

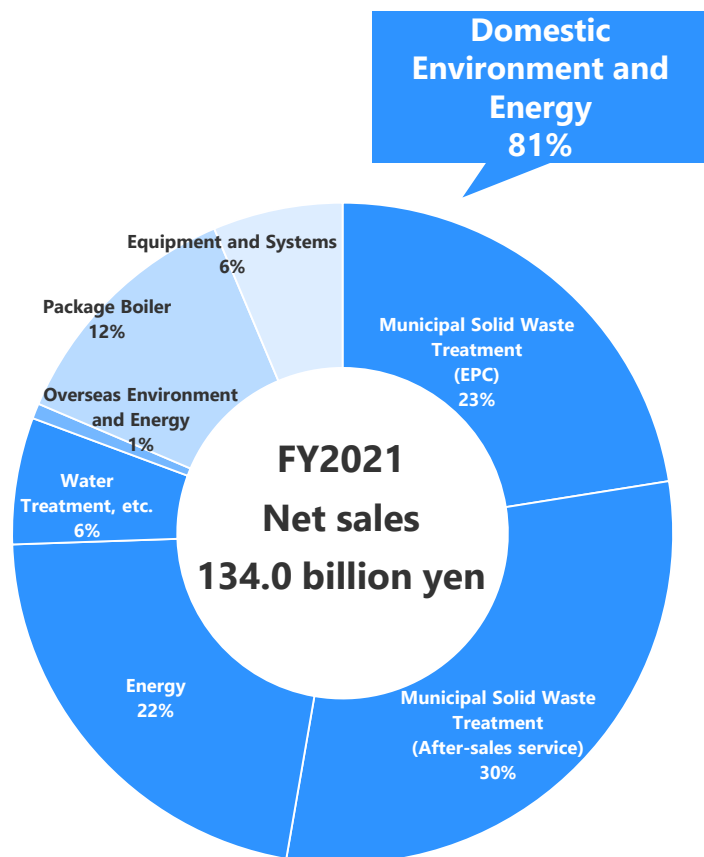
Supplementary Materials of Financial Results for Q2 FY2022

Takuma Co., Ltd | November 10, 2022



TAKUMA

The main business is the Domestic Environment and Energy Business.

The primary revenue is from design and construction (EPC) of waste treatment facilities, biomass power plants, etc. and after-sales service.



*EPC: Engineering, Procurement, and Construction

Domestic Environment and Energy	 <p>Municipal Solid Waste Treatment Plant Business Municipal solid waste treatment plant EPC and after-sale service for municipalities</p>
	 <p>Energy Plant Business Large boiler, biomass power plant, and industrial waste treatment plant EPC and after-sale service for private enterprises</p>
	 <p>Water Treatment Plant Business Sewage treatment facility EPC and after-sale service for municipalities</p>
	 <p>Power Retail Business Supply of electric power procured from delivered power plants and other facilities to public facilities and private companies</p>
Overseas Environment and Energy	 <p>Energy from Waste plant and Energy plant EPC and after-sale service</p>
Package Boiler	 <p>Manufacture and sale of and after-sale service related to heat source equipment such as general-purpose boilers and vacuum-type water heaters</p>
Equipment and Systems	 <p>Sale of and after-sales service related to building equipment (air conditioning, water supply and drainage work, etc.) and products for the semiconductor manufacturing industry</p>

- ▶ **1** Overview of Q2 FY2022(Ended 3/2023) Financial Results
- ▶ **2** Overview of Financial Results by Business Segment
- ▶ **3** Financial Forecast for FY2022(Ended 3/2023) and Shareholder Return

- ▶ **1** Overview of Q2 FY2022(Ended 3/2023) Financial Results
- ▶ 2 Overview of Financial Results by Business Segment
- ▶ 3 Financial Forecast for FY2022(Ended 3/2023) and Shareholder Return

Financial Highlights for Q2 FY2022(Ended 3/2023)

Orders received were down, but both sales and profit were up owing to change in EPC project mix. Forecasts were revised based on most recent orders received and progress on EPC projects.

Interim and year-end dividends will be increased by ¥1, bringing the annual dividend up from ¥36 to ¥38. (→ P20-22)

- Net sales: Both sales and profit were up owing to a change in the EPC project mix in the Domestic Environment and Energy Business.
- Orders received: Down from the same period of the previous year due to the absence of large-scale orders received despite orders received for primary equipment improvement work and biomass power plants in the Domestic Environment and Energy Business.
- Order backlog: Increased owing to steady orders received.

(Millions of yen)

	Q2 FYE 3/2021	Q2 FYE 3/2022	Q2 FYE 3/2023	YoY change rate
Orders received	118,933	92,133	65,152	(29.3%)
Order backlog	393,896	420,052	444,622	5.8%
Net sales	70,352	59,234	65,834	11.1%
Operating profit	5,826	2,938	5,665	92.8%
Operating margin	8.3%	5.0%	8.6%	3.6pt
Ordinary profit	6,244	3,222	6,146	90.8%
Quarterly profit attributable to owners of parent	4,725	2,257	4,296	90.4%
Basic earnings per share (yen)	58.22	27.78	53.63	93.1%

*Primary equipment improvement work: Large-scale improvement work for the effective utilization of existing municipal solid waste treatment plants through maintenance and improvement of functions and extension of useful life

Q2 FY2022(Ended 3/2023) | Breakdown by Segment



(Millions of yen)

	Q2 FYE 3/2021	Q2 FYE 3/2022	Q2 FYE 3/2023	YoY change rate
Orders received				
Total	118,933	92,133	65,152	(29.3%)
Domestic Environment and Energy	103,522	77,554	45,177	(41.7%)
Overseas Environment and Energy	395	395	1,093	176.6%
Package Boiler	9,915	9,339	10,016	7.3%
Equipment and Systems	5,432	5,045	9,062	79.6%
Net sales				
Total	70,352	59,234	65,834	11.1%
Domestic Environment and Energy	58,908	48,142	54,378	13.0%
Overseas Environment and Energy	753	459	612	33.3%
Package Boiler	7,437	7,543	7,467	(1.0%)
Equipment and Systems	3,414	3,463	3,572	3.1%
Operating profit				
Total	5,826	2,938	5,665	92.8%
Domestic Environment and Energy	6,542	3,591	6,476	80.3%
Overseas Environment and Energy	(10)	(86)	(72)	-
Package Boiler	40	110	145	32.0%
Equipment and Systems	292	324	298	(8.0%)

* Adjustments are omitted.

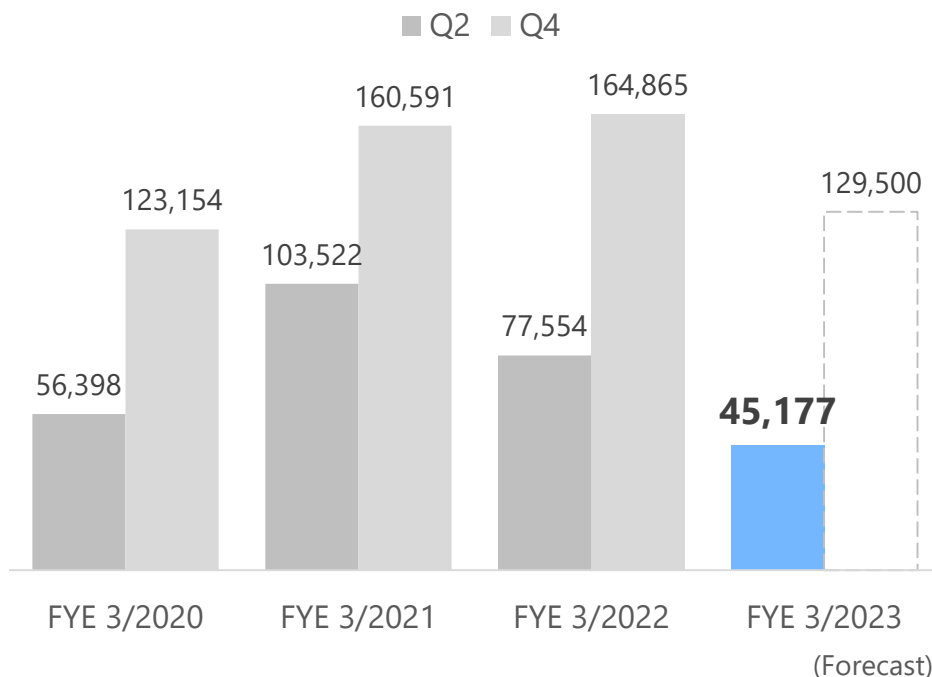
- ▶ 1 Overview of Q2 FY2022(Ended 3/2023) Financial Results
- ▶ 2 Overview of Financial Results by Business Segment
- ▶ 3 Financial Forecast for FY2022(Ended 3/2023) and Shareholder Return

Orders received were down ¥32.3 billion to ¥45.1 billion. The forecast for orders received has been revised downward from ¥141.5 billion in the beginning of year plan to ¥129.5 billion (down ¥12 billion).

