

TAIKI-SHA LTD.

Financial Results Material

The Second Quarter of FY2024

November 11, 2024

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We revise the breakdown of the forecast of full-year orders received that we announced on May 15, 2024, as follows due to the better-than-expected performance of orders received in Japan in the Paint Finishing System in the first half of the consolidated current fiscal year.

	FY2024 New Forecasts	FY2024 Original Forecasts	Difference
(JPY bn)	Total	Total	Total
Orders-received	280.0	280.0	-
Green Technology	200.0	200.0	-
Paint Finishing	80.0	80.0	-
Japan	16.8	11.8	5.0
Overseas	63.2	68.2	-5.0

There is no change from the earnings forecast for FY2024 that we announced on May 15, 2024, in the orders received in total, net sales of completed construction contracts, operating income, ordinary income and profit attributable to owners of parent.

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Decreased in Sales and Income due to absence of large projects Increased in orders received

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

128.1

Billion yen

[QoQ Change
+0.8%]

Sales

114.6

Billion yen

[QoQ Change
-12.1%]

Ordinary income

7.0

Billion yen

[QoQ Change
-12.6%]

Profit attributable to owners of parent

5.6

Billion yen

[QoQ Change
-14.4%]

Exceeded the Forecast in All Items

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	vs. Forecast
Orders-received	127.1	128.1	0.9	118.0*	10.1
Net-sales of completed construction contracts	130.4	114.6	-15.7	110.0	4.6
Ordinary income	8.1	7.0	-1.0	4.9	2.1
Ratio	6.2%	6.2%	-0.0pt	4.5%	1.7pt
Profit attributable to owners of parent	6.6	5.6	-0.9	3.4	2.2
Ratio	5.1%	4.9%	-0.1pt	3.1%	1.9pt
EPS	199.51yen	173.85yen	-25.65yen	-	-

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

Exchange rate of main overseas affiliates

(Yen)	① 2Q FY2023	② 2Q FY2024	③ FY2024 Assumptions
US\$	135.99	152.33	147.00
THB	3.95	4.22	4.03
CNY	19.47	21.07	20.00
INR	1.72	1.82	1.76

Exchange rate impact

Impact of exchange rate difference between ①and②

Sales: 4.4 billion yen/Ordinary income: 0.2 billion yen

Impact of exchange rate difference between ②and③

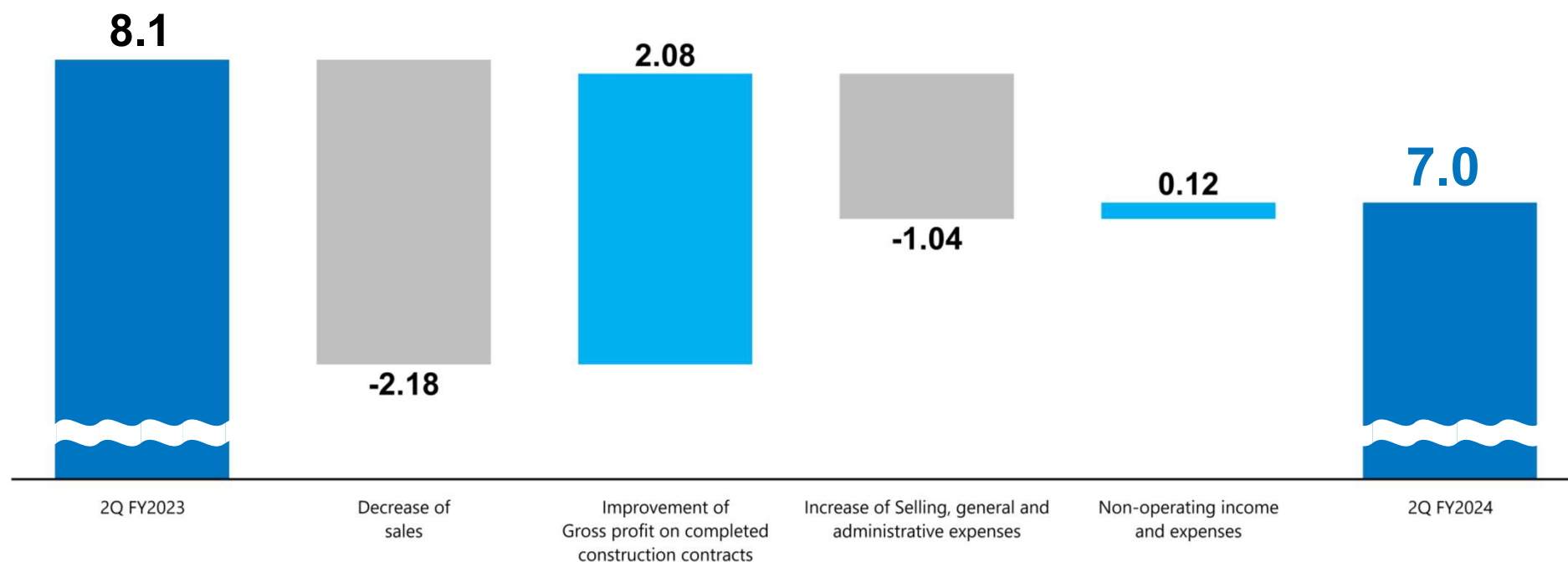
Sales: 2.1 billion yen/Ordinary income: 0.1 billion yen

Decreased QoQ mainly due to the increase in Sales

Breakdown of fluctuation in Ordinary Income (QoQ change)

(JPY bn)

- Increase
- Decrease
- Total amount



All items are expected to exceed original forecasts

Earnings Forecast

(JPY Bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Orders-received	127.1	136.3	263.5	128.1	151.8	280.0
Net-sales of completed construction contracts	130.4	163.1	293.5	114.6	143.3	258.0
Operating income	7.4	10.8	18.2	6.2	7.7	14.0
Ordinary income	8.1	11.7	19.8	7.0	7.9	15.0
Profit attributable to owners of parent	6.6	8.9	15.6	5.6	4.5	10.2
ROE			11.6%			7.0%

