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August 14, 2025

To whom it may concern:

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Notice Regarding Supplementary Material for Mid-term Management Plan

TESS Holdings Co., Ltd. (the “Company”) hereby announces that regarding the “TX2030 TESS Transformation 2030 / TESS Group Mid-term Management Plan (2025-2030)” announced on August 14, 2024, the Company prepared a supplementary material on growth strategies in the focused business fields, taking into account inquiries received from its investors.

For the details, please refer to the attached document.

End

TX2030

TESS Transformation 2030

TESS Group Mid-term Management Plan (2025-2030)
Supplementary Material

August 14, 2025

TESS Holdings Co., Ltd.
(Securities code: 5074)

Correspondence between this material and the Mid-term Management Plan announced on August 14, 2024

- ▶ As we mark one year since the announcement of the Mid-Term Management Plan, we would like to provide supplementary explanations regarding our growth strategies in the focused business fields, in response to inquiries received from our investors.

Recognition of business environment (P. 3)

Recognition of Business Environment

- ▶ The market for decarbonization will expand both domestically and internationally during the medium-term management plan period.
- ▶ Growing importance of power storage systems from the perspective of effective use of renewable energy power and grid stabilization.

Environment Surrounding Decarbonization

- ▶ Market size related to decarbonization is growing in anticipation of carbon neutrality in 2050.
- ▶ Domestic energy-intensive companies' decarbonization needs remain strong, and inquiries continue to outpace our resources.
- ▶ Electricity demand in the industrial sector is expected to continue to increase significantly due to the contribution of new data centers and semiconductor facilities.
- ▶ It is assumed that new power sources will be secured from the perspective of ensuring domestic energy security in response to rising fossil fuel import prices.
- ▶ Japan Launches A2EC (Asia Zero Emission Community) Initiative to Promote GX in Asia to Reduce Global Greenhouse Gas Emissions.

Growing importance of power storage systems

- ▶ Nationwide expansion of renewable energy power plants output cuts poses a major social challenge to the effective use of renewable energy electricity.
- ▶ The importance of power storage plants, which can flexibly change and discharge electricity in response to fluctuations in the renewable energy output, is expected to increase in order to ensure a stable supply of electric power.
- ▶ Backed by the stabilization of renewables in the auction of long-term decentralized power sources, subsidies, and other policies, further penetration will be expected in the future.
- ▶ FIP conversion of FIT solar power plants + storage battery co-location contribute to the improvement of the overall profitability of the business while reducing the impact of output curtailment.

Strengthening of grid storage battery and co-location storage battery business (P. 4)

Development of Power storage plants for the grid

- ▶ Focus on building up the development pipeline by making maximum use of the development know-how and development system cultivated in the FIT solar power plants business.

Prospects for the introduction of power storage systems

- ▶ The amount of grid storage batteries installed is expected to expand rapidly to a cumulative total of about 14.1-15.8 GWh in 2025.
- ▶ The amount of capacity reservation is expected to increase to about 14.1-15.8 GWh in 2025.

Our Strengths

- ▶ Strongly increasing development system cultivated from the FIT solar power plants business.
- ▶ Capacity of power storage plants developed from the FIT solar power plants business.
- ▶ High level of cooperation with power companies and other stakeholders.
- ▶ High level of cooperation with power companies and other stakeholders.

FIP conversion of FIT solar power plants + storage battery co-location

- ▶ In response to the expansion of output curtailment, the company is strengthening both profit improvement at its own renewable energy power plants and solution proposals for its customers.
- ▶ The group has a track record of converting 170 solar power plants into co-located storage facilities, totaling 1,700 MW capacity and 1,700 MWh storage capacity.
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Development of grid storage batteries (P. 5)

Development of Power storage plants for the grid

- ▶ Focus on building up the development pipeline by making maximum use of the development know-how and development system cultivated in the FIT solar power plants business.

Development of Power storage plants for the Grid (overview of tolling system)

- ▶ Long-term decentralized power supply system is a mechanism to secure supply capacity for a period of 20 years in the power market.
- ▶ The amount of capacity reservation is expected to increase to about 14.1-15.8 GWh in 2025.

