

Supplementary Materials of Financial Results for Q3 FY2024

Takuma Co., Ltd. | February 14, 2025

TAKUMA

Key Highlights

TAKUMA

Orders received

Net sales

Operating profit

Profit attributable to owners of parent

Q3 Results

¥195.6 billion
YoY +41.5%
+¥57.4 billion

¥106.3 billion
YoY +1.5%
+¥1.5 billion

¥8.7 billion
YoY +39.0%
+¥2.4 billion

¥7.2 billion
YoY +46.4%
+¥2.2 billion

FY2024 Forecast

¥230.0 billion
YoY +43.2%
+¥69.4 billion

¥150.0 billion
YoY +0.6%
+¥0.8 billion

¥13.5 billion
YoY +32.0%
+¥3.2 billion

¥10.3 billion
YoY +17.7%
+¥1.5 billion

Points

- ✓ For the third quarter year-to-date, **orders received reached a new record high**, and **consolidated net sales and operating profit increased**. (see p.3)
- ✓ Steady growth in all business segments has led to upward revisions of full-year forecasts for net sales, operating profit, ordinary profit. We also have revised a forecast of profit attributable to owners of parent, **expected to reach a record high of 10.3 billion yen**. (see p.19)
- ✓ In accordance with our shareholder return policy, we revised our year-end dividend forecast to 38 yen per share, an increase of 10 yen from the previous forecast. Combined with the interim dividend of 28 yen per share already paid, **the annual dividend for the current fiscal year is expected to be 66 yen per share, a record high**. (see p.22)
- ✓ The Company will **repurchase up to 10 billion yen of treasury shares** from February 17, 2025 to February 16, 2026 in order to improve capital efficiency and enhance shareholder returns. All shares repurchased will be cancelled. (see p.23)

1. Overview of Q3 FY2024 (Ending 3/2025) Financial Results

2. Financial Forecast for FY2024 (Ending 3/2025)

3. Appendix

- ✓ Orders received were up owing to orders for municipal solid waste treatment plants (2 DBO projects and 1 primary equipment improvement project) in the Domestic Environment and Energy Business. This marked a record high for the third quarter year-to-date.
- ✓ Net sales increased due to an increase in all other business segments, despite a decrease in the Domestic Environment and Energy Business.
- ✓ Operating profit was up owing primarily to an increase in after-sales service in the Domestic Environment and Energy Business and an elimination of costs for measures at a municipal solid waste treatment plant O&M project (gasification melting furnace) recorded for Q2 FYE 3/2024.
- ✓ Profit attributable to owners of parent was up with the recording of a gain on sales of investment securities.

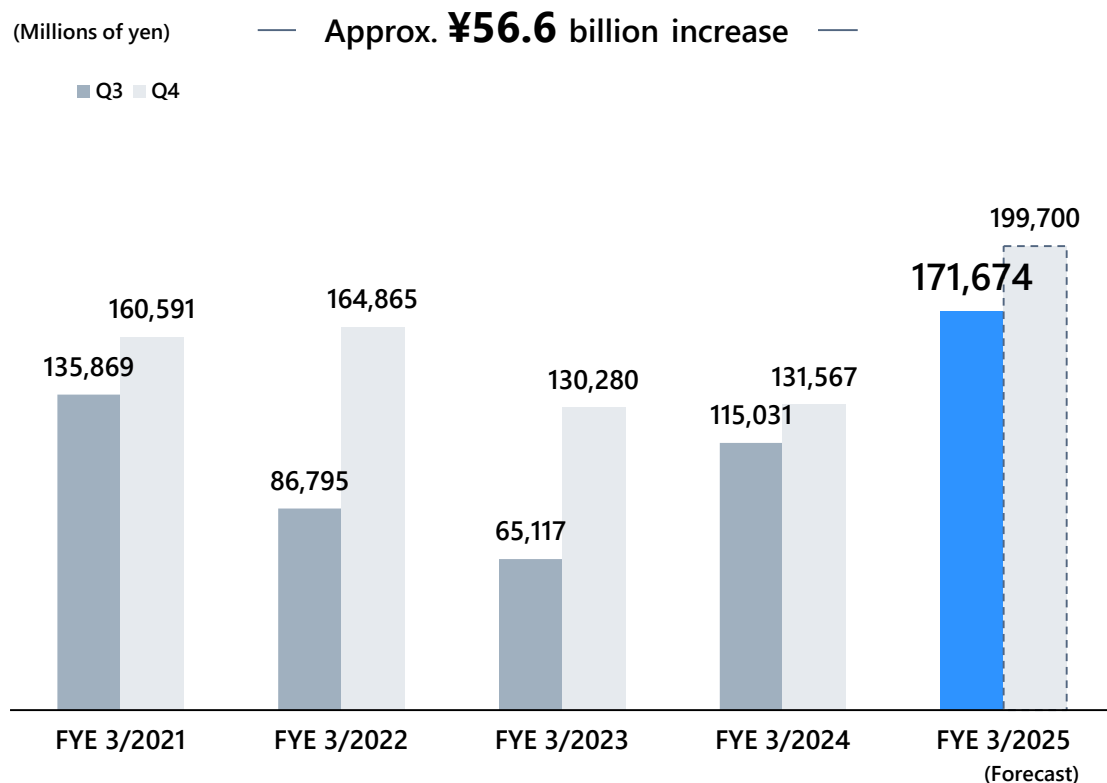
(Millions of yen)	Q3 FYE 3/2023 (FY2022)	Q3 FYE 3/2024 (FY2023)	Q3 FYE 3/2025 (FY2024)	YoY change
Orders received	91,631	138,223	195,644	+41.5%
Order backlog	436,267	504,582	571,862	+13.3%
Net sales	100,668	104,852	106,395	+1.5%
Operating profit	9,212	6,264	8,709	+39.0%
Operating margin	9.2%	6.0%	8.2%	+2.2pt
Ordinary profit	9,986	7,095	9,336	+31.6%
Profit attributable to owners of parent	7,019	4,947	7,242	+46.4%
Basic earnings per share (yen)	87.67	61.85	91.66	-

(Millions of yen)	Q3 FYE 3/2023 (FY2022)	Q3 FYE 3/2024 (FY2023)	Q3 FYE 3/2025 (FY2024)	YoY change
Orders received				
Total	91,631	138,223	195,644	+41.5%
Domestic Environment and Energy	65,117	115,031	171,674	+49.2%
Overseas Environment and Energy	1,151	1,834	1,587	(13.5%)
Package Boiler	14,213	14,863	16,327	+9.8%
Equipment and Systems	11,419	6,758	6,416	(5.1%)
Net sales				
Total	100,668	104,852	106,395	+1.5%
Domestic Environment and Energy	82,023	83,154	79,457	(4.4%)
Overseas Environment and Energy	862	1,652	4,142	+150.7%
Package Boiler	12,088	13,513	14,271	+5.6%
Equipment and Systems	5,961	6,828	8,874	+30.0%
Operating profit				
Total	9,212	6,264	8,709	+39.0%
Domestic Environment and Energy	9,986	6,549	8,309	+26.9%
Overseas Environment and Energy	(124)	43	801	+1761.4%
Package Boiler	539	895	1,088	+21.5%
Equipment and Systems	599	621	508	(18.3%)

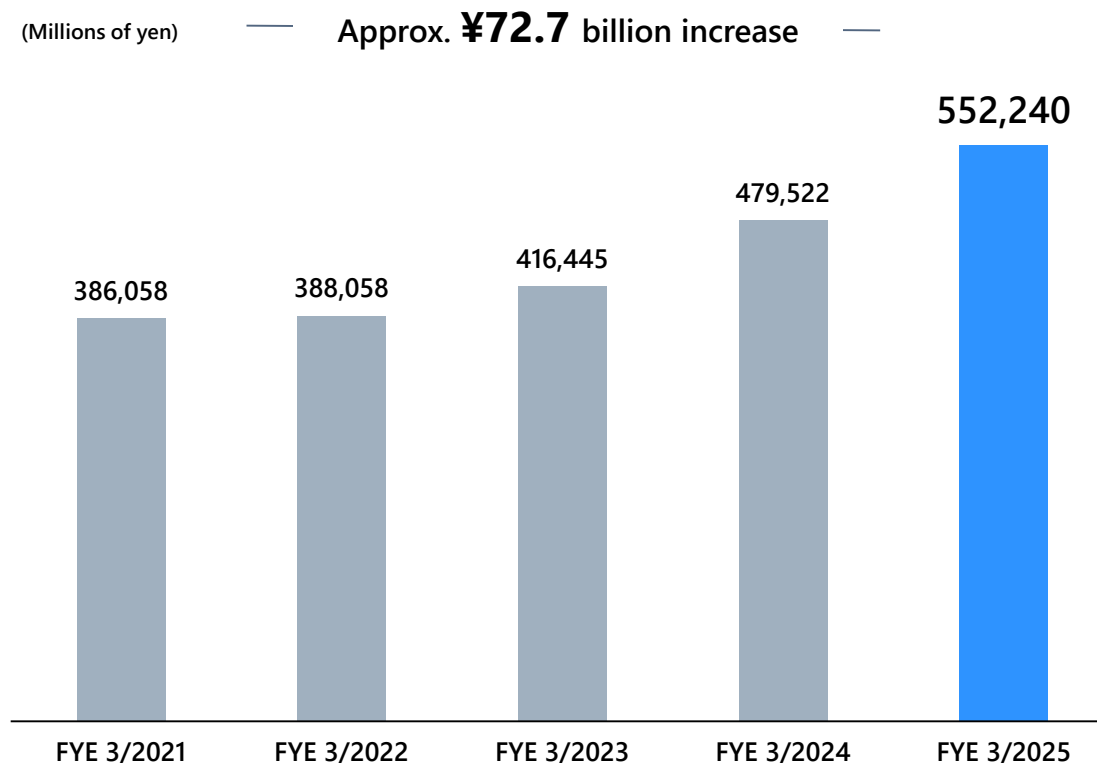
* Adjustments are omitted.

- ✓ Orders received were up owing to orders for waste treatment plants (2 DBO projects, 1 primary equipment improvement project), 3 energy plants and 1 sludge incineration plant.
- ✓ Order backlog was rising owing to steady orders for long-term O&M (such as DBO and BTO projects).

Orders received



Order backlog (Q3)



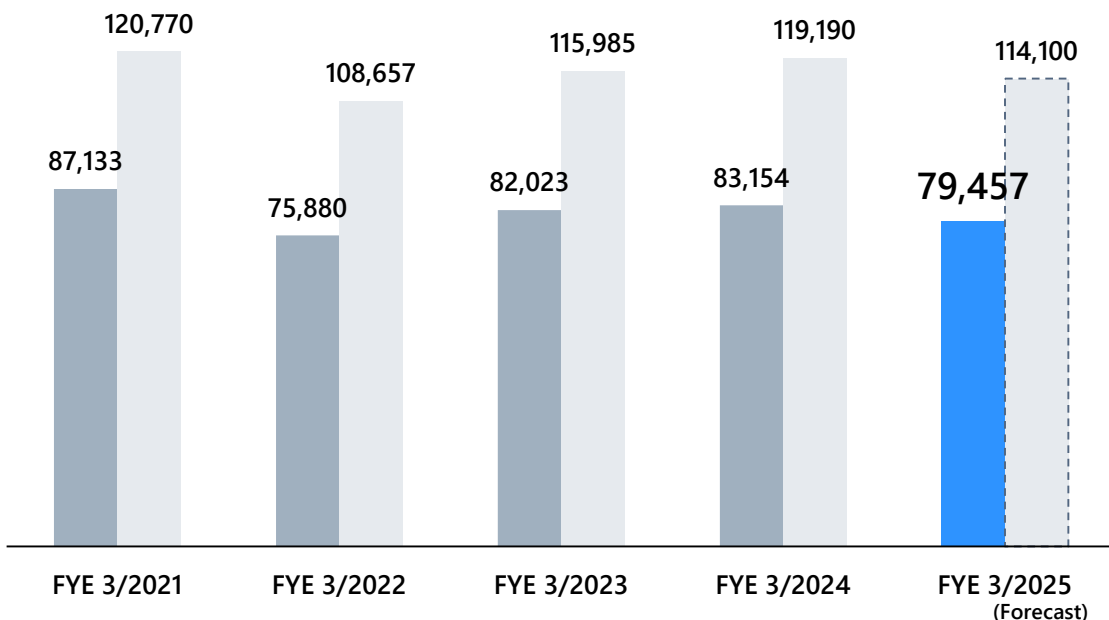
- ✓ Net sales were down owing primarily to changes in the EPC project mix.
- ✓ Operating profit was up owing primarily to an increase in after-sales service and an elimination of costs for measures at a municipal solid waste treatment plant O&M project (gasification melting furnace) recorded for Q2 FYE 3/2024.

