

December 5, 2025

Takuma Co., Ltd.

Transcription of Financial Briefing for Q2 FY2025 (ending 3/2026), held on November 21, 2025

< Speaker >

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

Table of Contents		TAKUMA
1.	Results for Q2 FY2025, and Forecast for FY2025	
2.	Progress of Management Strategies	
	Appendix	
3.	Company Profile Business Model 14th Medium-Term Management Plan Business Environment Capital Policy Q2 FY2025, Results by Segment and Earnings Forecast Data Collection	

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1

Thank you very much for taking the time out of your busy schedules to attend Takuma Co., Ltd.'s financial results briefing for the second quarter of the fiscal year ending March 2026. I am President Kunio Hamada.

Today, I will give this briefing in the following order.

Q2, FY3/26

Key Financial Results, Outlook

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Orders received

In Q1 (April–June), the Company received orders for two DBO waste treatment plant projects and two new biomass power plant construction projects. Progress is in line with the earnings forecast, and there is no change to the outlook.

Net Sales / Profit

Higher revenue, lower profit. Although net sales increased, operating profit declined due to higher fixed costs such as personnel expenses. Performance continues to trend steadily in line with the earnings forecast (forecast of higher revenue and higher profit), and there is no change to the outlook.

(JPY millions)	FY3/25 Q2	FY3/26 Q2	YoY change		FY3/25 Actual Results	FY3/26 Earnings Forecast	Compared to Previous Period	
Orders received	162,013	161,747	(265)	(0.2%)	246,301	250,000	+ 3,698	+ 1.5%
Order backlog	576,561	669,389	+ 92,828	+ 16.1%	577,752	662,752	+ 85,000	+ 14.7%
Net sales	68,064	70,110	+ 2,045	+ 3.0%	151,161	165,000	+ 13,838	+ 9.2%
Operating profit	4,548	4,117	(430)	(9.5%)	13,532	14,500	+ 967	+ 7.1%
Operating margin	6.7%	5.9%	(0.8pt)	-	9.0%	8.8%	(0.2pt)	-
Ordinary profit	5,053	4,561	(492)	(9.7%)	14,095	15,000	+ 904	+ 6.4%
Profit attributable to owners of parent Interim / Net income	4,114	3,822	(291)	(7.1%)	10,391	11,700	+ 1,308	+ 12.6%
Per share Interim / Net income (yen)	51.79	50.94	(0.85)	(1.6%)	132.24	158.00	+ 25.76	+ 19.5%

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3

I will briefly explain the results for the second quarter of the fiscal year ending March 2026, as well as the outlook for the fiscal year.

First, regarding orders, the orders for the planned waste treatment plant DBO projects and biomass power plant projects were mainly received in the first quarter, resulting in a high level of orders received at 161.7 billion yen. Progress is smooth against the full-year performance forecast, so there is no change in the performance forecast.

Next, regarding sales and profits, net sales were 70.1 billion yen and operating profit was 4.1 billion yen, resulting in increased revenue but decreased profits compared to the previous period. For the full year, we expect increased revenue and profits, and progress is steady against this plan, so there is no change in the performance forecast here either.

