Financial Results Meeting Materials for the Nine Months Ended March 31, 2024

May 15, 2024
TESS Holdings Co., Ltd.
Securities code: 5074

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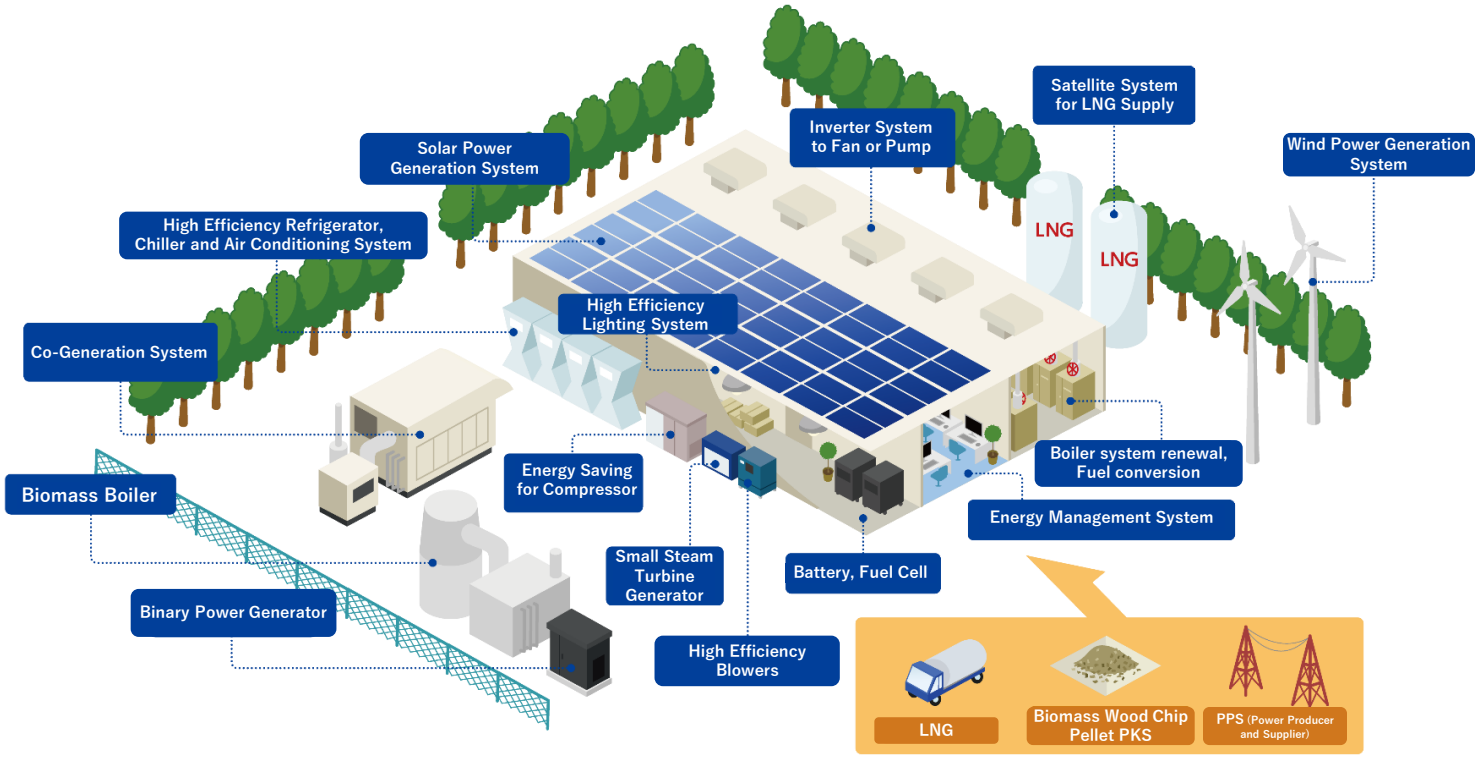
Vision for 2030:

Leading Decarbonization Company

in B2B and B2R (region) areas

Items handled by the TESS Group

TESS Group original characters
“Tecchan & Soochan”



Index

New graduates enter the Company:
photograph from the welcoming ceremony

1. Summary of Consolidated Financial Results for the Nine Months Ended March 31, 2024

Top Message

- **Announced revisions to the full-year forecast of financial results for the fiscal year ending June 30, 2024**
  (announced on May 15, 2024)
  Net sales and all other items were revised down from initial forecasts
  Due to postponement of the recording of sales on the transfer of rights, etc. in projects for which the development process is currently progressing in Kyoto Prefecture to the next fiscal year onward

- **Both revenues and profits declined** year on year for the first three quarters of FYE June 2024 (ordinary profit and below increased, due to recording a gain on valuation of derivatives of ¥2,316 million)

- In the Engineering Segment, **orders received totaled ¥12,900 million**
  The order backlog was ¥12,633 million, around 1.3 times the level at the end of 3Q FYE June 2023
  Due to **growing** customer **demand for decarbonization measures and the need to secure energy supply, the number of inquiries was steady**

- Began **approx. 10.9 MW of renewable electricity supply through on-site PPA**
  Total generation capacity for renewable energy power generation facilities * : **approx. 314.3 MW (99 projects)**
  (as of March 31, 2024)

- In terms of sustainability initiatives, **the Company has won the highest level of 3 stars** from the city of Osaka as a **" Leading Company for Women's Empowerment"**

- In the " **Long-Term Decarbonized Power Supply Auction ," we put in the winning bid for capacity of 22,077 kW** using **batteries** (name of bid project: Shizuoka Kikugawa Power Storage Plant)

* 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 44, 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 231.9 MW from 88 projects (as of March 31, 2024).

Consolidated Financial Results

- Both revenues and profits declined year on year for the first three quarters of FYE June 2024 (July 2023 to March 2024), but ordinary profit and below increased, due to recording a gain on valuation of derivatives of ¥2,316 million
- Announced revisions to forecast of financial results (Net sales and all other items were revised down from initial forecasts)

(Millions of yen)

	FYE June 2023 3Q (YTD)	FYE June 2024 3Q (YTD)	FYE June 2024 Full-year targets *1	Quarter-on-quarter changes	Percentage of full-year target achieved	<Reference> If there had been no gain on valuation of derivatives*2	
						FYE June 2024 3Q (YTD)	Quarter-on-quarter changes
Net sales	24,047	22,858	30,000	-4.9%	76.2%	22,858	-4.9%
Gross profit	6,942	5,051	6,200	-27.2%	81.5%	5,051	-27.2%
(Profit margin)	(28.9%)	(22.1%)	(20.7%)			(22.1%)	
Operating profit	4,257	2,073	2,200	-51.3%	94.2%	2,073	-51.3%
(Profit margin)	(17.7%)	(9.1%)	(7.3%)			(9.1%)	
Ordinary profit	3,646	3,771	3,900	3.4%	96.7%	1,455	-60.1%
(Profit margin)	(15.2%)	(16.5%)	(13.0%)			(6.4%)	
Profit attributable to owners of parent	2,327	2,398	2,400	3.0%	99.9%	881	-62.1%
(Profit margin)	(9.7%)	(10.5%)	(8.0%)			(3.9%)	

*1 We have revised on May 15, 2024 the financial results forecast for the fiscal year ending June 30, 2024

*2 Figures for the scenario in which there had been no gain on valuation of derivatives have not been audited

Recording of non-operating income (gain on valuation of derivatives)

Recorded ¥2,316 million of gain on valuation of derivatives under non-operating income

This arose as a result of the marking to market of a forward exchange contract (“the forward exchange contract”) entered into by our consolidated subsidiary Imari Green Power Co., Ltd. to hedge the currency fluctuation risk associated with procurement of the PKS fuel that it plans to use at a major biomass power plant with a power generation capacity of approximately 46.0 MW that it is developing in Imari-shi, Saga.

Change in dividend policy

Derivatives profits and losses arising from the forward exchange contract involve the marking to market of the unsettled balance of the forward exchange contract as of the end of the fiscal year and as such do not involve any cashflow movement. Accordingly, we have revised the basic policy on dividends as follows, effective this fiscal year, and based on the belief that excluding factors that drive such volatility from the funds used as the criterion for distributions of profit in our dividend policy will contribute to a more stable dividend going forward.

<Revised basic policy on dividends> *Revised sections have been underlined

With regard to the distribution profits, the basic policy of the Company is to ensure sufficient funds to allow for the future expansion of operations and to strengthen its business position, while emphasizing returns to shareholders by paying a stable and continuous dividend. The Company targets a consolidated payout ratio of 30%, defined as dividend per share divided by consolidated basic earnings per share after deducting the impact of profit and loss arising from the marking to market of derivatives associated with forward exchange contracts, and aims to enhance returns in line with improved business performance going forward. Our policy with regard to internal reserves is to utilize them as a source of funds for business development, capital expenditures, and human resources development.

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

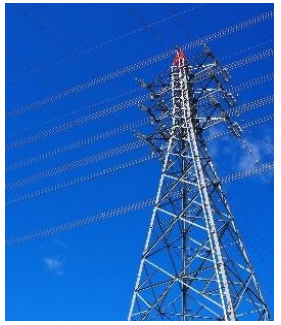
Energy Supply Segment

Stock-type

Renewable energy power generation (FIT, FIP/PPA)

Operation and maintenance (O&M)