Net sales

(Millions of yen)

Approx. **¥3.6 billion** decrease

■ Q3 ■ Q4

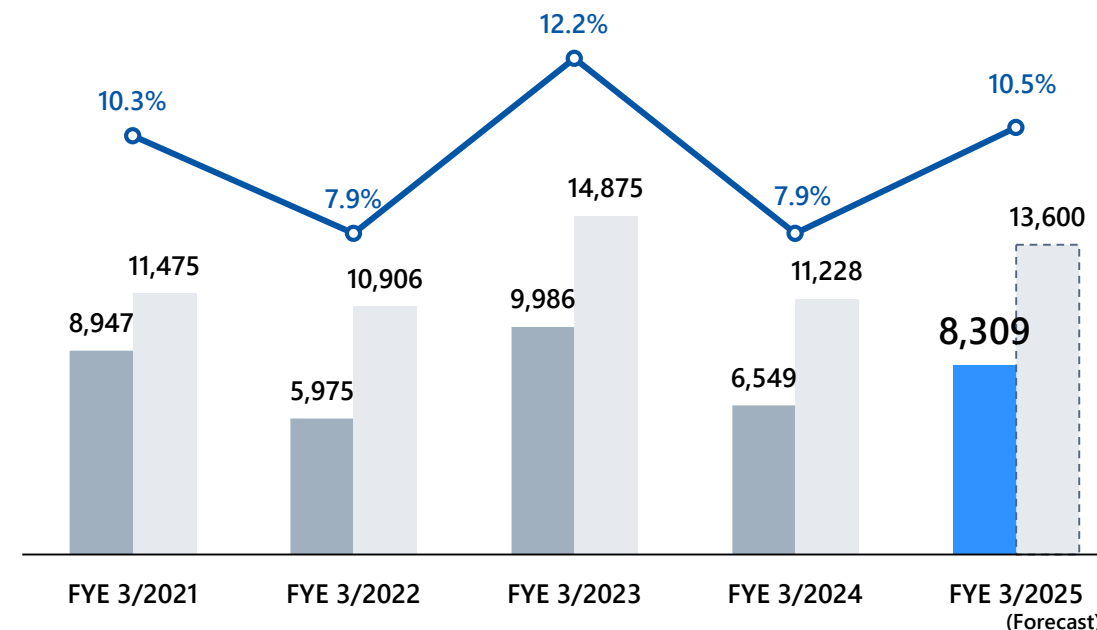


Operating profit

(Millions of yen)

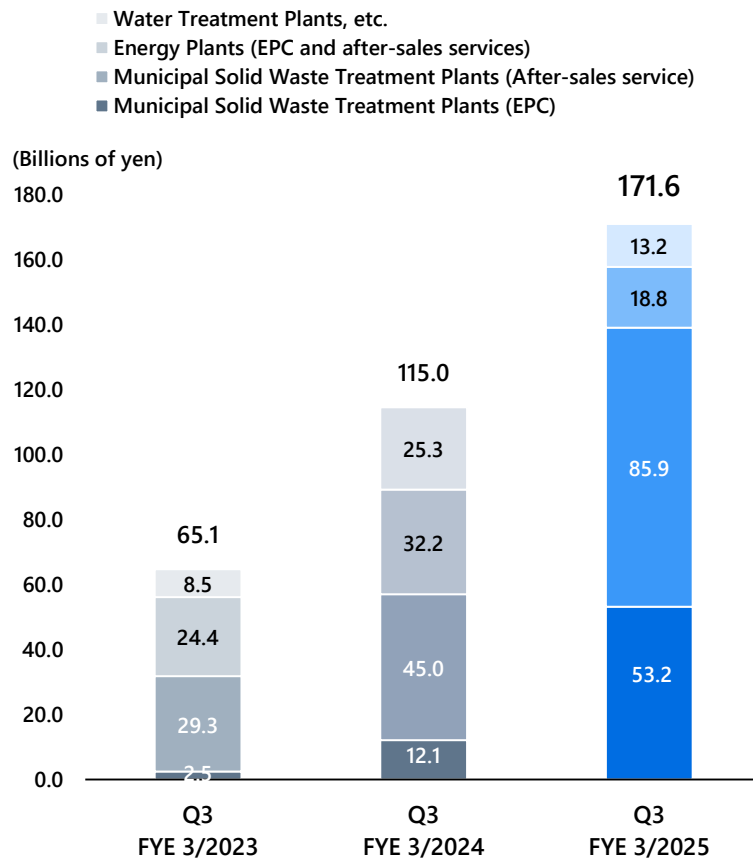
Approx. **¥1.7 billion** increase

■ Q3 ■ Q4 ● Q3 Operating Margin



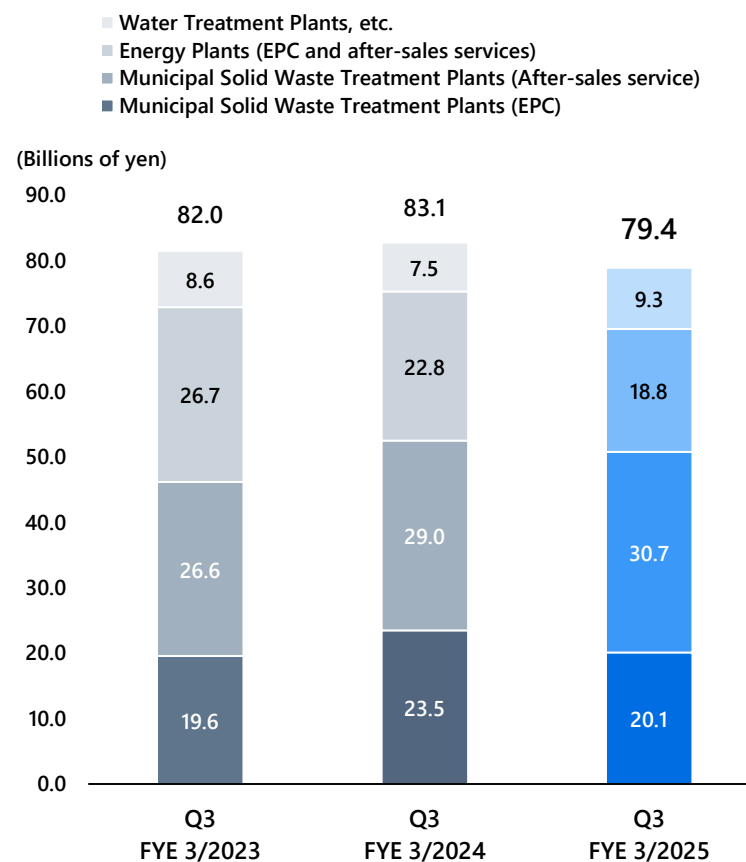
- ✓ Orders received were up owing to an increase in municipal solid waste treatment plants (EPC and after-sales services).
- ✓ Net sales were down owing to decreases in municipal solid waste treatment plants (EPC) and energy plants.

Orders received

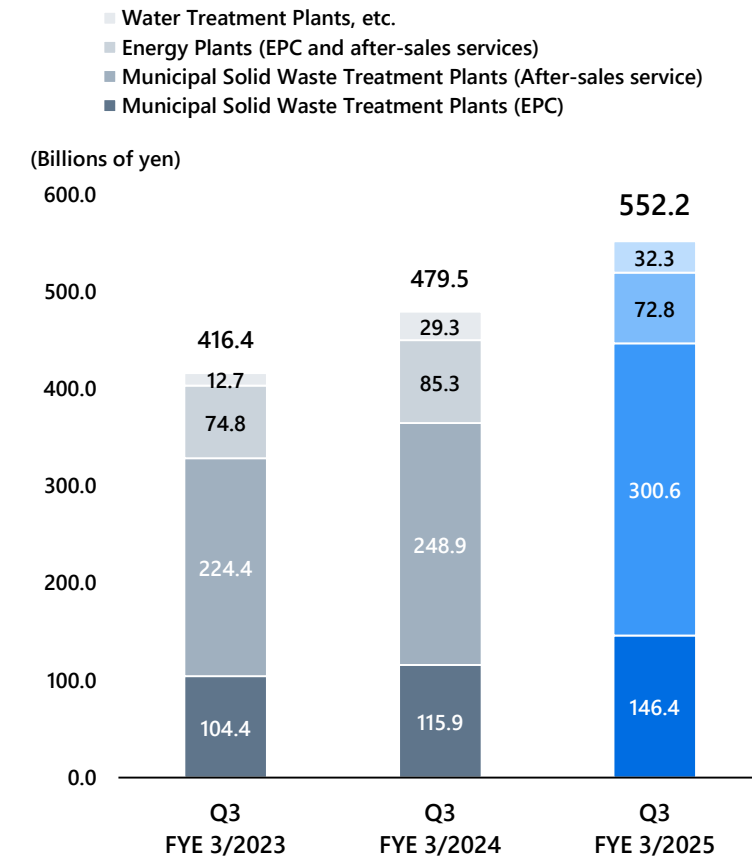


* Adjustments are omitted.

Net sales



Order backlog



- ✓ From Q1 to Q3 of FYE 3/2025, orders were received for waste treatment plants (2 DBO projects, 1 primary equipment improvement project), and 1 sludge incineration plant.

	Year		Delivered to:	Notes		Capacity	Scheduled Completion
Municipal solid waste treatment plants	FYE 3/2023	Q1	Senboku Environmental Improvement Facilities Association	EPC	Primary equipment improvement project	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	124 t/day	3/2030 (18 years of operations starting 4/2028*)
	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)
	FYE 3/2025	Q1	Amagasaki City	EPC & After-sales service	DBO	447t/day	3/2031 (20 years of operations starting 4/2031)
			Clean Authority of TOKYO	EPC	Primary equipment improvement project	1,800t/day	1/2029
		Q2	Gyoda Hanyu Resources and Environment Association	EPC & After-sales service	DBO	126t/day	6/2028 (20 years of operations starting 7/2028)
	Water treatment plants	FYE 3/2024	Q2	Ochiai Water Reclamation Center	EPC (Sand filtration system)	-	128units
Q3			Osaka Prefecture Chuo Mizu Mirai Center	EPC (sludge treatment plant) & After-sales service	DBM	sewage sludge incineration 100t/day	7/2027 (About 11 years of long-term maintenance starting 7/2027)
FYE 3/2025		Q2	Kyoto City Water Supply and Sewerage Bureau	EPC (sludge incineration plant)	-	sewage sludge incineration 150t/day	3/2028

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

✓ From Q1 to Q3 of FYE 3/2025, orders were received for 3 biomass power plants.

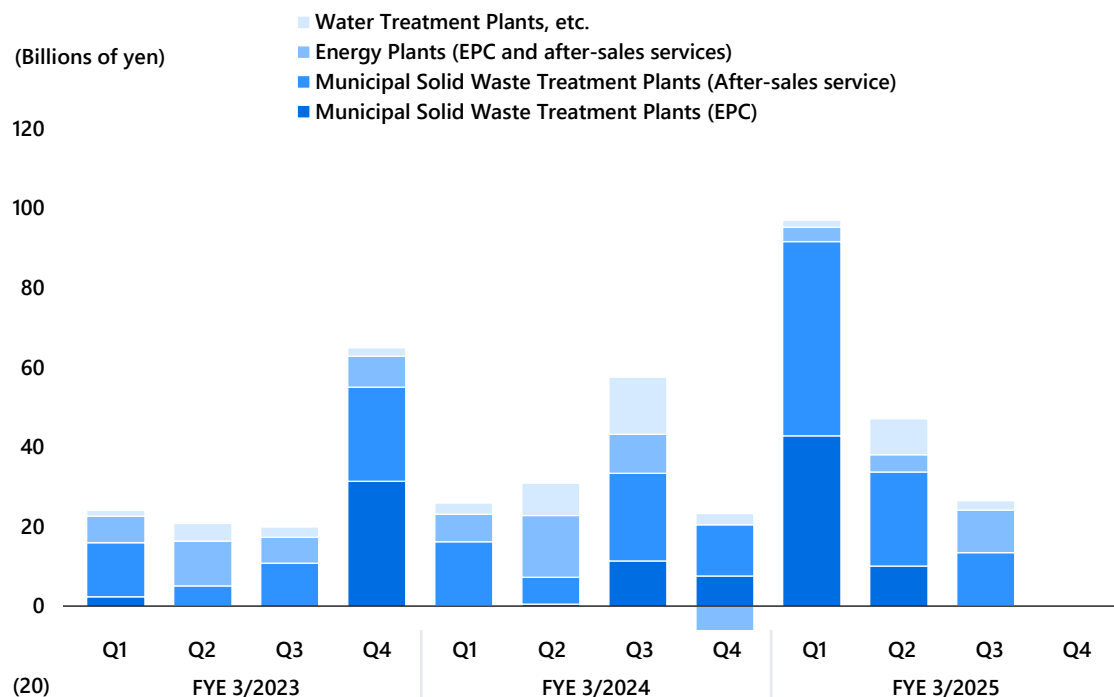
		Year	Delivered to:	Notes		Capacity	Scheduled Completion
Energy plants	FYE 3/2023	Q1	Sanyo-Onoda Green Energy Co.	EPC	Power generation business (Biomass, FIT)	1,990kW	6/2024
			Power Aid MIE LLC.	EPC	Power generation business (Biomass and others, Non-FIT)	1,990kW	Winter FYE 3/2025
		Q2	Yonezawa Bio Energy 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 A	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 B	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 C	EPC	Power generation business (Biomass, FIT)	1,990kW	-
	FYE 3/2025	Q2	Company D	EPC	Power generation business (Biomass, FIP)	1,990kW	-
		Q3	Company E	EPC	Self-consumption (Biomass and others, Non-FIT)	-	-
			Joetsu Biomass Power Generation LLC.	EPC	Power generation business (Biomass, FIT)	1,990kW	3/2027

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

- ✓ Orders received vary significantly depending on the timing that projects are recorded.
- ✓ Net sales tend to increase going into the Q4.

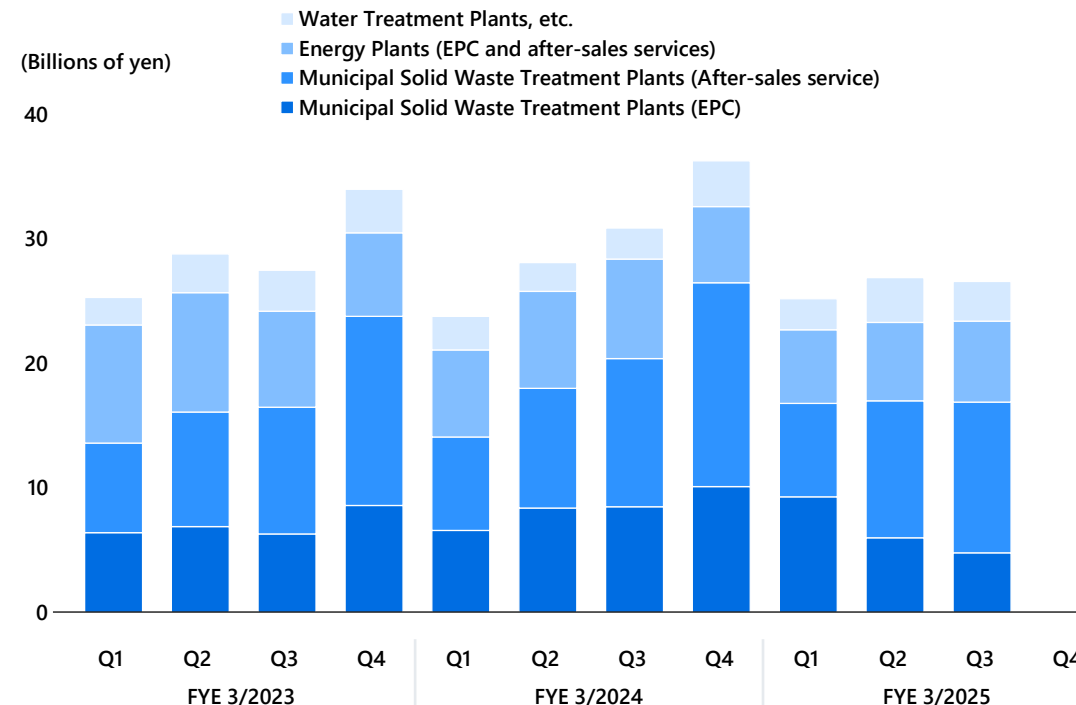
Orders received (quarterly)

The amount of each EPC project is large, so orders received tend to vary significantly depending on the timing of the contract.