Q2, FY3/26

Factors for Increases/Decreases

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(JPY millions)	FY3/25 Q2	FY3/26 Q2	YoY change		Key Factors for Increase/Decrease
Orders received					
Total	162,013	161,747	(265)	(0.2%)	Increase in the package boiler business, but declines in three other businesses (-).
Domestic Environment and Energy	144,789	138,566	(6,223)	(4.3%)	Differences in project scale and contract timing (-)
Overseas Environment and Energy	1,337	799	(537)	(40.2%)	Decrease in maintenance orders (-)
Package Boiler	11,313	18,622	+ 7,309	+ 64.6%	Consolidation of IHI Packaged Boiler Co., Ltd. subsidiary (+) and gradual recovery in demand (+)
Equipment and Systems	4,810	3,985	(825)	(17.2%)	Decrease in orders (-)
Net sales					
Total	68,064	70,110	+ 2,045	+ 3.0%	Increase mainly in the package boiler business (+)
Domestic Environment and Energy	52,625	53,116	+ 491	+ 0.9%	Change in the EPC project mix (-), and increase in after-sales service (+)
Overseas Environment and Energy	1,454	1,750	+ 295	+ 20.4%	Increase in progress of plants with received orders (+)
Package Boiler	8,560	11,584	+ 3,023	+ 35.3%	Consolidation of IHI Packaged Boiler Co., Ltd. subsidiary (+) and increased progress on projects with received orders (+)
Equipment and Systems	5,657	3,825	(1,831)	(32.4%)	Decrease due to reactionary decline from large-scale projects (-)
Operating profit					
Total	4,548	4,117	(430)	(9.5%)	Increase in revenue (+), and rise in fixed costs such as personnel expenses (-)
Domestic Environment and Energy	4,838	4,788	(49)	(1.0%)	Increase in revenue (+), and rise in fixed costs such as personnel expenses (-)
Overseas Environment and Energy	177	(9)	(186)	-	Changes in project mix (-)
Package Boiler	463	493	+ 30	+ 6.6%	Consolidation of IHI Packaged Boiler Co., Ltd. subsidiary (+), and rise in fixed costs such as personnel expenses (-)
Equipment and Systems	358	269	(89)	(24.9%)	Decrease in revenue (-)

*Adjustments omitted

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4

This shows the reasons for increases and decreases by segment.

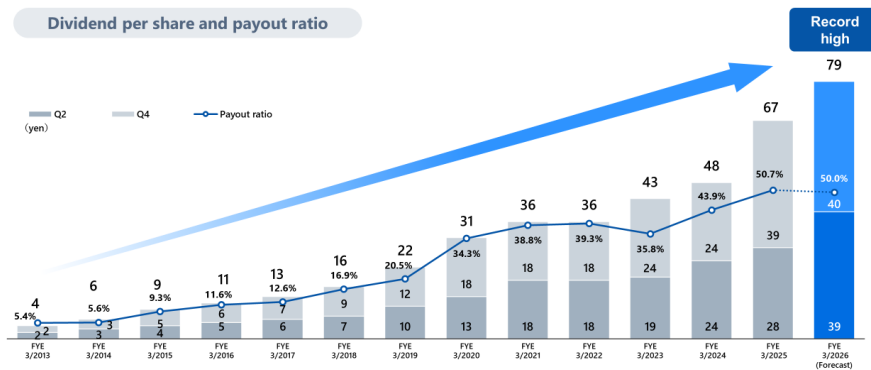
The main reason for increased revenue and decreased profit is that while sales increased primarily in the package boiler business, operating profit decreased due to an increase in fixed costs such as personnel expenses. For more details, please refer to this slide and the supplementary explanatory materials.

- ✓ The annual dividend per share for FY2025 is expected to be 79 yen, a record high, representing an increase of 12 yen. There has been no change from the dividend forecast at the beginning of the period.

14th MTP Shareholder return policy

- Enhancing shareholder returns and improving capital efficiency through stable dividends and share repurchase
- 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 totaling approximately JPY 18 billion over three years to improve capital efficiency

Dividend per share and payout ratio



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5

Next, regarding shareholder returns, we are proceeding in line with our capital policy. For dividends, we have set a target of the higher amount of either a payout ratio of 50% or an amount calculated based on a DOE of 4.0%.

The dividend for this term is planned to be a record high of 79 yen, with no changes from the initial forecast.

Shareholder Return

Share Repurchase

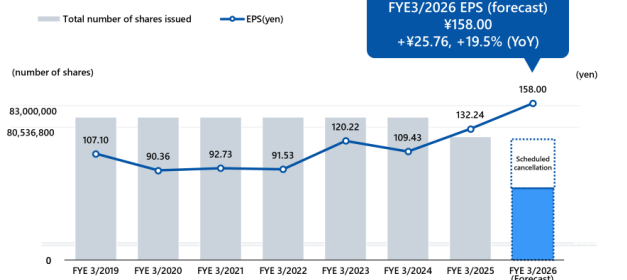
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- ✓ We plan to repurchase approximately 18 billion yen of treasury shares over the three-year period of the 14th Medium-Term Management Plan (FY2024-2026) in order to improve capital efficiency and enhance shareholder returns. The total return ratio for the 14th MTP period is expected to be approximately 100%. Currently acquiring treasury shares based on the resolution passed by the Board of Directors on 14 February 2025.

