TAKUMA

Integrated Report 2025

TAKUMA CO., LTD.

Serving the next 50 years of customers Creating the next 100 years of society.

Takuma started out as a boiler manufacturing company that was founded in 1938 based on a philosophy of contributing to society through its technology.
We have continued to provide services supporting vital aspects of our customers' and communities' daily lives by manufacturing essential facilities that will serve them for more than 50 years, including low-environmental-impact waste processing facilities, biomass power plants, and waste management centers that play a key role in their areas.

What will be required of us in the future?
We must create a sustainable society with a vision that stretches out to 100 years in the future, for example by going beyond conventional approaches to address climate change and realize a cyclical economy, by leveraging technologies and services to manufacture the essential facilities that will serve the next 50 years of customers as a leading company in the area of the environment and energy.

Serving the next 50 years of customers. Creating the next 100 years of society.

That summarizes Takuma's corporate value, and our mission.
We will continue to play an essential role for customers and society as a whole by creating essential products and services for the future while embracing a philosophy that has remained unchanged since the days of our founding.

Takuma's Values

Founding Spirit (from 1938)

Serve society through boiler manufacturing

Our Company founder Tsunekichi Takuma, one of the ten greatest Japanese inventors of the Meiji and Taisho eras (1868 to 1926), established a motto for the Company (then Takuma Boiler Manufacturing Co., Ltd.) that expressed an intent to contribute to society through his business activities: boiler manufacture, sales, services, and related operations.

Management Principles (from 2006)

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.

Takuma and the Takuma Group integrated the value system encapsulated by the Company's founding spirit, "Serving society through boiler manufacturing," into our management principles, and put our commitment to this concept in writing in 2006. In so doing, we aim to be of service to our customers and, by extension, to wider society through the economic value and services we create. We also feel that these principles relate well to the concept of sustainability, a key issue in business management today.

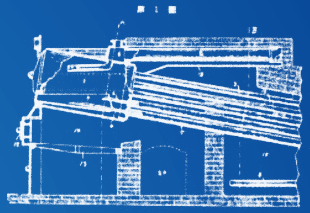
Long-Term Vision "Vision 2030"

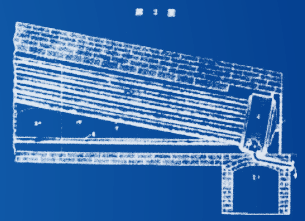
Aim to maintain our role of being an indispensable presence in society as a leading company in the field of renewable energy utilization and environmental protection.

The Story of Takuma's Founding and the Core Technologies that Support Takuma

The company was founded by Tsunekichi Takuma, an inventor who developed Japan's first boiler based on purely domestic technology, the "Takuma boiler," and we have expanded our business domain to plant engineering in the environmental and energy fields by utilizing our core technologies developed through the improvement and upgrading of boilers.

Founder
Tsunekichi Takuma

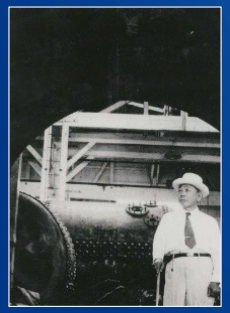




1 The impetus for boiler development

The founder, Tsunekichi Takuma, was a lumber merchant when he invested in the invention of a lumber boiler, but the project failed and he was saddled with a large amount of debt. In the midst of his predicament, Tsunekichi arrived at the realization that "it is one's destiny to share one's work with the world and contribute to the progress of others, and at the same time, it is the most pleasant thing in life" and his belief that "if you do, you will succeed." Motivated by this desire, he began working on the development of his own boiler, overcoming the opposition of those around him.

2 Research and development of the "Takuma boiler" and the "Tsunekichi boiler"



With no expertise or funds, Tsunekichi taught himself to read technical books and experimented with a model he had made himself using a kitchen pot, a sake boiler, and a parching pan for roasting sesame seeds. Based on the theory of "can water circulation" he established, the "Takuma boiler" was developed in 1912. In 1913, it was patented and its performance was widely recognized.

Later, aiming for further technological innovation, he founded the "Tsunekichi Takuma Research Institute" in 1936. The "Tsunekichi boiler" it developed was a highly efficient small boiler that was easy to operate, yet had a short time to steam and could operate with about 30% less fuel than a conventional boiler.

3 Practical application of boilers, and incorporation of a joint stock company

In order to establish a production system for new boilers, in 1937 the research institute was incorporated as a joint-stock company under the name of "Takuma Research Institute Co., Ltd." In 1938, "Takuma Boiler Manufacturing Co., Ltd." (now Takuma Co., Ltd.) was established to expand production capacity, merging with Takuma Research Institute during the same year. Tsunekichi served as its first president.

The company motto "Serve society through boiler manufacturing" (the philosophy of contributing to society and the environment through boiler manufacturing), which Tsunekichi adopted at that time, captures the philosophy of Tsunekichi and is the foundation of the current management principles of Takuma and the Takuma Group.

Core Technologies That Support Takuma

CORE 1 Combustion Technology

Developed around the core technology of solid fuel combustion in boilers. Technology that enables stable combustion of a variety of fuels, including household waste, sewage sludge and other wastes, and biomass.

CORE 2 Heat Recovery Technology

Technology employing systems that incorporate high-temperature, high-pressure boilers and other technologies to maximize the effective utilization of energy contained in waste and fuels by converting it into steam and heat.

CORE 3 Flue Gas Treatment Technology

Technology that removes harmful substances such as dust, acidic gases, and dioxins from flue emissions, helping to prevent environmental pollution and ensure regulatory compliance.

Takuma's History

Social Background

1930s Demand for boilers as a source of power increased as demand for expansion of production facilities grew.

1960s Urbanization and industrialization associated with rapid economic growth led to deterioration of sanitary conditions.

Stock certificate of Takuma Boiler Manufacturing Co., Ltd.

Japan's first 24-hour operating waste incineration plant (Osaka City)

Harima Factory under construction

1912 Tsunekichi Takuma, founder of the company, develops Japan's first purely domestic boiler, the "Takuma boiler"

1938 Company established (then Takuma Boiler Manufacturing Co., Ltd.)

1942 Harima Factory begins operations

1949 Exported the industry's first bagasse-fired boiler

Entered the environmental field (waste treatment and water treatment)

1963 Delivered Japan's first 24-hour operating waste incineration plant to Osaka City

Delivered first sewage treatment plant

1970s The demand for energy conservation increased in the wake of the oil shock.

1980s The generation of dioxins from waste incinerators became a social problem.

1990s 1999 The Act on Special Measures against Dioxins was enacted.

2000s Weak demand for the renewal and remodeling of waste incineration plants as the reaction to bygone strong demand.

2010s The Great East Japan Earthquake triggered an increase in demand for renewable energy power sources.

The DBO method was introduced, under which the construction and operation of waste treatment facilities was outsourced to private companies.

2020s Increasing demand for the renewal of waste incineration plants that were renovated or remodeled around the year 2000.

Acceleration of efforts to achieve “carbon neutrality by 2050.”

Vacotin Heater

Japan’s largest waste incineration plant (Koto City, Tokyo)

Biomass power plants

New Harima Factory

Zero Emission Vacotin Heater

Notification of change of the company name

Uniflow Sand Filter

Energy from Waste plant (U.K.)

Solution Lab

Supply Lab

1972 Company name changed to Takuma Co., Ltd.

1973 Delivered first unit of a sewage sludge incineration plant

1975 Launched the world’s first vacuum-type water heater (Vacotin Heater)

1979 First delivery of an upflow moving-bed sand filtration system (Uniflow Sand Filter)

1986 First overseas delivery of a waste incineration plant (U.S.A.)

1998 Delivered Japan’s largest waste incineration plant in Koto City, Tokyo

2001 Responded to a sharp increase in demand for the renewal and remodeling of waste incineration plants for dioxin control, and achieved the Group’s highest net sales and ordinary profit

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

2014 First biomass power plant delivered under the FIT (Feed-in Tariff) system for renewable energy

2019 Established “Solution Lab,” a remote monitoring and operation support base

Strengthen research and development with a focus on CCUS and carbon recycling technologies

2023 Completion of the new Harima Factory. Production capacity increased by approx. 20%
Established “Supply Lab,” an after-sales service base

2024 Delivered the first unit of the world’s first hydrogen-fired vacuum-type water heaters, the “Zero Emission Vacotin Heater”

Conducting on-site verification test of energy-saving CO_2 capture and recovery system at an opening biomass power generation facility

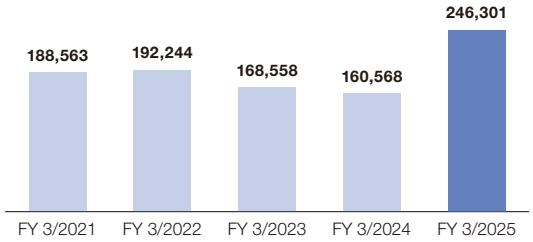
At a Glance

Takuma is involved in all aspects of the plant business, from engineering, procurement and construction (EPC) to operation and maintenance (after-sales service), with the aim of solving environmental problems and realizing a recycling-oriented society.

Performance Trends

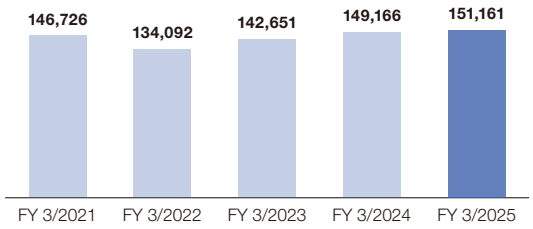
Orders received

(millions of yen)



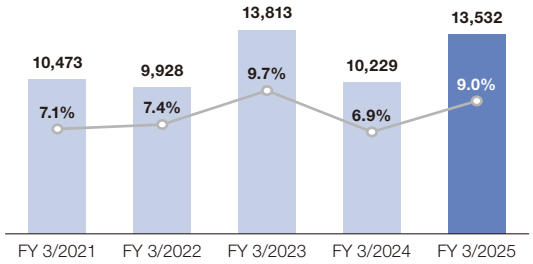
Net sales

(millions of yen)



Operating profit/Operating margin

(millions of yen)



Business Content

* Track records are figures as of September 30, 2025.

Domestic Environment and Energy Business

Municipal solid waste treatment plants

Domestic and overseas track record

Approx. 380 facilities

NO.1 in terms of number and size of domestic facilities delivered

For details, see p. 34.

Energy plants

Biomass plants domestic and overseas track record

Approx. 650 units

Industrial waste treatment plants domestic and overseas track record

Approx. 120 units

For details, see p. 34.

Water treatment plants

Upflow moving-bed sand filtration system domestic track record

Approx. 2,900 units

Step grate stoker type sewage sludge incinerators domestic track record

Approx. 20 units

For details, see p. 35.

Overseas Environment and Energy Business

For details, see p. 36.

Package Boiler Business

For details, see p. 37.

Equipment and Systems Business

For details, see p. 38.

CONTENTS

Editorial Policy

The Integrated Report 2025 is published with the aim of comprehensively organizing financial information and non-financial information, such as ESG (environmental, social, and corporate governance) initiatives, and communicating our consistent approach to ESG management to our stakeholders in an easy-to-understand manner. In particular, we have clarified our value creation story in this integrated report to make it easier to understand our efforts towards sustainable growth. By using this report as a communication tool, we aim to deepen dialogue with our stakeholders and further enhance our corporate value.

Publisher

TAKUMA CO., LTD.
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Corporate Planning & Administration Division

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Takuma Co., Ltd. and affiliated companies

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Section

01

Our Value Creation Story

Kunio Hamada
President and CEO

Message from Top Management

We will achieve medium- to long-term growth by accurately responding to customer needs based on our technological capabilities, which we have independently cultivated over many years in the environmental and energy fields.

Accurately identifing the essential needs of our customers

My name is Hamada, and I was appointed President and Representative Director of Takuma in April 2025. We will do our utmost to meet the expectations of all stakeholders, including shareholders, investors, customers, and cooperating companies, for Takuma's further development.

After I graduated from university, I initially worked for another company, but due to the booming domestic market, I was faced with the dilemma of not being able to work abroad, which I had hoped for. I had known about Takuma as a pioneer in the boiler industry since I was a student, and I happened to see an opening for employment and was attracted to the company's work on overseas projects, so I joined as a career employee at the age of 25. At first, I was assigned to the department of plant design, and when I volunteered to work on the commissioning of the first waste incineration plant project in Taiwan that Takuma was carrying out at that time, I was able to work there for six months on the commissioning. I then spent 12 years in plant design in Japan and Thailand, 15 years in project management, and 7 years in corporate planning.

While I was working in the department of project management, there was a difficult period when we could not get orders for municipal waste treatment facilities as the bidding process

was shifting from evaluation based on monetary value alone to a “comprehensive evaluation system” that combined monetary value and technical points. In order to overcome these difficulties, we exchanged opinions with the technical division many times. With the support of consulting companies, we reviewed our proposals and learned that it is important not only to appeal to customers with superior technology, but also to accurately assess what they want and select the appropriate technology to propose, which led to our subsequent success. Even today, the importance of accurately identifying the essential needs of our customers and the community is deeply embedded throughout the company.

Unique technological capabilities cultivated through continuous improvement

Our company was established in 1938 by Tsunekichi Takuma, who invented Japan’s first purely domestic water tube boiler. While other companies introduced technology from Europe, we developed our own technology from scratch, refined our combustion technology and engineering capabilities, and in 1963 delivered Japan’s first 24-hour operating waste incineration plant to the city of Osaka. Currently, the company’s three main businesses are municipal solid waste treatment plants, energy plants, and water treatment plants.

Improving combustion technology requires an empirical engineering approach, and we have grown through trial and error and repeated improvements. For example, if the waste contains a lot of plastics, it has a higher calorific value and is more flammable, but the high chlorine content makes the pipes more susceptible to corrosion. Therefore, it is important to design plants based on an accurate understanding of the quality of waste, which varies according to local sorting rules and lifestyle. Of the waste incineration facilities we have delivered to date, approximately 100 are currently in operation, and our major strength is our ability to research and understand the waste characteristics of each region through equipment maintenance and operation management.

In addition, to achieve the high efficiency of power generation from waste that many customers require, steam temperature and pressure must be increased, which increases the risk of pipe corrosion and boiler failure. We have solved these problems by conducting demonstration tests with our customers, and have evolved our combustion and heat recovery technologies through steady efforts, which has led to our advanced technological capabilities. We are still developing and introducing technologies that will lead to more stable and efficient operation, such as AI-based automatic control of combustion conditions.

To ensure that these technologies are passed on to future generations, we are working to promote knowledge management* that consolidates operational data scattered throughout each department, with the aim of creating a system where even employees in their first year with the company can understand past technological initiatives and responses to customers. We also aim to further strengthen our technical capabilities by holding technical presentations for employees in the technical divisions and training sessions by outside lecturers.

* Knowledge management: The process of visualizing individual employees’ knowledge and information as a data resource that can be shared and used throughout the organization to facilitate skill transfer and human resource development

A relationship of trust that allows us to rejoice hand in hand with our customers

Plants consist of a wide variety of machinery, each of which has its own specialized engineers, and at our company, dedicated personnel maintain close communication with our customers from design through construction, quality inspection, commissioning, and delivery.

For example, a municipal solid waste treatment plant generally takes four to five years from the time an order is received to delivery. I feel that we are building a relationship of trust where we can work together with our clients to solve various issues as we move forward with a project, and upon completion, we can rejoice hand in hand with our clients. Furthermore, in maintenance after delivery, when any problems arise, all departments work together to respond quickly, and our customers appreciate the speed of our response.

In addition, plant specifications and requirements are unique and no two plants are alike. In recent years, in addition to collecting and incinerating waste and generating electricity, there has been a growing need for these facilities to serve as local disaster prevention centers and as educational opportunities for learning about environmental initiatives. We will continue to make proposals that meet the diverse needs of our customers based on the knowledge we have accumulated through our many delivery records.

Capturing robust demand to realize our long-term vision

In 2021, we formulated our long-term “Vision 2030” with the aim of “growing sustainably with our customers and society by promoting ESG management and continuing to be an indispensable presence in society as a leading company mainly in the fields of renewable energy utilization and environmental conservation”. As the second step toward achieving this goal, we are implementing the 14th Medium-Term Management Plan (FY2024–FY2026).

Currently, there are approximately 1,000 waste incineration facilities in Japan, but 70% of these facilities have been in operation for more than 20 years and are aging. We expect steady demand for renewal projects and primary equipment improvement projects (life extension projects) at least until beyond 2030, and we intend to expand our business by steadily capturing this demand.

Message from Top Management

On the other hand, there are many cases where it is difficult to rebuild facilities due to various factors, and an increasing number of customers are opting for large-scale maintenance work that contributes to extending the service life of their facilities. We, too, will respond to customer needs by focusing on proposals that contribute to extending service life and proposals that lead to energy conservation and decarbonization. In order to strengthen our resources for growth we will also consider M&A, especially in the engineering field and companies in the peripheral fields of our existing businesses, such as material recycling.

In our overseas business, a waste incineration plant in Taiwan, like the one I commissioned 35 years ago, is now due for replacement, and we are determined to win orders for its renewal.

In the package boiler business, IHI Packaged Boiler Co., Ltd. became a consolidated subsidiary in April through M&A in order to expand our share in the general-purpose boiler market. Together with our subsidiary Nippon Thermoener Co., Ltd. we expect our market share for our main product, once-through boilers, to expand to approximately 20%. With the aim of further realizing synergies, the merger of Nippon Thermoener and IHI Packaged Boiler is scheduled to take effect in April 2026.

Promoting the development of CO_2 capture technologies to achieve carbon neutrality

We are focusing on the development of energy-saving CO_2 separation and capture systems using our proprietary chemical absorption method with non-aqueous absorbent solutions. Working backward from the national goal of achieving carbon neutrality by 2050, we hope to establish a certain level of basic technology by around 2030. As a concrete example of our progress, in July 2024, we installed a CO_2 capture and recovery system demonstration device at the Maniwa Biomass Power Plant (Maniwa City, Okayama Prefecture), which was delivered by our company, and are now in the process of verifying the system. This year, the “Development and Demonstration of Energy-Saving CO_2 Capture and Separation Technology” jointly implemented with Senboku Environmental Improvement Facilities Association in Osaka Prefecture and Universal Energy Research Institute Corporation was selected by the Ministry of the Environment for the “FY2025 Carbon Neutral Technology Development and Demonstration Project for Regional Co-Creation and Cross-Sector Collaboration”. Starting in FY2027, we will proceed with the performance evaluation of a demonstration facility with a CO_2 capture capacity of 6 tons per day at the Senboku Clean Center (Izumi City, Osaka Prefecture), a waste treatment facility that is currently in operation.

Securing and developing human resources and continuing to take on challenges for further growth

Our business requires a lot of manpower, but with the increasing mobility of young people in the labor market in particular, securing and training stable human resources is a major challenge. We are strengthening our recruitment of both new graduates and career employees, and in recent years we have hired approximately 80 employees each year. To improve employee engagement, we are focusing on enhancing employee training, personnel rotation according to the aptitude of the individual, and efforts to achieve a work-life balance. In the future, we intend to more proactively communicate our company’s appeal and enhance Takuma’s brand power.

I would like employees to have a sense of ownership, to be proactive and inquisitive, and to work on it without fear of failure. I myself have made numerous mistakes, but I have also learned a lot, and turning mistakes into positives leads to growth. Takuma has 1,087 employees on a non-consolidated basis and 4,372 (as of March 31, 2025) on a consolidated group basis. I believe it is my mission to carry on the culture of working in close proximity to the customer, and to continue to emphasize the importance of a small but efficient workflow, such as rushing to the scene immediately if something goes wrong.

While cherishing what our company has built up to now, such as an open organizational culture where we can respect other departments and frankly tell each other what is good and what is bad, and a culture of working as one to solve our customers’ problems, we will boldly take on new challenges and further grow Takuma. I would like to thank all of our stakeholders for their continued understanding and support of our company.

Value Creation Process

As a leading company in the fields of renewable energy utilization and environmental conservation, the Group will enhance its corporate value by solving social issues.

Management Principles

Long-Term Vision "Vision 2030" For details, see p. 23–24.

Medium-Term Management Plan For details, see p. 25–28.

External Environment, Risks and Opportunities

Global

- Rising energy demand and issues related to waste treatment in developing countries
- Increasing severity of issues related to climate change
- Advances in digital transformation (DX)

Domestic (Japan)

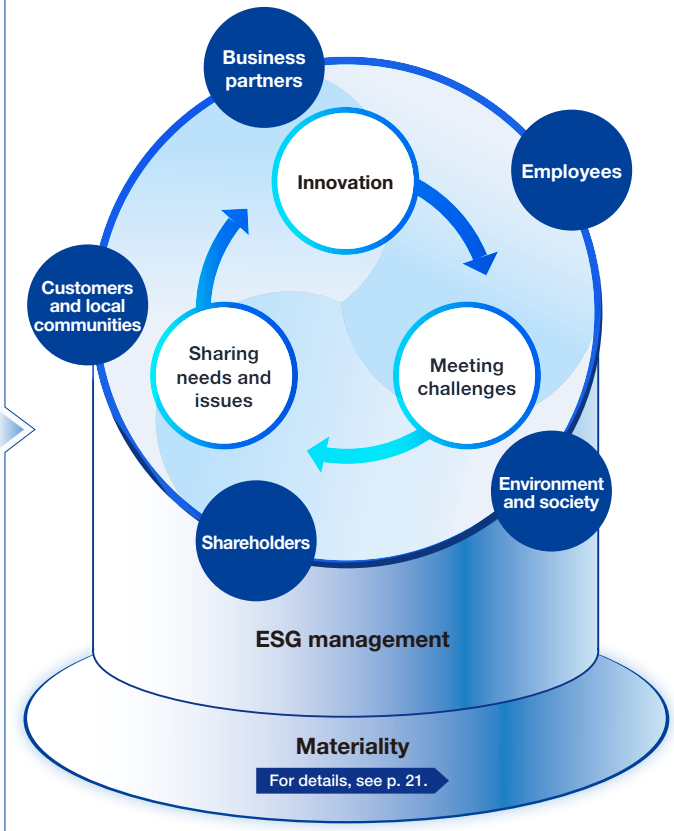
- Shortages of human resources and leaders
- Increasingly severe natural disasters
- Challenging financial conditions
- Aging infrastructure

For details, see p. 23.

Inputs

- Financial Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital
- Manufacturing Capital
- Natural Capital

For details, see p. 20.



Outputs

Highly trusted businesses in the environment and energy fields

Domestic Environment and Energy Business
For details, see p. 33–35.

Overseas Environment and Energy Business
For details, see p. 36.

Package Boiler Business
For details, see p. 37.

Equipment and Systems Business
For details, see p. 38.

Outcomes

Customers and Local Communities

- Safeguarding hygienic living environments
- Maintaining regional and industrial infrastructure
- Revitalizing and strengthening communities

Environment and Society

- Generating clean energy
- Reducing greenhouse gas emissions
- Reducing environmental footprint

Business Partners

- Ensuring fair and secure business transactions

Employees

- Realizing highly motivating workplaces

Shareholders

- Increasing corporate value

Conversations with Customer

TAKUMA × 日本海水

Hiroaki Nanjo
Takuma Co., Ltd.
Director & Chairman Executive Officer

Mr. Naohiro Nishida
Nihon Kaisui Co., Ltd.
President
Representative Director

Deepening Partnerships through the Use of Renewable Energy to Achieve a Sustainable Society

With the need for climate change countermeasures and stable energy supply, the use of renewable energy, including biomass power generation, has become one of the most important management issues for companies. Nihon Kaisui Co., Ltd., a member of the Air Water Group and Japan's leading salt manufacturer, is promoting a biomass power generation business with the aim of reducing environmental impact and revitalizing local industry. Takuma has supported the company's efforts through the plant engineering technology it has developed over the years. This time, we welcomed Mr. Naohiro Nishida, President of Nihon Kaisui, to talk with Takuma Chairman Nanjo about the progress of the collaboration between the two companies and the future direction they envision.

Pursuing business development that contributes to society

Nanjo: Our collaboration with your company over biomass power generation began in 2017. Since then, we have received orders for a total of three biomass power plants. Since we have this opportunity today, please begin by telling us about your background and what you prioritize in management.

Nishida: I worked for Air Water in the chemical business before transferring to Nihon Kaisui, and have been involved in a variety of business activities, mainly in corporate planning. Since assuming the position of President in 2019, my consistent focus has been to contribute to society by expanding our business into the fields of electric power, the environment, and food products by utilizing the unlimited resource of seawater, based on our "technological capabilities" and desire for "manufacturing" cultivated through salt production, a blessing of the sea.

Nanjo: I have been with Takuma for many years in the engineering department, most recently as President until March 2025, where I was at the helm of the entire group. Currently, I continue to be involved in the management of the company as Chairman. As President Nishida said, "A company is a public institution of society," and I believe that our mission is to contribute to society. By the way, what do you keep in mind as your company expands into various fields?

Nishida: One thing is to instill within the company the awareness that it is important to take on new challenges. On the other hand, it is also important to carefully expand our territory based on salt-making techniques, rather than suddenly moving into an enclave business. Thanks to these efforts, the company has been able to diversify from the salt manufacturing business, which previously accounted for 95% of sales, to salt manufacturing, electric power, and environmental businesses, which now each account for

Conversations with Customer: Takuma & Nihon Kaisui

30% of sales, and the food business, which now accounts for 10% of sales.

Nanjo: Based on the technical capabilities we have cultivated in our boiler business, our core business is now plant engineering in the environmental and energy fields, such as biomass power plants and waste treatment plants.

