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November 5, 2025

Consolidated Financial Results for the Six Months Ended September 30, 2025 (Under Japanese GAAP)



Company name: TOKYO ENERGY & SYSTEMS INC.
 Listing: Tokyo Stock Exchange
 Securities code: 1945
 URL: <https://www.qtes.co.jp/en>
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 Scheduled date to file semi-annual securities report: November 13, 2025
 Scheduled date to commence dividend payments: December 2, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended September 30, 2025 (from April 1, 2025 to September 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 | |
|--------------------|-----------------|--------|-------------------------|---|-----------------|--------|---|--------|
| Six months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 2025 | 34,283 | 12.3 | 1,180 | - | 1,391 | 470.7 | 1,489 | 136.3 |
| September 30, 2024 | 30,541 | (26.1) | (249) | - | 243 | (85.9) | 630 | (23.0) |

Note: Comprehensive income For the six months ended September 30, 2025: ¥2,680 million [-%]
 For the six months ended September 30, 2024: ¥(229) million [-%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| September 30, 2025 | 44.69 | - |
| September 30, 2024 | 18.82 | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|--------------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2025 | 102,686 | 70,272 | 68.4 |
| March 31, 2025 | 108,081 | 68,427 | 63.3 |

Reference: Equity
 As of September 30, 2025: ¥70,272 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 | - | 28.00 | | | |
| Fiscal year ending March 31, 2026 (Forecast) | | | - | 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 semi-annual 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 September 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 September 30, 2025 | 1,638,738 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)

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2025 | 33,320,332 shares |
| Six months ended September 30, 2024 | 33,493,929 shares |

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

* 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 Six Months Ended September 30, 2025

The Japanese economy has maintained a gradual recovery trend and, with improved business sentiment, stock prices remain strong, and business confidence shows signs of rebounding. However, risks such as increasing interest rates exist, alongside rising demand for labor and price increases, and the outlook for the Japanese economy remains 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 related markets 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.” In the six months ended September 30, 2025, a virtuous investment cycle with people at the core began to generate steady results, achieving a substantial increase in total orders received year-on-year. We will continue working to further expand the order flow and achieve our profit targets.

Especially, in the nuclear power market, as preparations for the implementation of safety measures have progressed toward the resumption of operations at various nuclear power plants, we will work to steadily expand the order flow centered on our specialized organization for wide-area safety measures, which was newly established in April this year. Furthermore, the Substation Construction Department, which was also newly set up, is driving an increase in our share in the market for the installation of new and additional facilities for substations in response to electricity demand at data centers. Moreover, in the general industry market, orders have steadily increased through sales development, leveraging our branches nationwide.

In addition, in order to launch a biogas power generation business in Koshi City, Kumamoto Prefecture, which was announced in June this year, we newly established its construction site office in September and commenced land development and other work. Through this business, we will make efforts to utilize industrial waste as renewable energy and contribute to the solution of regional issues.

As a result, total orders received were ¥51,543 million (up 36.3% year-on-year), owing mainly to the receiving of orders concerning implementation of safety measures at nuclear facilities, tasks related to the decommissioning of the Fukushima Daiichi Nuclear Power Plant, installation of new and additional facilities for substations, projects related to electric furnaces at steel plants toward decarbonization, electrical facility work at public utilities, solar power facilities for on-site power purchase agreements (PPA), and replacement work of public hydroelectric power plants.

Net sales were ¥34,283 million (up 12.3% year-on-year), owing mainly to progress of tasks related to the decommissioning of the Fukushima Daiichi Nuclear Power Plant, installation of new and additional facilities for substations, construction of storage battery-related plants, maintenance and repair work for oil refineries, and installation of new power generation facilities for chemical plants, among others.

The amount carried forward to the next period was ¥138,681 million (up 32.1% year-on-year).

As for profits, operating profit was ¥1,180 million (compared to operating loss of ¥249 million for the same period of the previous fiscal year), as a result of our continued initiative of selective order taking that emphasizes profitability—an effort we have been working on from the previous period—as well as improved profit margins due to a decline in nonconforming or unprofitable work, in addition to an increase in net sales. Ordinary profit was ¥1,391 million (up 470.7% year-on-year). Profit attributable to owners of parent amounted to ¥1,489 million (up 136.3% year-on-year), due to the recording of extraordinary income from the sale of real estate for rent aimed at improving asset efficiency and the sale of cross-shareholdings.

Business results by segment were as follows.

(Facilities Construction)

Total orders received were ¥48,519 million (up 40.2% year-on-year) due to increases in the Green Energy Business Division, Energy Division, and Nuclear Power Division.

Net sales were ¥31,327 million (up 14.3% year-on-year) due to increases in the Energy Division and the Nuclear Power Division.

(Other Businesses)

Total orders received were ¥3,024 million (down 5.3% year-on-year).

Net sales were ¥2,956 million (down 5.0% 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 Six Months Ended September 30, 2025

Total assets amounted to ¥102,686 million as of September 30, 2025, a decrease of ¥5,394 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 ¥32,413 million as of September 30, 2025, a decrease of ¥7,240 million from the end of the previous fiscal year. This was mainly due to a decrease in short-term borrowings.

