

(Translation)

(Note)

This is an English translation of the Japanese original for reference purpose only. In the event of any discrepancy between the English translation and the Japanese original, the original shall prevail. The Company assumes no responsibility for the translation or for direct, indirect or any other forms of damages arising from the translation.

(Securities Code: 1979)

June 5, 2024

(Commencement date of electronic provision measures: May 29, 2024)

To Shareholders:

Masashi Osada  
Representative Director, President  
Taikisha Ltd.  
8-17-1, Nishi-Shinjuku, Shinjuku-ku,  
Tokyo, Japan

## **NOTICE OF THE 79TH ANNUAL SHAREHOLDERS' MEETING**

Please be informed that the 79th Annual Shareholders' Meeting of Taikisha Ltd. (the "Company") will be held as described below.

In convening this Shareholders' Meeting, the Company has taken measures for electronic provision and has posted the matters subject to electronic provision on the following website on the Internet as the "Notice of the 79th Annual Shareholders' Meeting of Taikisha Ltd."

[The Company's website]

<https://www.taikisha-group.com/ir/stock/meeting/>

In addition to the above website, the matters subject to electronic provision are also made available on the following website on the Internet.

[Tokyo Stock Exchange's website]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the above the Tokyo Stock Exchange's website, enter "Taikisha" into "Issue name (company name)" or "1979" into "Code," and click "search," select "Basic information" and "Documents for public inspection/PR information" in that order to find "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" in the "Filed information available for public inspection" section.

Please review the Reference Documents for the Shareholders' Meeting stated in the matters subject to electronic provision and exercise your voting rights in advance via the Internet or in writing by no later than 5:45 p.m. on Wednesday, June 26, 2024, Japan time. If you are unable to attend the meeting in person, we sincerely ask all shareholders to exercise your voting rights in advance via the Internet or in writing.

(Translation)

1. **Date and Time:** Thursday, June 27, 2024, at 10 a.m. Japan time
2. **Place:** 43rd floor, “Moon Light” Keio Plaza Hotel, located at 2-2-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan
3. **Meeting Agenda:**
  - Matters for Reporting:**
    - (1) The Business Report, the Consolidated Financial Statements for the 79th Fiscal Year (from April 1, 2023, to March 31, 2024) and the results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
    - (2) The Non-consolidated Financial Statements for the 79th Fiscal Year (from April 1, 2023, to March 31, 2024)
  - Matters for Resolution:**
    - Proposal No. 1:** Appropriation of Surplus
    - Proposal No. 2:** Election of Nine (9) Directors
    - Proposal No. 3:** Election of Three (3) Audit & Supervisory Board Members
    - Proposal No. 4:** Revision of Amount of Compensation to Outside Directors
    - Proposal No. 5:** Revision of Amount of Compensation to Audit & Supervisory Board Members

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(Notes)

1. Upon arrival on the day of the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the venue for confirmation.
2. The document shareholders are receiving also serves as the document in which the matters subject to electronic provision are stated, based on shareholders’ requests for delivery of the paper copy.
3. In the event of any revisions to the matters subject to electronic provision, the revised information will be posted on the respective websites where such matters are posted.

(Translation)

## Reference Documents for the Shareholders' Meeting

Proposals and References

### Proposal No. 1: Appropriation of Surplus

The Company adopts a fundamental policy of implementing steady dividends targeting a consolidated dividend on equity ratio (DOE) of 3.2%, with profit return to shareholders through dividends as one of our most important measures.

Following this policy, the Company proposes to distribute a year-end dividend to reflect our appreciation of shareholders' continued support.

The annual dividend, therefore, will be ¥131 per share, a year-on-year increase of ¥10 per share, including the interim dividend of ¥50 per share already paid.

Meanwhile, to prepare for future business development, the Company proposes to set aside a "Reserve for investment on information technology" of ¥200 million.

#### 1. Matters concerning year-end dividends

(1) Type of property for dividends: Money

(2) Matters concerning allotment of property dividends to shareholders and the total amount thereof  
¥81 per share of common shares  
Total amount: ¥2,670,763,185

(3) Effective date of distribution from surplus: June 28, 2024

#### 2. Matters concerning appropriation of other surplus

(1) Item and amount of surplus to be decreased

Retained earnings brought forward: ¥200,000,000

(2) Item and amount of surplus to be increased

Reserve for investment on information technology: ¥200,000,000

(Translation)


**Proposal No. 2:** Election of Nine (9) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Annual Shareholders' Meeting. Accordingly, the election of nine (9) Directors is proposed.


The candidates are as follows, and the four (4) candidates for Outside Director satisfy the "Independence Criteria for Outside Director/Outside Audit & Supervisory Board Member" stipulated by the Company. Refer to page 16 for details of said criteria.

No		Name	Positions and assignments in the Company	Attendance at the Board of Directors Meetings (Attendance rate)
1	[Reappointment]	Masashi Osada	Representative Director, President Corporate Officer, Chief Executive, Business Development Headquarters	14/14 (100%)
2	[Reappointment]	Yasushi Nakajima	Representative Director, Executive Corporate Officer, Chief Executive, Administrative Management Headquarters	14/14 (100%)
3	[Reappointment]	Masanori Nakagawa	Director, Executive Corporate Officer, Chief Executive, Corporate Planning Headquarters and in charge of Sustainability Promotion	14/14 (100%)
4	[Reappointment]	Yukinori Hamanaka	Director, Managing Corporate Officer, Chief General Manager, Paint Finishing System Division	12/12 (100%)
5	[Reappointment]	Tadashi Sobue	Director, Managing Corporate Officer, Chief General Manager, Green Technology System Division	12/12 (100%)
6	[Reappointment] [Outside Director] [Independent Director]	Hirokazu Hikosaka	Director	14/14 (100%)
7	[Reappointment] [Outside Director] [Independent Director]	Masasuke Kishi	Director	14/14(100%)
8	[New appointment] [Outside Director] [Independent Director]	Nobuyuki Soda	Audit & Supervisory Board Member	—
9	[New appointment] [Outside Director] [Independent Director]	Suga Soejima	—	—


(Translation)

No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies	
1	 <p><b>Masashi Osada</b> (April 20, 1959; 65) [Reappointment]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: 7 years (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 14/14 (100%)</p> <p>Number of shares of the Company actually held: 4,500</p> <p>Number of shares of the Company potentially held: 5,758</p>	<p>April 1983 April 2007 April 2009 June 2009 April 2012 April 2015 April 2019 April 2020 April 2021 June 2021 April 2023 April 2024</p>	<p>Joined the Company</p> <p>Corporate Officer, General Manager, Planning Office, Green Technology System Division</p> <p>Managing Corporate Officer, Chief Executive, Planning Headquarters and in charge of environment, and General Manager, Corporate Planning Office</p> <p>Director, Managing Corporate Officer, Chief Executive, Planning Headquarters and in charge of environment, and General Manager, Corporate Planning Office</p> <p>Director, Managing Corporate Officer, General Manager, Chubu Branch Office, Green Technology System Division</p> <p>President, Taikisha (Singapore) Pte. Ltd.</p> <p>Assistant Director, Senior General Manager, Global Business Management Dept., Paint Finishing System Division</p> <p>Managing Corporate Officer, Chief Executive, Corporate Planning Headquarters</p> <p>Executive Corporate Officer, Chief General Manager, Green Technology System Division</p> <p>Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division</p> <p>Representative Director, President Corporate Officer</p> <p>Representative Director, President Corporate Officer and Chief Executive, Business Development Headquarters (current position)</p>
<p>[Reason for nominating as a candidate for Director] Masashi Osada has led the management of the Taikisha Group as Representative Director, President Corporate Officer. The Company reappoints him as a candidate for Director based on its judgment that he qualifies for this position taking into account his good track record, as well as his competence in ensuring the stable and sustainable growth of the Group and increasing corporate value by implementing the Mid-Term Business Plan.</p>			


(Translation)

No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
2	 <p><b>Yasushi Nakajima</b> (February 23, 1960; 64) [Reappointment]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: 7 years (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 14/14 (100%)</p> <p>Number of shares of the Company actually held: 13,300</p> <p>Number of shares of the Company potentially held: 14,287</p>	<p>April 1982      Joined the Company</p> <p>April 2014      Corporate Officer, Senior General Manager, Engineering Supervisory Dept., Green Technology System Division</p> <p>April 2015      Senior Corporate Officer, Senior General Manager, Engineering Supervisory Dept. and Senior General Manager, Global Business Management Dept., Green Technology System Division</p> <p>April 2016      Senior Corporate Officer, Vice General Manager in charge of technology and Senior General Manager, Engineering Supervisory Dept. and Senior General Manager, Global Business Management Dept., Green Technology System Division</p> <p>April 2017      Managing Corporate Officer, Vice General Manager, Green Technology System Division</p> <p>June 2017      Director, Managing Corporate Officer, Vice General Manager, Green Technology System Division</p> <p>April 2019      Director, Executive Corporate Officer, Chief General Manager, Green Technology System Division</p> <p>April 2021      Director, Executive Corporate Officer, Chief Executive, Administrative Management Headquarters</p> <p>April 2023      Representative Director, Executive Corporate Officer, Chief Executive, Administrative Management Headquarters (current position)</p>
<p>[Reason for nominating as a candidate for Director] Yasushi Nakajima has played a significant role in promoting the strengthening of the management base that supports the Taikisha Group's transformation and growth as Representative Director, Executive Corporate Officer. The Company reappoints him as a candidate for Director based on its judgment that he qualifies for this position taking into account his good track record, as well as his competence in ensuring the stable and sustainable growth of the Group and increasing corporate value by implementing the Mid-Term Business Plan.</p>		

(Translation)


No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
3	 <p><b>Masanori Nakagawa</b> (December 30, 1959; 64) [Reappointment]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: 6 years (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 14/14 (100%)</p> <p>Number of shares of the Company actually held: 12,237</p> <p>Number of shares of the Company potentially held: 12,629</p>	<p>April 2009      General Manager, Strategic Investment Department, Headquarters Business Administration Division of Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)</p> <p>October 2012    Joined the Company</p> <p>April 2013      General Manager, Corporate Planning Office, Corporate Planning Headquarters</p> <p>April 2014      Vice Executive, Administrative Management Headquarters</p> <p>April 2017      Managing Corporate Officer, Chief Executive, Administrative Management Headquarters and in charge of CSR</p> <p>June 2018      Director, Managing Corporate Officer, Chief Executive, Administrative Management Headquarters and in charge of CSR</p> <p>April 2021      Director, Executive Corporate Officer, Chief Executive, Corporate Planning Headquarters and in charge of CSR</p> <p>April 2023      Director, Executive Corporate Officer, Chief Executive, Corporate Planning Headquarters and in charge of Sustainability Promotion (current position)</p>
<p>[Reason for nominating as a candidate for Director] Masanori Nakagawa has abundant business experience at a major bank, engaged in the field of corporate planning and business administration of the Company. In addition, he has sufficiently fulfilled his duties as a Director, including decisions on important management matters, the execution of business and supervising the execution of duties by other Directors, since his assumption of the Director position. The Company reappoints him as a candidate for Director based on its judgment that he qualifies for this position taking into account his good track record.</p>		

(Translation)


No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
4	 <p><b>Yukinori Hamanaka</b> (December 10, 1958; 65) [Reappointment]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: 4 years (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 12/12 (100%)</p> <p>Number of shares of the Company actually held: 3,373</p> <p>Number of shares of the Company potentially held: 0</p>	<p>April 1981      Joined the Company</p> <p>April 2010      Corporate Officer, General Manager, Office 1, Paint Finishing System Division</p> <p>April 2013      Senior Corporate Officer, Senior General Manager, Engineering Dept., Paint Finishing System Division</p> <p>April 2015      Senior Corporate Officer, Vice Chief General Manager, and Senior General Manager, Sales and Engineering Dept., Paint Finishing System Division</p> <p>June 2015      Director, Senior Corporate Officer, Vice Chief General Manager, and Senior General Manager, Sales and Engineering Dept., Paint Finishing System Division</p> <p>April 2016      Director, Managing Corporate Officer, Vice Chief General Manager, Paint Finishing System Division</p> <p>April 2018      Director, Managing Corporate Officer, Vice Chief General Manager, Paint Finishing System Division, and President, TKS Industrial Company (current Taikisha USA, Inc.)</p> <p>June 2018      Managing Corporate Officer, Vice General Manager, Paint Finishing System Division, and President, TKS Industrial Company (current Taikisha USA, Inc.)</p> <p>April 2023      Managing Corporate Officer, Chief General Manager, Paint Finishing System Division</p> <p>June 2023      Director, Managing Corporate Officer, Chief General Manager, Paint Finishing System Division (current position)</p>
<p>[Reason for nominating as a candidate for Director] Yukinori Hamanaka has abundant business experience in the field of the paint finishing system business. In addition, he has sufficiently fulfilled his duties as a Director, including decisions on important management matters, the execution of business and supervising the execution of duties by other Directors, since his assumption of the Director position. The Company reappoints him as a candidate for Director based on its judgment that he qualifies for this position taking into account his good track record.</p>		




(Translation)

No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
5	 <p><b>Tadashi Sobue</b> (December 16, 1964; 59) [Reappointment]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: 1 year (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 12/12 (100%)</p> <p>Number of shares of the Company actually held: 3,700</p> <p>Number of shares of the Company potentially held: 0</p>	<p>April 1987      Joined the Company</p> <p>April 2011      Construction General Manager, Engineering Dept., Chubu Branch Office, Green Technology System Division</p> <p>April 2013      General Manager, Engineering Dept., Tohoku Branch Office, Green Technology System Division</p> <p>March 2017      Director, Taikisha (Thailand) Co., Ltd.</p> <p>April 2019      Senior General Manager, Engineering Dept., Osaka Branch Office, Green Technology System Division</p> <p>April 2021      Corporate Officer, Senior General Manager, Engineering Supervisory Dept., Green Technology System Division</p> <p>May 2022      Corporate Officer, Senior General Manager, Engineering Supervisory Dept. and Senior General Manager, Global Engineering Supervisory Dept., Green Technology System Division</p> <p>April 2023      Managing Corporate Officer, Chief General Manager, Green Technology System Division</p> <p>June 2023      Director, Managing Corporate Officer, Chief General Manager, Green Technology System Division (current position)</p>
<p>[Reason for nominating as a candidate for Director] Tadashi Sobue has abundant business experience in the field of the green technology system business. In addition, he has sufficiently fulfilled his duties as a Director, including decisions on important management matters, the execution of business and supervising the execution of duties by other Directors, since his assumption of the Director position. The Company reappoints him as a candidate for Director based on its judgment that he qualifies for this position taking into account his good track record.</p>		


(Translation)

No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
6	 <p><b>Hirokazu Hikosaka</b> (December 2, 1960; 63)</p> <p>[Reappointment] [Outside Director] [Independent Director]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: 7 years (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 14/14 (100%)</p> <p>Number of shares of the Company actually held: 2,200</p> <p>Number of shares of the Company potentially held: 0</p>	<p>April 1983      Joined Asahi Shinkin Bank (resigned in March 1985)</p> <p>April 1992      Admitted as attorney and joined Nakajima Law Office (current Akanekusa Law Office) (current position)</p> <p>April 1999      Commissioner, Kanto Federation of Bar Associations</p> <p>April 2005      Executive Commissioner, Japan Federation of Bar Associations</p> <p>June 2006      Outside Director, Adways Inc.</p> <p>June 2010      Audit &amp; Supervisory Board Member, Adways Inc. (retired in March 2022)</p> <p>April 2014      Vice President, Tokyo Bar Association</p> <p>June 2015      Audit &amp; Supervisory Board Member of the Company</p> <p>June 2017      Director of the Company (current position)</p> <p>April 2019      Vice President, Kanto Federation of Bar Associations (retired in March 2020)</p>
<p>[Reason for nominating as a candidate for Outside Director and overview of expected role] Although Hirokazu Hikosaka has had no experience of directly engaging in corporate management, he has professional expertise and abundant experience as a lawyer, as well as specialized knowledge regarding internal control and governance, etc. from his business experience hitherto. Since his assumption of the Director position, he has provided valuable advice and supervision on the management of the Company from an independent and objective standpoint. Going forward, he is expected to continue providing advice and supervision by utilizing his specialized knowledge based on his abundant expertise and experience. The Company reappoints him as a candidate for Outside Director based on its judgment that he qualifies for this position from the viewpoint of ensuring transparent decision making by the Board of Directors and reinforcing the supervisory functions thereon.</p>		
<p>[View on independence] As Hirokazu Hikosaka satisfies the “Independence Criteria for Outside Director/Outside Audit &amp; Supervisory Board Member” stipulated by the Company, the Company judges that he maintains independence from the Company. There are no interests including personal, capital and transactional relationships between Akanekusa Law Office, at which he works as a lawyer, and the Company.</p>		

(Translation)

No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
7	 <p><b>Masasuke Kishi</b> (June 19, 1955; 69)</p> <p>[Reappointment] [Outside Director] [Independent Director]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: 3 years (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 14/14 (100%)</p> <p>Number of shares of the Company actually held: 2,100</p> <p>Number of shares of the Company potentially held: 0</p>	<p>April 1980      Joined Oki Electric Industry Co., Ltd.</p> <p>October 1995    Manager, Multimedia Systems Development Dept., Multimedia Systems Development Center, Information Systems Business Division, Oki Electric Industry Co., Ltd.</p> <p>April 2004      Vice President, Silicon Solutions Company and General Manager, Design Division, Oki Electric Industry Co., Ltd.</p> <p>April 2006      Executive Officer, Oki Electric Industry Co., Ltd.</p> <p>April 2008      Senior Vice President, Oki Electric Industry Co., Ltd.</p> <p>October 2008    Representative Director and President, OKI Networks Co., Ltd. (current Oki Electric Industry Co., Ltd. due to merger) (retired in March 2010)</p> <p>June 2010      Director, Oki Electric Industry Co., Ltd. (retired in June 2012)</p> <p>June 2012      Director, Oki Electric Cable Co., Ltd.</p> <p>June 2012      Representative Director and President, Oki Electric Cable Co., Ltd. (retired in March 2018)</p> <p>April 2018      Executive Vice President and General Manager, Electronics, Manufacturing Services Division, Oki Electric Industry Co., Ltd.</p> <p>April 2020      Executive Vice President, and General Manager, Components &amp; Platforms Business Group, and General Manager, Development Division, Components &amp; Platforms Business Group, Oki Electric Industry Co., Ltd. (retired in March 2021)</p> <p>June 2021      Director of the Company (current position)</p>
<p>[Reason for nominating as a candidate for Outside Director and overview of expected role] Masasuke Kishi has abundant expertise and experience as a manager at a leading business corporation, as well as specialized knowledge regarding the information and communications sector, internal control, governance, etc. from his business experience hitherto. Since his assumption of the Director position, he has provided valuable advice and supervision on the management of the Company from an independent and objective standpoint. Going forward, he is expected to continue providing advice and supervision by utilizing his specialized knowledge based on his abundant expertise and experience. The Company reappoints him as a candidate for Outside Director based on its judgment that he qualifies for this position from the viewpoint of ensuring transparent decision making by the Board of Directors and reinforcing the supervisory functions thereon. If his reelection is approved, the Company plans to appoint him as chairperson of the Board of Directors.</p>		
<p>[View on independence] As Masasuke Kishi satisfies the “Independence Criteria for Outside Director/Outside Audit &amp; Supervisory Board Member” stipulated by the Company, the Company judges that he maintains independence from the Company. He used to work at Oki Electric Industry Co., Ltd., but he resigned as an Executive Vice President of the said company in 2021. Although this company and the Company had transactions under subcontracting contracts in fiscal 2023, the amount of these transactions did not exceed the amount of payments specified in the aforementioned criteria. (The average transaction amounts between both companies for the past three fiscal years (meaning fiscal 2021 through fiscal 2023, and the same period applies hereinafter) was less than 1% of the three-year average transaction amounts of this company’s non-consolidated net sales or the Company’s consolidated net sales of completed construction contracts for the past three fiscal years.) In addition, he used to work at Oki Electric Cable Co., Ltd., but he resigned as Representative Director of the said company in 2018. There are no interests including personal, capital and transactional relationships between Oki Electric Cable Co., Ltd. and the Company.</p>		

(Translation)

No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
8	 <p><b>Nobuyuki Soda</b> (March 7, 1964; 60)</p> <p>[New appointment] [Outside Director] [Independent Director]</p> <p>Gender: Male</p> <p>Number of years as Director of the Company: —</p> <p>Attendance at the Board of Directors Meetings: —</p> <p>Number of shares of the Company actually held: 600</p> <p>Number of shares of the Company potentially held: 0</p>	<p>April 1986      Joined Nippon Life Insurance Company</p> <p>March 2014      Executive Officer, General Manager, Affiliated Business Dept., Nippon Life Insurance Company</p> <p>March 2016      Executive Officer, General Manager, Affiliated Business Dept., and Adviser to Corporate Planning Dept., Nippon Life Insurance Company</p> <p>March 2017      Executive Officer, Deputy General Manager, Agency Marketing Headquarters, and Deputy General Manager, Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p>March 2018      Managing Executive Officer, General Manager, Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p>July 2018      Director, Managing Executive Officer in charge of Agency Management Sector, Financial Institution Relations Sector, and Sales Staff Sector (related to agencies and financial institutions), and General Manager, Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p>March 2019      Director, Nippon Life Insurance Company (retired in July 2019)</p> <p>April 2019      Director and Executive Vice President, Corporate-Pension Business Service Co., Ltd.</p> <p>June 2019      Outside Director, Audit and Supervisory Committee Member, The Hyakujushi Bank, Ltd. (retiring in June 2024)</p> <p>April 2020      Director and President, Corporate-Pension Business Service Co., Ltd. (retired in March 2024)</p> <p>June 2020      Audit &amp; Supervisory Board Member of the Company (current position)</p> <p>April 2024      Representative Director and President, Nissay Business Service Co., Ltd. (current position)</p>
<p>[Reason for nominating as a candidate for Outside Director and overview of expected role] Nobuyuki Soda has abundant expertise and experience nurtured during his tenure as a manager at a leading life insurance company, as well as specialized knowledge regarding finance, accounting, human resources development, personnel and labor management, etc. from his business experience hitherto. He is expected to provide advice and supervision on the management of the Company from an independent and objective standpoint by utilizing his specialized knowledge based on these abundant expertise and experience. The Company newly appoints him as a candidate for Outside Director based on its judgment that he qualifies for this position from the viewpoint of ensuring transparent decision making by the Board of Directors and reinforcing the supervisory functions thereon.</p>		
<p>[View on independence] As Nobuyuki Soda satisfies the “Independence Criteria for Outside Director/Outside Audit &amp; Supervisory Board Member” stipulated by the Company, the Company judges that he maintains independence from the Company. Although he concurrently serves as Representative Director and President at Nissay Business Service Co., Ltd., there are no interests including personal, capital and transactional relationships between this company and the Company. He used to work at Nippon Life Insurance Company, but retired from the position of Director of this company in 2019. Although this company holds the Company’s shares, its shareholding ratio is 2.63% (calculated after subtracting treasury shares). Although this company and the Company had transactions such as construction contracts and insurance contracts in fiscal 2023, the respective amount of the relevant transactions did not exceed the amount of payments specified in the aforementioned criteria. (The average transaction amounts between both companies for the past three fiscal years was less than 1% of the three-year average transaction amounts of this company’s consolidated ordinary income or the Company’s consolidated net sales of completed construction contracts for the past three fiscal years.) In addition, he used to work at Corporate-Pension Business Service Co., Ltd., but he retired from the position of Representative Director of this company in March 2024. There are no interests including personal, capital and transactional relationships between Corporate-Pension Business Service Co. Ltd. and the Company.</p>		

