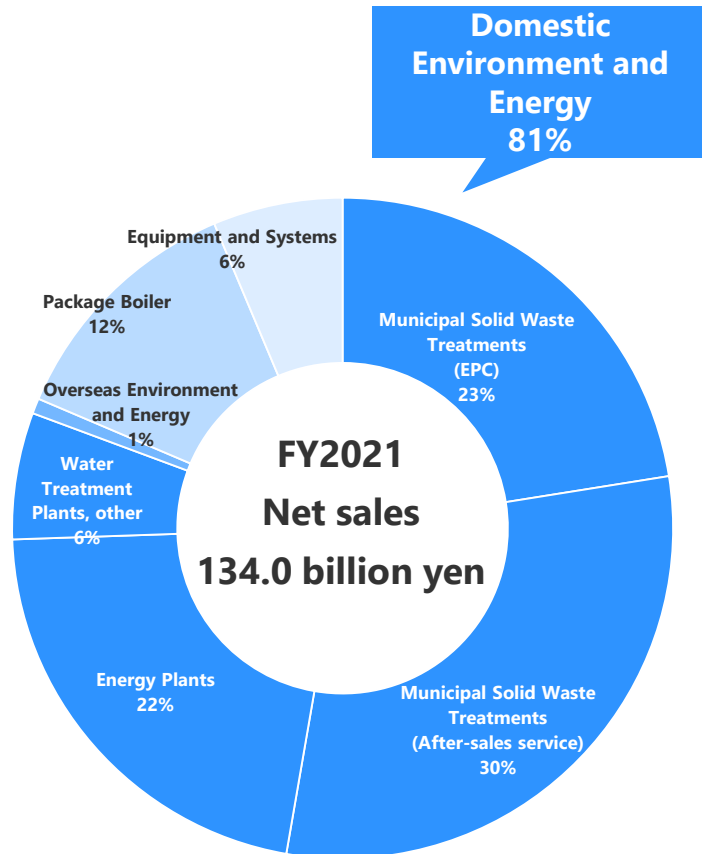


# Supplementary Materials of Financial Results for Q3 FY2022

Takuma Co., Ltd. | February 9, 2023

**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><b>Municipal Solid Waste Treatment Plant Business</b> Municipal solid waste treatment plant EPC and after-sale service for municipalities</p>
	 <p><b>Energy Plant Business</b> Large boiler, biomass power plant, and industrial waste treatment plant EPC and after-sale service for private enterprises</p>
	 <p><b>Water Treatment Plant Business</b> Sewage treatment facility EPC and after-sale service for municipalities</p>
	 <p><b>Power Retail Business</b> 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 Q3 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 Q3 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 Q3 FY2022(Ended 3/2023)

Orders received were down, but both sales and profit were up owing to change in EPC project mix. Financial forecast was revised based on solid growth of recurring revenue model businesses on top of steady progress on EPC projects. In addition, the year-end dividend will be increased by ¥5, bringing the annual dividend up from ¥38 to ¥43.

- 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)

	Q3 FYE 3/2021	Q3 FYE 3/2022	Q3 FYE 3/2023	YoY change
Orders received	156,818	108,455	<b>91,631</b>	(15.5%)
Order backlog	396,549	401,929	<b>436,267</b>	8.5%
Net sales	105,584	93,679	<b>100,668</b>	7.5%
Operating profit	8,359	5,306	<b>9,212</b>	73.6%
Operating margin	7.9%	5.7%	<b>9.2%</b>	3.5pt
Ordinary profit	8,954	5,907	<b>9,986</b>	69.0%
Quarterly profit attributable to owners of parent	6,635	4,080	<b>7,019</b>	72.0%
Basic earnings per share (yen)	81.73	50.22	<b>87.67</b>	74.6%

\*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

# Q3 FY2022(Ended 3/2023) | Breakdown by Segment



(Millions of yen)

	Q3 FYE 3/2021	Q3 FYE 3/2022	Q3 FYE 3/2023	YoY change
<b>Orders received</b>				
Total	156,818	108,455	<b>91,631</b>	(15.5%)
Domestic Environment and Energy	135,869	86,795	<b>65,117</b>	(25.0%)
Overseas Environment and Energy	390	1,510	<b>1,151</b>	(23.8%)
Package Boiler	13,786	13,409	<b>14,213</b>	6.0%
Equipment and Systems	7,300	6,945	<b>11,419</b>	64.4%
<b>Net sales</b>				
Total	105,584	93,679	<b>100,668</b>	7.5%
Domestic Environment and Energy	87,133	75,880	<b>82,023</b>	8.1%
Overseas Environment and Energy	984	690	<b>862</b>	24.8%
Package Boiler	11,766	11,876	<b>12,088</b>	1.8%
Equipment and Systems	6,052	5,706	<b>5,961</b>	4.5%
<b>Operating profit</b>				
Total	8,359	5,306	<b>9,212</b>	73.6%
Domestic Environment and Energy	8,947	5,975	<b>9,986</b>	67.1%
Overseas Environment and Energy	(73)	(141)	<b>(124)</b>	-
Package Boiler	309	441	<b>539</b>	22.2%
Equipment and Systems	771	565	<b>599</b>	5.9%

\* Adjustments are omitted.

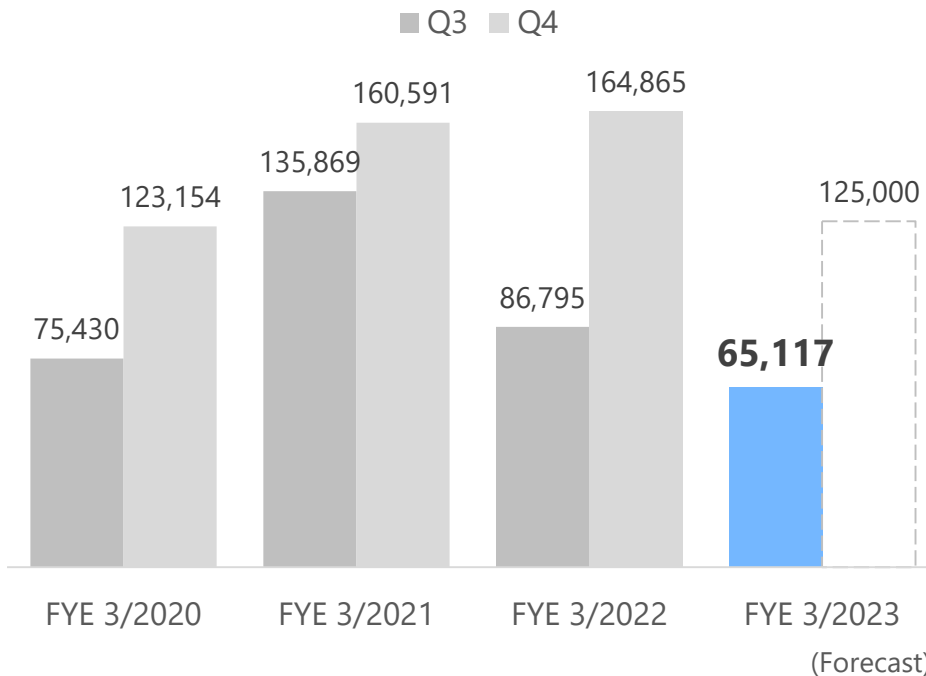
- ▶ 1 Overview of Q3 FY2022(Ended 3/2023) Financial Results
- ▶ **2 Overview of Financial Results by Business Segment**
- ▶ 3 Financial Forecast for FY2022(Ended 3/2023) and Shareholder Return

Orders received were down ¥21.6 billion to ¥65.1 billion. The forecast for orders received has been revised downward from ¥129.5 billion to ¥125 billion (down ¥4.5 billion).

