Taikisha Ltd.

FY2026 2Q Financial Results Briefing

November 13, 2026

Event Summary

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[Participants]		
[Number of Speakers]	6	
	Masashi Osada	Representative Director, President Corporate Officer
	Yasushi Nakajima	Representative Director, Executive Vice President Corporate Officer
	Tadashi Sobue	Chief General Manager, Green Technology System Division
	Takuji Fukunaga	Chief General Manager, Paint Finishing System Division
	Yoshihiro Matsuda	Chief Executive, Corporate Planning Headquarters
	Seiji Takeshita	Chief Executive, Administrative Management Headquarters
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	Ryo Yagi	Morgan Stanley MUFG Securities

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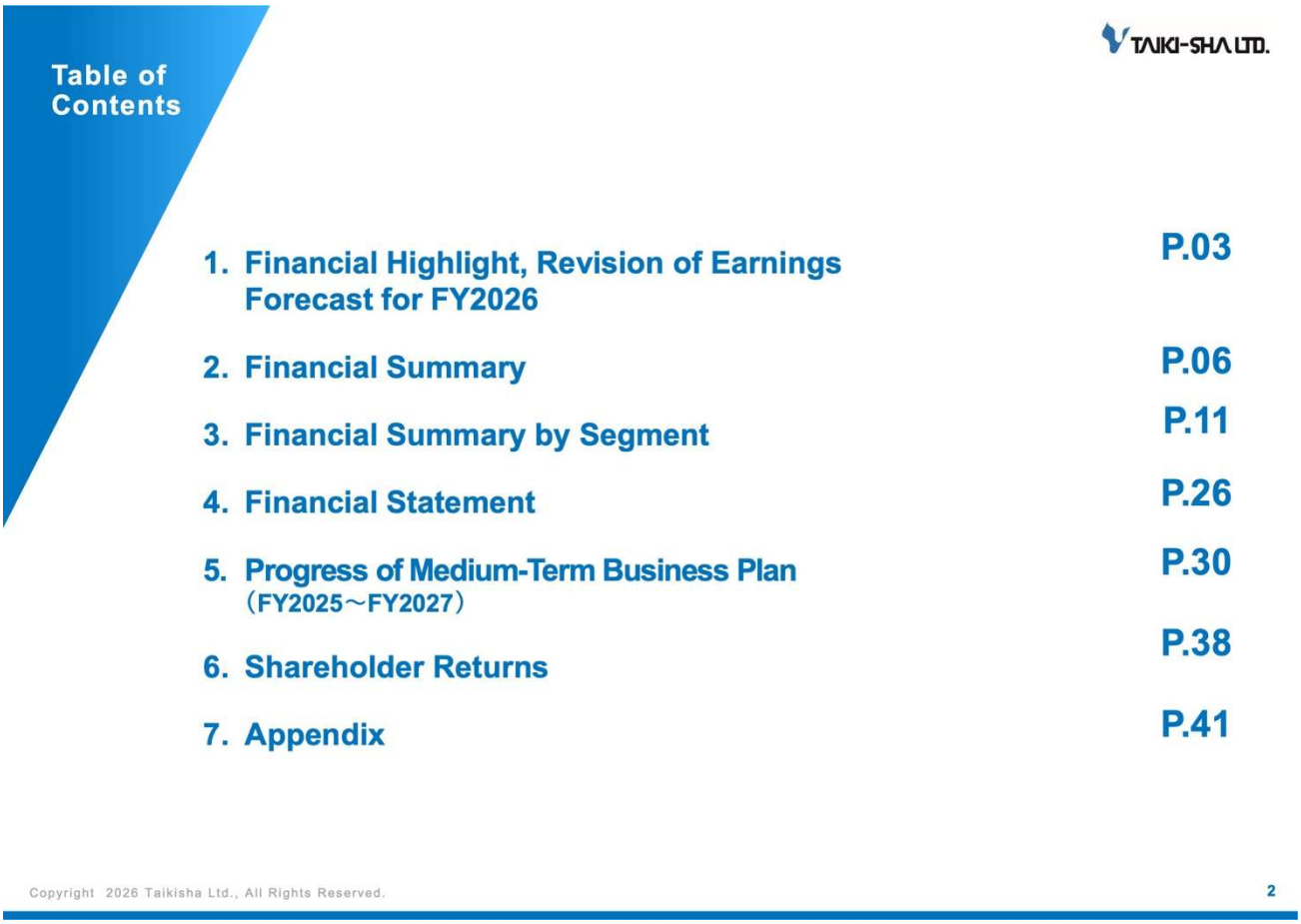
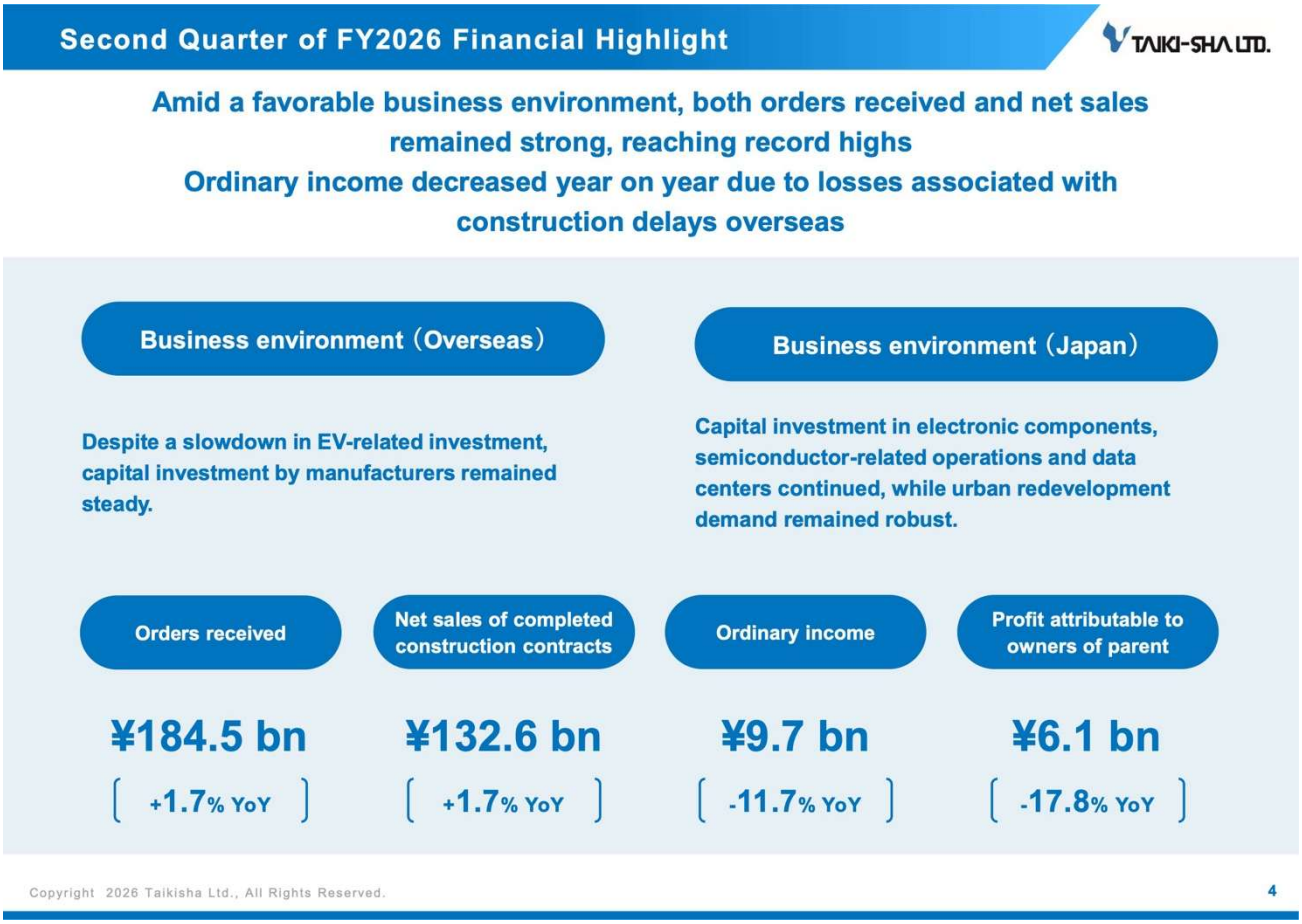
Presentation



Osada: Thank you very much for joining us today.

I am Osada, President of Taikisha.

I would like to begin by highlighting our Q2 results for the fiscal year ending March 2027, the revision to our full-year earnings forecast, and our consolidated financial performance.



First, let me explain our Q2 results.

Looking at the market environment, overseas markets saw a slowdown in EV-related investment. However, capital spending by manufacturers in other sectors remained solid. In Japan, investment in electronic components, semiconductors, and data centers continued. Demand for urban redevelopment projects also remained firm. Against this backdrop, customer inquiries in the green technology system business remained very strong. We continued to face the need to carefully balance new orders with our available construction capacity.

Reflecting these market conditions, orders received reached JPY184.5 billion, a record high for Q2. Net sales of completed construction contracts totaled JPY132.6 billion, also a record high for Q2. On the other hand, ordinary income declined YoY to JPY9.7 billion. This was mainly due to delay penalties related to overseas projects in the paint finishing system business.

Revision of Earnings Forecast for FY2026

TAIKI-SHA LTD.

Orders received are expected to increase, reflecting several medium- and large-scale projects anticipated in Japan in the Green Technology System Business
Net sales are expected to increase, partly due to additional orders received also contributing in the current fiscal year
Profits are expected to increase in Green Technology but decrease in Paint Finishing due to for delay penalties and reduced prospects for profitability improvements

(JPY bn)	FY2026 Revised Forecasts Total	FY2026 Original Forecasts Total	Difference Total
Orders received	350.0	330.5	19.5
Net sales of completed construction contracts	312.0	307.0	5.0
Operating income	23.8	23.8	-
Ordinary income	25.0	25.0	-
Profit attributable to owners of parent	18.0	18.0	-

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Based on these business conditions, we have revised our full-year forecast.

For orders received, we have raised our initial forecast. In the green technology system business, we expect to secure multiple medium- to large-scale projects in Japan during H2. We have also revised upward our forecast for net sales of completed construction contracts. This reflects our expectation that a portion of the increase in orders in the green technology system business will contribute to sales recognized based on construction progress during the current fiscal year.

As for profits, we expect higher earnings in the green technology system business, supported by continued improvements in the profitability of projects on hand. Meanwhile, in the paint finishing system business, results are expected to come in below our original forecast. This is due to delay penalties related to overseas projects being recognized as construction costs in Q2. Taking these factors into account, we have left our overall profit forecast unchanged from our initial plan.

Mr. Takeshita, Chief Executive of the Administrative Management Headquarters, will provide details for each segment shortly.

Second Quarter of FY2026 Financial Summary

TAIKI-SHA LTD.

Both orders received and net sales reached record highs
High profitability was also maintained in terms of ordinary income

(JPY bn)	2Q FY2025 Results	2Q FY2026 Results	YoY Change
Orders received	181.4	**184.5**	3.0
Net sales of completed construction contracts	130.4	**132.6**	2.1
Ordinary income	11.0	**9.7**	-1.2
Ratio	8.5%	**7.3%**	-1.1pt
Profit attributable to owners of parent	7.4	**6.1**	-1.3
Ratio	5.7%	**4.6%**	-1.1pt
EPS	116.46yen	**97.44yen**	-19.02yen

Exchange rate of main overseas affiliates

(Yen)	❶ 2Q FY2025	❷ 2Q FY2026
US$	149.00	158.31
THB	4.45	4.92
CNY	20.54	23.02
INR	1.70	1.68

Exchange rate impact

Impact of exchange rate difference between ❶and❷

Net sales：JPY4.2 billion /Ordinary income：JPY0.1 billion

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Next, I would like to provide an overview of our consolidated financial performance.

