

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

August 10, 2023

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company... Taikisha Ltd.

Stock Exchange..... Tokyo Stock Exchange

Code..... 1979

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

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Scheduled date to submit Quarterly report : August 14, 2023

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : Yes

Briefing session of financial results : None

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2023 through June 30, 2023)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended								
June 30, 2023	56,582	42.1	3,288	132.7	3,561	113.8	3,574	—
June 30, 2022	39,811	(5.3)	1,413	(17.3)	1,665	(20.0)	115	(90.9)

(Note) Comprehensive income Three months ended June 30, 2023 6,097 million yen 295.2 %
Three months ended June 30, 2022 1,542 million yen 10.9 %

Three months ended	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
	yen	yen
June 30, 2023	107.57	—
June 30, 2022	3.40	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
June 30, 2023	240,697	135,782	53.8
March 31, 2023	237,105	131,992	53.1

(Note) Shareholders' Equity As of June 30, 2023 129,454 million yen
As of March 31, 2023 125,791 million yen

2. Dividends

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

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2024

(April 1, 2023 through March 31, 2024)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Half year	127,100	48.2	5,700	48.1	6,300	35.3	4,600	88.2		138.55
Full year	255,000	18.7	13,100	13.4	14,000	7.7	9,300	17.5		280.11

(Note) Revisions to forecast of earnings : None

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Adoption of particular accounting treatments for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revisions of accounting standards etc. : None
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatements : None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at the end of period (including treasury shares)

As of June 30, 2023	33,582,009 shares
As of March 31, 2023	33,582,009 shares
 - (ii) Number of treasury shares at the end of period

As of June 30, 2023	331,035 shares
As of March 31, 2023	380,689 shares
 - (iii) Average number of shares during the period

Three months ended June 30, 2023	33,226,159 shares
Three months ended June 30, 2022	34,083,450 shares
- (Note) The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan and its own shares remaining in the Trust are included as treasury shares. The number of treasury shares owned by the trust as of June 30, 2023 and as of March 31, 2023 are 174,900 and 120,700, respectively. The average number of treasury shares owned by the trust for three months ended June 30, 2023 and for three months ended June 30, 2022 are 147,800 and 120,700, respectively.
- ※ Notice of status of implementation for quarterly review procedures
This financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.
- ※ Explanation about the proper use of consolidated forecasts and other notes
Data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	46,988	49,164
Notes receivable, accounts receivable from completed construction contracts and other	124,236	112,175
Securities	—	5,000
Costs on uncompleted construction contracts	2,346	2,575
Raw materials and supplies	843	965
Other	10,721	16,585
Allowance for doubtful accounts	(668)	(586)
Total current assets	184,467	185,880
Non-current assets		
Property, plant and equipment	8,557	9,009
Intangible assets		
Goodwill	3,640	3,773
Customer-related assets	1,184	1,243
Other	1,104	1,165
Total intangible assets	5,929	6,182
Investments and other assets		
Investment securities	26,487	27,483
Deferred tax assets	582	566
Net defined benefit asset	8,595	8,771
Other	2,993	3,325
Allowance for doubtful accounts	(507)	(520)
Total investments and other assets	38,152	39,625
Total non-current assets	52,638	54,817
Total assets	237,105	240,697
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	55,472	50,644
Short-term loans payable	2,942	2,954
Income taxes payable	1,772	416
Advances received on uncompleted construction contracts	23,306	27,591
Provision for bonuses	—	1,206
Provision for warranties for completed construction	614	558
Provision for loss on construction contracts	300	221
Provision for directors' bonuses	71	—
Other	11,460	10,706
Total current liabilities	95,940	94,298
Non-current liabilities		
Long-term loans payable	98	81
Deferred tax liabilities	7,034	8,706
Provision for directors' retirement benefits	56	31
Provision for share-based remuneration for directors	212	99
Net defined benefit liability	1,343	1,343
Other	427	352
Total non-current liabilities	9,172	10,616
Total liabilities	105,112	104,914

Millions of yen

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	3,540	3,620
Retained earnings	100,296	101,504
Treasury shares	(1,158)	(1,054)
Total shareholders' equity	109,133	110,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,535	11,593
Deferred gains or losses on hedges	(63)	(94)
Foreign currency translation adjustment	4,779	6,017
Accumulated remeasurements of defined benefit plans	1,405	1,412
Total accumulated other comprehensive income	16,657	18,928
Non-controlling interests	6,201	6,328
Total net assets	131,992	135,782
Total liabilities and net assets	237,105	240,697

