

Financial Briefing Materials for FY2023

Takuma Co., Ltd. | May 24, 2024

TAKUMA

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FY2023 Results

Orders received

¥160.5 billion

-¥7.9 billion
(-4.7%) YoY

Orders received were down due primarily to a decrease in orders received in the Overseas Environment and Energy Business and the Equipment and Systems Business, despite orders received for Energy Plants and Water Treatment Plants in addition to DBO projects for municipal solid waste treatment plants.

- Domestic Environment and Energy Business
 - Municipal solid waste treatment plants
 - Energy Plants
 - Water Treatment Plants
- Overseas Environment and Energy Business
- Package Boiler Business
- Equipment and Systems Business

Net sales

¥149.1 billion

+¥6.5 billion
(+4.6%) YoY

Sales up for municipal solid waste treatment plants (after-sale services) in the Domestic Environment and Energy Business and three other segments.

- Domestic Environment and Energy Business
 - Municipal solid waste treatment plants
 - Energy Plants
 - Water Treatment Plants
- Overseas Environment and Energy Business
- Package Boiler Business
- Equipment and Systems Business

Operating profit

¥10.2 billion

-¥3.5 billion
(-25.9%) YoY

Profit was down mainly due to the change in the EPC project mix in the Domestic Environment and Energy Business

- Domestic Environment and Energy Business
 - Change in EPC project mix
 - Cost of O&M measures
 - Operating expenses (Personnel, R&D, etc.)
 - Depreciation (New Harima Factory, etc.)
- Overseas Environment and Energy Business
- Package Boiler Business
- Equipment and Systems Business

Orders received were down due primarily to a decrease in orders received in the Overseas Environment and Energy Business and the Equipment and Systems Business, despite orders received for DBO projects for municipal solid waste treatment plants.

Net sales were up in all segments, but profit was down due mainly to the change in the EPC project mix in the Domestic Environment and Energy Business as well as an increase in depreciation at the new Harima Factory associated with operations, increases in personnel and R&D expenses.

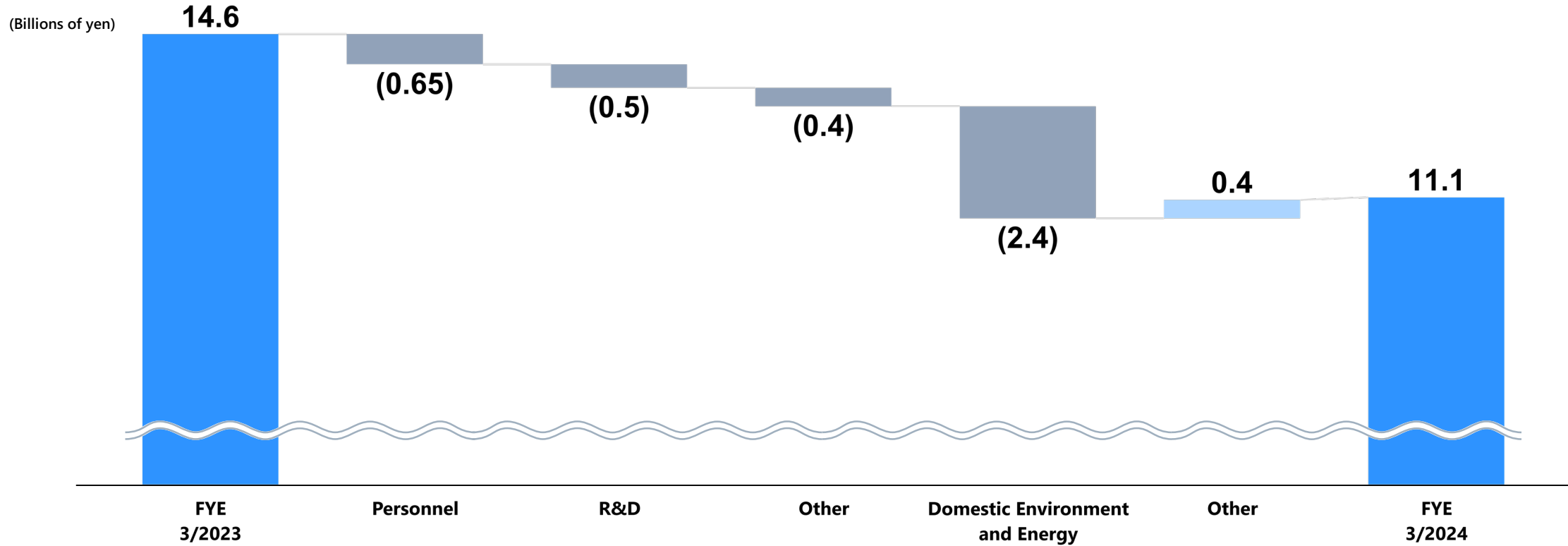
(Millions of yen)	FYE 3/2022 (FY2021)	FYE 3/2023 (FY2022)	FYE 3/2024 (FY2023)	YoY change
Orders received	192,244	168,558	160,568	(4.7%)
Order backlog	445,304	471,211	482,612	2.4%
Net sales	134,092	142,651	149,166	4.6%
Operating profit	9,928	13,813	10,229	(25.9%)
Operating margin	7.4%	9.7%	6.9%	(2.8pt)
Ordinary profit	10,647	14,684	11,166	(24.0%)
Profit attributable to owners of parent	7,434	9,621	8,754	(9.0%)
Basic earnings per share (yen)	91.53	120.22	109.43	(9.0%)

* EPC: Engineering, procurement, and construction; one approach we use in our plant construction business. * O&M: Operation and maintenance; one approach we use in our plant operation business.

* DBO: Design, build, and operate; one approach we use in our plant construction and operation businesses (EPC + O&M).

Profit was down due to the change in the EPC project mix in the Domestic Environment and Energy Business as well as an increase in depreciation at the new Harima Factory associated with operations, increases in personnel and R&D expenses.

Breakdown of ordinary profit variance



SG&A

Gross profit

(Millions of yen)	FYE 3/2022 (FY2021)	FYE 3/2023 (FY2022)	FYE 3/2024 (FY2023)	YoY change
Orders received				
Total	192,244	168,558	160,568	(4.7%)
Domestic Environment and Energy	164,865	130,280	131,567	1.0%
Overseas Environment and Energy	2,035	5,922	2,280	(61.5%)
Package Boiler	16,830	18,400	18,666	1.4%
Equipment and Systems	8,917	14,328	8,403	(41.4%)
Net sales				
Total	134,092	142,651	149,166	4.6%
Domestic Environment and Energy	108,657	115,985	119,190	2.8%
Overseas Environment and Energy	1,005	1,351	2,440	80.6%
Package Boiler	16,498	17,312	18,492	6.8%
Equipment and Systems	8,590	8,360	9,437	12.9%
Operating profit				
Total	9,928	13,813	10,229	(25.9%)
Domestic Environment and Energy	10,906	14,875	11,228	(24.5%)
Overseas Environment and Energy	(218)	(172)	184	-
Package Boiler	672	915	1,177	28.6%
Equipment and Systems	656	826	341	(58.7%)

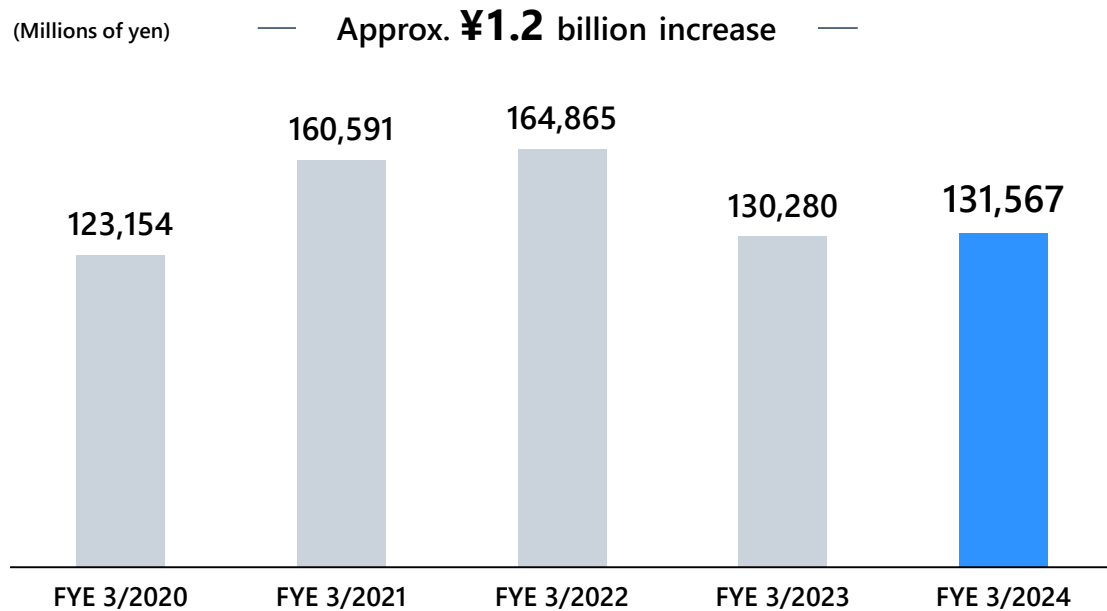
* Adjustments are omitted.

Orders received were up owing to orders for Energy Plants and Water Treatment Plants in addition to a DBO projects for a municipal solid waste treatment plant, despite contract cancellations for some energy plant projects.

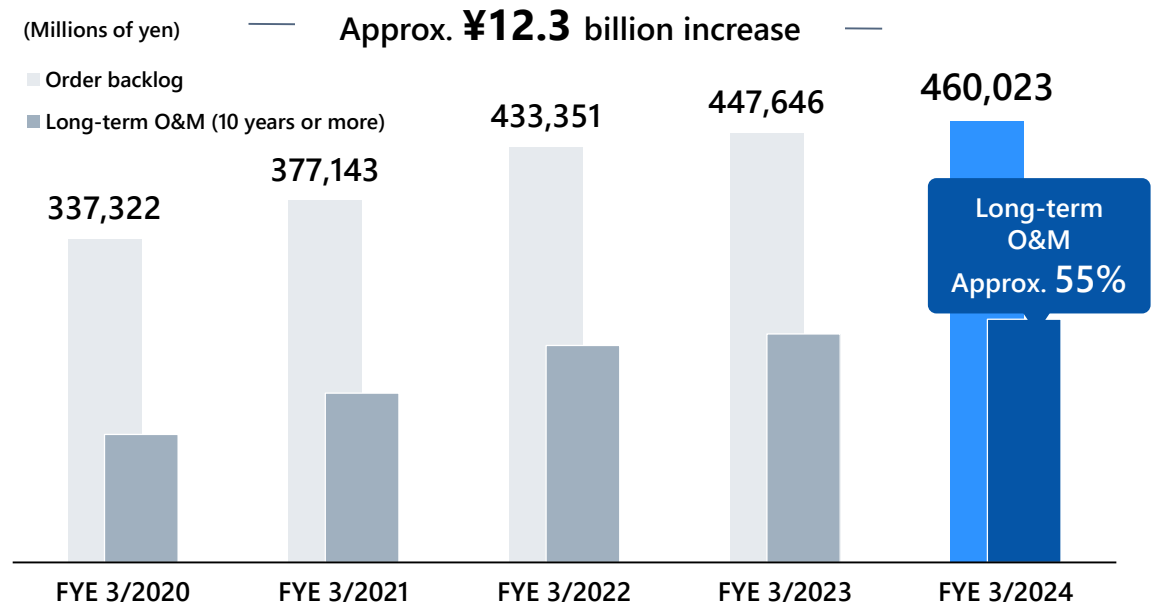
- Orders received: Up owing to orders for 2 waste treatment plant DBO projects, 8 Energy Plants (6 FIT projects, 1 self-consumption project, and 1 industrial waste treatment project), a large-scale renewal of a sand filtration system for a sewage treatment plant, and a sludge treatment facility DBM project.
- The order backlog is on the rise owing to steady orders for long-term O&M (such as DBO and BTO projects). Around 55% of the backlog is long-term O&M.

* DBM: Design, Build, and Maintenance. These projects take the form of EPC + long-term maintenance agreements.
 * BTO: Build, transfer, and operate; one approach we use in our plant construction and operation businesses (EPC + O&M).

Orders received



Order backlog



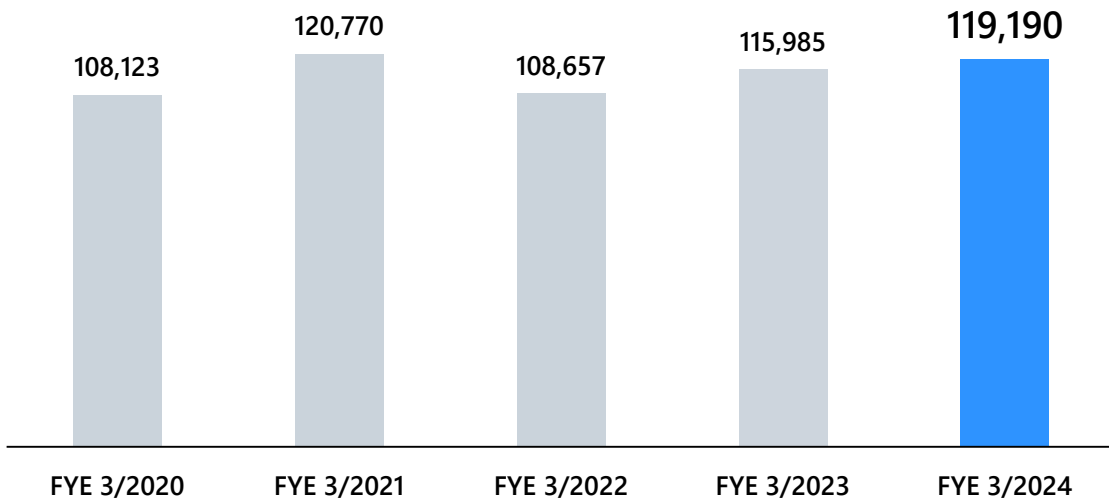
Sales were up, but profit was down due to a change in the EPC project mix as well as an increase in depreciation at the new Harima Factory associated with operations, increases in personnel and R&D expenses.

- Net sales: Up owing to an increase in municipal solid waste treatment plants(after-sales service).
- Operating profit: Down due to changes in the EPC project mix, increased depreciation at the new Harima Factory associated with operations, and increased operating expenses such as personnel and R&D expenses as well as the recording of costs for measures at a waste treatment plant (gasification melting furnace) under O&M contract in Q2.

Net sales

(Millions of yen)

Approx. **¥3.2 billion** increase

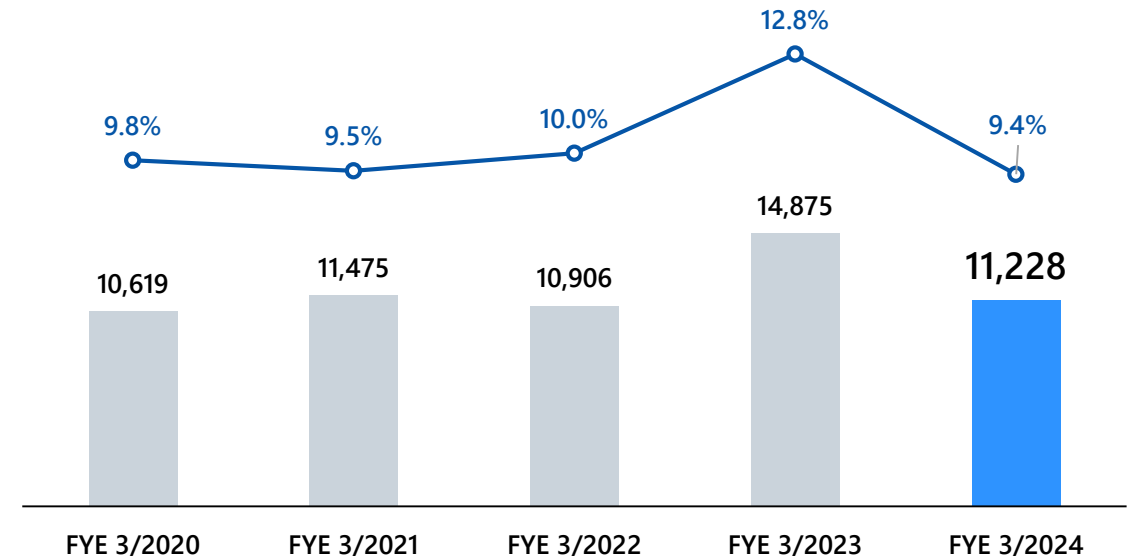


Operating profit

(Millions of yen)

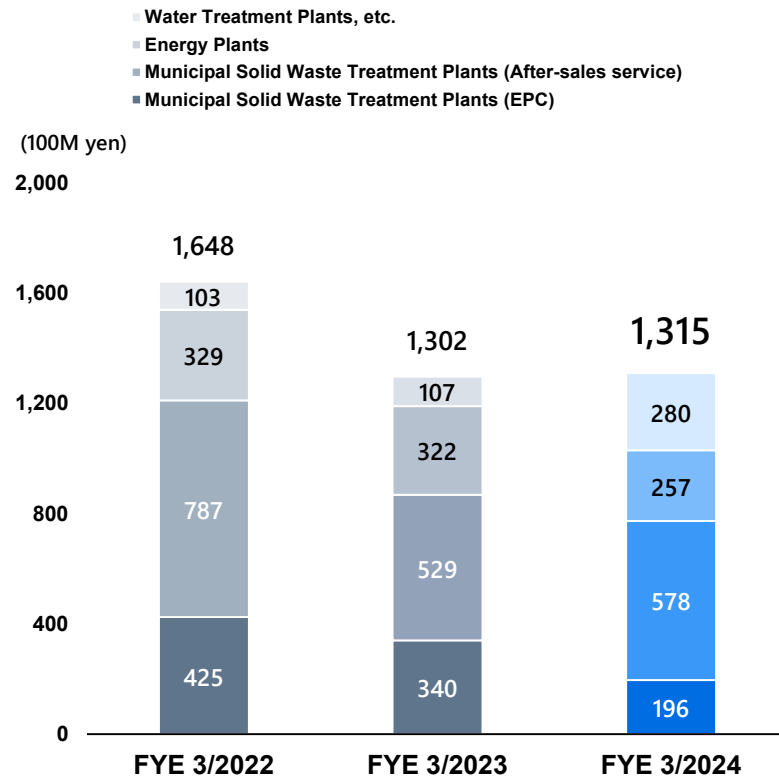
Approx. **¥3.6 billion** decrease

— operating profit — operating margin

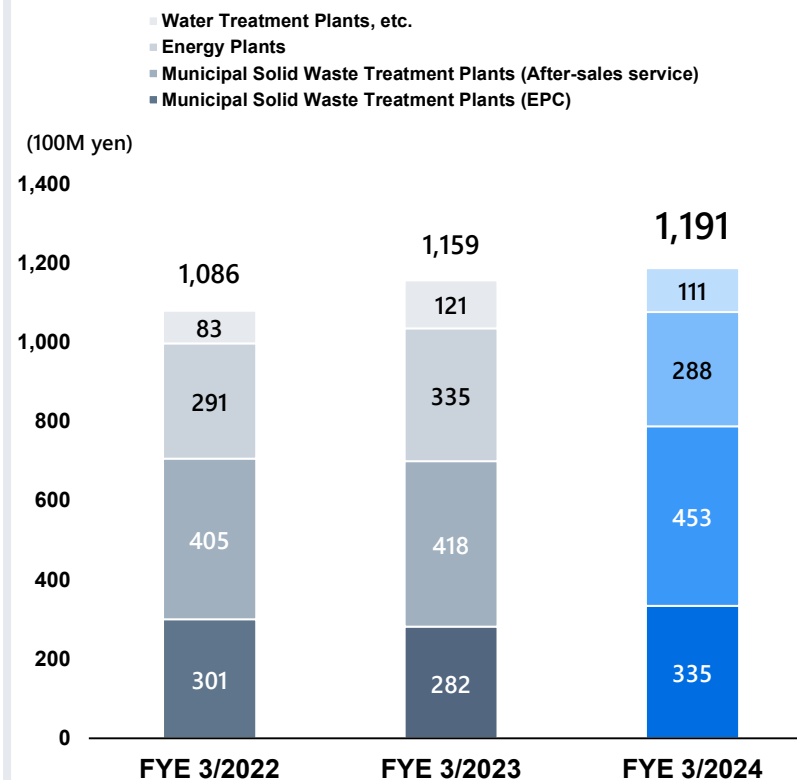


Orders received were up for municipal solid waste treatment plants (after-sale services) and Water Treatment Plants, etc. Sales were up, mainly owing to an increase in a municipal solid waste treatment plant.

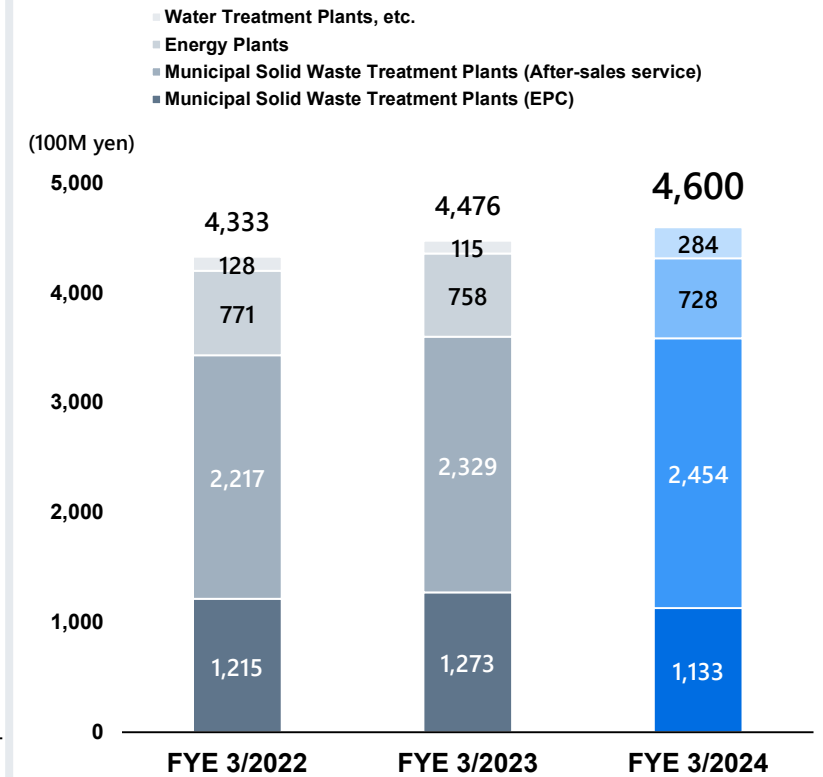
Orders received



Net sales



Order backlog



* Adjustments are omitted.

FY3/2024, orders were received for 2 municipal solid waste treatment plant DBO projects and 1 large-scale renewal of a sand filtration system for a sewage treatment plant, and 1 sludge treatment facility DBM project.

	Year	Delivered to:	Notes		Capacity	Scheduled Completion	
Municipal solid waste treatment plants	FYE 3/2022	Q1	Uwajima Public Association	After-sales service	Long-term O&M	120 t/day	4/2021-3/2031 (10 years)
		Q2	Hakodate City	EPC & After-sales service	DBO	300 t/day	3/2029 (22 years of operations starting 4/2022)
		Q4	Okayama City	EPC & After-sales service	DBO	200 t/day	3/2027 (20 years of operations starting 4/2027)
			Shida Public Association	EPC & After-sales service	DBO	223 t/day	12/2026 (20 years of operations starting 1/2027)
	FYE 3/2023	Q1	Senboku Environmental Improvement Facilities Association	EPC	Primary equipment improvement work	300 t/day	3/2024
		Q3	Okinoshima-cho	After-sales service	Long-term O&M	25 t/day	4/2023-3/2038 (15 years)
		Q4	Kohoku Wide Area Administrative Affairs Center	EPC & After-sales service	BTO*1	124 t/day	3/2030 (18 years of operations starting 4/2028*2)
	FYE 3/2024	Q3	Ashikaga City	EPC & After-sales service	DBO	152 t/day	3/2028 (20 years of operations starting 4/2028)
		Q4	Sapporo City	EPC & After-sales service (Crushing facility)	DBO	140 t/5h	3/2028 (20 years of operations starting 4/2028)
Water treatment plants	FYE 3/2022	Q3	Ochiai Water Reclamation Center	EPC (Sand filtration system)	-	80units	Jan 2025
	FYE 3/2024	Q2	Ochiai Water Reclamation Center	EPC (Sand filtration system)	-	128units	Feb 2028
		Q3	Osaka Prefecture Chuo Mizu Mirai Center	EPC (sludge treatment plant) & After-sales service	DBM*3	sewage sludge incineration 100 t/day	Jun 2027 (About 11 years of long-term maintenance starting 7/2027)

*1. BTO is an acronym for "Build, Transfer, Operate." It refers to a business method based on a private finance initiative (PFI) in which a private business operator procures funds and engages in EPC of the facility, transfers ownership of the facility to the public upon completion, and then the private business operator operates the facility.

*2. Start of overall facility operations, including heat recovery facility

*3. DBM: Design, Build, and Maintenance. These projects take the form of EPC + long-term maintenance agreements.

FY3/2024, orders were received for 6 biomass power plants (FIT), 1 self-consumption project, and 1 EPC project for an industrial waste treatment plant.