Electricity retailing



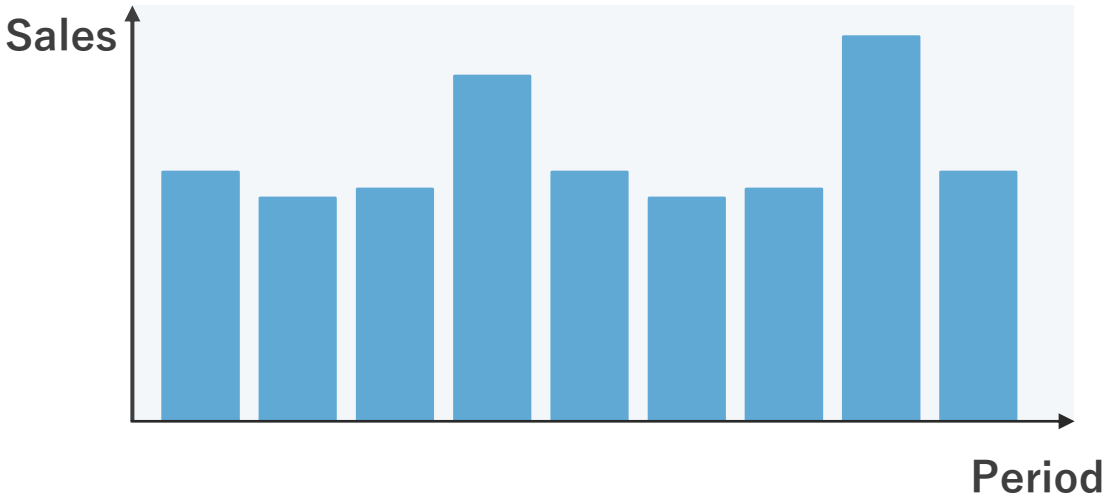
Biomass fuel supply

Business Model

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

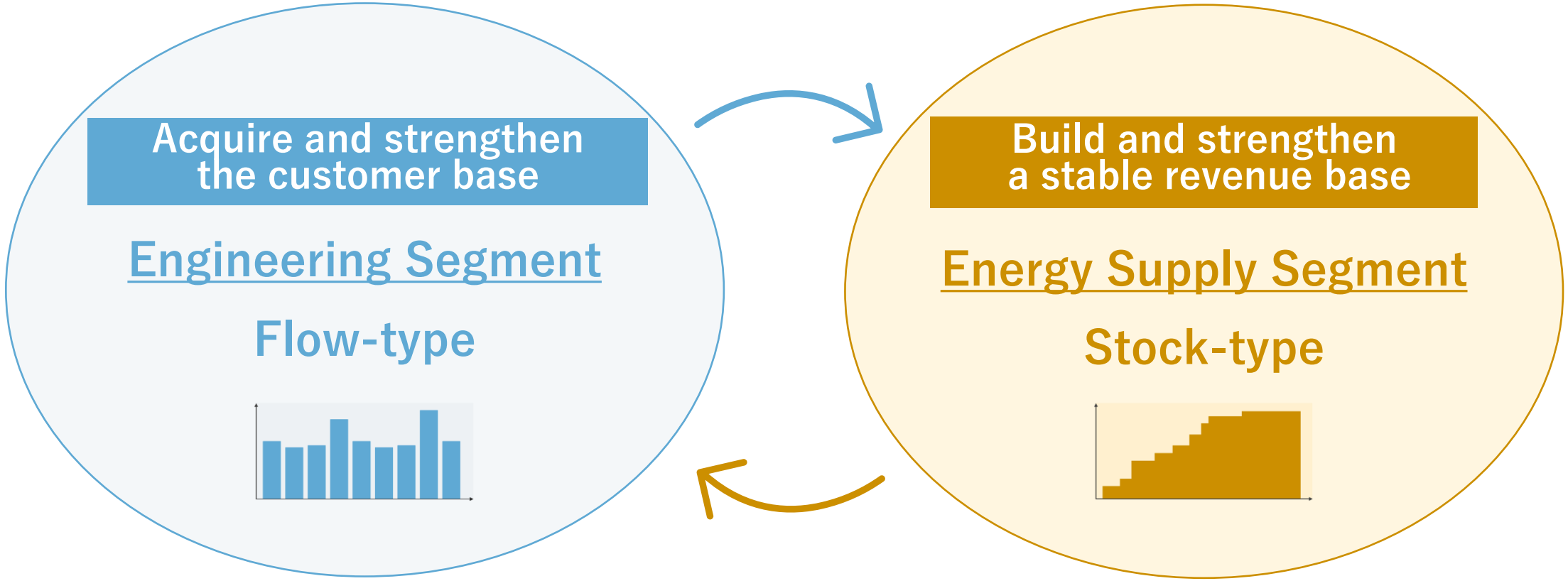
Business that earns continuous income
Stable revenue by accumulating one by one

<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)



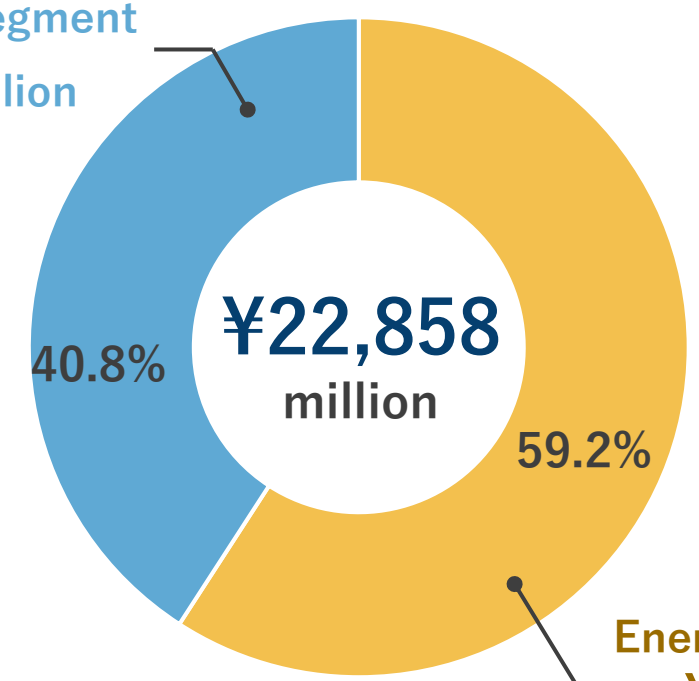
Ratio of Net Sales and Gross Profit by Segment (3Q YTD of FYE June 2024)

- The sales ratio for 3Q (YTD) of FYE June 2024 is approximately 41% from the Engineering Segment and approximately 59% 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

Consolidated net sales

Flow-type

Engineering Segment
¥9,337 million

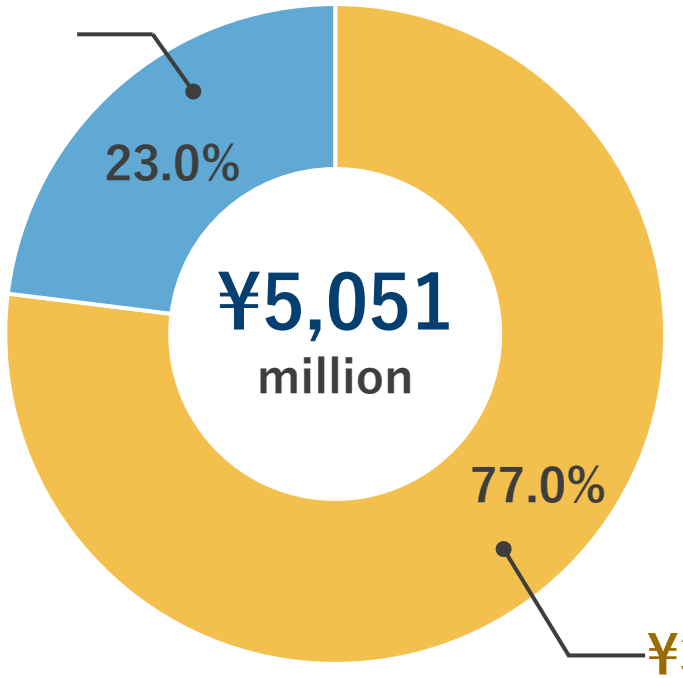


Stock-type

Energy Supply Segment
¥13,521 million

Consolidated gross profit

¥1,164
million



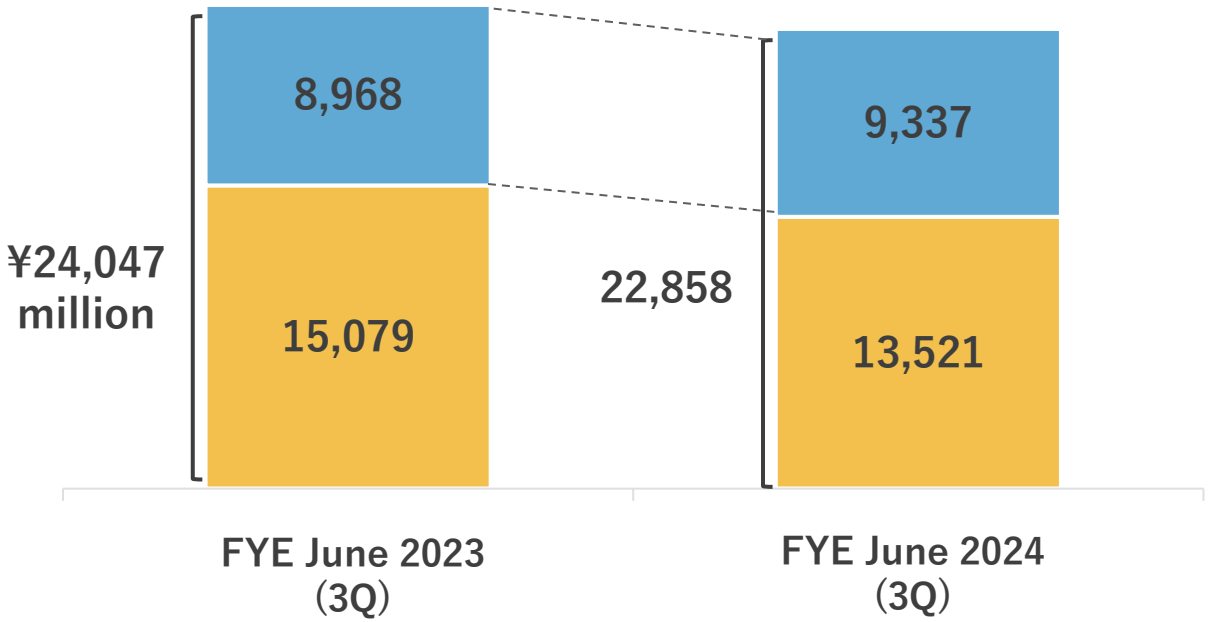
¥3,886 million

* Figures are after inter-segment elimination

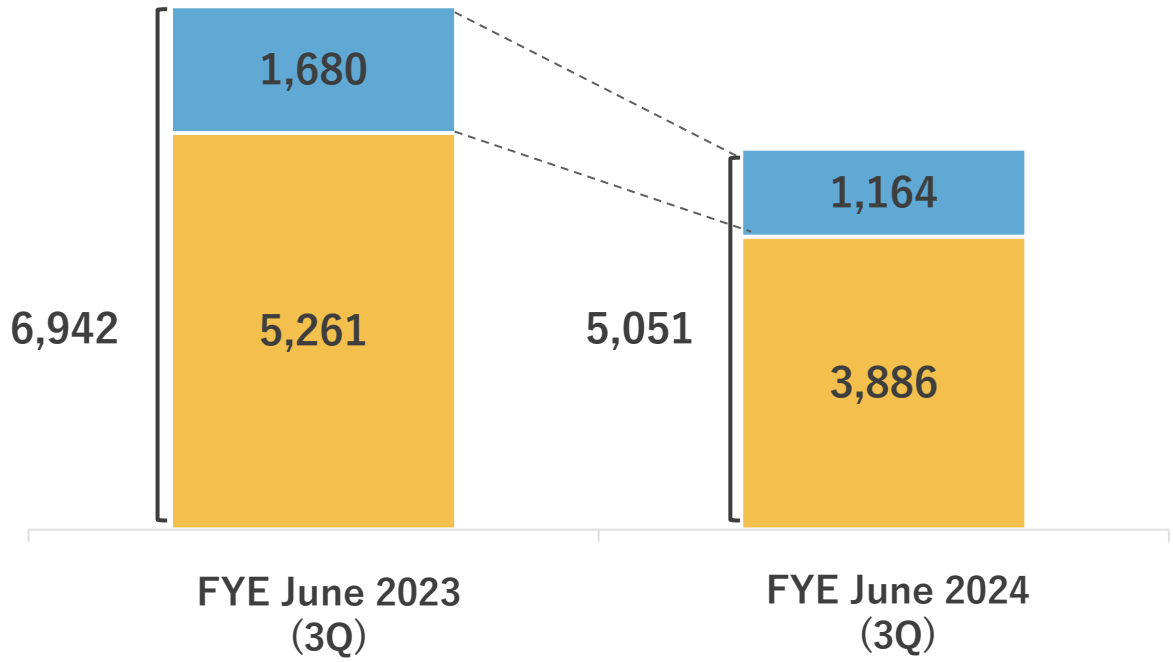
Breakdown of Net Sales and Gross Profit by Segment (YoY)

