

Taikisha Ltd. FY2025 Financial Results Briefing for  
analysts and institutional investors (online conference)  
Main Q&A session

Date and time : 20 May 2026, 10:00~11:30

Attendees :

Masashi Osada, President.

Yasushi Nakajima, Executive Vice President.

Yoshihiro Matsuda, Chief Executive, Corporate Planning Headquarters.

Seiji Takeshita, Chief Executive, Administrative Management Headquarters.

Tadashi Sobue, Chief General Manager, Green Technology System Division.

Takuji Fukunaga, Chief General Manager, Paint Finishing System Division.

**Impact of Middle East Situation on Business Performance**

Questioner:

How is the impact of the situation in the Middle East factored into your earnings forecasts? Also, what risks do you foresee in the domestic and overseas operations, as well as in the HVAC and paint finishing fields?

Respondent (Chief General Manager, Green Technology System Division.):

Regarding the impact of the situation in the Middle East, while delays in the delivery of equipment and materials have occurred in Japan, no delays have occurred in overall project schedules.

If the situation in the Middle East becomes protracted, delays in project starts and deliveries may occur overseas. At this point, no significant impact has been confirmed.

Nonetheless, as in Japan, project delays resulting from disruptions in the delivery of equipment and materials are expected. Therefore, we intend to continue to carefully manage project schedules and budgets.

On the cost side, although conditions differ by project, we intend to mitigate the risk of rising prices for future orders by applying a price escalation clause. Even if such risk materializes, we believe the impact will be limited.

Gross profit on completed construction contracts has been projected after taking into account uncertainties related to the impact of the Middle East situation.

Respondent (Chief General Manager, Paint Finishing System Division.):

First, I would like to address the impact of the Middle East situation on customers' capital investment.

If the situation becomes protracted, it would be very difficult to uniformly assess the extent of the

impact. However, we believe automobile manufacturers in ASEAN countries, Japan, South Korea, and China could be directly affected in terms of both production and sales. We believe this may cause risks related to customers' capital investments, such as delays in investment timing or revisions to investment amounts.

We will continue to monitor this trend closely, although no significant impact has been confirmed on our planned projects at this time.

Next, I will discuss the impact on costs. Rising transportation and fuel costs have raised concerns over higher prices for equipment and materials.

However, each project has contract terms to the effect that additional costs caused due to force majeure can be passed on to the customer in the form of price increases. Therefore, even if such risk materializes, we expect the impact on the Company to be limited.

Meanwhile, regarding current projects, there are concerns about impacts on the supply of materials. If such risk materializes, delays in project starts or overall project schedules may occur. Still, at this point, no impacts such as project delays have been confirmed. We will continue to closely monitor this situation as well.

## **Operating Margin of Green Technology System Business and Future Margin Improvement**

### **Outlook**

Questioner:

I would like to ask about the operating margin of the Green Technology System Business for FY2026. My understanding is that it will remain flat under the current situation, but from your earlier explanation, is it safe to assume that this is a prudent plan given the uncertainty of the Middle East situation?

I believe that margin improvement has continued mainly in Japan. Could you elaborate on the possibility the margin improvement will continue from FY2026 onward, as well as the operating margin for the Green Technology System Business?

Respondent (Chief General Manager, Green Technology System Division.):

As I mentioned earlier, gross profit on completed construction contracts has been projected taking into account uncertainties in the business environment, including the situation in the Middle East. We have not fully factored in the direct impact of the Middle East situation. However, we see potential for further upside once the situation becomes clearer.

As for profitability at the time of order receipt, we do not expect a significant improvement under the current circumstances, and expect it to remain at the same level.

## **Impact of Middle East Situation and Outlook for Margin Improvement**

Questioner:

Earlier, you explained that even if material prices rise due to the situation in the Middle East, costs can generally be passed on through a price escalation clause, and the impact is expected to be limited.

With that in mind, your margin outlook still appears somewhat cautious. Could you explain the reason? My understanding is that profitability at the time of order receipt for air-conditioning-related projects has improved in recent periods. Therefore, I expected a plan targeting somewhat higher margins. Could you elaborate on that point?

Respondent (Chief General Manager, Green Technology System Division.):

Although we have factored in price escalation clauses, depending on the timing, negotiations may not always be concluded successfully. Therefore, we believe there is some uncertainty in that regard.

In addition, we achieved considerable profit improvement in FY2025, and this was reflected in the results. For FY2026 as well, if the trend continues, there could be further upside potential.

