

Financial Results Presentation for 3Q FY06/24

May 15, 2024

Abalance Corporation

(TSE Standard: 3856)

- ◆ Performance Highlights
- ◆ Overview of Q3 Consolidated Financial Results
- ◆ Performance Forecast for FY06/24
- ◆ Business Division Action Plans

3Q FY06/24 Financial Summary

- Net sales fell 7.1 billion yen year on year to **155.6 billion yen**
- Due to the strength of overseas business operations, operating profit increased by 4.8 billion yen to **14.0 billion yen**
- Equity ratio improved to **12.4%** (from 8.8% as of end-FY06/23)

Net sales

155.6 billion yen
(Down 7.1 billion yen year on year)

Ordinary profit

14.5 billion yen
(Up 4.1 billion yen year on year)

Operating profit

14.0 billion yen
(Up 4.8 billion year on year)

Operating Profit Margin

9.0%
(up 3.3% year on year)

Overview of Q3 Consolidated Financial Results



Model : VSUN540-144BMH (Colorado, USA)

Q3 Consolidated Financial Results (Year-on-Year Comparison)



- **Net sales:** Net sales down due to a fall in unit prices of solar panels (7.1 billion yen decrease)
- **Operating profit:** Profits up due to the start of a new solar cell plant and other production efficiency improvements resulting in lower production costs (4.8 billion yen increase)
- **Operating profit margin:** Improved to 9.0% due to production efficiency improvements for solar panels (3.3% increase)
- **Full-year target progress:** Net sales are at 62% however operating profit and ordinary profit are running ahead, each at about the 90% mark

(Unit: billion yen)	FY06/23	FY06/24	Y/Y change		Full-year Target Progress
	1-3Q	1-3Q	Amount	%	
Net sales	162.7	155.6	(7.1)	95.7%	62%
Operating profit	9.2	14.0	4.8	152.4%	89%
Ordinary profit	10.4	14.5	4.1	139.7%	92%
Profit attributable to owners of parent	3.8	5.5	1.7	145.3%	78%
Operating profit margin (%)	5.7%	9.0%	3.3%	-	-

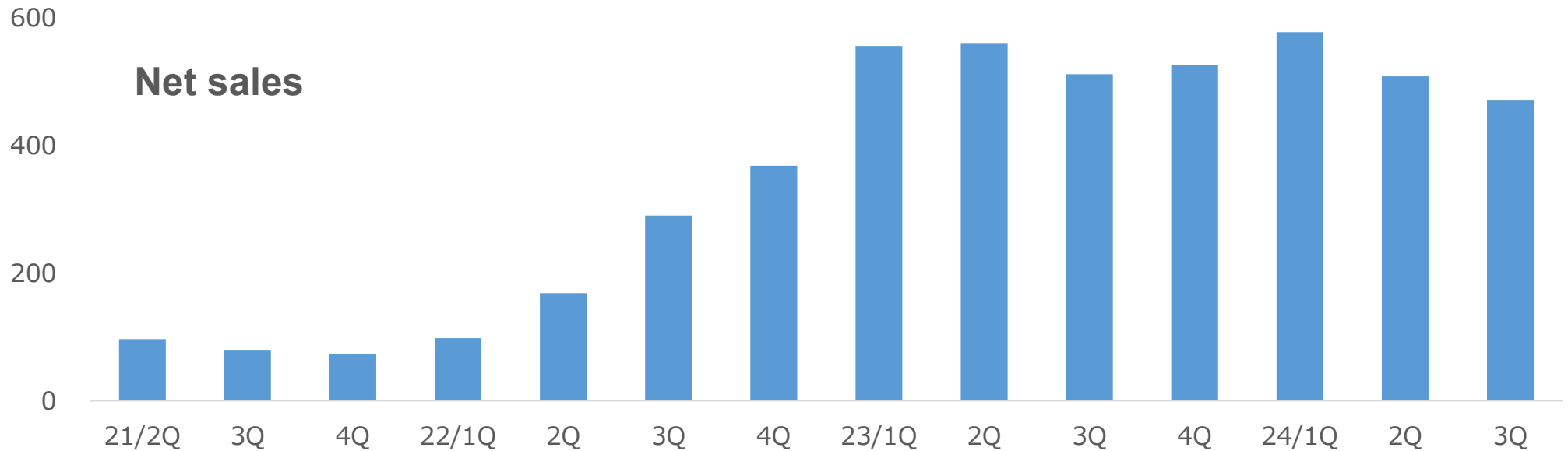
Q3 Consolidated Financial Results (By Segment)

