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Summary of Results for the Second Quarter of the Fiscal Year Ending March 2024 (Japanese Standards) (Consolidated Basis)

November 8, 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		November 8, 2023	
Planned dividend payment start date		December 8, 2023	
Availability of supplementary quarterly results materials:		Yes	
Quarterly results briefing:		None	

(All amounts rounded down to the nearest million yen)

1. Consolidated results for Q2 FY2023 (April 1, 2023, to September 30, 2023)

(1) Consolidated results (cumulative)

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

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 FY2023	65,916	0.1	2,724	(51.9)	3,233	(47.4)	1,927	(55.1)
Q2 FY2022	65,834	11.1	5,665	92.8	6,146	90.8	4,296	90.4

(Note) Comprehensive income: Q2 FY2023 4,534 million yen (down 2.7 %)
Q2 FY2022 4,658 million yen (up 91.9%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q2 FY2023	24.10	—
Q2 FY2022	53.63	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q2 FY2023	178,662	103,807	57.8
FY2022	179,688	101,167	56.0

(Reference) Equity Q2 FY2023 103,259 million yen
FY2022 100,599 million yen

2. Dividend status

	Annual dividend				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	19.00	—	24.00	43.00
FY2023	—	24.00			
FY2023 (forecast)			—	24.00	48.00

(Note) Revisions of the most recently announced dividend forecast: None

3. Consolidated earnings forecast for FY2023 (April 1, 2023, to March 31, 2024)

(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
FY2023	146,000	2.3	10,300	(25.4)	11,000	(25.1)	7,700	(20.0)	96.25

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

○ Attachments

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1. Qualitative information related to the quarterly results under review

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

(1) Explanation of business results

(Unit: Millions of yen)

Segment	Q2 consolidated cumulative period of FY2023				Change from the corresponding period of FY2022		
	Orders received	Net sales	Operating profit	Backlog	Orders received	Net sales	Operating profit
Domestic Environment and Energy Business	57,183	52,194	3,096	452,635	12,006	(2,183)	(3,380)
Overseas Environment and Energy Business	1,793	1,003	32	6,818	699	391	104
Package Boiler Business	10,449	8,441	404	7,948	432	974	258
Equipment and Systems Business	3,452	4,471	414	10,625	(5,609)	898	115
Total	72,878	66,110	3,946	478,028	7,528	80	(2,900)
Adjustments	(164)	(194)	(1,222)	(18)	32	0	(40)
Total	72,714	65,916	2,724	478,009	7,561	81	(2,941)

During the Q2 consolidated cumulative period of FY2023, orders received rose 7,561 million yen from the corresponding quarter of FY2022 to 72,714 million yen due primarily to growth in the Domestic Environment and Energy Business, while net sales totaled 65,916 million yen, roughly on par with the corresponding period of FY2022, as growth in other segments offset a decline in sales for the Domestic Environment and Energy Business.

Operating profit fell 2,941 million yen compared to the corresponding period of FY2022 to 2,724 million yen, while ordinary profit fell 2,913 million yen to 3,233 million yen. Profit attributable to owners of parent fell 2,369 million yen to 1,927 million yen. These results were due to a decrease in profits in the Domestic Environment and Energy Business.

