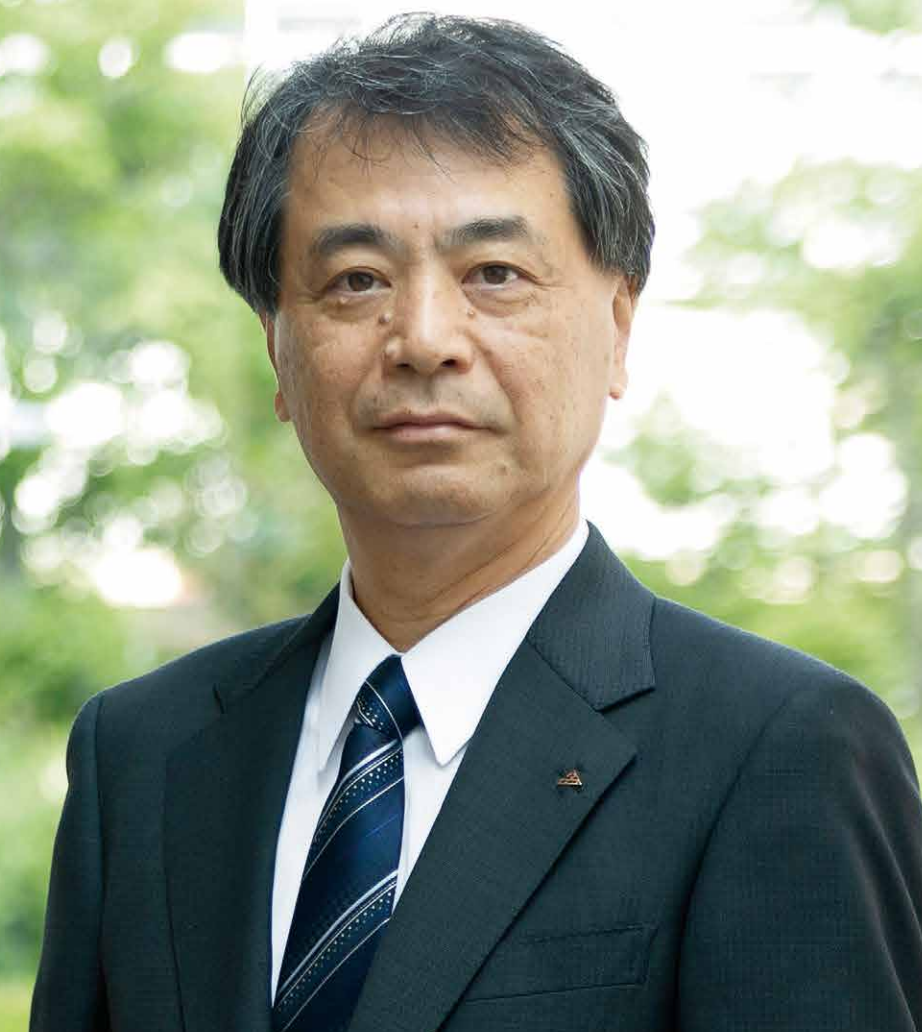


We continue to help solve social problems and contribute to the sustained development of the world by creating valuable products and services.



We at Takuma offer our heartfelt condolences for all those who have lost their lives as a result of COVID-19, and we hope that all those suffering from the disease will recover quickly and that the pandemic will be brought under control as soon as possible.

Marshaling the Takuma Group's strengths to maximize profits and enhance its corporate value

The Takuma Group, which has adopted the goals of “aiming 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 of achieving an ordinary profit of JPY 10 billion in FY2020, has embraced a vision of building structures capable of consistently earning an ordinary profit of at least JPY 10 billion even as the business environment undergoes a process of significant change, and we are pursuing a variety of business activities to achieve that vision. We believe that we will be able to do so by marshaling the strengths not only of Takuma on a standalone basis, but of the entire Group, and our management is guided by the basic policy of maximizing profits and enhancing corporate value on a consolidated basis. To that end, we are diligently implementing the 12th Medium-Term Management Plan (FY2018 to FY2020), which takes into account changes that are anticipated to occur in the business environment in the future and which adopts as its core theme the need to enhance our corporate capabilities to facilitate the

achievement of our vision and consistent growth afterwards.

