

Financial Report for the Third Quarter of the Fiscal Year ending March 31, 2024

February 13, 2024

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..... Masashi Osada, President and Representative Director

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Scheduled date to submit Quarterly report : February 14, 2024

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : Yes

Briefing session of financial results : No

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2023 through December 31, 2023)

(1) Consolidated operating results (Cumulative)

(% 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	%
Nine months ended								
December 31, 2023	205,285	44.6	12,122	66.0	13,299	55.4	10,226	101.2
December 31, 2022	141,979	(2.0)	7,301	30.9	8,559	28.8	5,083	14.9

(Note) Comprehensive income
 Nine months ended December 31, 2023 : 16,525 million yen
 Nine months ended December 31, 2022 : 6,947 million yen
 Increase ratio : 137.9 %
 (2022) : 96.3 %

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
Nine months ended	yen	yen
December 31, 2023	308.68	—
December 31, 2022	149.98	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of	million yen	million yen	%
December 31, 2023	265,209	142,599	51.2
March 31, 2023	237,105	131,992	53.1

(Note) Shareholders' Equity
 As of December 31, 2023 : 135,696 million yen
 As of March 31, 2023 : 125,791 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year End	Total (annually)
Year ended	yen	yen	yen	yen	yen
March 31, 2023	—	50.00	—	71.00	121.00
March 31, 2024	—	50.00	—	—	—
Year ending March 31, 2024 (Forecast)	—	—	—	77.00	127.00

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2024 (April 1, 2023 through March 31, 2024)

(% 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	
Full year	294,500	37.1	16,500	42.8	18,100	39.2	13,300	68.0	401.43	

(Note) Revisions to forecast of earnings : Yes

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. : None
 - (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 end of period (including treasury shares)
 - As of December 31, 2023 33,582,009 shares
 - As of March 31, 2023 33,582,009 shares
 - (ii) Number of treasury shares at end of period
 - As of December 31, 2023 735,913 shares
 - As of March 31, 2023 380,689 shares
 - (iii) Average number of shares during the period
 - Nine months ended December 31, 2023 33,131,695 shares
 - Nine months ended December 31, 2022 33,898,135 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 December 31, 2023 and as of March 31, 2023 are 149,500 and 120,700, respectively. The average number of treasury shares owned by the trust for nine months ended December 31, 2023 and for nine months ended December 31, 2022 are 148,820 and 120,700, 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, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	46,988	54,744
Notes receivable, accounts receivable from completed construction contracts and other	124,236	119,355
Securities	—	5,000
Costs on uncompleted construction contracts	2,346	2,133
Raw materials and supplies	843	1,090
Other	10,721	26,480
Allowance for doubtful accounts	(668)	(864)
Total current assets	184,467	207,939
Non-current assets		
Property, plant and equipment	8,557	10,302
Intangible assets		
Goodwill	3,640	3,516
Customer-related assets	1,184	1,118
Other	1,104	1,144
Total intangible assets	5,929	5,779
Investments and other assets		
Investment securities	26,487	28,981
Deferred tax assets	582	752
Net defined benefit asset	8,595	9,129
Other	2,993	2,874
Allowance for doubtful accounts	(507)	(550)
Total investments and other assets	38,152	41,187
Total non-current assets	52,638	57,269
Total assets	237,105	265,209
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	55,472	62,367
Short-term loans payable	2,942	3,983
Income taxes payable	1,772	1,977
Advances received on uncompleted construction contracts	23,306	20,119
Provision for bonuses	—	4,120
Provision for warranties for completed construction	614	627
Provision for loss on construction contracts	300	135
Provision for directors' bonuses	71	61
Other	11,460	18,122
Total current liabilities	95,940	111,515
Non-current liabilities		
Long-term loans payable	98	166
Deferred tax liabilities	7,034	8,698
Provision for directors' retirement benefits	56	37
Provision for share awards	—	8
Provision for share awards for directors	212	160
Net defined benefit liability	1,343	1,494
Other	427	528
Total non-current liabilities	9,172	11,093
Total liabilities	105,112	122,609

	Millions of yen	
	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	3,540	3,620
Retained earnings	100,296	106,493
Treasury shares	(1,158)	(2,872)
Total shareholders' equity	109,133	113,696
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,535	12,794
Deferred gains or losses on hedges	(63)	(86)
Foreign currency translation adjustment	4,779	7,870
Accumulated remeasurements of defined benefit plans	1,405	1,421
Total accumulated other comprehensive income	16,657	21,999
Non-controlling interests	6,201	6,903
Total net assets	131,992	142,599
Total liabilities and net assets	237,105	265,209

