Supplementary Materials of Financial Results for Q1 FY2026

Takuma Co., Ltd. | August 5, 2026

TAKUMA

Key Highlights

TAKUMA

Q1 FY2026 Results

- ✓ Orders received decreased due to a decline in the number of orders in the Domestic Environment and Energy Business.
- ✓ Net sales and operating profit rose, mainly due to progress on previously ordered plants in the Domestic Environment and Energy Business.

FY2026 Forecast

- ✓ Progressing steadily toward the full-year forecast, with no change.
- ✓ Orders received will continue to remain at a high level of 200 billion yen. Net sales are expected to reach a record high since FY2001, as well as profit attributable to owners of parent is expected to reach a record high for the third consecutive period.

	Q1 FY2026 (Ending 3/2027) Results	YoY change	FY2026 (Ending 3/2027) Forecast	YoY change
Orders received	¥54.6 billion	(¥86.0 billion) (61.2%)	¥200.0 billion	(¥133.0 billion) (39.9%)
Net sales	¥40.4 billion	+¥10.0 billion +32.9%	¥191.0 billion	+¥25.3 billion +15.3%
Operating profit	¥3.2 billion	+¥2.2 billion +223.4%	¥17.8 billion	+¥2.3 billion +15.5%
Profit attributable to owners of parent	¥2.6 billion	+¥1.5 billion +146.0%	¥15.4 billion	+¥1.6 billion +12.1%

Financial Results of Q1 FY2026 and Financial Forecast for FY2026 (Ending March 2027)

Q1 FY2026 (Ending 3/2027)

Financial Highlights

Orders received

Despite receiving an order for one waste treatment plant refurbishment project in the Domestic Environment and Energy Business, orders received decreased compare to the same period of the previous fiscal year included orders for two DBO projects and two new biomass power plants.

Net Sales / Operating profit

Mainly due to major progress in previously ordered plants in the Domestic Environment and Energy Business, net sales and operating profit both increased.

(Millions of yen)	Q1 FY2024 (FYE 3/2025)	Q1 FY2025 (FYE 3/2026)	Q1 FY2026 (FYE 3/2027)	YoY change	
Orders received	106,979	140,618	54,605	(86,012)	(61.2%)
Order backlog	557,265	687,926	759,312	+ 71,385	+ 10.4%
Net sales	32,327	30,444	40,452	+ 10,008	+ 32.9%
Operating profit	1,869	1,013	3,279	+ 2,265	+ 223.4%
Operating margin	5.8%	3.3%	8.1%	+ 4.8 pt	-
Ordinary profit	2,234	1,342	3,701	+ 2,358	+ 175.8%
Profit attributable to owners of parent	2,096	1,069	2,631	+ 1,562	+ 146.0%
Basic earnings per share (yen)	26.26	14.20	36.19	+ 21.99	+ 154.9%

Q1 FY2026 (Ending 3/2027)

Financial Highlights by Segments

TAKUMA

(Millions of yen)	Q1 FY2024 (FYE 3/2025)	Q1 FY2025 (FYE 3/2026)	Q1 FY2026 (FYE 3/2027)	YoY change	
Orders received					
Total	106,979	140,618	54,605	(86,012)	(61.2%)
Domestic Environment and Energy	97,406	126,927	43,128	(83,798)	(66.0%)
Overseas Environment and Energy	628	197	624	+ 427	+ 216.7%
Package Boiler	5,983	11,921	9,220	(2,701)	(22.7%)
Equipment and Systems	3,059	1,709	1,847	+ 138	+8.1%
Net sales					
Total	32,327	30,444	40,452	+ 10,008	+ 32.9%
Domestic Environment and Energy	25,482	23,261	33,603	+ 10,342	+ 44.5%
Overseas Environment and Energy	483	936	553	(382)	(40.9%)
Package Boiler	3,782	4,811	5,074	+ 263	+ 5.5%
Equipment and Systems	2,672	1,530	1,317	(212)	(13.9%)
Operating profit					
Total	1,869	1,013	3,279	+ 2,265	+ 223.4%
Domestic Environment and Energy	2,350	1,832	3,945	+ 2,112	+ 115.3%
Overseas Environment and Energy	(39)	(29)	(69)	(39)	-
Package Boiler	84	(106)	138	+ 245	-
Equipment and Systems	134	0	85	+ 85	+ 30221.9%

*Adjustments are omitted.

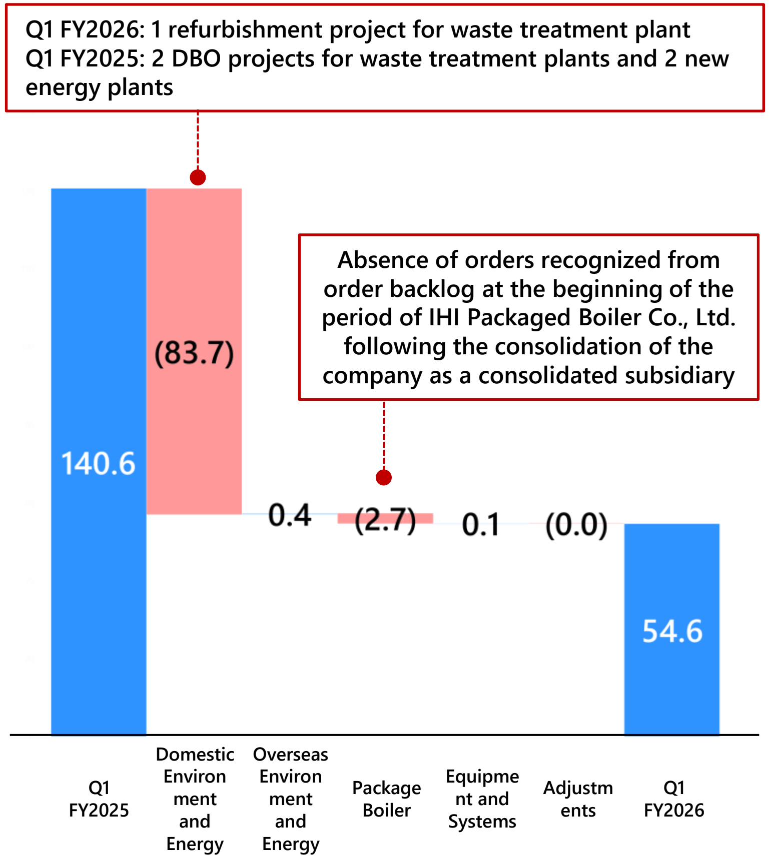
Q1 FY2026 (Ending 3/2027) | Variance Analysis by Segments

TAKUMA

Orders received

YoY (¥86.0 billion)

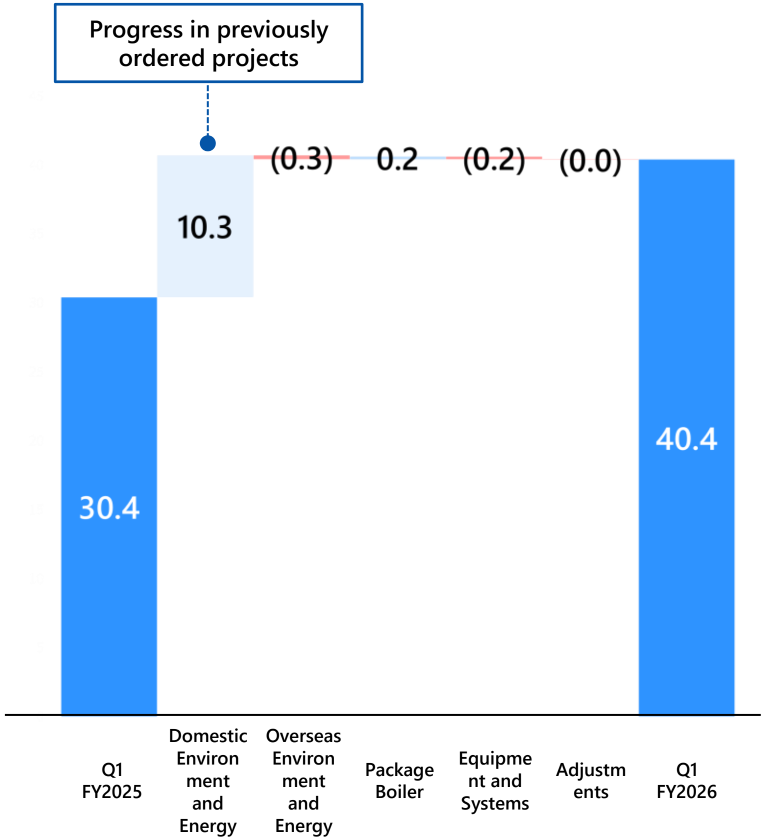
(Billions of yen)



Net sales

YoY + ¥10.0 billion

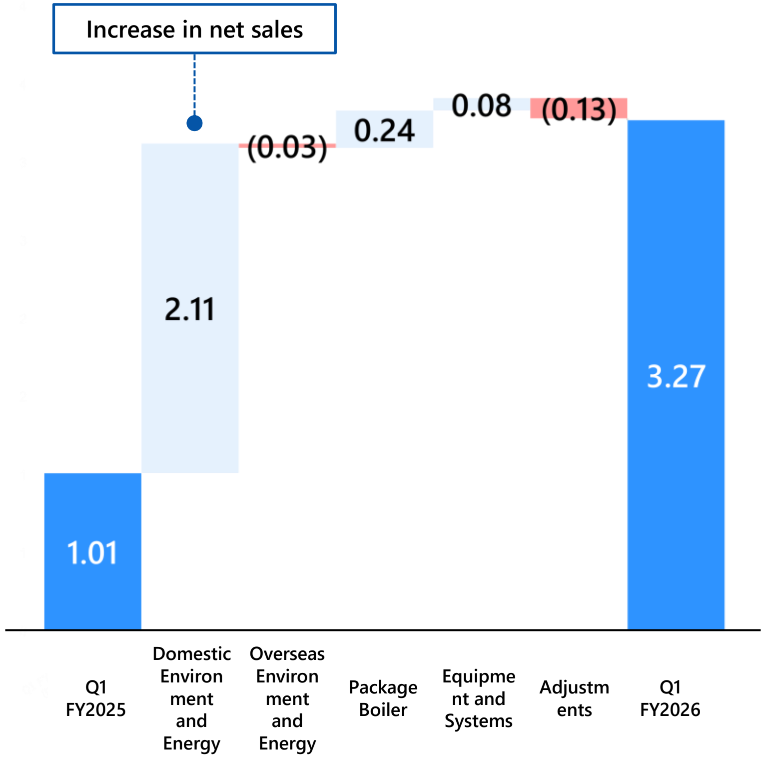
(Billions of yen)



Operating profit

YoY + ¥2.26 billion

(Billions of yen)



FY2026 (Ending 3/2027) Results Forecast

TAKUMA

Orders received

Although orders received will decrease due to a reaction to the previous fiscal year, they will continue to remain at a high level of 200 billion yen, which is the company's third-highest level on record, supported by solid demand. The full-year forecast for FY2026, disclosed on May 14, 2026, remains unchanged.

Net Sales / Profit

Net sales and operating profit are expected to increase due to the progress in previously ordered projects. The full-year forecast for FY2026, disclosed on May 14, 2026, remains unchanged. Net sales are expected to reach a record high since FY2001 as well as profit attributable to owners of parent is expected to reach a record high for the third consecutive period.

(Millions of yen)	FY2024 (FYE 3/2025) Results	FY2025 (FYE 3/2026) Results	FY2026 (FYE 3/2027) Initial Forecast	YoY change	
Orders received	246,301	333,026	200,000	(133,026)	(39.9%)
Order backlog	577,752	745,158	754,158	+ 9,000	+ 1.2%
Net sales	151,161	165,620	191,000	+ 25,379	+ 15.3%
Operating profit	13,532	15,409	17,800	+ 2,390	+ 15.5%
Operating margin	9.0%	9.3%	9.3%	0.0 pt	-
Ordinary profit	14,095	16,279	18,500	+ 2,220	+ 13.6%
Profit attributable to owners of parent	10,391	13,732	15,400	+ 1,667	+ 12.1%
Basic earnings per share (yen)	132.24	185.04	215.00	+ 29.96	+ 16.2%

FY2026 (Ending 3/2027)

Results Forecast by Segments

TAKUMA

(Millions of yen)	FY2024 (FYE 3/2025) Results	FY2025 (FYE 3/2026) Results	FY2026 (FYE 3/2027) Initial Forecast	YoY change	
Orders received					
Total	246,301	333,026	200,000	(133,026)	(39.9%)
Domestic Environment and Energy	214,792	288,709	160,500	(128,209)	(44.4%)
Overseas Environment and Energy	2,347	1,561	5,000	+ 3,438	+220.3%
Package Boiler	20,266	30,865	27,000	(3,865)	(12.5%)
Equipment and Systems	9,343	12,300	11,000	(1,300)	(10.6%)
Net sales					
Total	151,161	165,620	191,000	+ 25,379	+15.3%
Domestic Environment and Energy	113,650	126,935	153,000	+ 26,064	+20.5%
Overseas Environment and Energy	5,546	3,635	1,500	(2,135)	(58.7%)
Package Boiler	19,845	26,846	27,000	+ 153	+0.6%
Equipment and Systems	12,557	8,524	10,000	+ 1,475	+17.3%
Operating profit					
Total	13,532	15,409	17,800	+ 2,390	+15.5%
Domestic Environment and Energy	13,081	15,624	18,600	+ 2,975	+19.0%
Overseas Environment and Energy	1,069	102	(100)	(202)	-
Package Boiler	1,394	1,844	2,100	+ 255	+13.9%
Equipment and Systems	890	1,048	1,000	(48)	(4.6%)

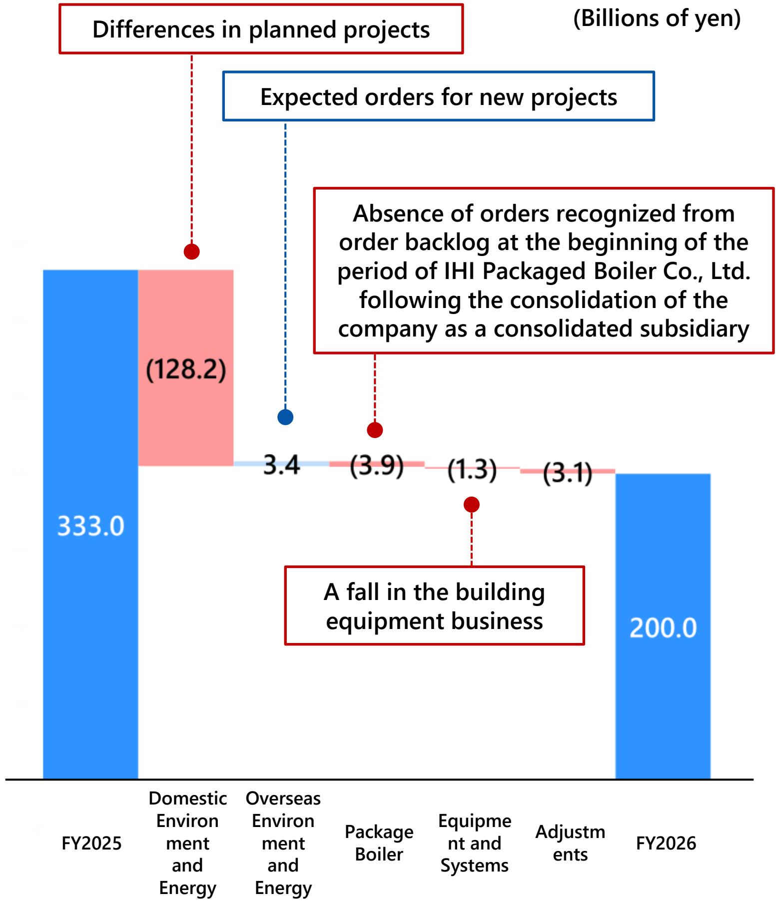
*Adjustments are omitted.

FY2026 (Ending 3/2027) Variance Analysis by Segments (Forecast)

TAKUMA

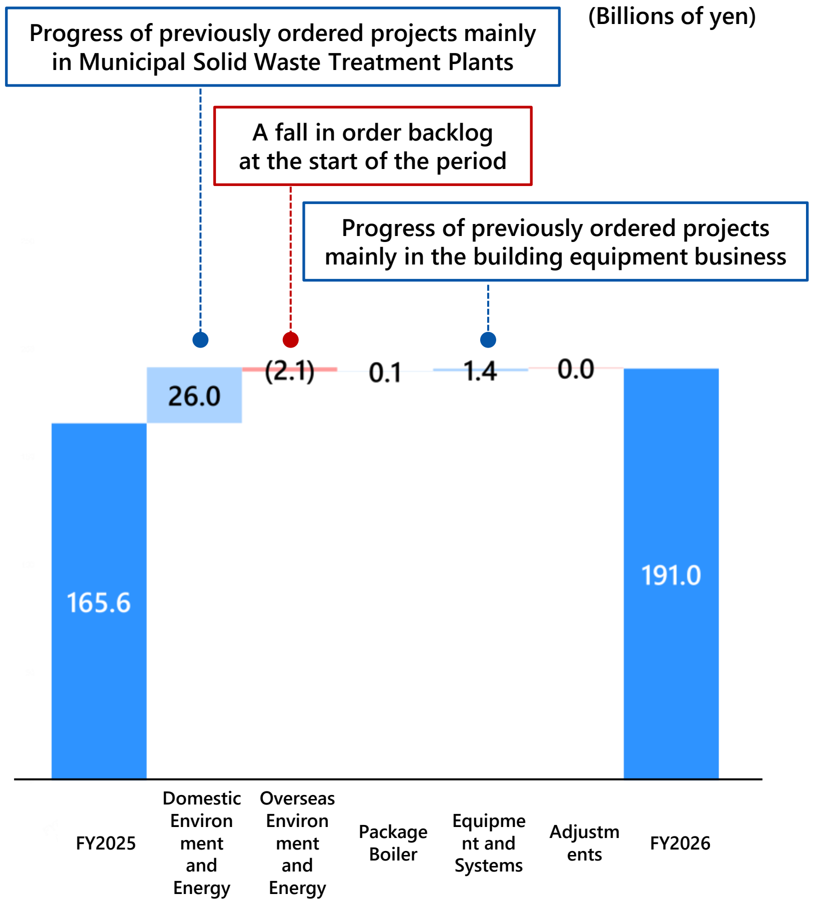
Orders received

YoY (¥133.0 billion)



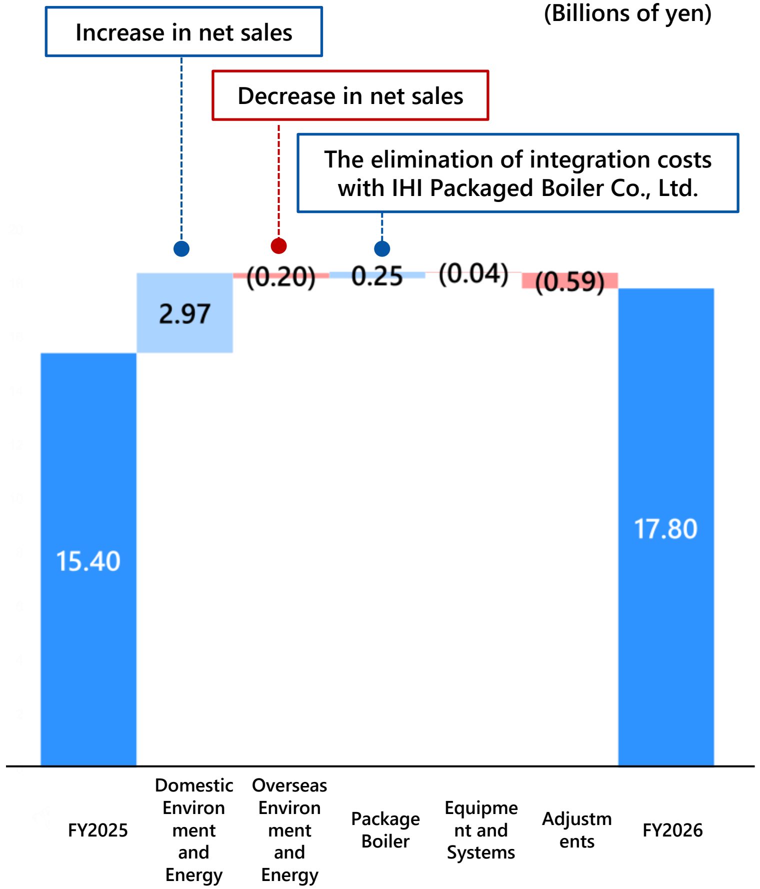
Net sales

YoY + ¥25.3 billion



Operating profit

YoY + ¥2.39 billion



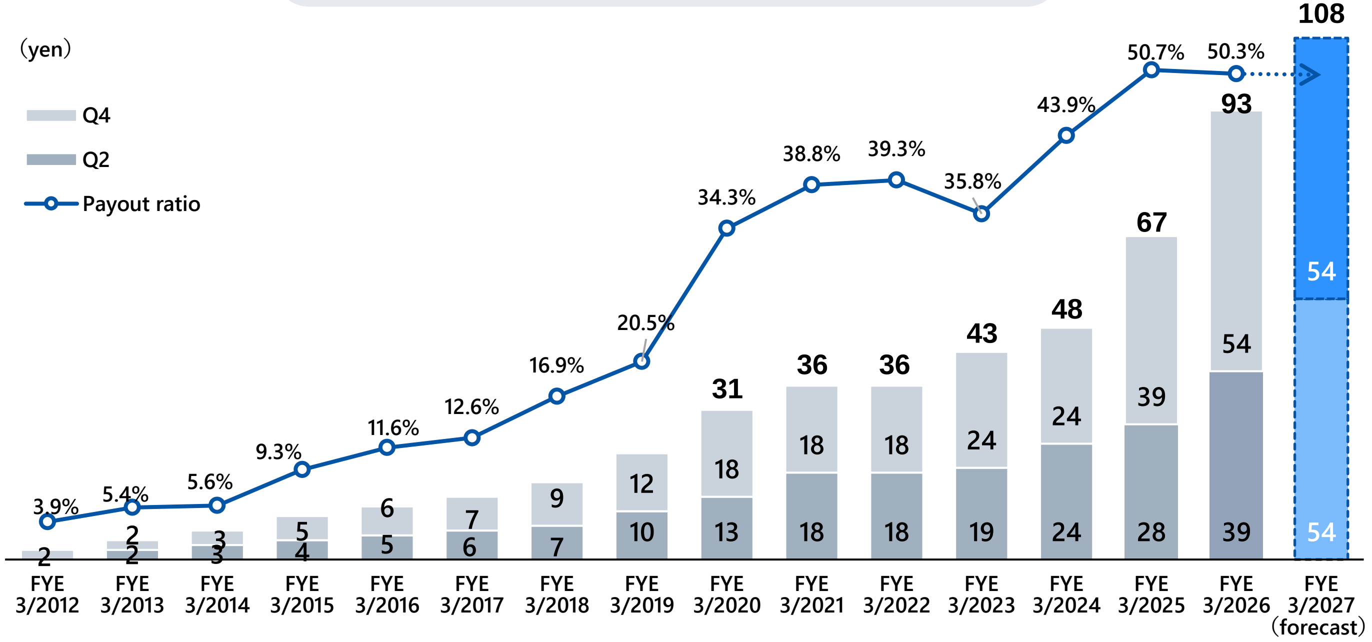
Shareholder Return

- ✓ The annual dividend per share for FY2026 is expected to be 108 yen (increase of 15 yen), a record high.
- ✓ Share repurchase up to 4 billion yen is currently underway. (Period of repurchase is from May 15, 2026 to September 7, 2026. Scheduled date of cancellation is October 30, 2026.)

