



Annual Report 2020

APR. 2019 - MAR. 2020



Philosophy and Vision

Technology for the environment is the technology for the future

Mission Statement “Customers First”

Customers are defined as Overall Society in a broad sense. Spirit of “Customers first” is to win persistent trust from the customer. To achieve this goal, we have to follow our own conscience and make the utmost efforts in every doing based on the belief that the behavior of individuals or the company will bring benefit and happiness to one’s counterpart.

Corporate Philosophy : Management Objectives

1. Establish a company which can continuously grow and contribute to the society:

- 1) We strive to grow continuously by enhancing our added values; thereby, bringing prosperity to our customers and business partners as well as to our employees.
- 2) We strive to create rich environment and evolve the industrial society through our engineering expertise that meets the needs of the society, in order to achieve our ultimate objective to contribute to the society.

2. Establish an attractive company:

- 1) We aim to be a motivation-oriented company where the employees can demonstrate creativity and vitality through their work responsibilities.
- 2) We aim to be a company having the corporate culture in which all employees work in close cooperation to achieve the goals of the company, with the spirits of mutual trust, collaboration and rationality.
- 3) Through the expansion of our expertise in “Energy, Air, and Water”, we aim to become a unique company in all aspects of corporate management, including engineering, marketing, and human resource development.

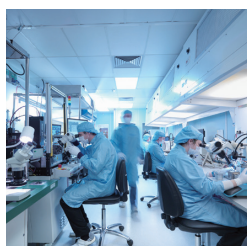
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Cautionary statement regarding forward-looking statements : Data and forward-looking statements disclosed herein are based on current information available at the time of publication, and may change depending upon various factors. The data and judgments do not guarantee accomplishment of goals and projections, and may be changed at any time without notice. Consequently, we ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. Taikisha Ltd. will not be responsible for any damages that result from the use of this information.

Under the slogan, “Aim to become a global corporate group that creates an optimal environment through unique engineering.” we will actively work on the new medium-term business plan.

We would like to express our sincerest gratitude to our shareholders for their continuous support.

Since we have finished the fiscal year ended March 31, 2020, we will report on the overview.

Regarding the business environment surrounding Taikisha group, in Japanese market, manufacturers of electronic parts were in a correction phase by the influence of the US China trade friction. However, demands remained firm due to the construction investments of office buildings in central Tokyo and investments for equipment by pharmaceutical manufacturers.

On the other hand, regarding overseas market, although demands by manufacturers of electronic parts in Philippines and by manufacturers of automobile in North America remained strong, some automakers postponed capital investment as the world economy slowed down.

Under such circumstances, the orders-received of the whole Group fell below the original expectation because the order for project we had planned to receive was postponed in Paint Finishing System Division.

Also, the sales fell below the original expectation because the order-received of Paint Finishing System Division fell below.

On the other hand, the ordinary income exceeded the original expectation because profitability improved from the original expectation.

Regarding profit attributable to owners of parent, although gain on sales of investment securities was reported as extraordinary income, extraordinary income and losses recorded negative because amortization of goodwill was reported extraordinary losses. Furthermore, income taxes-deferred increased due to reversal of deferred tax assets on overseas affiliates, so the profit attribute to owners of parent fell below the original expectation. In addition, gross profit on completed construction contracts, operating income, ordinary income, and profit attributable to owners of the parent all reached record highs.

The profit attributable to owners of parent fell below the original expectation, however the annual dividend of FY2019 is 100 yen per share according to the original expectation. As a result, the dividend payout ratio has become 37.3%.

Last year, we formulated Mid-Term Business Plan for the three-year from FY2019 to FY2021. In the New Mid-Term Business Plan, we have set out a long-term vision to “Aim to become a global corporate group that creates an optimal environment through unique engineering.” With an eye to achieving this vision, each employee of the Taikisha Group will pursue the achievement of the New Mid-Term Business Plan from the perspective of “technology,” “environment,” and “human resources.”

We will continuously exert every possible effort to achieve our management targets to gain the high trust and appreciation of all stakeholders. We appreciate the continued support and guidance of our shareholders and investors in the years to come.



Koji Kato

President and Representative Director

K. Kato

Surrounding Environment and Management Issues

Outlook for the market environment	<ul style="list-style-type: none"> ● Market for HVAC systems for office buildings (in Japan): <p>Expectations for the market to remain steady in the long-term, due to the continuing need to rebuild/renew buildings constructed under the old earthquake-proof standards and to redevelop, despite the moderate decline in demand for office buildings</p>
	<ul style="list-style-type: none"> ● Market for industrial HVAC systems (in Japan): <p>Expectations for continued further investments by electronic-parts manufacturers, the driving force of the manufacturing industry, in line with the advance of 5G (5th Generation Mobile Telecommunications System), as well as the use of electronics in automobiles, despite the decline in Japan's industrial production</p>
	<ul style="list-style-type: none"> ● Overseas HVAC systems market: <p>New potential investments in anticipation of a re-examination of the supply chain in the manufacturing industry due to the US-China trade friction</p>
	<ul style="list-style-type: none"> ● Paint finishing systems market: <p>Expectations of changes in the investment trends of manufacturers in the major market of passenger vehicles due to the spread of electric vehicles, the advances in self-driving technology and the use of AI in automobiles</p>
Society and Customer needs	<ul style="list-style-type: none"> ● Growth in demand for new solutions with sophistication of client needs toward energy-saving, cost-saving, environment-responsiveness, automation, the utilization of IoT/AI, etc. ● Growth of the renovation/renewal market due to the increasing sophistication and diversification of corporate demand toward offices ● Increase in demand to reduce environmental impact rising out of an awareness of the SDGs ● Increasing interest by society and investors in ESG
Globalization	<ul style="list-style-type: none"> ● Increasingly harsh business environment of clients on the global market due to the rise of manufacturers of emerging countries ● Increasingly fluid and uncertain investment targets and destinations of Japanese corporate clients ● Intensified competition with local enterprises in the emerging countries
Securing human resources	<ul style="list-style-type: none"> ● Crucial task of securing human resources to support the future, as the working population shrinks ● Necessity of improving the work-life balance of employees to aim to create an attractive company ● Emerging issues of enhancing productivity by leveraging technological innovations ● Necessity of human resource strategies to secure outstanding national staff overseas

Taikisha Philosophy Scheme

Mission Statement "Customers First"

Customers are defined as Overall Society in a broad sense.

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Corporate Philosophy

- | | | |
|---|---|--|
| 1 | Establish a company which can continuously grow and contribute to the society | <ol style="list-style-type: none"> ① We strive to grow continuously by enhancing our added values; thereby, bringing prosperity to our customers and business partners as well as to our employees. ② We strive to create rich environment and evolve the industrial society through our engineering expertise that meets the needs of the society, in order to achieve our ultimate objective to contribute to the society. |
| 2 | Establish an attractive company | <ol style="list-style-type: none"> ① We aim to be a motivation-oriented company where the employees can demonstrate creativity and vitality through their work responsibilities. ② We aim to be a company having the corporate culture in which all employees work in close cooperation to achieve the goals of the company, with the spirits of mutual trust, collaboration and rationality. ③ Through the expansion of our expertise in "Energy, Air, and Water", we aim to become a unique company in all aspects of corporate management, including engineering, marketing, and human resource development. |

Basic Policy and Direction of the Mid-Term Business Plan / Strategy

Basic Policy	Direction	Strategy
Solidify the Company's position in the global market Increase competitiveness and profitability and aim to solidify the Company's position in Japan and overseas facility construction industry.	Reinforce the business base Enhance competitiveness Improve profitability	<ul style="list-style-type: none"> • Build a well-balanced business portfolio: Respond to changes in the environment and economic fluctuations • Enhance added value: Energy-saving-, cost-saving- and environment-responsive technology and automation technology, etc. • Upgrade and utilize laboratories: Reinforce technological development capabilities and strengthen proposal capabilities through the visualization of technology • Make priority allocations of management resources into the growth markets. • Enhance productivity: Improve and propagate onsite construction methods and business processes and utilize IT, etc.
Strengthen initiatives for the future Look ahead to future changes in the market environment and promote the development of systems and structures that will turn those changes into business opportunities.	Expand business domains Environment response	<ul style="list-style-type: none"> • Deepen the existing major business domains • Expand new businesses: The plant factory business and the paint finishing system business for large vehicles other than automobiles • Reinforce capabilities to solve clients' environmental issues: Reduction of greenhouse gas emissions and environmentally hazardous substances by leveraging the technological expertise cultivated in the HVAC business
Build an attractive company and establish a solid management base Reinforce human resource strategies that will make the Company more attractive and the corporate governance structure which will raise the society's trust in the Company.	Human resource strategies Governance	<ul style="list-style-type: none"> • Secure human resources: Measures to make the Company more attractive including the enhancement of systems to enable flexible work styles, improvement of benefits and reduction of working hours • Firmly establish the Career Plan Scheme: Raise the capabilities and enhance the motivation of employees • Reinforce corporate governance: Reinforcement of the management oversight functions of the Board of Directors and capital cost-conscious management • Reinforce the internal control system both in Japan and overseas

Long-term Vision

**"Aim to become a global corporate group that creates an optimal environment
Through unique engineering"**

Technology

Aim to become an engineering group that meets the diverse needs of clients through energy-, air- and water-based technology.

Environment

Solve the clients' environmental issues with innovative solution technology and contribute to passing on the rich global environment to future generations.

Human Resources

Respect the individual's creativity and diversity, and value the corporate culture which allows employees to experience one's growth and the joy of working.

- Secure stable suppliers and business partners
- Maintain a sound financial base

- Utilize IoT/AI: Promote the development of new solutions
- Enhance the company's presence through stepped-up PR

- Reinforce the project management structure

- Expand business areas into new countries
- Promote alliance with overseas Group companies: Reinforce capabilities to respond to the needs of overseas clients

- Respond to social needs such as SDGs- and ESG-related needs through business operations: Pursue these areas as new business opportunities

- Reinforce human capital and organizational capabilities through the utilization of diverse human resources
- Secure employees in line with the situation of each overseas group company

- Improve the global risk management system: Legal risks, information security, compliance, etc.

Quantitative Management Targets

Quantitative targets for the FY 2021

Orders-received	2,650	hundred million yen
Net sales of completed construction contracts	2,600	hundred million yen
Ordinary income	160	hundred million yen
Profit attributable to owners of parent	100	hundred million yen
Return on equity (ROE)	8	% or higher
Investment Plan	200	hundred million yen

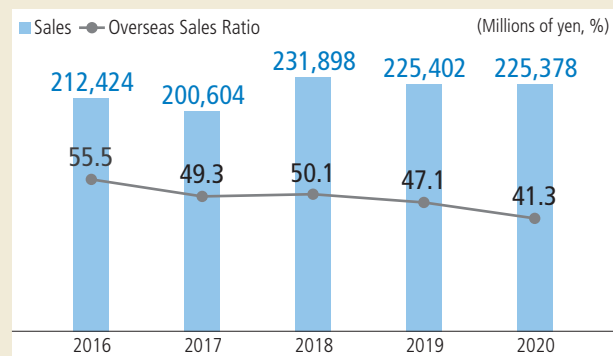
We will aim for return on equity (ROE) exceeding capital costs and strive to increase corporate value.

MANAGEMENT'S DISCUSSION AND ANALYSIS

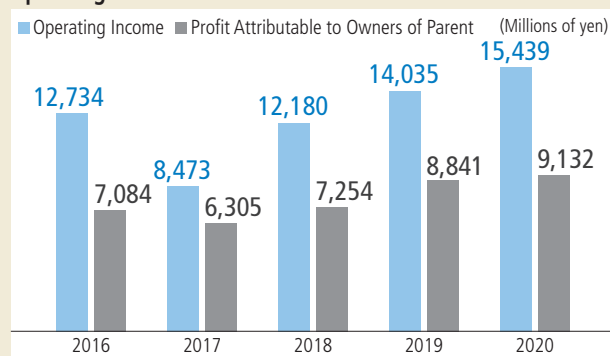
FIVE-YEAR SUMMARY : Taikisha Ltd. and its Consolidated Subsidiaries for the years ended March 31, 2016 to 2020

CONSOLIDATED	Millions of yen					Thousands of U.S. dollars
	2016	2017	2018	2019	2020	2020
Orders received:	¥221,764	¥218,323	¥219,844	¥241,889	¥226,909	\$2,084,993
Green Technology System Division						
Environmental facilities (building HVAC)	43,717	48,739	43,612	46,731	47,755	438,805
Industrial facilities (industrial HVAC)	88,988	81,690	103,898	111,856	112,767	1,036,177
Paint Finishing System Division	89,058	87,893	72,333	83,300	66,387	610,011
Sales:	¥212,424	¥200,604	¥231,898	¥225,402	¥225,378	\$2,070,919
Green Technology System Division						
Environmental facilities (building HVAC)	43,608	43,857	45,845	46,158	54,963	505,038
Industrial facilities (industrial HVAC)	91,214	80,704	94,093	103,005	102,411	941,023
Paint Finishing System Division	77,602	76,043	91,960	76,238	68,003	624,858
Profit attributable to owners of parent	7,084	6,305	7,254	8,841	9,132	83,917
Comprehensive income	1,063	8,174	14,098	6,724	5,437	49,966
Total assets	¥187,910	¥197,753	¥215,392	¥223,080	¥215,389	\$1,979,137
Total net assets	95,921	100,184	110,650	113,649	112,843	1,036,875
Equity ratio (%)	48.4	48.4	48.8	48.8	50.2	50.2
Return on equity (%)	7.6	6.8	7.2	8.3	8.4	8.4
	Yen					U.S. dollars
Profit attributable to owners of parent per share	¥204.35	¥183.16	¥212.40	¥259.53	¥268.07	\$2.46
Cash dividends per share	67.00	70.00	75.00	91.00	100.00	0.92
Net assets per share	2,633.60	2,799.30	3,087.51	3,193.18	3,176.25	29.19
NON-CONSOLIDATED						
Orders received:	¥111,793	¥112,222	¥125,703	¥134,799	¥122,844	\$1,128,776
Green Technology System Division						
Environmental facilities (building HVAC)	41,611	46,149	41,610	43,365	43,932	403,684
Industrial facilities (industrial HVAC)	46,416	46,676	63,306	69,510	63,546	583,908
Paint Finishing System Division	23,765	19,395	20,786	21,924	15,365	141,184
Sales:	¥107,269	¥105,378	¥123,584	¥125,181	¥132,630	\$1,218,697
Green Technology System Division						
Environmental facilities (building HVAC)	41,420	41,490	43,875	42,964	52,147	479,163
Industrial facilities (industrial HVAC)	39,968	44,447	56,901	61,418	63,559	584,029
Paint Finishing System Division	25,880	19,439	22,807	20,798	16,923	155,505

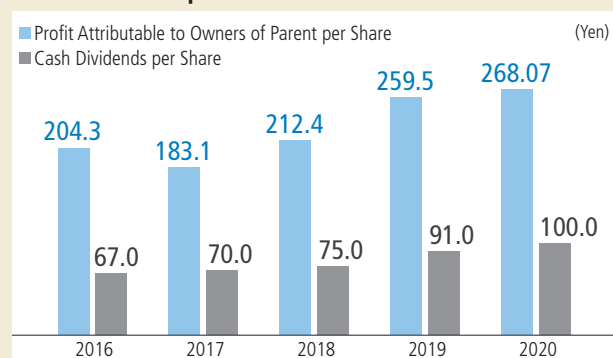
Sales & Overseas Sales Ratio



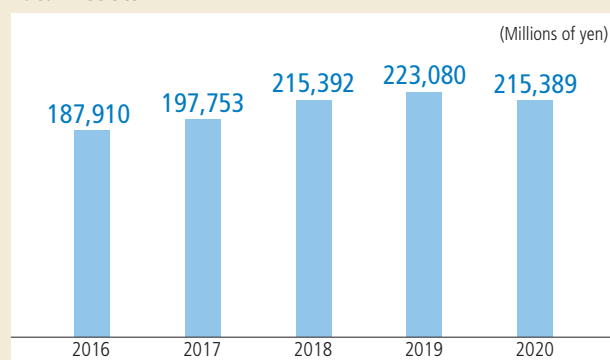
Operating Income & Profit Attributable to Owners of Parent



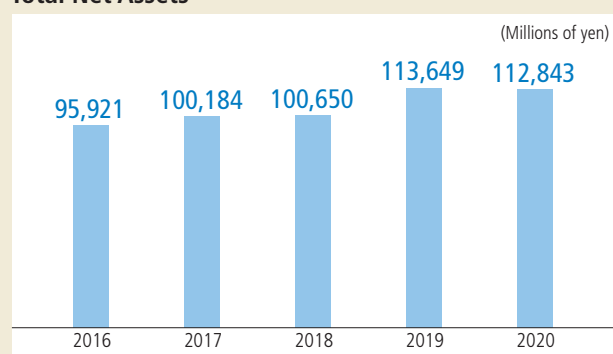
Profit Attributable to Owners of Parent per Share & Cash Dividends per Share



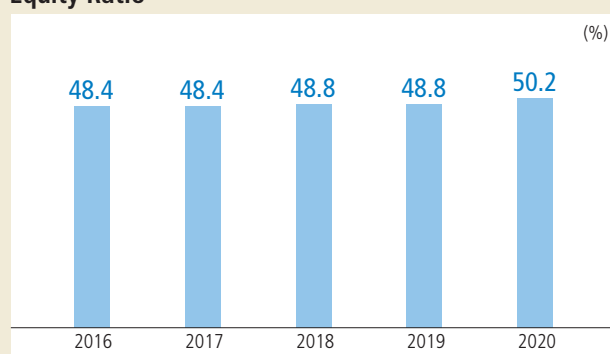
Total Assets



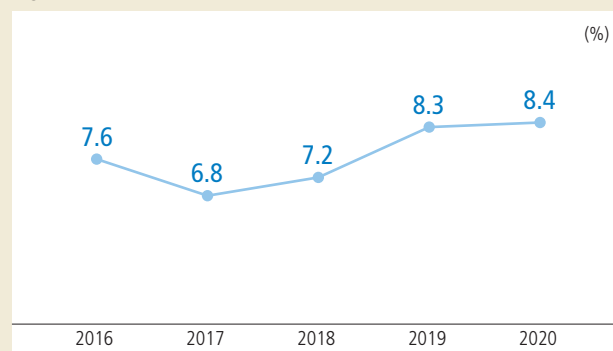
Total Net Assets



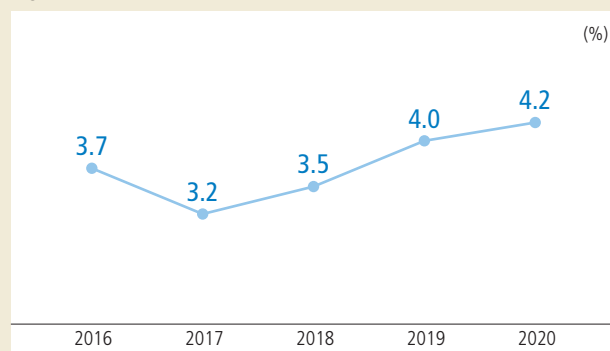
Equity Ratio



ROE



ROA



The Company was founded in 1913 under the name of joint-stock company "Kenzaisha," as an affiliated company of L Leybold Co., Ltd., a German machinery import company. At that time, major business operations were the importation and installation of heating equipment, elevators and building materials, etc.

Taikisha Ltd. celebrated its 100th anniversary on April 10, 2013.

With the Green Technology System Business (building HVAC and industrial HVAC) and the Paint Finishing System Business as core business pillars, the Taikisha Group is developing business on a global scale as an environmental engineering company with 37 affiliates in 19 countries.

We are carrying out stable management across three business sectors.

Green Technology System Business



(1) Building HVAC

We design and construct building HVAC systems for a variety of facilities including office buildings, schools, hospitals, hotels, museums and airport terminals to help people spend time comfortably.



(2) Industrial HVAC

We also design and construct industrial HVAC systems optimized for "monozukuri" including clean rooms for manufacturing facilities and research laboratories which require an extremely clean environment for manufacturing processes in fields such as semiconductors and pharmaceuticals. Furthermore, we focus on environmental conservation equipment such as pollution control systems.

Paint Finishing System Business



(3) Paint Finishing System

We design and construct large-scale paint plants for domestic and foreign automobile manufacturers in Japan, the United States, Europe, China, India and other countries.

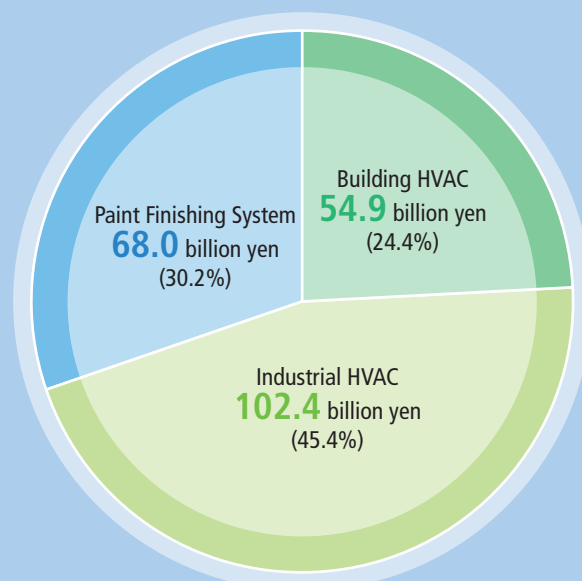
Our automobile paint plants, which balance energy saving with sophisticated pollution control functionality, have some of the largest sales globally.