Exchange rate of main overseas affiliates

(Yen)	FY2024 Results	FY2025 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

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Increased in the Green Technology and Decreased in the Paint Finishing

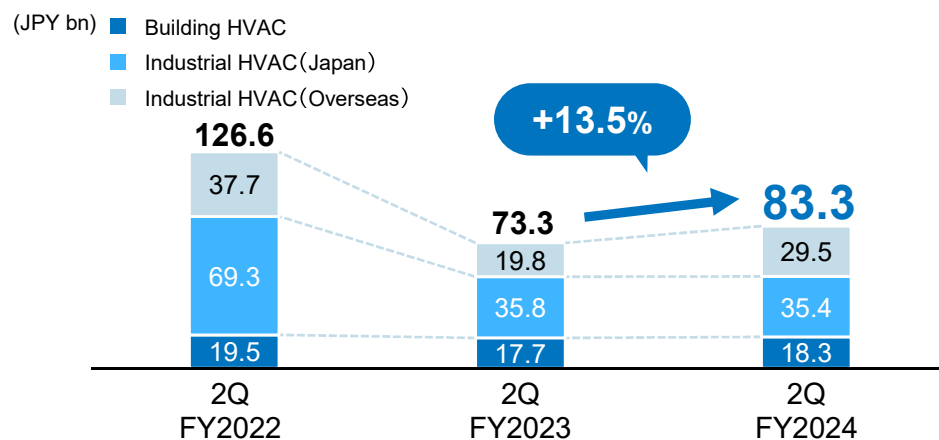
	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
(JPY bn)					
Orders-received	127.1	128.1	0.9	118.0	10.1
Japan	70.2	65.6	-4.6	64.6	1.0
Overseas	56.9	62.5	5.6	53.4	9.1
Green Technology	73.3	83.3	9.9	83.0	0.3
Building HVAC	17.7	18.3	0.6	23.0	-4.6
Industrial HVAC	55.6	64.9	9.2	60.0	4.9
Paint Finishing	53.7	44.8	-8.9	35.0	9.8

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

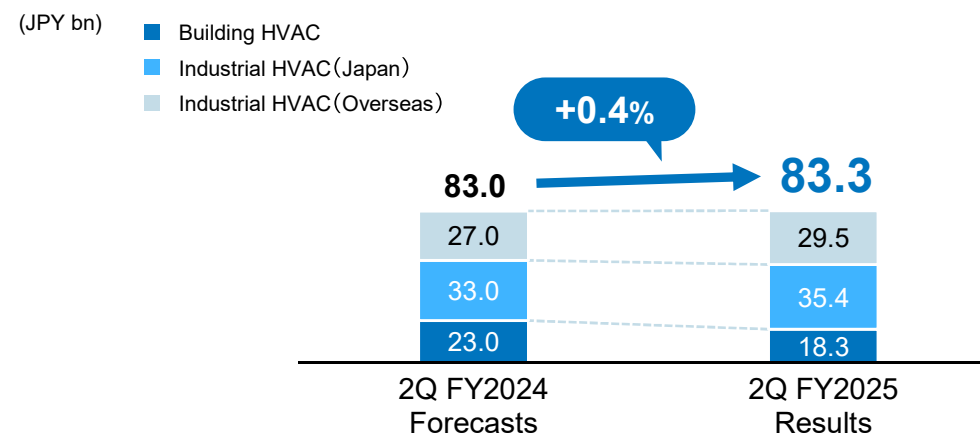
Increased QoQ due to the contribution of industrial HVAC overseas

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
Orders-received	73.3	83.3	9.9	83.0	0.3
Building HVAC	17.7	18.3	0.6	23.0	-4.6
Industrial HVAC	55.6	64.9	9.2	60.0	4.9
Japan	35.8	35.4	-0.4	33.0	2.4
Overseas	19.8	29.5	9.7	27.0	2.5
Overseas ratio	27.0%	35.4%	8.4pt	32.5%	2.9pt

Trend



Difference form Forecast



Decreased QoQ both in Japan and overseas

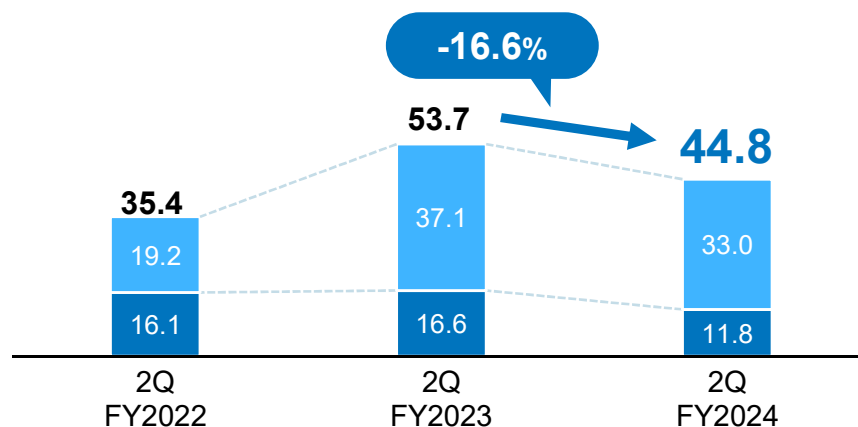
(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
Orders-received	53.7	44.8	-8.9	35.0	9.8
Japan	16.6	11.8	-4.8	8.6	3.2
Overseas	37.1	33.0	-4.0	26.4	6.6
Overseas ratio	69.0%	73.7%	4.7pt	75.4%	-1.7pt

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

Trend

(JPY bn)

