

TAKEEI CORPORATION (Tokyo 1st; Code: 2151)

For the year ended March 31, 2020

Supplementary Documents to the Financial Statements



Sites to treat wastes and refuses from disasters caused by Typhoons Faxai and Hagibis (Left: Hasama, Tateyama in Chiba, Right: Fukuura, Kanazawa-ku, Yokohama)

Summary of Financial Results 【Consolidated】

<Full-year results>

(Millions of Yen)

	2019/3		2020/3			2020/3		
	<Results>		<Forecast>			<Results>		
		% of Net sales		% of Net sales	YoY change		% of Net sales	YoY change
Net sales	32,271	—	36,600	—	+13.4%	37,713	—	+16.9%
Operating income	2,125	6.6%	3,100	8.5%	+45.8%	3,298	8.7%	+55.2%
Ordinary income	1,814	5.6%	2,800	7.7%	+54.4%	3,025	8.0%	+66.8%
Net income◆	275	0.9%	1,500	4.1%	+445.5%	1,765	4.7%	+540.5%

◆Net income attributable to the parent company's shareholders ※Figures are rounded down to the nearest million yen

<Quarterly results>

(Millions of Yen)

	1Q			2Q			3Q			4Q		
	<Results>	% of Net sales	YoY change	<Results>	% of Net sales	YoY change	<Results>	% of Net sales	YoY change	<Results>	% of Net sales	YoY change
Net sales	8,439	—	+14.4%	9,305	—	+18.3%	9,545	—	+18.7%	10,422	—	+16.0%
Operating income	470	5.6%	+126.5%	964	10.4%	+82.3%	788	8.3%	+13.3%	1,075	10.3%	+55.2%
Ordinary income	429	5.1%	—	827	8.9%	+67.1%	724	7.6%	+8.7%	1,044	10.0%	+58.5%
Quarterly net income◇	221	2.6%	—	459	4.9%	—	361	3.8%	-14.0%	723	6.9%	+93.9%

◇Quarterly net income attributable to the parent company's shareholders ※Figures are rounded down to the nearest million yen

Factors influenced actual results

TAKEEI continued to achieve stable business results growth, with sharp year-on-year increases in both Net sales and operating income, acting as an engine for the entire Group's performance.

Individual group company Net sales and operating income 【Consolidated】

<Full-year>

Only One Earth



(Millions of Yen)

Company name:	Net sales			Operating income			OI ratio		Major business
	2019/3	2020/3	YoY change	2019/3	2020/3	YoY change	2019/3	2020/3	
Consolidated results	32,271	37,713	+16.9%	2,125	3,298	+55.2%	6.6%	8.7%	
<Waste treatment / Recycling>									
TAKEEI CORPORATION	15,630	18,604	+19.0%	427	1,709	+300.3%	2.7%	9.2%	Collection/transport, intermediate treatment, recycling and permeant disposal of wastes from construction and other businesses.
<Materials>									
Ikeda Construction Materials	841	671	-20.2%	281	151	-46.2%	33.4%	22.5%	Recycling of construction aggregates and crushed rocks
Gypro Co., Ltd.	803	746	-7.1%	290	277	-4.5%	36.1%	37.1%	Plasterboard recycling
Green Arrows Kantou Co., Ltd.	383	342	-10.7%	8	-66	—	2.1%	—	Plasterboard recycling
Green Arrows Tohoku Co., Ltd.	226	261	+15.7%	-37	-23	—	—	—	Plasterboard recycling
TAKEEI Metal Co., Ltd.	1,146	831	-27.5%	95	29	-69.4%	8.3%	3.5%	Recycling of scrap iron, steel and metals
Tohoku Koueki Co., Ltd.	248	243	-2.0%	35	25	-29.3%	14.2%	10.2%	Reproduction of crushed rocks by recycling sludge, cinders, soot/dust, slag among others.
Equal Zero Inc.	1,487	1,496	+0.6%	86	113	+31.4%	5.8%	7.6%	Treatment and recycling of waste liquid, harmful industrial waste.
TAKEEI Green Recycling Co., Ltd.	639	790	+23.8%	-40	22	—	—	2.8%	Recycling and production of renewable energy fuel primarily from green wood.
Landfill									
Hokuriku Environmental Services Co., Ltd.	1,136	1,109	-2.4%	432	323	-25.4%	38.0%	29.1%	Operation of controlled permanent disposal sites / recycling of waste plastics
Shinshu TAKEEI Co., Ltd.	1,037	1,175	+13.2%	33	67	+102.2%	3.2%	5.7%	Collection/transport, intermediate treatment, recycling and scrapping of industrial/domestic wastes.
TAKEEI Energy & Park Co., Ltd.	113	107	-5.9%	20	16	-20.3%	17.7%	15.0%	Utilization of used permanent disposal sites (parks or golf courses, photovoltaic generation, etc.)
Monzen Clean Park Co., Ltd.	—	—	—	-29	-30	—	—	—	<Business in preparation> Operation of controlled permanent disposal site
<Renewable energy business>				※※	※※				
T・V Energy Holdings, Inc.	—	—	—	-0.2	-0.3	—	—	—	Investment/financing and operation of renewable energy businesses.
Tsugaru Biomass Power Generation Co., Ltd.	1,556	1,560	+0.2%	144	180	+25.2%	9.2%	11.6%	Production of electricity from woody biomass
Hanamaki Biomass Power Generation Co., Ltd.	1,454	1,432	-1.5%	110	121	+10.8%	7.5%	8.5%	Production of electricity from woody biomass
Tamura Biomass Power Generation Co., Ltd.	—	—	—	-39	-52	—	—	—	<Business in preparation> Production of electricity from woody biomass
Yokosuka Biomass Power Generation Co., Ltd.	—	295	—	-25	-226	—	—	—	Retail electricity business (※ operation commenced on November 1, 2019)
Daisen Biomass Power Co., Ltd.	204	1,626	+698.2%	-39	93	—	—	5.7%	Production of electricity from woody biomass
Hanamaki Biomass Chip Co., Ltd.	632	652	+3.3%	16	34	+104.1%	2.6%	5.1%	Production and supply of woody biomass fuel for power generation.
Tsugaru Apple Power Co., Ltd.	176	225	+27.7%	16	25	+50.0%	9.3%	10.9%	Retail electricity business
Hanamaki Ginga Power Co., Ltd.	369	353	-4.3%	44	53	+21.9%	11.8%	15.0%	Retail electricity business
Daisen Komachi Power Co., Ltd.	67	669	+891.5%	※※-0.2	52	—	—	7.8%	Retail electricity business
Yokosuka Urban Wood Power Co., Ltd.	—	178	—	—	16	—	—	9.3%	Retail electricity business (※ commenced operation on November 1, 2019)
<Environmental engineering business>									
Fuji Car Manufacturing Co., Ltd.	5,129	5,680	+10.7%	100	217	+116.6%	2.0%	3.8%	Development, manufacture and sales of environmental facilities and vehicles.
<Environmental consulting>									
Environmental Conservation Co., Ltd.	743	743	+0.0%	74	86	+15.5%	10.0%	11.6%	Certified environmental survey and measurement services.
Earth-Appraisal Co., Ltd.	692	563	-18.6%	92	62	-32.3%	13.3%	11.1%	Environmental consulting
Consolidated eliminations	-2,441	-2,637		30	23				

