

TAIKI-SHA LTD.

Financial Results Briefing

The Second Quarter of FY2024

November 14, 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.

(JPY bn)	FY2024 New Forecasts	FY2024 Original Forecasts	Difference
	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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President: Masashi Osada

**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 ① and ②

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

Impact of exchange rate difference between ② and ③

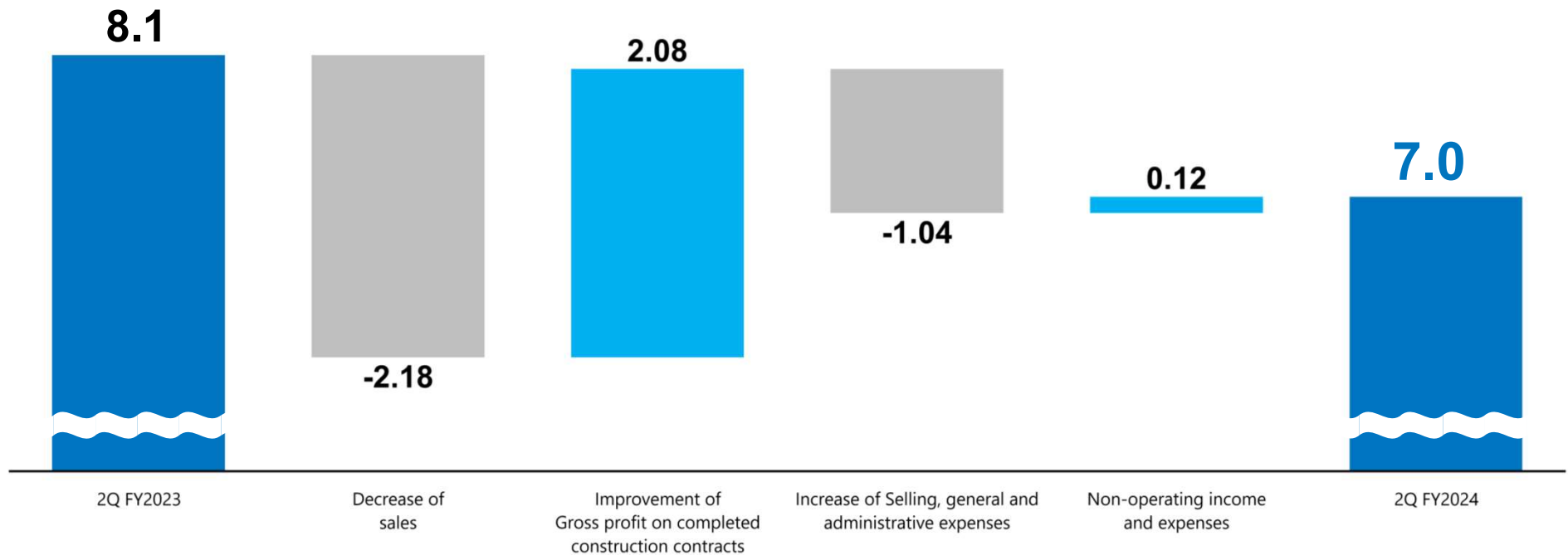
Sales: 2.1 billion yen/Ordinary income: 0.1 billion yen

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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Administrative Management
Headquarters:
Yasushi Nakajima

Increased in the Green Technology and Decreased in the Paint Finishing

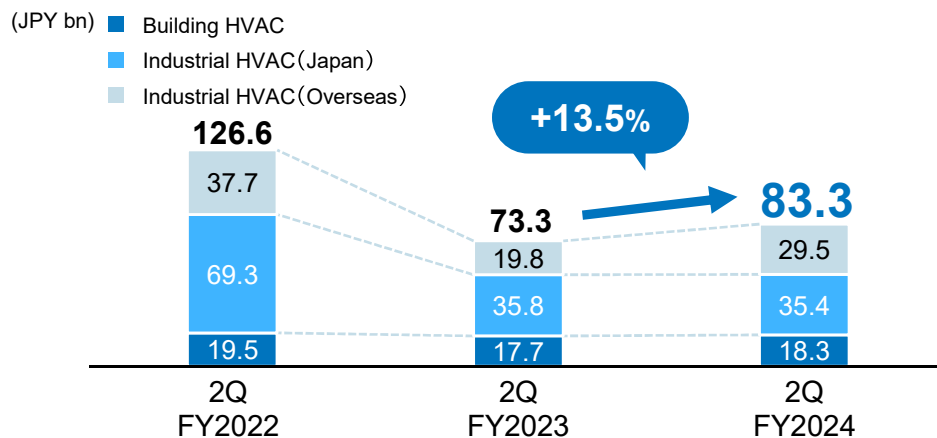
(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
Orders-received	127.1	128.1	0.9	118.0	10.1
Japan	70.2	65.6	-4.6	64.6	1.0
Overseas	56.9	62.5	5.6	53.4	9.1
Green Technology	73.3	83.3	9.9	83.0	0.3
Building HVAC	17.7	18.3	0.6	23.0	-4.6
Industrial HVAC	55.6	64.9	9.2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

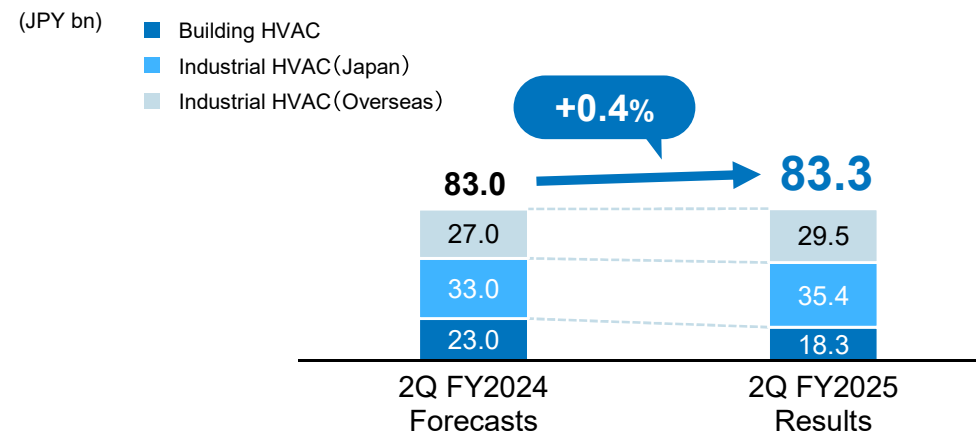
Increased QoQ due to the contribution of industrial HVAC overseas

(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

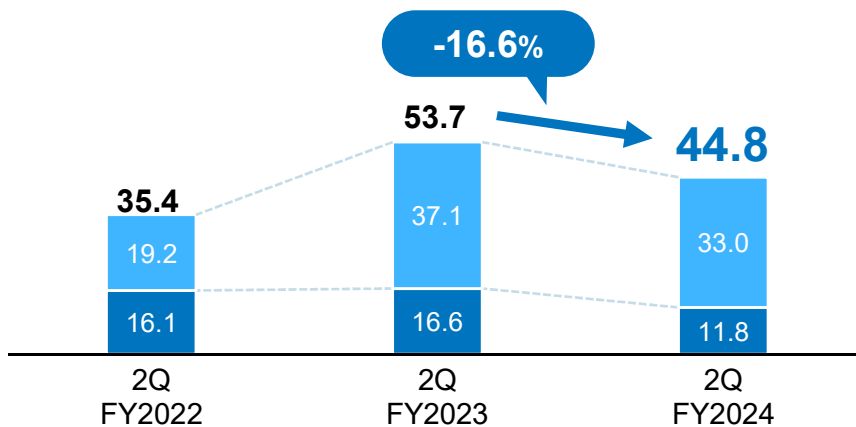
(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
Orders-received	53.7	44.8	-8.9	35.0	9.8
Japan	16.6	11.8	-4.8	8.6	3.2
Overseas	37.1	33.0	-4.0	26.4	6.6
Overseas ratio	69.0%	73.7%	4.7pt	75.4%	-1.7pt

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

Trend

(JPY bn)

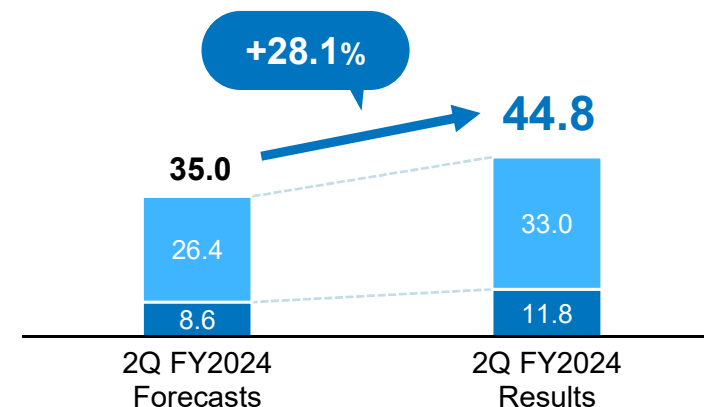
- Paint Finishing(Japan)
- Paint Finishing(Overseas)



Difference form Forecast

(JPY bn)

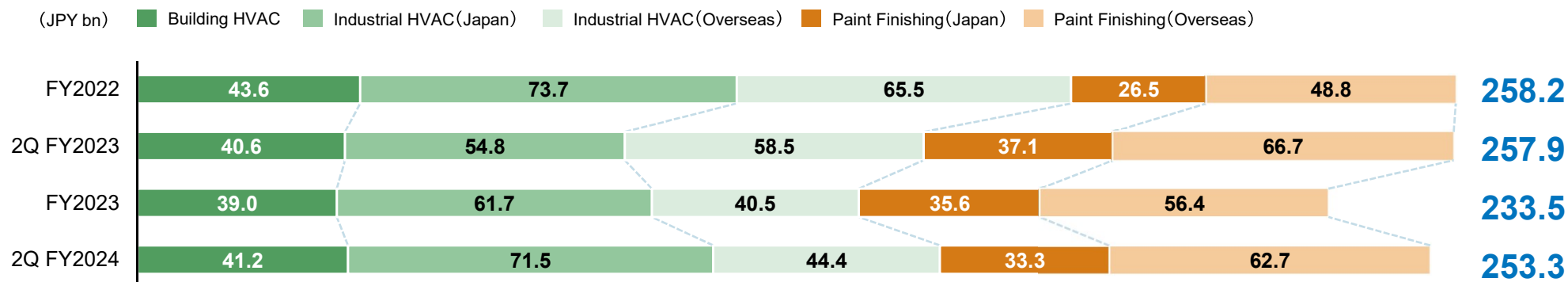
- Paint Finishing(Japan)
- Paint Finishing(Overseas)



