

June 20, 2025
Takuma Co., Ltd.

Transcription of Financial Briefing for FY2024 (ended 3/2025), held on May 30, 2025

< Speaker >

Kunio Hamada, the President, Representative Director and CEO of Takuma Co., Ltd.

Table of Contents		TAKUMA
1.	Financial Results of FY2024 (Ended 3/2025), Financial Forecast for FY2025 (Ending 3/2026)	
2.	Progress of the 14th Medium-Term Management Plan	
3.	Growth Strategy (Human Resource Investment, R&D, M&A)	
4.	Appendix (Business Environment, etc.)	

Copyright 2025 TAKUMA CO., LTD. All Rights Reserved. 1

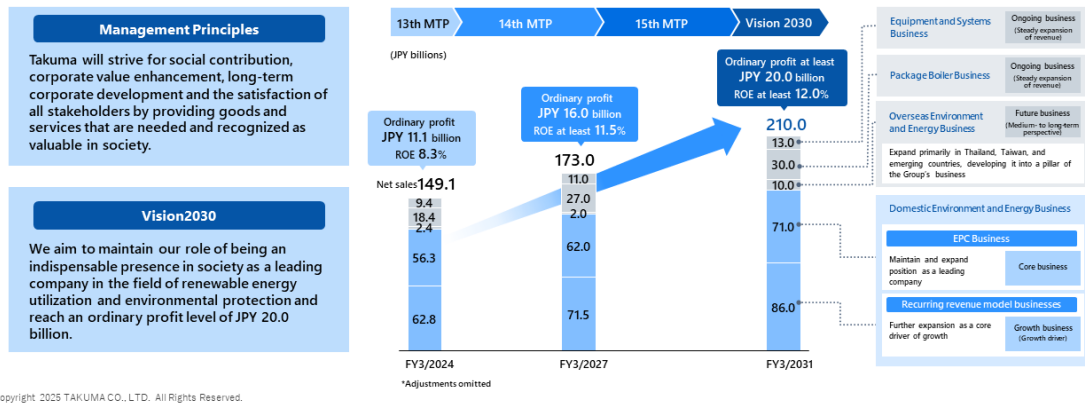
Thank you very much for taking the time out of your busy schedules to attend our financial results briefing for the fiscal year ended March 2025. I am Kunio Hamada, and I was appointed President and CEO on April 1.

Today I will explain our financial results and growth strategy, following the table of contents.

Introduction

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.




First, I would like to give a greeting on the occasion of my appointment. I joined Takuma in 1990, and I worked on plant design and project management for a long time. Afterward, I transferred to the Corporate Planning & Administration Division in 2018, becoming its Executive Manager in 2021. In the Corporate Planning & Administration Division, in addition to formulating our long-term vision “Vision 2030” and the Medium-term Management Plan, we also worked to strengthen IR.

I feel a great sense of responsibility since assuming the position of president this April, but I will do my utmost to achieve the goals of Vision 2030, formulated under former President Nanjo, which aims 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 to achieve an “ordinary profit level of 20 billion yen.” First, I will work hard to achieve the goals of the current 14th Medium-term Management Plan.

The 14th Medium-term Management Plan’s basic policy is to maintain and expand our market position in the EPC business and to establish a revenue model that maximizes the use of our stock. I recognize that steadily increasing waste treatment plant orders in particular is very important for actualizing our growth story. The current situation is strong, and as we announced the other day, we have revised our order and performance targets upward. Additionally, we will strengthen growth investments, such as M&A and research and development, while also working to reduce cross-shareholdings. I will go over this in more detail later.

With our technological strength and the relationships of trust we have built with our customers as a foundation, we will steer the Group in a direction that will enable us to increase our corporate value by solving issues facing society. I appreciate for your continued support.



**1. Financial Results of FY2024 (Ended 3/2025),
Financial Forecast for FY2025 (Ending 3/2026)**

For details, please refer to the "Supplementary Materials of Financial Results for Q4 FY2024."
https://www.takuma.co.jp/english/investor/pdf/2024/financial_briefing_materials_for_q4_fy2024.pdf

Copyright 2025 TAKUMA CO., LTD. All Rights Reserved.


3

I will now briefly explain our business performance for the fiscal year ended March 2025 and our outlook for the fiscal year ending March 2026. I will not go into details here, so please refer to the supplementary financial results materials linked in the slides.

[Supplementary Materials of Financial Results for Q4 FY2024](https://www.takuma.co.jp/english/investor/pdf/2024/financial_briefing_materials_for_q4_fy2024.pdf)

FY2024 (Ended 3/2025)

Financial Highlights



- ✓ Orders received and order backlog reached a record high, driven by steady demand for municipal solid waste treatment plants.
- ✓ Net sales increased due to an increase in all other business segments, despite a decrease in the Domestic Environment and Energy Business.
- ✓ Operating profit was up in all business segments.
- ✓ Profit attributable to owners of parent reached a record high mainly due to an increase in operating profit.

