

Financial Results Meeting Materials for the Nine Months Ended March 31, 2023



May 15, 2023
TESS Holdings Co., Ltd.
Securities code: 5074

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- Construction of the Fukuoka Miyako Mega Solar South Power Plant has been completed -

I. Top Message

- ▶ Consolidated results for 3Q (YTD) of FYE June 2023 **proceeded steadily.**
- ▶ Began **renewable electricity supply through on-site PPA at seven projects (approx. 10.1 MW)**
Total generation capacity for renewable energy power generation facilities*: **approx. 298.7 MW (95 projects)** (as of March 31, 2023)
- ▶ Concluded **“Green Specialist Personnel Dispatching Agreement” with Marugame City, in Kagawa Prefecture**
Expanded solutions for local governments working to decarbonize
- ▶ The progress of electricity retailing exceeded the Group’s plan as a result of measures such as **reducing the volume of electricity supplied and raising unit prices of the electricity supplied to existing customers** to curb the impact of rising cost of sales for procurement of power source, and also as a result of **increases in fuel adjustment expenses and market prices moving at lower levels than expected.**
- ▶ In March 2023 the **ESG Promotion Committee met for the second time**
The Group is propelling **specific actions to address materiality (priority issues)**

*Total generation capacity for renewable energy power generation facilities includes renewable energy power generation facilities owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator). As explained on page 28, we also changed the presentation method beginning in the third quarter of FYE June 2023. Under the previous presentation method, total generation capacity for renewable energy power generation facilities would have been approximately 216.4 MW from 84 sites (as of March 31, 2023).

Management Structure/Management

- ▶ Management structure consisting of four Executive Directors and four Directors who are Audit and Supervisory Committee Members (including three Independent External Directors)



Hideo Ishiwaki
Director and Chairman, Chairperson of the Board of Directors

Joined TESS Group in September 2004. Representative Director from August 2012.
Director and Chairman, Chairperson of the Board of Directors from September 2022.



Kazuki Yamamoto
Representative Director and President

Joined TESS Group in April 1993, served as a person in charge of the Sales Department and the Corporate Planning Department.
Executive Managing Director of the Company from April 2018. Representative Director and President from September 2022.
Leads the entire TESS Group.



Toshihiro Takasaki
Executive Managing Director

Joined TESS Group in April 1995, promoting the business as a person in charge of the Sales Department.
Director of the Company from April 2018. Executive Managing Director of the Company from September 2022.
Serves concurrently as President & Chief Executive Officer of core subsidiary TESS Engineering.



Mayumi Yoshida
Director, In-charge of ESG and Women's Empowerment

Engages mainly in corporate management and duties related to GHG emissions trading, and has abundant business experience and advanced expertise. Joined the Company in May 2022, Executive Officer, In-charge of ESG and Women's Empowerment.
Director, In-charge of ESG and Women's Empowerment from September 2022.



Katsushige Fujii
Director, Audit and Supervisory Committee Member

After joined TESS Group in April 1987, involved procurement, quality control, etc.
Audit and Supervisory Committee Member of the Company from September 2021.
Serves concurrently as Audit & Supervisory Board Member of TESS Engineering.



Hiroyuki Okura
External Director, Audit and Supervisory Committee Member (Independent)

Established Sun Business Support after working at Sanwa Bank, Limited, being temporarily assigned to the Ministry of Construction, and working at KITAHAMA TAX SERVICE, etc.
Audit and Supervisory Committee Member of the Company from April 2018.



Masaki Inoue
External Director, Audit and Supervisory Committee Member (Independent)

Worked at OKAYA & CO., LTD., subsequently involved in corporate management as Representative Director and President at multiple companies, including SAKURA SEISAKUSHO, LTD.
Audit and Supervisory Committee Member of the Company from April 2018.



Akio Hamamoto
External Director, Audit and Supervisory Committee Member (Independent)

Accumulated experience in overseas businesses working in Europe, the United States and Southeast Asia for Mitsubishi Heavy Industries, Ltd., has abundant knowledge of power generation plants. Audit and Supervisory Committee Member of the Company from September 2021.

II. Summary of Consolidated Financial Results for the Nine Months Ended March 31, 2023

Consolidated Financial Results

- ▶ Consolidated results for 3Q (YTD) of FYE June 2023 (from July 2022 to March 2023) made steady progress relative to full-year plans

(Millions of yen)

	FYE June 2022 3Q (YTD)	FYE June 2023 3Q (YTD)	FYE June 2023 Full-year targets ^{*1}	Quarter-on- quarter changes	Percentage of full-year target achieved
Net sales	26,708	24,047	33,400	-10.0%	72.0%
Gross profit (Profit margin)	7,319 (27.4%)	6,942 (28.9%)	9,400 (28.1%)	-5.1%	73.9%
Operating profit^{*2} (Profit margin)	4,873 (18.2%)	4,257 (17.7%)	5,400 (16.2%)	-12.6%	78.8%
Ordinary profit^{*2} (Profit margin)	4,422 (16.6%)	3,646 (15.2%)	4,600 (13.8%)	-17.5%	79.3%
Profit attributable to owners of parent^{*2} (Profit margin)	2,843 (10.6%)	2,327 (9.7%)	2,900 (8.7%)	-18.1%	80.3%

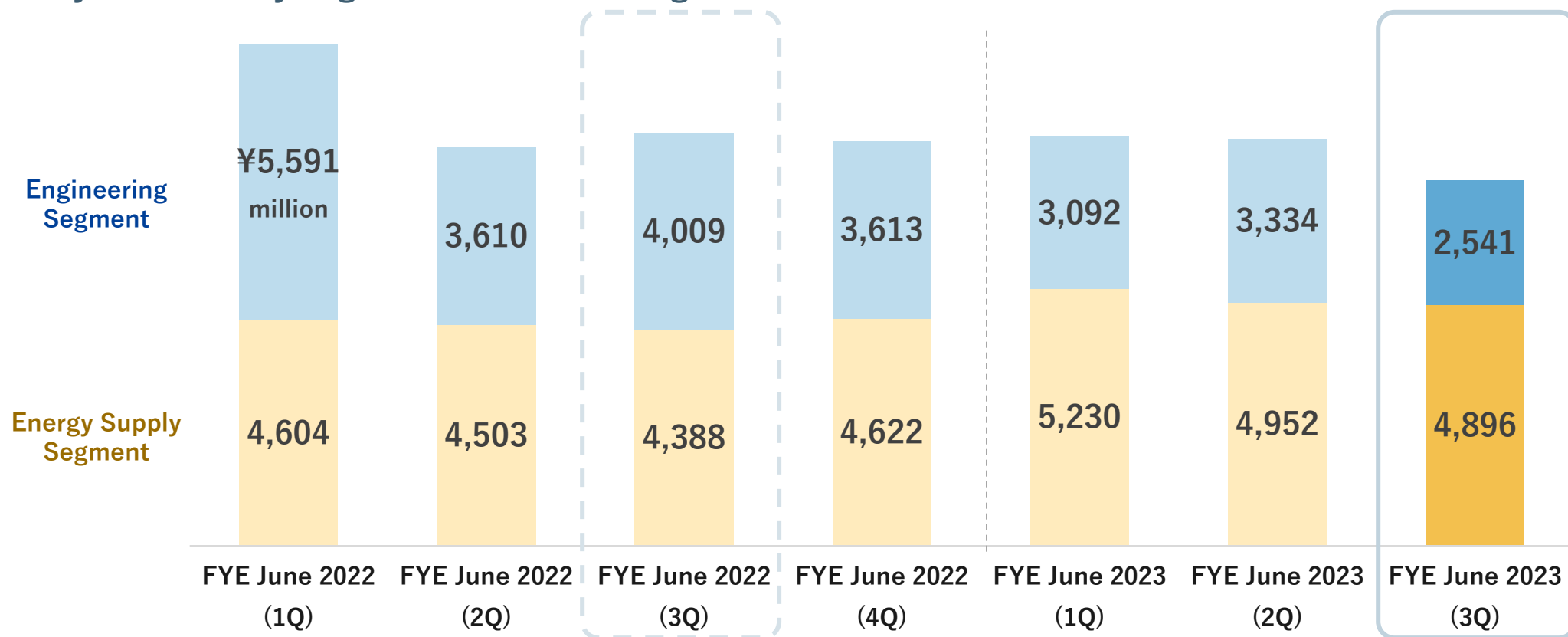
^{*1} We have revised on February 14, 2023 the financial results forecast for the fiscal year ending June 30, 2023.