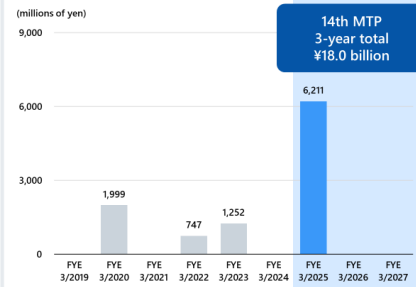
Repurchase status of treasury shares during the 14th MTP period

- 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.
→Acquired 3,851,200 shares (approximately ¥7.5 billion) by the end of October 2025.

Total number of shares issued and EPS



Amount of share repurchase



The share repurchase is planned to be a total of 18 billion yen over the period of the 14th Medium-Term Management Plan, which is the three years from fiscal year 2024 to fiscal year 2026.

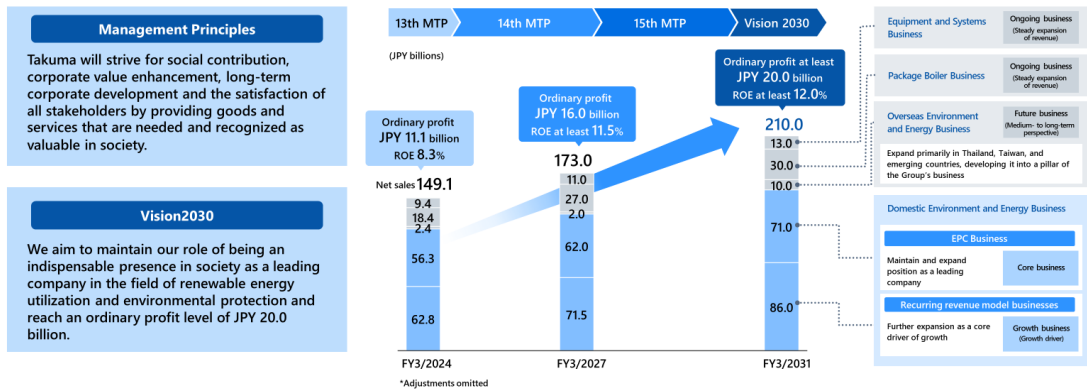
Currently, we are in the process of share repurchases worth 10 billion yen, as resolved in February of this year. As of the end of October, approximately 3.8 million shares, worth 7.5 billion yen, have been acquired. We will continue to conduct appropriate cash allocation based on our capital policy.

The above is an explanation of the second quarter performance and the outlook for this term.

Management Policy

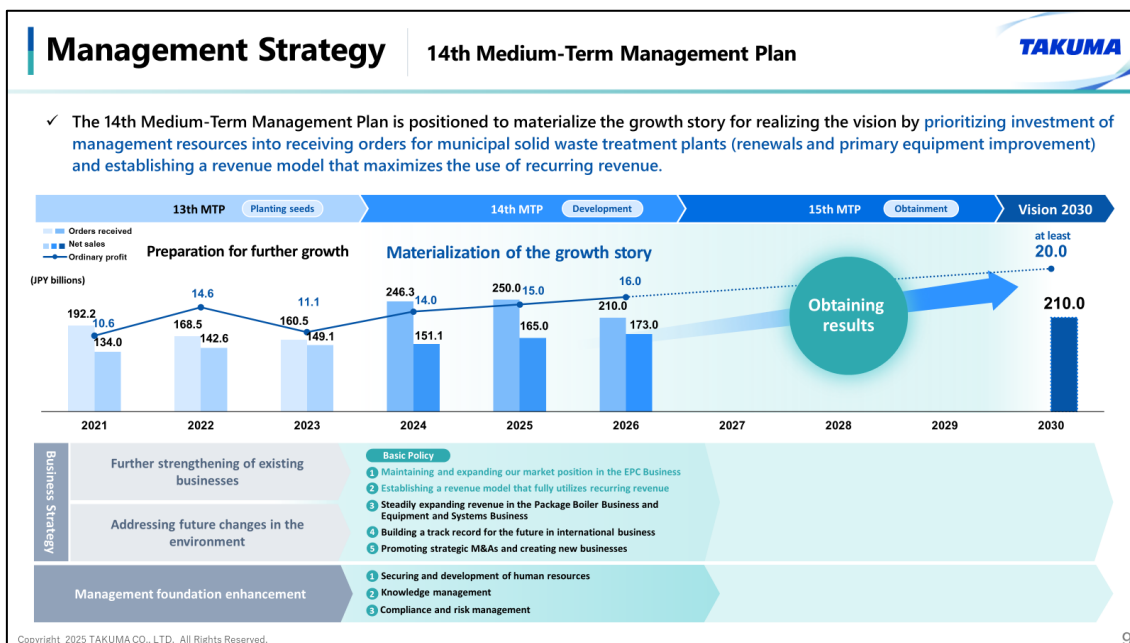
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- ✓ The Group aims to contribute to solving social issues (ESG challenges) and enhance corporate value through businesses founded on its strengths—namely, technological capabilities and strong trust-based relationships with customers.
- ✓ Achieve further 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.