(Translation)

No	Name (Date of birth; Age)	Career summary, positions and assignments in the Company and important positions concurrently held at other companies
9	 <p><b>Suga Soejima</b> (November 17, 1958; 65) [New appointment] [Outside Director] [Independent Director] Gender: Female Number of years as Director of the Company: — Attendance at the Board of Directors Meetings: — Number of shares of the Company actually held: 0 Number of shares of the Company potentially held: 0</p>	<p>October 1984      Joined Deloitte Haskins &amp; Sells (later Mita Audit Corporation)</p> <p>February 1990    Joined Tohmatsu &amp; Co. (current Deloitte Touche Tohmatsu LLC) due to merger of Deloitte Haskins &amp; Sells</p> <p>June 2005        Partner, Tohmatsu &amp; Co. (retired in June 2019)</p> <p>June 2020        Director (Outside Director), Sanoyas Holdings Corporation (current position)</p>
<p>[Reason for nominating as a candidate for Outside Director and overview of expected role] Although Suga Soejima has had no experience of directly engaging in corporate management, she has abundant experience auditing the operations of multinational corporations during her tenure at major auditing firms, as well as specialized knowledge regarding internal control and governance, finance, and accounting etc. from her business experience hitherto. She is expected to provide advice and supervision on the management of the Company from an independent and objective standpoint by utilizing her specialized knowledge based on these abundant expertise and experience. The Company newly appoints her as a candidate for Outside Director based on its judgment that she qualifies for this position from the viewpoint of ensuring transparent decision making by the Board of Directors and reinforcing the supervisory functions thereon.</p>		
<p>[View on independence] As Suga Soejima satisfies the “Independence Criteria for Outside Director/Outside Audit &amp; Supervisory Board Member” stipulated by the Company, the Company judges that she maintains independence from the Company. She used to work at Deloitte Touche Tohmatsu LLC, but she left the said firm in 2019. Although this firm and the Company had transactions through consultation and other contracts in fiscal 2023, the amount of these transactions did not exceed the amount of payments specified in the aforementioned criteria. (The average transaction amounts between this firm and the Company for the past three fiscal years was less than 1% of the three-year average transaction amounts of this firm’s revenue for the past three fiscal years.)</p>		

(Translation)

(Notes)

1. The number of shares of the Company potentially held states the number of points awarded to the Director through the Board Benefit Trust (BBT), a performance-linked stock-based compensation plan.
2. No material conflict of interest exists between the Company and any of the above candidates for Director.
3. Hirokazu Hikosaka, Masasuke Kishi, Nobuyuki Soda and Suga Soejima are candidates for Outside Director.
4. For Yukinori Hamanaka and Tadashi Sobue, the attendance rates are stated for their attendance at the Board of Directors meetings during fiscal 2023 held after their assumption of office in June 2023.
5. Nobuyuki Soda currently serves as an Outside Audit & Supervisory Board Member of the Company, with his term of office set to expire at the conclusion of this Annual Shareholders' Meeting. His tenure as an Outside Audit & Supervisory Board Member will have spanned four (4) years by the conclusion of this meeting. Furthermore, his attendance at the Board of Directors and Audit & Supervisory Board meetings held during fiscal 2023 is detailed below.

Attendance at the Board of Directors Meetings: 13/14 (92.9%)

Attendance at the Audit & Supervisory Board Meetings: 13/14 (92.9%)

6. The Company has stipulated in its Articles of Incorporation that it can conclude a limited liability agreement with each Director who is not an executive director to limit his/her liability for damages to a certain degree, and has concluded the limited liability agreements with Hirokazu Hikosaka, and Masasuke Kishi, respectively. If their appointments are approved, the Company intends to continue the limited liability agreement with each of them.

The Company has stipulated in its Articles of Incorporation that it can conclude a limited liability agreement with each Audit & Supervisory Board Member to limit his/her liability for damages to a certain degree, and has concluded the limited liability agreements with Nobuyuki Soda, who currently serves as an Outside Audit & Supervisory Board Member of the Company. If his appointment is approved, the Company intends to conclude a similar agreement with him as a Director who is not an executive director. In addition, if the appointment of Suga Soejima is approved, the Company intends to conclude the said agreement with her.

The outline of the aforementioned limited liability agreement is as follows:

- In case a Director causes damage to the Company due to his/her negligence of duty, his/her liability for the damage shall be up to the minimum liability amount provided for in laws and regulations when said Director's duty is performed in good faith and with no gross negligence.
7. The Company has entered into a directors and officers liability insurance contract with an insurance company. The said insurance contract will cover damages that may arise due to insured Officers, etc. assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. If the appointments of the candidates are approved, they will be included among the insured persons under the insurance contract. The said insurance contract is scheduled to be renewed in October 2024 with the same terms and conditions.
  8. The Company has notified the Tokyo Stock Exchange of the designation of Hirokazu Hikosaka, Masasuke Kishi, Nobuyuki Soda and Suga Soejima as Independent Directors as stipulated in the provisions of the Tokyo Stock Exchange.
  9. The age of the respective candidates indicated is as of the date of this Annual Shareholders' Meeting.

(Translation)

[Reference] Specialized knowledge and experience, etc. possessed by candidates for Director (in the event of approval of Proposal 2 as originally proposed)

Name	Number of years as Director	Specialized knowledge and experience that candidates for Director have							Nomination Advisory Committee	Compensation Advisory Committee	Governance Committee	Sustainability Committee
		Corporate management	Technological development, IT strategies	Global business	Industrial insights, market awareness	Human resources development, personnel and labor management	Internal control, governance	Laws, finance and accounting				
Masashi Osada	7 years	●		●	●		●		●	●	●	●
Yasushi Nakajima	7 years	●	●	●	●	●	●		●	●	●	●
Masanori Nakagawa	6 years	●		●		●	●	●			●	●
Yukinori Hamanaka	4 years	●	●	●	●							●
Tadashi Sobue	1 year		●	●	●							●
(Outside Director) Hirokazu Hikosaka	7 years						●	●	●	●	★	●
(Outside Director) Masasuke Kishi Chairperson of the Board of Directors	3 years	●	●				●		●	★	●	●
(Outside Director) Nobuyuki Soda	—	●				●		●	★	●	●	●
(Outside Director) Suga Soejima	—						●	●	●	●	●	★

(Notes) 1. The table above does not represent all the knowledge and experience possessed by the candidates.  
2. ★ represents chairperson.

(Translation)

(Reference)

“Independence Criteria for Outside Director/Outside Audit & Supervisory Board Member”

In order to increase the soundness and transparency of management, the Company has established the following independence criteria for outside directors and outside audit & supervisory board members. Outside directors and outside audit & supervisory board members are considered to be independent unless any of the following criteria applies.

1. Major shareholder<sup>1</sup> of the Company or an executive thereof;
2. Major lender<sup>2</sup> of the Company or an executive thereof;
3. A party whose major client or supplier is the Company<sup>3</sup> or an executive thereof;
4. Major client or supplier of the Company<sup>4</sup> or an executive thereof;
5. Consultant, accountant or legal professional who receives more than ¥10 million per year in monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member (if the recipient of such property is a corporation, partnership or other entities, a person who belongs to an entity for which the total amount of money and property received from the Company exceeds 2% of its annual gross revenue);
6. Person who receives more than ¥10 million per year in donation from the Company (or executive thereof, if the recipient of such donation is a corporation, partnership or other entities);
7. Person who fell under any of the above-listed items 1. through 6. during the past three years; or
8. Relatives within the second degree of kinship of the person (excluding those who are not significant persons) who fall under any of the following items (1) through (3).
  - (1) Person who falls under any of the above-listed items 1. through 7.;
  - (2) Executive of any subsidiaries of the Company; or
  - (3) Non-executive director of any subsidiaries of the Company.

(Notes)

1. “Major shareholder” refers to a shareholder who holds 10% or more of the voting rights directly or indirectly at the end of the most recent fiscal year.
2. “Major lender” refers to a lender to whom the Company has outstanding borrowings in the amount that exceeded 2% of the consolidated total assets of the Company at the end of the most recent fiscal year.
3. “A party whose major client or supplier is the Company” refers to a party for whom the average amount of payments received from the Company for the past three fiscal years exceeds 2% of the average consolidated net sales of said party for the past three fiscal years.
4. “A major client or supplier of the Company” refers to a party for whom the average amount of payments to the Company for the past three years exceeds 2% of the average consolidated net sales of the Company for the past three fiscal years.




(Translation)

**Proposal No. 3:** Election of Three (3) Audit & Supervisory Board Members


The terms of office of Audit & Supervisory Board Members Makoto Wakida, Shigeo Kobayashi, and Nobuyuki Soda will expire at the conclusion of this Annual Shareholders' Meeting. Accordingly, the election of three (3) Audit & Supervisory Board Members is proposed.

The Audit & Supervisory Board has given its prior consent to this Proposal.

The candidates are as follows, and the two of the candidates for Outside Audit & Supervisory Board Member satisfy the "Independence Criteria for Outside Director/Outside Audit & Supervisory Board Member" stipulated by the Company. Refer to page 16 for details of said criteria.

No	Name (Date of birth; Age)	Career summary and positions in the Company and important positions concurrently held at other companies
1	 <p><b>Makoto Wakida</b> (July 9, 1960; 63) [Reappointment]</p> <p>Gender: Male</p> <p>Number of years as Audit &amp; Supervisory Board Member of the Company: 4 years (at the conclusion of the Meeting)</p> <p>Attendance at the Board of Directors Meetings: 14/14 (100%)</p> <p>Attendance at the Audit &amp; Supervisory Board Meetings: 14/14 (100%)</p> <p>Number of shares of the Company actually held: 3,000</p> <p>Number of shares of the Company potentially held: 0</p>	<p>July 2013 General Manager for Sendai Corporate Banking Department, Mizuho Bank, Ltd.</p> <p>April 2015 Joined the Company</p> <p>April 2016 General Manager, Planning Promotion Office, Planning Management Dept., Corporate Planning Headquarters</p> <p>April 2017 General Manager, Planning Promotion Dept. Corporate Planning Headquarters</p> <p>April 2018 Corporate Officer, General Manager, Corporate Planning Dept.</p> <p>April 2020 Assistant to Chief Executive, Corporate Planning Headquarters</p> <p>June 2020 Full-time Audit &amp; Supervisory Board Member (current position)</p>
<p>[Reason for nominating as a candidate for Audit &amp; Supervisory Board Member] Makoto Wakida has abundant business experience at a major bank, as well as extensive knowledge in finance and accounting. He has been mainly engaged in the field of corporate planning as a Corporate Officer since joining the Company. The Company reappoints him as a candidate for Audit &amp; Supervisory Board Member based on its judgment that he qualifies for the duties to audit the execution of duties by Directors because he is well-versed in the actual condition of the Company.</p>		


(Translation)

No	Name (Date of birth; Age)	Career summary and positions in the Company and important positions concurrently held at other companies
2	 <p><b>Koichi Nagao</b> (February 27, 1964; 60)</p> <p>[New appointment] [Outside Audit &amp; Supervisory Board Member] [Independent Audit &amp; Supervisory Board Member]</p> <p>Gender: Male</p> <p>Number of years as Audit &amp; Supervisory Board Member of the Company: —</p> <p>Attendance at the Board of Directors Meetings: —</p> <p>Attendance at the Audit &amp; Supervisory Board Meetings: —</p> <p>Number of shares of the Company actually held: 0</p> <p>Number of shares of the Company potentially held: 0</p>	<p>April 1987      Joined Yasuda Mutual Life Insurance Company (current Meiji Yasuda Life Insurance Company)</p> <p>April 2013      General Manager, Securities Investment Department, Meiji Yasuda Life Insurance Company</p> <p>April 2016      Operating Officer, General Manager, Group Market Planning &amp; Research Department, Meiji Yasuda Life Insurance Company</p> <p>April 2018      Managing Executive Director, Meiji Yasuda Life Insurance Company (retired in March 2024)</p> <p>March 2021      Director (Outside Director), Tokyo Tatemono Real Estate Sales Co., Ltd. (retired in March 2024)</p> <p>April 2024      Director and Vice President, Works'WORKS Co., Ltd. (current position)</p>
<p>[Reason for nominating as a candidate for Outside Audit &amp; Supervisory Board Member] Koichi Nagao has abundant business experience as a manager at a leading life insurance company, as well as extensive knowledge in finance and accounting, and the Company newly appoints him as a candidate for Outside Audit &amp; Supervisory Board Member based on its judgment that he qualifies for the duties to audit the execution of duties by Directors from an objective standpoint independent of the Company.</p>		

(Translation)

<p>[View on independence] As Koichi Nagao satisfies the “Independence Criteria for Outside Director/Outside Audit &amp; Supervisory Board Member” stipulated by the Company, the Company judges that he maintains independence from the Company. Although he concurrently serves as Director and Vice President at Works’WORKS Co., Ltd., there are no interests including personal, capital and transactional relationships between this company and the Company. In addition, he used to work at Meiji Yasuda Life Insurance Company, but retired from the position of Managing Executive Director in March 2024. Although this company holds the Company’s shares, its shareholding ratio is 1.40% (calculated after subtracting treasury shares). Although this company and the Company had transactions such as construction contracts and insurance contracts in fiscal 2023, the respective amount of the relevant transactions did not exceed the amount of payments specified in the aforementioned criteria. (The average transaction amounts between both companies for the past three fiscal years (meaning fiscal 2021 through fiscal 2023) was less than 1% of the three-year average transaction amounts of this company’s non-consolidated ordinary income or the Company’s consolidated net sales of completed construction contracts for the past three fiscal years.)</p>
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(Translation)

No	Name (Date of birth; Age)	Career summary and positions in the Company and important positions concurrently held at other companies
3	 <p><b>Shoko Yamashita</b> (August 19, 1978; 45)</p> <p>[New appointment] [Outside Audit &amp; Supervisory Board Member] [Independent Audit &amp; Supervisory Board Member]</p> <p>Gender: Female</p> <p>Number of years as Audit &amp; Supervisory Board Member of the Company: —</p> <p>Attendance at the Board of Directors Meetings: —</p> <p>Attendance at the Audit &amp; Supervisory Board Meetings: —</p> <p>Number of shares of the Company actually held: 0</p> <p>Number of shares of the Company potentially held: 0</p>	<p>December 2011    Joined AE Ebina Ayase Law Office (retired in April 2015)</p> <p>May 2015        Joined Relo Holdings, Inc. (current Relo Group, Inc.) (retired in April 2019)</p> <p>May 2019        Joined Higuchi &amp; Partners, LPC (current position)</p>
<p>[Reason for nominating as a candidate for Outside Audit &amp; Supervisory Board Member] Although Shoko Yamashita has had no experience of directly engaging in corporate management, she has professional expertise and abundant experience as a lawyer, and the Company newly appoints her as a candidate for Outside Audit &amp; Supervisory Board Member based on its judgment that she qualifies for the duties to audit the execution of duties by Directors from an objective standpoint independent of the Company.</p>		

(Translation)

<p>[View on independence] As Shoko Yamashita satisfies the “Independence Criteria for Outside Director/Outside Audit &amp; Supervisory Board Member” stipulated by the Company, the Company judges that she maintains independence from the Company. There are no interests including personal, capital and transactional relationships between Higuchi &amp; Partners, LPC, at which she works as a lawyer, and the Company. She used to be employed at AE Ebina Ayase Law Office, but left the firm in 2015. There is no personal, capital, business or other interest relationship between the said firm and the Company. In addition, she used to be employed at Relo Group, Inc., but left the said entity in 2019. There are no interests including personal, capital and transactional relationships between the said entity and the Company.</p>
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(Notes)

1. No material conflict of interest exists between the Company and any of the above candidates for Audit & Supervisory Board Member.
2. Koichi Nagao and Shoko Yamashita are candidates for Outside Audit & Supervisory Board Member.
3. The Company has stipulated in its Articles of Incorporation that it can conclude a limited liability agreement with each Audit & Supervisory Board Member to limit his/her liability for damages to a certain degree, and has concluded the limited liability agreements with Makoto Wakida. If his appointment is approved, the Company intends to continue the limited liability agreement with him.  
In addition, if the appointment of Koichi Nagao and Shoko Yamashita is approved, the Company intends to conclude the said agreement with each of them.  
The outline of the aforementioned limited liability agreement is as follows:
  - In case an Audit & Supervisory Board Member causes damage to the Company due to his/her negligence of duty, his/her liability for the damage shall be up to the minimum liability amount provided for in laws and regulations when said Audit & Supervisory Board Member’s duty is performed in good faith and with no gross negligence.
4. The Company has entered into a directors and officers liability insurance contract with an insurance company. The said insurance contract will cover damages that may arise due to insured Officers, etc. assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. If the appointments of the candidates are approved, they will be included among the insured persons under the insurance contract. The said insurance contract is scheduled to be renewed in October 2024 with the same terms and conditions.
5. If the appointment of Koichi Nagao and Shoko Yamashita as Audit & Supervisory Board Members is approved, the Company intends to designate them as Independent Auditors as stipulated in the provisions of the Tokyo Stock Exchange and notify the Tokyo Stock Exchange of their designation as such.
6. The age of the respective candidates indicated is as of the date of this Annual Shareholders’ Meeting.

(Translation)

**Proposal No. 4:** Revision of Amount of Compensation to Outside Directors

At the 71st Annual Shareholders' Meeting held on June 29, 2016, a resolution was adopted to set the amount of compensation to Directors of the Company to be within ¥540 million per year. Of the above figure, the amount for Outside Directors was set to be within ¥60 million per year by the resolution adopted at the 76th Annual Shareholders' Meeting held on June 29, 2021, and the resolutions remain effective until now. However, in due consideration of the increased roles and responsibilities of Outside Directors with an aim of strengthening corporate governance among other factors, the Company proposes that the amount of compensation to Outside Directors be revised to within ¥70 million per year.

The total amount of compensation to Directors will remain unchanged. In addition, the amount of compensation to Directors, as in the past, does not include the portion of their salaries for Directors who concurrently serve as employees.

There will be no change in the amount of performance-linked stock-based compensation, etc. granted to Executive Directors of the Company, approved separately from the abovementioned compensation at the 74th Annual Shareholders' Meeting held on June 27, 2019.

The Company decides on the policy for determining Directors' compensation at the Board of Directors meetings, and the overview of the policy are described in the Business Report. This proposal aligns with the policy and is deemed adequate.

At present, the number of Directors is eight (8) (including three (3) Outside Directors). If Proposal No. 2 is approved as originally proposed, the number of Directors will be nine (9) (including four (4) Outside Directors).

(Translation)

**Proposal No. 5:** Revision of Amount of Compensation to Audit & Supervisory Board Members

At the 59th Annual Shareholders' Meeting held on June 29, 2004, a resolution was adopted to set the amount of compensation to Audit & Supervisory Board Members of the Company to be within ¥85 million per year, and remains effective until now. However, in due consideration of the increased roles and responsibilities of Audit & Supervisory Board Members with an aim of strengthening corporate governance among other factors, the Company proposes that the amount of compensation to Audit & Supervisory Board Members be revised to within ¥90 million per year.

At present, the number of Audit & Supervisory Board Members is five (5) (including three (3) Outside Audit & Supervisory Board Members). The number of Audit & Supervisory Board Members remains unchanged even after Proposal No. 3 is approved as originally proposed.

(Translation)

## Business Report

(From April 1, 2023, to March 31, 2024)

### 1. Overview of the Taikisha Group

#### (1) Business Progress and Results

##### 1) Overview of business

In this fiscal year, the global economy remained unstable due to increasing geopolitical risks in regions including Eastern Europe and the Middle East, as well as rising inflation. In the U.S., despite concerns of an economic recession against a backdrop of prolonged inflation and high interest rates, personal consumption and employment conditions remained favorable, and the economy remained strong. In China, the economy slowed down due to sluggish domestic and foreign demand, particularly in the real estate market. In Southeast Asia, although there was a recovery in domestic demand due to improvements in employment and public investment, the pace of growth decelerated due to the slowdown of overseas economies. Although the Japanese economy normalized to a degree due to improvements in employment and income conditions, the outlook remains uncertain due to financial policies and geopolitical risks overseas.

Among the market environments of the Taikisha Group, in overseas markets, capital investment by various manufacturers remained strong, despite concerns about a slowdown in the global economy.