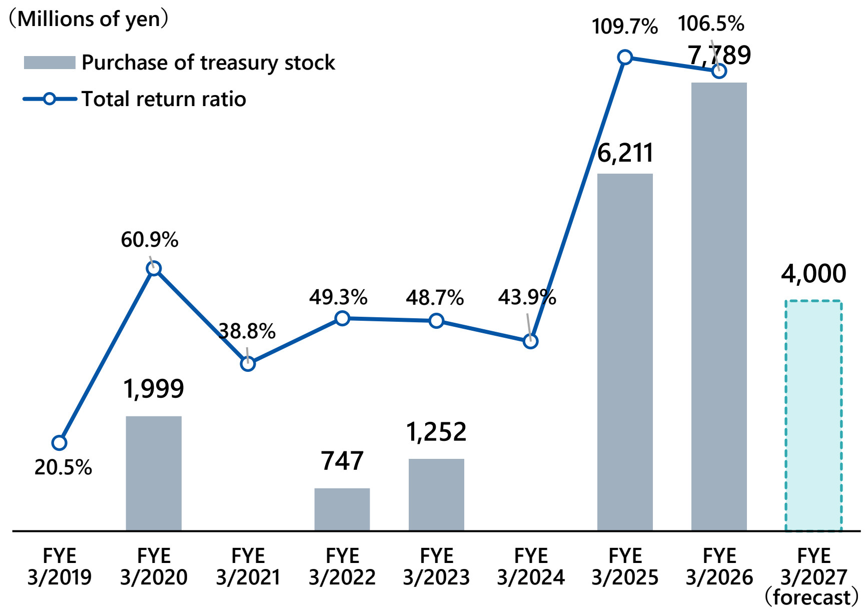
14th MTP Shareholder return policy

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

Dividend per share and payout ratio



Share Repurchase



Human Resources, Capital Investment and R&D

- ✓ Continue to strengthen human capital investment, such as recruitment and development, focusing on the engineering, construction, and maintenance departments.
- ✓ Major capital investments for FY ending March 2027 are planned to include demonstration facilities for energy-efficient CO_2 capture and separation technology, and a new research building (tentative name) at the Harima Factory.

	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025	FYE 3/2026	FYE 3/2027 (Forecast)
Number of employees (people, consolidated)	4,145	4,247	4,278	4,372	4,504	-
Number of employees (people, non-consolidated)	958	1,002	1,054	1,087	1,117	-
Hires (people, non-consolidated)	79	69	83	76	76	60-70

(Millions of yen)	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025	FYE 3/2026	FYE 3/2027 (Forecast)
Capital investment	3,844	7,100	3,527	1,329	1,520	4,500
Depreciation	961	1,136	1,797	1,934	2,008	1,900
Research and development expenses	1,006	1,150	1,629	1,782	1,406	1,500

(Millions of yen)	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2025	FYE 3/2026	FYE 3/2027 (Forecast)
Selling, general and administrative expenses (consolidated)	16,254	17,741	19,309	20,160	23,856	25,000

Financial Results by Segments and Business Environment

Domestic Environment and Energy Business

TAKUMA

Orders received

Q1 FY2026 Results

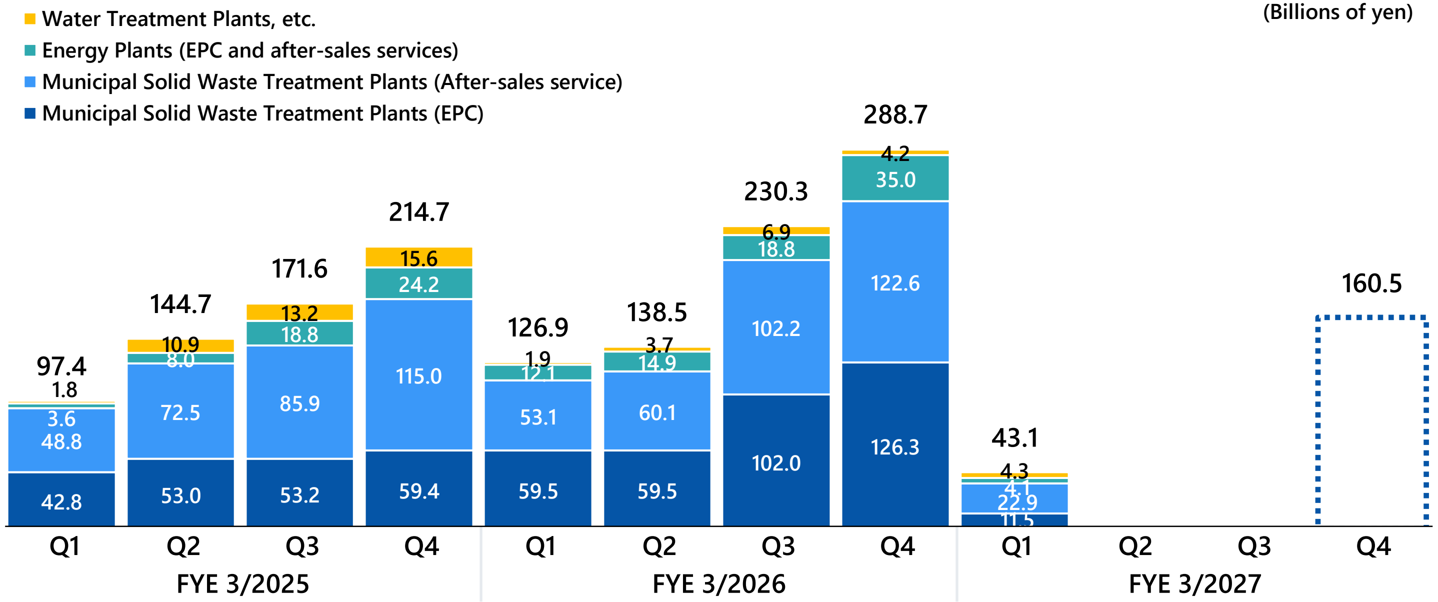
YoY
(¥83.7 billion) (66.0%)

✓ Despite receiving an order for one waste treatment plant refurbishment project, orders received decreased compare to the same period of the previous fiscal year included orders for two DBO projects and two new biomass power plants.

FY2026 Forecast

YoY
(¥128.2 billion) (44.4%)

✓ Although orders received are expected to decrease from the previous fiscal year due to differences in planned projects, they are expected to remain at a high level, supported by solid demand.



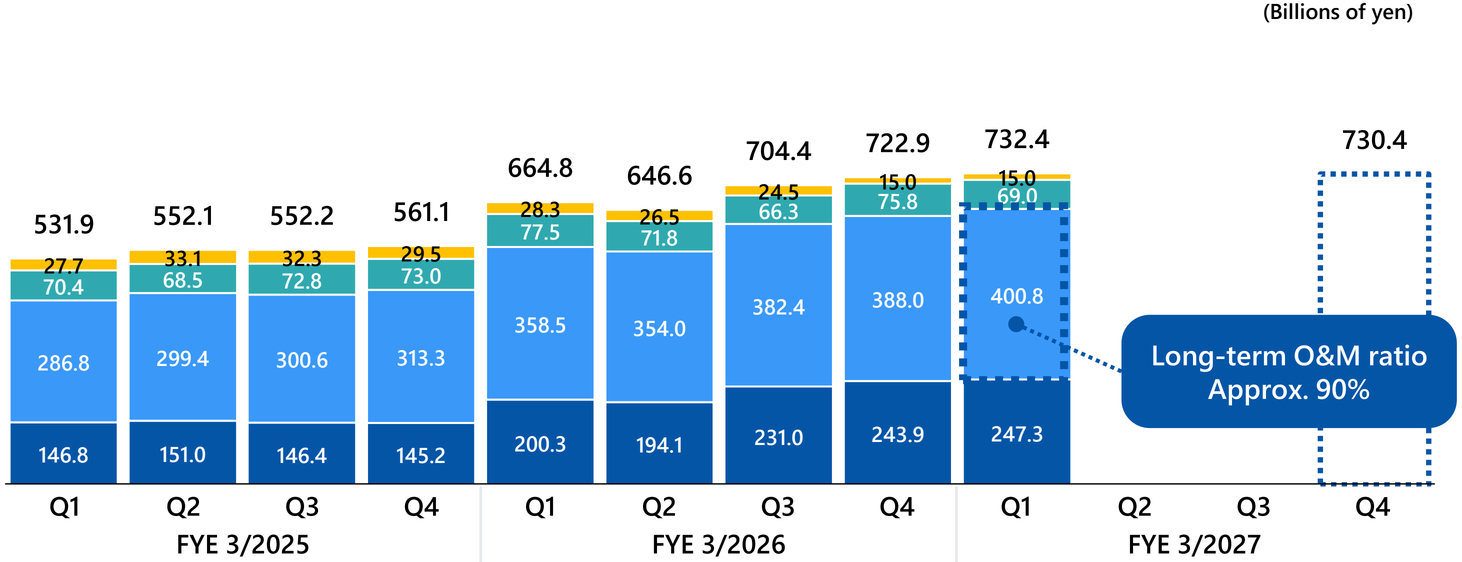
Order backlog

Q1 FY2026 Results

YoY
+ ¥67.6 billion + 10.2%

FY2026 Forecast

YoY
+ ¥7.5 billion + 1.0%



Domestic Environment and Energy Business

TAKUMA

Net sales

Q1 FY2026 Results

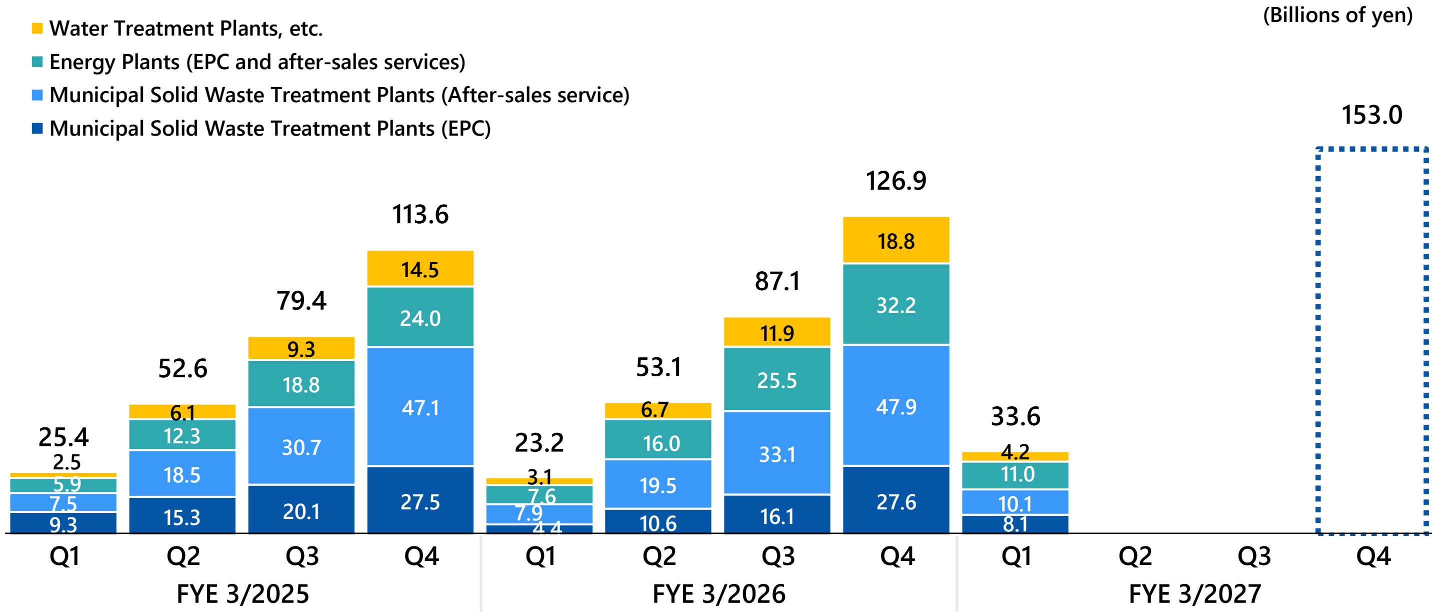
YoY
+ ¥10.3 billion + 44.5%

✓ Increased due to progress in previously ordered projects.

FY2026 Forecast

YoY
+ ¥26.0 billion + 20.5%

✓ Expected to increase due to progress in previously ordered projects mainly in Municipal Solid Waste Treatment Plants.



Operating profit

Q1 FY2026 Results

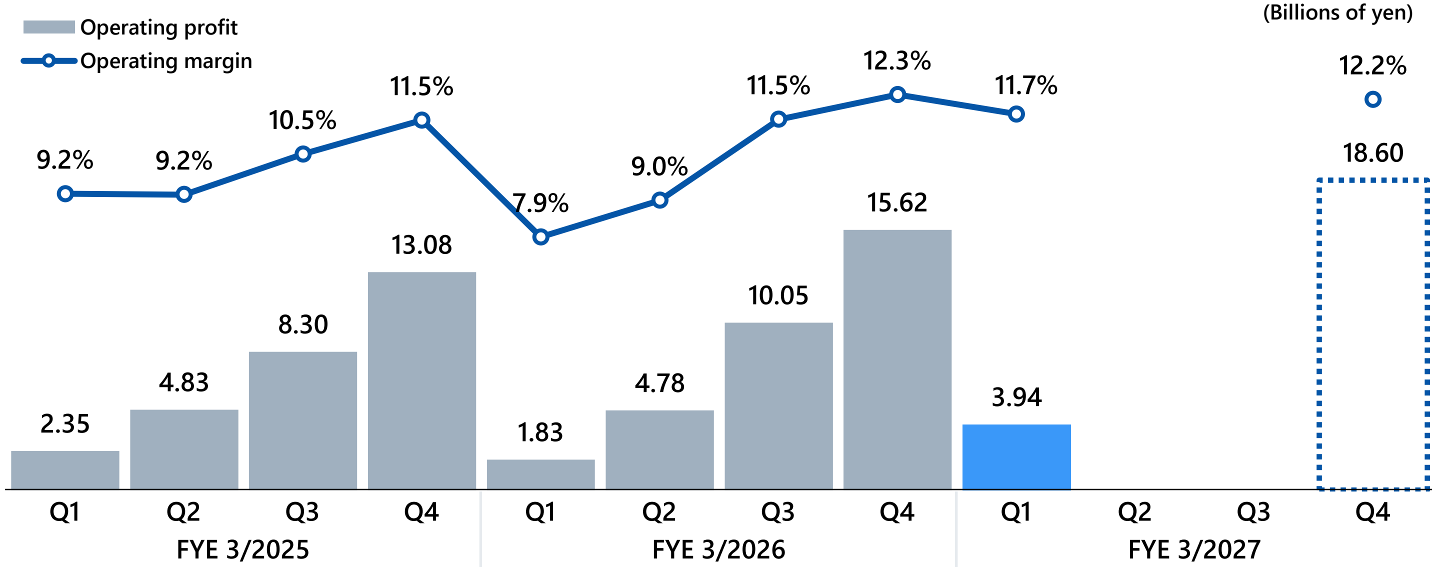
YoY
+ ¥2.11 billion + 115.3%

✓ Increased due to higher net sales.

FY2026 Forecast

YoY
+ ¥2.97 billion + 19.0%

✓ Expected to increase for the full fiscal year due to higher net sales.



Domestic Environment and Energy Business

Municipal Solid Waste Treatment Plants

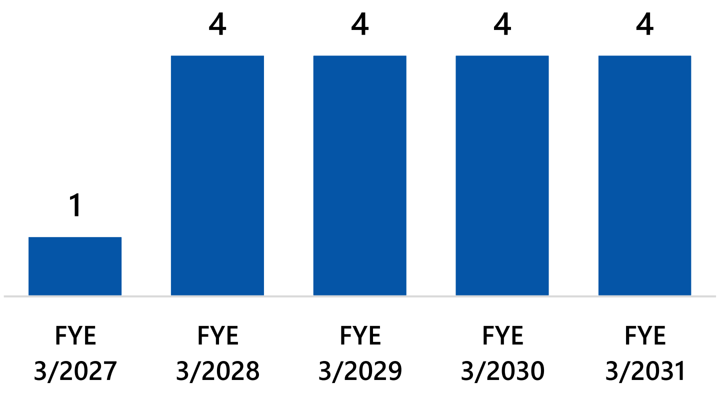
Major Order Backlog

TAKUMA

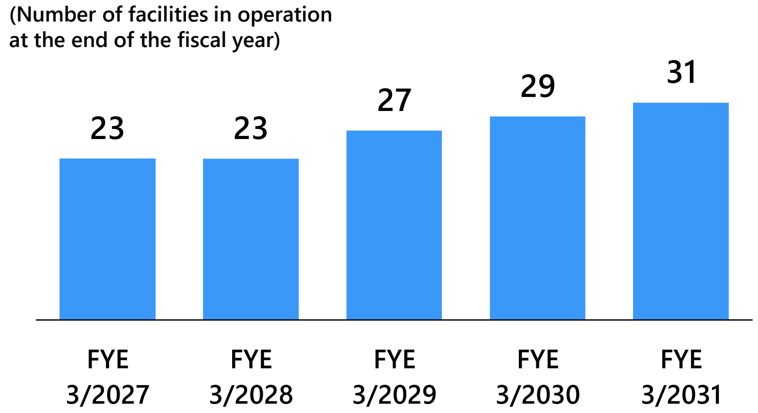
Municipal Solid Waste Treatment Plants EPC projects in progress（17projects）

Year		Delivered to:	Notes	Capacity	Scheduled Completion
FYE 3/2022	Q2	Hakodate City	DBO	300t/day	03/2029
	Q4	Okayama City	DBO	200t/day	07/2027
		Shida Public Association	DBO	223t/day	12/2026
FYE 3/2023	Q4	Kohoku Wide Area Administrative Affairs Center	BTO	124t/day	03/2028
FYE 3/2024	Q3	Ashikaga City	DBO	152t/day	03/2028
	Q4	Sapporo City (Crushing facility)	DBO	140t/5h	03/2028
FYE 3/2025	Q1	Amagasaki City	DBO	447t/day	03/2031
		Clean Authority of TOKYO	Refurbishment	1,800t/day	01/2029
	Q2	Gyoda Hanyu Resources and Environment Association	DBO	126t/day	06/2028
FYE 3/2026	Q1	Numazu City	DBO	210t/day	12/2029
		Ichikawa City	DBO	423t/day	12/2030
	Q3	Suita City	Refurbishment	480t/day	03/2031
		Togane City and Three Municipalities Cleaning Association	DBO	125t/day	09/2029
		Nagoya City	Refurbishment	600t/day	07/2029
	Q4	Kakegawa City and Kikugawa City Sanitation Facilities Association	EPC	120t/day	03/2030
		Ichinoseki Regional Administrative Association	DBO	101t/day	07/2030
FYE 3/2027	Q1	Shibukawa Wide Municipal Area Promotion Improvement Association	Refurbishment	232.5t/day	03/2029

Number of EPC projects scheduled for delivery



Number of long-term O&M contracts



*More than 10 years, including DBO and BTO projects etc.
*Calculated based on the contract period of existing orders.