^{*2} Operating profit, ordinary profit, and profit attributable to owners of parent for the nine months ended March 31, 2022 have been revised by ¥47 million each to reflect the impact of finalizing the business combination of Imari Green Power Co., Ltd. at the end of the previous fiscal year, which had been accounted for on a provisional basis.

Quarterly Net Sales by Segment

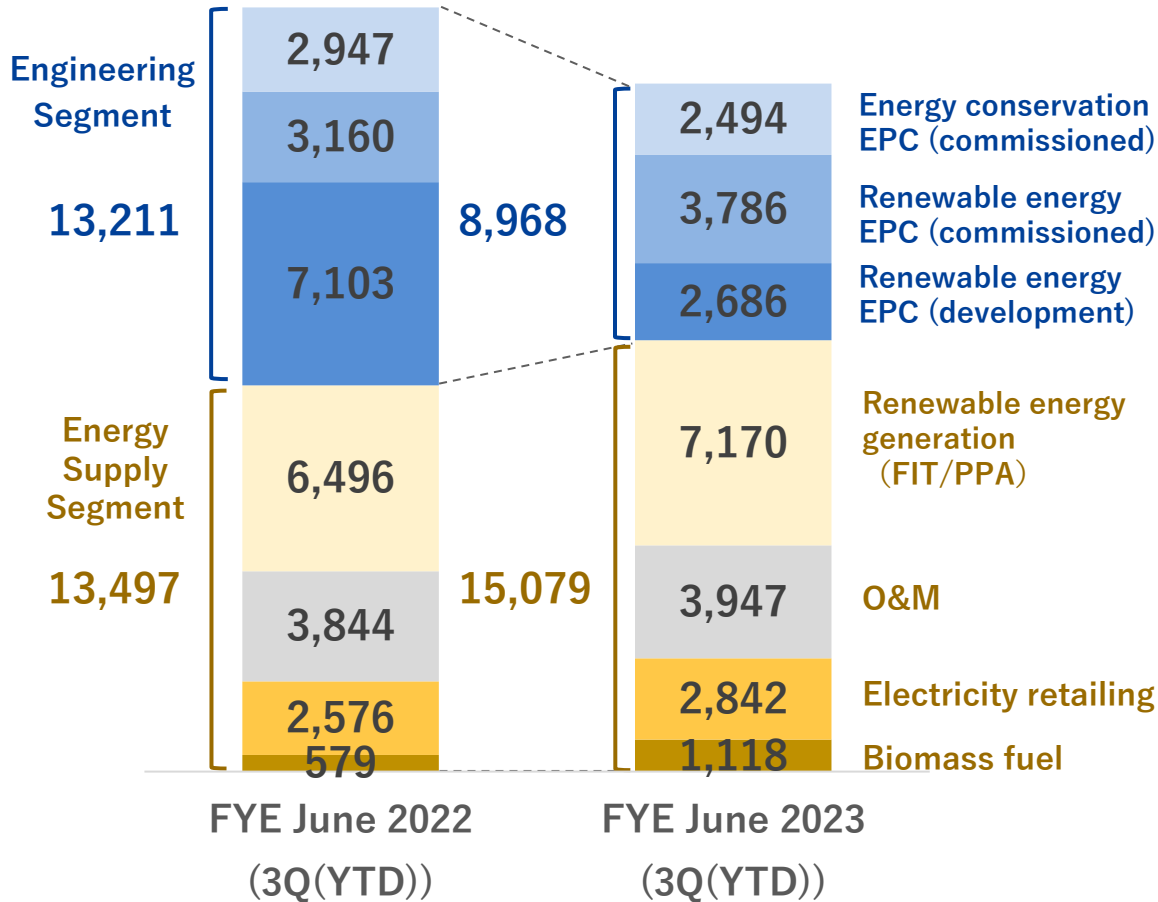
- ▶ Engineering Segment recorded a year-on-year revenue decline
The main cause was Fukuoka Miyako Mega solar EPC entering its final stage (construction completed in February), resulting in little construction progress
- ▶ The Energy Supply Segment recorded a year-on-year revenue increase due to steady performances in renewable energy generation, O&M, and biomass fuel

Quarterly net sales by segment (after inter-segment elimination)



Breakdown of Segment Sales for 3Q (YTD)

Breakdown of segment sales for 3Q (YTD)
(after inter-segment elimination)



* The breakdown of net sales by reportable segment has not been audited.

Engineering Segment

- ▶ Energy conservation EPC (commissioned-type) progressed as planned despite a year-on-year decrease in revenues due to the impact of construction progress
- ▶ Renewable energy EPC (commissioned-type) saw a year-on-year increase in revenues due to an increase in rooftop solar power projects for logistics warehouses
- ▶ In renewable energy EPC (development-type), revenues declined year on year due to the impact of one-time sales recorded at the Fukuoka Miyako Mega Solar Plant associated with changes in accounting standards and construction progress

Energy Supply Segment

- ▶ Revenues in renewable energy generation increased year on year due to an increase in the number of projects in operation and steady energy generation in addition to development fees for Fukuoka Miyako Mega Solar Plant
- ▶ O&M remained steady as planned
- ▶ Revenues in electricity retailing were higher year on year due to raising unit prices of the electricity supplied for customers, increasing in fuel adjustment expenses, and other factors
- ▶ Biomass fuel recorded higher revenues year on year due to increasing the shipment volume, higher unit prices and the impact of foreign exchange rates

Operating Results of Engineering Segment

- ▶ Engineering Segment for 3Q (YTD) of FYE June 2023 recorded lower revenues and profits year on year

(Millions of yen)

	After inter-segment elimination		
	3Q (YTD) of FYE June 2022	3Q (YTD) of FYE June 2023	Targets of FYE June 2023
Consolidated net sales	26,708	24,047	33,400
Engineering Segment	13,211	8,968	10,300
Commissioned-type energy conservation	2,947	2,494	—
Commissioned-type renewable energy	3,160	3,786	—
Development-type renewable energy	7,103	2,686	—
Energy Supply Segment	13,497	15,079	23,100
Renewable energy generation	6,496	7,170	—
O&M	3,844	3,947	—
Electricity retailing	2,576	2,842	—
Other (biomass fuel)	579	1,118	—
Elimination/Corporate	—	—	—
Gross profit	7,319	6,942	9,400
Engineering Segment	3,611	1,680	1,900
Energy Supply Segment	3,708	5,261	7,500
Elimination/Corporate	—	—	—
Operating profit	4,873	4,257	5,400
Engineering Segment	2,838	968	—
Energy Supply Segment	2,839	4,168	—
Elimination/Corporate	(804)	(879)	—

Main factors driving changes in gross profit (3Q of FYE June 2023)

- ▶ **Gross profit remained steady and was in line with the Group's plan despite a year-on-year decrease in profit due to the impact of a one-time profit recorded in the EPC for Fukuoka Miyako Mega Solar Plant associated with changes in accounting standards and construction progress**

Orders received (3Q of FYE June 2023; Unit: millions of yen)

Orders received	12,155	Order backlog	9,397
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*Operating profit for the nine months ended March 31, 2022 has been revised by ¥47 million to reflect the impact of finalizing the business combination of Imari Green Power Co., Ltd. at the end of the previous fiscal year, which had been accounted for on a provisional basis.

