Supplementary Materials of Financial Results for Q3 FY2025

Takuma Co., Ltd. | February 13, 2026

TAKUMA

Key Highlights

Q3 Results

- ✓ Orders received jumped, driven mainly by the Domestic Environment and Energy Business, reaching a record high for the third quarter.
- ✓ Net sales and operating profit rose, mainly due to progress on previously ordered plants in the Domestic Environment and Energy Business.

FY2025 Forecast

- ✓ Orders received were revised upward, mainly due to waste treatment plant orders have been proceeding at a pace exceeding the plan.
- ✓ Net sales and operating profit were revised upward, mainly thanks to a growth in after-sales service for waste treatment plants and energy plants.

	Q3 FY2025 Results		FY2025 Forecast		
	Results	YoY change	Forecast	YoY change	Change from Initial Forecast
Orders received	¥262.9 billion	+¥67.2 billion +34.4%	¥330.0 billion	+¥83.6 billion +34.0%	+¥80.0 billion +32.0%
Net sales	¥113.8 billion	+¥7.4 billion +7.0%	¥167.0 billion	+¥15.8 billion +10.5%	+¥2.0 billion +1.2%
Operating profit	¥9.5 billion	+¥0.7 billion +9.1%	¥15.2 billion	+¥1.6 billion +12.3%	+¥0.7 billion +4.8%
Profit attributable to owners of parent	¥8.2 billion	+¥1.0 billion +14.0%	¥12.9 billion	+¥2.5 billion +24.1%	+¥1.2 billion +10.3%

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Q3 FY2025 (Ending 3/2026) | Financial Highlights

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- ✓ Orders received saw a substantial increase, mainly in the Domestic Environment and Energy Business, reaching a record high for the third quarter.
- ✓ Net sales rose, driven mainly by progress on previously ordered plants in the Domestic Environment and Energy Business.
- ✓ Operating profit rose, mainly thanks to net sales growth in the Domestic Environment and Energy Business.
- ✓ Profit attributable to owners of parent rose due to the higher operating profit and recording of gains on the sale of investment securities..

(Millions of yen)	Q3 FYE 3/2024 (FY2023)	Q3 FYE 3/2025 (FY2024)	Q3 FYE 3/2026 (FY2025)	YoY change
Orders received	138,223	195,644	262,935	+34.4%
Order backlog	504,582	571,862	726,880	+27.1%
Net sales	104,852	106,395	113,807	+7.0%
Operating profit	6,264	8,709	9,502	+9.1%
Operating margin	6.0%	8.2%	8.3%	+0.1pt
Ordinary profit	7,095	9,336	10,355	+10.9%
Profit attributable to owners of parent	4,947	7,242	8,255	+14.0%
Basic earnings per share (yen)	61.85	91.66	110.63	+20.7%

Q3 FY2025 (Ending 3/2026)

Financial Highlights by Segments

(Millions of yen)	Q3 FYE 3/2024 (FY2023)	Q3 FYE 3/2025 (FY2024)	Q3 FYE 3/2026 (FY2025)	YoY change
Orders received				
Total	138,223	195,644	262,935	+34.4%
Domestic Environment and Energy	115,031	171,674	230,367	+34.2%
Overseas Environment and Energy	1,834	1,587	1,028	(35.2%)
Package Boiler	14,863	16,327	24,696	+51.3%
Equipment and Systems	6,758	6,416	7,150	+11.4%
Net sales				
Total	104,852	106,395	113,807	+7.0%
Domestic Environment and Energy	83,154	79,457	87,109	+9.6%
Overseas Environment and Energy	1,652	4,142	2,827	(31.7%)
Package Boiler	13,513	14,271	18,465	+29.4%
Equipment and Systems	6,828	8,874	5,653	(36.3%)
Operating profit				
Total	6,264	8,709	9,502	+9.1%
Domestic Environment and Energy	6,549	8,309	10,050	+21.0%
Overseas Environment and Energy	43	801	30	(96.1%)
Package Boiler	895	1,088	1,129	+3.8%
Equipment and Systems	621	508	427	(15.9%)

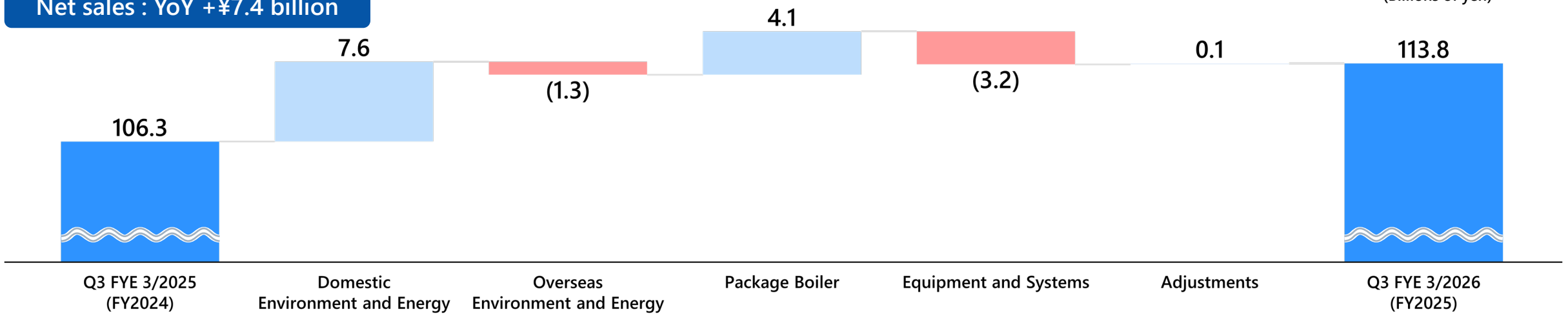
*Adjustments are omitted.

Q3 FY2025 (Ending 3/2026)

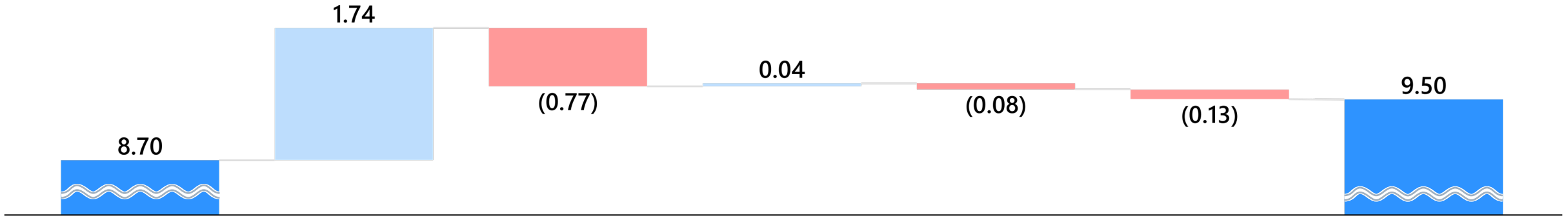
Segment Information

Net sales : YoY +¥7.4 billion

(Billions of yen)



Operating profit : YoY +¥0.79 billion



Operating Profit Variance Analysis

- Domestic Environment and Energy: Profit increased due to higher sales.
- Overseas Environment and Energy: Profit decreased due to changes in the project composition.
- Package Boiler: Revenue increased due to the consolidation of IHI Packaged Boiler Co., Ltd. as a subsidiary, while profits were on par with the same period of the previous year due to higher fixed costs such as personnel expenses.
- Equipment and Systems: Profit decreased due to decline in sales.

Domestic Environment and Energy Business

Orders received / Order backlog

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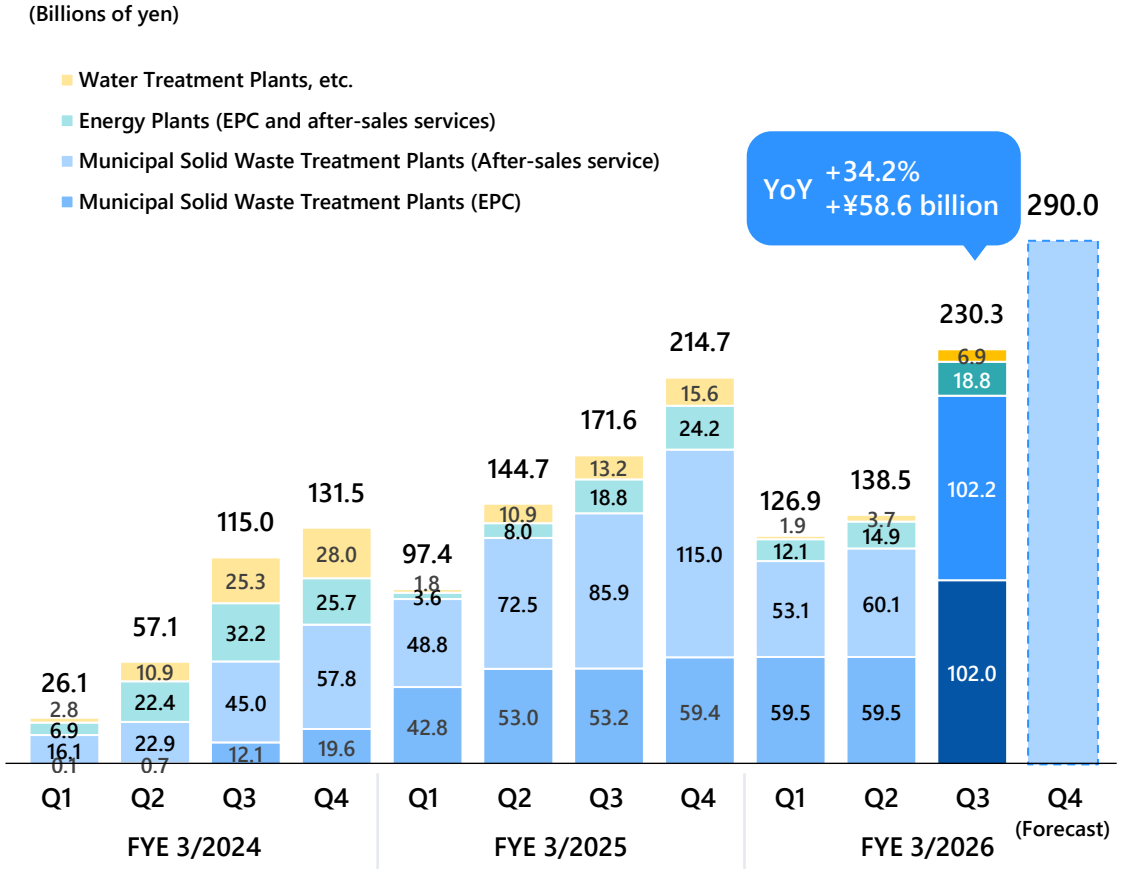
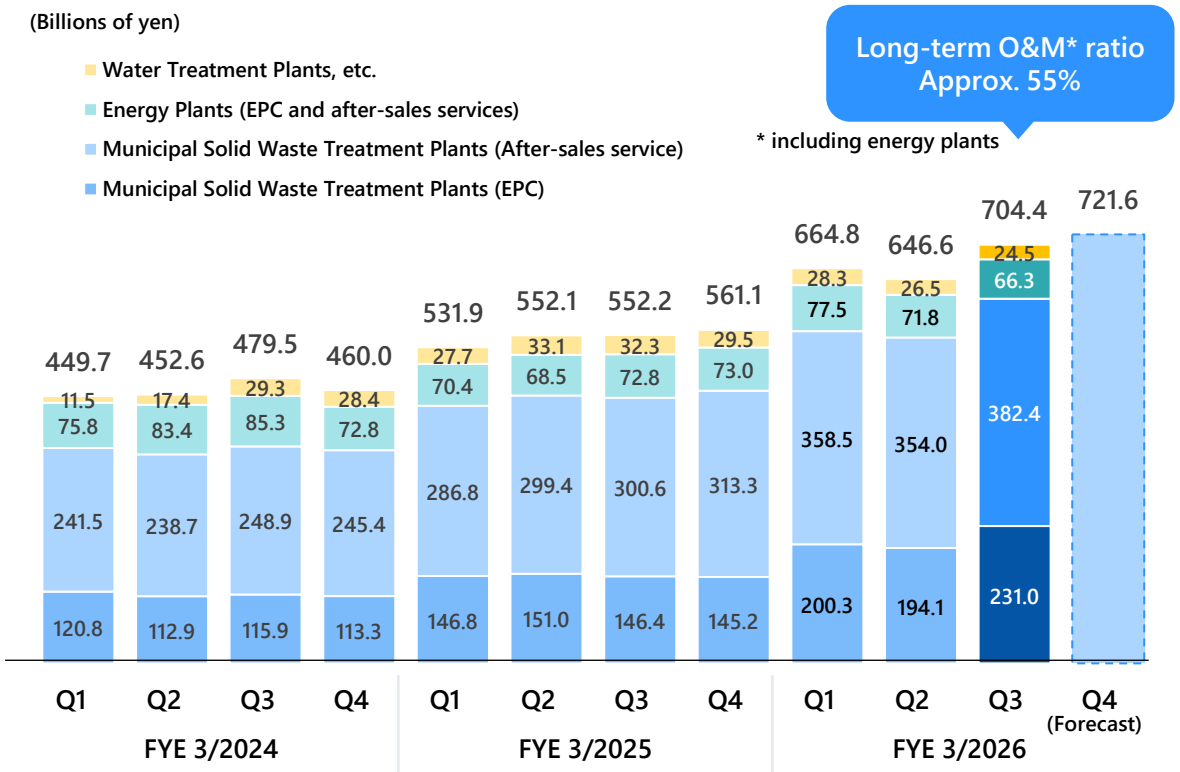
✓ Orders received rose sharply, driven by receiving orders for waste treatment plants (3 DBO projects, 2 primary equipment improvement projects), and 3 energy plants.

Orders received



Order backlog



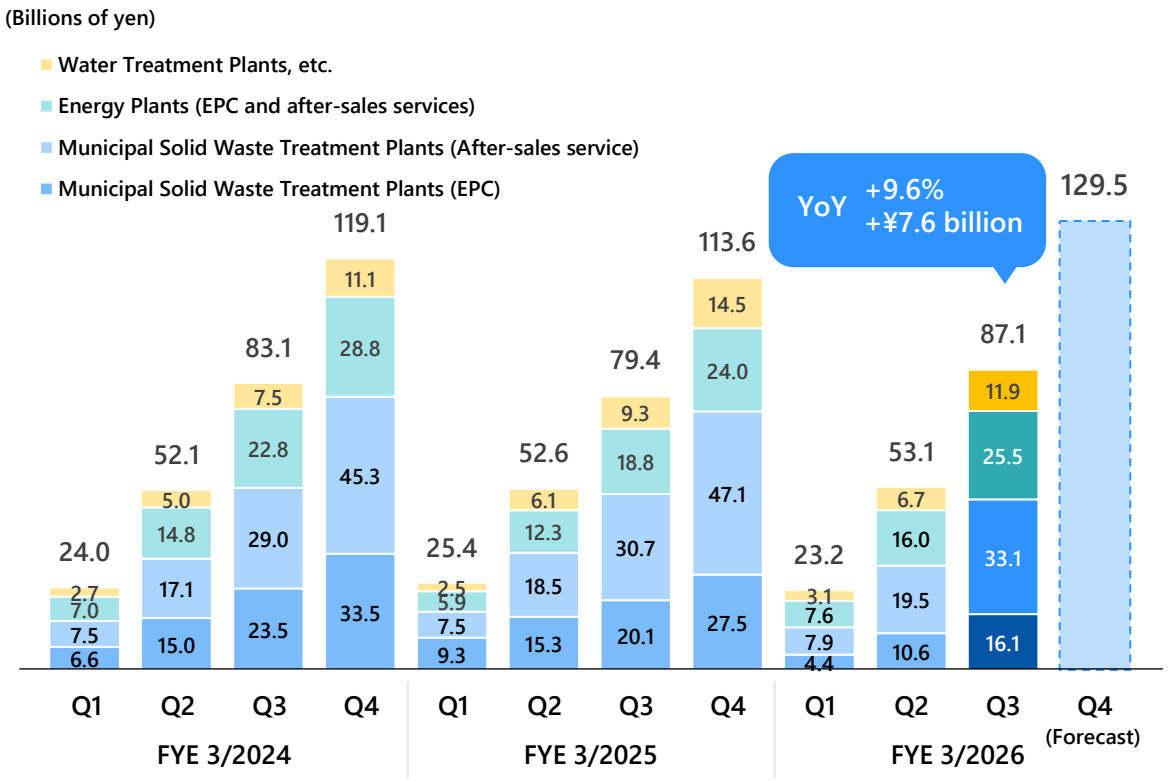
Major outstanding orders for municipal solid waste treatment plants [as of December 31, 2025]
[EPC] 14 projects are in progress (of which 1 project is scheduled for delivery in FYE 3/2027), as well as 1 project was delivered in FYE 3/2026.
[Long-term O&M] 22 projects are ongoing, 10 projects are scheduled to start in FYE 3/2027 or later.