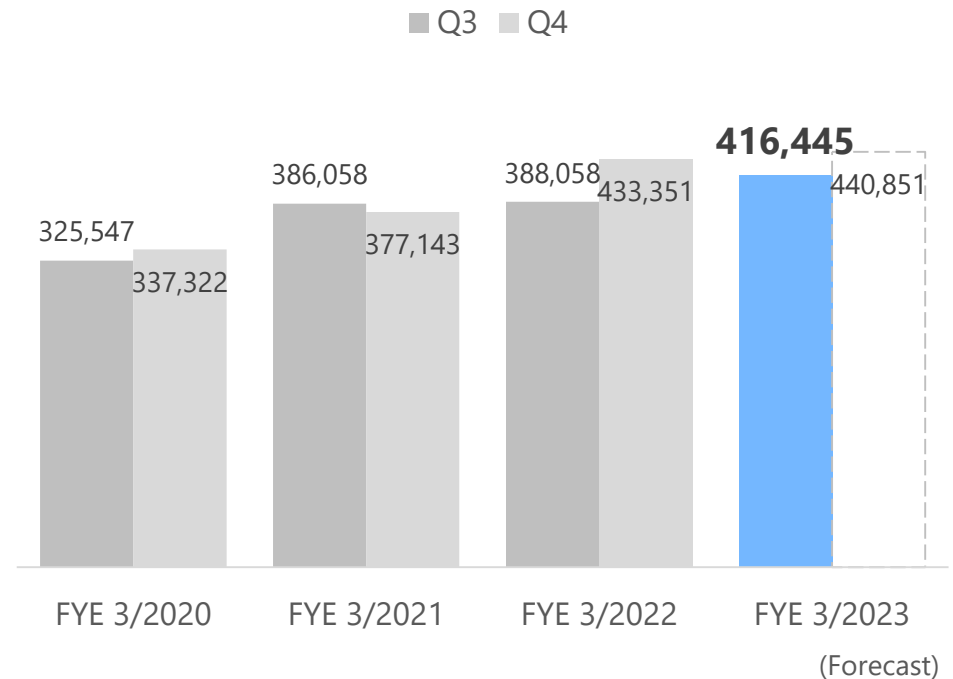
- Orders received were down YoY due to the absence of the DBO from the previous year despite orders received for one primary equipment improvement/long-term O&M project and six energy plant projects .
- The order backlog is on the rise owing to steady orders for EPC projects and long-term O&M (such as 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 Q3, orders were received for long-term O&M at a waste incineration plant and for one industrial waste treatment plant.

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
	Q3	Okinoshima-cho	Shimane	25t/day	3/2038 (15years)	Long-term O&M
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
	Q3	Katsuta Co., Ltd.	Ibaraki	150t/day	2/2026	Industrial waste treatment plant

\*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

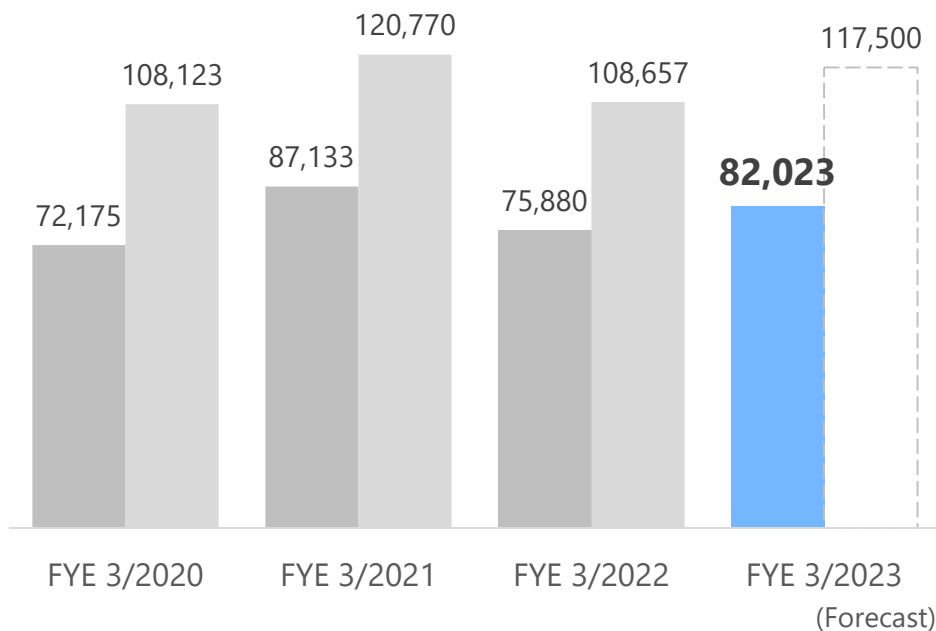
## Main Orders Received during FY2021(Ended 3/2022) (Reference Material)

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)	Long-term 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 <sup>3</sup> /day	01/2025	Sand filtration

Net sales were up ¥6.1 billion to ¥82.0 billion, and operating profit was up ¥4.0 billion to ¥9.9 billion owing to changes in the EPC project mix. The operating margin also improved substantially.

## Net sales

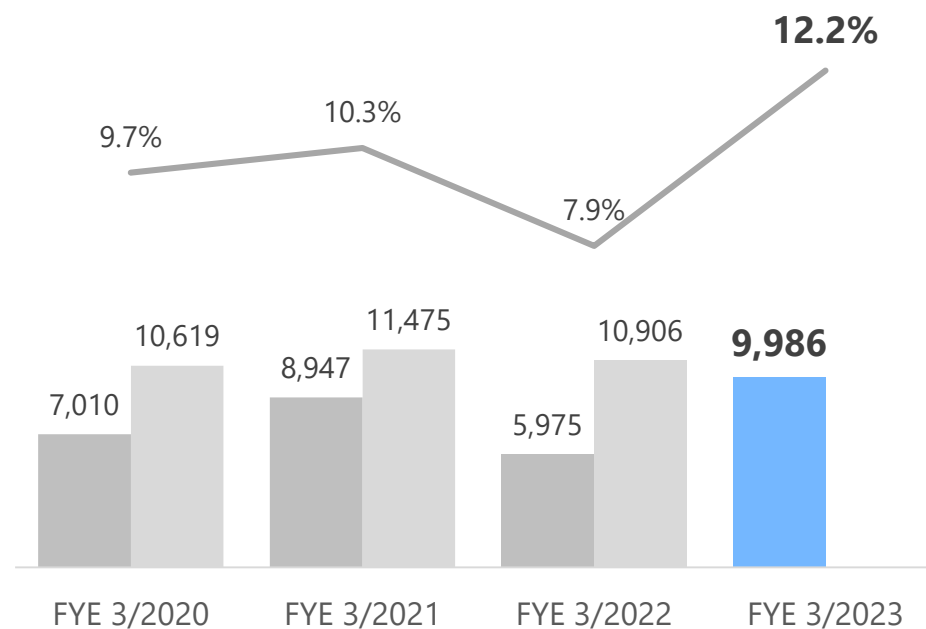
■ Q3 ■ Q4



(Millions of yen)

