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Summary of Results for the Second Quarter of the Fiscal Year Ending March 2023 (Japanese Standards) (Consolidated Basis)

November 10, 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	
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Planned quarterly report submission date		November 10, 2022	
Planned dividend payment start date		December 9, 2022	
Availability of supplementary quarterly results materials:		Yes	
Quarterly results briefing:		None	

(All amounts rounded down to the nearest million yen)

1. Consolidated results for Q2 FY2022 (April 1, 2022, to September 30, 2022)

(1) Consolidated results (cumulative)

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

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 FY2022	65,834	11.1	5,665	92.8	6,146	90.8	4,296	90.4
Q2 FY2021	59,234	(15.8)	2,938	(49.6)	3,222	(48.4)	2,257	(52.2)

(Note) Comprehensive income: Q2 FY2022 4,658 million yen (up 91.9%)
Q2 FY2021 2,427 million yen (down 50.6 %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q2 FY2022	53.63	—
Q2 FY2021	27.78	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q2 FY2022	165,905	96,266	57.7
FY2021	174,535	94,354	53.8

(Reference) Equity Q2 FY2022 95,806 million yen
FY2021 93,908 million yen

2. Dividend status

	Annual dividend				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	18.00	—	18.00	36.00
FY2022	—	19.00			
FY2022 (forecast)			—	19.00	38.00

(Note) Revisions of the most recently announced dividend forecast: Yes

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	12,300	23.9	13,000	22.1	9,100	22.4	113.70

(Note) Revisions of the most recently announced earnings forecast: Yes

○ Attachments

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1. Qualitative information related to the quarterly results under review

Forward-looking statements in the text reflect the judgment of management as of the last day of the quarterly consolidated accounting period under review.

(1) Explanation of business results

(Unit: Millions of yen)

Segment	Q2 consolidated cumulative period of FY2022				Change from the corresponding period of FY2021		
	Orders received	Net sales	Operating profit	Backlog	Orders received	Net sales	Operating profit
Domestic Environment and Energy Business	45,177	54,378	6,476	424,150	(32,376)	6,235	2,884
Overseas Environment and Energy Business	1,093	612	(72)	1,939	698	152	14
Package Boiler Business	10,016	7,467	145	7,402	677	(76)	35
Equipment and Systems Business	9,062	3,572	298	11,165	4,016	108	(26)
Total	65,350	66,029	6,847	444,657	(26,984)	6,420	2,908
Adjustments	(197)	(195)	(1,181)	(35)	3	179	(181)
Total	65,152	65,834	5,665	444,622	(26,980)	6,600	2,726

During the Q2 consolidated cumulative period of FY2022, orders received totaled 65,152 million yen, down 26,980 million yen from the corresponding quarter of FY2021, due primarily to a contraction in the Domestic Environment and Energy Business, while net sales rose 6,600 million yen to 65,834 million yen, due primarily to an increase in the Domestic Environment and Energy Business.

Operating profit rose 2,726 million yen compared to the corresponding period of FY2021 to 5,665 million yen, while ordinary profit rose 2,924 million yen to 6,146 million yen. Profit attributable to owners of parent rose 2,039 million yen to 4,296 million yen. These results were due primarily to an increase in profits in the Domestic Environment and Energy Business.

Reflecting a trend towards recovery from the contraction in demand caused in some segments by the COVID-19 pandemic, no serious effects materialized in the Company's business performance during the Q2 consolidated cumulative period of FY2022.

