields other than automobiles.

In addition to strengthening our existing businesses, we will work to enlarge our portfolio.

Development of dry decoration*1 ~Construction of demo-line assuming mass production line scheduled to be completed this fall~

Against the backdrop of the shift to carbon neutrality on a global scale and changes in production technologies accompanying the adoption of EVs, the automotive industry is now undergoing a period of major transformation. We are promoting the development of dry decoration in light of automobile manufacturers' reduction targets for CO₂ emissions and in response to changes in production technologies.

【Features】

Dry decoration enables a film coating in a continuous line even for large three-dimensional exterior parts such as bumpers, and can also be applied to resin and steel-plate products.

In addition, it eliminates the need for large facilities such as paint booths and drying ovens, which are required for conventional wet coating, enabling space saving and resulting in significant reductions in CO₂ and energy consumption.

Design flexibility and functionality unique to films is another major feature that is not available in conventional painting.

【Future business development】

In 2023, the joint research on dry decoration by our group company received an evaluation by an external organization*2, and the interest in our technology has been steadily growing.

The construction of the demo-line of dry decoration assuming a mass production line is scheduled to be completed in our R&D facility in the fall of 2024.

By having it available for customers to actually see, we aim for early adoption at customers' production lines.

We will contribute to the realization of a decarbonized society through the technological development of dry decoration as a value-added technology for automobile exteriors.



We have created a promotion video (PV) for dry decoration. Please watch it here.

*1 Dry decoration technology provides the exteriors with a film decoration (dry decoration) by applying films through vacuum suction instead of conventional spray coating (wet coating). Please visit our website for further information. (<https://www.taikisha-group.com/service/out-mold-decoration/omd/>)

*2 In June 2023, at the International Automotive Body Finishing Conference, SURCAR, the Jury's Award which is granted to the presentation that receives the highest evaluation from the judges was awarded.

The third initiative is about the development of dry decoration as an initiative for “Development with an awareness of global social issues” of the Paint finishing system.

We have been given many opportunities to provide information, and today I will give an update on the development status.

In 2023, at the International Automotive Body Finishing Conference, SURCAR, held in Detroit, USA, the Company's presentation on dry decoration technology received Jury's Award, which is granted to the presentation that receives the highest evaluation from the judges.

Automobile manufacturers have a strong interest in dry decoration, and we have received many inquiries and conducted many cases of technical exchange, including those related to carbon neutrality.

As mentioned on the slide for investment plans, the construction of the demo line of dry decoration assuming a mass production line is scheduled to be completed in our R&D facility in the fall of 2024. By having it available for customers to actually see, we aim for early adoption at customers' production lines.

Also, we have created a PV that provides an overview of dry decoration, a clear picture of which is usually difficult to envisage, and an image of the production line.

It is also posted on our official YouTube channel, so please watch it if you are interested.

Achievements and Initiatives in progress①

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value				
			E	S	S	G	
			Climate change mitigation and adaptation	Initiatives to prevent pollution and environmental impact	Securing and developing human resources	Creation of pleasant working environment	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			○	○	

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.