## Operating Profit

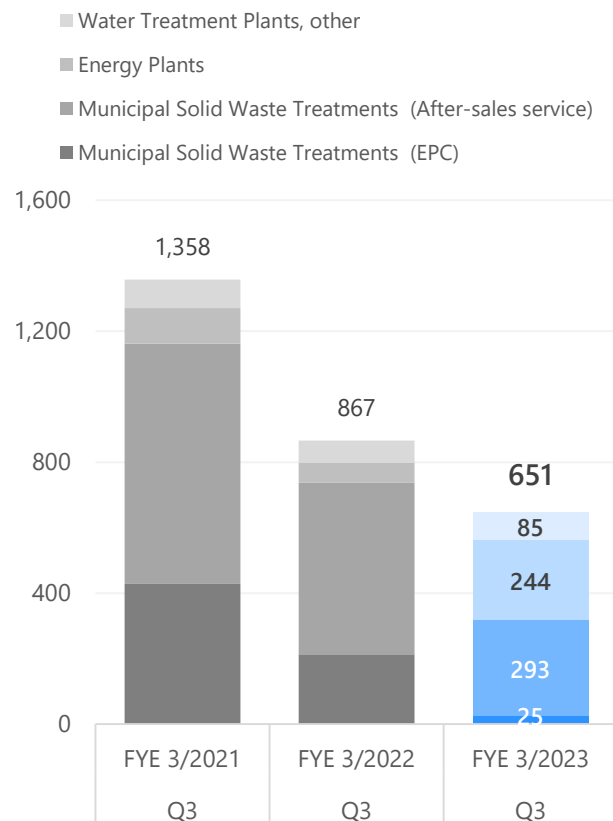
■ Q3 ■ Q4 — Q3 Operating Margin



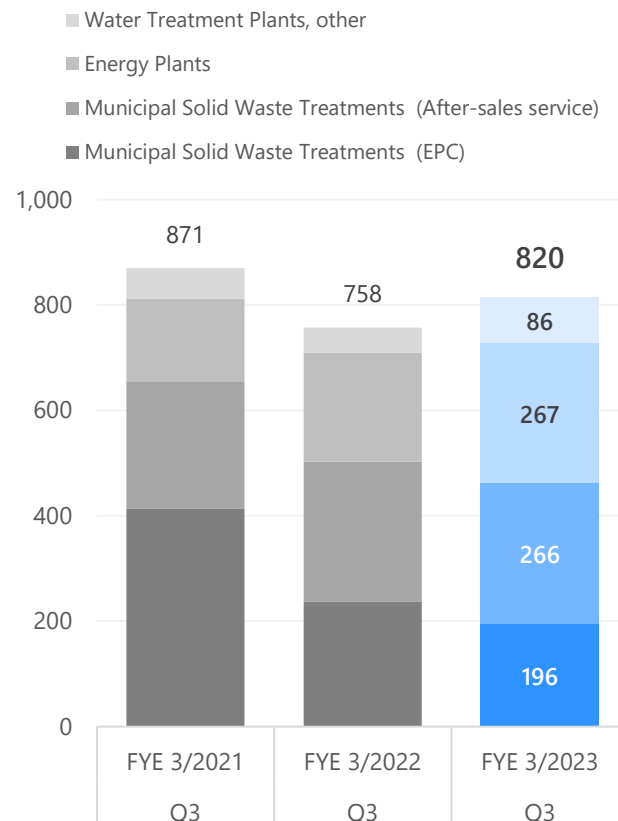
The number of orders received for municipal solid waste treatment plants decreased significantly due to a decrease in orders received for DBO projects. Net sales were up owing to a change in the EPC project mix (increase in energy plants, water treatment plants, etc.).

(100M yen)

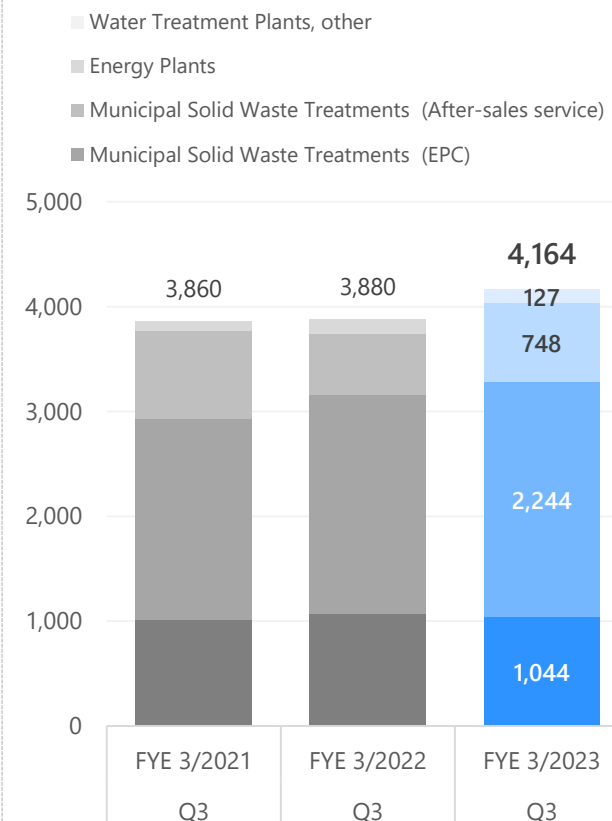
### Orders Received



### Net Sales



### Order Backlog



\* Adjustments are omitted.

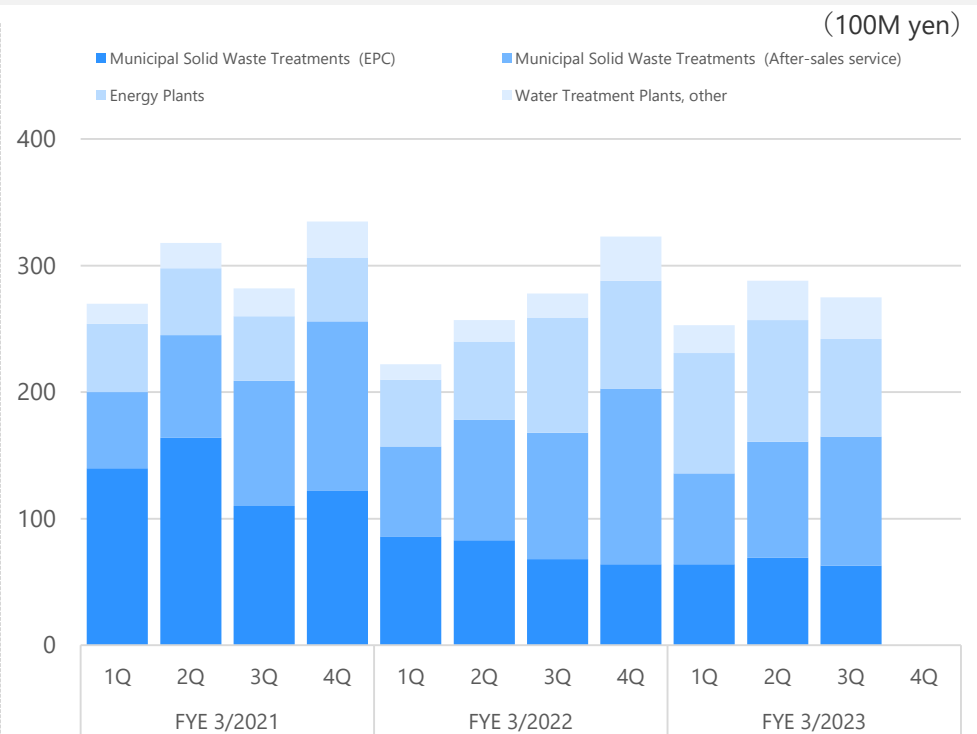
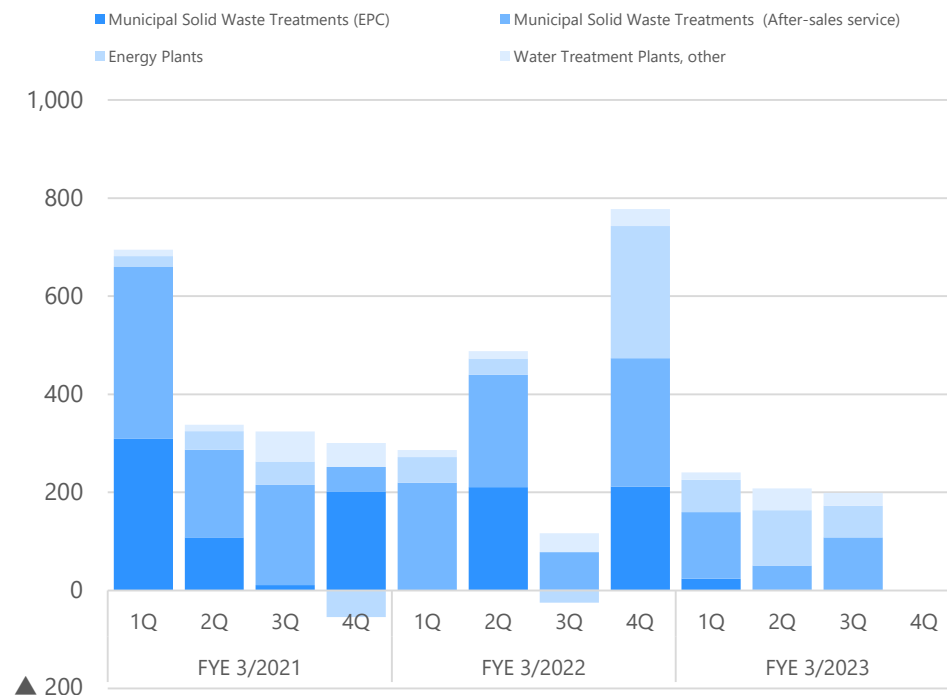
Orders received vary significantly depending on the timing that projects are recorded. Net sales tend to increase going into the fourth quarter.