※The above figures are rounded off to the nearest millions of yen, with the exception of consolidated figures, which are rounded down to the nearest million yen.

※※As these figures are small, fractional figures are shown.

Earnings Outlook for FY2021 (consolidated base)

(Millions of Yen)

	2020/3		2021/3			1H		2H	
	<Results>		<Forecast>			<Forecast>		<Forecast>	
		% of Net sales		% of Net sales	YoY change		YoY change		YoY change
Net sales	37,713	—	41,000	—	+8.7%	18,330	+3.3%	22,670	+13.5%
Operating income	3,298	8.7%	3,400	8.3%	+3.1%	1,000	-30.3%	2,400	+28.8%
Ordinary income	3,025	8.0%	3,150	7.7%	+4.1%	890	-29.2%	2,260	27,425
Net income◆	1,765	4.7%	1,770	4.3%	+0.3%	430	-36.8%	1,340	23,343

◆Net income attributable to the parent company's shareholders ※Figures are rounded down to the nearest million yen.

We have set out a new medium-term management plan “2023 to the FUTURE”. (3-year plan: FY2021 ~ FY2023)

※For detail, please refer to the Notice of the Formulation of New Medium-term Plan “2023 to the FUTURE” released on May 15, 2020.

1. To contribute to environmental conservation while increasing greater competitiveness through the operation of the renewable energy business.
2. To reinforce the group's capacity to deal with recycling waste plastics among others.
3. To expand our business domain as a general environmental enterprise through M&As and business collaboration.
4. To pursue the value-added commercialization of waste products, which are recyclable resources, and proactively promote the development of technology.
5. To make social contributions by treating waste and refuse arising from disasters, various activities by the TAKEEI Foundation for Sustainable Development Goals (SDGs) and other initiatives.

Business results targets for the last fiscal year (consolidated)

Net sales	¥47 billion
Operating income	¥5.2 billion
Net income	¥2.8 billion

• There remains uncertainty over the business climate for the year ending March 2021 due in large part to the new coronavirus pandemic, however group companies' intermediate treatment plants are set to respond rigorously to waste collection and reception needs to ensure we capture all the possible revenue opportunities.

• Estimated figures have factored in the contributions to earnings from Green Power Ichihara Co., Ltd. that became a consolidated subsidiary on April 30, 2020.