	Year	Delivered to:	Notes		Capacity	Scheduled Completion	
Energy plants	FYE 3/2022	Q1	Company A	EPC	Power generation business (Biomass, FIT)	1,990kW	-
		Q2	Kumamoto Clean Energy Co.	EPC	Power generation business (Biomass, FIT)	1,990kW	Autumn 2023
		Q3	Sanko Inc.	EPC	Industrial waste treatment	93.6 t/day	7/2024
		Q4	Aizu Komorebi Power Plant LLC.	EPC	Power generation business (Biomass, FIT)	7,100kW	11/2024
			Chugoku Mokuzai Co., Ltd. Noshiro Plant	EPC	Self-consumption (Biomass, Non-FIT)	2,090kW	3/2024
			Regional power Co.	EPC	Power generation business (Biomass, FIT)	9,990kW	3/2025
			Nihonkaisui TTS Kanda Power Co.	After-sales service (Long-term O&M)	Power generation business (Biomass, FIT)	50,000kW	2023-2043 (20 years)
	FYE 3/2023	Q1	Sanyo-Onoda Green Energy Co.	EPC	Power generation business (Biomass, FIT)	1,990kW	6/2024
			Power Aid MIE LLC.	EPC	Power generation business (Biomass and others, Non-FIT)	1,990kW	Winter FYE 3/2025
		Q2	Yonezawa Bio Energy LLC.	EPC	Power generation business (Biomass, FIT)	7,100kW	11/2025
			Soga Biomass Power Generation Co.	EPC	Power generation business (Biomass, FIT)	1,990kW	11/2024
			Company B	EPC (Fuel conversion)	Self-consumption (Biomass and others, Non-FIT)	-	-
		Q3	Katsuta Co., Ltd.	EPC	Industrial waste treatment	150t/day	2/2026
		Q4	Regional power Co.	EPC	Power generation business (Biomass, Non-FIT)	9,990kW	8/2026
	FYE 3/2024	Q1	Furusato FIC Energy LLC.	EPC	Power generation business (Biomass, FIT)	1,990kW	1/2026
			Mogami Biomass Power Generation2 (KK)	EPC	Power generation business (Biomass, FIT)	7,100kW	10/2026
		Q2	Shin Tokai Paper Co., Ltd. Shimada Plant	EPC	Self-consumption (Biomass and others, Non-FIT)	-	1/2027
			Company C	EPC	Power generation business (Biomass, FIT)	7,100kW	-
			Green Power Tono (KK)	EPC	Power generation business (Biomass, FIT)	1,990kW	11/2026
		Q3	Tochigi High Trust Co., Ltd.	EPC	Industrial waste treatment	93.6t/day	2/2027
Hachimantai Next Energy Co.			EPC	Power generation business (Biomass, FIT)	7,100kW	12/2026	
Q4			Company D	EPC	Power generation business (Biomass, FIT)	1,990kW	-

*Self-consumption: Steam (heat) and electricity produced by a plant installed within the factory are used within the factory without being supplied externally.

Domestic Environment and Energy Business

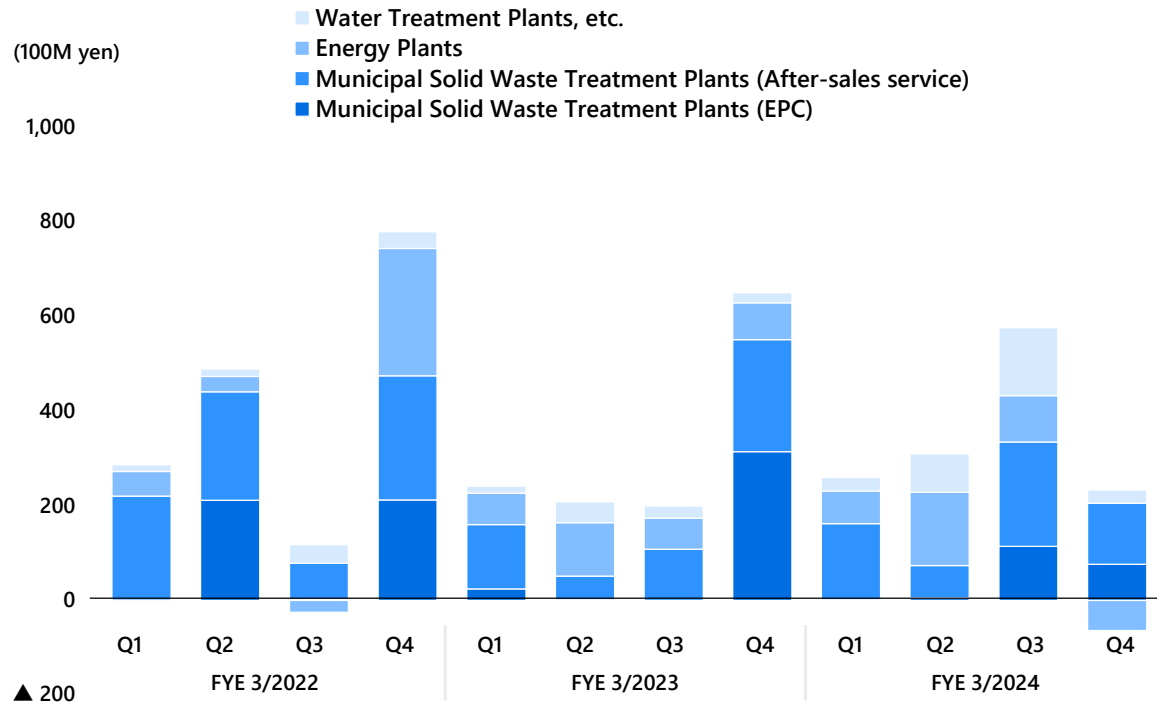
Quarterly trend in
Orders received /
Net sales (Reference material)



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

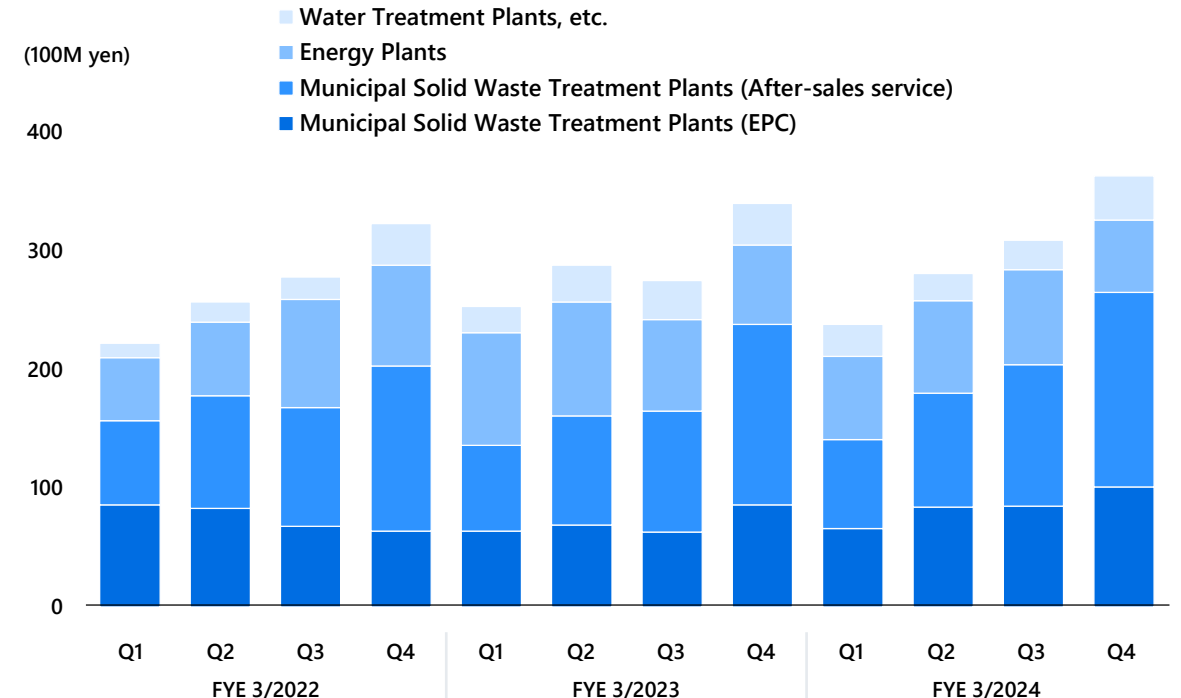
Orders received (quarterly)

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, municipal solid waste treatment plants (after-sales service) increases going into the fourth quarter, so overall net sales also tend to increase going into the fourth quarter.



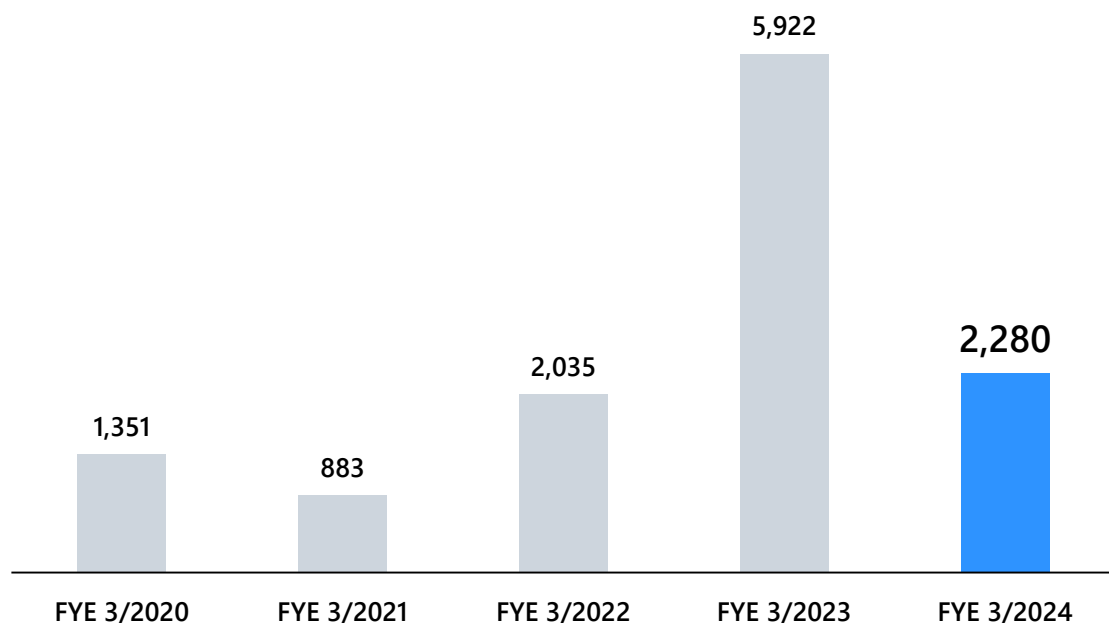
Orders received were down due to orders for new plants being limited to the additional order for the waste treatment plant project in Vietnam received the previous year.

We will continue going after new construction and renewal projects in addition to maintenance services.

Orders received

(Millions of yen)

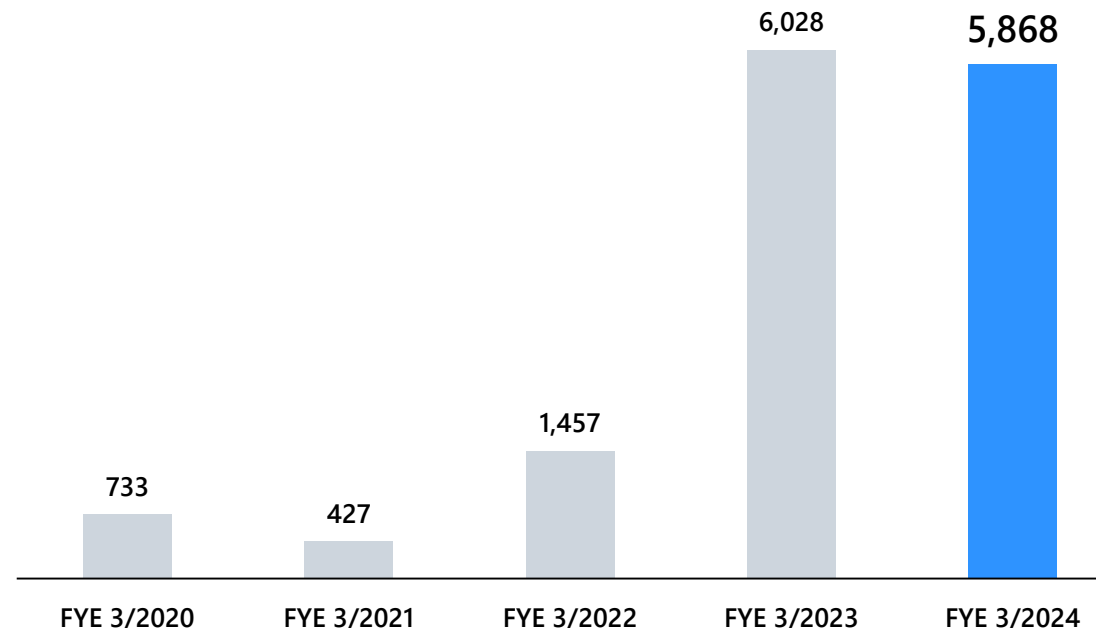
Approx. **¥3.6 billion** decrease



Order backlog

(Millions of yen)

Approx. **¥0.15 billion** decrease

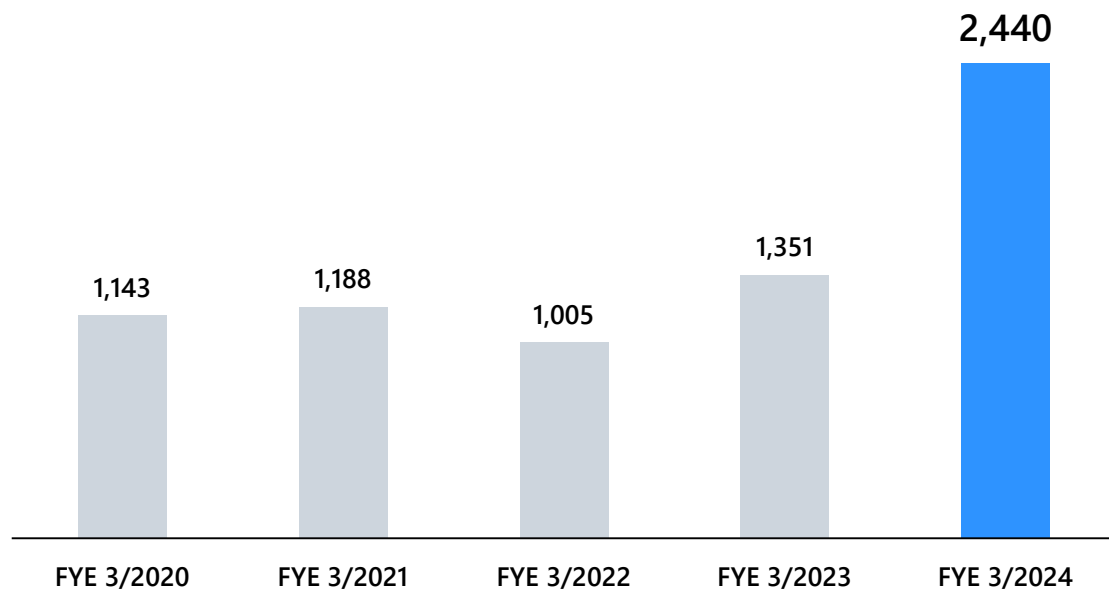


Net sales were up owing primarily to progress on EPC projects previously ordered in addition to maintenance services. Operating profit also improved.

Net sales

(Millions of yen)

Approx. **¥1.0 billion** increase

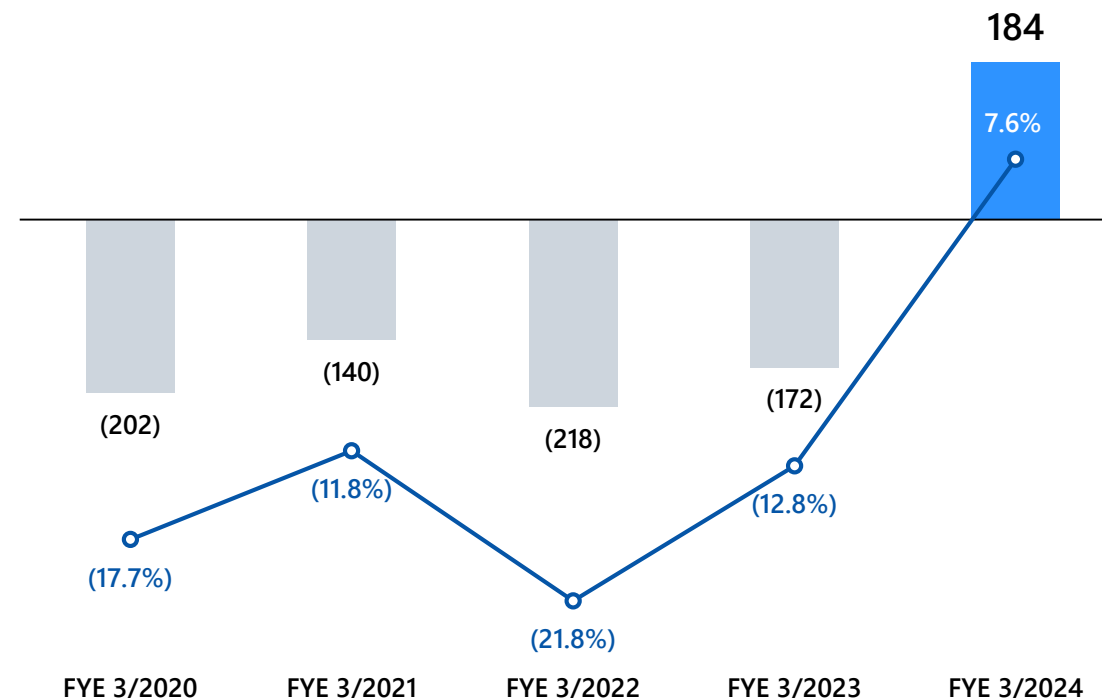


Operating profit

(Millions of yen)

Approx. **¥0.35 billion** improve

operating profit operating margin

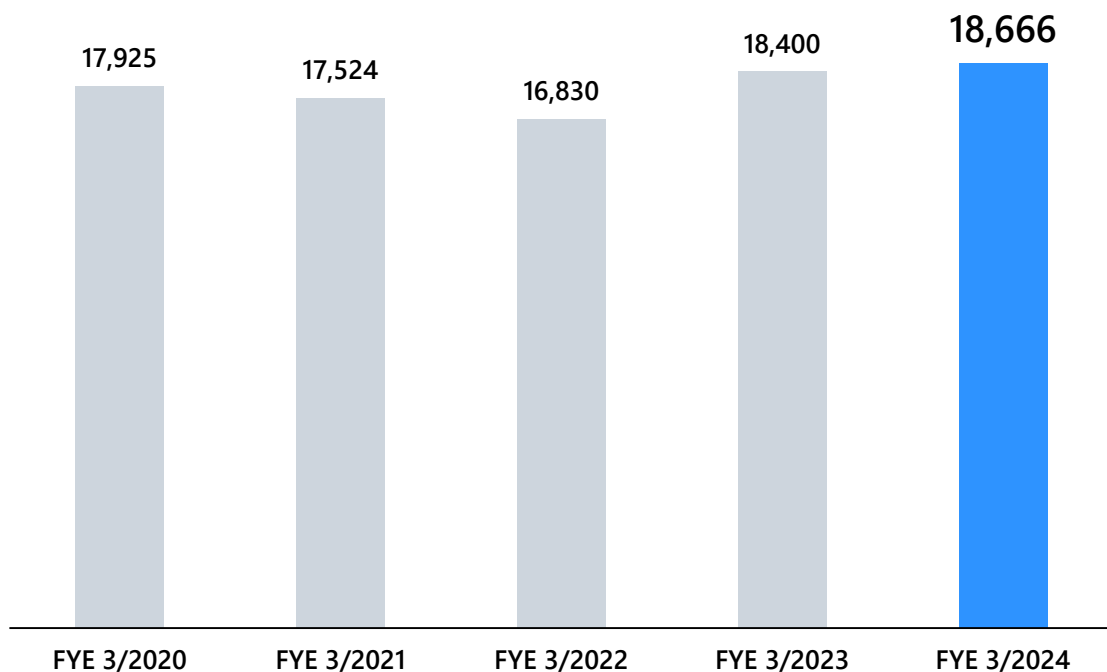


Orders received were up owing primarily to orders for large-scale projects.

Orders received

(Millions of yen)

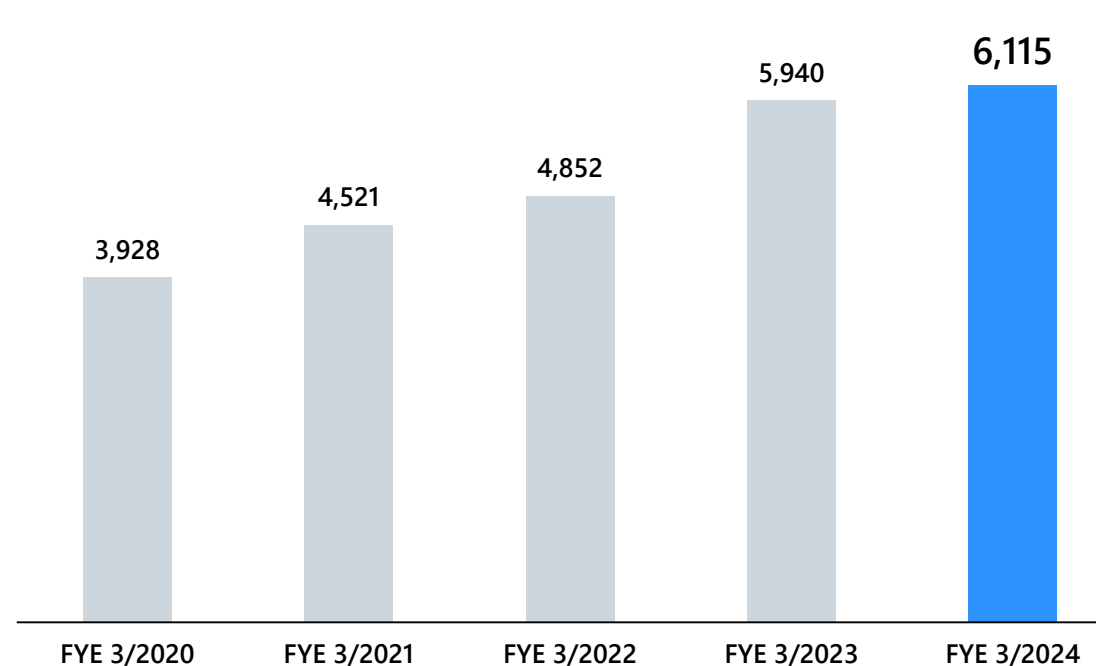
— Approx. **¥0.26** billion increase —



Order backlog

(Millions of yen)

— Approx. **¥0.17** billion increase —

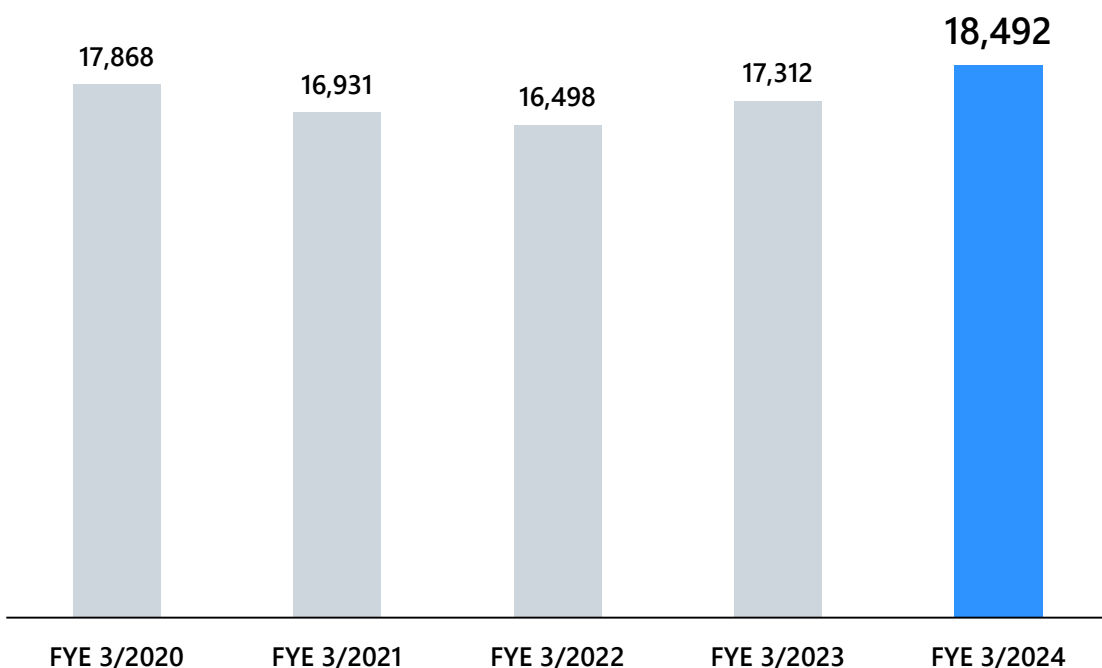


Net sales and operating profit were up owing primarily to progress on projects for which orders were already received and completion of large-scale projects.