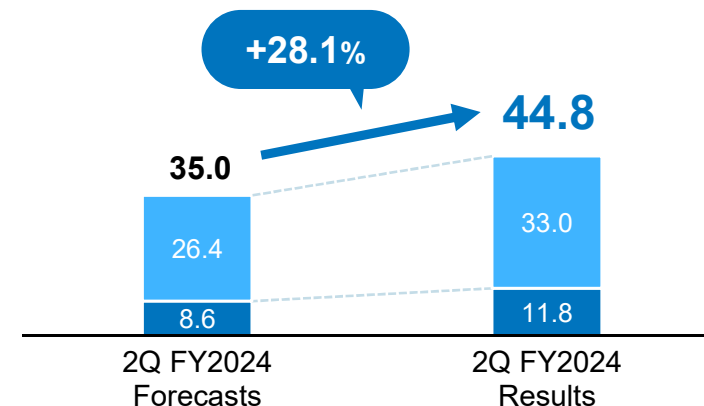
- Paint Finishing(Japan)
- Paint Finishing(Overseas)



Difference form Forecast

(JPY bn)

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

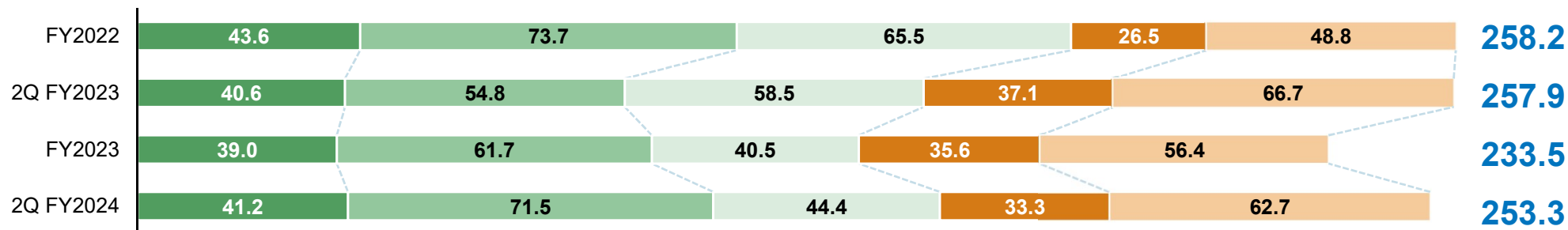


In the whole company, construction carried-forward recovered to the level before the completion of large projects

(JPY bn)	FY2022 A	2Q FY2023 B	FY2023 C	2Q FY2024 D	Change C—A	Change D—B
Orders-received	288.6	127.1	263.5	128.1	-25.1	0.9
Net-sales of completed construction contracts	214.7	130.4	293.5	114.6	78.7	-15.7
Construction carried-forward	258.2	257.9	233.5	253.3	-24.7	-4.6
Green Technology	182.8	154.0	141.4	157.2	-41.4	3.1
Building HVAC	43.6	40.6	39.0	41.2	-4.5	0.5
Industrial HVAC	139.2	113.4	102.3	115.9	-36.9	2.5
Paint Finishing	75.4	103.8	92.1	96.1	16.7	-7.7

Breakdown of Construction Carried-Forward

(JPY bn) ■ Building HVAC ■ Industrial HVAC(Japan) ■ Industrial HVAC(Overseas) ■ Paint Finishing(Japan) ■ Paint Finishing(Overseas)



Decreased in the Green Technology and Increased in the Paint Finishing

	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	vs. Forecast
(JPY bn)					
Net-sales of completed construction contracts	130.4	114.6	-15.7	110.0	4.6
Japan	81.4	55.9	-25.4	51.7*	4.2*
Overseas	48.9	58.6	9.6	58.3*	0.3*
Green Technology	103.9	69.7	-34.2	72.0	-2.2
Building HVAC	20.6	16.2	-4.4	14.0	2.2
Industrial HVAC	83.2	53.5	-29.7	58.0	-4.4
Paint Finishing	26.4	44.8	18.4	38.0	6.8
Ordinary income	8.1	7.0	-1.0	4.9	2.1
Ratio	6.2%	6.2%	0.0pt	4.5%	1.7pt
Green Technology	7.5	4.2	-3.2	4.2	0.0
Ratio	7.3%	6.1%	-1.1pt	5.8%	0.3pt
Paint Finishing	0.0	1.9	1.8	0.1	1.8
Ratio	0.2%	4.3%	4.1pt	0.3%	4.1pt

* In terms of comparison with the forecast for the first half of FY2024, net sales of completed construction contracts increased in Japan. However, in the original forecast, we had projected approximately 5.0 billion yen worth of projects overseas that should have been expected in Japan, so effectively overseas net sales far exceeded the forecast.

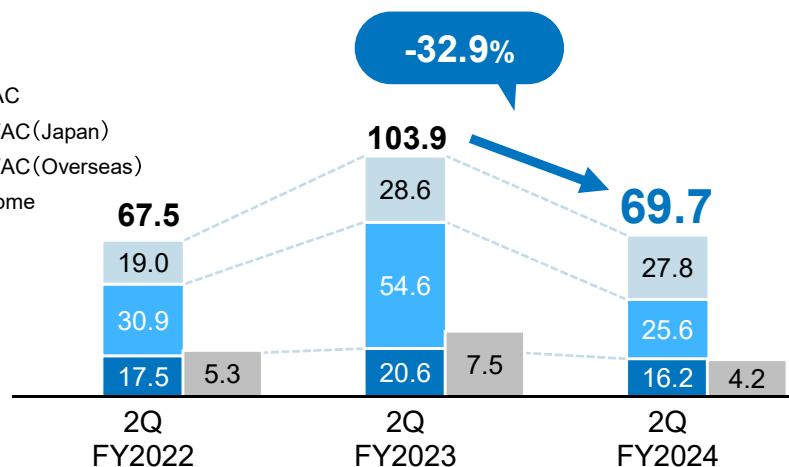
Decreased Sales and Income due to absence of large projects