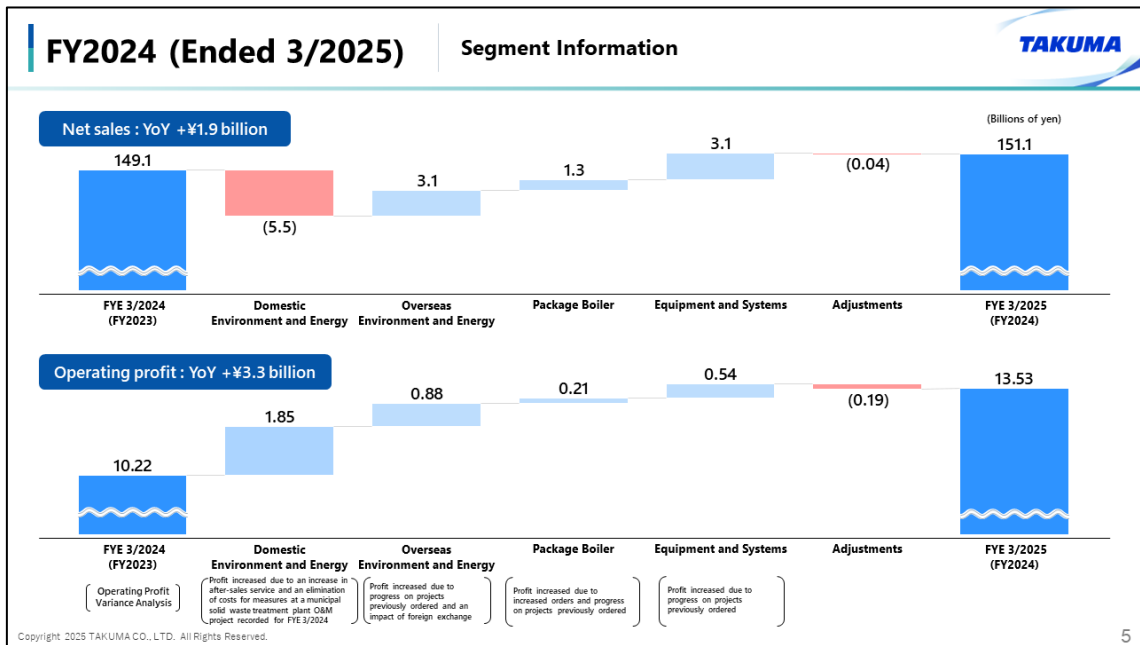
(Millions of yen)	FYE 3/2023 (FY2022)	FYE 3/2024 (FY2023)	FYE 3/2025 (FY2024) previous forecast*	FYE 3/2025 (FY2024) Results	YoY change	Change from previous forecast*
Orders received	168,558	160,568	230,000	246,301	+53.4%	+7.1%
Order backlog	471,211	482,612	562,612	577,752	+19.7%	+2.7%
Net sales	142,651	149,166	150,000	151,161	+1.3%	+0.8%
Operating profit	13,813	10,229	13,500	13,532	+32.3%	+0.2%
Operating margin	9.7%	6.9%	9.0%	9.0%	+2.1pt	+0.0pt
Ordinary profit	14,684	11,166	14,000	14,095	+26.2%	+0.7%
Profit attributable to owners of parent	9,621	8,754	10,300	10,391	+18.7%	+0.9%
Basic earnings per share (yen)	120.22	109.43	131.00	132.24	+20.8%	+0.9%

* Forecast announced on February 14, 2025.

Copyright 2025 TAKUMA CO., LTD. All Rights Reserved.

In the fiscal year ended March 2025, we steadily accumulated orders, mainly for EPC and after-sales services for waste treatment plants, and our orders received reached a record high of 246.3 billion yen.

In addition, net sales and operating profit increased year-on-year to 151.1 billion yen and 13.5 billion yen respectively. Profit attributable to owners of parent reached 10.3 billion yen, a new record high.



The status of each segment is shown in the graph on the slide.

Municipal solid waste treatment plants

- DBO project
 - Amagasaki City [Capacity 447t/day]
 - Gyoda Hanyu Resources and Environment Association [Capacity 126t/day]
- Primary equipment improvement project
 - Clean Authority of TOKYO [Shin-Koto Incineration Plant: Capacity 1,800t/day]



Energy plants

- Biomass Power Plant
 - Hiroshima Gas Co., Ltd. [Capacity 1,990kW]
 - Joetsu Biomass Power Generation LLC. [Capacity 1,990kW]
- and 2 other projects



Water treatment plants

- Sludge incineration Plant
 - Kyoto City Water Supply and Sewerage Bureau [Capacity 150t/day]



©Kyoto City Water Supply and Sewerage Bureau

These are the main orders received in the fiscal year ended March 2025.

At our mainstay waste treatment plants, we received orders for two DBO projects and one primary equipment improvement project. Orders for relatively large-scale projects, such as in Amagasaki City and Tokyo's 23 wards, led to an increase in the value of orders received.

For biomass power plants, we received four orders despite FIT demand began to subside. Additionally, we aim to receive one to two constant orders for sludge incineration facilities per year, and we received one order as in the previous fiscal year.

FY2025 (Ending 3/2026)

Results Forecast

TAKUMA

- ✓ Orders received will continue to be steadily linked to strong demand, particularly for waste treatment plants, with the goal of achieving a record high for two consecutive years.
- ✓ Net sales are expected to increase due to growth in the Domestic Environment and Energy Business, as well as the Package Boiler Business.
- ✓ Operating profit is expected to increase, primarily driven by growth in the Domestic Environment and Energy Business.
- ✓ Profit attributable to owners of parent is expected to reach a record high for two consecutive years, mainly due to a gain on sales of investment securities

