Summary of Results for the Fiscal Year Ended March 2022 (Japanese Standards) (Consolidated Basis)

May 13, 2022

Name of listed company	Takuma Co., Ltd.	Listed stock exchange	Tokyo Stock Exchange
Listing code	6013	URL	https://www.takuma.co.jp/english/
Representative	President and Representative Director	Hiroaki Nanjo	
Contact for inquiries	Manager, Corporate Communications & Investor Relations Department Corporate Planning & Administration Division	Hiroyuki Kobayashi	(E-mail) koho-ir@takuma.co.jp

Planned regular general shareholders' meeting convocation date	June 24, 2022
Planned securities report submission date	June 24, 2022
Planned dividend payment start date	June 27, 2022
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 FY2021 (April 1, 2021, to March 31, 2022)

(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	%
FY2021	134,092	(8.6)	9,928	(5.2)	10,647	(3.5)	7,434	(1.3)
FY2020	146,726	9.1	10,473	9.1	11,028	7.1	7,529	1.1

(Note) Comprehensive income: FY2021 7,246 million yen (down 13.2 %)
FY2020 8,344 million yen (up 41.9 %)

	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	%	%	%
FY2021	91.53	—	8.1	6.0	7.4
FY2020	92.73	—	8.6	6.5	7.1

(Reference) Equity in net income of affiliates FY2021 178 million yen
FY2020 218 million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2021	174,535	94,354	53.8	1,162.87
FY2020	177,741	90,555	50.7	1,109.87

(Reference) Equity FY2021 93,908 million yen
FY2020 90,142 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
FY2021	9,000	(2,394)	(9,112)	41,244
FY2020	(1,680)	(2,053)	1,903	42,957

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	%	%
FY2020	—	18.00	—	18.00	36.00	2,923	38.8	3.3
FY2021	—	18.00	—	18.00	36.00	2,916	39.3	3.2
FY2022 (forecast)	—	18.00	—	18.00	36.00		32.9	

3. Consolidated earnings forecast for FY2022 (April 1, 2022, to March 31, 2023)

(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
FY2022	143,000	6.6	11,800	18.8	12,500	17.4	8,800	18.4	109.29

Meeting on February 9, 2022, Takuma's Board of Directors adopted a resolution implementing a share repurchase program.
Basic earnings per share figures in the consolidated earnings forecast reflect the effects of the share repurchase under that program through April 30, 2022.

○ Attachments

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 FY2021

Orders received during FY2021 totaled 192,244 million yen, exceeding our target at the beginning of the year (180,000 million yen), thanks to reliable conversion of continued robust demand including waste treatment plants, biomass power plants, and other products into orders as orders received reached a record high.

Net sales fell to 134,092 million yen, down 12,633 million yen from the previous year, when we made significant progress on waste treatment plant construction projects. As a result, the order backlog rose 58,151 million yen to 445,304 million yen.

Operating profit fell 544 million yen compared to FY2020 to 9,928 million yen due to decreased net sales, while ordinary profit fell 381 million yen to 10,647 million yen. Profit attributable to owners of parent fell 94 million yen to 7,434 million yen.

Future uncertainty caused by the COVID-19 pandemic has impacted some projects , for example by weighing on capital investment appetite and spurring delays in plans, and recent trends such as the rising costs of steel and other materials and equipment dictate caution with regard to the future direction of the economy.

Performance by segment during the consolidated fiscal year

(Unit: Millions of yen)

Segment	Consolidated FY2021				Change from consolidated FY2020		
	Orders received	Net sales	Operating profit	Backlog	Orders received	Net sales	Operating profit
Domestic Environment and Energy Business	164,865	108,657	10,906	433,351	4,273	(12,113)	(568)
Overseas Environment and Energy Business	2,035	1,005	(218)	1,457	1,152	(183)	(77)
Package Boiler Business	16,830	16,498	672	4,852	(693)	(433)	32
Equipment and Systems Business	8,917	8,590	656	5,676	(1,248)	319	(220)
Total	192,648	134,752	12,016	445,337	3,483	(12,409)	(835)
Adjustments	(404)	(659)	(2,087)	(33)	197	(223)	290
Total	192,244	134,092	9,928	445,304	3,680	(12,633)	(544)

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 FY2021, 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 FY2021, efforts to take advantage of continued robust demand yielded orders in our waste treatment plant DBO business and for biomass power plant construction. While some contracts were canceled when the underlying plans were halted, orders received rose 4,273 million yen compared to the previous fiscal year to 164,865 million yen.