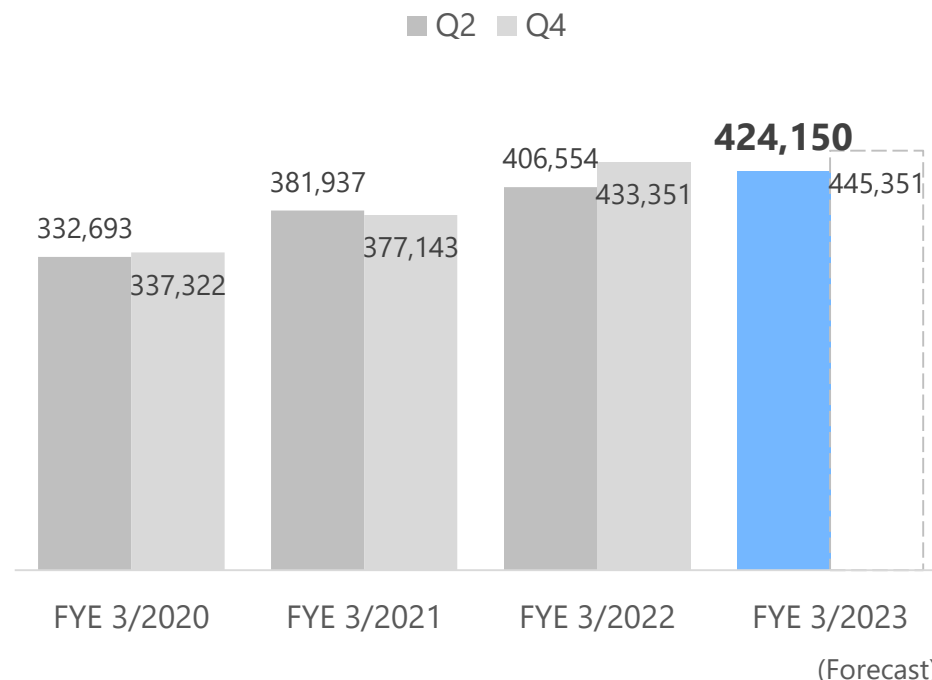
- Orders received were down from the same period of the previous year due to the absence of the DBO project and the long-term O&M project from the previous year despite orders received for primary equipment improvement (one project) and biomass power plants (five projects) in the Domestic Environment and Energy Business.
- The order backlog is on the rise owing to steady orders for EPC projects and long-term O&M (such as DBO projects). Around 50% of the backlog is long-term O&M.

(Millions of yen)

Orders Received



Order Backlog



*DBO: Stands for Design, Build, Operate. A method of contracting private companies for the design, construction, and operation of facilities, paid for by public funds)

*O&M: A comprehensive contract for Operation & Maintenance of facilities

Domestic Environment and Energy Business

Main Orders Received during FY2022(Ended 3/2023)



In the second quarter, orders were received for two small to medium-sized (under 10,000 kW) biomass power plants (FIT) and one fuel conversion project.

Segment	Delivered to:	Location	Capacity	Scheduled Completion	notes
Municipal solid waste treatment plant	Q1 Senboku Environmental Improvement Facilities Association	Osaka	300 t/day	3/.2024	Primary equipment improvement work
Energy plant • Biomass power plant • Industrial waste treatment plant	Q1 Sanyo-Onoda Green Energy Co.	Yamaguchi	1,990kW	6/2024	Biomass power plant, FIT
	Company A		1,990kW		Biomass and others power plant, Power generation and heat utilization
	Q2 Company B		7,100kW		Biomass power plant, FIT
	Soga Biomass Power Generation Co.	Aomori	1,990kW	11/2024	Biomass power plant, FIT
	Company C				Biomass and others power plant, Power generation and heat utilization *Fuel conversion

*FIT: Power generation business utilizing Feed-in Tariff system for renewable energy

*Fuel conversion: Modification and renewal (rebuilding) work to switch to non-fossil fuels such as biomass fuels at existing energy plants (running primarily on fossil fuels such as coal and heavy oil)

Domestic Environment and Energy Business

Main Orders Received during FY2021(Ended 3/2022) (Reference Material)

Segment	Delivered to:	Location	Capacity	Scheduled Completion	notes
Municipal solid waste treatment plant	Q1 Uwajima Public Association	Ehime	120 t/day	3/2031 (10 years)	O&M
	Q2 Hakodate City	Hokkaido	300 t/day	3/2029 (22 years of operations starting 4/2022)	DBO
	Q4 Okayama City	Okayama	200 t/day	3/2027 (20 years of operations starting 4/2027)	DBO
	Shida Public Association	Shizuoka	223 t/day	12/2026 (20 years of operations starting 1/2027)	DBO
Energy plant • Biomass power plant • Industrial waste treatment plant	Q1 Company A		1,990 kW		Biomass power plant, FIT
	Q2 Kumamoto Clean Energy Co.	Kumamoto	1,990 kW	Autumn 2023	Biomass power plant, FIT
	Q3 Sanko Inc.	Tottori	93.6 t/day	07/2024	Industrial waste treatment plant
	Q4 Aizu Komorebi Power Plant	Fukushima	7,100 kW	11/2024	Biomass power plant, FIT
	Chugoku Mokuzai Co., Ltd. Noshiro Plant	Akita	2,090 kW	03/2024	Biomass power plant, Heat utilization
	Chugoku Mokuzai Co., Ltd. Nagaragawa	Gihu	9,990 kW	03/2025	Biomass power plant, FIT
	Chugoku Mokuzai Co., Ltd. Kashima Plant	Ibaraki	9,990 kW	03/2025	Biomass power plant, FIT
	Company B				Biomass power plant, O&M
Water treatment plant	Q3 Ochiai Water Reclamation Center	Tokyo	130,000m ³ /day	01/2025	Sand filtration

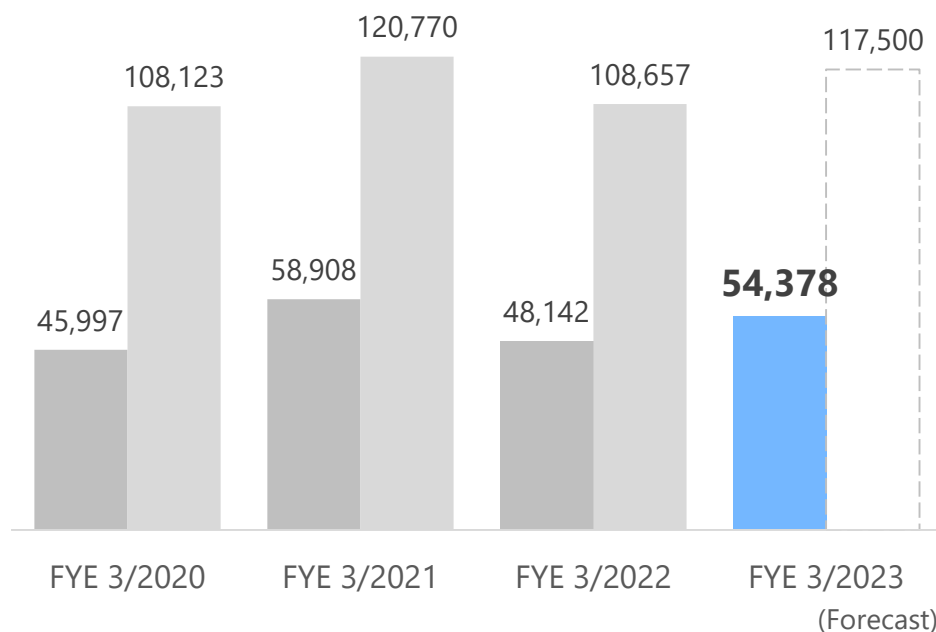
Net sales were up ¥6.2 billion to ¥54.3 billion, and operating profit was up ¥2.8 billion to ¥6.4 billion. The operating margin also improved substantially.

