Financial Results Meeting Materials
for the Nine Months Ended March 31, 2026

May 15, 2026

TESS Holdings Co., Ltd.

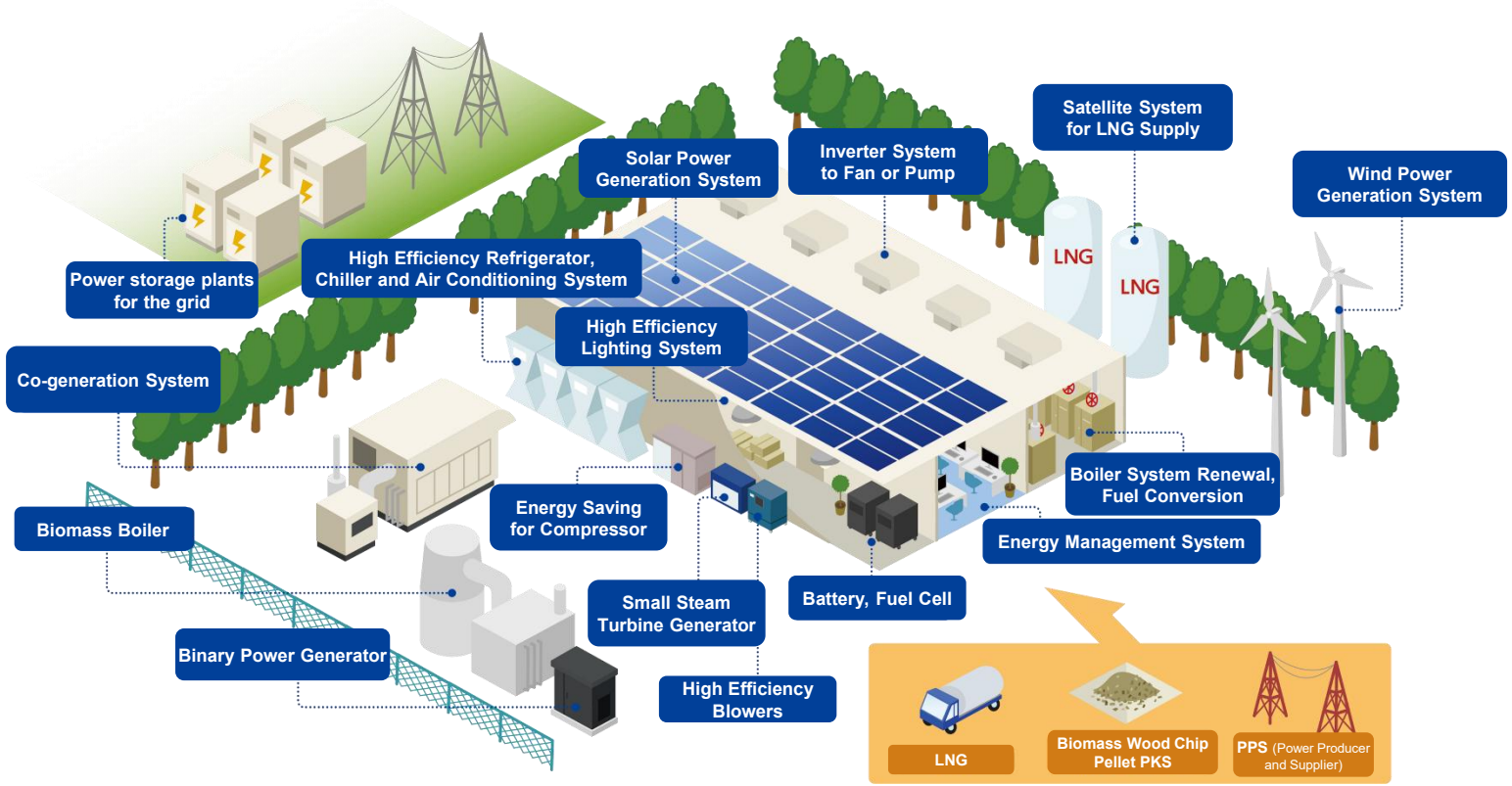
Securities code: 5074

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 06/2026 Q3 Consolidated Results

Net sales	Gross profit	Operating profit	Ordinary profit	Profit attributable to owners of parent	ROE	ROIC
37,444 million yen (+39.8% YoY)	7,338 million yen (+18.3% YoY)	3,592 million yen (+34.6% YoY)	2,497 million yen (225 million yen in FYE 06/2025 Q3)	1,263 million yen (+105.0% YoY)	2.7%	1.7%

Entire Business

- Consolidated financial results for the nine months ended March 31, 2026 show year-on-year increases in both revenue and profit.

Engineering Segment

- Power storage system projects in renewable energy EPC (commissioned) increased, resulting in year-on-year increases in both revenue and profit.
- Customer inquiries for storage batteries EPC continued to increase. Focus on materializing leads in the pipeline.

Energy Supply Segment

- Increased sales revenue from renewable energy power generation and strong sales performance for retail electricity supply led to year-on-year increases in revenue and profit.
- Total renewable energy power plant generation capacity is approximately 410.4 MW. Approximately 9.9 MW is new and supplied by on-site PPA.

Consolidated Results Forecast and Dividend Forecast FYE 06/2026

No change from forecast announced on August 14, 2025

Net sales	Gross profit	Operating profit	Ordinary profit (loss)	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

Entire Business

- Both revenue and profit are expected to increase year on year for consolidated financial results for the fiscal year ending June 30, 2026.
- 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 Nine Months Ended March 31, 2026

Consolidated Financial Results

- **Consolidated financial results for the nine months ended March 31, 2026 (from July 1, 2025 to March 31, 2026) showed year-on-year increases in both revenue and profit. The large increase in ordinary profit is mainly due to a reactionary decrease in loss on valuation of derivatives recorded in the same period of the previous fiscal year.**

(Millions of yen)

	FYE 06/2025 Q3	FYE 06/2026 Q3	FYE 06/2026 Full-year target	Year-on-year changes	Percentage of full-year target achieved
Net sales	**26,788**	**37,444**	**47,000**	**39.8%**	**79.7%**
Gross profit	**6,203**	**7,338**	**9,000**	**18.3%**	**81.5%**
(Profit margin)	(23.2%)	(19.6%)	(19.1%)		
Operating profit	**2,669**	**3,592**	**3,600**	**34.6%**	**99.8%**
(Profit margin)	(10.0%)	(9.6%)	(7.7%)		
Ordinary profit	**225**	**2,497**	**1,800**	**—**	**138.7%**
(Profit margin)	(0.8%)	(6.7%)	(3.8%)		
Profit attributable to owners of parent	**616**	**1,263**	**1,200**	**105.0%**	**105.3%**
(Profit margin)	(2.3%)	(3.4%)	(2.6%)		

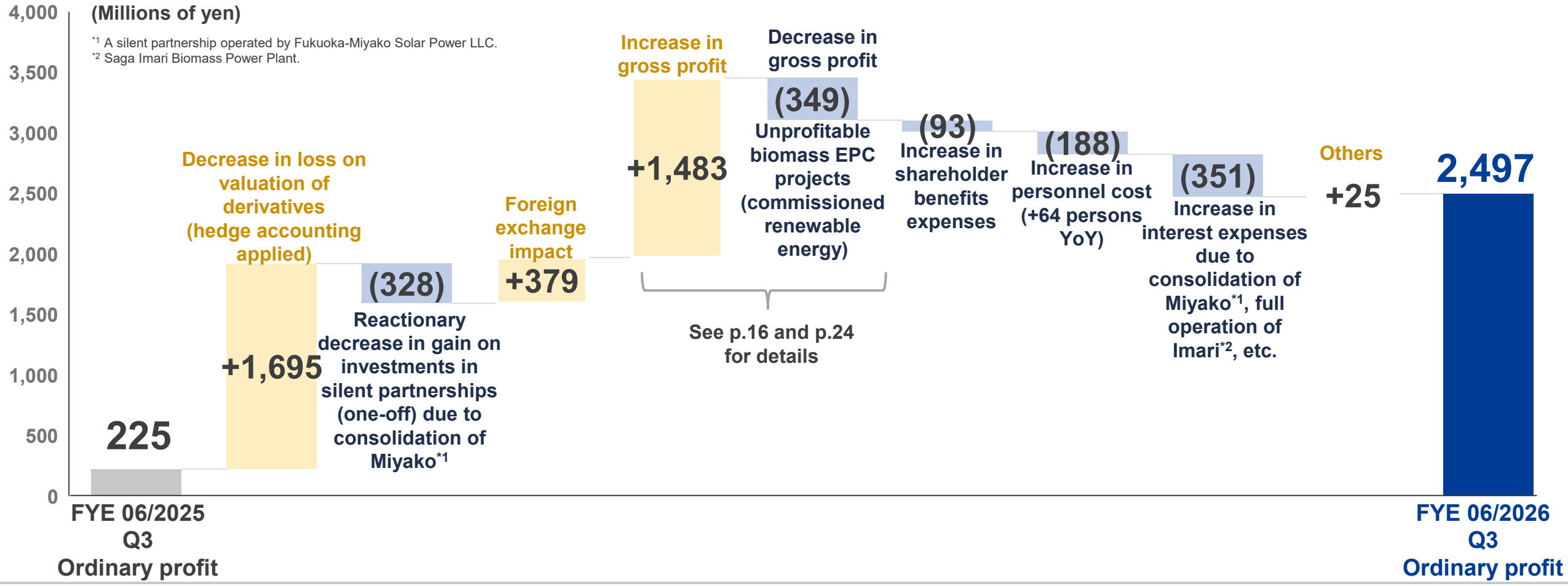
Consolidated Financial Results Summary (Year-on-year)

