

# **Financial Results Meeting Materials**

## **for the Three Months Ended September 30, 2024**

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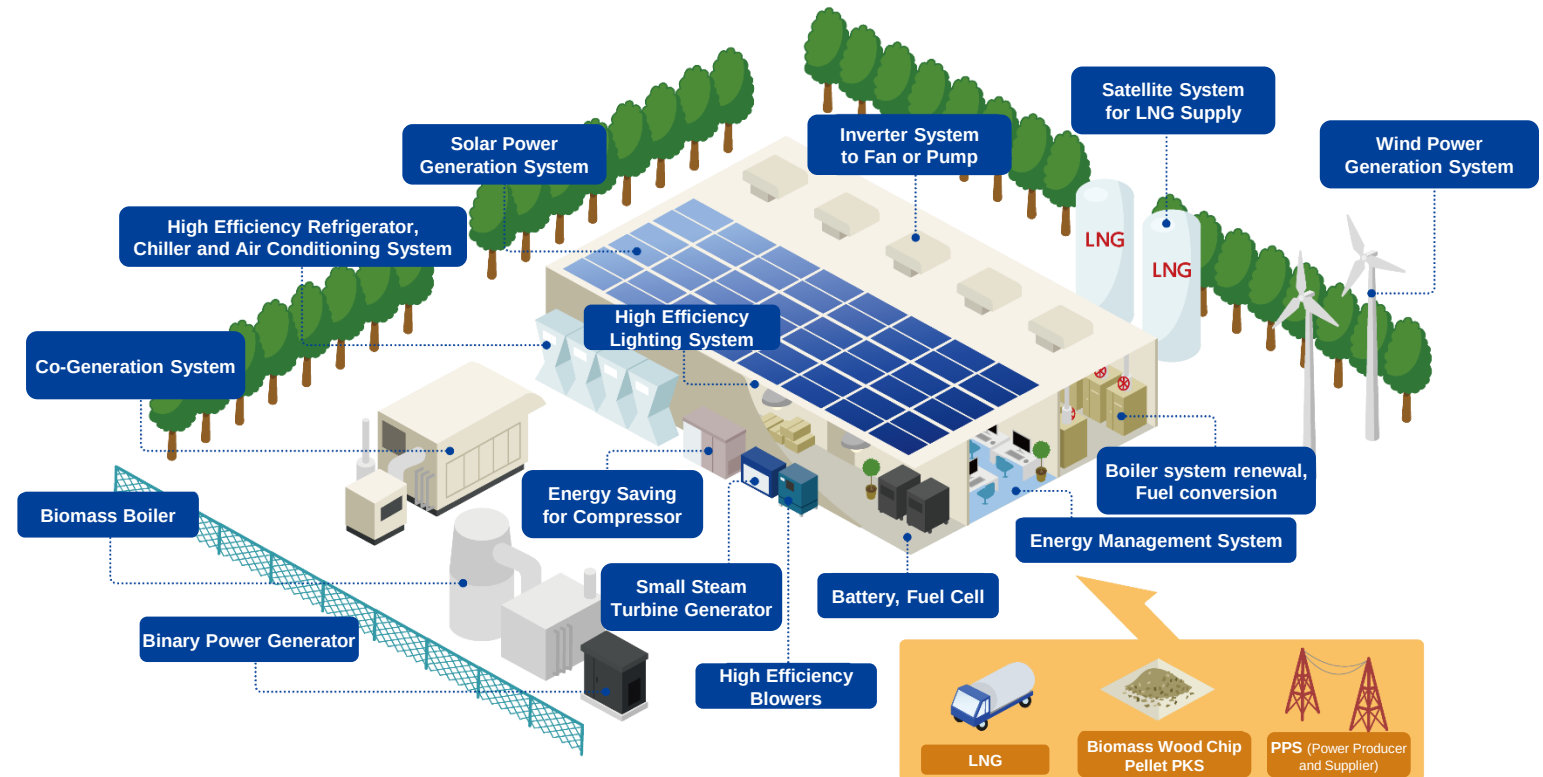


November 14, 2024  
TESS Holdings Co., Ltd.  
Securities code: 5074

# A leading company in decarbonization

A company that realizes Total Energy Savings & Solutions for customers

Items handled by  
the TESS Group



# Executive Summary

## FYE 06/2025 Q1 Consolidated Results

| Net sales                         | Gross profit                      | Operating profit                | Ordinary profit                 | Profit attributable to owners of parent | ROE  |
|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|-----------------------------------------|------|
| 8,308 million yen<br>(+33.6% YoY) | 2,103 million yen<br>(+21.3% YoY) | 944 million yen<br>(+32.2% YoY) | 757 million yen<br>(+52.2% YoY) | 684 million yen<br>(+141.6% YoY)        | 1.7% |

Entire Business

Engineering Segment

Energy Supply Segment

- Consolidated financial results for the three months ended September 30, 2024 show year-on-year **increases in both revenue and profit**.
- Both energy conservation and renewable energy EPC projects were strong, resulting in year-on-year **increases in both revenue and profit**.
- Inquiries from customers are also increasing due to growing needs related to decarbonization, etc.
- While renewable energy power generation performance held strong, due to the impacts of O&M and electricity retailing, **revenue and profit decreased year-on-year**.
- **Total renewable energy power plant generation capacity** is approximately **325.1 MW**. **Approximately 5.1 MW** is new and supplied by on-site PPA.

## Consolidated Results Forecast and Dividend Forecast FYE 06/2025

| Net sales                          | Gross profit                      | Operating profit                  | Ordinary profit                 | Profit attributable to owners of parent | ROE  | Dividend per share |
|------------------------------------|-----------------------------------|-----------------------------------|---------------------------------|-----------------------------------------|------|--------------------|
| 38,000 million yen<br>(+24.0% YoY) | 8,000 million yen<br>(+22.1% YoY) | 2,700 million yen<br>(+13.9% YoY) | 400 million yen<br>(-94.8% YoY) | 700 million yen<br>(-41.0% YoY)         | 1.7% | 7.66 yen           |

Entire Business

- On November 5, 2024, the Company announced revisions to its consolidated financial results forecast and dividend forecast.
- **No changes** to net sales, gross profit, or operating profit, but a **downward revision** to ordinary profit and below due to loss on valuation of derivatives.
- Excluding the impact of the loss on the valuation of derivatives, ordinary profit and below are expected to **increase compared to the previous forecast**.
- Dividend per share has been revised to **7.66 yen**, an increase of **2.55 yen** from the previous forecast, excluding the impact of gains or losses on valuation of derivatives.

# **1. Summary of Consolidated Financial Results for the Three Months Ended September 30, 2024**

## Consolidated Financial Results

- Consolidated financial results for the three months ended September 30, 2024 (from July 1, 2024 to September 31, 2024) show year-on-year increases in both revenue and profit.

|                                                        | FYE 06/2024<br>Q1<br>(Millions of yen) | FYE 06/2025<br>Q1 | FYE 06/2025<br>Full-year target * | Year-on-year<br>changes | Percentage of<br>full-year<br>target<br>achieved |
|--------------------------------------------------------|----------------------------------------|-------------------|-----------------------------------|-------------------------|--------------------------------------------------|
| <b>Net sales</b>                                       | <b>6,221</b>                           | <b>8,308</b>      | <b>38,000</b>                     | <b>33.6%</b>            | <b>21.9%</b>                                     |
| <b>Gross profit</b>                                    | <b>1,733</b>                           | <b>2,103</b>      | <b>8,000</b>                      | <b>21.3%</b>            | <b>26.3%</b>                                     |
| (Profit margin)                                        | (27.9%)                                | (25.3%)           | (21.1%)                           |                         |                                                  |
| <b>Operating profit</b>                                | <b>714</b>                             | <b>944</b>        | <b>2,700</b>                      | <b>32.2%</b>            | <b>35.0%</b>                                     |
| (Profit margin)                                        | (11.5%)                                | (11.4%)           | (7.1%)                            |                         |                                                  |
| <b>Ordinary profit</b>                                 | <b>498</b>                             | <b>757</b>        | <b>400</b>                        | <b>52.2%</b>            | <b>189.5%</b>                                    |
| (Profit margin)                                        | (8.0%)                                 | (9.1%)            | (1.1%)                            |                         |                                                  |
| <b>Profit<br/>attributable to owners of<br/>parent</b> | <b>283</b>                             | <b>684</b>        | <b>700</b>                        | <b>141.6%</b>           | <b>97.7%</b>                                     |
| (Profit margin)                                        | (4.6%)                                 | (8.2%)            | (1.8%)                            |                         |                                                  |

\* On November 5, 2024, we revised the financial results forecast for the fiscal year ending June 30, 2025.

## Reference: Scenario excluding derivative valuation gains or losses

- Excluding derivative valuation gains and losses, the consolidated financial results for Q1 of June 2025, the consolidated financial results forecasts for FYE June 2025, and the percentage of the full-year target achieved are as shown below.

| (Millions of yen)                                  | FYE 06/2025<br>Q1 *<br>Excluding derivative<br>valuation gains/losses | FYE 06/2025<br>Full-year target<br>Excluding derivative<br>valuation gains/losses | Percentage of<br>full-year target<br>achieved |
|----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Net sales</b>                                   | <b>8,308</b>                                                          | <b>38,000</b>                                                                     | <b>21.9%</b>                                  |
| <b>Gross profit</b>                                | <b>2,103</b>                                                          | <b>8,000</b>                                                                      | <b>26.3%</b>                                  |
| (Profit margin)                                    | (25.3%)                                                               | (21.1%)                                                                           |                                               |
| <b>Operating profit</b>                            | <b>944</b>                                                            | <b>2,700</b>                                                                      | <b>35.0%</b>                                  |
| (Profit margin)                                    | (11.4%)                                                               | (7.1%)                                                                            |                                               |
| <b>Ordinary profit</b>                             | <b>884</b>                                                            | <b>2,200</b>                                                                      | <b>40.2%</b>                                  |
| (Profit margin)                                    | (10.6%)                                                               | (5.8%)                                                                            |                                               |
| <b>Profit<br/>attributable to owners of parent</b> | <b>767</b>                                                            | <b>1,800</b>                                                                      | <b>42.6%</b>                                  |
| (Profit margin)                                    | (9.2%)                                                                | (4.7%)                                                                            |                                               |

