Financial Results Meeting Materials for the Fiscal Year Ended June 30, 2025

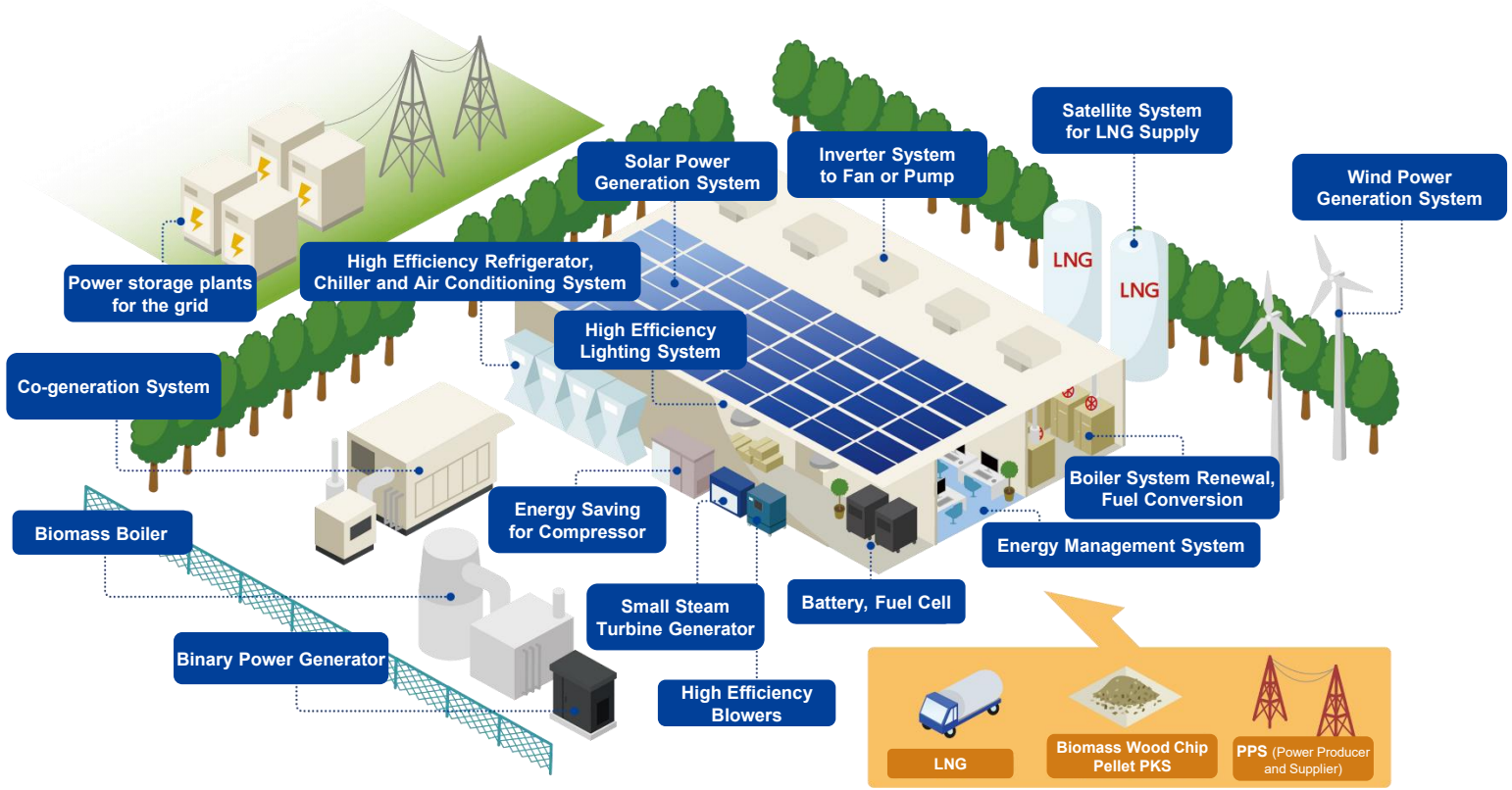
August 14, 2025
TESS Holdings Co., Ltd.
Securities code: 5074

A leading company in decarbonization

A company that realizes Total Energy Savings & Solutions for customers

Items handled by the TESS Group

TESS Group original characters
“Tecchan & Soochan”



Executive Summary

FYE 06/2025 Consolidated Results

Net sales	Gross profit	Operating profit	Ordinary profit (loss)	Profit attributable to owners of parent	ROE	ROIC	Dividend per share
36,684 million yen (+19.7% YoY)	7,453 million yen (+13.7% YoY)	2,548 million yen (+7.5% YoY)	(641) million yen (profit of 7,660 million yen for FYE 06/2024)	204 million yen (-82.7% YoY)	0.5%	1.4%	5.12 yen

Entire Business

- Consolidated financial results for the fiscal year ended June 30, 2025 for operating profit and above show year-on-year increases in both revenue and profit.

Engineering Segment

- Both energy conservation EPC (commissioned) and renewable energy EPC (development) projects were strong, resulting in year-on-year increases in both revenue and profit.
- Storage batteries EPC holds many pipelines, as it continued to attract increasing customer inquiries.

Energy Supply Segment

- Increased sales revenue from renewable energy power generation and strong sales performances for retail electricity supply and biomass fuel led to year-on-year increases in revenue and profit.
- Total renewable energy power plant generation capacity is approximately 398.6 MW. Approximately 22.7 MW is new and supplied by on-site PPA.

Consolidated Results Forecast and Dividend Forecast FYE 06/2026

Net sales	Gross profit	Operating profit	Ordinary profit	Profit attributable to owners of parent	ROE	ROIC	Dividend per share
47,000 million yen (+28.1% YoY)	9,000 million yen (+20.7% YoY)	3,600 million yen (+41.3% YoY)	1,800 million yen (loss of 641 million yen for FYE 06/2025)	1,200 million yen (+485.8% YoY)	2.8%	1.7%	5.80 yen

- Both revenue and profit are expected to increase year on year for consolidated financial results for the fiscal year ending June 30, 2026.

Entire Business

- Dividend forecast is 5.80 yen per share based on a consolidated payout ratio of 30%.
- Although the Kyoto Prefecture development project is making steady progress, the schedule has not been finalized as of the announcement date of the financial results for the fiscal year ended June 30, 2025. This is not included in the consolidated financial results forecast for the fiscal year ending June 30, 2026.

1. Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2025

Consolidated Financial Results

- **Consolidated financial results for the fiscal year ended June 30, 2025 (from July 1, 2024 to June 30, 2025) showed year-on-year increases in both revenue and profit for operating profit and above.**

(Millions of yen)	FYE 06/2024 Full-year results	FYE 06/2025 Full-year results	FYE 06/2025 Full-year target*	Year-on-year changes	Percentage of full-year target achieved
Net sales	**30,643**	**36,684**	**36,600**	**+19.7%**	**100.2%**
Gross profit	**6,553**	**7,453**	**7,450**	**+13.7%**	**100.0%**
(Profit margin)	(21.4%)	(20.3%)	(20.4%)		
Operating profit	**2,370**	**2,548**	**2,500**	**+7.5%**	**101.9%**
(Profit margin)	(7.7%)	(6.9%)	(6.8%)		
Ordinary profit (loss)	**7,660**	**(641)**	**(650)**	**—**	**98.7%**
(Profit margin)	(25.0%)	(-1.7%)	(-1.8%)		
Profit attributable to owners of parent	**1,185**	**204**	**200**	**-82.7%**	**102.4%**
(Profit margin)	(3.9%)	(0.6%)	(0.5%)		

* We have revised the financial results forecast for the fiscal year ended June 30, 2025, on August 7, 2025.

Reference: Scenario Excluding Derivative Valuation Gains or Losses

- **Excluding derivative valuation gains and losses, the consolidated financial results for FYE June 2025, the consolidated financial results forecasts for FYE June 2025, and the percentage of the full-year target achieved are as shown below.**

(Millions of yen)	FYE 06/2025 Full-year results* Excluding derivative valuation gains/losses	FYE 06/2025 Full-year target Excluding derivative valuation gains/losses	Percentage of full-year target achieved
Net sales	**36,684**	**36,600**	**100.2%**
Gross profit	**7,453**	**7,450**	**100.0%**
(Profit margin)	(20.3%)	(20.4%)	
Operating profit	**2,548**	**2,500**	**101.9%**
(Profit margin)	(6.9%)	(6.8%)	
Ordinary profit	**1,186**	**1,180**	**100.6%**
(Profit margin)	(3.2%)	(3.2%)	
Profit attributable to owners of parent	**1,202**	**1,202**	**100.0%**
(Profit margin)	(3.3%)	(3.3%)	

* Scenarios excluding derivative valuation gains or losses have not been audited.

Consolidated Balance Sheet

(Millions of yen)	FYE 06/2024 Full-year	FYE 06/2025 Full-year	Change	Main factors behind change
Current assets	36,022	**41,986**	5,964	Increase in cash and deposits due to the conversion of the Miyako silent partnership(*1) into a consolidated subsidiary. In relation to EPC in the Engineering Segment, increase in advance payments to suppliers.
Non-current assets	83,106	**109,276**	26,170	Increase in machinery, equipment, and vehicles, as well as in contract-based intangible assets due to the conversion of the Miyako silent partnership into a consolidated subsidiary, and an increase in construction in progress, including for the Saga Imari Biomass Power Plant.
Total assets	119,128	**151,262**	32,134	
Current liabilities	23,249	**29,996**	6,747	Increase in long-term borrowings scheduled to be paid within one year(*2) due to the conversion of the Miyako silent partnership into a consolidated subsidiary and construction of Saga Imari Biomass Power Plant, and increase in accounts payable for construction contracts as well as contract liabilities related to EPC in the Engineering Segment.
Non-current liabilities	54,082	**78,411**	24,329	Increase in long-term borrowings due to the conversion of the Miyako silent partnership into a consolidated subsidiary(*2).
Total liabilities	77,332	**108,408**	31,076	
Shareholders' equity	41,083	**40,146**	(937)	Payment of dividends.
Accumulated other comprehensive income	429	**2,410**	1,981	Increase in deferred gains (losses) on hedges related to long-term forward exchange contracts through consolidated subsidiaries.
Non-controlling interests	283	**296**	13	
Total net assets	41,796	**42,853**	1,057	
Total liabilities and net assets	119,128	**151,262**	32,134	

*1 A silent partnership operated by Fukuoka-Miyako Solar Power LLC. *2 The increase is mainly due to the consolidation of the Miyako silent partnership's current and non-current liabilities related to its conversion into a consolidated subsidiary; not due to new borrowings during the fiscal year ended June 30, 2025.

