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

February 9, 2023

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		February 9, 2023	
Planned dividend payment start date		None	
Availability of supplementary quarterly results materials:		Yes	
Quarterly results briefing:		None	

(All amounts rounded down to the nearest million yen)

1. Consolidated results for Q3 FY2022 (April 1, 2022, to December 31, 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	%
Q3 FY2022	100,668	7.5	9,212	73.6	9,986	69.0	7,019	72.0
Q3 FY2021	93,679	(11.3)	5,306	(36.5)	5,907	(34.0)	4,080	(38.5)

(Note) Comprehensive income: Q3 FY2022 7,524 million yen (up 78.1%)
Q3 FY2021 4,225 million yen (down 41.1 %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q3 FY2022	87.67	—
Q3 FY2021	50.22	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q3 FY2022	171,931	97,613	56.5
FY2021	174,535	94,354	53.8

(Reference) Equity Q3 FY2022 97,137 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)				24.00	43.00

(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	13,500	36.0	14,500	36.2	9,700	30.5	121.20

(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	Q3 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	65,117	82,023	9,986	416,445	(21,678)	6,142	4,010
Overseas Environment and Energy Business	1,151	862	(124)	1,747	(359)	171	17
Package Boiler Business	14,213	12,088	539	6,978	803	211	97
Equipment and Systems Business	11,419	5,961	599	11,133	4,473	255	33
Total	91,902	100,935	10,999	436,304	(16,759)	6,781	4,159
Adjustments	(271)	(267)	(1,786)	(37)	(64)	207	(252)
Total	91,631	100,668	9,212	436,267	(16,824)	6,989	3,906

During the Q3 consolidated cumulative period of FY2022, orders received totaled 91,631 million yen, down 16,824 million yen from the corresponding quarter of FY2021, due primarily to a contraction in the Domestic Environment and Energy Business, while net sales rose 6,989 million yen to 100,668 million yen, due primarily to an increase in the Domestic Environment and Energy Business.

Operating profit rose 3,906 million yen compared to the corresponding period of FY2021 to 9,212 million yen, while ordinary profit rose 4,079 million yen to 9,986 million yen. Profit attributable to owners of parent rose 2,938 million yen to 7,019 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 Q3 consolidated cumulative period of FY2022.

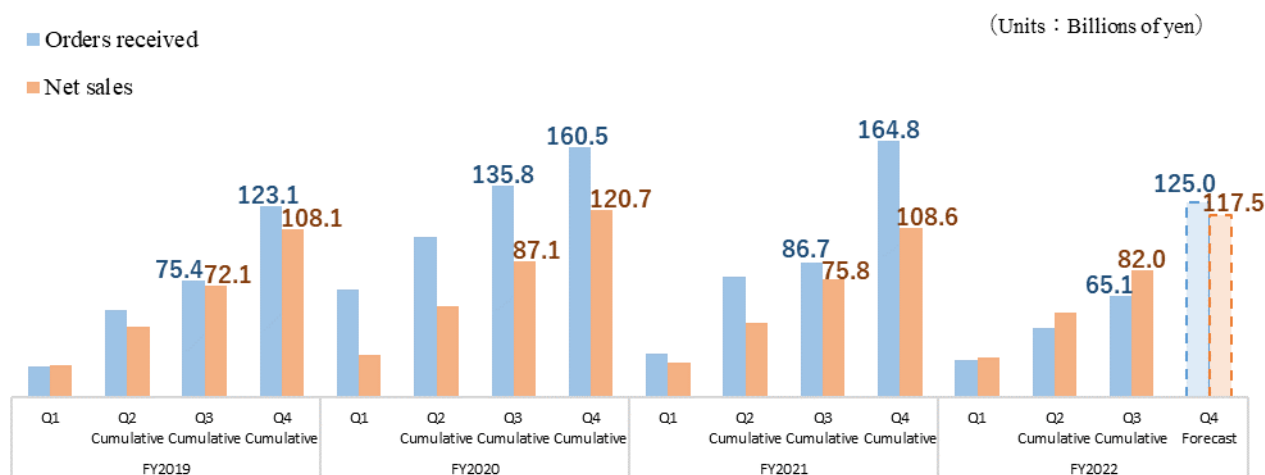
A description of each segment's results follows.

