

Financial Briefing Materials for Q2 FY2025

Takuma Co., Ltd. | November 21, 2025

TAKUMA

1. Results for Q2 FY2025, and Forecast for FY2025

2. Progress of Management Strategies

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1. Results for Q2 FY2025, and Forecast for FY2025

Orders
received

In Q1 (April–June), the Company received orders for two DBO waste treatment plant projects and two new biomass power plant construction projects. Progress is in line with the earnings forecast, and there is no change to the outlook.

Net Sales /
Profit

Higher revenue, lower profit. Although net sales increased, operating profit declined due to higher fixed costs such as personnel expenses. Performance continues to trend steadily in line with the earnings forecast (forecast of higher revenue and higher profit), and there is no change to the outlook.

(JPY millions)	FY3/25 Q2	FY3/26 Q2	YoY change	
Orders received	162,013	161,747	(265)	(0.2%)
Order backlog	576,561	669,389	+ 92,828	+ 16.1%
Net sales	68,064	70,110	+ 2,045	+ 3.0%
Operating profit	4,548	4,117	(430)	(9.5%)
Operating margin	6.7%	5.9%	(0.8pt)	-
Ordinary profit	5,053	4,561	(492)	(9.7%)
Profit attributable to owners of parent Interim / Net income	4,114	3,822	(291)	(7.1%)
Per share Interim / Net income (yen)	51.79	50.94	(0.85)	(1.6%)

FY3/25 Actual Results	FY3/26 Earnings Forecast	Compared to Previous Period	
246,301	250,000	+ 3,698	+ 1.5%
577,752	662,752	+ 85,000	+ 14.7%
151,161	165,000	+ 13,838	+ 9.2%
13,532	14,500	+ 967	+ 7.1%
9.0%	8.8%	(0.2pt)	-
14,095	15,000	+ 904	+ 6.4%
10,391	11,700	+ 1,308	+ 12.6%
132.24	158.00	+ 25.76	+ 19.5%

(JPY millions)	FY3/25 Q2	FY3/26 Q2	YoY change		Key Factors for Increase/Decrease
Orders received					
Total	162,013	161,747	(265)	(0.2%)	Increase in the package boiler business, but declines in three other businesses (-).
Domestic Environment and Energy	144,789	138,566	(6,223)	(4.3%)	Differences in project scale and contract timing (-)
Overseas Environment and Energy	1,337	799	(537)	(40.2%)	Decrease in maintenance orders (-)
Package Boiler	11,313	18,622	+ 7,309	+ 64.6%	Consolidation of IHI Packaged Boiler Co., Ltd. subsidiary (+) and gradual recovery in demand (+)
Equipment and Systems	4,810	3,985	(825)	(17.2%)	Decrease in orders (-)
Net sales					
Total	68,064	70,110	+ 2,045	+ 3.0%	Increase mainly in the package boiler business (+)
Domestic Environment and Energy	52,625	53,116	+ 491	+ 0.9%	Change in the EPC project mix (-), and increase in after-sales service (+)
Overseas Environment and Energy	1,454	1,750	+ 295	+ 20.4%	Increase in progress of plants with received orders (+)
Package Boiler	8,560	11,584	+ 3,023	+ 35.3%	Consolidation of IHI Packaged Boiler Co., Ltd. subsidiary (+) and increased progress on projects with received orders (+)
Equipment and Systems	5,657	3,825	(1,831)	(32.4%)	Decrease due to reactionary decline from large-scale projects (-)
Operating profit					
Total	4,548	4,117	(430)	(9.5%)	Increase in revenue (+), and rise in fixed costs such as personnel expenses (-)
Domestic Environment and Energy	4,838	4,788	(49)	(1.0%)	Increase in revenue (+), and rise in fixed costs such as personnel expenses (-)
Overseas Environment and Energy	177	(9)	(186)	-	Changes in project mix (-)
Package Boiler	463	493	+ 30	+ 6.6%	Consolidation of IHI Packaged Boiler Co., Ltd. subsidiary (+), and rise in fixed costs such as personnel expenses (-)
Equipment and Systems	358	269	(89)	(24.9%)	Decrease in revenue (-)

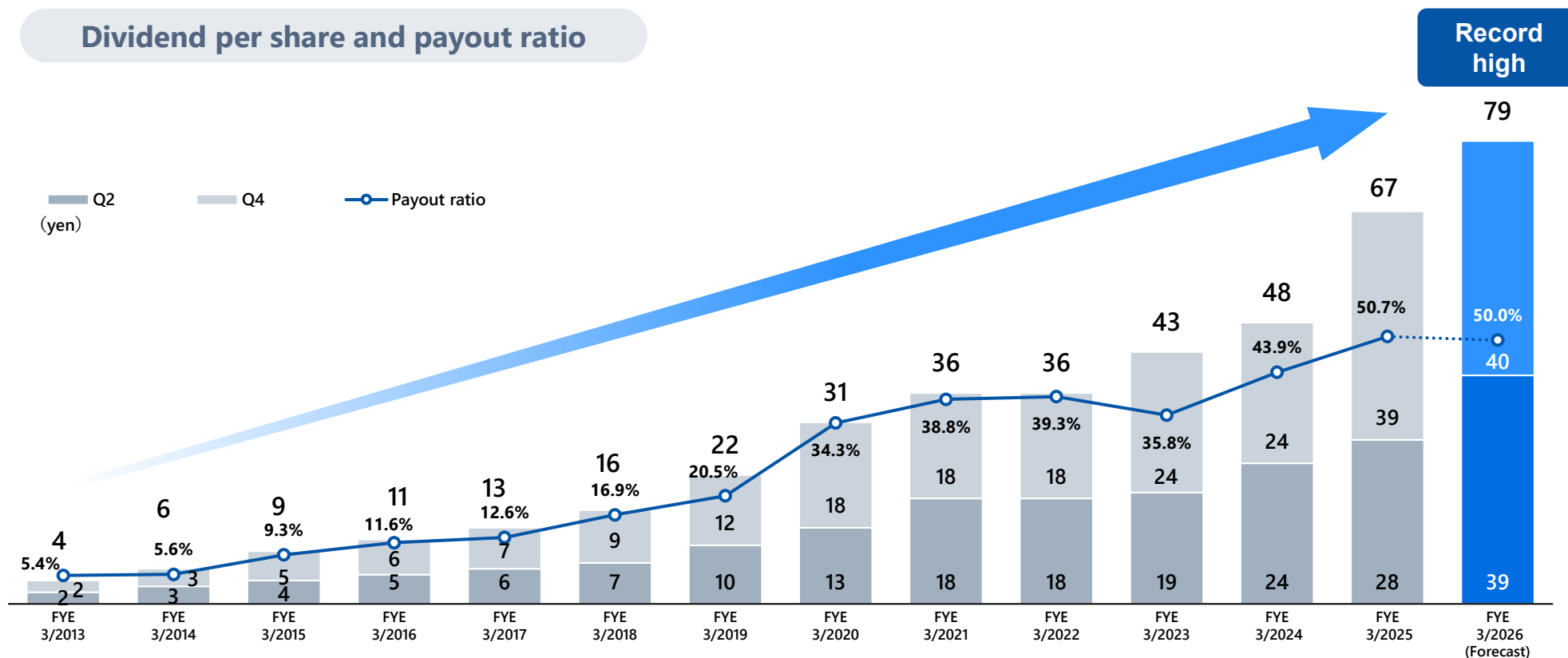
*Adjustments omitted

- ✓ The annual dividend per share for FY2025 is expected to be 79 yen, a record high, representing an increase of 12 yen. There has been no change from the dividend forecast at the beginning of the period.

14th MTP Shareholder return policy

- Enhancing shareholder returns and improving capital efficiency through stable dividends and share repurchase
- 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%
- Share repurchase totaling approximately JPY 18 billion over three years to improve capital efficiency

Dividend per share and payout ratio

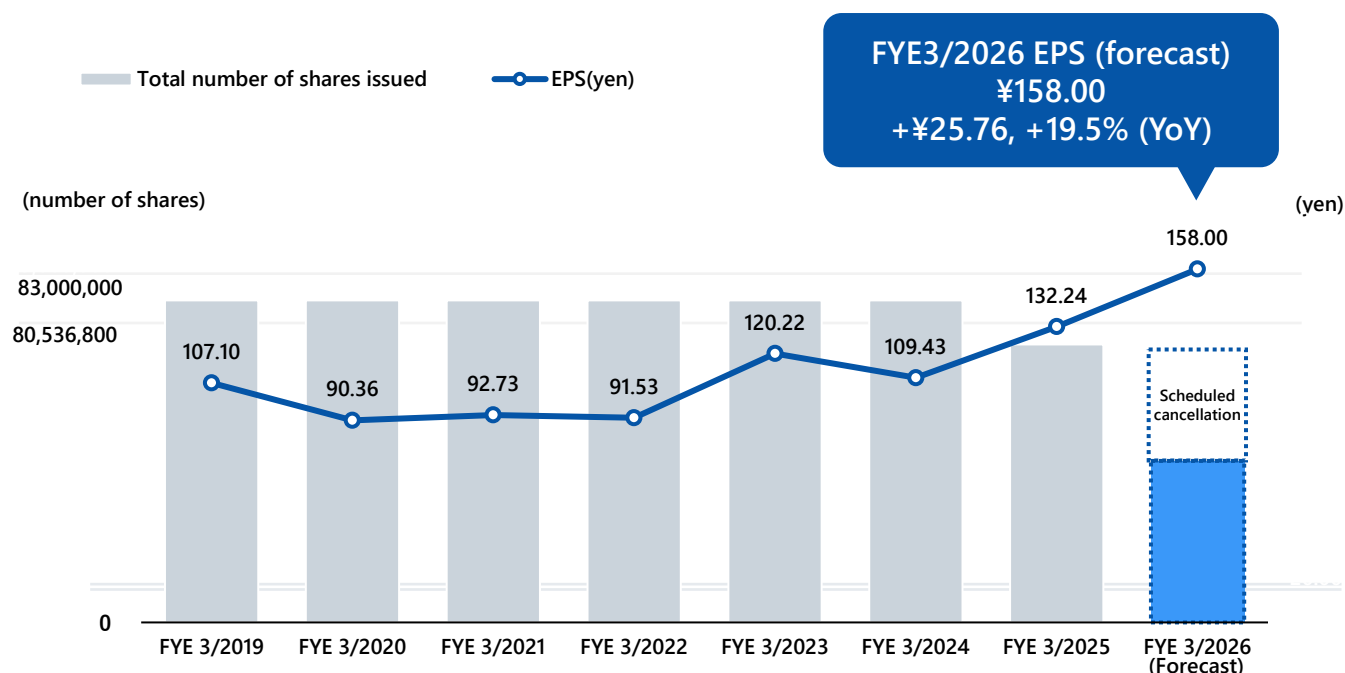


- ✓ We plan to repurchase approximately 18 billion yen of treasury shares over the three-year period of the 14th Medium-Term Management Plan (FY2024-2026) in order to improve capital efficiency and enhance shareholder returns. The total return ratio for the 14th MTP period is expected to be approximately 100%. Currently acquiring treasury shares based on the resolution passed by the Board of Directors on 14 February 2025.

Repurchase status of treasury shares during the 14th MTP period

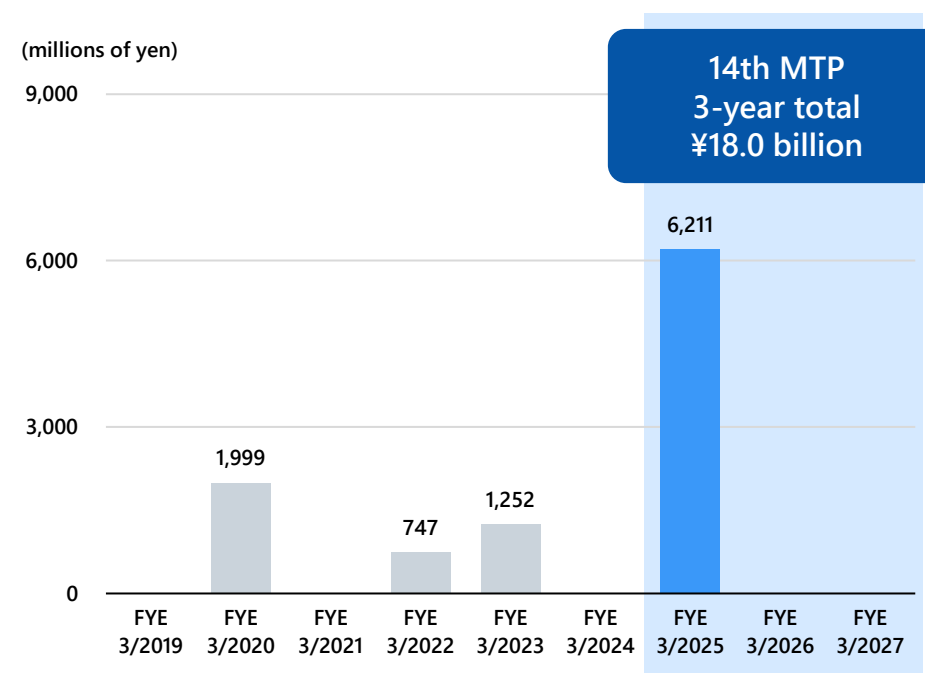
- 1 Board of Directors resolution of May 14, 2024: maximum ¥4 billion (from May 15, 2024 to January 15, 2025), all acquired shares were canceled.
→Completed; 2,463,200 shares (2.97%) repurchased and cancelled (total number of shares issued as of March 31, 2025: 80,536,800 shares)
- 2 Board of Directors resolution of February 14, 2025: maximum ¥10 billion (from February 17, 2025 to February 16, 2026), all acquired shares are planned to be cancelled.
→Acquired 3,851,200 shares (approximately ¥7.5 billion) by the end of October 2025.

Total number of shares issued and EPS



* The forecast of EPS takes into account the effect of the acquisition and disposal of treasury stock, decided at the Board of Directors meeting on February 14, 2025

Amount of share repurchase



2. Progress of Management Strategies

Management Policy

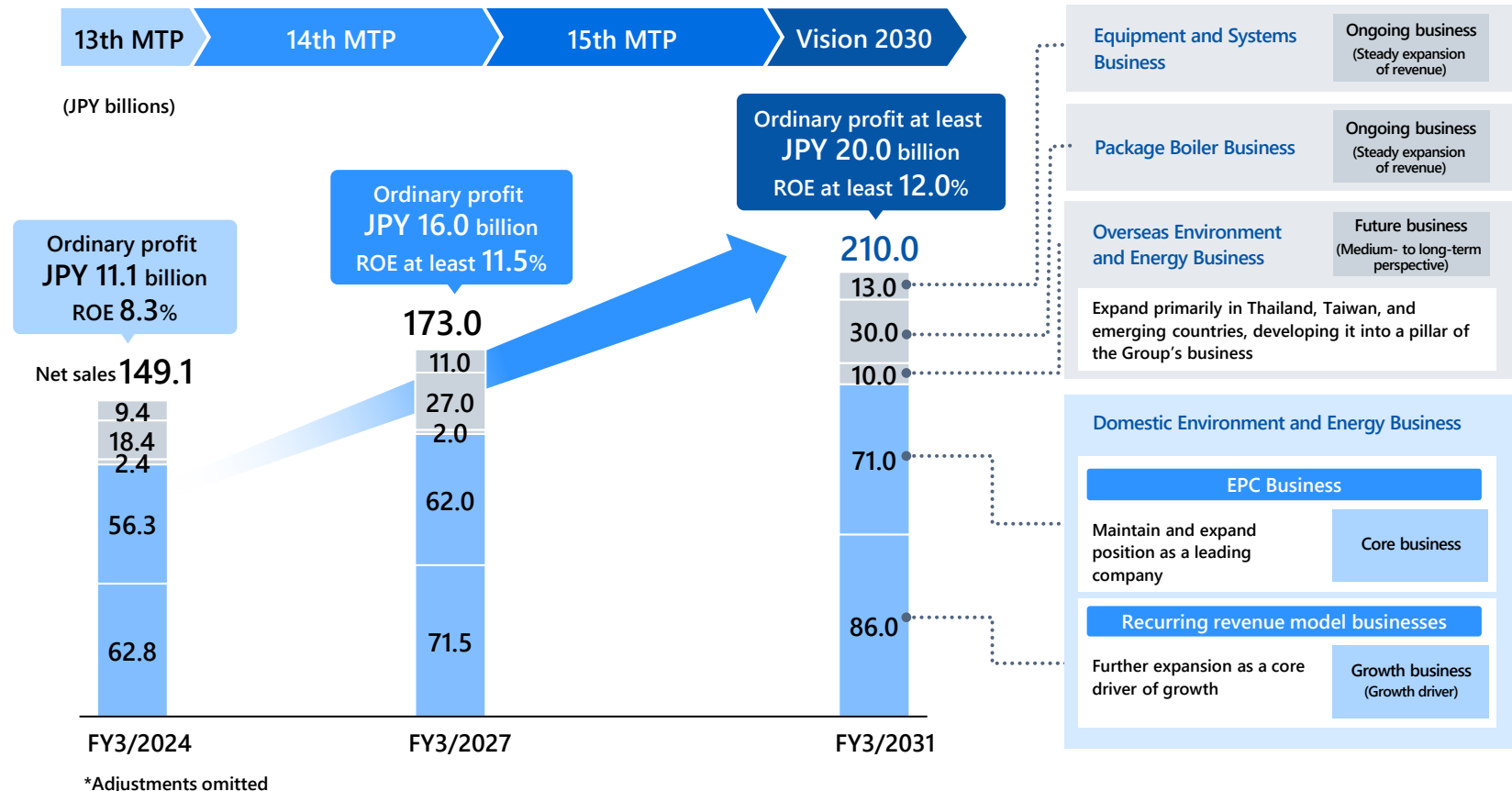
- ✓ The Group aims to contribute to solving social issues (ESG challenges) and enhance corporate value through businesses founded on its strengths—namely, technological capabilities and strong trust-based relationships with customers.
- ✓ Achieve further expansion with recurring revenue model businesses as the core driver of growth for Vision2030. Work on expanding the EPC business at the same time as recurring revenue will increase to achieve ordinary profit of JPY 20.0 billion by FY3/2031.

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.

Vision2030

We aim 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 reach an ordinary profit level of JPY 20.0 billion.



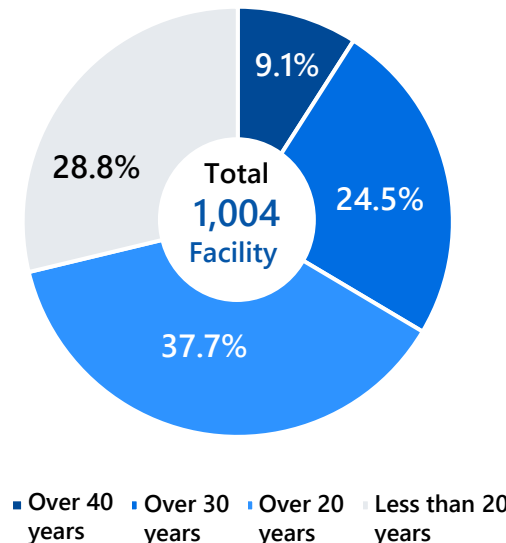
✓ The 14th Medium-Term Management Plan is positioned to materialize the growth story for realizing the vision by prioritizing investment of management resources into receiving orders for municipal solid waste treatment plants (renewals and primary equipment improvement) and establishing a revenue model that maximizes the use of recurring revenue.



- ✓ Approximately 70% of the roughly 1,000 operating waste incineration facilities in Japan are more than 20 years old and deteriorating. Demand for replacement, maintenance, and modification work continues. Demand for outsourcing plant operation together with EPC (DBO projects) also continues.
- ✓ The Company aims to secure strong demand by focusing on recruitment and development of personnel.

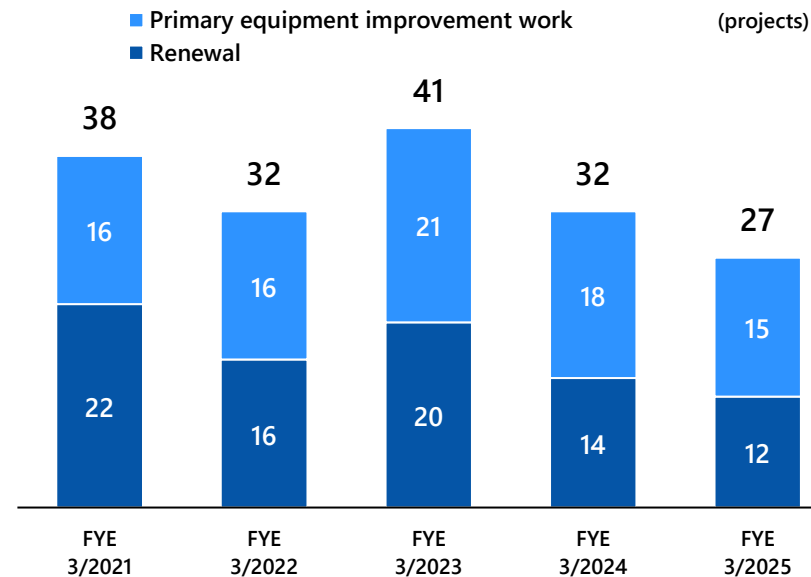
Operating Waste Incineration Facilities
– Distribution by Years of Operation

Facilities over 20 years old
make up more than 70%



Trends in Orders
for Renewal and Primary Equipment Improvement Market

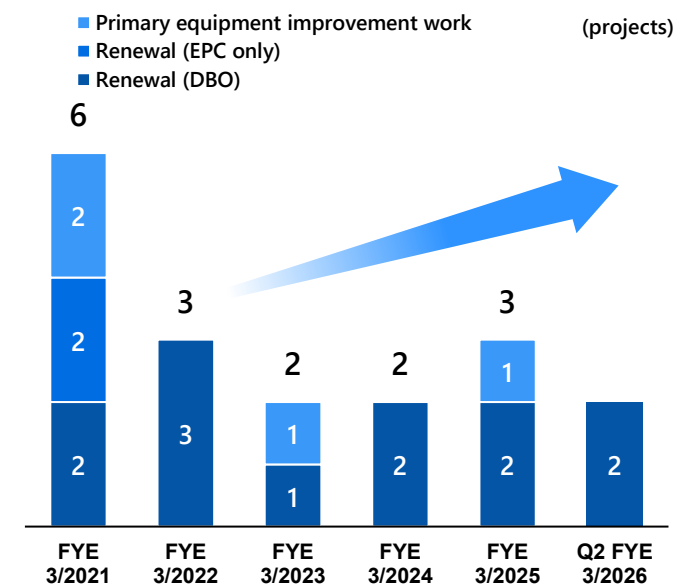
Along with renewal and primary equipment improvement sustained annual demand for approximately 15–20 facilities



*Based on contract signing dates; Company estimate.