### 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.

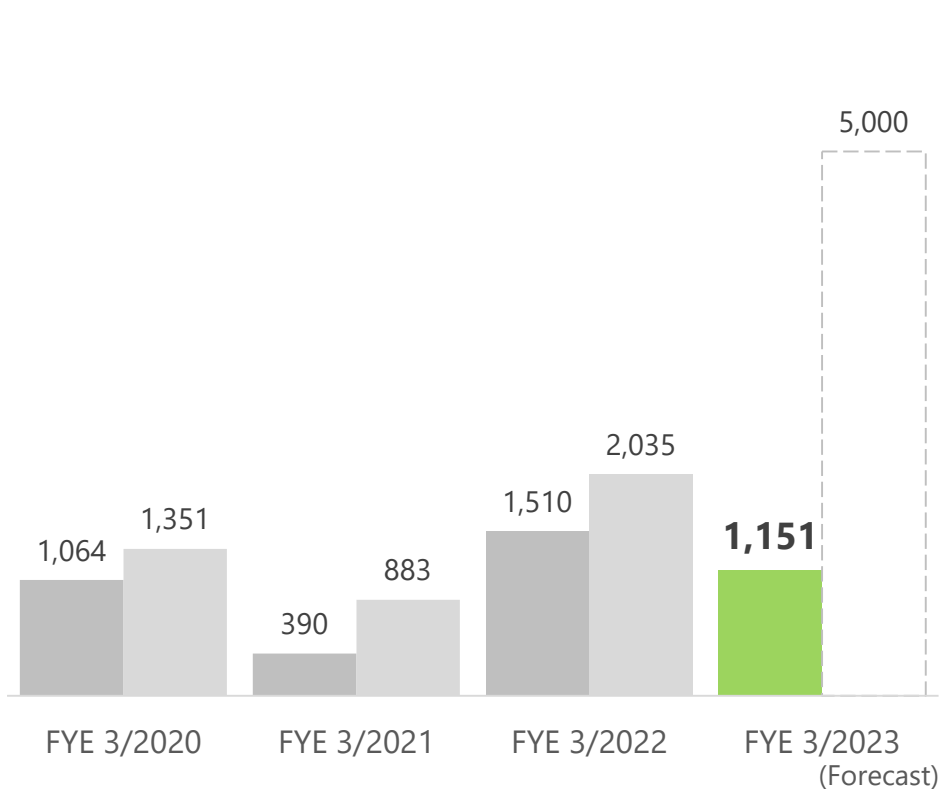


Orders received came to ¥1.1 billion, down ¥300 million YoY due to the absence of the equipment replacement project at the waste power generation plant from the previous year. At the same time, an order for a new plant is expected in Q4, so the forecast for orders received has been revised upward from ¥3.0 billion to ¥5.0 billion.

(Millions of yen)