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	Vs. Forecast
Net-sales of completed construction contracts	103.9	69.7	-34.2	72.0	-2.2
Building HVAC	20.6	16.2	-4.4	14.0	2.2
Industrial HVAC	83.2	53.5	-29.7	58.0	-4.4
Japan	54.6	25.6	-29.0	29.0	-3.3
Overseas	28.6	27.8	-0.7	29.0	-1.1
Overseas ratio	27.5%	40.0%	12.4pt	40.3%	-0.3pt
Ordinary income	7.5	4.2	-3.2	4.2	0.0
Ratio	7.3%	6.1%	-1.1pt	5.8%	0.3pt

Trend

(JPY bn)

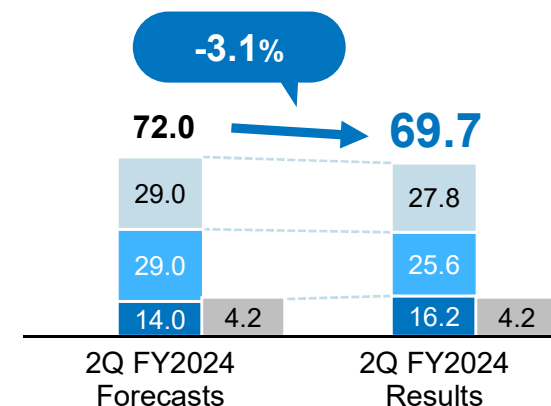
- Building HVAC
- Industrial HVAC(Japan)
- Industrial HVAC(Overseas)
- Ordinary income



Difference from Forecast

(JPY bn)

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



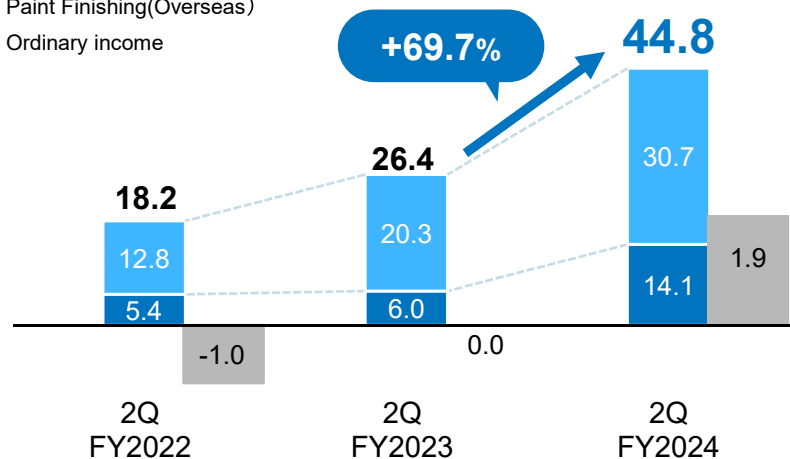
Increased in Sales and income both in Japan and overseas

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	Vs. Forecast
Net-sales of completed construction contracts	26.4	44.8	18.4	38.0	6.8
Japan	6.0	14.1	8.0	8.7*	5.4*
Overseas	20.3	30.7	10.4	29.3*	1.4*
Overseas ratio	77.0%	68.6%	-8.4pt	77.1%	-8.5pt
Ordinary income	0.0	1.9	1.8	0.1	1.8
Ratio	0.2%	4.3%	4.1pt	0.3%	4.1pt

* In terms of comparison with the forecast for the first half of FY2024, net sales of completed construction contracts increased in Japan. However, in the original forecast, we had projected approximately 5.0 billion yen worth of projects overseas that should have been expected in Japan, so effectively overseas net sales far exceeded the forecast.

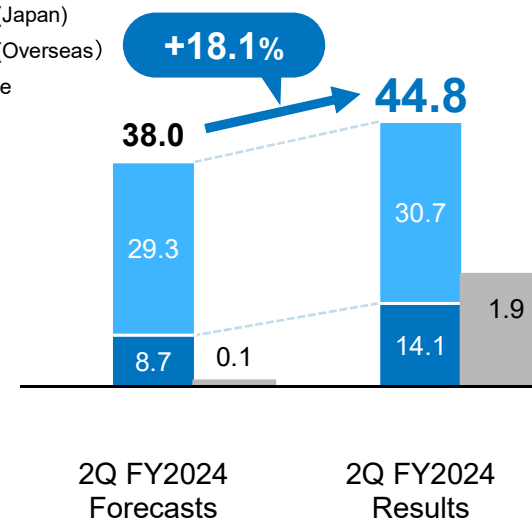
Trend

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



Difference from Forecast

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



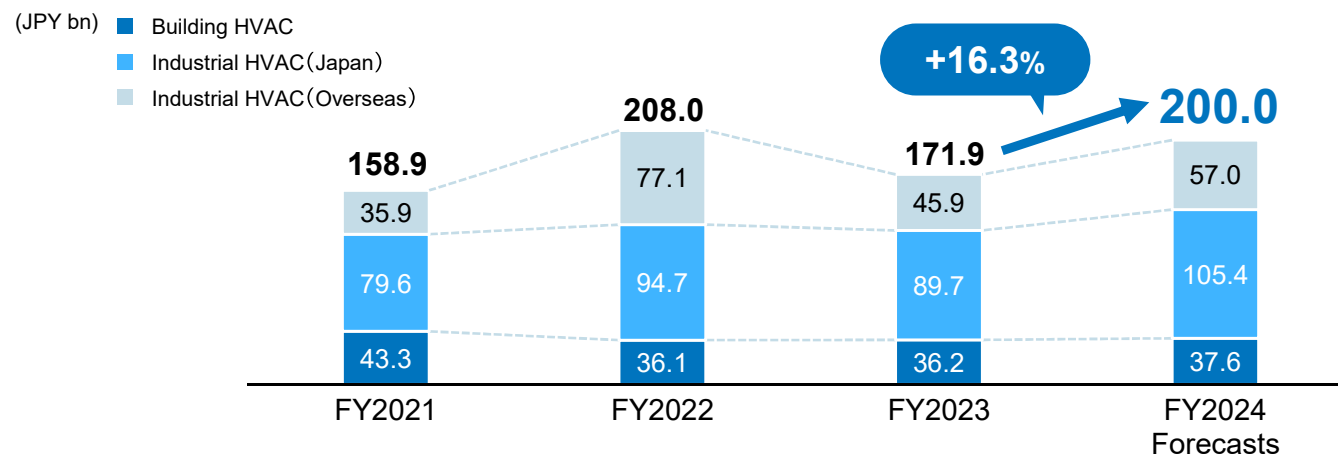
Expect to decrease both in the Green Technology and the Paint Finishing