EPC Business
– Trends in Number of Orders received

Aiming to expand order share
(Three or more DBO projects per year; multiple primary equipment improvement projects)



Source: Created by the Company based on the Ministry of the Environment's "Survey Results on General Waste Treatment Operations, FY2023."

Strengthening the Management Foundation

Basic Policy 1 : Securing and development of human resources

- ✓ Approximately 1,200 personnel will be required for Takuma on a standalone basis by FY2030. Strengthen recruitment and training mainly in the technical, construction, and maintenance divisions. While the number of employees continues to increase steadily, the number of resignations has also risen slightly. The Company will continue proactive recruitment activities for both new graduates and mid-career hires.

HR Initiatives

1. Securing a diverse workforce that matches the business strategy

- ✓ Enhancing brand recognition through initiatives such as acquiring naming rights at university facilities (Kobe University) and conducting school visits
- ✓ Promoting mid-career recruitment through various methods, including recruitment agencies and referral hiring

2. Strengthening the foundation for human resource development

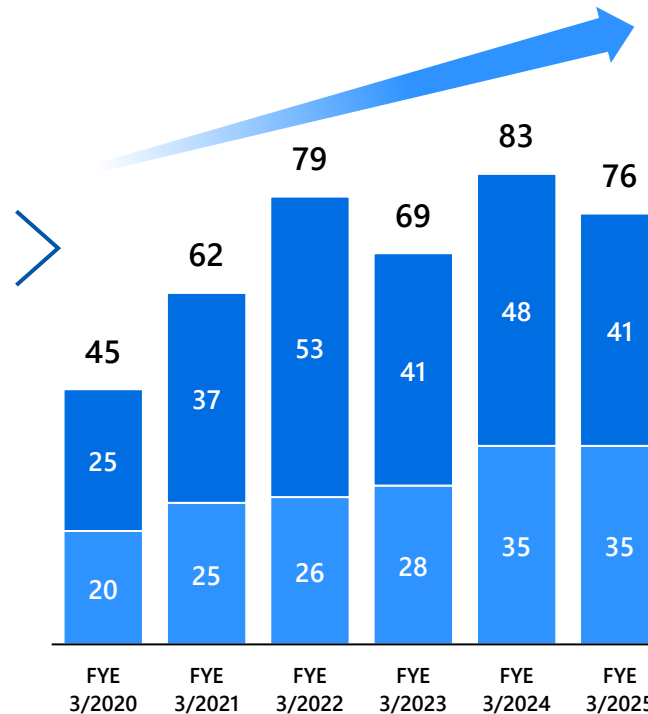
- ✓ Expansion of training programs such as tier-based communication training, training for mid-career hires, and management training

3. Further improvement of job satisfaction and work environment

- ✓ Wage increases (over 5% in FY2023–FY2024 and over 7% in FY2025)
- ✓ Career development support through individual interviews between young employees and the HR Department
- ✓ One-on-one meetings, improvement of office environments, etc.

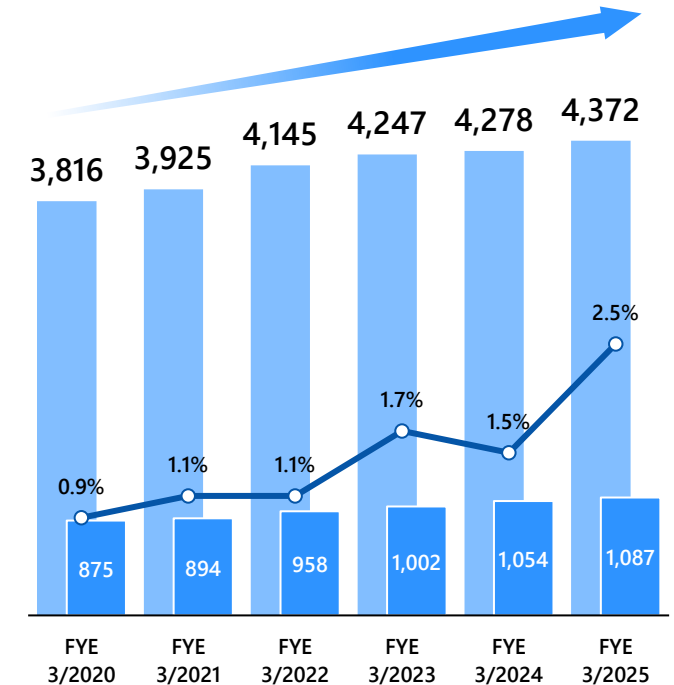
Hiring Trend

(Persons) ■ Mid-Career Recruitment (non-consolidated)
■ New Graduate Recruitment (non-consolidated)



Number of employees

(Persons) ■ Number of employees (consolidated)
■ Number of employees (non-consolidated)
○ Voluntary resignation rate (non-consolidated)



Municipal solid waste treatment plants

DBO project for waste treatment facilities in Numazu City, Shizuoka Prefecture

- The project includes the construction of incineration and recycling facilities, which will operate for 20 years and 3 months starting January 2030.
- Treatment capacity: 210t/day Contract amount: 45.40 billion JPY (excluding tax)
*total amount of orders received by the corporate group represented by Takuma

DBO project for waste treatment facilities in Ichikawa City, Chiba Prefecture

- The project includes the construction of incineration and non-combustible/bulky waste treatment facilities, which will operate for 20 years starting January 2031.
- Treatment capacity: 423t/day Contract amount: 66.08 billion JPY (excluding tax)



New solid waste treatment facility for Numazu City (image)

Energy plants

Biomass Power Plant for FIT at Clean Wood Energy K.K.

- The power generation project utilizes the FIT (Feed-in Tariff) scheme.
- Generating capacity: 1,990kW; scheduled Completion: November 2027.

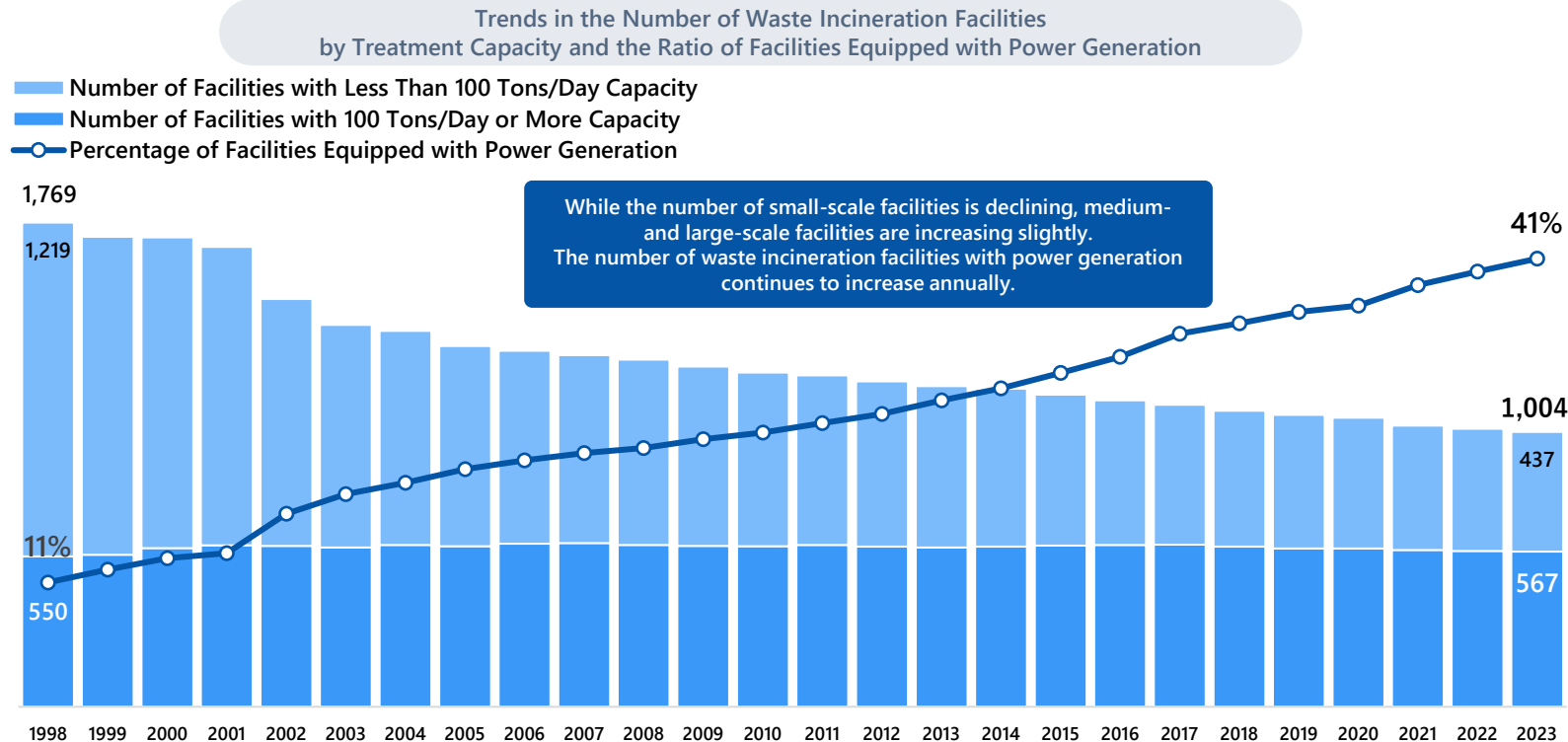
Biomass Power Plant for Self-consumption at Nihon Kaisui Co., Ltd. Sanuki Plant

- Replacement of existing coal-fired power plant to biomass power plant (fuel conversion)
- Generating capacity: 9,400 kW; scheduled Completion : January 2029.



Biomass power plant for Clean Wood Energy (image)

- ✓ In land-scarce Japan, landfill disposal is difficult, and incineration remains essential from a sanitation standpoint. As a result, demand for facility replacement and improvement is expected to continue over the medium to long term. With the expansion of wide-area waste management, the number of small-scale waste incineration facilities is decreasing, while medium- and large-scale facilities with capacities of 100 tons/day or more are increasing slightly.
- ✓ Going forward, driven by climate change measures and the promotion of private-sector involvement, facilities are expected to become more multifunctional and expand their roles, thereby increasing added value.
*Examples include the installation of power generation equipment and CO₂ separation and recovery systems, as well as outsourcing operation and maintenance (O&M) services to private companies.



Source: Ministry of the Environment "Survey Results on Municipal Waste Treatment." Prepared by the Company. Includes facilities under construction and temporarily suspended.

1997: Former Ministry of Health and Welfare "Guidelines for the Prevention of Dioxin Emissions in Waste Treatment"

Promoting wide-area waste management
(facility scale: minimum of 100 tons/day or more)

2019: Ministry of the Environment "Notice on Wide-Area Waste Management and the Consolidation of Waste Treatment Facilities to Ensure Sustainable and Appropriate Disposal."

Climate change measures and disaster preparedness are becoming increasingly important factors in waste treatment policies.

2020: "2050 Carbon Neutral Declaration"

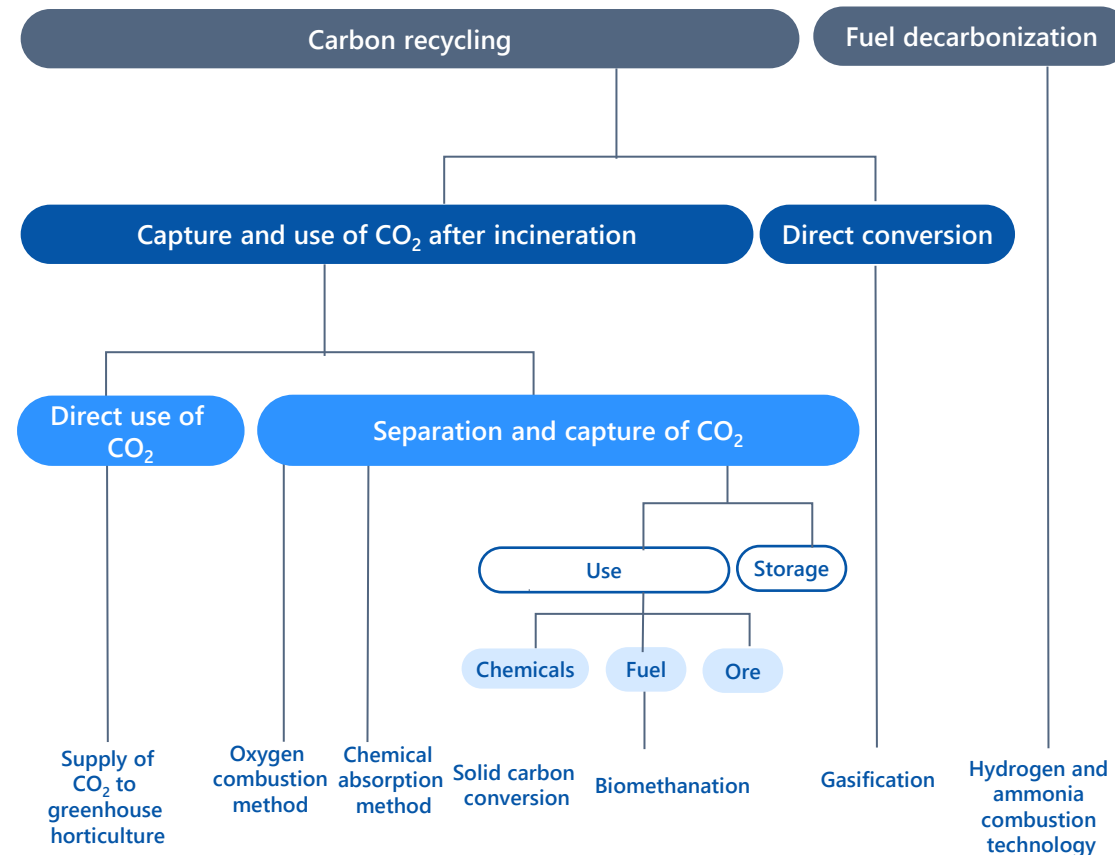
Promotion of decarbonization in the fields of waste management and resource circulation

Facilities are expected to become more multifunctional and expand their roles.

- The installation of power generation equipment and CO₂ separation and recovery systems.
- Role as disaster prevention and energy hubs
- Outsourcing operation and maintenance (O&M) services to private companies

- ✓ Assuming decarbonization technologies for waste treatment facilities will be sufficiently established by around 2030, we will strengthen R&D focusing on CCUS and carbon recycling technologies.

R&D roadmap for decarbonization technologies



Energy-efficient CO₂ capture and separation system

- A system is currently under development to separate and capture CO₂ from flue gas emitted by waste treatment and biomass power facilities using a proprietary chemical absorption method based on a non-aqueous absorbent, enabling energy-efficient recovery
- At the Maniwa Biomass Power Plant, which we delivered in 2015, we are conducting an on-site demonstration trial using a newly installed system that continuously separates and captures CO₂ for 24 hours (from July 2024 to June 2026).
- A demonstration unit with a daily CO₂ capture capacity of six tons has been developed, featuring energy-saving and space-saving design. Starting in FY2027, performance evaluations will begin at the Senboku Clean Center in collaboration with the Association for environmental improvement facilities in the Senboku and the Universal Energy Research Institute, Inc.

- ✓ Mainly in the Domestic Environment and Energy Business, we are proactively gathering information on M&A opportunities that contribute to strengthening our capabilities, including human resources, and expanding our business domains.
- Priority field

Segment (Business field)		Purpose/category		
		Functional enhancement	Expansion of business domain	In-house production of key devices
Domestic Environment and Energy	Municipal solid waste treatment plants	Strengthening of existing businesses and expansion of personnel	Expansion of peripheral businesses and creation of new businesses	Manufacturers and engineering companies
	Water treatment plants			
	Energy plants			
	Power retail business	Expansion of service lineup and personnel		
Overseas Environment and Energy		Local partners in EPC Business		
Package Boiler		Supplementation of producing functions	New heat source systems	
Equipment and Systems		Securing of human resources and area expansion (Equipment business)		

✓ PMI is underway for IHI Packaged Boiler Co., Ltd., which became a consolidated subsidiary in April 2025.

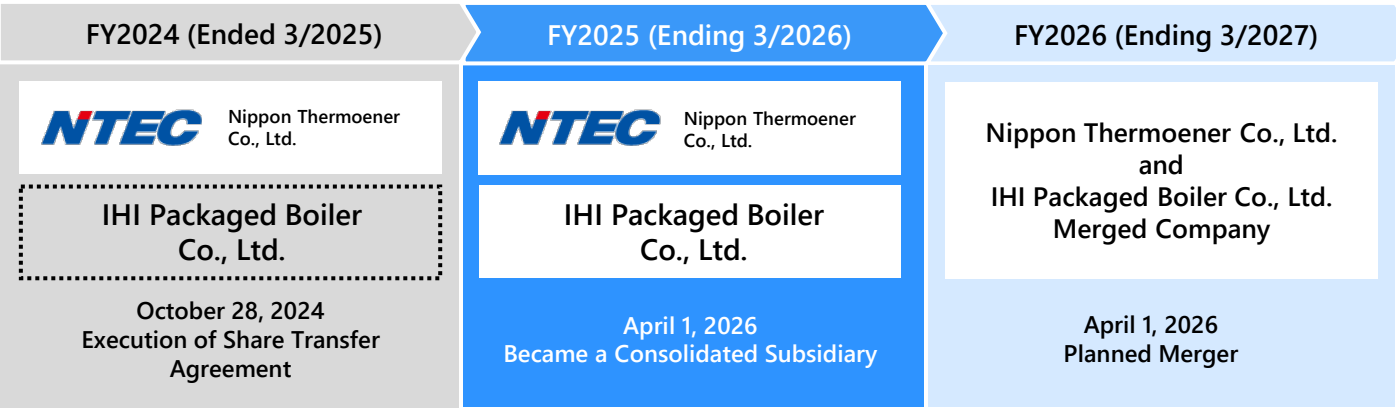
Business Environment

Although the domestic market has matured, a certain level of demand, such as for renewals, is expected to continue in the near future. 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.

Deliveries (cumulative)

As of April 1, 2025, IHI Packaged Boiler Co., Ltd. became a consolidated subsidiary of Takuma Co., Ltd., and on April 1, 2026, the Company plans to merge IHI Packaged Boiler Co., Ltd. with Nippon Thermoener Co., Ltd. By combining the product lineups and technological capabilities of both companies, which have high shares in the domestic general-purpose boiler market, we will establish a supply system for products and services with higher added value.

Integration Schedule for companies in the package boiler business



(JPY millions)	FY3/25 (actual)	FY3/26 (Target)	FY3/27 (Target)
Orders received	20,266	Toward April 1, 2026 Integration Preparations 29,000	The merger aims to maximize synergies. 27,000
Net sales	19,845	26,000	27,000
Operating profit	1,394	1,400	1,800

PMI Status

- ✓ Establishment of the Integration Preparation Committee
- ✓ Various reviews and organizational preparations
 - Business and Organizational Structure
 - Product Lineup
 - Production Structure
 - Sites and Sales Offices
 - HR, Core Systems, etc.

Summary of Today's Presentation

The TAKUMA logo is located in the top right corner of the slide. It consists of the word "TAKUMA" in a bold, blue, sans-serif font, with a stylized blue swoosh graphic element above the letters.

Progress toward the full-year earnings forecast is proceeding smoothly as of the second quarter.

From a medium- to long-term perspective, the Company continues to secure steady orders in both EPC and stock businesses. To remain responsive to future changes in the business environment, the Company is also advancing initiatives such as securing human resources, pursuing research and development, and engaging in M&A activities.

The Company will continue to operate with a focus on renewable energy utilization and environmental conservation, striving to remain an essential presence in society as a leading company in these fields.

We sincerely appreciate your continued support.

The TAKUMA logo is displayed in the middle right section of the slide. It features the word "TAKUMA" in a bold, blue, sans-serif font, accompanied by a blue swoosh graphic above the text.

November 21, 2025

TAKUMA Co., Ltd.