Our Strengths

- ▶ Strongly increasing development system cultivated from the FIT solar power plants business.
- ▶ Capacity of power storage plants developed from the FIT solar power plants business.
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Schematic diagram of tolling system

About the tolling system

- ▶ A tolling contract is a type of energy purchase agreement in which the off-taker pays the cost of generating electricity.
- ▶ The off-taker retains ownership of the energy delivered from the storage facility.
- ▶ The off-taker acquires the right to operate the storage facility through a long-term tolling contract with the EPC.
- ▶ The off-taker pays the cost of generating electricity to the EPC.
- ▶ The off-taker pays the cost of generating electricity to the EPC.

Co-location storage batteries

- ▶ FIP conversion of FIT solar power plants
 - ▶ Renewable energy solutions
- (P. 6)

FIP conversion of FIT solar power plants + storage battery co-location

- ▶ In response to the expansion of output curtailment, the company is developing both profit improvement at its own renewable energy power plants and solution proposals for its customers.
- ▶ The group has a track record of converting 170 solar power plants into co-located storage facilities, totaling 1,700 MW capacity and 1,700 MWh storage capacity.

Our Strengths

- ▶ Strongly increasing development system cultivated from the FIT solar power plants business.
- ▶ Capacity of power storage plants developed from the FIT solar power plants business.
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Energy-conservation and renewable energy solutions

- ▶ Solar power, CGS, and other existing fields
- (P. 7)

Energy-conservation and renewable energy solutions

- ▶ Focus on improving profit margins through selective project choices while expanding the range of orders by strengthening resources, including increasing the number of personnel.

Our Strengths

- ▶ One-stop service from proposal to design, construction, remote monitoring, maintenance, and financing.
- ▶ Integrated proposals for FIP including demand forecasting, power generation planning, and operation management.
- ▶ Local-level proposal of the most relevant system to the clients.
- ▶ Storage installation method (purchase or PPA) tailored to the customer's needs.
- ▶ Strong existing customer base based on extensive installation experience.
- ▶ Solar Power: approx. 710 projects, approx. 1,000 MW
- ▶ CGS: approx. 740 projects, approx. 1,333 MW

Biomass power plants (P. 9)

Biomass power plants are not included in the Mid-term Management Plan as focused business fields. However, due to a high volume of inquiries from investors, we would like to provide supplementary information.

Resource-recycling biomass fuel business

- ▶ EFB pellets
- (P. 8)

Resource-recycling biomass fuel business

- ▶ EFB pellets

Our Strengths

- ▶ One-stop service from proposal to design, construction, remote monitoring, maintenance, and financing.
- ▶ Integrated proposals for FIP including demand forecasting, power generation planning, and operation management.
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- ▶ Solar Power: approx. 710 projects, approx. 1,000 MW
- ▶ CGS: approx. 740 projects, approx. 1,333 MW

- ▶ Domestic demand for renewable energy remains strong, leading to growing needs for storage batteries to balance supply and demand and for solution-oriented proposals.
In Indonesia, where the TESS Group is expanding its overseas business, co-firing of biomass with coal power generation is expected to progress as a measure to advance full-scale decarbonization efforts.

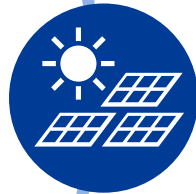
Understanding of the business environment



Japan is working towards **achieving carbon neutrality** by 2050 and **needs remain strong for renewable energy** that contributes to decarbonization and for **development and engineering of such power sources**.
Thorough energy conservation is also **emphasized in the Seventh Strategic Energy Plan** as a key decarbonization initiative.



The steady introduction of **solar power**, which depends on natural conditions, has led to supply-demand imbalances, **raising expectations for the use of storage batteries to balance supply and demand and further enhance the effective utilization of renewable energy**.



Decarbonization needs among energy consumers, including Scope3 emissions, are significant. At the same time, **the complexity of the energy transition** makes it difficult for consumers to **identify challenges and solutions** on their own, leading to a growing demand for solution-oriented proposals.