Domestic Environment and Energy Business

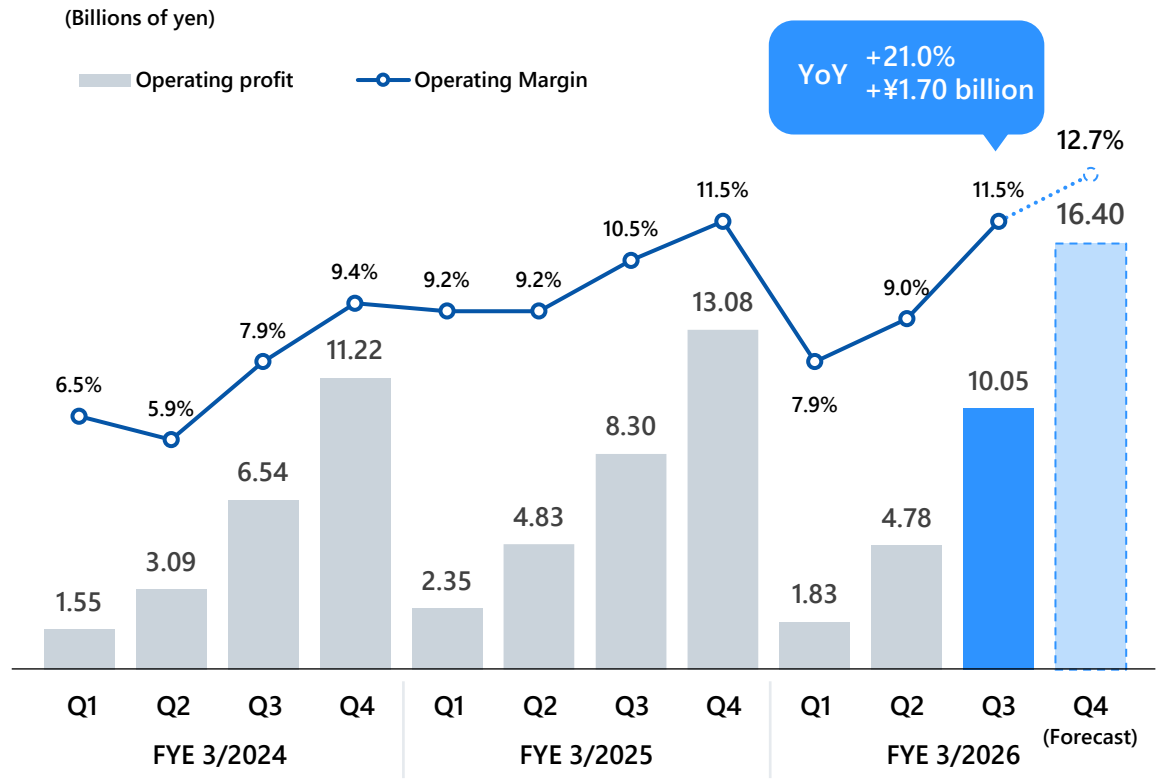
Net Sales / Operating Profit

- ✓ Net sales rose mainly due to significant progress in previously ordered plants.
- ✓ Operating profit increased reflecting the increase in net sales.

Net sales



Operating profit



Domestic Environment and Energy Business

Main Orders Received

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✓ From Q1 to Q3 FYE 3/2026, orders were received for waste treatment plants (3 DBO projects, 2 primary equipment improvement 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)
		Q3	Suita City	EPC	Primary equipment improvement project	480t/day	3/2031
			Togane City and Three Municipalities Cleaning Association	EPC & After-sales service	DBO	125t/day	9/2029 (20 years of operations starting 10/2029)
			Nagoya City	EPC	Primary equipment improvement project	600t/day	7/2029
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

Domestic Environment and Energy Business

Main Orders Received

TAKUMA

✓ From Q1 to Q3 FYE 3/2026, orders were received for 3 biomass power plants.

	Year		Delivered to:	Notes		Capacity	Scheduled Completion
Energy plants	FYE 3/2024	Q1	Furusato FIC Energy LLC.	EPC	Power generation business (Biomass, FIT)	1,990kW	1/2026
			Mogami Biomass Power Generation2 (KK)	EPC	Power generation business (Biomass, FIT)	7,100kW	10/2026
		Q2	Shin Tokai Paper Co., Ltd. Shimada Plant	EPC	Self-consumption (Biomass and others, Non-FIT)	-	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
		Q3	Tochigi High Trust Co., Ltd.	EPC	Industrial waste treatment	93.6t/day	2/2027
			Hachimantai Next Energy Co.	EPC	Power generation business (Biomass, FIT)	7,100kW	12/2026
		Q4	Company A	EPC	Power generation business (Biomass, FIT)	1,990kW	-
	FYE 3/2025	Q2	Hiroshima Gas Co., Ltd.	EPC	Power generation business (Biomass, FIP)	1,990kW	6/2026
		Q3	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
		Q4	Daishou Co., Ltd.	EPC	Power generation business (Biomass, Non-FIT)	1,990kW	6/2027
	FYE 3/2026	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
		Q3	Company C	EPC	Power generation business (Biomass, FIT)	-	-

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

Domestic Environment and Energy Business

Topics

- Received an order from Togane City and Three Municipalities Cleaning Association, Chiba Prefecture, for a DBO project involving waste treatment facilities.
- The project includes the construction of incineration and recycling facilities, which will operate for 20 years starting October 2029.
- Processing capacity: 125t/day Contract amount: 35.498 billion JPY (excluding tax)

*total amount of orders received by the corporate group represented by Takuma

New solid waste treatment facility for Togane City and Three Municipalities Cleaning Association (image)

- Received an order from Suita City, Osaka Prefecture, for functional restoration work of the core facilities at a waste treatment facility (Suita City Resource Recycling Center).
- Large-scale upgrades of plant equipment have extended the service life of the facility.
- Processing capacity: 480t/day Contract amount: 13.56 billion JPY (excluding tax)

*total amount of orders received by the corporate group represented by Takuma

Suita City Resource Recycling Center

- Received an order from Nagoya City, Aichi Prefecture, for a primary equipment improvement project at a waste treatment facility (Inokoshi Plant)
- In addition to extending the service life of the facility, CO_2 emissions will be reduced by more than 8% compared with current levels through increased power generation and reduced electricity consumption resulting from the replacements.
- Processing capacity: 600t/day Contract amount: 21.3 billion JPY (excluding tax)

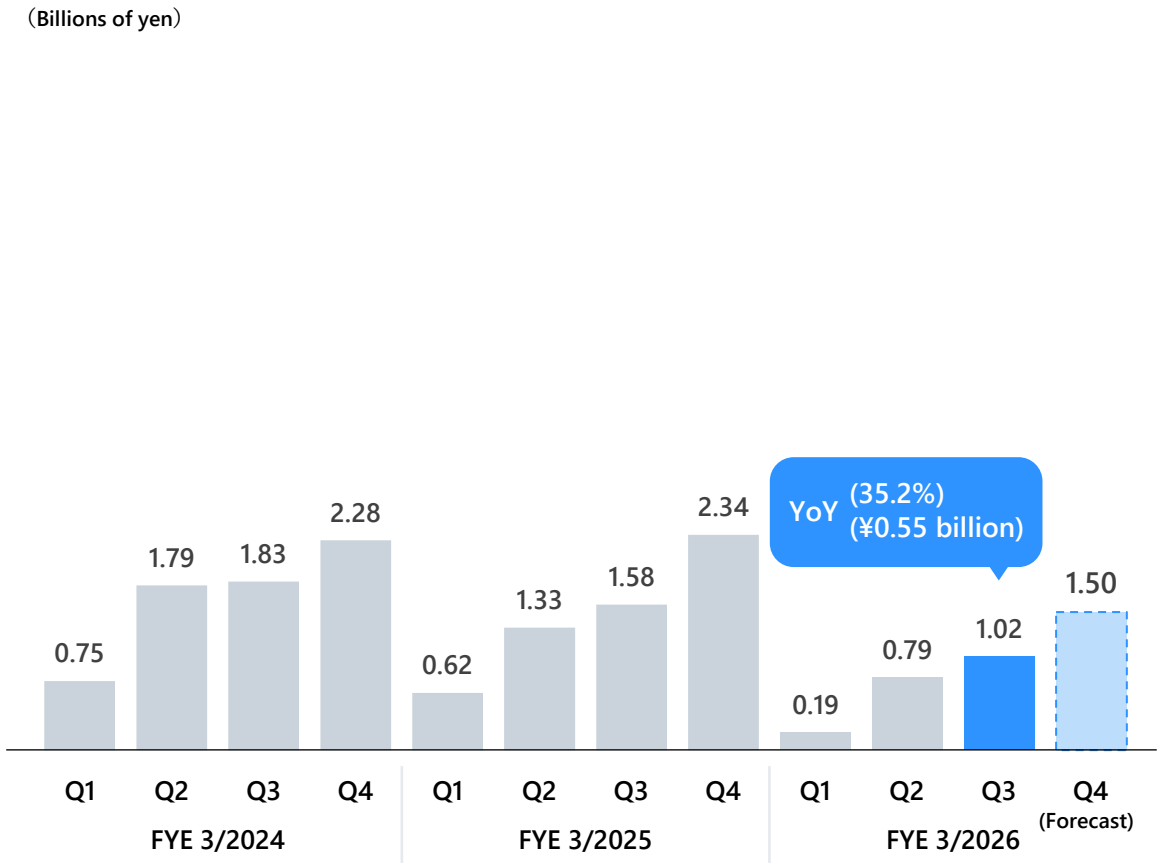
Inokoshi Plant

Overseas Environment and Energy Business

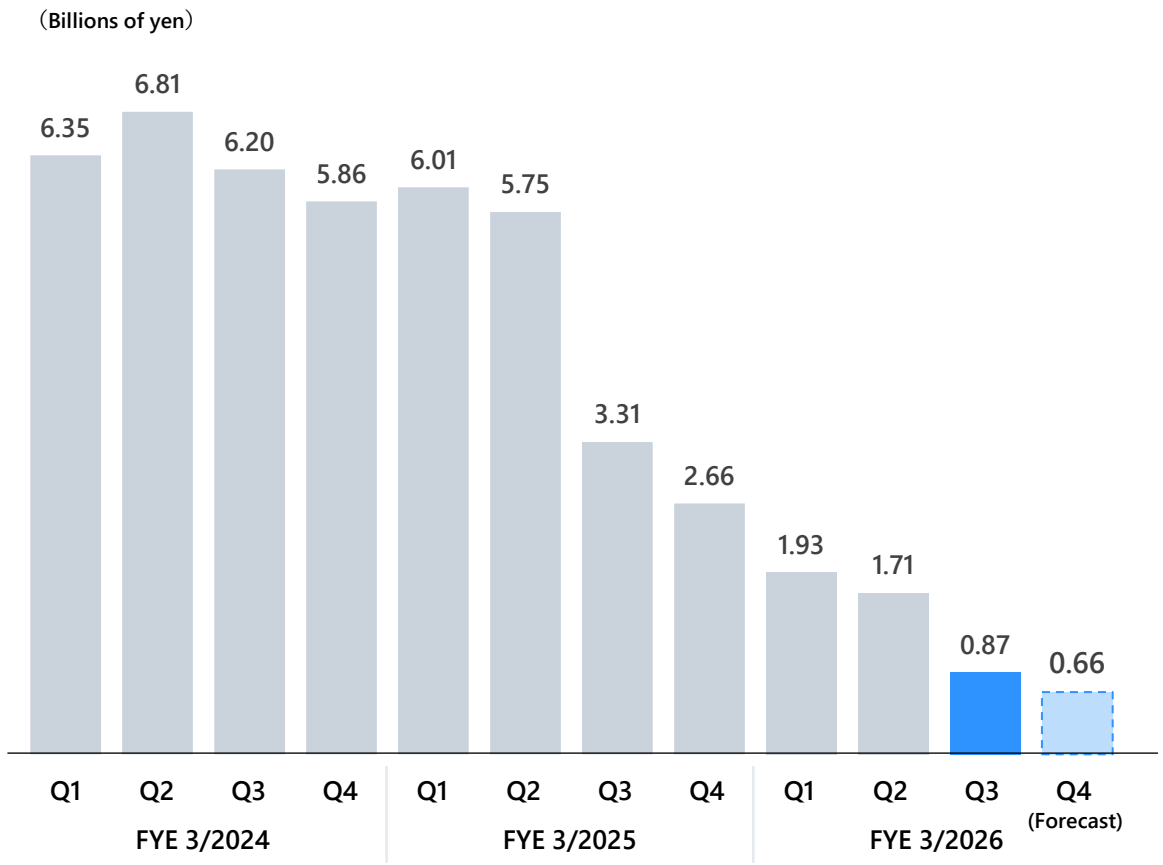
Orders received / Order backlog

✓ Orders received declined due to a decrease in maintenance services.

Orders received



Order backlog

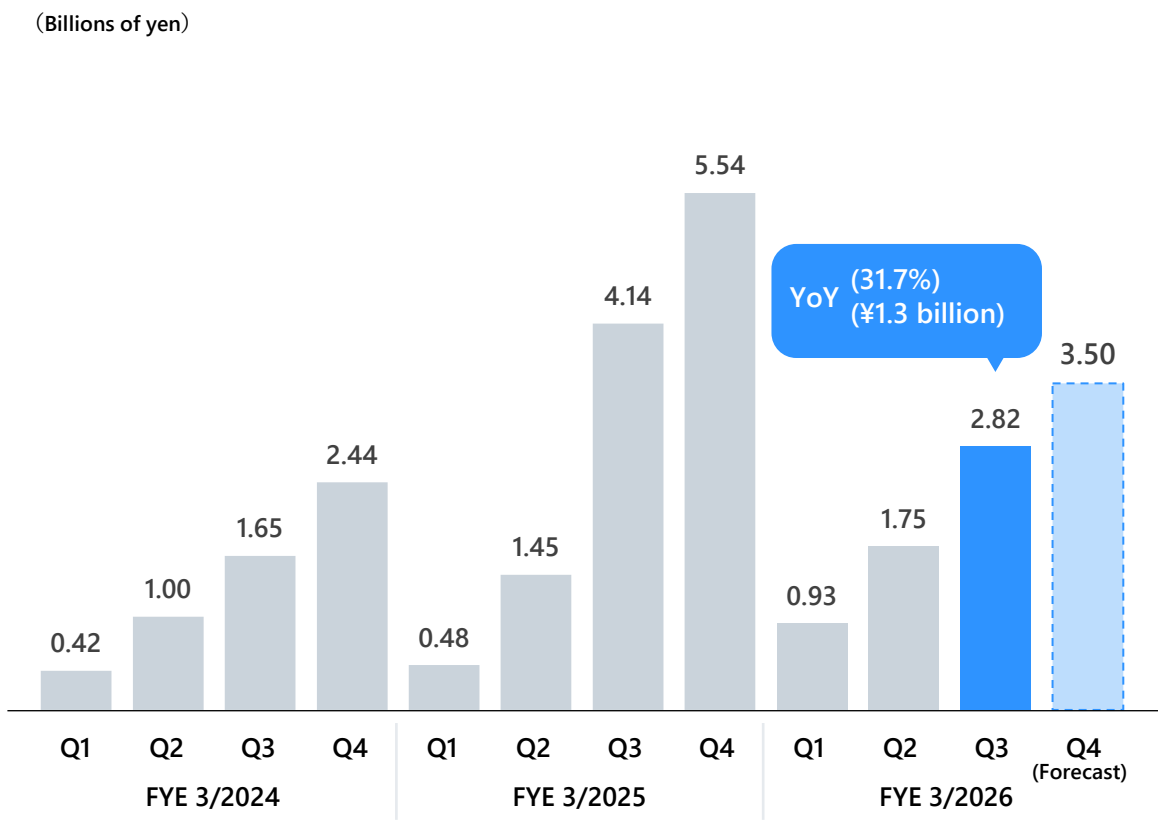


Overseas Environment and Energy Business

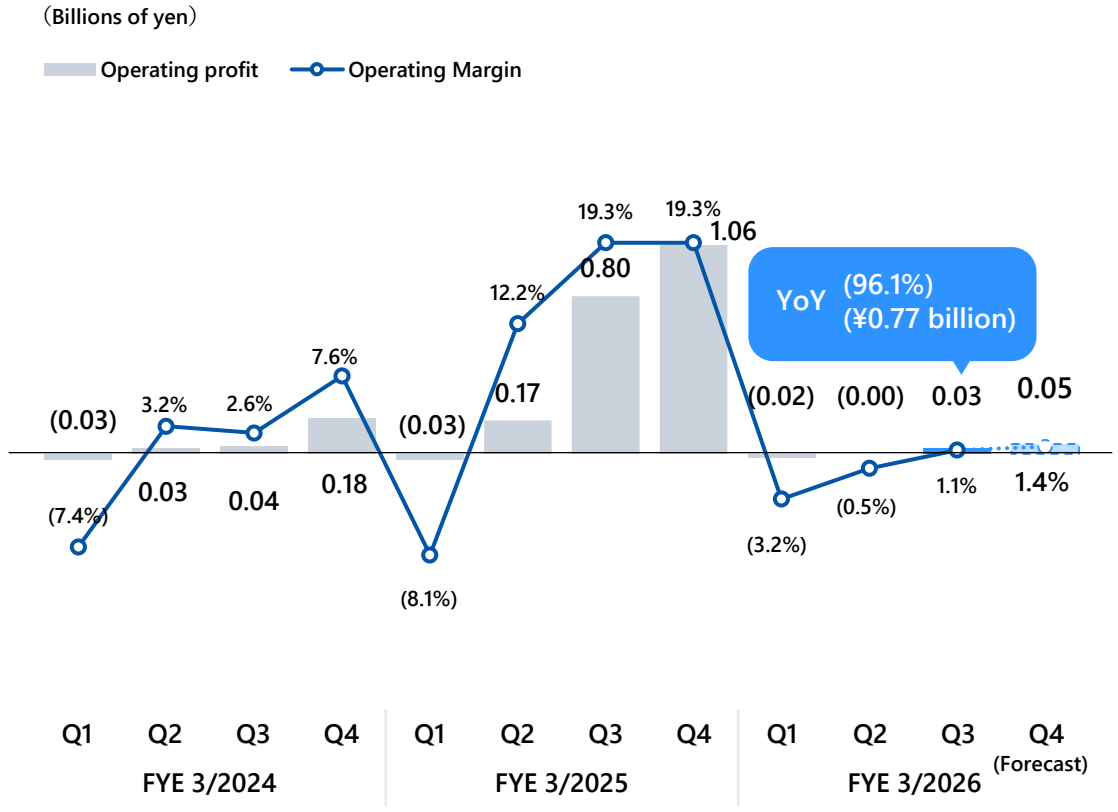
Net sales / Operating profit

- ✓ Net sales declined due to a change in the project mix.
- ✓ Operating profit decreased due to a decline in net sales and a change in the project mix.

