

Financial Results Meeting Materials for the Six Months Ended December 31, 2023



February 14, 2024
TESS Holdings Co., Ltd.
Securities code: 5074

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Vision for 2030:

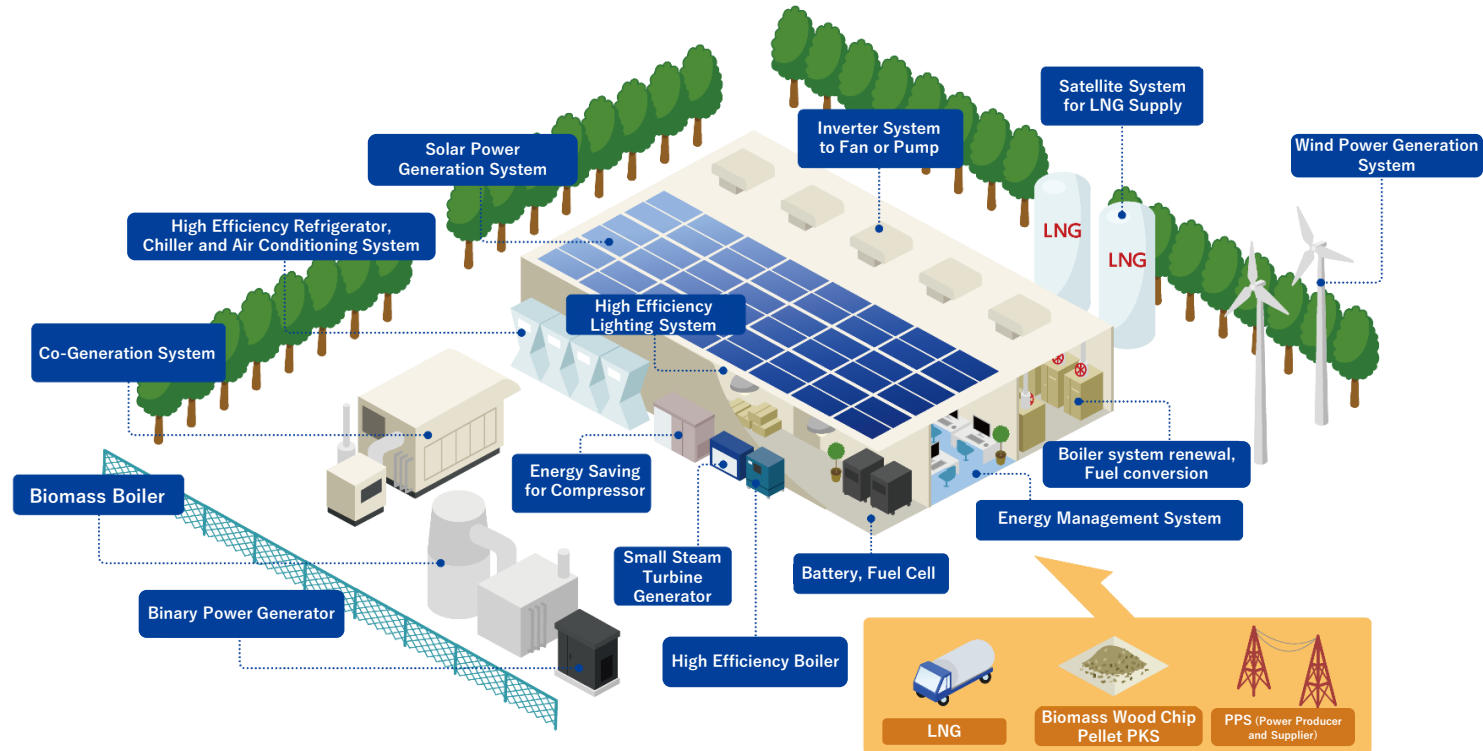
Leading Decarbonization Company

in B2B and B2R (region) areas

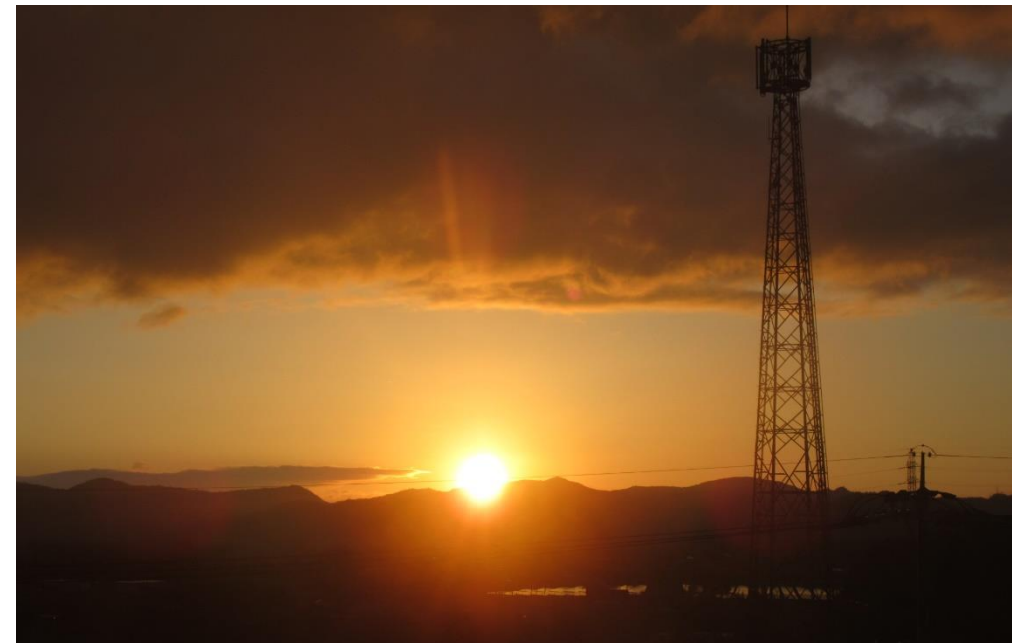
Items handled
by the TESS Group



TESS Group original characters
“Tecchan & Soochan”



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~First sunrise of the New Year~

1 . Summary of Consolidated Financial Results for the Six Months Ended December 31, 2023

- ▶ Consolidated results for 2Q (YTD) of FYE June 2024 ended in **lower revenues and profits year on year, but progressed steadily** in line with the Group's plans
Due to **growing customer demand for decarbonization measures** and the need to secure **energy supply, the number of inquiries was steady**
- ▶ In the Engineering Segment, **orders received totaled ¥10,991 million**
The order backlog was ¥14,430 million, around 1.7 times the level at the end of 2Q FYE June 2023
- ▶ Total generation capacity for renewable energy power generation facilities*: **approx. 301.6 MW (94 projects)** (as of December 31, 2023)
- ▶ **New stockpile opened** for PKS fuel sales business in Indonesia
Responding to the need for more PKS fuel by achieving a more stable supply and increasing the annual trade volume
- ▶ Signed a Memorandum of Understanding with PTPN, Indonesia's state-run palm plantation company, on **“carbon credit generation associated with EFB pellet manufacturing business”**

* 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 43, we also changed the presentation method beginning in the third quarter of the fiscal year ended June 30, 2023. Under the previous presentation method, total generation capacity for renewable energy power generation facilities would have been approximately 219.2 MW from 83 projects (as of December 31, 2023).

Consolidated Financial Results

- ▶ Consolidated results for 2Q (YTD) of FYE June 2024 (from July to December 2023) ended in lower revenues and profits year on year, but progressed steadily in line with the Group's plans

(Millions of yen)

	FYE June 2023 2Q (YTD)	FYE June 2024 2Q (YTD)	FYE June 2024 Full-year targets	Quarter-on- quarter changes	Percentage of full-year target achieved
Net sales	16,610	15,068	38,200	-9.3%	39.4%
Gross profit (Profit margin)	4,716 (28.4%)	3,768 (25.0%)	10,650 (27.9%)	-20.1%	35.4%
Operating profit (Profit margin)	2,923 (17.6%)	1,765 (11.7%)	6,650 (17.4%)	-39.6%	26.5%
Ordinary profit (Profit margin)	2,501 (15.1%)	1,458 (9.7%)	6,000 (15.7%)	-41.7%	24.3%
Profit attributable to owners of parent (Profit margin)	1,560 (9.4%)	865 (5.7%)	3,700 (9.7%)	-44.5%	23.4%

2 . Financial Results by Segment, Etc.

Engineering Segment

Flow-type

EPC for energy conservation-related facilities



EPC for renewable energy-related facilities



✓ Differences in business formats

Commissioned-type

The segment consists of **EPC commissioned** by customers (Generally, the same image as when a construction company undertakes contract work on facilities))

Development-type

A format in which **a project is developed from scratch**, rights are bought and sold, and EPC are provided to client companies

* EPC: **E**ngineering, **P**rocurement, and **C**onstruction

Energy Supply Segment

Stock-type

Renewable energy power generation (FIT, FIP/PPA)



Operation and maintenance (O&M)



Electricity retailing



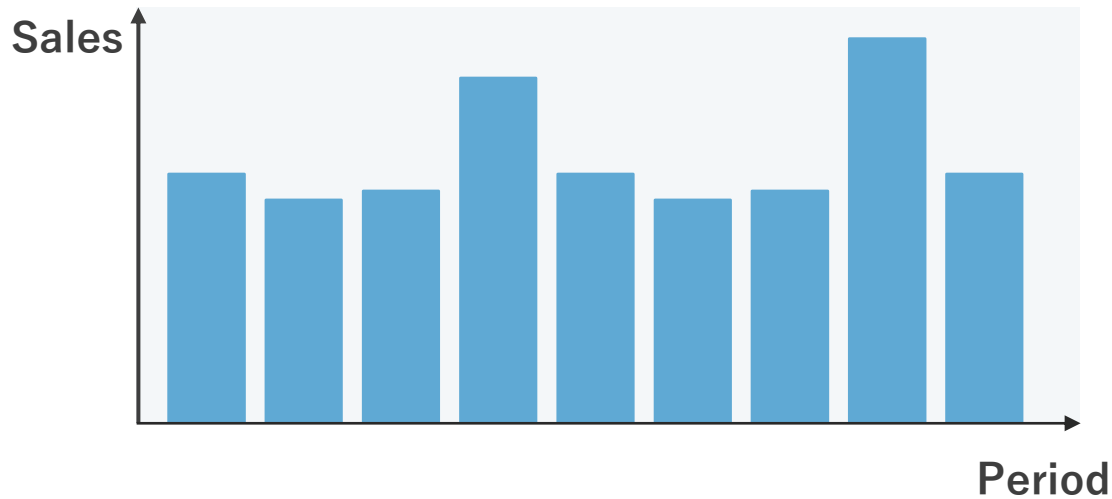
Biomass fuel supply



Engineering Segment

Flow-type

Business that receives orders from client companies on a case-by-case basis
The scale of sales for each project tends to be large



<Image of period recording sales>

- EPC for energy conservation-related facilities: 1-2 years
- EPC for renewable energy-related facilities: Half-2 years