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

# Consolidated Balance Sheet

|                                         | FYE 06/2024    | FYE 06/2025    | Change        | Main factors behind change                                                                                                                                                                                  |
|-----------------------------------------|----------------|----------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (Millions of yen)                       | Full-year      | Q1             |               |                                                                                                                                                                                                             |
| Current assets                          | 36,022         | <b>41,031</b>  | 5,009         | Increase in cash and deposits due to borrowing for the construction of the Saga Imari Biomass Power Plant and the conversion of the Miyako silent partnership <sup>*1</sup> into a consolidated subsidiary. |
| Non-current assets                      | 83,106         | <b>101,422</b> | 18,316        | Acquisition of the Fukuoka-Miyako Mega Solar power plant through the conversion of the Miyako silent partnership into a consolidated subsidiary.                                                            |
| <b>Total assets</b>                     | <b>119,128</b> | <b>142,454</b> | <b>23,326</b> |                                                                                                                                                                                                             |
| Current liabilities                     | 23,249         | <b>25,030</b>  | 1,781         | Increase in long-term loans payable due within one year due to the conversion of the Miyako silent partnership into a consolidated subsidiary. <sup>*2</sup>                                                |
| Non-current liabilities                 | 54,082         | <b>76,114</b>  | 22,032        | Increase in long-term loans due to the conversion of the Miyako silent partnership into a consolidated subsidiary. <sup>*2</sup>                                                                            |
| <b>Total liabilities</b>                | <b>77,332</b>  | <b>101,145</b> | <b>23,813</b> |                                                                                                                                                                                                             |
| Shareholders' equity                    | 41,083         | <b>40,625</b>  | -458          | Payment of dividends.                                                                                                                                                                                       |
| Accumulated other comprehensive income  | 429            | <b>375</b>     | -54           |                                                                                                                                                                                                             |
| Non-controlling interests               | 283            | <b>306</b>     | 23            |                                                                                                                                                                                                             |
| <b>Total net assets</b>                 | <b>41,796</b>  | <b>41,308</b>  | <b>-488</b>   |                                                                                                                                                                                                             |
| <b>Total liabilities and net assets</b> | <b>119,128</b> | <b>142,454</b> | <b>23,326</b> |                                                                                                                                                                                                             |

<sup>\*1</sup> A silent partnership operated by Fukuoka-Miyako Solar Power LLC

<sup>\*2</sup> Due to the consolidation of the Miyako silent partnership's current and non-current liabilities related to its conversion into a consolidated subsidiary; not due to new borrowings during the three months ended September 30, 2024.



# Recording of Non-operating Income/Losses and Extraordinary Income/Losses

## Loss on valuation of derivatives (non-operating expenses)

- In the three months ended September 30, 2024, a loss on the valuation of derivatives of 126 million yen was recorded as a non-operating expense.
- The situation arose from the fair market valuation of a forward exchange contract entered by our consolidated subsidiary, Imari Green Power Co., Ltd., to hedge against currency fluctuation risks associated with procuring PKS fuel. This fuel is intended for use at a major biomass power plant, with a generation capacity of approximately 46.0 MW, currently under development in Imari City, Saga Prefecture.

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

- In the three months ended September 30, 2024, 366 million yen in silent partnership investment income was recorded as non-operating income, 471 million yen in gains on bargain purchases were recorded as extraordinary income, and 292 million yen in losses on step acquisitions was recorded as extraordinary losses.
- On August 1, 2024, TESS Engineering Co., Ltd., a wholly-owned subsidiary of the Company, acquired all of the equity interests in a silent partnership operated by Fukuoka-Miyako Solar Power LLC, a limited liability company engaged in the solar power generation business (location: Miyako-machi, Miyako-gun, Fukuoka Prefecture; total power generation capacity: approx. 67.0 MW), and the silent partnership was made a consolidated subsidiary of the Company.

## 2 . Financial Results by Segment, Etc.

## Engineering Segment

Flow-type

EPC for energy conservation-related facilities



EPC for renewable energy-related facilities



### ✓ Differences in business formats

**Commissioned-type**

The segment consists of **EPC commissioned** by customers (Generally, the same format as when a construction company undertakes contract work on facilities)

**Development-type**

A format in which **a project is developed from scratch**, rights are bought and sold, and EPC are provided to client companies

※EPC: Engineering, Procurement, and Construction

## Energy Supply Segment

Stock-type

Renewable energy power generation (FIT, FIP/PPA)



Operation and maintenance (O&M)



Electricity retailing



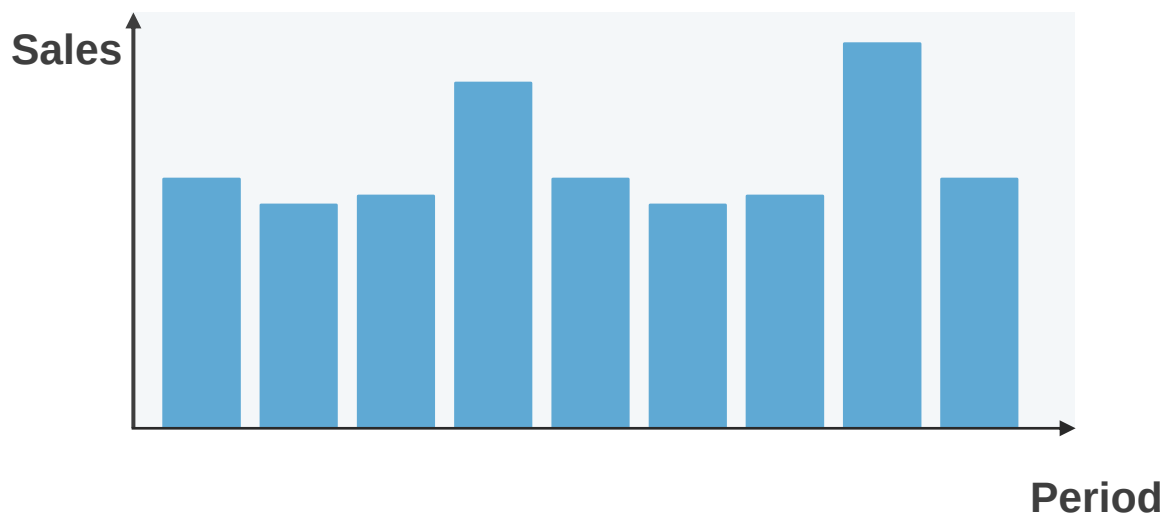
Biomass fuel supply



## 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

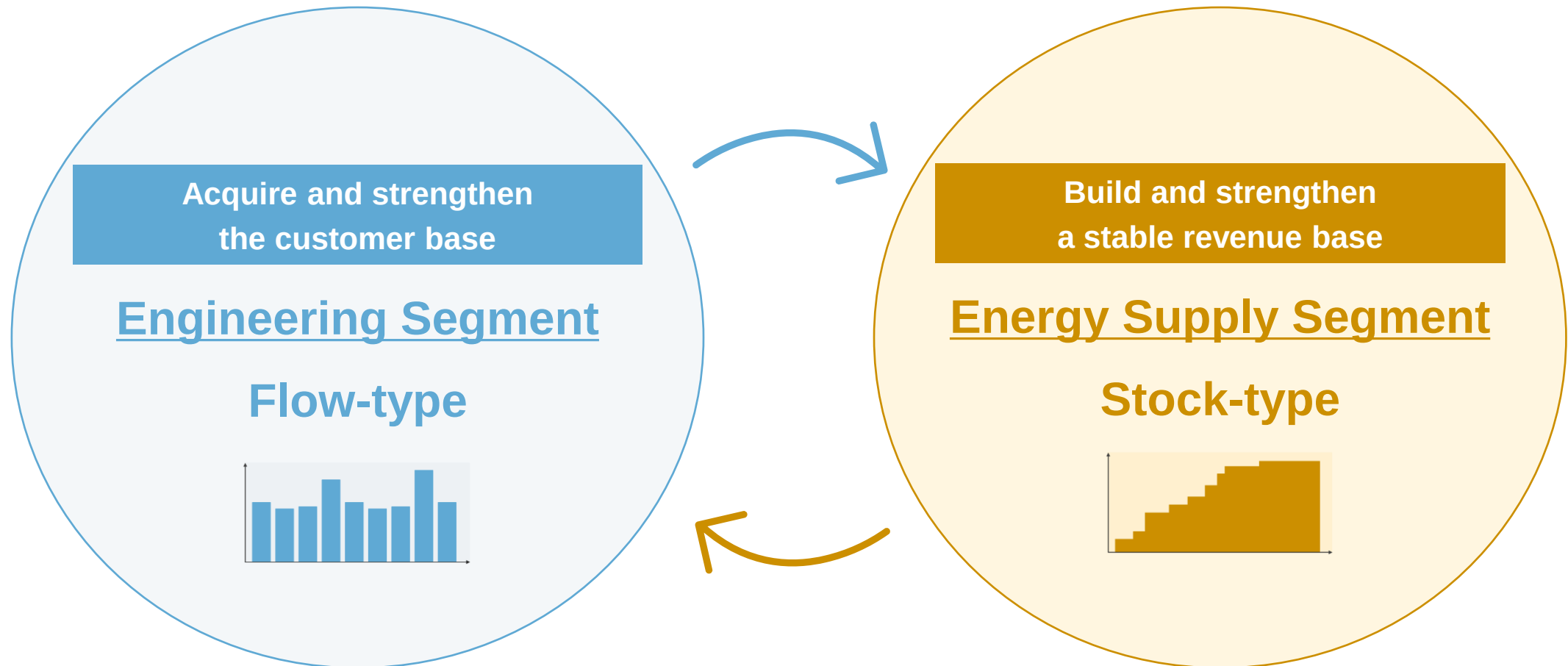
Business that earns steady stream of income  
Stable revenue by accumulating one by one