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



Decreased in the Green Technology and Increased in the Paint Finishing

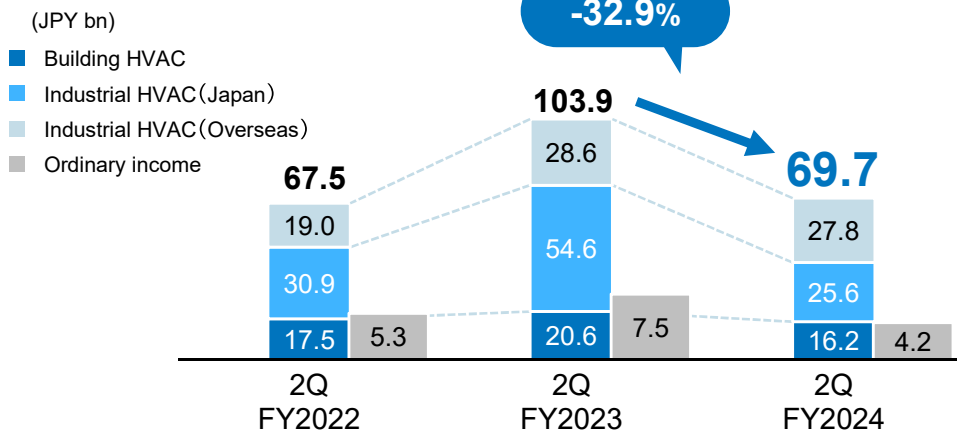
(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	vs. Forecast
Net-sales of completed construction contracts	130.4	114.6	-15.7	110.0	4.6
Japan	81.4	55.9	-25.4	51.7*	4.2*
Overseas	48.9	58.6	9.6	58.3*	0.3*
Green Technology	103.9	69.7	-34.2	72.0	-2.2
Building HVAC	20.6	16.2	-4.4	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.

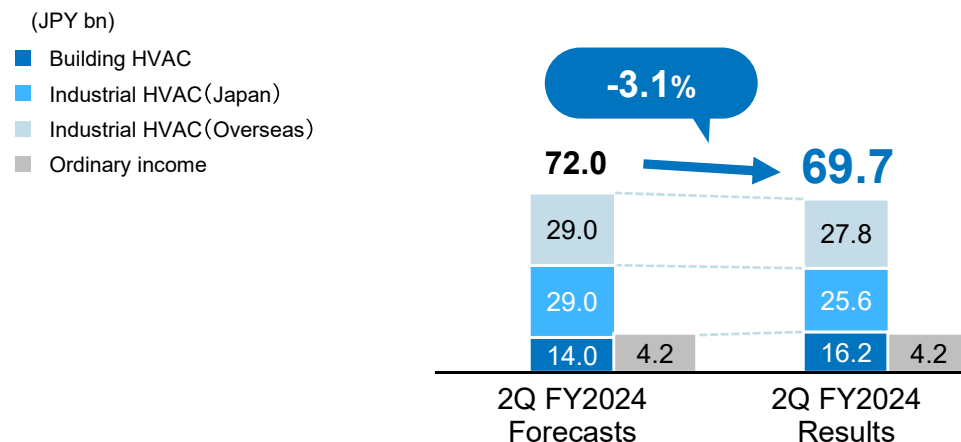
Decreased Sales and Income due to absence of large projects

(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



Difference from Forecast

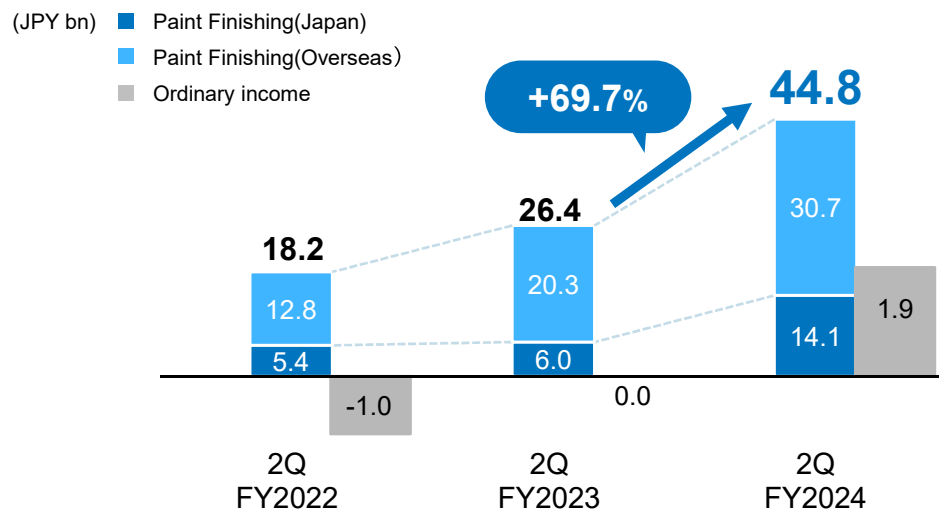


Increased in Sales and income both in Japan and overseas

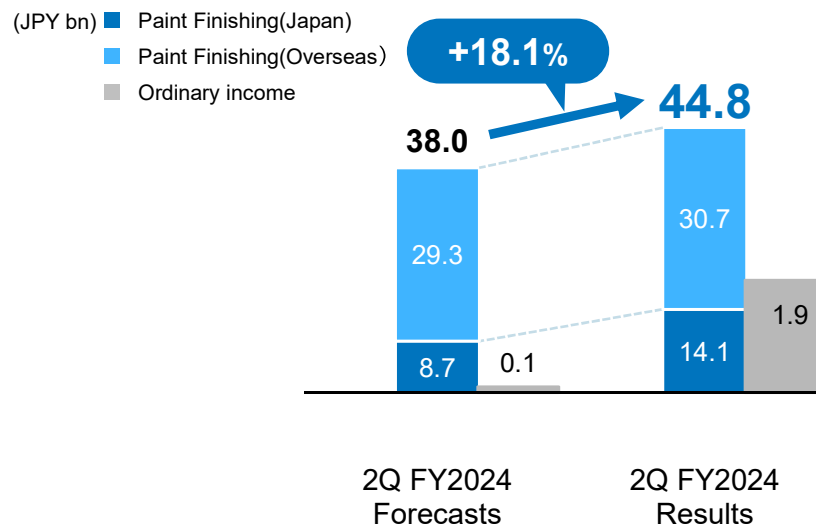
(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	Vs. Forecast
Net-sales of completed construction contracts	26.4	44.8	18.4	38.0	6.8
Japan	6.0	14.1	8.0	8.7*	5.4*
Overseas	20.3	30.7	10.4	29.3*	1.4*
Overseas ratio	77.0%	68.6%	-8.4pt	77.1%	-8.5pt
Ordinary income	0.0	1.9	1.8	0.1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



Difference from Forecast



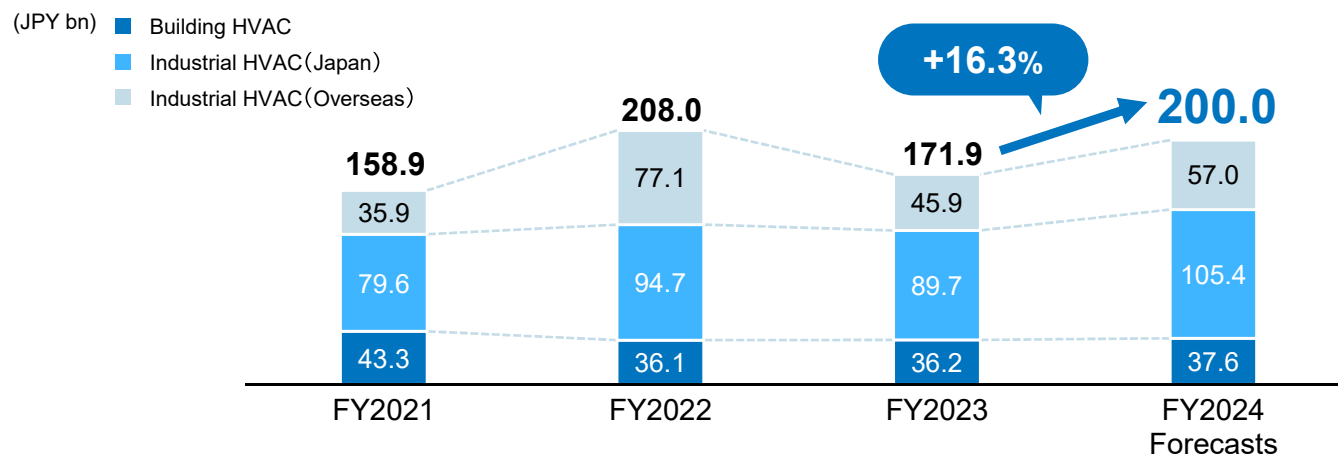
Expect to decrease both in the Green Technology and the Paint Finishing

(JPY bn)	FY2023 Results			FY2024 New Forecasts			FY2024 Original forecasts Total	vs. Forecast Total
	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

