



March 14, 2024

To whom it may concern:

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**(Correction/Correction of Numerical Date) Partial Correction to the  
Financial Results Presentation for 1Q FY06/24**

Abalance Corporation (the “Company”) hereby announces partial correction to numerical date in the Results for the Financial Results Presentation for 1Q FY06/24, disclosed on November 17, 2023.

1. Details of the Correction

Page2: ▼ Performance Highlights [Consolidated; 1Q FY06/24]

Page3: ▼ Consolidated Performance Forecast for FY06/24

Page4: ▼ Quarterly sales and operating profit

Page5: ▼ Performance of Key Segments (1/2)

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2. Reason for the Correction

The Company submitted amended reports for its annual securities reports, etc. for the past fiscal years to the Kanto Local Finance Bureau and also amended its consolidated financial results, etc. for the past fiscal years on March 14, 2024.

# Financial Results Presentation for 1Q FY06/24

**Abalance Corporation**

TSE Standard: 3856 / November 2023



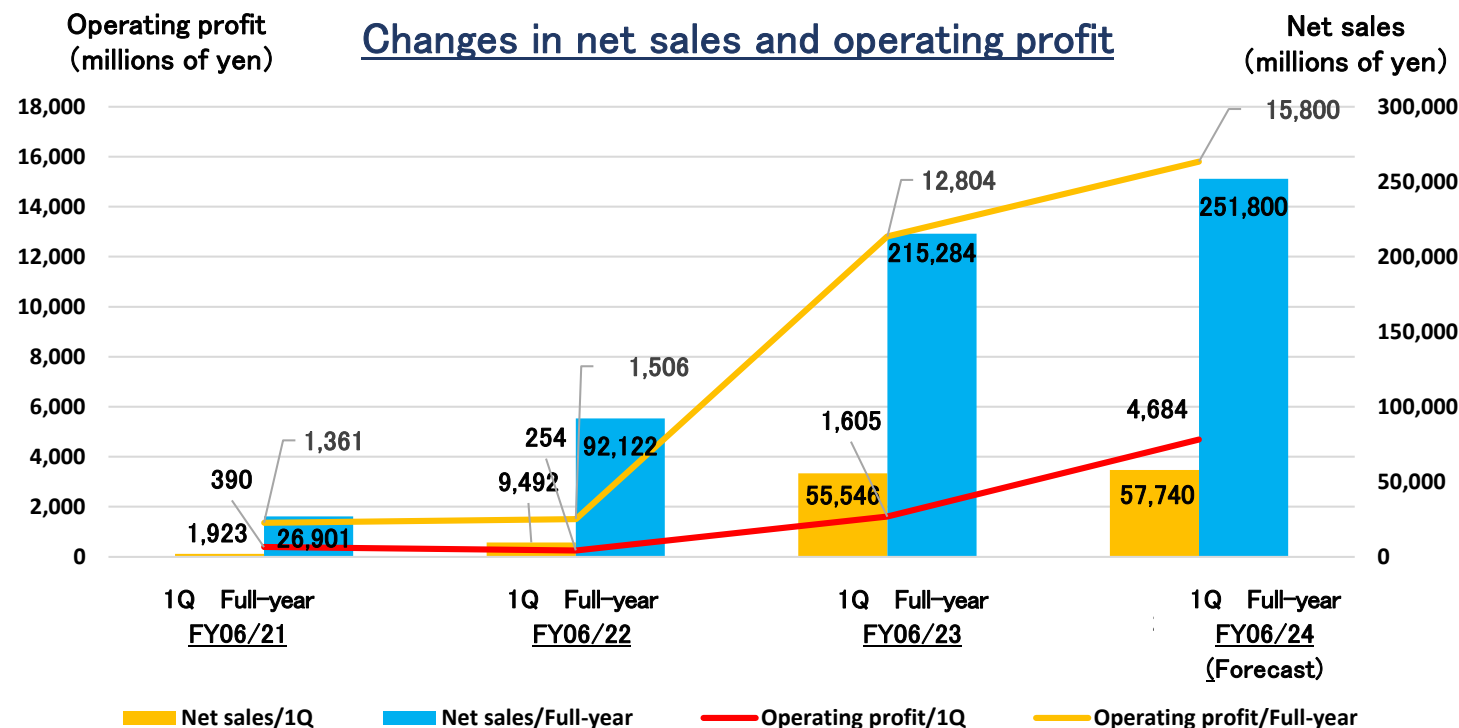
# Executive Summary

# ▼ Performance Highlights [Consolidated; 1Q FY06/24]

- Achieving record-breaking consolidated net sales and operating profit for the quarter:
- Net Sales: 57.7 billion yen (+4%\*)、Operating Profit: 4.7 billion yen (+210%\*)