(JPY bn)	FY2023 Results			FY2024 New Forecasts			FY2024 Original forecasts	vs. Forecast
	1H	2H	Total	1H Results	2H	Total		
Orders-received	127.1	136.3	263.5	128.1	151.8	280.0	280.0	-
Japan	70.2	78.1	148.4	65.6	94.1	159.8	154.8	5.0
Overseas	56.9	58.1	115.1	62.5	57.6	120.2	125.2	-5.0
Green Technology	73.3	98.5	171.9	83.3	116.6	200.0	200.0	-
Building HVAC	17.7	18.4	36.2	18.3	19.2	37.6	37.6	-
Industrial HVAC	55.6	80.0	135.6	64.9	97.4	162.4	162.4	-
Paint Finishing	53.7	37.8	91.6	44.8	35.1	80.0	80.0	-

Orders are expected to be in line with original forecasts

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Orders-received	73.3	98.5	171.9	83.3	116.6	200.0
Building HVAC	17.7	18.4	36.2	18.3	19.2	37.6
Industrial HVAC	55.6	80.0	135.6	64.9	97.4	162.4
Japan	35.8	53.9	89.7	35.4	69.9	105.4
Overseas	19.8	26.0	45.9	29.5	27.4	57.0
Overseas ratio	27.0%	26.5%	26.7%	35.4%	23.5%	28.5%

Trend

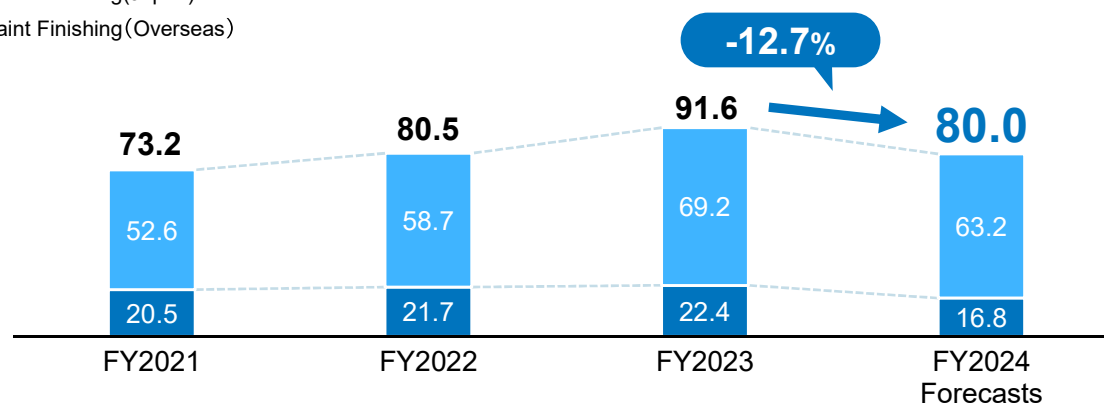


Orders are expected to be in line with original forecasts

(JPY bn)	FY2023 Results			FY2024 New Forecasts			FY2024 Original forecasts	vs. Forecast
	1H	2H	Total	1H Results	2H	Total	Total	Total
Orders-received	53.7	37.8	91.6	44.8	35.1	80.0	80.0	-
Japan	16.6	5.7	22.4	11.8	4.9	16.8	11.8	5.0
Overseas	37.1	32.1	69.2	33.0	30.1	63.2	68.2	-5.0
Overseas ratio	69.0%	84.8%	75.5%	73.7%	85.8%	79.0%	85.3%	-6.3%

Trend

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



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

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Net-sales of completed construction contracts	130.4	163.1	293.5	114.6	143.3	258.0
Japan	81.4	74.3	155.7	55.9	81.3	137.3
Overseas	48.9	88.8	137.7	58.6	62.0	120.7
Green Technology	103.9	112.5	216.5	69.7	99.2	169.0
Building HVAC	20.6	20.0	40.7	16.2	21.7	38.0
Industrial HVAC	83.2	92.4	175.7	53.5	77.4	131.0
Paint Finishing	26.4	50.5	77.0	44.8	44.1	89.0
Ordinary income	8.1	11.7	19.8	7.0	7.9	15.0
Ratio	6.2%	7.2%	6.8%	6.2%	5.5%	5.8%
Green Technology	7.5	9.4	17.0	4.2	6.4	10.7
Ratio	7.3%	8.4%	7.9%	6.1%	6.5%	6.3%
Paint Finishing	0.0	2.7	2.8	1.9	1.9	3.9
Ratio	0.2%	5.4%	3.6%	4.3%	4.4%	4.4%