- Both sales and profit were up owing to a change in the EPC project mix. The margin also improved owing to reduced costs in conjunction with construction progress.

(Millions of yen)

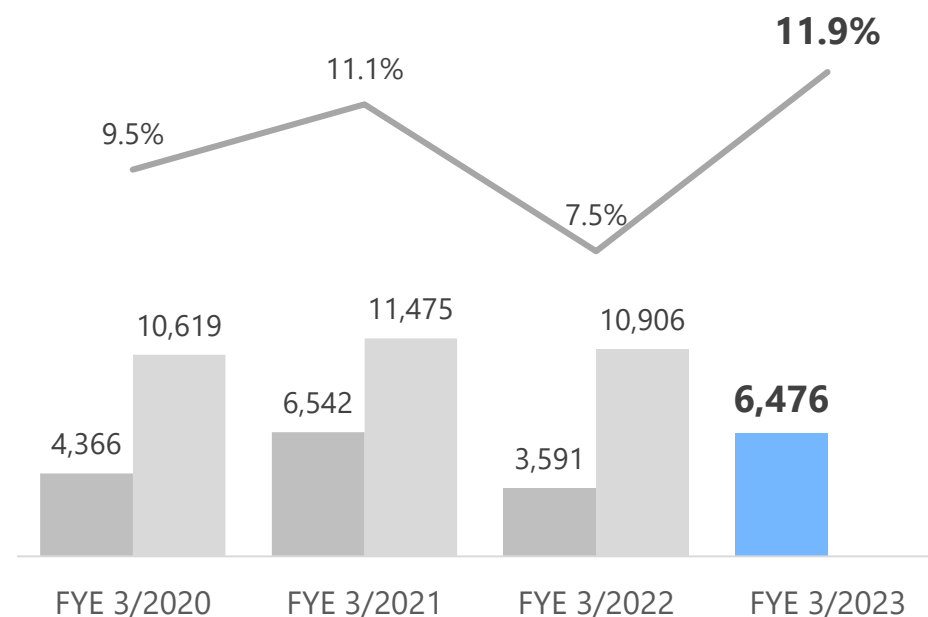
Net sales

■ Q2 ■ Q4



Operating Profit

■ Q2 ■ Q4 — Q2 Operating Margin

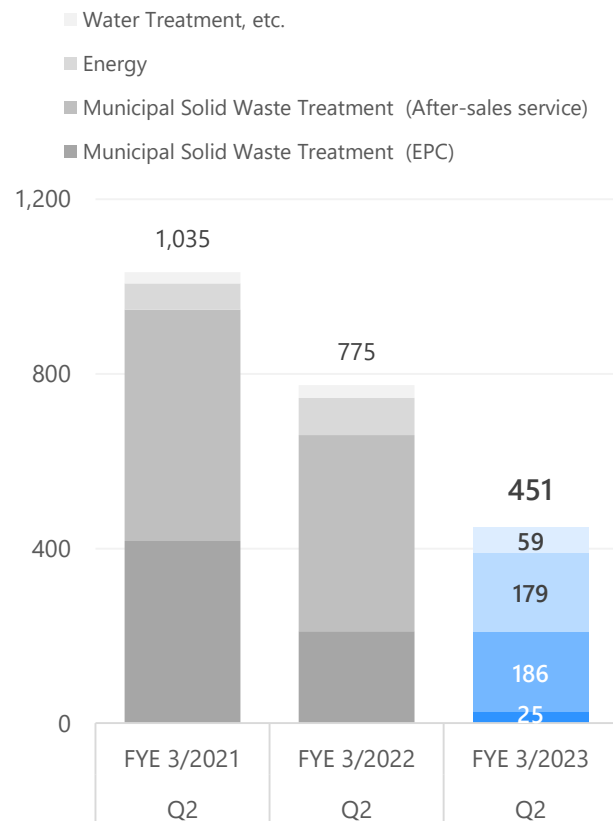


The number of municipal solid waste treatment plants in orders received decreased significantly.

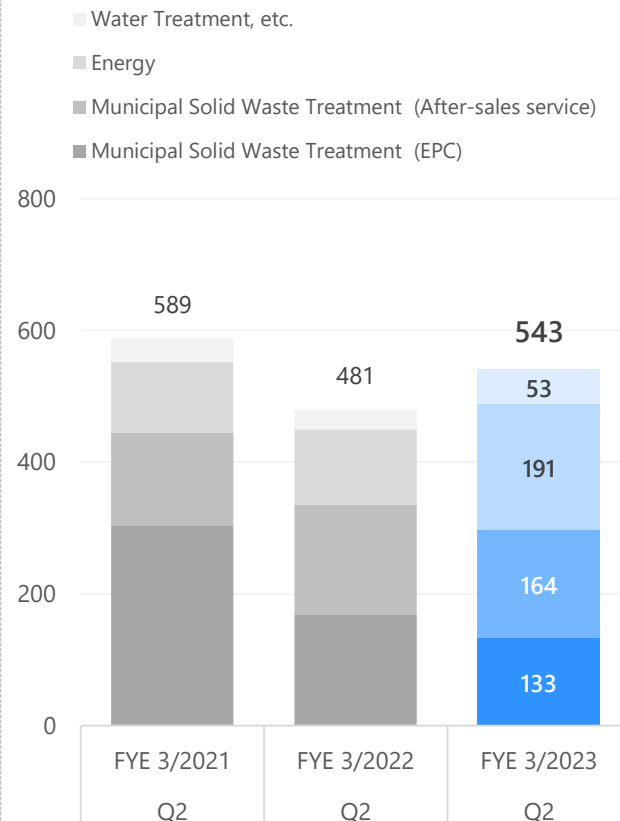
Net sales were up owing to a change in the EPC project mix (increase in energy plants, water treatment plants, etc.).

(100M yen)

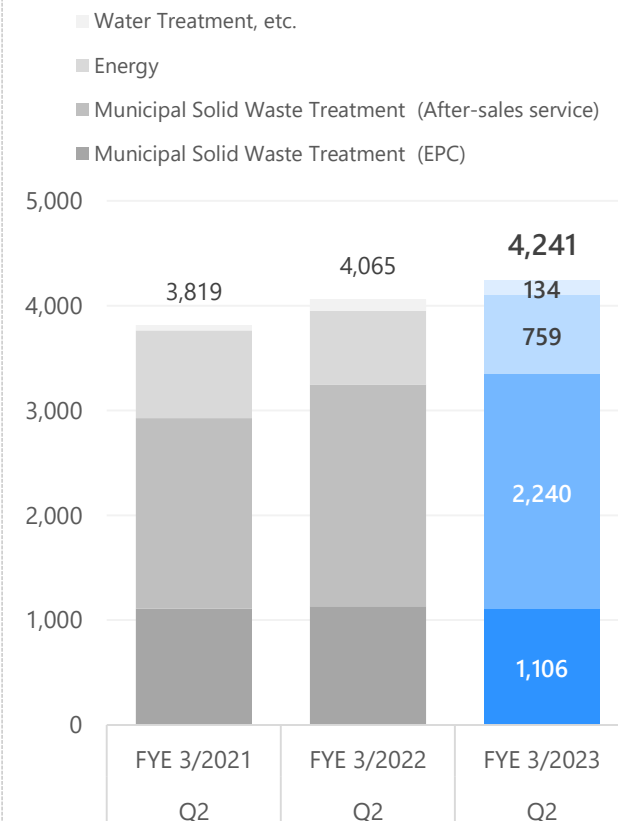
Orders Received



Net Sales



Order Backlog



* Adjustments are omitted.

