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## Summary of Results for the Fiscal Year Ended March 2021 (Japanese Standards) (Consolidated Basis)

May 14, 2021

Name of listed company	Takuma Co., Ltd.	Listed stock exchange	Tokyo Stock Exchange
Listing code	6013	URL	<a href="https://www.takuma.co.jp/english/">https://www.takuma.co.jp/english/</a>
Representative	President and Representative Director	Hiroaki Nanjo	
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Planned regular general shareholders' meeting convocation date	June 25, 2021		
Planned securities report submission date	June 25, 2021		
Planned dividend payment start date	June 28, 2021		
Availability of supplementary results materials:	Yes		
Financial results briefing:	Yes (For securities analysis and institutional investors)		

(All amounts rounded down to the nearest million yen)

### 1. Consolidated results for FY2020 (April 1, 2020, to March 31, 2021)

#### (1) Consolidated results

(Percentages indicate percent of change from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	146,726	9.1	10,473	9.1	11,028	7.1	7,529	1.1
FY2019	134,454	10.3	9,600	(17.3)	10,300	(16.5)	7,445	(15.9)

(Note) Comprehensive income: FY2020 8,344 million yen (up 41.9 %)  
FY2019 5,881 million yen (down 19.7 %)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2020	92.73	—	8.6	6.5	7.1
FY2019	90.36	—	8.9	6.4	7.1

(Reference) Equity in net income of affiliates FY2020 218 million yen  
FY2019 222 million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2020	177,741	90,555	50.7	1,109.87
FY2019	163,498	85,040	51.8	1,043.15

(Reference) Equity FY2020 90,142 million yen  
FY2019 84,643 million yen

### (3) Status of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2020	(1,680)	(2,053)	1,903	42,957
FY2019	(11,732)	(202)	(4,350)	44,753

### 2. Dividend status

	Annual dividend					Total dividend	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2019	—	13.00	—	18.00	31.00	2,536	34.3	3.0
FY2020	—	18.00	—	18.00	36.00	2,923	38.8	3.3
FY2021 (forecast)	—	18.00	—	18.00	36.00		38.5	

### 3. Consolidated earnings forecast for FY2021 (April 1, 2021, to March 31, 2022)

(Percentages indicate percent of change from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2021	137,000	(6.6)	10,400	(0.7)	11,000	(0.3)	7,600	0.9	93.57

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## 1. Business results

Forward-looking statements in the text reflect the judgment of the Group's management as of the end of the consolidated fiscal year under review.

### (1) Overview of results for FY2020

Orders received during FY2020 totaled 188,563 million yen, exceeding our target at the beginning of the year (180,000 million yen), thanks to reliable conversion of continued robust demand centering on waste treatment plants into orders.

Net sales rose 12,272 million yen compared to FY2019 to 146,726 million yen on steady progress in the construction of ordered plants. As a result, the order backlog rose 41,837 million yen to 387,152 million yen.

Operating profit rose 872 million yen compared to FY2019 to 10,473 million yen thanks to increased net sales, while ordinary profit rose 727 million yen to 11,028 million yen. Profit attributable to owners of parent rose 83 million yen to 7,529 million yen.

While uncertainty about the future caused by the COVID-19 pandemic had some impact, for example by weighing on capital investment appetite and spurring delays in plans, performance remained robust overall, and no serious effects materialized.

### Performance by segment during the consolidated fiscal year

(Unit: Millions of yen)

Segment	Consolidated FY2020				Change from consolidated FY2019		
	Orders received	Net sales	Operating profit	Backlog	Orders received	Net sales	Operating profit
Domestic Environment and Energy Business	160,591	120,770	11,475	377,143	37,437	12,647	855
Overseas Environment and Energy Business	883	1,188	(140)	427	(468)	45	61
Package Boiler Business	17,524	16,931	640	4,521	(401)	(937)	(325)
Equipment and Systems Business	10,166	8,271	876	5,348	3,376	430	492
Total	189,165	147,162	12,851	387,441	39,944	12,186	1,084
Adjustments	(601)	(435)	(2,378)	(288)	(210)	86	(211)
Total	188,563	146,726	10,473	387,152	39,733	12,272	872

The Group's operating segments consist of the following four businesses: Domestic Environment and Energy, Overseas Environment and Energy, Package Boiler, and Equipment and Systems business. The flagship Domestic Environment and Energy segment accounts for most net sales. (During FY2020, this segment accounted for about 80% of total net sales before excluding inter-segment sales and about 90% of total operating profit before excluding adjustments.)