Net sales



Operating profit

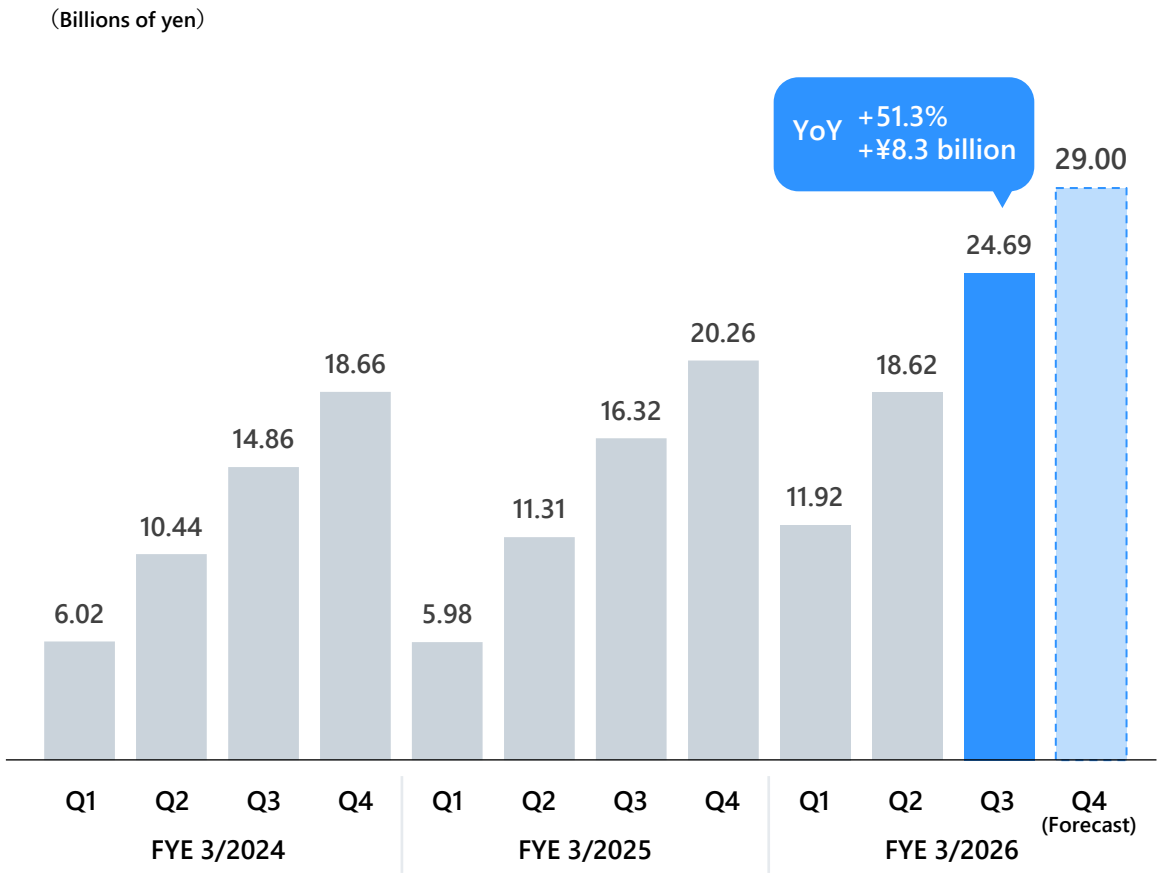


Package Boiler Business

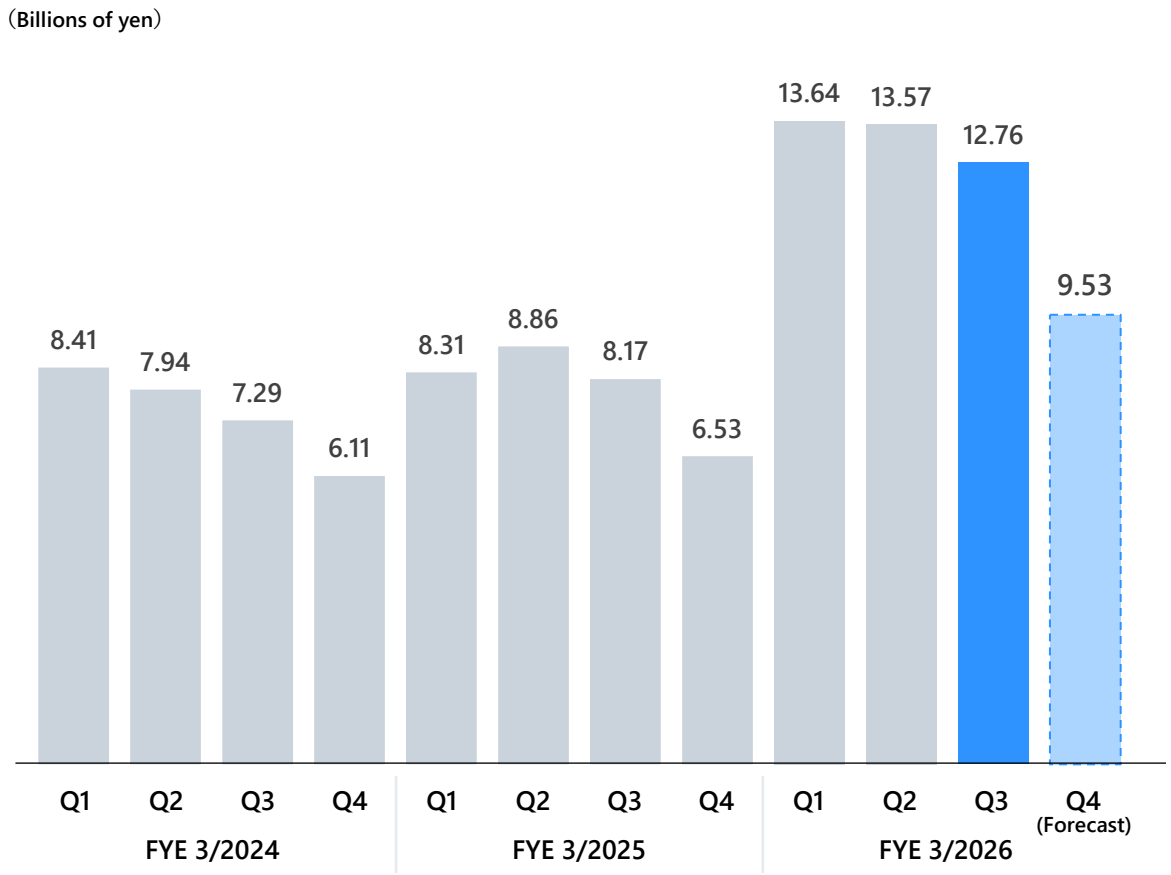
Orders received / Order backlog

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

Orders received



Order backlog

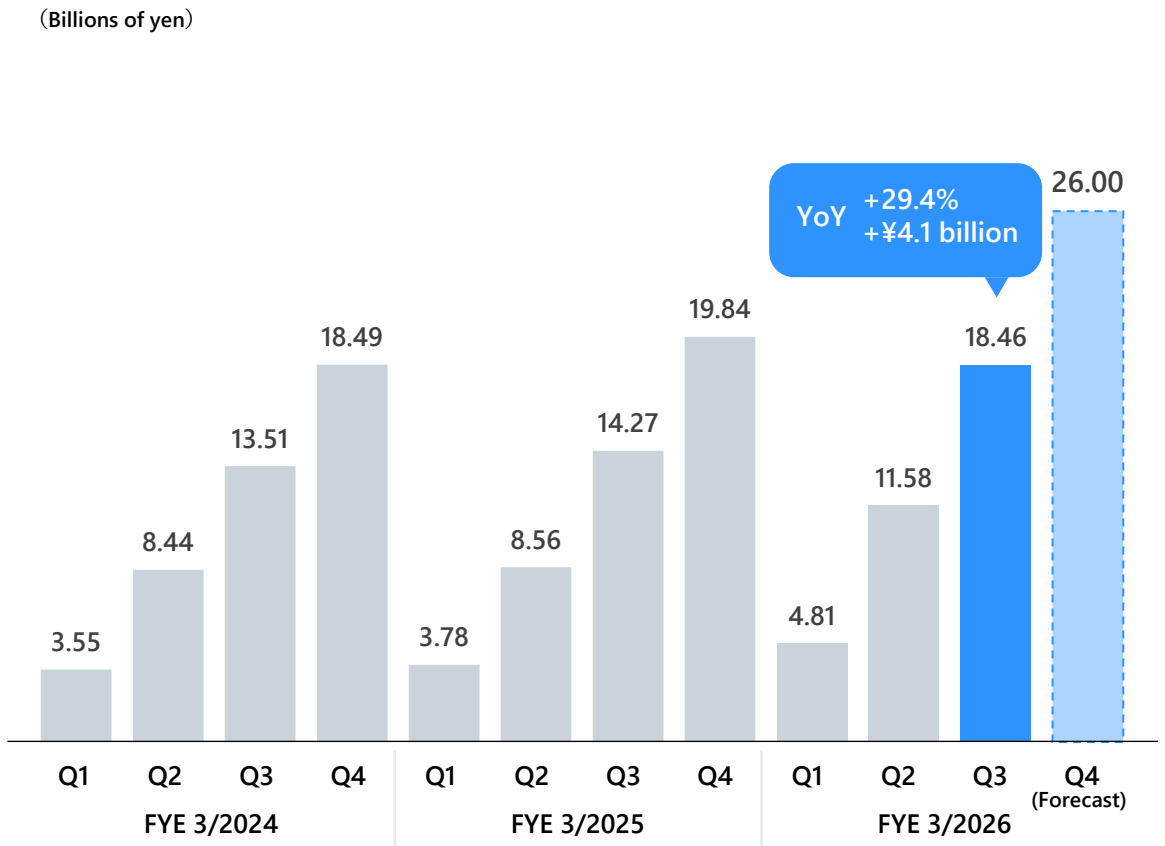


Package Boiler Business

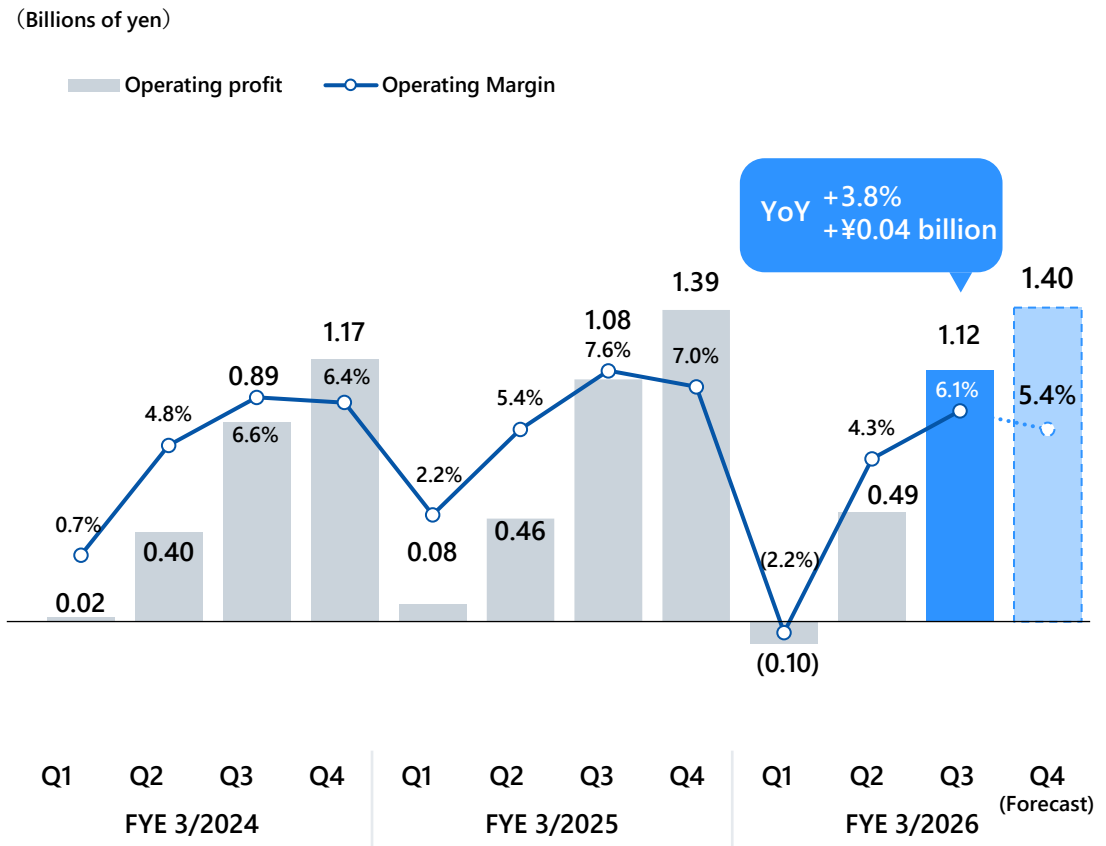
Net sales / Operating profit

- ✓ 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



Operating profit

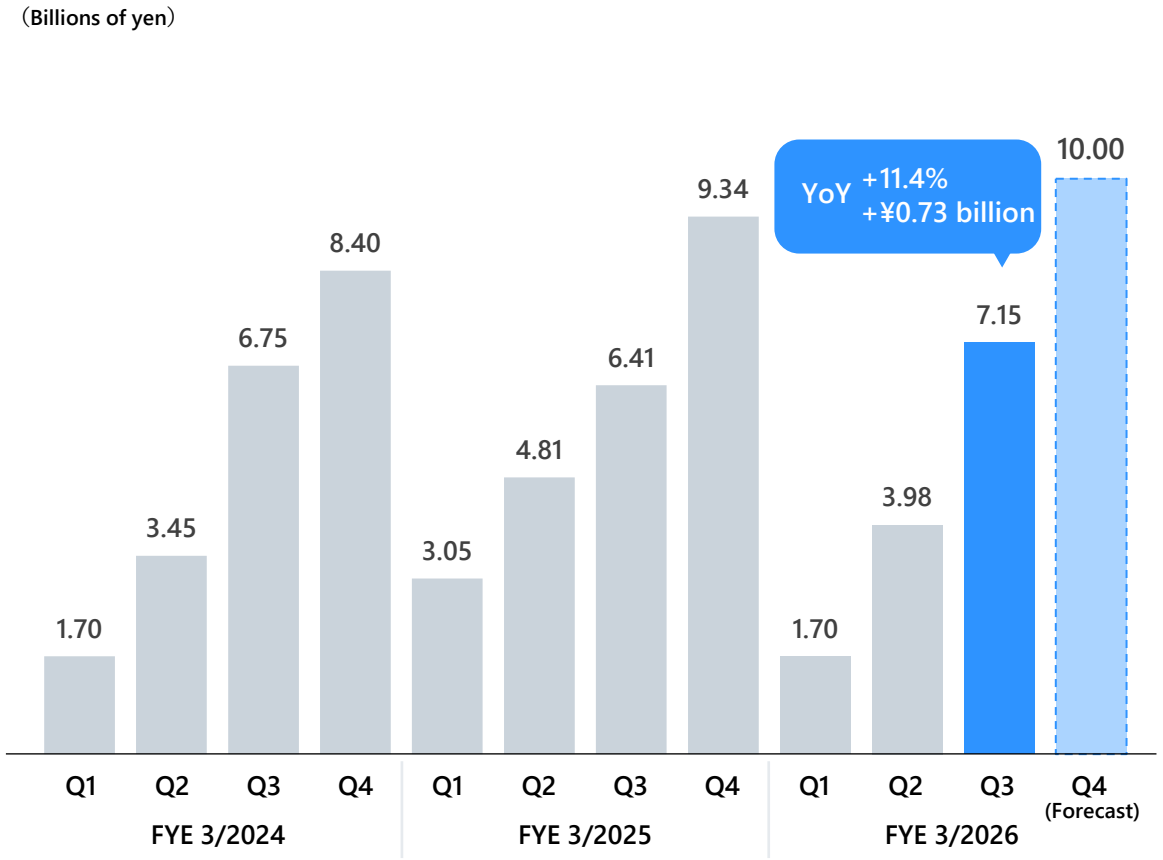


Equipment and Systems Business

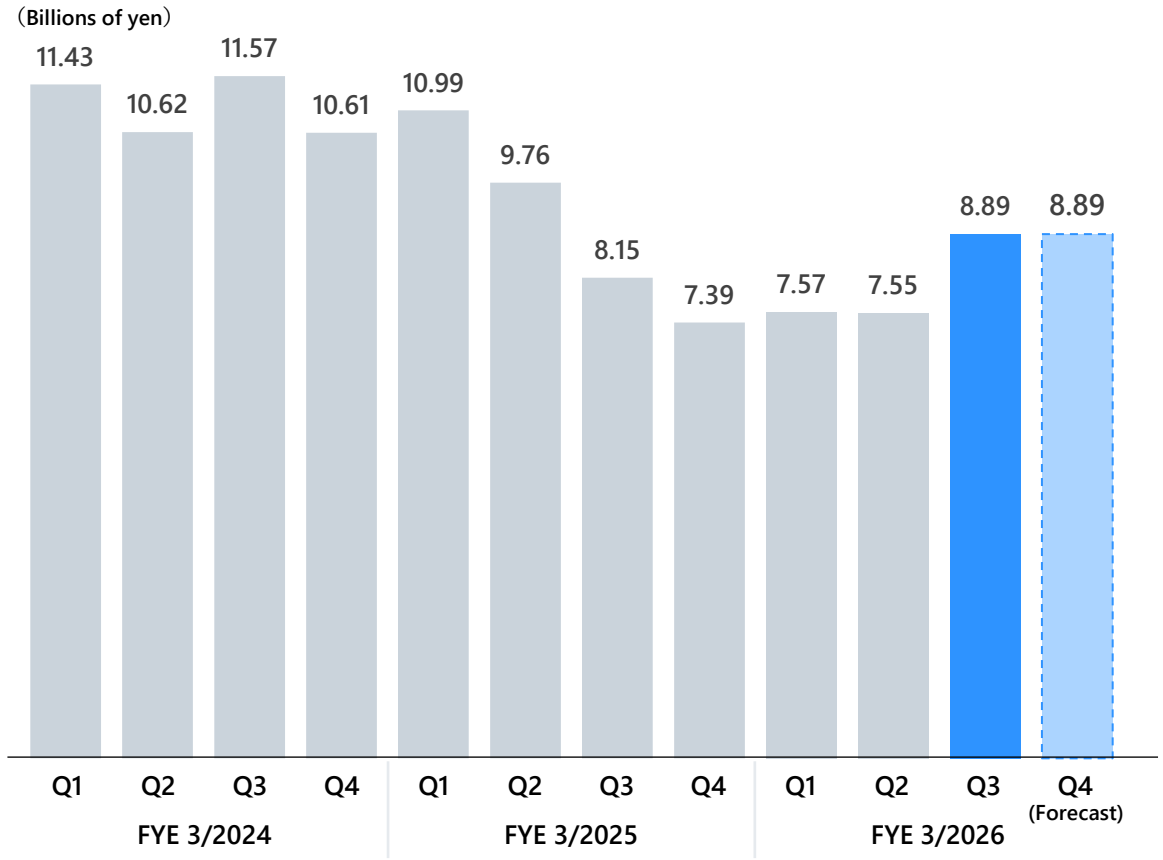
Orders Received / Order Backlog

✓ Orders received rose, mainly driven by an increase in the building equipment business.

