

Financial Report for the First Quarter of the Fiscal Year ending March 31, 2023

August 10, 2022

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

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

Name of company... Taikisha Ltd.

Stock Exchange..... Tokyo Stock Exchange

Code..... 1979

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

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

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

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

Scheduled date to submit Quarterly report : August 12, 2022

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : None

Briefing session of financial results : None

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2022 through June 30, 2022)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended								
June 30, 2022	39,811	(5.3)	1,413	(17.3)	1,665	(20.0)	115	(90.9)
June 30, 2021	42,050	13.1	1,707	83.1	2,080	109.5	1,272	(14.2)

(Note) Comprehensive income Three months ended June 30, 2022 1,542 million yen 10.9 %
Three months ended June 30, 2021 1,391 million yen (4.1) %

Three months ended	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
	yen	yen
June 30, 2022	3.40	—
June 30, 2021	37.36	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
June 30, 2022	201,352	130,792	61.9
March 31, 2022	228,159	130,788	54.7

(Note) Shareholders' Equity As of June 30, 2022 124,595 million yen
As of March 31, 2022 124,695 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2022	—	30.00	—	70.00	100.00
March 31, 2023	—				
Year ending March 31, 2023 (Forecast)		50.00	—	71.00	121.00

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2023 (April 1, 2022 through March 31, 2023)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Half year	92,400	(0.0)	3,400	23.0	3,900	9.6	2,400	42.2		70.42
Full year	212,500	1.5	10,800	14.5	12,000	10.9	8,600	18.6		252.36

(Note) Revisions to forecast of earnings : None

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Adoption of particular accounting treatments for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revisions of accounting standards etc. : Yes
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatements : None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at the end of period (including treasury shares)
 - As of June 30, 2022 35,082,009 shares
 - As of March 31, 2022 35,082,009 shares
 - (ii) Number of treasury shares at the end of period
 - As of June 30, 2022 998,560 shares
 - As of March 31, 2022 998,559 shares
 - (iii) Average number of shares during the period
 - Three months ended June 30, 2022 34,083,450 shares
 - Three months ended June 30, 2021 34,068,182 shares

(Note) The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan and its own shares remaining in the Trust are included as treasury shares. The number of treasury shares owned by the trust as of June 30, 2022 and as of March 31, 2022 are 120,700 and 120,700, respectively. The average number of treasury shares owned by the trust for three months ended June 30, 2022 and for three months ended June 30, 2021 are 120,700 and 136,400, respectively.

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

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	49,085	41,882
Notes receivable, accounts receivable from completed construction contracts and other	104,956	84,704
Securities	3,000	5,900
Costs on uncompleted construction contracts	1,775	1,336
Raw materials and supplies	1,007	1,143
Other	9,084	11,884
Allowance for doubtful accounts	(718)	(496)
Total current assets	168,190	146,354
Non-current assets		
Property, plant and equipment	11,243	8,955
Intangible assets		
Goodwill	3,966	4,115
Customer-related assets	1,334	1,382
Other	2,081	1,523
Total intangible assets	7,381	7,022
Investments and other assets		
Investment securities	29,605	27,700
Deferred tax assets	520	489
Net defined benefit asset	8,909	8,819
Other	2,710	2,444
Allowance for doubtful accounts	(401)	(433)
Total investments and other assets	41,344	39,020
Total non-current assets	59,969	54,998
Total assets	228,159	201,352
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	47,102	39,368
Short-term loans payable	15,535	3,246
Income taxes payable	1,672	334
Advances received on uncompleted construction contracts	6,901	8,437
Provision for bonuses	—	782
Provision for warranties for completed construction	714	658
Provision for loss on construction contracts	392	277
Provision for directors' bonuses	43	—
Other	9,524	7,606
Total current liabilities	81,886	60,711
Non-current liabilities		
Long-term loans payable	5,605	80
Deferred tax liabilities	7,877	7,804
Provision for directors' retirement benefits	44	47
Provision for share-based remuneration for directors	145	145
Net defined benefit liability	1,462	1,460
Other	349	310
Total non-current liabilities	15,484	9,848
Total liabilities	97,371	70,560

Millions of yen

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	5,058	5,058
Retained earnings	99,893	98,465
Treasury shares	(2,544)	(2,544)
Total shareholders' equity	108,862	107,434
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,908	11,201
Deferred gains or losses on hedges	(25)	(9)
Foreign currency translation adjustment	2,017	4,201
Accumulated remeasurements of defined benefit plans	1,932	1,767
Total accumulated other comprehensive income	15,833	17,161
Non-controlling interests	6,092	6,197
Total net assets	130,788	130,792
Total liabilities and net assets	228,159	201,352