Energy Supply Segment

Stock-type

Business that earns continuous income
Stable revenue by accumulating one by one

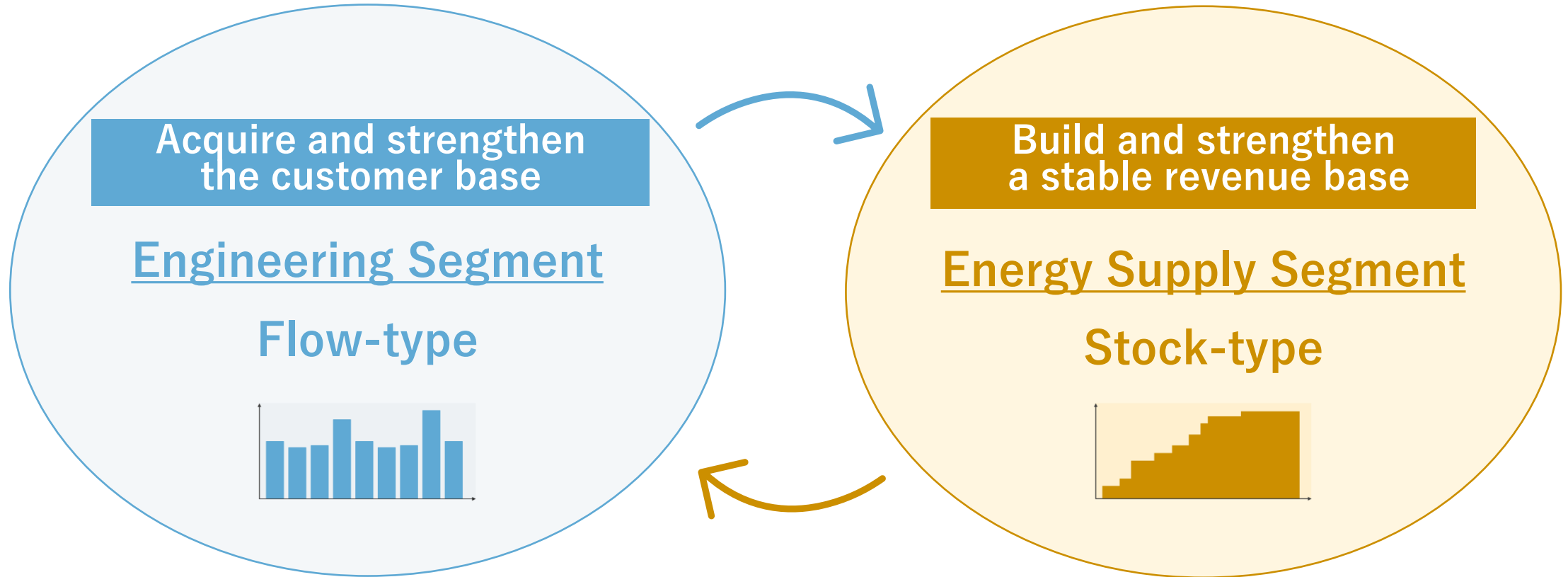


<Image of period recording sales>

- Renewable energy power generation: 15-20 years
- O&M: 15-20 years

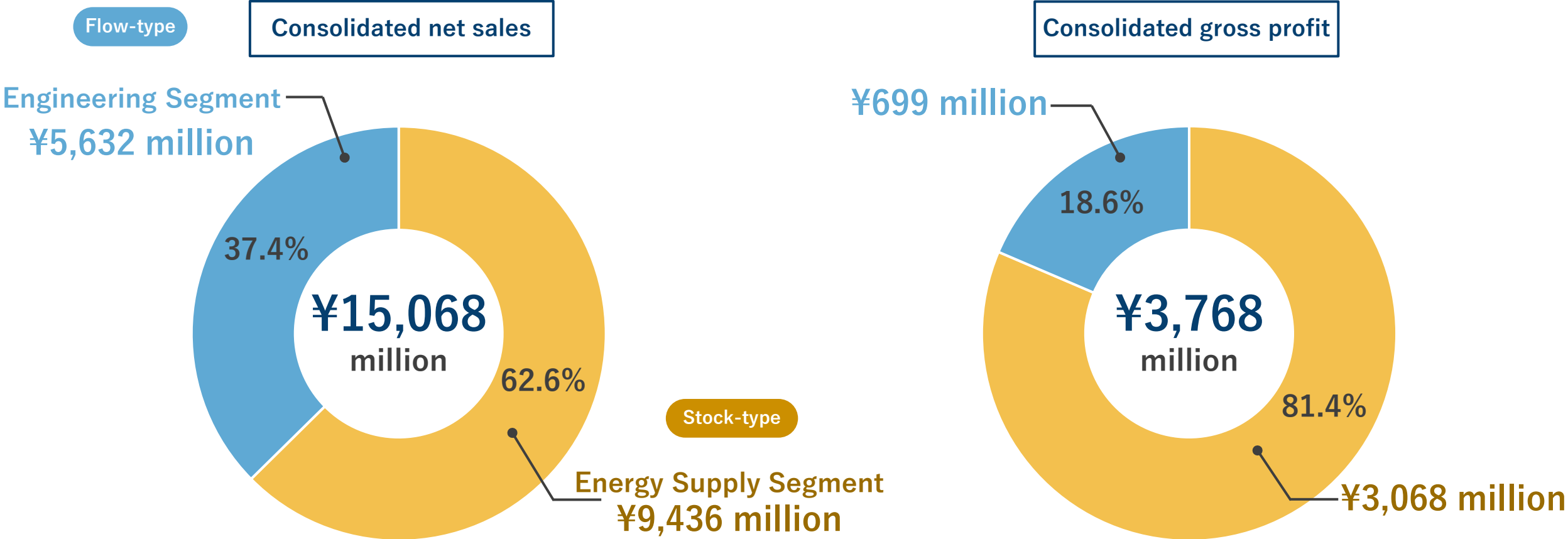
Business Model

- ▶ Recycling-oriented business model with flow-type and stock-type
- ▶ Secure both flow and stock revenue opportunities
(For example, after completing EPC in the Engineering Segment, it will lead to O&M orders for the Energy Supply Segment)



Ratio of Net Sales and Gross Profit by Segment (2Q YTD of FYE June 2024)

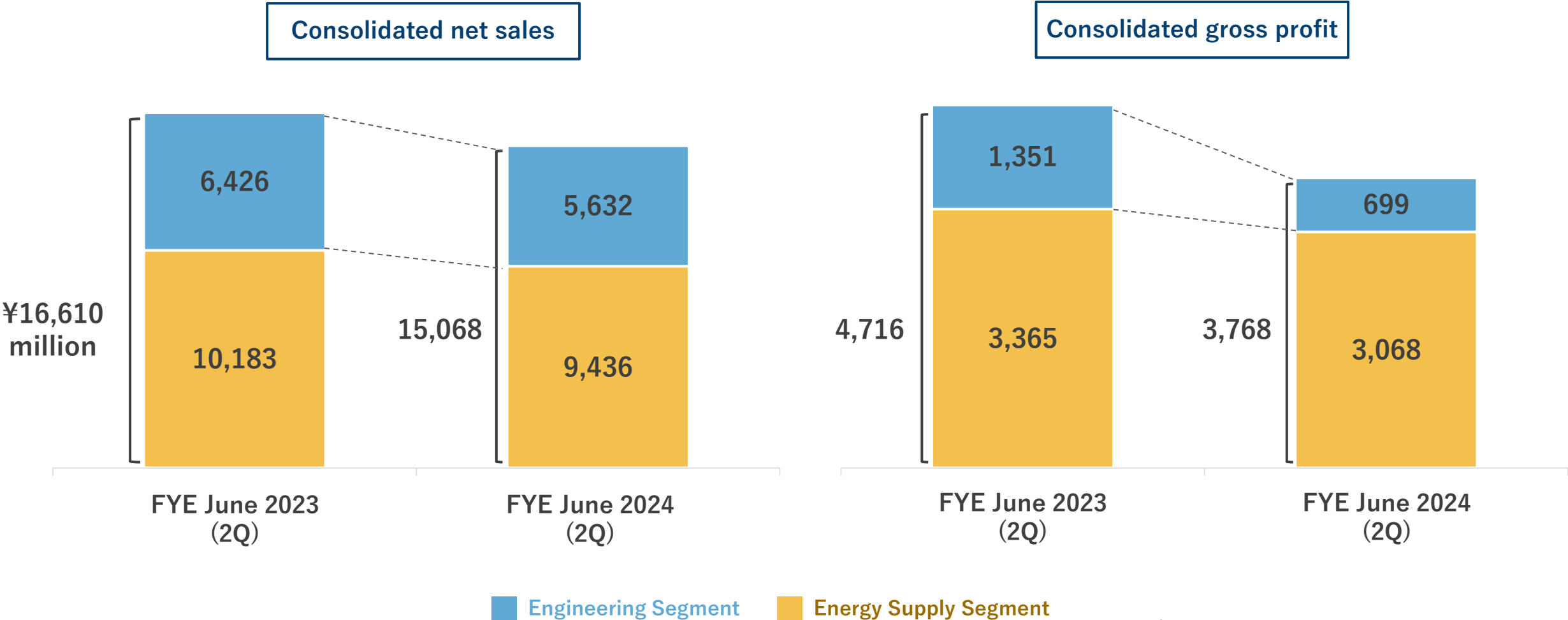
- ▶ The sales ratio for 2Q (YTD) of FYE June 2024 is approximately 40% from the Engineering Segment and approximately 60% from the Energy Supply Segment
- ▶ Aiming to increase the sales ratio of the Energy Supply Segment to approx. 70% by 2030, and further stabilizing stock-type business



* Figures are after inter-segment elimination

Breakdown of Net Sales and Gross Profit by Segment (YoY)

▶ 2Q (YTD) of FYE June 2024 recorded lower revenues and profits year on year



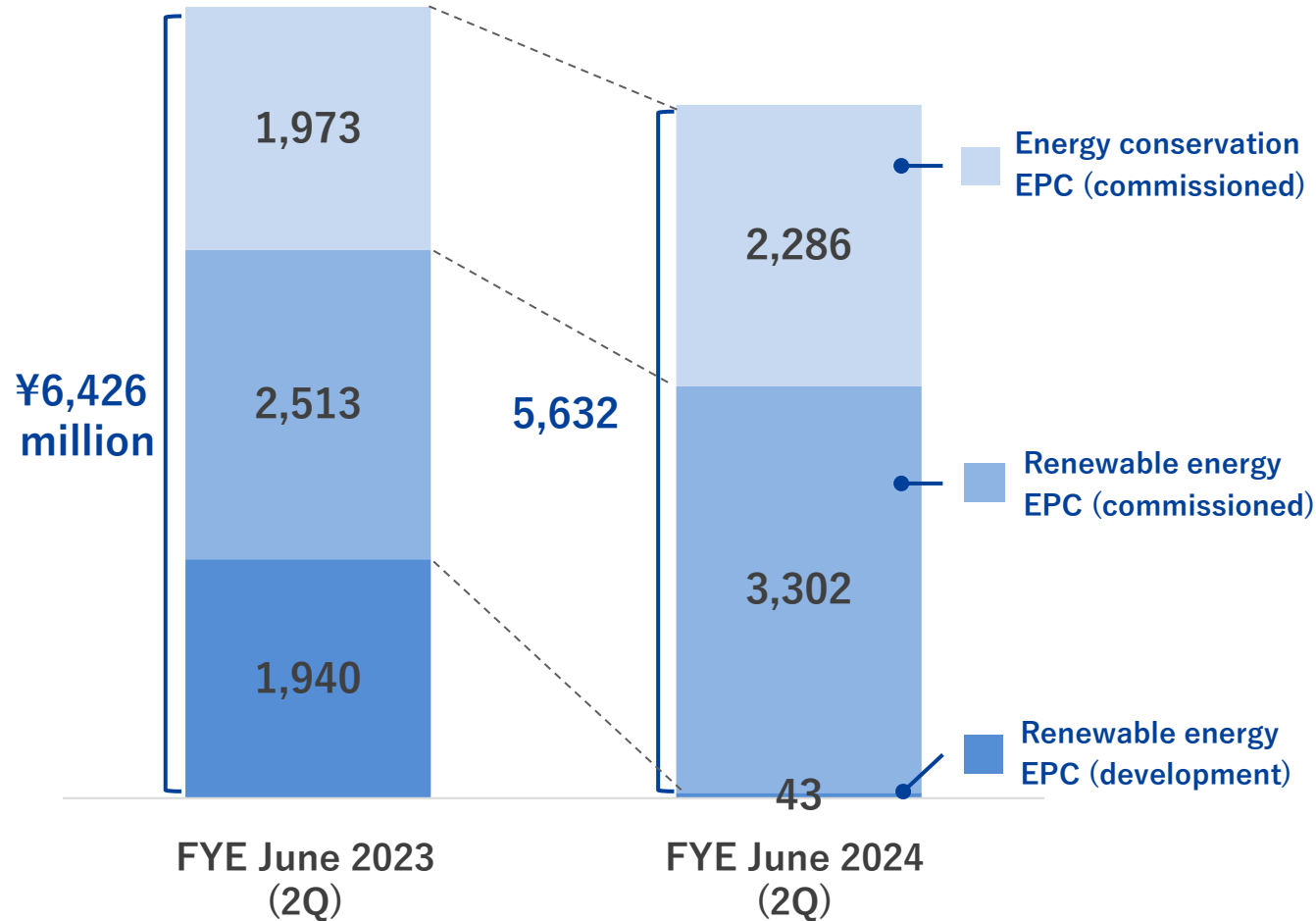
* Figures are after inter-segment elimination

Flow-type



Engineering Segment

- ▶ Engineering Segment recorded a year-on-year revenue decline
Due to the impact of a decrease in development-type EPC, despite an increase in commissioned-type EPC in energy conservation and renewable energy