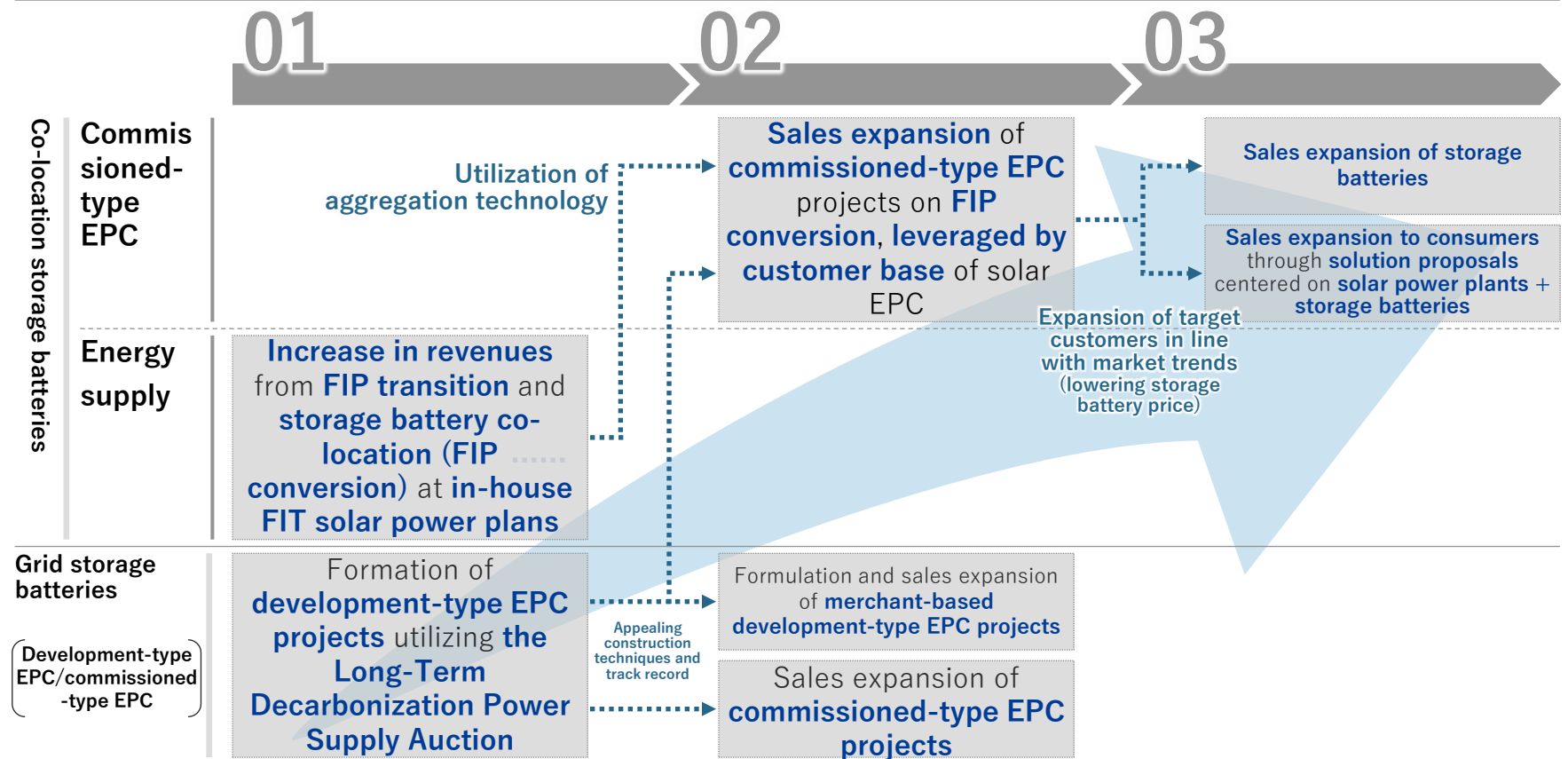
In **Indonesia**, where decarbonization promotion is expected to accelerate, **the high proportion of coal power generation in the power source mix makes a rapid shift to renewable energy sources challenging**. Therefore, **co-firing of biomass with coal power generation is being promoted**.

- ▶ For the power storage system-related business, as one of our focused business fields, we will work to expand sales by utilizing government programs such as the Long-Term Decarbonization Power Supply Auction and FIP conversion of FIT solar power plants, while establishing expertise and technologies to deliver solution-oriented proposals to customers.