Net sales

(Millions of yen)

Approx. **¥1.1 billion** increase

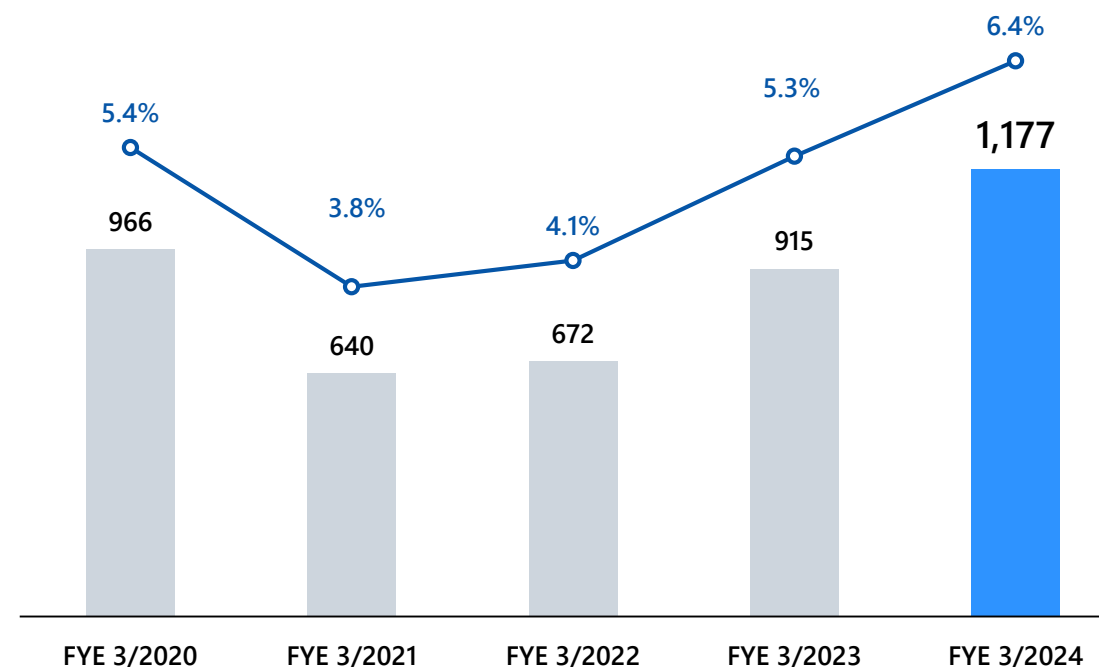


Operating profit

(Millions of yen)

Approx. **¥0.26 billion** increase

■ operating profit ● operating margin

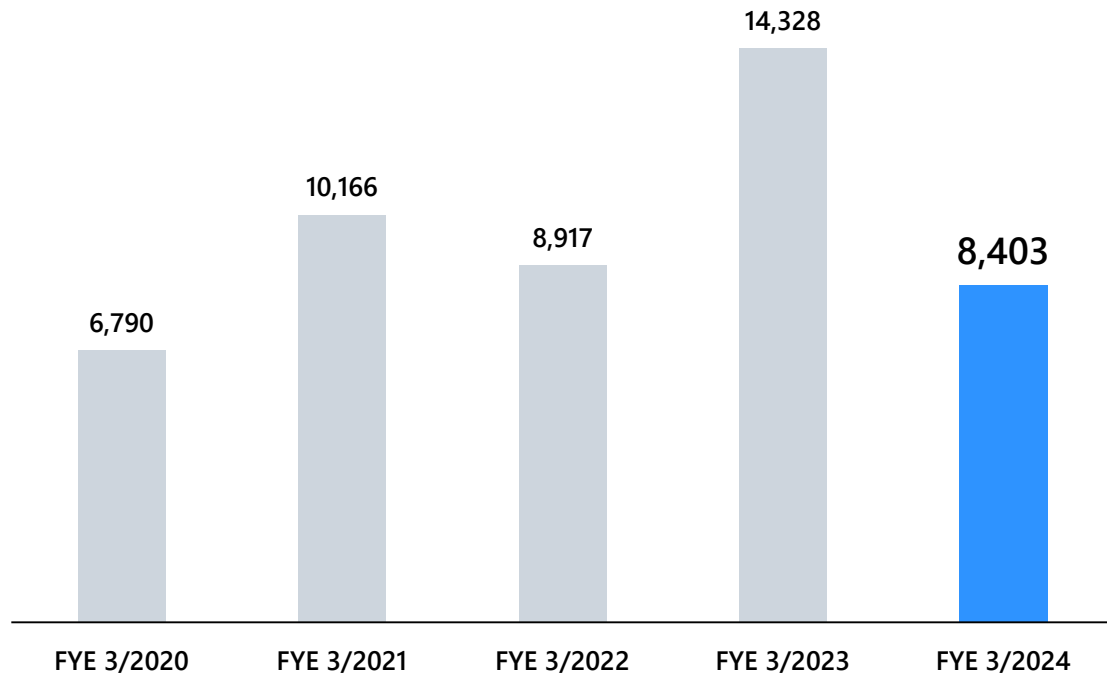


Orders received were down due to the absence of the large-scale order received in the building equipment business in Q2 of the previous year and a decrease in orders for equipment for the semiconductor industry.

Although demand for semiconductor industrial equipment is expected to increase in the medium to long term, it is currently stagnant.

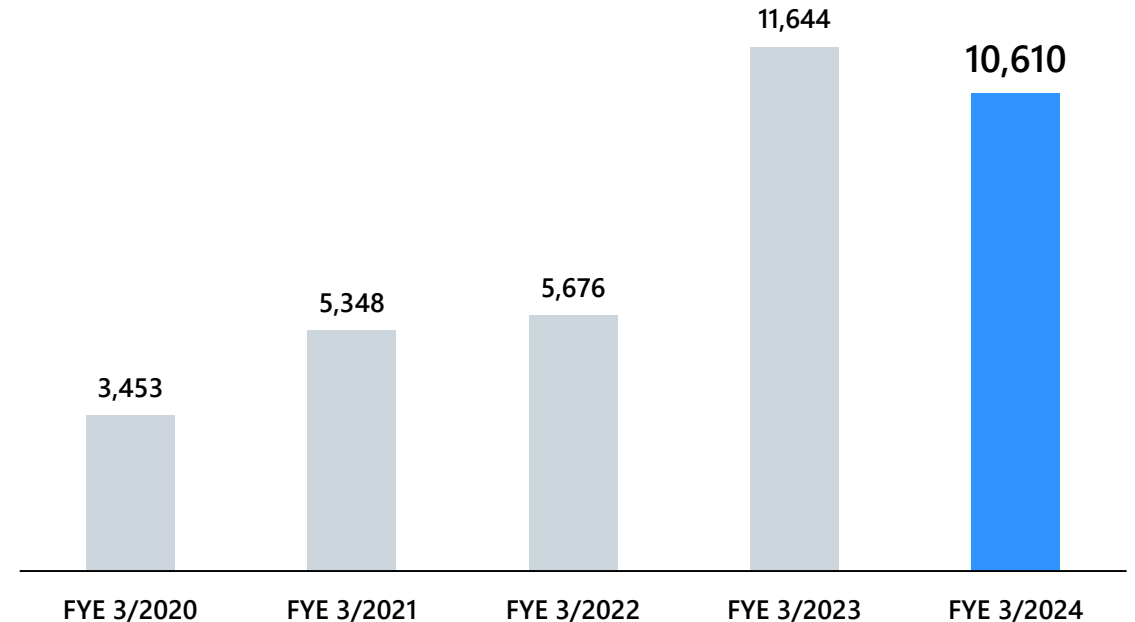
Orders received

(Millions of yen) ——— Approx. **¥5.9 billion** decrease ———



Order backlog

(Millions of yen) ——— Approx. **¥1.0 billion** decrease ———

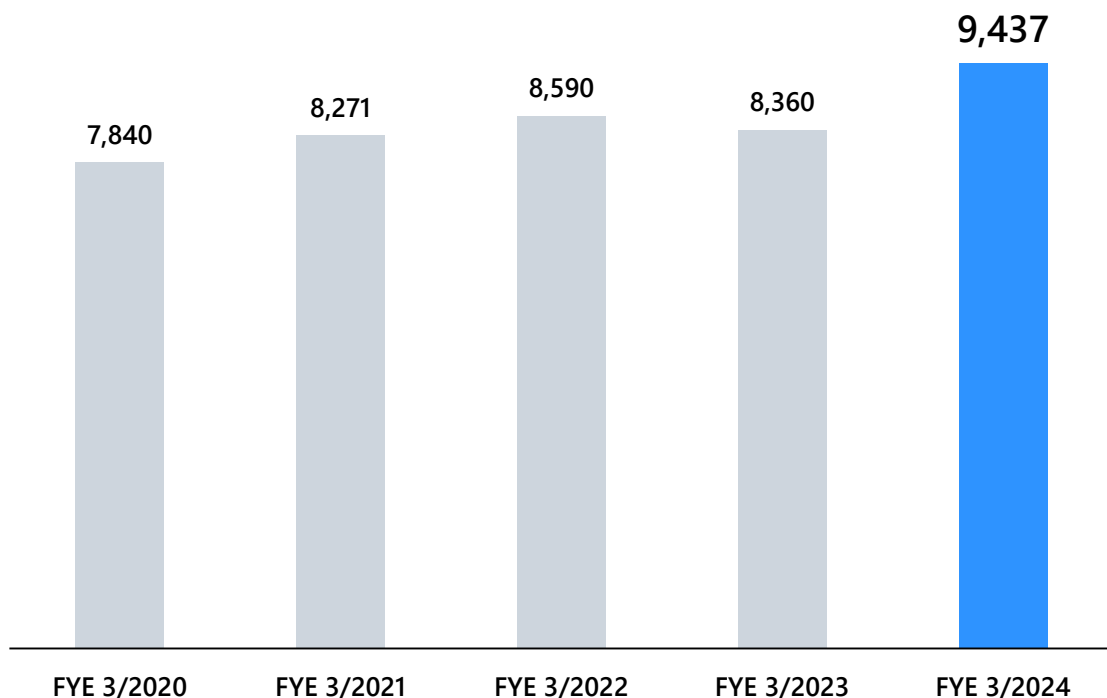


Net sales were up owing to progress on projects for which orders were already received. However, operating profit was down due to the recording of additional costs for some projects in the building equipment business.

Net sales

(Millions of yen)

Approx. **¥1.0 billion** increase

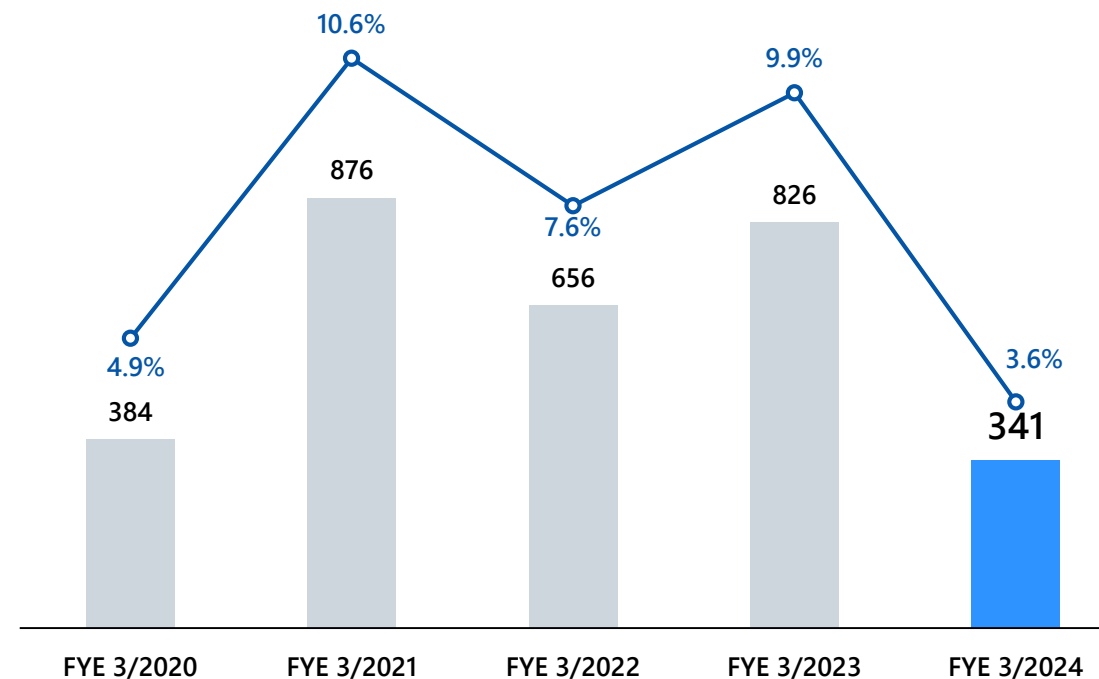


Operating profit

(Millions of yen)

Approx. **¥0.48 billion** decrease

operating profit (bar) operating margin (line)



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Our aim is to achieve a record high of 230.0 billion yen in orders received, up from 192.2 billion yen in FY2021 (ended 3/2022). While sales are expected to be down, profit will be up owing mainly to changes in the EPC project mix.

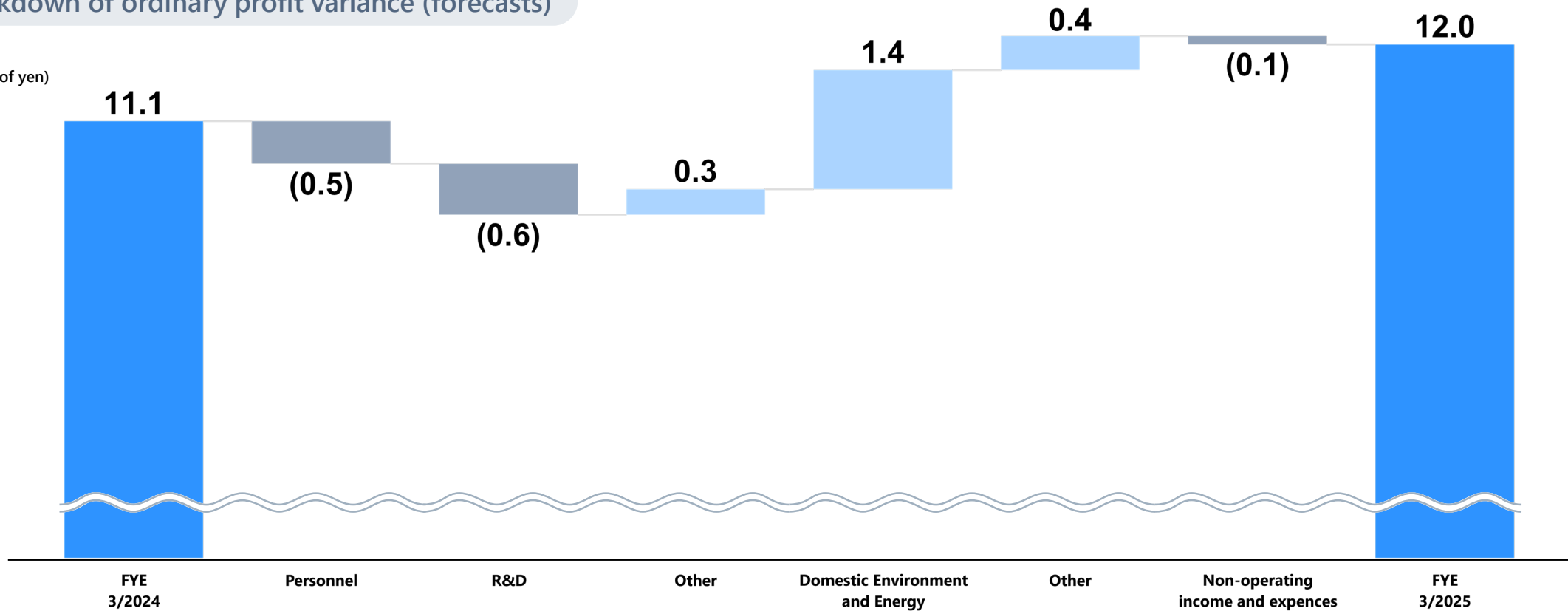
- Orders received: Demand will be stable for renewal, and service life improvement of waste treatment plants and other projects, and we will go after these orders.
- Net sales: Down due to a decrease in sales in the Domestic Environment and Energy Business.
- Profit and loss: Profit up owing mainly to a change in the EPC project mix. → See “Profit Variance Analysis Forecast” on p. 21

(Millions of yen)	FYE 3/2023 (FY2022)	FYE 3/2024 (FY2023)	FYE 3/2025(FY2024) Beginning of year forecast	YoY change
Orders received	168,558	160,568	230,000	43.2%
Order backlog	471,211	482,612	569,612	18.0%
Net sales	142,651	149,166	143,000	(4.1%)
Operating profit	13,813	10,229	11,200	9.5%
Operating margin	9.7%	6.9%	7.8%	0.9pt
Ordinary profit	14,684	11,166	12,000	7.5%
Profit attributable to owners of parent	9,621	8,754	8,800	0.5%
Profit per share (yen)	120.22	109.43	111.56	1.9%

Although we expect an increase in SG&A expenses such as personnel and R&D expenses, we also expect an increase in profit due to higher gross profit in the EPC Business and recurring revenue model businesses.

Breakdown of ordinary profit variance (forecasts)

(Billions of yen)



SG&A

Gross profit

(Millions of yen)	FYE 3/2023 (FY2022)	FYE 3/2024 (FY2023)	FYE 3/2025(FY2024) Beginning of year forecast	YoY change
Order received				
Total	168,558	160,568	230,000	43.2%
Domestic Environment and Energy	130,280	131,567	198,700	51.0%
Overseas Environment and Energy	5,922	2,280	4,000	75.4%
Package Boiler	18,400	18,666	18,800	0.7%
Equipment and Systems	14,328	8,403	9,000	7.1%
Net sales				
Total	142,651	149,166	143,000	(4.1%)
Domestic Environment and Energy	115,985	119,190	109,400	(8.2%)
Overseas Environment and Energy	1,351	2,440	5,000	104.9%
Package Boiler	17,312	18,492	18,600	0.6%
Equipment and Systems	8,360	9,437	10,500	11.3%
Operating profit				
Total	13,813	10,229	11,200	9.5%
Domestic Environment and Energy	14,875	11,228	12,300	9.5%
Overseas Environment and Energy	(172)	184	300	62.5%
Package Boiler	915	1,177	1,000	(15.1%)
Equipment and Systems	826	341	700	105.0%

* Adjustments are omitted.

Human resources investment, Capital investment and R&D

Actively invest in further business expansion in the future.

- Human resources investment: Strengthen hiring and training of human resources, especially in Engineering, Construction and Maintenance divisions.
- Capital investment: Expected to decrease YoY as capital investment at the new Harima Factory was completed in FY2023 (ended 3/2024).
- Depreciation: Up due to operations at the new Harima Factory. Expected to gradually decrease going forward.
- Research and development expenses: We engaged in R&D, primarily in relation to decarbonization technology. Expenses are expected to increase compared to the previous year due to experiments and installation of testing equipment.

Human resources investment	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025 (Forecast)
Number of employees (people, consolidated)	3,816	3,925	4,145	4,247	4,278	-
Number of employees (people, non-consolidated)	875	894	958	1,002	1,054	-
Hires (people, non-consolidated)	45	62	79	69	83	60-70

(Millions of yen)	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025 (Forecast)
Capital investment	1,564	2,420	3,844	7,100	3,527	1,600
Depreciation	917	1,036	961	1,136	1,797	2,000
Research and development expenses	1,154	1,047	1,006	1,150	1,629	2,200

(Millions of yen)	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025 (Forecast)
Selling, general and administrative expenses (consolidated)	16,261	16,326	16,254	17,741	19,309	-

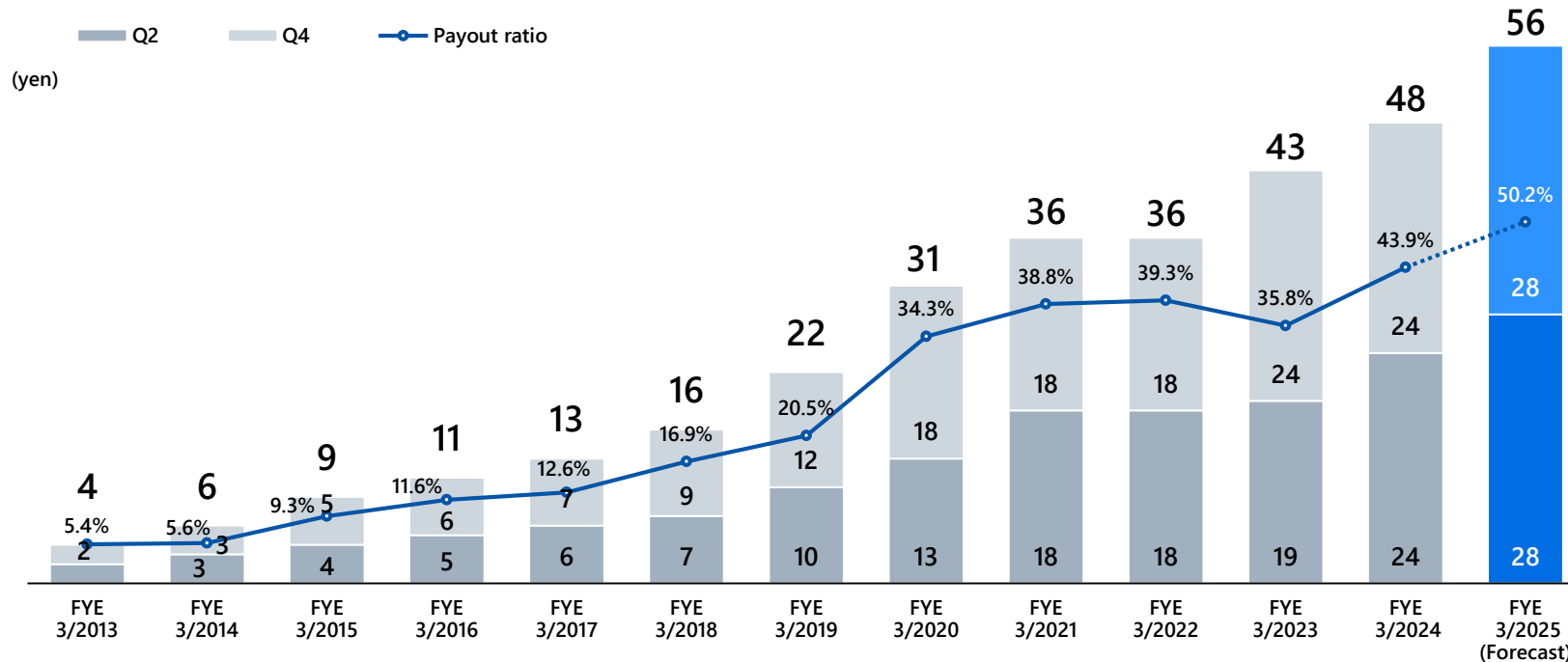
Shareholder Return

Under the 14th Medium-Term Management Plan launched in April 2024, we have established new shareholder return policy as below. The annual dividend for FY2024 (ending 3/2025) is to be increased by 8 yen to ¥56 per share. Share repurchase totaling up to JPY 4 billion will be done.

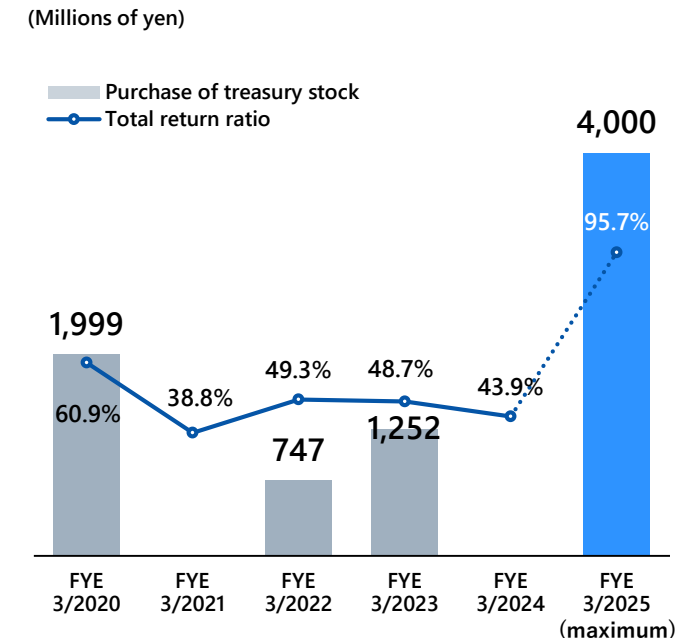
Shareholder return policy

- 1 Enhancing shareholder returns and improving capital efficiency through stable dividends and share repurchase
- 2 Dividend Policy: Establish as a target amount whichever is higher calculated based on dividend payout ratio of 50% or dividend on equity (DOE) ratio of 4.0%
- 3 Share Repurchase Policy: Share repurchase totaling approximately JPY 12 billion over three years to improve capital efficiency

Dividend per share and Payout ratio



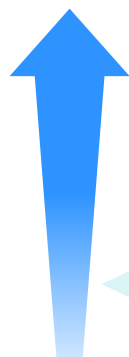
Purchase of treasury stock and Total return



1. Financial Results of FY2023 (Ended 3/2024)	P.2
2. Financial Forecast for FY2024 (Ending 3/2025)	P.19
3. 14th Medium-Term Management Plan (FY2024-2026)	P.25
4. Reference Material	P.52

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.



We will address social and environmental issues (ESG issues) through businesses that leverage the Group's strengths, viewing the resolution of these issues as an opportunity for growth, while also increasing our company's economic value.

Vision2030

We aim to maintain our role of being an indispensable presence in society as a leading company in the field of renewable energy utilization and environmental protection and reach an ordinary profit level of JPY 20.0 billion.

Keywords for realizing Vision2030



A great partner to our customers



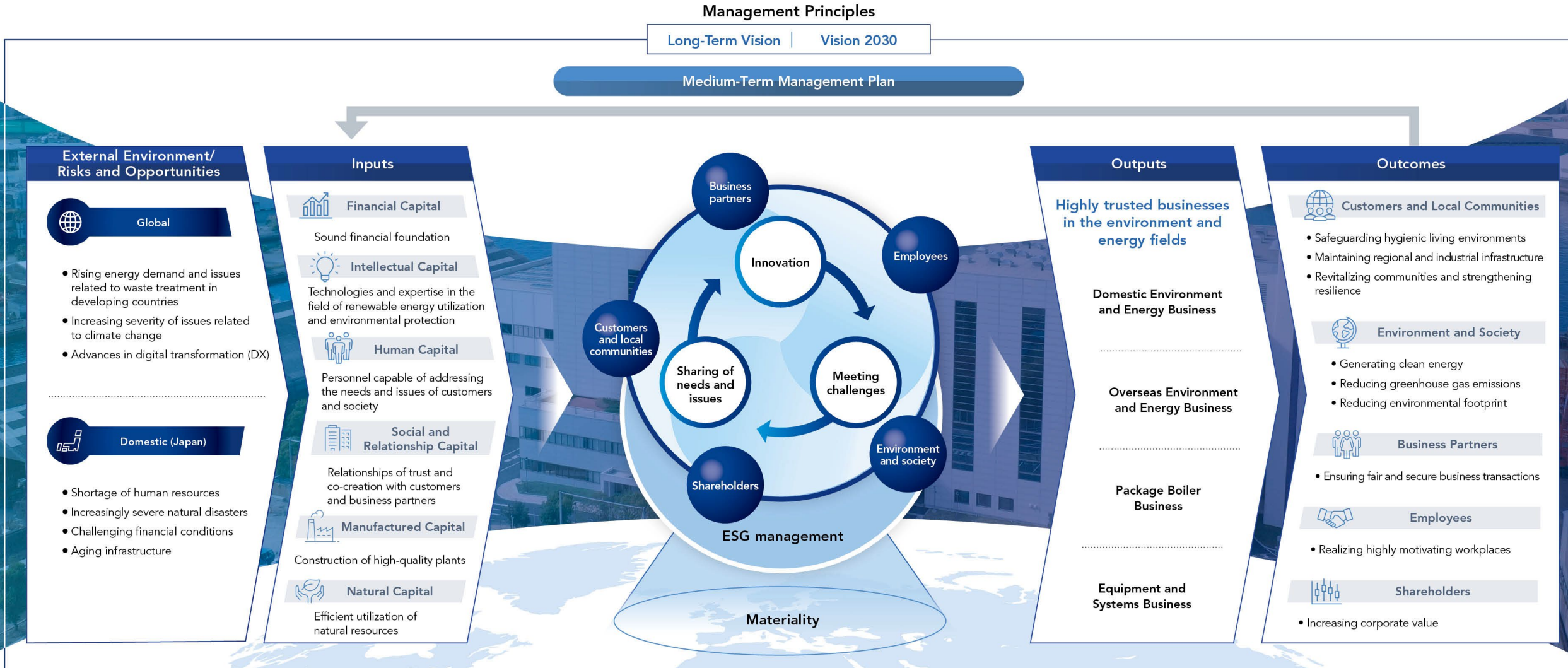
Innovation of technologies and services



Solving issues faced by our customers and society

Value Creation Process for Realizing the Long-Term Vision

As a leading company in the field of renewable energy utilization and environmental protection, we will help create a sustainable society.