#### **Progress of Dry Decoration System and Sales Outlook for FY2027**

Questioner:

I have a question regarding the Paint Finishing System Business. Regarding the dry decoration system, you explained that verification testing on your demonstration lines with four-wheel vehicle OEMs in Japan had generally been completed. How was the response from automobile manufacturers? Are there signs that they are moving toward full-scale adoption for mass production?

In addition, you are targeting sales of 2.0 billion yen in new business areas, including the dry decoration system, for FY2027. Do you expect order intake to begin around FY2027 as planned?

Respondent (Chief General Manager, Paint Finishing System Division.):

Regarding the progress on the dry decoration system, demonstration testing has been completed, and customers have evaluated the system as significantly reducing energy costs compared with existing paint finishing line systems.

Currently, we are in the phase of solving issues one by one toward mass production.

One challenge is that, in order to meet customers' quality requirements, not only the equipment itself but also film quality is a critical factor. At present, we are working jointly with film manufacturers and equipment manufacturers.

While we have set a target of 2.0 billion yen in sales from new businesses by FY2027, under the current Medium-Term Business Plan, this phase is positioned as the stage for introducing test lines. Therefore, we are currently proceeding with verification with customers, while first introducing test lines and working toward achieving the target.

### **Background to the Improvement in Operating Margin of the Green Technology System Business**

Questioner:

I have a question regarding the operating margin of the Green Technology System Business. I believe that last year, the final result exceeded the initial plan by about 3 percentage points. Could you explain the background behind that? I understand your earlier explanation regarding negotiations related to price escalation clauses. With that, does FY2026 also have a project structure that could result in upside comparable to FY2025?

Respondent (Chief General Manager, Green Technology System Division.):

The factor behind the operating margin improving by approximately 3 percentage points against the initial forecast was the completion of several large-scale projects, which achieved greater profit improvement than initially expected. In other words, upside at the time of project completion was greater than originally anticipated.

In FY2026 as well, progress-based sales for some projects we have secured will be recognized during the year. Therefore, a certain degree of profit improvement is expected. That said, considering the fact that profit improvement tends to concentrate at the time of project completion, the operating margin has been set based on the present situation.

### **Progress in Net Sales of Green Technology System Business and Paint Finishing System Business**

Questioner:

Could you share your view on net sales for the Green Technology System Business and the Paint Finishing System Business? I understand that you are targeting higher sales in FY2026. Is progress in net sales in line with the Medium-Term Business Plan?

I assume projects' timing is related. Could you also explain whether sales are trending above or below the Medium-Term Business Plan?

Respondent (Chief General Manager, Green Technology System Division.):

Regarding sales progress in the Green Technology System Business for FY2026, although there were many projects on hand at the beginning of the year, building projects in particular have long construction periods and therefore few are expected to contribute FY2026.

Meanwhile, some industrial HVAC projects we secured in FY2025 and FY2026 are expected to contribute to net sales of completed construction contracts this fiscal year. Reflecting this, sales have exceeded the initial plan.

Questioner:

Also, in comparison with FY2025, are you expecting the number of completed projects in FY2026 to

remain at a comparable level, or decline?

Respondent (Chief General Manager, Green Technology System Division.):

In FY2025, there were approximately three large-scale projects. FY2026 also includes a similar number of projects, although some projects secured in FY2026 are unlikely to be completed within FY2026. Consequently, we expect results to remain at a similar level.

Respondent (Chief General Manager, Paint Finishing System Division.):

Now, I will answer your question regarding the Paint Finishing System Business. As the market environment remains favorable, we aim to achieve our target of 100.0 billion yen in orders received, while also seeking further upside.

Next, regarding net sales of completed construction contracts, projects on hand have continued to accumulate steadily in both the first and second years of the current Medium-Term Business Plan, and we believe continued sales growth is achievable.

Questioner:

As a side note, I would appreciate if you could comment on the operating margin.

Respondent (Chief General Manager, Paint Finishing System Division.):

In FY2026, the percentage of completion of European projects is expected to weigh on the operating margin. Other than that, margins for ordinary projects are steadily improving. Going forward, we intend to continue improving profitability while addressing the concentration of the portfolio in four-wheel vehicle projects and promoting the introduction of new technologies, such as the dry decoration system I mentioned earlier.

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The contents of this material are the views of the company, summarized from the question-and-answer session of the financial results briefing and based on the judgement on the announcement date and the available information.

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