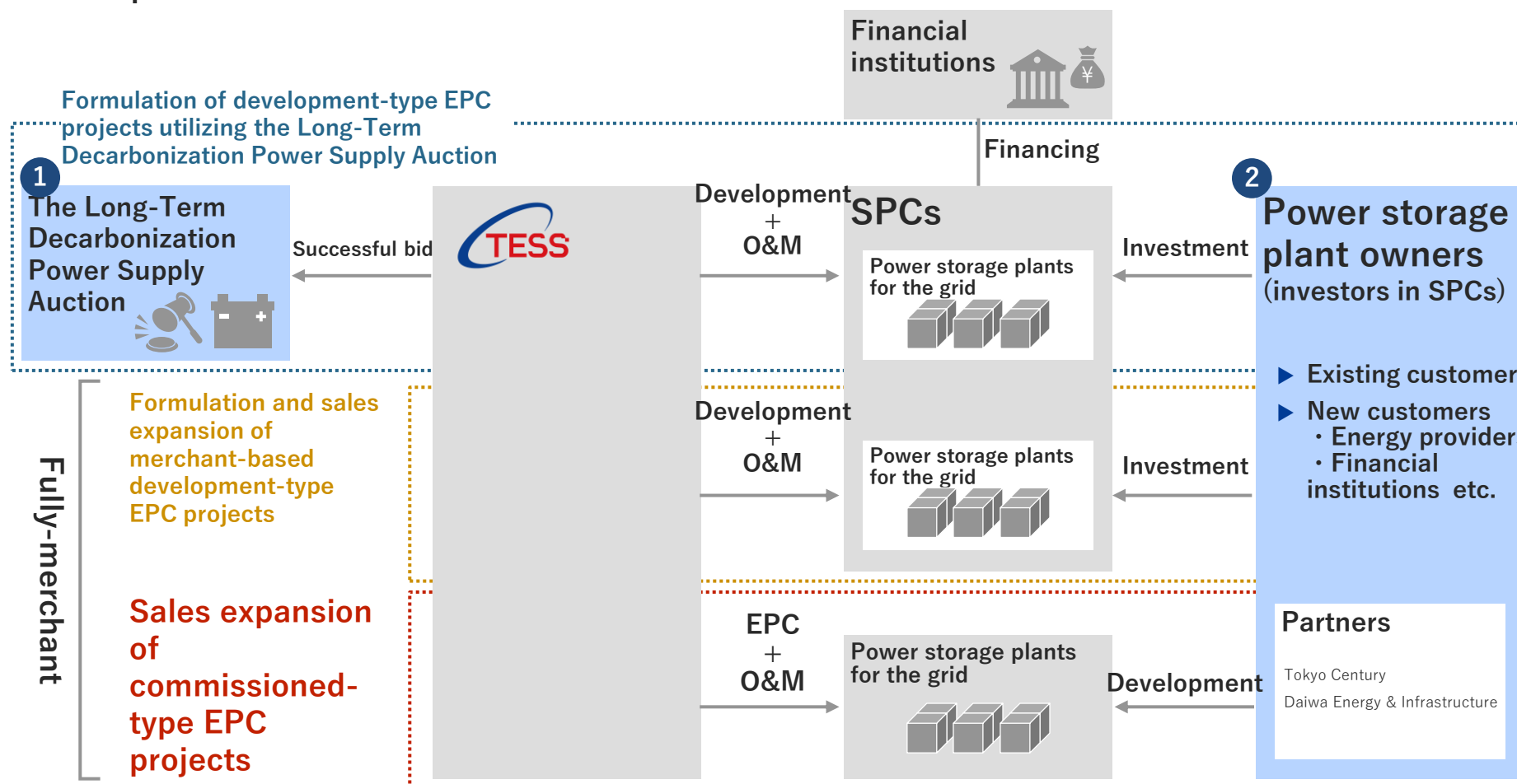
Market environment

- ▶ **Growing needs for capacity as supply-demand adjustment** due to the increase in renewable energy and the retirement of existing thermal power plants.
- ▶ Due to **the increase in renewable energy**, wider supply-demand gap and **a growing need for supply-demand balancing**.

Growth strategy



- ▶ We will expand our expertise in the development, construction, and operation of power storage plants for the grid by formulating development-type projects through the Long-Term Decarbonization Power Supply Auction, and expand both development-type and commissioned-type EPC projects for power storage plants for the grid through promotion of partnerships with external companies to broaden our customer base.



1 Expand the expertise through project formulation utilizing the Long-Term Decarbonization Power Supply Auction.

- ▶ Ahead of Japan, in 2021, we participated in an investment in the grid power storage plant project*¹ in the UK, have gained early insights from the position as an operator.
- ▶ Expand the expertise (development, construction, and operation) through project experiences in Japan.