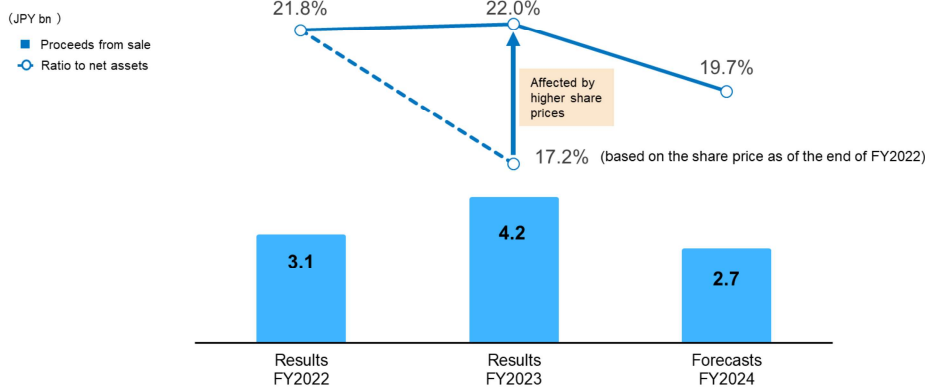
Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value					
			E Climate change mitigation and adaptation	S Initiatives to prevent pollution and reduce environmental impact	S Securing and developing human resources	G Creation of pleasant working environment	G Highly effective corporate governance	
Challenge to create new value	Plan and promote intellectual property strategies	<ul style="list-style-type: none"> Verified the usefulness of the Company's intellectual property (IP). Investigating trends in other companies' IP. Intellectual property strategies are being developed and promoted in cooperation with the Green Technology System division and the Paint Finishing System division. Continued employee education on intellectual property and revised regulations on inventions. 			—			
	Development from the customer's perspective	<ul style="list-style-type: none"> In April 2023, opened an R&D satellite with easy access, TAIKISHA INNOVATION GATE Shinjuku, at the head office and also plan to roll out to overseas bases. Considering to understand the potential needs of customers and develop products that create new value. 	○	○				
	Open innovation	<ul style="list-style-type: none"> Planning to build a new Research and Development Center(Completed in May 2024 and scheduled to open in July). Aim to expand communication with customers and promoted customer-oriented technology development through collaboration with R&D satellite. Participated in the joint research and development of Direct Air Capture (DAC), which directly captures atmospheric CO₂ by Tokyo Metropolitan University. Started the development of DAC equipment. 	○	○				
	Horizontal deployment of technologies that are our strength	Green equipment business	<ul style="list-style-type: none"> Promoting order-receiving activities for Ultra-precise temperature control chamber^{*1}. ^{*1} An equipment that provides a production environment for manufacturing semiconductors, and ultra-precise processing, measurement and testing. Expanding lineup of exhaust treatment equipment underway Building a system for mass production of "FOLLOAS", a cool-air outlet system that blows cool air following human movements is underway. 	○	○			
		Automation business	<ul style="list-style-type: none"> For acquisition of new customers, activities such as participating exhibitions are ongoing. Various verifications are underway for the bringing of high efficient paint finishing technology into market. Development of dry decoration technology is underway and a demonstration line is scheduled to be installed at an R&D facility in Japan. Accelerating the development speed by sharing development issues with oversea R&D facilities. In order to further expand the automation business domain, launched the Automation Business Management Dept. in the headquarters of the paint finishing system business. 	○	○			
		Plan factory business	<ul style="list-style-type: none"> Experimental study is undergoing at our own factory. And continuously considering market cultivation. 	○	○			
Develop new business	<ul style="list-style-type: none"> 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. 	○	○					

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 Securing and developing human resources	G Creation of Pleasant working environment Highly effective corporate governance
Strengthen management base that supports transformation and growth	Develop and secure human capital	<ul style="list-style-type: none"> Securing highly motivated and competent human capital that match the progress of our business development (75 New graduates and 22 mid-careers). Started maintenance and operation of training program for the systematic development of senior-level personnel in long-term and honoring system for professional personnel. 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. Introduced and started operating an internal job posting system. Introduced an overseas trainee system, which aims to develop human resources for global business expansion early, to start operation in FY2024. Obtained the "Certified Health productivity management Outstanding Organization recognition program (White 500)" (Overall rank 301-350). 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. 		○	○
	Digital strategies to provide new value	<ul style="list-style-type: none"> Promoting digitization and DX to improve productivity of each process in projects such as design, cost estimation, and construction management. Started out this by joining "Facilities BIM Research Liaison Committee" to normalize, spread and promote the Facilities BIM. Began building common infrastructure to facilitate communication and strengthen governance across the Group (global communication infrastructure, IT security measures, etc.). Started working on improved operational efficiency through the introduction of Chatbot and generative AI. Reviewing employee education with the aim of improving IT literacy and ways to enhance digital human resource development for DX promotion. Building global management base that enables us to centrally manage management information of the entire Group and to conduct projections and simulations. 		○	○
	Strengthen the Group governance structure	<ul style="list-style-type: none"> Management index that measure the return on capital by each division is under consideration. Reviewing the framework for implementing business portfolio management. Started using the Business Investment Guidelines to systematically administrate business investments such as M&A, to conduct site monitoring. Clarified the role and scope of responsibility of the Board of Directors of affiliates and implemented various measures to improve their effectiveness through a PDCA cycle. 			○