\* Percentages indicate YoY

- ✓ Stellar performance driven by the Solar Panel Manufacturing Business (VSUN), significantly impacting consolidated business results.
- ✓ Strategic focus in the Green Energy Business includes the continued expansion of power plant and related equipment sales (one-time revenue business model), we proceeded with promoting the ownership of solar power plants (recurring revenue business model).
- ✓ Noteworthy foreign exchange gains arising from VSUN's overseas transactions substantially contributed to boosting ordinary profit.



## ▼ Consolidated Performance Forecast for FY06/24

- In the first quarter, consolidated net sales remained largely in line with the budget, showcasing steady progress in profits at each stage.
- Despite the uncertain external environment, influenced by factors like the market's over-supply of solar panels, our focus is on achieving targets through adaptable management strategies responsive to market dynamics.

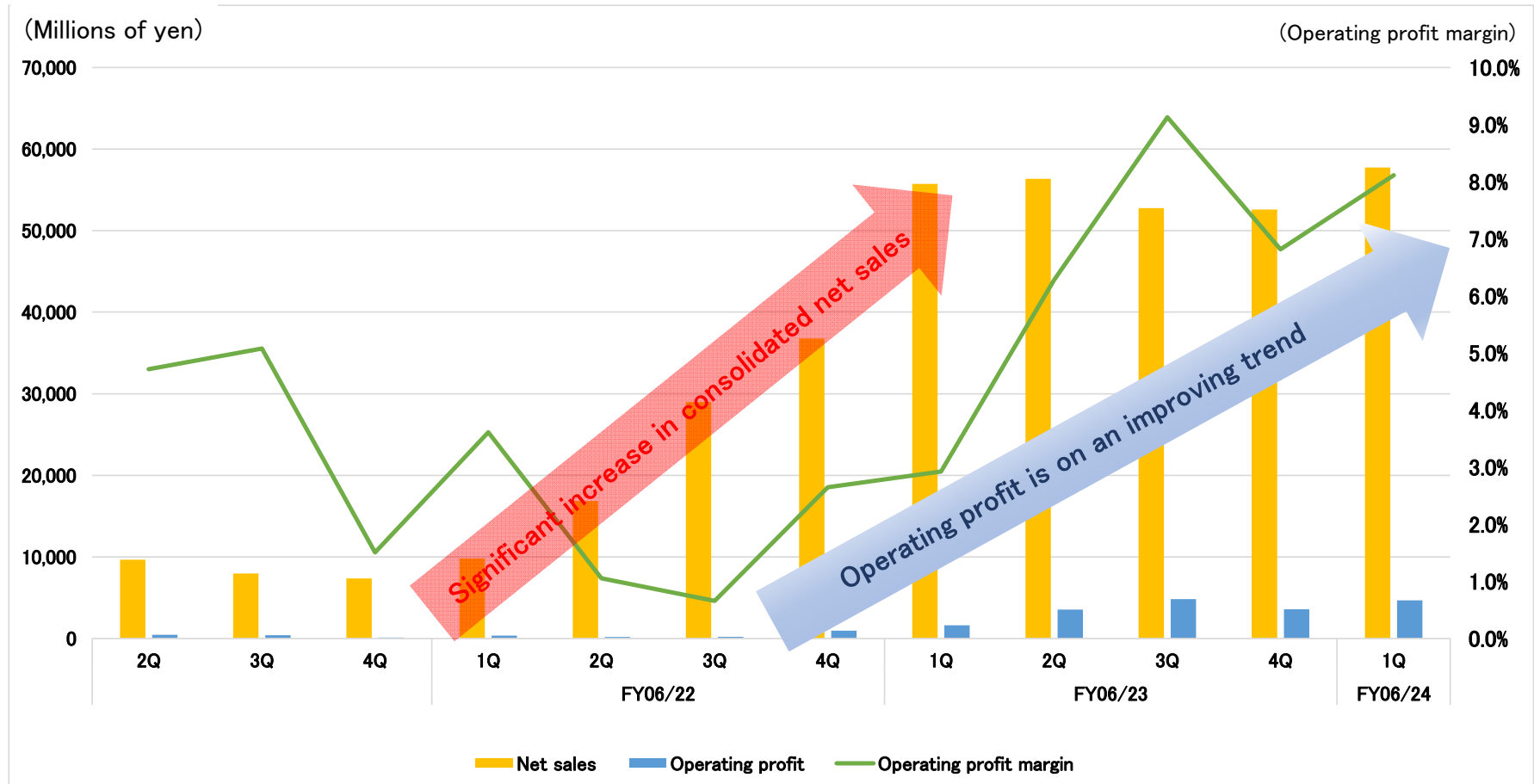
(Billions of yen)