### Domestic Environment and Energy Business

During FY2020, efforts to take advantage of continued robust demand yielded four orders for new construction, including a waste treatment plant DBO project (encompassing construction and operation); two primary equipment improvement projects; one long-term O&M project; two biomass power plant construction projects; and one sewage sludge incineration power plant construction project. While some contracts were canceled when the underlying plans were halted, orders received rose 37,437 million yen compared to the previous fiscal year to 160,591 million yen.

At the same time, net sales rose 12,647 million yen to 120,770 million yen on steady progress in the construction of ordered plants. As a result, the order backlog stood at 377,143 million yen as of the end of the FY2020. About 50% of that figure is accounted for by DBO, O&M, and other long-term operation projects.

Operating profit rose 855 million yen to 11,475 million yen as sales stemming from steady progress on construction projects and cost reductions overcame transfer of provision of loss on construction contracts for some ongoing projects.

In addition to continuing to work to maintain and expand our position as a leading company by securing orders for waste treatment plants, biomass power plants, and sewage sludge incineration power plants, we will work to expand our after-sales service business, for example by improving quality and strengthening profitability in our operations business, pursuing service life extension and solution proposals, and expanding our power retail business.

### **Overseas Environment and Energy Business**

During FY2020, orders received fell 468 million yen to 883 million yen as orders for new plants failed to materialize due to delays in planned projects and other factors.

However, net sales remained on par with the previous year at 1,188 million yen thanks to progress made on previously ordered bagasse-fired boiler plants, while operating profit improved 61 million yen to yield an operating loss of 140 million yen.

In addition to working to increase added value by enhancing after-sales service so that we can capture biomass power plant orders on an ongoing basis and pursuing additional cost savings, we will continue to work to build structures for capturing orders for Energy from Waste plants.

### **Package Boiler Business**

Orders received during FY2020 fell 401 million yen to 17,524 million yen as factors including a decline in capital investment appetite stemming from future uncertainty created by the COVID-19 pandemic offset continued initiatives to tap replacement demand and secure maintenance orders. Net sales fell 937 million yen to 16,931 million yen, while operating profit fell 325 million yen to 640 million yen.

We will continue to maintain and expand the domestic business with a focus on replacement demand and maintenance while striving to expand the overseas business through efforts centered on our local subsidiary in Thailand. Additionally, we will work to develop new heat source system markets anticipating the decarbonized society of the future, including hybrid systems that combine heat pumps with boilers and hot water heaters as well as wood chip-fueled biomass boilers.

### **Equipment and Systems Business**

During FY2020, orders received rose 3,376 million yen to 10,166 million yen because of an increase in orders for semiconductor industry equipment and air purification equipment as well as robust order volume in the building equipment business.

Reflecting the increase in orders, net sales rose 430 million yen to 8,271 million yen, while operating profit rose 492 million yen to 876 million yen.

Going forward, we will work to expand orders in the building equipment business by strengthening our sales and construction capabilities as well as to increase profit in our semiconductor industry equipment by strengthening product competitiveness.

The Group has worked hard to implement its 12th Medium-Term Management Plan, which ended with FY2020. As a result of the performance of the four businesses, cumulative consolidated ordinary profit during the three-year period covered by the plan totaled 33.6 billion yen exceeding the target of 33.0 billion yen.

