

# Financial Results Meeting Materials for the Three Months Ended September 30, 2023

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November 14, 2023  
TESS Holdings Co., Ltd.  
Securities code: 5074

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I	<b>Summary of Consolidated Financial Results</b> for the Three Months Ended September 30, 2023	P. 3
II	(Reprinting) <b>Forecast of Consolidated Financial Results</b> for the Fiscal Year Ending June 30, 2024	P. 17
III	<b>Overview of Consolidated Financial Statements, Etc.</b>	P. 21
IV	(Attached Materials) <b>Corporate Overview</b>	P. 25



—View of construction at Saga Imari Biomass Power Plant (tentative name)—

# **I. Summary of Consolidated Financial Results for the Three Months Ended September 30, 2023**

## Consolidated Financial Results

- Consolidated results for 1Q of FYE June 2024 (from July to September 2023) showed lower revenues and profits year on year (Millions of yen)

	FYE June 2023 1Q results	FYE June 2024 1Q results	FYE June 2024 Full-year targets	Quarter-on- quarter changes	Percentage of full-year target achieved
Net sales	8,323	6,221	38,200	-25.3%	16.3%
Gross profit (Profit margin)	2,466 (29.6%)	1,733 (27.9%)	10,650 (27.9%)	-29.7%	16.3%
Operating profit (Profit margin)	1,527 (18.4%)	714 (11.5%)	6,650 (17.4%)	-53.2%	10.7%
Ordinary profit (Profit margin)	1,453 (17.5%)	498 (8.0%)	6,000 (15.7%)	-65.7%	8.3%
Profit attributable to owners of parent (Profit margin)	905 (10.9%)	283 (4.6%)	3,700 (9.7%)	-68.7%	7.7%

- ▶ Consolidated results for 1Q of FYE June 2024 ended in **lower revenues and profits** year on year, but **progressed steadily** in line with the Group's plans  
Due to **growing customer demand for decarbonization measures** and the need to **secure energy supply**, the number of inquiries was steady
- ▶ In the Engineering Segment, **orders received totaled ¥4,304 million**  
**The order backlog was ¥11,839 million**, around 1.6 times the level at the end of 1Q FYE June 2023
- ▶ In Kumamoto Prefecture, **the Nishiki-machi 2 MW Woody Biomass Power Plant (approximately 2.0 MW)** began power generation  
Total generation capacity for renewable energy power generation facilities\*: **approx. 301.6 MW (97 projects)** (as of September 30, 2023)
- ▶ On August 30, 2023, the exercise of all of the 3rd Series Subscription Warrants for **the partial commitment-type rights offering (sustainability rights offering)** was completed
- ▶ With regard to **sustainability**, we **revised materiality (important issues)** with the main change being the addition of **“Conservation of biodiversity.”**

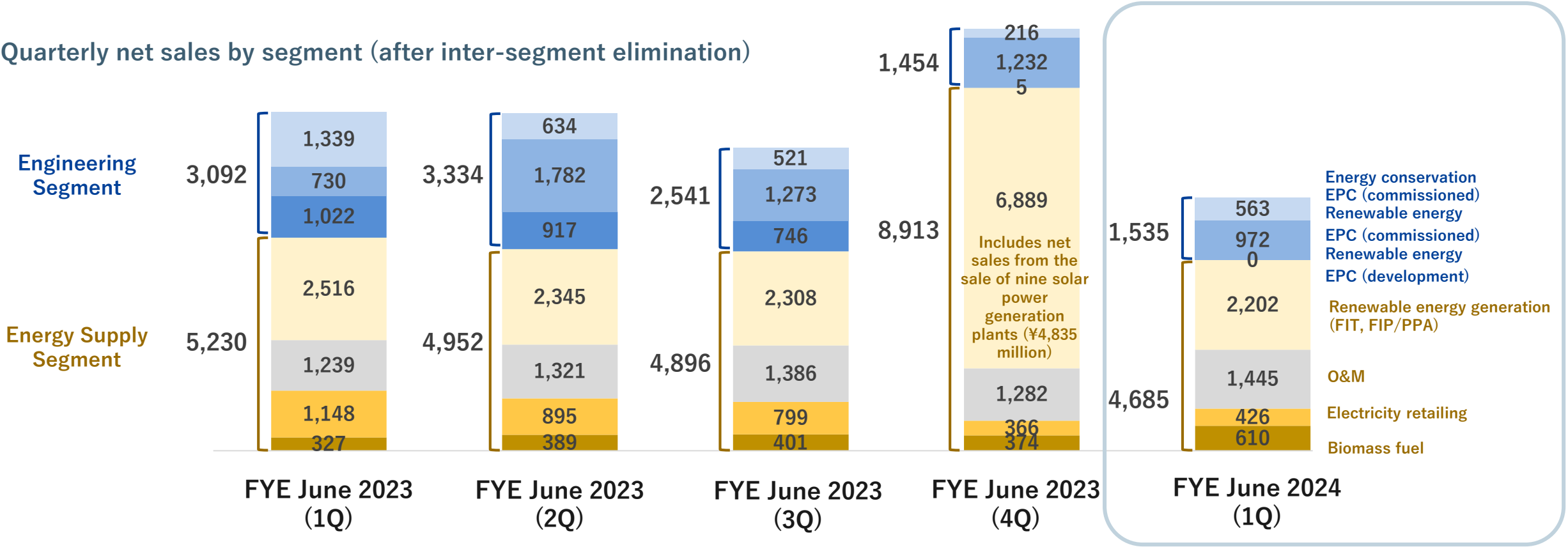
\* Total generation capacity for renewable energy power generation facilities includes renewable energy power generation facilities owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator).

As explained on page 26, we also changed the presentation method beginning in the third quarter of the fiscal year ended June 30, 2023. Under the previous presentation method, total generation capacity for renewable energy power generation facilities would have been approximately 219.3 MW from 86 projects (as of September 30, 2023).

# Quarterly Net Sales by Segment

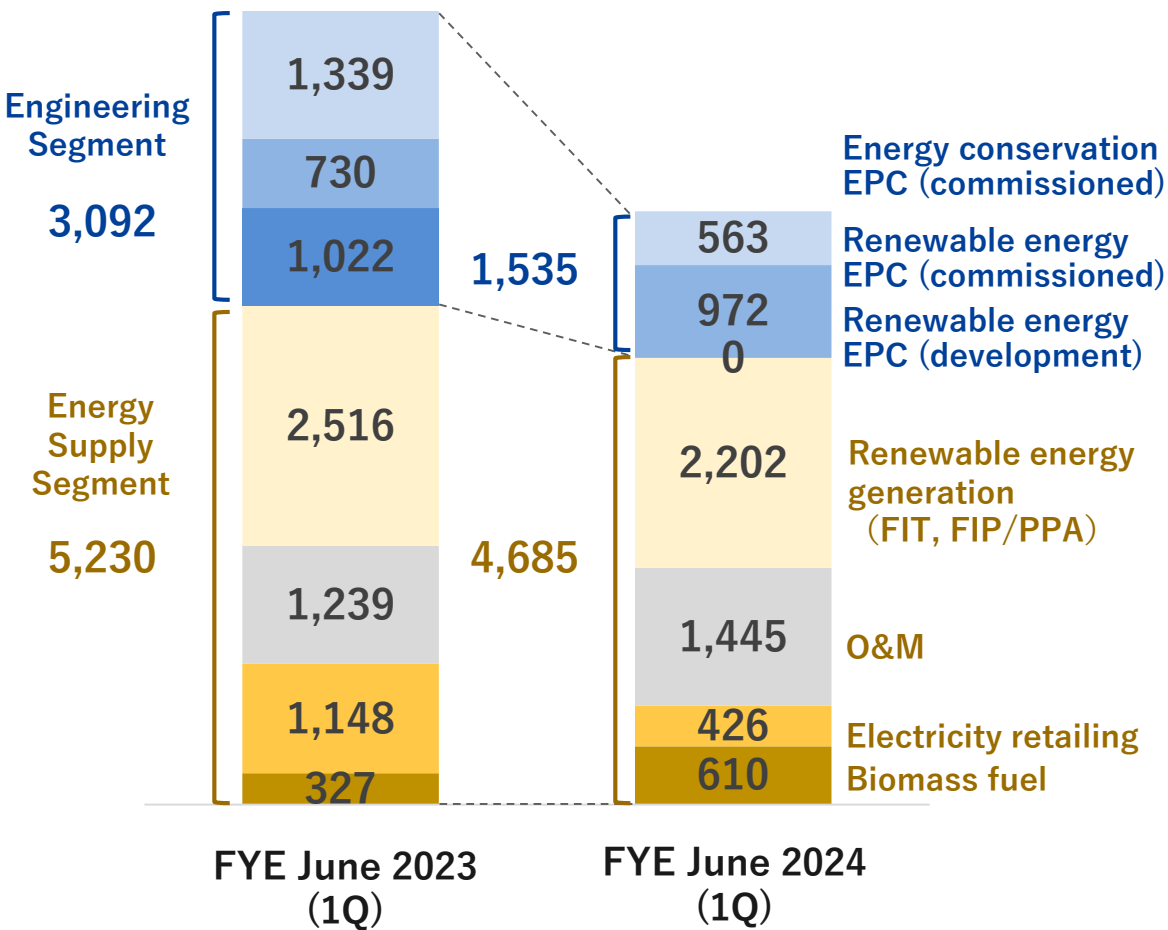
- ▶ Engineering Segment recorded a year-on-year revenue decline  
This primarily owes to the lack of projects coming under the development-type EPC category
- ▶ Energy Supply Segment recorded a year-on-year revenue decline  
The principal factors were the sale during the previous fiscal year of nine solar power generation plants owned by the Company, resulting in a decline in income from electricity sold, as well as the impact of efforts taken to reduce the volume of electricity supplied to the retail market

