

## Medium-Term Business Plan (FY2025–FY2027)



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We will explain our new Medium-Term Business Plan starting in FY2025, which is designed to achieve our “10-Year Plan 2035” (the “10-Year Plan”).

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Our Goals for the First 3-Year Phase of 10-Year Plan 2035 (FY2025–FY2034)

# 1. **Targets and Cash Allocations Under the 3-Year Plan**

## Targets for 2028

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To begin with, we will explain the goals of the 3-Year Plan.

## FY2027 targets based on our Goals for 2035

10-Year Plan 2035 (FY2025–FY2034)										
Financial indicators	Medium-Term Business Plan (FY2025–FY2027)			Medium-Term Business Plan (FY2028–FY2030)			Medium-Term Business Plan (FY2031–FY2034)			
	<b>3-year phase of restructuring for transformation</b> Building foundations for growth strategies through growth investment funded by cash flows from domestic business			<b>3-year phase of full-scale investment toward growth</b> Expansion of markets, business domains, and geographical scope through substantial investment in overseas M&A			<b>4-year phase of rapid expansion driven by growth strategy realization and continuing investment</b> Optimization of expanded markets, business domains, and geographical scope, leading to sustainable growth			
	<b>Target for net sales of completed construction contracts (end of FY2027)</b> <b>¥336 billion</b> Core businesses: ¥246 billion Growth businesses: ¥88 billion New businesses: ¥2 billion (Including ¥113 billion for non-Japanese customers) FY2024 results: ¥57 billion for non-Japanese customers			<b>Target for net sales of completed construction contracts (end of FY2030)</b> <b>¥400 billion</b> Core businesses: ¥250 billion Growth businesses: ¥125 billion New businesses: ¥25 billion (Including ¥128 billion for non-Japanese customers)			<b>Target for net sales of completed construction contracts (end of FY2034)</b> <b>Over ¥500 billion</b> Core businesses: ¥270 billion Growth businesses: ¥180 billion New businesses ¥50 billion (Including ¥169 billion for non-Japanese customers)			
	<b>ROE (end of FY2027)</b> <b>10%</b>			<b>ROE (end of FY2030)</b> <b>11%</b>			<b>ROE (end of FY2034)</b> <b>12% or higher</b>			
	<b>Shareholders' equity ratio: 40% or higher</b> 2025      2026      2027			2028      2029      2030			2031      2032      2033      2034			
	<b>Dividend Policy (DOE)</b> <b>4.0%      4.0%      4.0%</b>			<b>Dividend Policy (DOE)</b> <b>4.5%      4.5%      4.5%</b>			<b>Dividend Policy (DOE)</b> <b>5.0%      5.0%      5.0%      5.0% or higher</b>			
	<b>Share buybacks</b> <b>¥5 billion      ¥5 billion      ¥5 billion</b>									
	<b>Cross-shareholdings</b> <b>15% or less of net assets</b>									
	<b>CO<sub>2</sub> emissions (end of FY2027)</b> <b>Scope 1, 2: 26% lower</b> <b>Scope 3: 15% lower (vs. FY2022)</b>			<b>CO<sub>2</sub> emissions (end of FY2030)</b> <b>Scope 1, 2: 42% lower</b> <b>Scope 3: 25% lower (vs. FY2022)</b>			<b>CO<sub>2</sub> emissions (end of FY2034)</b> <b>Scope 1, 2: 53% lower</b> <b>Scope 3: 35% lower (vs. FY2022)</b>			
							<b>Number of employees (end of FY2034)</b> <b>7,200</b>			

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This slide describes the financial and non-financial targets, as explained in the 10-Year Plan. Explanation omitted.

### Achievable forecasts on our path to the achievement of the FY2027 targets.

		FY2025 (forecasts)	FY2027 (targets)
Financial targets	Orders received	¥362.0 billion	¥296.0 billion
	Net sales of completed construction contracts	¥279.0 billion	¥336.5 billion
	Ordinary income	¥18.2 billion	¥22.7 billion
	Profit	¥12.0 billion	¥15.8 billion
	ROE	8.1%	10.3%
	Equity ratio	45% or higher	40% or higher
	Policy on shareholder returns	4.0% (Aimed ROE level 10% × dividend payout ratio 40%)	
	DOE	Shares worth ¥5.0 billion per year	
	Share buybacks		
	Cross-shareholdings	Ratio to net assets	15–20%
Non-financial targets	CO <sub>2</sub> emissions	Scope 1 and 2: 26% reduction Scope 3: 15% reduction (vs. FY2022 levels)	

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In addition to the financial and non-financial targets presented in the 10-Year Plan, this slide presents the orders received and income items for the new Medium-Term Business Plan period.

As mentioned in the financial results briefing, the orders received for FY2025 are expected to reach a record high, driven by large-scale orders in both businesses.

Although there will be a drop-off from there in FY2027, orders received have been steadily increasing since the past and are expected to reach the 300 billion yen level.

Net sales of completed construction contracts are projected to hit a record high of 336.5 billion yen in FY2027, backed by large-scale orders.

While fixed costs will increase due to aggressive growth investments to achieve the 10-Year Plan, each income item is expected to rise due to higher net sales of completed construction contracts.

