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Consolidated Financial Statements for the Three Months Ended June 30, 2025 [Japanese GAAP]



August 7, 2025

Company name: **TAIHEI DENGYO KAISHA, LTD.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 1968

URL: <https://www.taihei-dengyo.co.jp/>

Representative: Hiroaki Ito, Representative Director, President and Chief Executive Officer

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Scheduled date of commencing dividend payments: -

Preparation of supplementary explanatory materials: No

Holding of financial results briefing: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Results for the Three Months Ended June 30, 2025 (April 1, 2025 – June 30, 2025)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2025	29,572	(1.7)	1,567	(36.9)	1,655	(50.0)	1,115	(50.1)
June 30, 2024	30,080	11.8	2,485	224.0	3,313	121.9	2,235	89.9

(Note) Comprehensive income: Three months ended June 30, 2025: 2,101 million yen [(28.9)%]

Three months ended June 30, 2024: 2,953 million yen [48.7%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	53.22	53.20
June 30, 2024	112.56	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of June 30, 2025	152,052	114,317	74.3
As of March 31, 2025	155,076	115,057	73.3

(Reference) Equity: As of June 30, 2025: 113,000 million yen

As of March 31, 2025: 113,660 million yen

2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	-	-	-	175.00	175.00
Year ending March 31, 2026	-				
Year ending March 31, 2026 (Forecast)		-	-	67.00	67.00

(Note) Changes from the most recent dividends forecast: Yes

* The Company plans to conduct a 3-for-1 share split of its common shares, effective October 1, 2025. Therefore, the year-end dividend per share for the fiscal year ended March 31, 2026 (forecast) reflects the effect of the share split. The year-end dividend per share for the fiscal year ending March 31, 2026 (forecast) without considering the share split would be 201.00 yen. For further details, please refer to “Explanation of the proper use of performance forecast and other notes” on the next page.

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	143,000	13.8	15,000	15.1	15,800	14.4	10,600	8.7
								169.51

(Note) Changes from the most recent results forecast: None

* “Basic earnings per share” of the Forecast of Consolidated Results takes into account the effect of the share split. The basic earnings per share of the forecast of consolidated results for the fiscal year ending March 31, 2026 (full year) without considering the share split would be 508.52 yen. For further details, please refer to “Explanation of the proper use of performance forecast and other notes” on the next page.

* Notes:

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of shares issued and outstanding (common shares)
 - 1) Number of shares issued and outstanding at the end of the period (including treasury shares):
 - June 30, 2025: 21,731,980 shares
 - March 31, 2025: 21,541,980 shares
 - 2) Number of treasury shares at the end of the period:
 - June 30, 2025: 697,041 shares
 - March 31, 2025: 697,009 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):
 - June 30, 2025: 20,965,278 shares
 - June 30, 2024: 19,861,821 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation of the proper use of performance forecast and other notes

The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and thus actual results may differ significantly from these forecasts due to a wide range of factors.

(Regarding dividends and performance forecast after the share split)

At a Board of Directors meeting held on August 7, 2025, the Company resolved to conduct a share split at a ratio of 3 shares for each common share, effective October 1, 2025. The dividend forecast and the consolidated results forecast for the fiscal year ending March 31, 2026 without considering the share split would be as follows:

(1) Dividend forecast for the fiscal year ending March 31, 2026

Year-end dividend per share: 201.00 yen

(2) Consolidated results forecast for the fiscal year ending March 31, 2026

Basic earnings per share for full year: 508.52 yen

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Three Months Ended June 30, 2025

During the three months ended June 30, 2025, the Japanese economy continued to recover moderately owing to an improved employment and income environment and the effect of various government policies, as well as an expansion in inbound tourism demand and other factors. However, the outlook continues to be uncertain given factors such as the continued rise in prices and concerns regarding the impact of U.S. trade policy on the global economy.