【Reference】 Consolidations of Green Power Ichihara Co., Ltd. (as subsidiary) and Junkan Shigen Co., Ltd. (as equity method affiliate)

Over recent years, TAKEEI CORPORATION has been focusing its attention on further expansion in the renewable energy business. In light of this, we have consolidated (as a subsidiary) Green Power Ichihara Co., Ltd., an operator of biomass power plants with one of the largest output capacities in the Tokyo Metropolitan Region and its fuel supplier (as an equity method affiliate) Junkan Shigen Co., Ltd..

Outline of Green Power Ichihara Co., Ltd. ※2

Foundation:	April 2004	
Operation commenced:	February 2008	
Capital:	¥495 million	
Description of operations	Electricity supply Recycling of combustion ash among others produced in incineration facilities	
Shareholders (investment ratio, %)	TAKEEI CORPORATION	(85.1)
	KAJIMA CORPORATION	(14.9)



External view of the power plant operated by Green Power Ichihara Co., Ltd.

Outline of Junkan Shigen Co., Ltd. ※2

Foundation:	August 2004	
Capital:	¥165 million	
Description of operations	<ul style="list-style-type: none"> • Storage and sale of fuel to generate power, with a focus on biomass materials (wood chips and RPF). • Timely and adequate supply of fuel to power generation facilities operated by Green Power Ichihara Co., Ltd. • Provision of guarantees on the quality and supply of fuel to Green Power Ichihara Co., Ltd. 	
Shareholders (investment ratio, %)	NEW ENERGY SUPPLY CORPORATION	(70) ※1
	TAKEEI CORPORATION	(30)



Bottom: Junkan Shigen Co., Ltd.'s fuel storage yard

※1 NEW ENERGY SUPPLY CORPORATION (NES)

It is necessary to establish a stable and adequate fuel supply system for the operation of woody biomass power generation as it requires a large amount of fuel. We realized that it is critical for industrial-waste treatment businesses to work cooperatively to create this system. Consequently, in 2004, following our calls on 11 companies to jointly invest in the system, NES was founded. (currently, it is owned by 18 partners).

※2 The effective date for both business combinations is April 30, 2020, but their deemed acquisition date has been set as June 30, 2020.

【Reference】 Business integration of TAKEEI Green Recycling Co., Ltd. and Yokosuka Biomass Power Generation Co., Ltd.

Only One Earth



The group companies' integrated operation aimed at the expansion of business domains is expected to help both companies further enhance their capacity to collect timber waste, pruned branches and other wood waste.

Fujiyoshida mill

Has further expanded its production volume of compost and fuel chips.

Yokosuka power plant

Has enhanced its function thanks to the stable delivery of fuel for power generation.



※ Undersized chips are fine and small timber offcuts. They often cause blockages inside power generation facilities therefore are not suitable for fuel chips.

Serving the environment / Enhanced competitiveness / Increased profitability

TAKEEI Group Medium-term Management Plan

“2023 to the FUTURE”

**~ To be a comprehensive environmental
management enterprise that facilitates national
environmental conservation initiatives ~**

**May 29, 2020
TAKEEI CORPORATION**



Reference 2: Assessment of achievements and overview of the previous medium-term management plan “VISION for 2020”

	FY2015 Results for immediate previous year	FY2020 ①Med-term plan 5th year results	FY2020 ②Med-term plan 5th year estimates	Achievement rate ①/②
Net sales	¥26.4 bn	¥37.7 bn	¥60.0 bn	63%
Operating income	¥1.9 bn	¥3.3 bn	¥10.0 bn	33%
Operating income ratio	7%	9%	17%	-8 points
Net income attributable to the parent company's shareholders*	¥1.1 bn	¥1.8 bn	¥5.0 bn	36%
Payout ratio**	20%	26%	25% or higher	
Own capital ratio	53%	34%	40% or higher	
ROE**	5%	7%	15% or higher	

<Overview of “VISION for 2020”>

- Factors for significant under-achievements:
 - ① A number of delays in capital investment projects
Recognized delays include 2 biomass power plants, 3 terminal landfill sites and 1 intermediary processing plant
(details of progress of capital investment projects are described on the following page).
 - ② Withdrawal of anticipated M&A deals
Deals in two fields - environmental consulting and environmental engineering were called off.
- Achievements:
The consolidated to non-consolidated ratio improved, reflecting doubled revenue sources. Especially, the renewable energy business showed solid growth, promising to become a new core business of the group.



