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August 5, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (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: Isao Nakamura, Manager, IR Office, Corporate Planning Division
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, 2026 (April 1, 2026 to June 30, 2026)

(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, 2026	84,922	(9.9)	8,481	(16.2)	9,621	(11.8)	6,408	(28.4)
June 30, 2025	94,205	33.8	10,117	433.1	10,906	274.8	8,956	341.7

(Note) Comprehensive income:
For the three months ended June 30, 2026: ¥6,797 million year on year: (31.4)%
For the three months ended June 30, 2025: ¥9,906 million year on year: 291.7%

	Earnings per share	Diluted earnings per share
Three months ended	(Yen)	(Yen)
June 30, 2026	48.97	–
June 30, 2025	67.98	–

(Note) The Company conducted a share split at a ratio of two shares for every one common share, effective October 1, 2025. Therefore, earnings per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
June 30, 2026	351,491	212,248	58.9
March 31, 2026	381,823	215,056	55.0

(Reference) Equity:
As of June 30, 2026: ¥206,973 million
As of March 31, 2026: ¥209,889 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, 2026	–	86.00	–	72.00	–
Fiscal year ending March 31, 2027	–				
Fiscal year ending March 31, 2027 (Forecast)		61.00	–	62.00	123.00

(Notes) 1. Revisions to the forecast of cash dividends most recently announced: None

2. The Company conducted a share split at a ratio of two shares for every one common share with a record date of September 30, 2025 and an effective date of October 1, 2025. For the fiscal year ended March 31, 2026, the year-end dividend per share reflects the impact of this share split, and the total annual dividend is indicated as "–." If the impact of the share split is ignored, the year-end dividend for the fiscal year ended March 31, 2026 would have been ¥144.00, and the total annual dividend would have been ¥230.00.

3. Forecasts for the Consolidated Financial Results for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(% 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	440,000	3.8	50,000	4.7	52,000	2.7	40,000	6.7	305.63

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

(Reference) Orders received (Forecast): (Full year) ¥520,000 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

For more details, please refer to "(3) Notes on Quarterly Consolidated Financial Statements, (Notes to accounting treatment specific to the preparation of quarterly consolidated financial statements)" of "2. Quarterly Consolidated Financial Statements" on page 8 of the attached materials.

(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.: None

(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 June 30, 2026:	140,478,804 shares
As of March 31, 2026:	140,478,804 shares

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

As of June 30, 2026:	9,589,367 shares
As of March 31, 2026:	9,615,980 shares

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

Three months ended June 30, 2026:	130,876,177 shares
Three months ended June 30, 2025:	131,754,831 shares

(Note) The Company conducted a share split at a ratio of two shares for every one common share, effective October 1, 2025. Therefore, the number of issued shares at the end of the period (including treasury shares), number of treasury shares at the end of the period, and average number of shares outstanding during the period were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* 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. Regarding earnings forecasts, please refer to "(3) Explanation Regarding Forecasts Such as the Forecasts of Consolidated Business Results" of "1. Summary of Business Results, etc." on page 3 of the attached materials.

The Company will hold the financial results briefing session for the three months ended June 30, 2026 (for institutional investors and securities analysts) on Wednesday, August 5, 2026. The information materials to be used at the session will be posted on the Company's website.

Table of Attachments

Index

1. Summary of Business Results, etc.

(1) Summary of Business Results for the Quarter Under Review

During the first three months of the fiscal year ending March 31, 2027, the Japanese economy continued on a gradual recovery path with employment circumstances and the income environment showing improvement, despite concerns about the impact of policy trends in foreign countries and diplomatic situations, as well as fluctuations in financial and capital markets.

In the construction industry and our related air conditioning industry, capital investment trends continued against the backdrop of solid corporate earnings in both the manufacturing and non-manufacturing sectors. On the other hand, a cautious approach to business operations became necessary, as close attention continued to be required regarding the persistently high material and equipment prices and labor costs, as well as the impact on supply chains associated with the instability of the situation in the Middle East.

In this business environment, our Group has been promoting “business model transformation” to establish a solid revenue base from the construction business and promote investments for future growth, and “company and human resource transformation” through investing in human capital and establishing a framework that is aimed at becoming an Environment-Creator™ company, in accordance with the Medium-Term Management Plan.

