

Financial Report for the First Quarter of the Fiscal Year ending March 31, 2022

August 10, 2021

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company... Taikisha Ltd.

Stock Exchange..... First Section of Tokyo Stock Exchange

Code..... 1979

Representative..... Koji Kato, President and Representative Director

Contact..... Yasushi Nakajima, Director, Executive Corporate Officer, Administrative Management
Headquarters Chief Executive

TEL..... (03)5338 - 5051

URL..... <https://www.taikisha.co.jp/>

Scheduled date to submit Quarterly report : August 13, 2021

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : None

Briefing session of financial results : None

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2021 through June 30, 2021)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended								
June 30, 2021	42,050	13.1	1,707	83.1	2,080	109.5	1,272	(14.2)
June 30, 2020	37,188	(19.8)	932	(59.9)	993	(56.9)	1,482	(15.2)

(Note) Comprehensive income Three months ended June 30, 2021 1,391 million yen (4.1)%
Three months ended June 30, 2020 1,450 million yen 973.6%

Three months ended	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
	yen	yen
June 30, 2021	37.36	—
June 30, 2020	43.52	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
June 30, 2021	219,695	125,489	54.7
March 31, 2021	228,855	126,311	52.9

(Note) Shareholders' Equity As of June 30, 2021 120,251 million yen
As of March 31, 2021 121,033 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2021	—	30.00	—	60.00	90.00
March 31, 2022	—				
Year ending March 31, 2022 (Forecast)		30.00	—	70.00	100.00

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2022 (April 1, 2021 through March 31, 2022)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Half year	92,000	12.8	2,300	(27.9)	2,700	(27.3)	1,700	(44.6)		49.89
Full year	218,000	7.6	12,700	8.6	13,500	9.9	8,400	1.5		246.56

(Note) Revisions to forecast of earnings : None

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Adoption of particular accounting treatments for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revisions of accounting standards etc. : Yes
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatements : None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at the end of period (including treasury shares)
 - As of June 30, 2021 35,082,009 shares
 - As of March 31, 2021 35,082,009 shares
 - (ii) Number of treasury shares at the end of period
 - As of June 30, 2021 1,013,831 shares
 - As of March 31, 2021 1,013,823 shares
 - (iii) Average number of shares during the period
 - Three months ended June 30, 2021 34,068,182 shares
 - Three months ended June 30, 2020 34,068,436 shares

(Note) The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan and its own shares remaining in the Trust are included as treasury shares. The number of treasury shares owned by the trust as of June 30, 2021 and as of March 31, 2021 are 136,400 and 136,400, respectively. The average number of treasury shares owned by the trust for three months ended June 30, 2021 and for three months ended June 30, 2020 are 136,400 and 136,400, respectively.

- ※ Notice of status of implementation for quarterly review procedures
This financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.
- ※ Explanation about the proper use of consolidated forecasts and other notes
Data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	52,059	52,808
Notes receivable, accounts receivable from completed construction contracts and other	101,413	89,405
Securities	2,000	1,500
Costs on uncompleted construction contracts	1,816	1,960
Raw materials and supplies	679	761
Other	8,068	11,889
Allowance for doubtful accounts	(649)	(631)
Total current assets	165,387	157,694
Non-current assets		
Property, plant and equipment	10,150	10,601
Intangible assets		
Goodwill	4,084	3,983
Customer-related assets	1,389	1,335
Other	2,976	2,936
Total intangible assets	8,450	8,255
Investments and other assets		
Investment securities	32,677	31,248
Deferred tax assets	1,026	638
Net defined benefit asset	9,111	9,065
Other	2,100	2,241
Allowance for doubtful accounts	(48)	(50)
Total investments and other assets	44,866	43,143
Total non-current assets	63,468	62,000
Total assets	228,855	219,695
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	52,050	43,521
Short-term loans payable	6,588	9,123
Income taxes payable	1,607	372
Advances received on uncompleted construction contracts	14,200	13,984
Provision for bonuses	—	1,002
Provision for warranties for completed construction	475	502
Provision for loss on construction contracts	403	398
Provision for directors' bonuses	63	—
Other	11,528	8,078
Total current liabilities	86,919	76,983
Non-current liabilities		
Long-term loans payable	4,769	6,385
Deferred tax liabilities	8,821	8,786
Provision for directors' retirement benefits	40	43
Provision for share-based remuneration for directors	171	105
Net defined benefit liability	1,507	1,578
Other	315	322
Total non-current liabilities	15,625	17,222
Total liabilities	102,544	94,206