Quarterly net sales by segment (after inter-segment elimination)



# Breakdown of Segment Sales

Breakdown of segment sales  
(after inter-segment elimination)



## Engineering Segment

- ▶ Energy conservation EPC (commissioned-type) progressed as planned despite a year-on-year decrease in revenues due to the impact of construction progress
- ▶ Renewable energy EPC (commissioned-type) saw a year-on-year increase in revenues due to an increase in rooftop solar power projects for logistics warehouses and plants
- ▶ There were no projects coming under the renewable energy EPC (development-type) category

## Energy Supply Segment

- ▶ Renewable energy generation recorded lower revenues year on year. Income from electricity sold decreased due to the sale of nine solar power generation plants owned by the Company during the previous fiscal year, and other factors
- ▶ O&M remained steady as planned
- ▶ Revenues in electricity retailing were lower year on year due to efforts aimed at reducing the volume of electricity supplied as part of measures to improve profitability
- ▶ Biomass fuel recorded higher revenues year on year due to increasing the shipment volume, higher unit prices and the impact of foreign exchange rates

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



# Operating Results of Engineering Segment

- Engineering Segment for 1Q of FYE June 2024 recorded lower revenues and profits year on year

(Millions of yen)

	After inter-segment elimination		
	1Q of FYE June 2023	1Q of FYE June 2024	Targets of FYE June 2024
Consolidated net sales	8,323	6,221	38,200
Engineering Segment	3,092	1,535	20,300
Commissioned-type energy conservation	1,339	563	—
Commissioned-type renewable energy	730	972	—
Development-type renewable energy	1,022	0	—
Energy Supply Segment	5,230	4,685	17,900
Renewable energy generation	2,516	2,202	—
O&M	1,239	1,445	—
Electricity retailing	1,148	426	—
Other (biomass fuel)	327	610	—
Elimination/Corporate	—	—	—
Gross profit	2,466	1,733	10,650
Engineering Segment	721	203	6,100
Energy Supply Segment	1,745	1,529	4,550
Elimination/Corporate	—	—	—
Operating profit	1,527	714	6,650
Engineering Segment	443	(23)	—
Energy Supply Segment	1,389	1,053	—
Elimination/Corporate	(305)	(315)	—

Main factors driving changes in gross profit (1Q of FYE June 2024)

- The principal factor behind the year on year decline in profit was the lack of projects coming under the development-type EPC category

# Operating Results of Energy Supply Segment

- ▶ Energy Supply Segment for 1Q of FYE June 2024 recorded lower revenues and profits year on year

(Millions of yen)

	After inter-segment elimination		
	1Q of FYE June 2023	1Q of FYE June 2024	Targets of FYE June 2024
<b>Consolidated net sales</b>	<b>8,323</b>	<b>6,221</b>	<b>38,200</b>
Engineering Segment	3,092	1,535	20,300
Commissioned-type energy conservation	1,339	563	—
Commissioned-type renewable energy	730	972	—
Development-type renewable energy	1,022	0	—
<b>Energy Supply Segment</b>	<b>5,230</b>	<b>4,685</b>	<b>17,900</b>
Renewable energy generation	2,516	2,202	—
O&M	1,239	1,445	—
Electricity retailing	1,148	426	—
Other (biomass fuel)	327	610	—
Elimination/Corporate	—	—	—
<b>Gross profit</b>	<b>2,466</b>	<b>1,733</b>	<b>10,650</b>
Engineering Segment	721	203	6,100
<b>Energy Supply Segment</b>	<b>1,745</b>	<b>1,529</b>	<b>4,550</b>
Elimination/Corporate	—	—	—
<b>Operating profit</b>	<b>1,527</b>	<b>714</b>	<b>6,650</b>
Engineering Segment	443	(23)	—
<b>Energy Supply Segment</b>	<b>1,389</b>	<b>1,053</b>	<b>—</b>
Elimination/Corporate	(305)	(315)	—

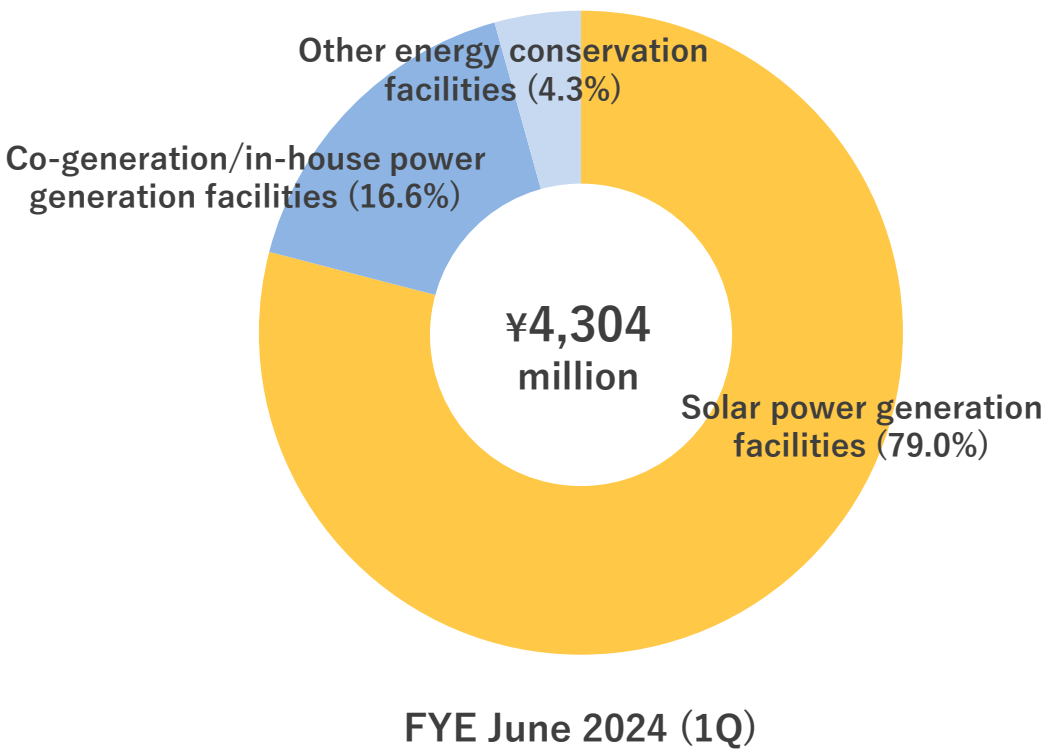
Main factors driving changes in gross profit (1Q of FYE June 2024)

- ▶ The principal factor behind the year-on-year decrease in profit was a decline in income from electricity sold from renewable energy generation
- ▶ Electricity retailing recorded a year-on-year improvement in gross profit due to the effects of measures to improve profitability