(Millions of yen)	FYE 06/2025 Q3	FYE 06/2026 Q3	Change	Main factors behind change
Net sales	26,788	37,444	10,656	See pages 16 and 24 for details.
Cost of sales	20,584	30,106	9,521	See pages 16 and 24 for details.
Gross profit	6,203	7,338	1,134	See pages 16 and 24 for details.
Selling, general, and administrative expenses	3,533	3,745	211	Increase in expenses due to the introduction of a shareholder benefit program and increase in personnel cost due to headcount increase
Operating profit	2,669	3,592	922	
Non-operating income	908	658	(250)	Reactionary decrease stemming from the recording of gain on investments in silent partnerships due to the conversion of Miyako* into a consolidated subsidiary in FYE 06/2025 Q3 (one-off)
Non-operating expenses	3,352	1,753	(1,599)	Decrease in loss on valuation of derivatives (due to the application of hedge accounting) and decrease in foreign exchange losses
Ordinary profit	225	2,497	2,272	
Extraordinary income	985	-	(985)	Reactionary decrease stemming from the recording of gain on sale of investment securities related to unlisted securities and gain on bargain purchase due to the conversion of Miyako* into a consolidated subsidiary in FYE 06/2025 Q3 (one-off)
Extraordinary losses	292	-	(292)	Reactionary decrease stemming from the recording of loss on step acquisitions due to the conversion of Miyako* into a consolidated subsidiary in FYE 06/2025 Q3 (one-off)
Profit before income taxes	919	2,497	1,578	
Income taxes	216	1,145	929	Increase due to not recognizing deferred tax assets related to asset retirement obligations in addition to year-on-year increase in profit
Profit	702	1,351	649	
Profit attributable to non-controlling interests	85	88	2	
Profit attributable to owners of parent	616	1,263	647	

* A silent partnership operated by Fukuoka-Miyako Solar Power LLC.

Main Factors for Changes in Ordinary Profit (YoY)

- **Ordinary profit for the nine months ended March 31, 2026 was 2,497 million yen (225 million yen in the same period of the previous fiscal year).**
  The main factors for this change are as follows.



Consolidated Balance Sheet

(Millions of yen)	FYE 06/2025 Full-year	FYE 06/2026 Q3	Change	Main factors behind change
Current assets	41,986	44,662	2,676	Increase in contract assets in relation to EPC in the Engineering Segment
Non-current assets	109,276	117,917	8,641	Increase in property, plant and equipment (increase in machinery, equipment and vehicles and decrease in construction in progress) due to the completion of the Saga Imari Biomass Power Plant and increase in investments and other assets (increase in derivatives related to long-term foreign exchange forward contracts).
Total assets	151,262	162,580	11,317	
Current liabilities	29,996	33,865	3,868	Increase in short-term borrowings and decrease in accounts payable for construction contracts related to EPC in the Engineering Segment.
Non-current liabilities	78,411	78,920	509	Decrease in long-term borrowings, increase in asset retirement obligations, and increase in deferred tax liabilities related to long-term foreign exchange forward contracts.
Total liabilities	108,408	112,786	4,377	
Shareholders' equity	40,146	41,049	902	Increase in retained earnings.
Accumulated other comprehensive income	2,410	8,465	6,054	Increase in deferred gains or losses on hedges related to long-term foreign exchange forward contracts.
Non-controlling interests	296	278	(17)	
Total net assets	42,853	49,793	6,940	
Total liabilities and net assets	151,262	162,580	11,317	

Frequently Asked Questions from Shareholders and Investors

■ Question related to Power storage system-related business

Question	Answer
Can continued orders for storage battery EPC projects be expected going forward?	Storage battery EPC is a key business area for the Group, and customer inquiries remain firm. Projects currently include a wide range of completion schedules, from those completing during FYE 6/2027 to those scheduled for completion in 2028.
How is revenue from storage battery EPC projects recognized?	In accordance with revenue recognition standards, revenue is recognized over time based on the progress of construction work. In principle, the progress ratio tends to advance significantly upon installation of major equipment.
Please explain the gross profit margin level for storage battery EPC projects.	We target gross profit margin of approximately 15% for commissioned EPC, and 15% or higher for development EPC. Although margins vary depending on project conditions, this range is assumed on average.
Given the large order backlog, are there any concerns regarding resource shortage?	Orders are secured after considering factors such as the availability of certified managing engineers. In anticipation of future increases in projects, we will continue our efforts to strengthen resources, including personnel expansion.
How do you address the risk of rising costs in storage battery EPC projects?	We take a multifaceted approach to address cost increase risks, including confirming procurement prices at the time orders are secured, implementing foreign exchange hedging for imported products, utilizing futures transactions, and making order acceptance decisions that incorporate price increases.
Is there a risk of delays in grid connection?	We strive to reduce risks through early-stage grid connection consultations, schedule adjustments, and the setting of disclaimer clauses for customers. In EPC projects, the impact on business performance is considered to be limited as revenue is recognized according to construction progress.

Frequently Asked Questions from Shareholders and Investors

■ Question related to Power storage system-related business

Question	Answer
What is the positioning of the collaboration with Sustech Inc.?	The collaboration with Sustech Inc. is primarily aimed at expanding storage battery EPC orders. We aim to maximize value in the “FIP conversion × storage battery co-location model” by providing aggregation and revenue evaluation capabilities of Sustech, Inc. together with the Group’s EPC services in an integrated manner. Please refer to the press release (Japanese) announced on March 16, 2026 for details.
What is the positioning of the collaboration with BuddyNet INC.?	The collaboration with BuddyNet INC. is primarily intended to establish a cooperative framework and construction system for project formation in the power storage plant development business. We aim to strengthen capabilities from project formation through construction by leveraging expertise of BuddyNet INC. in renewable energy and civil engineering. Please refer to the press release (Japanese) announced on April 10, 2026 for details.

■ Questions related to changes in the external environment (including the situation in the Middle East)

Question	Answer
Will the worsening instability in the Middle East affect business performance?	While there are concerns about rising material and logistics costs due to increasing crude oil prices and resource shortages resulting from the instability in the Middle East, there is a possibility that it may also increase interest in energy-saving and renewable energy investments. Therefore, we consider responses from both perspectives.
Is there any impact from increases in material prices or logistics costs?	As a basic policy, we confirm procurement prices at the time orders are secured, and accordingly, cases in which profitability deteriorates significantly after orders are secured are considered limited.
Is there any impact from the termination of support measures for mega-solar projects?	Under the government’s policy decision, newly installed ground-mounted solar power projects of 10 kW or more will no longer be eligible for support under the FIT/FIP schemes from fiscal year 2027 onward. However, this is not expected to affect the Group’s business. In addition, as the Group has no plans for new projects of this type, no impact on business performance is expected.

