

## Round Table Discussion with Outside Directors

# Involvement in Strategy and Increasing the Effectiveness of Governance

The effective use of advice and opinions provided by Outside Directors from an outside perspective is an important aspect of corporate governance that helps raise corporate value over the medium to long term. When formulating the long-term vision and Mid-Term Business Plan, Taikisha requested that Outside Directors be even more directly involved than before. A round table discussion was held between President Kato and four Outside Directors, and the talk covered the lead-up to the plan's creation and challenges going forward.



### Koji Kato

Joined Taikisha Ltd. in 1978. Previously worked as Director, Managing Corporate Officer, Chief General Manager, Green Technology System Division, and General Manager, Engineering Planning Dept., Green Technology System Division; Chief Executive, Corporate Planning Headquarters; Director, Executive Corporate Officer, Chief Executive, Administrative Management Headquarters and in charge of CSR; Representative Director, and Executive Vice President Corporate Officer, in charge of Administrative Management Headquarters. In the current position since April 2019.

### Hirokazu Hikosaka

Mr. Hikosaka had worked as Audit & Supervisory Board Member since 2015 and was appointed as an Outside Director in 2017. He has abundant experience and a high level of insight regarding internal control and governance, etc., through his long tenure as an attorney. He chairs the Governance Committee, which was newly established in April of last year.

### Kiyotaka Fuke

Mr. Fuke had worked as Audit & Supervisory Board Member since 2017 and was appointed as an Outside Director in 2019. He has served as a manager of a leading life insurance company for many years, and has abundant experience and a high level of insight regarding internal control, governance, human resources development, personnel and labor management, etc. Leveraging his experience as a corporate leader, he chairs the Board of Directors and the Nomination Advisory Committee since 2020.

### Masasuke Kishi

Mr. Kishi was appointed as an Outside Director in June 2021. He has years of experience as a manager of a leading business corporation, and has abundant expertise and experience regarding the information and communications sector, internal control, and governance. He chairs the Compensation Advisory Committee, which was newly established last year.

### Nobuko Mizumoto

She joined a leading business corporation as a technical employee and worked as a researcher. In 2018, she became its first female director. She has abundant expertise and experience regarding the DX sector, operational reforms, human resources development, etc. In June 2021, she was appointed as an Outside Director of Taikisha Ltd. She also serves as a member of the Advisory Committee for Natural Resources and Energy at the Ministry of Economy, Trade and Industry.

### Tatsuo Yamauchi

After joining Deloitte Touche Tohmatsu LLC, he was engaged in auditing and IPO support services, and from 2012 he worked for the Ministry of Economy, Trade and Industry, where he was involved in the establishment of the Act on Strengthening Industrial Competitiveness and corporate governance policies. Currently, he is engaged in consulting services regarding development of business management structures utilizing corporate governance and non-financial information.



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Round table discussion held: August 10, 2022

## Plan created through open discussion among all officers

**Yamauchi:** Today, I would like to hear from everyone on the new Mid-Term Business Plan and updated long-term vision, specifically, the discussions that led up to its announcement, the issues involved in achieving the goals set by the vision and plan, and the measures that will be taken going forward to address them.

The first question is for Director Fuke and Director Hikosaka. If you compare the process to create the new Mid-Term Business Plan with the process three years ago to create the previous plan, do you feel that there were any differences? What is your view on this?

**Fuke:** What I was most aware of in connection with creation of the new Mid-Term Business Plan was that compared to the previous plan, which was created, in a certain sense, on the assumption of trend-based business development, how the new plan required weight to be placed on change and innovation because the current situation calls for companies to be involved in innovation. I also think the new plan was created with an awareness of the question of how the Company should commit, through its Mid-Term Business Plan, to the initial three years of initiatives for realizing its new long-term vision and how these initiatives should be communicated to the public.

Based on this general positioning, the project started with considerations based on repeated deliberations through open discussions among all the officers, including Outside Directors. I think other Outside Directors would feel the same about this, but we were provided with an enormous volume of documents related to issue conditions and were required to make presentations related to our own awareness and sense of direction with respect to a vision for ten years into the future, so, at first, discussions took place in a bold form that was somewhat confusing.