Domestic Environment and Energy Business

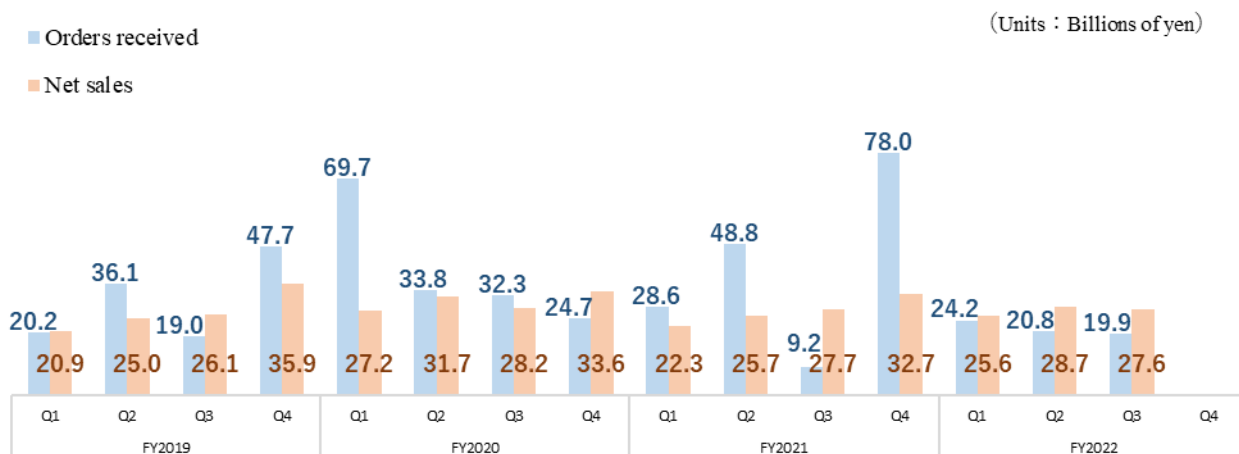
During the Q3 consolidated cumulative period of FY2022, continued efforts to take advantage of robust demand yielded orders that included one primary equipment improvement project, one long-term O&M project, both for waste treatment plants, five new biomass power plant construction projects, including fuel transition work, and one new industrial waste treatment plant construction project. However, orders received fell 21,678 million yen to 65,117 million yen compared to the corresponding period of FY2021*. Net sales rose 6,142 million yen to 82,023 million yen due primarily to changes in the project mix in the EPC business, while operating profit rose 4,010 million yen to 9,986 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, two new biomass power plant construction projects, and one new industrial waste treatment plant construction project.

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



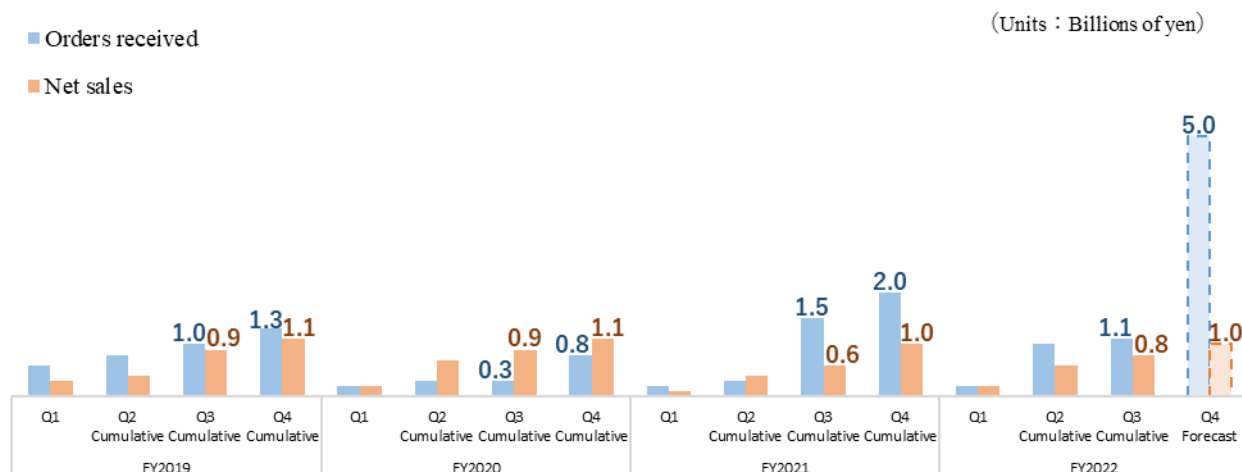
<Orders received and net sales (by quarter)>