President and CEO

Kunio Hamada

3. Appendix

Company Profile

Business Model

14th Medium-Term Management Plan

Business Environment

Capital Policy

Q2 FY2025, Results by Segment and Earnings Forecast

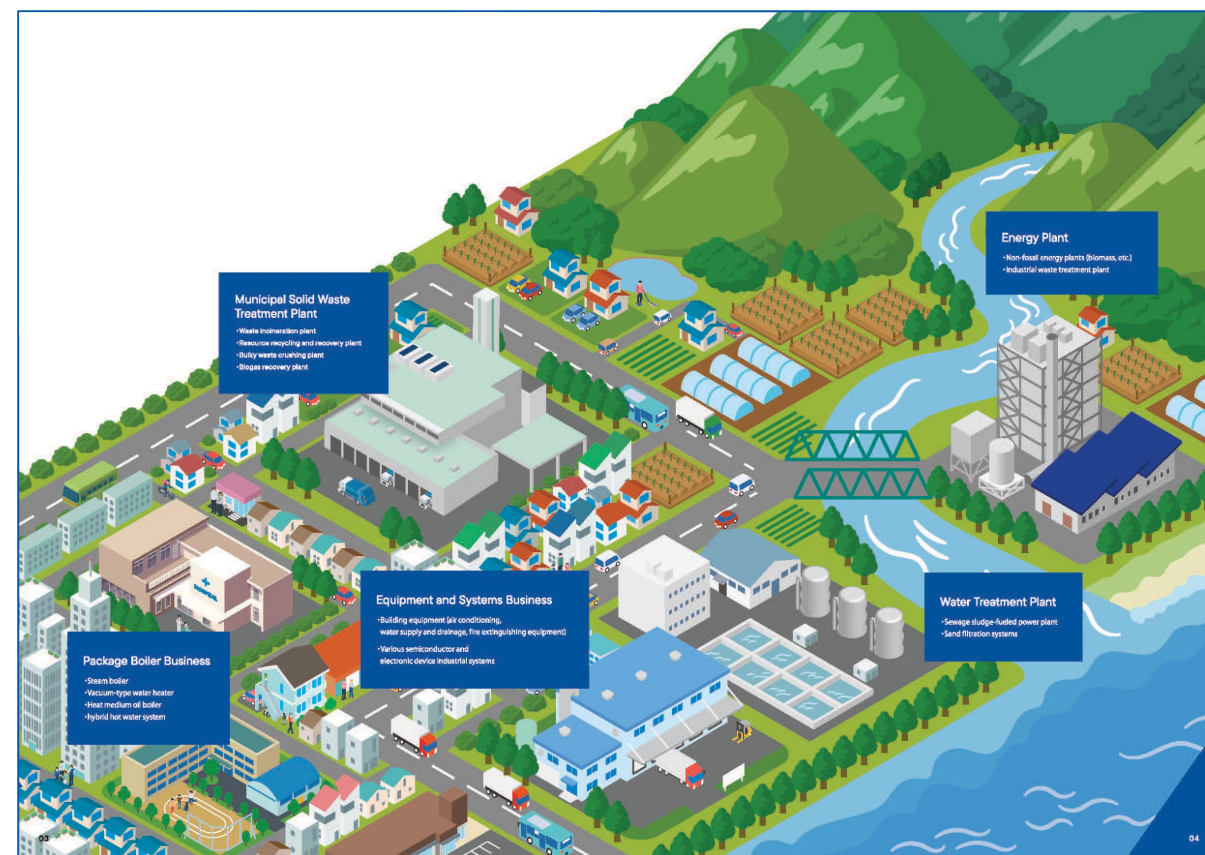
Data Collection

- ✓ Our principal business involves the design, construction (plant engineering in the environmental and energy fields) and after-sales services of facilities essential to daily life and industry, such as waste treatment facilities, biomass power plants, sewage treatment facilities.

Company Outline

Name	TAKUMA CO., LTD.
Established	June 10, 1938
Representative Director	Kunio Hamada, President and CEO
Head Office	2-2-33 Kinrakuji-cho, Amagasaki, Hyogo 660-0806, Japan
Capital	¥ 13.3 billion
Stock Listing	Tokyo Stock Exchange Prime Market (code: 6013)
Number of employees as of March 2025	[Consolidated] 4,372 [Non-consolidated] 1,087
consolidated results FYE 3/2025	[Net sales] ¥ 151.1 billion [Operating profit] ¥ 13.5 billion

Our Business Fields



- ✓ In 1912, founder Tsunekichi Takuma invented the first boiler to be entirely produced in Japan and founded TAKUMA Co., Ltd. in 1938 as a boiler manufacturer. In 1963, we delivered Japan's first fully continuous mechanical waste incineration plant by leveraging our combustion and engineering technology cultivated through boiler improvement and entered the environmental field.
- ✓ Since then, we have accumulated extensive experience and expertise in plant EPC and after-sales services, primarily in the fields of environment and energy, establishing this as our core strength.

History

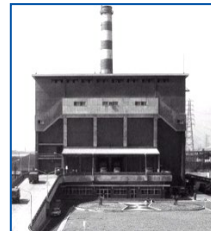
1912
The Takuma boiler using purely Japanese technology was launched by Tsunekichi Takuma



1938
Takuma Boiler Manufacturing Co., Ltd., was founded as a boiler manufacturer.

*1972 Company renamed TAKUMA CO., LTD.

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



2014
Takuma's first biomass power plant under Japan's FIT system was launched.



Energy

Energy Plants (Domestic Environment and Energy Business)

Environment

Municipal Solid Waste Treatment Plants

(Domestic Environment and Energy Business)

Water Treatment Plants

(Domestic Environment and Energy Business)

Takuma's achievements

(As of the end of march 2025)

Municipal solid waste treatment plant
Over 370 plants, Worldwide



Recycling plant
Over 90 plants, Japan



Biomass power plant
Over 650 plants, Worldwide



Industrial waste treatment plant
Over 120 plants, Worldwide



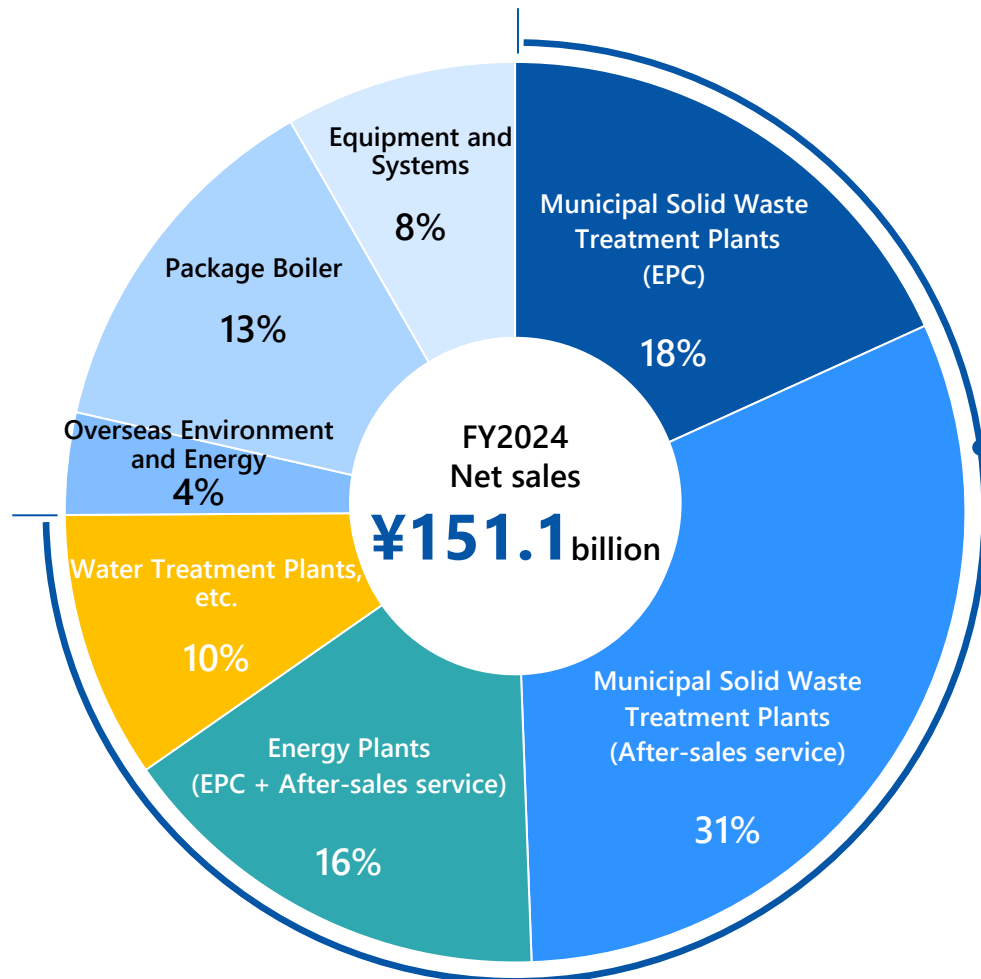
Step grate stoker type sewage sludge incineration
Over 20 plants, Japan



Upflow moving-bed sand filtration system
Over 2,900 units, Japan



- ✓ The flagship Domestic Environment and Energy Business, including engineering, procurement, and construction (EPC) and after-sales service of municipal solid waste treatment plant, accounts for most net sales and operating profit.



Business Segment	Key Businesses	
Domestic Environment and Energy 75%	Municipal Solid Waste Treatment Plants (EPC) Municipal solid waste treatment plant EPC (engineering, procurement, and construction) for municipalities	
	Municipal Solid Waste Treatment Plants (After-sales service) Plant operation management, maintenance and improvement	
	Energy Plants Biomass power plant, large boiler and industrial waste treatment plant EPC and after-sales service for private enterprises	
	Water Treatment Plants, etc. Sewage treatment facility EPC and after-sales service for municipalities, as well as power retail business, etc.	
Overseas Environment and Energy	Energy from Waste plant and Energy plant EPC and after-sale service primarily in Thailand and Taiwan, where Takuma has local subsidiaries	
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	

Plant
Completion

←..... Approx. 2-5 years→

←..... Approx. 20-30 years→

EPC

After-sales service (O&M)

Recurring revenue
model businesses

Plant design, manufacturing,
procurement, and construction



Number of operational waste
incineration facilities

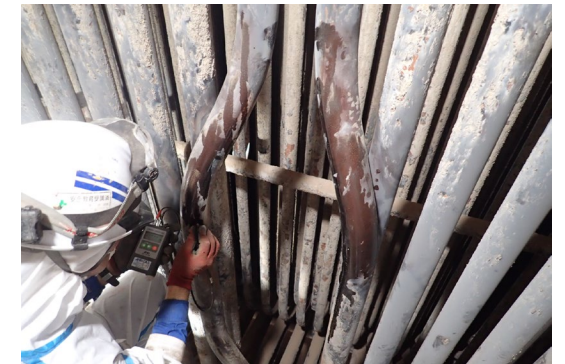
Over 100



● Facilities in operation as of the end of March 2025



Plant Operation Management and
Maintenance (O&M)



- ✓ For EPC orders, sales are recorded according to the progress of construction. Assuming that the plant construction period is 4 years, sales will make significant progress in the 3rd year and the first half of the 4th year (see “construction” period in the diagram below).
- ✓ Total sales fluctuate depending on the composition of EPC projects progressing during the relevant period (✕referred to as “changes in the EPC project mix”).

Illustration: Sales Progress of Project Orders

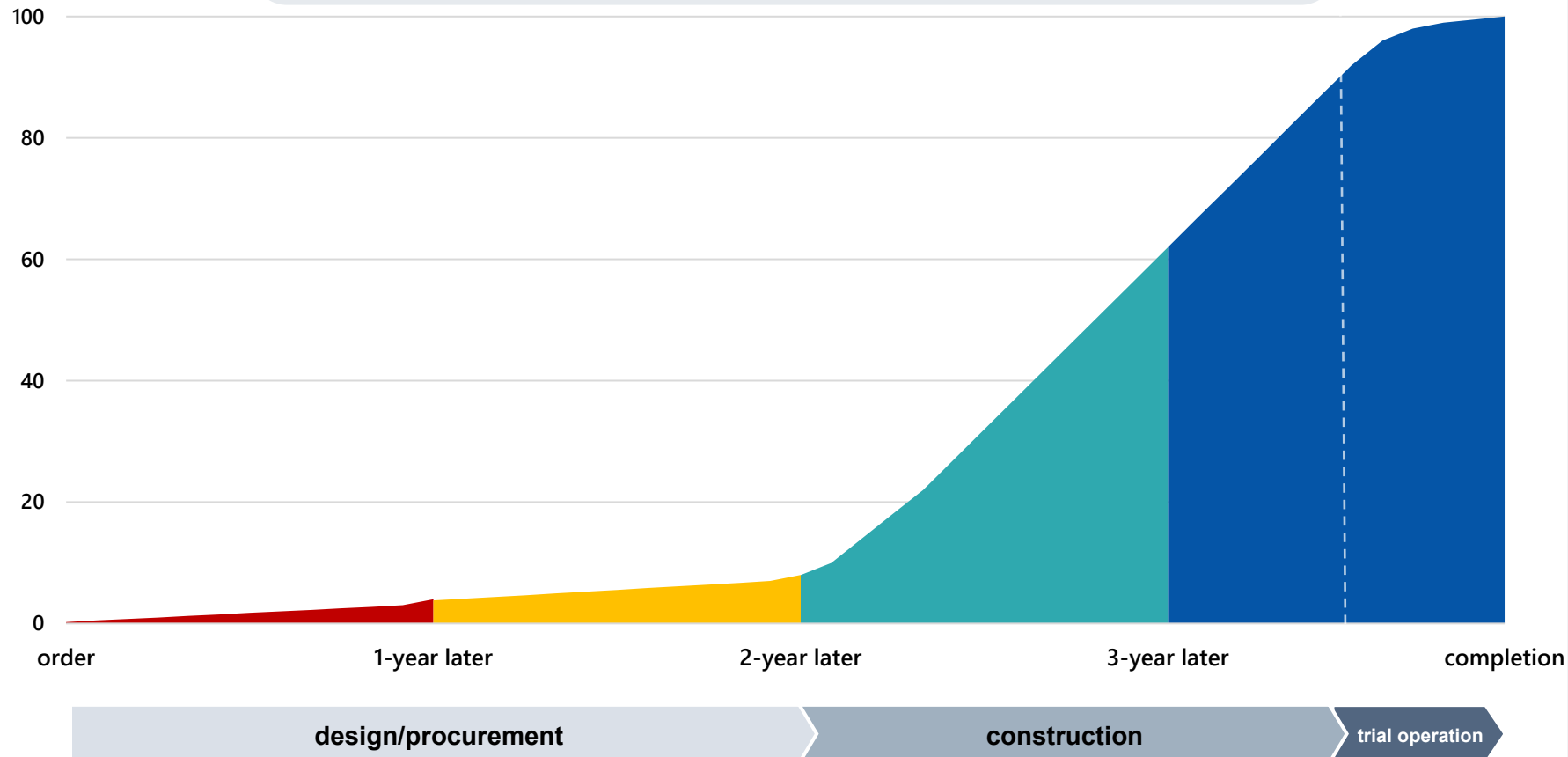
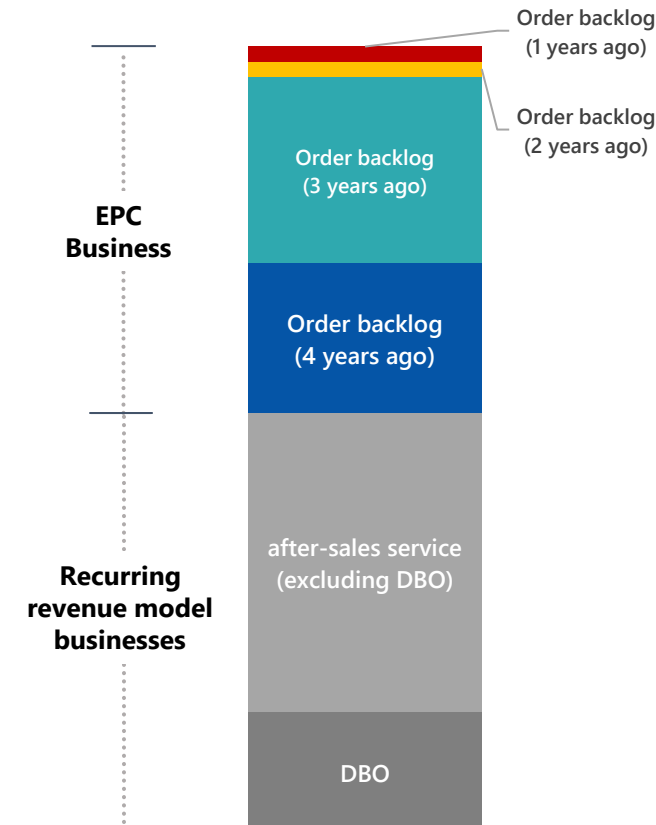


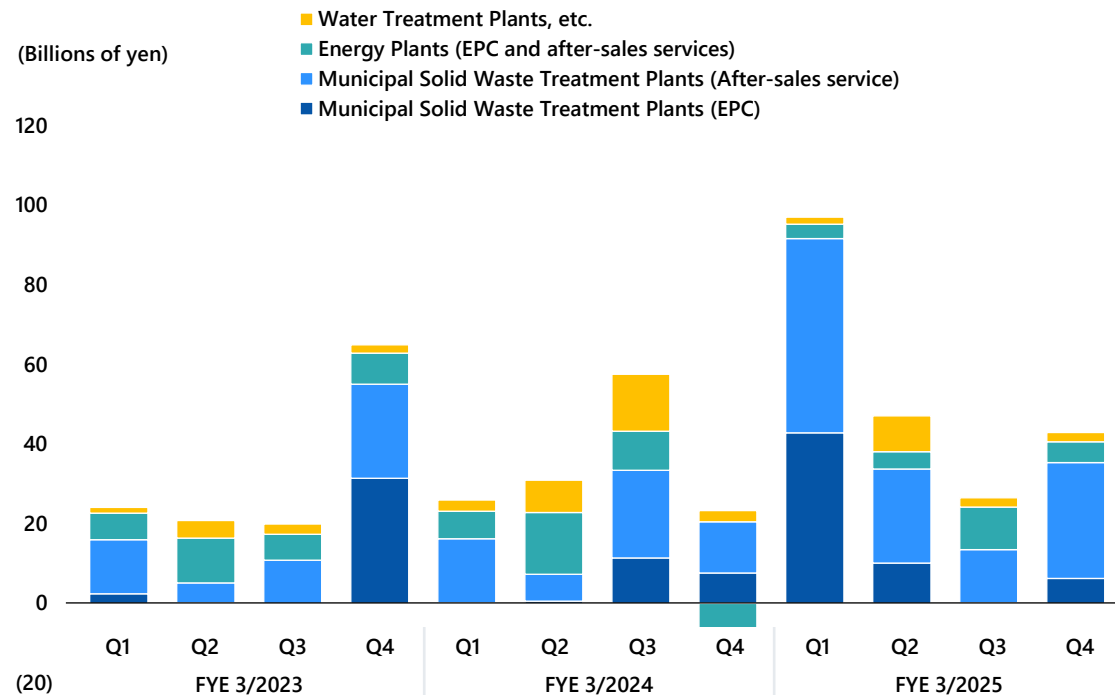
Illustration: Sales Composition of Domestic Environment and Energy Business



- ✓ Orders received vary significantly depending on the timing that municipal solid waste treatment plants projects are recorded.
- ✓ Net sales tend to increase going into the fourth quarter, although it fluctuates due to changes in the EPC project mix.

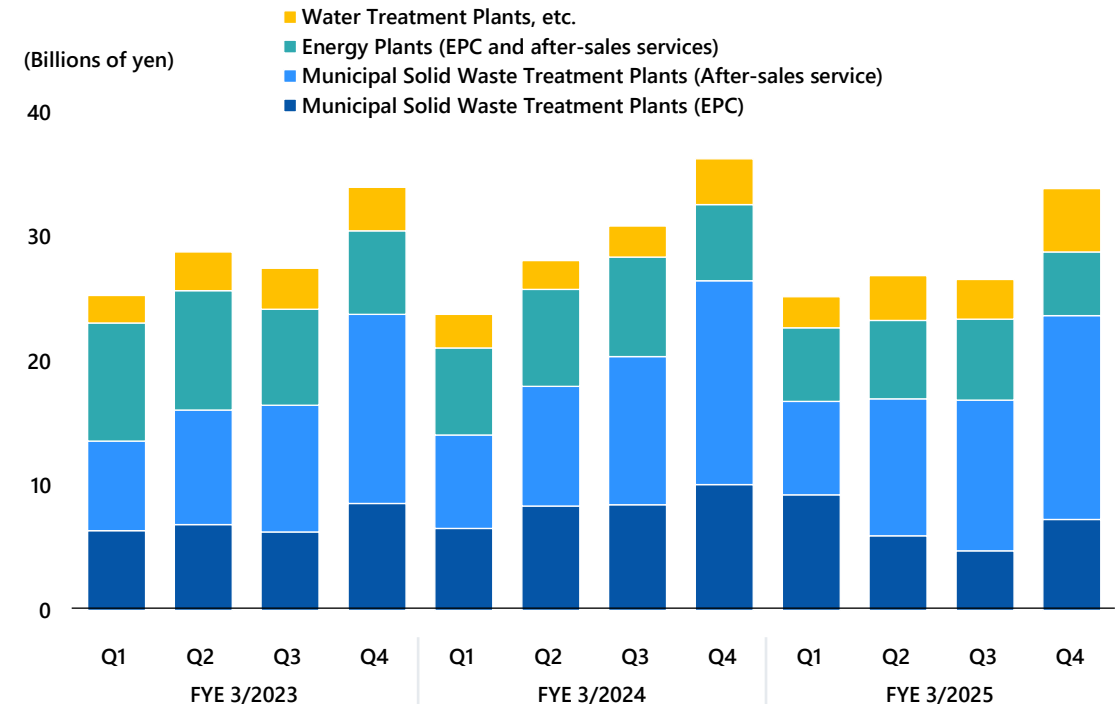
Orders received (quarterly)

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, municipal solid waste treatment plants (after-sales service) increases going into the fourth quarter, so overall net sales also tend to increase going into the fourth quarter.



14th Medium-Term Management Plan

Financial Targets (Summary)

TAKUMA

- ✓ On May 14, 2025, total orders received over the three years will be revised upwards to 706.3 billion yen and total ordinary profit over the three years will be revised upwards to 45.0 billion yen, they are main targets of the 14th MTP.