Net assets amounted to ¥70,272 million as of September 30, 2025, an increase of ¥1,845 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. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2025 | As of September 30, 2025 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 7,648 | 9,547 |
| Notes receivable, accounts receivable from completed construction contracts and contract assets | 42,969 | 35,090 |
| Electronically recorded monetary claims - operating | 960 | 556 |
| Securities | 120 | 122 |
| Costs on construction contracts in progress | 1,038 | 1,370 |
| Raw materials and supplies | 1,090 | 1,160 |
| Other | 4,190 | 3,857 |
| Total current assets | 58,018 | 51,706 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 10,522 | 9,789 |
| Machinery and vehicles, net | 7,870 | 7,631 |
| Land | 8,620 | 8,488 |
| Other, net | 725 | 521 |
| Total property, plant and equipment | 27,739 | 26,431 |
| Intangible assets | | |
| Goodwill | 89 | 53 |
| Customer related assets | 1,306 | 1,201 |
| Other | 676 | 661 |
| Total intangible assets | 2,072 | 1,917 |
| Investments and other assets | | |
| Investment securities | 15,427 | 18,066 |
| Retirement benefit asset | 775 | 765 |
| Other | 4,066 | 3,779 |
| Allowance for doubtful accounts | (17) | (17) |
| Total investments and other assets | 20,252 | 22,593 |
| Total non-current assets | 50,063 | 50,942 |
| Deferred assets | | |
| Bond issuance costs | - | 37 |
| Total deferred assets | - | 37 |
| Total assets | 108,081 | 102,686 |

(Millions of yen)

| | As of March 31, 2025 | As of September 30, 2025 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable for construction contracts | 7,828 | 5,829 |
| Electronically recorded obligations - operating | 102 | 174 |
| Short-term borrowings | 14,468 | 2,174 |
| Income taxes payable | 243 | 838 |
| Contract liabilities | 2,235 | 2,942 |
| Provision for warranties for completed construction | 221 | 150 |
| Provision for loss on construction contracts | 345 | 312 |
| Other | 2,903 | 3,699 |
| Total current liabilities | 28,347 | 16,122 |
| Non-current liabilities | | |
| Bonds payable | - | 5,000 |
| Long-term borrowings | 5,134 | 4,724 |
| Retirement benefit liability | 4,518 | 4,423 |
| Other | 1,653 | 2,143 |
| Total non-current liabilities | 11,306 | 16,291 |
| Total liabilities | 39,654 | 32,413 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,881 | 2,881 |
| Capital surplus | 3,741 | 3,753 |
| Retained earnings | 60,406 | 61,029 |
| Treasury shares | (1,287) | (1,267) |
| Total shareholders' equity | 65,741 | 66,396 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,613 | 4,210 |
| Foreign currency translation adjustment | 72 | (333) |
| Total accumulated other comprehensive income | 2,685 | 3,876 |
| Total net assets | 68,427 | 70,272 |
| Total liabilities and net assets | 108,081 | 102,686 |

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

(Millions of yen)

| | Six months ended September 30, 2024 | Six months ended September 30, 2025 |
|---|--|--|
| Net sales | | |
| Net sales of completed construction contracts | 30,541 | 34,283 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | 27,660 | 29,426 |
| Gross profit | | |
| Gross profit on completed construction contracts | 2,880 | 4,856 |
| Selling, general and administrative expenses | 3,130 | 3,676 |
| Operating profit (loss) | (249) | 1,180 |
| Non-operating income | | |
| Interest income | 21 | 36 |
| Dividend income | 158 | 176 |
| Foreign exchange gains | 343 | 270 |
| Gain on investments in silent partnerships | 250 | - |
| Other | 30 | 8 |
| Total non-operating income | 805 | 491 |
| Non-operating expenses | | |
| Interest expenses | 94 | 113 |
| Loss on valuation of derivatives | 213 | 8 |
| Loss on investments in silent partnerships | - | 150 |
| Other | 4 | 9 |
| Total non-operating expenses | 312 | 281 |
| Ordinary profit | 243 | 1,391 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 39 | 814 |
| Gain on sale of investment securities | 949 | 248 |
| Other | 0 | 0 |
| Total extraordinary income | 989 | 1,063 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 2 | 1 |
| Other | 0 | - |
| Total extraordinary losses | 2 | 1 |
| Profit before income taxes | 1,229 | 2,453 |
| Income taxes - current | 71 | 727 |
| Income taxes - deferred | 527 | 236 |
| Total income taxes | 599 | 964 |
| Profit | 630 | 1,489 |
| Profit attributable to owners of parent | 630 | 1,489 |

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Six months ended September 30, 2024 | Six months ended September 30, 2025 |
|---|--|--|
| Profit | 630 | 1,489 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (688) | 1,596 |
| Foreign currency translation adjustment | (171) | (405) |
| Total other comprehensive income | (859) | 1,191 |
| Comprehensive income | (229) | 2,680 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (229) | 2,680 |

(3) Notes to Semi-annual Consolidated Financial Statements
(Notes in case of significant changes in shareholders' equity)
Not applicable.