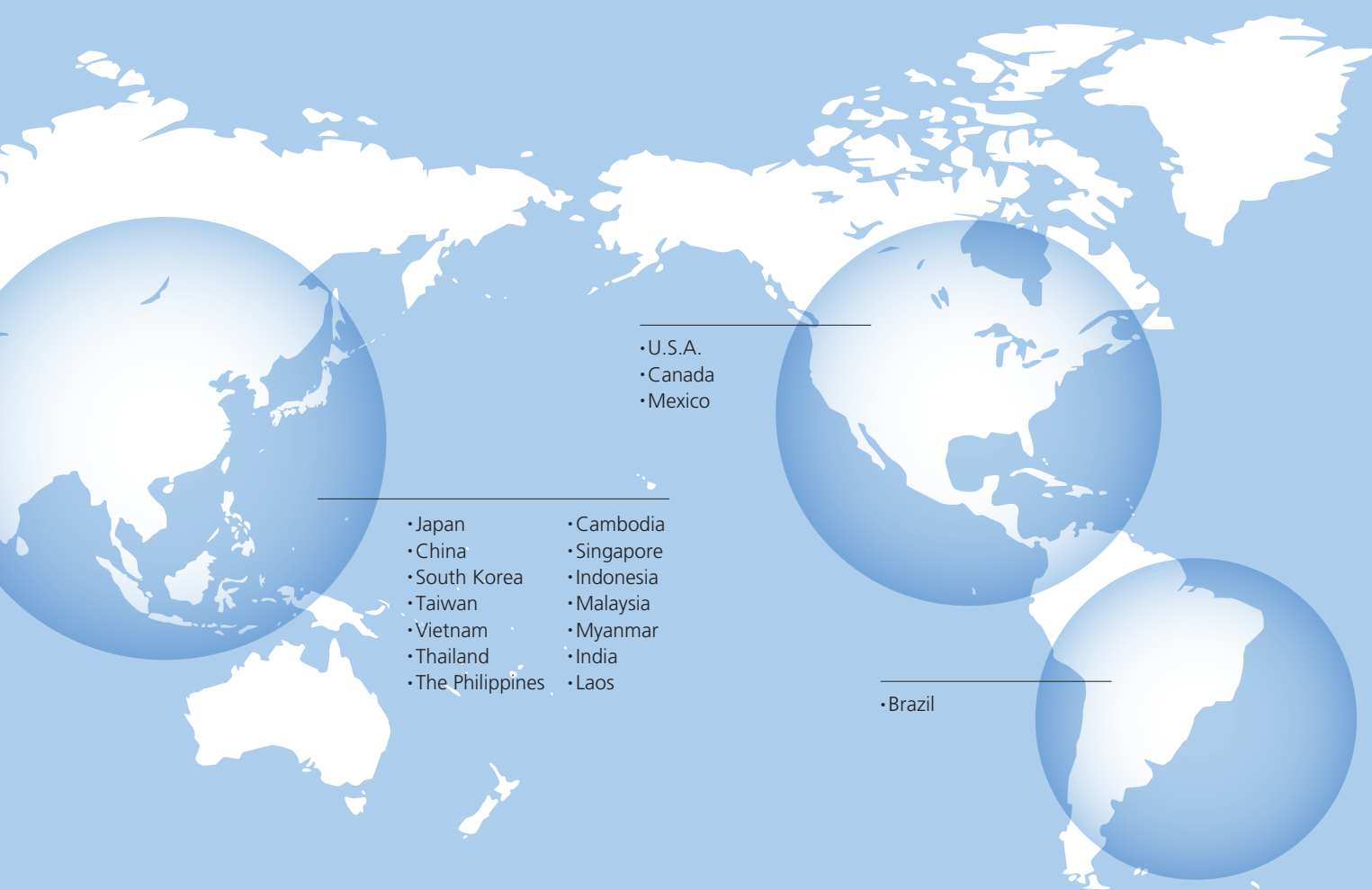
● Global Network



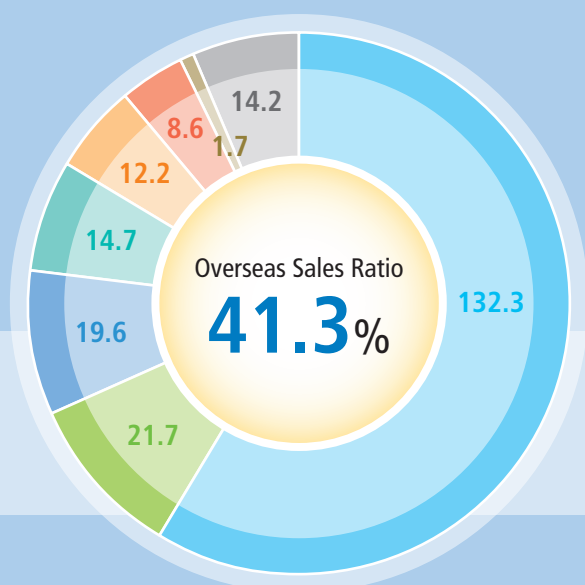
- Italy
- Russia

● Composition of Sales (Total Sales) (for the fiscal year ended March 31, 2020)





● **Composition of Sales by Region**
 (for the fiscal year ended March 31, 2020)
 (Billions of yen)



Powerful Global Network

The Company features an extremely high overseas sales ratio within the Japanese construction industry (overseas sales ratio 41.3%, as of March 31, 2020). The Company's 37 affiliates in 19 countries overseas are significantly greater in number than that of other companies in the same industry. This powerful global network contributes greatly to the reception of orders regarding overseas projects.

- | | |
|-----------------------------------|------------------------------|
| ■ Japan | ■ China |
| ■ Other Southeast Asian countries | ■ India |
| ■ Thailand | ■ Other East Asian countries |
| ■ North America | ■ Other regions |



Please describe the business environment surrounding the Company and the business results for the year ended March 31, 2020.



Regarding the business environment surrounding Taikisha group, in Japanese market, manufacturers of electronic parts were in a correction phase by the influence of the US China trade friction. However,

demands remained firm due to the construction investments of office buildings in central Tokyo and investments for equipment by pharmaceutical manufacturers.

On the other hand, regarding overseas market, although demands by manufacturers of electronic parts in Philippines and by manufacturers of automobile in North America remained strong, some automakers postponed capital investment as the world economy slowed down.

Under such circumstances, the orders-received of the whole group decreased by 14.9 billion yen to 226.9 billion yen.

Of this, the orders-received of Green Technology System Division totally increased by 1.9 billion yen to 160.5 billion yen because the figure for Building HVAC in Japan increased and the figure for overseas increased in the Philippines and Thailand and so on, although that of Industrial HVACs was a reactionary fall after the large-scale projects in FY2018.

On the other hand, the orders-received of Paint Finishing System Division totally decreased by 16.9 billion yen to 66.3 billion yen because of a reactionary fall after the large-scale projects in Europe in FY2018 although the order-received in North America increased.

Also, the sales of the Taikisha group leveled off and amounted to 225.3 billion yen.

Of this, the sales of Green Technology System Division totally increased by 8.2 billion yen to 157.3 billion yen because the completed construction of redevelopment projects in central Tokyo increased, and also the net sales of Industrial HVAC increased, despite decline of the overseas sales in some areas such as Thailand.

On the other hand, the sales of Paint Finishing System Division decreased by 8.2 billion yen to 68 billion yen because the sales in Japan increased but those in North America, Russia decreased.

The ordinary income of Taikisha group amounted to 159 billion yen with an increase of 0.9 billion yen.

Of this, the ordinary income of Green Technology System Division increased by 0.3 billion yen to 13.8 billion yen because of the increase in the net sales of completed construction contracts by capturing abundant demand in Japan.

The ordinary income of Paint Finishing System Division increased by 1.1 billion yen to 2.8 billion yen. It is because that, in FY2018, profitability deteriorated due to the project in North America in the second quarter of FY2018, and the effect disappeared at this time.

Regarding profit attributable to owners of parent, although gain on sales of investment securities was reported as extraordinary income, extraordinary income and losses recorded negative because amortization of goodwill was reported extraordinary losses. Furthermore, income taxes-deferred increased due to reversal of deferred tax assets on overseas affiliates, so the profit attribute to owners of parent increased by 0.2 billion yen to 9.1 billion yen. In addition, gross profit on completed construction contracts, operating income, ordinary income, and profit attributable to owners of the parent all reached record highs.

Achievements in FY2019

(Hundred millions of yen)

	Results of FY2018	Results of FY2019	Difference
Orders-received	2,418	2,269	-149
Net sales of completed construction contracts	2,254	2,253	-0
Ordinary income	150	159	9
(Ratio)	6.7%	7.1%	0.4%
Profit attributable to owners of parent	88	91	2
(Ratio)	3.9%	4.1%	0.1%



Please describe the business environment and business forecasts for the fiscal year ending March 31, 2021.



First of all, the orders-received of the whole group is estimated to decrease 24.9 billion yen to 202.0 billion yen.

Regarding the outlook for business environment, demands for construction of office buildings in central Tokyo is expected to remain firm for middle to long term,

for example renovation or rebuilding of buildings with old anti-seismic standards and redevelopment projects. But it is appeared movement to postpone the investment in short term due to spread of COVID-19 infection.

Also, in the field of Industrial HVAC in Japan and overseas, each manufacturer is estimated to continue in a correction phase

by the influence of decrease in demand for final products due to economic downturn due to spread of COVID-19 infection.

Regarding Paint Finishing System Division, the forecast amount of orders-received for the current fiscal year is expected to be a reactionary rise by the effect of delaying the investment timing of some projects in the previous fiscal year.

The net sales completed construction contracts of the whole group is estimated to decrease 22.3 billion yen to 203.0 billion yen.

In the field of Building HVAC, there is estimated to be a reactionary fall due to large-scale redevelopment projects completed in the previous fiscal year.

Also, regarding Industrial HVAC in Japan, there is estimated to be a reactionary fall due to the progress of construction of large-scale projects in the first period of previous fiscal year.

Overseas, both in the field of Industrial HVAC and Paint Finishing System, there is estimated to be a decrease because of the progress of construction due to spread of COVID-19 infection in the first half of current fiscal year.

The ordinary income of the whole group is estimated to decrease 3.9 billion yen to 12.0 billion yen.

Green Technology System Division is estimated to be down in income because the net sales of completed construction contracts drastically decrease compared to the previous fiscal year.

Paint Finishing System Division is estimated to be down in income because the profitability decrease by increase of the projects in region that competition environment is comparatively severe

Profit attributable to owners of parent is estimated to decrease 1.1 billion yen to 8.0 billion yen.

Earnings Forecast for FY2020 (Orders received)

(Hundred millions of yen)

	FY2019 (Results) A			FY2020 (Expectation) B			Difference B-A		
	H1	H2	Total	H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)
Orders-received	1,184	1,084	2,269	900	1,120	2,020	-284	35	-249
(Japan)	(666)	(579)	(1,245)	(407)	(628)	(1,035)	(-259)	(48)	(-210)
(Overseas)	(518)	(504)	(1,023)	(493)	(492)	(985)	(-25)	(-12)	(-38)
Green Technology	786	819	1,605	550	750	1,300	-236	-69	-305
Building HVAC	235	241	477	104	251	355	-131	9	-122
Industrial HVAC	550	577	1,127	446	499	945	-104	-78	-182
(Japan)	(360)	(271)	(632)	(249)	(309)	(558)	(-111)	(37)	(-74)
(Overseas)	(189)	(305)	(495)	(197)	(190)	(387)	(7)	(-115)	(-108)
Paint Finishing	398	265	663	350	370	720	-48	104	56
(Japan)	(69)	(66)	(136)	(54)	(68)	(122)	(-15)	(1)	(-14)
(Overseas)	(328)	(199)	(527)	(296)	(302)	(598)	(-32)	(102)	(70)

Earnings Forecast for FY2020 (Sales)

(Hundred millions of yen)

	FY2019 (Results) A			FY2020 (Expectation) B			Difference B-A		
	H1	H2	Total	H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)
Net sales of completed construction contracts	1,049	1,204	2,253	805	1,225	2,030	-244	20	-223
(Japan)	(642)	(680)	(1,323)	(480)	(572)	(1,052)	(-162)	(-108)	(-271)
(Overseas)	(407)	(523)	(930)	(325)	(653)	(978)	(-82)	(129)	(47)
Green Technology	761	812	1,573	565	735	1,300	-196	-77	-273
Building HVAC	251	298	549	166	194	360	-85	-104	-189
Industrial HVAC	510	513	1,024	399	541	940	-111	27	-84
(Japan)	(334)	(300)	(634)	(264)	(294)	(558)	(-70)	(-6)	(-76)
(Overseas)	(176)	(213)	(389)	(135)	(247)	(382)	(-41)	(33)	(-7)
Paint Finishing	288	391	680	240	490	730	-48	98	49
(Japan)	(57)	(81)	(139)	(50)	(84)	(134)	(-7)	(2)	(-5)
(Overseas)	(230)	(309)	(540)	(190)	(406)	(596)	(-40)	(96)	(55)

Earnings Forecast for FY2020 (Profit)

(Hundred millions of yen)

	FY2019 (Results) A			FY2020 (Expectation) B			Difference B-A		
	H1	H2	Total	H1(E)	H2(E)	Total(E)	H1(E)	H2(E)	Total(E)
Ordinary income	76	83	159	39	81	120	-37	-2	-39
(Ratio)	7.3%	6.9%	7.1%	4.8%	6.6%	5.9%	-2.5%	-0.3%	-1.2%
Green Technology	74	64	138	44	64	108	-30	-0	-30
(Ratio)	9.8%	7.9%	8.8%	7.8%	8.7%	8.3%	-2.0%	0.8%	-0.5%
Paint Finishing	5	22	28	-8	21	13	-13	-1	-15
(Ratio)	1.8%	5.8%	4.1%	-3.3%	4.3%	1.8%	-5.2%	-1.6%	-2.4%
Profit attributable to owners of parent	53	37	91	29	51	80	-24	13	-11
(Ratio)	5.1%	3.1%	4.1%	3.6%	4.2%	3.9%	-1.5%	1.0%	-0.1%



Please explain your initiatives to achieve the earnings forecasts for the fiscal year ending March 31, 2021.



Taikisha will steadily implement following each measure in accordance with the Basic Policy of the Mid-Term Business Plan.

Please see below for the main initiatives underway in each strategy.

Strategy	Main initiative in progress
Enhance added value – Energy-saving, cost-saving and environment-responsive technology and automation technology, etc.	Develop and commercialize the paint system that remarkably improves coating efficiency Taikisha is promoting to develop and to commercialize the paint system that remarkably improves coating efficiency related to reduce CO ₂ emissions.
Upgrade and utilize laboratories – Reinforce technological development capabilities and strengthen proposal capabilities through the visualization of technology	Reconstruct Research and Development Center as demonstration center Taikisha is considering reconstruction of Research and Development Center as inspection facility to propose customers to technologies related to Green Technology System Division.
Utilize IoT-AI – Promote the development of new solutions	Develop and commercialize predictive maintenance system in factories Taikisha is promoting business activity to expand introduction of i-Navistar. (an IoT and AI-based root cause analysis system for analyzing causes of suspended operation and quality defects on automotive paint)
Enhance productivity	Develop the automation system to draw the design and to estimate Taikisha is developing the automation system to draw the design and to estimate.
Expand new businesses – The plant factory business and the paint finishing system business for large vehicles other than automobiles	Construct Taikisha's own plant factory Taikisha is considering establishment and demonstration of mass-production and automation technology, additionally construction of the facility to propose to customers.
	Develop and commercialize automated polishing system for aircraft and railway cars Taikisha is promoting business activities and technology demonstration for order-receiving the first project.
Expand business areas into new countries	Consider establishing affiliates in new countries Taikisha is considering establishing the new affiliates in the area that is expected to invest.
Secure human resources – Measures to make the Company more attractive including the enhancement of systems to enable flexible work styles, improvement of benefits and reduction of working hours	Reconsider nursing and childcare leave Taikisha is considering extension of leave, and arrangement of taking enough leave as needed.
	Response to legal revisions regarding "Equal Pay for Equal Work" Based on the point of revised law, Taikisha reconsidered treatment difference between non-regular employees and regular employees. Taikisha will continue to deal with reconsidering treatment.
Reinforce human capital and organizational capabilities through the utilization of diverse human resources	Utilize of diverse human resources To promote women's career advancement, female employees can take flexible leave according to life event. And Taikisha provides job training guidance for employees reinstated. Also, Taikisha is considering correspondence of employment until 70, which the Japanese Government promotes.
Reinforce corporate governance – Reinforcement of the management oversight functions of the Board of Directors and capital cost-conscious management	Deepen consideration about capital cost, capital and shareholders returns policy To aim for increase corporate value, Taikisha is promoting capital cost-conscious management, consideration about capital and shareholders returns policy.
Reinforce the internal control system both in Japan and overseas	Reinforce the internal control system related IT Taikisha is considering reinforcing internal control system to maintain and supervise IT in the entire group.
Improve the global risk management system – Legal risks, information security, compliance, etc.	Reinforce the global information security measure Taikisha is considering reinforcing information security measure in overseas affiliates.



What is your policy on shareholders returns?

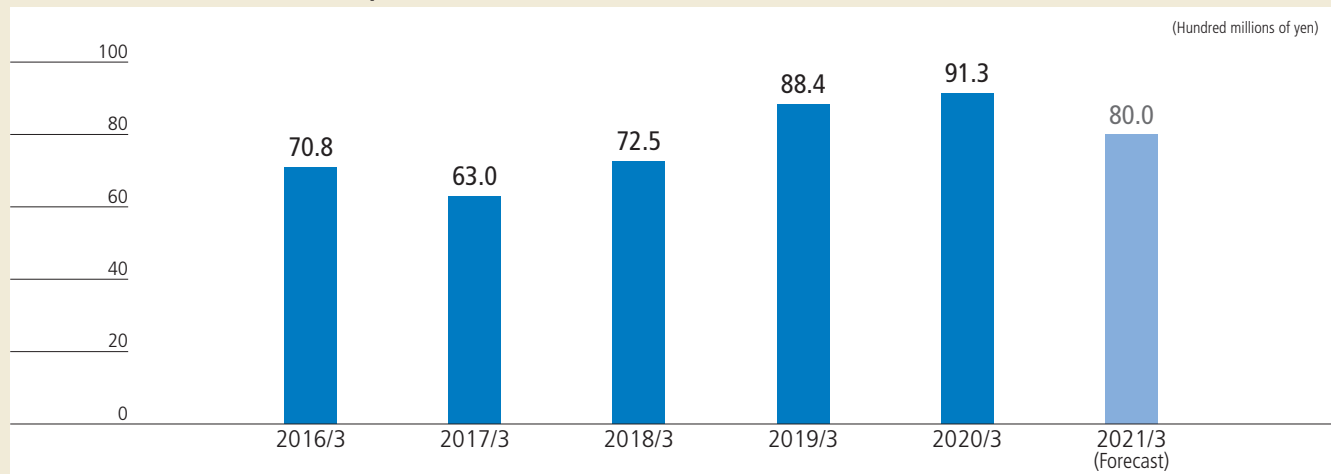


One of the most important policies is to return profits to shareholders through profit dividends, and the basic policy is to implement steady dividends by targeting a consolidated dividend payout ratio of 35%. Regarding the estimated annual dividend for the fiscal year ending March 31, 2021, it is 90 yen per share, considering comprehensively the results and this policy.

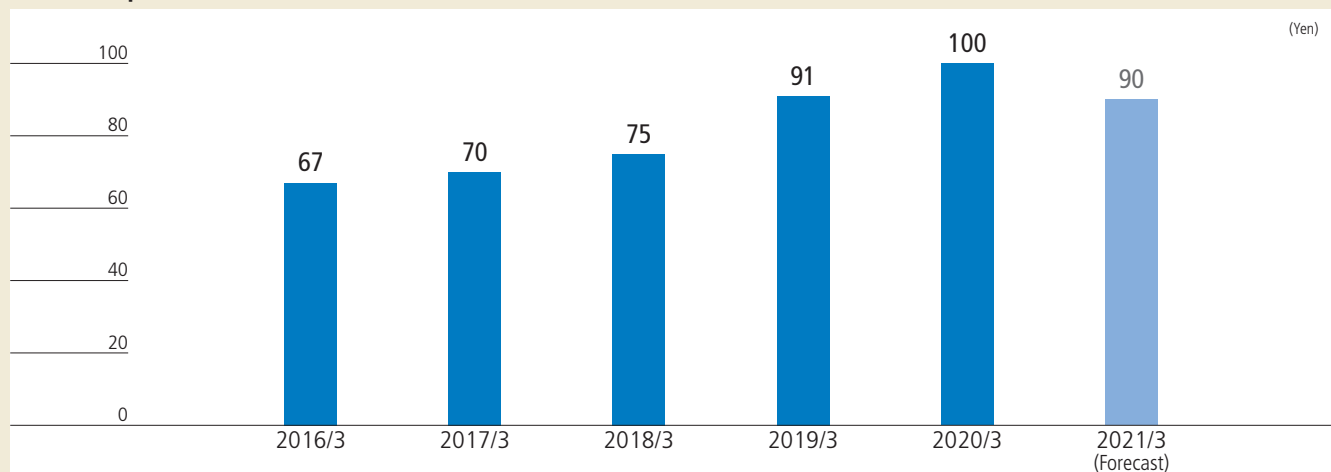
In addition, I would like to explain about the purchase and retirement of treasury shares.

Our basic policy is to purchase and retire treasury stock flexibly in order to improve capital efficiency and promptly implement financial policies.

Profit attributable to owners of parent



Dividends per Share



Green Technology System Division

Business Overview

Green Technology System Division conducts Industrial HVAC business (for clean rooms and other manufacturing facilities) and building HVAC business (for office buildings, etc.) that designs and constructs HVAC systems both in Japan and overseas.

TOPICS 1

Completion of “National Stadium” aiming at harmony with nature

In November 2019, a national stadium was opened in Tokyo.

The seats of the stadium have a structure that can be cooled by the natural breeze, but as a countermeasure against the heat of midsummer, an airflow creation fan is installed in the rear of the seats to circulate the air inside the stadium.

Taikisha undertook the construction of this airflow creation fan and the air conditioning facilities of the operation rooms.



Courtesy of Taisei Corporation

Aiming to Further Increase of Orders Received through priority Allocation of Management Resources and Active Proposal Marketing Activities to Customers

The Division designs and constructs HVAC systems for the industrial HVAC business sector (for clean rooms and other manufacturing facilities) and the building HVAC business sector (for office buildings, etc.) both in Japan and overseas.

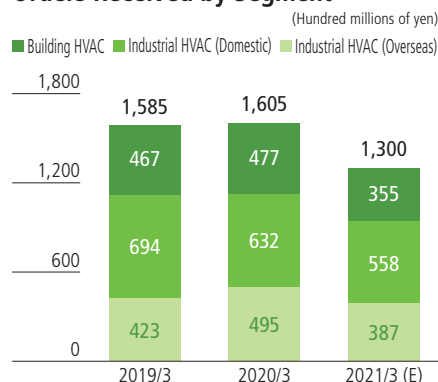
For the future, the Division will work to enhance added value by strengthening energy-saving, cost-saving and environment-responsive technology and automation technology, etc. The Division will also upgrade and utilize laboratories to reinforce technological development capabilities and strengthen proposal capabilities through the visualization of technology. Also, aiming to expand business domains, the Division will continue to promote the expansion of new businesses (such as the plant factory business), as well as aggressively expand business areas into new countries in response to changes in the investment destinations of corporate clients.



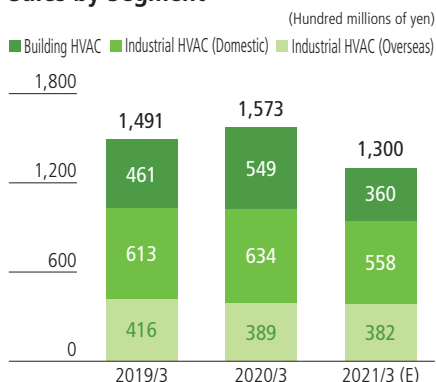
Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division

Yasushi Nakajima

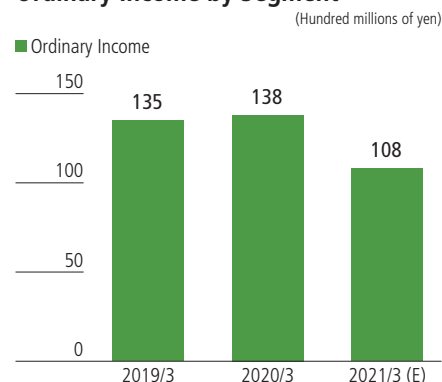
Orders Received by Segment



Sales by Segment



Ordinary Income by Segment



TOPICS 2

Establishment of a new overseas affiliate: Taikisha Lao Co., Ltd.

Taikisha established a new overseas affiliate in Lao People's Democratic Republic in December 2019.

Taikisha Lao Co., Ltd. handles design, construction, administration and maintenance of the whole construction facilities.

Taikisha group has affiliates in neighboring countries, Thailand, China, Myanmar, Cambodia, Vietnam and Singapore and so on, therefore the sufficient support system for business activity in Lao People's Democratic Republic is arranged.





Paint Finishing System Division

Business Overview

Paint Finishing System Division designs and constructs automobile paint finishing plants, whose major customers are Japanese and overseas automobile manufacturers. Taikisha has one of the largest sales in this field globally.