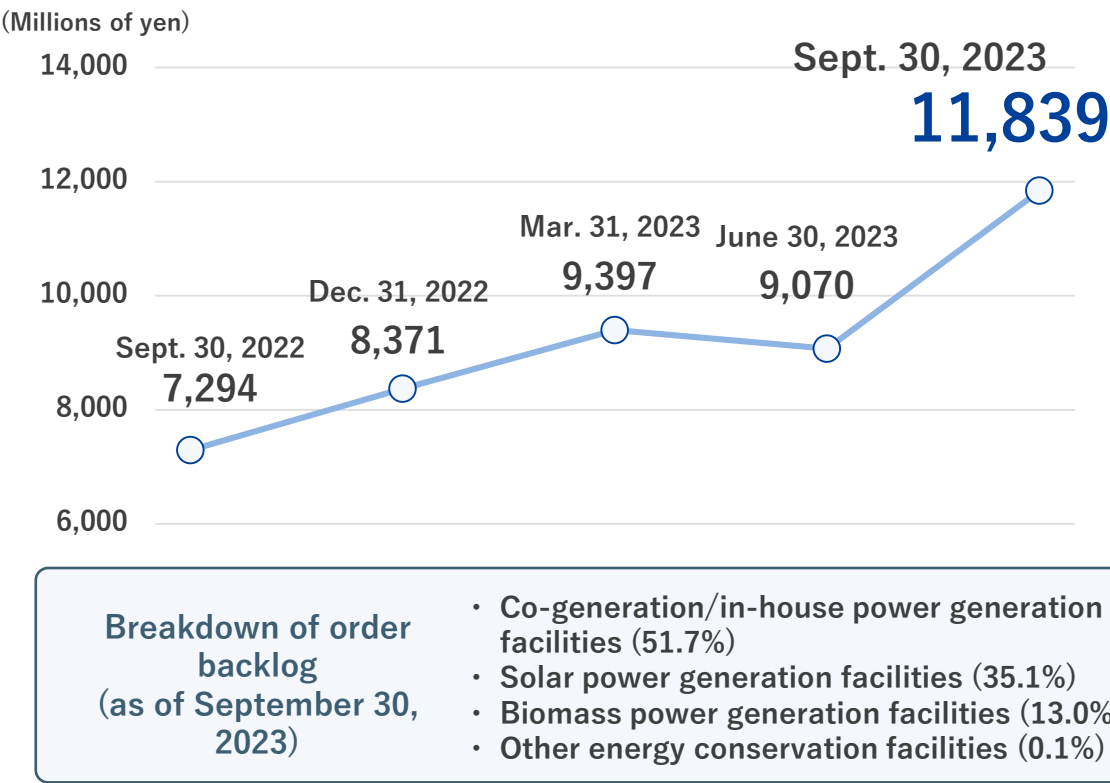
# Orders Received and Order Backlog

- ▶ Orders received were ¥4,304 million (103.1% year on year), with the main driver being commissioned-type EPC using solar power generation facilities and co-generation/in-house power generation facilities
- ▶ The order backlog was ¥11,839 million (162.3% year on year), with around 60% of that accounted for by co-generation/in-house power generation facilities, and biomass power generation facilities

■ Breakdown of orders received



■ Trends in order backlog over the most recent year



## Topics Related to On-site PPA

- ▶ The following on-site PPA projects that are scheduled to begin supply going forward have already been included in a press release\*

Supplied to	Power generation capacity	Scheduled date on which supply will commence
Public facilities for Maniwa City, Okayama Prefecture (total of eight locations)	Of which three locations total around 168kW Of which the other five locations total around 345kW	Spring 2024 Autumn 2024
NANCHIKU CO., LTD., head office factory	Approx. 750kW	March 2024
Co-op Minami Kasuga, Japanese Consumers' Co-operative Union Co-op Oita	Approx. 286kW	April 2024
KOIKE-YA Inc., Kyushu Aso Plant	Approx. 885kW	June 2024

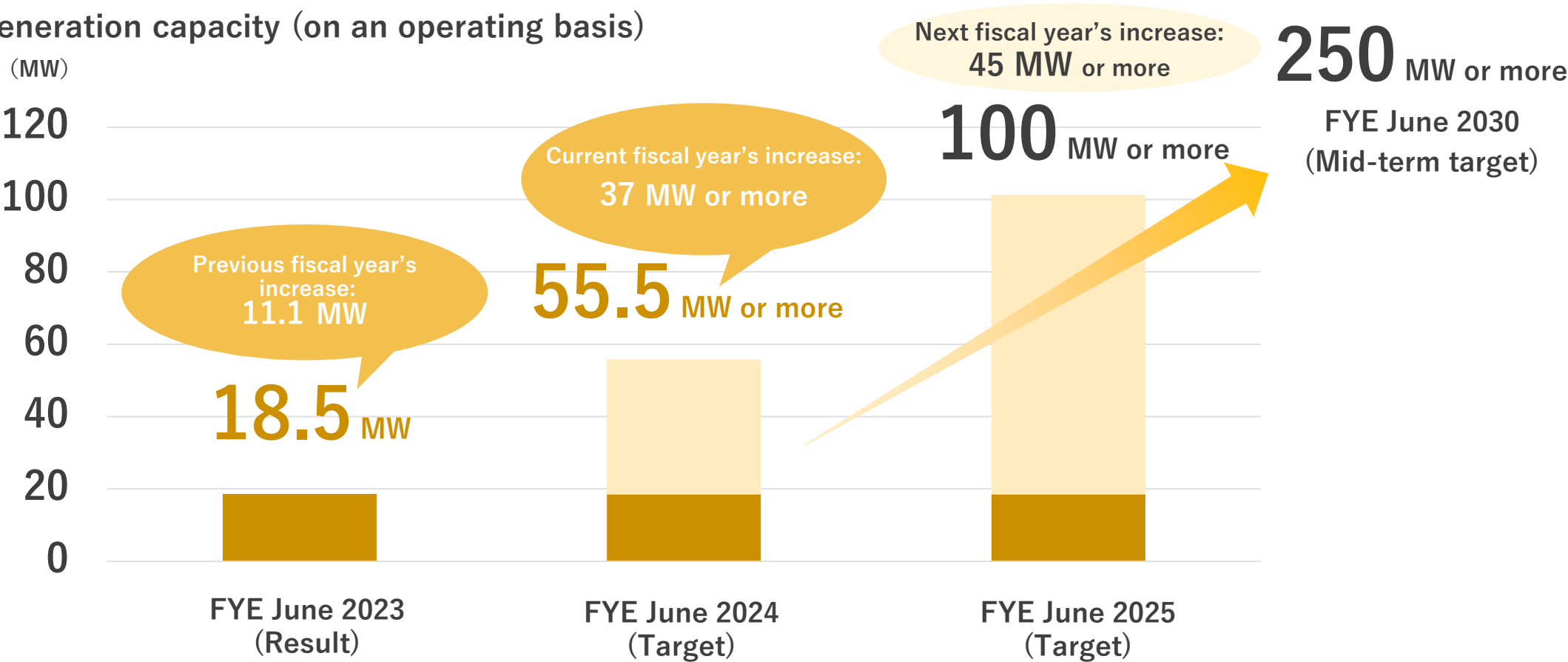


\* as of November 14, 2023

# Generation Capacity Accumulation From On-site PPAs

- ▶ We aim to have 250 MW or more of in-house power generation capacity from on-site PPAs by the fiscal year ending June 30, 2030
- ▶ We aim to have the total generation capacity of approx. 55.5 MW or more on an operating basis at the end of the fiscal year ending June 30, 2024 (37 MW or more increase during the period)

On-site PPA generation capacity (on an operating basis)





## Topics Related to In-house Biomass Power Generation

- ▶ Nishiki-machi 2 MW Woody Biomass Power Plant has been completed and began power generation on September 30, 2023

**Nishiki-machi 2 MW Woody Biomass Power Plant has been completed**  
—This biomass power plant uses 100% domestic materials,  
making productive use of unused resources and contributing to regional job creation—



