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August 5, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)



Company name: TOKYO ENERGY & SYSTEMS INC.
 Listing: Tokyo Stock Exchange
 Securities code: 1945
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit (loss)		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, 2025	15,645	5.0	552	-	461	76.0	771	8.2
June 30, 2024	14,895	(26.6)	(367)	-	262	(68.4)	712	207.8

Note: Comprehensive income For the three months ended June 30, 2025: ¥1,211 million [161.7%]
 For the three months ended June 30, 2024: ¥463 million [(50.1)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	23.15	-
June 30, 2024	21.29	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	95,268	68,773	72.2
March 31, 2025	108,081	68,427	63.3

Reference: Equity
 As of June 30, 2025: ¥68,773 million
 As of March 31, 2025: ¥68,427 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	26.00	-	26.00	52.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		28.00	-	29.00	57.00

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

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	82,000	21.1	3,900	46.3	4,100	22.7	3,400	17.2	102.07

Note: Revisions to the financial result forecast most recently announced: None

*** 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: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	34,973,752 shares
As of March 31, 2025	34,973,752 shares

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

As of June 30, 2025	1,664,438 shares
As of March 31, 2025	1,664,412 shares

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

Three months ended June 30, 2025	33,309,321 shares
Three months ended June 30, 2024	33,482,898 shares

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

- * Proper use of earnings forecasts and other special matters

The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, but they are not intended to be a commitment by the Company. Actual results may differ significantly due to various factors.

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1. Overview of Operating Results, etc.

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

Although an agreement has been reached on the U.S. tariff hike, the Japanese economy may experience weaker capital investment due to a potential economic slowdown and a decline in corporate earnings. Risks such as exchange rate fluctuations and increasing interest rates persist, alongside rising demand for labor and price increases, leaving the outlook of the Japanese economy uncertain.

The business environment in which the Group operates remained challenging. This was due to the cost impact of rising prices of materials and equipment, and soaring labor costs, as well as chronic labor shortages, despite the expectations of brisk capital investment in decarbonized power sources amid the growing need for investment in decarbonization, and in power supply infrastructure to meet growing electricity demand, particularly from new data centers resulting from expanded use of generative AI.

In these circumstances, the Group drew up the FY2024 mid-term management plan (FY2024-FY2026) last year and is addressing key issues based on the basic policy of “creating a strong and flexible Q’d with people at the core.” Meanwhile, given the changes in the operating environment over the past year, we are placing a greater focus on the substation market, where construction of new and additional substation facilities is expected to grow alongside rising electricity demand, the nuclear power market, where construction activity is expected to increase in preparation for the resumption of nuclear power plant operations, and the hydroelectric power market, where brisk scrap-and-build (S&B) demand exists.

In April of this year, for instance, we set up the Substation Construction Department to increase our share in the market for new and additional substation facilities. In addition, as we leverage six branches rooted in each region, the number of construction bases is increasing nationwide. Going forward, we will intensify our efforts to assign personnel on a permanent basis to these locations.

Furthermore, with the aim to realize a carbon neutral society, in June this year we announced our plan to launch a biogas power generation business in Koshi City, Kumamoto Prefecture, using methane-fermentation gas derived mainly from wastewater sludge from food processing factories and sludge from sewage treatment plants, as well as food residue, in a bid to utilize industrial waste as renewable energy and contribute to the solution of regional issues.

As a result, total orders received were ¥18,442 million (up 31.1% year-on-year), owing mainly to the receiving of orders concerning installation of new and additional facilities for substations in response to electricity demand at data centers, air conditioning work at plants and public facilities, projects related to the decommissioning of the Fukushima Daiichi Nuclear Power Plant, implementation of safety measures at nuclear facilities, replacement of communication equipment, and sales of biomass fuel.

Net sales were ¥15,645 million (up 5.0% year-on-year), owing mainly to progress of projects related to the decommissioning of the Fukushima Daiichi Nuclear Power Plant, construction of storage battery-related plants, installation of new power generation facilities for chemical plants, maintenance and repair work for oil refineries, and air conditioning work and electrical work at public facilities, among others.

The amount carried forward to the next period was ¥124,218 million (up 28.3% year-on-year).