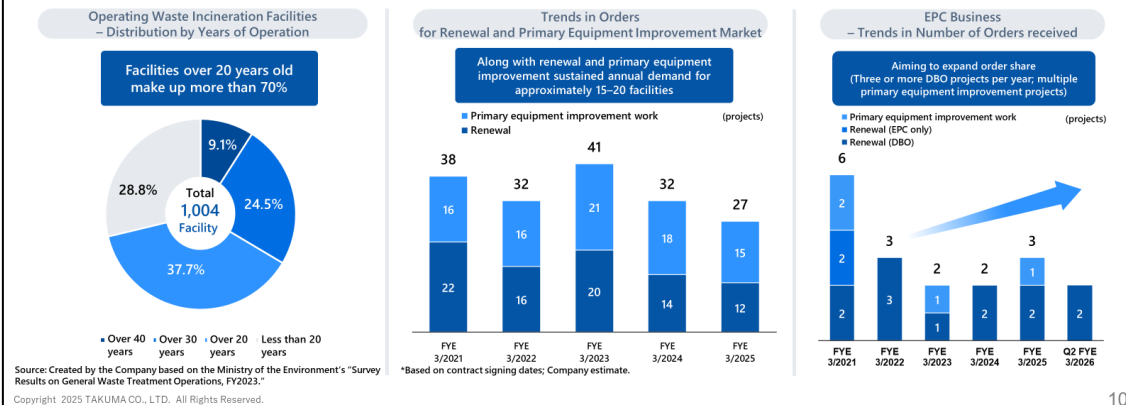


Next, I will explain the progress of our group's management strategy.

We are proceeding with initiatives in line with the policies described here, and there are no major changes. We aim to grow into a company with an ordinary profit scale of 20 billion yen by 2030 by further expanding the recurring revenue model businesses, which is the driver at the core of our growth, and by expanding the EPC business to increase this stock.



- ✓ Approximately 70% of the roughly 1,000 operating waste incineration facilities in Japan are more than 20 years old and deteriorating. Demand for replacement, maintenance, and modification work continues. Demand for outsourcing plant operation together with EPC (DBO projects) also continues.
- ✓ The Company aims to secure strong demand by focusing on recruitment and development of personnel.



First, regarding the immediate waste treatment plant market trends, the demand for rebuilding, life extension, and maintenance is expanding due to the aging of facilities.

In the past, it was common to rebuild facilities when they aged, but with construction costs soaring, there are increasing cases of extending facility life by modifying only the plant or strengthening maintenance in order to keep the facility in operation for a longer time.

At least until around 2030, in addition to the demand for maintenance, we expect there to be about 15 to 20 cases per year of demand for rebuilding work and large-scale renovation work, referred to as primary equipment improvements. We also anticipate the continuation of DBO project orders, which involve outsourcing the operation business to private companies after the facilities are built.

As for our group, we aim to reliably capture this demand, maintain and expand our market position in the EPC business, and establish a revenue model that maximizes the use of stock.