Overseas Environment and Energy Business

During the Q3 consolidated cumulative period of FY2022, maintenance service offered by our overseas subsidiaries accounted for a substantial share of both orders and sales as orders received totaled 1,151 million yen, down 359 million yen from the corresponding period of FY2021, when we received an order for an equipment replacement project at an Energy from Waste plant. However, the segment recorded net sales of 862 million yen and an operating loss of 124 million yen, both slight improvements over the previous fiscal year.

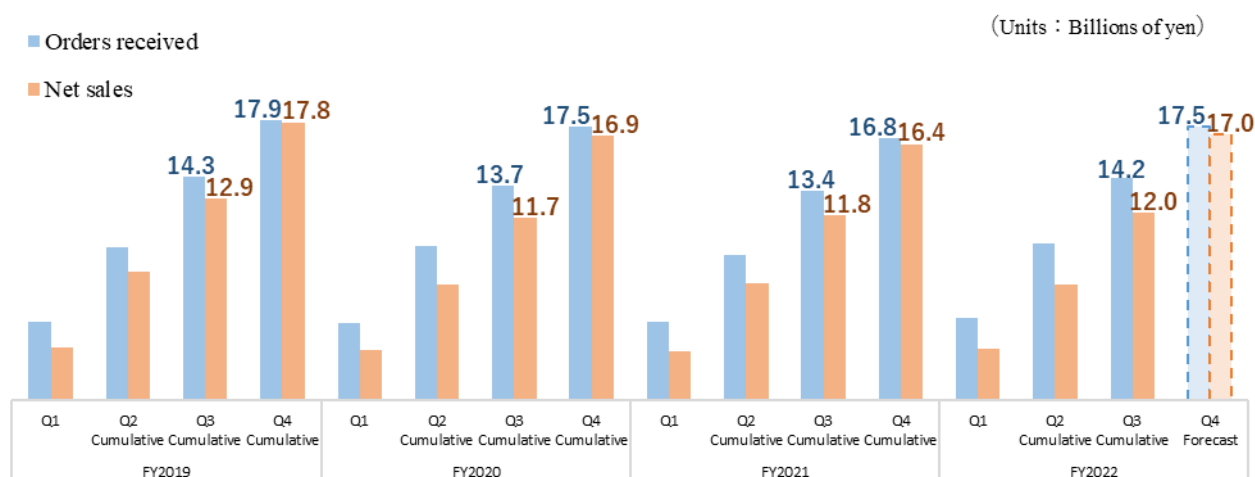
<Orders received and net sales (cumulative quarterly total)>



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 Q3 consolidated cumulative period of FY2022 rose 803 million yen to 14,213 million yen, while net sales rose 211 million yen to 12,088 million yen. Operating profit rose 97 million yen to 539 million yen.

