

TAIKI-SHA LTD.

Financial Results Briefing

The Second Quarter of FY2024

November 14, 2024



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My name is Masashi Osada, Representative Director, and President, Corporate Officer.

Thank you very much for attending our financial results briefing today.

I would like to present the revision of the forecast of full-year orders received, the business environment, our achievements for the first half of FY2024, and our earnings forecast for FY2024.

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We revise the breakdown of the forecast of full-year orders-received that we announced on May 15, 2024, as follows due to the better-than-expected performance of orders-received in Japan in the Paint Finishing System in the first half of the consolidated current fiscal year.

(JPY bn)	FY2024 New Forecasts	FY2024 Original Forecasts	Difference
	Total	Total	Total
Orders-received	280.0	280.0	-
Green Technology	200.0	200.0	-
Paint Finishing	80.0	80.0	-
Japan	16.8	11.8	5.0
Overseas	63.2	68.2	-5.0

There is no change from the earnings forecast for FY2024 that we announced on May 15, 2024, in the orders-received in total, net sales of completed construction contracts, operating income, ordinary income and profit attributable to owners of parent.

First, I would like to explain the revision of the forecast of full-year orders-received for FY2024.

We revise the breakdown of the forecast of full-year orders received that we announced on May 15, 2024, as follows due to the better-than-expected performance of orders-received in Japan in the Paint Finishing System in the first half of the consolidated current fiscal year.

There is no change from the earnings forecast for FY2024 that we announced on May 15, 2024, in the orders-received in total, net sales of completed construction contracts, operating income, ordinary income and profit attributable to owners of parent.

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President: Masashi Osada

Decreased in Sales and Income due to absence of large projects
Increased in orders received

Business environment (Japan)

Capital investment of electronic component manufacturers and automobile manufacturers is ongoing and demand for the renovations in the Tokyo area was steady.

Business environment (Overseas)

Although there is a concern about the slowdown of the global economy, the capital investment of manufacturers continued to be steady.

Orders-received

128.1

Billion yen

[QoQ Change
+0.8%]

Sales

114.6

Billion yen

[QoQ Change
-12.1%]

Ordinary income

7.0

Billion yen

[QoQ Change
-12.6%]

**Profit attributable to
owners of parent**

5.6

Billion yen

[QoQ Change
-14.4%]

Regarding the business environment for the Group, in the Japanese market, capital investment of electronic component manufacturers and automobile manufacturers is ongoing and demand for the renovations in the Tokyo area was steady.

In overseas markets, although there is a concern about the slowdown of the global economy, the capital investment of manufacturers continued to be steady.

Under such market environment, although there was an increase in orders received, in terms of performance, both sales and income decreased because we had large orders in the same period of the previous fiscal year.

Exceeded the Forecast in All Items

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	vs. Forecast
Orders-received	127.1	128.1	0.9	118.0*	10.1
Net-sales of completed construction contracts	130.4	114.6	-15.7	110.0	4.6
Ordinary income	8.1	7.0	-1.0	4.9	2.1
Ratio	6.2%	6.2%	-0.0pt	4.5%	1.7pt
Profit attributable to owners of parent	6.6	5.6	-0.9	3.4	2.2
Ratio	5.1%	4.9%	-0.1pt	3.1%	1.9pt
EPS	199.51yen	173.85yen	-25.65yen	-	-

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

Exchange rate of main overseas affiliates

(Yen)	① 2Q FY2023	② 2Q FY2024	③ FY2024 Assumptions
US\$	135.99	152.33	147.00
THB	3.95	4.22	4.03
CNY	19.47	21.07	20.00
INR	1.72	1.82	1.76

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Exchange rate impact

Impact of exchange rate difference between ① and ②

Sales: 4.4 billion yen/Ordinary income: 0.2 billion yen

Impact of exchange rate difference between ② and ③

Sales: 2.1 billion yen/Ordinary income: 0.1 billion yen

Under these circumstances, orders-received exceeded the forecast that was revised in the first quarter of FY2024.

Net-sales of completed construction contracts and profits exceeded the original forecast, as we disclosed in the "Announcement of Revision of Earnings Forecasts for the First Half of the Fiscal Year Ending March 31, 2025," on October 29.

As I will explain by item, orders-received exceeded the forecast because we secured more orders than expected.

Net sales of completed construction contracts exceeded the forecast overseas mainly because the progress in construction carried-forward exceeded the original forecast.

For profits, in addition to the increase in sales, since the profitability in construction improved, ordinary income exceeded the forecast. Quarterly profits attributable to owners of parent exceeded the forecast because of the increase in gain on sales of investment securities, in addition to the factors mentioned earlier.

Factors by segment will be explained by Yasushi Nakajima, a Chief Executive of the Administrative Management Headquarters.

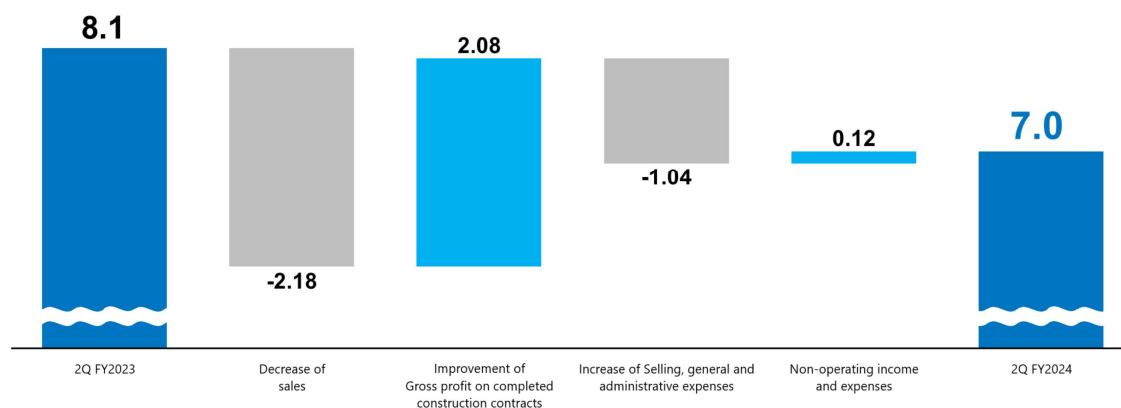
Please check the exchange rate of the main overseas affiliates and the effect of exchange rate differences shown in the bottom of the slide.

Decreased QoQ mainly due to the increase in Sales

Breakdown of fluctuation in Ordinary Income (QoQ change)

(JPY bn)

- Increase
- Decrease
- Total amount



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This slide shows the factors causing a fluctuation in ordinary income for FY2024 1H.

It decreased QoQ due to the increase in selling, general and administrative (SG&A) expenses as well as the decline in net sales of completed construction contracts resulting from absence of large projects, despite improvements seen in construction profitability.

All items are expected to exceed original forecasts

Earnings Forecast

(JPY Bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Orders-received	127.1	136.3	263.5	128.1	151.8	280.0
Net-sales of completed construction contracts	130.4	163.1	293.5	114.6	143.3	258.0
Operating income	7.4	10.8	18.2	6.2	7.7	14.0
Ordinary income	8.1	11.7	19.8	7.0	7.9	15.0
Profit attributable to owners of parent	6.6	8.9	15.6	5.6	4.5	10.2
ROE			11.6%			7.0%

Exchange rate of main overseas affiliates

(Yen)	FY2024 Results	FY2025 Assumptions
US\$	140.55	147.00
THB	4.04	4.03
CNY	19.81	20.00
INR	1.75	1.76

Impact of exchange rate fluctuations

Impact of 1% change in all exchange rates on the FY2024 forecast

Sales: 1.2 billion yen

Ordinary income: 0.07 billion yen

Next, I would like to explain the full-year earnings forecast for FY2024.

We exceeded the forecast for the first half of FY2024 in all the items. However, we have decided to leave the full-year earnings forecasts unchanged.

Factors by segment will be explained later by Mr. Nakajima, a Chief Executive of Administrative Management Headquarters.

Please also refer to the assumed exchange rates for our major overseas affiliates and the impact of exchange rate fluctuations.

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Administrative Management
Headquarters:
Yasushi Nakajima

My name is Yasushi Nakajima, a Chief Executive of the Administrative Management Headquarters.

From this slide, I will provide a summary of results by segment.

Increased in the Green Technology and Decreased in the Paint Finishing

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
Orders-received	127.1	128.1	0.9	118.0	10.1
Japan	70.2	65.6	-4.6	64.6	1.0
Overseas	56.9	62.5	5.6	53.4	9.1
Green Technology	73.3	83.3	9.9	83.0	0.3
Building HVAC	17.7	18.3	0.6	23.0	-4.6
Industrial HVAC	55.6	64.9	9.2	60.0	4.9
Paint Finishing	53.7	44.8	-8.9	35.0	9.8

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

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From now, I will explain the achievements of FY2024 2Q by division.

This slide shows a summary of the orders-received by division compared with the same period of the last FY and with the forecast.

While the orders-received decreased in the Paint Finishing System, they increased in Green Technology System, and companywide, we recorded 128.1 billion yen, up 0.9 billion yen QoQ.

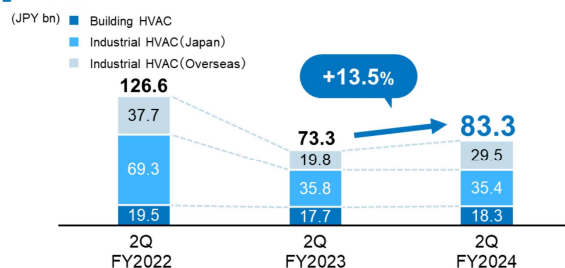
In terms of forecasted comparison, both the Green Technology System Division and the Paint Finishing System Division exceeded the forecasts that revised at 1Q.

I will explain each division in turn from the next slide.

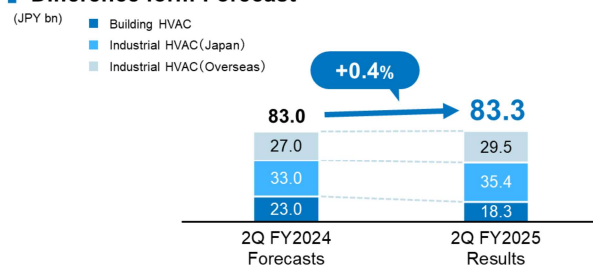
Increased QoQ due to the contribution of industrial HVAC overseas

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
Orders-received	73.3	83.3	9.9	83.0	0.3
Building HVAC	17.7	18.3	0.6	23.0	-4.6
Industrial HVAC	55.6	64.9	9.2	60.0	4.9
Japan	35.8	35.4	-0.4	33.0	2.4
Overseas	19.8	29.5	9.7	27.0	2.5
Overseas ratio	27.0%	35.4%	8.4pt	32.5%	2.9pt

Trend



Difference from Forecast



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This slide shows the orders-received at the Green Technology System Division compared with the same period of the last FY and with the forecast.