Orders received



Order backlog

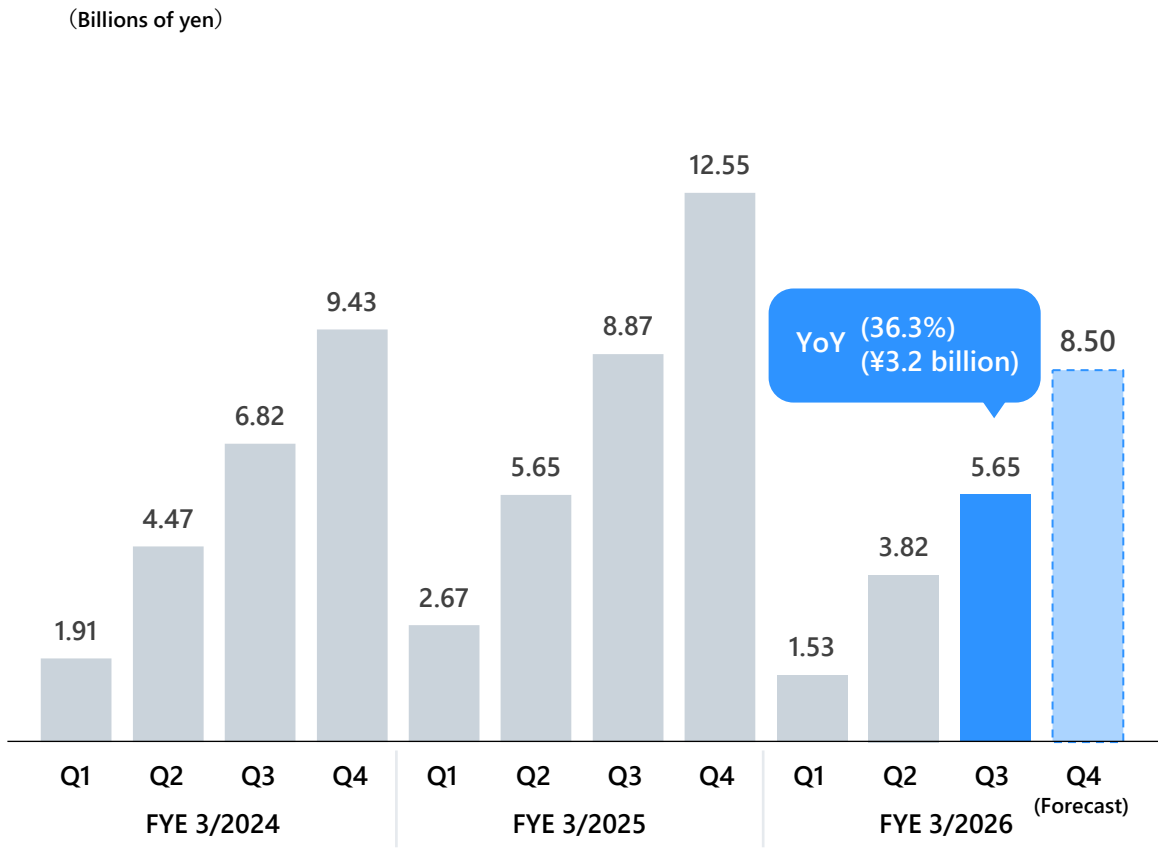


Equipment and Systems Business

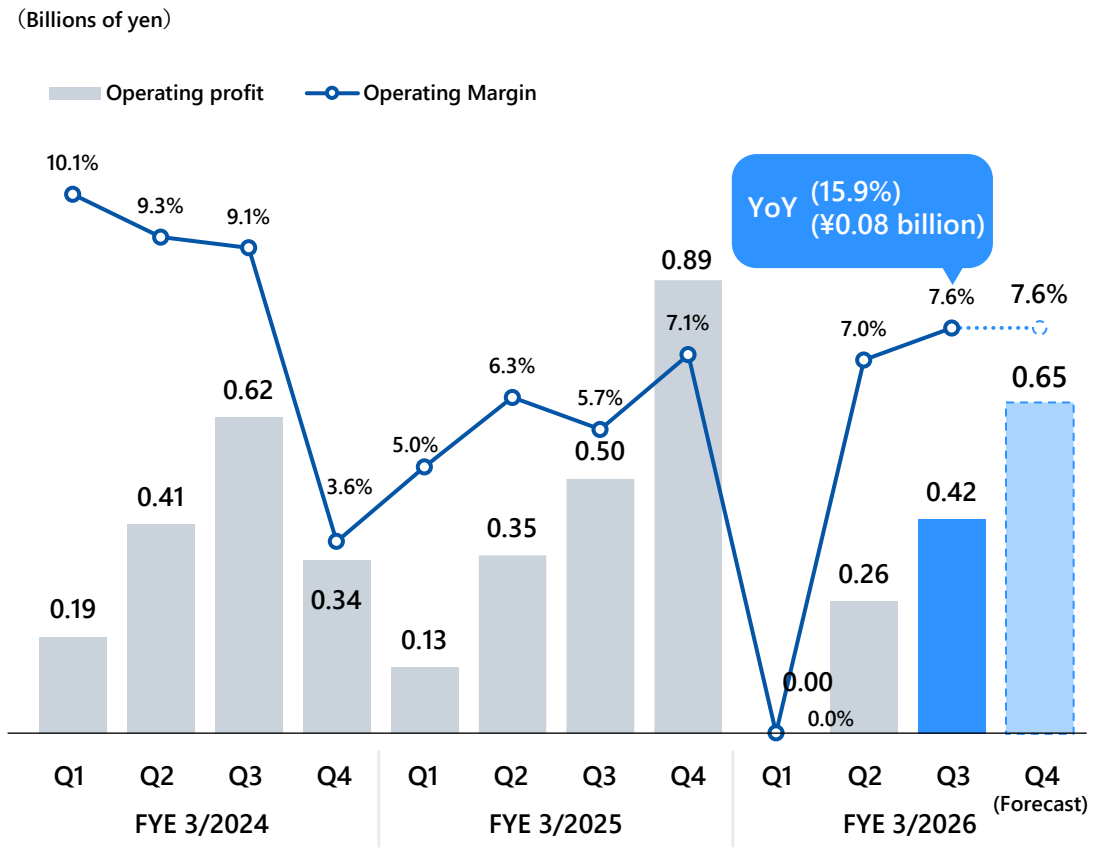
Net sales / Operating profit

- ✓ Net sales decreased as both the building equipment business and the semiconductor industrial equipment business fell.
- ✓ Operating profit declined due to a decrease in net sales, but the operating margin improved.

Net sales



Operating profit



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FY2025 (Ending 3/2026)

Results Forecast

- ✓ The full-year forecasts for orders received, net sales, operating profit, and all subsequent profit levels were revised upward.
- ✓ Orders received have been progressing at a pace exceeding the plan, driven by orders mainly for waste treatment plant replacements and primary equipment improvement projects in the Domestic Environment and Energy Business. Net sales and operating profit are expected to increase, driven mainly by growth in after-sales service for waste treatment plants and energy plants in the Domestic Environment and Energy Business.

(Millions of yen)	FYE 3/2024 (FY2023)	FYE 3/2025 (FY2024)	FYE 3/2026 (FY2025)			
	Results	Results	Initial forecast	Revised forecast	YoY Change	Change from initial forecast
Orders received	160,568	246,301	250,000	330,000	+34.0%	+32.0%
Order backlog	482,612	577,752	662,752	740,752	+28.2%	+11.8%
Net sales	149,166	151,161	165,000	167,000	+10.5%	+1.2%
Operating profit	10,229	13,532	14,500	15,200	+12.3%	+4.8%
Operating margin	6.9%	9.0%	8.8%	9.1%	+ 0.1pt	+ 0.3pt
Ordinary profit	11,166	14,095	15,000	16,000	+13.5%	+6.7%
Profit attributable to owners of parent	8,754	10,391	11,700	12,900	+24.1%	+10.3%
Basic earnings per share (yen) *	109.43	132.24	158.00	174.00	+31.6%	+10.1%

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

FY2025 (Ending 3/2026)

Results Forecast by Segment

(Millions of yen)	FYE 3/2024 (FY2023) Results	FYE 3/2025 (FY2024) Results	FYE 3/2026 (FY2025) Initial forecast	FYE 3/2026 (FY2025) Revised forecast	FYE 3/2026 (FY2025) YoY Change	FYE 3/2026 (FY2025) Change from initial forecast
Order received						
Total	160,568	246,301	250,000	330,000	+34.0%	+32.0%
Domestic Environment and Energy	131,567	214,792	208,500	290,000	+35.0%	+39.1%
Overseas Environment and Energy	2,280	2,347	3,000	1,500	(36.1%)	(50.0%)
Package Boiler	18,666	20,266	29,000	29,000	+43.1%	0.0%
Equipment and Systems	8,403	9,343	10,000	10,000	+7.0%	0.0%
Net sales						
Total	149,166	151,161	165,000	167,000	+10.5%	+1.2%
Domestic Environment and Energy	119,190	113,650	126,500	129,500	+13.9%	+2.4%
Overseas Environment and Energy	2,440	5,546	3,000	3,500	(36.9%)	+16.7%
Package Boiler	18,492	19,845	26,000	26,000	+31.0%	0.0%
Equipment and Systems	9,437	12,557	10,000	8,500	(32.3%)	(15.0%)
Operating profit						
Total	10,229	13,532	14,500	15,200	+12.3%	+4.8%
Domestic Environment and Energy	11,228	13,081	15,400	16,400	+25.4%	+6.5%
Overseas Environment and Energy	184	1,069	100	50	(95.3%)	(50.0%)
Package Boiler	1,177	1,394	1,400	1,400	+0.4%	0.0%
Equipment and Systems	341	890	700	650	(27.0%)	(7.1%)

*Adjustments are omitted.

FY2025 (Ending 3/2026)

Forecast by Segment

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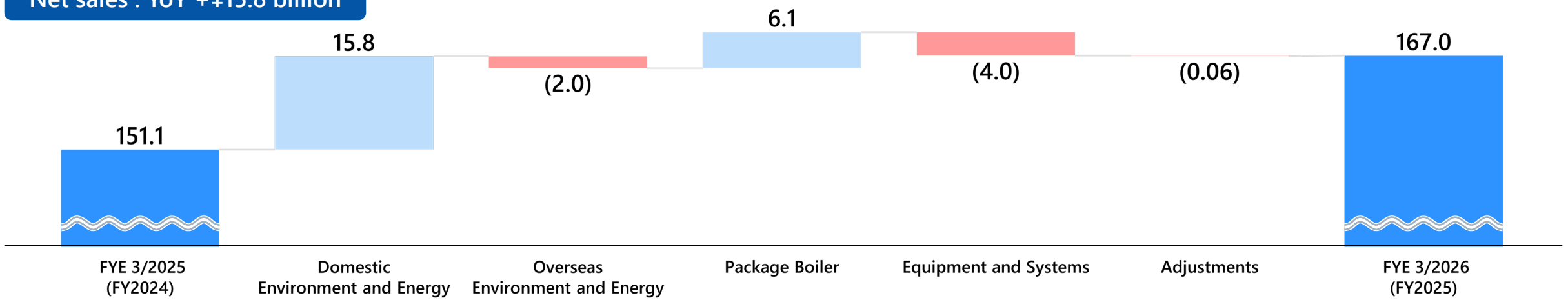
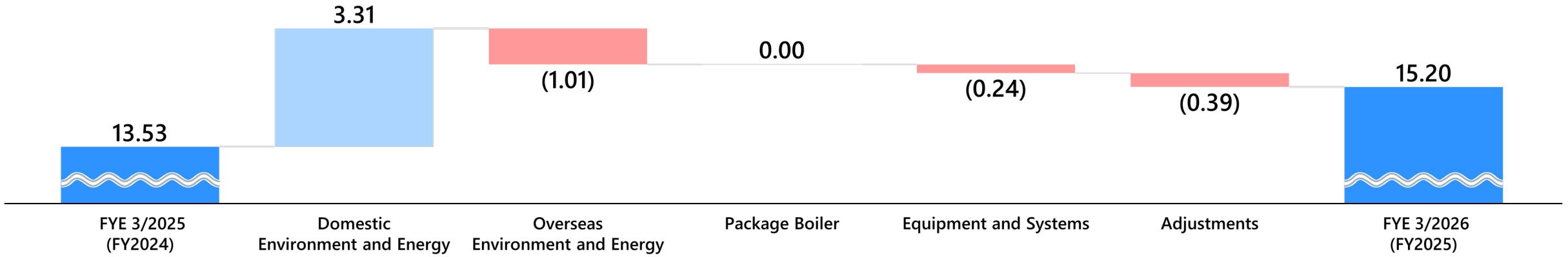
Net sales : YoY +¥15.8 billion

(Billions of yen)



Operating profit : YoY +¥1.66 billion



Operating Profit Variance Analysis	Domestic Environment and Energy	Overseas Environment and Energy	Package Boiler	Equipment and Systems
	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.

Shareholder Return

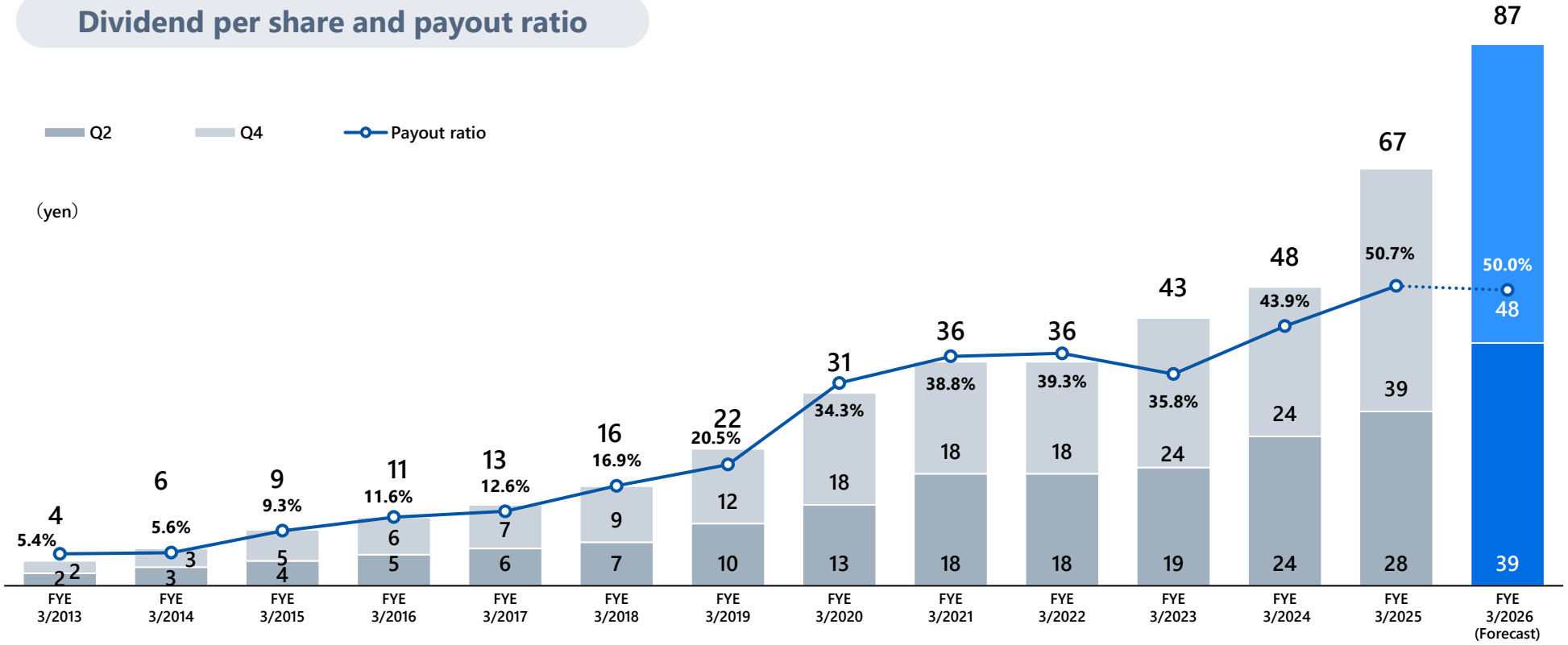
Dividend

✓ In line with the shareholder return policy, the annual dividend per share for FY2025 is expected to be 87 yen, a record high, representing an increase of 20 yen.