Nishida: Another thing is that our business is built on the blessings of nature, so above all, we are conscious of sustainability. When starting a new business, we place particular emphasis on whether the business can contribute to the SDGs (Sustainable Development Goals), not to mention profitability, compliance, and synergy with the Air Water Group. From this perspective, the use of renewable energy is an extremely important theme in the salt manufacturing process, which uses large amounts of electricity. Takuma has a solid track record in the renewable energy field, and we feel that they are a reliable partner that takes the voices of the field seriously.

Nanjo: Thank you very much.
We feel that our collaboration with Nihon Kaisui is not limited to the mere installation of equipment, but also involves a very deep commitment by the employees of both companies to work together to solve problems one by one.

The catalyst for collaboration over the years - Ako No. 2 Biomass Power Plant

Nanjo: We will now look back at the history of the collaboration between the two companies. Why did Nihon Kaisui enter the field of biomass power generation in the first place?

Nishida: When replacing the aging salt-making boiler at our Ako Factory (Ako City, Hyogo Prefecture), in FY2014 we became the first company in the industry to enter the wood biomass power generation business on a full scale by constructing the “Ako No.1 Biomass Power Plant” to contribute to society by reducing CO_2 emissions and creating local employment. Later, we decided to construct the “Ako No.2 Biomass Power Plant” (power generation output: 30,000 kW) with a view to expanding our electric power business and further reducing CO_2 emissions.

Nanjo: We understand that the Ako No. 2 Biomass Power Plant required boiler facilities that can efficiently utilize a variety of fuels, such as PKS (palm kernel shells), bark, which has not been effectively utilized until now, and unused materials such as thinned wood.

Nishida: That is correct. With the anticipated shortage of unused wood, we knew we needed to make further use of forest resources such as bark and PKS. In addition, for the construction of this power plant, we chose Takuma as our partner because of their many years of experience in handling biomass boilers that can handle a wide variety of fuels. As an amateur, I have often made reckless requests. Your company carefully considered each of our requests, and we were able to leave the project in your good hands, for which I am very grateful. It was 2017 at that time, and I had no idea that we would have such a long relationship.

Nanjo: We, too, share Nihon Kaisui’s philosophy of contributing to the environment and the development of local industry, and we have worked with them wholeheartedly from design to construction and start-up, with the aim of realizing stable power generation.

Ako No.2 Biomass Power Plant

Conversations with Customer: Takuma & Nihon Kaisui

Nishida: It is estimated that the use of renewable energy at the Ako No. 2 Biomass Power Plant will reduce CO_2 emissions on the order of 110,000 tons per year. We also believe that through this project we are contributing to regional revitalization by promoting the local forestry and timber industries and creating jobs in Ako.

Nanjo: Through this project, we have learned a great deal by witnessing Nihon Kaisui's attitude that values environmental friendliness and contribution to the community. Your company is also implementing community-based initiatives in other locations.

Nishida: Yes. As an example, the Kumamoto Plant (Tamana City, Kumamoto Prefecture), which produces seaweed and furikake, has registered with Food Bank Tamana, which is operated by the local government of Tamana City. We are continuing our efforts to donate the food we produce at our factory to those who are in need.

Optimal Proposals to Meet Your Needs — Kanda Biomass Power Plant

Nanjo: Our next collaboration was in Fukuoka Prefecture.

Nishida: Based on our experience in Ako, we launched a new project for a wood biomass power plant in Kanda, Fukuoka Prefecture, as an even larger-scale, long-term initiative. For this project, in order to strengthen the development of the power generation business, we and TTS Planning Corporation, which operates a real estate development business and renewable energy development business mainly in the Kyushu region, established a power generation company, "Nihon Kaisui TTS Kanda Power Co., Ltd."

Nanjo: We also invested in the company to support its power generation business and strengthen our partnership. In addition, we received an order for a biomass boiler to be used for power generation. That was in 2019.

Nishida: Kanda, where the project was set, has well-developed port facilities and is expected to benefit from logistics advantages such as fuel deliveries, as well as stable procurement of domestic timber. We decided to build the new power plant because we believe it strongly aligns with the Air Water Group's decarbonization measures and our plans to go carbon neutral. For the construction, Takuma suggested the best boiler model for the fuel to be used.

Nanjo: As you mentioned, there are a variety of biomass fuels such as wood chips, PKS, and bagasse (sugarcane pomace), but our strength lies in our ability to propose the optimal model of boilers based on the technology we have cultivated since our establishment and our extensive delivery record. In Ako, a "staircase stoker" type boiler was used mainly to utilize a variety of fuels, but for the Kanda project, we proposed a "traveling stoker" type biomass power generation boiler after hearing Nihon Kaisui's plan to utilize local wood chips, mainly PKS.

Nishida: We estimate that the Kanda Biomass Power Plant (power output: 50,000 kW), which started operation in 2023, will have the effect of reducing CO_2 emissions by 141,000 tons per year. We believe this is thanks to the use of the optimal boiler proposed by Takuma.

Nanjo: For the Kanda Biomass Power Plant, in addition to the EPC (engineering, procurement, and construction) of the plant, we also received an order for O&M (operation and maintenance) after delivery. Together with our group company, Takuma Technos, we have jointly provided comprehensive operation management and maintenance services for 20 years since 2023, when the plant went into operation.

Kanda Biomass Power Plant

Conversations with Customer: Takuma & Nihon Kaisui

Nishida: We recognize that biomass power generation projects have a very large social impact, such as creating local employment and promoting the forestry and timber industries. We asked Takuma to help us because we believed it was essential to ensure stable operation over the long term. The Kanda Biomass Power Plant has been in operation for two years this summer, and it has been running smoothly, for which we are very grateful.

Nanjo: Our strength lies in our ability to provide optimal operation management and maintenance based on our extensive know-how gained over many years of experience. In addition, we utilize the Plant Optimization Comprehensive Support System (POCSYS), which our company developed, to consolidate and analyze plant operation data and provide feedback to the field. By adding our know-how based on data analysis to our past experience, we hope to further improve the quality of O&M operations and achieve long-term stable operation of the Kanda Biomass Power Plant.

The Challenge to Go Carbon Neutral — Sanuki Biomass Power Plant

Nanjo: This fiscal year, we received a new order for a biomass boiler for Nihon Kaisui's Sanuki Plant (Sakaide City, Kagawa Prefecture).

Nishida: The Sanuki Biomass Power Plant (power output: 9,400 kW), which is planned to start operation in FY2028, is designed to generate its own power within the salt manufacturing plant. By switching from existing coal-fired power generation, we expect to reduce our CO_2 emissions in FY2030 by 67% compared to FY2020. Here too, we decided to ask your company again, and you suggested the optimal boiler model from the perspective of utilizing a variety of fuels.

Nanjo: What is most important to us in our business is to build a relationship of trust with our customers.
In plant design and after-sales service, we are committed to working closely with our customers to quickly respond to and resolve issues and problems, thereby fostering and developing relationships of trust, which we believe will lead to new work with our customers, and we believe this is the ideal form of business. In that sense, I am very proud that we have been able to work with Nihon Kaisui on three occasions, following Ako and Kanda, as proof that we have built a solid relationship of trust.

Nishida: We aim to become the first company in the industry to achieve carbon neutrality in the salt manufacturing process. We expect that the operation of the Sanuki Biomass Power Plant will contribute greatly to achieving this goal.

Envisioning the future through renewable energy

Nanjo: Last but not least, please tell us again about the significance of the use of renewable energy at Nihon Kaisui.

Nishida: We believe that the use of renewable energy is key to making our operations more sustainable. As a member of the Air Water Group, we will continue to take on the challenge of utilizing renewable energy not only to stabilize our power supply and reduce our environmental impact, but also to coexist in harmony with the local community, and we absolutely hope to become the first domestic salt manufacturer to achieve carbon neutrality.

Nanjo: For our part, we are honored to continue our partnership with a company like Nihon Kaisui that combines ideals and the ability to execute. We hope to continue to expand our offerings to help you in a variety of ways.

Nishida: I feel that Nihon Kaisui and Takuma are similar in many ways, such as the fact that every business is connected to social contribution, that we take pride in our work, and that we are developing over the medium to long term while focusing on our technological capabilities. We hope that both companies can continue to work together to build a sustainable society for the next generation, and we look forward to your continued support.

Nanjo: Thank you very much. We will continue to make every effort to meet your expectations.

Members of both companies promoting the use of renewable energy

Takuma's Business Model

The Group has long been committed to solving customers' issues through business activities such as plant EPC and subsequent after-sales service. The technological expertise and knowledge developed in this process are passed on to the next phase of our business activities and are the driving force behind our sustained growth.

Business flow

By building relationships of trust with customers through the EPC business and after-sales service that leverage our advanced technological capabilities, we are creating a virtuous cycle that leads to new inquiries and orders.

Strengths

Proprietary technological capabilities

Our business is supported by "combustion technology" that can stably burn a wide variety of fuels and "heat recovery technology" that can efficiently recover heat as energy, both of which were cultivated through research and development in the boiler business, which was our original business. In addition to these core technologies, we provide high-performance plants by utilizing our experience and know-how accumulated through the delivery of numerous plants.

Relationship of trust with customers

In the EPC business, we spend several years in dialogue with our customers to build plants that meet their required specifications and performance.

In the after-sales service business, we sincerely respond to issues and problems that our customers encounter in their daily plant operations. The accumulation of these efforts builds a relationship of trust with the customer and leads to new work.

EPC business

In the EPC business, which begins after receiving an order for a project through sales activities, we spend several years in dialogue with the customer, while designing the plant, procuring equipment, and constructing and commissioning the plant. While the construction company working with us on this project begins civil engineering and construction work on site, we will first proceed with the detailed design of the plant, and then procure and manufacture the equipment based on the specifications. Once the civil engineering work has progressed to a certain degree, we will begin the plant construction work. After the plant is constructed and its performance is verified through trial operation, the plant is finally delivered to the customer.

EPC business process

1 Design

In addition to the system design of the entire plant, our core technologies of combustion equipment, boilers, and exhaust gas treatment equipment, as well as the electrical instrumentation equipment that operates and controls the plant, are designed by our specialized departments.

2 Procurement and manufacturing

Based on the specifications determined in the design process, the procurement department procures the most suitable equipment from Japan and overseas. Combustion equipment and boilers, which are at the core of a plant's performance, are manufactured and produced at our Harima Factory.

3 Construction

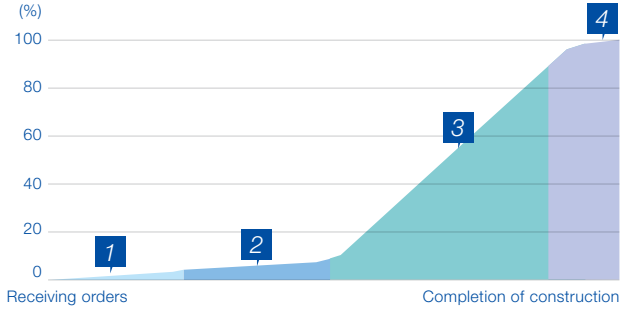
The plant is constructed over a period of several years by installing procured and manufactured equipment, piping, and electrical instrumentation. As supervisors managing the site, we are responsible for safety management as well as construction management, including process and budget control.

4 Trial operation

We perform trial operation at the plant over a period of several months to ensure that the equipment and the entire system are in good working order. During the latter half of the commissioning period, actual waste and fuel will be fed and burned to check for any problems with the overall plant performance.

Illustration of sales progress for the EPC business

Sales in the EPC business are recorded as plant construction progresses. If the construction period is to be four years, the first two years will consist mainly of detailed design and procurement/manufacturing of equipment, so progress on the plant construction itself will be minimal and only a small amount of sales (about 10% of the total amount) will be recorded. Then, when on-site plant construction begins in the third year, the majority of sales (about 80% of the total) will be recorded according to the progress of construction. Trial operation will begin a few months before completion, but as the majority of the construction work will be completed at this point, the sales recorded will again be small (about 10% of the total amount).



After-sales service
(Recurring revenue model businesses)

The after-sales service business after delivery includes plant operation management and maintenance. We also offer “O&M” (Operation & Maintenance) services in which these services are performed on a long-term, comprehensive basis. The plants we deliver play an important role as infrastructure that supports local communities and our customers’ businesses, and it is critical that they operate stably over the long term. While maximizing the facility’s functions through daily operation and management, we strive to ensure safe and stable operation by preventing problems through periodic inspections and maintenance.

Contents of after-sales service

Operation management

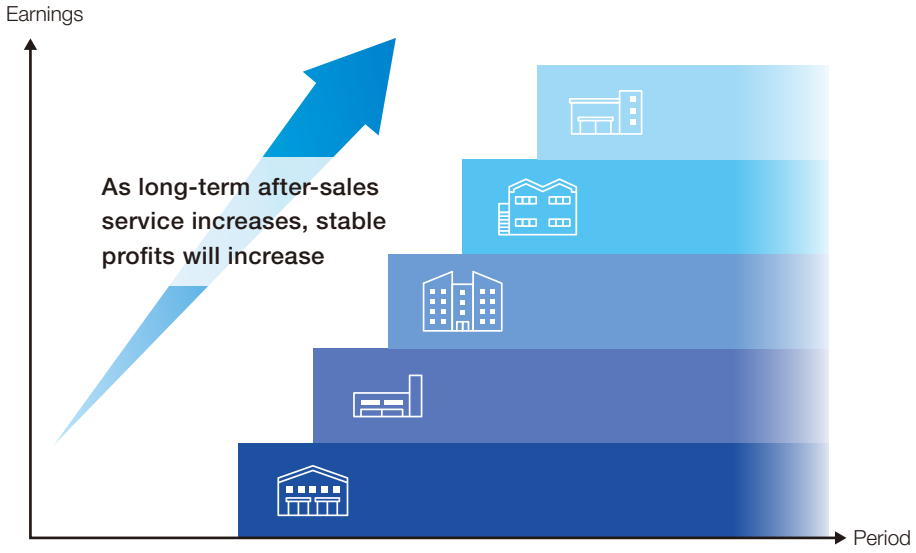
We provide appropriate management for increasingly complex and diverse plants based on our advanced operation and management technology to ensure stable operation of facilities. Through the inspection of various pieces of equipment, we also monitor the details of the facility to ensure that it is always in optimum condition, thereby maximizing the facility’s functionality.

Maintenance

We perform periodic maintenance and renewal of plant equipment to ensure long-term stable operation. Since the state of deterioration varies depending on the properties of waste and fuel, maintenance, modification, and performance improvement work is performed at the optimal timing and content after a thorough on-site survey.

Accumulation of revenues due to increase in the DBO business

In the field of waste treatment plants, municipalities, which are the customers of these plants, are mainly using Design Build Operate (DBO) contracts, in which the design and construction of the plant (EPC) and the long-term operation and maintenance (O&M) of the plant after construction are outsourced in a lump sum, in order to utilize the know-how that private companies have in this area. For Takuma, the DBO business is a stable source of revenue because it provides O&M services for approximately 20 years after plant delivery. As shown in the figure on the right, the volume of stable revenue increases as the number of projects accumulates.



Six Key Management Resources

The Group has accumulated a variety of technologies and expertise through plant EPC and after-sales services, and has built strong relationships of trust with its customers. By promoting the activities of diverse human resources who will inherit this capital, we aim to further strengthen management capital while developing businesses that are valuable to society to sustainably increase corporate value.

Financial Capital

Achieving both a stable financial foundation and capital efficiency

- Equity ratio: **57.0**
  (FY3/2025)
- ROE: **9.5%**
  (FY3/2025)
- Order backlog: **577.7 billion yen**
  (FY3/2025, of which about 53% is long-term O&M of 10 years or more)

The plants we deliver will be used for decades, supporting people's lives and industry. A stable financial base that contributes to earning the trust of customers is essential, and we intend to maintain a capital adequacy ratio in the 50% range. At the same time, we aim to improve capital efficiency through reduction of strategic shareholdings and enhancement of shareholder returns, and increase ROE (at least 11.5% for FY3/2027).

For details, see p. 27 and 29–31

Intellectual Capital

Technology and expertise in energy utilization and environmental conservation

- Municipal solid waste treatment (waste incineration) plants: approx. **380 facilities** in Japan and overseas
- Biomass plants: approx. **650 units** in Japan and overseas
- Upflow moving-bed sand filtration systems: approx. **2,900 units**
  (As of September 30, 2025)

Since our establishment, we have delivered numerous plants in the fields of renewable energy utilization and environmental conservation. The technology and know-how we have accumulated through our business activities are the source of our competitiveness. In recent years, we have been promoting research and technology development to meet new global needs, such as carbon neutrality.

For details, see p. 28

Human Capital

Human resources who respond to the needs and issues of customers and society

- Number of consolidated employees: **4,372**
  (As of March 31, 2025)
- Employee engagement
  Job satisfaction: **highest rated response 41.1%**
  Pride in the Company: **highest rated response 47.9%**.
  (Percentage of highest rated responses in the Employee Attitude Survey, FY2024)

We are actively recruiting and training people who have the ability to propose solutions to the diverse needs and issues faced by our customers and society, as well as the technical skills to realize them. We are also working to improve our human resource systems and workplace environment, and to promote knowledge management in order to increase employee engagement to promote employee success.

For details, see p. 28 and 49–52

Social and Relationship Capital

Trust and co-creative relationships with customers, business partners, and local communities

- Customer satisfaction: highest rated response **53.6%**.
  (Percentage of highest rated responses in the Employee Satisfaction Survey, FY2024)

One of our strengths is the relationship of trust we have cultivated with our customers, business partners, and local communities through our business activities. In particular, in our waste treatment plant business, we are promoting the enhancement of local employment and ordering and community involvement in order to fulfill our contribution to the local community. In our R&D activities, we strive to create innovation through co-creation with our joint research partners.

For details, see p. 45–48

Manufacturing Capital

High-quality plant construction and operation

- Manufacturing site: **Harima Factory**
- Number of operating facilities: **25**
  (As of April 1, 2025, including DBO and long-term O&M over 10 years)

In order to construct plants with high performance, we work to create a safe and secure environment at construction sites. We are also working to improve the business environment to provide high quality facility operation services. The Harima Factory, which manufactures plant core products, is working hard to improve its manufacturing technology and has established an extensive after-sales service system.

For details, see p. 46

Natural Capital

Efficient use of resources

- CO_2 emissions: **64** tons
  (FY2024, Takuma head office, other business offices and Harima Factory)
- Contribution to CO_2 emissions reduction: **4.5 million tons**
  (Regarding the general waste treatment plants and biomass power generation plants delivered by our company, the former was calculated based on the results of the Ministry of the Environment's "General Waste Treatment Survey," and the latter was calculated based on plants delivered over the past 30 years.)

We are promoting the reduction of CO_2 emissions in our business activities through energy and resource conservation efforts and the introduction of virtually 100% renewable energy power. In addition, we aim to contribute to the reduction of CO_2 emissions in society as a whole by providing products and services that efficiently utilize resources, such as waste power plants and biomass power plants.

For details, see p. 41–44

Key issues (Materiality)

In promoting ESG management, we have identified seven materiality issues related to ESG that should be prioritized through our business activities in 2021. In the 14th MTP, we will continue to promote the initiatives formulated in the 13th MTP through our business activities, and we have also set new KPIs (numerical targets) related to “employee engagement” and “customer satisfaction.”

The specific process can be found at: https://www.takuma.co.jp/english/sustainability/materiality.html

	Materiality and issues	Risks and opportunities		KPI	Targets	Progress (FY2024)
E Environmental initiatives	**Helping combat climate change** 1. Promotion of renewable energy (non-fossil energy) 2. Improve energy efficiency For details, see p. 41–42.	Risks	• Accommodating policies and regulations intended to realize a decarbonized society • Changes in customer requirements, for example additional improvements in energy efficiency • Reduction in support from policies, for example as a result of the review of the FIT program	CO_2 emissions reduction targets through our own products and services Magnitude of potential reduction in CO_2 emissions due to newly delivered power plants	(FY2026) **1.25** million tons per year (FY2030) **2.5** million tons per year	**1,001,000** tons/year* *Calculated based on available generating capacity (renewable energy) as of one month after delivery for plants delivered from FY2021 to FY2024 (7 waste treatment plants, 2 sewage sludge plants, and 21 biomass plants).
		Opportunities	• Growth in the market for renewable energy and environmental businesses due to strengthening of environmental regulations • Growth in energy usage demand for biomass (including waste, sewage sludge, and other resources) in order to alleviate climate change	In-house CO_2 emissions reduction targets *FY2030 targets including group companies remain under consideration. *CO_2 emissions from procured products and use of Takuma products by customers (Scope 3) also remain under consideration. *The Scope 1 target includes offsets using environmental value such as J-credits. *The Scope 2 target is calculated using post-adjustment emission factors.	(FY2026) Effectively zero CO_2 emissions by the Takuma head office, Harima Factory, and branches. (Scope 1 and Scope 2) (FY2030) Effectively zero CO_2 emissions by all Takuma worksites in Japan (head office, branches, factories, and construction sites) (Scope 1 and Scope 2)	**64** tons/year (Scope 1 and Scope 2 at Takuma’s head office, Harima Factory, and branches)
	Conserving resources and protecting the environment 1. Conserving resources and reducing environmental impacts 2. Making effective use of unutilized resources For details, see p. 43–44.	Risks	• Reduction in domestic waste volume due to the shrinking of the population			
		Opportunities	• Growth of appropriate treatment of waste and growth in demand for use of energy from waste in emerging nations • Growth in expectations towards resource-saving and low-environmental impact systems and the effective use of unused resources			
S Social initiatives	**Strengthening relationships of trust with customers and communities** 1. Pursuing customer satisfaction 2. Ensuring the stable, continuous operation of plants and equipment 3. Recycling local resources and creating new value for communities For details, see p. 45–46.	Risks	• Loss of trust in the event Takuma fails to provide safe, high-quality products and services • Shrinking local government budgets	Customer satisfaction	(FY2026) Number of responses with the highest rating **60%** or more * The percentage of respondents giving the highest rating for questions (on a 4-point scale) about customer service and overall product quality in the Customer Satisfaction Survey.	Number of responses with the highest rating **53.6%**
		Opportunities	• Growth in demand for biomass power generation as a type of energy that can be produced and consumed locally • Growth in expectations toward the creation of new value for communities, for example through disaster prevention facilities and energy centers • Additional growth in the use of private-sector entities to provide government services			
	Pursuing partnerships and innovation 1. Utilization of digital technologies (AI, IoT, robots, and more) 2. Developing open partnerships 3. Pursuing innovation For details, see p. 47–48.	Risks	• Opportunity loss due to lag in accommodating new technologies such as artificial intelligence (AI) and the Internet of Things (IoT)	Number of main career track and management positions filled by women	(Cumulative total for FY2021 to FY2025) **35** or more	(Cumulative total for FY2021 to FY2024) **40**
		Opportunities	• Growth in demand for efficiency-boosting and labor-saving technologies in plant operation (Remote monitoring and operation, data analysis, maximization of amount of power sold, etc.) • Creation of revolutionary technologies and services as well as new business opportunities through the expansion of partnerships	Percentage of eligible employees utilizing parenting support programs	(Average for FY2021 to FY2025) **25%** or greater	(Average for FY2021 to FY2024) **49%**
	Promoting activities of human resources 1. Securing and training human resources 2. Promoting diversity 3. Improving employee satisfaction For details, see p. 49–52.	Risks	• Reduction in competitiveness due to a shortage of employees with specialized skills • Discontinuity in the passing down of skills as highly experienced employees reach retirement age and leave the workforce	Employee engagement	(FY2026) Highest rating **50%** or more * The percentage of respondents giving the highest rating for each question (on a 5-point scale) on job satisfaction and pride in the Company in the Employee Attitude Survey.	Highest rating Job satisfaction: highest rated response **41.1%** Highest rating Pride in the Company: highest rated response **47.9%** *Newly added to the 14th MTP
		Opportunities	• Strengthening of competitiveness through human resources development and management that promotes diversity			
	Ensuring safety and health 1. Ensuring occupational safety and health 2. Managing employee health 3. Creating a comfortable working environment For details, see p. 53–54.	Risks	• Reduction in productivity and social trust due to problems involving safety and health among employees and affiliates (loss of opportunities for winning orders due to the occurrence of serious occupational accidents, etc.)	Number of fatal accidents	**0**	**0**
		Opportunities	• Improvement in productivity and strengthening of competitiveness through improvements in the workplace labor environment			
G Governance initiatives	**Strengthening corporate governance** 1. Strengthening corporate governance 2. Strengthening risk management 3. Ensuring compliance For details, see p. 55–60.	Risks	• Reduction in business sustainability due to a lack of appropriate decision-making • Cessation of business due to violations of competition or environmental laws or regulations on conduct such as corruption, and associated reduction in social trust	Number of serious compliance violations	**0**	**0**
		Opportunities	• Improvement in the ability to create value along with avoidance and reduction of risk as a result of strengthened corporate governance			

Section

02

Our Value Creation Strategy

Long-Term Vision “Vision 2030”

In 2021, we formulated Vision 2030, which sets out our long-term vision for the Takuma Group of 2030. Vision 2030 takes into account medium- to long-term trends and the surrounding social climate and details our envisioned engagement with key issues (ESG issues) through business activities that leverage the Takuma Group’s strengths, as well as our planned contributions to the building of a sustainable society. We are working toward achieving this Vision through our Medium-Term Management Plan.

External Environment Outlook

Global-scale concerns include a worsening of the problem of climate change, deterioration in sanitation, and growth in energy demand due to rapid population growth and urbanization, particularly in emerging nations. Concerns in Japan include falling internal demand caused by the shrinking and aging of Japan’s population, shortages of human resources and future leaders, fiscal challenges, and aging infrastructure.