As a result, with regard to the Group's future vision, it wasn't the normal process of listening to a presentation and having a Q&A; rather, we had the chance to discuss the vision in a form that made clear our own standing. And, being able to clarify one's own values with respect to social issues and market needs through this process proved meaningful in subsequent discussions as well. Of course, ideas that come from a non-executive standpoint alone are not able to adequately take into account technological inevitability and competitive market advantages that pertain to the Group, but in the next phase, presentations were made by the executive side, and they were satisfactory to me personally.

**Hikosaka:** When the previous Mid-Term Business Plan was created, it was a process of looking from the present situation toward the next set

of goals, but this time, goals were set while envisioning the Group in the future; to put it another way, the plan was formulated using backcasting to calculate back from a point in the future, so that was a difference. So, even in the open discussion portion, we first spoke about our dreams for the future, without considering their feasibility, etc. Then, after each officer presented their thoughts and hopes with respect to the Group, the Mid-Term Business Plan was discussed.

On this point, the process this time differed from the previous planning process in which we considered the plan proposal made by the executive side after the fact. This time, the process was truly in the present-continuous tense, with the plan being created starting from its initial parts, where we as Outside Directors were able to participate. Many exchanges of opinion took place even on the detailed parts of the plan, so it can certainly be said that the contents were formulated with everyone working together.



**Kato:** In the open discussions at the initial stage, all the Outside Directors were asked to give their candid opinions on the direction they thought Taikisha should be heading, and many ideas were put forth that would not have come from people who had spent their careers at Taikisha which was quite stimulating. In addition, at the stage when the plan proposal was fairly well fleshed out, a variety of comments and opinions were received and the process proceeded with this feedback being incorporated into the plan as much as possible.

The contents were consolidated and the final form for disclosure was finalized, but, naturally, creating the long-term vision and Mid-Term Business Plan is not the end; in executing them going forward as well, our stance is to take in constructive advice and opinions from an outside perspective and continue to utilize them. With the involvement of the Outside Directors, this mindset infiltrated the Company internally as well, so I think this creation process for the new plan has great significance.

## Round Table Discussion with Outside Directors

**Yamauchi:** This was the first year as Outside Directors here for Director Kishi and Director Mizumoto, but having been involved in creating the Mid-Term Business Plan, how did you feel about the process?

**Kishi:** I will first talk about how my own awareness and thinking have changed during the year since I became an Outside Director at Taikisha, which was on the assumption that I would be involved in creating the plan. At the round table discussion with Outside Directors one year ago, I sensed that the SDGs/ESG management trend in society was a tailwind for the Group's business, and I expressed my opinion that it should be capitalized on and made comments on new businesses as well based on my own experience. My recognition on these things has not changed.

Regarding ESG in particular, increasing numbers of companies are declaring their support for the TCFD recommendations, and Taikisha has increasing opportunities to propose specific businesses to customers. Also, in the area of new business, seeds are being sewn for the future through the leadership of the business divisions and Corporate Planning Headquarters, and progress is being made in the respective phases.

On the other hand, I now have a stronger view on the fact that since overseas sales account for around half of Taikisha's total and over half of its employees are overseas, in order for the Group to grow further, management vectors need to be aligned worldwide and governance effectively utilized. This past year I once again became aware of the importance of this.



**Mizumoto:** My awareness was most strongly focused on the problem of how Taikisha should contribute to society toward the realization of carbon neutrality in 2050. In this regard, I thought it was wonderful how backcasting from the future was used to look carefully at the Company's medium- to long-term growth and that discussions were held on this basis, but the idea of talking about our dreams and ideals felt too vague and caused some confusion from the standpoint of an engineer.

Even so, in order to convey to shareholders and investors that Taikisha is a company with future potential, I felt it was absolutely essential that the Company's stance toward the realization of carbon neutrality in 2050 be presented sufficiently, and from this standpoint I give the Company high marks for the fact that "Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water" was clarified in the long-term vision as the Company's ideal.

In addition, in individual businesses, in hearing various things over this past year, I came to the understanding that the current Taikisha is not necessarily facing what could be called adverse circumstances managerially, but because of this there is also the sense that the company is not taking decisive steps forward with regard to the future. This can't be a bottom-up process from the frontlines only; in my view, top management needs to have strong intentions and it needs to convey them, and unless they do so, the Company may not be able to make changes for the future.