Orders-received Increased 9.9 billion yen QoQ to 83.3 billion yen.

In the Industrial HVAC segment overseas, they increased because of strong orders-received mainly in the electrical and electronics field.

In terms of the forecast, the performance of the Industrial HVAC segment covered the weaker performance of the Building HVAC segment, and we ended up in line with the original forecast.

Decreased QoQ both in Japan and overseas

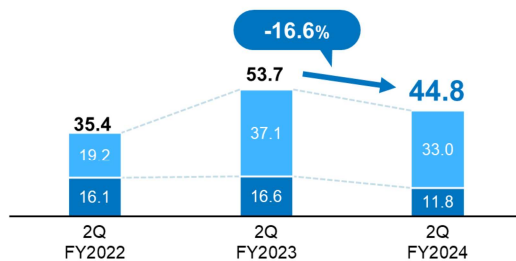
(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts*	vs. Forecast
Orders-received	53.7	44.8	-8.9	35.0	9.8
Japan	16.6	11.8	-4.8	8.6	3.2
Overseas	37.1	33.0	-4.0	26.4	6.6
Overseas ratio	69.0%	73.7%	4.7pt	75.4%	-1.7pt

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

Trend

(JPY bn)

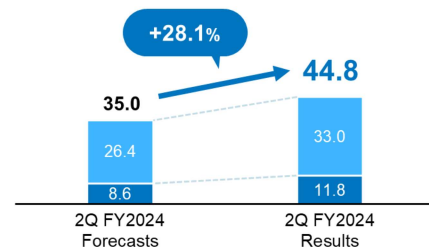
■ Paint Finishing(Japan)
■ Paint Finishing(Overseas)



Difference form Forecast

(JPY bn)

■ Paint Finishing(Japan)
■ Paint Finishing(Overseas)



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This slide shows the orders-received at the Paint Finishing System compared with the same period of the last FY and with the forecast.

Orders-received decreased 8.9 billion yen QoQ to 44.8 billion yen.

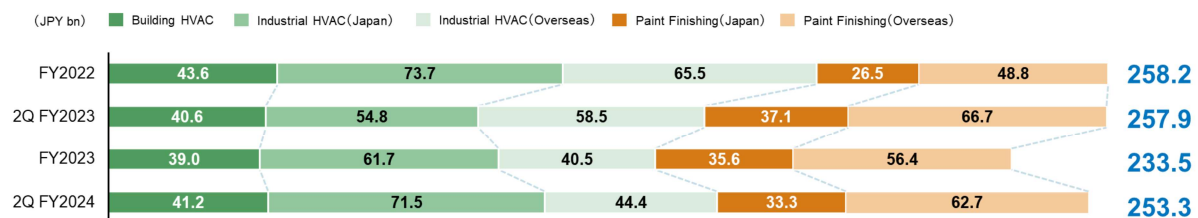
Orders-received decreased both in Japan and overseas because of the reactionary decline due to the large-scale projects from automobile manufacturers in the same period of the previous fiscal year.

In terms of comparison with the forecast, orders exceeded the revised forecast as we steadily captured the demand for renovation from automobile manufacturers.

In the whole company, construction carried-forward recovered to the level before the completion of large projects

(JPY bn)	FY2022 A	2Q FY2023 B	FY2023 C	2Q FY2024 D	Change C-A	Change D-B
Orders-received	288.6	127.1	263.5	128.1	-25.1	0.9
Net-sales of completed construction contracts	214.7	130.4	293.5	114.6	78.7	-15.7
Construction carried-forward	258.2	257.9	233.5	253.3	-24.7	-4.6
Green Technology	182.8	154.0	141.4	157.2	-41.4	3.1
Building HVAC	43.6	40.6	39.0	41.2	-4.5	0.5
Industrial HVAC	139.2	113.4	102.3	115.9	-36.9	2.5
Paint Finishing	75.4	103.8	92.1	96.1	16.7	-7.7

Breakdown of Construction Carried-Forward



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This slide shows how construction carried forward changed by segment.

For FY2023, while it increased in the Paint Finishing System, it declined in the Green Technology System due to the completion of large projects, ending up at 233.5 billion yen.

For the first half of FY2024, it amounted to 253.3 billion yen as both the Green Technology System and the Paint Finishing System had been accumulating projects on hand since the beginning of the fiscal year.

In the whole company, construction carried-forward recovered to the level before the completion of large projects.

Decreased in the Green Technology and Increased in the Paint Finishing

(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	vs. Forecast
Net-sales of completed construction contracts	130.4	114.6	-15.7	110.0	4.6
Japan	81.4	55.9	-25.4	51.7*	4.2*
Overseas	48.9	58.6	9.6	58.3*	0.3*
Green Technology	103.9	69.7	-34.2	72.0	-2.2
Building HVAC	20.6	16.2	-4.4	14.0	2.2
Industrial HVAC	83.2	53.5	-29.7	58.0	-4.4
Paint Finishing	26.4	44.8	18.4	38.0	6.8
Ordinary income	8.1	7.0	-1.0	4.9	2.1
Ratio	6.2%	6.2%	0.0pt	4.5%	1.7pt
Green Technology	7.5	4.2	-3.2	4.2	0.0
Ratio	7.3%	6.1%	-1.1pt	5.8%	0.3pt
Paint Finishing	0.0	1.9	1.8	0.1	1.8
Ratio	0.2%	4.3%	4.1pt	0.3%	4.1pt

* In terms of comparison with the forecast for the first half of FY2024, net sales of completed construction contracts increased in Japan. However, in the original forecast, we had projected approximately 5.0 billion yen worth of projects overseas that should have been expected in Japan, so effectively overseas net sales far exceeded the forecast.

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This slide shows the net sales of completed construction contracts and ordinary income and compared with the same period of the last FY and with the forecast.

While the net sales of completed construction contracts increased in the Paint Finishing System, they decreased in the Green Technology System and on the whole, they decreased 15.7 billion yen YoY to 114.6 billion yen.

Similarly for ordinary income, although it increased in the Paint finishing System, it declined in the Green Technology System. In the whole company, it decreased 1 billion yen QoQ to record 7 billion yen.

In terms of comparison with the forecast, both net sales of completed construction contracts and ordinary income exceeded the expectations in the Paint Finishing System, and as a result, on the whole we exceeded the original forecast.

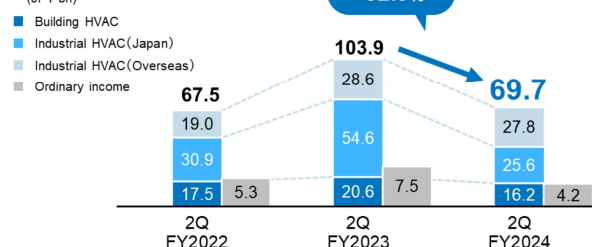
I will explain by each segment from the next slide.

Decreased Sales and Income due to absence of large projects

	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	Vs. Forecast
(JPY bn)					
Net-sales of completed construction contracts	103.9	69.7	-34.2	72.0	-2.2
Building HVAC	20.6	16.2	-4.4	14.0	2.2
Industrial HVAC	83.2	53.5	-29.7	58.0	-4.4
Japan	54.6	25.6	-29.0	29.0	-3.3
Overseas	28.6	27.8	-0.7	29.0	-1.1
Overseas ratio	27.5%	40.0%	12.4pt	40.3%	-0.3pt
Ordinary income	7.5	4.2	-3.2	4.2	0.0
Ratio	7.3%	6.1%	-1.1pt	5.8%	0.3pt

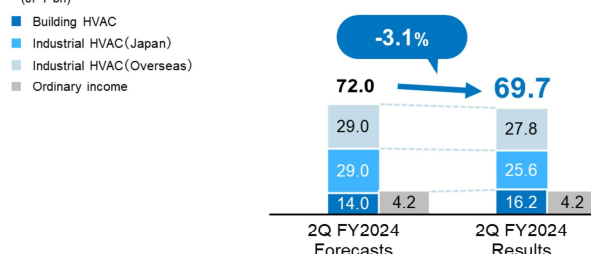
Trend

(JPY bn)



Difference from Forecast

(JPY bn)



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This slide shows net sales of the completed construction contracts and ordinary income of the Green Technology System compared with the same period of the last FY and with the forecast.

Net sales of completed construction contracts increased 34.2 billion yen QoQ to 69.7 billion yen.

In the Building HVAC segment, we had been adjusting the amount of orders to be received for two consecutive terms, FY2022 and FY2023. This resulted in a fall in contracts in hand, resulting in a decrease.

In the Industrial HVAC segment, they decreased due to the absence of large projects, mainly in Japan.

Ordinary income decreased 3.2 billion yen QoQ to 4.2 billion yen because of the significant decrease in sales.

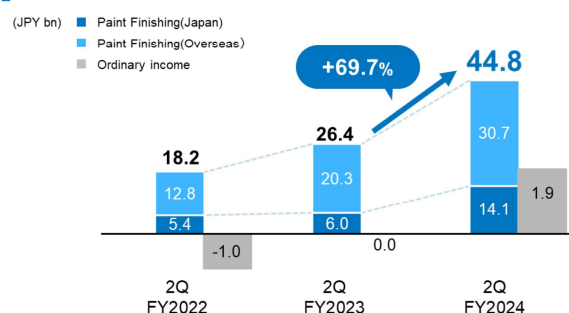
In terms of comparison with the forecast, ordinary income remained at the level of the original forecast, despite a decrease in net sales of completed construction contracts due to the construction volume falling short of the original expectation in the Industrial HVAC segment.

Increased in Sales and income both in Japan and overseas

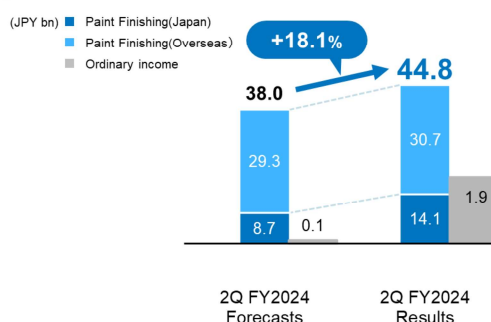
(JPY bn)	2Q FY2023 Results	2Q FY2024 Results	QoQ Change	2Q FY2024 Forecasts	Vs. Forecast
Net-sales of completed construction contracts	26.4	44.8	18.4	38.0	6.8
Japan	6.0	14.1	8.0	8.7*	5.4*
Overseas	20.3	30.7	10.4	29.3*	1.4*
Overseas ratio	77.0%	68.6%	-8.4pt	77.1%	-8.5pt
Ordinary income	0.0	1.9	1.8	0.1	1.8
Ratio	0.2%	4.3%	4.1pt	0.3%	4.1pt

* In terms of comparison with the forecast for the first half of FY2024, net sales of completed construction contracts increased in Japan. However, in the original forecast, we had projected approximately 5.0 billion yen worth of projects overseas that should have been expected in Japan, so effectively overseas net sales far exceeded the forecast.

