



# Takuma Group

## 13th Medium-Term Management Plan (FY2021-2023)

Takuma Co., Ltd.

May 2021



**TAKUMA**

## ■ Positioning of the 12th Medium-Term Management Plan

- Final stage of the Corporate Vision that began in FY2012
- Strive to achieve cumulative consolidated-basis ordinary profit of JPY 33.0 billion over three years by building a resilient business and management foundation enabling Takuma to respond to future changes in the business environment.

## ■ Results and issues

### 1. Strengthening and expanding our revenue foundation

- Orders increased as we proposed solutions based on customers' needs through businesses related to previously delivered facilities (equipment improvements and service life extensions).
- Progress made in initiatives designed to reduce life cycle costs (LCC), for example by utilizing POCSYS.
- We received multiple orders in our O&M business, including from the private-sector for the first time; began operations and broadened the range of services we offer.
- Firm orders secured for package boilers as well as equipment and systems helped to contribute to stable consolidated-basis profits.

### 2. Achieving sustained growth

- In the EPC business, we maintained our market position thanks to an increase in orders for domestic waste treatment and energy facilities.
- Initiatives to maintain our position in sludge incineration and expand the overseas business are ongoing.
- Progress in efforts to refine core technologies and development of proprietary technologies has generally been smooth.

### 3. Increasing productivity, for example by reforming business processes

- Initiatives to improve productivity, for example by utilizing ICT, have delivered results but remain ongoing.

### 4. Using human resources effectively

- The workforce situation remains tight despite significant expansion in the number of hires as we work to secure the necessary human resources we need.

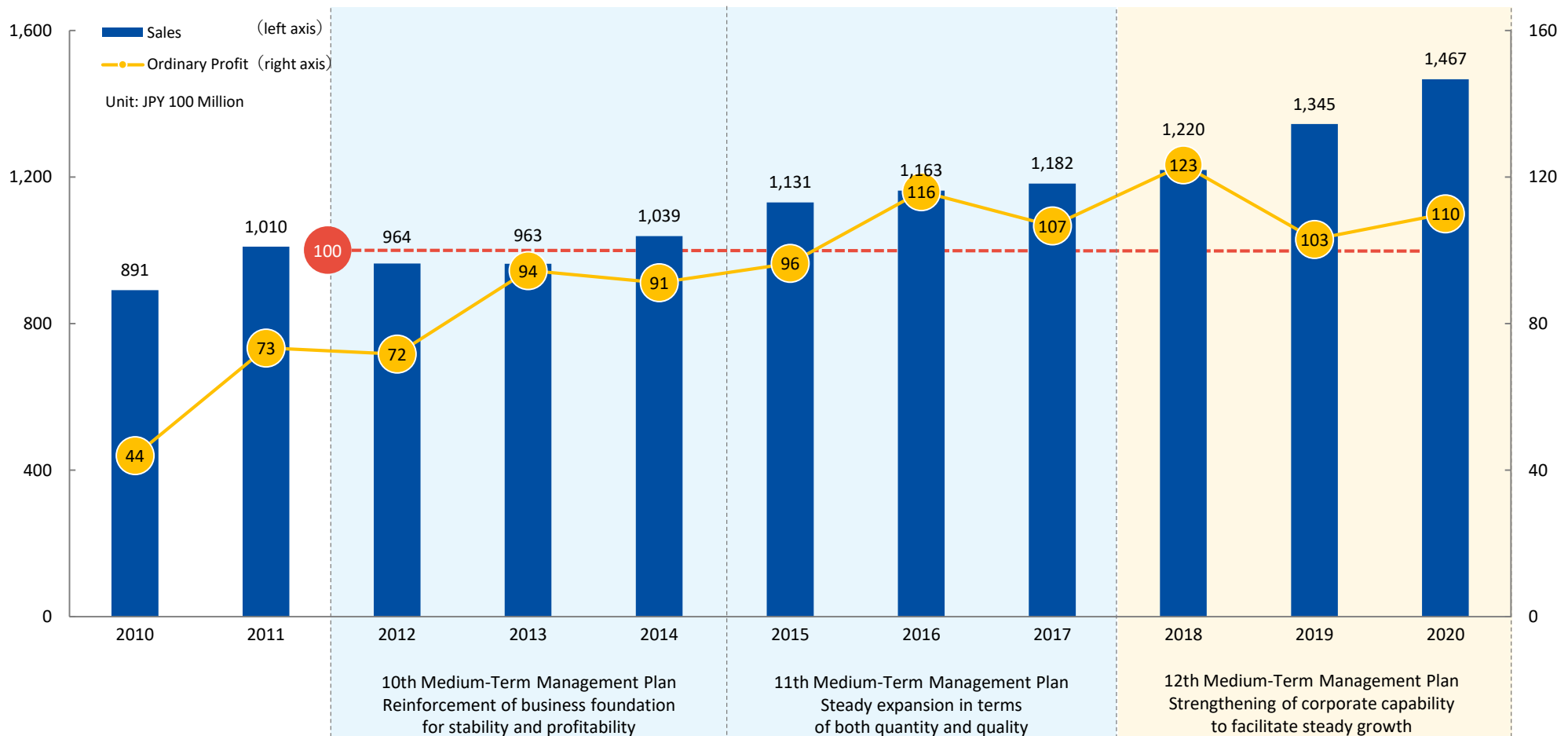
### 5. Continuing to pursue compliance management