Rolling Out Business Activities Contributing to Solutions to Issues Faced by Our Customers and Society

EPC Business (Japan)	● Municipal solid waste treatment plants	7 orders received (Including primary equipment improvement)
	● Energy plants	21 orders received (total power generation of 60 MW)
	● Water treatment plants	9 orders received (order amount of at least JPY 500.0 million)
Recurring revenue model businesses	● Long-term O&M in operation	23 facilities (Number as of end of March 2024)
	● Number of energy plants delivered	65 facilities (Since start of Japan's FIT program)
	● Power retail business	216GWh (Power supply in FY3/24)
Overseas Business	● Energy plants, etc.	4 orders received (2 in Thailand, 1 in Vietnam, and 1 in Taiwan)
Package Boiler/ Equipment and Systems Business	● Recovery from decreased demand package boilers	JPY 16.8 billion in orders(FY3/22) → JPY 18.6 billion (FY3/24)
	● Semiconductor industrial equipment	3-year order amount of JPY 17.8 billion



Municipal solid waste treatment plants



Biomass power plants



Biomass boilers/Hydrogen-fired vacuum-type water heaters (Package Boiler)



New Harima Factory

Strengthening the Management Foundation

Securing and development of human resources

- Group employees 3,925 (FY3/21) → **4,278** (FY3/24)
- Enhancement of training menu and education system by rank and field
- Effective utilization of diverse human resources and improvement of job satisfaction

R&D, manufacturing capabilities, and digital technology

- Development of carbon capture and utilization technology for realizing a decarbonized society
- Launch of operations at new Harima Factory and Supply Lab
- Development of digital technology for products and services to reduce manpower requirements at waste treatment facilities

Partnerships

- Participating in the C2X project and collaborating with partners on decarbonization solutions
- Investing in venture funds for strategic returns
- Looking into M&As to help improve corporate value (No results during period of 13th Medium-Term Management Plan)

Compliance

- Reexamination of safety management in construction divisions and at operations offices
- Ongoing educational activities

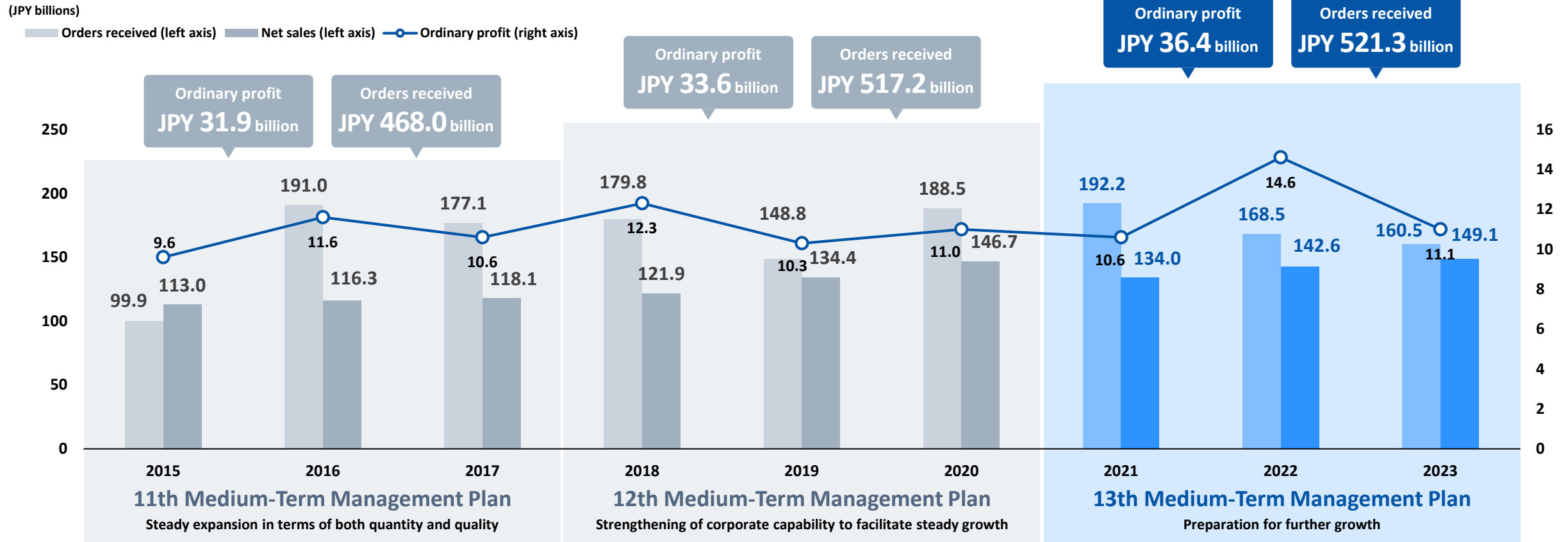
Achieved the financial targets of the 13th Medium-Term Management Plan

3-year total ordinary profit target

JPY 36.0 billion → JPY 36.4 billion

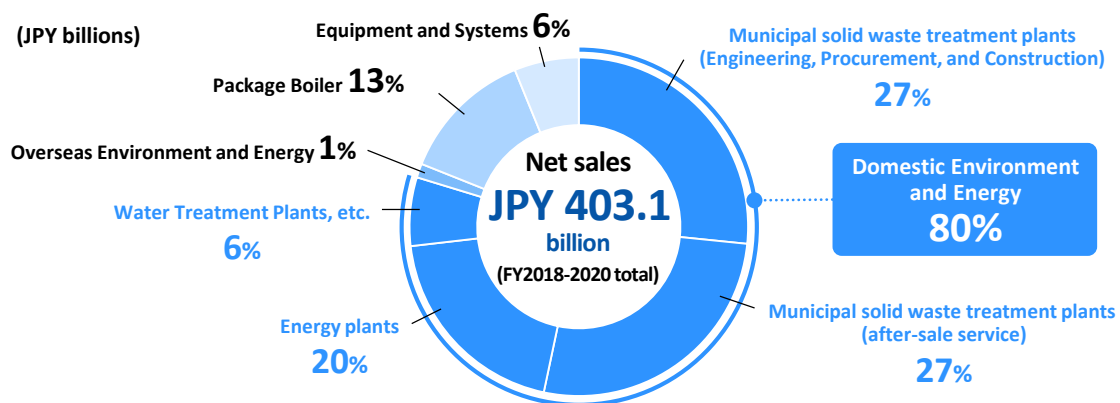
3-year total orders received (reference)

JPY 450.0 billion → JPY 521.3 billion



Although results fluctuate from year to year depending on the number of EPC projects and the timing of completion, orders received, net sales, and operating income have all remained strong.

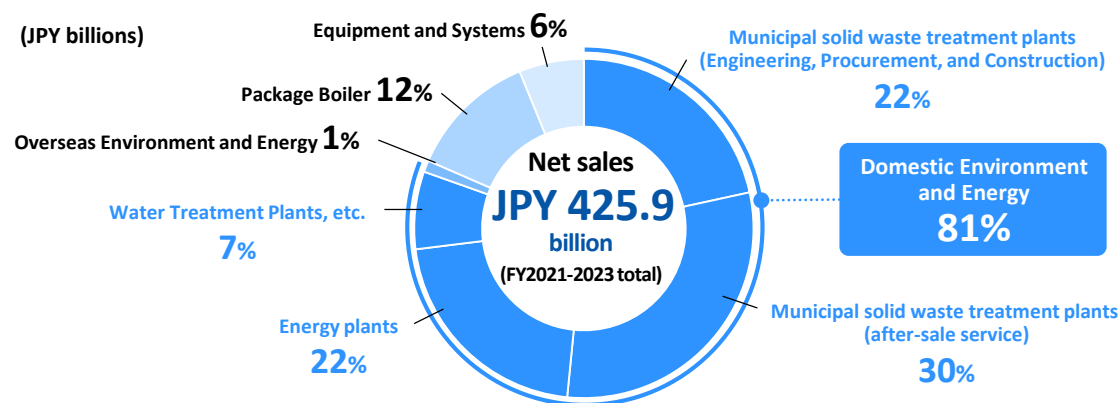
12th Medium-Term Management Plan



	FY2018	FY2019	FY2020	3-year total
Orders received	179.8	148.8	188.5	517.2
Domestic Environment and Energy	153.6	123.1	160.5	437.3
Overseas Environment and Energy	0.7	1.3	0.8	3.0
Package Boiler	17.4	17.9	17.5	52.9
Equipment and Systems	8.5	6.7	10.1	25.5
Net sales	121.9	134.4	146.7	403.1
Domestic Environment and Energy	93.7	108.1	120.7	322.6
Overseas Environment and Energy	3.0	1.1	1.1	5.3
Package Boiler	16.9	17.8	16.9	51.7
Equipment and Systems	8.8	7.8	8.2	24.9
Operating profit	11.6	9.6	10.4	31.6
Domestic Environment and Energy	12.4	10.6	11.4	34.4
Overseas Environment and Energy	0.1	(0.2)	(0.1)	(0.1)
Package Boiler	0.9	0.9	0.6	2.5
Equipment and Systems	0.3	0.3	0.8	1.6

*Adjustments omitted

13th Medium-Term Management Plan

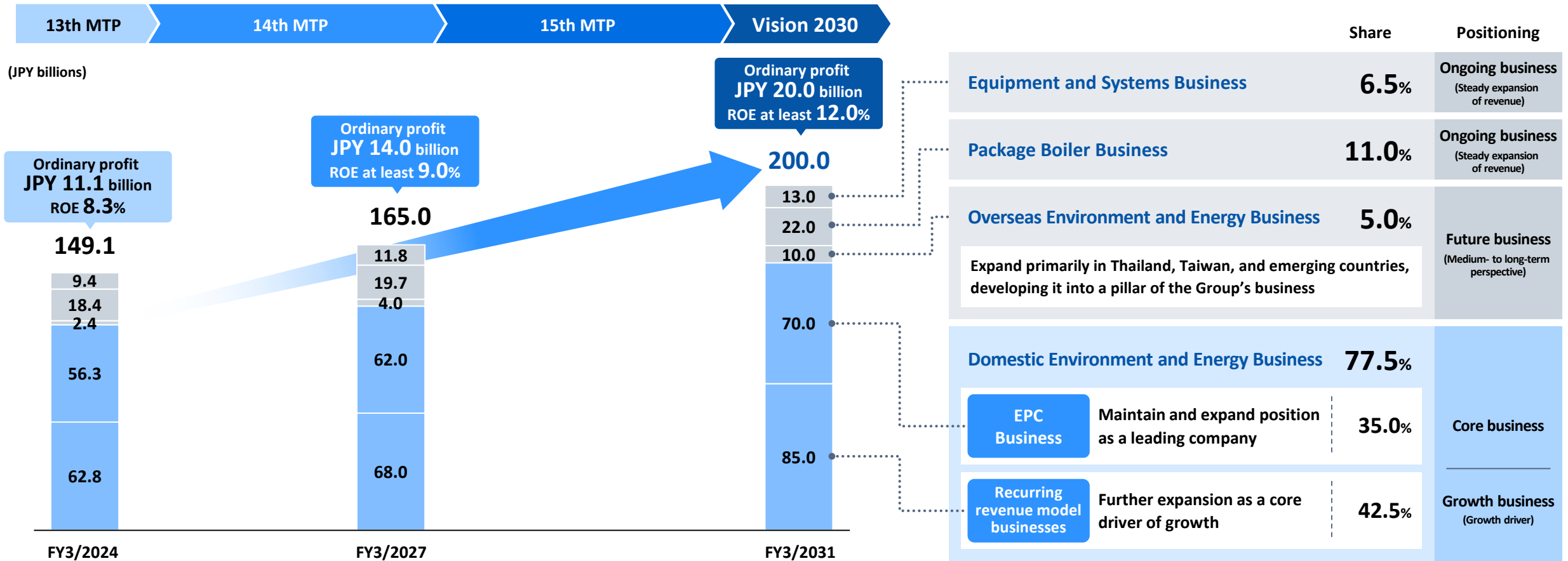


	FY2021	FY2022	FY2023	3-year total
Orders received	192.2	168.5	160.5	521.3
Domestic Environment and Energy	164.8	130.2	131.5	426.7
Overseas Environment and Energy	2.0	5.9	2.2	10.2
Package Boiler	16.8	18.4	18.6	53.8
Equipment and Systems	8.9	14.3	8.4	31.6
Net sales	134.0	142.6	149.1	425.9
Domestic Environment and Energy	108.6	115.9	119.1	343.8
Overseas Environment and Energy	1.0	1.3	2.4	4.7
Package Boiler	16.4	17.3	18.4	52.3
Equipment and Systems	8.5	8.3	9.4	26.3
Operating profit	9.9	13.8	10.2	33.9
Domestic Environment and Energy	10.9	14.8	11.2	37.0
Overseas Environment and Energy	(0.2)	(0.1)	0.1	(0.2)
Package Boiler	0.6	0.9	1.1	2.7
Equipment and Systems	0.6	0.8	0.3	1.8

*Adjustments omitted

Achieve further expansion with **recurring revenue model businesses** as the core driver of growth for Vision2030. Work on **expanding the EPC business** at the same time as recurring revenue will increase to achieve ordinary profit of JPY 20.0 billion by FY3/2031.

Vision2030: Growth of net sales

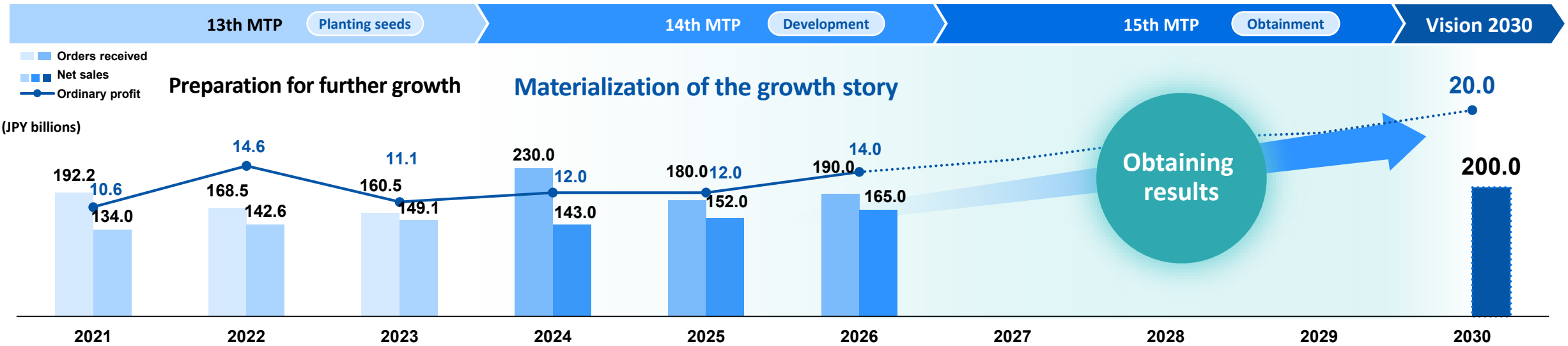


FY3/2024
*Adjustments omitted

FY3/2027

FY3/2031

Challenges for achieving Vision 2030 include a lack of human resources. In the 13th Medium-Term Management Plan, we paved the way toward growth to resolve these challenges by assessing the business environment and strengthening recruitment. The 14th Medium-Term Management Plan is positioned to materialize the growth story for realizing the vision by **prioritizing investment of management resources into receiving orders for municipal solid waste treatment plants (renewals and primary equipment improvement) and establishing a revenue model that maximizes the use of recurring revenue while formulating and implementing measures to solve various challenges.**



In addition to ordinary profit, **new targets for orders received and return on equity (ROE) are set in the 14th Medium-Term Management Plan.**

(JPY billions)	13th MTP	14th Medium-Term Management Plan				Vision2030
	(3-year total)	3-year total	FY2024	FY2025	FY2026	FY2031
Orders received	521.3	600.0 ↑	230.0	180.0	190.0	
Net sales	425.9	460.0	143.0	152.0	165.0	200.0
Operating profit	33.9	35.6	11.2	11.2	13.2	
Ordinary profit	36.4	38.0 →	12.0	12.0	14.0	20.0 ↑
ROE	8.3% (FY3/2024)	at least 9% → (FY3/2027)	8.0%	8.0%	9.1%	at least 12% ↑ (FY3/2031)

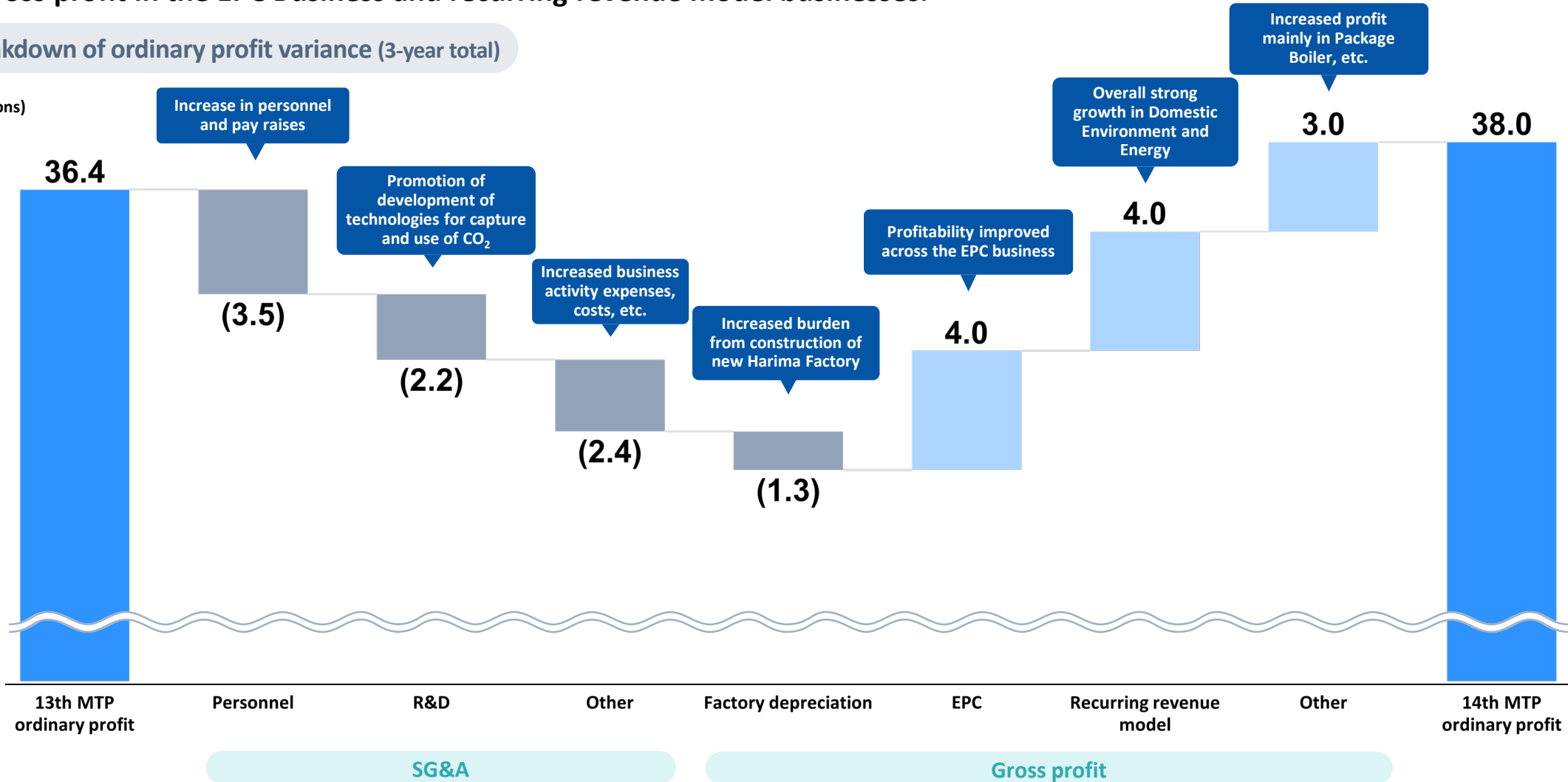
■:Main target

ROE = Profit / Equity capital

Although we expect an increase in SG&A expenses such as personnel and R&D expenses, we also expect an increase in profit due to higher gross profit in the EPC Business and recurring revenue model businesses.

Breakdown of ordinary profit variance (3-year total)

(JPY billions)



(JPY millions)	FY2024	FY2025	FY2026	3-year total
Orders received				
Total	230,000	180,000	190,000	600,000
Domestic Environment and Energy	198,700	146,700	155,000	500,400
Overseas Environment and Energy	4,000	4,000	4,000	12,000
Package Boiler	18,800	19,300	20,000	58,100
Equipment and Systems	9,000	10,500	11,500	31,000
Net sales				
Total	143,000	152,000	165,000	460,000
Domestic Environment and Energy	109,400	118,900	130,000	358,300
Overseas Environment and Energy	5,000	4,000	4,000	13,000
Package Boiler	18,600	19,100	19,700	57,400
Equipment and Systems	10,500	10,500	11,800	32,800
Operating profit				
Total	11,200	11,200	13,200	35,600
Domestic Environment and Energy	12,300	12,600	14,400	39,300
Overseas Environment and Energy	300	0	0	300
Package Boiler	1,000	1,050	1,100	3,150
Equipment and Systems	700	700	900	2,300

*Adjustments omitted

We expect the market environment for our business to be generally favorable and strong.

		14th Medium-Term Management Plan period (FY2024-2026)	Future
Domestic Environment and Energy	Municipal solid waste treatment plants	EPC <ul style="list-style-type: none"> + Steady demand for renewal (rebuids) + Ongoing demand for service life extension (primary equipment improvement) 	<ul style="list-style-type: none"> - Decreased demand for renewal due to low birth rate and aging society + Increased demand for decarbonized facilities
		After-sale services <ul style="list-style-type: none"> + Increase in operations businesses (DBO Business and O&M contracts) 	<ul style="list-style-type: none"> - Decrease in number of facilities in operation (reorganization) + Ongoing demand for operations businesses + Further development of projects outsourced to the private sector
	Energy plants	EPC: FIT/FIP/Non-FIT <ul style="list-style-type: none"> - Decrease in large-scale projects due to changes in the FIT program + Ongoing demand for small to medium-sized FIP and non-FIT projects 	+ Ongoing renewable energy policy support for achieving carbon neutrality
		EPC: For private consumption and industrial waste treatment <ul style="list-style-type: none"> + Ongoing demand for renewal due to aging plants and decarbonization 	+ Certain level of ongoing demand
		After-sale services <ul style="list-style-type: none"> + Increase in maintenance demand associated with increase in deliveries 	+ Ongoing maintenance demand at facilities in operation
	Water treatment plants <ul style="list-style-type: none"> + Ongoing demand for renewal due to aging plants + Increased demand for products with high environmental performance + Progress and increase in private sector utilization 	<ul style="list-style-type: none"> + Ongoing needs for energy conservation, energy creation, and resource utilization + Increase in comprehensive contracting of plant construction and operation 	
Power retail business <ul style="list-style-type: none"> + Increased demand for renewable energy and non-fossil fuel-based power associated with decarbonization 	+ Certain level of ongoing demand		
Overseas Environment and Energy * Southeast Asia	<ul style="list-style-type: none"> - Continued intense competition in the biomass power generation market + Increased needs for utilization of diverse fuels - Sluggish start in waste power generation market (Caused by system, funding, and other issues) 	+ Increased demand for waste disposal and electric power due to economic growth and urbanization	
Package Boiler	<ul style="list-style-type: none"> + Japan: Certain level of ongoing renewal demand despite market maturity + Emerging countries: Increased demand for energy-saving products 	<ul style="list-style-type: none"> - Japan: Market shrinkage due to low birth rate and aging society along with population decline + Japan: Ongoing demand for energy-saving and decarbonization products + Emerging countries: Market expansion with economic growth 	
Equipment and Systems	<ul style="list-style-type: none"> + Certain level of ongoing demand from construction demand and increased semiconductor capital investment 	<ul style="list-style-type: none"> + Certain level of ongoing demand (building equipment) + Expansion of demand for semiconductor equipment with utilization and development of AI, etc. 	

In the Domestic Environment and Energy Business, which is a pillar supporting growth, we will increase EPC orders and link them to operation management and maintenance to achieve a virtuous cycle between the EPC Business and recurring revenue model businesses.

Priority measures by business/field



Domestic Environment and Energy	Municipal solid waste treatment plants	<ul style="list-style-type: none"> Expansion of orders for renewal and primary equipment improvement projects Review of measures to address market changes <ul style="list-style-type: none"> 3 or more renewal project orders per year Steady response to primary equipment improvement projects Support for decarbonization models and private sector utilization 	<ul style="list-style-type: none"> Maintenance and expansion of orders for operation management, maintenance, and long-term O&M projects <ul style="list-style-type: none"> Steady orders for regular maintenance work and DBO projects Cost reduction and quality improvement with data utilization
	Energy plants	<ul style="list-style-type: none"> Ongoing orders for new small and medium-sized biomass power generation plants and renewal of plants for private consumption and industrial waste treatment plants 	<ul style="list-style-type: none"> Ongoing maintenance orders for delivered projects Enhancement of solution proposals, such as functional improvements and energy savings
	Water treatment plants	<ul style="list-style-type: none"> Acquisition of orders for sewage sludge incinerators and sand filtration facilities Expansion of share through technological superiority 	<ul style="list-style-type: none"> Ongoing maintenance orders, including regular maintenance work
	Power retail business	-	<ul style="list-style-type: none"> Expansion of revenue by expanding relative power sources, securing new customers, and expanding service lineup

We will focus on expanding our product lineup, developing overseas operations, and securing and developing human resources to maintain and expand orders in each business.