- 3Q (YTD) of FYE June 2024 recorded lower revenues and profits year on year

Consolidated net sales



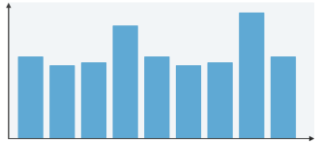
Consolidated gross profit



Engineering Segment　Energy Supply Segment

* Figures are after inter-segment elimination

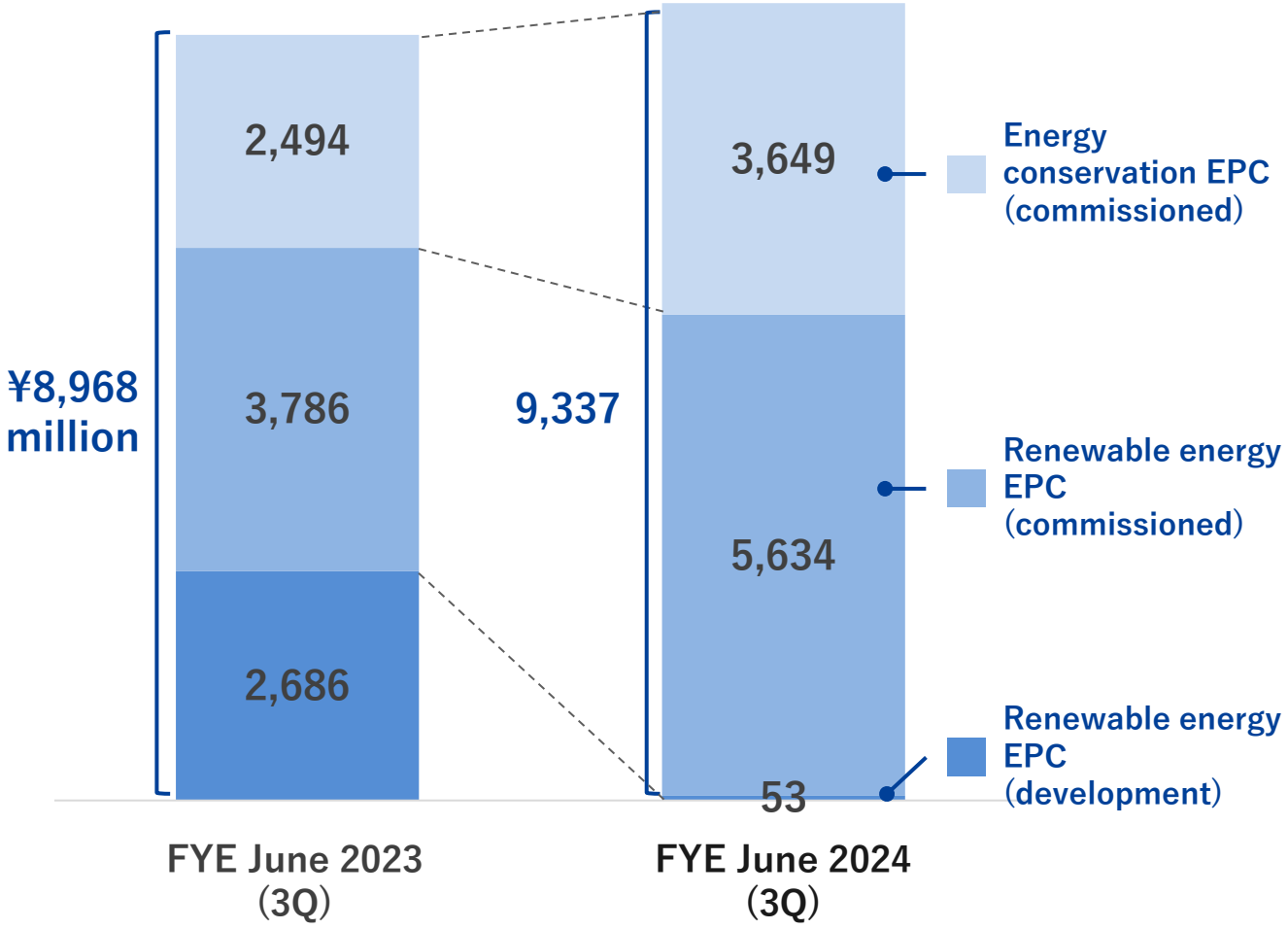
Flow-type



Engineering Segment

Breakdown of Net Sales by Subsegment (YoY)

- Engineering Segment recorded higher revenues year on year
- Mainly due to an increase in commissioned-type EPC in energy conservation and renewable energy because of growing needs for decarbonization, etc.



Highlights for Engineering Segment

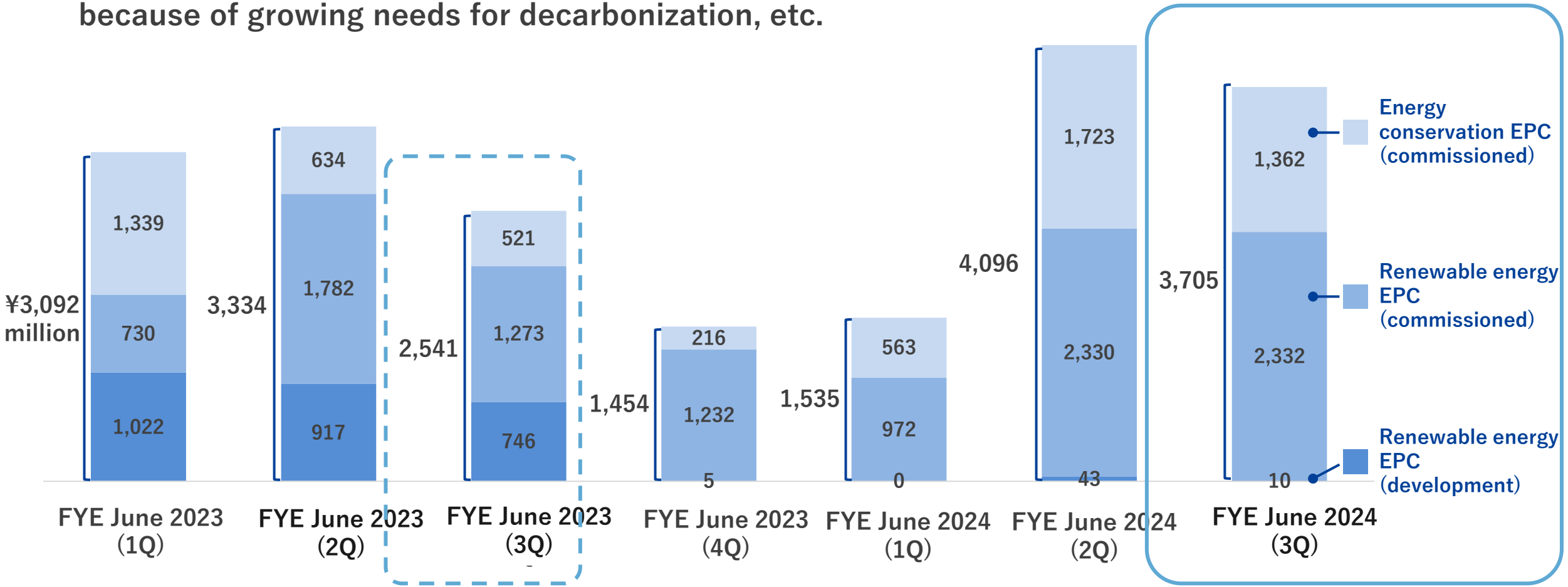
- Energy conservation EPC (commissioned-type) saw a year-on-year increase in revenues due to increases in co-generation and utility projects
- Renewable energy EPC (commissioned-type) saw a year-on-year increase in revenues due to an increase in rooftop solar power projects for logistics warehouses and 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 higher revenues year on year
- Mainly due to an increase in commissioned-type EPC in energy conservation and renewable energy because of growing needs for decarbonization, etc.



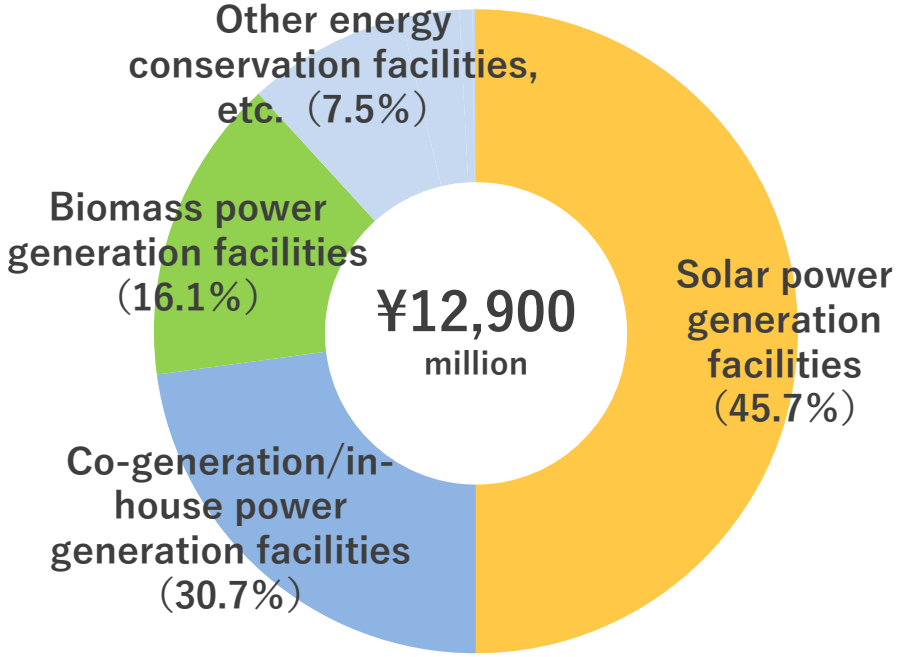
* The breakdown of net sales by reportable segment has not been audited

* Figures are after inter-segment elimination

Orders Received and Order Backlog

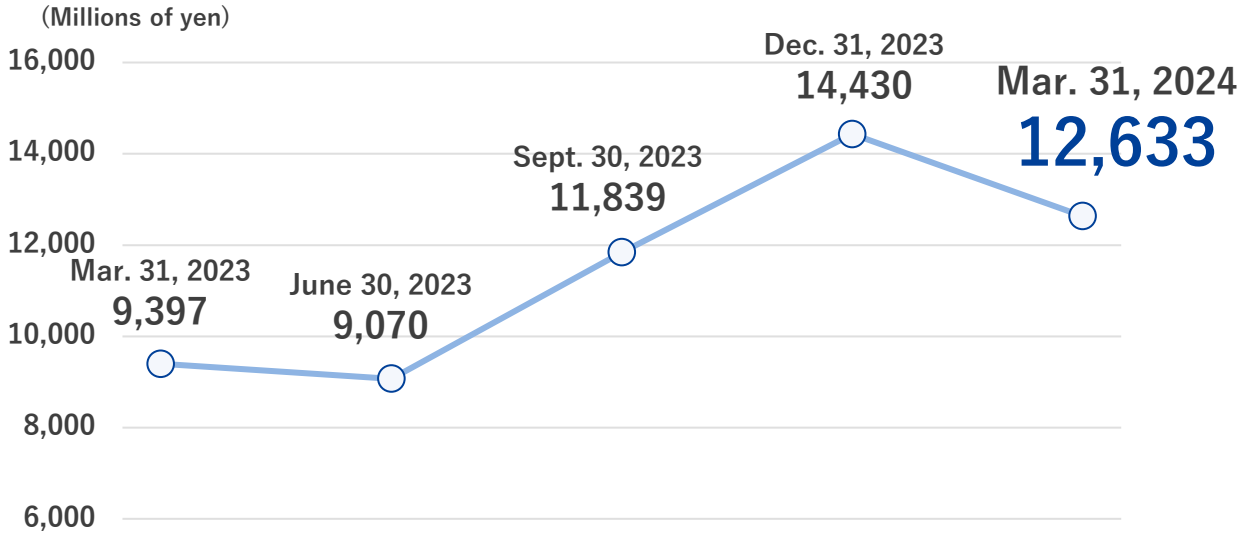
- Orders received were ¥12,900 million (106.1% year on year), with the main driver being commissioned-type EPC using solar power generation facilities, co-generation/in-house power generation facilities and biomass power generation facilities
- The order backlog was ¥12,633 million (134.4% year on year), with around 80% of that accounted for by co-generation/in-house power generation facilities, and biomass power generation facilities

■ Breakdown of orders received



FYE June 2024(3Q YTD)

■ Trends in order backlog over the most recent year



Breakdown of order backlog (major factors) (As of March 31, 2024)