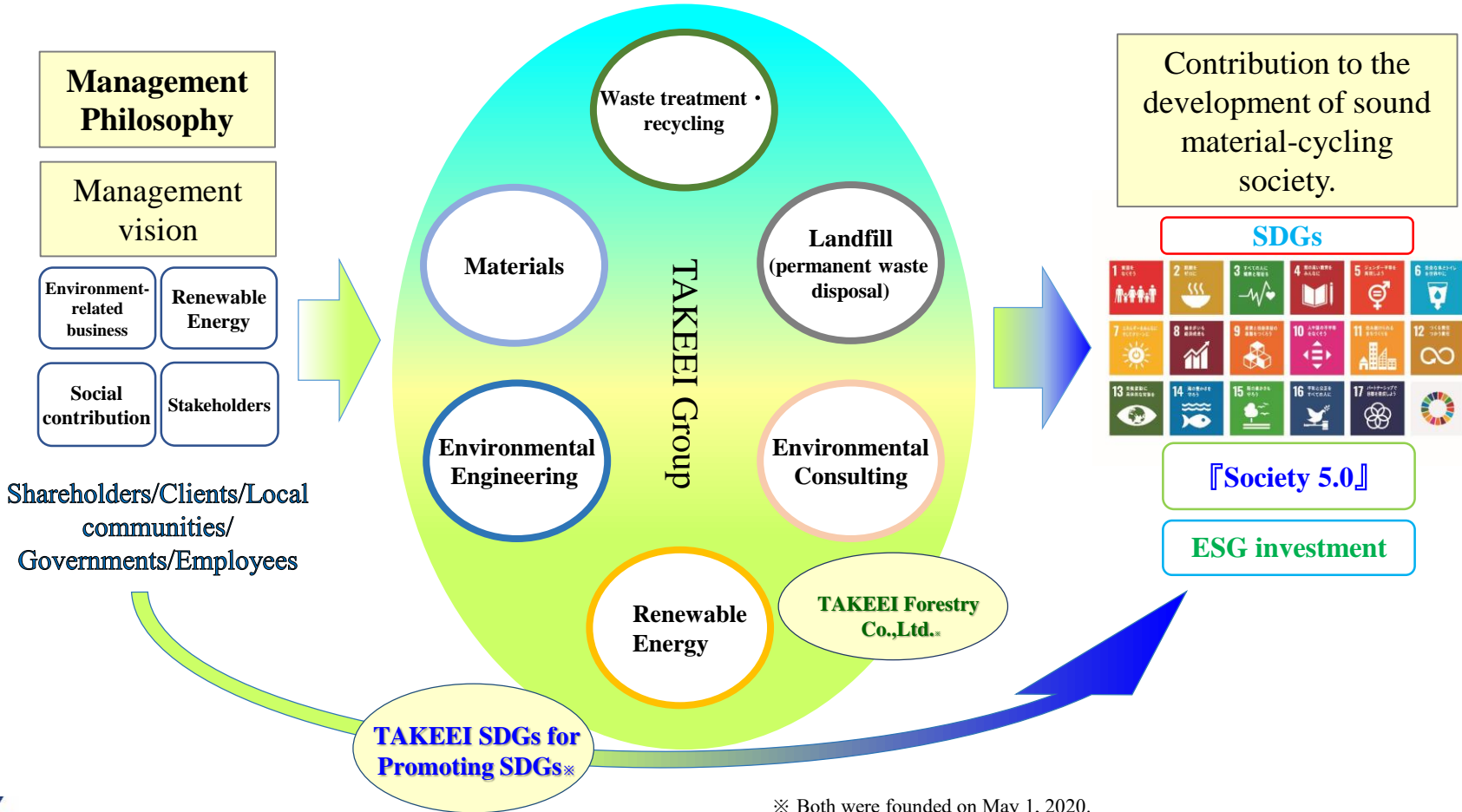
<Embarking on a new med-term plan “2023 to the FUTURE”>

※ Net income for FY2015 excluded the impact of goodwill (in the year we recognized negative goodwill of ¥2.4 bn).

※※ Figures are rounded off to the nearest whole number.

『Basic concept of “2023 to the FUTURE”』

To be a comprehensive environmental management enterprise that facilitates national environmental conservation initiatives



※ Both were founded on May 1, 2020.



Overview of med-term plan “2023 to the FUTURE”

We are a ‘general environmental enterprise’, committed to contributing to a sound material-cycling society.

1. 1. The objective of this med-term management plan :

As a ‘general environmental enterprise’, the TAKEEI Group is committed to contributing to the development of sound material-cycling society. We will continue to address the expansion in the transaction volume as well as emphasizing capital investment, M&A and cooperative operations to effectively deliver our business of reprocessing waste into marketable products as well as energy.

We have formulated a med-term management plan “2023 to the FUTURE” that specifies earnings targets and growth strategies among other goals.

2. Period covered:

- ① Three years from FY2021 to FY2023 (numeric targets are specified)
- ② 5 and 10-year prospects (growth strategy and other qualitative goals are presented)

3. Quantitative targets:

Net sales ¥47 bn / Operating income ¥5.2 bn (Operating income ratio11%) / Net income ¥2.8 bn 《Fiscal 2023, ending March 2023》

4. Qualitative goals: Growth strategy and other goals to visualize our prospects after 5 and 10 years from now.

- ① With the operation of the renewables business, we aim to contribute more effectively to environmental conservation and strengthen our competitiveness.
- ② We will enhance the group’s ability to cope with various recycling issues with particular focus on the increasingly serious social problem of waste plastics.
- ③ We will expand our business domain as a ‘general environmental enterprise’ through M&As and cooperative operations.
- ④ We will promote the value-adding and commercialization of waste products that are recyclable resources, for which we will proactively pursue technological development.
- ⑤ We will make social contributions through several approaches including offers to process wastes and refuse arising from natural disasters, also supportive activities by the TAKEEI Foundation for Sustainable Development Goals (SDGs).
- ⑥ We will accede to the founding spirit of an environment-oriented enterprise and motivate the group’s human resources.

