

**Main Q&A at Financial Briefing 2025 for FY2024 (ended 3/2025), held on May 30**

**Q1. Please explain the background behind the upward revision of the order, sales, and profit targets in the 14th Medium-Term Management Plan.**

A1. Regarding orders, the upward revision is largely due to increased demand for maintenance of waste treatment plants. As facilities continue to age, more customers are choosing maintenance that contributes to extending facility lifespan rather than opting for reconstruction. In particular, for the fiscal year ended March 2025, we received an order for a large-scale project involving the renewal of a major piece of equipment. Additionally, for the primary equipment improvement primary equipment improvement in the fiscal year ending March 2026, we initially planned for one order at the time of the medium-term plan formulation, based on the likelihood of execution. However, as the projects have become more concrete, we have revised the plan to aim for two orders. In addition, IHI Packaged Boiler Co., Ltd. became a consolidated subsidiary in April 2025, and its order backlog as of the end of the previous fiscal year is being recorded as orders for the current fiscal year, which is another reason for the increase in orders.

Sales and profits are also largely driven by the increase in demand for maintenance. In the case of EPC projects, the majority of sales are often recorded several years after the order is received. However, since maintenance projects are generally single-year contracts, sales are recorded in the same fiscal year the order is received. Furthermore, as sales increase, profits also increase, leading to an upward revision of the targets.

**Q2. What is the impact of the M&A of IHI Packaged Boiler Co., Ltd. on orders received?**

A2. Annual orders received of IHI Packaged Boiler are approximately 6 billion yen. Additionally, since the order backlog of IHI Packaged Boiler as of the end of the previous fiscal year (approximately 3 billion yen) is recorded as orders for our current fiscal year, this contributes to an increase in orders of 9 billion yen for this fiscal year alone.

**Q3. Please explain the background behind the increase in maintenance of waste treatment plants. Also, does the increase in maintenance lead to any effects such as a decrease in unit price per project?**

A3. Amid rising construction and other costs, as mentioned earlier, more local governments are choosing maintenance to extend the life of existing facilities rather than costly reconstruction. In addition to regular maintenance, we are also focusing on proposals that contribute to further extending facility lifespan, as well as those that promote energy saving and decarbonization.

Although the unit price per maintenance project is smaller compared to EPC projects, we receive some form of maintenance orders each year from approximately 100 facilities nationwide. At certain facilities, we also

undertake large-scale projects, so the total order amount reaches a considerable scale. While demand for maintenance is increasing, we are also able to secure around three EPC orders annually.

**Q4. How much CO2 is captured in the demonstration test of CO2 separation and recovery being conducted at the Maniwa Biomass Power Plant?**

A4. In terms of scale, it is recovering 0.5 tons of CO2 per day. Since the equipment introduced this time is solely for demonstration purposes, the amount of CO2 captured remains less than 1% of the total CO2 emissions from the plant.

**Q5. What is the policy for expanding the market share of domestic waste treatment plants?**

A5. Although the comprehensive evaluation method has become the mainstream bidding format, our company's resources, such as personnel, are limited. Therefore, we will continue efforts to expand resources, including mid-career recruitment. To realize Vision 2030, we believe that Takuma alone will need a workforce of around 1,200 employees. While we have been strengthening recruitment efforts, a current challenge is the rising turnover rate among mid-career hires. By placing the same emphasis on training for mid-career hires as for new graduates, we aim to improve technical evaluation scores in comprehensive evaluation and ensure the necessary resources for related areas. In addition, we are also considering the M&A of engineering companies as part of our efforts to expand resources.

**Q6. Please tell us about the growth strategy for overseas business.**

A6. The two bases with local subsidiaries in Taiwan and Thailand will serve as the main centers. In Taiwan, since the waste incineration facility we delivered about 30 years ago is now due for renewal, we want to actively engage in order acquisition activities. In Thailand and neighboring countries, companies from China and India are launching aggressive price-cutting campaigns. Rather than competing on cost, our company will steadily target areas where we can leverage our technical expertise, such as biomass and waste co-incineration plants.

**Q7. Has Mr. Kunio Hamada, the newly appointed president, introduced any major strategic shifts compared to the previous president's era?**

A7. There are no plans to make any major strategic shifts. To achieve our long-term vision, Vision 2030, we will continue to focus our efforts on ensuring the successful execution of the current medium-term management plan.

**Q8. What is the current progress of efforts to reduce the employee turnover rate?**

A8. To reduce the turnover rate, we are promoting training programs for mid-career hires. Additionally, aiming to place the right people in the right positions, we conduct interviews for employees who feel a mismatch with their current duties, and consider offering departmental transfers as appropriate.

**Q9. Is there a possibility of pursuing M&A with other companies in the waste treatment plant industry?**

A9. At present, demand for renewals and primary equipment improvement is strong, so we believe the likelihood of M&A leading to industry consolidation occurring in the near term is low.

**Q10. What is the outlook for the pace of employee recruitment?**

A10. Considering the projected workload for fiscal 2030, we aim to reach 1,200 employees at Takuma on a standalone basis by fiscal 2029 at the latest. Since there are also employee departures, we expect to continue hiring at a pace of around 70 people per year for the time being.

**Q11. Please explain the growth strategy for the semiconductor industry equipment business.**

A11. In this business, we handle highly specialized products, including chemical filters. While there are differences in market conditions within the semiconductor industry—stronger in AI-related areas and weaker elsewhere—we recognize that the industry is currently entering a downturn. We intend to monitor industry trends closely as we consider our future direction.

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