Priority measures by business/field

Basic policy ③

Steadily expanding revenue in the Package Boiler Business and Equipment and Systems Business

Package Boiler

- Ongoing orders for renewal projects from expansion of product lineup, including low-carbon and decarbonization products
- Strengthening of maintenance business and overseas development

Equipment and Systems

- Building equipment business (air conditioning, water supply and drainage sanitation equipment work): Strengthening of sales capabilities, securing and development of engineers, and cost reductions
- Semiconductor industrial equipment business: Maintenance and expansion of domestic sales and strengthening of overseas sales

Basic policy ④

Building a track record for the future in international business

Overseas Environment and Energy

- Acquisition of orders for biomass power plants through expansion of supported fuels
- Acquisition of orders for energy from waste plants, primarily in Thailand and Taiwan

We will gather information with a focus on the business fields below to actively look into projects that match our business strategy.

 Priority field

Segment (Business field)		Purpose/category		
		Functional enhancement	Expansion of business domain	In-house production of key devices
Domestic Environment and Energy	Municipal solid waste treatment plants	Strengthening of existing businesses and expansion of personnel	Expansion of peripheral businesses and creation of new businesses	Manufacturers and engineering companies
	Water treatment plants			
	Energy plants			
	Power retail business	Expansion of service lineup and personnel		
Overseas Environment and Energy	Local partners in EPC Business			
Package Boiler	Supplementation of producing functions	New heat source systems		
Equipment and Systems	Securing of human resources and area expansion (Equipment business)			

We will promote various human resources measures to expand resources in recurring revenue model businesses and the EPC Business.

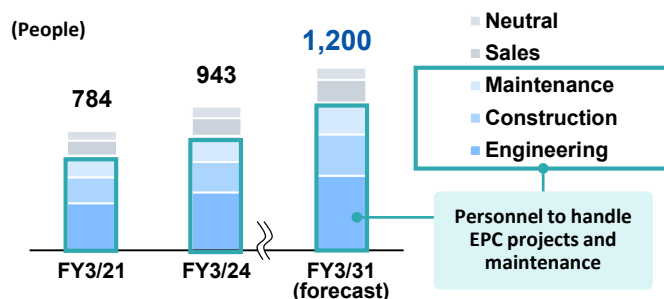
Challenges

- Elimination of human resources gap (quantity and quality) to achieve Vision 2030
- Establishment of internal environment where diverse human resources can play active roles over the long term
- Fostering of a corporate culture that accepts change while passing down a good corporate climate

Human resources measures linked to management strategy

Securing of diverse human resources matching our business strategy

- Assumed number of necessary personnel*1



Strengthening of foundation for human resources development

- Enhancement of training system by rank and field, etc.



Further improvement of job satisfaction and pleasant work experience

- Effective use of senior human resources
- Establishment of a personnel system that enables work-life balance



Main KPI

Number of main career track and management positions filled by women*2

At least **35**

Utilization of parenting support programs*3

At least **25%**

Employee engagement

Highest rating **50% or more***4

*1. Non-consolidated basis, main career-track (does not include factory work positions, general positions, or secondment). Each of the figures is for the beginning of the year.

*2. Cumulative total for April 1, 2021 to March 31, 2026.

*3. Average for FY3/2022 to FY3/2026.

*4. The percentage of respondents giving the highest rating for each question (on a 5-point scale) on job satisfaction and pride in the company in the Employee Attitude Survey.

“Offensive” digital transformation (DX) has had some success in areas such as automated plant operation (AI development). We will continue efforts to create new value for further strengthening our competitiveness. Regarding “defensive” DX, the entire Group will further promote digitalization to improve productivity and ensure smooth technology succession with limited resources (human resources and time).

Establishment of competitive advantage using “offensive” and “defensive” approaches

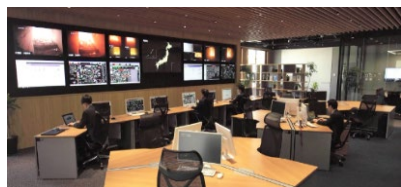
Offensive DX

Digitalization of products and services

Providing new value to customers through the use of digital technology in plant construction, operation, and other businesses



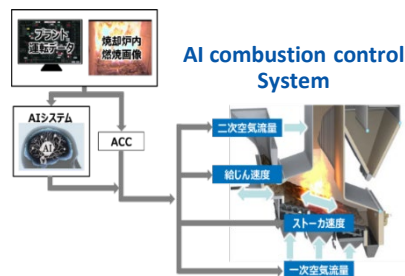
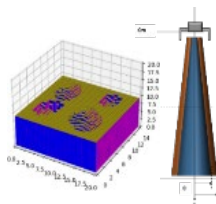
Automatic sorting of glass bottles



Solution Lab

Enhancement of waste pit management

3D layer model



Defensive DX

Digitalization of operations

Business fields
Planning, design, procurement, construction, operation, etc.

Office field
General Affairs, HR, Accounting, etc.

Human Resources

- Challenges**
- Early development of new hires
 - Elimination of waste and control of errors in business processes
 - Maintenance and improvement of technical capabilities

Measure

Promotion of knowledge management
(Collection, storage, sharing, and utilization of knowledge and data)

Time

- Challenges**
- Increase in work volume
 - Working hour control and diversification of work styles
 - Establishment of systems and data assets that are easy to utilize

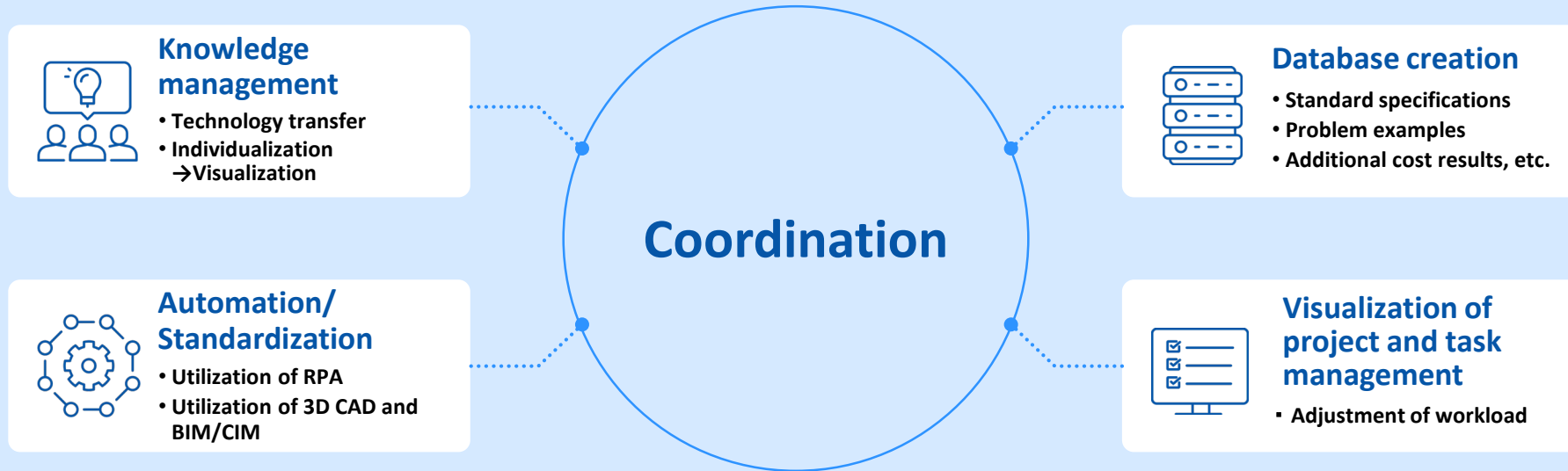
Measure

Improved operational efficiency through automation and project/task management

We are systematizing (visualizing) technical data, plant data, problem information, etc. as data assets to promote knowledge management.



Promote visualization, utilization of data assets, and operational efficiency by linking systems in each process of business fields.



Analysis of current situation

- We recognize our cost of equity as around 6%.
- ROE has remained at or above 8%, and a certain equity spread has been secured*1.
- PBR is also stable at 1x or higher, but equity spreads are declining.
- The decline in spreads is due to an increase in equity capital and a decrease in financial leverage*2.
- We also recognize that there was incomplete understanding regarding the feasibility of the growth strategy and that efforts to enhance balance sheet efficiency were not effectively communicated due to insufficient disclosure of cash allocations.

Policies

- Maintain and increase ROE in excess of cost of equity (FY3/2027: at least 9%; FY3/2031: at least 12%).
- To achieve the target ROE, we will increase balance sheet efficiency while improving profitability and maintaining a solid financial foundation.
- At the same time, we will promote initiatives to reduce the cost of capital.

Initiatives

- Steady implementation of the 14th Medium-Term Management Plan to achieve Vision 2030 (Working especially to maintain and expand our market position in the EPC Business, the source of our recurring revenue model businesses)
- Optimal cash allocation to achieve both our growth strategy and capital efficiency.
- Specification of a quantitative policy on shareholder return
- Further enhancement of IR activities, including effective dialogue with investors and enhanced disclosure information.

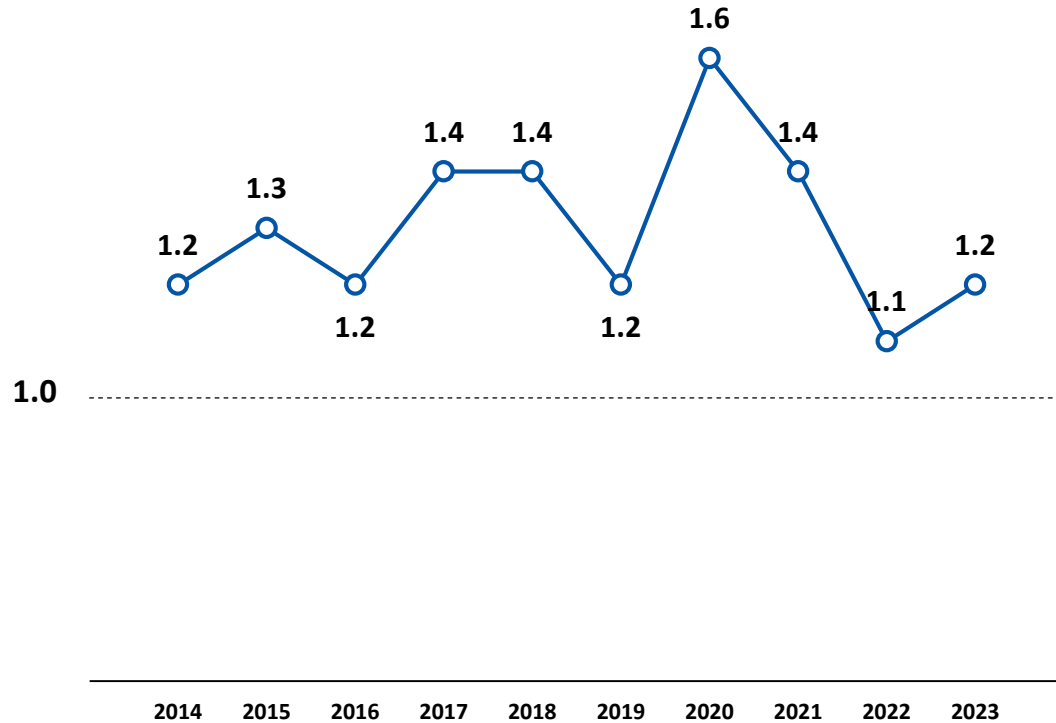
*1 Equity spread = ROE - Cost of equity

*2 Financial leverage = Total assets / Equity capital

Management that is Conscious of Cost of Capital and Stock Price

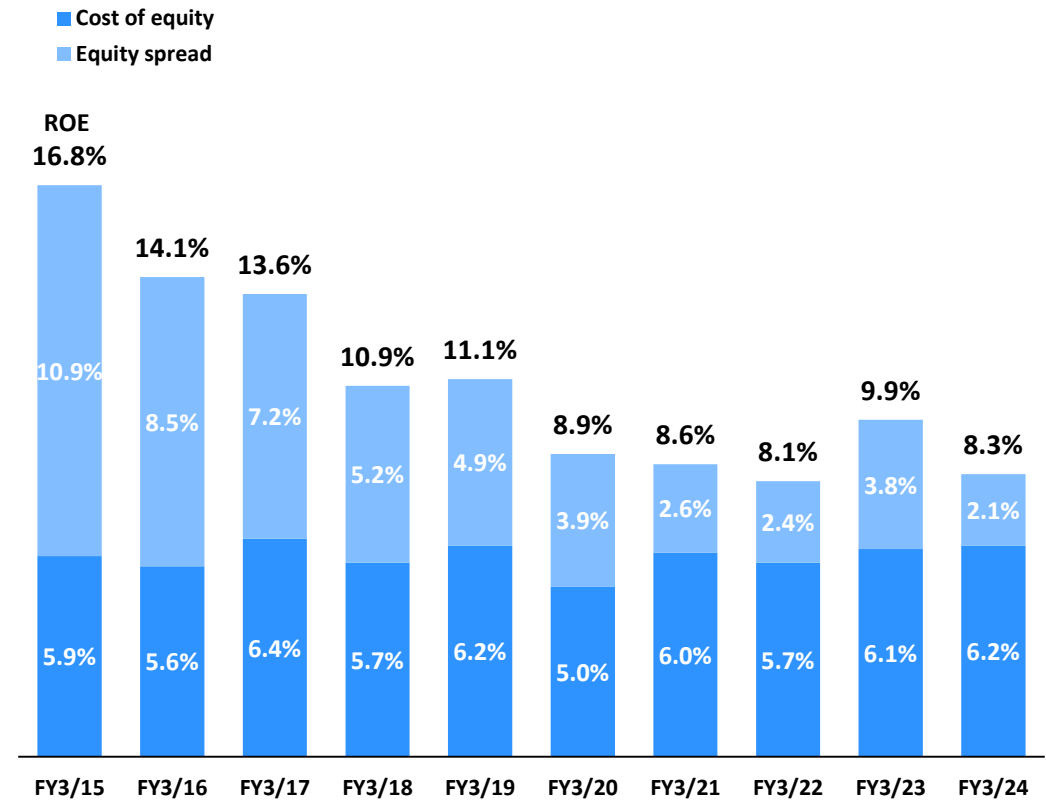
ROE has remained above cost of equity, and a certain equity spread has been secured.
PBR has also remained above 1.0x, but equity spreads are declining.

PBR*¹ over time



*1 PBR = (Average month-end stock price over 12 months) / (Year-end net assets per share)

ROE / Cost of equity*² / Equity spreads over time



*2 Cost of equity calculated based on CAPM. Beta values are measured over multiple time periods (weekly 1 year, weekly 2 years, monthly 3 years, monthly 5 years, monthly 10 years), and the median value is used.

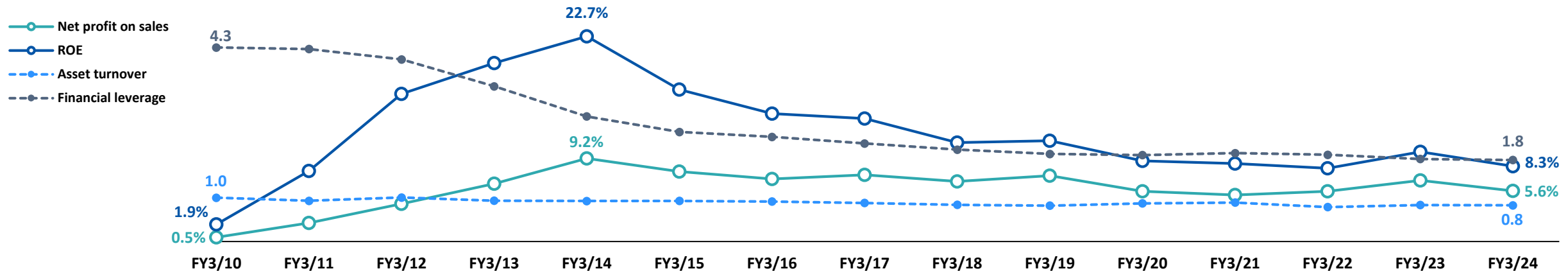
Management that is Conscious of Cost of Capital and Stock Price

Analysis of Current Situation (2/2)

Over the past 15 years, we have enhanced our equity capital while providing a certain level of shareholder return to stabilize management and improve creditworthiness. As a result, financial leverage decreased, and capital efficiency (ROE) declined.

$$\text{ROE} = \text{Net profit on sales} \times \text{Total asset turnover} \times \text{Financial leverage}$$

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
ROE	1.9%	7.8%	16.3%	19.7%	22.7%	16.8%	14.1%	13.6%	10.9%	11.1%	8.9%	8.6%	8.1%	9.9%	8.3%
Net profit on sales	0.5%	2.0%	4.2%	6.4%	9.2%	7.7%	6.9%	7.4%	6.6%	7.3%	5.5%	5.1%	5.5%	6.7%	5.9%
Total asset turnover	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	0.8	0.8	0.8
Financial leverage	4.3x	4.2x	4.0x	3.4x	2.8x	2.4x	2.3x	2.2x	2.0x	1.9x	1.9x	2.0x	1.9x	1.8x	1.8x
Financial figures (JPY billions)															
Net sales	95.1	89.1	101.0	96.3	96.3	103.8	113.0	116.3	118.1	121.9	134.4	146.7	134.0	142.6	149.1
Profit	0.4	1.8	4.2	6.1	8.8	8.0	7.8	8.5	7.8	8.8	7.4	7.5	7.4	9.6	8.7
Total assets	97.5	100.8	107.0	106.7	108.5	123.1	132.6	140.2	151.4	155.9	163.4	177.7	174.5	179.6	191.1
Equity capital	23.0	23.6	28.0	34.3	43.6	52.2	58.5	67.4	76.4	82.6	84.6	90.1	93.9	100.6	110.3
Equity ratio	23.6%	23.5%	26.2%	32.2%	40.2%	42.4%	44.1%	48.1%	50.3%	53.0%	51.8%	50.7%	53.8%	56.0%	57.7%
Total dividends	0	0	0.1	0.3	0.4	0.7	0.9	1.0	1.3	1.8	2.5	2.9	2.9	3.4	3.8
Purchase of treasury stock	0	0	0	0	0	0	0	0	0	0	1.9	0	0.7	1.2	0



* The product of the three components of ROE may not equal ROE because the figures are rounded to the second decimal place.

Policy

Improvement of profitability

- We will expand EPC orders, which is a prerequisite for further growing recurring revenue model businesses.
- In particular, we will give priority to investing management resources in municipal solid waste treatment plants, for which a large amount of renewal demand is expected during the Medium-Term Management Plan period.

➡ See “Business Portfolio” on p. 31 and “Positioning and Basic Policy of the 14th Medium-Term Management Plan” on p. 32

Enhancement of balance sheet efficiency

- Over the last 15 years, we’ve enhanced our financial foundation by building up a substantial internal reserve. Looking ahead, we will maintain a solid financial foundation to back our EPC and long-term O&M businesses, all the while ensuring a balanced distribution of profits between investments for growth including M&As and shareholder returns.
- Specify a new, quantitative policy on shareholder return
- We will maintain the equity ratio at the 50% level with cash and deposits at a minimum level of roughly two to three months’ worth of sales (JPY 30-40 billion).

➡ See “Capital Policy | Cash Allocation” on p. 48 and “Capital Policy | Shareholder Return” on p. 49

Reducing cost of capital

- Through proactive investor relations, we will carefully explain our business environment and corresponding business strategy to our investors so that they can expect stable returns over the long term, thereby bridging the gap between cost of equity and the future business outlook.

We will establish a quantitative policy based on an analysis of the current situation related to cost of capital and stock price. We will enhance corporate value by balancing business growth and shareholder returns that meet market expectations with a solid financial foundation.

1

Establishment of ROE targets mindful of cost of capital

Establish target ROE based on the recognition that the cost of equity over the past 10 years has been around 6%.

FY3/2027 ROE
At least **9%**

FY3/2031 ROE
At least **12%**

2

Establishment of appropriate cash allocation

Secure a working capital and business risk buffer of roughly 2-3 months' worth of sales (JPY 30-40 billion).

For cash and deposits above that level (operating CF + cash and balance in account), implement **appropriate allocation** between investment in growth and shareholder return.

3

Establishment of new shareholder return policy

Dividends

Establish as a target **amount whichever is higher calculated based on dividend payout ratio of 50% or dividend on equity (DOE) ratio of 4.0%**

Share repurchase

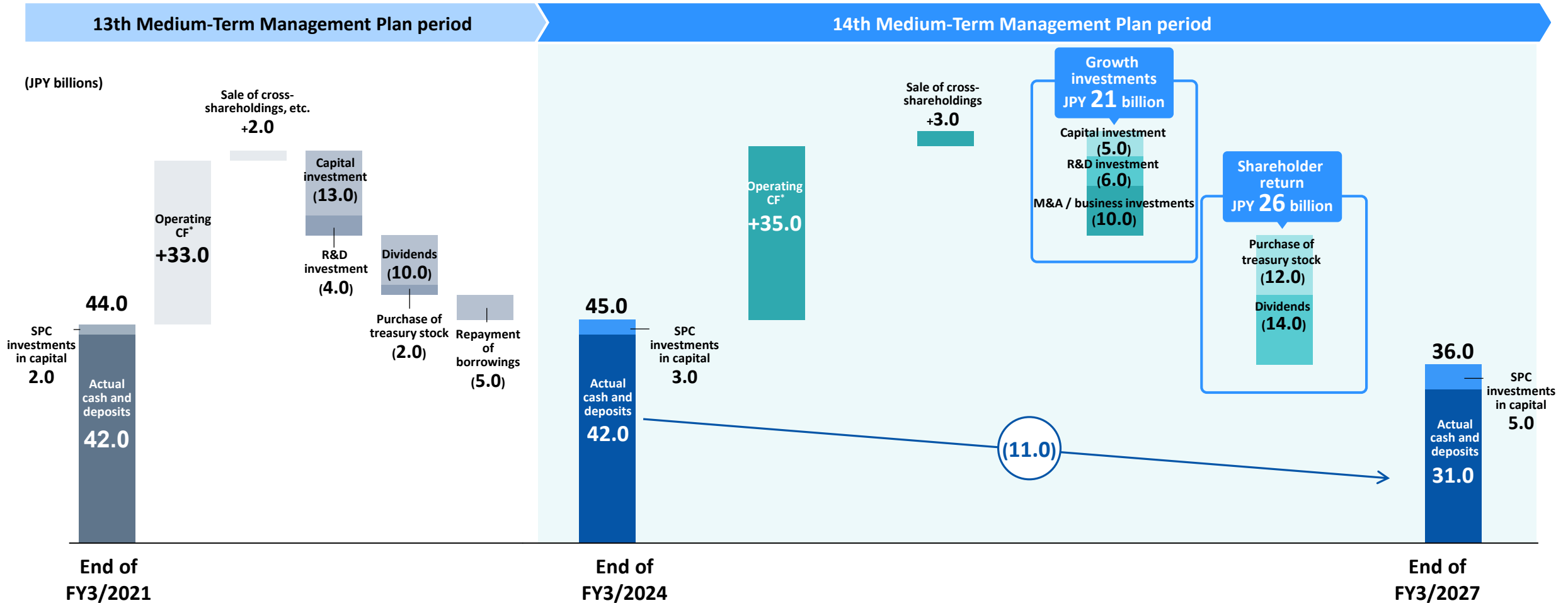
Share repurchase **totaling approximately JPY 12 billion over three years** to improve capital efficiency

4

Maintenance of solid financial foundation to support the EPC and long-term O&M businesses

Equity ratio
Maintain at
the 50% level

Focus on growth investments and shareholder returns and execute appropriate cash allocation to increase corporate value.

