May 14, 2025

To whom it may concern,

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Representative Kunio Hamada,
President and Representative Director
(Securities code: 6013; Prime of Tokyo Stock Exchange)
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Notice Regarding Upward Revision of Financial Targets in 14th Medium-Term Management Plan

Takuma Co., Ltd. (“the Company,” hereafter) has decided to revise upwards the financial targets outlined in the 14th Medium-Term Management Plan (FY2024-2026, "the 14th MTP," hereafter), which was announced on May 14, 2024, as detailed below.

1. Details of the revision

Total orders received over the three years will be revised upwards to 706.3 billion yen, an increase of 106.3 billion yen from the previous announcement, and **total ordinary profit over the three years will be revised upwards to 45.0 billion yen, an increase of 7.0 billion yen from the previous announcement**, they are main targets of the 14th MTP. For details, please refer to the table below.

(Unit: billion yen)

	FY2024		FY2025		FY2026		3-year total	
	Previous Plan	**Results** (Difference)	Previous Plan	**Revised Plan** (Difference)	Previous Plan	**Revised Plan** (Difference)	Previous Plan	**Revised Plan** (Difference)
Orders received	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	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	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	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	8.0%	**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-shareholdings" 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)

2. Reason for the revision

In the Company's core business, the Domestic Environment and Energy Business, it has steadily secured orders due to strong demand for the renewal of waste treatment plants. Additionally, its recurring revenue model businesses, such as maintenance, have been steadily increasing revenue. The Company expects this favorable business environment to continue in the future.

In the Package Boiler Business, IHI Packaged Boiler Co., Ltd. has been included as its consolidated subsidiary since April 2025. Therefore, the Company expects to gain economies of scale by increasing the domestic market share of once-through boilers. In addition, through the merger of Nippon Thermoener Co., Ltd. with IHI Packaged Boiler scheduled for April 2026, the Company aims to maximize synergies of the business.

In light of these circumstances, after reviewing the financial targets of the 14th MTP, the Company has decided to make the revisions mentioned above.

Please refer to the attached document for the changes to the 14th MTP resulting from the above revisions.

- The changes are framed in red, from the previous document disclosed on May 2024 and the "Notice Regarding Reduction of Cross-shareholdings" disclosed on November 2024.
- Only the changed pages are listed.

14th Medium-Term Management Plan

(FY2024-2026)