Accordingly, we are targeting an ROE exceeding 10% in the final year.

On the other hand, we have set our equity ratio at a level below 50% as we consider enhancing shareholder returns, utilizing borrowings for responding to growing needs for replacement funds due to sales growth, and securing funds for growth investments.

Our shareholder return policy and targets regarding cross-shareholdings are as explained in the 10-Year Plan.

For shareholder returns, please refer to slides in pages 34 and 35 of the Appendix in the financial results briefing materials.

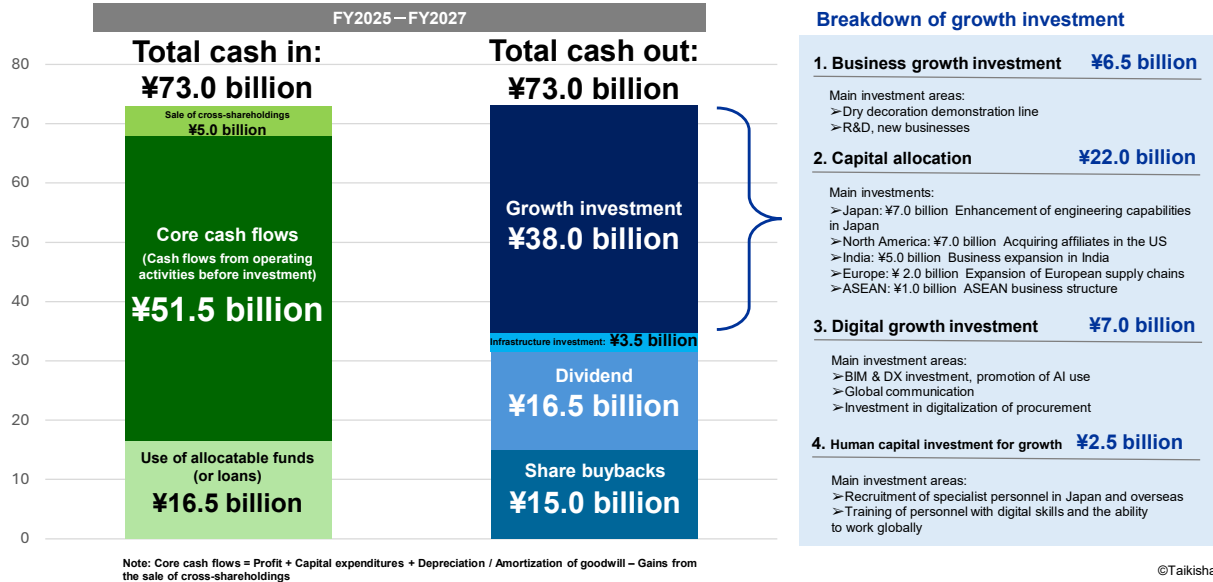
Finally, regarding non-financial targets, we aim to reduce CO<sub>2</sub> emissions by 26% for Scope 1 and 2 and 15% for Scope 3 compared with FY2022.

## Cash Allocations Under Medium-Term Business Plan

Same content as on slide 12 of 10-Year Plan 2035



**In the first three years of the plan, we will build foundations for rapid growth by combining aggressive growth investment with solid shareholder returns.**



This slide describes the cash allocation under the Medium-Term Business Plan, explained in the 10-Year Plan. Explanation omitted.

Foundations for a Rapid Growth Trajectory Defined by Backcasting from the 10-Year Goals

## 2. Medium-Term Business Plan (FY2025–FY2027) Growth Strategies and Key Policies

# Strategy

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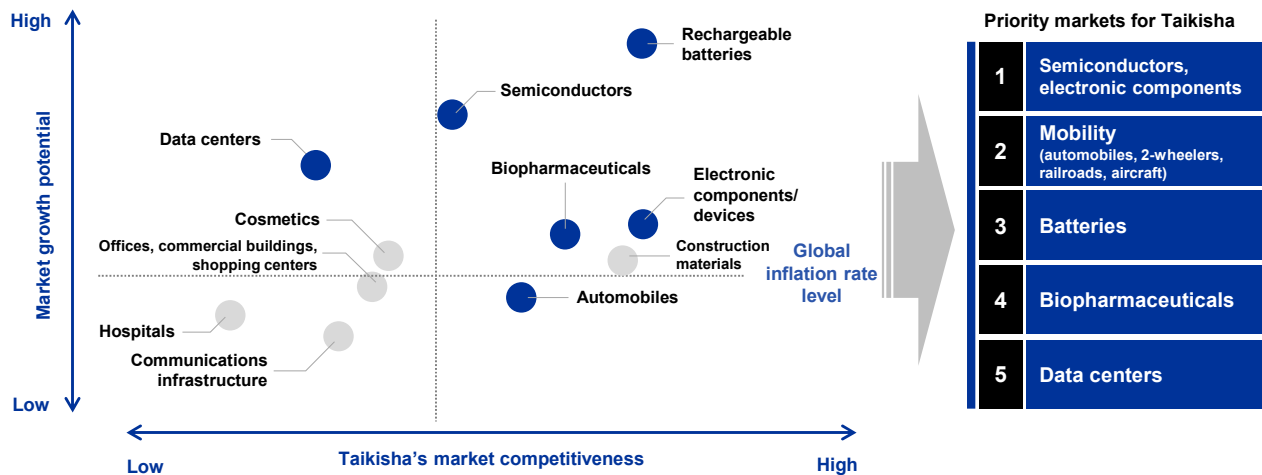
## Market Strategy: Analysis of Priority Markets

Same content as on slide 22  
of 10-Year Plan 2035



### Concentrate management resources into global growth industries.

We will target growth industries, such as semiconductors, electronic components, mobility, batteries, biopharmaceuticals, and data centers.