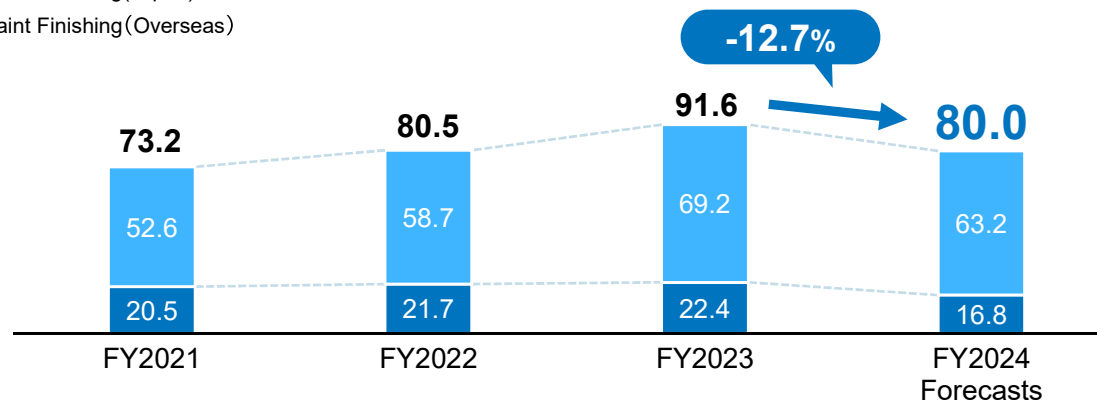


Orders are expected to be in line with original forecasts

(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

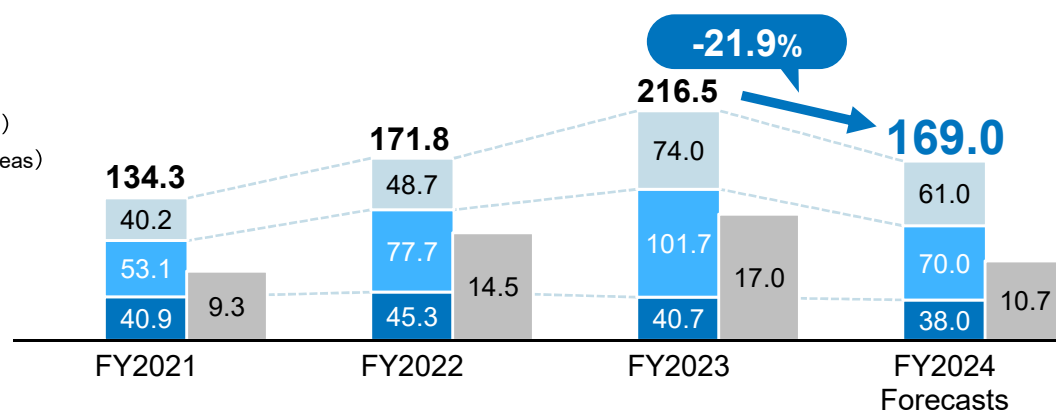
(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Net-sales of completed construction contracts	130.4	163.1	293.5	114.6	143.3	258.0
Japan	81.4	74.3	155.7	55.9	81.3	137.3
Overseas	48.9	88.8	137.7	58.6	62.0	120.7
Green Technology	103.9	112.5	216.5	69.7	99.2	169.0
Building HVAC	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

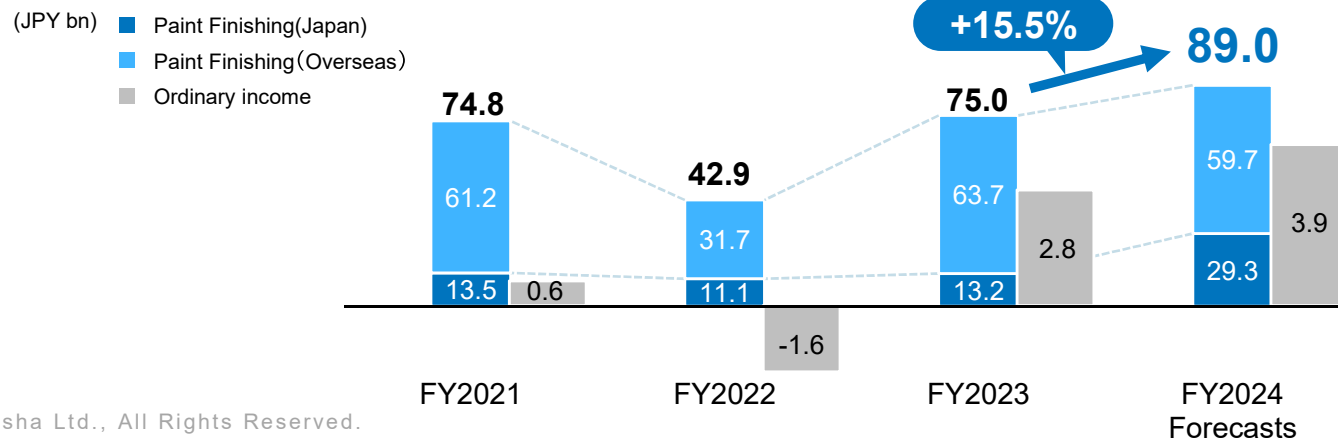
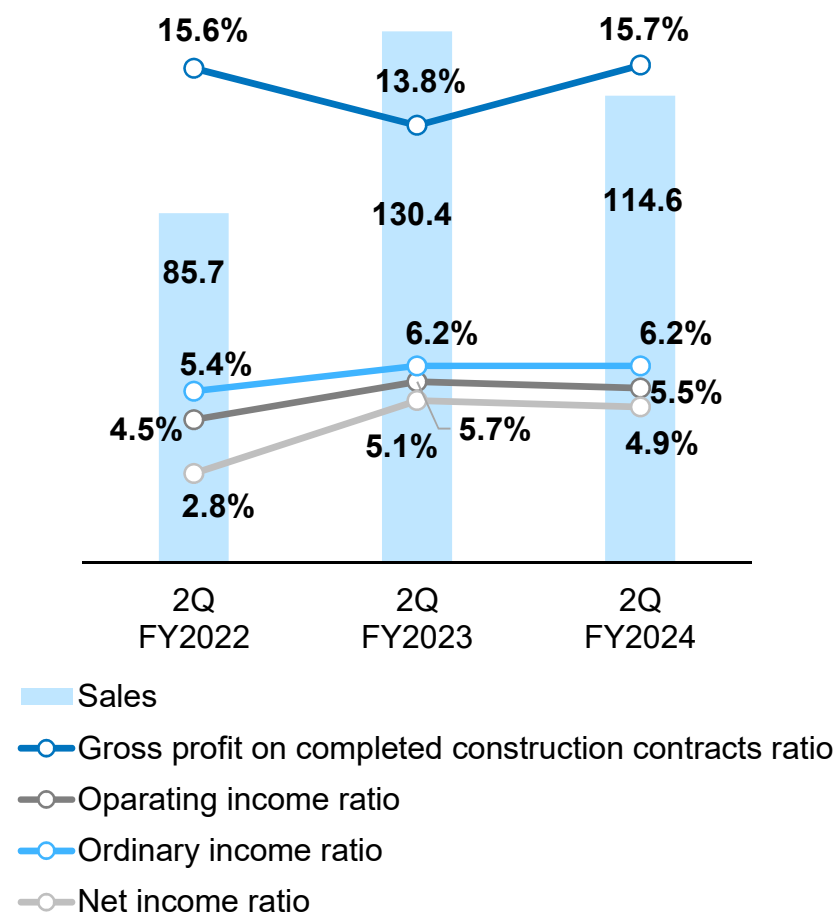


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Administrative Management
Headquarters:
Yasushi Nakajima

(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)

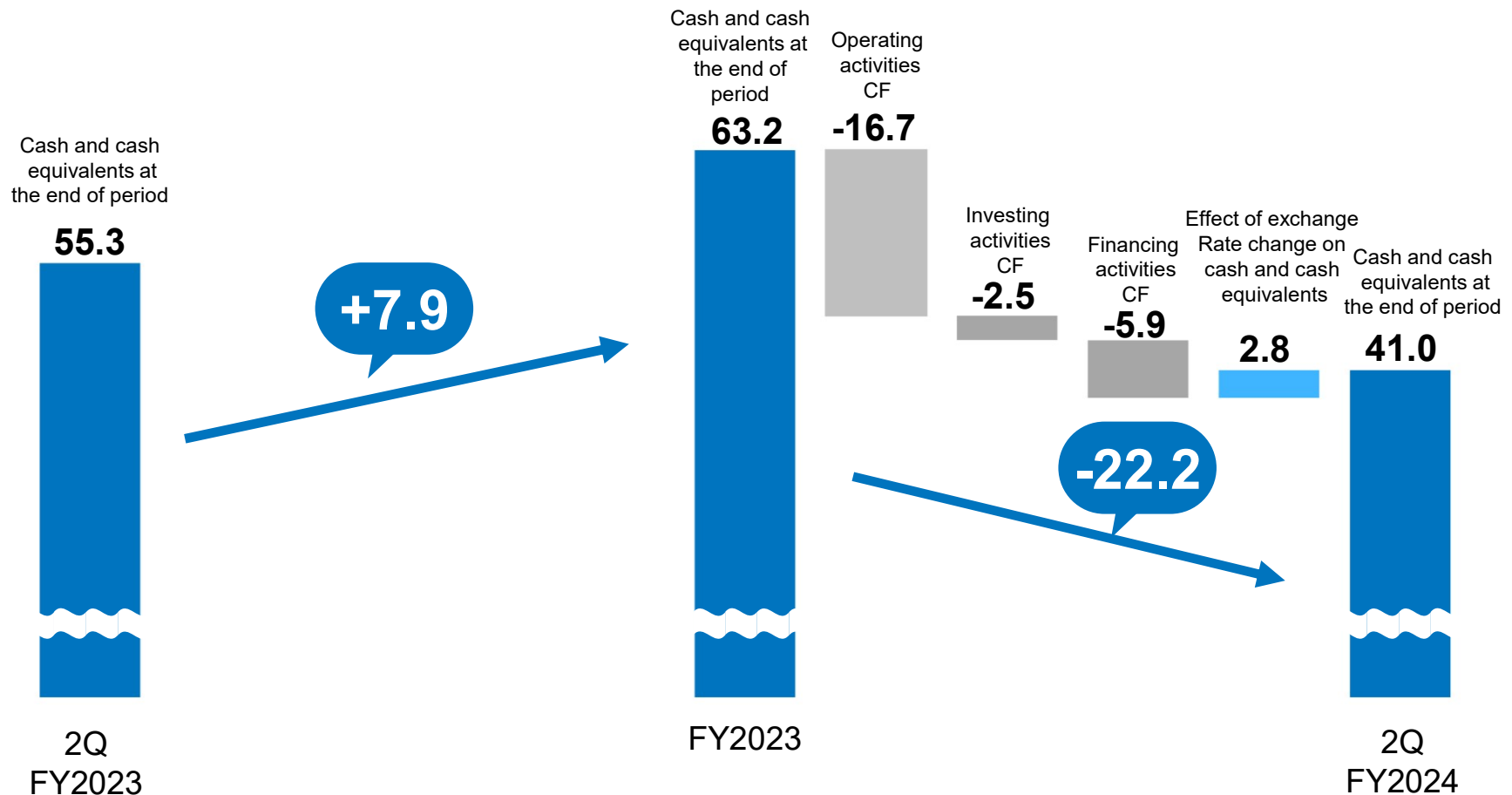


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Corporate Planning
Headquarters:
Masanori Nakagawa