Trend



Difference from Forecast



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This slide shows the net sales of the completed construction contracts and ordinary income of the Paint Finishing System compared with the same period of the last FY and with the forecast.

Net sales of completed construction contracts increased 18.4 billion yen QoQ to 44.8 billion yen.

They increased both in Japan and overseas because of the larger amount of construction carried-forward from the beginning of the FY compared with the previous FY.

Ordinary income came to 1.9 billion yen, QoQ increase of 1.8 billion yen, due to an increase in net sales of completed construction contracts.

In comparison with the forecast, it exceeded the forecast due to profit improvement in Japan as well as increased net sales of completed construction contracts resulting from better-than-expected progress in construction carried-forward.

In terms of comparison with the forecast for the first half of FY2024, net sales of completed construction contracts came to 5.4 billion yen in Japan, showing a significant increase compared with the forecast. However, in the original forecast, we had projected approximately 5 billion yen worth of projects overseas that should have been expected in Japan, so effectively overseas net sales far exceeded the forecast.

Expect to decrease both in the Green Technology and the Paint Finishing

(JPY bn)	FY2023 Results			FY2024 New Forecasts			FY2024 Original forecasts	vs. Forecast
	1H	2H	Total	1H Results	2H	Total	Total	Total
Orders-received	127.1	136.3	263.5	128.1	151.8	280.0	280.0	-
Japan	70.2	78.1	148.4	65.6	94.1	159.8	154.8	5.0
Overseas	56.9	58.1	115.1	62.5	57.6	120.2	125.2	-5.0
Green Technology	73.3	98.5	171.9	83.3	116.6	200.0	200.0	-
Building HVAC	17.7	18.4	36.2	18.3	19.2	37.6	37.6	-
Industrial HVAC	55.6	80.0	135.6	64.9	97.4	162.4	162.4	-
Paint Finishing	53.7	37.8	91.6	44.8	35.1	80.0	80.0	-

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From here, I will explain the FY2024 earnings forecast by segment.

This slide shows the orders received by segment based on the result of FY2023, the new forecast disclosed on November 11, 2024, and the original forecast.

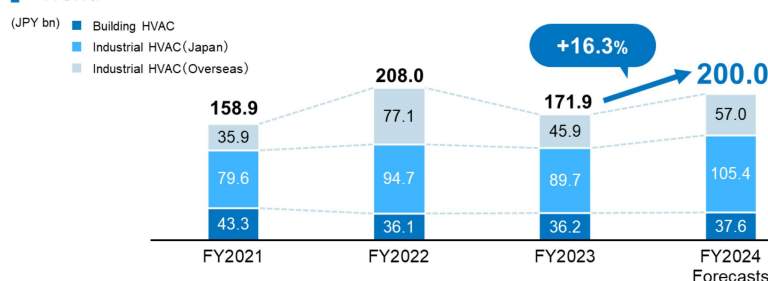
On the whole, although there will be a decrease from the Paint Finishing System, the Green Technology System will show an increase and we expect to see orders-received of 280 billion yen, a YoY increase of 16.4 billion yen.

Further information is explained from next slide by segment.

Orders are expected to be in line with original forecasts

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Orders-received	73.3	98.5	171.9	83.3	116.6	200.0
Building HVAC	17.7	18.4	36.2	18.3	19.2	37.6
Industrial HVAC	55.6	80.0	135.6	64.9	97.4	162.4
Japan	35.8	53.9	89.7	35.4	69.9	105.4
Overseas	19.8	26.0	45.9	29.5	27.4	57.0
Overseas ratio	27.0%	26.5%	26.7%	35.4%	23.5%	28.5%

Trend



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This slide shows the orders-received at the Green Technology System, the result of the FY2023 and the forecast.

In terms of expectations for the market environment, in the Green Technology System, construction demand in Building HVAC segment is expected to remain steady in the medium to long- term.

In the Industrial HVAC segment, we expect that capital investment in the electrical and electronics field will continue because of the growing demand for AI and semiconductor, as well as battery EV. We also expect the same trend will continue overseas.

With the market continuing to be favorable, in the Green Technology System, we expect orders-received to be 200 billion yen, in line with the original forecast.

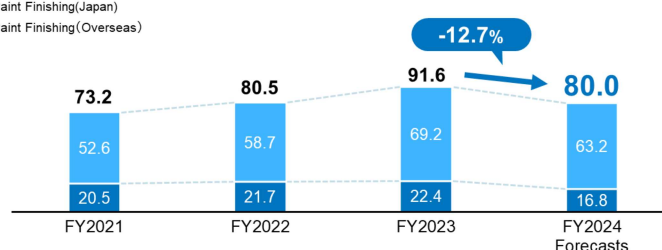
You can see in the trend of orders-received that the level is close to 208 billion yen, the highest-ever level recorded two terms ago.

Orders are expected to be in line with original forecasts

(JPY bn)	FY2023 Results			FY2024 New Forecasts			FY2024 Original forecasts	vs. Forecast
	1H	2H	Total	1H Results	2H	Total	Total	Total
Orders-received	53.7	37.8	91.6	44.8	35.1	80.0	80.0	-
Japan	16.6	5.7	22.4	11.8	4.9	16.8	11.8	5.0
Overseas	37.1	32.1	69.2	33.0	30.1	63.2	68.2	-5.0
Overseas ratio	69.0%	84.8%	75.5%	73.7%	85.8%	79.0%	85.3%	-6.3%

Trend

(JPY bn) ■ Paint Finishing(Japan)
■ Paint Finishing(Overseas)



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This slide shows the orders received at the Green Technology System, the result of the FY2023, the new forecast, and the original forecast.

In terms of expectations for the market environment, in the Paint Finishing System, we expect that demand from automobile manufacturers will grow steadily based on the capital investment in Europe, North America and Japan, and the investment for increased production in India and other countries.

As I explained earlier, orders-received in the Paint Finishing System far exceeded the forecast for the first half of FY2024. However, we have decided to leave the full-year earnings forecasts unchanged taking into account the fact that the timing of project delivery is currently in flux.

Despite a year-on-year decrease of 11.6billion yen, as can be seen in the trend of orders-received, we expect to maintain a level in excess of 80 billion yen for three consecutive years.

**Expect Decrease in Sales and Income in the Green Technology,
and Increase in Sales and Income in the Paint Finishing**

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Net-sales of completed construction contracts	130.4	163.1	293.5	114.6	143.3	258.0
Japan	81.4	74.3	155.7	55.9	81.3	137.3
Overseas	48.9	88.8	137.7	58.6	62.0	120.7
Green Technology	103.9	112.5	216.5	69.7	99.2	169.0
Building HVAC	20.6	20.0	40.7	16.2	21.7	38.0
Industrial HVAC	83.2	92.4	175.7	53.5	77.4	131.0
Paint Finishing	26.4	50.5	77.0	44.8	44.1	89.0
Ordinary income	8.1	11.7	19.8	7.0	7.9	15.0
Ratio	6.2%	7.2%	6.8%	6.2%	5.5%	5.8%
Green Technology	7.5	9.4	17.0	4.2	6.4	10.7
Ratio	7.3%	8.4%	7.9%	6.1%	6.5%	6.3%
Paint Finishing	0.0	2.7	2.8	1.9	1.9	3.9
Ratio	0.2%	5.4%	3.6%	4.3%	4.4%	4.4%

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This slide shows the net sales of the completed construction contracts and ordinary income by division, based on the result of FY2023 and the forecast.

Although the net sales of completed construction contracts will increase at the Paint Finishing System, it will be down at the Green Technology System, resulting in a forecast of 258 billion yen, a year-on-year decrease of 35.5 billion yen.

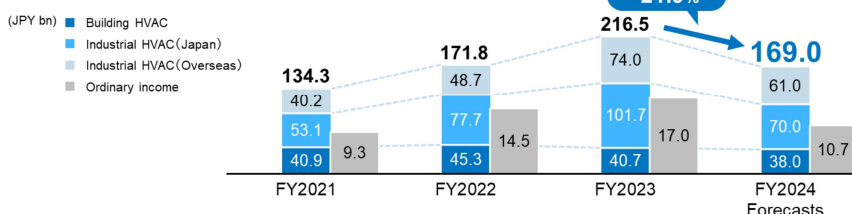
Similarly for ordinary income, an increase will be seen in the Paint Finishing System while a drop will be seen at the Green Technology System, resulting in a forecast of 15 billion yen, a year-on-year decrease of 4.8 billion yen.

I will explain by division from next slide.

Decrease in Sales and Income is expected due to absence of large projects
Promote improvements in profit through cost-reduction activities

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Net-sales of completed construction contracts	103.9	112.5	216.5	69.7	99.2	169.0
Building HVAC	20.6	20.0	40.7	16.2	21.7	38.0
Industrial HVAC	83.2	92.4	175.7	53.5	77.4	131.0
Japan	54.6	47.0	101.7	25.6	44.3	70.0
Overseas	28.6	45.3	74.0	27.8	33.1	61.0
Overseas ratio	27.5%	40.3%	34.2%	40.0%	33.4%	36.1%
Ordinary income	7.5	9.4	17.0	4.2	6.4	10.7
Ratio	7.3%	8.4%	7.9%	6.1%	6.5%	6.3%

Trend



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This slide shows the net-sales of completed construction contracts and ordinary income in the Green Technology System, compared with FY2023.

The net sales of completed construction contracts are expected to increase 47.5 billion yen compared with FY2023 to 169 billion yen.

In the Building HVAC segment, we had been adjusting the amount of orders to be received for two consecutive terms, FY2022 and FY2023. This has resulted in a fall in contracts in hand, resulting in a decrease.

In the area of Industrial HVAC segment, sales are expected to fall in absence of large-sized projects, both in Japan and overseas. Ordinary income is expected to decrease 6.3 billion yen from FY2023 to 10.7 billion yen, in line with the original forecast, despite improving profitability in each project, due to a large decrease in net sales of completed construction contracts.