Sold cross-shareholdings worth 7.3 billion yen in two years of the Mid-Term Business Plan. Our plan was to reduce cross-shareholdings to less than 20% of net assets by the second year, but the target was not met due to the impact of higher share prices, despite the fact we had been at a level that would achieve the target (17.2%) based on the share prices at the end of the previous fiscal year. Aim to achieve the target in the final year of the Mid-Term Business Plan

(JPY bn)	FY2022	FY2023	FY2023	Total
Results/Forecasts	Results		Forecasts	
Proceeds from sale	3.1	4.2	2.7	10.0
Ratio to net assets	21.8%	22.0%	19.7%	
Plans for the Mid-Term Business Plan Period				
Proceeds from sale	4.2	3.4	2.4	10.0
Ratio to net assets	20.7%	17.7%	15.6%	

Trend in cross-shareholdings



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

To date, we sold cross-shareholdings worth 7.3 billion yen in two years of the Mid-Term Business Plan.

We set out a plan to reduce cross-shareholdings to less than 20% of net assets by the second year at the time of announcing the Mid-Term Business Plan, and have been increasing the pace of sale to achieve the plan.

The ratio to net assets at the end of FY2023 increased to 22.0%, affected by recent rising share prices, and fell short of the target despite the fact that it had been at 17.2% based on the share prices at the end of the previous fiscal year.

We will continue to monitor the latest share price trends and, if necessary, take measures such as adding cross-shareholdings to be sold or considering changes to target settings.

Thereby, we aim to achieve less than 20.0% in the final year of the Mid-Term Business Plan.

1. Financial Summary	P.03
2. Financial Summary by Segment	P.09
3. Financial Statement	P.23
4. Progress of Mid-Term Business Plan (FY2022~FY2024)	P.27
5. Shareholders Returns	P.40
6. Appendix	P.43

Corporate Planning
Headquarters:
Masanori Nakagawa

Next, I will explain about shareholders returns.

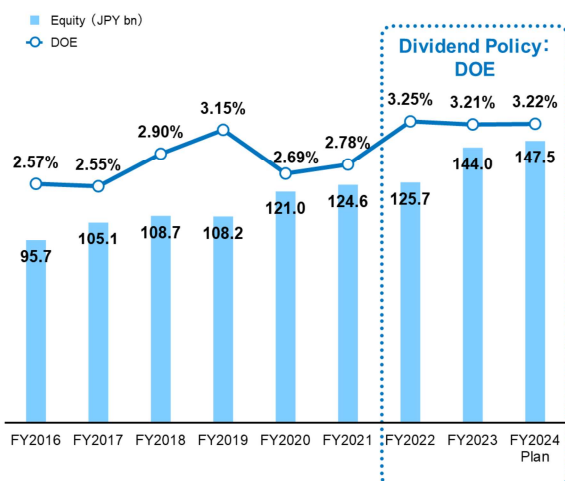
Dividends are expected to increase as planned during the period of the Mid-Term Business Plan