On the other hand, in the domestic market, investments by semiconductor-related and automobile manufacturers continued, and the demand for redevelopment in urban areas remained strong.

Under such circumstances, in order to achieve medium- to long-term growth, the Taikisha Group promotes the following initiatives.

Firstly, as an initiative for “horizontal deployment of technologies that are our strength,” which is stated in the Mid-Term Business Plan, the Company developed the target-guided airflow system “FOLLOAS.” It is an air-outlet system that can follow the movement of people, by utilizing image recognition technology and it can be expected to improve the comfort of workers and reduce energy consumption and CO<sub>2</sub> emissions by reducing the overall air supply volume.

Factories have used individual air conditioning systems with fixed air outlets so far, but fixed air outlets do not cover the entire range of worker movements, making factory operations in the summer times sometimes difficult.

The Company has been developing ICT-based technology, and especially focusing on applying image recognition technology to existing technologies. The Company has developed a product that changes the direction of air supply following the subject by combining the air conditioning control technology that the Company had been developing over many years with image recognition technology to realize more personalized air conditioning.

Currently, the Company has already been proposing the introduction of these systems to customers who consider the improvement of the working environment, prepare for the heat, and saving energy of the entire factory. The Company has started mass production based on the results of trial installations and durability verification at several factories.

In the second initiative, as a trial for the “development with an awareness of global issues” in the Paint Finishing System Division, the Taikisha Group company TKS Industrial Company (current Taikisha USA, Inc.) and Nippon Paint Automotive Coatings Co., Ltd. jointly gave a presentation on dry decoration at the International Automotive Body Finishing Conference, “SURCAR 6<sup>th</sup> AMERICAN CONGRESS” in Detroit, USA, one of the most prestigious international conferences in the automotive coating industry, in June 2023. As a result, they received the Jury’s Award, which is granted to the presentation that receives the highest evaluation from the judges. Dry decoration has had issues related to the size and shape of the coated object that can be decorated. This presentation was highly praised for realizing dry decoration even on integral-type bumpers with a height of 700 mm or more and a large curvature without wrinkles and with reduced color tone changes by controlling the film extension percentage to 100% or less.



(Translation)

In order to establish the process line of dry decoration, the Company is planning to construct the demo-line of dry decoration in our R&D facility by fall 2024 to prepare for mass production.

The Company will contribute to the realization of decarbonized society through the technological development of dry decoration as a value-added technology for automobile exteriors.

Given such circumstances, due to reactionary decline from large orders received in the previous fiscal year, consolidated orders received decreased 8.7% year-on-year to ¥263,549 million, decreasing both in Japan and overseas. This includes orders received overseas, which decreased 15.3% year-on-year to ¥115,142 million.

Consolidated net sales of completed construction contracts increased 36.7% year-on-year to ¥293,556 million, increasing both in Japan and overseas. This includes net sales of completed construction contracts overseas, which increased 71.0% year-on-year to ¥137,792 million.

In regard to profits, gross profit on completed construction contracts increased ¥10,240 million year-on-year to ¥43,312 million, operating income increased ¥6,714 million year-on-year to ¥18,270 million, ordinary income increased ¥6,850 million year-on-year to ¥19,852 million, and profit attributable to owners of parent increased ¥7,685 million year-on-year to ¥15,602 million.

**Orders received, net sales of completed construction contracts and construction carried forward by each division**

(Millions of yen)

Category		Construction brought forward	Orders received	Total	Net sales of completed construction contracts	Construction carried forward
Green Technology System Division	Building HVAC	43,611	36,205	79,816	40,756	39,059
	Industrial HVAC	142,409	135,697	278,106	175,763	102,343
	Subtotal [Overseas]	186,020 [68,688]	171,902 [45,909]	357,922 [114,598]	216,519 [74,025]	141,403 [40,573]
Paint Finishing System Division	Paint Finishing System [Overseas]	77,554 [51,010]	91,646 [69,232]	169,200 [120,243]	77,036 [63,766]	92,163 [56,476]
Total [Overseas]		263,574 [119,699]	263,549 [115,142]	527,123 [234,841]	293,556 [137,792]	233,567 [97,049]

(Note)

Regarding foreign exchange translation of contracts brought forward from previous year in foreign subsidiaries, fluctuation amount because of foreign exchange is adjusted in the beginning balance of construction contracts brought forward.

(Translation)

Earnings by reportable segment (including intersegment transactions)

<b>Green Technology System Division</b>	Consolidated orders received <b>¥171,902 million</b> (decreased 17.4% year-on-year)	Consolidated net sales of completed construction contracts <b>¥216,535 million</b> (increased 26.0% year-on-year)
Principal business	Building HVAC: General-purpose HVAC systems for offices, hotels, stores, schools, research institutes, theaters, halls, hospitals, data centers and so forth Industrial HVAC: Industrial HVAC systems, including clean rooms and plant factories, for factories and plants of semiconductors, electronic parts/components, batteries, precision machinery, pharmaceuticals, foods and so forth	

Consolidated orders received decreased compared to the previous fiscal year, as orders decreased in Japan, China, Taiwan, and other countries, mainly due to a reactionary decline from the large orders received in the previous fiscal year in the industrial HVAC sector. The consolidated net sales of completed construction contracts increased compared to the previous fiscal year, due to increases in Japan, Taiwan, and other countries.

As a result, consolidated orders received decreased 17.4% year-on-year to ¥171,902 million. The breakdown is orders received for building HVAC of ¥36,205 million which increased 0.0% year-on-year and orders received for industrial HVAC of ¥135,697 million which decreased 21.1% year-on-year. Consolidated net sales of completed construction contracts increased 26.0% year-on-year to ¥216,535 million. The breakdown is sales for building HVAC of ¥40,756 million which decreased 10.1% year-on-year and sales for industrial HVAC of ¥175,778 million which increased 38.9% year-on-year. Segment profit (ordinary income) increased ¥2,428 million year-on-year to ¥17,027 million.



Kumamoto Plant 1 of Japan Advanced Semiconductor Manufacturing, Inc. (JASM)



Ibaraki EV battery new plant of AESC

<b>Paint Finishing System Division</b>	Consolidated orders received <b>¥91,646 million</b> (increased 13.7% year-on-year)	Consolidated net sales of completed construction contracts <b>¥77,041 million</b> (increased 79.3% year-on-year)
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Principal business Paint finishing systems in factories not only for automobile parts/components such as chassis and bumpers slated for automobile industry but also for construction vehicles, rolling stock, aircraft, general-purpose industrial equipment and the like

Consolidated orders received increased compared to the previous fiscal year, due to increases in North America and other regions. The consolidated net sales of completed construction contracts increased compared to the previous fiscal year, due to increases in regions such as North America and Korea.

As a result, consolidated orders received increased 13.7% year-on-year to ¥91,646 million and consolidated net sales of completed construction contracts increased 79.3% year-on-year to ¥77,041 million. Segment profit (ordinary income) was ¥2,804 million (segment loss of ¥1,606 million for the previous fiscal year).

As for the non-consolidated performance of the Company, orders received decreased 5.4% year-on-year to ¥145,684 million while net sales of completed construction contracts increased 18.9% year-on-year to ¥158,553 million. Profit of the Company increased ¥5,078 million year-on-year to ¥13,624 million.



EV factory, Guangzhou Province, China, GAC Aion New Energy Automobile Co., Ltd.



Paint finishing line, Hofu Plant, Mazda

(Translation)

## 2) Capital expenditures

There is nothing of significance to mention for the fiscal year.

## 3) Financing

There is nothing of significance to mention for the fiscal year.

## (2) Changes in Assets and Income

### 1) Changes in operating results

(Millions of yen)

	Year ended March 31, 2020 (75th term)	Year ended March 31, 2021 (76th term)	Year ended March 31, 2022 (77th term)	Year ended March 31, 2023 (78th term)	Year ended March 31, 2024 (79th term) This consolidated fiscal year
Orders received	226,909	200,469	232,120	288,670	263,549
Net sales of completed construction contracts	225,378	202,548	209,261	214,793	293,556
Ordinary income	15,991	12,287	10,818	13,001	19,852
Profit attributable to owners of parent	9,132	8,279	7,248	7,917	15,602
Basic earnings per share (Yen)	268.07	243.03	212.69	234.62	471.94
Total assets	215,389	228,855	228,159	237,105	266,494
Net assets	112,843	126,311	130,788	131,992	151,562
Net assets per share (Yen)	3,176.25	3,552.69	3,658.54	3,788.75	4,388.08

(Notes)

1. “Basic earnings per share” is calculated based on the average number of shares outstanding during the year after subtracting treasury shares. “Net assets per share” is calculated based on the total number of issued shares at the end of the year after subtracting treasury shares. The number of treasury shares does not include the number of the Company’s shares held by Custody Bank of Japan, Ltd. (Trust E Account), because of the introduction of the ESOP (Employee Stock Ownership Plan). Meanwhile, the number of treasury shares includes the number of the Company’s shares held by Custody Bank of Japan, Ltd. (Trust E Account), because of the introduction of the BBT (Board Benefit Trust).
2. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied since the beginning of the 77th term. Changes in assets and income in and after the 77th term represent the figures after applying said accounting standard, etc.

(Translation)

## 2) Changes in net sales of completed construction contracts by each division

(Millions of yen)

		Year ended March 31, 2020 (75th term)	Year ended March 31, 2021 (76th term)	Year ended March 31, 2022 (77th term)	Year ended March 31, 2023 (78th term)	Year ended March 31, 2024 (79th term) This consolidated fiscal year
Green Technology System Division	Building HVAC	54,963	40,952	40,978	45,355	40,756
	Industrial HVAC	102,411	93,099	93,414	126,488	175,763
	Subtotal	157,374	134,051	134,393	171,844	216,519
Paint Finishing System Division	Paint Finishing System	68,003	68,497	74,867	42,948	77,036
Total [Overseas]		225,378 [93,029]	202,548 [92,791]	209,261 [101,552]	214,793 [80,556]	293,556 [137,792]

### (3) Issues to Be Addressed

#### 1) Basic management policy of the Company

The Taikisha Group will globally expand its business areas and pursue stable and sustainable growth in compliance with the “Customers first” spirit as Taikisha’s corporate philosophy (mission statement), and based on environmentally compliant technologies through our expertise in “Energy, Air and Water” represented by the company name “Taikisha.” To this end, we will further create an attractive company for all stakeholders and contribute to society.

#### 2) Long-term vision

The Taikisha Group set the long-term vision, “Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water” and “Become an Inclusive Global Company by Leveraging Diverse Human Resources and Knowledge” in the Company’s Mid-Term Business Plan publicly announced on May 16, 2022.

- a. Contribute to a Sustainable Society through Innovative Engineering of Energy, Air and Water  
Innovative Engineering for a Sustainable Society -with energy, air and water-

Though proactively taking on the challenge of solving social issues, in energy-, air- and water-related fields, the Taikisha Group will enhance comprehensive engineering capabilities by trying to achieve technological innovation (tangible aspects), accumulation of knowledge from experience (intangible aspects), intellectual exploration into new domains. The Taikisha Group considers that this will lead to new businesses and new customer development as well as the provision of “solutions for highly specialized customer needs” to existing customers, serving as our differentiation strategy. By differentiating itself from competitors, the Taikisha Group aims to achieve corporate growth as well as the resolution of social issues, that is, contribution to a sustainable society. As an example, the Taikisha Group will make every effort to achieve carbon neutrality in 2050.

(Translation)

b. Become an Inclusive Global Company by Leveraging Diverse Human Resources and Knowledge Diversity & Inclusion as a Global Company


Based on a corporate culture that embraces diversity, which has always been present in the Company, we aim to become a company that can be active in any country as a truly global company by creating a system that allows each employee to demonstrate his or her abilities and generates synergies. Furthermore, the Company considers the creation of new value by combining and fusing diverse human resources and technologies from inside and outside the Company in our business activities, including technological development, as a form of inclusion, and therefore aim to be an inclusive company in these two senses.

**3) Targeted management indices**

The summary of Mid-Term Business Plan for the fiscal year ended March 2023 through the fiscal year ending March 2025 is as follows:

Item	(Billions of yen)		
	Year ended March 31, 2023 (Actual Performance)	Year ended March 31, 2024 (Actual Performance)	Year ending March 31, 2025 (Target)
Orders received	288.6	263.5	236.0
Net sales of completed construction contracts	214.7	293.5	238.0
Ordinary income	13.0	19.8	15.0
Profit attributable to owners of parent	7.9	15.6	9.6
Return on equity (ROE) (%)	6.3%	11.6%	7.2%

Non-Financial Targets

CO<sub>2</sub> emissions from business activities  **Scope 1 and 2: 42% reduction by 2030**  
**Scope 3: 25% reduction by 2030**  
(both compared with FY2022 results)

\* We re-established our reduction targets in January 2024 to include Scope 3, in addition to the existing Scope 1 and 2 reduction targets, to promote reductions in emissions throughout the supply chain towards achieving carbon neutrality by 2050. We have also applied for Science Based Targets (SBT) certification, an international initiative for reducing greenhouse gas emissions.

Regarding indicators and targets related to climate change, we collected and analyzed the necessary data in accordance with the TCFD (Task Force on Climate-related Financial Disclosure) framework, and disclose the results on the Company's website.

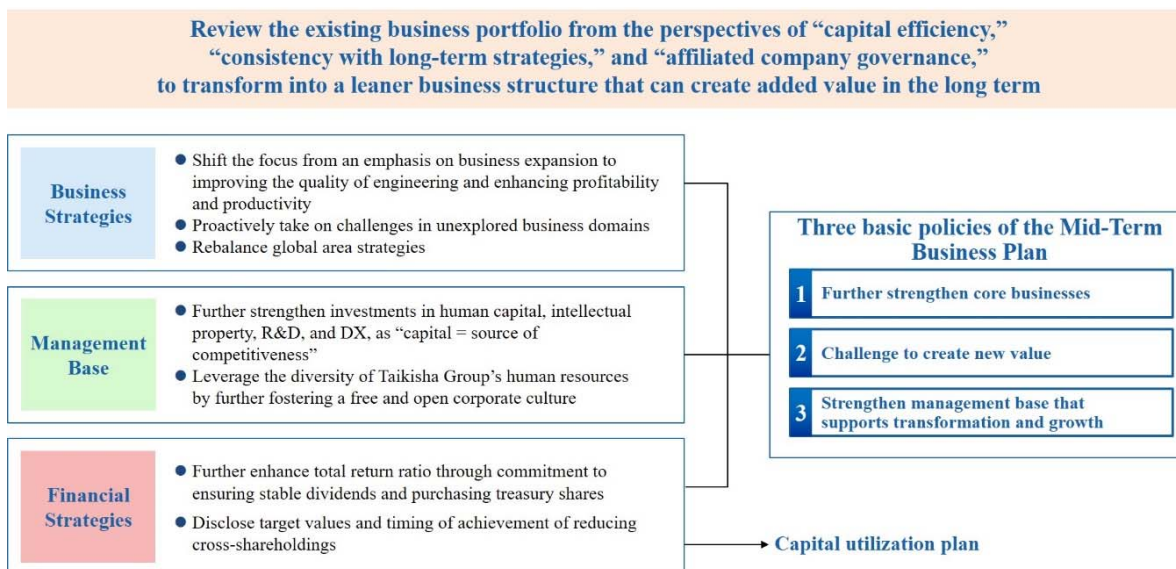
Disclosure of climate-related information based on TCFD recommendations  
<https://www.taikisha-group.com/sustainability/taikisha/tcf/>

(Translation)

#### 4) Basic policies of Mid-Term Business Plan

To achieve the long-term vision, the Taikisha Group will review the existing business portfolio from the perspectives of “capital efficiency,” “consistency with long-term strategies,” and “affiliated company governance,” to transform into a leaner business structure that can create added value in the long term.

The Taikisha Group has set “Further strengthen core businesses,” “Challenge to create new value” and “Strengthen management base that supports transformation and growth” as the three basic policies of the Mid-Term Business Plan.



(Translation)

a) Further strengthen core businesses

(i) Green Technology System Business

- Business development that continues to create added value  
The Taikisha Group will promote decarbonizing business initiatives to achieve carbon neutrality. The Taikisha Group will also establish a structure that continues to meet the technical needs, develop professionals and accumulate know-how and intellectual property in the industrial HVAC sector.
- Strengthen Taikisha, the Technology Company  
The Taikisha Group will promote identification of customer needs and joint development at the new Research and Development Center and the R&D Satellite, proactively make technology proposals to customers, and uncover seeds through collaboration between sales and development divisions.
- Improve business operation systems and productivity  
The Taikisha Group will promote digitalization and DX of business operations to improve ease of work and business process reform to eliminate forcing, waste, and inconsistency. The Taikisha Group will also create a system where we can strengthen the relationships and grow together with suppliers.

(ii) Paint Finishing System Business

- Establish a firm position at home and abroad  
The Taikisha Group will promote diversification of technologies to meet the needs of non-Japanese customers, reaching out to new customers outside the automotive market through collaboration with partners, and business development rooted in the local communities by utilizing overseas networks.
- Development with an awareness of global social issues  
The Taikisha Group will contribute to the transformation of customers' production technologies through technological development to achieve carbon neutrality and also establish and enhance a development structure linked to overseas bases.
- Improve business operation systems and productivity  
The Taikisha Group will promote remote and automated onsite operations through digitalization of business processes, design global educational programs, and optimize human resources by reviewing the project management structure.

b) Challenge to create new value

The Taikisha Group will establish and promote management strategies that leverage our own intellectual property and intangible assets, promote development from the customers' perspective by establishing R&D Satellites within headquarters and branch offices to identify customer needs, and develop new businesses through open innovation by integrating external knowledge of academic institutions and startups.

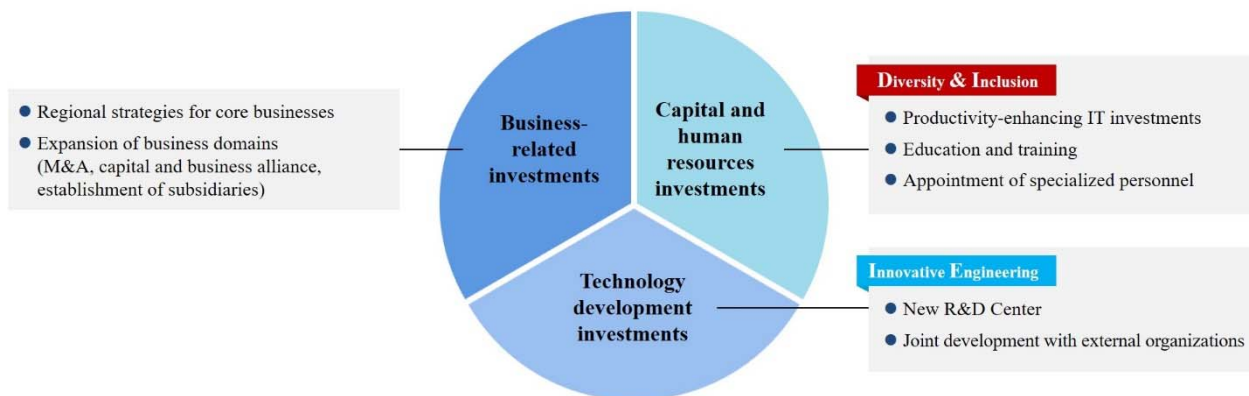
c) Strengthen management base that supports transformation and growth

- Develop and secure human capital  
The Taikisha Group will create an organizational culture that fosters innovation, improve employee engagement, and systematically develop human resource value.
- Digital strategies to provide new value  
The Taikisha Group will improve productivity through onsite digitalization and DX, establish a global IT and DX structure, and enhance digital integration for R&D and new business creation.
- Strengthen the Group governance structure  
The Taikisha Group will establish business portfolio management in light of capital costs and enhance the effectiveness of the board of directors and auditing functions of affiliated companies.

(Translation)

### 5) Investment plan

The Taikisha Group plans to make growth investments totaling ¥20.0 billion during the three-year period under the themes of “Business-related investments” for expansion of business domains through M&A, etc., “Capital and human resources investments” including productivity-enhancing IT investments, and “Technology development investments” for the expansion of the R&D Center and joint development with external organizations, etc.



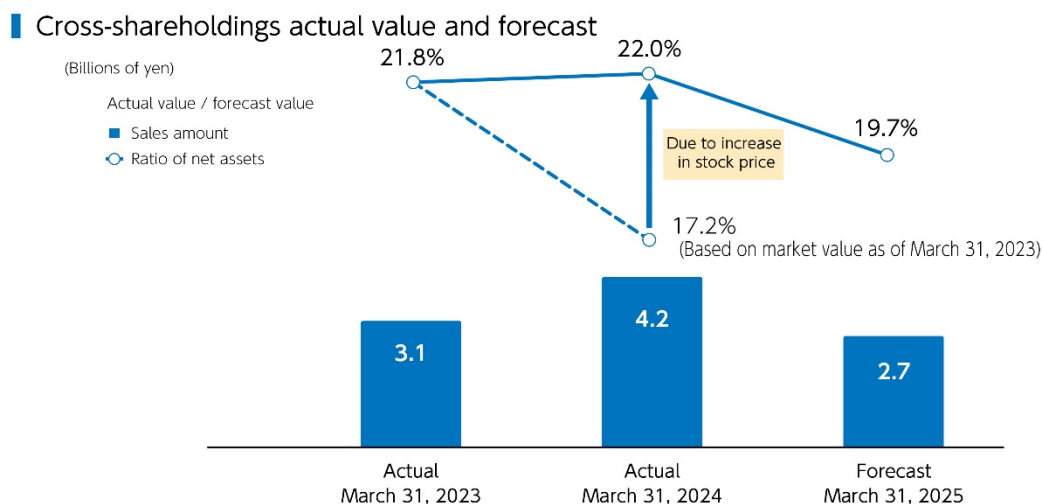
### 6) Capital dividend policy

The Taikisha Group will implement steady dividends targeting a consolidated dividend on equity ratio (DOE) of 3.2%, with profit return to shareholders through dividends as one of our most important measures. The Group will also flexibly purchase and retire treasury shares in order to improve capital efficiency and promptly implement financial policies.