	FY06/23 Actual	FY06/24 1Q Actual	FY06/24 Forecast	FY06/24 Progress
Net sales	215.28	57.74	251.80	23%
Panel Manufacturing Business (=VSUN)	206.81	55.50	239.00	23%
Domestic Business (One-Time Revenue)*	3.20	1.11	7.80	14%
Domestic Business (Recurring Revenue)*	5.27	1.13	5.00	23%
<b>Operating Profit =KPI</b>	12.80	4.68	15.80	30%
Ordinary Profit	14.04	4.52	15.80	29%
Profit attributable to owners of parent	4.97	17.44	7.00	25%
Earnings per share	293.36yen	100.67yen	413.53yen	—

- One-time revenue includes sales from the Green Energy Business's power plant sales and merchandise, as well as sales from the IT Business and Photocatalyst Business.
- Recurring revenue accounts for electricity & O&M sales from the Green Energy Business.

## ▼ Quarterly sales and operating profit

- Since the consolidation of VSUN in October 2020, our company's consolidated business performance, net sales and operating profit, has consistently trended upwards.
- The first-quarter consolidated net sales hit a record high.
- Looking ahead, We plan to invest in U.S. facilities and upstream processes like ingots and wafers to meet global renewable energy demand, solidifying our position as a leading global core renewable energy company.



## ▼ Performance of Key Segments (1/2)

### Solar Panel Manufacturing Business (VSUN)

- In the first quarter, sales of solar panels to the U.S. remained strong, and efforts were made to secure profits by setting prices for panel sales according to component price and container freight and improving the efficiency of the production system.
- Although there is an over-supply of solar panels in the market, VSUN has a large number of contracts of more than one year with good customers, minimizing the impact of the market.

(Billions of yen)

	①	②	③	YoY (=③/①)	QoQ (=③/②)
	FY06/23 1Q	FY06/23 4Q	FY06/24 1Q		
Net sales	55.00	50.63	55.50	104%	110%
Segment profit	1.18	3.77	4.39	374%	116%



Inside view of the plant

## ▼ Performance of Key Segments (2/2)

### Green Energy Business (WWB, VALORS)

- In the first quarter, steady advancement of the recurring revenue business model (→Acquisition of Shimonoseki City Toyoura Solar Power Plant , and other projects contributed to securing stable profit)
- Actively pursuing non-FIT projects as a PPA operator (→Commenced exploration of joint projects with leading domestic companies, etc.)

(Billions of yen)

	①	②	③		
	FY06/23 1Q	FY06/23 4Q	FY06/24 1Q	YoY (=③/①)	QoQ (=③/②)
Power plant and product sales (One-time revenue)	1.26	0.93	1.11	88%	119%
Electricity sales & O&M (recurring revenue)	0.87	0.84	1.13	130%	135%
Net sales	2.13	1.77	2.24	105%	127%
Segment profit	0.52	0.19	0.49	94%	245%

\*One-time revenue includes sales from the Green Energy Business's power plant sales、Recurring revenue accounts for electricity & O&M sales from the Green Energy Business.



Kakuda City Solar Power Plant/ (DC) 18.3MW



Taiwa Town Solar Power Plant/ (DC) 10.8MW



## ▼ Equity Ratio and Shareholder Returns

### ▼ Improvement in Equity Ratio

- **Equity ratio(end-1Q FY06/24) : 8.9%**

- In the first quarter under review, the equity ratio remained on par with the 9.1% observed in FY06/23. This was despite the accumulation of retained earnings, as increased debt from capital investments in VSUN offset these gains.
- This is an improvement compared to 7.1% in FY06/22.