<Image of period recording sales>

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

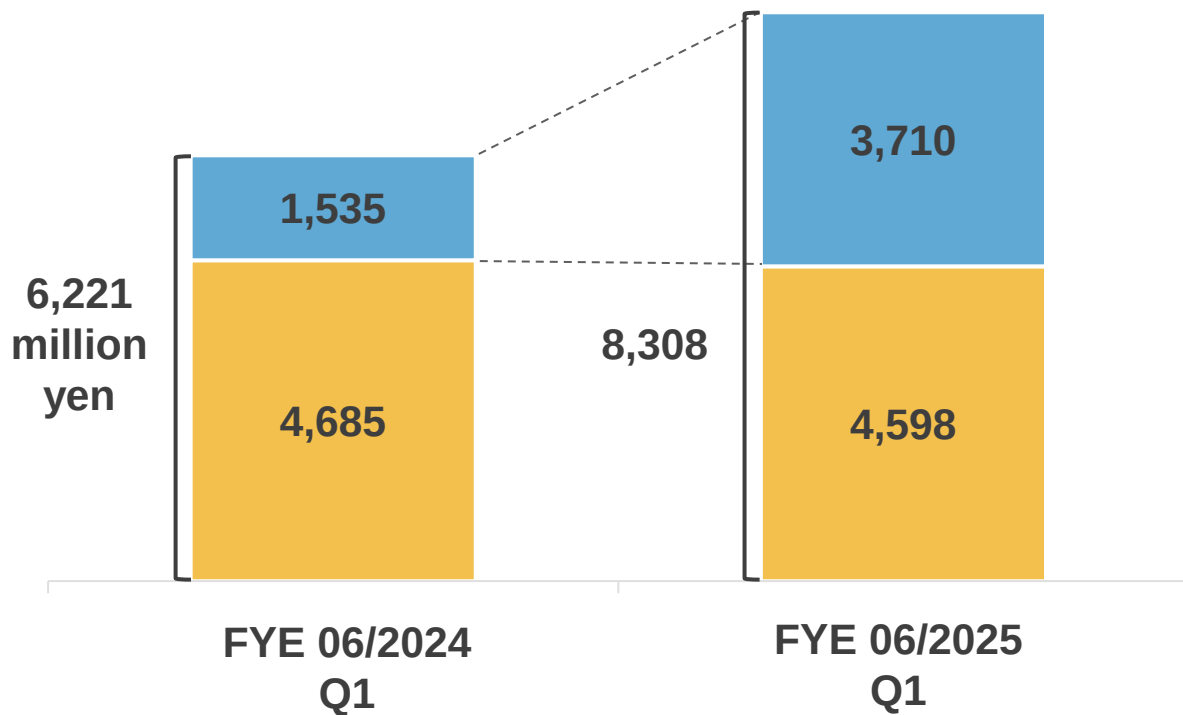
- ▶ Recycling-oriented business model with flow-type and stock-type.
- ▶ Secure both flow and stock revenue opportunities.  
(For example, after completing EPC in the Engineering Segment, it will lead to O&M orders for the Energy Supply Segment)



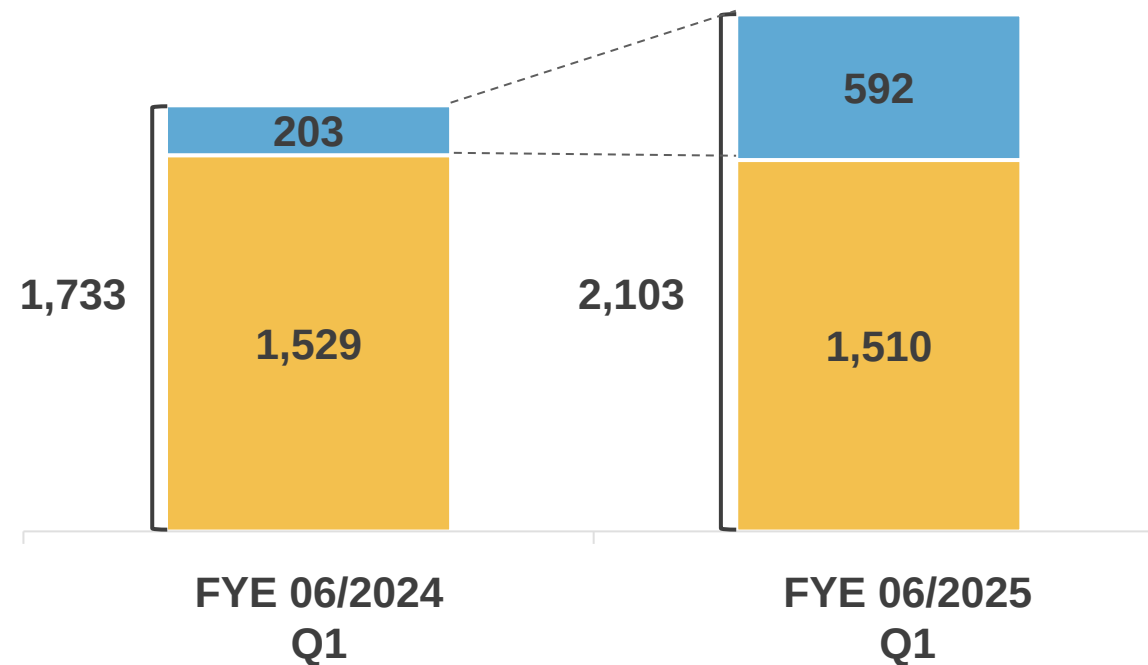
## Breakdown of Net Sales and Gross Profit by Segment (Year-on-year)

- ▶ Consolidated financial results for the three months ended September 30, 2024 show year-on-year increases in both revenue and profit.

Consolidated net sales



Consolidated gross profit

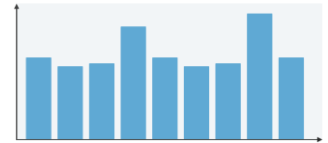


Engineering Segment

Energy Supply Segment

\* Figures are after inter-segment elimination.

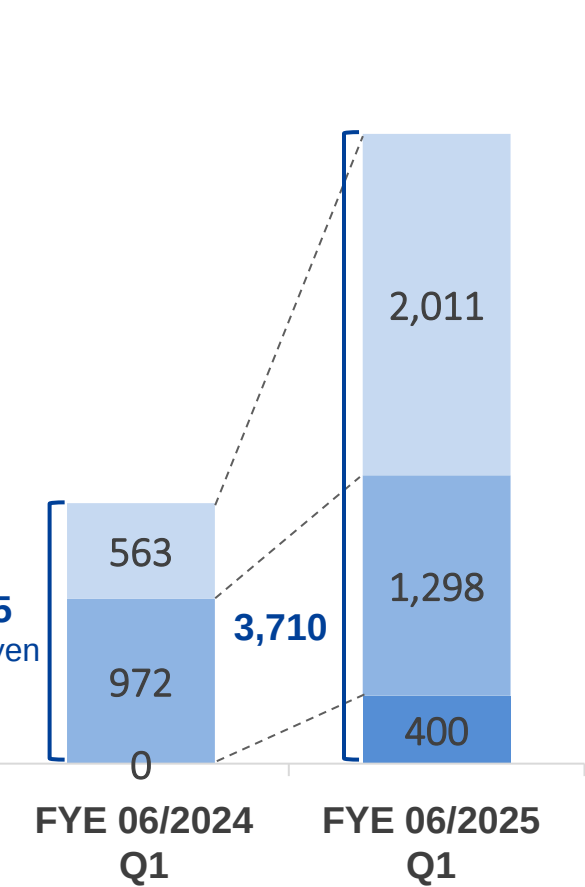
Flow-type



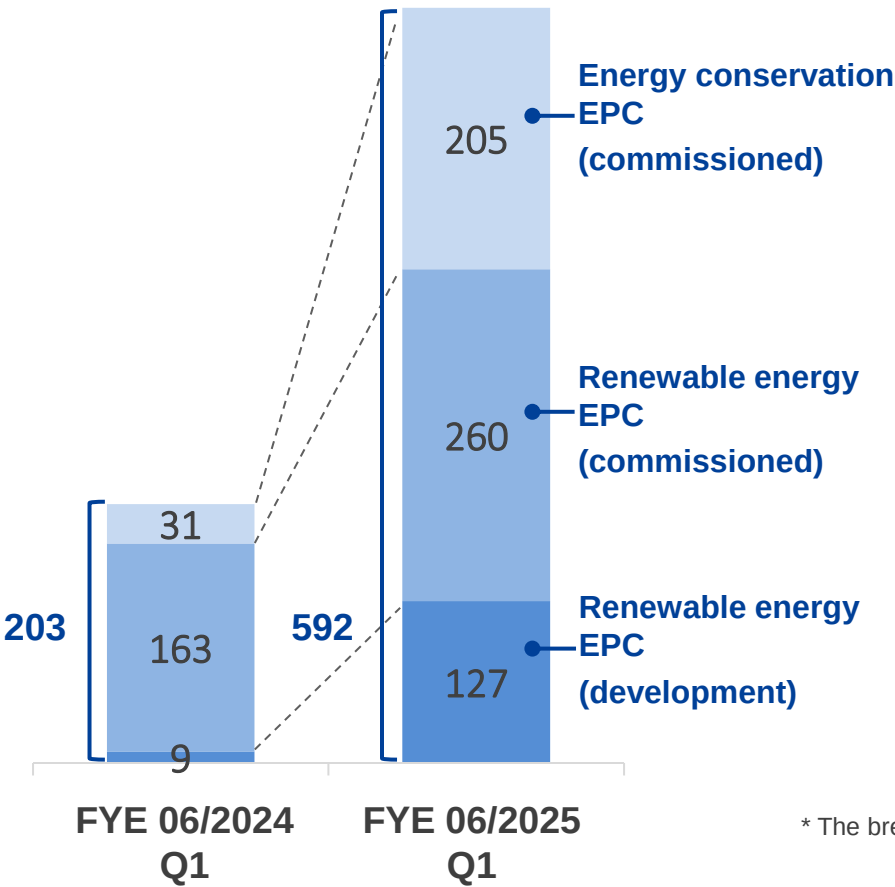
# Engineering Segment

- ▶ Engineering Segment increased both Net sales and Gross profit Year on Year.
- ▶ The main reason for this was the strong performance of both energy conservation and renewable energy EPC projects, which were commissioned, due to factors such as the growing need for decarbonization.