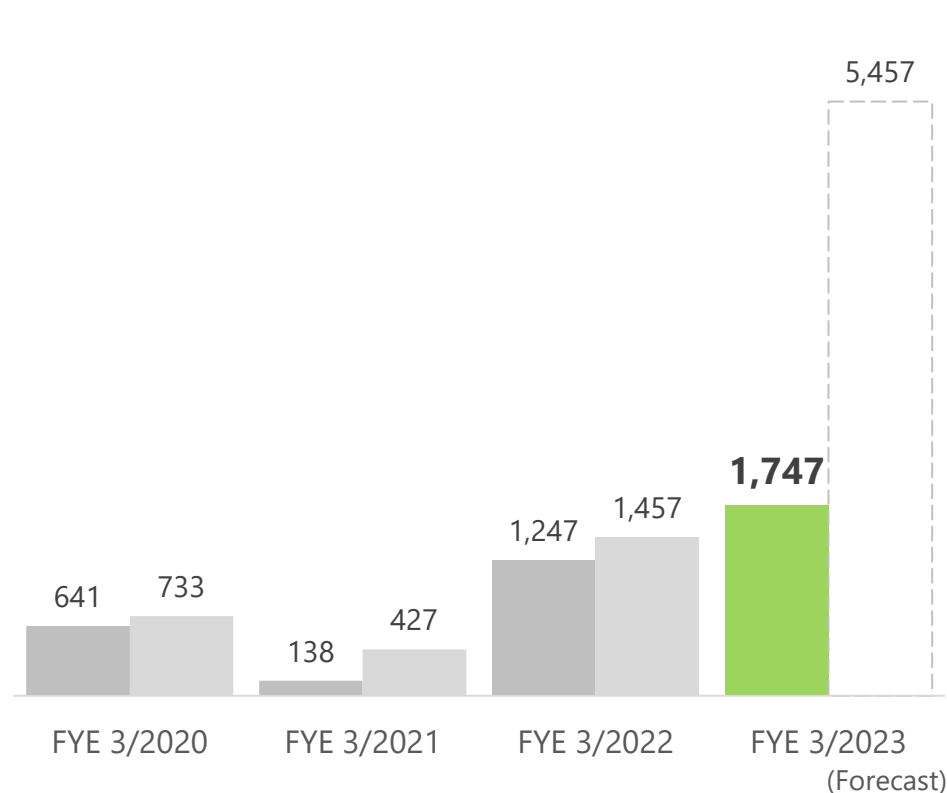
### Orders Received

■ Q3 ■ Q4



### Order Backlog

■ Q3 ■ Q4

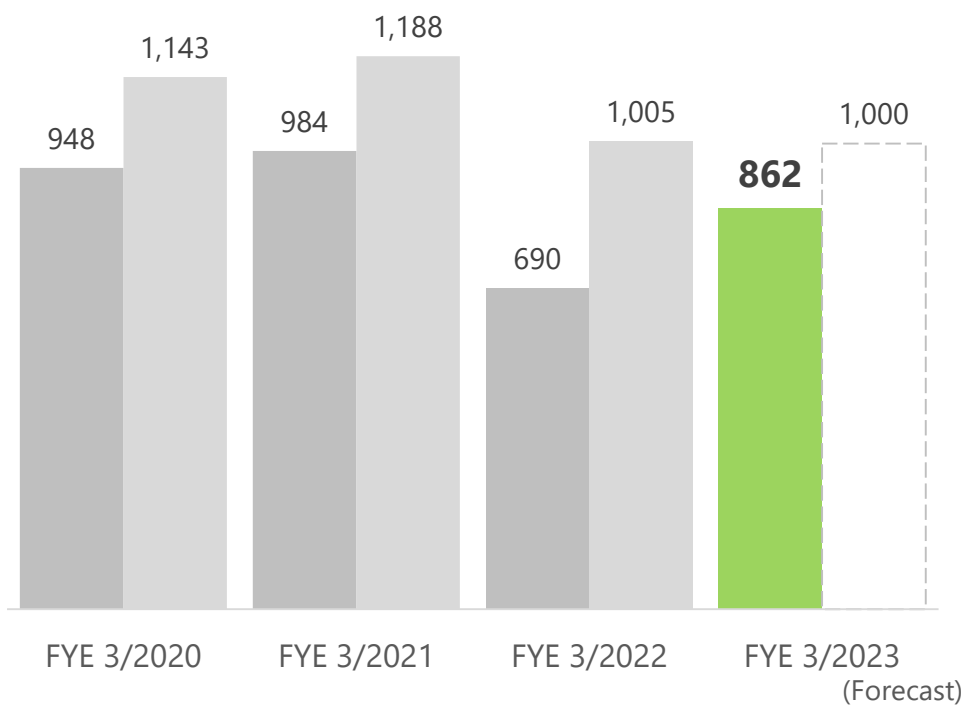


Net sales came to ¥860 million, an increase of ¥170 million YoY, and operating profit came to -¥120 million, an increase of ¥10 million YoY, mainly as a result of an increase in maintenance orders. We will build a structure for taking continuous orders for new construction and replacement projects while continuing to take orders for maintenance services.

(Millions of yen)

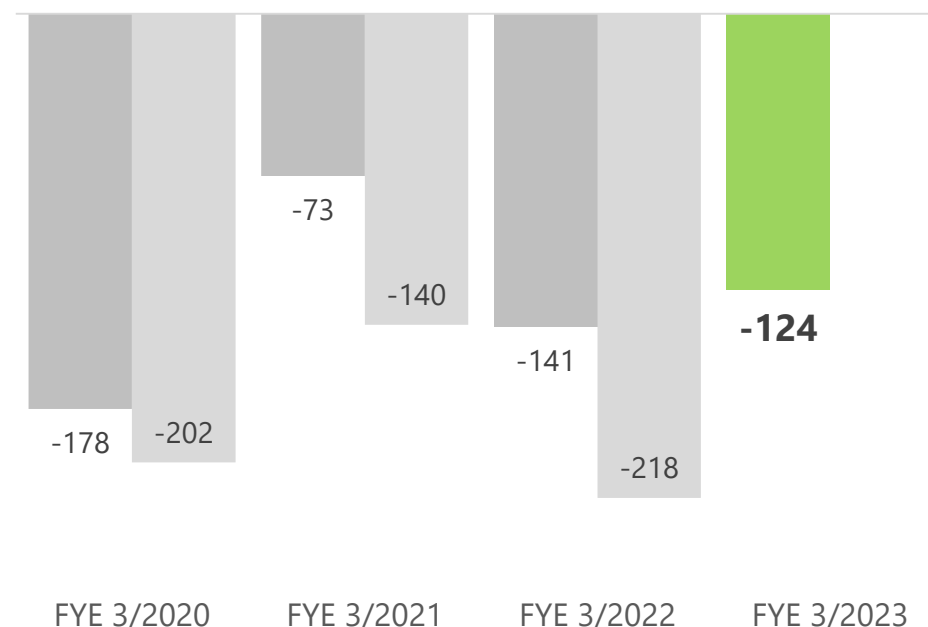
### Net Sales

■ Q3 ■ Q4



### Operating Profit

■ Q3 ■ Q4

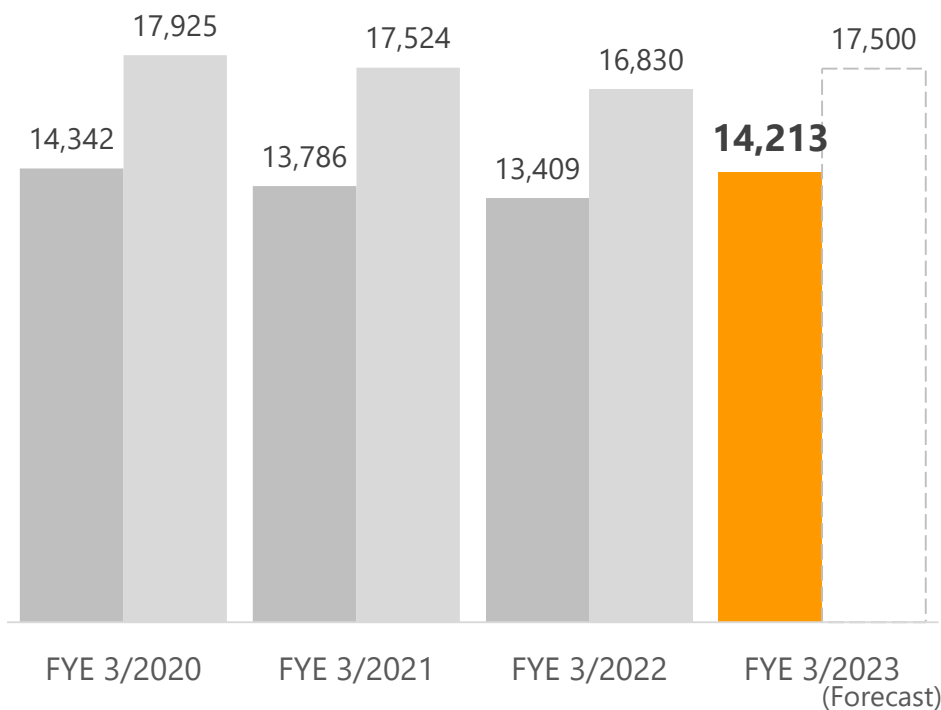


Demand, which had fallen due to the pandemic, is on the rise. Orders received were up ¥800 million to ¥14.2 billion. The forecast for orders received has been revised upward from ¥17.0 billion to ¥17.5 billion. The order backlog increased owing primarily to an increase in orders and an increase in projects with longer delivery periods.