Takuma Co., Ltd. | May 2024

*partially revised at May 2025 due to upward revision of financial targets

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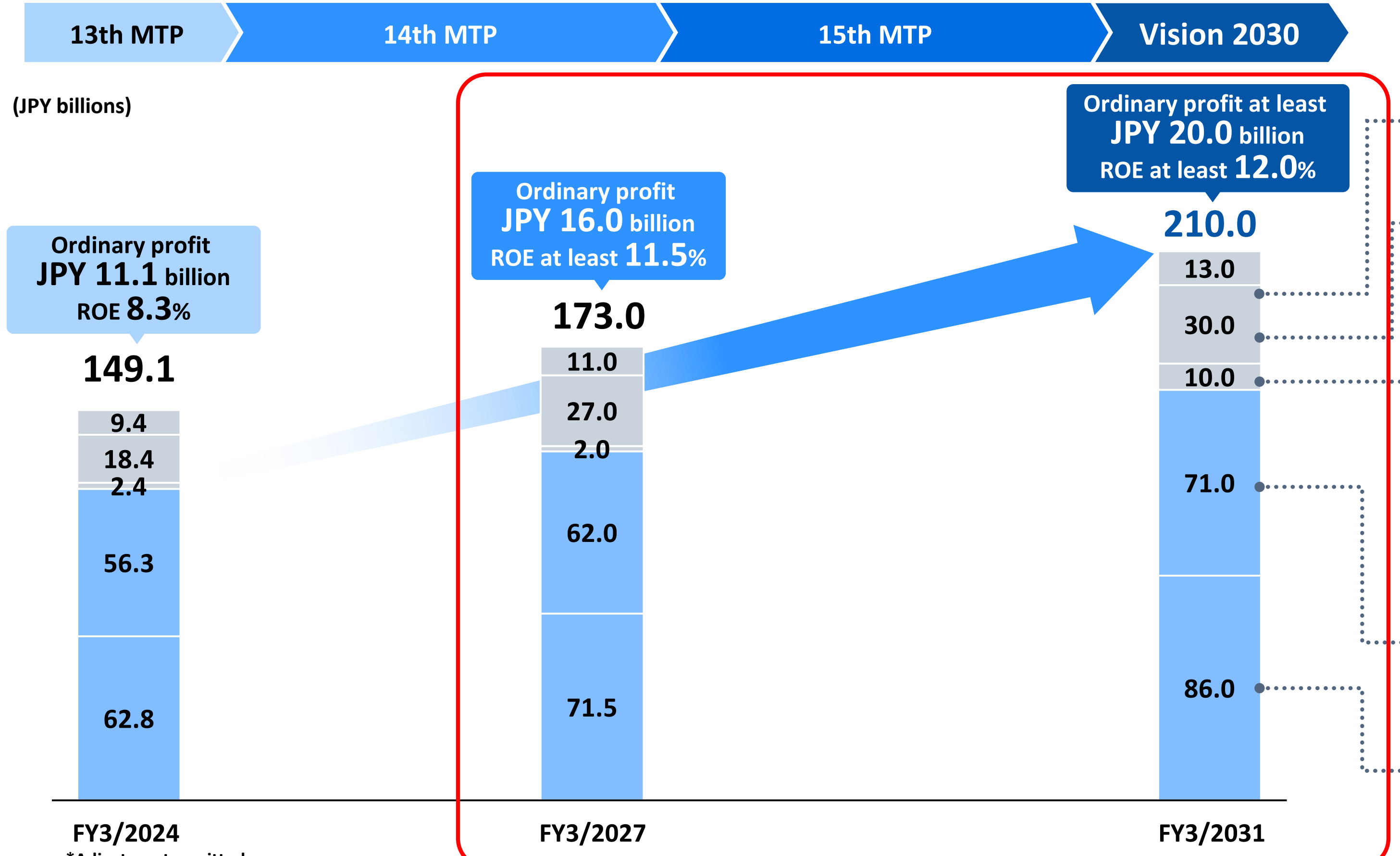
Achieve further expansion with recurring revenue model businesses as the core driver of growth for Vision2030.
Work on expanding the EPC business at the same time as recurring revenue will increase to achieve ordinary profit of JPY 20.0 billion by FY3/2031.

Vision2030: Growth of net sales

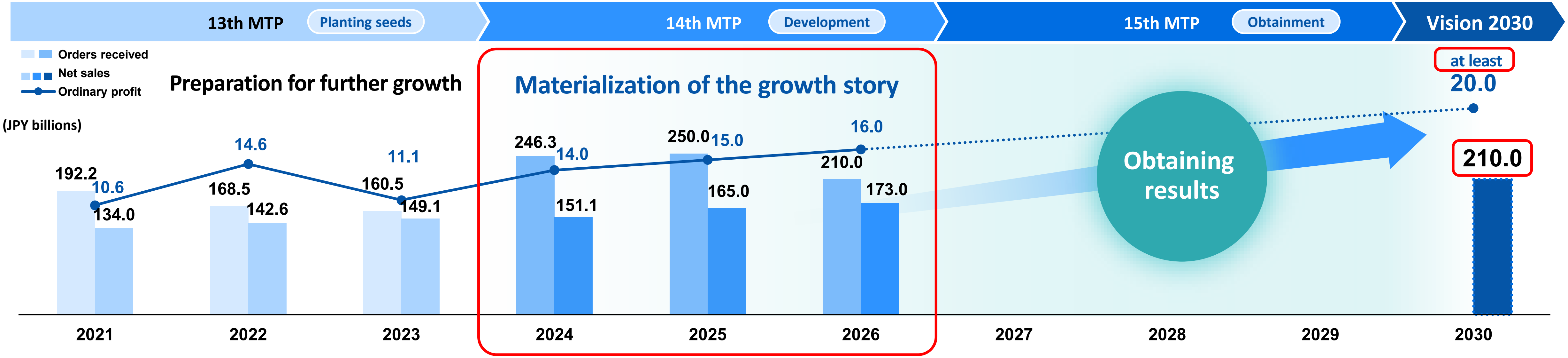


*Adjustments omitted

		Share	Positioning
Equipment and Systems Business		6%	Ongoing business (Steady expansion of revenue)
Package Boiler Business		14%	Ongoing business (Steady expansion of revenue)
Overseas Environment and Energy Business	Expand primarily in Thailand, Taiwan, and emerging countries, developing it into a pillar of the Group's business	5%	Future business (Medium- to long-term perspective)
Domestic Environment and Energy Business		75%	
EPC Business	Maintain and expand position as a leading company	34%	Core business
Recurring revenue model businesses	Further expansion as a core driver of growth	41%	Growth business (Growth driver)

TAKUMA

Challenges for achieving Vision 2030 include a lack of human resources. In the 13th Medium-Term Management Plan, we paved the way toward growth to resolve these challenges by assessing the business environment and strengthening recruitment. 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** while formulating and implementing measures to solve various challenges.



