

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): 	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
	<ul style="list-style-type: none"> ● Market for industrial HVAC systems (in Japan): 	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
	<ul style="list-style-type: none"> ● Overseas HVAC systems market: 	New potential investments in anticipation of a re-examination of the supply chain in the manufacturing industry due to the US-China trade friction
	<ul style="list-style-type: none"> ● Paint finishing systems market: 	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
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.

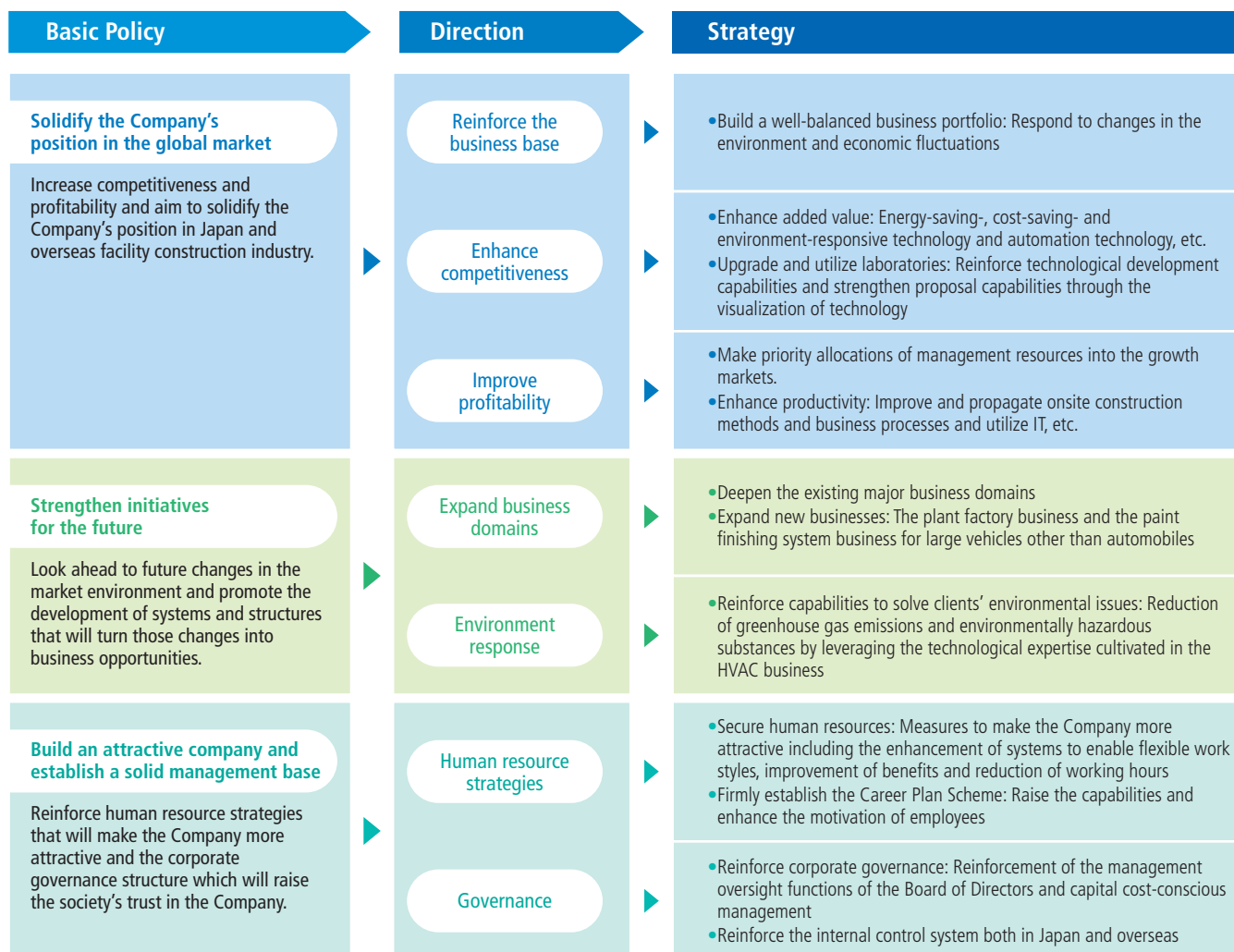
The spirit of "Customers First" is to win persistent trust from the customer.

To achieve this goal, we have to follow our 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

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| <p>1 Establish a company which can continuously grow and contribute to the society</p> | <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. |
| <p>2 Establish an attractive company</p> | <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



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.