- **Equity ratio target: Above 10% to 12%.**

We aim to bolster our equity by increasing retained earnings, with the Solar Panel Manufacturing Business and Green Energy Business as our main drivers.

- ROE increased from 16.3% (end-FY06/22) to 53.8% (end-FY06/23).

### ▼ Policy on Shareholder Return Measures

- We will determine the interim dividend per share for FY06/24, taking into consideration the possibility of additional dividends based on trends in highly profitable investment projects relative to the cost of capital.
- <FYI> Interim dividend per share for FY06/23 was 3 yen (equivalent to 9 yen before stock split), which represents a substantive increase from interim dividend per share for FY06/22 (8 yen).

# Appendix



## 【Appendix①】 Abalance Group Summary

Abalance株式会社 Group Administration and Management	
Head office	Tennozu First Tower 16F 2-2-4 Higashishinagawa, Shinagawa-ku, Tokyo
Establishment	April 17, 2000
Capital	2.06billion yen(end-Sep. 2023)
Sales	217.4 billion yen(FY06/23) 251.8 billion yen (FY06/24 Forecast)
President & Representative Director	Yasuaki Mitsuyuki
No. of employees	Consolidated: 1,430; Non-consolidated: 35 (end-June 2023)
Business segments	Green Energy Business, Construction Machinery Business, IT Business, Solar Panel Manufacturing Business
Primary consolidated subsidiaries	Japan: WWB, VALORS, Abit Overseas: VSUN, Vietnam Sunergy Cell Company Limited
Equity-method affiliate	Meiji Machine Co., Ltd. (TSE Standard: 6334)
Notes	<b>Japan's leading solar panel manufacturer (annual production capacity of 5.0GW)</b> (Source: BloombergNEF, Tier1 PV Module Maker List [August 21,2023])

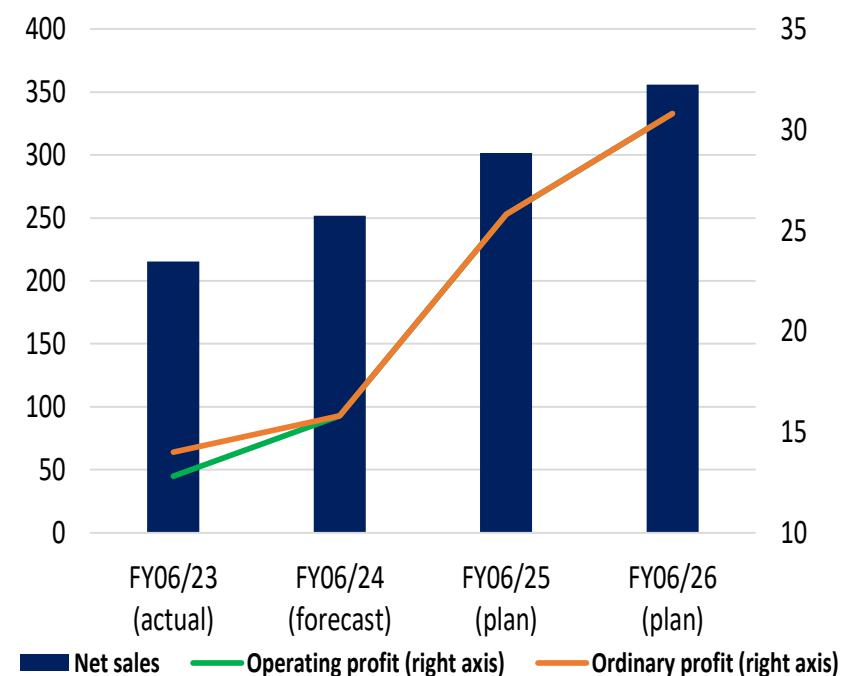
## 【Appendix②】 Medium-Term Management Plan (Consolidated) (1/2)

- We are aiming for a significant increase in sales and profit, with net sales of 355.8 billion yen and operating profit of 30.8 billion yen in FY06/26.
- Driven by our Solar Panel Manufacturing Business (VSUN), we are accelerating growth through investments in the group, including (1) listing on NASDAQ, (2) completion of a cell plant (10GW of cell production, 4GW of ingots and wafers), and (3) consideration of building a new panel factory in the US.  
→ VSUN panel production capacity 5GW (current) ⇒ 10GW (2026)

