

Dear reporters

July 6, 2026

TESS Holdings Co., Ltd.

We completed of the demonstration plant for EFB pellet manufacturing in Indonesia and held a completion ceremony

TESS Holdings Co., Ltd. (registered in Yodogawa-ku, Osaka, Japan and represented by Kazuki Yamamoto, Representative Director and President) proudly to announce the completion of the demonstration plant for manufacturing EFB (*1 – see note below) pellets, a biomass fuel made from agricultural crop residues, in July 2026 (location: Sei Mangkei Industrial Park, North Sumatra Province, Indonesia, hereinafter referred to as the “demonstration plant”) and held a completion ceremony. Construction of the demonstration plant was carried out by PT PTEC RESEARCH AND DEVELOPMENT (registered in North Sumatra Province, Indonesia and represented by Tomoya Ishida, Representative Director and President, hereinafter referred to as “PTEC”), our consolidated subsidiary.



The demonstration plant for manufacturing EFB pellets



Completion ceremony

(Third from right: TESS Holdings Director and Chairman, Chairperson of the Board of Directors Hideo Ishiwaki, First from right: PTEC Representative Director and President Tomoya Ishida)

■Continuing the demonstration of EFB pellet manufacturing toward large-scale commercial production

A groundbreaking ceremony (*2 – see note below) for the demonstration plant was held in February 2025, and after the completion of construction and trial operations, the demonstration plant completed in July 2026.

The completion ceremony was held on July 3, 2026, with the participation of stakeholders of our Group as well as local stakeholders to celebrate the completion of the demonstration plant and pray for its safe operation in the future.

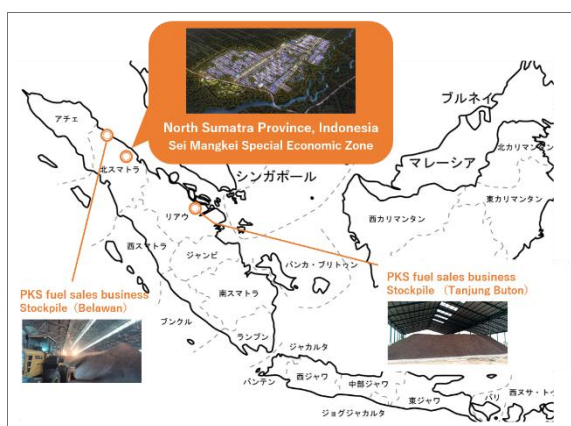
At the demonstration plant, approximately 10,000 tons of EFB pellets are expected to be produced annually for research and development of EFB pellet manufacturing. We plan to demonstrate a series of processes from manufacturing to supply by providing the EFB pellets produced at the demonstration plant as biomass fuel to users in the Indonesian domestic market and Japan. Through these efforts, we aim to achieve large-scale commercial production going forward.

■Utilizing agricultural crop residues effectively in the palm industry and contributing to the promotion of downstream processing in Indonesia

Indonesia is the world's largest producer of palm oil and the palm oil industry is a part of important economic foundation of Indonesia. On the other hand, a large amount of EFB is generated during palm oil extraction processes and most of the EFB is consequently left unutilized besides a part being used as fertilizer and fuel, whilst no other way for usage. Moreover, it is problematic that it causes soil contamination and generation of gaseous methane during decomposition (GWP of methane is approximately 28 times that of CO₂) (*3 – see note below). Therefore, the effective utilization of EFB has become one of the important challenges for palm-oil-producing countries.

At the demonstration plant, we pelletize and utilize such EFB as biomass fuel, thereby effectively utilizing agricultural crop residues and reducing the environmental burden.

These efforts are also in line with “downstream processing” (exporting natural resources with higher added value through domestic processing, instead of exporting them as raw materials) promoted by the Indonesian government, and therefore, they are expected to contribute to the development of Indonesian industries and job creation.



North Sumatra Province, Indonesia
Sei Mangkei Special Economic Zone



EFB pellets (produced by PTEC)

■Future outlook

In the Mid-Term Management Plan, “TX2030,” which outlines the business strategy through the end of June 2030, our Group has positioned the “resource-recycling biomass fuel business” as one of the key focus areas. By utilizing EFB, PKS (*4 – see note below), and other agricultural crop residues from the palm industry, we aim to expand both the circular economy and our stock business model.

For EFB pellets, we will continue research and development for mass production, aiming to establish a production capacity of 100,000 tons per year during the Mid-Term Management Plan period toward large-scale commercial production.

Our group will continue to contribute to the realization of global carbon neutrality through the production of biomass fuel using agricultural crop residue by PTEC, Indonesia.

<Overview of the demonstration plant>

Location	Sei Mangkei Industrial Park, North Sumatra Province, Indonesia
Ground area	Approx. 11,000 m ²
Annual production	Approx. 10,000 tons
Completion date	July 2026

*¹ EFB (Empty Fruit Bunch):

Palm empty fruit bunches are a by-product (residue) when extracting palm oil from oil palms.

*² “We held a groundbreaking ceremony for the EFB pellet manufacturing plant in the Sei Mangkei Industrial Park in Indonesia” (announced on February 21, 2025):

https://ssl4.eir-parts.net/doc/5074/ir_material13/280183/00.pdf

*³ GWP (Global Warming Potential):

A number that expresses the extent to which other greenhouse gases have the ability to cause global warming, based on CO₂.

*⁴ PKS (Palm Kernel Shell):

The shell that remains after palm oil has been extracted from palm kernels.

■Contact information regarding this matter

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

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

*Our group has adopted telework and staggered working hours.

For this reason, we may not be able to respond over the phone, so please contact us via our homepage.

We apologize for any inconvenience this may cause and appreciate your understanding.