(Millions of yen)	FYE 3/2024 (FY2023)	FYE 3/2025 (FY2024)	FYE 3/2026 (FY2025) Previous MTP target*	FYE 3/2026 (FY2025) Beginning of year forecast	YoY Change	Change from previous MTP target*
Orders received	160,568	246,301	180,000	250,000	+1.5%	+38.9%
Order backlog	482,612	577,752	-	662,752	+14.7%	-
Net sales	149,166	151,161	152,000	165,000	+9.2%	+8.6%
Operating profit	10,229	13,532	11,500	14,500	+7.1%	+26.1%
Operating margin	6.9%	9.0%	7.6%	8.8%	(0.2pt)	+1.2pt
Ordinary profit	11,166	14,095	12,000	15,000	+6.4%	+25.0%
Profit attributable to owners of parent	8,754	10,391	-	11,700	+12.6%	-
Basic earnings per share (yen)	109.43	132.24	-	158.00	+19.5%	-

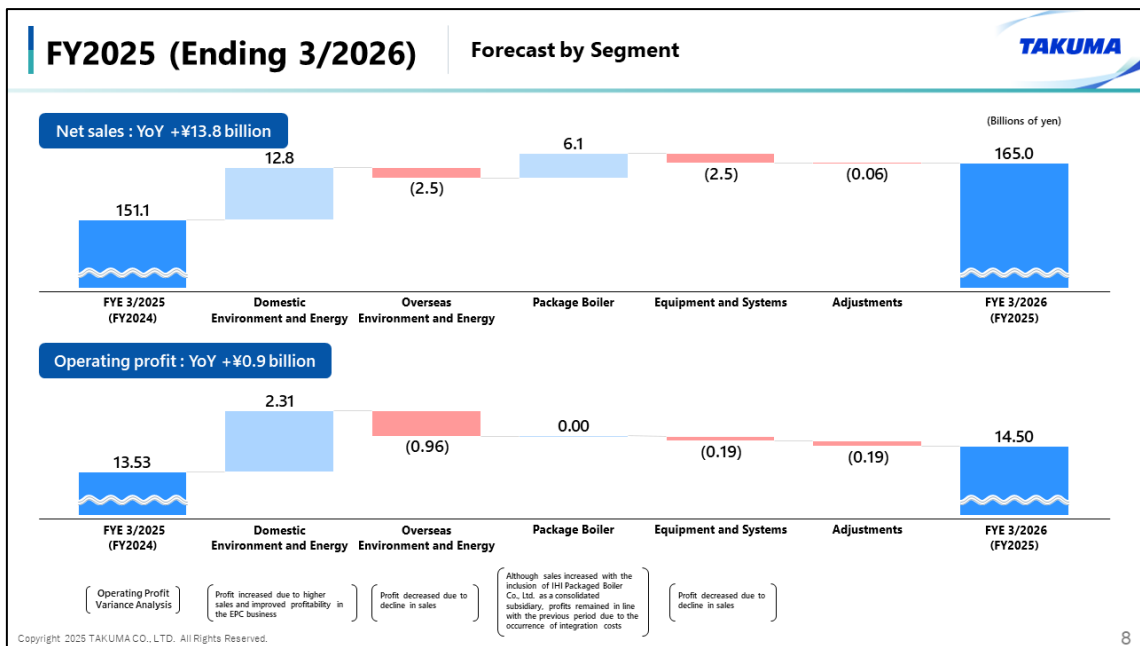
Copyright © 2025 TAKUMA CO., LTD. All Rights Reserved.

*Target announced in 14th Medium-Term Management Plan on November 8, 2024.

7

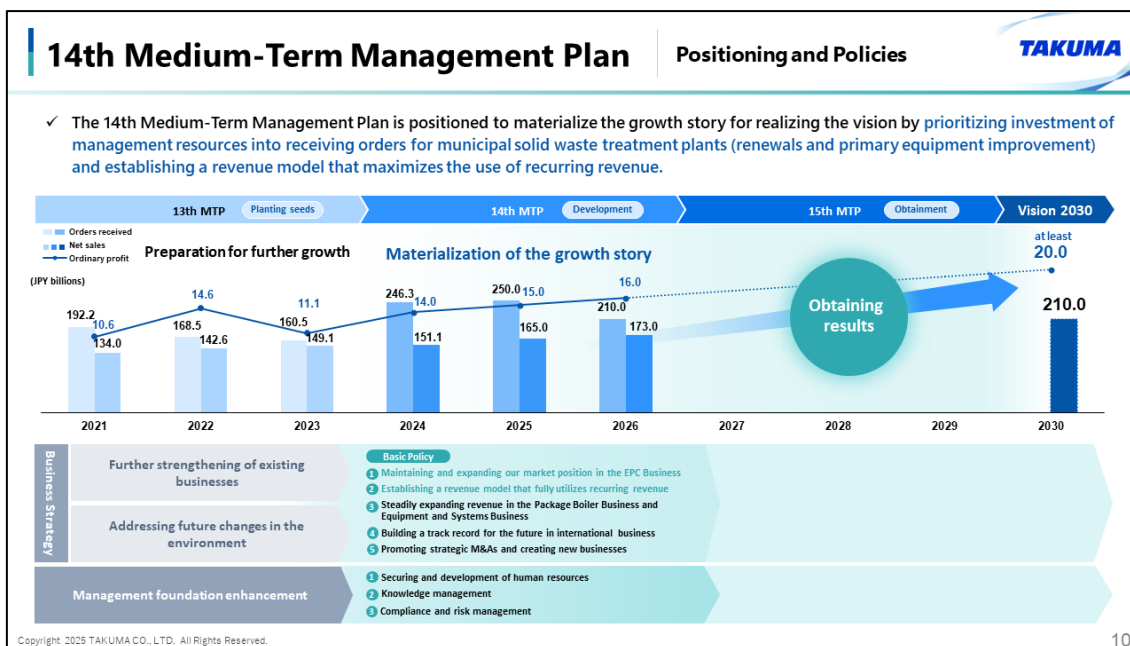
For the fiscal year ending March 2026, we expect demand to remain strong, mainly for EPC and after-sales services for waste treatment plants. As a result, we expect orders received to reach 250 billion yen, a record high for the second consecutive period, and net sales to increase to 165 billion yen due to increases in the domestic environment and energy business and the package boiler business.