Global

- Rising demand for resources, food, water, energy, and waste treatment as the world’s population grows
- Increasingly serious problem of climate change
- Progress in the Fourth Industrial Revolution and digital transformation (DX)

Japan

- A shortage of human resources and leaders and depopulation of suburban and rural areas as a result of the shrinking and aging of Japan’s population
- Reduced tax revenue due to Japan’s shrinking population and tight financial conditions due to measures for addressing natural disasters and infectious diseases
- Contraction and rationalization of public services and increasing use of private-sector companies due to tight financial conditions
- Dismantling, consolidation, effective use, and replacement of aging and underutilized infrastructure, buildings, and other facilities

Vision for FY2030

Based on external environmental factors, the Takuma Group will implement ESG management, an approach that consists of addressing key ESG-related issues in an effort to achieve sustainable growth by resolving issues faced by customers and society through business activities.

In pursuing business activities built on a core of ESG management, we will strive to become a great partner for our customers by leveraging the technologies and expertise related to energy utilization and environmental protection that are the Group’s strengths, along with the relationships of trust we have developed with customers over the long term through after-sales service and other interactions. With the useful technologies and services created through innovation by the Group, which carries on the spirit of a tenacious inventor, we will resolve challenges faced by customers and society, with a focus on the fields of renewable energy utilization and environmental protection.

Through the practice of ESG management, we will grow together with customers and society and contribute to the realization of a sustainable society while striving to achieve ordinary profit of JPY 20 billion.

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

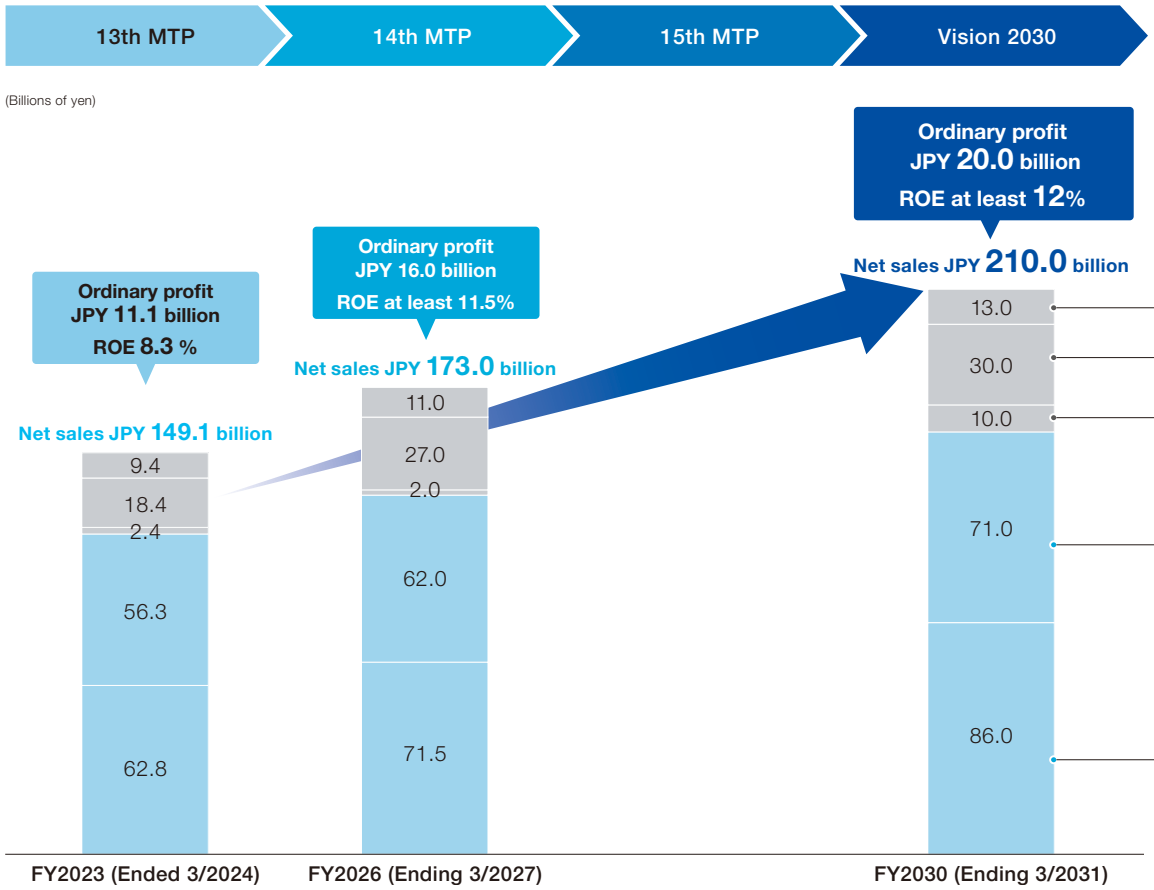
Sustainable growth alongside our customers and society through implementation of ESG management

Business Portfolio

As part of our business portfolio strategy, the Takuma Group has categorized various business streams as its “ongoing,” “core,” “growth,” and “future” businesses. We have positioned our recurring revenue model business as the growth business that will act as the driving force propelling the Group forward. We have designated our EPC businesses, the source of our recurring revenue model businesses, as our core business, and will maintain and expand our position as leaders in this field.

We have classed our overseas environment and energy business as our future business, with the plan of developing it into one of the Group’s core business areas in the medium- to long-term. Finally, we have positioned our package boilers and equipment and systems business as ongoing business, and plan to continue steadily increasing revenues in these sectors going forward.

■ Projected Net Sales Growth under Vision 2030



	Sales composition ratio	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	5%	Future business (Medium- to long-term perspective)
Expand primarily in Thailand, Taiwan, and emerging countries, developing it into a pillar of the Group’s business		
Domestic Environment and Energy Business	75%	
EPC Business — Maintain and expand our 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)

* Adjustments omitted

14th Medium-Term Management Plan

We have launched our 14th Medium-Term Management Plan (MTP), active from FY2024 and the second step in our Vision 2030. As part of this, we aim to increase the order volume of our municipal solid waste treatment plant renewal and primary equipment improvement projects, and maintain and expand our position in the EPC market. By translating this into orders for operation management, maintenance, and long-term O&M projects, we will also establish a revenue model that fully utilizes recurring revenue.

Targets

In addition to a target for ordinary profit, our 14th MTP includes new targets for orders received and return on equity (ROE). In the first year of the MTP, fiscal year 2024, in addition to steadily securing orders for strong renewal demand of waste treatment plants in the domestic environment and energy business, the recurring revenue model businesses such as maintenance have also steadily increased profits, and a favorable business environment is expected to continue. In addition, in the package boiler business, IHI Packaged Boilers Co., Ltd. will be included as a consolidated subsidiary starting from April 2025, with expectations to achieve economies of scale through an increased domestic market share of once-through boilers. Based on these circumstances, the targets were revised upward as of May 14, 2025.

■ Summary

(Billions of yen)

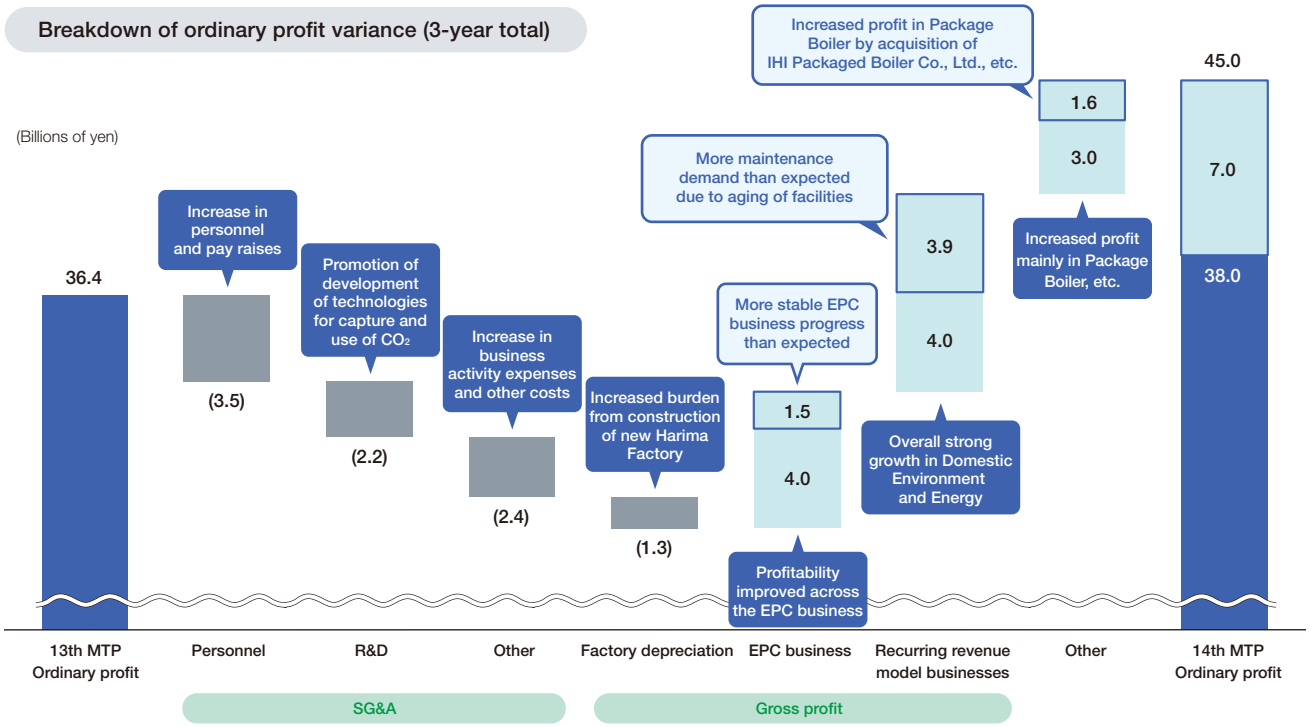
	13th MTP (3-year total)	14th MTP 3-year total	14th MTP FY2024 (Results)	14th MTP FY2025 (Target)	14th MTP FY2026 (Target)
Orders received	521.3	706.3 ↑	246.3	250.0	210.0
Net sales	425.9	489.1	151.1	165.0	173.0
Operating profit	33.9	43.5	13.5	14.5	15.5
Ordinary profit	36.4	45.0 ↑	14.0	15.0	16.0
ROE	8.3%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

ROE = Profit/Equity capital ■: Main Targets

■ Factors affecting profit increase/decrease

In the 14th MTP, an increase in SG&A expenses such as personnel and R&D expenses is expected, but profits are projected to increase due to higher gross profit from the EPC business and recurring revenue model businesses.

Breakdown of ordinary profit variance (3-year total)



Business Strategies

In the 14th MTP, we aim to increase EPC orders in the domestic environment and energy business, a pillar supporting growth, and create a virtuous cycle between the EPC business and recurring revenue model businesses by linking these to operation management and maintenance. Additionally, in other businesses, we will aim to continue and expand orders by focusing on expanding product lineups, overseas expansion, and securing and developing human resources.

Basic Policy ❶
Maintaining and expanding our market position in the EPC Business

Municipal solid waste treatment plants
Increasing the order volume of renewal and primary equipment improvement projects, preparing responses to potential changes in the market
- 3 or more renewal project orders per year
- Steady response to primary equipment improvement projects
- Support for decarbonization models and private sector utilization

Energy plants
- Ongoing orders for new small and medium-sized biomass power generation plants and renewal of plants for private consumption and industrial waste treatment plants

Water treatment plants
- Acquisition of orders for sewage sludge incinerators and sand filtration facilities
- Expansion of share through technological superiority

Basic Policy ❷
Establishing a revenue model that fully utilizes recurring revenue

Municipal solid waste treatment plants
Maintenance and expansion of orders for operation management, maintenance, and long-term O&M projects
- Steady orders for regular maintenance work and DBO projects
- Cost reduction and quality improvement with data utilization

Energy plants
- Ongoing maintenance orders for delivered projects
- Enhancement of solution proposals, such as functional improvements and energy savings

Water treatment plants
- Ongoing maintenance orders, including regular maintenance work

Power retail business
- Expansion of revenue by expanding relative power sources, securing new customers, and expanding service lineup

Basic Policy ❸
Steadily expanding revenue in the Package Boiler Business and Equipment and Systems Business

Package Boilers
- Ongoing orders for renewal projects from expansion of product lineup, including low-carbon and decarbonization products
- Strengthening of maintenance business and overseas development

Equipment and Systems
Building equipment business (air-conditioning, water, and wastewater equipment installation services)
- Strengthening of sales capabilities, securing and development of engineers, and cost reductions

Semiconductor industrial equipment business
- Maintenance and expansion of domestic sales and strengthening of overseas sales

Basic Policy ❹
Building a track record for the future in international business

Overseas Environment and Energy
- Acquisition of orders for biomass power plants through expansion of supported fuels
- Acquisition of orders for energy from waste plants, primarily in Thailand and Taiwan

Basic Policy ❺
M&As and Alliances/New Businesses

- Active consideration of projects that will help us to strengthen our existing business and enhance our workforce, with the aim of expanding our capabilities, and of projects that will expand our peripheral business and lead to new business, with the goal of expanding our business domains, both with a focus on our Domestic Environment and Energy Business

Capital Policy

In the 14th MTP, based on the current analysis of capital costs and stock prices, quantitative policies for capital strategy were established. By achieving both business growth and shareholder returns that meet market expectations, alongside a strong financial foundation, we will enhance corporate value.

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 12.0%

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 a dividend payout ratio of 50% or a 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 Reducing cross-shareholdings

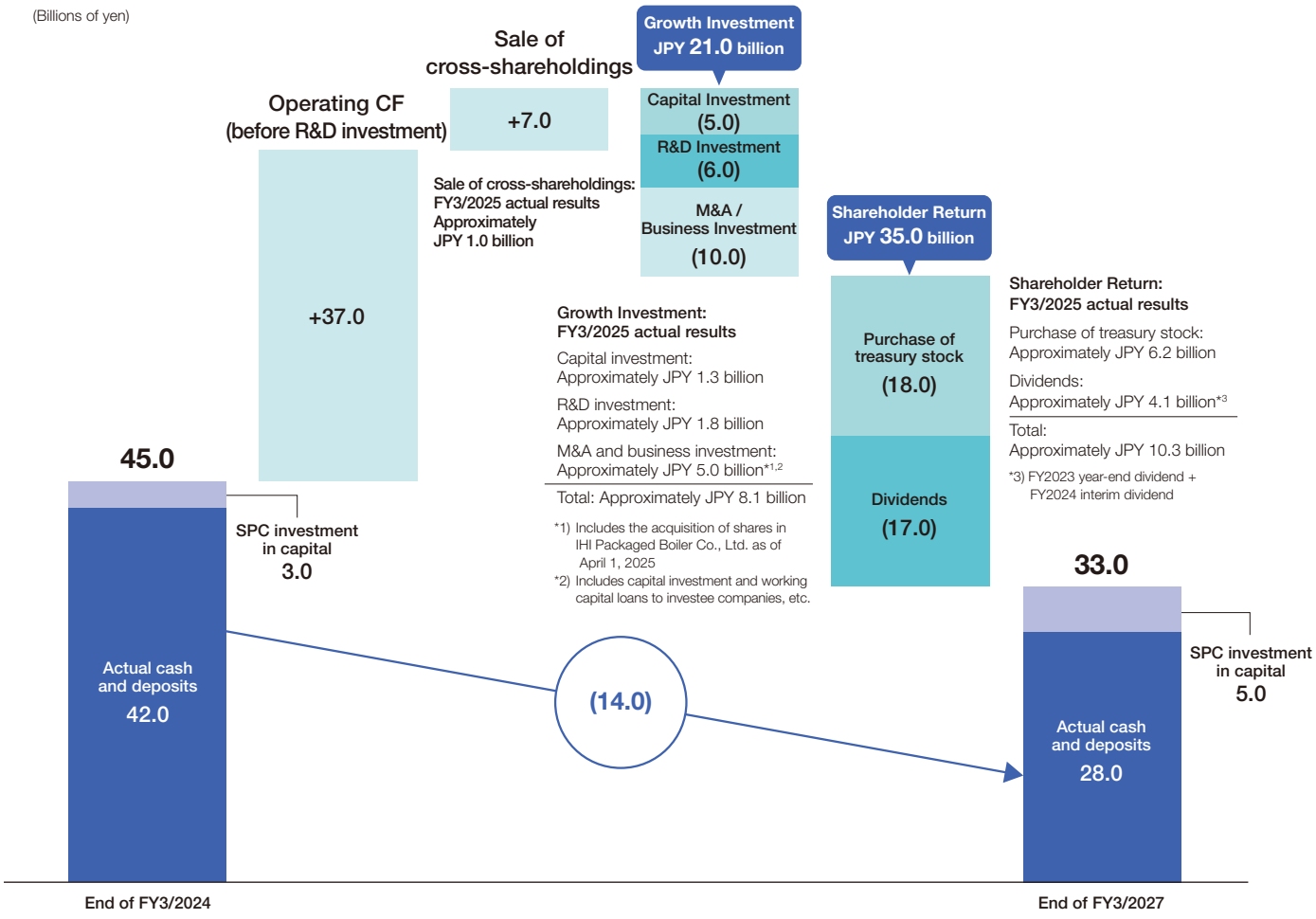
Ratio of cross-shareholdings to consolidated net assets

Less than 15% by the end of FY 3/2027
(selling approximately JPY 7 billion worth of shares)

Less than 10% by the end of FY 3/2029
(selling further approximately JPY 3 billion worth of shares)

■ Cash Allocation

(Billions of yen)



Strengthening the Management Foundation

Basic Policy ❶ Securing and development of human resources

We will move forward with a variety of human resources-related measures designed to enhance resources available for our recurring revenue model and EPC business, both of which are core drivers of our Company growth. To do this, we will secure human resources able to carry out EPC and maintenance projects, with a focus on our Maintenance, Construction, and Engineering Divisions. We will also build up our human capital by implementing measures to strengthen human resource development through enhancing our training programs, and improve job satisfaction and work conditions.

By implementing these various measures, we also aim to achieve the main KPIs relating to the number of female employees brought into career track and management positions, the percentage of eligible employees utilizing parenting support programs, and employee engagement levels.

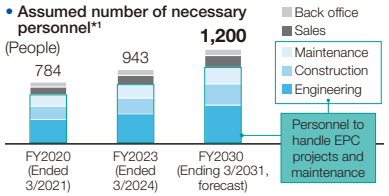
Challenges

- **Elimination of human resources gap (quantity and quality)** to achieve Vision 2030
- **Establishment of internal environment** where diverse human resources can play active roles over the long term
- **Fostering of a corporate culture that accepts change** while passing down a good corporate climate

Human resources measures linked to management strategy

Securing of diverse human resources matching our business strategy

- Assumed number of necessary personnel*1



Strengthening of foundation for human resource development

- Enhancement of training system by rank and field, etc.

Further improvement of job satisfaction and pleasant work experience

- Effective use of senior human resources
- Establishment of a personnel system that enables work-life balance

Main KPIs

Number of main career track and management positions filled by women*2	Utilization of parenting support programs*3	Employee engagement
At least 35	At least 25%	Highest rating 50% or more*4

*1 Non-consolidated basis, main career track (does not include factory work positions, general positions, or secondment). Each of the figures is for the beginning of the year.
*2 Cumulative total from April 1, 2021 to March 31, 2026. *3 Average from FY3/2022 to FY3/2026.
*4 The percentage of respondents giving the highest rating for each question (on a 5-point scale) on job satisfaction and pride in the Company in the Employee Attitude Survey.

Basic Policy ❷ Knowledge management

In order to place Takuma in a competitive position in terms of both “offensive” and “defensive” digital transformation (DX), the Group as a whole will be intensifying its efforts in this area. Our “offensive” DX efforts include Solution Lab, our facility providing 24-hour remote monitoring and operational support, and our AI-enabled combustion control system, which uses AI to forecast the combustion fluctuations unique to waste incineration and determine and implement the appropriate responses. By utilizing these and other digital technologies in our plant construction and operation business, we will continue to deliver new value and enhance our competitive edge. Our “defensive” DX initiatives include promoting improvements to operational efficiency through knowledge management, automation, and other measures, and working with our limited resources toward increasing productivity and achieving smooth mastery of our technologies by new generations of staff.

Establishment of competitive advantage using “offensive” and “defensive” approaches

Offensive DX

Digitalization of products and services

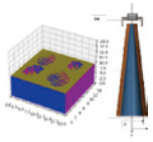
Providing new value to customers through the use of digital technology in plant construction, operation, and other businesses

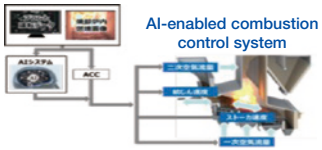
Automatic sorting of glass bottles

Solution lab

Enhancement of waste pit management

3D layer model





Defensive DX

Digitalization of operations

Business fields
Planning, design, procurement, construction, operation, etc.

Office field
General Affairs, HR, Accounting, etc.

Human resources

Challenges
- Early development of new hires
- Elimination of waste and control of errors in business processes
- Maintenance and improvement of technical capabilities

Measure: **Promotion of knowledge management** (Collection, storage, sharing, and utilization of knowledge and data)

Time

Challenges
- Increase in work volume
- Working hour control and diversification of work styles
- Establishment of systems and data assets that are easy to utilize

Measure: **Improved operational efficiency through automation and project/task management**

Message from the Financial Officer

We will focus on both investment in growth and shareholder returns to increase corporate value over the medium to long term.

Masahide Okamoto
Executive Officer
Executive Manager, Corporate Planning & Administration Division

Progress of the 14th Medium-Term Management Plan

We would like to express our sincere gratitude to our shareholders, investors, and other stakeholders for their continued deep understanding and support of our company.

Based on the 14th Medium-Term Management Plan (FY2024–2026, hereafter "the 14th MTP") announced in May 2024, we are working to enhance our corporate value over the medium to long term. In the domestic environment and energy business, which is the pillar of the Group's growth, the 14th MTP is positioned to realize the growth story toward the realization of the long-term Vision 2030 by giving priority to the investment of management resources, especially in orders for municipal solid waste treatment plants (renewal projects and primary equipment improvement projects) and the establishment of a revenue model that fully utilizes recurring revenue. Against the backdrop of a solid market environment, we recognize that our efforts are making steady progress, with record-high consolidated orders received of 246.3 billion yen in FY2024 (ended March 2025), and in May 2025, we revised upward the target figures of the 14th MTP.

Target Values ▷ P.25

In addition, the 14th MTP establishes quantitative policies, including cash allocation, to achieve both business growth and shareholder returns that meet market expectations while maintaining a strong financial base.

Capital Policy ▷ P.27

Since the announcement of this medium-term management plan, we have continued to actively engage in dialogue with our shareholders and investors with the aim of further enhancing our corporate value. Based on the feedback we received through the dialogue, the Board of Directors has held ongoing discussions, and in November 2024, we formulated a new policy to reduce cross-shareholdings. Specifically, the Group plans to reduce its cross-shareholdings to less than 15% of consolidated net assets by the end of FY2026, the final fiscal year in this medium-term management plan (a reduction of approximately 7 billion yen), and to further reduce them to less than 10% by the end of FY2028 (a further reduction of approximately 3 billion yen).

Message from the Financial Officer

Balance between investment in growth and shareholder returns

The Company's policy is to use the cash generated by improving the efficiency of its balance sheet, mainly by reducing cross-shareholdings, for shareholder returns in the form of dividends and the purchase of treasury shares. In particular, the revised plan calls for the purchase of treasury shares totaling 18 billion yen over the three-year period, compared to the 12 billion yen envisaged when the plan was formulated. Including the dividend payout ratio of 50%, the total return ratio for the three-year period of the 14th MTP is expected to be approximately 100%, and we intend to realize further profit returns to our shareholders.

While strengthening shareholder returns, we will also focus on flexible growth investments to sustainably increase corporate value. Here, we introduce one of the growth investment projects resolved for FY2024, which is the acquisition of shares in IHI Packaged Boiler Co., Ltd.

In its Vision 2030, the Group has positioned the Package Boiler Business, which consists of the general-purpose boiler business and other businesses, as an "ongoing business" that aims to steadily expand its earnings. Nippon Thermoener Co., Ltd., our consolidated subsidiary, has been handling this business since 2005, from product development and manufacturing to sales and service. Through this share acquisition, IHI Packaged Boiler became our consolidated subsidiary on April 1, 2025, and we expect that the product lineup and technological capabilities of both companies, which have a large share of the domestic market, will be combined to expand our competitiveness by establishing a supply system for products and services with higher added value. In addition, with the aim of further realizing synergies from the integration, the merger of Nippon Thermoener and IHI Packaged Boiler is scheduled to take effect on April 1, 2026.

In the domestic environment and energy business, we will continue to proactively gather information on M&A opportunities that contribute to strengthening our capabilities, including human resources, as well as expanding our business domains, and to make flexible investment decisions.