- Awareness of the importance of compliance has permeated the Group thanks to ongoing educational activities. Developing even more effective measures remains an issue.

# ① Reflections on the 12th Medium-Term Management Plan (2 of 2)

## Financial targets and results under the previous Corporate Vision and the 12th Medium-Term Management Plan

- Previous Corporate Vision FY2020 ordinary profit **JPY10.0 billion** → **JPY11.0 billion**
- 12th Medium-Term Management Plan Total three-year ordinary profit **JPY33.0 billion** → **JPY33.6 billion**



## ② Positioning and Financial Targets of the 13th Medium-Term Management Plan

**Lay the foundations for additional growth** and take the first steps under the 13th Medium-Term Management Plan as we prepare to realize the Vision 2030 target of **ordinary profit of JPY 20.0 billion**.



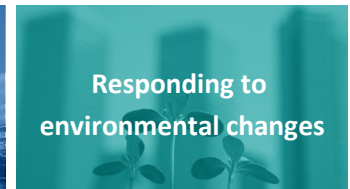
### ③ Policies of the 13th Medium-Term Management Plan

Strengthening conventional businesses by reinforcing the Group's management foundation and at the same time accelerating its response to future environmental changes. Strive to realize sustainable growth alongside customers and society by implementing ESG management through these business activities.

#### Implementing ESG management

#### Pursuit of business activities that resolve challenges faced by customers and society

- |  |                         |
|--|-------------------------|
| ① Municipal solid waste treatment plants | ⑤ Overseas businesses   |
| ② Water treatment plants                 | ⑥ New businesses        |
| ③ Energy plants                          | ⑦ Package boilers       |
| ④ Power retail business                  | ⑧ Equipment and systems |



#### Strengthening the management foundation

Human resources

Digital technologies

R&D  
Manufacturing and engineering capabilities

Partnerships

Capital investment

Compliance

## ③-1 Implementing ESG Management

Striving to satisfy all stakeholders and realize the Group's sustainable growth  
while strengthening ESG initiatives through business activities

### ■ Takuma Group Materiality ※

#### E Environment

- Helping combat climate change
- Conserving resources and protecting the environment

#### S Social

- Strengthening relationships of trust with customers and communities
- Pursuing partnerships and innovation
- Promoting activities of human resources
- Ensuring safety and health

#### G Governance

- Strengthening corporate governance

※Medium- to long-term ESG issues identified as priority issues for the Takuma Group.  
We sorted out them from the perspectives of both importance to stakeholders and importance to us.