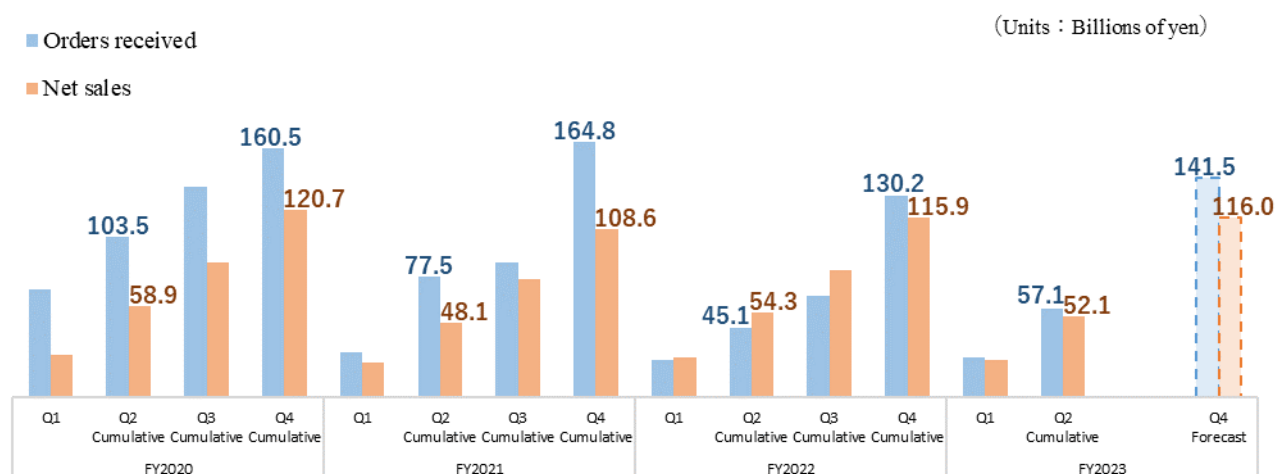
A description of each segment's results follows.

Domestic Environment and Energy Business

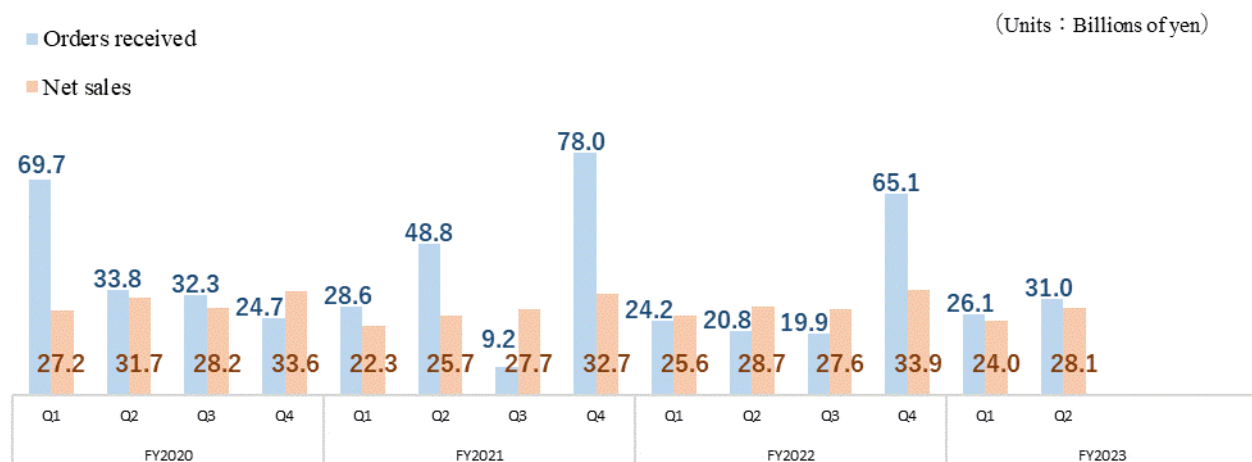
During the Q2 consolidated cumulative period of FY2023, orders received rose 12,006 million yen from the corresponding period of FY2022* to 57,183 million yen thanks to four orders for new biomass power plants, one order for a new captive-use biomass plant, and an order for a new large equipment replacement project involving a sand filtration system at a sewage treatment plant. Net sales fell 2,183 million yen from the corresponding period of FY2022 to 52,194 million yen due primarily to changes in the project mix in the EPC business. Turning to profitability, operating profit fell 3,380 million yen to 3,096 million yen due to changes in the project mix, an increased depreciation burden accompanying operations at the new Harima Factory, growth in operating expenses such as personnel expenses and R&D costs, and a charge to restore operations following an equipment issue at a waste treatment plant (gasification melting furnaces) we operate under an O&M contract. The impact of that charge on profit during the Q2 consolidated cumulative period of FY2023 is about 1 billion yen.

*Principal orders during the corresponding period of FY2022 included one waste treatment plant primary equipment improvement project and five new biomass power plant construction projects.