■ Highlights for Engineering Segment

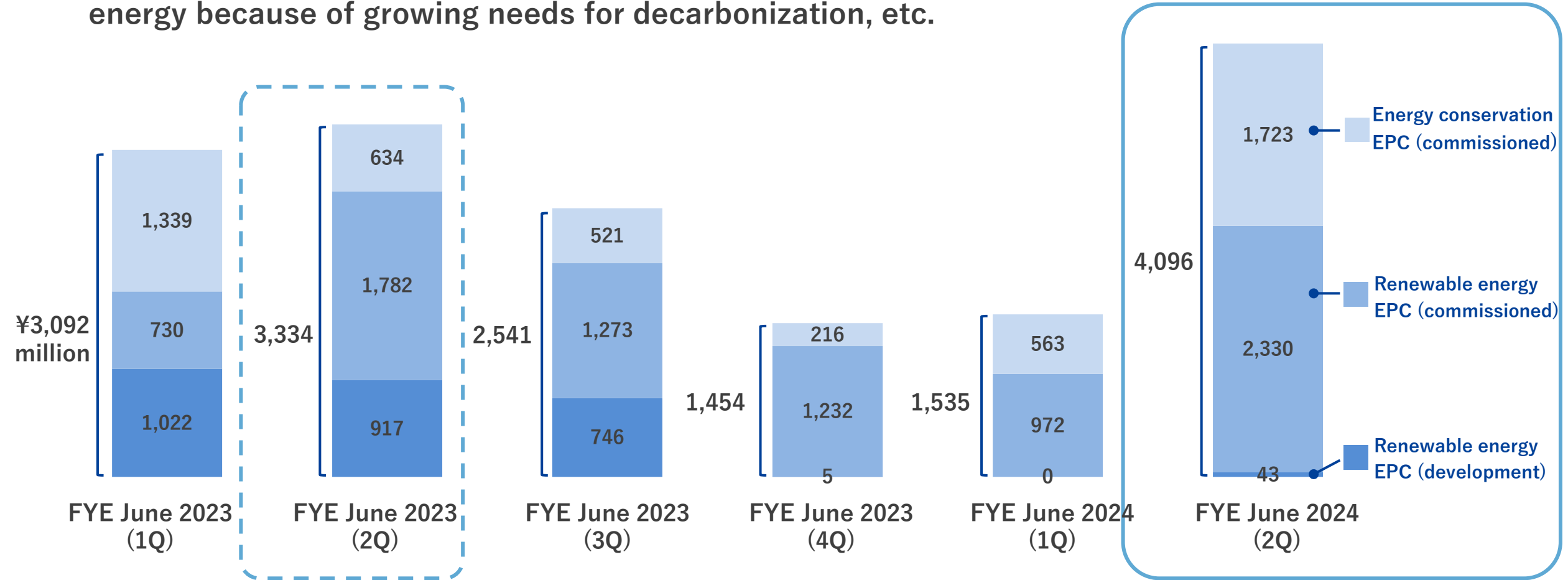
- ▶ Energy conservation EPC (commissioned-type) saw a year-on-year increase in revenues due to increases in co-generation and utility projects
- ▶ Renewable energy EPC (commissioned-type) saw a year-on-year increase in revenues due to an increase in rooftop solar power projects for logistics warehouses and plants
- ▶ Renewable energy EPC (development-type) recorded a year-on-year revenue decline
Recorded EPC sales related to maintenance of Fukuoka Miyako Mega Solar Plant after beginning operation

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

* Figures are after inter-segment elimination

Net Sales by Subsegment (Quarterly)

- ▶ Engineering Segment recorded a year-on-year increase in revenue
Due to the impact of an increase in commissioned-type EPC in energy conservation and renewable energy because of growing needs for decarbonization, etc.



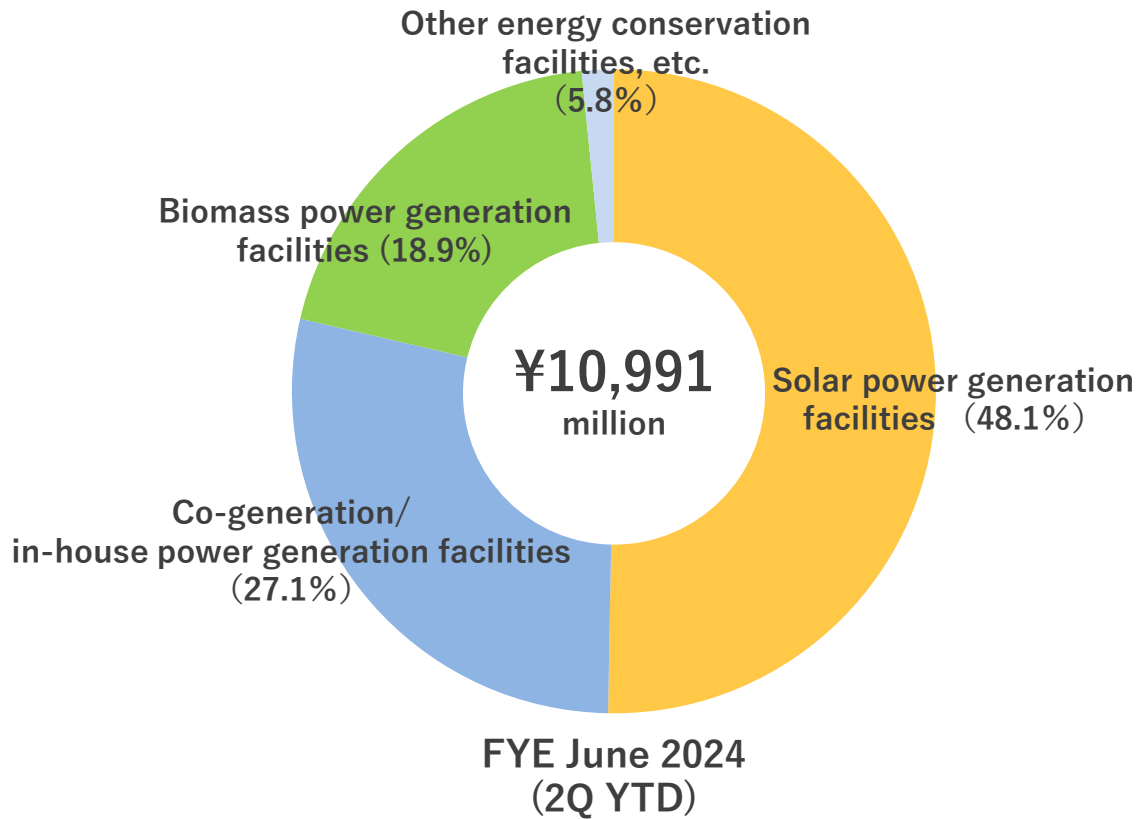
* The breakdown of net sales by reportable segment has not been audited

* Figures are after inter-segment elimination

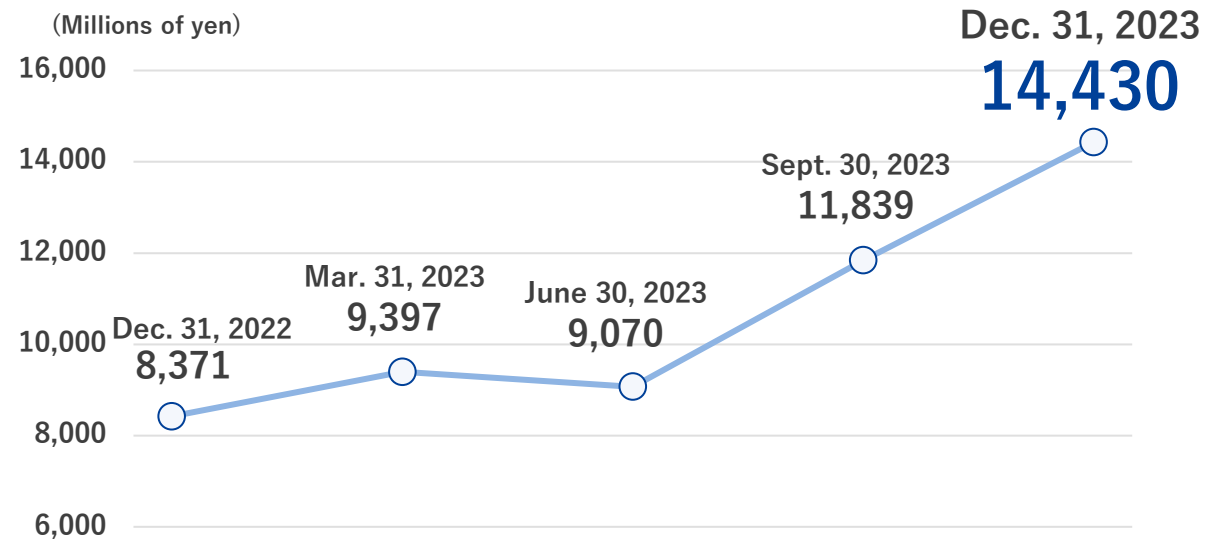
Orders Received and Order Backlog

- ▶ Orders received were ¥10,991 million (128.0% year on year), with the main driver being commissioned-type EPC using solar power generation facilities, co-generation/in-house power generation facilities and biomass power generation facilities
- ▶ The order backlog was ¥14,430 million (172.4% year on year), with around 70% of that accounted for by co-generation in-house power generation facilities, and biomass power generation facilities

Breakdown of orders received



Trends in order backlog over the most recent year



Breakdown of order backlog (major factors) (As of December 31, 2023)

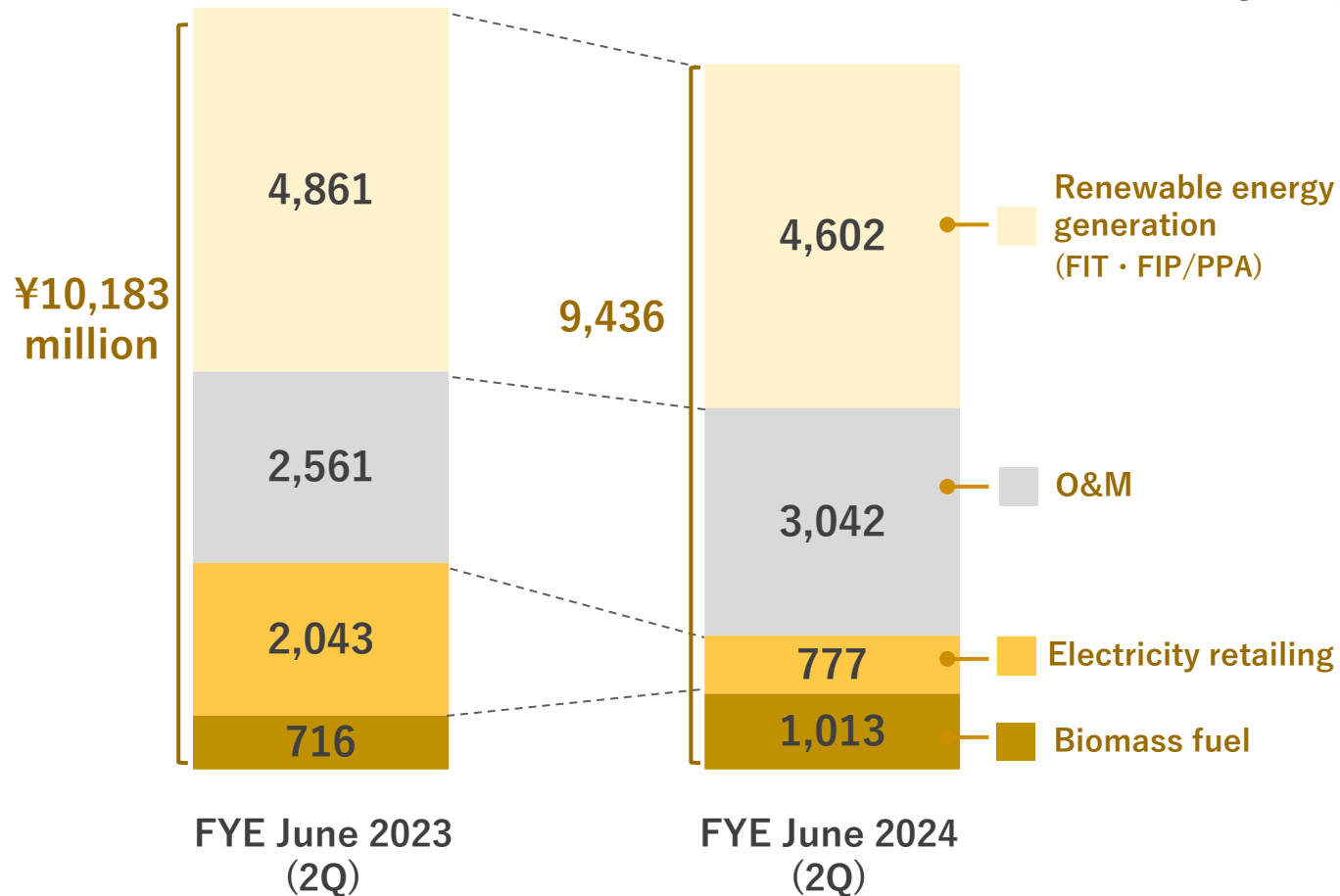
- Co-generation/in-house power generation facilities (47.9%)
- Solar power generation facilities (25.7%)
- Biomass power generation facilities (24.8%)
- Other energy conservation facilities, etc. (1.4%)