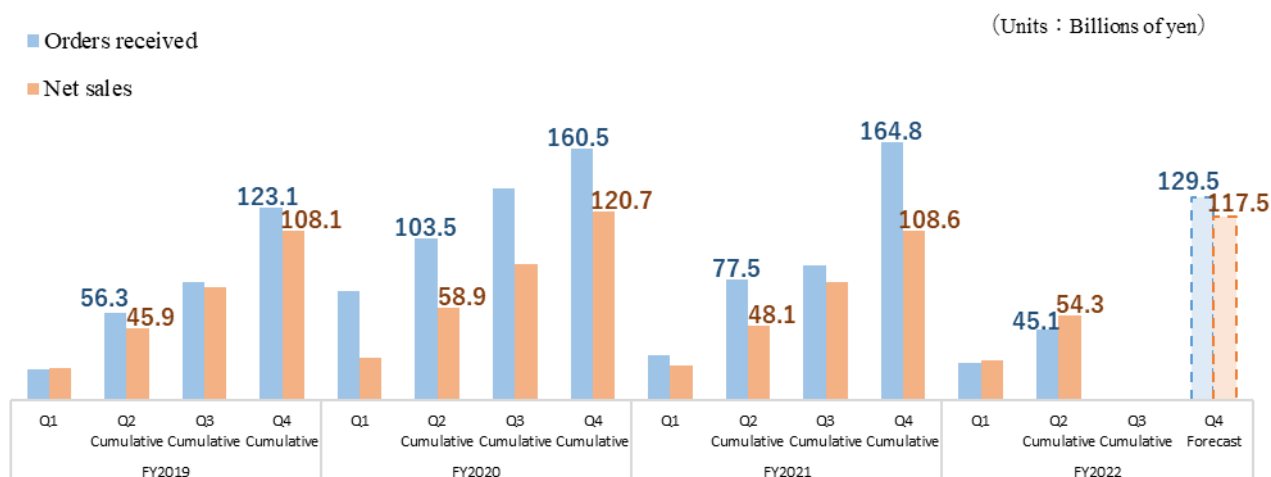
A description of each segment's results follows.

Domestic Environment and Energy Business

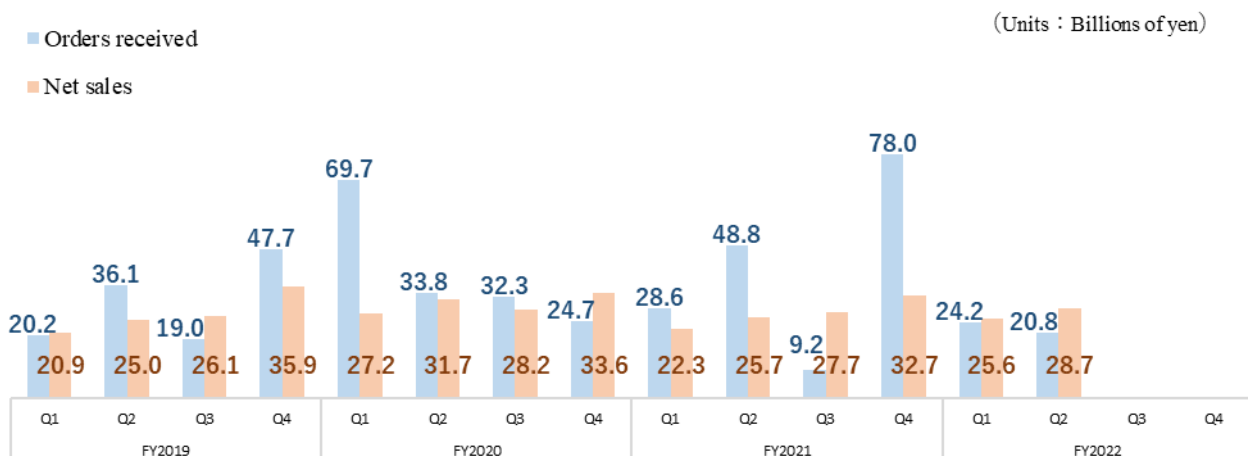
During the Q2 consolidated cumulative period of FY2022, continued efforts to take advantage of robust demand yielded orders that included one primary equipment improvement project at a waste treatment plant and five new biomass power plant construction projects, including fuel transition work. However, orders received fell 32,376 million yen to 45,177 million yen compared to the corresponding period of FY2021*. Net sales rose 6,235 million yen to 54,378 million yen due primarily to changes in the project mix in the EPC business, while operating profit rose 2,884 million yen to 6,476 million yen.

*Principal orders during the corresponding period of FY2021 included one DBO project (encompassing construction and operation) and one long-term O&M project, both for waste treatment plants, and two new biomass power plant construction projects.