The Taikisha Group plans to acquire roughly ¥2.0 billion in treasury shares per year, with acquisitions of ¥3.0 billion and ¥2.0 billion implemented for the fiscal years ended March 31, 2023 and 2024, respectively. For the fiscal year ending March 31, 2025, the Board of Directors has resolved to acquire ¥2.0 billion in treasury shares.

### 7) Plan to sell cross-shareholdings

The Taikisha Group set out a plan to reduce cross-shareholdings to less than 20% of net assets by the second year of the Mid-Term Business Plan, and has been increasing the pace of sale to achieve the plan. The ratio to net assets at the end of the fiscal year ended March 31, 2024 increased to 22.0%, affected by recent rising share prices, and fell short of the target despite the fact that it had been at 17.2% based on the share prices at the end of the previous fiscal year. We will continue to monitor the latest share price trends and, if necessary, take measures such as adding cross-shareholdings to be sold or considering changes to target settings. Thereby, we aim to achieve less than 20.0% in the final year of the Mid-Term Business Plan.





(Translation)

**(4) Significant Subsidiaries**

Company name	Capital	Percentage of voting rights held by the Company	Principal business
San Esu Industry Co., Ltd.	¥100 million	87.75%	Pipework, sheet metal work and can manufacturing work, as well as manufacture and sales of machinery and equipment
Nippon Noise Control Ltd.	¥30 million	100.00%	Design, manufacture, sales and installation of silencer and vibration-proof equipment
Tokyo Taikisha Service Ltd.	¥20 million	100.00%	Design and installation of HVAC systems
Vege-factory Co., Ltd.	¥350 million	100.00%	Plant factory consulting Design and supervision, production and sales of vegetables Cultivation support at plant factories
TKS Industrial Company <sup>5</sup>	USD 10 thousand	100.00%	Design and installation of paint finishing and HVAC systems
Encore Automation LLC <sup>1,3</sup>	—	100.00%	Design and installation of paint systems and plants for automobile industry and aviation industry
Taikisha Canada Inc. <sup>1</sup>	CAD 442 thousand	100.00%	Design and installation of paint finishing and HVAC systems
Taikisha de Mexico, S.A. de C.V. <sup>1</sup>	MXN 11,729 thousand	100.00%	Design and installation of paint finishing and HVAC systems
Taikisha do Brasil Ltda. <sup>1</sup>	BRL 12,107 thousand	100.00%	Design and installation of paint finishing and HVAC systems
Taikisha (Singapore) Pte. Ltd.	SGD 20 million	100.00%	Design and installation of HVAC and paint finishing systems
Taikisha (Thailand) Co., Ltd. <sup>1</sup>	THB 40 million	85.65%	Design and installation of HVAC and paint finishing systems
Taikisha Trading (Thailand) Co., Ltd. <sup>1</sup>	THB 5 million	98.60%	Exports and imports of HVAC and paint finishing systems and other products for plants
Thaiken Maintenance & Service Co., Ltd. <sup>1</sup>	THB 5 million	100.00%	Maintenance services and small-scale works, etc.
Token Interior & Design Co., Ltd. <sup>1</sup>	THB 20 million	88.20%	Manufacture and sales of interior goods and materials
TKA Co., Ltd. <sup>1</sup>	THB 5 million	99.00%	Manufacture and sales of precision machinery parts
Token Myanmar Co., Ltd. <sup>1</sup>	USD 200 thousand	95.00%	Interior decoration-related design and installation
Taikisha Engineering (M) Sdn. Bhd.	MYR 750 thousand	100.00%	Design and installation of HVAC and paint finishing systems
P.T. Taikisha Indonesia Engineering	IDR 982 million	98.91%	Design and installation of HVAC and paint finishing systems
P.T. Taikisha Manufacturing Indonesia <sup>1</sup>	IDR 87,531 million	100.00%	Painting of automobile parts
Taikisha Philippines Inc. <sup>2</sup>	PHP 22 million	40.00%	Design and installation of HVAC and paint finishing systems

(Translation)

Company name	Capital	Percentage of voting rights held by the Company	Principal business
Taikisha Vietnam Engineering Inc.	VND 53,895 million	100.00%	Design and installation of HVAC and paint finishing systems
Taikisha (Cambodia) Co., Ltd.	USD 300 thousand	100.00%	Design and installation of HVAC and paint finishing systems
Taikisha Myanmar Co., Ltd. <sup>1</sup>	USD 2 million	100.00%	Design, installation and maintenance of HVAC and paint finishing systems
Taikisha Lao Co., Ltd. <sup>1</sup>	USD 505 thousand	100.00%	Design and installation of HVAC and paint finishing systems
WuZhou Taikisha Engineering Co., Ltd.	CNY 51 million	70.00%	Design and installation of paint finishing and HVAC systems
Tianjin Taikisha Paint Finishing System Ltd. <sup>1</sup>	CNY 73 million	90.00%	Research, development, manufacture, sales and maintenance of paint systems
Taikisha Hong Kong Limited	HKD 2 million	100.00%	Design and installation of HVAC and paint finishing systems
Taikisha (Taiwan) Ltd.	TWD 230 million	100.00%	Design and installation of HVAC and paint finishing systems
Taikisha Korea Ltd.	KRW 700 million	80.00%	Design and installation of paint finishing and HVAC systems
Taikisha Engineering India Private Ltd.	INR 5 million	57.89%	Design and installation of paint finishing and HVAC systems
Nicomac Taikisha Clean Rooms Private Limited <sup>1</sup>	INR 10 million	100.00%	Manufacture, mounting and design of clean rooms
Taikisha Hungary Kft. <sup>4</sup>	EUR 70 thousand	100.00%	Design and installation of paint finishing and HVAC systems

(Notes)

- For the companies marked with “1,” the percentage of voting rights held by the Company includes the equity investment by the Company’s subsidiaries.
- Although the Company’s equity in the company marked with “2” is less than 50%, this company is included in the category of “consolidated subsidiaries” as the Company substantially controls it.
- The company marked with “3” is a “limited liability company” under U.S. laws; the “Capital” is not stated in the table because the concept precisely falling under such “capital” does not exist.
- The company marked with “4” was newly established in the fiscal year ended March 31, 2024, and is therefore a consolidated subsidiary.
- The company marked with “5” changed its name to Taikisha USA, Inc. in April 2024.

## (5) Principal Business

The Taikisha Group is mainly engaged in the design, supervision and installation of HVAC systems and paint finishing systems in Japan and overseas, as well as in the manufacture and sales of related equipment and materials. Major markets and client fields for each business segment are as follows:

Green Technology System Division	<ul style="list-style-type: none"> <li>General-purpose HVAC systems for offices, hotels, stores, schools, research institutes, theaters, halls, hospitals, data centers and so forth</li> <li>Industrial HVAC systems, including clean rooms and plant factories, for factories and plants of semiconductors, electronic parts/components, batteries, precision machinery, pharmaceuticals, foods and so forth</li> </ul>
Paint Finishing System Division	<ul style="list-style-type: none"> <li>Paint finishing systems in factories not only for automobile parts/components such as chassis and bumpers slated for automobile industry but also for construction vehicles, rolling stock, aircraft, general-purpose industrial equipment and the like</li> </ul>

(Translation)

## (6) Principal Business Locations

### 1) The Company

Head Office	8-17-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Branch	Sapporo Office, Tohoku Branch Office (Sendai-shi), Kanto-Shinetsu Office (Saitama-shi), Tokyo Branch Office (Nakano-ku, Tokyo), Yokohama Office, Chubu Branch Office (Nagoya-shi), Osaka Branch Office, Chugoku Office (Hiroshima-shi), Kyushu Branch Office (Fukuoka-shi), Marketing and Development Dept. (Shinjuku-ku, Tokyo), East Japan Office (Shinjuku-ku, Tokyo), West Japan Office (Nagoya-shi), Automation Office (Zama-shi, Kanagawa)
Sales Office	Ibaraki (Tsukuba-shi), Hokuriku (Kanazawa-shi), Nagano, Kyoto, Kobe
Research Laboratory	Technical Center (Zama-shi, Kanagawa), Research and Development Center (Aikawa-cho, Aiko-gun, Kanagawa)

### 2) Subsidiaries

Japan	San Esu Industry Co., Ltd. Nippon Noise Control Ltd. Tokyo Taikisha Service Ltd. Vege-factory Co., Ltd.	Hirakata-shi, Osaka Nakano-ku, Tokyo Shinjuku-ku, Tokyo Kasukabe-shi, Saitama
Overseas	TKS Industrial Company Encore Automation LLC Taikisha Canada Inc. Taikisha de Mexico, S.A. de C.V. Taikisha do Brasil Ltda. Taikisha (Singapore) Pte. Ltd. Taikisha (Thailand) Co., Ltd. Taikisha Trading (Thailand) Co., Ltd. Thaiken Maintenance & Service Co., Ltd. Token Interior & Design Co., Ltd. TKA Co., Ltd. Token Myanmar Co., Ltd. Taikisha Engineering (M) Sdn. Bhd. P.T. Taikisha Indonesia Engineering P.T. Taikisha Manufacturing Indonesia Taikisha Philippines Inc. Taikisha Vietnam Engineering Inc. Taikisha (Cambodia) Co., Ltd. Taikisha Myanmar Co., Ltd. Taikisha Lao Co., Ltd. WuZhou Taikisha Engineering Co., Ltd. Tianjin Taikisha Paint Finishing System Ltd. Taikisha Hong Kong Limited Taikisha (Taiwan) Ltd. Taikisha Korea Ltd. Taikisha Engineering India Private Ltd. Nicomac Taikisha Clean Rooms Private Limited Taikisha Hungary Kft.	U.S.A. U.S.A. Canada Mexico Brazil Singapore Thailand Thailand Thailand Thailand Thailand Thailand Myanmar Malaysia Indonesia Indonesia The Philippines Vietnam Cambodia Myanmar Laos China China China Taiwan South Korea India India Hungary

(Translation)

**(7) Employees**

**1) Taikisha Group**

Type of business	Number of employees	Increase/Decrease from previous fiscal year-end
Equipment installation work	5,031	141

**2) The Company**

Number of employees at this fiscal year-end	Increase/Decrease from previous fiscal year-end	Average age	Average years of service
1,654	43	42.5	15.9

**(8) Major Lenders**

(Millions of yen)

Lenders	Balance of borrowings
Mizuho Bank, Ltd.	2,587
Sumitomo Mitsui Banking Corporation	536
Bank of India	225

(Translation)

## 2. Status of Shares

### (1) Number of Shares

Total Number of Authorized Shares	100,000,000 shares
Total Number of Issued Shares	32,972,385 shares (excluding 609,624 treasury shares)

### (2) Number of Shareholders

4,328 persons  
(a year-on-year increase of 942 persons)

### (3) Major Shareholders (top 10)

Name of shareholders	Number of shares held (in thousands)	Percentage of shares held to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,839	14.68
Kenzaisha Ltd.	1,730	5.25
Custody Bank of Japan, Ltd. (Trust Account)	1,250	3.79
Taikisha Employees Shareholding Association	1,184	3.59
Sumitomo Realty & Development Co., Ltd.	1,134	3.44
Dai ni Kenzaisha Ltd.	1,000	3.03
Taikisha Business Partners Shareholding Association	940	2.85
Nippon Life Insurance Company	866	2.63
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	719	2.18
Mizuho Bank, Ltd.	659	2.00

(Notes)

- The Company holds 609,624 treasury shares but are excluded from the list of major shareholders above. The above treasury shares do not include 149,500 shares of the Company held by Custody Bank of Japan, Ltd. (Trust E Account), because of the introduction of the Board Benefit Trust (BBT).
- The “Percentage of shares held to the total number of issued shares” is calculated by subtracting treasury shares from all issued shares.

### (4) Shares Delivered to Company Officers as Compensation for the Execution of their Duties in the Fiscal Year

Details of the share-based remuneration delivered to company officers in the fiscal year are as follows.

Category	Number of shares	Number of persons
Directors (excluding Outside Directors)	31,862	2

(Notes)

- Details of the Company’s share-based remuneration are described in “4. (4) 1) a. (iii) Performance-linked compensation scheme.”
- The above remuneration was delivered to the Company’s retired Directors.
- Of the 31,862 shares delivered, 6,462 shares were cashed and an equivalent amount was paid to the grantee.

### (5) Other Share-Related Significant Matters

#### 1) Acquisition of treasury shares

The Company has completed the acquisition of treasury shares, which was resolved at the Board of Directors Meeting held on August 10, 2023, as follows.

(1) Total number of shares acquired	453,100 shares
(2) Total price of shares acquired	1,999,816,500 yen
(3) Period of acquisition	From August 14, 2023 to February 29, 2024
(4) Reason for acquisition	To enhance shareholder returns and to increase capital efficiency as well as to enable the Company to implement a flexible capital strategy in response to changes in the business environment.

(Translation)

2) Disposal of treasury shares

The Company has completed the disposal of treasury shares, which was resolved at the Board of Directors Meeting held on May 15, 2023, as follows.

(1) Number of shares disposed of	103,900 shares
(2) Total amount of disposal	383,287,100 yen
(3) Allottee	Custody Bank of Japan, Ltd. (Trust E Account)
(4) Date of disposal	May 31, 2023

3) Board Benefit Trust (BBT)

The Company has introduced a Board Benefit Trust (BBT) (hereinafter referred to as the “System”), which is a performance-linked stock-based compensation plan, meant to further clarify the link between the compensation of Executive Directors and the Company’s operating performance and stock value, thereby enhancing their motivation to contribute to the improvement of operating performance in the medium and long term and to boost corporate value. At the Board of Directors meeting held on March 30, 2023, it was resolved to establish the Corporate Officer Stock Benefit Rules with an effective date of April 1, 2023, and to add Corporate Officers to those eligible for stock benefits under the System.

Under this System, in accordance with the Director Stock Benefit Rules and Corporate Officer Stock Benefit Rules established in advance by the Company, Executive Directors and Corporate Officers of the Company who satisfy certain requirements can receive the Company’s shares after their retirement. The said shares including the future portion are acquired in advance, through money designated to the trust, and are managed separately as trust assets.

**3. Share Subscription Rights (Shinkabu Yoyakuken) of the Company, etc.**

Not applicable.

(Translation)

#### 4. Company Officers

##### (1) Directors and Audit & Supervisory Board Members

Position	Name	Assignments in the Company and important positions con-currently held at other companies
Representative Director	Masashi Osada	President Corporate Officer
Representative Director	Yasushi Nakajima	Executive Corporate Officer, Chief Executive, Administrative Management Headquarters
Director	Masanori Nakagawa	Executive Corporate Officer, Chief Executive, Corporate Planning Headquarters and in charge of Sustainability Promotion
○ Director	Yukinori Hamanaka	Managing Corporate Officer, Chief General Manager, Paint Finishing System Division
○ Director	Tadashi Sobue	Managing Corporate Officer, Chief General Manager, Green Technology System Division
Director	Hirokazu Hikosaka	Lawyer
Director	Kiyotaka Fuke	
Director	Masasuke Kishi	
Full-time Audit & Supervisory Board Member	Makoto Wakida	
Full-time Audit & Supervisory Board Member	Hiroyuki Matsunaga	
○ Full-time Audit & Supervisory Board Member	Junichi Sakurai	
Audit & Supervisory Board Member	Shigeo Kobayashi	Certified Public Accountant
Audit & Supervisory Board Member	Nobuyuki Soda	Director and President, Corporate-Pension Business Service Co., Ltd. Outside Director, Audit and Supervisory Committee Member, The Hyakujushi Bank, Ltd.

(Notes)

1. The Directors and the Audit & Supervisory Board Member marked with “○” were newly elected as Directors and an Audit & Supervisory Board Member respectively at the 78th Annual Shareholders’ Meeting held on June 29, 2023, and assumed their positions.
2. Due to expiry of their terms of office at the conclusion of the 78th Annual Shareholders’ Meeting held on June 29, 2023, Koji Kato, Kazuhide Hayakawa, and Nobuko Mizumoto retired from the position of Director, while Toshiyuki Hanazawa retired from the position of Audit & Supervisory Board Member.
3. Directors Hirokazu Hikosaka, Kiyotaka Fuke and Masasuke Kishi are Outside Directors.
4. Audit & Supervisory Board Members Junichi Sakurai, Shigeo Kobayashi and Nobuyuki Soda are Outside Audit & Supervisory Board Members.
5. Audit & Supervisory Board Member Makoto Wakida has abundant knowledge regarding finance and accounting affairs through years of experience at a major bank, Audit & Supervisory Board Member Shigeo Kobayashi has abundant knowledge regarding finance and accounting affairs through experience as a certified public accountant, and Audit & Supervisory Board Member Nobuyuki Soda has abundant knowledge regarding finance and accounting affairs through experience as a manager at a major life insurance company.
6. The Company has notified the Tokyo Stock Exchange of the designation of Directors Hirokazu Hikosaka, Kiyotaka Fuke and Masasuke Kishi, as well as Audit & Supervisory Board Members Junichi Sakurai, Shigeo Kobayashi and Nobuyuki Soda, as Independent Directors/Auditors as stipulated in the provisions of the Tokyo Stock Exchange.

(Translation)

7. Effective April 1, 2024, there was a change in the following Director's position and assignment.

Name	After change	Before change
Masashi Osada	President Corporate Officer, Chief Executive, Business Development Headquarters	Representative Director, President Corporate Officer

**(2) Outline of limited liability agreement**

The Company has concluded limited liability agreements respectively with all Directors who are not executive directors and all Audit & Supervisory Board Members to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance to the provision of Article 427, Paragraph 1 of the Act.

The liability for damages both for such Directors and Audit & Supervisory Board Members pursuant to the agreements is up to the minimum liability amount provided for in laws and regulations.

**(3) Outline of directors and officers liability insurance contract**

The Company has entered into a directors and officers liability insurance contract with an insurance company. The said insurance contract will cover damages that may arise due to insured Officers, etc. assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. All Directors, Audit & Supervisory Board Members and Corporate Officers, etc. of the Company and its subsidiaries are insured under the said insurance contract. The insurance premiums are fully borne by the Company. Also, the Company takes the following measure to prevent the appropriateness of duty execution by Officers, etc. from being compromised: the insurance contract does not cover personal damages, etc. of the Officer arising from his/her criminal acts, or acts committed with the knowledge that they violate the law.

**(4) Compensation, etc. of Directors and Audit & Supervisory Board Members in the fiscal year**

- 1) Matters regarding policy for determining details of compensation, etc. of individual Directors and Audit & Supervisory Board Members

a. Policy

The Company has determined the policy concerning the amount of compensation to Directors and Audit & Supervisory Board Members and the calculation method thereof, and the details of the policy are as follows.

(i) Basic views on the system of compensation

The compensation to Executive Directors (Directors who concurrently serve as Corporate Officers) is composed of basic compensation, which is fixed compensation, and bonus and stock-based compensation, which are performance-linked compensation. The amount of bonus and stock-based compensation fluctuates in close correlation with evaluations of the financial indicators (consolidated ordinary income) and the non-financial indicators (initiatives for long-term strategies (including sustainability, investment in human capital and intellectual property, etc.) and strengthening of governance) to serve as an incentive for achieving their performance goals.

Compensation to Non-Executive Directors (Outside Directors and Directors who do not concurrently serve as Corporate Officers; hereinafter the same applies) and Audit & Supervisory Board members is limited to basic compensation and no bonus and stock-based compensation shall be paid.

(ii) Compensation structure

- a. Compensation to Directors and Audit & Supervisory Board Members is composed of basic compensation, which is fixed compensation, and bonus and stock-based compensation, which are performance-linked compensation. The types of compensation applicable according to officer classification are as follows:

- Executive Directors: Basic compensation, bonuses, stock-based compensation
- Non-Executive Directors: Basic compensation
- Audit & Supervisory Board Members: Basic compensation

- b. The ratio of fixed compensation to performance-linked compensation (total bonus and stock-based compensation) within the total compensation paid to Executive Directors shall be approximately 5:5 based on the standard payment amount, and shall change depending on the “(iii) Performance-linked compensation scheme” below.

(iii) Performance-linked compensation scheme

Performance-linked compensation is composed of bonus and stock-based compensation, with an amount equivalent to 50% paid as bonus and 50% as stock-based compensation. Performance-



(Translation)

linked compensation is evaluated based on financial indicators (consolidated ordinary income) and non-financial indicators (initiatives for long-term strategies (including sustainability, investment in human capital and intellectual property, etc.) and strengthening of governance), with the evaluation ratio being 70% for financial indicators and 30% for non-financial indicators. For the 30% portion of the non-financial indicators, the payment rate will fluctuate within the range of 70% to 130%, depending on the degree of target achievement.

Consolidated ordinary income is one of the key KPIs in the Company's Mid-Term Business Plan, and is thus selected as a financial indicator for the calculation of performance-linked compensation. In addition to the base payment amount equal to a fixed percentage of consolidated ordinary income, if consolidated ordinary income exceeds a certain amount, an amount obtained by multiplying the base payment by the ratio of excess performance shall be paid as an extra payment, which is expected to serve as an incentive for achieving numerical targets in the Mid-Term Business Plan, thereby further improving the Company's operating performance. In addition, a fixed percentage (30%) of the total amount will be evaluated based on these non-financial indicators in order to provide an incentive to further strengthen initiatives for sustainability, investment in human capital and intellectual property, and governance as part of the long-term strategy.

The bonus is paid in cash after the Company's operating performance is finalized. For stock-based compensation, points are granted after the Company's operating performance is finalized. The points granted will be provided, in principle, to Executive Directors at the time of their retirement in the form of the Company's shares or cash equivalent to the fair value thereof.