■ Main target

(JPY billions)	13th MTP	14th Medium-Term Management Plan							
	3-year total	FY2024 (Results)		FY2025 (Target)		FY2026 (Target)		3-year total	
	Results	Previous Plan	Results (Difference)	Previous Plan	Revised Plan (Difference)	Previous Plan	Revised Plan (Difference)	Previous Plan	Revised Plan (Difference)
Orders received	521.3	230.0	246.3 +16.3	180.0	250.0 +70.0	190.0	210.0 +20.0	600.0	706.3 +106.3
Net sales	425.9	150.0	151.1 +1.1	152.0	165.0 +13.0	165.0	173.0 +8.0	460.0	489.1 +29.1
Operating profit	33.9	13.5	13.5 +0.0	11.2	14.5 +3.3	13.2	15.5 +2.3	35.6	43.5 +7.9
Ordinary profit	36.4	14.0	14.0 +0.0	12.0	15.0 +3.0	14.0	16.0 +2.0	38.0	45.0 +7.0
ROE	8.3% (FY3/2024)	8.0%	9.5% +1.5pt	9.0%	10.5% +1.5pt	11.0%	11.5% +0.5pt	at least 11% (FY 3/2027)	at least 11.5% (FY 3/2027)

*Previous Plan: The values disclosed in the "Notice Regarding Reduction of Cross-share holdings" dated November 8, 2024 (except the net sales, operating profit, and ordinary profit for the fiscal year 2024, which are based on the values disclosed in the "Notice of Revision to Financial Results Forecasts and Revision to (Increase in) the Dividend Forecast for Fiscal Year Ending March 31, 2025" dated February 14, 2025)

14th Medium-Term Management Plan

Financial Targets Forecasts by Segment

TAKUMA

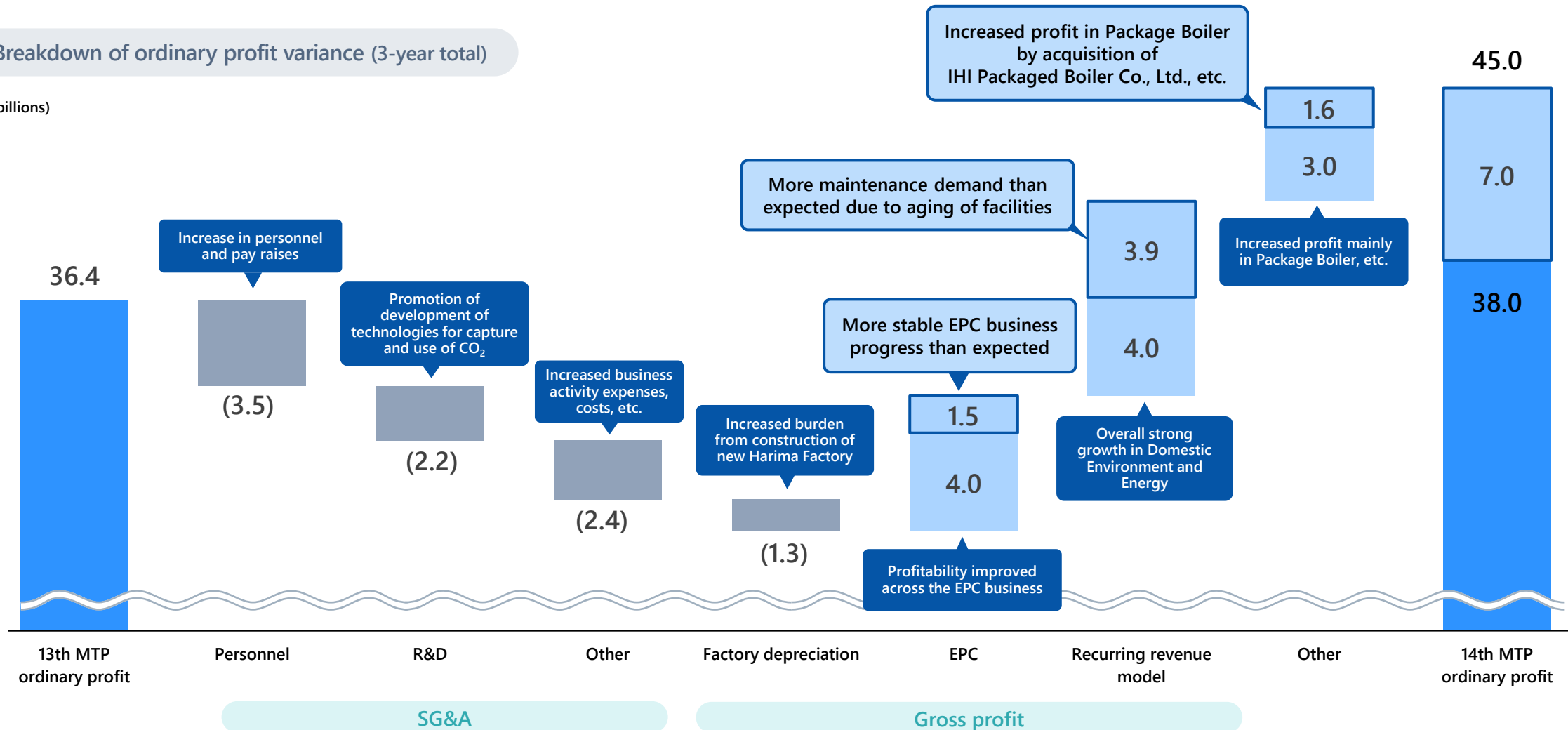
(JPY millions)	FY2024 (Results)		FY2025 (Target)		FY2026 (Target)		3-year total	
	Previous Plan	Results	Previous Plan	Revised Plan	Previous Plan	Revised Plan	Previous Plan	Revised Plan
Orders received								
Total	230,000	246,301	180,000	250,000	190,000	210,000	600,000	706,301
Domestic Environment and Energy	199,700	214,792	146,700	208,500	155,000	168,500	500,400	591,792
Overseas Environment and Energy	2,000	2,347	4,000	3,000	4,000	4,000	12,000	9,347
Package Boiler	19,800	20,266	19,300	29,000	20,000	27,000	58,100	76,266
Equipment and Systems	9,000	9,343	10,500	10,000	11,500	11,000	31,000	30,343
Net sales								
Total	150,000	151,161	152,000	165,000	165,000	173,000	460,000	489,161
Domestic Environment and Energy	114,100	113,650	118,900	126,500	130,000	133,500	358,300	373,650
Overseas Environment and Energy	5,400	5,546	4,000	3,000	4,000	2,000	13,000	10,546
Package Boiler	19,000	19,845	19,100	26,000	19,700	27,000	57,400	72,845
Equipment and Systems	12,000	12,557	10,500	10,000	11,800	11,000	32,800	33,557
Operating profit								
Total	13,500	13,532	11,200	14,500	13,200	15,500	35,600	43,532
Domestic Environment and Energy	13,600	13,081	12,600	15,400	14,400	16,000	39,300	44,481
Overseas Environment and Energy	1,000	1,069	0	100	0	0	300	1,169
Package Boiler	1,200	1,394	1,050	1,400	1,100	1,800	3,150	4,594
Equipment and Systems	800	890	700	700	900	900	2,300	2,490

*Adjustments omitted

- ✓ Although we expect an increase in SG&A expenses such as personnel and R&D expenses, we also expect an increase in profit due to higher gross profit in the EPC Business and recurring revenue model businesses.

Breakdown of ordinary profit variance (3-year total)

(JPY billions)



✓ We expect the market environment for our business to be generally favorable and strong.

			14th Medium-Term Management Plan period (FY2024-2026)	Future
Domestic Environment and Energy	Municipal solid waste treatment plants	EPC	+ Steady demand for renewal (rebuids) + Ongoing demand for service life extension (primary equipment improvement)	− Decreased demand for renewal due to low birth rate and aging society + Increased demand for decarbonized facilities
		After-sale services	+ Increase in operations businesses (DBO Business and O&M contracts)	− Decrease in number of facilities in operation (reorganization) + Ongoing demand for operations businesses + Further development of projects outsourced to the private sector
	Energy plants	EPC: FIT/FIP/Non-FIT	− Decrease in large-scale projects due to changes in the FIT program + Ongoing demand for small to medium-sized FIP and non-FIT projects	+ Ongoing renewable energy policy support for achieving carbon neutrality
		EPC: For private consumption and industrial waste treatment	+ Ongoing demand for renewal due to aging plants and decarbonization	+ Certain level of ongoing demand
		After-sale services	+ Increase in maintenance demand associated with increase in deliveries	+ Ongoing maintenance demand at facilities in operation
	Water treatment plants	+ Ongoing demand for renewal due to aging plants + Increased demand for products with high environmental performance + Progress and increase in private sector utilization	+ Ongoing needs for energy conservation, energy creation, and resource utilization + Increase in comprehensive contracting of plant construction and operation	
	Power retail business	+ Increased demand for renewable energy and non-fossil fuel-based power associated with decarbonization	+ Certain level of ongoing demand	
	Overseas Environment and Energy * Southeast Asia			− Continued intense competition in the biomass power generation market + Increased needs for utilization of diverse fuels − Sluggish start in waste power generation market (Caused by system, funding, and other issues)
Package Boiler			+ Japan: Certain level of ongoing renewal demand despite market maturity + Emerging countries: Increased demand for energy-saving products	− Japan: Market shrinkage due to low birth rate and aging society along with population decline + Japan: Ongoing demand for energy-saving and decarbonization products + Emerging countries: Market expansion with economic growth
Equipment and Systems			+ Certain level of ongoing demand from construction demand and increased semiconductor capital investment	+ Certain level of ongoing demand (building equipment) + Expansion of demand for semiconductor equipment with utilization and development of AI, etc.

✓ We will continue to prioritize the allocation of management resources to EPC projects (renewals and primary equipment improvement) and after-sales and operation services.

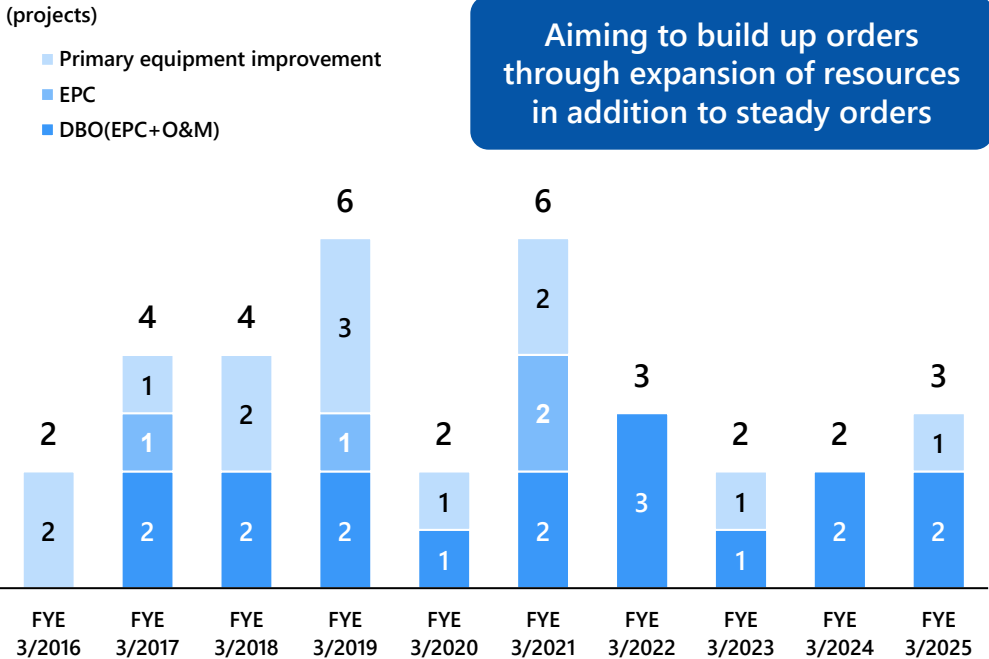
EPC Business

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.

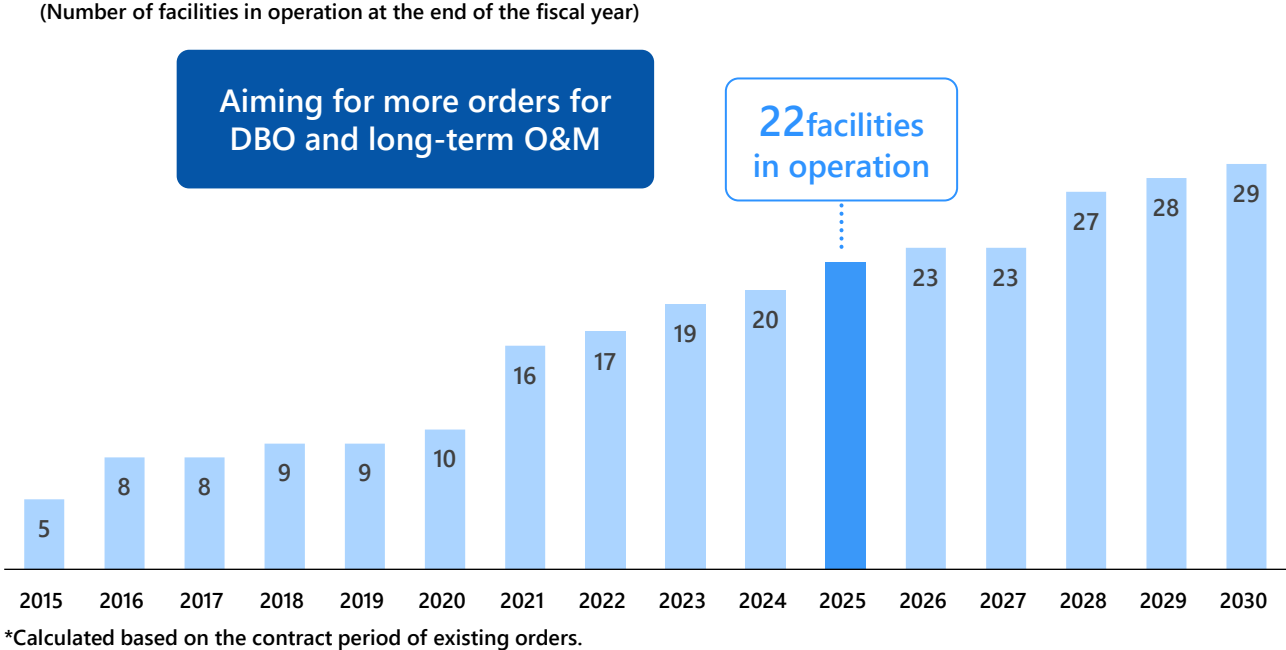
Recurring revenue model businesses

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.

EPC Business orders



Number of long-term O&M contracts (more than 10 years, including DBO and BTO projects etc.) (results and forecasts)

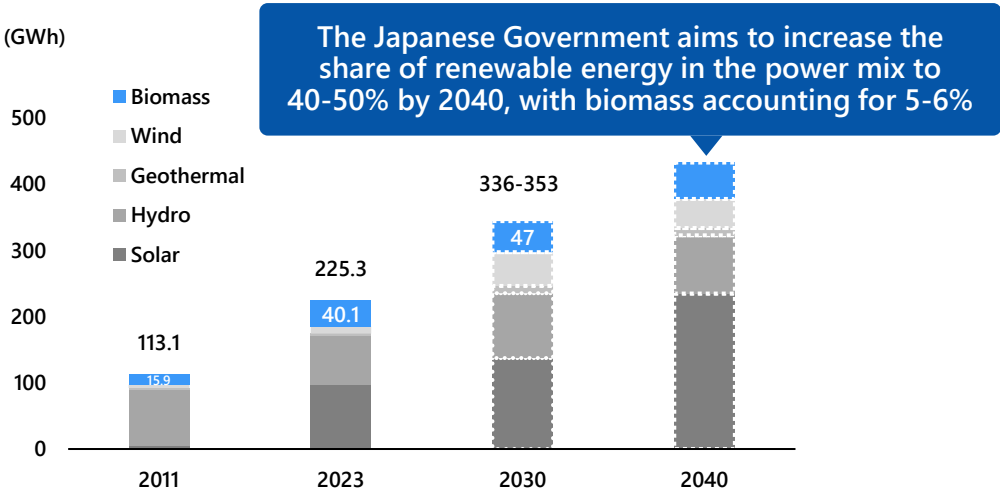


✓ We contribute to our customers’ decarbonization through biomass power plants and large-scale plants that supply electricity and heat to their factories.

Market 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/FIP, Non-FIT).

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.

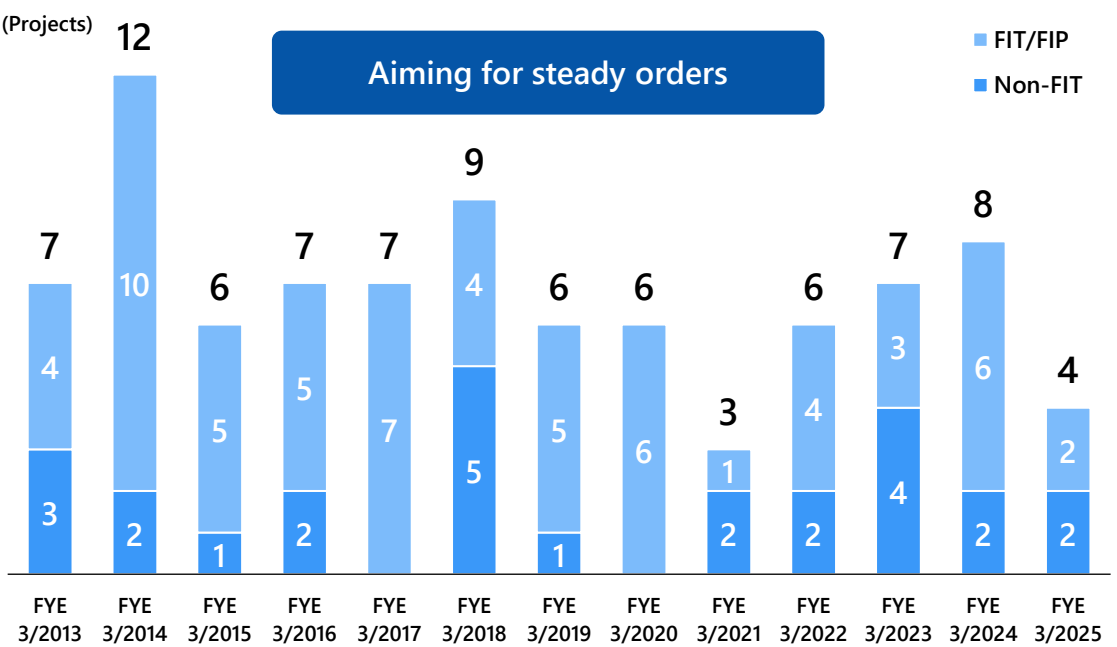
Status and forecast of renewable energy introduction in Japan



Power mix (renewable energy)	10.4%	22.9%	36-38%	40-50%
Power mix (biomass)	1.5%	4.1%	Approx. 5%	5-6%

Source: Prepared by the Company based on materials from the Ministry of Economy, Trade and Industry (METI): “Subcommittee on Large-Scale Introduction of Renewable Energy and Next-Generation Power Networks” and the “7th Strategic Energy Plan”

EPC orders



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

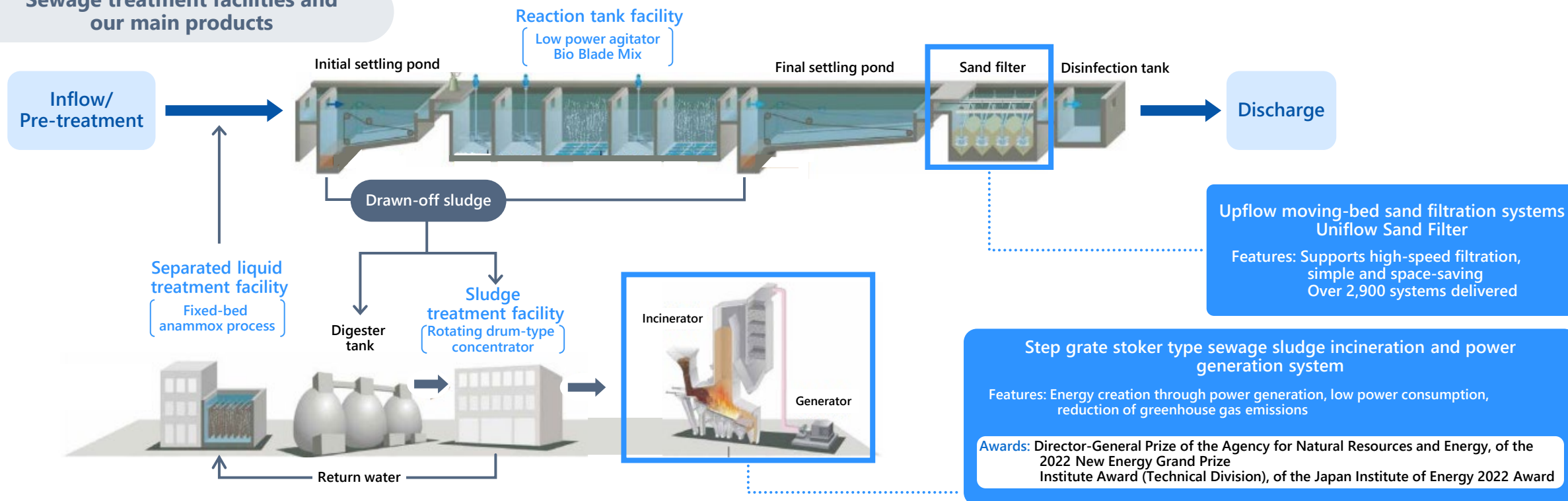
Market Environment

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.