Med-term plan “2023 to the FUTURE” Performance after 3 years (numeric targets)

※ consolidated base

	FY2020 (results for the immediate previous year)	FY2023 (3rd year of the med-term plan)	Growth rate (against FY2020)
Net sales	37,713	47,000	1.2times
Operating income	3,298	5,200	1.6times
Operating income ratio	9%	11%	+2 points
Net income <small>(Net income attributable to the parent company's shareholders)</small>	1,765	2,800	1.6times

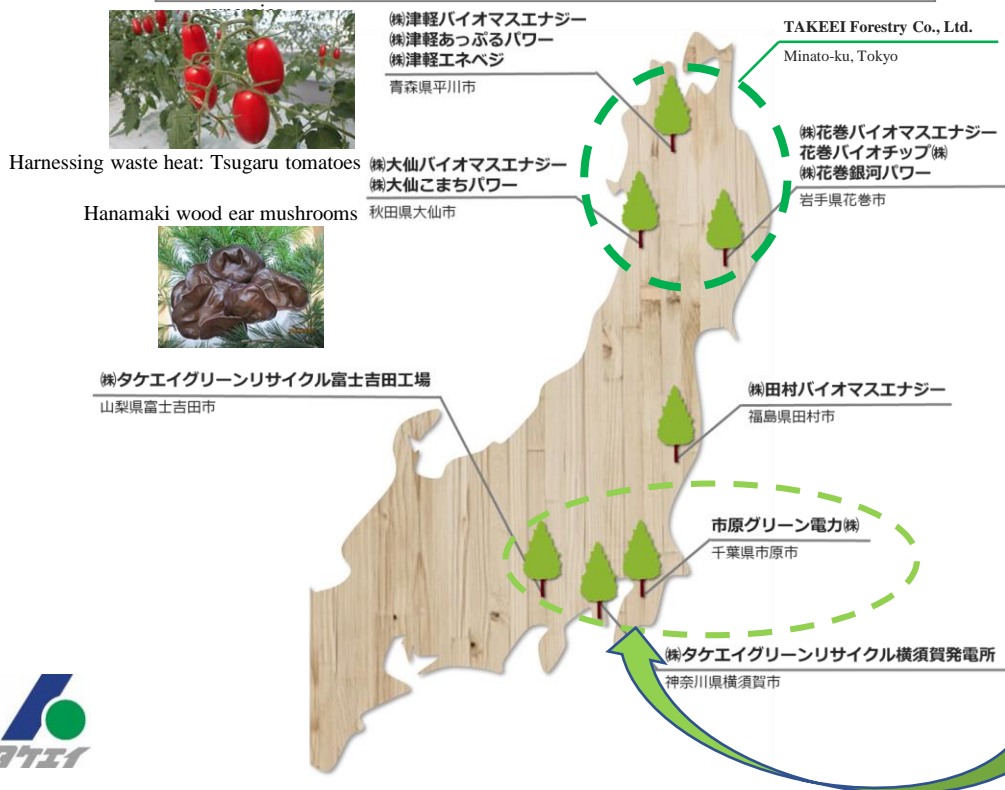
(Rounded down to the nearest million yen; % figures are rounded off to the nearest whole number)

- * Capital investment projects are to continue, while a consolidated operating income margin at 10% or higher is sought.
- * Dividend payout ratio remains at 25% or more.
- * Own capital ratio is set to stand at 40% or higher.