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

	Millions of yen	
	Three months ended June 30, 2022	Three months ended June 30, 2023
	Apr. 1, 2022 - Jun. 30, 2022	Apr. 1, 2023 - Jun. 30, 2023
Net sales of completed construction contracts	39,811	56,582
Cost of sales of completed construction contracts	33,773	48,279
Gross profit on completed construction contracts	6,037	8,302
Selling, general and administrative expenses	4,624	5,014
Operating income	1,413	3,288
Non-operating income		
Interest income	32	142
Dividend income	270	239
Dividend income of insurance	1	—
Real estate rent	30	18
Reversal of allowance for doubtful accounts	—	0
Share of profit of entities accounted for using equity method	—	37
Other	41	125
Total non-operating income	377	562
Non-operating expenses		
Interest expenses	31	54
Rent expenses on real estates	3	3
Foreign exchange losses	19	224
Provision of allowance for doubtful accounts	7	—
Share of loss of entities accounted for using equity method	55	—
Other	7	6
Total non-operating expenses	125	289
Ordinary income	1,665	3,561
Extraordinary income		
Gain on disposal of non-current assets	4	4
Gain on sale of investment securities	630	1,739
Gain on sale of shares of subsidiaries and associates	881	—
Total extraordinary income	1,516	1,743
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Business restructuring expenses	2,461	—
Loss on valuation of investment securities	—	0
Total extraordinary losses	2,461	0
Profit before income taxes	719	5,305
Income taxes-current	383	357
Income taxes-deferred	180	1,347
Total income taxes	564	1,704
Profit	155	3,600
Profit attributable to non-controlling interests	40	26
Profit attributable to owners of parent	115	3,574

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2022	Three months ended June 30, 2023
	Apr. 1, 2022 - Jun. 30, 2022	Apr. 1, 2023 - Jun. 30, 2023
Profit	155	3,600
Other comprehensive income		
Valuation difference on available-for-sale securities	(707)	1,057
Deferred gains or losses on hedges	15	(31)
Foreign currency translation adjustment	2,206	1,450
Remeasurements of defined benefit plans	(162)	8
Share of other comprehensive income of entities accounted for using equity method	34	12
Total other comprehensive income	1,387	2,497
Comprehensive income	1,542	6,097
Comprehensive income attributable to :		
Owners of parent	1,169	5,845
Non-controlling interests	373	252

(Segment information)

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	31,351	8,459	39,811	—	39,811
Intersegment	1	0	1	(1)	—
Total	31,352	8,459	39,812	(1)	39,811
Segment profit (loss)	2,006	(667)	1,339	326	1,665

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

Eliminations/ Corporate of Segment profit (loss) of 326 million yen includes non-allocatable common profits (net amount of common profit and loss) of 326 million yen and other adjustment of minus 0 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

2. Information about assets for each reportable segment

In the consolidated cumulative first quarter, the Company transferred a portion of the shares of Geico S.p.A. ("Geico"), which was a consolidated subsidiary until the previous fiscal year.

With this share transfer, Geico and its consolidated subsidiaries, J-CO America Corporation, J-CO Mexico, S. de R.L. de C.V., Geico Brasil Ltda. Geico Paint Shop India Private Limited, Geico Painting System (Suzhou) Co., Ltd, "Geico Russia" LLC, Geico Taikisha GmbH, Geico Taikisha Controls d.o.o. and Process Solution Partner Rus LLC were excluded from the scope of consolidation.

Mainly due to this reason, segment assets in the Paint Finishing System Division decreased by 24,350 million yen in the consolidated cumulative first quarter compared with the previous consolidated fiscal year.

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

Not applicable.

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

1. Sales and profits or losses by reportable segments

Millions of yen

	Reportable segments			Eliminations/ Corporate	Amount recorded in the consolidated financial statements
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	46,615	9,967	56,582	—	56,582
Intersegment	—	—	—	—	—
Total	46,615	9,967	56,582	—	56,582
Segment profit (loss)	3,583	(380)	3,203	358	3,561

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

Eliminations/ Corporate of Segment profit (loss) of 358 million yen includes non-allocatable common profits (net amount of common profit and loss) of 359 million yen and other adjustment of minus 0 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

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

Not applicable.

(Supplementary information)