Sewage treatment facilities and our main products



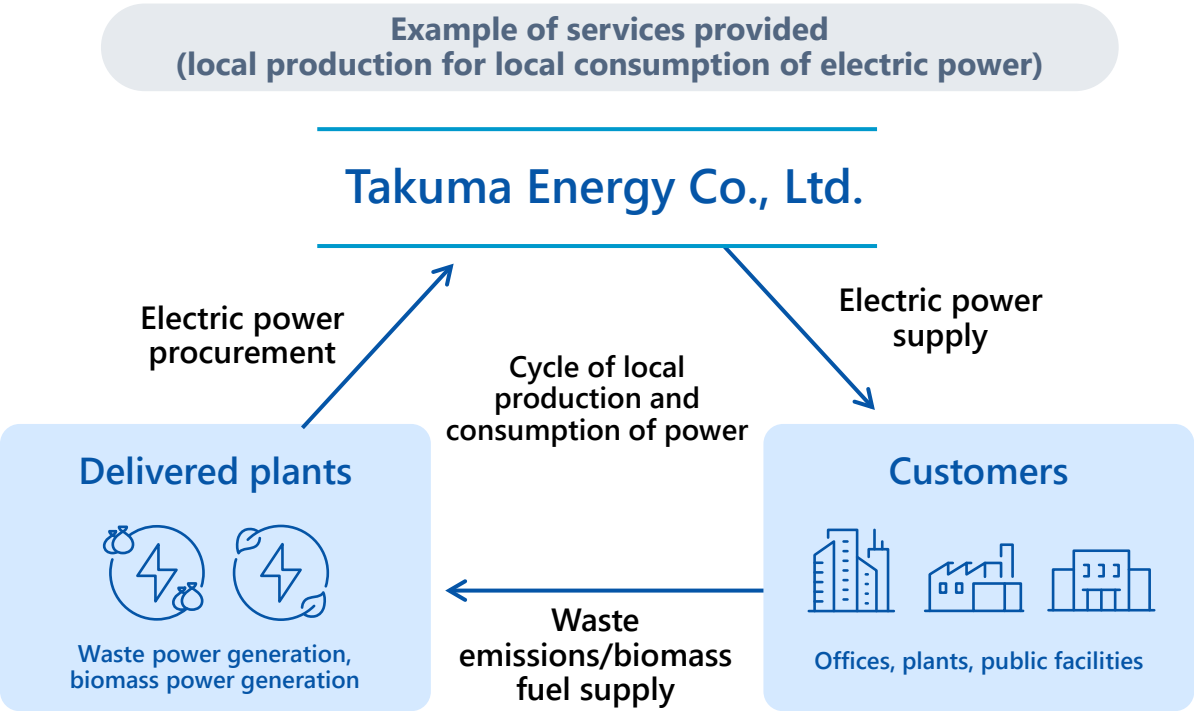
- ✓ Contribute to stabilizing customers' electricity rates and reducing greenhouse gas emissions through the procurement and supply of electricity generated from renewable energy and non-fossil fuels.

Market Environment

Local governments and businesses are experiencing an increasing demand for the introduction of renewable energy and CO₂-free electricity as they aim for the early realization of carbon neutrality. Additionally, with the continued uncertainty regarding future electricity prices, there is an increasing demand for supporting the operation of local production and consumption of power, as well as electricity wheeled for self-use, to help stabilize electricity costs.

Future policy

Leveraging the strength of stable power procurement, we will promote the supply of electricity to areas near to the power source and to environmentally conscious customers. In addition, to meet the diverse needs of our customers, we aim to expand related services such as demand-supply management, environmental value trading, and support for the establishment and operation of regional energy companies, with the goal of further expanding our business.



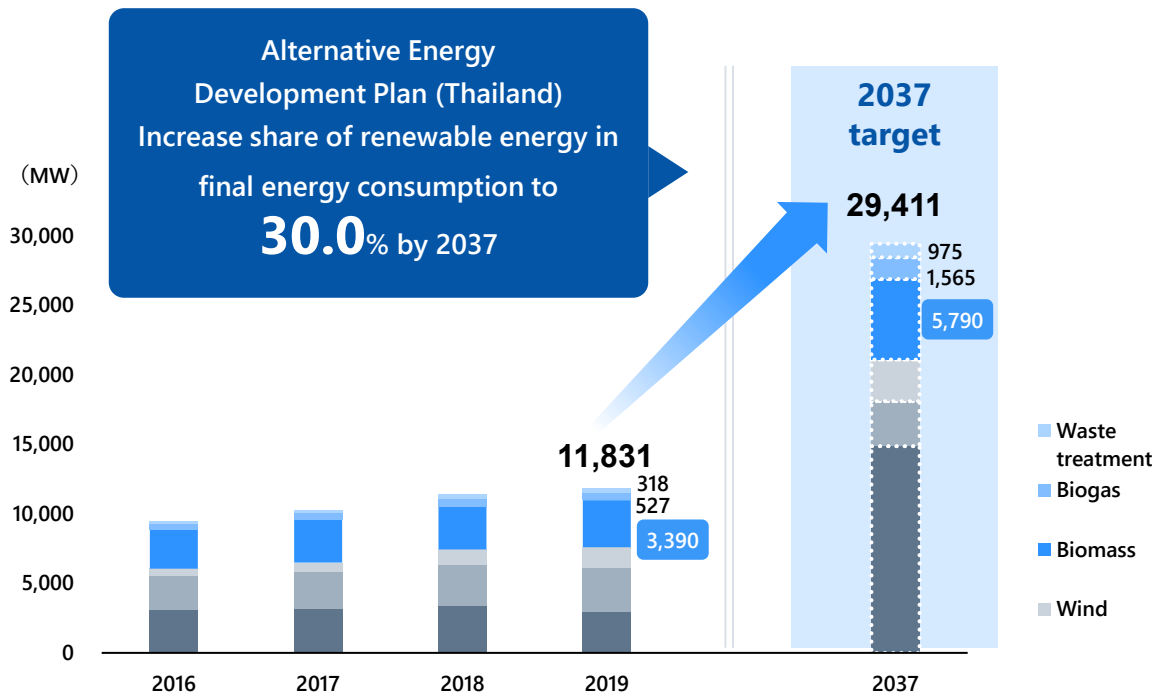
Examples of initiatives from FY2024 to FY2025	
Customers	Initiatives
Kurume City, Fukuoka	Local production and local consumption of electric power. Agent services for electricity wheeled for self-use.
Machida City, Tokyo	Local production and local consumption of electric power. Agent services for electricity wheeled for self-use.
Kitahiroshima Town Regional Energy Company	Agreement on cooperation in retail electricity business.
Saibu Gas Co., Ltd.	Start of sales of non-FIT non-fossil fuel certificates.
Next Energy & Resources Co., Ltd.	Business alliance agreement for solar power generation.
Namie Town, Fukushima	Basic agreement on discussions for the establishment of Namie town regional energy company.
Okayama City, Okayama	Local production for local consumption of electric power. Agent services for electricity wheeled for self-use.
Amagasaki City, Hyogo Amagasaki Shinkin Bank	Partnership agreement for local production and local consumption of electric power.
Kitahiroshima Town Regional Energy Company	Power supply and demand management and operational support for regional energy companies.

✓ Contribute to solving issues such as power shortages and sanitation in Southeast Asian countries due to economic growth and urbanization by supplying waste and biomass power plants.

Market Environment 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.

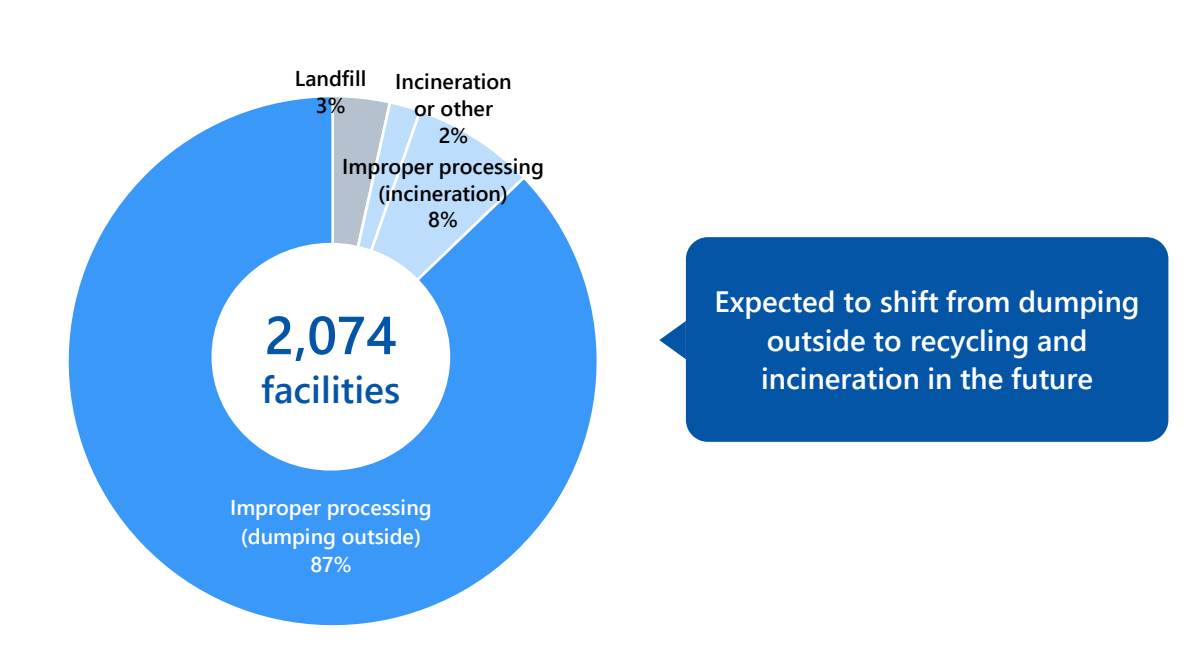
Future policy Aim to expand collaboration with local subsidiaries and partnerships with local companies to increase orders in Southeast Asia and Taiwan. In addition to reducing costs and shortening construction periods, the Company aims to differentiate itself in terms of performance and quality, including 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.

Renewable Energy Policy in Thailand*



*Alternative Energy Development Plan (AEDP)

Number of Waste Treatment Facilities in Thailand and Method of Treatment (2022)



*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

Expected to shift from dumping outside to recycling and incineration in the future

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 companies

Manufacture and sale of and after-sale services
for steam boilers, hot water heaters, and other heating products

NTEC Nippon Thermoener Co., Ltd.

Main products



Once-through
boilers



Vacuum-type
water heaters

IHI Packaged Boiler Co., Ltd.

Main products



Once-through
boilers



Vacuum-type
water heaters

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.

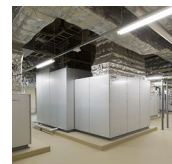
Group companies



Sun Plant Co., Ltd.

Design and construction of air conditioning
and plumbing equipment for buildings

Main equipment



Air conditioning
equipment



Plumbing



Dan-Takuma

Sale of and after-sale services for various
semiconductor industrial systems

Main products



Chemical
filters



AMC environmental
concentration analyzers

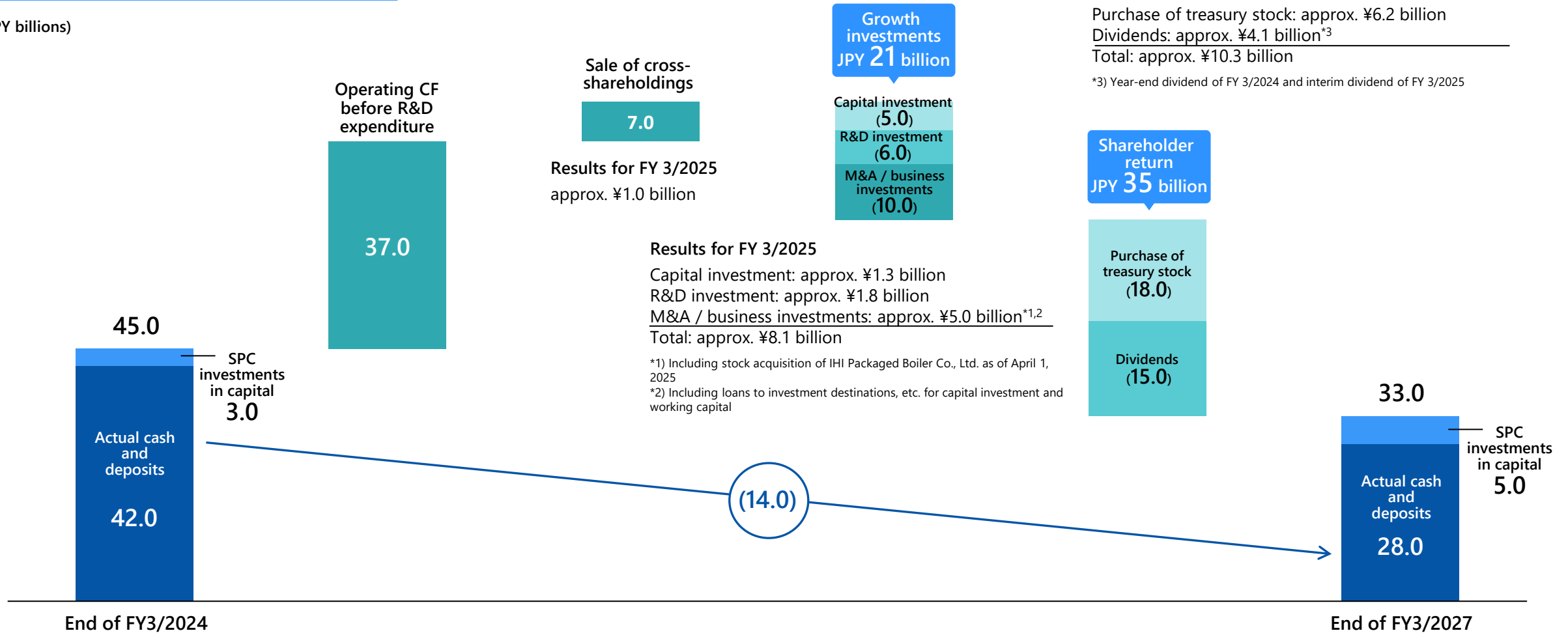
- ✓ We will establish a quantitative policy based on an analysis of the current situation related to cost of capital and stock price.
- ✓ We will enhance corporate value by balancing business growth and shareholder returns that meet market expectations with a solid financial foundation.

1 Establishment of ROE targets mindful of cost of capital Establish target ROE based on the recognition that the cost of equity over the past 10 years has been around 6%. FY3/2027 ROE At least 11.5% FY3/2031 ROE At least 12%	2 Establishment of appropriate cash allocation Secure a working capital and business risk buffer of roughly 2-3 months' worth of sales (JPY 30-40 billion). For cash and deposits above that level (operating CF + cash and balance in account), implement appropriate allocation between investment in growth and shareholder return.	3 Establishment of new shareholder return policy Dividends 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% Share repurchase Share repurchase totaling approximately JPY 18 billion over three years to improve capital efficiency	4 Maintenance of solid financial foundation to support the EPC and long-term O&M businesses Equity ratio Maintain at the 50% level	5 Reduce Cross-share Holdings Ratio of cross-shareholdings to consolidated net assets Less than 15% by the end of FY 3/2027 (selling approximately ¥7 billion worth of shares) Less than 10% by the end of FY 3/2029 (selling further approximately ¥3 billion worth of shares)
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- ✓ Focus on growth investments and shareholder returns and execute appropriate cash allocation to increase corporate value.

14th Medium-Term Management Plan period

(JPY billions)



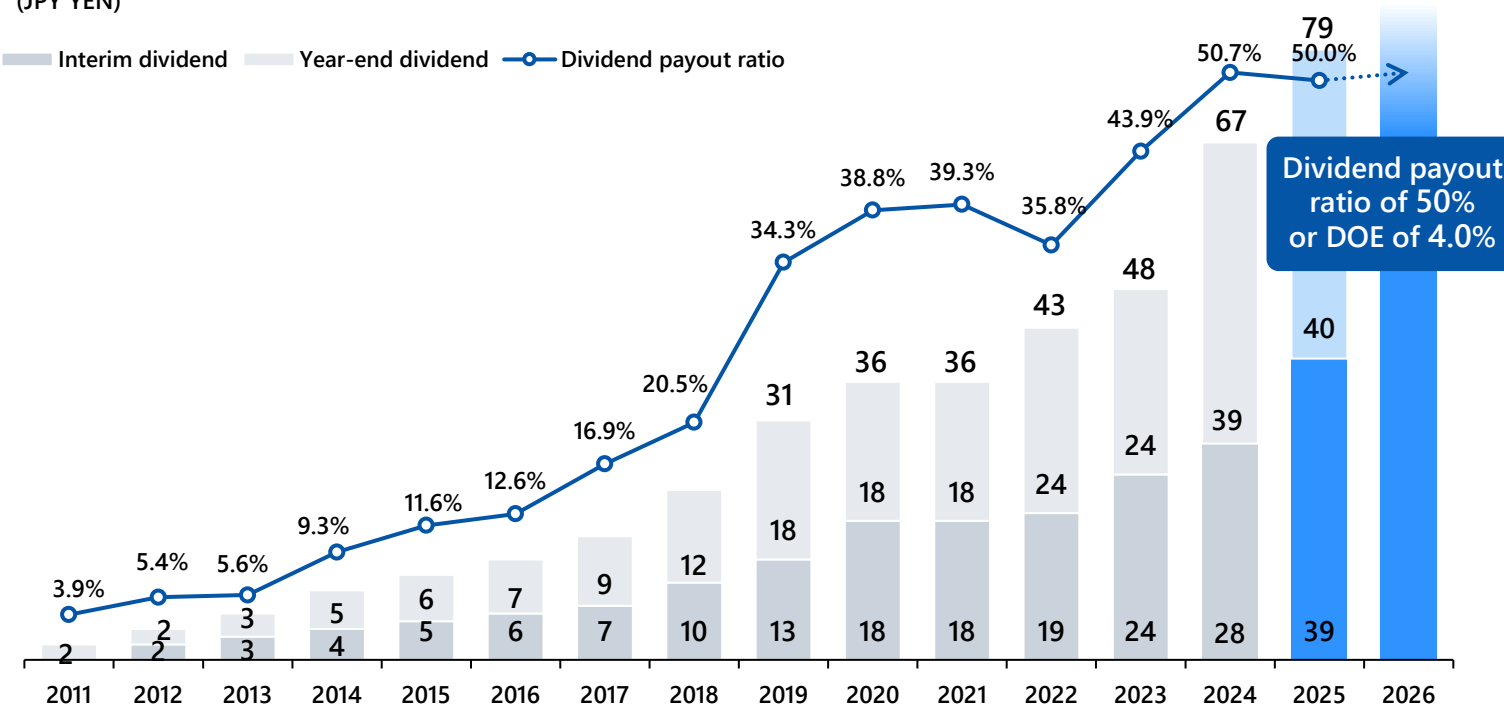
- ✓ Takuma will work to improve the efficiency of its balance sheet, primarily by reducing cross-shareholdings, and use the cash generated to return profits to shareholders, such as dividends and purchases of treasury shares. As a result, **shareholder returns over the three-year period of the 14th MTP are expected to be a total of 35 billion yen, with a total return ratio of approximately 100%.**

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

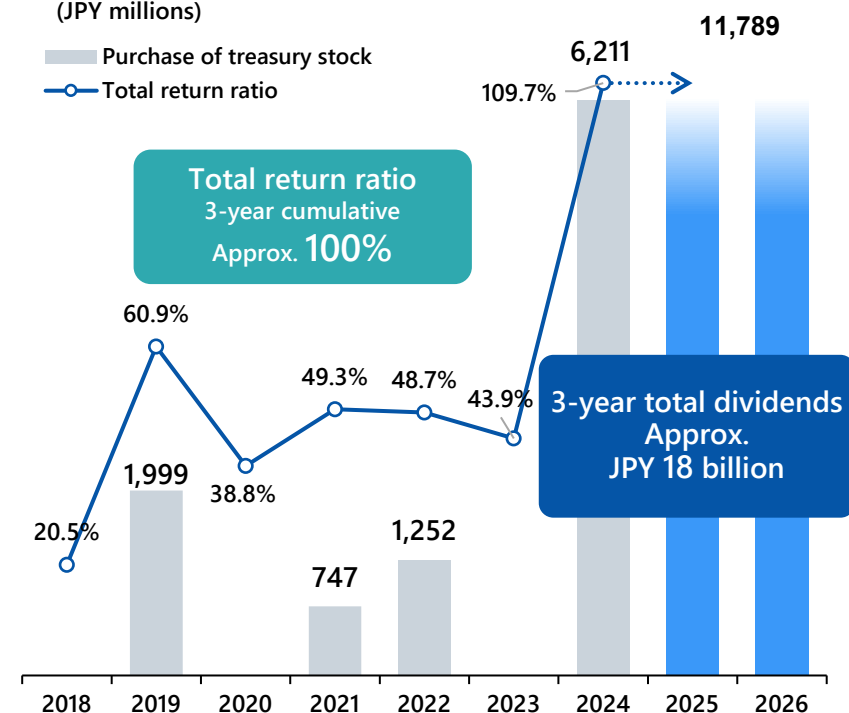
(JPY YEN)

Interim dividend Year-end dividend Dividend payout ratio

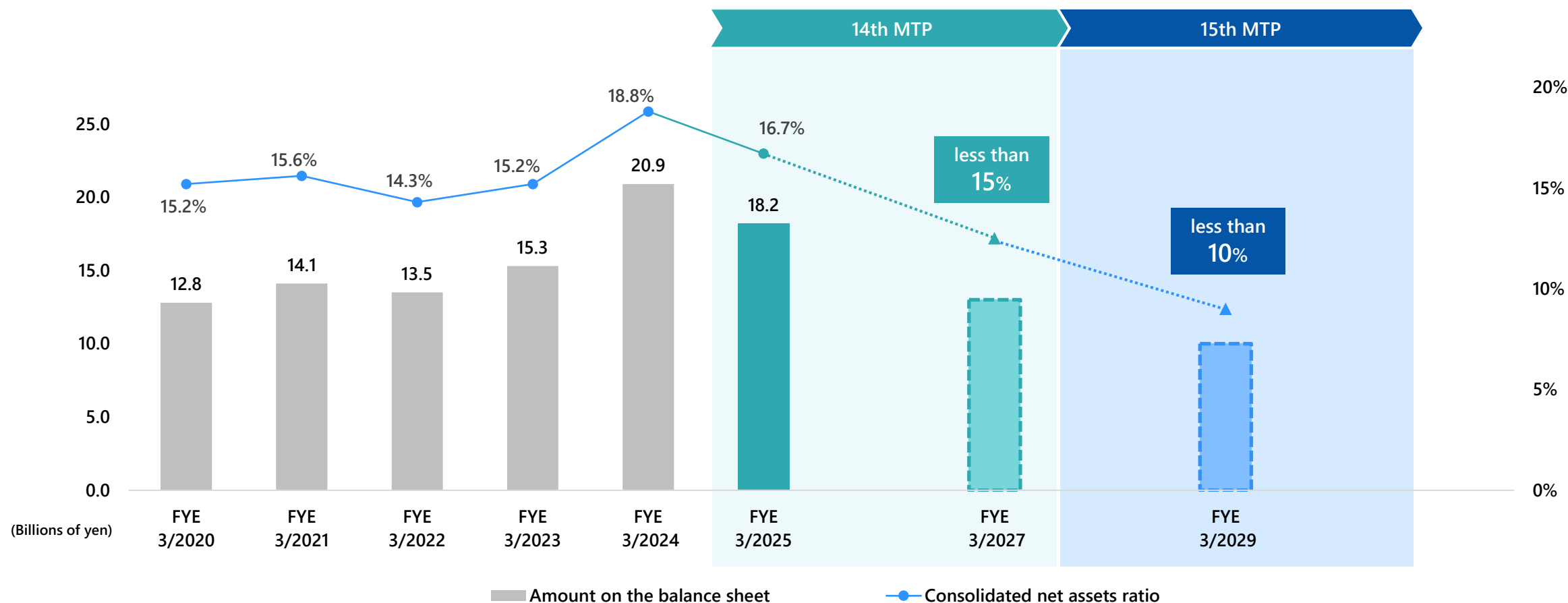


(JPY millions)

Purchase of treasury stock Total return ratio



- ✓ We established the policy to strengthen the reduction of policy-held shares in November 2024.
- ✓ In order to further accelerate our reduction effort, we will reduce our cross-shareholdings to less than 15% of our consolidated net assets (selling approximately 7 billion yen worth of shares) by the end of the fiscal year ending March 2027, and will further reduce them to less than 10% by the end of the fiscal year ending March 2029 (selling further approximately 3 billion yen worth of shares).