2. Financial Results by Segment, Etc.

Engineering Segment

Flow-type

Sales Portion

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

Sales Portion

Renewable energy power generation (FIT, FIP/PPA)

Operation and maintenance (O&M)

Electricity retailing

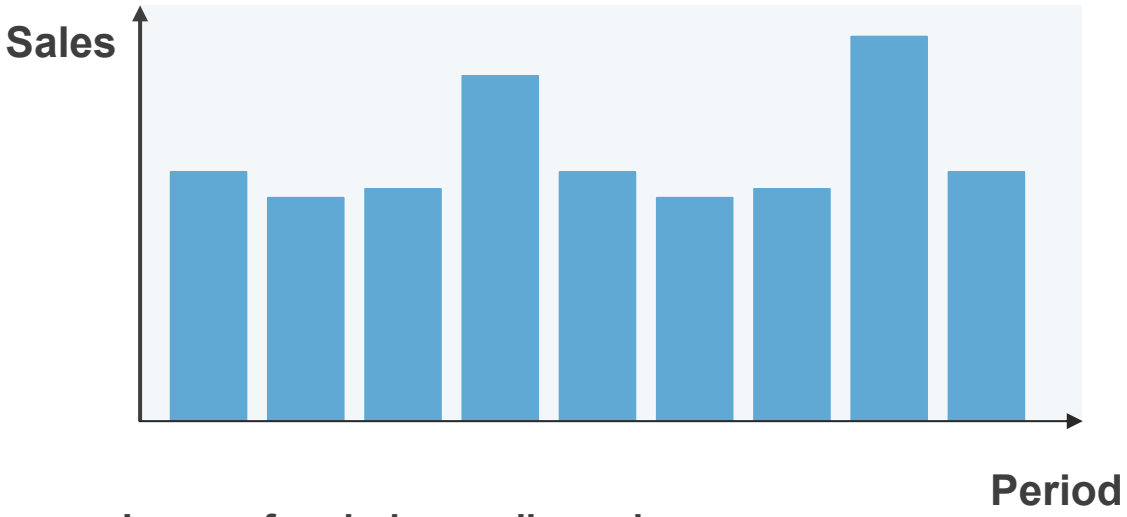
Biomass fuel supply

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

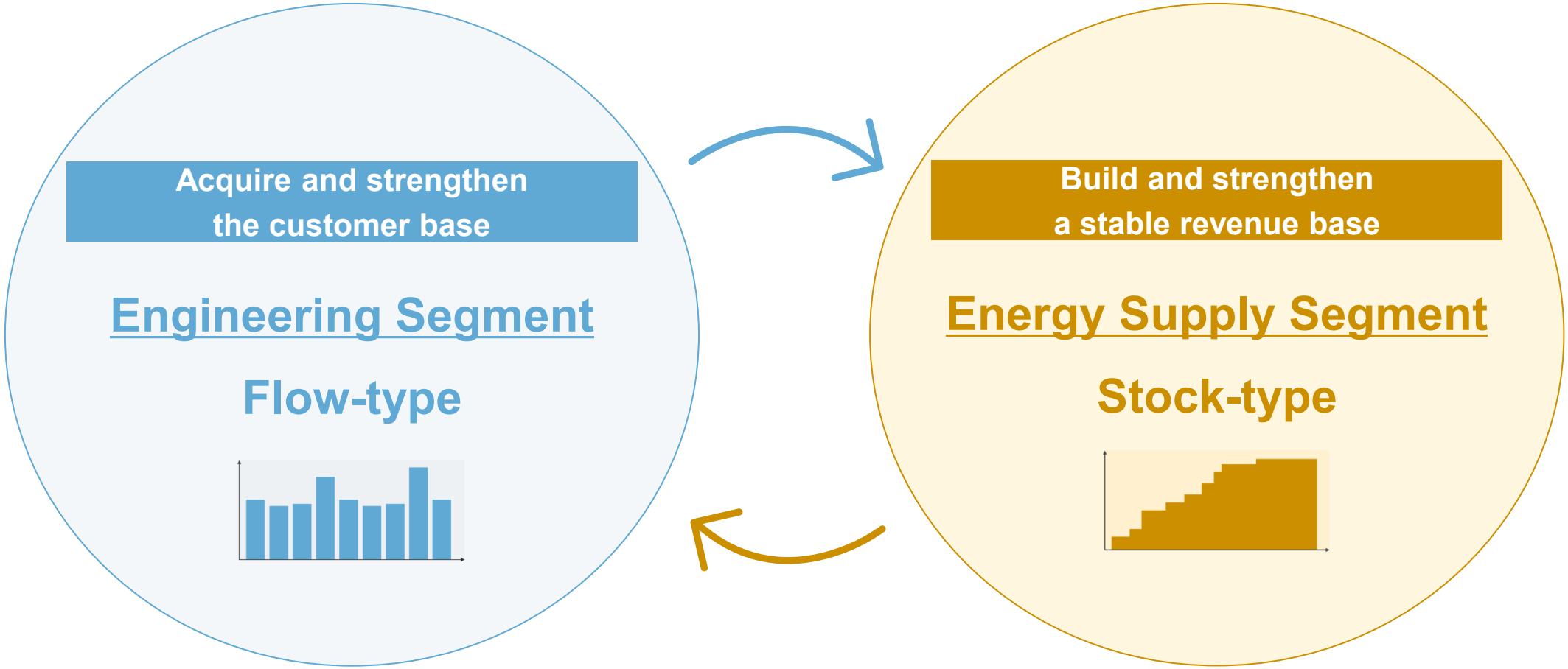
**Business that earns steady streams of income.
Stable revenue by accumulating income streams one by one.**