### Medium-Term Management Plan - Budget Figures (FY2024–2026)

(Billions of yen)

	FY06/23 (actual)	FY06/24 (forecast)	FY06/25 (plan)	FY06/26 (plan)
<b>Net sales</b>	<b>215.3</b>	<b>251.8</b>	<b>301.8</b>	<b>355.8</b>
Overseas sales (=VSUN)	206.8	239.0	287.0	338.0
Domestic one-time revenue (*1)	3.2	7.8	8.8	9.8
Domestic recurring revenue (*2)	5.3	5.0	6.0	8.0
<b>Operating profit</b>	<b>12.8</b>	<b>15.8</b>	<b>25.8</b>	<b>30.8</b>
Operating profit margin	5.9%	6.3%	8.5%	8.7%
<b>Ordinary profit</b>	<b>14.0</b>	<b>15.8</b>	<b>25.8</b>	<b>30.8</b>
Profit attributable to owners of parent	5.0	70 (*3)	n/a	n/a
Equity ratio	8.8%			20.0%



## 【 Appendix②】 Medium-Term Management Plan (Consolidated) (2/2)

### <Response to the US Regulations on Circumvented Exports>

- On August 18, 2023, the U.S. Department of Commerce announced that it had identified five Chinese solar photovoltaic product manufacturers as having circumvented exports through four Southeast Asian countries (Cambodia, Malaysia, Thailand, and Vietnam) in order to avoid the Anti-Dumping duties (AD) and Countervailing Duties (CVD). The announcement stated that AD/CVD taxation will be applied to all companies except for three companies that were not found to have engaged in circumvented exporting, and those that were able to demonstrate they had not evaded AD/CVD measures.
- In the event of company certification for AD/CVD taxation, a 250% sanctioned tax would be levied. Our group company, VSUN cooperated by submitting purchase lists. As per the August 18, 2023 release, VSUN's status regarding export circumvention remains uncertain, and thus has not been factored into the budget figures this impact on the the Medium-Term Management plan.

### <Impact of Time Limit on Tariff Exemptions>

- In June 2022, President Biden declared a state of emergency regarding the supply shortage of solar products in the US and exempted tariffs on such products from four Southeast Asian countries (Cambodia, Malaysia, Thailand, and Vietnam) for two years, a measure that is expected to expire in May 2024. The future direction of the continuation of the tariff exemptions is not fully foreseeable at this time, and thus has not been factored into the budget figures this impact on the the Medium-Term Management plan.
- If tariffs are imposed in June 2024, We plan to adapt business operations in line with the changing external environment. Similar conditions will apply not only to our group but also to other companies in the industry. Monitoring their movements, we aim to manage prices accordingly. – Additionally, to offset tariff impacts, we intend to drive manufacturing cost reductions and bolster panel production in the U.S.

## 【Appendix③】 Core Businesses

## ▼ New US Panel Factory (VSUN)

With a view to direct investment in the US market, we began considering the construction of a new panel factory and inspected potential construction sites.

- \* The schedule, construction site, and funds required are still under consideration and will be disclosed when we have more detail
- \* We are considering cell production, a front-end process, alongside panel production.

### Purpose & Background of the Capital Investment

- The US market anticipated to demonstrate significant demand, has been identified as the most promising site apart from Vietnam.
- The US government actively encourages domestic production.
- VSUN is committed to complying effortlessly with panel export regulations.



[Inspection in the US]: The photos above show the inspected site for the potential new factory.

## ▼ Investment plan for the construction of Solar Cell Plant (VSUN)

- For cells, the main component of solar panels, we will shift from purchasing from external suppliers to in house production.
- The most advanced and largest-scale N-type TOPCon manufacturing plant outside mainland China, acknowledged as the forefront in technology and scale.
  - Capital investment plan: Cell annual production capacity: 8GW<sup>\*1</sup>
  - Total investment: Approx. 300 million US dollars (approx. 44.8 billion yen<sup>\*2</sup>)
  - Implementation Strategy: The capital investment will be divided into Phase 1 and Phase 2.