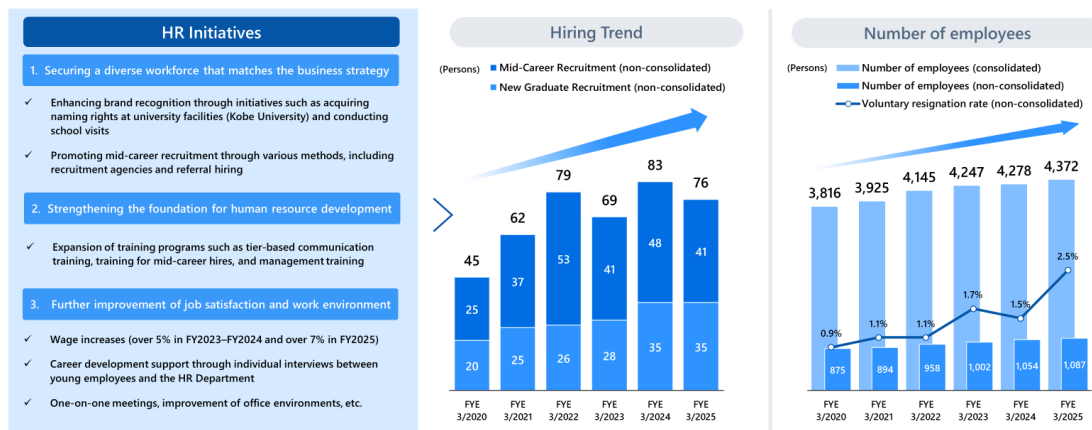
We are facing a shortage of employees to increase our market share of orders, so we are working on securing employees through recruitment and training.

Strengthening the Management Foundation

Basic Policy 1 : Securing and development of human resources

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- ✓ Approximately 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.



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11

For our efforts to secure human resources, we are undertaking initiatives as described in this slide.

Takuma, which handles the design and construction supervision of plants, aims to secure 1,200 personnel on its own, so we have been strengthening recruitment and training for several years. Recruitment activities are progressing smoothly, but with the high fluidity of human resources, we will continue to secure personnel by maintaining a hiring pace of about 60 to 70 people per year.

Business Strategy

Basic Policy 1 Maintaining and expanding our market position in the EPC Business
Basic Policy 2 Establishing a revenue model that fully utilizes recurring revenue
Main Orders Received up to Q2

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Municipal solid waste treatment plants

DBO project for waste treatment facilities in Numazu City, Shizuoka Prefecture

- The project includes the construction of incineration and recycling facilities, which will operate for 20 years and 3 months starting January 2030.
- Treatment capacity: 210t/day Contract amount: 45.40 billion JPY (excluding tax)
*total amount of orders received by the corporate group represented by Takuma

DBO project for waste treatment facilities in Ichikawa City, Chiba Prefecture

- The project includes the construction of incineration and non-combustible/bulky waste treatment facilities, which will operate for 20 years starting January 2031.
- Treatment capacity: 423t/day Contract amount: 66.08 billion JPY (excluding tax)



New solid waste treatment facility for Numazu City (image)

Energy plants

Biomass Power Plant for FIT at Clean Wood Energy K.K.

- The power generation project utilizes the FIT (Feed-in Tariff) scheme.
- Generating capacity: 1,990kW; scheduled Completion: November 2027.

Biomass Power Plant for Self-consumption at Nihon Kaisui Co., Ltd. Sanuki Plant

- Replacement of existing coal-fired power plant to biomass power plant (fuel conversion)
- Generating capacity: 9,400 kW; scheduled Completion : January 2029.



Biomass power plant for Clean Wood Energy (image)

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12

Here are our main order results up to the second quarter. In our mainstay waste treatment plants, we received two relatively large DBO project orders in cities like Numazu and Ichikawa. Currently, we have also been able to win and contract other planned projects.