(Unit: million yen)	FY06/23				FY06/24				Y/Y change
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total	
Net sales	55,546	56,007	51,140	162,693	57,737	50,804	47,083	155,626	(7,067)
Solar Panel Manufacturing Business	53,250	54,191	48,504	155,945	55,495	48,764	44,392	148,651	(7,294)
Green Energy Business	2,126	1,781	2,320	6,227	2,126	1,881	2,425	6,357	130
IT Business	154	174	116	444	154	140	149	450	6
Photocatalyst Business	10	8	11	29	10	10	8	27	(2)
Other	5	(147)	189	47	5	9	109	139	92
Operating profit	1,506	3,403	4,305	9,213	4,684	5,373	3,983	14,040	4,827
Solar Panel Manufacturing Business	1,175	3,437	4,315	8,927	4,390	5,672	3,916	13,978	5,051
Green Energy Business	518	155	208	881	494	142	249	885	4
IT Business	1	10	6	17	21	(1)	7	27	10
Photocatalyst Business	(9)	(14)	(8)	(31)	(5)	(5)	10	0	31
Other	(179)	(185)	(216)	(580)	(216)	(435)	(199)	(850)	(270)

Quarterly Sales and Operating Profit



(Unit: billion yen)

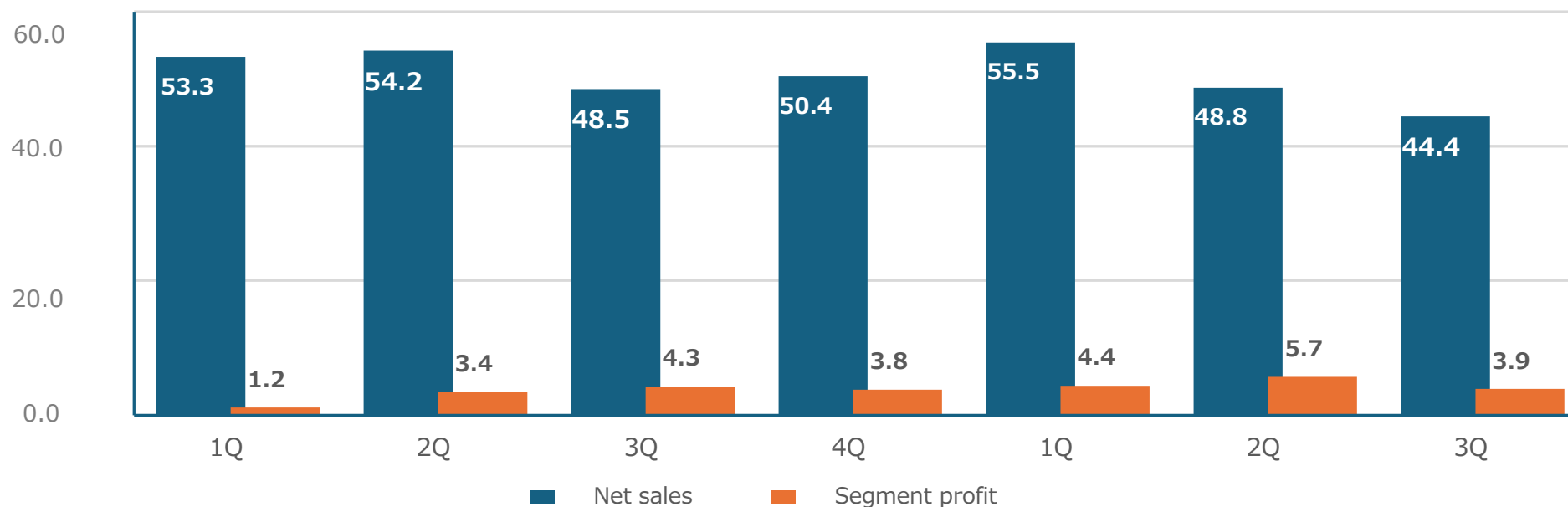


Solar Panel Manufacturing Business