Operating Results of Energy Supply Segment

- ▶ Energy Supply Segment 3Q (YTD) of FYE June 2023 recorded higher revenues and profits year on year

(Millions of yen)

	After inter-segment elimination		
	3Q (YTD) of FYE June 2022	3Q (YTD) of FYE June 2023	Targets of FYE June 2023
Consolidated net sales	26,708	24,047	33,400
Engineering Segment	13,211	8,968	10,300
Commissioned-type energy conservation	2,947	2,494	—
Commissioned-type renewable energy	3,160	3,786	—
Development-type renewable energy	7,103	2,686	—
Energy Supply Segment	13,497	15,079	23,100
Renewable energy generation	6,496	7,170	—
O&M	3,844	3,947	—
Electricity retailing	2,576	2,842	—
Other (biomass fuel)	579	1,118	—
Elimination/Corporate	—	—	—
Gross profit	7,319	6,942	9,400
Engineering Segment	3,611	1,680	1,900
Energy Supply Segment	3,708	5,261	7,500
Elimination/Corporate	—	—	—
Operating profit	4,873	4,257	5,400
Engineering Segment	2,838	968	—
Energy Supply Segment	2,839	4,168	—
Elimination/Corporate	(804)	(879)	—

Main factors driving changes in gross profit (3Q of FYE June 2023)

- ▶ Gross profit increased year on year as sales of renewable energy generation, O&M, electricity retailing, and biomass fuel were all steady
- ▶ Electricity retailing contributed to higher profits due to the effects of measures taken to improve profitability, increases in fuel adjustment expenses, and market prices moving at lower levels than expected
- ▶ One-time development fees for the Fukuoka Miyako Mega Solar Plant also made a contribution to higher profits

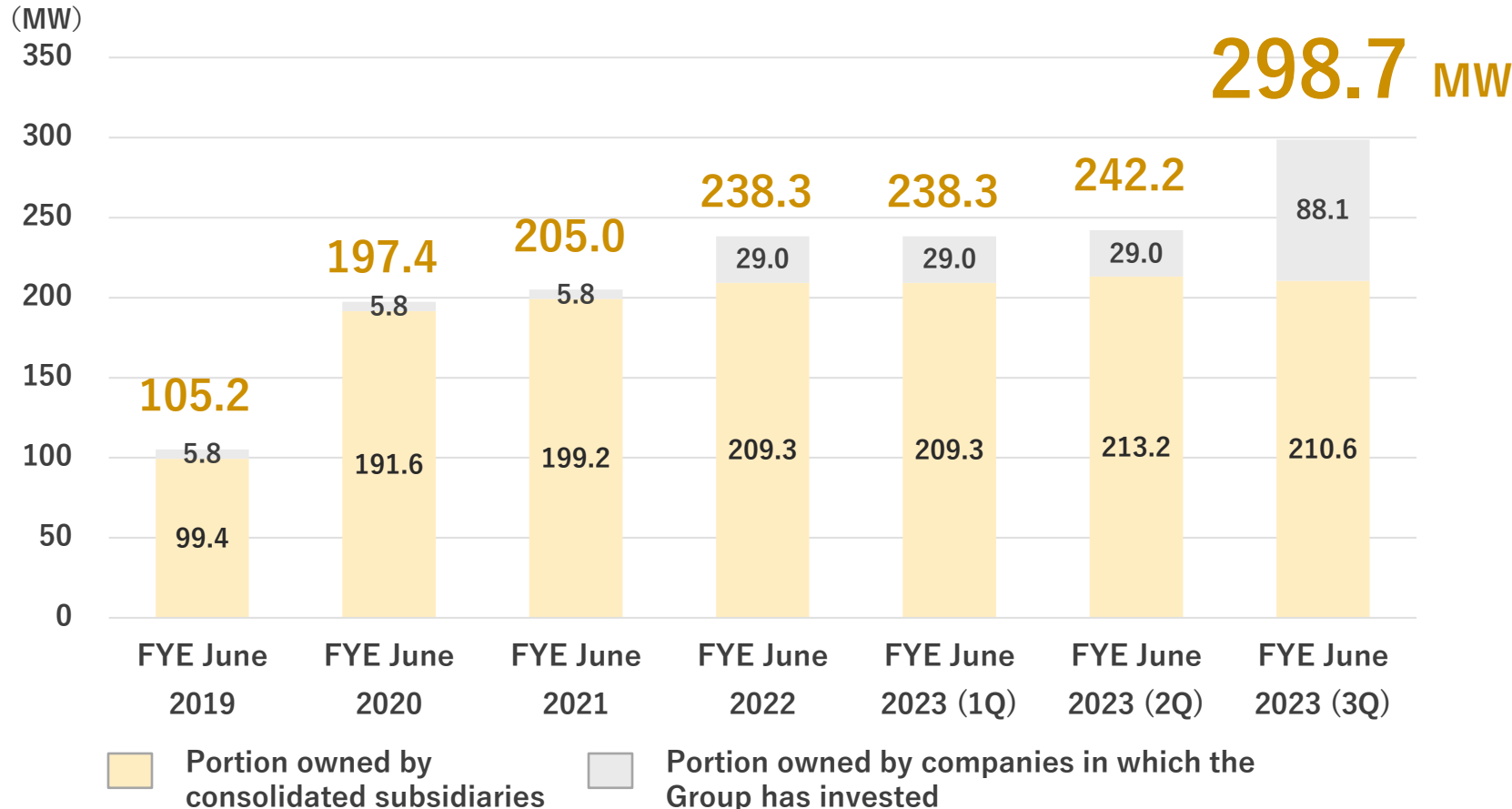
*Operating profit for the nine months ended March 31, 2022 has been revised by ¥47 million to reflect the impact of finalizing the business combination of Imari Green Power Co., Ltd. at the end of the previous fiscal year, which had been accounted for on a provisional basis.