In terms of profits, we expect operating profit to be 14.5 billion yen, ordinary profit to be 15.0 billion yen, and net profit attributable to owners of parent to be 11.7 billion yen, all of which are expected to continue to increase from the fiscal year ended March 2025.



Please refer to the graph on the slide for the status of each segment.

This concludes my brief explanation of our business results for the fiscal year ended March 2025 and our outlook for the fiscal year ending March 2026.



I will now explain the progress of our 14th Medium-term Management Plan. We announced this plan in May of last year, but in light of our performance in the fiscal year ended March 2025 and our outlook for the future, we have revised our financial targets.

The premise of the 14th Medium-term Management Plan, which is currently underway, is that we will expand orders, particularly for waste treatment plant renewal and primary equipment improvement projects, while utilizing the human resources we have expanded since the previous medium-term plan, in order to achieve Vision 2030.

By expanding orders under the current medium-term management plan, we intend to achieve results in sales and profits in the next medium-term management plan and reach the Vision 2030 target of an ordinary profit of at least 20 billion yen.

14th Medium-Term Management Plan

Financial Targets (Summary)



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

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

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

Copyright © 2025 TAKUMACO, LTD. All Rights Reserved.

11

As stated in the Previous Plan section of the slide, as of last May, we had set targets of 600 billion yen in orders received and 38 billion yen in ordinary profit over a three-year period. One year has passed since the formulation of the plan, and in the domestic environment and energy business, we have been steadily receiving orders for robust waste treatment plant renewal projects, and maintenance and other recurring revenue model businesses are steadily increasing their earnings, so the business environment is progressing more favorably than initially expected.

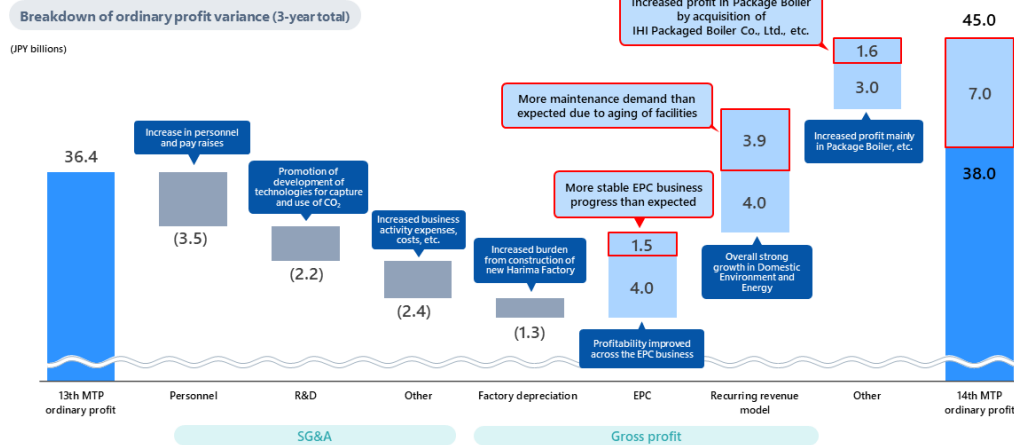
Additionally, in the package boiler business, we have reviewed our targets in light of factors like the acquisition of IHI Packaged Boiler Co., Ltd. Specifically, we have revised our main target of orders received over the three-year period to just over 700 billion yen, and ordinary profit to 45 billion yen.

14th Medium-Term Management Plan

Profit Variance Analysis

TAKUMA

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



12

The factors behind the increase and decrease in profits are as shown on the slide. Over the three-year period, we expect an increase of 3.9 billion yen from increased maintenance demand, 1.5 billion yen from the EPC business, and 1.6 billion yen from other businesses, including the acquisition of IHI Packaged Boiler Co., Ltd.

Capital Policy

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

1

Establishment of ROE targets mindful of cost of capital

Establish target ROE based on the recognition that the cost of equity over the past 10 years has been around 6%.

FY3/2027 ROE

At least 11.5%

FY3/2031 ROE

At least 12%

2

Establishment of appropriate cash allocation

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

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

3

Establishment of new shareholder return policy

Dividends

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

Share repurchase

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

4

Maintenance of solid financial foundation to support the EPC and long-term O&M businesses