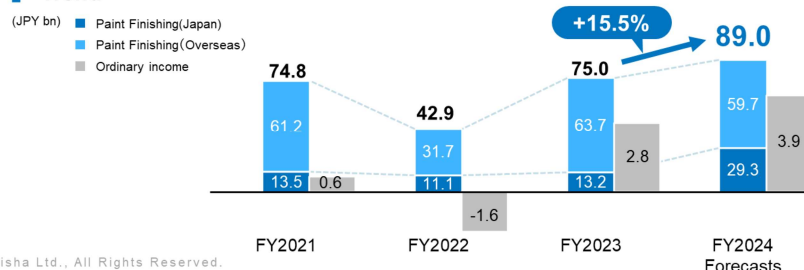
We will continue with efforts to promote improvements in profit through further cost-reduction activities.

Expect increase in both Sales and Income for two consecutive terms

(JPY bn)	FY2023 Results			FY2024 Forecasts		
	1H	2H	Total	1H Results	2H	Total
Net sales of completed construction contracts	26.4	50.5	77.0	44.8	44.1	89.0
Japan	6.0	7.1	13.2	14.1	15.1*	29.3*
Overseas	20.3	43.4	63.7	30.7	28.9*	59.7*
Overseas ratio	77.0%	85.8%	82.8%	68.6%	65.5%	67.1%
Ordinary income	0.0	2.7	2.8	1.9	1.9	3.9
Ratio	0.2%	5.4%	3.6%	4.3%	4.4%	4.4%

* Adjusted the full-year earnings forecast for net sales of completed construction contracts because, as in the forecast for the first half of FY2024, we had projected approximately 5 billion yen worth of projects overseas that should have been expected in Japan.

Trend



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This slide shows the orders to be received and net sales of completed construction contracts of the Paint Finishing System compared with FY2023.

First, we have adjusted the full-year earnings forecast for net sales of completed construction contracts because, as in the forecast for the first half of FY2024, we had projected approximately 5 billion yen worth of projects overseas that should have been expected in Japan.

In the Paint Finishing System as a whole, net sales of completed construction contracts are expected to increase 11.9 billion yen to 89 billion yen, in line with the original forecast.

Ordinary income, as I explained earlier, exceeded the forecast for the first half of FY2024. However, since the improvement in the profitability of projects in hand in Japan is within the scope of our initial assumptions, we have decided to leave the full-year earnings forecasts unchanged and expect ordinary income to increase 1 billion yen YoY to 3.9 billion yen.

As can be seen in the trend of net sales of completed construction contracts and ordinary income, they hit the bottom in FY2022 and an increase in sales and income for two consecutive terms is expected.

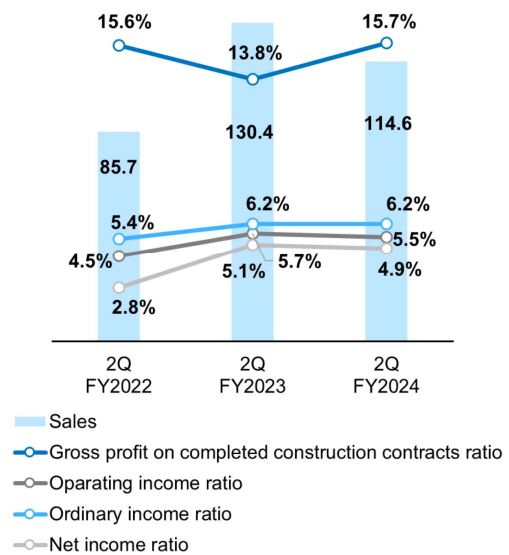
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Administrative Management
Headquarters:
Yasushi Nakajima

I will explain the consolidated financial statements in order from this slide.

(JPY bn)	2Q FY2022	2Q FY2023	2Q FY2024
Net-sales of completed construction contracts	85.7	130.4	114.6
Gross profit on completed construction contracts	13.4	18.0	17.9
Ratio	15.6%	13.8%	15.7%
Operating income	3.8	7.4	6.2
Ratio	4.5%	5.7%	5.5%
Ordinary income	4.6	8.1	7.0
Ratio	5.4%	6.2%	6.2%
Profit attributable to owners of parent	2.4	6.6	5.6
Ratio	2.8%	5.1%	4.9%



This slide shows the three-year transition in income statements.

Balance Sheets

(JPY bn)	Subject	FY2023	2Q FY2024	Change
	Current assets	203.3	178.4	-24.9
	Cash and deposits	55.4	45.1	-10.2
	Notes receivable, accounts receivable from completed construction contracts and other	125.3	112.1	-13.2
	Securities	9.0	-	-9.0
	Costs on uncompleted construction contracts · Raw materials and supplies	3.3	3.8	0.4
	Other	11.2	18.2	7.0
	Allowance for doubtful accounts	-1.0	-0.9	0.0
	Non-current assets	63.1	60.0	-3.0
	Property, plant and equipment	11.6	13.1	1.4
	Goodwill	3.5	3.2	-0.3
	Other intangible assets	2.4	2.2	-0.1
	Investment securities	30.8	26.5	-4.3
	Deferred tax assets	0.8	0.7	-0.1
	Other	14.4	14.5	0.1
	Allowance for doubtful accounts	-0.7	-0.3	0.3
	Total assets	266.4	238.4	-27.9

Subject	FY2023	2Q FY2024	Change
Current liabilities	103.5	73.9	-29.5
Notes payable, accounts payable for construction contracts and other	64.8	38.5	-26.2
Advances received on uncompleted construction contracts	13.8	16.9	3.0
Provision for loss on construction contracts	0.3	0.2	-0.0
Other	24.3	18.1	-6.2
Non-current liabilities	11.4	11.9	0.5
Total liabilities	114.9	85.8	-29.0
Net assets	151.5	152.6	1.0
Capital stock	6.4	6.4	-
Capital surplus	3.6	3.7	0.1
Retained earnings	111.8	114.8	3.0
Treasury shares	-2.9	-4.9	-2.0
Valuation difference on available-for- sale securities	14.3	11.9	-2.4
Deferred gains or losses on hedges	-0.0	-0.0	0.0
Foreign currency translation adjustment	7.7	10.0	2.3
Accumulated remeasurements of defined benefit plans	2.9	2.8	-0.1
Non-controlling interests	7.5	7.6	0.1
Total liabilities and net assets	266.4	238.4	-27.9

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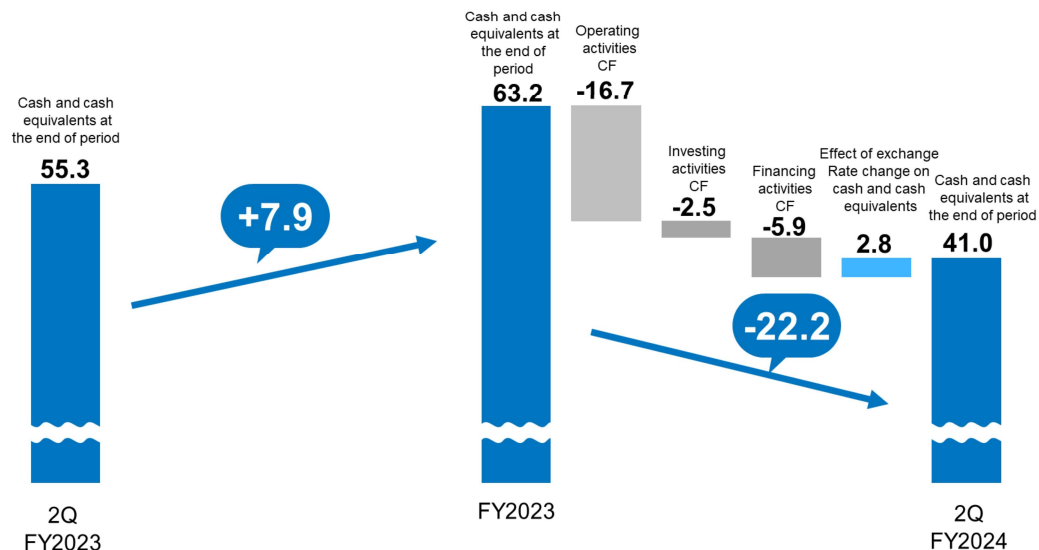
This slide shows the consolidated balance sheet.

Operating activities CF : Negative due to the decrease in notes and accounts payable-trade, although it increased owing to the decrease in notes and accounts receivable-trade

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

Cash and cash equivalents at the end of period

(JPY bn)



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This slide shows the consolidated cash flows.

Cash and cash equivalents at the 2Q of FY2024 decreased 22.2 billion yen from the end of FY2023 to 41.0 billion yen.

Cash flow from operating activities became minus 16.7 billion yen due to the decrease in notes and accounts payable-trade, although it increased owing to the decrease in notes and accounts receivable-trade.

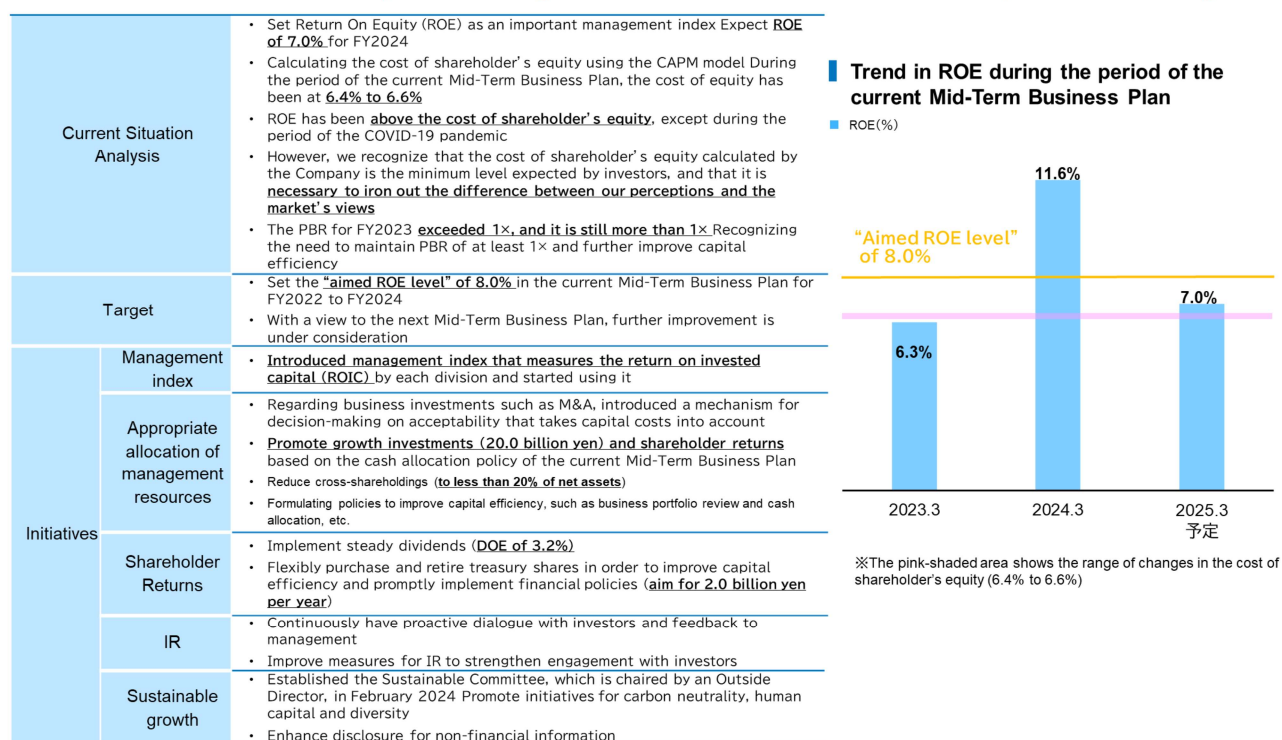
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Corporate Planning
Headquarters:
Masanori Nakagawa

I am Masanori Nakagawa, Chief Executive of the Corporate Planning Headquarters.