Our Group’s net sales for the first three months under review totaled ¥84,922 million (down 9.9% year on year), reflecting the fact that, in the previous fiscal year, progress in the volume of work completed in large projects in the industrial systems category was concentrated in the first three months.

As for profits, operating profit was ¥8,481 million (down 16.2% year on year), ordinary profit came to ¥9,621 million (down 11.8% year on year), and profit attributable to owners of parent was ¥6,408 million (down 28.4% year on year).

Orders received totaled to ¥106,598 million (up 1.7% year on year).

Segment business results were as follows. (Segment business results include intersegment net sales and transfers.)

<u>(Construction business)</u>

Net sales were ¥82,984 million (down 10.2% year on year), and segment profit (operating profit) was ¥8,183 million (down 18.4% year on year).

<u>(Equipment manufacturing and sales business)</u>

Net sales were ¥2,183 million (up 21.1% year on year), and segment profit (operating profit) was ¥241 million (up 551.0% year on year).

<u>(Other)</u>

Net sales were ¥71 million (down 2.6% year on year), and segment profit (operating profit) was ¥56 million (down 11.2% year on year).

(2) Summary of Financial Position for the Quarter Under Review

(i) Conditions of Assets, Liabilities and Net Assets

Total assets decreased ¥30,331 million from the end of the previous fiscal year to ¥351,491 million at the end of the first quarter under review, mainly due to decreases in notes, accounts receivable from completed construction contracts and contract assets.

Total liabilities fell ¥27,523 million from the end of the previous fiscal year to ¥139,243 million, mainly due to a decrease in notes payable, accounts payable for construction contracts and other.

Total net assets decreased ¥2,807 million from the end of the previous fiscal year to ¥212,248 million, mainly due to a decrease in retained earnings resulting from the payment of dividends.

(3) Explanation Regarding Forecasts Such as the Forecasts of Consolidated Business Results

The forecasts of consolidated and non-consolidated business results for the year ending March 31, 2027 are again based on the estimates released on May 12, 2026.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	48,228	42,125
Notes, accounts receivable from completed construction contracts and contract assets	196,670	167,505
Electronically recorded monetary claims - operating	6,504	6,814
Costs on construction contracts in progress	4,161	4,776
Other	9,732	13,779
Allowance for doubtful accounts	(1,251)	(1,261)
Total current assets	264,045	233,740
Non-current assets		
Property, plant and equipment	23,840	24,149
Intangible assets		
Goodwill	2,696	2,578
Other	8,761	8,731
Total intangible assets	11,458	11,309
Investments and other assets		
Investment securities	64,166	64,201
Retirement benefit asset	11,404	11,495
Guarantee deposits	3,303	3,267
Other	3,681	3,427
Allowance for doubtful accounts	(76)	(99)
Total investments and other assets	82,478	82,292
Total non-current assets	117,777	117,751
Total assets	381,823	351,491

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	46,283	33,387
Electronically recorded obligations - operating	5,198	4,215
Short-term borrowings	27,406	25,593
Current portion of bonds payable	5,000	10,000
Accounts payable - other	6,823	2,674
Income taxes payable	9,938	2,882
Advances received on construction contracts in progress	17,993	18,924
Provision for bonuses	10,163	3,407
Provision for bonuses for directors (and other officers)	216	34
Provision for warranties for completed construction	1,795	1,573
Provision for loss on construction contracts	252	61
Provision for compensation for damages	265	265
Other	14,390	20,031
Total current liabilities	145,726	123,052
Non-current liabilities		
Bonds payable	10,000	5,000
Retirement benefit liability	1,743	1,769
Provision for share awards	1,942	1,977
Deferred tax liabilities	5,261	5,336
Other	2,092	2,107
Total non-current liabilities	21,040	16,190
Total liabilities	166,766	139,243
Net assets		
Shareholders’ equity		
Share capital	13,134	13,134
Capital surplus	12,761	12,761
Retained earnings	170,683	167,490
Treasury shares	(15,802)	(15,764)
Total shareholders’ equity	180,776	177,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,883	21,992
Foreign currency translation adjustment	2,562	2,826
Remeasurements of defined benefit plans	4,665	4,532
Total accumulated other comprehensive income	29,112	29,351
Non-controlling interests	5,167	5,274
Total net assets	215,056	212,248
Total liabilities and net assets	381,823	351,491