Adapting to changes in the business environment and securing a consistent position in the markets we serve

The Takuma Group's core businesses are the construction of waste treatment plants, energy plants, water treatment plants, and other similar facilities (through its EPC business*) and the provision of after-sales services for them, including maintenance, operational management, and operation.

In the Group's principal business domain, expectations with regard to renewable energy and its potential to help realize a low-carbon and post-carbon society are rising as the effects of climate change increasingly manifest themselves. Additionally, work is being planned to update superannuated public infrastructure and to extend its service life. At the same time, the business environment is expected to undergo major changes over the medium and long term, including shifts in demand in response to evolving national policies and the structure of society, for

example due to Japan's low birthrate and the shrinking and aging of its population; increased reliance on comprehensive contracts as part of a trend to outsource government services; and increasing sophistication and diversity in customer needs.

In such a business environment, the plants provided by the Group through its EPC business have garnered customer praise and earned the Group a consistent position in the markets it serves. Continuing this trend, customers will begin operating sewage sludge-fueled power plants capable of creating energy while reducing greenhouse gas emissions this year.

As facilities that play an essential role in maintaining people's lives and our customers' business activities, the plants we build are called upon to operate for 20 or 30 years after delivery. In our after-sales service business, we formulate long-term repair plans based on the extensive expertise the Group has accumulated over time so that customers can use those plants longer and more effectively, and we help them realize stable operation over the long term by carrying out optimally planned and timed maintenance based on detailed site inspections. We recently launched our first 20-year long-term operations business at an energy plant, augmenting similar services that we provide for seven waste treatment plants. Our next priority is to build implementation and management structures for a long-term operations business for water

treatment plants and to carve out a path for expanding those businesses.

Pursuing sustained growth for society and our company based on our founding philosophy of “Serve society through boiler manufacturing”

The 12th Medium-Term Management Plan represents the final stage of our current medium- and long-term vision (FY2012 to FY2020), which means that FY2020 is a year during which we will formulate the next long-term vision. The previous medium- and long-term vision sought to improve profitability through the selection and concentration of resources, while the current medium- and long-term vision seeks to reinforce our business foundation for stability and profitability and to achieve a steady expansion in terms of both quantity and quality in order to lead to a strengthening of corporate capability to facilitate steady growth based on our development of structures capable of consistently securing an ordinary profit of at least JPY 10 billion. In formulating the next long-term vision, we will be considering how the Takuma Group can best forge ahead into the future.

At the same time, there is broad concern that the COVID-19 pandemic will impact social and economic activity in an increasingly significant manner for an extended period of time, and there is a growing sense of uncertainty with regard to the future. As we face unprecedented difficulty in forecasting what is to come, it will be critical to strengthen our ability to adapt to change and recover from crisis.

Takuma's Management Principles state, "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." This philosophy can also be found in our founding spirit of "Serve society through boiler manufacturing*", and it means contributing to the world through the goods and services that we create. It also informs Corporate Social Responsibility (CSR), which we have currently embraced as a key issue in the company's management. We will continue to work toward the realization of sustained growth of society and our company in keeping with these principles. In addition to creating new value in the fields of renewable energy and environmental protection, we will strive to address the new challenges arising from the COVID-19 pandemic by working to increase the effectiveness of our compliance, risk management structures, and Business Continuity Plan (BCP).

Takuma has been a signatory to the United Nations Global Compact* since 2006, and we support its 10 fundamental principles in the four areas of human rights, labour, environment, and anti-corruption. We will work to develop our business while understanding and respecting these globally shared principles. In addition, concerning the implementation of the Sustainable Development Goals



(SDGs) adopted by the United Nations and the provisions of the Paris Agreement adopted at COP21, the Group is helping resolve social issues with technologies for reducing emissions of greenhouse gases like carbon dioxide through such means as high-efficiency power generation using waste and biomass.