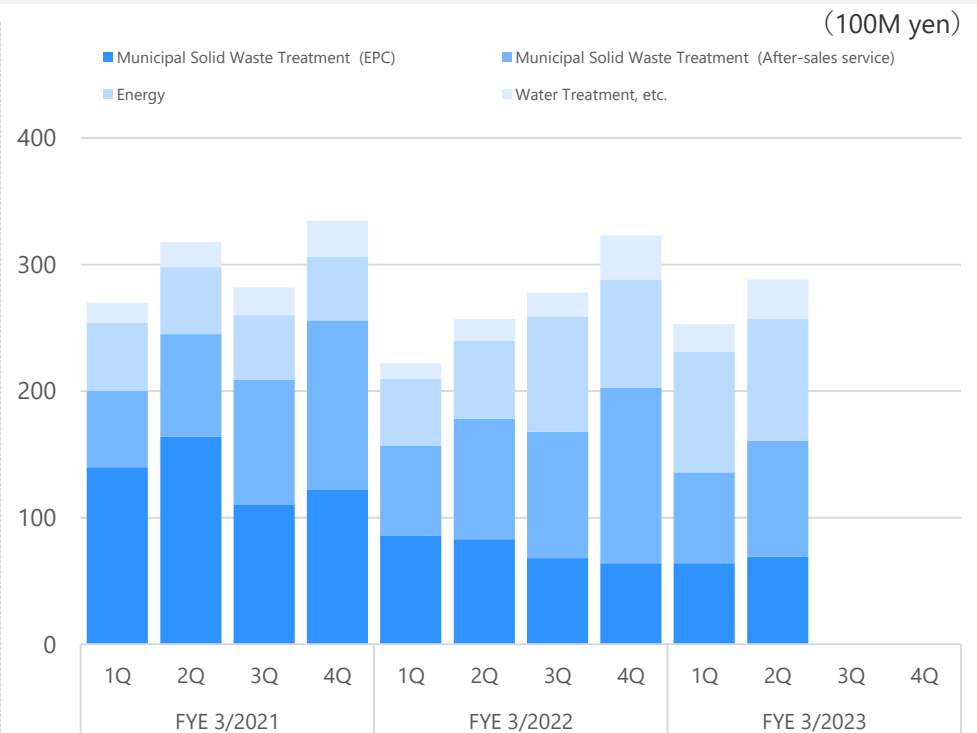
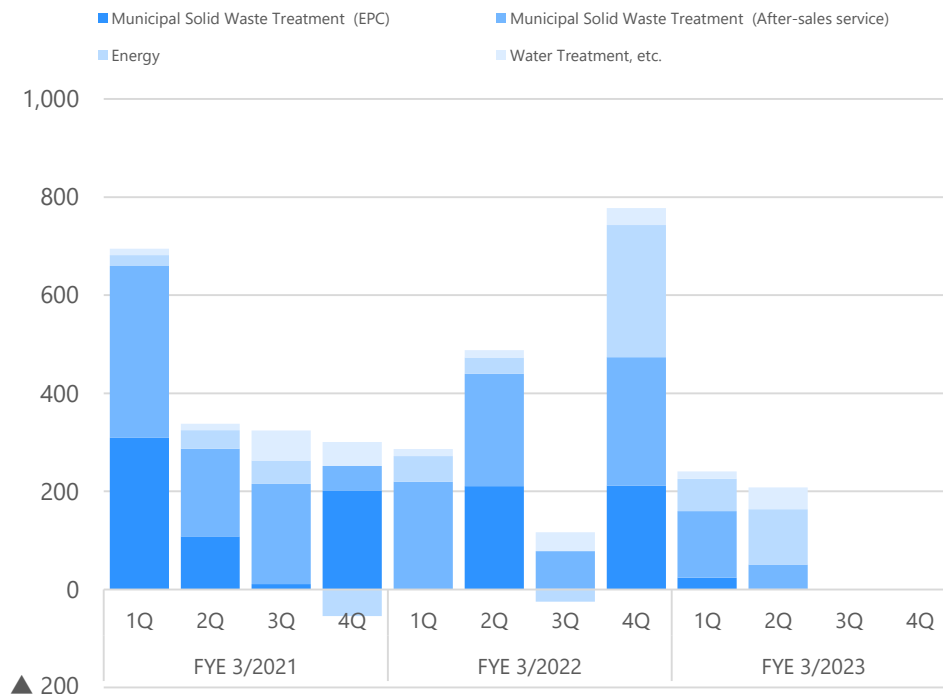
Orders received vary significantly depending on the timing that projects are recorded. Net sales tend to increase going into the fourth quarter.

Orders received (quarterly)

The amount of each EPC project is large, so orders received tend to vary significantly depending on the timing of the contract.

Net sales (quarterly)

Although net sales vary depending on progress on construction of EPC projects for the period, after-sales service for municipal solid waste treatment plants increases going into the fourth quarter, so overall net sales also tend to increase going into the fourth quarter.

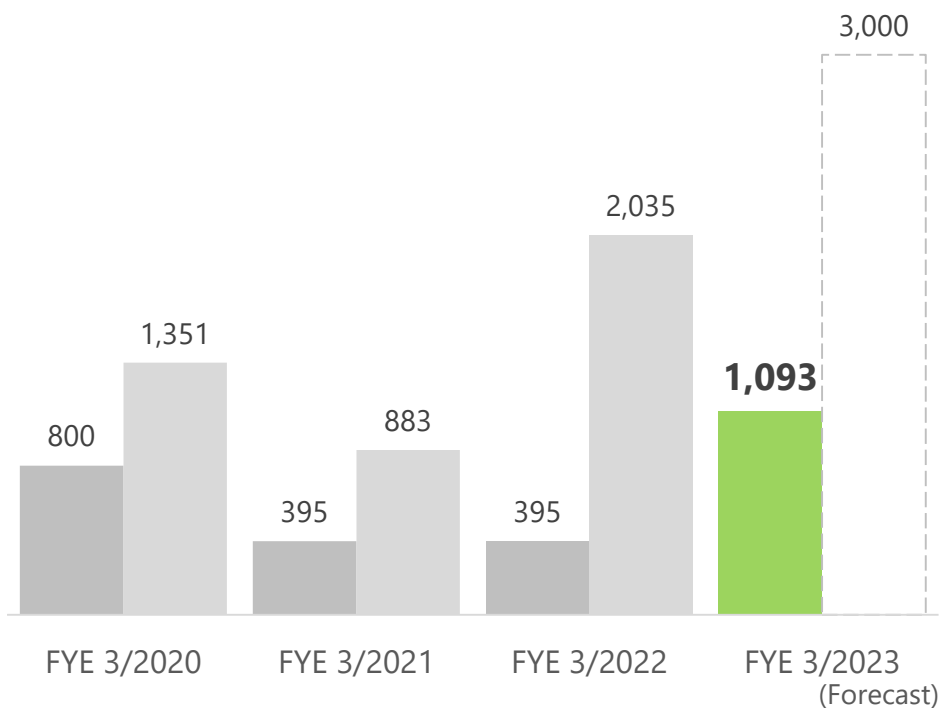


Orders received were up ¥600 million to ¥1.0 billion. Orders were up at overseas subsidiaries, primarily for maintenance services at already delivered plants.

(Millions of yen)