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



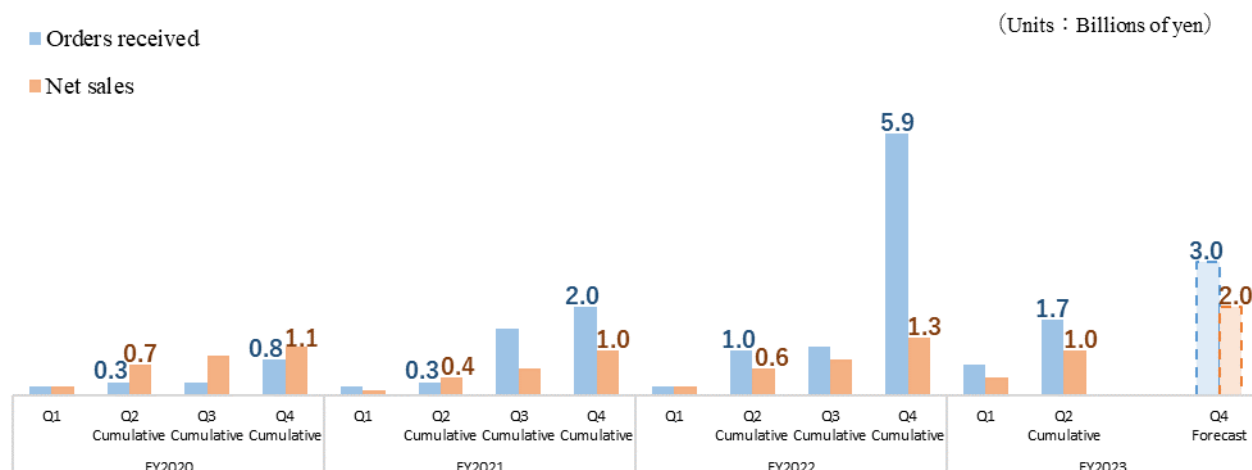
<Orders received and net sales (by quarter)>



Overseas Environment and Energy Business

During the Q2 consolidated cumulative period of FY2023, orders received rose 699 million yen from the corresponding period of FY2022 to 1,793 million yen thanks primarily to the posting of additional orders as part of a waste treatment plant project in Vietnam for which we booked an order during FY2022. At the same time, net sales rose 391 million yen from the corresponding period of FY2022 to 1,003 million yen, while operating profit totaled 32 million yen, improved from a 72 million yen operating loss, due to factors including growth in maintenance sales and progress on previously ordered plants.

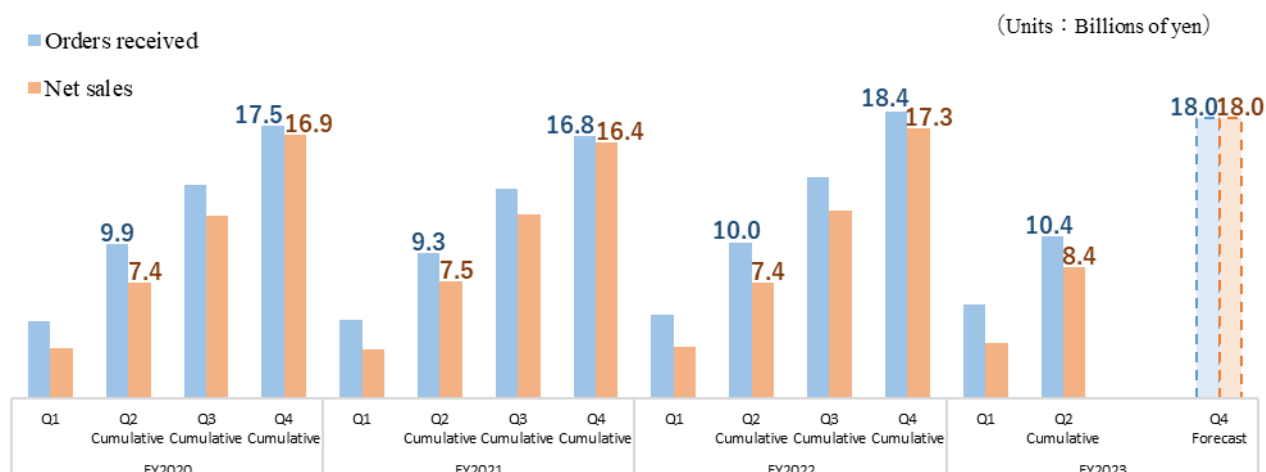
<Orders received and net sales (cumulative quarterly total)>