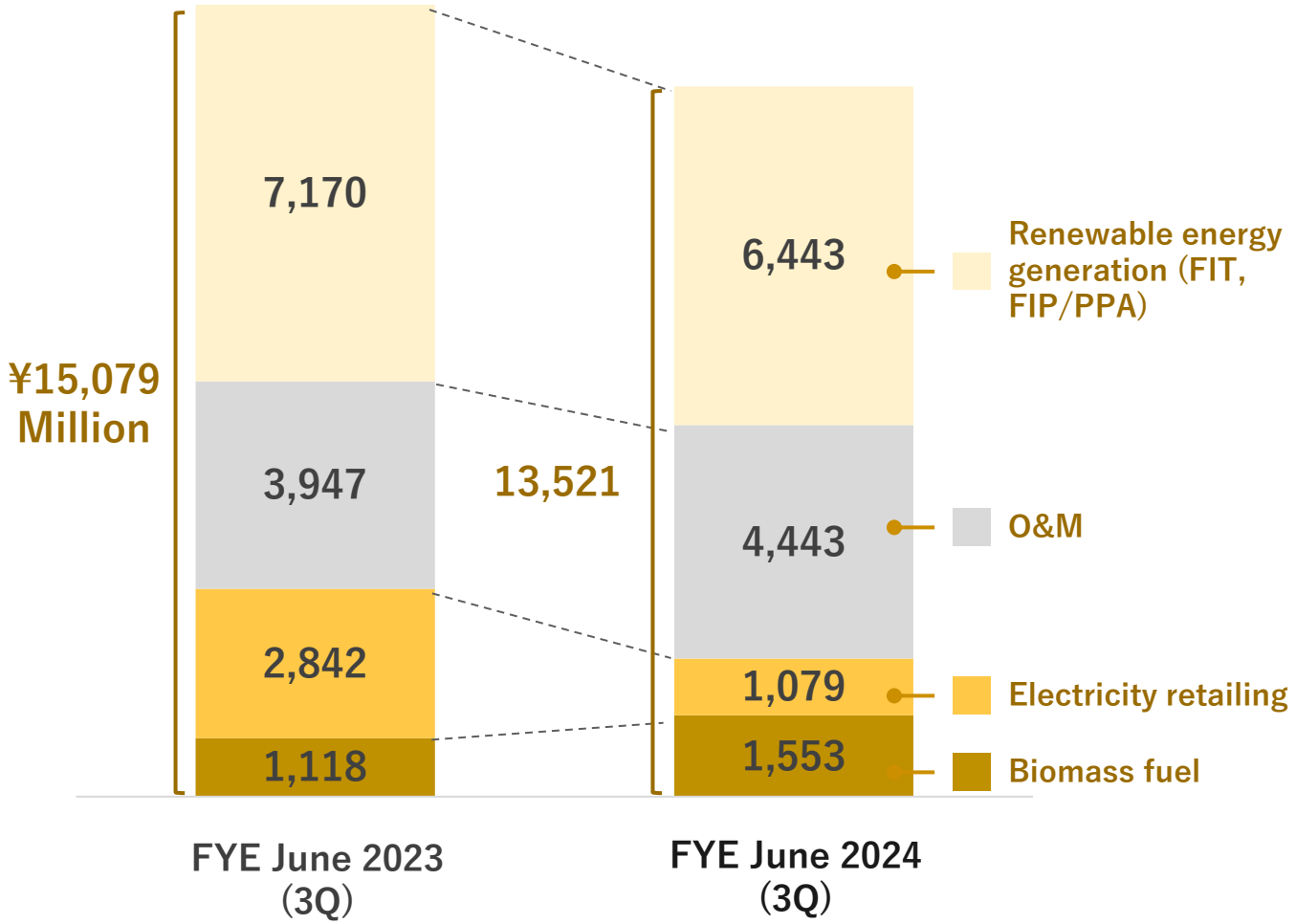
- Co-generation/in-house power generation facilities (54.2%)
- Biomass power generation facilities (27.6%)
- Solar power generation facilities (16.5%)
- Other energy conservation facilities, etc. (1.6%)

Stock-type

Energy Supply Segment

Breakdown of Net Sales by Subsegment (YoY)

- Energy Supply Segment recorded a year-on-year revenue decline
- Mainly due to a decrease in revenue of renewable energy generation and electricity retailing



Highlights for Energy Supply Segment

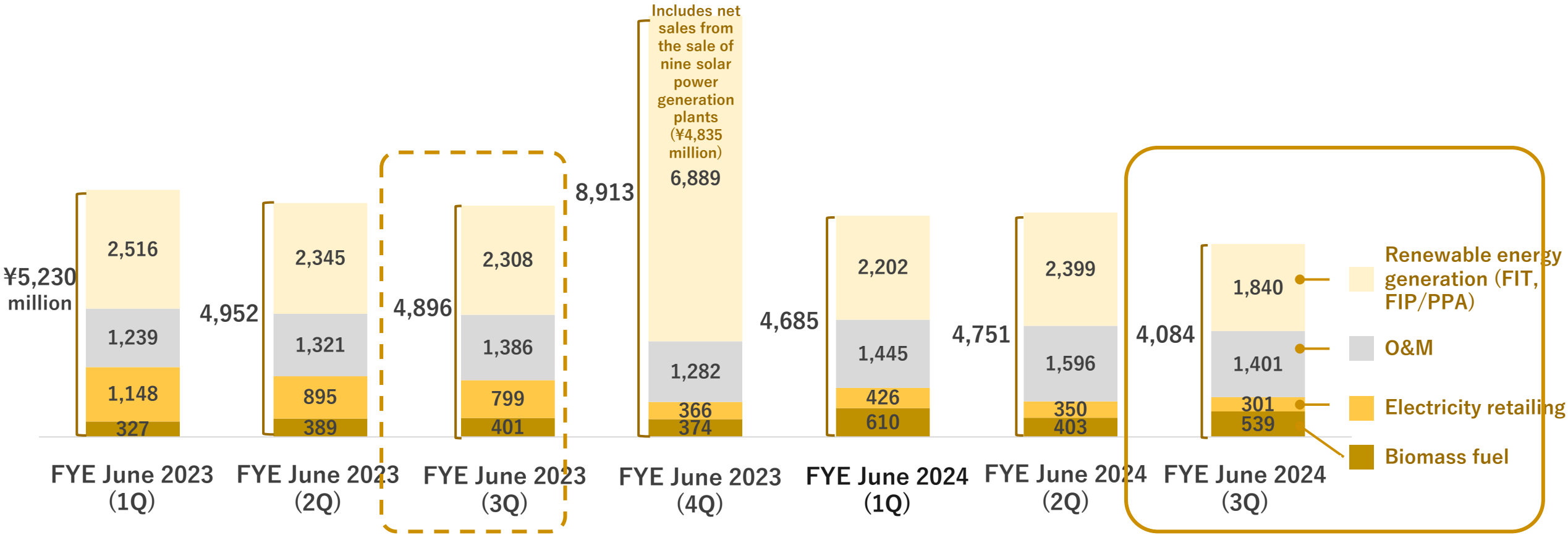
- Renewable energy generation recorded lower revenues year on year
  In addition to recording the development fees for the Fukuoka Miyako Mega Solar Plant as sales in the previous fiscal year, income from electricity sold declined as a result of selling nine solar power plants owned by the Company during the previous fiscal year
- O&M remained steady
- 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

Net Sales by Subsegment (Quarterly)

- Energy Supply Segment recorded a year-on-year revenue decline
- Mainly due to a decrease in revenue of renewable energy generation and electricity retailing
- On the other hand, O&M and biomass fuel remained steady



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

* Figures are after inter-segment elimination

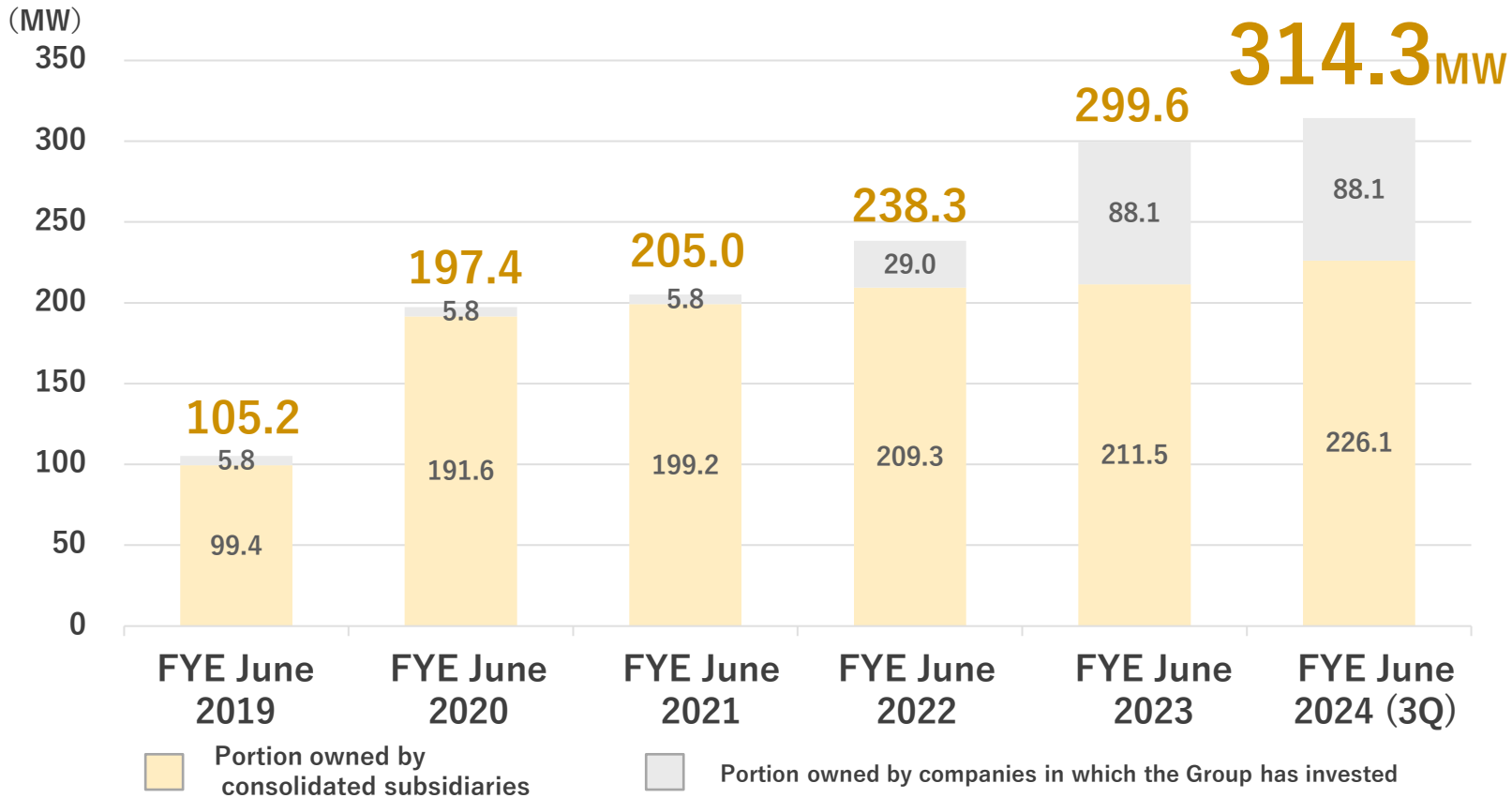
Trends in Generation Capacity for Renewable Energy Power Plants

Energy Supply Segment

▸ 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



(companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator)

■ Topics in the third quarter of FYE June 2024

・Increase in portion owned by consolidated subsidiaries

Solar power plants utilizing the FIP system:
approx. 1.8 MW

On-site PPA projects: approx. 10.9 MW

・Others

Resolved in April to acquire in August 2024 (scheduled) all of the silent partnership equity interest in the silent partnership where Fukuoka Miyako Solar Power LLC is the operator

*However, because the approximately 67.0 MW from the solar power plant of the silent partnership is already included in the portion owned by entities in which the Group has already invested, there is no change in the total capacity of renewable energy power generation facilities.