As I mentioned earlier, orders received totaled JPY184.5 billion, net sales of completed construction contracts totaled JPY132.6 billion, and ordinary income was JPY9.7 billion. Net sales of completed construction contracts were supported by progress on our substantial backlog of construction projects in both Japan and overseas markets.

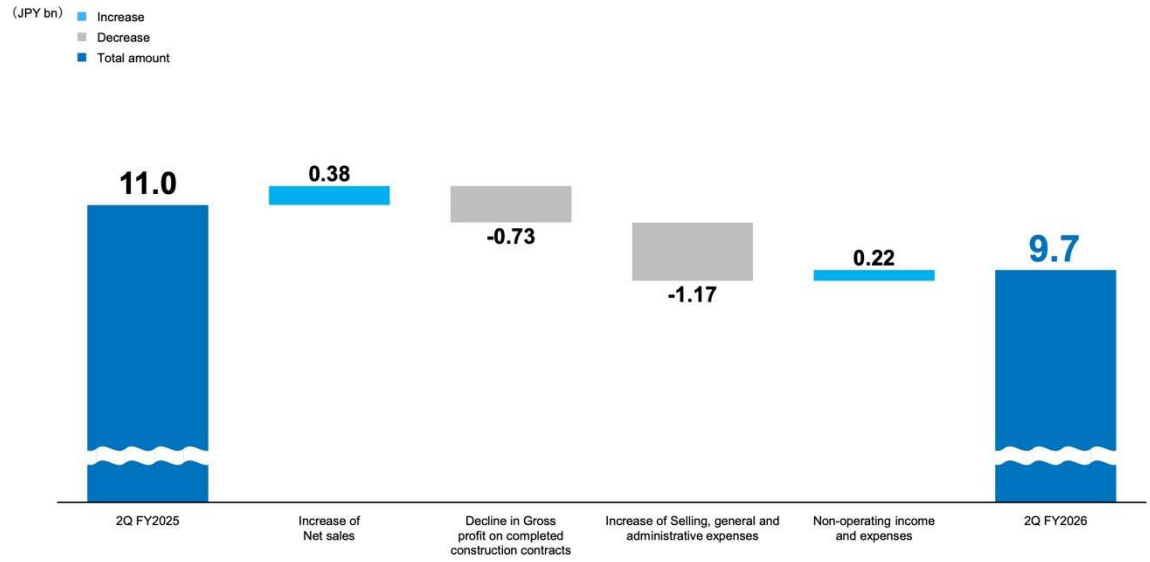
Mr. Takeshita will provide details on each segment shortly. In addition, exchange rates at our major locations and the impact of foreign exchange are shown at the bottom of this slide for your reference.

Second Quarter of FY2026 Breakdown of Fluctuation in Ordinary Income

TAIKI-SHA LTD.

Despite an increase in net sales, ordinary income decreased due to higher SG&A expenses and a decline in the gross profit ratio on completed construction contracts

Breakdown of fluctuation in Ordinary Income (YoY change)



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This slide outlines the factors behind the changes in ordinary income in H1 of the fiscal year ending March 2027.

Although net sales of completed construction contracts increased, ordinary income totaled JPY9.7 billion. This was due to higher SG&A expenses, mainly personnel expenses and growth-related investments, as well as lower profitability in the paint finishing system business.

Earnings Forecast for FY2026

TAIKI-SHA LTD.

Upwardly revised forecasts for orders received and net sales

Earnings Forecast

(JPY Bn)	FY2025 Results 1H	FY2025 Results 2H	FY2025 Results Total	FY2026 Forecasts 1H Results	FY2026 Forecasts 2H	FY2026 Forecasts Total	FY2026 Original forecasts Total	vs. Forecast Total
Orders received	181.4	170.3	351.7	**184.5**	**165.4**	**350.0**	330.5	19.5
Net sales of completed construction contracts	130.4	155.6	286.1	**132.6**	**179.3**	**312.0**	307.0	5.0
Operating income	10.4	12.8	23.3	**8.9**	**14.8**	**23.8**	23.8	-
Ordinary income	11.0	13.7	24.7	**9.7**	**15.2**	**25.0**	25.0	-
Profit attributable to owners of parent	7.4	8.1	15.5	**6.1**	**11.8**	**18.0**	18.0	-
ROE			10.1%			**11.0%**	11.0%	-

Exchange rate of main overseas affiliates

(Yen)	FY2025 Results	FY2026 Assumptions
US$	150.42	148.00
THB	4.57	4.92
CNY	20.94	20.80
INR	1.71	1.68

Impact of exchange rate fluctuations

Impact of 1% change in all exchange rates on the FY2026 forecast

Net sales: JPY1.6 billion
Ordinary income: JPY 0.07 billion

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Next, I would like to revisit our full-year forecast for the fiscal year ending March 2027.

For orders received, we expect JPY350 billion. This reflects our expectation of receiving orders for multiple medium- to large-scale projects in H2, following strong order intake in H1 that exceeded the level recorded in the previous fiscal year. For net sales of completed construction contracts, we now forecast JPY312 billion.

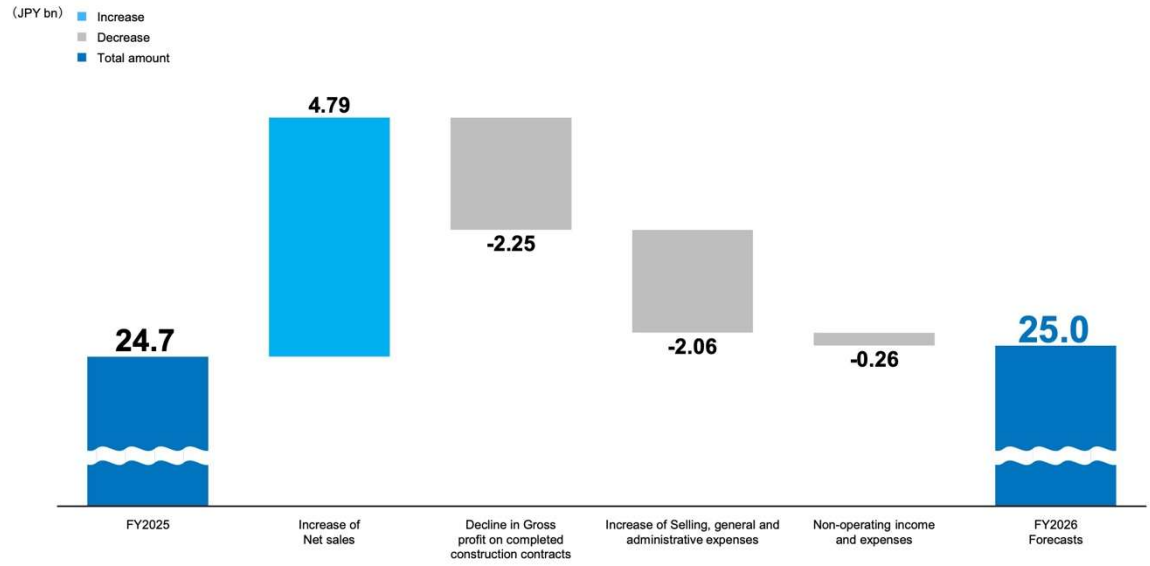
We expect to secure more orders than originally planned during the current fiscal year, and a portion of these orders is expected to contribute to sales recognized based on construction progress during H2. As for profits, we have revised upward our forecast for the green technology system business and revised downward our forecast for the paint finishing system business. However, our overall profit forecast remains unchanged at JPY25 billion.

FY2026 Earnings Forecast Breakdown of Fluctuation in Ordinary Income

TAIKI-SHA LTD.

Despite a decline in profitability in Paint Finishing and an overall increase in SG&A expenses, a profit increase is expected year on year due to an increase in net sales

Breakdown of fluctuation in Ordinary Income (YoY change)



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This slide also shows the factors behind the changes in our forecast for ordinary income for the fiscal year ending March 2027.

That concludes my presentation.

Second Quarter of FY2026 Orders Received by Segment

TAIKI-SHA LTD.

Increased in Green Technology, particularly in industrial HVAC, and decreased in Paint Finishing

(JPY bn)	2Q FY2025 Results	2Q FY2026 Results	YoY Change
Orders received	181.4	**184.5**	3.0
Japan	77.3	**122.3**	44.9
Overseas	104.0	**62.1**	-41.8
Green Technology	100.6	**139.0**	38.3
Building HVAC	32.1	**31.3**	-0.8
Industrial HVAC	68.4	**107.7**	39.2
Paint Finishing	79.9	**44.3**	-35.5
Other	0.8	**1.1**	0.2

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Takeshita: I am Takeshita, Chief Executive of the Administrative Management Headquarters.

From this point, I will explain the performance of each business segment.

First, let me review the results of each business for Q2. This slide shows a YoY comparison of orders received by business. In the green technology system business, orders received increased by JPY38.3 billion YoY to JPY139 billion. In the paint finishing system business, orders received decreased by JPY35.5 billion YoY to JPY44.3 billion. Orders received by other businesses totaled JPY1.1 billion.

I will now explain the details of each business.

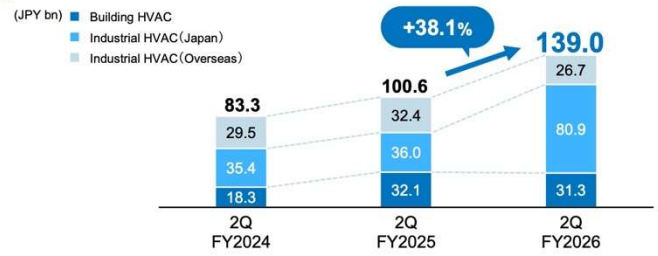
Second Quarter of FY2026 Orders Received -Green Technology System Division-

TAIKI-SHA LTD.

Orders received for industrial HVAC in Japan increased year on year, driven by electronic components and semiconductors

(JPY bn)	2Q FY2025 Results	2Q FY2026 Results	YoY Change
Orders received	100.6	**139.0**	38.3
Building HVAC	32.1	**31.3**	-0.8
Industrial HVAC	68.4	**107.7**	39.2
Japan	36.0	**80.9**	44.8
Overseas	32.4	**26.7**	-5.6
Overseas ratio	32.2%	**19.3%**	-13.0pt

Trend *



* Figures for FY2024 are those before the segment classification change.

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This slide shows a YoY comparison of orders received by field in the green technology system business.

Of the JPY139 billion in total orders received, the building HVAC field accounted for JPY31.3 billion, largely unchanged YoY. In the industrial HVAC field, orders received increased by JPY39.2 billion YoY to JPY107.7 billion. In particular, orders for electronic components and semiconductor-related projects in Japan remained strong in the industrial HVAC field.

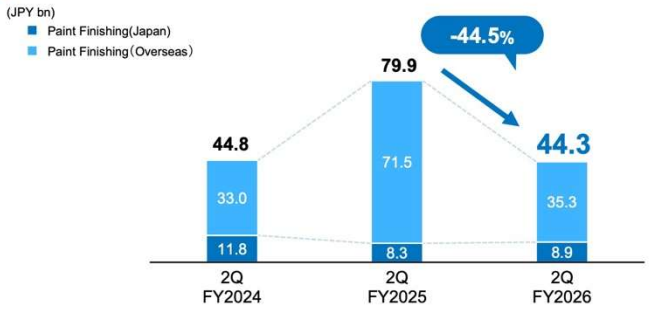
Second Quarter of FY2026 Orders Received -Paint Finishing System Division-

TAIKI-SHA LTD.