**Kato:** Just as you both have said, the question is what we as a company need to be doing having recognized the trend in society toward ESG/SDGs management and carbon neutrality. I think we were able to hammer out a direction for this in our long-term vision and Mid-Term Business Plan, and, with regard to this, I think thus far we have received a generally positive evaluation from stakeholders, starting with shareholders and investors. We recognize that going forward it will be necessary to visualize initiatives based on this direction and work to ensure that realizing the vision is not put off.

### Pioneering the future through innovation of energy, air, and water

**Yamauchi:** In the pillar of the long-term vision, "Innovative Engineering," it says "Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water." What was the thinking behind this?

**Kato:** What approach should be emphasized in order for the Group to continue to exist in a sustainable manner and continue to grow by contributing to society? In providing value through the Green Technology System Business and Paint Finishing System Business, we are already following a path that differs from other manufacturing and installation company. I'm referring to the three elements of energy, air, and water, and we understand this to be a major theme that will differentiate us substantially as we increase the sustainability of society through

innovation. Specifically, we will carry out a long-term differentiation strategy based on technological innovation (tangible aspects), deepening and accumulating knowledge from experience (intangible aspects), and intellectual exploration into new domains.

The Innovative Engineering pillar of the long-term vision is based on these thinking, so it expresses our intention to pioneer the future through providing unique value rooted in energy, air, and water.



**Kishi:** I would like to give my opinion on the priority theme of “New businesses & new customers development” in connection with Innovative Engineering in the new long-term vision. This is because substantial weight has been put on these initiatives. The Mid-Term Business Plan cites the green equipment business, automation business, and plant factory business in connection with “Horizontal deployment of technologies that are our strength,” and given as examples of “Develop new businesses” are recover and utilize CO<sub>2</sub>, maintain and effectively use water resources, enrich eating and make eating healthy, and solve labor shortages.

However, before such new business development through technological capability can get on track, the difficult stretch called “death valley” that exists between the development and commercialization stages must be overcome. There is a mountain of obstacles to be cleared, including considerations of customer value in the first place, marketing, QCD management, access to new customers, development of sales channels, and maintenance service measures. In order to overcome these challenges and raise the hit rate for commercialization, mechanisms need to be established for efficiently launching new businesses as a company, which is to say, educational activities, the creation of rules and organizational structures, and progress management and support, and through such measures, the Company needs to provide robust support for tackling the challenge of commercialization.

As an Outside Director I plan to focus on whether such mechanisms will be created and support provided with exactitude in initiatives going forward, and I myself intend to contribute to these efforts by drawing on my knowledge and experience.

**Mizumoto:** I have great sympathy for what Mr. Kishi has just said. To close the gap between “As is” and “To be” requires nothing less than a transformation. It is not enough to simply improve processes; the power of digital must be utilized to reform businesses and the awareness of employees must also be changed at the same time. Establishing mechanisms to accomplish this is the role of corporate management.

What kind of value Taikisha will be able to provide customers through DX will differentiate it from competitors, and this means not only listening to customers and providing what they require but making proposals for carbon neutrality methods, for example, that customers have not yet considered. Employees no doubt will need to think in these terms.

**Kato:** Honestly speaking, such measures are still to come, and we will probably find our way forward through extensive trial and error in various areas. Proposing things that customers have yet to consider, as Ms. Mizumoto points out, is extremely important, and it is an essential condition for us to provide value in the way we aspire to going forward. Regarding initiatives for new businesses as well, such proposals will likely be the key to whether commercialization succeeds.

Currently, it is my sense that most of the Group’s customers have an extremely high awareness related to realizing carbon neutrality and addressing climate change. The question is how we are to address societal demands and the expectations and requests of customers. The gaps in value creation must be filled by promoting business reforms and employee awareness-raising through transformation. I see this as the responsibility of the management team.

**Mizumoto:** Taikisha’s customers include many companies with a particularly progressive awareness, and their sensitivity with respect to social and environmental issues is extremely high, I think. Promoting initiatives to tackle climate change and carbon neutrality together with such customers is to stand at the forefront of society, which is likely to be a major strength for Taikisha. This is a strength that the Company will demonstrate.

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### HR management for competitiveness and differentiation

**Yamauchi:** Diversity & Inclusion, the other pillar of the long-term vision, has the words, “Become an Inclusive Global Company by Leveraging Diverse Human Resources and Knowledge.” What initiatives, specifically, does this refer to?