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This slide outlines our “priority markets.”

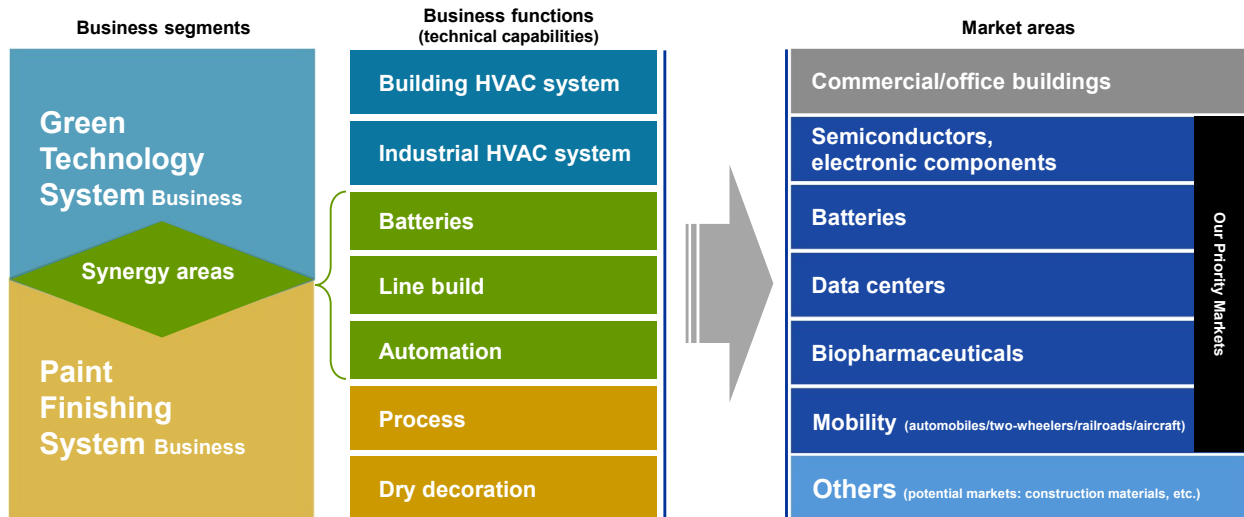
The horizontal axis represents Taikisha’s market competitiveness, while the vertical axis shows market growth potential based on external indicators.

By combining our market competitiveness and market growth potential, we have narrowed down the focus to five priority fields.



**We will target priority markets linked to the Green Technology System Business and Paint Finishing System Business.**

**The key to growth will be the leveraging of synergies between these areas to create new businesses.**



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This slide summarizes business segments and their business functions.

We will proactively expand into the previously mentioned priority markets by leveraging synergies between the two business segments.

## Green Technology System Business: Growth Strategies

### Green Technology System Business

Building HVAC system

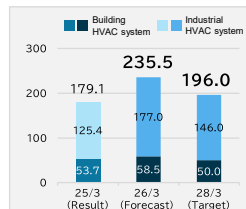
Industrial HVAC system

3-year targets (FY2027)

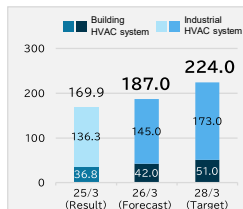
Net-sales of completed construction contracts: **¥224.0 billion**

Ordinary income: **¥18.8 billion**

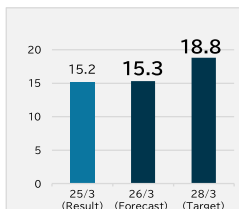
Orders-received (¥ billion)



Net sales of completed construction contracts (¥ billion)



Ordinary income (¥ billion)



#### Focus for 3-year plan—Building foundations for growth

##### Market strategy

Maintain and improve our presence in the semiconductor/electronic components markets in Japan and overseas.

Semiconductors: Silicon Island/East Asia strategy

Electronic components: Enhanced support for Japan-based global manufacturers

##### Regional strategy

Maintain and enhance our presence in priority market areas.

Reinforcement of business base in Japan

Reinforcement of business base in ASEAN

##### Technology strategy

Contribute to carbon neutrality through the development of GX engineering technology.

Advancement of energy solutions

Enhancement of resource recycling support

Strengthening of compliance with environmental regulations

From here, we will explain the growth strategies for the Green Technology System Business and the Paint Finishing System Business, initiatives leveraging their synergies, and new businesses.

First, for the Green Technology System Business, we aim for steady growth in both net sales of completed construction contracts and ordinary income over the three years of the new Medium-Term Business Plan.

The following slides describe the initiatives during the new Medium-Term Business Plan period aimed at achieving the targets of the 10-Year Plan.