July 2020

Hiroaki Nanjo
President and CEO
Takuma Co., Ltd.

Sustainable Development Goals (SDGs)

Takuma is working to further progress toward the Sustainable Development Goals (SDGs) through its business activities.



Company Motto Value Technology, Value People, Value the Earth

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.

The founding spirit of Takuma was "Serve society through boiler manufacturing," which in present-day language means "contribution to society by supplying goods and services that we provide." This spirit can also be applied to the concept of Corporate Social Responsibility (CSR) that in recent years has become a vital issue for corporate management. The management principles of the Takuma Group companies are all based on the said founding spirit.

Takuma Group Ethics Charter

Takuma and the Takuma Group companies believe that it is essential for the sound development of the group that all of the directors and employees remain aware of our social responsibilities and the circumstances surrounding us as well as act in response to social ethics complying with applicable related laws and ordinances. Bearing the above in mind, we have established and will promote this ethics charter as our code of conduct, aiming to realize our management principles.

1. We shall strive for a proactive social contribution while establishing a harmonious coexistence with the global environment as good corporate citizens.
2. We shall act in good faith in accordance with sound business custom, while complying with applicable laws and regulations and committing ourselves to fair, transparent and free competition, as well as conducting lawful business activities.
3. We shall never have any relationship with antisocial forces or such organizations, which may pose a threat to the social order and security of civil society.
4. We shall respect fundamental human rights and never practice discrimination.
5. We shall strive to provide high quality products and services, based on our advanced technologies, to attain high acclaim and confidence from our customers.
6. We shall strive to disclose corporate information to shareholders and investors through Investor Relations (IR) and other activities on a timely and equitable basis.
7. We shall strive to protect corporate assets as well as information, while never using either for improprieties or any unjustifiable purpose other than normal business operations.

Takuma Group Code of Conduct

Harmony with society

1. Coexistence with the global environment
2. Coexistence with international society
3. Practice of social contribution activities

Practice of compliance with laws and ordinances as well as sound economic activities

4. Free competition and fair trade
5. Relationship with politics and public administration
6. Policies concerning business entertainment and gift-giving
7. Prohibition of involvement in anti-social activities
8. Appropriate export and import transactions

Respect for basic human rights

9. Prohibition of discriminatory actions
10. Respect for individuality, personality, and privacy of employees
11. Safe work environment

Practice of customer satisfaction

12. Safety of products and services as well as ensuring reliability
13. Policies concerning advertising

Making appropriate disclosure of information

14. Dissemination of corporate information
15. Ensuring reliability of financial reporting
16. Prohibition of insider trading

Protection of corporate assets and information

17. Management and proper use of corporate assets
18. Handling of confidential information
19. Intellectual property protection

*EPC business: A business in which Takuma offers a turnkey service extending from plant design to procurement and construction. (Plant Engineering, Procurement, and Construction)

* Serve society through boiler manufacturing:
It was the Company Motto of Takuma, then Takuma Boiler Manufacturing Co., Ltd., founded by Mr. Tsunekichi Takuma, one of the ten great inventors of Japan during the Meiji and Taisho periods (1868-1926).