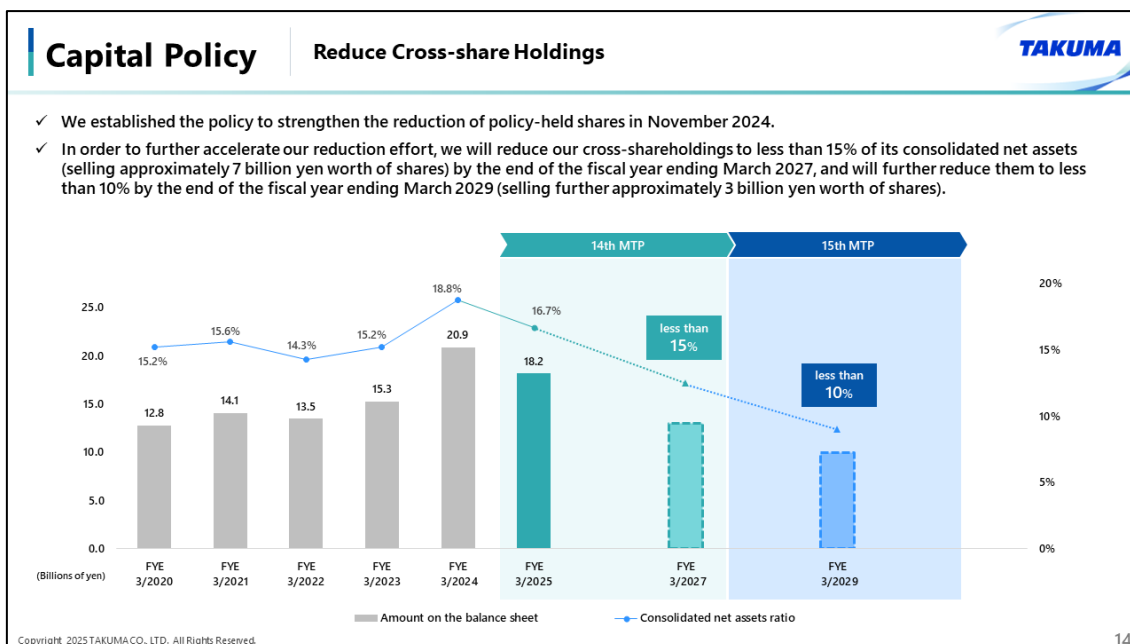
Equity ratio

Maintain at the 50% level

Copyright 2025 TAKUMACO, LTD. All Rights Reserved.
13

We have been disclosing our capital policy since the 14th Medium-term Management Plan, and following a review of our financial targets, we have revised our ROE target for the final year of the plan to at least 11.5%.

Our cash allocation has also been revised since last May due to our strengthened policy of reducing cross-shareholdings and an increase in operating cash flow. I will explain the details at the end.



I would like to explain the reduction of cross-shareholdings. Since the announcement of our 14th Medium-term Management Plan last May, in response to the opinions of our shareholders, the Board of Directors resolved last November to strengthen our cross-shareholding reduction policy in order to improve the efficiency of our balance sheet.

We will reduce cross-shareholding to less than 15% of our consolidated net assets by the final year of our 14th Medium-term Management Plan. The sale amount will be approximately 7 billion yen. Furthermore, we aim to reduce this to less than 10% of our consolidated net assets by the end of March 2029.

Shareholder Return

Share Repurchase

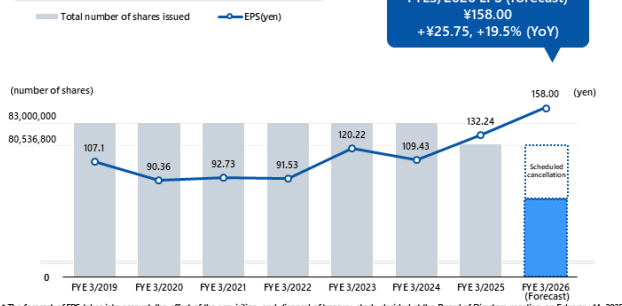
TAKUMA

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

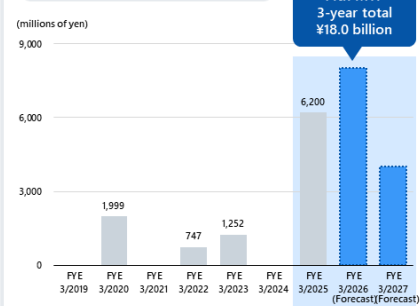
Repurchase status of treasury shares during the 14th MTP period

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

Total number of shares issued and EPS



Amount of share repurchase



In addition, by using the cash obtained from the reduction of cross-shareholdings, we plan to increase the total amount of treasury share purchases during the 14th Medium-term Management Plan from the initial 12 billion yen to 18 billion yen, thereby improving capital efficiency and enhancing shareholder returns. We are currently conducting the second round of purchase of treasury shares for the 14th Medium-term Management Plan, with a maximum of 10 billion yen. After completion at the end of next February, all acquired shares are scheduled to be cancelled.

Basic earnings per share (EPS) for the fiscal year ending March 2026 are expected to increase 19.5% year-on-year to 158 yen.

This concludes my explanation of the progress of the 14th Medium-term Management Plan.

Market Environment

Summary

TAKUMA

- ✓ We expect the market environment for our business to be generally favorable and strong, and strengthening human capital is an urgent priority.
- ✓ It is necessary to strengthen R&D and M&A initiatives with a view to FY2030 and beyond.

		14th Medium-Term Management Plan period (FY2024-2026)	Future
Domestic Environment and Energy	Municipal solid waste treatment plants	EPC <ul style="list-style-type: none"> ➡ Steady demand for renewal (rebids) ➡ Ongoing demand for service life extension (primary equipment improvement) 	<ul style="list-style-type: none"> ➡ Decreased demand for renewal due to low birth rate and aging society ➡ Increased demand for decarbonized facilities
		After-sale services <ul style="list-style-type: none"> ➡ Increase in operations businesses (DBO Business and O&M contracts) 	<ul style="list-style-type: none"> ➡ 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 <ul style="list-style-type: none"> ➡ 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 <ul style="list-style-type: none"> ➡ Ongoing demand for renewal due to aging plants and decarbonization 	➡ Certain level of ongoing demand
		After-sale services <ul style="list-style-type: none"> ➡ Increase in maintenance demand associated with increase in deliveries 	➡ Ongoing maintenance demand at facilities in operation
	Water treatment plants	<ul style="list-style-type: none"> ➡ Ongoing demand for renewal due to aging plants ➡ Increased demand for products with high environmental performance ➡ Progress and increase in private sector utilization 	<ul style="list-style-type: none"> ➡ 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		<ul style="list-style-type: none"> ➡ 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		<ul style="list-style-type: none"> ➡ Japan: Certain level of ongoing renewal demand despite market maturity ➡ Emerging countries: Increased demand for energy-saving products 	<ul style="list-style-type: none"> ➡ 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	<ul style="list-style-type: none"> ➡ Certain level of ongoing demand (building equipment) ➡ Expansion of demand for semiconductor equipment with utilization and development of AI, etc.