The 13th Medium-Term Management Plan (FY2021 to FY2023) has established a cumulative consolidated ordinary profit target of 36.0 billion yen for its three-year period. The COVID-19 pandemic has not yet had a substantial impact on the Group's performance, and we will do our utmost to achieve the targets set forth in the Medium-Term Management Plan. However, potential effects in the event of a worsening of the pandemic might include fewer new orders if demand slows and new orders are delayed, as well as lower sales if delivery of existing orders is delayed.

## (2) Future outlook

The Group expects to see continued demand for its principal products, including replacement and service life extensions for aging waste treatment plants, and construction of biomass power plants against a backdrop of favorable energy policies. However, the number of COVID-19 infections continues to grow worldwide, and there is an ongoing lack of clarity concerning the future direction of the economy.

During FY2021, in light of these circumstances, we expect to see continued robust demand for facilities such as waste treatment plants and biomass power plants, and we have set a target of 180,000 million yen for orders received. Although we expect net sales to fall to 137,000 million yen, which is lower than FY2020, due primarily to changes in the mix of projects in the EPC business, we expect operating profit, ordinary profit, and profit attributable to owners of parent to track their levels during FY2020 at 10,400 million yen, 11,000 million yen, and 7,600 million yen, respectively.

The Group manages its results exclusively on an annual basis because our results tend to fluctuate seasonally, for example Q4 net sales significantly exceed those of other quarters. The reason is that many projects are delivered just before the end of the consolidated fiscal year, so progress and transfers of facilities to customers tend to increase as Q4 progresses.

Additionally, should the effects of the COVID-19 pandemic broaden or last longer than anticipated, our performance could be affected, for example in the form of a decline in new orders due to contracting demand or delayed orders or a slowdown in net sales as a result of delays in deliveries of previously ordered projects. These earnings forecasts do not take such potential impacts into account. In the event it becomes necessary to revise the earnings forecast due to an expansion in the effects of the pandemic, we will make that information available in a timely and appropriate manner.

- Earnings forecasts and other forward-looking statements in this document are based on information currently available to the Company and on certain assumptions that are deemed to be reasonable. They do not constitute a commitment on the part of the Company to achieve any particular level of performance. Actual performance may diverge significantly for a variety of reasons.

## (3) Basic policy concerning profit allocation and dividends during FY2020 and FY2021

Takuma has adopted a policy of returning profits to shareholders founded on the principle of maintaining a stable dividend while working to strengthen its constitution to ensure competitiveness in an increasingly challenging market and taking into account a comprehensive range of factors, including business performance.

We award a total of two dividends each fiscal year, namely, an interim dividend and a year-end dividend. The former is determined by resolution of the Board of Directors, while the latter is determined by resolution of the Regular General Meeting of Shareholders.

In keeping with this policy, we are planning to offer a year-end dividend of 18 yen per share, as announced on May 13, 2020, which combined with the interim dividend paid in December 2020 will yield an annual dividend of 36 yen per share.

We also plan to offer a dividend of 36 yen per share for the upcoming fiscal year (including an interim dividend of 18 yen and a year-end dividend of 18 yen).

We plan to increase our corporate value by continuing to strengthen our financial position through enhancement of our internal reserve and utilizing it to finance capital investment and R&D investment to facilitate the future development of our businesses.

## 2. Management policies

Forward-looking statements in the text reflect the judgment of the Group's management as of the end of the consolidated fiscal year under review.

### (1) Basic policies on management

#### **Company motto**

Value Technology, Value People, Value the Earth

#### **Management Principles**

Takuma will strive for social contribution, corporate value enhancement, long-term corporate development and the satisfaction of all stakeholders by providing goods and services that are needed and recognized as valuable in society.

#### **Long-term Vision**

Takuma aims for sustainable growth with customers and society by implementing ESG management and maintenance of its role of being an indispensable presence in society as a leading company in the field of renewable energy utilization and environmental protection, and we will strive to achieve ordinary profit of 20 billion yen by 2030.