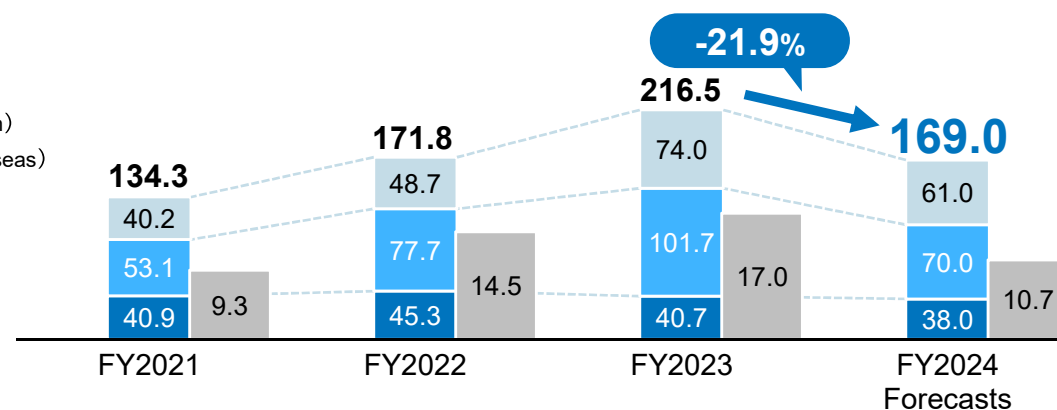
Decrease in Sales and Income is expected due to absence of large projects

Promote improvements in profit through cost-reduction activities

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Net-sales of completed construction contracts	103.9	112.5	216.5	69.7	99.2	169.0
Building HVAC	20.6	20.0	40.7	16.2	21.7	38.0
Industrial HVAC	83.2	92.4	175.7	53.5	77.4	131.0
Japan	54.6	47.0	101.7	25.6	44.3	70.0
Overseas	28.6	45.3	74.0	27.8	33.1	61.0
Overseas ratio	27.5%	40.3%	34.2%	40.0%	33.4%	36.1%
Ordinary income	7.5	9.4	17.0	4.2	6.4	10.7
Ratio	7.3%	8.4%	7.9%	6.1%	6.5%	6.3%

Trend

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



Expect increase in both Sales and Income for two consecutive terms

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Net sales of completed construction contracts	26.4	50.5	77.0	44.8	44.1	89.0
Japan	6.0	7.1	13.2	14.1	15.1*	29.3*
Overseas	20.3	43.4	63.7	30.7	28.9*	59.7*
Overseas ratio	77.0%	85.8%	82.8%	68.6%	65.5%	67.1%
Ordinary income	0.0	2.7	2.8	1.9	1.9	3.9
Ratio	0.2%	5.4%	3.6%	4.3%	4.4%	4.4%

* Adjusted the full-year earnings forecast for net sales of completed construction contracts because, as in the forecast for the first half of FY2024, we had projected approximately 5 billion yen worth of projects overseas that should have been expected in Japan.

Trend

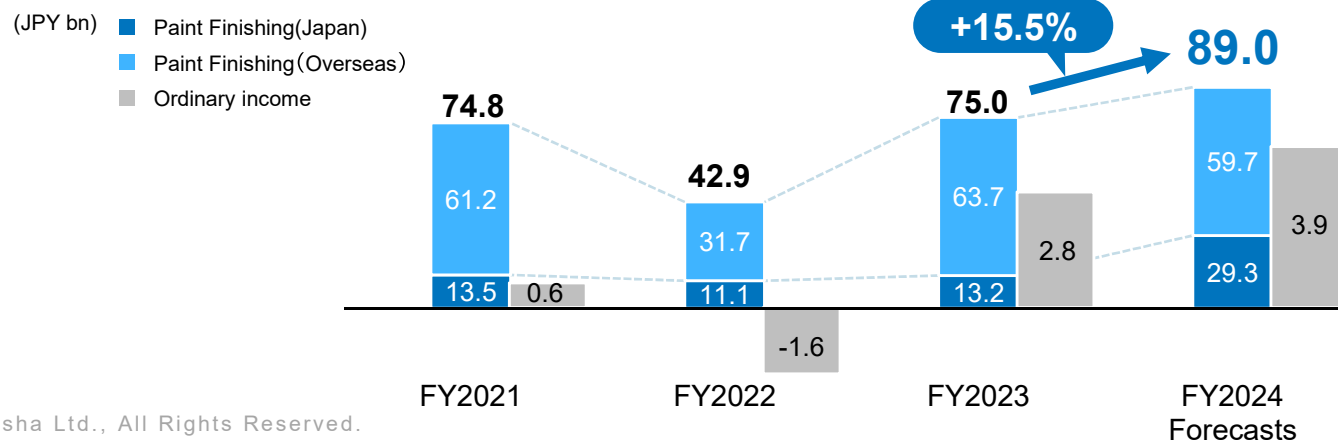
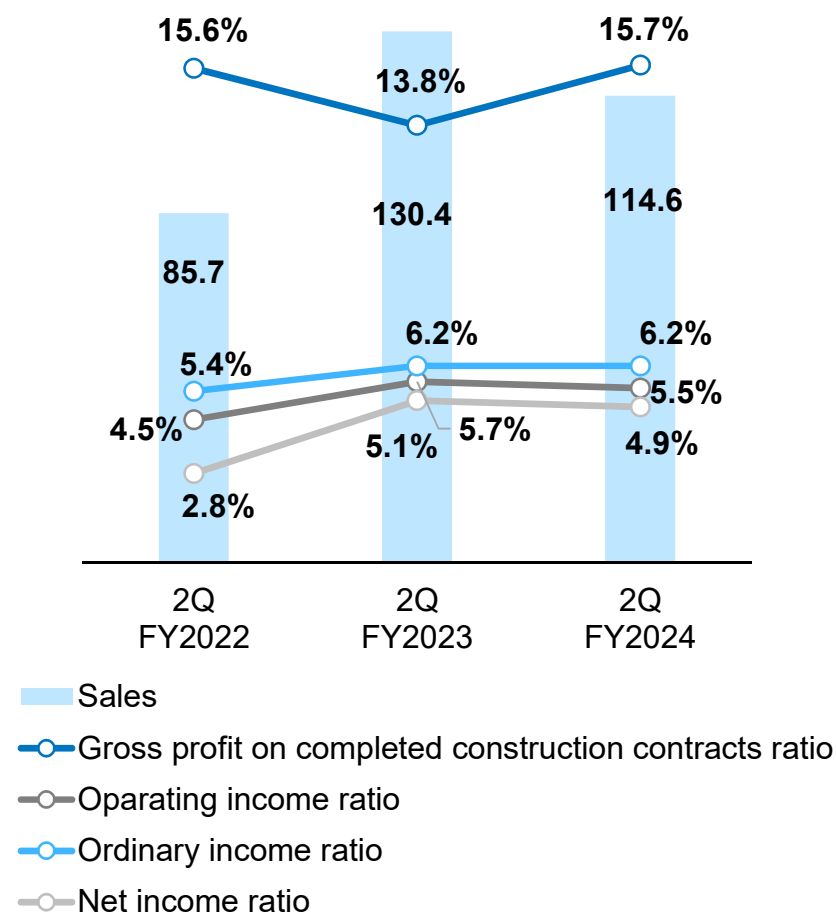