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

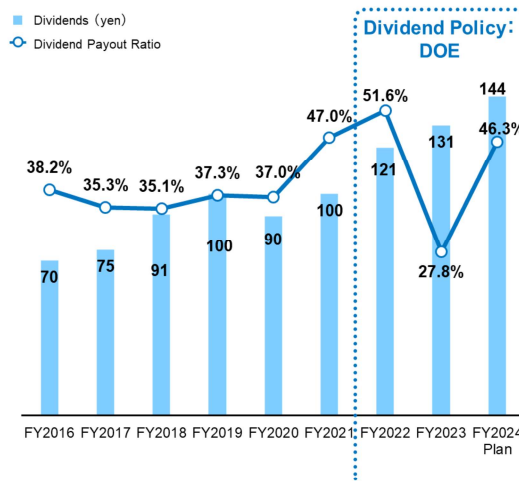
$$\begin{array}{|c|} \hline \text{DOE} \\ \hline 3.2\% \\ \hline \end{array}
 =
 \begin{array}{|c|} \hline \text{Aimed ROE level} \\ \hline 8.0\% \\ \hline \end{array}
 \times
 \begin{array}{|c|} \hline \text{Dividend payout ratio} \\ \hline 40\% \\ \hline \end{array}$$

Dividend for FY2024 will be increased to 144 yen

Trend in Equity and DOE



Trend in Dividends and Dividend Payout Ratio



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 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 implement stable dividends.

Based on this, the annual dividend for FY2022 was 121 yen and that for FY2023 has been revised upward to 131 yen from the initially planned 127 yen due to the higher level of shareholders' equity than forecasted.

The annual dividend for FY2024 is planned to be 144yen, an increase of 13 yen year-on-year.

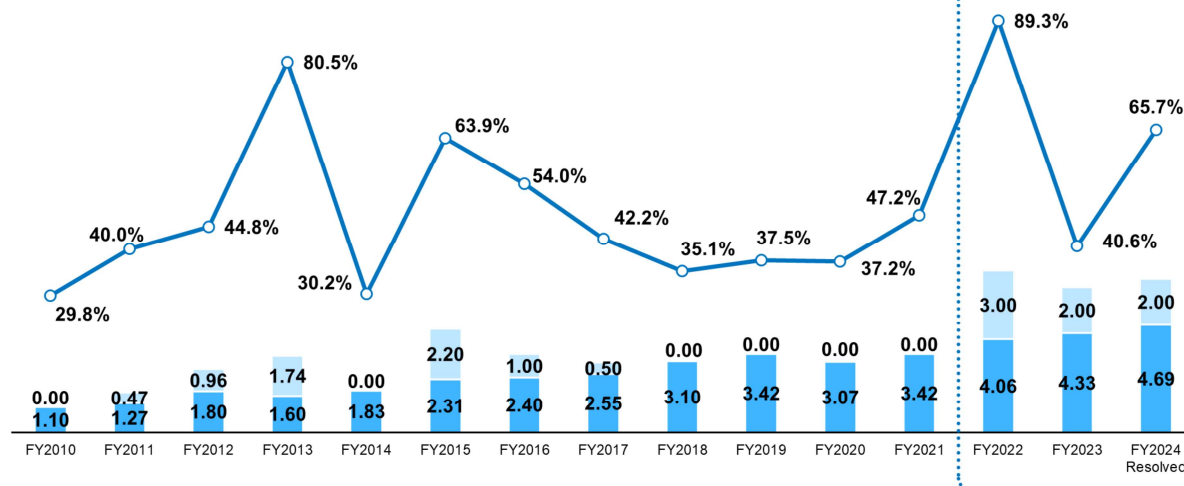
Aim the higher level of shareholder returns by the collaboration of dividends and purchase of treasury shares

[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 FY2024)

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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42

This slide explains our purchase of treasury shares.

The pale blue bar graph shows the treasury shares acquired.

In FY2022 which is the first year of the Mid-Term Business Plan and in the second year, the Company repurchased treasury shares worth 3 billion yen and 2 billion yen, respectively.

In FY2024 which is the third year, the Board of Directors already passed a resolution on May 15 to repurchase 2 billion yen's worth of treasury shares.