Consolidated Statements of Cash Flows

(Millions of yen)	FYE 06/2024 Full-year results	FYE 06/2025 Full-year results	Increase/ decrease	Main contents of cash flow
Cash flows from operating activities	**(42)**	**7,806**	7,848	Increase in revenue due to sales from EPC in the Engineering Segment and renewable energy power generation projects.
Cash flows from investing activities	**(15,490)**	**(9,165)**	6,325	Purchase of property, plant, and equipment.
Cash flows from financing activities	**18,436**	**3,794**	(14,641)	Proceeds from long-term borrowings, repayments of long-term borrowings.
Effect of exchange rate changes on cash and cash equivalents	**167**	**(103)**	(270)	
Cash and cash equivalents at beginning of period	**11,026**	**14,098**	3,071	
Cash and cash equivalents at end of period	**14,098**	**16,431**	2,333	

Recording of Non-operating Income/Losses and Extraordinary Income/Losses (1)

Recording of loss on valuation of derivatives (non-operating expense) and income tax (gain) adjustment

- In the fiscal year ended June 30, 2025, a loss on the valuation of derivatives of 1,828 million yen was recorded as a non-operating expense.
- The situation arose from the fair market valuation of a forward exchange contract entered by our consolidated subsidiary, Imari Green Power Co., Ltd., to hedge against currency fluctuation risks associated with procuring PKS fuel, in addition to partial execution of the said forward exchange contract. This fuel is intended for use at its major biomass power plant (Location: Imari City, Saga Prefecture; Generating capacity: 46.0 MW).

  *Hedge accounting is applied to long-term forward exchange contracts from the six months ended December 31, 2024. Derivative receivables incurred prior to the application of hedge accounting are recorded in non-operating income/loss according to the execution of forward exchange contracts.
- Adjustment (gain) to corporate taxes, etc., of 831 million yen mainly due to the reversal of deferred tax liabilities accompanying the recording of the above-mentioned valuation loss on derivatives.

Recording of Non-operating Income/Losses and Extraordinary Income/Losses (2)

Recording of silent partnership investment income (non-operating income), gains on bargain purchases (extraordinary income), and loss on step acquisition (extraordinary loss) due to the conversion of a silent partnership operated by Fukuoka-Miyako Solar Power LLC into a consolidated subsidiary

- In the fiscal year ended June 30, 2025, 328 million yen in silent partnership investment income was recorded as non-operating income, 471 million yen in gains on bargain purchases were recorded as extraordinary income, and 292 million yen in losses on step acquisitions were recorded as extraordinary losses.

- On August 1, 2024, TESS Engineering Co., Ltd., a wholly-owned subsidiary of TESS Holdings Co., Ltd., acquired all of the equity interests in a silent partnership operated by Fukuoka-Miyako Solar Power LLC, a limited liability company engaged in the solar power generation business (location: Miyako-machi, Miyako-gun, Fukuoka Prefecture; power generation capacity: approx. 67.0 MW), and the silent partnership was made a consolidated subsidiary of the company.

Recording of gain on sales of investment securities (extraordinary income)

- Recorded a 513 million yen gain on sales of investment securities as extraordinary income for the fiscal year ended June 30, 2025.
- This resulted from the sale of one unlisted security held by our consolidated subsidiary, TESS Engineering Co., Ltd.

Recording of Non-operating Income/Losses and Extraordinary Income/Losses (3)

Recording of Share of Loss of Entities Accounted for Using Equity Method (Non-operating Expense)

- In the fiscal year ended June 30, 2025, 532 million yen in share of loss of entities accounted for using equity method was recorded as non-operating expense.
- This was recorded based on financial reports of TOLLCUX INVESTMENTS LIMITED (“TOLLCUX”), the Company’s equity-method affiliate.
- TOLLCUX is an investing company in the grid power storage plant business in the Southeast of the UK. With anticipation for the expansion of the grid power storage plant market in Japan, the Group made an equity-method investment in TOLLCUX starting from December 2021, with the aim of early acquisition of know-how in grid power storage plant operations.
- The Group is currently applying the insights gained from this investment participation to promote the development of grid power storage plants in Japan.
- The share of loss of entities accounted for using equity method incurred this time is attributable to factors such as construction delays and increased business costs following changes in grid connection specifications by transmission and distribution operators in the UK, and the Company believes these circumstances differ from the grid connection situation in Japan.
- There are no changes to the development targets for grid power storage plants, which is one of the focus business areas in the Group’s mid-term management plan.

2. Financial Results by Segment, Etc.

Business Overview

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 format 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

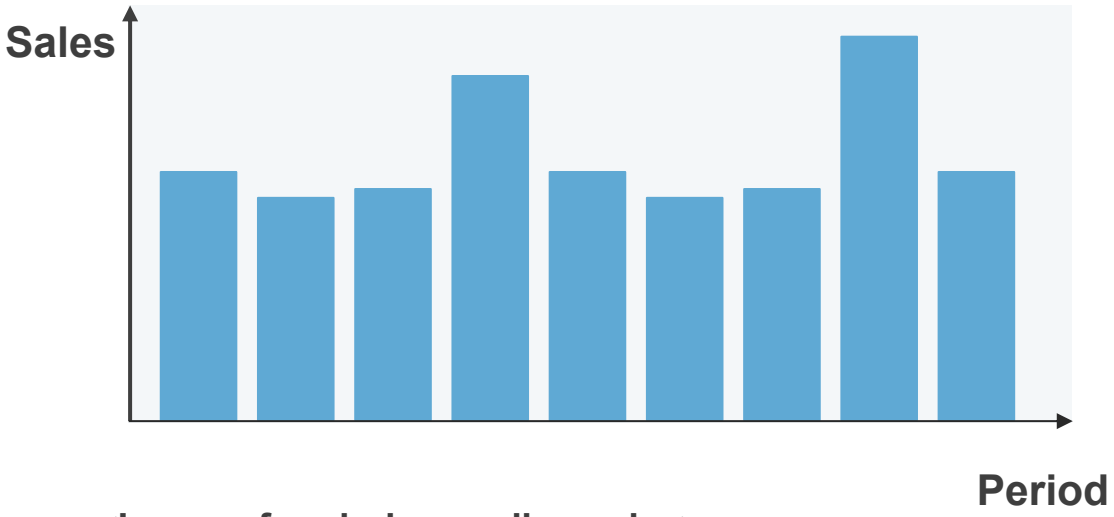
Biomass fuel supply

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.**



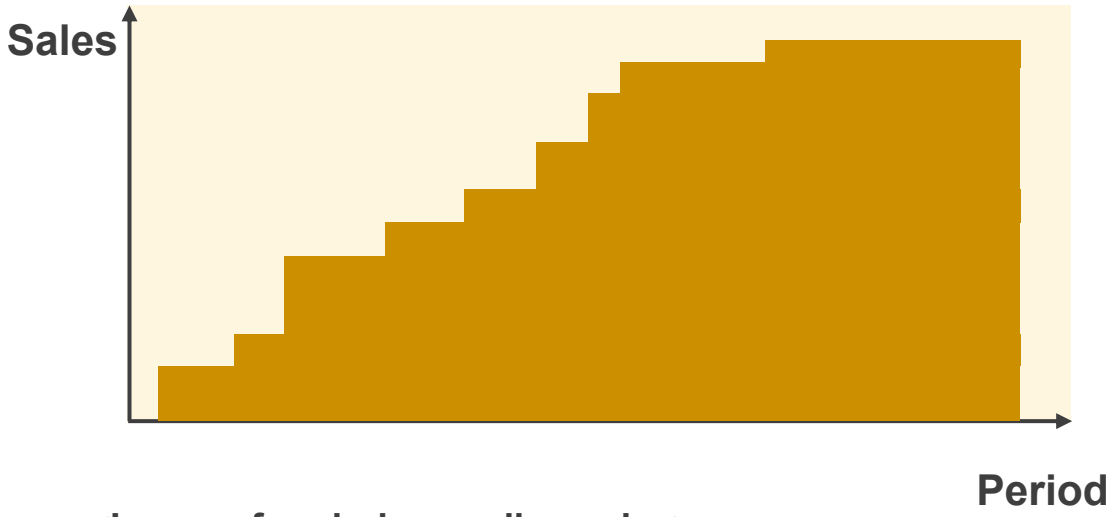
<Image of period recording sales>

- 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 steady streams of income.
Stable revenue by accumulating income streams one by one.**



<Image of period recording sales>

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

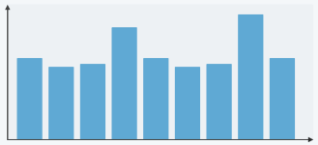
Business Model

- **Circular business model linking flow-type and stock-type business.**
- **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)