**Kato:** I have felt that the Group’s investment in human resources up to this point has not necessarily been sufficient. We recognize that it is currently truly the time to secure diversity through proactive HR-related investment for the future of Taikisha, and we intend to carry this out on a continuing basis.

This was mentioned by Mr. Kishi, but of the Group’s approximately 5,000 employees, around 3,500 are overseas local staff, and in this sense we already have diversity on a global basis, but I don’t think such employees have been effectively or fully utilized up to this point. In order to be a corporate group that continually generates new value for a changing society, we intend to pool the strengths of our employees, who have diverse perspectives, and carry out initiatives to bring out their active participation.

**Hikosaka:** The theme of Diversity & Inclusion, in the way it has generally come to be used in society, has a somewhat narrow range, being interpreted as measures to address the issues of women’s active participation and career advancement or employment of people with disabilities, however for Taikisha, along with these more commonplace measures, there is a need to understand diversity in a broader sense and tie it to value creation. With the carbon neutrality movement as an opportunity for taking further leaps forward, securing specialized personnel by training them in-house will certainly take time, so going forward it will no doubt be necessary to bring in people with the necessary knowledge and skills from the outside and have them spearhead initiatives.

Personnel from outside are already heavily involved in initiatives related to internal control, and securing diversity using the same method would surely be effective for engineers as well. It is part of the history of Taikisha that at its founding it invited in technical instructors from Germany to introduce heating technologies, so with regard to carbon neutrality as well, by drawing on talent overseas, which is ahead in this area, one could expect business development to be at the global cutting-edge.

**Fuke:** It is the Company’s personnel that will realize its medium- and long-term vision, so their development is an urgent task for the Group.



There is no doubt that the Company is at the initial starting line of its growth strategy. Business portfolio reform, which is emphasized in the Group’s growth strategy, is in other words, the transformation of the HR portfolio as well. Who should be assigned to what businesses? HR management, I think, will need to be a focus going forward.

Previously, HR development had taken place in organizational silos, and corporate-level judgments that take a bird’s-eye view of the overall Group had not always functioned adequately. To have people with diverse careers and abilities assigned horizontally throughout the organization and play active roles would certainly be an engine that would bolster the Group’s competitiveness and drive its differentiation.

Currently, even in the Corporate Governance Code, systems are being developed that will require human capital disclosures. What Taikisha needs to be aware of on this point is the transparency of its HR management. In its growth strategy, how many people will be needed to fulfill which requirements? How is your current HR portfolio structured, and what hiring and training should take place to bring it closer to the ideal? Fundamentally, this is a matter that should be managed by the executive team, but the PDCA cycle for HR management needs to be made visible for monitoring by the Board of Directors as well.

**Kato:** Growth strategy and HR management are like two sides of the same coin. Strengthening the PDCA cycle and making it transparent are essential—I keenly perceive this as a management issue on a daily basis. Diversity & Inclusion and Innovative Engineering are related to one another, and for the Group in particular, ensuring diversity with additional focus on outside engineering resources is important to generating innovation. To promote this, we will move forward quickly in creating mechanisms for HR management.

## Overcoming challenges in growth strategies in each business

**Yamauchi:** I want to ask next about each divisions. What are the challenges in each of them for achieving the goals of the Mid-Term Business Plan? How do you see the issues in the Green Technology System division?

**Kishi:** What I have understood upon listening to discussions on the Green Technology System Business for the past year is that although there is still much room to increase market share, the problem of the shortage of human resources prevents adequate measures from being taken. This is the current situation; which is to say, bolstering construction capacity is the biggest issue in this business.

So, the question is how to raise construction capacity. Initiatives to level up employees through HR-related policies, as we have just discussed, will naturally be an emphasis, but I think it will also be effective to move forward with automation and labor-saving measures through the introduction of technologies like robots and AI. The construction industry seems to be behind other industries in taking such measures, but Taikisha Group, in the Paint Finishing System Business, is already utilizing remote operations and automation for onsite processes, and deployment of equivalent technologies should be accelerated in the Green Technology System Business as well. Moreover, digitalization and DX are going to be needed going forward, too, in part to increase the efficiency of administrative processes and interface with other companies.

Raising sales and proposal-making capabilities through these initiatives will also be a key for growing the building HVAC system sector, and I think this could serve as the foundation for efforts to improve profitability while one-stop services with high added value are provided as required by customers.