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(JPY bn)	2Q FY2022	2Q FY2023	2Q FY2024
Net-sales of completed construction contracts	85.7	130.4	114.6
Gross profit on completed construction contracts	13.4	18.0	17.9
Ratio	15.6%	13.8%	15.7%
Operating income	3.8	7.4	6.2
Ratio	4.5%	5.7%	5.5%
Ordinary income	4.6	8.1	7.0
Ratio	5.4%	6.2%	6.2%
Profit attributable to owners of parent	2.4	6.6	5.6
Ratio	2.8%	5.1%	4.9%



(JPY bn)	Subject	FY2023	2Q FY2024	Change
	Current assets	203.3	178.4	-24.9
	Cash and deposits	55.4	45.1	-10.2
	Notes receivable, accounts receivable from completed construction contracts and other	125.3	112.1	-13.2
	Securities	9.0	-	-9.0
	Costs on uncompleted construction contracts・Raw materials and supplies	3.3	3.8	0.4
	Other	11.2	18.2	7.0
	Allowance for doubtful accounts	-1.0	-0.9	0.0
	Non-current assets	63.1	60.0	-3.0
	Property, plant and equipment	11.6	13.1	1.4
	Goodwill	3.5	3.2	-0.3
	Other intangible assets	2.4	2.2	-0.1
	Investment securities	30.8	26.5	-4.3
	Deferred tax assets	0.8	0.7	-0.1
	Other	14.4	14.5	0.1
	Allowance for doubtful accounts	-0.7	-0.3	0.3
	Total assets	266.4	238.4	-27.9

	Subject	FY2023	2Q FY2024	Change
	Current liabilities	103.5	73.9	-29.5
	Notes payable, accounts payable for construction contracts and other	64.8	38.5	-26.2
	Advances received on uncompleted construction contracts	13.8	16.9	3.0
	Provision for loss on construction contracts	0.3	0.2	-0.0
	Other	24.3	18.1	-6.2
	Non-current liabilities	11.4	11.9	0.5
	Total liabilities	114.9	85.8	-29.0
	Net assets	151.5	152.6	1.0
	Capital stock	6.4	6.4	-
	Capital surplus	3.6	3.7	0.1
	Retained earnings	111.8	114.8	3.0
	Treasury shares	-2.9	-4.9	-2.0
	Valuation difference on available-for-sale securities	14.3	11.9	-2.4
	Deferred gains or losses on hedges	-0.0	-0.0	0.0
	Foreign currency translation adjustment	7.7	10.0	2.3
	Accumulated remeasurements of defined benefit plans	2.9	2.8	-0.1
	Non-controlling interests	7.5	7.6	0.1
	Total liabilities and net assets	266.4	238.4	-27.9

Operating activities CF : Negative due to the decrease in notes and accounts payable-trade, although it increased owing to the decrease in notes and accounts receivable-trade

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)