Stock-type



Energy Supply Segment

- ▶ Energy Supply Segment recorded a year-on-year revenue decline
Due to the impact of the sale during the previous fiscal year of nine solar power generation plants owned by the Company, resulting in a decline in income from electricity sold, as well as the impact of efforts taken to reduce the volume of electricity supplied



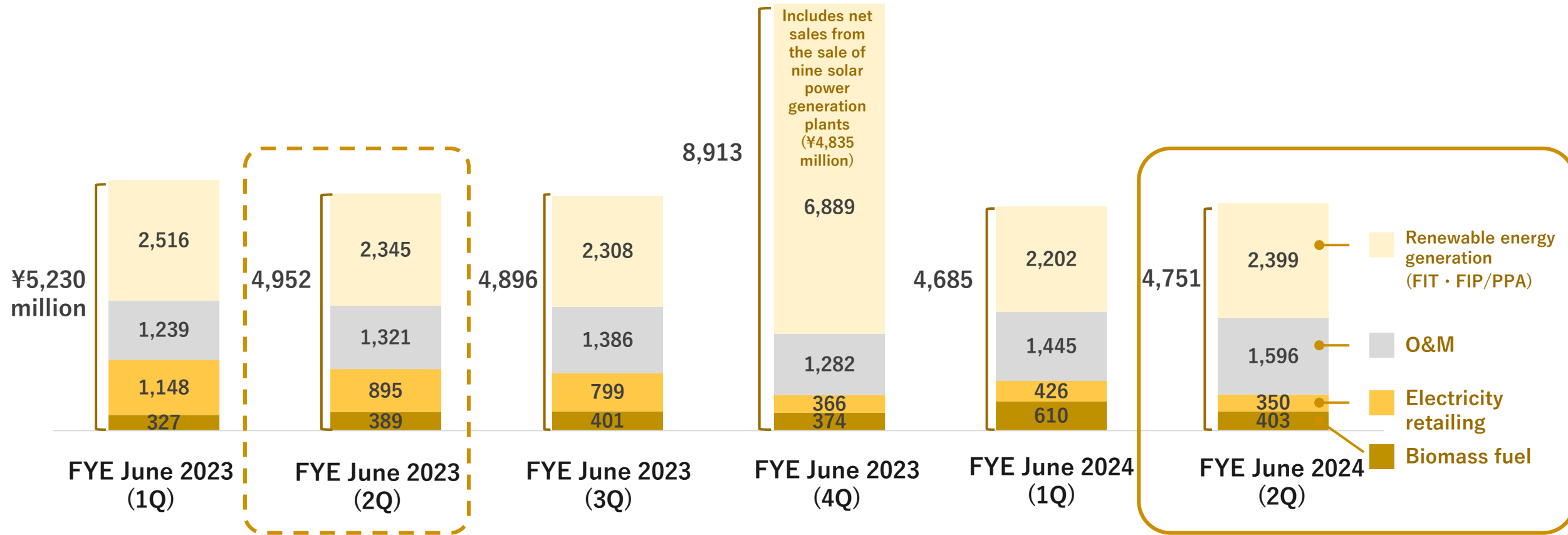
■ Highlights for Energy Supply Segment

- ▶ Renewable energy generation recorded lower revenues year on year
Income from electricity sold decreased due to the sale of nine solar power generation plants owned by the Company during the previous fiscal year, and other factors
- ▶ O&M remained steady as planned
- ▶ Revenues in electricity retailing were lower year on year due to efforts aimed at reducing the volume of electricity supplied as part of measures to improve profitability
- ▶ Biomass fuel recorded higher revenues year on year due to increasing the shipment volume, higher unit prices and the impact of foreign exchange rates

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

* Figures are after inter-segment elimination

- ▶ Energy Supply Segment recorded a year-on-year revenue decline
Due to the impact of efforts to reduce the amount of electricity supplied in electricity retailing



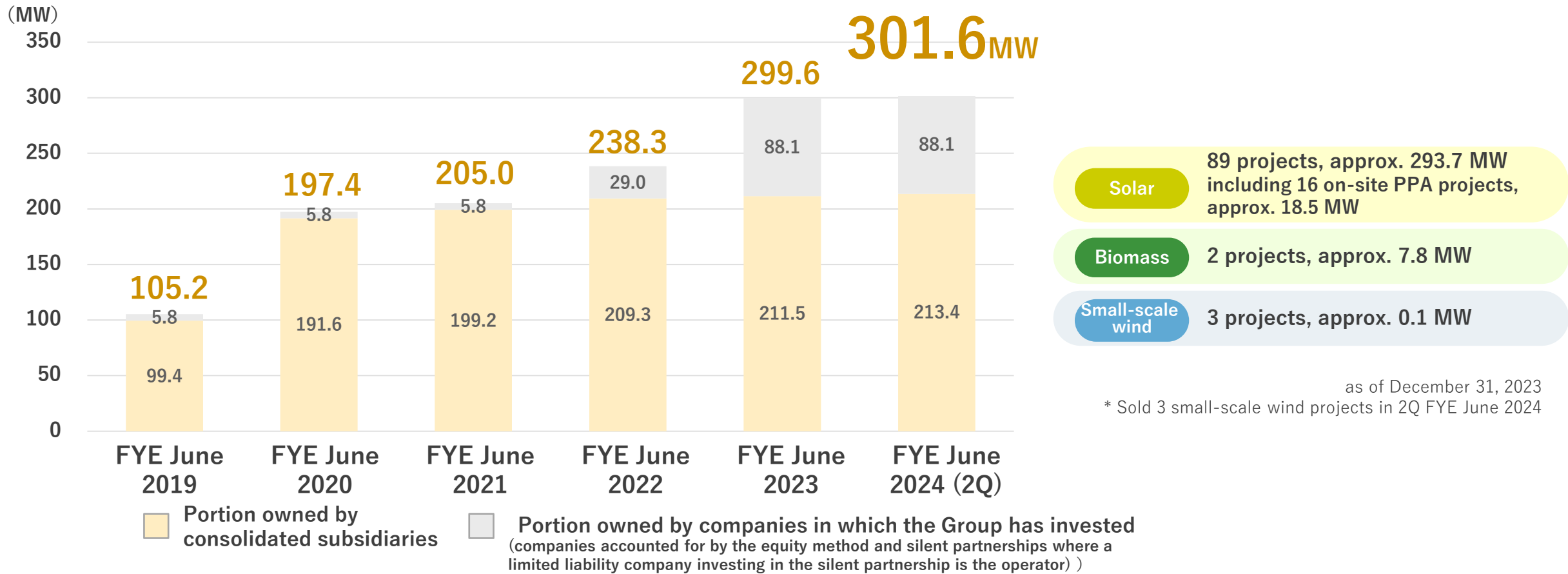
* The breakdown of net sales by reportable segment has not been audited

* Figures are after inter-segment elimination

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

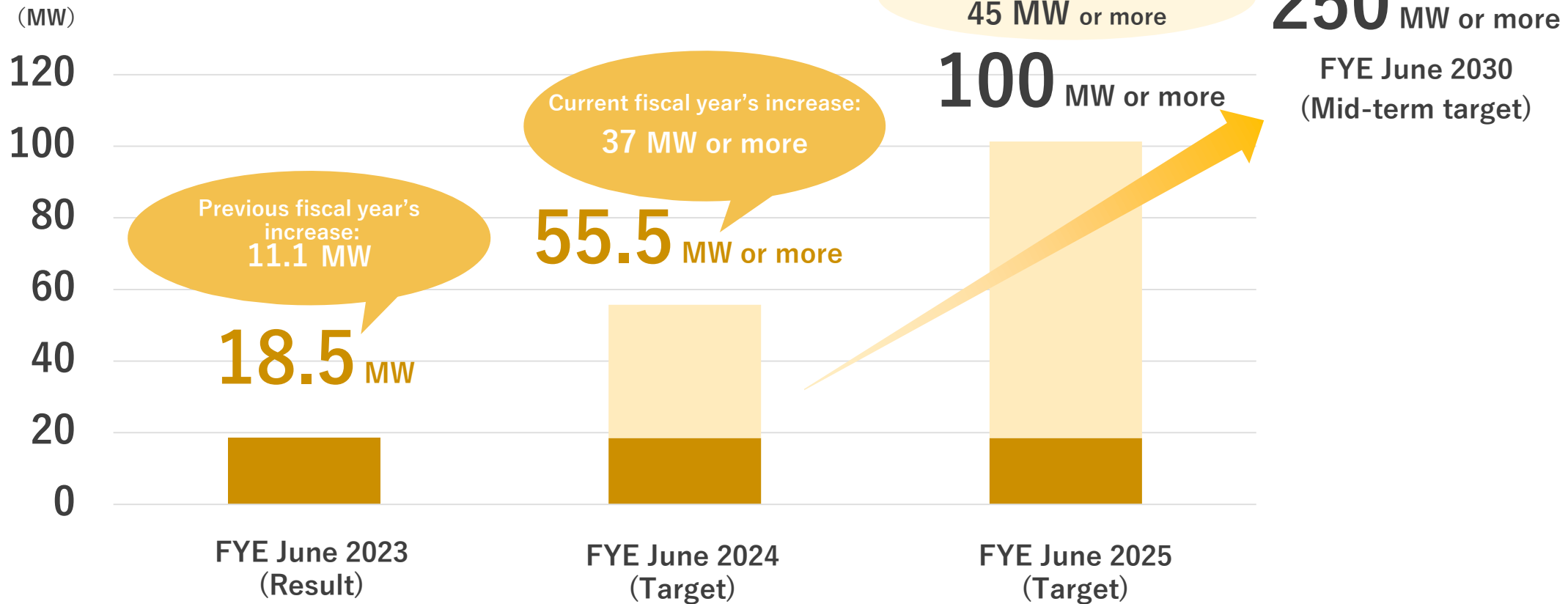
Trends in total capacity of renewable energy power generation facilities*

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



- ▶ We aim to have 250 MW or more of in-house power generation capacity from on-site PPAs by the fiscal year ending June 30, 2030
- ▶ We aim to have the total generation capacity of approx. 55.5 MW or more on an operating basis at the end of the fiscal year ending June 30, 2024 (37 MW or more increase during the period)