■ Net sales



■ Gross profit



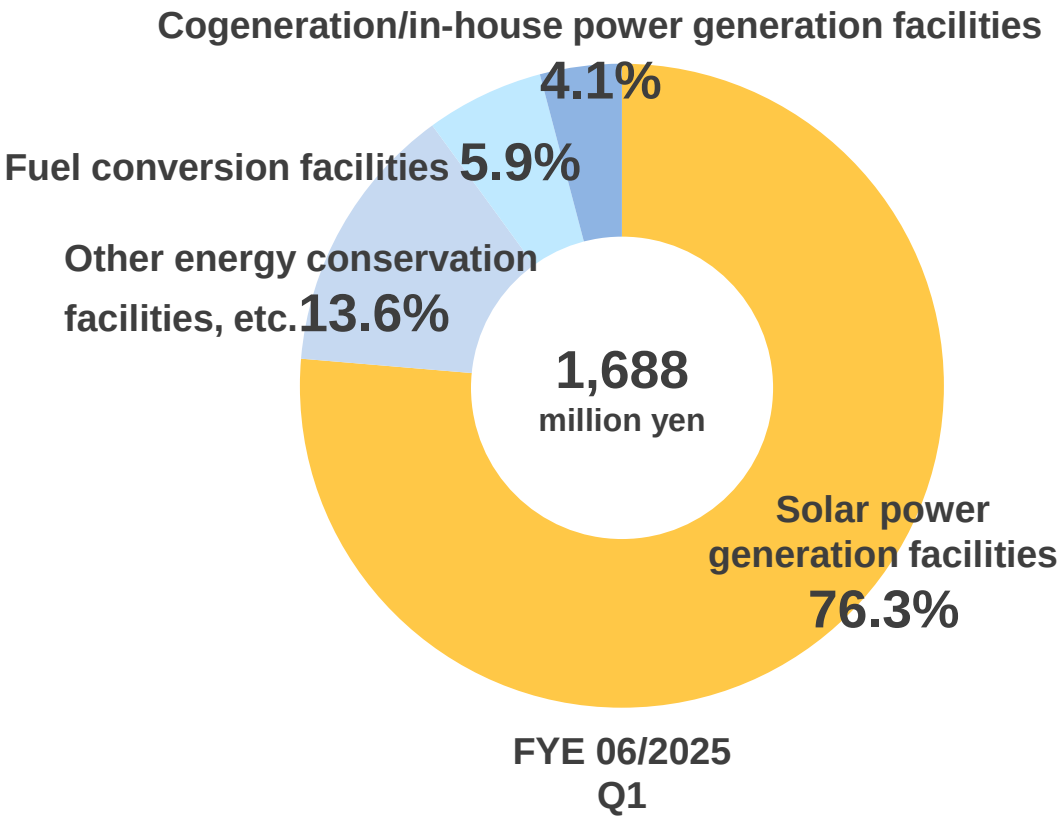
## Engineering Segment Highlights

- Energy conservation EPC (commissioned) saw year-on-year growth in both revenue and profit due to an increase in the number of cogeneration projects and the expansion of project scale, as well as favorable progress in EPC projects.
- In renewable energy EPC (commissioned), in addition to the increase in the scale of projects for rooftop solar power for logistics warehouses and factories, the EPC progress rate was favorable, resulting in year-on-year increases in both revenue and profit.
- In renewable energy EPC (development), revenue and profit were recorded for EPC of a solar power plant (generating capacity of approx. 8.0 MW, utilizing the FIT system) that has been under development in Kagoshima Prefecture.

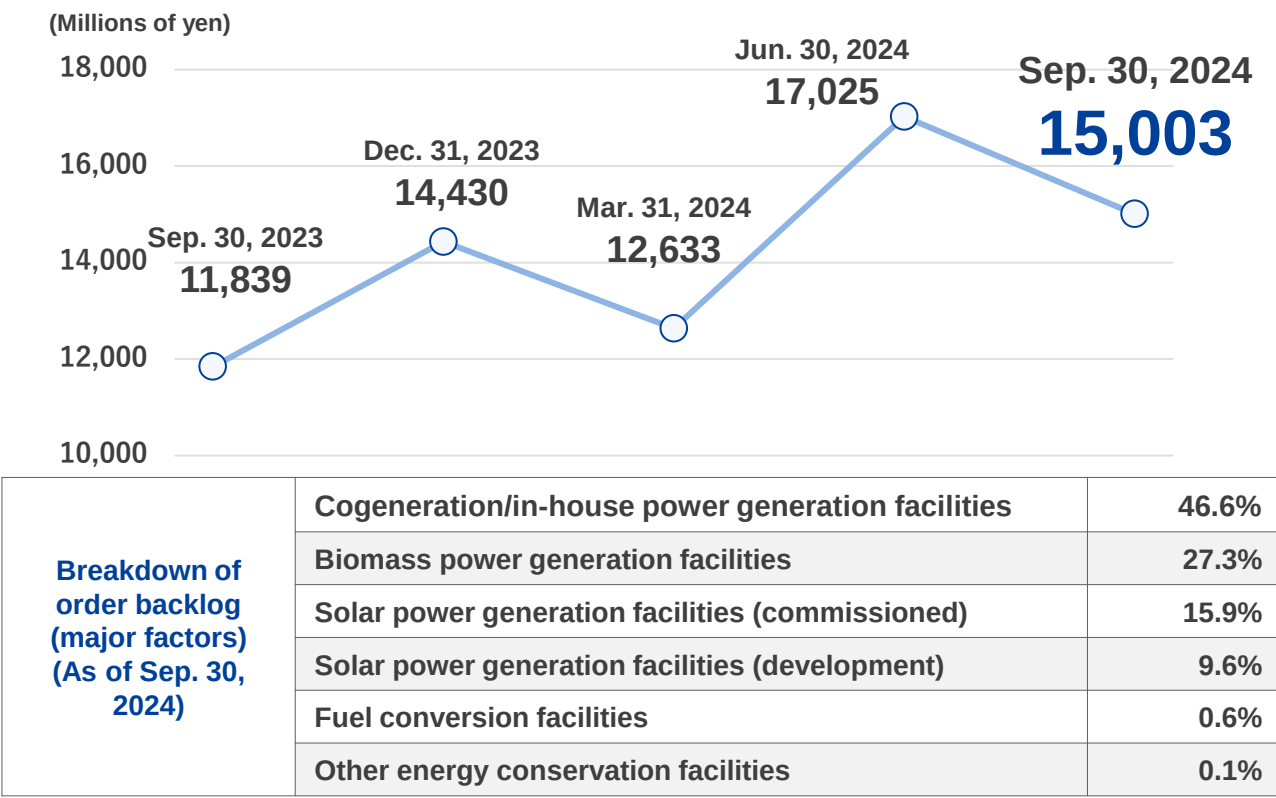
\* The breakdown of net sales and gross profit by reportable segment has not been audited.  
\* Figures are after inter-segment elimination.

- ▶ Orders received totaled 1,688 million yen (39.2% year-on-year), mainly driven by commissioned EPC for solar power generation facilities.
- ▶ Order backlog was 15,003 million yen (126.7% YoY). Approximately 70% was for cogeneration, in-house power generation facilities, and biomass power generation facilities.

Breakdown of orders received



Trends in order backlog over the most recent year



- ▶ Completed a total of ten major EPC projects in Q1 of FYE June 2025.  
Providing EPC for energy conservation-related facilities, solar power generation systems, etc., for factories and other facilities of high energy consumption.



Fuel conversion equipment, such  
as LNG satellite facilities

**2** projects

Energy management systems

**1** project

Solar power generation systems

**7** projects  
(approx. 16.0 MW)

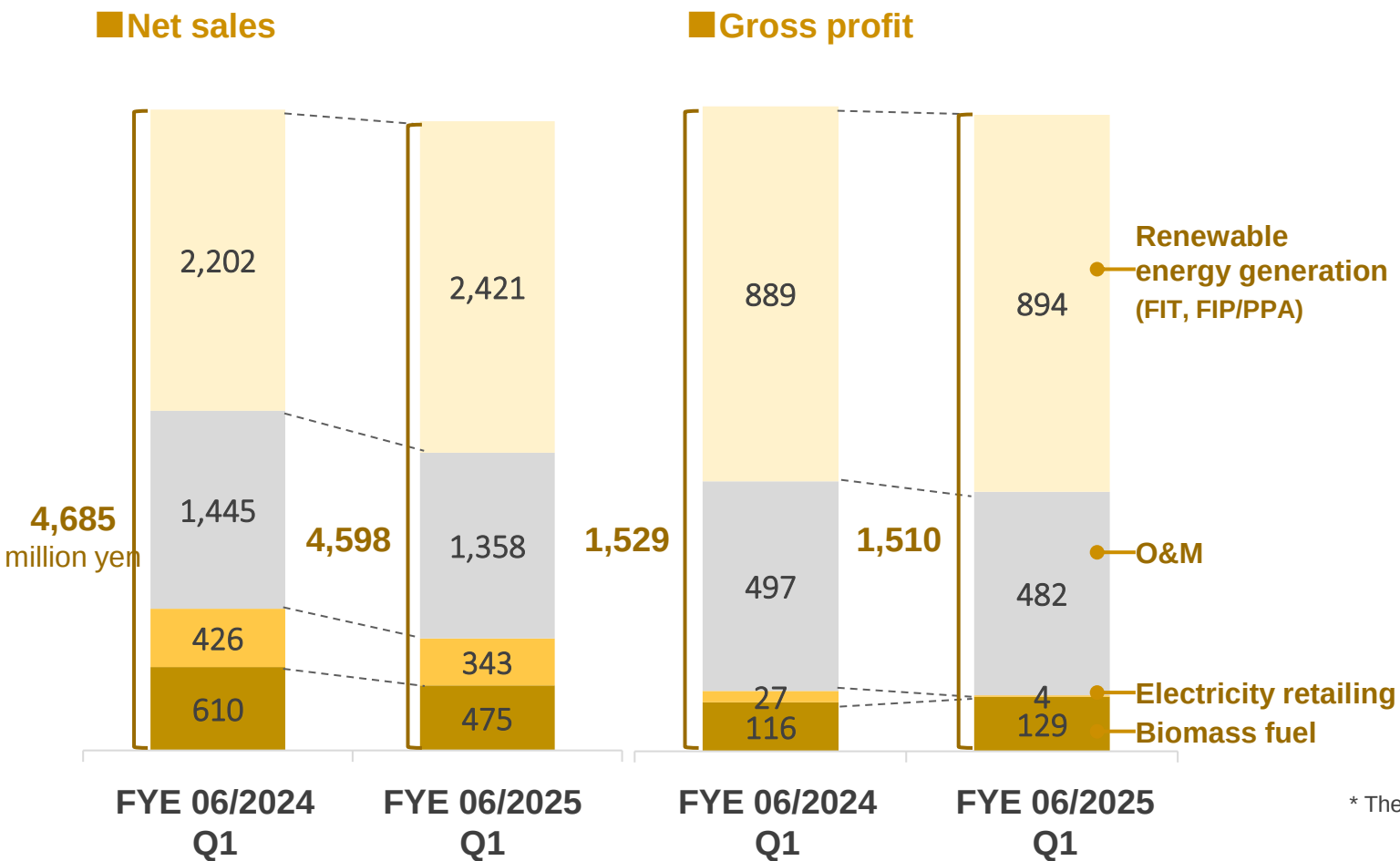
Facilities completed in Q1 of FYE June 2025

Stock-type



# Energy Supply Segment

- ▶ Revenue and profit in the Energy Supply Segment declined year-on-year.
- ▶ This is mainly due to a decline in revenue and profit in O&M and electricity retailing.