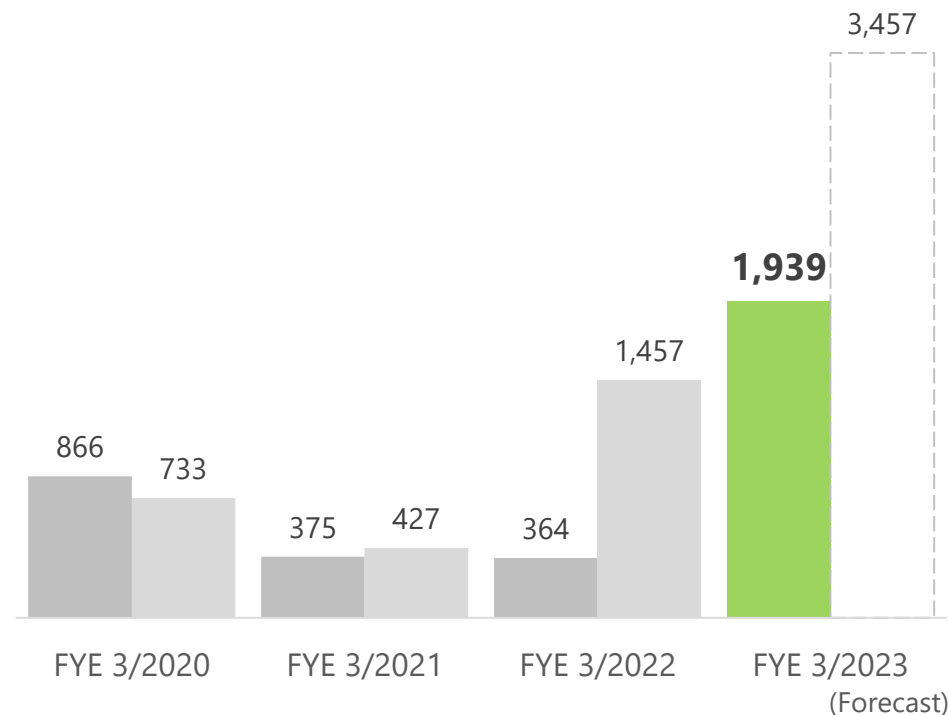
Orders Received

■ Q2 ■ Q4



Order Backlog

■ Q2 ■ Q4



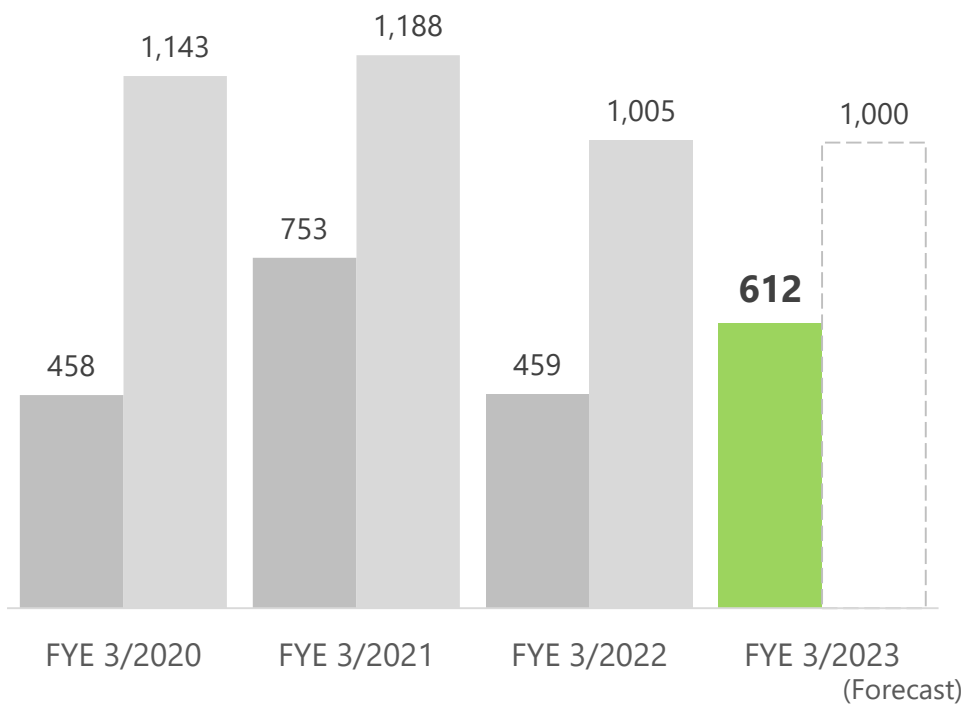
Net sales were up ¥150 million to ¥600 million, and operating profit was up ¥10 million to -¥70 million.

We will build a structure for taking continuous orders for new construction and upgrade projects while continuing to take orders for maintenance services.

(Millions of yen)

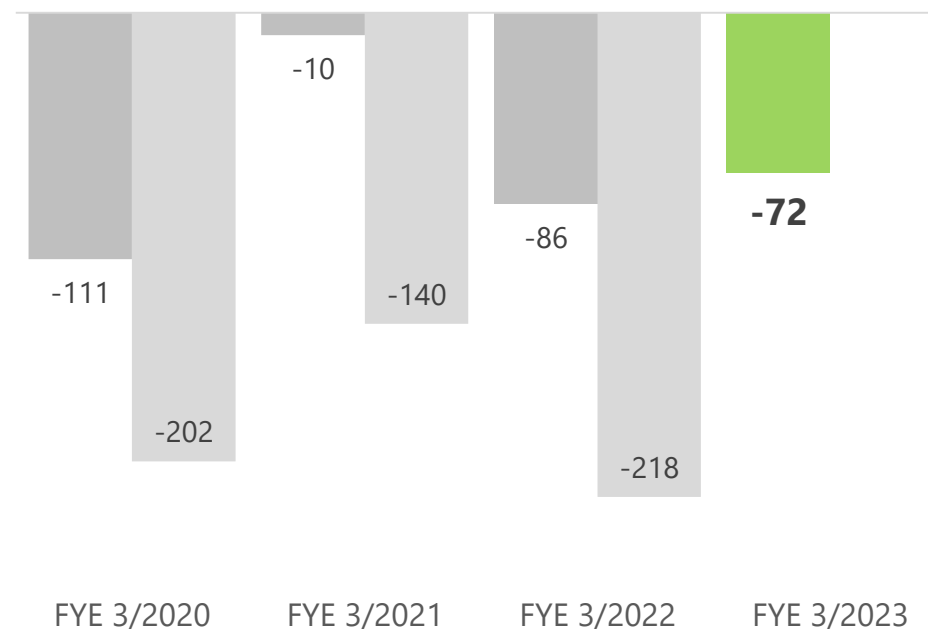
Net Sales

■ Q2 ■ Q4



Operating Profit

■ Q2 ■ Q4

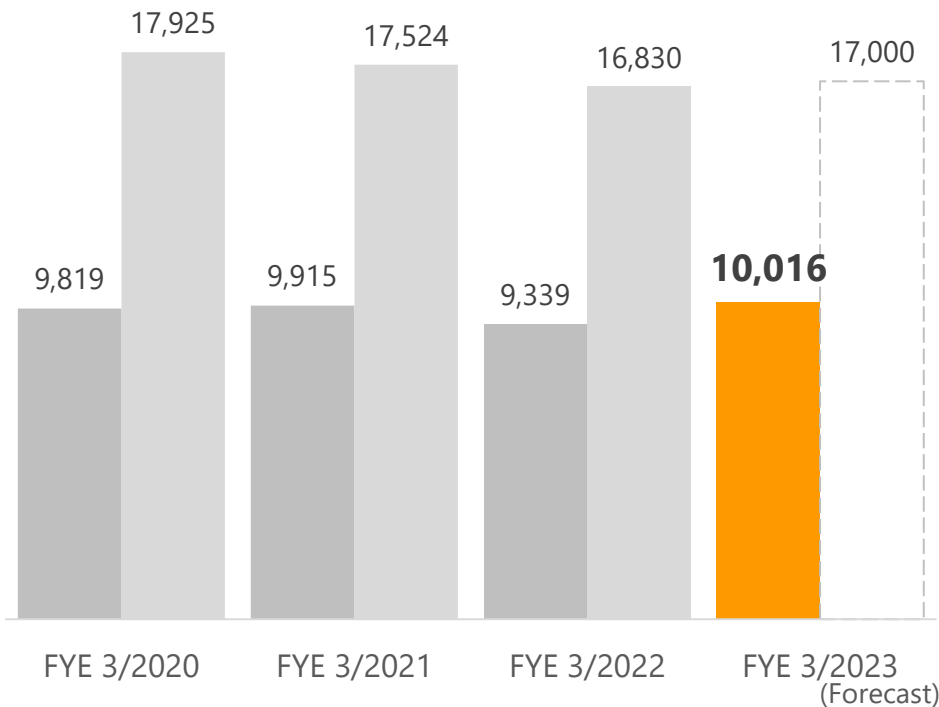


Demand, which had fallen due to the pandemic, is on the rise. Orders received were up ¥670 million to ¥10.0 billion. The order backlog increased owing primarily to an increase in orders and an increase in projects with longer delivery periods.