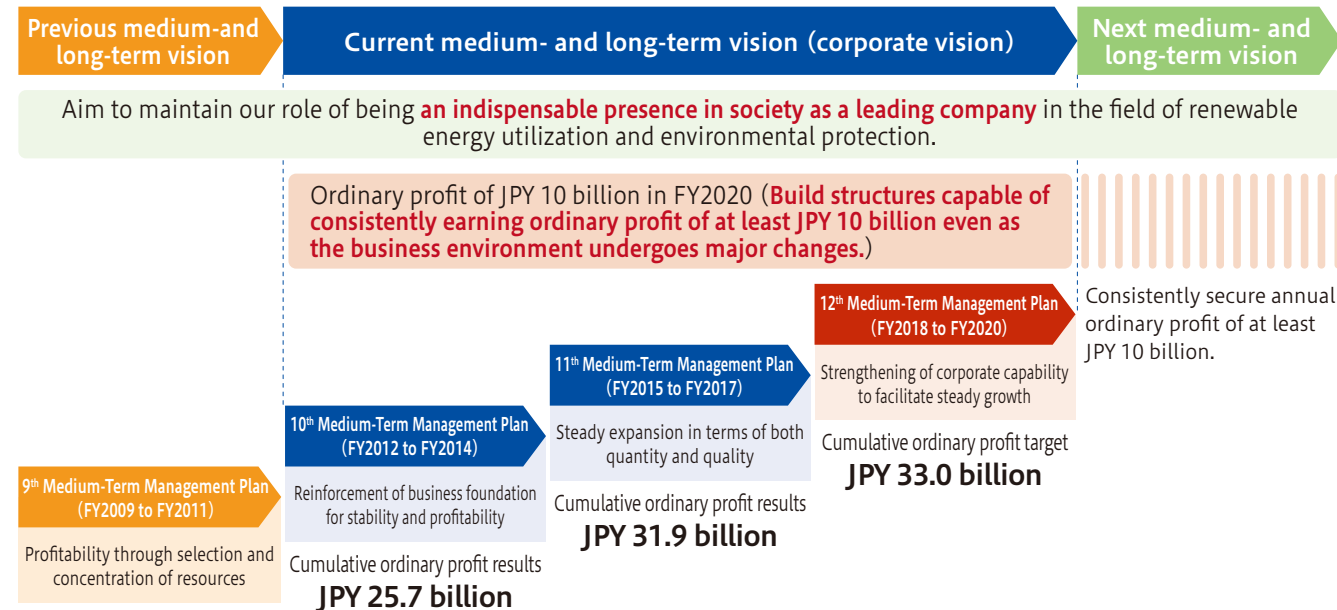
* United Nations Global Compact:



The Takuma Group has joined the United Nations Global Compact (UNGC), which is a voluntary effort to create a global framework for implementing sustainable growth by having companies and groups exercise responsible and creative leadership while acting as good members of society.

1.Positioning of the 12th Medium-Term Management Plan

- The plan represents the final stage of the current medium- and long-term vision (corporate vision), for which FY2020 is the target year.
- During its three years, we will achieve the vision and boost our corporate capabilities to prepare for steady growth in the future in response to future changes that are forecasted to occur in the business environment.



2.Policies of the 12th Medium-Term Management Plan

1 Strengthening and expanding our revenue foundation

Many of the Group's products are used for a long period of time, for example for 20 or 30 years from the time of delivery. Offering high-quality after-sales service in an ongoing manner so that customers can use those products more effectively and over a longer period of time contributes to both customers' and the Group's profits, helping to create a foundation for stable, long-term earnings.

We will work to further strengthen and expand our revenue foundation by continuing to provide high-quality solutions throughout the plant and product life cycle as we meet customers' diversifying needs in an individualized manner.

2 Achieving sustained growth

Over the 80 years since the Group's founding, we have built a reputation as an essential part of society by providing products that are recognized for their value utilizing our technologies which are the core part of our company.

We will create customer value by continually developing unique technologies, services, and business models based on Takuma's strengths such as the technologies, track record, experience, and expertise that we've accumulated through our business activities to date. In addition, we will work to secure sustained growth by securing and creating competitive advantages as we respond quickly to changes in the business environment, such as evolving customer needs and emerging social issues.

3 Increasing productivity, for example by reforming business processes

The nature of the Group's businesses is undergoing major evolution as the business environment changes, for example due to changes in social structure such as the shrinking and aging of

Japan's population and the emergence of more advanced and diverse customer needs as well as social issues.

We will strive to improve productivity, make effective use of human resources, and further increase the level of value we provide by fundamentally reviewing and rebuilding business processes that have become increasingly complex in order to accommodate these changes while focusing on businesses with higher added value (which will help us create and provide value).