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	94,205	84,922
Cost of sales	74,301	65,842
Gross profit	19,903	19,079
Selling, general and administrative expenses		
Employees’ salaries and allowances	2,387	2,655
Provision for bonuses	1,072	1,203
Retirement benefit expenses	65	16
Provision for share awards	88	88
Other	6,172	6,633
Total selling, general and administrative expenses	9,786	10,597
Operating profit	10,117	8,481
Non-operating income		
Interest income	141	149
Dividend income	538	633
Share of profit of entities accounted for using equity method	–	63
Dividend income of insurance	151	155
Rental income from real estate	220	200
Foreign exchange gains	24	85
Other	160	250
Total non-operating income	1,236	1,537
Non-operating expenses		
Interest expenses	84	86
Share of loss of entities accounted for using equity method	13	–
Provision for compensation for damages	160	–
Provision of allowance for doubtful accounts	–	23
Rental expenses on real estate	144	210
Other	42	78
Total non-operating expenses	446	398
Ordinary profit	10,906	9,621
Extraordinary income		
Gain on sale of non-current assets	1,191	–
Total extraordinary income	1,191	–
Profit before income taxes	12,098	9,621
Income taxes - current	3,145	3,151
Total income taxes	3,145	3,151
Profit	8,953	6,469
Profit (loss) attributable to non-controlling interests	(3)	60
Profit attributable to owners of parent	8,956	6,408

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	8,953	6,469
Other comprehensive income		
Valuation difference on available-for-sale securities	1,861	49
Foreign currency translation adjustment	(889)	364
Remeasurements of defined benefit plans, net of tax	(17)	(122)
Share of other comprehensive income of entities accounted for using equity method	(1)	36
Total other comprehensive income	953	328
Comprehensive income	9,906	6,797
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,090	6,647
Comprehensive income attributable to non-controlling interests	(184)	149

(3) Notes on Quarterly Consolidated Financial Statements

(Notes to accounting treatment specific to the preparation of quarterly consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated with a method to estimate the effective tax rate for profit before tax after application of tax effect accounting reasonably for the fiscal year including the first quarter under review and use the estimated effective tax for quarterly profit before tax.

However, if a quarterly loss before tax is recorded, a method to use the statutory effective tax rate is used for calculation.

(Notes to segment information, etc.)

[Segment information]

First three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1 Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in quarterly consolidated statement of income (Note 3)
	Construction business	Equipment manufacturing and sales business	Subtotal				
Net sales							
Net sales to external customers	92,449	1,682	94,131	73	94,205	–	94,205
Intersegment net sales or transfers	–	121	121	–	121	(121)	–
Subtotal	92,449	1,803	94,253	73	94,326	(121)	94,205
Segment profit	10,032	37	10,069	63	10,133	(15)	10,117

(Notes) 1. The category “Other” refers to businesses that are not included in the reportable segments, such as the business of insurance agencies, etc.

2. The adjustment to segment profit is the elimination of transactions made between segments.

3. Segment profit is reconciled with operating profit in the quarterly consolidated statement of income.

2 Information on impairment losses or goodwill, etc. of non-current assets by reportable segment

(Significant impairment losses related to non-current assets)
Not applicable.

(Significant fluctuations in the amount of goodwill)
Not applicable.

(Significant gain on negative goodwill)
Not applicable.

First three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

1 Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in quarterly consolidated statement of income (Note 3)
	Construction business	Equipment manufacturing and sales business	Subtotal				
Net sales							
Net sales to external customers	82,984	1,866	84,850	71	84,922	–	84,922
Intersegment net sales or transfers	–	317	317	–	317	(317)	–
Subtotal	82,984	2,183	85,168	71	85,239	(317)	84,922
Segment profit	8,183	241	8,425	56	8,481	0	8,481

(Notes) 1. The category "Other" refers to businesses that are not included in the reportable segments, such as the business of insurance agencies, etc.
2. The adjustment to segment profit is the elimination of transactions made between segments.
3. Segment profit is reconciled with operating profit in the quarterly consolidated statement of income.

2 Information on impairment losses or goodwill, etc. of non-current assets by reportable segment

(Significant impairment losses related to non-current assets)
Not applicable.

(Significant fluctuations in the amount of goodwill)
Not applicable.

(Significant gain on negative goodwill)
Not applicable.

(Notes in case there are significant fluctuations in the amount of shareholders' equity)

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated statement of cash flows)

The Company has not prepared quarterly consolidated statement of cash flows for the first three months of the current fiscal year. In addition, the amounts of depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first three months of the current and previous fiscal years are as stated below.