14th MTP Shareholder return policy

1. Enhancing shareholder returns and improving capital efficiency through stable dividends and share repurchase
2. Establish as a target amount whichever is higher calculated based on dividend payout ratio of 50% or dividend on equity (DOE) ratio of 4.0%
3. Share repurchase totaling approximately JPY 18 billion over three years to improve capital efficiency

Dividend per share and payout ratio



Shareholder Return

Share Repurchase

- ✓ 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 second repurchase of treasury shares under the 14th MTP is currently being carried out from February 17, 2025, to February 16, 2026, with a maximum limit of 10 billion yen, and all acquired shares are planned to be cancelled.
- ✓ The total return ratio for FY2025 is expected to be approximately 110%.

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

	Resolution of May 14, 2024		Resolution of February 14, 2025	
Details of the Repurchase	Details of the Resolution	Repurchase Status [Completed]	Details of the Resolution	Repurchase Status [As of December 31, 2025]
Total number of shares to be repurchased / have been repurchased	3,000,000 (maximum)	2,463,200	9,000,000 (maximum)	4,400,600
Ratio to total outstanding shares [excluding treasury shares]	3.75 %	-	11.59 %	-
Total amount to be paid for repurchase	¥4,000,000,000 (maximum)	¥3,999,939,075	¥10,000,000,000 (maximum)	¥8,857,257,874
Period of repurchase	From May 15, 2024 to January 15, 2025	From May 15, 2024 to January 15, 2025	From February 17, 2025 to February 16, 2026	From February 17, 2025 to December 31, 2025
Details of the Cancellation				
Total number of shares to be cancelled	All of the treasury shares repurchased as stated in above	2,463,200	All of the treasury shares repurchased as stated in above	-
Ratio to total outstanding shares before cancellation	-	2.97 %	-	-
Scheduled date of cancellation	February 28, 2025	February 28, 2025	March 31, 2026	March 31, 2026

Growth Investments

Human Resources, Capital Investment and R&D

TAKUMA

✓ 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	-

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Company Outline

- ✓ In 1912, founder Tsunekichi Takuma invented the first boiler to be entirely produced in Japan. In 1963, we delivered Japan's first fully continuous mechanical waste incineration plant by leveraging our combustion and engineering technology cultivated through boiler improvement.
- ✓ Today, our core business is plant engineering centered on the environment and energy fields, including waste treatment facilities, biomass power plants, and water treatment plants.

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

Track Records

Municipal Solid Waste Treatment Plants

Domestic total delivery share

No.1

About **380** plants delivered

Boiler Plants

Domestic total delivery share

No.1

(Under Japan's FIT system)

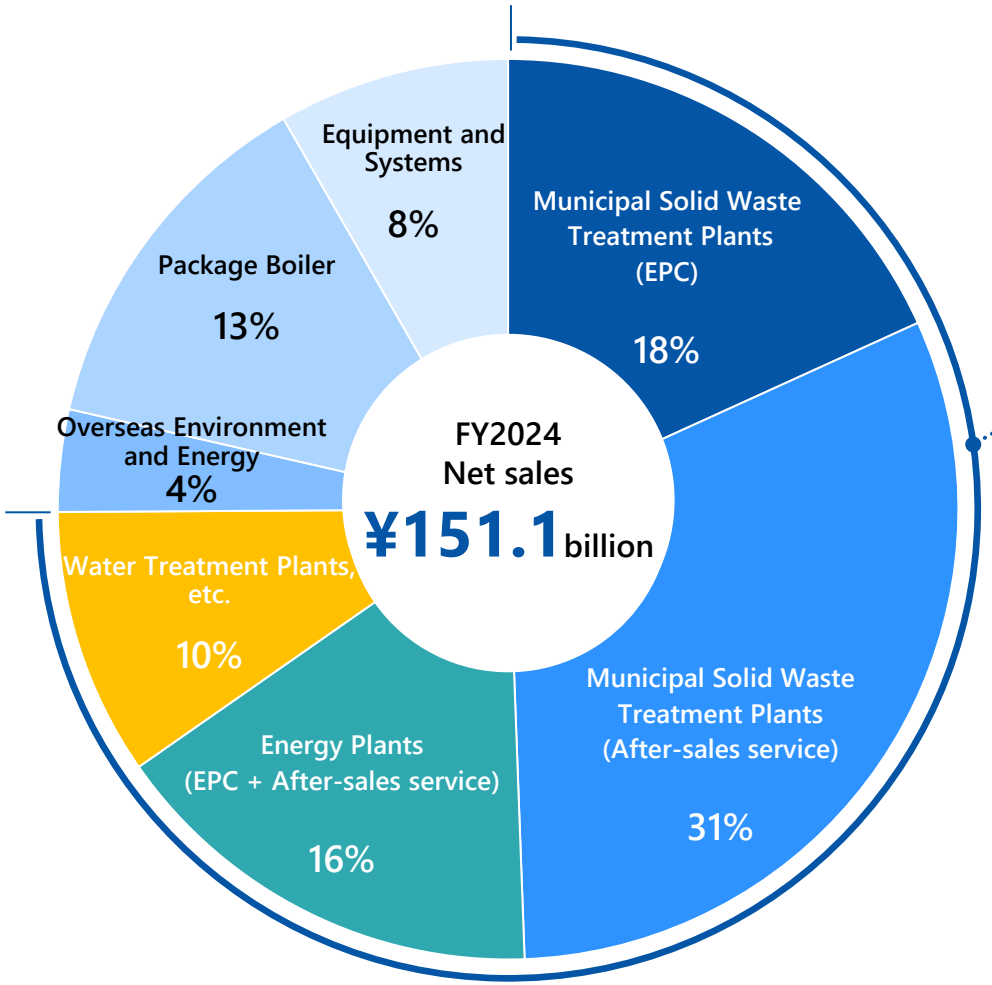
About **60** units delivered

*Biomass plants:
650 units in Japan and overseas

Company Outline

Business Segment

✓ 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	

Company Outline

History

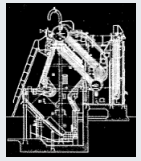
- ✓ In 1912, we invented the first boiler in Japan using purely Japanese technology. While improving boiler technology, utilized to enter the environmental field, such as waste incineration plants.
- ✓ Since then, we have provided technologies and services for solving customer and societal challenges, primarily in the fields of environment and energy.

Domestic

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

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

1949
Bagasse-fired boiler, the first product of its kind to be exported
*Biomass boiler



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

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

1972
Company renamed TAKUMA CO., LTD.

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

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

1998
Japan's largest waste incineration plant delivered in Koto Ward, Tokyo

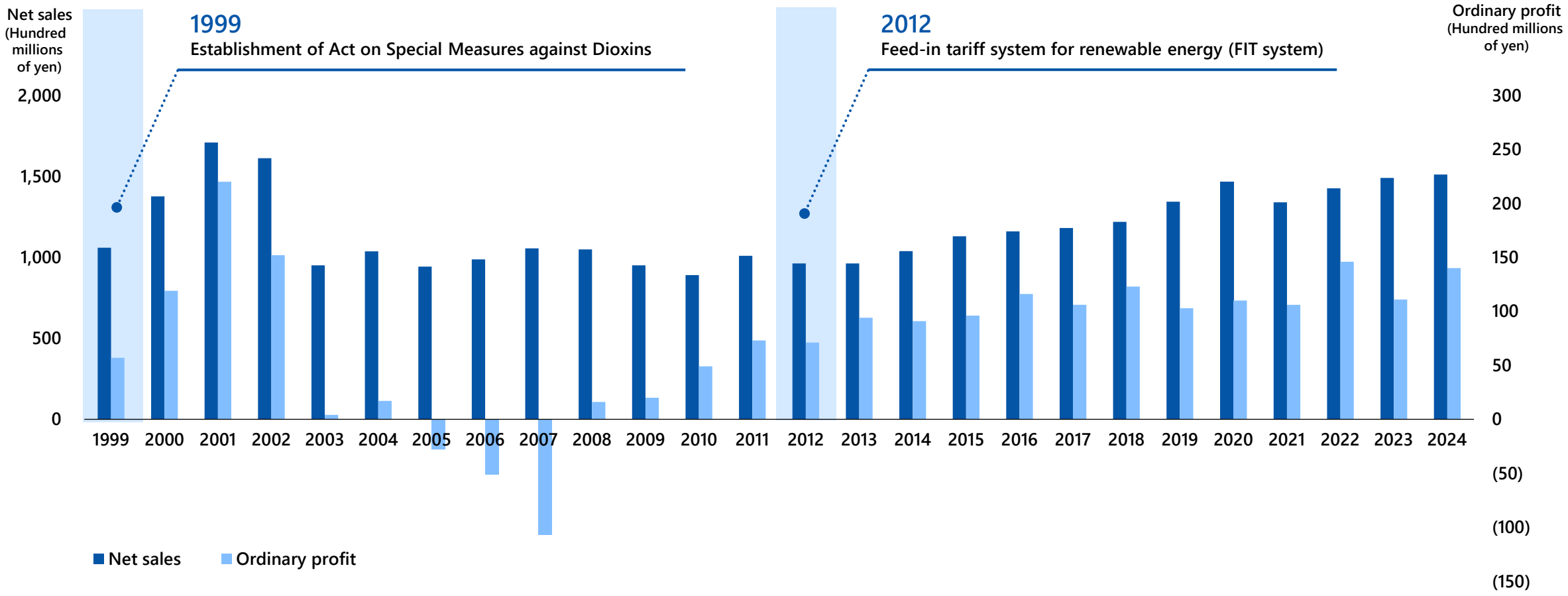
2014
Takuma's first biomass power plant under Japan's FIT system was launched.

Overseas

Company Outline

Performance Trends

- ✓ In the latter half of the 2000s, we focused on after-sales service, which would provide its earnings base.
- ✓ There has been steady demand for renewal and service life improvement of waste treatment plants and an increase in demand for biomass power plants, resulting in stable net sales and profits.



Company Outline

Domestic Environment and Energy Business
Business Model [reference material]

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

Over100

● Facilities in operation as of the end of March 2025

Plant Operation Management and Maintenance (O&M)

Company Outline

Domestic Environment and Energy Business
Illustration: Sales Progress / Sales Composition [reference material]

- ✓ 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

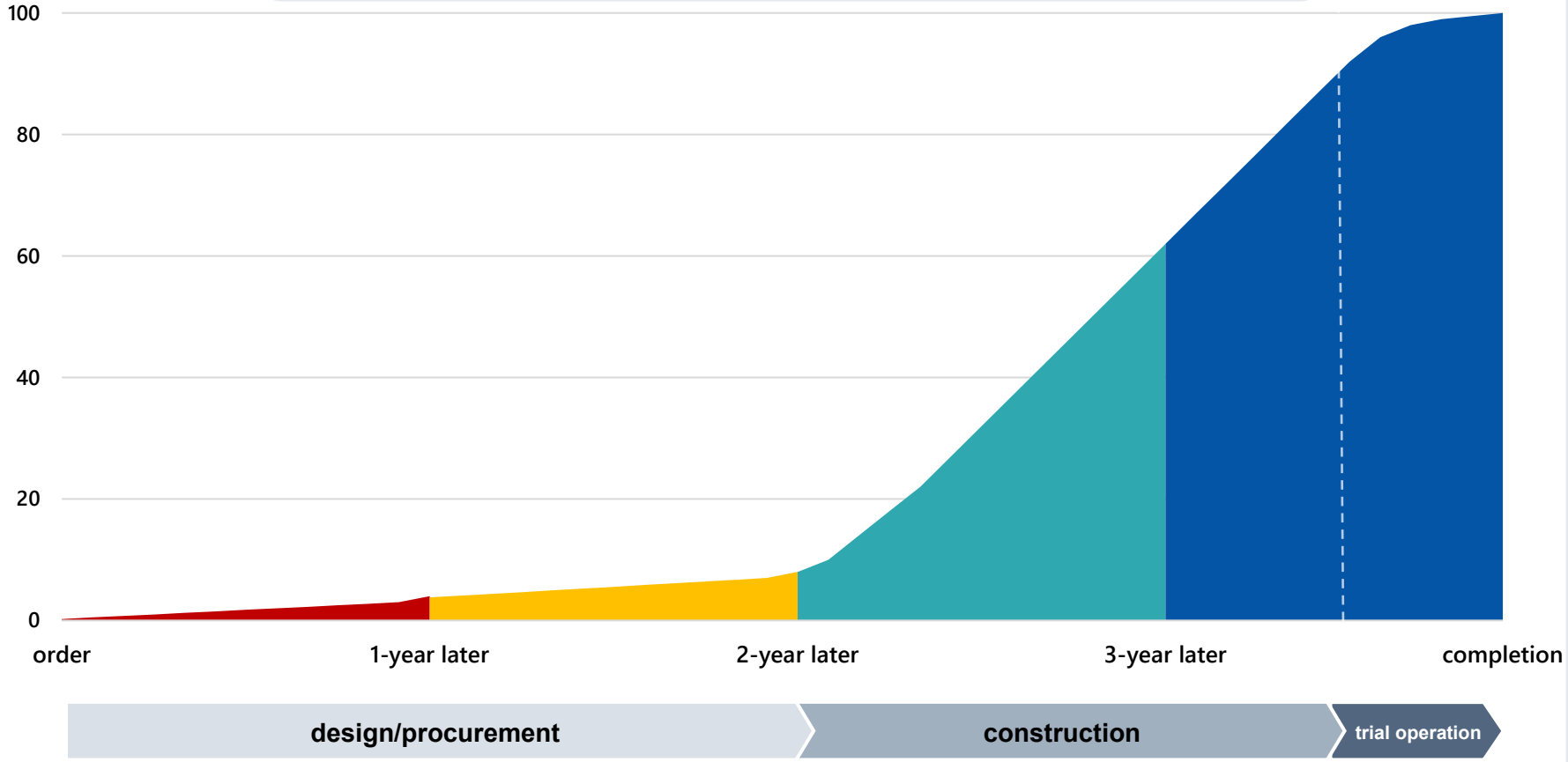
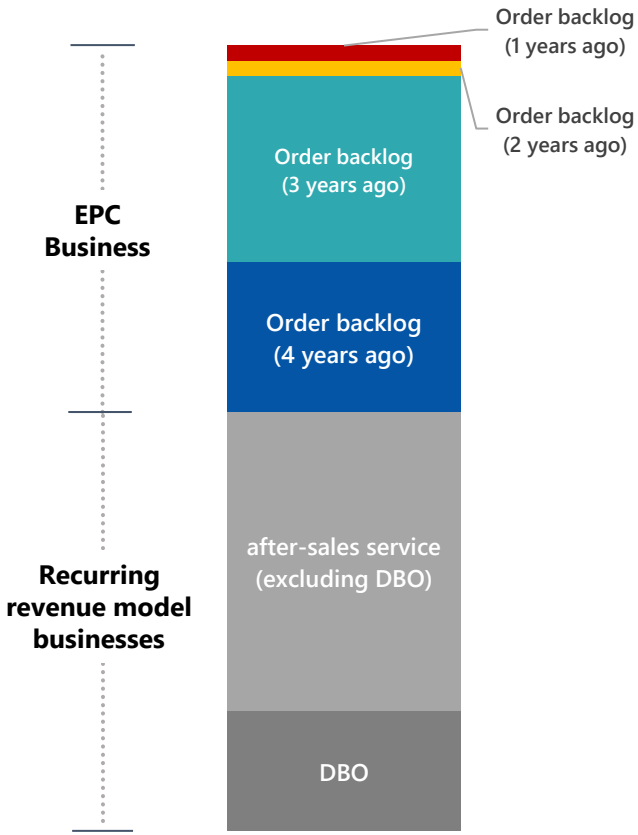


Illustration: Sales Composition of Domestic Environment and Energy Business



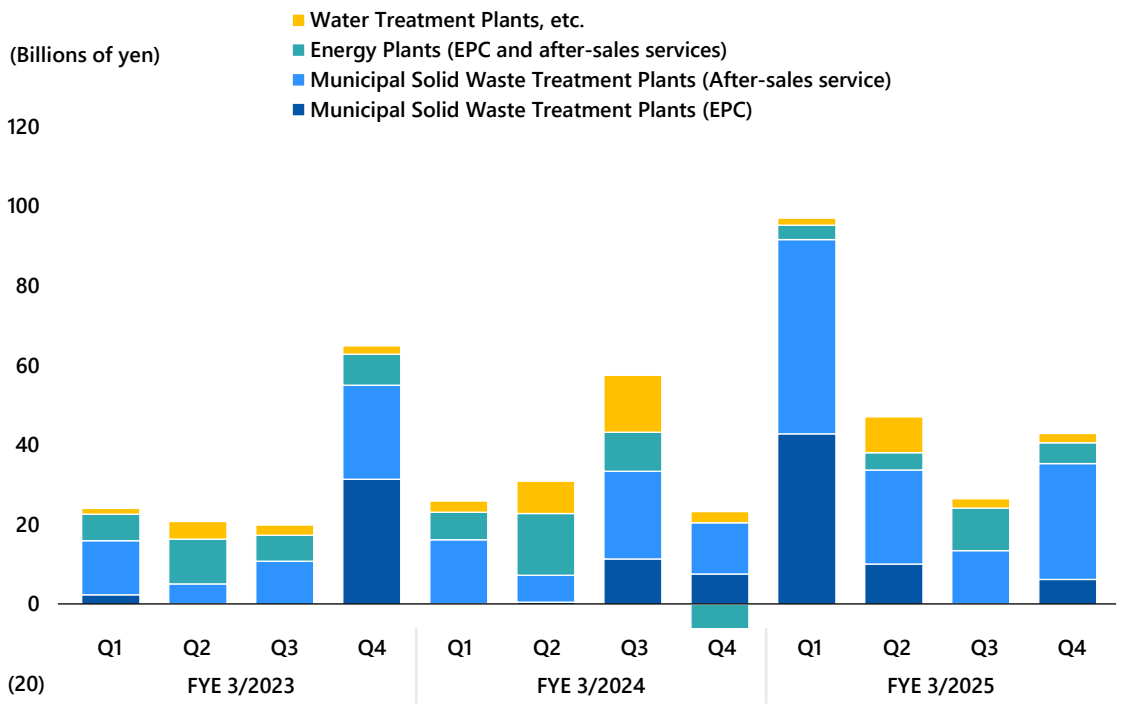
Company Outline

Domestic Environment and Energy Business
Quarterly trend in Orders received / Net sales [reference material]

- ✓ 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.