4 Using human resources effectively

We will work to hire and train the diverse workforce that will be essential as we develop the Group's businesses going forward. At the same time, we will strive to create an environment that keeps individual employees engaged in their work and able to make full use of their skills and abilities (by cultivating a healthy workplace culture, reforming individual awareness, and facilitating fulfilling workstyles).

5 Continuing to pursue compliance management

The Group considers compliance to be a key foundation of its corporate activities, and we've worked to spread awareness and foster adoption of good practices by including compliance as a policy in the last several Medium-Term Management Plans.

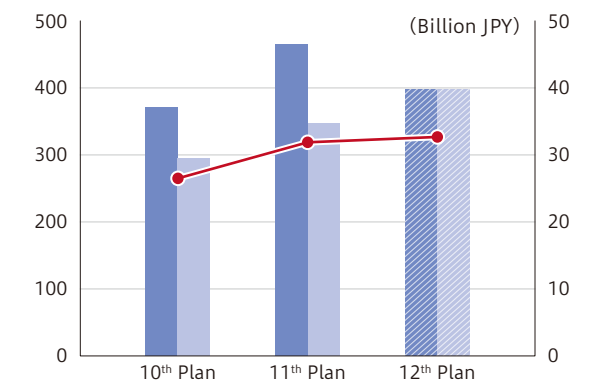
Awareness of the importance of compliance has steadily taken root among our employees thanks to ongoing awareness-raising and educational activities, and we will continue to pursue such initiatives to ensure that the trust we've built up in our quality and integrity remains unshakable. In addition, we will work to further spread and improve compliance awareness throughout the Group by effectively implementing and utilizing mechanisms such as our internal reporting system and CSR awareness survey.

3.Financial Target

Target: 3-year cumulative consolidated ordinary profit of JPY 33 billion

The 12th Medium-Term Management Plan, which represents the final stage of our current medium- and long-term vision, establishes the above targets to guide our achievement of the vision's goal of consistently earning ordinary profit of JPY 10 billion while simultaneously directing the company to utilize all its resources to build a robust business and management foundation in response to future changes in the business environment.

Order value (left scale)
Sales (left scale)
Ordinary profit (right scale)



	10 th Medium-Term Management Plan results	11 th Medium-Term Management Plan results					12 th Medium-Term Management Plan		
	2012 to 2014	2015	2016	2017	Total		2018	2019	FY2018 to FY2020
Order value	371.0	99.9	191.0	177.1	468.0		179.8	148.8	JPY 400 billion (approx.) (3-year cumulative total; reference value)
Sales	296.5	113.0	116.3	118.1	347.5		121.9	134.4	
Ordinary profit	25.7	9.6	11.6	10.6	31.9		12.3	10.3	Target: JPY 33 billion (3-year cumulative total)

4.Core Business Units and Emphasis of Future Activities

Municipal Solid Waste Treatment Plant Business

Business Environment

- As facilities age, there is ongoing robust demand for renewal and service life elongation.
- Volume is growing for DBO projects as well as O&M services for existing facilities.

Emphasis of Future Activities

- Strengthen the profitability of our plant operation business.
- Further strengthen initiatives to prolong the service life of facilities.

Boiler Plant Business (Japan)

Business Environment

- FIT demand remains robust.
- The number of plants targeted for maintenance is increasing as facilities are completed and transferred to customers.
- There is growing demand for plant operational management and O&M.

Emphasis of Future Activities

- Capture new orders for FIT biomass plants.
- Strengthen our maintenance structures.
- Scale our waste management expertise horizontally to other businesses.

Waste Treatment Plant Business (Overseas)

Business Environment

- There is a growing need for proper waste management and energy utilization against a backdrop of growing urbanization, increase of waste volume, and diversification of waste characteristics.

Emphasis of Future Activities

- Build structures to facilitate collaboration with partner companies.
- Build schemes for entering new markets.

Water Treatment Plant Business

Business Environment

- There is growing demand for sludge incineration plants that conserve and create energy.
- There is increasing use of PPP/PFI arrangements in the sewer business.

