Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

February 13, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 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 Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 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	
Nine months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
December 31, 2024	265,193	0.6	20,925	13.1	22,902	14.1	16,621	18.2
December 31, 2023	263,732	10.5	18,509	117.2	20,065	105.0	14,064	103.2

(Note) Comprehensive income:
For the nine months ended December 31, 2024: ¥17,022 million year on year: (6.8)%
For the nine months ended December 31, 2023: ¥18,269 million year on year: 102.9%

	Earnings per share	Diluted earnings per share
Nine months ended	(Yen)	(Yen)
December 31, 2024	250.34	–
December 31, 2023	212.07	–

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
December 31, 2024	339,666	173,752	50.1
March 31, 2024	340,106	167,231	48.3

(Reference) Equity:
As of December 31, 2024: ¥170,169 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 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 standards, 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 December 31, 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 December 31, 2024:	3,832,691 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)

Nine months ended December 31, 2024:	66,394,437 shares
Nine months ended December 31, 2023:	66,320,660 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	53,298	36,706
Notes, accounts receivable from completed construction contracts and contract assets	178,305	181,236
Electronically recorded monetary claims - operating	7,585	8,966
Costs on construction contracts in progress	4,057	4,449
Other	5,370	17,871
Allowance for doubtful accounts	(230)	(372)
Total current assets	248,386	248,858
Non-current assets		
Property, plant and equipment	23,483	23,636
Intangible assets		
Goodwill	1,703	1,558
Other	7,470	7,874
Total intangible assets	9,173	9,432
Investments and other assets		
Investment securities	46,530	45,047
Retirement benefit asset	6,551	6,712
Guarantee deposits	3,072	3,075
Other	3,016	2,939
Allowance for doubtful accounts	(107)	(36)
Total investments and other assets	59,063	57,738
Total non-current assets	91,720	90,807
Total assets	340,106	339,666

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	58,253	58,603
Electronically recorded obligations - operating	19,026	17,687
Short-term borrowings	14,133	8,946
Current portion of bonds payable	5,000	5,000
Accounts payable - other	5,416	3,058
Income taxes payable	6,008	3,308
Advances received on construction contracts in progress	12,593	23,015
Provision for bonuses	8,727	4,339
Provision for bonuses for directors (and other officers)	159	92
Provision for warranties for completed construction	1,095	1,063
Provision for loss on construction contracts	404	400
Provision for dismantling and removal	310	–
Provision for compensation for damages	–	122
Other	15,621	19,180
Total current liabilities	146,750	144,819
Non-current liabilities		
Bonds payable	20,000	15,000
Retirement benefit liability	1,126	1,134
Provision for share awards	865	1,364
Deferred tax liabilities	3,388	2,909
Other	744	685
Total non-current liabilities	26,125	21,094
Total liabilities	172,875	165,913
Net assets		
Shareholders' equity		
Share capital	13,134	13,134
Capital surplus	10,488	11,639
Retained earnings	128,724	134,836
Treasury shares	(7,307)	(8,406)
Total shareholders' equity	145,040	151,205
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,822	15,182
Foreign currency translation adjustment	1,671	2,087
Remeasurements of defined benefit plans	1,821	1,695
Total accumulated other comprehensive income	19,315	18,964
Non-controlling interests	2,875	3,582
Total net assets	167,231	173,752
Total liabilities and net assets	340,106	339,666