- Net sales fell year on year due in part to a decline in solar panel unit prices in overseas markets
- Segment profit increased year on year on improvement in productivity due in part to in-house solar cell manufacturing

(Unit: billion yen)	FY06/23				FY06/24				YoY (%)
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total	
Net sales	53.3	54.2	48.5	155.9	55.5	48.8	44.4	148.7	95%
Segment profit	1.2	3.4	4.3	8.9	4.4	5.7	3.9	14.0	157%

(Unit: billion yen)



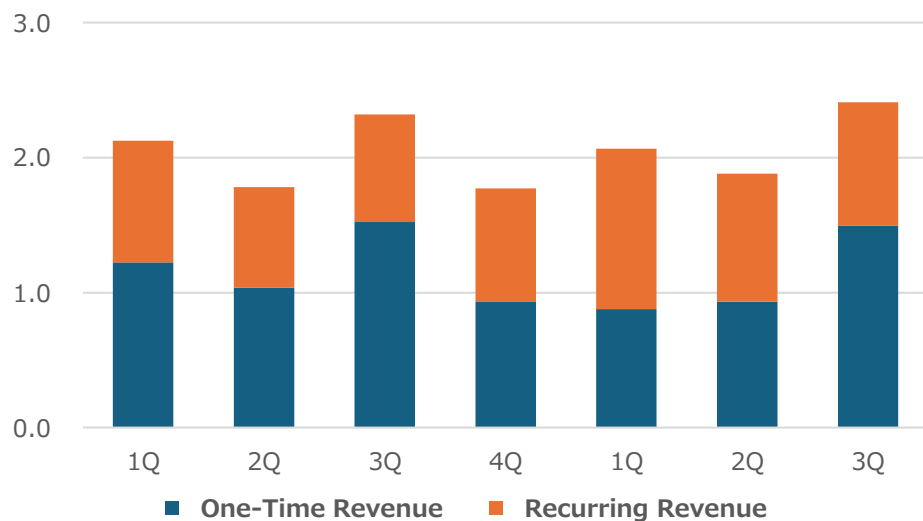
Green Energy Business

- Steady development of the recurring revenue business model of solar power plant ownership, which is a priority business.
- Actively pursuing non-FIT projects as a PPA operator

(Unit: billion yen)	FY06/23				FY06/24				YoY (%)
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total	
Net sales	21	18	23	62	21	19	24	64	102%
Domestic Business (One-Time Revenue)	12	10	15	38	9	9	15	33	87%
Domestic Business (Recurring Revenue)	9	7	8	24	12	9	9	30	125%
Segment Profit	5	2	2	9	5	1	2	9	100%