### Foundations for Growth

#### Maintaining and strengthening our presence in the semiconductor and electronic components market (Japan and overseas)

##### Semiconductors: Silicon Island/East Asia strategy

###### ■ Enhanced support for projects based on a strong local presence

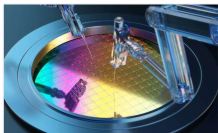
Prioritized deployment of human resources to regions likely to attract intensive semiconductor-related investment (e.g., Kyushu)  
Development of a structure, including partner companies, capable of handling large projects

###### ■ Strengthening of organizational structure in ASEAN as a target market for semiconductor-related investment

Development of capacity to handle large-scale projects in anticipation of manufacturing base diversification by global semiconductor manufacturers, including Taiwanese companies (see Page 12)

###### ■ Provision of high-end solutions (e.g., precision air conditioning)

Commercialization of technologies and provision of design/build services for industrial facilities requiring precise controls, such as Ultra-precise Temperature Control Chambers



##### Electronic components: Enhanced support for Japan-based global manufacturers

###### ■ Entry into the water treatment business

Proposal of wastewater recycling systems to comply with regulations in various countries

###### ■ Expansion of the energy management business

Creation of a one-stop AI-based system covering energy-saving for air conditioning and heat sources, safe operation, management, maintenance, and support

###### ■ Expansion of the overseas electrical engineering business

Creation of a turn-key solution proposal system integrated with electrical facility engineering



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This slide explains our market strategies.

In our most critical market, semiconductors and electronic components, we will focus on supporting Japan-based global manufacturers and Taiwanese companies.

By expanding into peripheral areas such as manufacturing equipment, water treatment, and electrical engineering, we aim to build turnkey systems.

To achieve this, it is essential to consider M&A and alliances and deepen technologies through open innovation, and the next three years will be a period for promoting those efforts.

Foundations for Growth

## Maintaining and enhancing our presence in key market areas

### Strengthening our business base in Japan

■ **Expand and optimize human capital**

Train highly qualified engineers in the industrial HVAC system field, allocate personnel and build organizational structures that reflect construction capacity and workloads.

■ **Improve productivity at the design/build stages** (See Page 13)

- Strengthen the product management organization.
- Use BIM-centered initiatives to improve operations (design, process charts).
- Convert buildings and equipment into factory products (unitization/modularization) through joint businesses with the Taikisha Partners Group (TPG-fab).
- Develop logistics systems for large-scale projects.

■ **Strengthen relationships with partner companies**

- Build enhanced win-win relationships and share project information with the Taikisha Partners Group (TPG).
- Improve the administrative efficiency of partner companies through the Taikisha Partners Operation System (TPOS).

### Strengthening our business base in ASEAN

■ **Establish the ASEAN Management Dept. in Singapore**

Shift HQ functions for overseas operations from Japan to Singapore and strengthen contact points with global companies.

■ **Strengthen cooperative structures across ASEAN affiliates**  
(Global Operational Diversity)

Share human resources as well as information and develop structures to handle projects based on joint contracting.

■ **Establish bases to visualize our technological capabilities**

Establish Innovation Gates as bases for strengthening customer relationships through technology promotions in Hanoi, Bangkok, and Singapore.

■ **Establish global design & build standards**

Roll out design/build platforms established in Japan to our ASEAN affiliates in order to achieve consistent operational efficiency and technological quality.

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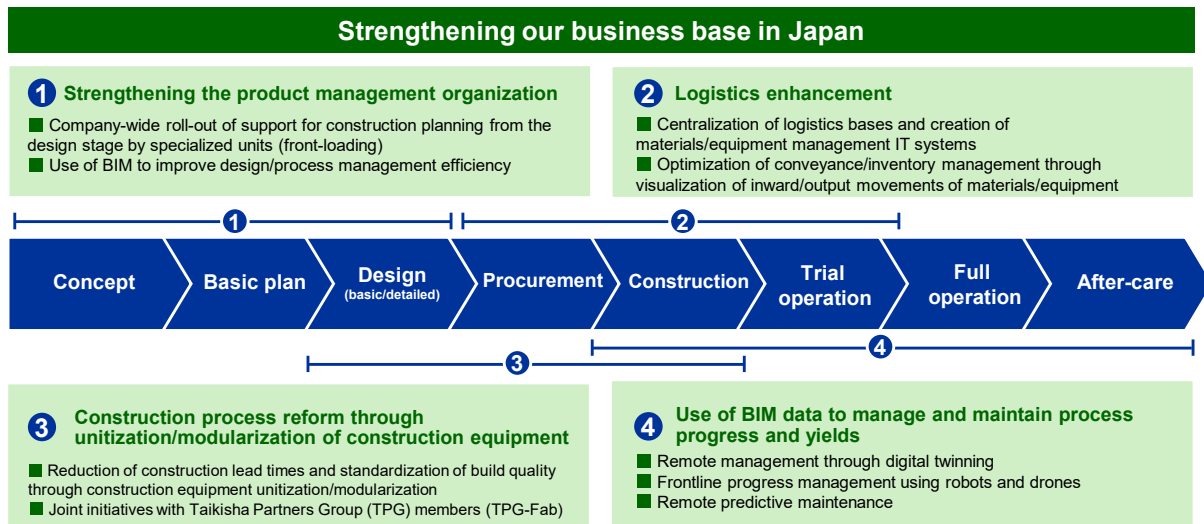
This slide explains our regional strategies.