Domestic Environment and Energy Business

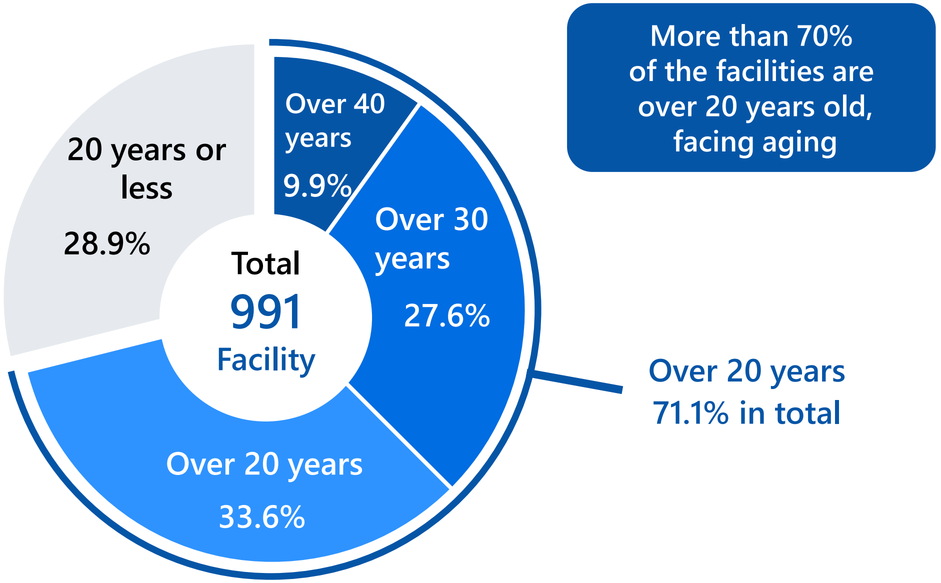
Municipal Solid Waste Treatment Plants

TAKUMA

✓ We provide local governments with the construction of facilities for processing municipal solid waste (such as household waste) through incineration and recycling, as well as after-sales services (including operation management and maintenance), thereby contributing to environmental conservation in the region.

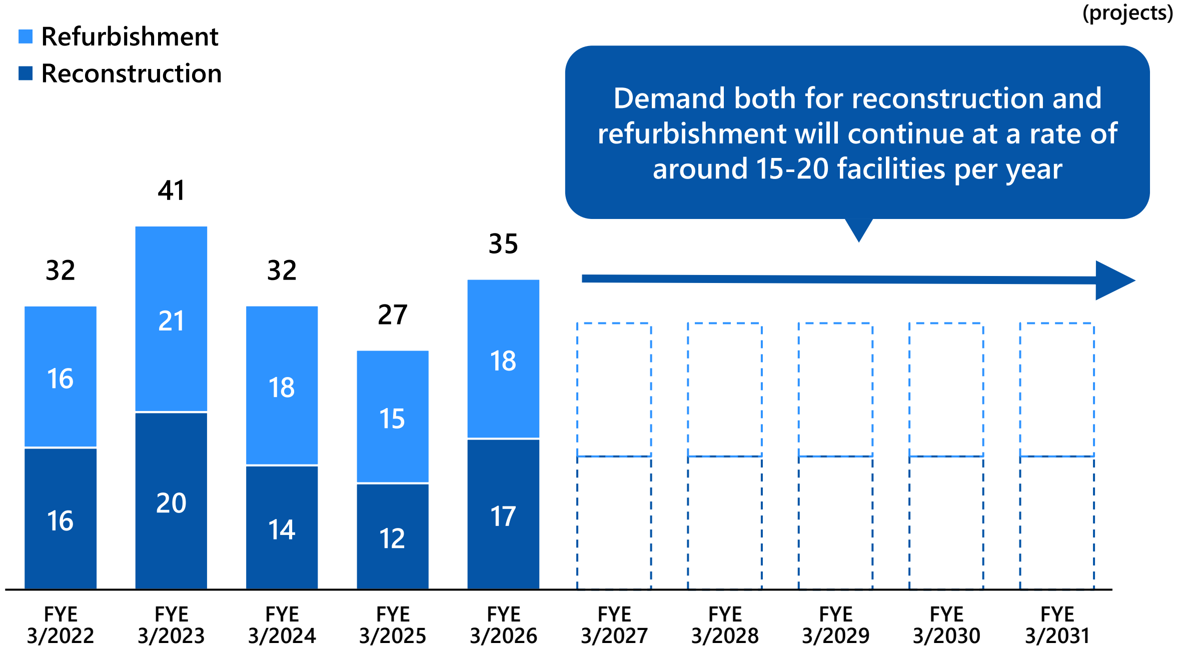
Market environment	Aging is progressing. As a result, steady demand for the renewal of facilities per is expected to continue. From the perspective of life cycle cost, demand for maintenance and primary equipment improvement to extend the lifespan of existing facilities is also expected to continue.
Future policy	We aim to win at least three renewal orders per year on an ongoing basis and steadily meet the demand for service life extension by enhancing our proposal capabilities and expanding our ability to respond to projects by increasing resources. Through proposal-based sales, we will maintain and expand orders for after-sale services every year. We aim to achieve growth of recurring revenue model businesses.

Percentage by age of operating waste incineration facilities



*Prepared by the Company based on the "2024 Survey of Municipal Solid Waste Treatment" by the Ministry of the Environment of Japan.

Number of reconstruction and refurbishment orders



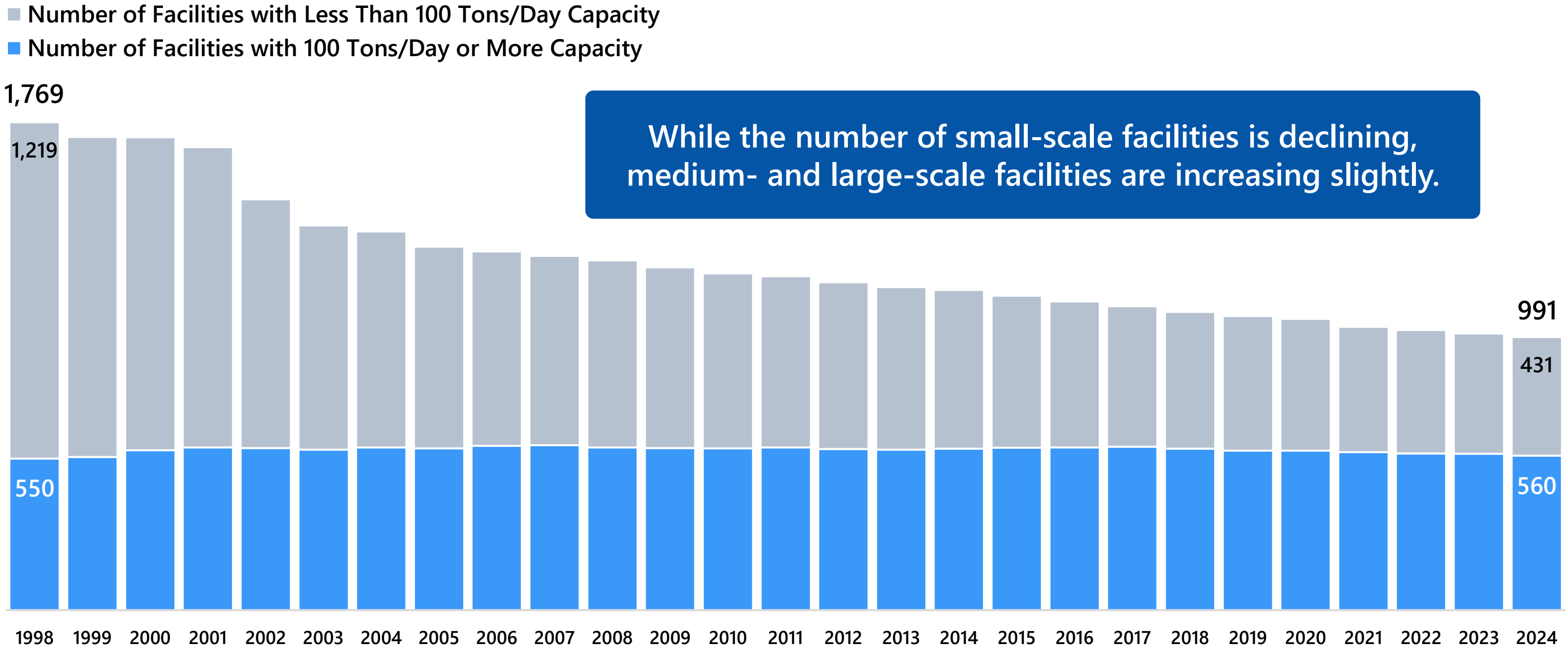
* Based on contract date, according to the internal research.

Domestic Environment and Energy Business

Municipal Solid Waste Treatment Plants

- ✓ In land-scarce Japan, landfill disposal is difficult, and incineration remains essential from a sanitation standpoint. As a result, demand for facility replacement and improvement is expected to continue over the medium to long term. With the expansion of wide-area waste management, the number of small-scale waste incineration facilities is decreasing, while medium- and large-scale facilities with capacities of 100 tons/day or more are increasing slightly.
- ✓ Going forward, driven by climate change measures and the promotion of private-sector involvement, facilities are expected to become more multifunctional and expand their roles, including the installation of power generation equipment and CO_2 separation and recovery systems, as well as outsourcing operation and maintenance (O&M) services to private companies, thereby increasing added value.

Changes in numbers of waste incineration facilities by treatment capacity



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

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

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

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

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

2020: "2050 Carbon Neutral Declaration"

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

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

- The installation of power generation equipment and CO_2 separation and recovery systems.
- Role as disaster prevention and energy hubs
- Outsourcing operation and maintenance (O&M) services to private companies

Domestic Environment and Energy Business
Energy Plants

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

Market Environment: Demand for small- and medium-sized biomass power plants, mainly from domestic fuels (such as unused timber), continues, driven primarily by policies to promote renewable energy and decarbonization. In particular, we expect to see demand for renewal of existing plants (fuel conversion) in the paper and lumber industries and demand for new small- and medium-sized power plants (FIT/FIP, Non-FIT).

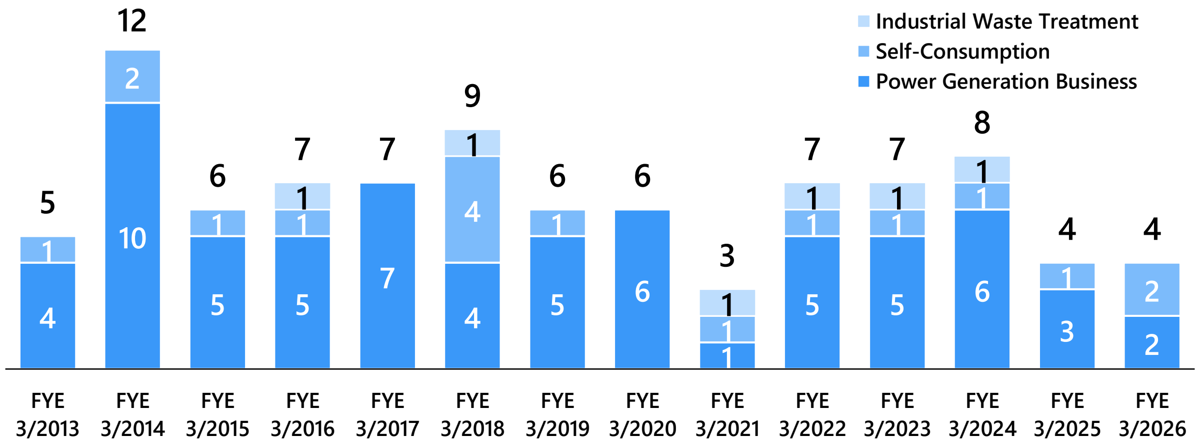
Future policy: In the EPC Business, the aim is to continue winning orders, particularly for small- to medium-sized biomass power generation plants, including renewal of existing plants and proposals for new power plants. In after-sales service, we aim for recurring revenue model business growth by proposing solutions for energy savings, functional improvement, and service life extension, in addition to maintenance.

Our Achievements

Biomass plants
Over 650 plants

Industrial Waste Treatment plants
Over 120 plants

Changes in EPC orders



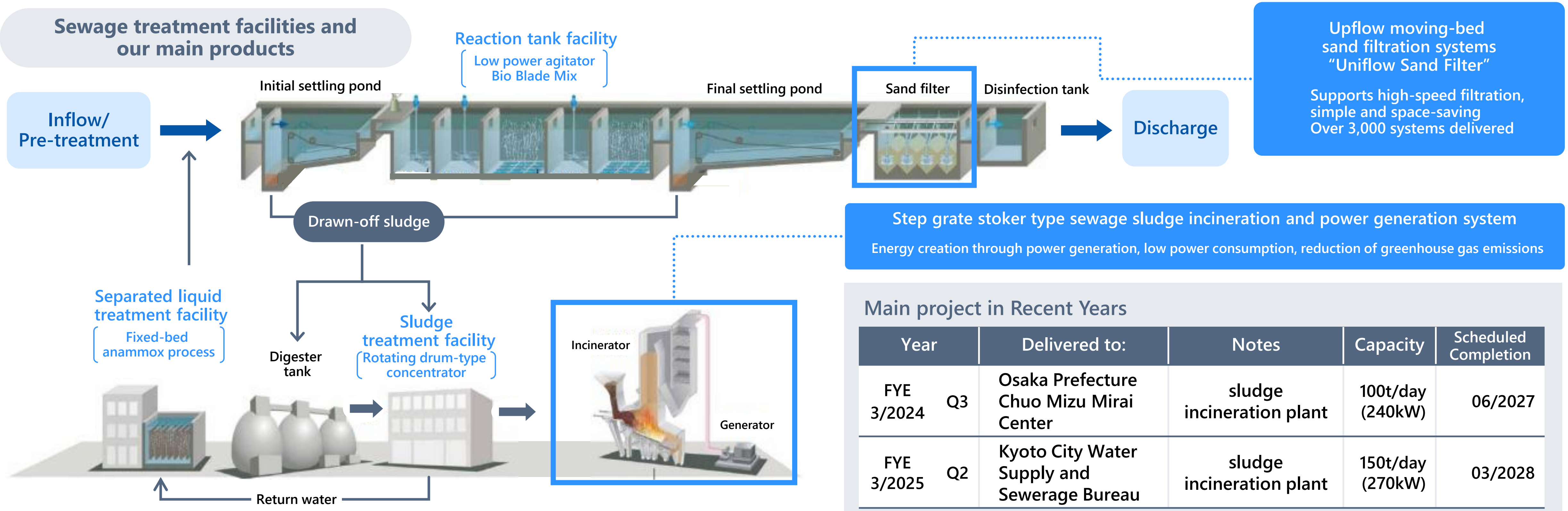
Main project in Recent Years

Year		Delivered to:	Notes	Capacity	Scheduled Completion
FYE 3/2025	Q2	Hiroshima Gas Co., Ltd.	Power Generation Business	1,990kW	06/2026
	Q3	Company A	Self-consumption	-	-
	Q3	Joetsu Biomass Power Generation LLC	Power Generation Business	1,990kW	03/2027
	Q4	Daishou Co., Ltd.	Power Generation Business	1,990kW	06/2027
FYE 3/2026	Q1	Clean Wood Energy K.K.	Power Generation Business	1,990kW	11/2027
	Q1	Nihon Kaisui Co., Ltd. Sanuki Plant	Self-consumption	9,400kW	01/2029
	Q3	Sano Biomass Power Generation LLC	Power Generation Business	7,100kW	09/2028
	Q4	Company B	Self-consumption	-	-

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

Market Environment
In addition to renewal and service life improvement demand due to aging sewage treatment plants, demand for reduction of greenhouse gas emissions and effective utilization of biomass sewage sludge is growing in the sewage treatment field. Our step grate stoker type sewage sludge incineration and power generation system received two awards in FY2022 for CO_2 reduction, energy saving, and energy creation.

Future policy
Focus on securing ongoing orders with mainstay products (step grate stoker type sewage sludge incineration and power generation system and sand filtration systems) that have high environmental performance and meet customer needs.



Main project in Recent Years

Year		Delivered to:	Notes	Capacity	Scheduled Completion
FYE 3/2024	Q3	Osaka Prefecture Chuo Mizu Mirai Center	sludge incineration plant	100t/day (240kW)	06/2027
FYE 3/2025	Q2	Kyoto City Water Supply and Sewerage Bureau	sludge incineration plant	150t/day (270kW)	03/2028

Overseas Environment and Energy Business

Orders received

Q1 FY2026 Results

YoY
+ ¥0.42 billion + 216.7%

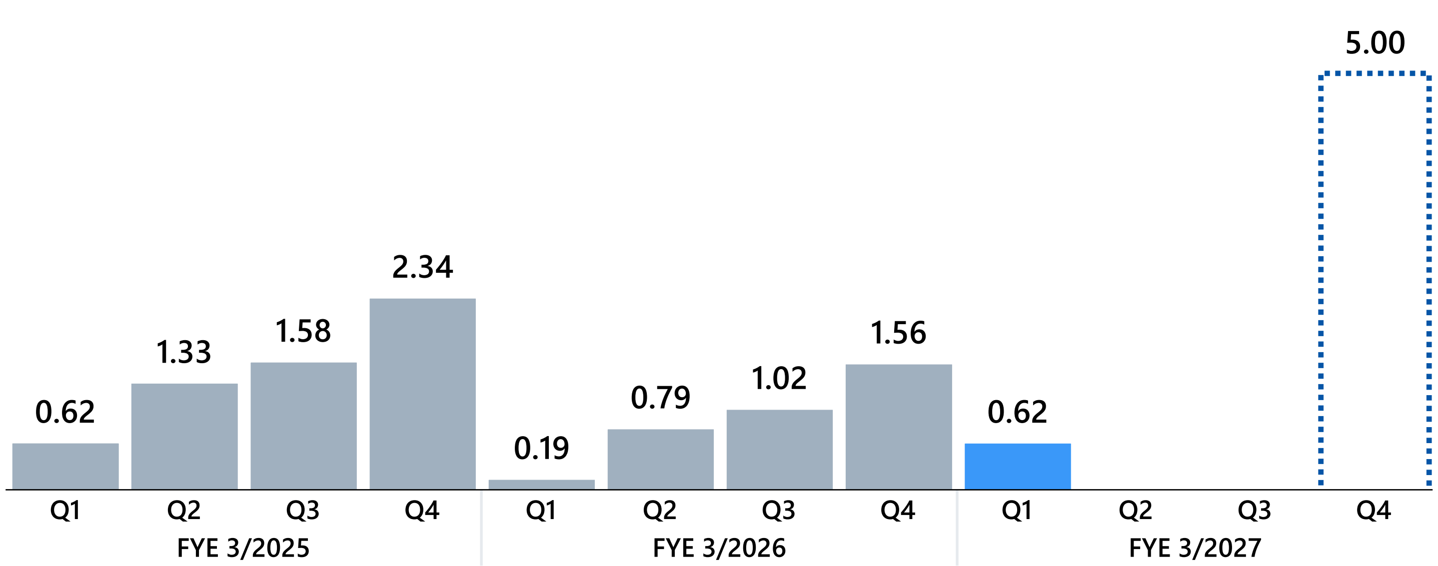
✓ Although there were no orders for new plant construction projects, maintenance orders increased.

FY2026 Forecast

YoY
+ ¥3.43 billion + 220.3%

✓ Expected orders for one or two new projects.

