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November 5, 2026

Consolidated Financial Results for the Six Months Ended September 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
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Scheduled date to file semi-annual securities report: November 12, 2026
Scheduled date to commence dividend payments: December 2, 2026
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, 2026 (from April 1, 2026 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	40,924	19.4	2,447	107.3	2,465	77.3	1,894	27.2
September 30, 2025	34,283	12.3	1,180	-	1,391	470.7	1,489	136.3

Note: Comprehensive income For the six months ended September 30, 2026: ¥1,379 million [(48.5)%]
For the six months ended September 30, 2025: ¥2,680 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	57.15	-
September 30, 2025	44.69	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2026	112,265	72,713	64.8
March 31, 2026	119,329	72,452	60.7

Reference: Equity
As of September 30, 2026: ¥72,713 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	-	38.00			
Fiscal year ending March 31, 2027 (Forecast)			-	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: Yes

Newly included: 2 companies (Fuso Enesys Co.,Ltd. and Fuso Co.,Ltd.)

(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, 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 September 30, 2026	69,383 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)

Six months ended September 30, 2026	33,143,210 shares
Six months ended September 30, 2025	33,320,332 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, 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 persistently high energy prices, including crude oil and natural gas, due to a resurgence of the Middle East crisis amid an unstable international situation, 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 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.

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 substation market, where equipment capacity is being rapidly expanded to cope with the construction of new data centers; 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 is advancing through the use of long-term decarbonized power source auctions, we are expanding our nationwide network of construction sites by leveraging our six regionally based branches and three regional offices, while also increasing permanent staffing on-site.

As a result, total orders received were ¥42,799 million (down 17.0% year-on-year), owing mainly to delays in order placement for major construction projects and a decrease in public works projects in markets such as hydropower, despite orders received for the installation of new facilities for substations, construction projects to establish a liquefied hydrogen supply chain, and increased maintenance and repair work resulting from permanent staffing at oil refineries.

Meanwhile, net sales were ¥40,924 million (up 19.4% year-on-year), owing mainly to progress in removal and maintenance work at thermal power plants, implementation of safety measures at nuclear power facilities, installation of new facilities for substations, air conditioning work at public utilities, replacement work for waste incineration plants, and construction work for solar power plants.

The amount of projects carried forward to the next period was ¥146,806 million (up 5.9% year-on-year), reaching a record high for the semi-annual period following last fiscal year.

As for profits, operating profit was ¥2,447 million (up 107.3% 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 ¥2,465 million (up 77.3% year-on-year). Profit attributable to owners of parent amounted to ¥1,894 million (up 27.2% year-on-year) due to the recording of extraordinary income mainly from the sale of real estate for rent and cross-shareholdings aimed at improving asset efficiency.

On another note, the former employee 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 offer our heartfelt apologies to all of our stakeholders, including our shareholders and business partners, for the considerable inconvenience and concern it may have caused.

As announced on October 7, 2026, we sincerely accept the recommendations of the Special Investigative Committee, which is composed primarily of external experts. We will promptly implement measures to prevent a recurrence, aimed at fundamentally addressing the issues identified as causes of this incident: “lack of compliance awareness,” “absence of a check-and-balance function,” “excessive customer-first mentality,” and “insufficient knowledge of contracts and compliance in response to changes in the business portfolio—specifically, a more diverse range of customers.”

Business results by segment were as follows.

(Facilities Construction)
Total orders received were ¥39,234 million (down 19.1% year-on-year) due to a decrease in the Green Energy Business Division.
Net sales were ¥37,962 million (up 21.2% year-on-year) due to increases in the Green Energy Business Division and the Energy Division.

(Other Businesses)
Total orders received were ¥3,587 million (up 18.6% year-on-year).
Net sales were ¥2,984 million (up 1.0% 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, 2026

Total assets amounted to ¥112,265 million as of September 30, 2026, a decrease of ¥7,063 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 ¥39,551 million as of September 30, 2026, a decrease of ¥7,325 million from the end of the previous fiscal year. This was mainly due to decreases in accounts payable for construction contracts and income taxes payable.
Net assets amounted to ¥72,713 million as of September 30, 2026, an increase of ¥261 million from the end of the previous fiscal year. This was mainly due to an increase 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. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	9,687	9,794
Notes receivable, accounts receivable from completed construction contracts and contract assets	49,873	43,020
Electronically recorded monetary claims - operating	574	86
Securities	130	122
Costs on construction contracts in progress	1,444	1,538
Raw materials and supplies	1,520	1,278
Other	3,762	4,324
Total current assets	66,994	60,165
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,033	9,432
Machinery and vehicles, net	7,079	6,837
Land	8,600	8,575
Other, net	692	1,215
Total property, plant and equipment	26,406	26,061
Intangible assets		
Goodwill	17	1,037
Customer related assets	1,097	992
Other	913	1,042
Total intangible assets	2,028	3,073
Investments and other assets		
Investment securities	18,341	17,389
Retirement benefit asset	1,227	1,218
Other	4,315	4,346
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	23,866	22,936
Total non-current assets	52,301	52,070
Deferred assets		
Bond issuance costs	33	29
Total deferred assets	33	29
Total assets	119,329	112,265

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable for construction contracts	9,211	5,867
Electronically recorded obligations - operating	9	-
Short-term borrowings	8,818	9,818
Income taxes payable	2,994	798
Contract liabilities	3,512	3,392
Provision for warranties for completed construction	64	62
Provision for loss on construction contracts	718	404
Other	5,763	2,700
Total current liabilities	31,093	23,045
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	4,315	4,613
Retirement benefit liability	4,372	4,258
Other	2,095	2,634
Total non-current liabilities	15,783	16,506
Total liabilities	46,877	39,551
Net assets		
Shareholders' equity		
Share capital	2,881	2,881
Capital surplus	3,722	3,747
Retained earnings	61,365	62,099
Treasury shares	(79)	(61)
Total shareholders' equity	67,889	68,665
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,728	4,114
Foreign currency translation adjustment	(166)	(66)
Total accumulated other comprehensive income	4,562	4,047
Total net assets	72,452	72,713
Total liabilities and net assets	119,329	112,265