<Image of period recording sales>

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

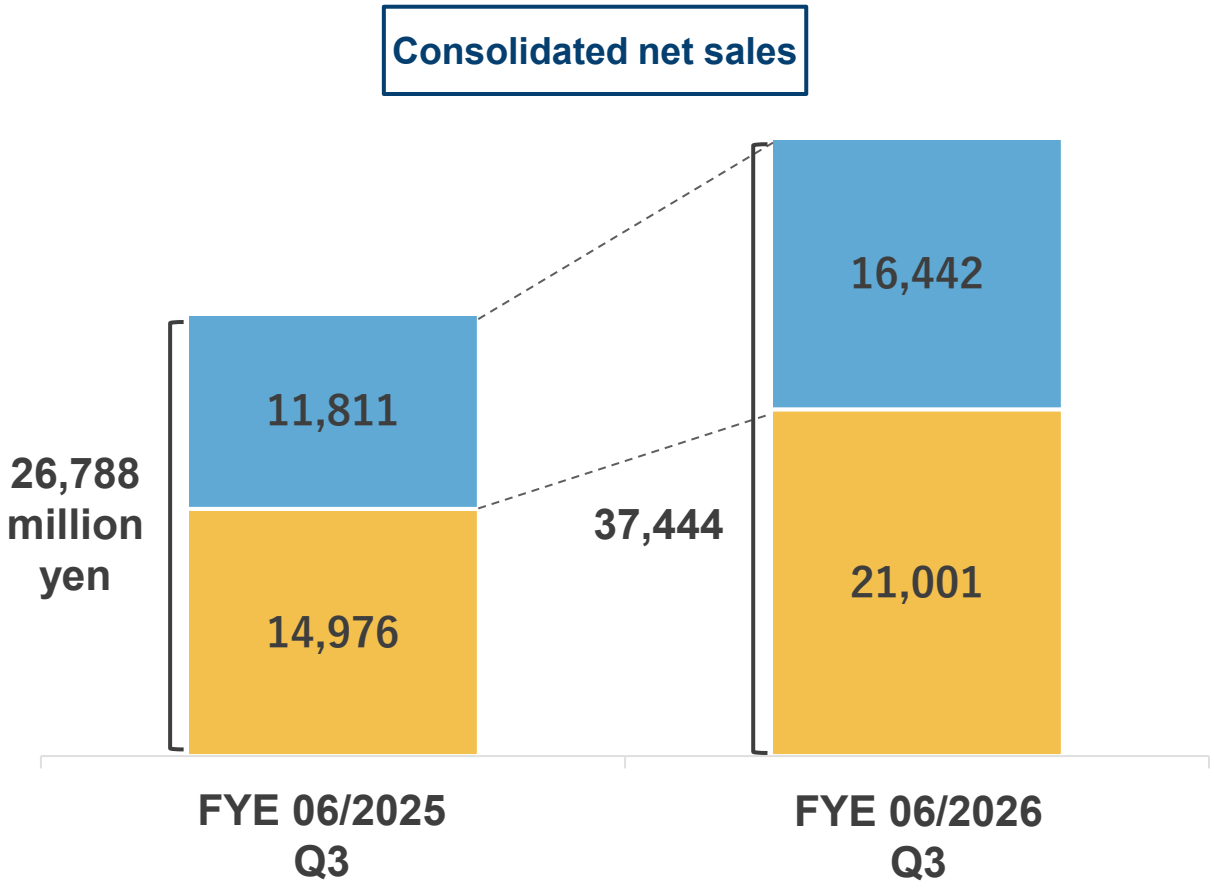
Business Model

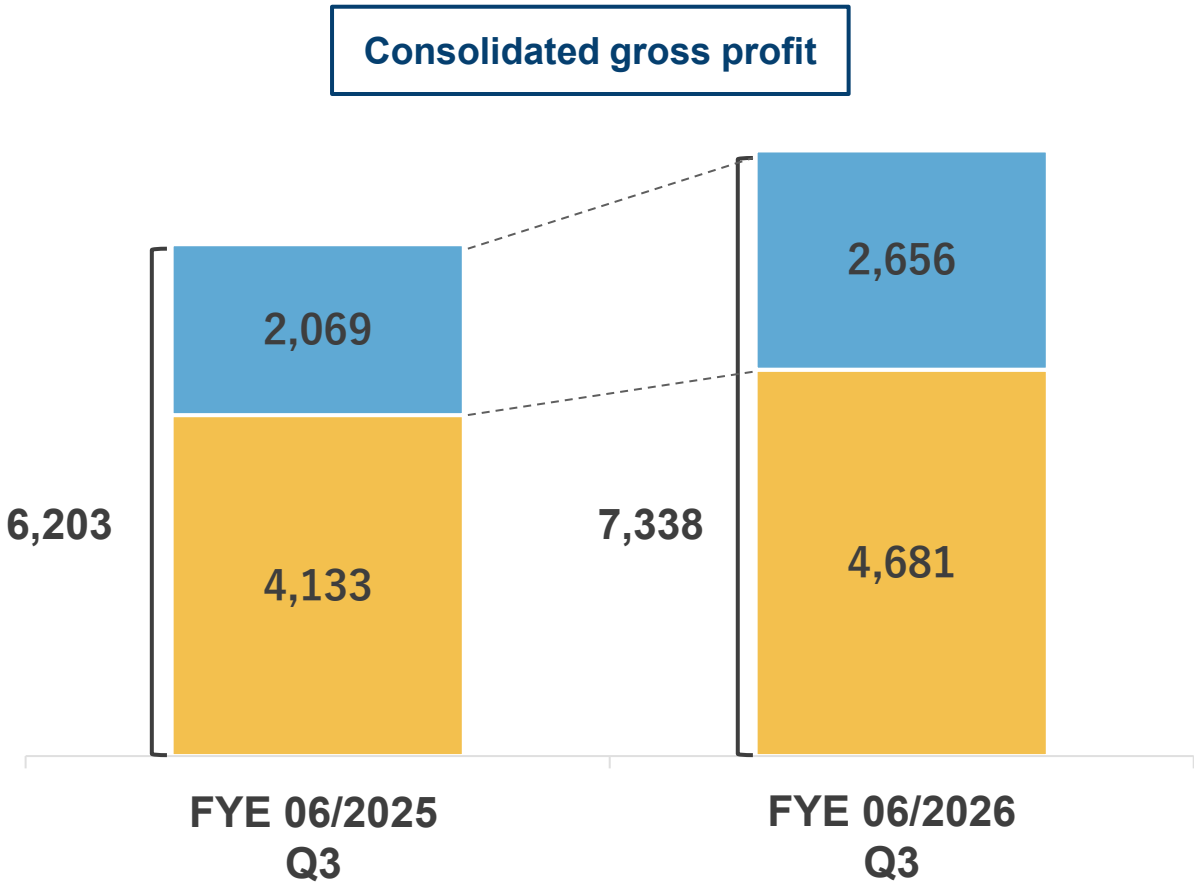
- **Circular business model linking flow-type and stock-type business.**
- **Secure both flow and stock revenue opportunities.**
  (For example, after completing EPC in the Engineering Segment, it will lead to O&M orders for the Energy Supply Segment)



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

- **Net sales and gross profit for the nine months ended March 31, 2026 show year-on-year increases in both revenue and profit.**

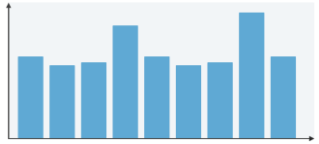




Engineering Segment　Energy Supply Segment

* Figures are after inter-segment elimination.

Flow-type

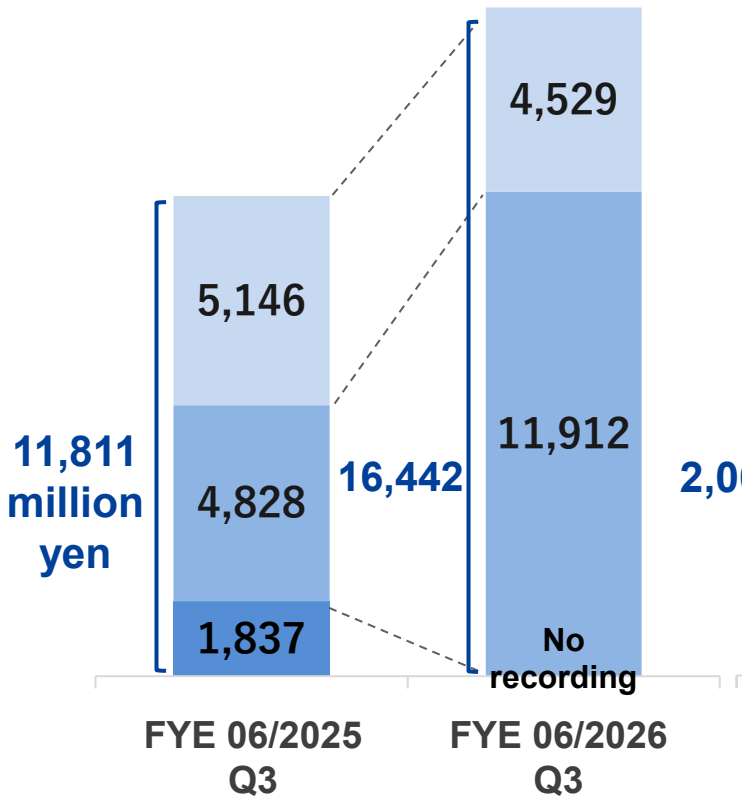


Engineering Segment

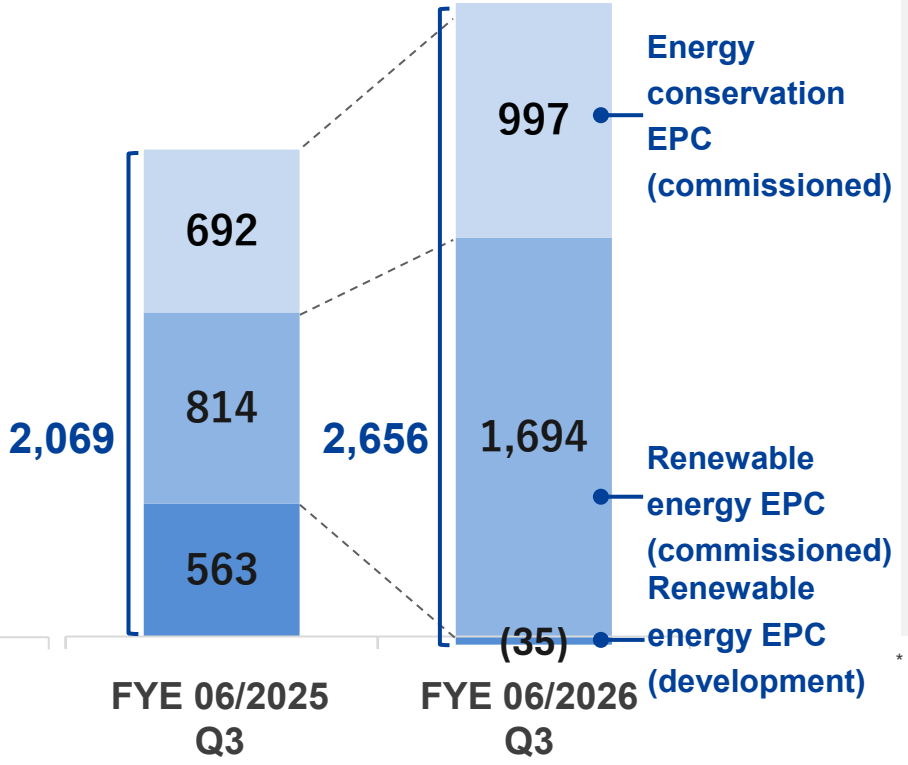
Breakdown of Net Sales and Gross Profit by Subsegment (Year-on-year)

▶ Engineering Segment saw increased revenue and profit year-on-year.