**Nishiki-machi 2 MW Woody  
Biomass Power Plant**



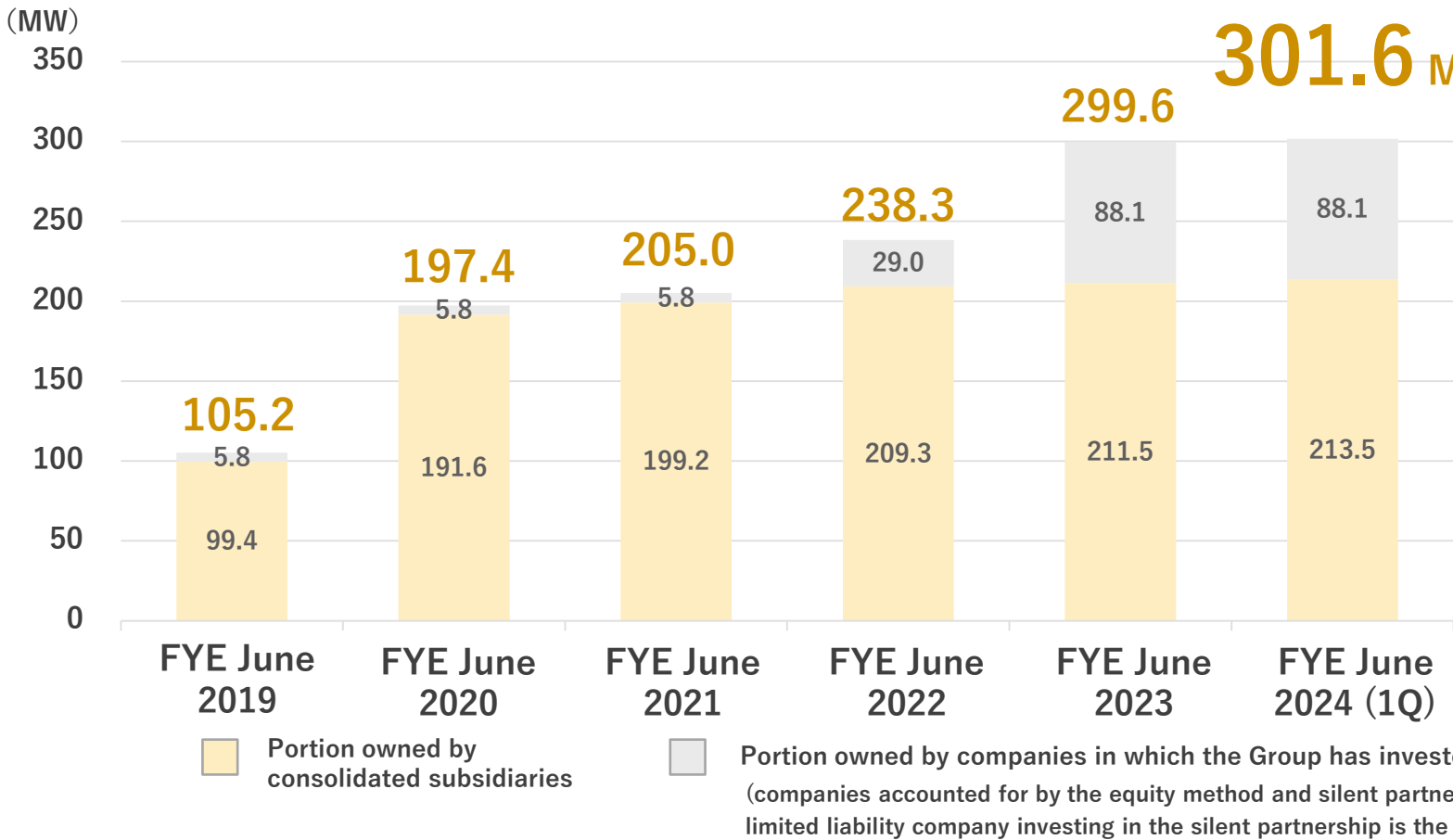
**Woodchip factory incorporated into Nishiki-  
machi 2 MW Woody Biomass Power Plant**

# [Stock Business] Trends in Generation Capacity for Renewable Energy Power Plants

- ▶ We seek to obtain stable long-term income from FIT and FIP schemes and on-site PPA model for in-house consumption

## Trends in total capacity of renewable energy power generation facilities\*

\* Solar power plants (including on-site PPA for in-house consumption), biomass and wind power plants in operation



### ■ Topics in the first quarter of FYE June 2024

- Increase in portion owned by consolidated subsidiaries  
Nishiki-machi 2 MW Woody Biomass Power Plant (power generation capacity of approximately 2.0 MW) begins operation

Solar

89 projects, approx. 293.7 MW including 16 on-site PPA projects, approx. 18.5 MW

Biomass

2 projects, approx. 7.8 MW

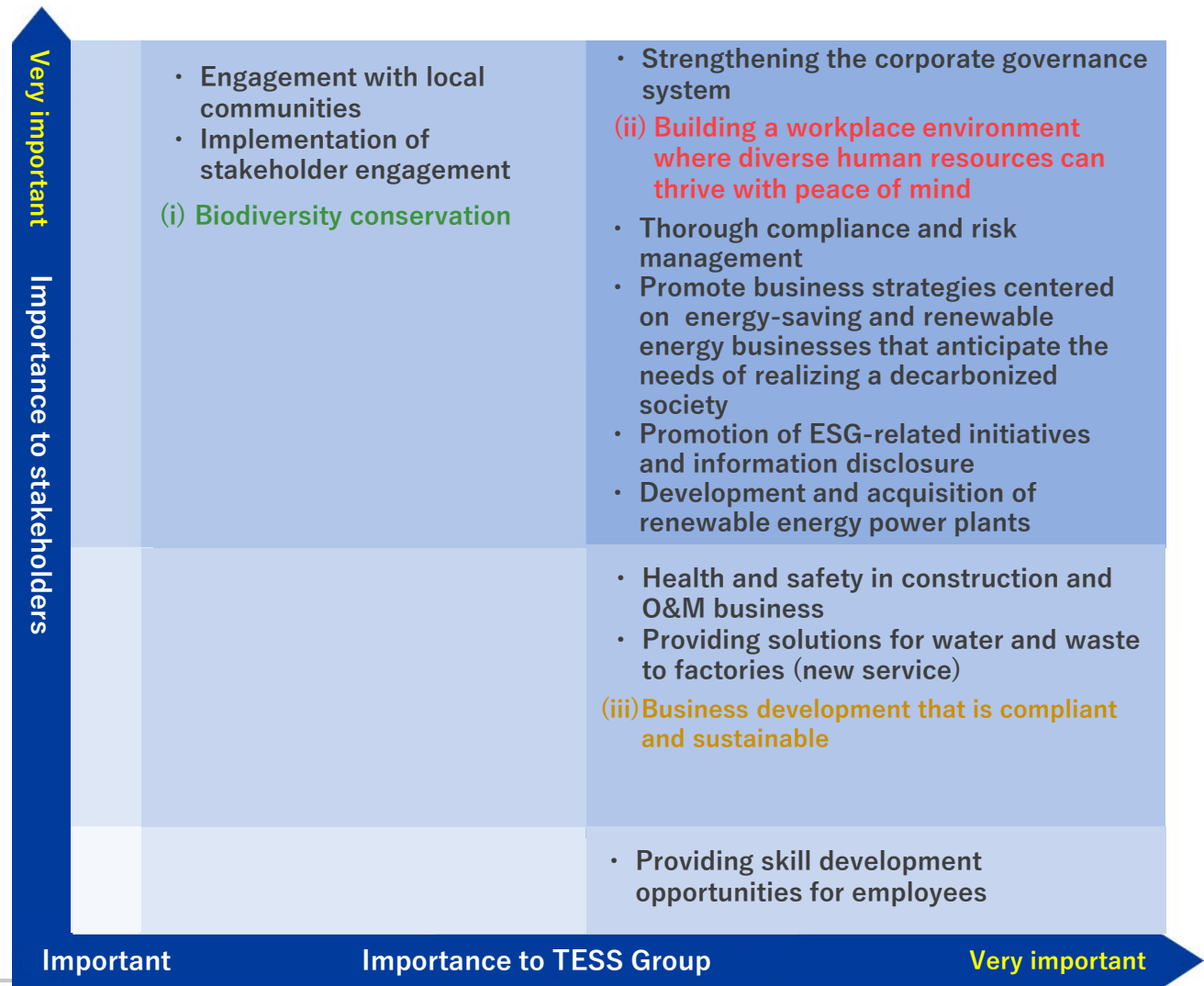
Wind

6 projects, approx. 0.1 MW

\* as of September 30, 2023

# Topics on Sustainability

- ▶ Having listened to the opinions of external experts as part of our dialogue with stakeholders, we have updated our materiality (important issues)



## ■ Key points of materiality update

- (i) Biodiversity

Opinion: Taking into account rising awareness and the area in which TESS Group operates, there should be an item related to biodiversity

→ Added item related to biodiversity
- (ii) Promoting diversity

Opinion: It is necessary to be more specific about what kinds of diversity will be promoted, etc.