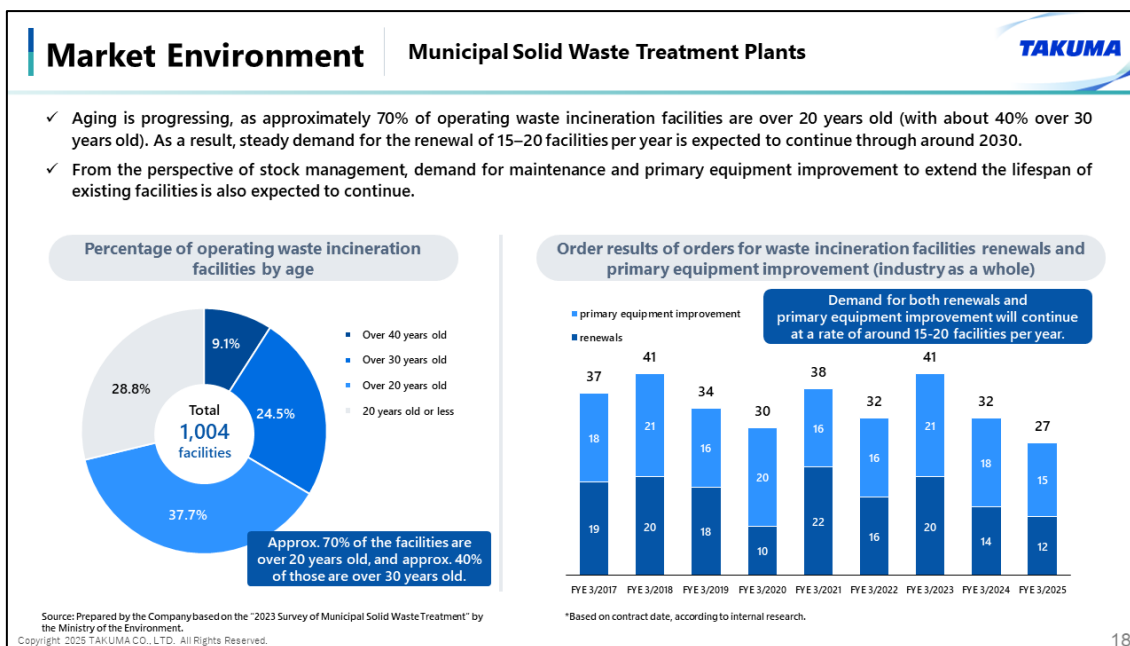
Copyright 2025 TAKUMA CO., LTD. All Rights Reserved.

1

Finally, I will explain our human resource investment, research and development, and M&A policies as strategies for realizing the medium- to long-term growth of the Group beyond fiscal 2030.

I will now explain the medium- to long-term market environment. In the waste treatment plant business in particular, we believe that stable demand for renewal and demand for primary equipment improvement projects aimed at extending the lifespan of facilities will continue and expand at least until around 2030.

In the future, we expect that renewal demand will gradually decrease due to population decline, but on the other hand, we believe that demand for extending the lifespan of facilities and for private outsourcing of facility operation businesses will continue. Additionally, we believe that the added value of waste treatment facilities will increase with the implementation of equipment aimed at achieving carbon neutrality.



I will now explain waste treatment plant market trends in more detail.

Demand for facility renewal, lifespan extension, and maintenance is continuing and expanding. As background for this, while the lifespan of a plant is generally said to be about 20 to 30 years, 70% of the approximately 1,000 facilities in operation in Japan are over 20 years old, and more than 40% are over 30 years old. Due to the recent rise in construction costs, there have been more cases of local governments adopting the policy of strengthening maintenance to allow for longer use of existing facilities, rather than quickly ordering rebuilding or lifespan extension work.

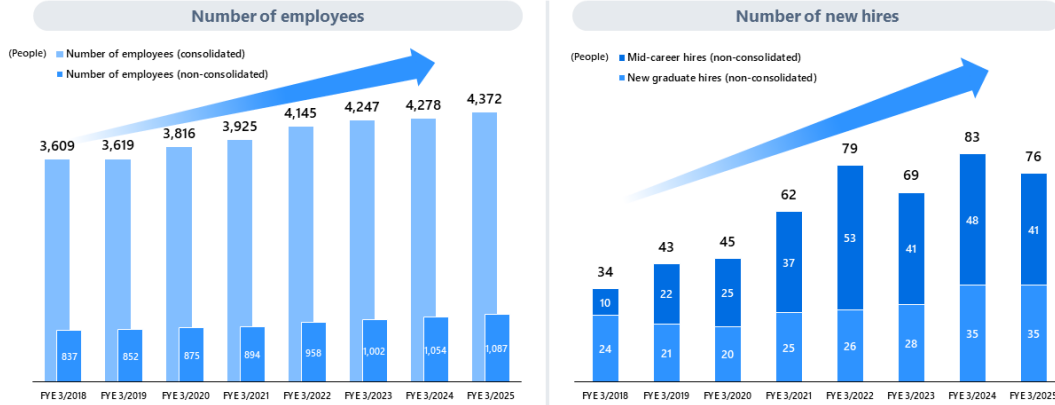
In light of this, we believe demand will continue for renewal of 15 to 20 facilities per year, as well as primary equipment improvement projects. In the future, we expect the emergence of a need for decarbonization of facilities and a further increase in the need for operation outsourcing.