Solar	94 projects, approx. 306.4 MW including 20 on-site PPA projects, approx. 29.4 MW
Biomass	2 projects, approx. 7.8 MW
Small-scale wind	3 projects, approx. 0.1 MW

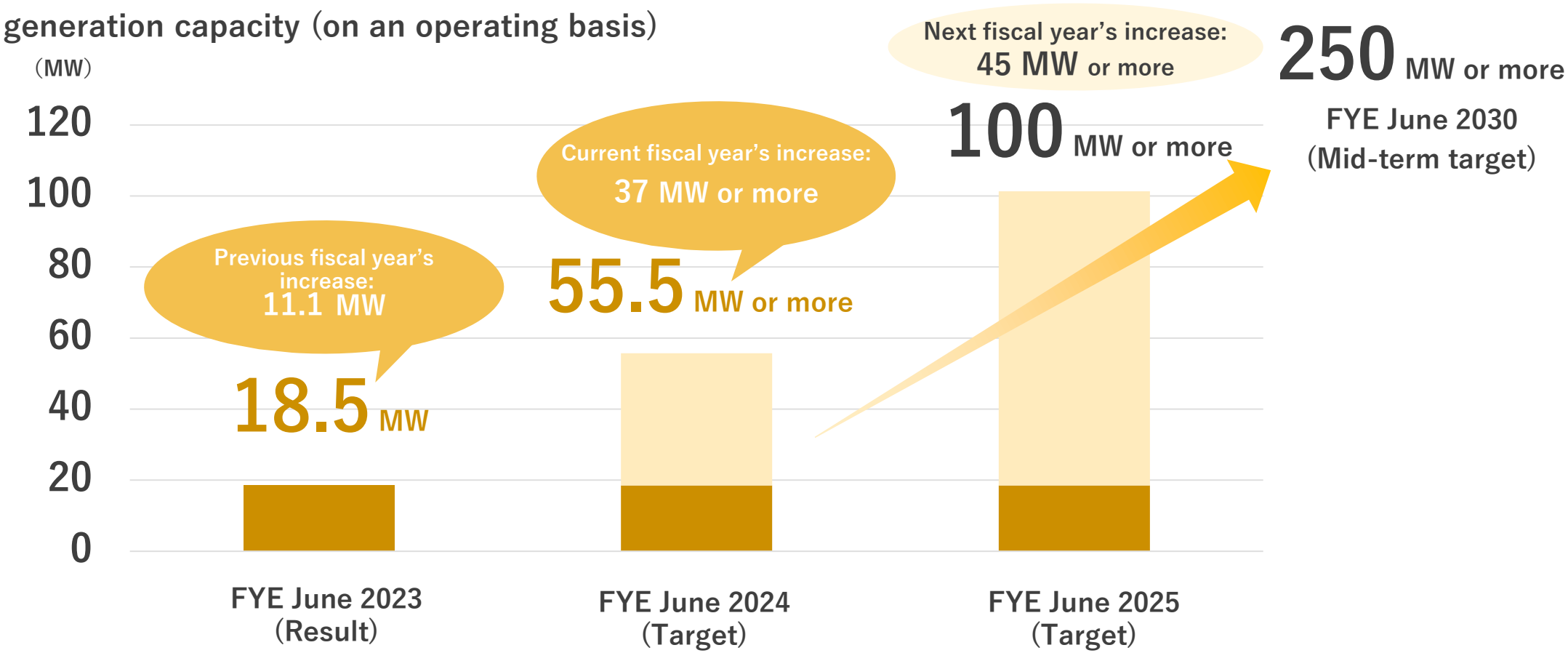
* as of March 31, 2024

Generation Capacity Accumulation From On-site PPAs

Energy Supply Segment

- 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)



Topics Related to On-site PPA (projects coming on line)

Energy Supply Segment

- In the 3Q of FYE June 2024, newly began supply of electricity generated by renewable energy using solar power generation systems for self consumption that employ an on-site PPA model as follows:


DMG MORI CO., LTD.
Nara Campus (Phase 1),


NANCHIKU CO., LTD.,
head office factory

Supplied to	Power generation capacity	Date on which supply commenced
DMG MORI CO., LTD., Nara Campus (Phase 1)	Approx. 354 kW	January 2024
THK CO., LTD., YAMAGATA Plant (Phase 2)	Approx. 1,788 kW	February 2024
Not disclosed	Approx. 562 kW	February 2024
DMG MORI CO., LTD., Iga Campus (Phase 2)	Approx. 5,197 kW	March 2024
Not disclosed	Approx. 2,284 kW	March 2024
NANCHIKU CO., LTD., head office factory	Approx. 750 kW	March 2024

*Projects that began supplying in April 2024 or after (as of May 15, 2024)
・Maniwa City, Okayama Prefecture, Hokubo Cultural Center and other two locations: Total around 168 kW
・THK RHYTHM CO., LTD., Kyushu Plant (Phase 2): approx. 610 kW
・Co-op Minami Kasuga, Japanese Consumers' Co-operative Union Co-op Oita: approx. 286 kW

Topics Related to On-site PPA (projects for which contracts have been concluded)

- The following on-site PPA projects that are scheduled to begin supply going forward have already been announced in press releases (as of May 15, 2024)

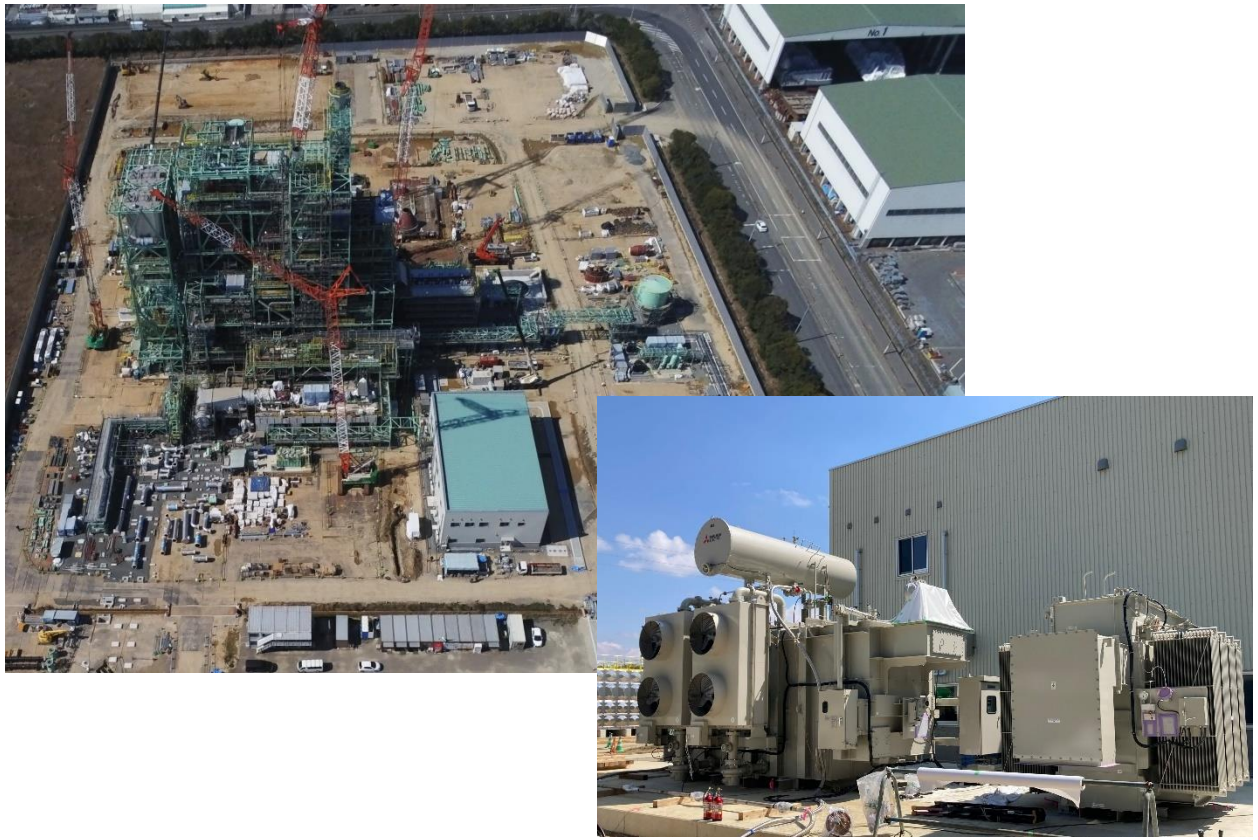
TOPPAN Inc., Takino Plant

Miyazakiken Nokyo Kajyu Co., LTD., head office factory

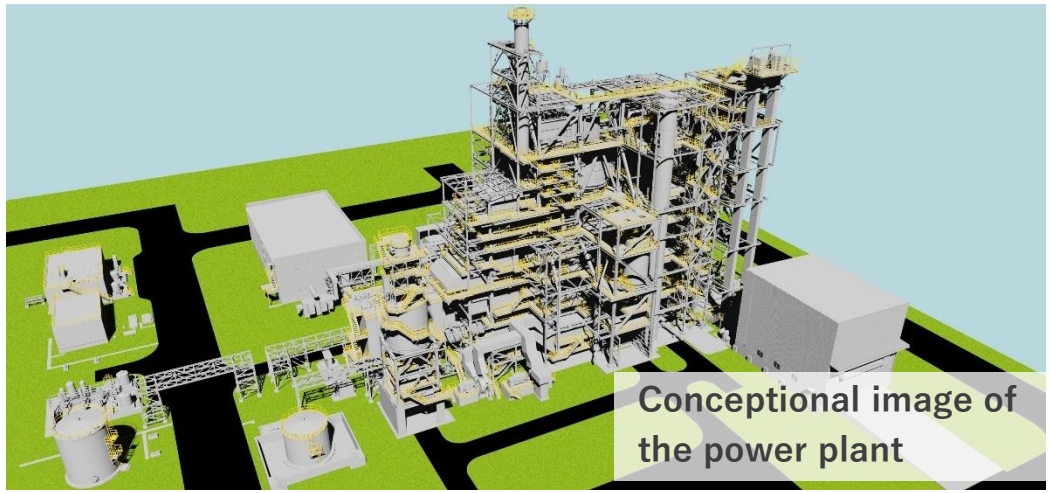
Supplied to	Power generation capacity	Scheduled date on which supply will commence
KOIKE-YA Inc., Kyushu Aso Plant	Approx. 885 kW	June 2024
TOPPAN Inc., Takino Plant	Approx. 552 kW	June 2024
Miyazakiken Nokyo Kajyu Co., LTD., head office factory	Approx. 501 kW	August 2024
SOSiLA Logistics REIT, Inc., SOSiLA Kasukabe	Approx. 1,532 kW	About August 2024
Maniwa City, Okayama Prefecture, Maniwa City Hokubo Elementary School and other four locations	Total around 345 kW	Autumn 2024
MANEKIYA GLASS Co., LTD., Iga factory	Approx. 740 kW	February 2025
LIFEDRINK COMPANY, INC., Gotemba Plant	Approx. 1,531 kW	Not disclosed

Topics Related to In-house Biomass Power Generation

- Construction work related to the installation of the various power plant facilities is proceeding satisfactorily at Saga Imari Biomass Power Plant (provisional name)
- Construction will continue with the aim of starting operations in May 2025



Left: Overall view of power plant
(viewed from the south side looking north)
Right: Main transformers and on-site transformers



Conceptional image of the power plant

Location	Imari-shi, Saga
Business operator	Imari Green Power Co., Ltd.
Power generation capacity	Approx. 46.0 MW
Feed-in tariff	¥24/kWh
Assumed annual electricity sales amount	Approx. 312,000,000 kWh/year (Assumption for the first year)

The website for Imari Green Power Co., Ltd. has been opened.