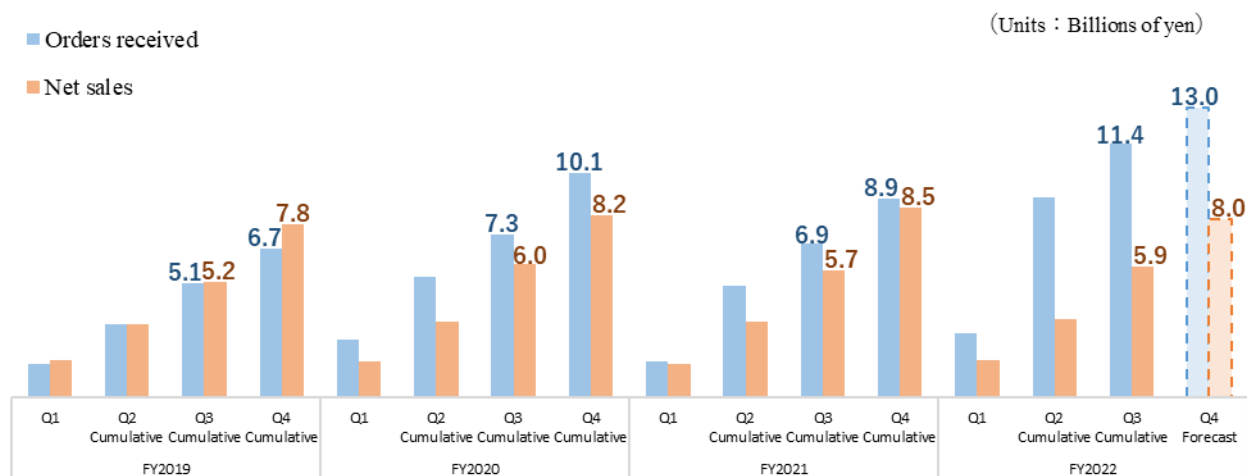
<Orders received and net sales (cumulative quarterly total)>



Equipment and Systems Business

Orders received the Q3 consolidated cumulative period of FY2022 rose 4,473 million yen from the previous fiscal year to 11,419 million yen amid a robust market for semiconductor industry equipment and orders received for large projects in the building equipment business. In addition, net sales rose 255 million yen from FY2021 to 5,961 million yen, while operating profit rose 33 million yen to 599 million yen.

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



The Group has revised its financial results forecasts for FY2022, based on the progress on the construction of previously ordered plants in the Domestic Environment and Energy Business. 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

【FY2022 Forecast】

(Unit: Millions of yen)

Segment	FY2022 Q2 revised forecast (November 10, 2022) (①)		FY2022 Q3 revised forecast (February 9, 2023) (②)		Change (②-①)	
	Orders received	Net sales	Orders received	Net sales	Orders received	Net sales
Domestic Environment and Energy Business	129,500	117,500	125,000	117,500	(4,500)	—
Overseas Environment and Energy Business	3,000	1,000	5,000	1,000	2,000	—
Package Boiler Business	17,000	17,000	17,500	17,000	500	—
Equipment and Systems Business	11,000	8,000	13,000	8,000	2,000	—
Total	160,500	143,500	160,500	143,500	—	—
Adjustments	(500)	(500)	(500)	(500)	—	—
Total	160,000	143,000	160,000	143,000	—	—

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.

With regard to the Group's FY2022 performance under these conditions, we expect to book orders in our Domestic Environment and Energy business during the fourth quarter for waste treatment plant construction and operation projects as well as biomass power plants and other facilities, and we expect to earn a steady stream of orders in other segments as the economy continues to recover from effects of the COVID-19 pandemic. As a result, the previous full-year order volume forecast of 160,000 million yen (announced on November 10, 2022) remains unchanged. Turning to profitability, we expect performance to exceed previous forecasts with operating profit of 13,500 million yen, ordinary profit of 14,500 million yen, and profit attributable to owners of parent of 9,700 million yen. This is due to smooth progress on the construction of previously ordered plants and robust expansion in recurring revenue model businesses such as the maintenance service and power retail businesses.

In addition, we have increased our forecast for the year-end dividend for FY2022, by 5 yen per share from the previous forecast of 19 yen per share (announced on November 10, 2022) to 24 yen per share. As a result, the Group expects to pay an annual dividend of 43 yen per share (including an interim dividend of 19 yen).

More information about these revisions can be found in "Notice of Revision to Financial Results Forecasts and Revision to (Increase in) the Dividend Forecast for FY2022." (published February 9, 2023).