(iv) Level of compensation

The Compensation Advisory Committee verifies the level of compensation by analyzing and comparing compensation data of industry peer companies from survey data compiled by a third-party organization.

b. Methods for decisions on compensation

Based on "a. Policy (i) Basic views on the system of compensation" above, the Representative Director, President, delegated by the Board of Directors, determines the system and level, etc. of Directors' compensation upon consultation with the Compensation Advisory Committee, which is chaired by an Outside Director. The compensation details thus determined are reported to the Compensation Advisory Committee. In this manner, the Company improves the objectivity and transparency of the process for determining compensation.

c. Methods for decisions on policy

The policy for compensation, etc. of Directors and Audit & Supervisory Board Members is determined by the Board of Directors upon consultation with the Compensation Advisory Committee.

2) Matters regarding resolution of Shareholders' Meeting for compensation, etc. of Directors and Audit & Supervisory Board Members

At the 71st Annual Shareholders' Meeting held on June 29, 2016, a resolution was adopted to set the amount of monetary compensation to Directors to be within ¥540 million per year (of which that for Outside Directors to be within ¥20 million per year) (excluding employee salaries for Directors concurrently serving as employees). As of the conclusion of the said Annual Shareholders' Meeting, there were ten (10) Directors, including two (2) Outside Directors. Subsequently, at the 76th Annual Shareholders' Meeting held on June 29, 2021, a resolution was adopted to revise the amount of compensation to Outside Directors of the Company to be within ¥60 million per year. As of the conclusion of the said Annual Shareholders' Meeting, there were nine (9) Directors, including four (4) Outside Directors.

As a separate category from the said monetary compensation, at the 74th Annual Shareholders' Meeting held on June 27, 2019, a resolution was adopted to introduce a Board Benefit Trust (BBT), a performance-linked stock-based compensation plan (for Executive Directors), with the maximum amount that the Company can contribute to the trust set at ¥450 million (for every three fiscal years). As of the conclusion of the said Annual Shareholders' Meeting, there were seven (7) Executive Directors. At the 59th Annual Shareholders' Meeting held on June 29, 2004, a resolution was adopted to set the amount of monetary compensation to Audit & Supervisory Board Members to be within ¥85 million per year. As of the conclusion of the said Annual Shareholders' Meeting, there were five (5) Audit & Supervisory Board Members.

(Translation)

- 3) Matters regarding delegation of decisions regarding details of compensation, etc. of individual Directors  
 At the Company, based on the resolution of delegation by the Board of Directors, the Representative Director, President can decide the specific details of compensation, etc. of individual Directors within the scope of the policy and scheme stated in “1) a. Policy,” on the premise that the decisions are in accordance with the compensation amount approved at a Shareholders’ Meeting, and he fully respects recommendations from the Compensation Advisory Committee. For the fiscal year ended March 31, 2024, the Representative Director, President Masashi Osada has decided the details.  
 Such decisions are delegated to the Representative Director, President as the Company has deemed that he is the most suitable person to determine the individual compensation of each Director, since the Representative Director, President conducts evaluations of the duties and responsibilities that each Director is in charge of, based on the overall operating results of the Taikisha Group.  
 Upon consultations with and reports on results to the Compensation Advisory Committee by the Representative Director, President, the Company improves the objectivity and transparency of the decision-making process regarding compensation. Therefore, the Board of Directors has deemed that the details of compensation of individual Directors are in accordance with the Company’s policy for determining compensation.

4) Total amount, etc. of compensation, etc. to Directors and Audit & Supervisory Board Members

Category	Total amount of compensation, etc.	Total amount of compensation, etc. by type			Number of persons
		Fixed compensation	Performance-linked compensation		
		Basic compensation	Bonus	Stock-based compensation	
Directors (excluding Outside Directors)	¥554 million	¥210 million	¥171 million	¥171 million	7
Outside Directors	¥48 million	¥48 million	–	–	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	¥45 million	¥45 million	–	–	2
Outside Audit & Supervisory Board Members	¥38 million	¥38 million	–	–	4

(Notes)

1. The amounts of compensation, etc. to Directors include ¥171 million in bonuses expected to be paid and ¥171 million in stock-based compensation expected to be paid relating to the fiscal year.
2. Details of the performance indicators selected as the basis for calculating the amount of performance-linked compensation, reasons for selecting the said performance indicators and the calculation method of the amount of performance-linked compensation are stated in “4. (4) 1) a. (iii) Performance-linked compensation scheme.” The trend of consolidated ordinary income, including this fiscal year, is stated in “1. (2) Trends of assets and income and losses” (available only in Japanese).

(Translation)

## (5) Outside Officers

### 1) Relationship between other companies where important positions are concurrently held by our outside officers and the Company

The important positions that are concurrently held by each of the outside officers of the Company are as stated in “(1) Directors and Audit & Supervisory Board Members” above. There are no special interests between each company where each outside officer concurrently serves and the Company.

### 2) Major activities during the year

Position	Name	Main activities at the meetings
Director	Hirokazu Hikosaka	Attended all 14 meetings (attendance rate: 100%) of the Board of Directors held during the fiscal year ended March 31, 2024. Made timely remarks from an independent and objective standpoint and fulfilled management supervisory function, based on his professional expertise and experience as a lawyer and specialized knowledge regarding legal affairs and internal control that he has accumulated. Also contributed to selecting officer candidates, ensuring objectivity and transparency of director compensation, improving corporate governance and promoting sustainability of the Taikisha Group by proactively providing advice and making proposals at the Nomination Advisory Committee, Compensation Advisory Committee, Governance Committee, and Sustainability Committee which are voluntary committees of the Board of Directors. In addition, he served as the chairperson of the Governance Committee.
Director	Kiyotaka Fuke	Attended all 14 meetings (attendance rate: 100%) of the Board of Directors held during the fiscal year ended March 31, 2024. Made timely remarks from an independent and objective standpoint and fulfilled management supervisory function, based on his abundant expertise and experience as a manager at a leading life insurance company and specialized knowledge regarding governance, human resources development, etc. that he has accumulated. Contributed to the activation of discussions as the chairperson of the Board of Directors. Also contributed to selecting officer candidates, ensuring objectivity and transparency of director compensation, improving corporate governance and promoting sustainability of the Taikisha Group by proactively providing advice and making proposals at the Nomination Advisory Committee, Compensation Advisory Committee, Governance Committee, and Sustainability Committee which are voluntary committees of the Board of Directors. In addition, he served as the chairperson of the Nomination Advisory Committee and the Sustainability Committee.
Director	Masasuke Kishi	Attended all 14 meetings (attendance rate: 100%) of the Board of Directors held during the fiscal year ended March 31, 2024. Made timely remarks from an independent and objective standpoint and fulfilled management supervisory function, based on his abundant expertise and experience as a manager at a leading business corporation and specialized knowledge regarding the information and communications sector and governance that he has accumulated. Also contributed to selecting officer candidates, ensuring objectivity and transparency of director compensation, improving corporate governance and promoting sustainability of the Taikisha Group by proactively providing advice and making proposals at the Nomination Advisory Committee, Compensation Advisory Committee, Governance Committee, and Sustainability Committee which are voluntary committees of the Board of Directors. In addition, he served as the chairperson of the Compensation Advisory Committee.

(Translation)

Position	Name	Main activities at the meetings
Audit & Supervisory Board Member	Junichi Sakurai	Attended all 12 meetings (attendance rate: 100%) of the Board of Directors and all 10 meetings (attendance rate: 100%) of the Audit & Supervisory Board held after he took office, and made remarks to ensure the legality of decision making by the Board of Directors based on his abundant business experience including internal auditing at a leading non-life insurance company as well as extensive knowledge and experience as a manager of a business corporation. Also exchanged opinions with the Representative Director and Outside Directors, and conducted audit visits to branch offices, branches, business offices, and subsidiaries as a full-time Audit & Supervisory Board Member.
Audit & Supervisory Board Member	Shigeo Kobayashi	Attended 13 of 14 meetings (attendance rate: 92.9%) of the Board of Directors and 12 of 14 meetings (attendance rate: 85.7%) of the Audit & Supervisory Board held during the fiscal year ended March 31, 2024, and made remarks to ensure the legality of decision making by the Board of Directors based on his professional expertise and abundant experience as a certified public accountant and professional knowledge about finance and accounting. Also exchanged opinions with the Representative Director and Outside Directors.
Audit & Supervisory Board Member	Nobuyuki Soda	Attended 13 of 14 meetings (attendance rate: 92.9%) of the Board of Directors and 13 of 14 meetings (attendance rate: 92.9%) of the Audit & Supervisory Board held during the fiscal year ended March 31, 2024, and made remarks to ensure the legality of decision making by the Board of Directors based on his abundant expertise and experience as a manager at a leading life insurance company as well as his specialized knowledge. Also exchanged opinions with the Representative Director and Outside Directors.

(Translation)

## 5. Accounting Auditor

### (1) Designation of the Accounting Auditor

A&A Partners

### (2) Accounting Auditor's Compensation, etc., Pertaining to the Fiscal Year Ended March 31, 2024

A&A Partners	Amount of compensation, etc.	¥86 million
	Cash and other profits payable by the Company and its subsidiaries to the Accounting Auditor	¥86 million

(Notes)

1. The Audit & Supervisory Board of the Company examined the status of executed duties for the preceding fiscal years, the grounds for calculating the estimated compensation and other factors with required materials and reports, which were obtained and/or heard from the Directors, relevant in-house departments/sections and the Accounting Auditor. As a result, judging that the compensation amounts above are fair and reasonable, the Audit & Supervisory Board has given its consent, as set forth in Article 399, Paragraph 1, of the Companies Act, with regard to compensation, etc., to the Accounting Auditor.
2. Under the audit agreement between the Company and the Accounting Auditor, compensation to audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated and otherwise cannot be substantially distinguished from each other. Consequently, the above amount reflects total compensation.
3. The Company's overseas subsidiaries are audited by Certified Public Accountants or audit corporations (including those with comparable qualifications abroad) other than the Company's Accounting Auditor.

### (3) Non-Audit Services

Not applicable.

### (4) Policy regarding Determination of Dismissal or Non-Reappointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to have fallen under any of the grounds set forth in the items of Article 340, Paragraph 1, of the Companies Act, and his or her dismissal is judged to be appropriate, the Audit & Supervisory Board shall decide such dismissal subject to the unanimous consent of Audit & Supervisory Board Members. In that case, the dismissal of said Accounting Auditor and reasons therefor will be reported by an Audit & Supervisory Board Member designated by the Audit & Supervisory Board at the first shareholders' meeting to be convened after the dismissal.

In addition, should the Accounting Auditor be deemed unable to perform an audit properly, the Audit & Supervisory Board shall decide the details of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the shareholders' meeting, based on the provisions stipulated in Article 344 of the Companies Act.

(Translation)

## **6. The Company's Systems to Ensure Proper Execution of Business, as well as Operational Status of Said Systems**

### **(1) Systems to Ensure Proper Execution of Business**

The Board of Directors of the Company has determined its basic policy for the systems to ensure proper execution of business (the internal control system), which is set forth in the Companies Act and the Ordinance for Enforcement of the Companies Act, as follows (partially revised on March 28, 2024):

#### **[Objectives]**

The Company shall provide for the basic policy for improvement and operation of the internal control system of the Company and the Taikisha Group as follows, pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, in order to familiarize and thoroughly carry out execution of observance of the laws and regulations, and to ensure proper and efficient business operation.

#### **[Specific contents]**

##### **1. The System to Ensure the Appropriateness of Operations in the Taikisha Group**

- (1) The Company shall provide for Mission Statement "Customers First", Corporate Philosophy, and Management Vision, as well as remind all persons involved about and realize them.
- (2) The Company shall appoint appropriate and diverse Directors who can contribute to realization of materiality which the Taikisha Group shall address, assess them properly, and establish the Director compensation system which provides a strong incentive. In order to ensure transparency in appointment of Directors and the Director compensation system, the Nomination Advisory Committee and the Compensation Advisory Committee shall be established, which are chaired by an Outside Director.
- (3) The Board of Directors shall resolve policies and measures for improving and establishing the optimal governance system to the Company and the Taikisha Group, and monitor its operation status on a regular basis. Through consultation on the resolutions with the Governance Committee which is chaired by an Outside Director and composed mainly of Outside Officers, the governance system shall be further optimized.
- (4) The Internal Control Committee composed of Executive Directors shall, as an executive body on the executive side, implement measures for improving and establishing the optimal governance system on the basis of resolutions by the Board of Directors.
- (5) The Board of Directors shall recognize the risks and opportunities concerning about the Sustainability of the Company and the Group, resolve measures to address such risks and opportunities, and monitor its operation status on a regular basis. Through consultation on the resolutions with the Sustainability Committee which is chaired by an Outside Director and composed of Outside Officers and Executive Directors, the governance system shall be further optimized.
- (6) The Company shall provide for the Affiliate Management Rules to establish management systems of the group companies including an improvement of the reporting system to the Company, make operations of the group companies appropriate, and improve management efficiency of the entire Taikisha Group.
- (7) The Company shall carry out audits for the Company and group companies by the Internal Audit Department on a regular basis in accordance with the Internal Audit Rules. As a result of the internal audits, when a risk of loss for the Company and group companies is found, Directors, Audit & Supervisory Board Members, and other responsible departments shall be so reported and immediately take appropriate measures.
- (8) The Company shall set the Basic Rules for Internal Control, and improve a system for ensuring appropriateness and reliability concerning financial reports.
- (9) As a Company with an Audit & Supervisory Board, the Company shall establish the audit system set forth in 6 to 7 of this basic policy. With said system, Audit & Supervisory Board Members shall audit improvement and operation status of the internal control system of the Company and group companies on a regular basis.

##### **2. The System to Ensure Execution of Duties in Conformity with Laws and Regulations, and the Articles of Incorporation**

- (1) The Company shall establish the Taikisha Ltd. Code of Conduct, make all Directors and employees aware of legal compliance, and promote the improvement of the compliance system. At the Compliance Committee chaired by the Representative Director, President, issues on compliance in the entire business shall be considered and dealt with, and a status of compliance shall be verified.
- (2) The Company shall, as the Whistle-blowing System, have in place an internal reporting system reporting to the Corporate Compliance Department and an external reporting system reporting to an

(Translation)

independent outside attorney. If a risk such as legal violation is found in the Company and group companies, appropriate measures shall be taken immediately.

- (3) In the event of signs of a significant event, the Corporate Compliance Committee consisting of all officers, the General Manager of the Corporate Compliance Department, and the General Manager of the Internal Audit Department shall be convened promptly in order to deal with such event.
- (4) The Company shall refuse any involvement of Anti-Social Forces in its business, reject any requirement from them, and prohibit all Directors and employees of the Company and group companies to have any relationship with them in order to thoroughly exclude Anti-Social Forces.

### **3. The System regarding Risk Management**

(Under usual condition)

- (1) The Company shall establish the Risk Management Rules and, at the Risk Management Committee, identify risks of the Company and group companies in an integrated fashion and implement effective and efficient risk management.
- (2) Depending on risks identified by the Risk Management Committee, each department shall formulate and implement specific countermeasures. Progress and results shall be reported to the Board of Directors via the Risk Management Committee.

(In a contingency)

- (3) For the purpose of response to exposed potential major risks (hereinafter referred to as crisis) and management thereof, the Company shall establish the Crisis Management Committee. In the event that crisis breaks out, the Company shall, in accordance with the basic policy of crisis management, establish the crisis management team or the crisis task force to respond to the crisis under the supervision of the Crisis Management Committee. The Company shall also establish a business continuity plan to restore the damage caused by the crisis.

### **4. The System regarding the Storage and Management of Information Related to the Execution of Duties**

- (1) Information and documents related to execution of duties shall be handled pursuant to internal rules and regulations, especially the Information Security Rules and Document Management Rules, and shall be appropriately stored, managed and disposed of.
- (2) The Company shall have in place a system to disclose information concerning corporate activities in a timely and appropriate manner in accordance with laws and regulations, as well as the disclosure requirements of Tokyo Stock Exchange, etc.

### **5. The System to Ensure the Efficient Execution of Duties**

- (1) Based on the Board of Directors Rules, Rules for Managerial Approval, and other internal rules, the Board of Directors shall resolve and monitor important matters. In relation to matters submitted to the Board of Directors, adequate materials shall be delivered in advance, and enough time for deliberation shall be ensured. The criteria for submission to the Board of Directors shall be appropriately checked and reviewed.
- (2) With a corporate officer system, responsibilities and authorities of corporate management and duty execution shall be clarified, aiming for revitalization of the Board of Directors and promotion of rapid decision making.
- (3) The Management Meeting, mainly consisting of the Executive Directors, shall carry out sufficient deliberations and prompt decision making on management issues and specific matters of the Company and the Taikisha Group delegated by the Board of Directors.
- (4) With the Company's Corporate Philosophy as a foundation, each departmental headquarters and business divisions, after the Policy Review Meeting, shall establish an appropriate annual policy and annual target, and shall work in order to achieve those targets.

### **6. The System regarding Reporting to the Audit & Supervisory Board Members**

- (1) When finding the following matters, Directors and employees shall immediately report to Audit & Supervisory Board Members.
  - i) Matters which may cause serious harm to the Company and group companies
  - ii) Significant violation of laws and regulations or internal rules concerning execution of duties by the Company and group companies
  - iii) Violation of laws and regulations and the Articles of Incorporation by Directors and employees or facts that may lead to such violations
- (2) The manager of the responsible department of the Company who received a report from group

(Translation)

companies shall make a report at a meeting at which the Audit & Supervisory Board Members are present or as necessary to the Audit & Supervisory Board Members of the Company in accordance with the Affiliate Management Rules.

- (3) The Internal Audit Department shall report an internal audit plan and audit results to the Audit & Supervisory Board Members on a regular basis.
- (4) The Corporate Compliance Department shall report operation status of the Whistle-blowing System, matters reported, and contents of consultations to the Audit & Supervisory Board Members on a regular basis.
- (5) Internal approval documents and proceedings of important meetings, etc. shall be always available for the Audit & Supervisory Board Members.
- (6) The Corporate Compliance Department shall, at the request of the Audit & Supervisory Board, monitor and supervise the situation so that the person who made a report is not treated in a disadvantageous manner because he or she made such report.

#### **7. System to Ensure the Effective Implementation of Audits by Audit & Supervisory Board Members**

- (1) Other than the Board of Directors meeting, Audit & Supervisory Board Members may attend the Management Meeting, and other important meetings to express opinions.
- (2) Directors and employees shall, upon request from Audit & Supervisory Board Members, explain matters concerning business execution.
- (3) The Representative Director, the Chief Executive of the Administrative Management Headquarters, and the General Manager of the Internal Audit Department shall arrange meetings and consultations in order to thoroughly discuss and examine the improvement of the environments for audits conducted by Audit & Supervisory Board Members, and shall ensure the effectiveness of such audits.
- (4) Audit & Supervisory Board Members may make requests for improvement of the audit system and other related matters in order to ensure the effectiveness of audits conducted by them.
- (5) The Company shall establish the Audit & Supervisory Board Members Office under the Audit & Supervisory Board Members and appoint employees who shall assist with the Audit & Supervisory Board Members' duties.
- (6) Consent from Audit & Supervisory Board Members shall be required for appointment, dismissal and transfer of those employees from positions and personnel evaluation, and the Company shall ensure that they are independent of Directors and instructions to them are effective.
- (7) Audit & Supervisory Board Members may request that any expenses incurred with respect to the execution of duties be paid in advance or reimbursed in accordance with the provisions of the Audit & Supervisory Board Rules.

#### **(2) Summary of Operational Status of the Systems to Ensure Proper Execution of Business**

The operational status of the internal control system for the fiscal year ended March 31, 2024, was as follows:

##### **1) Compliance-related Initiatives**

During the fiscal year, 12 Compliance Committee meetings were held to examine and discuss the compliance-related issues of the Taikisha Group and verify the status of compliance with laws and regulations.

To raise the awareness of compliance among officers and employees, the Company took several measures such as transmitting information via its intranet, posting posters for enlightenment, holding workshops to explain compliance manuals and training officers and employees (e.g., e-learning and staff training at various locations). The Corporate Compliance Department disseminated regularly the internal reporting systems via its intranet and posters.

##### **2) Risk Management-related Initiatives**

Two Risk Management Committee meetings were held to examine and discuss basic policies on the risk management of the Taikisha Group. In addition to identifying risks for the Company and the Taikisha Group in an integrated manner and conducting effective and efficient risk management, regarding risks associated with departmental operations, pursuant to the basic policy on risk management, each department identified risks, drafted and implemented specific measures against the risks, and reported their status to the Risk Management Committee.

##### **3) Initiatives to Ensure the Appropriateness and the Efficiency of the Execution of Duties by Directors**

Fourteen Board of Directors meetings were held for decision making of the Taikisha Group's management policies and important management issues, as well as for monitoring the execution of



(Translation)

duties by Directors with reference to reports on their business execution.

Twenty-six Management Meetings were held to deliberate and make decisions on important execution of business entrusted by the Board of Directors and the matters to be submitted to the Board of Directors.

**4) Initiatives to Ensure the Appropriateness of Operations Conducted by the Taikisha Group**

Regarding the important matters stipulated in the Affiliate Management Rules, we received reports from subsidiaries. In addition, we regularly checked compliance with the Affiliate Management Rules by subsidiaries.

**5) Initiatives to Ensure the Effectiveness of Reporting to Audit & Supervisory Board Members and the Audits by Audit & Supervisory Board Members**

Audit & supervisory board members attended the meetings of the Board of Directors, the Management Meeting and other important meetings to understand the execution of duties by directors, and collected information and received reports from the directors, employees and other relevant personnel regarding performance of their duties.

The Internal Audit Department timely reported the results of its internal audits within the Group to the Board of Directors and reported the executed status of the audit plan and internal audits, the results of audits and other related matters to the audit & supervisory board members.

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(Note)

Amounts and numbers of shares in this Business Report are rounded down to the nearest unit, while ratios and other figures are rounded off to the nearest unit.