■ Net sales



■ Gross profit



Engineering Segment Highlights

- Energy conservation EPC (commissioned) saw decreased revenue and increased profit due to progress in projects with high gross profit margins, such as co-generation, despite a slight decline in the number of projects.
- Renewable energy EPC (commissioned) saw increased revenue and profits year-on-year due to an increase in power storage system projects.
- Renewable energy EPC (development) saw decreased revenue and profits year-on-year due to no recording of sales from relevant projects and the recording of expenses such as upfront research costs related to the development of new projects for power storage plants for the grid.

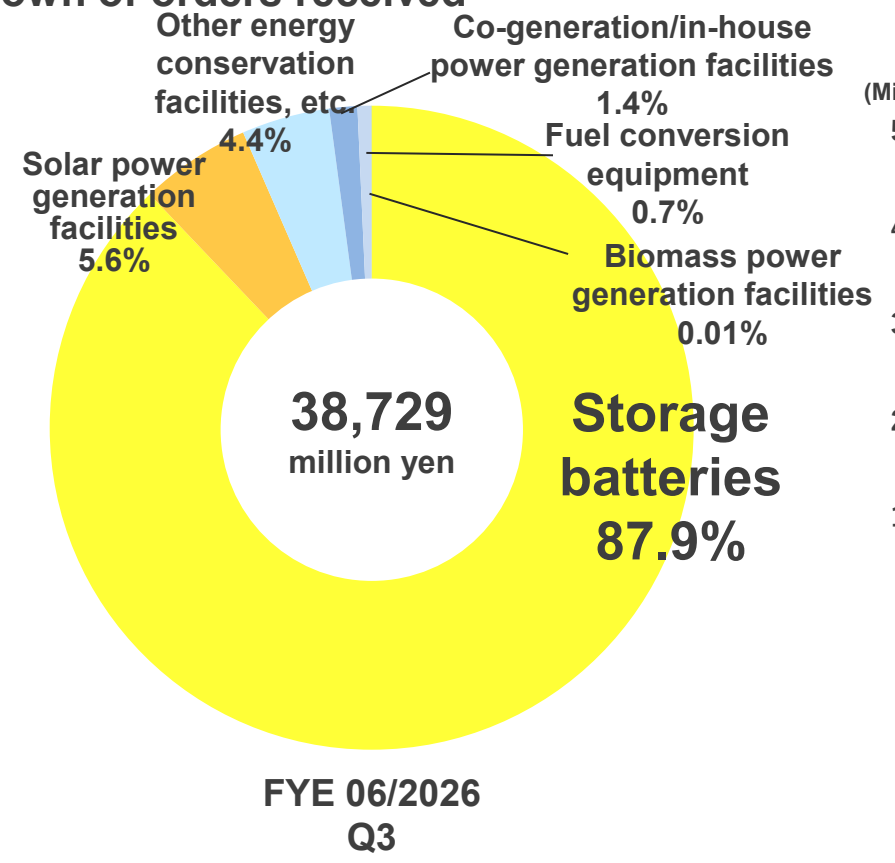
* The breakdown of net sales and gross profit by reportable segment has not been audited.
* Figures are after inter-segment elimination.

Orders Received and Order Backlog

Engineering Segment

- Orders received totaled 38,729 million yen (228.9% 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 45,163 million yen (204.1% year-on-year). 92.8% of order backlog was for storage batteries thanks to large orders received.

Breakdown of orders received



Trends in order backlog over the most recent year

Breakdown of order backlog (major factors) (As of Mar. 31, 2026)		
	Storage batteries	92.8%
	Solar power generation facilities	3.0%
	Biomass power generation facilities	1.4%
	Co-generation/in-house power generation facilities	1.2%
	Other energy conservation facilities	1.1%
	Fuel conversion equipment	0.6%

Overview of the Large Orders Secured for Storage Battery EPC

Engineering Segment

▶ Large orders received for storage battery EPC total approximately 36.7 billion yen (as of May. 15, 2026)

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

*Tentative schedule at the time of release

	Ordering Party	Order Type	Order Month	Order Amount	Delivery Date (Est.)
 Power storage plants for the grid	Shizuoka Kikugawa Power Storage Plant LLC*1	Development	March 2025	Approx. 5 billion yen	March 2027
	DEI Battery Fund Alpha LLC (Invested by Daiwa Energy & Infrastructure Co. Ltd.)	Commissioned	April 2025	Approx. 4 billion yen	December 2027
	DEI Battery Fund Beta LLC (Invested by Daiwa Energy & Infrastructure Co. Ltd.)*2	Development	September 2025	Approx. 13 billion yen	April 2028
	LLC formed by Tokyo Century Corporation*2	Development	November 2025	Approx. 9 billion yen	June 2028
 FIP conversion of FIT solar power plants + storage battery co-location	Japanese domestic operating companies*3 (Listed on the Tokyo Stock Exchange Prime Market)	Commissioned	March 2025	Approx. 5.7 billion yen	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 The contracts for these orders may be terminated if the development requirements are not met.
*3 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 (listed on the Tokyo Stock Exchange Prime Market) through lease contracts between Japanese domestic companies as lessees and the Japanese domestic leasing companies.

Overview of the Orders Secured for Storage Battery EPC

Engineering Segment

- Apart from the large orders described in the previous page, several orders for storage battery EPC (commissioned) were secured in the nine months ended March 31, 2026.
  17 projects in total, including the ones in the below table, in the categories of FIP conversion of FIT solar power plants + storage battery co-location, power storage plants for the grid, and facilities for factories and offices

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

*Tentative schedule at the time of release

	Ordering Party	Location	PCS output	Capacity	Delivery Date (Est.)	Order received
 Power storage plants for the grid	Group company of Tokyo Century Corporation	Tokushima City, Tokushima Prefecture	2,000 kW	Approx. 8,100 kWh	September 2026	Q2
		Itano-cho, Itano-gun, Tokushima Prefecture	2,000 kW	Approx. 8,100 kWh	October 2026	
	TAKASAWASANGYO CO., LTD.	Nogata City, Fukuoka Prefecture	2,556 kW	8,944 kWh	June 2027	Q3
	DIGITAL GRID ASSET MANAGEMENT Corporation	Izumo City, Shimane Prefecture	2,000 kW	8,128 kWh	July 2026	Q3
 FIP conversion of FIT solar power plants + storage battery co-location	Nakayoshi Sekizai Co., Ltd.	Yusui-cho, Aira-gun, Kagoshima Prefecture	1,278 kW	4,472 kWh	April 2026	Q1
		Kirishima City, Kagoshima Prefecture	2,556kW	8,944 kWh		
		Kusu-machi, Kusu-gun, Oita Prefecture	2,556 kW	8,944 kWh		
	Kyocera TCL Solar LLC (Invested by Tokyo Century Corporation and KYOCERA Corporation)	Iizuka City, Fukuoka Prefecture	1,500 kW	Approx. 6,000 kWh	February 2026	Q1
	Fuyo General Lease Co., Ltd.	Fukuoka Prefecture	2,556 kW	4,472 kWh	June 2026	Q2

Topics Related to Storage Batteries

- Delivered and installed major equipment at a large-scale power storage plant for the grid for Shizuoka Kikugawa Power Storage Plant LLC (development EPC).
- Adopted cutting-edge architecture as one of the first domestic examples in the extra-high-voltage class, and accumulated a wide range of expertise related to grid connection, EPC, and O&M.