2 Enhance the customer base through expansion of partnerships.

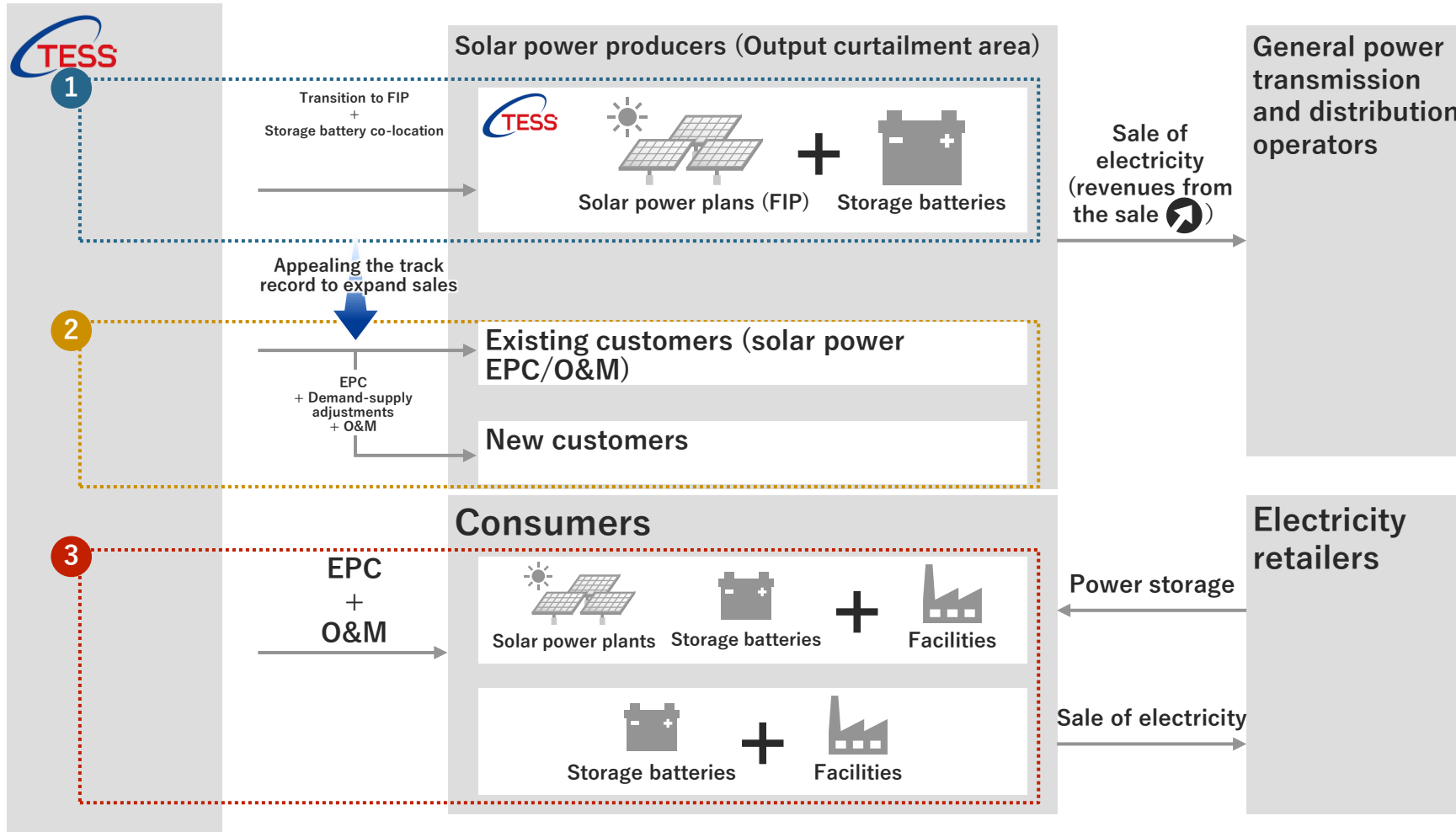
- ▶ Utilize the network with power producers gained through solar power EPC.
- ▶ Aim to enhance the customer base by expansion of partnerships.
 - Tokyo Century
 - Daiwa Energy & Infrastructure

*¹In 2021, we participated in the "Project Lion," a grid power storage plant project in the Southeast of the UK to install and operate power storage system of 100 MW.

Co-location storage batteries (FIP conversion of FIT solar power plants + renewable energy solutions)

Mid-term Management Plan material (P. 11, 14)

- We will work to expand revenues and establish expertise in supply-demand adjustments by FIP conversion of in-house FIT solar power plants + storage battery co-location. Based on this, we will acquire projects of FIP conversion + storage battery co-location by leveraging our existing customer base and promote solution proposals centered on solar power plants and storage batteries for customers.