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

	Millions of yen	
	Nine months ended December 31, 2022 Apr. 1, 2022 - Dec. 31, 2022	Nine months ended December 31, 2023 Apr. 1, 2023 - Dec. 31, 2023
Net sales of completed construction contracts	141,979	205,285
Cost of sales of completed construction contracts	119,769	176,191
Gross profit on completed construction contracts	22,209	29,093
Selling, general and administrative expenses	14,908	16,971
Operating income	7,301	12,122
Non-operating income		
Interest income	166	617
Dividend income	594	569
Dividend income of insurance	178	188
Real estate rent	87	79
Foreign exchange gains	166	—
Reversal of allowance for doubtful accounts	0	—
Other	322	194
Total non-operating income	1,516	1,650
Non-operating expenses		
Interest expenses	109	168
Rent expenses on real estates	11	10
Foreign exchange losses	—	236
Provision of allowance for doubtful accounts	—	0
Share of loss of entities accounted for using equity method	101	16
Other	33	40
Total non-operating expenses	257	472
Ordinary income	8,559	13,299
Extraordinary income		
Gain on disposal of non-current assets	13	13
Gain on sale of investment securities	1,766	1,924
Gain on sale of shares of subsidiaries and associates	881	—
Total extraordinary income	2,662	1,937
Extraordinary losses		
Loss on disposal of non-current assets	47	5
Impairment loss	0	0
Loss on sale of shares of subsidiaries and associates	3	—
Business restructuring expenses	2,461	—
Loss on valuation of investment securities	—	0
Total extraordinary losses	2,512	5
Profit before income taxes	8,709	15,231
Income taxes-current	1,980	3,826
Income taxes-deferred	1,014	684
Total income taxes	2,995	4,510
Profit	5,713	10,721
Profit attributable to non-controlling interests	629	494
Profit attributable to owners of parent	5,083	10,226

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
	Apr. 1, 2022 - Dec. 31, 2022	Apr. 1, 2023 - Dec. 31, 2023
Profit	5,713	10,721
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,512)	2,258
Deferred gains or losses on hedges	(2)	(23)
Foreign currency translation adjustment	4,072	3,505
Remeasurements of defined benefit plans	(389)	19
Share of other comprehensive income of entities accounted for using equity method	66	44
Total other comprehensive income	1,233	5,804
Comprehensive income	6,947	16,525
Comprehensive income attributable to :		
Owners of parent	5,928	15,569
Non-controlling interests	1,019	956

(Additional information)

(Acquisition of treasury shares)

Taikisha("the Company") announced that its Board of Directors held on August 10, 2023 had resolved regarding acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the terms pursuant to the provisions of Paragraph 3, Article 165 of the same Act, and the status is as follows.

1. Reason for acquisition

To enhance shareholder returns and to increase capital efficiency as well as to enable the Company to implement a flexible capital strategy in response to changes in the business environment.

2. Details of acquisition

(1) Type of shares to be acquired	Common shares of the Company
(2) Total number of shares that can be acquired	Up to 700,000 shares (2.09% of total number of issued shares of the Company (excluding treasury shares))
(3) Total price of shares to be acquired	Up to 2,000 million yen
(4) Period of acquisition	From August 14, 2023 to February 29, 2024
(5) Method of acquisition	Purchase on the Tokyo Stock Exchange through a trust bank

3. Status of acquisition

By the method described above, the Company has acquired 430,000 common shares of the Company at 1,903 million yen as of December 31, 2023.

(Segment information)

Nine months ended December 31, 2022 (April 1, 2022 - December 31, 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	114,129	27,849	141,979	—	141,979
Intersegment	11	1	13	(13)	—
Total	114,141	27,851	141,992	(13)	141,979
Segment profit (loss)	9,182	(1,253)	7,929	630	8,559

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

Eliminations/ Corporate of Segment profit (loss) of 630 million yen includes non-allocatable common profits (net amount of common profit and loss) of 631 million yen and other adjustments 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 21,663 million yen in the consolidated cumulative third quarter compared with the previous consolidated fiscal year.

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

Not applicable.

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

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	158,982	46,302	205,285	—	205,285
Intersegment	14	—	14	(14)	—
Total	158,996	46,302	205,299	(14)	205,285
Segment profit	12,025	855	12,881	417	13,299

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

Eliminations/ Corporate of Segment profit of 417 million yen includes non-allocatable common profits (net amount of common profit and loss) of 418 million yen and other adjustments 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 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.