TOPICS 1

Received an order for a railway wagon vehicle repair & maintenance plant project from an Indian Government Public Company

In 2017, Taikisha received an order from Rail Vikas Nigam Limited, an Indian Government Public Company, for a construction project for a railway wagon vehicle repair & maintenance plant.

In the factory in eastern India, they will carry out repair and maintenance of freight wagon vehicles at a pace of 200 wagon vehicles per year.

In addition to construction of a painting booth to repaint the wagon vehicle, Taikisha also installed a solar power generation system.



Aiming to Further Increase of Orders Received through priority Allocation of Management Resources and Collaboration with Group Companies Overseas

The Division designs and constructs automobile paint finishing plants, whose major customers are Japanese and overseas automobile manufacturers. Taikisha has one of the largest sales in this field globally.

For the future, the Division will preferentially allocate management resources to markets with growth potential and create an organizational structure capable of responding more efficiently.

In addition, the Division will strengthen the collaboration with overseas Taikisha Group Companies, and upgrading and utilizing laboratories for aggressively increasing orders from automobile manufacturers and energetically expanding into peripheral business domains, such as paint finishing systems for other than automobiles, such as for aircraft, railway cars.

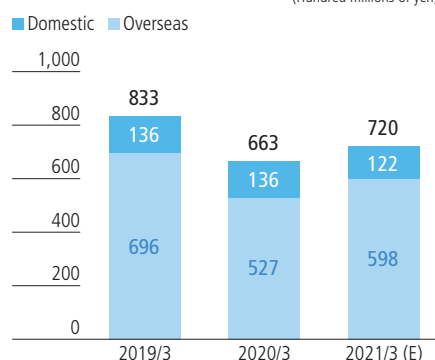


Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division

Kazuhide Hayakawa

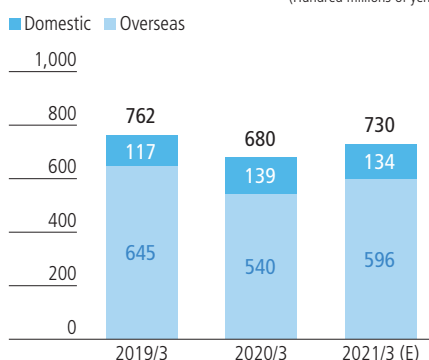
Orders Received by Segment

(Hundred millions of yen)



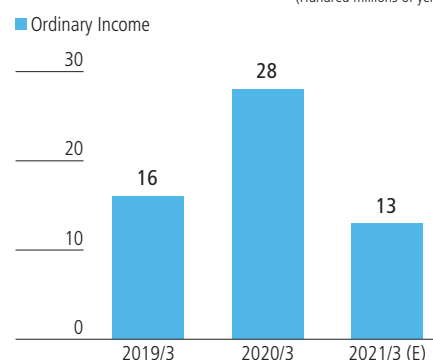
Sales by Segment

(Hundred millions of yen)



Ordinary Income by Segment

(Hundred millions of yen)



TOPICS 2

100% investment to Encore Automation LLC

Taikisha has increased the investment ratio in Encore Automation LLC to 100%. Taikisha had started to form a business and capital alliance with Encore Automation LLC (Hereinafter "Encore") from acquiring 51% of investment in June 2014.

Encore is an engineering company in robot application system field which is the same case with Taikisha's Automation System Head Office of Paint Finishing System Division, and has abundance of experience to American automobile manufacturers and aircraft manufacturers.

Through a close cooperation with Encore, Taikisha has achieved further increase in robot application system business of Paint Finishing System Division and strengthening the after sales network in North American market.

Going forward, Taikisha will further promote to expand the system business of Encore in markets through Taikisha's overseas network.



Basic Policy

Taikisha Ltd. has established a basic policy of corporate governance to gain the trust of all stakeholders and aims to become a corporate group that grows and develops in a healthy manner by thoroughly incorporating compliance awareness and realizing fair and highly transparent management, in order to achieve its Corporate Philosophy and Management Vision in accordance with the spirit of the Company's Mission Statement: "Customers First"*.

In conformity with the basic policy and based on the organizational structure of a Company with an Audit & Supervisory Board, the Company is continuously working to strengthen the Taikisha Group's governance and reform of management. It is doing this by taking measures such as reinforcing the supervisory function of the Board of Directors through the application of Outside Directors and speeding up the decision making of the Board of Directors through the adoption of the corporate officer system, aiming to further enhance and reinforce corporate governance of the Taikisha Group.

* "Customers" is defined as Overall Society in a broad sense. The spirit of "Customers First" is to win persistent trust from the Customers.

Corporate Governance System

Taikisha Ltd. has reinforced the supervisory function of the Board of Directors through the application of Outside Directors and speeds up decision making by the Board of Directors through the introduction of the Corporate Officer system towards further enhancement and reinforcement of corporate governance as a Company with Audit & Supervisory Board, and has continuously made efforts to reinforce governance and reform management of the Taikisha Group. At the moment, the Company recognizes that the corporate governance has been effectively working through all such efforts, and thereby will keep the current status.

Functions of the Board of Directors and the Audit & Supervisory Board

The Board of Directors, chaired by an Independent Outside Director, which consists of 9 Directors, including 2 Independent Outside Directors, is held once each month with additional meetings as and when required. The Board of Directors makes decisions regarding the Taikisha Group's management policy, items stipulated in laws and regulation and the Articles of Incorporation, and important management matters, as well as monitors and supervises the execution of duties by each Director and Corporate Officer.

Independent Outside Directors are appointed in order to revitalize deliberation and ensure the transparency of decision-making processes in the Board of Directors, and to reinforce the supervisory function of the Board of Directors over Directors and Corporate Officers.

The Company has 5 Audit & Supervisory Board Members, including 3 Outside Audit & Supervisory Board Members.

The Audit & Supervisory Board holds a meeting once a month in principle, in which the Members mainly deliberate the audit plan, exchange opinions on audit result reports, etc., and consider matters related to the appointment, dismissal, or non-reappointment of an accounting auditor and matters that require the resolution of the Audit & Supervisory Board, such as consent to the compensation to be paid to the accounting auditor.

Each Audit & Supervisory Board Member conducts audits in accordance with the audit standard stipulated by the Audit & Supervisory Board and the assignment given to him, and requests Directors and Corporate Officers, etc. to report the execution of duties as needed in order to keep track of important decision-making processes and the progress of the execution of duties within

the Company and group companies. The Audit & Supervisory Board Members also review important documents, including internal approval documents, attend major meetings, including meetings of the Board of Directors and the Management Meeting, and collect necessary information about the current progress of the process of considering important matters and making decisions on the same from the Internal Audit Office, the Corporate Compliance Dept., and other related departments and sections and make proposals for the improvement of operations as needed.

Functions that Support Corporate Governance

As functions to support its corporate governance, Taikisha Ltd. has set up and is managing the following systems: 1) compliance system; 2) information management system; 3) risk management system; 4) system to ensure the efficiency and transparency of management decisions; 5) group management system; 6) system regarding audit by Audit & Supervisory Board Members (system to support Audit & Supervisory Board Members, system regarding reporting to Audit & Supervisory Board Members, and system to ensure the effectiveness of audit and other systems). The Company reviews these systems continuously to make improvements where necessary.



Corporate Governance Report

<https://www.taikisha-group.com/corporate/pdf/CorporateGovernance.pdf>

Nomination Advisory Committee/ Compensation Advisory Committee

Taikisha Ltd. has established the Nomination Advisory Committee and the Compensation Advisory Committee as advisory bodies for the Board of Directors, with the aim of enhancing the independence and objectivity of functions and the accountability of the Board of Directors regarding nomination and compensation of senior management and Directors. Each Committee is chaired by an Independent Outside Director and comprises 2 Independent Outside Directors and 2 Representative Directors.

Evaluation of the Effectiveness of the Board of Directors

Evaluation method

Taikisha Ltd. conducts an analysis and evaluation of the effectiveness of the Board of Directors at least once a year, deliberates relevant issues and policies for dealing with the same based on the evaluation results at a meeting of the Board of Directors, and discloses a summary of the results thereof in order to increase the effectiveness of the Board of Directors and enhance information provision to external stakeholders.

In this fiscal year, the Company was committed to further augmenting the supervisory function of the Board of Directors, including a review of the roles and operation method of each meeting body, the improvement of matters to be reported to the Board of Directors, the expansion of discussions about the risk management system of Taikisha Group, the holding of a meeting to be attended only by the Outside Directors and the Outside Audit & Supervisory Board Members to exchange opinions, and the improvement of the functions of the Nomination Advisory Committee and the Compensation Advisory Committee. Considering these factors, in the analysis and evaluation of the effectiveness of the Board of Directors, as a whole, conducted under the direction of the Chairman of the Board of Directors in fiscal 2019, all of the Directors and the Audit & Supervisory Board Members replied to a self-evaluation questionnaire on the conventional "roles

to be played by the Board of Directors” and “matters that should be considered by the Board of Directors in order to fulfill its roles” and on the other matters for the purpose of collecting opinions about matters that should be preferentially discussed in view of the business environment surrounding the Company to further improve the effectiveness of the Board of Directors. In addition, based on the results of an objective analysis by an external advisor, the Company discussed the sharing of opinions on issues recognized by the Board of Directors, policies to address such issues, and other matters.

Results of the evaluation

As a result of the above, it was determined that the Board of Directors of Taikisha Ltd. is sufficiently effective.

The Board of Directors of the Company assumes the roles of making decisions on important management matters and effectively performing the supervisory function on the overall management of the Company in order to put Company’s Mission Statement “Customers First” into practice and contribute to achieving sustainable growth and medium- to long-term improvement of corporate value. In order for the Board of Directors to fulfill such roles, it has been provided with sufficient amounts of reference materials and time necessary for deliberations on agendas for the Board of Directors meetings, while receiving reports on the status of business execution on a regular basis.

Initiatives to address the issues raised

With regard to the matters identified as issues in the effectiveness analysis and evaluation conducted in the preceding fiscal year, Taikisha Ltd. has been improving such matters in order of precedence. In connection with long-term plans, the members of the Board of Directors held an off-site discussion envisaging the industrial structure, changes in the social environment, and future vision both 10 years and 20 years from now. The Company has commenced efforts focusing on the changes resulting from the coronavirus crisis and improved the method of reporting to the Board of Directors with the aim of

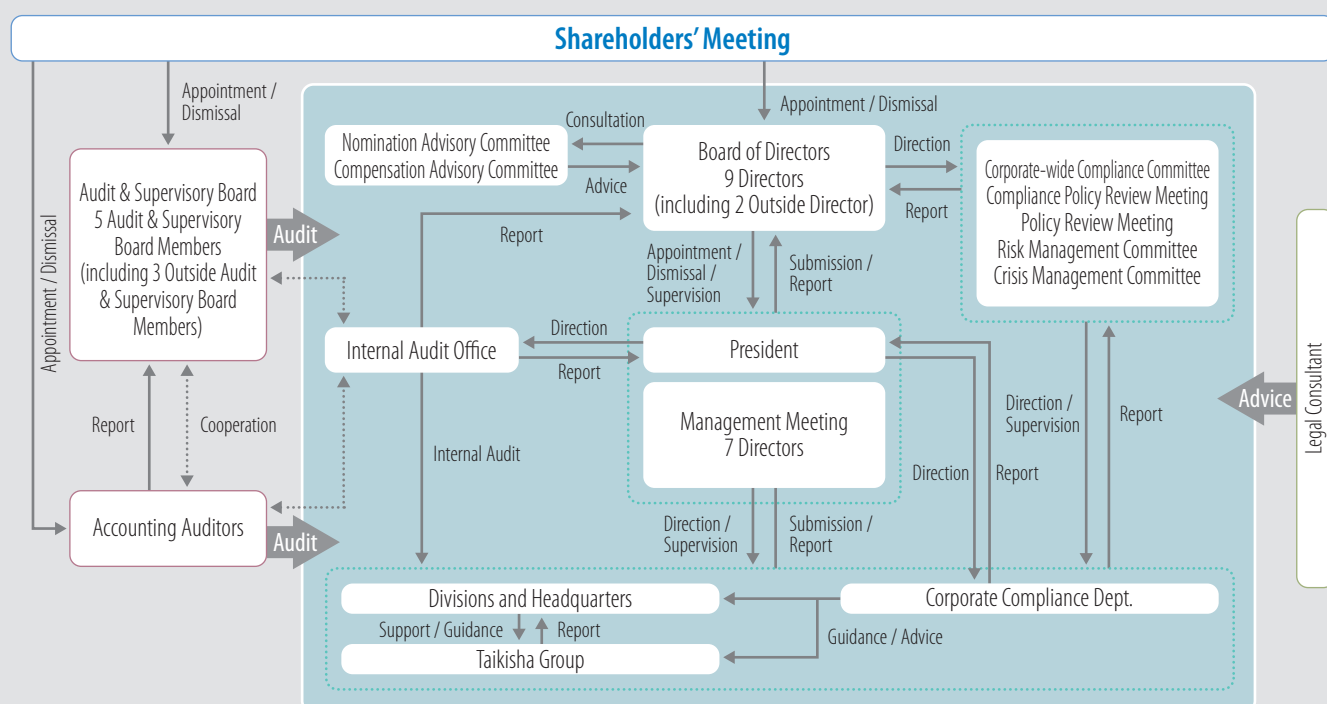
effectively supervising the progress of the Mid-Term Business Plan. Moreover, the Company has expanded the scope of the content to be reported by the executive side about the status of the construction and operation of the risk management system of Taikisha Group and analyzed and deliberated matters to a deeper level at meetings of the Risk Management Committee, the Policy Review Meeting, etc. based on the opinions of the Board of Directors. The Company deliberated the election of candidates for director and the planning of the successor to the President at a meeting of the Nomination Advisory Committee, and made efforts to improve the effectiveness and transparency of the Compensation Advisory Committee by deliberating, for example, the stock-based compensation to Directors introduced in August 2019.

In order to further strengthen the supervisory function of the Board of Directors, the Company will continue to discuss the long-term strategy and consider the effective supervision of the risk management and internal control systems of the Taikisha Group, including overseas affiliates.

What is more, in order to address the risk of novel coronavirus infection, the Board of Directors is extending management’s support to business operations based on the “basic policy that places the highest priority on securing the safety of employees and external parties involved and preventing the spread of infection,” and focusing energies on the supervision of the status thereof. The Company will also continue to analyze the issues that have come to the surface in the current coronavirus crisis, deepen deliberations for the purpose of further strengthening the crisis management system in preparation for the occurrence of situations that are difficult to predict even in normal times, and utilize the outcomes for deliberations on a “long-term strategy toward sustainable growth.”

In order to further enhance and strengthen corporate governance, the Company will address the management issues identified through this year’s effectiveness analysis and evaluation in order of priority, and continuously examine measures to improve the effectiveness of the Board of Directors.

Conceptual Diagram of Corporate Governance



Compliance System

To raise the awareness of corporate ethics and compliance among all officers and employees and to facilitate compliance management, Taikisha has established the Compliance Policy Review Meeting, the Compliance Committee, and the Corporate Compliance Department. The Company has also assigned Compliance Officers and established a Whistle-blowing Contact Window.

The Compliance Policy Review Meeting is held twice a year attended by all Directors and Audit & Supervisory Board Members to examine the annual policy and plan for compliance activities and response to compliance issues, and to validate the implementation status thereof. The Representative Director reports a summary of the results of examination and validation at the Compliance Policy Review Meeting to the Board of Directors.

The Compliance Committee headed by the Representative Director meets every months (two of the meetings are held as the Compliance Policy Review Meeting). The Compliance Committee meets to examine and respond to compliance issues regarding overall business operation of the Company, and to validate the status of compliance with laws and regulations. When a significant compliance event has occurred or is possibly to occur, the Corporate Compliance Committee shall be

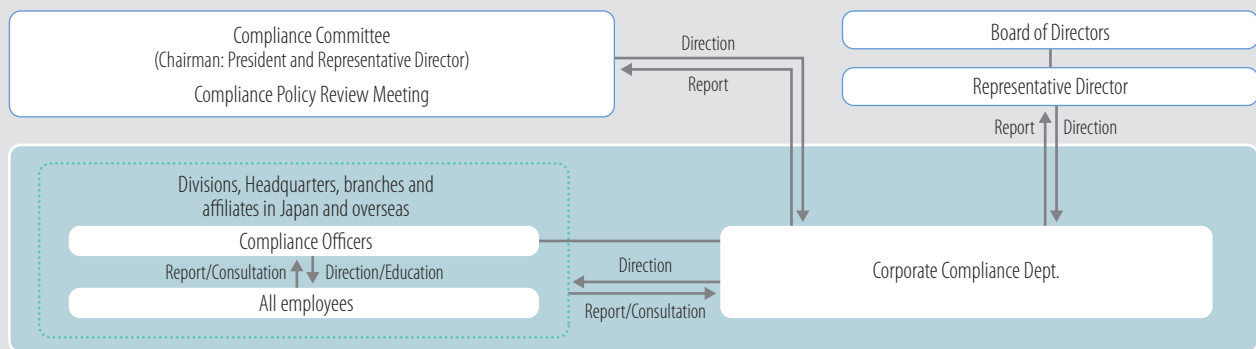
convened promptly in order to deal with such an event.

The Corporate Compliance Department, an independent department under the direct control of the Representative Director, prepares and distributes compliance manuals, disseminates information via the corporate intranet, makes the Whistle-blowing System well known, implements compliance education, monitors status of compliance with laws and regulations, and provides guidance on improvement on an ongoing basis, based on the annual policy and plan for compliance activities approved by the Compliance Policy Review Meeting. The Department, in addition, reports on the status of its activities to the Compliance Committee.

Compliance Officers, who engage in compliance activities in collaboration with the Corporate Compliance Department, are assigned to each division/headquarters in the Head Office and each branch/affiliate in Japan and overseas. Compliance Officers at overseas affiliates share information regarding applicable local laws and regulations with the Corporate Compliance Department, disseminate information regarding compliance and carry out education/enlightenment activities.

The Company works to enhance tax compliance and properly pays taxes in accordance with applicable tax-related laws and regulations of each country and region and international rules.

Diagram of Compliance System



Technologies for realizing sustainable society

The Minister of Climate Change and Environment of UAE visited “Vege-factory”

Taikisha’s hydroponics plant factory solely using artificial lighting “Vege-factory” has provided the world’s first stable mass production of headed lettuce, and services that consistently support from production to sales channels.

Currently, the Company has two demonstration development facilities in Japan and overseas, and is striving to meet customer needs and raise awareness.

In particular, the Taikisha Plant Factory Demonstration and Development Center in Itabashi, Tokyo, Japan provides the introduction of mass production at Taikisha brand, the quality improvement by changing the cultivation environment, and the demonstration experiment of mass production technology or

new product development etc. And since the facility was opened, inquiries from various fields are increasing.

In July 2019, the Minister of Climate Change and Environment of UAE (United Arab Emirates) visited the facility for the desire to visit Japan’s advanced agriculture.

The group seemed to be very interested when The Company introduced them to “Vege-factory,” which is able to grow crops stably without being affected by climate change, which is of global concern.

The Company will continue to contribute to the realization of a sustainable society as an engineering company related to “Energy, Air, and Water.”

RESULTS OF OPERATIONS (OVERVIEW)

The results for the fiscal year ended March 31, 2020

Earnings Overview

The global economy deteriorated significantly for the fiscal year, affected by a drop in both domestic and foreign demands since the beginning of the year due to the impact of spread of coronavirus disease (COVID-19) in addition to trade friction between the United States and China. In the United States, domestic demand, mainly consumer spending was firm, but the economy decelerated due to sluggish foreign demand and other factors. In Europe, the slowdown in the economy continued due to a drop in foreign demand and the turmoil surrounding Brexit. Also in China, economic recovery continued to be weak as a whole, as corporate capital investments and consumer spending declined due to the impact of U.S.-China trade friction. The Japanese economy as a whole remained flat, as consumer spending gradually recovered due to improvements in employment and income conditions, but was offset by weak exports against the backdrop of sluggish recovery in the global economy.

As for the market environment of the Taikisha Group, while the domestic market showed a standstill mainly among electronic parts manufacturers under the influence of the U.S.-China trade friction, demand remained firm due to investment in the construction of office buildings in the Tokyo metropolitan area and capital investment for example by pharmaceutical manufacturers. Meanwhile, in overseas markets, despite a growing sense of economic slowdown, demand from electronic parts manufacturers in the Philippines and automobile manufacturers in North America remained robust.

In order to achieve medium- to long-term growth, the Group has been promoting initiatives for each of the strategies set forth in the Mid-Term Business Plan rolled out in the fiscal year.

Firstly, we have been promoting alliances with overseas group companies and increased our stake in Encore Automation LLC to 100% in order to accelerate research and development in our paint finishing business for non-automotive vehicles such as aircraft and rolling stock as part of our effort to expand the business domain based on our core business. In the future, we will continue to expand our business globally by working with Encore to further enhance our technology, including an automated system for paint finishing of aircraft.

Secondly, with the aim of further strengthening business development overseas, we worked to establish a new base in regions where we expect future investment, and established a new consolidated subsidiary in Laos.

As for the domestic business, in order to enhance our capability to respond to abundant construction demand and promote work style reforms, we undertook initiatives to improve productivity such as developing a system to automate construction drawings and integration operations, as well as securing human resources by establishing a telecommuting system.

Given such circumstances, orders received decreased 6.2% year-on-year to ¥226,909 million, due to decreased orders both in Japan and overseas. This includes orders received overseas, which decreased 8.7% year-on-year to ¥102,312 million.

Consolidated net sales of completed construction contracts decreased 0.0% year-on-year to ¥225,378 million, with a decrease in overseas contracts more than offsetting the increase in Japan. This includes consolidated net sales of completed construction contracts overseas, which decreased 12.3% year-on-year to ¥93,029 million.

In regard to profits, gross profit on completed construction contracts increased ¥1,440 million year-on-year to ¥37,694 million, operating income increased ¥1,404 million year-on-year to ¥15,439 million, ordinary income increased ¥906 million year-on-year to ¥15,991 million, and profit attributable to owners of parent increased ¥290 million year-on-year to ¥9,132 million.

Earnings by reportable segment (including intersegment transactions) are as follows.

Green Technology System

Consolidated orders received increased as a whole compared to the previous year mainly due to an increase in the building HVAC sector in Japan, though the industrial HVAC sector experienced a reactionary drop from a large-scale construction contract that was received in the previous year, as well as an increase overseas in countries such as the Philippines and Thailand. The net sales of completed construction contracts increased as a whole compared to the previous year mainly due to a significant increase in the building HVAC sector in Japan as well as an increase the industrial HVAC sector, though sales overseas decreased in countries such as Thailand.

As a result, consolidated orders received increased 1.2% year-on-year to ¥160,522 million. The breakdown is orders received for building HVAC of ¥47,755 million which increased 2.2% year-on-year and orders received for industrial HVAC of ¥112,767 million which increased 0.8% year-on-year. Consolidated net sales of completed construction contracts increased 5.5% year-on-year to ¥157,378 million. The breakdown is sales for building HVAC of ¥54,963 million which increased 19.1% year-on-year and sales for industrial HVAC of ¥102,414 million which decreased 0.6% year-on-year. Segment profit (ordinary income) increased ¥325 million year-on-year to ¥13,893 million.