Under these circumstances, for the three months ended June 30, 2025, the TDK Group recorded orders received of 33,232 million yen (a decrease of 30.3% YoY) and net sales of 29,572 million yen (a decrease of 1.7% YoY) including 1,405 million yen (an increase of 74.1%) for overseas works.

Regarding profits, operating profit amounted to 1,567 million yen (a decrease of 36.9% YoY), ordinary profit amounted to 1,655 million yen (a decrease of 50.0% YoY), and profit attributable to owners of parent amounted to 1,115 million yen (a decrease of 50.1% YoY).

Performance results by business segment are as follows.

(Construction Segment)

Orders received amounted to 14,894 million yen (a decrease of 49.2% YoY, composition ratio: 44.8%). Works for thermal power plants for business use decreased, resulting in a decrease for the overall segment.

Net sales amounted to 9,126 million yen (a decrease of 5.5% YoY, composition ratio: 30.9%). Despite an increase in works for thermal power plants for private use, works for thermal power plants for business use decreased, resulting in a decrease for the overall segment. Segment profit amounted to 310 million yen (a decrease of 48.9% YoY).

(Maintenance and Renovation Segment)

Orders received amounted to 18,337 million yen (a decrease of 0.0% YoY, composition ratio: 55.2%). Despite an increase in works for thermal power plants for private use, works for thermal power plants for business use and iron and steel-related plants decreased, resulting in a decrease for the overall segment.

Net sales amounted to 20,445 million yen (an increase of 0.1% YoY, composition ratio: 69.1%). Despite a decrease in works for thermal power plants for business use, works for thermal power plants for private use and iron and steel-related plants increased, resulting in an increase for the overall segment. Segment profit amounted to 2,613 million yen (a decrease of 17.0% YoY).

The main factor contributing to the decrease in profits was the slump in works for nuclear power plants.

(2) Overview of Financial Position for the Three Months Ended June 30, 2025

(a) Assets

Current assets amounted to 103,942 million yen, down 4,666 million yen from the end of the previous fiscal year. This was due mainly to a decrease of 8,718 million yen in notes receivable, accounts receivable from completed construction contracts, and contract assets, despite an increase of 2,383 million yen in costs on construction contracts in progress and 1,432 million yen in other current assets.

Non-current assets amounted to 48,109 million yen, up 1,642 million yen from the end of the previous fiscal year. This was due mainly to an increase of 1,683 million yen in investment securities.

(b) Liabilities

Current liabilities amounted to 20,270 million yen, down 3,221 million yen from the end of the previous fiscal year. This was due mainly to decreases of 2,649 million yen in income taxes payable and 802 million yen in other current liabilities.

Non-current liabilities amounted to 17,464 million yen, up 937 million yen from the end of the previous fiscal year. This was due mainly to an increase of 962 million yen in deferred tax liabilities.

(c) Net assets

Net assets amounted to 114,317 million yen, down 740 million yen from the end of the previous fiscal year. This was due mainly to a decrease of 2,547 million yen in retained earnings, despite an increase of 1,117 million yen in valuation difference on available-for-sale securities.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no change to the consolidated financial results forecast for the full year from the forecast in the “Consolidated Financial Statements for the Fiscal Year Ended March 31, 2025” published on May 14, 2025.