#### [1] Management Principles

Founder Tsunekichi Takuma invented the Takuma boiler in 1912, making a significant contribution to the development of Japanese industry. He then founded Takuma in 1938 with the founding spirit of "Serve society through boiler manufacturing." Since that time, we have carried on Takuma's philosophy while manufacturing an array of boiler types and entered the environmental and sanitation field such as waste treatment plants and water treatment plants while taking advantage of boiler technologies. Also, we have contributed to the development of society and to providing solutions for challenges while broadening our businesses with a focus on energy use and environmental protection. The Group's Management Principles derive from its founding philosophy, and Takuma retains an unchanging system of values that seek to contribute to the long-term, sustainable development of society through its business activities.

#### [2] Long-Term Vision (Vision 2030)

Global issues that merit concern include the growing seriousness of the problem of climate change; the worsening of the sanitation environment due to rapid population growth and urbanization, particularly in emerging nations; and increasing energy demand. At the same time, domestic challenges like falling internal demand caused by the shrinking and aging of Japan's population, shortages of human resources and future leaders, tight financial conditions affecting government, and aging infrastructure are triggering major concerns about how a sustainable society can be realized going forward. Based on these medium- and long-term trends and social issues, we formulated Vision 2030 as a long-term vision that would serve as new guidelines for the Group's medium- and long-term management.

In keeping with this vision, the Takuma Group will implement Environment, Social, and Governance (ESG) management, an approach that consists of addressing key ESG-related issues in an effort to achieve sustainable growth by resolving issues faced by customers and society through business activities. In pursuing business activities built on a core of ESG management, we will strive to become a great partner for our customers by leveraging the technologies and expertise related to energy utilization and environmental protection that are the Group's strengths, along with the relationships of trust we have developed with customers through long-term after-sales service and other interactions. Through the useful technologies and services created through innovation by the Group, which carries on the spirit of a tenacious inventor, we will resolve challenges faced by customers and society, with a focus on the fields of renewable energy utilization and environmental protection. We will work to achieve ordinary profit of 20 billion yen in 2030 by addressing important ESG-related issues through our business activities and pursuing sustainable growth alongside our customers and society.

(2) Medium- and long-term management strategy and issues that need to be addressed

[1] Reflections on the 12th Medium-Term Management Plan (FY2018 to FY2020)