In addition to the waste treatment plant business I have just explained, the entire Group is promoting investment in research and development and M&A in addition to securing human resources in order to capture future opportunities in each business.

Human Resources Investment

TAKUMA

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



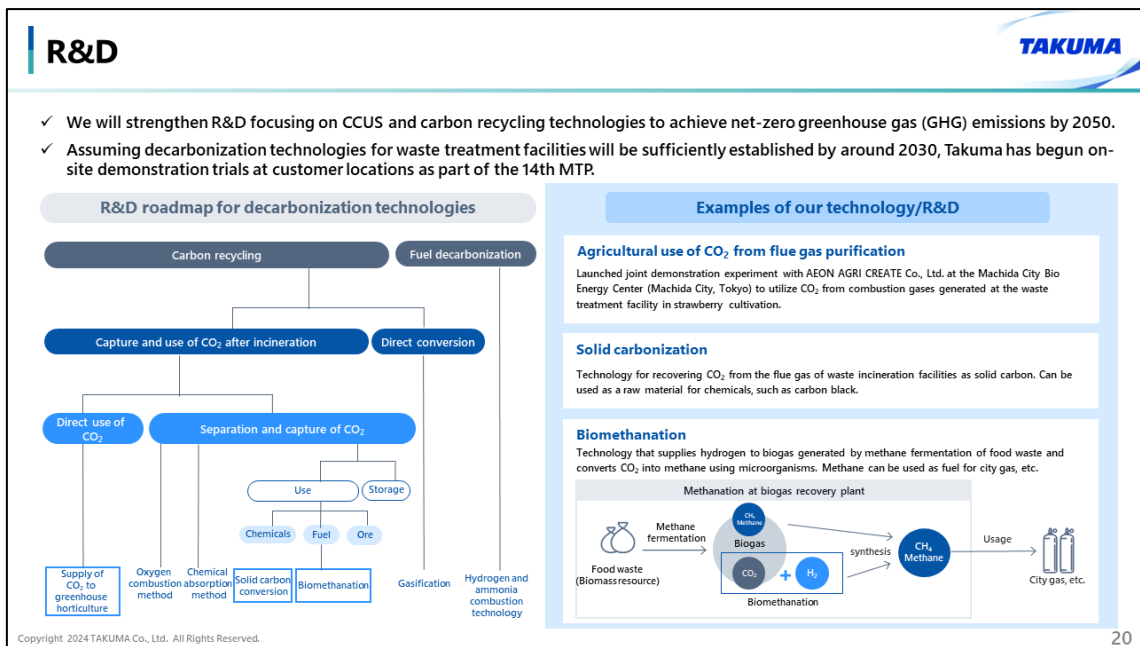
Copyright 2024 TAKUMA Co., Ltd. All Rights Reserved.

19

Next is investment in human resources.

While there has been no change from our initial policy, we believe that in order to realize Vision 2030, Takuma itself will need to secure a workforce of around 1,200 people to handle plant design and construction management.

As of the end of March 2025, the Company itself will have 1,087 employees, but we will continue to focus on hiring new graduates and experienced employees and will build a system that looks beyond 2030 by promoting education and the transfer of know-how.



Next is research and development.

With the aim of achieving carbon neutrality by 2050, we are strengthening research and development to achieve decarbonization, including carbon capture, utilization, and storage (CCUS).

In light of trends in the government's carbon neutral policy, we believe that acquiring decarbonization-related technologies is essential to continuing our environment/energy-related businesses and for the survival of our company.

On-site demonstration trials of an energy-efficient CO₂ capture and separation system are being conducted at operating biomass power plants

- At the Maniwa Biomass Power Plant, which we delivered in 2015, the company is conducting an on-site demonstration trial using a newly installed system that continuously separates and captures CO₂ for 24 hours (from July 2024 to June 2026).
- We are using a new non-aqueous absorbent, jointly developed with the National Institute of Advanced Industrial Science and Technology (AIST), which dissipates CO₂ at lower temperatures than conventional absorbents. This contributes to energy savings in the chemical absorption process.
- We installed new equipment to separate and recover 0.5 tons per day of CO₂ from exhaust gas at the biomass power generation facilities. Larger-scale demonstration trials are planned for the future.



The verification equipment for separation and recovery of CO₂

A demonstration trial is being conducted to utilize CO₂ from combustion gases generated at a waste treatment facility for strawberry cultivation

- In the second phase of the trial, the greenhouse utilizing high concentrations of CO₂ from combustion gases at a waste treatment facility yielded approximately 25% more strawberries than the typical greenhouse that used liquefied carbon dioxide to promote photosynthesis.
- Demonstration trials will continue until FY2026. Following this, we plan to propose the CO₂ utilization model for greenhouse farming to municipalities nationwide to expand decarbonization initiatives.



Strawberries grown utilizing CO₂ from combustion gases generated at the facility (right)

Copyright 2025 TAKUMA CO., LTD. All Rights Reserved.