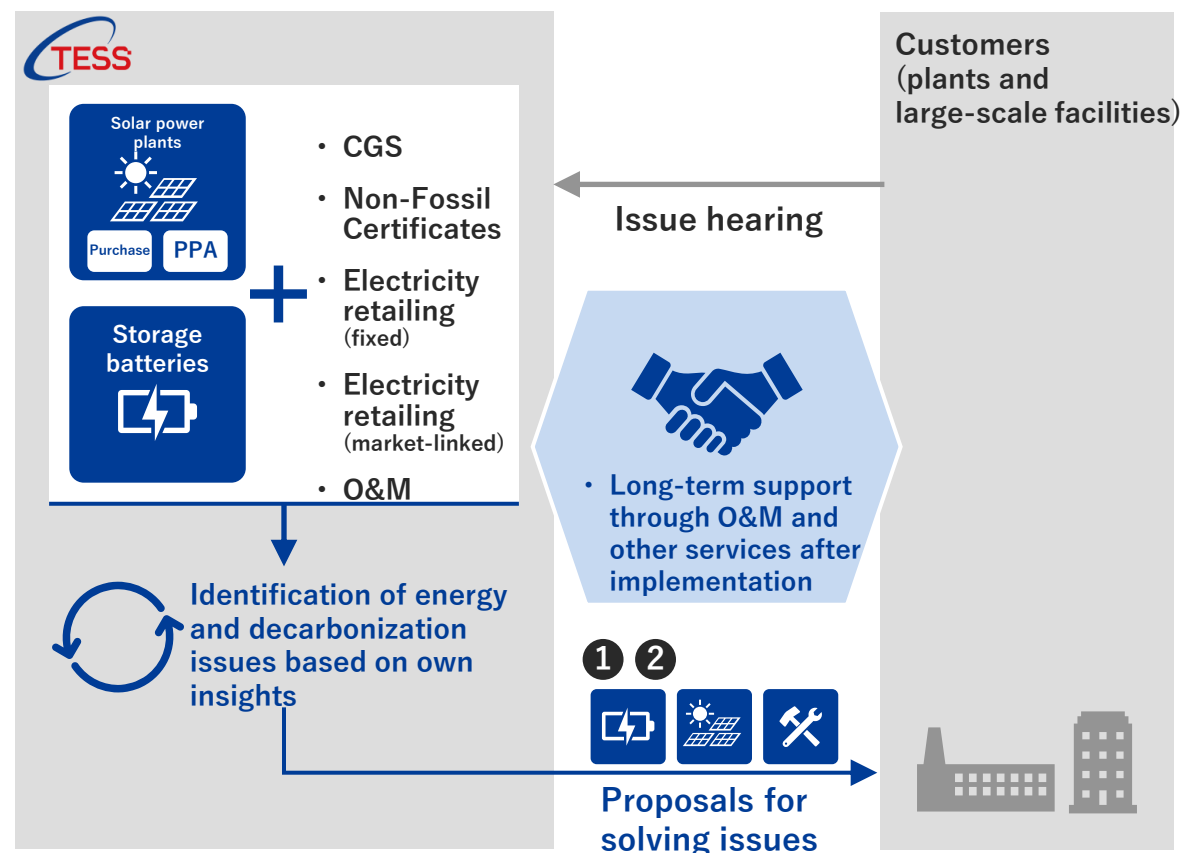
- 1 Expand revenues from FIP conversion of in-house FIT solar power plants + storage battery co-location and expanding expertise in supply-demand adjustments.**
 - Target in-house FIT solar power plants in **the output curtailment area**.
 - Aim to **expand revenues** through **supply-demand adjustments** based on **expansion our deep understanding of the system and market** and further **enhancement of expertise**.
- 2 Expand commissioned-type EPC projects for FIT solar power plants.**
 - Enhance sales **by utilizing our customer base of conventional solar power EPC/O&M**.
 - Aim to acquire customers, **including new customers**, by leveraging **our track record in in-house projects**.
- 3 Expand projects targeting consumers through solution proposals centered on solar power plants and storage batteries.**
 - Enhance sales of **solar power plants and storage batteries** for the purpose of **solar power co-location**, by leveraging **our existing customer base**.
 - Appeal **our energy management expertise and comprehensive capabilities from EPC to O&M**.