Orders received decreased year on year due to the absence of large overseas projects

(JPY bn)	2Q FY2025 Results	2Q FY2026 Results	YoY Change
Orders received	79.9	**44.3**	-35.5
Japan	8.3	**8.9**	0.6
Overseas	71.5	**35.3**	-36.1
Overseas ratio	89.6%	**79.8%**	-9.8pt

Trend



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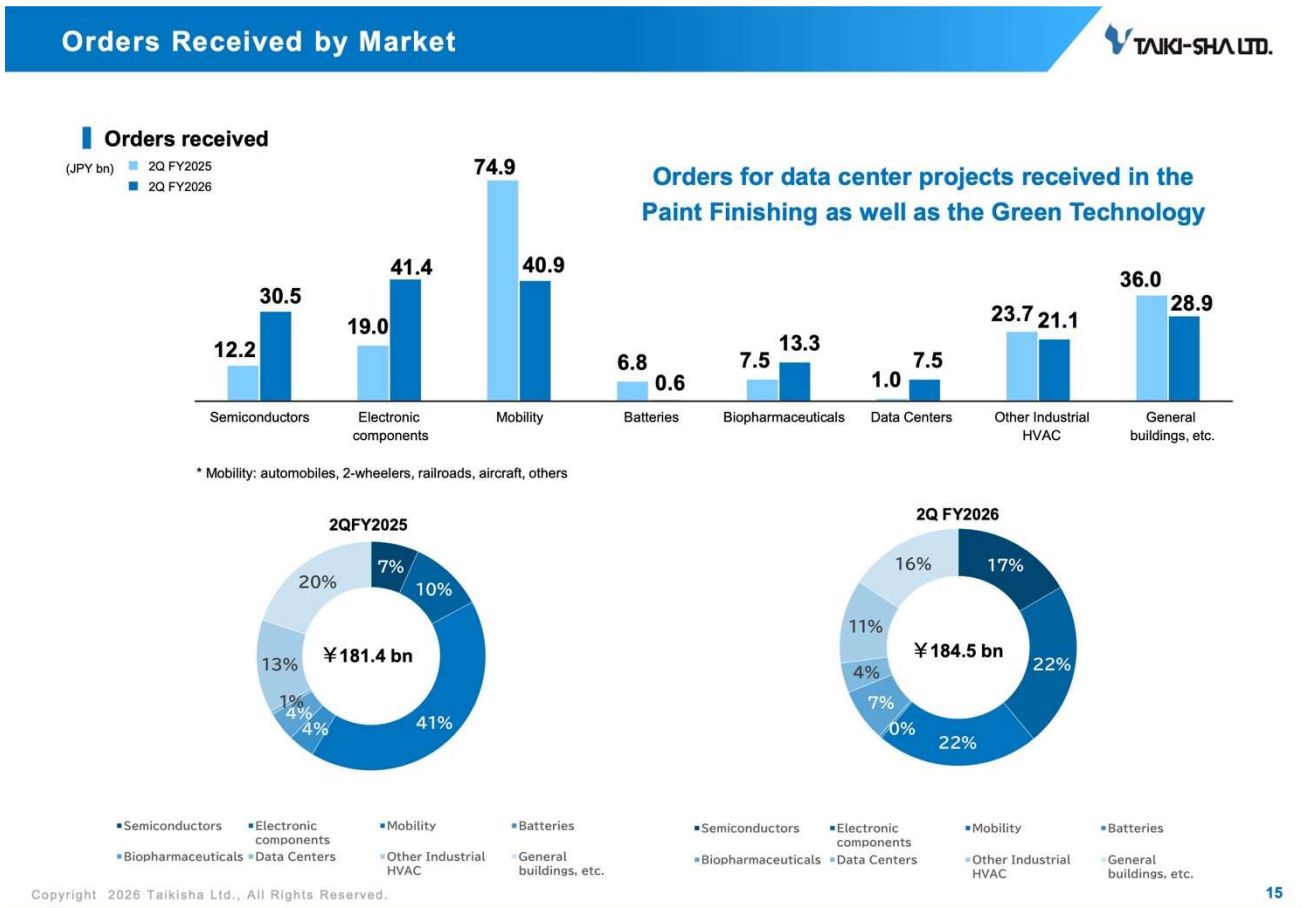
This slide shows a YoY comparison of orders received in the paint finishing system business by field.

Orders received in the paint finishing system business totaled JPY44.3 billion. This decrease mainly reflected the absence of large-scale overseas projects that had been awarded in the previous fiscal year.



This slide shows orders received by market sector.

Against a backdrop of expanding AI-related demand, orders received increased significantly, particularly in the electronic components sector, one of our core markets. In the mobility sector, the green technology system business and the paint finishing system business jointly secured projects overseas. In the data center sector, the paint finishing system business secured its first project worth several billion yen. Collaboration between the two businesses is progressing steadily, with each leveraging its respective strengths to create new order opportunities.

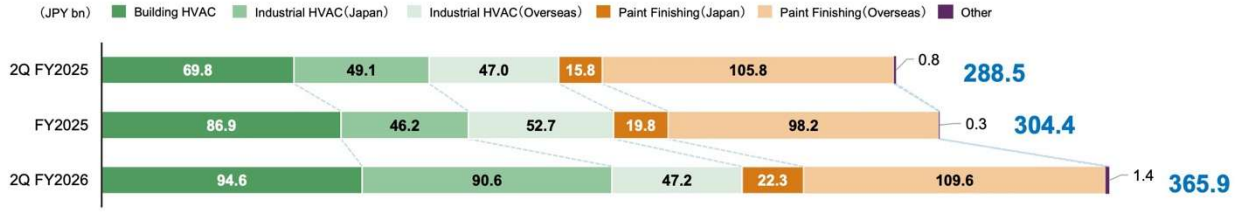
Second Quarter of FY2026 Construction Carried-Forward by Segment

TAIKI-SHA LTD.

Orders received rose, resulting in record-high construction carried-forward

(JPY bn)	2Q FY2025 A	FY2025 B	2Q FY2026 C	Change C−A
Orders received	181.4	351.7	184.5	3.0
Net sales of completed construction contracts	130.4	286.1	132.6	2.1
Construction carried-forward	**288.5**	**304.4**	**365.9**	**77.3**
Green Technology	165.9	185.9	232.4	66.4
Building HVAC	69.8	86.9	94.6	24.8
Industrial HVAC	96.1	99.0	137.8	41.6
Paint Finishing	121.7	118.1	132.0	10.2
Other	0.8	0.3	1.4	0.6

Breakdown of Construction Carried-Forward



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This slide shows the construction carried-forward by business for H1 of the previous fiscal year, the full previous fiscal year, and H1 of the current fiscal year.

The construction carried-forward continued to grow in both the green technology system business and the paint finishing system business. The total increased from JPY304.4 billion in the fiscal year ended March 2026 to a record high of JPY365.9 billion. In particular, the construction carried-forward in the industrial HVAC field in Japan increased significantly, supported by favorable market conditions.

Second Quarter of FY2026 Net Sales and Ordinary Income by Segment

TAIKI-SHA LTD.

Increased in Green Technology and decreased in Paint Finishing

(JPY bn)	2Q FY2025 Results	2Q FY2026 Results	YoY Change
Net sales of completed construction contracts	130.4	**132.6**	2.1
Japan	70.8	**66.6**	-4.2
Overseas	59.5	**66.0**	6.4
Green Technology	86.2	**94.4**	8.2
Building HVAC	18.0	**23.1**	5.1
Industrial HVAC	68.1	**71.2**	3.0
Paint Finishing	43.4	**37.4**	-5.9
Other	0.8	**0.7**	-0.0
Ordinary income	11.0	**9.7**	-1.2
Ratio	8.5%	**7.3%**	-1.1pt
Green Technology	9.7	**10.8**	1.0
Ratio	11.4%	**11.5%**	0.1pt
Paint Finishing	0.7	**-1.4**	-2.1
Ratio	1.7%	**-3.8%**	-5.6pt
Other	-0.0	**-0.1**	-0.1
Ratio	-9.5%	**-24.6%**	-15.1pt

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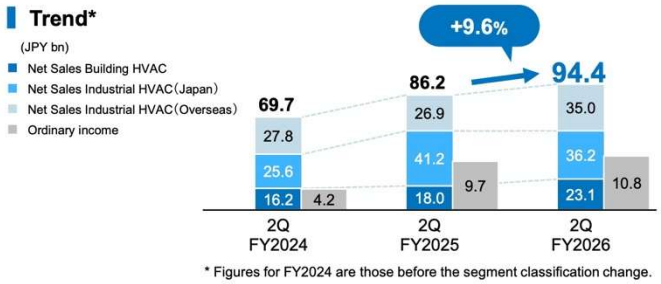
This slide summarizes net sales of completed construction contracts and ordinary income by business segment on a YoY basis.

The green technology system business recorded net sales of completed construction contracts of JPY94.4 billion and ordinary income of JPY10.8 billion, achieving increases in both sales and income. The paint finishing system business recorded net sales of completed construction contracts of JPY37.4 billion and an ordinary loss of JPY1.4 billion, resulting in decreases in both sales and income. The other segment recorded net sales of completed construction contracts of JPY0.7 billion and an ordinary loss of JPY0.1 billion, remaining largely unchanged from the previous year.

Beginning with the next slide, I will explain the details of each business.

Net sales increased for both building HVAC and industrial HVAC
Ordinary income reached a record-high for the second quarter

(JPY bn)	2Q FY2025 Results	2Q FY2026 Results	YoY Change
Net sales of completed construction contracts	86.2	**94.4**	8.2
Building HVAC	18.0	**23.1**	5.1
Industrial HVAC	68.1	**71.2**	3.0
Japan	41.2	**36.2**	-5.0
Overseas	26.9	**35.0**	8.1
Overseas ratio	31.2%	**37.1%**	5.9pt
Ordinary income	9.7	**10.8**	1.0
Ratio	11.4%	**11.5%**	0.1pt



* Figures for FY2024 are those before the segment classification change.

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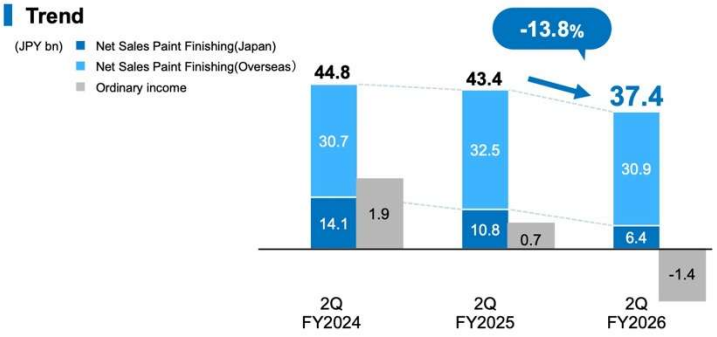
This slide shows net sales of completed construction contracts and ordinary income in the green technology system business by category on a YoY basis.

Net sales of completed construction contracts increased by JPY8.2 billion YoY to JPY94.4 billion. This increase was supported by steady progress on projects on hand in both the building HVAC field and the industrial HVAC field. Ordinary income also increased, mainly due to higher sales, reaching JPY10.8 billion, a record high for H1.

Sales declined in Japan and overseas amid a transition period between large-scale projects
Profit declined due to lower sales and lower profitability in overseas projects

(JPY bn)	2Q FY2025 Results	2Q FY2026 Results	YoY Change
Net sales of completed construction contracts	43.4	**37.4**	-5.9
Japan	10.8	**6.4**	-4.3
Overseas	32.5	**30.9**	-1.6
Overseas ratio	75.1%	**82.8%**	7.7pt
Ordinary income	0.7	**-1.4**	-2.1
Ratio	1.7%	**-3.8%**	-5.6pt

Trend



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This slide shows net sales of completed construction contracts and ordinary income in the paint finishing system business on a YoY basis.

Net sales of completed construction contracts in Japan decreased by JPY4.3 billion YoY to JPY6.4 billion, while overseas sales decreased by JPY1.6 billion YoY to JPY30.9 billion. In Japan, fewer large-scale projects were completed than in the previous year. Overseas, markets outside Europe were between major project cycles. As a result, net sales of completed construction contracts decreased slightly overall. Ordinary income declined by JPY2.1 billion YoY, resulting in an ordinary loss of JPY1.4 billion. This reflected lower net sales of completed construction contracts and reduced profitability, including the impact of delay penalties on overseas projects that Mr. Osada mentioned earlier.