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



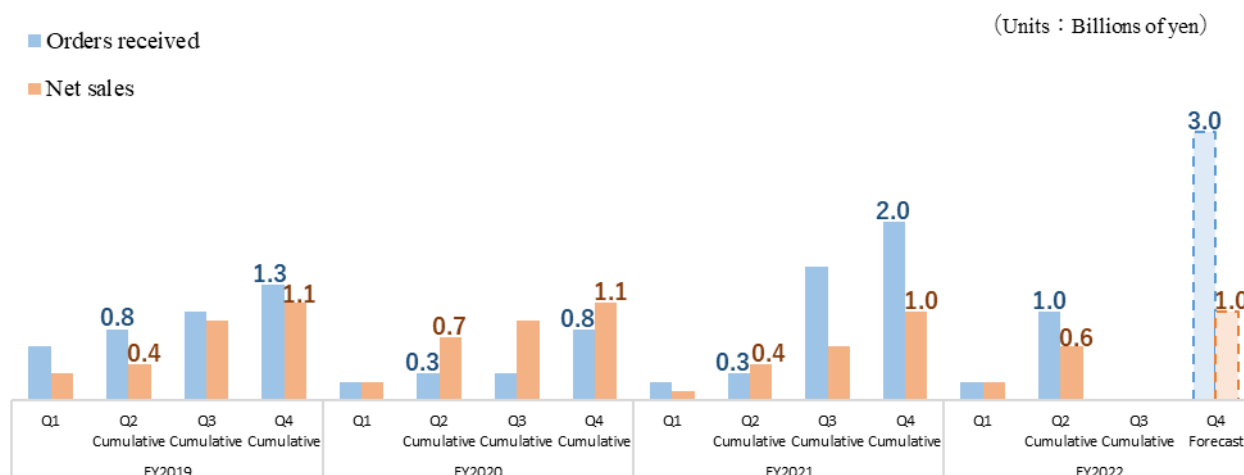
<Orders received and net sales (by quarter)>



Overseas Environment and Energy Business

As During the Q2 consolidated cumulative period of FY2022, maintenance service offered by our overseas subsidiaries accounted for a substantial share of both orders and sales, similarly to the corresponding period of FY2021, as orders received rose 698 million yen to 1,093 million yen. At the same time, net sales of 612 million yen and operating loss of 72 million yen, both slight improvements over the previous fiscal year.

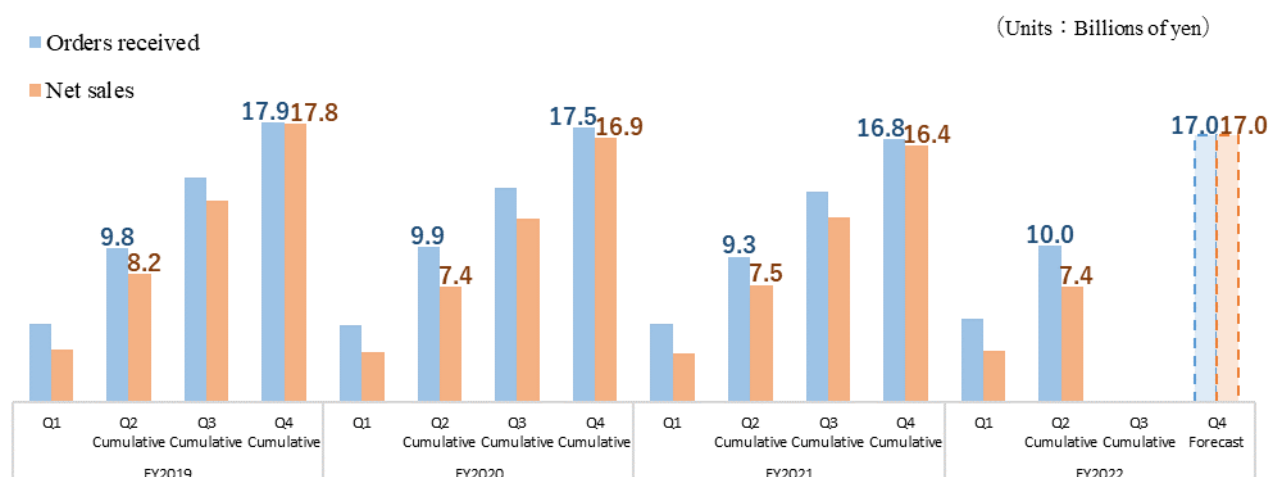
<Orders received and net sales (cumulative quarterly total)>