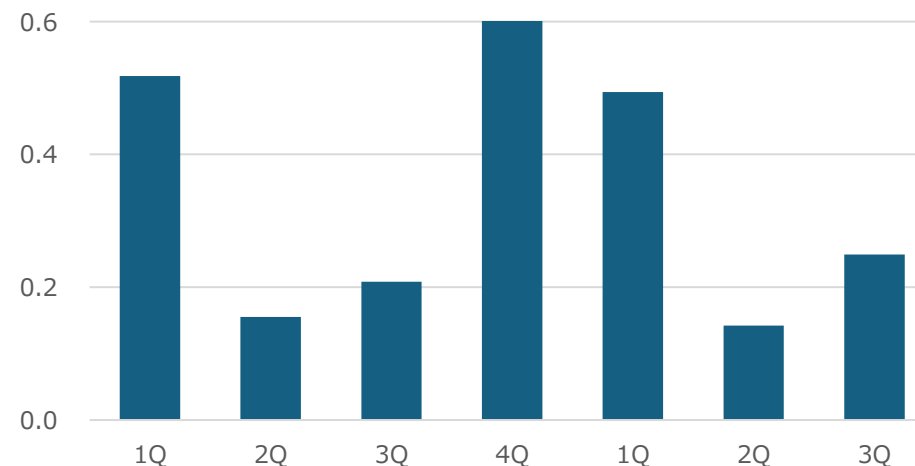
Net sales

(Unit: billion yen)



Operating profit

(Unit: billion yen)



Performance Forecast for FY06/24



Model: VSUN410-144BMH-DG (Pennsylvania,USA)

Consolidated Performance Forecast



Net sales **185.0 billion yen** (down 30.3 billion yen year on year)

Operating profit **20.6 billion yen** (up 7.8 billion yen year on year)

(Unit: billion yen)	FY06/23			FY06/24			YoY change
	1H	2H	FY	1H	2H	FY	
Net sales	1,116	1,037	2,153	1,088	762	1,850	(303)
Operating profit	49	79	128	101	105	206	78
Ordinary profit	56	84	140	105	101	206	66
Profit attributable to owners of parent	21	28	50	36	44	80	30
Operating profit margin (%)	4.4%	7.6%	5.9%	9.2%	13.8%	11.1%	5.2%


Business Division Action Plans



Model : VSUN540-144BMH (Colorado, USA)

Strategy Directions

- ▶ Strengthen the global supply chain by establishing integrated production systems
- ▶ Strengthen the business foundation by developing the business in the US market, where long-term growth is expected

Area	Details	FY06/23		FY06/24		FY06/25		FY06/26
		1H	2H	1H	2H	1H	2H	
Vietnam	Modules		Plant No. 4 start (Production capacity: 4GW)					
	Cells			Phase 1 (Production capacity: 4GW)		Phase 2 plan (Production capacity: 4GW)		
					External cell sales (To US and India: 4GW)			
	Ingots Wafers				New plant start (Production capacity: 4GW)			
	Silicon				Strategic partnership with OCI (Silicon materials procurement)			
US	NASDAQ listing			Announced listing plan (Aug 10, 2023)	NASDAQ listing			
	Modules					New plant due to start operations (Production capacity: 5GW)		

Recognition of Business Environment

- Growth in demand for renewable energy with the progression of global warming
- Expansion of demand for solar panels in European and US markets (VSUN target markets)
 - * US Inflation Reduction Act (IRA)
Response to climate change through CO2 emissions reductions Approx. \$400.0 billion (over the next 10 years)
- Need to address growing markets (= increase in supply capacity)

Growth Strategy

- Abalance Group Growth Strategy (Medium-term Management Plan 2024-2026)
 - **IPO Strategy (NASDAQ Listing)** as a growth engine for enhancement of corporate value

Merger Scheme

- Vietnam Sunergy Cell Company Limited (Cell Company) signed a letter of intent with BLUE WORLD ACQUISITION CORPORATION (BWAQ), a special purpose acquisition corporation (SPAC) listed on NASDAQ in the US.