→ Be more specific in defining and promoting eligible types of diversity
- (iii) Compliance

Opinion: Just because something is recognized as being legal by the government, that does not necessarily mean that it is sustainable

→ Added wording related to business development being sustainable



## Partial Commitment-type Rights Offering (Sustainability Rights Offering)

- ▶ As of August 30, 2023, the exercise of all of the 3rd Series Subscription Warrants for the partial commitment-type rights offering had been completed

### ■ Final exercise results

Name of the subscription warrants	TESS Holdings Co., Ltd.'s 3rd Series Subscription Warrants
Exercise period for subscription warrants	July 3, 2023 to August 30, 2023
Total number of subscription warrants issued	35,216,030 rights
Number of the subscription warrants exercised between July 3, 2023 and August 30, 2023	35,216,030 rights
Percentage of the subscription warrants exercised to the total number of subscription warrants issued as of August 30, 2023	100%
Number of shares delivered as of August 30, 2023	35,216,030 shares
Total amount paid in as of August 30, 2023 <sup>*1</sup>	¥13,452,523,460

\*1 The total amount paid in is shown as the total amount of the issue price for the shares issued as a result of the exercise of the subscription warrants.

\*2 The amount to be allotted is the total amount paid in as of August 30, 2023, less issuance expenses of roughly ¥85 million.

### ■ Use of funds

Specific use of funds	Amount to be allotted <sup>*2</sup> (Millions of yen)	Expected time of expenditure
(1) Funds for acquisition of silent partnership equity interest in Fukuoka Miyako Solar Power LLC	785	August 2023 (allotted)
(2) Capital investment funds for construction of Saga Imari Biomass Power Plant (tentative name)	12,582	Until the end of December 2024

## II. (Reprinting) Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024

\*Announced August 14, 2023

(Reprinting) Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024  
(Announced August 14, 2023)

► Forecast of consolidated financial results for the fiscal year ending June 30, 2024 is as follows:

(Millions of yen)

	FYE June 2023  Full-year results	FYE June 2024  Full-year forecast announced August 14, 2023	Year-on-year changes
Net sales	34,415	38,200	11.0%
Gross profit (Profit margin)	10,611 (30.8%)	10,650 (27.9%)	0.4%
Operating profit (Profit margin)	6,864 (19.9%)	6,650 (17.4%)	-3.1%
Ordinary profit (Profit margin)	5,518 (16.0%)	6,000 (15.7%)	8.7%
Profit attributable to owners of parent (Profit margin)	3,592 (10.4%)	3,700 (9.7%)	3.0%

# (Reprinting) Key Points of Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2024

## Engineering

- ▶ We expect **both renewable energy and energy conservation for commissioned-type EPC to proceed steadily** due to needs for energy decarbonization initiatives among our customers

## Engineering

- ▶ In the development-type EPC, a project to develop land for renewable energy power plant in Kyoto Prefecture is underway, and we expect to record sales by transferring the land to a third party after obtaining permits and approvals for site development, urban planning, and related rights

## Energy Supply

- ▶ In renewable energy generation, we expect **sales from 211.5\* MW already in operation (FIT, FIP/on-site PPA)**  
(Additional acquisitions of secondary projects during the fiscal year and new on-site PPA are not included in earnings forecasts)

## Energy Supply

- ▶ In **electricity retailing**, we expect a decrease in the volume of electricity supplied compared to the fiscal year ended June 30, 2023, due to **our measures including suspension of receiving new applications to reduce the scale** to curb the impact of rising cost of sales for procurement of power source

## Energy Supply

- ▶ We expect to record research and development expenses associated with **the technological development for adjustment of supply and demand and the use of surplus power as well as with the technological development for manufacturing EFB pellets** as selling, general and administrative expenses

\*Excluding the 5.8 MW from associates accounted for using the equity method

(Reprinting) Forecast of Consolidated Financial Results by Reportable Segment  
for the Fiscal Year Ending June 30, 2024

(Millions of yen)

	Before inter-segment elimination		After inter-segment elimination	
	FYE June 2023 Actual	FYE June 2024 Forecast	FYE June 2023 Actual	FYE June 2024 Forecast
Consolidated net sales	34,415	38,200	34,415	38,200
Engineering Segment	15,189	23,577	10,422	20,300
Energy Supply Segment	23,992	17,900	23,992	17,900
Inter-segment elimination	(4,767)	(3,277)	—	—
Gross profit	10,611	10,650	10,611	10,650
Engineering Segment	1,993	6,230	1,780	6,100
Energy Supply Segment	7,986	4,172	8,830	4,550
Inter-segment elimination	631	248	—	—



## III. Overview of Consolidated Financial Statements, Etc.

# Consolidated Statement of Income

(Millions of yen)

	FYE June 2023 1Q results	FYE June 2023 Full-year results	FYE June 2024 1Q results	Quarter-on- quarter change	Main factors for the change, etc.
Net sales	8,323	34,415	<b>6,221</b>	-2,102	See “I. Summary of Consolidated Financial Results for the Three Months Ended September 30, 2023”
Cost of sales	5,856	23,803	<b>4,487</b>	-1,369	
Gross profit	2,466	10,611	<b>1,733</b>	-733	
Selling, general and administrative expenses	938	3,746	<b>1,018</b>	80	
Operating profit	1,527	6,864	<b>714</b>	-813	
Non-operating income	152	810	<b>195</b>	43	
Non-operating expenses	226	2,157	<b>412</b>	186	
Ordinary profit	1,453	5,518	<b>498</b>	-955	
Extraordinary losses	—	166	—	—	
Profit before income taxes	1,453	5,351	<b>498</b>	-955	
Profit	971	3,794	<b>340</b>	-631	
Profit attributable to owners of parent	905	3,592	<b>283</b>	-622	

# Consolidated Balance Sheet

(Millions of yen)

	FYE June 2023 Full-year results	FYE June 2024 1Q results	Change	Main factors for the change, etc.
Current assets	27,381	38,727	11,346	Increase in cash and deposits as a result of partial commitment-type rights offering
Non-current assets	66,707	68,208	1,501	Increase in construction in progress
Total assets	94,089	106,935	12,846	
Current liabilities	19,009	18,151	-858	Repayment of short-term borrowings
Non-current liabilities	46,740	47,477	737	Proceeds from long-term borrowings
Total liabilities	65,749	65,628	-121	
Shareholders' equity	28,053	40,743	12,690	Increase in share capital and capital surplus as a result of partial commitment-type rights offering
Accumulated other comprehensive income	194	443	249	
Non-controlling interests	91	119	28	
Total net assets	28,340	41,306	12,966	
Total liabilities and net assets	94,089	106,935	12,846	



# Operating Results by Segment

(Millions of yen)