<<Major orders received during FY2021>>

Municipal solid waste plants: Three waste treatment plant DBO business projects, one long-term O&M project

Energy plants : Six biomass power plant new construction projects, one long-term O&M project, one industrial waste treatment plant new construction project

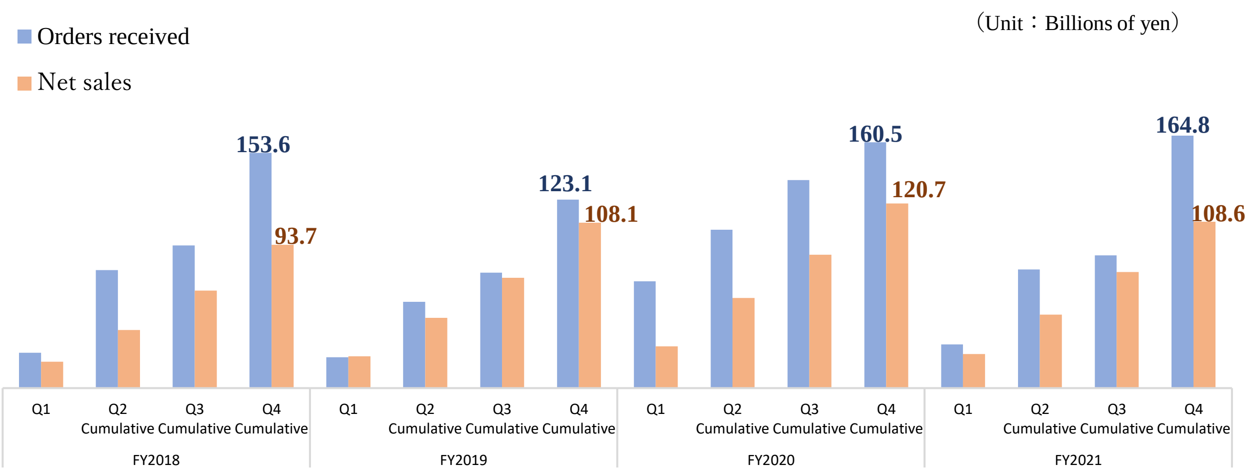
Water treatment plants : One large-scale replacement project involving a sand filtration system at a sewage treatment plant

Despite steady expansion in post-delivery maintenance and operation management, O&M, and other after-sales service business, net sales fell 12,113 million yen from the previous fiscal year to 108,657 million yen, and operating profit fell 568 million yen to 10,906 million yen, due primarily to changes in the mix of projects undertaken as part of the EPC business.

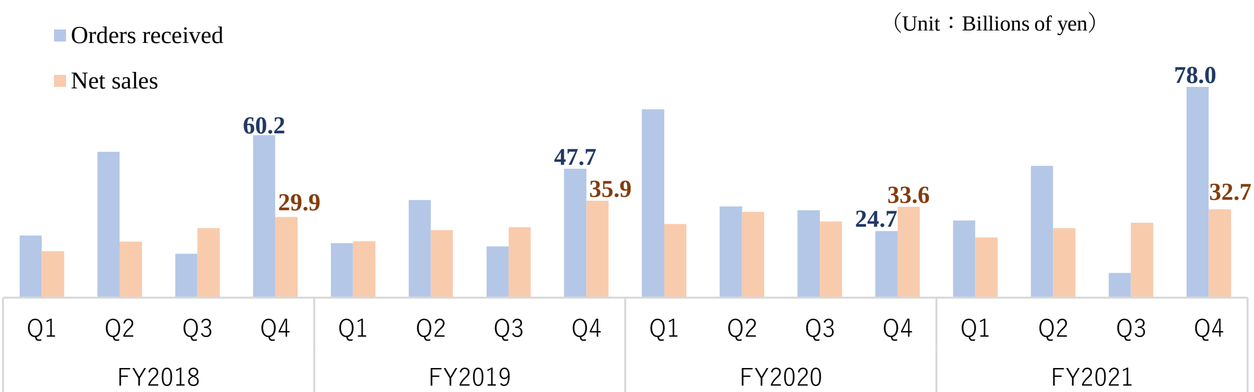
Long-term O&M such as the DBO business (contracts with a duration of at least 10 years, including with private-sector businesses) accounted for about 50% of the order backlog of 433,351 million yen.