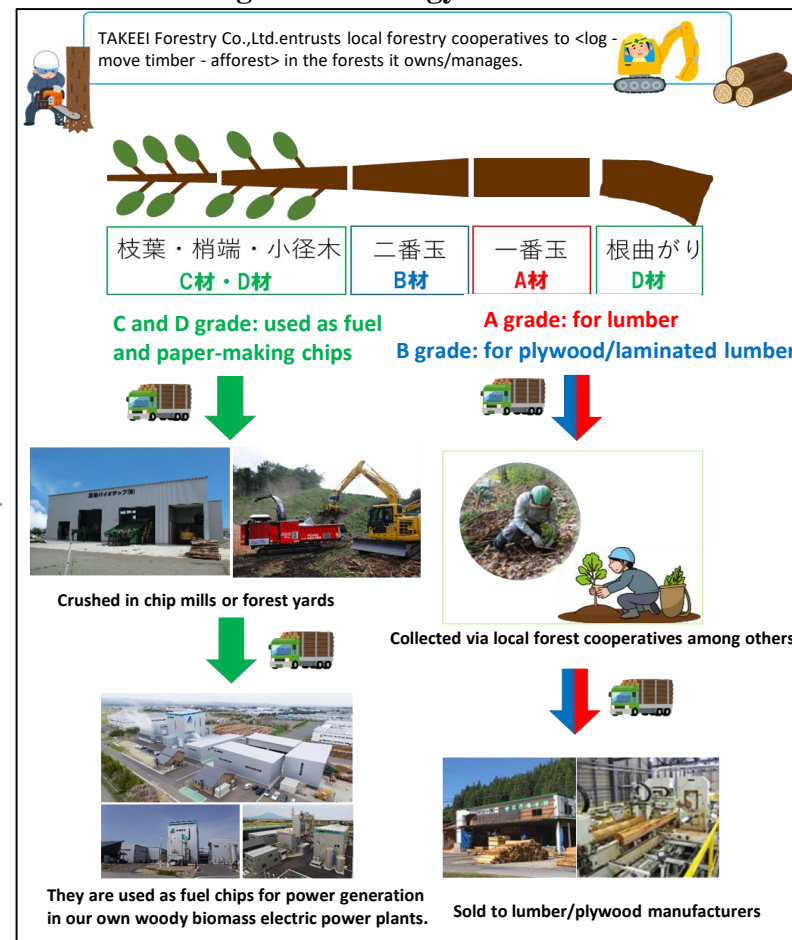
1. Expansion in the renewable energy business <2>

<Development of our biomass power generation business>

- TAKEEI CORPORATION embarked on the operation to generate electric power using biomass in 2015, in Hirakawa city (Aomori). Following this, we further launched new plants in Hanamaki city (Iwate), Daisen city (Akita) and Yokosuka city (Kanagawa). In April 2020, we acquired Green Power Ichihara Co.,Ltd. through M&A, also we expect to extend the business to Tamura city (Fukushima) in 2021.
- During this time, we have developed a 'local production for local consumption' business model in partnership with local communities (principally local governments and forest businesses), while proactively working on the effective utilization of waste heat.
- Going forward, not only are we set to work closely with local communities to identify opportunities on which we can capitalize local advantages but also encourage collaboration between group companies and benefit from these



<TAKEEI Forestry Co.,Ltd. takes the lead in our backward integration strategy>



- We are poised to promote the utilization of the thinned wood and waste log materials collected by TAKEEI Forestry Co., Ltd. for biomass power generation to service an extensive Tokyo Metropolitan area (primarily by Ichihara GPW), according to need.

4. Value-adding and commercialization of waste and the development of technology for these purposes <1>

① To promote the enhancement of equipment at core intermediary processing factories

Tokyo Recycle Center

Commercialization of sand products (they are generated from the intermediary treatment process)

Waste tile carpets
Replacement of recycling equipment

‘Eco-form’ product line expansion

➔ A decrease in cost of subcontracted processing work, improved productivity and reduction in workload

Kawasaki Recycle Center

Integration of roughing work into one process line and replacement of the flammable crushing machine

Value-adding approach to waste plastics and others

Completion of the structure to increase the production of RPF.



RPF manufacturing plant (Kawasaki)



Eco-form (Tokyo)



RPF (Kawasaki)

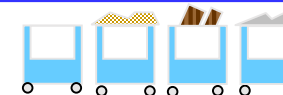
- In consideration of the labor-intensive nature of intermediary processing work, manufacturing plants are set to adopt AI and IoT technology to drive productivity and achieve higher value-added commercialization of wastes.

② Rigorous waste separation at source to facilitate recycling efficiency

Collaboration with clients (to recognize the importance of waste sorting)

Adoption of purpose-designed vehicles (to reduce staff workload)

Development of translucent containers, etc. (for efficient collection)



➔ Rigorously separated waste collection, helping facilitate the acquisition of high-quality waste materials.

Shorter unloading time
Improved working method at the plant

Adoption of online order-receiving
Shifting towards a paperless office

Implementation of a networked operation (deployment of IT system)

- Lower ratio of collection & transport costs to sales
- Improved customer satisfaction



- The shortage of field operators associated with the ‘work style reforms’ is an industry-wide issue to be addressed. We continue to pursue lower environmental burdens and efficient collections among other procedures, thereby promoting the development of a networked collection & transport system.



2. Strengthen response capabilities to waste plastics which becomes a social problem <2>

Countermeasure 1/Own incineration facility:

• Preparing a stable processing destination, using group's infrastructure and self manufacturing of incineration function.

Countermeasure 2/Expand final landfill site:

• A stable landfill mainly consisting of construction waste is in Tokyo capital area, controlled final landfill site that can accept incinerated ash such as waste plastic expand in the Hokuriku region.