**Mizumoto:** Major construction companies, which are Taikisha's customers, are very aware of the work style reforms taking place through DX in recent years, and they have been trying to rein in long working hours and holiday work, which had become normalized. With respect to mechanisms on the customer side aimed at work style reforms, Taikisha should not be on the receiver of any burden-shifting that may arise out of such mechanisms; rather, it should utilize the mechanisms itself and work to change alongside its customers.

**Hikosaka:** In the construction industry, deployment of BIM\*, where Europe is in the lead, is spreading in Japan as well and will eventually be the mainstream, but if BIM is going to be utilized by Taikisha, it will be necessary to tie it to the Company's competitive advantage and



differentiation, and I have heard that information is already being collected to this end. BIM should not only be introduced in response to the requirements of major construction companies and architectural firms; a theme going forward for Taikisha will no doubt be how to utilize BIM to the maximum extent in order to co-create value with customers.

**Fuke:** I have expectations for the building HVAC system sector against the backdrop of firm construction demand in the sense that it will help stabilize the Green Technology System Business. For the Group to gain a competitive advantage and establish differentiation factors in this sector with a relatively low barrier to entry, it goes without saying that it will be essential to raise construction capacity, carry out digitalization and DX, and utilize BIM, as others have mentioned.

However, when considering specifically what will lead to competitive differentiation, the reason for choosing Taikisha among many others in this industry is not entirely clear to me. I think the Company needs to have a strategy for better clarifying what aspects will be the clinching factor for being chosen by customers and for investing on a priority basis in those areas.

In the industrial HVAC system sector, the Group's strength is its fine-tuned handling of the customer's needs, which I understand to be a differentiating factor for it. However, in the building HVAC system sector, the major construction company or architectural firm is in between the Group and the building owner, the end client, so at it stands, it is difficult to take advantage of the Group's strength in providing a highly exacting response to needs. However, with building HVAC needs also becoming more individualized and specialized, it would be preferable if the Company could approach building owners directly in some form, demonstrate its responsiveness, and acquire a competitive advantage in this way.

**Yamauchi:** Continuing on, with regard to the challenges in the Paint Finishing System Business, President Kato, what are your views?

**Kato:** In the Paint Finishing System Business, for the past three or four years we have probingly carried out various initiatives in order to hammer

\*Abbreviation of building information modeling. A method for constructing buildings in 3D space on a computer and integrating and utilizing data related to planning, design, construction, and maintenance and management.

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out a new direction for our growth strategy, but recently we have finally shifted our awareness and a concrete direction has taken form. I truly feel the times are such that we must convert to a business based fundamentally on energy, air, and water, and that we need to further broaden our scope and generate new ideas so that the Paint Finishing System Business extricates itself from conventional business.

**Mizumoto:** I feel there has been a big change in the Paint Finishing System Business from the traditional emphasis on stability to a greater awareness of a long-term time horizon. Under the new Mid-Term Business Plan as well, for the sake of future sustainability, Taikisha will promote technological development to realize carbon neutrality, and, in line with the thinking of TCFD, it is aware of an approach that begins with behavioral changes in customers. I think very highly of this as a policy. At present, customers themselves do not necessarily have the clear answers, either, and they are tackling sustainability through trial and error, so the Paint Finishing System Business, as a supporting role, should develop solutions that will be largely accepted and proactively propose them.

**Kishi:** Robot technologies and the like that automate painting I think could be applied to other businesses as well. I feel there is more than likely enormous potential in horizontally developing out technological capabilities cultivated in the Paint Finishing System Business in adjoining, not detached, domains. In order to actually make this happen, marketing functions and sales teams will need to be enhanced to cover new markets and customer development. If this hurdle can be cleared, I think the future will open up.

New technologies like a dry decoration that reduces environmental impact could be applied to businesses outside of existing domains. Such expansion into new businesses of course cannot be done in one's spare time; it requires establishing specialty teams, but I really count on this.

**Fuke:** A few days ago, Outside Directors and Outside Audit & Supervisory Board Members visited the Technical Center in Zama, Kanagawa Prefecture and toured the latest technologies of the Paint Finishing System Business. The automated sanding technology that automates the sanding process for coated surfaces was explained to us as a highly outstanding system that provides high-quality finishing, but I was concerned about in the fact that it is handled as a product that is sold off to major manufacturers. At the same time, it was explained to us that the Company is engaged in development in the role of an integrator that designs and builds systems on the core of such new products and technologies and provides them in an integrated manner. If Taikisha can shift in this way from a seller of individual goods to a provider of service of technical knowledge through systemization, I think it would contribute to business and earnings stability.