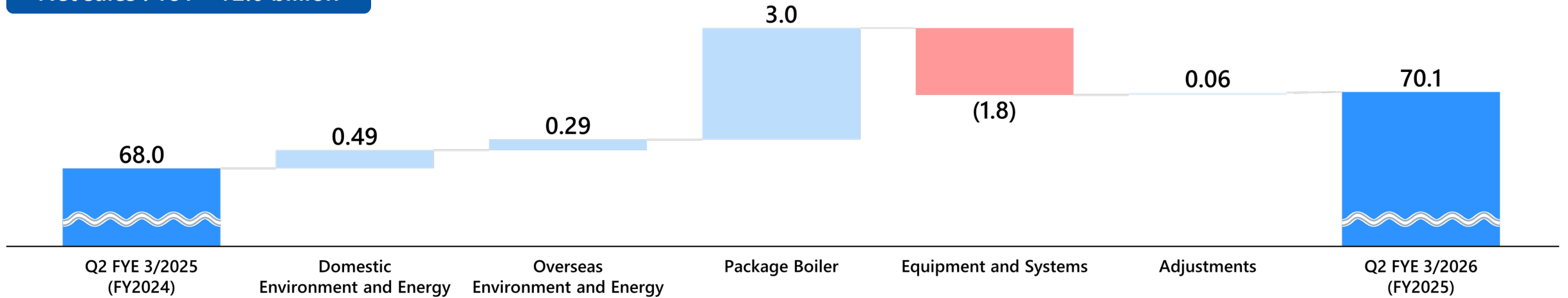
- ✓ Orders received remained on par with the same period of the previous year despite a decrease in the Domestic Environment and Energy Business.
- ✓ Net sales increased mainly due to the consolidation of IHI Packaged Boiler Co., Ltd. as a subsidiary in the Package Boiler Business.
- ✓ Operating profit declined due to decreases in the Domestic Environment and Energy Business, the Overseas Environment and Energy Business, and the Equipment and Systems Business.
- ✓ Profit attributable to owners of parent decreased in line with the decline in operating profit.

(Millions of yen)	Q2 FYE 3/2024 (FY2023)	Q2 FYE 3/2025 (FY2024)	Q2 FYE 3/2026 (FY2025)	YoY change
Orders received	72,714	162,013	161,747	(0.2%)
Order backlog	478,009	576,561	669,389	+16.1%
Net sales	65,916	68,064	70,110	+3.0%
Operating profit	2,724	4,548	4,117	(9.5%)
Operating margin	4.1%	6.7%	5.9%	(0.8pt)
Ordinary profit	3,233	5,053	4,561	(9.7%)
Profit attributable to owners of parent	1,927	4,114	3,822	(7.1%)
Basic earnings per share (yen)	24.10	51.79	50.94	(1.6%)

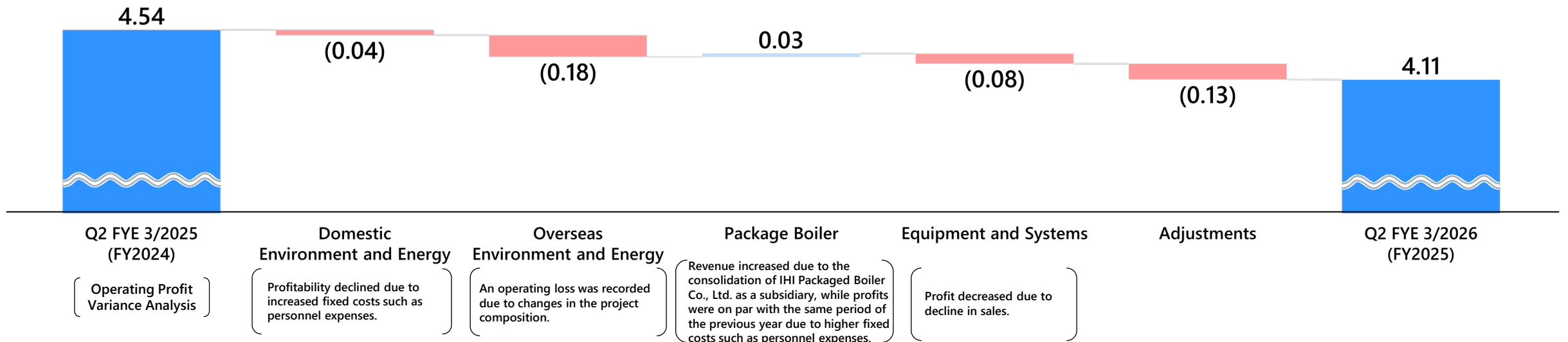
	(Millions of yen)	Q2 FYE 3/2024 (FY2023)	Q2 FYE 3/2025 (FY2024)	Q2 FYE 3/2026 (FY2025)	YoY change
Orders received					
Total		72,714	162,013	161,747	(0.2%)
Domestic Environment and Energy		57,183	144,789	138,566	(4.3%)
Overseas Environment and Energy		1,793	1,337	799	(40.2%)
Package Boiler		10,449	11,313	18,622	+64.6%
Equipment and Systems		3,452	4,810	3,985	(17.2%)
Net sales					
Total		65,916	68,064	70,110	+3.0%
Domestic Environment and Energy		52,194	52,625	53,116	+0.9%
Overseas Environment and Energy		1,003	1,454	1,750	+20.4%
Package Boiler		8,441	8,560	11,584	+35.3%
Equipment and Systems		4,471	5,657	3,825	(32.4%)
Operating profit					
Total		2,724	4,548	4,117	(9.5%)
Domestic Environment and Energy		3,096	4,838	4,788	(1.0%)
Overseas Environment and Energy		32	177	(9)	-
Package Boiler		404	463	493	+6.6%
Equipment and Systems		414	358	269	(24.9%)

Net sales : YoY +¥2.0 billion

(Billions of yen)



Operating profit : YoY (¥0.43 billion)

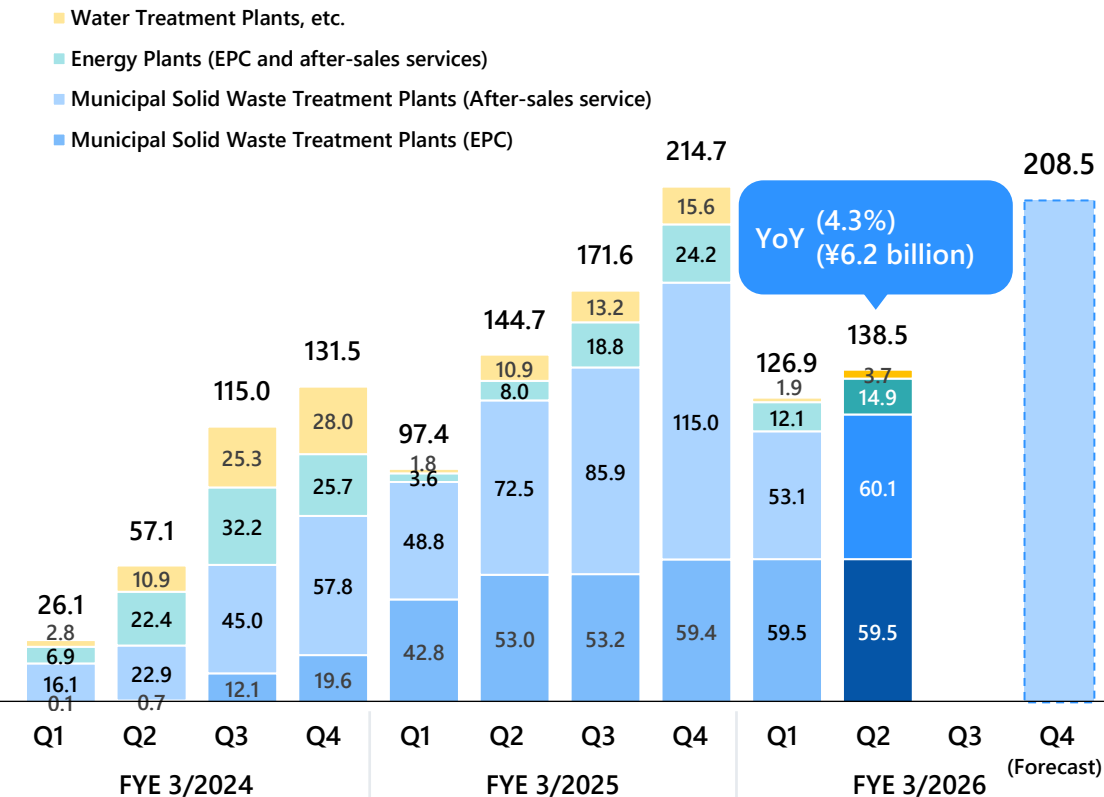


✓ In Q1 and Q2 FYE 3/2026, orders were received for 2 waste treatment plant DBO projects and 2 energy plants. Orders received remained robust despite a decrease compared to the same period of the previous year*.

*Main orders during the same period of the previous year: Waste treatment plants (2 DBO projects, 1 primary equipment improvement project), 1 biomass power plant, 1 sewage sludge incineration and power generation plant, etc.

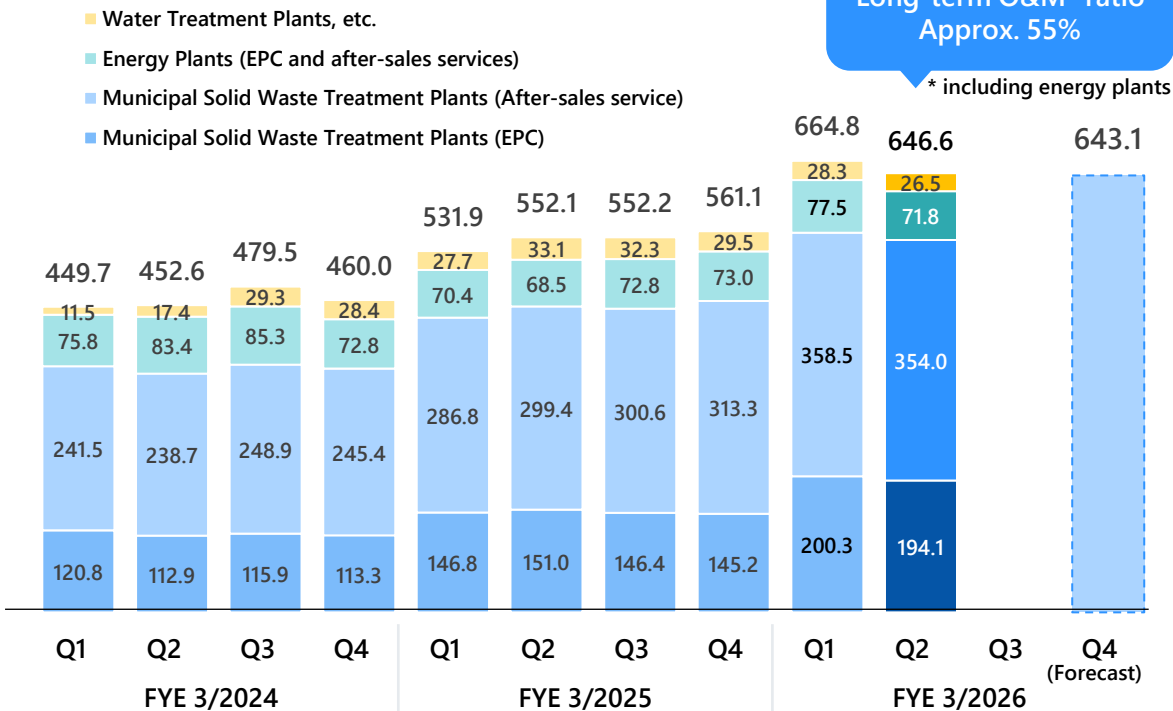
Orders received

(Billions of yen)



Order backlog

(Billions of yen)

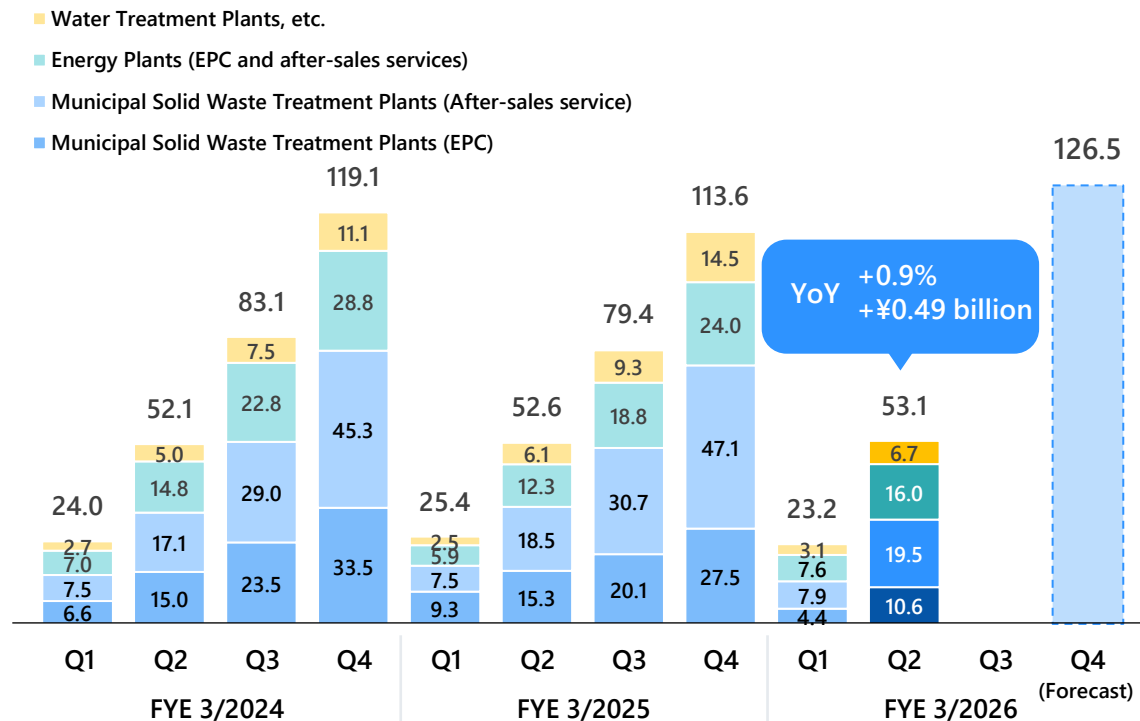


Major outstanding orders for municipal solid waste treatment plants [as of September 30, 2025]
[EPC] 10 projects are in progress (of which 1 project is scheduled for delivery in FYE 3/2027), as well as 1 project was delivered in FYE 3/2026.
[Long-term O&M] 22 projects are ongoing, 9 projects are scheduled to start in FYE 3/2027 or later.

- ✓ Net sales increased mainly due to the growth in the energy plants business.
- ✓ Operating profit declined due to an increase in fixed costs such as personnel expenses, while the full fiscal year operating profit is expected to increase.

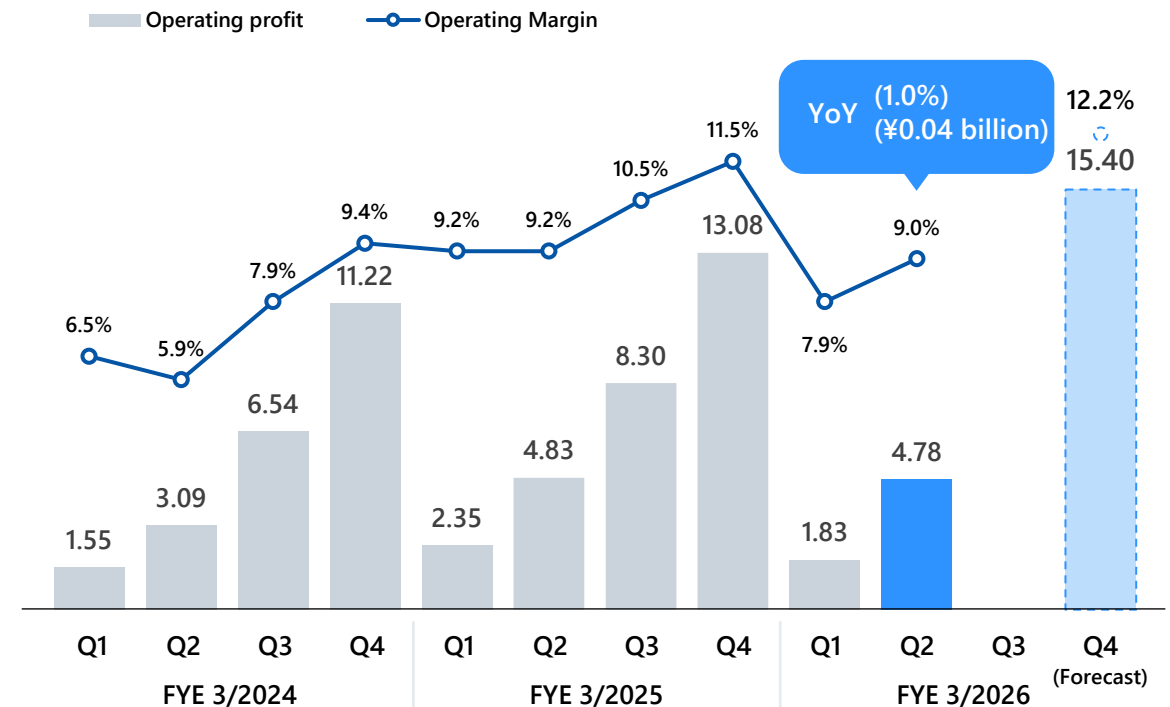
Net sales

(Billions of yen)



Operating profit

(Billions of yen)



✓ In Q1 and Q2 FYE 3/2026, orders were received for 2 waste treatment plant DBO projects.

	Year		Delivered to:	Notes		Capacity	Scheduled Completion
Municipal solid waste treatment plants	FYE 3/2024	Q3	Ashikaga City	EPC & After-sales service	DBO	152t/day	3/2028 (20 years of operations starting 4/2028)
		Q4	Sapporo City	EPC & After-sales service (Crushing facility)	DBO	140t/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)
	FYE 3/2026	Q1	Numazu City	EPC & After-sales service	DBO	210t/day	12/2029 (20 years 3 months of operations starting 1/2030)
			Ichikawa City	EPC & After-sales service	DBO	423t/day	12/2030 (20 years of operations starting 1/2031)
Water treatment plants	FYE 3/2024	Q2	Ochiai Water Reclamation Center	EPC (Sand filtration system)	-	128units	2/2028
		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.

✓ In Q1 and Q2 FYE 3/2026, orders were received for 2 biomass power plants.

	Year	Delivered to:	Notes		Capacity	Scheduled Completion
Energy plants	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)	-	9/2027
		Kennan Biomass Power Inc.	EPC	Power generation business (Biomass, FIT)	7,100kW	12/2026
		Green Power Tono (KK)	EPC	Power generation business (Biomass, FIT)	1,990kW	11/2026
		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 A	EPC	Power generation business (Biomass, FIT)	1,990kW	-
	Q2	Hiroshima Gas Co., Ltd.	EPC	Power generation business (Biomass, FIP)	1,990kW	6/2026
		Company B	EPC	Self-consumption (Biomass and others, Non-FIT)	-	-
		Joetsu Biomass Power Generation LLC.	EPC	Power generation business (Biomass, FIT)	1,990kW	3/2027
		Daishou Co., Ltd.	EPC	Power generation business (Biomass, Non-FIT)	1,990kW	6/2027
	Q1	Clean Wood Energy K.K.	EPC	Power generation business (Biomass, FIT)	1,990kW	11/2027
		Nihon Kaisui Co., Ltd. Sanuki Plant	EPC	Self-consumption (Biomass, Non-FIT)	9,400kW	1/2029

*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 declined due to a decrease in maintenance services.
- ✓ We will continue going after new construction and renewal projects in addition to maintenance services.