FY2026 Earnings Forecast Orders received by Segment

TAIKI-SHA LTD.

Orders received expected to increase in Green Technology, and decrease in Paint Finishing

(JPY bn)	FY2025 Results 1H	FY2025 Results 2H	FY2025 Results Total	FY2026 New Forecasts 1H Results	FY2026 New Forecasts 2H	FY2026 New Forecasts Total*	FY2026 Original forecasts Total	vs. Forecast Total
Orders received	181.4	170.3	351.7	**184.5**	**165.4**	**350.0**	330.5	19.5
Japan	77.3	88.8	166.2	**122.3**	**69.5**	**191.9**	172.4	19.5
Overseas	104.0	81.4	185.4	**62.1**	**95.9**	**158.1**	158.1	-
Green Technology	100.6	113.8	214.5	**139.0**	**111.4**	**250.5**	231.0	19.5
Building HVAC	32.1	44.9	77.1	**31.3**	**22.6**	**54.0**	47.0	7.0
Industrial HVAC	68.4	68.8	137.3	**107.7**	**88.7**	**196.5**	184.0	12.5
Paint Finishing	79.9	55.2	135.1	**44.3**	**52.6**	**97.0**	97.0	-
Other	0.8	1.1	2.0	**1.1**	**1.3**	**2.5**	2.5	-

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

I will now explain our forecast for the fiscal year ending March 2027 by business segment.

This slide shows the breakdown of our full-year forecast for orders received for the fiscal year ending March 2027.

FY2026 Earnings Forecast Orders Received -Green Technology System Division-

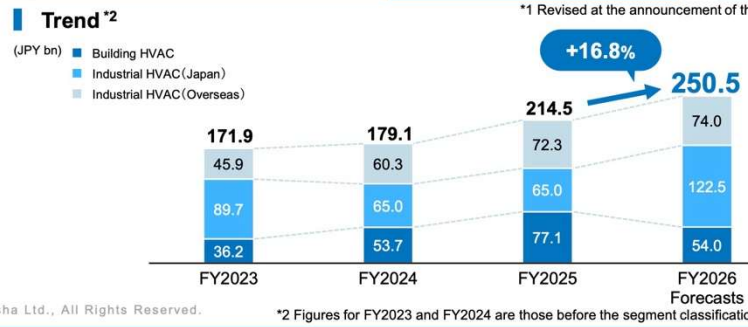
TAIKI-SHA LTD.

Orders received are expected to increase significantly year on year by actively capitalizing AI-driven demand for electronic components, semiconductors, and data centers in Japan

(JPY bn)	FY2025 Results 1H	FY2025 Results 2H	FY2025 Results Total	FY2026 New Forecasts 1H Results	FY2026 New Forecasts 2H	FY2026 New Forecasts Total*1	FY2026 Original forecasts Total	vs. Forecast Total
Orders received	100.6	113.8	214.5	**139.0**	**111.4**	**250.5**	231.0	19.5
Building HVAC	32.1	44.9	77.1	**31.3**	**22.6**	**54.0**	47.0	7.0
Industrial HVAC	68.4	68.8	137.3	**107.7**	**88.7**	**196.5**	184.0	12.5
Japan	36.0	29.0	65.0	**80.9**	**41.5**	**122.5**	110.0	12.5
Overseas	32.4	39.8	72.3	**26.7**	**47.2**	**74.0**	74.0	-
Overseas ratio	32.2%	35.0%	33.7%	**19.3%**	**42.3%**	**29.5%**	32.0%	-2.5pt

*1 Revised at the announcement of the financial result for the Second quarter

Trend *2



*2 Figures for FY2023 and FY2024 are those before the segment classification change.

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This slide presents the previous fiscal year's results, H1 results, and full-year forecast for orders received in the green technology system business.

Looking at the market environment, we expect capital investment in the electronic components, semiconductor, and data center sectors to remain strong in both Japan and overseas markets, supported by expanding AI-related demand. We also expect the domestic office building market to remain solid, particularly in major metropolitan areas. Against this backdrop, we forecast orders received of JPY250.5 billion for the green technology system business.

FY2026 Earnings Forecast Orders Received -Paint Finishing System Division-

TAIKI-SHA LTD.

Orders received are expected to remain strong despite a year-on-year decrease due to the absence of orders for large-scale overseas projects

(JPY bn)	FY2025 Results 1H	FY2025 Results 2H	FY2025 Results Total	FY2026 Forecasts 1H Results	FY2026 Forecasts 2H	FY2026 Forecasts Total
Orders received	79.9	55.2	135.1	**44.3**	**52.6**	**97.0**
Japan	8.3	13.6	22.0	**8.9**	**3.9**	**12.9**
Overseas	71.5	41.5	113.1	**35.3**	**48.7**	**84.1**
Overseas ratio	89.6%	75.2%	83.7%	**79.8%**	**92.5%**	**86.7%**

Trend



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This slide presents the previous fiscal year's results, H1 results, and full-year forecast for orders received in the paint finishing system business.

As for the market outlook, we expect demand from automobile manufacturers to remain stable, with new investment projects anticipated in markets such as India. Based on these assumptions, we forecast orders received of JPY97 billion for the paint finishing system business. There has been no change to this forecast.

FY2026 Earnings Forecast Net Sales and Ordinary Income by Segment

TAIKI-SHA LTD.

Expect increase in net sales and income in Green Technology, and increase in net sales but decrease income in Paint Finishing

(JPY bn)	FY2025 Results 1H	FY2025 Results 2H	FY2025 Results Total	FY2026 New Forecasts 1H Results	FY2026 New Forecasts 2H	FY2026 New Forecasts Total*	FY2026 Original forecasts Total	vs. Forecast Total
Net sales of completed construction contracts	130.4	155.6	286.1	**132.6**	**179.3**	**312.0**	307.0	5.0
Japan	70.8	71.2	142.0	**66.6**	**78.4**	**145.1**	140.1	5.0
Overseas	59.5	84.4	144.0	**66.0**	**100.8**	**166.9**	166.9	-
Green Technology	86.2	95.0	181.2	**94.4**	**105.5**	**200.0**	195.0	5.0
Building HVAC	18.0	28.1	46.1	**23.1**	**20.8**	**44.0**	44.0	-
Industrial HVAC	68.1	66.8	135.0	**71.2**	**84.7**	**156.0**	151.0	5.0
Paint Finishing	43.4	59.6	103.0	**37.4**	**72.5**	**110.0**	110.0	-
Other	0.8	0.9	1.7	**0.7**	**1.2**	**2.0**	2.0	-
Ordinary income	11.0	13.7	24.7	**9.7**	**15.2**	**25.0**	25.0	-
Ratio	8.5%	8.8%	8.7%	**7.3%**	**8.5%**	**8.0%**	8.1%	-0.1pt
Green Technology	9.7	11.2	21.0	**10.8**	**14.4**	**25.3**	21.8	3.5
Ratio	11.4%	11.8%	11.6%	**11.5%**	**13.7%**	**12.7%**	11.2%	1.5pt
Paint Finishing	0.7	3.6	4.3	**-1.4**	**2.1**	**0.7**	4.2	-3.5
Ratio	1.7%	6.1%	4.2%	**-3.8%**	**2.9%**	**0.6%**	3.8%	-3.2pt
Other	-0.0	-0.1	-0.2	**-0.1**	**-0.5**	**-0.7**	-0.7	-
Ratio	-9.5%	-17.1%	-13.4%	**-24.6%**	**-41.5%**	**-35.0%**	-35.0%	-

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

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This slide shows our forecast for net sales of completed construction contracts and ordinary income for the fiscal year ending March 2027.

We forecast net sales of completed construction contracts of JPY200 billion for the green technology system business, JPY110 billion for the paint finishing system business, and JPY2 billion for other businesses. For ordinary income, we forecast JPY25.3 billion for the green technology system business, JPY0.7 billion for the paint finishing system business, and an ordinary loss of JPY0.7 billion for other businesses.

Domestic industrial HVAC is expected to drive net sales and ordinary income

(JPY bn)	FY2025 Results 1H	FY2025 Results 2H	FY2025 Results Total	FY2026 New Forecasts 1H Results	FY2026 New Forecasts 2H	FY2026 New Forecasts Total*1	FY2026 Original Forecasts Total	vs. Forecast Total
Net sales of completed construction contracts	86.2	95.0	181.2	**94.4**	**105.5**	**200.0**	195.0	5.0
Building HVAC	18.0	28.1	46.1	**23.1**	**20.8**	**44.0**	44.0	-
Industrial HVAC	68.1	66.8	135.0	**71.2**	**84.7**	**156.0**	151.0	5.0
Japan	41.2	32.3	73.6	**36.2**	**48.7**	**85.0**	80.0	5.0
Overseas	26.9	34.5	61.4	**35.0**	**35.9**	**71.0**	71.0	-
Overseas ratio	31.2%	36.3%	33.9%	**37.1%**	**34.1%**	**35.5%**	36.4%	-0.9pt
Ordinary income	9.7	11.2	21.0	**10.8**	**14.4**	**25.3**	21.8	3.5
Ratio	11.4%	11.8%	11.6%	**11.5%**	**13.7%**	**12.7%**	11.2%	1.5pt

*1 Revised at the announcement of the financial result for the Second quarter

Trend *2



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*2 Figures for FY2023 and FY2024 are those before the segment classification change.

This slide presents the previous fiscal year's results, H1 results, and full-year forecast for net sales of completed construction contracts and ordinary income in the green technology system business.

We expect projects on hand to continue progressing during H2, particularly in the domestic industrial HVAC field. We also expect the profitability of projects on hand to continue improving toward the fiscal year-end. As a result, we forecast ordinary income of JPY14.4 billion for H2.

FY2026 Earnings Forecast Net Sales and Ordinary Income -Paint Finishing System Division-

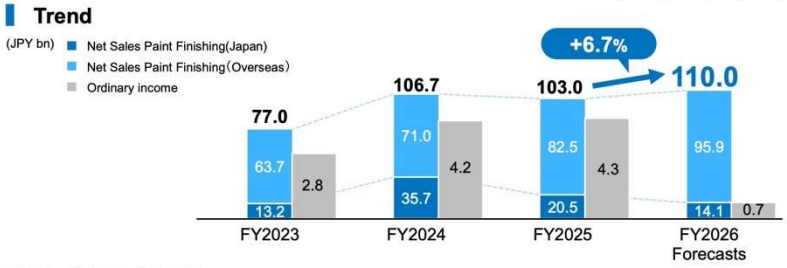
TAIKI-SHA LTD.

Large-scale overseas projects are expected to contribute to net sales and income in the second half

(JPY bn)	FY2025 Results 1H	FY2025 Results 2H	FY2025 Results Total	FY2026 New Forecasts 1H Results	FY2026 New Forecasts 2H	FY2026 New Forecasts Total*	FY2026 Original forecasts Total	vs. Forecast Total
Net sales of completed construction contracts	43.4	59.6	103.0	**37.4**	**72.5**	**110.0**	110.0	-
Japan	10.8	9.6	20.5	**6.4**	**7.6**	**14.1**	14.1	-
Overseas	32.5	49.9	82.5	**30.9**	**64.9**	**95.9**	95.9	-
Overseas ratio	75.1%	83.8%	80.1%	**82.8%**	**89.5%**	**87.2%**	87.2%	-
Ordinary income	0.7	3.6	4.3	**-1.4**	**2.1**	**0.7**	4.2	-3.5
Ratio	1.7%	6.1%	4.2%	**-3.8%**	**2.9%**	**0.6%**	3.8%	-3.2pt

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

Trend



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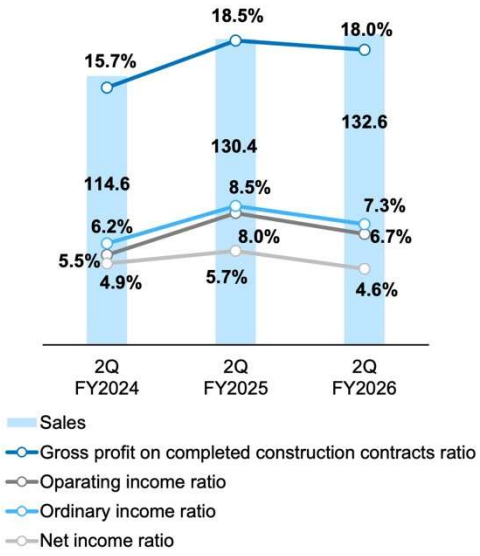
This slide presents the previous fiscal year's results, H1 results, and full-year forecast for net sales of completed construction contracts and ordinary income in the paint finishing system business.