From here, I will explain the initiatives to realize management that is conscious of capital costs and stock prices, and the progress of the Mid-Term Business Plan.

**With a view to the next Mid-Term Business Plan that will start in FY2025,
Aim to further deepen management that is conscious of capital efficiency**



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This slide shows our initiatives to realize management that is conscious of capital costs and stock prices.

In order to realize management that is conscious of capital costs and stock prices, our board of directors is working to achieve the company-wide ROE target (8%) by appropriately grasping ROE and ROIC for each business as indicators of capital efficiency, along with our cost of capital. For individual business investment projects, we have introduced a mechanism for decision-making on acceptability that takes capital costs into account through the Business Investment Committee, etc., which is an executive organization.

Currently, we are considering further enhancing targets and policies for improving capital efficiency, such as business portfolio review and optimal allocation of management resources (cash flow allocation), and plans to disclose these when formulating the next Mid-Term Business Plan.

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Corporate Planning
Headquarters:
Masanori Nakagawa

From here, I will explain the progress of the Mid-Term Business Plan.



This slide shows the Long-Term Vision that we revised when formulating this Mid-Term Business Plan.

We have two visions: Innovative Engineering and Diversity & Inclusion.

Expect to achieve profit targets for the final year of the Mid-Term Business Plan
Promoting improvement in profits toward aimed ROE level of 8%

	Mid-Term Business Plan Period				What Taikisha group is aiming for in 5 years
(JPY bn)	FY2022 Results	FY2023 Results	FY2024 Forecasts	FY2024 Targets	FY2026 Targets
Orders-received	288.6	263.5	280.0	236.0	270.0
Net sales of completed construction contracts	214.7	293.5	258.0	238.0	265.0
Ordinary income	13.0	19.8	15.0	15.0	16.5
Profit attributable to owners of parent	7.9	15.6	10.2	9.6	
ROE	6.3%	11.6%	7.0%	7.2%	
DOE	3.2%	3.2%	Implement steady dividends targeting DOE of 3.2%		
Purchase of treasury shares	3.0	2.0	Aim to implement 2.0 billion yen per year		
Ratio of cross-shareholdings to net assets	21.8%	22.0%	Reduce to less than 20% by the end of FY2024		

* "Target" refers to the numerical targets of the Mid-Term Business Plan disclosed on May16, 2022.

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This slide shows the financial targets of Mid-Term Business Plan.

With regard to our earnings forecast for FY2024, we expect to achieve the targets set out in the Mid-Term Business Plan in all the items.

However we expect profit to amount to 10.2 billion yen, exceeding the initial target of 9.6 billion yen, we forecast ROE to be at 7% with shareholders' equity coming in higher than the initial estimate due to factors such as foreign exchange rates and the valuation of investment securities at the time of formulating the Mid-Term Business Plan.

We will continue our efforts to exceed the aimed ROE level of 8% toward the next Mid-Term Business Plan which will start in FY2025.

**Re-established reduction targets for GHG emissions set in the Mid-Term Business Plan,
and applied for SBT*1 certification**

Promoting reductions in emissions throughout the supply chain

*1 SBT: Abbreviation for Science Based Targets. Reduction targets for GHG emissions consistent with the Paris Agreement

**Non-Financial
Targets**

CO2 emissions from business activities(Scope1 - 3)

- ⇒ **Scope1・2: 42% reduction by 2030(compared with FY2022 results)**
 ⇒ **Scope3: 25% reduction by 2030(compared with FY2022 results)**

Disclosure of climate-related information based on
TCFD's recommendations

TCFD TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Governance

The compensation structure of the executive directors has been revised by introducing non-financial indicators at a specific rate to encourage stronger action on climate change.

Strategies/Risk Management

- Identified factors of risks and opportunities having a great impact on us in 2035.
- Endeavor to reduce material risks including climate change, and minimize risks that will become apparent by organizing the Risk Management Committee.

**Material risks and
opportunities**

Assumed countermeasures

Carbon tax

**Changes in customer behavior
Prevalence of energy-saving
and renewable energy
technologies**

**Average temperature
rise**

- Setting of GHG reduction targets
- Development of low-carbon technologies and systems
- Participation in the renewable energy industry
- Construction of energy circulation systems
- Acquisition and reform of painting technologies, and promotion of product development
- Development of CO₂ recovery and recycling technologies
- Diversified expansion of the plant factory business
- Promotion of the mechanization and automation of installation works
- Improvement of the working environment and promotion of countermeasures against heatstroke

Indicators and Targets

Set CO₂ reduction targets for 2030 and 2050 for each division.

	Green Technology System Division	Paint Finishing System Division
Reduction target for 2050*3	CO ₂ emissions reduced by 80%*2(from FY2013 level)	Reduce CO ₂ emissions of automobiles to virtually 0kg- CO ₂ /unit with the technologies that envisages future energy reform.
Milestone for 2030*3	CO ₂ emissions reduced by 25%*2(from FY2013 level)	Reduce CO ₂ emissions of automobiles to 60 kg-CO ₂ /unit with the current heat source configuration for paint finishing processes.
Commitments in FY2022 (achievements)	Proposed a system capable of controlling energy used throughout a building's lifecycle, and provided technologies for "low carbon" and "reducing environmental burdens."	Using an energy estimation model for a paint finishing line, improved efficiency and downsized equipment, and introduced renewable energy and low- temperature waste heat recovery systems.

*2 CO₂ Reduction targets during the operation stage of equipment designed and constructed by us

*3 Review of the reduction targets in light of SBT targets is in progress.

**This slide shows the Non-Financial Targets of
this Mid-Term Business Plan.**

Invested 5.2 billion yen in FY2023

	Main Achievement until the first half of FY2024	FY2022 Results	FY2023 Results	FY2024 Plan
Business-related investments	<ul style="list-style-type: none"> Plant investment by Nicomac Taikisha Clean Rooms Private Limited, a consolidated subsidiary in India Established a consolidated subsidiary "Taikisha Deutschland GmbH" in Germany in July 	2.5 billion yen	1.1 billion yen	
Capital and human resources investments	<ul style="list-style-type: none"> Construction-site DX operational verification costs such as BIM (in preparation) Preparation cost of global basic operations system (in preparation) 	0.6 billion yen	0.9 billion yen	10.7 Billion yen
Technology development investments	<ul style="list-style-type: none"> Opened a new Research and Development Center "TAIKISHA INNOVATION SITE Aikawa" Development of dry decoration technology is underway, and a demonstration line is scheduled to be installed at an R&D facility in Japan 	0.7 billion yen	3.1 billion yen	

Mid-Term Business Plan
Three years total

20.0 billion yen

This slide shows the investment plan for the Mid-Term Business Plan.

In the Green Technology System, we opened a new Research and Development Center "TAIKISHA INNOVATION SITE Aikawa" in Aikawa, Kanagawa Prefecture in July this year.

In the Paint Finishing System, we are rapidly developing dry decoration technology that can replace spray painting. This November, we will set up a demonstration line at our Technical Center in Zama City, Kanagawa Prefecture.

The two facilities will be explained in more detail later.

In this fiscal year which is the third year, we will steadily execute investments of 20 billion yen through development-related investments as I have just mentioned, those related to ITDX (using IT for a digital transformation) and human resources, M&A, and others.

Basic Policy		Direction	Initiatives
1 Further strengthen core business Continuously create added value through pursuit-based problem solving, which is one of our strengths.	Green Technology System Division	Business development that continues to create added value	<ul style="list-style-type: none"> Decarbonizing business initiatives to achieve carbon neutrality Structure that continues to meet the technical needs of customers and projects, and developing professionals
		Strengthen Taikisha, the Technology Company	<ul style="list-style-type: none"> Identifying customer needs and joint development by utilizing new Research and Development Center and R&D Satellite Proactively making technology proposals to customers and uncovering seeds through collaboration between sales and development divisions
		Improve business operation systems and productivity	<ul style="list-style-type: none"> Digitalization and DX of business operations to improve ease of work Business process reform to eliminate forcing, waste, and inconsistency Create a system where we can strengthen the relationships and grow together with suppliers
	Paint Finishing System Division	Establish a firm position at home and abroad	<ul style="list-style-type: none"> Diversification of technologies to meet the needs of non-Japanese customers Research out to new customers outside the automotive market through collaboration with partners Business development rooted in the local communities by utilizing overseas networks
		Development with an awareness of global social issues	<ul style="list-style-type: none"> Contributing to the transformation of customer's production technologies through technological development to achieve carbon neutrality Establish a development structure linked to overseas bases
		Improve business operation systems and productivity	<ul style="list-style-type: none"> Remote and automated onsite operations through digitalization of business processes Designing global educational programs Optimizing human resources by reviewing the project management structure
2 Challenge to create new value Create innovation and expand business domains by integrating our own technologies with external knowledge	Plan and promote intellectual property strategies		<ul style="list-style-type: none"> Promote management strategies that leverage our own intellectual property and intangible assets
	Development from the customer's perspective		<ul style="list-style-type: none"> Establish R&D Satellite with easy access to promote proactive identification of customer needs
	Open innovation		<ul style="list-style-type: none"> Open a new R&D Center to promote the development of innovative technologies through integration with academic institution and startups
	Horizontal deployment of technologies that are our strength		Green equipment business <ul style="list-style-type: none"> Create a business in a niche fields by integrating HVAC business with manufacturing industry Automation business <ul style="list-style-type: none"> Focus on robot control technology to develop non-automotive markets such as automated sanding equipment Plant factory business <ul style="list-style-type: none"> Establish a brand through plant construction and aggressive market development for production and sales of factory vegetables
	Develop new businesses		<ul style="list-style-type: none"> Pursue new businesses by utilizing intellectual property and integrating with external knowledge through R&D
3 Strengthen management base that supports transformation and growth Undertake initiatives with a focus on human capital, digital strategies, and governance to transform our business structure	Develop and secure human capital		<ul style="list-style-type: none"> Creating an organizational culture that fosters innovation Improve employee engagement Systematic development of human resource value
	Digital strategies to provide new value		<ul style="list-style-type: none"> Improving productivity through onsite digitalization and DX Establish a global IT and DX structure Digital integration for R&D and new business creation
	Strengthen the Group governance structure		<ul style="list-style-type: none"> Business portfolio management in light of capital costs Enhancing the effective of the board of directors and auditing functions of affiliated companies

This slide shows the “Basic Policy and Direction/Initiatives” of the Mid-Term Business Plan.