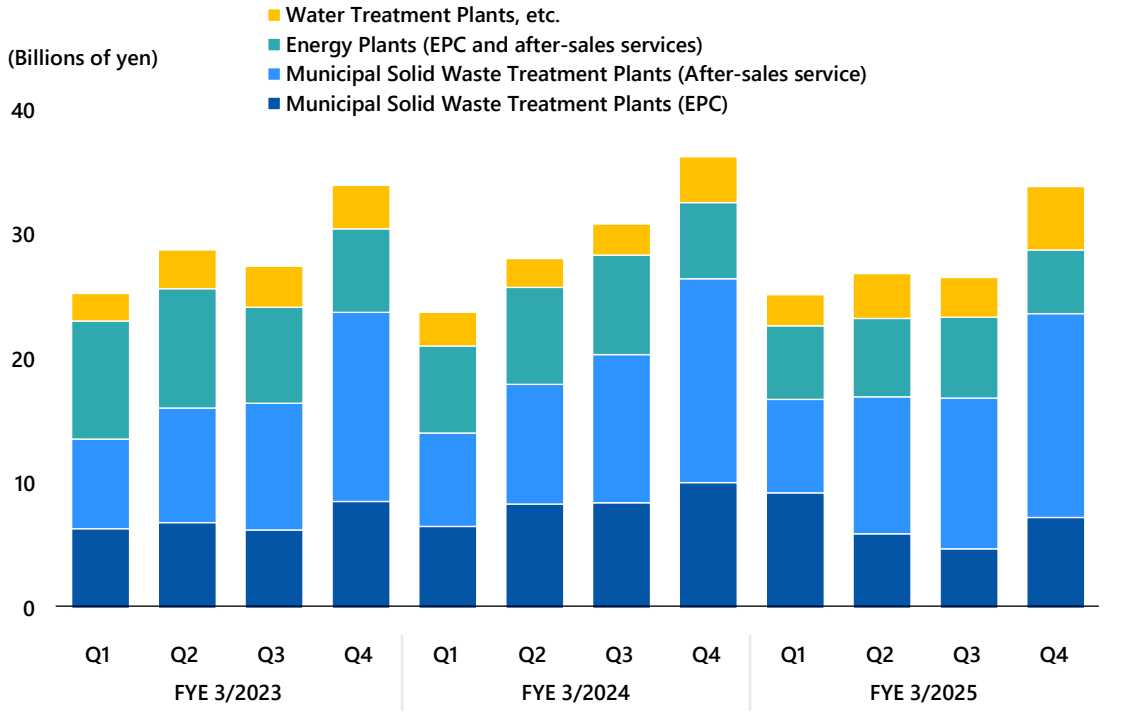
Orders received (quarterly)

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.

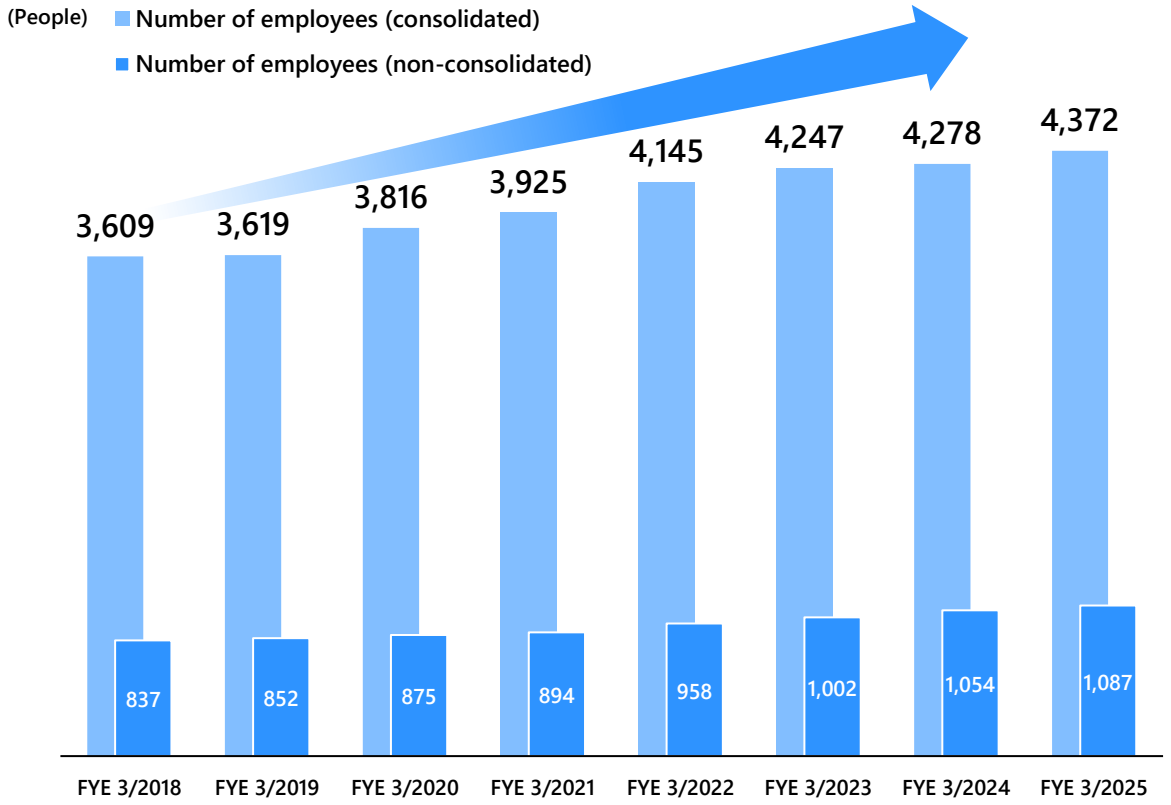


Growth Strategy

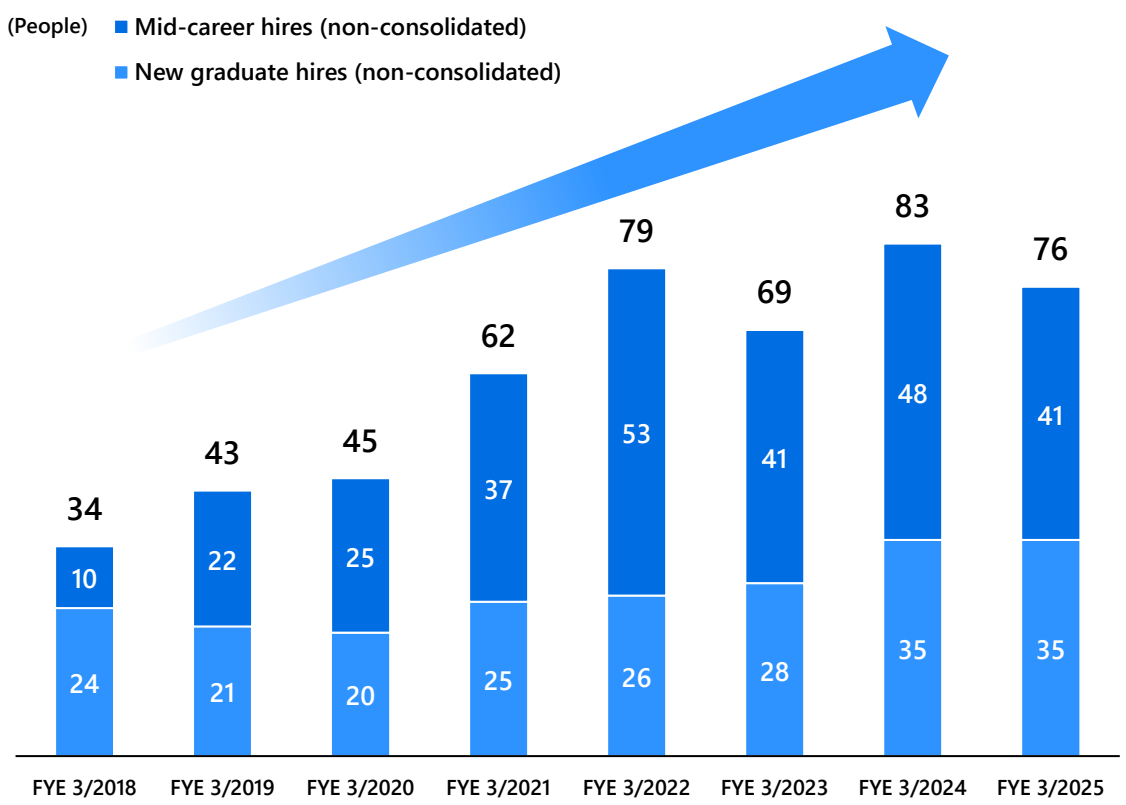
Human Resources Investment

- ✓ In order to realize "Vision 2030," Takuma recognizes the need to secure approximately 1,200 employees (non-consolidated).
- ✓ Continue hiring and training efforts in the Engineering division, as well as the Construction division and Maintenance division.

Number of employees



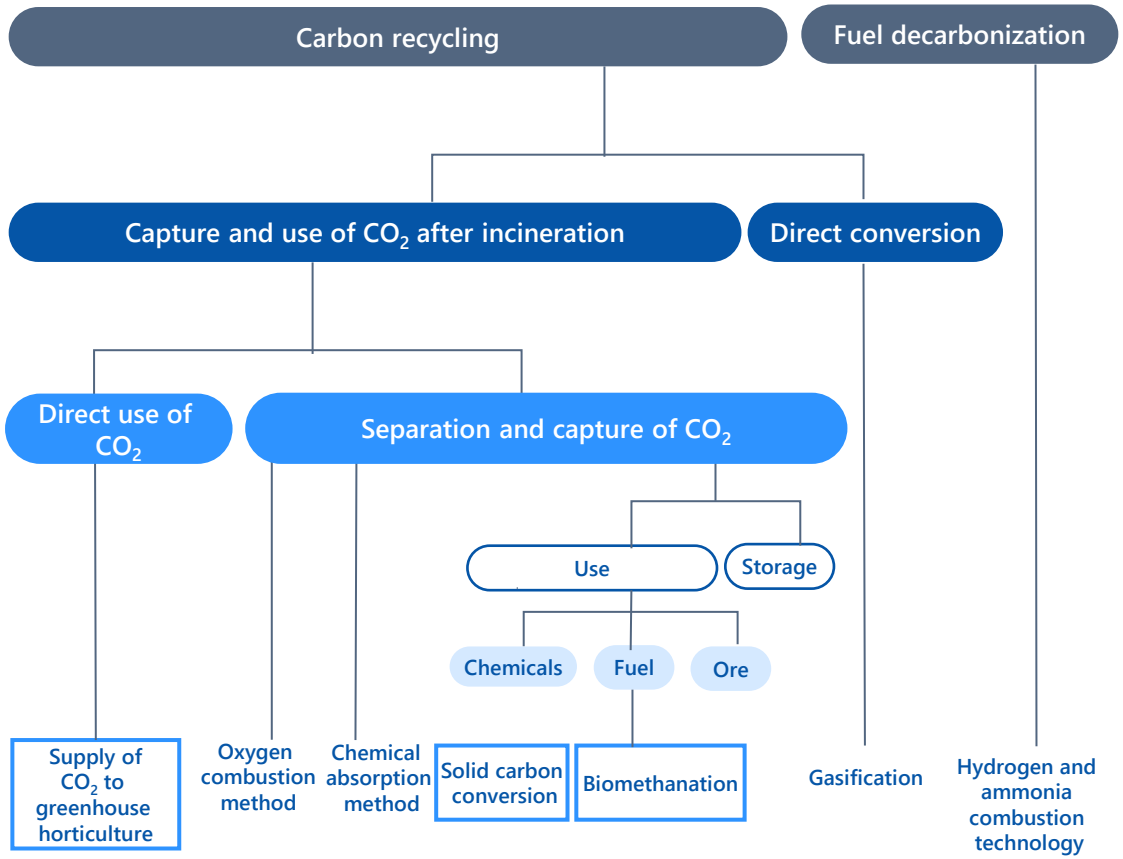
Number of new hires



Growth Strategy | R&D

- ✓ We will strengthen R&D focusing on CCUS and carbon recycling technologies to achieve net-zero greenhouse gas (GHG) emissions by 2050.
- ✓ Assuming decarbonization technologies for waste treatment facilities will be sufficiently established by around 2030, Takuma has begun on-site demonstration trials at customer locations as part of the 14th MTP.

R&D roadmap for decarbonization technologies



Examples of our technology/R&D

Energy-efficient CO2 capture and separation system

- A system is currently under development to separate and capture CO_2 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 CO_2 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.

Agricultural use of CO_2 from flue gas purification

- Launched joint demonstration experiment with AEON AGRI CREATE Co., Ltd. at the Machida City Bio Energy Center (Machida City, Tokyo) to utilize CO_2 from combustion gases generated at the waste treatment facility in strawberry cultivation.
- In the second phase of the trial, the greenhouse utilizing high concentrations of CO_2 from combustion gases at a waste treatment facility yielded approximately 18% more strawberries than the typical greenhouse that used liquefied carbon dioxide to promote photosynthesis.

Growth Strategy

M&A

✓ 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)		

Capital Policy

- ✓ 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)

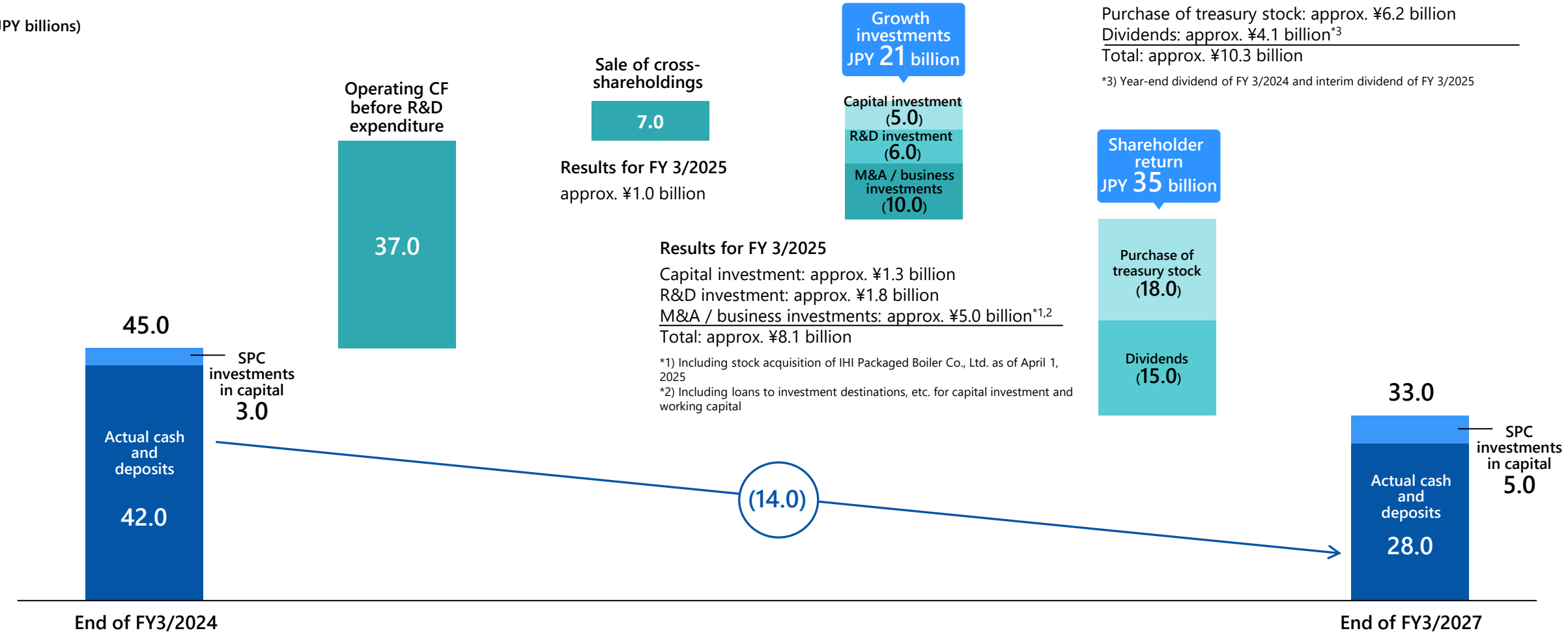
Capital Policy

Cash Allocation

✓ Focus on growth investments and shareholder returns and execute appropriate cash allocation to increase corporate value.