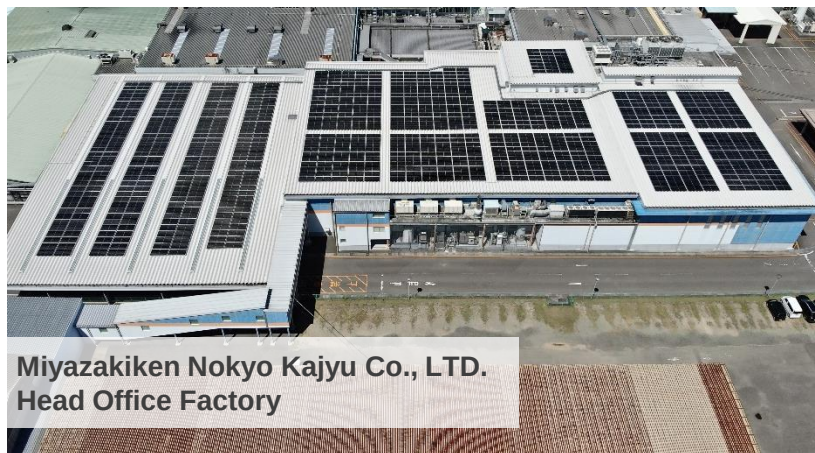


## Energy Supply Segment Highlights

- Revenue and profit increased year-on-year for renewable energy generation due to an increase in the number of power plants and in power generation capacity, as well as steady power generation at power plants already in operation.
- O&M revenue and profit decreased year-on-year due to a decrease in irregular maintenance work.
- Electricity retailing revenue and profit decreased year-on-year due to the termination of transactions with large-volume customers under the conventional electricity supply menu, while the Company worked to expand supply volume through market-linked menus.
- Biomass fuel revenue decreased year-on-year due to a decrease in shipment volume, while profit increased due to a decrease in purchasing costs.

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

- ▶ In Q1 of FYE June 2025, newly launched supplies of electricity generated by renewable energy using solar power generation systems for self-consumption, employing an on-site PPA model are listed below.



| Supplied to                                                                                         | Power generation capacity | Date of supply launch |
|-----------------------------------------------------------------------------------------------------|---------------------------|-----------------------|
| Not disclosed                                                                                       | Approx. 2,736 kW          | Jul. 2024             |
| Miyazakiken Nokyo Kajyu Co., LTD.<br>Head Office Factory                                            | Approx. 501 kW            | Aug. 2024             |
| SOSiLA Logistics REIT, Inc.,<br>SOSiLA Kasukabe                                                     | Approx. 1,532 kW          | Sep. 2024             |
| Maniwa City, Okayama Prefecture<br>Maniwa City Hokubo Elementary School<br>and other four locations | Total approx.<br>345kW    | Sep. 2024             |

- ▶ The following on-site PPA projects, which are scheduled for a supply launch, have already been announced in press releases (as of November 14, 2024).



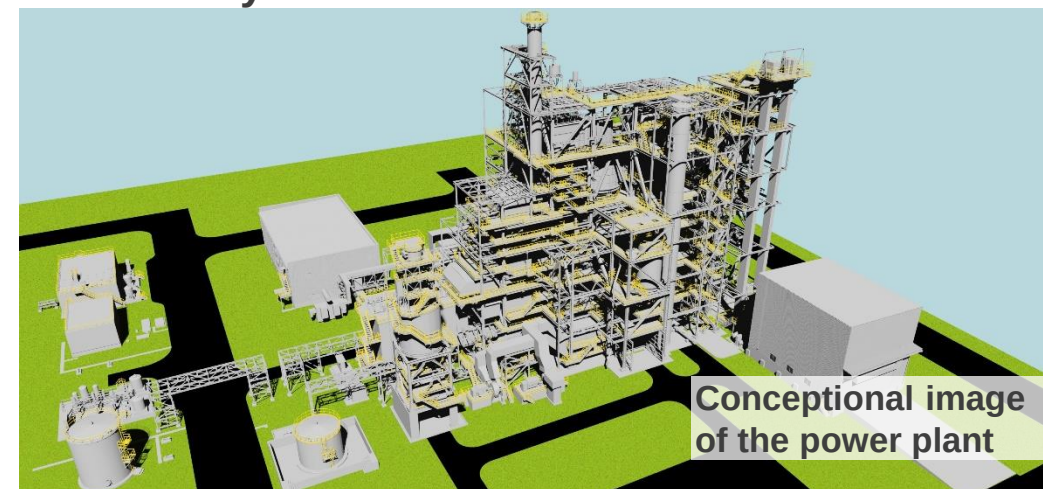
| Supplied to                                                            | Power generation capacity | Scheduled date of supply launch |
|------------------------------------------------------------------------|---------------------------|---------------------------------|
| MANEKIYA GLASS Co., LTD., Iga Factory                                  | Approx. 740 kW            | Feb. 2025                       |
| Nippon Life Insurance Company<br>Nissay Logistics Center Tosu          | Approx. 350 kW            | Feb. 2025                       |
| ULVAC, Inc.<br>Kyushu Plant                                            | 825 kW                    | Feb. 2025                       |
| Suminoe Development Special Purpose Company<br>Logicross Osaka Suminoe | Approx. 794 kW            | Apr. 2025                       |
| York-Benimaru Co., Ltd.<br>Koriyama Plant                              | Approx. 1,014 kW          | May 2025                        |
| Kracie, Ltd.<br>Kyoto Factory                                          | Approx. 1,012 kW          | Aug. 2025                       |

\* Other plans for upcoming supply launches: Supply launch for four projects (approx. 9.1 MW).

- ▶ Construction work for the installation of various power plant facilities is progressing smoothly at Saga Imari Biomass Power Plant.
- ▶ Construction will continue with the goal of commencing operations in May 2025.



Left: Overall view of the power plant (viewed from the south side looking north)  
Right: Outflow after seawater circulation



|                                         |                                                  |
|-----------------------------------------|--------------------------------------------------|
| Location                                | Imari City, Saga Prefecture                      |
| Business operator                       | Imari Green Power Co., Ltd.                      |
| Power generation capacity               | Approx. 46.0 MW                                  |
| Feed-in tariff                          | 24 yen/kWh                                       |
| Assumed annual electricity sales amount | Approx. 312,000,000 kWh/year (1st year estimate) |

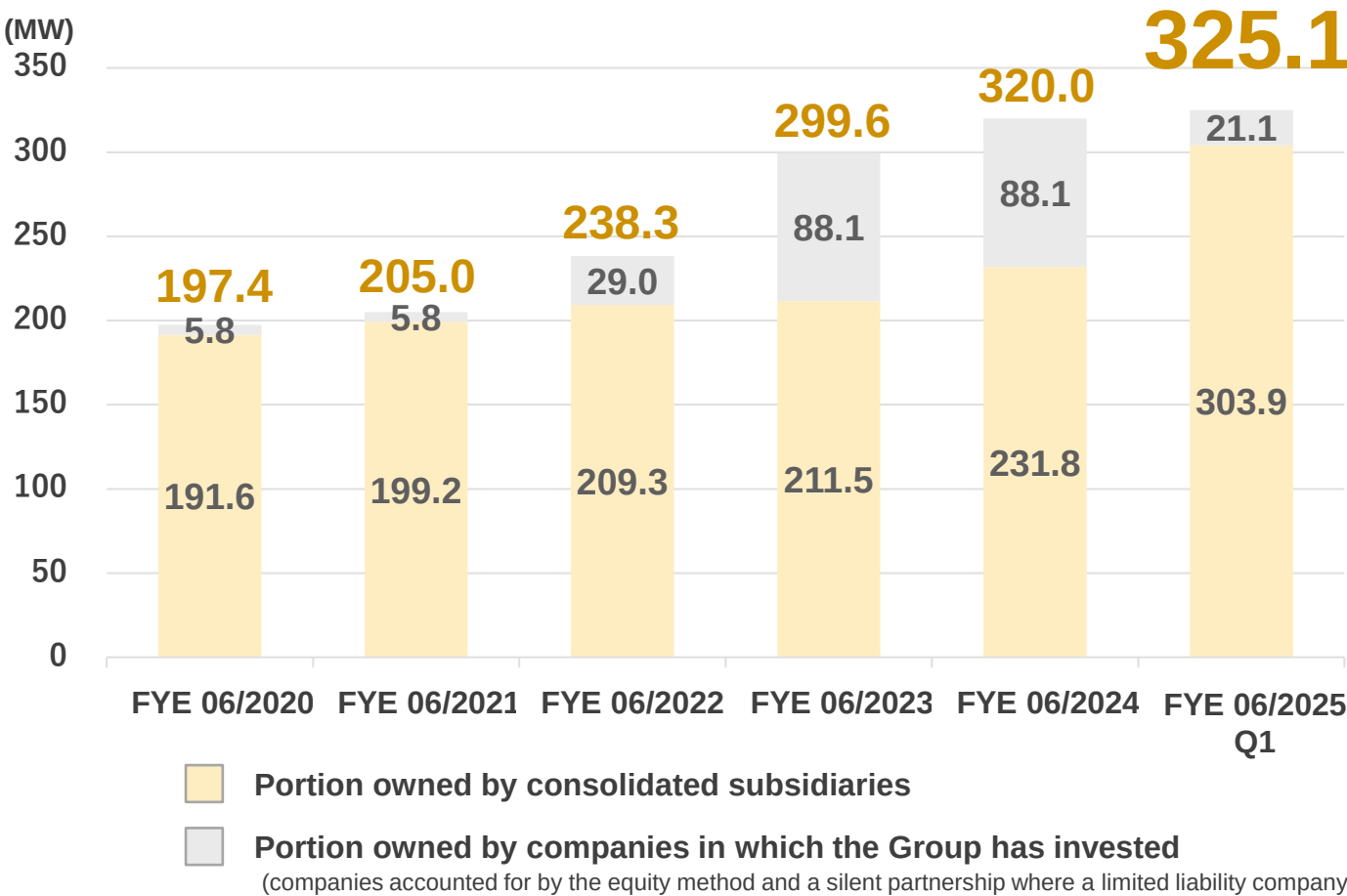
The Imari Green Power Co., Ltd.  
website (Japanese)



- ▶ 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 in operation.