Opened a new Research and Development Center “TAIKISHA INNOVATION SITE Aikawa”

【Background of the opening】

The Research and Development Center, which was opened in Aikawa, Kanagawa Prefecture, in 1991, has been engaged in a wide range of activities, from basic research to demonstration experiments.

In order to achieve “innovation through collaborative creation” through the fusion of customers’ issues with our own technologies, we have renovated the Center in phases since 2019.

Along with the completion of the “ADVANCED PLAZA” this time, the Center, which combines the previously completed “SOLUTION LAB” and “TECHNICAL LAB,” starts as the new research facility TAIKISHA INNOVATION SITE Aikawa (hereinafter referred to as “TISA”). Based on the concept of “people, information, and technology gather,” through open innovation, TISA promotes the development of innovative technologies, including AI technology, to realize value creation ahead of our customers’ or societal needs.

A: ADVANCED PLAZA (Research Building)

A place where people, technology, and information meet, gather, and collaborate to create future technologies of Taikisha

B: SOLUTION LAB (Production Technology Building)

A place to verify technologies on a real scale and solve problems

C: TECHNICAL LAB (Acoustics Building)

A place to verify technologies in a special environment equipped with a reverberation room, a clean room, etc.

【Future outlook】

In April 2023, we opened the satellite facility “TAIKISHA INNOVATION GATE Shinjuku” in Shinjuku, Tokyo, Japan. Based on the concept of “people, information, and technology gather,” we are also considering holding multi-site conferences that connect our domestic and overseas bases, as well as collaborating with the Technical Center for the Paint Finishing System Division (Zama City, Kanagawa Prefecture). Through the open activities at TISA, we hope that innovation will be born through collaborative creation with customers and other business partners, as well as through the activation of information dissemination across departments and countries.



※At ADVANCED PLAZA, in order to reduce our CO2 emissions to net zero, we decreased energy consumption through solar collectors and direct-expansion-type radiation air conditioning systems. Through solar power generation, we achieved ZEB (Net Zero Energy Building) certification and received the highest rating from an evaluation agency.

I will now introduce two initiatives based on each strategy in the Mid-Term Business Plan for FY2024.

In the first one, as an initiative in the Green Technology System for the company-wide policy of “Challenge to create new value,” we began operations for the new Research and Development Center “TAIKISHA INNOVATION SITE Aikawa” as a base for creating new value ahead of societal needs in July this year.

At the newly completed “ADVANCED PLAZA,” we achieved Net Zero Energy Building (ZEB) certification through the establishment of proprietary technologies such as solar power generation and heat collection systems.

We hope that innovation will be born through collaborative creation with customers and other business partners and the activation of information dissemination across departments and countries, in collaboration with the Technical Center of the Paint Finishing System Division as well as the satellite facility “TAIKISHA INNOVATION GATE Shinjuku,” which already opened at the head office in Shinjuku last year.

The demo-line of dry decoration to be completed Operational from November...aim for early adoption at production lines of automobile manufacturers

We will set up a demonstration line incorporating dry decoration at our Technical Center in Zama City, Kanagawa Prefecture, and begin operating it in November. Dry decoration technology provides automobile exteriors with a film decoration (dry decoration) by applying films through vacuum pressure forming technology instead of the conventional spray painting (wet painting). We have been promoting the development of this technology in light of automobile manufacturers' reduction targets for CO2 emissions and in response to changes in production technologies.

【Background to setting up the demo-line】

Automobile manufacturers have a strong interest in dry decoration technology. We aim to have automobile manufacturers adopt our dry decoration system at an early stage by conducting various verifications at this facility on the assumption of an automobile mass production line.

【Future outlook】

Through testing by customers at this facility, we will improve the accuracy of the equipment with an eye to commercialization, while verifying the equipment in terms of its operation and quality in preparation for introduction by our customers' factories.

Since this system is a technology that can be adapted to fields other than automobiles, we are also considering expanding it to new products where dry decoration can be used.

We will help to bring about a decarbonized society through the technological development of dry decoration as a value-added technology for automobile exteriors and other products.



The demo-line of dry decoration will begin operating this November at our Technical Center in Zama City, Kanagawa Prefecture. We aim to have automobile manufacturers adopt our dry decoration system at an early stage.

Through testing by customers at this facility, we will improve the accuracy of the equipment with an eye to commercialization, while verifying the equipment in terms of its operation and quality in preparation for introduction by our customers' factory. Since this system is a technology that can be adapted to fields other than automobiles, we are also considering expanding it to new products where dry decoration can be used.

We will help to bring about a decarbonized society through the technological development of dry decoration as a value-added technology for automobile exteriors and other products.

Achievements and Initiatives in progress①

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value				
			E Climate change mitigation and adaptation	S Initiatives to prevent pollution and reduce environmental impact	S Securing and developing human resources	G Creation of pleasant working environment	G Highly effective corporate governance
Further strengthen core business	Green Technology System Division	Business development that continues to create added value	○	○			
		Strengthen Taikisha, the Technology Company		○	○		
		Improve business operation systems and productivity			○	○	
	Paint Finishing System Division	Establish a firm position at home and abroad		○			
		Development with an awareness of global social issues	○	○			
		Improve business operation systems and productivity			○	○	

From this slide, the results for the first half of the FY2024 for each strategy and the main initiatives underway are described. Please refer to the following slides.

Achievements and Initiatives in progress ②

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value			
			E Climate change mitigation and adaptation	S Impact: environmental	S Resources to prevent pollution and reduce environmental	G Highly effective corporate governance
Challenge to create new value	Plan and promote intellectual property strategies	<ul style="list-style-type: none"> Verified the usefulness of the Company's intellectual property (IP). Investigating trends in other companies' IP. Intellectual property strategies are being developed and promoted in cooperation with the Green Technology System division, the Paint Finishing System division and The new Business Division. 				
	Development from the customer's perspective	<ul style="list-style-type: none"> Began operations for the new Research and Development Center "TAIKISHA INNOVATION SITE Alkawa" (hereinafter referred to as "TISA") in July 2024. Offering technical proposals to our domestic and overseas customers in collaboration with the R&D satellite "TAIKISHA INNOVATION GATE Shinjuku" (hereinafter referred to as "TIGS") at the head office in Shinjuku. 	○	○		
	Open innovation	<ul style="list-style-type: none"> Promoting cooperation with customers in areas that contribute to the environment such as carbon neutrality through collaboration between "TISA" and "TIGS." Participated in the joint research and development of Direct Air Capture (DAC), which directly captures atmospheric CO₂, by Tokyo Metropolitan University. Fabricated DAC experimental equipment. 	○	○		
	Horizontal deployment of technologies that are our strength	<ul style="list-style-type: none"> Promoting order-receiving activities for Ultra-precise temperature control chamber^{*1}. *1 An equipment that provides a production environment for manufacturing semiconductors, and ultra-precise processing, measurement and testing. Expanding lineup of exhaust treatment equipment underway Developed ceiling space duct-connected sterilization system "Airaiser." Working toward mass production with the goal of starting sales in 2026. Began sales of "FOLLOAS" *2 in November 2024. *2 Developed in 2023. A cool-air outlet system that blows cool air following human movement. 	○	○		
		<ul style="list-style-type: none"> For acquisition of new customers, activities such as participating exhibitions are ongoing. Various verifications are underway for the bringing of high efficient paint finishing technology into market. Development of dry decoration technology is underway and a demonstration line is scheduled to be installed at an R&D facility in Japan in November 2024. Accelerating the development speed by sharing development issues with oversea R&D facilities. 	○	○		
		<ul style="list-style-type: none"> Experimental study is undergoing at our own factory. And continuously considering market cultivation. 	○	○		
	Develop new business	<ul style="list-style-type: none"> Based on the market research, joint research about new businesses assuming the business model when it is implemented in society is being conducted with universities, research institutions, and private companies. 	○	○		

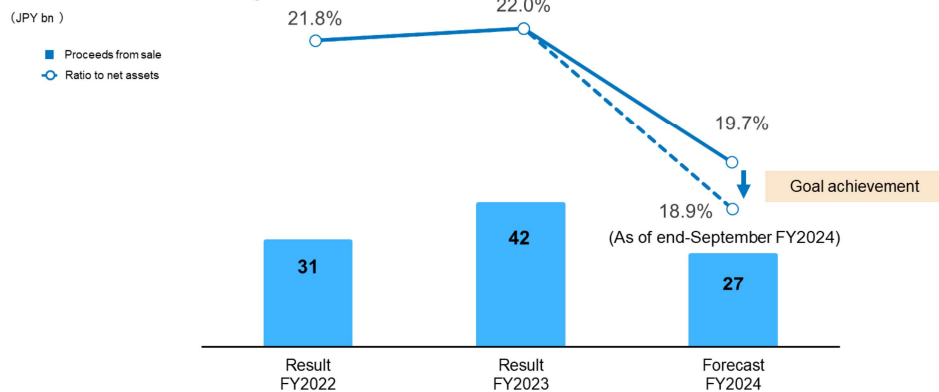
Achievements and Initiatives in progress ③