14th Medium-Term Management Plan period

(JPY billions)



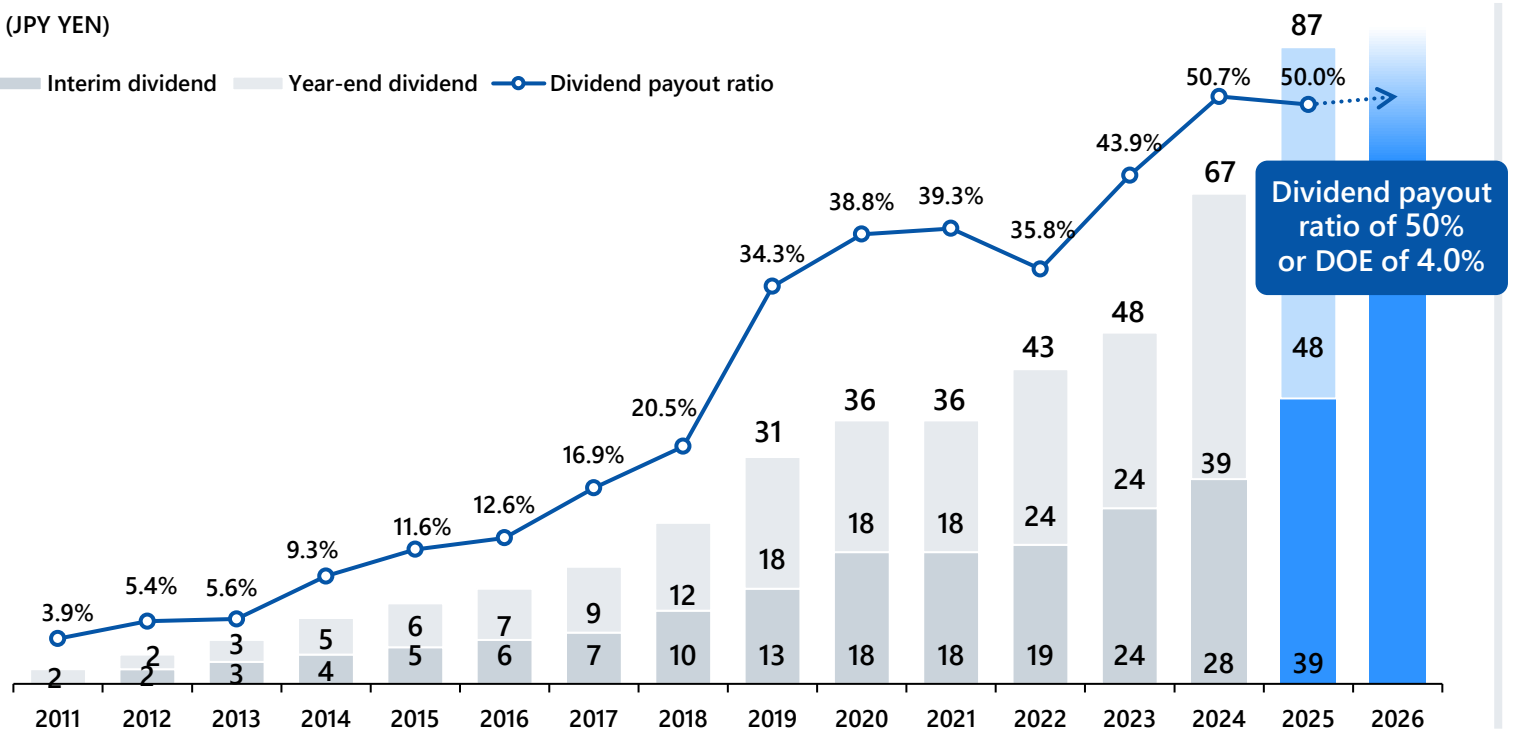
Capital Policy

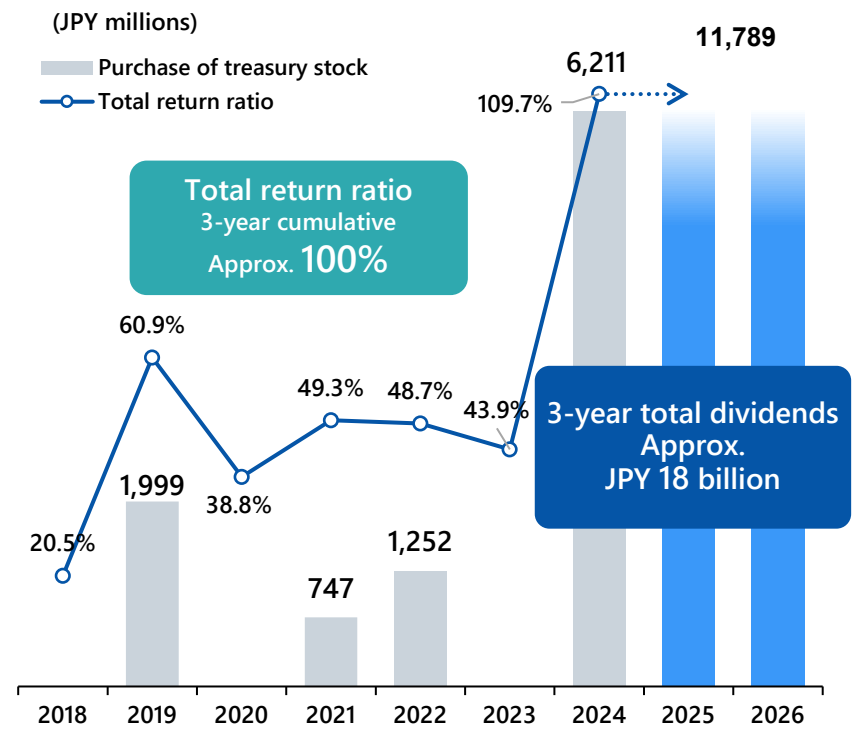
Shareholder Returns

✓ 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

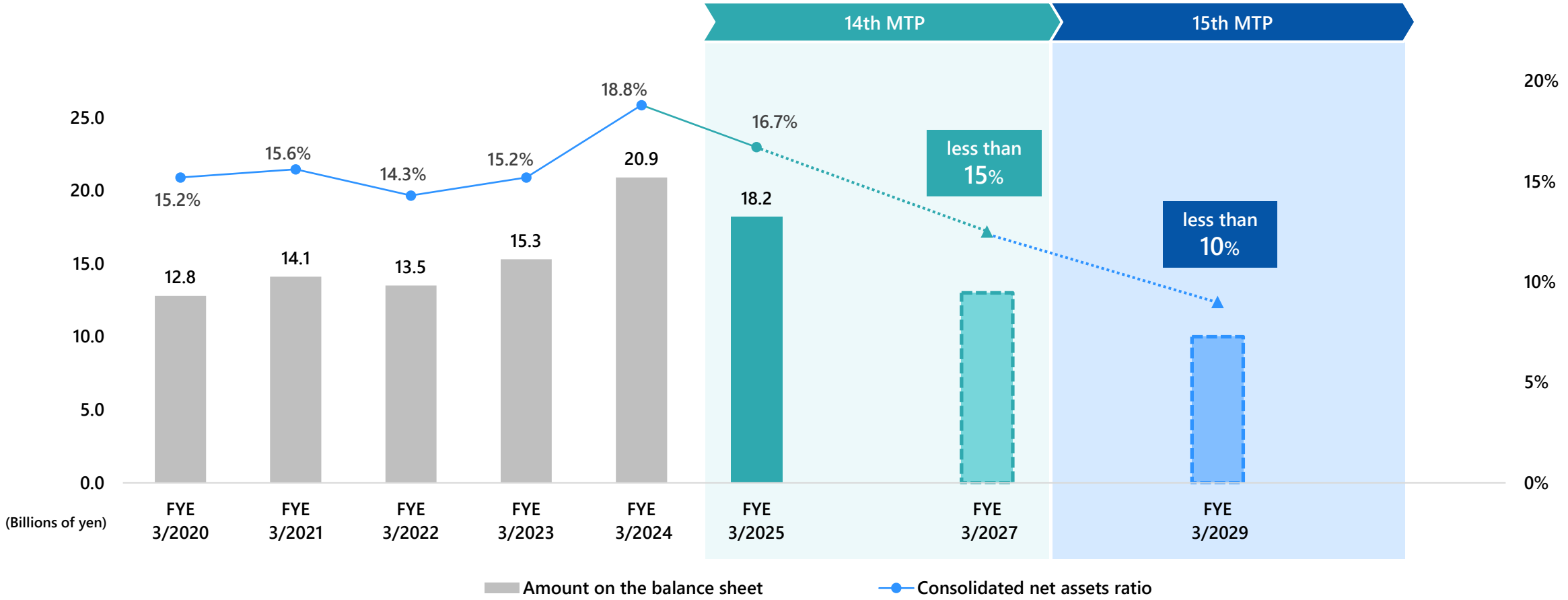




Capital Policy

Reduce Cross-share Holdings

- ✓ 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).

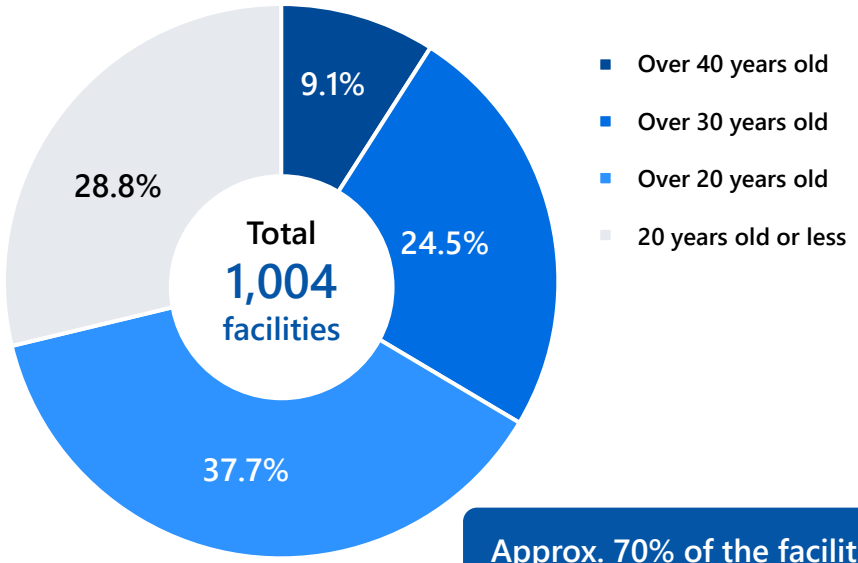


Business Environment

Domestic Environment and Energy Business
Municipal Solid Waste Treatment Plants

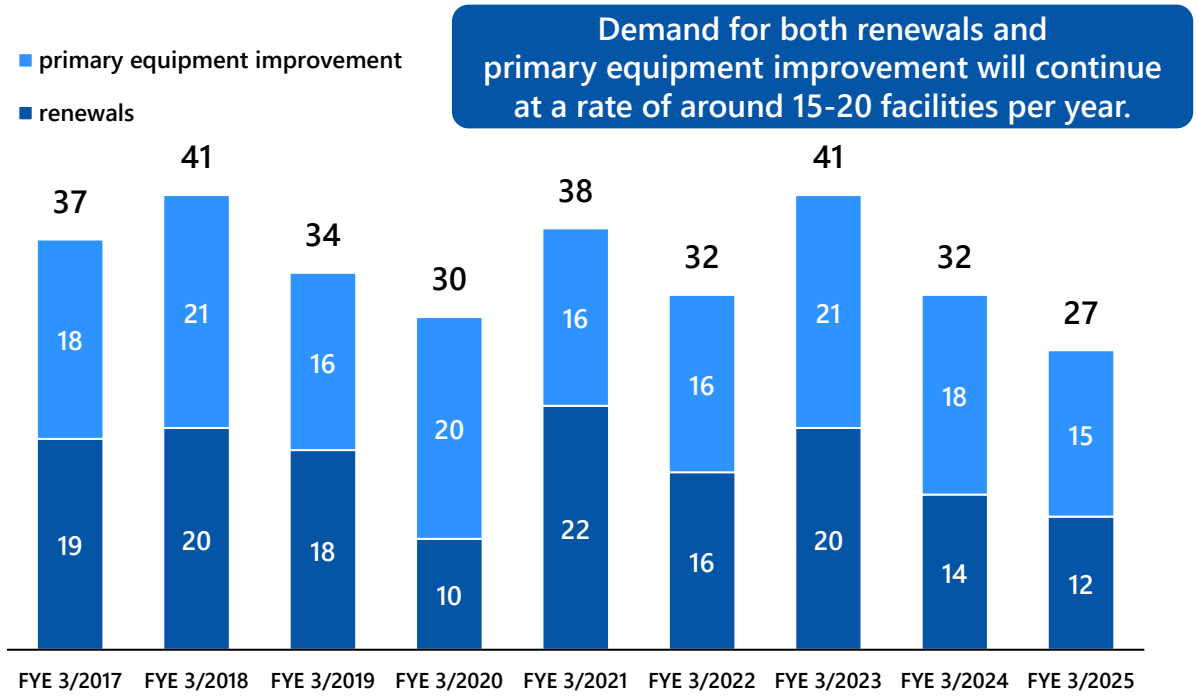
- ✓ Aging is progressing, as approximately 70% of operating waste incineration facilities are over 20 years. As a result, steady demand for the renewal of 15–20 facilities per year is expected to continue through around 2030.
- ✓ From the perspective of stock management, demand for maintenance and primary equipment improvement to extend the lifespan of existing facilities is also expected to continue.

Percentage of operating waste incineration facilities by age



Approx. 70% of the facilities are over 20 years old.

Order results of orders for waste incineration facilities renewals and primary equipment improvement (industry as a whole)



Source: Prepared by the Company based on the "2023 Survey of Municipal Solid Waste Treatment" by the Ministry of the Environment.

*Based on contract date, according to internal research.

Business Environment

Domestic Environment and Energy Business
Municipal Solid Waste Treatment Plants

TAKUMA

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

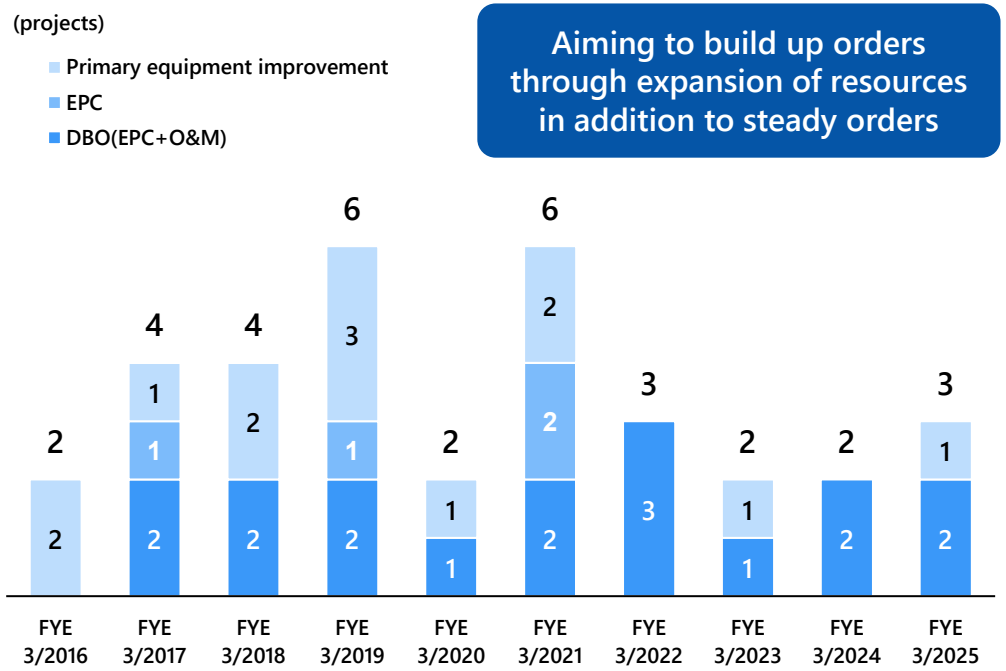
EPC Business

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.

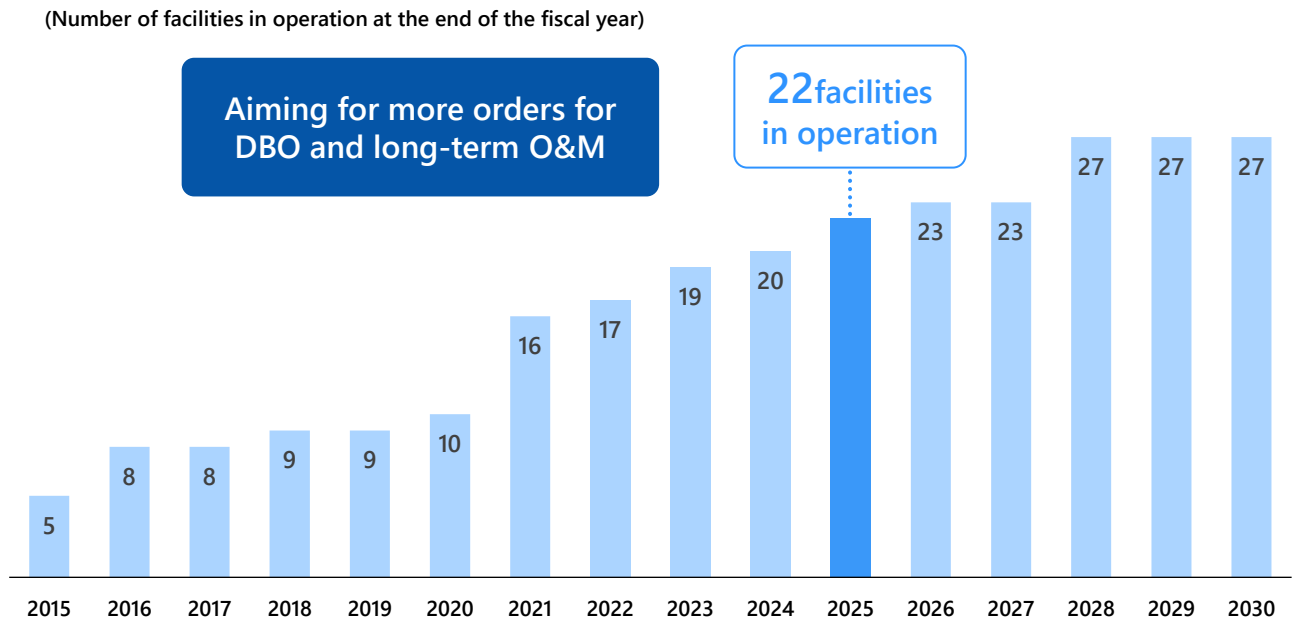
Recurring revenue model businesses

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)



*Calculated based on the contract period of existing orders.