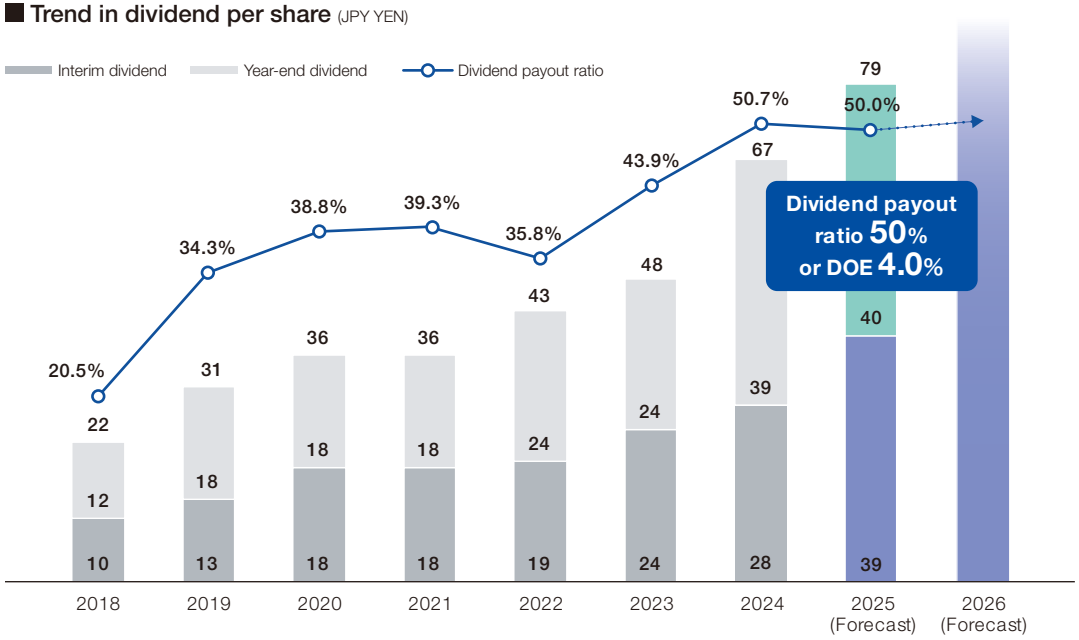
Shareholder return policy

❶ Enhancing shareholder returns and improving capital efficiency through stable dividends and the purchase of treasury shares

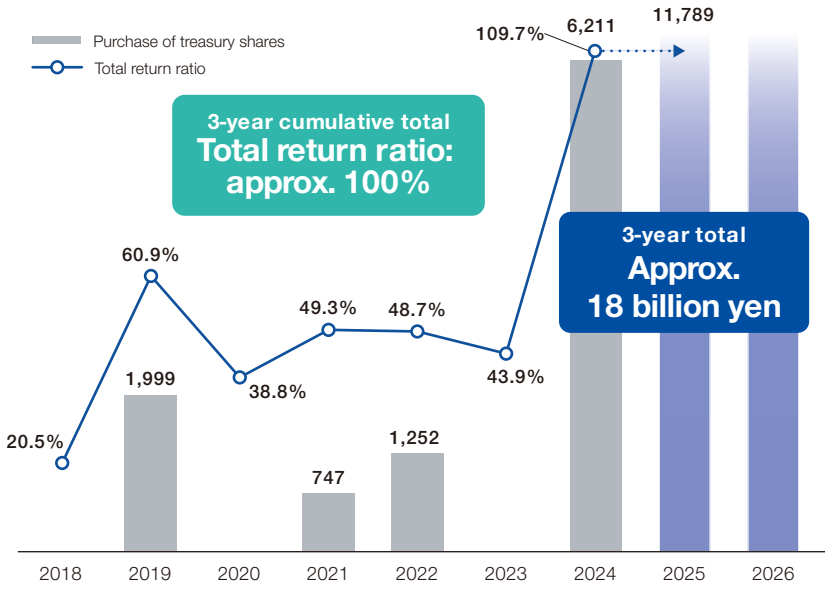
❷ Establish as a target amount whichever is higher calculated based on a dividend payout ratio of 50% or a dividend on equity (DOE) ratio of 4.0%

❸ Share repurchase totaling approximately JPY 18 billion over three years to improve capital efficiency

■ Trend in dividend per share (JPY YEN)



■ Amount of purchase of treasury shares over time (JPY millions)



Message from the Financial Officer

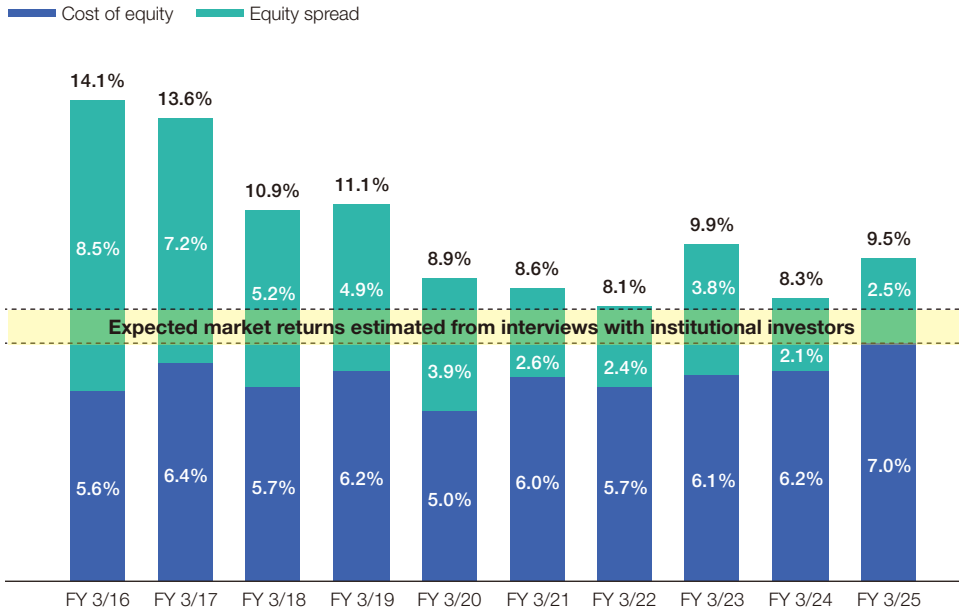
Achieve ROE targets that meet market expectations

Our analysis assumes that the cost of shareholders' equity, as estimated by the CAPM (Capital Asset Pricing Model), has increased to about 7%, taking into account the impact of rising long-term interest rates. In addition, based on interviews with institutional investors, the expected market return is estimated to be around 7% to 8%, which we believe does not deviate significantly from the cost of capital estimated by the CAPM. While the cost of capital is rising, ROE is also improving (9.5% in FY2024) through increased profits and improved capital efficiency, thus ensuring a certain equity spread (ROE minus cost of equity).

At the same time, we recognize that our shareholders and investors expect an even higher level of equity spread. In order to meet the expectations of stakeholders, we have set our ROE target at 11.5% or higher for FY2026, the final year of this medium-term management plan, and at 12% or higher for FY2030, the final year of Vision 2030. We will achieve this goal by continuing our efforts to both increase profitability and improve balance sheet efficiency while maintaining a strong financial base.

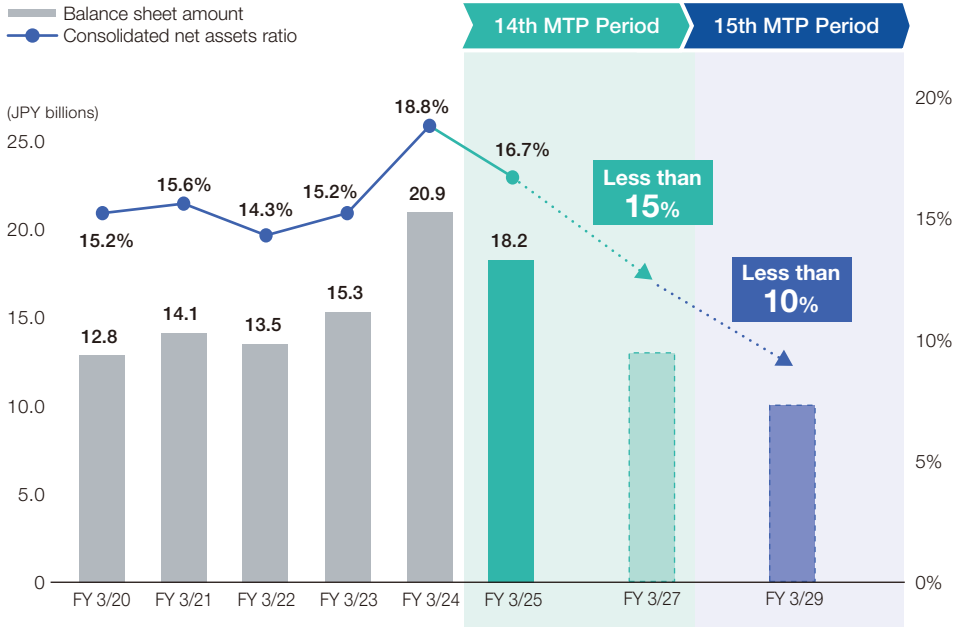
Last but not least, the support of our shareholders, investors, and all other stakeholders is essential for us to realize our vision. We will continue to actively engage in highly transparent dialogue with you and utilize your opinions in our management decisions as we strive to create sustainable corporate value.

■ ROE / Cost of equity* / Equity spreads over time



* Cost of equity calculated based on CAPM
Beta values are measured over multiple time periods (weekly 1 year, weekly 2 years, monthly 3 years, monthly 5 years, monthly 10 years), and the median value is used.

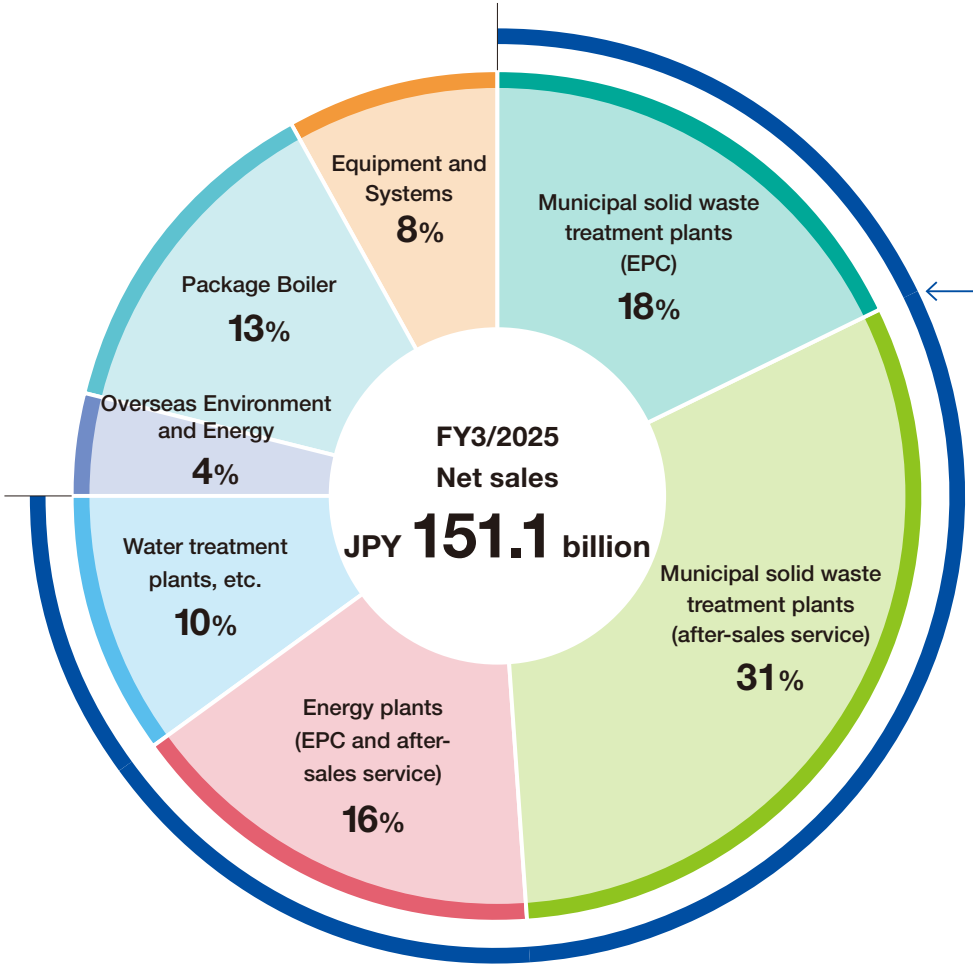
■ Image of reduction of cross-shareholdings



Business Overview

The Takuma Group, established in 1938 as a boiler manufacturer, utilized the combustion and engineering technologies developed through our original boiler business. In 1963, we delivered Japan's first 24-hour operating waste treatment facility. Currently, Takuma focuses on the EPC (engineering, procurement, and construction) of plants in the environmental and energy sectors, including waste treatment plants and water treatment plants for local governments, as well as biomass power plants for private companies. We also provide after-sales services as a core part of our business.

Business Segments and Main Business Activities



Business Segment	Main Business Activities
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 services) 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 services related to building equipment (air conditioning, water supply and drainage work, etc.) and products for the semiconductor manufacturing industry

Domestic Environment and Energy Business

The business contributes to solutions that address issues faced by customers and communities through the construction of plants necessary for the utilization of renewable energy and preservation of the environment and provision of after-sales services. This includes municipal solid waste treatment plants, water treatment plants, and energy plants.

Main Products
- **Municipal solid waste treatment plants**

Main Services
- **Energy plants**
- **Water treatment plants**
- **Power retail business**

Takuma's Strengths

- **High-performance, high-quality technology and expertise and customer trust based on our many achievements**
- **Our achievements are among the top domestically**
  Municipal solid waste treatment plants: Approximately **380** facilities (domestic and overseas)
  Biomass plants: Approximately **650** units (domestic and overseas)
  Moving bed sand filtration units: Approximately **2,900** units (domestic)

Municipal solid waste treatment plant

Business Environment

In municipal solid waste treatment plants, there is demand for renewal and life extension due to aging infrastructure. In wastewater treatment, there is a need for transitioning to energy-saving and energy-generating types in the renewal of sludge incineration plants. Additionally, for private sector businesses, there is demand for small- and medium-sized biomass power plants and fuel conversion to non-fossil fuels. It is expected that these trends will continue to remain strong for the time being.

In addition, in the after-sales service sector, there are expectations for future expansion in demand for each product.

Progress

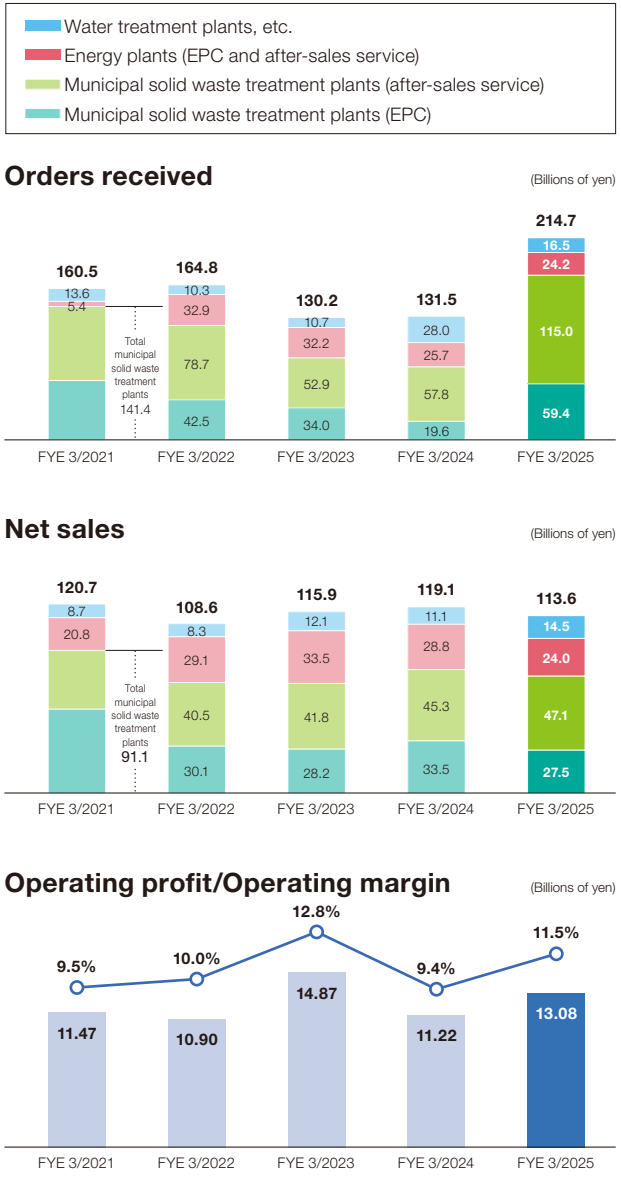
For FY3/2025, orders received increased significantly compared to the previous fiscal year, including two DBO projects and one primary equipment improvement project for municipal solid waste treatment plants, four energy plants, and one sludge incineration facility for a sewage treatment plant.

Net sales decreased mainly due to changes in the project composition in the EPC business; however, operating profit increased thanks to growth in after-sales services and the elimination of impact from countermeasure costs for waste treatment plant O&M recorded in the second quarter of FY3/2024.

Future Policy

Moving forward, we aim to expand our market position in the EPC business by continuously acquiring orders, primarily for municipal solid waste treatment plants, biomass power plants, and sewage sludge-fueled power plants.

Additionally, by improving operational quality and strengthening profitability through data utilization, enhancing plant lifespan and solution proposals, and expanding the power retail business and related services, we aim to establish a revenue model that maximizes the use of assets and further expand our business foundation.

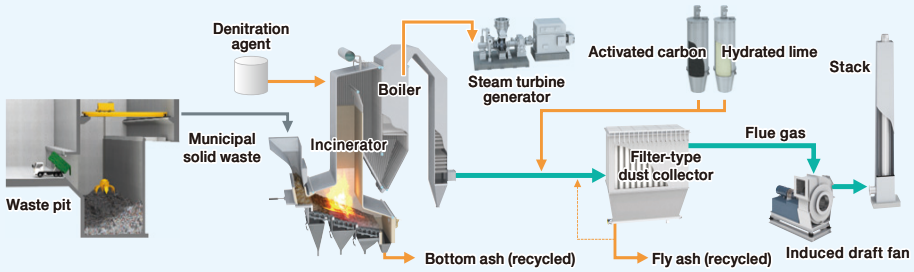


Domestic Environment and Energy Business

Municipal solid waste treatment plants

Since delivering Japan's first 24-hour operating waste incineration plant in 1963, Takuma has delivered around 380 municipal solid waste treatment plants, the most of any manufacturer in Japan. Most of the treatment technologies used by plants are the result of in-house R&D by Takuma, which continues to embrace the highest standards of excellence while working to refine its technologies so that they can accommodate the changing needs of society over time. This includes improvement of the sanitation environment, prevention of pollution, effective use of waste-to-energy, and reduction of CO_2 emissions.

Flow of municipal solid waste treatment plants (waste incineration plants)



Business Environment

Aging is progressing, as approximately 70% of operating waste incineration facilities are over 20 years old. 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.

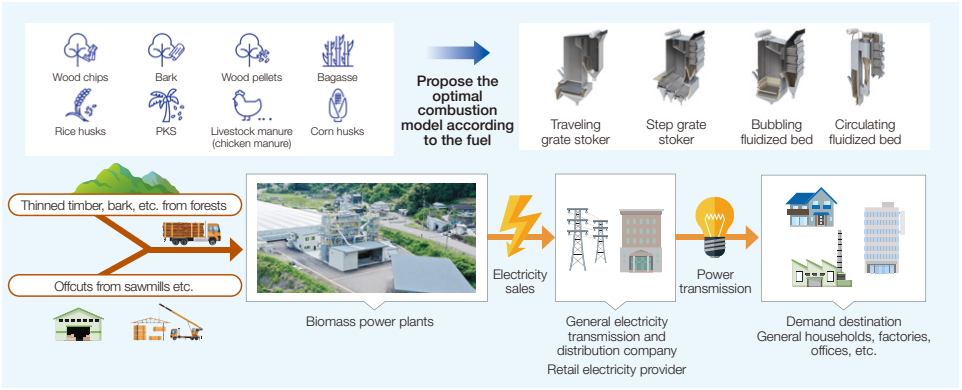
Future Policy

Focusing on our strength in technical capabilities, we aim to enhance our proposal capabilities through non-price differentiation, with the goal of securing continuous orders for more than three renewal projects per year and ensuring a reliable response to life extension demands.

In after-sales services, we aim to maintain and expand continuous annual orders through proactive sales proposals, strengthen O&M proposals for non-contracted facilities, and reduce costs through the use of data.

Energy plants

As a pioneer in the boiler industry, the Takuma Group has delivered a wide range of boilers and energy plants over the years. Particularly in biomass plants, we respond to customer needs and contribute to the expansion of renewable energy utilization by proposing the most suitable models for their plans, based on our long-developed technology and extensive delivery track record, amidst a variety of biomass fuels.



Business Environment

Against the backdrop of policies promoting the mainstreaming of renewable energy and decarbonization, demand for small- to medium-sized biomass power generation, primarily using domestically sourced unused materials, is expected to continue.

In particular, there is expected demand for the renewal of existing plants in industries such as paper and lumber, fuel conversion from fossil fuels to biomass fuels, and the construction of new small- to medium-sized power plants (FIT/FIP, Non-FIT).

Future Policy

In the EPC business, we aim to continuously acquire orders, focusing on small- to medium-sized biomass power plants, including projects for the renewal of existing plants, fuel conversion, and the construction of new power plants.

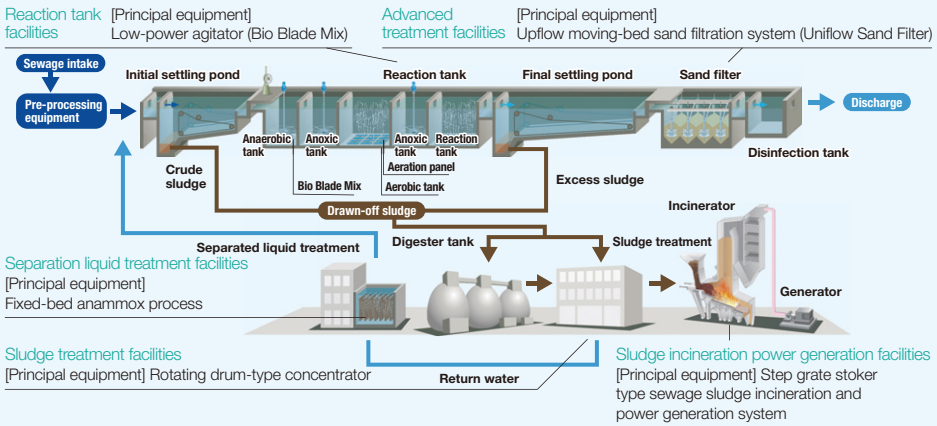
In after-sales services, we aim to grow our recurring revenue model business by offering solutions such as energy conservation, functional improvements, and lifespan extension, in addition to maintenance services.

Domestic Environment and Energy Business

Water treatment plants

Since entering the water treatment business in 1962, Takuma has manufactured a variety of water treatment equipment over the course of more than 60 years while working to protect the water resources required by society and the greater water environment. In recent years, local governments in the sewage business face increasing social needs involving priorities such as energy conservation, energy creation, and Life Cycle Cost (LCC) reductions. In response, we will help realize sustainable sewage systems by taking advantage of the reliable technology and extensive experience we have developed to date.

Processing flow in water treatment plant equipment at a sewage facility



Business Environment

There is continued demand for the renewal and lifespan extension of aging sewage treatment facilities.

In particular, in the field of sewage sludge incineration furnaces, step grate (stoker) furnaces are attracting attention. Compared to conventional fluidized bed furnaces, they consume less electricity, enable stable combustion and power generation without the need for auxiliary fuel, and contribute to the reduction of greenhouse gas emissions.

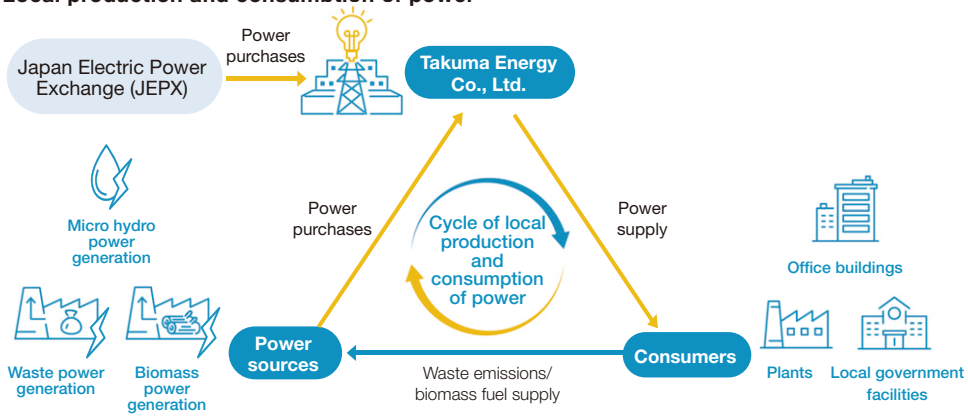
Future Policy

We will focus on acquiring continuous orders, centered around core products with high environmental performance that meet customer needs, such as the step grate stoker type sewage sludge incineration and power generation system and the upflow moving-bed sand filtration system (Uniflow Sand Filter).

Power retail business

Takuma Energy Co., Ltd., a part of the Takuma Group, specializes in the procurement and supply of renewable energy and non-fossil electricity. This contributes to stabilizing customers' electricity costs and reducing greenhouse gas emissions. In addition, we provide optimal energy solutions tailored to customer needs, such as supporting the operation of "local production for local consumption of power", where power is generated and consumed locally, and "self-supply of electricity," where power generated at a power plant is directly supplied to self-owned facilities located elsewhere through the electricity company's transmission and distribution network. These efforts aim to meet a variety of customer demands.

Local production and consumption of power



Business Environment

Local governments and businesses are experiencing an increasing demand for the introduction of renewable energy and CO_2-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 foundation.

Overseas Environment and Energy Business

In response to the increasing demand for biomass power plants, as well as waste treatment due to urbanization in Southeast Asian countries, we provide plant construction and maintenance services primarily in Thailand and Taiwan, where we have local subsidiaries.

Main Products
- **Biomass power plants**
- **Energy from waste plants**

Takuma's Strengths

- **High-performance, high-quality technology and expertise and customer trust based on our many achievements**
- **Our achievements overseas**
  Waste treatment plants: **17** facilities (various countries)
  Energy plants: **875** units (various countries)

Energy from waste plant (Taiwan)

Business Environment

In Southeast Asian countries, including Thailand, there is expected to be an expansion in demand for energy from waste and for biomass power generation, including fuel conversion, driven by policies promoting renewable energy.