Paint Finishing System

Consolidated orders received decreased compared to the previous year mainly due to a reactionary drop from a large-scale construction contract in Europe that was received in the previous year, though orders received in North America increased. The net sales of completed construction contracts decreased compared to the previous year mainly

due to a decrease overseas in countries such as North America and Russia, though sales in Japan increased.

As a result, consolidated orders received decreased 20.3% year-on-year to ¥66,387 million and consolidated net sales of completed construction contracts decreased 10.8% year-on-year to ¥68,006 million. Segment profit (ordinary income) increased ¥1,137 million year-on-year to ¥2,814 million, because of a rebound from the influence of projects in North America with deteriorated profitability in the second quarter suffered in the previous year.

Financial Condition

Assets

As of March 31, 2020, current assets decreased 0.0% year-on-year to ¥168,958 million. This is mainly due to decrease in notes receivable, accounts receivable from completed construction contracts and other of ¥7,979 million despite increase in cash and deposits of ¥5,519 million and securities of ¥2,500 million.

Non-current assets decreased 14.2% year-on-year to ¥46,430 million. This is mainly decrease in investment securities of ¥4,990 million, net defined benefit asset of ¥730 million, deferred tax assets of ¥1,192 million and goodwill of ¥576 million.

As a result, total assets decreased 3.4% year-on-year to ¥215,389 million.

Assets by reportable segment are as follows.

Green Technology System

As of March 31, 2020, current assets decreased 4.5% year-on-year to ¥72,667 million. This is mainly due to decrease in accounts receivable from completed construction contracts and other of ¥6,079 million despite increase in cash and deposits of ¥2,461 million.

Non-current assets decreased 12.7% year-on-year to ¥21,785 million. This is mainly due to decrease in investment securities of ¥3,523 million.

As a result, total assets decreased 6.5% year-on-year to ¥94,453 million.

Paint Finishing System

As of March 31, 2020, current assets decreased 12.9% year-on-year to ¥50,650 million. This is mainly due to decrease in cash and deposits of ¥5,415 million and notes receivable, accounts receivable from completed construction contracts and other of ¥1,032 million.

Non-current assets decreased 21.8% year-on-year to ¥13,944 million. This is mainly due to decrease in investment securities of ¥1,520 million, deferred tax assets of ¥1,257 million and goodwill of ¥576 million.

As a result, total assets decreased 15.0% year-on-year to ¥64,595 million.

Liabilities

As of March 31, 2020, current liabilities decreased 4.9% year-on-year to ¥93,924 million. This is mainly due to decrease in short-term loans payable of ¥4,431 million and income taxes payable of ¥1,229 million despite increase in notes payable, accounts payable for construction contracts and other of ¥1,788 million.

Non-current liabilities decreased 19.0% year-on-year to ¥8,622 million. This is mainly due to decrease in deferred tax liabilities of ¥1,379 million and long-term loans payable of ¥1,124 million.

As a result, total liabilities decreased 6.3% year-on-year to ¥102,546 million.

Net assets

As of March 31, 2020, total net assets decreased 0.7% year-on-year to ¥112,843 million. This is mainly due to decrease in valuation difference on available-for-sale securities of ¥3,465 million, capital surplus of ¥2,186 million and accumulated remeasurements of defined benefit plans of ¥874 million despite increase in retained earnings of ¥5,858 million.

Cash flows

Cash and cash equivalents (collectively, "Cash") as of March 31, 2019 and 2020 were ¥49,861 million and ¥58,846 million respectively. Compared to the previous year, it increased ¥8,985 million.

Cash flows from operating activities

Cash provided by operating activities for the years ended March 31, 2019 and 2020 totaled ¥9,159 million and ¥21,386 million respectively. Cash increased mainly due to the recording of profit before income taxes and a decrease in notes and accounts receivable-trade which more than offset outflows such as income tax paid.

Cash flows from investing activities

Cash used in investing activities for the year ended March 31, 2019 and 2020 totaled ¥2,830 million and ¥877 million respectively. Cash decreased mainly because purchase of property, plant and equipment and intangible assets outweighed proceeds from sales of property, plant and equipment and intangible assets, although proceeds from withdrawal of time deposits exceeded payments into time deposits.

Cash flows from financing activities

Cash provided by financing activities for the year ended March 31, 2019 totaled ¥2,396 million and Cash used in financing activities for the year ended March 31, 2020 totaled ¥11,475 million. Cash decreased mainly because net decrease in short-term loans payable, cash dividends paid and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.

Business and Other Risks

Major risk factors that may significantly affect the financial condition, business performance and cash flows of the Taikisha Group, as recognized by senior management, are noted below.

Forward-looking statements in this section are based on judgments made by the Taikisha Group as of March 31, 2020.

Risk of Changes in Private Capital Investment

Changes in the environment for orders received may significantly affect sales and profit in the Taikisha Group's businesses. In the Green Technology System Division, this may be caused by delays in redevelopment projects in Japan, decreases in capital investment in the manufacturing industry, a delayed recovery in investment after the Olympics, or a reduction in investment by Japanese companies overseas. In the Paint Finishing System Division, this may be caused by decreases in capital investment due to continued shrinkage of domestic manufacturing by Japanese automobile manufacturers or a downturn in automobile sales around the world, or changes to investment fields due to the spread of CASE (Connected, Autonomous/Automated, Shared, Electric). The Taikisha Group's business performance and other results may be affected by a decrease in the amount of orders received due to these factors.

In response, Green Technology System Division will work to further strengthen cost-competitiveness in Japan, by expanding its customer base and promoting cost reduction initiatives, while overseas it will work to strengthen its sales structure targeting local as well as European and US companies, and promote initiatives to increase orders from Japanese manufacturers in collaboration with sales team in Japan. Paint Finishing System Division will leverage automation technology to expand from the 4-wheel and 2-wheel vehicle markets into the aircraft and railway markets, aiming to expand its automation business.

Risk Associated with Large-Scale Disasters

The Taikisha Group's business performance and other results may be affected by losses sustained due to natural disasters, such as earthquakes, tsunamis, wind or water damage, or a global spread of infections and other diseases in regions where the Taikisha Group does business. Furthermore, in the case of large-scale, widespread natural disasters, the Taikisha Group's business performance and other results may be affected not only by the direct damage to property and people, but also by the long-term impact on customers' business activities and the larger economic climate.

In order to prepare for the possible occurrence of unforeseen disasters, accidents or events in Japan or overseas, the Taikisha Group has established a basic policy for crisis management and constructed a crisis management system. Should a crisis occur, it will be classified

into one of three levels depending on its impact on personal safety and business continuity. Crisis countermeasures will be implemented based on these levels.

Risk Associated with the Spread of COVID-19

There is an increasing risk that the Taikisha Group's business performance and other results may be affected by the impact of damages to employees, as well as delays in the procurement of construction materials and stoppages to construction works due to the spread of the novel coronavirus disease (COVID-19) that first became apparent in early 2020. It is extremely difficult to calculate a rational estimate of the monetary amount of this effect as of March 31, 2020.

Crisis countermeasures of the highest level have been implemented in response to COVID-19, and a crisis task force has been established, headed by the President and composed of Chief General Managers and Chief Executives, to respond to the crisis for the entire Taikisha Group.

Risk Associated with Overseas Business and the Management and Control of Overseas Subsidiaries and Associates

Unforeseen changes in laws and regulations, political instability and other factors in the overseas regions where the Taikisha Group operates could affect its business results. The Taikisha Group may sustain losses due to fluctuations in exchange rates pertaining to the payments and collections for foreign currency construction contracts. In addition, exchange rates could affect the Taikisha Group's business performance and other results because the financial statements of overseas subsidiaries and associates are translated into Japanese yen in preparing the consolidated financial statements. Furthermore, the Taikisha Group's business performance and other results may be affected by a deterioration in the results of overseas subsidiaries and associates, such as the failure to achieve business plan targets, due to the occurrence of problems that could not be predicted, or for which risk countermeasures could not be implemented.

In response, the Taikisha Group collects information on political, economic and statutory changes in the overseas regions in which it operates, and strives to control country risks and overseas legal and regulatory risks. The Taikisha Group implements forward exchange contracts and other instruments to hedge currency risks arising from payments and collections for foreign currency construction contracts, in order to avoid risk as much as possible. It will also enhance the governance structure of its overseas subsidiaries and associates.

Risk Associated with Technological Development

Should the Taikisha Group experience delays in the development of systems to meet increasing customer needs, such as energy saving, enhanced environmental measures and automation, its technological competitiveness will be reduced. Then, its business performance and

other results may be affected by the resulting loss of opportunities to receive orders, as well as deterioration in customer trust and corporate reputation.

In response, the Taikisha Group endeavors to solve social issues through the development and demonstration of technologies aimed at reducing environmental impact, as well as automation technologies. To this end, the Taikisha Group will engage in themes that anticipate social needs, by leveraging information and communication technologies and strengthening initiatives across the Group.

Risk Associated with Human Resources

Construction and equipment installation work, the Taikisha Group's business field, is heavily reliant on human resources. In Japan, the Taikisha Group's business results may be affected by inability to build the operational structures required to achieve medium- to long-term plans, with the shortage in skilled and experienced engineers due to the aging population and delays in personnel development. Overseas, long-term business development may also be affected if the core human resources necessary to guide the localization of the Taikisha Group's businesses cannot be secured, due to factors such as delays in the development of local staff and employee turnover.

In response, the Taikisha Group will work to enhance employees' technical skills and develop human resources, by improving their basic technical capabilities through training, as well as on-site practical instruction. At the same time, it will endeavor to secure human resources, leveraging information technology to increase productivity, promote work style reforms, and create attractive workplaces.

Overseas, the Taikisha Group will strive to secure and develop core human resources, and promote localization, through the introduction of a global personnel system.

Legal and Regulatory Compliance Risk

The Taikisha Group's business fields are subject to a range of legal restrictions, including the Construction Business Act, the Antimonopoly Act, and the Labor Standards Act. The Taikisha Group's business performance and other results may be affected by restrictions placed upon its business activities, if any of these laws and regulations are violated by the actions of its officers or employees.

In response, the Taikisha Group will endeavor to create a corporate culture and mechanisms to prevent rule violations. It will engage in continuing implementation and follow-up of its compliance education program, in order to maintain and increase employee awareness of legal and regulatory compliance.

Risk of Serious Accidents and Quality Defects

In the event of serious accidents during construction, or serious defects such as quality deficiencies, the Taikisha Group's social credit would

be damaged, and its business results may be affected. The Taikisha Group makes warranty contracts with customers guaranteeing construction against defects for fixed period of time after completion of construction. The Taikisha Group allocates a provision for warranties for completed construction to cover repair costs based on previous warranty experience. However, these costs still could potentially exceed the balance of the provision, affecting the Taikisha Group's business performance and other results.

In response, the Taikisha Group is working to strengthen its safety management systems, and fully implements measures to manage health and safety at construction sites. In addition, the Taikisha Group endeavors to mitigate risk by covering its operations using various forms of damage insurance and other measures to protect against losses from accidents and quality defects.

Risk of Changes in Material Prices and Unit Labor Costs

Sharp rises in material prices and unit labor costs could affect the Taikisha Group's business performance and other results if the Taikisha Group is unable to reflect them to contract prices.

In response, the Taikisha Group endeavors to control the risk of changes in material prices and unit labor costs through measures such as identifying reasonable costs for each region when it receives orders, and hedging the risk of price fluctuations in contracts.

Risk Associated with the Leakage of Confidential Information

Cyber-attacks are becoming increasingly sophisticated, diverse, and devious each year. If confidential information, such as personal information or customer information, is leaked through these cyber-attacks, the intentional, dishonest actions of an employee, or other means, the Taikisha Group's business performance and other results may be affected by the results of this leak, such as loss of credit and liability for compensation payments.

In response, the Taikisha Group is working to prevent the leakage of confidential information by strengthening IT security, enhancing internal rules, and conducting thorough employee education.

Subsidiaries and associates

Taikisha Group consists of Taikisha Ltd., 39 subsidiaries, and 4 associates. Taikisha Ltd. and 3 subsidiaries are domiciled in Japan, and 36 subsidiaries and 4 associates are domiciled overseas.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries

As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Assets			
Current assets:			
Cash and deposits (Notes 3, 7 and 9)	¥52,107	¥57,626	\$529,509
Notes receivable, accounts receivable from completed construction contracts and other (Notes 3 and 9)	104,705	96,726	888,784
Securities (Notes 7, 9 and 10)	1,000	3,500	32,160
Costs on uncompleted construction contracts (Note 3)	2,807	3,097	28,462
Raw materials and supplies	396	358	3,291
Other	8,379	7,979	73,321
Allowance for doubtful accounts (Note 9)	(428)	(329)	(3,026)
Total current assets	168,968	168,958	1,552,501
Non-current assets:			
Property, plant and equipment			
Buildings and structures	8,179	8,632	79,321
Machinery, vehicles, tools, furniture and fixtures (Notes 3 and 8)	11,077	11,002	101,099
Land	2,058	2,038	18,733
Other	551	703	6,467
Accumulated depreciation	(11,534)	(11,884)	(109,199)
Total property, plant and equipment	10,333	10,493	96,421
Intangible assets			
Goodwill (Note 18)	1,332	755	6,946
Other	3,318	2,824	25,950
Total intangible assets	4,650	3,580	32,896
Investments and other assets			
Investment securities (Notes 3, 9 and 10)	29,378	24,388	224,098
Deferred tax assets (Note 13)	1,847	655	6,021
Net defined benefit asset (Note 12)	5,912	5,181	47,607
Other	2,043	2,187	20,101
Allowance for doubtful accounts	(53)	(55)	(508)
Total investments and other assets	39,128	32,357	297,319
Total non-current assets	54,111	46,430	426,636
Total assets	¥223,080	¥215,389	\$1,979,137

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Liabilities and Net assets			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Notes 3 and 9)	¥55,835	¥57,623	\$529,484
Short-term loans payable (Notes 9 and 21)	10,892	6,460	59,364
Income taxes payable (Note 9)	2,711	1,481	13,617
Advances received on uncompleted construction contracts	14,778	14,342	131,792
Provision for warranties for completed construction	787	836	7,689
Provision for loss on construction contracts (Note 3)	407	289	2,658
Provision for directors' bonuses	154	116	1,074
Other (Note 21)	13,225	12,772	117,358
Total current liabilities	98,791	93,924	863,036
Non-current liabilities:			
Long-term loans payable (Notes 9 and 21)	3,076	1,952	27,717
Deferred tax liabilities (Note 13)	5,876	4,497	52,939
Provision for directors' retirement benefits	62	51	
Provision for share-based remuneration for directors	—	109	567
Net defined benefit liability (Note 12)	1,370	1,706	12,350
Other (Note 21)	250	305	2,260
Total non-current liabilities	10,638	8,622	95,833
Total liabilities	¥109,430	¥102,546	\$985,770
Net assets:			
Shareholders' equity			
Capital stock			
Authorized: 100,000,000 shares			
Issued: 35,082,009 shares as of March 31, 2019			
35,082,009 shares as of March 31, 2020	¥6,455	¥6,455	\$59,314
Capital surplus	7,244	5,058	46,481
Retained earnings	84,984	90,842	834,723
Treasury shares, at cost — 1,013,293 shares as of March 31, 2019	—	—	—
1,013,573 shares as of March 31, 2020	(2,476)	(2,593)	(23,835)
Total shareholders' equity	96,208	99,762	916,683
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	11,842	8,376	76,972
Deferred gains or losses on hedges (Note 11)	(0)	(0)	(1)
Foreign currency translation adjustment	164	372	3,423
Accumulated remeasurements of defined benefit plans	572	(302)	(2,775)
Total accumulated other comprehensive income	12,578	8,447	77,619
Non-controlling interests	4,862	4,633	42,573
Total net assets	113,649	112,843	1,036,875
Total liabilities and net assets	¥223,080	¥215,389	\$1,979,137

Per share data :	Yen		U.S. dollars
Net assets	¥3,193.18	¥3,176.25	\$29.19

Basis of calculation	Millions of yen		Thousands of U.S. dollars
Total net assets	¥113,649	¥112,843	\$1,036,875
Amounts to be deducted from net assets (Non-controlling interests)	(4,862)	(4,633)	(42,573)
Net assets applicable to common shares	108,787	108,209	994,302
Number of common shares as of the year-end (thousands of shares)	34,068	34,068	34,068

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Taikisha Ltd. and its Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Consolidated Statements of Income			
Net sales of completed construction contracts	¥225,402	¥225,378	\$2,070,919
Cost of sales of completed construction contracts (Note 4)	189,148	187,683	1,724,558
Gross profit on completed construction contracts	36,254	37,694	346,361
Selling, general and administrative expenses:			
Directors' compensations	895	894	8,222
Employees' salaries and allowances	8,827	8,911	81,886
Provision for directors' bonuses	154	116	1,074
Retirement benefit expenses (Note 12)	533	534	4,910
Provision for directors' retirement benefits	13	15	139
Provision for share-based remuneration for directors	—	109	1,006
Correspondence and transportation expenses	1,252	1,227	11,277
Provision of allowance for doubtful accounts	239	(62)	(574)
Rents	1,504	1,539	14,142
Depreciation	1,825	1,947	17,891
Amortization of goodwill	220	92	851
Other	6,752	6,928	63,665
Total selling, general and administrative expenses (Note 4)	22,218	22,254	204,489
Operating income	14,035	15,439	141,872
Non-operating income:			
Interest income	334	358	3,295
Dividend income	606	635	5,838
Dividend income of insurance	189	124	1,148
Real estate rent	103	109	1,009
Foreign exchange gains	75	—	—
Reversal of allowance for doubtful accounts	1	—	—
Other	245	221	2,035
Total non-operating income	1,556	1,450	13,325
Non-operating expenses:			
Interest expenses	275	174	1,604
Sales discounts	85	160	1,472
Rent expenses on real estates	33	23	216
Foreign exchange losses	—	385	3,542
Provision of allowance for doubtful accounts	—	4	45
Share of loss of entities accounted for using equity method	36	74	687
Other	74	75	693
Total non-operating expenses	506	898	8,259
Ordinary income	15,085	15,991	146,938
Extraordinary income:			
Gain on disposal of non-current assets (Note 4)	12	58	538
Gain on sales of investment securities (Note 10)	855	447	4,114
Total extraordinary income	868	506	4,652
Extraordinary losses:			
Loss on disposal of non-current assets (Note 4)	195	83	765
Impairment loss (Note 17)	166	97	900
Loss on sales of investment securities (Note 10)	10	0	1
Loss on valuation of investment securities (Note 10)	—	0	0
Amortization of goodwill (Note 4)	1,245	455	4,190
Total extraordinary losses	1,618	637	5,856
Profit before income taxes	14,335	15,860	145,734
Income taxes-current	5,406	4,636	42,607
Income taxes-deferred	(664)	1,560	14,336
Total income taxes	4,742	6,197	56,943
Profit	9,593	9,663	88,791
Profit attributable to non-controlling interests	751	530	4,874
Profit attributable to owners of parent	¥8,841	¥9,132	\$83,917

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Consolidated Statements of Comprehensive Income			
Profit	¥9,593	¥9,663	\$88,791
Other comprehensive income:			
Valuation difference on available-for-sale securities	(1,400)	(3,465)	(31,843)
Deferred gains or losses on hedges	(2)	0	6
Foreign currency translation adjustment	(1,127)	147	1,357
Remeasurements of defined benefit plans	(293)	(891)	(8,194)
Share of other comprehensive income of entities accounted for using equity method	(44)	(16)	(151)
Total other comprehensive income (Note 5)	(2,868)	(4,225)	(38,825)
Comprehensive income	¥6,724	¥5,437	\$49,966
Comprehensive income attributable to :			
Owners of parent	¥6,168	¥5,001	\$45,953
Non-controlling interests	555	436	4,013
	Yen	U.S. dollars	
Per share data:			
Profit attributable to owners of parent	¥259.53	¥268.07	\$2.46
Cash dividends	¥91.00	¥100.00	\$0.92

	Millions of yen		Thousands of U.S. dollars
Basis of calculation			
Profit attributable to owners of parent	¥8,841	¥9,132	\$83,917
Profit attributable to owners of parent for common shares	8,841	9,132	83,917
Average number of common shares (thousands of shares)	34,068	34,068	34,068

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Taikisha Ltd. and its Consolidated Subsidiaries

For the year ended March 31, 2019

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	¥6,455	¥7,258	¥78,698	¥(2,475)	¥89,936	¥13,242	¥3	¥1,141	¥864	¥15,252	¥5,461	¥110,650	
Changes of items during the period													
Dividends of surplus (Note 6)			(2,555)		(2,555)							(2,555)	
Profit attributable to owners of parent			8,841		8,841							8,841	
Purchase of treasury shares (Note 6)				(0)	(0)							(0)	
Retirement of treasury shares (Note 6)					—							—	
Purchase of shares of consolidated subsidiaries		(13)			(13)							(13)	
Net changes of items other than shareholders' equity						(1,400)	(4)	(977)	(291)	(2,673)	(599)	(3,272)	
Total changes of items during the period	—	(13)	6,286	(0)	6,272	(1,400)	(4)	(977)	(291)	(2,673)	(599)	2,999	
Balance at the end of current period	¥6,455	¥7,244	¥84,984	¥(2,476)	¥96,208	¥11,842	¥(0)	¥164	¥572	¥12,578	¥4,862	¥113,649	

For the year ended March 31, 2020

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	¥6,455	¥7,244	¥84,984	¥(2,476)	¥96,208	¥11,842	¥(0)	¥164	¥572	¥12,578	¥4,862	¥113,649	
Changes of items during the period													
Dividends of surplus (Note 6)			(3,274)		(3,274)							(3,274)	
Profit attributable to owners of parent			9,132		9,132							9,132	
Purchase of treasury shares (Note 6)				(450)	(450)							(450)	
Retirement of treasury shares (Note 6)		116		333	449							449	
Purchase of shares of consolidated subsidiaries		(2,303)			(2,303)							(2,303)	
Net changes of items other than shareholders' equity						(3,465)	0	208	(874)	(4,131)	(229)	(4,360)	
Total changes of items during the period	—	(2,186)	5,858	(117)	3,553	(3,465)	0	208	(874)	(4,131)	(229)	(806)	
Balance at the end of current period	¥6,455	¥5,058	¥90,842	¥(2,593)	¥99,762	¥8,376	¥(0)	¥372	¥(302)	¥8,447	¥4,633	¥112,843	

For the year ended March 31, 2020

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	\$59,314	\$66,571	\$780,896	\$(22,754)	\$884,027	\$108,815	\$(6)	\$1,509	\$5,264	\$115,582	\$44,679	\$1,044,288
Changes of items during the period												
Dividends of surplus (Note 6)			(30,090)		(30,090)							(30,090)
Profit attributable to owners of parent			83,917		83,917							83,917
Purchase of treasury shares (Note 6)				(4,144)	(4,144)							(4,144)
Retirement of treasury shares (Note 6)		1,072		3,063	4,135							4,135
Purchase of shares of consolidated subsidiaries		(21,162)			(21,162)							(21,162)
Net changes of items other than shareholders' equity						(31,843)	5	1,914	(8,039)	(37,963)	(2,106)	(40,069)
Total changes of items during the period	—	(20,090)	53,827	(1,081)	32,656	(31,843)	5	1,914	(8,039)	(37,963)	(2,106)	(7,413)
Balance at the end of current period	\$59,314	\$46,481	\$834,723	\$(23,835)	\$916,683	\$76,972	\$(1)	\$3,423	\$(2,775)	\$77,619	\$42,573	\$1,036,875

