August 6, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: TOKYO ENERGY & SYSTEMS INC.
Listing: Tokyo Stock Exchange
Securities code: 1945
URL: https://www.qtes.co.jp/en
Representative: Toshiaki Majima, President and Chief Executive Officer
Inquiries: Yoshiaki Ito, Managing Executive Officer, Investor Relations
Telephone: +81-3-6371-1947
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, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	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	20,594	31.6	960	73.8	1,277	176.9	870	12.9
June 30, 2025	15,645	5.0	552	-	461	76.0	771	8.2

Note: Comprehensive income For the three months ended June 30, 2026: ¥623 million [(48.6)%]
For the three months ended June 30, 2025: ¥1,211 million [161.7%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	26.28	-
June 30, 2025	23.15	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	110,078	71,914	65.3
March 31, 2026	119,329	72,452	60.7

Reference: Equity
As of June 30, 2026: ¥71,914 million
As of March 31, 2026: ¥72,452 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, 2026	-	28.00	-	35.00	63.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		38.00	-	39.00	77.00

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, 2027 (from April 1, 2026 to March 31, 2027)

(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	95,000	14.3	7,300	54.1	7,500	35.9	5,200	21.3	156.93

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, 2026	33,223,752 shares
As of March 31, 2026	33,223,752 shares

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

As of June 30, 2026	88,983 shares
As of March 31, 2026	88,889 shares

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

Three months ended June 30, 2026	33,134,840 shares
Three months ended June 30, 2025	33,309,321 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.

Table of Contents - Attachments

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Three Months Ended June 30, 2026

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. On the other hand, the outlook for the Japanese economy still remains uncertain due to factors such as the depreciation of the yen, increasing interest rates, and labor shortages caused by rising demand for labor, as well as the emergence of risks related to the situation in the Middle East amid an unstable international situation, which have led to soaring energy prices, including crude oil and natural gas, and rising logistics costs, further driving up domestic prices.

The business environment in which the Group operates has generally remained firm, although attention needs to be paid to issues including soaring equipment and materials prices and longer procurement periods caused by this deteriorating external environment, as well as chronic labor shortages. This has been driven by capital investments in decarbonization-related markets and toward the resumption of nuclear power plant operations, as well as capital investments to meet growing electricity demand, particularly for new data centers resulting from expanded use of generative AI. However, there seems to be no end in sight to the situation in the Middle East, and we need to continue closely monitoring its effects.

In these circumstances, the Group, in FY2026, the final year of the FY2024 mid-term management plan (FY2024-FY2026), addressed key issues based on the basic policy of "creating a strong and flexible Q'd with people at the core." By optimizing our business portfolio based on accurate market analysis and further reinforcing the investment cycle with people at the core, we have been striving to achieve our numerical targets. Especially, in the nuclear power market, where the implementation of safety measures has progressed toward the resumption of operations at nuclear power plants across Japan; in the general industry market, where capital investment aimed at decarbonization and energy conservation is strong; and in the renewable energy-related market, where the commercialization of biomass power plants and grid-connected storage batteries is advancing through the use of long-term decarbonized power source auctions, we are expanding our nationwide network of construction sites through our six regionally based branches and three regional offices, while also increasing permanent staffing at our customers' facilities.

As a result, total orders received were ¥24,050 million (up 30.4% year-on-year), owing mainly to the receiving of orders for the installation of new facilities for substations, extra high-voltage substation projects for recycling plants aiming for decarbonization and the realization of a circular economy, construction projects to establish a liquefied hydrogen supply chain, and increased maintenance and repair work resulting from permanent staffing at oil refineries.

Net sales were ¥20,594 million (up 31.6% year-on-year), owing mainly to progress in the decommissioning work of the Fukushima Daiichi Nuclear Power Plant, maintenance work at a thermal power plant, installation of new and additional facilities for substations in response to growing electricity demand, and solar power facility and construction work for on-site PPA, among others.

The amount of projects carried forward to the next period was ¥148,386 million (up 19.5% year-on-year).

As for profits, operating profit was ¥960 million (up 73.8% year-on-year), as a result of the steady implementation of our continued initiative of selective order taking that emphasizes profitability and efforts to improve productivity, as well as an increase in net sales. Ordinary profit was ¥1,277 million (up 176.9% year-on-year) due to the recording of gain on valuation of derivatives on the outstanding balance of foreign exchange forward contracts, which had been entered into to mitigate foreign exchange risks associated with fuel purchases amid the effects of a depreciating yen. Profit attributable to owners of parent amounted to ¥870 million (up 12.9% year-on-year), due to the recording of extraordinary income from the compensation for damage received relating to natural disasters.

On another note, an employee of the Company who was arrested on June 16, 2026 in connection with a construction bid commissioned by Uenomura, Gunma Prefecture, was indicted on July 3, 2026.