(Billions of yen)



Order backlog

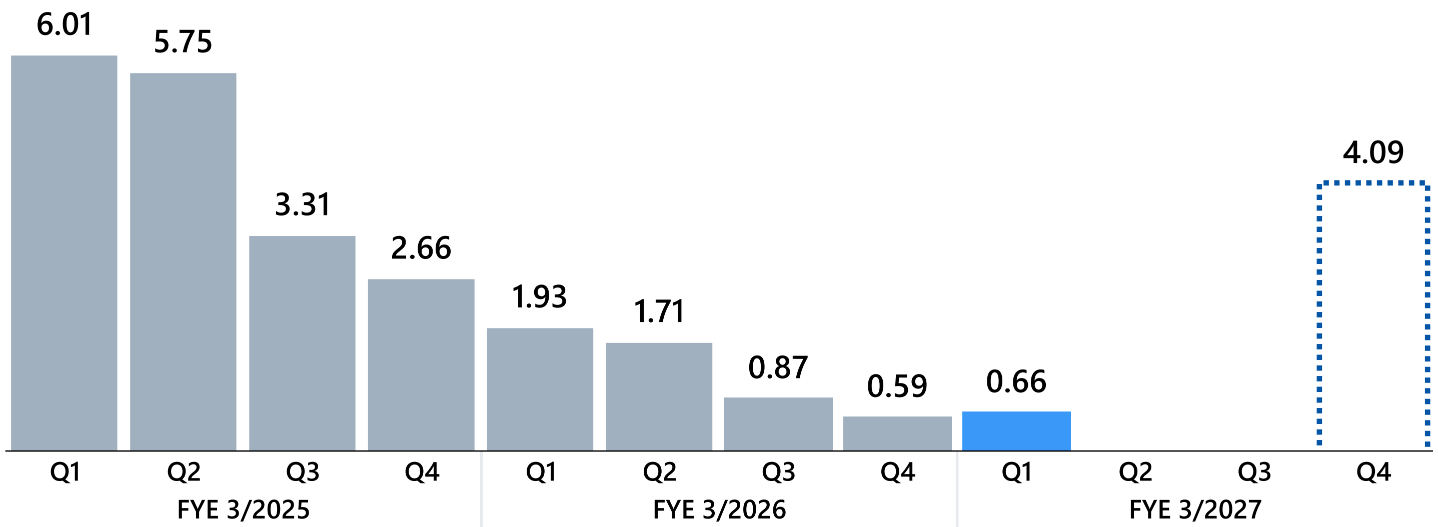
Q1 FY2026 Results

YoY
(¥1.26 billion) (65.5%)

FY2026 Forecast

YoY
+ ¥3.50 billion + 587.5%

(Billions of yen)



Overseas Environment and Energy Business

TAKUMA

Net sales

Q1 FY2026 Results

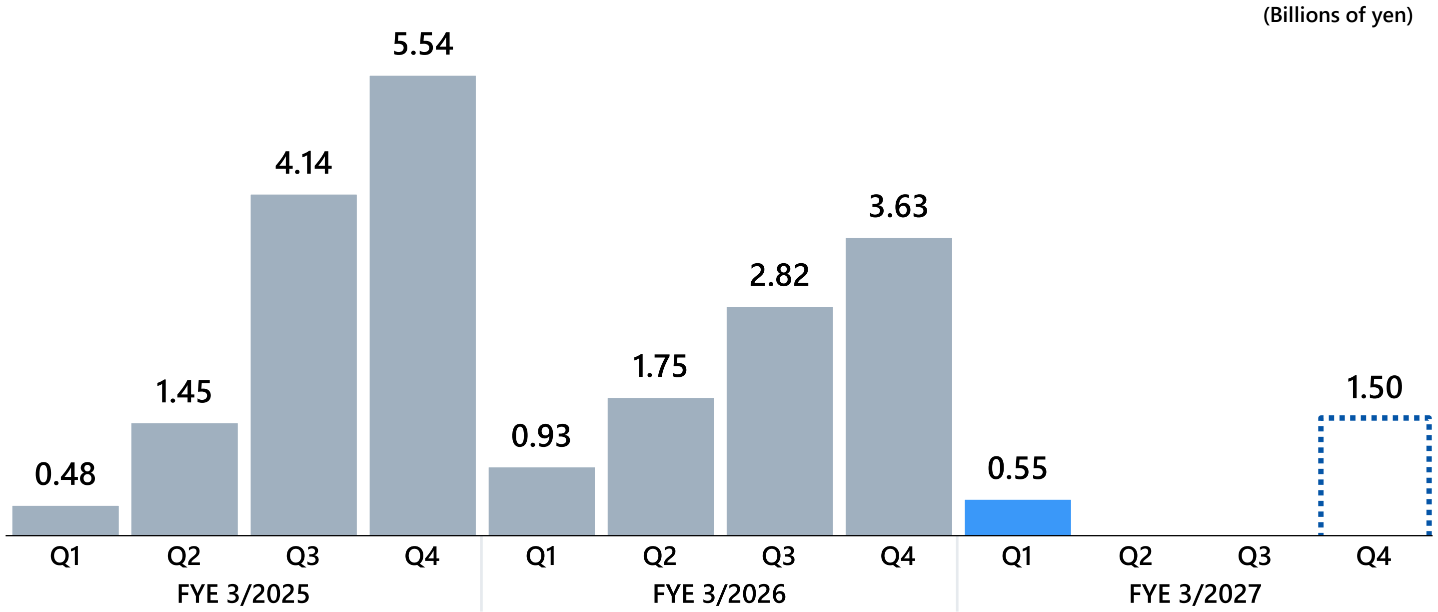
YoY
(¥0.38 billion) (40.9%)

✓ Decreased due to a decrease in new plant construction work

FY2026 Forecast

YoY
(¥2.13 billion) (58.7%)

✓ Expected to decrease due to a fall in order backlog at the start of the period.



Operating profit

Q1 FY2026 Results

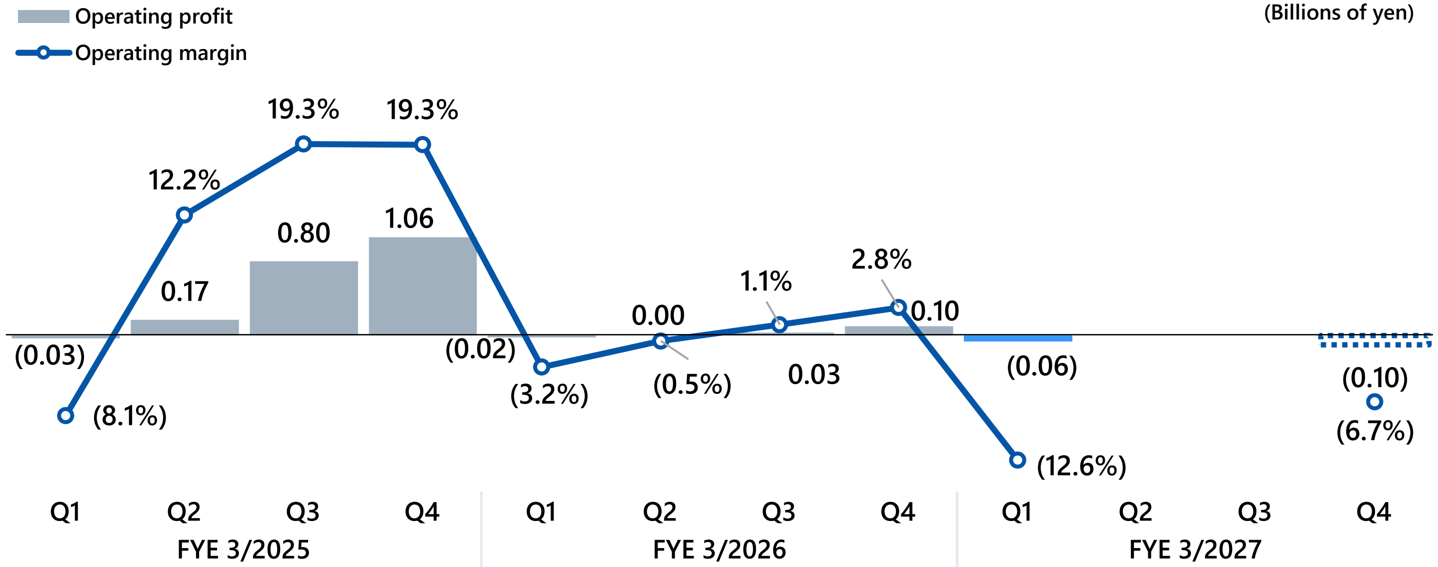
YoY
(¥0.03 billion) -%

✓ Decreased due to a decline in net sales.

FY2026 Forecast

YoY
(¥0.02 billion) -%

✓ Expected to decrease for the full fiscal year due to a decline in net sales.



Overseas Environment and Energy Business

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

Market Environment In Thailand, demand for Energy from Waste and for biomass power generation, including fuel conversion, is expected to grow against the backdrop of government promotion of renewable energy. In Taiwan, demand for facility renewal and service life extension is expanding due to the aging of Energy from Waste plants. In Taiwan and Vietnam, the need for in-house processing of industrial waste generated in manufacturing plants is also increasing.

Future policy Aim to expand collaboration with local subsidiaries and partnerships with local companies to increase orders in Southeast Asia and Taiwan. In addition to reducing costs and shortening construction periods, the Company aims to differentiate itself in terms of performance and quality, including stable operation and high-efficiency technology, and to achieve stable profitability and growth by continuing to receive at least one to two new construction orders per year.

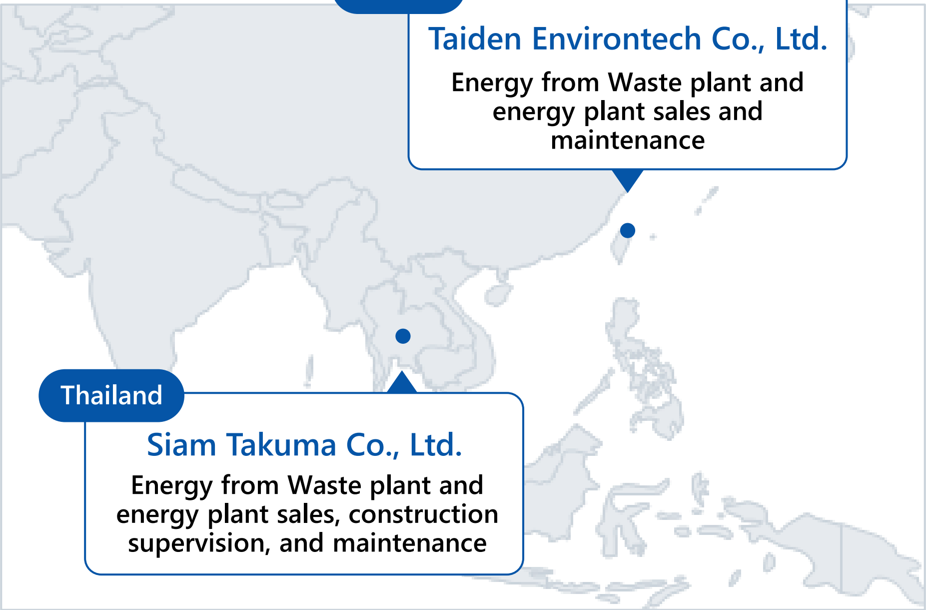
Deliveries (cumulative)

Thailand		Taiwan, China, South Korea, England
Energy plants	Of these, biomass plants	Waste treatment plants
160	120	16

Main project in Recent Years

	Year		Delivered to	Description	Scale	Scheduled Completion
Energy from Waste plant	FYE 3/2022	Q3	TA-HO LU-TSAO ENVIRONMENT CO., LTD. (Taiwan)	Stoker upgrade	900 t/day	11/2024
Waste treatment plant	FYE 3/2023	Q4	Company A (Vietnam)	New construction	427 t/day	09/2025
Energy plant	FYE 3/2023	Q4	Company B (Thailand)	New construction	-	03/2025

Local subsidiaries (2 companies)



Taiwan
Taiden Environtech Co., Ltd.
Energy from Waste plant and energy plant sales and maintenance

Thailand
Siam Takuma Co., Ltd.
Energy from Waste plant and energy plant sales, construction supervision, and maintenance

Package Boiler Business

Orders received

Q1 FY2026 Results

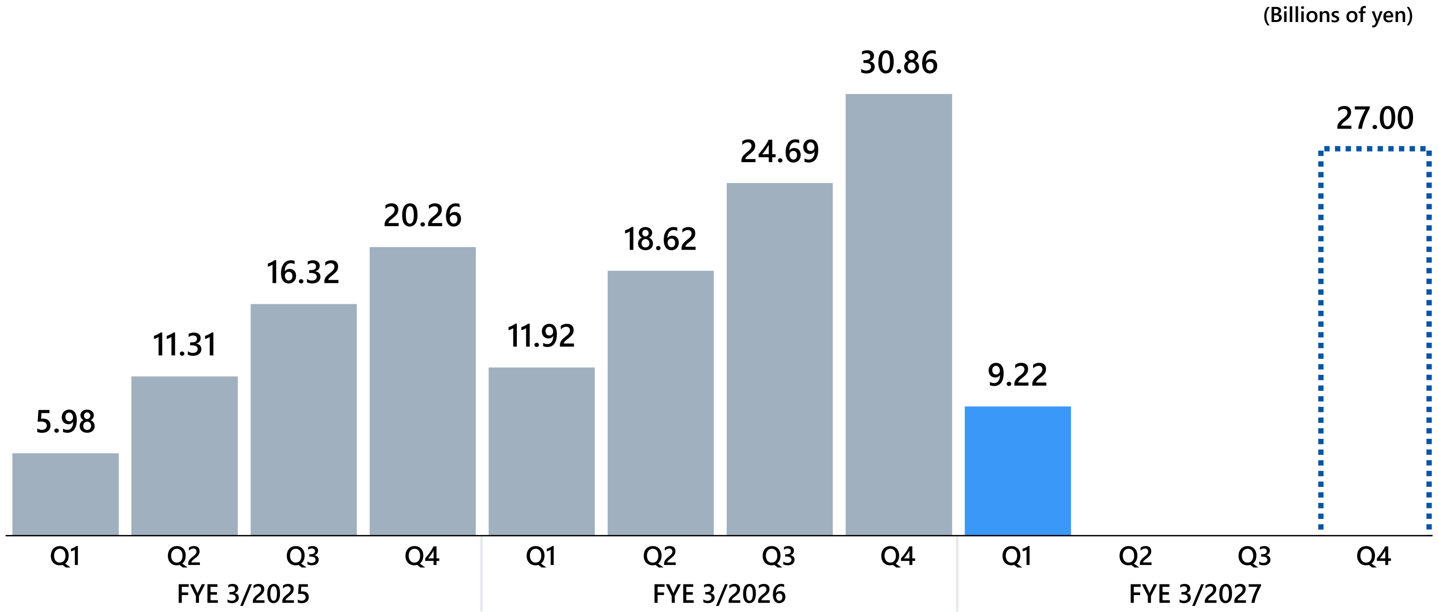
YoY
(¥2.70 billion) (22.7%)

- ✓ Decreased due to the absence of orders recognized from order backlog at the beginning of the period of IHI Packaged Boiler Co., Ltd. following the consolidation of the company as a consolidated subsidiary in the same period of the previous fiscal year (approximately 3.4 billion yen).

FY2026 Forecast

YoY
(¥3.86 billion) (12.5%)

- ✓ A decrease is expected for the reasons described above.



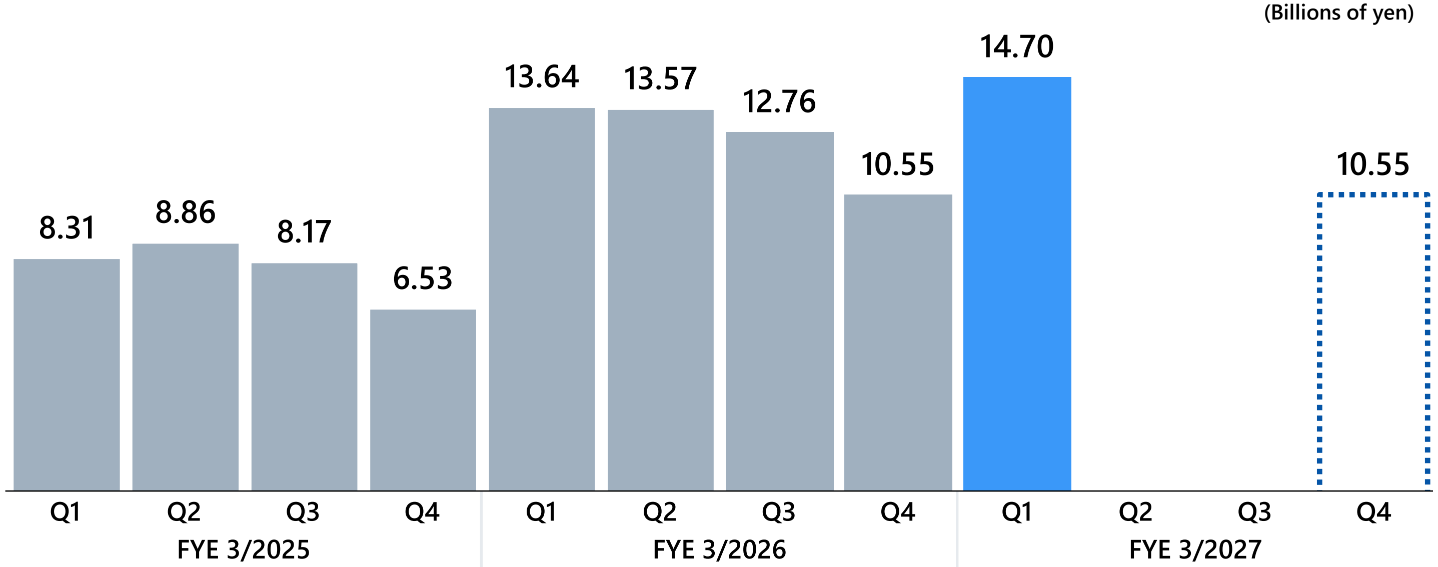
Order backlog

Q1 FY2026 Results

YoY
+ ¥1.05 billion + 7. 7%

FY2026 Forecast

YoY
0.00 billion 0.0%



Package Boiler Business

Net sales

Q1 FY2026 Results

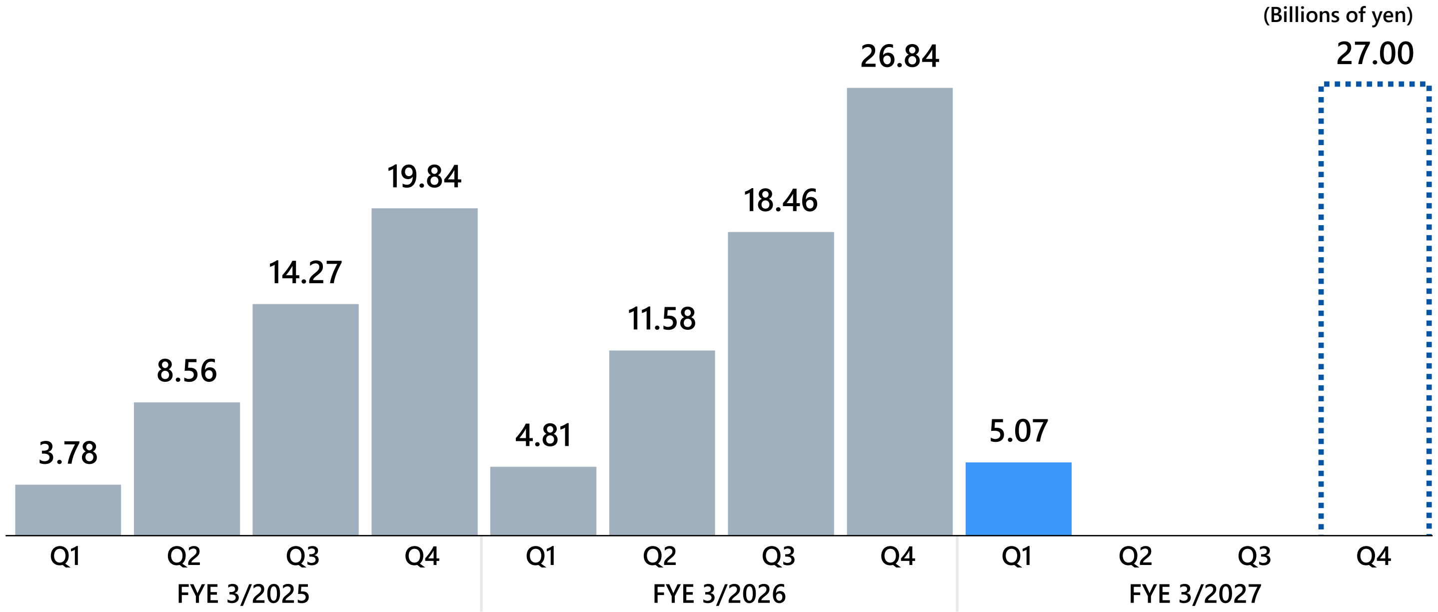
YoY
+ ¥0.26 billion + 5.5%

✓ Increased due to progress in previously ordered projects.

FY2026 Forecast

YoY
+ ¥0.15 billion + 0.6%

✓ Similar to the previous period.



Operating profit

Q1 FY2026 Results

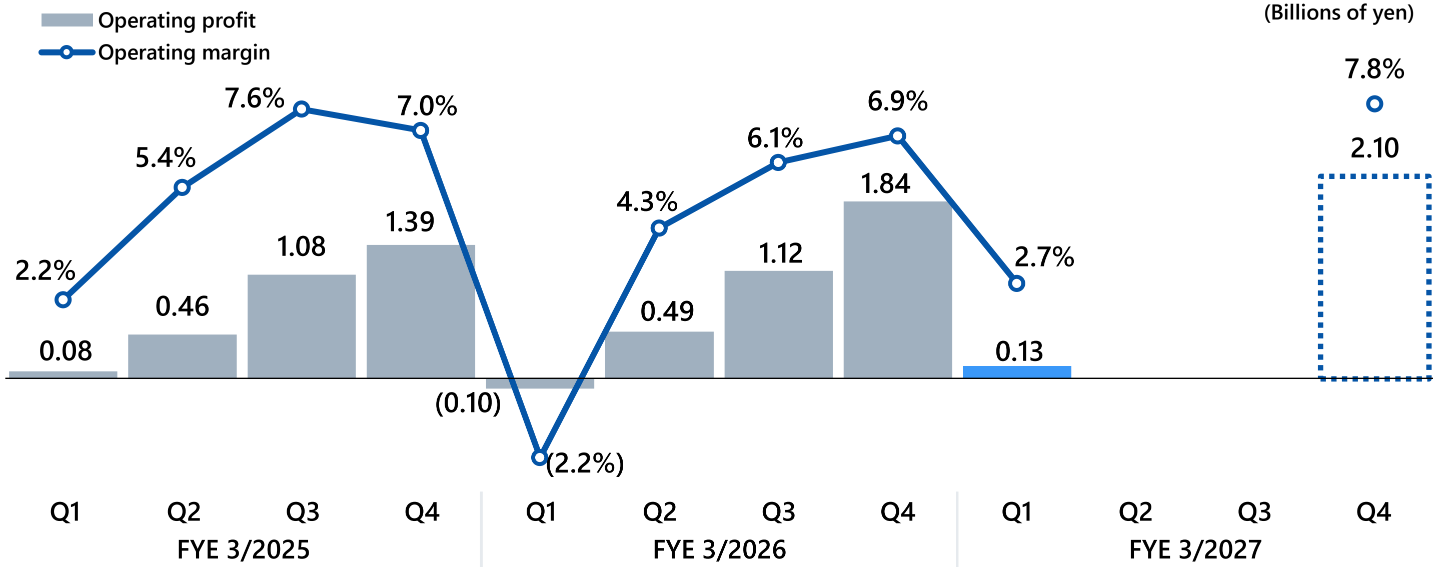
YoY
+ ¥0.24 billion -%

✓ Improved from an operating loss in the same period of the previous fiscal year due to higher net sales.