Package Boiler Business

Thanks to a recovery trend in equipment utilization and new-equipment demand, both of which had fallen due to the pandemic, orders received during the Q2 consolidated cumulative period of FY2022 rose 677 million yen from the previous fiscal year to 10,016 million yen. Net sales and operating profit held steady at roughly the same levels of 7,467 million yen and 145 million yen, respectively, due to factors including an increase in projects with extended lead times.

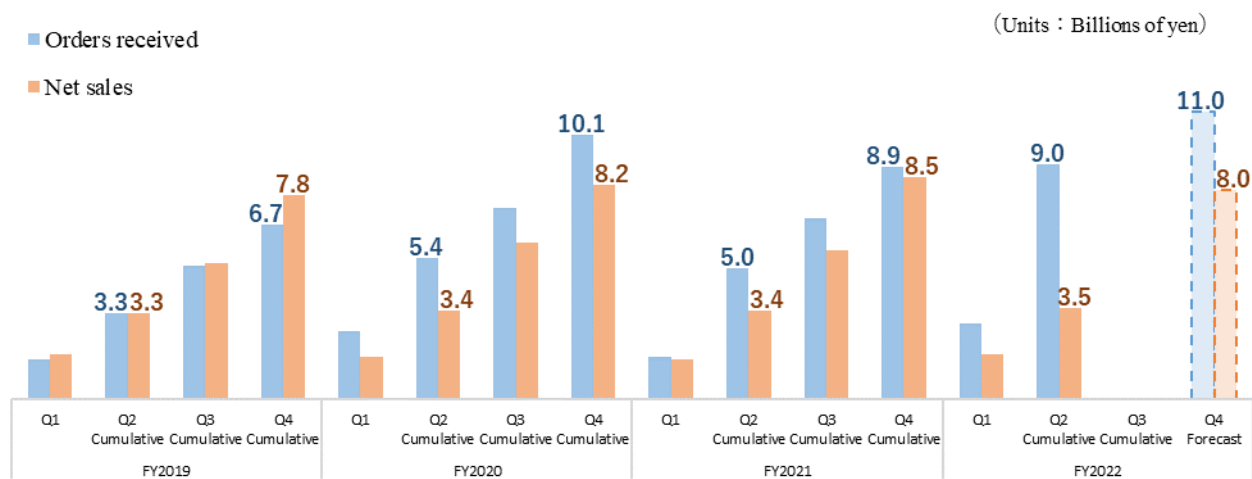
<Orders received and net sales (cumulative quarterly total)>



Equipment and Systems Business

Orders received the Q2 consolidated cumulative period of FY2022 rose 4,016 million yen from the previous fiscal year to 9,062 million yen amid a robust market for semiconductor industry equipment and orders received for large projects in the building equipment business. In addition both net sales and operating profit remained at roughly the same levels as during the previous fiscal year at 3,572 million yen and 298 million yen, respectively.

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



The Group has revised its financial results forecasts for FY2022, based on the latest state of orders in the Domestic Environment and Energy Business and progress on the construction of previously ordered plants. For details, please see "(3) Explanation concerning forward-looking statements such as consolidated earnings forecasts."

(2) Explanation concerning forward-looking statements such as consolidated earnings forecasts

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, uncertainty about the future continues, including due to confusion from the situation in Russia-Ukraine, rising prices for steel and other materials and equipment, and growing lead times.

Against this backdrop, we expect the Group's performance during FY2022 to lag previous forecasts as full-year orders received total 160,000 million yen based on various factors including the latest state of orders in the Domestic Environment and Energy Plant Business, despite expected orders for waste treatment plant construction and operation projects as well as biomass power plants and other facilities during Q3 and beyond thanks to robust demand. Turning to profitability, we expect performance to exceed previous forecasts with operating profit of 12,300 million yen, ordinary profit of 13,000 million yen, and profit attributable to owners of parent of 9,100 million yen. This is due to smooth progress on the construction of previously ordered plants and expected improvements in profitability thanks to progress realizing cost savings.