- ▶ We will further streamline sales activities, maximize the use of sales resources, and develop solution proposals that combine solar power plants and storage batteries with other products, and will achieve stable sales by solving customers' issues on energy and decarbonization.

Market environment

- ▶ **Growing demand for renewal energy** among customer companies due to requests from their business partners to reduce GHG emissions.
- ▶ **Needs vary** among client companies depending on **their energy utilization status**.
- ▶ **Growing needs for solution-oriented proposals** due to **the complexity of energy transition** though client companies face various challenges.

Growth strategy



- 1 **Achieve cross-selling with solar power plants and storage batteries through solution proposals.**
- 2 **Further streamline and advance sales activities through visualization and review of sales processes and strengthening of sales capabilities.**

- ▶ We aim to expand sales of EFB pellets, a resource-recycling biomass fuel, by targeting power producers in Indonesia, where the government is promoting co-firing of biomass with coal power generation to achieve carbon neutrality, in addition to co-firing of coal in Japan.

Market environment

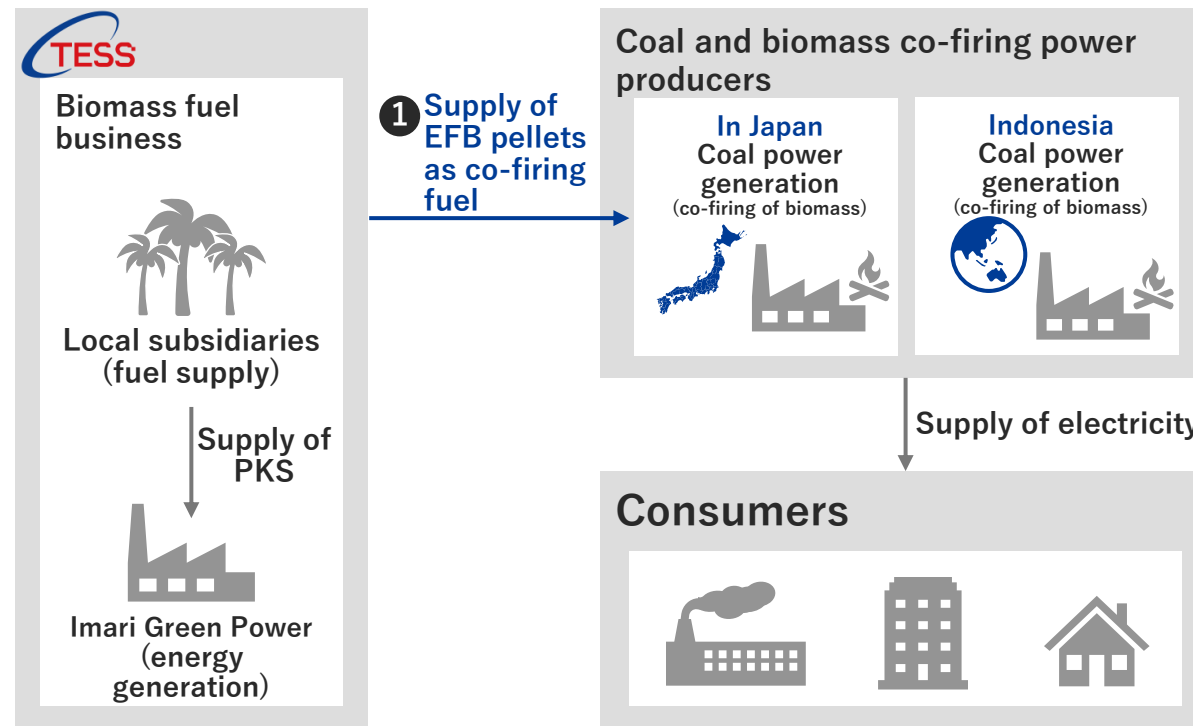
- ▶ **Japan**
Aiming to reduce **the proportion of coal power** in the Seventh Strategic Energy Plan.

- ▶ **Indonesia**
Accelerating initiatives toward **realization of net zero by 2060**.

The power source mix is centered on coal power generation^{*1} and makes it challenging to rapidly shift to renewable energy sources. Under such circumstances, **co-firing of biomass to gradually decarbonize coal power generation is gaining momentum.**

Growth strategy

Expansion of EFB pellet sales by leveraging our supply chain established to supply PKS to the Saga Imari Biomass Power plant



- 1 Expand EFB pellet sales to power producers in Japan and Indonesia who promote co-firing of coal, with track record of stable supply of PKS as our strengths.