On the other hand, there continues to be a tough competitive environment in the market with Indian and Chinese manufacturers.

In Taiwan, there is an expanding demand for the renewal and lifespan extension of energy from waste plants due to aging infrastructure.

Additionally, in Taiwan and Vietnam, there is an increasing demand for plants that process industrial waste generated within manufacturing facilities on-site.

Progress

For FY3/2025, orders received saw a slight increase from the previous fiscal year, with no new plant orders but steady demand for maintenance.

Net sales and operating profit saw a significant increase due to the progress of ordered new plant construction projects. Of the operating profit, approximately JPY 300 million is due to foreign exchange translation differences arising from the elimination of transaction amounts with overseas subsidiaries, and the same amount is adjusted as foreign exchange losses in non-operating expenses.

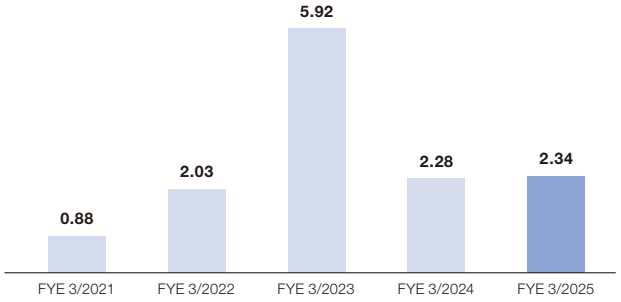
Future policy

We will continue to strengthen collaboration with our local subsidiaries in Thailand and Taiwan, as well as expand partnerships with local companies, aiming to increase orders in Southeast Asia and Taiwan.

In addition to cost reduction and shortened construction periods, we will focus on differentiating ourselves through performance and quality improvements, such as stable operation and high-efficiency technologies. By consistently securing one to two new orders per year, we aim for stable profitability and growth.

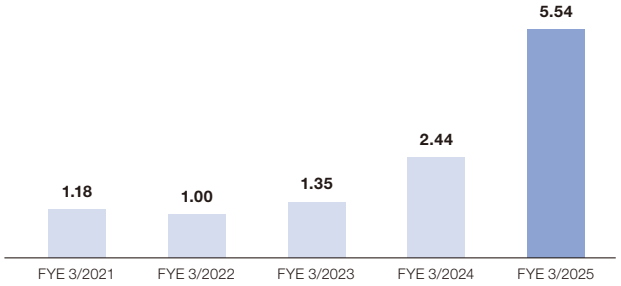
Orders received

(Billions of yen)



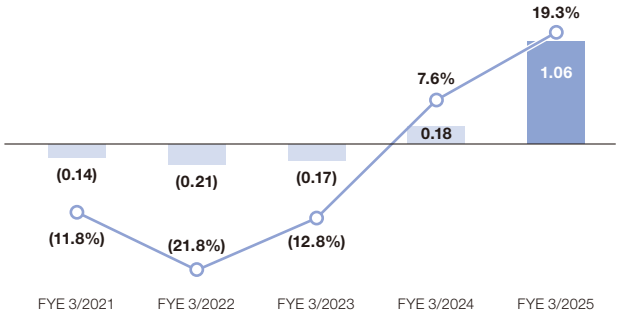
Net sales

(Billions of yen)



Operating profit/Operating margin

(Billions of yen)



Package Boiler Business

Group company, Nippon Thermoener Co., Ltd., and IHI Packaged Boiler Co., Ltd., which became part of our group in April 2025, are engaged in the manufacturing, sales, and maintenance of various heat source equipment, such as general purpose boilers and water heaters. Our main customers include production factories across various industries, as well as hotels, hospitals, commercial buildings, and other facilities.

Main Products

- **Once-through boilers**
- **Vacuum-type water heaters**
- **Heat-transfer boilers**
- **Hybrid hot water supply systems**

Takuma's Strengths

- **High market share in vacuum-type water heaters**
- **Comprehensive system proposal capability combining a wide variety of products**

Various heat source equipment

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. On the other hand, market contraction due to factors such as population decline is a potential risk.

Going forward, in order to achieve decarbonization and low-carbonization of general-purpose boilers, we anticipate increased demand for further energy-efficient and high-performance products, as well as new thermal equipment such as hydrogen, biomass, and electric heat sources. Additionally, energy demand and the demand for energy-efficient products are expected to expand in the Southeast Asian region, particularly in Thailand.

Progress

For FY3/2025, orders received increased compared to the previous fiscal year due to the continued moderate recovery trend in the market. Both net sales and operating profit increased due to a rise in orders and the progress of previously received projects.

As part of the M&A activity in this business, Takuma acquired shares in IHI Packaged Boiler Co., Ltd., a company with high technical capabilities. Additionally, Nippon Thermoener acquired shares in Daiichi Sanki Co., Ltd., which handles small biomass boilers using by-products from the agricultural and livestock industries as fuel.

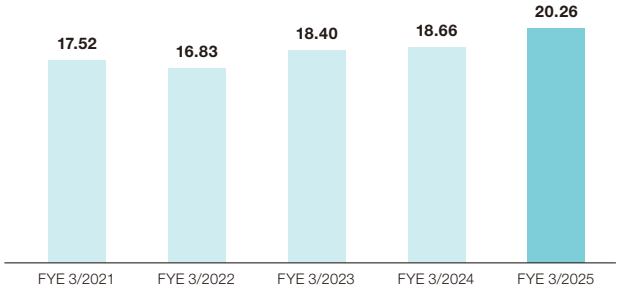
Future policy

With the aim of further enhancing synergies, a merger between Nippon Thermoener Co., Ltd. and IHI Packaged Boiler Co., Ltd. is scheduled for April 1, 2026, and integration efforts are currently underway.

By combining the product lineup and technical capabilities of both companies, which hold a high market share in the domestic general-purpose boiler market, we aim to create economies of scale and establish a system for providing higher value-added products and services.

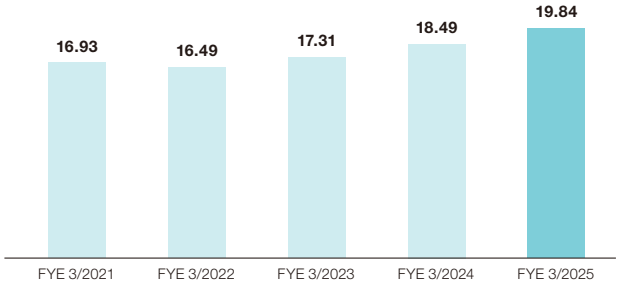
Orders received

(Billions of yen)



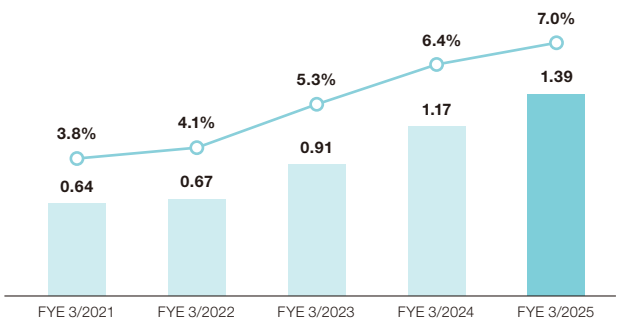
Net sales

(Billions of yen)



Operating profit/Operating margin

(Billions of yen)



Equipment and Systems Business

Group company Sunplant Co., Ltd. designs and installs building facilities, including air conditioning, plumbing and sanitation, and fire protection systems. Additionally, group company Dan-Takuma Co., Ltd. provides clean equipment and facilities, along with related services, to create highly clean peripheral environments required for semiconductor and electronic device manufacturing processes.

Main Products

- **Building Equipment Business**
  Installation of air conditioning equipment and sanitation systems for water supply and drainage.
- **Semiconductor Industrial Equipment Business**
  Chemical filters, AMC environmental concentration analyzers, cleaning equipment, magnetically shielded chamber equipment, etc.

Takuma's Strengths

- **Building Equipment Business**
  Extensive construction experience for public facilities with highly specialized design needs, etc.
- **Semiconductor Industrial Equipment Business**
  Provision of various essential products related to main semiconductor manufacturing equipment


Installation of air conditioning equipment


Image of magnetically shielded chamber equipment

Business Environment

In the building equipment business, steady demand is expected to continue due to urban redevelopment and the establishment and renewal of medical and welfare facilities. On the other hand, labor shortages in the construction industry have become an urgent issue at present.

In the semiconductor industrial equipment business, while the AI and data center sectors are currently thriving, the market conditions for memory and automotive semiconductors are stagnant. However, from a mid- to long-term perspective, we expect the overall market to be on an upward trend due to the further advancement of digitalization.

Progress

For FY3/2025, orders received increased compared to the previous fiscal year, mainly due to steady demand in the building equipment business.

Additionally, net sales and operating profit increased significantly due to progress in already received orders and the elimination of the impact from additional costs recorded in some building equipment business projects in FY3/2024.

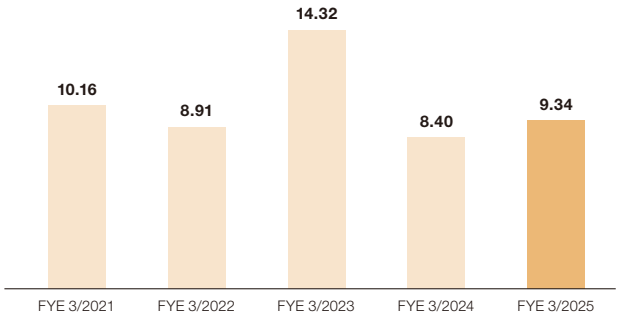
Future policy

In the building equipment business, we will continue to further strengthen our sales and construction capabilities by securing and training human resources, thereby maintaining and expanding the scale.

In the semiconductor industrial equipment business, with the expectation of expanding demand due to the advancement of AI utilization and further proliferation of data centers, we will focus on the development and provision of products that create and maintain highly clean environments required for manufacturing processes, aiming for sustainable growth.

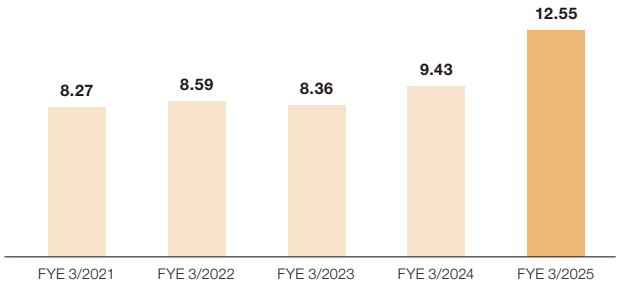
Orders received

(Billions of yen)



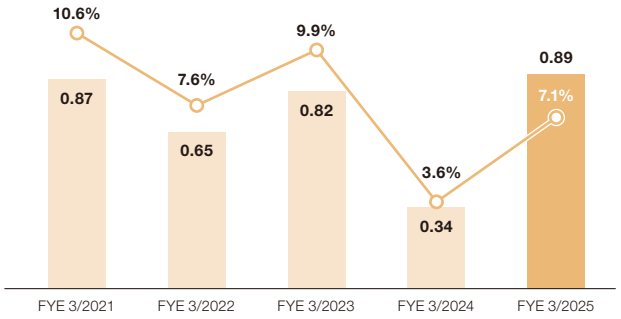
Net sales

(Billions of yen)



Operating profit/Operating margin

(Billions of yen)



Section

03

Sustainability

Sustainability Strategy

Approach to Sustainability and Initiatives

Takuma's Management Principles state, "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." Vision 2030, our long-term vision for the year 2030, includes this statement: "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 by realizing sustainable growth alongside our customers and society through implementation of ESG management." In addition, the 14th Medium-Term Management Plan, calls on the Group to practice ESG management as it implements the long-term vision, and we are advancing sustainability initiatives through measures specified in the plan in accordance with the Management Principles and the long-term vision.

Governance and Risk Management

In identifying key issues, we followed the process described on the website (https://www.takuma.co.jp/english/sustainability/materiality.html). Progress in each process is reported to the management in a timely manner, and finally to the Board of Directors after deliberation by the Committee of Executive Officers and approval by the President. The Board of Directors receives a report on performance against KPIs annually and oversees sustainability initiatives. In addition, the Committee of Executive Officers receives reports on the status of initiatives in the Medium-Term Management Plan of each division and Group company, and evaluates and supervises sustainability-related risks and opportunities, while outside directors supervise through reports from directors who are also standing Audit & Supervisory Committee Members. Key issues are reviewed for their appropriateness every three years at the time of formulating the Medium-Term Management Plan.

Seven Key Issues (Materiality)

Helping combat climate change	1. Promoting renewable energy (non-fossil energy) 2. Improving energy efficiency	For details, see pages 41–42
Conserving resources and protecting the environment	1. Conserving resources and reducing environmental impacts 2. Making effective use of unutilized resources	For details, see pages 43–44
Strengthening relationships of trust with customers and communities	1. Pursuing customer satisfaction 2. Ensuring the stable, continuous operation of plants and equipment 3. Recycling local resources and creating new value for communities	For details, see pages 45–46
Pursuing partnerships and innovation	1. Utilization of digital technologies (AI, IoT, robots, etc.) 2. Developing open partnerships 3. Pursuing innovation	For details, see pages 47–48
Promoting activities of human resources	1. Securing and training human resources 2. Promoting diversity 3. Improving employee satisfaction	For details, see pages 49–52
Ensuring safety and health	1. Ensuring occupational safety and health 2. Managing employee health 3. Creating a comfortable working environment	For details, see pages 53–54
Strengthening corporate governance	1. Strengthening corporate governance 2. Strengthening risk management 3. Ensuring compliance	For details, see pages 55–60

Helping Combat Climate Change

In order to realize a decarbonized society, many of our stakeholders are promoting various climate change countermeasures. To address these opportunities, the Group will contribute through EPC for biomass plants and the supply of electricity generated from biomass and waste.

KPI

As we work to realize both net-zero GHG emissions by 2050 and Vision 2030, Takuma's long-term vision, we will resolve issues faced by customers and communities by proposing products and services that contribute to energy savings and decarbonization while working to reduce our own CO_2 emissions.

1. CO_2 emissions reduction targets[1] and progress through our own products and services

Target		Progress
FY2026	FY2030	Performance as of the end of FY2024
1.25 million tons per year	2.5 million tons per year	1.001 million tons per year[2]

1. The amount of CO_2 emissions that can be reduced by newly delivered power plants (biomass and waste-to-energy plants to be delivered between FY2021 and FY2030).
2. Calculated based on available generating capacity (renewable energy) from the month after delivery for plants delivered from FY2021 to 2024 (7 waste treatment plants, 2 sewage sludge plants, and 21 biomass plants).

2. In-house CO_2 emissions reduction targets and progress

Target		Progress
FY2026	FY2030	Performance as of the end of FY2024
for Scope 1 and Scope 2 at the Takuma Head Office, Harima Factory, and branches	for Scope 1 and Scope 2 at all domestic Takuma worksites (Head Office, branches, factory, and construction sites),	for Scope 1 and Scope 2 at the Takuma Head Office, Harima Factory, branches
Effectively zero CO_2 emissions	Effectively zero CO_2 emissions	Effectively CO_2 emissions 64 tons

* The Scope 1 target includes offsets using environmental value such as J-credits.
* The Scope 2 target is calculated using post-adjustment emission factors.
* FY2030 targets including Group companies remain under consideration.
* CO_2 emissions from procured products and use of Takuma products by customers (Scope 3) also remain under consideration.

Disclosure Based on TCFD Recommendations

1. Basic Approach

Because the direction we are pursuing in our businesses accords with the general thrust of social pressure for reducing greenhouse gases and bolstering the resilience of infrastructure as natural disasters grow more severe, we have identified helping combat climate change as one of the key issues (materiality) that deserve to be addressed on a priority basis. Moreover, in April 2022, we announced our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

As the Group works to realize its Corporate Vision, we will strive to enhance initiatives that help realize a sustainable society by resolving issues faced by customers and society through the provision of products and services and by reducing our own CO_2 emissions. In addition, we will work to enhance our approach to climate change and our information disclosure initiatives through dialogue with stakeholders.

2. Indicators and Targets

We are promoting initiatives using "CO_2 emissions reduction targets through our own products and services" and "In-house CO_2 emissions reduction targets" as our materiality KPIs.

As for in-house CO_2 emissions reduction targets, we have added Takuma branches to the scope of our CO_2 emissions reduction targets starting in FY2024, and we are promoting emission reductions in a wider range of areas.

Disclosure Based on TCFD Recommendations
► https://www.takuma.co.jp/english/sustainability/environment/tcfd.html

Basic Environmental Policy

Our company has established the Takuma Environmental Policy as follows, aiming to ensure employees contribute to global environmental conservation.

This policy applies to the activities of all company departments.

Takuma Environmental Policy
► https://www.takuma.co.jp/english/sustainability/environment/kihon.html

Promoting Renewable Energy (Non-Fossil Energy)

As a pioneer in the boiler industry, the Group has delivered a large number of boilers and energy plants of many types, and has improved technologies for the effective use of renewable energy and non-fossil energy. We will continue to utilize this technology to provide plants that use non-fossil fuels such as biomass and RPF, and we will work to promote renewable energy (non-fossil energy) by supplying power generated from biomass and waste through Takuma Energy Co., Ltd.

Energy Plant Business ▶Page 34
Power Retail Business ▶Page 35

Topics

Basic agreement signed to discuss the establishment of a regional energy company in Namie Town.

Three parties, Namie Town, MIRAIT ONE Corporation, and Takuma Energy Co., Ltd., have signed a “Basic Agreement concerning the Discussion on the Establishment of a Namie Regional Energy Company”. Takuma Energy will support the establishment of the regional energy company, and once it is established, we will contribute to the establishment and stabilization of its business foundation by providing support, such as supplying electricity through distributors that utilize our own CO_2-free electricity.

Order received for local production and consumption of power in Okayama City

Source: website of Okayama prefecture

Takuma Energy has been awarded a contract pertaining to a project for the local production and consumption of power in Okayama City. In February 2021, Okayama City declared itself a “Zero Carbon City” and aims to achieve zero CO_2 emissions by 2050. As part of this effort, starting in April 2025, renewable and CO_2-free power generated by the city’s waste treatment facilities will be supplied to the main building of the Okayama City Hall and other city-owned facilities, thereby realizing “local production and consumption of power” and “decarbonization of power”. In addition, the city will be given priority in supplying renewable electricity to the new Okayama City Hall, which is scheduled for completion in FY2026, thereby supporting further decarbonization by city.

Conclusion of a collaboration agreement concerning the local production and consumption of power in Amagasaki City

Takuma Energy has signed an agreement with Amagasaki City and Amagasaki Shinkin Bank for collaboration and cooperation pertaining to the “Project for Promoting the Local Production and Consumption of Power for Amagasaki City”.

In this project, surplus energy generated at the city’s waste treatment facility will be supplied to public facilities and businesses in the city. Starting next year, Takuma Energy will support the self-supply of surplus electricity to further reduce CO_2 emissions.

Improving Energy Efficiency

In order to maintain a decarbonized society, it is necessary for the plants we deliver to continue to operate with stable and high performance for a long period of time. The Group is working to improve energy efficiency through maintenance and energy-saving proposals that contribute to the long-term stable operation of plants. In order to maintain the high performance of our plants and achieve stable operation over the long term, we plan periodic inspections and maintenance, propose and implement preventive maintenance, as well as promote functional improvements and energy-saving proposals based on operation data, analysis, and evaluation of inspection results.

Plant maintenance (inspections and cleaning)

Conserving Resources and Protecting the Environment

As part of the Group's efforts to conserve resources and protect the environment to realize a sustainable society, we actively promote the reduction of environmental impacts, including measures against global warming and pollution, and the effective use of unused resources.

Conserving Resources and Reducing Environmental Impacts

The Group has accumulated many technologies and achievements in the fi eld of environmental conservation, including waste treatment, water treatment, pollution control, effective utilization of energy through highly effi cient heat use and power generation, and reduction of greenhouse gas emissions. Not only in Japan, but also overseas, we will promote initiatives and provide these technologies that help improve the sanitary environment and prevent environmental pollution.

1. Providing highly efficient and environmentally friendly energy from waste plants

Since delivering Japan's first 24-hour operating waste incineration plant in 1963, Takuma has delivered around 380 municipal solid waste treatment plants, the most of any manufacturer in Japan. Most of the treatment technologies used by plants are the result of in-house R&D by Takuma, which continues to embrace the highest standards of excellence while working to refi ne its technologies so that they can accommodate the changing needs of society over time. This includes improvement of the sanitation environment, prevention of pollution, effective use of waste-to-energy, and reduction of CO_2 emissions.

High-efficiency power generation systems that use technologies such as high-temperature high-pressure boilers, low-excess-air combustion, low-temperature economizers, and high-vacuum turbine exhaust steam contribute to make the most effective use of energy from waste.

Municipal Solid Waste Treatment Plants Business ▶Page 34

2. Providing sludge incineration power generation plants and advanced treatment sand filtration facilities

Since entering the water treatment business in 1962, Takuma has manufactured a variety of water treatment equipment over the course of more than 60 years while working to protect the water resources required by society and the greater water environment. In recent years, local governments in the sewage business face increasing social needs involving priorities such as energy conservation, energy creation, and Life Cycle Cost (LCC) reductions. In response, we will help realize sustainable sewage systems by taking advantage of the reliable technology and extensive experience we have developed to date.

Compared to conventional sludge incinerators, which require auxiliary fuel and use a lot of electricity, sludge incineration power generation plants draw on Takuma's core technologies of combustion technology and boiler technology to generate more power than the incinerator consumes while using sludge as fuel, as long as it operates at or above a certain scale of sludge processing capacity.

Furthermore, advanced treatment sand filtration facilities have seen brisk sales in recent years of new high-speed models that deliver two to three times the water treatment volume with the same area as conventional fixed-bed sand filtration systems. These systems are also being adopted by local governments including Tokyo Metropolis, Osaka Prefecture, and Kyoto Prefecture.

Water Treatment Plants Business ▶Page 35

Making effective use of unutilized resources

The Group is actively engaged in the utilization of unused biomass and the reuse of incinerator ashes.

Topic

Responding to the needs for low carbon and decarbonization by adding boilers fueled by livestock industry byproducts to the product lineup

Nippon Thermoener has acquired Daiichi Sanki, as a subsidiary, which manufactures and sells small biomass boilers fueled by agricultural and livestock industry by-products such as compost and rice husks.

By adding small biomass boilers to our product lineup, we can reduce the use of fossil fuels by utilizing by-products of the livestock and agricultural industries, thus strengthening our ability to meet customer needs.

Package Boiler Business ▶Page 37

Environmental Reporting

Takuma reports the environmental impact of its business activities as well as the manner in which it takes environmental considerations into account in accordance with the Environmental Reporting Guidelines issued by the Ministry of the Environment. This environmental reporting program includes not only environmental information extracted from our overall business activities from an environmental standpoint, but also information about related economic and social aspects of those activities.

Environmental data (non-consolidated)

We will continue with our efforts to promote resource and energy conservation, reduce waste, and lower greenhouse gas emissions. Although we do not use a large number or volume of chemical substances in our business, we do use several types of designated chemical substances. Therefore, we report and register substances subject to the PRTR Law with administrative agencies in accordance with the law. These substances are used in anti-corrosion coatings for boiler structures and other applications.

Environmental data (non-consolidated)	2020	2021	2022	2023	2024
Total energy use (GJ per year)	50,927	53,982	51,685	52,845	56,744
Total production of waste, etc. (tons per year)	731	671	671	471	426
Amount of recycling (tons per year)	558	495	472	321	235
Final waste disposal volume (tons per year)	113	101	107	66	100
Greenhouse gas emissions (tons-CO_2 per year)	2,032	2,137	553	601	478
Water use (m^3 per year)	25,258	31,387	27,033	37,814	31,542

PRTR designated substance emissions	2020	2021	2022	2023	2024
Dichloromethane (CAS No. 75-09-2) (tons per year)	0.00	0.00	0.11	0.00	0.00
Ethylbenzene (CAS No. 100-41-4) (tons per year)	1.41	1.51	1.02	1.67	1.75
Toluene (CAS No. 108-88-3) (tons per year)	0.07	0.13	0.12	0.07	0.05
Xylene (CAS No. 1330-20-7) (tons per year)	1.54	1.62	1.05	1.80	1.72

Environmental accounting

Environmental accounting is the process by which companies and other entities recognize the cost of environmental conservation in their business activities as well as the effects of those activities and measure and communicate them in as quantitative a manner as possible (either in terms of monetary amounts or amounts of materials) with the goal of pursuing environmental conservation initiatives in an efficient and effective manner while maintaining a good relationship with society so as to facilitate sustainable development.

We have disclosed our own environmental accounting system since FY2006 when we introduced it based on the Environmental Accounting Guidelines 2005 issued by the Ministry of the Environment. As our business activities mainly involve environmental conservation plants and their equipment, Takuma Group employees are keenly aware of the need for environmental conservation, and we have been implementing approaches toward such issues within the Takuma Group.

Environmental conservation cost

Item	Investment (thousand yen)	Expense (thousand yen)
Business area costs		
Pollution prevention costs	28,984	105,086
Global environmental conservation costs	79,099	138,371
Resource circulation costs	540	15,057
Administration costs	—	44,501
R & D costs	54,521	2,204,583
Social activity costs	—	30,329
Total	163,144	2,537,927

Environmental conservation costs, defi ned as investments and expenses related to the prevention, reduction, and/or avoidance of environmental impact, removal of such impact, restoration following the occurrence of damage, and other activities, are measured in monetary value.