We expect large-scale overseas projects to progress during H2 and therefore forecast full-year net sales of completed construction contracts of JPY110 billion. We forecast ordinary income of JPY0.7 billion for the full year.

Income Statements

(JPY bn)	2Q FY2024	2Q FY2025	2Q FY2026
Net sales of completed construction contracts	114.6	130.4	132.6
Gross profit on completed construction contracts	17.9	24.1	23.8
Ratio	15.7%	18.5%	18.0%
Operating income	6.2	10.4	8.9
Ratio	5.5%	8.0%	6.7%
Ordinary income	7.0	11.0	9.7
Ratio	6.2%	8.5%	7.3%
Profit attributable to owners of parent	5.6	7.4	6.1
Ratio	4.9%	5.7%	4.6%



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From this point, I will explain our consolidated financial statements. This slide presents our consolidated statement of income. Please refer to the slide for details.

Balance Sheets

TAIKI-SHA LTD.

(JPY bn) Subject	FY2025	2Q FY2026	Change
Current assets	217.3	198.8	-18.5
Cash and deposits	90.6	67.1	-23.5
Notes receivable, accounts receivable from completed construction contracts and other	112.8	100.0	-12.8
Securities	-	3.0	3.0
Costs on uncompleted construction contracts・Raw materials and supplies	3.4	4.2	0.8
Other	11.7	25.6	13.9
Allowance for doubtful accounts	-1.3	-1.2	0.1
Non-current assets	69.4	83.3	13.8
Property, plant and equipment	13.5	13.2	-0.2
Goodwill	0.9	0.9	-0.0
Other intangible assets	1.3	1.3	0.0
Investment securities	32.9	43.5	10.5
Deferred tax assets	0.9	0.6	-0.2
Other	19.8	23.7	3.8
Allowance for doubtful accounts	-0.1	-0.1	0.0
Total assets	286.8	282.1	-4.6

Subject	FY2025	2Q FY2026	Change
Current liabilities	102.1	84.0	-18.0
Notes payable, accounts payable for construction contracts and other	44.0	34.8	-9.2
Short-term loans payable	1.2	2.9	1.6
Advances received on uncompleted construction contracts	27.4	26.1	-1.3
Provision for loss on construction contracts	0.7	0.8	0.0
Other	28.6	19.4	-9.2
Non-current liabilities	14.4	19.1	4.6
Total liabilities	116.5	103.2	-13.3
Net assets	170.2	178.9	8.7
Capital stock	6.4	6.4	-
Capital surplus	3.6	3.2	-0.4
Retained earnings	119.7	121.4	1.6
Treasury shares	-1.0	-2.0	-0.9
Valuation difference on available-for-sale securities	16.5	21.5	4.9
Deferred gains or losses on hedges	0.0	-0.0	-0.0
Foreign currency translation adjustment	11.3	11.9	0.5
Accumulated remeasurements of defined benefit plans	4.1	6.7	2.5
Non-controlling interests	9.2	9.5	0.3
Total liabilities and net assets	286.8	282.1	-4.6

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This slide shows our consolidated balance sheet.

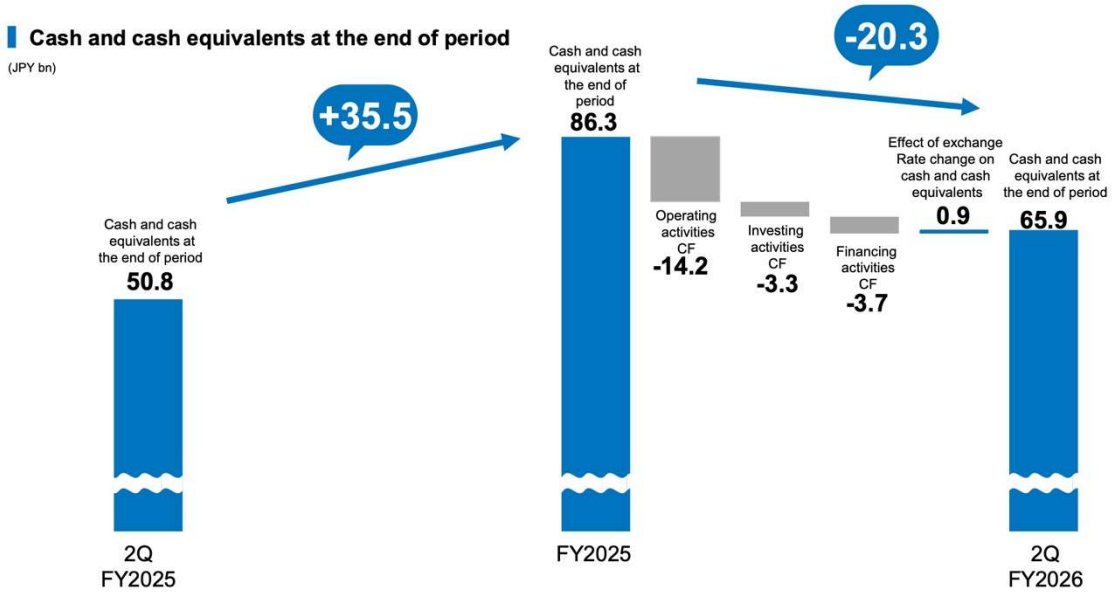
Cash and deposits decreased from the end of March 2026, mainly due to year-end dividend payments. Investment securities increased, reflecting higher stock prices since the end of March 2026.

Cash Flows

TAIKI-SHA LTD.

Operating activities CF : Negative due to payments for trade payables, advances and other items, although collections of receivables progressed

Financing activities CF : Negative due to the dividend payments, and purchase of treasury shares



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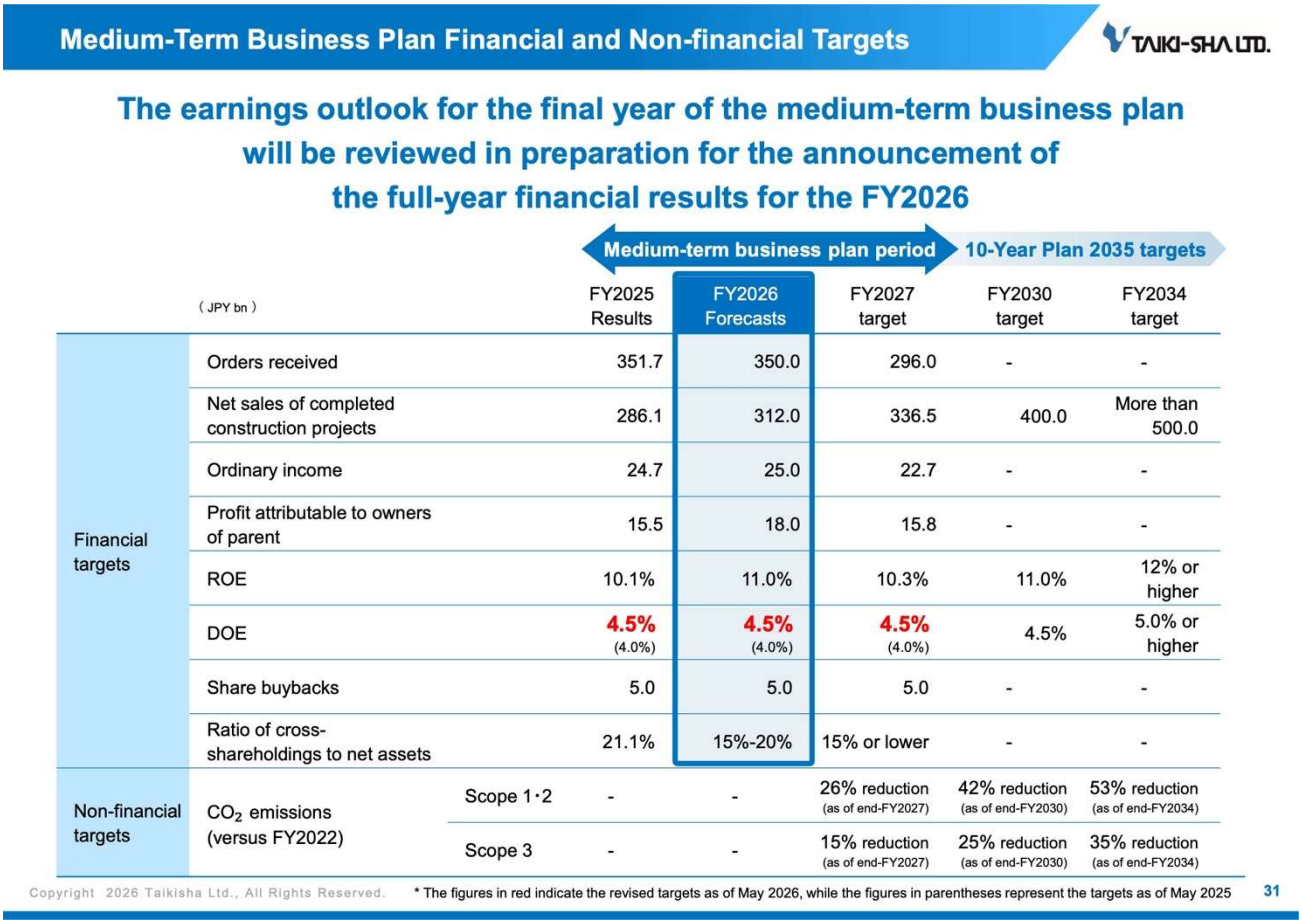
This slide presents our consolidated statement of cash flows.

Cash and cash equivalents at the end of Q2 of the fiscal year ending March 2027 totaled JPY65.9 billion, down JPY20.3 billion from the end of March 2026. Operating cash flow was negative JPY14.2 billion. Although we collected receivables, this was more than offset by payments of trade payables and advances. Financing cash flow was negative JPY3.7 billion, mainly due to dividend payments and the acquisition of treasury shares.

That concludes my presentation.



Matsuda: I am Matsuda, Chief Executive of the Corporate Planning Headquarters.

From here, I would like to update you on the progress of our medium-term management plan.

This slide outlines the financial and non-financial targets of our medium-term management plan through the fiscal year ending March 2028.

With regard to the targets for the final year of the plan, we believe that the target for net sales of completed construction contracts is well within reach, given our current construction carried-forward. At the same time, we plan to announce any revisions to our overall financial targets when we announce our full-year results for the fiscal year ending March 2027.

Investment Plan under Medium-Term Business Plan

TAIKI-SHA LTD.

Plan to invest a total of ¥38.0 billion over the period of the Medium-Term Business Plan

	Main Achievement until FY2026 2Q	FY2026 2Q Results	FY2025－FY2027
Business growth investment	• Invested in research and development related to the dry decoration system and carbon-neutral initiatives in the Paint Finishing System Business. • Expanded cleanroom panel production capacity by the Indian consolidated subsidiary, Nicomac Taikisha Clean Rooms Private Limited	¥1.7 billion	¥6.5 billion
Capital allocation	• Encore Automation LLC, our North American group company, executed an M&A transaction with a North American automation company. Strengthened human resources, technological capabilities and customer base. • Executed strategic investments in our priority markets.	¥4.1 billion	¥22.0 billion
Digital growth investment	• Carried out development and operational testing of on-site DX applications, including building information modeling (BIM). • Developed a unified platform to realize an efficient communication environment across group companies (under construction).	¥1.6 billion	¥7.0 billion
Human capital investment for growth	• Implemented DX literacy training programs for employees in Japan. • Operated the overseas trainee system aimed at accelerating the development of talent capable of leading global business expansion. • Implemented training programs to develop next-generation leaders in Japan and overseas.	¥0.3 billion	¥2.5 billion

Medium-Term Business Plan Three years total

¥38.0 billion

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Next, let me discuss our investment plan under the medium-term management plan.