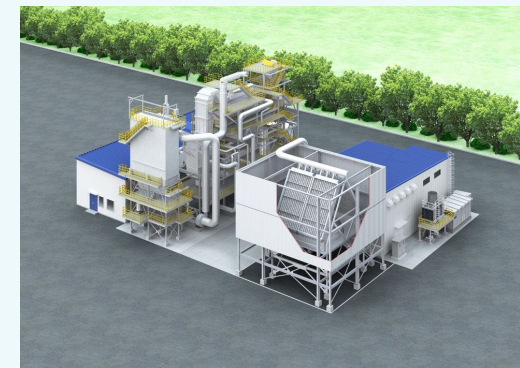
Net sales (quarterly)

Although net sales vary depending on progress on construction of EPC projects for the period, after-sales service increases going into the Q4, so overall net sales also tend to increase going into the Q4.



Received an order for a 2MW-class biomass power plant for Joetsu Biomass Power Generation LLC

- We received an order for design, procurement and trial operation of a biomass power plant (power generation output: 1,990kW) using wood chips (mainly pruned branches of roadside trees in Niigata Prefecture) as fuel.
- The order was awarded in recognition of Takuma's engineering technologies for high-efficiency, energy-efficient power plants that can handle a wide variety of biomass fuels, and its industry-leading delivery record since the start of the FIT system.



Biomass power plant

A verification test of an energy-saving CO₂ separation and recovery system at the biomass power generation facilities in operation

- On-site verification tests are underway at the biomass power plant, which we delivered, for the 24-hour continuous CO₂ separation and recovery.
- We are using a new non-aqueous absorbent, jointly developed with the National Institute of Advanced Industrial Science and Technology (AIST), which dissipates CO₂ at lower temperatures than conventional absorbents. This contributes to energy savings in the chemical absorption process.
- We installed an equipment to separate and recover 0.5 tons per day of CO₂ from exhaust gas at the biomass power generation facilities. We aim to establish a technology that can separate and recover 90% of the CO₂ contained in exhaust gas.



The verification equipment for separation and recovery of CO₂

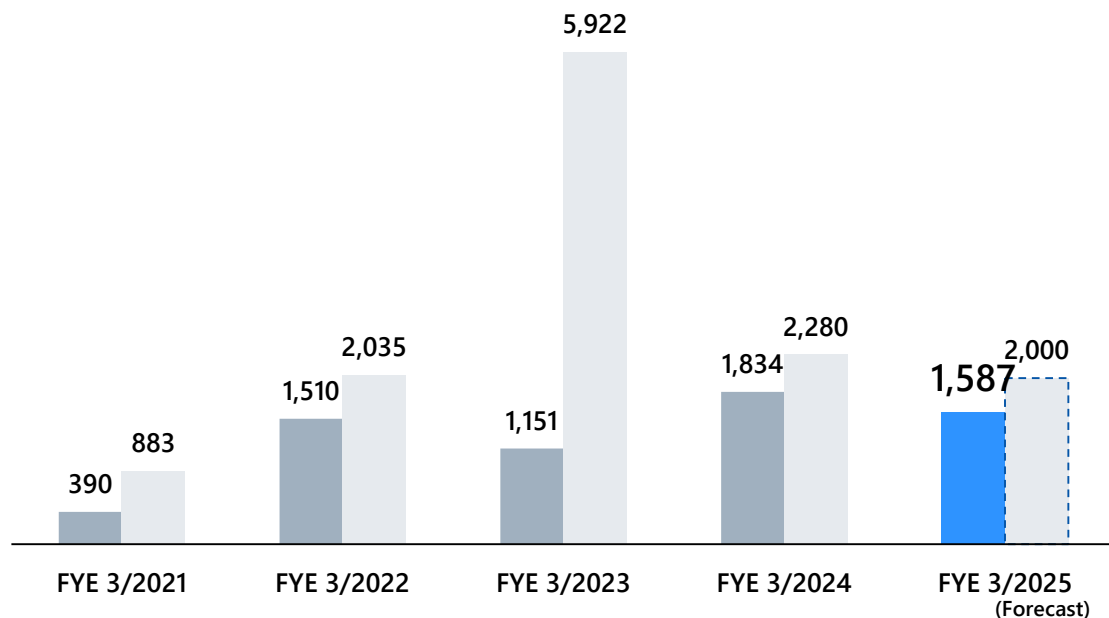
- ✓ Orders received were down compared to FYE 3/2024, when we had received an additional offer for new plant construction projects.

Orders received

(Millions of yen)

— Approx. **¥0.24** billion decrease —

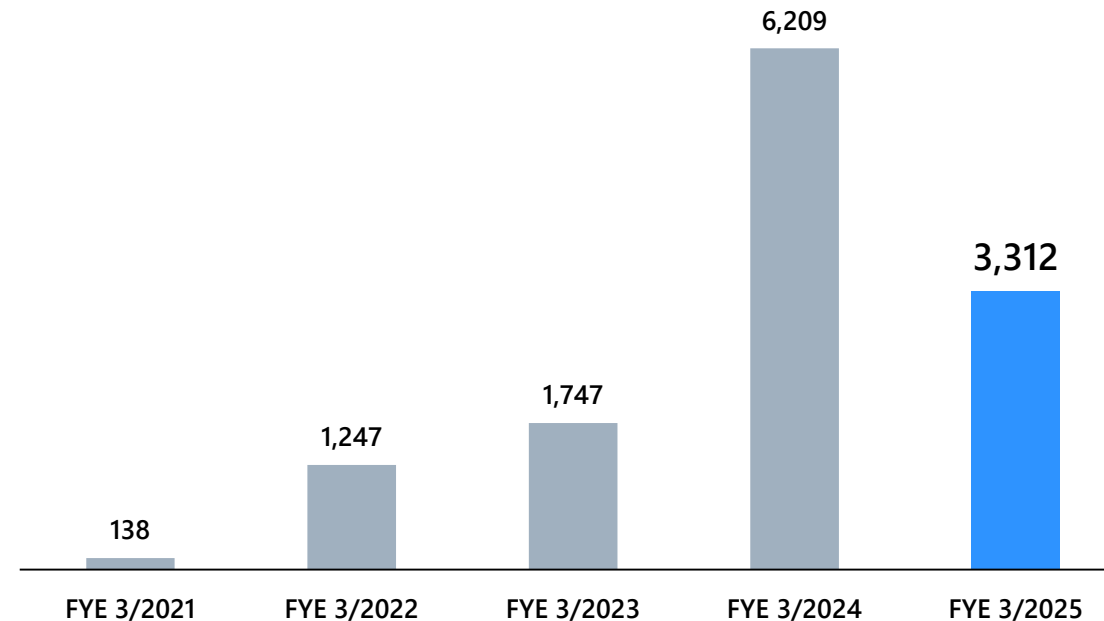
■ Q3 ■ Q4



Order backlog (Q3)

(Millions of yen)

— Approx. **¥2.8** billion decrease —



Overseas Environment and Energy Business

Net sales /
Operating profit

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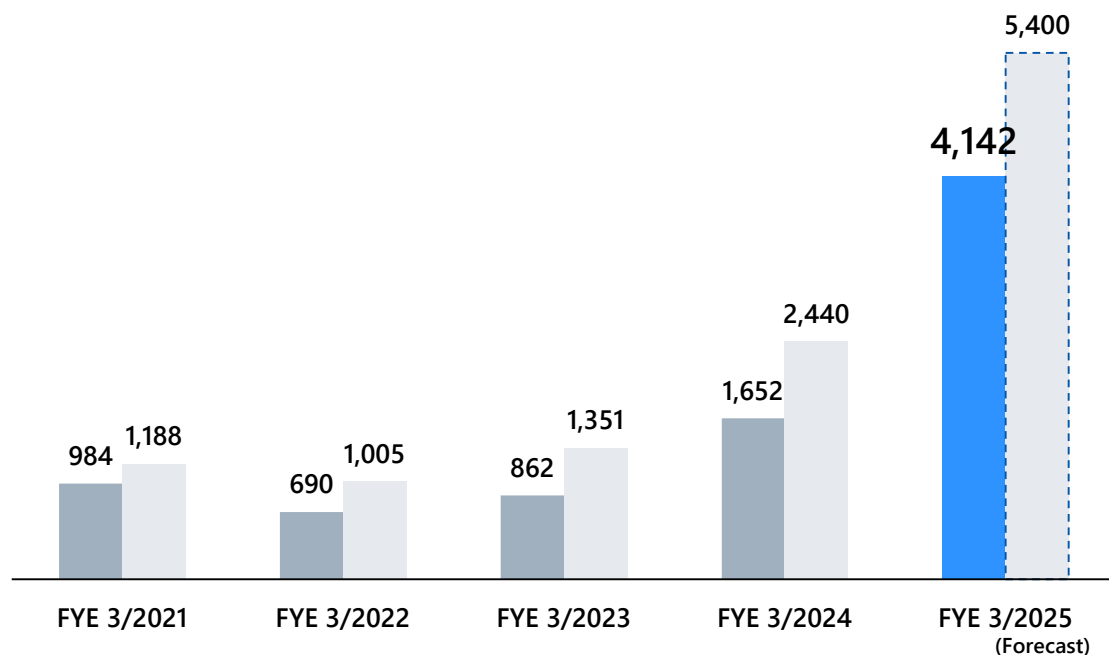
- ✓ Net sales and operating profit were up owing to progress on new plant projects previously ordered.
- ✓ Approximately ¥0.2 billion of operating profit is due to the foreign exchange translation differences arising from the elimination of transactions with overseas subsidiaries, and the same amount has been adjusted as a foreign exchange loss under non-operating expenses.

Net sales

(Millions of yen)

Approx. **¥2.4 billion** increase

■ Q3 ■ Q4

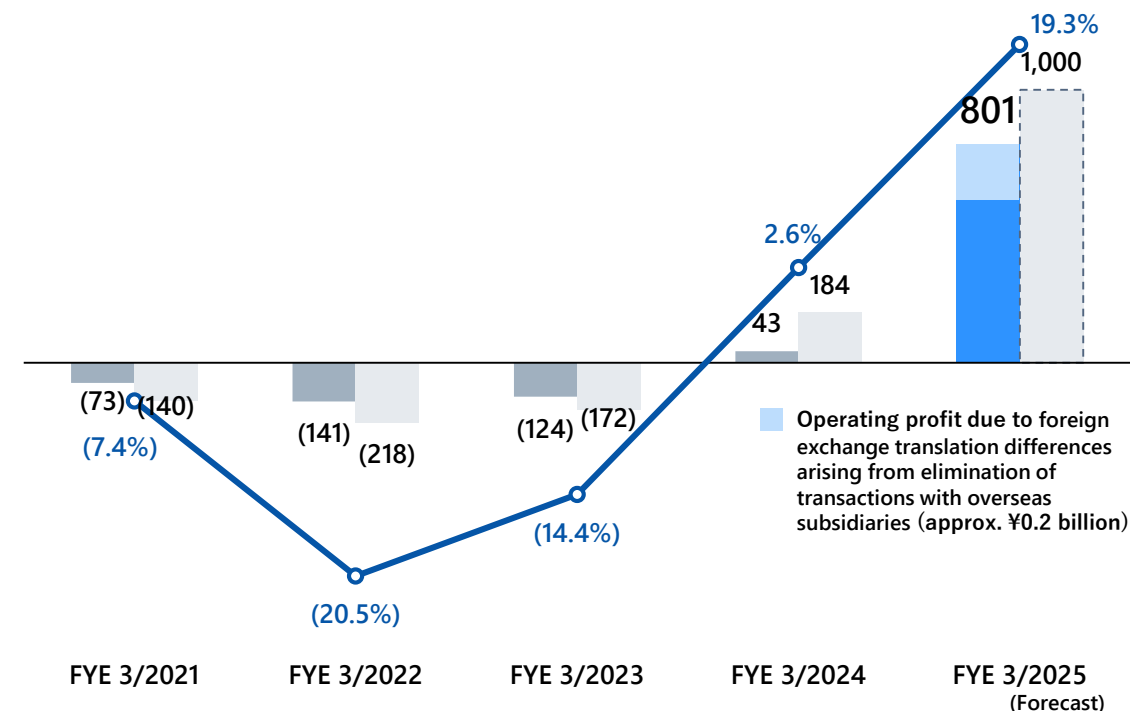


Operating profit

(Millions of yen)