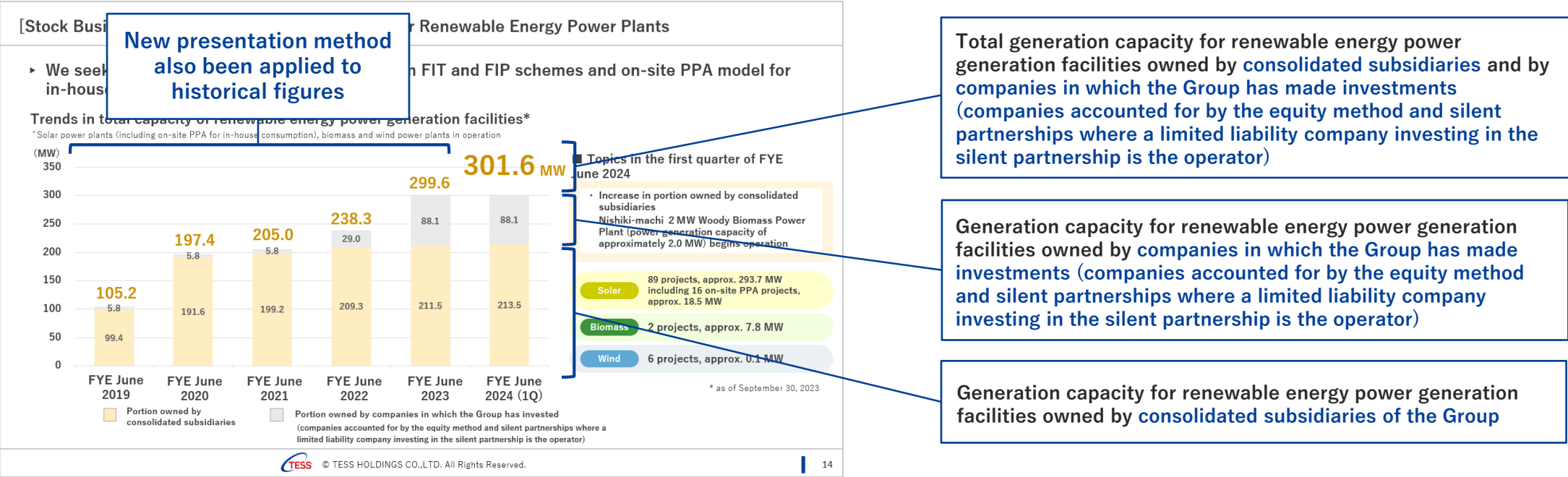
		Before inter-segment elimination		After inter-segment elimination	
		1Q of FYE June 2023	1Q of FYE June 2024	1Q of FYE June 2023	1Q of FYE June 2024
<b>Consolidated net sales</b>		<b>8,323</b>	<b>6,221</b>	<b>8,323</b>	<b>6,221</b>
	<b>Engineering Segment</b>	3,191	3,329	3,092	1,535
	Commissioned-type energy conservation	1,339	563	1,339	563
	Commissioned-type renewable energy	730	972	730	972
	Development-type renewable energy	1,120	1,793	1,022	0
	<b>Energy Supply Segment</b>	<b>5,230</b>	<b>4,685</b>	<b>5,230</b>	<b>4,685</b>
	Renewable energy generation	2,516	2,202	2,516	2,202
	O&M	1,239	1,445	1,239	1,445
	Electricity retailing	1,148	426	1,148	426
	Other (biomass fuel)	327	610	327	610
	Elimination/Corporate	(98)	(1,793)	—	—
<b>Gross profit</b>		<b>2,466</b>	<b>1,733</b>	<b>2,466</b>	<b>1,733</b>
	<b>Engineering Segment</b>	706	95	721	203
	<b>Energy Supply Segment</b>	<b>1,637</b>	<b>1,431</b>	<b>1,745</b>	<b>1,529</b>
	Elimination/Corporate	122	206	—	—
<b>Operating profit</b>		<b>1,527</b>	<b>714</b>	<b>1,527</b>	<b>714</b>
	<b>Engineering Segment</b>	262	(163)	443	(23)
	<b>Energy Supply Segment</b>	<b>1,183</b>	<b>715</b>	<b>1,389</b>	<b>1,053</b>
	Elimination/Corporate	81	162	(305)	(315)

## IV. (Attached Materials) Corporate Overview

# Change in presentation method for total generation capacity for renewable energy power generation facilities

- Following increases in the number of solar power plants owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator), in the third quarter of FYE June 2023 we changed the presentation method used for total generation capacity for renewable energy power generation facilities.

- Before the change:  
Capacity presented for renewable energy power generation facilities owned by consolidated subsidiaries and companies accounted for by the equity method
- After the change:  
Figures are categorized into capacity owned by consolidated subsidiaries and capacity owned by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator), with generation capacity for their respective renewable energy power generation facilities presented separately and with the total



## Overview of the Company

<b>Name</b>	TESS Holdings Co., Ltd.	
<b>Representative</b>	Kazuki Yamamoto, Representative Director and President	
<b>Founded</b>	July 9, 2009 (TESS Group founded in May 1979)	
<b>Share capital</b>	6,756 million yen (As of September 30, 2023)	
<b>Group businesses</b>	Management consultation to introduce environmental protection/energy saving systems such as co-generation system, engineering, procurement and construction (EPC), operation & maintenance, 24 hours operation monitoring, supporting operation management by “Energy Management System,” fuel supply business, electricity retailing (power producer and supplier), power generation by renewable energy, etc.	
<b>Headquarters location</b>	Shin-Osaka Prime Tower, 6-1-1 Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka 532-0011 Japan	
<b>Tokyo Office location</b>	Yaesu First Financial Building, 1-3-7 Yaesu, Chuo-ku, Tokyo 103-0028 Japan	
<b>Group's license and registrations</b>	Special Construction License	License issued by Minister of Land, Infrastructure, Transport and Tourism: ○Construction ○Scaffolding/Earthmoving ○Roofing ○Electrical ○Piping ○Steel Structuring ○Plating ○Painting ○Waterproofing ○Machinery Installation ○Dismantling ○Civil Engineering
	The Offices of Registered Architects	License # 23366 - Governor of Osaka Prefecture
<b>Listing</b>	Prime Market of the Tokyo Stock Exchange Securities code: 5074 (Listed April 27, 2021)	

# Management Structure/Management

- ▶ Management structure consisting of four Executive Directors and four Directors who are Audit and Supervisory Committee Members (including three Independent External Directors)



**Hideo Ishiwaki**

**Director and Chairman, Chairperson of the Board of Directors**

Joined TESS Group in September 2004. Representative Director from August 2012.  
Director and Chairman, Chairperson of the Board of Directors from September 2022.



**Kazuki Yamamoto**

**Representative Director and President**

Joined TESS Group in April 1993, served as a person in charge of the Sales Department and the Corporate Planning Department.  
Executive Managing Director of the Company from April 2018. Representative Director and President from September 2022.  
Leads the entire TESS Group.



**Toshihiro Takasaki**

**Executive Managing Director**

Joined TESS Group in April 1995, promoting the business as a person in charge of the Sales Department.  
Director of the Company from April 2018. Executive Managing Director of the Company from September 2022.  
Serves concurrently as President & Chief Executive Officer of core subsidiary TESS Engineering.



**Mayumi Yoshida**

**Director, In-charge of ESG and Women's Empowerment**

Engages mainly in corporate management and duties related to GHG emissions trading, and has abundant business experience and advanced expertise. Joined the Company in May 2022, Executive Officer, In-charge of ESG and Women's Empowerment.  
Director, In-charge of ESG and Women's Empowerment from September 2022.



**Katsushige Fujii**

**Director, Audit and Supervisory Committee Member**

After joined TESS Group in April 1987, involved procurement, quality control, etc.  
Audit and Supervisory Committee Member of the Company from September 2021.  
Serves concurrently as Audit & Supervisory Board Member of TESS Engineering.



**Hiroyuki Okura**

**External Director, Audit and Supervisory Committee Member (Independent)**

Established Sun Business Support after working at Sanwa Bank, Limited, being temporarily assigned to the Ministry of Construction, and working at KITAHAMA TAX SERVICE, etc.  
Audit and Supervisory Committee Member of the Company from April 2018.



**Masaki Inoue**

**External Director, Audit and Supervisory Committee Member (Independent)**

Worked at OKAYA & CO., LTD., subsequently involved in corporate management as Representative Director and President at multiple companies, including SAKURA SEISAKUSHO, LTD.  
Audit and Supervisory Committee Member of the Company from April 2018.



**Akio Hamamoto**

**External Director, Audit and Supervisory Committee Member (Independent)**

Accumulated experience in overseas businesses working in Europe, the United States and Southeast Asia for Mitsubishi Heavy Industries, Ltd., has abundant knowledge of power generation plants. Audit and Supervisory Committee Member of the Company from September 2021.

### Business Philosophy

# Customer Focus, Customer Satisfaction

- ▶ We treat all stakeholders as the customer, including all clients, business partners, shareholders, investors, the communities where we operate, and group officers, employees, and their families.
- ▶ Our top management pledges to lead by example, engaging customers in a sincere, steady, self-reliant and straightforward manner.
- ▶ We place ESG and compliance at the core of management, and strive to increase corporate value by growing sustainably through our contribution to the SDGs.

## Management Philosophy

### Total Energy Savings & Solutions

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As the customers' energy related issues and needs become more complex, our business philosophy "Customer Focus, Customer Satisfaction" cannot be achieved with uniform products and services.

TESS stands for "Total Energy Savings & Solutions." We will promote provision of comprehensive energy solution as a group to realize this goal.

## Management Vision

### +E Performer

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"+E Performer" is our management vision.

" +E " represents "provision of innovative new products and services" concerning "Energy, Economy, Environment, Engineering, Ecology, Engagement, ..." related to the Group business activities. It signifies our corporate commitment to produce high performance that delivers results by sincerely engaging with our customers' needs.

By maximizing the Group strength, we aim to become a "+E Performer" that nurture, protect, and connect energy for the next generation.