Business Strategy

Further strengthening of existing businesses

Addressing future changes in the environment

Basic Policy

1. Maintaining and expanding our market position in the EPC Business
2. Establishing a revenue model that fully utilizes recurring revenue
3. Steadily expanding revenue in the Package Boiler Business and Equipment and Systems Business
4. Building a track record for the future in international business
5. Promoting strategic M&As and creating new businesses

Management foundation enhancement

1. Securing and development of human resources
2. Knowledge management
3. Compliance and risk management

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In addition to ordinary profit, new targets for orders received and return on equity (ROE) are set in the 14th Medium-Term Management Plan.

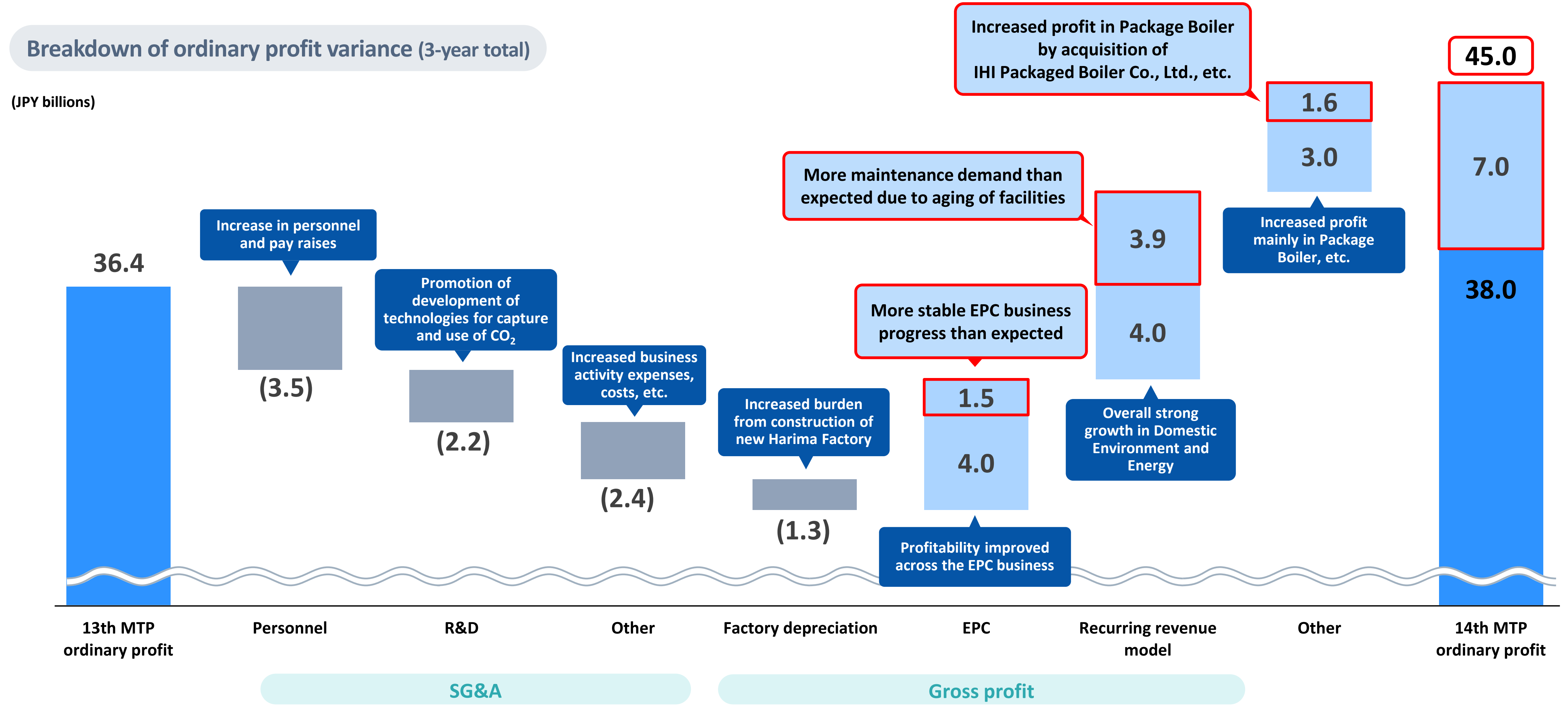
■: Main target

(JPY billions)	13th MTP (3-year total)	14th Medium-Term Management Plan 3-year total	FY2024 (Results)	FY2025 (Target)	FY2026 (Target)
Orders received	521.3	**706.3** ↑	246.3	250.0	210.0
Net sales	425.9	489.1	151.1	165.0	173.0
Operating profit	33.9	43.5	13.5	14.5	15.5
Ordinary profit	36.4	**45.0** ↑	14.0	15.0	16.0
ROE	8.3% (FY3/2024)	**at least 11.5%** ↑ (FY3/2027)	9.5%	10.5%	11.5%

ROE = Profit / Equity capital

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)



Financial Targets Forecasts by Segment

(JPY millions)	FY2024 (Results)	FY2025 (Target)	FY2026 (Target)	3-year total
Orders received				
Total	246,301	250,000	210,000	706,301
Domestic Environment and Energy	214,792	208,500	168,500	591,792
Overseas Environment and Energy	2,347	3,000	4,000	9,347
Package Boiler	20,266	29,000	27,000	76,266
Equipment and Systems	9,343	10,000	11,000	30,343
Net sales				
Total	151,161	165,000	173,000	489,161
Domestic Environment and Energy	113,650	126,500	133,500	373,650
Overseas Environment and Energy	5,546	3,000	2,000	10,546
Package Boiler	19,845	26,000	27,000	72,845
Equipment and Systems	12,557	10,000	11,000	33,557
Operating profit				