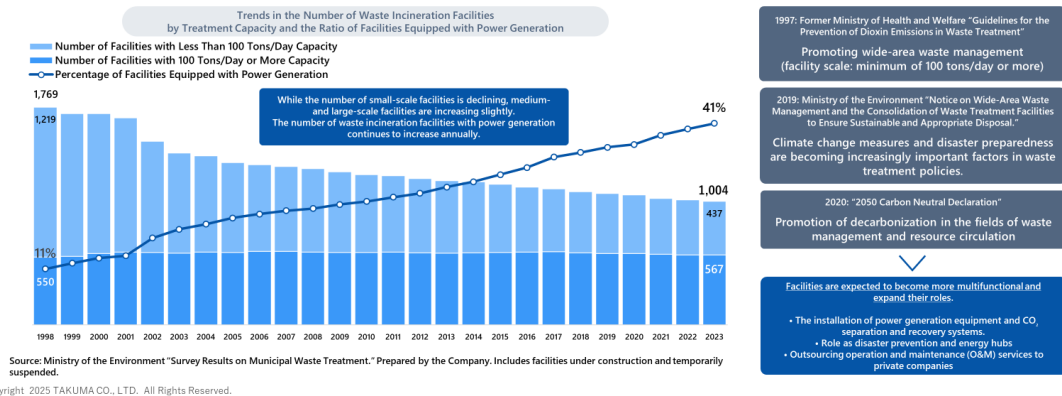
Furthermore, for biomass power plants, in addition to small plants, we have received orders for what are called fuel conversion projects, which involve converting coal-fueled plants into biomass-fueled plants.

Business Environment

Municipal Waste Treatment Plants (Medium- to Long-Term Outlook)

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- ✓ 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, thereby increasing added value.
*Examples include the installation of power generation equipment and CO₂ separation and recovery systems, as well as outsourcing operation and maintenance (O&M) services to private companies.



13

Next, I will also explain the mid- to long-term market environment.

In Japan, with limited land, landfill disposal is difficult, and incineration is necessary for sanitary reasons. Therefore, the demand for rebuilding or extending the life of waste treatment plants is expected to continue at a certain level even after 2030.

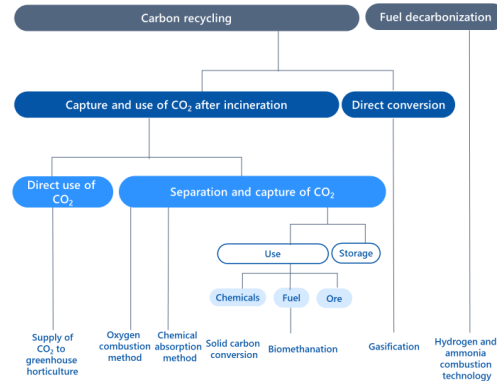
Additionally, with waste treatment areas expanding, facilities are becoming larger, and the number of facilities generating electricity is increasing year by year. This raises the added value of these facilities and increases the contract amount per facility.

Furthermore, in the future, we expect that the demand for not only electricity generation but also DBO projects, which involve installing CO₂ separation and recovery equipment and outsourcing operations, will continue. Therefore, the added value per facility is expected to increase even further.

In light of this situation, in order to secure a position in this field, we are not only striving to acquire orders but also strengthening research and development in decarbonization to maintain competitiveness.

- ✓ Assuming decarbonization technologies for waste treatment facilities will be sufficiently established by around 2030, we will strengthen R&D focusing on CCUS and carbon recycling technologies.

R&D roadmap for decarbonization technologies



Energy-efficient CO₂ capture and separation system

- A system is currently under development to separate and capture CO₂ from flue gas emitted by waste treatment and biomass power facilities using a proprietary chemical absorption method based on a non-aqueous absorbent, enabling energy-efficient recovery
- At the Maniwa Biomass Power Plant, which we delivered in 2015, we are 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).
- A demonstration unit with a daily CO₂ capture capacity of six tons has been 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.

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14

To introduce an example of research and development, a pilot test to separate and recover CO₂ emitted from waste incineration facilities will be conducted at the Senboku Clean Center of the Senboku Environmental Improvement Facilities Association in Osaka Prefecture starting in fiscal year 2027.

In a previous demonstration test at a biomass power plant, the separation and recovery capacity was on the scale of 0.5 tons per day, but this time, we will develop and test a demonstration facility with an energy-saving and space-saving CO₂ recovery capacity of 6 tons per day. We aim to commercialize this by fiscal year 2030 and deploy it in waste treatment facilities nationwide.