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 recurring revenue model businesses, 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.

＜Orders received and net sales (cumulative quarterly total)＞



＜Orders received and net sales (by quarter)＞



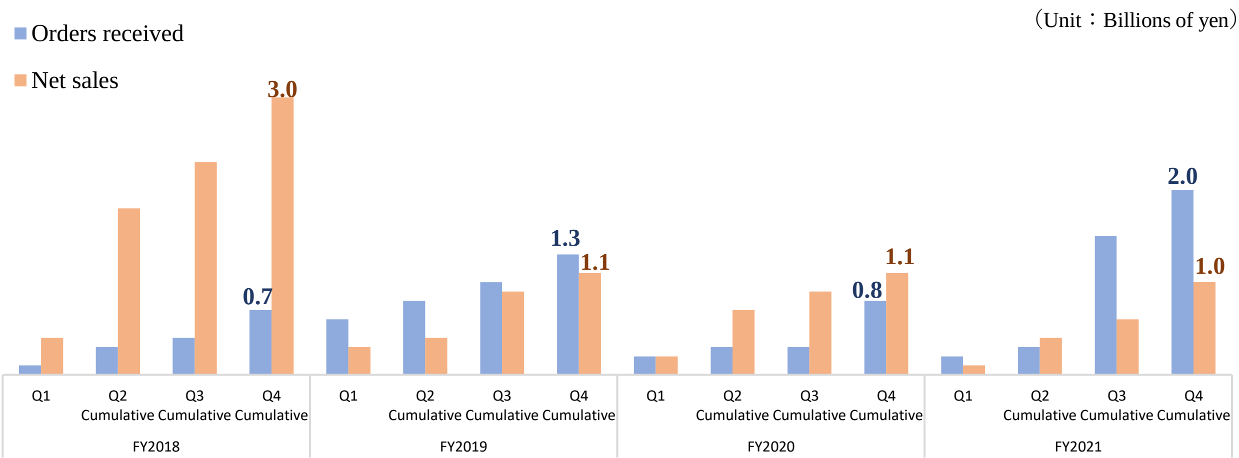
Overseas Environment and Energy Business

Although the business environment during FY2021 remained challenging, including as a result of substantial limitations on sales activities due to the effects of the COVID-19 pandemic and delays in planned projects, we received an order for one equipment replacement project at an Energy from Waste plant in Taiwan, helping push up orders received 1,152 million yen to 2,035 million yen.

However, net sales fell 183 million yen to 1,005 million yen from the previous fiscal year, when we posted net sales from a new biomass plant construction project, due the primacy of maintenance sales by local subsidiaries in Taiwan and Thailand. The cumulative result was an operating loss of 218 million yen, up from a loss of 140 million yen.

In an ongoing effort to secure orders for biomass power plants, we will work to increase added value and differentiate ourselves from competitors, including by enhancing maintenance services offered through our local subsidiary in Thailand and redoubling ongoing cost-cutting efforts by expanding the scope of overseas procurement. In addition, we will build structures to secure orders for Energy from Waste plants, including partnerships with local companies, so that we can capture future demand, particularly in Thailand and Taiwan.