As part of our business growth investments, we are continuing R&D activities for the dry decoration system in the paint finishing system business. We are also continuing to improve our processes, including initiatives to improve yield rates.

In addition, as part of our capital allocation strategy, we have invested in startup companies. These investments are intended to expand our presence in priority markets and create synergies with our existing businesses.

Topics Enhancement of Data Center Cooling Solutions

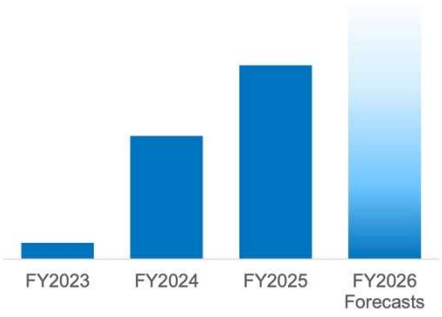
TAIKI-SHA LTD.

Began exploring the development of a liquid cooling system for data centers
Started PR activities through exhibitions

Enhancement of Data Center Cooling Solutions

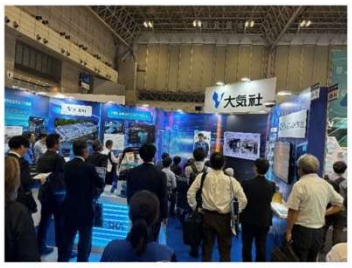
・Our orders received for data centers have been on the rise for several years.
・We expect data center cooling methods to become more diverse. We began developing new cooling methods, as outlined in the 10-Year Plan, in anticipation of future demand.

Trends in Orders Received for Data Centers



Deployment of Liquid Cooling Systems in Society

・We aim to acquire liquid cooling technology in addition to conventional air cooling technology and expand into high-value-added business areas, including comprehensive cooling system design proposals.
・We participated in exhibitions and promoted visualization of such technologies.



Booth seminar at JAPAN IT Week (October 2026)

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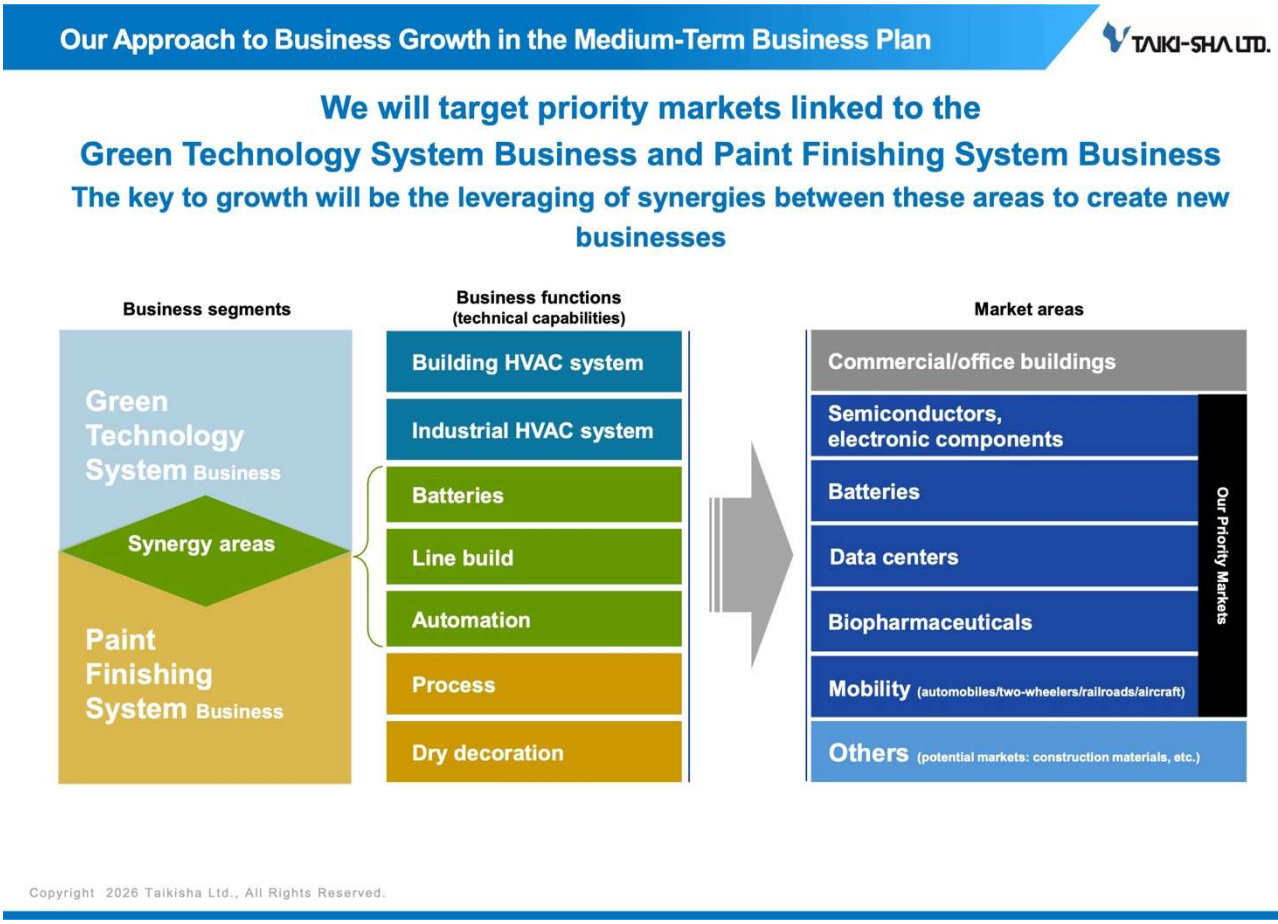
As an update on our progress under the medium-term management plan, I would like to introduce our efforts to enhance our data center cooling solutions.

To expand our business domain in the data center market, which is expected to continue growing, we have started developing new cooling methods identified in our 10-year plan. We have been steadily increasing our orders in the data center field over the past several years.

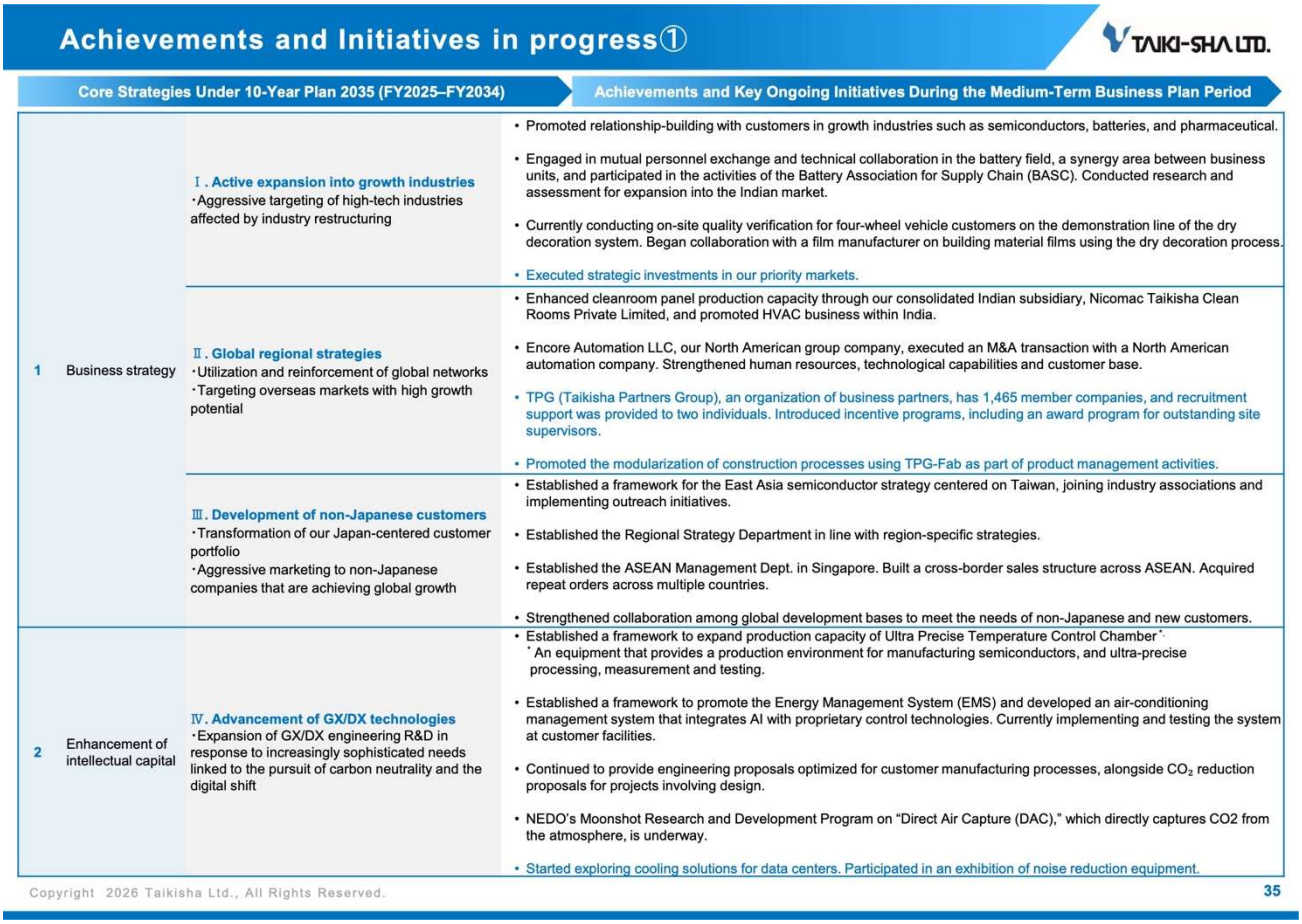
Going forward, in addition to design and construction services using air cooling technology, we aim to build expertise in liquid cooling technology. This will allow us to expand into higher-value-added areas, including integrated cooling system design and proposal services. To achieve this goal, we will actively explore alliances with partner companies.



Next, I would like to revisit our approach to business growth under the current medium-term management plan, as this is a topic that frequently comes up in discussions about these initiatives.

Our strategy is built around our two core businesses: the green technology system business and the paint finishing system business. By creating synergies between these businesses in our priority markets, we aim to develop new growth businesses. In the current fiscal year, we have begun to see tangible results in the data center market, one of our priority markets. For example, the paint finishing system business has secured projects by leveraging its strengths in large-scale unit manufacturing and installation expertise.

Over the approximately 1.5 years since the launch of the current medium-term management plan, collaboration between the green technology system business and the paint finishing system business has expanded. This includes joint project execution in the mobility, battery, and data center markets. Going forward, we intend to extend these initiatives to additional market sectors.



From this slide onward, I would like to discuss other achievements under the current medium-term management plan, as well as our key ongoing initiatives.

First, let me touch on our global regional strategies. In Japan, we continue to expand membership in TPG, the Taikisha Partners Group, which was established under the previous medium-term management plan. We are also providing recruitment support to member companies. In addition, we have introduced an incentive program for outstanding site supervisors and are working to secure construction capacity in the domestic market. We are also continuing our efforts to modularize construction work through the use of TPG-Fab, with the aim of further improving productivity.

Next, let me discuss our initiatives to enhance our intellectual capital. We have exhibited at trade shows featuring data center cooling solutions and noise reduction systems to raise awareness of our technologies and capabilities in the market.

Achievements and Initiatives in progress②

TAIKI-SHA LTD.