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

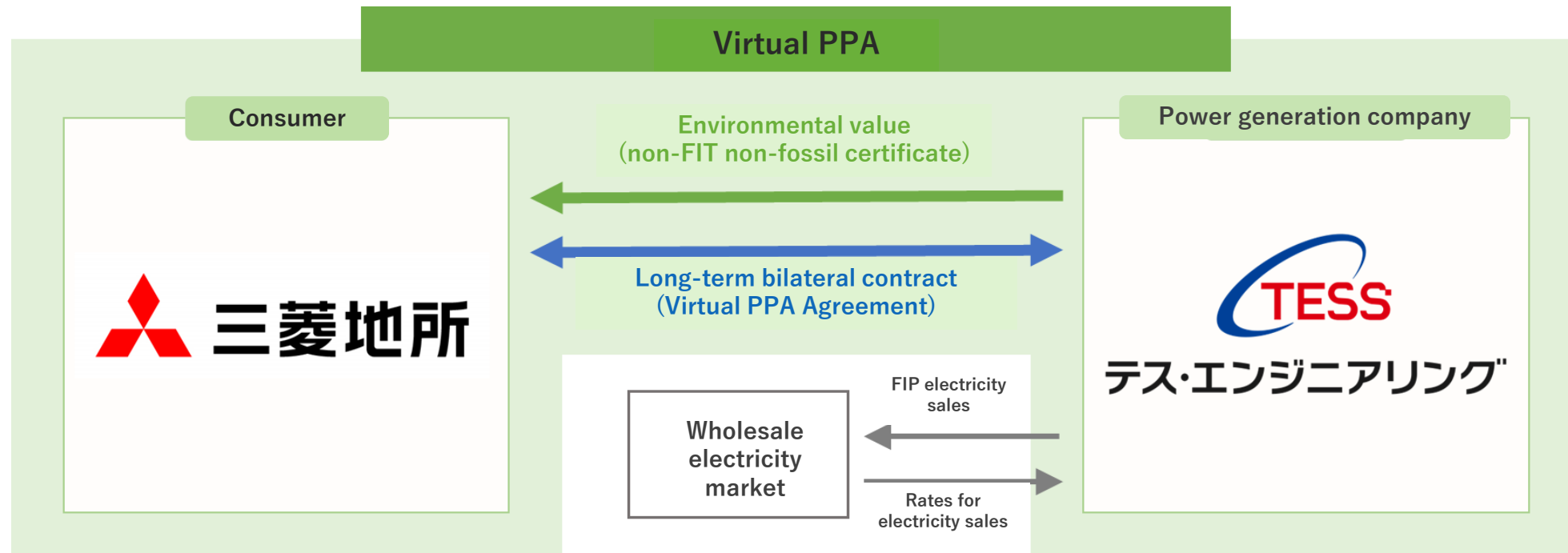


- ▶ The following on-site PPA projects that are scheduled to begin supply going forward have already been announced in press releases (as of February 14, 2024)



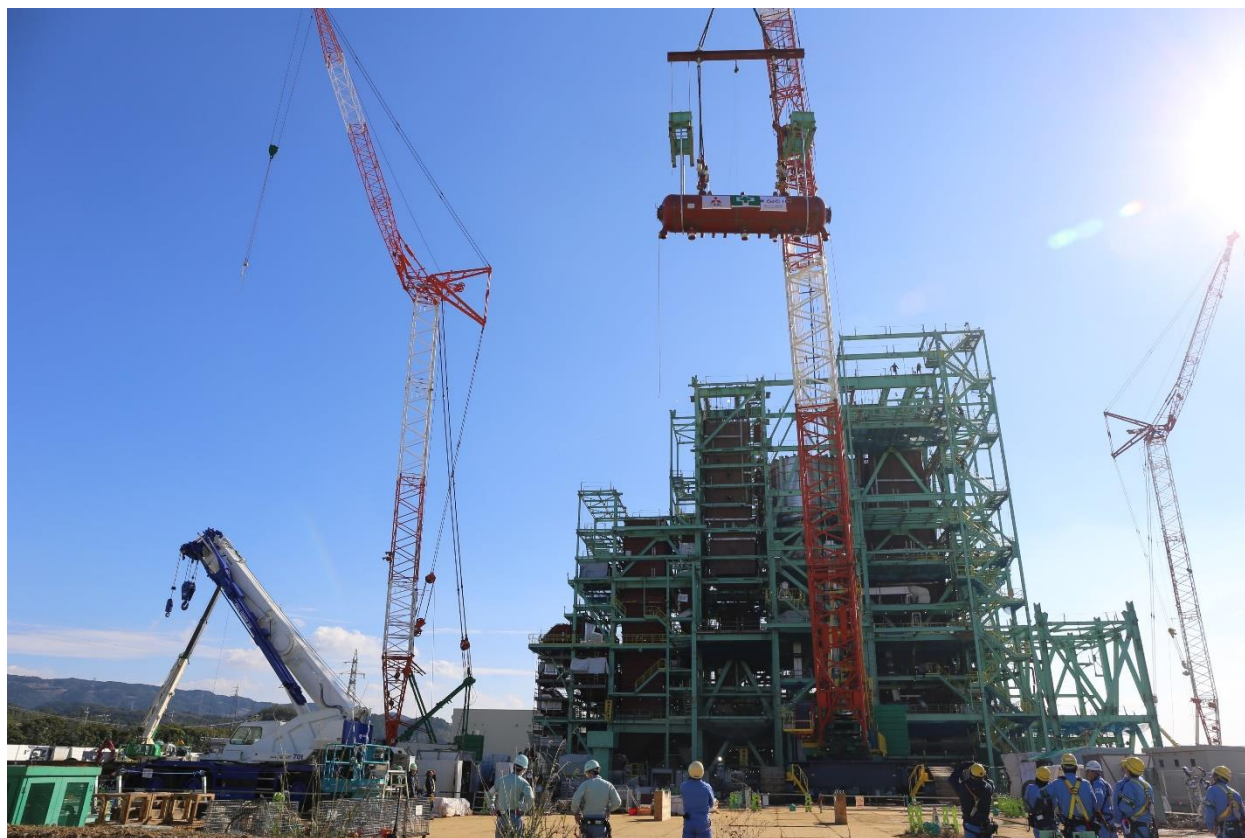
Supplied to	Power generation capacity	Scheduled date on which supply will commence
NANCHIKU CO., LTD., head office factory	Approx. 750kW	March 2024
Co-op Minami Kasuga, Japanese Consumers' Co-operative Union Co-op Oita	Approx. 286kW	April 2024
Maniwa City, Okayama Prefecture, Hokubo Cultural Center and other two locations	Total around 168kW	Spring 2024
KOIKE-YA Inc., Kyushu Aso Plant	Approx. 885kW	June 2024
SOSiLA Logistics REIT, Inc., SOSiLA Kasukabe	Approx. 1,532kW	June 2024
TOPPAN Inc., Takino Plant	Approx. 552kW	June 2024
Miyazakiken Nokyo Kajyu Co., LTD., head office factory	Approx. 501kW	August 2024
Maniwa City, Okayama Prefecture, Maniwa City Hokubo Elementary School and other four locations	Total around 345kW	Autumn 2024

- ▶ Signed a “Virtual PPA Agreement” with MITSUBISHI ESTATE CO., LTD.
- ▶ Plans to supply the environmental value tied to electricity generated by a solar power generation system (client: TESS Engineering) at a MITSUBISHI ESTATE-related facility as “Non-FIT Non-Fossil Certificates”
- ▶ The scheme is designed to meet the decarbonization needs of customers in urban areas, where it is difficult to install their own renewable energy power plants

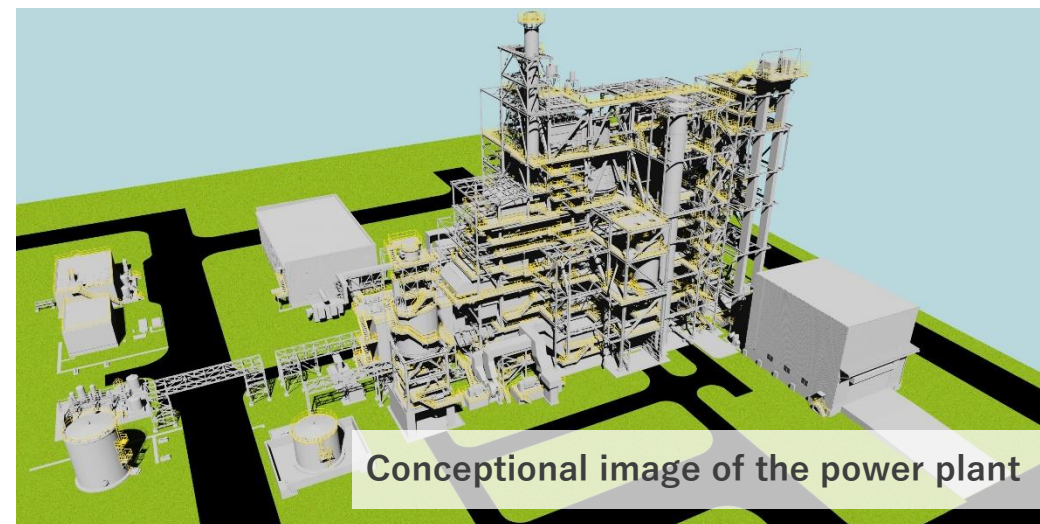


Scheme diagram of the agreement

- ▶ Installation of steam drums (drum lifting), a major milestone in the construction of the Saga Imari Biomass Power Plant (tentative name)
- ▶ Construction will continue with the aim of starting operations in May 2025

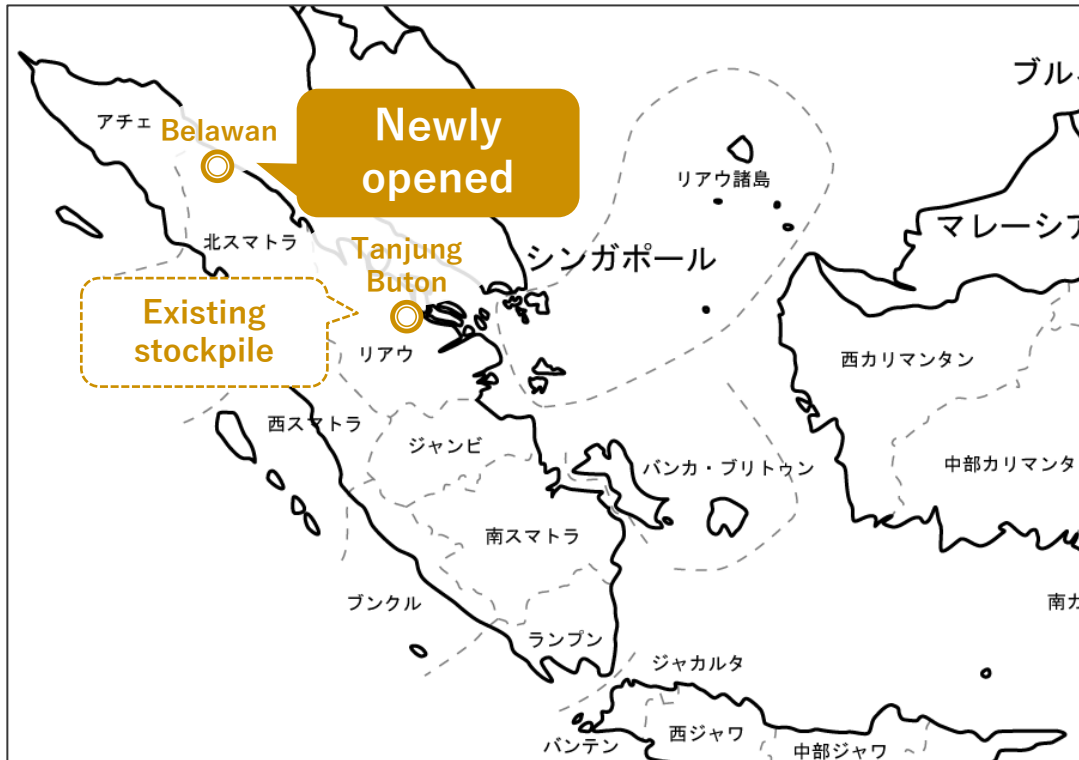


View of drum lifting



Location	Imari-shi, Saga
Business operator	Imari Green Power Co., Ltd.
Power generation capacity	Approx. 46.0 MW
Assumed annual electricity sales amount	Approx. 312,000,000 kWh/year (Assumption for the first year)

- ▶ Newly opened stockpile for PKS fuel sales business in Belawan, Indonesia
- ▶ Responding to the needs for more PKS fuel by achieving more stable supply and increasing the annual trade volume



Location of stockpile



Newly opened stockpile

3 . Future Topics

- ▶ Bidding for the “Long-Term Decarbonized Power Supply Auction” begins in January 2024
- ▶ Aiming to create a pipeline of development-type businesses and monetize them through flow and stock by taking advantage of this program and working on power storage plants for the grid

■ Image of the main revenue models envisioned

Engineering Segment

Flow-type

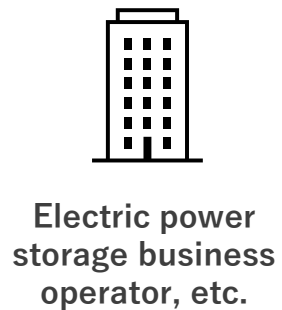
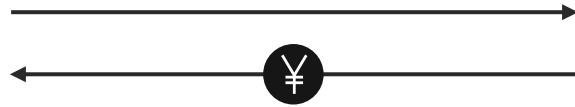
Power storage plants for the grid



EPC



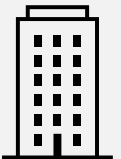
TESS Group



Energy Supply Segment

Stock-type

Power storage plants for the grid



Electric power storage business operator, etc.



