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August 6, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

Company Name: Takasago Thermal Engineering Co., Ltd.
Stock Exchange Listing: On the Prime Section of the Tokyo Stock Exchange
Code Number: 1969
Company URL: https://www.tte-net.com/
Representative: Kazuhito Kojima, President and Representative Director
Contact: Masatoshi Morino, Director and Executive Officer, General Manager, Finance & Investor Relations Department
Phone: +81-3-6369-8215

Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Fraction less than one million yen has been omitted)

1. Consolidated Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Results of Operations

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
June 30, 2024	70,415	(10.0)	1,897	(18.2)	2,910	(6.6)	2,027	2.8
June 30, 2023	78,246	8.2	2,319	–	3,114	–	1,972	–

(Note) Comprehensive income:
For the three months ended June 30, 2024: ¥2,528 million year on year: (50.2)%
For the three months ended June 30, 2023: ¥5,073 million year on year: 425.2%

	Earnings per share	Diluted earnings per share
Three months ended	(Yen)	(Yen)
June 30, 2024	30.55	–
June 30, 2023	29.77	–

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
June 30, 2024	288,696	163,676	55.6
March 31, 2024	340,106	167,231	48.3

(Reference) Equity:
As of June 30, 2024: ¥160,503 million
As of March 31, 2024: ¥164,355 million

2. Dividends

	Cash dividends per share				
	First quarter end	Second quarter end	Third quarter end	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2024	–	38.00	–	91.00	129.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		65.00	–	65.00	130.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

Breakdown of annual dividends for the fiscal year ended March 31, 2024:

Ordinary dividend: ¥119.00

Commemorative dividend to celebrate the 100th anniversary of our founding: ¥10.00

3. Forecasts for the Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	370,000	1.8	25,700	6.2	27,500	5.2	21,400	9.1	322.39

(Note) Revisions to the earnings forecasts most recently announced: None

(Reference) Orders received (Forecast): (Full year) ¥365,000 million

*** Notes**

(1) Significant Changes in the Scope of Consolidation During the Period: None

(2) Adoption of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements: Yes

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

(i) Changes in accounting policies in accordance with the revision of accounting standard, etc.: Yes

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Number of Issued Shares (Common Shares)

(i) Number of issued shares at fiscal year end (including treasury shares)

As of June 30, 2024:	70,239,402 shares
As of March 31, 2024:	70,239,402 shares

(ii) Number of treasury shares at fiscal year end

As of June 30, 2024:	3,853,674 shares
As of March 31, 2024:	3,870,133 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024:	66,378,286 shares
Three months ended June 30, 2023:	66,249,356 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Explanation concerning proper use of the forecasts for the financial results and other special instructions

Forward-looking statements, including the financial results forecasts, in this document are based on currently available information held by the Company and on certain premises considered reasonable by the Company. It is not the intention of the Company to undertake the realization of these statements. Actual business results may differ from the forecasts, depending on various factors.

The Company will hold the financial results briefing session for the three months ended June 30, 2024 (for institutional investors and securities analysts) on Tuesday, August 6, 2024. The information materials used at the session will be posted on the Company's website.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	53,298	41,240
Notes, accounts receivable from completed construction contracts and contract assets	178,305	134,523
Electronically recorded monetary claims - operating	7,585	8,720
Costs on construction contracts in progress	4,057	4,049
Other	5,370	9,248
Allowance for doubtful accounts	(230)	(196)
Total current assets	248,386	197,585
Non-current assets		
Property, plant and equipment	23,483	23,651
Intangible assets		
Goodwill	1,703	1,745
Other	7,470	7,619
Total intangible assets	9,173	9,365
Investments and other assets		
Investment securities	46,530	45,578
Retirement benefit asset	6,551	6,592
Guarantee deposits	3,072	3,012
Other	3,016	3,012
Allowance for doubtful accounts	(107)	(101)
Total investments and other assets	59,063	58,093
Total non-current assets	91,720	91,110
Total assets	340,106	288,696

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	58,253	42,274
Electronically recorded obligations - operating	19,026	15,933
Short-term borrowings	14,133	2,205
Current portion of bonds payable	5,000	–
Accounts payable - other	5,416	2,617
Income taxes payable	6,008	1,008
Advances received on construction contracts in progress	12,593	13,631
Provision for bonuses	8,727	2,216
Provision for bonuses for directors (and other officers)	159	32
Provision for warranties for completed construction	1,095	1,062
Provision for loss on construction contracts	404	573
Provision for dismantling and removal	310	243
Other	15,621	17,506
Total current liabilities	146,750	99,305
Non-current liabilities		
Bonds payable	20,000	20,000
Retirement benefit liability	1,126	1,137
Provision for share awards	865	936
Deferred tax liabilities	3,388	2,916
Other	744	723
Total non-current liabilities	26,125	25,714
Total liabilities	172,875	125,019
Net assets		
Shareholders' equity		
Share capital	13,134	13,134
Capital surplus	10,488	10,488
Retained earnings	128,724	124,632
Treasury shares	(7,307)	(7,279)
Total shareholders' equity	145,040	140,975
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,822	15,166
Foreign currency translation adjustment	1,671	2,582
Remeasurements of defined benefit plans	1,821	1,779
Total accumulated other comprehensive income	19,315	19,528
Non-controlling interests	2,875	3,172
Total net assets	167,231	163,676
Total liabilities and net assets	340,106	288,696