(Translation)

## Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

| Account title                                                                         | Amount         | Account title                                                        | Amount         |
|---------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------|----------------|
| <b>(Assets)</b>                                                                       |                | <b>(Liabilities)</b>                                                 |                |
| <b>Current assets</b>                                                                 | <b>203,374</b> | <b>Current liabilities</b>                                           | <b>103,504</b> |
| Cash and deposits                                                                     | 55,462         | Notes payable, accounts payable for construction contracts and other | 64,867         |
| Notes receivable, accounts receivable from completed construction contracts and other | 125,357        | Short-term loans payable                                             | 3,747          |
| Securities                                                                            | 9,000          | Income taxes payable                                                 | 4,472          |
| Costs on uncompleted construction contracts                                           | 2,274          | Advances received on uncompleted construction contracts              | 13,899         |
| Raw materials and supplies                                                            | 1,092          | Provision for warranties for completed construction                  | 698            |
| Other                                                                                 | 11,209         | Provision for loss on construction contracts                         | 364            |
| Allowance for doubtful accounts                                                       | (1,023)        | Provision for directors' bonuses                                     | 173            |
| <b>Non-current assets</b>                                                             | <b>63,119</b>  | Other                                                                | 15,281         |
| <b>Property, plant and equipment</b>                                                  | <b>11,694</b>  | <b>Non-current liabilities</b>                                       | <b>11,427</b>  |
| Buildings and structures                                                              | 8,636          | Long-term loans payable                                              | 143            |
| Machinery, vehicles, tools, furniture and fixtures                                    | 8,562          | Deferred tax liabilities                                             | 9,053          |
| Land                                                                                  | 1,782          | Provision for directors' retirement benefits                         | 39             |
| Other                                                                                 | 3,996          | Provision for share awards                                           | 30             |
| Accumulated depreciation                                                              | (11,282)       | Provision for share awards for directors                             | 270            |
| <b>Intangible assets</b>                                                              | <b>5,949</b>   | Net defined benefit liability                                        | 1,377          |
| Goodwill                                                                              | 3,528          | Other                                                                | 511            |
| Customer-related assets                                                               | 1,146          | <b>Total liabilities</b>                                             | <b>114,932</b> |
| Other                                                                                 | 1,275          |                                                                      |                |
| <b>Investments and other assets</b>                                                   | <b>45,475</b>  | <b>(Net assets)</b>                                                  |                |
| Investment securities                                                                 | 30,879         | <b>Shareholders' equity</b>                                          | <b>118,974</b> |
| Deferred tax assets                                                                   | 846            | Capital stock                                                        | 6,455          |
| Net defined benefit asset                                                             | 11,582         | Capital surplus                                                      | 3,620          |
| Other                                                                                 | 2,875          | Retained earnings                                                    | 111,869        |
| Allowance for doubtful accounts                                                       | (708)          | Treasury shares                                                      | (2,969)        |
|                                                                                       |                | <b>Accumulated other comprehensive income</b>                        | <b>25,054</b>  |
|                                                                                       |                | Valuation difference on available-for-sale securities                | 14,373         |
|                                                                                       |                | Deferred gains or losses on hedges                                   | (57)           |
|                                                                                       |                | Foreign currency translation adjustment                              | 7,757          |
|                                                                                       |                | Accumulated remeasurements of defined benefit plans                  | 2,981          |
|                                                                                       |                | <b>Non-controlling interests</b>                                     | <b>7,532</b>   |
|                                                                                       |                | <b>Total net assets</b>                                              | <b>151,562</b> |
| <b>Total assets</b>                                                                   | <b>266,494</b> | <b>Total liabilities and net assets</b>                              | <b>266,494</b> |

(Note) Amounts of less than one million yen are rounded down.

(Translation)

## Consolidated Statement of Income

(From April 1, 2023, to March 31, 2024)

(Millions of yen)

| Account title                                           | Amount |               |
|---------------------------------------------------------|--------|---------------|
| Net sales of completed construction contracts           |        | 293,556       |
| Cost of sales of completed construction contracts       |        | 250,244       |
| <b>Gross profit on completed construction contracts</b> |        | <b>43,312</b> |
| Selling, general and administrative expenses            |        | 25,041        |
| <b>Operating income</b>                                 |        | <b>18,270</b> |
| Non-operating income                                    |        |               |
| Interest and dividends income                           | 1,578  |               |
| Other                                                   | 607    | 2,186         |
| Non-operating expenses                                  |        |               |
| Interest expenses                                       | 240    |               |
| Foreign exchange losses                                 | 274    |               |
| Other                                                   | 88     | 604           |
| <b>Ordinary income</b>                                  |        | <b>19,852</b> |
| Extraordinary income                                    |        |               |
| Gain on disposal of non-current assets                  | 13     |               |
| Gain on sales of investment securities                  | 3,167  | 3,180         |
| Extraordinary losses                                    |        |               |
| Loss on disposal of non-current assets                  | 31     |               |
| Impairment loss                                         | 0      |               |
| Loss on valuation of investment securities              | 0      | 31            |
| <b>Profit before income taxes</b>                       |        | <b>23,001</b> |
| Income taxes-current                                    | 6,733  |               |
| Income taxes-deferred                                   | (491)  | 6,242         |
| <b>Profit</b>                                           |        | <b>16,759</b> |
| Profit attributable to non-controlling interests        |        | 1,156         |
| <b>Profit attributable to owners of parent</b>          |        | <b>15,602</b> |

(Note) Amounts of less than one million yen are rounded down.

(Translation)

## Consolidated Statement of Comprehensive Income

(From April 1, 2023, to March 31, 2024)

(Millions of yen)

| Account title                                                                     | Amount        |
|-----------------------------------------------------------------------------------|---------------|
| <b>Profit</b>                                                                     | <b>16,759</b> |
| <b>Other comprehensive income</b>                                                 |               |
| Valuation difference on available-for-sale securities                             | 3,837         |
| Deferred gains or losses on hedges                                                | 5             |
| Foreign currency translation adjustment                                           | 3,382         |
| Remeasurements of defined benefit plans                                           | 1,583         |
| Share of other comprehensive income of entities accounted for using equity method | 28            |
| <b>Total other comprehensive income</b>                                           | <b>8,838</b>  |
| <b>Comprehensive income</b>                                                       | <b>25,597</b> |
| (Details)                                                                         |               |
| Comprehensive income attributable to owners of parent                             | 23,999        |
| Comprehensive income attributable to non-controlling interests                    | 1,597         |

(Notes)

1. Amounts of less than one million yen are rounded down.
2. The amounts in this statement are not subject to audit procedures by the Accounting Auditor.

(Translation)

## Consolidated Statement of Changes in Net Assets

(From April 1, 2023, to March 31, 2024)

(Millions of yen)

|                                                      | Shareholders' equity |                 |                   |                 |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of current period           | 6,455                | 3,540           | 100,296           | (1,158)         | 109,133                    |
| Changes of items during the period                   |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (4,029)           |                 | (4,029)                    |
| Profit attributable to owners of parent              |                      |                 | 15,602            |                 | 15,602                     |
| Purchase of treasury shares                          |                      |                 |                   | (2,201)         | (2,201)                    |
| Disposal of treasury shares                          |                      | 79              |                   | 390             | 470                        |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during the period             | —                    | 79              | 11,572            | (1,810)         | 9,841                      |
| Balance at the end of current period                 | 6,455                | 3,620           | 111,869           | (2,969)         | 118,974                    |

(Translation)

(Millions of yen)

|                                                      | Accumulated other comprehensive income                |                                    |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at the beginning of current period           | 10,535                                                | (63)                               | 4,779                                   | 1,405                                   | 16,657                                       | 6,201                     | 131,992          |
| Changes of items during the period                   |                                                       |                                    |                                         |                                         |                                              |                           |                  |
| Dividends of surplus                                 |                                                       |                                    |                                         |                                         |                                              |                           | (4,029)          |
| Profit attributable to owners of parent              |                                                       |                                    |                                         |                                         |                                              |                           | 15,602           |
| Purchase of treasury shares                          |                                                       |                                    |                                         |                                         |                                              |                           | (2,201)          |
| Disposal of treasury shares                          |                                                       |                                    |                                         |                                         |                                              |                           | 470              |
| Net changes of items other than shareholders' equity | 3,837                                                 | 5                                  | 2,977                                   | 1,576                                   | 8,397                                        | 1,330                     | 9,727            |
| Total changes of items during the period             | 3,837                                                 | 5                                  | 2,977                                   | 1,576                                   | 8,397                                        | 1,330                     | 19,569           |
| Balance at the end of current period                 | 14,373                                                | (57)                               | 7,757                                   | 2,981                                   | 25,054                                       | 7,532                     | 151,562          |

(Note) Amounts of less than one million yen are rounded down.

(Translation)

## Notes to Consolidated Financial Statements

### [Notes regarding the Basis for Preparing Consolidated Financial Statements]

#### 1. Scope of consolidation

|                                     |                                                                                                                                                                                                                                                                    |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of consolidated subsidiaries | 32                                                                                                                                                                                                                                                                 |
| Names of significant subsidiaries   | San Esu Industry Co., Ltd.<br>TKS Industrial Company<br>Taikisha (Thailand) Co., Ltd.<br>WuZhou Taikisha Engineering Co., Ltd.<br>From this consolidated fiscal year, the newly established Taikisha Hungary Kft. has been included in the scope of consolidation. |

#### 2. Application of the equity method

##### (1) Number and names of associates subject to the equity method

|                      |                                                                                                         |
|----------------------|---------------------------------------------------------------------------------------------------------|
| Number of associates | 2                                                                                                       |
| Names of associates  | FreDelish Co., Ltd.<br>Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd. |

##### (2) Name of associate not subject to the equity method

|                                           |                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of associate                         | Makiansia Engineering (M) Sdn. Bhd.                                                                                                                                                                                                                                                                                                                                         |
| Reason for not applying the equity method | The associate not subject to the equity method is excluded from the scope of application of the equity method because even if it is excluded from the scope of application of the equity method, it has minor impact on net income (proportionate to equity holdings), retained earnings (proportionate to equity holdings), etc., in the consolidated financial statement. |

#### 3. Accounting policies

##### (1) Standards and methods for valuation of significant assets

|                                                                    |                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Securities                                                         |                                                                                                                                                                                                                                                                  |
| Held-to-maturity debt securities                                   | Amortized cost method (straight-line method)                                                                                                                                                                                                                     |
| Shares of associates                                               | Stated at cost using the moving average method                                                                                                                                                                                                                   |
| Available-for-sale securities                                      |                                                                                                                                                                                                                                                                  |
| Securities other than shares, etc. that do not have a market price | Stated at fair value based on the market prices at the end of the fiscal year. (Valuation difference is reported as a separate item in net assets at net-of-tax amount. The cost of securities sold is stated at cost, determined by the moving average method.) |
| Shares, etc. that do not have a market price                       | Stated at cost using the moving average method                                                                                                                                                                                                                   |
| Derivatives                                                        | Stated at fair value                                                                                                                                                                                                                                             |
| Inventories                                                        |                                                                                                                                                                                                                                                                  |
| Costs on uncompleted construction contracts                        | Stated at cost using the specific identification method                                                                                                                                                                                                          |
| Raw materials and supplies                                         | Stated at cost determined by the moving average method (The amounts stated in the balance sheets are calculated by writing down the book value based on the decline in profitability.)                                                                           |

(Translation)

(2) Depreciation method for principal depreciable assets

Property, plant and equipment  
(excluding leased assets)

The declining-balance method is mainly applied. However, the straight-line method is applied to buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and is applied to facilities attached to buildings and structures acquired on or after April 1, 2016. Certain overseas consolidated subsidiaries apply the straight-line method. The useful lives and residual values of depreciable assets are estimated mainly in accordance with the Corporation Tax Act.

Intangible assets  
(excluding leased assets)

The straight-line method is applied. However, computer software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years). Customer-related assets are amortized by the straight-line method over the effective period (10 years).

Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the lease period with a residual value of zero.

(3) Standards of accounting for principal allowance and provisions

Allowance for doubtful accounts

In order to prepare for losses due to bad debts such as accounts receivable from completed construction contracts and other, the allowance for doubtful accounts is provided at the estimated amount of uncollectable debt. For receivables classified as “normal,” it is provided based on a historical default ratio. For receivables classified as “doubtful” etc., it is provided based on individual assessment on the probability of collection.

Provision for warranties for completed construction

In order to prepare for the costs of repairs for damages related to completed construction work for which the Company and its consolidated subsidiaries (collectively, the “Companies”) are responsible, the provision is provided based on past warranty experience.

Provision for loss on construction contracts

In order to prepare for future losses related to the construction contracts in process, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.

Provision for directors’ bonuses

In order to prepare for directors’ bonuses, the provision is provided based on the estimated payment of the fiscal year.

Provision for directors’ retirement benefits

In order to prepare for directors’ retirement benefits, domestic consolidated subsidiaries recognize the provision for accrued retirement benefits to directors at 100 percent of the amount required by their internal policies for retirement benefits.

Provision for shared awards

In order to prepare for shared-based remuneration to corporate officers upon their retirements, the estimated amount of provision for share-based obligation as of the fiscal year end is provided based on the Corporate Officer Stock Benefit Rules.

Provision for share awards for directors

In order to prepare for share-based remuneration to executive directors upon their retirements, the estimated amount of provision for share-based obligation as of the fiscal year end is provided based on the Director Stock Benefit Rules.



(Translation)

(4) Accounting standards for revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the Taikisha Group's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Construction contracts, etc.

In the Green Technology System business and the Paint Finishing System business, performance obligations for construction contracts, etc. mainly involving design, supervision, and installation are deemed to be satisfied over time, and revenue is recognized based on progress toward complete satisfaction of a performance obligation.

The progress of satisfaction of performance obligations in revenue recognition over time is measured by the ratio of incurred costs to estimated total costs (input methods). In addition, revenue is recognized by cost recovery method in case incurred costs are expected to be recoverable though the progress of satisfaction of performance obligations cannot be reasonably measured.

2) Sales of equipment and materials

In the green technology system business and the paint finishing system business, performance obligations for sales of equipment and materials are deemed to be satisfied at a point in time, and revenue is recognized when products are delivered.

(5) Other important matters for presenting the Consolidated Financial Statements

Important methods of hedge accounting

1) Method of hedge accounting

Accounted for using the deferral method of accounting. With regard to forward exchange contracts that meet the requirements for deferral hedge accounting, deferral hedge accounting is applied.

2) Hedging instruments and hedged items

Hedging instruments Forward exchange contracts, non-deliverable forwards (NDF)

Hedged items Foreign currency receivables, foreign currency payables, future transactions in foreign currency and interest-rate trading for loans payable

3) Hedging policy

The Companies use forward exchange contracts not for the purpose of speculation but for hedging future risks of fluctuation of foreign currency exchange rates.

4) Assessment of hedge effectiveness

As forward exchange contracts in the same currency are used for forward exchange transactions, the correlation to subsequent exchange rate fluctuations is completely ensured. Accordingly, evaluation of hedge effectiveness is omitted.

Accounting procedure for retirement benefits

1) Method of attributing the projected benefit obligations to periods of service

In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year.

(Translation)

2) Amortization method for actuarial differences and prior service costs

Actuarial differences are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the following fiscal year of accrual.

Prior service costs are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the fiscal year of accrual.

Amortization method and period for goodwill Goodwill is amortized by the straight-line method over the effective period not exceeding 20 years. However, an immaterial goodwill is recognized as expenses in the fiscal year of accrual.

**[Notes regarding Accounting Estimates]**

1. Estimate of percentage of completion in construction contracts, etc. in which revenue is recognized over time

(1) Amount recorded on Consolidated Financial Statements for this consolidated fiscal year

Net sales of completed construction contracts ¥271,781 million

(2) Information on details of important accounting estimates concerning items identified

At the Taikisha Group, of the construction contracts as of the consolidated fiscal year-end, if the percentage of completion can be reasonably estimated for specific construction contracts, etc. in which revenue is recognized over time, revenue is recorded according to the said percentage of completion.

The percentage of completion is measured by the ratio of cost incurred as of the fiscal year-end to estimated total costs based on the working budget for the construction contract (input methods).

Regarding the total estimated cost for the construction contract until its completion, as changes may occur in line with the progress, etc. of the construction contract, the Taikisha Group shall continuously review the said estimates and assumptions.

The total estimated cost is calculated based on various types of information, including the details of the said construction contract, etc., the specifications, and the actual cost incurred in similar contracts in the past, for each contract. In particular, regarding projects undertaken by the Taikisha Group, specifications of the contract and details of the work are determined based on the customer's requests, and the details of each contract differ greatly from other contracts. If hindrances to the project's progress that were not foreseen at the initial stage of the contract occur, additional assessments and estimates may be required regarding the altered conditions and the extent of each component in the emergency response.

In addition, the total estimated cost may increase due to factors such as soaring prices of equipment and materials as a result of global circumstances.

As the predictions of such assumptions come with a high level of uncertainty depending on changes in each individual project's conditions, if there is an impact on the total estimated cost and as a result the actual figure differs greatly from the estimate, there may be a material impact on the amount of future income on the consolidated financial statements.

2. Valuation of goodwill and intangible assets

(1) Amount recorded on the consolidated financial statements for this consolidated fiscal year

|                         |                |
|-------------------------|----------------|
| Goodwill                | ¥3,528 million |
| Customer-related assets | ¥1,146 million |

(2) Information on details of important accounting estimates concerning items identified

Regarding goodwill and customer-related assets as of the consolidated fiscal year-end, after verifying the presence of signs of impairment, the Taikisha Group assesses if the recognition and measurement of an impairment will be necessary.

In conducting the recognition and measurement of impairment loss, assumptions will be made regarding the discount rate and future cash flows mainly based on the business plan and then applied.

These assumptions are determined at the discretion of management based on the best estimates. However, as they may be affected by the results of fluctuations, etc. of uncertain economic conditions in the future, if they have to be reviewed, there may be a material impact on the consolidated financial statements.

(Translation)

**[Notes to Consolidated Balance Sheet]**

1. Of notes receivable, accounts receivable from completed construction contracts and other, receivables from contracts with customers and contract assets are as follows:

|                                                           | (Millions of yen) |
|-----------------------------------------------------------|-------------------|
| Notes receivable                                          | 5,518             |
| Accounts receivable from completed construction contracts | 60,243            |
| Contract assets                                           | 59,596            |

2. Pledged assets

(1) The following assets are pledged as collateral for loans payable at subsidiaries and associates.

| (Millions of yen)                                  |            |                                                        |
|----------------------------------------------------|------------|--------------------------------------------------------|
| Asset pledged as collateral                        | Book value | Secured obligations corresponding to the asset at left |
| Cash and deposits                                  | 329        | 225                                                    |
| Machinery, vehicles, tools, furniture and fixtures | 12         | 7                                                      |

(2) The following assets are pledged as collateral for security deposits at subsidiaries and associates.

Cash and deposits ¥65 million

(3) The following assets are pledged as collateral for overdraft facilities of subsidiaries and associates.

Cash and deposits ¥20 million

3. Guarantee obligations

The Company guarantees loans payable, etc., made by its associates under agreements concluded with financial institutions.

Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co.,  
Ltd. ¥305 million

4. Endorsed notes ¥0 million

**[Notes to Consolidated Statement of Income]**

1. Revenue from contracts with customers

With regard to net sales of completed construction contracts, the Company does not disaggregate revenues from contracts with customers and other sources of net sales of completed construction contracts. The amount of revenue from contracts with customers is presented in “(Notes regarding Revenue Recognition) 1. Information on revenue from contracts with customers” in Notes to Consolidated Financial Statements.

2. Provision for loss on construction contracts included in the cost of sales of completed construction contracts is ¥314 million.

**[Notes to Consolidated Statement of Changes in Net Assets]**

1. Type and total number of issued shares as of the consolidated fiscal year end

Common shares 33,582,009 shares

(Translation)

## 2. Dividends

### (1) Dividends paid

| Resolution                                            | Type of shares | Total dividends<br>(Millions of<br>yen) | Dividend per<br>share (Yen) | Shareholders'<br>cut-off date | Effective date       |
|-------------------------------------------------------|----------------|-----------------------------------------|-----------------------------|-------------------------------|----------------------|
| Annual Shareholders'<br>Meeting on June 29,<br>2023   | Common shares  | 2,365                                   | 71.00                       | March 31, 2023                | June 30, 2023        |
| Board of Directors<br>Meeting on<br>November 13, 2023 | Common shares  | 1,664                                   | 50.00                       | September 30,<br>2023         | November 30,<br>2023 |

(Notes) 1. The total dividends resolved at the Annual Shareholders' Meeting held on June 29, 2023 include dividends of ¥8 million paid on the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust assets of Board Benefit Trust (BBT).

2. The total dividends resolved at the Board of Directors Meeting held on November 13, 2023 include dividends of ¥7 million paid on the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust assets of Board Benefit Trust (BBT).

### (2) Dividends whose record date is during the fiscal year, but whose effective date is after the end of the fiscal year

The following matters concerning the dividends of common shares are proposed at the Annual Shareholders' Meeting held on June 27, 2024.

|                               |                |
|-------------------------------|----------------|
| 1) Total dividends            | ¥2,670 million |
| 2) Dividend per share         | ¥81.00         |
| 3) Shareholders' cut-off date | March 31, 2024 |
| 4) Effective date             | June 28, 2024  |

Retained earnings are planned to be used as the source of dividends.

(Note) The total dividends include dividends of ¥12 million to be paid on the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust assets of Board Benefit Trust (BBT).

## [Notes regarding Financial Instruments]

### 1. Status of Financial Instruments

#### (1) Policies on financial instruments

The Companies invest their temporary surplus funds in financial assets that are highly secure and procure their short-term working capital in the form of borrowings from financial institutions and so on. The Companies utilize derivatives only to hedge their exposure to the risks as described below and do not enter into such transactions for speculative purposes.

#### (2) Description of financial instruments, related risks and risk management system

Notes receivable, accounts receivable from completed construction contracts and other, which are trade receivables, are exposed to the credit risk of the respective customers. As for the credit risk of customers, the Companies' management system allows us to monitor the credit standing of major customers at any time on a timely basis based on the maturity and balance control by customer. Meanwhile, trade receivables denominated in foreign currencies, which originate from global business operations, are exposed to the risk of exchange rate fluctuations and are partly hedged by utilizing forward exchange contracts.