Package Boiler Business

During the Q2 consolidated cumulative period of FY2023, orders received rose 432 million yen from the corresponding period of FY2022 to 10,449 million yen as we booked orders for large projects. Net sales climbed 974 million yen to 8,441 million yen, while operating profit rose 258 million yen to 404 million yen, reflecting factors including progress on previously ordered projects and completion of large projects.

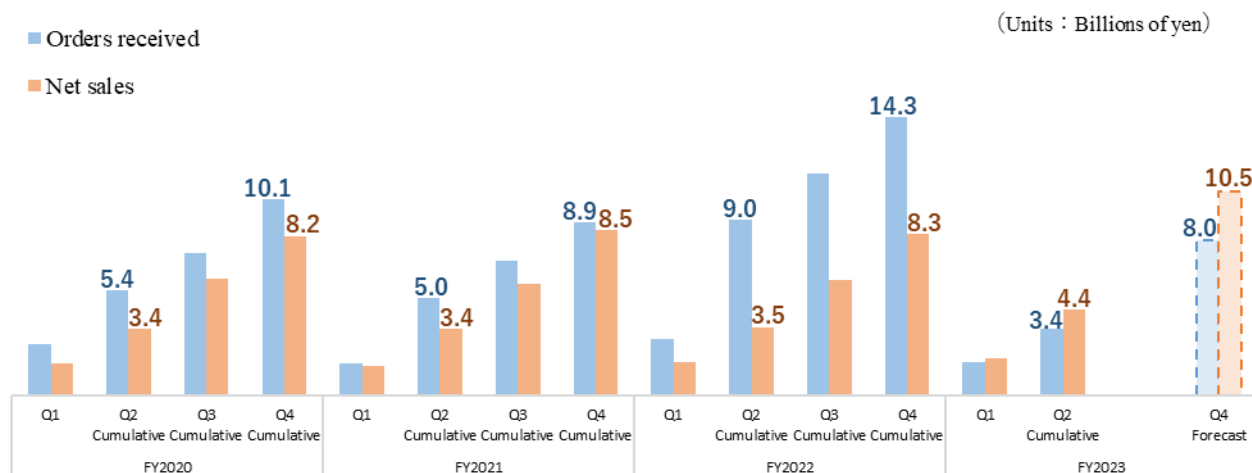
<Orders received and net sales (cumulative quarterly total)>



Equipment and Systems Business

Orders received during the Q2 consolidated cumulative period of FY2023 fell 5,609 million yen from the corresponding period of FY2022 to 3,452 million yen as the pace of orders slowed following the receipt of orders for a number of large projects in the building equipment business during FY2022 and as sales of semiconductor manufacturing equipment fell. However, net sales rose 898 million yen to 4,471 million yen, while operating profit rose 115 million yen to 414 million yen thanks to progress on previously ordered projects.

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



We will continue to work towards our FY2023 orders received target of 170,000 million yen for the Domestic Environment and Energy Business, and we expect to book orders for waste treatment plant construction and operation as well as for facilities including energy plant and water treatment plants. Nonetheless, we are revising our performance outlook for the fiscal year ending March 2024 based on factors including additional charges taken in the Domestic Environment and Energy Business. For more information, please see “(2) Explanation concerning forward-looking statements such as consolidated earnings forecasts.”

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

The Group expects to see continued demand for its principal products, including replacement and service life extensions for aging waste treatment plants, and construction of biomass power plants against a backdrop of favorable energy policies. However, uncertainty about the future continues, including due to confusion from the situation in Russia-Ukraine, rising prices for steel and other materials and equipment, and growing lead times.