Environmental conservation effect

Item	FY2023	FY2024
(1) Environmental conservation benefit related to resources input into business activities		
Total energy input volume (GJ)	93,544	102,660
Water input volume (m^3)	61,880	51,766
(2) Environmental conservation benefit related to waste or environmental impact originating from business activities		
Volume of greenhouse gas emissions (tons-CO_2)	2,326	2,395
Total production of waste, etc. (tons)	1,059	940
Final waste disposal volume (tons)	179	209
Wastewater (m^3)	61,880	51,831

Environmental conservation effects, defined as effects obtained from the prevention, reduction, and/or avoidance of environmental impact, removal of such impact, restoration following the occurrence of damage, and other activities, are measured in physical units.

Economic benefits of environmental conservation measures

Breakdown of benefits	
Income from the sale of waste for recycling, etc. (thousand yen)	4,886

Economic benefits of environmental conservation measures, defined as contributions to the profit of a company or other entity derived from having pursued environmental conservation measures, are measured in monetary value.

Period covered: April 1, 2024 to March 31, 2025

Scope of statistics: The following companies are included in these statistics.
Domestic: Takuma Co., Ltd. (Head Office; other offices, including overseas sites; and the Harima Factory); Nippon Thermoener Co., Ltd.; Takuma Technos Co., Ltd.; Hokkaido Sanitary Maintenance Co., Ltd.; Takuma Technos Hokkaido Co., Ltd.; Sunplant Co., Ltd.; Takuma Engineering Co., Ltd.; Takuma System Control Co., Ltd.; Dan-Takuma Co., Ltd.; Kyoritsu Setsubi Co., Ltd.; Kankyo Sol-Tech Co., Ltd.; Takuma Plant Co., Ltd.; and TECHNO LINKS Inc. Overseas: Taiden Environtech Co., Ltd., and Siam Takuma Co., Ltd.

Strengthening Relationships of Trust with Customers and Communities

Our products and services function as infrastructure that supports local communities and customers' businesses in a stable, long-term manner. In order to maintain and expand our business, our Group will continue to provide safe, high-quality products and services, and maintain and strengthen relationships of trust with our customers and communities.

KPI

We are working to further improve trust from our customers through the provision of products and services that satisfy them, and we have set the following KPIs.

Customer satisfaction

Target

FY2026
Number of responses with the highest rating*
60% or more

Progress

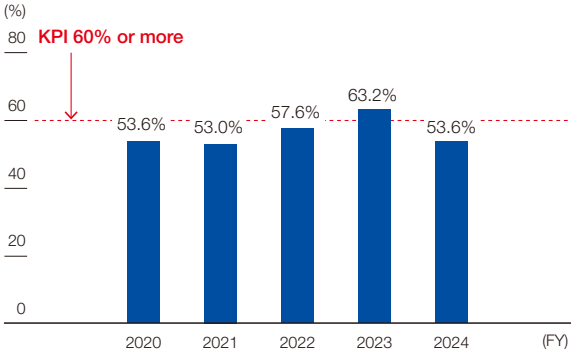
FY2024
Number of responses with the highest rating*
53.6%

* The percentage of responses with the highest rating for questions (on a 4-point scale) about customer service and overall product quality in the Customer Satisfaction Survey.

Customer Satisfaction Survey

We administer questionnaires to customers upon completion of our construction work for them, asking them to assess the overall experience, including the nature of the work performed, suitability of the delivered equipment, and the level of service provided by Takuma staff. Based on this feedback from our customers, our QM Committee promptly analyzes the general situation and studies measures for improving quality. These findings are then deployed horizontally as part of our efforts to improve the quality of the products we supply to customers and of our own internal operations.

Changes in the responses to the Customer Satisfaction Survey



	2020	2021	2022	2023	2024
Number of evaluations	22 cases	25 cases	23 cases	19 cases	21 cases
Average score	88.4 points	86.5 points	88.5 points	91.0 points	89.0 points

* Full score: 100

Pursuing Customer Satisfaction

It will be necessary not only to increase the quality of products, but also to improve management of operations and quality in each process from plant planning to delivery (including sales, planning, design, procurement, manufacturing, construction, and management) and employees' operational capabilities so that we can supply products and plants that satisfy customers.

To that end, our Head Office and branch offices have earned certification under ISO 9001 (Quality Management Systems), and our Harima Factory has earned certification under ISO 9001 and ISO 14001 (Environmental Management Systems). We are working to improve the quality of operations, products, and business processes in accordance with the latest 2015 editions of those standards.

Takuma's Quality Policy
► https://www.takuma.co.jp/english/sustainability/society/costomers.html

Ensuring the Stable, Continuous Operation of Plants and Equipment

The Takuma Group manages facilities under contract from many local governments as part of its DBO projects and other long-term comprehensive operation business, which offer combined operation and maintenance management services for municipal solid waste treatment plants. In addition to sharing the status of operations in real time with Solution Lab, our remote monitoring/operation support center attached to the Head Office, for each facility we operate, we centrally manage the operation and maintenance status of equipment using the Plant Optimization Comprehensive Support System (POCSYS) and provide the analyzed data to facilities to ensure stable operation and improve operational quality. We are also promoting the digitization and visualization of maintenance technologies. In this way, we are actively working to further improve the quality of operations and ensure long-term continuity.

Remote monitoring and operation support through Solution Lab

SolutionLab
► https://www.takuma.co.jp/english/business/service/solutionlab/

Recycling Local Resources and Creating New Value for Communities

Takuma and its group companies strive to deliver safe, trustworthy facilities that allow local residents to live with peace of mind by disclosing information in an appropriate manner, participating in local activities, and actively seeking interactions with local residents, for example by staging clean-up activities in the areas near facilities, hosting events at which local residents can gather, and orchestrating evacuation exercises envisioning natural disasters.

Topics

Imabari High Trust Co., Ltd.

Bari Clean (Imabari City Clean Center), which we are contracted to operate, held the “Imabari Environment Festival 2024” in October 2024. The purpose of the event was to raise awareness of environmental conservation and 3R promotion by exhibiting booths in various areas of the facility (flea market, kitchen cars, etc.) and by conducting tours of the facility. We conducted awareness activities to promote the separate collection of lithium-ion batteries, which have recently been a cause of fires at waste treatment facilities. We also held a “Garapon” lottery for those who brought their used lithium-ion batteries to the event, which was enjoyed by many citizens.

Attending Minami Echizen-cho Flowering Lotus Early Morning Marathon (Eco-Clean Center Nanetsu)

In June 2025, the “Minami Echizen-cho Flowering Lotus Early Morning Marathon” was held in the vicinity of the Eco-Clean Center Nanetsu, which we are contracted to operate. Staff from Takuma Technos Nanetsu office participated as part of the community, enjoying the scenery of lotus flowers in full bloom in the fresh early summer air. The “Pocket Park (park)” that is part of the facility is a popular place for local residents, including farmers in the area, for relaxation. We will continue to place importance on interaction with the local communities and work to operate our facilities in a safe and secure manner.

Pursuing Partnerships and Innovation

Working through initiatives to utilize digital technologies and promote open partnerships and innovation, the Takuma Group will look to further bolster its competitiveness by adapting to changes in the social environment, focusing on proposals based on customers' needs, R&D to facilitate them, and technological improvements.

Utilization of Digital Technologies (AI, IoT, Robots, etc.)

The intensifying competitive environment, driven by the rapid evolution of AI, IoT and data analysis technologies, is transforming conventional products and services at an unprecedented rate. Plant Engineering, Procurement, and Construction (EPC), operation management, and maintenance are no exception, and the transition to digital technologies will only accelerate going forward against the backdrop of trends including labor shortages. Takuma is pursuing development and other initiatives from a medium- and long-term perspective so that we can create added value, for example by realizing technologies that facilitate remote operation of plants and fully automated operations using AI, streamlining and reducing labor requirements for operations by utilizing data, and strengthening competitiveness in the areas of EPC and after-sales services.

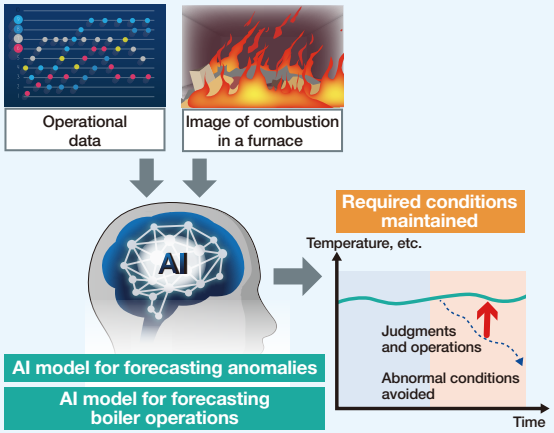
1. Increases in the added value of facilities and plants

Solution Lab, our remote monitoring/operation support center that utilizes the latest IoT solutions, provides 24-hour plant monitoring and operation support. We are also working to achieve stable plant operation by reducing manual operation of waste incinerators with the introduction of the ICS (Intelligent Control System), an AI-based combustion control system, as well as strengthening and utilizing the functions of POCSYS, a system that collects and analyzes operation data of each plant.

Solution Lab

Topics

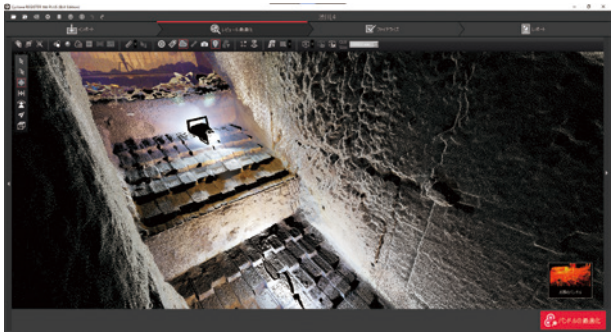
AI-based combustion control system (ICS)



This is a combustion control system that uses AI to deliver even more stable combustion. By using AI to reproduce the operation technology of skilled operators who accurately predict combustion fluctuations peculiar to waste incineration and determine and implement appropriate responses, it is possible to maintain a stable combustion state at all times, even amid medium- to long-term fluctuations in the properties of waste.

2. Strengthening competitiveness in EPC operations, operation management, and maintenance services

Since our founding, we have been providing high-quality EPC and operation management and maintenance services based on our extensive experience and accumulated skills. In order to ensure that these experiences are passed on to the next generation, we are working to share knowledge and convert it into formal knowledge with digital technology. In this way, we aim to improve the capabilities of each individual and the quality of our services, as well as improve efficiency and reduce costs with the introduction of digital tools, and strengthen our competitiveness in EPC and after-sales services. As an example, we are promoting various initiatives, such as using 3D scanners to understand the latest conditions in plants and improve the accuracy of design and maintenance.



3D scan of the inside of the incinerator

Developing open partnerships

Today's rapidly-changing society requires speedy business development that is agile and responsive to these changes. We will accelerate our research and development and strengthen our ability to make proposals to our customers by further deepening our collaboration with other companies and organizations to ensure that we can always provide the products and services that are in demand.

1 Expanding resources

In order to enhance functions such as strengthening the EPC business/recurring revenue model businesses and expanding personnel, we are promoting collaboration and alliances with related companies, as well as M&A.

2 Initiatives that contribute to the maintenance and expansion of existing businesses

We are considering M&A and alliances with the aim of expanding our business domain through expansion of peripheral businesses, mainly in the domestic environment and energy businesses.

3 New business initiatives through promotion of open innovation

In addition to joint research with universities and other companies, we work with other companies to expand new businesses and develop decarbonization technologies.

Pursuing innovation

In recent years, the problem of climate change has sparked calls to realize a decarbonized society through carbon-neutral technology and to promote further environmental conservation. Takuma is focused on pursuing R&D and technological improvements in order to develop technologies and products that are sought by society and customers.

Topics

On-site verification test of energy-saving CO_2 capture and recovery system underway

Verification equipment for separation and recovery of CO_2

In an effort to quickly implement an energy-saving separation and recovery system for CO_2 contained in combustion exhaust gas from waste treatment facilities and biomass power generation facilities, we are conducting a 24-hour continuous on-site CO_2 capture demonstration test at the Maniwa Biomass Power Plant (located in Maniwa City, Okayama Prefecture), which we delivered in 2015. This test uses our proprietary chemical absorption method with non-aqueous absorbent solutions.

In the test, a device that separates and captures 0.5 tons per day of CO_2 from exhaust gas was installed in FY2024 at a biomass power generation facility with an output of 10 MW, which is actually in operation, to verify the conditions for operating at high energy efficiency.

Demonstration test to utilize CO_2 from combustion gases generated at waste treatment facilities for cultivating

Strawberries grown using CO_2 in combustion gases generated at the facility (right side)

With the cooperation of Machida City, we are conducting a demonstration test, together with AEON Agri Create Co., Ltd., to evaluate the growth of strawberries in a greenhouse by utilizing CO_2 in combustion gas generated from the Machida City BioEnergy Center, a waste treatment facility in Machida City, Tokyo, and to assess the safety of the harvested crops.

In the second phase of the test, conducted in FY2024, it was found that a greenhouse using CO_2 from combustion gases produced at waste treatment facilities at high concentrations increased strawberry yields by approximately 18% compared to conventional greenhouses that use liquefied carbon dioxide to promote photosynthesis.

Promoting Activities of Human Resources

In the 14th Medium-Term Management Plan, which is the second step toward realizing our long-term vision "Vision 2030," we aim to strengthen our management foundation through promoting human resources measures linked to management strategy, improving employees' abilities and skills, and increasing their engagement. As such, we are investing in human resources based on the following policy.

KPI

As human resource measures linked to management strategies, we are working to secure diverse human resources, develop human resources, and further improve job satisfaction and ease of work, and we have set the following KPIs.

1. Number of main career track and management positions filled by women

Target	FY2021-2025 Cumulative total 35 persons or more
Progress	FY2021-2024 Cumulative total 40 persons

2. Percentage of eligible employees utilizing parenting support programs

Target	FY2021-2025 Average 25% or more
Progress	FY2021-2024 Average 49%

3. Employee engagement

Target	FY2026 Highest rating 50% or more*
Progress	FY2024 Job satisfaction: Highest rating 41.1% Pride in the Company: Highest rating 47.9%

* The percentage of respondents giving the highest rating for the survey questions (on a 5-point scale) regarding "job satisfaction" and "pride in the Company" in the Employee Attitude Survey.

Human capital initiatives

Policy on human resource development

In an effort to precisely identify changes in the market environment and diversifying customer needs and contribute to the long-term, sustained development of society through the resolution of issues our customers may face, we will hire human resources with diverse values and backgrounds, improve employees' skills, provide opportunities for them to use those skills, and encourage their growth.

Policy on Takuma's internal environmental improvement

We are working to put in place human resources programs and a workplace environment that boost motivation while making it easy for employees to do their jobs so that a diverse workforce can pursue careers at Takuma over the long-term.

Securing and Training Human Resources

1. Securing human resources

To realize Vision 2030, our long-term vision, we are employing human resources with the goal of about 25 new-graduate hires and about 35 mid-career hires as part of efforts to strengthen our management foundation. With regard to new-graduate hires, we have implemented a variety of measures at each stage–forming a pool of prospective applicants, motivating them to apply, and screening their applications. In particular, we are working to motivate prospective applicants to apply and join Takuma by communicating topics such as our businesses, corporate culture, working style, and what we consider ideal employee characteristics via various means in order to raise Takuma's visibility. For example, we are using YouTube; visiting universities, vocational schools, and high schools; participating in campus seminars and joint job fair; offering internships; hosting "work experience" days; participating in corporate research activities sponsored by local governments; and posting advertisements. With regard to mid-career hires, we are strengthening our initiatives and diversifying our recruiting routes, for example, by implementing scouting and employee referrals as recruitment methods, even as third-party recruitment services remain the principal channel through which we find new employees.

2. Putting in place educational systems

We are working to put in place and enhance educational programs in an effort to advance employees' abilities, for example by improving their skills and management capabilities across a broad range of levels, including new-graduate and mid-career hires as well as management candidates. As the numbers of both new graduates and mid-career employees have been growing in recent years, who bring diverse values, we are focusing training on improving communication skills in order to strengthen mutual understanding among employees, increase internal collaboration, and improve work efficiency. We are also working to promote the success of female employees in the main career track and management positions by providing them with career design training for those employees.

New employee training (group work presentation)

New employee training (tour of water treatment plant)

New employee training (tour of energy plant)

Topics

Recruiting catalog cover page design competition by new graduate employees

Since FY2021, we have been conducting new graduate employee training with recruiting catalog design as one of the topics. New graduate employees work in groups on designing the cover page in a competition format. This fosters a deeper understanding of the Company among new graduate employees as well as encourages new graduate employees to send a message to prospective employees who are students from a youthful perspective.

Cover page from past fiscal years based on the work of the new graduate employee design competition

Initiatives to support career development

At Takuma, we perform self-reporting every three years. This enables employees to directly inform the Human Resources Department of their wishes for career development, job transfer or relocation, skills development, etc. If the employee wishes to do so, they will also be interviewed by the General Manager of the Human Resources Department, the Executive Manager of the Corporate Services Division, and the Executive Manager in charge of their current division or center. In addition, starting FY2023, we conduct interviews between third year employees and the General Manager of the Human Resources Department to listen to any concerns or requests regarding one's work. Details from these reports and interviews are utilized for future job assignment and career development in efforts to improve employee motivation.

Introduction of GLTD to promote a worker friendly and reassuring working environment

In April 2024, Takuma enrolled in the Group Long-Term Disability insurance as a company (all employees included) as a means to ensure stability of livelihood even in the event of reduced income due to loss of work from illnesses or injuries. We are committed to ensuring a worker friendly and reassuring work environment for our employees and strive to improve employee engagement.

Promoting Diversity

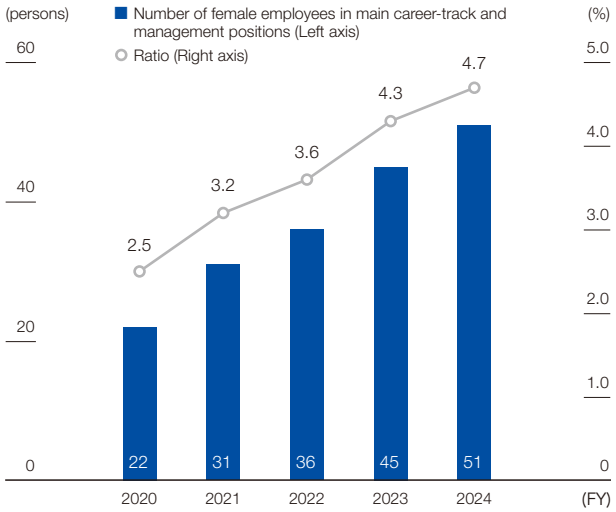
As Japan's population continues to decline, it is important to secure a diverse workforce regardless of age, gender, or nationality and create an environment where a diverse workforce can continue to be active over the long term, in order to maintain and expand our business. We will improve our personnel systems and workplace environment to ensure the sustainable growth of the Takuma Group in the future.

1. Promotion of women's activities

As one of the KPIs of important issues (materiality) and the general business owner action plan based on the Act on the Promotion of Women's Advancement, we aim to secure at least 35 new female workers in main career track and management positions between FY2021 and FY2025 through hiring and promotion from general clerical positions to main career track positions. In order to achieve the target, in hiring new graduates, we will strive to increase contacts with female students by participating in corporate research projects for female students held by local governments, attending information sessions hosted by women's colleges and joint information sessions for female students, etc. In career hiring, we will discuss hiring of women with the departments that request job openings and increase the number of positions in which women can play an active role.

In FY2024, we secured a total of 11 female employees in main career track and management positions (7 new graduate hires and 4 career hires), bringing the total number of female workers in main career track and management positions to 40 from FY2021 to FY2024.

Ratio of female employees in main career track and management positions to all employees



2. Promotion of seniors' activities

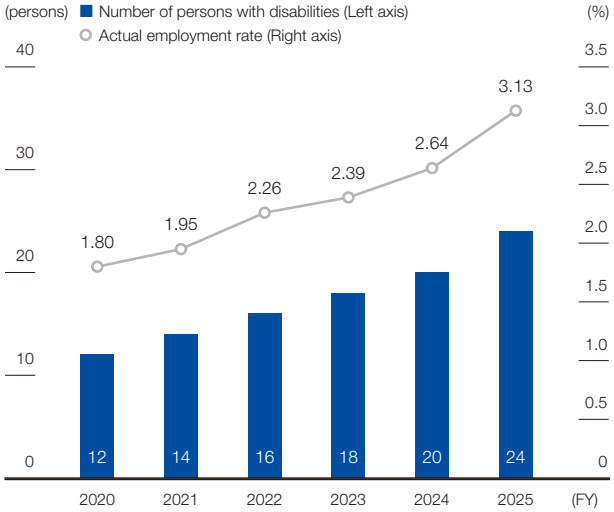
As of March 2025, the Company has 43 employees who are continuing to work after retirement. In order to realize our long-term vision, Vision 2030, it is necessary to have our senior employees take advantage of their wealth of knowledge and experience. People reach a turning point in their 50s in terms of physical strength, health, family environment, etc. In their professional lives, while they can make use of their wealth of knowledge and experience, it is also important to change their past experiences and conventional ways of thinking and values as necessary due to technological development and diversification of values. Therefore, in addition to reviewing various personnel systems, we are implementing education (e-learning) aimed at providing employees in their 50s with opportunities for learning and gaining awareness through self-learning so that they can both make use of their existing knowledge and experience and be exposed to new ways of thinking and values, and work with vigor and enthusiasm.

3. Promotion of employing persons with disabilities

In order to focus on support for employing people with disabilities, we established a specialized department within the Human Resources Department in April 2020. In addition to assigning a person in charge of support for employing people with disabilities, we are working to support and retain people with disabilities in the workforce, with the help of organizations that provide support for employing people with disabilities. As of March 2025, 24 persons with disabilities are engaged in various tasks such as cleaning the office, data processing, sorting and sending mail and parcels, and ordering business cards, according to their respective characteristics.

In addition, we strive to secure human resources by visiting schools that support persons with disabilities, accepting students for on-the-job training, and participating in joint job interviews.

Changes in the number of persons with disabilities and actual employment rate (As of June 1st, each year)



Improving Employee Satisfaction

To ensure the long-term success of our diverse workforce and to provide products and services that satisfy our customers, we need to increase employee satisfaction. Based on the results of the employee awareness survey, we will work to improve employee satisfaction by using the results to improve various personnel system and environmental improvements.

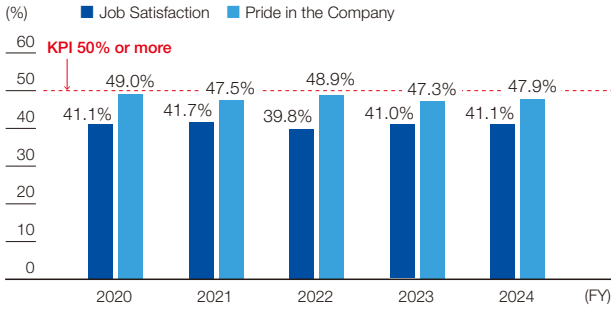
1. Employee engagement

As a KPI related to employee job satisfaction and ease of working, starting in FY2024, we have set a target of increasing the percentage of respondents giving the highest rating to “job satisfaction” and “pride in the company” to 50% or higher in our annual CSR awareness survey.

In addition, we are reviewing compensation and other systems to ensure a secure and stable life, improving the work environment, and providing support for balancing work with childcare, nursing care, and other responsibilities. We are continuously promoting a wide range of initiatives, such as improving the acceptability of personnel evaluations, based on internal feedback, dialogues and discussions with the labor union, and so on.

Percentage of Highest Rated Responses

(Percentage of respondents who gave the highest rating to “Job satisfaction” and “Pride in the company” in the CSR awareness survey)



2. Respect for human rights and prevention of harassment

We have provisions concerning respect for fundamental human rights and prohibition of discrimination in the Takuma Group Company Ethics Charter, Takuma Group Company Code of Conduct, and labor regulations. Through regular education (e-learning, in-person training, etc.), we are also working to maintain a safe work environment and prevent harassment.

3. Support for childcare/promotion of flexible work system

We have set a KPI of 25% (FY2021-2025 average) as our target for the rate of utilizing the parenting support programs (childcare leave, maternity/paternity leave, flextime work, telecommuting, and short-time work). This is more than double the FY2020 level. As a result of introducing the following programs as support measures to enable employees to balance work with childcare/elderly care, and by providing detailed information about these programs to employees who have had children, we achieved the average utilization rate of 49% in FY2021-2024.

We also utilize a telecommuting system as a flexible work system that is not restricted by time or place, with the aim of improving productivity and balancing work and personal life, such as childcare, nursing care, and medical treatment.

- Childcare leave and maternity/paternity leave
- Telecommuting
- Family care leave
- Short-hour work
- Flextime work
- Specific leave for spouse giving birth

Percentage of male employees who took childcare leave and paternity leave in FY2024

Number of male employees whose spouses gave birth	33 persons
Number of male employees who took childcare leave	22 persons
Percentage of employees taking childcare leave, etc.	66.6%
Number of male employees who took leave for childcare purposes only	7 persons
Percentage of employees taking leave, including leave for childcare purposes	87.8%

Voices of program users (Childcare leave)

My wife gave birth when our 3-year-old child was about to enter kindergarten, so it was an unsettled period as we had to take him to and from kindergarten and raise a newborn baby. But by taking advantage of childcare leave, we were able to work together as a couple to reduce the burden on the family and spend very valuable time together as a family.

(30s, male, career-track employee)

Ensuring Safety and Health

By ensuring occupational safety and health, managing the health of employees, and creating a comfortable work environment, we will improve the quality of our products and services and the trust society places in us as a company, and further strengthen our technologies and know-how, which are our strengths, as well as improving trust from our customers.