3. Future Topics

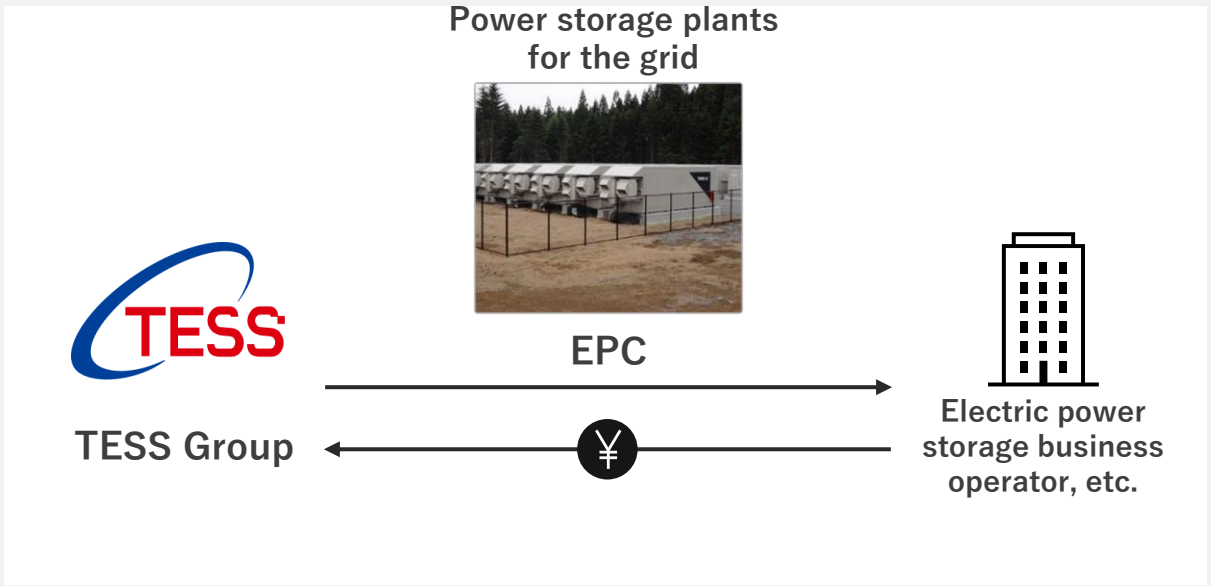
Initiatives for Power Storage Plants for the Grid

Engineering Segment | Energy Supply Segment

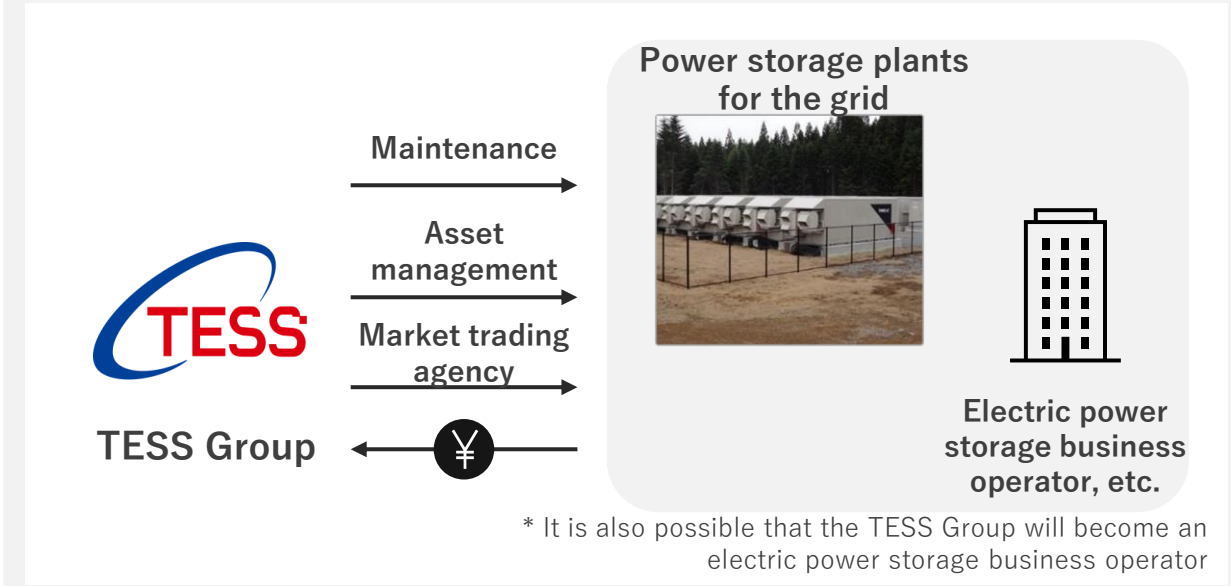
- In the “Long-Term Decarbonized Power Supply Auction,” we put in the winning bid using batteries to capacity of 22,077kW (name of bid project: Shizuoka Kikugawa Power Storage Plant)
- Aiming to create a pipeline of development-type businesses and monetize them through flow and stock by taking advantage of this program and working on power storage plants for the grid

■ Image of the main revenue models envisioned

Engineering Segment — Flow-type



Energy Supply Segment — Stock-type



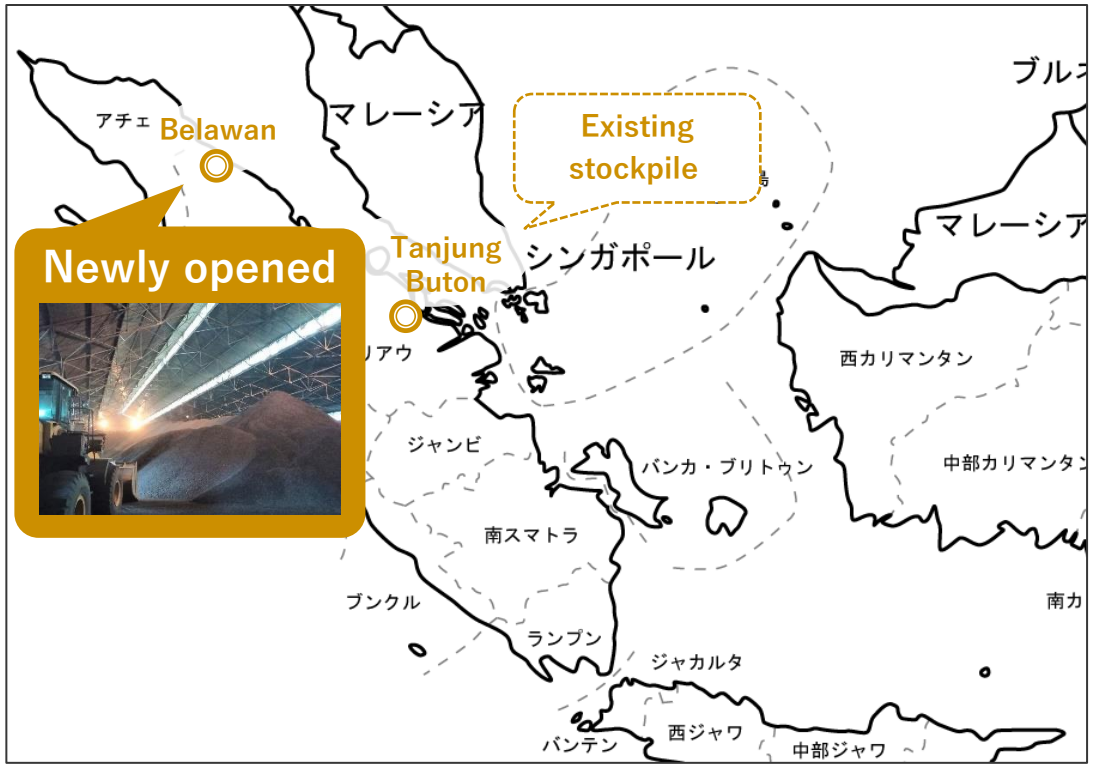
* It is also possible that the TESS Group will become an electric power storage business operator

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 Related to Biomass Fuel (PKS Fuel)

- We continue to ship from the stockpile for the PKS fuel project that recently began operation in Belawan, Indonesia, to biomass power generation companies in Japan.
- Together with the existing stockpile, responding to the needs for more PKS fuel by achieving more stable supply and increasing the annual trade volume



Location of stockpile

We implemented our second round of shipments from the Belawan stockpile to biomass power generation companies in Japan (January 2024)

Initiatives Related to Renewable Energy Power Generation Business

Energy Supply Segment

- Resolved in April at a meeting of the Board of Directors to acquire in August 2024 (scheduled) all of the silent partnership equity interest in the silent partnership where Fukuoka Miyako Solar Power LLC is the operator
- After acquiring the whole of this interest, the silent partnership will become a consolidated subsidiary of the Company and income will be recorded due to the electricity from the solar power plant with a power generation capacity of approximately 67.0 MW*.

Location	Miyako-machi, Miyako-gun, Fukuoka
Business operator	Fukuoka Miyako Solar Power LLC
Power plant name	Fukuoka Miyako Mega Solar Plant
Power generation capacity	Approx. 67.0 MW
Feed-in tariff	¥36/kWh
Assumed annual electricity sales amount (estimated)	Approx. 67,000,000 kWh/year

*In terms of the consolidated settlement of accounts, income associated with this power plant is scheduled to be recorded from the second quarter of FYE June 2025 onward.

4 . Initiatives for Sustainability

Initiatives to promote diversity

The Company has won the highest level of 3 stars from the city of Osaka as a “Leading Company for Women's Empowerment”

OWL 883 号

大阪市女性活躍リーディングカンパニー

認　証　書

認証レベル：★★★

テスホールディングス株式会社　殿

女性活躍リーディングカンパニー 2023 大阪市認証

大阪市女性活躍リーディングカンパニー認証事業実施要綱第４条の規定により、

下記のとおり認証します。

認 証 番 号：第 883 号

認証年月日：令和６年３月 26 日

有 効 期 限：令和９年３月 25 日

大阪市長　　横山　英幸

Para athlete joins the Company

Para table tennis competitor Kentaro Doi joins the TESS Group
This brings the total number of para athletes in the TESS Group to six

Name: Kentaro Doi
Sport: Para table tennis (wheelchair)
Class: 5

<Recent results in competition>

2024: 44th All Japan Open Para Table Tennis Competition
Singles Wheelchair Section (Men) G1: 3rdTeam Wheelchair Section (Mixed): 3rd

Nurturing corporate culture

Held an internal event to provide an opportunity to think about gender equality, etc. between men and women, timed to coincide with International Women's Day on March 8.

In the TESS Group, instead of Mimosa flowers we presented both men and women with confectionery Creating opportunities to think about gender equality, etc. ▶

5. Other Topics

Initiatives for communicating information to stakeholders

▸ Enhancing the communication of information to stakeholders

Held on-site factory tours for analysts at PTEC in Indonesia, which is our R&D site for EFB pellets (January and March 2024)

Held with the support of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Participated in “Marunouchi Investment Seminar” briefing for individual investors (March 2024)

Streamed footage related to financial results, etc. On YouTube

- Listed company IR video channel

TESS Holdings (5074): Explanation of financial results for 2Q FYE June 2024

https://youtu.be/y7C9dRQcOSA (in Japanese)

✓ (With comments from YouTuber and certified public accountant “Hineken”)

- “Discover” Powered by Nikko Investor Relations Co., Ltd.