• **Promotion of projects:** stable disposal site: TAKEEI (Chiba Prefecture, Chiba City, Narita City)
/ management type disposal site: Monzen clean park (Ishikawa Prefecture, Wajima City Monzen)



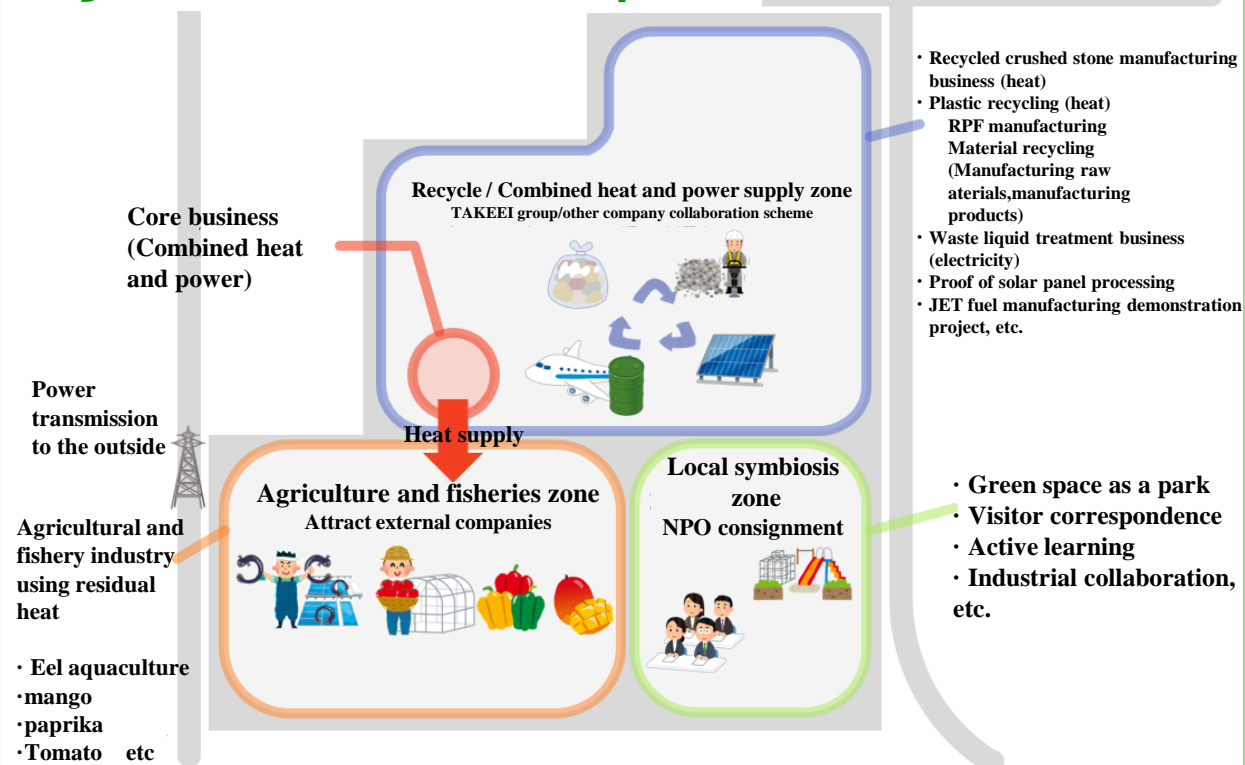
↑ Under development
Monzen Clean Park

Countermeasure 3/ Recycling PR:

• The planned site of Soma City, Fukushima Prefecture, which was acquired in June 2017, will be a large-scale business site, and will implement a comprehensive recycling plant concept that utilizes the infrastructure within the industrial park (RPF power generation, solar panel RC etc).

• **On going projects:** Incineration ash recycling business
(Manufacturing recycled crushed stone) /
Tohoku Koueki

Image of Soma business development



【Reference】 TAKEEI Foundation for SDGs Promotion

TAKEEI is determined to support the accomplishment of SDGs (the ‘Sustainable Development Goals’). In light of this, with the purpose of stressing on company-wide efforts and elevating group employees’ awareness of this initiative, on May 1, 2020, we established a general incorporate foundation the ‘TAKEEI Foundation for SDGs Promotion’. In the run-up to its establishment, we donated a total of 25,000 surgical masks to Soma city in Fukushima (home to TAKEEI CORPORATION Soma Office), Wajima city, Shikamachi and neighboring towns in Ishikawa (home to Monzen Clean Park Co., Ltd.).