[Stock business] Trends in generation capacity for renewable energy power plants

- ▶ We seek to obtain stable long-term income from FIT and FIP schemes and on-site PPA model projects for in-house generation and consumption

Trends in total capacity of renewable energy power generation facilities*

*Solar power plants (including on-site PPA for in-house consumption), biomass and wind power plants in operation



Topics in first three quarters of FYE June 2023

Increase in portion owned by companies in which the Group has invested (10 projects, 59.1 MW)

Fukuoka Miyako Mega Solar South Power Plant (43.8 MW)
9 other solar power plants (approximately 15.3 MW)

Transition from FIT system to FIP system

2 solar power plants owned by consolidated subsidiaries (0.6 MW) have transitioned to FIP system

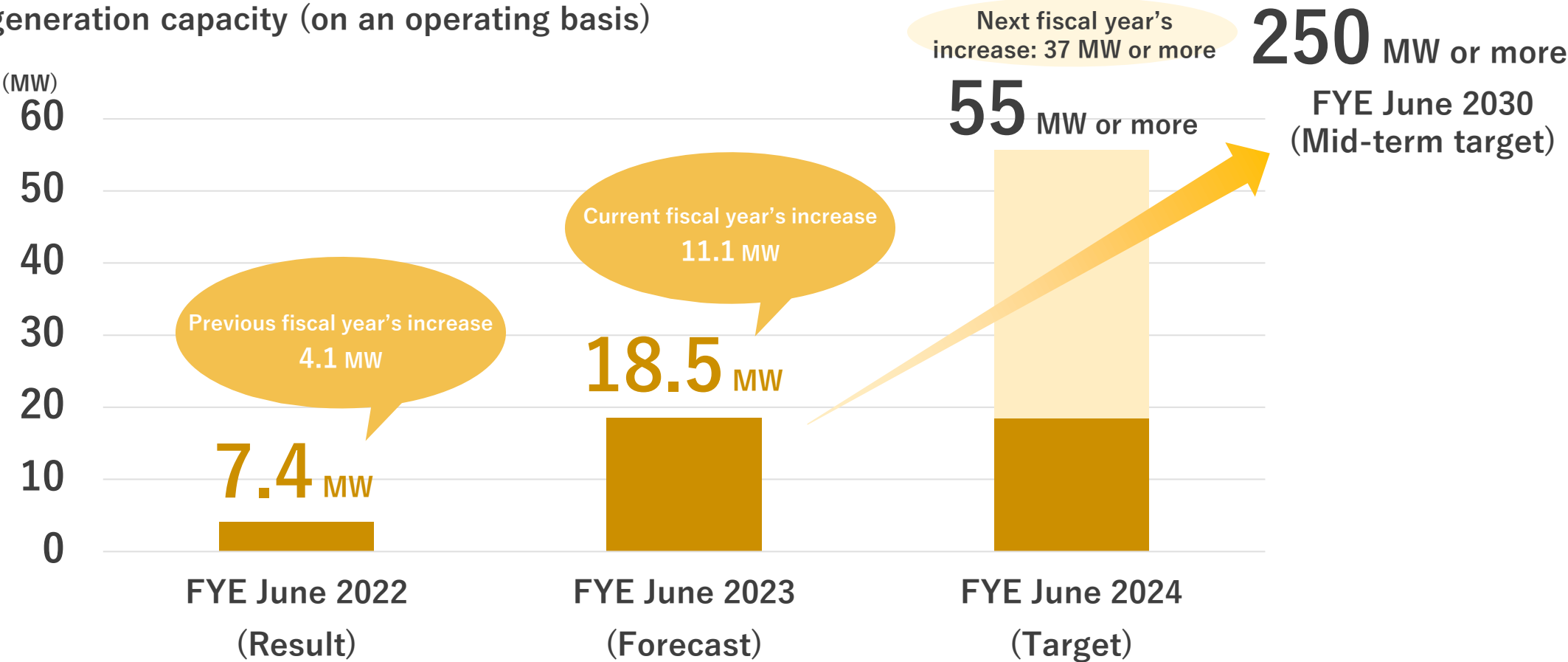
- Solar** 88 projects 292.8 MW including 15 on-site PPA projects, 17.5 MW
- Biomass** 1 project 5.8 MW
- Wind** 6 projects 0.1 MW

*as of March 31, 2023

Generation Capacity Accumulation From On-site PPAs

- ▶ We aim to have 250 MW or more of in-house power generation capacity from on-site PPAs by FYE June 2030
- ▶ We expect to have the total generation capacity of approx. 18.5 MW on an operating basis at the end of FYE June 2023 (11.1 MW increase during the period*)

On-site PPA generation capacity (on an operating basis)



*Including projects already contracted or unofficially announced as of the end of March 2023.

Topics on Renewable Energy (On-site PPAs)

- ▶ Began supply of electricity generated by renewable energy from 7 sites using solar power generation systems for self consumption that employ an on-site PPA model (total generation capacity of approximately 10.1 MW)

Supplied to	Power generation capacity	Date on which supply commenced
Iga Campus, DMG MORI CO., LTD. (Phase 1)	5.4 MW	Feb. 2023
Haruna Factory, Haruna Produce Inc.	0.4 MW	Feb. 2023
Tanigawa Factory, Haruna Produce Inc.	0.3 MW	Feb. 2023
Wakayama Factory, Haruna Produce Inc.	0.4 MW	Feb. 2023

Supplied to	Power generation capacity	Date on which supply commenced
YAMAGATA Plant, T H K C O. , L T D.	2.8 MW	Feb. 2023
Anotsu FACTORY, IMURAYA CO.,LTD.	0.7 MW	Mar. 2023
Akagi Plant, NSK Steering Systems Co., Ltd.	0.1 MW	Mar. 2023



Topics on Renewable Energy (secondary projects)

- ▶ Acquired 4 solar power plants that have already commenced operations (secondary projects) in Fukushima City, Fukushima Prefecture (total generation capacity of approximately 2.6 MW)



(TESS Fukushima Tazawa Solar Plant)

Initiatives related to decarbonization solutions for local governments

▶ Expanded solutions for local governments working to decarbonize

Concluded “Green Specialist Personnel Dispatching Agreement” with Marugame City, Kagawa Prefecture, in relation to supporting human resources for regional revitalization

By dispatching “Green specialist personnel” we help promote decarbonization initiatives in Marugame City.



(Left) Kyoji Matsunaga, the Mayer of Marugame;
(right) Toshihiro Takasaki, President & Chief Executive Officer of TESS Engineering

Electricity supply using on-site PPA for three public facilities in Maniwa City, Okayama will commence in spring 2024

Contributing to the regional decarbonization and enhanced resilience for regions using the on-site PPA model

Sites receiving supply	Hokubo Cultural Center, Hokubo Promotion Office, and Maniwa Central Nutritional Education Center
Annual generation capacity (total)	Approximately 180,000 kWh/year
Reductions in CO ₂ emissions (total)	Approximately 53 tons/year

Regional decarbonization

Enables local generation and consumption of energy, and achieves reductions in CO₂ emissions

Enhanced resilience for regions

During power outages the emergency socket can be used to ensure a lifeline

Sustainability Initiatives

- ▶ In March 2023 the ESG Promotion Committee met for the second time
The Group is propelling specific actions to address materiality (priority issues)

Efforts and information disclosure to realize a decarbonized society

- Began participating in Japan Climate Initiative (JCI)

**JAPAN
CLIMATE
INITIATIVE**

Promoting diversity

- As a result of one-on-one meetings between the Director in charge of ESG and Women's Empowerment and all female employees and male managers, a "list of 10 issues that should be tackled as a priority" has been decided, and consideration of the contents with a view to resolving them has begun

Governance

- A stakeholder engagement meeting has been set for June 2023
The Company intends to solicit opinions and expectations, etc. from stakeholders with regard to ESG and the business activities of the TESS Group going forward

III. (Reprinting) Revisions to the Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023*

*Announced February 14, 2023

(Reprinting) Forecast of Consolidated Financial Results
for the Fiscal Year Ending June 30, 2023 (Announced February 14, 2023)

- ▶ Consolidated financial results forecasts for the fiscal year ending June 30, 2023 have been revised up for net sales and all other items from initial forecasts

(Millions of yen)

