

Strengthening Our Business Base in ASEAN Market

Semiconductor demand continues to grow year after year due to the spread of IoT and generative AI. Under the 10-Year Plan 2035, we have identified the semiconductor and electronic component markets as one of our priority markets. We are advancing initiatives to strengthen our business base, aiming to become an engineering company that supports the capital investment of globally expanding advanced semiconductor firms in the Southeast Asian region.



Strengthening our business base in ASEAN market

- Establish the ASEAN Management Department in Singapore
- Strengthen cooperative structures across ASEAN affiliates
- Establish bases to visualize our technological capabilities
- Establish global design-build standards



Establish the ASEAN Management Department in Singapore

Companies that are expanding globally are actively reviewing their supply chains and accelerating their expansion into Southeast Asia in order to establish distributed production bases.

Many of the Group’s overseas affiliates are located in Southeast Asia and surrounding countries. Nearly 2,000 of our employees belong to those in the ASEAN region. To meet the high demand for construction, we established the ASEAN Management Department in Singapore, a hub city of the ASEAN region.

Previously, our management function for overseas affiliates was in Japan because our international projects were primarily for Japanese customers. By transferring this function to the ASEAN Management Department, we will increase touchpoints with non-Japanese customers.

In recent years, it has become increasingly difficult for a single base to manage larger projects. Therefore, we will strengthen cooperation between the head office departments and our overseas affiliates, as well as among our overseas affiliates. This will enable us to build a cooperative framework spanning multiple bases across the entire ASEAN region.

Concurrently, we will collaborate with the ASEAN Regional Management Department, which was established under the Administrative Management Headquarters to strengthen the global corporate function, to develop skill enhancement programs and career plans for local staff in ASEAN, as well as to strengthen the cost management framework.

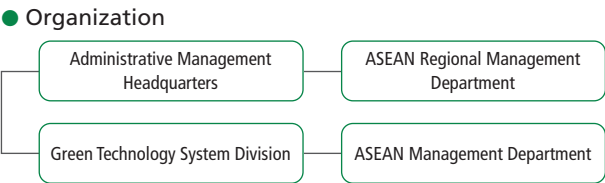


ASEAN Regional Management Department, Administrative Management Headquarters

Non-Japanese customers often have different business practices from Japanese ones. To ensure smooth project progress and secure profits, we must establish internal structures involved in projects and increase operational efficiency. To this end, we must implement initiatives for human resource development and operational improvement.

The ASEAN Regional Management Department was established as an overseas branch of the Administrative Management Headquarters at the head office to support affiliates in Southeast and South Asia in enhancing operational efficiency.

Going forward, we will develop local staff, plan and formulate personnel initiatives, review operational rules and procedures, support order placement, reception, and contract management, enhance accounting efficiency, and formulate financial strategies.



Establish bases to visualize our technological capabilities

In April 2023, we opened the TAIKISHA INNOVATION GATE Shinjuku (TIGS), a satellite facility of the TAIKISHA INNOVATION SITE Aikawa (TISA) in Aikawa-cho, Kanagawa Prefecture, at our head office. Serving as a *gate* where visitors can experience our technologies, the facility aims to broaden communication channels, foster the integration of internal and external solutions, and drive the development of the next innovation.

Currently, the INNOVATION GATE is operating only in Tokyo. We are planning to roll out the facility sequentially to our affiliates in Southeast Asia, including Bangkok, Thailand; Hanoi, Vietnam; and Singapore.



Establish global design-build standards

Many of our overseas affiliates were established to handle specific projects, which resulted in variations in operational quality and rules because they were not standardized. To improve operational quality and productivity within the Group, we are working on standardizing operations, accumulating cases, and disseminating operational rules.

In particular, we will roll out the design/build platform already used in Japan to our ASEAN affiliates in order to achieve operational efficiency and consistent technological quality.

Messages from the ASEAN Management Department and the ASEAN Regional Management Department



Masaki Yamashita
Senior General Manager, ASEAN Management Department

We established the ASEAN Management Department in Singapore, a hub city of ASEAN, and transferred our management function for overseas affiliates from Japan to Singapore. Going forward, we will increase touchpoints with not only Japanese customers, but also European and local non-Japanese customers. Along with our nearly 2,000 colleagues in ASEAN, we will strengthen vertical cooperation between the head office departments and overseas affiliates, as well as horizontal cooperation among overseas affiliates, to ensure the reliable progress of recent larger projects. This will contribute to stronger cooperation across all affiliates in the ASEAN region. At the same time, we will collaborate with the ASEAN Regional Management Department to further increase sales and improve profitability, while strengthening risk management, including managing terms of contracts associated with order placement and reception.