21

As an example of progress in research and development, beginning in July 2024, we have installed verification equipment at a biomass power plant delivered by our company and conducted demonstration test to separate and capture CO₂ on a scale of 0.5 tons per day for 24 hours. In the future, we plan to conduct larger-scale demonstration tests at waste treatment facilities.

This is just one example, and we will continue to actively engage in research and development to meet the future demand for decarbonization.

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

Priority field

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

Copyright © 2025 TAKUMA CO., LTD. All Rights Reserved.

22

Regarding M&A, there has also been no change from the initial policy. In particular, we are exploring opportunities to strengthen existing businesses, expand our engineering personnel, and expand peripheral businesses such as material recycling, focusing on the domestic environment and energy business.

- ✓ FYE 3/2025, we completed 2 M&A projects related to package boiler business.

Signed a stock transfer agreement to acquire shares of IHI Packaged Boiler Co., Ltd.

- IHI Packaged Boiler Co. became a consolidated subsidiary of Takuma on April 1, 2025, based on the stock transfer agreement.
- IHI Packaged Boiler Co. and our subsidiary Nippon Thermoener are scheduled to merge on April 1, 2026, with the aim of leveraging synergies with Nippon Thermoener, which manufactures and sells general-purpose boilers.
- 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.



Once-through boilers manufactured and sold by IHI Packaged Boiler Co.

Nippon Thermoener Co., Ltd. made two biomass boiler manufacturers into subsidiaries

- Nippon Thermoener has made Daiichi Sanki, which handles small biomass boilers, and Sanki Engineering into subsidiaries.
- Responding to the expanding needs for low carbon and decarbonization by adding a boiler that makes livestock industry byproducts into fuel to the product lineup.



Small biomass boiler manufactured by Daiichi Sanki

Copyright 2025 TAKUMA CO., LTD. All Rights Reserved.

23

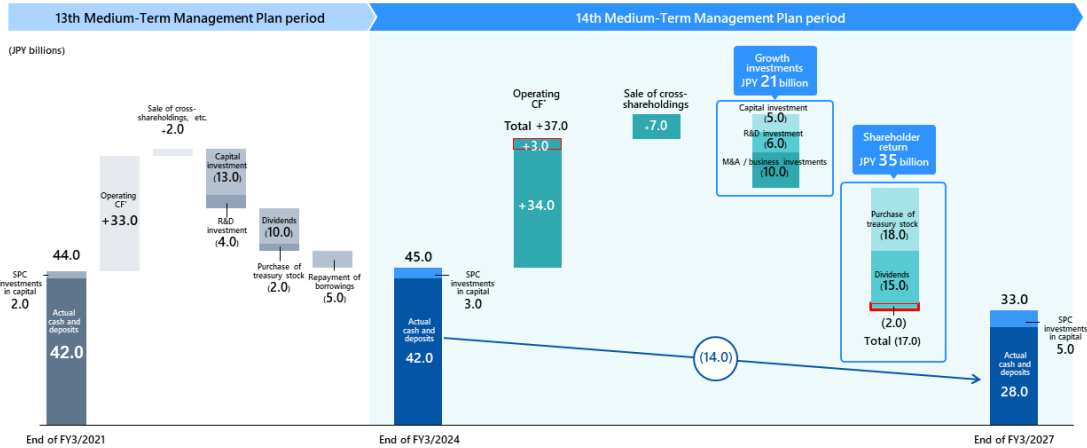
In the fiscal year ended March 2025, we conducted M&A related to the package boiler business. In particular, we acquired all shares of IHI Packaged Boiler Co., Ltd. this April, making it a wholly owned subsidiary of our company. In April of next year, we also plan to merge with Nippon Thermoener Co., Ltd., a general-purpose boiler manufacturer in our Group. By gaining the second largest market share in the once-through boiler industry, we aim to strengthen our profitability by leveraging economies of scale such as increased sales and cost reductions.

We will continue to actively collect and consider information, aiming to conduct M&A that will lead to increased long-term corporate value.

Cash Allocation

TAKUMA

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



To summarize what I have said so far, I would like to explain our cash allocation for the 14th Medium-term Management Plan. As a result of the upward revision of the Medium-term Management Plan, operating cash flow is expected to increase by 3 billion yen, which will be used primarily for dividends. Additionally, we will strengthen shareholder returns by using the cash generated by reducing cross-shareholdings for purchase of treasury shares.

In addition, looking toward Vision 2030 and beyond, we will actively invest in research and development and M&A, which will lead to sustainable growth.

To Our Shareholders and Investors

TAKUMA

To realize its long-term vision "Vision 2030," Takuma recognizes the importance of sincerely engaging with all stakeholders, including shareholders and investors, and fostering ongoing communication. By achieving sustainable and long-term growth together with customers and society, We aims to enhance corporate value and provide greater satisfaction to its shareholders.

We will continue to engage in constructive dialogue with shareholders and investors as a Group, and we sincerely appreciate your continued guidance and support.

TAKUMA

May 2025

TAKUMA CO., LTD.

President and CEO

Kunio Hamada

Copyright 2025 TAKUMA CO., LTD. All Rights Reserved.

25

To conclude, Takuma recognizes the importance of sincerely engaging with all stakeholders, including shareholders and investors, and fostering ongoing communication in order to realize its long-term vision, Vision 2030.

By achieving sustainable and long-term growth together with customers and society, Takuma aims to enhance corporate value and provide greater satisfaction to its shareholders.

As a Group, we will continue to engage in dialogue with our shareholders and investors, and we appreciate your continued guidance and encouragement. This concludes today's briefing. Thank you very much for listening.

-END-

(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