Emphasis of Future Activities

- Strengthen the competitiveness of our sludge-fueled power system.
- Scale our waste management expertise horizontally to other businesses.

Boiler Plant Business (Overseas)

Business Environment

- Demand for biomass power plants in Southeast Asia remains robust.
- Our flagship bagasse-fired boiler plants continue to experience intense competition.

Emphasis of Future Activities

- Capture orders continually by creating competitive advantages.
- Strengthen the ability of our local subsidiary (SIAM TAKUMA) to carry out its business operations.

Package Boiler Business

Business Environment

- We are continuing to see a certain level of demand in Japan, particularly in terms of renewal demand.
- The need for energy-conserving boilers is increasing overseas, particularly in developing nations.

Emphasis of Future Activities

- Maintain and expand our domestic business.
- Expand our overseas business.

*DBO: Design, Build, Operate / O&M: Operation & Maintenance / PPP: Public Private Partnership / PFI: Private Finance Initiative
FIT: Feed-in Tariff / Bagasse: Fiber remaining after sugarcane is crushed

5. Progress in Implementing the 12th Medium-Term Management Plan

In this section, members of Takuma's management team present progress in implementing the goals of the 12th Medium-Term Management Plan, which began in FY2018.

Increasing customer satisfaction by enhancing our technological capabilities and strengthening our corporate capabilities to accommodate change in the business environment

Hideki Takeguchi

Director & Senior Managing Executive Officer
Executive Manager, Engineering Group



Strengthening our corporate capabilities so that we can secure stable annual ordinary profit of at least JPY 10 billion regardless of how the business environment in which we operate changes in the future remains the central theme of our current Medium-Term Management Plan. Our Engineering Group is responsible for strengthening the technological capabilities that are central to achieving that goal, specifically our capabilities in areas such as planning, design, purchasing, construction, manufacturing, and research and development. The plants we deliver bring together these technological capabilities, and to provide plants that satisfy our customers, it is important that we improve upon them, along with the human abilities of those who are involved in associated processes.

We operate in the dual business fields of the environment and energy, and under the current Medium-Term Management Plan we have identified, and are working toward, the targets that need to be achieved by each department in order to enhance our technological capabilities and foster the development of professionals so that we can expand in those fields. This fiscal year is the final year of the current Medium-Term Management Plan,

which makes it a year in which we must lay the groundwork for the next Medium-Term Management Plan. I look forward to closing out the final fiscal year of the current plan by generating solid results and starting to develop the next plan.

With regard to the policy of "strengthening and expanding our revenue foundation" as set forth in the current Medium-Term Management Plan and our effort to strengthen our after-sales service business to achieve it, we are working to develop technologies for increasing the ease with which facilities can be maintained and managed as well as technologies for plant monitoring and operation, including advanced technologies such as ICT and AI. Furthermore, we will add a Supply Chain Lab to the Harima Factory, which we plan to renovate and update in 2022, to serve as an after-sales service facility that can maintain a reliable inventory of maintenance-critical parts and supply them rapidly.

In this way, Takuma will work actively to construct, maintain, manage, and operate plants in the environmental and energy fields and to help realize the Sustainable Development Goals that society is pursuing by protecting the environment, realizing a recycling-based society, and reducing CO₂ emissions.



Harima Factory

Plan overview

Planned site	At the Harima Factory site
Total floor space	New factory: About 19,000 m ² (including associated facilities) Supply Chain Lab: About 3,500 m ²
Planned start of operations	December 2022

TOPICS Building a new factory and after-sales service facility

• Takuma had decided to update the Harima Factory and build a Supply Chain Lab.

We are planning to further enhance productivity and quality at the Harima Factory while carrying on the high-quality manufacturing policies developed over the last 77 years and to transform the factory into a sustainable factory that is kind to both workers and the surrounding environment.

As part of the development and enhancement of our after-sales service structures, the new factory will include a Supply Chain Lab in an effort to build structures to maintain a reliable inventory of parts that are essential to the operation of customers' facilities and supply them rapidly.