Securities and investment securities are those of companies with which the Companies have business relations and money trusts, etc. for the investment of temporary surplus funds. Although they are exposed to the risk of fluctuations in market price and credit risk, the Companies continuously monitor through regular checks of the fair value and financial positions of the issuers.

Notes payable, accounts payable for construction contracts and other, which are trade payables, generally mature within one year. While some of them are denominated in foreign currencies for the purpose of importing machinery and equipment and raw materials, etc. and are exposed to the risk of exchange rate fluctuations, the amount of those items are invariably less than the balance of accounts receivable from completed construction contracts, which are similarly denominated in foreign currencies.

Income taxes payable are imposed on the taxable income of the Companies for the fiscal year, and they all mature within one year.

(Translation)

Both short-term and long-term loans payable are fund-raising means associated with business transactions. Short-term loans payable with variable interest rates are exposed to the risk of interest-rate fluctuations. However, long-term loans payables, which are procured at fixed interest rates, in principle, are hedged against interest-rate fluctuation risk.

Derivative transactions consist of forward exchange contracts and NDFs aimed at hedging the risk of fluctuations in exchange rates for exports and imports in the course of ordinary business operations, as well as interest rate swaps aimed at hedging the risk of fluctuations in the interest rates for loans payable. Forward exchange contracts and NDFs are executed and managed in accordance with the relevant guideline regarding foreign exchange control issued by the Chief Executive of the Administrative Management Headquarters. This guideline clearly stipulates regulations for the management policies on derivative transactions, the regulating division and department in charge of risk management, purposes of use, scope of utilization, reporting system. As for interest rate swaps, only those that meet the requirements for the application of special treatment are executed. Derivative transactions are executed only with financial institutions with high credit ratings to reduce the credit risk.

Although trade payables and loans payable are exposed to liquidity risk, the Companies strive to control the liquidity risk such as by having each Group company prepare a monthly cash management plan.

(3) Supplementary explanation on fair value of financial instruments, etc.

The contractual amounts, etc., with regard to derivative transactions in “2. Fair Value of Financial Instruments” below only indicate nominal contractual or notional principal amounts in derivative transactions, and they do not indicate risk amounts in connection with the corresponding derivative transactions.

2. Fair Value of Financial Instruments

The following table indicates the book value, the fair value and the differences thereof as of March 31, 2024.

|                                                                                           | (Millions of yen) |            |            |
|-------------------------------------------------------------------------------------------|-------------------|------------|------------|
|                                                                                           | Book value        | Fair value | Difference |
| (1) Notes receivable, accounts receivable from completed construction contracts and other | 125,357           |            |            |
| Allowance for doubtful accounts *2                                                        | (770)             |            |            |
|                                                                                           | 124,586           | 124,414    | (172)      |
| (2) Securities and investment securities *3                                               | 38,776            | 38,776     | —          |
| Total assets                                                                              | 163,363           | 163,191    | (172)      |
| (3) Notes payable, accounts payable for construction contracts and other                  | 64,867            | 64,841     | (26)       |
| (4) Short-term loans payable                                                              | 3,747             | 3,747      | —          |
| (5) Long-term loans payable                                                               | 143               | 143        | (0)        |
| Total liabilities                                                                         | 68,758            | 68,732     | (26)       |
| (6) Derivative transactions                                                               | (90)              | (90)       | —          |

\*1. Cash and deposits and income taxes payable are not stated because they are settled within a short period of time and their book value approximates fair value.

\*2. “Allowance for doubtful accounts” separately included in “notes receivable, accounts receivable from completed construction contracts and other” is deducted.

\*3. Stocks and other securities without market prices are not included in (2) Securities and investment securities. Book values of such financial instruments in the Consolidated Balance Sheet are as follows.

| (Millions of yen)             |            |
|-------------------------------|------------|
| Category                      | Book value |
| Available-for-sale securities |            |
| Non-listed stocks             | 1,097      |
| Non-listed foreign bonds      | 5          |

(Translation)

(Note 1)

Redemption schedule for monetary receivables and securities with maturities

(Millions of yen)

| Category                                                                              | Fair value |         |         |       |
|---------------------------------------------------------------------------------------|------------|---------|---------|-------|
|                                                                                       | Level 1    | Level 2 | Level 3 | Total |
| Cash and deposits                                                                     | 55,462     | —       | —       | —     |
| Notes receivable, accounts receivable from completed construction contracts and other | 115,597    | 9,618   | 141     | —     |
| Securities and investment securities                                                  |            |         |         |       |
| Available-for-sale securities with maturity dates (money trusts, etc.)                | 9,000      | —       | —       | —     |
| Available-for-sale securities with maturity dates (non-listed foreign bonds)          | —          | 5       | —       | —     |
| Total                                                                                 | 180,060    | 9,624   | 141     | —     |

### 3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using (unadjusted) quoted prices in active markets for the same assets or liabilities.

Level 2 fair value: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable material inputs.

If multiple inputs that have a significant impact on the fair value measurement are used, fair value is classified to the level with the lowest priority in the fair value measurement among the levels to which each of those inputs belongs.

#### (1) Financial instruments measured at fair value

(Millions of yen)

| Category                             | Fair value |         |         |        |
|--------------------------------------|------------|---------|---------|--------|
|                                      | Level 1    | Level 2 | Level 3 | Total  |
| Securities and investment securities |            |         |         |        |
| Available-for-sale securities        |            |         |         |        |
| Stocks                               | 29,776     | —       | —       | 29,776 |
| Total assets                         | 29,776     | —       | —       | 29,776 |
| Derivative transactions              | —          | (90)    | —       | (90)   |

#### (2) Financial instruments other than those measured at fair value

(Millions of yen)

| Category                                                                              | Fair value |         |         |         |
|---------------------------------------------------------------------------------------|------------|---------|---------|---------|
|                                                                                       | Level 1    | Level 2 | Level 3 | Total   |
| Notes receivable, accounts receivable from completed construction contracts and other | —          | 124,414 | —       | 124,414 |
| Securities and investment securities                                                  |            |         |         |         |
| Money trusts                                                                          | —          | 9,000   | —       | 9,000   |
| Stocks                                                                                | —          | 133,414 | —       | 133,414 |
| Notes payable, accounts payable for construction contracts and other                  | —          | 64,841  | —       | 64,841  |
| Short-term loans payable                                                              | —          | 3,747   | —       | 3,747   |
| Long-term loans payable                                                               | —          | 143     | —       | 143     |
| Total liabilities                                                                     | —          | 68,732  | —       | 68,732  |

(Translation)

(Note) Description of valuation techniques and inputs used in the fair value measurements

Assets

(1) Notes receivable, accounts receivable from completed construction contracts and other:

The fair value of these assets is determined based on the present value calculated by applying discount rates, which take into account the remaining period prior to maturity and the credit risk, for receivables individually segmented by certain duration, and their fair value is classified as Level 2.

(2) Securities and investment securities:

As for the calculation of the fair value of these assets, listed stocks are valued using quoted prices. As listed stocks are traded in active markets, their fair value is classified as Level 1. With regard to money trusts, because they are settled within a short period of time, the book value approximates the fair value. Therefore, the book value is used as the fair value and classified as Level 2.

1) The differences between the book value and acquisition cost are as follows:

Available-for-sale securities with fair value (as of March 31, 2024)

(Millions of yen)

| Category                                                           | Book value | Acquisition cost | Difference |
|--------------------------------------------------------------------|------------|------------------|------------|
| Securities whose book value exceeds their acquisition cost         |            |                  |            |
| Stocks                                                             | 29,776     | 9,206            | 20,570     |
| Securities whose book value does not exceed their acquisition cost |            |                  |            |
| Money trusts                                                       | 9,000      | 9,000            | —          |
| Total                                                              | 38,776     | 18,206           | 20,570     |

2) Sales of available-for-sale securities in the fiscal year amounted to ¥4,224 million and the total gain on sales amounted to ¥3,167 million.

3) The “Acquisition cost” in the table above is the book value after deducting impairment losses. The Companies recognize an impairment loss when the fair value of stocks falls 50% or more compared with the acquisition cost and there is no evidence to indicate that the fair value will recover to the book value within one year. When the fair value falls by 30% or more but less than 50% compared with the acquisition cost, the Companies recognize a necessary amount of impairment loss after considering the market prices in the past year and the possibility of recovery.

Liabilities

(3) Notes payable, accounts payable for construction contracts and other, and (4) Short-term loans payable  
The fair value of these liabilities is determined based on the present value calculated by applying discount rates, which take into account the remaining period prior to maturity or repayment and the credit risk, for payables individually segmented by certain duration. The fair value is classified as Level 2.

(5) Long-term loans payable

With regard to floating rate loans, the book value approximates the fair value because the market interest rate is reflected in the interest rate within a short period of time and the credit risk did not fluctuate significantly after borrowing. Therefore, the book value is used as the fair value and classified as Level 2. With regard to fixed rate loans, the fair value is determined based on the present value of the total principal and interest discounted by an interest rate to be applied to similar new loans, and classified as Level 2.

(Translation)

(6) Derivative transactions

Fair value of derivative transactions is determined based on the prices and other data submitted by counterparty financial institutions, and classified as Level 2.

1) Derivative transactions not subject to hedge accounting

For derivative transactions to which hedge accounting is not applied, contractual amounts or the notional principal amounts specified in the derivative contracts, fair value and gain (loss) on valuation as of the consolidated fiscal year end by type of target transaction, as well as the calculation method of said fair value, are as follows:

Currency-related

(Millions of yen)

| Category                | Type                        | Contract amount | Over one year | Fair value | Gain/loss on valuation |
|-------------------------|-----------------------------|-----------------|---------------|------------|------------------------|
| Non-market transactions | Forward exchange contracts: |                 |               |            |                        |
|                         | Buy:                        |                 |               |            |                        |
|                         | JPY                         | 138             | —             | (5)        | (5)                    |
|                         | USD                         | 18              | —             | (0)        | (0)                    |
|                         | CNY                         | 108             | —             | (2)        | (1)                    |
|                         | Sell:                       |                 |               |            |                        |
|                         | USD                         | 31              | —             | 0          | 0                      |
| Total                   |                             | 297             | —             | (7)        | (7)                    |

2) Derivative transactions to which hedge accounting is applied

For derivative transactions to which hedge accounting is applied, contractual amounts or the notional principal amounts specified in the derivative contracts as of the consolidated fiscal year end by type of hedge accounting method are as follows:

Currency-related

(Millions of yen)

| Hedging method      | Transaction type            | Main hedged item                                                     | Contract amount | Over one year | Fair value |
|---------------------|-----------------------------|----------------------------------------------------------------------|-----------------|---------------|------------|
| Method in principle | Forward exchange contracts: |                                                                      |                 |               |            |
|                     | Buy:                        |                                                                      |                 |               |            |
|                     | CNY                         | Accounts payable for construction contracts (forecast)               | 584             | —             | 8          |
|                     | Sell:                       |                                                                      |                 |               |            |
|                     | EUR                         | Accounts receivable from completed construction contracts (forecast) | 474             | 236           | (16)       |
|                     | MYR                         | Accounts receivable from completed construction contracts (forecast) | 381             | 114           | (58)       |
|                     | CNY                         | Accounts receivable from completed construction contracts (forecast) | 415             | 59            | (16)       |
| Total               |                             |                                                                      | 1,855           | 410           | (83)       |



(Translation)

**[Notes regarding Revenue Recognition]**

1. Information on revenue from contracts with customers

(Millions of yen)

|                                       | Reportable segment               |                                 | Total   |
|---------------------------------------|----------------------------------|---------------------------------|---------|
|                                       | Green Technology System business | Paint Finishing System business |         |
| Region                                |                                  |                                 |         |
| Domestic                              | 142,494                          | 13,270                          | 155,764 |
| Overseas                              | 74,025                           | 63,766                          | 137,792 |
| Revenue from contracts with customers | 216,519                          | 77,036                          | 293,556 |
| Revenue from other sources            | —                                | —                               | —       |
| Sales to customers                    | 216,519                          | 77,036                          | 293,556 |

2. Useful information in understanding revenue from contracts with customers

The Taikisha Group is engaged in construction contracts, etc. mainly involving design, supervision, and installation and sales of equipment and materials.

(1) Construction contracts, etc.

The Taikisha Group determines that control over assets is transferred to the customer over a certain period of time because performance of a construction contract or other contract results in creation of an asset or an increase in the value of an asset, and the customer gains control over the asset as the asset is created or the value of the asset increases. Therefore, revenue is recognized based on the degree of progress made in satisfying performance obligations as of the end of the fiscal year.

Degree of progress is measured by the ratio of the cost incurred to the total estimated cost (input methods), since it is possible to make a reasonable estimate of the total estimated cost based on the execution budget. When the degree of progress toward satisfying performance obligation cannot be reasonably estimated, but it is probable that the costs incurred will be recovered, revenue is recognized on a cost recovery basis.

(2) Sales of equipment and materials

The Taikisha Group determines that control over equipment and materials is transferred to the customer and the performance obligation is satisfied at the time of delivery of a product, taking into account indicators related to the transfer of control, such as physical possession of the equipment and materials, and transfer status of significant risks and the economic value associated with ownership to the customer, and recognizes revenue at the time of delivery.

For these performance obligations, the Taikisha Group provides warranties such as free repair for defects that occur within a certain period of time after delivery, which provide assurance to the customer that the product will function as intended in accordance with the specifications agreed upon with the customer. Expected future expenditures for warranties are estimated by considering historical performance rates and recognized as a provision for warranties for completed construction.

In addition, terms of payment for these performance obligations are general and do not include a significant financial component.

(Translation)

3. Information on the relationship between satisfaction of performance obligations for contracts with customers and cash flow from these contracts, and information on the amount and timing of revenue expected to be recognized in the subsequent consolidated fiscal years from contracts with customers existing at the end of this consolidated fiscal year

(1) Contract assets and liabilities outstanding, etc.

|                                                                                                        | (Millions of yen) |
|--------------------------------------------------------------------------------------------------------|-------------------|
| Accounts receivable from completed construction contracts (balance at the beginning of current period) | 48,339            |
| Accounts receivable from completed construction contracts (balance at the end of current period)       | 60,243            |
| Contract assets (balance at the beginning of current period)                                           | 66,224            |
| Contract assets (balance at the end of current period)                                                 | 59,596            |
| Contract liabilities (balance at the beginning of current period)                                      | 23,306            |
| Contract liabilities (balance at the end of current period)                                            | 13,899            |

In the Consolidated Balance Sheet, accounts receivable from completed construction contracts and contract assets are included in notes receivable, accounts receivable from completed construction contracts and other, while contract liabilities are presented as advances received on uncompleted construction contracts.

The amount of revenue recognized in this consolidated fiscal year that was included in the contract liability balance at the beginning of the period was ¥23,657 million. In addition, the amount of revenue recognized in this consolidated fiscal year from performance obligations that were satisfied (or partially satisfied) in prior periods was not material.

(2) Transaction prices allocated to remaining performance obligations

The total transaction price allocated to unfulfilled performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows:

(Millions of yen)

|          | Reportable segment               |                                 | Total   |
|----------|----------------------------------|---------------------------------|---------|
|          | Green Technology System business | Paint Finishing System business |         |
| Region   |                                  |                                 |         |
| Domestic | 100,830                          | 35,687                          | 136,517 |
| Overseas | 40,573                           | 56,476                          | 97,049  |
| Total    | 141,403                          | 92,163                          | 233,567 |

The transaction value allocated to unfulfilled performance obligations in the “Green Technology System business” and “Paint Finishing System business” segments is expected to be recognized as net sales of completed construction contracts primarily within two years, based on the progress of construction.

**[Notes regarding Per-Share Information]**

|                             |           |
|-----------------------------|-----------|
| 1. Net assets per share     | ¥4,388.08 |
| 2. Basic earnings per share | ¥471.94   |

**[Note regarding Significant Subsequent Events]**

Not applicable.

**[Other Notes]**

(Introduction of a Board Benefit Trust (BBT) for Executive Directors, etc.)

Based on the resolution of the 74th Annual Shareholders’ Meeting held on June 27, 2019, the Company has introduced a Board Benefit Trust (BBT) (hereinafter referred to as the “System”), which is a performance-linked stock-based compensation plan for Executive Directors of the Company from the previous consolidated fiscal year.

At the Board of Directors meeting held on March 30, 2023, it was resolved to establish the Corporate Officer Stock Benefit Rules with an effective date of April 1, 2023, and to add Corporate Officers (excluding non-residents of Japan, hereinafter referred to as “Executive Directors, etc.” together with Executive Directors) to those eligible for stock benefits under the System.

(Translation)

The purpose of the System is to further clarify the link between the compensation of Executive Directors, etc. and the Company's operating performance and stock value and enhancing their motivation to contribute to the improvement of operating performance in the medium and long term and to boost corporate value by sharing not only the benefit of stock price increases but also the risk of stock price decreases with shareholders.

In accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts (ASBJ PITF No. 30, March 26, 2015), the gross method has been applied for the accounting treatment under the System.

(1) Outline of the System

The System is a performance-linked stock-based compensation plan whereby the Company's shares are acquired through a trust using money contributed by the Company (hereinafter, the trust established pursuant to the System is referred to as the "Trust") as funds, and the Company's shares and the amount of money equivalent to the value of the Company's shares calculated based on market value are distributed through the Trust to Executive Directors, etc. as compensation in accordance with the Director Stock Benefit Rules and Corporate Officer Stock Benefit Rules (hereinafter referred to as the "Director, etc. Stock Benefit Rules") established by the Company.

The Company's shares, etc. shall be granted to Executive Directors, etc. upon their retirement, in principle.

(2) The Company's shares that remain in the Trust

The Company's shares remaining in the Trust are recognized as treasury shares under net assets at the book value of the Trust (excluding ancillary expenses). The book value and number of treasury shares as of the consolidated fiscal year-end are ¥511 million and 149,500 shares, respectively.

(Translation)

**Non-consolidated Financial Statements****Non-consolidated Balance Sheet**

(As of March 31, 2024)

(Millions of yen)

| Account title                                             | Amount         | Account title                                           | Amount         |
|-----------------------------------------------------------|----------------|---------------------------------------------------------|----------------|
| <b>(Assets)</b>                                           |                | <b>(Liabilities)</b>                                    |                |
| <b>Current assets</b>                                     | <b>111,917</b> | <b>Current liabilities</b>                              | <b>53,386</b>  |
| Cash and deposits                                         | 17,923         | Notes payable-trade                                     | 1,971          |
| Notes receivable-trade                                    | 90             | Electronically recorded obligations-operating           | 23,148         |
| Electronically recorded monetary claims                   | 2,209          | Accounts payable for construction contracts             | 10,388         |
| Accounts receivable from completed construction contracts | 77,261         | Short-term loans payable                                | 1,816          |
| Securities                                                | 9,000          | Lease liabilities                                       | 1              |
| Costs on uncompleted construction contracts               | 53             | Accounts payable-other                                  | 8,762          |
| Raw materials and supplies                                | 263            | Income taxes payable                                    | 3,526          |
| Short-term loans receivable                               | 141            | Advances received on uncompleted construction contracts | 1,126          |
| Other                                                     | 5,237          | Deposits received                                       | 255            |
| Allowance for doubtful accounts                           | (262)          | Provision for warranties for completed construction     | 220            |
| <b>Non-current assets</b>                                 | <b>62,319</b>  | Provision for loss on construction contracts            | 294            |
| <b>Property, plant and equipment</b>                      | <b>5,984</b>   | Provision for directors' bonuses                        | 171            |
| Buildings                                                 | 2,305          | Other                                                   | 1,700          |
| Structures                                                | 26             | <b>Non-current liabilities</b>                          | <b>5,993</b>   |
| Machinery and equipment                                   | 216            | Long-term loans payable                                 | 140            |
| Vehicles                                                  | 0              | Lease liabilities                                       | 3              |
| Tools, furniture and fixtures                             | 171            | Deferred tax liabilities                                | 5,237          |
| Land                                                      | 1,015          | Provision for retirement benefits                       | 133            |
| Leased assets                                             | 5              | Provision for share awards                              | 30             |
| Construction in progress                                  | 2,244          | Provision for share awards for directors                | 270            |
| <b>Intangible assets</b>                                  | <b>1,182</b>   | Other                                                   | 177            |
| Software                                                  | 771            | <b>Total liabilities</b>                                | <b>59,380</b>  |
| Other                                                     | 411            | <b>(Net Assets)</b>                                     |                |
| <b>Investments and other assets</b>                       | <b>55,152</b>  | <b>Shareholders' equity</b>                             | <b>100,541</b> |
| Investment securities                                     | 30,224         | <b>Capital stock</b>                                    | <b>6,455</b>   |
| Shares of subsidiaries and associates                     | 15,787         | <b>Capital surplus</b>                                  | <b>7,376</b>   |
| Long-term loans receivable                                | 358            | Legal capital surplus                                   | 7,297          |
| Long-term prepaid expenses                                | 345            | Other capital surplus                                   | 79             |
| Prepaid pension cost                                      | 7,382          | <b>Retained earnings</b>                                | <b>89,678</b>  |
| Lease and guarantee deposits                              | 1,246          | Legal retained earnings                                 | 1,613          |
| Other                                                     | 15             | Other retained earnings                                 | 88,065         |
| Allowance for doubtful accounts                           | (206)          | Reserve for reduction entry                             | 0              |
|                                                           |                | Reserve for investment on information technology        | 1,200          |
|                                                           |                | General reserve                                         | 35,720         |
|                                                           |                | Retained earnings brought forward                       | 51,145         |
|                                                           |                | <b>Treasury shares</b>                                  | <b>(2,969)</b> |
|                                                           |                | <b>Valuation and translation adjustments</b>            | <b>14,315</b>  |
|                                                           |                | Valuation difference on available-for-sale securities   | 14,373         |
|                                                           |                | Deferred gains or losses on hedges                      | (57)           |
|                                                           |                | <b>Total net assets</b>                                 | <b>114,856</b> |
| <b>Total assets</b>                                       | <b>174,236</b> | <b>Total liabilities and net assets</b>                 | <b>174,236</b> |

(Note) Amounts of less than one million yen are rounded down.