As for profits, operating profit was ¥552 million (compared to operating loss of ¥367 million for the same period of the previous fiscal year), as a result of our focus on selective order taking that emphasizes profitability in addition to increases in net sales. Ordinary profit was ¥461 million (up 76.0% year-on-year) mainly due to the recording of a loss on valuation of derivatives because of the impact of the yen’s appreciation on the outstanding balance of forward exchange contracts, which have been entered into in order to reduce the risk of exchange rate fluctuations related to fuel purchases. Profit attributable to owners of parent amounted to ¥771 million (up 8.2% year-on-year), reflecting a gain on sale of real estate for rent. They were sold in order to improve asset efficiency.

Business results by segment were as follows.

(Facilities Construction)

Total orders received and net sales were ¥16,969 million (up 35.2% year-on-year) and ¥14,243 million (up 6.0% year-on-year), respectively, due to increases in the Energy Division and the Nuclear Power Division.

Segment profit was ¥1,352 million (compared to segment loss of ¥68 million for the same period of the previous fiscal year).

(Other Businesses)

Total orders received were ¥1,473 million (down 1.6% year-on-year).

Net sales were ¥1,402 million (down 2.7% year-on-year).

Segment profit was ¥54 million (down 60.8% year-on-year).

Reference: Names of divisions, etc. corresponding to the segments

Segment name	Division, etc.
Facilities Construction	Green Energy Business Division, Energy Division, Nuclear Power Division, Welding and Inspection Engineering Center, Overseas Division
Other Businesses	Power generation business, real estate business, leasing and rental business, insurance agency, manufacture and sale, wholesale

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

Total assets amounted to ¥95,268 million as of June 30, 2025, a decrease of ¥12,813 million from the end of the previous fiscal year. This was mainly due to a decrease in notes receivable, accounts receivable from completed construction contracts and contract assets.

Total liabilities amounted to ¥26,495 million as of June 30, 2025, a decrease of ¥13,159 million from the end of the previous fiscal year. This was mainly due to a decrease in short-term borrowings.

Net assets amounted to ¥68,773 million as of June 30, 2025, an increase of ¥345 million from the end of the previous fiscal year. This was mainly due to an increase in valuation difference on available-for-sale securities.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2026, announced on May 12, 2025, remains unchanged.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	7,648	8,310
Notes receivable, accounts receivable from completed construction contracts and contract assets	42,969	29,528
Electronically recorded monetary claims - operating	960	878
Securities	120	117
Costs on construction contracts in progress	1,038	1,367
Raw materials and supplies	1,090	1,303
Other	4,190	4,134
Total current assets	58,018	45,640
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,522	9,926
Machinery and vehicles, net	7,870	7,787
Land	8,620	8,480
Other, net	725	529
Total property, plant and equipment	27,739	26,724
Intangible assets		
Goodwill	89	71
Customer related assets	1,306	1,254
Other	676	673
Total intangible assets	2,072	1,999
Investments and other assets		
Investment securities	15,427	16,910
Retirement benefit asset	775	770
Other	4,066	3,239
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	20,252	20,903
Total non-current assets	50,063	49,627
Total assets	108,081	95,268

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,828	5,120
Electronically recorded obligations - operating	102	50
Short-term borrowings	14,468	4,170
Income taxes payable	243	111
Contract liabilities	2,235	2,969
Provision for warranties for completed construction	221	163
Provision for loss on construction contracts	345	187
Other	2,903	2,312
Total current liabilities	28,347	15,086
Non-current liabilities		
Long-term borrowings	5,134	5,134
Retirement benefit liability	4,518	4,494
Other	1,653	1,780
Total non-current liabilities	11,306	11,408
Total liabilities	39,654	26,495
Net assets		
Shareholders' equity		
Share capital	2,881	2,881
Capital surplus	3,741	3,741
Retained earnings	60,406	60,311
Treasury shares	(1,287)	(1,287)
Total shareholders' equity	65,741	65,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,613	3,300
Foreign currency translation adjustment	72	(173)
Total accumulated other comprehensive income	2,685	3,126
Total net assets	68,427	68,773
Total liabilities and net assets	108,081	95,268