Topics for Q1 of FYE June 2025

- Started supplying approximately 5.1 MW of electricity (to eight locations) using on-site PPA.
- Since we acquired all the silent partnership investment equity in Fukuoka-Miyako Mega Solar in August 2024, the approximately 67.0 MW of the solar power plants in the silent partnership were transferred from the portion held by the Group's investment destination to the portion held by our consolidated subsidiary (there was no change in the total capacity of renewable energy power generation facilities).

Solar

111 projects, approx. 317.3 MW  
including 37 on-site PPA projects, approx. 40.3 MW

Biomass

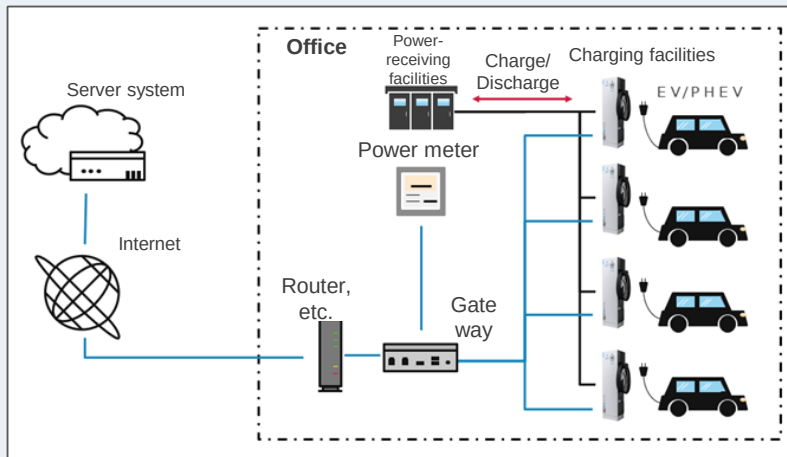
2 projects, approx. 7.8 MW

\* As of September 30, 2024.

- ▶ In collaboration with TSUBAKIMOTO CHAIN CO. we launched a demonstration for an energy management system based on commuter EVs.



EV charging



Concept image

**Contributing to cost reduction and decarbonization by switching commuter vehicles to EVs and enabling optimal charging and discharging of multiple commuter EVs during working hours.**

- ✓ At their Saitama Plant, Tsubakimoto Chain Co. is using an energy management system to verify how controlling the charging and discharging of commuter EVs can achieve cost-cutting effects related to commuting, such as by regulating and curbing peak power demands, and by utilizing unused renewable energy.
- ✓ Following the collection and analysis of data through the demonstration, the aim is to further advance the system, improve usability, and launch sales of the system to customers.

- The ability to adequately charge for commuting hours during working hours reduces inconveniences, such as charging outside working hours.
- Realizing optimal charging for cases of charging multiple EVs simultaneously by prioritizing which EVs to charge first based on factors such as commuting distances to ensure that the contracted power usage limit is not exceeded.

## ▶ Actively promoting initiatives related to the environment and society

### E: Environment

**Achieve virtually zero GHG emissions both inside and outside Japan through carbon offsets using J-Credits created by customers**

TESS Group focuses on the two initiatives below to reduce GHG emissions that occur in connection with business activities.

<Initiatives for reducing emissions>

Strengthen energy conservation measures at the office (using high-efficiency lighting and equipment)

Adopt hybrid vehicles (HEV) as company vehicles

The GHG emissions related to business activities during FYE June 2024 that could not be eliminated with the above-mentioned initiatives (1,267 t-CO<sub>2</sub> \*) were offset with J-Credits.

The J-Credits used were created through the customers' energy conservation initiatives supported by TESS Group.

\* Scope 1 and Scope 2.

### S: Society

**"TESS Group Human Rights Policy" and "TESS Group Basic Policy on Human Resource Development" have been newly formulated.**

"TESS Group Human Rights Policy", which clarifies TESS Group's respect for human rights, and "TESS Group Basic Policy on Human Resource Development", which sets out the policy for developing human resources, and is the cornerstone of the growth strategy, have been newly formulated.

**For details on each initiative, please see our website and press releases.**

- **Report on GHG emissions for FYE June 2024 (Japanese)**  
<https://ssl4.eir-parts.net/doc/5074/tdnet/2505352/00.pdf>
- **TESS Group Human Rights Policy**  
<https://www.tess-hd.co.jp/english/company/human-rights.html>

- ▶ As part of our governance initiatives, we held the second stakeholder dialogue on human capital management and diversity.

### G: Governance



From left: Mr. Nakato, Mr. Noda, Ms. Tashiro

#### ■ External experts

- Mr. Minoru Noda, Professor  
Meiji Business School Graduate School of Global Business
- Ms. Keiko Tashiro, Deputy President, Head of Sustainability  
Financial Education, Securities Asset Management, and Think Tank  
Daiwa Securities Group Inc.
- Mr. Yasushi Nakato, Head of ESG Office,  
Corporate Strategy Department, Corporate Planning Headquarters  
Osaka Gas Co., Ltd.

#### ■ Check our website for more details.

Second stakeholder dialogue  
(Sep. 2024)

[https://www.tess-hd.co.jp/english/company/stakeholder-dialog/002\\_202409.html](https://www.tess-hd.co.jp/english/company/stakeholder-dialog/002_202409.html)



#### ■ Discussion topics

- Approaches to human capital investment
- Reskilling of employees
- Then and now: Changes in mindsets and values toward work, etc.

### **3. Revisions to the Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2025 and Dividend Forecast \***

\* Announced November 5, 2024.

## Forecast of Consolidated Financial Results for FYE June 2025 (Announced November 5, 2024)

- ▶ The consolidated financial results forecast for FYE June 2025 has been revised downward from the initial forecast for ordinary profit and profit attributable to owners of parent.
- ▶ There are no changes to net sales, gross profit, or operating profit.

|                                                                      | FYE 06/2024             | FYE 06/2025                                      | FYE 06/2025                                       | Change<br>YoY | Change<br>vs previous forecast |
|----------------------------------------------------------------------|-------------------------|--------------------------------------------------|---------------------------------------------------|---------------|--------------------------------|
| (Millions of yen)                                                    | Full-year               | Full-year target<br>announced<br>August 14, 2024 | Full-year target<br>announced<br>November 5, 2024 |               |                                |
| <b>Net sales</b>                                                     | <b>30,643</b>           | <b>38,000</b>                                    | <b>38,000</b>                                     | <b>24.0%</b>  | <b>0%</b>                      |
| <b>Gross profit</b><br>(Profit margin)                               | <b>6,553</b><br>(21.4%) | <b>8,000</b><br>(21.1%)                          | <b>8,000</b><br>(21.1%)                           | <b>22.1%</b>  | <b>0%</b>                      |
| <b>Operating profit</b><br>(Profit margin)                           | <b>2,370</b><br>(7.7%)  | <b>2,700</b><br>(7.1%)                           | <b>2,700</b><br>(7.1%)                            | <b>13.9%</b>  | <b>0%</b>                      |
| <b>Ordinary profit</b><br>(Profit margin)                            | <b>7,660</b><br>(25.0%) | <b>2,000</b><br>(5.3%)                           | <b>400</b><br>(1.1%)                              | <b>-94.8%</b> | <b>-80.0%</b>                  |
| <b>Profit</b><br>attributable to owners of parent<br>(Profit margin) | <b>1,185</b><br>(3.9%)  | <b>1,200</b><br>(3.2%)                           | <b>700</b><br>(1.8%)                              | <b>-41.0%</b> | <b>-41.7%</b>                  |