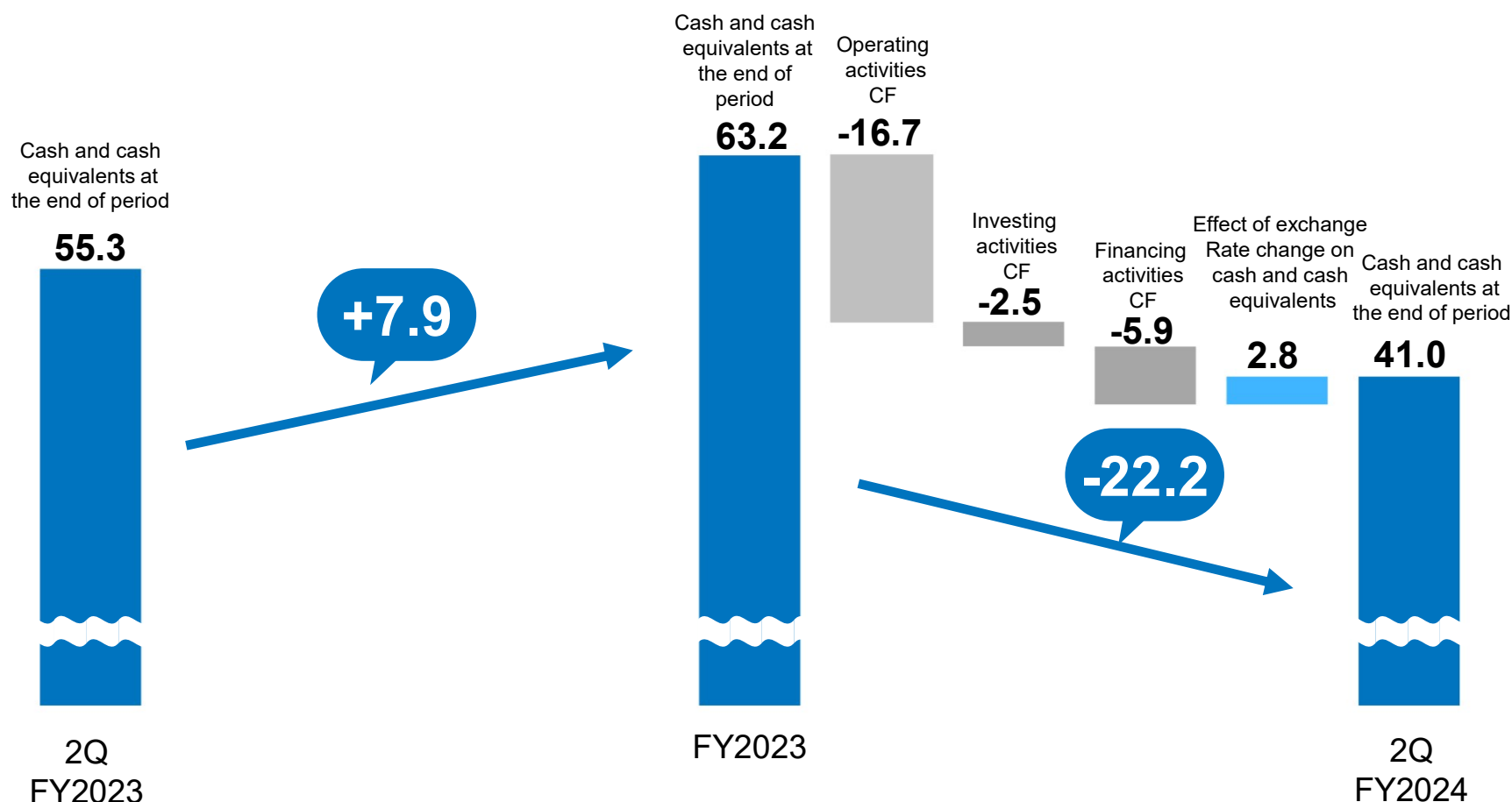


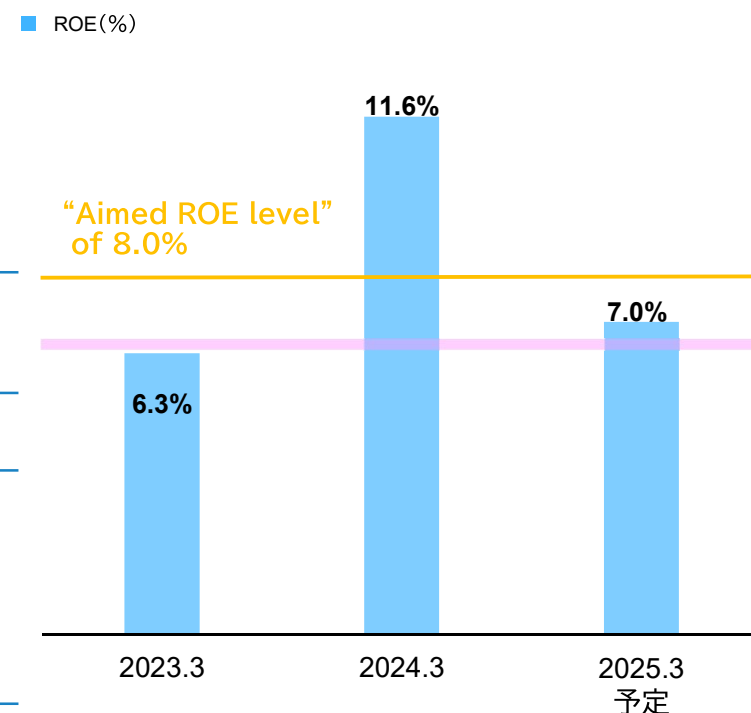
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With a view to the next Mid-Term Business Plan that will start in FY2025, Aim to further deepen management that is conscious of capital efficiency

Current Situation Analysis		<ul style="list-style-type: none"> Set Return On Equity (ROE) as an important management index Expect <u>ROE of 7.0%</u> for FY2024 Calculating the cost of shareholder's equity using the CAPM model During the period of the current Mid-Term Business Plan, the cost of equity has been at <u>6.4% to 6.6%</u> ROE has been <u>above the cost of shareholder's equity</u>, except during the period of the COVID-19 pandemic However, we recognize that the cost of shareholder's equity calculated by the Company is the minimum level expected by investors, and that it is <u>necessary to iron out the difference between our perceptions and the market's views</u> The PBR for FY2023 <u>exceeded 1×, and it is still more than 1×</u> Recognizing the need to maintain PBR of at least 1× and further improve capital efficiency
Target		<ul style="list-style-type: none"> Set the <u>"aimed ROE level" of 8.0%</u> in the current Mid-Term Business Plan for FY2022 to FY2024 With a view to the next Mid-Term Business Plan, further improvement is under consideration
Initiatives	Management index	<ul style="list-style-type: none"> <u>Introduced management index that measures the return on invested capital (ROIC)</u> by each division and started using it
	Appropriate allocation of management resources	<ul style="list-style-type: none"> Regarding business investments such as M&A, introduced a mechanism for decision-making on acceptability that takes capital costs into account <u>Promote growth investments (20.0 billion yen) and shareholder returns</u> based on the cash allocation policy of the current Mid-Term Business Plan Reduce cross-shareholdings (<u>to less than 20% of net assets</u>) Formulating policies to improve capital efficiency, such as business portfolio review and cash allocation, etc.
	Shareholder Returns	<ul style="list-style-type: none"> Implement steady dividends (<u>DOE of 3.2%</u>) Flexibly purchase and retire treasury shares in order to improve capital efficiency and promptly implement financial policies (<u>aim for 2.0 billion yen per year</u>)
	IR	<ul style="list-style-type: none"> Continuously have proactive dialogue with investors and feedback to management Improve measures for IR to strengthen engagement with investors
	Sustainable growth	<ul style="list-style-type: none"> Established the Sustainable Committee, which is chaired by an Outside Director, in February 2024 Promote initiatives for carbon neutrality, human capital and diversity Enhance disclosure for non-financial information

Trend in ROE during the period of the current Mid-Term Business Plan



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.

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