Millions of yen

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	5,058	5,058
Retained earnings	95,701	94,943
Treasury shares	(2,594)	(2,594)
Total shareholders' equity	104,620	103,862
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,237	13,267
Deferred gains or losses on hedges	(3)	(19)
Foreign currency translation adjustment	(237)	862
Accumulated remeasurements of defined benefit plans	2,416	2,278
Total accumulated other comprehensive income	16,412	16,388
Non-controlling interests	5,277	5,237
Total net assets	126,311	125,489
Total liabilities and net assets	228,855	219,695

(2) Consolidated Income Statements and Consolidated Statements of Comprehensive Income
Consolidated Income Statements

	Millions of yen	
	Three months ended June 30, 2020 Apr. 1, 2020 - Jun. 30, 2020	Three months ended June 30, 2021 Apr. 1, 2021 - Jun. 30, 2021
Net sales of completed construction contracts	37,188	42,050
Cost of sales of completed construction contracts	31,640	35,328
Gross profit on completed construction contracts	5,548	6,721
Selling, general and administrative expenses	4,615	5,013
Operating income	932	1,707
Non-operating income		
Interest income	79	59
Dividend income	230	245
Real estate rent	25	33
Foreign exchange gains	—	56
Reversal of allowance for doubtful accounts	—	0
Other	28	95
Total non-operating income	363	490
Non-operating expenses		
Interest expenses	37	95
Rent expenses on real estates	4	3
Foreign exchange losses	165	—
Provision of allowance for doubtful accounts	0	—
Share of loss of entities accounted for using equity method	64	7
Other	30	12
Total non-operating expenses	303	118
Ordinary income	993	2,080
Extraordinary income		
Gain on disposal of non-current assets	594	6
Gain on sale of investment securities	—	288
Total extraordinary income	594	295
Extraordinary losses		
Loss on disposal of non-current assets	15	34
Loss on valuation of investment securities	0	—
Total extraordinary losses	15	34
Profit before income taxes	1,571	2,341
Income taxes-current	33	168
Income taxes-deferred	199	885
Total income taxes	232	1,054
Profit	1,339	1,287
Profit (loss) attributable to non-controlling interests	(143)	14
Profit attributable to owners of parent	1,482	1,272

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2020	Three months ended June 30, 2021
	Apr. 1, 2020 - Jun. 30, 2020	Apr. 1, 2021 - Jun. 30, 2021
Profit	1,339	1,287
Other comprehensive income		
Valuation difference on available-for-sale securities	1,463	(970)
Deferred gains or losses on hedges	2	(15)
Foreign currency translation adjustment	(1,596)	1,197
Remeasurements of defined benefit plans	251	(138)
Share of other comprehensive income of entities accounted for using equity method	(11)	30
Total other comprehensive income	111	103
Comprehensive income	1,450	1,391
Comprehensive income attributable to :		
Owners of parent	1,634	1,249
Non-controlling interests	(184)	141

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standard"), etc. have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the Revenue Recognition Accounting Standard etc., revenue is recognized at the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer. Regarding construction contracts and so on, as a result of examining the identification of performance obligations and the timing of its satisfaction, revenue recognition method has been changed to recognize revenue over time after the application of the Revenue Recognition Accounting Standard etc., though previously the percentage-of-completion method had been applied for construction contracts for which the completion of a certain percentage of the entire work is reliably recognizable and the completed-contract method had been applied for the other construction contracts.

Regarding maintenance contracts and so on, as a result of examining the identification of performance obligations and the timing of its satisfaction, revenue recognition method has been changed to recognize revenue over time after the application of the Revenue Recognition Accounting Standard, though previously revenue had been recognized when service is completely rendered.

The progress of satisfaction of performance obligations in revenue recognition over time is measured by the ratio of incurred costs to estimated total costs (input methods). In addition, revenue is recognized by cost recovery method in case incurred costs are expected to be recoverable though the progress of satisfaction of performance obligations cannot be reasonably measured.

In addition, the sales discount recorded as non-operating expenses in the previous consolidated fiscal year is deducted from the net sales of completed construction contracts from this consolidated fiscal year.