KPI

As a measure linked to management strategies, we are working to ensure occupational health and safety, and we have set the following KPIs.

Number of fatal accidents

Target	Progress
	FY2024
0 cases	0 cases


Safety review meeting


Safety patrol

Ensuring Occupational Safety and Health

Since FY2006, we have had the Takuma Construction Occupational Health and Safety Management System (TK-COHSMS) in place to ensure the safety and health of workers in the workplace and to create a comfortable work environment. Furthermore, we are committed to voluntary and proactive health and safety activities. The most distinctive of these measures, (1) safety inspections, (2) a mandatory safety and health training program (on-site agent training), and (3) pre-operational safety work procedures (SSA), have steadily penetrated each department, and the level of safety and health has steadily improved.

Review of FY2024

In FY2024, under the slogan of “Raise awareness of hazards and act with safety first in mind,” the Company and its contractors worked together to fulfill these roles. Moreover, the Company as a whole sought to revitalize safety and health activities.

Initiatives for FY2025

In FY2025, under the slogan “Raise awareness and sensitivity to danger, and immediately eliminate sources of danger!” we have set the following safety and health targets: “Eliminate sources of danger that can lead to serious accidents during safety inspections.” “Eliminate unsafe conditions and unsafe actions through safety patrols.” “Provide education to improve the risk awareness and sensitivity of all employees concerned.” and “Activate safety and health activities by strengthening cooperation with partner companies.” We will further our safety and health activities to ensure that the framework of our safety and health policy, “Understanding respect for human dignity and giving top priority to safety and health,” takes firm root in the hearts and minds of each and every one of our employees.

Safety and Health Activities and Performance

1. Safety review system

Based on the construction and construction safety and health plan prepared by the primary subcontractor, our safety and health managers and others in departments conduct safety reviews, and construction begins only after the plan has passed the reviews. We strive to eliminate risks identified as a result of these reviews in advance and ensure a safe work environment at each work site.

Number of safety inspections conducted in FY2024	73 cases

2. Safety patrols and safety lectures

Based on an annual plan, the Safety and Health Committee (composed of Safety and Health Committee members and advisers), the Safety Control Department, and the Construction Division conduct precise and effective safety patrols of work sites, while also giving on-site safety lectures. Safety patrols focus on “early detection and elimination of risks”, and safety lectures are held to raise workers’ awareness of risks and ensure safety at work sites by distributing materials pertaining to our safety and health activities and case studies of accidents.

Safety Patrols in FY2024	
Health and Safety Committee (Health and Safety Committee members and advisers)	89 times
Safety Control Department	186 times
Construction Division	427 times

3. Safety and Health Training

(1) Education for construction site representatives

We provide specialized safety and health training to our employees and subcontractor supervisors to ensure that they receive accurate safety guidance and fulfill their responsibilities as construction site representatives. Since April 1, 2024, we have been providing training to ensure that all employees are well-versed in safety and health laws and regulations and have put in place a system to prevent accidents and disasters.

Period covered: April 2004 - March 2025

Total number of trainees	43,118 persons
Number of trainees who passed the final examination	25,479 persons

Construction site representatives (at the Head Office)

(2) Construction worker education

We provide basic health and safety training to construction workers of our subcontractors to ensure that they comply with safety rules and perform safe work.

Inspection of safety protective equipment, etc.

(3) Construction Division's Safety and Health Awards and Convention for the Promotion of Safety and Health

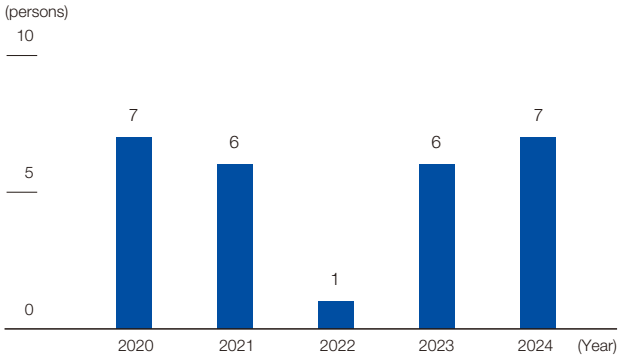
We present awards on the anniversary of our Company founding to employees who have worked hard to prevent workplace accidents and have achieved accident-free records, and we present awards to our primary subcontractors at the Convention for the Promotion of Safety and Health. Following a call of the representative of the awarding company, the entire Company united in singing and hand/finger gesture to raise awareness of safety and concluded the convention.

Singing of slogan and hand/finger gesture

(4) Occupational accidents at construction sites (2024)

In 2024, our total actual work hours were approximately 2.97 million hours, and compared to 2023, the number of occupational accidents decreased. However, the number of fatalities and injuries increased.

Number of casualties



Frequency rate/intensity rate

Year	Frequency rate		Intensity rate	
	Our Company	National average	Our Company	National average
2020	1.62	1.30	0.03	0.24
2021	1.85	1.39	0.12	0.41
2022	0.27	1.47	0.01	0.22
2023	2.02	1.69	0.02	0.29
2024	2.36	1.91	0.09	0.57

(Reference) National average frequency and intensity rates for the construction industry (general construction industry)

*Frequency rate

The number of fatalities and injuries occurred due to occupational accidents per million total hours actually worked, which refers to the frequency of accidents.

$$\frac{\text{Number of fatalities and injuries occurred due to occupational accidents}}{\text{Total number of actual hours worked}} \times 1{,}000{,}000$$

*Intensity rate

The total number of lost work days per 1,000 total hours actually worked, referring to the degree of severity of the disaster.

$$\frac{\text{Total number of lost work days}}{\text{Total number of actual hours worked}} \times 1{,}000$$

Managing Employee Health

As a follow-up measure after periodic health checkups, we work with occupational physicians to recommend re-examinations and treatment for individual employees, and occupational physicians provide health guidance. For employees who work long hours, wemonitor their work conditions and subjective symptoms, and recommend consultations with industrial physicians. If necessary, we conduct interviews with the Human Resources Department and provide corrective guidance to their managers. Furthermore, we have established a forum for discussions with the labor union on the status of work hours to share information, exchange opinions, and discuss countermeasures.

Creating a Comfortable Working Environment

To promote flexible work systems not restricted by time and place, we have introduced telecommuting systems, satellite offices, flextime systems, and staggered work schedules to improve productivity and help employees balance their work and personal lives, including childcare, nursing care, and medical treatment. In addition to encouraging communication and interaction among employees, we are also developing an office environment that provides a comfortable workplace, including a place where employees can concentrate on their work.

Strengthening Corporate Governance

The Group will strive to enhance corporate value by strengthening corporate governance and focusing on corporate governance initiatives such as enhanced risk management and thorough compliance.

KPI

As a measure linked to the management strategies, we are working on thorough compliance and have set the following KPIs.

Serious compliance violations

Target	Progress (FY2024)
0 cases	0 cases

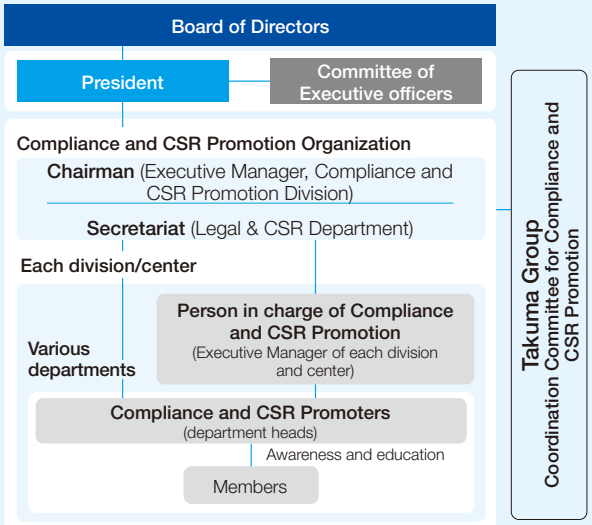
Ensuring Compliance

We have established the “Compliance and CSR Promotion Organization” with the aim of instilling compliance and CSR awareness within the Company.

The meetings of this organization consist of a “regular meeting” held once a year, at which promotion managers convene to discuss the status of compliance and CSR promotion throughout the Company, and a “subcommittee meeting” held once every quarter, at which promotion staff convene to conduct education and training to promote compliance and CSR in their respective departments.

In addition, the “Takuma Group Coordination Committee for Compliance and CSR Promotion,” which convenes representatives from each company, has been established to ensure that compliance and risk management are thoroughly implemented throughout the Group.

Compliance and CSR promotion structure



Compliance and CSR Promotion Education

In FY2024, we conducted compliance and CSR promotion education four times as listed below.

In addition, in October 2024, we invited expert lecturers to give internal CSR lectures to the management.

1st Quarter: “Corporate Disaster Prevention and BCP” and “Prevention of Bribery and Other Corrupt Practices”

2nd Quarter: “Revision of Internal Reporting Rules”

3rd Quarter: “Fundamentals of Security Export Controls 2024”

4th Quarter: “Measures against Harassment in the Workplace - Communication for Creating a Healthy Workplace”

Number of times implemented: 4 times a year
Number of departments: 50 departments
Total number of lecture participant: 5,256 persons

CSR Lecture for the management

Date held: October 23, 2024

Title: Shift to a “Dialogue”-type reporting system

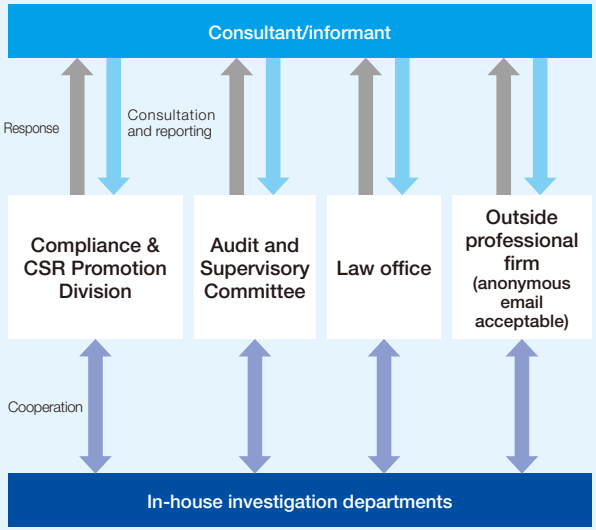
Speaker: Kiyoshi Endo, Attorney at Law, Kiyoshi Endo Law Office

CSR lecture for management-level employees

Internal reporting system

We have been operating an internal reporting system since FY2006 for the purpose of promoting compliance management through the early detection of illegal and improper acts and the implementation of corrective measures. The “Internal Reporting Code” and the “Takuma Group Code of Conduct” stipulate that no one shall be treated unfavorably because of the act of making a report or cooperating in an investigation. In addition, to ensure that this system is properly understood and utilized, all employees are provided with a card that includes a contact point for reporting.

Internal reporting process



Internal Control

The Company has resolved the “Basic Policy for Establishing the Internal Control System” in accordance with the Companies Act and is making efforts to inspect and improve the contents of the Policy in response to changes in circumstances.

If an unforeseeable event occurs, a contingency task force headed by the President is established to manage the crisis.

In response to the internal control reporting system for financial reporting based on the Financial Instruments and Exchange Act, we have established and assessed internal controls and disclosed an internal control report stating that the Group’s internal controls over financial reporting are effective.

Internal control
► https://www.takuma.co.jp/english/sustainability/governance/system.html

Compliance with Laws and Regulations

Compliance with antitrust law

In order to ensure permanent legal compliance with the Antitrust Law, we have established the “Regulations for Managing the Pledge to Comply with the Antitrust Law” and require that applicable parties submit a written pledge to comply with the Antitrust Law. In addition, any contact as part of legitimate business operations must be approved in advance by both the head of the division or center concerned and the Compliance Management Department, and a report must be made after the contact.

Use of Compliance Manual

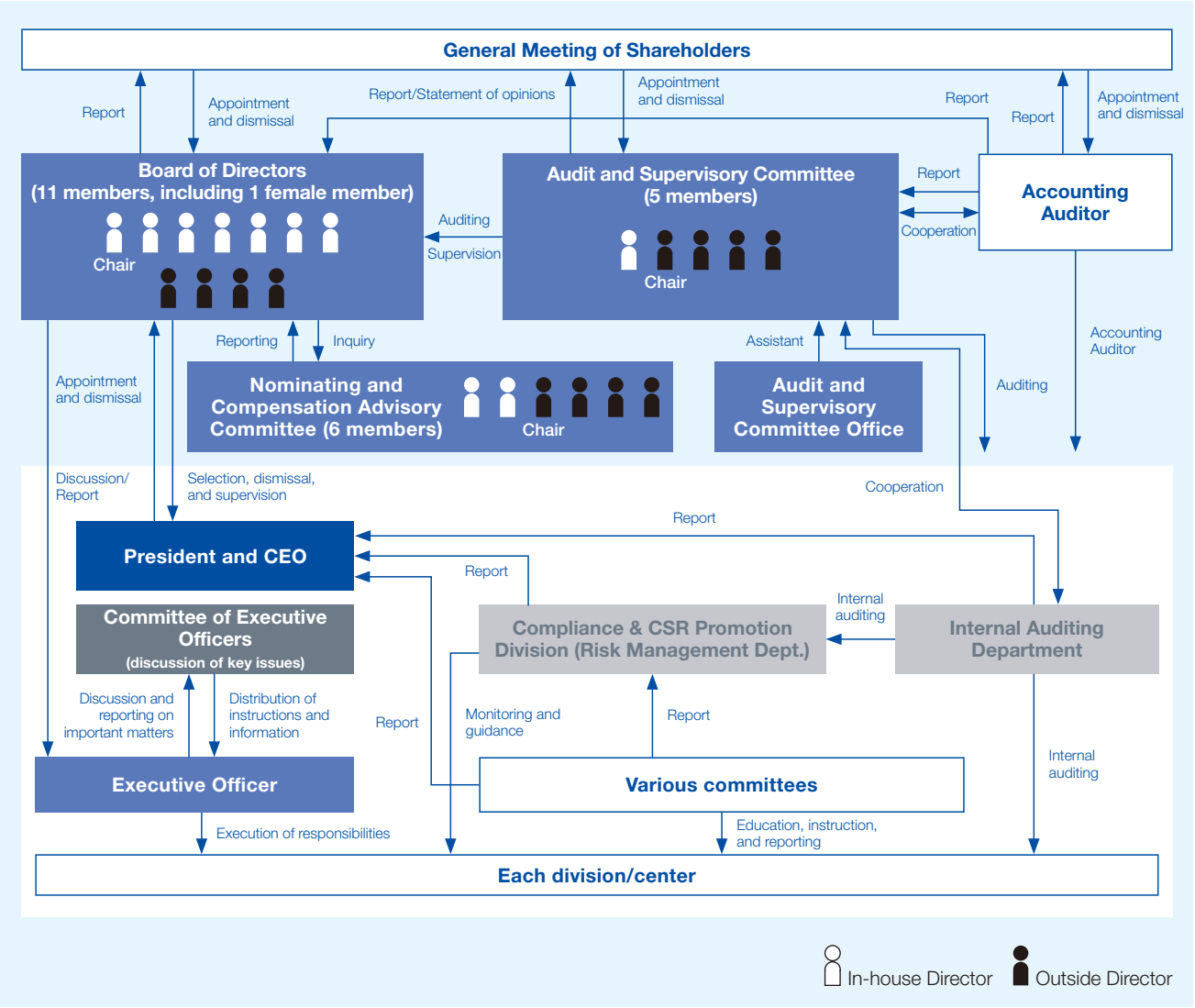
The “Compliance Manual” that contains “explanations” and “Q & A” on the rules and actions to be taken by each employee, and is distributed via the Company website and used in daily operations and training sessions within departments.

Compliance Measures
► https://www.takuma.co.jp/english/sustainability/governance/compliance/declaration.html

Strengthening Corporate Governance

Our governance structure is as follows:

(As of June 25, 2025)

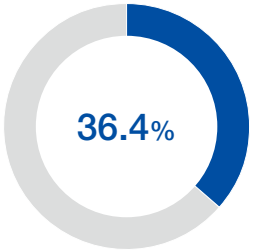


Corporate governance structure

Governance structure	Company with Audit and Supervisory Committee
Chair of the Board of Directors	President and CEO
Number of Directors	11 persons
Number of Outside Directors	4 persons
Number of independent Directors	4 persons

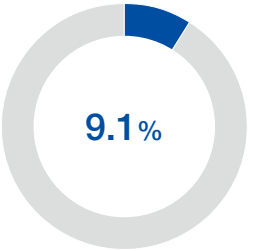
Outside Directors

4/11 Directors



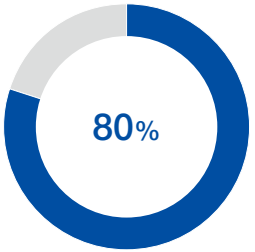
Female Directors

1/11 Directors



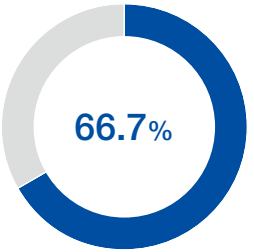
Outside Directors on the Audit and Supervisory Committee

4/5 persons



Outside Directors on the Nominating and Compensation Advisory Committee

4/6 persons



Basic policy on corporate governance

In order to protect and steadily increase the corporate values of our Group in the long term, it is essential that clear governance be established not only for business development but also for corporate management. In other words, the supervisory function of shareholders must be properly exercised over management, and the process of business execution by executives must be transparent, rational, efficient, and legal. Therefore, we recognize that one of the most important management tasks is to properly understand the intent of the Corporate Governance Code and to implement it in an autonomous and systematic manner.

Board of Directors

The Board of Directors consists of six directors (not including Directors who are members of the Audit and Supervisory Committee) and five Directors who are members of the Audit and Supervisory Committee (including four Outside Directors). It meets once a month in principle and as needed. The Board makes decisions on important matters related to the management of the Company and matters required by laws and regulations, and supervises the execution of duties by the directors. The Board of Directors meetings are chaired by the President and CEO.

To speed up management decision-making and clarify where the responsibilities of the management lie, the Company has introduced an executive officer system under which 15 Executive Officers (including those concurrently serving as Directors) have been appointed as responsible persons to whom the execution of the Company's business is delegated. The Executive Committee, chaired by the President and CEO, has been established as an organization that accurately instructs and communicates important matters related to resolutions at Board of Directors meetings and business execution to the executive divisions.

Audit and Supervisory Committee

The Audit and Supervisory Committee, consisting of five Audit and Supervisory Committee members (including four Outside Directors), conducts accounting and operational audits. The Audit & Supervisory Board Members attend meetings of the Board of Directors, the Committee of Executive Officers, and other important meetings to ensure a timely and accurate understanding and monitoring of the status of business execution, provide opinions as necessary, and conduct rigorous audits of directors' business execution, including self-inspection and evaluation of the internal control system by all Executive Officers at the end of the fiscal year. In January 2025, an Outside Director was appointed Chairman of the Audit and Supervisory Committee to further strengthen the auditing and supervisory functions.

In addition, the Audit and Supervisory Committee Office has been established as a department to assist the Audit and Supervisory Committee in the performance of its duties and has put in place a system to enable the Audit and Supervisory Committee members to fully perform their duties.

Nominating and Compensation Advisory Committee

The Nominating and Compensation Advisory Committee was established to enhance transparency and objectivity in the selection of candidates for Directors and Executive Officers and in determination of their compensation and to enhance the supervisory function of the Board of Directors. The six members consist of independent Directors (4 Outside Directors), the Representative Director, and the Director in charge of Human Resources. The majority of the members are independent Outside Directors. In January 2025, an independent Outside Director was appointed Chairman of the Nominating and Compensation Advisory Committee to further enhance the supervisory function of the Board of Directors.

The Nominating and Compensation Advisory Committee discusses and reports to the Board of Directors on matters relating to the selection and dismissal of Officers and their compensation and succession plans for the CEO. The Board of Directors, upon receiving the Committee's report, respects it and makes decisions after thorough discussion.

Evaluation of the Effectiveness of the Board of Directors

In order to enhance the effectiveness of the Board of Directors, a questionnaire and interviews on the effectiveness of the Board of Directors are conducted once a year for all Directors. The results are analyzed, evaluated, and reported to the Board of Directors by the Director in charge, and the results of such analysis and evaluation are discussed at the Board of Directors meeting.

In the FY2024 evaluation, we analyzed and evaluated the effectiveness of the Board of Directors from five perspectives: the composition of the Board of Directors, the operation of the Board of Directors, the responsibilities of the Board of Directors, a general review, and the operation of the Nominating and Compensation Advisory Committee, which was established to enhance the supervisory function of the Board of Directors. As a result, it was determined that the effectiveness of the Company's Board of Directors has been ensured, as evidenced by discussions following reports on the major themes of the 14th Mid-Term Management Plan, which began in FY2024, and the timely sharing of investor opinions by the department of investor relations.

Skills Matrix

Name	Position in the Company	Number of years serving as a director	Skill set required for the Takuma Board of Directors							Attendance at Board of Directors meetings in FY2024	Attendance at Audit and Supervisory Committee meetings in FY2024
			Corporate management	Engineering (technology, quality and cost management)	Sales and business strategies	International operations	Finance and accounting	Human resources, talent development and diversity	Legal affairs, compliance and risk management		
Kunio Hamada	President and CEO	4	✓	✓	✓		✓	✓		18 of 18 (100%)	–
Hiroaki Nanjo	Director & Chairman Executive Officer	10	✓	✓	✓	✓		✓		18 of 18 (100%)	–
Takeshi Nishiyama	Director & Executive Vice President	9	✓		✓		✓			18 of 18 (100%)	–
Hideki Takeguchi	Director & Executive Vice President	9	✓	✓		✓				18 of 18 (100%)	–
Koji Tanaka	Director & Managing Executive Officer	8	✓		✓	✓		✓	✓	18 of 18 (100%)	–
Hiroshi Oishi	Director & Managing Executive Officer	4	✓					✓	✓	18 of 18 (100%)	–
Keizo Masugi	Director (Audit & Supervisory Committee Member)	4	✓				✓		✓	18 of 18 (100%)	19 of 19 (100%)
Tomomi Fujita	Outside Director (Audit & Supervisory Committee Member)	6	✓				✓		✓	18 of 18 (100%)	19 of 19 (100%)
Tetsuya Kaneko	Outside Director (Audit & Supervisory Committee Member)	5	✓			✓	✓			18 of 18 (100%)	19 of 19 (100%)
Seiichi Nagatsuka	Outside Director (Audit & Supervisory Committee Member)	3	✓		✓	✓				18 of 18 (100%)	19 of 19 (100%)
Masahiro Endo	Outside Director (Audit & Supervisory Committee Member)	3	✓				✓			18 of 18 (100%)	19 of 19 (100%)

*The above list does not represent all the knowledge and experience of the Directors.

Compensation and Other Remuneration for Directors

Policy for determining compensation, etc.

The policy on compensation for Directors and Corporate Auditors established by the resolution of the Board of Directors stipulates the following basic policy in determining their compensation:

- The level must be appropriate for the roles and responsibilities of the officer in question and contribute to the recruitment of excellent human resources
- The compensation system must appropriately take into account their annual performance and incentives to improve corporate values over the medium to long term
- A highly transparent and objective decision-making process that is accountable to shareholders and other stakeholders must be ensured

Compensation system

Compensation for Directors and Executive Officers consists of fixed compensation, bonuses based on annual performance, and stock compensation (restricted stock compensation) to motivate them to improve corporate values over the medium to long term. Compensation for Outside Directors and Directors who are members of the Audit and Supervisory Committee is paid as fixed compensation only.

Fixed compensation	The amount is set according to the roles and responsibilities of each position and paid on a monthly basis.
Bonus	The Board of Directors determines whether or not payment is required and the amount to be paid based on the calculation criteria established based on their annual performance, achievement of targets, and other indicators, and pays the amount at a certain time each year. The maximum ratio of bonus to fixed compensation (annual amount) is 40%.
Stock-based compensation	The Company grants monetary compensation claims in accordance with the roles and responsibilities of each position at a certain time each year and delivers shares of the Company's stock in exchange for payment of such monetary compensation claims. The maximum ratio of stock-based compensation to fixed compensation (annual amount) is 40%, with the ratio increasing for higher positions at the Company.

Procedures for determining compensation

The Nomination and Compensation Advisory Committee, which consists of independent Directors, Representative Directors, and Directors in charge of human resources and in which Independent Outside Directors constitute the majority, discusses and reports to the Board of Directors on programs related to compensation, the amount or calculation standards of each Director's compensation, and other matters related to compensation to Directors, based on the policy of compensation to Directors, etc. The Board of Directors, upon receiving the Committee's report, respects it and makes a decision after thorough discussion.

In determining the amount of individual compensation, the Company verifies the appropriateness of such compensation in light of the status of the Group's performance, the compensation levels of other companies' directors and officers, and the level of employee salaries.

Compensation, etc. for Directors who are members of the Audit and Supervisory Committee are determined by discussions by the Directors who are members of the Audit and Supervisory Committee within the amount resolved at the General Meeting of Shareholders.

Matters concerning performance-linked compensation

Since the Group's business structure is primarily made-to-order and the consolidated ordinary profit is positioned as an important management indicator, the amount of consolidated orders received and consolidated ordinary profit are used as performance evaluation indicators in the calculation of bonuses to be paid according to their annual performance. In addition, in order to practice management with a greater awareness of capital efficiency, ROE will be incorporated as a performance indicator starting in FY2024. Specifically, the amount of bonus is determined based on the amount of consolidated ordinary profit, the target achievement rate of consolidated ordinary profit, the target achievement rate of consolidated orders received, and ROE for the relevant fiscal year, and the coefficient is calculated using a calculation table (actual consolidated ordinary profit figures are before deducting Directors' bonuses for consolidated companies subject to consolidation). The target values used to evaluate the target achievement rate are the forecast figures in the financial results summary announced in May.

