

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 2, 2024

Company name: TOKYO ENERGY & SYSTEMS INC.
 Stock exchange listing: Tokyo
 Stock code: 1945 URL <https://www.qtes.co.jp/>
 Representative: President and Chief Executive Officer Toshiaki Majima
 Executive Officer
 Inquiries: General Manager of Accounting and Finance Takahiko Kobayashi TEL 03-6371-1947
 Division
 Scheduled date to file Quarterly Securities Report: February 13, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	63,648	11.3	2,912	82.4	3,735	232.2	2,111	111.3
Nine months ended December 31, 2022	57,188	15.3	1,596	26.0	1,124	(14.8)	999	27.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	61.64		–	
Nine months ended December 31, 2022	29.19		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	109,904	67,884	61.8
As of March 31, 2023	108,513	65,938	61.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	20.00	–	20.00	40.00
Year ending March 31, 2024	–	20.00	–		
Year ending March 31, 2024 (Forecast)				20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	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	80,000	1.2	3,500	1.2	3,500	26.3	2,500	17.9	72.99

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of December 31, 2023	37,261,752 shares	As of March 31, 2023	37,261,752 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	2,990,807 shares	As of March 31, 2023	3,009,235 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	34,263,607 shares	Nine months ended December 31, 2022	34,245,556 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	13,255	8,138
Notes receivable, accounts receivable from completed construction contracts and contract assets	37,554	43,674
Electronically recorded monetary claims - operating	27	289
Costs on construction contracts in progress	1,677	1,656
Raw materials and supplies	1,824	1,439
Other	7,400	4,760
Total current assets	61,740	59,957
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,098	10,653
Machinery and vehicles, net	8,677	8,236
Land	8,348	8,455
Other, net	716	1,088
Total property, plant and equipment	28,841	28,434
Intangible assets		
Goodwill	233	179
Customer related assets	1,964	1,663
Other	758	735
Total intangible assets	2,956	2,577
Investments and other assets		
Investment securities	11,078	15,668
Other	3,913	3,284
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	14,975	18,935
Total non-current assets	46,773	49,947
Total assets	108,513	109,904

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	8,859	5,853
Electronically recorded obligations - operating	2,508	2,176
Short-term borrowings	2,368	8,368
Income taxes payable	1,093	102
Contract liabilities	6,070	2,453
Provision for loss on construction contracts	2,260	2,310
Other provisions	1,235	384
Other	3,741	6,667
Total current liabilities	28,139	28,317
Non-current liabilities		
Long-term borrowings	6,821	6,374
Retirement benefit liability	5,930	5,851
Other	1,682	1,476
Total non-current liabilities	14,435	13,703
Total liabilities	42,574	42,020
Net assets		
Shareholders' equity		
Share capital	2,881	2,881
Capital surplus	3,978	3,985
Retained earnings	59,025	59,766
Treasury shares	(1,929)	(1,917)
Total shareholders' equity	63,955	64,715
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,379	3,236
Foreign currency translation adjustment	(75)	(67)
Total accumulated other comprehensive income	2,303	3,168
Non-controlling interests	(320)	-
Total net assets	65,938	67,884
Total liabilities and net assets	108,513	109,904

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales		
Net sales of completed construction contracts	57,188	63,648
Cost of sales		
Cost of sales of completed construction contracts	51,529	55,945
Gross profit		
Gross profit on completed construction contracts	5,659	7,702
Selling, general and administrative expenses	4,062	4,789
Operating profit	1,596	2,912
Non-operating income		
Interest income	14	16
Dividend income	163	193
Foreign exchange gains	50	284
Gain on investments in silent partnerships	26	250
Gain on valuation of derivatives	–	199
Other	12	23
Total non-operating income	268	967
Non-operating expenses		
Interest expenses	95	142
Loss on valuation of derivatives	641	–
Other	3	2
Total non-operating expenses	740	145
Ordinary profit	1,124	3,735
Extraordinary income		
Gain on sale of non-current assets	0	26
Reversal of provision for loss compensation	579	–
Other	0	0
Total extraordinary income	579	26
Extraordinary losses		
Loss on retirement of non-current assets	24	19
Loss on valuation of shares of subsidiaries and associates	6	–
Total extraordinary losses	30	19
Profit before income taxes	1,673	3,743
Income taxes - current	575	724
Income taxes - deferred	170	597
Total income taxes	745	1,321
Profit	928	2,421
Profit (loss) attributable to non-controlling interests	(71)	309
Profit attributable to owners of parent	999	2,111

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	928	2,421
Other comprehensive income		
Valuation difference on available-for-sale securities	224	856
Foreign currency translation adjustment	194	18
Total other comprehensive income	418	875
Comprehensive income	1,347	3,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,437	2,976
Comprehensive income attributable to non-controlling interests	(90)	320