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 ROE of 7.0% 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 6.4% to 6.6% ROE has been above the cost of shareholder's equity, 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 necessary to iron out the difference between our perceptions and the market's views The PBR for FY2023 exceeded 1x, and it is still more than 1x Recognizing the need to maintain PBR of at least 1x and further improve capital efficiency
Target		<ul style="list-style-type: none"> Set the "aimed ROE level" of 8.0% 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"> Introduced management index that measures the return on invested capital (ROIC) 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 Promote growth investments (20.0 billion yen) and shareholder returns based on the cash allocation policy of the current Mid-Term Business Plan Reduce cross-shareholdings (to less than 20% of net assets) 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 (DOE of 3.2%) Flexibly purchase and retire treasury shares in order to improve capital efficiency and promptly implement financial policies (aim for 2.0 billion yen per year)
	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

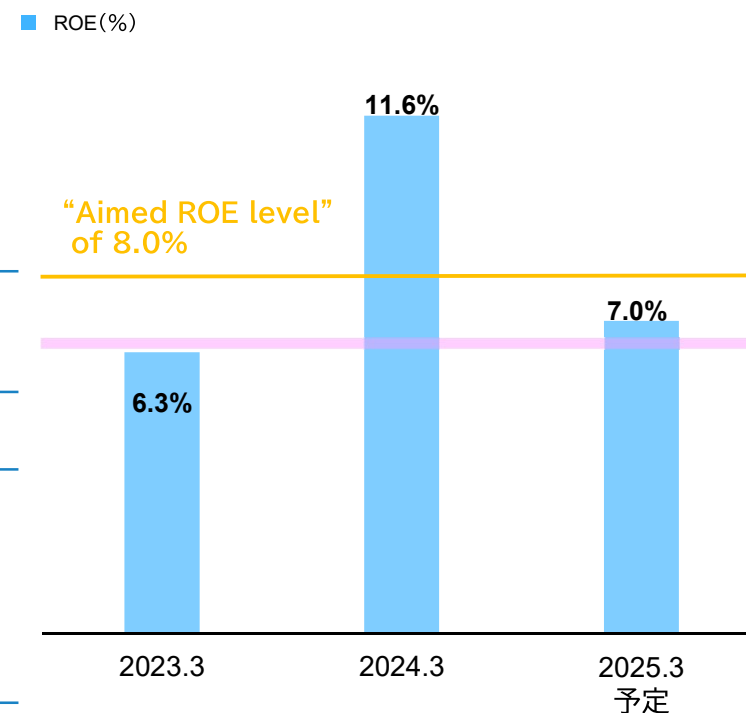
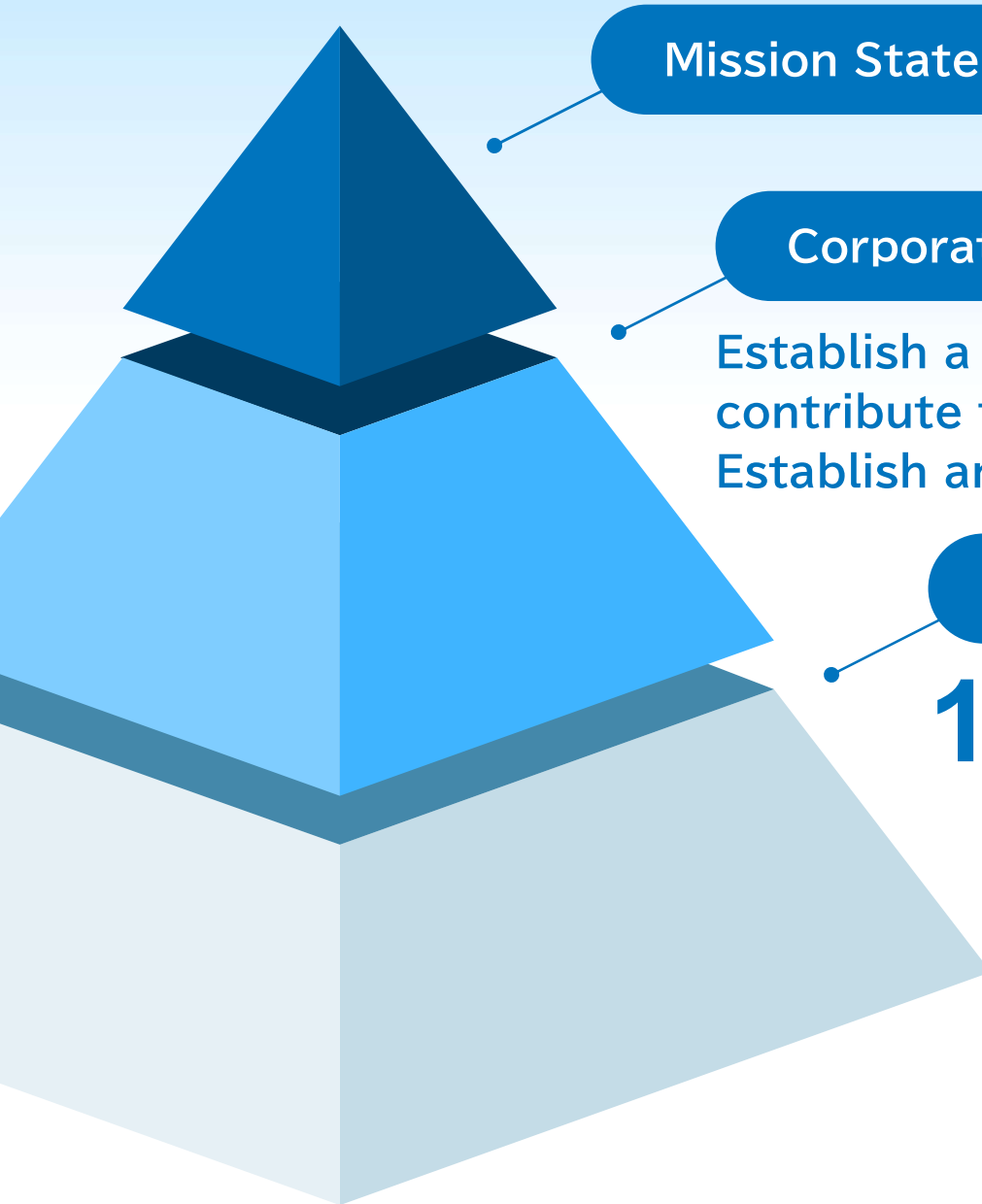


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Corporate Planning
Headquarters:
Masanori Nakagawa



Mission Statement

“Customers First”

Corporate Philosophy

Establish a company which can continuously grow and contribute to the society
Establish an attractive company

Long-term vision

1

Innovative Engineering

Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water

Innovative Engineering for a Sustainable Society- with energy, air and water -

2

Diversity & Inclusion

Become an Inclusive Global Company by Leveraging Diverse Human Resources and Knowledge

Diversity & Inclusion as a Global Company

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%

	Mid-Term Business Plan Period				What Taikisha group is aiming for in 5years
	FY2022 Results	FY2023 Results	FY2024 Forecasts	FY2024 Targets	FY2026 Targets
(JPY bn)					
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.

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

Carbon tax

Changes in customer behavior Prevalence of energy-saving and renewable energy technologies

Average temperature rise

Assumed countermeasures

- Setting of GHG reduction targets
- Development of low-carbon technologies and systems
- Participation in the renewable energy industry
- Construction of energy circulation systems
- Acquisition and reform of painting technologies, and promotion of product development
- Development of CO₂ recovery and recycling technologies
- 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.

Invested 5.2 billion yen in FY2023

	Main Achievement until the first half of FY2024	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 Established a consolidated subsidiary "Taikisha Deutschland GmbH" in Germany in July 	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"> Opened a new Research and Development Center "TAIKISHA INNOVATION SITE Aikawa" 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

Basic Policy	Direction	Initiatives	
1 Further strengthen core business Continuously create added value through pursuit-based problem solving, which is one of our strengths.	Green Technology System Division	Business development that continues to create added value	<ul style="list-style-type: none"> 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
2 Challenge to create new value Create innovation and expand business domains by integrating our own technologies with external knowledge	Plan and promote intellectual property strategies	<ul style="list-style-type: none"> 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 	
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	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 	

Opened a new Research and Development Center “TAIKISHA INNOVATION SITE Aikawa”

【Background of the opening】

The Research and Development Center, which was opened in Aikawa, Kanagawa Prefecture, in 1991, has been engaged in a wide range of activities, from basic research to demonstration experiments.

In order to achieve “innovation through collaborative creation” through the fusion of customers’ issues with our own technologies, we have renovated the Center in phases since 2019.

Along with the completion of the “ADVANCED PLAZA” this time, the Center, which combines the previously completed “SOLUTION LAB” and “TECHNICAL LAB,” starts as the new research facility TAIKISHA INNOVATION SITE Aikawa (hereinafter referred to as “TISA”). Based on the concept of “people, information, and technology gather,” through open innovation, TISA promotes the development of innovative technologies, including AI technology, to realize value creation ahead of our customers’ or societal needs.

A: ADVANCED PLAZA (Research Building)

A place where people, technology, and information meet, gather, and collaborate to create future technologies of Taikisha

B: SOLUTION LAB (Production Technology Building)

A place to verify technologies on a real scale and solve problems

C: TECHNICAL LAB (Acoustics Building)

A place to verify technologies in a special environment equipped with a reverberation room, a clean room, etc.

【Future outlook】

In April 2023, we opened the satellite facility “TAIKISHA INNOVATION GATE Shinjuku” in Shinjuku, Tokyo, Japan. Based on the concept of “people, information, and technology gather,” we are also considering holding multi-site conferences that connect our domestic and overseas bases, as well as collaborating with the Technical Center for the Paint Finishing System Division (Zama City, Kanagawa Prefecture). Through the open activities at TISA, we hope that innovation will be born through collaborative creation with customers and other business partners, as well as through the activation of information dissemination across departments and countries.



※At ADVANCED PLAZA, in order to reduce our CO2 emissions to net zero, we decreased energy consumption through solar collectors and direct-expansion-type radiation air conditioning systems. Through solar power generation, we achieved ZEB (Net Zero Energy Building) certification and received the highest rating from an evaluation agency.