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales		
Net sales of completed construction contracts	14,895	15,645
Cost of sales		
Cost of sales of completed construction contracts	13,719	13,337
Gross profit		
Gross profit on completed construction contracts	1,175	2,308
Selling, general and administrative expenses	1,543	1,756
Operating profit (loss)	(367)	552
Non-operating income		
Interest income	12	17
Dividend income	157	176
Foreign exchange gains	239	52
Gain on valuation of derivatives	265	-
Other	10	1
Total non-operating income	685	248
Non-operating expenses		
Interest expenses	43	53
Loss on valuation of derivatives	-	143
Loss on investments in silent partnerships	10	141
Other	2	0
Total non-operating expenses	56	339
Ordinary profit	262	461
Extraordinary income		
Gain on sale of non-current assets	38	807
Gain on sale of investment securities	844	-
Other	0	0
Total extraordinary income	883	808
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Other	0	-
Total extraordinary losses	0	0
Profit before income taxes	1,145	1,268
Income taxes - current	(3)	54
Income taxes - deferred	435	442
Total income taxes	432	497
Profit	712	771
Profit attributable to owners of parent	712	771

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	712	771
Other comprehensive income		
Valuation difference on available-for-sale securities	(86)	686
Foreign currency translation adjustment	(163)	(245)
Total other comprehensive income	(249)	440
Comprehensive income	463	1,211
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	463	1,211

(3) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

I. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment	Other Businesses	Total
	Facilities Construction		
Net sales			
Net sales to outside customers	13,435	1,441	14,876
Inter-segment net sales or transfers	661	677	1,338
Total	14,096	2,119	16,215
Net sales (by Division)			
Green Energy Business Division	2,690	-	2,690
Energy Division	8,883	-	8,883
Nuclear Power Division	2,453	-	2,453
Other	69	2,119	2,188
Total	14,096	2,119	16,215
Timing of transfer of goods or services			
A point in time	2,728	2,119	4,847
Over time	11,368	-	11,368
Total	14,096	2,119	16,215
Segment profit (loss)	(68)	137	69

Notes: 1. "Other Businesses" is a business segment not included in the reportable segments and includes power generation, real estate, leasing and rental, insurance agency, manufacture and sale, and wholesale.

2. Net sales are mainly revenue generated from contracts with customers, and the amount of revenue generated from other sources is not material.

2. Difference between reportable segment total profit (loss) and the amount stated in the quarterly consolidated statement of income, and main details of differences (matters related to adjustment of difference)

(Millions of yen)

Profit (loss)	Amount
Reportable segment total	(68)
Profit in the "Other Businesses" segment	137
Inter-segment eliminations	81
Amortization of goodwill	(17)
Corporate expenses	(1,073)
Other adjustments	573
Operating (loss) in quarterly consolidated statement of income	(367)

Note: Corporate expenses are general and administrative expenses that do not belong to any reportable segment.

II. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment	Other Businesses	Total
	Facilities Construction		
Net sales			
Net sales to outside customers	14,243	1,402	15,646
Inter-segment net sales or transfers	686	513	1,199
Total	14,929	1,915	16,845
Net sales (by Division)			
Green Energy Business Division	1,427	-	1,427
Energy Division	9,935	-	9,935
Nuclear Power Division	3,490	-	3,490
Other	75	1,915	1,990
Total	14,929	1,915	16,845
Timing of transfer of goods or services			
A point in time	1,795	1,915	3,711
Over time	13,134	-	13,134
Total	14,929	1,915	16,845
Segment profit	1,352	54	1,406

Notes: 1. "Other Businesses" is a business segment not included in the reportable segments and includes power generation, real estate, leasing and rental, insurance agency, manufacture and sale, and wholesale.

2. Net sales are mainly revenue generated from contracts with customers, and the amount of revenue generated from other sources is not material.

2. Difference between reportable segment total profit (loss) and the amount stated in the quarterly consolidated statement of income, and main details of differences (matters related to adjustment of difference)

(Millions of yen)

Profit	Amount
Reportable segment total	1,352
Profit in the "Other Businesses" segment	54
Inter-segment eliminations	40
Amortization of goodwill	(17)
Corporate expenses	(1,105)
Other adjustments	228
Operating profit in quarterly consolidated statement of income	552

Note: Corporate expenses are general and administrative expenses that do not belong to any reportable segment.

(Notes in case of significant changes in shareholders' equity)
Not applicable.

(Notes on going concern assumption)
Not applicable.

