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November 14, 2024

Consolidated Financial Results for the Six Months Ended September 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 file semi-annual securities report: November 14, 2024
Scheduled date to commence dividend payments: December 10, 2024
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 Six Months Ended September 30, 2024 (April 1, 2024 to September 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	
Six months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
September 30, 2024	159,910	(2.7)	9,779	19.2	11,134	20.3	8,192	36.0
September 30, 2023	164,370	9.0	8,205	427.6	9,256	294.4	6,021	311.7

(Note) Comprehensive income:
For the six months ended September 30, 2024: ¥8,067 million year on year: (24.6)%
For the six months ended September 30, 2023: ¥10,703 million year on year: 180.0%

	Earnings per share	Diluted earnings per share
Six months ended	(Yen)	(Yen)
September 30, 2024	123.39	–
September 30, 2023	90.82	–

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
September 30, 2024	301,254	169,185	55.1
March 31, 2024	340,106	167,231	48.3

(Reference) Equity:
As of September 30, 2024: ¥165,846 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	–	65.00			
Fiscal year ending March 31, 2025 (Forecast)			–	79.00	144.00

(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	372,000	2.4	28,500	17.8	31,000	18.5	23,900	21.9	360.00

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

(Reference) Orders received (Forecast): (Full year) ¥400,000 million

*** Notes**

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

(2) Adoption of Accounting Treatment Specific to the Preparation of Semi-annual 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 the end of the period (including treasury shares)

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

(ii) Number of treasury shares at the end of the period

As of September 30, 2024:	3,832,975 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)

Six months ended September 30, 2024:	66,389,174 shares
Six months ended September 30, 2023:	66,300,327 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* 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 six months ended September 30, 2024 (for institutional investors and securities analysts) on Friday, November 15, 2024. The information materials used at the session will be posted on the Company's website.

(Reference) Forecasts for the Non-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		Profit per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	272,000	1.2	26,100	24.9	29,000	26.1	23,200	29.4	348.07

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

(Reference) Orders received (Forecast): (Full year) ¥300,000 million

Semi-annual Consolidated Financial Statements

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	53,298	51,326
Notes, accounts receivable from completed construction contracts and contract assets	178,305	132,249
Electronically recorded monetary claims - operating	7,585	9,370
Costs on construction contracts in progress	4,057	3,979
Other	5,370	14,944
Allowance for doubtful accounts	(230)	(218)
Total current assets	248,386	211,652
Non-current assets		
Property, plant and equipment	23,483	23,363
Intangible assets		
Goodwill	1,703	1,493
Other	7,470	7,752
Total intangible assets	9,173	9,245
Investments and other assets		
Investment securities	46,530	44,503
Retirement benefit asset	6,551	6,643
Guarantee deposits	3,072	2,997
Other	3,016	2,949
Allowance for doubtful accounts	(107)	(100)
Total investments and other assets	59,063	56,993
Total non-current assets	91,720	89,602
Total assets	340,106	301,254

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	58,253	49,267
Electronically recorded obligations - operating	19,026	13,546
Short-term borrowings	14,133	2,410
Current portion of bonds payable	5,000	–
Accounts payable - other	5,416	2,448
Income taxes payable	6,008	3,552
Advances received on construction contracts in progress	12,593	14,219
Provision for bonuses	8,727	5,056
Provision for bonuses for directors (and other officers)	159	62
Provision for warranties for completed construction	1,095	1,097
Provision for loss on construction contracts	404	385
Provision for dismantling and removal	310	195
Other	15,621	14,131
Total current liabilities	146,750	106,374
Non-current liabilities		
Bonds payable	20,000	20,000
Retirement benefit liability	1,126	1,130
Provision for share awards	865	1,082
Deferred tax liabilities	3,388	2,799
Other	744	682
Total non-current liabilities	26,125	25,694
Total liabilities	172,875	132,068
Net assets		
Shareholders' equity		
Share capital	13,134	13,134
Capital surplus	10,488	11,195
Retained earnings	128,724	130,796
Treasury shares	(7,307)	(7,962)
Total shareholders' equity	145,040	147,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,822	14,748
Foreign currency translation adjustment	1,671	2,196
Remeasurements of defined benefit plans	1,821	1,737
Total accumulated other comprehensive income	19,315	18,681
Non-controlling interests	2,875	3,339
Total net assets	167,231	169,185
Total liabilities and net assets	340,106	301,254