In addition, we have increased the dividends of surplus (midterm dividend), which has a basis date of September 30, 2022, to 19 yen per share, up 1 yen from the previous forecast of 18 yen, and we have increased our forecast for the year-end dividend for FY2022, by 1 yen per share from the previous forecast of 18 yen per share to 19 yen per share. As a result, the Group expects to pay an annual dividend of 38 yen per share, up 2 yen from the previous forecast of 36 yen.

More information about these revisions can be found in "Notice of Revision to Financial Results Forecasts, the Dividends of Surplus (Midterm Dividend), and the Dividend Forecast for Fiscal Year Ending March 31, 2023" (published November 10, 2022).

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.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	Q4 FY2021 (March 31, 2022)	Q2 FY2022 (September 30, 2022)
Assets		
Current assets		
Cash and deposits	42,979	61,166
Notes and accounts receivable - trade, and contract assets	82,101	50,278
Inventories	4,604	7,106
Other	4,646	3,837
Allowance for doubtful accounts	(16)	(15)
Total current assets	134,315	122,373
Non-current assets		
Property, plant and equipment	12,346	16,109
Intangible assets	298	486
Investments and other assets		
Investment securities	17,012	16,891
Other	10,697	10,179
Allowance for doubtful accounts	(134)	(135)
Total investments and other assets	27,574	26,935
Total non-current assets	40,220	43,531
Total assets	174,535	165,905

(Unit: Millions of yen)

	Q4 FY2021 (March 31, 2022)	Q2 FY2022 (September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,070	21,789
Electronically recorded obligations - operating	16,493	16,320
Short-term borrowings	300	260
Income taxes payable	500	1,537
Contract liabilities	8,669	9,401
Provision for bonuses	3,375	2,780
Provision for product warranties	52	194
Provision for loss on construction contracts	1,516	944
Other	4,724	4,649
Total current liabilities	68,704	57,878
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	246	253
Retirement benefit liability	10,791	11,073
Other	439	434
Total non-current liabilities	11,477	11,760
Total liabilities	80,181	69,639
Net assets		
Shareholders' equity		
Share capital	13,367	13,367
Capital surplus	3,872	3,873
Retained earnings	75,507	78,239
Treasury shares	(2,765)	(3,916)
Total shareholders' equity	89,981	91,563
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,956	4,116
Deferred gains or losses on hedges	110	194
Foreign currency translation adjustment	79	113
Remeasurements of defined benefit plans	(220)	(182)
Total accumulated other comprehensive income	3,926	4,242
Non-controlling interests	445	460
Total net assets	94,354	96,266
Liabilities and net assets	174,535	165,905

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

Quarterly Consolidated Statement of Income

Second quarterly consolidated cumulative accounting period (Q2)

(Unit: Millions of yen)

	Q2 FY2021 (April 1, 2021, to September 30, 2021)	Q2 FY2022 (April 1, 2022, to September 30, 2022)
Net sales	59,234	65,834
Cost of sales	48,461	51,753
Gross profit	10,772	14,081
Selling, general and administrative expenses	7,833	8,415
Operating profit	2,938	5,665
Non-operating income		
Interest income	8	9
Dividend income	263	337
Share of profit of entities accounted for using equity method	45	37
Other	59	145
Total non-operating income	377	528
Non-operating expenses		
Interest expenses	3	1
Commitment fees	14	14
Loss on disposal of non-current assets	51	13
Other	24	18
Total non-operating expenses	93	47
Ordinary profit	3,222	6,146
Extraordinary income		
Gain on sale of investment securities	-	28
Insurance claim income	300	-
Total extraordinary income	300	28
Extraordinary losses		
New factory construction expenses	167	112
Total extraordinary losses	167	112
Quarterly profit before income taxes	3,354	6,063
Income taxes	1,086	1,731
Quarterly profit	2,268	4,331
Quarterly profit attributable to non-controlling interests	11	34
Quarterly profit attributable to owners of parent	2,257	4,296