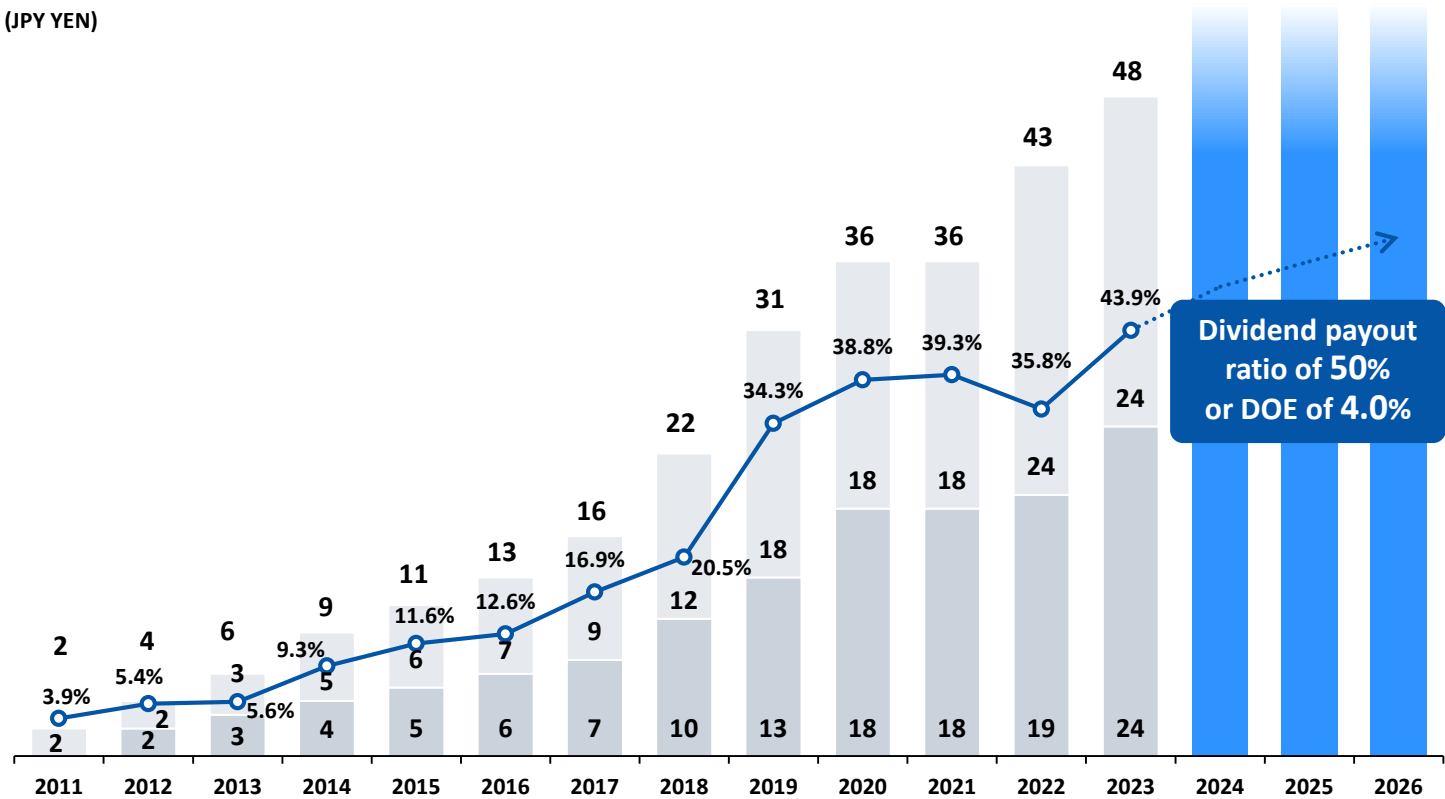


*Before R&D expenditure

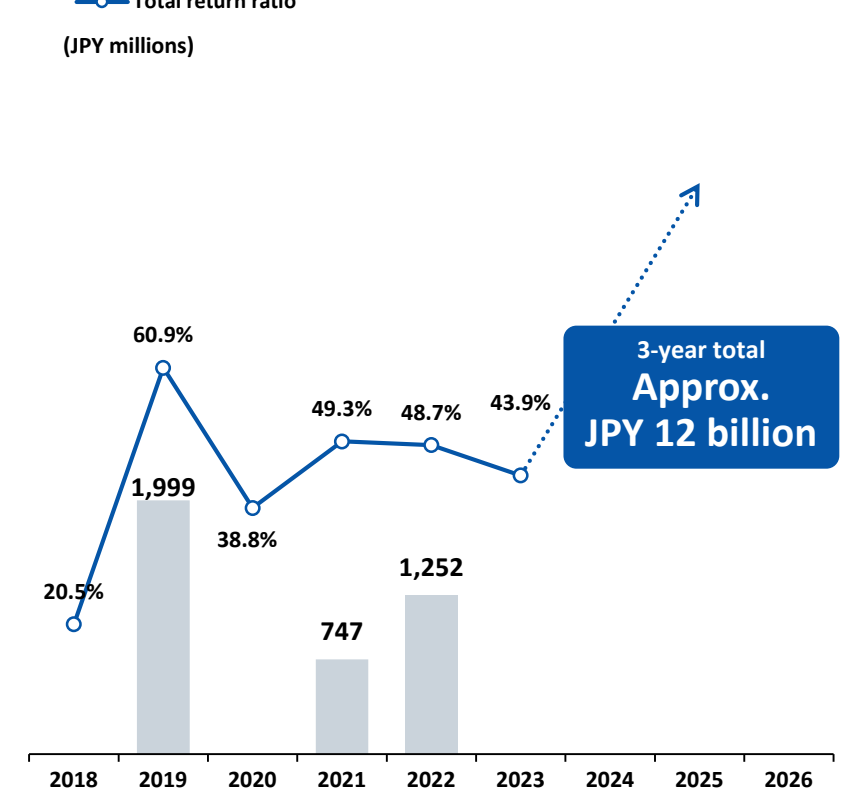
Shareholder return policy

- 1 Enhancing shareholder returns and improving capital efficiency through stable dividends and share repurchase
- 2 Establish as a target amount whichever is higher calculated based on dividend payout ratio of 50% or dividend on equity (DOE) ratio of 4.0%
- 3 Share repurchase totaling approximately JPY 12 billion over three years to improve capital efficiency

Interim dividend Year-end dividend Dividend payout ratio
(JPY YEN)



Purchase of treasury stock Total return ratio
(JPY millions)



Dividend payout ratio of 50% or DOE of 4.0%

3-year total Approx. JPY 12 billion

Continue to promote initiatives to address ESG issues through business activities by leveraging the Group’s strengths.

During the period of the 14th Medium-Term Management Plan, we will calculate Scope3 CO₂ emissions and look into establishing a target value that includes group companies.

	Key issues (materiality)	Main Initiatives
E Initiatives for Environmental	1 Helping combat climate change	<ul style="list-style-type: none"> Provision of biomass power plants Proposals to improve energy efficiency of customer facilities and equipment Supply of renewable energy and CO₂-free electric power Reduction of in-house CO₂ emissions
	2 Conserving resources and protecting the environment	<ul style="list-style-type: none"> Provision of high-efficiency products and services with low environmental impact Establishment of technology for combustion of unused biomass Development of technologies for capture and use of CO₂

14th Medium-Term Management Plan KPI

- Reduction of CO₂ emissions through our products and services**

Amount of CO₂ emissions that can be reduced through newly delivered power plants*¹

FY2026	1.25 million tons per year	FY2030	2.5 million tons per year
--------	-----------------------------------	--------	----------------------------------

*1 Biomass and energy from waste plants (including sludge) delivered by Takuma between FY2021 and FY2030
- Reduction of in-house CO₂ emissions**

FY2026	Net zero CO₂ emissions at Takuma head office, Harima Factory, and branches* ²
FY2030	Net zero CO₂ emissions*² at all Takuma workplaces in Japan* ³

*2 Net zero CO₂ emissions under Scope 1 and Scope 2
*3 Takuma head office, branches, factories, and construction sites
- Establishment of KPIs, including Scope 3 and group companies**

Look into setting targets for important items falling within the scope that were estimated during the 14th Medium-Term Management Plan period

Scope 1: CO₂ directly emitted by the company through the use of fuel, etc.
Scope 2: CO₂ indirectly emitted through the use of electric power, etc. supplied by other companies
Scope 3: CO₂ generated within the supply chain, including suppliers and product users

Add employee engagement and customer satisfaction as new KPIs.

	Key issues (materiality)	Main Initiatives
S Initiatives for Society	3 Strengthening relationships of trust with customers and communities	<ul style="list-style-type: none"> Provision of high-quality products and services that satisfy customers
	4 Pursuing partnerships and innovation	<ul style="list-style-type: none"> Development of technologies and products sought after by society and customers
	5 Promoting activities of human resources	<ul style="list-style-type: none"> Securing and development of diverse human resources Improvement of employee satisfaction Reduction of work accidents Promotion of work style reform
	6 Ensuring health and safety	
G Initiatives for Governance	7 Strengthening corporate governance	<ul style="list-style-type: none"> Enhancement of effectiveness of the Board of Directors Ongoing compliance education

14th Medium-Term Management Plan KPI	
1-4 are for Takuma only	
1. Number of main career-track and management positions filled by women	At least 35 (total for FY2021-FY2025)
2. Utilization of parenting support programs	At least 25% (average for FY2021-FY2025)
3. Employee engagement New	Highest rating 50% or more *1
4. Customer satisfaction New	Highest rating 60% or more *2
5. Number of fatal accidents	0
6. Number of serious compliance violations	0

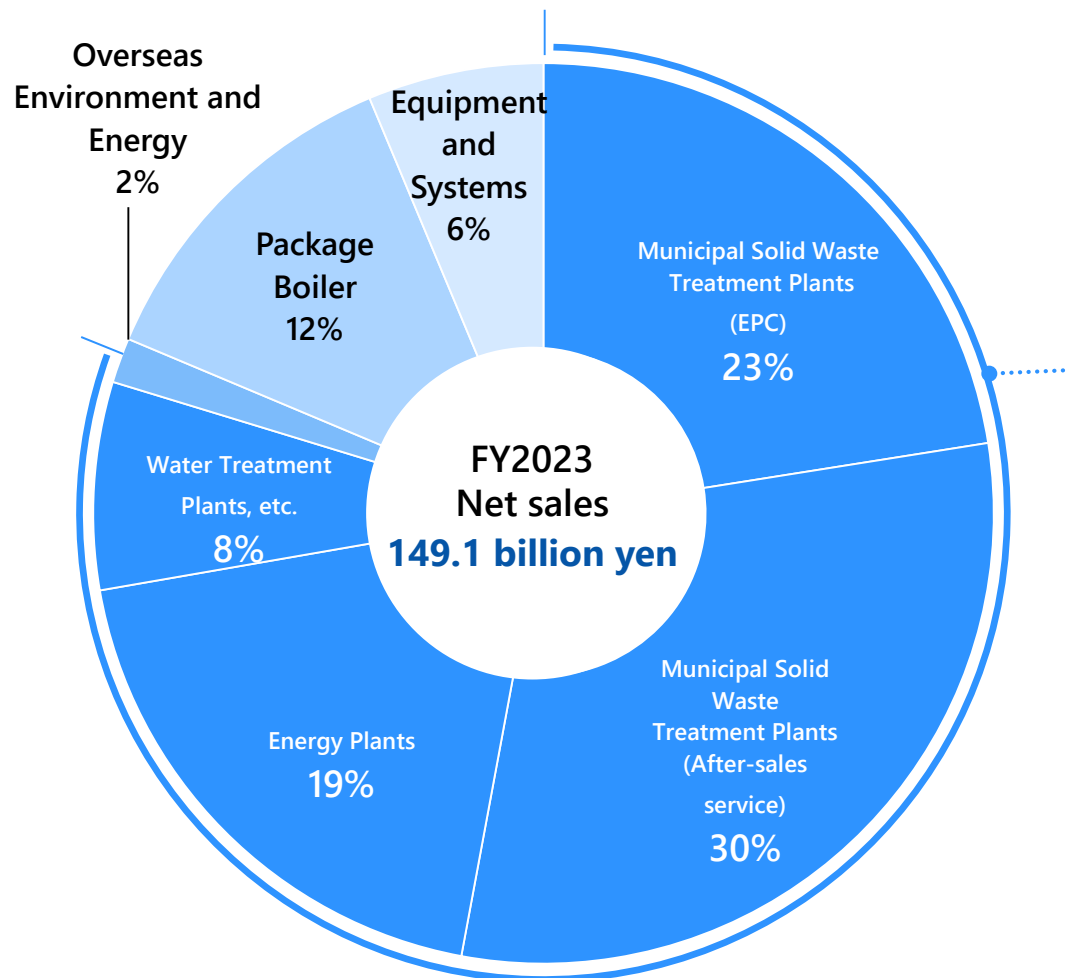
*1. The percentage of respondents giving the highest rating for each question (on a 5-point scale) on job satisfaction and pride in the company in the Employee Attitude Survey.

*2. The percentage of respondents giving the highest rating for questions (on a 4-point scale) about customer service and overall product quality in the Customer Satisfaction Survey.

1. Financial Results of FY2023 (Ended 3/2024)	P.2
2. Financial Forecast for FY2024 (Ending 3/2025)	P.19
3. 14 th Medium-Term Management Plan (FY2024-2026)	P.25
4. Reference Material	P.52

Business Segment

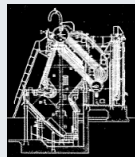
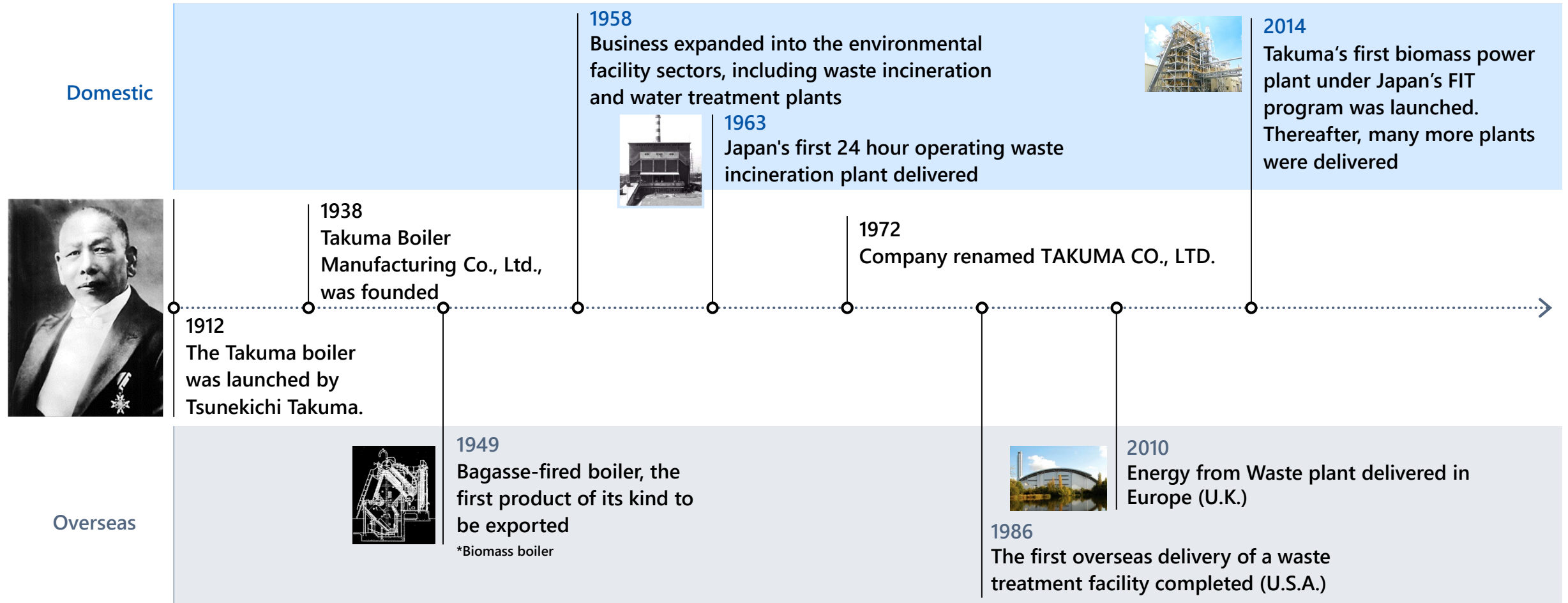
Our business is centered on engineering, procurement, and construction (EPC) and after-sales service of waste treatment facilities, biomass power plants, etc. based on the primary themes of “environment” and “energy”.



Domestic Environment and Energy	Municipal Solid Waste Treatment Plant Business Municipal solid waste treatment plant EPC and after-sales service for municipalities	
	Energy Plant Business Large boiler, biomass power plant, and industrial waste treatment plant EPC and after-sale service for private enterprises	
	Water Treatment Plant Business Sewage treatment facility EPC and after-sale service for municipalities	
	Power Retail Business Supply of electric power procured from delivered power plants and other facilities to public facilities and private companies	
Overseas Environment and Energy	Energy from Waste plant and Energy plant EPC and after-sale service	
Package Boiler	Manufacture and sale of and after-sale service related to heat source equipment such as general-purpose boilers and vacuum-type water heaters	
Equipment and Systems	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	

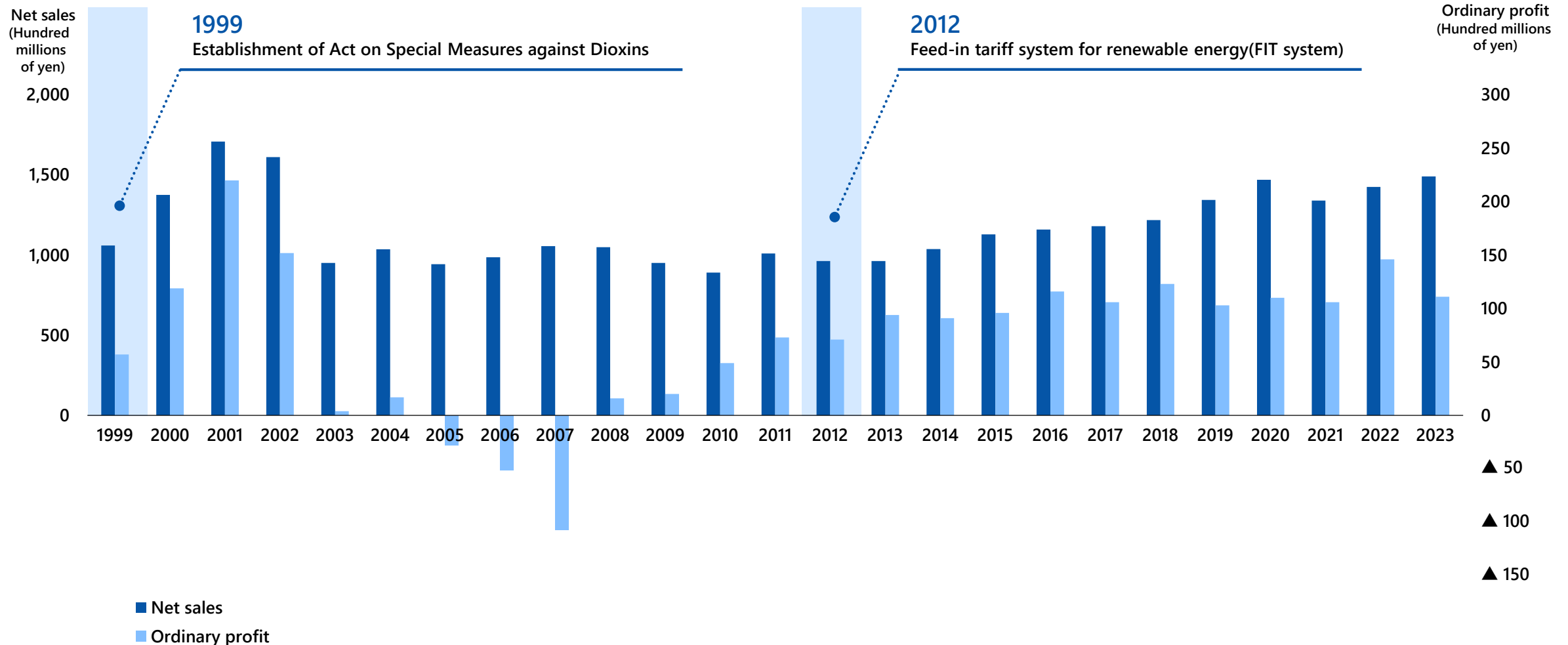
*EPC: Engineering, Procurement, and Construction

In 1912, we invented the first boiler in Japan using purely Japanese technology. While improving boiler technology, the company cultivated combustion and water treatment technologies and utilized them to enter the environmental field, such as waste incineration plants. Since then, we have provided technologies and services for solving customer and societal challenges, primarily in the fields of environment and energy.

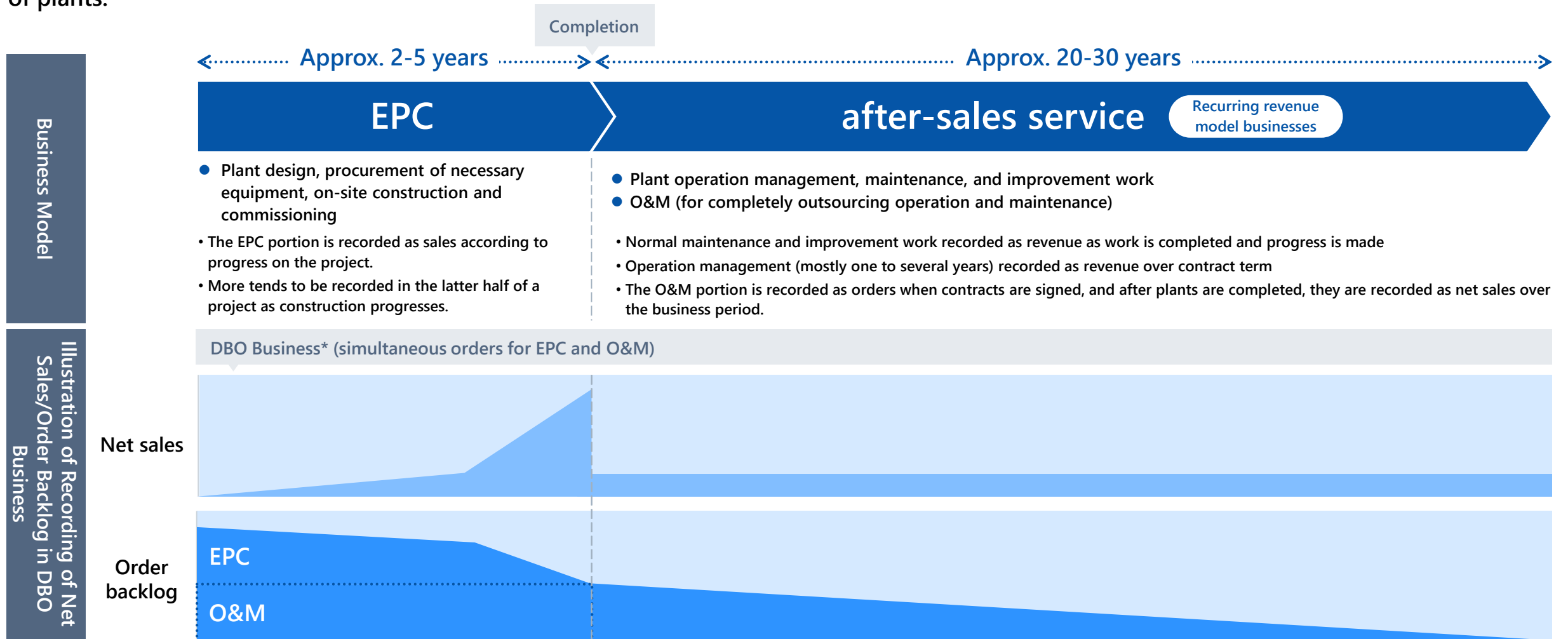


Performance Trends

In the latter half of the 2000s, we focused on after-sales service, which would provide its earnings base. There has been steady demand for renewal and service life improvement of waste treatment plants and an increase in demand for biomass power plants, resulting in stable net sales and profits.



Revenue comes primarily from engineering and construction (EPC*) and after-sales service (operational management, maintenance, O&M*, etc.) of plants.



*EPC:Engineering, Procurement, and Construction

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

Situation by Segment

Domestic Environment and Energy Municipal solid waste treatment plants

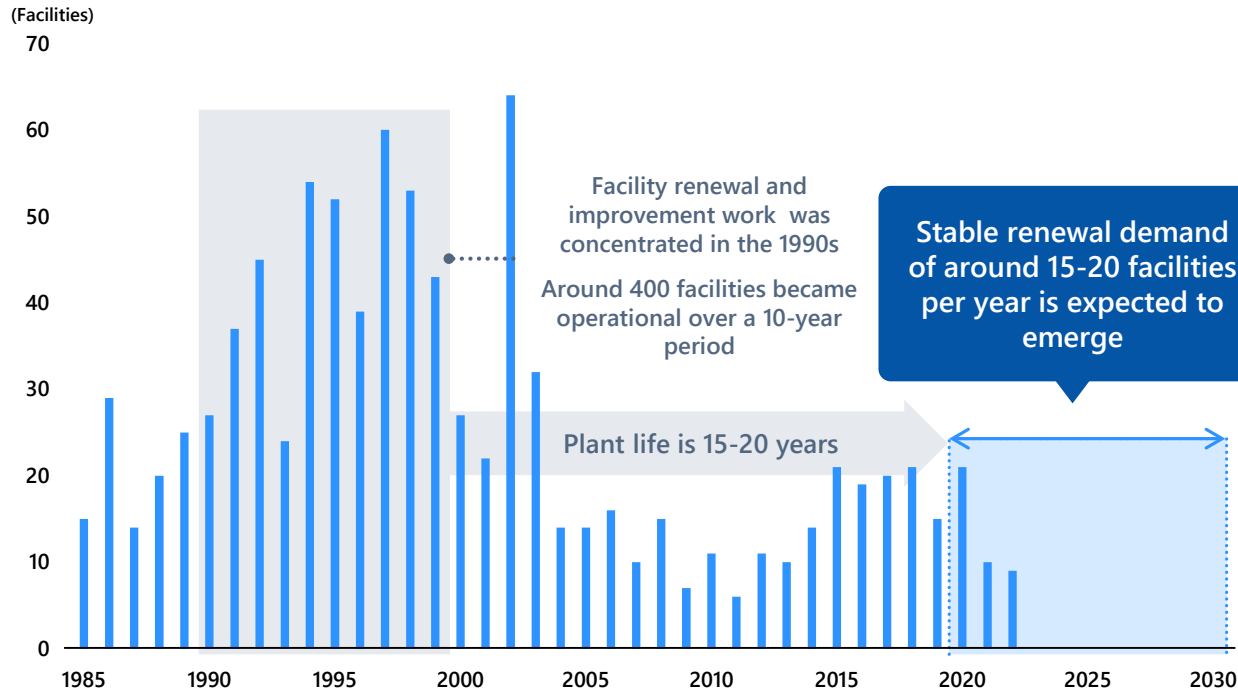
Business
Environment

TAKUMA

Demand for renewal and service life improvement will continue due to the aging of waste treatment facilities. We expect renewal demand to continue for the time being. DBO* orders are on the rise utilizing know-how from the private sector. We expect this to continue.

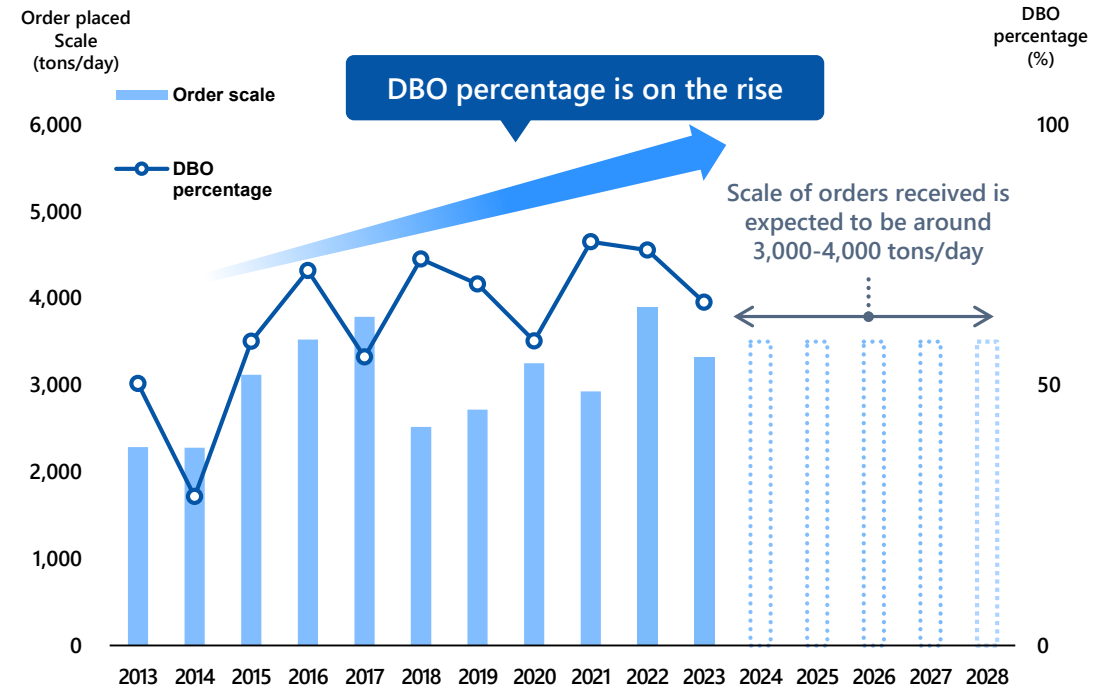
*DBO: Stands for Design, Build, Operate. A method of contracting private companies for the design, construction, and operation of facilities, paid for by public funds.