Business Environment

Domestic Environment and Energy Business Energy Plants

TAKUMA

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

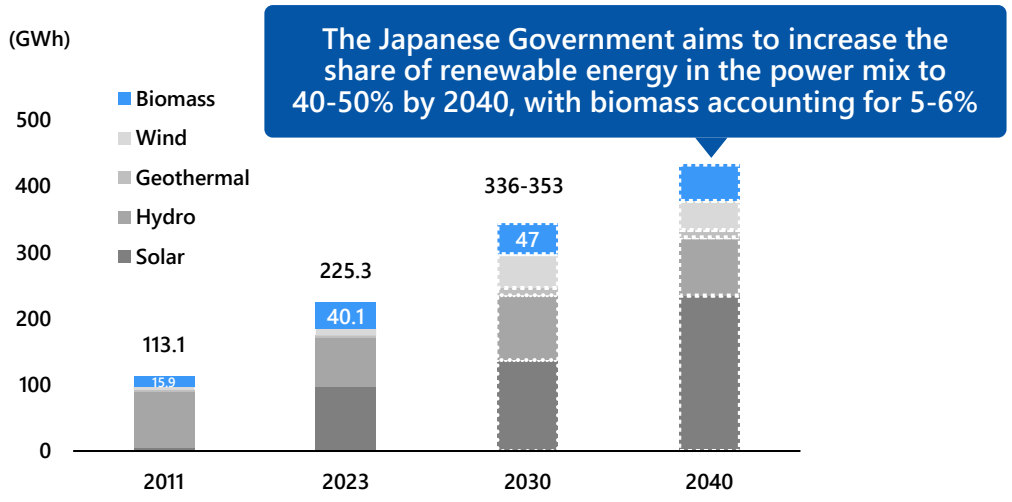
Market Environment

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.

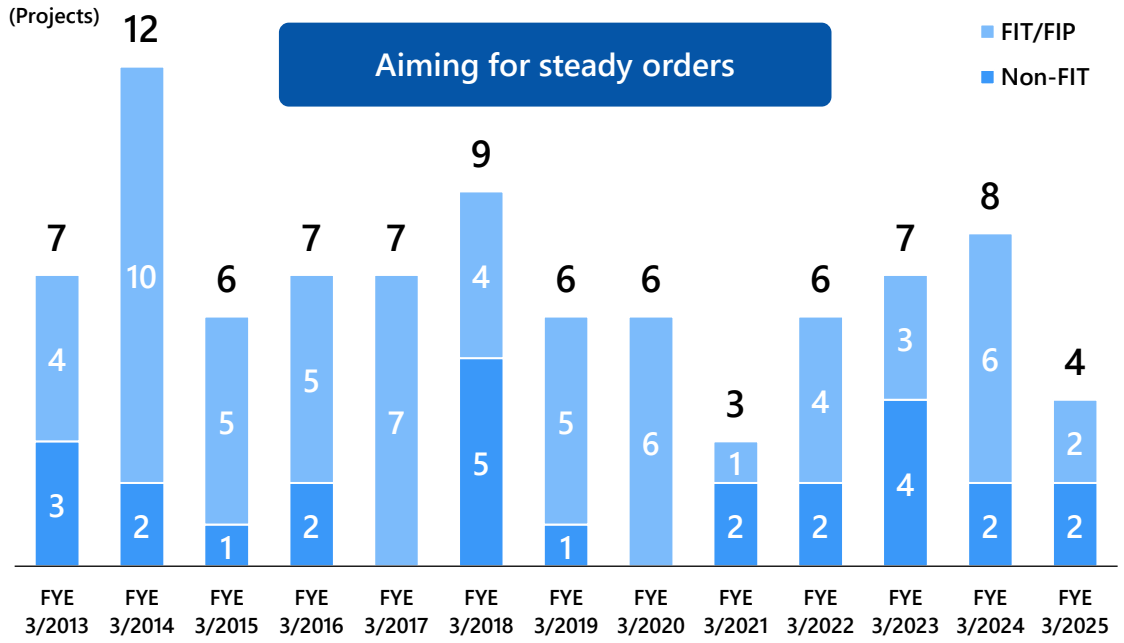
Status and forecast of renewable energy introduction in Japan



	2011	2023	2030	2040
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



Business Environment

Domestic Environment and Energy Business
Water Treatment Plants

TAKUMA

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

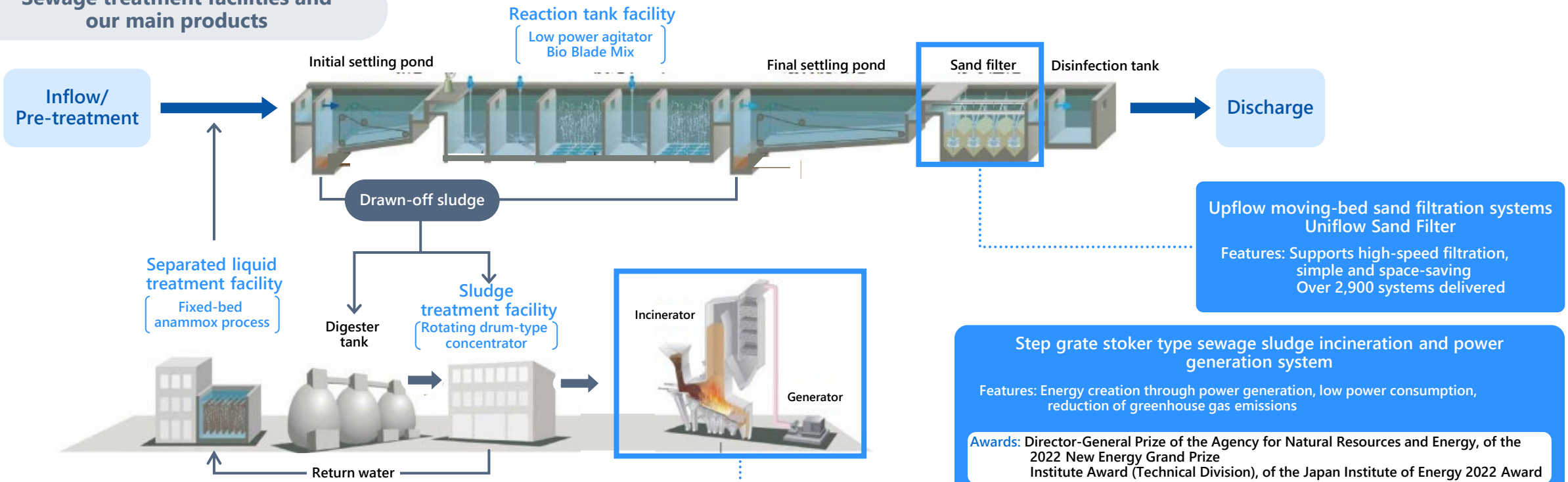
Market Environment

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 CO_2 reduction, energy saving, and energy creation.

Future policy

Focus on securing ongoing orders with mainstay products (step grate stoker type sewage sludge incineration and power generation system and sand filtration systems) that have high environmental performance and meet customer needs.
Also promote establishment of a system for receiving orders for DBO projects, which are expected to continue increasing.

Sewage treatment facilities and our main products



Upflow moving-bed sand filtration systems Uniflow Sand Filter

Features: Supports high-speed filtration, simple and space-saving
Over 2,900 systems delivered

Step grate stoker type sewage sludge incineration and power generation system

Features: Energy creation through power generation, low power consumption, reduction of greenhouse gas emissions

Awards: Director-General Prize of the Agency for Natural Resources and Energy, of the 2022 New Energy Grand Prize
Institute Award (Technical Division), of the Japan Institute of Energy 2022 Award

Business Environment

Domestic Environment and Energy Business
Power Retail Business

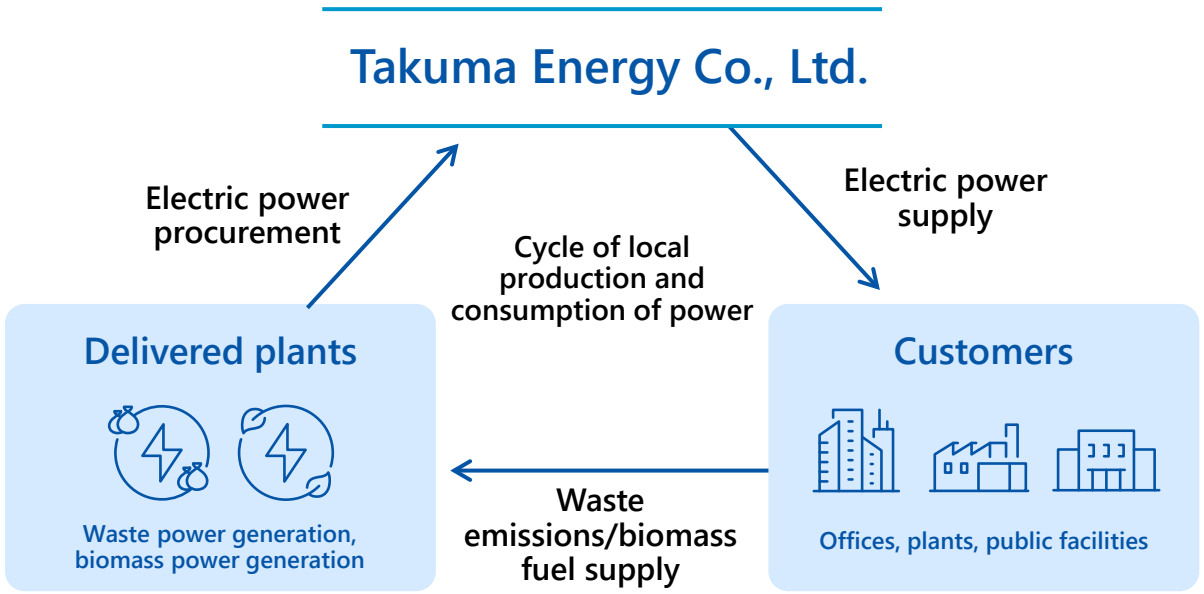
TAKUMA

✓ 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
Demand is increasing for renewable energy and CO_2-free electricity for decarbonization.
Demand is also increasing for local production for local consumption of electric power.

Future policy
Leverage strength in stable power procurement to promote the supply of electric power to areas near power sources and to environmentally conscious customers. We will also promote expansion of our lineup of related services such as supply and demand management services and environmental value transactions to expand our customer base.

Example of services provided (local production for local consumption of electric power)



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.

Business Environment

Overseas Environment and Energy Business

TAKUMA

✓ 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.

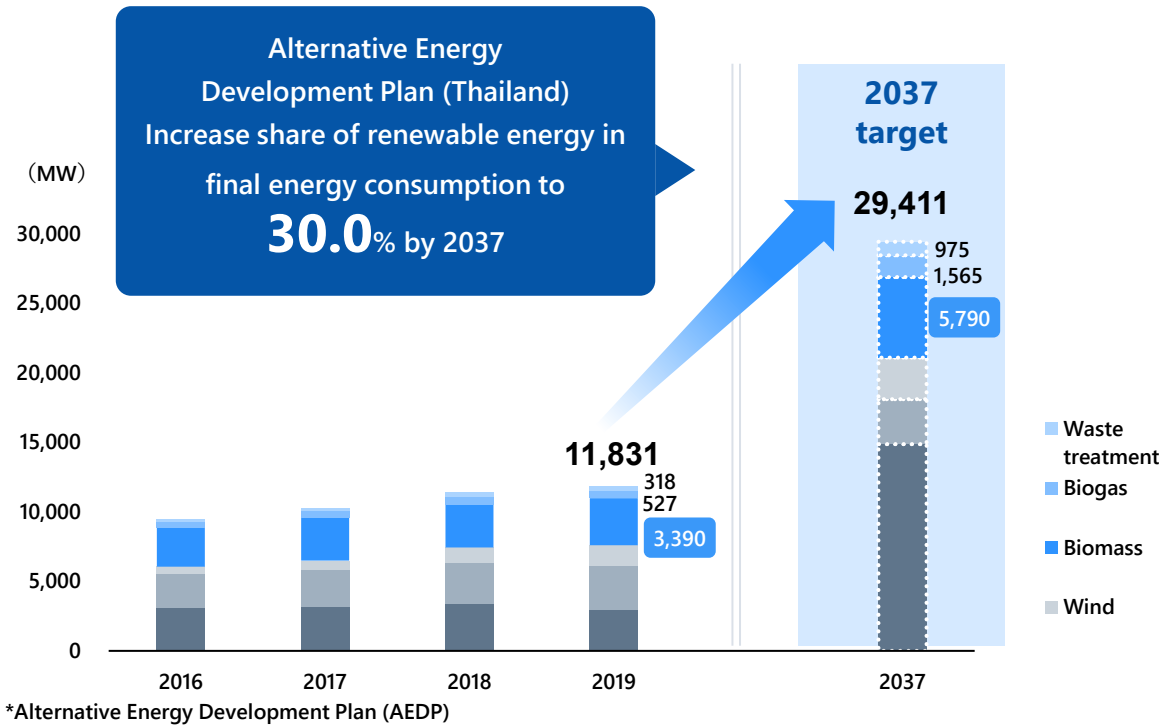
Market Environment

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

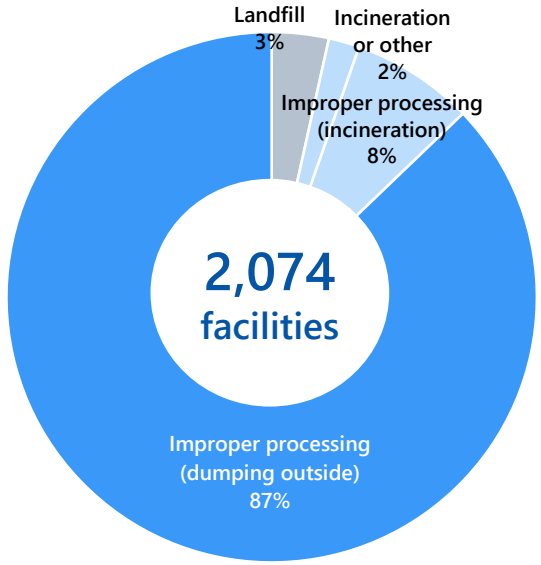
Aim to expand collaboration with local subsidiaries and partnerships with local companies to increase orders in Southeast Asia and Taiwan. In addition to reducing costs and shortening construction periods, the Company aims to differentiate itself in terms of performance and quality, including stable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



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

*Source: "General Research Report: Waste Situation in Thailand," Bangkok Industrial Information Center, Aichi prefecture (November 10, 2023)
Ministry of Natural Resources and Environment of Thailand

Business Environment

Package Boiler Business

✓ Through various heat source products, addressing the challenges of heat utilization and energy-saving needs across a range of facilities, including manufacturing plants, hotels, hospitals, and commercial facilities.

Market Environment

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.), Takuma group aims to expand the scale of orders by expanding its overseas business in Southeast Asia, particularly in Thailand.

Future policy

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

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

Schedule for integration of package boiler business companies

FYE 3/2025	FYE 3/2026	FYE 3/2027
NTEC Nippon Thermoener Co., Ltd. IHI Packaged Boiler Co., Ltd.	NTEC Nippon Thermoener Co., Ltd. IHI Packaged Boiler Co., Ltd.	Merger of Nippon Thermoener Co., Ltd. and IHI Packaged Boiler Co., Ltd.
October 28, 2024 Conclusion of stock transfer agreement	April 1, 2025 Became consolidated subsidiary	April 1, 2026 Merger scheduled

(Millions of yen)	FYE 3/2025 (Results)	FYE 3/2026 (Targets)	FYE 3/2027 (Targets)
Orders received	20,266	29,000	27,000
Net sales	19,845	26,000	27,000
Operating profit	1,394	1,400	1,800

IHI Packaged Boiler Co., Ltd. joins the Group

Aiming to maximize synergies through the merger

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.

Group company

Sun Plant Co., Ltd.

Design and construction of air conditioning and plumbing equipment for various facilities such as educational facilities, research facilities, and commercial facilities

Main equipment


Air conditioning equipment


Plumbing


Fire protection equipment

Semiconductor industrial equipment business

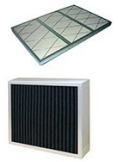
- ✓ The semiconductor and electronic device manufacturing equipment market is growing over the medium to long term due to the trend toward digitalization.
- ✓ Aim to maintain and expand the scale by providing products that create and maintain a highly clean environment required for the manufacturing process.

Group company

Dan-Takuma

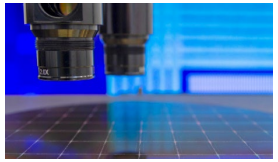
Sale of and after-sale services for various semiconductor industrial systems

Main products


Chemical filters


AMC environmental concentration analyzers


Cleaning equipment


Magnetic shield chamber related equipment

Terminology

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.

Disclaimer

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

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