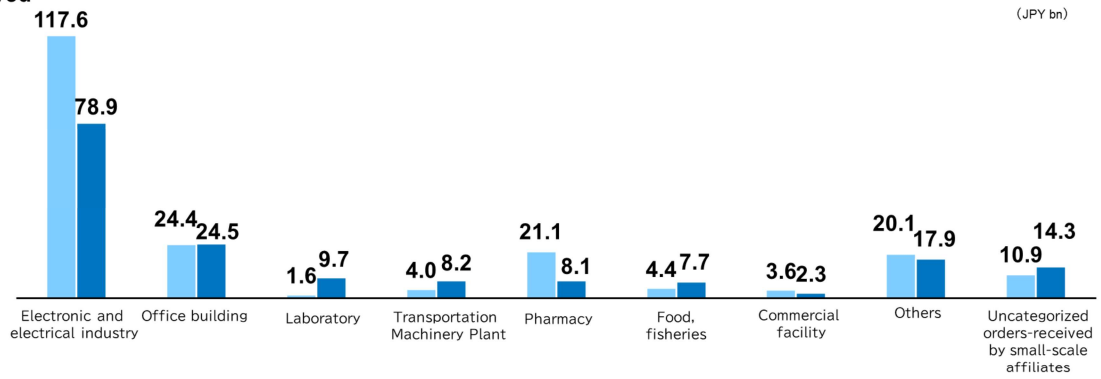
We aim to have a higher level of shareholder return through a combination of paying dividends and acquiring treasury shares. For reference, please look at the shareholder returns and total return ratio, as well.

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Orders-received

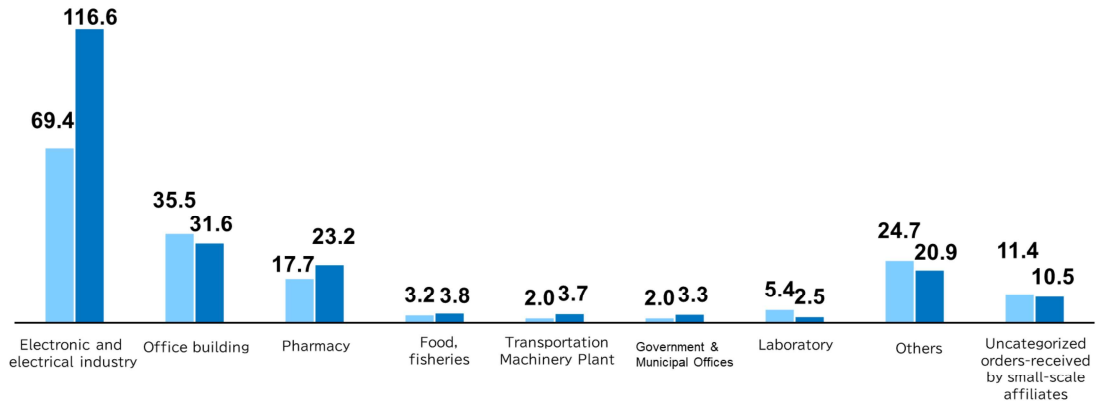
(JPY bn)