Total	13,532	14,500	15,500	43,532
Domestic Environment and Energy	13,081	15,400	16,000	44,481
Overseas Environment and Energy	1,069	100	0	1,169
Package Boiler	1,394	1,400	1,800	4,594
Equipment and Systems	890	700	900	2,490

*Adjustments omitted

Management that is Conscious of Cost of Capital and Stock Price

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Analysis of current situation

- We recognize our cost of equity as around 6%.
- ROE has remained at or above 8%, and a certain equity spread has been secured*1.
- PBR is also stable at 1x or higher, but equity spreads are declining.
- The decline in spreads is due to an increase in equity capital and a decrease in financial leverage*2.
- We also recognize that there was incomplete understanding regarding the feasibility of the growth strategy and that efforts to enhance balance sheet efficiency were not effectively communicated due to insufficient disclosure of cash allocations.

Policies

- Maintain and increase ROE in excess of cost of equity (FY3/2027: at least 11.5%; FY3/2031: at least 12%).
- To achieve the target ROE, we will increase balance sheet efficiency while improving profitability and maintaining a solid financial foundation.
- At the same time, we will promote initiatives to reduce the cost of capital.

Initiatives

- Steady implementation of the 14th Medium-Term Management Plan to achieve Vision 2030 (Working especially to maintain and expand our market position in the EPC Business, the source of our recurring revenue model businesses)
- Optimal cash allocation to achieve both our growth strategy and capital efficiency.
- Specification of a quantitative policy on shareholder return
- Further enhancement of IR activities, including effective dialogue with investors and enhanced disclosure information.

*1 Equity spread = ROE - Cost of equity

*2 Financial leverage = Total assets / Equity capital

Capital Policy

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**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