＜Orders received and net sales (cumulative quarterly total)＞



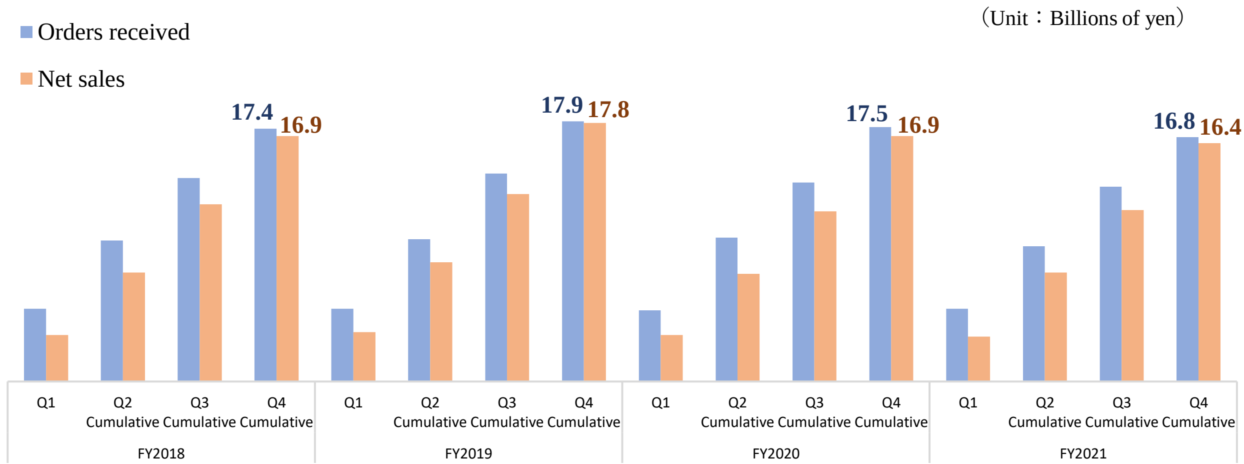
Package Boiler Business

During FY2021, orders received fell 693 million yen from the previous fiscal year, when we posted orders and net sales associated with a number of large projects, to 16,830 million yen, while net sales fell 433 million yen to 16,498 million yen. In this way, intermittent implementation of states of emergency and targeted anti-infection measures combined with a sense of uncertainty about the future, including apprehensions about spreading infections, to prevent a full-throated recovery, offsetting signs of recovery in equipment availability and new-equipment demand, both of which had been weighed down by the effects of the COVID-19 pandemic.

In addition, operating profit rose 32 million yen to 672 million yen due to factors including a decline in operating expenses in the face of limitations on sales activities due to the pandemic.

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 hot water supply systems that combine heat pumps with vacuum-type hot water heaters as well as wood chip-fueled biomass boilers.

＜Orders received and net sales (cumulative quarterly total)＞



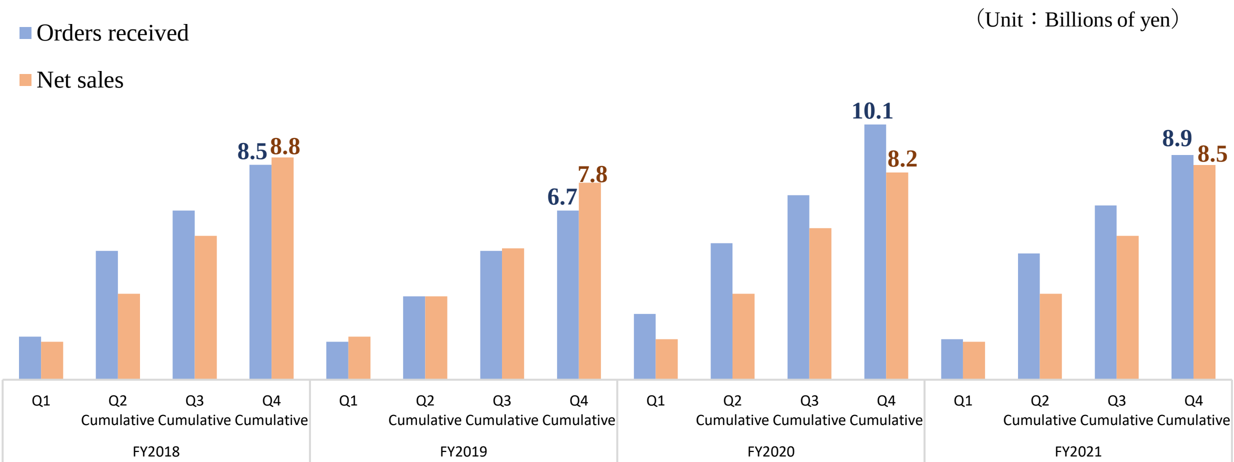
Equipment and Systems Business

During FY2021, orders received fell 1,248 million yen to 8,917 million yen. This decline was the result of factors including delays in private-sector building and equipment construction plans caused by the COVID-19 pandemic, which offset firming demand for semiconductor industry equipment resulting from an expanding market environment.