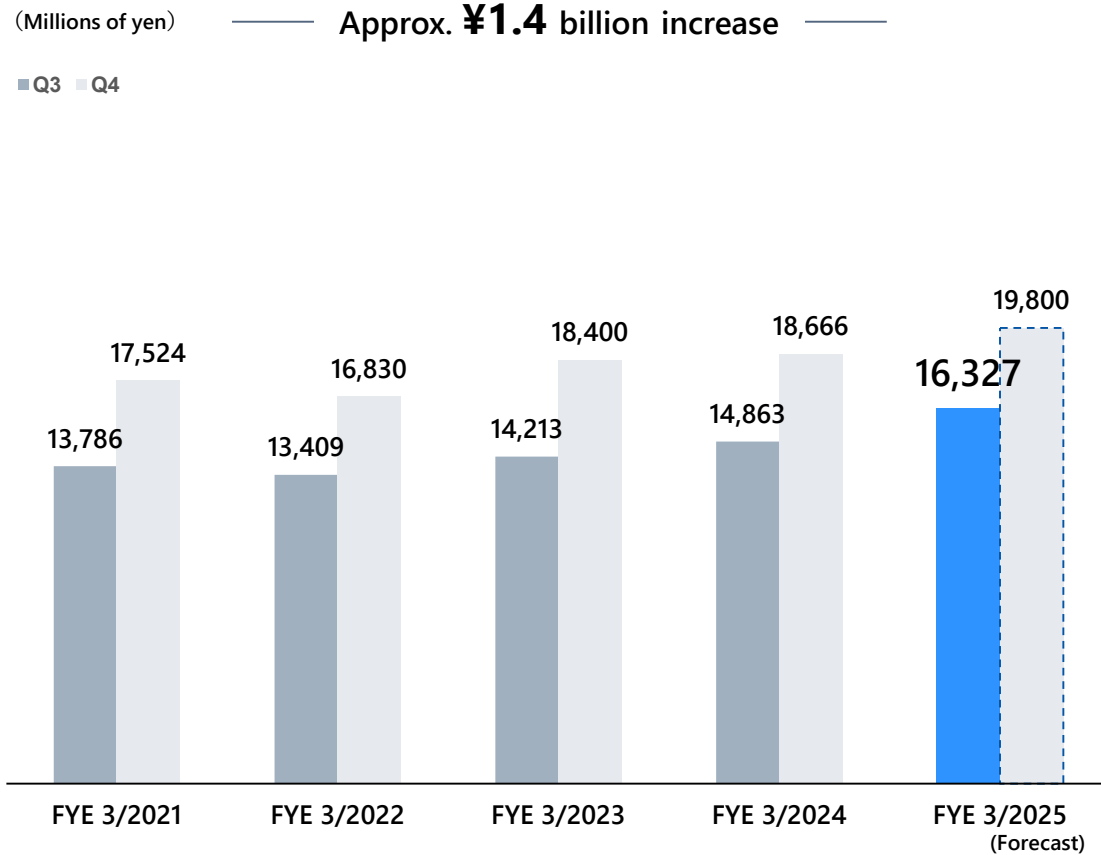
Approx. **¥0.75 billion** increase

■ Q3 ■ Q4 ● Q3 Operating Margin

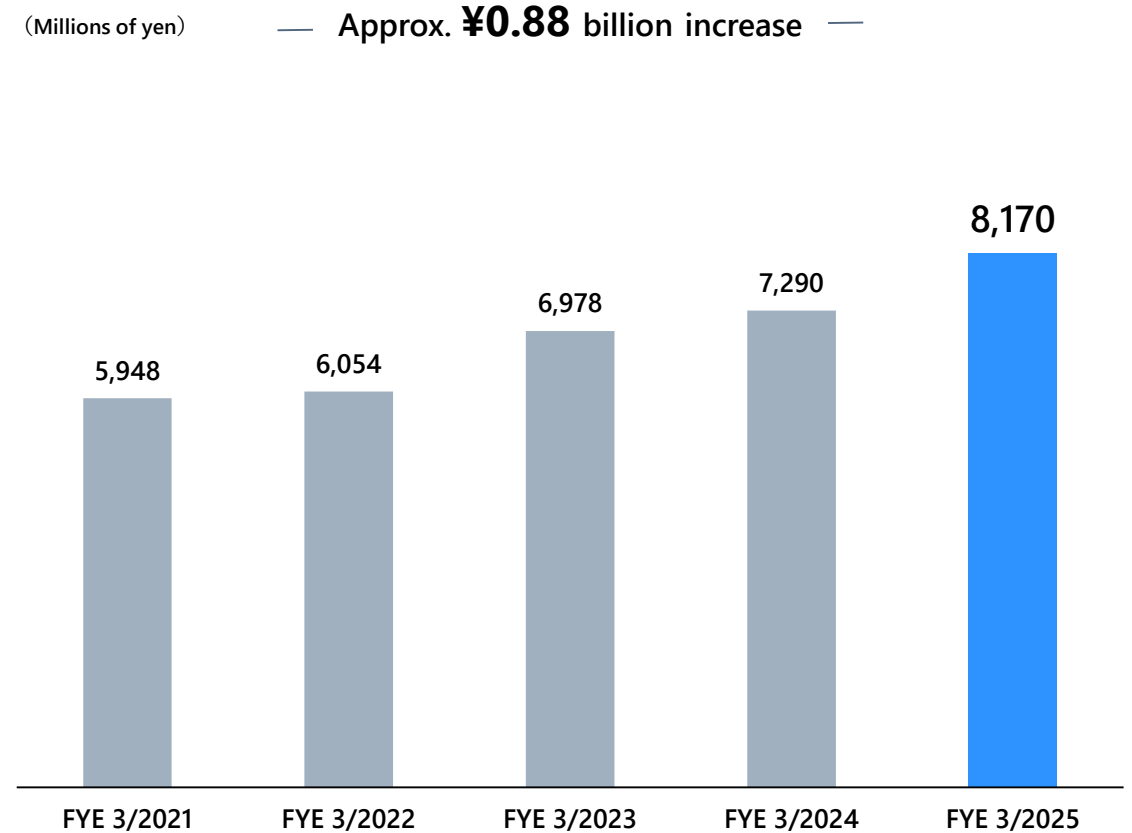


- ✓ Orders received were up due to a continued moderate recovery in demand.

Orders received

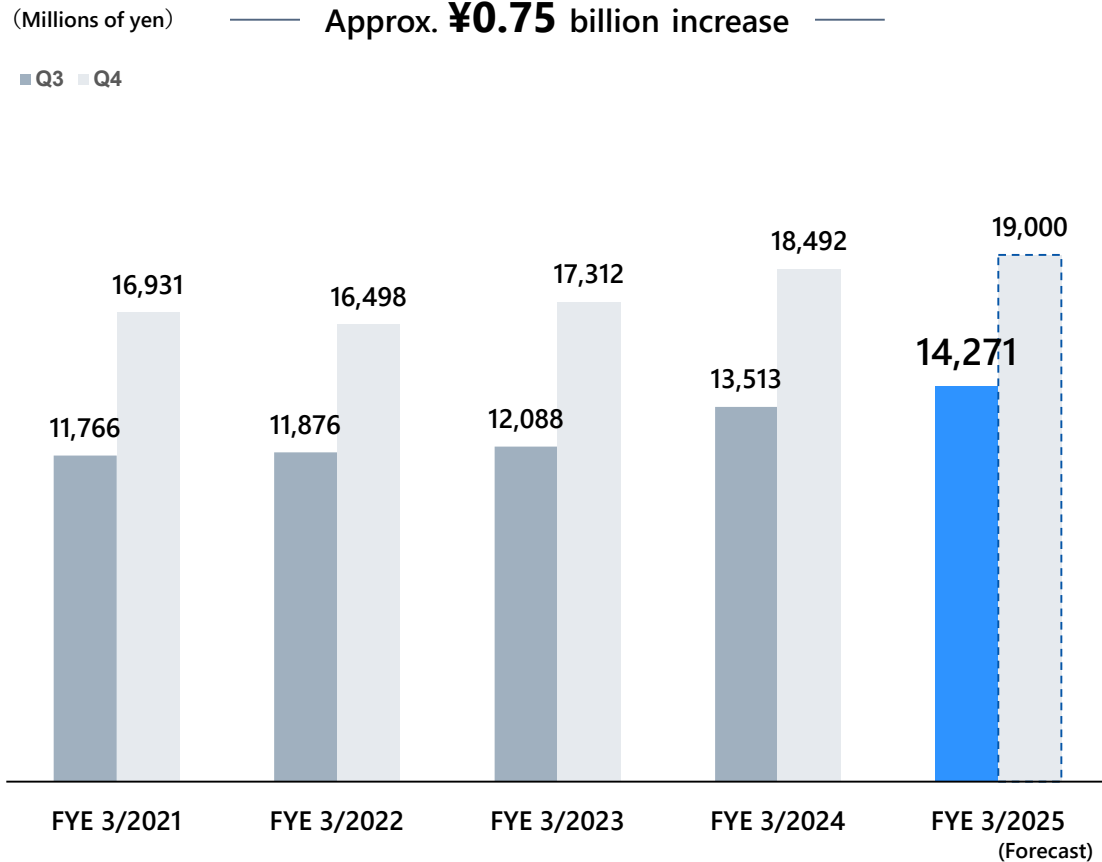


Order backlog (Q3)

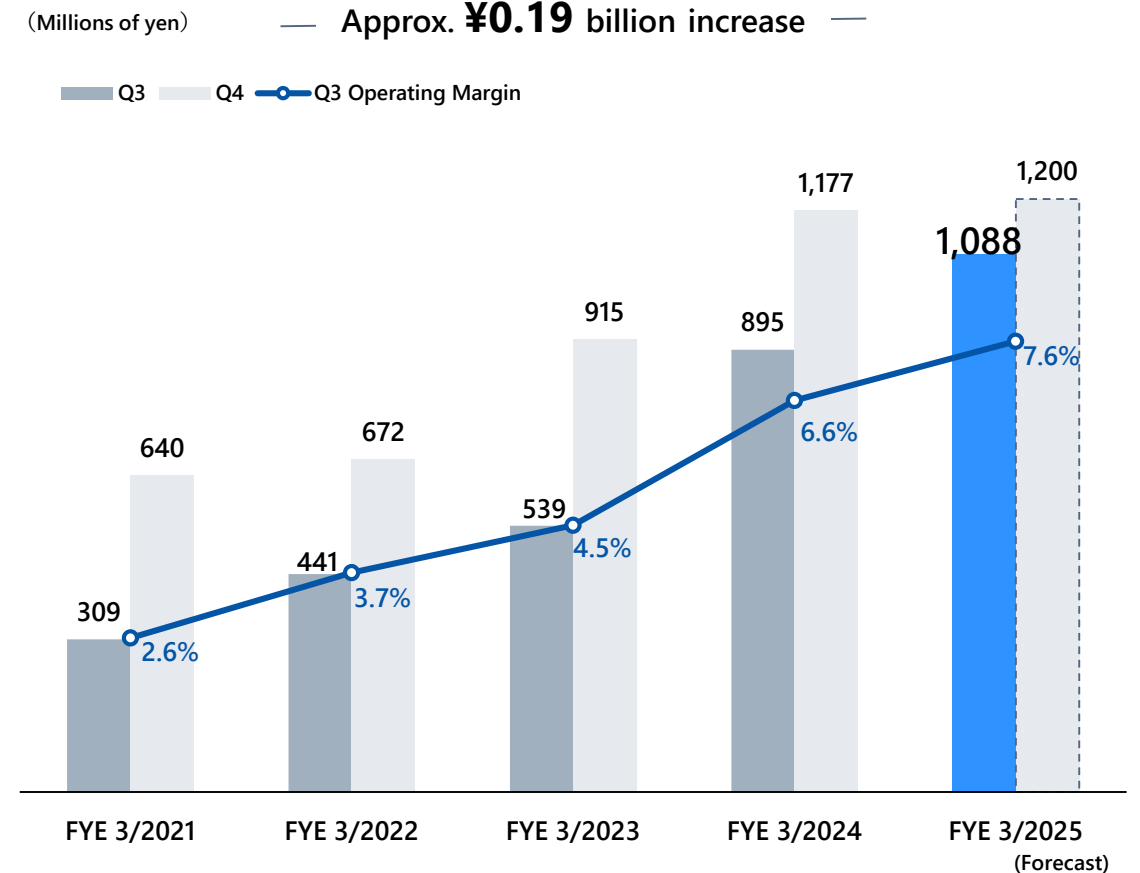


- ✓ Net sales and operating profit were up owing to progress on projects previously ordered.

Net sales



Operating profit

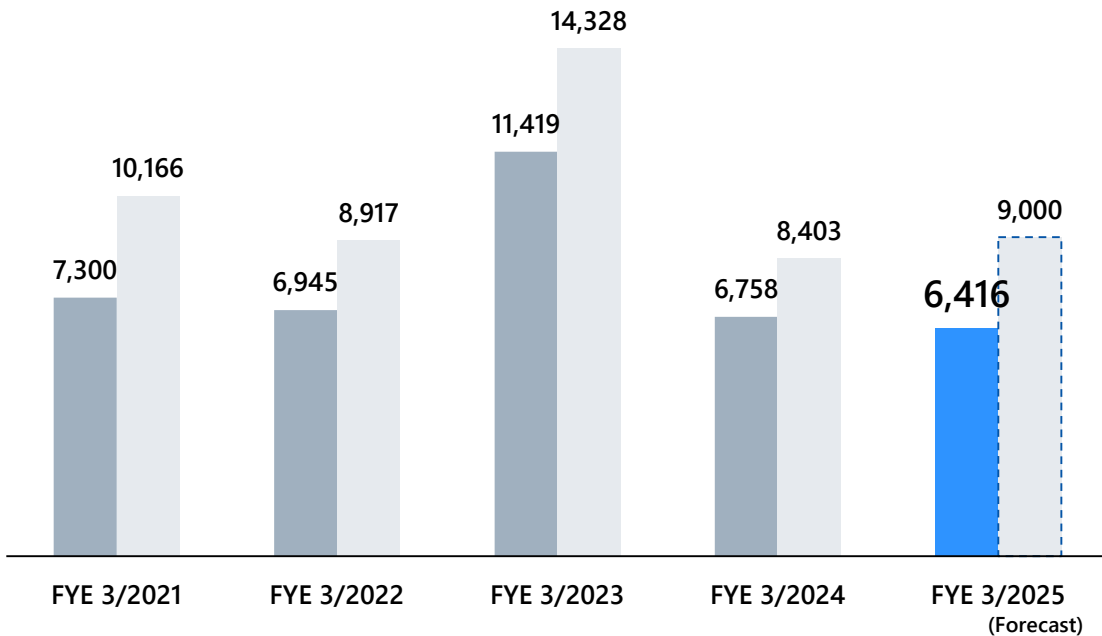


- ✓ Orders received decreased in both building equipment business and semiconductor industrial equipment business.

Orders received

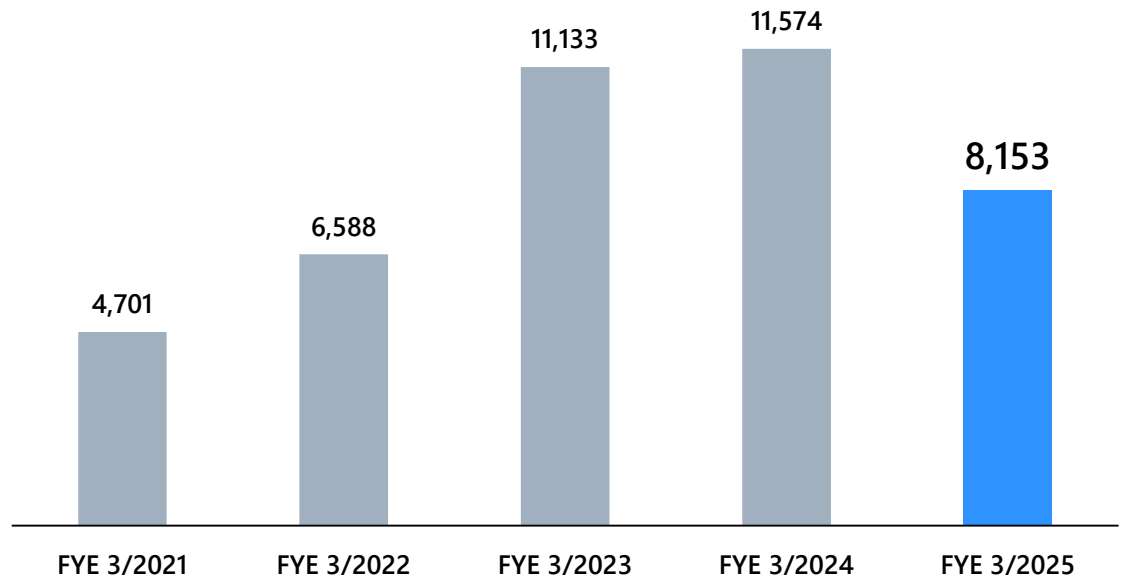
(Millions of yen) — Approx. **¥0.34** billion decrease —

■ Q3 ■ Q4



Order backlog (Q3)