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

	Millions of yen	
	Three months ended June 30, 2021 Apr. 1, 2021 - Jun. 30, 2021	Three months ended June 30, 2022 Apr. 1, 2022 - Jun. 30, 2022
Net sales of completed construction contracts	42,050	39,811
Cost of sales of completed construction contracts	35,328	33,773
Gross profit on completed construction contracts	6,721	6,037
Selling, general and administrative expenses	5,013	4,624
Operating income	1,707	1,413
Non-operating income		
Interest income	59	32
Dividend income	245	270
Dividend income of insurance	—	1
Real estate rent	33	30
Foreign exchange gains	56	—
Reversal of allowance for doubtful accounts	0	—
Other	95	41
Total non-operating income	490	377
Non-operating expenses		
Interest expenses	95	31
Rent expenses on real estates	3	3
Foreign exchange losses	—	19
Provision of allowance for doubtful accounts	—	7
Share of loss of entities accounted for using equity method	7	55
Other	12	7
Total non-operating expenses	118	125
Ordinary income	2,080	1,665
Extraordinary income		
Gain on disposal of non-current assets	6	4
Gain on sale of investment securities	288	630
Gain on sale of shares of subsidiaries and associates	—	881
Total extraordinary income	295	1,516
Extraordinary losses		
Loss on disposal of non-current assets	34	0
Business restructuring expenses	—	2,461
Total extraordinary losses	34	2,461
Profit before income taxes	2,341	719
Income taxes-current	168	383
Income taxes-deferred	885	180
Total income taxes	1,054	564
Profit	1,287	155
Profit attributable to non-controlling interests	14	40
Profit attributable to owners of parent	1,272	115

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2021	Three months ended June 30, 2022
	Apr. 1, 2021 - Jun. 30, 2021	Apr. 1, 2022 - Jun. 30, 2022
Profit	1,287	155
Other comprehensive income		
Valuation difference on available-for-sale securities	(970)	(707)
Deferred gains or losses on hedges	(15)	15
Foreign currency translation adjustment	1,197	2,206
Remeasurements of defined benefit plans	(138)	(162)
Share of other comprehensive income of entities accounted for using equity method	30	34
Total other comprehensive income	103	1,387
Comprehensive income	1,391	1,542
Comprehensive income attributable to :		
Owners of parent	1,249	1,169
Non-controlling interests	141	373

(Change in scope of consolidation or in scope of application of the equity method)

(Significant change in scope of consolidation)

On April 19, 2022, Taikisha("the Company") entered into a contract to transfer a portion of its shares in Geico S.p.A. ("Geico") and the transfer has been completed on April 20, 2022.

With this share transfer, Geico and its consolidated subsidiaries, J-CO America Corporation, J-CO Mexico, S. de R.L. de C.V., Geico Brasil Ltda., Geico Paint Shop India Private Limited, Geico Painting System (Suzhou) Co., Ltd, "Geico Russia" LLC, Geico Taikisha GmbH, Geico Taikisha Controls d.o.o. and Process Solution Partner Rus LLC have been excluded from the scope of consolidation.

(Change in accounting policy)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Implementation Guidance on Accounting Standard for Fair Value Measurement ") has been applied from the beginning of the current consolidated fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 27-2 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement", the Company has decided to apply the new accounting policies set forth by the "Implementation Guidance on Accounting Standard for Fair Value Measurement" from the beginning of the current consolidated fiscal year to the future.

This change has no impact on the Company's consolidated financial statements.

(Additional information)

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

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

(Segment information)

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

1. Sales and profits or losses by reportable segments

Millions of yen

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

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

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

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

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

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

Not applicable.

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	31,351	8,459	39,811	—	39,811
Intersegment	1	0	1	(1)	—
Total	31,352	8,459	39,812	(1)	39,811
Segment profit (loss)	2,006	(667)	1,339	326	1,665

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

Eliminations/ Corporate of Segment profit (loss) of 326 million yen includes non-allocatable common profits (net amount of common profit and loss) of 326 million yen and other adjustment of minus 0 million yen.

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

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

2. Information about assets for each reportable segment

In the consolidated cumulative first quarter, the Company transferred a portion of the shares of Geico S.p.A. ("Geico"), which was a consolidated subsidiary until the previous fiscal year.

With this share transfer, Geico and its consolidated subsidiaries, J-CO America Corporation, J-CO Mexico, S. de R.L. de C.V., Geico Brasil Ltda. Geico Paint Shop India Private Limited, Geico Painting System (Suzhou) Co., Ltd, "Geico Russia" LLC, Geico Taikisha GmbH, Geico Taikisha Controls d.o.o. and Process Solution Partner Rus LLC were excluded from the scope of consolidation.

Mainly due to this reason, segment assets in the Paint Finishing System Division decreased by 24,350 million yen in the consolidated cumulative first quarter compared with the previous consolidated fiscal year.

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

Not applicable.

