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To whom it may concern:

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# Report Regarding the Allocation Status of Funds Procured through Sustainability Financing, Etc. and the Improvement Impacts in Environmental and Social Aspects

TESS Holdings Co., Ltd. (the "Company") hereby reports on the allocation status of funds procured through sustainability financing as of June 30, 2026, and the improvement impacts in environmental and social aspects during the one-year period from July 1, 2025 to June 30, 2026, regarding sustainability financing, etc.*[1] the Company conducted in the past, as described below.

1. Allocation status of procured funds (as of June 30, 2026)

(1) Procured funds through the listing*[2]

| Business classification | Target business | Use of funds | Procured amount (Million yen) | Allocated amount (Million yen) | Allocation status |
|---|---|---|---|---|---|
| Renewable energy | (i) Power generation business at the "Fukuoka Miyako Mega Solar Plant" | Construction (refinancing) | 10,722 | 10,722 | Full allocation completed |
| | (ii) Power generation business at the "Nishiki-machi 2MW Woody Biomass Power Plant" | Construction | 1,400 | 1,400 | Full allocation completed |
| | (iii) Power generation business at the "Saga Imari Biomass Power Plant" | Construction | 1,166 | 1,166 | Full allocation completed |
| Pollution prevention and control | (iv) EFB pellet production business in Indonesia | Construction | 197 | 197 | Full allocation completed |
| Total | | | 13,485 | 13,485 | |

(2) Partial commitment type rights offering (sustainability rights offering)*[3]

| Business classification | Target business | Use of funds | Procured amount (Million yen) | Allocated amount (Million yen) | Allocation status |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Renewable energy | (i) Power generation business at the “Fukuoka Miyako Mega Solar Plant” | Acquisition of equity interests in silent partnership | 785 | 785 | Full allocation completed |
| | (iii) Power generation business at the “Saga Imari Biomass Power Plant” | Construction | 12,582 | 12,582 | Full allocation completed |
| Total | | | 13,367 | 13,367 | |

(3) Green loan*[4]

| Business classification | Target business | Use of funds | Procured amount (Million yen) | Allocated amount (Million yen) | Allocation status |
|---|---|---|---|---|---|
| Renewable energy | (iii) Power generation business at the “Saga Imari Biomass Power Plant” | Construction | 17,000 | 17,000 | Full allocation completed |
| Total | | | 17,000 | 17,000 | |

2. Improvement impact in the environmental and social aspects (July 1, 2025 - June 30, 2026*[5])

(1) Output/outcome

(i) Installed capacity

| Target business | Installed capacity*[6] (MW) | Basis and rationale for calculation |
|---|---|---|
| (i) Power generation business at the “Fukuoka Miyako Mega Solar Plant” | Approximately 67.0 | — |
| (ii) Power generation business at the “Nishiki-machi 2MW Woody Biomass Power Plant” | Approximately 2.0 | — |
| (iii) Power generation business at the “Saga Imari Biomass Power Plant” | 46.0 | — |
| Total | Approximately 115.0 | — |

(ii) $CO_2$ emission reduction amount

| Target business | $CO_2$ emission reduction amount ($t\text{-}CO_2$/year) | Basis and rationale for calculation |
|---|---|---|
| (i) Power generation business at the “Fukuoka Miyako Mega Solar Plant” | 27,538 (Cumulative 120,444) | (i) Electricity sales amount 66,196,488kWh<br>(ii) Emission factor for electricity suppliers 0.000416t-$CO_2$/kWh*[7]<br>(i) × (ii) = 27,538t-$CO_2$ |

| | | |
|---|---|---|
| (ii) Power generation business at the "Nishiki-machi 2MW Woody Biomass Power Plant" | 5,327 (Cumulative 14,817) | (i) Electricity sales amount 12,806,467kWh<br>(ii) Emission factor for electricity suppliers 0.000416t-$CO_2$/kWh*7<br>(i) × (ii) = 5,327t-$CO_2$ |
| (iii) Power generation business at the "Saga Imari Biomass Power Plant" | 119,679 (Cumulative 159,397) | (i) Electricity sales amount 287,688,960kWh<br>(ii) Emission factor for electricity suppliers 0.000416t-$CO_2$/kWh*7<br>(i) × (ii) = 119,679t-$CO_2$ |
| Total | 152,544 (Cumulative 294,659) | |