Basic Policy	Direction	Achievements and Main initiatives in progress	Creation of social value		
			E Climate change mitigation and adaptation	S Initiatives to prevent pollution and reduce environmental impact Securing and developing human resources	G Creation of Pleasant working environment Highly effective corporate governance
Strengthen management base that supports transformation and growth	Develop and secure human capital	<ul style="list-style-type: none"> Securing highly motivated and competent human capital that match the progress of our business development (90 New graduates and 22 mid-careers). Began operating a training program for potential candidates for management positions, and conducted training and education for candidates for promotion to executive officers leading to the CEO Succession Plan. As a part of the improvement of corporate atmosphere, Taikisha partially started 360 degree feedback system, which includes feedback from colleagues and subordinates in addition to from superiors. Conducted for participants in training programs for potential candidates for management positions. Introduced an overseas trainee system, which aims to develop human resources for global business expansion early, to start operation in FY2024. Obtained the "Certified Health productivity management Outstanding Organization recognition program (White 500)" (Overall rank 451-500). As countermeasures for the long working hours, grasping the actual conditions of employees engaged in on-site work and issues and measures to improve the working environment are under consideration. 		○	○
	Digital strategies to provide new value	<ul style="list-style-type: none"> Promoting digitization and DX to improve productivity of each process in projects such as design, cost estimation, and construction management. Started out this by joining "Facilities BIM Research Liaison Committee" to normalize, spread and promote the Facilities BIM. Began building common infrastructure to facilitate communication and strengthen governance across the Group (global communication infrastructure, IT security measures, etc.). Began company-wide use of Chatbots to improve operational efficiency and started building a generative AI. Implemented digital human resource development training for the purpose of DX promotion, and IT literacy training for all employees is under consideration. Building global management base that enables us to centrally manage management information of the entire Group and to conduct projections and simulations. 		○	○
	Strengthen the Group governance structure	<ul style="list-style-type: none"> Introduced a management index that measures the return on capital by each division and started using it. Formulating policies to improve capital efficiency, such as business portfolio review and cash allocation, etc. Regarding business investments such as M&A, introduced a mechanism for decision-making on acceptability that takes capital costs into account Clarified the role and scope of responsibility of the Board of Directors of affiliates and implemented various measures to improve their effectiveness through a PDCA cycle. 			○

The ratio to net assets as of the end of September 2024 was 18.9%
Achieved our goal during the period of this Mid-Term Business Plan

(JPY bn)	FY2022	FY2023	FY2024		Total
Results/Forecasts	Results		1H Results	Forecasts	
Proceeds from sale	3.1	4.2	2.7	2.7	10.0
Ratio to net assets	21.8%	22.0%	18.9%	19.7%	
Plans for the Mid-Term Business Plan Period					
Proceeds from sale	4.2	3.4	-	2.4	10.0
Ratio to net assets	20.7%	17.7%	-	15.6%	

Trend in cross-shareholdings



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This slide shows the plan to reduce cross-shareholdings in this Mid-Term Business Plan.

The actual amount of sales in the first half of FY2024 was 2.7 billion yen. The ratio to net assets as of the end of September 2024 was 18.9%. We achieved our reduction target of less than 20% of net assets. We will continue with efforts to reduce our holdings considering the stock price situation.

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Corporate Planning
Headquarters:
Masanori Nakagawa

Next, I will explain shareholders return.

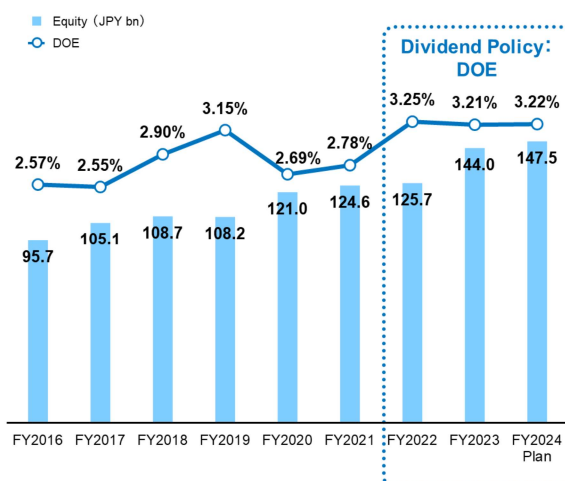
Dividends are expected to increase as planned during the period of the Mid-Term Business Plan

【Dividend policy】 We will implement steady dividends targeting a consolidated dividend on equity ratio (DOE) of 3.2%

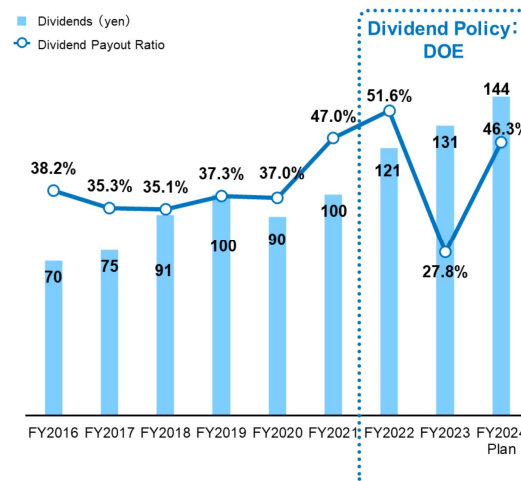
$$\text{DOE } 3.2\% = \text{Aimed ROE level } 8.0\% \times \text{Dividend payout ratio } 40\%$$

Dividend for FY2024 will be increased to 144 yen

Trend in Equity and DOE



Trend in Dividends and Dividend Payout Ratio



This slide shows the shareholder return.

While our dividend policy was based on a dividend payout ratio before, in the Mid-Term Business Plan that started in FY2022 we consider the return of profits to shareholders through dividends to be one of our highest priorities, and aim to achieve a dividend on equity ratio (DOE) of 3.2% and implement stable dividends.

The annual dividend for FY2024 is planned to be 144 yen per share, unchanged from the planned dividend announced at the beginning of the fiscal year.

Aim the higher level of shareholder returns by the collaboration of dividends and purchase of treasury shares

[Policy for purchase of treasury shares]

We will flexibly purchase and retire treasury shares in order to improve capital efficiency and promptly implement financial policies. The new Mid-Term Business Plan includes purchase of treasury shares of roughly 2 billion yen per year. (Implemented 2 billion yen for FY2024)

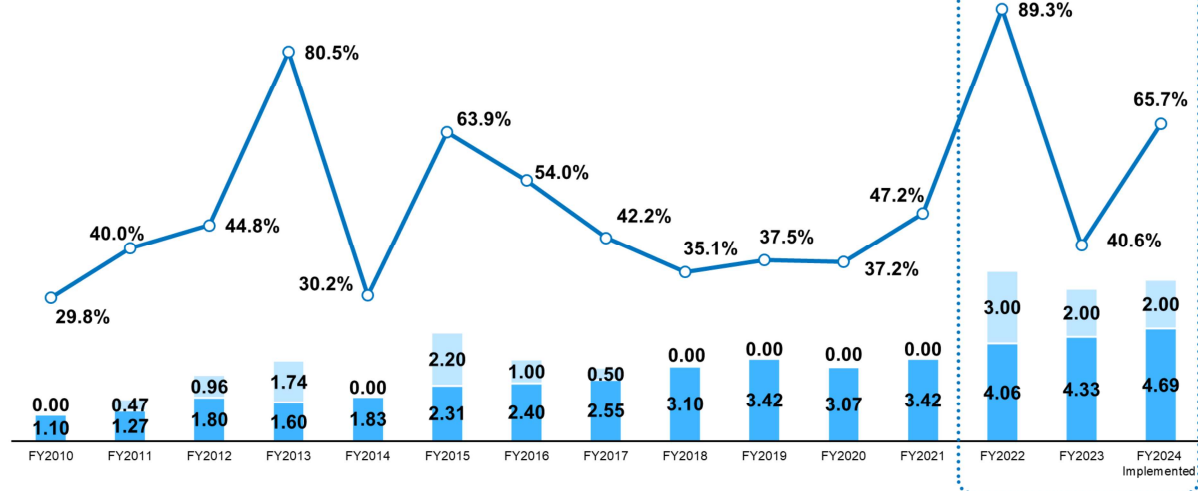
Shareholder returns and Total Payout ratio

(JPY bn)

■ Total dividend

■ The amount of treasury shares purchase

○ Total payout ratio



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

This slide explains our purchase of treasury shares.

The pale blue bar graph shows the treasury shares acquired.

In FY2022 which is the first year of the Mid-Term Business Plan and in the second year, we repurchased treasury shares worth 3 billion yen and 2 billion yen, the third year 2 billion yen's worth of treasury shares.

We aim to have a higher level of shareholder return through a combination of paying dividends and acquiring treasury shares. For reference, please look at the shareholder returns and total return ratio, as well.

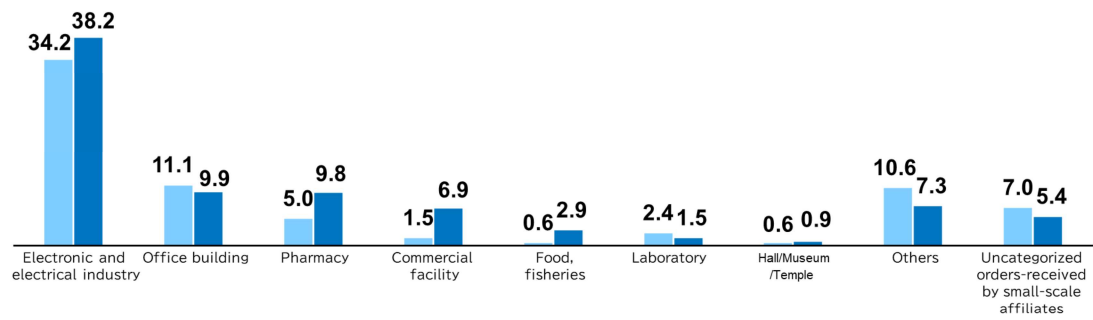
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Orders-received

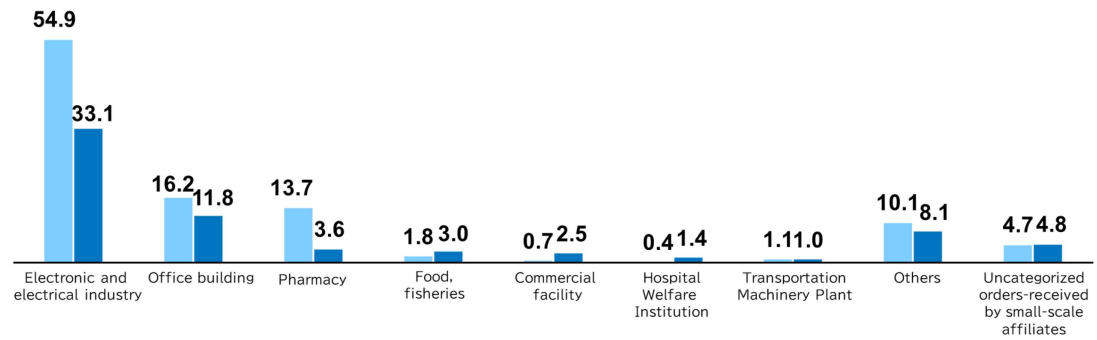
(JPY bn)