To achieve the targets of the 10-Year Plan, we will first focus on strengthening profitability in Japan and enhancing the business foundation in the ASEAN region, where we have a large number of bases.

The next slide provides a detailed explanation of our domestic initiatives.

Foundations for Growth

Further improvement of productivity at the design/build stages



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In Japan, we will implement productivity improvement measures in a series of project processes.

We are considering launching TPG-Fab to promote unitization and modularization as well as construction quality standardization through Taikisha Partners Group (TPG), an organization of partner companies established in the final year of the previous Medium-Term Business Plan.

In addition, as described, we aim to enhance profitability in Japan by working to standardize on-site operations through front-loading, enhance logistics, and improve productivity through the use of BIM.

### Foundations for Growth

#### Creating a path to carbon neutrality through the development of GX engineering technology

##### Enhanced energy solutions

- **Mini-environmental control**  
(Expansion of areas of use for Ultra-precise Temperature Control Chamber)  
Broaden the customer base by extending solutions beyond semiconductor and battery-related customers.
- **Linkage of controls to production equipment**  
(minimization of system operation)  
Control and optimize airflows through timely monitoring of and feedback from production equipment operations.
- **EMS system enhancement (AI, failure prediction)**  
Use AI control of operational/maintenance/support processes to reduce environmental loads.
- **Use of natural energy**  
Use knowledge gained through monitoring and automated control of the use of natural energy at the Taikisha Innovation Site Aikawa (TISA) to provide feedback to customers

##### Expanded support for resource recycling

- **Entry into water treatment field**  
(For semiconductors and electronic components)  
Proposal of wastewater recycling solutions, including water recirculation systems, to meet industrial water needs, in collaboration with partners.
- **Development of solvent recovery/purification systems**  
(solvents for NMP/solid-state batteries)  
Develop integrated solvent recovery/recycling systems as key drivers for the expansion of the EV battery market.

##### Enhanced support for environmental compliance

- **Non-combustion treatment of exhaust gases** (electrification, gas recycling)  
Develop clean equipment capable of using bio-fuels and hydrogen fuels instead of gas combustion.
- **Incorporation of direct air capture (DAC) technology into air conditioning systems** (use of captured CO<sub>2</sub>)  
Contribute to the achievement of zero emission targets by improving interior environments through the recovery of low concentrations of CO<sub>2</sub> for use in agriculture, forestry, and fisheries.



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This slide explains our technology strategies.

We will develop GX engineering technologies to address energy issues, resource recycling, and environmental regulations. By doing so, we aim to expand into areas closer to production and peripheral areas such as water treatment, targeting customers particularly in the semiconductor and battery markets, which we are focusing on as part of our market strategies. This will enable us to deliver new value.

## Paint Finishing System Business: Growth Strategies

### Paint Finishing System Business

Process

Automation

Line build

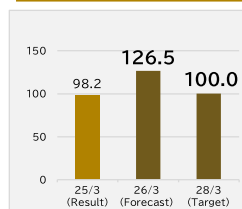
Dry decoration

3-year targets (FY2027)

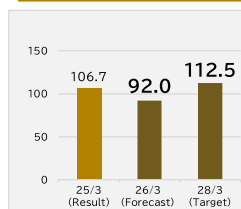
Net-sales of completed construction contracts: **¥112.5 billion**

Ordinary income: **¥4.5 billion**

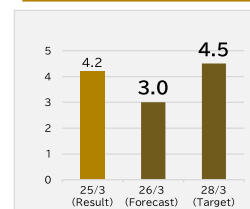
Orders-received (¥ billion)



Net sales of completed construction contracts (¥ billion)



Ordinary income (¥ billion)



### Focus for 3-year plan—Building foundations for growth

#### Market strategy

Maintain and enhance our presence in automotive markets.

Green factory technologies: Implementation of dry decoration

Smart factory technologies: Advancement of automation

Expansion of European customer portfolio

Create business opportunities in non-automotive markets.

Use of painting technology in other industries




Development of smart industrial HVAC systems

Next, for the Paint Finishing System Business, we aim for steady growth in both net sales of completed construction contracts and ordinary income over the three years of the new Medium-Term Business Plan, despite starting off FY2025 with a decline in both sales and income.

The following slides describe the initiatives during the new Medium-Term Business Plan period aimed at achieving the targets of the 10-Year Plan.