In addition, net sales rose 319 million yen from the previous fiscal year to 8,590 million yen, while operating profit fell 220 million yen to 656 million yen due to factors including the effects of an increasingly competitive environment in the building equipment business.

Going forward, we will continue to 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.

＜Orders received and net sales (cumulative quarterly total)＞



In April 2021, the Group launched its 13th Medium-Term Management Plan, which covers FY2021 to FY2023, establishing a cumulative consolidated ordinary profit target of 36.0 billion yen for its three-year period.

Ordinary profit during the consolidated fiscal year under review, which is the first year of the plan, of 10.6 billion yen fell slightly below the plan's target. However, we're steadily capturing orders in the Domestic Environment and Energy Business, and we will continue to do our best to achieve the plan's targets. 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. In addition, uncertainty about the future continues, including due to the ongoing effects of the COVID-19 pandemic, growing tension from the situation in Russia-Ukraine, rising prices for steel and other materials and equipment, and growing lead times.

During FY2022, 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 170,000 million yen for orders received.

We expect net sales, operating profit, ordinary profit, and profit attributable to owners of parent to exceed their levels during FY2021 at 143,000 million yen, 11,800 million yen, 12,500 million yen, and 8,800 million yen, respectively, due primarily to steady progress on plant construction projects.

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 FY2021 and FY2022

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 14, 2021, which combined with the interim dividend paid in December 2021 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 have formulated Vision 2030 as a long-term vision that will serve as 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.

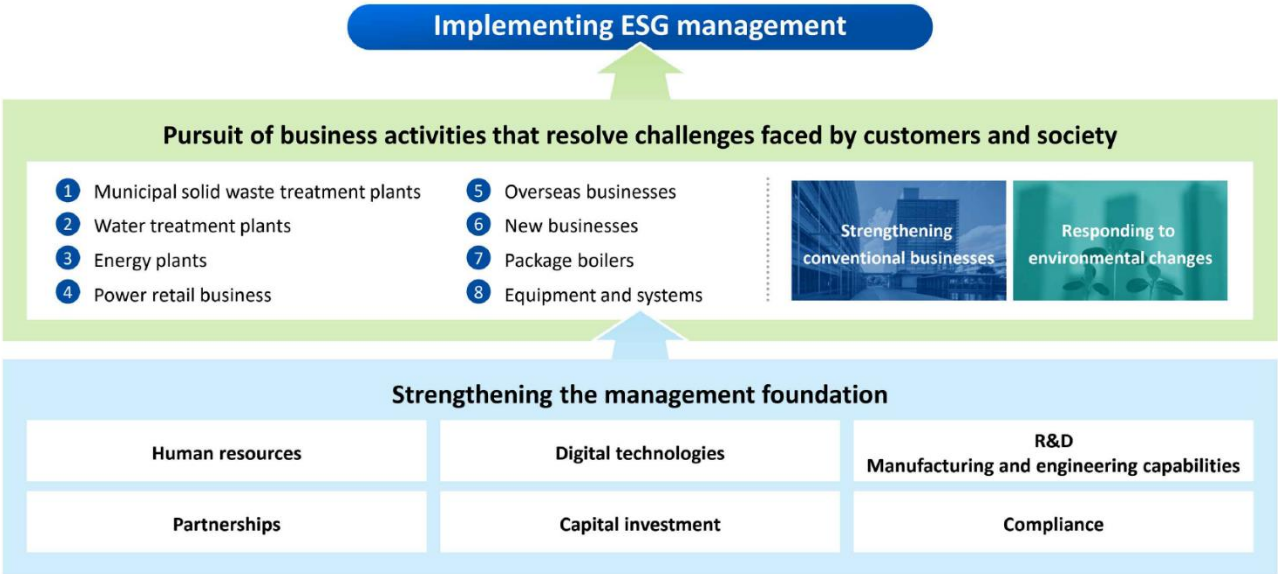
(2) Medium- and long-term management strategy and issues that need to be addressed

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 has 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 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 over the medium and long term despite an expected temporary slowdown 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)