	FYE June 2023 Full-year forecast announced August 15, 2022	FYE June 2023 Full-year forecast announced February 14, 2023	vs previously announced forecasts Change
Net sales	31,800	33,400	5.0%
Gross profit (Profit margin)	8,700 (27.4%)	9,400 (28.1%)	8.0%
Operating profit (Profit margin)	4,900 (15.4%)	5,400 (16.2%)	10.2%
Ordinary profit (Profit margin)	4,000 (12.6%)	4,600 (13.8%)	15.0%
Profit attributable to owners of parent (Profit margin)	2,500 (7.9%)	2,900 (8.7%)	16.0%

(Reprinting) Key Points of Revisions to the Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023

Engineering

Engineering

Energy Supply

Energy Supply

Energy Supply

- ▶ We expect **both renewable energy and energy conservation for commissioned type EPC to proceed steadily** due to needs for energy decarbonization initiatives among our customers
- ▶ **Postponement of the recording of sales on the transfer of rights, etc.** in projects for which the development process is currently progressing, which was expected at the time of the previous forecast announcement, **to the next fiscal year onward**
- ▶ We expect to **record sales from the sale* of 9 renewable energy power plants (total generating capacity: 15.3 MW)** owned by the Company in order to improve the Company's financial position
- ▶ We expect an increase in development fees equivalent to the revenue from the sale of electricity due to a shorter construction period for the EPC for Fukuoka Miyako Mega Solar Plant than in the previous forecast
- ▶ For electricity retailing, **the consolidated financial results forecast reflects the effect of implementing measures to improve profitability** by raising unit prices of the electricity supplied to existing customers, etc.

*For details of the sale of 9 renewable energy power plants, please refer to the timely disclosure of "Notice Concerning Sale of Inventory Assets" announced on February 14, 2023.

(Reprinting) Forecast of Consolidated Financial Results by Reportable Segment for the Fiscal Year Ending June 30, 2023

(Millions of yen)

	Before inter-segment elimination		After inter-segment elimination	
	FYE June 2022 Actual	FYE June 2023 Forecast	FYE June 2022 Actual	FYE June 2023 Forecast
Consolidated net sales	34,945	33,400	34,945	33,400
Engineering Segment	17,496	13,300	16,825	10,300
Energy Supply Segment	18,120	23,100	18,120	23,100
Inter-segment elimination	(671)	(3,000)	—	—
Gross profit	8,455	9,400	8,455	9,400
Engineering Segment	4,047	2,000	3,970	1,900
Energy Supply Segment	4,047	7,080	4,484	7,500
Inter-segment elimination	360	320	—	—

IV. Overview of Consolidated Financial Statements, Etc.

Consolidated Statement of Income

(Millions of yen)

	FYE June 2022 3Q results	FYE June 2022 Full-year results	FYE June 2023 3Q results	Quarter- on-quarter Change	Main factors for the change, etc.
Net sales	26,708	34,945	24,047	-2,661	See “II. Summary of Consolidated Financial Results for the Nine Months Ended March 31, 2023”
Cost of sales	19,389	26,489	17,104	-2,285	
Gross profit	7,319	8,455	6,942	-377	
Selling, general and administrative expenses	2,445	3,309	2,684	239	
Operating profit	4,873	5,146	4,257	-616	
Non-operating income	439	718	613	174	
Non-operating expenses	890	1,210	1,224	334	
Ordinary profit	4,422	4,654	3,646	-776	
Extraordinary losses	–	343	–	–	
Profit before income taxes	4,422	4,310	3,646	-776	
Profit	2,901	2,759	2,500	-401	
Profit attributable to owners of parent	2,843	2,695	2,327	-516	

* Selling, general and administrative expenses, operating profit, ordinary profit, and profit attributable to owners of parent for the nine months ended March 31, 2022 have been revised by ¥47 million each to reflect the impact of finalizing the business combination of Imari Green Power Co., Ltd. at the end of the previous fiscal year, which had been accounted for on a provisional basis.

Consolidated Balance Sheet

(Millions of yen)

	FYE June 2022 Full-year results	FYE June 2023 3Q results	Change	Main factors for the change, etc.
Current assets	38,834	30,318	-8,516	Decrease in cash and deposits
Non-current assets	55,422	66,338	10,916	Increase in construction in progress
Total assets	94,256	96,656	2,400	
Current liabilities	21,584	21,394	-190	
Non-current liabilities	47,432	48,344	912	
Total liabilities	69,017	69,738	721	
Shareholders' equity	25,179	26,786	1,607	
Accumulated other comprehensive income	27	68	41	
Non-controlling interests	32	63	31	
Total net assets	25,239	26,918	1,679	
Total liabilities and net assets	94,256	96,656	2,400	

Operating Results by Segment

(Millions of yen)

	Before inter-segment elimination		After inter-segment elimination	
	3Q (YTD) of FYE June 2022	3Q (YTD) of FYE June 2023	3Q (YTD) of FYE June 2022	3Q (YTD) of FYE June 2023
Consolidated net sales	26,708	24,047	26,708	24,047
Engineering Segment	13,829	10,396	13,211	8,968
Commissioned-type energy conservation	2,947	2,494	2,947	2,494
Commissioned-type renewable energy	3,160	3,786	3,160	3,786
Development-type renewable energy	7,721	4,115	7,103	2,686
Energy Supply Segment	13,497	15,079	13,497	15,079
Renewable energy generation	6,496	7,170	6,496	7,170
O&M	3,844	3,947	3,844	3,947
Electricity retailing	2,576	2,842	2,576	2,842
Other (biomass fuel)	579	1,118	579	1,118
Elimination/Corporate	(618)	(1,428)	—	—
Gross profit	7,319	6,942	7,319	6,942
Engineering Segment	3,683	1,666	3,611	1,680
Energy Supply Segment	3,379	4,937	3,708	5,261
Elimination/Corporate	255	338	—	—
Operating profit	4,873	4,257	4,873	4,257
Engineering Segment	2,332	588	2,838	968
Energy Supply Segment	2,334	3,392	2,839	4,168
Elimination/Corporate	206	276	(804)	(879)

*Operating profit for the nine months ended March 31, 2022 has been revised by ¥47 million to reflect the impact of finalizing the business combination of Imari Green Power Co., Ltd. at the end of the previous fiscal year, which had been accounted for on a provisional basis.

Impact of Application of Accounting Standard for Revenue Recognition

- ▶ The TESS Group has applied “Accounting Standard for Revenue Recognition” from July 1, 2021
- ▶ The accounting standards applied to each segment are as follows

Segment		Before application Through June 30, 2021	After application Starting July 1, 2021
Engineering Segment		Completed- contract method or Percentage-of- completion method	Method where revenue is recognized based on the progress over time or Cost recovery method
Energy Supply Segment	Renewable energy generation	Accrual basis	
	O&M	Inspection basis or Over time	
	Electricity retailing	Accrual basis	
	Biomass fuel	Shipping basis	

V. (Attached Materials) Corporate Overview

Change in presentation method for total generation capacity for renewable energy power generation facilities

- ▶ Following increases in the number of solar power plants owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator), in the third quarter of FYE June 2023 we changed the presentation method used for total generation capacity for renewable energy power generation facilities.