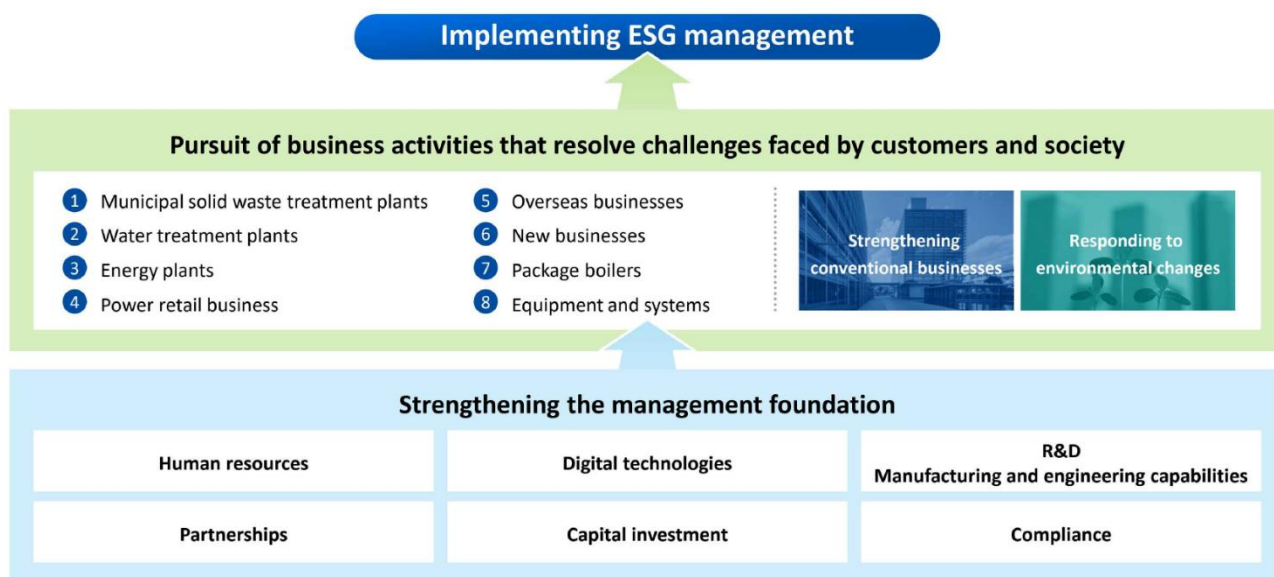
Under the 12th Medium-Term Management Plan, the final stage in the Medium- and Long-Term Vision for FY2020 that the Group launched in FY2012, we have pursued the theme of increasing our corporate capabilities in order to achieve our corporation vision and subsequently realize steady growth. In addition to working to strengthen and expand our revenue foundation, for example by proposing solutions based on customer needs in our after-sales service business and launching an energy plant O&M business for private-sector companies, we safeguarded our market position by continuing to steadily turn robust demand into orders received in our EPC business. As a result of the above initiatives, we believe that we have successfully put in place structures that will allow us to achieve the vision’s goal of consistently earning ordinary profit of at least 10 billion yen. For example, cumulative consolidated ordinary profit over the plan’s three years reached 33.6 billion yen, exceeding the target of 33 billion yen; the capital adequacy ratio was 50.7% at the end of FY2020; and we have maintained a robust financial base, earning a credit rating of A-(R&I).

[2] 13th Medium-Term Management Plan (FY2021 to FY2023)

The Group launched its 13th Medium-Term Management Plan (FY2021 to FY2023) in April 2021 as the first step towards realizing Vision 2030. The plan's theme is laying the foundation for further growth based on the management foundation and business foundation that the Group has built under previous Medium-Term Management Plans.

**Policies of the 13th Medium-Term Management Plan**

We will strengthen conventional businesses by reinforcing the Group's management foundation and at the same time accelerate its response to future environmental changes. We will strive to realize sustainable growth alongside customers and society by implementing ESG management through these business activities.





## a. Implementing ESG management

In order to realize sustainable growth alongside customers and society by implementing ESG management as set forth in Vision 2030, the Group approached the task of formulating the 13th Medium-Term Management Plan by organizing various ESG issues from the dual standpoints of their importance for stakeholders on the one hand, and their importance for the Group on the other. This process led to the identification of seven key issues (Materiality) that deserve to be given priority by the Group.

### Key issues (Materiality)

Environment	Helping combat climate change
	Conserving resources and protecting the environment
Social	Strengthening relationships of trust with customers and communities
	Pursuing partnerships and innovation
	Promoting activities of human resources
	Ensuring safety and health
Governance	Strengthening corporate governance

Going forward, we will report on specific initiatives and targets related to these materialities as well as progress towards them through our CSR Report and other resources.

## b. Strengthening the management foundation

In order to anticipate change and realize additional growth as environmental change gathers pace, for example in the rapid development of digital technologies and the goal of achieving carbon neutrality by 2050, the Group will work to strengthen its management foundation through active allocation and investment of resources in human resources, digital technologies, and other areas of its operations. Through this initiative, we will strengthen conventional businesses and accelerate our response to future environmental changes.

## c. Financial targets

In order to achieve the goal of posting ordinary profit of 20 billion yen in FY2030 as set forth in Vision 2030, the 13th Medium-Term Management Plan sets the achievement of steady growth and a target of cumulative consolidated ordinary profit of 36 billion yen over the course of the plan's three years as the first step in that process.