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash flows from operating activities:			
Profit before income taxes	¥14,335	¥15,860	\$145,734
Depreciation and amortization	2,030	2,167	19,920
Amortization of goodwill	1,466	548	5,040
Increase (decrease) in allowance for doubtful accounts	(48)	(100)	(928)
Increase (decrease) in provision for warranties for completed construction	124	50	466
Increase (decrease) in provision for loss on construction contracts	(55)	(112)	(1,033)
Increase (decrease) in provision for directors' retirement benefits	(1)	(11)	(107)
Increase (decrease) in provision for share-based remuneration for directors	—	109	1,006
Increase (decrease) in net defined benefit liability	(205)	(242)	(2,229)
Interest and dividend income	(941)	(993)	(9,133)
Interest expenses	275	174	1,604
Share of (profit) loss of entities accounted for using equity method	44	74	687
Loss (gain) on disposal of non-current assets	182	24	227
Loss (gain) on sales of investment securities	(845)	(447)	(4,113)
Loss on valuation of investment securities	—	0	0
Decrease (increase) in notes and accounts receivable-trade	(4,101)	7,852	72,157
Decrease (increase) in inventories	(849)	(311)	(2,863)
Decrease (increase) in accounts receivable-other	(235)	205	1,890
Increase (decrease) in notes and accounts payable-trade	(3,614)	2,054	18,874
Increase (decrease) in advances received on uncompleted construction contracts	3,480	(193)	(1,776)
Increase (decrease) in accrued consumption taxes	255	748	6,877
Increase (decrease) in deposits received	229	452	4,160
Increase (decrease) in accrued expenses	87	(104)	(958)
Other, net	3,682	(1,251)	(11,496)
Subtotal	15,292	26,555	244,006
Interest and dividend income received	941	993	9,133
Interest expenses paid	(279)	(170)	(1,568)
Income taxes paid	(6,795)	(5,992)	(55,060)
Net cash provided by (used in) operating activities	9,159	21,386	196,511
Cash flows from investing activities:			
Payments into time deposits	(4,718)	(3,199)	(29,396)
Proceeds from withdrawal of time deposits	6,092	4,067	37,378
Purchase of property, plant and equipment and intangible assets	(4,140)	(2,086)	(19,170)
Proceeds from sales of property, plant and equipment and intangible assets	31	44	407
Purchase of investment securities	(1,000)	(5)	(49)
Proceeds from sales of investment securities	1,089	499	4,592
Proceeds from redemption of investment securities	0	0	3
Contingent consideration payments for shares of subsidiaries	(132)	(131)	(1,206)
Payments of long-term loans receivable	(59)	(61)	(562)
Collection of long-term loans receivable	36	50	464
Purchase of insurance funds	(0)	(0)	(4)
Purchase of long-term prepaid expenses	(23)	(19)	(177)
Other, net	(4)	(37)	(344)
Net cash provided by (used in) investing activities	(2,830)	(877)	(8,064)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	3,727	(4,959)	(45,571)
Proceeds from long-term loans payable	3,626	1,378	12,667
Repayments of long-term loans payable	(1,361)	(1,569)	(14,421)
Repayments of lease obligations	(39)	(62)	(576)
Repayments to non-controlling shareholders	—	(133)	(1,231)
Net decrease (increase) in treasury shares	(0)	(0)	(9)
Cash dividends paid	(2,554)	(3,273)	(30,083)
Cash dividends paid to non-controlling interests	(815)	(536)	(4,933)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(185)	(2,316)	(21,284)
Net cash provided by (used in) financing activities	2,396	(11,475)	(105,441)
Effect of exchange rate change on cash and cash equivalents	(1,157)	(48)	(445)
Net increase (decrease) in cash and cash equivalents	7,568	8,985	82,561
Cash and cash equivalents at beginning of period	42,292	49,861	458,157
Cash and cash equivalents at end of period (Note 7)	¥49,861	¥58,846	\$540,718

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taikisha Ltd. and its Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements are prepared based on the accounts maintained by Taikisha Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Companies") in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain amounts in the prior fiscal year's financial statements are reclassified to conform to the changes made for the latest fiscal year.

The accounts of the consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto are translated from the original Japanese yen into U.S. dollars on the basis of ¥108.83 to US\$1, the rate of exchange prevailing at March 31, 2020, and are then rounded to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts are or can be converted, realized or settled in U.S. dollars at this or any other rate.

2. Summary of significant accounting policies

(1) Scope of consolidation

During the consolidated fiscal year ended March 31, 2020, Taikisha Lao Co., Ltd. has become a consolidated subsidiary of the Company because it had been newly established.

The consolidated financial statements include the accounts of the Company and all significant subsidiaries listed below as of March 31, 2020:

Domestic subsidiaries

San Esu Industry Co., Ltd.
Nippon Noise Control Ltd.
Tokyo Taikisha Service Ltd.

Overseas subsidiaries

TKS Industrial Company	Taikisha (Cambodia) Co., Ltd.
Encore Automation LLC (subsidiary of TKS Industrial Company)	Taikisha Myanmar Co., Ltd.
Taikisha Canada Inc. (subsidiary of TKS Industrial Company)	Taikisha Lao Co., Ltd.
Taikisha de Mexico, S.A. de C.V. (subsidiary of TKS Industrial Company)	Wuzhou Taikisha Engineering Co., Ltd.
Taikisha Mexicana Service S.A. de C.V. (subsidiary of Taikisha de Mexico, S.A. de C.V.)	Beijing Wuzhou Taikisha Equipment Co., Ltd.
Taikisha do Brasil Ltda.	(subsidiary of Wuzhou Taikisha Engineering Co., Ltd.)
Taikisha (Singapore) Pte. Ltd.	Tianjin Taikisha Paint Finishing System Ltd.
Taikisha (Thailand) Co., Ltd.	Taikisha Hong Kong Limited
Taikisha Trading (Thailand) Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)	Taikisha (Taiwan) Ltd.
Thaiken Maintenance & Service Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)	Taikisha Korea Ltd.
Token Interior & Design Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)	Taikisha Engineering India Private Ltd.
TKA Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)	Geico S.p.A.
BTE Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)	J-CO America Corporation (subsidiary of Geico S.p.A.)
Token Myanmar Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)	J-CO Mexico, S. de R.L. de C.V. (subsidiary of Geico S.p.A.)
Taikisha Engineering (M) Sdn. Bhd.	Geico Brasil Ltda. (subsidiary of Geico S.p.A.)
P.T. Taikisha Indonesia Engineering	Geico Paint Shop India Private Limited (subsidiary of Geico S.p.A.)
P.T. Taikisha Manufacturing Indonesia	Geico Painting System (Suzhou) Co., Ltd. (subsidiary of Geico S.p.A.)
Taikisha Philippines Inc.	"Geico Russia" LLC (subsidiary of Geico S.p.A.)
Taikisha Vietnam Engineering Inc.	

(2) Application of the equity method

Name of associates subject to the equity method

Shanghai Dongbo-Taiki Conveyor System Manufacturing Co., Ltd.
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.
J-PM Systems GmbH

Name of associates not subject to the equity method

The associate not subject to the equity method is excluded from the scope of application of the equity method because even if it is excluded from the scope of application of the equity method, it has minor impact on net income (proportionate to equity holdings), retained earnings (proportionate to equity holdings), etc., in the consolidated financial statements.

Makiansia Engineering (M) Sdn. Bhd.

(3) Fiscal year for consolidated subsidiaries

The balance sheet date of all domestic consolidated subsidiaries as well as Taikisha Engineering India Private Ltd. and Geico Paint Shop India Private Limited is March 31, which is the same as that of the Company. From the consolidated fiscal year ended March 31, 2020, due to the change in the fiscal year in Myanmar, the balance sheet date of Taikisha Myanmar Co., Ltd. and Token Myanmar Co., Ltd. have been changed from March 31 to September 30. The balance sheet date of the other overseas consolidated subsidiaries is December 31.

In preparing the consolidated financial statements, for consolidated subsidiaries whose balance sheet date is December 31, the Company uses each subsidiary's financial statements as of December 31. For Taikisha Myanmar Co., Ltd., the Company uses provisional financial results as of March 31, for Token Myanmar Co., Ltd. and Geico Paint Shop India Private Limited, the Company uses provisional financial results as of December 31, which is the balance sheet date of their parent companies, Taikisha (Thailand) Co., Ltd. and Geico S.p.A., respectively.

For the subsidiaries with the balance sheet date of December 31, certain adjustments are made, where appropriate, in preparing the consolidated financial statements to reflect material transactions during the period from their fiscal year end to March 31.

(4) Valuation of significant assets

Held-to-maturity debt securities

Held-to-maturity debt securities are determined by the amortized cost method. Discounts and premiums are amortized by the straight-line method.

Shares of associates

Shares of associates are stated at cost, determined by the moving average method.

Available-for-sale securities

Available-for-sale securities with fair value are stated at fair value based on the market prices at the end of fiscal year. Valuation difference is reported as a separate item in net assets at net-of-tax amount. The cost of securities sold is stated at cost, determined by the moving average method.

Available-for-sale securities without fair value are stated at cost using the moving average method.

Derivatives

Derivative instruments are recognized as either assets or liabilities at their respective fair values at the date of contract, and gains and losses arising from changes in fair value are recognized in earnings in the corresponding fiscal period. If certain hedging criteria are met, such gains and losses are deferred and accounted for as assets or liabilities.

Inventories

Costs on uncompleted construction contracts are stated at cost using specific identification method. Raw materials and supplies are stated at cost determined by the moving average method. The cost method (the amounts stated in the balance sheets are calculated by writing down the book value based on the decline in profitability) is used as a valuation standard.

(5) Depreciation method for principal depreciable assets

Property, plant and equipment (excluding leased assets)

The Companies mainly calculate depreciation by the declining-balance method, while the straight-line method is applied to buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998, and is applied to facilities attached to buildings and structures, acquired on or after April 1, 2016. Certain overseas consolidated subsidiaries apply the straight-line method. The useful lives and residual values of depreciable assets are estimated in accordance with the Corporate Tax Act.

Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method. However, computer software for internal use is amortized by the straight-line method over the estimated useful life of 5 years.

Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the lease period with a residual value of zero.

(6) Standards of accounting for principal allowance and provisions

Allowance for doubtful accounts

In order to prepare for losses due to bad debts such as accounts receivable from completed construction contracts and other, the allowance for doubtful accounts is provided at the estimated amount of uncollectable debt. For receivables classified as "normal", it is provided based on a historical default ratio. For receivables classified as "doubtful" etc., it is provided based on individual assessment on the probability of collection.

Provision for warranties for completed construction

In order to prepare for the costs of repairs for damages related to completed construction work for which the Companies are responsible, the provision is provided based on past warranty experience.

Provision for loss on construction contracts

In order to prepare for future losses related to the construction contracts in process, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.

Provision for directors' bonuses

In order to prepare for directors' bonuses, the provision is provided based on the estimated payment of the fiscal year.

Provision for directors' retirement benefits

In order to prepare for directors' retirement benefits, domestic consolidated subsidiaries recognize the provision for accrued retirement benefits to directors at 100 percent of the amount required by their internal policies for retirement benefits.

Provision for share-based remuneration for directors

In order to prepare for share-based remuneration to the Company's Board Members (excluding Outside Board Members) upon their retirements, the estimated amount of provision for share-based obligation as of the fiscal year end is provided based on the Share Benefit Regulations for Directors.

(7) Retirement and pension plans

(Method of attributing the projected benefit obligations to periods of service)

In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year.

(Actuarial differences)

Actuarial differences are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the following fiscal year of accrual.

(Prior service costs)

Prior service costs are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the fiscal year of accrual.

(Simplified method for small companies)

Certain overseas consolidated subsidiaries apply the simplified method to calculate net defined benefit liability and retirement benefit expenses, where retirement benefit obligations are assumed to be equal to the benefits payable of the fiscal year.

(8) Sales and cost recognition**Sales of completed construction contracts and cost of sales of completed construction contracts**

The percentage-of-completion method is applied for construction work for which the completion of a certain percentage of the entire work is reliably recognizable by the fiscal year end (percentage of completion is estimated by the cost-to-cost method). The completed-contract method is applied for the other construction contracts.

(9) Hedge accounting**Method of hedge accounting**

Hedging instruments are valued at fair value and accounted for using the deferral method of accounting.

As permitted under the accounting principles generally accepted in Japan, when forward foreign exchange contracts meet certain conditions for hedge accounting, accounts receivable and payable covered by these contracts are translated using the contract rates of these forward foreign exchange contracts. The unrealized gains or losses on the accounts receivable and payable resulting from the difference between the spot foreign exchange rate and contract rate are deferred and amortized over the term of the contract.

With regard to interest rate swaps and interest rate caps which meet certain requirements, the Companies use the special treatment. The special treatment is net amounts to be paid or received under the interest rate swap contracts and interest rate cap contracts added to or deducted from the interest on liabilities for which the contracts are executed.

Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts, non-deliverable forwards (NDF), interest rate swaps and interest rate caps

Hedged items: Foreign currency receivables, foreign currency payables, future transactions in foreign currency and interest-rate trading for loans payable

Hedging policy

The Companies use forward exchange contracts not for the purpose of speculation but for hedging future risks of fluctuation of foreign currency exchange rates.

The Companies use interest rate swaps and interest rate caps not for the purpose of speculation but for hedging future risks of fluctuation of interest rates.

Assessment of hedge effectiveness

As forward exchange contracts in the same currency are used for forward exchange transactions, the correlation to subsequent exchange rate fluctuations is completely ensured. Accordingly, evaluation of hedge effectiveness is omitted.

For interest rate swaps and interest rate caps, the judgment on whether to apply special treatment is used instead of an evaluation of the effectiveness of hedging.

(10) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statement of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which are easily convertible into cash and represent a minor risk of fluctuation in value.

(11) Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over a period of 20 years. However, an immaterial goodwill is recognized as expenses in the fiscal year of accrual.

(12) Accounting for consumption taxes

At the Company and its domestic consolidated subsidiaries, transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of consumption taxes.

(13) Unapplied accounting standards**“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (Accounting Standards Board of Japan Statement No. 24, March 31, 2020)**

(Overview)

The purpose of the standard is to show an overview of the accounting principles and procedures adopted when the relevant accounting standards are not stipulated clearly.

(Application date)

The accounting standard is expected to be applied from the end of the fiscal year starting on or after April 1, 2020.

“Accounting Standard for Disclosure of Accounting Estimates” (Accounting Standards Board of Japan Statement No. 31, March 31, 2020)

(Overview)

The purpose of the standard is to disclose useful information for users of financial statements regarding contents of accounting estimates that is recorded in the current financial statements based on the estimates and that have a risk of having a significant impact on the financial statements for the next year.

(Application date)

The accounting standard is expected to be applied from the end of the fiscal year starting on or after April 1, 2020.

“Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Statement No. 29, March 31, 2020)**“Implementation Guidance on Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Guidance No. 30, March 31, 2020)**

(Overview)

The Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published these accounting standards based on IFRS 15 "Revenue from Contracts with Customers" published in May 2014.

From a standpoint of comparability between financial statements which is one of the benefits of ensuring consistency with IFRS 15, the basic policy of the ASBJ in developing accounting standards for revenue recognition is incorporating the basic principles of IFRS 15 as a starting point. Also, these standards regulate to add alternative accounting treatments not to lose comparability if there is a matter which is necessary to consider the business practice which have been conducted in Japan.

(Application date)

The accounting standard and the guidance are expected to be applied from the beginning of the fiscal year starting on or after April 1, 2021.

(Impact of the application of the accounting standards)

The impact of the application of the accounting standard and the guidance are in process of assessment at the time when the consolidated financial statements are prepared.

"Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Statement No. 30, July 4, 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Guidance No. 31, July 4, 2019)

"Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9, July 4, 2019)

"Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan Statement No. 10, July 4, 2019)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19, March 31, 2020)

(Overview)

In order to improve comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter referred to as "Accounting Standard for Fair Value Measurement etc.") have been developed and guidance regarding how to calculate fair value is stipulated. "Accounting Standard for Fair Value Measurement etc." is applied on the following fair value.

Financial Instruments in "Accounting Standard for Financial Instruments"

Inventories held for trading purposes in "Accounting Standard for Measurement of Inventories"

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised and note items such as breakdown by fair value level of financial instruments have been stipulated.

(Application date)

The accounting standards and the guidance are expected to be applied from the beginning of the fiscal year starting on or after April 1, 2021.

(Impact of the application of the accounting standards)

The impact of the application of the accounting standards and the guidance are in process of assessment at the time when the consolidated financial statements are prepared.

(14) Additional information

Application of "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts"

At the occasion of the 100th anniversary since its foundation, the Company introduced an ESOP (Employee Stock Ownership Plan) (the "Plan"), an incentive program granting the stocks of the Company to its employees to motivate them toward improving the Company's stock prices and financial results by enhancing the linkage of stock prices and financial results and sharing economic effects with shareholders.

(Overview of transaction)

The Plan has a scheme according to which shares of the Company are awarded for each period to the eligible employees in accordance with the Stock Granting Regulations set forth in advance by the Company. The Company grants predetermined points to employees and later awards the Company's shares, which corresponds to the total number of accumulated points granted, after the lapse of a predetermined period. The Company's shares to be awarded to the employees shall be acquired by a trust bank from the Company through an allocation to a third party using funds that have been contributed to the trust and separately managed as a trust estate.

Although "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issues Task Force No. 30, March 26, 2015) has been applied, the previously applied method is continued for accounting.

(Matters regarding the Company's own shares held by the trust)

The book value of the Company's own shares held by the trust was ¥272 million for the previous fiscal year, and ¥256 million (US\$2,353 thousand) for the fiscal year. The Company's own shares held by the trust are not reported as treasury shares under shareholders' equity.

The number of shares held at the end of fiscal year-end was 146 thousand for the previous fiscal year and 137 thousand for the fiscal year. The average number of shares held during the year was 148 thousand for the previous fiscal year and 139 thousand for the fiscal year. The number of shares held at the end of fiscal year and the average number of shares held during the year are not included in the number of treasury shares to be deducted in calculating per-share information.

Introduction of the Board Benefit Trust (BBT)

The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan (hereinafter referred to as the "Plan") for the Company's Board Members (excluding Outside Board Members) (hereinafter referred to as the "Board Members"), starting from the second quarter, pursuant to the resolution of the 74th Ordinary General Shareholders' Meeting held on June 27, 2019.

The purpose of the Plan is to promote the motivation of Board Members in contributing to the improvement of business performance and corporate value over the medium to long term by making the linkage between their compensation and the Company's business performance and shareholder value even clearer and having Board Members share not only the benefits from higher stock prices, but also the risk of a drop in stock prices, with shareholders.

The gross method has been used for the accounting treatment under the Plan in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issues Task Force No. 30 of March 26, 2015).

(1) Overview of transactions

The Plan is a scheme whereby money contributed by the Company is used as financial resources to acquire the Company's shares through a trust (the trust established under the Plan shall be hereinafter referred to as the "Trust"), and the Company's shares and money in the amount of monetary equivalence of the Company's shares measured at fair value (hereinafter referred to as "the Company's Shares, etc.") are provided to Board Members through the Trust in accordance with the "Share Benefit Regulations for Directors" stipulated by the Company.

The time when the Company's Shares, etc. are provided to Board Members shall be, in principle, the date of the retirement from the Company.

(2) The Company's own shares remaining in the Trust

The Company recognizes its own shares remaining in the Trust as treasury shares under the category of net assets, using the carrying amount in the Trust (excluding the amount of ancillary expenses). The carrying amount of such treasury shares as of the end of the consolidated fiscal year is ¥449 million (US\$4,135 thousand), and the number of such shares is 136,400.

Accounting estimates associated with the spread of COVID-19

The future outlook for the world economy and market environment of our group are extremely uncertain because it is difficult to estimate when the COVID-19 is expected to be convergent and how much it impacts on domestic and foreign economy.

Under these circumstances, assuming that the impact on decrease in order-received due to weak capital investments especially in North America and Europe is expected to be affected until at least 2020 year end, accounting estimate for the recoverability of deferred tax assets and the valuation of fixed assets including goodwill etc. are performed based on the assumption.

3. Notes of consolidated balance sheets**(1) The information of associates**

As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Investment securities	¥637	¥545	\$5,008

(2) Pledged assets

Assets pledged as collateral for loans payable of subsidiaries and associates

As of March 31, 2019

Pledged assets	Millions of yen	
	Book value	Liabilities covered by pledged assets
Cash and deposits	¥195	¥299
Machinery, vehicles, tools, furniture and fixtures	¥7	¥12

As of March 31, 2020

Pledged assets	Millions of yen		Thousands of U.S. dollars	
	Book value	Liabilities covered by pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥185	¥283	\$1,704	\$2,602
Machinery, vehicles, tools, furniture and fixtures	¥9	¥15	\$89	\$142

Assets pledged as collateral for security deposits at subsidiaries and associates

As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash and deposits	¥56	¥57	\$531

Assets pledged as collateral for loans payable of invested company

As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Investment securities	¥2	¥—	\$—

Assets pledged as collateral for overdraft facilities of subsidiaries and associates

As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash and deposits	¥17	¥18	\$167

(3) Guarantee obligations

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Guarantee of Employees' loans	¥1	¥—	\$—
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.	259	265	2,435
Total	¥261	¥265	\$2,435

(4) Commitment lines

For efficient procurement of the operating funds, the Company has lending commitment contracts with four dealing banks. Lending commitment amounts are as follows:

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Total amount of lending commitment	¥5,000	¥5,000	\$45,943
Borrowing execution balance	—	—	—
Net	¥5,000	¥5,000	\$45,943

(5) Endorsed notes

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Endorsed notes	¥78	¥22	\$210

(6) Provision for loss on construction contracts

Following amounts of provision for loss on construction contracts are offset from the amounts of costs on uncompleted construction contracts.

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Provision for loss on construction contracts	¥5	¥4	\$38

(7) Outstanding notes receivable and notes payable which maturity dates are same date as balance sheet date

Notes receivable and notes payable are settled as of the date of bank clearing. However, as the balance sheet date of previous fiscal year was a bank holiday, the following notes are included in the balance as of previous fiscal year end.

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Notes receivable-trade	¥60	¥—	\$—
Endorsed notes	7	—	—
Electronically recorded monetary claims-operating	3	—	—
Notes payable-trade	1,110	—	—
Electronically recorded obligations-operating	¥2,610	—	—

4. Notes of consolidated statements of income

(1) Research and development expenses

Research and development expenses included in selling, general and administrative expenses are as follows.

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
General and administrative expenses	¥1,084	¥1,105	\$10,154

(2) Gain on disposal of non-current assets

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Buildings and structures	¥—	¥0	\$8
Machinery, vehicles, tools, furniture and fixtures	12	54	501
Land	—	3	29
Total	¥12	¥58	\$538

(3) Loss on disposal of non-current assets

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Buildings and structures	¥32	¥54	\$497
Machinery, vehicles, tools, furniture and fixtures	2	12	117
Land	24	—	—
Software	135	16	148
Long-term deposits	0	0	3
Other	0	—	—
Total	¥195	¥83	\$765

(4) Provision for loss on construction contracts

Provision for loss on construction contracts included in cost of sales of completed construction contracts are as follows.

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Provision for loss on construction contracts	¥249	¥228	\$2,102

(5) Amortization of goodwill

For the year ended March 31, 2019

One-time amortization of goodwill is recorded based on the provisions of Paragraph 32 of "Practical Guidelines on Capital Consolidation Procedures in Consolidated Financial Statements" (Accounting Systems Committee Report No. 7, Final Amendment of November 28, 2014, The Japanese Institute of Certified Public Accountants).