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

Millions of yen

	Three months ended June 30, 2022 (Apr. 1, 2022 - Jun. 30, 2022)		Three months ended June 30, 2023 (Apr. 1, 2023 - Jun. 30, 2023)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	9,750	14.2	8,132	10.8	(1,618)	(16.6)
Industrial HVAC	49,674	72.6	27,306	36.3	(22,367)	(45.0)
Total	59,425	86.8	35,439	47.1	(23,985)	(40.4)
[Overseas]	[13,234]	[19.3]	[8,953]	[11.9]	[(4,280)]	[(32.3)]
Paint Finishing System Division	9,017	13.2	39,852	52.9	30,834	341.9
[Overseas]	[5,816]	[8.5]	[28,501]	[37.9]	[22,685]	[390.0]
Total	68,443	100.0	75,291	100.0	6,848	10.0
[Overseas]	[19,050]	[27.8]	[37,455]	[49.8]	[18,405]	[96.6]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	7,818	19.6	9,845	17.4	2,027	25.9
Industrial HVAC	23,533	59.1	36,769	65.0	13,236	56.2
Total	31,351	78.7	46,615	82.4	15,263	48.7
[Overseas]	[8,577]	[21.6]	[12,315]	[21.8]	[3,738]	[43.6]
Paint Finishing System Division	8,459	21.3	9,967	17.6	1,507	17.8
[Overseas]	[5,585]	[14.0]	[7,257]	[12.8]	[1,671]	[29.9]
Total	39,811	100.0	56,582	100.0	16,771	42.1
[Overseas]	[14,163]	[35.6]	[19,573]	[34.6]	[5,409]	[38.2]
Construction carried forward						
Green Technology System Division						
Building HVAC	54,710	26.1	41,898	15.1	(12,812)	(23.4)
Industrial HVAC	118,065	56.3	130,685	46.9	12,620	10.7
Total	172,775	82.4	172,583	62.0	(191)	(0.1)
[Overseas]	[39,864]	[19.0]	[63,066]	[22.6]	[23,201]	[58.2]
Paint Finishing System Division	36,821	17.6	105,851	38.0	69,029	187.5
[Overseas]	[20,589]	[9.8]	[70,666]	[25.4]	[50,076]	[243.2]
Total	209,597	100.0	278,435	100.0	68,837	32.8
[Overseas]	[60,454]	[28.8]	[133,732]	[48.0]	[73,278]	[121.2]

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and carried forward are the transacted amount with external customers.

2. In the previous consolidated cumulative first quarter, there is 1 million yen difference between net sales of completed construction contracts of 31,351 million yen and total sales of 31,352 million yen in the segment information by the Green Technology System Division.

There is 0 million yen difference between net sales of completed construction contracts of 8,459 million yen and total sales of 8,459 million yen in the segment information by the Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division. And, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Paint Finishing System Division.

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

Millions of yen

	Three months ended June 30, 2022 (Apr. 1, 2022 - Jun. 30, 2022)		Three months ended June 30, 2023 (Apr. 1, 2023 - Jun. 30, 2023)		Increase (Decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
Building HVAC	9,175	18.6	7,051	18.3	(2,123)	(23.1)
Industrial HVAC	36,452	74.2	18,322	47.5	(18,129)	(49.7)
Total	45,627	92.8	25,374	65.8	(20,253)	(44.4)
[Overseas]	[48]	[0.1]	[50]	[0.1]	[1]	[3.4]
Paint Finishing System Division	3,520	7.2	13,213	34.2	9,693	275.4
[Overseas]	[668]	[1.4]	[2,344]	[6.1]	[1,675]	[250.5]
Total	49,147	100.0	38,587	100.0	(10,559)	(21.5)
[Overseas]	[717]	[1.5]	[2,394]	[6.2]	[1,677]	[233.8]
Net sales of completed construction contracts						
Green Technology System Division						
Building HVAC	7,461	29.2	9,268	25.0	1,806	24.2
Industrial HVAC	14,921	58.4	24,528	66.0	9,606	64.4
Total	22,383	87.6	33,796	91.0	11,412	51.0
[Overseas]	[17]	[0.1]	[137]	[0.4]	[119]	[681.7]
Paint Finishing System Division	3,160	12.4	3,340	9.0	179	5.7
[Overseas]	[788]	[3.1]	[985]	[2.6]	[196]	[25.0]
Total	25,544	100.0	37,136	100.0	11,592	45.4
[Overseas]	[806]	[3.2]	[1,122]	[3.0]	[316]	[39.3]
Construction carried forward						
Green Technology System Division						
Building HVAC	53,782	35.2	40,378	26.7	(13,404)	(24.9)
Industrial HVAC	78,209	51.2	67,988	45.0	(10,221)	(13.1)
Total	131,992	86.4	108,366	71.7	(23,625)	(17.9)
[Overseas]	[33]	[0.0]	[391]	[0.3]	[357]	[—]
Paint Finishing System Division	20,712	13.6	42,831	28.3	22,118	106.8
[Overseas]	[4,905]	[3.2]	[8,303]	[5.5]	[3,397]	[69.3]
Total	152,704	100.0	151,197	100.0	(1,507)	(1.0)
[Overseas]	[4,939]	[3.2]	[8,694]	[5.8]	[3,755]	[76.0]

3. Sales by regions

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
25,647	1,867	3,471	4,179	1,527	344	2,576	196	39,811

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
37,009	1,603	4,057	6,577	3,142	1,445	2,634	113	56,582