FY2026 Forecast

YoY
+ ¥0.25 billion + 13.9%

✓ Expected to increase due to an elimination of integration costs with IHI Packaged Boiler Co., Ltd. (approx. 0.25 billion)



Package Boiler Business

Business Environment

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

Market Environment	Domestic market has matured, but we expect a certain level of demand for renewal and other work to continue for the time being. In addition to new heating businesses (hydrogen, biomass, electric heat sources, decarbonized products, etc.), Takuma group aims to expand the scale of orders by expanding its overseas business in Southeast Asia, particularly in Thailand.
Future policy	IHI Packaged Boiler Co., Ltd. became a consolidated subsidiary of Takuma Co., Ltd. on April 1, 2025. In addition, Nippon Thermoener Co., Ltd. and IHI Packaged Boiler Co., Ltd. merged on April 1, 2026. By combining the product lineups and technological capabilities of both companies, which have high shares in the domestic general-purpose boiler market, Takuma group will establish a supply system for products and services with higher added value.

Group Company Overview

Group company

NTEC Nippon Thermoener Co., Ltd.

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

Main products

Once-through boilers

Vacuum-type water heaters

Hybrid hot water supply systems

Hydrogen-fired vacuum-type water heaters

CO_2 capturing compact once-through boilers

Merged IHI Packaged Boiler with Nippon Thermoener

Business environment and future plans

✓ To maximize the benefits of integration as quickly as possible, the group will promote the integration of company-wide organizational, human, and business resources to strengthen our market competitiveness.

✓ In addition to new heating businesses (hydrogen, biomass, electric heat sources, decarbonized products, etc.), the group aims to expand the scale of orders by expanding its overseas business in Southeast Asia, particularly in Thailand.

(JPY millions)	FYE 3/2025	FYE 3/2026		FYE 3/2027 Target	
Orders received	20,266	Became a consolidated subsidiary	30,865	Aiming to realize synergistic effects through the merger	27,000
Net sales	19,845		26,846		27,000
Operating profit	1,394		1,844		2,100

Equipment and Systems Business

TAKUMA

Orders received

Q1 FY2026 Results

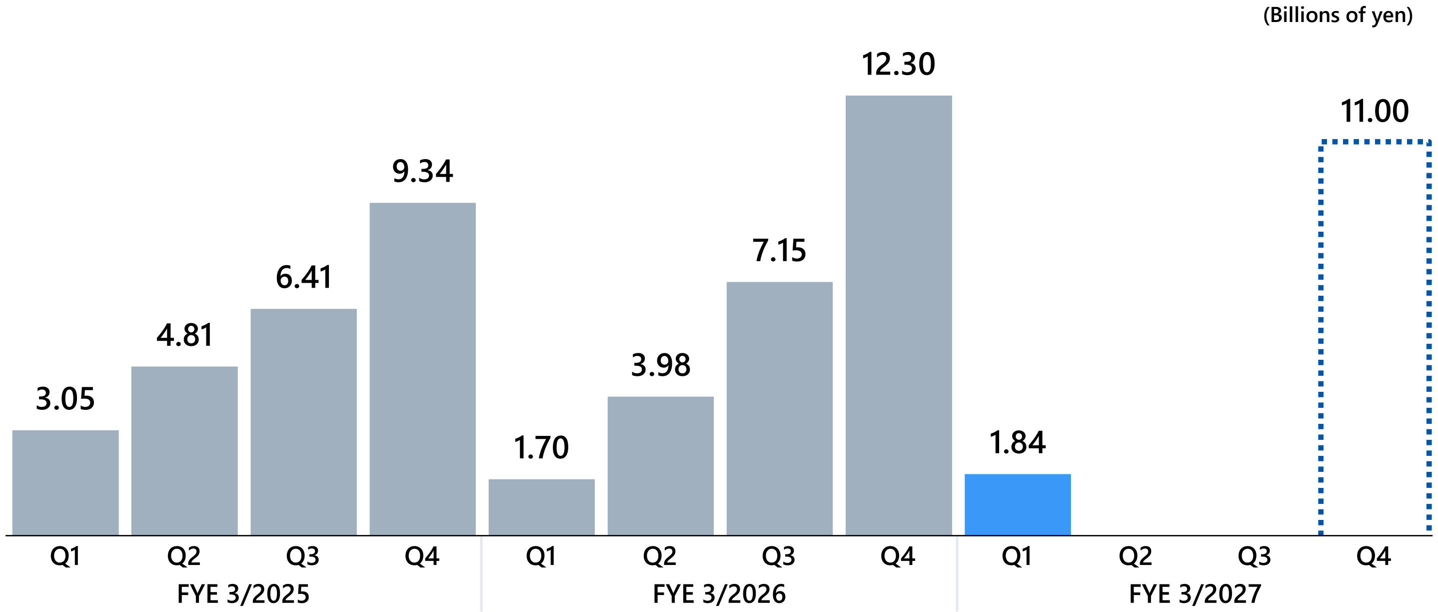
YoY
+ ¥0.13 billion + 8.1%

✓ Increased due to orders in the building equipment business.

FY2026 Forecast

YoY
(¥1.30 billion) (10.6%)

✓ Expected to decrease due to a fall in the building equipment business.



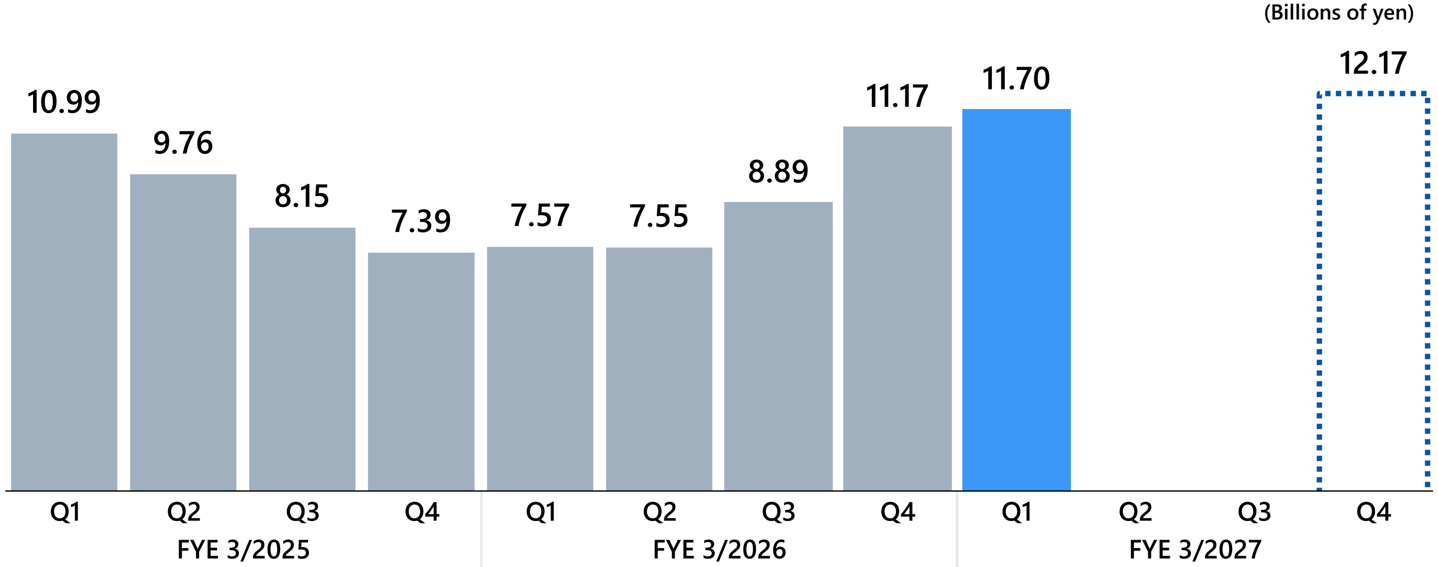
Order backlog

Q1 FY2026 Results

YoY
+ ¥4.12 billion + 54.5%

FY2026 Forecast

YoY
+ ¥1.00 billion + 9.0%



Equipment and Systems Business

Net sales

Q1 FY2026 Results

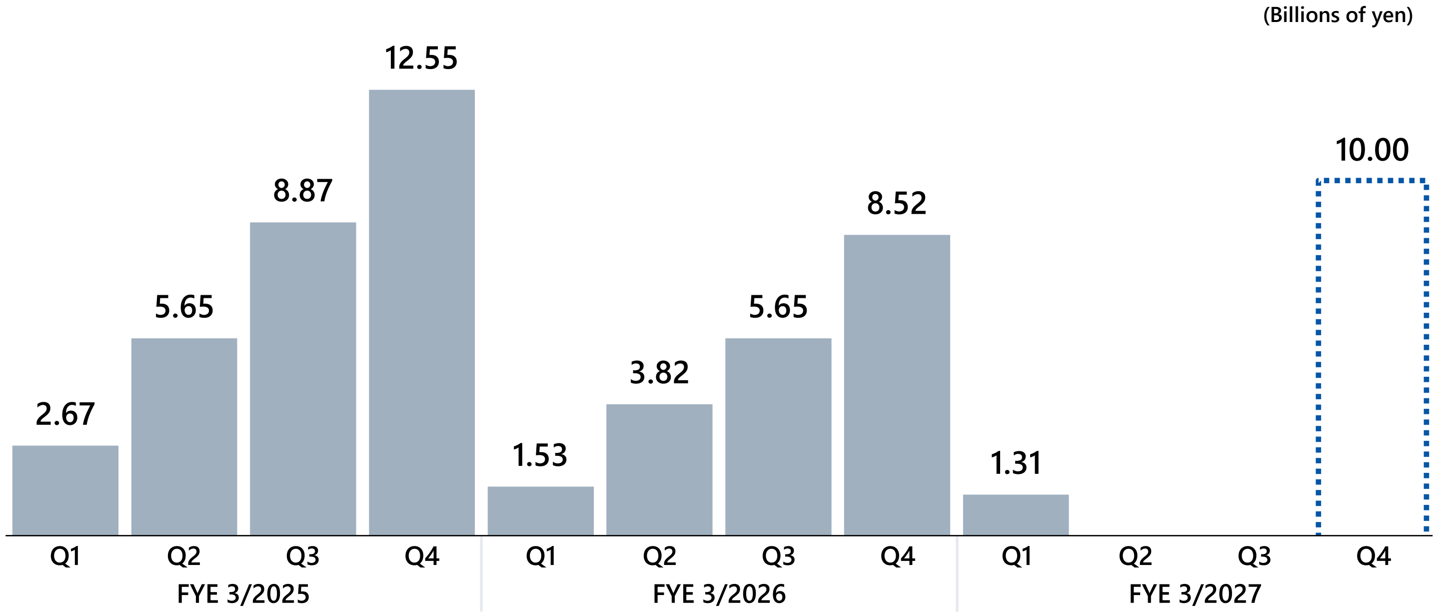
YoY
(¥0.21 billion) (13.9%)

✓ Decreased due to a fall in the building equipment business.

FY2026 Forecast

YoY
+ ¥1.47 billion + 17.3%

✓ Expected to increase due to progress of previously ordered projects mainly in the building equipment business.



Operating profit

Q1 FY2026 Results

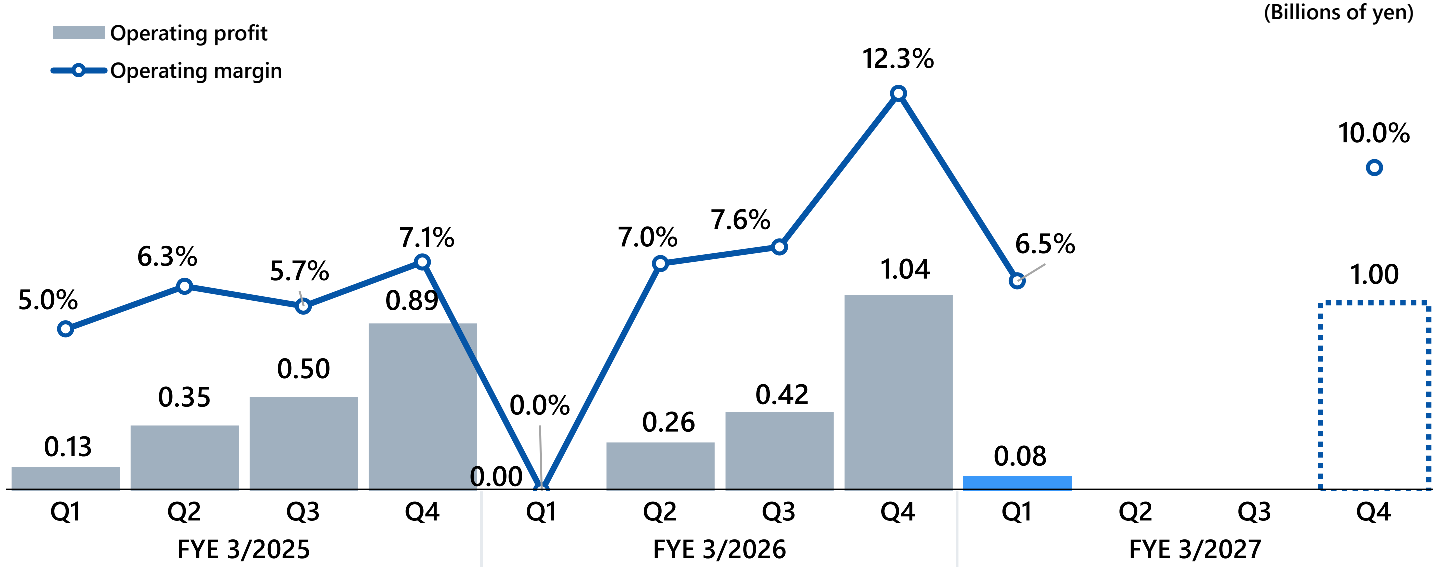
YoY
+ ¥0.08 billion + 30221.9%

✓ Increased due to changes in the project mix.

FY2026 Forecast

YoY
(¥0.04 billion) (4.6%)

✓ Expected to decrease slightly mainly due to an increase in fixed costs.



Equipment and Systems Business

Building equipment business

- ✓ Strong demand is expected to continue due to urban redevelopment and new construction and renewal of medical and welfare facilities.
- ✓ The Company will continue to further strengthen its sales and construction capabilities by securing and training human resources, thereby maintaining and expanding the scale.

Group company

Sun Plant Co., Ltd.

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

Main equipment

Air conditioning equipment

Plumbing

Fire protection equipment

Semiconductor industrial equipment business

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

Group company

Dan-Takuma

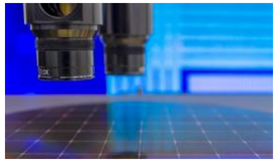
Sale of and after-sale services for various semiconductor industrial systems

Main products

Chemical filters

AMC environmental concentration analyzers

Cleaning equipment



Magnetic shield chamber related equipment

Appendix
- Company Outline
- Business Model

Company Outline

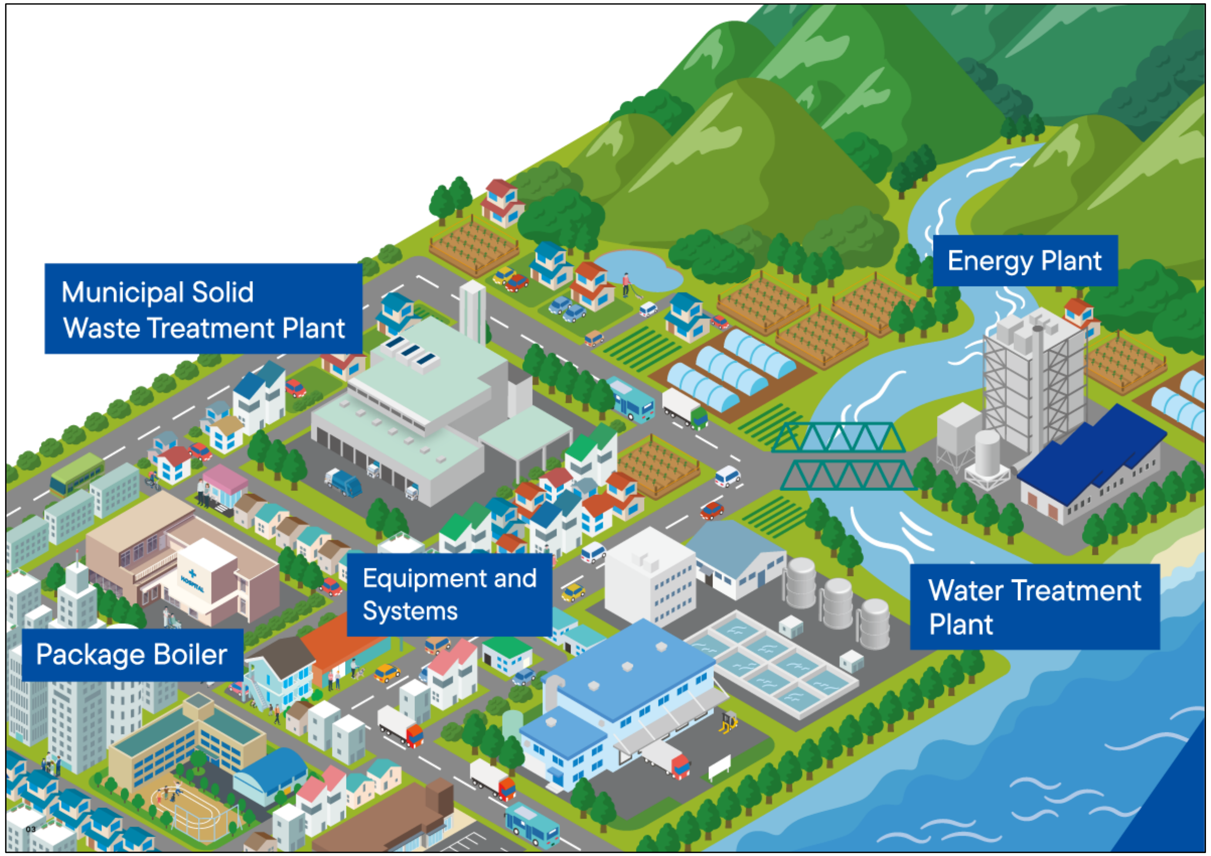
TAKUMA

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

Company Outline

Name	Takuma Co., Ltd.
Established	June 10, 1938
Representative Director	Kunio Hamada, President and CEO
Head Office	2-2-33 Kinrakuji-cho, Amagasaki, Hyogo 660-0806, Japan
Capital	¥ 13.3 billion
Stock Listing	Tokyo Stock Exchange Prime Market (code: 6013)
Number of Employees as of March 2026	4,504 (consolidated) 1,117 (non-consolidated)
Business Results FYE 3/2026, consolidated	Net sales: ¥165.6 billion Operating profit: ¥15.4 billion