ESG Policy

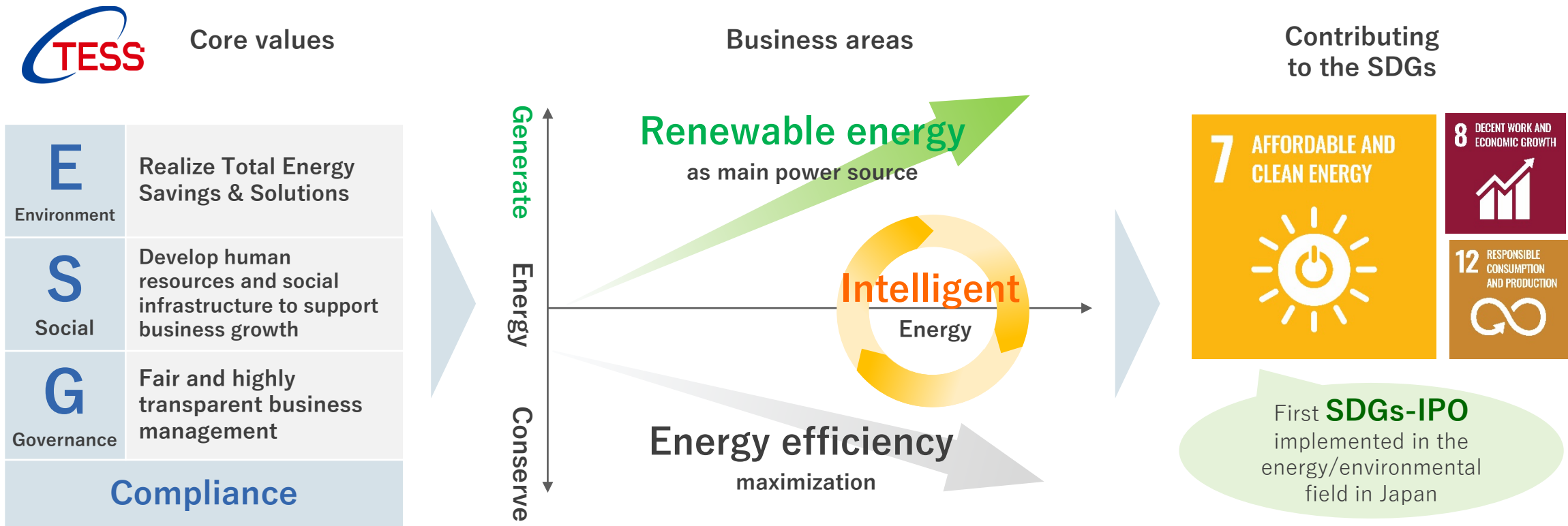
The TESS Group positions ESG and compliance at the core of its management and aims to contribute to the decarbonization of global energy and the realization of the SDGs.

Environment (E)	We aim to realize Total Energy Savings & Solutions for our customers and local communities.
Social (S)	We will develop human resources and social infrastructure to support business growth.
Governance (G)	We will carry out fair and highly transparent management.



# Group Purpose

- Contributing to global energy decarbonization through the realization of **Total Energy Savings & Solutions**.
- ▶ We place ESG and compliance at the core of management, and focus on the business areas with strong social needs and growth outlook, i.e., “renewable energy as main power source,” “energy efficiency maximization,” and “intelligent energy infrastructure.”



1

- ▶ **We focus on the three business areas of “renewable energy as main power source,” “energy efficiency maximization,” and “intelligent energy infrastructure”**

The Group has developed its business by specializing in the energy industry under its management philosophy of “Total Energy Savings & Solutions,” and by focusing on the three business areas with strong social needs and greater growth outlook, i.e., “renewable energy as main power source,” “energy efficiency maximization,” and “intelligent energy infrastructure,” the Group will contribute to initiatives for the global energy decarbonization.

2

- ▶ **By providing comprehensive energy solutions, we aim to build long-term transactional relationships with customers and to diversify our revenue opportunities**

We provide comprehensive energy solutions that address the increasingly complicated energy issues faced by customers, such as environmental measures, energy-saving initiatives, and energy cost programs. We are expanding the scope of the solutions we offer on both Engineering Segment and the Energy Supply Segment fronts, and building long-term transactional relationships with customers while at the same time diversifying our revenue opportunities.

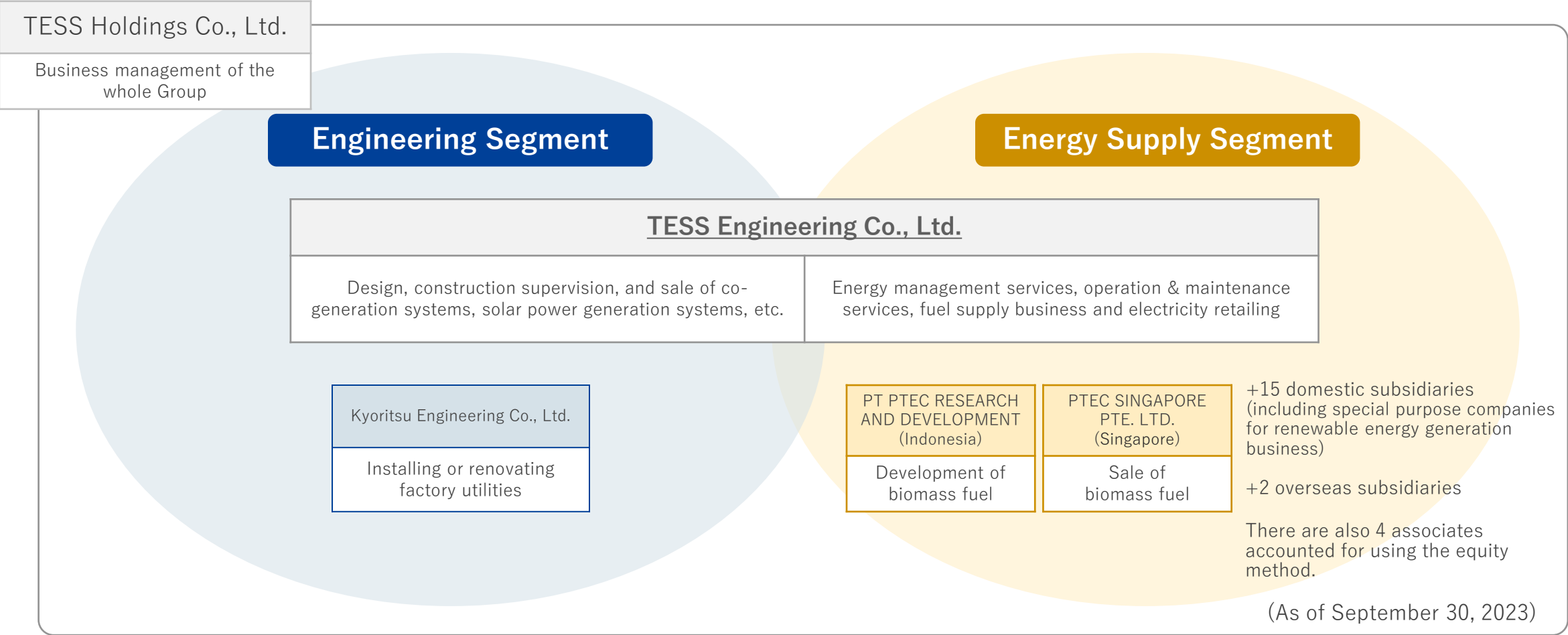
3

- ▶ **Building a stable management base by bolstering the stock-model business**

By continuously growing the Energy Supply Segment, which is a stock-model business, we will build a stable management base that is less susceptible to fluctuations in the economic conditions. Specifically, we aim to raise the proportion of consolidated net sales accounted for by the Energy Supply Segment, primarily by expanding renewable energy power plant ownership, operation, and electricity sales, so that the Energy Supply Segment consistently makes up more than half the total over the long term.

# Group Overview

- ▶ TESS Group consists of TESS Holdings, 17 domestic subsidiaries, 4 overseas subsidiaries and 4 associates
- ▶ Core subsidiary of TESS Engineering is responsible for both the Engineering Segment and the Energy Supply Segment



## Business Details (1) Engineering Segment

- ▶ In the Engineering Segment, we operate a flow business model focused on EPC\* for renewable energy and energy conservation-related facilities at factories and business facilities that are heavy consumers of energy

### Renewable energy EPC



### Energy conservation EPC



\* EPC: Engineering, Procurement, and Construction



## Business Details (2) Energy Supply Segment

- ▶ In the Energy Supply Segment, we operate a stock business model focused on renewable energy power generation and operation and maintenance.