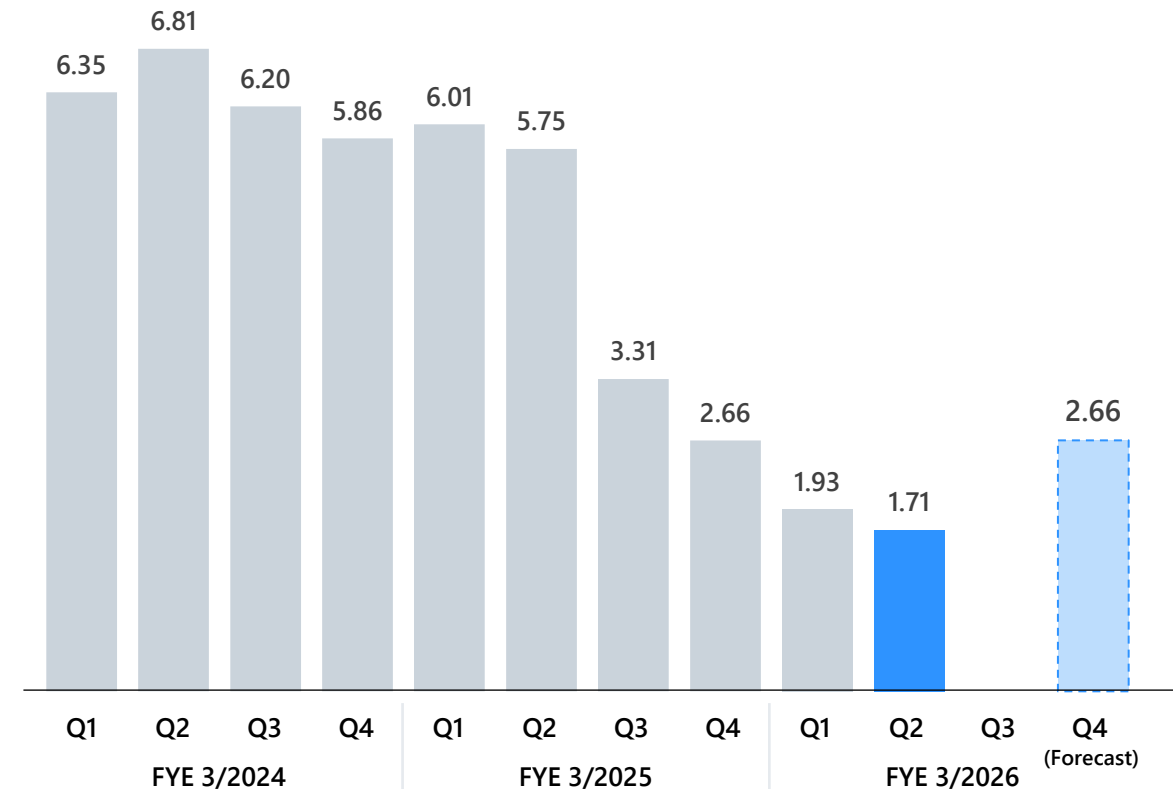
Orders received

(Billions of yen)



Order backlog

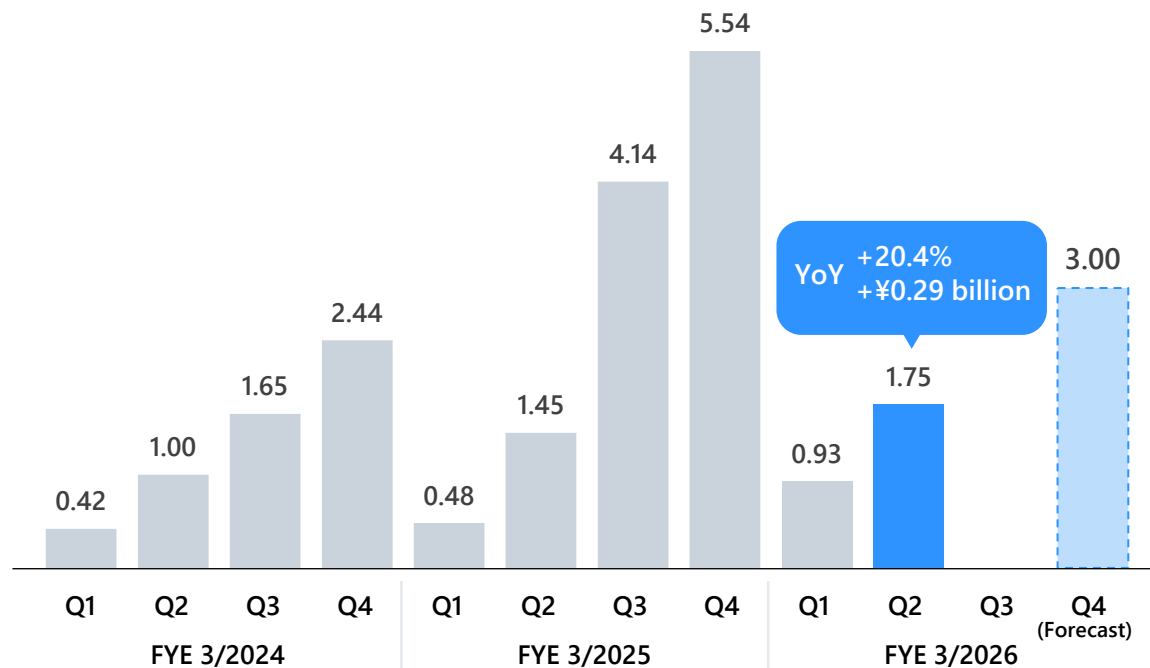
(Billions of yen)



- ✓ Net sales was up owing to progress on a new plant project previously ordered.
- ✓ Despite incurring an operating loss due to changes in the project composition, a return to profitability is expected for the full fiscal year.

Net sales

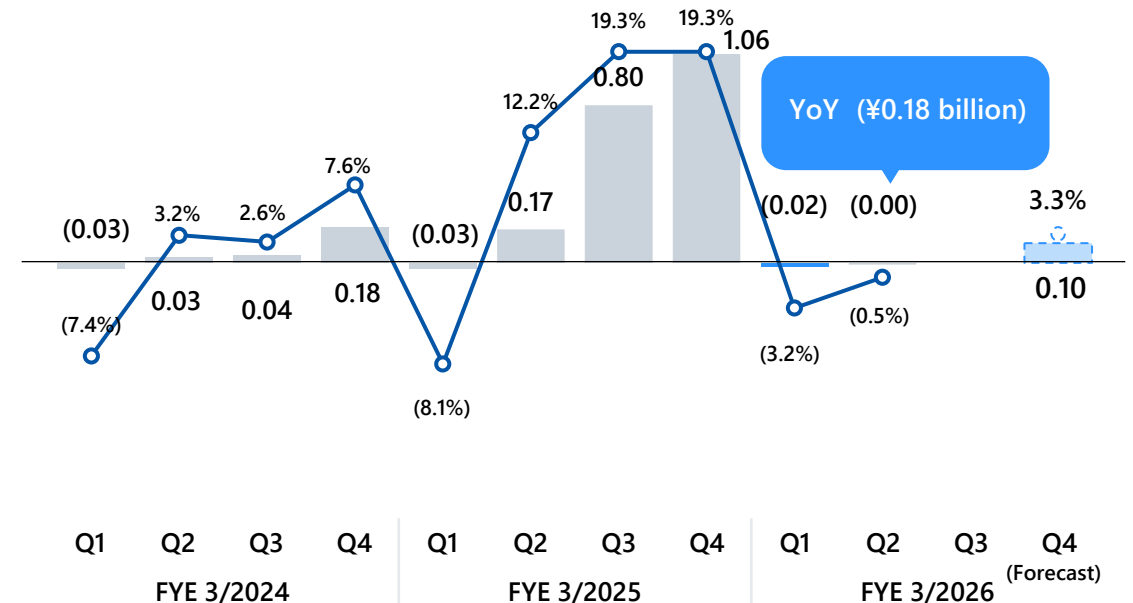
(Billions of yen)



Operating profit

(Billions of yen)

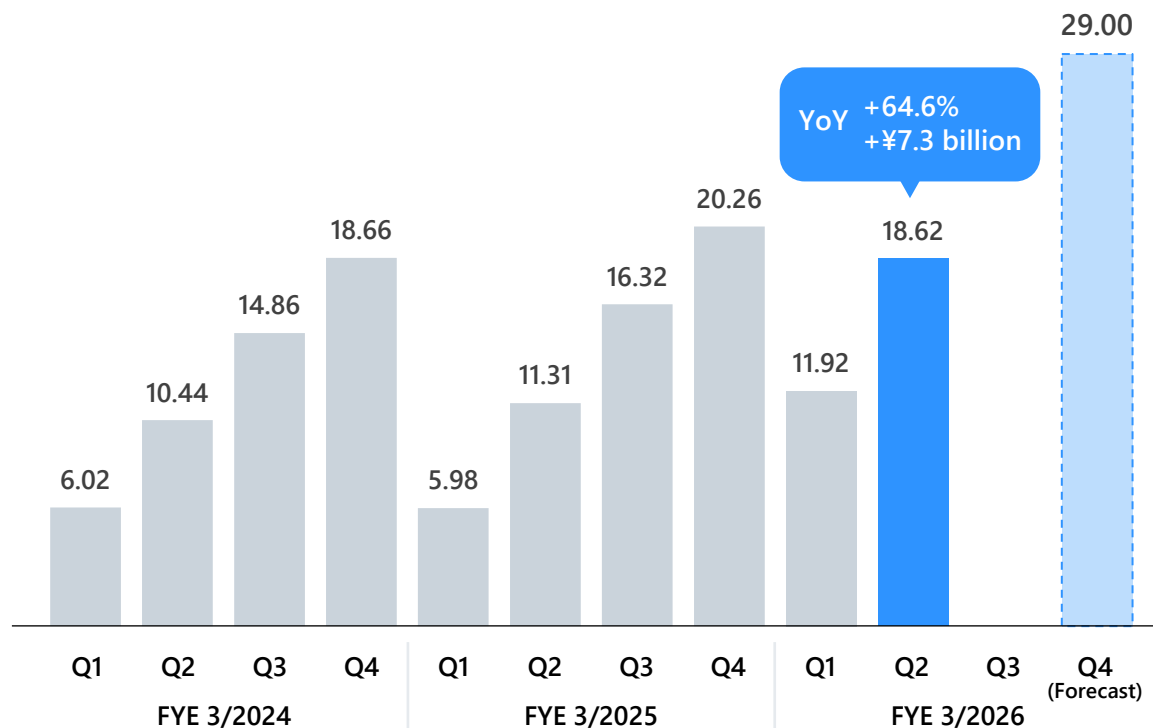
Operating profit Operating Margin



- ✓ Orders received rose significantly due to a gradual recovery trend and the consolidation of IHI Packaged Boiler Co., Ltd. as a subsidiary in April 2025.

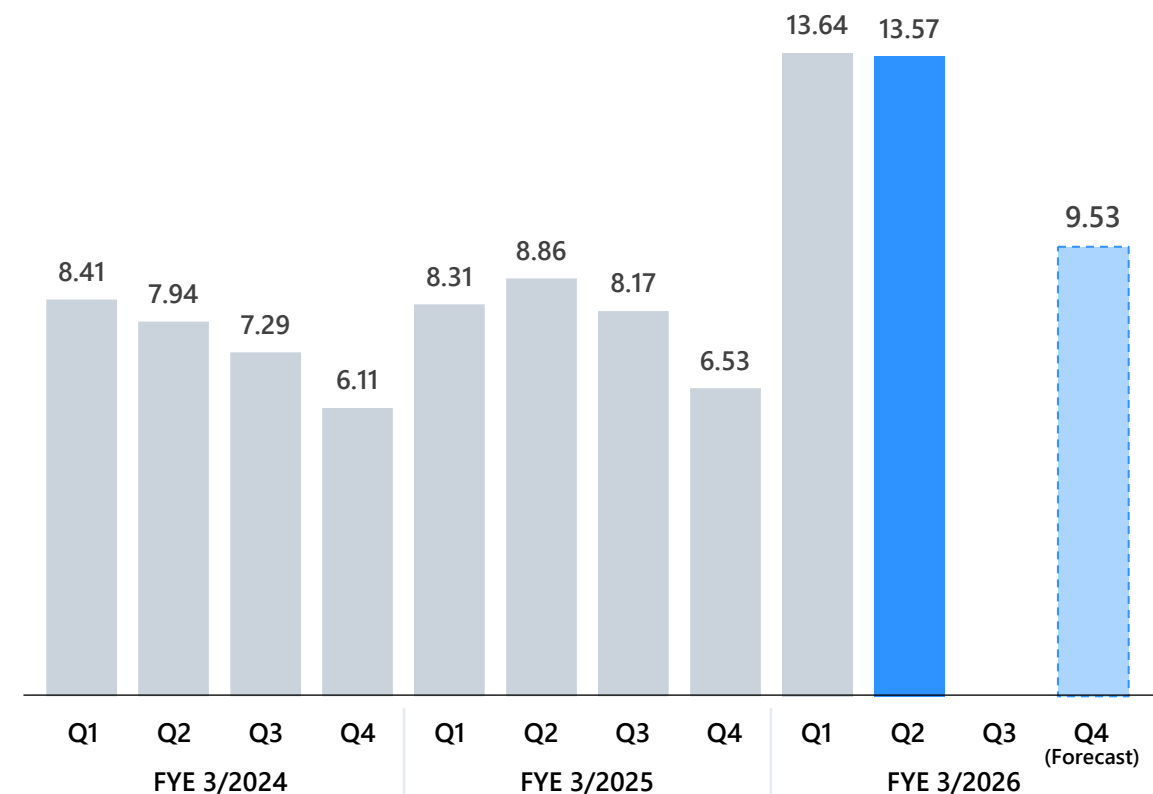
Orders received

(Billions of yen)



Order backlog

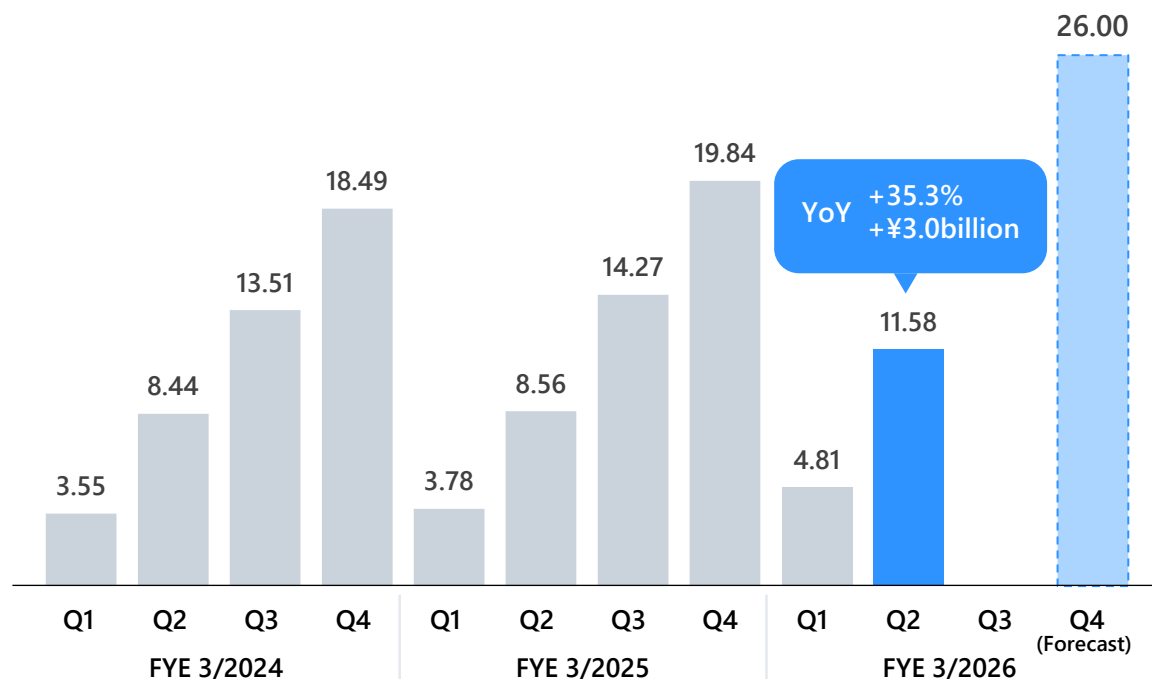
(Billions of yen)



- ✓ Net sales were up owing the consolidation of IHI Packaged Boiler Co., Ltd. as a subsidiary in April 2025.
- ✓ Operating profit remained on par with the same period of the previous year despite increased sales, due to rising fixed costs such as personnel expenses.

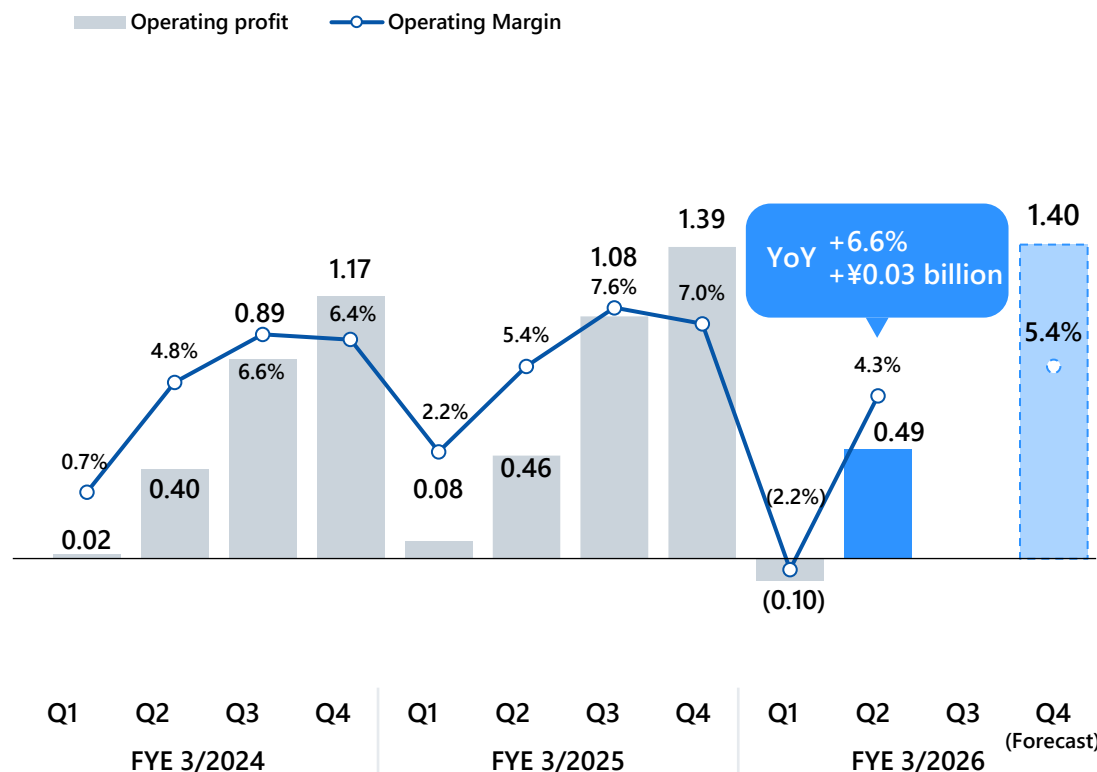
Net sales

(Billions of yen)



Operating profit

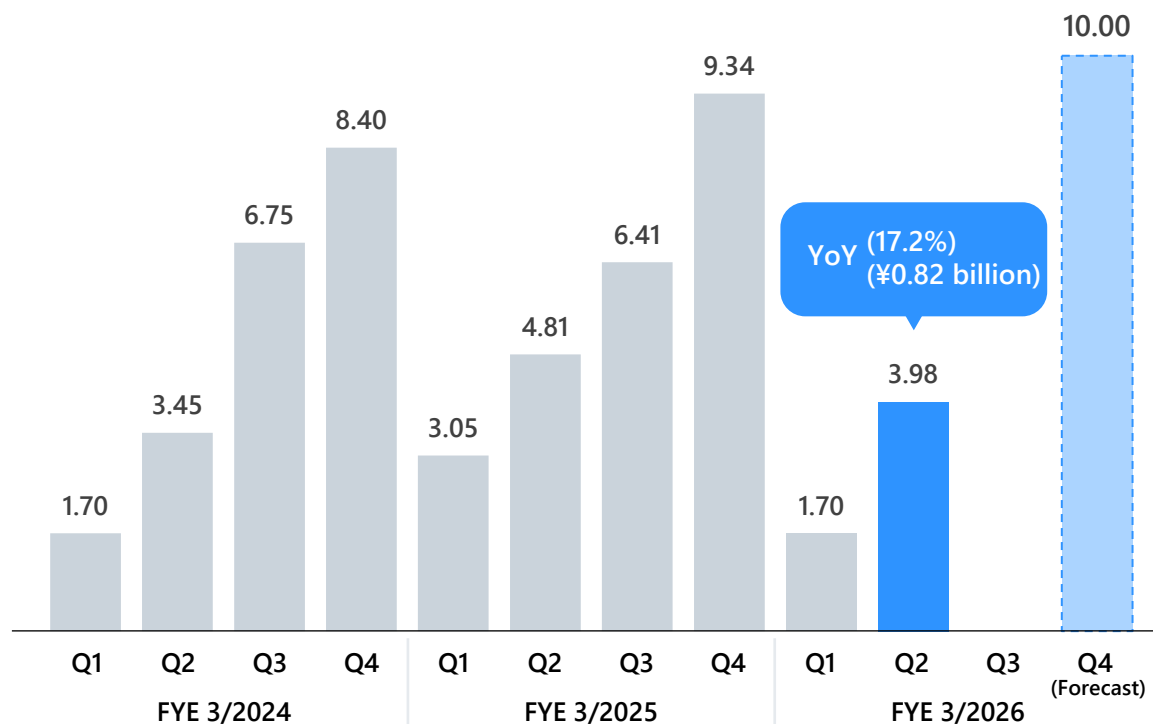
(Billions of yen)



- ✓ Orders received decreased due to weak performance in both building facilities and equipment for the semiconductor industry business.