Acquire and strengthen the customer base

Engineering Segment

Flow-type



Build and strengthen a stable revenue base

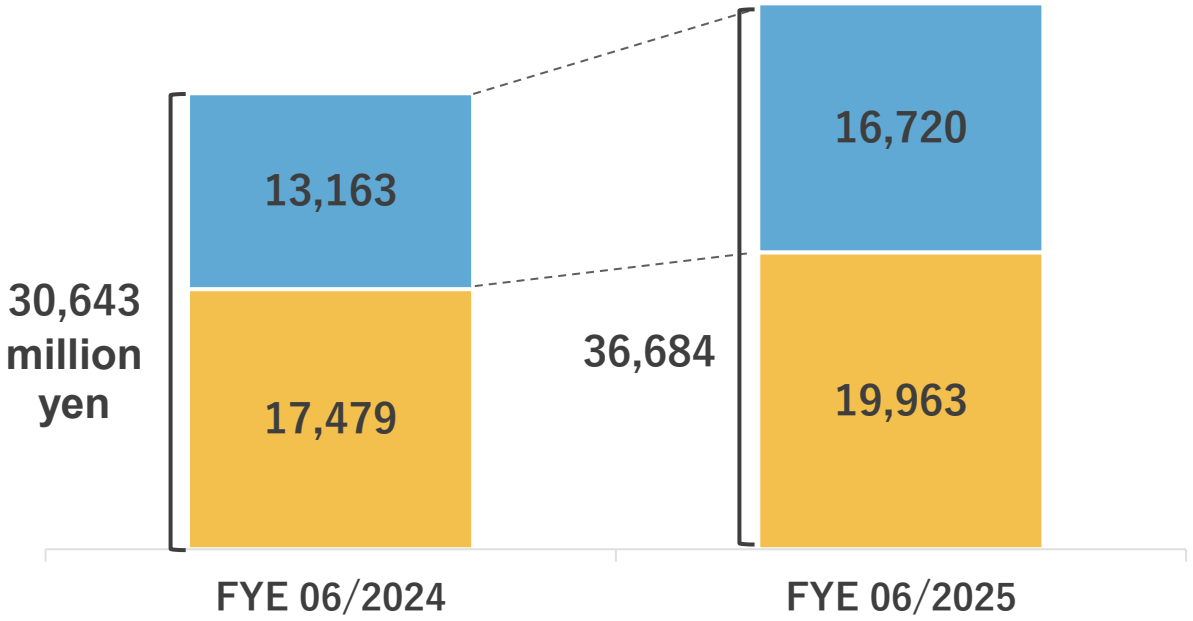
Energy Supply Segment

Stock-type

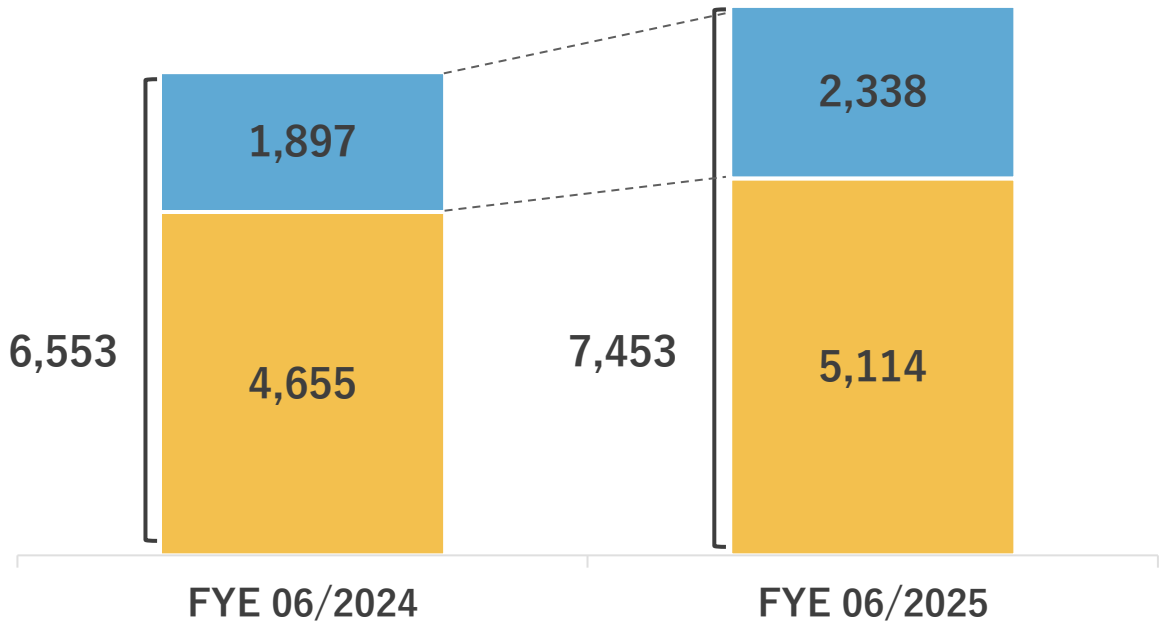
Breakdown of Net Sales and Gross Profit by Segment (Year-on-year)

▶ **Net sales and gross profit for the fiscal year ended June 30, 2025 show year-on-year increases in both revenue and profit.**

Consolidated net sales



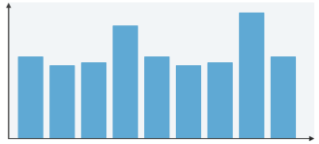
Consolidated gross profit



Engineering Segment　Energy Supply Segment

* Figures are after inter-segment elimination.

Flow-type

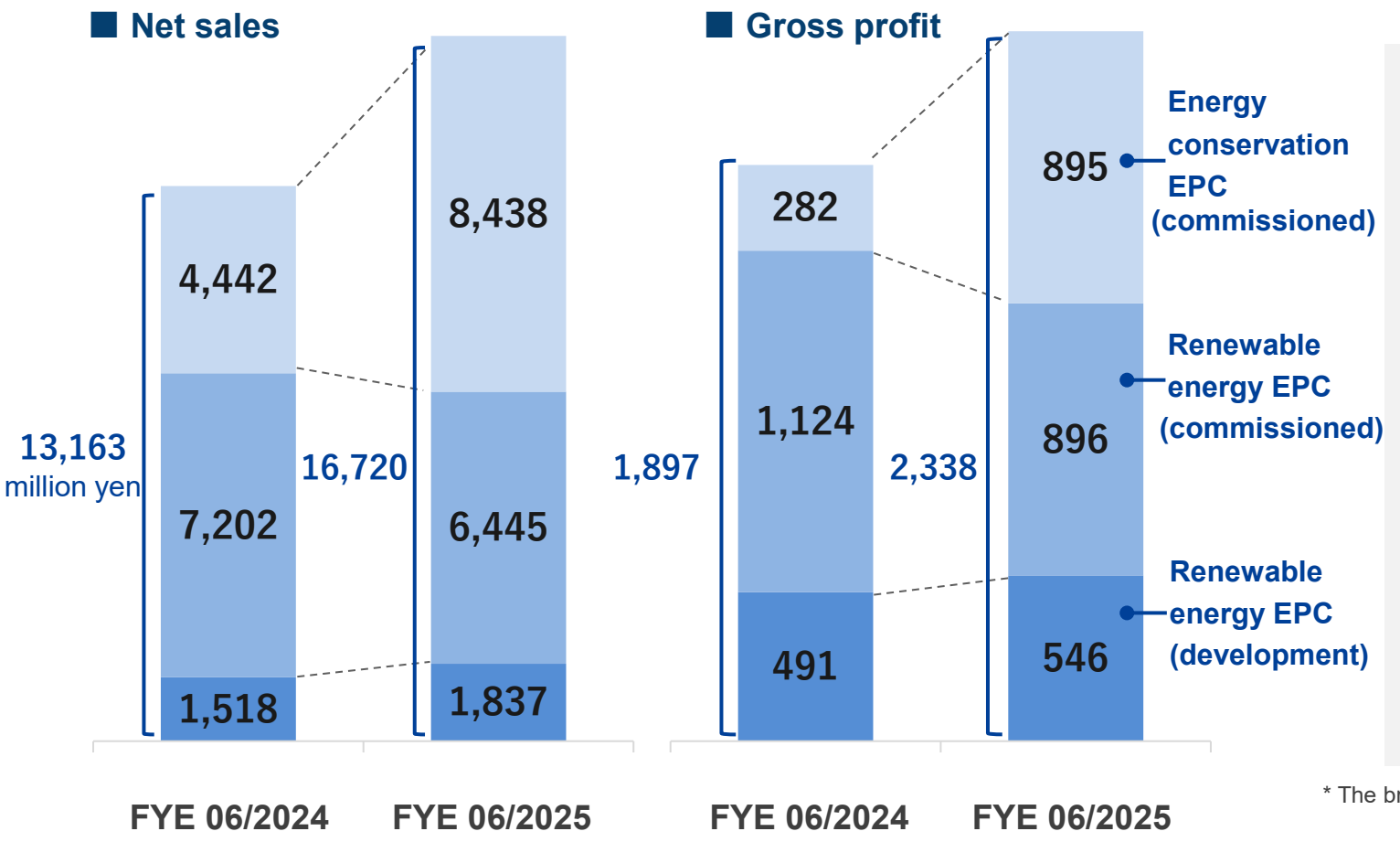


Engineering Segment

Breakdown of Net Sales and Gross Profit by Subsegment (Year-on-year)

Engineering Segment

- Engineering Segment increased both net sales and gross profit year-on-year.
- The main reasons for this were strong performance in energy conservation EPC (commissioned) and renewable energy EPC (development).