1



2



3



### Other services

- Fuel supply services  
(including LNG and biomass fuel)

Total installed capacity (in operation): **approx. 301.6 MW**  
(As of September 30, 2023, including 16 on-site PPA projects, approx. 18.5 MW)

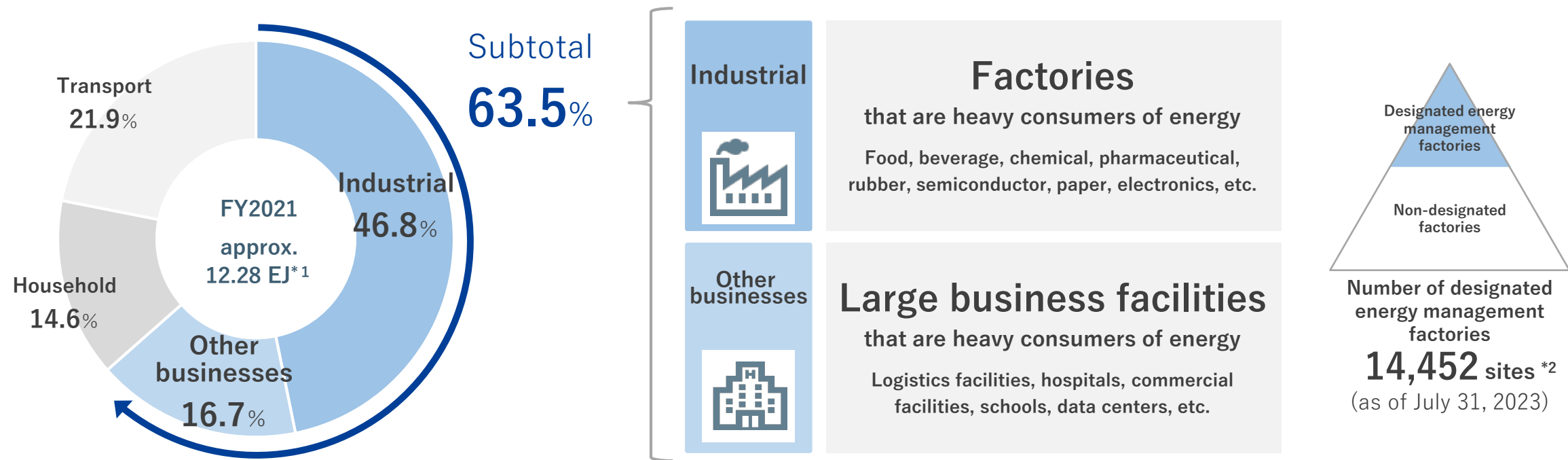
\*ERAB (Energy Resource Aggregation Business): Business that uses virtual power plant (VPP), demand response (DR) and other technologies to provide services such as supply-demand adjustment capacity, imbalance avoidance, rate reduction, and output suppression avoidance to general power transmission and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

\*Generation capacity for renewable energy power generation facilities includes renewable energy power generation facilities owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator)

# Target Markets of the TESS Group

- ▶ TESS Group’s target sector is approximately 60% of domestic energy consumption (total for the industrial sector and other business sector)
- ▶ Providing solutions for both designated energy management factories and non-designated factories

## ■ Ratio of energy consumption by sector

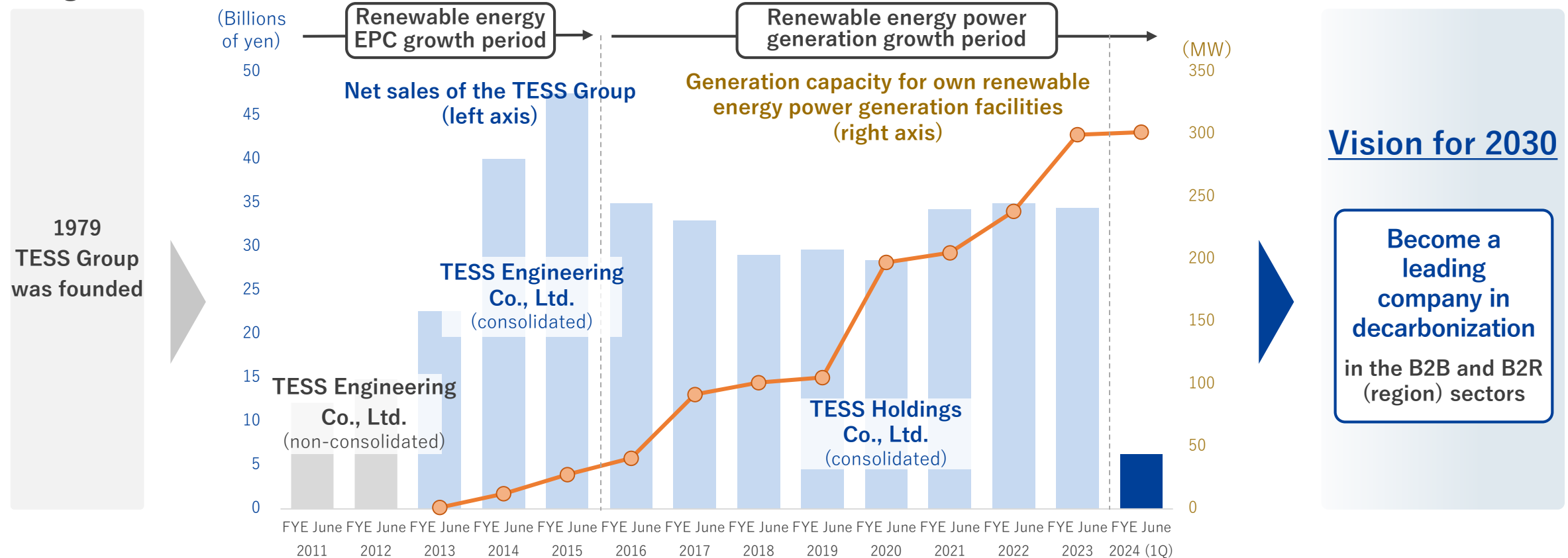


\*1 EJ= 10<sup>18</sup>J (Source) Created by the Company based on “FY2022 Annual Report on Energy” (June 2023) published by Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

\*2 (Source) “Status of Designation of Specified Business Operators, etc. under the Act on the Rationalization etc. of Energy Use” published by Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

# History

- ▶ Since being founded in 1979, consistently provide energy solutions for energy conservation, environmental measures, and cost reduction
- ▶ In recent years focus on renewable energy power generation operations in order to expand the Energy Supply Segment



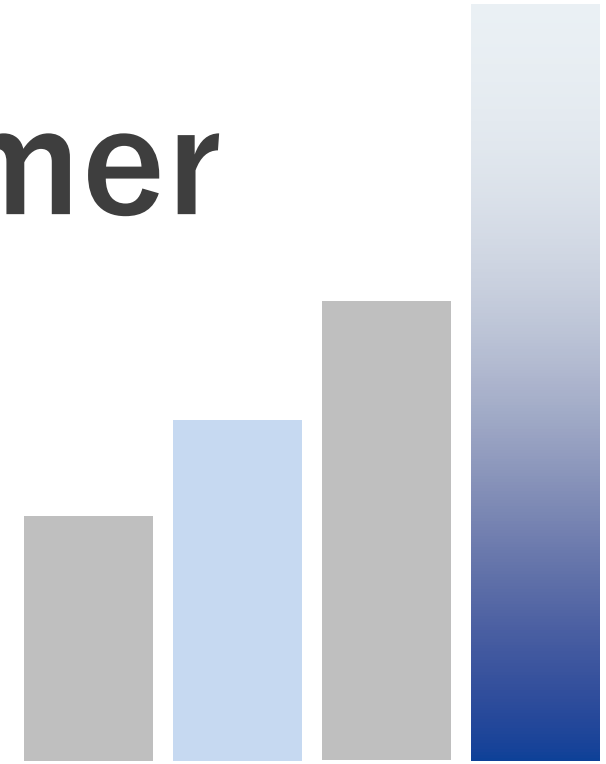
\* Not audited until FY2017 (fiscal year ended June 30, 2018). TESS Engineering began preparing consolidated financial statements in FY2012 (fiscal year ended June 30, 2013). TESS Holdings began preparing consolidated financial statements in FY2017 (fiscal year ended June 30, 2018).

\* In April 2018, the TESS Group transitioned to a holding company structure with TESS Holdings as the wholly-owning parent company.

\* Generation capacity for renewable energy power generation facilities includes renewable energy power generation facilities owned by consolidated subsidiaries and by companies in which the Group has made investments (companies accounted for by the equity method and silent partnerships where a limited liability company investing in the silent partnership is the operator).

# + E Performer

## Total E Energy S Savings & S Solutions



Inquiries:

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

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

We ask that you send an inquiry using the form on the website.