■ 2Q FY2023
■ 2Q FY2024



Sales

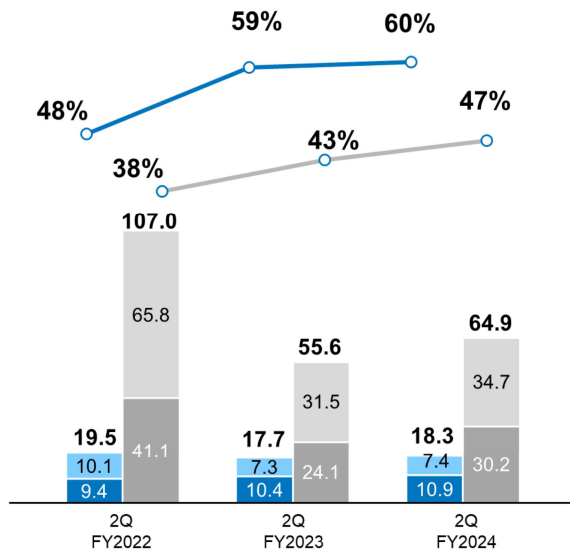
■ 2Q FY2023
■ 2Q FY2024



(JPY bn)

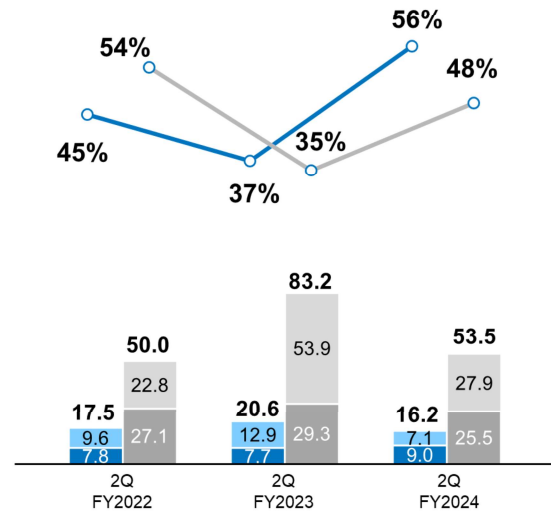
Orders-received

- Building HVAC(renovation)
- Building HVAC(new construction)
- Building HVAC renovation ratio
- Industrial HVAC(renovation)
- Industrial HVAC(new construction)
- Industrial HVAC renovation ratio



Sales

- Building HVAC(renovation)
- Building HVAC(new construction)
- Building HVAC renovation ratio
- Industrial HVAC(renovation)
- Industrial HVAC(new construction)
- Industrial HVAC renovation ratio

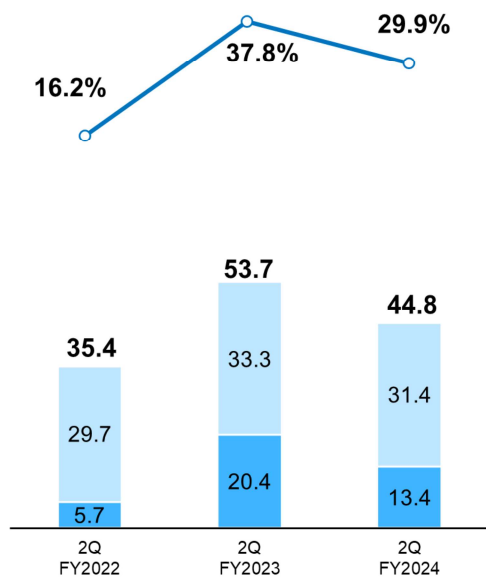


Paint Finishing System Division Ratio of Orders-Received and Sales from non Japanese customers

(JPY bn)

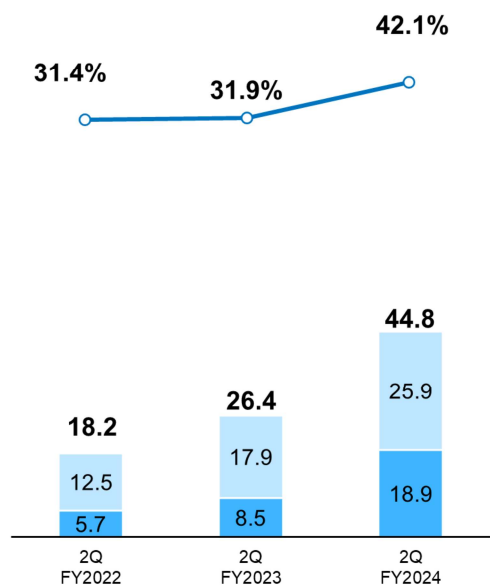
Orders-received

■ Japanese customer
■ Non Japanese customer
○ Non Japanese customer ratio



Sales

■ Japanese customer
■ Non Japanese customer
○ Non Japanese customer ratio

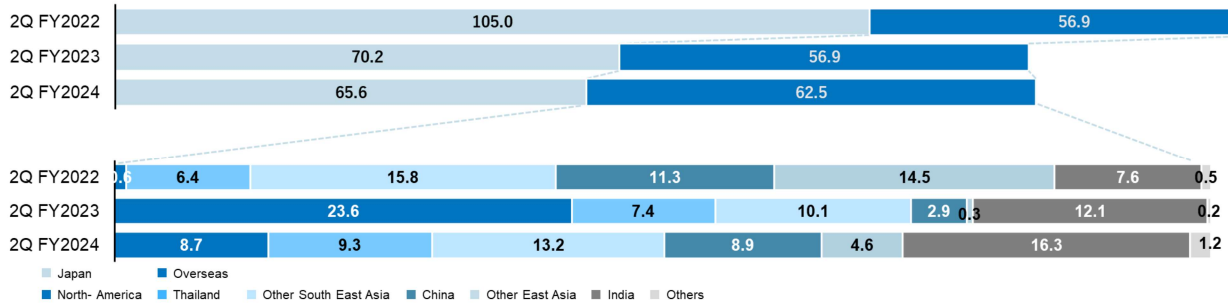


* The orders and sales of the overseas Japanese-joint venture(including all of Japanese customer investment companies) are included in the total value of the Japanese customer

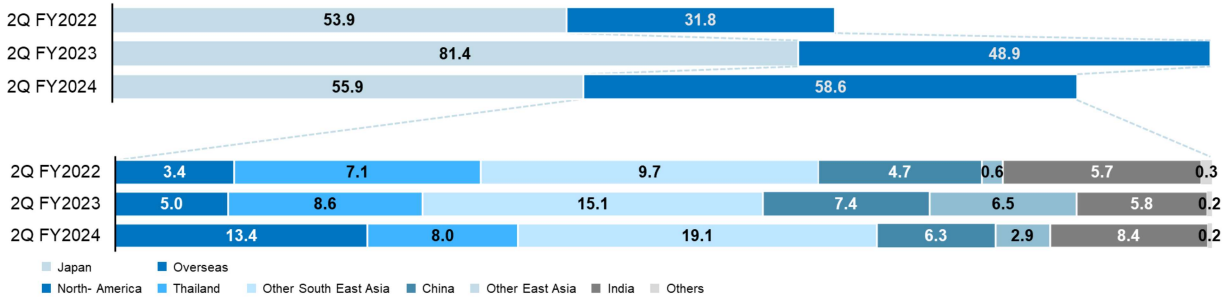
Overseas Orders-Received and Sales by Region

(JPY bn)

Orders-received



Sales



* The numerical value does not include the internal trading.

* Major countries and regions:

• **Southeast Asia:** Singapore, Malaysia, Indonesia, Philippines, Vietnam, others. • **East Asia:** Taiwan, Korea • **North America:** U.S.A., Canada, Mexico • **Others:** Russia, South America, others

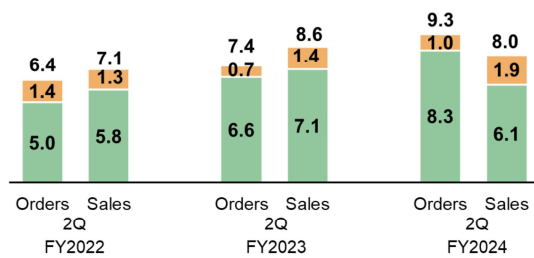
Orders-Received and sales of overseas main four companies

TAIKI-SHA LTD.

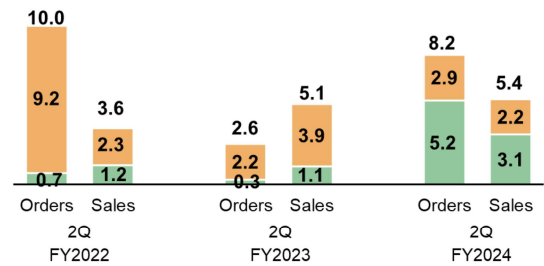
(JPY bn)

Industrial HVAC Paint Finishing System

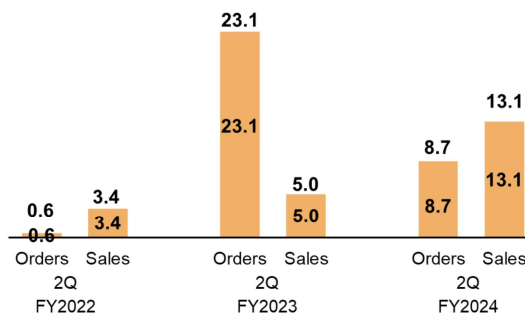
Taikisha (Thailand) Co., Ltd. (Thailand) Group



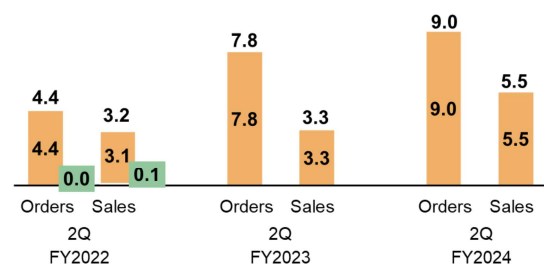
Wu-Zhou Taikisha Engineering Co., Ltd. (China)



Taikisha USA, Inc. (U.S.A) Group



Taikisha Engineering India Private Ltd. (India)



* The numerical value does not include the internal trading

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Precaution about Forward Perspective

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