## Ordinary profit

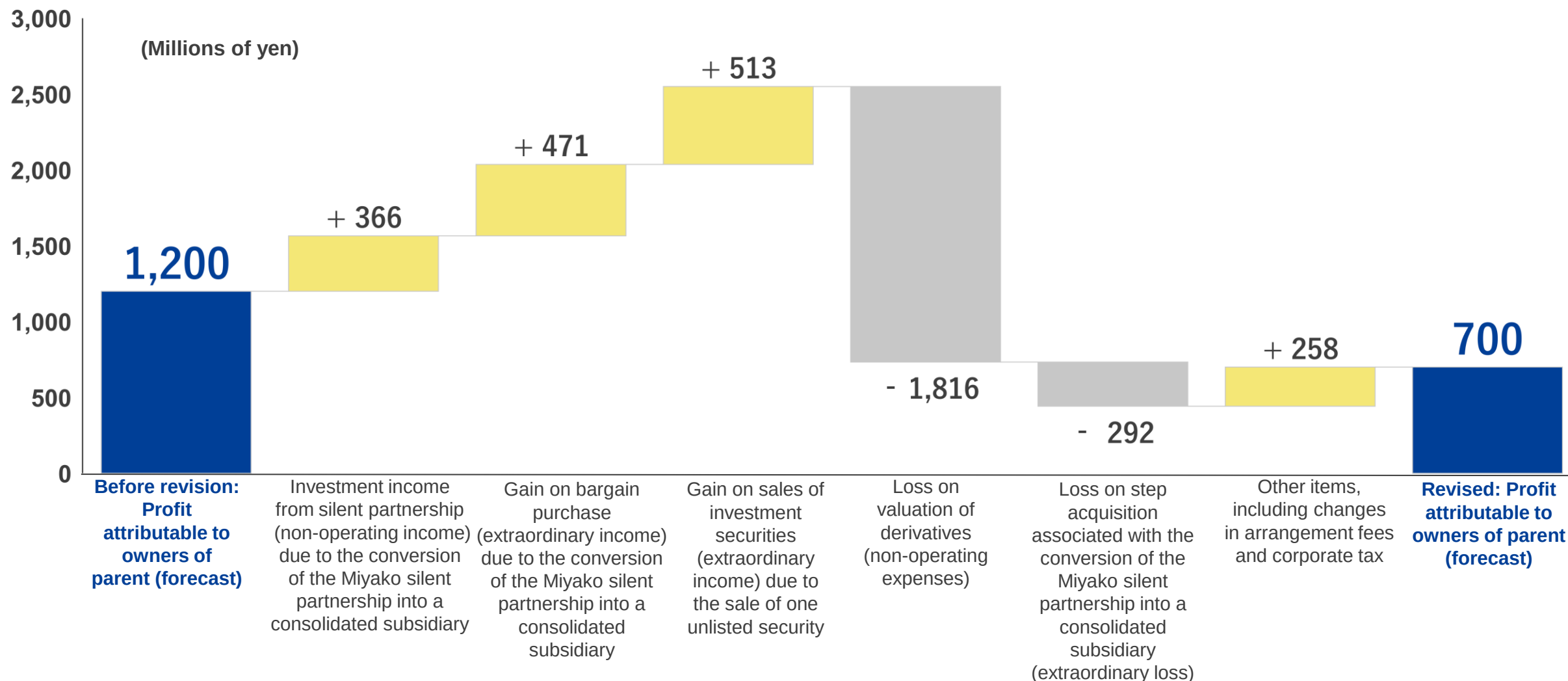
- In the three months ended September 30, 2024, 366 million yen in silent partnership investment income was recorded under non-operating income due to the conversion of a silent partnership operated by Fukuoka-Miyako Solar Power LLC into a consolidated subsidiary as of August 1, 2024. Meanwhile, arrangement fees associated with the renewal of a syndicated loan agreement for the purpose of procuring operating funds for the Group were recorded under non-operating expenses.
- In addition, the Company's consolidated subsidiary, Imari Green Power Co., Ltd., entered a foreign exchange forward contract to hedge the foreign exchange fluctuation risk associated with the procurement of PKS fuel to be used by a major biomass power plant with a power generation capacity of approximately 46.0 MW being developed in Imari City, Saga Prefecture. As a result of the fair market valuation of the contract, during the six months ending December 31, 2024, the Company will be recording a loss on valuation of derivatives of 1,816 million yen in non-operating expenses during this period, and the Company expects the forecast to be lower than the amount previously announced.

## Profit attributable to owners of parent

- In the three months ended September 30, 2024, a gain on bargain purchases of 471 million yen was recorded as an extraordinary gain from converting a silent partnership operated by Fukuoka-Miyako Solar Power LLC into a consolidated subsidiary as of August 1, 2024, and a loss on step acquisition of 292 million yen was recorded as an extraordinary loss.
- In addition, during the six months ending December 31, 2024, in order to improve asset efficiency and strengthen the financial structure, a gain on sales of investment securities of 513 million yen will be recorded due to the sale (scheduled for December 6, 2024) of one unlisted security. In the fiscal year ending June 30, 2025, we expect to record an adjustment (profit) to corporate taxes, etc., of 622 million yen (approximate amount) due to the reversal of deferred tax liabilities accompanying the recording of the above-mentioned valuation loss on derivatives. However, due to the above-mentioned situation with ordinary profit, we expect the forecast to be lower than the amount previously announced.

## Forecast of Consolidated Financial Results for FYE June 2025 (Announced November 5, 2024)

- Due mainly to losses on valuation of derivatives, the revised forecast for profit attributable to owners of parent is 700 million yen.



## Reference: Scenario excluding derivative valuation gains or losses from the full-year results for FYE June 2024 and the consolidated financial results forecast for FYE June 2025

- ▶ Regarding the consolidated financial results forecast for FYE June 2025, if gains or losses on the valuation of derivatives are excluded, ordinary profit and profit attributable to owners of parent are expected to increase compared to the previous forecast.

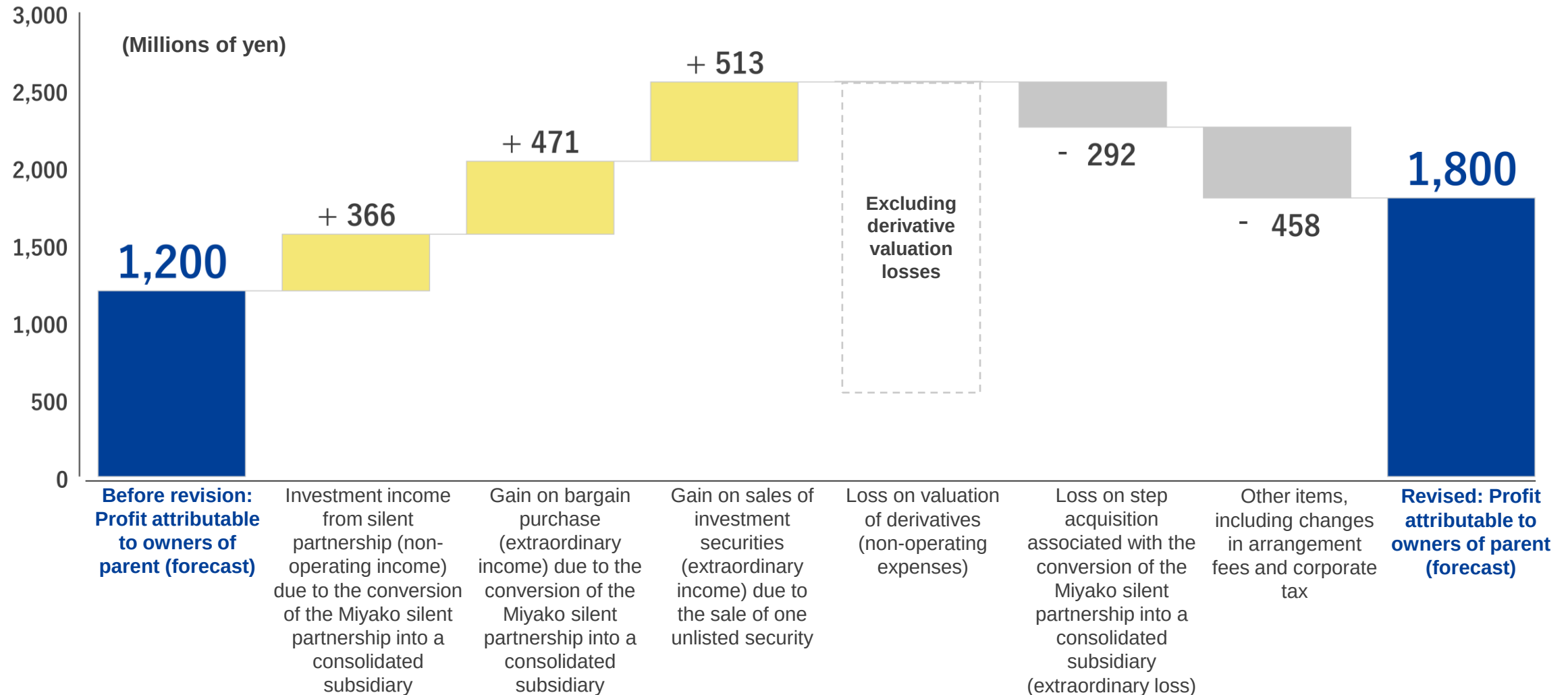
|                                                               | FYE 06/2024                                                            | FYE 06/2025                                         | FYE 06/2025                                                                                         | Change<br>YoY | Change<br>vs previous forecast |
|---------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------|--------------------------------|
| (Millions of yen)                                             | Full-year results *1<br>Excluding derivative<br>valuation gains/losses | Full-year target *2<br>Announced<br>August 14, 2024 | Full-year target<br>announced<br>November 5, 2024<br>Excluding derivative valuation<br>gains/losses |               |                                |
| Net sales                                                     | 30,643                                                                 | 38,000                                              | 38,000                                                                                              | 24.0%         | 0%                             |
| Gross profit<br>(Profit margin)                               | 6,553<br>(21.4%)                                                       | 8,000<br>(21.1%)                                    | 8,000<br>(21.1%)                                                                                    | 22.1%         | 0%                             |
| Operating profit<br>(Profit margin)                           | 2,370<br>(7.7%)                                                        | 2,700<br>(7.1%)                                     | 2,700<br>(7.1%)                                                                                     | 13.9%         | 0%                             |
| Ordinary profit<br>(Profit margin)                            | 2,024<br>(6.6%)                                                        | 2,000<br>(5.3%)                                     | 2,200<br>(5.8%)                                                                                     | 8.7%          | 10.0%                          |
| Profit<br>attributable to owners of parent<br>(Profit margin) | -2,519<br>(-8.2%)                                                      | 1,200<br>(3.2%)                                     | 1,800<br>(4.7%)                                                                                     | -             | 50.0%                          |

\*1 Figures for the scenario in which derivative valuation gains or losses are excluded have not been audited.

\*2 The full-year target announced on August 14, 2024 does not include derivative valuation gains or losses.

## Reference: If gains or losses on the valuation of derivatives are excluded from the consolidated financial results forecast for FYE June 2025

- ▶ Excluding gains or losses on valuation of derivatives, the revised profit attributable to owners of parent is expected to be 1,800 million yen.



# Year-end dividend forecast for FYE June 2025 (Announced November 5, 2024)

- ▶ Based on the dividend policy, we aim to return 30% of consolidated basic earnings per share after excluding the impact of valuation gains or losses on derivatives from the revised consolidated financial results forecast.
- ▶ The dividend per share for FYE June 2025 is planned to be 7.66 yen, an increase of 2.55 yen over the previous forecast.

|                                            | FYE 06/2025<br>Full-year target<br>announced August 14, 2024 | FYE 06/2025<br>Full-year target<br>announced November 5, 2024 |
|--------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| Dividend per share                         | 5.11 yen                                                     | 7.66 yen                                                      |
| Profit per share                           | 17.02 yen                                                    | 25.53 yen                                                     |
| Dividend payout ratio (consolidated)       | 30.0%                                                        | 30.0%                                                         |
| Average number of shares during the period | 70 million shares                                            | 70 million shares                                             |

## Dividend Policy

With regard to the distribution profits, the basic policy of the Company is to ensure sufficient funds to allow for the future expansion of operations and to strengthen its business position, while emphasizing returns to shareholders by paying a stable and continuous dividend. The Company targets a consolidated payout ratio of 30%, defined as dividend per share divided by consolidated basic earnings per share after deducting the impact of profit and loss arising from the marking to market of derivatives associated with forward exchange contracts, and aims to enhance returns in line with improved business performance going forward. Our policy with regard to internal reserves is to utilize them as a source of funds for business development, capital expenditures, and human resources development.