- ✓ Mainly 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)		

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15

Finally, we are also considering M&A for the sustainable growth of each business.

In particular, we are gathering information on projects that will lead to the strengthening of existing businesses, and the expansion of peripheral businesses, such as expanding our engineering human resources and material recycling, with a focus on the domestic environment and energy business.

Business Strategy

Basic Policy 5 : Promoting strategic M&As and creating new businesses
PMI Status of IHI Packaged Boiler Co., Ltd.



✓ PMI is underway for IHI Packaged Boiler Co., Ltd., which became a consolidated subsidiary in April 2025.

Business Environment


Although the domestic market has matured, a certain level of demand, such as for renewals, is expected to continue in the near future. In addition to new heating businesses (hydrogen, biomass, electric heat sources, decarbonized products, etc.), the Company aims to expand the scale of orders by expanding its overseas business in Southeast Asia, particularly in Thailand.

Deliveries (cumulative)


As of April 1, 2025, IHI Packaged Boiler Co., Ltd. became a consolidated subsidiary of Takuma Co., Ltd., and on April 1, 2026, the Company plans to merge IHI Packaged Boiler Co., Ltd. with Nippon Thermoener Co., Ltd. By combining the product lineups and technological capabilities of both companies, which have high shares in the domestic general-purpose boiler market, we will establish a supply system for products and services with higher added value.

Integration Schedule for companies in the package boiler business

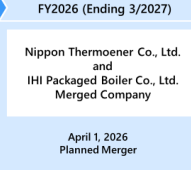
FY2024 (Ended 3/2025)



FY2025 (Ending 3/2026)



FY2026 (Ending 3/2027)



(JPY millions)	FY3/25 (actual)	FY3/26 (Target)	FY3/27 (Target)
Orders received	20,266	29,000	27,000
Net sales	19,845	26,000	27,000
Operating profit	1,394	1,400	1,800

PMI Status

- ✓ Establishment of the Integration Preparation Committee
- ✓ Various reviews and organizational preparations
 - Business and Organizational Structure
 - Product Lineup
 - Production Structure
 - Sites and Sales Offices
 - HR, Core Systems, etc.

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16

Regarding the previous term, for the package boiler business, we merged with and acquired IHI Packaged Boiler Co., Ltd.

In April of this year, we made IHI Packaged Boiler Co., Ltd., a consolidated subsidiary, and in April of next year, we plan to merge with Nippon Thermoener, a general-purpose boiler manufacturer in our group. In this term, we have established a post-merger integration committee and are in the process of rearranging our organizational structure, product lineup, and network of bases.

Costs related to the integration of the company, such as reviewing bases and sales offices, will be incurred, so we do not expect profit contribution this fiscal year, but we aim to demonstrate synergy and expand revenue from the next fiscal year onward.

The above is an explanation of the progress of our group's management strategy.

Summary of Today's Presentation

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Progress toward the full-year earnings forecast is proceeding smoothly as of the second quarter.

From a medium- to long-term perspective, the Company continues to secure steady orders in both EPC and stock businesses. To remain responsive to future changes in the business environment, the Company is also advancing initiatives such as securing human resources, pursuing research and development, and engaging in M&A activities.

The Company will continue to operate with a focus on renewable energy utilization and environmental conservation, striving to remain an essential presence in society as a leading company in these fields.

We sincerely appreciate your continued support.

TAKUMA

November 21, 2025

TAKUMA Co., Ltd.

President and CEO

Kunio Hamada

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17

Here is a summary of today's briefing. Progress toward the full-year earnings forecast is proceeding smoothly as of the second quarter.

In medium- to long-term initiatives, we have been able to secure definite orders in both EPC and stock. Additionally, to respond to future changes in the environment, we are also advancing initiatives such as securing human resources, pursuing research and development, and engaging in M&A activities.

We will continue to operate with a focus on renewable energy utilization and environmental conservation, striving to remain an essential presence in society as a leading company in these fields. We are grateful for your continued support.

This concludes today's briefing. Thank you very much for listening.

-END-

(Disclaimer)

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