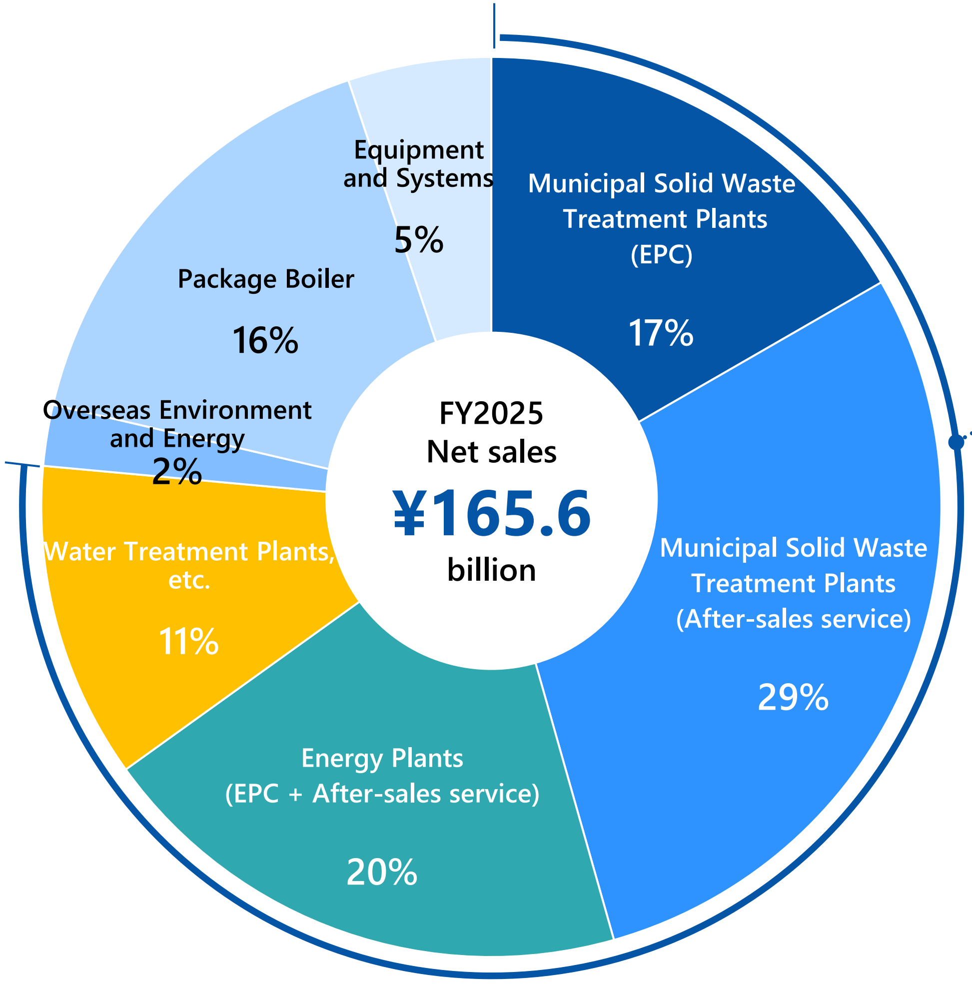
Our Business Fields



Company Outline

Business Segment

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



Business Segment	Key Businesses	
Domestic Environment and Energy 77%	**Municipal Solid Waste Treatment Plants (EPC)** Municipal solid waste treatment plant EPC (engineering, procurement, and construction) for municipalities	
	Municipal Solid Waste Treatment Plants (After-sales service) Plant operation management, maintenance and improvement	
	Energy Plants Biomass power plant, large boiler and industrial waste treatment plant EPC and after-sales service for private enterprises	
	Water Treatment Plants, etc. Sewage treatment facility EPC and after-sales service for municipalities, as well as power retail business, etc.	
Overseas Environment and Energy	Energy from Waste plant and Energy plant EPC and after-sale service primarily in Thailand and Taiwan, where Takuma has local subsidiaries	
Package Boiler	Manufacture and sale of and after-sale service related to heat source equipment such as general-purpose boilers and vacuum-type water heaters	
Equipment and Systems	Sale of and after-sales service related to building equipment (air conditioning, water supply and drainage work, etc.) and products for the semiconductor manufacturing industry	

Company Outline

History

TAKUMA

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

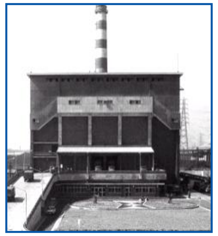
History

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

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

1972
Renamed TAKUMA CO., LTD.

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



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

Business domain

- Energy
  - Energy Plants (Domestic Environment and Energy Business)
- Environment
  - Municipal Solid Waste Treatment Plants (Domestic Environment and Energy Business)
  - Water Treatment Plants (Domestic Environment and Energy Business)

Achievements as of march 2026

Municipal solid waste treatment plant
Over 370 plants, Worldwide

Recycling plant
Over 90 plants, Japan

Biomass power plant
Over 650 plants, Worldwide

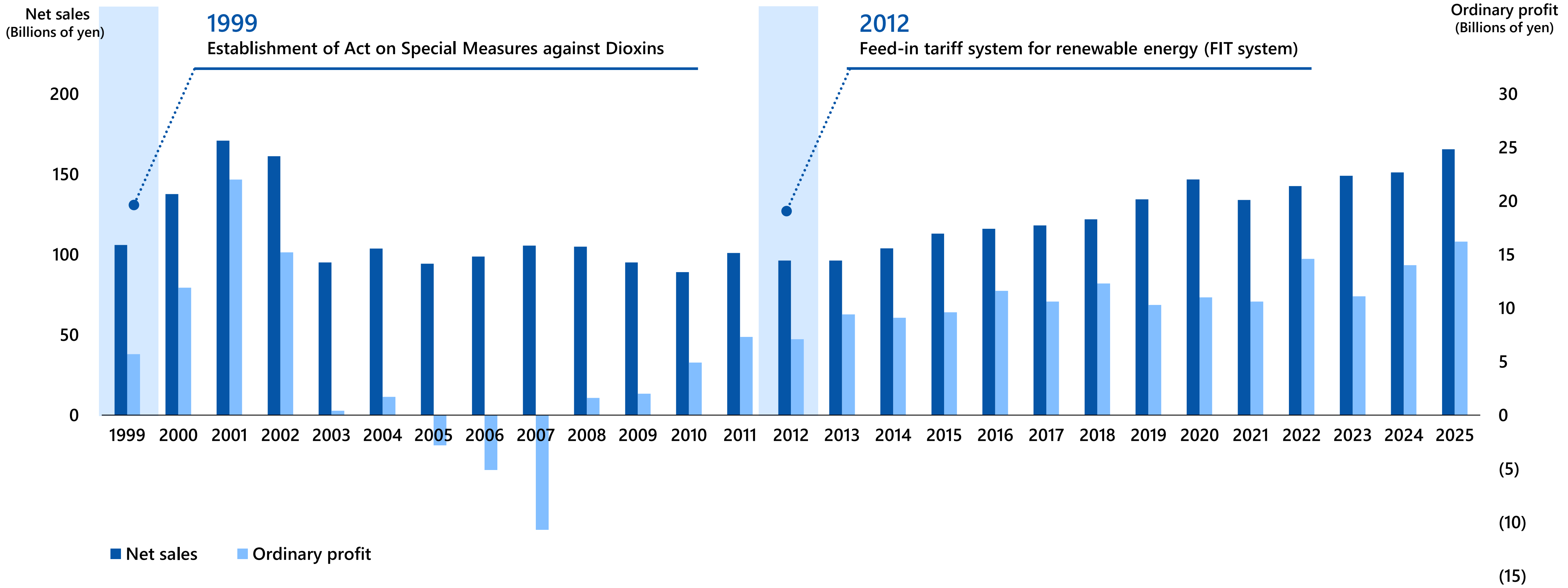
Industrial waste treatment plant
Over 120 plants, Worldwide

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

Upflow moving-bed sand filtration system
Over 3,000 units, Japan

TAKUMA

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



Business Model

Domestic Environment and Energy Business

Plant Completion

Approx. 2-5 years | Approx. 20-30 years

EPC → **After-sales service (O&M)** — Recurring revenue model businesses

EPC

Plant design, manufacturing, procurement, and construction

After-sales service (O&M)

Number of operational waste incineration facilities

Over 100

● Facilities in operation as of the end of March 2025

Plant Operation Management and Maintenance (O&M)

Business Model

Domestic Environment and Energy Business
EPC and after-sales service details

TAKUMA

EPC
Approx. 2-5 years

After-sales service
Approx. 20-30 years

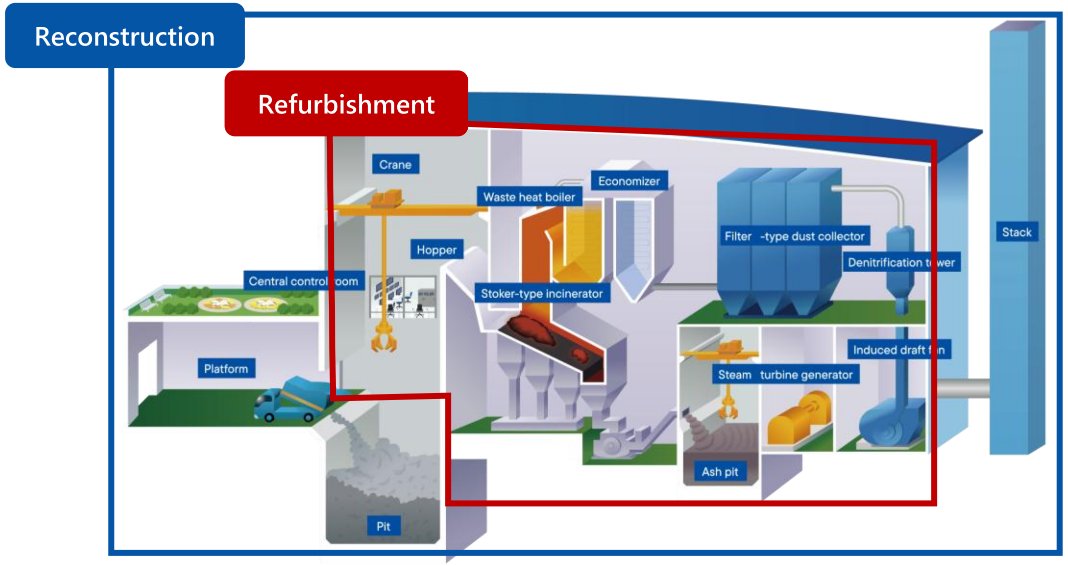
Reconstruction

New construction on vacant land: Construct both a waste incineration plant and an enclosing building for the plant.

Refurbishment

Refurbishment of an operational facility: Main equipment of the plant is replaced or modified, in contrast the building is continued to use.

Differences in order scope



Flowchart of a waste incineration facility

Operation and Maintenance

Inspection, operation, monitoring, and simple repairs/replacements

Directly operation

Operating directly by the local government

Operation contract

Operating outsourced for one to multiple years

Maintenance work

Technical support from plant manufacturers, emergency/scheduled inspections, repairs, replacements, and maintenance

O&M contract

- Outsourcing both Operation and Maintenance and Maintenance work
- Contract terms range from 10 to 20 years
- Increasing trend due to DBO contracts, which comprise order for both EPC and O&M

Business Model

Domestic Environment and Energy Business
Sales Recognition Method for EPC Projects

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

Illustration: Sales Progress of Project Orders

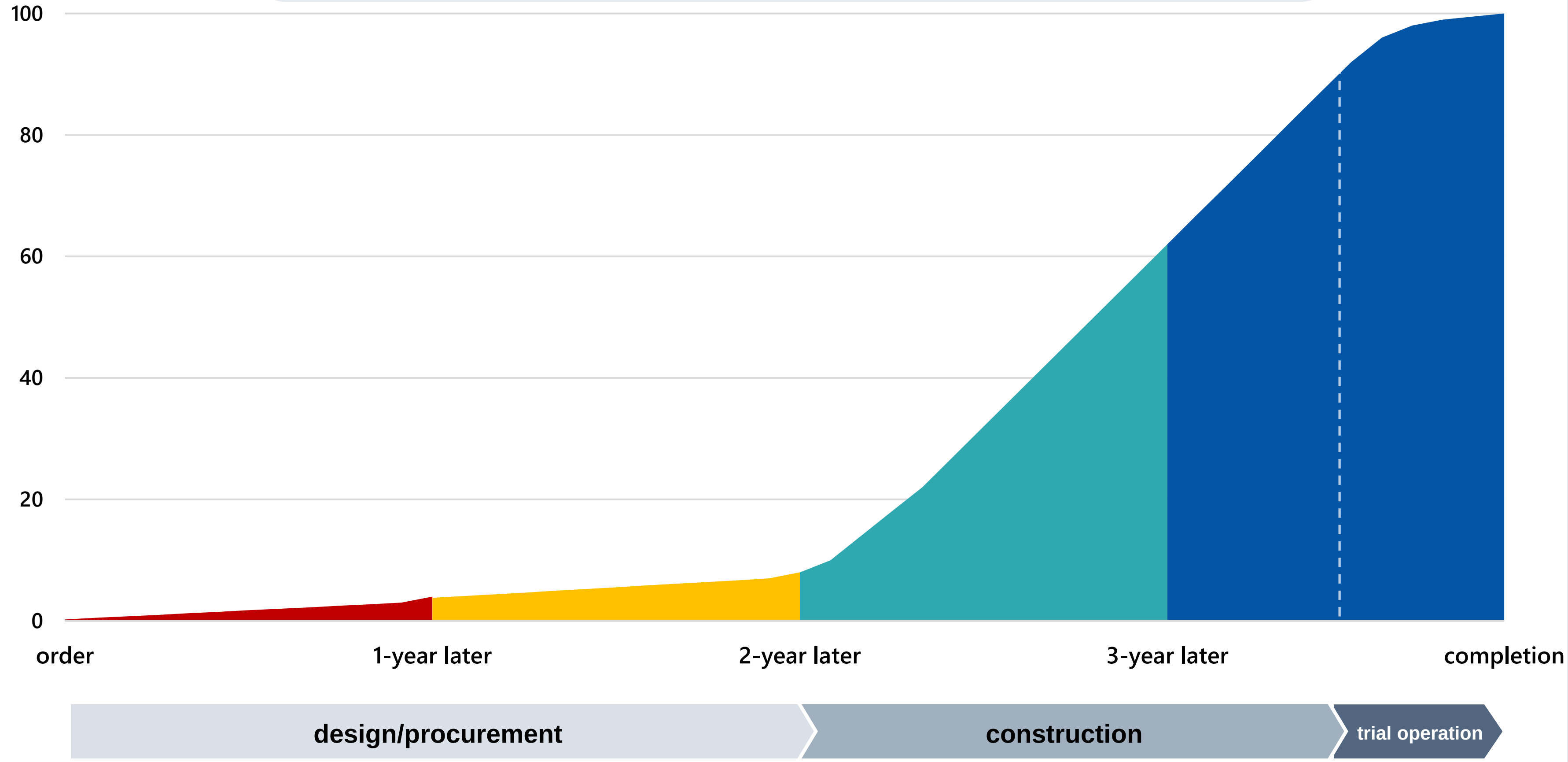
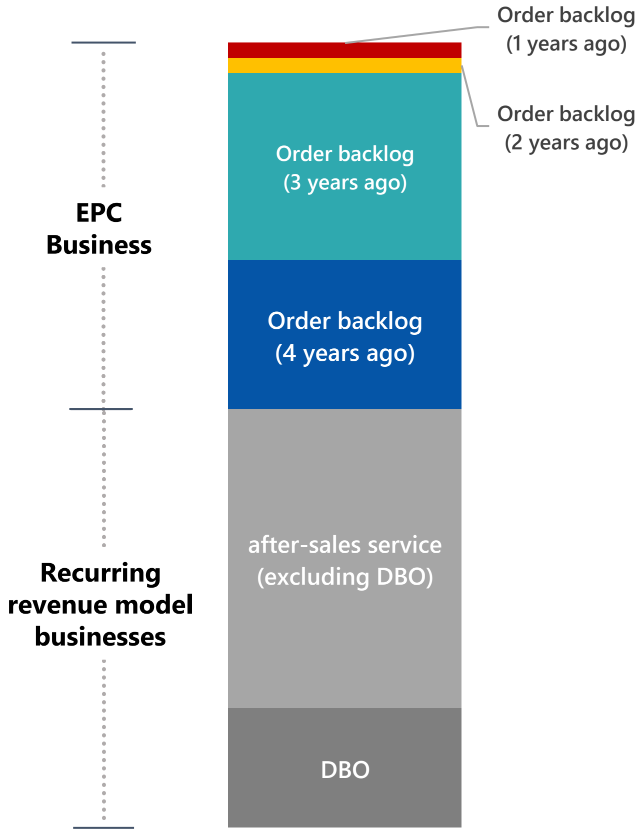


Illustration: Sales Composition of Domestic Environment and Energy Business



Domestic Environment and Energy Business
Quarterly trend in Orders received / Net sales / Operating profit

TAKUMA

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

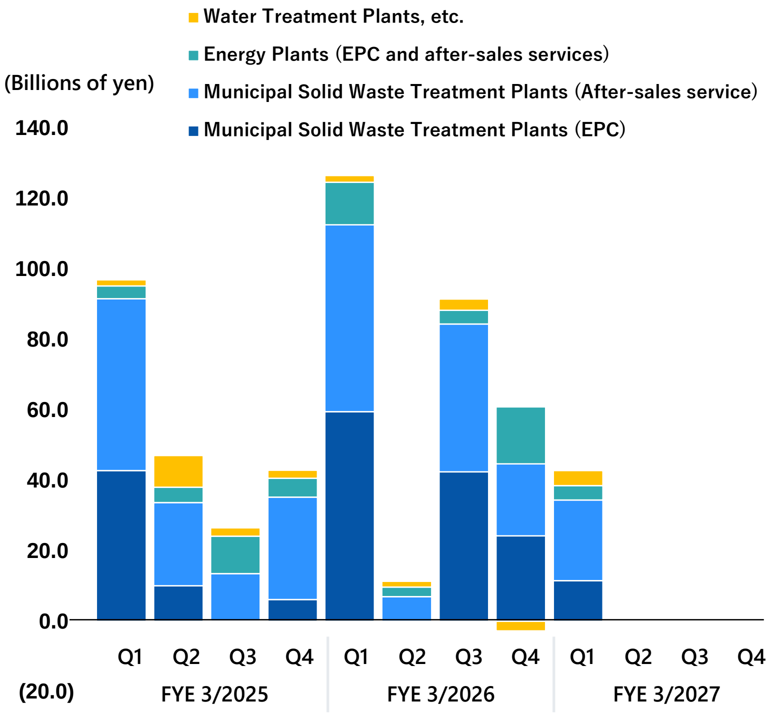
Orders received

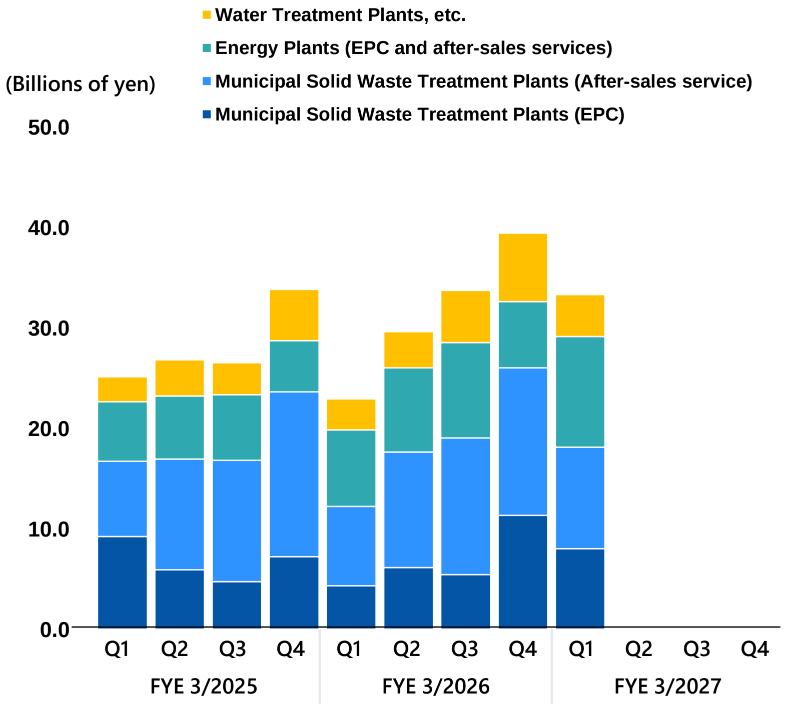
The amount of each EPC project is large, so orders received tend to vary significantly depending on the timing of the contract.

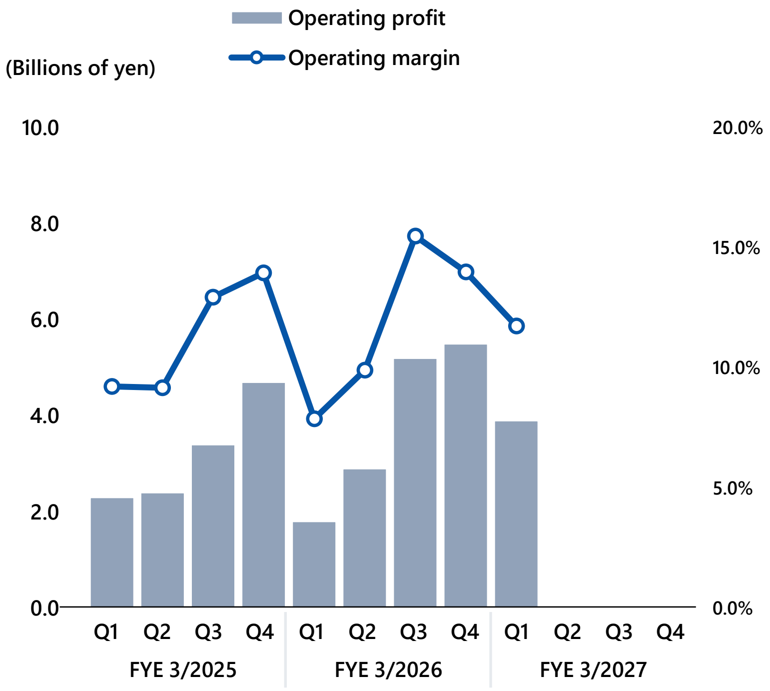
Net sales

Operating profit

Although net sales and operating profit vary depending on progress on construction of EPC projects for the period, municipal solid waste treatment plants (after-sales service) increases going into the fourth quarter, so overall net sales and operating profit also tend to increase going into Q4.