Engineering Segment Highlights

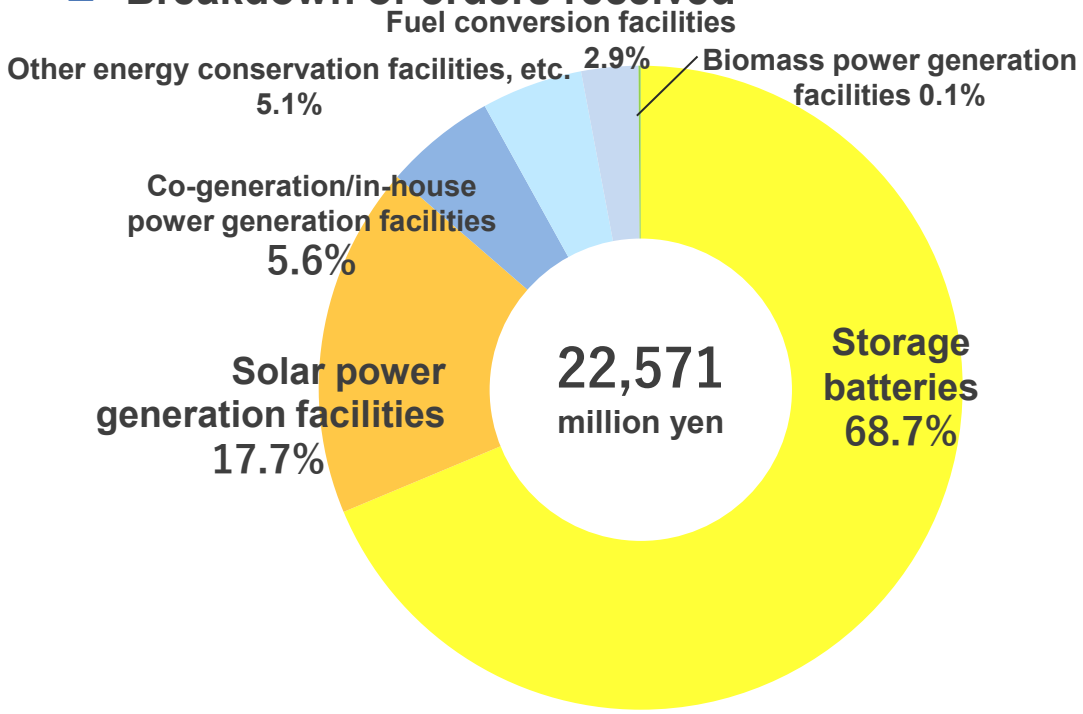
- Energy conservation EPC (commissioned) saw increased revenue and profits year-on-year due to an expansion in the scale of individual projects of co-generation etc. and steady progress of EPC.
- Renewable energy EPC (commissioned) saw decreased revenue and profits year-on-year due to a decrease in the number of rooftop solar construction projects for logistics warehouses and factories, although sales from some storage battery projects started to be recorded.
- For renewable energy EPC (development), revenue and profit were recorded during the fiscal year ended June 30, 2025, as in the previous fiscal year, for EPC of a solar power plant (generating capacity of approx. 8.0 MW, utilizing the FIT system) that had been under development in Kagoshima Prefecture, resulting in year-on-year growth in both revenue and profit.

* The breakdown of net sales and gross profit by reportable segment has not been audited.
* Figures are after inter-segment elimination.

Orders Received and Order Backlog

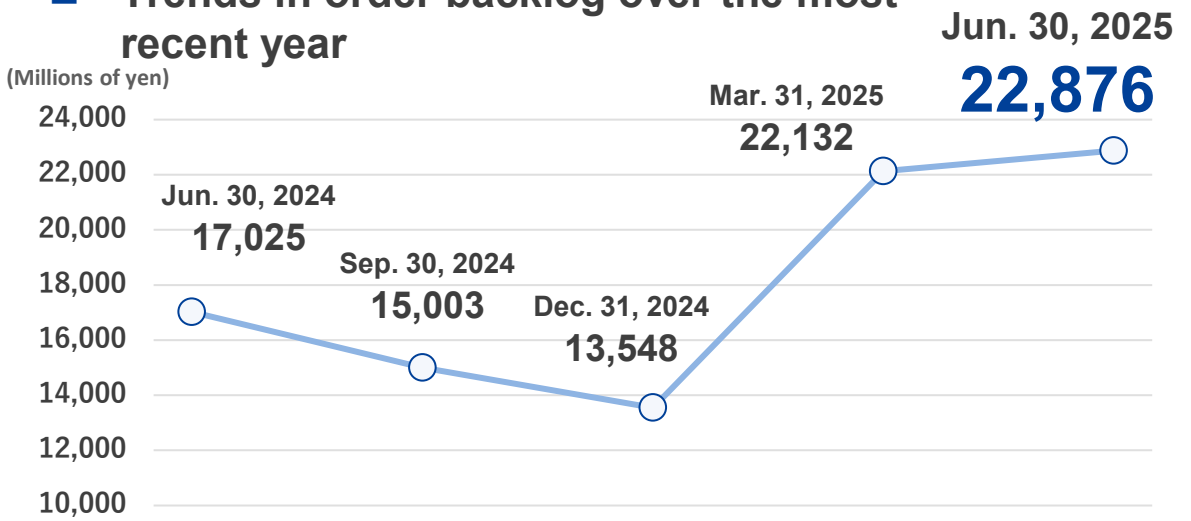
- Orders received totaled 22,571 million yen (106.9% year-on-year). Mainly driven by commissioned and development EPC projects for FIP conversion of FIT solar power plants + storage battery co-location, as well as for power storage plants for the grid.
- Order backlog was 22,876 million yen (134.4% year-on-year).
  Approximately 70% of order backlog was for storage batteries thanks to large orders received after Q3.

Breakdown of orders received



FYE 06/2025
Full-year

Trends in order backlog over the most recent year



Breakdown of order backlog (major factors) (As of Jun. 30, 2025)	Storage batteries	67.3%
	Co-generation/in-house power generation facilities	12.7%
	Biomass power generation facilities	12.6%
	Solar power generation facilities	5.7%
	Fuel conversion facilities	1.6%
	Other energy conservation facilities	0.2%

Overview of the Large Orders Secured for Storage Battery EPC

Engineering Segment

▶ Large orders received for storage battery EPC total approximately 14.7 billion yen (as of Aug. 14, 2025)

TX2030 Mid-Term Management Plan Focus Business Areas: Power Storage Business-Related Operations			
	 Power storage plants for the grid		 FIP conversion of FIT solar power plants + storage battery co-location
Ordering Party	Shizuoka Kikugawa Power Storage Plant LLC*1	DEI Battery Fund Alpha LLC (Invested by Daiwa Energy & Infrastructure Co. Ltd.)	Japanese domestic operating companies *2 (Listed on the Tokyo Stock Exchange Prime Market)
Order Type	Development	Commissioned	Commissioned
Order Month	March 2025	April 2025	March 2025
Order Amount	Approx. 5 billion yen	Approx. 4 billion yen	Approx. 5.7 billion yen
Delivery Date (Est.)	March 2027	December 2027	January 2026

*1 In the future, Shizuoka Kikugawa Power Storage Plant LLC, which is the ordering party, may become a consolidated subsidiary of our company. In such a case, the order amount will not be included in consolidated revenue.

*2 Of the five EPC projects for power storage plants co-located with FIP solar power plants operated by Japanese domestic companies, four of the EPC projects will be ordered by Japanese domestic leasing companies through lease contracts between Japanese domestic companies as lessees and the Japanese domestic leasing companies.

Pipelines of Storage Battery EPC

Engineering Segment

▶ Many pipelines of storage battery EPC (as of Jul. 31, 2025)

TX2030 Mid-Term Management Plan Focus Business Areas: Power Storage Business-Related Operations

	 Power storage plants for the grid	 FIP conversion of FIT solar power plants + storage battery co-location
	In-house development projects (Development EPC)	Customer inquiries (Commissioned EPC)	Customer inquiries (Commissioned EPC)
	Approx. **2,200MW**[*1]	**300projects** or more[*2]	**180projects** or more[*2]

*1 The connection capacity of projects that the Group proactively developed and has already received answer forms of connection review from general power transmission and distribution operators or projects that are under application for connection review. Therefore, the number of pipelines may change owing to the progress of future developments.

*2 Cumulative number of projects from July 2024.

Topics Related to Energy Conservation/Utility Facilities for Factories and Offices

Engineering Segment

- **The major EPC projects listed below were completed in FYE June 2025.**
  Providing EPC for energy conservation-related facilities, solar power generation systems, etc., for factories and other facilities of high energy consumption.

MIYAJI ENGINEERING CO., LTD.
Equipment Center

TOTAKU INDUSTRIES, INC.
Kansai Rinku Factory

Co-generation systems	4 projects (approx. 16.9 MW)
LNG satellite facilities and other fuel conversion equipment, utility equipment	3 projects
Energy management systems	1 project
Solar power generation systems	24 projects (approx.41.3 MW)

Facilities completed during FYE June 2025

Topics Related to Solar Power Generation Systems for Factories and Offices (Excluding Development EPC)

Engineering Segment | Energy Supply Segment

- **Solar power projects excluding development EPC in FYE June 2025 totaled to 46 (approx. 64.0 MW), of which 24 commissioned EPC (approx. 41.3 MW) and 22 on-site PPA suppliers (approx. 22.7 MW)**

Commissioned EPC (Engineering Segment)

KYUSEI Co., Ltd.
Ito Plant (No. 2 Distribution Center)