(Millions of yen) — Approx. **¥3.4** billion decrease —



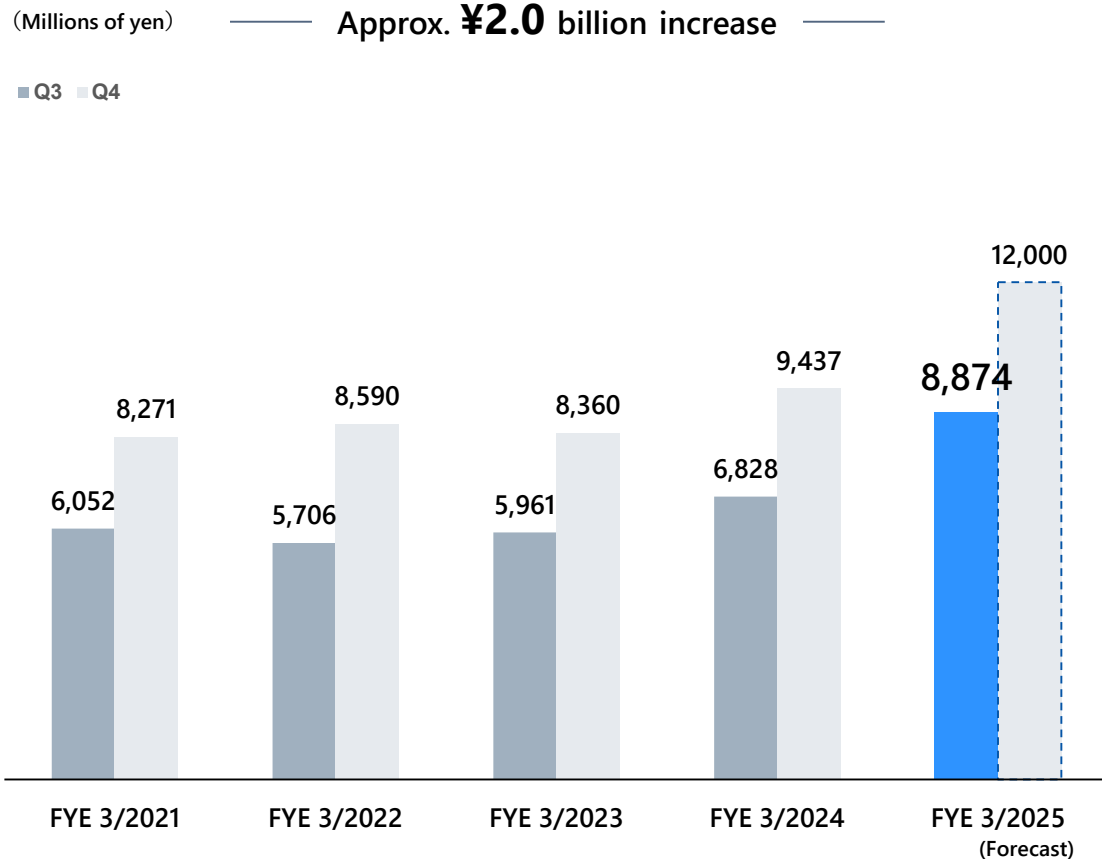
Equipment and Systems Business

Net sales / Operating profit

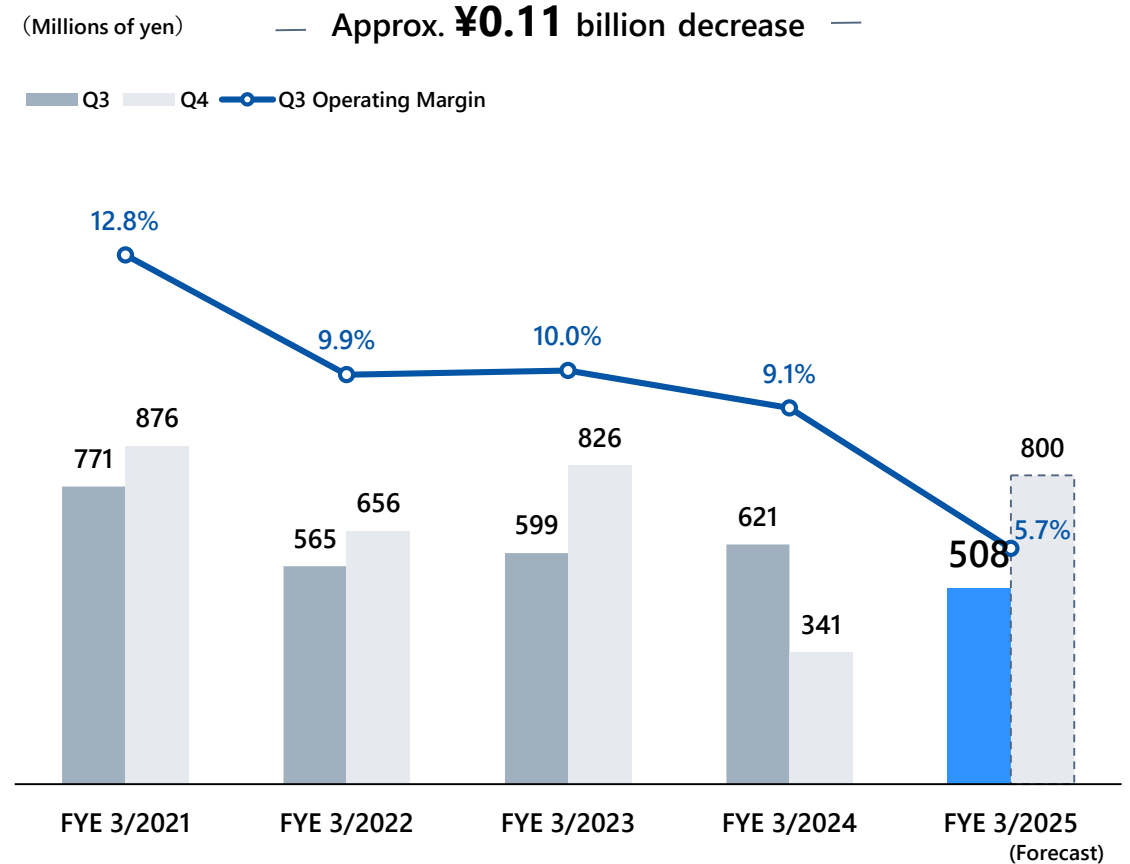
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- ✓ Net sales were up owing to progress on projects of building equipment previously ordered.
- ✓ Operating profit was down due primarily to changes in the project mix.

Net sales



Operating profit



1. Overview of Q3 FY2024 (Ending 3/2025) Financial Results

2. Financial Forecast for FY2024 (Ending 3/2025)

3. Appendix

- ✓ In the Domestic Environment and Energy Business, construction work for plants previously ordered progressed steadily, and recurring revenue model businesses such as maintenance grew steadily. Revenue grew steadily in other business segments as well.
- ✓ Based on progress through the Q3, the full-year forecasts for net sales, operating profit, ordinary profit have been revised upward. We also have revised a forecast of profit attributable to owners of parent, expected to reach a record high of 10.3 billion yen.
- ✓ The full-year forecast for orders received remains unchanged. We are expecting this to be a record-high 230 billion yen.

(Millions of yen)	FYE 3/2023 (FY2022)	FYE 3/2024 (FY2023)	FYE 3/2025 (FY2024)			
	Results	Results	Previous Forecast Announced on November 8, 2024	Revised Forecast Announced on February 14, 2025	YoY Change	Change from Previous Forecast
Orders received	168,558	160,568	230,000	230,000	+43.2%	+0.0%
Order backlog	471,211	482,612	569,612	562,612	+16.6%	(1.2%)
Net sales	142,651	149,166	143,000	150,000	+0.6%	+4.9%
Operating profit	13,813	10,229	11,200	13,500	+32.0%	+20.5%
Operating margin	9.7%	6.9%	7.8%	9.0%	+2.1pt	+1.2pt
Ordinary profit	14,684	11,166	12,000	14,000	+25.4%	+16.7%
Profit attributable to owners of parent	9,621	8,754	8,800	10,300	+17.7%	+17.0%
Basic earnings per share (yen)	120.22	109.43	111.80 ^{*1}	131.00 ^{*2}	-	-

*1 The forecast of basic earnings per share takes into account the effect of the acquisition and disposal of treasury stock, decided at the Board of Directors meeting on May 14

*2 The forecast of basic earnings per share takes into account the effect of the acquisition and disposal of treasury stock, decided at the Board of Directors meeting on May 14, 2024 and February 14, 2025

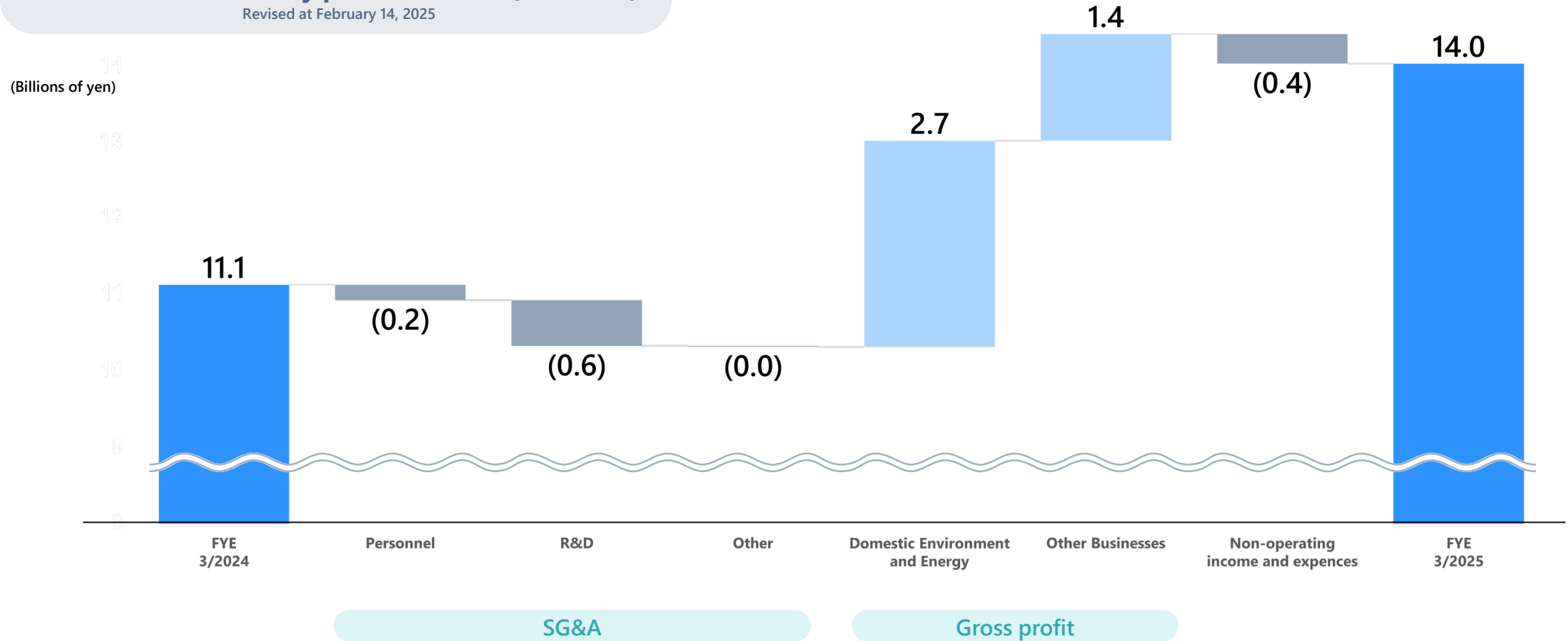
(Millions of yen)	FYE 3/2023 (FY2022)	FYE 3/2024 (FY2023)	FYE 3/2025 (FY2024)			
	Results	Results	Previous Forecast Announced on November 8, 2024	Revised Forecast Announced on February 14, 2025	YoY Change	Change from Previous Forecast
Order received						
Total	168,558	160,568	230,000	230,000	+43.2%	+0.0%
Domestic Environment and Energy	130,280	131,567	198,700	199,700	+51.8%	+0.5%
Overseas Environment and Energy	5,922	2,280	4,000	2,000	(12.3%)	(50.0%)
Package Boiler	18,400	18,666	18,800	19,800	+6.1%	+5.3%
Equipment and Systems	14,328	8,403	9,000	9,000	+7.1%	+0.0%
Net sales						
Total	142,651	149,166	143,000	150,000	+0.6%	+4.9%
Domestic Environment and Energy	115,985	119,190	109,400	114,100	(4.3%)	+4.3%
Overseas Environment and Energy	1,351	2,440	5,000	5,400	+121.3%	+8.0%
Package Boiler	17,312	18,492	18,600	19,000	+2.7%	+2.2%
Equipment and Systems	8,360	9,437	10,500	12,000	+27.2%	+14.3%
Operating profit						
Total	13,813	10,229	11,200	13,500	+32.0%	+20.5%
Domestic Environment and Energy	14,875	11,228	12,300	13,600	+21.1%	+10.6%
Overseas Environment and Energy	(172)	184	300	1,000	+441.6%	+233.3%
Package Boiler	915	1,177	1,000	1,200	+1.9%	+20.0%
Equipment and Systems	826	341	700	800	+134.3%	+14.3%

*Adjustments are omitted.

- ✓ Despite an expected increase in research and development expenses, gross profit is expected to increase in all business segments, including the Domestic Environment and Energy business, and therefore, we forecast an increase in operating profit.

Breakdown of ordinary profit variance (forecasts)

Revised at February 14, 2025

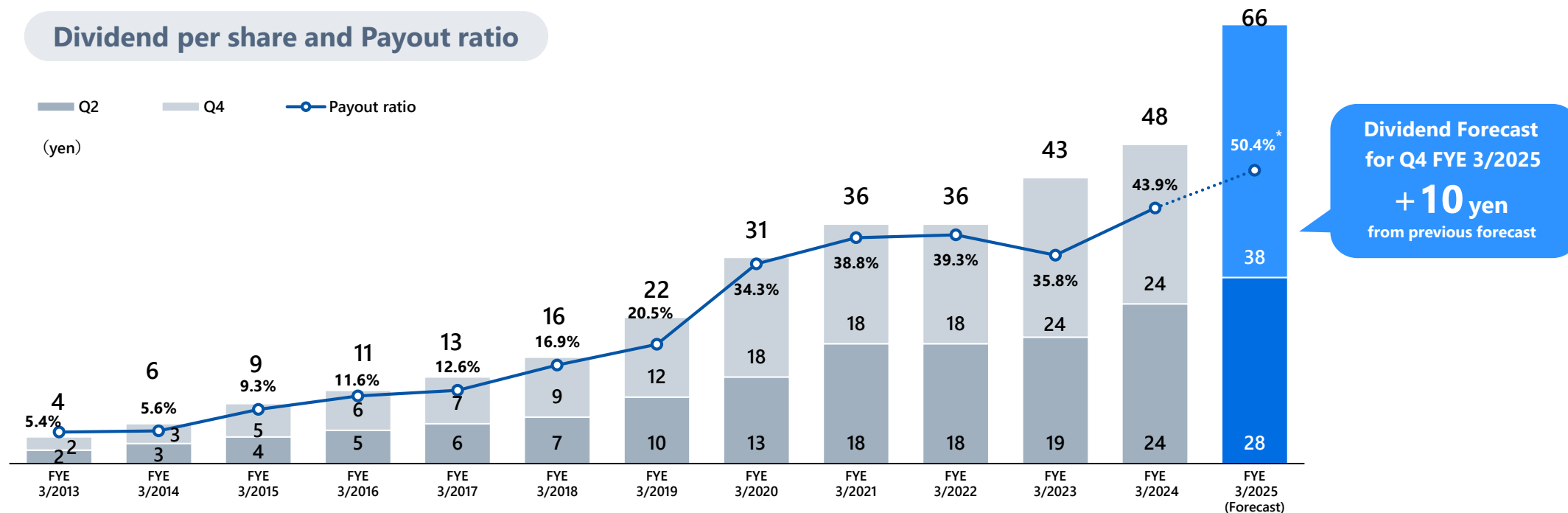


- ✓ In accordance with our shareholder return policy, we revised our year-end dividend forecast to 38 yen per share, an increase of 10 yen from the previous forecast.
- ✓ Combined with the interim dividend of 28 yen per share already paid, the annual dividend for the current fiscal year is expected to be 66 yen per share, a record high.