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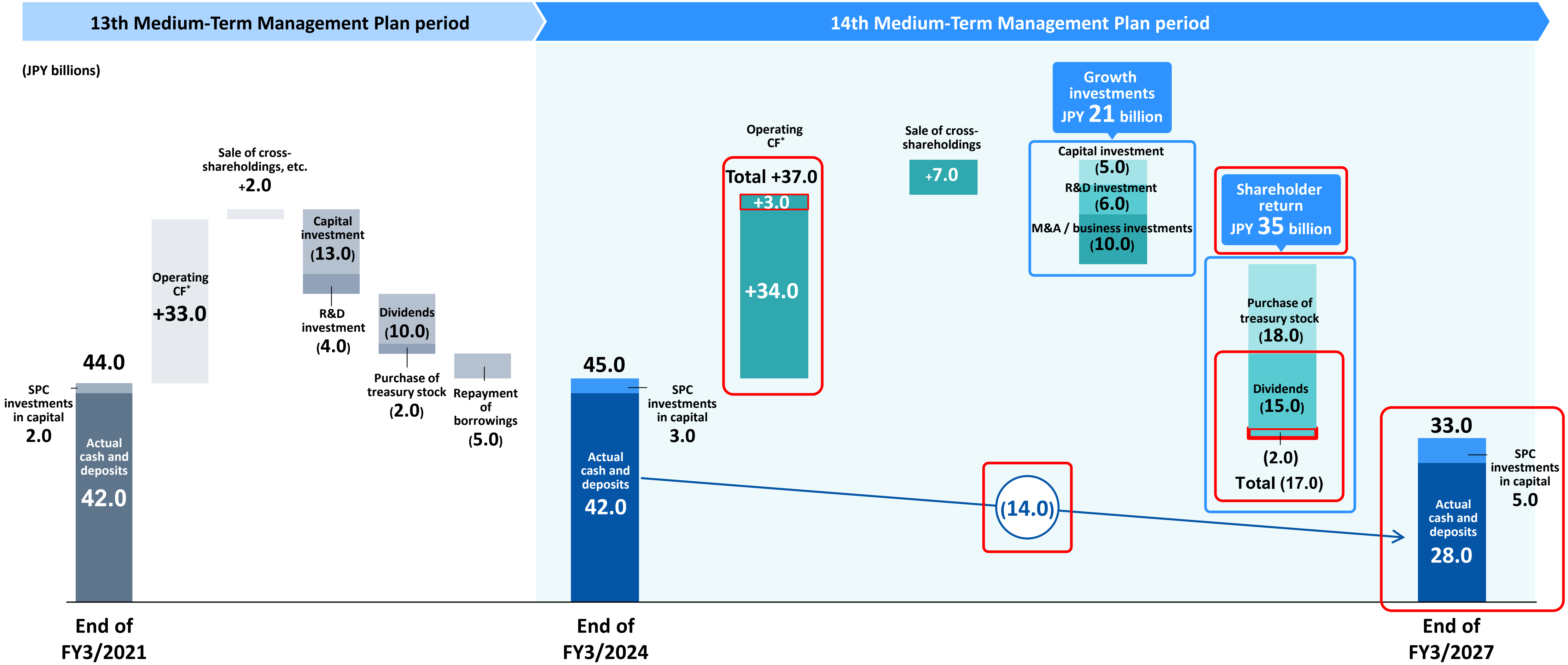
Focus on growth investments and shareholder returns and execute appropriate cash allocation to increase corporate value.