The demo-line of dry decoration to be completed Operational from November...aim for early adoption at production lines of automobile manufacturers

We will set up a demonstration line incorporating dry decoration at our Technical Center in Zama City, Kanagawa Prefecture, and begin operating it in November. Dry decoration technology provides automobile exteriors with a film decoration (dry decoration) by applying films through vacuum pressure forming technology instead of the conventional spray painting (wet painting). We have been promoting the development of this technology in light of automobile manufacturers' reduction targets for CO2 emissions and in response to changes in production technologies.

【Background to setting up the demo-line】

Automobile manufacturers have a strong interest in dry decoration technology. We aim to have automobile manufacturers adopt our dry decoration system at an early stage by conducting various verifications at this facility on the assumption of an automobile mass production line.

【Future outlook】

Through testing by customers at this facility, we will improve the accuracy of the equipment with an eye to commercialization, while verifying the equipment in terms of its operation and quality in preparation for introduction by our customers' factories.

Since this system is a technology that can be adapted to fields other than automobiles, we are also considering expanding it to new products where dry decoration can be used.

We will help to bring about a decarbonized society through the technological development of dry decoration as a value-added technology for automobile exteriors and other products.



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	G Securing and developing human resources
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			○

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	G Securing and developing human resources	
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, the Paint Finishing System division and The new Business Division. 				
	Development from the customer's perspective	<ul style="list-style-type: none"> Began operations for the new Research and Development Center "TAIKISHA INNOVATION SITE Alkawa" (hereinafter referred to as "TISA") in July 2024. Offering technical proposals to our domestic and overseas customers in collaboration with the R&D satellite "TAIKISHA INNOVATION GATE Shinjuku" (hereinafter referred to as "TIGS") at the head office in Shinjuku. 	○	○		
	Open innovation	<ul style="list-style-type: none"> Promoting cooperation with customers in areas that contribute to the environment such as carbon neutrality through collaboration between "TISA" and "TIGS." Participated in the joint research and development of Direct Air Capture (DAC), which directly captures atmospheric CO₂, by Tokyo Metropolitan University. Fabricated DAC experimental 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. <p>*1 An equipment that provides a production environment for manufacturing semiconductors, and ultra-precise processing, measurement and testing.</p> <ul style="list-style-type: none"> Expanding lineup of exhaust treatment equipment underway Developed ceiling space duct-connected sterilization system "Airaiser." Working toward mass production with the goal of starting sales in 2026. Began sales of "FOLLOAS" *2 in November 2024. <p>*2 Developed in 2023. A cool-air outlet system that blows cool air following human movement.</p>	○	○	
		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 in November 2024. Accelerating the development speed by sharing development issues with oversea R&D facilities. 	○	○	
		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	G 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 (90 New graduates and 22 mid-careers). Began operating a training program for potential candidates for management positions, and conducted training and education for candidates for promotion to executive officers leading to the CEO Succession Plan. 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. Conducted for participants in training programs for potential candidates for management positions. 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 451-500). 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.). Began company-wide use of Chatbots to improve operational efficiency and started building a generative AI. Implemented digital human resource development training for the purpose of DX promotion, and IT literacy training for all employees is under consideration. 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"> Introduced a management index that measures the return on capital by each division and started using it. Formulating policies to improve capital efficiency, such as business portfolio review and cash allocation, etc. Regarding business investments such as M&A, introduced a mechanism for decision-making on acceptability that takes capital costs into account 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. 			○

The ratio to net assets as of the end of September 2024 was 18.9% Achieved our goal during the period of this Mid-Term Business Plan

(JPY bn)	FY2022	FY2023	FY2024		Total
Results/Forecasts	Results		1H Results	Forecasts	
Proceeds from sale	3.1	4.2	2.7	2.7	10.0
Ratio to net assets	21.8%	22.0%	18.9%	19.7%	
Plans for the Mid-Term Business Plan Period					Total
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

(JPY bn)

- Proceeds from sale
- Ratio to net assets

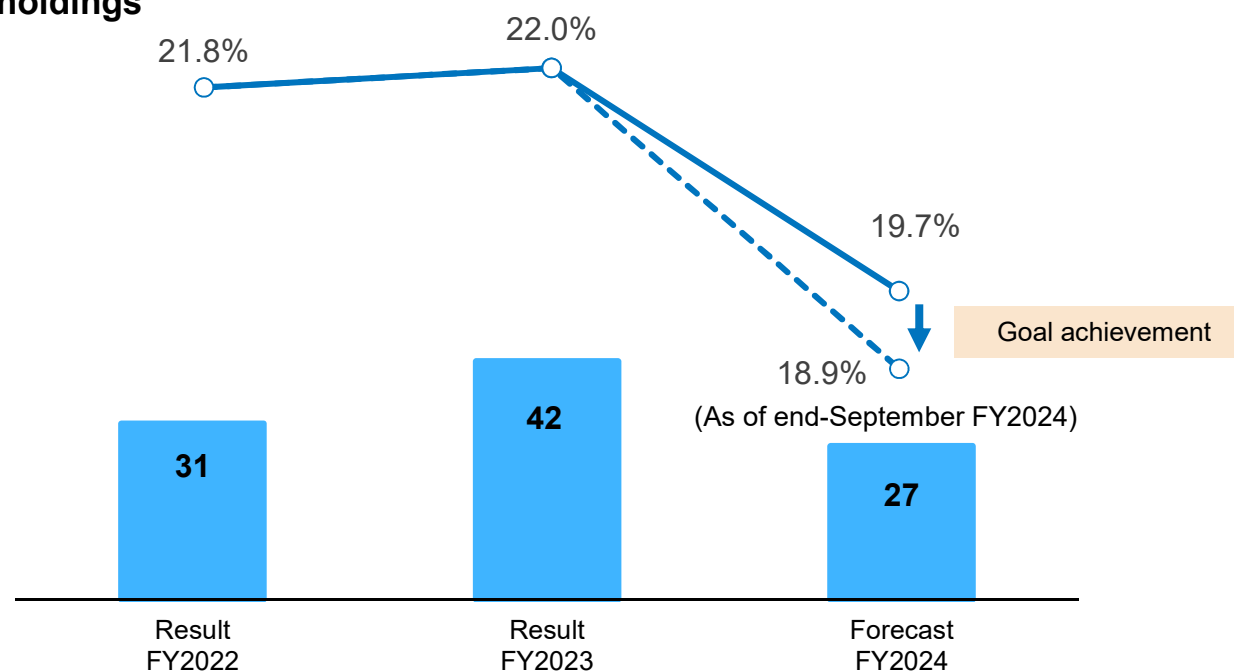


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Corporate Planning
Headquarters:
Masanori Nakagawa

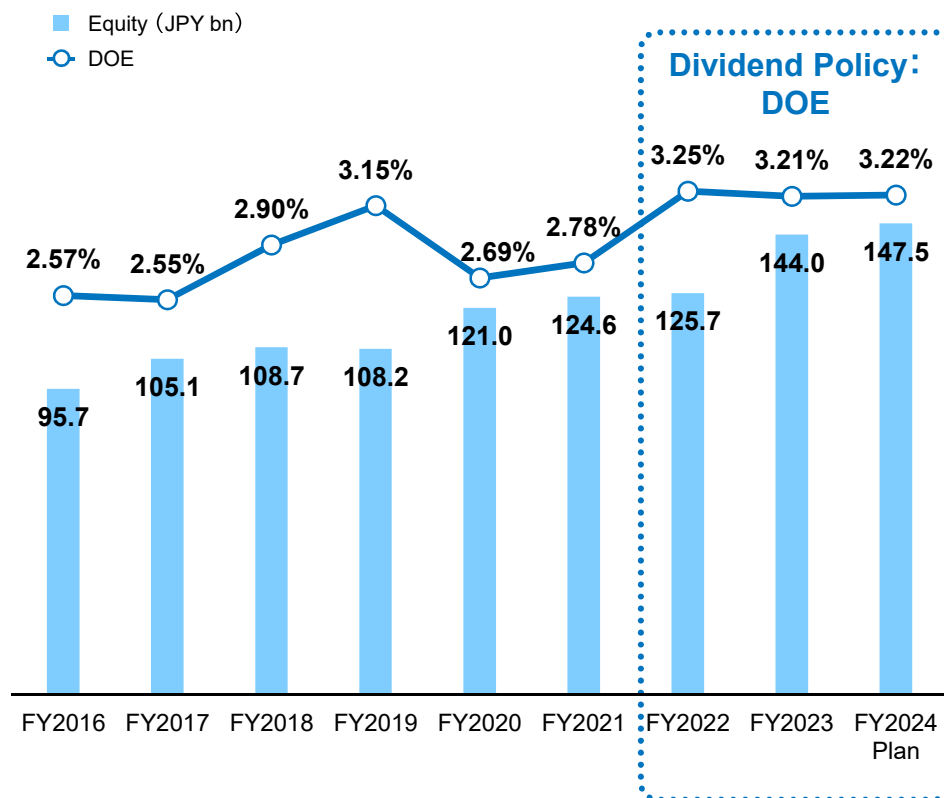
Dividends are expected to increase as planned during the period of the Mid-Term Business Plan

