May 30, 2025

Attention; All concerned parties

Toyo Tanso Co., Ltd.

Toyo Tanso Signed On-site Power Purchase Agreement (PPA) with TESS Engineering (One of the Largest Scale for a Factory in Japan): Contributing to Carbon Neutrality Through the Use and Expansion of Renewable Energy

Toyo Tanso Co., Ltd. (Headquarters: Kita-ku, Osaka City; Representative Director, Chairman & President, CEO: Naotaka Kondo; hereinafter "Toyo Tanso") announce that Toyo Tanso and TESS Engineering Co., Ltd. (Headquarters: Yodogawa-ku, Osaka City; Representative Director and President: Toshihiro Takasaki; hereinafter "TESS Engineering"), a consolidated subsidiary of TESS Holdings Co., Ltd. (Headquarters: Yodogawa-ku, Osaka City; Representative Director and President: Kazuki Yamamoto; hereinafter "TESS Holdings"), have concluded an on-site PPA (Power Purchase Agreement)[1] for Toyo Tanso's Takuma Division, which will represent one of the largest scale for a factory in Japan.[2] The supply of renewable energy-derived electricity through the on-site PPA (hereinafter "the Project") is scheduled to commence in June 2027.

Power plant exterior concept

■ Project Overview

The Project involves TESS Engineering installing a ground-mounted solar power generation system for self-consumption on land owned by Toyo Tanso adjacent to its Takuma Division site. Under the on-site PPA model, TESS Engineering will own, maintain, and operate the system, and Toyo Tanso will be provided with renewable energy-derived electricity. The power generation capacity will be approximately 20 MW, with an estimated annual output of around 26.68 million kWh. All generated electricity will be supplied to the plant of Takuma Division, fulfilling part of the facility's annual electricity demand. The expected annual CO_2 emission reduction is approximately 11,258 t-CO_2.[3]

The Project will install approximately 30,000 solar modules across a vast site (around 140,000 m^2),

equivalent to about three Tokyo Domes,[4] making it one of the largest on-site PPAs for a factory in Japan.

As global efforts to achieve carbon neutrality progress, Japan is also advancing in the adoption of renewable energy. In this context, leveraging renewable energy-derived electricity through the Project presents several advantages: there is no initial investment needed for the solar power system installation, and independence from fluctuations in electricity demand and fuel issues enables a stable power source over the long term. Thus, this initiative will contribute to achieving carbon neutrality.

TESS Holdings and TESS Engineering are developing businesses in three areas: "renewable energy as main power source," "energy efficiency maximization," and "intelligent energy infrastructure," and provide comprehensive energy solutions. Regarding on-site PPA initiatives, as of the end of March 2025, they have a supply track record of approximately 54.8 MW with 47 supply destinations, promoting the expansion of renewable energy through on-site PPA.

Toyo Tanso has established the Toyo Tanso Group Environmental Policy and is implementing various initiatives to reduce its environmental impact. Environmentally friendly products, which have a minimal impact on the global environment, account for approximately 30% of the company's net sales. In its production activities, as part of efforts to lower greenhouse gas emissions through energy savings and creation, the company has set a goal (for non-consolidated) to reduce greenhouse gas emissions intensity per unit of net sales by 30% by 2030 compared with 2019 levels. The decision to introduce on-site PPA was made as part of efforts to achieve this goal.

Going forward, Toyo Tanso will contribute to achieving carbon neutrality by utilizing renewable energy, as facilitated by the Project.

Project Overview

Installation site	Toyo Tanso Co., Ltd. (land adjacent to Takuma Division site)
Location	Mitoyo city, Kagawa Prefecture
PPA operator	TESS Engineering Co., Ltd.
System details	Solar power generation system for self-consumption utilizing on-site PPA model Power generation capacity: 19,997.88 kW (Aiko Energy 665 W × 30,072 units) Module type: Single crystal
Planned supply start	June 2027
Supply period	30 years

About TESS Engineering Co., Ltd.

Headquarters: Shin-Osaka Prime Tower, 6-1-1 Nishinakajima, Yodogawa-ku, Osaka 532-0011, Japan
Representative: Toshihiro Takasaki, Representative Director and President
Established: May 1979
Capital: 100 million yen
Business outline: EPC for energy-saving and renewable energy facilities, Operation & Maintenance (O&M), ownership/operation/power sales of renewable energy power plants, retail

electricity supply (as a power producer and supplier (PPS)), energy management services, 24-hour remote monitoring services, ERAB services, fuel supply services (LNG, biomass fuel, etc.), and others

Website: https://www.tess-eng.co.jp/english/

About Toyo Tanso Co., Ltd.

Headquarters: Osaka Umeda Twin Towers South 16F, 1-13-1 Umeda, Kita-ku, Osaka 530-0001, Japan

Representative: Naotaka Kondo, Representative Director Chairman & President, CEO

Incorporation: July 1947

Capital: 7.9 billion yen

Business outline: Production and sale of advanced carbon materials and related processing

Website: https://www.toyotanso.com

Notes:

1 On-site PPA: A contractual method in which a power generation operator owns and maintains solar power plants for self-consumption and supplies the electricity generated from those plants to consumers

2 Based on TESS Holdings' research of publicly available information regarding factory-oriented on-site solar power self-consumption (As of May 26, 2025)

3 Calculated using the alternative emission factor of 0.000422 t-CO_2/kWh for electric utilities
Reference: Ministry of the Environment website "List of Emission Factors by Electric Utility (for FY2025 submission)"
https://policies.env.go.jp/earth/ghg-santeikohyo/files/calc/r07_denki_coefficient_rev.pdf (in Japanese)

4 Calculated based on Tokyo Dome's site area of 46,755 m^2

Contact Information

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Investor Relations and Public Relations Group
https://www.toyotanso.com/Contact/