

# Value Creation Process

Taikisha's Mission Statement "Customers First" refers to the spirit of earning the ongoing trust of stakeholders (society in general). This guiding principle has underpinned the ceaseless efforts of Taikisha Group to grasp the change and promptly recognize the environmental and social issues, in order to contribute to the sustainable society through value creation in society, environment and economy.

## Environment surrounding Taikisha

- |                      |  |
|----------------------|--|
| <b>Social issues</b> | <ul style="list-style-type: none"> <li>• Climate change</li> <li>• Energy/resources/water issues</li> </ul>  |
| <b>Social trend</b>  | <ul style="list-style-type: none"> <li>• Rapid progress of digital technologies</li> <li>• Changes in the concept of cities (emergence of smart cities)</li> <li>• Change in demographics</li> <li>• Smartification of production lines</li> <li>• Increased risk of pandemic</li> </ul> |

Utilization of management resources (INPUT)	
<b>Financial capital</b>	Solid financial foundation <ul style="list-style-type: none"> <li>• Net assets <b>130.7 billion yen</b></li> <li>• Equity ratio <b>54.7%</b></li> </ul>
<b>Human capital</b>	Diverse human resources to support competitiveness Development and enhancement of human resource measures <ul style="list-style-type: none"> <li>• Number of employees (consolidated) <b>5,079 people</b></li> </ul>
<b>Manufactured capital</b>	<ul style="list-style-type: none"> <li>• Number of business offices and factories Japan <b>28</b>, Overseas <b>51</b></li> <li>• Number of customer service centers Japan <b>78</b>, Overseas <b>24</b></li> <li>• Capital investment <b>2.3 billion yen</b></li> </ul>
<b>Intellectual capital</b>	Solid technology and know-how accumulated over 109 years of history Strength in industrial HVAC System business (accumulated based on dedication to individual client) Top global achievement in the industry Extensive platforms to convert tacit knowledge into formal knowledge <ul style="list-style-type: none"> <li>• R&amp;D expenses <b>11.0 billion yen</b></li> <li>• Number of patent held (Japan and overseas) <b>about 181 cases</b></li> </ul>
<b>Social/relationship capital</b>	Global network with 17 countries worldwide Trusting relationship and cooperation with stakeholders R&D framework that addresses the issues of the clients or society and leads to open innovation <ul style="list-style-type: none"> <li>• Operating in 5 countries (U.S., China, Thailand, India, and Japan)</li> </ul>
<b>Natural capital</b>	Efficiently utilize energy/resources Use "air," a natural resource

## Strengths and characteristics of Taikisha

### Long-term Vision

Innovative Engineering

- 1 Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water

### Building HVAC System business sector

Utilization of environmental load reduction technology for optimal control of energy, air and water (temperature and humidity, air current, cleanliness, etc.)

Provision of solutions centering

### Paint Finishing System Business

- Food shortage
- Increased health and medical consciousness
- Increased demand for clean water and air and infection prevention

For realization of sustainable society		
<b>Economic value</b> Creation of economic added value and redistribution to stakeholders	<b>Social value</b> Contribution to realization of healthy and comfortable living, and society with safety and comfort, development of sustainable agriculture, and smartification of factories	<b>Environmental value</b> Addressing clients' environmental issues and pass on the rich global environment to the next generation

**Innovative Engineering**

**2 Become an Inclusive Global Company by Leveraging Diverse Human Resources and Knowledge**

**Industrial HVAC System business sector**

Ability to integrate a wide variety of equipment and applications to provide optimal systems

Unique technical capabilities characterized by the plant factory

on climate change measures

Realization of the world's best painting quality and profound knowledge and understanding regarding painting technology that make it possible

Cutting-edge automation technology and know-how to manipulate industrial robots

**Results of business activities (OUTPUT)**

<b>Financial results</b>	<ul style="list-style-type: none"> <li>• Ordinary income <b>10.8 billion yen</b></li> <li>• Dividend payout ratio <b>47.0%</b></li> <li>• ROE <b>5.9%</b></li> <li>• Cash flows from operating activities <b>(8.5) billion yen</b></li> </ul>
<b>Energize human resources</b>	Exhibition of creativity and energy Creation of pleasant working environment <ul style="list-style-type: none"> <li>• Recognized under the "2022 Certified Health &amp; Productivity Management Outstanding Organizations Recognition Program (White 500)"</li> </ul>
<b>Enhance competitiveness</b>	Promote innovation <ul style="list-style-type: none"> <li>• Development of energy-saving/cost reduction/environment-responsive technologies and automation technologies</li> <li>• Expansion of the plant factories business, establishment of wholly owned mass production factories</li> </ul> Abundant transactions (domestic) <ul style="list-style-type: none"> <li>• <b>1,412</b> clients and <b>1,704</b> subcontractors</li> </ul>
<b>Environmental solution</b>	[Air-conditioning System Business] Promote reduction of CO <sub>2</sub> emissions through in-house design projects  [Paint Finishing System Business] Promote reduction of CO <sub>2</sub> emissions per manufacturing automobile

For Taikisha's specific "value creation" initiatives, please see the special features on pp.9-12.

Value Creation Feature **1** Value creation initiative

**R&D Satellite Plan**

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Value Creation Feature **2** Value creation initiative

**Evolution and Challenges in the Field of Automobile Paint Finishing Systems**

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