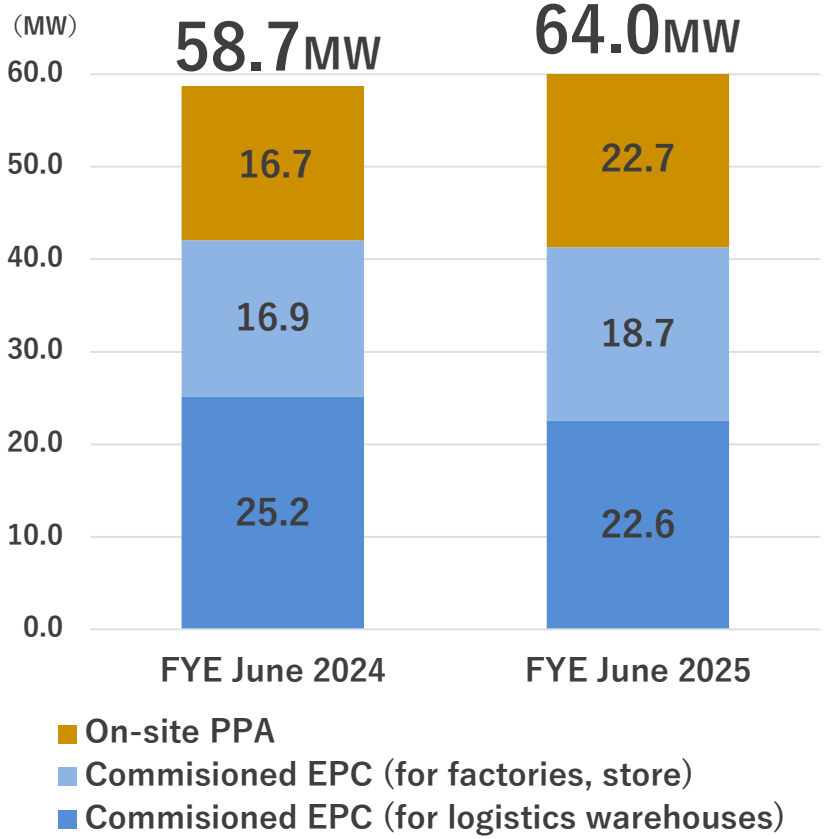
Kamigumi Co., Ltd.
Yatomi Logistic Center

On-site PPA (Energy Supply Segment)

Toyo Seikan Co., Ltd.,
Shizuoka Plant

Shiga TOLI Corporation

Breakdown of solar projects excluding development EPC (YoY)



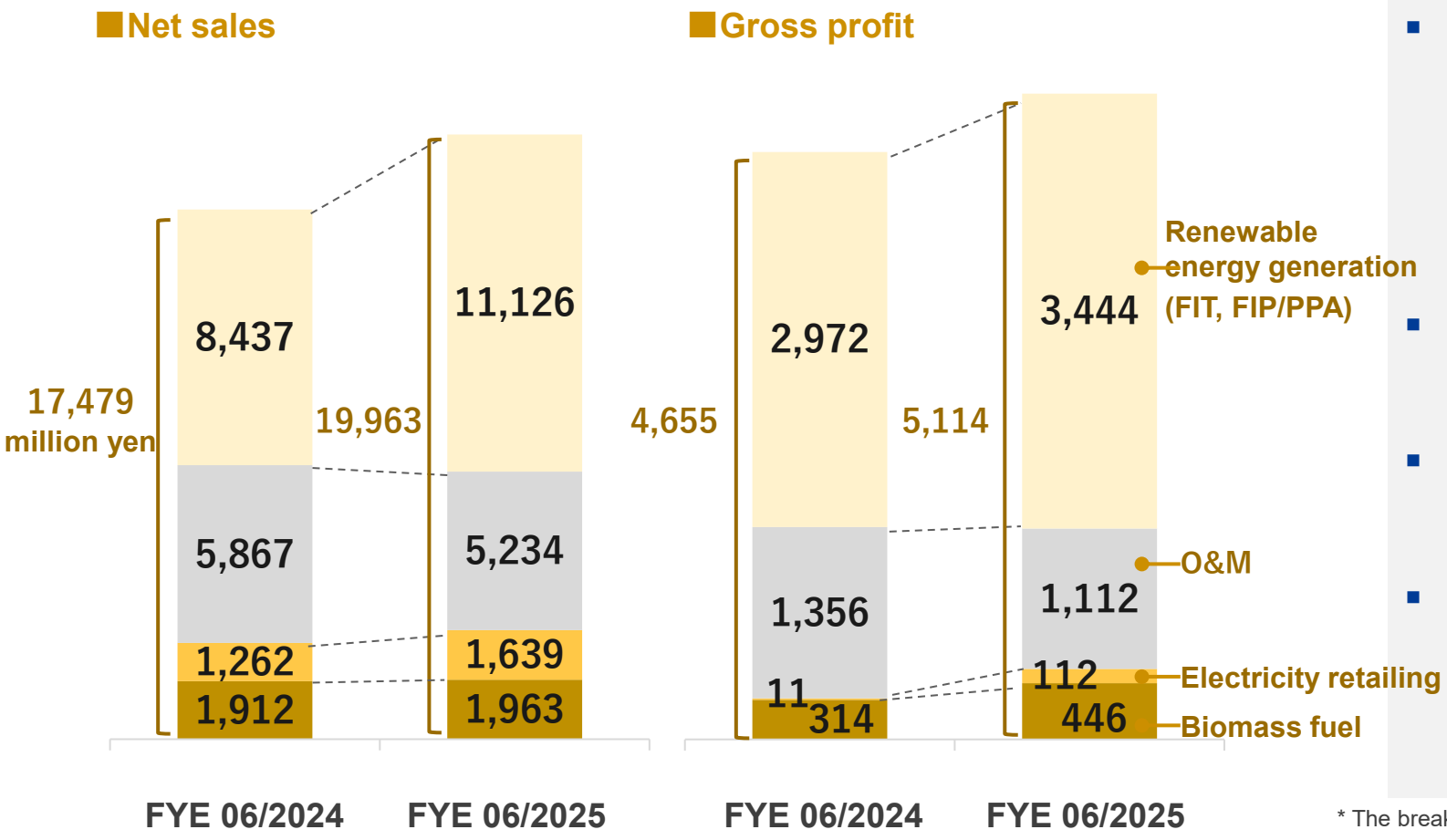
Stock-type

Energy Supply Segment

Breakdown of Net Sales and Gross Profit by Subsegment (Year-on-year)

Energy Supply Segment

- Both revenue and profit in the Energy Supply Segment climbed year-on-year.
- This results mainly from increased revenue and profits in renewable energy generation, electricity retailing, and biomass fuel.



Energy Supply Segment Highlights

- Revenue and profit from renewable energy power generation grew year-on-year because of an increased number of projects and expanded power generation capacity held by consolidated subsidiaries, mainly due to the conversion of Fukuoka-Miyako Mega Solar power plant (power generation capacity of approx. 67.0 MW) into a consolidated subsidiary, and an increase of on-site PPA. Additionally, contribution was made by electricity sales from trial operation in the Saga Imari Biomass Power Plant (power generation capacity of 46.0 MW).
- O&M saw a decrease in revenue and profit year-on-year due to a decrease in maintenance work arising from the expiration of large O&M contracts and the recording of a loss on the valuation of components in inventory.
- Electricity retailing saw an increase in revenue and profit year-on-year due to an expanded supply volume under market-linked offerings and an increase in electricity prices as well as a decrease in procurement costs.
- Biomass fuel saw an increase in revenue and profit year-on-year due to an increase in shipment volume and a decrease in PKS procurement costs. Profit was also recorded from internal transaction of fuel supply to the Group's Saga Imari Biomass Power Plant, which is included in the scope of consolidation, though sales were offset as part of consolidation process.

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

* Figures are after inter-segment elimination.

Topics Related to On-site PPA

- **In FYE June 2025, we started supplying a total of approximately 22.7 MW of electricity to 22 locations generated by renewable energy using solar power generation systems for in-house consumption employing an on-site PPA model.**

DMG MORI CO., LTD.
Iga Campus

Suminoe Development Special Purpose Company
Logicross Osaka Suminoe

Supplied to	Power generation capacity	Date of supply launch
Not disclosed	Approx. 2,736 kW	Jul. 2024
Miyazakiken Nokyo Kajyu Co., LTD., Head Office Factory	Approx. 501 kW	Aug. 2024
SOSiLA Logistics REIT, Inc., SOSiLA Kasukabe	Approx. 1,532 kW	Sep. 2024
Maniwa City, Okayama Prefecture Maniwa City Hokubo Elementary School and four other locations	Total approx. 345 kW	Sep. 2024
DMG MORI CO., LTD., Nara Campus, (Phase 2)	Approx. 2,613 kW	Nov. 2024
Not disclosed	Approx. 1,654 kW	Jan. 2025
DMG MORI CO., LTD., Iga Campus, (Phase 3)	Approx. 2,777 kW	Feb. 2025
Nippon Life Insurance Company, Nissay Logistics Center Tosu	Approx. 350 kW	Feb. 2025
Oita Prefecture Livestock Industry Corporation	Approx. 579 kW	Feb. 2025
Koatsu Gas Kogyo Co., Ltd. Koka Plant	Approx. 543 kW	Feb. 2025
TOPPAN Inc., Sakado Plant	Approx. 645 kW	Feb. 2025
Minami Nihon Rakuno Kyodo Co., Ltd., Miyakonojo Factory	Approx. 957 kW	Feb. 2025
ULVAC, Inc., Kyushu Plant	825 kW	Feb. 2025
Shiga TOLI Corporation	Approx. 1,271 kW	Mar. 2025
Toyo Seikan Co., Ltd., Shizuoka Plant	Approx. 1,558 kW	Mar. 2025
MANEKIYA GLASS Co., LTD., Iga Factory	Approx. 740 kW	Mar. 2025
THK RHYTHM CO., LTD. Hamamatsu Plant (Phase 2)	Approx. 399 kW	Apr. 2025
ARIAKEFARM Co., Ltd. Isahaya Bay Reclamation Branch	Approx. 365 kW	Apr. 2025
Not disclosed	Approx. 1,014 kW	Apr. 2025
Suminoe Development Special Purpose Company, Logicross Osaka Suminoe	Approx. 794 kW	May 2025
Zenkai Meat Co., Ltd.	Approx. 457 kW	May 2025

Topics Related to On-site PPA (July 2025 onwards)

Energy Supply Segment

- **A total supply of approximately 3.7 MW is being launched from July 2025 onwards. Supply launches for a total of approximately 28.0 MW are planned moving forward.**

TOYO TANSO CO., LTD.
adjacent area of Takuma Division
(Exterior image of power plant)

Supply initiation status	Supplied to	Power generation capacity	Scheduled date* of supply launch *Tentative schedule at the time of release
Initiated	Not disclosed	Approx. 715 kW	Jul. 2025
Initiated	Not disclosed	Approx. 2,985 kW	Aug. 2025
Scheduled	Iga City, Mie Prefecture Iga City Office, main office building	Approx. 308 kW	Aug. 2025
Scheduled	Kracie, Ltd., Kyoto Factory	Approx. 1,012 kW	Aug. 2025
Scheduled	KATO WORKS CO., LTD. GUNMA Plant	Approx. 2,269 kW	Feb. 2026
Scheduled	Toyo Mebius Co., Ltd. Takatsuki Distribution Center	Approx. 2,291 kW	Feb. 2026
Scheduled	TOYO TANSO CO., LTD. adjacent area of Takuma Division	Approx. 19,998 kW	Jun. 2027

* Other plans for upcoming supply launches: Supply launch for projects (approx. 2.2 MW).