**Hikosaka:** This is certainly true of the automobile industry, which is the main customer of the Paint Finishing System Business, but when society changes, it changes incredibly quickly. The times today require technology to be developed without falling behind, business to be developed without falling behind. Keeping up though cannot be done without a considerable amount of focus and effort; it must be continually discussed by the Board of Directors as a company-wide issue, and not only by individual business divisions.

**Kato:** Regarding the fit of our two major businesses, authority is delegated to the business divisions and for the most part operations are left up to them, but just as Mr. Hikosaka says, efforts are needed to ensure we do not fall behind the times, and they need to be made on a company-wide basis as we revise our approach. Also, in parallel with recent technology development, simultaneously moving forward on technology development aimed at the future will translate into business development to lead the market, so we intend to reinforce related structures and functions going forward.

I would ask that our Outside Directors continue providing your candid opinions and advice in this regard.

### Corporate governance that helps increase corporate value

**Yamauchi:** Based on the issues that have been brought up thus far in the discussion, going forward, how do you as Outside Directors intend to contribute, and what are your thoughts on your role?

**Hikosaka:** "Strengthening the Group governance structure" is cited as a theme in the Mid-Term Business Plan. I serve as the chair of the Governance Committee, so speaking from that perspective, this year, counting from January, we have already convened the meeting a dozen or so times, and held very active discussions each time. Before the committee was established, the executive team would organize various issues and then matters on which a conclusion had been reached to a certain extent would be approved by the Board of Directors—this was the general tendency, but now, while coordinating with the Internal Control Committee on the executive side, the Governance Committee fully deliberates on issues when they are still "live," so to speak, which represents a change of format.

This change has helped deepen the understanding of the Outside Directors with regard to the details of the Company's business and enabled us to give opinions from a broader standpoint at meetings of the Board of Directors. I intend to continue to fulfill the role of helping to

increase corporate value while further raising the effectiveness of governance.

**Fuke:** With the business environment changing greatly, proactive business investment is needed to increase corporate value over the medium to long term, and accelerating growth by raising capital efficiency is an increasingly important management issue. Going forward, in terms of the Board of Directors, I recognize there is a need to promote development while monitoring initiatives for capital cost-conscious management.

In the Mid-Term Business Plan, ROE is the indicator used for measuring company-wide capital efficiency. At the stage of business portfolio reform that is upcoming, through target/result management tied to the medium/long-term vision and individual strategies, the validity of portfolio reforms needs to be verified and the time horizon of medium-to-long term growth needs to be monitored. I again think it is necessary to set an indicator that would make such management possible while fostering capital cost awareness on the frontlines and to restructure how it operates.

In addition, the Capital Dividend Policy established in the Mid-Term Business Plan, efforts to set investment management rules being considered by the Governance Committee and Internal Control Committee, and other such initiatives are also important themes related to capital efficiency. As an Outside Director in the position of representing stakeholders, I intend to firmly maintain accountability with respect to these matters.

**Mizumoto:** I will check that strong mechanisms are in place to make Taikisha a company with future potential through DX and an attractive company for employees and that functions are fulfilled through implementation of PDCA cycles, and I will provide advice on this from an outside perspective.

**Kishi:** I think that business growth is essential to increasing corporate value and I have expressed my opinions from this standpoint during this round table discussion as well. Amid the exchange of opinions, the matter of Diversity & Inclusion was observed to be reaffirming the corporate culture of Taikisha, and in the Paint Finishing System Business, it was again recognized that there is a need to reform the business model from one-time-purchase model to recurring revenue model for the future, as Mr. Fuke has said. Going forward, I will draw on my own experience in management at a manufacturer to contribute by way of providing advice related to technology, business development, and organizational management.

**Kato:** We have had a very meaningful discussion today from multiple angles, and it has produced novel ideas and observations, proposals for future reference, and also some criticisms that are somewhat difficult to hear for top management. I think this round table discussion has had a great deal of depth. Our responsibility on the executive side is to faithfully carry out a growth strategy based on the opinions we have received.

**Yamauchi:** Thank you all for taking the time today to provide us with your opinions and views.