Balance Sheet (BS)

TAKUMA

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

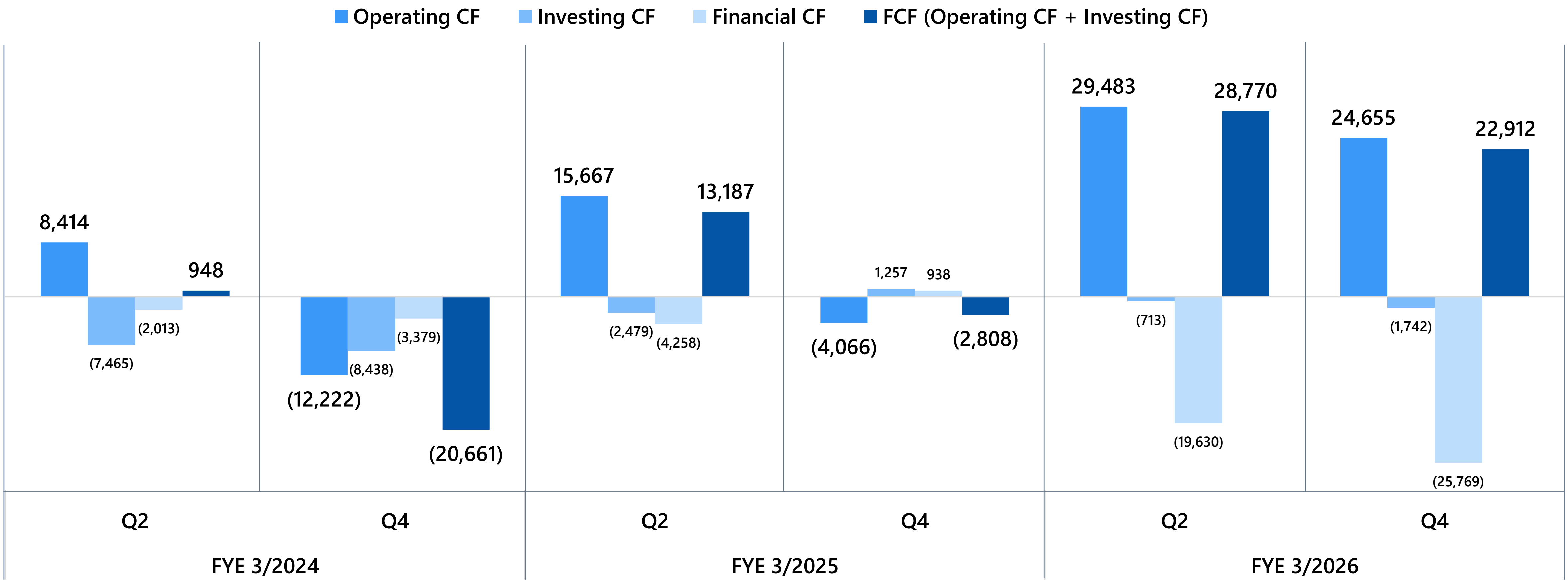
Assets (JPY millions)	FYE 3/2026 Q2	FYE 3/2026 Q3	FYE 3/2026 Q4	FYE 3/2027 Q1
Current assets	122,211	126,823	132,899	120,667
Cash and Deposits	48,698	48,511	40,325	55,591
Trade receivables	51,827	57,195	82,850	49,031
Securities	-	-	-	2,998
Inventories	15,182	17,640	7,065	9,865
Other	6,503	3,475	2,658	3,181
Non-current assets	57,264	58,687	57,576	59,412
Property, Plant and Equipment	18,519	18,256	18,748	18,944
Non-current assets	1,482	1,415	1,396	2,176
Investments and other assets	37,261	39,014	37,431	38,291
Total assets	179,476	185,510	190,475	180,080

Liabilities and Net Assets (JPY millions)	FYE 3/2026 Q2	FYE 3/2026 Q3	FYE 3/2026 Q4	FYE 3/2027 Q1
Current liabilities	58,224	62,952	64,674	55,941
Trade payables	32,792	39,702	28,871	24,973
Short-term borrowings	483	770	773	159
Other	24,948	22,479	35,028	30,809
Non-current liabilities	12,915	13,712	12,214	12,730
Total liabilities	71,139	76,665	76,888	68,672
Net assets	108,336	108,845	113,586	111,408
Total Liabilities and Net Assets	179,476	185,510	190,475	180,080
Capital adequacy ratio	59.9%	58.2%	59.1%	61.3%

* "Trade receivables" under Current assets includes Notes and accounts receivable - trade, and contract assets, Electronically Recorded Monetary Claims.
* "Other" under Current assets includes Allowance for Doubtful Accounts.
* "Trade payables" under Current liabilities includes Notes and Accounts Payable, Electronically Recorded Obligations.
* "Short-term borrowings" under Current liabilities includes Current portion of long-term loans payable.
* "Other" represents the total of corporate taxes payable, contract liabilities, provision for bonuses, provision for product warranties, provision for loss on construction contracts, and other items.

Statement of Cash Flows (CF)

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



Appendix
- Management Strategies

Management Policy

TAKUMA

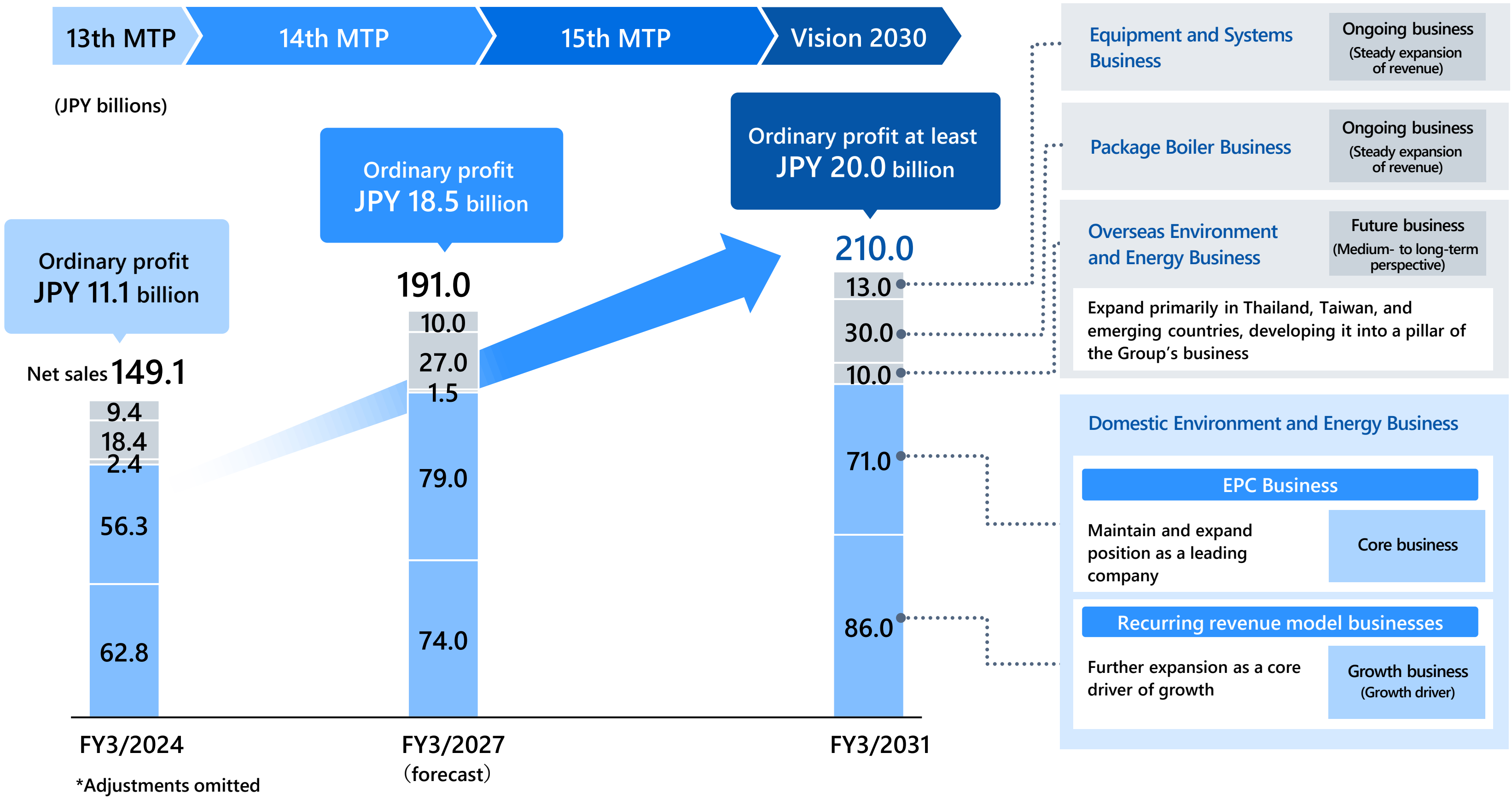
- ✓ The Group aims to contribute to solving social issues (ESG challenges) and enhance corporate value through businesses founded on its strengths, namely technological capabilities and strong trust-based relationships with customers.
- ✓ Achieve further expansion with recurring revenue model businesses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

Management Principles

Takuma will strive for social contribution, corporate value enhancement, long-term corporate development and the satisfaction of all stakeholders by providing goods and services that are needed and recognized as valuable in society.

Vision2030

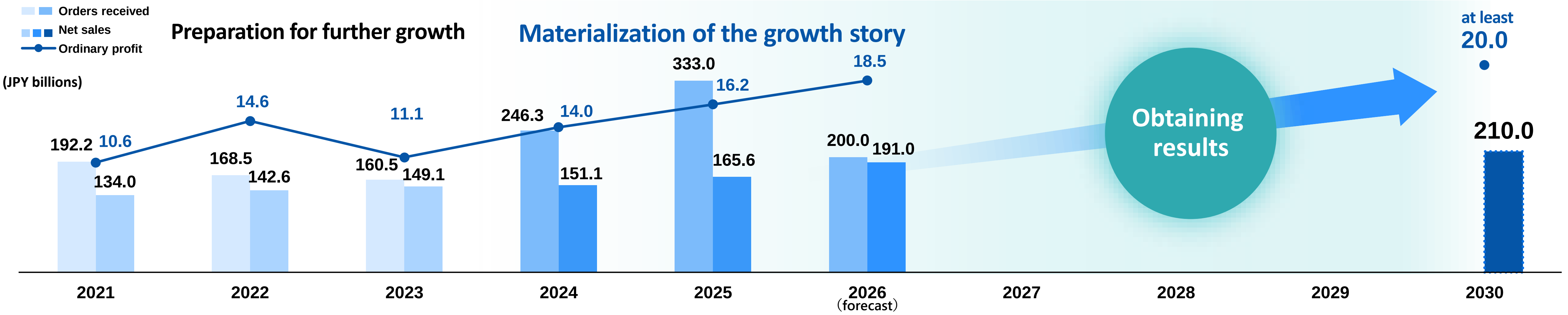
We aim to maintain our role of being an indispensable presence in society as a leading company in the field of renewable energy utilization and environmental protection and reach an ordinary profit level of JPY 20.0 billion.



TAKUMA

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

13th MTP: Planting seeds	14th MTP: Development	15th MTP: Obtainment	Vision 2030



Business Strategy

- Further strengthening of existing businesses
- Addressing future changes in the environment

Basic Policy

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

Management foundation enhancement

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

14th Medium-Term Management Plan
Financial Targets for 14th MTP (Summary)

TAKUMA

■ Main target

(JPY billions)	FY2024		FY2025			FY2026			3-year total		
	May 2024 Initial Plan	Results (Differences from the Initial Plan)	May 2024 Initial Plan	May 2025 Revised Plan (Differences from the Initial Plan)	Results (Differences from the Revised Plan)	May 2024 Initial Plan	May 2025 Revised Plan (Differences from the Initial Plan)	May 2026 Initial Forecast (Differences from the Revised Plan)	May 2024 Initial Plan	May 2025 Revised Plan (Differences from the Initial Plan)	May 2026 Initial Forecast (Differences from the Revised Plan)
Orders received	230.0	246.3 +16.3	180.0	250.0 +70.0	333.0 +83.0	190.0	210.0 +20.0	200.0 (10.0)	600.0	706.3 +106.3	779.3 +73.0
Net sales	143.0	151.1 +8.1	152.0	165.0 +13.0	165.6 +0.6	165.0	173.0 +8.0	191.0 +18.0	460.0	489.1 +29.1	507.7 +18.6
Operating profit	11.2	13.5 +2.3	11.2	14.5 +3.3	15.4 +0.9	13.2	15.5 +2.3	17.8 +2.3	35.6	43.5 +7.9	46.7 +3.2
Ordinary profit	12.0	14.0 +2.0	12.0	15.0 +3.0	16.2 +1.2	14.0	16.0 +2.0	18.5 +2.5	38.0	45.0 +7.0	48.8 +3.7
ROE	8.0%	9.5% +1.5pt	8.0%	10.5% +2.5pt	12.4% +1.9pt	9.1%	11.5% +2.4pt	13.5% +2.0pt	at least 9.0% (FY3/2027)	at least 11.5% (FY3/2027)	13.5% (FY3/2027)

Management Strategy

14th Medium-Term Management Plan
Financial Targets for 14th MTP by Segment

TAKUMA

(JPY millions)	FY2024		FY2025			FY2026			3-year total		
	May 2024 Initial Plan	Results	May 2024 Initial Plan	May 2025 Revised Plan	Results	May 2024 Initial Plan	May 2025 Revised Plan	May 2026 Initial Forecast	May 2024 Initial Plan	May 2025 Revised Plan	May 2026 Initial Forecast
Orders received											
Total	230,000	246,301	180,000	250,000	333,026	190,000	210,000	200,000	600,000	706,301	779,327
Domestic Environment and Energy	198,700	214,792	146,700	208,500	288,709	155,000	168,500	160,500	500,400	591,792	664,001
Overseas Environment and Energy	4,000	2,347	4,000	3,000	1,561	4,000	4,000	5,000	12,000	9,347	8,908
Package Boiler	18,800	20,266	19,300	29,000	30,865	20,000	27,000	27,000	58,100	76,266	78,132
Equipment and Systems	9,000	9,343	10,500	10,000	12,300	11,500	11,000	11,000	31,000	30,343	32,643
Net sales											
Total	143,000	151,161	152,000	165,000	165,620	165,000	173,000	191,000	460,000	489,161	507,781
Domestic Environment and Energy	109,400	113,650	118,900	126,500	126,935	130,000	133,500	153,000	358,300	373,650	393,585
Overseas Environment and Energy	5,000	5,546	4,000	3,000	3,635	4,000	2,000	1,500	13,000	10,546	10,681
Package Boiler	18,600	19,845	19,100	26,000	26,846	19,700	27,000	27,000	57,400	72,845	73,692
Equipment and Systems	10,500	12,557	10,500	10,000	8,524	11,800	11,000	10,000	32,800	33,557	31,081
Operating profit											
Total	11,200	13,532	11,200	14,500	15,409	13,200	15,500	17,800	35,600	43,532	46,742
Domestic Environment and Energy	12,300	13,081	12,600	15,400	15,624	14,400	16,000	18,600	39,300	44,481	47,305
Overseas Environment and Energy	300	1,069	0	100	102	0	0	(100)	300	1,169	1,072
Package Boiler	1,000	1,394	1,050	1,400	1,844	1,100	1,800	2,100	3,150	4,594	5,338
Equipment and Systems	700	890	700	700	1,048	900	900	1,000	2,300	2,490	2,938

*Adjustments omitted

Business Environment

Summary

✓ Takuma expects the market environment for its business to be generally favorable and strong.

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

Securing and development of human resources

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

HR Initiatives

1. Securing a diverse workforce that matches the business strategy

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

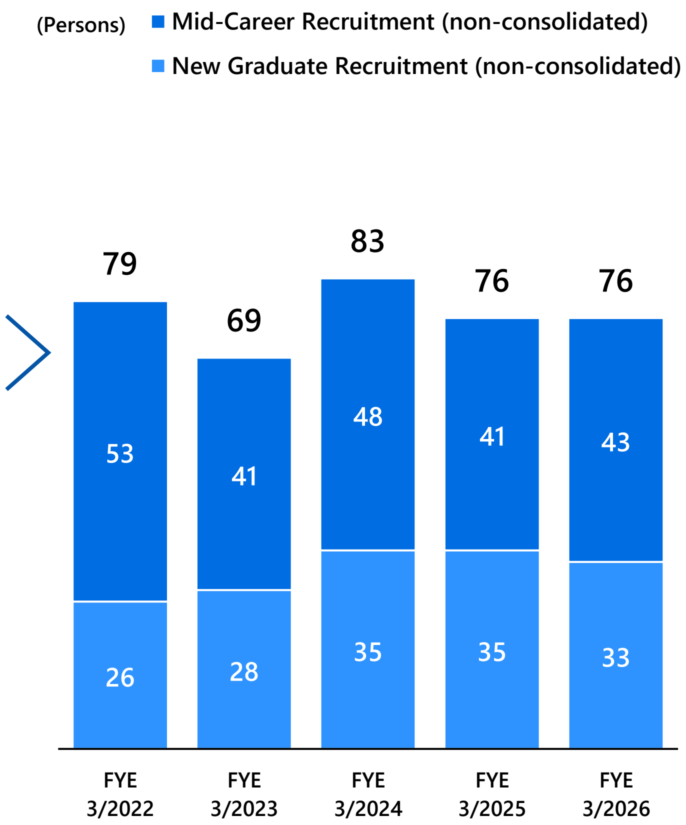
2. Strengthening the foundation for human resource development

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

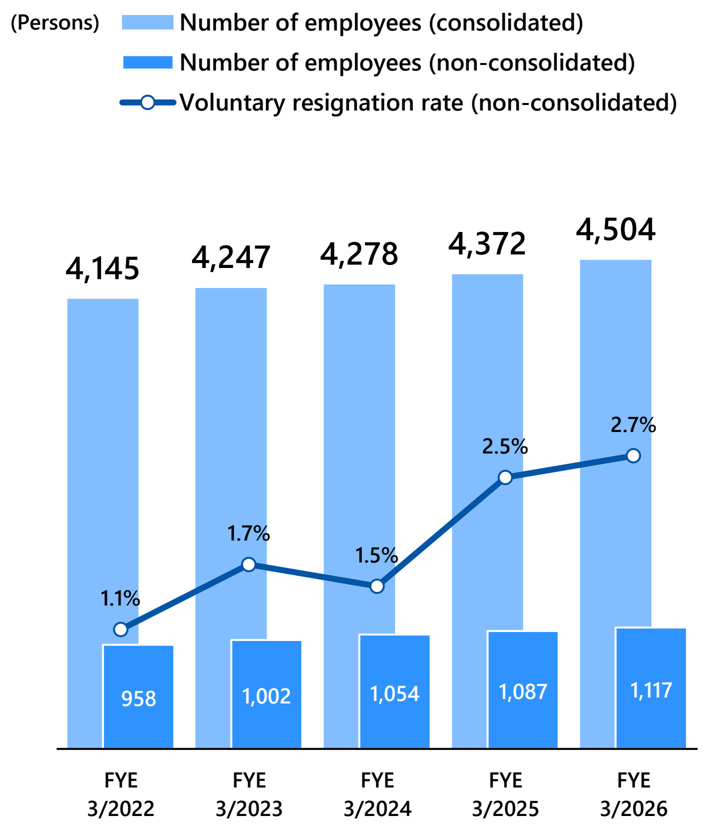
3. Further improvement of job satisfaction and work environment

- ✓ Wage increases (over 5% in FY2024, over 7% in FY2025, over 6% in FY2026)
- ✓ Career development support through individual interviews between young employees and the HR Department
- ✓ One-on-one meetings, improvement of office environments, etc.

Changes in numbers of hires



Changes in numbers of employees

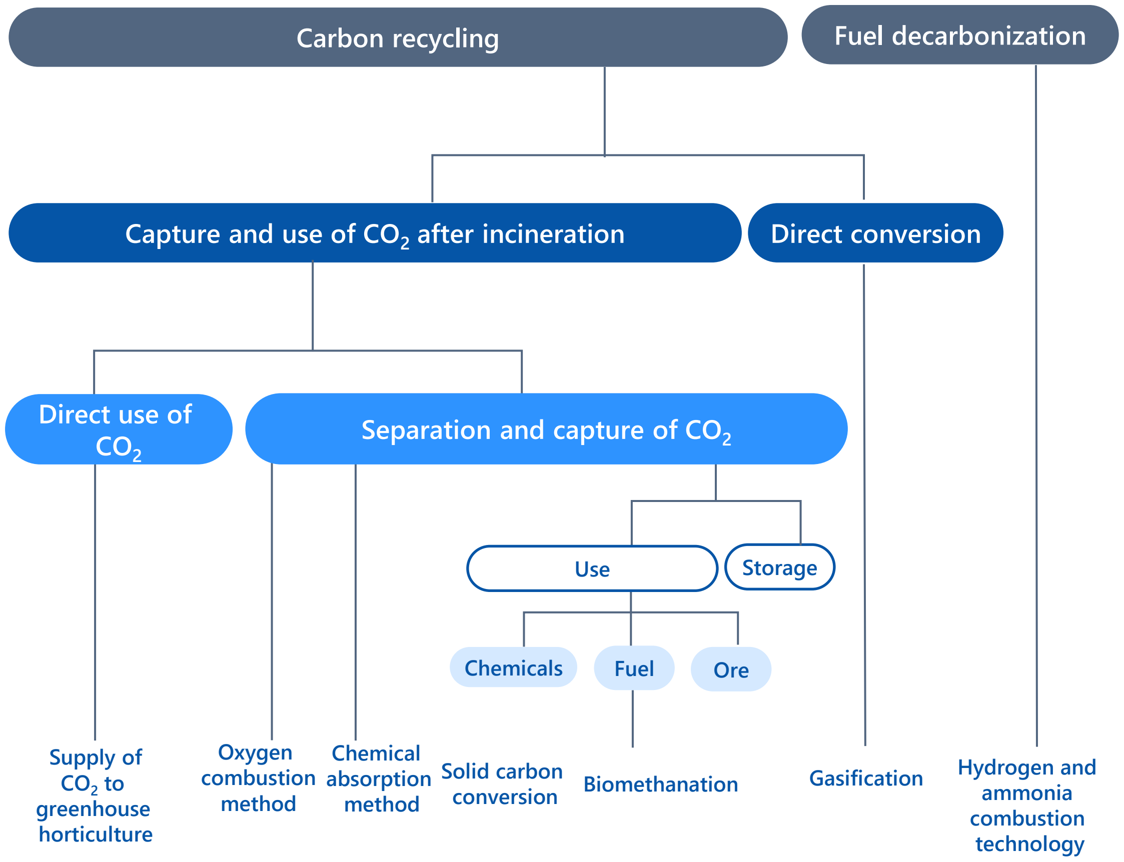


Research and Development

TAKUMA

- ✓ Demand for decarbonization technologies at waste treatment facilities is expected to emerge toward achieving carbon neutrality by 2050.
- ✓ Takuma will strengthen its research and development efforts, focusing on CCUS and carbon recycling technologies, and work toward technological development and commercialization.