With regard to the Group's FY2023 performance under these conditions, the Group expects orders received of 170,000 million yen and net sales of 146,000 million yen, and there has been no change to the previous earnings forecast for those figures. With regard to profitability, the Group expects operating profit of 10,300 million yen, ordinary profit of 11,000 million yen, and profit attributable to owners of parent of 7,700 million yen, all of which would miss the previous forecast at those levels due to a charge to restore operations in the Q2 consolidated cumulative period of FY2023 following an equipment issue at a waste treatment plant (gasification melting furnace) we operate under an O&M contract.

More information about these revisions can be found in "Notice of Revision to Financial Results Forecasts for Fiscal Year Ending March 31, 2024" (published November 8, 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.

- 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 FY2022 (March 31, 2023)	Q2 FY2023 (September 30, 2023)
Assets		
Current assets		
Cash and deposits	65,242	67,253
Notes and accounts receivable - trade, and contract assets	60,851	49,408
Inventories	6,011	10,290
Other	2,159	4,195
Allowance for doubtful accounts	(15)	(15)
Total current assets	134,249	131,132
Non-current assets		
Property, plant and equipment	18,436	19,184
Intangible assets	540	584
Investments and other assets		
Investment securities	18,280	22,130
Other	8,317	5,765
Allowance for doubtful accounts	(135)	(134)
Total investments and other assets	26,462	27,760
Total non-current assets	45,439	47,530
Total assets	179,688	178,662

(Unit: Millions of yen)

	Q4 FY2022 (March 31, 2023)	Q2 FY2023 (September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,610	24,639
Electronically recorded obligations - operating	14,749	15,736
Short-term borrowings	220	220
Income taxes payable	3,362	862
Contract liabilities	11,059	12,609
Provision for bonuses	3,789	2,972
Provision for product warranties	215	170
Provision for loss on construction contracts	625	1,058
Other	6,208	4,602
Total current liabilities	66,840	62,872
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	266	242
Retirement benefit liability	10,980	11,316
Other	433	424
Total non-current liabilities	11,680	11,982
Total liabilities	78,521	74,855
Net assets		
Shareholders' equity		
Share capital	13,367	13,367
Capital surplus	3,873	3,886
Retained earnings	82,045	82,054
Treasury shares	(3,916)	(3,827)
Total shareholders' equity	95,370	95,480
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,227	7,734
Deferred gains or losses on hedges	48	32
Foreign currency translation adjustment	91	125
Remeasurements of defined benefit plans	(138)	(114)
Total accumulated other comprehensive income	5,229	7,778
Non-controlling interests	567	548
Total net assets	101,167	103,807
Liabilities and net assets	179,688	178,662

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

Quarterly Consolidated Statement of Income

Second quarterly consolidated cumulative accounting period (Q2)

(Unit: Millions of yen)

	Q2 FY2022 (April 1, 2022, to September 30, 2022)	Q2 FY2023 (April 1, 2023, to September 30, 2023)
Net sales	65,834	65,916
Cost of sales	51,753	54,056
Gross profit	14,081	11,859
Selling, general and administrative expenses	8,415	9,135
Operating profit	5,665	2,724
Non-operating income		
Interest income	9	11
Dividend income	337	373
Share of profit of entities accounted for using equity method	37	30
Other	145	120
Total non-operating income	528	535
Non-operating expenses		
Interest expenses	1	0
Commitment fees	14	14
Loss on disposal of non-current assets	13	6
Other	18	5
Total non-operating expenses	47	26
Ordinary profit	6,146	3,233
Extraordinary income		
Gain on sale of investment securities	28	55
Total extraordinary income	28	55
Extraordinary losses		
New factory construction expenses	112	317
Other	-	63
Total extraordinary losses	112	381
Quarterly profit before income taxes	6,063	2,907
Income taxes	1,731	932
Quarterly profit	4,331	1,975
Quarterly profit attributable to non-controlling interests	34	48
Quarterly profit attributable to owners of parent	4,296	1,927

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

(Unit: Millions of yen)

	Q2 FY2022 (April 1, 2022, to September 30, 2022)	Q2 FY2023 (April 1, 2023, to September 30, 2023)
Quarterly profit	4,331	1,975
Other comprehensive income		
Valuation difference on available-for-sale securities	160	2,507
Deferred gains or losses on hedges	83	(15)
Foreign currency translation adjustment	45	43
Remeasurements of defined benefit plans, net of tax	37	23
Total other comprehensive income	327	2,558
Quarterly comprehensive income	4,658	4,534
Comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	4,612	4,475
Quarterly comprehensive income attributable to non-controlling interests	46	58