Image of completed Shizuoka Kikugawa Power Storage Plant

Topics Related to Storage Battery

Topics related to storage battery EPC

Cumulative order capacity is growing steadily

Orders received

	Power storage plants for the grid Cumulative order cap.	Power storage plants other than for the grid Cumulative order cap.
FYE 6/2026 (Q3)	370.8 MW	84.6 MW
FYE 6/2025	63.3 MW	33.1 MW

* To outside the consolidated group
* Includes the capacity of completed projects

Completion

Completed 4 projects for client companies of FIP conversion of FIT solar power plants + storage battery co-location

	Power storage plants for the grid Cumulative installed cap.	Power storage plants other than for the grid Cumulative installed cap.
FYE 6/2026 (Q3)	0 MW	6.5 MW

* To outside the consolidated group

Topics related to partnership building

Started collaboration with Sustech Inc. for “FIP conversion × storage battery co-location model,” premised on operation in the balancing market

We aim to maximize value in the “FIP conversion × storage battery co-location model” by providing aggregation and revenue evaluation capabilities of Sustech Inc. together with the Group’s EPC services in an integrated manner.

SUSTECH
TESS TESS Engineering

Entered into a business alliance agreement with BuddyNet INC. aimed at establishing a cooperative framework and construction system for project formation in the power storage plant development business.

We aim to strengthen capabilities from project formation through construction by leveraging strengths of both companies.

Buddy Net
TESS TESS Engineering

Topics Related to Energy Conservation/Renewable Energy EPC for Factories and Offices

Engineering Segment

- **The major EPC projects listed below were completed in Q3 of FYE June 2026. Providing EPC for energy conservation-related facilities, solar power generation systems, etc., for factories and other facilities of high energy consumption.**

Hitachi Construction Machinery Co., Ltd. Kasumigaura Works

Co-generation systems	3 projects (approx. 21.1 MW)
LNG satellite facilities and other fuel conversion equipment	2 projects (approx. 130 kL)
Utility equipment	4 projects
Solar power generation systems	8 projects (approx. 11.0 MW)

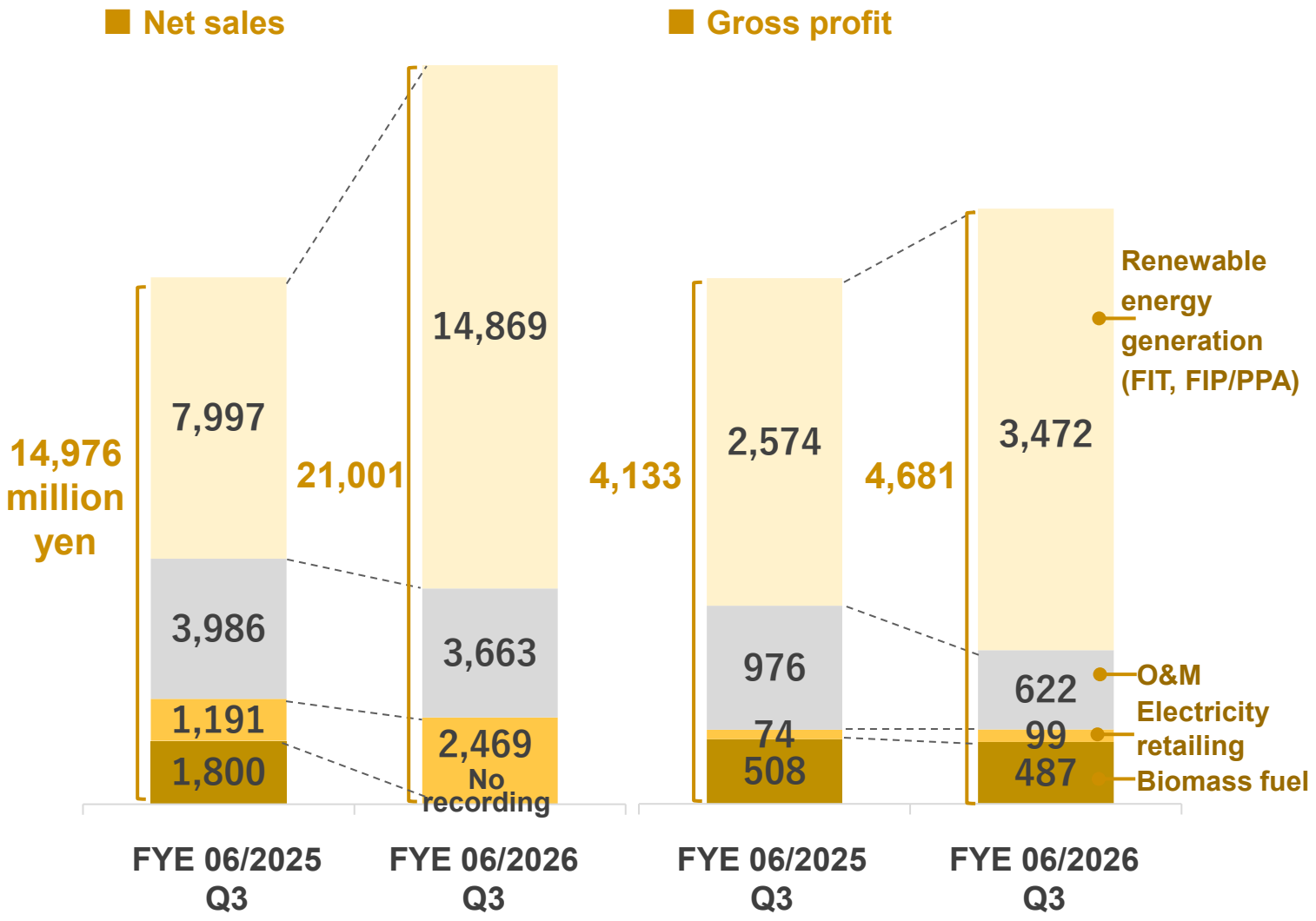
Facilities completed in Q3 of FYE June 2026

Stock-type

Energy Supply Segment

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

▶ Both revenue and profit in the Energy Supply Segment climbed year-on-year.



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 due to the start of power generation at the Saga Imari Biomass Power Plant, as well as the conversion of Fukuoka-Miyako Mega Solar power plant into a consolidated subsidiary and an increase of on-site PPA.
- 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 contracts.
- Electricity retailing saw an increase in revenue and profit year-on-year due to an expanded supply volume under market-linked offerings.
- Biomass fuel saw a decrease in revenue and profit year-on-year. This is due to the impact of transferring some expenses that were recorded under selling, general, and administrative expenses in the same period of the previous fiscal year to cost of sales, as well as the scheme in which profits are recorded based on the amount of PKS consumed at the Saga Imari Biomass Power Plant, despite increased PKS export volume (net sales and cost of sales related to the transactions eliminated as internal transactions in the consolidation process; no sales of fuel outside the consolidated group).

* For transactions within the consolidated group in O&M, electricity retailing and biomass fuel, net sales and cost of sales are eliminated in the consolidation process, with only gross profit being recorded.
* 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

- **From July 2025 to the release date of financial results for Q3 of FYE June 2026, we started supplying a total of approximately 9.9 MW of electricity to 8 locations generated by renewable energy using solar power generation systems for in-house consumption employing an on-site PPA model.**
- **Supply launches for a total of approximately 32.2 MW at 7 locations are planned moving forward.**

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	Shiga Ryuo Special Purpose Company CREDO Shiga Ryuo	Approx. 2,985 kW	Aug. 2025
Initiated	Iga City, Mie Prefecture Iga City Office, main office building	Approx. 308 kW	Oct. 2025
Initiated	Kracie, Ltd. Kyoto Factory	Approx. 1,012 kW	Nov. 2025
Initiated	Magnescale Co., Ltd. Nara Plant	Approx. 491 kW	Feb. 2026
Initiated	Toyo Mebius Co., Ltd. Takatsuki Distribution Center	Approx. 2,291 kW	Feb. 2026
Initiated	Yokohama City, Kanagawa Prefecture Tsuzuki Wastewater Treatment Plant, Sewerage and Rivers Bureau	Approx. 793 kW	Feb. 2026
Initiated	Not disclosed	Approx. 746 kW	Mar. 2026
Initiated	Toyo Seikan Co., Ltd. Osaka Plant	Approx. 537 kW	Mar. 2026
Scheduled	Kato Works Co., Ltd. GUNMA Plant	Approx. 2,269 kW	Feb. 2026
Scheduled	TOYO TANSO CO., LTD. Adjacent to Takuma Division	Approx. 19,998 kW	Jun. 2027

* Other plans for upcoming supply launches: Supply launch for projects (approx. 9.9 MW).