We talk directly to CEOs! What are the key issues for high-profile renewable energy companies in the second half of FY2024? Accompanied by detailed discussion of results by professionals! Questions that get right to the point - ask about that company’s business

https://youtu.be/bisMoPhJbaE (in Japanese)

✓ Video dialogue with “Mr. Results Daydream” personality who streams corporate financial and other information on the media platform note and audio media platform voicy

6. Revisions to the Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024

*Announced May 15, 2024

Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024 (Announced May 15, 2024)

- **Consolidated financial results forecasts for the fiscal year ending June 30, 2024 have been revised down for net sales and all other items from initial forecasts**

(Millions of yen)

	FYE June 2024 Full-year forecast announced August 14, 2023	FYE June 2024 Full-year forecast announced May 15, 2024	Change vs previously announced forecasts
Net sales	38,200	30,000	-21.5%
Gross profit (Profit margin)	10,650 (27.9%)	6,200 (20.7%)	-41.8%
Operating profit (Profit margin)	6,650 (17.4%)	2,200 (7.3%)	-66.9%
Ordinary profit (Profit margin)	6,000 (15.7%)	3,900 (13.0%)	-35.0%
Profit attributable to owners of parent (Profit margin)	3,700 (9.7%)	2,400 (8.0%)	-35.1%

Key Points of Revisions to the Consolidated Financial Results Forecastfor the Fiscal Year Ending June 30, 2024

- With regard to the project to develop land for renewable energy power generation in Kyoto prefecture, which we had incorporated into our previously announced forecasts, the development process is progressing satisfactorily but it is taking time to obtain permissions and rights, including certification of the plans by the city, which has delayed the recognition of sales associated with the transfer of rights, etc. to FYE June 2025 and beyond. Accordingly, we have revised down all items from net sales and below.
- The gain on valuation of derivatives of ¥2,316 million recorded for the nine months ended March 31, 2024, has been included in the revision to full-year forecasts
  (However, with regard to the loss or gain on valuation of derivatives, valuation gains and losses recorded at the end of the previous quarter are reversed for accounting purposes in subsequent quarters, so depending on fair value going forward it is possible that a loss or gain on valuation of derivatives is not recorded at the end of the fiscal year ending June 30, 2024, or that the loss or gain on valuation of derivatives recorded at the end of the fiscal year ending June 30, 2024 is for a different amount to that recorded at the end of the nine months ended March 31, 2024.)
- With regard to the year-end dividend for FYE June 2024, regardless of the targeted consolidated dividend payout ratio, from the perspective of our basic dividend policy of paying a stable and continuous dividend, the forecast is unchanged from the previous forecast of 16.00 yen per share.

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**	**30,000**	**34,415**	**30,000**
Engineering Segment	15,189	**16,000**	10,422	**12,500**
Energy Supply Segment	23,992	**17,500**	23,992	**17,500**
Inter-segment elimination	-4,767	**-3,500**	–	–
Gross profit	**10,611**	**6,200**	**10,611**	**6,200**
Engineering Segment	1,993	**1,700**	1,780	**1,750**
Energy Supply Segment	7,986	**4,100**	8,830	**4,450**
Inter-segment elimination	631	**400**	–	–

7 . Overview of Consolidated Financial Statements, Etc.

Consolidated Statement of Income

(Millions of yen)

	FYE June 2023 3Q results	FYE June 2023 Full-year results	FYE June 2024 3Q results	Quarter-on-quarter change	Main factors for the change, etc.
Net sales	24,047	34,415	**22,858**	-1,188	See “1. Summary of Consolidated Financial Results for the Nine Months Ended March 31, 2024”
Cost of sales	17,104	23,803	**17,807**	702	
Gross profit	6,942	10,611	**5,051**	-1,891	
Selling, general and administrative expenses	2,684	3,746	**2,978**	293	
Operating profit	4,257	6,864	**2,073**	-2,184	
Non-operating income	613	810	**2,649**	2,036	
Non-operating expenses	1,224	2,157	**951**	-273	
Ordinary profit	3,646	5,518	**3,771**	124	
Extraordinary losses	-	166	**-**	-	
Profit before income taxes	3,646	5,351	**3,771**	124	
Profit	2,500	3,794	**2,518**	18	
Profit attributable to owners of parent	2,327	3,592	**2,398**	70	

Consolidated Balance Sheet

(Millions of yen)

	FYE June 2023 Full-year results	FYE June 2024 3Q results	Change	Main factors for the change, etc.
Current assets	27,381	**41,322**	13,940	Increase in cash and deposits as a result of partial commitment-type rights offering
Non-current assets	66,707	**76,436**	9,728	Increase in machinery, equipment and vehicles
Total assets	94,089	**117,758**	23,669	
Current liabilities	19,002	**23,010**	4,008	Increase in short-term borrowings
Non-current liabilities	46,746	**51,628**	4,882	Increase in long-term borrowings
Total liabilities	65,749	**74,639**	8,890	
Shareholders' equity	28,053	**42,559**	14,505	Increase in share capital and capital surplus as a result of partial commitment-type rights offering
Accumulated other comprehensive income	194	**296**	101	
Non-controlling interests	91	**262**	171	
Total net assets	28,340	**43,118**	14,778	
Total liabilities and net assets	94,089	**117,758**	23,669	

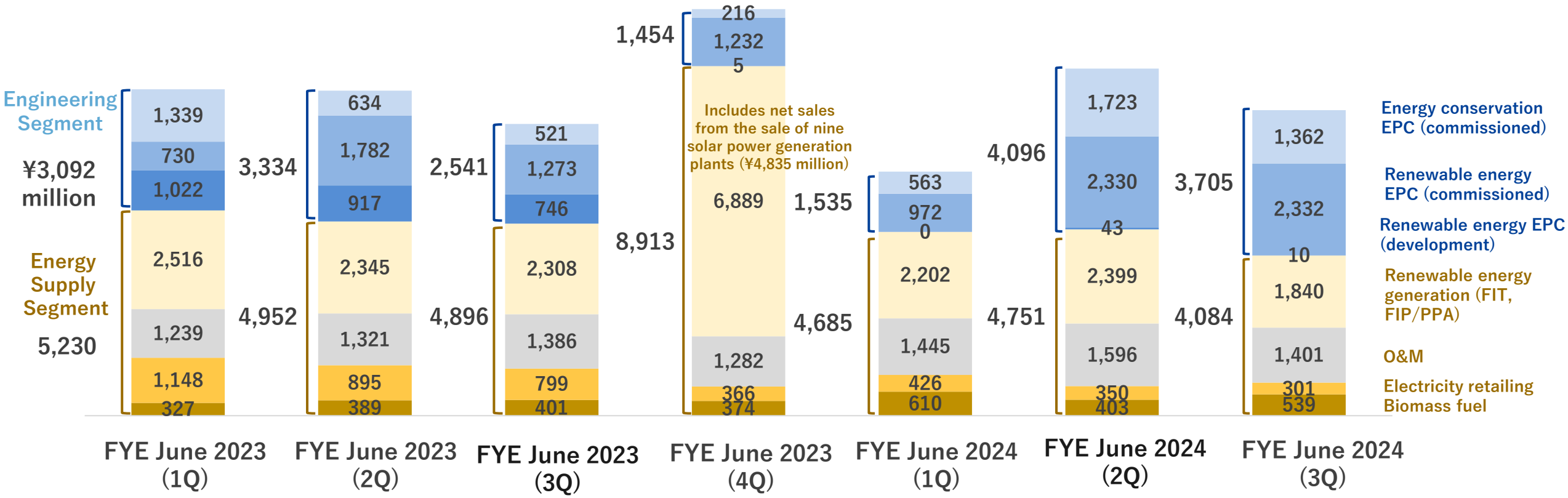
Operating Results by Segment

(Millions of yen)

	Before inter-segment elimination		After inter-segment elimination		
	3Q (YTD) of FYE June 2023	3Q (YTD) of FYE June 2024	3Q (YTD) of FYE June 2023	3Q (YTD) of FYE June 2024	Targets of FYE June 2024 *
Consolidated net sales	**24,047**	**22,858**	**24,047**	**22,858**	**30,000**
Engineering Segment	**10,396**	12,112	**8,968**	9,337	12,500
Commissioned-type energy conservation	2,494	3,649	2,494	3,649	–
Commissioned-type renewable energy	3,786	5,634	3,786	5,634	–
Development-type renewable energy	4,115	2,829	2,686	53	–
Energy Supply Segment	15,079	13,521	15,079	13,521	17,500
Renewable energy generation	7,170	6,443	7,170	6,443	–
O&M	3,947	4,443	3,947	4,443	–
Electricity retailing	2,842	1,079	2,842	1,079	–
Other (biomass fuel)	1,118	1,553	1,118	1,553	–
Elimination/Corporate	-1,428	-2,775	–	–	–
Gross profit	**6,942**	**5,051**	**6,942**	**5,051**	**6,200**
Engineering Segment	1,666	1,071	1,680	1,164	1,750
Energy Supply Segment	4,937	3,577	5,261	3,886	4,450
Elimination/Corporate	338	402	—	–	–
Operating profit	**4,257**	**2,073**	**4,257**	**2,073**	**2,200**
Engineering Segment	588	-4	968	404	–
Energy Supply Segment	3,392	1,820	4,168	2,633	–
Elimination/Corporate	276	256	-879	-964	–

* We have revised on May 15, 2024 the financial results forecast for the fiscal year ending June 30, 2024.

Net Sales by Subsegment (Quarterly)



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

* Figures are after inter-segment elimination

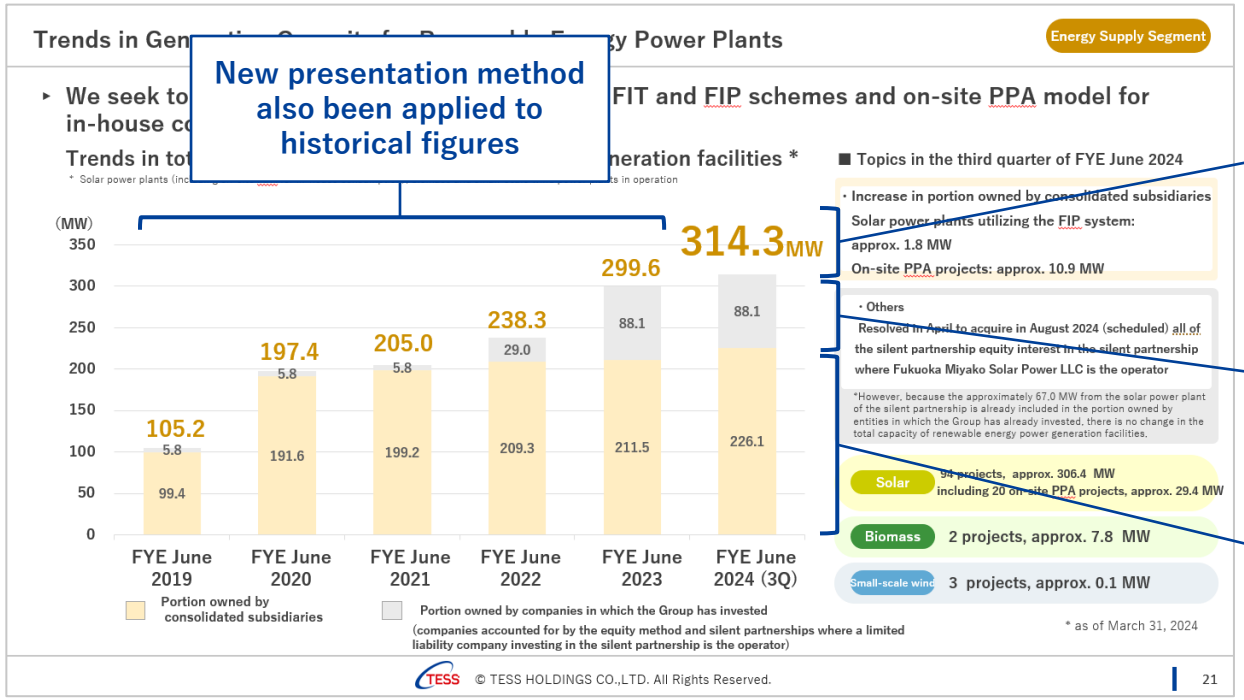
8. (Attached Materials) Corporate Overview

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	6,757 million yen (As of March 31, 2024)	
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: 〇Construction 〇Scaffolding/Earthmoving 〇Roofing 〇Electrical 〇Piping 〇Steel Structuring 〇Plating 〇Painting 〇Waterproofing 〇Machinery Installation 〇Dismantling 〇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 and Management Vision of the Group

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

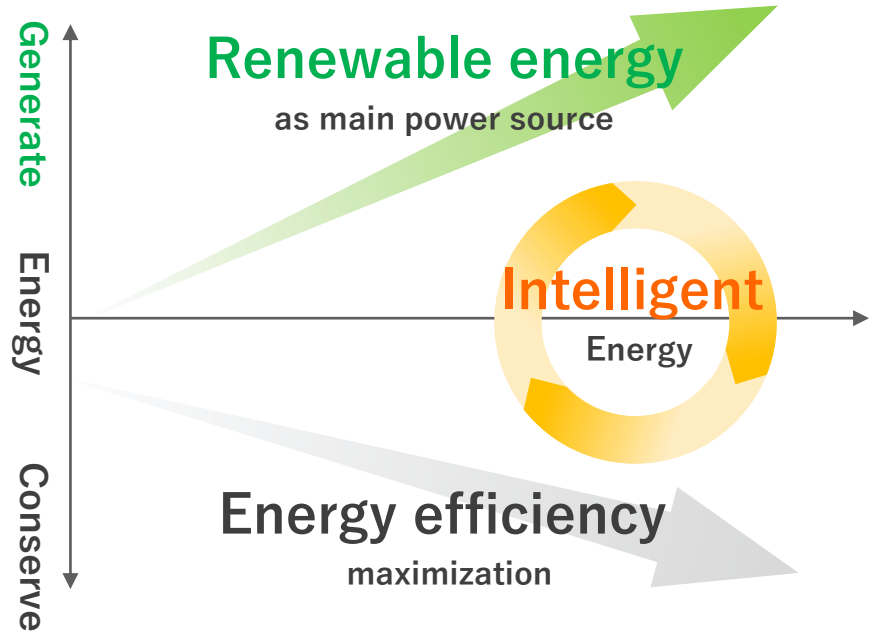
- **Contributing to global energy decarbonization through the realization of Total Energy Savings & Solutions.**

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

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	

Business areas



Contributing to the SDGs

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.