We truly regret that such an incident has occurred, and we would like to once again offer our sincere apologies to all of our stakeholders, including our customers, for the considerable concern and inconvenience it may have caused.
We are taking this matter seriously and we will continue to cooperate fully with the investigation by the authorities and subsequent legal proceedings. We have established a “Special Investigative Committee” within the Company to verify the facts, and we are working to further reinforce compliance in an effort to prevent a recurrence and to restore trust in the Company.

Business results by segment were as follows.

(Facilities Construction)
Total orders received were ¥22,551 million (up 32.9% year-on-year) due to increases in the Energy Division.
Net sales were ¥19,235 million (up 35.0% year-on-year) due to increases in the Energy Division and the Green Energy Business Division.
Segment profit was ¥2,007 million (up 48.4% year-on-year).

(Other Businesses)
Total orders received were ¥1,521 million (up 3.3% year-on-year).
Net sales were ¥1,382 million (down 1.4% year-on-year).
Segment loss was ¥1 million (compared to segment profit of ¥54 million for the same period of the previous fiscal 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, 2026

Total assets amounted to ¥110,078 million as of June 30, 2026, a decrease of ¥9,250 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 ¥38,163 million as of June 30, 2026, a decrease of ¥8,713 million from the end of the previous fiscal year. This was mainly due to decreases in income taxes payable and accounts payable for construction contracts.
Net assets amounted to ¥71,914 million as of June 30, 2026, a decrease of ¥537 million from the end of the previous fiscal year. This was mainly due to a decrease in retained earnings.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2027, announced on May 12, 2026, remains unchanged.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	9,687	8,867
Notes receivable, accounts receivable from completed construction contracts and contract assets	49,873	40,914
Electronically recorded monetary claims - operating	574	580
Securities	130	134
Costs on construction contracts in progress	1,444	1,495
Raw materials and supplies	1,520	1,670
Other	3,762	4,576
Total current assets	66,994	58,240
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,033	9,841
Machinery and vehicles, net	7,079	6,954
Land	8,600	8,577
Other, net	692	739
Total property, plant and equipment	26,406	26,112
Intangible assets		
Goodwill	17	-
Customer related assets	1,097	1,045
Other	913	1,011
Total intangible assets	2,028	2,056
Investments and other assets		
Investment securities	18,341	18,043
Retirement benefit asset	1,227	1,223
Other	4,315	4,388
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	23,866	23,637
Total non-current assets	52,301	51,806
Deferred assets		
Bond issuance costs	33	31
Total deferred assets	33	31
Total assets	119,329	110,078

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable for construction contracts	9,211	6,624
Electronically recorded obligations - operating	9	1
Short-term borrowings	8,818	7,818
Income taxes payable	2,994	96
Contract liabilities	3,512	4,062
Provision for warranties for completed construction	64	67
Provision for loss on construction contracts	718	500
Other	5,763	2,853
Total current liabilities	31,093	22,025
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	4,315	4,315
Retirement benefit liability	4,372	4,257
Other	2,095	2,566
Total non-current liabilities	15,783	16,138
Total liabilities	46,877	38,163
Net assets		
Shareholders’ equity		
Share capital	2,881	2,881
Capital surplus	3,722	3,721
Retained earnings	61,365	61,076
Treasury shares	(79)	(79)
Total shareholders’ equity	67,889	67,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,728	4,579
Foreign currency translation adjustment	(166)	(264)
Total accumulated other comprehensive income	4,562	4,314
Total net assets	72,452	71,914
Total liabilities and net assets	119,329	110,078

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales		
Net sales of completed construction contracts	15,645	20,594
Cost of sales		
Cost of sales of completed construction contracts	13,337	17,642
Gross profit		
Gross profit on completed construction contracts	2,308	2,951
Selling, general and administrative expenses	1,756	1,991
Operating profit	552	960
Non-operating income		
Interest income	17	18
Dividend income	176	204
Foreign exchange gains	52	54
Gain on valuation of derivatives	-	185
Other	1	9
Total non-operating income	248	471
Non-operating expenses		
Interest expenses	53	74
Loss on valuation of derivatives	143	-
Loss on investments in silent partnerships	141	75
Other	0	3
Total non-operating expenses	339	154
Ordinary profit	461	1,277
Extraordinary income		
Gain on sale of non-current assets	807	1
Compensation for damage income	-	139
Other	0	0
Total extraordinary income	808	140
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	1,268	1,418
Income taxes - current	54	13
Income taxes - deferred	442	533
Total income taxes	497	547
Profit	771	870
Profit attributable to owners of parent	771	870

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	771	870
Other comprehensive income		
Valuation difference on available-for-sale securities	686	(149)
Foreign currency translation adjustment	(245)	(98)
Total other comprehensive income	440	(247)
Comprehensive income	1,211	623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,211	623

(3) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

I. 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	2,036	-	2,036
Energy Division	9,327	-	9,327
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.

II. Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

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	19,235	1,382	20,617
Inter-segment net sales or transfers	649	617	1,266
Total	19,884	1,999	21,884
Net sales (by Division)			
Green Energy Business Division	3,813	-	3,813
Energy Division	12,509	-	12,509
Nuclear Power Division	3,525	-	3,525
Other	37	1,999	2,036
Total	19,884	1,999	21,884
Timing of transfer of goods or services			
A point in time	2,971	1,999	4,971
Over time	16,913	-	16,913
Total	19,884	1,999	21,884
Segment profit (loss)	2,007	(1)	2,005

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.

3. Due to the organizational restructuring during the three months ended June 30, 2026, the Biomass Energy Department in the Green Energy Business Division and the O&M Department in the Energy Division under the Facilities Construction segment are integrated to newly establish the O&M Engineering Department in the Green Energy Business Division. For the three months ended June 30, 2025, figures presented are those prepared based on the categories after this organizational restructuring.

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	2,007
(Loss) in the "Other Businesses" segment	(1)
Inter-segment eliminations	63
Amortization of goodwill	(17)
Corporate expenses	(1,271)
Other adjustments	180
Operating profit in quarterly consolidated statement of income	960

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, 2026 has been prepared. Depreciation (including amortization of intangible assets other than goodwill) for the three months ended June 30 and amortization of goodwill are as follows.

	Three months ended June 30, 2025	Three months ended June 30, 2026
Depreciation	489 million yen	464 million yen
Amortization of goodwill	17 million yen	17 million yen

3. Supplementary Information

(1) Orders Received, Net Sales, and Amount of Projects Carried Forward to the Next Period by Segment and Division

Segment / Division			Three months ended June 30, 2025		Three months ended June 30, 2026		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	1,509	8.3	893	3.7	(615)	(40.8)
		Energy Division	10,022	54.3	16,793	69.8	6,770	67.5
		Nuclear Power Division	5,413	29.4	4,863	20.2	(549)	(10.2)
		Other	24	0.1	0	0.1	(23)	(97.5)
	Facilities Construction		16,969	92.1	22,551	93.8	5,581	32.9
	Other Businesses		1,473	8.0	1,521	6.3	48	3.3
	Segment total		18,442	100.1	24,072	100.1	5,630	30.5
	Adjustments		(0)	(0.1)	(22)	(0.1)	(22)	-
	Total		18,442	100.0	24,050	100.0	5,607	30.4
Net Sales		Green Energy Business Division	1,349	8.7	3,163	15.4	1,813	134.3
		Energy Division	9,327	59.6	12,509	60.7	3,181	34.1
		Nuclear Power Division	3,490	22.3	3,525	17.1	34	1.0
		Other	75	0.5	37	0.2	(37)	(50.6)
	Facilities Construction		14,243	91.1	19,235	93.4	4,991	35.0
	Other Businesses		1,402	9.0	1,382	6.7	(20)	(1.4)
	Segment total		15,646	100.1	20,617	100.1	4,971	31.8
	Adjustments		(0)	(0.1)	(22)	(0.1)	(22)	-
	Total		15,645	100.0	20,594	100.0	4,949	31.6
Amount of Projects Carried Forward to the Next Period		Green Energy Business Division	57,523	46.3	65,679	44.3	8,155	14.2
		Energy Division	46,655	37.6	62,752	42.3	16,096	34.5
		Nuclear Power Division	19,040	15.3	19,353	13.0	313	1.6
		Other	263	0.2	105	0.1	(158)	(60.1)
	Facilities Construction		123,483	99.4	147,890	99.7	24,407	19.8
	Other Businesses		735	0.6	496	0.3	(238)	(32.5)
	Segment total		124,218	100.0	148,386	100.0	24,168	19.5
	Adjustments		-	-	-	-	-	-
	Total		124,218	100.0	148,386	100.0	24,168	19.5

(2) Orders Received, Net Sales, and Amount of Projects Carried Forward to the Next Period by Market

Market		Three months ended June 30, 2025		Three months ended June 30, 2026		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	10,441	56.7	14,140	58.8	3,699	35.4
	General Industry and Other Market	5,438	29.5	7,985	33.2	2,547	46.8
	Renewable Energy-Related Market	2,562	13.9	1,946	8.1	(616)	(24.0)
	Adjustments	(0)	(0.1)	(22)	(0.1)	(22)	-
	Total	18,442	100.0	24,050	100.0	5,607	30.4
Net Sales	Electric Power Market	8,610	55.1	10,294	50.0	1,684	19.6
	General Industry and Other Market	4,790	30.6	6,524	31.7	1,733	36.2
	Renewable Energy-Related Market	2,245	14.4	3,799	18.4	1,553	69.2
	Adjustments	(0)	(0.1)	(22)	(0.1)	(22)	-
	Total	15,645	100.0	20,594	100.0	4,949	31.6
Amount of Projects Carried Forward to the Next Period	Electric Power Market	54,393	43.8	59,763	40.3	5,369	9.9
	General Industry and Other Market	19,408	15.6	29,205	19.7	9,796	50.5
	Renewable Energy-Related Market	50,415	40.6	59,417	40.0	9,002	17.9
	Adjustments	-	-	-	-	-	-
	Total	124,218	100.0	148,386	100.0	24,168	19.5