Details of non-monetary compensation, etc.

The Company grants restricted stock compensation to Directors for the purpose of providing medium- to long-term incentives and sharing shareholder values. The period of restriction on transfer is 30 years from the date of allotment of the Company's common stock, and the restriction on transfer is lifted upon expiration of such period or upon retirement from the position previously determined by the Board of Directors due to death, expiration of term of office, mandatory retirement age or other justifiable reasons during such period.

Total amount of compensation, etc. of directors (FY2024)

Classification of executives	Total amount of compensation, etc. (million yen)	Total amount of compensation by compensation type (million yen)			Number of target officers (persons)
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Director (not including Audit & Supervisory Committee members)	303	195	62	46	6
Director (Audit & Supervisory Committee members) (Outside Directors)	57 (36)	57 (36)	—	—	5 (4)

*Performance-linked compensation, etc. refer to bonuses to Directors (not including Audit & Supervisory Committee members).
*Non-monetary compensation is the compensation amount from granting restricted stock to Directors (excluding Audit & Supervisory Committee members).

Strengthening Risk Management

In accordance with our "Risk Management Policy," we have established a risk management system that divides company-wide risks into "project risks" related to construction of plants, "DBO project risks" and "DBO project operation, maintenance and management risks" related to our DBO business, "O&M project risks" related to our O&M, and "potential risks," "actualized risks," and "financial reporting risks" related to other company business activities.

Basic purpose of risk management

Risks refer to all events that may interfere with achieving the Group's business objectives and cause loss or disadvantage to stakeholders.

The Group engages in risk management with the objective of increasing corporate values by seeking to maximize returns while minimizing the negative impact of risks.

Risk Management Action Guidelines

1. Responsibility for the Company's risk management rests with the President and CEO
2. All Directors and employees participate in risk management activities.
3. Risk management activities are conducted in accordance with the Risk Management Regulations and other risk-related regulations.
4. Risk management activities are carried out in accordance with the mid-term and annual management plans and are continually improved.
5. If a risk materializes, prompt and responsible action is taken to minimize losses. If necessary, a temporary organization is established to deal with the risk.
6. Risk management activities of each Group company are carried out by each company based on its own policy and plan and supported by the Company's organization.

List of Executives

Directors

Kunio Hamada
Representative Director, President and CEO

Hiroaki Nanjo
Director & Chairman Executive Officer

Tsuyohito Nishiyama
Director & Executive Vice President
Executive Manager of Corporate Marketing Group and Executive Manager of Business Administration Division

Hideki Takeguchi
Director & Executive Vice President
Executive Manager of Engineering Group and Executive Manager of Management Center

Koji Tanaka
Director & Managing Executive Officer
Executive Manager of International Division, Corporate Marketing Group

Hiroshi Oishi
Director & Managing Executive Officer
Executive Manager of Corporate Services Division and Executive Manager of Compliance & CSR Promotion Division

Keizo Masugi
Director (Standing Audit & Supervisory Committee Member)

Tomomi Fujita
Outside Director (Audit & Supervisory Committee Member)

Tetsuya Kaneko
Outside Director (Audit & Supervisory Committee Member)

Seiichi Nagatsuka
Outside Director (Audit & Supervisory Committee Member)

Masahiro Endo
Outside Director (Audit & Supervisory Committee Member)

Executive Officers (Excluding those concurrently serving as Directors)

Hidetoshi Tomita
Managing Executive Officer
Corporate Marketing Group
Executive Manager, Environmental Plant Division

Norio Maeda
Managing Executive Officer
Engineering Group
Executive Manager, Project Center

Kiyoshi Shibata
Managing Executive Officer
Engineering Group
Executive Manager, Engineering Center

Masayuki Sugita
Executive Officer
Corporate Marketing Group
Executive Manager, Energy Plant Division

Junichi Hashimoto
Executive Officer
Engineering Group
Executive Manager, Construction Center

Koji Ikeda
Executive Officer
Engineering Group
Executive Manager, Technology Center

Takashi Iida
Executive Officer
Corporate Marketing Group
Deputy Executive Manager, International Division and General Manager of International Department

Masahide Yamashita
Executive Officer
Engineering Group
Deputy Executive Manager of Project Center and General Manager of Environmental Engineering Department 1

Masahide Okamoto
Executive Officer
Executive Manager of Corporate Planning & Administration Division and General Manager of Corporate Planning Department

Message from Chair of the Audit & Supervisory Committee, Chair of the Nominating & Compensation Advisory Committee

Tomomi Fujita
Independent Outside Director
(Audit & Supervisory Committee Member)

Aiming to sustainably create corporate value through the power of governance

The role of governance

I have been appointed the chair of the Audit & Supervisory Committee and the chair of the Nominating & Compensation Advisory Committee of Takuma effective January 2025. Since accepting the appointment as an outside director in 2019, I have been continuously involved in the discussions of the Company's Board of Directors and various committees from the perspective of ensuring sound and transparent management. With this appointment, I am more keenly aware of my role in management supervision than ever before and will contribute to the sustainable enhancement of corporate value.

I am an attorney by profession and have been involved in a wide range of corporate legal fields, including intellectual property, business restructuring, M&A, and corporate law. From my experience to date, I feel that in order for a company to achieve sustainable growth, it is essential to establish a sound and highly transparent governance structure and to operate effective systems that support this structure. Especially in recent years, the role of governance has become even more important against the backdrop of changing social demands and growing interest in ESG.

As the head of the respective committees

As the chair of the Audit & Supervisory Committee, I am responsible for auditing the legality and appropriateness of the directors' execution of their duties. However, it is more than just a compliance check. I believe that Takuma is required to accurately grasp changes in its management strategy and market environment, and to enhance its corporate value through constructive dialogue with a focus on the soundness of its management and its future prospects. The Company's Audit & Supervisory Committee brings together experts in different fields such as law, finance, public administration, and accounting, and we will fulfill our auditing and supervisory functions more effectively through discussions from multiple perspectives, taking advantage of their respective knowledge and expertise.

As the chair of the Nominating & Compensation Advisory Committee, I work to ensure transparency in the processes related to the selection and dismissal of management and to maintain the objectivity and fairness of the compensation system. What qualities and experience are required of top management and executive officers? How do we evaluate them and how do we motivate and hold them accountable? We believe that making rational decisions on these questions will directly lead to the sustainable creation of corporate value.

Through my past participation in board meetings, I have come to realize that Takuma's board of directors has a culture that respects free and vigorous discussion, and that the opinions of outside directors are fully respected. In this environment, I, as an independent outside director, would like to further strengthen the Company's governance structure by assuming the important new responsibilities of the Audit & Supervisory Committee and the chair of the Nominating & Compensation Advisory Committee.

I will continue to utilize my expertise and objectivity as an outside director to support the Company in gaining the trust of society and achieving sustainable development. I sincerely appreciate the continued understanding and support of our shareholders, investors and all other stakeholders.

Section

04

Corporate Data

Financial Data (trends in principal management indicators and other financial data)

Unit: million yen

	FY3/2015	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022*3	FY3/2023	FY3/2024	**FY3/2025**
Business performance											
Orders received	113,763	99,919	191,026	177,116	179,829	148,830	188,563	192,244	168,558	160,568	**246,301**
Order backlog	152,593	139,425	214,142	273,060	330,939	345,315	387,152	445,304	471,211	482,612	**577,752**
Net sales	103,874	113,088	116,309	118,198	121,950	134,454	146,726	134,092	142,651	149,166	**151,161**
Operating profit	8,222	9,189	10,973	10,029	11,604	9,600	10,473	9,928	13,813	10,229	**13,532**
Operating profit margin	7.9%	8.1%	9.4%	8.5%	9.5%	7.1%	7.1%	7.4%	9.7%	6.9%	**9.0%**
Ordinary profit	9,116	9,646	11,605	10,669	12,334	10,300	11,028	10,647	14,684	11,166	**14,095**
Ordinary profit margin	8.8%	8.5%	10.0%	9.0%	10.1%	7.7%	7.5%	7.9%	10.3%	7.5%	**9.3%**
Profit attributable to owners of parent*1	8,029	7,817	8,550	7,847	8,853	7,445	7,529	7,434	9,621	8,754	**10,391**
Profit margin attributable to owners of parent	7.7%	6.9%	7.4%	6.6%	7.3%	5.5%	5.1%	5.5%	6.7%	5.9%	**6.9%**
Financial performance											
Total assets*2	123,126	132,614	140,201	151,488	155,988	163,498	177,741	174,535	179,688	191,180	**190,919**
Net assets	52,515	58,809	67,727	76,725	83,087	85,040	90,555	94,354	101,167	111,000	**109,563**
Capital adequacy ratio	42.4%	44.1%	48.1%	50.4%	53.0%	51.8%	50.7%	53.8%	56.0%	57.7%	**57.0%**
Key indicators											
Return on equity (ROE)	16.8%	14.1%	13.6%	10.9%	11.1%	8.9%	8.6%	8.1%	9.9%	8.3%	**9.5%**
Net assets per share (BPS) (yen)	631.53	708.18	815.77	924.25	1,000.34	1,043.15	1,109.87	1,162.87	1,258.24	1,378.90	**1,423.03**
Basic earnings per share (EPS) (yen)	97.12	94.55	103.43	94.93	107.10	90.36	92.73	91.53	120.22	109.43	**132.24**
Dividend per share (yen)	9.00	11.00	13.00	16.00	22.00	31.00	36.00	36.00	43.00	48.00	**67.00**
Cash flows											
Cash flows from operating activities	21,726	6,728	9,590	5,140	10,817	(11,732)	(1,680)	9,000	32,191	(12,222)	**(4,066)**
Cash flows from investing activities	(160)	(445)	142	(328)	(1,382)	(202)	(2,053)	(2,394)	(5,604)	(8,438)	**1,257**
Cash flows from financing activities	(3,706)	(2,899)	(1,787)	(1,670)	(9,119)	(4,350)	1,903	(9,112)	(4,280)	(3,379)	**938**
Capital investment & related metrics											
Capital investment	452	1,089	342	505	638	1,564	2,420	3,844	7,100	3,527	**1,329**
Depreciation	900	840	850	789	797	917	1,036	961	1,136	1,797	**1,934**
Research and development expenses	586	743	972	928	960	1,154	1,047	1,006	1,150	1,629	**1,782**

*1 We have applied the Accounting Standard for Business Combinations (Accounting Standards Board of Japan [ASBJ] Statement No. 21, September 13, 2013) and related guidelines to our accounts since FY3/2016, and present our profit as profit attributable to owners of parent.
*2 We have applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) and related guidelines to our accounts since FY3/2019. Principal management indicators and other financial data for FY3/2018 retroactively incorporate this standard and related guidelines.
*3 We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related guidelines to our accounts since FY3/2022. Principal management indicators and other financial data for FY3/2022 and subsequent years incorporate this standard and related guidelines.

Trends by Segment

Orders received (million yen)

	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Domestic Environment and Energy Business	160,591	164,865	130,280	131,567	**214,792**
Overseas Environment and Energy Business	883	2,035	5,922	2,280	**2,347**
Package Boiler Business	17,524	16,830	18,400	18,666	**20,266**
Equipment and Systems Business	10,166	8,917	14,328	8,403	**9,343**
Adjustments	(601)	(404)	(373)	(350)	**(448)**
Total	188,563	192,244	168,558	160,568	**246,301**

Order backlog (million yen)

	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Domestic Environment and Energy Business	377,143	433,351	447,646	460,023	**561,165**
Overseas Environment and Energy Business	427	1,457	6,028	5,868	**2,669**
Package Boiler Business	4,521	4,852	5,940	6,115	**6,536**
Equipment and Systems Business	5,348	5,676	11,644	10,610	**7,396**
Adjustments	(288)	(33)	(48)	(4)	**(15)**
Total	387,152	445,304	471,211	482,612	**577,752**

Net sales (million yen)

	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Domestic Environment and Energy Business	120,770	108,657	115,985	119,190	**113,650**
Overseas Environment and Energy Business	1,188	1,005	1,351	2,440	**5,546**
Package Boiler Business	16,931	16,498	17,312	18,492	**19,845**
Equipment and Systems Business	8,271	8,590	8,360	9,437	**12,557**
Adjustments	(435)	(659)	(358)	(393)	**(438)**
Total	146,726	134,092	142,651	149,166	**151,161**

Operating profit (million yen)

	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Domestic Environment and Energy Business	11,475	10,906	14,875	11,228	**13,081**
Overseas Environment and Energy Business	(140)	(218)	(172)	184	**1,069**
Package Boiler Business	640	672	915	1,177	**1,394**
Equipment and Systems Business	876	656	826	341	**890**
Adjustments	(2,378)	(2,087)	(2,630)	(2,703)	**(2,903)**
Total	10,473	9,928	13,813	10,229	**13,532**

Operating profit margin

	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Domestic Environment and Energy Business	9.5%	10.0%	12.8%	9.4%	**11.5%**
Overseas Environment and Energy Business	(11.8%)	(21.8%)	(12.8%)	7.6%	**19.3%**
Package Boiler Business	3.8%	4.1%	5.3%	6.4%	**7.0%**
Equipment and Systems Business	10.6%	7.6%	9.9%	3.6%	**7.1%**
Total	7.1%	7.4%	9.7%	6.9%	**9.0%**

Non-Financial Data

	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Environment					
Potential CO_2 emissions reductions through products (thousand tons per year, non-consolidated)	4,000	4,000	4,000	4,500	**4,500**
Total CO_2 emissions (tons of CO_2 per year, non-consolidated)*1	2,032	2,137	553	601	**478**
Total energy use (GJ per year, non-consolidated)	50,927	53,982	51,685	52,845	**56,744**
Total renewable energy (solar) generated (MWh per year, non-consolidated)	2,262	2,211	1,853	2,219	**2,098**
Total waste emissions volume (tons per year, non-consolidated)	731	671	671	471	**426**
Total water use (m^3 per year, non-consolidated)	25,258	31,387	27,033	37,814	**31,542**
Total wastewater volume (m^3 per year, non-consolidated)	25,258	31,387	27,033	37,814	**31,542**
Total NOx emissions (tons per year, non-consolidated)	0.450	0.444	0.197	0.346	**0.460**
Total SOx emissions (tons per year, non-consolidated)	0.015	0.010	0.019	0.006	**0.010**
Social					
Customers					
Customer satisfaction survey results (points out of 100, non-consolidated)	88.4 pt	86.5 pt	88.5 pt	91.0 pt	**89.0 pt**
Human resources					
Number of employees (consolidated)	3,925	4,145	4,247	4,278	**4,372**
Number of employees (non-consolidated)	894	958	1,002	1,054	**1,087**
Average years of service (non-consolidated)	15.3	14.9	14.8	14.4	**14.3**
Number of new-graduate hires (non-consolidated)	25	26	28	35	**35**
Number of mid-career hires (non-consolidated)	37	53	41	48	**41**
Attrition rate (voluntary resignation) (non-consolidated)	1.1%	1.1%	1.7%	1.5%	**2.5%**
Gender wage gap (non-consolidated)*2	—	—	66.6	66.3	**68.4**
Diversity					
Number of female employees in main career track and management positions (non-consolidated)	22	31	36	45	**51**
Percentage of management positions held by female workers (non-consolidated)	—	—	1.7%	1.6%	**1.6%**
Percentage of employees with disabilities (non-consolidated)*3	1.80%	1.95%	2.26%	2.39%	**2.64%**

	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Work-life balance					
Average number of annual paid leave days taken (non-consolidated)	8.6	9.3	9.9	10.5	**10.6**
Percentage of available annual paid leave taken (non-consolidated)	52.5%	53.0%	57.1%	61.2%	**64.5%**
Percentage of eligible employees utilizing parenting support programs (telework, childcare leave, etc.) (non-consolidated)	—	32%	35%	44%	**49%**
Percentage of eligible male employees taking childcare leave (non-consolidated)	—	—	32.3%	46.1%	**66.6%**
* If including leave taken under the company leave program for the purpose of childcare (available in parallel with legally mandated childcare leave) (non-consolidated)	—	—	88.2%	71.1%	**87.8%**
Safety					
Accident frequency rate (non-consolidated)	1.62	1.85	0.27	2.02	**2.36**
Accident severity rate (non-consolidated)	0.03	0.12	0.01	0.02	**0.09**
Governance					
Board of Directors					
Number of directors (persons)	11	11	11	11	**11**
Independent outside directors (persons)	4	4	4	4	**4**
Female directors (persons)	1	1	1	1	**1**
Audit & Supervisory Committee					
Number of members (persons)	5	5	5	5	**5**
Members also serving as independent outside directors (persons)	4	4	4	4	**4**
Nominating & Compensation Advisory Committee					
Number of members (persons)	6	6	6	6	**6**
Members also serving as independent outside directors	4	4	4	4	**4**

*1 Scopes 1 and 2, for Head Office, branches and branch offices, and Harima Factory
*2 This figure is largely the result of the company's low proportion of female employees relative to male employees. We maintain a requirement of "equivalent pay for equivalent-value work" in the salary policies set forth in our Employment Rules and do not treat employees differently on the basis of their gender
*3 Figures as of June 1 of each fiscal year

Corporate and Stock Information (As of March 31, 2025)

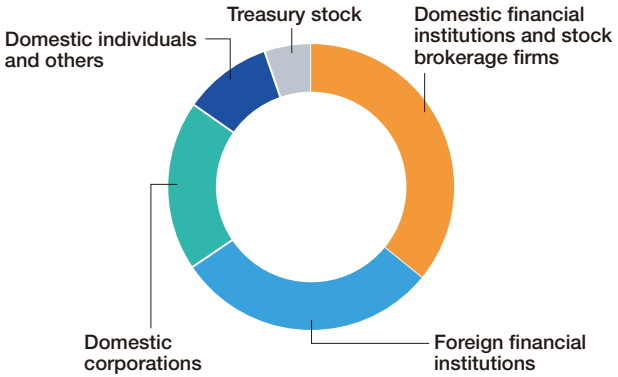
Company overview

Name	TAKUMA CO., LTD.
Head office location	2-2-33, Kinrakuji-cho, Amagasaki, Hyogo 660-0806, Japan TEL 06-6483-2609 (main) FAX 06-6483-2751
Representative director	Kunio Hamada, President and CEO
Established	June 10, 1938
Capital	13,367 million yen
Main business	The design, construction, and superintendence of a wide variety of boilers, plant machinery, pollution control plants, environmental equipment plants, heating and cooling equipment, and feed-water and drainage sanitation equipment and facilities, as well as of civil engineering, construction, and other works
Number of employees (consolidated)	4,372 persons
Number of employees (non-consolidated)	1,087 persons

Basic stock information

Fiscal year	April 1 to March 31 of the following year
Annual General Meeting of Shareholders	June of each year
Record dates	Eligibility to vote at Annual General Meeting of Shareholders: March 31 Cash dividends Year-end dividend: March 31 Interim dividend: September 30
Share registrar Special account management institution	Mizuho Trust & Banking Co., Ltd.
Contact information	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507, Japan TEL 0120-288-324 (Inquiries about various procedures related to shares) TEL 0120-524-324 (Dedicated hotline for the Electronic Provision System)
Method of public notice	Electronic notices (published on the Company's website) (https://www.takuma.co.jp/english/). If notices cannot be published electronically due to an accident or other unforeseen circumstance, public notices will be published in the Nihon Keizai Shimbun
Stock exchange listings	Tokyo Stock Exchange, Prime Market (Stock Code: 6013)
Number of shares per share unit	100 shares
Total number of authorized shares	321,840,000 shares
Total number of shares issued	80,536,800 shares
Number of shareholders	6,491 persons

Shareholder distribution



- Domestic financial institutions and stock brokerage firms 29,022 thousand shares 36.0%
- Foreign financial institutions 23,914 thousand shares 29.7%
- Domestic corporations 15,379 thousand shares 19.1%
- Domestic individuals and others 8,093 thousand shares 10.0%
- Treasury stock 4,125 thousand shares 5.1%

Major shareholders (Top 10)

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	10,164	13.3
Hikari Tsushin, Inc.	4,621	6.0
The Custody Bank of Japan, Ltd.	4,091	5.4
Mizuho Trust & Banking Co. Re-trustee The Custody Bank of Japan, Ltd.	3,462	4.5
BNP PARIBAS LUXEMBOURG／2S／JASDEC SECURITIES／UCITS ASSETS	2,543	3.3
Nippon Life Insurance Company	2,515	3.3
Takuma Kyoeikai	2,128	2.8
STATE STREET BANK AND TRUST COMPANY 505025	1,865	2.4
Sumitomo Mitsui Banking Corporation	1,459	1.9
Chuo-Nittochi Co., Ltd.	1,305	1.7

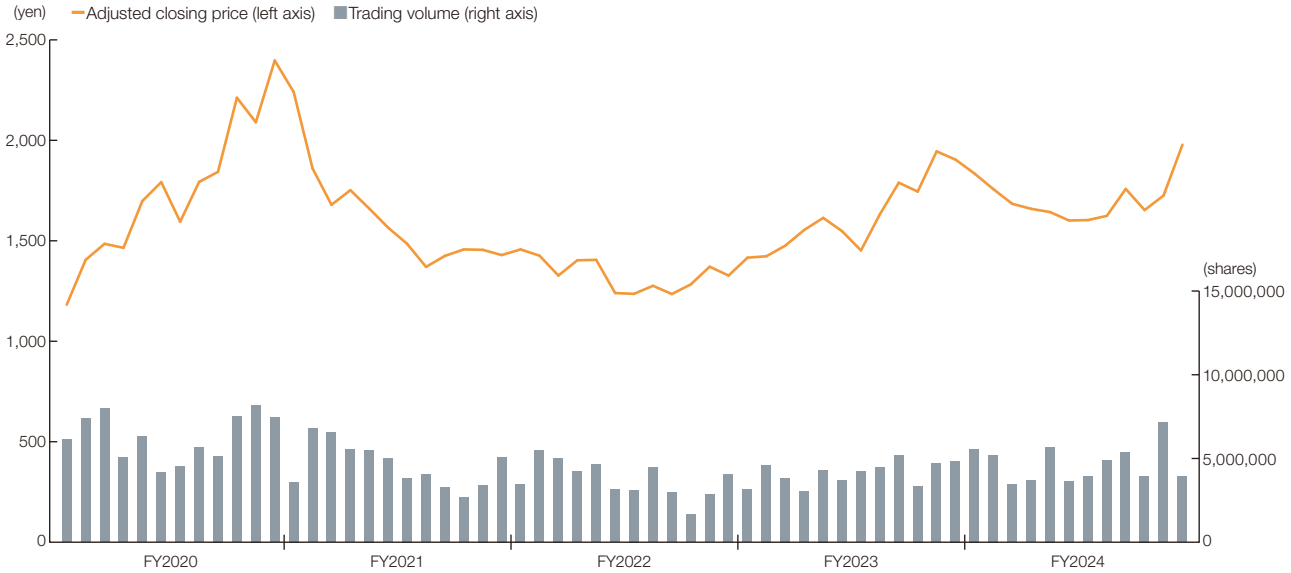
Note 1 As of March 31, 2025, Takuma holds 4,125 thousand treasury shares, but these shares are excluded from the list of major shareholders above.
Note 2 Shareholding ratio is calculated after deducting 4,125 thousand treasury shares.

Corporate and Stock Information

Shareholder returns

	FY2020	FY2021	FY2022	FY2023	FY2024
Annual dividend per share (yen)	36.00	36.00	43.00	48.00	67.00
Consolidated dividend payout ratio	38.8%	39.3%	35.8%	43.9%	50.7%
Share repurchase (million yen)	—	747	1,252	—	6,210

Share price



Initiatives and external evaluation

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

WE SUPPORT UN GLOBAL COMPACT

S&P/JPX Carbon Efficient Index

Disclaimer
Information related to performance forecasts, business plans, and related topics included in this report is based on data currently available to the Company and on certain assumptions that are deemed to be reasonable. This information includes elements of risk and uncertainty. Please note that actual performance may diverge significantly from these forecasts for a variety of reasons.

Terminology

Term	Description
EPC	EPC is an acronym for “engineering, procurement, construction.” Plant engineering, procurement, and construction work.
O&M	O&M is an acronym for “operation and maintenance.” Plant operation projects.
DBO	DBO is an acronym for “design, build, operate.” This term refers to a system under which facility design, building, and operation are funded by a public entity or similar body and contracted to a private company as a package (EPC + O&M).
Primary equipment improvement	A shortened form of “works to improve primary equipment.” An approach that aims to restore functionality and extend plant life by replacing or making improvements to aging equipment while maintaining buildings and other elements with long service lives, from the perspective of reducing the life cycle cost of a facility.
Recurring revenue model businesses	A business whose revenue source is after-sales services for delivered plants (mainly operation management, maintenance, operation projects, etc.).
Stock management	Method for long-term effective utilization of existing facilities (stock).
FIT	FIT is an acronym for “feed-in tariff.” A program through which power companies purchase renewable energy at a fixed price.
FIP	FIP is an acronym for “feed-in premium.” A program under which power companies purchase renewable energy at market price plus a defined premium.
CCUS	CCUS is an acronym for “carbon capture, utilization, and storage.” Technologies separating and recovering carbon dioxide from flue gases emitted by thermal power stations and other facilities for use or underground storage.
RPF	RPF is an acronym for “refuse-derived paper and plastic densified fuel.” It is a solid fuel primarily made from wastepaper and plastic waste.
FY	The abbreviation for “fiscal year,” it refers to the fiscal year that ended on March 31.

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