Action toward merger

- ▶ Progress of merger scheme: Transfer of Cell Company's shares (VSUN→TOYO Co)
- ▶ Planned NASDAQ listing company TOYO Co: F-4 declared effective by US Securities and Exchange Commission (SEC)
- ▶ BWAQ: Extraordinary general shareholders meeting to approve merger (May 28)

Strategy Directions

- Strengthen competitiveness by building a global supply chain
- Switch from external purchasing to **in-house production** of **cells**, the key component of solar panels
- Build a manufacturing plant for ingots and wafers (Start of Operations in April 2024)
- Build a stable system for purchasing key components and reduce costs to improve profit margin

Investment plan

- Production capacity: 8 GW
- Total investment amount: Approx. US\$300 million (Approx. 45.0 billion yen)
- Implementation policy: Execute capital investment in two phases, Phase 1 and Phase 2



Progress Status of Cell Plant Construction Project

Phase 1 (Complete)

- Completion ceremony held on November 22, 2023
- Annual production capacity: 4 GW
- Capital investment: Approx. US\$180 million (Approx. 27.0 billion yen)

Phase 2 (in progress)

- Due to start operating in 1H FY06/25 (annual production capacity: 4GW)

Planning venture into upstream processes to further strengthen the global supply chain

*See next page

Strengthening of Global Supply Chain

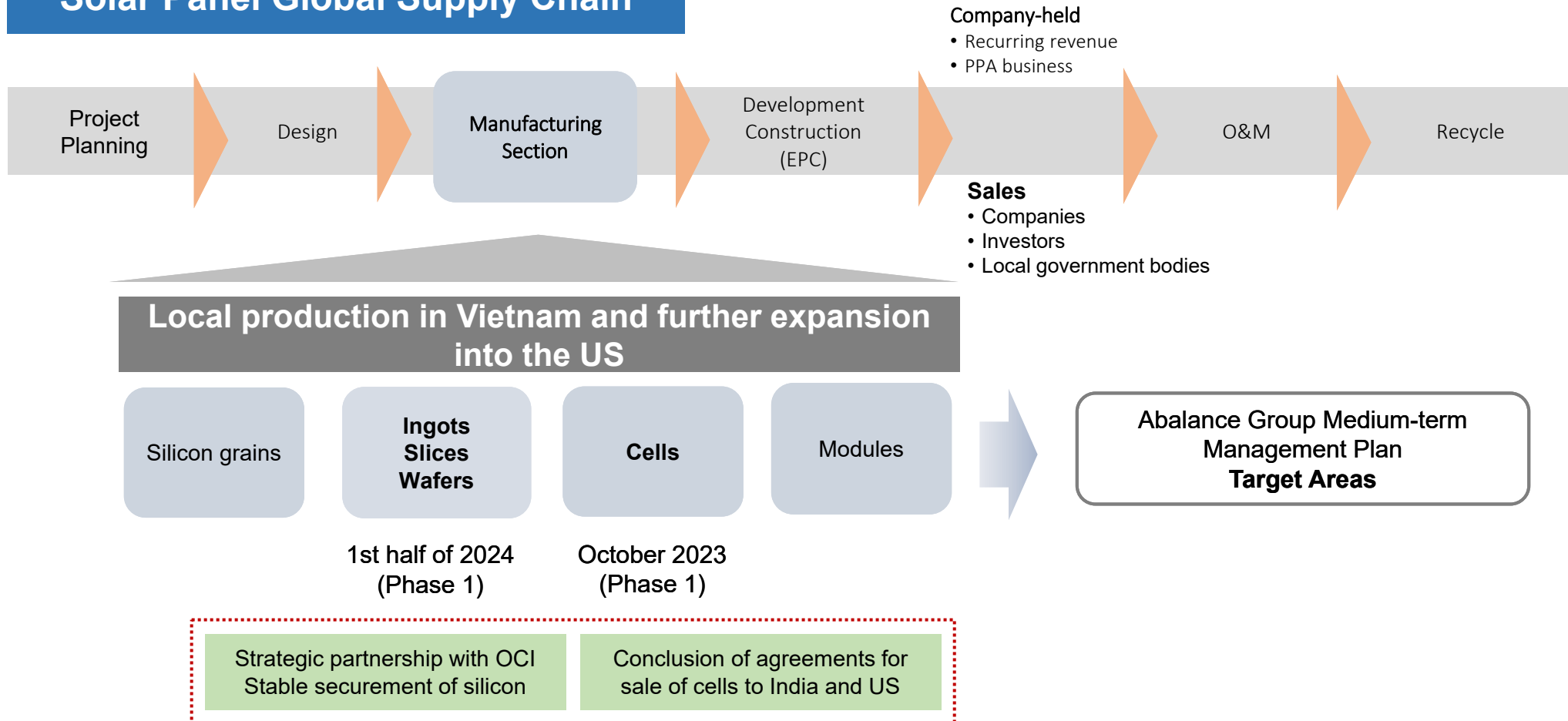


* Latest version based on Abalance Group's Medium-Term Management Plan (2024-2026) announced on September 22, 2023.

■ Medium- to long-term strengthening of competitiveness

- ▶ Switch from external purchasing to in-house production of key components of solar panels (cells, wafers, ingots).
- ▶ Strive for improvement of profitability by stabilizing parts purchasing, responding to market developments such as import restrictions, and reducing costs.

Solar Panel Global Supply Chain



Promote **one-stop solutions** mainly by subsidiaries, WWB Corporation and VALORS Corporation

Stable earnings

- ▶ Promotion of recurring revenue business: company-held solar power plants
- ▶ Entry into PPA business: Company ownership of solar power plants as a PPA operator

M&A

- ▶ Expansion of business scale through M&A of renewable energy-related companies
- ▶ Execution of M&A with awareness of cost of capital

Business tie-ups and partnerships

- ▶ Expansion of business foundations by building business alliances and partnerships