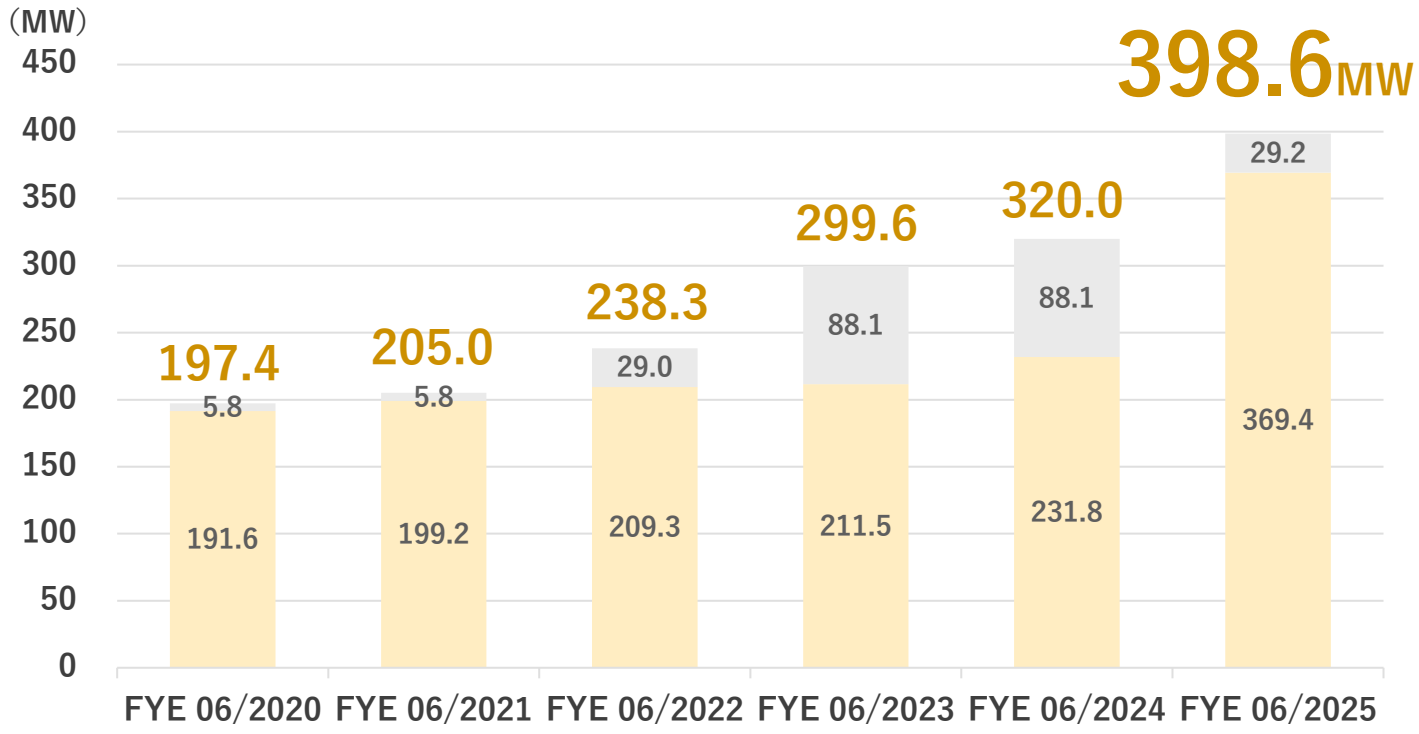
Trends in Generation Capacity for Renewable Energy Power Plants

Energy Supply Segment

- **We seek to obtain stable long-term income from FIT and FIP systems and on-site PPA models 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 power plants, and small-scale wind power plants.



Portion owned by consolidated subsidiaries

Portion owned by TESS Group investee companies

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

Topics for FYE June 2025

- **Increases in capacities owned by consolidated subsidiaries**
  On-site PPA: Approx. 22.7 MW (22 supply destinations)
  FIP system-utilizing solar power plants: Approx. 1.9 MW (1 project)
  Start of commercial operation of Saga Imari Biomass Power Plant: 46 MW
- **Increases in capacities owned by TESS Group investee companies**
  FIT system-utilizing solar power plants: Approx. 8.0 MW (1 project)
- **Since we acquired all the silent partnership investment equity interests in the Miyako silent partnership in August 2024, the approximately 67.0 MW of the solar power plants in the silent partnership were transferred from the portion held by the companies in which TESS Group has invested to the portion held by our consolidated subsidiary (there was no change in the total capacity of renewable energy power generation facilities).**

Solar — **127 projects, approx. 344.8 MW**
including 51 on-site PPA projects, approx. 57.8 MW

Biomass — **3 projects, approx. 53.8 MW**

* As of June 30, 2025.

Topics Related to Resource-recycling Biomass Fuel Business

Energy Supply Segment

- Construction is underway for plant that will serve as a manufacturing base of “EFB Pellets,” a biomass fuel made from crop residues at PT PTEC RESEARCH AND DEVELOPMENT, our consolidated subsidiary.
- Construction is progressing as planned as of the end of July 2025.

Construction site for EFB pellets manufacturing plant

North Sumatra Province, Indonesia Sei Mangkei Special Economic Zone

Construction status of EFB pellets manufacturing plant

Status of plant construction

Image of completed plant

- As of the end of July 2025, site development and construction of fences and stakes have been completed.

<Overview of plant>

Location	North Sumatra Province, Indonesia Sei Mangkei Special Economic Zone
Ground area	Approx. 11,000 ㎡
Annual production (planned)	Approx. 10,000 tons
Operational start date (planned)	June 2026

Topics on Sustainability

▶ Further promote efforts on developing human resources and creating a comfortable working environment.

Develop human resources and create a comfortable working environment

Conducting level-based training

- We conduct level-based trainings as part of initiatives to strengthen internal education of TESS Group.
- We aim to raise abilities and solve individual challenges through structured trainings aligned with job levels and positions.

Scene from level-based training

Launching internal transfer request system Scheduling introduction of career-related questionnaire

- In June 2025, we introduced a system that allows employees to submit their requests for internal transfer, aiming to support continued employment regardless of changes in employees' life stages by creating a work environment that enables career and skill development and new challenges.
- We also plan to introduce a career-related questionnaire with the same purpose.

Hold endowed lectures at Meiji Business School

Holding a total of 14 lectures on the theme of "ESG investment and ESG management"

Scene from an endowed lecture

- We held endowed lectures on the theme of "ESG investment and ESG management" during the spring semester at Meiji Business School (started from Apr. 2025) .
- We aim to disseminate TESS Group's ESG activities externally and contribute to society.
- Yamamoto (right in photo), our representative director and president, and Yoshida (left in photo), a director in charge of ESG, are delivering lectures as guest professors .

3. Forecast of Consolidated Financial Results

Fiscal Year Ending June 30, 2026 *

* Announced August 14, 2025

Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2026 (Announced August 14, 2025)）

▶ The consolidated forecast for FYE June 2026 is as follows.

(Millions of yen)

	FYE June 2025 Full-year result	FYE June 2026 Full-year forecast announced August 14, 2025*	Change YoY result
Net sales	**36,684**	**47,000**	**+28.1%**
Gross profit (Profit margin)	**7,453** (20.3%)	**9,000** (19.1%)	**+20.7%**
Operating profit (Profit margin)	**2,548** (6.9%)	**3,600** (7.7%)	**+41.3%**
Ordinary profit (loss) (Profit margin)	**(641)** (-1.7%)	**1,800** (3.8%)	**—**
Profit attributable to owners of parent (Profit margin)	**204** (0.6%)	**1,200** (2.6%)	**+485.8%**

- Ordinary profit in full-year forecast for FYE June 2026 includes non-operating expenses (loss on valuation of derivatives) associated with derivative receivables related to long-term forward exchange contracts incurred prior to the application of hedge accounting, which is expected to be recorded according to the execution of the foreign exchange forward contracts.