### Foundations for Growth

#### Maintaining and expanding our presence in automotive markets

Green factory technologies: Implementation of dry decoration	Smart factory technologies: Advancement of automation	Expansion of European customer portfolio
<ul style="list-style-type: none"> <li>■ <b>Expansion of demonstration line and establishment of working lines</b> Verify customers' required specifications in our laboratories and implement working lines capable of extremely high-quality performance.</li> <li>■ <b>Proactive marketing to automotive OEMs</b> Establish dry decoration as a new mass-production technology for automobiles.</li> </ul> 	<ul style="list-style-type: none"> <li>■ <b>Accumulating automation technology outside of the paint/coating area</b> Leverage our track record in realizing and evaluating advanced concepts in the paint/coating field to expand from paint/coating technology to inspection, polishing, and material handling.</li> <li>■ <b>Digital twinning</b> Digital twinning is a core tool for DX in manufacturing operations. It brings dramatic improvements in planning, development, implementation, and enhancement through feedback from digital and real spaces.</li> </ul> 	<ul style="list-style-type: none"> <li>■ <b>Expansion of track record and improvement of recognition</b> Expand our presence in Europe by winning orders for large-scale projects.</li> <li>■ <b>Strengthening and expansion of our operating structure in Europe</b> (Supply chain collaboration, creation of alliances) Create optimal order processing systems across entire supply chains and expand areas in which we have in-house production capabilities.</li> <li>■ <b>Proposing technology to meet European environmental regulations</b> Learn about cutting-edge environmental needs and solutions and achieve global expansion in the long-term future through business expansion in Europe, which is a leader in environmental policy.</li> </ul> 

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The first initiative is to maintain and enhance our presence in the automotive market. We will promote green factories through the use of dry decoration technology, and develop smart factories through automation technology, with the aim of expanding our European customer portfolio.

In particular, as part of our green factory initiatives, we will focus on having a global rollout of demonstration lines for dry decoration and implementing this decoration in working lines.

In Europe, we have already received large-scale order. While steadily managing projects, we will work to strengthen our base management system and expand the scope of in-house production.



### Foundations for Growth

Creating business opportunities in non-automotive markets (railroads, aircraft, other manufacturing)

#### Use of painting technology in other industries

##### ■ Smart factories capable of high-mix, low-volume production

Make major contributions to smart factory technology for high-mix, low-volume manufacturing through auto-teaching technology (i-ART).

##### ■ Exploration of the dry decoration market

Pursue marketing opportunities in coating and decoration markets, as well as automotive painting.



#### Development of smart industrial HVAC systems

##### ■ Use of digital twinning technology to provide integrated services from consulting to after-maintenance

- Use technology and know-how accumulated through automotive coating operations to contribute to smart factory development in all industries that need coating and decoration.
- Use environmental technology developed through the HVAC business (including specialized air conditioning) to provide one-stop solutions for optimized manufacturing environments.

##### ■ Proposal of GHG reduction solutions as part of factory operation consulting

Offer technology to achieve customers' GHG reduction targets, and visualize reductions achieved using that technology.



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The second initiative is to create business opportunities in non-automotive markets. We will approach customers in industrial areas, who are aiming for smart factory transformation, with our key technologies in painting, decoration, and automation cultivated over the years.

We will work to expand business opportunities in non-automotive markets, focusing on markets such as railroads and aircrafts, where we have secured orders in the past.

## Synergies between the Green Technology System Business and Paint Finishing System Business

### Foundations for Growth

We will create new value through the convergence of engineering technologies from our two core businesses.



### Offering new production line development technologies in response to growing demand for battery plant construction

#### ■ Expansion of support for EV battery plants, primarily through our US affiliates

Use experience, know-how, and human resources from our Green Technology System Business in Japan at our affiliates in the United States.

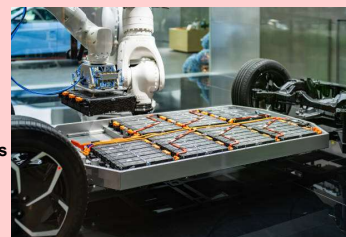
Expand the scope of contracting activities to encompass heat source supply and our proprietary technologies, including solvent recovery and dry rooms.

Begin to prepare for a role as a one-stop solution manufacturer.

#### ■ Proposal of production line modularization as a method of reducing project timeline and costs

Expand into the battery market through the convergence of design/build methods developed by our two business divisions for other industries.

- Create mini-environments in special-purpose environmental areas, such as dry rooms, and modularize heat/power supply areas.
- Shorten project timeline through the modularization of equipment, including manufacturing and material handling equipments.



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Next, regarding synergies between the two businesses, we will combine their respective technologies shown on the slide to expand the areas we can address in the battery market.

As investment in EV battery plants is growing, particularly in North America, we aim to expand the areas we can address.

We will also integrate the design and build methods each business has developed in other industrial areas, aiming to shorten delivery times and reduce costs through modularization and unitization.

### New business development

Reinforcement of Business Development Headquarters

Four business development perspectives

1. Market research
2. Technology surveys
3. Business companies
4. R&D

Foundations for Growth

We will create a unified structure capable of integrating all tasks from surveys and R&D to operations and business development. We will advance toward our medium- to long-term business creation goals by further strengthening inter-process linkage.

Unknown/undeveloped areas (technologies, industries, regions)

Areas in which we can apply existing technologies and leverage synergies with existing businesses

Environmental/energy-related areas, including DAC<sup>\*1</sup>, in which we can contribute to the solution of social issues

New areas emerging from the convergence of our technologies with smart technologies, such as automation and AI

New geographical frontiers for our existing businesses

Convergence of diverse technologies through internal and external networks

Exploration of customer needs and social needs, joint development activities based on collaboration between TISA<sup>\*2</sup> and other development bases/laboratories

Increased cooperation/collaboration with universities, research institutes, and business partners in Japan and overseas

Use of VC/CVC to discover new seeds, start of collaboration with start-ups

Enhancement of business development infrastructure

- Creation of growth models based on guidelines that include process management and exit criteria
- Recruitment of talent capable of driving technology commercialization, training through accelerator programs, etc.

