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To whom it may concern:

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Notice Regarding Revisions to Consolidated Financial Results Forecast and Dividend Forecast and Recording of Non-operating Expense (Share of Loss of Entities Accounted for Using Equity Method)

TESS Holdings Co., Ltd. (the “Company”) hereby announces that the Company has decided to record non-operating expense (share of loss of entities accounted for using equity method) for the consolidated cumulative period ended June 30, 2025. In addition, the Company hereby announces that in light of the recording of such non-operating expense and recent business performance trends, the Board of Directors resolved on August 7, 2025 to revise the consolidated financial results forecast for the fiscal year ended June 30, 2025 (July 1, 2024 - June 30, 2025), which was announced on November 5, 2024, and to revise accordingly the dividend forecast, also announced on November 5, 2024.

1. About the revision to the financial results forecast

(1) Details of the revision

Revision to the consolidated financial results forecast for the fiscal year ended June 30, 2025 (July 1, 2024 - June 30, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	38,000	2,700	400	700	9.93
Revised forecast (B)	36,600	2,500	(650)	200	2.84
Increase (decrease) amount (B - A)	(1,400)	(200)	(1,050)	(500)	—
Rate of increase (decrease) (%)	(3.7)	(7.4)	—	(71.4)	—
(Reference) Previous financial results (FYE 06/2024)	30,643	2,370	7,660	1,185	16.82

(2) Reasons for the revision

With regard to net sales and operating profit, while commissioned-type EPC (renewable energy) in the Engineering Segment remains strong and is expected to exceed the plan in the overall Engineering Segment, O&M, electricity retailing, and biomass fuel supply in the Energy Supply Segment are expected to perform below the planned results, resulting in both net sales and operating profit projected to fall below the previously announced forecast.

With regard to ordinary profit, as a result of considering the impact of valuation of foreign exchange losses at the end of the fiscal year ended June 30, 2025 (excluding the impact of loss/gain on valuation of derivatives), in addition to the recording of non-operating expense described in section 3 below, ordinary profit is projected to fall below the previously announced forecast.

With regard to profit attributable to owners of parent, although it is expected to fall below the previously announced forecast, the forecast has been revised to 200 million yen, taking into account the recording of special gains that were already included in the previously announced forecast as well as the recording of income taxes-deferred (gain).

The above forecasts are based on information available to the Company at the time that this document was released and actual results may differ from these forecasts due to various factors in the future.

2. About the revision to the dividend forecast

(1) Details of the revision

	Annual dividends per share (Yen)		
	Second quarter-end	Fiscal year-end	Total
Previous forecast (announced on November 5, 2024)	0.00	7.66	7.66
Revised forecast	—	5.12	5.12
Current fiscal year results	0.00	—	—
(Reference) Previous fiscal year results (FYE 06/2024)	0.00	16.00	16.00

(2) Reasons for the revision

The Company's basic dividend policy to ensure internal reserves necessary for future business development and strengthening its management foundation, while placing importance on returning profits to shareholders and implementing stable and continuous dividend payments. The Company defines the consolidated payout ratio as the amount of dividend per share divided by consolidated profit per share excluding the impact of loss/gain on valuation of derivatives related to forward foreign exchange contracts. Based on this definition, the Company aims to maintain a consolidated payout ratio of approximately 30% and will strive to enhance shareholder returns in line with an improvement in business performance.

Under the above dividend policy, the Company will implement dividend payments with a target consolidated payout ratio of 30% based on the amount calculated by excluding the impact of loss on valuation of derivatives from consolidated profit per share of the revised consolidated financial results forecast. Accordingly, the revised dividend forecast has been set at 5.12 yen per share, a reduction of 2.54 yen from the previously announced forecast.

The assumptions underlying the revised dividend forecast are as follows.

Profit attributable to owners of parent, calculated by excluding the impact of loss on valuation of derivatives from the revised consolidated financial results forecast (forecast)	1,202 million yen
Consolidated basic earnings per share, calculated by excluding the impact of loss on valuation of derivatives from the revised consolidated financial results forecast (forecast)	17.05 yen
Consolidated payout ratio	30%
Revised dividends per share (forecast)	5.12 yen

The above forecasts are based on information available to the Company at the time that this document was released and actual results may differ from these forecasts due to various factors in the future.

3. About the recording of non-operating expense (share of loss of entities accounted for using equity method)

Based on financial reports and other materials of TOLLCUX INVESTMENTS LIMITED (“TOLLCUX”), the Company’s equity-method affiliate, the Company records share of loss of entities accounted for using equity method of 532 million yen under non-operating expenses for the consolidated cumulative period ended June 30, 2025.

TOLLCUX is an investing company in the grid power storage plant business in the Southeast of the UK. With anticipation for the expansion of the grid power storage plant market in Japan, the Group made an equity-method investment in TOLLCUX in December 2021, before the domestic market entered full-scale expansion, with the aim of early acquisition of know-how in grid power storage plant operations. The Company is currently applying the insights gained from this investment participation to promote the development of grid power storage plants in Japan.

The share of loss of entities accounted for using equity method incurred this time is attributable to factors such as construction delays and increased business costs following changes in grid connection specifications by transmission and distribution operators in the UK, and the Company believes these circumstances differ from the grid connection situation in Japan. Therefore, there are no changes to the development targets for grid power storage plants, which is one of the focus business areas in the Group’s mid-term management plan.

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