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

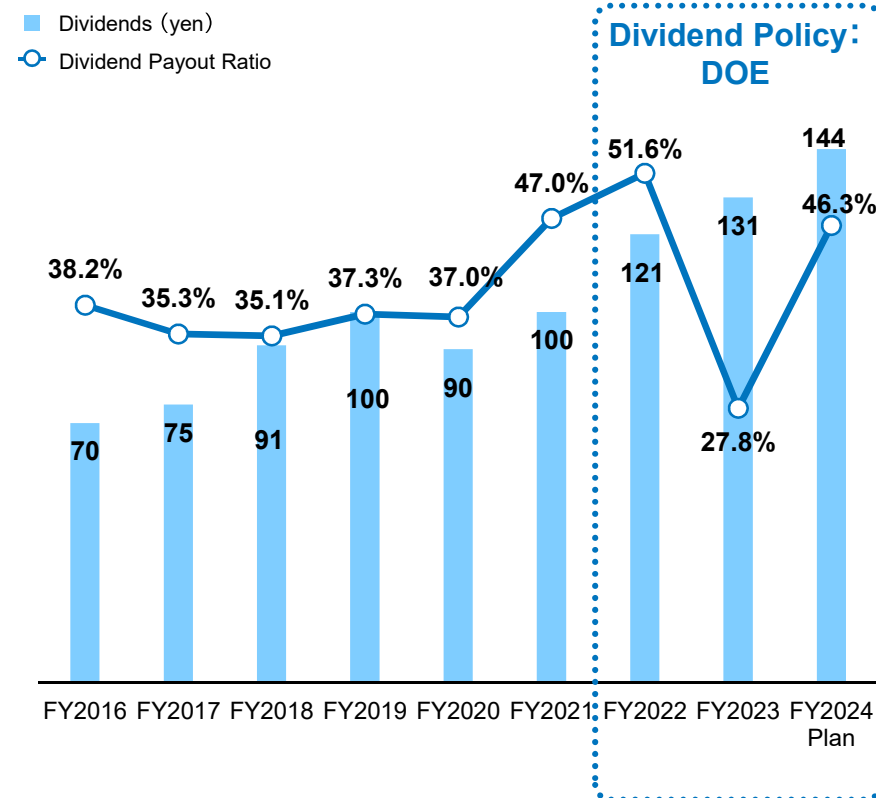
$$\begin{array}{|c|} \hline \text{DOE} \\ \hline \mathbf{3.2\%} \\ \hline \end{array}
 =
 \begin{array}{|c|} \hline \text{Aimed ROE level} \\ \hline \mathbf{8.0\%} \\ \hline \end{array}
 \times
 \begin{array}{|c|} \hline \text{Dividend payout ratio} \\ \hline \mathbf{40\%} \\ \hline \end{array}$$

Dividend for FY2024 will be increased to 144 yen

Trend in Equity and DOE



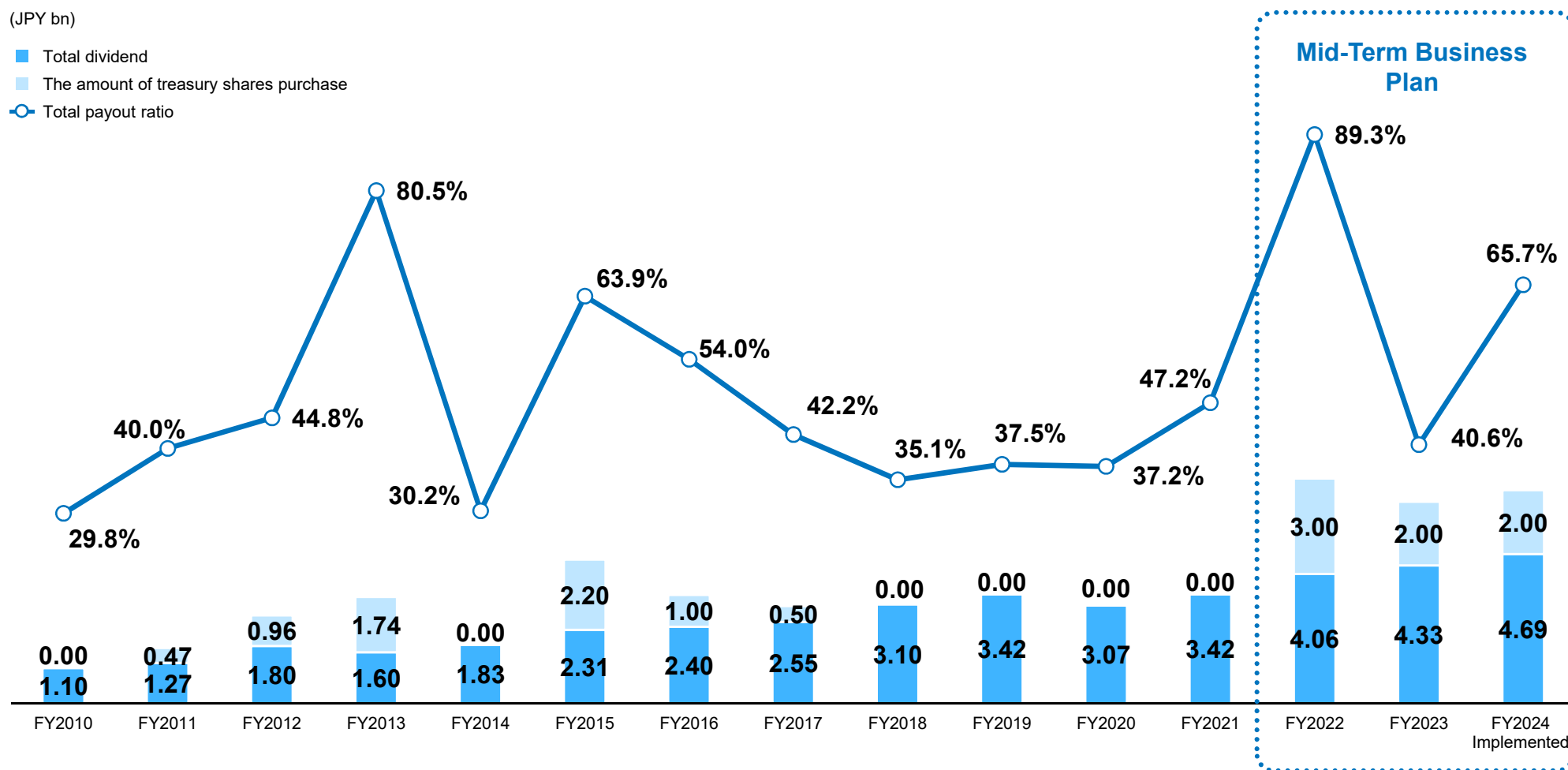
Trend in Dividends and Dividend Payout Ratio



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. (Implemented 2 billion yen for FY2024)

Shareholder returns and Total Payout ratio



* The amount of treasury shares includes the acquisition of fractional shares.

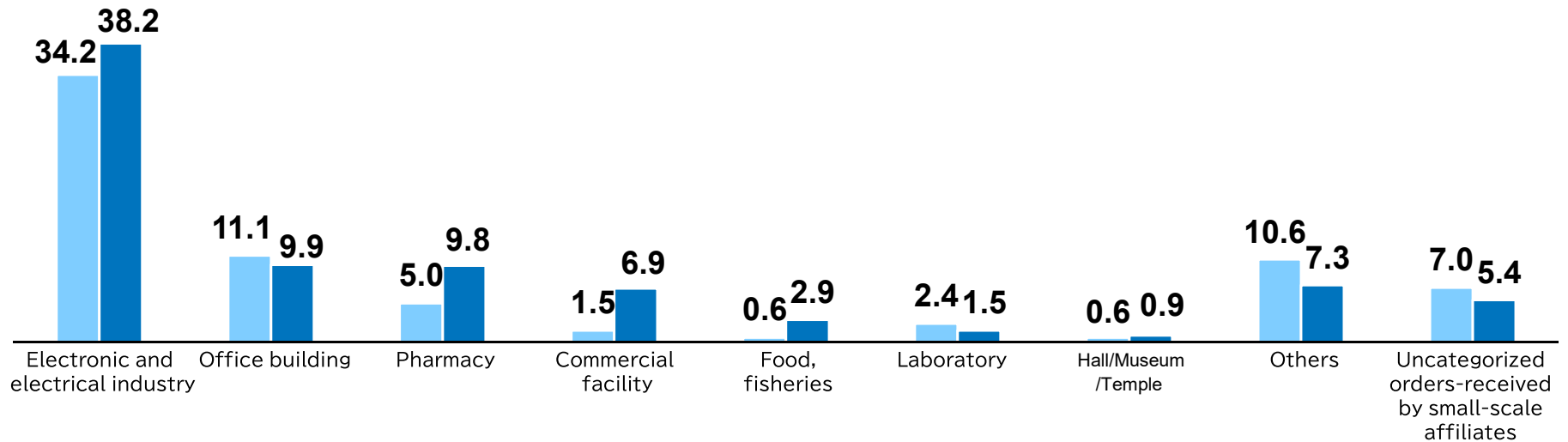
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Orders-received

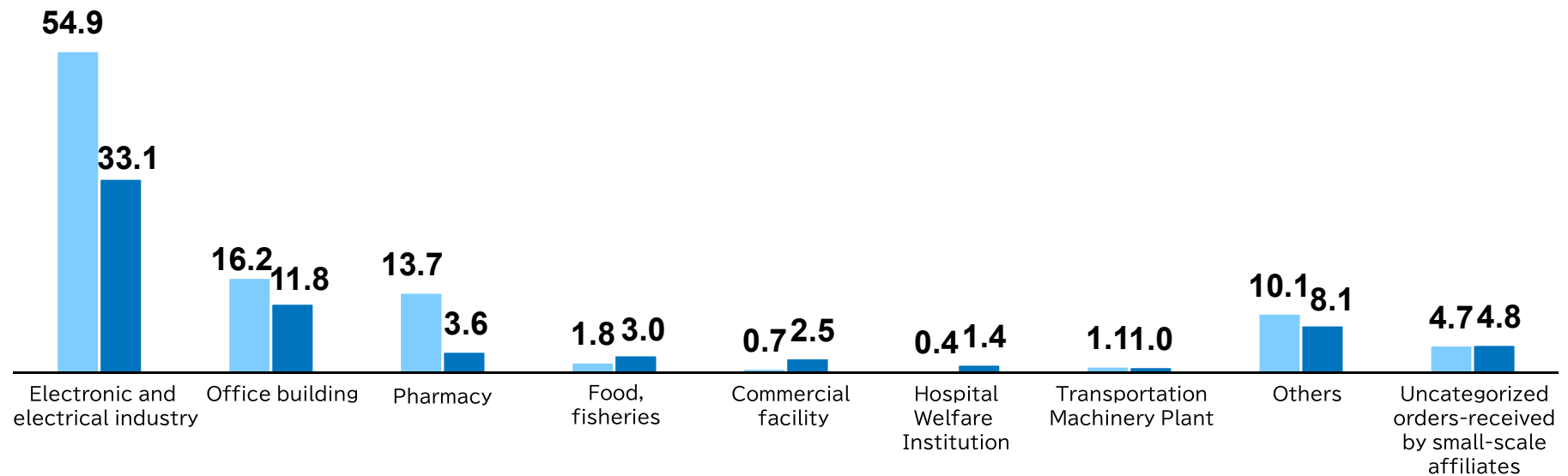
(JPY bn)