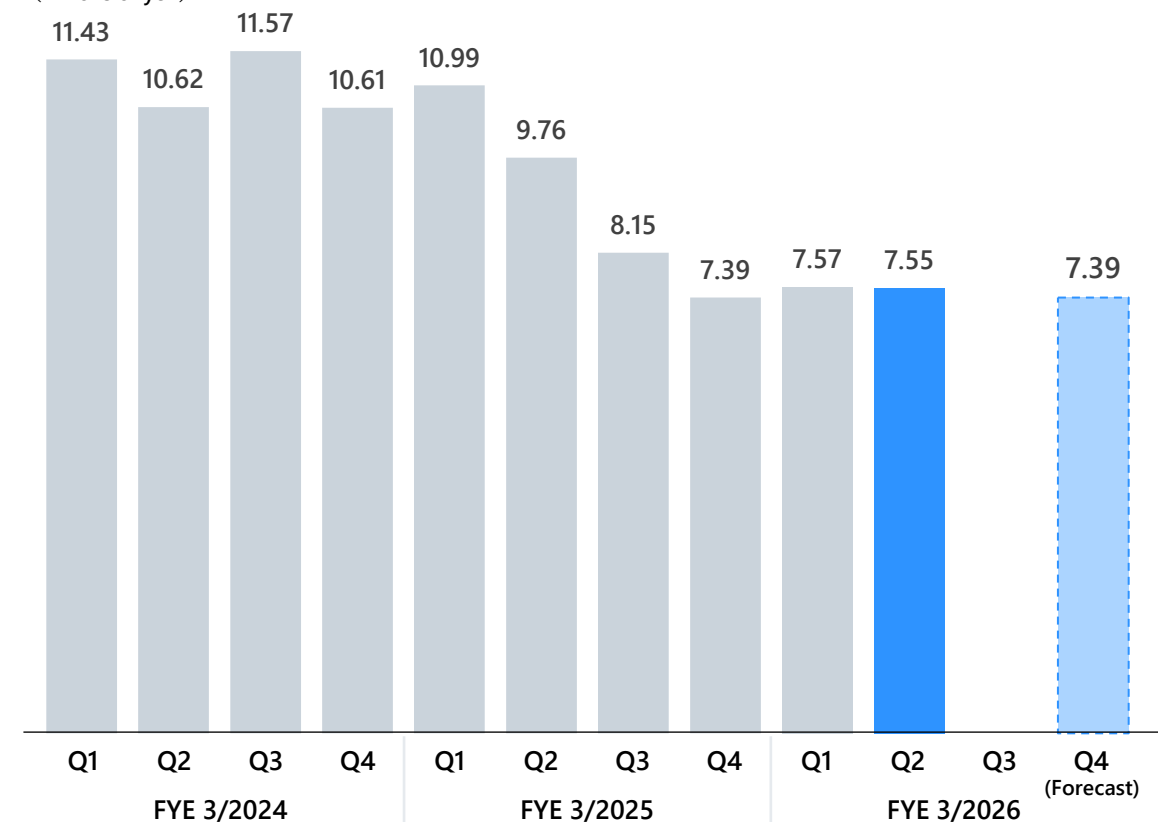
Orders received

(Billions of yen)



Order backlog

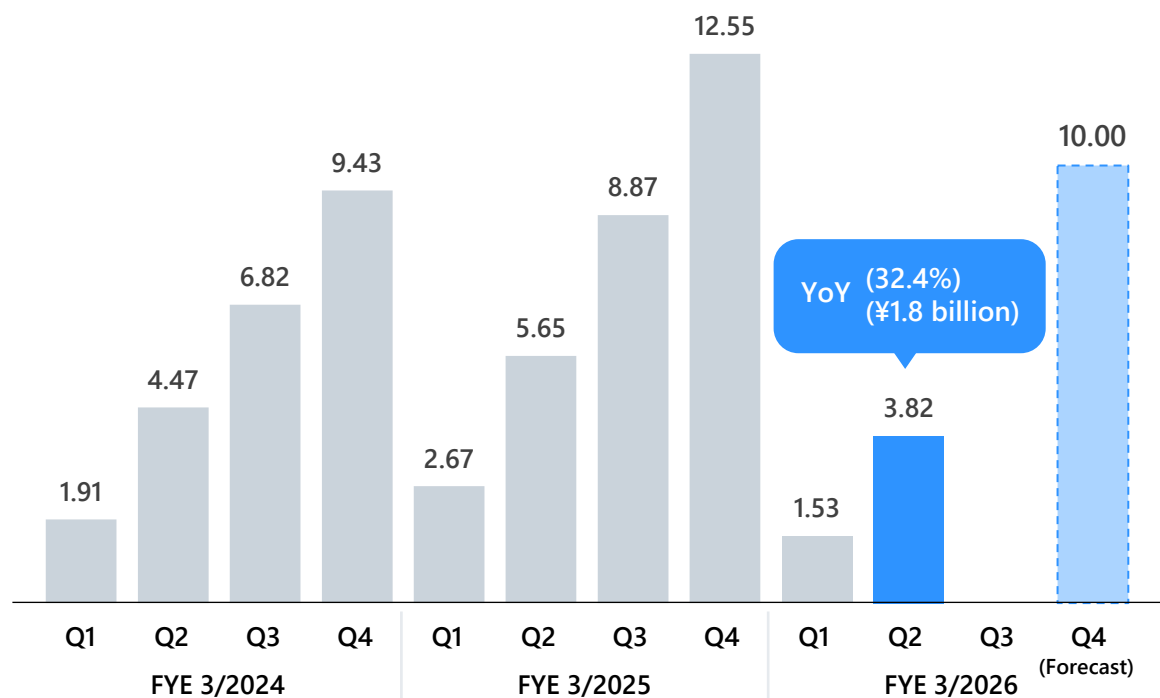
(Billions of yen)



- ✓ Net sales decreased due to weak performance in both building facilities and equipment for the semiconductor industry business.
- ✓ Operating profit declined due to a decrease in net sales, but the operating margin improved.

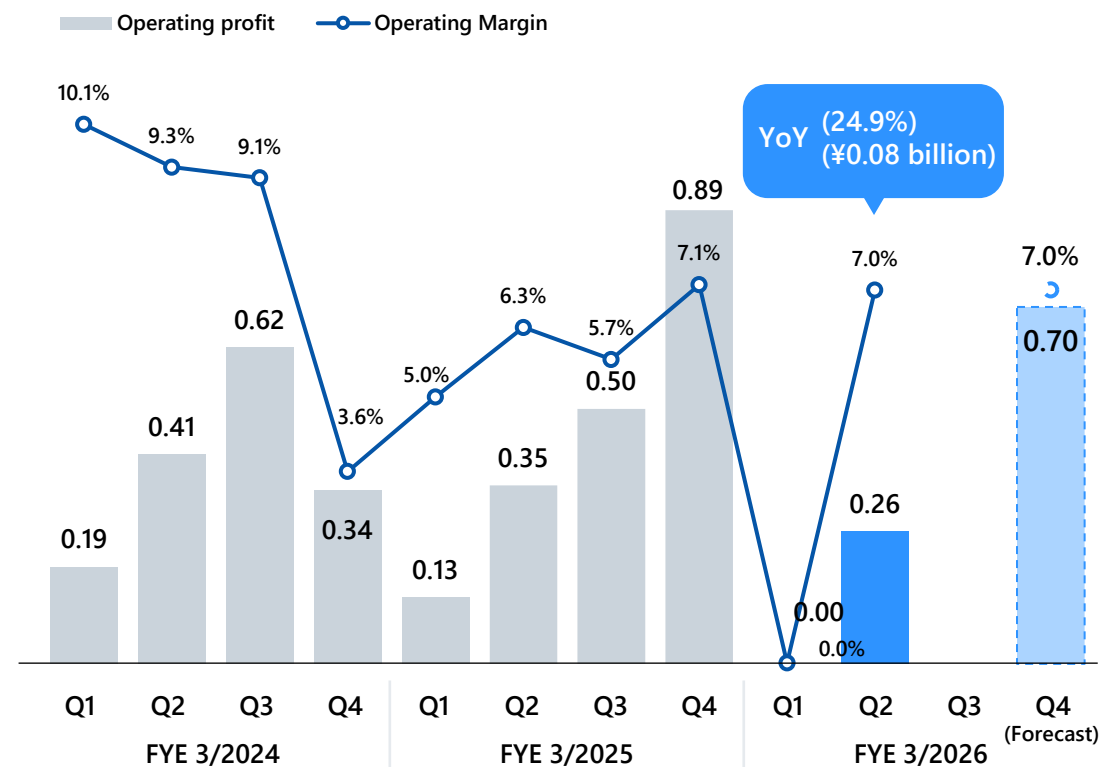
Net sales

(Billions of yen)



Operating profit

(Billions of yen)



- ✓ The full-year outlook for FY2025, disclosed on May 14, 2025, remains unchanged.
- ✓ Orders received will continue to be steadily linked to strong demand, particularly for waste treatment plants, with the goal of achieving a record high for two consecutive years.
- ✓ Net sales are expected to increase due to growth in the Domestic Environment and Energy Business, as well as the Package Boiler Business.
- ✓ Operating profit is expected to increase, primarily driven by growth in the Domestic Environment and Energy Business.

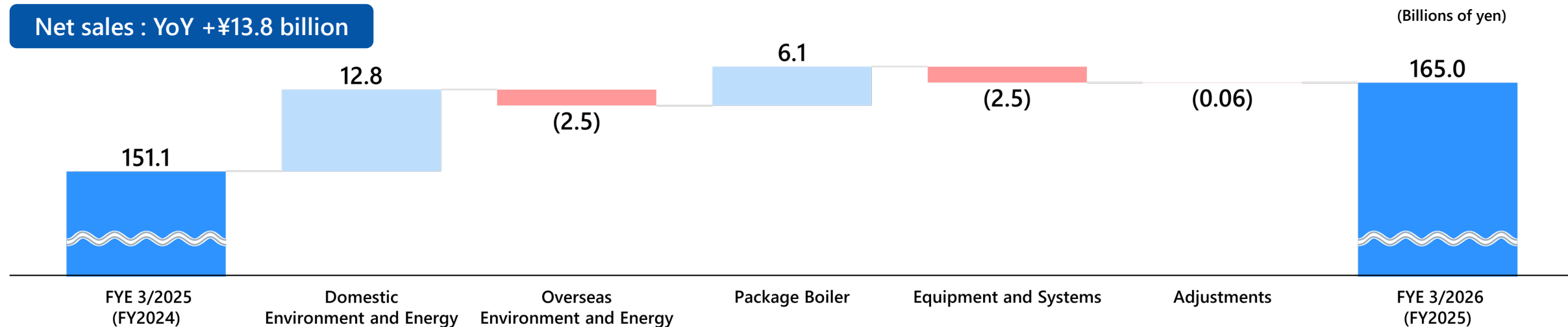
(Millions of yen)	FYE 3/2024 (FY2023)	FYE 3/2025 (FY2024)	FYE 3/2026 (FY2025) Beginning of year forecast	YoY Change
Orders received	160,568	246,301	250,000	+1.5%
Order backlog	482,612	577,752	662,752	+14.7%
Net sales	149,166	151,161	165,000	+9.2%
Operating profit	10,229	13,532	14,500	+7.1%
Operating margin	6.9%	9.0%	8.8%	(0.2pt)
Ordinary profit	11,166	14,095	15,000	+6.4%
Profit attributable to owners of parent	8,754	10,391	11,700	+12.6%
Basic earnings per share (yen) *	109.43	132.24	158.00	+19.5%

*the forecast taking into account the effect of the acquisition currently being carried out and disposal of treasury stock

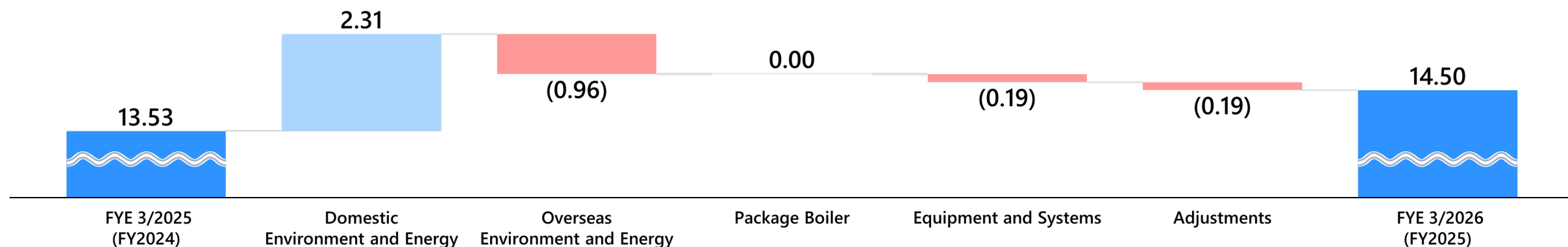
(Millions of yen)	FYE 3/2024 (FY2023)	FYE 3/2025 (FY2024)	FYE 3/2026 (FY2025) Beginning of year forecast	YoY Change
Order received				
Total	160,568	246,301	250,000	+1.5%
Domestic Environment and Energy	131,567	214,792	208,500	(2.9%)
Overseas Environment and Energy	2,280	2,347	3,000	+27.8%
Package Boiler	18,666	20,266	29,000	+43.1%
Equipment and Systems	8,403	9,343	10,000	+7.0%
Net sales				
Total	149,166	151,161	165,000	+9.2%
Domestic Environment and Energy	119,190	113,650	126,500	+11.3%
Overseas Environment and Energy	2,440	5,546	3,000	(45.9%)
Package Boiler	18,492	19,845	26,000	+31.0%
Equipment and Systems	9,437	12,557	10,000	(20.4%)
Operating profit				
Total	10,229	13,532	14,500	+7.1%
Domestic Environment and Energy	11,228	13,081	15,400	+17.7%
Overseas Environment and Energy	184	1,069	100	(90.7%)
Package Boiler	1,177	1,394	1,400	+0.4%
Equipment and Systems	341	890	700	(21.4%)

*Adjustments are omitted.

Net sales : YoY +¥13.8 billion



Operating profit : YoY +¥0.96 billion



Operating Profit
Variance Analysis

Profit will increase due to higher sales and improved profitability in the EPC business.

Profit will decrease due to decline in sales.

Although sales will increase with the inclusion of IHI Packaged Boiler Co., Ltd. as a consolidated subsidiary, profits will remain in line with the previous period due to the occurrence of integration costs.

Profit will decrease due to decline in sales.

- ✓ Toward Q4, the number of construction progress and deliveries increases, resulting in higher trade receivables (notes receivable, accounts receivable, and contract assets). Meanwhile, cash and deposits tend to decrease as payments to suppliers progress. In FY2025, borrowing was undertaken due to a significant increase in payments to suppliers.
- ✓ In Q1 of the following fiscal year, the collection of trade receivables progresses, leading to an increase in cash and deposits.

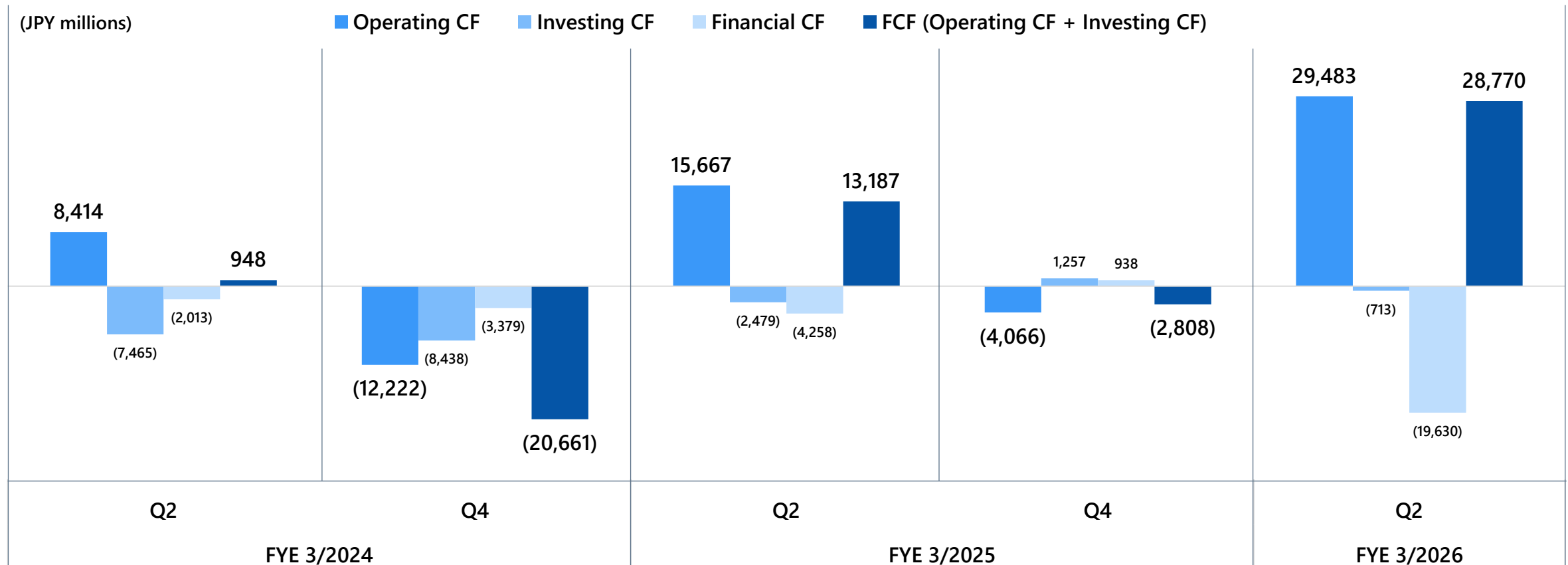
Assets (JPY millions)	FYE 3/2025 Q3	FYE 3/2025 Q4	FYE 3/2026 Q1	FYE 3/2026 Q2
Current assets	121,777	136,309	118,871	122,211
Cash and Deposits	39,874	39,431	61,531	48,698
Notes and accounts receivable - trade, and contract assets	62,649	82,293	39,173	51,827
Inventories	15,251	11,934	14,875	15,182
Other	4,002	2,649	3,290	6,503
Non-current assets	56,935	54,609	56,313	57,264
Property, Plant and Equipment	18,921	18,763	18,747	18,519
Non-current assets	858	958	1,515	1,482
Investments and other assets	37,155	34,887	36,051	37,261
Total assets	178,712	190,919	175,185	179,476

Liabilities and Net Assets (JPY millions)	FYE 3/2025 Q3	FYE 3/2025 Q4	FYE 3/2026 Q1	FYE 3/2026 Q2
Current liabilities	56,709	69,515	56,760	58,224
Notes and Accounts Payable, Electronically Recorded Obligations	37,898	33,439	29,170	32,792
Short-term borrowings	1,106	12,086	583	483
Other	17,704	23,990	27,006	24,948
Non-current liabilities	12,204	11,839	12,461	12,915
Total liabilities	68,913	81,355	69,222	71,139
Net assets	109,799	109,563	105,963	108,336
Total Liabilities and Net Assets	178,712	190,919	175,185	179,476
Capital adequacy ratio	61.0%	57.0%	59.9%	59.9%

***Others** under Current Assets includes Allowance for Doubtful Accounts.

***Notes and Accounts Payable, and Electronically Recorded Obligations** under Current Liabilities represents the total of notes and accounts payable and electronically recorded obligations. "Others" represents the total of corporate taxes payable, contract liabilities, provision for bonuses, provision for product warranties, provision for loss on construction contracts, and other items.

- ✓ Similar to net sales and profit, results fluctuate depending on the EPC project mix (municipal/private-sector projects and the progress of each EPC project).
- ✓ For municipal EPC projects, cash outflows increase toward Q4 because of payments to suppliers, while cash inflows are generally recorded around Q1 of the following fiscal year based on the work completed in the current fiscal year. A larger number of project handovers tends to result in higher cash inflows.



✓ 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: Investment for the new Harima Factory was completed.
- Depreciation: Up mainly due to update for enterprise system.
- Research and development expenses: We engaged in R&D, primarily in relation to decarbonization technology. Expenses are expected to increase due to experiments and installation of testing equipment.

Human resources investment	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025	FYE 3/2026 (Forecast)
Number of employees (people, consolidated)	3,925	4,145	4,247	4,278	4,372	-
Number of employees (people, non-consolidated)	894	958	1,002	1,054	1,087	-
Hires (people, non-consolidated)	62	79	69	83	76	60-70

(Millions of yen)	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025	FYE 3/2026 (Forecast)
Capital investment	2,420	3,844	7,100	3,527	1,329	1,500
Depreciation	1,036	961	1,136	1,797	1,934	2,100
Research and development expenses	1,047	1,006	1,150	1,629	1,782	1,800

(Millions of yen)	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025	FYE 3/2026 (Forecast)
Selling, general and administrative expenses (consolidated)	16,326	16,254	17,741	19,309	20,160	-

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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