TESS Group



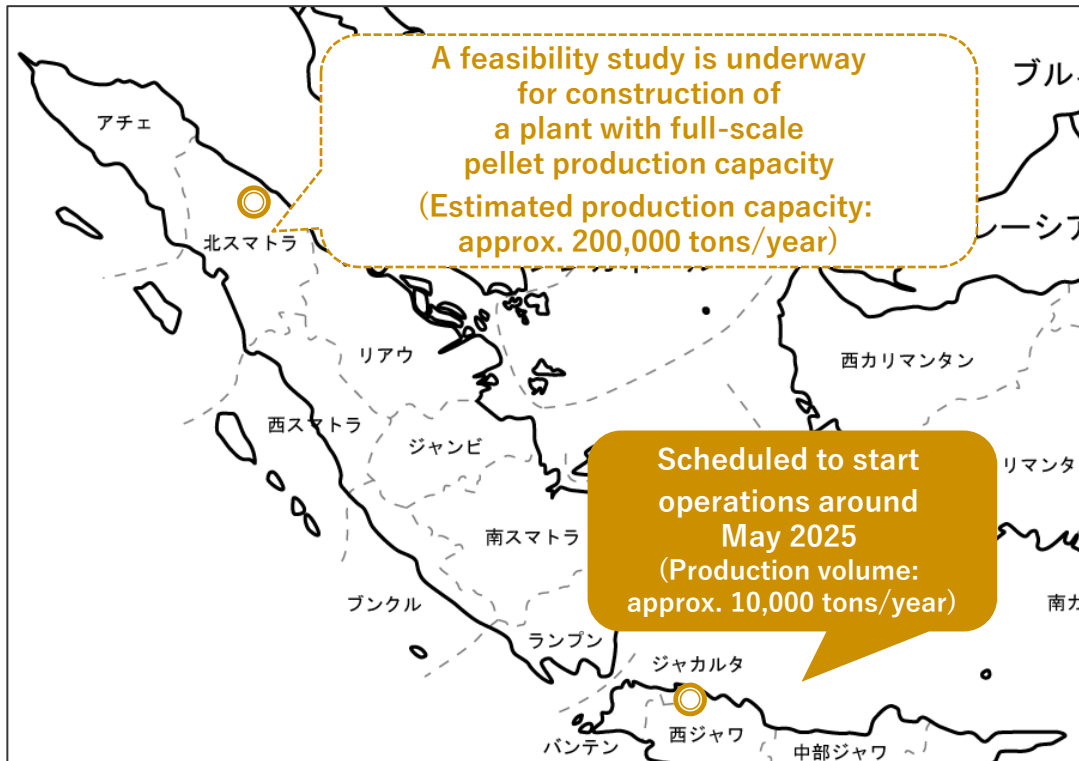
* It is also possible that the TESS Group will become an electric power storage business operator

What are power storage plants for the grid?

Power storage consisting of industrial-scale batteries connected to the grid (electricity transmission network) and that are charged and discharged. When there is spare electricity the batteries are charged, and when there is insufficient electricity the batteries are discharged, with the objective of stabilizing the grid.

Initiatives for Biomass Fuel (EFB Pellet)

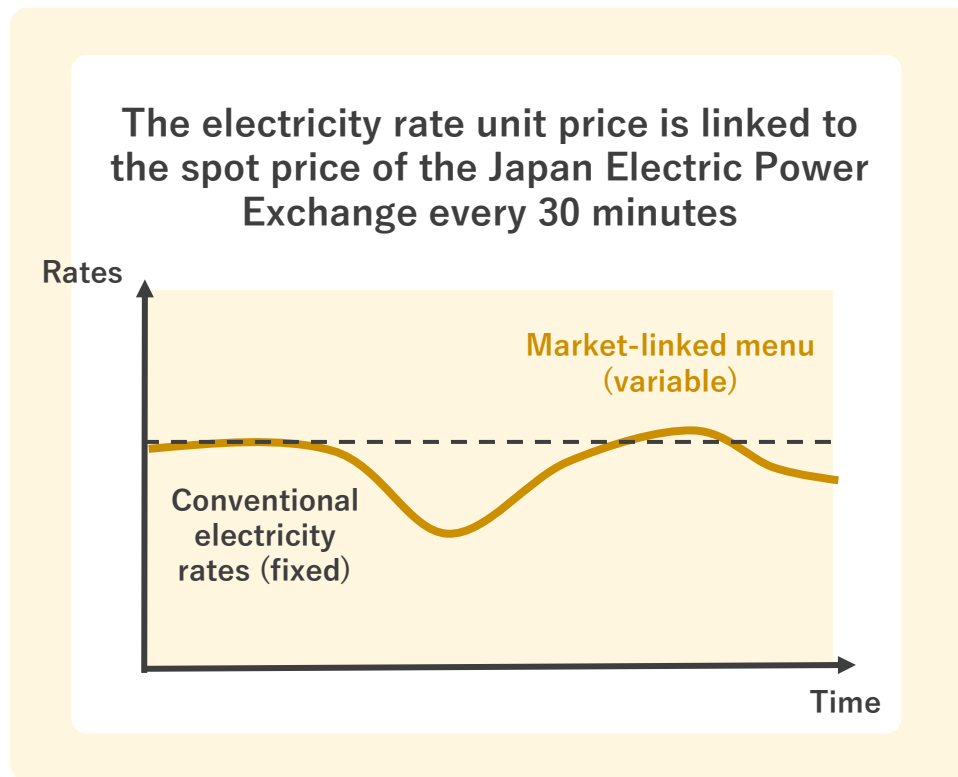
- ▶ Construction has begun on an EFB pellet manufacturing plant in West Java, Indonesia, scheduled to start operations around May 2025
- ▶ The plant will supply EFB pellets to an Indonesian state-owned palm plantation company, which is expected to be the first time* that EFB pellets are locally produced for local consumption
- ▶ The know-how obtained will be used to construct a plant with full-scale pellet production capacity, for which a feasibility study is being conducted separately, with the aim of further expanding the biomass fuel supply business



* According to our research based on publicly available information on EFB pellet production in Indonesia (as of the press release on January 23, 2024)

Initiatives Related to Electricity Retailing

- ▶ New deployment of a power supply system using a “market-linked menu” targeting mainly large, energy-intensive users
- ▶ Flexible proposals such as operating distributed power sources at the same time as this menu as a risk hedge when spot prices soar will lead to the acquisition of new profit opportunities such as EPC and O&M



Aims of this initiative

✔ Deployment to energy-intensive users

Newly deploying a power supply system targeting large energy-intensive users (including existing users) who have been too large for us to provide electricity retailing service until now

✔ Capturing of new revenue opportunities

Capturing new revenue opportunities such as EPC and O&M through the TESS Group's unique and flexible proposals, such as operating this menu and distributed power sources such as co-generation systems as a risk hedge when spot prices soar

4 . Initiatives for Sustainability

Topics on Sustainability

S: Society

Promoting initiatives to create a culture and work environment where diversity can thrive, in order to improve employee job satisfaction and achieve better work performance

✓ Promoting health

Held an internal “Healthy Lunch Day” event, where everybody at all our locations nationwide had a healthier packed meal for lunch

In addition to promoting the health of employees, it also created opportunities for communication between co-workers.



“Healthy Lunch Day” in progress

✓ Improving productivity

Launched an internal project that aims to improve productivity across the Company

By forming networks that transcend individual locations, we will share knowledge and information, and use these to resolve issues and identify best practices that improve operational efficiency.

✓ Nurturing corporate culture

Creating educational opportunities about diversity, primarily among management

E: Environment

Promoting initiatives to reduce environmental impacts through our business

✓ Generating carbon credit

Signed a Memorandum of Understanding (MOU) with PTPN, Indonesia’s state-run palm plantation company, on **“carbon credit generation associated with EFB pellet manufacturing business”**

We reached an agreement to investigate the feasibility of creating carbon credits for a reduction of greenhouse gas emissions by utilization of EFB abandoned in palm plantations as pellets instead of allowing it to decompose and emit methane gas.

By establishing methods for quantifying the reduction in emissions, **we expect to contribute to the promotion of carbon neutrality in Indonesia** through the generation of carbon credits.

This was **included as an example of an MOU for Asian decarbonization initiatives in the materials** provided for the government-sponsored **Asia Zero Emission Community (AZEC)** Leaders Meeting, held in December 2023.

5 . (Reprinting) Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024

*Announced August 14, 2023

(Reprinting) Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024
(Announced August 14, 2023)

- ▶ Forecast of consolidated financial results for the fiscal year ending June 30, 2024 is as follows:

(Millions of yen)

	FYE June 2023 Full-year results	FYE June 2024 Full-year forecast announced August 14, 2023	Year-on-year changes
Net sales	34,415	38,200	11.0%
Gross profit (Profit margin)	10,611 (30.8%)	10,650 (27.9%)	0.4%
Operating profit (Profit margin)	6,864 (19.9%)	6,650 (17.4%)	-3.1%
Ordinary profit (Profit margin)	5,518 (16.0%)	6,000 (15.7%)	8.7%
Profit attributable to owners of parent (Profit margin)	3,592 (10.4%)	3,700 (9.7%)	3.0%

(Reprinting) Key Points of Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024

Engineering

- ▶ 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

Engineering

- ▶ In the development-type EPC, a project to develop land for renewable energy power plant in Kyoto Prefecture is underway, and we expect to record sales by transferring the land to a third party after obtaining permits and approvals for site development, urban planning, and related rights

Energy Supply

- ▶ In renewable energy generation, we expect sales from 211.5* MW already in operation (FIT, FIP/on-site PPA)
(Additional acquisitions of secondary projects during the fiscal year and new on-site PPA are not included in earnings forecasts)

Energy Supply

- ▶ In electricity retailing, we expect a decrease in the volume of electricity supplied compared to the fiscal year ended June 30, 2023, due to our measures including suspension of receiving new applications to reduce the scale to curb the impact of rising cost of sales for procurement of power source

Energy Supply

- ▶ We expect to record research and development expenses associated with the technological development for adjustment of supply and demand and the use of surplus power as well as with the technological development for manufacturing EFB pellets as selling, general and administrative expenses

*Excluding the 5.8 MW from associates accounted for using the equity method

(Reprinting) Forecast of Consolidated Financial Results by Reportable Segment
for the Fiscal Year Ending June 30, 2024

(Millions of yen)

	Before inter-segment elimination		After inter-segment elimination	
	FYE June 2023 Actual	FYE June 2024 Forecast	FYE June 2023 Actual	FYE June 2024 Forecast
Consolidated net sales	34,415	38,200	34,415	38,200
Engineering Segment	15,189	23,577	10,422	20,300
Energy Supply Segment	23,992	17,900	23,992	17,900
Inter-segment elimination	(4,767)	(3,277)	—	—
Gross profit	10,611	10,650	10,611	10,650
Engineering Segment	1,993	6,230	1,780	6,100
Energy Supply Segment	7,986	4,172	8,830	4,550
Inter-segment elimination	631	248	—	—

6 . Overview of Consolidated Financial Statements, Etc.