FY2022
FY2023



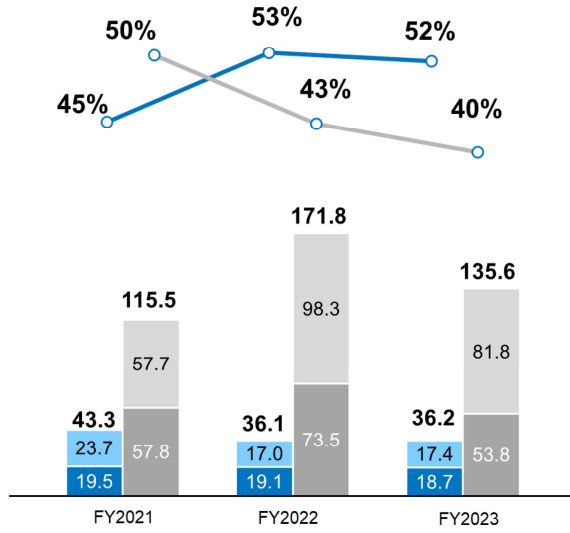
Sales

FY2022
FY2023



Orders-received

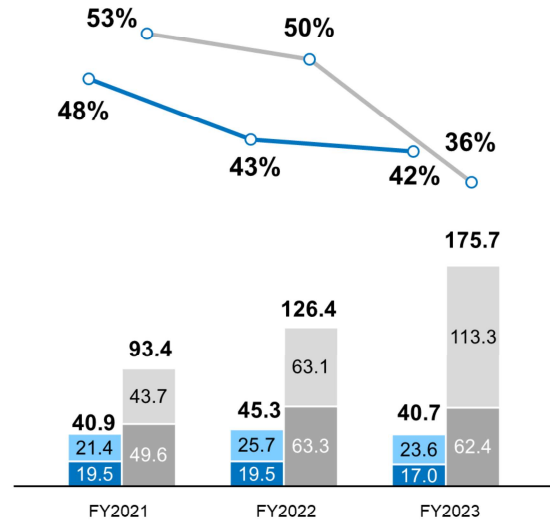
- Building HVAC(renovation)
- Building HVAC(new construction)
- Building HVAC renovation ratio
- Industrial HVAC(renovation)
- Industrial HVAC(new construction)
- Industrial HVAC renovation ratio



Sales

(JPY bn)

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



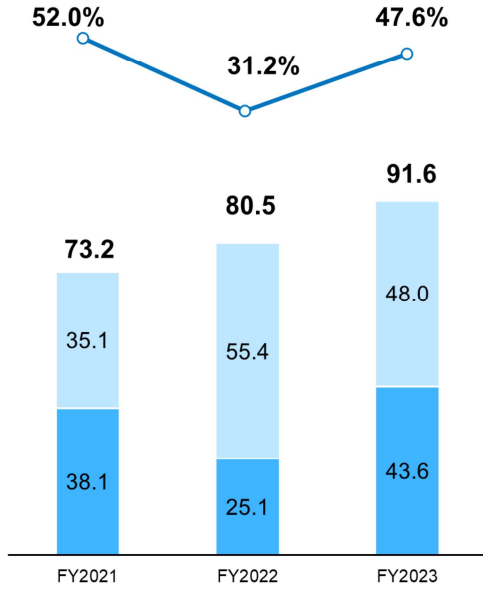
Paint Finishing System Division

Ratio of Orders-Received and Sales from non Japanese customers

(JPY bn)