(Millions of yen)

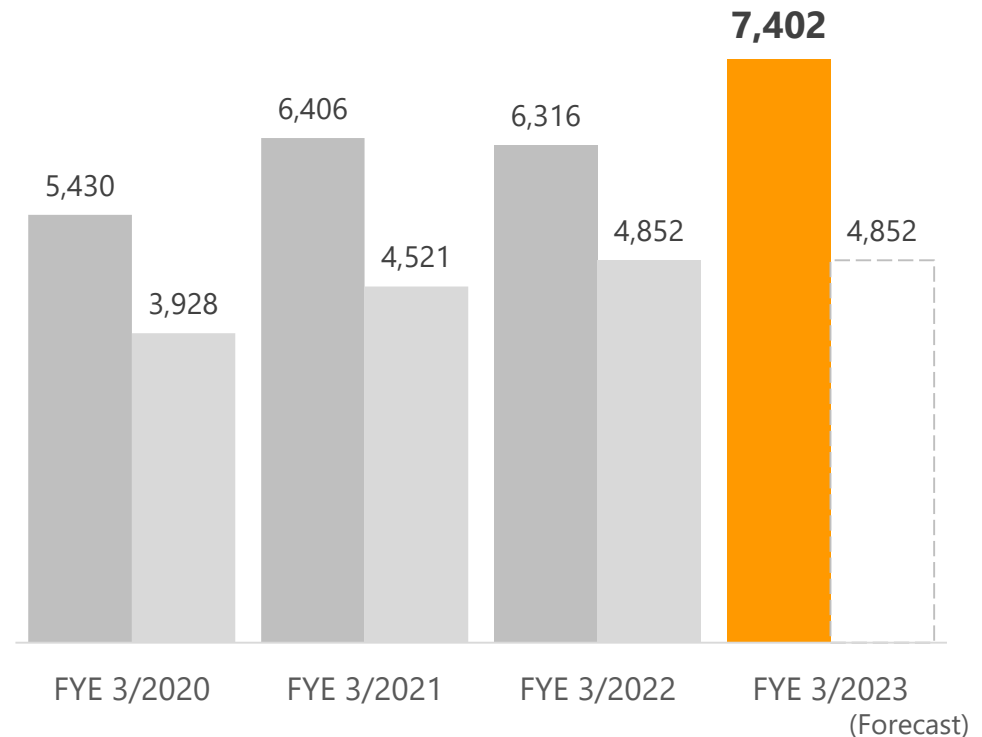
Orders Received

■ Q2 ■ Q4



Order Backlog

■ Q2 ■ Q4



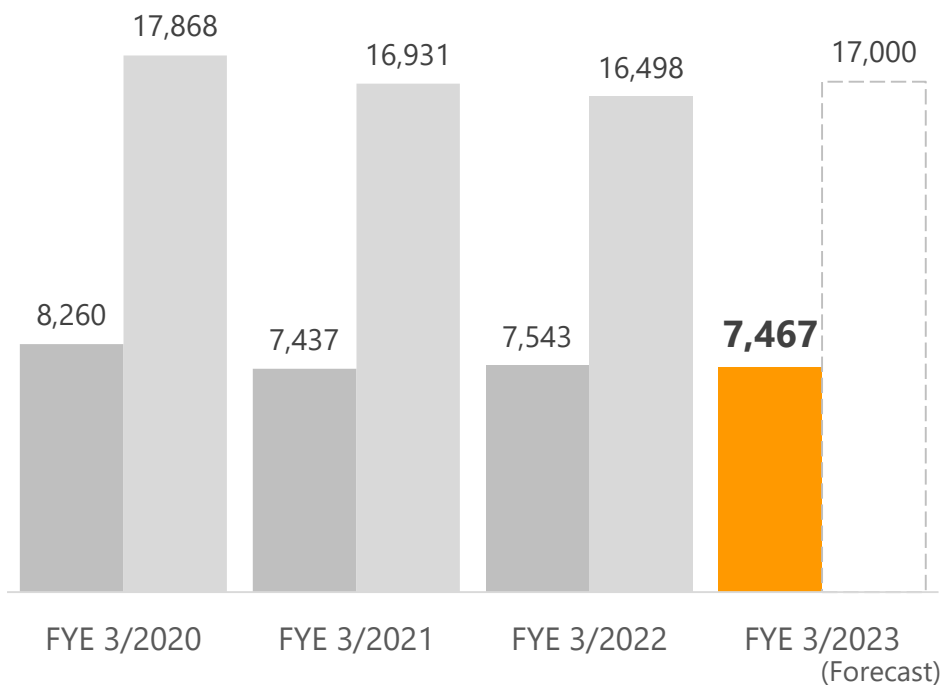
Net sales were down ¥70 million to ¥7.4 billion, while operating profit was up ¥30 million to ¥140 million.

They were on par with those of the previous year, not increasing as much as orders received due to the increase in projects with longer delivery periods.

(Millions of yen)

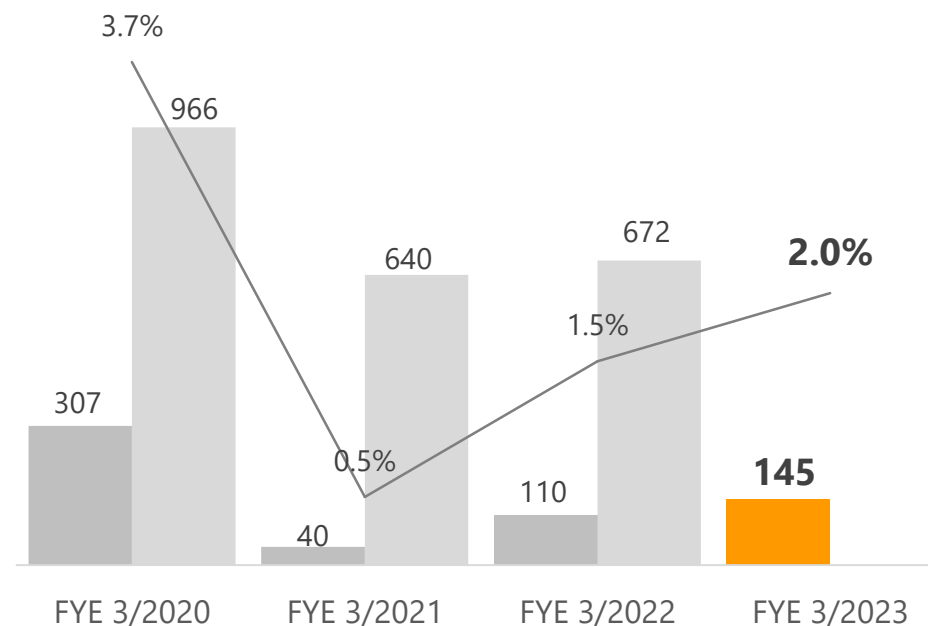
Net Sales

■ Q2 ■ Q4



Operating Profit

■ Q2 ■ Q4 — Q2 Operating Margin

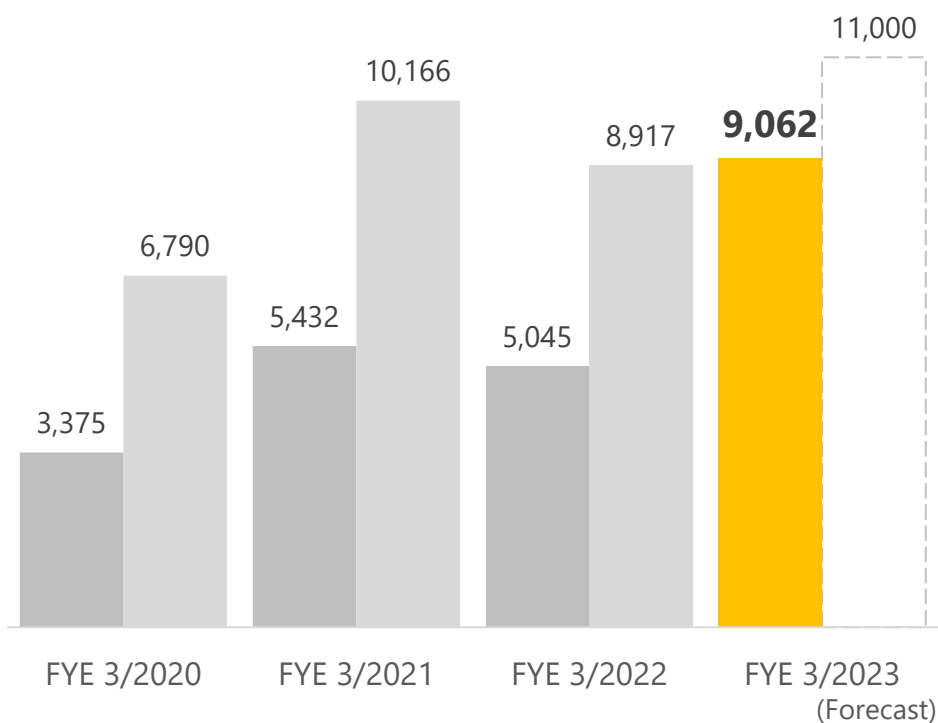


Orders received for semiconductor industrial equipment were steady, and demand for building equipment is recovering. Orders received were up a substantial ¥4.0 billion to ¥9.0 billion owing in part to large-scale projects. The forecast for orders received has been revised upward from ¥9.0 billion to ¥11.0 billion.