(Notes on going concern assumption)
Not applicable.

3. Supplementary Information

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

| Segment / Division | | | Six months ended September 30, 2024 | | Six months ended September 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 | 3,201 | 8.4 | 9,908 | 19.3 | 6,706 | 209.5 |
| | | Energy Division | 23,860 | 63.1 | 27,030 | 52.4 | 3,169 | 13.3 |
| | | Nuclear Power Division | 7,478 | 19.8 | 11,524 | 22.4 | 4,046 | 54.1 |
| | | Other | 74 | 0.2 | 56 | 0.1 | (18) | (24.9) |
| | | Facilities Construction | 34,614 | 91.5 | 48,519 | 94.2 | 13,904 | 40.2 |
| | | Other Businesses | 3,194 | 8.4 | 3,024 | 5.9 | (170) | (5.3) |
| | | Segment total | 37,808 | 99.9 | 51,543 | 100.1 | 13,734 | 36.3 |
| | | Adjustments | 18 | 0.1 | (0) | (0.1) | (18) | - |
| | | Total | 37,827 | 100.0 | 51,543 | 100.0 | 13,716 | 36.3 |
| Construction Completed | | Green Energy Business Division | 3,914 | 12.8 | 2,156 | 6.4 | (1,757) | (44.9) |
| | | Energy Division | 17,801 | 58.3 | 21,776 | 63.5 | 3,975 | 22.3 |
| | | Nuclear Power Division | 5,563 | 18.2 | 7,237 | 21.1 | 1,674 | 30.1 |
| | | Other | 133 | 0.4 | 156 | 0.5 | 23 | 17.3 |
| | | Facilities Construction | 27,412 | 89.7 | 31,327 | 91.5 | 3,914 | 14.3 |
| | | Other Businesses | 3,111 | 10.2 | 2,956 | 8.6 | (154) | (5.0) |
| | | Segment total | 30,523 | 99.9 | 34,283 | 100.1 | 3,760 | 12.3 |
| | | Adjustments | 18 | 0.1 | (0) | (0.1) | (18) | - |
| | | Total | 30,541 | 100.0 | 34,283 | 100.0 | 3,741 | 12.3 |
| Amount Carried Forward to the Next Period | | Green Energy Business Division | 12,712 | 12.0 | 21,275 | 15.4 | 8,562 | 67.4 |
| | | Energy Division | 74,511 | 71.0 | 95,055 | 68.5 | 20,543 | 27.6 |
| | | Nuclear Power Division | 16,848 | 16.1 | 21,405 | 15.4 | 4,556 | 27.0 |
| | | Other | 94 | 0.1 | 213 | 0.2 | 119 | 126.7 |
| | | Facilities Construction | 104,167 | 99.2 | 137,949 | 99.5 | 33,781 | 32.4 |
| | | Other Businesses | 795 | 0.8 | 732 | 0.5 | (63) | (7.9) |
| | | Segment total | 104,962 | 100.0 | 138,681 | 100.0 | 33,718 | 32.1 |
| | | Adjustments | - | - | - | - | - | - |
| | | Total | 104,962 | 100.0 | 138,681 | 100.0 | 33,718 | 32.1 |

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

| Market | | Six months ended September 30, 2024 | | Six months ended September 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 | 20,199 | 53.3 | 19,415 | 37.8 | (783) | (3.9) |
| | General Industry and Other Market | 12,175 | 32.2 | 19,760 | 38.3 | 7,584 | 62.3 |
| | Renewable Energy-Related Market | 5,433 | 14.4 | 12,367 | 24.0 | 6,933 | 127.6 |
| | Adjustments | 18 | 0.1 | (0) | (0.1) | (18) | - |
| | Total | 37,827 | 100.0 | 51,543 | 100.0 | 13,716 | 36.3 |
| Construction Completed | Electric Power Market | 17,401 | 56.9 | 17,464 | 51.1 | 62 | 0.4 |
| | General Industry and Other Market | 6,934 | 22.7 | 11,707 | 34.1 | 4,772 | 68.8 |
| | Renewable Energy-Related Market | 6,187 | 20.3 | 5,112 | 14.9 | (1,075) | (17.4) |
| | Adjustments | 18 | 0.1 | (0) | (0.1) | (18) | - |
| | Total | 30,541 | 100.0 | 34,283 | 100.0 | 3,741 | 12.3 |
| Amount Carried Forward to the Next Period | Electric Power Market | 39,800 | 38.0 | 53,717 | 38.7 | 13,917 | 35.0 |
| | General Industry and Other Market | 15,149 | 14.4 | 27,610 | 19.9 | 12,461 | 82.3 |
| | Renewable Energy-Related Market | 50,012 | 47.6 | 57,353 | 41.4 | 7,340 | 14.7 |
| | Adjustments | - | - | - | - | - | - |
| | Total | 104,962 | 100.0 | 138,681 | 100.0 | 33,718 | 32.1 |