(Notes to quarterly consolidated statement of cash flows)

No quarterly consolidated statement of cash flows for the three months ended June 30, 2025 has been prepared.

Depreciation (including amortization of intangible assets other than goodwill) for the three months ended June 30, 2025 and amortization of goodwill are as follows.

	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation	504 million yen	489 million yen
Amortization of goodwill	17 million yen	17 million yen

3. Supplementary Information

(1) Orders Received, Construction Completed, and Amount Carried Forward to the Next Period by Segment and Division

Segment / Division			Three months ended June 30, 2024		Three months ended June 30, 2025		Year-on-year increase (decrease)	
			Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Change (%)
Orders Received		Green Energy Business Division	846	6.0	1,404	7.7	558	66.0
		Energy Division	8,249	58.7	10,127	54.9	1,877	22.8
		Nuclear Power Division	3,401	24.2	5,413	29.4	2,011	59.1
		Other	51	0.4	24	0.1	(27)	(53.0)
		Facilities Construction	12,549	89.3	16,969	92.1	4,420	35.2
		Other Businesses	1,496	10.6	1,473	8.0	(23)	(1.6)
		Segment total	14,045	99.9	18,442	100.1	4,396	31.3
		Adjustments	18	0.1	(0)	(0.1)	(18)	-
		Total	14,064	100.0	18,442	100.0	4,378	31.1
Construction Completed		Green Energy Business Division	2,029	13.6	741	4.8	(1,287)	(63.4)
		Energy Division	8,883	59.6	9,935	63.5	1,052	11.9
		Nuclear Power Division	2,453	16.5	3,490	22.3	1,037	42.3
		Other	69	0.5	75	0.5	5	7.9
		Facilities Construction	13,435	90.2	14,243	91.1	808	6.0
		Other Businesses	1,441	9.7	1,402	9.0	(39)	(2.7)
		Segment total	14,876	99.9	15,646	100.1	769	5.2
		Adjustments	18	0.1	(0)	(0.1)	(18)	-
		Total	14,895	100.0	15,645	100.0	750	5.0
Amount Carried Forward to the Next Period		Green Energy Business Division	12,242	12.7	14,185	11.5	1,942	15.9
		Energy Division	67,819	70.0	89,993	72.4	22,174	32.7
		Nuclear Power Division	15,882	16.4	19,040	15.3	3,158	19.9
		Other	135	0.1	263	0.2	128	94.9
		Facilities Construction	96,079	99.2	123,483	99.4	27,403	28.5
		Other Businesses	767	0.8	735	0.6	(31)	(4.2)
		Segment total	96,846	100.0	124,218	100.0	27,371	28.3
		Adjustments	-	-	-	-	-	-
		Total	96,846	100.0	124,218	100.0	27,371	28.3

(2) Orders Received, Construction Completed, and Amount Carried Forward to the Next Period by Market

Market		Three months ended June 30, 2024		Three months ended June 30, 2025		Year-on-year increase (decrease)	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Change (%)
Orders Received	Electric Power Market	8,512	60.6	10,441	56.7	1,929	22.7
	General Industry and Other Market	3,562	25.3	5,438	29.5	1,876	52.7
	Renewable Energy-Related Market	1,971	14.0	2,562	13.9	591	30.0
	Adjustments	18	0.1	(0)	(0.1)	(18)	-
	Total	14,064	100.0	18,442	100.0	4,378	31.1
Construction Completed	Electric Power Market	8,773	58.9	8,610	55.1	(162)	(1.9)
	General Industry and Other Market	2,877	19.3	4,790	30.6	1,912	66.5
	Renewable Energy-Related Market	3,226	21.7	2,245	14.4	(980)	(30.4)
	Adjustments	18	0.1	(0)	(0.1)	(18)	-
	Total	14,895	100.0	15,645	100.0	750	5.0
Amount Carried Forward to the Next Period	Electric Power Market	34,884	36.0	54,393	43.8	19,509	55.9
	General Industry and Other Market	12,400	12.8	19,408	15.6	7,008	56.5
	Renewable Energy-Related Market	49,561	51.2	50,415	40.6	854	1.7
	Adjustments	-	-	-	-	-	-
	Total	96,846	100.0	124,218	100.0	27,371	28.3