■ 2Q FY2023
■ 2Q FY2024



Sales

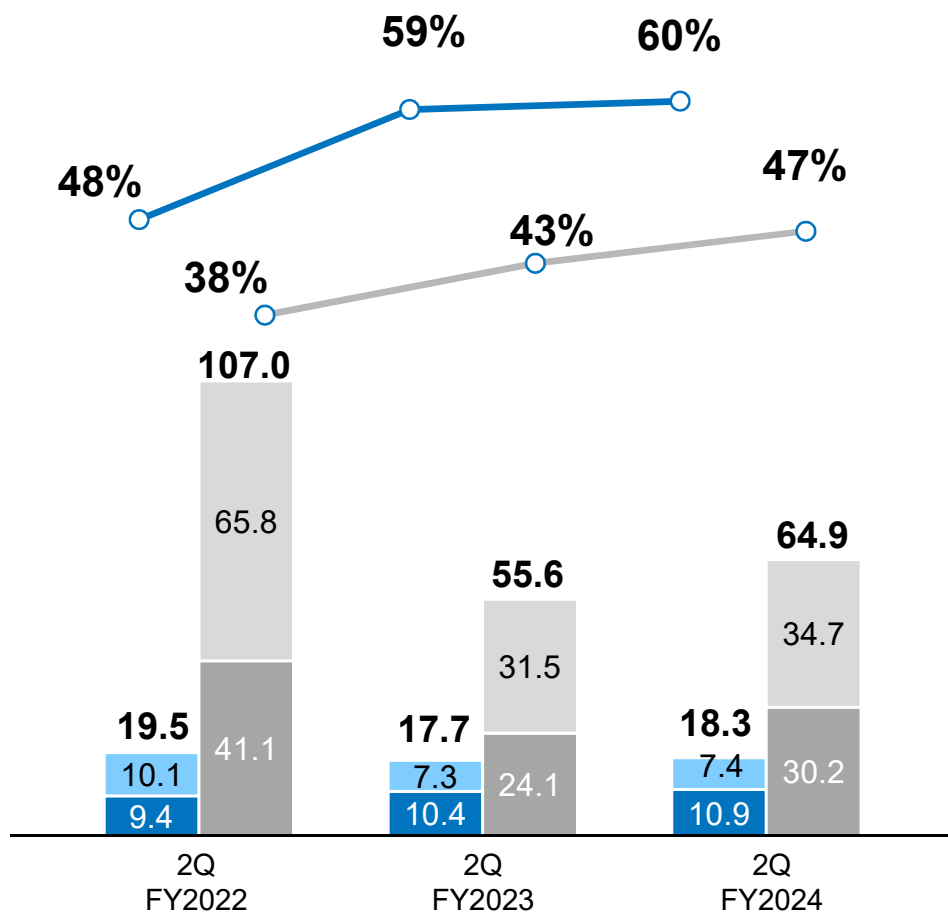
■ 2Q FY2023
■ 2Q FY2024



(JPY bn)

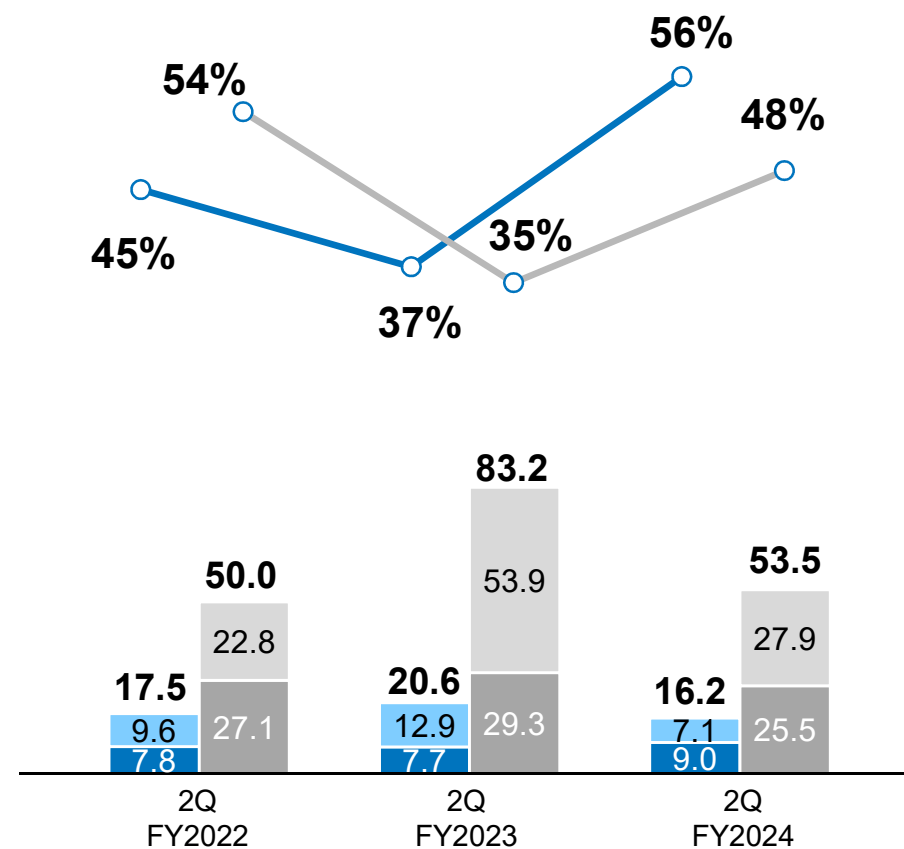
Orders-received

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



Sales

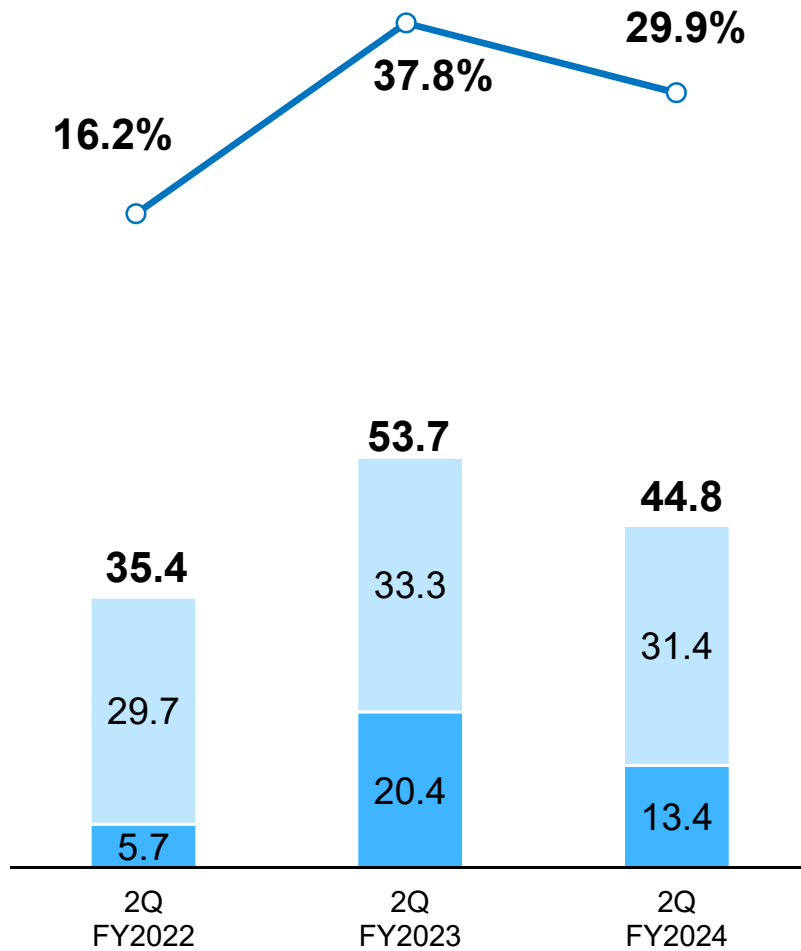
- Building HVAC(renovation)
- Building HVAC(new construction)
- Building HVAC renovation ratio
- Industrial HVAC(renovation)
- Industrial HVAC(new construction)
- Industrial HVAC renovation ratio



(JPY bn)

