

Main Q&A at Financial Briefing for FY2025 (ended 3/2026), held on May 29, 2026

Q1. Orders received increased in the fiscal year ended March 2026. Where does Takuma's competitive advantage lie?

A1. The bidding projects are evaluated using a comprehensive evaluation method, assessing both price and non-price factors such as technical capability. To receive high evaluations in the latter, it is very important to accurately grasp customer needs such as power generation, landscape, and base functions during disasters. For the projects that we were able to win, we believe that the results reflected a comprehensive evaluation of our proposals, which accurately addressed customers' needs in terms of non-price factors, while also incorporating as many cost-reduction measures as possible in terms of price.

Q2. Is demand for large-scale maintenance work for general waste treatment plants expected to continue increasing?

A2. Currently, we have cases where we receive orders for large-scale maintenance work in which key equipment is partially replaced over several years so that facility operations are not affected. For facilities that are more than 20 years old, it is common to consider reconstruction. However, given the current strong demand in the construction industry and rising costs, as well as customers' needs, we believe demand for this type of large-scale maintenance work will increase.

Q3. Orders appear to be continuing at a pace exceeding the assumptions made when the current Medium-Term Management Plan was formulated. Early achievement of the Long-Term Vision also appears to be within sight. What is the current view?

A3. We recognize that the likelihood of achieving the Long-Term Vision has increased considerably. We believe that the target can be achieved if we continue to steadily accumulate orders and if projects for which orders have already been received progress smoothly.

*Current Medium-Term Management Plan: The 14th Medium-Term Management Plan (FY2024-FY2026), announced in May 2024

*Long-Term Vision: "Vision2030," announced in May 2021 (Target: ordinary profit of JPY 20 billion in FY2030)

Q4. Regarding orders received in the fiscal year ended March 2026, what was the total order amount of projects that were not included in the plan at the beginning of the fiscal year? Also, do unplanned projects refer to projects with lower priority or certainty, or to sudden inquiries?

A4. The total order amount was approximately JPY 30 billion. Since the bidding process uses a comprehensive evaluation method and requires time for preparation, it is difficult to respond to sudden tender projects. We approach each project with the intention of winning the order, but because these are competitive tenders, we cannot win all projects for which we submit bids. To win three projects, we need to submit bids for more than

three. However, our understanding is that in the fiscal year ended March 2026, we were able to win orders even for projects where we had expected competition to be intense.

Q5. Regarding the strong reconstruction demand for general waste treatment plants, is this because reconstruction periods are becoming longer and the number of target facilities is increasing? Are reconstruction projects expected to continue increasing going forward?

A5. The reconstruction period is generally 20 years. In practice, however, an increasing number of facilities operate for more than 30 years before reconstruction, and reconstruction demand is continuing. Typically, partial replacement for key equipment, such as combustion equipment, is carried out approximately every 10 years. However, amid rising prices, cases are increasing in which customers extend the service life of facilities that have been in operation for more than 20 years through replacement of key equipment or major refurbishment. This has led to longer reconstruction periods. In fact, many of the projects for which we have recently received orders are reconstruction projects for facilities that will have been in operation for more than 30 years by the time the new facilities are completed. Looking ahead, among waste incineration facilities operating in Japan (approximately 1,000 facilities), facilities more than 30 years old account for approximately 40%, while facilities 20 to 30 years old account for approximately 30%. As there are many facilities subject to reconstruction or service life extension, current reconstruction demand is expected to continue at least until around 2030.

Q6. In light of the recent situation in the Middle East, are there any risks that need to be factored in, such as cost increases, or any risks that have materialized recently?

A6. Although the outlook remains uncertain, there has been no significant impact at this point. On the other hand, we are aware of information indicating that it is becoming difficult to procure naphtha-related products, such as paints and thinners used for steel frames and other materials, as well as lubricating oil and hydraulic oil for equipment. We will work to prevent any impact by collecting information in cooperation with Group companies and suppliers.

Q7. Due to the receipt of orders for unplanned projects in the previous fiscal year, will it be necessary to narrow down the number of bids to be submitted going forward?

A7. We formulate bidding plans based on the resources of our design and construction departments, and we ensure that we do not create a situation in which awarded projects cannot be executed. In addition, to increase the number of bids we can submit, we have been actively hiring mid-career engineers for several years, increasing the number of new graduates hired, and focusing on developing engineers in order to expand our resources. For the current fiscal year, it is not necessary to narrow down the number of bids to be submitted due to the receipt of orders for unplanned projects in the previous fiscal year.

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