Forward-looking statements, such as performance forecasts, made in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and actual results, etc. may differ significantly due to various factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: ¥1 million)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	42,607	43,739
Notes receivable, accounts receivable from completed construction contracts, and contract assets	49,539	40,820
Electronically recorded monetary claims - operating	2,755	1,889
Costs on construction contracts in progress	10,610	12,993
Raw materials and supplies	82	52
Other	3,013	4,446
Total current assets	108,609	103,942
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,953	20,001
Accumulated depreciation and impairment	(12,272)	(12,391)
Buildings and structures, net	7,681	7,609
Machinery and vehicles	13,457	13,502
Accumulated depreciation	(10,945)	(11,011)
Machinery and vehicles, net	2,511	2,490
Tools, furniture and fixtures	2,894	2,894
Accumulated depreciation and impairment	(2,615)	(2,628)
Tools, furniture and fixtures, net	279	266
Land	9,181	9,305
Leased assets	688	836
Accumulated depreciation	(357)	(397)
Leased assets, net	330	438
Construction in progress	223	83
Total property, plant and equipment	20,207	20,194
Intangible assets		
Other	225	224
Total intangible assets	225	224
Investments and other assets		
Investment securities	17,635	19,319
Long-term loans receivable	275	270
Real estate for rent	6,654	6,682
Accumulated depreciation	(684)	(705)
Real estate for rent, net	5,969	5,977
Deferred tax assets	34	17
Long term-bank cash	50	50
Other	2,342	2,326
Allowance for doubtful accounts	(273)	(269)
Total investments and other assets	26,033	27,691
Total non-current assets	46,466	48,109
Total assets	155,076	152,052

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(Unit: ¥1 million)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	9,379	9,002
Current portion of long-term borrowings	2,039	2,067
Lease liabilities	159	191
Income taxes payable	2,768	119
Contract liabilities	5,162	6,477
Provision for bonuses	1,051	301
Provision for bonuses for directors (and other officers)	90	24
Provision for warranties for completed construction	75	74
Provision for loss on construction contracts	131	182
Other	2,632	1,829
Total current liabilities	23,491	20,270
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	6,726	6,659
Lease liabilities	184	274
Deferred tax liabilities	760	1,722
Retirement benefit liability	3,408	3,376
Provision for share awards for directors (and other officers)	200	200
Provision for retirement benefits for directors (and other officers)	38	-
Other	207	230
Total non-current liabilities	16,526	17,464
Total liabilities	40,018	37,735
Net assets		
Shareholders' equity		
Share capital	6,657	7,070
Capital surplus	9,190	9,602
Retained earnings	92,394	89,847
Treasury shares	(1,195)	(1,196)
Total shareholders' equity	107,046	105,324
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,545	7,663
Foreign currency translation adjustment	(89)	(164)
Remeasurements of defined benefit plans	157	177
Total accumulated other comprehensive income	6,613	7,676
Share acquisition rights	0	-
Non-controlling interests	1,396	1,316
Total net assets	115,057	114,317
Total liabilities and net assets	155,076	152,052

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(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Three Months Ended June 30, 2024 and 2025

(Unit: ¥1 million)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	30,080	29,572
Cost of sales	24,803	25,141
Gross profit	5,277	4,430
Selling, general and administrative expenses	2,791	2,862
Operating profit	2,485	1,567
Non-operating income		
Interest income	3	2
Dividend income	211	248
Share of profit of entities accounted for using equity method	70	47
Rental income from non-current assets	91	89
Foreign exchange gains	439	-
Other	117	46
Total non-operating income	934	434
Non-operating expenses		
Interest expenses	9	23
Foreign exchange losses	-	228
Rental expenses on non-current assets	45	35
Other	51	60
Total non-operating expenses	106	347
Ordinary profit	3,313	1,655
Extraordinary income		
Gain on recovery of money transfer scam at overseas branch	-	3
Gain on sale of non-current assets	2	-
Other	-	0
Total extraordinary income	2	4
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Other	0	-
Total extraordinary losses	0	0

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(Unit: ¥1 million)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit before income taxes	3,315	1,660
Income taxes – current	842	135
Income taxes – deferred	270	459
Total income taxes	1,113	594
Profit	2,202	1,066
Profit attributable to		
Profit attributable to owners of parent	2,235	1,115
Loss attributable to non-controlling interests	(33)	(49)
Other comprehensive income		
Valuation difference on available-for-sale securities	741	1,118
Foreign currency translation adjustment	(18)	(103)
Remeasurements of defined benefit plans, net of tax	28	19
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	750	1,035
Comprehensive income	2,953	2,101
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,981	2,176
Comprehensive income attributable to non-controlling interests	(28)	(75)