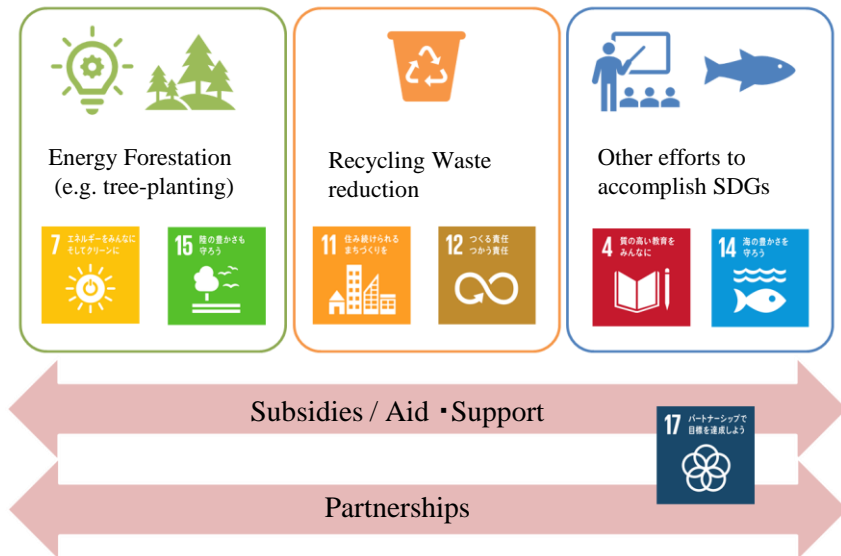
Picture: Mr Hidekiyo Tachiya (right), the Mayor of Soma city

Reprinted from the Soma city website



Locations of Wajima (city) and Shikamachi

Overview of TAKEEI Foundation



Overview of TAKEEI Foundation (income and expenditure)

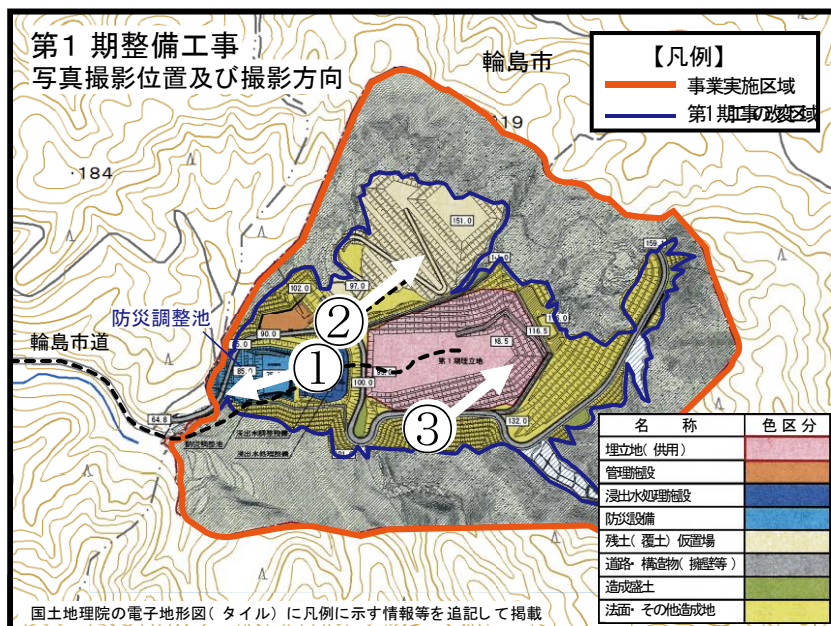
Income The Foundation is financed with profits generated from environmentally beneficial work, conducted by TAKEEI CORPORATION and TAKEEI Group-wide businesses. (For example, a paperless office initiative, part of saved expenses by web-conferencing among others)

Expenditure	Energy, forestation (tree-planting, etc.)	Recycling, waste reduction	Other activities to support the accomplishment of SDGs
Example	Tree-planting initiatives	Clean-up action	Reconstruction assistance, environmental education, etc.
Major activities	<ul style="list-style-type: none"> Participation in planting and tree growing programs Implementation of activities to protect community forests 	<ul style="list-style-type: none"> Participation in local community clean-up programs Support for waste separation jobs in the event cleaning field 	<ul style="list-style-type: none"> Participation in reconstruction work Implementation of environmental education programs, such as study tours for families.

【Reference】 Update information of Monzen Clean Park construction (photos were taken in April 2020)

The construction work is progressing very well.

We continue to be fully aware of environmental conservation and ensure that safe working practices are in place.



A yard to store surplus soil extracted from the construction work of a disaster prevention pond

Planned site for a depot to store covering soil



Updated business conditions of Yokosuka Biomass Power Generation, and synergies associated with the collaboration with Green Power Ichihara in light of a strategy to promote urban biomass power generation

Details of non-consolidated profit margins for 4Q of FY2020

**Outlook for gross profit and SG&A
for the period covered by
the new medium-term management plan
Possibility to reduce a SG&A to sales ratio
to the 12% mark
The expected highest gross profit**

Expected debt-to-equity ratio for FY2021

**Prospect of the company's business
in year 2030, from a viewpoint of
segment-specific composition ratios**

**Medium to long-term capital investment
plans after the close
of the new med-term plan period**

**Details of the renewable energy business
which is expected to drive profits
in the new med-term plan period**

The impact of the novel coronavirus pandemic

TAKEEI CORPORATION



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