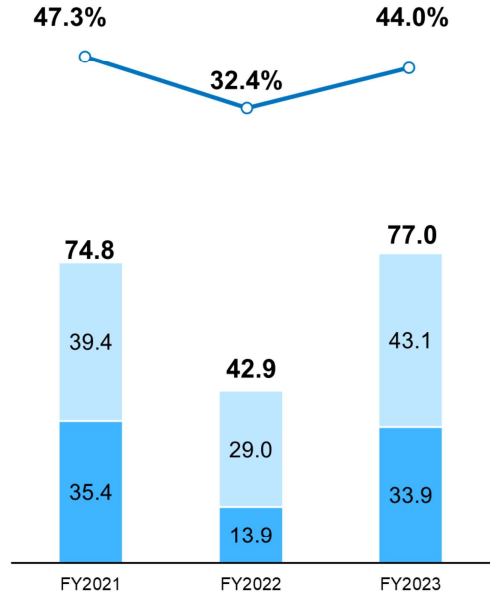
Orders-received

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



Sales

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

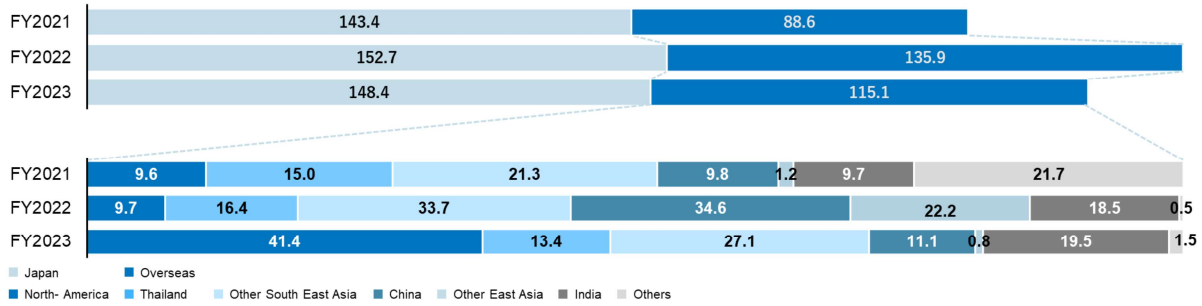


* The orders and sales of the overseas Japanese-joint venture(including all of Japanese customer investment companies) are included in the total value of the Japanese customer

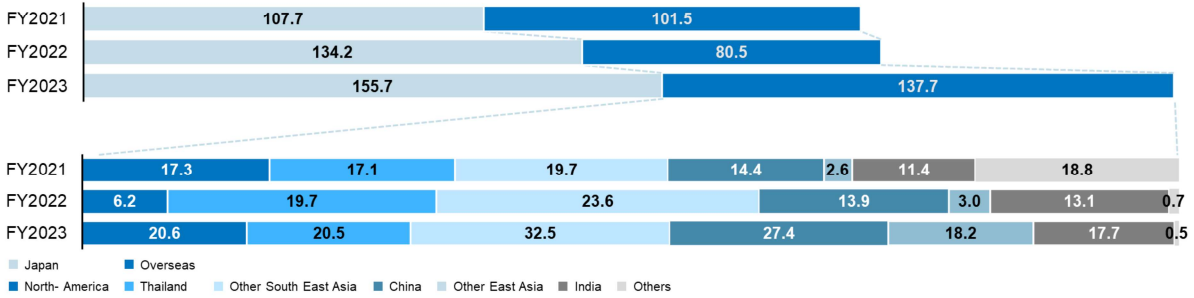
Overseas Orders-Received and Sales by Region

(JPY bn)

Orders-received



Sales



* The numerical value does not include the internal trading.

* Major countries and regions.

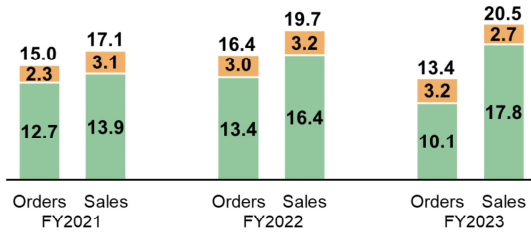
• **Southeast Asia:** Singapore, Malaysia, Indonesia, Philippines, Vietnam, others. • **East Asia:** Taiwan, Korea • **North America:** U.S.A., Canada, Mexico • **Others:** EU, South America, others

Orders-Received and Sales of overseas main four companies

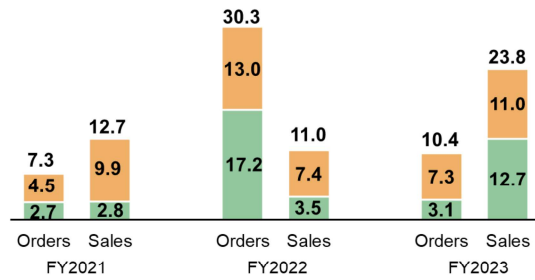
(JPY bn)

Industrial HVAC Paint Finishing System

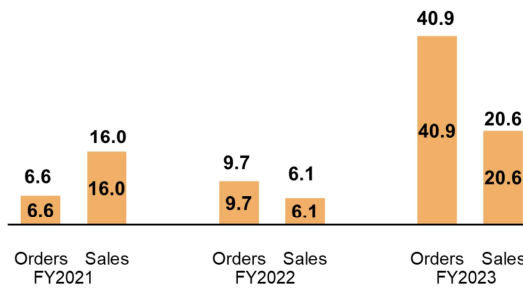
Taikisha (Thailand) Co., Ltd. (Thailand) Group



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 prospecting 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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