Consolidated Statement of Income

(Millions of yen)

	FYE June 2023 2Q results	FYE June 2023 Full-year results	FYE June 2024 2Q results	Quarter- on-quarter change	Main factors for the change, etc.
Net sales	16,610	34,415	15,068	-1,542	See “1. Summary of Consolidated Financial Results for the Six Months Ended December 31, 2023”
Cost of sales	11,893	23,803	11,300	-593	
Gross profit	4,716	10,611	3,768	-948	
Selling, general and administrative expenses	1,793	3,746	2,002	209	
Operating profit	2,923	6,864	1,765	-1,158	
Non-operating income	127	810	365	238	
Non-operating expenses	549	2,157	672	123	
Ordinary profit	2,501	5,518	1,458	-1,043	
Extraordinary losses	-	166	-	-	
Profit before income taxes	2,501	5,351	1,458	-1,043	
Profit	1,685	3,794	946	-739	
Profit attributable to owners of parent	1,560	3,592	865	-695	

Consolidated Balance Sheet

(Millions of yen)

	FYE June 2023 Full-year results	FYE June 2024 2Q results	Change	Main factors for the change, etc.
Current assets	27,381	41,767	14,385	Increase in cash and deposits as a result of partial commitment-type rights offering
Non-current assets	66,707	68,260	1,552	Increase in machinery, equipment and vehicles
Total assets	94,089	110,027	15,938	
Current liabilities	19,009	21,471	2,462	Proceeds from short-term borrowings
Non-current liabilities	46,740	46,616	-123	Repayments of long-term borrowings
Total liabilities	65,749	68,088	2,338	
Shareholders' equity	28,053	41,366	13,312	Increase in share capital and capital surplus as a result of partial commitment-type rights offering
Accumulated other comprehensive income	194	429	234	
Non-controlling interests	91	143	51	
Total net assets	28,340	41,939	13,599	
Total liabilities and net assets	94,089	110,027	15,938	

Consolidated Statement of Cash Flows

(Millions of yen)

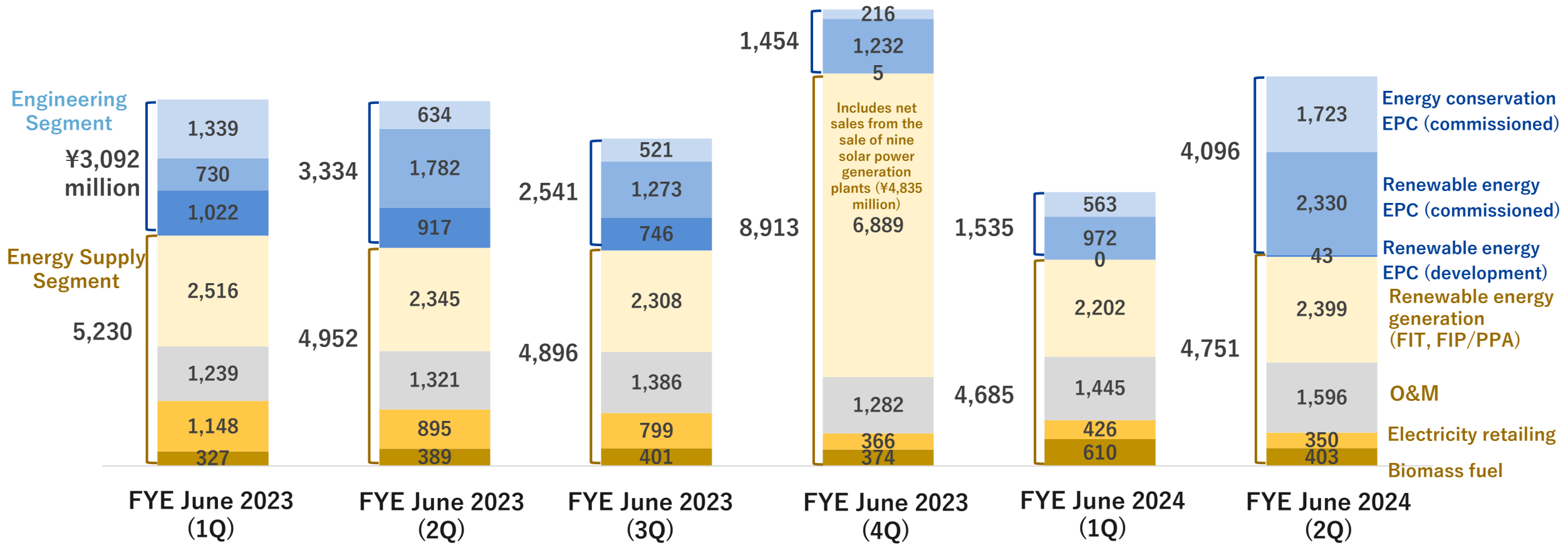
	FYE June 2023 2Q results	FYE June 2024 2Q results	Change	Main factors for the change, etc.
Net cash provided by (used in) operating activities	4,259	1,324	-2,935	
Net cash provided by (used in) investing activities	-8,029	-3,413	4,615	
Net cash provided by (used in) financing activities	3,708	13,308	9,600	Proceeds from issuance of shares as a result of partial commitment-type rights offering
Effect of exchange rate change on cash and cash equivalents	196	195	0	
Cash and cash equivalents at beginning of period	18,369	11,026	-7,342	
Cash and cash equivalents at end of period	18,504	22,440	3,936	

Operating Results by Segment

(Millions of yen)

	Before inter-segment elimination		After inter-segment elimination		
	2Q (YTD) of FYE June 2023	2Q (YTD) of FYE June 2024	2Q (YTD) of FYE June 2023	2Q (YTD) of FYE June 2024	Targets of FYE June 2024
Consolidated net sales	16,610	15,068	16,610	15,068	38,200
Engineering Segment	7,338	7,945	6,426	5,632	20,300
Commissioned-type energy conservation	1,973	2,286	1,973	2,286	—
Commissioned-type renewable energy	2,513	3,302	2,513	3,302	—
Development-type renewable energy	2,851	2,356	1,940	43	—
Energy Supply Segment	10,183	9,436	10,183	9,436	17,900
Renewable energy generation	4,861	4,602	4,861	4,602	—
O&M	2,561	3,042	2,561	3,042	—
Electricity retailing	2,043	777	2,043	777	—
Other (biomass fuel)	716	1,013	716	1,013	—
Elimination/Corporate	-911	-2,312	—	—	—
Gross profit	4,716	3,768	4,716	3,768	10,650
Engineering Segment	1,333	577	1,351	699	6,100
Energy Supply Segment	3,149	2,872	3,365	3,068	4,550
Elimination/Corporate	234	318	—	—	—
Operating profit	2,923	1,765	2,923	1,765	6,650
Engineering Segment	514	-75	844	205	—
Energy Supply Segment	2,227	1,623	2,676	2,205	—
Elimination/Corporate	182	217	-597	-645	—

Net Sales by Subsegment (Quarterly)



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

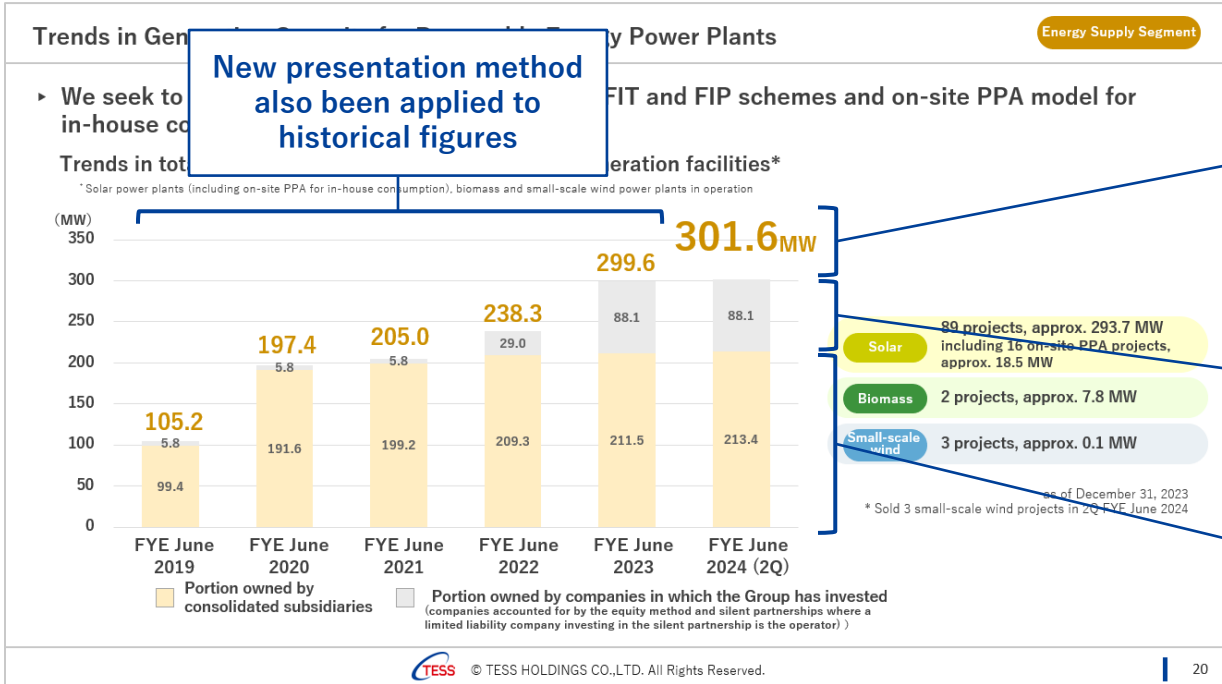
* Figures are after inter-segment elimination

7 . (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



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	6,756 million yen (As of December 31, 2023)	
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)	

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,
General Manager of the Human Capital Strategy Division**

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.
Serves concurrently as General Manager of the Human Capital Strategy Division from January 2024.



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.

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

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.”

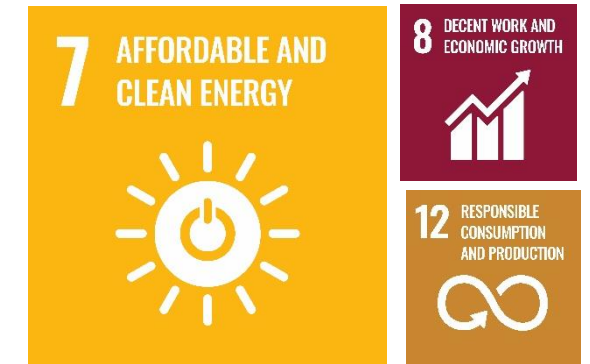
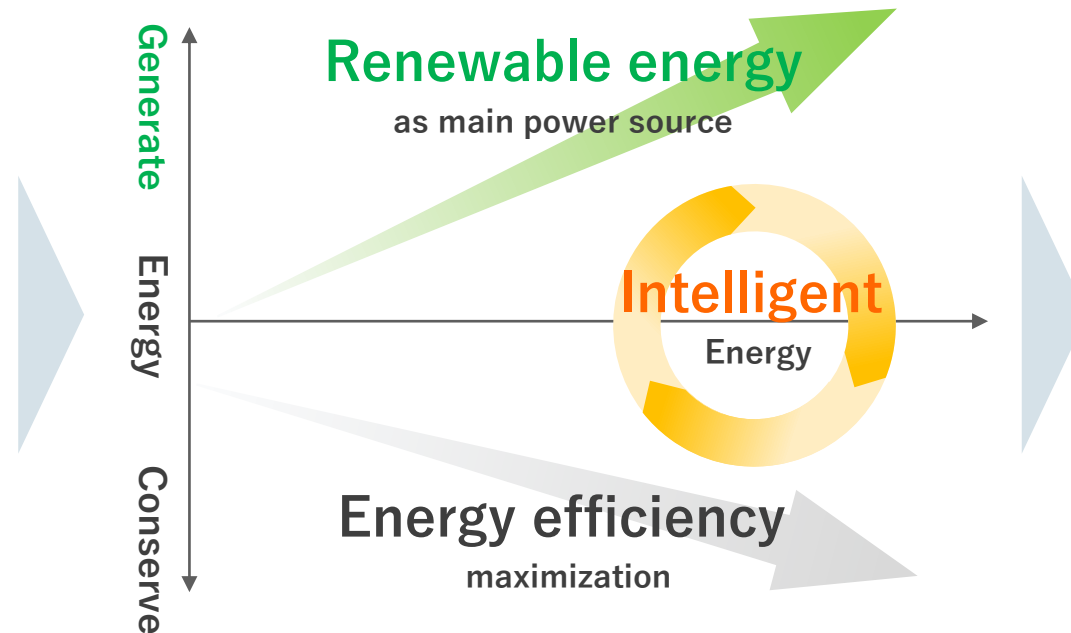


Core values

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.