(Millions of yen)

	First three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)	First three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)
Depreciation	807	987
Amortization of goodwill	53	103

(Important subsequent events)

Not applicable.

3. Supplementary information

(1) Conditions of Orders Received and Net Sales (Consolidated)

(i) Orders received

(Millions of yen, %)

Category		First three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)		First three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	65,254	62.3	55,572	52.1	(9,682)	(14.8)
	Industrial systems	37,315	35.6	48,461	45.5	11,145	29.9
	Subtotal	102,570	97.9	104,033	97.6	1,463	1.4
Equipment manufacturing and sales business		2,134	2.0	2,493	2.3	358	16.8
Other		73	0.1	71	0.1	(1)	(2.6)
Total		104,778	100.0	106,598	100.0	1,820	1.7
[overseas]		[20,353]	[19.4]	[17,031]	[16.0]	[(3,322)]	[(16.3)]
[facility maintenance]		[8,180]	[7.8]	[7,868]	[7.4]	[(312)]	[(3.8)]

(ii) Net sales

(Millions of yen, %)

Category		First three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)		First three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	31,784	33.7	41,539	48.9	9,754	30.7
	Industrial systems	60,665	64.5	41,445	48.8	(19,219)	(31.7)
	Subtotal	92,449	98.2	82,984	97.7	(9,465)	(10.2)
Equipment manufacturing and sales business		1,682	1.7	1,866	2.2	183	10.9
Other		73	0.1	71	0.1	(1)	(2.6)
Total		94,205	100.0	84,922	100.0	(9,282)	(9.9)
[overseas]		[16,112]	[17.1]	[18,557]	[21.9]	[2,445]	[15.2]
[facility maintenance]		[6,284]	[6.7]	[6,921]	[8.2]	[637]	[10.1]

(iii) Amount carried forward

(Millions of yen, %)

Category		First quarter ended June 30, 2025 (as of June 30, 2025) Amount	(%)	First quarter ended June 30, 2026 (as of June 30, 2026) Amount	(%)	Amount of Increase (Decrease)	Percentage of Increase (Decrease)
Construction business	General-purpose systems	212,565	55.1	268,824	62.0	56,259	26.5
	Industrial systems	170,865	44.2	160,973	37.2	(9,891)	(5.8)
	Subtotal	383,430	99.3	429,798	99.2	46,367	12.1
Equipment manufacturing and sales business		2,583	0.7	3,452	0.8	868	33.6
Other		–	–	–	–	–	–
Total		386,013	100.0	433,250	100.0	47,236	12.2
[overseas]		[70,656]	[18.3]	[48,299]	[11.1]	[(22,357)]	[(31.6)]
[facility maintenance]		[4,331]	[1.1]	[4,058]	[0.9]	[(273)]	[(6.3)]

(Note) Transactions made between segments with respect to orders received, net sales and amounts carried forward are set off and deleted.

(2) Conditions of Orders Received and Net Sales (Non-consolidated)

(i) Orders received

(Millions of yen, %)

Category		First three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025) Amount	(%)	First three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026) Amount	(%)	Amount of Increase (Decrease)	Percentage of Increase (Decrease)
Construction business	General-purpose systems	58,253	77.6	48,682	60.7	(9,571)	(16.4)
	Industrial systems	16,834	22.4	31,545	39.3	14,710	87.4
Total		75,088	100.0	80,227	100.0	5,139	6.8

(ii) Net sales of completed construction contracts

(Millions of yen, %)

Category		First three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025) Amount	(%)	First three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026) Amount	(%)	Amount of Increase (Decrease)	Percentage of Increase (Decrease)
Construction business	General-purpose systems	26,073	36.9	35,332	60.7	9,258	35.5
	Industrial systems	44,581	63.1	22,892	39.3	(21,689)	(48.6)
Total		70,655	100.0	58,225	100.0	(12,430)	(17.6)

(iii) Amount carried forward

(Millions of yen, %)

Category		First quarter ended June 30, 2025 (as of June 30, 2025)		First quarter ended June 30, 2026 (as of June 30, 2026)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	208,737	66.7	265,359	70.1	56,622	27.1
	Industrial systems	104,369	33.3	113,454	29.9	9,085	8.7
Total		313,106	100.0	378,814	100.0	65,707	21.0