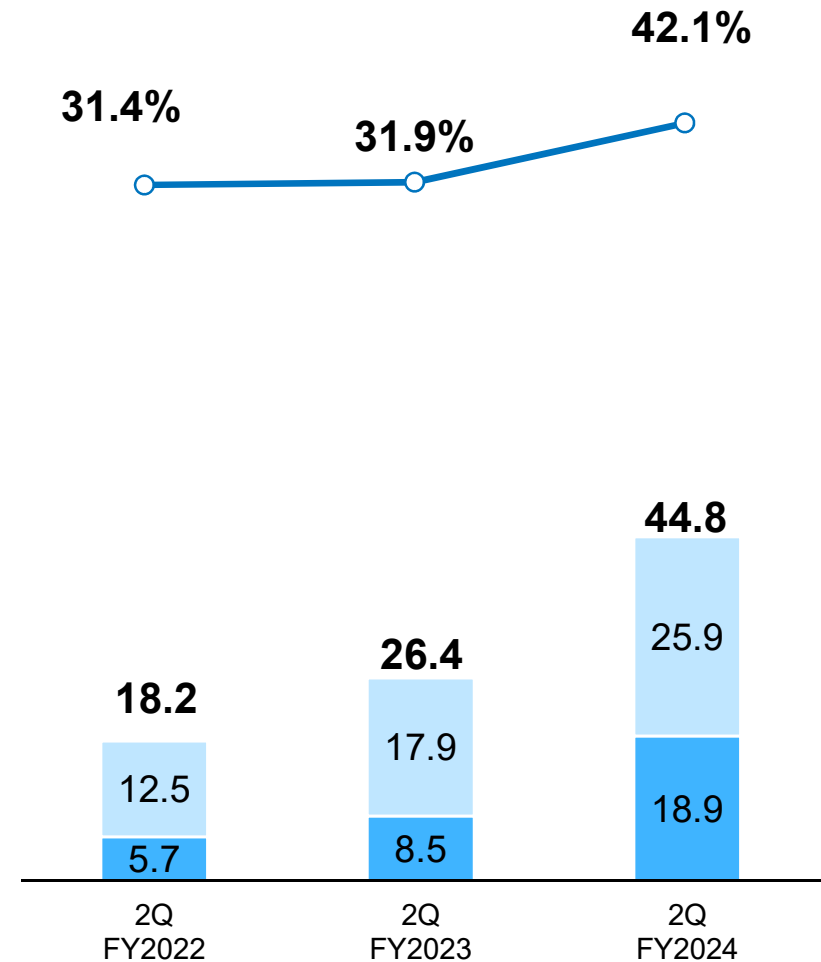
Orders-received

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



Sales

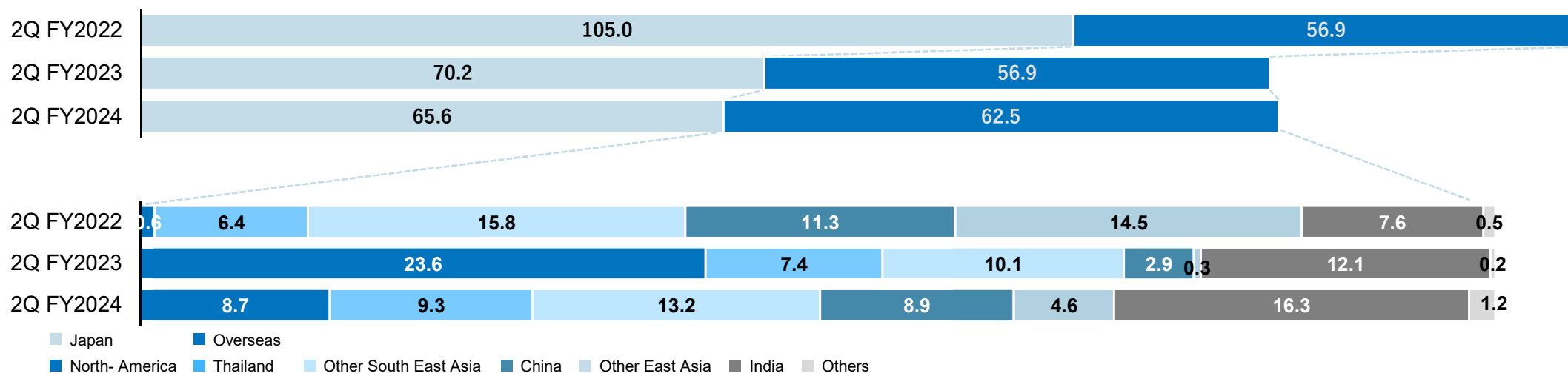
- Japanese customer
- Non Japanese customer
- Non Japanese customer ratio



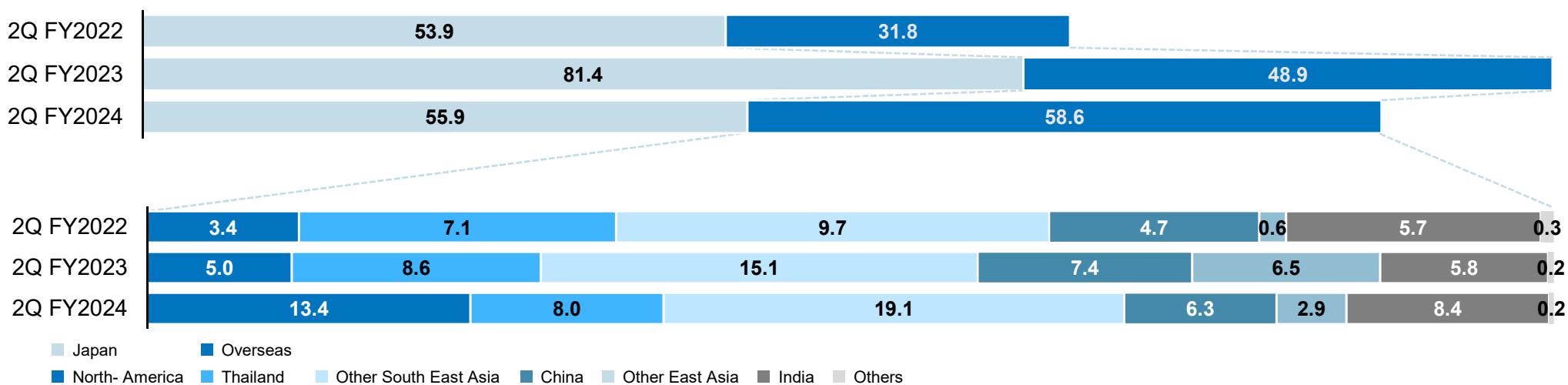
* The orders and sales of the overseas Japanese-joint venture(including all of Japanese customer investment companies) are included in the total value of the Japanese customer

(JPY bn)

Orders-received



Sales



* The numerical value does not include the internal trading.

* Major countries and regions:

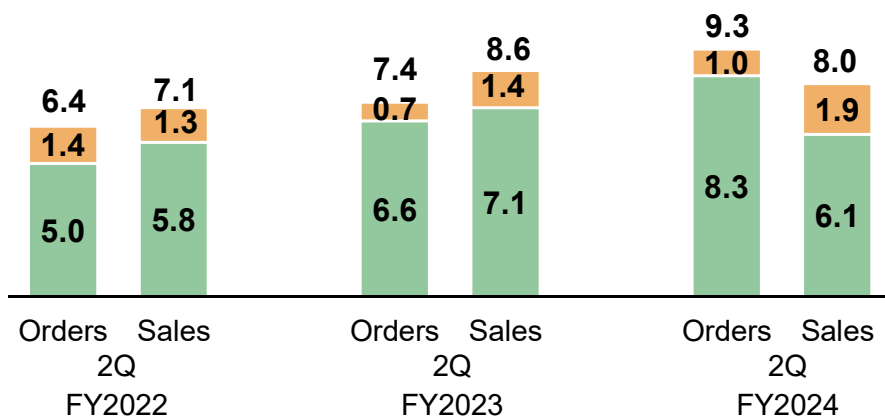
• **Southeast Asia:** Singapore, Malaysia, Indonesia, Philippines, Vietnam, others. • **East Asia:** Taiwan, Korea • **North America:** U.S.A., Canada, Mexico • **Others:** Russia, South America, others

Orders-Received and sales of overseas main four companies

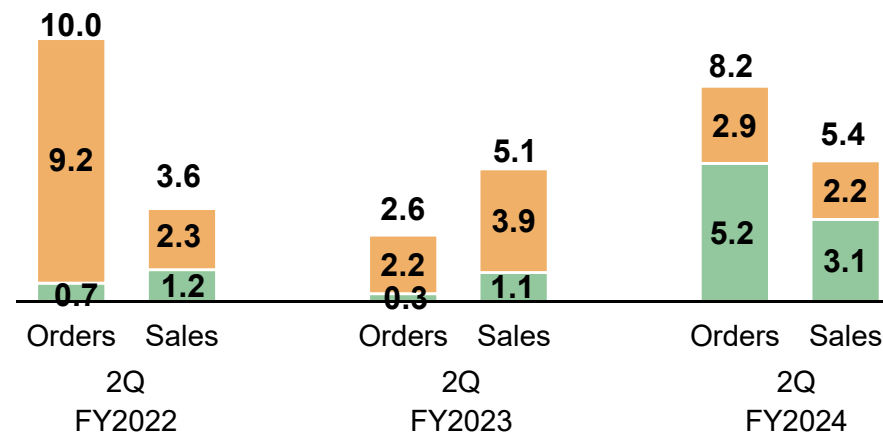
(JPY bn)

Industrial HVAC Paint Finishing System

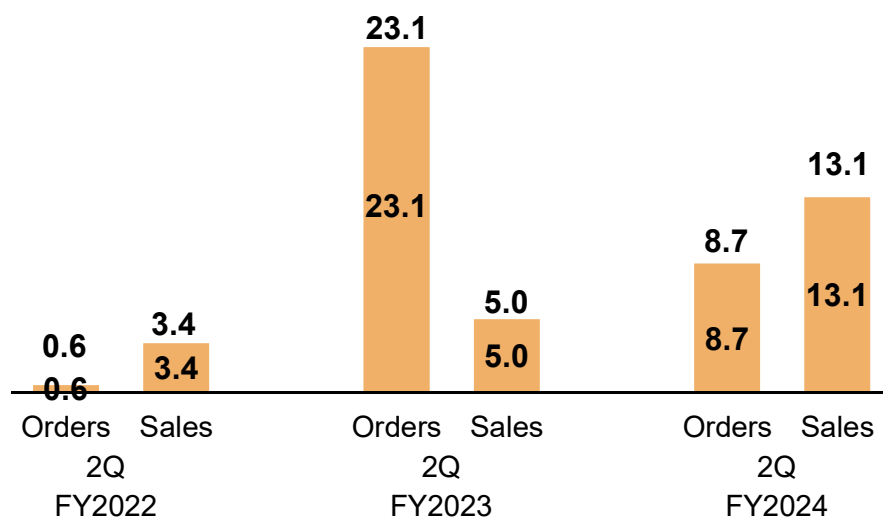
Taikisha (Thailand) Co., Ltd. (Thailand) Group



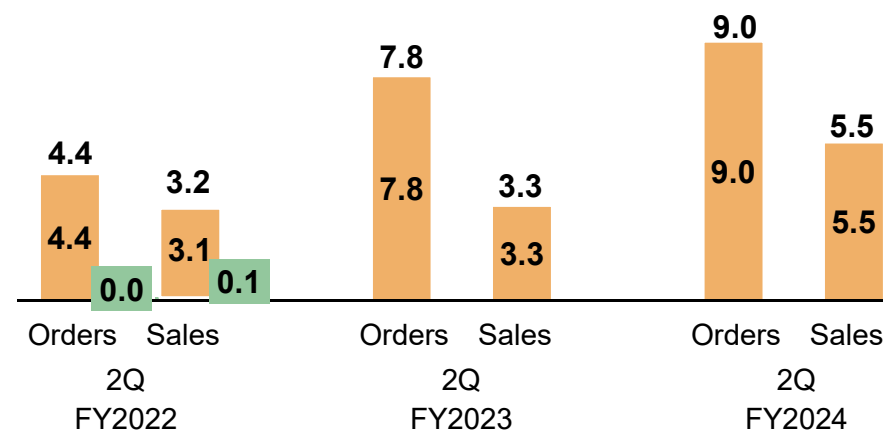
Wu-Zhou Taikisha Engineering Co., Ltd. (China)



Taikisha USA, Inc. (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 prospection in this material is based on the judgement on the announcement date and the available information.

They are possible to change by various kinds of factors and can not guarantee the achievement of goals and future performance. This information is subject to change without notice.

We therefore recommend that you use this information with checking and confirming other information as well.

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