Key Points of the Consolidated Financial Results Forecast for the Fiscal Year Ending June 2026

Commissioned EPC (energy conservation and re-energy)	• **Both energy conservation and renewable energy are expected to grow steadily due to customer companies' needs for energy decarbonization efforts.** • **Storage battery, including order-received projects, is also expected to progress smoothly.**
Development EPC (Renewable Energy)	• **Expect a portion of sales from EPC of the power storage plant for the grid operated by Shizuoka Kikugawa Power Storage Plant LLC.** • **Although development projects for business sites related to renewable energy power generation in Kyoto Prefecture progress steadily, they are not included in the forecast for the fiscal year ending June 2026, as it is expected to take time to acquire the rights, etc.**
Renewable energy generation	• **Renewable energy generation is expected to generate electricity sales revenues from approximately 369.4 MW of installed power plants (FIT, FIP, and PPA), excluding equity-method affiliates.** (New on-site PPA and others that will start operation during the fiscal year ending June 2026 are not included in the forecast)
O&M	• **Expect to generate sales from irregular maintenance work in addition to regular maintenance work and 24 hour remote monitoring services under regular contracts with client companies.**
Retail electricity supply	• **In addition to the conventional electricity supply menu, sales are expected to come from an increase in the supply of a market-inked menu, in which electricity prices for customers are linked to the Japan Electric Power Exchange (JEPX) spot price.**
Biomass fuel	• **Expect sales growth of PKS fuel to the Group's Saga Imari Biomass Power Plant, which is included in the scope of consolidation** (only profit is expected to be recorded because the said sales will be offset as internal transaction as part of consolidation process). • **R&D expenses related to technological development of EFB pellet production are expected to be included in general and administrative expenses.**
Other	• **Sales, general and administrative expenses are expected to increase due to higher personnel cost, travel and transportation expenses, along with education and training expenses for human resource development associated with the increase in headcount for the purpose of business expansion.**

Operating Results by Segment

(Millions of yen)	Result FYE June 2023	Result FYE June 2024	Result FYE June 2025	Forecast FYE June 2026
Net sales	**34,415**	**30,643**	**36,684**	**47,000**
Engineering Segment	10,422	13,163	16,720	19,700
Commissioned EPC (energy conservation)	2,711	4,442	8,438	4,200
Commissioned EPC (renewable energy))	5,018	7,202	6,445	15,000
Development EPC (renewable energy)	2,692	1,518	1,837	500
Energy Supply Segment	23,992	17,479	19,963	27,300
Renewable energy power generation	14,060	8,437	11,126	19,000
O&M	5,229	5,867	5,234	4,900
Electricity retailing	3,209	1,262	1,639	3,400
Biomass fuel	1,493	1,912	1,963	0
Gross profit	**10,611**	**6,553**	**7,453**	**9,000**
Engineering Segment	1,780	1,897	2,338	3,300
Commissioned EPC (energy conservation)	307	282	895	950
Commissioned EPC (renewable energy)	704	1,124	896	2,400
Development EPC (renewable energy)	768	491	546	(50)
Energy Supply Segment	8,830	4,655	5,114	5,700
Renewable energy power generation	6,664	2,972	3,444	4,300
O&M	1,169	1,356	1,112	500
Electricity retailing	541	11	112	150
Biomass fuel	455	314	446	750
Operating profit	**6,864**	**2,370**	**2,548**	**3,600**
Engineering Segment	728	808	880	1,700
Energy Supply Segment	7,292	2,966	3,347	3,800
Elimination or company-wide	(1,156)	(1,404)	(1,679)	(1,900)

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

* Figures are after inter-segment elimination.

Year-end Dividend Forecast for FYE June 2026

▶ **Based on basic policy on dividends, we plan for a year-end dividend of 5.80 yen per share for FYE June 2026.**

Basic Policy on Dividends

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.

	FYE June 2026 (Forecast)
Dividend per share	5.80 yen
Profit attributable to owners of parent excluding the impact of the loss on valuation of derivatives (forecast)	1,363 million yen
Profit per share excluding the impact of the loss on valuation of derivatives (forecast)	19.33 yen
Dividend payout ratio (consolidated)	30.0%
Average number of shares during the period	70 million shares

4 . TX2030 TESS Transformation 2030 / The Progress of TESS Group Mid-term Management Plan (2025-2030)

Overall Picture of Mid-term Management Plan "TX2030"

We disclosed the supplementary material of the Mid-Term Management Plan on Aug. 14, 2025, please also refer to the IR Information on our website: https://www.tess-hd.co.jp/english/ir/.

Basic Policy

- Focus growth investments and management resources on key business areas while sustaining existing operations as the earnings base.
- Achieve high profitability and increase ROE and ROIC through business transformation.

Key Business Areas

[Existing business]

Energy-conservation and renewable energy solutions businesses (solar power, CGS, etc.)

Power storage system-related business

- Development of power storage plants for the grid
- FIP conversion of FIT solar power plants + storage battery co-location

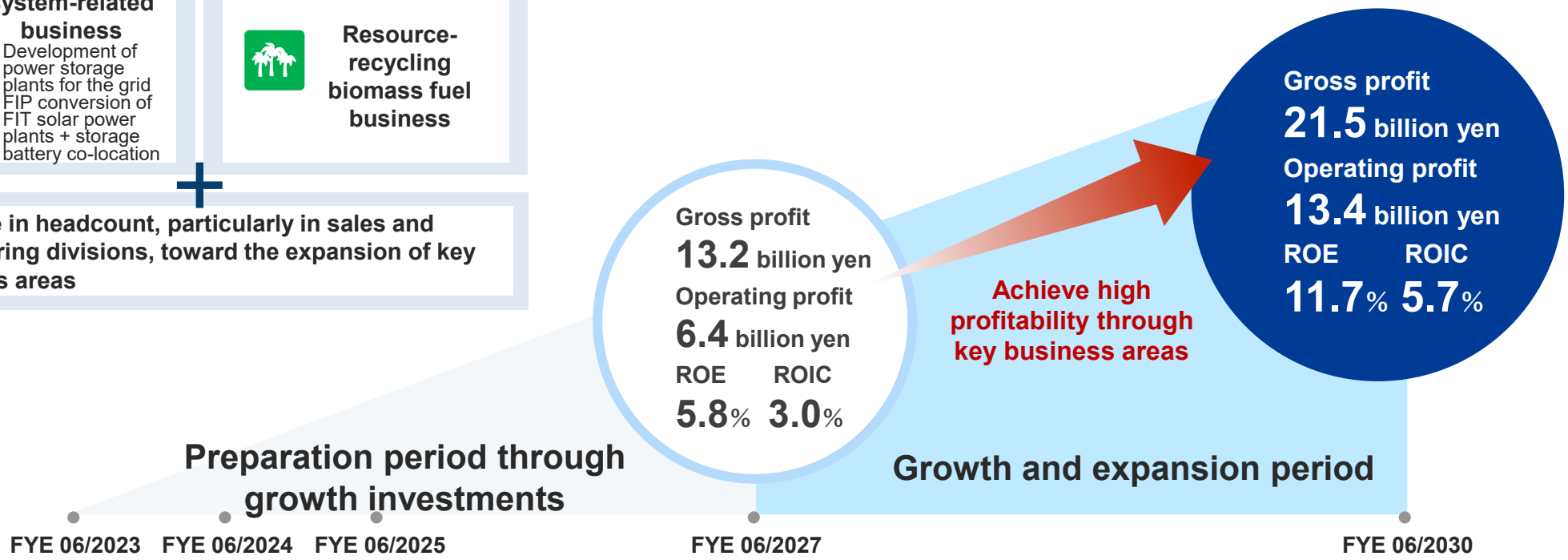
Resource-recycling biomass fuel business

Manage-ment Resources

Increase in headcount, particularly in sales and engineering divisions, toward the expansion of key business areas

Efforts to Enhance Corporate Value

ROE/ROIC oriented management	• Strive to achieve high profitability by transforming the business structure through growth investment. • Establish a business structure that enables ROIC to exceed WACC (Weighted Average Cost of Capital) on an ongoing basis.
Growth Investment and Shareholder Returns	• Achieve profit growth through continuous growth investments. • Continue to return profits to shareholders with a target consolidated dividend payout ratio of 30% in order to strike a balance between a highly profitable business and financial soundness. • Endeavor to increase shareholder returns through earnings growth.
Promotion of ESG Management	• E (Environment) : Realization of Total Energy Savings & Solutions • S (Society) : Developing human resources and social infrastructure to support business growth • G (Governance) : Fair and transparent management



Progress of KPIs

Key Metrics

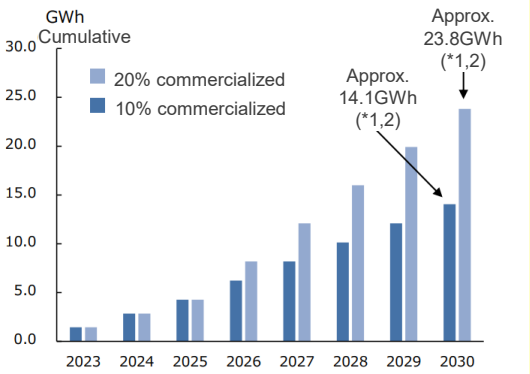
Period	Gross profit	Operating profit	ROE	ROIC	In-house FIP rollover Renewable energy cap.	Cumulative installed cap. (Power storage plants for the grid) * To outside the consolidated group	Cumulative installed cap. (Power storage plants other than for the grid) * To outside the consolidated group	Biomass fuel supply	Renewable energy generation cap. *Portion owned by consolidated subsidiaries
FYE 06/2030 Forecast	21.5 bn yen	13.4 bn yen	11.7%	5.7%	113 MW	700 MW	150 MW	500,000 tons/year	470 MW
FYE 06/2027 Forecast	13.2 bn yen	6.4 bn yen	5.8%	3.0%	75 MW	100 MW	120 MW	350,000 tons/year	380 MW
FYE 06/2025 Actual	**7.4 bn yen**	**2.5 bn yen**	**0.5%**	**1.4%**	**8.3 MW (Construction started)** ---------- **0 MW (Actual result)**	**63.3 MW (Order received)** ---------- **0 MW (Actual result)**	**33.1 MW (Order received)** ---------- **0 MW (Actual result)**	**127,000 tons/year**	**369.4 MW**

- **The power storage system-related business, as one of our key business areas, has progressed steadily. Building up of the renewable energy generation capacity has also made sound progress toward the FYE 06/2027 forecast.**
- **ROE and ROIC of FYE 06/2025 resulted in the level lower than the Mid-term Management Plan due to profit decrease, etc.**
  To achieve the FYE 06/2027 forecast, we aim to increase profit, including operating profit, by focusing on key business areas.