For the year ended March 31, 2020

One-time amortization of goodwill is recorded based on the provisions of Paragraph 32 of "Practical Guidelines on Capital Consolidation Procedures in Consolidated Financial Statements" (Accounting Systems Committee Report No. 7, Final Amendment of November 28, 2014, The Japanese Institute of Certified Public Accountants).

5. Notes of consolidated statements of comprehensive income

(1) Reclassification adjustments and tax effects for other comprehensive income

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Valuation difference on available-for-sale securities			
Net gains (losses) arising during the period	¥(1,165)	¥(4,402)	\$(40,451)
Reclassification adjustments	(845)	(447)	(4,114)
Before tax effects	(2,011)	(4,850)	(44,565)
Tax effects	611	1,384	12,722
Valuation difference on available-for-sale securities	(1,400)	(3,465)	(31,843)
Deferred gains or losses on hedges			
Net gains (losses) arising during the period	(4)	0	8
Reclassification adjustments	—	—	—
Before tax effects	(4)	0	8
Tax effects	1	(0)	(2)
Deferred gains or losses on hedges	(2)	0	6
Foreign currency translation adjustment			
Net gains (losses) arising during the period	(1,127)	147	1,357
Foreign currency translation adjustment	(1,127)	147	1,357
Remeasurements of defined benefit plans			
Net gains (losses) arising during the period	(463)	(1,105)	(10,157)
Reclassification adjustments	6	(151)	(1,393)
Before tax effects	(456)	(1,256)	(11,550)
Tax effects	162	365	3,356
Remeasurements of defined benefit plans	(293)	(891)	(8,194)
Share of other comprehensive income of entities accounted for using equity method			
Net gains (losses) arising during the period	(44)	(16)	(151)
Other comprehensive income	¥(2,868)	¥(4,225)	\$(38,825)

6. Notes of consolidated statements of changes in net assets

(1) The number of issued shares

For the year ended March 31, 2019	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	35,082,009	—	1,700,000	35,082,009
For the year ended March 31, 2020	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	35,082,009	—	—	35,082,009

(2) The number of treasury shares

For the year ended March 31, 2019	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	1,012,999	294	—	1,013,293
For the year ended March 31, 2020	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	1,013,293	136,680	136,400	1,013,573

(Note1) The number of treasury shares increased by 294 shares because of purchase of shares less than one unit (*).

(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

(Note1) The number of treasury shares increased by 280 shares because of purchase of shares less than one unit (*).

and increased by 136,400 because of an acquisition by the Asset Management Service Trust Bank, Ltd. (Trust E account) for the purpose of Board Benefit Trust (BBT). The number of treasury shares decreased by 136,400 because of a disposal to the Asset Management Service Trust Bank, Ltd. (Trust E account).

(Note2) The number of treasury shares as of the fiscal year end includes 136,400 shares owned by the Asset Management Service Trust Bank, Ltd. (Trust E account) as trust assets of the Board Benefit Trust (BBT).

(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

(3) Dividends**Dividends paid**

For the year ended March 31, 2019

Resolution approved by	Type of shares	Amount Millions of yen	Amount per share Yen	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 28, 2018)	Common shares	¥1,703	¥50.00	March 31, 2018	June 29, 2018
Board of directors (November 12, 2018)	Common shares	¥851	¥25.00	September 30, 2018	November 30, 2018

For the year ended March 31, 2020

Resolution approved by	Type of shares	Amount		Amount per share		Shareholders' cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders (June 27, 2019)	Common shares	¥2,248	\$20,661	¥66.00	\$0.61	March 31, 2019	June 28, 2019
Board of directors (November 11, 2019)	Common shares	¥1,026	\$9,429	¥30.00	\$0.28	September 30, 2019	November 29, 2019

(Note) Dividends on November 29, 2019 includes dividends of ¥4 million (US\$38 thousand) for treasury shares owned by the Asset Management Service Trust Bank, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).

Dividends with a shareholders' cut-off date during the fiscal year but an effective date subsequent to the fiscal year

For the year ended March 31, 2019

Resolution approved by	Type of shares	Paid from	Amount Millions of yen	Amount per share Yen	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 27, 2019)	Common shares	Retained earnings	¥2,248	¥66.00	March 31, 2019	June 28, 2019

For the year ended March 31, 2020

Resolution approved by	Type of shares	Paid from	Amount		Amount per share		Shareholders' cut-off date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders (June 26, 2020)	Common shares	Retained earnings	¥2,394	\$22,001	¥70.00	\$0.64	March 31, 2020	June 29, 2020

(Note) Dividends total includes dividends of ¥9 million (US\$88 thousand) for treasury shares owned by the Asset Management Service Trust Bank, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).

7. Notes of consolidated statements of cash flows**(1) Cash and cash equivalents**

The reconciliation between amounts of cash and cash equivalents reported in the consolidated statement of cash flows and amounts of cash and deposits reported in the consolidated balance sheet are as follows:

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Cash and deposits	¥52,107	¥57,626	\$529,509
Securities	1,000	3,500	32,160
Sub total	53,107	61,126	561,669
Time deposits over three months	(3,246)	(2,280)	(20,951)
Cash and cash equivalents	¥49,861	¥58,846	\$540,718

(2) Details of major non-cash transactions

Not applicable.

8. Lease transaction

(1) Finance lease transaction

As lessee

Details of leased assets

The leased assets are mainly office equipment and vehicles in Japan and production equipment and vehicles overseas. The account title which the Companies use is "Machinery, vehicles, tools, furniture and fixtures".

Depreciation method

Depreciation is calculated by the straight-line method over the lease period with a residual value of zero.

Impairment loss

There is no impairment loss allocated to the leased assets.

(2) Operating lease transaction

As lessee

The amounts of outstanding future lease payments under non-cancelable operating leases are as follows:

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Due within one year	¥299	¥292	\$2,689
Due over one year	752	712	6,544
Total	¥1,051	¥1,004	\$9,233

9. Financial instruments

(1) Status of financial instruments

Policies on financial instruments

The Companies invest its temporary surplus funds in financial assets that are highly secure and procure its short-term working capital in the form of borrowings from banks. The Companies utilize derivatives only to hedge their exposure to the risks as described below and do not enter into such transactions for speculative purposes.

Description of financial instruments, related risks and risk management system

Notes receivable, accounts receivable from completed construction contracts and other, which are trade receivables, are exposed to the credit risk of the respective customers. As for the credit risk of customers, the Companies' management system allows us to monitor the credit standing of major customers on a timely basis based on the maturity and balance control by customer. Meanwhile, trade receivables denominated in foreign currencies, which originate from global business operations, are exposed to the risk of exchange rate fluctuations and are partly hedged by utilizing forward exchange contracts.

Although being exposed to the risk of fluctuations in market price, stocks included in the category of investment securities are those of companies with which the Companies have business relations and are continuously monitored through regular checks of their fair value and financial positions of the issuers.

Notes payable, accounts payable for construction contracts and other, which are trade payables, generally mature within one year. While some of them are denominated in foreign currencies for the purpose of importing equipment and raw materials, etc. and are exposed to the risk of exchange rate fluctuations, the amounts of those items are invariably less than the balance of accounts receivable from completed construction contracts, which are similarly denominated in foreign currencies.

Income taxes payable are imposed on the taxable income of the Companies for the fiscal year, and they all mature within one year.

Both short-term and long-term loans payable are fund-raising means associated with business transactions. Short-term loans payable with variable interest rates are exposed to the risk of interest-rate fluctuations. However, long-term loans payable, which are procured at fixed interest rates, in principle, are hedged against interest-rate fluctuation risk.

Derivative transactions consist of forward exchange contracts and NDFs aimed at hedging the risk of fluctuations in exchange rates for exports and imports in the course of ordinary business operations, as well as interest rate swaps aimed at hedging the risk of fluctuations in the interest rates for loans payable. Forward exchange contracts and NDFs are executed and managed in accordance with the relevant guideline regarding foreign exchange control issued by the Chief Executive of the Administrative Management Headquarters. This guideline clearly stipulates regulations for the management policies on derivative transactions, the regulating division and department in charge of risk management, purposes of use, scope of utilization and reporting system. As for interest rate swaps, only those that meet the requirements for the application of special treatment are executed. Derivative transactions are executed only with financial institutions with high credit ratings to reduce the credit risk.

Although trade payables and loans payable are exposed to liquidity risk, the Companies strive to control the liquidity risk such as by having each Group company prepare a monthly cash management plan.

Supplementary explanation of fair values of financial instruments

Derivative transactions in "(2) Fair value of financial instruments" below are not indicative of the actual market risk involved in derivative transactions but nominal contract amounts or estimated amounts based on certain assumptions.

(2) Fair value of financial instruments

The following table shows the book values and fair values of financial instruments and any differences. Certain financial instruments for which it is extremely difficult to determine the fair value are not included (see Note 2 below).

As of March 31, 2019

	Millions of yen		
	Book value	Fair value	Difference
Cash and deposits	¥52,107	¥52,107	¥—
Notes receivable, accounts receivable from completed construction contracts and other	104,705		
Allowance for doubtful accounts (*1)	(372)		
	104,333	104,318	(15)
Securities and Investment securities (*2)	29,306	29,306	—
Total Assets	185,747	185,732	(15)
Notes payable, accounts payable for construction contracts and other	55,835	55,830	(4)
Short-term loans payable	10,892	10,892	—
Income taxes payable	2,711	2,711	—
Long-term loans payable	3,076	3,074	(1)
Total Liabilities	72,516	72,509	(6)
Derivatives	¥(10)	¥(10)	¥—

(*1) "Allowance for doubtful accounts" separately included in "notes receivable, accounts receivable from completed construction contracts and other" is deducted.

(*2) "Securities and Investment securities" for which it is deemed extremely difficult to determine the fair value are not included in the table above.

As of March 31, 2020

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and deposits	¥57,626	¥57,626	¥—	\$529,509	\$529,509	\$—
Notes receivable, accounts receivable from completed construction contracts and other	96,726			888,784		
Allowance for doubtful accounts (*1)	(301)			(2,772)		
	96,424	96,399	(24)	886,012	885,783	(229)
Securities and Investment securities (*2)	26,907	26,907	—	247,244	247,244	—
Total Assets	180,958	180,933	(24)	1,662,765	1,662,536	(229)
Notes payable, accounts payable for construction contracts and other	57,623	57,598	(24)	529,484	529,255	(229)
Short-term loans payable	6,460	6,460	—	59,364	59,364	—
Income taxes payable	1,481	1,481	—	13,617	13,617	—
Long-term loans payable	1,952	1,951	(0)	17,943	17,934	(9)
Total Liabilities	67,519	67,493	(25)	620,408	620,170	(238)
Derivatives	¥9	¥9	¥—	\$87	\$87	\$—

(*1) "Allowance for doubtful accounts" separately included in "notes receivable, accounts receivable from completed construction contracts and other" is deducted.

(*2) "Securities and Investment securities" for which it is deemed extremely difficult to determine the fair value are not included in the table above.

(Note 1) Method to determine the fair value of financial instruments and securities and derivative transactions

Assets

Cash and deposits

Since deposits are settled within a short period of time, the book value approximates the fair value. Therefore the book value is used as the fair value.

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of these assets is determined based on the present value calculated by applying discount rates, which take into account the remaining period prior to maturity and the credit risk, for receivables individually segmented by certain duration.

Securities and investment securities

As for the calculation of the fair value of these assets, stocks are based on the prices traded at the stock exchange, whereas bonds are based on the present value calculated by applying discount rates, which take into account the remaining period prior to maturity, the yield of government bonds and other.

See 10. "Securities" for note on securities by purpose of holding.

Liabilities

Notes payable, accounts payable for construction contracts and other and short-term loans payable

The fair value of these liabilities is determined based on the present value calculated by applying discount rates, which take into account the remaining period prior to maturity or repayment and the credit risk, for payables individually segmented by certain duration.

Income taxes payable

As these liabilities are settled within a short period of time, the book value approximates the fair value. Therefore, the book value is used as the fair value.

Long-term loans payable

With regard to floating rate loans, the book value approximates the fair value because the market interest rate is reflected in the interest rate within a short period of time and the credit risk did not fluctuate significantly after borrowing. Therefore, the book value is used as the fair value. With regard to fixed rate loans, the fair value is determined based on the present value of the total principal and interest discounted by an interest rate to be applied to similar new loans.

Derivative transactions

See 11 "Derivative transactions"

(Note 2) Book value of financial instruments for which it is extremely difficult to determine the fair value

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Available-for-sale securities			
Non-listed stocks	¥1,065	¥975	\$8,965
Non-listed foreign bonds	¥6	¥5	\$49

Securities classified under this category have no market prices and estimating future cash flows would likely necessitate enormous costs. Accordingly, it is deemed extremely difficult to measure the fair value, and they are not included in "Securities and investment securities" above.

(Note 3) Redemption schedule for monetary receivables and securities with maturities

As of March 31, 2019	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥52,107	¥—	¥—	¥—
Notes receivable, accounts receivable from completed construction contracts and other	89,846	14,859	—	—
Securities and Investment securities				
Available-for-sale securities with maturity date (Money trusts, etc.)	1,000	—	—	—
Available-for-sale securities with maturity date (Non-listed foreign bonds)	—	6	—	—
Total	¥142,953	¥14,866	¥—	¥—

As of March 31, 2020

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥57,626	¥—	¥—	¥—
Notes receivable, accounts receivable from completed construction contracts and other	86,081	10,639	5	—
Securities and Investment securities				
Available-for-sale securities with maturity date (Money trusts, etc.)	3,500	—	—	—
Available-for-sale securities with maturity date (Non-listed foreign bonds)	—	5	—	—
Total	¥147,207	¥10,644	¥5	¥—

As of March 31, 2020

	Thousands of U.S. dollars			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	\$529,509	\$—	\$—	\$—
Notes receivable, accounts receivable from completed construction contracts and other	790,972	97,759	53	—
Securities and Investment securities				
Available-for-sale securities with maturity date (Money trusts, etc.)	32,160	—	—	—
Available-for-sale securities with maturity date (Non-listed foreign bonds)	—	49	—	—
Total	\$1,352,641	\$97,808	\$53	\$—

(Note 4) Redemption schedule for long-term loans payable, lease obligations and other interest-bearing debts

As of March 31, 2019

	Millions of yen					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	¥9,274	¥—	¥—	¥—	¥—	¥—
Long-term loans payable	1,617	1,754	954	341	26	—
Lease obligations	28	24	18	13	11	5
Total	¥10,920	¥1,779	¥973	¥355	¥37	¥5

As of March 31, 2020

	Millions of yen					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	¥4,075	¥—	¥—	¥—	¥—	¥—
Long-term loans payable	2,384	1,523	402	25	0	—
Lease obligations	50	37	27	21	14	10
Total	¥6,511	¥1,561	¥429	¥46	¥14	¥10

As of March 31, 2020

	Thousands of U.S. dollars					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	\$37,453	\$—	\$—	\$—	\$—	\$—
Long-term loans payable	21,911	14,003	3,700	237	3	—
Lease obligations	465	347	249	193	132	94
Total	\$59,829	\$14,350	\$3,949	\$430	\$135	\$94

10. Securities

(1) Held-to-maturity debt securities

As of March 31, 2019
Not applicable.

As of March 31, 2020
Not applicable.

(2) Available-for-sale securities

As of March 31, 2019

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥28,197	¥11,271	¥16,926
Securities whose book value does not exceed their acquisition cost			
Stocks	109	117	(8)
Bonds			
Other	1,000	1,000	—
Total	¥29,306	¥12,388	¥16,917

As of March 31, 2020

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥21,030	¥8,560	¥12,469
Securities whose book value does not exceed their acquisition cost			
Money trusts	1,000	1,000	—
Stocks	2,377	2,778	(401)
Bonds			
Other	2,500	2,500	—
Total	¥26,907	¥14,839	¥12,067

As of March 31, 2020

	Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	\$193,241	\$78,660	\$114,581
Securities whose book value does not exceed their acquisition cost			
Money trusts	9,189	9,189	—
Stocks	21,842	25,535	(3,693)
Bonds			
Other	22,972	22,972	—
Total	\$247,244	\$136,356	\$110,888

(3) Available-for-sale securities sold

For the year ended March 31, 2019

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥1,089	¥855	¥10
Total	¥1,089	¥855	¥10

For the year ended March 31, 2020

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥499	¥447	¥0
Total	¥499	¥447	¥0

For the year ended March 31, 2020

	Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	\$4,592	\$4,114	\$1
Total	\$4,592	\$4,114	\$1

(4) Securities with impairment loss

For the years ended March 31, 2019

The “acquisition cost” in the tables above is the book value after deducting impairment losses. The Companies recognize an impairment loss when the fair value of stocks falls 50% or more compared with the acquisition cost and there is no evidence to indicate that the fair value will recover to the book value within one year. When the fair value falls by 30% or more but less than 50% compared with the acquisition cost, the Companies recognize a necessary amount of impairment loss after considering the market prices in the past year and the possibility of recovery.

For the years ended March 31, 2020

The “acquisition cost” in the tables above is the book value after deducting impairment losses. Impairment loss of ¥0 million is recognized on Available-for-sales of securities with fair value in the fiscal year. The Companies recognize an impairment loss when the fair value of stocks falls 50% or more compared with the acquisition cost and there is no evidence to indicate that the fair value will recover to the book value within one year. When the fair value falls by 30% or more but less than 50% compared with the acquisition cost, the Companies recognize a necessary amount of impairment loss after considering the market prices in the past year and the possibility of recovery.

11. Derivative transactions**(1) Derivative transactions to which the hedge accounting method is not applied**
Currency-related transactions

As of March 31, 2019

Category	Transaction type	Millions of yen			
		Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward exchange contracts:				
	Buy				
	Yen	¥184	¥—	¥(3)	¥(3)
	U.S. dollars	42	—	(1)	(1)
	Euros	30	—	(2)	(2)
	Sell				
	U.S. dollars	815	—	(3)	(3)
	Total	¥1,074	¥—	¥(9)	¥(9)

(Note) Estimated fair value is provided by financial institutions.

As of March 31, 2020

Category	Transaction type	Millions of yen			
		Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward exchange contracts:				
	Buy				
	Yen	¥139	¥—	¥(3)	¥(3)
	U.S. dollars	26	—	(0)	(0)
	Euros	27	—	(0)	(0)
	Sell				
	Yen	64	—	1	1
	U.S. dollars	323	—	12	11
	Total	¥582	¥—	¥9	¥9

(Note) Estimated fair value is provided by financial institutions.

As of March 31, 2020

Category	Transaction type	Thousands of U.S. dollars			
		Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward exchange contracts:				
	Buy				
	Yen	\$1,283	\$—	\$(33)	\$(32)
	U.S. dollars	243	—	(2)	(2)
	Euros	253	—	(0)	(0)
	Sell				
	Yen	597	—	12	12
	U.S. dollars	2,976	—	110	107
	Total	\$5,352	\$—	\$87	\$85

(2) Derivative transactions to which the hedge accounting method is applied
Currency-related transactions

As of March 31, 2019

As of March 31, 2019			Millions of yen		
Hedging method	Transaction type	Main hedged items	Contract amount	Over one year	Fair value
Method in principle	Forward exchange contracts				
	Buy				
	U.S. dollars	Accounts payable for construction contracts (forecast)	¥7	¥—	¥0
	Baht	Accounts payable for construction contracts (forecast)	68	—	0
	Won	Accounts payable for construction contracts (forecast)	46	—	(1)
	Sell				
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	78	—	0
	Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	143	—	(0)
Total			¥344	¥—	¥(0)

(Note) Calculation method of the fair value: Based on the prices and other data submitted by counterparty financial institutions.

As of March 31, 2020

As of March 31, 2020			Millions of yen		
Hedging method	Transaction type	Main hedged items	Contract amount	Over one year	Fair value
Method in principle	Forward exchange contracts				
	Sell				
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	¥127	¥24	¥(0)
	Euros	Accounts receivable from completed construction contracts (forecast)	231	—	2
	Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	162	—	(1)
Total			¥520	¥24	¥(0)

(Note) Calculation method of the fair value: Based on the prices and other data submitted by counterparty financial institutions.

As of March 31, 2020

As of March 31, 2020			Thousands of U.S. dollars		
Hedging method	Transaction type	Main hedged items	Contract amount	Over one year	Fair value
Method in principle	Forward exchange contracts				
	Sell				
	U.S. dollars	Accounts receivable from completed construction contracts (forecast)	\$1,169	\$225	\$(8)
	Euros	Accounts receivable from completed construction contracts (forecast)	2,126	—	22
	Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	1,491	—	(14)
Total			\$4,786	\$225	\$(0)

Interest-related transactions

As of March 31, 2019

Hedging method	Transaction type	Main hedged items	Millions of yen		
			Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Pay fixed/Receive floating	Long-term loans payable	¥477	¥350	(Note)

(Note) Because interest rate swaps qualified for the special treatment are accounted for as part of hedged long-term loans payable, the fair value thereof is included in the fair value of the corresponding long-term loans payable.

As of March 31, 2020

Hedging method	Transaction type	Main hedged items	Millions of yen		
			Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Pay fixed/Receive floating	Long-term loans payable	¥338	¥215	(Note)

(Note) Because interest rate swaps qualified for the special treatment are accounted for as part of hedged long-term loans payable, the fair value thereof is included in the fair value of the corresponding long-term loans payable.

As of March 31, 2020

Hedging method	Transaction type	Main hedged items	Thousands of U.S. dollars		
			Contract amount	Over one year	Fair value
Special treatment	Interest rate swap				
	Pay fixed/Receive floating	Long-term loans payable	\$3,111	\$1,984	

12. Retirement and pension plans**(1) Overview**

The Company and its domestic consolidated subsidiaries apply defined benefit plans and defined contribution plans.

The overseas consolidated subsidiaries, which apply retirement benefit plan, apply defined benefit or defined contribution plans.

The defined benefit plans consist of outside funded defined benefit pension plans and lump-sum retirement payment plans. A retirement benefit trust is set up in certain outside funded defined benefit pension plan.

Certain overseas consolidated subsidiaries, which apply lump-sum retirement payment plans, apply simplified method for calculating projected benefit obligations.

(2) Defined benefit plan (except simplified method)**Reconciliation of beginning and ending balances for projected benefit obligations**

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Projected benefit obligations at the beginning of current period	¥17,699	¥18,071	\$166,055
Service costs	1,195	1,252	11,511
Interest costs	57	48	446
Actuarial differences accrued in the current period	386	(176)	(1,625)
Benefits paid	(1,201)	(1,298)	(11,930)
Past service costs accrued in the current period	—	172	1,586
Foreign currency translation	(42)	63	583
Other	(23)	—	—
Projected benefit obligations at the end of current period	¥18,071	¥18,133	\$166,626

Reconciliation of beginning and ending balances for pension assets

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Pension assets at the beginning of current period	¥22,694	¥22,841	\$209,886
Expected return on pension assets	501	502	4,622
Actuarial differences accrued in the current period	(66)	(1,155)	(10,616)
Contributions from employers	829	832	7,644
Benefits paid	(1,112)	(1,193)	(10,964)
Foreign currency translation	(4)	1	17
Pension assets at the end of current period	¥22,841	¥21,830	\$200,589

Reconciliation of projected benefit obligations, pension assets, net defined benefit liability, and net defined benefit asset in the consolidated balance sheets

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Funded projected benefit obligations	¥17,102	¥16,817	\$154,529
Pension assets	(22,841)	(21,830)	(200,589)
Sub total	(5,739)	(5,012)	(46,060)
Unfunded projected benefit obligations	969	1,316	12,097
Net amount of liabilities and assets in the consolidated balance sheets	(4,770)	(3,696)	(33,963)
Net defined benefit liability	1,141	1,484	13,644
Net defined benefit asset	5,912	5,181	47,607
Net amount of liabilities and assets in the consolidated balance sheets	¥(4,770)	¥(3,696)	\$(33,963)

Retirement benefit expenses

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Service costs	¥1,195	¥1,252	\$11,511
Interest costs	57	48	446
Expected return on pension assets	(501)	(502)	(4,622)
Amortization of actuarial differences	(10)	(145)	(1,339)
Amortization of past service costs	—	41	379
Other	(23)	—	—
Retirement benefit expenses of defined benefit plans	¥718	¥693	\$6,375

Remeasurements of defined benefit plans

Details of remeasurements of defined benefit plans before tax effect adjustments are as follows.