*Before R&D expenditure

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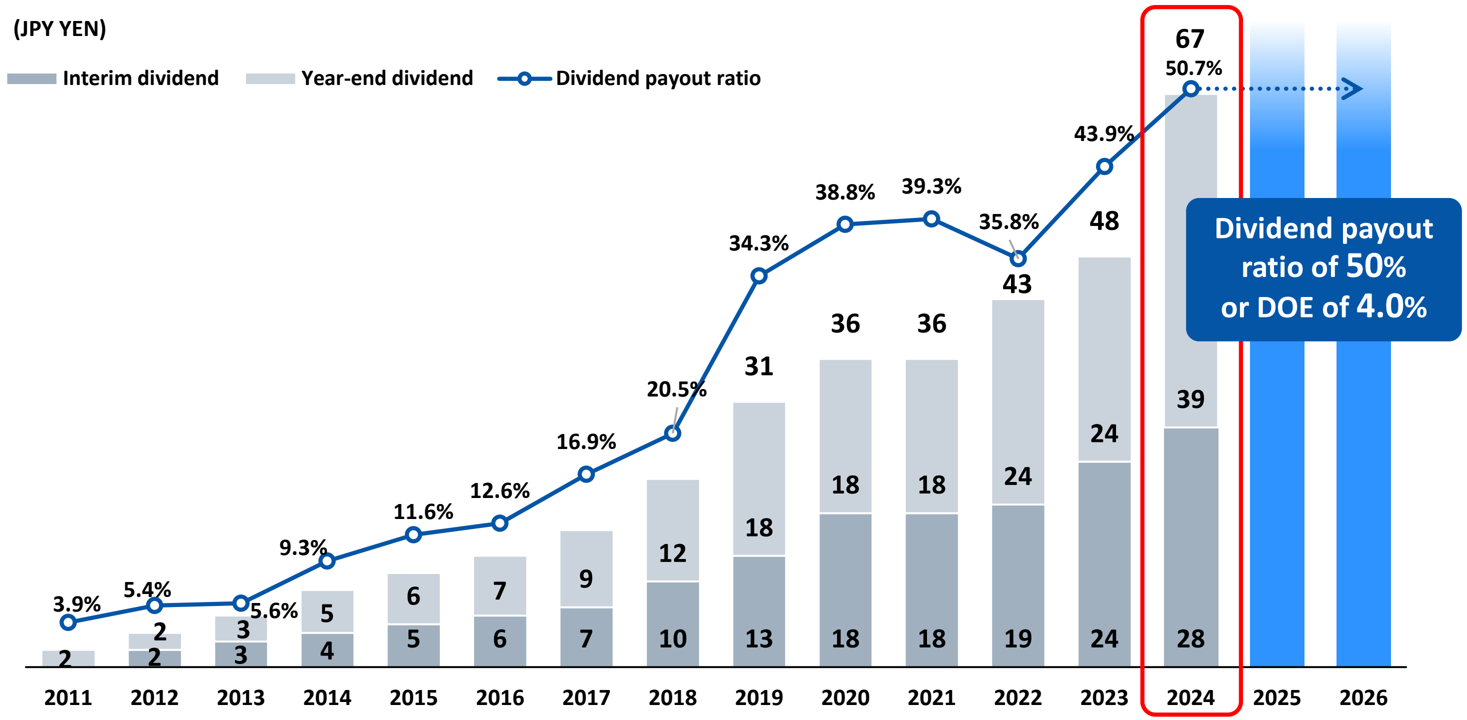
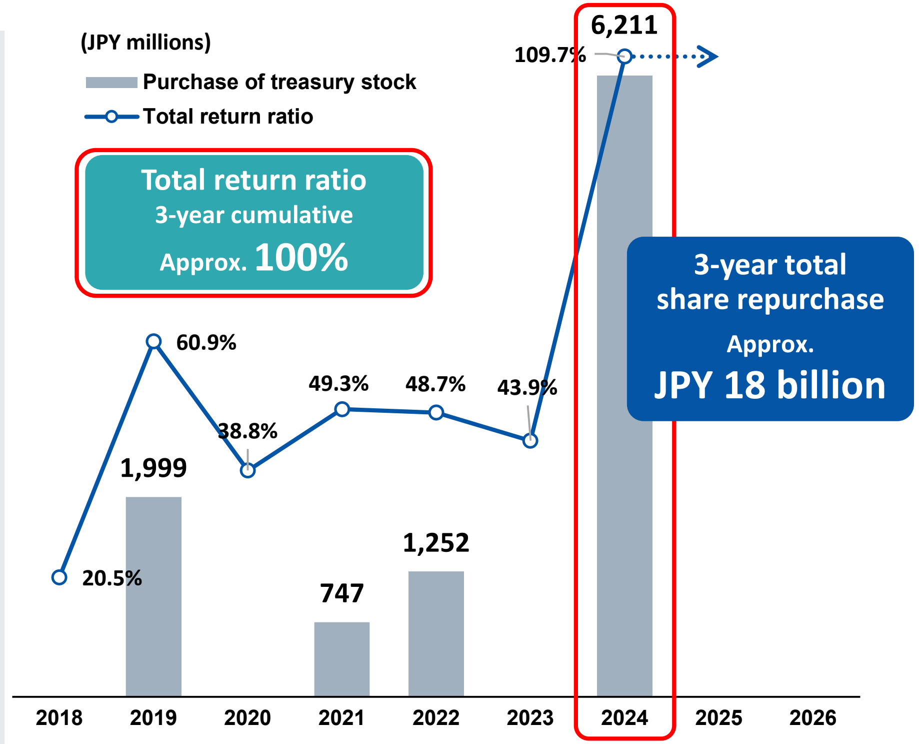
We will work to improve the efficiency of our balance sheet, primarily by reducing cross-shareholdings, and use the cash generated to return profits to shareholders, such as dividends and purchases of treasury shares. As a result, shareholder returns over the three-year period of the 14th MTP are expected 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





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The information provided in this document concerning performance forecasts and business plans is based on information currently available to the Company and certain assumptions that the Company believes to be reasonable, and therefore includes risks and uncertainties. As such, be advised that various factors could cause actual results to differ materially from these forecasts. The Company assumes no obligation to update or revise any forward-looking statements after publication of this document except when required by applicable law. The copyright of this document belongs to the Company. Reproduction or adaptation for any purpose is prohibited without the prior consent of the Company.