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)	Q3 FY2022 (December 31, 2022)
Assets		
Current assets		
Cash and deposits	42,979	54,859
Notes and accounts receivable - trade, and contract assets	82,101	59,503
Inventories	4,604	8,765
Other	4,646	3,125
Allowance for doubtful accounts	(16)	(15)
Total current assets	134,315	126,238
Non-current assets		
Property, plant and equipment	12,346	18,018
Intangible assets	298	490
Investments and other assets		
Investment securities	17,012	17,185
Other	10,697	10,133
Allowance for doubtful accounts	(134)	(135)
Total investments and other assets	27,574	27,183
Total non-current assets	40,220	45,693
Total assets	174,535	171,931

(Unit: Millions of yen)

	Q4 FY2021 (March 31, 2022)	Q3 FY2022 (December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,070	22,718
Electronically recorded obligations - operating	16,493	20,029
Short-term borrowings	300	240
Income taxes payable	500	1,750
Contract liabilities	8,669	9,001
Provision for bonuses	3,375	2,114
Provision for product warranties	52	209
Provision for loss on construction contracts	1,516	771
Other	4,724	5,527
Total current liabilities	68,704	62,363
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	246	267
Retirement benefit liability	10,791	11,253
Other	439	433
Total non-current liabilities	11,477	11,954
Total liabilities	80,181	74,318
Net assets		
Shareholders' equity		
Share capital	13,367	13,367
Capital surplus	3,872	3,873
Retained earnings	75,507	79,442
Treasury shares	(2,765)	(3,916)
Total shareholders' equity	89,981	92,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,956	4,354
Deferred gains or losses on hedges	110	93
Foreign currency translation adjustment	79	85
Remeasurements of defined benefit plans	(220)	(163)
Total accumulated other comprehensive income	3,926	4,370
Non-controlling interests	445	475
Total net assets	94,354	97,613
Liabilities and net assets	174,535	171,931

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

Quarterly Consolidated Statement of Income

Third quarterly consolidated cumulative accounting period (Q3)

(Unit: Millions of yen)

	Q3 FY2021 (April 1, 2021, to December 31, 2021)	Q3 FY2022 (April 1, 2022, to December 31, 2022)
Net sales	93,679	100,668
Cost of sales	76,545	78,823
Gross profit	17,133	21,844
Selling, general and administrative expenses	11,827	12,631
Operating profit	5,306	9,212
Non-operating income		
Interest income	13	14
Dividend income	424	534
Share of profit of entities accounted for using equity method	119	104
Other	156	181
Total non-operating income	714	834
Non-operating expenses		
Interest expenses	4	1
Commitment fees	21	21
Loss on disposal of non-current assets	55	17
Other	31	20
Total non-operating expenses	112	60
Ordinary profit	5,907	9,986
Extraordinary income		
Gain on sale of investment securities	80	153
Insurance claim income	300	-
Total extraordinary income	380	153
Extraordinary losses		
New factory construction expenses	255	185
Total extraordinary losses	255	185
Quarterly profit before income taxes	6,032	9,955
Income taxes	1,920	2,875
Quarterly profit	4,112	7,079
Quarterly profit attributable to non-controlling interests	31	60
Quarterly profit attributable to owners of parent	4,080	7,019

Quarterly Consolidated Statement of Comprehensive Income
Third quarterly consolidated cumulative accounting period (Q3)

(Unit: Millions of yen)

	Q3 FY2021 (April 1, 2021, to December 31, 2021)	Q3 FY2022 (April 1, 2022, to December 31, 2022)
Quarterly profit	4,112	7,079
Other comprehensive income		
Valuation difference on available-for-sale securities	(21)	398
Deferred gains or losses on hedges	24	(17)
Foreign currency translation adjustment	45	6
Remeasurements of defined benefit plans, net of tax	64	56
Total other comprehensive income	113	444
Quarterly comprehensive income	4,225	7,524
Comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	4,182	7,462
Quarterly comprehensive income attributable to non-controlling interests	43	61

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	125,000	117,500	440,851
Overseas Environment and Energy Business	5,000	1,000	5,457
Package Boiler Business	17,500	17,000	5,352
Equipment and Systems Business	13,000	8,000	10,676
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)

	Q3 FY2022 (actual)		
	Orders received	Net sales	Backlog
Municipal Solid Waste Plants (EPC)	2.5	19.6	104.4
Municipal Solid Waste Plants (after sales service business)	29.3	26.6	224.4
Energy Plants	24.4	26.7	74.8
Water Treatment Plants, other	8.5	8.6	12.7
Adjustments	0.2	0.2	0
Total	65.1	82.0	416.4