The application of the Revenue Recognition Accounting Standard etc. is pursuant to the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect when applying the Revenue Recognition Accounting Standard etc. retrospectively from before the beginning of the first quarter of this consolidated fiscal year is added to or subtracted from the retained earnings at the beginning of the first quarter of this consolidated fiscal year, and thus the Revenue Recognition Accounting Standard etc. have been applied from the beginning balance.

As a result, consolidated net sales of completed construction contracts increased by 747 million yen, consolidated cost of sales of completed construction contracts increased by 611 million yen, gross profit on completed construction contracts and operating income increased by 136 million yen, ordinary income and profit before income taxes increased by 149 million yen respectively. Also, beginning balance of retained earnings increased by 21 million yen.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as "Fair Value Measurement Accounting Standard") etc., have been applied from the beginning of this consolidated fiscal year. In accordance with the transitional treatment stipulated in the Paragraph 19 of Fair Value Measurement Accounting Standard and stipulated in the Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Fair Value Measurement Accounting Standard, etc. are applied in the future. These applications have no impact on the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates associated with the spread of COVID-19)

There is no significant change in the assumption stated in "(Additional information) Accounting estimates associated with the spread of COVID-19" in the securities report for the previous consolidated fiscal year.

(Segment information)

Three months ended June 30, 2020 (April 1, 2020 - June 30, 2020)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	26,574	10,613	37,188	—	37,188
Intersegment	—	—	—	—	—
Total	26,574	10,613	37,188	—	37,188
Segment profit (loss)	1,594	(871)	722	270	993

(Note) 1. The amount of Eliminations/ Corporate is as follows:

Eliminations/ Corporate of Segment profit (loss) of 270 million yen includes non-allocatable common profits (net amount of common profit and loss) of 280 million yen and other adjustment of minus 10 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

2. Impairment loss on non-current assets or goodwill etc. by reportable segment

Not applicable.

Three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	26,230	15,819	42,050	—	42,050
Intersegment	—	—	—	—	—
Total	26,230	15,819	42,050	—	42,050
Segment profit	1,385	307	1,692	387	2,080

(Note) 1. The amount of Eliminations/ Corporate is as follows:

Eliminations/ Corporate of Segment profit of 387 million yen includes non-allocatable common profits (net amount of common profit and loss) of 387 million yen and other adjustment of 0 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit is adjusted in the ordinary income of the consolidated income statement.

2. Impairment loss on non-current assets or goodwill etc. by reportable segment

Not applicable.

3. Matters Regarding the Changes in Reportable Segment, etc.

As stated under "Change in accounting policy", the Revenue Recognition Accounting Standard, etc. have been applied from the beginning of the first quarter of this consolidated fiscal year. As a result of a change in the method of accounting treatment for revenue recognition, the method of measuring profit or loss in each reportable segment has also been changed accordingly.

Due to this change, compared with traditional method, net sales of completed construction contracts and segment profit in Green Technology System increased by 715 million yen and 137 million yen respectively and net sales of completed construction contracts and segment profit in Paint Finishing System increased by 32 million yen and 12 million yen respectively.

(Supplementary information)

1. Statement for orders-received during this period, net sales of completed construction contracts during this period, and construction carried forward by division (consolidated)