### (3) Business environment

As the impacts of climate change increasingly manifest themselves, for example in the form of larger-scale natural disasters, renewable energy is attracting high expectations as a path by which we can realize a carbon-free society. In addition, there is continuing robust demand in the Group's principal business domains, such as demand for replacements and service life extensions of aging infrastructure. At the same time, the business environment is expected to undergo major changes over the medium and long term, including shifts in demand in response to changes in the structure of society, for example due to the shrinking and aging of Japan's population; increased reliance on comprehensive contracts as part of a trend to outsource government services; and increasing sophistication and diversity in customer needs in order to solve regional issues.

Additionally, notwithstanding the following descriptions of the business environment for each business segment, should the effects of the COVID-19 pandemic broaden or become more serious, our performance could be affected, for example in the form of a decline in new orders due to contracting demand or delayed orders or a slowdown in sales as a result of delays in deliveries of previously ordered projects.

## **Domestic Environment and Energy Business**

The primary focus of our Domestic Environment and Energy Business is the construction of waste treatment plants and sewage treatment plants for local governments and facilities such as biomass power plants for private-sector customers (EPC business) as well as after-sales service including plant maintenance, operational management, O&M, and power retail business services (recurring revenue model businesses).

Our EPC business is susceptible to the effects of factors such as government policy, for example environmental and other laws and regulations and policy guiding subsidies for local governments and private-sector businesses, as well as trends affecting public investment and private-sector capital investment. As a result, demand will fluctuate significantly over the medium and long term. At the same time, we expect stable demand for our after-sales service business, which comprises maintenance and other services, across the plant life cycle of 20 to 30 years after the start of operation.

Demand remains brisk in our EPC business, and we expect that trend to continue for the time being thanks to demand for replacement and service life extensions due to aging (for waste treatment plants), demand for energy-saving and energy-creating conversions as part of updates to sludge incineration plants (in the sewage treatment field), and demand for facilities such as power plants that use biomass or waste plastic as fuel and utilize the feed-in tariff program for power (for private-sector customers). We also expect to see growing demand in the future in our after-sales service business thanks to trends such as an increase in comprehensive contracts for plant operation in waste treatment, growing reliance on comprehensive contracts in sewage treatment, and increases in the number of plants eligible for after-sales service and in demand for operational outsourcing due to growth in the number of plants delivered by Takuma to private-sector customers.

## **Overseas Environment and Energy Business**

The primary focus of our Overseas Environment and Energy Business is the construction and maintenance of biomass power plants and Energy from Waste plants overseas. We are developing these businesses primarily in Southeast Asia, particularly in Thailand and Taiwan, where we have local subsidiaries.

Although we expect to see continued demand for biomass power plants in Southeast Asia on the back of the region's rich biomass resources and recognize the market's high potential over the medium and long term, competition with Indian and Chinese manufacturers remains intense for our flagship bagasse-fired boiler plants. In addition, while demand for Energy from Waste facilities is rising as a result of urbanization, a stable market has not yet formed to date due to factors including a lack of programs and standards and insufficient funding from governments.

## **Package Boiler Business**

The primary focus of our Package Boiler Business is the manufacture, sale, and maintenance of general-purpose boilers such as compact once-through boilers and vacuum-type hot water heaters, which are used as heat-source equipment at shopping centers, factories, and other facilities.

Although the domestic general-purpose boiler market is a mature market, we expect to see a certain amount of ongoing demand centering on equipment updates, and we also expect demand overseas to grow, primarily in Southeast Asia.

## **Equipment and Systems Business**

The primary focus of our Equipment and Systems Business is the design and fabrication of building equipment like air-conditioning, water, and wastewater systems as well as the manufacture, sale, and maintenance of equipment for use in the semiconductor industry, including clean equipment and washing systems.

Building demand is expected to firm in the near future, and the semiconductor manufacturing equipment market is expected to grow over the medium and long term, despite short-term fluctuations.

### 3. Basic approach to the selection of accounting standards

The Group's policy for the immediate future is to compile consolidated financial statements in accordance with Japanese standards.