(Millions of yen)

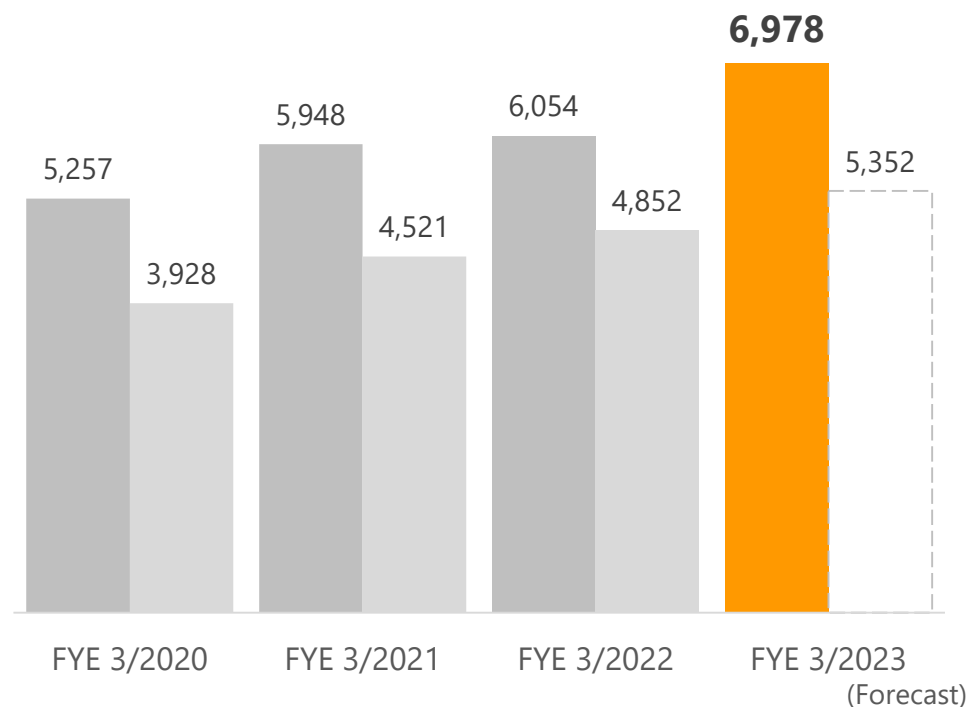
### Orders Received

■ Q3 ■ Q4



### Order Backlog

■ Q3 ■ Q4



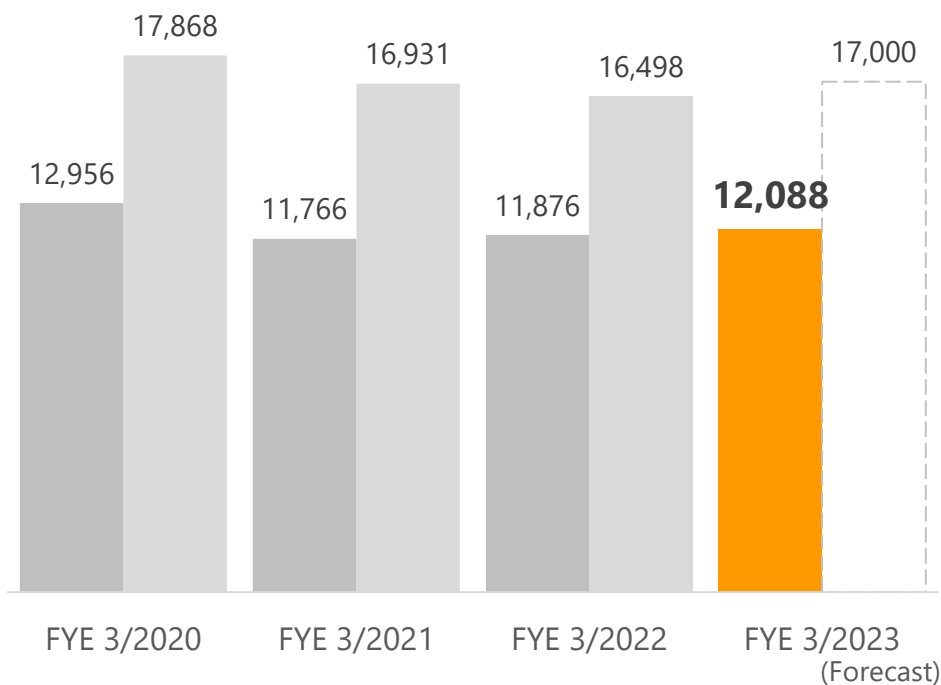


Despite such factors as an increase in projects with longer delivery periods, net sales were up ¥200 million to ¥12.0 billion, and operating profit was up ¥90 million to ¥530 million owing to an increase in orders received.

(Millions of yen)

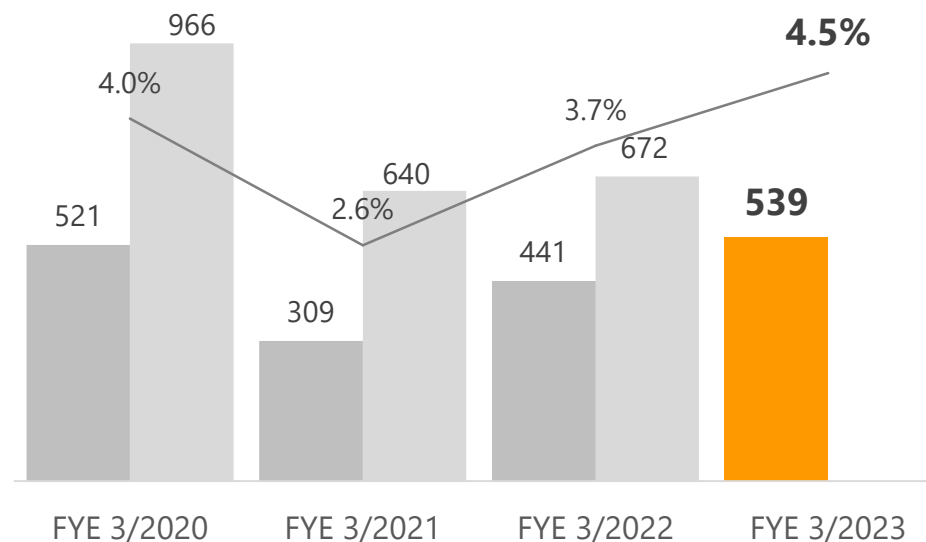
### Net Sales

■ Q3 ■ Q4



### Operating Profit

■ Q3 ■ Q4 — Q3 Operating Margin

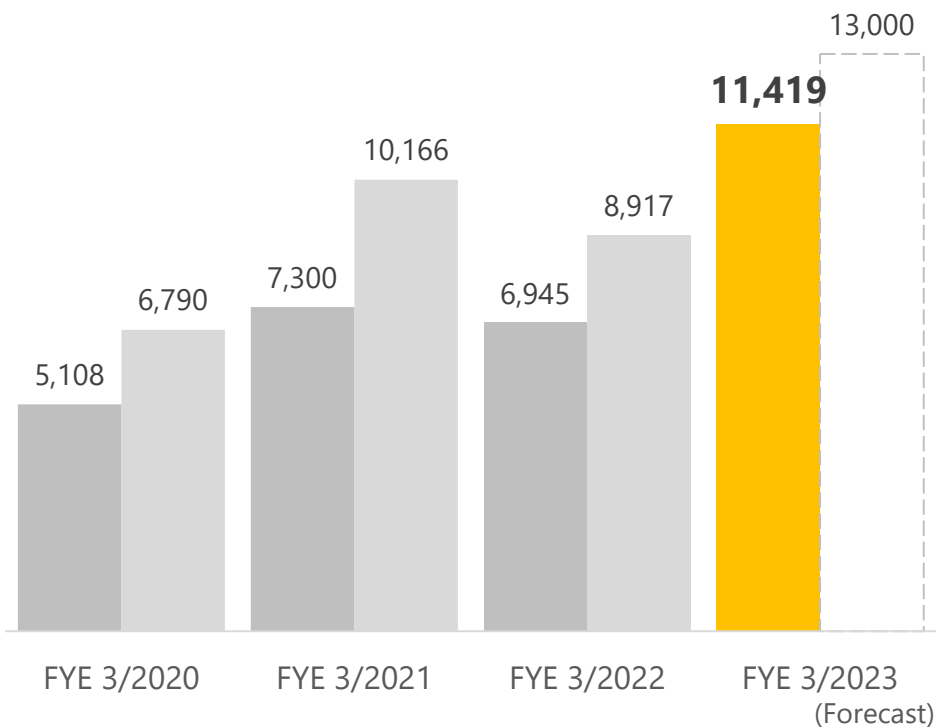


Orders received for semiconductor industrial equipment were steady, and demand for building equipment is recovering after having fallen due to COVID-19. Orders received were up a substantial ¥4.4 billion to ¥11.4 billion owing in part to large-scale projects in Q2. The forecast for orders received has been revised upward from ¥11.0 billion to ¥13.0 billion.