(Millions of yen)

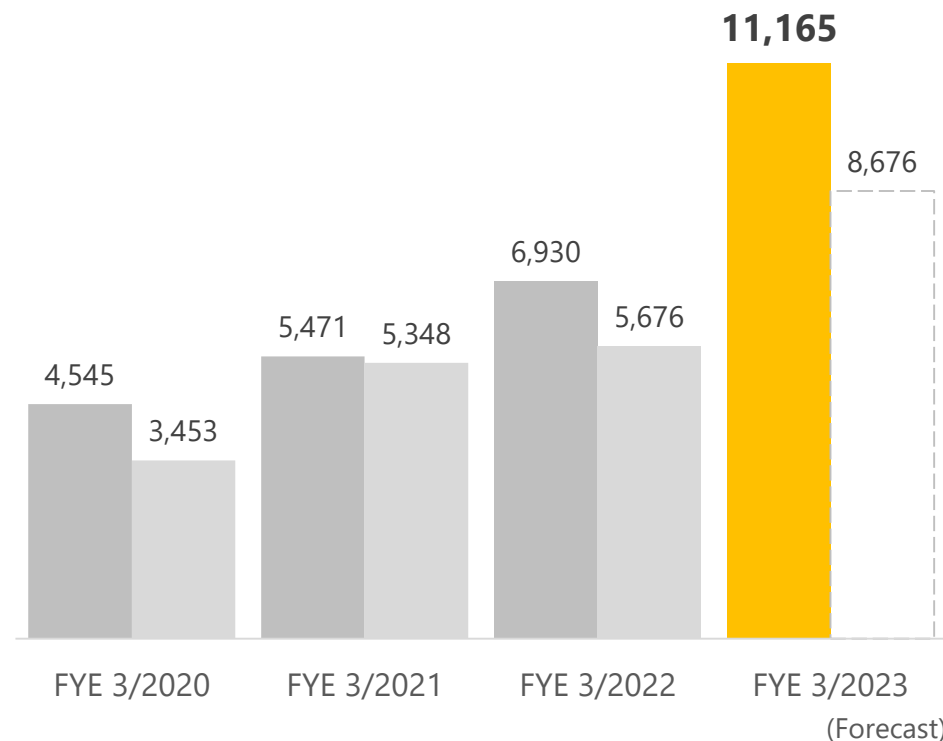
Orders Received

■ Q2 ■ Q4



Order Backlog

■ Q2 ■ Q4

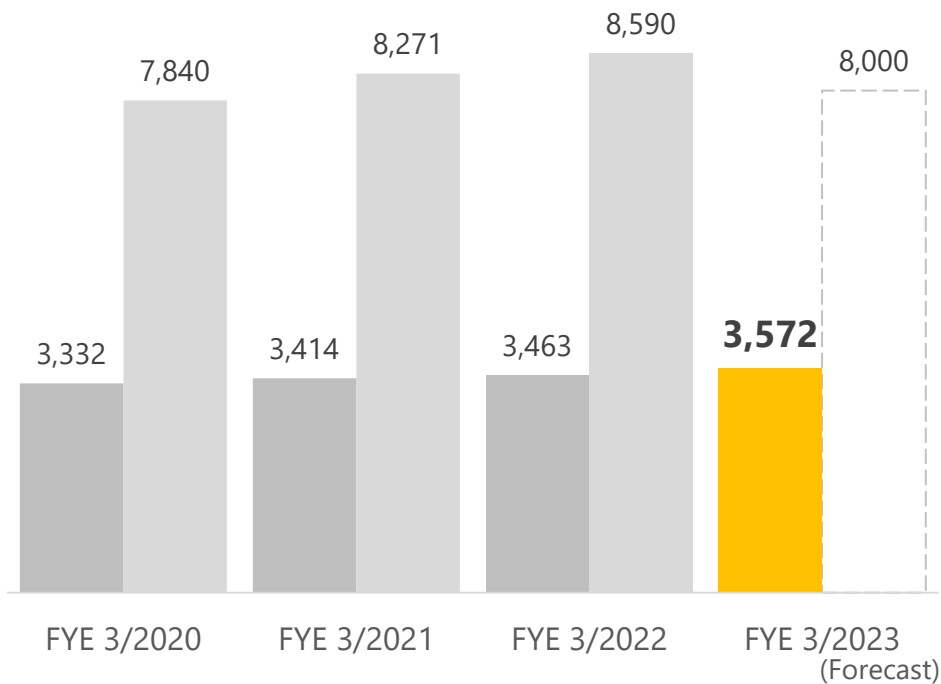


Despite a substantial increase in orders received, both net sales and operating profit were on par with the same period of the previous year, due in part to orders for large-scale projects with longer delivery periods and longer lead times.

(Millions of yen)

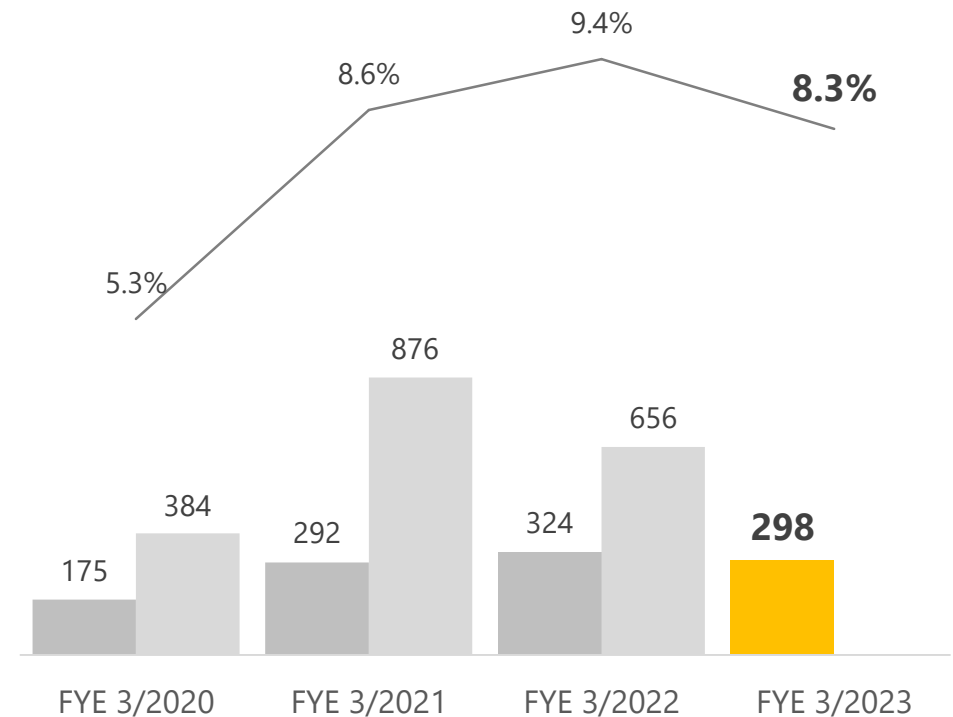
Net Sales

■ Q2 ■ Q4



Operating Profit

■ Q2 ■ Q4 — Q2 Operating Margin



- ▶ **1** Overview of Q2 FY2022(Ended 3/2023) Financial Results
- ▶ **2** Overview of Financial Results by Business Segment
- ▶ **3** Financial Forecast for FY2022(Ended 3/2023) and Shareholder Return

Financial Forecast for FY2022(Ended 3/2023)

The forecast for orders received is ¥160.0 billion (down ¥10.0 billion), the forecast for operating profit is ¥12.3 billion (up ¥500 million), and the forecast for ordinary profit is ¥13.0 billion (up ¥500 million).