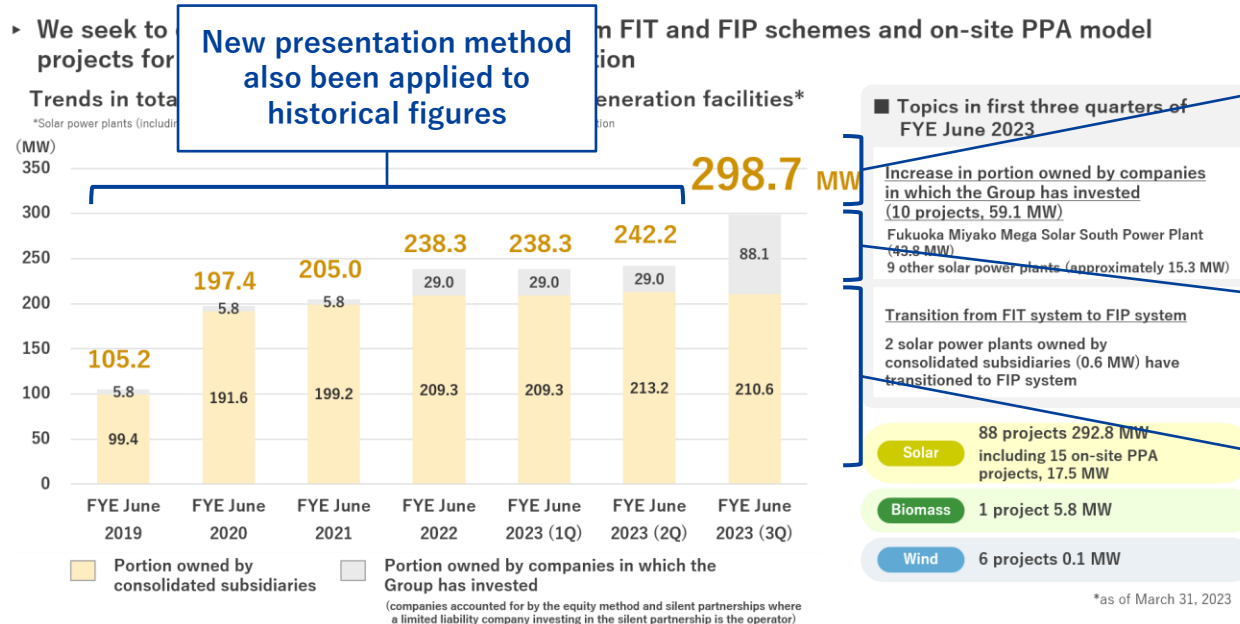
- Before the change:

Capacity presented for renewable energy power generation facilities owned by consolidated subsidiaries and companies accounted for by the equity method

- After the change:

Figures are categorized into capacity owned by **consolidated subsidiaries** and capacity owned by **companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator)**, with generation capacity for their respective renewable energy power generation facilities presented separately and with the total

[Stock business] Trends in generation capacity for renewable energy power plants



Total generation capacity for renewable energy power generation facilities owned by **consolidated subsidiaries** and by **companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator)**

Generation capacity for renewable energy power generation facilities owned by **companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator)**

Generation capacity for renewable energy power generation facilities owned by **consolidated subsidiaries of the Group**

Overview of the Company

Name	TESS Holdings Co., Ltd.	
Representative	Kazuki Yamamoto, Representative Director and President	
Founded	July 9, 2009 (TESS Group founded in May 1979)	
Share capital	17 million yen (As of June 30, 2022)	
Group businesses	Management consultation to introduce environmental protection/energy saving systems such as co-generation system, engineering, procurement and construction (EPC), operation & maintenance, 24 hours operation monitoring, supporting operation management by “Energy Management System,” fuel supply business, electricity retailing (power producer and supplier), power generation by renewable energy, etc.	
Headquarters location	Shin-Osaka Prime Tower, 6-1-1 Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka 532-0011 Japan	
Tokyo Office location	Yaesu First Financial Building, 1-3-7 Yaesu, Chuo-ku, Tokyo 103-0028 Japan	
Group’s license and registrations	Special Construction License	License issued by Minister of Land, Infrastructure, Transport and Tourism: ○Construction ○Scaffolding/Earthmoving ○Roofing ○Electrical ○Piping ○Steel Structuring ○Plating ○Painting ○Waterproofing ○Machinery Installation ○Dismantling ○Civil Engineering
	The Offices of Registered Architects	License # 23366 - Governor of Osaka Prefecture
Listing	Prime Market of the Tokyo Stock Exchange Securities code: 5074 (Listed April 27, 2021)	

Business Philosophy

Customer Focus, Customer Satisfaction

- ▶ We treat all stakeholders as the customer, including all clients, business partners, shareholders, investors, the communities where we operate, and group officers, employees, and their families.
- ▶ Our top management pledges to lead by example, engaging customers in a sincere, steady, self-reliant and straightforward manner.
- ▶ We place ESG and compliance at the core of management, and strive to increase corporate value by growing sustainably through our contribution to the SDGs.

Management Philosophy

Total Energy Savings & Solutions

As the customers' energy related issues and needs become more complex, our business philosophy "Customer Focus, Customer Satisfaction" cannot be achieved with uniform products and services.

TESS stands for "Total Energy Savings & Solutions." We will promote provision of comprehensive energy solution as a group to realize this goal.

Management Vision

+E Performer

"+E Performer" is our management vision.

"+E" represents "provision of innovative new products and services" concerning "Energy, Economy, Environment, Engineering, Ecology, Engagement, ..." related to the Group business activities. It signifies our corporate commitment to produce high performance that delivers results by sincerely engaging with our customers' needs.

By maximizing the Group strength, we aim to become a "+E Performer" that nurture, protect, and connect energy for the next generation.

ESG Policy (formulated on July 15, 2022)

The TESS Group positions ESG and compliance at the core of its management and aims to contribute to the decarbonization of global energy and the realization of the SDGs.

**Environment
(E)**

We aim to realize Total Energy Savings & Solutions for our customers and local communities.

**Social
(S)**

We will develop human resources and social infrastructure to support business growth.

**Governance
(G)**

We will carry out fair and highly transparent management.

Group Purpose

- Contributing to global energy decarbonization through the realization of **Total Energy Savings & Solutions**.

▶ We place ESG and compliance at the core of management, and focus on the business areas with strong social needs and growth outlook, i.e., “renewable energy as main power source,” “energy efficiency maximization,” and “intelligent energy infrastructure.”

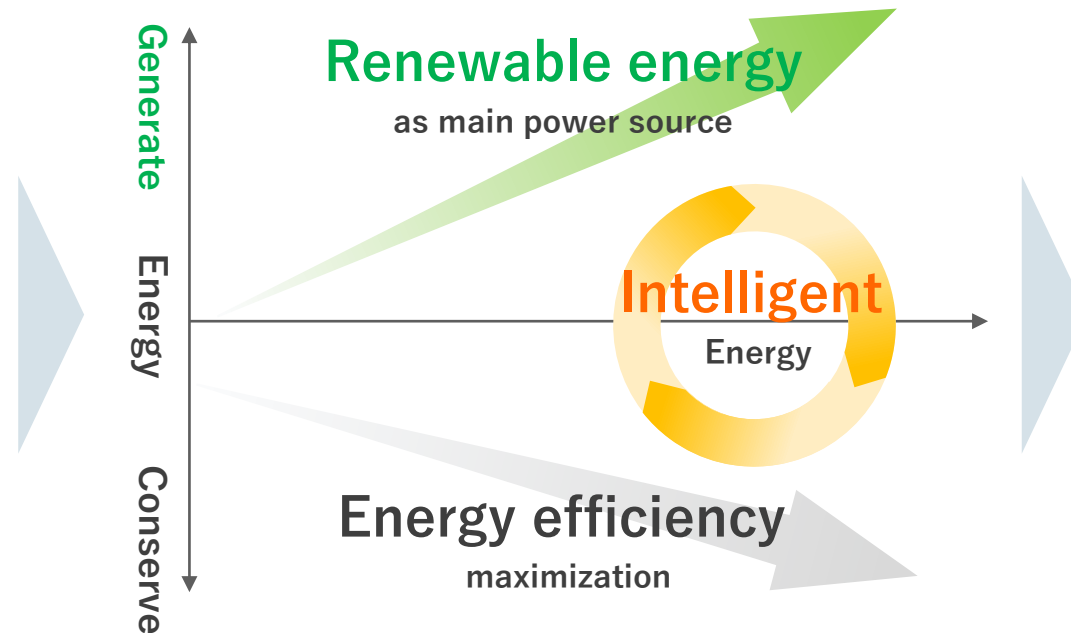


Core values

Business areas

Contributing to the SDGs

E Environment	Realize Total Energy Savings & Solutions
S Social	Develop human resources and social infrastructure to support business growth
G Governance	Fair and highly transparent business management
Compliance	