	Core Strategies Under 10-Year Plan 2035 (FY2025–FY2034)		Achievements and Key Ongoing Initiatives During the Medium-Term Business Plan Period
3	Enhancement of human capital	**Ⅴ. Quantitative/qualitative enhancement and business process transformation** ・Reduction of business opportunity losses caused by a lack of resources ・Quantitative/qualitative enhancement of human capital, business process rationalization and efficiency improvement	• Conducted global training. Promoted the development of global management talent centered on local staff. • Visualized the talent portfolio to support strategic talent allocation. • Developed software to plan the optimal talent allocation across construction projects. The software is currently undergoing trial operation. • Conducted training programs for female managerial candidates to promote leadership diversity. • Periodically conducted pulse surveys on employee engagement. Identified issues. Also examining measures to promote the program.
4	Strengthening the management base	**Ⅵ. Enhancement of business execution/monitoring structures**	• Established the Growth Strategy Council outlined in 10-Year Plan 2035 and began discussions aimed at achieving the 10-year plan. • Formulated ROIC targets by business unit and base, and carried out initiatives to ensure their adoption. • Obtained a new credit rating of "A (Stable)" from Japan Credit Rating Agency, Ltd. • Consolidated the new business development, R&D, and other divisions into the Business Development Headquarters (classified as "Other" in segment disclosure). • Established a system for conducting gate reviews of new themes at the New Business Development Committee. Conducted gate reviews. • The Business Investment Committee continued discussions on investment and M&A projects.
		Ⅶ. Enhancement of global group management infrastructure	• Currently building a global management base that centralizes group-wide management information and enables forecasting and simulation. • Formulated a Purpose, Vision, and Values (PVV) to achieve the 10-Year Plan and implemented activities to disseminate it across all sites.
5	DX strategy	**Ⅷ. Leverage data analytics and simulations to provide new value** ・Promotion of cross-border collaboration and co-creation among overseas offices, and operational streamlining and establishment of a high-profit structure through business process reform centered on digital platforms	• Carried out operational testing of on-site DX applications, including BIM, in actual projects. • Currently conducting tests to build a BIM platform. A nationwide rollout is expected during the second half of the fiscal year. • Applied simulation technologies to the dry decoration system and paint drying system.

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Turning to enhancement of human capital, we have developed software designed to optimize personnel allocation for construction projects and have begun trial operations.

As part of our efforts to strengthen our management base, we have reorganized our structure and consolidated our new business development and R&D functions into the Business Development Headquarters.

In addition, our Business Investment Committee continues to evaluate investment and M&A opportunities with a strong focus on capital costs. Finally, let me touch on our DX strategy. We have made solid progress in validating cost estimates using BIM and expect to begin rolling out this system across Japan during H2.

Cross-Shareholdings

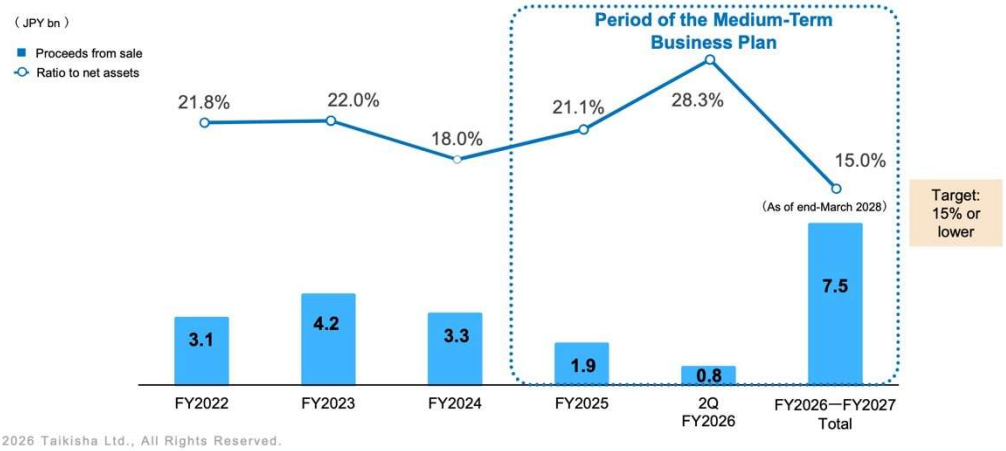
TAIKI-SHA LTD.

Net assets ratio as of the end of September 2026: 28.3%
We plan to reduce the ratio to below 15% by the end of March 2028

	Period of the previous Medium-Term Business Plan Results			Period of the Medium-Term Business Plan		
	FY2022	FY2023	FY2024	FY2025 (Results)	2Q FY2026 (Results)	FY2026－FY2027 (Plan)
Proceeds from sale	¥3.1 billion	¥4.2 billion	¥3.3 billion	¥1.9 billion	¥0.8 billion	¥7.5 billion*
Ratio to net assets	21.8%	22.0%	18.0%	21.1%	28.3%	15% or lower

* The figure is calculated using the stock prices as of March 31, 2026.

Trend in cross-shareholdings



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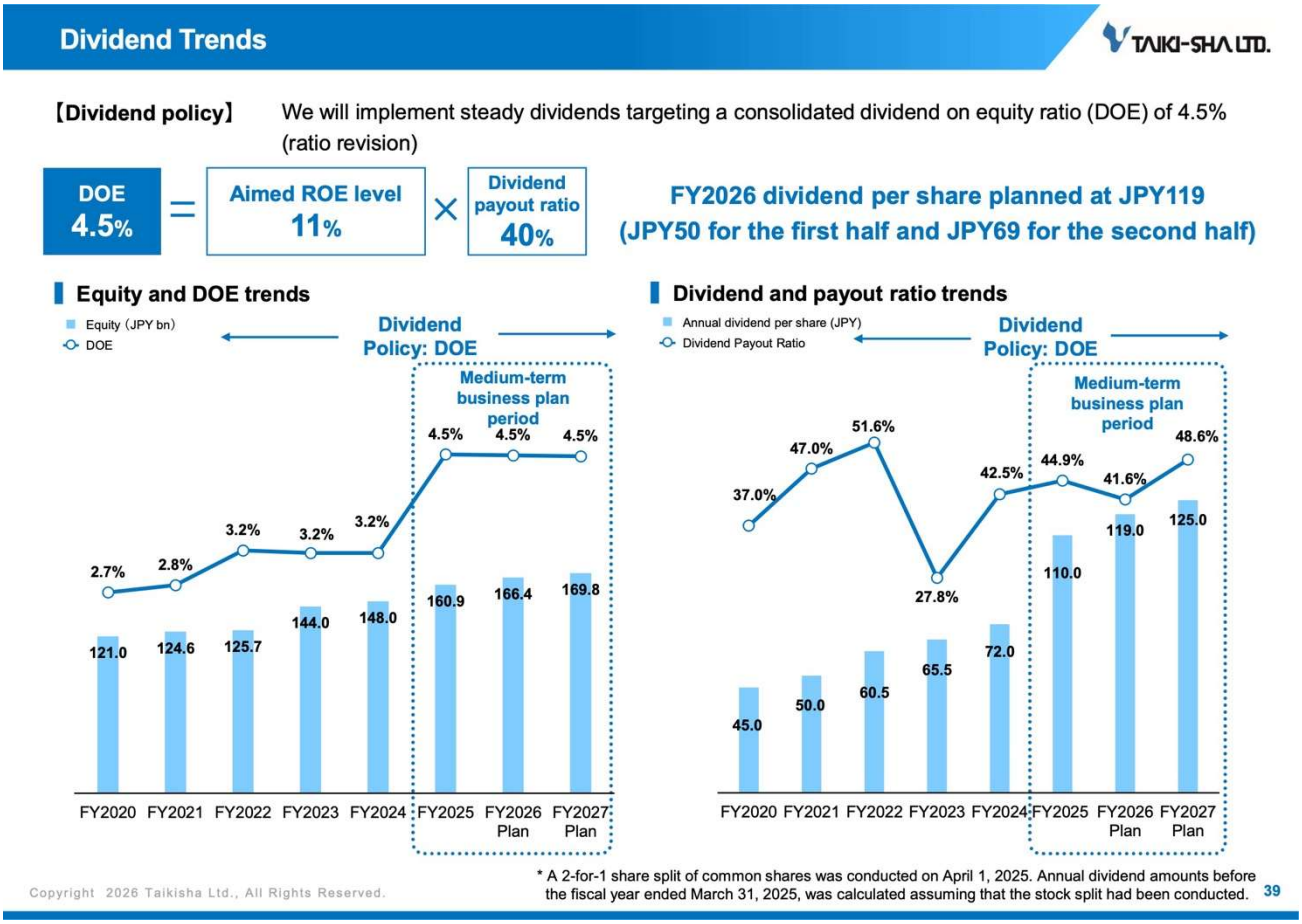
This slide outlines our plan to reduce our cross-shareholdings under the current medium-term management plan.

Although we continued to sell these shares during H1, the ratio of cross-shareholdings to net assets stood at 28.3% as of September 30, 2026, reflecting the impact of rising stock prices. We will continue to reduce these holdings with the goal of lowering the ratio to 15% or less by the end of the fiscal year ending March 2028.



Next, I would like to discuss shareholder returns. This slide summarizes our dividend policy.

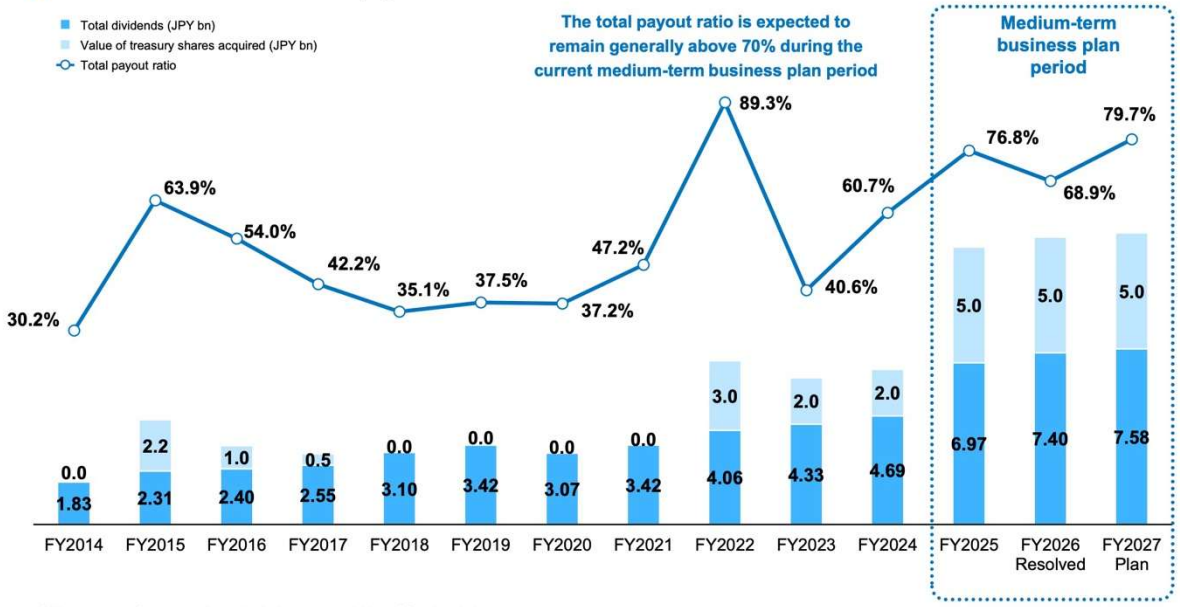
Since the fiscal year ended March 2023, we have adopted a dividend policy based on DOE. Reflecting improved profitability, we have maintained a DOE of 4.5% for our dividend payments since the fiscal year ended March 2026. For the fiscal year ending March 2027, we plan to pay an annual dividend of JPY119 per share.

Trends of Shareholder Returns and Total Payout Ratio

TAIKI-SHA LTD.

【 Policy for treasury share acquisition 】 To improve capital efficiency and realize flexible financial policies, Taikisha plans to acquire JPY5 billion in treasury shares per year during the period of its medium-term business plan.
(The Board of Directors on August 7, 2026, resolved a JPY5 billion repurchase for FY2026.)