Quarterly Consolidated Statement of Comprehensive Income
 Second quarterly consolidated cumulative accounting period (Q2)

(Unit: Millions of yen)

	Q2 FY2021 (April 1, 2021, to September 30, 2021)	Q2 FY2022 (April 1, 2022, to September 30, 2022)
Quarterly profit	2,268	4,331
Other comprehensive income		
Valuation difference on available-for-sale securities	87	160
Deferred gains or losses on hedges	4	83
Foreign currency translation adjustment	24	45
Remeasurements of defined benefit plans, net of tax	42	37
Total other comprehensive income	158	327
Quarterly comprehensive income	2,427	4,658
Comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	2,408	4,612
Quarterly comprehensive income attributable to non-controlling interests	18	46

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Q2 FY2021 (April 1, 2021, to September 30, 2021)	Q2 FY2022 (April 1, 2022, to September 30, 2022)
Cash flows from operating activities		
Quarterly profit before income taxes	3,354	6,063
Depreciation	455	434
Loss (gain) on sale of investment securities	-	(28)
Loss (gain) on disposal of non-current assets	51	13
Increase (decrease) in provision for bonuses	(682)	(595)
Increase (decrease) in provision for loss on construction contracts	(1,445)	(571)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(1,003)	-
Increase (decrease) in retirement benefit liability	374	336
Interest and dividend income	(272)	(346)
Interest expenses	3	1
Share of loss (profit) of entities accounted for using equity method	(45)	(37)
Decrease (increase) in trade receivables	29,856	32,712
Decrease (increase) in inventories	(1,996)	(2,473)
Decrease (increase) in other current assets	(1,721)	(1,193)
Increase (decrease) in trade payables	(3,042)	(12,512)
Increase (decrease) in other current liabilities	(2,773)	90
Other, net	725	271
Subtotal	21,838	22,163
Interest and dividends received	342	396
Interest paid	(6)	(1)
Income taxes refund (paid)	(2,734)	1,239
Net cash provided by (used in) operating activities	19,440	23,798
Cash flows from investing activities		
Net decrease (increase) in time deposits	(218)	452
Purchase of property, plant and equipment	(739)	(2,999)
Proceeds from sale of property, plant and equipment	-	98
Purchase of intangible assets	(27)	(50)
Purchase of investment securities	(0)	(300)
Proceeds from sale of investment securities	-	52
Loan advances	(597)	-
Proceeds from collection of loans receivable	12	12
Other, net	(28)	(38)
Net cash provided by (used in) investing activities	(1,600)	(2,773)

(Unit: Millions of yen)

	Q2 FY2021 (April 1, 2021, to September 30, 2021)	Q2 FY2022 (April 1, 2022, to September 30, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,200)	-
Repayments of long-term borrowings	(142)	(40)
Purchase of treasury shares	(0)	(1,252)
Dividends paid	(1,461)	(1,453)
Dividends paid to non-controlling interests	(23)	(32)
Other, net	(14)	(17)
Net cash provided by (used in) financing activities	(6,843)	(2,795)
Effect of exchange rate change on cash and cash equivalents	16	45
Net increase (decrease) in cash and cash equivalents	11,013	18,274
Cash and cash equivalents at beginning of period	42,957	41,244
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	747	343
Cash and cash equivalents at end of period	54,719	59,863

3. 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	129,500	117,500	445,351
Overseas Environment and Energy Business	3,000	1,000	3,457
Package Boiler Business	17,000	17,000	4,852
Equipment and Systems Business	11,000	8,000	8,676
Total	160,500	143,500	462,337
Adjustments	(500)	(500)	(33)
Total	160,000	143,000	462,304

(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

4. Supplementary Materials
 Domestic Environment and Energy Business Breakdown

(Unit: Billions of yen)

	Q2 FY2022 (actual)		
	Orders received	Net sales	Backlog
Municipal Solid Waste Plants (EPC)	2.5	13.3	110.6
Municipal Solid Waste Plants (after sales service business)	18.6	16.4	224.0
Energy Plants	17.9	19.1	75.9
Water Treatment Plants, other	5.9	5.3	13.4
Adjustments	0.1	0.1	0
Total	45.1	54.3	424.1