First **SDGs-IPO** implemented in the energy/environmental field in Japan

Medium-term Management Policy

1

- ▶ **We focus on the three business areas of “renewable energy as main power source,” “energy efficiency maximization,” and “intelligent energy infrastructure”**

The Group has developed its business by specializing in the energy industry under its management philosophy of “Total Energy Savings & Solutions,” and by focusing on the three business areas with strong social needs and greater growth outlook, i.e., “renewable energy as main power source,” “energy efficiency maximization,” and “intelligent energy infrastructure,” the Group will contribute to initiatives for the global energy decarbonization.

2

- ▶ **By providing comprehensive energy solutions, we aim to build long-term transactional relationships with customers and to diversify our revenue opportunities**

We provide comprehensive energy solutions that address the increasingly complicated energy issues faced by customers, such as environmental measures, energy-saving initiatives, and energy cost programs. We are expanding the scope of the solutions we offer on both Engineering Segment and the Energy Supply Segment fronts, and building long-term transactional relationships with customers while at the same time diversifying our revenue opportunities.

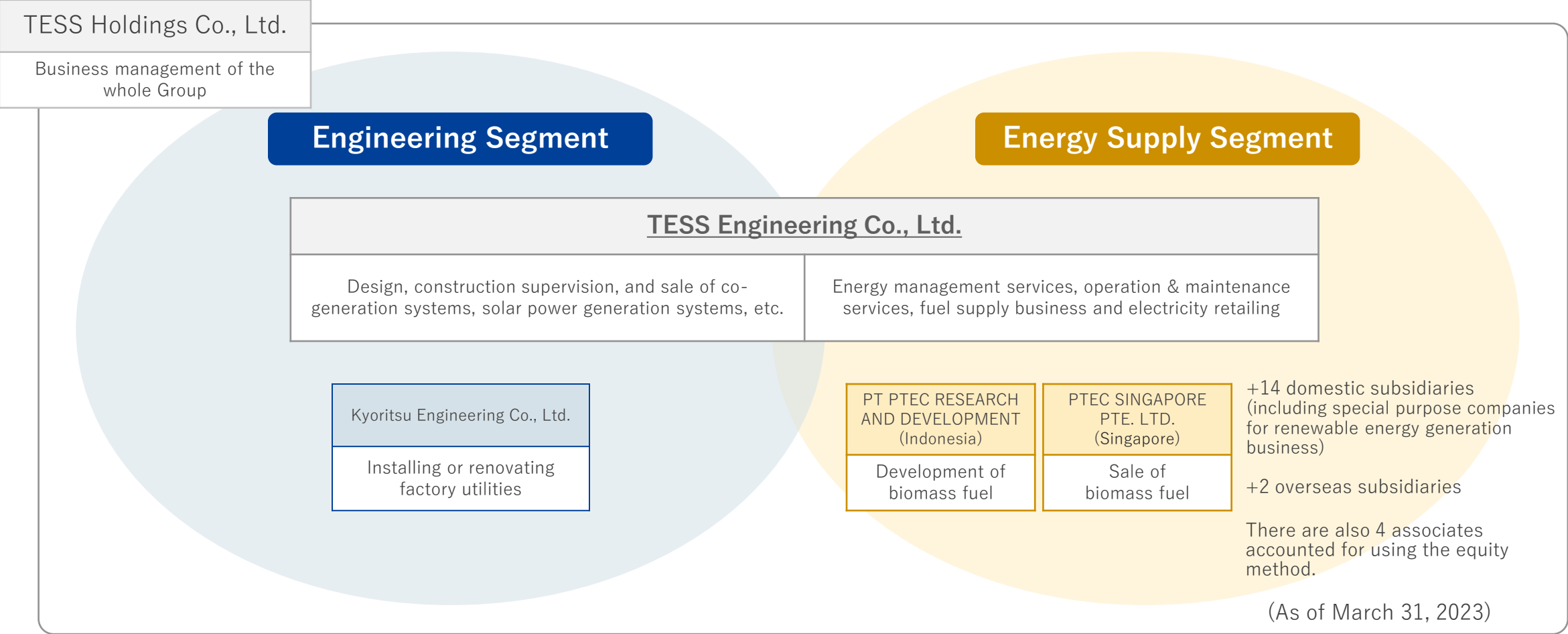
3

- ▶ **Building a stable management base by bolstering the stock-model business**

By continuously growing the Energy Supply Segment, which is a stock-model business, we will build a stable management base that is less susceptible to fluctuations in the economic conditions. Specifically, we aim to raise the proportion of consolidated net sales accounted for by the Energy Supply Segment, primarily by expanding renewable energy power plant ownership, operation, and electricity sales, so that the Energy Supply Segment consistently makes up more than half the total over the long term.

Group Overview

- ▶ TESS Group consists of TESS Holdings, 16 domestic subsidiaries, 4 overseas subsidiaries and 4 associates
- ▶ Core subsidiary of TESS Engineering is responsible for both the Engineering Segment and the Energy Supply Segment



Business Details (1) Engineering Segment

- ▶ In the Engineering Segment, we operate a flow business model focused on EPC* for renewable energy and energy conservation-related facilities at factories and business facilities that are heavy consumers of energy

Renewable energy EPC



Energy conservation EPC



* EPC: Engineering, Procurement, and Construction

Business Details (2) Energy Supply Segment

- ▶ In the Energy Supply Segment, we operate a stock business model focused on renewable energy power generation and operation and maintenance.

1



Total installed capacity (in operation): **approx. 298.7 MW**
(As of March 31, 2023, including 15 on-site PPA projects, approx. 17.5 MW)

2



3



Other services

- Fuel supply services
(including LNG and biomass fuel)