Shareholder returns and total payout ratio



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

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This slide outlines our total shareholder returns, including treasury share acquisitions.

The light blue bars show the trend in treasury share acquisitions. In line with our existing policy, we approved a treasury share acquisition of JPY5 billion in August for the current fiscal year. During the current medium-term management plan period, we expect our total payout ratio to remain generally above 70%. Through both dividends and treasury share acquisitions, we will continue striving to enhance shareholder returns.

This concludes our presentation.

Thank you very much for your attention.

Question & Answer

Hamakawa [Q]: This is Hamakawa from JPMorgan Securities. Thank you for your presentation. I have two questions.

My first question concerns the loss on an overseas project in the paint finishing system business. Could you tell us whether the project has already been completed or is still ongoing? Also, to the extent that you can disclose this information, could you provide some background on the project, such as the country where it was carried out and whether the customer was an automobile manufacturer or another type of company? In addition, I would appreciate some further explanation of the nature of the loss, the possibility of any additional losses, and when the impact is expected to be fully resolved.

Fukunaga [A]: I am Fukunaga, Chief General Manager of the Paint Finishing System Division. Thank you for your question.

The primary factor behind the deterioration in profitability in the paint finishing system business was a project in Mexico. This was our first full-turnkey project, which included construction of the building itself. The customer was an automobile manufacturer. The construction work for this project has already been completed. Accordingly, there will be no impact on net sales of completed construction contracts in H2. In addition, we have completed the necessary assessment of contract costs and other associated items at this stage.

Hamakawa [Q]: Thank you. My second question relates to data centers.

First, you mentioned that the paint finishing system business received a data center-related order during H1. Could you provide some details about this project? In addition, data center-related orders amounted to JPY7.5 billion in H1. Could you comment on the breakdown between domestic and overseas projects? I would also be interested in knowing whether you are receiving orders outside Japan. There has been discussion recently about data center investment expanding beyond the United States into other regions. If Taikisha is involved in data center projects in Asia, are you seeing any positive impact from this trend?

Fukunaga [A]: Let me explain our data center-related orders. First, the project we received during H1 is a domestic project. It involves a liquid cooling system. The project requires specialized internal pipe treatment, as well as the capability to manufacture large-scale modular units. The paint finishing system business is responsible for these aspects of the project.

As for overseas opportunities, we have received some inquiries, mainly from Southeast Asia. We are currently pursuing these opportunities through collaboration between the green technology system business and the paint finishing system business.

Hamakawa [Q]: Thank you.

Regarding the data center project in the paint finishing system business that you just described, is it correct to understand that its profitability is comparable to that of your traditional engineering projects and broadly in line with the profitability level of the green technology system business?

Fukunaga [A]: Yes, that is correct.

Hamakawa [M]: Thank you very much.

Kawashima [Q]: This is Kawashima from SMBC Nikko Securities. Thank you for the presentation.

My first question concerns orders received. You have raised your outlook for orders received in the domestic green technology system business, particularly in the HVAC-related fields. Given your constraints on construction capacity, how much additional demand can you realistically accommodate? For example, is there still room to increase orders received further by reallocating personnel across domestic and overseas operations or between the industrial HVAC and building HVAC fields? I would appreciate your thoughts on the remaining potential for growth in orders received.

Sobue [A]: I am Sobue, Chief General Manager of the Green Technology System Division. Thank you for your question.

Currently, both in Japan and overseas, we are managing orders received while carefully monitoring our construction capacity. We assess construction capacity across the green technology system business, the paint finishing system business, and our overseas operations as a whole. Based on this assessment, we handle projects within the range of our execution capacity.

Kawashima [Q]: In that case, is it fair to say that you are already operating close to your practical capacity limit and that it may be difficult to increase orders received much further from here?

Sobue [A]: Yes. Our current plan for orders received has been formulated at what we consider to be roughly our capacity limit.

Kawashima [Q]: Thank you.

My second question concerns profitability. Looking ahead to the next fiscal year, if the negative impact in the paint finishing system business disappears, it seems reasonable to expect profit growth at the consolidated level. Against that backdrop, is there still room for further improvement in profitability in the green technology system business? You have raised your profit outlook this time. However, given the favorable market environment, we also hear that customers' willingness to accept further price increases may eventually reach its limit. How do you view the potential for further margin expansion in the green technology system business?

Sobue [A]: With regard to the green technology system business, market conditions have remained favorable in recent years, supported by tight supply-demand conditions. As a result, we believe we can continue to maintain solid profitability. In addition, we will continue working to improve profitability of projects received . Through these efforts, we aim to achieve further earnings growth going forward.

Kawashima [M]: Thank you very much.

Teraoka [Q]: This is Teraoka from Daiwa Securities. Thank you for the presentation.

I have two questions regarding the paint finishing system business. First, regarding the delay in the Mexico project. To the extent that you can disclose, could you explain the background and main causes of the project delay? I would appreciate any additional details you can provide.

Fukunaga [A]: I am Fukunaga, Chief General Manager of the Paint Finishing System Division. Thank you for your question.

Regarding the Mexico project, the primary reason for the delay was that it was a full-turnkey project that included the building itself. In particular, delays in the building construction were the main factor.

Teraoka [Q]: Just to confirm, was the building construction handled by Taikisha?

Fukunaga [A]: This project was awarded to us on a full-turnkey basis, covering both the building construction and equipment installation.

Teraoka [Q]: Could you also explain why the building construction was delayed?

Fukunaga [A]: Part of the design process fell behind schedule. In addition, some rework was required during construction. The need to redo portions of the work was one of the main causes of the delay.

Teraoka [Q]: Thank you.

My second question concerns earnings. You have revised downward your profit forecast for the paint finishing system business. Does this mean that your H2 outlook has also been lowered from the initial plan? In addition, looking ahead to next fiscal year, do you expect profits to improve even excluding this one-time factor? I would appreciate your thoughts.

Fukunaga [A]: First, by the end of H1, the project we discussed earlier, along with several other relatively low-profitability projects, had largely been completed. As a result, we expect the project mix to improve during H2. Looking ahead to next fiscal year, these unprofitable projects will no longer be a factor. Accordingly, we expect profitability to improve.

Teraoka [Q]: I understand the benefit from the completion of those unprofitable projects. However, can profitability improve on an underlying basis as well, excluding that effect?

Fukunaga [A]: Yes. We believe profitability can continue to improve even excluding the impact of those projects.

Teraoka [M]: Understood. Thank you very much

Yagi [Q]: Thank you for the presentation. This is Yagi from Morgan Stanley MUFG Securities. I have two questions.

My first question is about the paint finishing system business. Regarding the downward revision to this year's earnings forecast, could you quantify how much of the impact was attributable to the Mexico project and how much came from other factors? I understand that there were additional factors involved, so I would appreciate some further explanation of the background. Also, looking ahead to next fiscal year, you have indicated that underlying profitability should improve once these projects are completed. Based on that, should we expect an ordinary income margin of around 3.8%, which was implied by your initial forecast for this fiscal year, to be achievable next year? I would appreciate your thoughts on the margin outlook.

My second question concerns the green technology system business. You have raised your forecasts for both the operating margin and ordinary income margin for this fiscal year. As sales continue to grow, particularly in the industrial HVAC field, should we expect margins to improve further next fiscal year? Could you share your views on the profitability outlook for the green technology system business?

Fukunaga [A]: This is Fukunaga. Thank you for your question.

Regarding the downward revision, the Mexico project accounted for approximately two-thirds of the total reduction. The remaining one-third was attributable to another project related to automobile production. That project involved a new production method, and it was the first time we had undertaken this type of work. As a result, the improvements in profitability that we had originally expected did not materialize to the extent we had planned.

Regarding your second point, you mentioned the ordinary income margin implied by our initial forecast, which was approximately 3.8%. Looking ahead to next fiscal year, we expect profitability to improve to a level that will allow us to achieve a margin above that figure.

Yagi [Q]: Thank you.

In that case, aside from the completion of the unprofitable projects, are there any specific factors that would contribute to achieving an ordinary income margin above 3.8% next fiscal year?

Fukunaga [A]: The main factors are, first, synergy projects with the green technology system business. In addition, we expect to undertake projects with higher profitability next fiscal year. Those are the primary drivers.

Yagi [M]: Thank you.

Sobue [A]: This is Sobue, Chief General Manager of the Green Technology System Division.

Regarding profitability next fiscal year, as we have discussed, the order environment remains very favorable. Accordingly, we believe we can maintain profitability at roughly the current level next fiscal year. We will continue working to improve earnings through the content of future projects . Although net sales of completed construction contracts are expected to remain at record-high levels and orders received are already approaching our practical capacity limits, we still see opportunities to further improve profitability through improvements.

Yagi [M]: Understood. Thank you very much

Nakagawa [Q]: Thank you for the presentation. This is Nakagawa from Mizuho Securities. I have one question.

Apologies for revisiting this topic, but I would like to ask about the overseas project in the paint finishing system business that resulted in delay penalties. You explained that the project included construction of the building itself. Should we understand that, in other countries and regions as well, there are many projects where the scope includes not only installation of the paint finishing line but also building construction? In addition, could you comment on the extent of the risk of incurring penalties due to project delays?

Fukunaga [A]: Thank you for your question. This is Fukunaga.

First, with regard to automobile-related projects, including those outside Japan, we expect project sizes to continue increasing. However, we do not expect the number of projects that include building construction in their scope to increase significantly. We believe the prevailing model will continue to be the separate procurement of building construction and equipment installation. That said, when we undertake projects that include building construction, additional risks naturally arise. Accordingly, we intend to conduct thorough risk assessments in advance and reflect the results in our bidding and order acceptance decisions.

Nakagawa [Q]: Should we assume that provisions for delay damages are included in essentially all contracts?

Fukunaga [A]: As a general rule, our understanding is that provisions for delay damages are included in all contracts.

Nakagawa [M]: That is very clear. Thank you very much.

Yabana [Q]: Thank you very much for the presentation. This is Yabana from Tokai Tokyo Intelligence Laboratory. I have two questions.

First, I would like to ask about your approach to ROE. You may review your earnings targets going forward, but is there also room to review your ROE target? Do you also see potential to raise your ROE target further in the future?

You have been actively enhancing shareholder returns. However, compared with some of your industry peers, it seems that there may still be room to improve ROE. Could you explain how management is discussing ROE improvement and what key initiatives you are considering to further enhance ROE?

Osada [A]: This is Osada, President of Taikisha. Thank you for your question.

Raising management's awareness of capital costs is an extremely important theme for us, and we regard it as a key management KPI. To improve ROE, we are focused not only on enhancing profitability but also on maintaining an appropriate level of capital. In addition, we have an overseas presence, with many affiliated companies around the world. For that reason, we monitor not only ROE but also other important indicators, including ROIC management. We will continue to use these metrics as key management KPIs to evaluate and improve our performance.

Yabana [Q]: Thank you. My second question is a technical one.

On page 33, regarding liquid cooling systems for data centers, do you think the time will come when data center cooling systems shift in earnest from air cooling to liquid cooling? If so, what kind of time frame should we have in mind?

Osada [A]: This is Osada. Thank you for your question.

There are several types of liquid cooling systems, and we are making investments and pursuing development with a long-term perspective. However, we do not believe that air cooling technology will disappear. Accordingly, we expect to continue our efforts in this area. .

At the same time, the paint finishing system business has particular strengths in certain areas of liquid cooling technology. We therefore expect demand in those areas to continue growing as well. In this context, we are advancing development efforts for next-generation liquid cooling technology.

As for the timing, it will depend not only on technological progress but also on customer demand. We believe these technologies can make a significant contribution to energy efficiency. From a development standpoint, we believe the technology can reach a practical stage within two years. However, broader market recognition and customer adoption may take approximately another two years.

Yabana [M]: Thank you. That is all from me.

[END]

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