(3) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

[Segment information]

I Three months from April 1, 2024 to June 30, 2024

1. Information on net sales and profit by reportable segment and information on the breakdown of income

(Unit: ¥1 million)

	Reportable segment		Total
	Construction Segment	Maintenance and Renovation Segment	
Net sales			
Goods transferred at a point in time	1,325	12,089	13,415
Goods transferred over time	8,334	8,330	16,665
Revenue from contracts with customers	9,659	20,420	30,080
Net sales to outside customers	9,659	20,420	30,080
Segment profit	607	3,150	3,757

2. Differences between the total amount of profits for reportable segments and the amount recorded in the quarterly consolidated statement of income and comprehensive income, and main details of such differences (matters relating to reconciliation)

(Unit: ¥1 million)

Profits	Amounts
Total amount for reportable segments	3,757
Corporate expenses (Note)	(1,272)
Operating profit in quarterly consolidated statement of income and comprehensive income	2,485

(Note) Corporate expenses are general and administrative expenses and common expenses which do not belong to any reportable segments.

II Three months from April 1, 2025 to June 30, 2025

1. Information on net sales and profit by reportable segment and information on the breakdown of income

(Unit: ¥1 million)

	Reportable segment		Total
	Construction Segment	Maintenance and Renovation Segment	
Net sales			
Goods transferred at a point in time	2,216	11,579	13,796
Goods transferred over time	6,910	8,866	15,776
Revenue from contracts with customers	9,126	20,445	29,572
Net sales to outside customers	9,126	20,445	29,572
Segment profit	310	2,613	2,924

2. Differences between the total amount of profits of reportable segments and the amount recorded in the quarterly consolidated statement of income and comprehensive income, and main details of such differences (matters relating to reconciliation)

(Unit: ¥1 million)

Profits	Amounts
Total amount for reportable segments	2,924
Corporate expenses (Note)	(1,356)
Operating profit in quarterly consolidated statement of income and comprehensive income	1,567

(Note) Corporate expenses are general and administrative expenses and common expenses which do not belong to any reportable segments.

(Notes in case of significant changes in shareholders' equity)

The Company issued new shares by exercising the second series of share acquisition rights during the three months ended June 30, 2025, resulting in an increase of 412 million yen in capital and capital surplus.

As a result, share capital and capital surplus amounted to 7,070 million yen and 9,602 million yen, respectively, at the end of the three months ended June 30, 2025.

Additionally, the exercise of the second series of share acquisition rights was completed on May 23, 2025.

(Notes on going concern assumption)

Not applicable.

(Notes to statement of cash flows)

Quarterly consolidated statement of cash flows has not been prepared for the three months ended June 30, 2025. Depreciation and amortization (including amortization related to intangible assets) for three months ended June 30 are as follows.

	Three months from April 1, 2024 to June 30, 2024	Three months from April 1, 2025 to June 30, 2025
Depreciation	367 million yen	376 million yen

(Significant subsequent events)

(Stock split, partial amendment of Articles to the Articles of Incorporation in connection with the stock split, and revision to dividend forecast)

The company hereby announces that it has resolved, at a meeting of the Board of Directors held on August 7, 2025, to conduct a stock split, partially amend the Articles of Incorporation in connection with the stock split, and revise the dividend forecast for the fiscal year ending March 31, 2026. The details are described below.

1. Stock split

(1) Purpose of stock split

The purpose is to reduce the investment unit of the Company's common shares, thereby creating an environment conducive to investing in the Company's shares with the aim of improving the liquidity of the Company's shares and further expanding its investor base.

(2) Overview of stock split

[1] Method of split

Each share of common shares held by shareholders listed or recorded in the final shareholder registry on the record date of Tuesday, September 30, 2025, will be split on the same date in a ratio of three shares for one share.