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Q2 FY2022 (April 1, 2022, to September 30, 2022)	Q2 FY2023 (April 1, 2023, to September 30, 2023)
Cash flows from operating activities		
Quarterly profit before income taxes	6,063	2,907
Depreciation	434	852
Loss (gain) on sale of investment securities	(28)	(55)
Loss (gain) on disposal of non-current assets	13	6
Increase (decrease) in provision for bonuses	(595)	(816)
Increase (decrease) in provision for loss on construction contracts	(571)	433
Increase (decrease) in retirement benefit liability	336	369
Interest and dividend income	(346)	(385)
Interest expenses	1	0
Share of loss (profit) of entities accounted for using equity method	(37)	(30)
Decrease (increase) in trade receivables	32,712	12,964
Decrease (increase) in inventories	(2,473)	(4,278)
Decrease (increase) in other current assets	(1,193)	(2,331)
Increase (decrease) in trade payables	(12,512)	1,790
Increase (decrease) in other current liabilities	90	(2,030)
Other, net	271	1,930
Subtotal	22,163	11,326
Interest and dividends received	396	435
Interest paid	(1)	(0)
Income taxes refund (paid)	1,239	(3,346)
Net cash provided by (used in) operating activities	23,798	8,414
Cash flows from investing activities		
Net decrease (increase) in time deposits	452	(3,001)
Purchase of property, plant and equipment	(2,999)	(3,704)
Proceeds from sale of property, plant and equipment	98	0
Purchase of intangible assets	(50)	(209)
Purchase of investment securities	(300)	(343)
Proceeds from sale of investment securities	52	114
Proceeds from collection of loans receivable	12	12
Other, net	(38)	(333)
Net cash provided by (used in) investing activities	(2,773)	(7,465)

(Unit: Millions of yen)

	Q2 FY2022 (April 1, 2022, to September 30, 2022)	Q2 FY2023 (April 1, 2023, to September 30, 2023)
Cash flows from financing activities		
Repayments of long-term borrowings	(40)	-
Purchase of treasury shares	(1,252)	(0)
Dividends paid	(1,453)	(1,918)
Dividends paid to non-controlling interests	(32)	(78)
Other, net	(17)	(15)
Net cash provided by (used in) financing activities	(2,795)	(2,013)
Effect of exchange rate change on cash and cash equivalents	45	53
Net increase (decrease) in cash and cash equivalents	18,274	(1,010)
Cash and cash equivalents at beginning of period	41,244	63,911
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	343	-
Cash and cash equivalents at end of period	59,863	62,901

3. Supplementary forecast materials

(1) Consolidated earnings forecast by segment

(Unit: Millions of yen)

Segment	FY2023 (forecast)		
	Orders received	Net sales	Backlog
Domestic Environment and Energy Business	141,500	116,000	473,146
Overseas Environment and Energy Business	3,000	2,000	7,028
Package Boiler Business	18,000	18,000	5,940
Equipment and Systems Business	8,000	10,500	9,144
Total	170,500	146,500	495,260
Adjustments	(500)	(500)	(48)
Total	170,000	146,000	495,211

(2) Consolidated capital investment, depreciation, and research and development expenses forecast

(Unit: Millions of yen)

	FY2022 (actual)	FY2023 (forecast)	Change
Capital investment	7,100	3,600	(3,500)
Depreciation	1,136	1,900	763
Research and development expenses	1,150	2,000	849

4. Supplementary Materials
 Domestic Environment and Energy Business Breakdown

(Unit: Billions of yen)

	Q2 FY2023 (actual)		
	Orders received	Net sales	Backlog
Municipal Solid Waste Plants (EPC)	0.7	15.0	112.9
Municipal Solid Waste Plants (after sales service business)	22.9	17.1	238.7
Energy Plants	22.4	14.8	83.4
Water Treatment Plants, other	10.9	5.0	17.4
Adjustments	0.1	0.1	0
Total	57.1	52.1	452.6