(Supplementary information)

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

Millions of yen

	Three months ended June 30, 2021 (Apr. 1, 2021 - Jun. 30, 2021)		Three months ended June 30, 2022 (Apr. 1, 2022 - Jun. 30, 2022)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	13,209	30.3	9,750	14.2	(3,458)	(26.2)
Industrial HVAC	18,536	42.5	49,674	72.6	31,138	168.0
Total	31,745	72.8	59,425	86.8	27,679	87.2
[Overseas]	[5,245]	[12.0]	[13,234]	[19.3]	[7,988]	[152.3]
Paint Finishing System Division	11,871	27.2	9,017	13.2	(2,853)	(24.0)
[Overseas]	[9,040]	[20.8]	[5,816]	[8.5]	[(3,223)]	[(35.7)]
Total	43,616	100.0	68,443	100.0	24,826	56.9
[Overseas]	[14,285]	[32.8]	[19,050]	[27.8]	[4,764]	[33.4]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	8,866	21.1	7,818	19.6	(1,048)	(11.8)
Industrial HVAC	17,363	41.3	23,533	59.1	6,169	35.5
Total	26,230	62.4	31,351	78.7	5,121	19.5
[Overseas]	[7,594]	[18.0]	[8,577]	[21.6]	[983]	[13.0]
Paint Finishing System Division	15,819	37.6	8,459	21.3	(7,360)	(46.5)
[Overseas]	[11,516]	[27.4]	[5,585]	[14.0]	[(5,931)]	[(51.5)]
Total	42,050	100.0	39,811	100.0	(2,239)	(5.3)
[Overseas]	[19,110]	[45.4]	[14,163]	[35.6]	[(4,947)]	[(25.9)]
Construction carried forward						
Green Technology System Division						
Building HVAC	54,769	31.2	54,710	26.1	(58)	(0.1)
Industrial HVAC	69,223	39.3	118,065	56.3	48,841	70.6
Total	123,992	70.5	172,775	82.4	48,783	39.3
[Overseas]	[35,450]	[20.2]	[39,864]	[19.0]	[4,413]	[12.5]
Paint Finishing System Division	51,761	29.5	36,821	17.6	(14,939)	(28.9)
[Overseas]	[44,273]	[25.2]	[20,589]	[9.8]	[(23,683)]	[(53.5)]
Total	175,753	100.0	209,597	100.0	33,843	19.3
[Overseas]	[79,724]	[45.4]	[60,454]	[28.8]	[(19,270)]	[(24.2)]

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

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

3.In the consolidated cumulative first quarter, there is 1 million yen difference between net sales of completed construction contracts of 31,351 million yen and total sales of 31,352 million yen in the segment information by the Green Technology System Division.

There is 0 million yen difference between net sales of completed construction contracts of 8,459 million yen and total sales of 8,459 million yen in the segment information by the Paint Finishing System Division.
Above differences are due to intersegment sales.

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

Millions of yen

	Three months ended June 30, 2021 (Apr. 1, 2021 - Jun. 30, 2021)		Three months ended June 30, 2022 (Apr. 1, 2022 - Jun. 30, 2022)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	12,598	42.1	9,175	18.6	(3,422)	(27.2)
Industrial HVAC	13,286	44.5	36,452	74.2	23,166	174.4
Total	25,884	86.6	45,627	92.8	19,743	76.3
[Overseas]	[29]	[0.1]	[48]	[0.1]	[18]	[63.2]
Paint Finishing System Division	3,993	13.4	3,520	7.2	(473)	(11.9)
[Overseas]	[1,427]	[4.8]	[668]	[1.4]	[(758)]	[(53.1)]
Total	29,878	100.0	49,147	100.0	19,269	64.5
[Overseas]	[1,457]	[4.9]	[717]	[1.5]	[(739)]	[(50.8)]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	8,252	36.2	7,461	29.2	(791)	(9.6)
Industrial HVAC	9,753	42.9	14,921	58.4	5,168	53.0
Total	18,006	79.1	22,383	87.6	4,377	24.3
[Overseas]	[20]	[0.1]	[17]	[0.1]	[(2)]	[(13.4)]
Paint Finishing System Division	4,746	20.9	3,160	12.4	(1,585)	(33.4)
[Overseas]	[1,093]	[4.8]	[788]	[3.1]	[(305)]	[(27.9)]
Total	22,752	100.0	25,544	100.0	2,791	12.3
[Overseas]	[1,113]	[4.9]	[806]	[3.2]	[(307)]	[(27.6)]
Construction carried forward						
Green Technology System Division						
Building HVAC	53,950	54.8	53,782	35.2	(167)	(0.3)
Industrial HVAC	33,934	34.5	78,209	51.2	44,275	130.5
Total	87,884	89.3	131,992	86.4	44,107	50.2
[Overseas]	[181]	[0.2]	[33]	[0.0]	[(148)]	[(81.6)]
Paint Finishing System Division	10,498	10.7	20,712	13.6	10,213	97.3
[Overseas]	[3,507]	[3.6]	[4,905]	[3.2]	[1,398]	[39.9]
Total	98,383	100.0	152,704	100.0	54,321	55.2
[Overseas]	[3,688]	[3.8]	[4,939]	[3.2]	[1,250]	[33.9]

3. Sales by regions

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

Millions of yen

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

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
25,647	1,867	3,471	4,179	1,527	344	2,576	196	39,811