R&D roadmap for decarbonization technologies



Examples of technology and R&D initiatives

Energy-efficient CO_2 capture and separation system

- A system is currently under development to separate and capture CO_2 from flue gas using a proprietary chemical absorption method based on a non-aqueous absorbent, enabling energy-efficient recovery.
- A demonstration unit with a daily CO_2 capture capacity of six tons is being developed, featuring energy-saving and space-saving design. Starting in FY2027, performance evaluations will begin at the Senboku Clean Center in collaboration with the Association for environmental improvement facilities in the Senboku and the Universal Energy Research Institute, Inc.

Solid carbonization

- In collaboration with Smart City Planning Co., Ltd. and Tokai Carbon Co., Ltd., Takuma is working to develop technology that separates and captures CO_2 to produce solid carbon, which is then commercialized as conductive carbon materials.

Agricultural use of CO_2 from flue gas purification

- In collaboration with Aeon Agri Creation Co., Ltd., Takuma conducted a demonstration test at the Machida City Bioenergy Center (Machida City, Tokyo) to utilize CO_2 from combustion gases generated at a waste treatment facility for strawberry cultivation. The test demonstrated benefits such as increased yields and reduced costs.

M&A

✓ Mainly in the Domestic Environment and Energy Business, Takuma is proactively gathering information on M&A opportunities that contribute to strengthening its capabilities, including human resources, and expanding its business domains.

Priority field

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

Major M&A Deals in Recent Years

Segment	Announcement Year	Date of Share Transfer	Subsidiary/Sub-subsidiary Subject to Transfer	Business Description	Company Acquiring Shares
Domestic Environment and Energy	FYE 3/2021	April 30, 2020	TECHNO LINKS Inc.	Design, manufacture, and sale of environmental recycling equipment, as well as maintenance and inspection	Takuma Co., Ltd.
Package Boiler	FYE 3/2025	September 30, 2024	Daiichi Sanki Sanki Engineering	Manufacture, sale, and maintenance of biomass boilers and related equipment	Nippon Thermoener Co., Ltd.
Package Boiler	FYE 3/2025	April 1, 2025	IHI Packaged Boiler Co., Ltd.	Design, manufacturing, sales, installation, operation, and maintenance of small- and medium-sized boilers and related equipment	Takuma Co., Ltd.
Domestic Environment and Energy	FYE 3/2026	April 1, 2026	Kan-ei Maintenance Corporation	Operation and maintenance of municipal solid waste treatment plants and similar facilities	Takuma Technos Co., Ltd.

Capital Policy

TAKUMA

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

1 Establishment of ROE targets mindful of cost of capital

Based on the understanding that the cost of equity has been around 6% over the past 10 years, but is currently on an upward trend, Takuma has set its ROE target.

<u>FY3/2027 ROE</u>

while the target is at least 11.5%, it is projected to reach

at least **13.5%**

at least **11.0%** excluding the effect of gains from sale of cross-shareholdings

2 Establishment of appropriate cash allocation

Secure a working capital and business risk buffer of roughly 2-3 months' worth of sales (JPY 30-40 billion).

For cash and deposits above that level (operating CF + cash and balance in account), implement **appropriate allocation** between investment in growth and shareholder return.

3 Establishment of new shareholder return policy

Dividends

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

Share repurchase

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

4 Maintenance of solid financial foundation

to support the EPC and long-term O&M businesses

Equity ratio Maintain at the **50%** level

5 Reduce Cross-share Holdings

Ratio of cross-shareholdings to consolidated net assets

Less than **15%** by the end of FYE 3/2027

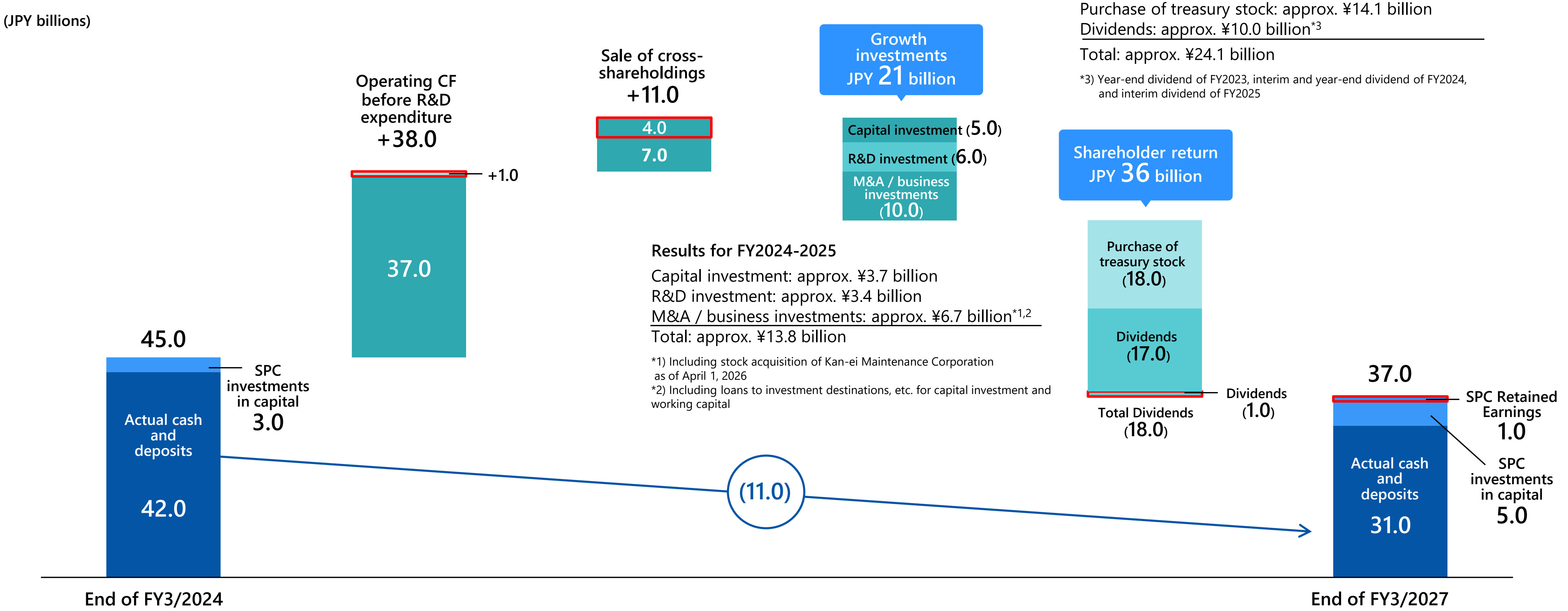
Less than **10%** by the end of FYE 3/2029

TAKUMA

Capital Policy

Cash Allocation

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



Results for FY2024-2025

Capital investment: approx. ¥3.7 billion
R&D investment: approx. ¥3.4 billion
M&A / business investments: approx. ¥6.7 billion*1,2
Total: approx. ¥13.8 billion

*1) Including stock acquisition of Kan-ei Maintenance Corporation as of April 1, 2026
*2) Including loans to investment destinations, etc. for capital investment and working capital

Results for FY2024-2025

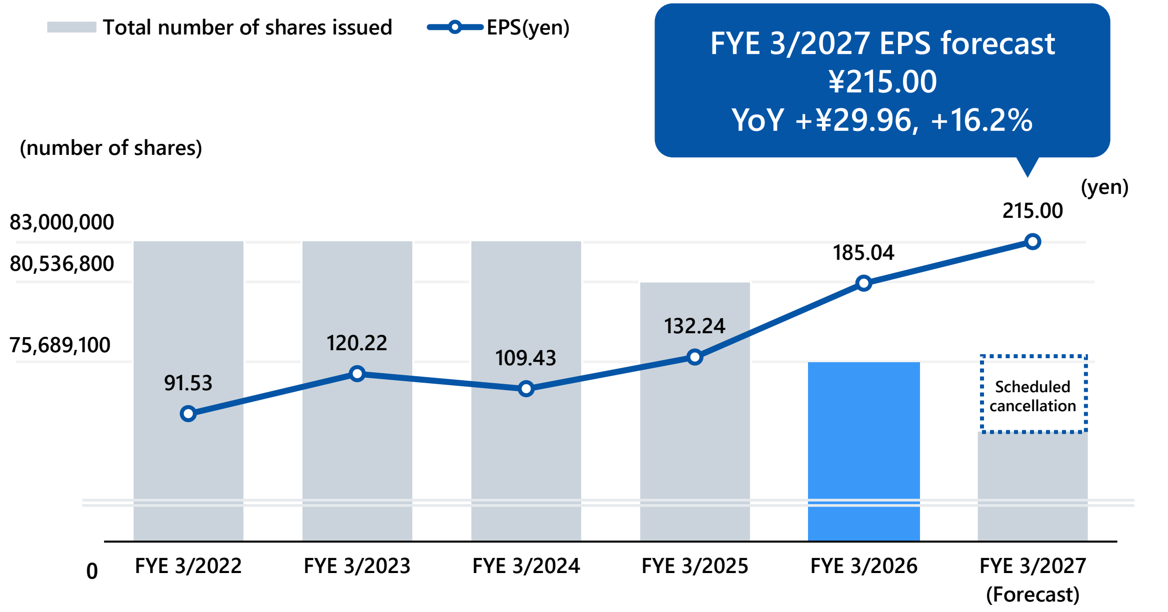
Purchase of treasury stock: approx. ¥14.1 billion
Dividends: approx. ¥10.0 billion*3
Total: approx. ¥24.1 billion

*3) Year-end dividend of FY2023, interim and year-end dividend of FY2024, and interim dividend of FY2025

✓ We plan to repurchase approximately 18 billion yen of treasury shares over the three-year period of the 14th MTP (FY2024-2026).

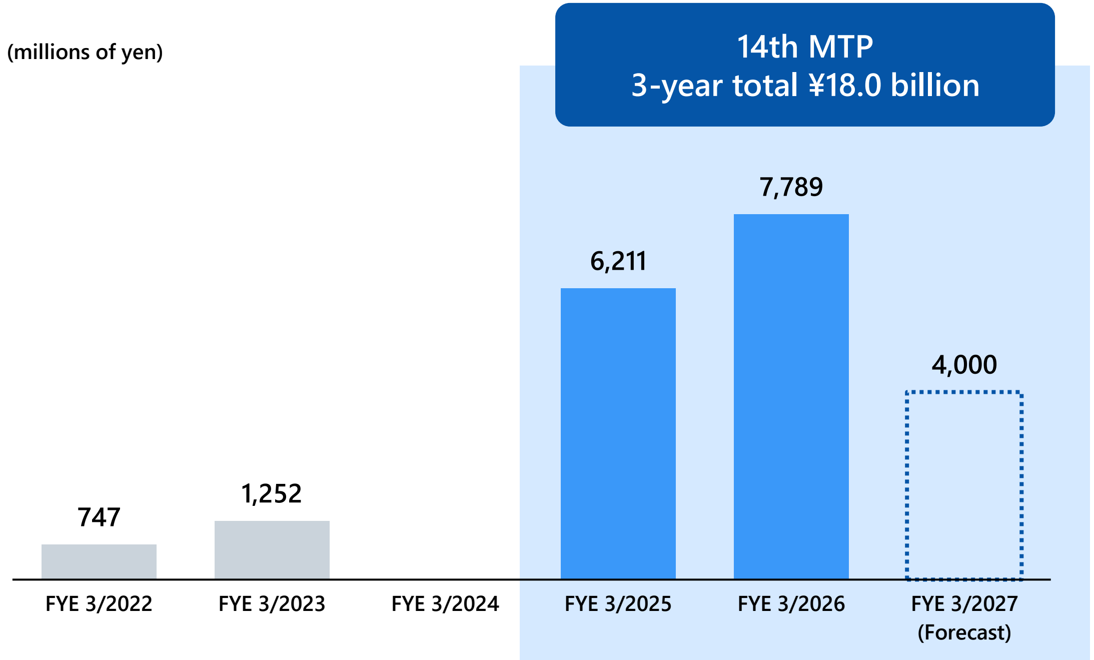
Period of repurchase	Method of repurchase	Total number of shares to be repurchased	Total amount to be paid for repurchase	Treatment of Repurchased Treasury Stock
From May 15, 2024 to January 15, 2025	Market purchase	2,463,200	about 4 billion yen	Cancelled all shares (2.97% of the total outstanding shares before cancellation)
From February 17, 2025 to February 16, 2026	Market purchase	4,847,700	about 10 billion yen	Cancelled all shares (6.02% of the total outstanding shares before cancellation)
From May 15, 2026 to September 7, 2026	Market purchase	2,000,000 (maximum)	4 billion yen (maximum)	Scheduled for cancellation

Total number of shares issued and EPS



* The forecast of EPS takes into account the effect of the acquisition and disposal of treasury stock, decided at the Board of Directors meeting on May 14, 2026

Amount of share repurchase

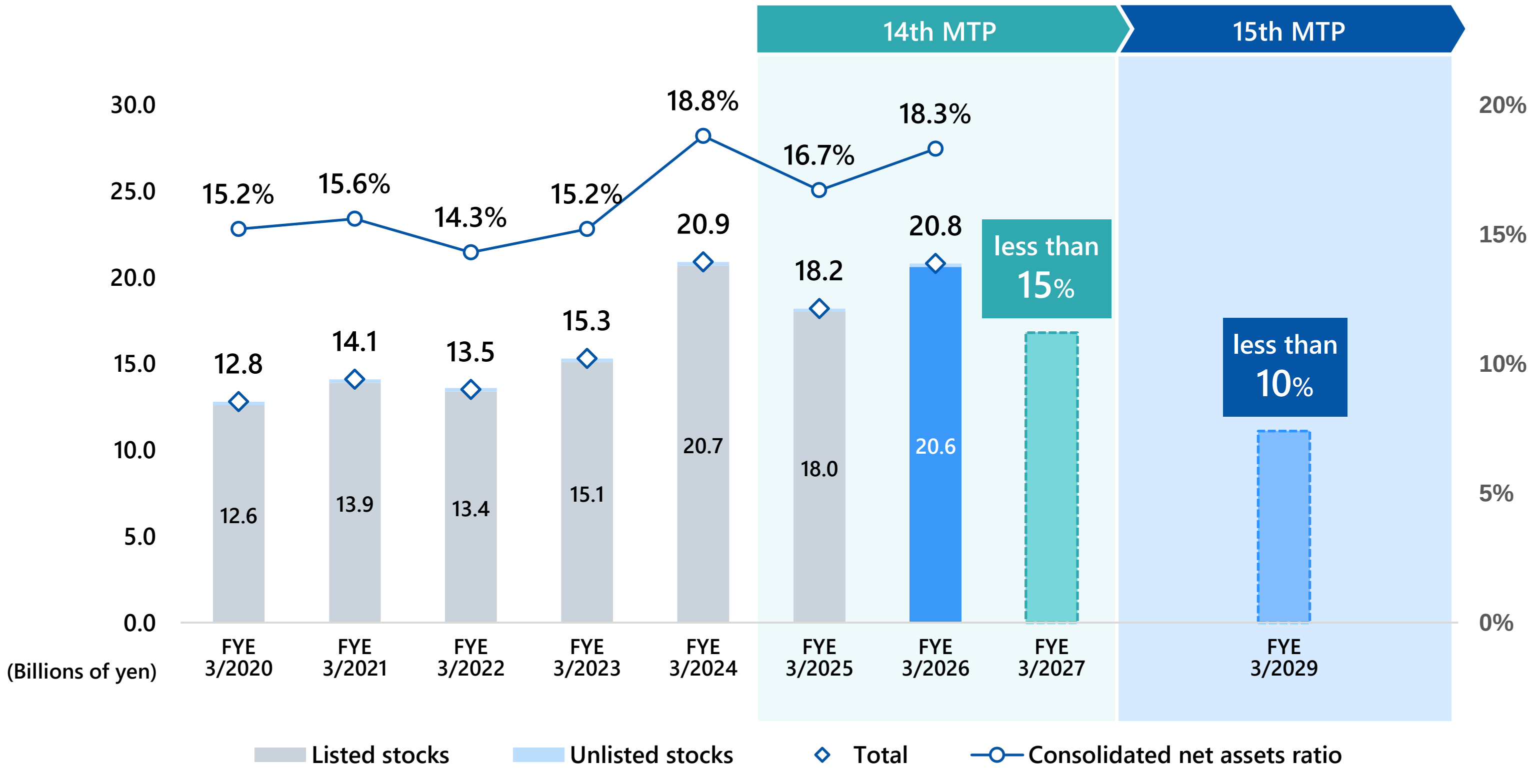


Capital Policy

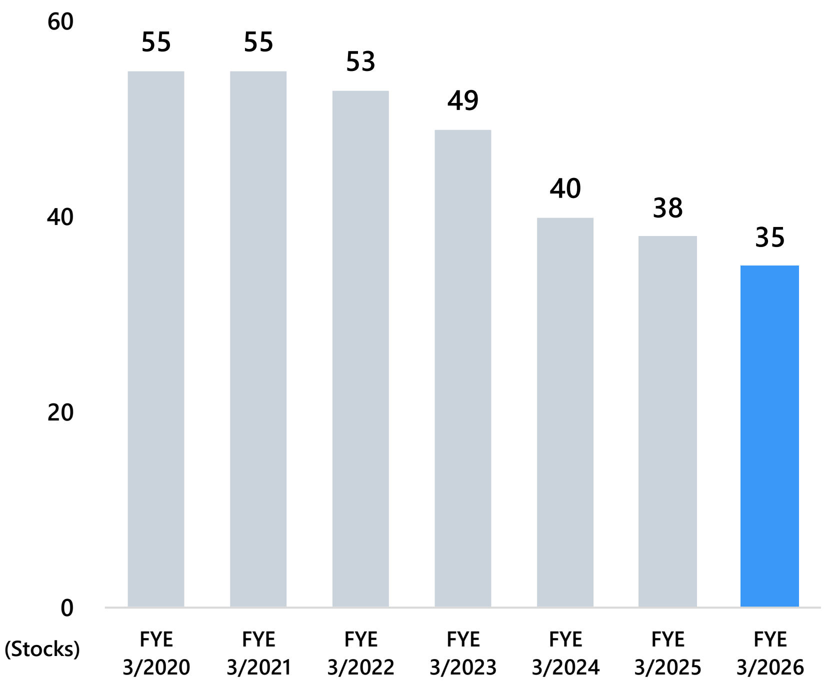
Reduce Cross-share Holdings

- ✓ Takuma has established the policy to reduce its cross-shareholdings to less than 15% of its consolidated net assets by the end of the fiscal year ending March 2027, and will further reduce them to less than 10% by the end of the fiscal year ending March 2029.
- ✓ Although the consolidated net asset ratio as of the end of FY ended March 2026 increased in line with the rise in stock prices, the company sold all shares of three listed stocks as well as part of shares of six stocks during the same period, reducing 4.9 billion yen in total (with a gain of approx. 3.8 billion yen from the sale of these stocks). The company plans to accelerate its reduction efforts also in FY ending March 2027 in order to realize its policy.

Amount on the balance sheet and consolidated net assets ratio



Number of listed stocks held



Terminology

Term	Definition
EPC	Engineering, procurement, and construction; one approach we use in our plant construction business.
O&M	Operation and maintenance; one approach we use in our plant operation business.
DBO	Design, build, and operate; one approach we use in our plant construction and operation businesses (EPC + O&M).
DBM	Design, Build, and Maintenance. These projects take the form of EPC + long-term maintenance agreements.
BTO	Build, transfer, and operate; one approach we use in our plant construction and operation businesses (EPC + O&M).
Refurbishment [Primary equipment improvement project]	A method that aims to restore functionality and extend the lifespan of facilities by updating and improving deteriorated equipment while maintaining the existing buildings, etc. which have a long useful life, from the standpoint of reducing life cycle costs.
FIT	A feed-in tariff for renewable energy.
FIP	Feed-in Premium; a system in which a certain premium (subsidy amount) is added to the price at which electricity is sold in the market.

Disclaimer

Information related to performance forecasts, business plans, and related topics included in this document 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.

Takuma is under no obligation to update, revise, or announce changes to forward-looking statements in this document following its publication, except as required by applicable laws and regulations.

Takuma holds the copyright to this document and prohibits its duplication or reuse for any purpose without its prior consent.