The sustainability of imported wood pellets has been questioned due to the impacts of natural forest clearance and plantation development.

TESS Group plans to focus on the fuel business utilizing resource-recycling biomass fuel made from crop residues in the palm industry (PKS, EFB, etc.).

^{*1} 62% in 2023

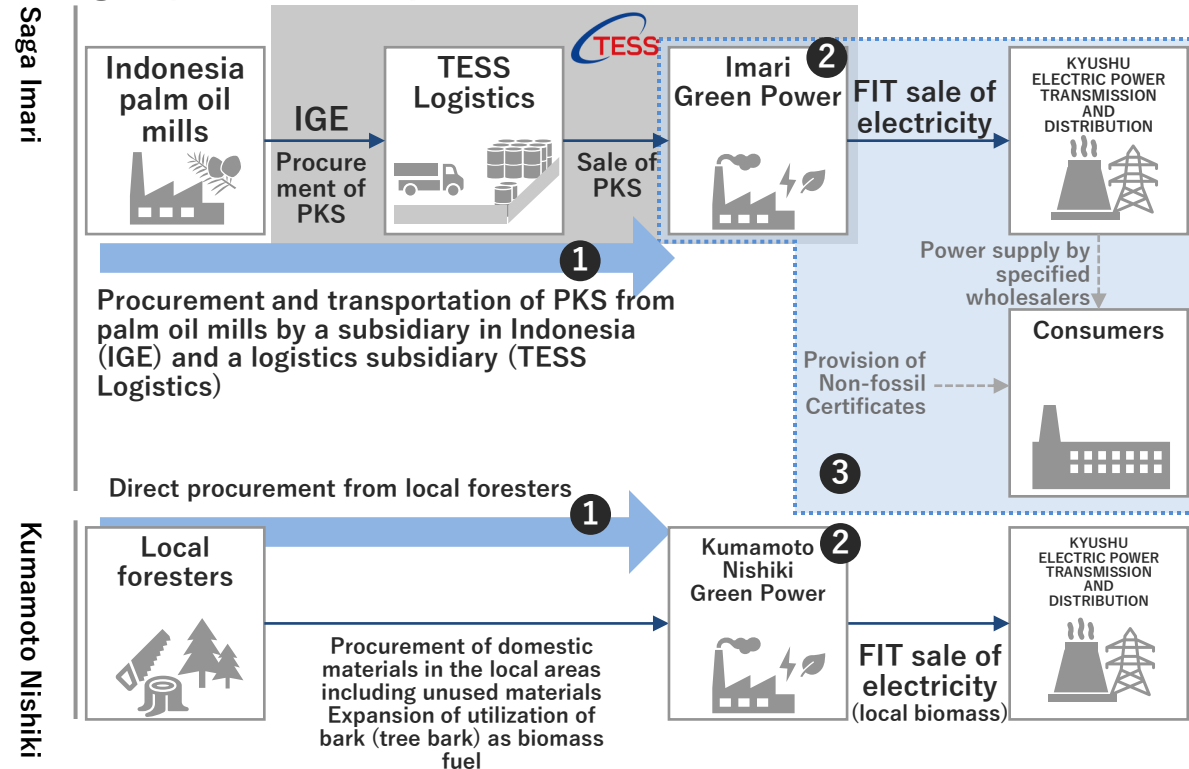
- ▶ For operating biomass power plants, we will enhance revenues through operational improvements, including stable operations and fuel procurement utilizing expertise in CGS construction and O&M, and cost-effective and stable fuel procurement.

Market environment

- ▶ Growing **demand for renewable energy that can be supplied regardless of the time of day** with the increase in facilities that operate at all times, such as data centers.
- ▶ **Fluctuations in fuel prices** due to growing demand, etc.

Growth strategy

Revenue stabilization through stable operations utilizing O&M expertise, and cost-effective, stable fuel procurement achieved through operational improvements



- 1 Further stabilize suppliers in in-house procurement processes and reducing costs by streamlining operations.
- 2 Maintain stable operations by leveraging insights and expertise in facilities and O&M.
- 3 Create higher added value in the future by delivering electricity and non-fossil certificates while appealing the value of renewable energy to consumers.



Inquiries:

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

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