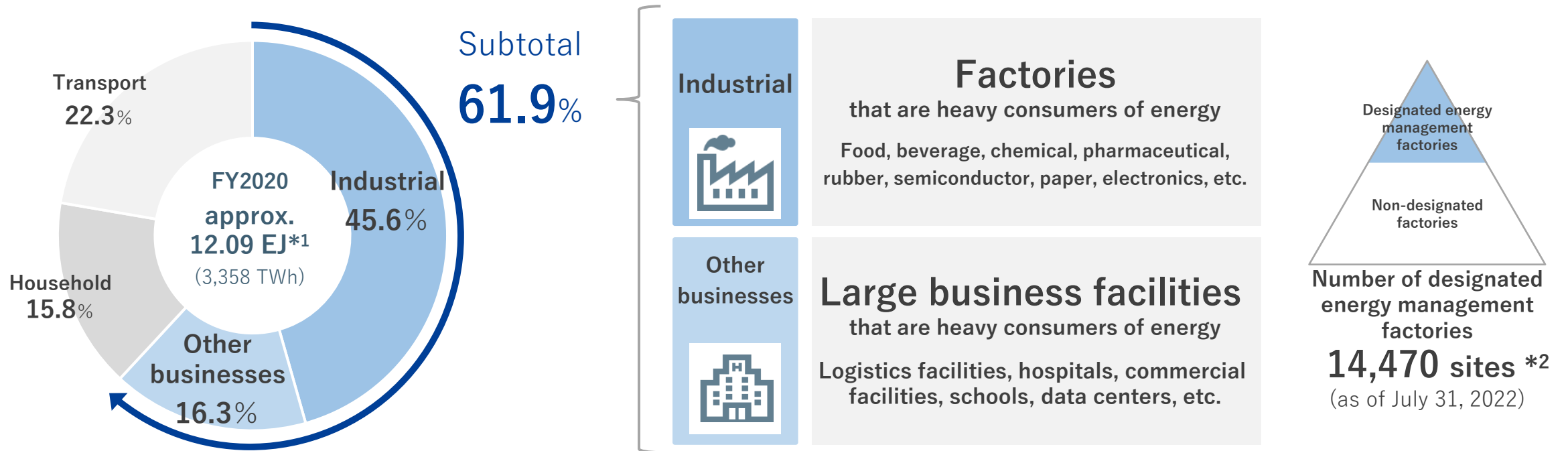
*ERAB (**E**nergy **R**esource **A**ggregation **B**usiness): Business that uses virtual power plant (VPP), demand response (DR) and other technologies to provide services such as supply-demand adjustment capacity, imbalance avoidance, rate reduction, and output suppression avoidance to general power transmission and distribution operators, power retailers, and consumers.

*Generation capacity for renewable energy power generation facilities includes renewable energy power generation facilities owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator)

Target Markets of the TESS Group

- ▶ TESS Group’s target sector is approximately 60% of domestic energy consumption (total for the industrial sector and other business sector)
- ▶ Providing solutions for both designated energy management factories and non-designated factories

■ Ratio of energy consumption by sector



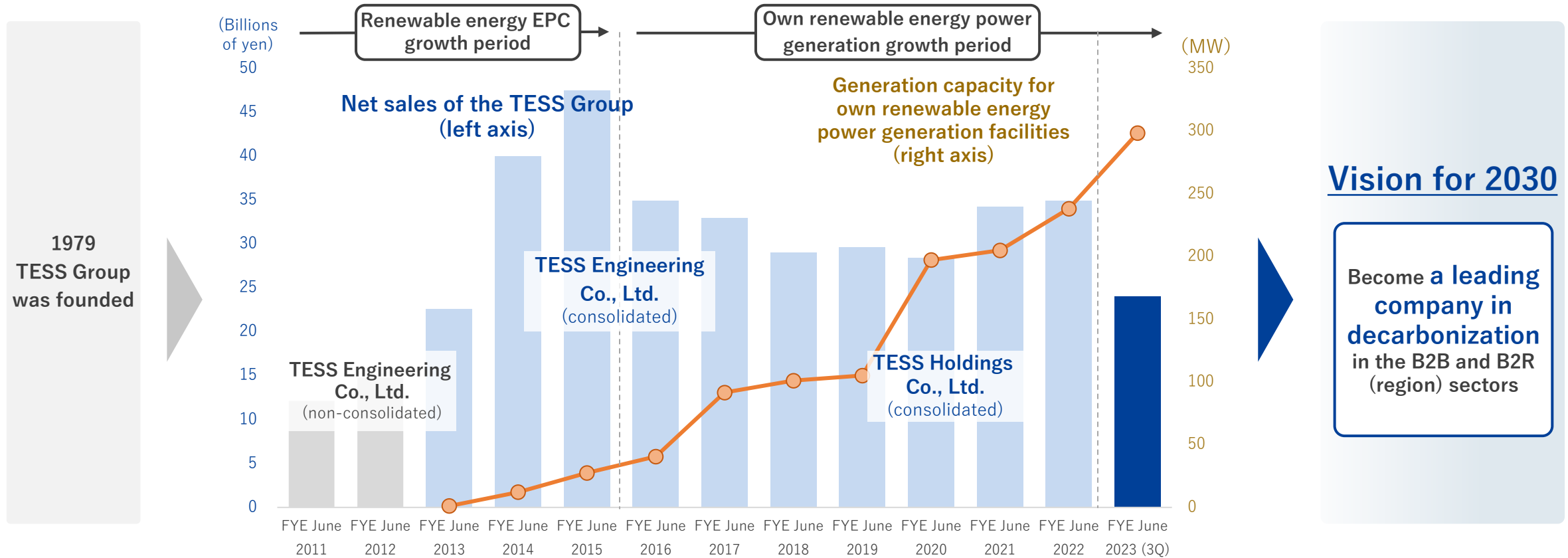
*1 EJ = 10¹⁸ J, 1 EJ is approximately 278 TWh

(Source) Created by the Company based on “FY2021 Annual Report on Energy” (June 2022) published by Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

*2 (Source) “Status of Designation of Specified Business Operators, etc. under the Act on the Rationalization etc. of Energy Use” published by Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

History

- ▶ Since being founded in 1979, consistently provide energy solutions for energy conservation, environmental measures, and cost reduction
- ▶ In recent years focus on its own renewable energy power generation operations in order to expand the Energy Supply Segment



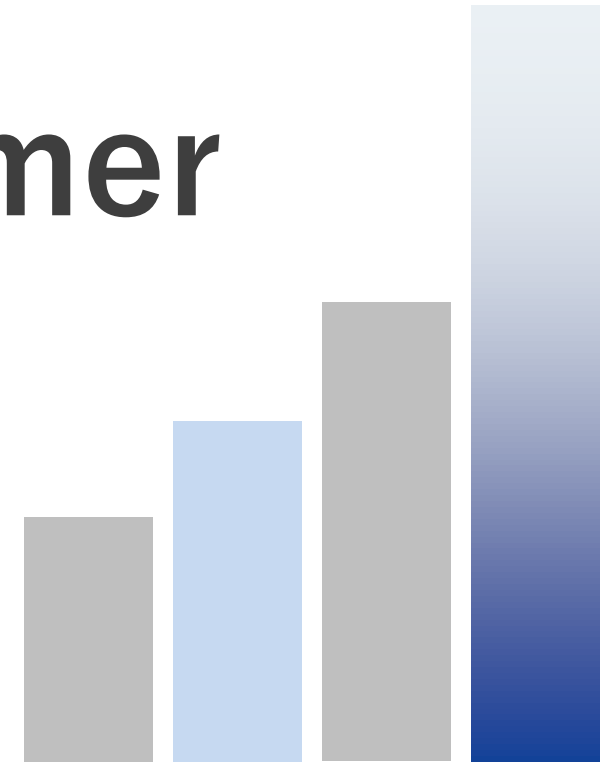
*Not audited until FY2017 (fiscal year ended June 30, 2018). TESS Engineering began preparing consolidated financial statements in FY2012 (fiscal year ended June 30, 2013). TESS Holdings began preparing consolidated financial statements in FY2017 (fiscal year ended June 30, 2018).

*In April 2018, the TESS Group transitioned to a holding company structure with TESS Holdings as the wholly-owning parent company.

*Generation capacity for renewable energy power generation facilities includes renewable energy power generation facilities owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator)

+ E Performer

Total **E**nergy **S**avings & **S**olutions



Inquiries:

Public Relations & Investor Relations Team, TESS Holdings Co., Ltd.

<https://www.tess-hd.co.jp/contact/>

We ask that you send an inquiry using the form on the website.