This new facility will help us meet a broad range of customer needs while contributing to society in the areas of renewable energy and environmental protection.

Company Outline

Name: TAKUMA CO., LTD.
Head office location: 2-2-33 Kinrakuji-cho, Amagasaki, Hyogo 660-0806, Japan
TEL +81-6-6483-2609 FAX +81-6-6483-2751 (operator)
Representative Director: Hiroaki Nanjo, President and CEO
Established: June 10, 1938
Capital: JPY 13,367,457,968 (as of March 31, 2020)
Main business areas: The design, construction and superintendence of a wide variety of boilers, plant machinery, pollution prevention plants, environmental equipment plants, and heating and cooling equipment and feed-water / drainage sanitation equipment and facilities
The design, construction and superintendence of civil, architecture and other works
Number of employees (non-consolidated): 875 (as of March 31, 2020)
Number of employees (consolidated): 3,816 (as of March 31, 2020)

Permits and registrations

• Head Office, branch offices and other business offices

Construction license (Minister of Land, Infrastructure, Transport and Tourism license, Special 27-6129, Special 29-6129)
Construction consultant registration (Minister of Land, Infrastructure, Transport and Tourism registration, Construction 01-10202)
First-class architect office registration (01A02903)
ISO 9001 quality management system certification



JQA-1952
ISO 9001 certification
Head Office, Osaka
Office, Tokyo Branch,
Chubu Branch, Kyushu
Branch, Hokkaido
Branch and Harima
Factory

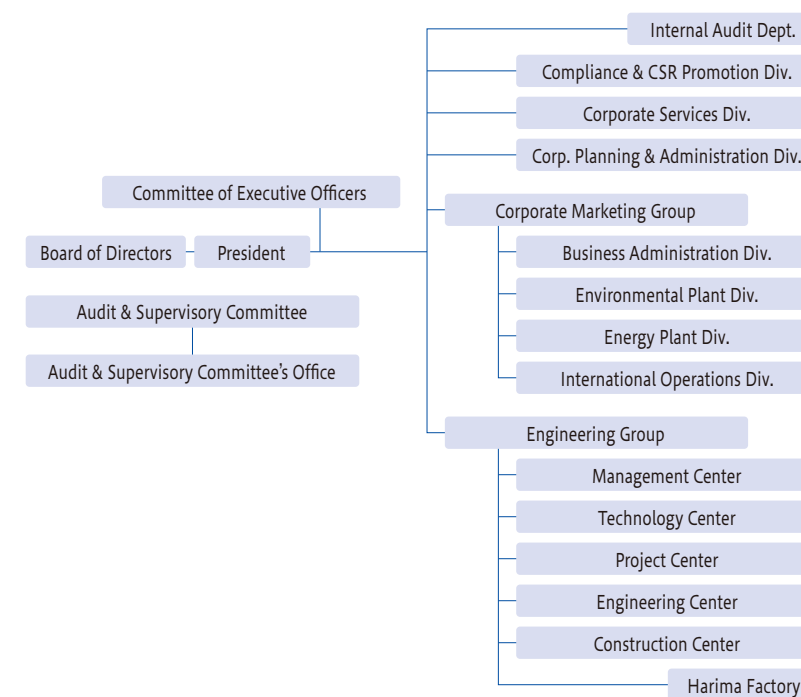
• Harima Factory

ISO 9001 quality management system certification
ISO 14001 environmental management systems certification
Manufacture of thermal equipment for power generation (Ministry of Economy, Trade and Industry)
Permission to manufacture boilers and pressure vessels, permission to manufacture cranes (Ministry of Health, Labour and Welfare)
Manufacture of specific high-pressure gas facilities (Ministry of Economy, Trade and Industry)