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	263,732	265,193
Cost of sales	220,972	217,455
Gross profit	42,759	47,738
Selling, general and administrative expenses		
Employees' salaries and allowances	7,579	8,235
Provision for bonuses	1,683	1,696
Retirement benefit expenses	227	147
Provision for share awards	190	463
Other	14,567	16,268
Total selling, general and administrative expenses	24,249	26,812
Operating profit	18,509	20,925
Non-operating income		
Interest income	301	394
Dividend income	743	888
Dividend income of insurance	162	112
Share of profit of entities accounted for using equity method	50	217
Rental income from real estate	644	644
Foreign exchange gains	190	–
Other	397	482
Total non-operating income	2,489	2,739
Non-operating expenses		
Interest expenses	198	182
Rental expenses on real estate	321	328
Compensation expense	18	–
Provision for dismantling and removals	134	–
Provision for compensation for damages	–	122
Other	261	130
Total non-operating expenses	933	763
Ordinary profit	20,065	22,902
Extraordinary income		
Gain on sale of investment securities	99	728
Other	8	–
Total extraordinary income	107	728
Extraordinary losses		
Impairment losses	288	–
Loss on retirement of non-current assets	31	10
Loss on valuation of investment securities	17	4
Other	0	1
Total extraordinary losses	337	16
Profit before income taxes	19,835	23,614
Income taxes - current	5,435	6,577
Total income taxes	5,435	6,577
Profit	14,400	17,036
Profit attributable to non-controlling interests	335	415
Profit attributable to owners of parent	14,064	16,621

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	14,400	17,036
Other comprehensive income		
Valuation difference on available-for-sale securities	2,648	(671)
Foreign currency translation adjustment	1,172	753
Remeasurements of defined benefit plans, net of tax	9	(103)
Share of other comprehensive income of entities accounted for using equity method	39	7
Total other comprehensive income	3,869	(13)
Comprehensive income	18,269	17,022
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,795	16,270
Comprehensive income attributable to non-controlling interests	473	752

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	19,835	23,614
Depreciation	1,864	2,244
Impairment losses	288	–
Amortization of goodwill	160	173
Increase (decrease) in provision for bonuses	(1,174)	(4,387)
Increase (decrease) in provision for loss on construction contracts	(368)	(8)
Decrease (increase) in retirement benefit asset	(66)	(361)
Increase (decrease) in retirement benefit liability	30	56
Interest and dividend income	(1,044)	(1,283)
Interest expenses	198	182
Share of loss (profit) of entities accounted for using equity method	(50)	(217)
Decrease (increase) in trade receivables	(24,344)	(9,286)
Decrease (increase) in costs on construction contracts in progress	(983)	(357)
Increase (decrease) in trade payables	(10,470)	(1,486)
Increase (decrease) in advances received on construction contracts in progress	(1,634)	10,158
Decrease (increase) in consumption taxes refund receivable	(1,452)	(2,098)
Increase (decrease) in accrued consumption taxes	(142)	(1,054)
Foreign exchange losses (gains)	(223)	29
Loss (gain) on sale of investment securities	(99)	(728)
Other, net	3,701	(1,953)
Subtotal	(15,975)	13,235
Interest and dividends received	1,069	1,310
Interest paid	(211)	(211)
Income taxes paid	(4,818)	(9,638)
Income taxes refund	640	552
Net cash provided by (used in) operating activities	(19,295)	5,248
Cash flows from investing activities		
Payments into time deposits	(7,742)	(9,170)
Proceeds from withdrawal of time deposits	5,797	7,318
Purchase of property, plant and equipment and intangible assets	(2,378)	(2,807)
Purchase of investment securities	(5,177)	(5)
Proceeds from sale of investment securities	122	1,498
Purchase of shares of subsidiaries and associates	(42)	(32)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	103	–
Proceeds from collection of loans receivable	68	65
Other payments	(514)	(452)
Other proceeds	768	386
Net cash provided by (used in) investing activities	(8,995)	(3,199)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,879	(5,230)
Redemption of bonds	–	(5,000)
Repayments of lease liabilities	(373)	(352)
Purchase of treasury shares	(1)	(1,937)
Proceeds from sale of treasury shares	–	1,934
Dividends paid	(4,774)	(10,508)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,288)	–
Other, net	(104)	(110)
Net cash provided by (used in) financing activities	(6,663)	(21,204)
Effect of exchange rate change on cash and cash equivalents	975	189
Net increase (decrease) in cash and cash equivalents	(33,979)	(18,966)
Cash and cash equivalents at beginning of period	69,971	49,064
Cash and cash equivalents at end of period	35,991	30,098