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	78,246	70,415
Cost of sales	68,519	60,312
Gross profit	9,726	10,103
Selling, general and administrative expenses		
Employees' salaries and allowances	2,062	2,130
Provision for bonuses	766	792
Retirement benefit expenses	77	48
Provision for share awards	94	70
Other	4,405	5,163
Total selling, general and administrative expenses	7,407	8,205
Operating profit	2,319	1,897
Non-operating income		
Interest income	87	118
Dividend income	430	525
Share of profit of entities accounted for using equity method	–	53
Dividend income of insurance	158	102
Rental income from real estate	215	213
Foreign exchange gains	146	61
Other	127	103
Total non-operating income	1,165	1,177
Non-operating expenses		
Interest expenses	66	55
Share of loss of entities accounted for using equity method	102	–
Rental expenses on real estate	149	80
Compensation expense	19	–
Other	33	29
Total non-operating expenses	371	165
Ordinary profit	3,114	2,910
Extraordinary income		
Gain on sale of investment securities	9	37
Other	7	–
Total extraordinary income	17	37
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	17	–
Other	0	0
Total extraordinary losses	17	0
Profit before income taxes	3,114	2,946
Income taxes - current	990	728
Total income taxes	990	728
Profit	2,123	2,218
Profit attributable to non-controlling interests	151	190
Profit attributable to owners of parent	1,972	2,027

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	2,123	2,218
Other comprehensive income		
Valuation difference on available-for-sale securities	2,247	(795)
Foreign currency translation adjustment	674	1,009
Remeasurements of defined benefit plans, net of tax	5	(34)
Share of other comprehensive income of entities accounted for using equity method	22	131
Total other comprehensive income	2,950	310
Comprehensive income	5,073	2,528
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,893	2,232
Comprehensive income attributable to non-controlling interests	179	296

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,114	2,946
Depreciation	603	735
Amortization of goodwill	55	60
Increase (decrease) in provision for bonuses	(3,508)	(6,511)
Increase (decrease) in provision for loss on construction contracts	(399)	165
Increase (decrease) in provision for dismantling and removal	(39)	(67)
Decrease (increase) in retirement benefit asset	6	(108)
Increase (decrease) in retirement benefit liability	3	19
Interest and dividend income	(517)	(643)
Interest expenses	66	55
Share of loss (profit) of entities accounted for using equity method	102	(53)
Decrease (increase) in trade receivables	2,783	43,656
Decrease (increase) in costs on construction contracts in progress	(422)	106
Increase (decrease) in trade payables	(8,631)	(19,581)
Increase (decrease) in advances received on construction contracts in progress	(1,924)	791
Decrease (increase) in consumption taxes refund receivable	(1,427)	(3,341)
Increase (decrease) in accrued consumption taxes	78	(1,103)
Foreign exchange losses (gains)	(150)	(86)
Other, net	1,359	(878)
Subtotal	(8,847)	16,162
Interest and dividends received	546	672
Interest paid	(82)	(88)
Income taxes paid	(2,328)	(5,579)
Income taxes refund	–	520
Net cash provided by (used in) operating activities	(10,711)	11,689
Cash flows from investing activities		
Payments into time deposits	(1,452)	(3,598)
Proceeds from withdrawal of time deposits	1,604	2,590
Purchase of property, plant and equipment and intangible assets	(997)	(1,114)
Purchase of investment securities	(219)	(1)
Other payments	(91)	(133)
Other proceeds	524	107
Net cash provided by (used in) investing activities	(632)	(2,150)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(197)	(11,926)
Redemption of bonds	–	(5,000)
Repayments of lease liabilities	(118)	(118)
Purchase of treasury shares	(0)	(1)
Dividends paid	(2,219)	(6,120)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,288)	–
Other, net	(34)	(28)
Net cash provided by (used in) financing activities	(6,860)	(23,196)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Effect of exchange rate change on cash and cash equivalents	336	442
Net increase (decrease) in cash and cash equivalents	(17,867)	(13,215)
Cash and cash equivalents at beginning of period	69,971	49,064
Cash and cash equivalents at end of period	52,104	35,849