14th MTP 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 18 billion over three years to improve capital efficiency

Dividend per share and Payout ratio



*The forecast of basic earnings per share takes into account the effect of the acquisition and disposal of treasury stock, decided at the Board of Directors meeting on May 14, 2024 and February 14, 2025

- ✓ We plan to purchase approximately 18 billion yen of treasury shares over the three-year period of the 14th Medium-Term Management Plan (FY2024-FY2026) in order to improve capital efficiency and enhance shareholder returns.
- ✓ Matters related to share repurchase up to 10 billion yen from February 17, 2025 to February 16, 2026 and cancellation of these treasury shares have just been decided at today's meeting of the Board of Directors.
- ✓ The total return ratio for the fiscal year ending March 31, 2025 is expected to be approximately 100%.

**Board of Directors resolution
regarding the repurchase and cancellation of treasury shares**

Details of the Repurchase	Resolution of May 14, 2024		Resolution of February 14, 2025
	Details of the Resolution	Repurchase Status [Completed]	Details of the Resolution
Total number of shares to be repurchased / have been repurchased	3,000,000 (maximum)	2,463,200	9,000,000 (maximum)
Ratio to total outstanding shares [excluding treasury shares]	3.75 %	-	11.59 %
Total amount to be paid for repurchase	¥4,000,000,000 (maximum)	¥3,999,939,075	¥10,000,000,000 (maximum)
Period of repurchase	From May 15, 2024 to January 15, 2025	From May 15, 2024 to January 15, 2025	From February 17, 2025 to February 16, 2026
Details of the Cancellation			
Total number of shares to be cancelled	All of the treasury shares repurchased as stated in above	2,463,200	All of the treasury shares repurchased as stated in above
Ratio to total outstanding shares before cancellation	-	2.97 %	-
Scheduled date of cancellation	February 28, 2025	February 28, 2025	March 31, 2026

Human Resources Investment, Capital Investment and R&D

✓ Actively invest for 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	-

1. Overview of Q3 FY2024 (Ending 3/2025) Financial Results

2. Financial Forecast for FY2024 (Ending 3/2025)

3. Appendix

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.

Domestic

1912
The Takuma boiler, Japan's first boiler using purely domestic technology, was launched by Tsunekichi Takuma, the founder.

1938
Takuma Boiler Manufacturing Co., Ltd., was founded

1958
Business expanded into the environmental facility sectors, including waste incineration and water treatment plants



1963
Japan's first 24 hour operating waste incineration plant delivered

1972
Company renamed TAKUMA CO., LTD.

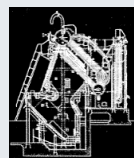
1998
Japan's largest waste incineration plant delivered in Tokyo



2014
Takuma's first biomass power plant under Japan's FIT program was launched. Thereafter, many more plants were delivered



1949
Bagasse-fired boiler exported ahead of the industry
*The forerunner of present biomass power plants



1986
The first overseas delivery of a waste treatment facility completed (U.S.A.)



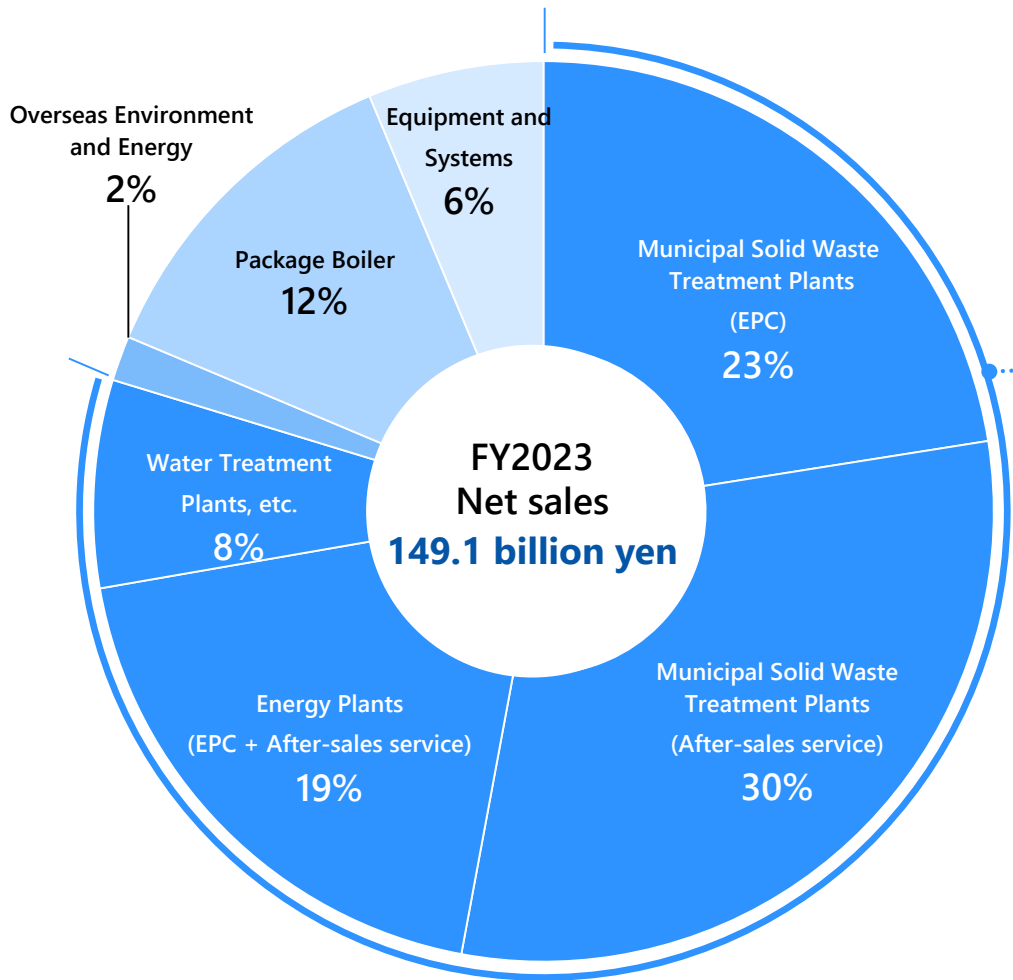
2010
Energy from Waste plant delivered in Europe (U.K.)




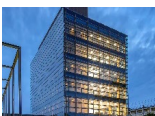



Overseas



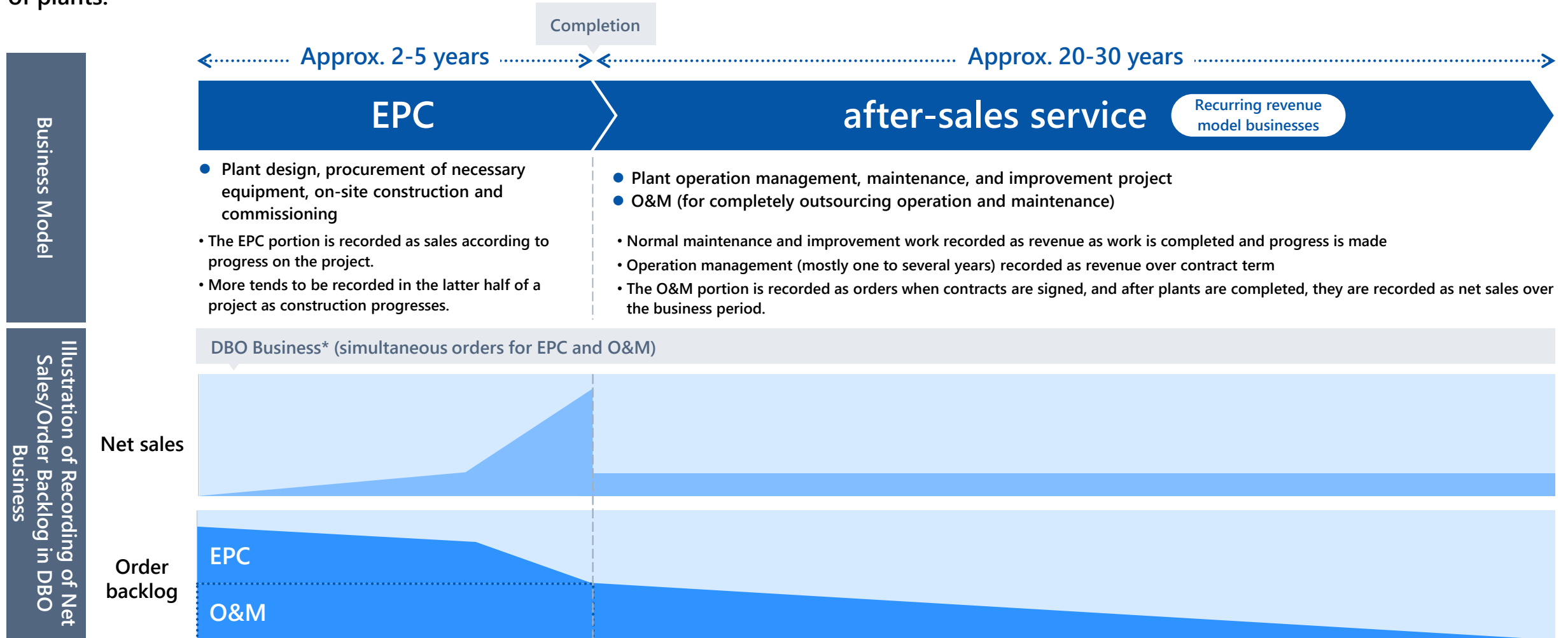
Business Segment

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.



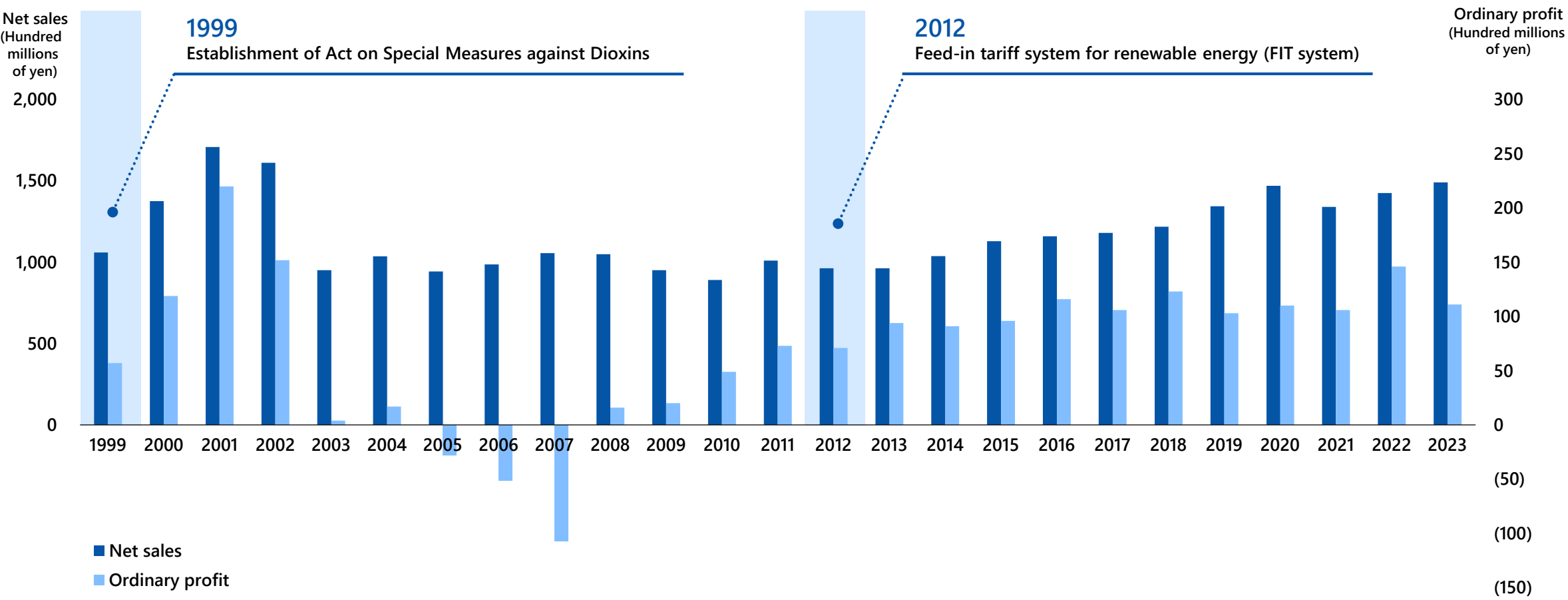
Business Segment	Key Businesses	
Domestic Environment and Energy	Municipal Solid Waste Treatment Plant Business Municipal solid waste treatment plant EPC and after-sales service for municipalities	
	Energy Plant Business Large boiler, biomass power plant, and industrial waste treatment plant EPC and 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 waste power plants, biomass 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	

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



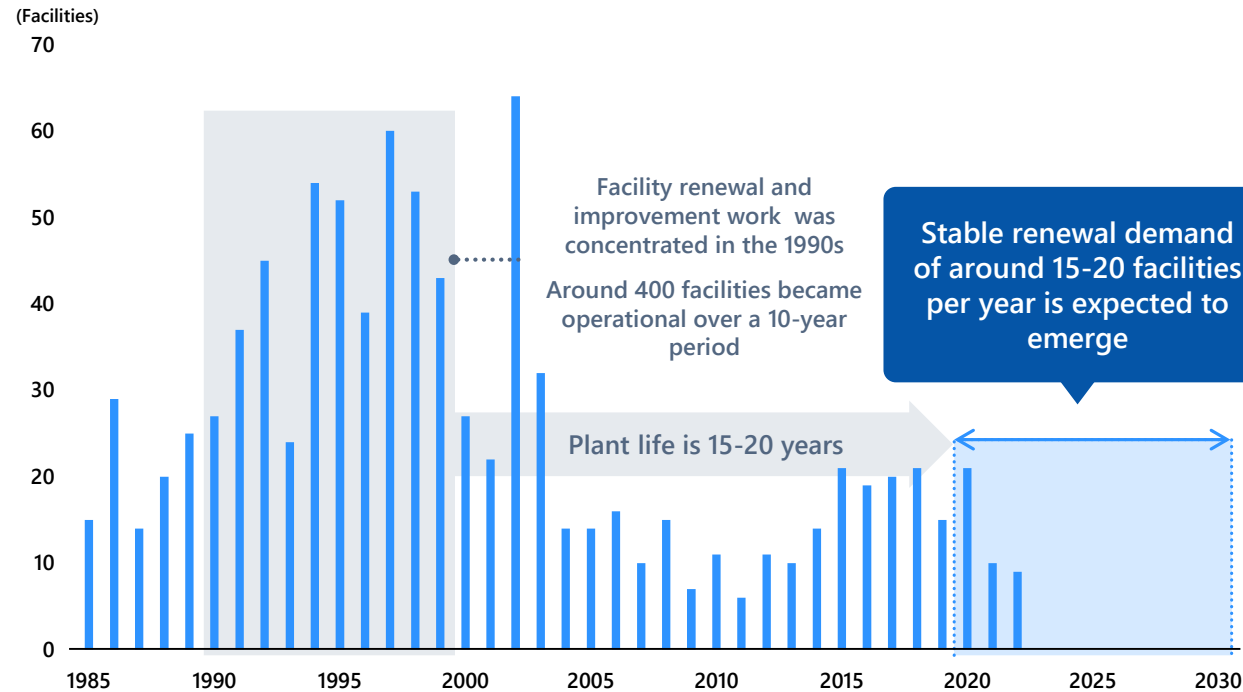
Performance Trends

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.