We intend to carefully consider a future transition to International Financial Reporting Standards (IFRS) based on a comprehensive consideration of factors including our future business activities and trends in the market environment.

### 4. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Unit: Millions of yen)

	FY2019 (March 31, 2020)	FY2020 (March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	46,145	44,422
Notes and accounts receivable – trade	73,349	84,222
Merchandise and finished goods	1,002	907
Work in process	2,048	1,885
Raw materials and supplies	1,629	1,671
Other	2,812	1,962
Allowance for doubtful accounts	(19)	(16)
Total current assets	126,967	135,056
Non-current assets		
Property, plant and equipment		
Buildings and structures (net amount)	3,075	4,907
Machinery, equipment and vehicles (net amount)	1,531	1,521
Land	2,497	2,501
Other (net amount)	1,316	828
Total property, plant and equipment	8,420	9,759
Intangible assets	275	267
Investments and other assets		
Investment securities	15,629	17,740
Long-term loans receivable	293	334
Deferred tax assets	6,529	7,310
Retirement benefit asset	53	48
Other	5,437	7,365
Allowance for doubtful accounts	(108)	(142)
Total investments and other assets	27,834	32,657
Total non-current assets	36,530	42,685
Total assets	163,498	177,741

(Unit: Millions of yen)

	FY2019 (March 31, 2020)	FY2020 (March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	29,276	30,717
Electronically recorded obligations - operating	14,680	13,184
Short-term borrowings	550	5,602
Income taxes payable	1,673	2,569
Advances received	10,029	9,349
Provision for bonuses	3,153	3,364
Provision for product warranties	164	66
Provision for loss on construction contracts	3,401	3,946
Provision for loss on liquidation of subsidiaries and associates	833	1,003
Other	3,820	6,354
Total current liabilities	67,582	76,157
Non-current liabilities		
Long-term borrowings	262	80
Provision for retirement benefits for directors (and other officers)	220	241
Retirement benefit liability	10,110	10,451
Other	282	256
Total non-current liabilities	10,875	11,029
Total liabilities	78,458	87,186
<b>Net assets</b>		
Shareholders' equity		
Share capital	13,367	13,367
Capital surplus	3,818	3,840
Retained earnings	66,243	70,850
Treasury shares	(2,178)	(2,087)
Total shareholders' equity	81,250	85,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,764	4,461
Deferred gains or losses on hedges	3	36
Foreign currency translation adjustment	(2)	30
Remeasurements of defined benefit plans	(373)	(355)
Total accumulated other comprehensive income	3,392	4,172
Non-controlling interests	397	412
Total net assets	85,040	90,555
Liabilities and net assets	163,498	177,741

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

(Unit: Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
Net sales	134,454	146,726
Cost of sales	108,592	119,927
Gross profit	25,861	26,799
Selling, general and administrative expenses		
Salaries and allowances	5,606	5,601
Welfare expenses	1,481	1,591
Provision for bonuses	1,248	1,372
Retirement benefit expenses	433	440
Provision for retirement benefits for directors (and other officers)	57	60
Commission expenses	1,566	1,679
Travel and transportation expenses	855	555
Depreciation	211	240
Rent expenses	816	800
Taxes and dues	615	642
Research and development expenses	1,151	1,044
Other	2,215	2,297
Total selling, general and administrative expenses	16,261	16,326
Operating profit	9,600	10,473
Non-operating income		
Interest income	19	21
Dividend income	465	435
Share of profit of entities accounted for using equity method	222	218
Other	132	161
Total non-operating income	840	836
Non-operating expenses		
Interest expenses	16	14
Commitment fees	28	28
Loss on disposal of non-current assets	53	148
Provision of allowance for doubtful accounts	-	48
Other	40	41
Total non-operating expenses	139	281
Ordinary profit	10,300	11,028