# Operating Results by Segment

| (Millions of yen)                  |                                        | Actual<br>FYE 06/2023 | FYE 06/2024   | Forecast<br>FYE 06/2025 |
|------------------------------------|----------------------------------------|-----------------------|---------------|-------------------------|
| <b>Net sales</b>                   |                                        | <b>34,415</b>         | <b>30,643</b> | <b>38,000</b>           |
| <b>Engineering Segment</b>         |                                        | <b>10,422</b>         | <b>13,163</b> | <b>15,000</b>           |
|                                    | Commissioned EPC (energy conservation) | 2,711                 | 4,442         | 8,100                   |
|                                    | Commissioned EPC (renewable energy)    | 5,018                 | 7,202         | 5,100                   |
|                                    | Development EPC (renewable energy)     | 2,692                 | 1,518         | 1,800                   |
| <b>Energy Supply Segment</b>       |                                        | <b>23,992</b>         | <b>17,479</b> | <b>23,000</b>           |
|                                    | Renewable energy power generation      | 14,060                | 8,437         | 10,500                  |
|                                    | O&M                                    | 5,229                 | 5,867         | 5,600                   |
|                                    | Electricity retailing                  | 3,209                 | 1,262         | 3,900                   |
|                                    | Biomass fuel                           | 1,493                 | 1,912         | 3,000                   |
| <b>Gross profit</b>                |                                        | <b>10,611</b>         | <b>6,553</b>  | <b>8,000</b>            |
| <b>Engineering Segment</b>         |                                        | <b>1,780</b>          | <b>1,897</b>  | <b>1,900</b>            |
|                                    | Commissioned EPC (energy conservation) | 307                   | 282           | 850                     |
|                                    | Commissioned EPC (renewable energy)    | 704                   | 1,124         | 650                     |
|                                    | Development EPC (renewable energy)     | 768                   | 491           | 400                     |
| <b>Energy Supply Segment</b>       |                                        | <b>8,830</b>          | <b>4,655</b>  | <b>6,100</b>            |
|                                    | Renewable energy power generation      | 6,664                 | 2,972         | 3,800                   |
|                                    | O&M                                    | 1,169                 | 1,356         | 1,300                   |
|                                    | Electricity retailing                  | 541                   | 11            | 150                     |
|                                    | Biomass fuel                           | 455                   | 314           | 850                     |
| <b>Operating profit</b>            |                                        | <b>6,864</b>          | <b>2,370</b>  | <b>2,700</b>            |
| <b>Engineering Segment</b>         |                                        | <b>728</b>            | <b>808</b>    | <b>300</b>              |
| <b>Energy Supply Segment</b>       |                                        | <b>7,292</b>          | <b>2,966</b>  | <b>3,800</b>            |
| <b>Elimination or company-wide</b> |                                        | <b>-1,156</b>         | <b>-1,404</b> | <b>-1,400</b>           |

## 4 . Appendix

- ▶ Focus growth investments and management resources on key business areas while sustaining existing operations as the earnings base.
- ▶ Policy to achieve high profitability and increase ROE and ROIC through business restructuring.

## Key Metrics

| Period             | Gross profit | Operating income | ROE   | ROIC | In-house FIP rollover Renewable energy cap. | Cumulative installed cap.<br>(Power storage plants for the grid) | Cumulative installed cap.<br>(Power storage plants other than for the grid) | Biomass fuel supply | Renewable energy generation cap. * |
|--------------------|--------------|------------------|-------|------|---------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------|------------------------------------|
| FY06/2030 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                             |
| FY06/2027 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                             |
| FY06/2024 Actual   | 6.5 bn yen   | 2.3 bn yen       | 3.4%  | 1.6% | 0 MW                                        | 0 MW                                                             | 0 MW                                                                        | 104,000 tons/year   | 231.8 MW                           |

- Expanding business as an engineering company consistently working on energy conservation and environmental measures since its establishment.
- In the engineering business, we acquired large-scale development-type EPC projects in addition to contracted projects, in response to the rapid expansion of the renewable energy market following the start of the FIT system in 2012. In the energy supply business, we have established a medium- to long-term earnings base by increasing revenues from the sale of electricity from our own renewable energy power plants.
- In the future, the market for "FIP conversion of FIT solar power plants + storage battery co-location" is expected to grow rapidly from the perspective of effectively utilizing "Power storage plants for the grid" and existing FIT solar power plants in order to stabilize the power grid.
- In addition to the existing business of energy-conservation and renewable energy solutions (solar power, CGS, and other existing fields), the company will prioritize investments in the "Power storage system-related business" and "resource-recycling biomass fuel business" sectors, focusing management resources on these growth areas through 2030.
- Increase corporate value and promote stable shareholder returns by emphasizing ROE and ROIC and promoting ESG management.

\* Portion owned by consolidated subsidiaries.

## Consolidated Statement of Income (four fiscal years)

|                                               | FYE 06/2022 | FYE 06/2023 | FYE 06/2024 | FYE 06/2025 |
|-----------------------------------------------|-------------|-------------|-------------|-------------|
| (Millions of yen)                             | Q1          | Q1          | Q1          | Q1          |
| Net sales                                     | 10,196      | 8,323       | 6,221       | 8,308       |
| Cost of sales                                 | 6,155       | 5,856       | 4,487       | 6,205       |
| Gross profit                                  | 4,041       | 2,466       | 1,733       | 2,103       |
| Selling, general, and administrative expenses | 823         | 938         | 1,018       | 1,158       |
| Operating profit                              | 3,217       | 1,527       | 714         | 944         |
| Non-operating income                          | 116         | 152         | 195         | 632         |
| Non-operating expenses                        | 363         | 226         | 412         | 819         |
| Ordinary profit                               | 2,971       | 1,453       | 498         | 757         |
| Extraordinary income                          | -           | -           | -           | 471         |
| Extraordinary losses                          | -           | -           | -           | 292         |
| Quarterly profit before income taxes          | 2,971       | 1,453       | 498         | 937         |
| Quarterly profit                              | 1,937       | 971         | 340         | 715         |
| Profit attributable to owners of parent       | 1,911       | 905         | 283         | 684         |

# Quarterly Consolidated Statements of Income Reporting Segment Details (two periods)

| (Millions of yen)                  |                                        | FYE 06/2024<br>Q1 | FYE 06/2024<br>Q2 | FYE 06/2024<br>Q3 | FYE 06/2024<br>Q4 | FYE 06/2025<br>Q1 |
|------------------------------------|----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Net sales</b>                   |                                        | <b>6,221</b>      | <b>8,847</b>      | <b>7,789</b>      | <b>7,784</b>      | <b>8,308</b>      |
| <b>Engineering Segment</b>         |                                        | <b>1,535</b>      | <b>4,096</b>      | <b>3,705</b>      | <b>3,825</b>      | <b>3,710</b>      |
|                                    | Commissioned EPC (energy conservation) | 563               | 1,723             | 1,362             | 793               | 2,011             |
|                                    | Commissioned EPC (renewable energy)    | 972               | 2,330             | 2,332             | 1,568             | 1,298             |
|                                    | Development EPC (renewable energy)     | 0                 | 43                | 10                | 1,464             | 400               |
| <b>Energy Supply Segment</b>       |                                        | <b>4,685</b>      | <b>4,751</b>      | <b>4,084</b>      | <b>3,958</b>      | <b>4,598</b>      |
|                                    | Renewable energy power generation      | 2,202             | 2,399             | 1,840             | 1,994             | 2,421             |
|                                    | O&M                                    | 1,445             | 1,596             | 1,401             | 1,423             | 1,358             |
|                                    | Electricity retailing                  | 426               | 350               | 301               | 182               | 343               |
|                                    | Biomass fuel                           | 610               | 403               | 539               | 358               | 475               |
| <b>Gross profit</b>                |                                        | <b>1,733</b>      | <b>2,034</b>      | <b>1,282</b>      | <b>1,502</b>      | <b>2,103</b>      |
| <b>Engineering Segment</b>         |                                        | <b>203</b>        | <b>496</b>        | <b>464</b>        | <b>733</b>        | <b>592</b>        |
|                                    | Commissioned EPC (energy conservation) | 31                | 120               | 38                | 92                | 205               |
|                                    | Commissioned EPC (renewable energy)    | 163               | 388               | 442               | 130               | 260               |
|                                    | Development EPC (renewable energy)     | 9                 | -12               | -15               | 510               | 127               |
| <b>Energy Supply Segment</b>       |                                        | <b>1,529</b>      | <b>1,538</b>      | <b>818</b>        | <b>768</b>        | <b>1,510</b>      |
|                                    | Renewable energy power generation      | 889               | 1,159             | 309               | 615               | 894               |
|                                    | O&M                                    | 497               | 369               | 323               | 166               | 482               |
|                                    | Electricity retailing                  | 27                | -10               | 32                | -37               | 4                 |
|                                    | Biomass fuel                           | 116               | 20                | 153               | 24                | 129               |
| <b>Operating profit</b>            |                                        | <b>714</b>        | <b>1,050</b>      | <b>307</b>        | <b>297</b>        | <b>944</b>        |
| <b>Engineering Segment</b>         |                                        | <b>-23</b>        | <b>228</b>        | <b>198</b>        | <b>404</b>        | <b>260</b>        |
| <b>Energy Supply Segment</b>       |                                        | <b>1,053</b>      | <b>1,151</b>      | <b>428</b>        | <b>332</b>        | <b>1,076</b>      |
| <b>Elimination or company-wide</b> |                                        | <b>-315</b>       | <b>-329</b>       | <b>-319</b>       | <b>-439</b>       | <b>-392</b>       |

## 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 in 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 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 the 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 state 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 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 remaining after palm oil has been extracted from palm kernels.                                                                                                                                                                                                                                                            |

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