- Establishment of a competitive advantage through the creation of intellectual property
- Fostering a culture and developing internal systems that accept challenges and build on failures

<sup>\*1</sup> DAC: Direct Air Capture

<sup>\*2</sup> TISA: Taikisha Innovation Site Alkawa

Next, as for new businesses, we will establish a seamless structure that integrates all tasks from surveys and R&D to sales and business development, aiming to strengthen inter-process linkage in order to achieve medium- to long-term business creation.

We will enhance our business development platform and explore unknown/undeveloped areas from the three perspectives of technologies, industries, and regions. We will do this by integrating diverse technologies through internal and external networks.

Initiatives to Strengthen Our Management Base and Support Our Growth Strategies

# Capital & Governance

Medium-Term Business Plan (FY2025–FY2027)

## **3.** Development of Systems and Structures to Support Growth Strategies

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From here, we will explain the development of systems and structures that support our growth strategies.

## Strengthening Business Promotion/Monitoring and Global Management Structures

### Systems to drive sustainable growth and enhance corporate value Developing systems and structures to support our growth strategies

#### Enhancement of business execution/monitoring structures

- Establishment of the **Growth Strategy Council**
- Establishment of the **Digital Innovation Committee (governance side)** and further strengthening of the functions of the **Digital Strategy Committee (executive side)**
- Introduction of the **Group Corporate Officer System**
- Introduction of a **new management accounting system** to facilitate growth investment
- Functional enhancement of the **Sustainability Promotion Committee** and the **Business Investment Committee**
- Group-wide extension of **ROIC management**



#### Enhancement of global group management infrastructure

- Introduction of **common global IT systems infrastructure**
- Enhancement of **IT governance structures**
- Establishment of the **ASEAN Regional Management Dept.**
- Improvement of the effectiveness of **boards of directors of affiliates**
- Start of study concerning the future establishment of **intermediate holding companies** and **regional HQs**

#### Creation of global human capital portfolio management system

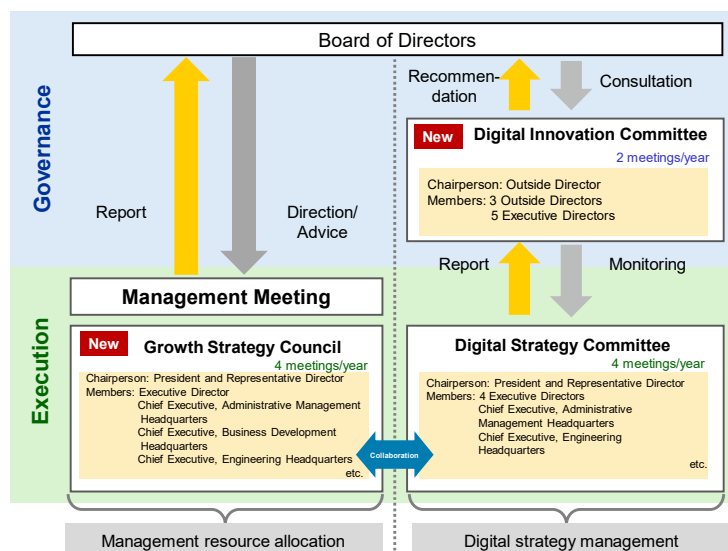
- Development of human capital data base for overseas affiliates to facilitate the international divisions of labor needed to handle increasingly large-scale projects



This slide describes the strengthening of the management base, as explained in the 10-Year Plan.  
The following slides will explain the topics we will focus on in particular.

## Strengthening Structures to Support Management Resource Allocation and Digital Strategy Management

### Enhancement of Management Resource Allocation Strategy and Digital Strategy Governance



#### Management resource allocation

##### **Growth Strategy Council** New

Coordinated formulation and execution of group-level strategic policies relating to business, functions, financial management, and capital, etc., from the perspective of optimizing group-allocations of management resources, progress monitoring

—Indication of matters for deliberation—

- Company-wide dividend policies (DOE level, annual dividend amount)
- Company-wide capital policies (share buybacks, stock splits, etc.)
- Business portfolio policy (cash and capital allocations)
- Acceleration of business investment plans and growth strategies through human capital investment, recruitment, training, etc.