(Millions of yen)

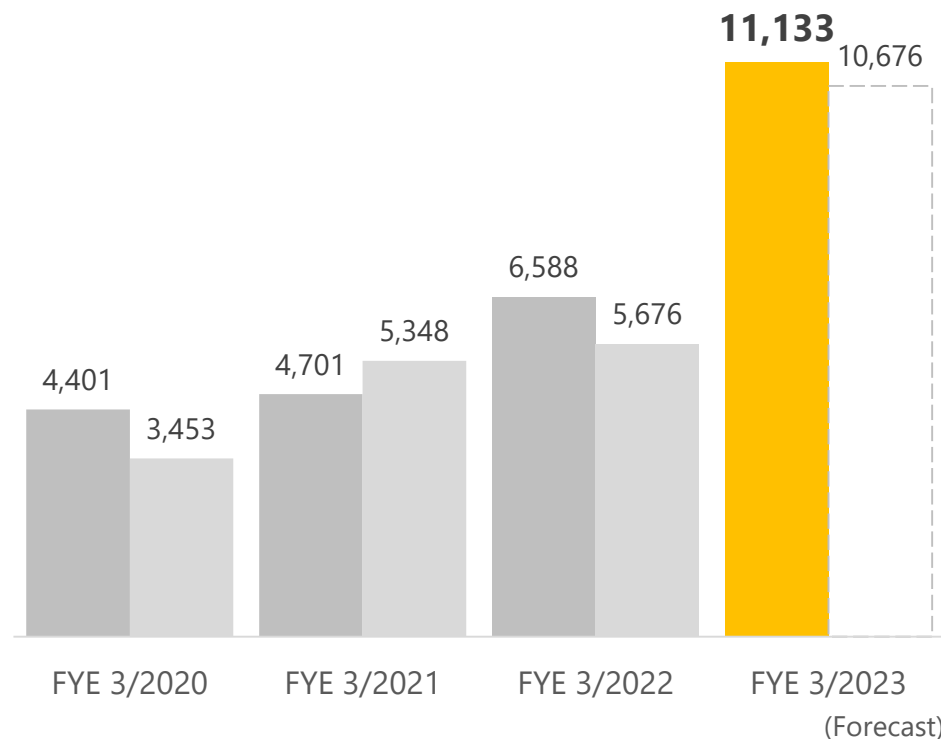
### Orders Received

■ Q3 ■ Q4



### Order Backlog

■ Q3 ■ Q4

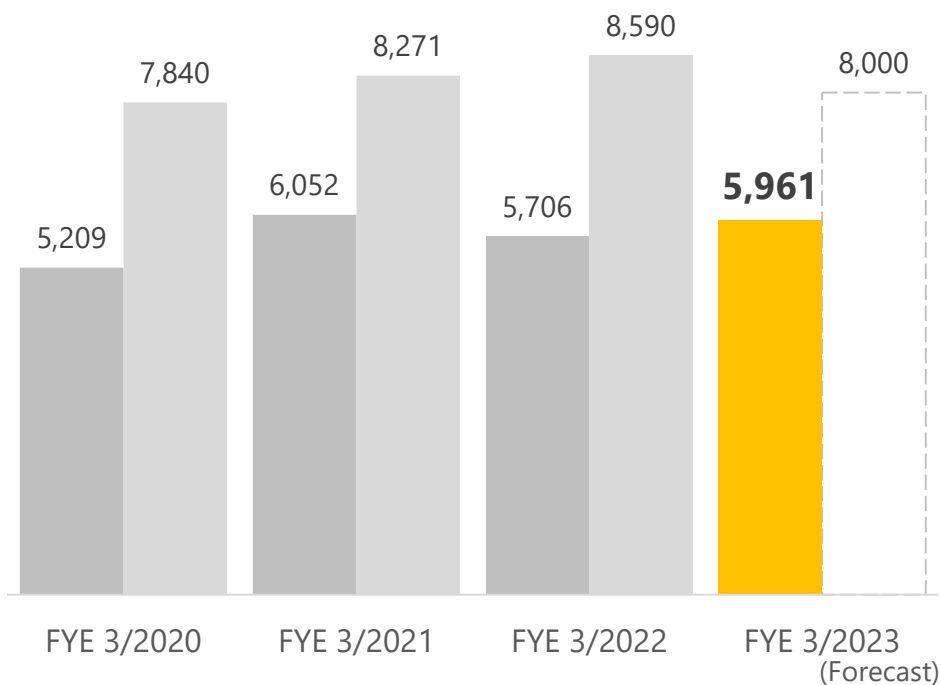


Net sales were up ¥200 million to ¥5.9 billion, while operating profit was up ¥30 million to ¥590 million. Results were on par with the same period of the previous year, due in part to orders for large-scale projects with longer delivery periods and longer lead times.

(Millions of yen)

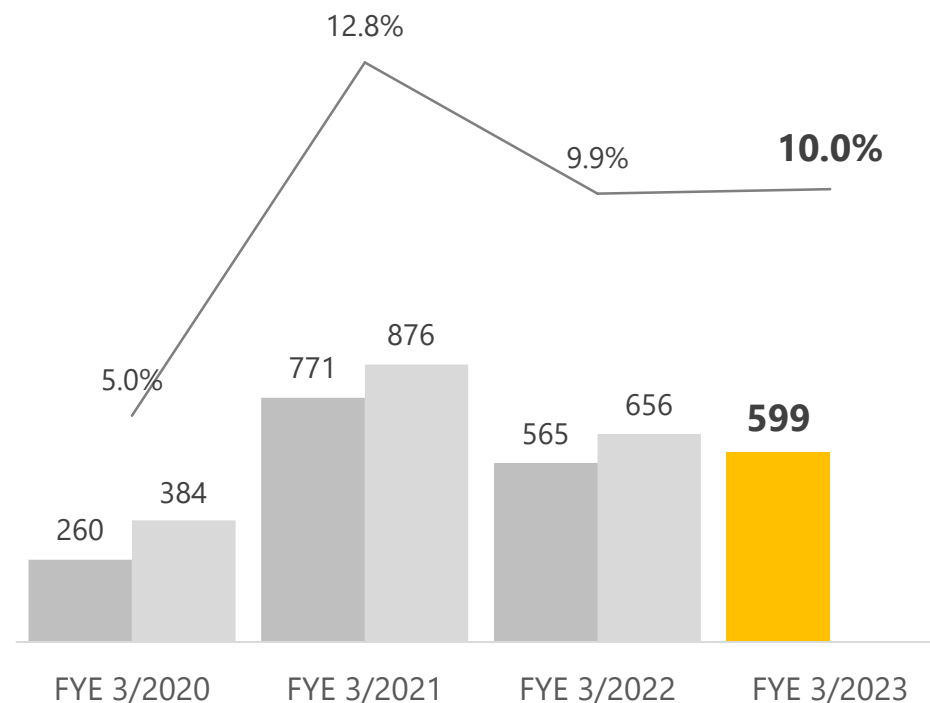
### Net Sales

■ Q3 ■ Q4



### Operating Profit

■ Q3 ■ Q4 — Q3 Operating Margin



- ▶ 1 Overview of Q3 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**

The forecast for operating profit was revised upward to ¥13.5 billion (up ¥1.2 billion), and the forecast for ordinary profit was revised upward to ¥14.5 billion (up ¥1.5 billion).