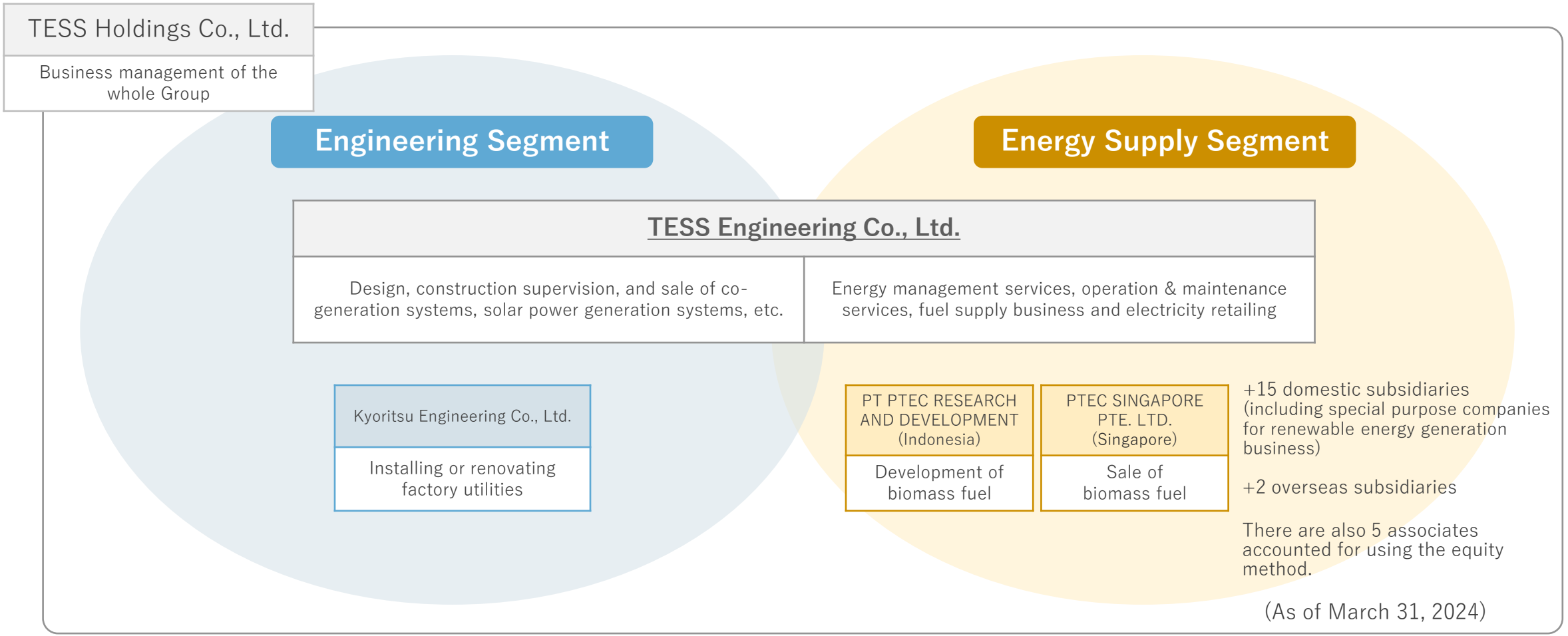
3

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**



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


Photovoltaic generation systems


Biomass power systems

Energy conservation EPC


Cogeneration systems

LNG satellite systems


Utility energy-saving systems

＊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.**

Renewable energy power generation

Operation and maintenance (including energy management)

Electricity retailing (including ERAB*)

Other services

- Fuel supply services (including LNG and biomass fuel)

Total installed capacity (in operation): approx. 314.3 MW
(As of March 31, 2024, including 20 on-site PPA projects, approx. 29.4 MW)

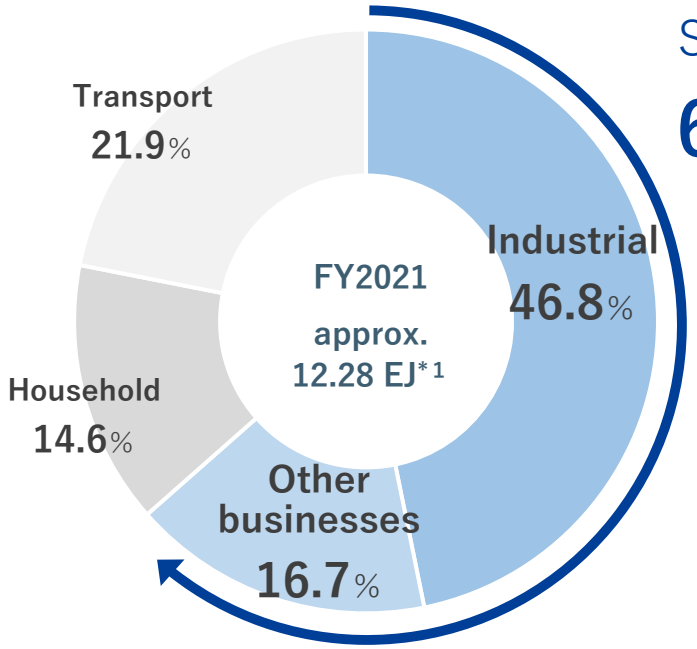
*ERAB (Energy Resource Aggregation Business): Business that uses virtual power plant (VPP), demand response (DR) and other technologies to provide services such as supply-demand adjustment capacity, imbalance avoidance, rate reduction, and output suppression avoidance to general power transmission and 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



Subtotal
63.5%

Industrial

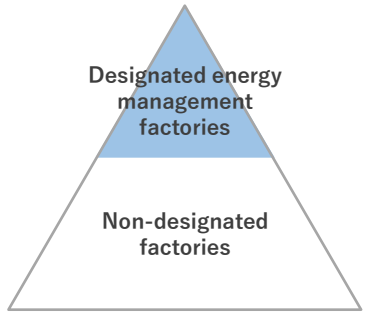
Factories
that are heavy consumers of energy

Food, beverage, chemical, pharmaceutical, rubber, semiconductor, paper, electronics, etc.

Other businesses

Large business facilities
that are heavy consumers of energy

Logistics facilities, hospitals, commercial facilities, schools, data centers, etc.



Number of designated energy management factories
14,452 sites *2
(as of July 31, 2023)

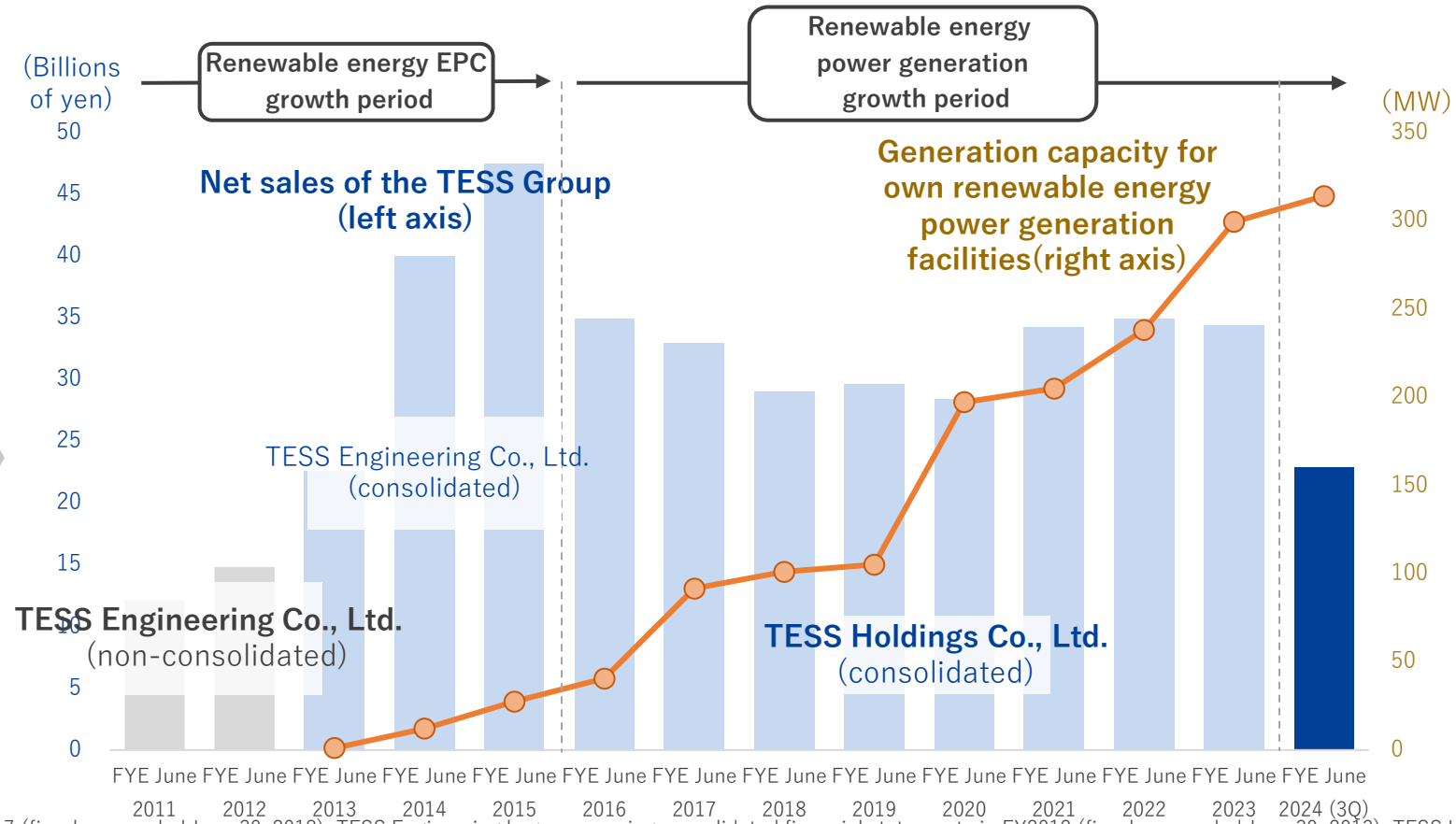
*1 EJ= 10^{18}J (Source) Created by the Company based on "FY2022 Annual Report on Energy" (June 2023) published by Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

*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

1979
TESS Group was founded



Vision for 2030

Become
a leading company in decarbonization
in the B2B and B2R (region) sectors

* 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).

9. (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 Energy Savings & Solutions

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.