Number of waste incineration facilities in operation
(1,016 facilities, by operating year)



Source: Prepared by the Company based on the "2022 Survey of Municipal Solid Waste Treatment" by the Ministry of the Environment.
*Includes facilities under construction and where operations have been suspended.

Market size for renewal demand
and DBO percentage



*Based on internal research *DBO percentage does not include PFI method such as BTO (four BTO projects since 2010)

Situation by Segment

Domestic Environment and Energy Municipal solid waste treatment plants

Business
Strategy

TAKUMA

Focus on winning ongoing orders through comprehensive proposals tailored to diversifying needs.

Results

Steadily landing orders for EPC/O&M. The long-term O&M (contract period of 10 years or more) ratio in the order backlog for municipal solid waste treatment plants is over 60%. Along with maintaining and expanding the EPC Business, we expanded our recurring revenue model businesses.

Future policy

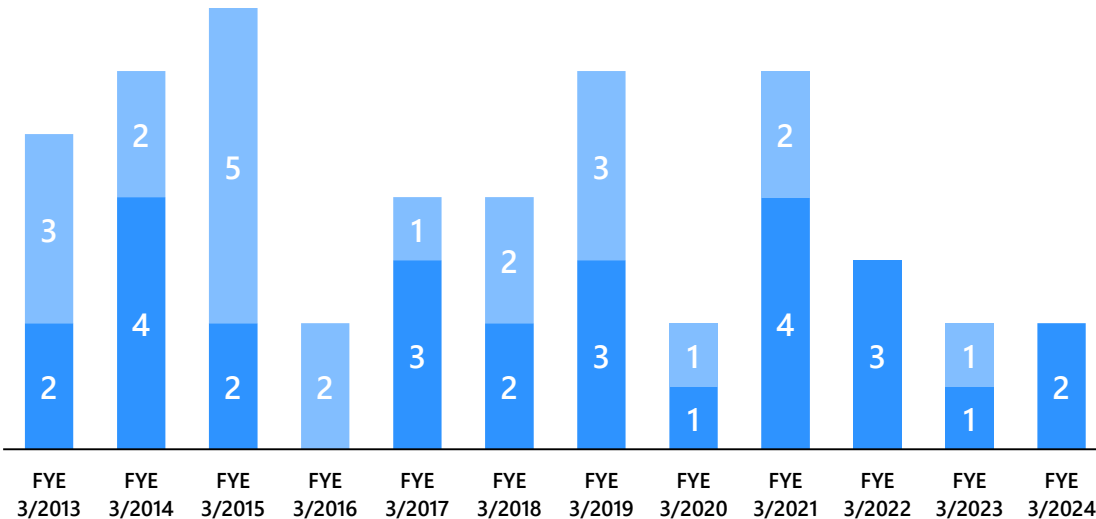
We aim to win at least three renewal orders per year on an ongoing basis and steadily meet the demand for service life extension by enhancing our proposal capabilities through differentiation in areas other than price based on our technological strengths and expanding our ability to respond to projects by increasing resources and improving operational efficiency.

EPC orders

(Projects)

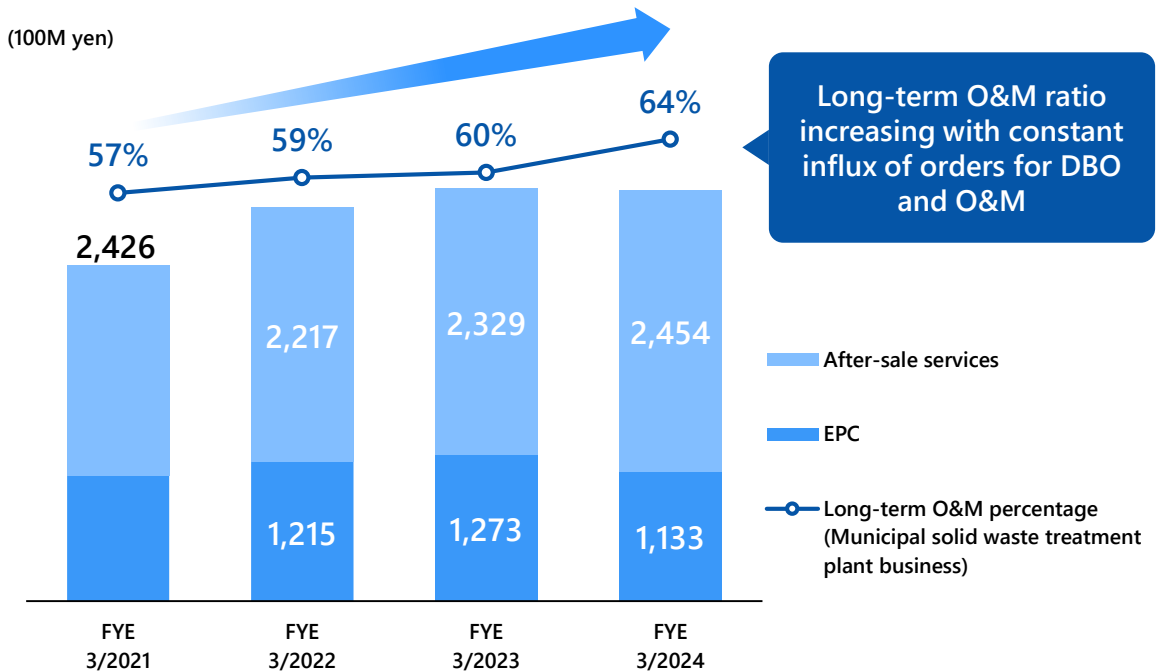
- Primary equipment improvement work
- New construction/renewal

Aiming to build up orders through expansion of resources in addition to steady orders



Order backlog

(100M yen)



Aim for sustainable growth of recurring revenue model businesses by strengthening O&M proposals and proposals for regular maintenance work.

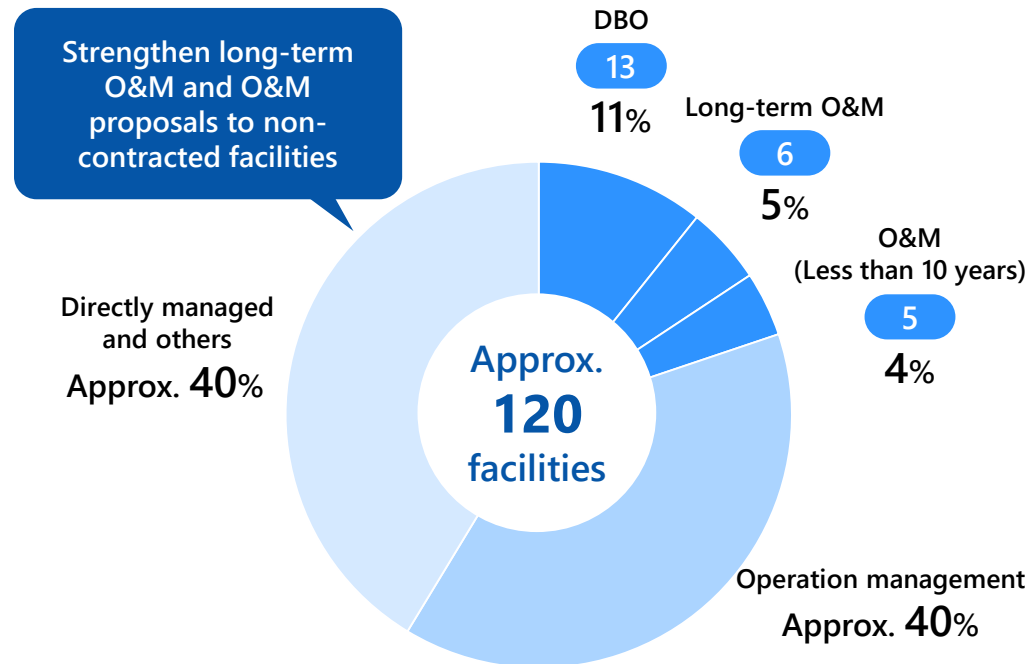
Results

The Company received orders for long-term O&M (contract period of 10 years or more) at 27 facilities (as of the end of FY3/2024). By the end of FY3/2025, 20 of the facilities under contract will be in operation. Operations at the remaining facilities will be launched one after another. Orders at non-contracted facilities also increased as a result of promoting proposal-based sales.

Future policy

Through proposal-based sales, we will maintain and expand orders for after-sale services every year. In addition, we aim to achieve growth of recurring revenue model businesses by enhancing O&M proposals for non-contracted facilities and initiatives to reduce costs through data utilization.

Number of municipal solid waste treatment facilities in operation at beginning of FY2024



Number of long-term O&M (more than 10 years, including DBO and BTO projects etc.) contracts (results and forecasts)



*Accumulation based on contract period of existing projects. The total does not come to 27 facilities because the contracts for some projects will expire before others begin operations.

Situation by Segment

Domestic Environment and Energy Energy plants

We contribute to stabilizing our customers' businesses and maximizing their revenues through biomass power plants and large-scale plants that supply electricity and heat to their factories.

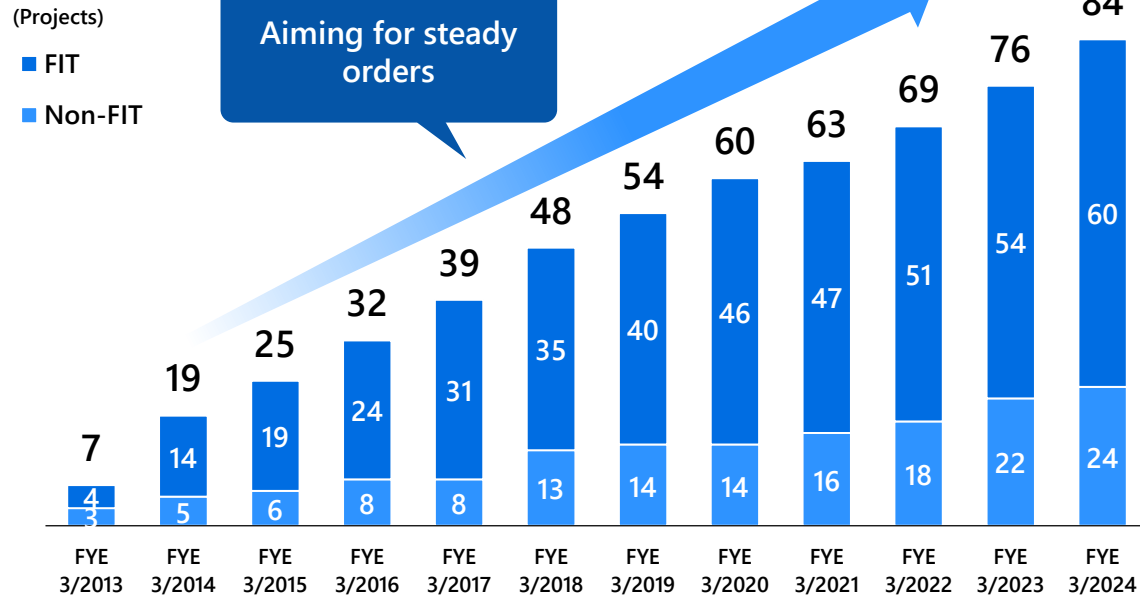
Business Environment

Demand for small- and medium-sized biomass power plants, mainly from domestic fuels (such as unused timber), continues, driven primarily by policies to promote renewable energy and decarbonization. In particular, we expect to see demand for renewal of existing plants (fuel conversion) in the paper and lumber industries and demand for new small- and medium-sized power plants (FIT*1, Non-FIT, FIP*2).

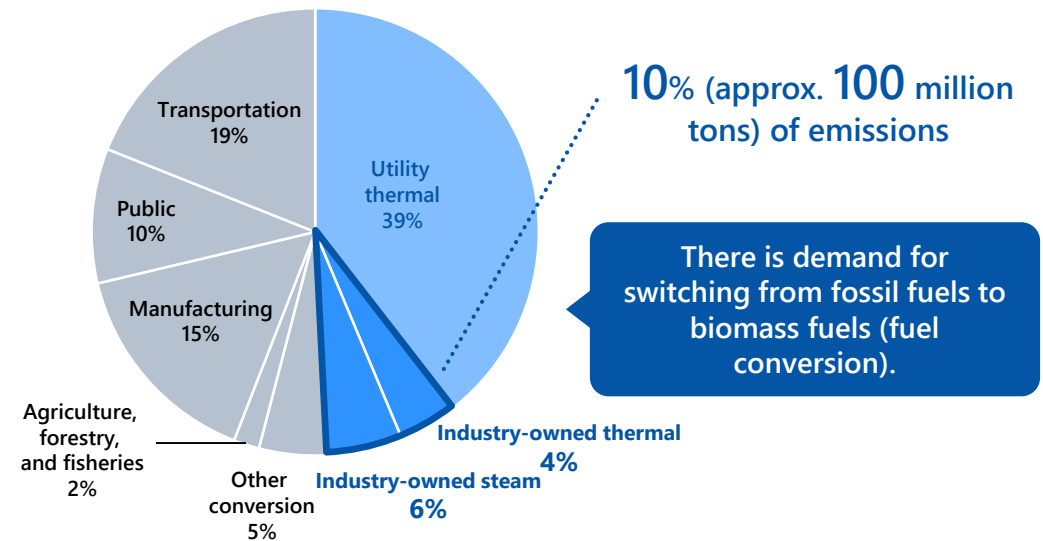
Future policy

In the EPC Business, the aim is to continue winning orders, particularly for small- to medium-sized biomass power generation plants, including renewal of existing plants and proposals for new power plants. In after-sales service, we aim for recurring revenue model business growth by proposing solutions for energy savings, functional improvement, and service life extension, in addition to maintenance.

Orders received (cumulative)



Japan's energy-derived carbon dioxide emissions*3



*1. Feed-in Tariff *2. Feed-in Premium is where a certain premium (subsidy amount) is added to the price of electricity sold on the market. *3. Source: 2022 results from "Comprehensive Energy Statistics" by Ministry of Economy, Trade and Industry

Situation by Segment

Domestic Environment and Energy Water Treatment Plants

Contribute to the effective use of energy and decarbonization of sewage treatment facilities through greenhouse gas-reducing and highly energy-saving products.

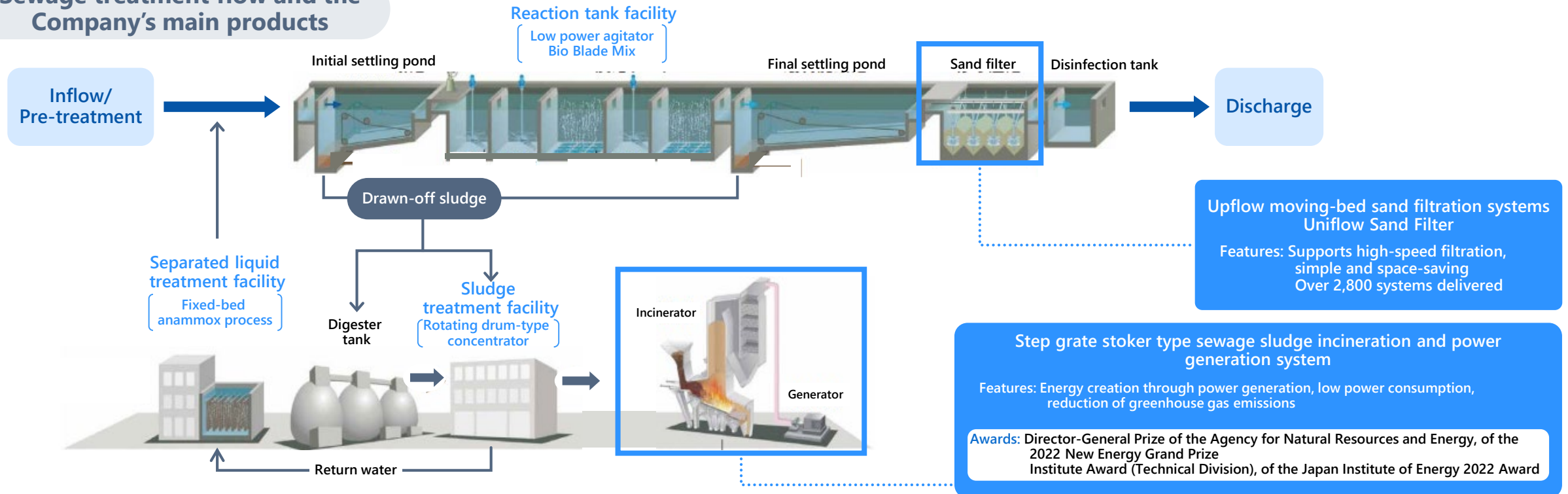
Business Environment

In addition to renewal and service life improvement demand due to aging sewage treatment plants, demand for reduction of greenhouse gas emissions and effective utilization of biomass sewage sludge is growing in the sewage treatment field. Our step grate stoker type sewage sludge incineration and power generation system received two awards in FY2022 for CO₂ reduction, energy saving, and energy creation.

Future policy

Focus on securing ongoing orders with mainstay products (step grate stoker type sewage sludge incineration and power generation system and sand filtration systems) that have high environmental performance and meet customer needs. Also promote establishment of a system for receiving orders for DBO projects, which are expected to continue increasing.

Sewage treatment flow and the Company's main products



Situation by Segment

Domestic Environment and Energy Power Retail Business

Contribute to stabilizing customers' electricity rates and reducing greenhouse gas emissions through the procurement and supply of electricity generated from renewable energy and non-fossil fuels.

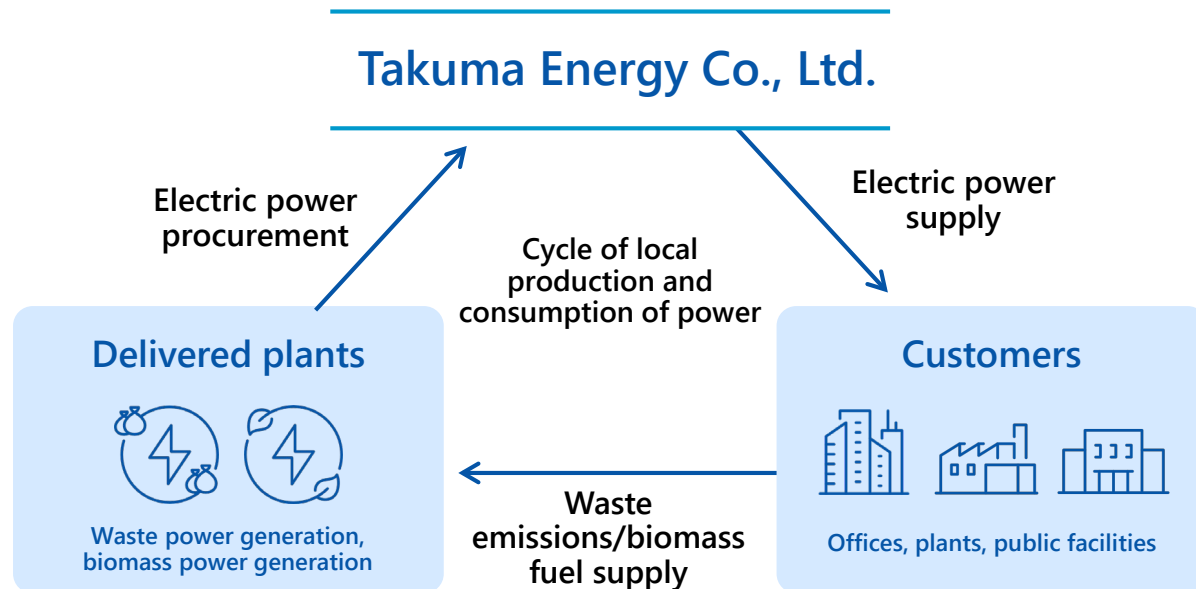
Business Environment

Demand is increasing for renewable energy and CO₂-free electricity for decarbonization. Demand is also increasing for local production of electric power for local consumption.

Future policy

Leverage strength in stable power procurement to promote the supply of electric power to areas near power sources and to environmentally conscious customers. We will also promote expansion of our lineup of related services such as supply and demand management services and environmental value transactions to expand our customer base.

Example of services provided (local production of electric power for local consumption)

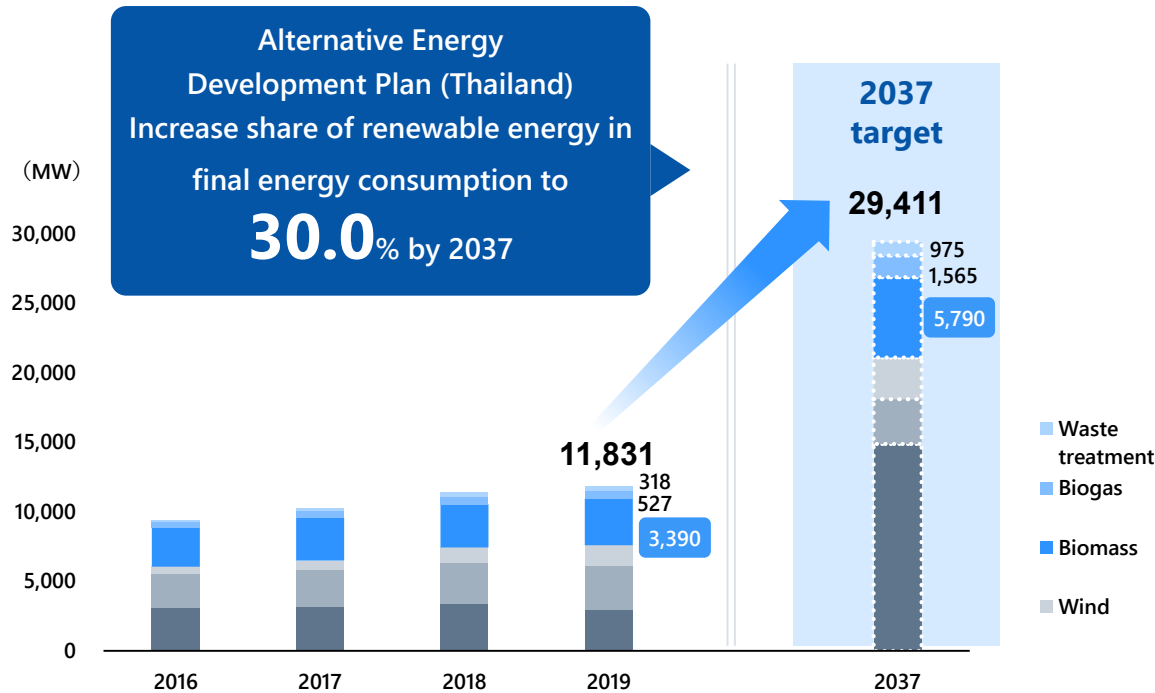


Main project during period of 13th Medium-Term Management Plan

	Provided to	Main supplier	Start
Local production for local consumption/ supply of CO ₂ -free electric power	Kunohe Village, Iwate	Iwate-Kenpoku Clean Co., Ltd.	Apr 2022-
	Imabari City, Ehime	Imabari City Clean Center	Apr 2022-
	Machida City, Tokyo	Machida City BioEnergy Center	Apr 2022-
	Kurume City, Fukuoka	Miyanojin Clean Center	Jan 2023-
	Kitahiroshima-cho, Hiroshima	Kawakoda Micro Hydro Power Plant *Not delivered by us	Aug 2023-
	Fujisawa City, Kanagawa	Rikyuu Co., Ltd.	Mar 2024-

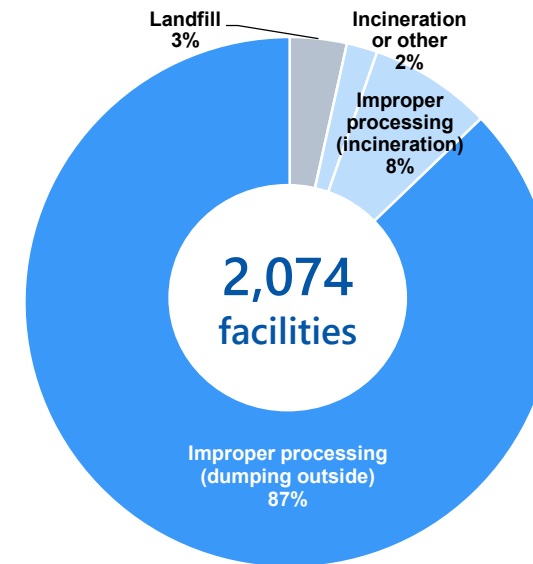
- In addition to population and economic growth, the trend toward decarbonization in Southeast Asia has increased demand for biomass power generation and Energy from Waste plants.
- In Thailand, demand for Energy from Waste and for biomass power generation, including fuel conversion, is expected to grow against the backdrop of government promotion of renewable energy.
- In Taiwan, demand for facility renewal and service life extension is expanding due to the aging of Energy from Waste plants.
- In Taiwan and Vietnam, the need for in-house processing of industrial waste generated in manufacturing plants is also increasing.

Renewable Energy Policy in Thailand*



*Alternative Energy Development Plan (AEDP)

Number of Waste Treatment Facilities in Thailand and Method of Treatment (2022)



Expected to shift from dumping outside to recycling and incineration in the future

*Source: "General Research Report: Waste Situation in Thailand," Bangkok Industrial Information Center, Aichi prefecture (November 10, 2023) Ministry of Natural Resources and Environment of Thailand

Focus on securing continuous orders for biomass power generation plants and Energy from Waste plants and improving the system.

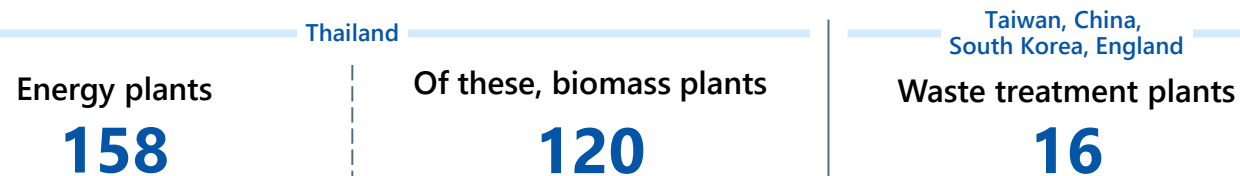
Results

Promoted the development of a system to win orders via local subsidiaries in Thailand and Taiwan, and won 3 orders in FY2021-2023.