#### Digital strategy management

##### **Digital Innovation Committee** New

An advisory committee focused on digital strategy—Monitoring of the execution of digital strategies by the Digital Strategy Committee from an independent, objective perspective, oversight to ensure reliable strategy execution and accountability

##### **Digital Strategy Committee**

Execution of digital strategy by five subcommittees specializing in the following areas:

- (1) Company-wide BIM (2) Global communications
- (3) IT governance, information security
- (4) Proactive utilization of AI (5) Electronic procurement

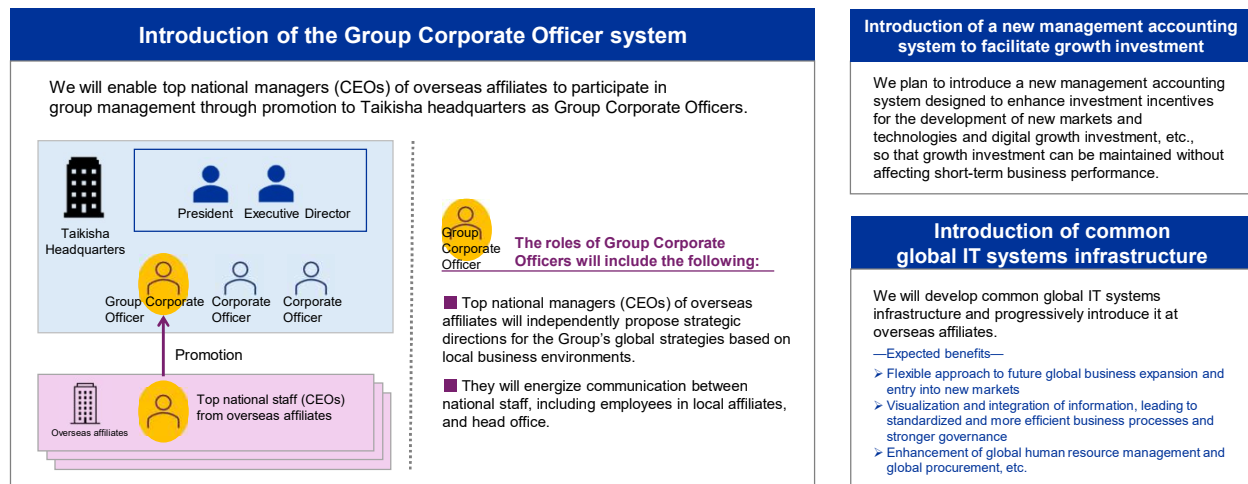
The first topic is enhancing our business promotion and monitoring structures. As was mentioned in the 10-Year Plan, we will explain our efforts to establish the Growth Strategy Council and the Digital Innovation Committee, while strengthening the functions of the Digital Strategy Committee.

Chaired by the President, the Growth Strategy Council will plan, execute, and monitor growth strategies and growth investments from the standpoint of optimizing the allocation of management resources across the group.

The Digital Innovation Committee, chaired by an Outside Director, will monitor the Digital Strategy Committee, which is responsible for executing digital strategies.

The Digital Strategy Committee will have five specialized subcommittees as shown in the bottom-right, and they will execute the DX strategies outlined in the 10-Year Plan.

## Development of structures and systems to strengthen global governance and enable sustainable growth investment



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Next, we will explain our initiatives for strengthening global governance.

First, we are introducing a Group Corporate Officer system under which the top national managers (CEOs) of overseas affiliates will be appointed as Group Corporate Officers at the headquarters, thereby reinforcing decision-making from a global point of view.

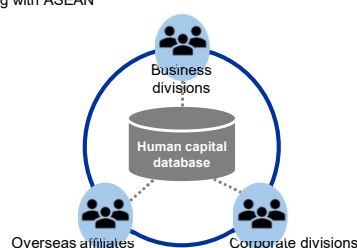
Second, we will progressively have a global rollout of common global IT systems infrastructure, which includes human resources and procurement functions. This will enable us to visualize information and flexibly expand business.

Third, we will advance growth investments by introducing a new management accounting system designed to facilitate growth investments without being constrained by short-term performance trends.

## Development of systems and IT infrastructure for the realization of human capital portfolio management

### ■ Development and administration of human capital database for overseas affiliates

- Development of management and implementation structures and data infrastructure to support the realization of human capital portfolio management
- Visualization and management using technology record sheets
- Further enhancement of human resource systems and data, effective administration through collaboration among business divisions, corporate units, and the global organization
- Commencement of development of human capital databases for global affiliates, starting with ASEAN



### ■ Recruitment policies for overseas markets

- New graduate recruitment—
- Use of scholarship programs and partnerships with technology-focused universities to facilitate recruitment of foreign nationals
- Mid-career recruitment—
- Use of scouting and referrals to recruit executive candidates and specialists with extensive knowledge of industries and technologies

### ■ Development/implementation of human resource development systems for overseas markets

- Early training of local management candidates, especially for Asian markets, through the newly established ASEAN Management Division
- Human resource development based on specific requirements for individual countries

### ■ Development of attractive evaluation and remuneration systems

- Creation of evaluation and remuneration systems to attract people with diverse nationalities, backgrounds, and experience

### ■ Staff retention through the improvement of loyalty and engagement

- Dissemination of our core philosophy in relation to human capital, including personnel at overseas affiliates
- Visualization of employee satisfaction and engagement levels and issues through surveys, implementation of countermeasures

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For the third topic, we will expand the human capital portfolio that was already developed in Japan during the previous Medium-Term Business Plan period to a global scale, aiming to build a global human capital portfolio management system.

As the first step, we will focus on ASEAN, where we have a large number of bases, and promote initiatives related to developing a human capital database as well as recruitment, development, evaluation, and remuneration.

This concludes the explanation of the Medium-Term Business Plan.



## Precaution about Forward Perspective



The data and future prospection in this material is based on the judgement on the announcement date and the available information.

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