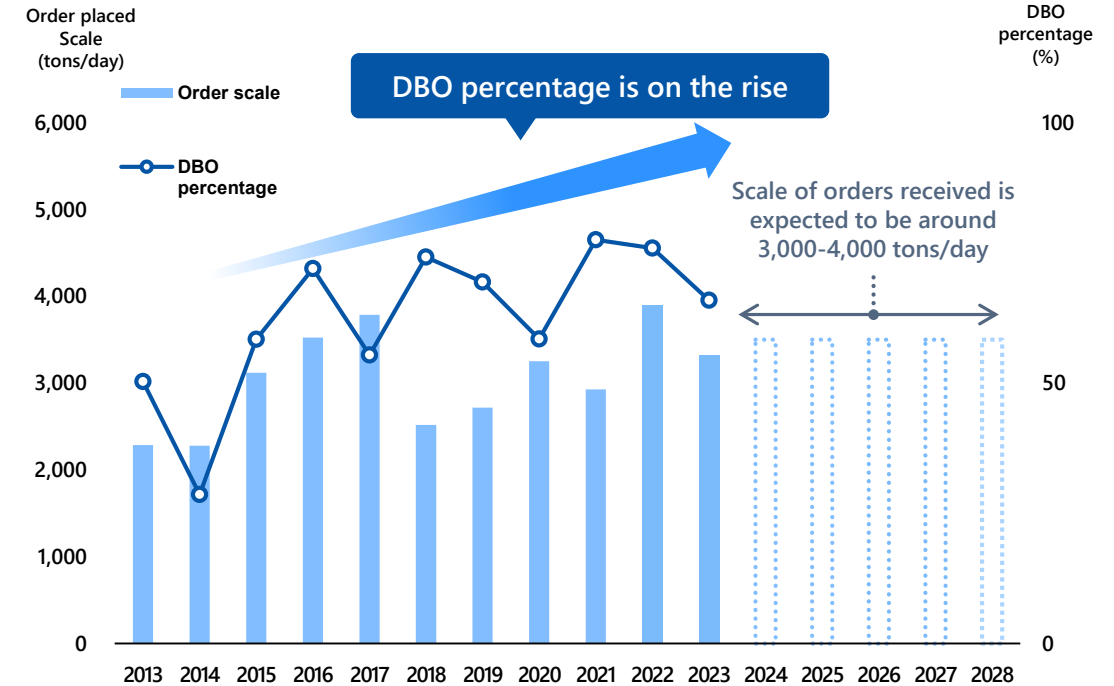
Demand for renewal and service life improvement will continue due to the aging of waste treatment facilities. We expect renewal demand to continue for the time being. DBO orders are on the rise utilizing know-how from the private sector. We expect this to continue.

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)

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

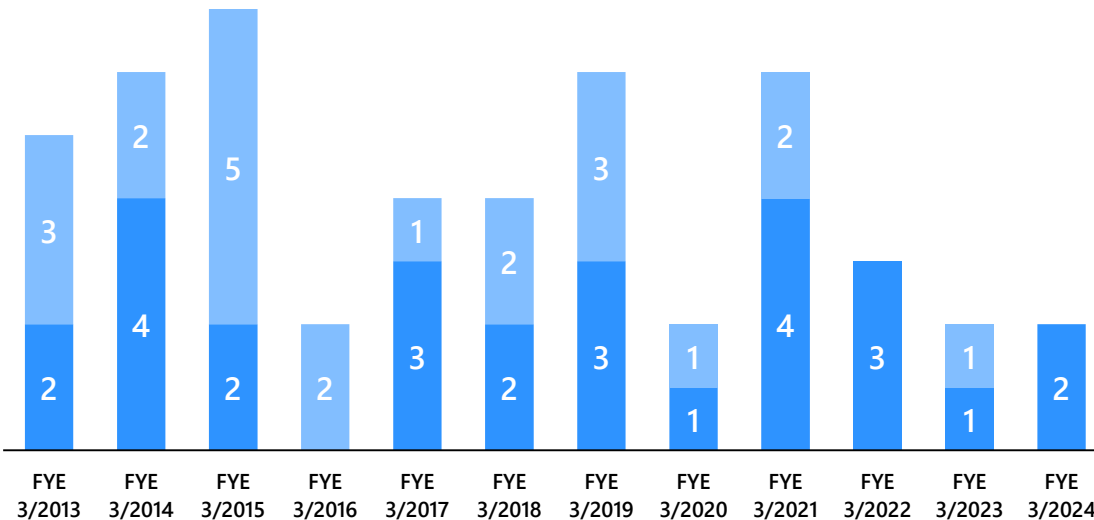
We aim to win at least three renewal orders per year on an ongoing basis and steadily meet the demand for service life extension by enhancing our proposal capabilities through differentiation in areas other than price based on our technological strengths and expanding our ability to respond to projects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

EPC orders

(Projects)

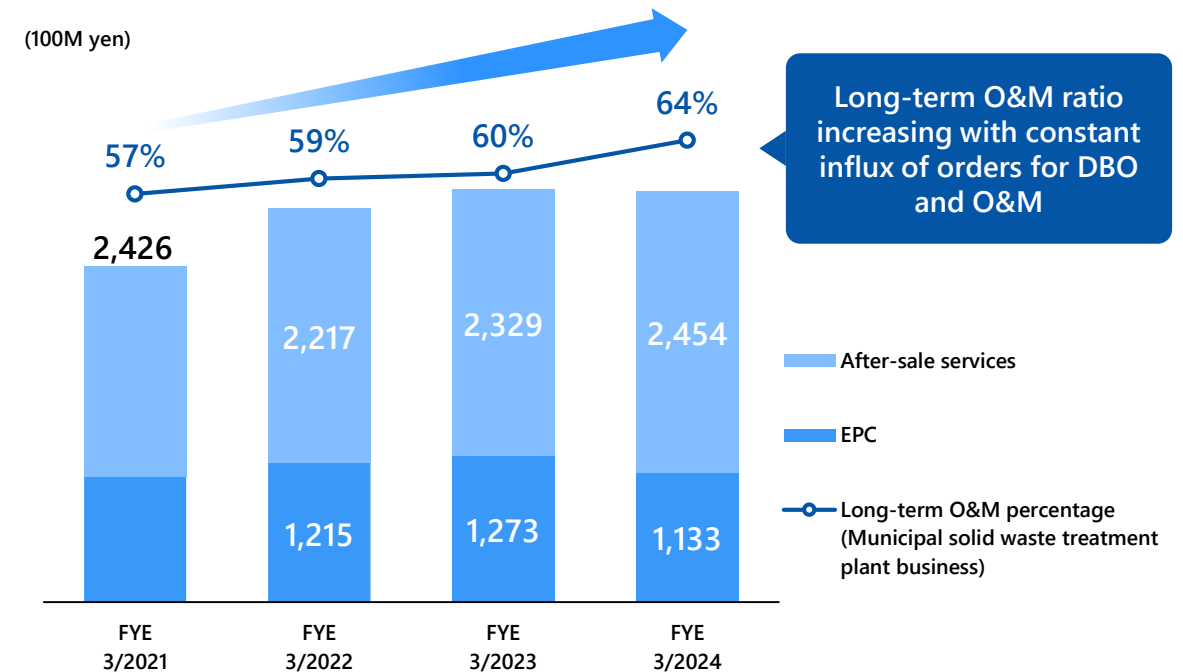
- Primary equipment improvement work
- New construction/renewal

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.

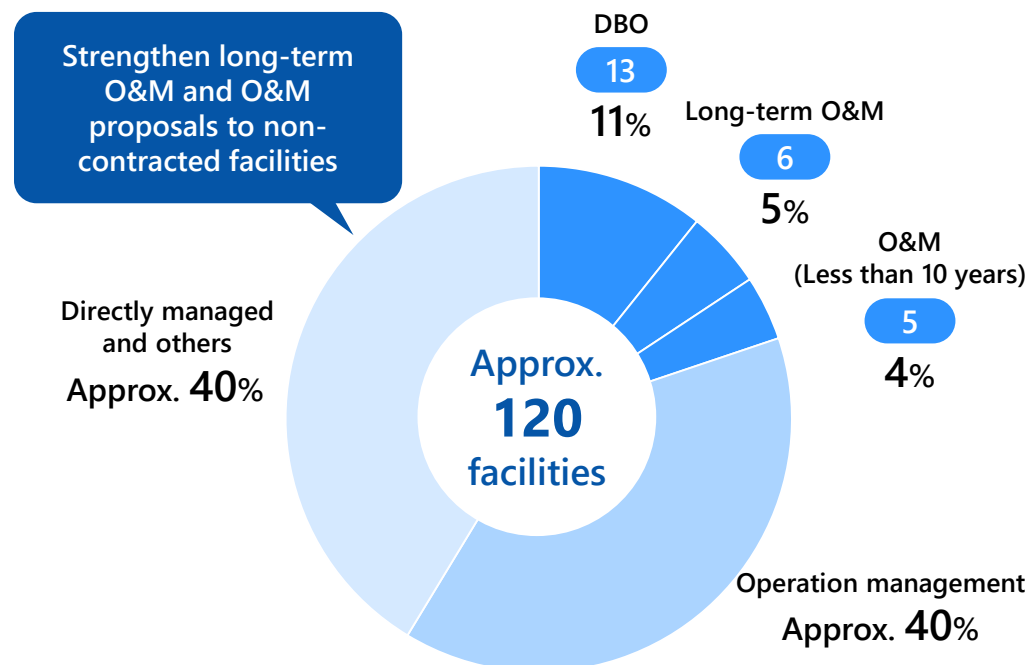
Results

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.

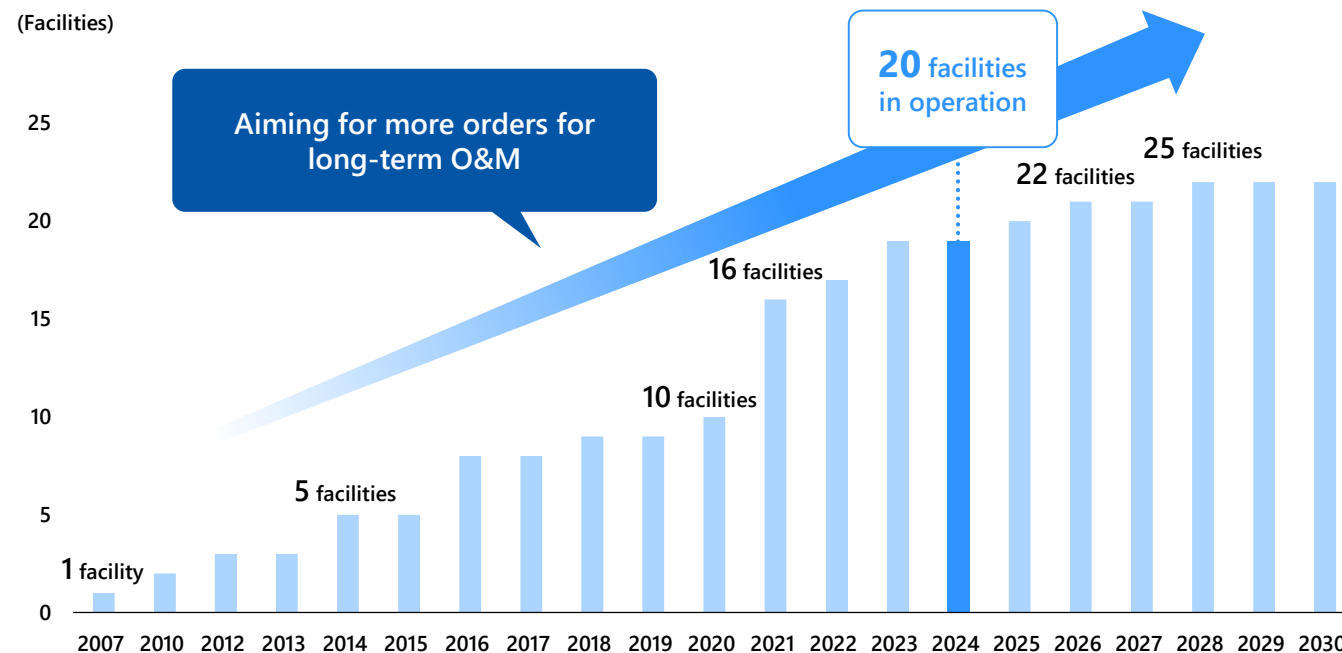
Future policy

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.

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, Non-FIT, FIP).