(iii) Waste reduction amount

| Target business | Waste reduction amount (tons/year) | Basis and rationale for calculation |
|---|---|---|
| (iv) EFB pellet production business in Indonesia | 0 | Results of waste reduction are not available as the operation has not yet commenced. However, research and development are underway to launch the business*8. Once the operation commences, it is expected to generate the improvement impacts in environmental and social aspects (potential contribution to SDGs) as described in 2. (2). |

(iv) Number of new hires

| Target business | Number of new hires (persons/year) | Basis and rationale for calculation |
|---|---|---|
| (i) Power generation business at the "Fukuoka Miyako Mega Solar Plant" | 0 (Cumulative 8) | Results of new hires related to power plant development 0 persons (cumulative 5 persons)<br>Results of new hires related to power plant operation 0 persons (cumulative 3 persons) |
| (ii) Power generation business at the "Nishiki-machi 2MW Woody Biomass Power Plant" | 0 (Cumulative 15) | Results of new hires related to power plant development 0 persons (cumulative 1 person)<br>Results of new hires related to power plant operation 0 persons (cumulative 14 persons) |
| (iii) Power generation business at the "Saga Imari Biomass Power Plant" | 5 (Cumulative 28) | Results of new hires related to power plant development 0 persons (cumulative 2 persons)<br>Results of new hires related to power plant operation 5 persons (cumulative 26 persons) |
| (iv) EFB pellet production business in Indonesia | 0 | Results of new hires are not available as the operation has not yet commenced. However, research and development are underway to launch the business*8. Once the operation commences, it is expected to generate the improvement impacts in environmental and social aspects (potential contribution to SDGs) as described in 2. (2). |
| Total | 5 (Cumulative 51) | |

(2) Improvement impacts in environmental and social aspects (potential contribution to SDGs)

| Target business | Qualitative evaluation of the improvement impacts in environmental and social aspects (potential contribution to SDGs) | |
|---|---|---|
| (i) Power generation business at the "Fukuoka Miyako Mega Solar Plant" | 7 AFFORDABLE AND CLEAN ENERGY | The power generation from renewable energy sources has led to a reduction in $CO_2$ emissions associated with power generation (120,444t-$CO_2$ (cumulative)). |
| | 8 DECENT WORK AND ECONOMIC GROWTH | It has created jobs for 8 people (cumulative) engaged in power plant development and operation. |
| (ii) Power generation business at the "Nishiki-machi 2MW Woody Biomass Power Plant" | 7 AFFORDABLE AND CLEAN ENERGY | The power generation from renewable energy sources has led to a reduction in $CO_2$ emissions associated with power generation (14,817t-$CO_2$ (cumulative)). |
| | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | By utilizing unused materials such as bark as woody biomass, it has contributed to reducing the amount of unused materials that were previously discarded. |
| | 8 DECENT WORK AND ECONOMIC GROWTH | It has created jobs for 15 people (cumulative) engaged in power plant development and operation. |
| (iii) Power generation business at the "Saga Imari Biomass Power Plant" | 7 AFFORDABLE AND CLEAN ENERGY | The power generation from renewable energy sources has led to a reduction in $CO_2$ emissions associated with power generation (159,397t-$CO_2$ (cumulative)). |
| | 8 DECENT WORK AND ECONOMIC GROWTH | It has created jobs for 28 people (cumulative) engaged in power plant development and operation. |
| (iv) EFB pellet production business in Indonesia | 7 AFFORDABLE AND CLEAN ENERGY | There is no reduction in $CO_2$ emissions associated with power generation from EFB pellets as the operation has not yet commenced. However, in the future, it is expected that $CO_2$ emissions can be reduced by enabling the procurement of new biomass fuels made from EFB and other materials. |
| | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | There are no results of a reduction in the amount of waste residue generated from palm oil extraction as the operation has not yet commenced. However, it will be possible to reduce the amount of waste residue if technology that can utilize EFB, etc. as fuel is developed. |
| | 8 DECENT WORK AND ECONOMIC GROWTH | There are no results of new hires as the operation has not yet commenced. However, if the pellet production expands in the future, it is expected to create new employment opportunities across the region including pellet production plants. |