JQA-EM0313
ISO 14001
certification
Harima Factory

Corporate structure



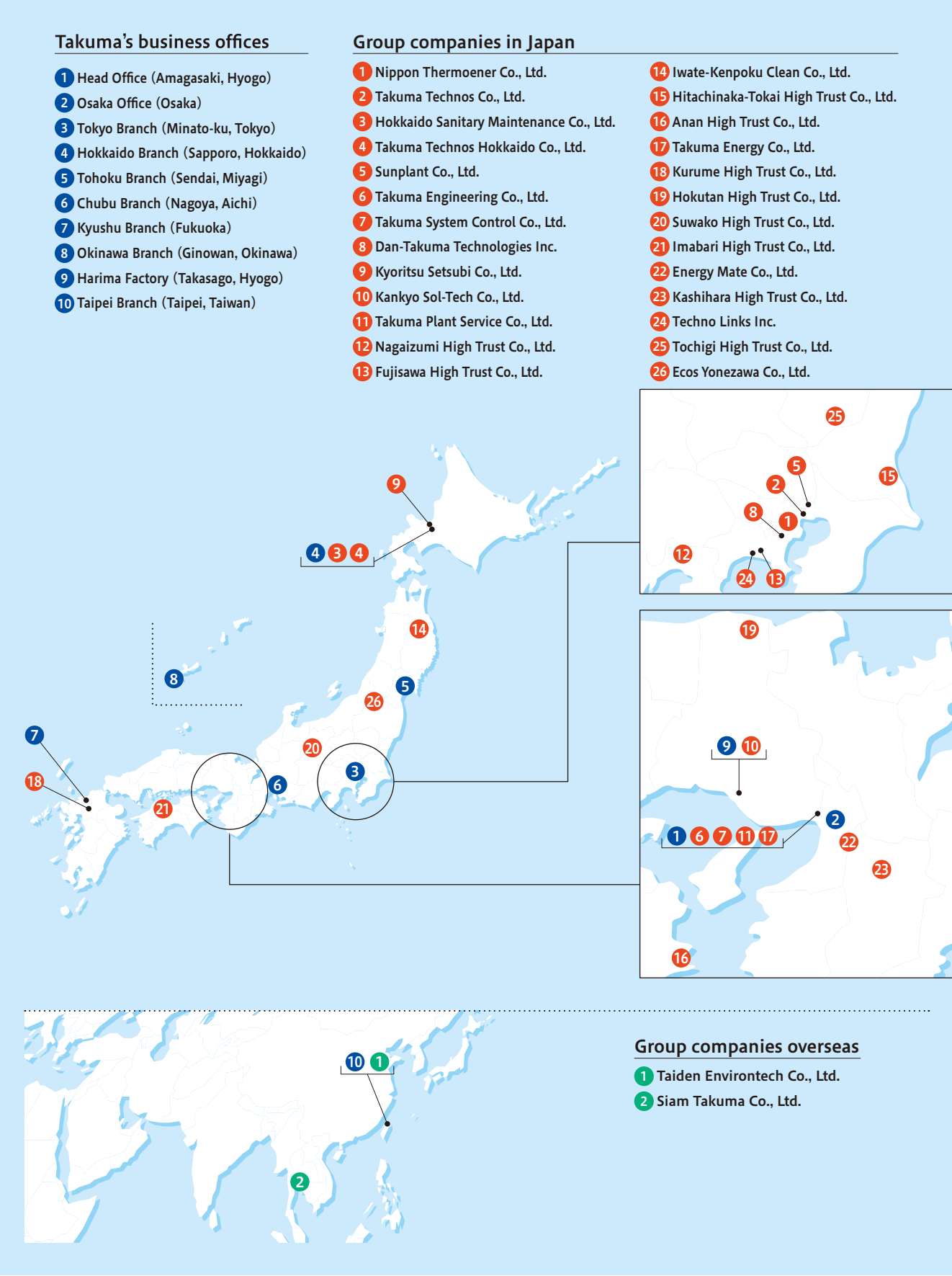
Head Office



Harima Factory

The Takuma Group Network

(As of June 25, 2020; see Takuma's website for details.)
● Takuma's business offices ● Group companies in Japan ● Group companies overseas



The History of Takuma