Future policy

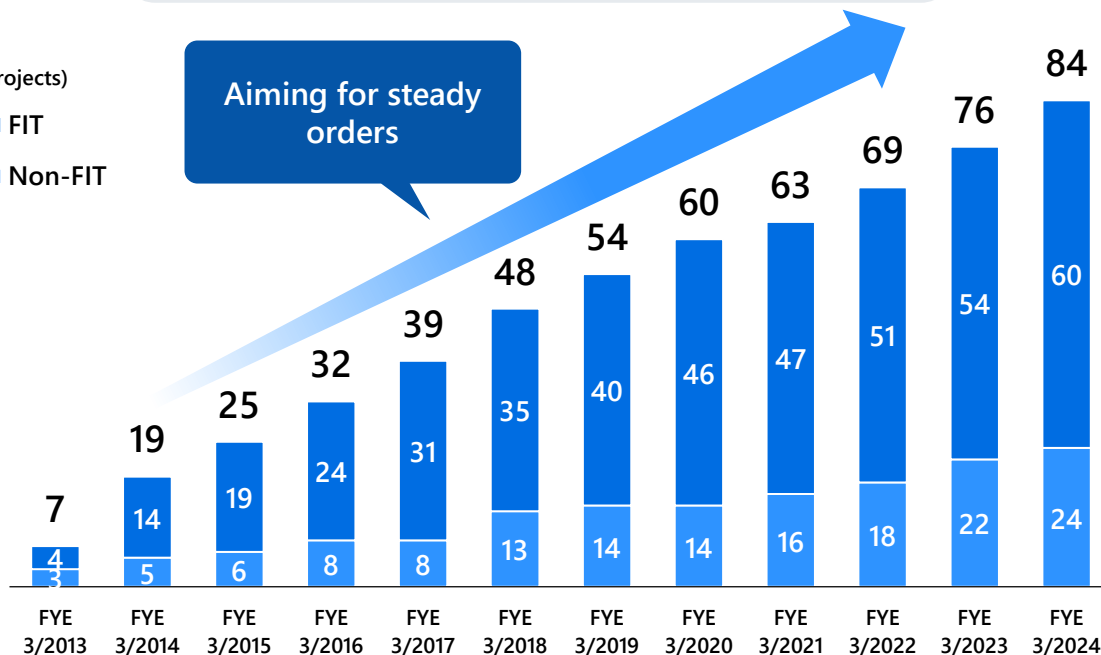
In the EPC Business, the aim is to continue winning orders, particularly for small- to medium-sized biomass power generation plants, including renewal of existing plants and proposals for new power plants. In after-sales service, we aim for recurring revenue model business growth by proposing solutions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

Orders received (cumulative)

(Projects)

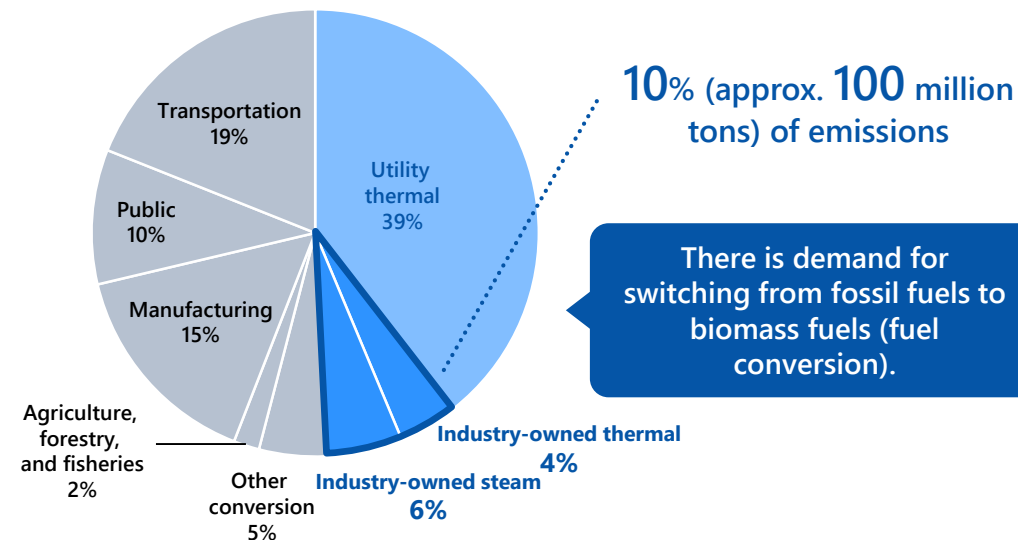
■ FIT
■ Non-FIT

Aiming for steady orders



* Source: 2022 results from "Comprehensive Energy Statistics" by Ministry of Economy, Trade and Industry

Japan's energy-derived carbon dioxide emissions^{*3}



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

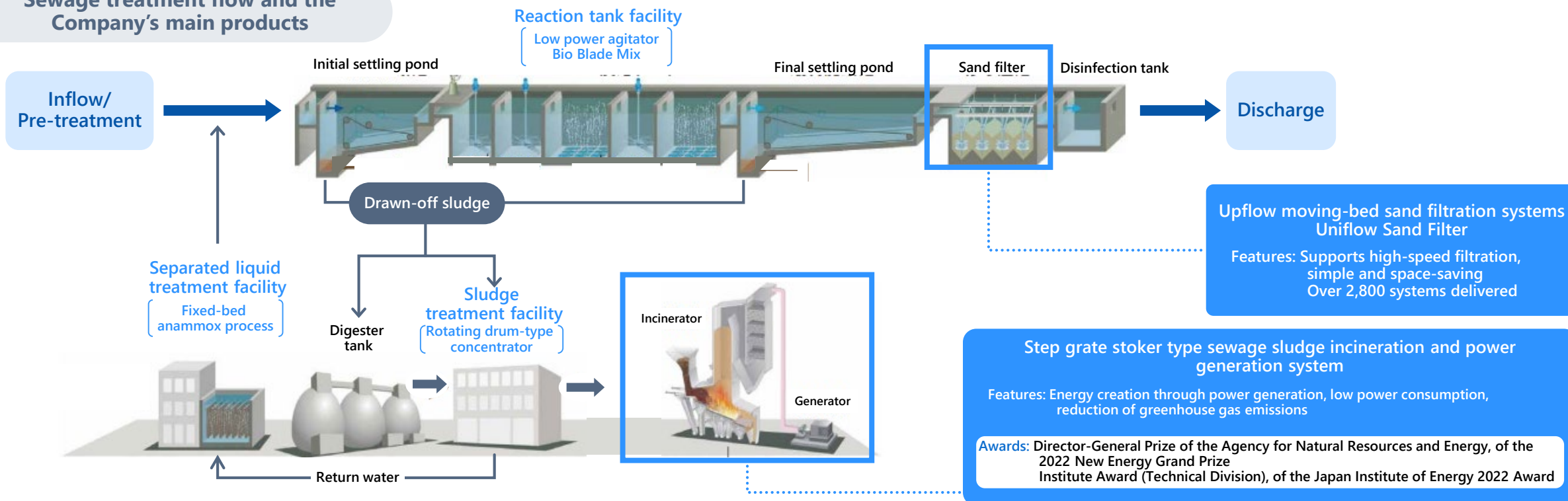
Business Environment

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



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)

Takuma Energy Co., Ltd.

Electric power procurement

Electric power supply

Cycle of local production and consumption of power

Delivered plants



Waste power generation, biomass power generation

Waste emissions/biomass fuel supply

Customers



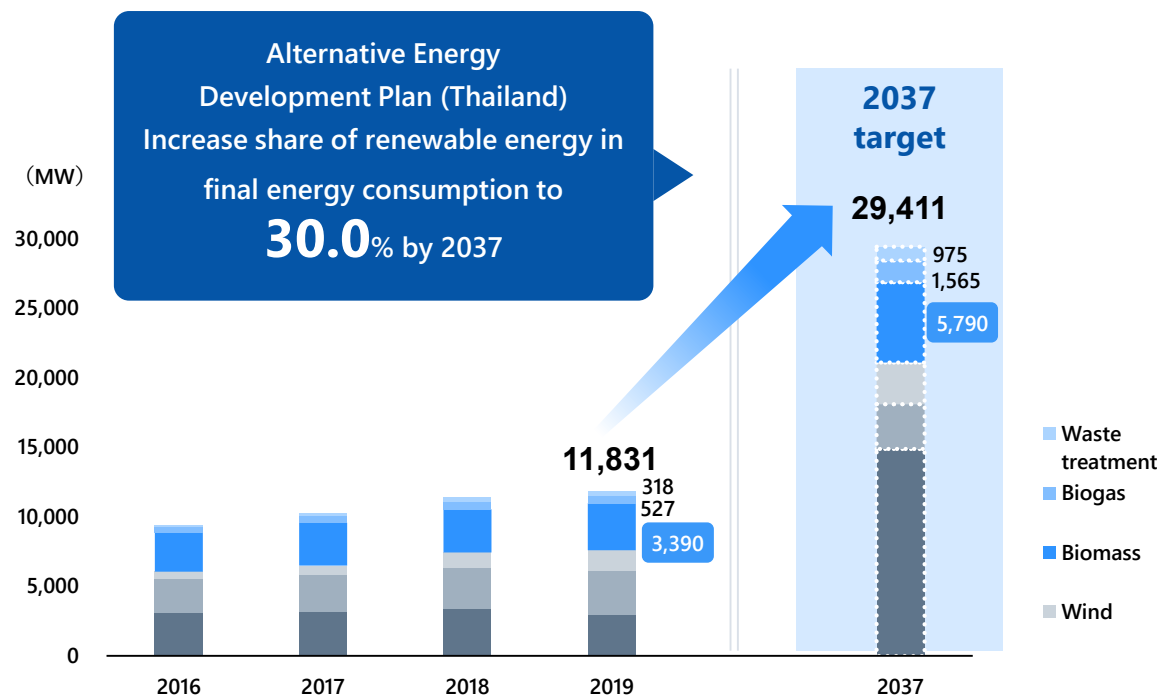
Offices, plants, public facilities

Main recent projects

	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-
	Osaka City, Osaka	Nishiyodo Incineration Plant	Apr 2024-

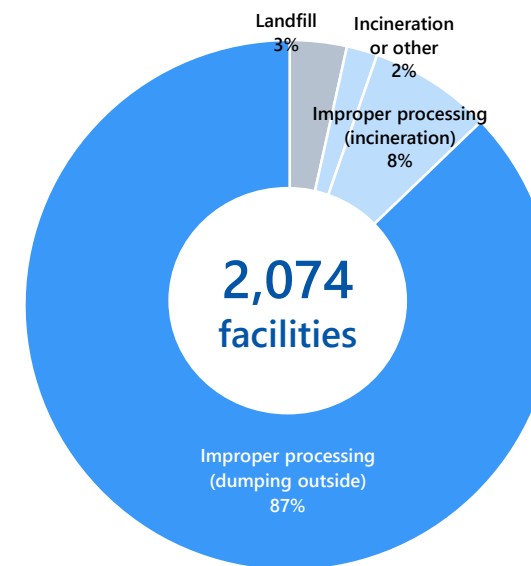
- In addition to population and economic growth, the trend toward decarbonization in Southeast Asia has increased demand for biomass power generation and Energy from Waste plants.
- In Thailand, demand for Energy from Waste and for biomass power generation, including fuel conversion, is expected to grow 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.

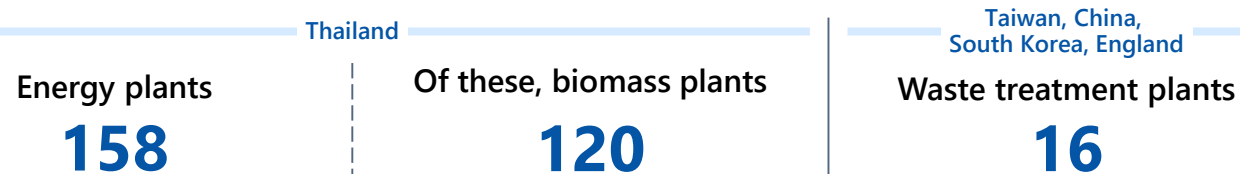
Results

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.

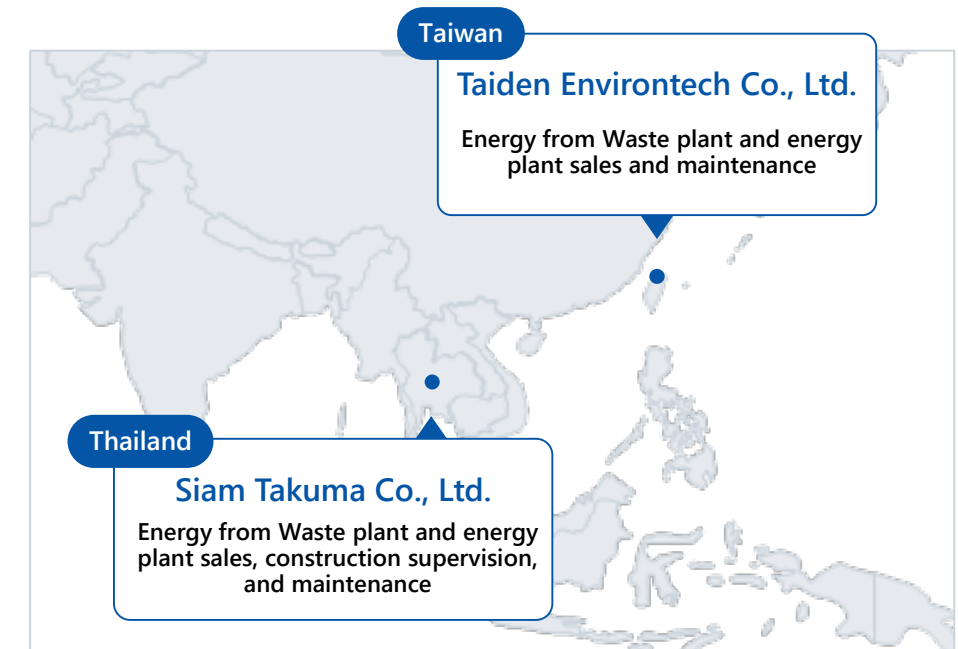
Deliveries (cumulative)



Main recent projects

	Year		Delivered to (Honorifics 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

Local subsidiaries (2 companies)



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.

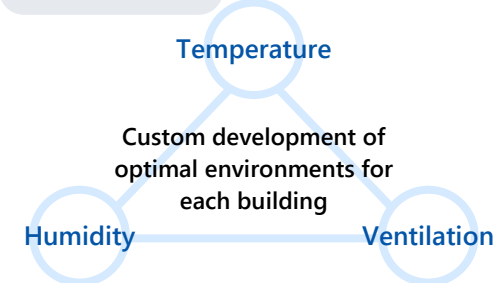
Group companies



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

Term	Definition
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).
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).
Primary equipment improvement project	A method that aims to restore functionality and extend the lifespan of facilities by updating and improving deteriorated equipment while maintaining the existing buildings, etc. which have a long useful life, from the standpoint of reducing life cycle costs.
FIT	A feed-in tariff for renewable energy.
FIP	Feed-in Premium; a system in which a certain premium (subsidy amount) is added to the price at which electricity is sold in the market.

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Please note that actual performance may diverge significantly from these forecasts for a variety of reasons.

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