*[1] In the "Sustainability Financing Framework (https://ssl4.eir-parts.net/doc/5074/ir_material_for_fiscal_ym1/137613/00.pdf) (only in Japanese)" the Company announced on June 21, 2023, it is defined as financing intended to be allocated to new expenditures and/or the refinancing of existing expenditures for qualified green projects, as well as financing allocated to new expenditures and/or the refinancing of existing expenditures for qualified green and social projects.

*[2] With respect to the use (allocation target) of procured funds through the listing, as the Company announced in the "Notice Regarding Obtaining Second Party Opinion on Change in Use of Procured Funds through the Listing (https://ssl4.eir-parts.net/doc/5074/tdnet/2082712/00.pdf) (only in Japanese)" on February 10, 2022, the Company has obtained a "Second Party Opinion" from The Japan Research Institute, Limited, which conducted an external review assessing the improvement impacts in environmental and social aspects as well as the TESS Group's response status to ESG initiatives. The review was based on the assessment criteria set forth in the "Green Bond Principles," "Social Bond Principles," and "Sustainability Bond Guidelines" for debt financing.

*[3] As the Company announced in the "Notice Regarding Partial Commitment Type Rights Offering (Sustainability Rights Offering) (https://ssl4.eir-parts.net/doc/5074/tdnet/2301141/00.pdf) (only in Japanese)" on June 21, 2023, this rights offering is in accordance with the "Sustainability Financing Framework (only in Japanese)" the Company announced on June 21, 2023, and the Company has obtained the "Second Party Opinion" from The Japan Research Institute, Limited, a third-party assessment organization, that confirms this framework conforms to the "Green Bond Principles 2021," "Social Bond Principles 2021," "Sustainability Bond Guidelines 2021," "Green Bond Guidelines 2022," "Social Bond Guidelines 2021," "Green Loan Principles 2023," "Social Loan Principles 2023," and "Green Loan Guidelines 2022."

*[4] As the Company announced in the "Notice Regarding Obtaining Second Opinion on Green Loan (https://ssl4.eir-parts.net/doc/5074/ir_material/210395/00.pdf) (only in Japanese)" on June 30, 2023, the Company has obtained a "Second Opinion" from Rating and Investment Information, Inc. (R&I), a third-party assessment organization, that confirms that the funds procurement through the syndicated loan agreement, which was announced in the "Notice Regarding the Conclusion of Syndicated Loan Agreement (https://ssl4.eir-parts.net/doc/5074/tdnet/2301126/00.pdf) (only in Japanese)" on June 21, 2023, conform to the "Green Loan Principles 2023" as well as the "Green Loan Guidelines 2022" by the Ministry of the Environment.

*[5] Reporting on the improvement impacts in environmental and social aspects is based on quantitative and qualitative information generated during the one-year period from July 1 to June 30 of the following year, in line with the Company's fiscal year.

*[6] The generation capacity of solar power plants is indicated in terms of installed capacity based on modules (the sum of maximum output of solar modules). The generation capacity of biomass power plants is indicated in terms of installed capacity based on generating-end output.

*[7] It is calculated using the alternative value in the "Emission Factor for Electricity Suppliers (For Calculating Greenhouse Gas Emissions by Specified Emitters) 2024 Results" by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

*[8] We completed of the demonstration plant for EFB pellet manufacturing in Indonesia and held a completion ceremony
https://ssl4.eir-parts.net/doc/5074/ir_material13/282261/00.pdf

*[9] The cumulative figures are based on the cumulative values starting from the actual results for the fiscal year ended June 30, 2022.

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