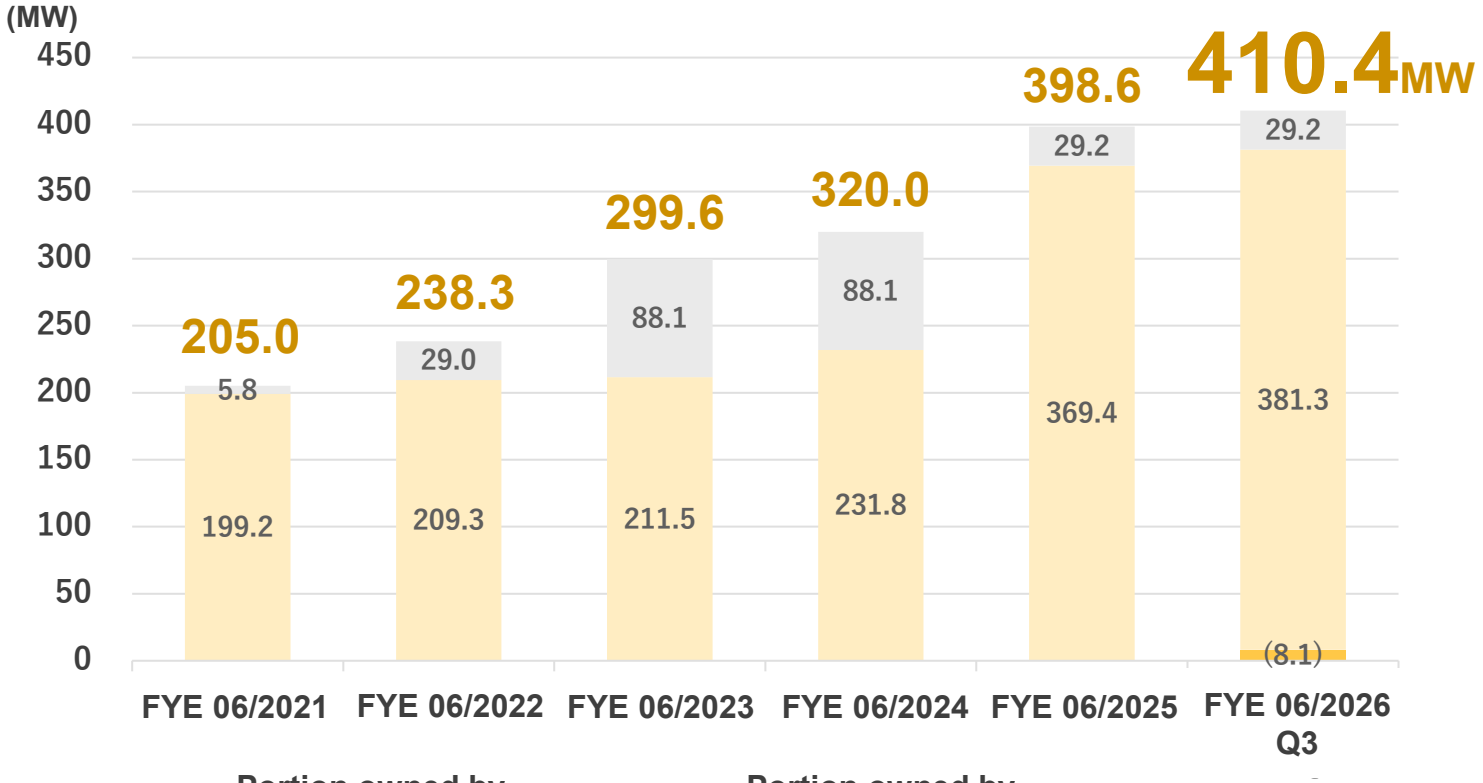
Trends in Generation Capacity for Renewable Energy Power Plants

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

(Of which, FIP conversion + storage battery co-location completed)

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 Q3 of FYE June 2026

- Increases in capacities owned by consolidated subsidiaries
  Solar power plant utilizing the FIT scheme: approx. 2.2 MW (1 project)
  On-site PPA: approx. 9.9MW (8 supply destinations)
- At four solar power plants, charging and discharging through FIP conversion + storage battery co-location began sequentially from October 2025
  (Solar power: approx. 8.1 MW, Storage battery: approx. 23.2 MWh)

Solar 136 projects, approx. 356.6 MW
Including 59 on-site PPA projects, approx. 67.7 MW

Biomass 3 projects, approx. 53.8 MW

* As of March 31, 2026

Topics Related to Resource-recycling Biomass Fuel Business

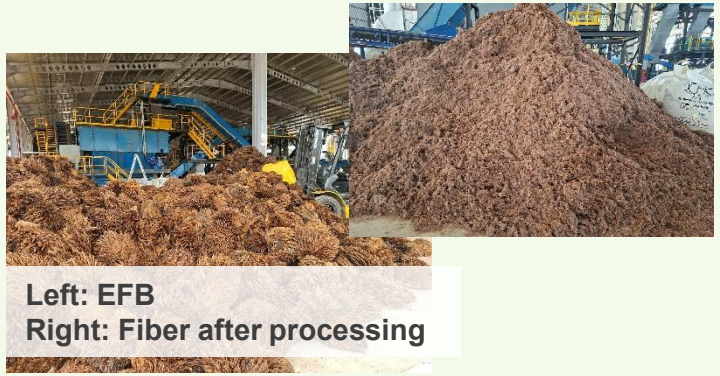
Energy Supply Segment

- Construction is underway for a 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 April 2026.

Construction site for EFB pellets manufacturing plant

North Sumatra Province, Indonesia Sei Mangkei Special Economic Zone

Construction status of EFB pellets manufacturing plant



Left: EFB
Right: Fiber after processing

Overall view of the construction site of the plant

- As of the end of April 2026, we largely completed the installation of equipment in the plant and sequentially started trial operations, including manufacturing tests and load tests.

<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

▶ Various sustainability initiatives have been implemented.

Work style

Formulation and announcement of the “Declaration of Partnership Building”

In support of the objectives of the “Declaration of Partnership Building” established by the Cabinet Office, the Ministry of Economy, Trade and Industry, the Small and Medium Enterprise Agency, and others, TESS Engineering Co., Ltd., which operates as the core operating subsidiary of the Group, formulated and publicly announced the declaration.
Under this initiative, businesses make a declaration in the name of an individual holding representative authority, from the standpoint of a “purchaser,” with the aim of enhancing added value throughout the entire supply chain and achieving coexistence and co-prosperity between large enterprises and small and medium-sized enterprises. Going forward, we will continue to promote our initiatives toward the realization of a sustainable society together with our business partners.

Learn more (Japanese) ▶

Education and training

Level-based training2026

Following the previous year, we conducted level-based training as part of efforts to strengthen internal education across the Group.

Other

Introduction of a restricted stock compensation plan

We introduced a restricted stock compensation plan* as an investment in human capital with the aim of providing incentives for employees to strive for the sustainable enhancement of the Group’s corporate value while further promoting the sharing of value with shareholders.

* The other details regarding the allocation of restricted stock under the plan will be determined by the Board of Directors of the Company.
“Notice Regarding Introduction of Restricted Stock Compensation Plan for Employees of the Company and Its Subsidiaries” ▶

Enhancement of the “Sustainability” section on our website

With the aim of strengthening disclosure in the sustainability field, we expanded the scope of disclosure on our website regarding sustainability-related information such as aggregated data on water usage and waste.

“Sustainability” (Japanese) ▶

TESS Group's Human Resources Strategy

We are promoting various reforms and improvement measures for human resources strategy.

Basic policy of human resources strategy

- ☑ Proactive human resources placement and development to promote growth of the Company and individuals
- ☑ Development of programs and mechanisms that balance job satisfaction and flexible working arrangements
- ☑ Creation of a culture and work environment that thrives on diversity

■ Major initiatives based on human resources strategy

Recruitment

- Employment of people with disabilities such as para athletes
- Employment of seniors
- Recruitment of foreign talent
- Raising the target percentage of female employees among new graduate hires
- Recruitment enhancement through the introduction of a referral system

Education and training

- Level-based training

  Run systematic training programs according to position and rank

  Facilitate skill improvement according to each employee's career stage
- Sales mindset training aimed at improving added value
- Introduction of a grant program for obtaining MBA

Evaluation

- Transfer request application system and career-related questionnaire

  Aim to create an environment and mechanism that allows employees to proactively take on new challenges and continue working regardless of their life stage
- Review of personnel and evaluation systems

Work style

- Employee engagement survey

  Extensively collect and analyze the thoughts and attitudes of diverse employees to help inform future system reforms and other initiatives
- Creation of specialist courses
- Creation of area-specific career-track positions
- Start of human rights due diligence
- Introduction and expansion of various programs (telework, staggered working hours, etc.)