(Unit: Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
Extraordinary income		
Gain on sale of investment securities	709	1,503
Total extraordinary income	709	1,503
Extraordinary losses		
Provision for loss on liquidation of subsidiaries and associates	-	882
Settlement payments	565	849
Loss on sale of investment securities	213	-
Other	91	99
Total extraordinary losses	870	1,831
Profit before income taxes	10,139	10,700
Income taxes - current	3,891	4,269
Income taxes - deferred	(1,168)	(1,122)
Total income taxes	2,722	3,146
Profit	7,417	7,553
Profit (loss) attributable to non-controlling interests	(28)	24
Profit attributable to owners of parent	7,445	7,529

Consolidated statement of comprehensive income

(Unit: Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
Profit	7,417	7,553
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,625)	697
Deferred gains or losses on hedges	(4)	32
Foreign currency translation adjustment	4	43
Remeasurements of defined benefit plans, net of tax	89	17
Total other comprehensive income	(1,535)	791
Comprehensive income	5,881	8,344
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,906	8,309
Comprehensive income attributable to non-controlling interests	(25)	35

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	10,139	10,700
Depreciation	917	1,036
Loss (gain) on sale of investment securities	(495)	(1,503)
Loss (gain) on disposal of non-current assets	53	148
Increase (decrease) in provision for bonuses	183	210
Increase (decrease) in provision for loss on construction contracts	1,661	545
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(165)	170
Increase (decrease) in retirement benefit liability	494	365
Interest and dividend income	(485)	(457)
Interest paid	16	14
Share of loss (profit) of entities accounted for using equity method	(222)	(218)
Decrease (increase) in trade receivables	(23,614)	(11,551)
Decrease (increase) in inventories	(311)	215
Decrease (increase) in other current assets	(528)	238
Increase (decrease) in trade payables	6,146	539
Increase (decrease) in other current liabilities	(550)	2,527
Other, net	248	(1,797)
Subtotal	(6,514)	1,186
Interest and dividends received	563	527
Interest paid	(18)	(13)
Income taxes refund (paid)	(5,762)	(3,380)
Net cash provided by (used in) operating activities	(11,732)	(1,680)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(650)	(59)
Purchase of property, plant and equipment	(1,520)	(2,287)
Proceeds from sales of property, plant and equipment	507	45
Purchase of intangible assets	(36)	(67)
Purchase of investment securities	(1,253)	(1,428)
Proceeds from sale of investment securities	2,621	1,870
Loan advances	(50)	(50)
Proceeds from collection of loans receivable	139	139
Other, net	38	(217)
Net cash provided by (used in) investing activities	(202)	(2,053)



(Unit: Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(175)	4,950
Repayments of long-term borrowings	(116)	(80)
Purchase of treasury shares	(1,999)	(0)
Dividends paid	(2,067)	(2,922)
Dividends paid to non-controlling interests	(23)	(20)
Other, net	33	(22)
Net cash provided by (used in) financing activities	(4,350)	1,903
Effect of exchange rate change on cash and cash equivalents	11	35
Net increase (decrease) in cash and cash equivalents	(16,273)	(1,795)
Cash and cash equivalents at beginning of period	61,027	44,753
Cash and cash equivalents at end of period	44,753	42,957

### 3. Supplementary forecast materials

#### (1) Consolidated earnings forecast by segment

(Unit: Millions of yen)

Segment	FY2021 (forecast)		
	Orders received	Net sales	Backlog
Domestic Environment and Energy Business	151,500	110,000	418,643
Overseas Environment and Energy Business	3,000	500	2,927
Package Boiler Business	18,000	18,000	4,521
Equipment and Systems Business	8,000	9,000	4,348
Total	180,500	137,500	430,441
Adjustments	(500)	(500)	(288)
Total	180,000	137,000	430,152

#### (2) Consolidated capital investment, depreciation, and research and development expenses forecast

(Unit: Millions of yen)

	FY2020 (actual)	FY2021 (forecast)	Change
Capital investment	2,420	4,000	1,579
Depreciation	1,036	1,000	(36)
Research and development expenses	1,047	1,400	352