(Translation)

## Non-consolidated Statement of Income

(From April 1, 2023, to March 31, 2024)

(Millions of yen)

| Account title                                              | Amount |               |
|------------------------------------------------------------|--------|---------------|
| Net sales of completed construction contracts              |        | 158,553       |
| Cost of sales of completed construction contracts          |        | 133,236       |
| <b>Gross profit on completed construction contracts</b>    |        | <b>25,317</b> |
| Selling, general and administrative expenses               |        | 15,986        |
| <b>Operating income</b>                                    |        | <b>9,330</b>  |
| Non-operating income                                       |        |               |
| Interest income and dividends income                       | 3,401  |               |
| Dividend income of insurance                               | 188    |               |
| Real estate rent                                           | 182    |               |
| Technical advisory fee                                     | 1,739  |               |
| Reversal of allowance for doubtful accounts                | 29     |               |
| Other                                                      | 60     | 5,604         |
| Non-operating expenses                                     |        |               |
| Interest expenses                                          | 27     |               |
| Rent expenses on real estate                               | 35     |               |
| Foreign exchange losses                                    | 19     |               |
| Other                                                      | 40     | 123           |
| <b>Ordinary income</b>                                     |        | <b>14,810</b> |
| Extraordinary income                                       |        |               |
| Gain on sales of investment securities                     | 3,167  | 3,167         |
| Extraordinary losses                                       |        |               |
| Loss on disposal of non-current assets                     | 12     |               |
| Impairment loss                                            | 0      |               |
| Loss on valuation of investment securities                 | 0      |               |
| Loss on valuation of shares of subsidiaries and associates | 117    | 129           |
| <b>Profit before income taxes</b>                          |        | <b>17,847</b> |
| Income taxes-current                                       | 4,685  |               |
| Income taxes-deferred                                      | (461)  | 4,223         |
| <b>Profit</b>                                              |        | <b>13,624</b> |

(Note) Amounts of less than one million yen are rounded down.

(Translation)

**Non-consolidated Statement of Changes in Net Assets**

(From April 1, 2023, to March 31, 2024)

(Millions of yen)

|                                                      | Shareholders' equity |                       |                       |                       |                             |                                                  |                 |                                   |                         |         |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------------------------------------|-----------------|-----------------------------------|-------------------------|---------|
|                                                      | Capital stock        | Capital surplus       |                       |                       | Retained earnings           |                                                  |                 |                                   |                         |         |
|                                                      |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings     | Other retained earnings                          |                 |                                   | Total retained earnings |         |
|                                                      |                      |                       |                       |                       | Reserve for reduction entry | Reserve for investment on information technology | General reserve | Retained earnings brought forward |                         |         |
| Balance at the beginning of current period           | 6,455                | 7,297                 | —                     | 7,297                 | 1,613                       | 0                                                | 1,000           | 35,720                            | 41,751                  | 80,084  |
| Changes of items during the period                   |                      |                       |                       |                       |                             |                                                  |                 |                                   |                         |         |
| Reserve for investment on information technology     |                      |                       |                       |                       |                             |                                                  | 200             |                                   | (200)                   | —       |
| Dividends of surplus                                 |                      |                       |                       |                       |                             |                                                  |                 |                                   | (4,029)                 | (4,029) |
| Profit                                               |                      |                       |                       |                       |                             |                                                  |                 |                                   | 13,624                  | 13,624  |
| Purchase of treasury shares                          |                      |                       |                       |                       |                             |                                                  |                 |                                   |                         |         |
| Disposal of treasury shares                          |                      |                       | 79                    | 79                    |                             |                                                  |                 |                                   |                         |         |
| Net changes of items other than shareholders' equity |                      |                       |                       |                       |                             |                                                  |                 |                                   |                         |         |
| Total changes of items during the period             | —                    | —                     | 79                    | 79                    | —                           | —                                                | 200             | —                                 | 9,394                   | 9,594   |
| Balance at the end of current period                 | 6,455                | 7,297                 | 79                    | 7,376                 | 1,613                       | 0                                                | 1,200           | 35,720                            | 51,145                  | 89,678  |

|                                                      | Shareholders' equity |                            | Valuation and translation adjustments                 |                                    |                                             | Total net assets |
|------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|------------------|
|                                                      | Treasury shares      | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                  |
| Balance at the beginning of current period           | (1,158)              | 92,678                     | 10,535                                                | (63)                               | 10,472                                      | 103,151          |
| Changes of items during the period                   |                      |                            |                                                       |                                    |                                             |                  |
| Reserve for investment on information technology     |                      | —                          |                                                       |                                    |                                             | —                |
| Dividends of surplus                                 |                      | (4,029)                    |                                                       |                                    |                                             | (4,029)          |
| Profit                                               |                      | 13,624                     |                                                       |                                    |                                             | 13,624           |
| Purchase of treasury shares                          | (2,201)              | (2,201)                    |                                                       |                                    |                                             | (2,201)          |
| Disposal of treasury shares                          | 390                  | 470                        |                                                       |                                    |                                             | 470              |
| Net changes of items other than shareholders' equity |                      |                            | 3,837                                                 | 5                                  | 3,842                                       | 3,842            |
| Total changes of items during the period             | (1,810)              | 7,862                      | 3,837                                                 | 5                                  | 3,842                                       | 11,705           |
| Balance at the end of current period                 | (2,969)              | 100,541                    | 14,373                                                | (57)                               | 14,315                                      | 114,856          |

(Note) Amounts of less than one million yen are rounded down.

(Translation)

## Notes to Non-consolidated Financial Statements

### [Notes regarding Significant Accounting Policies]

#### Accounting Standards

##### (1) Standards and methods for valuation of assets

###### Securities

|                                                                    |                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Held-to-maturity debt securities                                   | Amortized cost method (straight-line method)                                                                                                                                                                                                                     |
| Shares of subsidiaries and associates                              | Stated at cost using the moving-average method                                                                                                                                                                                                                   |
| Available-for-sale securities                                      |                                                                                                                                                                                                                                                                  |
| Securities other than shares, etc. that do not have a market price | Stated at fair value based on the market prices at the end of the fiscal year. (Valuation difference is reported as a separate item in net assets at net-of-tax amount. The cost of securities sold is stated at cost, determined by the moving average method.) |
| Shares, etc. that do not have a market price                       | Stated at cost using the moving-average method                                                                                                                                                                                                                   |

###### Derivatives

Stated at fair value

###### Inventories

Costs on uncompleted construction contracts

Stated at cost using the specific identification method

Raw materials and supplies

Stated at cost determined by the moving average method (The amounts stated in the non-consolidated balance sheets are calculated by writing down the book value based on the decline in profitability.)

##### (2) Depreciation method for non-current assets

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property, plant and equipment (excluding leased assets) | The declining-balance method is applied. However, the straight-line method is applied to buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and is applied to facilities attached to buildings and structures acquired on or after April 1, 2016. The useful lives and the residual values of depreciable assets are estimated mainly in accordance with the Corporation Tax Act. |
| Intangible assets (excluding leased assets)             | The straight-line method is applied. However, computer software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).                                                                                                                                                                                                                                              |
| Leased assets                                           | Lease assets related to finance lease transactions that do not transfer ownership of the leased property to the lessee are depreciated on the straight-line method, assuming the lease period as the useful life and no residual value.                                                                                                                                                                                   |

##### (3) Standards of accounting for allowance and provisions

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allowance for doubtful accounts                     | In order to prepare for losses due to bad debts such as accounts receivable from completed construction contracts and other, the allowance for doubtful accounts is provided at the estimated amount of uncollectable debt. For receivables classified as "normal," it is provided based on a historical default ratio. For receivables classified as "doubtful," etc., it is provided based on individual assessment on the probability of collection. |
| Provision for warranties for completed construction | In order to prepare for the costs of repairs for damages related to completed construction work for which the Company is responsible, the provision is provided based on past warranty experience.                                                                                                                                                                                                                                                      |
| Provision for loss on construction contracts        | In order to prepare for future losses related to the construction contracts in process, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.                                                                                                                                                                                                                                      |

(Translation)

Provision for directors' bonuses

In order to prepare for directors' bonuses, the provision is provided based on the estimated payment of the fiscal year.

Provision for retirement benefits

In order to prepare for employees' retirement benefits, the provision is provided based on estimated benefit obligations and the fair value of plan assets at the end of fiscal year.

1) Method of attributing the projected benefit obligations to periods of service

In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year.

2) Amortization method for actuarial differences and prior service costs

Actuarial differences are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the following fiscal year of accrual.

Prior service costs are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the fiscal year of accrual.

Provision for share awards

In order to prepare for share-based remuneration to corporate officers upon their retirements, the estimated amount of provision for share-based obligation as of the fiscal year end is provided based on the Corporate Officer Stock Benefit Rules.

Provision for share awards for directors

In order to prepare for share-based remuneration to executive directors upon their retirements, the estimated amount of provision for share-based obligation as of the fiscal year end is provided based on the regulation of share-based remuneration for directors.

#### (4) Accounting standards for revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Construction contracts, etc.

In the green technology system business and the paint finishing system business, performance obligations for construction contracts, etc. mainly involving design, supervision, and installation are deemed to be satisfied over time, and revenue is recognized based on progress toward complete satisfaction of a performance obligation.

The progress of satisfaction of performance obligations in revenue recognition over time is measured by the ratio of incurred costs to estimated total costs (input methods). In addition, revenue is recognized by cost recovery method in case incurred costs are expected to be recoverable though the progress of satisfaction of performance obligations cannot be reasonably measured.

2) Sales of equipment and materials

In the green technology system business and the paint finishing system business, performance obligations for sales of equipment and materials are deemed to be satisfied at a point in time, and revenue is recognized when products are delivered.



(Translation)

(5) Other important matters for presenting the Non-consolidated Financial Statements

Methods of hedge accounting

1) Method of hedge accounting

Accounted for using the deferral method of accounting. With regard to forward exchange contracts that meet the requirements for deferral hedge accounting, deferral hedge accounting is applied.

2) Hedging instruments and hedged items

|                     |                                                                                                     |
|---------------------|-----------------------------------------------------------------------------------------------------|
| Hedging instruments | Forward exchange contracts, and non-deliverable forwards (NDF)                                      |
| Hedged items        | Foreign currency receivables, foreign currency payables and future transactions in foreign currency |

3) Hedging policy

The Company uses forward exchange contracts not for the purpose of speculation but for hedging future risks of fluctuation of foreign currency exchange rates.

4) Assessment of hedge effectiveness

As forward exchange contracts in the same currency are used for forward exchange transactions, the correlation to subsequent exchange rate fluctuations is completely ensured. Accordingly, evaluation of hedge effectiveness is omitted.

Accounting procedure for retirement benefits

Accounting procedures for unrecognized actuarial differences and unrecognized prior service costs relative to retirement benefits differ from those applied in the consolidated financial statements.

**[Notes regarding Accounting Estimates]**

1. Estimate of percentage of completion in construction contracts, etc. in which revenue is recognized over time

(1) Amount recorded on Non-consolidated Financial Statements for this fiscal year

Net sales of completed construction contracts ¥156,350 million

(2) Information on details of important accounting estimates concerning items identified

This note is omitted, as the same information has been stated in “Notes regarding Accounting Estimates” in Notes to Consolidated Financial Statements.

2. Valuation of shares of subsidiaries and associates

(1) Amount recorded on Non-consolidated Financial Statements for this fiscal year

Shares of subsidiaries and associates ¥15,787 million

(2) Information on details of important accounting estimates concerning items identified

In the valuation of shares of subsidiaries and associates that do not have market prices, the Company recognizes impairment losses when the real value of such shares declines significantly due to deterioration in the financial condition of the subsidiaries and associates, and when the recoverability of such shares is not sufficiently supported by consideration of the business plans of the subsidiaries and associates.

For shares acquired reflecting excess earning power, the actual value reflects such excess earning power, and if excess earning power is determined to have decreased as a result of consideration of the business plans, the actual value reflects such decrease.

Certain assumptions are made regarding the business plans of subsidiaries and associates with respect to the market environment and other factors of each company. These assumptions are determined at the discretion of management based on the best estimates. However, as they may be affected by the results of fluctuations, etc. of uncertain economic conditions in the future, if they have to be reviewed, there may be a material impact on the Non-consolidated Financial Statements.

(Translation)

**[Notes to Non-consolidated Balance Sheet]**

|                                                                                                                                             |                   |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 1. Accumulated depreciation                                                                                                                 |                   |
| Property, plant and equipment                                                                                                               | ¥3,747 million    |
| 2. Guarantee obligations                                                                                                                    |                   |
| The Company guarantees loans payable, etc., made by its subsidiaries and associates under agreements concluded with financial institutions. |                   |
|                                                                                                                                             | (Millions of yen) |
| TKS Industrial Company                                                                                                                      | 135               |
| Taikisha (Singapore) Pte. Ltd.                                                                                                              | 632               |
| Taikisha (Thailand) Co., Ltd.                                                                                                               | 223               |
| P.T. Taikisha Indonesia Engineering                                                                                                         | 485               |
| Taikisha Vietnam Engineering Inc.                                                                                                           | 484               |
| Taikisha (Taiwan) Ltd.                                                                                                                      | 0                 |
| Tianjin Taikisha Paint Finishing System Ltd.                                                                                                | 2                 |
| Taikisha Korea Ltd.                                                                                                                         | 2,843             |
| Taikisha Engineering India Private Ltd.                                                                                                     | 4,594             |
| Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.                                                            | 305               |
| Total                                                                                                                                       | <u>9,708</u>      |
| 3. Monetary receivables from and payables to subsidiaries and associates                                                                    |                   |
| Short-term monetary receivables                                                                                                             | ¥5,641 million    |
| Long-term monetary receivables                                                                                                              | ¥348 million      |
| Short-term monetary payables                                                                                                                | ¥1,947 million    |

**[Notes to Non-consolidated Statement of Income]**

|                                                                                                                                     |                   |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 1. Transactions with subsidiaries and associates                                                                                    |                   |
|                                                                                                                                     | (Millions of yen) |
| Net sales of completed construction contracts                                                                                       | 3,619             |
| Cost of sales of completed construction contracts                                                                                   | 4,390             |
| Transactions other than operating transactions (for revenue)                                                                        | 4,524             |
| Transactions other than operating transactions (for expenses)                                                                       | 622               |
| 2. Provision for loss on construction contracts included in the cost of sales of completed construction contracts was ¥289 million. |                   |

**[Note to Non-consolidated Statement of Changes in Net Assets]**

|                                                                                                                                                                                                |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Type and number of treasury shares as of the fiscal year end                                                                                                                                   |                |
| Common shares                                                                                                                                                                                  | 759,124 shares |
| (Note) The number of treasury shares as of the fiscal year end includes 149,500 shares held by Custody Bank of Japan, Ltd. (Trust E Account) as the trust assets of Board Benefit Trust (BBT). |                |

(Translation)

**[Note regarding Tax Effect Accounting]**

Breakdown by cause of deferred tax assets and liabilities

(Millions of yen)

|                                                            |         |
|------------------------------------------------------------|---------|
| Deferred tax assets:                                       |         |
| Allowance for doubtful accounts                            | 143     |
| Provision for warranties for completed construction        | 67      |
| Provision for loss on construction contracts               | 90      |
| Provision for retirement benefits                          | 40      |
| Employee pension trust, investment securities              | 368     |
| Accrued enterprise taxes                                   | 245     |
| Accrued bonuses                                            | 2,380   |
| Loss on valuation of investment securities                 | 110     |
| Loss on valuation of shares of subsidiaries and associates | 1,211   |
| Loss on valuation of golf club membership                  | 56      |
| Depreciation in excess of depreciation limit               | 110     |
| Others                                                     | 440     |
| Subtotal                                                   | 5,266   |
| Valuation allowance                                        | (1,886) |
| Total deferred tax assets                                  | 3,380   |
| Deferred tax liabilities:                                  |         |
| Prepaid pension cost                                       | (2,260) |
| Valuation difference on available-for-sale securities      | (6,197) |
| Others                                                     | (160)   |
| Total deferred tax liabilities                             | (8,618) |
| Net deferred tax liabilities                               | (5,237) |

**[Notes regarding Transactions with Related Parties]**

Subsidiaries

(Millions of yen)

| Category   | Name of company, etc.                   | Percentage of voting rights, etc., held (or held of the Company) | Relationship with related party                                                                                               | Transaction details                 | Transaction amount | Account title | Fiscal year-end balance |
|------------|-----------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------|---------------|-------------------------|
| Subsidiary | Taikisha Korea Ltd.                     | Direct holding 80.00%                                            | Concurrently held Officers' posts; Financial support; Delivery of equipment and materials for the Company's construction work | Guarantee of debt <sup>(note)</sup> | 2,843              | —             | —                       |
| Subsidiary | Taikisha Engineering India Private Ltd. | Direct holding 57.89%                                            | Concurrently held Officers' posts; Financial support; Ordering to the Company for part of construction work                   | Guarantee of debt <sup>(note)</sup> | 4,594              | —             | —                       |

Transaction conditions and decision policy thereof:

(Note) Consists of the guarantee for loans payable at said subsidiary and the performance guarantee to the customers of said subsidiary.

**[Notes regarding Revenue Recognition]**

Useful information in understanding revenue from contracts with customers is omitted, as the same information has been stated in "Notes regarding Revenue Recognition" in Notes to Consolidated Financial Statements.

(Translation)

**[Notes regarding Per-Share Information]**

|                             |           |
|-----------------------------|-----------|
| 1. Net assets per share     | ¥3,499.29 |
| 2. Basic earnings per share | ¥412.09   |

**[Note regarding Significant Subsequent Events]**

Not applicable.

**[Other Notes]**

(Introduction of Board Benefit Trust (BBT) for Executive Directors, etc.)

With regard to “Note regarding Transactions of Delivering the Company’s Own Stock to Executive Directors, etc. through Trusts,” it is omitted since the same content is stated in “Other Notes” under Notes to Consolidated Financial Statements.

(Translation)

[Audit & Supervisory Board Audit Report]

## **Audit Report** (English Translation)

Regarding the performance of duties by the Directors for the 79th fiscal year from April 1, 2023, to March 31, 2024, the Audit & Supervisory Board hereby submits its Audit Report, which has been prepared upon careful consideration based on the audit report prepared by each Audit & Supervisory Board Member.

1. Summary of Auditing Methods by the Audit & Supervisory Board Members and Audit & Supervisory Board

- (1) The Audit & Supervisory Board established auditing policies, allocation of duties, and other relevant matters for the fiscal year ended March 31, 2024, and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel and the Accounting Auditor regarding performance of their duties, and requested explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the audit standard stipulated by the Audit & Supervisory Board, followed the auditing policies, allocation of duties and other relevant matters for the fiscal year, communicated with the Directors, the Internal Audit Department, other employees and any other relevant personnel by utilizing means such as telephone lines and the internet, and made efforts to prepare the environment for information collection and audits, and conducted the audit in the following manners.
  - 1) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, requested explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions of the head office, as well as of principal branch offices, branches and business offices.  
With respect to subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Statutory Auditors and other relevant personnel of several major subsidiaries, and received reports as necessary from major subsidiaries, including those overseas, on their operations.
  - 2) With respect to the contents of resolutions of the Board of Directors regarding the improvement of the system stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, which is considered necessary pursuant to the System to Ensure that Directors and Employees of the Company Conform to Laws and Regulations and Articles of Incorporation and the System to Ensure the Appropriateness of Operations conducted by the Corporate Group Consisting of the Company and its Subsidiaries in the Business Report, as well as to the systems (internal control system) that have been improved based on such resolutions, each Audit & Supervisory Board Member received regular reports from Directors, employees and other relevant personnel with regard to the improvement and operational status of said systems, requested explanations as necessary and expressed opinions, in accordance with the “Audit Standards for Audit & Supervisory Board Members Regarding the Internal Control System” and the “Checklist for the Internal Control System Audit,” which were stipulated through consultations among all the Audit & Supervisory Board Members.
  - 3) Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained their independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of their duties and requested explanations as necessary. In addition, each Audit & Supervisory Board Member received notice from the Accounting Auditor that the “system for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the “Product Quality Management Standards Regarding Audits” (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and requested explanations as necessary. Regarding key audit matters, each Audit & Supervisory Board Member held discussions with the Accounting Auditor, received reports regarding the state of implementation of the audit, and requested explanations as necessary.

Based on the above methods, we examined the Business Report and the accompanying supplementary schedules, Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Net Assets, and Notes to Non-consolidated Financial Statements) and the accompanying supplementary schedules, as well as the Consolidated Financial

(Translation)

Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements), all of which pertain to the fiscal year.

## 2. Results of Audit

### (1) Results of Audit of Business Report and Other Relevant Documents

- 1) In our opinion, the Business Report and the accompanying supplementary schedules are in accordance with the related laws, regulations and the Articles of Incorporation, and fairly present the Company's condition.
- 2) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal control system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal control system.

### (2) Results of Audit of Non-consolidated Financial Statements and the Accompanying Supplementary Schedules

In our opinion, the methods and results employed and rendered by A&A Partners are fair and reasonable.

### (3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by A&A Partners are fair and reasonable.

May 15, 2024

#### Taikisha Ltd. Audit & Supervisory Board

|                                                           |                           |
|-----------------------------------------------------------|---------------------------|
| Audit & Supervisory Board<br>Member (Full-time)           | Makoto Wakida (seal)      |
| Audit & Supervisory Board<br>Member (Full-time)           | Hiroyuki Matsunaga (seal) |
| Audit & Supervisory Board<br>Member (Full-time) (Outside) | Junichi Sakurai (seal)    |
| Audit & Supervisory Board<br>Member (Outside)             | Shigeo Kobayashi (seal)   |
| Audit & Supervisory Board<br>Member (Outside)             | Nobuyuki Soda (seal)      |