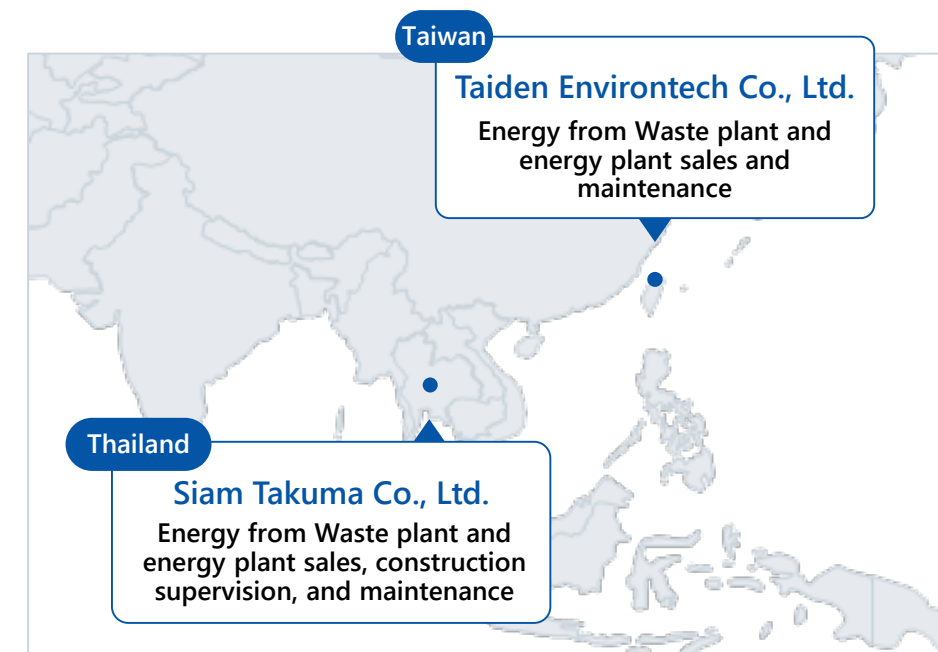
Future policy

Aim to expand collaboration with local subsidiaries and partnerships with local companies to increase orders in Southeast Asia and Taiwan. In addition to reducing costs and shortening construction periods, the Company aims to differentiate itself in terms of performance and quality, including stable operation and high-efficiency technology, and to achieve stable profitability and growth by continuing to receive at least one to two new construction orders per year.

Deliveries (cumulative)



Local subsidiaries (2 companies)



Main project during period of 13th Medium-Term Management Plan

	Year		Delivered to (Honourifics omitted)	Description	Scale	Scheduled Completion
Energy from Waste plant	FYE 3/2022	Q3	TA-HO LU-TSAO ENVIRONMENT CO., LTD. (Taiwan)	Stoker upgrade	900 t/day	Nov 2024
Waste treatment plant	FYE 3/2023	Q4	Company A (Vietnam)	New construction	427 t/day	Sep 2025
Energy plant	FYE 3/2023	Q4	Company B (Thailand)	New construction		Mar 2025

Package Boiler Business

Domestic market has matured, but we expect a certain level of demand for renewal and other work to continue for the time being.

In addition to new heating businesses (hydrogen, biomass, electric heat sources, decarbonized products, etc.), the Company aims to expand the scale of orders by expanding its overseas business in Southeast Asia, particularly in Thailand.

Group company

NTEC Nippon Thermoener Co., Ltd.

Manufacture and sale of and after-sale services for steam boilers, hot water heaters, and other heating products

Main products



Once-through boilers



Vacuum-type water heaters



Hybrid hot water supply systems



Biomass boilers



Hydrogen-fired vacuum-type water heaters



CO₂ capturing compact once-through boilers

Equipment and Systems

Building equipment business

Strong demand is expected to continue due to urban redevelopment and new construction and renewal of medical and welfare facilities. The Company will continue to further strengthen its sales and construction capabilities by securing and training human resources, thereby maintaining and expanding the scale.

Semiconductor industrial equipment business

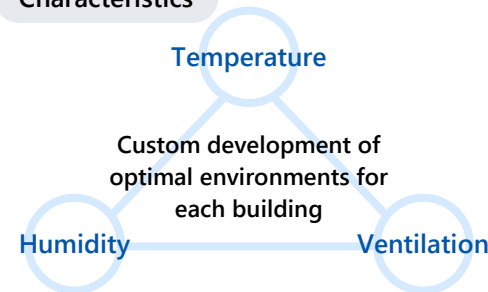
The semiconductor and electronic device manufacturing equipment market is growing over the medium to long term due to the trend toward digitalization. Aim to maintain and expand the scale by providing products that create and maintain a highly clean environment required for the manufacturing process.

Group companies

Sun Plant Co., Ltd.

Design and construction of air conditioning and plumbing equipment for buildings

Characteristics



Dan-Takuma

Sale of and after-sale services for various semiconductor industrial systems

Main products



Chemical filters



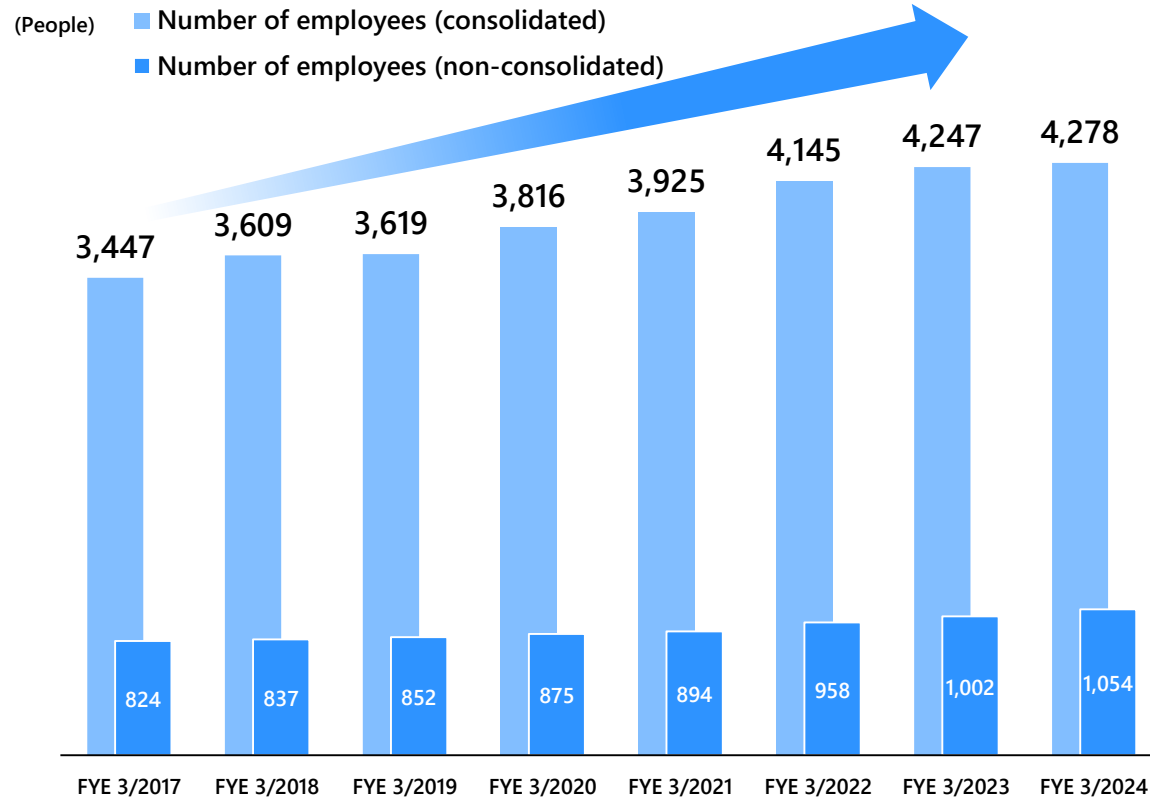
AMC environmental concentration analyzers

Strengthening the management foundation

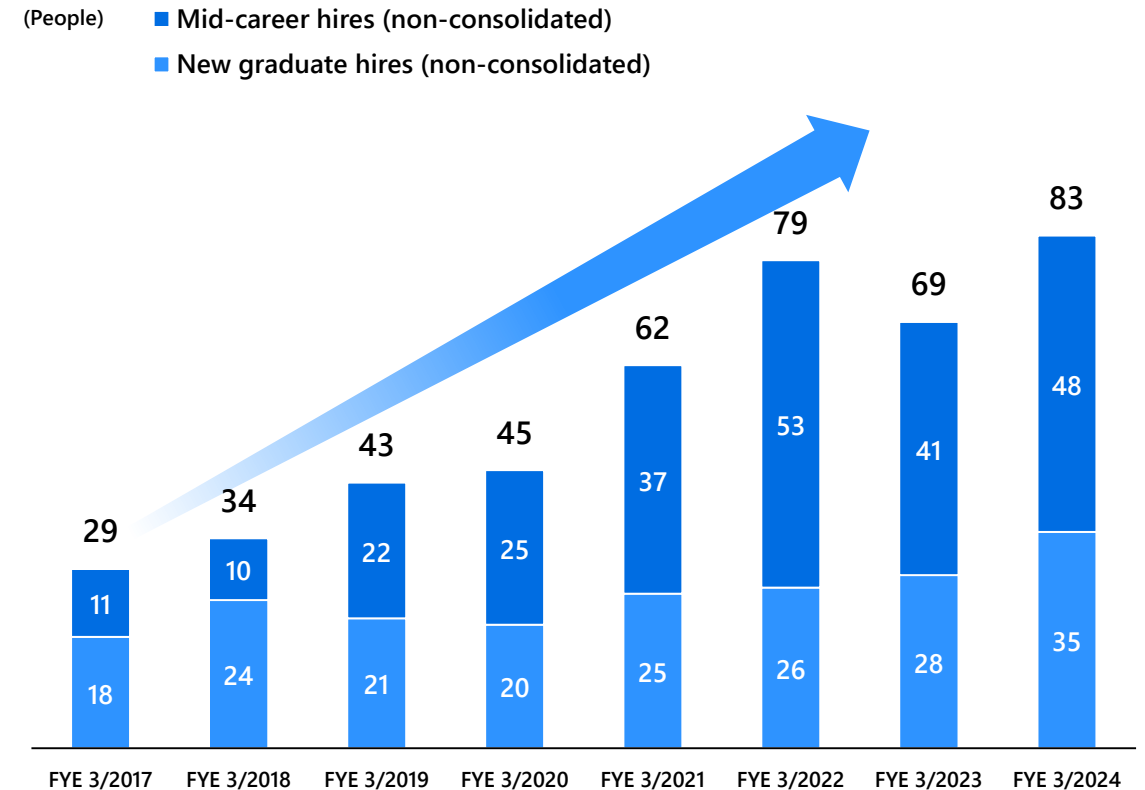
Human Resources Investment

Strengthen hiring and training of human resources to pass on our greatest strength, our technological capabilities, and expand our resources. Continue hiring and training efforts in the Engineering Division, as well as the Construction and Maintenance divisions.

Number of employees

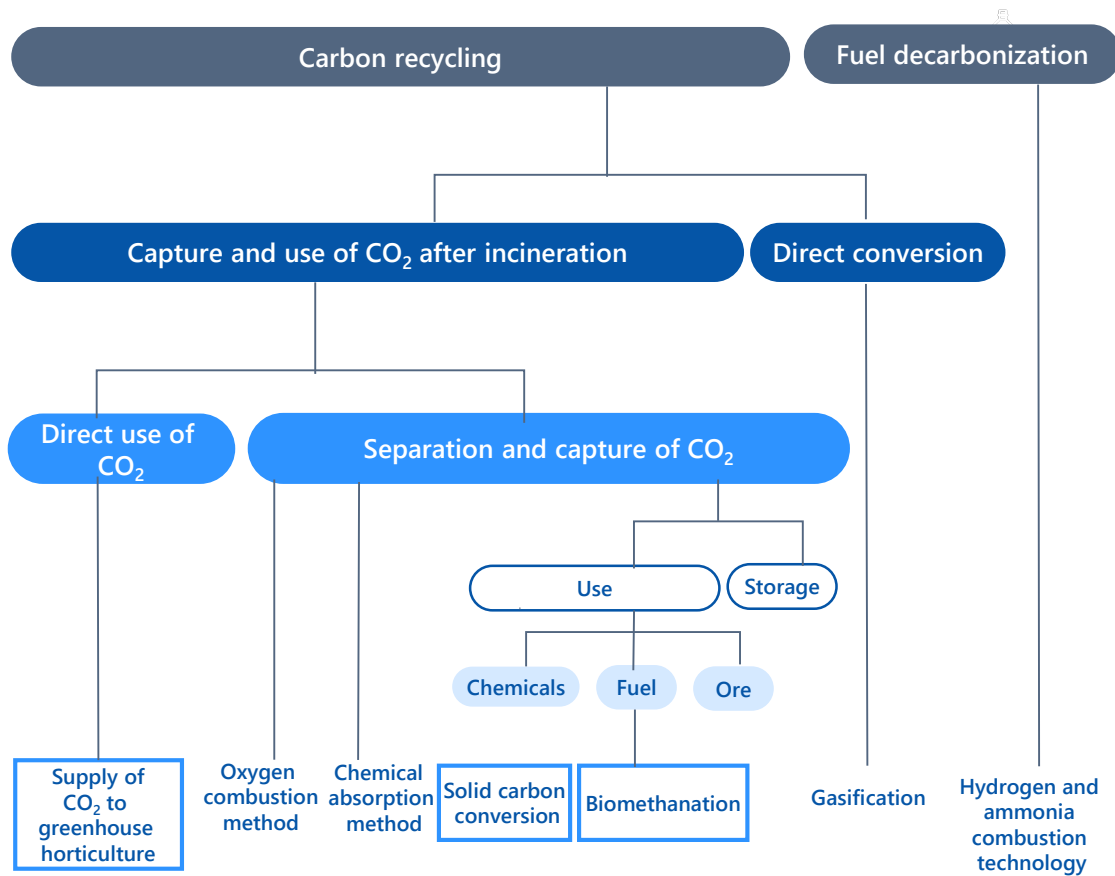


Number of new hires



In addition to fine tuning existing technologies, we will strengthen R&D focusing on CCUS and carbon recycling technologies to realize a decarbonized society.

R&D roadmap for decarbonization technologies



Examples of our technology/R&D

Agricultural use of CO₂ from flue gas purification

Delivered a t-CarVe® CO₂ supply system with a customer (SARA Inc. and F Bit Communications Corp.) that directly utilizes purified flue gas generated from burning woody biomass as fuel, after removing components harmful to plant growth, in a green house.

Solid carbonization

Technology for recovering CO₂ from the flue gas of waste incineration facilities as solid carbon. Can be used as a raw material for chemicals, such as carbon black.

Biomethanation

Technology that supplies hydrogen to biogas generated by methane fermentation of food waste and converts CO₂ into methane using microorganisms. Methane can be used as fuel for city gas, etc.

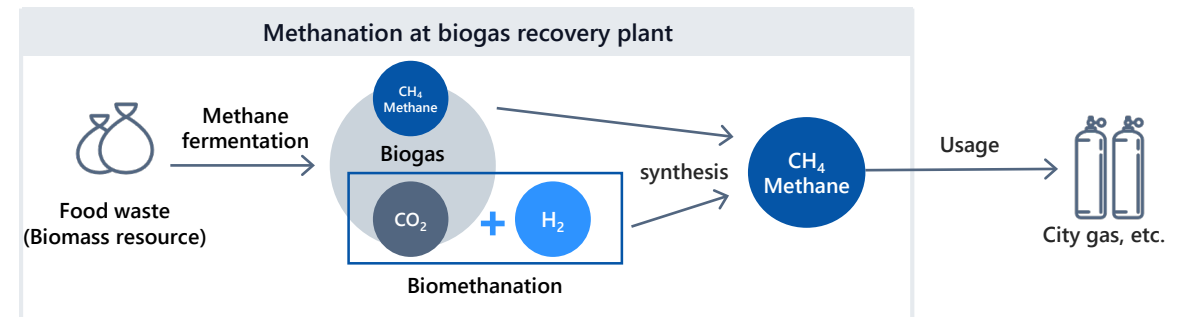


Illustration: Sales Progress of Project Orders

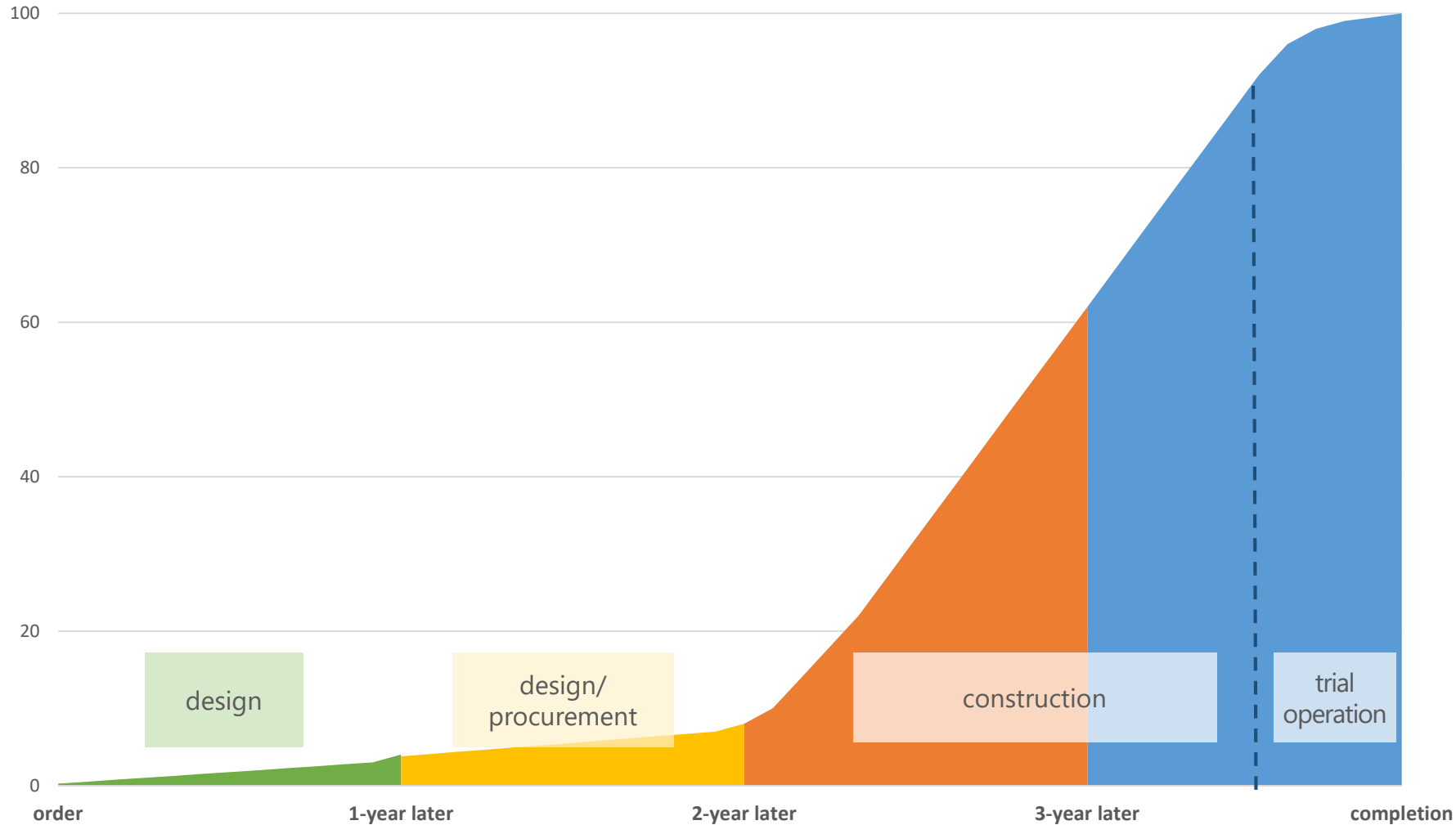


Illustration: Sales Composition of Domestic Environment and Energy Business

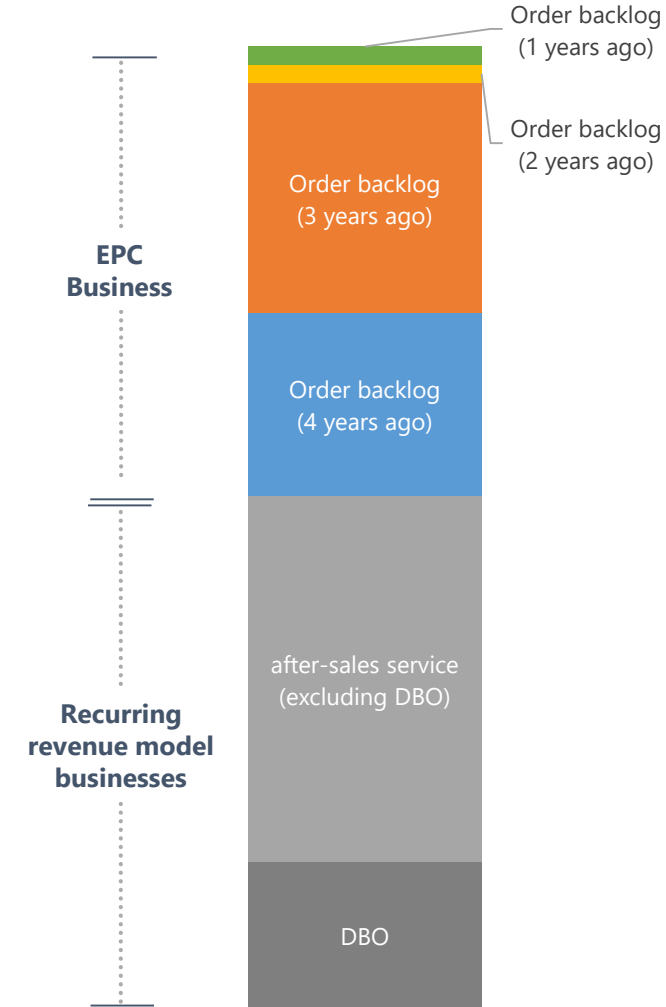
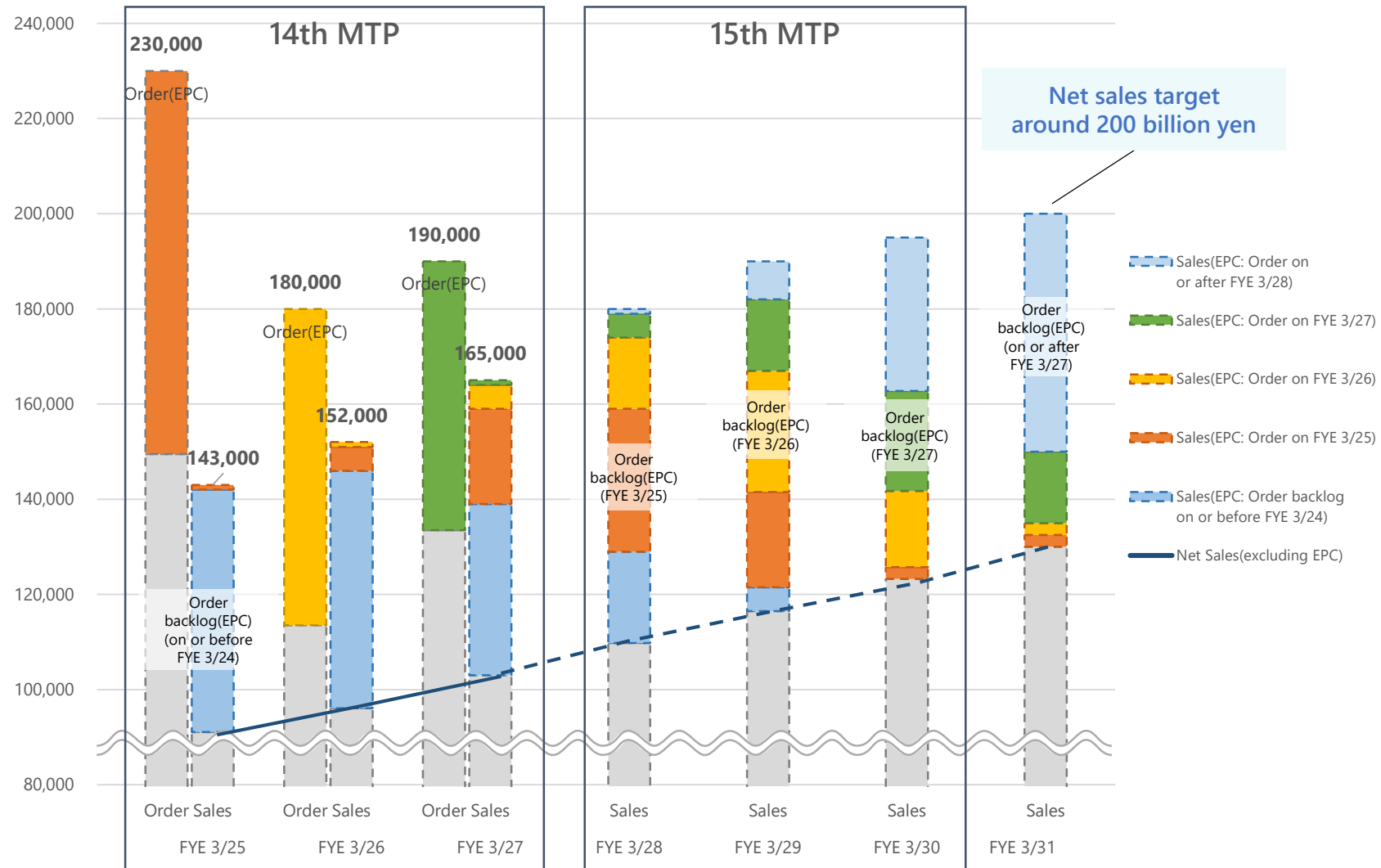


Illustration: Orders Received/Net Sales





May 24, 2024

TAKUMA Co., Ltd.

President and CEO

Hiroaki Nanjo

In the 14th Medium-Term Management Plan (FY2024-2026), we will formulate and implement measures to realize our long-term vision "Vision 2030," while prioritizing investment of management resources into receiving orders for municipal solid waste treatment plants (renewals and primary equipment improvement) and establishing a revenue model that maximizes the use of recurring , which will lead to the achievement of results in the 15th Medium-Term Management Plan and beyond.

Continuing to focus on environment and energy-related businesses, we will pursue sustainable growth together with our customers and society via ESG management.

Information related to performance forecasts, business plans, and related topics included in this document 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.

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