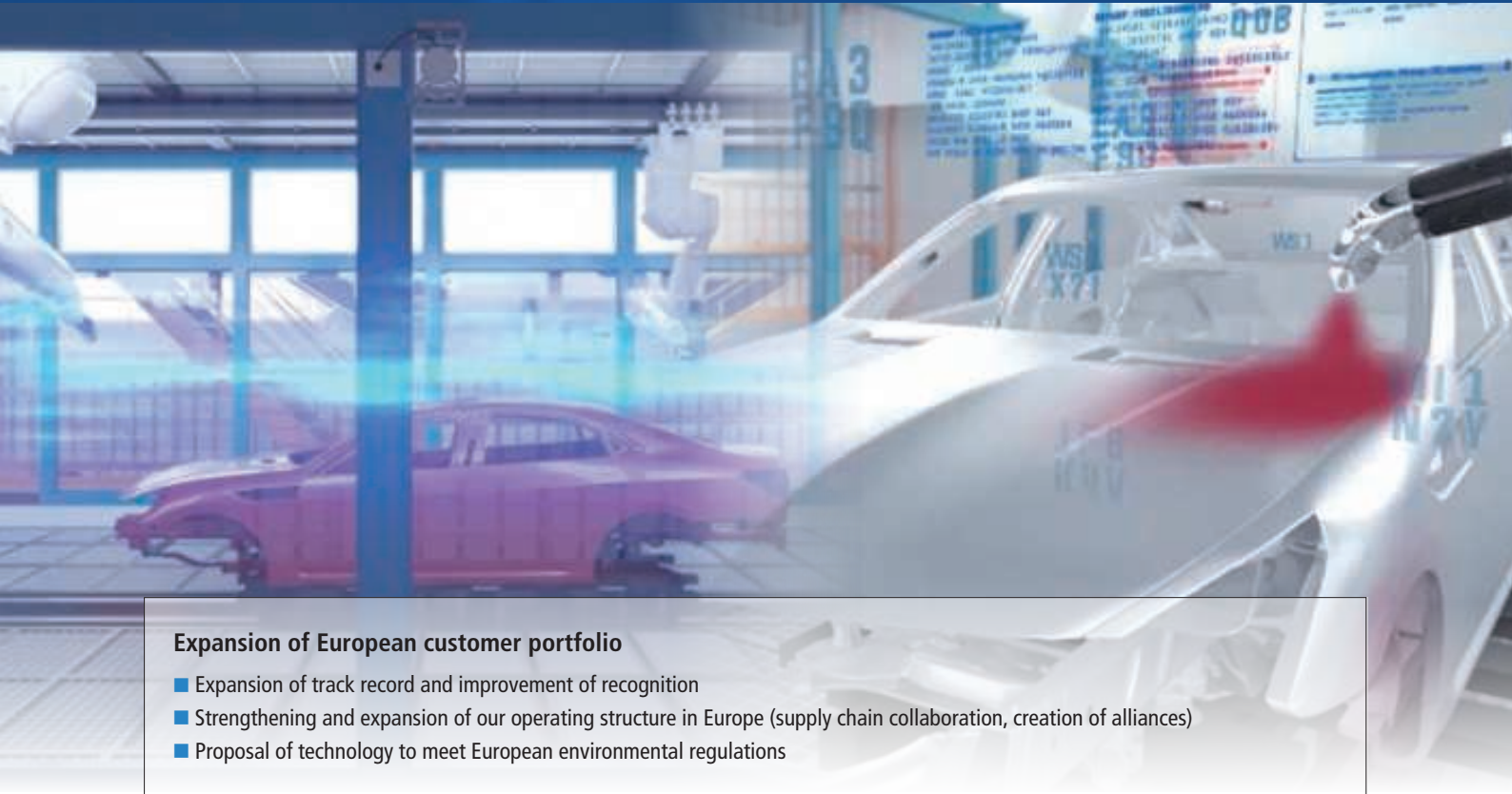


Yoshiaki Ichinomiya
General Manager, ASEAN Regional Management Department

In response to the high demand for construction in ASEAN, we transferred the global corporate function to Singapore to support the division’s initiatives to increase sales and improve profitability. While strengthening back-office functions deployed across our overseas affiliates, we will establish a system that allows each affiliate to collaborate and cooperate with one another, taking into account the future expansion of business, particularly with European and local clients. This initiative aims to improve the organizational strength of the entire Group.