- Orders received: The full-year forecast has been revised downward based on the most recent orders received despite expectations for continued strong demand.
- Profit: The full-year forecast has been revised upward based on the expectation of an improved margin as construction of plants for which orders have already been received progresses steadily and costs decrease with this progress.
- Increases in the prices of machinery and materials and longer delivery periods: We will continue to take measures such as placing orders early and proposing inflation adjustments.

(Millions of yen)

	FYE 3/2021	FYE 3/2022	FYE 3/2023 Beginning of year forecasts	FYE 3/2023 Q2 revised forecasts	Change from the beginning of year forecasts
Orders received	188,563	192,244	170,000	160,000	(10,000)
Order backlog	387,152	445,304	472,304	462,304	(10,000)
Net sales	146,726	134,092	143,000	143,000	0
Operating profit	10,473	9,928	11,800	12,300	500
Operating margin	7.1%	7.4%	8.3%	8.6%	0.3pt
Ordinary profit	11,028	10,647	12,500	13,000	500
Profit attributable to owners of parent	7,529	7,434	8,800	9,100	300
Profit per share (yen)	92.73	91.53	109.29	113.70	4.41

FY2022(Ended 3/2023) | Results Forecasts by Segment

(Millions of yen)

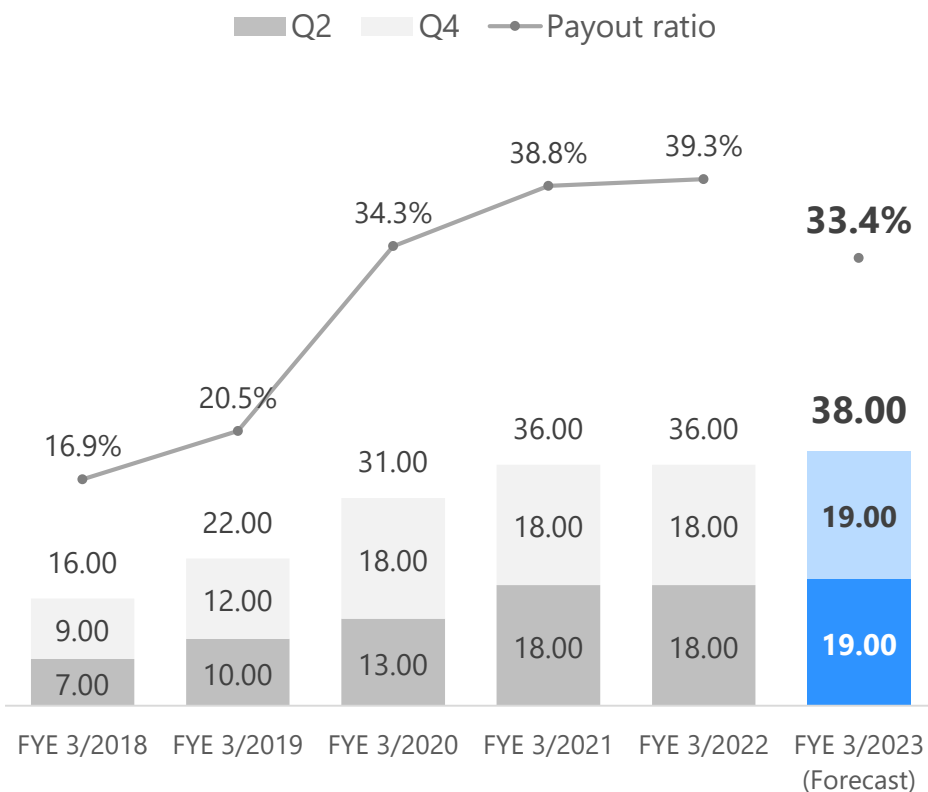
	FYE 3/2021	FYE 3/2022	FYE 3/2023 Beginning of year forecasts	FYE 3/2023 Q2 revised forecasts	Change from the beginning of year forecasts
Orders received					
Total	188,563	192,244	170,000	160,000	(10,000)
Domestic Environment and Energy	160,591	164,865	141,500	129,500	(12,000)
Overseas Environment and Energy	883	2,035	3,000	3,000	0
Package Boiler	17,524	16,830	17,000	17,000	0
Equipment and Systems	10,166	8,917	9,000	11,000	2,000
Net sales					
Total	146,726	134,092	143,000	143,000	0
Domestic Environment and Energy	120,770	108,657	117,500	117,500	0
Overseas Environment and Energy	1,188	1,005	1,000	1,000	0
Package Boiler	16,931	16,498	17,000	17,000	0
Equipment and Systems	8,271	8,590	8,000	8,000	0
Backlog					
Total	387,152	445,304	472,304	462,304	(10,000)
Domestic Environment and Energy	377,143	433,351	457,351	445,351	(12,000)
Overseas Environment and Energy	427	1,457	3,457	3,457	0
Package Boiler	4,521	4,852	4,852	4,852	0
Equipment and Systems	5,348	5,676	6,676	8,676	2,000

* Adjustments are omitted.

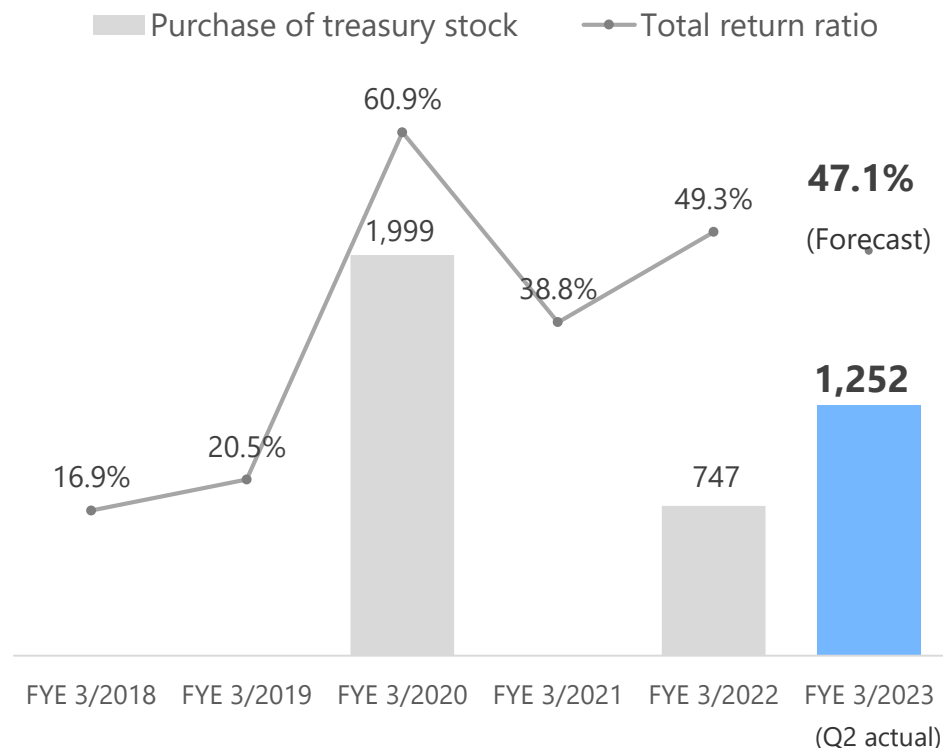
Based on a comprehensive consideration of the revised forecasts and our financial situation, we have increased both the interim and year-end dividends by ¥1. The annual dividend will be ¥38 per share.

- Dividend: Determined based on a comprehensive consideration that includes financial results in keeping with the policy of maintaining stable dividends.
- Purchase of treasury stock: An option to be conducted flexibly based on the stock price and other factors.

Dividend per share and payout ratio (yen)



Purchase of treasury stock and total return ratio (Millions of yen)



Information related to performance forecasts, business plans, and related topics included in this document or otherwise provided during financial briefings is based on data currently available to the Company and on certain assumptions that are deemed to be reasonable. This information includes elements of risk and uncertainty.

Please note that actual performance may diverge significantly from these forecasts for a variety of reasons.

Takuma is under no obligation to update, revise, or announce changes to forward-looking statements in this document following its publication, except as required by applicable laws and regulations.

Takuma holds the copyright to this document and prohibits its duplication or reuse for any purpose without its prior consent.