- In addition to steady progress on construction work at plants for which orders have been received, we expect to see an improvement in profit margins for the full year owing to solid growth in recurring revenue model businesses, such as maintenance service and power retail businesses.
- In response to the risk of 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 Q2 revised forecasts	FYE 3/2023 Q3 revised forecasts	Change from previous forecast
Orders received	188,563	192,244	160,000	<b>160,000</b>	0
Order backlog	387,152	445,304	462,304	<b>462,304</b>	0
Net sales	146,726	134,092	143,000	<b>143,000</b>	0
Operating profit	10,473	9,928	12,300	<b>13,500</b>	1,200
Operating margin	7.1%	7.4%	8.6%	<b>9.4%</b>	0.8pt
Ordinary profit	11,028	10,647	13,000	<b>14,500</b>	1,500
Profit attributable to owners of parent	7,529	7,434	9,100	<b>9,700</b>	600
Profit per share (yen)	92.73	91.53	113.70	<b>121.20</b>	7.50

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

(Millions of yen)

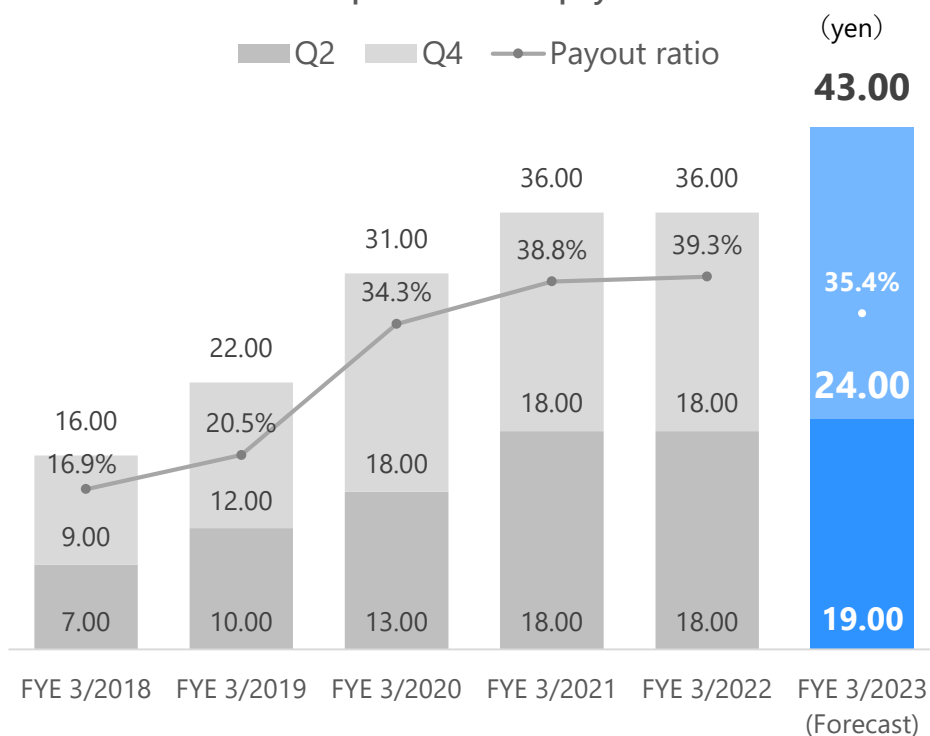
	FYE 3/2021	FYE 3/2022	FYE 3/2023 Q2 revised forecasts	FYE 3/2023 Q3 revised forecasts	Change from previous forecast
<b>Orders received</b>					
<b>Total</b>	188,563	192,244	160,000	<b>160,000</b>	0
Domestic Environment and Energy	160,591	164,865	129,500	<b>125,000</b>	(4,500)
Overseas Environment and Energy	883	2,035	3,000	<b>5,000</b>	2,000
Package Boiler	17,524	16,830	17,000	<b>17,500</b>	500
Equipment and Systems	10,166	8,917	11,000	<b>13,000</b>	2,000
<b>Net sales</b>					
<b>Total</b>	146,726	134,092	143,000	<b>143,000</b>	0
Domestic Environment and Energy	120,770	108,657	117,500	<b>117,500</b>	0
Overseas Environment and Energy	1,188	1,005	1,000	<b>1,000</b>	0
Package Boiler	16,931	16,498	17,000	<b>17,000</b>	0
Equipment and Systems	8,271	8,590	8,000	<b>8,000</b>	0
<b>Backlog</b>					
<b>Total</b>	387,152	445,304	462,304	<b>462,304</b>	0
Domestic Environment and Energy	377,143	433,351	445,351	<b>440,851</b>	(4,500)
Overseas Environment and Energy	427	1,457	3,457	<b>5,457</b>	2,000
Package Boiler	4,521	4,852	4,852	<b>5,352</b>	500
Equipment and Systems	5,348	5,676	8,676	<b>10,676</b>	2,000

\* Adjustments are omitted.

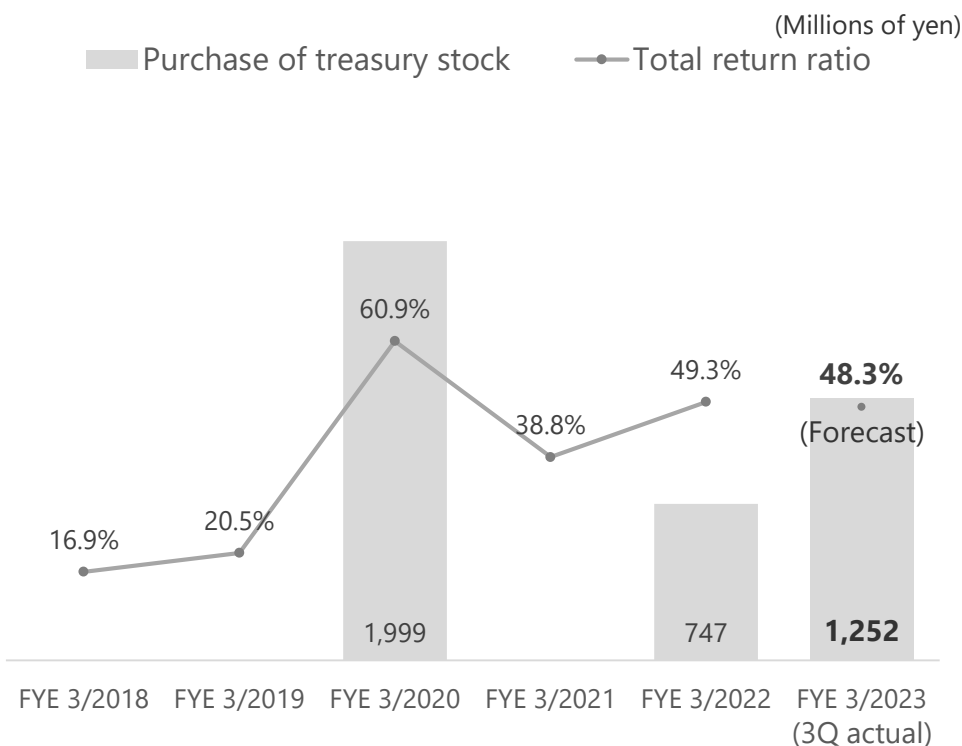
The year-end dividend will be increased by ¥5 based on a comprehensive consideration of factors such as the forecast for record-high profit attributable to owners of parent and the latest financial position. The annual dividend will be increased from ¥38 per share to ¥43.

- 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



### Purchase of treasury stock and total return



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.