Other

- Stakeholder dialogue
- Stock-related programs and plans (restricted stock compensation plan, employee stock ownership plan, stock option plan)

3. Appendix

Overall Picture of Mid-term Management Plan “TX2030”

We disclosed the supplementary material of the Mid-Term Management Plan. Please also refer to the IR Information on our website.
https://ssl4.eir-parts.net/doc/5074/ir_material4/246171/00.pdf

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

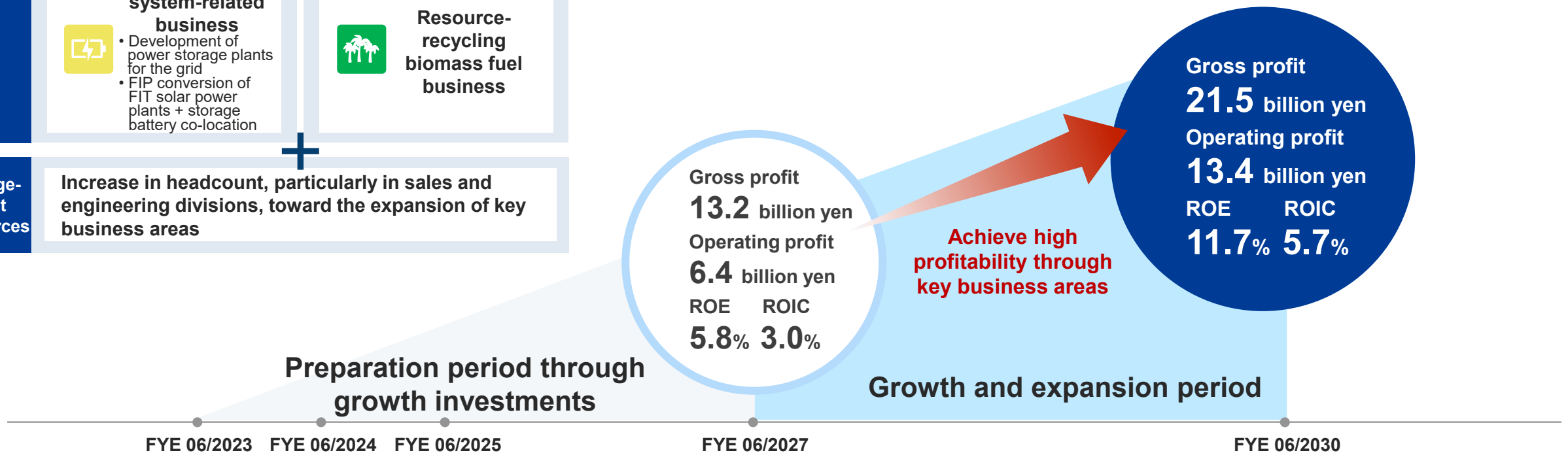
Resource-recycling biomass fuel business

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.

Introduction of a Shareholder Special Benefit Program

▶ **In gratitude for the continued support of our shareholders, we introduced a shareholder benefit program for shareholders listed or recorded in our shareholder registry as of June 30, 2025.**

- Shareholders who hold 10 units (1,000 shares) or more as of the end of June each year, as listed or recorded in our shareholder registry, are eligible.
- Eligible shareholders received a brochure titled “Guide to the TESS Holdings Premium Benefit Club” in early August 2025.
- Eligible shareholders may select their preferred items from over 5,000 products available through the TESS Holdings Premium Benefit Club using points awarded based on the number of shares held.

* Pictures are for illustrative purposes only.
Benefit program products are subject to change.

Shareholder Benefit Program Point Table
(1 point = Approx. 1 yen)

Number of shares held	Number of benefit program points
1,000 to 1,999 shares	3,000 points
2,000 to 2,999 shares	7,000 points
3,000 to 3,999 shares	15,000 points
4,000 shares and above	40,000 points

Consolidated Statement of Income (Five Fiscal Years)

(Millions of yen)	FYE 06/2022 Q3	FYE 06/2023 Q3	FYE 06/2024 Q3	FYE 06/2025 Q3	FYE 06/2026 Q3
Net sales	26,708	24,047	22,858	26,788	37,444
Cost of sales	19,389	17,104	17,807	20,584	30,106
Gross profit	7,319	6,942	5,051	6,203	7,338
Selling, general, and administrative expenses	2,445	2,684	2,978	3,533	3,745
Operating profit	4,873	4,257	2,073	2,669	3,592
Non-operating income	439	613	2,649	908	658
Non-operating expenses	890	1,224	951	3,352	1,753
Ordinary profit	4,422	3,646	3,771	225	2,497
Extraordinary income	-	-	-	985	-
Extraordinary losses	-	-	-	292	-
Profit before income taxes	4,422	3,646	3,771	919	2,497
Income taxes	1,520	1,146	1,252	216	1,145
Profit	2,901	2,500	2,518	702	1,351
Profit attributable to non-controlling interests	57	172	120	85	88
Profit attributable to owners of parent	2,843	2,327	2,398	616	1,263

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

(Millions of yen)	FYE 06/2025 Q1	FYE 06/2025 Q2	FYE 06/2025 Q3	FYE 06/2025 Q4	FYE 06/2026 Q1	FYE 06/2026 Q2	FYE 06/2026 Q3
Net sales	**8,308**	**9,705**	**8,774**	**9,895**	**12,709**	**14,333**	**10,401**
Engineering Segment	3,710	3,897	4,203	4,908	5,646	6,908	3,886
Commissioned EPC (energy conservation)	2,011	1,733	1,401	3,292	2,455	1,153	920
Commissioned EPC (renewable energy)	1,298	1,841	1,687	1,616	3,191	5,754	2,965
Development EPC (renewable energy)	400	322	1,114	-	-	-	-
Energy Supply Segment	4,598	5,807	4,570	4,987	7,062	7,425	6,514
Renewable energy power generation	2,421	3,361	2,214	3,128	5,067	5,478	4,323
O&M	1,358	1,296	1,331	1,247	1,145	1,191	1,325
Electricity retailing	343	334	513	447	848	755	865
Biomass fuel	475	814	510	163	–	–	–
Gross profit	**2,103**	**2,627**	**1,472**	**1,249**	**2,298**	**3,494**	**1,545**
Engineering Segment	592	491	986	268	506	1,382	767
Commissioned EPC (energy conservation)	205	198	288	203	334	264	398
Commissioned EPC (renewable energy)	260	237	316	82	184	1,131	378
Development EPC (renewable energy)	127	54	381	(16)	(13)	(13)	(8)
Energy Supply Segment	1,510	2,136	486	981	1,791	2,111	778
Renewable energy power generation	894	1,450	229	869	1,288	1,756	426
O&M[*1]	482	313	181	135	259	160	203
Electricity retailing[*1]	4	47	22	37	84	5	9
Biomass fuel[*1]	129	325	53	(62)	159	188	139
Operating profit	**944**	**1,464**	**260**	**(121)**	**995**	**2,276**	**320**
Engineering Segment	260	171	626	(177)	152	889	326
Energy Supply Segment	1,076	1,686	27	556	1,384	1,821	399
Elimination or company-wide	(392)	(393)	(393)	(500)	(541)	(433)	(405)

[*1] For transactions within the consolidated group, net sales and cost of sales are eliminated in the consolidation process, with only gross profit being recorded.

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

[*3] Figures are after inter-segment elimination.

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]	1,169	1,356	1,112	500
Electricity retailing[*1]	541	11	112	150
Biomass fuel[*1]	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)

[*1] For transactions within the consolidated group, net sales and cost of sales are eliminated in the consolidation process, with only gross profit being recorded.

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

[*3] 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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Inquiries:

Public Relations & Investor Relations Team,
TESS Holdings Co., Ltd.
https://www.tess-hd.co.jp/english/contact/

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