	FY2020 (March 31, 2021)	FY2021 (March 31, 2022)
Assets		
Current assets		
Cash and deposits	44,422	42,979
Notes and accounts receivable – trade	84,222	-
Notes receivable – trade	-	3,065
Accounts receivable – trade	-	30,850
Contract assets	-	48,185
Merchandise and finished goods	907	834
Work in process	1,885	2,139
Raw materials and supplies	1,671	1,630
Other	1,962	4,646
Allowance for doubtful accounts	(16)	(16)
Total current assets	135,056	134,315
Non-current assets		
Property, plant and equipment		
Buildings and structures (net amount)	4,907	4,825
Machinery, equipment and vehicles (net amount)	1,521	1,514
Land	2,501	2,393
Construction in progress	231	2,952
Other (net amount)	596	661
Total property, plant and equipment	9,759	12,346
Intangible assets	267	298
Investments and other assets		
Investment securities	17,740	17,012
Long-term loans receivable	334	722
Deferred tax assets	7,310	4,748
Retirement benefit asset	48	38
Other	7,365	5,187
Allowance for doubtful accounts	(142)	(134)
Total investments and other assets	32,657	27,574
Total non-current assets	42,685	40,220
Total assets	177,741	174,535

(Unit: Millions of yen)

	FY2020 (March 31, 2021)	FY2021 (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	30,717	33,070
Electronically recorded obligations – operating	13,184	16,493
Short-term borrowings	5,602	300
Income taxes payable	2,569	500
Advances received	9,349	-
Contract liabilities	-	8,669
Provision for bonuses	3,364	3,375
Provision for product warranties	66	52
Provision for loss on construction contracts	3,946	1,516
Provision for loss on liquidation of subsidiaries and associates	1,003	-
Other	6,354	4,724
Total current liabilities	76,157	68,704
Non-current liabilities		
Long-term borrowings	80	-
Provision for retirement benefits for directors (and other officers)	241	246
Retirement benefit liability	10,451	10,791
Other	256	439
Total non-current liabilities	11,029	11,477
Total liabilities	87,186	80,181
Net assets		
Shareholders' equity		
Share capital	13,367	13,367
Capital surplus	3,840	3,872
Retained earnings	70,850	75,507
Treasury shares	(2,087)	(2,765)
Total shareholders’ equity	85,970	89,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,461	3,956
Deferred gains or losses on hedges	36	110
Foreign currency translation adjustment	30	79
Remeasurements of defined benefit plans	(355)	(220)
Total accumulated other comprehensive income	4,172	3,926
Non-controlling interests	412	445
Total net assets	90,555	94,354
Liabilities and net assets	177,741	174,535

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

Consolidated Statement of Income

(Unit: Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
Net sales	146,726	134,092
Cost of sales	119,927	107,909
Gross profit	26,799	26,183
Selling, general and administrative expenses		
Salaries and allowances	5,601	5,895
Welfare expenses	1,591	1,591
Provision for bonuses	1,372	1,285
Retirement benefit expenses	440	448
Provision for retirement benefits for directors (and other officers)	60	60
Commission expenses	1,679	1,631
Travel and transportation expenses	555	621
Depreciation	240	277
Rent expenses	800	838
Taxes and dues	642	474
Research and development expenses	1,044	1,003
Other	2,297	2,125
Total selling, general and administrative expenses	16,326	16,254
Operating profit	10,473	9,928
Non-operating income		
Interest income	21	18
Dividend income	435	434
Share of profit of entities accounted for using equity method	218	178
Other	161	235
Total non-operating income	836	866
Non-operating expenses		
Interest expenses	14	5
Commitment fees	28	45
Loss on disposal of non-current assets	148	66
Loss on valuation of investment securities	-	21
Provision of allowance for doubtful accounts	48	-
Other	41	9
Total non-operating expenses	281	148
Ordinary profit	11,028	10,647

(Unit: Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
Extraordinary income		
Insurance claim income	-	300
Gain on sale of investment securities	1,503	197
Total extraordinary income	1,503	497
Extraordinary losses		
New factory construction expenses	-	355
Provision for loss on liquidation of subsidiaries and associates	882	-
Settlement payments	849	-
Other	99	-
Total extraordinary losses	1,831	355
Profit before income taxes	10,700	10,789
Income taxes – current	4,269	618
Income taxes – deferred	(1,122)	2,697
Total income taxes	3,146	3,315
Profit	7,553	7,473
Profit (loss) attributable to non-controlling interests	24	38
Profit attributable to owners of parent	7,529	7,434