#### Realization of a sustainable society



## ③-2 Strategies by Business (1 of 4)

Provide products and services that resolve challenges faced by customers and society in every business.

### 1 Municipal solid waste treatment plants

- **Improving quality and strengthening profitability** in the plant operation business and after-sales service business
  - **Maximizing profitability** by extending the service life of existing facilities
  - **Ensuring a sustained flow of orders** by creating customer value
- 
- Developing structures that will allow us to provide new services, for example private sector outsourcing, private sector partnerships and Regional Circular and Ecological Sphere (Regional CES) businesses



### 2 Water treatment plants

- **Ensuring a sustained flow of orders** for sludge incineration plants
  - Expanding the after-sales service business
  - **Accommodating replacement demand from existing facilities**
- 
- Developing structures that will allow us to accept long-term comprehensive contracts





### 3 Energy plants

- Expanding our market presence through **steady orders** for biomass power plants
  - **Expanding our business through additional proposals** of after-sales service solutions
- 
- Capturing demand for **fuel conversions** in industrial boilers



### 4 Power retail business

- **Expanding the scale of the business** by enhancing products in areas such as renewable energy and CO2-free power and developing new sales channels
  - Realizing additional expansion in **the local production and consumption of power**
- 
- Examining expansion of our service menu to provide the power demanded by communities and customers





### 5 Overseas businesses

- Ensuring a sustained flow of orders for biomass power plants
- Expanding the flow of orders for maintenance

- Capturing orders for Energy from Waste plants and developing associated structures

- Implementing global procurement



### 6 New businesses

- Developing businesses that **help enhance the Group's services** in order to realize a decarbonized, carbon-neutral society
- Investing in renewable energy businesses



### 7 Package boilers

- **Maintaining and expanding the scale of orders** in the existing domestic package boiler market
  - Expanding overseas businesses
- 
- Building and expanding a basis for profit by developing **a new market for heating systems** based on a decarbonized society



### 8 Equipment and systems

- Expanding the flow of orders by **improving sales and construction capability (equipment)**
  - Expanding market share by improving products' competitiveness (systems)
- 
- Improving functionality and expanding business opportunities through alliances (systems)



Steadily implement our business strategies by allocating management resources and making investments.

## Human resources

### 1. Strengthening recruiting activities and reviewing employment systems

- Reviewing programs to make use of older workers and to hiring specialized workers

### 2. Reviewing the human resources development system

- Implementing career development support measures such as job rotation programs to help train engineers and other personnel, programs to follow up on the development of young workers, etc.

### 3. Pursuing workstyle reforms and enhancing the workplace environment

- Examining a diverse range of workstyles that allow workers to do their jobs without regard to time or place
- Implementing health-focused management

## Partnerships

### 1. Creating new value through alliances

- Pursuing robust partnerships with non-group companies and other stakeholders in a variety of contexts



## Digital technologies

### 1. Bringing digital technologies to products and services

- Rolling out digital technologies to reduce manpower requirements and streamline operations at plants, improve maintainability and functionality, and realize more stable operations

### 2. Improving management efficiency

- Implementing paperless workflows and Robotic Process Automation (RPA)
- Sharing knowledge and expertise on a companywide basis



## Compliance

### 1. Increasing the effectiveness of compliance and risk management

- Improving and enhancing educational programs
- Continuing and improving risk management activities





## R&D, manufacturing and engineering capabilities

### 1. Strengthening R&D

- Creating products and services required in this new era by utilizing open innovation

### 2. Strengthening manufacturing and engineering capabilities

- Refining and improving the quality of core technologies, the overall plant and main equipment
- Increasing intrinsic safety in design and construction, and preventing occupational accidents



## Capital investment

### 1. Pursuing Plans for the new Harima Factory

- Developing a sustainable plan that aims to achieve virtually zero CO2 emissions
- Improving boiler manufacturing capabilities (quality and efficiency)
- Examining ways to utilize the Supply Chain Lab