[2] Number of shares to be increased as a result of the stock split

Total number of issued shares before the stock split: 21,731,980 shares

Number of shares to be increased as a result of the split: 43,463,960 shares

Total number of issued shares after the stock split: 65,195,940 shares

Total number of shares authorized to be issued after the stock split: 208,438,500 shares

[3] Schedule for the split

Date of public notice of record date: Friday, September 12, 2025

Record date: Tuesday, September 30, 2025

Effective date of the stock split: Wednesday, October 1, 2025

[4] Impact on per share information

Assuming that the stock split was implemented at the beginning of the previous fiscal year, the per share information is as follows.

	Three months from April 1, 2024 to June 30, 2024	Three months from April 1, 2025 to June 30, 2025
Basic earnings per share	37.52	17.74
Diluted earnings per share	-	17.73

2. Partial amendment to the Articles of Incorporation in connection with the stock split

(1) Reason for the amendment to the Articles of Incorporation

In accordance with Article 184, Paragraph 2 of the Companies Act, in connection with this stock split, the Company will change the total number of shares authorized to be issued stipulated in Article 5 of the Company's Articles of Incorporation with effect from October 1, 2025(Wednesday).

(2) Details of amendment to the Articles of Incorporation

(Underlined texts indicate amended sections.)

Current Articles of Incorporation		Proposed Amendment	
(Total number of Shares Authorized to be Issued)		(Total number of Shares Authorized to be Issued)	
Article 5	The total number of authorized shares of shares authorized to be issued of the Company shall be <u>69,479,500 shares.</u>	Article 5	The total number of shares authorized to be issued of the Company shall be <u>208,438,500 shares.</u>

(3) Schedule for the amendment to the Articles of Incorporation

Effective date: Wednesday, October 1, 2025

3. Revision to the dividend forecast

In connection with this stock split, the dividend forecast for the fiscal year ending March 31, 2026, which was announced on May 14, 2025, will be revised as follows. This revision effectively represents an increase from the dividend forecast per share announced on May 14, 2025.

Record date	Annual dividends (Yen)		
	Second quarter-end	Fiscal-year end	Total dividends
Previously announced forecast *Announced May 14, 2025	-	200.00	200.00
Revised forecast [Calculated on a pre-stock split basis]	-	67.00 [201.00]	67.00 [201.00]
Actual dividends paid in the previous fiscal year (Fiscal year ended March 31, 2025)	-	175.00	175.00

4. Others

This stock split will not result in a change in the capital.

3. Supplemental Information

(1) Orders Received, Net Sales and Order Backlog by Segment

		Three months from April 1, 2024 to June 30, 2024		Three months from April 1, 2025 to June 30, 2025		Increase (decrease)
Segment		Amount (¥ million)	Composition ratio (%)	Amount (¥ million)	Composition ratio (%)	Amount (¥ million)
Orders received	Construction Segment	29,312	61.5	14,894	44.8	(14,418)
	Maintenance and Renovation Segment	18,338	38.5	18,337	55.2	(0)
	Total	47,651	100.0	33,232	100.0	(14,418)
Net sales	Construction Segment	9,659	32.1	9,126	30.9	(533)
	Maintenance and Renovation Segment	20,420	67.9	20,445	69.1	25
	Total	30,080	100.0	29,572	100.0	(507)
Order backlog	Construction Segment	70,321	61.0	71,515	55.3	1,194
	Maintenance and Renovation Segment	44,924	39.0	57,922	44.7	12,998
	Total	115,246	100.0	129,438	100.0	14,192

- (Notes)
1. Construction Segment includes businesses such as installation and reconstruction works, etc., for thermal power plants, nuclear power plants, iron and steel-related plants, environmental preservation plants and chemical plants, etc., electric and instrumentation work, and insulation and painting works incidental to these facilities, as well as demolition and decommissioning, etc., of various plants and facilities.
 2. Maintenance and Renovation Segment includes businesses such as periodic inspection, daily maintenance, renovation, etc., for the various plants and facilities mentioned above as well as operation of the power plants.