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	164,370	159,910
Cost of sales	141,284	133,227
Gross profit	23,085	26,683
Selling, general and administrative expenses		
Employees' salaries and allowances	4,462	4,591
Provision for bonuses	1,216	1,759
Retirement benefit expenses	154	98
Provision for share awards	142	239
Other	8,903	10,214
Total selling, general and administrative expenses	14,880	16,903
Operating profit	8,205	9,779
Non-operating income		
Interest income	185	245
Dividend income	472	569
Dividend income of insurance	162	107
Share of profit of entities accounted for using equity method	–	125
Rental income from real estate	427	424
Foreign exchange gains	261	–
Other	226	376
Total non-operating income	1,736	1,847
Non-operating expenses		
Interest expenses	135	117
Share of loss of entities accounted for using equity method	83	–
Rental expenses on real estate	235	235
Compensation expense	18	–
Other	212	138
Total non-operating expenses	684	492
Ordinary profit	9,256	11,134
Extraordinary income		
Gain on sale of investment securities	13	453
Other	8	–
Total extraordinary income	21	453
Extraordinary losses		
Impairment losses	216	–
Loss on retirement of non-current assets	1	9
Loss on valuation of investment securities	17	–
Other	0	1
Total extraordinary losses	236	11
Profit before income taxes	9,042	11,576
Income taxes - current	2,791	3,143
Total income taxes	2,791	3,143
Profit	6,250	8,432
Profit attributable to non-controlling interests	229	240
Profit attributable to owners of parent	6,021	8,192

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	6,250	8,432
Other comprehensive income		
Valuation difference on available-for-sale securities	3,119	(1,064)
Foreign currency translation adjustment	1,278	793
Remeasurements of defined benefit plans, net of tax	6	(68)
Share of other comprehensive income of entities accounted for using equity method	48	(25)
Total other comprehensive income	4,452	(365)
Comprehensive income	10,703	8,067
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,392	7,558
Comprehensive income attributable to non-controlling interests	310	508

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	9,042	11,576
Depreciation	1,241	1,481
Impairment losses	216	–
Amortization of goodwill	112	106
Increase (decrease) in provision for bonuses	(2,069)	(3,670)
Increase (decrease) in provision for loss on construction contracts	(305)	(20)
Increase (decrease) in provision for dismantling and removal	(129)	(115)
Decrease (increase) in retirement benefit asset	(28)	(225)
Increase (decrease) in retirement benefit liability	13	39
Interest and dividend income	(657)	(814)
Interest expenses	135	117
Share of loss (profit) of entities accounted for using equity method	83	(125)
Decrease (increase) in trade receivables	(1,752)	40,123
Decrease (increase) in costs on construction contracts in progress	(901)	(0)
Increase (decrease) in trade payables	(12,080)	(15,358)
Increase (decrease) in advances received on construction contracts in progress	(2,742)	1,390
Decrease (increase) in consumption taxes refund receivable	(2,852)	(1,135)
Increase (decrease) in accrued consumption taxes	(150)	(933)
Foreign exchange losses (gains)	(243)	90
Loss (gain) on sale of investment securities	–	(453)
Other, net	2,166	(6,336)
Subtotal	(10,901)	25,737
Interest and dividends received	684	842
Interest paid	(134)	(138)
Income taxes paid	(2,580)	(5,828)
Income taxes refund	640	545
Net cash provided by (used in) operating activities	(12,292)	21,159
Cash flows from investing activities		
Payments into time deposits	(5,044)	(6,286)
Proceeds from withdrawal of time deposits	3,094	4,573
Proceeds from withdrawal of long-term time deposits	62	–
Purchase of property, plant and equipment and intangible assets	(1,624)	(1,951)
Purchase of investment securities	(5,104)	(3)
Proceeds from sale of investment securities	18	1,013
Purchase of shares of subsidiaries and associates	(45)	–
Other payments	(143)	(222)
Other proceeds	709	247
Net cash provided by (used in) investing activities	(8,078)	(2,629)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,032)	(11,784)
Redemption of bonds	–	(5,000)
Repayments of lease liabilities	(252)	(243)
Proceeds from disposal of treasury shares	–	1,248
Purchase of treasury shares	(1)	(1,250)
Dividends paid	(2,219)	(6,120)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,288)	–
Other, net	(81)	(95)
Net cash provided by (used in) financing activities	(7,876)	(23,247)
Effect of exchange rate change on cash and cash equivalents	798	592
Net increase (decrease) in cash and cash equivalents	(27,448)	(4,125)
Cash and cash equivalents at beginning of period	69,971	49,064
Cash and cash equivalents at end of period	42,523	44,939