For the years ended March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Past service costs	¥—	¥(135)	\$(1,245)
Actuarial differences	(456)	(1,121)	(10,305)
Total	¥(456)	¥(1,256)	\$(11,550)

Accumulated remeasurements of defined benefit plans

Details of accumulated remeasurements of defined benefit plans before tax effect adjustments are as follows.

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Unrecognized past service costs	¥—	¥(135)	\$(1,245)
Unrecognized actuarial differences	772	(349)	(3,209)
Total	¥772	¥(484)	\$(4,454)

Pension assets

Composition ratio of pension assets is as follows.

As of March 31, 2019 and 2020	2019	2020
Debt securities	28%	32%
Stocks	34	28
Cash and deposits	3	4
General account of life insurance	30	31
Other	5	5
Total	100%	100%

(Note) For the previous fiscal year, 13% of total pension assets are attributed to the employee retirement benefit trust for benefit pension plan. For this fiscal year, 13% of total pension assets are attributed to the employee retirement benefit trust for benefit pension plan.

Expected long-term return rate on pension asset is determined by considering current and anticipated future portfolio of pension assets, and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

Assumptions and policies used to calculate projected benefit obligations

As of March 31, 2019 and 2020

	2019	2020
Discount rates (weighted average)	0.3%	0.3%
Expected long-term return rates on pension assets (weighted average)	2.5%	2.5%

(3) Defined benefit plan calculated by simplified method

Reconciliation of beginning and ending balances for net defined benefit liability by the simplified method

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Net defined benefit liability at the beginning of current period	¥247	¥229	\$2,105
Retirement benefit expenses	15	19	177
Benefits paid	(10)	(12)	(119)
Contributions to the plan	(11)	(9)	(90)
Foreign currency translation	(14)	(6)	(60)
Other	3	2	22
Net defined benefit liability at the end of current period	¥229	¥221	\$2,035

Reconciliation of projected benefit obligations, pension assets and net defined benefit liability in the consolidated balance sheets

As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Funded projected benefit obligations	¥77	¥81	\$746
Pension assets	(61)	(68)	(626)
Sub total	15	13	120
Unfunded projected benefit obligations	213	208	1,915
Net amount of liabilities and assets in the consolidated balance sheets	229	221	2,035
Net defined benefit liability	229	221	2,035
Net amount of liabilities and assets in the consolidated balance sheets	¥229	¥221	\$2,035

Retirement benefit expenses

Retirement benefit expenses calculated by the simplified method are ¥15 million for the previous fiscal year and ¥19 million (US\$177 thousand) for this fiscal year.

(4) Defined contribution plans

Required contribution amount for defined contribution plans is ¥315 million for the previous fiscal year and ¥318 million (US\$2,924 thousand) for this fiscal year.

13. Tax effect accounting

(1) Significant components of deferred tax assets and liabilities

As of March 31, 2019 and 2020	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Deferred tax assets			
Allowance for doubtful accounts	¥80	¥53	\$494
Provision for warranties for completed construction	186	196	1,810
Provision for loss on construction contracts	103	75	691
Net defined benefit liability	216	337	3,105
Employees' pension trust, investment securities	298	310	2,853
Provision for directors' retirement benefits	26	22	202
Accrued enterprise tax etc.	183	122	1,126
Accrued bonuses	2,114	2,214	20,352
Loss on valuation of investment securities	121	121	1,117
Loss on valuation of golf club membership	56	56	518
Valuation difference on available-for-sale securities	2	123	1,131
Foreign tax credit carried forward	185	173	1,595
Tax loss carried forward (Note2)	1,710	1,564	14,377
Other	721	887	8,159
Sub total	6,007	6,261	57,530
Valuation allowance for tax loss carried forward (Note2)	(605)	(1,461)	(13,432)
Valuation allowance for total of deductible temporary differences, etc.	(523)	(785)	(7,220)
Sub total (Note1)	(1,129)	(2,247)	(20,652)
Total deferred tax assets	4,877	4,013	36,878
Deferred tax liabilities			
Net defined benefit assets	(1,806)	(1,661)	(15,271)
Valuation difference on available-for-sale securities	(5,078)	(3,814)	(35,048)
Retained earnings of consolidated overseas subsidiaries	(1,701)	(2,040)	(18,749)
Other	(320)	(338)	(3,112)
Total deferred tax liabilities	(8,906)	(7,855)	(72,180)
Net deferred tax assets (or liabilities)	¥(4,029)	¥(3,841)	\$(35,302)

Change in presentation methods

"Valuation difference on available-for-sale securities" which was indicated in "Other" of deferred tax assets is stated independently from this fiscal year, as its importance has increased. To reflect this change in the presentation method, the reclassification is made in notes of consolidated financial statements.

As a result, ¥2 million indicated in "Other" of deferred tax assets for the previous fiscal year is reclassified into "Valuation difference on available-for-sale securities."

Note 1. Valuation allowance increased by ¥1,117 million. This increase is mainly due to increase in valuation allowances for tax loss carryforwards of ¥482 million and ¥367 million in TKS Industrial Company and J-CO America Corporation those are consolidated subsidiaries of the Company, respectively.

Note 2. Total of tax loss carried forward and its deferred tax assets, by carryforward expiration date.

As of March 31, 2019

	Millions of yen						Total
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	
Tax loss carried forward (a)	¥25	¥0	¥14	¥6	¥12	¥1,650	¥1,710
Valuation allowance	(25)	(0)	(14)	(4)	(12)	(547)	(605)
Deferred tax assets	¥—	¥—	¥—	¥1	¥0	¥1,102	(b) ¥1,104

(a) The sum for tax loss carried forward is the result of multiplication by the effective statutory tax rate for each tax-paying entity.

(b) With regard to the ¥1,710 million tax loss carried forward (the result of multiplication by the effective statutory tax rate for each tax-paying entity), ¥1,104 million in deferred tax assets have been recorded. This total of ¥1,104 million in deferred tax assets relates mainly to tax loss carried forward at consolidated subsidiaries TKS Industrial Company and J-CO America Corporation amounting to ¥662 million and ¥363 million, respectively. At TKS Industrial Company, the tax loss carried forward arose from the recording of a loss before income taxes for the period ended December 31, 2017, and at J-CO America Corporation from the recording of a loss before income taxes for the period ended December 31, 2018. Deferred tax assets relating to the tax loss carried forward are deemed recoverable based on likely future taxable income.

As of March 31, 2020

	Millions of yen						Total
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	
Tax loss carried forward (a)	¥0	¥14	¥0	¥1	¥3	¥1,544	¥1,564
Valuation allowance	(0)	(14)	(0)	(1)	(1)	(1,444)	(1,461)
Deferred tax assets	¥—	¥—	¥—	¥0	¥2	¥99	(b) ¥102

(a) The sum for tax loss carried forward is the result of multiplication by the effective statutory tax rate for each tax-paying entity.

(b) With regard to the ¥1,564 million (US\$14,377 thousand) tax loss carried forward (the result of multiplication by the effective statutory tax rate for each tax-paying entity), ¥102 million (US\$945 thousand) in deferred tax assets have been recorded. This total of ¥102 million (US\$945 thousand) in deferred tax assets relates mainly to tax loss carried forward at consolidated subsidiaries TKS Industrial Company amounting to ¥99 million (US\$918 thousand). At TKS Industrial Company, the tax loss carried forward arose from the recording of a loss before income taxes for the period ended December 31, 2017. Deferred tax assets relating to the tax loss carried forward are deemed recoverable based on likely future taxable income.

	Thousands of U.S. dollars						Total
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	
Tax loss carried forward	\$2	\$134	\$1	\$13	\$36	\$14,191	\$14,377
Valuation allowance	(2)	(134)	(1)	(9)	(13)	(13,273)	(13,432)
Deferred tax assets	\$—	\$—	\$—	\$4	\$23	\$918	\$945

(2) The reconciliation between the effective statutory tax rate and the actual tax rate after the application of tax effect accounting

As of March 31, 2019 and 2020

	2019	2020
Effective statutory tax rate	30.62%	30.62%
Adjustment		
Expenses not deductible permanently	2.30	1.57
Income not taxable permanently	(1.28)	(0.88)
Inhabitant tax on per capita basis, etc.	0.56	0.50
Increase (Decrease) in valuation allowance	0.60	7.13
Difference in effective statutory tax rate between the Company and consolidated subsidiaries	(1.45)	(2.57)
Special tax deductions	(1.67)	(0.87)
Retained earnings of consolidated overseas subsidiaries	0.20	2.14
Amortization of goodwill	2.86	0.83
Other	0.34	0.60
Actual tax rate after the application of tax effect accounting	33.08%	39.07%

(Note) The note is omitted because the difference between effective statutory tax rate and actual effective tax rate after adoption of tax effect accounting is less than 5% of effective statutory tax rate for the previous fiscal year.

14. Asset retirement obligations

The Companies are under the term of rental agreements for head offices etc. and have obligations for restitution on their leaving. The obligations are recognized by way of decreasing deposits.

15. Segment information**(1) Overview of reportable segment**

The reportable segment of the Companies is components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resource allocation and to assess performance.

The Companies establish their divisions for types of construction equipment and each division plans the comprehensive domestic and foreign strategies and do business based on the strategies. Therefore, the Companies are composed of segment for types of construction equipment based on the divisions. The Companies have two reportable segments "Green Technology System Division" and "Paint Finishing System Division".

"Green Technology System Division" mainly designs, manages and constructs building HVAC for office buildings, and industrial HVAC for manufacturing facilities and laboratories. This division also produces and sells related equipment.

"Paint Finishing System Division" mainly designs, manages and constructs automobile paint plants and sells related equipment.

(2) Calculation method of sales and profits or losses, assets or liabilities and others

The accounting treatment of reportable segment is almost the same as the one disclosed in "2. Summary of significant accounting policies".

The profit of reportable segment is the amount on the basis of ordinary income. Internal profits and transfer amounts between the segments are calculated based on the market price.

(3) Sales and profits or losses, assets or liabilities and others by reportable segment

For the year ended March 31, 2019

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Amount recorded in the consolidated financial statements
Sales					
Sales to customers	¥149,164	¥76,238	¥225,402	¥—	¥225,402
Intersegment	—	7	7	(7)	—
Total	149,164	76,245	225,409	(7)	225,402
Segment profit	13,567	1,676	15,244	(159)	15,085
Segment assets	101,036	76,009	177,046	46,033	223,080
Other items					
Depreciation and amortization	781	1,299	2,080	(50)	2,030
Amortization of goodwill	—	1,466	1,466	—	1,466
Interest income	151	190	341	(6)	334
Interest expenses	8	246	254	20	275
Share of profit (loss) of entities accounted for using equity method	—	(36)	(36)	—	(36)
Investments in associates accounted for using equity method	—	634	634	—	634
Increase in property, plant and equipment and intangible assets	¥186	¥2,897	¥3,083	¥473	¥3,557

Note 1. The amounts of Adjustments are as follows.

Adjustments of Segment profit of minus ¥159 million include non-allocatable common profits of minus ¥158 million and other adjustment of minus ¥1 million.

Non-allocatable common profits are mainly general and administrative expenses, dividend income, etc., which are not attributed to any reportable segment.

Adjustments of Segment assets of ¥46,033 million are elimination of receivable and payable etc., of minus ¥2,783 million and non-allocatable common assets which are not allocated to any reportable segments of ¥48,816 million. Non-allocatable common assets are mainly cash and deposits, property, plant and equipment, intangible assets, and net defined benefit asset, etc., which are not attributed to any reportable segment.

Adjustments of Increase in property, plant and equipment, intangible assets of ¥473 million are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software, etc., which are not attributed to any reportable segment.

The allocation method of assets for reportable segment is different from that of related income and expenses.

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

For the year ended March 31, 2020

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Amount recorded in the consolidated financial statements
Sales					
Sales to customers	¥157,374	¥68,003	¥225,378	¥—	¥225,378
Intersegment	3	3	6	(6)	—
Total	157,378	68,006	225,384	(6)	225,378
Segment profit	13,893	2,814	16,708	(716)	15,991
Segment assets	94,453	64,595	159,048	56,341	215,389
Other items					
Depreciation and amortization	739	1,447	2,187	(19)	2,167
Amortization of goodwill	—	548	548	—	548
Interest income	175	187	363	(5)	358
Interest expenses	1	155	157	17	174
Share of profit (loss) of entities accounted for using equity method	—	(74)	(74)	—	(74)
Investments in associates accounted for using equity method	—	545	545	—	545
Increase in property, plant and equipment, intangible assets	¥510	¥1,038	¥1,548	¥701	¥2,250

Note 1. The amounts of Adjustments are as follows.

Adjustments of Segment profit of minus ¥716 million (minus US\$6,588 thousand) include non-allocatable common profits of minus ¥720 million (minus US\$6,618 thousand) and other adjustment of ¥3 million (US\$30 thousand). Non-allocatable common profits are mainly general and administrative expenses, dividend income, etc., which are not attributed to any reportable segment.

Adjustments of Segment assets of ¥56,341 million (US\$517,700 thousand) are elimination of receivable and payable etc., of minus ¥2,742 million (minus US\$25,196 thousand) and non-allocatable common assets which are not allocated to any reportable segments of ¥59,083 million (US\$542,896 thousand). Non-allocatable common assets are mainly cash and deposits, property, plant and equipment, intangible assets, and net defined benefit asset, etc., which are not attributed to any reportable segment.

Adjustments of Increase in property, plant and equipment, intangible assets of ¥701 million (US\$6,445 thousand) are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software, etc., which are not attributed to any reportable segment.

The allocation method of assets for reportable segment is different from that of related income and expenses.

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

For the year ended March 31, 2020

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Amount recorded in the consolidated financial statements
Sales					
Sales to customers	\$1,446,061	\$624,858	\$2,070,919	\$—	\$2,070,919
Intersegment	31	31	62	(62)	—
Total	1,446,092	624,889	2,070,981	(62)	2,070,919
Segment profit	127,661	25,865	153,526	(6,588)	146,938
Segment assets	867,896	593,541	1,461,437	517,700	1,979,137
Other items					
Depreciation and amortization	6,797	13,304	20,101	(181)	19,920
Amortization of goodwill	—	5,040	5,040	—	5,040
Interest income	1,616	1,725	3,341	(46)	3,295
Interest expenses	17	1,427	1,444	160	1,604
Share of profit (loss) of entities accounted for using equity method	—	(687)	(687)	—	(687)
Investments in associates accounted for using equity method	—	5,008	5,008	—	5,008
Increase in property, plant and equipment, intangible assets	\$4,690	\$9,540	\$14,230	\$6,445	\$20,675

16. Related information in regard to segment information

(1) Information by product and service

For the year ended March 31, 2019

This item is omitted because similar information is disclosed in "15. Segment information"

For the year ended March 31, 2020

This item is omitted because similar information is disclosed in "15. Segment information"

(2) Sales by region

For the year ended March 31, 2019

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥119,266	¥19,543	¥25,126	¥19,559	¥14,230	¥1,669	¥8,881	¥17,125	¥225,402

(Note) Sales are classified to the countries or regions based on their customers' location.

For the year ended March 31, 2020

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥132,348	¥14,707	¥19,619	¥21,727	¥12,252	¥1,759	¥8,698	¥14,263	¥225,378

(Note) Sales are classified to the countries or regions based on their customers' location.

For the year ended March 31, 2020

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
\$1,216,105	\$135,144	\$180,278	\$199,648	\$112,587	\$16,165	\$79,931	\$131,061	\$2,070,919

(3) Property, plant and equipment by region

For the year ended March 31, 2019

Millions of yen							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥4,523	¥447	¥204	¥676	¥1,775	¥2,467	¥237	¥10,333

For the year ended March 31, 2020

Millions of yen							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
¥5,047	¥484	¥216	¥577	¥1,560	¥2,114	¥491	¥10,493

For the year ended March 31, 2020

Thousands of U.S. dollars							
Japan	Thailand	Indonesia	China	India	Italy	Other	Total
\$46,384	\$4,456	\$1,993	\$5,306	\$14,342	\$19,425	\$4,515	\$96,421

(4) Sales information by main customer

For the year ended March 31, 2019

The item is omitted because there are no sales to external customers which represented 10% or more of sales of the consolidated statement of income.

For the year ended March 31, 2020

The item is omitted because there are no sales to external customers which represented 10% or more of sales of the consolidated statement of income.

17. Impairment loss by reportable segment

Impairment loss of the non-current assets by reportable segment

For the year ended March 31, 2019

Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate (Note)
Impairment loss	¥20	¥—	¥20	¥146

(Note) Eliminations/Corporate is due to the impairment on assets that will be disposed of and on the idle asset.

For the year ended March 31, 2020

Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate (Note)
Impairment loss	¥0	¥97	¥97	¥0

(Note) Eliminations/Corporate is due to the impairment on the idle asset.

For the year ended March 31, 2020

Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate
Impairment loss	\$4	\$896	\$900	\$0

18. Amortization and balance of goodwill

(1) Amortization and balance of goodwill by reportable segment

For the year ended March 31, 2019

Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate
Balance of goodwill	¥—	¥1,332	¥1,332	¥—

(Note) Amortization of goodwill is omitted because it is already disclosed in the "15. Segment information".

For the year ended March 31, 2020

Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate
Balance of goodwill	¥—	¥755	¥755	¥—

(Note) Amortization of goodwill is omitted because it is already disclosed in the "15. Segment information".

For the year ended March 31, 2020

Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/Corporate
Balance of goodwill	\$—	\$6,946	\$6,946	\$—

(2) Gain on negative goodwill by reportable segment

For the year ended March 31, 2019

Not applicable.

For the year ended March 31, 2020

Not applicable.

19. Related party transactions

For the year ended March 31, 2019

Not applicable.

For the year ended March 31, 2020

Not applicable.

20. Details of bonds

No applicable.

21. Details of loans

As of March 31, 2020

	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Maturity
	Beginning balance	Ending balance	Ending balance		
Short-term loans payable	¥9,274	¥4,075	\$37,453	2.652	—
Current portion of long-term loans payable	1,617	2,384	21,911	0.975	—
Current portion of lease obligations	28	50	465	—	—
Long-term loans payable (excluding current portion)	3,076	1,952	17,943	1.025	December 2022 to July 2024
Lease obligations (excluding current portion)	74	110	1,015	—	February 2022 to July 2026
Total	¥14,071	¥8,574	\$78,787	—	—

Note 1. The "Average interest rate" is the weighted average interest rate for the ending balance of loans etc.

Note 2. The average interest rates on lease obligations are not presented because interest equivalents in the total lease obligation are allocated to expenses every year by the straight-line method.

Note 3. The annual repayment schedules of long-term loans payable and lease obligations (excluding current portion) subsequent to March 31, 2020 are as follows.

	Millions of yen			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	¥1,523	¥402	¥25	¥0
Lease obligations	¥37	¥27	¥21	¥14

	Thousands of U.S. dollars			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	\$14,003	\$3,700	\$237	\$3
Lease obligations	\$347	\$249	\$193	\$132

22. Details of asset retirement obligations

This item is omitted because asset retirement obligations represented less than 1% of total assets at the beginning of this fiscal year and at the end of this fiscal year, respectively.

23. Significant subsequent events

Not applicable.

Report of Independent Auditors



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Taikisha Ltd.,

Opinion

We have audited the consolidated financial statements of Taikisha Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese Yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including whether the use of the disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit & supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit & supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Convenience Translation

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

The engagement partners on the audit resulting in this independent auditor's report are Hiroaki Kagami, Kenji Oka and Daisuke Miyanohara.