(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

	Nine months ended December 31, 2022 (Apr. 1, 2022 - Dec. 31, 2022)		Nine months ended December 31, 2023 (Apr. 1, 2023 - Dec. 31, 2023)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
	Orders-received					
Green Technology System Division						
Building HVAC	31,053	13.7	24,066	13.0	(6,986)	(22.5)
Industrial HVAC	137,018	60.7	92,628	50.0	(44,389)	(32.4)
Total	168,071	74.4	116,695	63.0	(51,376)	(30.6)
[Overseas]	[52,837]	[23.4]	[30,420]	[16.4]	[(22,417)]	[(42.4)]
Paint Finishing System Division	57,746	25.6	68,690	37.0	10,944	19.0
[Overseas]	[38,568]	[17.1]	[48,909]	[26.4]	[10,341]	[26.8]
Total	225,817	100.0	185,385	100.0	(40,432)	(17.9)
[Overseas]	[91,406]	[40.5]	[79,330]	[42.8]	[(12,075)]	[(13.2)]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	30,306	21.4	31,202	15.2	895	3.0
Industrial HVAC	83,822	59.0	127,779	62.2	43,957	52.4
Total	114,129	80.4	158,982	77.4	44,852	39.3
[Overseas]	[32,840]	[23.1]	[45,220]	[22.0]	[12,379]	[37.7]
Paint Finishing System Division	27,849	19.6	46,302	22.6	18,452	66.3
[Overseas]	[19,994]	[14.1]	[37,159]	[18.1]	[17,165]	[85.8]
Total	141,979	100.0	205,285	100.0	63,305	44.6
[Overseas]	[52,835]	[37.2]	[82,380]	[40.1]	[29,544]	[55.9]
Construction carried forward						
Green Technology System Division						
Building HVAC	53,524	20.0	36,475	15.0	(17,049)	(31.9)
Industrial HVAC	146,825	54.9	106,720	44.0	(40,104)	(27.3)
Total	200,349	74.9	143,195	59.0	(57,153)	(28.5)
[Overseas]	[56,910]	[21.3]	[53,351]	[22.0]	[(3,559)]	[(6.3)]
Paint Finishing System Division	67,241	25.1	99,516	41.0	32,275	48.0
[Overseas]	[40,014]	[14.9]	[62,335]	[25.7]	[22,321]	[55.8]
Total	267,590	100.0	242,712	100.0	(24,878)	(9.3)
[Overseas]	[96,924]	[36.2]	[115,686]	[47.7]	[18,761]	[19.4]

(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 third quarter, there is 11 million yen difference between net sales of completed construction contracts of 114,129 million yen and total sales of 114,141 million yen in the segment information by the Green Technology System Division.

There is 1 million yen difference between net sales of completed construction contracts of 27,849 million yen and total sales of 27,851 million yen in the segment information by the Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the consolidated cumulative third quarter, there is 14 million yen difference between net sales of completed construction contracts of 158,982 million yen and total sales of 158,996 million yen in the segment information by the Green Technology System Division.

There is no difference between net sales of completed construction contracts and total sales in the segment information by the Paint Finishing System Division.

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

Millions of yen

	Nine months ended December 31, 2022 (Apr. 1, 2022 - Dec. 31, 2022)		Nine months ended December 31, 2023 (Apr. 1, 2023 - Dec. 31, 2023)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	27,251	20.2	19,823	18.9	(7,427)	(27.3)
Industrial HVAC	84,303	62.6	62,547	59.7	(21,755)	(25.8)
Total	111,554	82.8	82,371	78.6	(29,183)	(26.2)
[Overseas]	[275]	[0.2]	[633]	[0.6]	[358]	[130.3]
Paint Finishing System Division	23,233	17.2	22,438	21.4	(795)	(3.4)
[Overseas]	[4,978]	[3.7]	[3,866]	[3.7]	[(1,112)]	[(22.3)]
Total	134,788	100.0	104,809	100.0	(29,979)	(22.2)
[Overseas]	[5,253]	[3.9]	[4,499]	[4.3]	[(753)]	[(14.3)]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	28,090	31.9	28,592	22.9	502	1.8
Industrial HVAC	50,914	57.8	82,597	66.2	31,683	62.2
Total	79,004	89.7	111,189	89.1	32,185	40.7
[Overseas]	[96]	[0.1]	[320]	[0.2]	[224]	[234.0]
Paint Finishing System Division	9,127	10.3	13,578	10.9	4,451	48.8
[Overseas]	[2,316]	[2.6]	[5,460]	[4.4]	[3,143]	[135.7]
Total	88,131	100.0	124,768	100.0	36,636	41.6
[Overseas]	[2,412]	[2.7]	[5,780]	[4.6]	[3,368]	[139.6]
Construction carried forward						
Green Technology System Division						
Building HVAC	51,230	29.2	33,825	26.1	(17,404)	(34.0)
Industrial HVAC	90,068	51.2	54,144	41.7	(35,924)	(39.9)
Total	141,298	80.4	87,969	67.8	(53,329)	(37.7)
[Overseas]	[181]	[0.1]	[791]	[0.6]	[609]	[336.2]
Paint Finishing System Division	34,458	19.6	41,817	32.2	7,358	21.4
[Overseas]	[7,687]	[4.4]	[5,350]	[4.1]	[(2,336)]	[(30.4)]
Total	175,757	100.0	129,787	100.0	(45,970)	(26.2)
[Overseas]	[7,868]	[4.5]	[6,141]	[4.7]	[(1,726)]	[(21.9)]

3. Sales by regions

Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
89,144	4,662	13,199	16,380	7,037	1,560	9,470	525	141,979

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
122,904	10,703	13,319	22,806	12,294	11,996	10,850	409	205,285