Millions of yen

	Three months ended June 30, 2020 (Apr. 1, 2020 - Jun. 30, 2020)		Three months ended June 30, 2021 (Apr. 1, 2021 - Jun. 30, 2021)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	5,488	9.3	13,209	30.3	7,720	140.7
Industrial HVAC	26,429	44.8	18,536	42.5	(7,893)	(29.9)
Total	31,917	54.1	31,745	72.8	(172)	(0.5)
[Overseas]	[14,144]	[24.0]	[5,245]	[12.0]	[(8,899)]	[(62.9)]
Paint Finishing System Division	27,059	45.9	11,871	27.2	(15,188)	(56.1)
[Overseas]	[24,939]	[42.3]	[9,040]	[20.8]	[(15,899)]	[(63.8)]
Total	58,977	100.0	43,616	100.0	(15,360)	(26.0)
[Overseas]	[39,084]	[66.3]	[14,285]	[32.8]	[(24,799)]	[(63.5)]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	8,349	22.5	8,866	21.1	517	6.2
Industrial HVAC	18,225	49.0	17,363	41.3	(861)	(4.7)
Total	26,574	71.5	26,230	62.4	(344)	(1.3)
[Overseas]	[6,490]	[17.5]	[7,594]	[18.0]	[1,103]	[17.0]
Paint Finishing System Division	10,613	28.5	15,819	37.6	5,205	49.0
[Overseas]	[8,780]	[23.6]	[11,516]	[27.4]	[2,736]	[31.2]
Total	37,188	100.0	42,050	100.0	4,861	13.1
[Overseas]	[15,270]	[41.1]	[19,110]	[45.4]	[3,840]	[25.1]
Construction carried forward						
Green Technology System Division						
Building HVAC	42,743	21.8	54,769	31.2	12,025	28.1
Industrial HVAC	78,216	40.0	69,223	39.3	(8,993)	(11.5)
Total	120,960	61.8	123,992	70.5	3,032	2.5
[Overseas]	[42,127]	[21.5]	[35,450]	[20.2]	[(6,676)]	[(15.8)]
Paint Finishing System Division	74,730	38.2	51,761	29.5	(22,969)	(30.7)
[Overseas]	[67,891]	[34.7]	[44,273]	[25.2]	[(23,618)]	[(34.8)]
Total	195,690	100.0	175,753	100.0	(19,936)	(10.2)
[Overseas]	[110,019]	[56.2]	[79,724]	[45.4]	[(30,294)]	[(27.5)]

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and carried forward are the transacted amount with external customers.

2. In the previous consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division. And, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Paint Finishing System Division.

3. In the consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division. And, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Paint Finishing System Division.

2. Statement for orders-received during this period, net sales of completed construction contracts during this period, and construction carried forward by division (Non-consolidated)

Millions of yen

	Three months ended June 30, 2020 (Apr. 1, 2020 - Jun. 30, 2020)		Three months ended June 30, 2021 (Apr. 1, 2021 - Jun. 30, 2021)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	5,213	25.6	12,598	42.1	7,384	141.6
Industrial HVAC	12,273	60.4	13,286	44.5	1,013	8.3
Total	17,486	86.0	25,884	86.6	8,397	48.0
[Overseas]	[22]	[0.1]	[29]	[0.1]	[6]	[29.7]
Paint Finishing System Division	2,853	14.0	3,993	13.4	1,140	40.0
[Overseas]	[1,243]	[6.1]	[1,427]	[4.8]	[183]	[14.8]
Total	20,340	100.0	29,878	100.0	9,538	46.9
[Overseas]	[1,266]	[6.2]	[1,457]	[4.9]	[190]	[15.0]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	7,541	35.4	8,252	36.2	711	9.4
Industrial HVAC	11,718	54.9	9,753	42.9	(1,964)	(16.8)
Total	19,259	90.3	18,006	79.1	(1,253)	(6.5)
[Overseas]	[9]	[0.0]	[20]	[0.1]	[10]	[113.4]
Paint Finishing System Division	2,061	9.7	4,746	20.9	2,685	130.3
[Overseas]	[802]	[3.8]	[1,093]	[4.8]	[291]	[36.3]
Total	21,320	100.0	22,752	100.0	1,431	6.7
[Overseas]	[812]	[3.8]	[1,113]	[4.9]	[301]	[37.2]
Construction carried forward						
Green Technology System Division						
Building HVAC	41,596	47.6	53,950	54.8	12,354	29.7
Industrial HVAC	36,287	41.6	33,934	34.5	(2,352)	(6.5)
Total	77,883	89.2	87,884	89.3	10,001	12.8
[Overseas]	[214]	[0.3]	[181]	[0.2]	[(33)]	[(15.5)]
Paint Finishing System Division	9,432	10.8	10,498	10.7	1,066	11.3
[Overseas]	[3,341]	[3.8]	[3,507]	[3.6]	[165]	[5.0]
Total	87,315	100.0	98,383	100.0	11,067	12.7
[Overseas]	[3,556]	[4.1]	[3,688]	[3.8]	[132]	[3.7]

3. Sales by regions

Three months ended June 30, 2020 (April 1, 2020 - June 30, 2020)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
21,917	3,666	3,071	4,002	1,561	154	374	2,440	37,188

Three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
22,939	4,320	4,145	3,181	1,883	597	2,003	2,979	42,050