Enhancing Our Presence in the European Market

Global automotive markets have recovered to levels before the outbreak of COVID-19. In particular, the European market is expected to maintain consistent demand. To maintain and enhance our presence in automotive markets, we are implementing initiatives to expand our European customer portfolio. We are also expanding our business activities to encompass not only paint finishing systems, but also optimal automation systems and the integrated delivery of both production environment equipment and production line equipment.



Expansion of European customer portfolio

- Expansion of track record and improvement of recognition
- Strengthening and expansion of our operating structure in Europe (supply chain collaboration, creation of alliances)
- Proposal of technology to meet European environmental regulations

Why the European market?

The Group recognizes the European market as a strategically critical market.

Many technologies developed and standardized in Europe have been introduced by automotive paint finishing plants. Additionally, Europe leads the world in environmental regulations and has a need for advanced technologies to achieve carbon neutrality. Europe is expected

to continue to lead technical innovation in the automotive industry by delivering innovative technologies that will become global standards.

Given this situation, the Group is advancing initiatives to enhance our presence in the European market in order to provide engineering services worldwide in support of industrial innovation.

Expansion of track record and improvement of recognition

We have received an order from a European automobile manufacturer for a large-scale full-turnkey project, in which we handle all processes from design to delivery.

The customer highly rated our track record of supplying Japanese automobile manufacturers with paint finishing systems that produce high-quality results, as well as our fundamental technologies and our

operation of quality and environmental management systems. These factors led to our receiving an order for the project.

We expect our participation in this project to substantially enhance our presence in the European market. We will also deepen our understanding

of the specifications and needs of European automobile manufacturers, which will hopefully lead to orders from other automobile manufacturers.

Strengthening and expansion of our operating structure in Europe

In June 2024, we established Taikisha Deutschland GmbH, a Group company, in Leinfelden-Echterdingen, near Stuttgart, Germany. At Taikisha Deutschland GmbH, national and Japanese staff with expertise in paint finishing systems and knowledge of the local area work together. We are currently strengthening our operational structure to expand the Group's scope of operations while building an optimal framework across the entire supply chain.

Going forward, we plan to establish bases to visualize our technological capabilities. In the long term, we are also considering entering the semiconductor and electronic component markets, as well as the battery market, through synergies with the Green Technology System Business.

Proposal of technology to meet European environmental regulations

Europe takes the global impact of climate change seriously and is leading the world in taking countermeasures. Since the EU adopted the goal of achieving carbon neutrality by 2050, the European automotive industry has set corresponding targets to reduce volatile organic compound (VOC) emissions, lower energy consumption, and introduce renewable energies.

Currently, the EU requires automotive paint finishing plants to suppress VOC emissions to 45 g/m² (automotive surface area). In the future, this regulation is expected to tighten to 30 g/m² or even 10–30 g/m². To meet

these stricter requirements, we propose new exhaust treatment systems for paint booths.

To reduce GHG emissions, we are also proposing systems that use electricity as an alternative energy source for gases, as well as our proprietary technologies, i-Dry Scrubber and e-RTO.

By proposing the use of these energy-saving and environmentally friendly technologies that comply with European regulations, we aim to provide solutions that contribute to achieving carbon neutrality.

Looking ahead

Europe is a market where our competitors, who have the top market share in the automobile painting industry, are headquartered. Taikisha will strengthen its partnerships with major automobile manufacturers in this field and aims to establish itself as a supplier that can provide an integrated service for paint finishing plants by leveraging its automation

technology. At the same time, we will provide solutions that contribute to achieving carbon neutrality by utilizing energy-saving and environmentally friendly technologies that comply with European regulations.

From Taikisha Deutschland GmbH

Since our founding in 2024, we have been dedicated to establishing a solid foundation. To achieve high standards in business operations, we have obtained certifications for our quality management system (ISO 9001) and environmental management system (ISO 14001). With the addition of new members, our entire team of approximately 20 motivated and experienced individuals is now committed to the success of Taikisha Deutschland GmbH and to growing our business in the European market. Taikisha Deutschland GmbH has developed a structure to capitalize on new opportunities and deliver great impact in this region with its powerful and enthusiastic team.