A & A Partners

June 26, 2020

Corporate Directory



- Green Technology System Division and Paint Finishing System Division
- Green Technology System Division
- Paint Finishing System Division

Location of office	FOUNDATION	Location of office	FOUNDATION	Location of office	FOUNDATION
1 Taikisha Ltd. 1913 Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo, 160-6129, Japan Tel: 81-3-3365-5320 Fax: 81-3-5338-5195		7 TKA Co., Ltd. 1991 445 Moo 17, Bangna-Trad Rd., Km. 23, Tambol Bangsaothong, Amphur Bangsaothong, Samutprakarn 10540, Thailand Tel: 66-2-705-8363 Fax: 66-2-705-8993		13 Taikisha Vietnam Engineering Inc. 1998 12th Floor, Detch Tower, No. 8 Ton That Thuyet, My Dinh 2 Ward, Nam Tu Liem District, Hanoi, Vietnam Tel: 84-24-3562-2750 Fax: 84-24-3562-2751	
2 San Esu Industry Co., Ltd. 1976 3-24, Ikaga Midori-machi, Hirakata-shi, Osaka, 573- 0067, Japan Tel: 81-72-845-0128 Fax: 81-72-845-1660		8 BTE Co., Ltd 1996 21/2 Moo 12, Lum lukka Sub-District, Lumlukka District, Pathumthani. Province Thailand Tel: 66-2-191-0244-47 Fax: 66-2-191-0243		14 Taikisha (Taiwan) Ltd. 1989 [Tai Yuen Hi-Tech Industrial Park] 3F, No.6, Taiyuen 1st Street, Zhubei City, Hsinchu, Taiwan, ROC Tel: 886-3-560-1661 Fax: 886-3-560-1671	
3 Taikisha (Thailand) Co., Ltd. 1971 6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand Tel: 66-2-236-8055 Fax: 66-2-236-3502		9 Token Myanmar Co., Ltd. 2015 Room No.10A, 10th floor, Ga Mone Complex, Kabaraye Pagoda Road, Mayangone Township, Yangon, Myanmar TEL: 95-01-653653		15 Wuzhou Taikisha Engineering Co., Ltd. 1994 #1110, Beijing Fortune Bldg., #5 Dong San Huan Bei Lu, Chaoyang District, Beijing 100004, China Tel: 86-10-6590-8251 Fax: 86-10-6590-8257	
4 Taikisha Trading (Thailand) Co., Ltd. 1983 6th Floor, Thaniya Bldg., 62 Silom Road, Bangkok 10500, Thailand Tel: 66-2-236-8055 Fax: 66-2-236-3502		10 Taikisha Engineering (M) Sdn. Bhd. 1989 Suite W306, 3rd Floor West Wing, Wisma Consplant 1, No.2, Jalan SS 16/4, Subang Jaya, Selangor 47500, Malaysia Tel: 60-3-5623-7200 Fax: 60-3-5623-7201		16 Beijing Wuzhou Taikisha Equipment Co., Ltd. 2002 #1116, Beijing Fortune Bldg., #5 Dong San Huan Bei Lu, Chaoyang District, Beijing 100004, China Tel: 86-10-6590-8253 Fax: 86-10-6590-8250	
5 Thaikien Maintenance & Service Co., Ltd. 1990 445 Moo 17, Thepharak Rd., T. Bangsaothong, Amphur Bangsaothong, Samutprakarn 10540, Thailand Tel: 66-2-705-8744 Fax: 66-2-705-8748		11 P.T. Taikisha Indonesia Engineering 1990 Menara Bidakara I, 13th Floor Jl. Jend. Gatot Subroto Kav. 71-73, Jakarta 12870, Indonesia Tel: 62-21-8379-3325 Fax: 62-21-8379-3310		17 Taikisha Engineering India Private Ltd. 1995 Plot No.26, Udyog Vihar, Phase-4, Gurugram, Haryana. Pin-122015, India Tel: 91-124-234-8246 Fax: 91-124-234-8247	
6 Token Interior & Design Co., Ltd. 1986 9th Floor, Thaniya Bldg., 62 Silom Road., Bangkok 10500, Thailand Tel: 66-2-236-9103 Fax: 66-2-236-0119		12 Taikisha Philippines Inc. 1995 5th Floor, Golden Rock Bldg., No.168 Salcedo St., Legaspi Village, Makati City, 1229, Philippines Tel: 63-2-818-1707 Fax: 63-2-816-1516			
18 Nippon Noise Control Ltd. 1986 Sumitomo-Nakanosakaue Bldg. 1-38-1, Chuo, Nakano- ku, Tokyo, 164-0011, Japan Tel: 81-3-5937-6532 Fax: 81-3-5937-6533		21 Taikisha (Cambodia) Co., Ltd. 2011 #37&39, Trapeangkol Village, Sangkat Kantouk, Khan Posenchey, Phnom Penh, Cambodia Tel: 855-23-729-317 Fax: 855-23-729-318		23 Taikisha Lao Co., Ltd. 2019 1-2 Room, 1st. Floor, 1st Plant office, Plant Area, Ruyi road, Located 21 Km, Saysettha Development Zone, Nano Village, Saysettha, Vientiane Capital, Lao PDR Tel: 856-20-5904-1610	
19 Tokyo Taikisha Service Ltd. 2000 Sumitomo-Nakanosakaue Bldg. 1-38-1, Chuo, Nakano- ku, Tokyo, 164-0011, Japan Tel: 81-3-5331-8370 Fax: 81-3-5331-8380		22 Taikisha Myanmar Co., Ltd. 2013 Room No.10A, 10th floor, Ga Mone Complex, Kabaraye Pagoda Road, Mayangone Township, Yangon, Myanmar Tel: 95-01-653653		24 Nicomac Clean Rooms Far East LLP 2020 Plot No. 116, IDA Bollaram, Near Miyapur, Sangareddy District, Hyderabad Medak Telangana 50232, India Tel: 91-95151-92020 Fax: 91-8458-279790	
20 Taikisha (Singapore) Pte. Ltd. 2004 2 International Business Park #11-01 Jurong East Singapore 609930 Tel: 65-6223-9928 Fax: 65-6223-9328					
25 TKS Industrial Company 1981 901 Tower Drive, Suite 300, Troy, Michigan 48098- 2817, U.S.A. Tel: 1-248-786-5000 Fax: 1-248-786-5001		32 Tianjin Taikisha Paint Finishing System Ltd. 2010 No7, Road 7, Economic Development Zone of Jinghai, Tianjin, 301600, China Tel: 86-22-6829-9518 Fax: 86-22-6829-9510		39 Geico Painting System (Suzhou) Co., Ltd. 2011 Room 1702, Harmony Mansion, No.8 wan sheng street, building 1, Suzhou Industrial Park, 215000 China Tel: 86-512-8555-0256 Fax: 86-512-8555-0701	
26 Encore Automation LLC 2014 50 Corporate Drive, Auburn Hills, Michigan 48326, U.S.A. Tel: 1-248-253-0200 Fax: 1-248-418-2308		33 Taikisha Korea Ltd. 1992 6F, Geumcheon Lotte Castle GoldPark 4th, 315, Siheung-daero, Geumcheon-gu, Seoul, 08608 Korea Tel: 82-2-783-0270 Fax: 82-2-783-0274		40 Geico Russia LLC 2011 Sportivnaya st., 9-130, Togliatti 445037 Russi Tel: 7-495-249-0780	
27 Taikisha Canada Inc. 1985 (C/O) 901 Tower Drive, Suite 300, Troy, Michigan 48098-2817, U.S.A. Tel: 1-248-786-5000 Fax: 1-248-786-5001		34 Geico S.p.A. 1963 Via Pelizza da Volpedo, 109/111, 20092 Cinisello Balsamo, Milan, Italy Tel: 39-2-660221 Fax: 39-2-66022.321		41 Shanghai Dongbo-Taiki Conveyor System Manufacturing Co., Ltd. 2002 Room 906, Building 1, SCG Business Plaza, No.51 Wuzhong Road, Shanghai, 201103, China Tel: 86-21-6443-0780 Fax: 86-21-6443-9478	
28 Taikisha de Mexico, S.A. de C.V. 1990 Homero 407 Piso 7. Col Polanco V Sección CP 11560. Del. Miguel Hidalgo Ciudad de México, México. Tel: 52-55-5250-7128 Fax: 52-55-5250-6178		35 J-CO America Corporation 2016 1945 Boulain Drive, Troy, MI 48084 Tel: 1-248-422-6200 Fax: 1-248-422-6974		42 Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd. 2004 NO.9, NO.7 Road, North area of Economic Development Zone of Jinghai, Tianjin, 301617, China Tel: 86-22-6864-5848 Fax: 86-22-6864-5849	
29 Taikisha Mexicana Services, S.A. de C.V. 2011 Homero 407 Piso 7. Col Polanco V Sección CP 11560. Del. Miguel Hidalgo Ciudad de México, México. Tel: 52-55-5516-2834		36 J-CO Mexico, S. de R.L. de C.V. 2014 Bosque de Ciruelos, 180 Bosques de Las Lomas, Miguel Hidalgo 11700 Ciudad de México, D.F., Mexico Tel: 52-55-2282-1030 Fax: 52-55-2282-1001		43 J-PM Systems GmbH 2015 Hewlett-Packard-Strasse 1/1 D-71083 Herrenberg GERMANY Tel: 49-7032-7869928 Fax: 49-7032-7869930	
30 Taikisha do Brasil Ltda. 1996 Av Gutemberg José Cobucci, nº 323, Galpão 1-Pacaembu IV-Itupeva-CEP: 13295-000-Sao Paulo Tel: 55-11-4038-8880 Fax: 55-11-4038-8880		37 Geico Brasil Ltda. 1995 Rua Francisco Rocha n. 2113, Bairro Bigorrrinho, Cep 80710, 540, Curitiba, Paraná, Brasile Tel: 55-41-3019-2727 Fax: 55-41-3336-7534		44 Makiansia Engineering (M) Sdn. Bhd. 1981 No. 141, Jalan SS 17/1A, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan, Malaysia Tel: 60-3-5635-2394 Fax: 60-3-5634-7004	
31 P.T. Taikisha Manufacturing Indonesia 2004 Jl. Permata V Lot EE-5, Kawasan Industri KILC, Karawang 41361, West-Java, Indonesia Tel: 62-21-8911-4831 Fax: 62-21-8911-4833		38 Geico Paint Shop India Private Ltd. 2006 A-4, 5th Floor The 5th Avenue, Dhole Patil Road, 411001, Pune, Maharashtra, India Tel: 91-997-039-3892			

Directors and Audit & Supervisory Board Members

Directors

Representative Director,
President Corporate Officer

Koji Kato



April 1978	Joined the Company
June 2005	Director
April 2007	Assistant to Chief General Manager, Green Technology System Division
April 2009	Corporate Officer, General Manager, Engineering Planning Dept., Green Technology System Division
April 2010	Managing Corporate Officer, Chief General Manager, Green Technology System Division, and General Manager, Engineering Planning Dept., Green Technology System Division
June 2010	Director, Managing Corporate Officer, Chief General Manager, Green Technology System Division, and General Manager, Engineering Planning Dept., Green Technology System Division
April 2012	Director, Managing Corporate Officer, Chief Executive, Corporate Planning Headquarters and in charge of Environment, and General Manager, Corporate Planning Office
April 2013	Director, Managing Corporate Officer, Chief Executive, Corporate Planning Headquarters and in charge of CSR
April 2014	Director, Managing Corporate Officer, Chief Executive, Administrative Management Headquarters and in charge of CSR
April 2016	Director, Executive Corporate Officer, Chief Executive, Administrative Management Headquarters and in charge of CSR
April 2017	Representative Director, Executive Vice President Corporate Officer, in charge of Administrative Management Headquarters
April 2018	Representative Director, Executive Vice President Corporate Officer
April 2019	Representative Director, President Corporate Officer (current position)

Representative Director,
Executive Vice President Corporate Officer

Hiroshi Mukai



April 1974	Joined the Company
April 2012	Corporate Officer, General Manager, Osaka Branch Office, Green Technology System Division
April 2014	Senior Corporate Officer, General Manager, Osaka Branch Office, Green Technology System Division
April 2015	Managing Corporate Officer, Vice General Manager, Green Technology System Division
June 2015	Director, Managing Corporate Officer, Vice General Manager, Green Technology System Division
April 2016	Director, Managing Corporate Officer, Chief General Manager, Green Technology System Division
April 2017	Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division
April 2019	Representative Director, Executive Vice President Corporate Officer (current position)

Director,
Executive Corporate Officer,
Chief General Manager,
Paint Finishing System Division

Kazuhide Hayakawa



April 1979	Joined the Company
April 2012	Corporate Officer, Senior General Manager, Engineering Supervisory Dept., Green Technology System Division
October 2013	Corporate Officer, Senior General Manager, Sales and Marketing Dept., Green Technology System Division
April 2014	Senior Corporate Officer, Senior General Manager, Sales and Marketing Dept., Green Technology System Division
April 2016	Senior Corporate Officer, Vice General Manager in charge of sales and Senior General Manager, Sales and Marketing Dept., Green Technology System Division
April 2017	Managing Corporate Officer, Chief Executive, Corporate Planning Headquarters
June 2017	Director, Managing Corporate Officer, Chief Executive, Corporate Planning Headquarters
April 2018	Director, Managing Corporate Officer, Vice General Manager, Paint Finishing System Division
April 2019	Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division (current position)

Director,
Executive Corporate Officer,
Chief General Manager,
Green Technology System Division

Yasushi Nakajima



April 1982	Joined the Company
April 2014	Corporate Officer, Senior General Manager, Engineering Supervisory Dept., Green Technology System Division
April 2015	Senior Corporate Officer, Senior General Manager, Engineering Supervisory Dept., Green Technology System Division and Senior General Manager, Global Business Management Dept.
April 2016	Senior Corporate Officer, Vice General Manager in charge of technology and Senior General Manager, Engineering Supervisory Dept., Green Technology System Division and Senior General Manager, Global Business Management Dept.
April 2017	Managing Corporate Officer, Vice General Manager, Green Technology System Division
June 2017	Director, Managing Corporate Officer, Vice General Manager, Green Technology System Division
April 2019	Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division (current position)

Director,
Managing Corporate Officer,
Chief Executive,
Administrative Management Headquarters and
in charge of CSR

Masanori Nakagawa



April 2009	General Manager, Strategic Investment Department, Headquarters Business Administration Division of Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)
October 2012	Joined the Company
April 2013	General Manager, Corporate Planning Office, Corporate Planning Headquarters
April 2014	Vice Executive, Administrative Management Headquarters
April 2017	Managing Corporate Officer, Chief Executive, Administrative Management Headquarters and in charge of CSR
June 2018	Director, Managing Corporate Officer, Chief Executive, Administrative Management Headquarters and in charge of CSR (current position)

Director,
Managing Corporate Officer,
Vice General Manager,
Green Technology System Division

Nobutaka Inagawa



April 1972	Joined the Company
April 2008	Corporate Officer, General Manager, Tohoku Branch Office, Green Technology System Division
April 2009	Corporate Officer, Vice Senior General Manager, Engineering Supervisory Dept., Green Technology System Division
April 2010	Corporate Officer, General Manager, Chubu Branch Office, Green Technology System Division
April 2011	Corporate Officer, General Manager, Chubu Branch Office and General Manager, Engineering Dept., Green Technology System Division
April 2012	Senior Corporate Officer, General Manager, Tokyo Branch Office, Green Technology System Division
April 2017	Managing Corporate Officer, General Manager, Tokyo Branch Office, Green Technology System Division
April 2019	Managing Corporate Officer, Vice General Manager, Green Technology System Division, and General Manager, Tokyo Branch Office
June 2019	Director, Managing Corporate Officer, Vice General Manager, Green Technology System Division, and General Manager, Tokyo Branch Office
April 2020	Director, Managing Corporate Officer, Vice General Manager, Green Technology System Division (current position)

Director,
Managing Corporate Officer,
Vice General Manager,
Paint Finishing System Division, and Senior General
Manager, Engineering Supervisory Dept.

Junichi Murakawa



April 1976	Joined the Company
April 2013	Corporate Officer; General Manager, Process West Japan Head Office and General Manager, Nagoya Office, Paint Finishing System Division
April 2014	Corporate Officer, General Manager, Process West Japan Head Office, General Manager, Nagoya Office and General Manager, Osaka Office, Paint Finishing System Division
April 2015	Corporate Officer, General Manager, West Japan Head Office, General Manager, Nagoya Office, General Manager, Osaka Office, and Senior General Manager, Engineering Supervisory Dept., Paint Finishing System Division
April 2018	Senior Corporate Officer, Assistant to Chief General Manager, Paint Finishing System Division
April 2019	Managing Corporate Officer, Vice General Manager, Paint Finishing System Division, and Senior General Manager, Engineering Supervisory Dept.
June 2019	Director, Managing Corporate Officer, Vice General Manager, Paint Finishing System Division, and Senior General Manager, Engineering Supervisory Dept. (current position)

Outside Director

Hirokazu Hikosaka



April 1983	Joined Asahi Shinkin Bank (Resigned in March 1985)
April 1992	Admitted as attorney and joined Nakajima Law Office (current Nakajima Hikosaka Kubouchi Law Office) (current position)
April 1999	Commissioner, Kanto Federation of Bar Associations
April 2005	Executive Commissioner, Japan Federation of Bar Associations
June 2006	Outside Director, Adways Inc.
June 2010	Audit & Supervisory Board Member, Adways Inc. (current position)
April 2014	Vice President, Tokyo Bar Association
June 2015	Audit & Supervisory Board Member of the Company
June 2017	Director of the Company (current position)
April 2019	Vice President, Kanto Federation of Bar Associations (retired in March 2020)

Outside Director

Kiyotaka Fuke



April 2014	Deputy President, Executive Officer, Meiji Yasuda Life Insurance Company
July 2014	Director, Deputy President, Executive Officer, Meiji Yasuda Life Insurance Company
April 2016	Director, Meiji Yasuda Life Insurance Company (retired in July 2016)
June 2016	Outside Audit & Supervisory Board Member, Mizuho Trust & Banking Co., Ltd.
July 2016	Advisor, Meiji Yasuda Life Insurance Company (retired in June 2019)
June 2017	Member of the Board of Directors (Outside Director and Audit & Supervisory Committee Member), Mizuho Trust & Banking Co., Ltd. (current position)
June 2019	Director of the Company (current position)

Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Member

Tetsuya Ogawa

Outside Audit & Supervisory Board Member

Toshiyuki Hanazawa

Full-time Audit & Supervisory Board Member

Makoto Wakida

Outside Audit & Supervisory Board Member

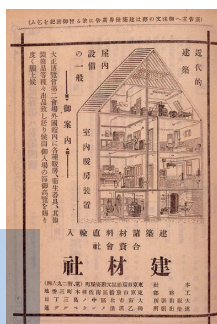
Shigeo Kobayashi

Outside Audit & Supervisory Board Member

Nobuyuki Soda

History

1913



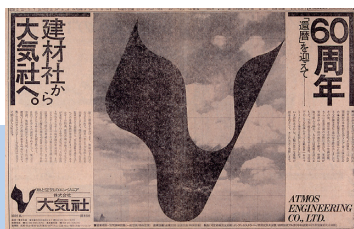
Founded under the name of joint-stock company "Kenzaisha"

1971



Established first overseas subsidiary in Bangkok

1973



Changed the name to "Taikisha Ltd."

2011



Formed global alliance with Geico S.p.A

2013



The 100th anniversary of the foundation

1913	Kenzaisha (former name of Taikisha Ltd.) founded
1949	Joint stock company, Kenzaisha dissolved and Kenzaisha Co., Ltd. established
1971	Thai Kenzaisha Co., Ltd. established in Bangkok
1973	Company name changed to Taikisha Ltd.
1976	San Esu Industry Co., Ltd. established
1980	Shares listed on the First Section of the Tokyo Stock Exchange
1981	TKS Industrial Company established in U.S.A.
1983	Thai Kenzai Trading Co., Ltd. established in Bangkok
1985	Branch office opened in Singapore Taikisha Canada Inc. established in Toronto
1986	Nippon Noise Control Ltd. established
1989	Taikisha (Taiwan) Ltd. established in Taipei Taikisha Engineering (M) Sdn. Bhd. established in Kuala Lumpur, Malaysia Taikisha UK Ltd. established in Birmingham, UK (former name of Geico Taikisha Europe Ltd.)
1990	P.T. Taikisha Indonesia Engineering established in Jakarta Taikisha de Mexico, S.A. de C.V. established in Mexico City
1992	Donki TEC Ltd. established in Seoul, Korea (former name of Taikisha Korea Ltd.)
1994	Wuzhou Taikisha Engineering Co., Ltd. established in Beijing, China
1995	Taikisha Engineering India Ltd. established in New Delhi Taikisha Philippines Inc. established in Manila Representative office opened in Ho Chi Minh City, Vietnam
1996	Taikisha do Brasil Ltda. established in São Paulo, Brazil
1997	Representative office opened in Hong Kong
1998	Taikisha Vietnam Engineering Inc. established in Hanoi
2000	Tokyo Taikisha Service Ltd. established (formerly Atmos Service Ltd. established in 1987)
2001	Thai Kenzaisha Co. Ltd. renamed Taikisha (Thailand) Co., Ltd. Thai Kenzai Trading Co., Ltd. renamed Taikisha Trading (Thailand) Co., Ltd.
2003	Company reorganized into three division structure
2004	Singapore branch office closed. Subsidiary Taikisha (Singapore) Pte. Ltd. established R&D facilities integrated as Research and Development Center in Kanagawa prefecture P.T. Taikisha Manufacturing Indonesia established
2006	Established the company-wide Compliance Committee and the Compliance Division
2007	Reorganized businesses into two division structure comprising the Green Technology System Division and the Paint Finishing Division
2009	"Taikisha (R)" LLC established in Kaluga, Russia
2010	Tianjin Taikisha Paint Finishing System Ltd. established in Tianjin, China
2011	Formed a capital and business alliance with Geico S.p.A. Taikisha (Cambodia) Co., Ltd. established in Phnom Penh, Cambodia
2013	The 100th anniversary of the foundation Taikisha Myanmar Co., Ltd. established in Yangon, Myanmar
2014	Formed a capital and business alliance with Encore Automation LLC
2017	Formed a capital and business alliance with BTE Co., Ltd.
2019	Established the Technical Center Taikisha Lao Co., Ltd. established in Vientiane Capital, Lao PDR
2020	Formed a capital and business alliance with Nicomac Clean Rooms Far East LLP

Corporate Data

Corporate Name: Taikisha Ltd.

Head Office: Sumitomo Fudosan Shinjuku Grand Tower,
8-17-1, Nishi-Shinjuku Shinjuku-ku,
Tokyo 160-6129, Japan
Tel: 81-(0)3-3365-5320
Fax: 81-(0)3-5338-5195

Established: April 10, 1913

Sales: ¥225,378 million
(Consolidated: year ended March 2020)

Number of Employees: 4,783 (Consolidated: as of March 2020)

ISO Certification Obtained

Country	Corporate Name	ISO 9001	ISO 14001
Japan	Taikisha Ltd.	●	●
China	Wuzhou Taikisha Engineering Co., Ltd.	●	●
Taiwan	Taikisha (Taiwan) Ltd.	●	
Thailand	Taikisha (Thailand) Co., Ltd.	●	●
Vietnam	Taikisha Vietnam Engineering Inc.	●	●
Philippines	Taikisha Philippines Inc.	●	
Singapore	Taikisha (Singapore) Pte. Ltd.	●	●
Malaysia	Taikisha Engineering (M) Sdn. Bhd.	●	
Indonesia	P.T. Taikisha Indonesia Engineering	●	
India	Taikisha Engineering India Pvt. Ltd.	●	●
United States of America	TKS Industrial Company	●	●
Italy	Geico S.p.A.	●	●

Investor Information

(As of March 31, 2020)

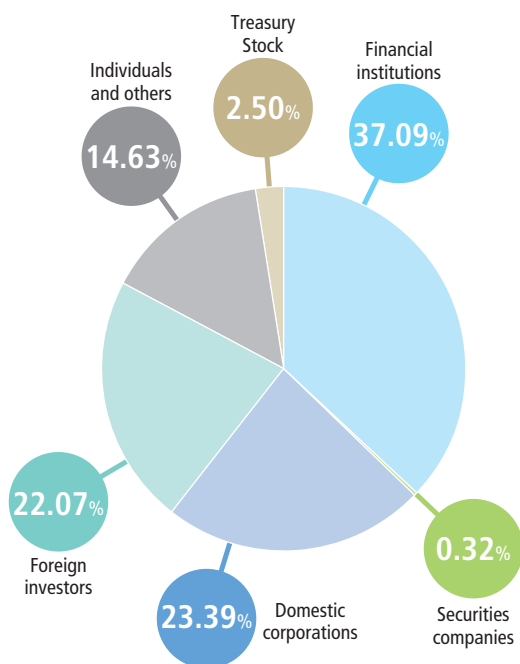
Authorized number of shares 100,000,000

Number of issued shares (excluding 877,173 treasury shares) 34,204,836

Number of shareholders 3,169

COMPOSITION OF SHAREHOLDERS

(BY SHARE HOLDING RATIO)



Major Shareholders of the Company as of March 31, 2020

Shareholder's Name	Number of shares held (in thousands)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,232	9.45
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,125	6.22
Kenzaisha Ltd.	1,730	5.06
Japan Trustee Services Bank, Ltd. (Trust Account)	1,363	3.99
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	1,080	3.16
Taikisha Business Partners Shareholding Association	1,000	2.93
Dai ni Kenzaisha Ltd.	1,000	2.92
Sumitomo Realty & Development Co., Ltd.	981	2.87
Taikisha Employees Shareholding Association	927	2.71
Nippon Life Insurance Company	866	2.53

(Notes) 1. The Company holds 877,173 treasury shares but is excluded from the list of major shareholders above. The above treasury shares do not include 137,700 shares of the Company held by Trust & Custody Services Bank, Ltd. (Trust E Account), because of the introduction of the ESOP (Employee Stock Ownership Plan). The above treasury shares do not include 136,400 shares of the Company held by Trust & Custody Services Bank, Ltd. (Trust E Account), because of the introduction of the Board Benefit Trust (BBT).

2. The "Percentage of shares held to the total number of issued shares" is calculated by subtracting treasury shares from all issued shares.