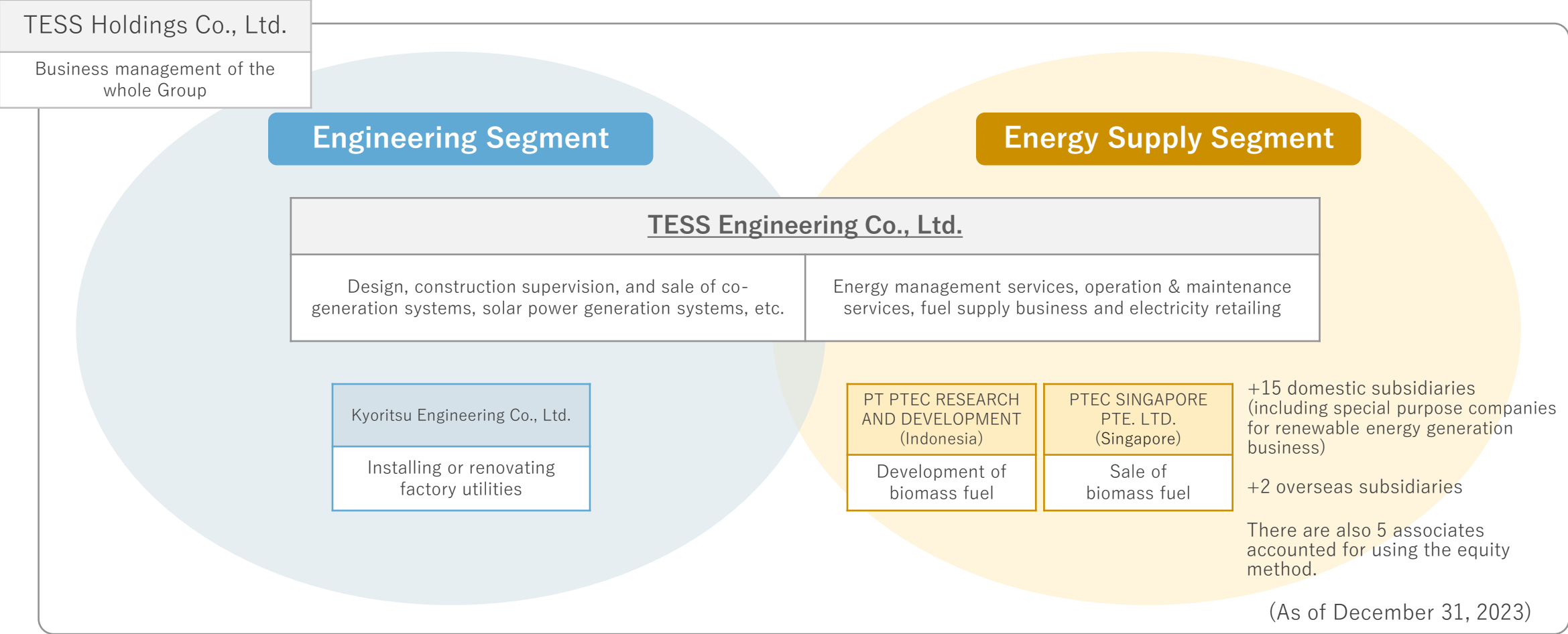
3

- ▶ **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, 17 domestic subsidiaries, 4 overseas subsidiaries and 5 associates
- ▶ Core subsidiary of TESS Engineering is responsible for both the Engineering Segment and the Energy Supply 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

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



Other services

- Fuel supply services
(including LNG and biomass fuel)

Total installed capacity (in operation): approx. 301.6 MW
(As of December 31, 2023, including 16 on-site PPA projects, approx. 18.5 MW)

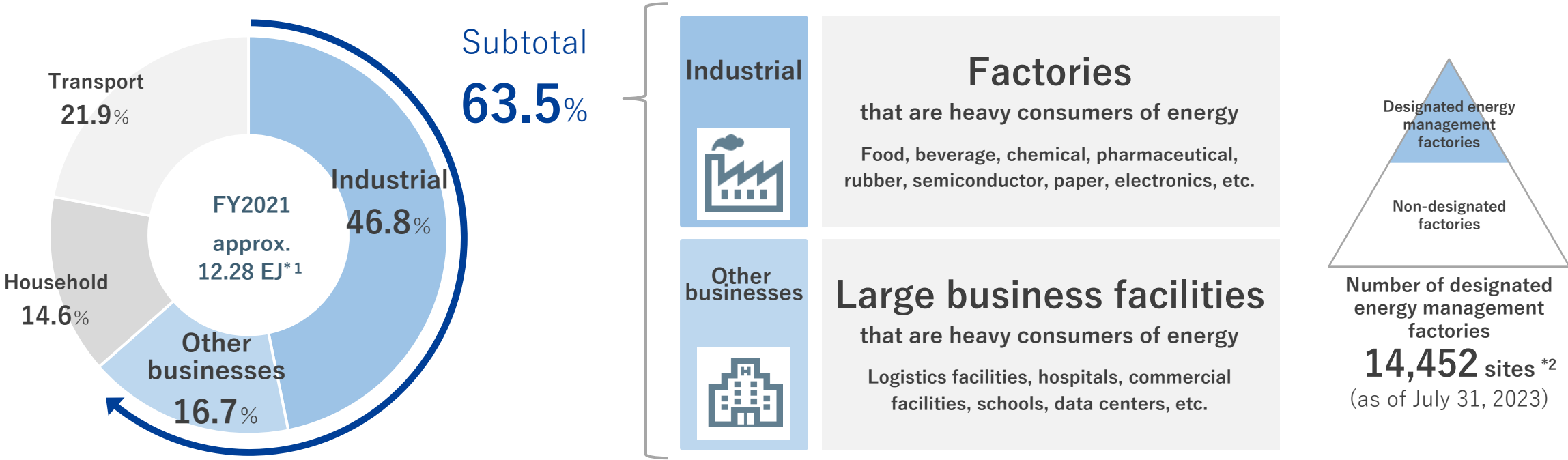
*ERAB (**E**nergy **R**esource **A**ggregation **B**usiness): Business that uses virtual power plant (VPP), demand response (DR) and other technologies to provide services such as supply-demand adjustment capacity, imbalance avoidance, rate reduction, and output suppression avoidance to general power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

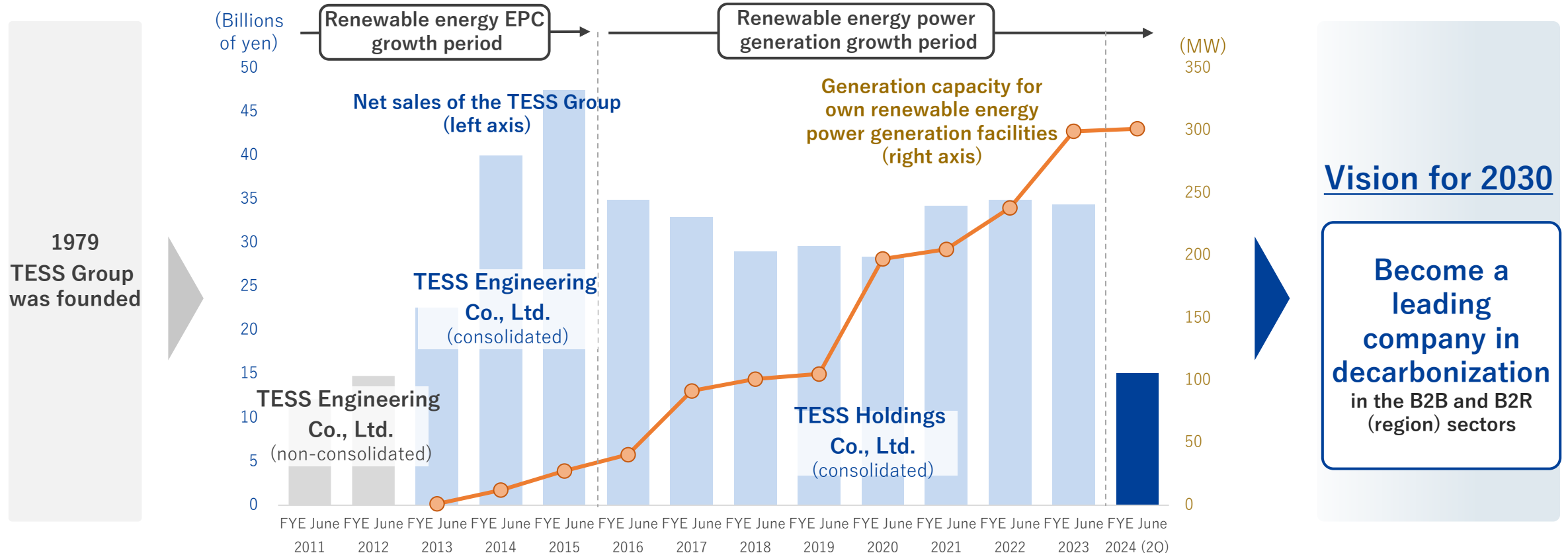


*1 EJ= 10¹⁸J (Source) Created by the Company based on “FY2022 Annual Report on Energy” (June 2023) published by Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

*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 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).

8. (Attached Materials) Explanations of Terms

Explanations of Terms

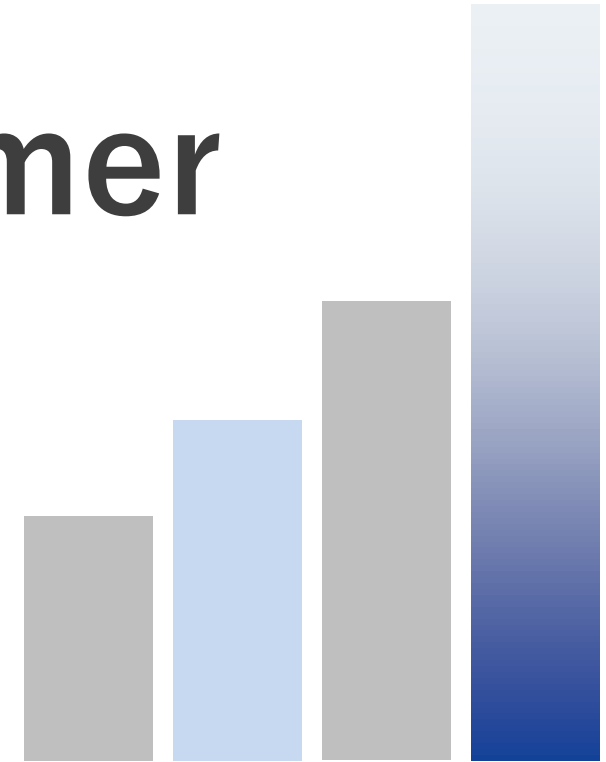
Term	Explanation
Energy conservation	Reducing the amount of energy consumed through the efficient use of resources and energy.
Co-generation system	A type of distributed energy resource, consisting of a combined heat and electricity supply system that uses the heat emitted during power generation for air conditioning and heating, or in production processes. It may also be referred to as CHP (Combined Heat & Power).
LNG satellite system	Facilities for converting fuel used as heat sources in factories from oil to natural gas.
Utility	Electricity, steam, water, compressed air, fuel, etc. required for the operation of a factory's production facilities.
Renewable energy	Energy such as solar power, wind, and geothermal, that can be used repeatedly without depleting resources, unlike fossil fuels derived from finite resources.
Solar power generation system	A power generation system that uses a photovoltaic panel to absorb light energy from the sun and convert it to electricity for use.
Biomass power system	A power generation system that obtains energy through the rotation of a turbine using steam or gas generated by the combustion or gasification of biomass resources (resources derived from biological matter).
On-site PPA (Power Purchase Agreement)	A form of contract in which the Group acts as a power generation company, owning, maintaining, and managing solar power generation plants for in-house consumption, and providing the electricity generated by these plants to customers.
Power storage plants for the grid	Power storage consisting of industrial-scale batteries connected to the grid (electricity transmission network) and that are charged and discharged. When there is spare electricity the batteries are charged, and when there is insufficient electricity the batteries are discharged, with the objective of stabilizing the grid.
Carbon credit	Emission credits (rights to emit) representing a tradeable form of the effects of reductions in emissions of greenhouse gases generated by forestry conservation, the introduction of energy-saving technology or renewable energy, and other measures.
Designated energy management factory	A factory or business location where annual energy consumption (a crude oil equivalent value) exceeds a certain level in the single factory or location.

Explanations of Terms

Term	Explanation
EPC	An abbreviation for Engineering, Procurement, and Construction.
FIT (Feed-in Tariff)	A system, based on the Act on Special Measures Concerning Promotion of Utilization of Electricity from Renewable Energy Sources, under which the state promises that electricity utilities will purchase electricity generated from renewable energy, such as solar, wind, or biomass, at a set price and for a set period of time.
FIP (Feed-in Premium)	A system where the amount equivalent to difference between the standard price (FIP price) and market price shall be paid as a premium in the case that electricity produced by renewable energy electricity utilities is sold on the wholesale electricity market or in direct dealings.
PKS (Palm Kernel Shell)	The shell remaining after palm oil has been extracted from palm kernels.
EFB (Empty Fruit Bunch)	Empty fruit bunches that are the by-product (residual substance) generated when extracting palm oil from oil palms.
ERAB (Energy Resource Aggregation Businesses)	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.

+ 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/english/contact/>

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