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

Semi-annual Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales		
Net sales of completed construction contracts	34,283	40,924
Cost of sales		
Cost of sales of completed construction contracts	29,426	34,284
Gross profit		
Gross profit on completed construction contracts	4,856	6,640
Selling, general and administrative expenses	3,676	4,192
Operating profit	1,180	2,447
Non-operating income		
Interest income	36	38
Dividend income	176	204
Foreign exchange gains	270	-
Other	8	25
Total non-operating income	491	268
Non-operating expenses		
Interest expenses	113	136
Loss on valuation of derivatives	8	40
Loss on investments in silent partnerships	150	-
Foreign exchange losses	-	64
Other	9	8
Total non-operating expenses	281	250
Ordinary profit	1,391	2,465
Extraordinary income		
Gain on sale of non-current assets	814	392
Gain on sale of investment securities	248	102
Compensation for damage income	-	139
Other	0	0
Total extraordinary income	1,063	635
Extraordinary losses		
Loss on retirement of non-current assets	1	1
Other	-	0
Total extraordinary losses	1	1
Profit before income taxes	2,453	3,099
Income taxes - current	727	598
Income taxes - deferred	236	606
Total income taxes	964	1,205
Profit	1,489	1,894
Profit attributable to owners of parent	1,489	1,894

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	1,489	1,894
Other comprehensive income		
Valuation difference on available-for-sale securities	1,596	(613)
Foreign currency translation adjustment	(405)	99
Total other comprehensive income	1,191	(514)
Comprehensive income	2,680	1,379
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,680	1,379

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

Segment / Division			Six months ended September 30, 2025		Six months ended September 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	10,214	19.9	1,963	4.6	(8,250)	(80.8)
		Energy Division	26,724	51.8	27,591	64.5	867	3.2
		Nuclear Power Division	11,524	22.4	9,635	22.5	(1,889)	(16.4)
		Other	56	0.1	43	0.1	(12)	(22.2)
	Facilities Construction		48,519	94.2	39,234	91.7	(9,285)	(19.1)
	Other Businesses		3,024	5.9	3,587	8.4	563	18.6
	Segment total		51,543	100.1	42,821	100.1	(8,722)	(16.9)
	Adjustments		(0)	(0.1)	(22)	(0.1)	(22)	-
	Total		51,543	100.0	42,799	100.0	(8,744)	(17.0)
Net Sales		Green Energy Business Division	3,216	9.5	6,347	15.6	3,131	97.3
		Energy Division	20,716	60.4	23,612	57.7	2,896	14.0
		Nuclear Power Division	7,237	21.1	7,874	19.2	636	8.8
		Other	156	0.5	128	0.3	(28)	(18.3)
	Facilities Construction		31,327	91.5	37,962	92.8	6,635	21.2
	Other Businesses		2,956	8.6	2,984	7.3	28	1.0
	Segment total		34,283	100.1	40,947	100.1	6,663	19.4
	Adjustments		(0)	(0.1)	(22)	(0.1)	(22)	-
	Total		34,283	100.0	40,924	100.0	6,641	19.4
Amount of Projects Carried Forward to the Next Period		Green Energy Business Division	64,361	46.4	63,564	43.2	(797)	(1.2)
		Energy Division	51,968	37.5	62,448	42.5	10,479	20.2
		Nuclear Power Division	21,405	15.4	19,776	13.5	(1,629)	(7.6)
		Other	213	0.2	57	0.1	(156)	(73.3)
	Facilities Construction		137,949	99.5	145,846	99.3	7,896	5.7
	Other Businesses		732	0.5	959	0.7	227	31.1
	Segment total		138,681	100.0	146,806	100.0	8,124	5.9
	Adjustments		-	-	-	-	-	-
	Total		138,681	100.0	146,806	100.0	8,124	5.9

Note: 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 six months ended September 30, 2025, figures presented are those prepared based on the categories after this organizational restructuring.

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

Market		Six months ended September 30, 2025		Six months ended September 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	19,415	37.8	26,728	62.5	7,312	37.7
	General Industry and Other Market	19,760	38.3	12,047	28.1	(7,713)	(39.0)
	Renewable Energy-Related Market	12,367	24.0	4,045	9.5	(8,322)	(67.3)
	Adjustments	(0)	(0.1)	(22)	(0.1)	(22)	-
	Total	51,543	100.0	42,799	100.0	(8,744)	(17.0)
Net Sales	Electric Power Market	17,464	51.1	20,781	50.8	3,316	19.0
	General Industry and Other Market	11,707	34.1	12,195	29.8	488	4.2
	Renewable Energy-Related Market	5,112	14.9	7,970	19.5	2,858	55.9
	Adjustments	(0)	(0.1)	(22)	(0.1)	(22)	-
	Total	34,283	100.0	40,924	100.0	6,641	19.4
Amount of Projects Carried Forward to the Next Period	Electric Power Market	53,717	38.7	61,887	42.1	8,169	15.2
	General Industry and Other Market	27,610	19.9	27,573	18.8	(36)	(0.1)
	Renewable Energy-Related Market	57,353	41.4	57,344	39.1	(8)	(0.0)
	Adjustments	-	-	-	-	-	-
	Total	138,681	100.0	146,806	100.0	8,124	5.9