Progress of Key Business Areas

Power storage system-related business

Prospects for introduction of grid storage batteries



Market

The amount of grid storage batteries installed is expected to expand rapidly. *

Development of power storage plants for the grid

Achievements

- Secured two large orders for EPC (approx. 9.0 bn yen).
- Signed Memorandum of understanding on collaboration with Daiwa Energy & Infrastructure Co. Ltd. to commercialize grid storage battery projects (2 GWh in Japan).

Shizuoka Kikugawa Power Storage Plant
(Image of completed plant)
Construction began in Apr. 2025

*Actual results for FYE 06/2025

Strengths

- Know-how and system for development of renewable energy power plants (extensive development achievements in the high-voltage and extra-high-voltage fields).
- Capability of one stop service (from site development to EPC, maintenance, and management).
- Accumulation of expertise gained through precedent projects including the power storage project for the grid in the UK and Shizuoka Kikugawa Power Storage Plant.
- High price competitiveness through cooperative frameworks with several battery manufacturers.

Pipelines

In-house development projects (Development EPC)
Approx. 2,200MW

Customer inquiries (Commissioned EPC)
300 projects or more
*As of July 31, 2025

Policy for 2026

Focus on converting pipelines into projects for business expansion with utilizing expertise in development, which is the strengths of TESS Group.

FIP conversion of FIT solar power plants + storage battery co-location

Achievements

- Secured one large order for EPC (approx. 5.7 bn yen).
- Started construction of FIP conversion of in-house FIT solar power plants (approx. 8.3 MW) + storage battery co-location.
- Started collaboration with E-Flow LLC. in aggregation service for FIP conversion of in-house FIT solar power plans + storage battery co-location.

*Actual results for FYE 06/2025

Pipelines

Customer inquiries (Commissioned EPC)
180 projects or more
*As of July 31, 2025

Policy for 2026

Convert pipelines for external clients into projects and expand initiatives for internal pipelines in the Kyushu area with utilizing know-how in power storage plants for the grid and in-house FIP conversion.

Resource-recycling biomass fuel business

Supply record

PKS fuel supply
127,000 tons
*Actual results for FYE 06/2025

Policy for 2026

<PKS fuel supply>
Enhance procurement capability for stable supply to the Saga Imari Biomass Power plant.

<EFB pellets>
Focus on construction of a small-scale plant in Indonesia.

Energy-conservation and renewable energy solutions businesses (solar power, CGS, etc.)

Construction record

CGS
4 projects
Approx. 16.9MW

Solar power
46 projects
Approx. 64.0MW

*Actual results for FYE 06/2025

Policy for 2026

Continue our strategy of focusing on high-margin projects against the backdrop of robust needs for decarbonization from client companies.

* Source: Cabinet Secretariat, JAPAN website "Hosting an expert working group to realize GX," "Investment strategies by sector ③ (power storage batteries/automobiles, SAF /aircraft, ships, Resource recycling) " (November 8, 2023) https://www.cas.go.jp/jp/seisaku/gx_jikkou_kaigi/senmonka_wg/dai3/siryou.pdf

Promotion of ESG Management

▶ **Each KPI is progressing favorably, while we are focusing on recruitment and human resource development.**

■E (Environment)

Item	FYE 06/2024 Results	FYE 06/2025 Results	Medium-term targets (FYE 06/2030)
Transmission of electricity from own renewable energy power plants	246,000 MWh	423,000 MWh	749,000 MWh
Contribution to CO_2 emission reduction	105,000 tons	178,000 tons	321,000 tons

Item	FYE 06/2024 Results*2	FYE 06/2025 Results*3	FYE 06/2025 Targets
TESS Group CO_2 emissions*1	0 tons	1,039 tons	0 tons

*1 Total of Scope 1 and Scope 2.

*2 Before offsetting with J-credits: 1,267 t-CO_2e.

*3 Expect to become virtually 0 t-CO_2e due to planned offset with J-credits.

*4 Total of the TESS Group.

*5 Total as of the end of July.

*6 The average annual expenditure on OFF-JT per capita was 15,000 yen (Results of fiscal 2023) , according to “Fiscal 2024 Basic Survey of Human Resources Development” (The Ministry of Health, Labour and Welfare) .

■S (Society)

Item*4	FYE 06/2024 Results	FYE 06/2025 Results	Medium-term targets (FYE 06/2030)
Ratio of female employees	21.5%	23.2%	30% or more
Ratio of female managers*5	3.0%	3.3%	10% or more
Acquisition rate of paid holidays	66.3%	68.9%	80% or more
Percentage of male employees taking parental leave	12.5%	42.9%	100%
Employment ratio of persons with disabilities	3.0%	2.2%	3.1% or more
Number of chief and assistant manager classes*5	111ppl	138ppl	Approx. 200ppl
Per capita investment in education (full-time employees)*6	¥69,000	¥54,000	¥80,000 or more
Number of serious industrial accidents	0	0	0
Number of serious legal violations	0	0	0

■Number of employees (consolidated basis) 405 (as of June 30, 2024) ▶ 471 (as of June 30,2025) +66

5 . Appendix

Consolidated Statement of Income (Five Fiscal Years)

(Millions of yen)	FYE 06/2021 Full-year Result	FYE 06/2022 Full-year result	FYE 06/2023 Full-year result	FYE 06/2024 Full-year result	FYE 06/2025 Full-year result
Net sales	34,249	34,945	34,415	30,643	36,684
Cost of sales	26,707	26,489	23,803	24,089	29,230
Gross profit	7,542	8,455	10,611	6,553	7,453
Selling, general, and administrative expenses	3,143	3,309	3,746	4,183	4,905
Operating profit	4,399	5,146	6,864	2,370	2,548
Non-operating income	858	718	810	6,496	1,086
Non-operating expenses	1,420	1,210	2,157	1,205	4,276
Ordinary profit (loss)	3,836	4,654	5,518	7,660	(641)
Extraordinary income	-	-	-	-	985
Extraordinary losses	408	343	166	3,939	292
Profit before income taxes	3,428	4,310	5,351	3,721	51
Profit	2,058	2,759	3,794	1,326	317
Profit attributable to owners of parent	1,990	2,695	3,592	1,185	204

Quarterly Consolidated Statements of Income - Reportable Segment Details (Two Periods)

(Millions of yen)	FYE 06/2024 Q1	FYE 06/2024 Q2	FYE 06/2024 Q3	FYE 06/2024 Q4	FYE 06/2025 Q1	FYE 06/2025 Q2	FYE 06/2025 Q3	FYE 06/2025 Q4
Net sales	**6,221**	**8,847**	**7,789**	**7,784**	**8,308**	**9,705**	**8,774**	**9,895**
Engineering Segment	1,535	4,096	3,705	3,825	3,710	3,897	4,203	4,908
Commissioned EPC (energy conservation)	563	1,723	1,362	793	2,011	1,733	1,401	3,292
Commissioned EPC (renewable energy)	972	2,330	2,332	1,568	1,298	1,841	1,687	1,616
Development EPC (renewable energy)	0	43	10	1,464	400	322	1,114	0
Energy Supply Segment	4,685	4,751	4,084	3,958	4,598	5,807	4,570	4,987
Renewable energy power generation	2,202	2,399	1,840	1,994	2,421	3,361	2,214	3,128
O&M	1,445	1,596	1,401	1,423	1,358	1,296	1,331	1,247
Electricity retailing	426	350	301	182	343	334	513	447
Biomass fuel	610	403	539	358	475	814	510	163
Gross profit	**1,733**	**2,034**	**1,282**	**1,502**	**2,103**	**2,627**	**1,472**	**1,249**
Engineering Segment	203	496	464	733	592	491	986	268
Commissioned EPC (energy conservation)	31	120	38	92	205	198	288	203
Commissioned EPC (renewable energy)	163	388	442	130	260	237	316	82
Development EPC (renewable energy)	9	(12)	(15)	510	127	54	381	(16)
Energy Supply Segment	1,529	1,538	818	768	1,510	2,136	486	981
Renewable energy power generation	889	1,159	309	615	894	1,450	229	869
O&M	497	369	323	166	482	313	181	135
Electricity retailing	27	(10)	32	(37)	4	47	22	37
Biomass fuel	116	20	153	24	129	325	53	(62)
Operating profit	**714**	**1,050**	**307**	**297**	**944**	**1,464**	**260**	**(121)**
Engineering Segment	(23)	228	198	404	260	171	626	(177)
Energy Supply Segment	1,053	1,151	428	332	1,076	1,686	27	556
Elimination or company-wide	(315)	(329)	(319)	(439)	(392)	(393)	(393)	(500)

* The breakdown of net sales and gross profit by reportable segment has not been audited.
* Figures are after inter-segment elimination.

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 for production processes. It may also be referred to as CHP (Combined Heat & Power).
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 generation 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 TESS 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.
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 national government 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 the 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 that remains after palm oil has been extracted from palm kernels.
EFB (Empty Fruit Bunch)	The empty oil palm husk produced as a byproduct (residue) when extracting palm oil from oil palms.
Power storage plants for the grid	A facility that connects large industrial storage batteries to a power grid (transmission and distribution network) and performs charging and discharging. The purpose is to stabilize the power grid by storing electricity when there is a surplus and discharging it when there is a shortage.

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