- ▶ Pursuit of joint ventures for domestic and overseas projects

New businesses

- ▶ **Company ownership of solar power plants as a PPA operator**
- ▶ Private consumption solar power generation EPC business (roof installation at large companies)
- ▶ Grid-connected batteries business: Formation of SPC with a partner company in the Hokkaido area (January 2024)

R&D, etc.

- ▶ Development of hydrogen products and promotion of business
- ▶ Promotion of green transformation (GX)

Promotion of recurring revenue business model

- Expansion of recurring revenue business through company ownership of solar power plants
 - ▶ Company-held power plants: Approx. 110 power plants (Japan and overseas)
 - ▶ Company-owned power generation capacity: Over 140MW (including projects under development and planned for acquisition)
- CO2 emission reductions from Green Energy Business: Approx. 2 million tons
 - * Equivalent to the annual power consumption of approximately 770,000 households
- Company ownership of solar power plants as a PPA operator

Promotion of business tie-ups

- Basic policy
To achieve our growth strategy, we will actively pursue alliances with leading domestic and overseas companies in areas such as energy storage

Specific examples



(Kakuda Solar Power Plant)

Meiji Machine

- ▶ Formed a business alliance with subsidiaries WWB and Japan Photocatalyst Center
- ▶ Established mutual funding line

Yamada Trading

- ▶ Yamada Trading: Sale of photovoltaic storage batteries
- ▶ WWB: Sale of residential storage batteries

Mitsu & Co. Plant Systems


- ▶ Joint development of Offsite Corporate PPA solar power generation business

au Renewable Energy

- ▶ Concluded a sales agreement for non-FIT power plant equipment
- ▶ March 29, 2024: Commenced grid connection

Abalance Group Summary



Trade Name	Abalance Corporation 
Address	Tennozu First Tower 16F 2-2-4 Higashishinagawa, Shinagawa-ku, Tokyo
Establishment	April 17, 2000
Capital	2,059 million yen
President & Representative Director	Yasuaki Mitsuyuki
Stock Listing	Tokyo Stock Exchange (Standard Market: 3856)
Employees	Consolidated: 2,002; Non-consolidated: 40 (as of Mar. 31, 2024)
Primary consolidated subsidiaries	Japan: WWB, VALORS, Abit Overseas: VSUN, Vietnam Sunergy Cell Company Limited
Equity-method affiliate	Meiji Machine Co., Ltd. (TSE Standard: 6334)

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