Consolidated statement of comprehensive income

(Unit: Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
Profit	7,553	7,473
Other comprehensive income		
Valuation difference on available-for-sale securities	697	(504)
Deferred gains or losses on hedges	32	74
Foreign currency translation adjustment	43	67
Remeasurements of defined benefit plans, net of tax	17	135
Total other comprehensive income	791	(226)
Comprehensive income	8,344	7,246
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,309	7,189
Comprehensive income attributable to non-controlling interests	35	57

(3) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	10,700	10,789
Depreciation	1,036	961
Loss (gain) on sale of investment securities	(1,503)	(197)
Loss (gain) on disposal of non-current assets	148	66
Increase (decrease) in provision for bonuses	210	7
Increase (decrease) in provision for loss on construction contracts	545	(2,429)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	170	(1,003)
Increase (decrease) in retirement benefit liability	365	535
Interest and dividend income	(457)	(452)
Interest paid	14	5
Share of loss (profit) of entities accounted for using equity method	(218)	(178)
Decrease (increase) in trade receivables	(11,551)	1,457
Decrease (increase) in inventories	215	(138)
Decrease (increase) in other current assets	238	(108)
Increase (decrease) in trade payables	539	3,745
Increase (decrease) in other current liabilities	2,527	(2,633)
Other, net	(1,797)	2,690
Subtotal	1,186	13,119
Interest and dividends received	527	522
Interest paid	(13)	(8)
Income taxes refund (paid)	(3,380)	(4,633)
Net cash provided by (used in) operating activities	(1,680)	9,000
Cash flows from investing activities		
Net decrease (increase) in time deposits	(59)	(246)
Purchase of property, plant and equipment	(2,287)	(1,510)
Proceeds from sale of property, plant and equipment	45	117
Purchase of intangible assets	(67)	(61)
Purchase of investment securities	(1,428)	(352)
Proceeds from sale of investment securities	1,870	377
Loan advances	(50)	(610)
Proceeds from collection of loans receivable	139	171
Other, net	(217)	(278)
Net cash provided by (used in) investing activities	(2,053)	(2,394)

(Unit: Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,950	(5,200)
Repayments of long-term borrowings	(80)	(182)
Purchase of treasury shares	(0)	(747)
Dividends paid	(2,922)	(2,924)
Dividends paid to non-controlling interests	(20)	(23)
Other, net	(22)	(33)
Net cash provided by (used in) financing activities	1,903	(9,112)
Effect of exchange rate change on cash and cash equivalents	35	45
Net increase (decrease) in cash and cash equivalents	(1,795)	(2,461)
Cash and cash equivalents at beginning of period	44,753	42,957
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	747
Cash and cash equivalents at end of period	42,957	41,244

5. Supplementary forecast materials

(1) Consolidated earnings forecast by segment

(Unit: Millions of yen)

Segment	FY2022 (forecast)		
	Orders received	Net sales	Backlog
Domestic Environment and Energy Business	141,500	117,500	457,351
Overseas Environment and Energy Business	3,000	1,000	3,457
Package Boiler Business	17,000	17,000	4,852
Equipment and Systems Business	9,000	8,000	6,676
Total	170,500	143,500	472,337
Adjustments	(500)	(500)	(33)
Total	170,000	143,000	472,304

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

(Unit: Millions of yen)

	FY2021 (actual)	FY2022 (forecast)	Change
Capital investment	3,844	9,000	5,155
Depreciation	961	1,300	338
Research and development expenses	1,006	1,600	593

6. Supplementary Materials
Domestic Environment and Energy Business Breakdown

（Unit：Billions of yen）

	FY2021(actual)		
	Orders received	Net sales	Backlog
Municipal Solid Waste Plants (EPC)	42.5	30.1	121.5
Municipal Solid Waste Plants (after sales service business)	78.7	40.5	221.7
Energy Plants	32.9	29.1	77.1
Water Treatment Plants, other	10.3	8.3	12.8
Adjustments	0.2	0.5	0
Total	164.8	108.6	433.3