<sup>\*1</sup><Note> Annual production capacity of panels is 5GW, which does not mean 13GW combined

<sup>\*2</sup>Based on MUFG's "Foreign Exchange Rate List" (as of September 29, 2023), converted at a TTM (mid-rate) of 149.58 yen/US\$,

### Construction of Solar Cell Plant: Project Progress<sup>\*3</sup>

#### フェーズ1

- Cell annual production capacity: 4GW
- Total investment: Approx. 180 million US dollars (approx. 26.9billion yen<sup>\*4</sup>)
- Commissioning to begin in September 2023 and be completed in late October.

<sup>\*3</sup>Cell Company, which operates the cell plant, will soon change its trade name to TOYO SOLAR.

<sup>\*4</sup>Based on MUFG's "Foreign Exchange Rate List" (as of September 29, 2023), converted at a TTM (mid-rate) of 149.58 yen/US\$,

#### フェーズ2

- Investment in Phase 2 will be considered for execution after observing the situation in Phase 1.
- Phase 2 will consider ongoing disclosure as progress is made.

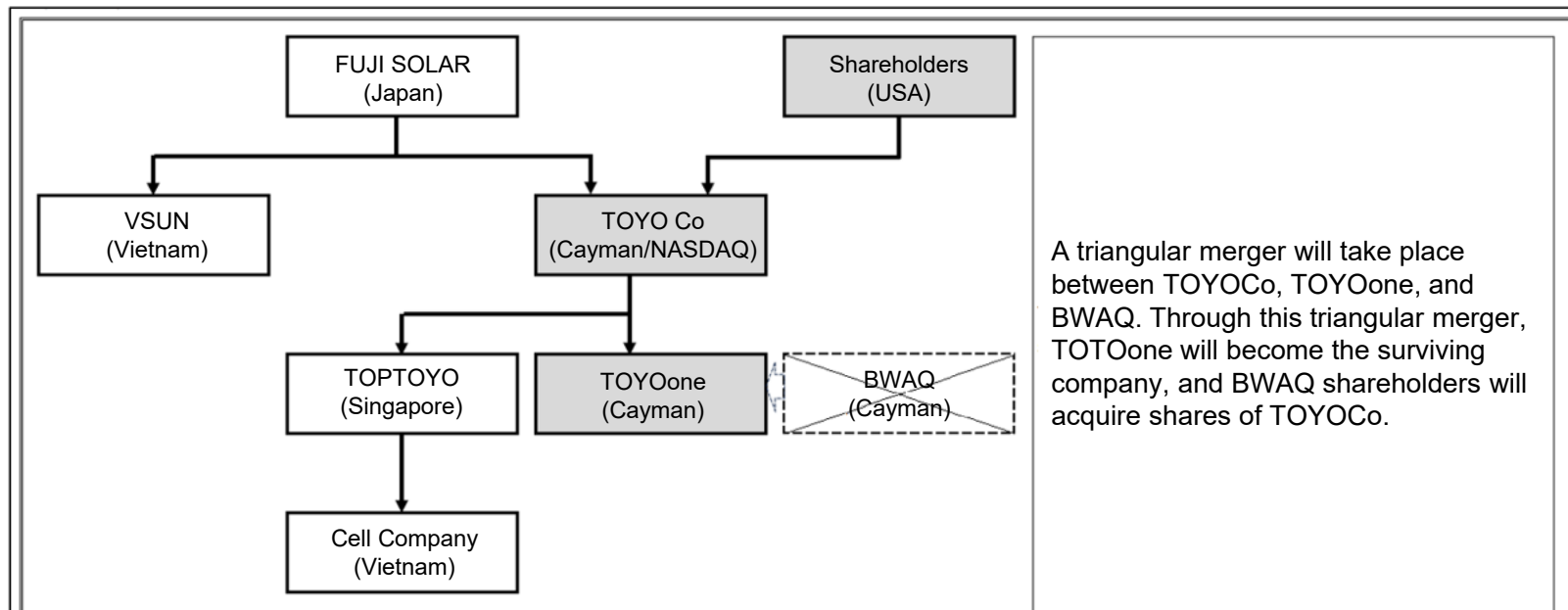


## ▼ Moving toward NASDAQ Listing (SPAC)(VSUN)

- Our subsidiary, Vietnam Sunergy Cell Company Limited (hereinafter, "Cell Company"), signed a memorandum of understanding with BLUE WORLD ACQUISITION CORPORATION, a special purpose acquisition company (SPAC) listed on NASDAQ in the US.
- The merger essentially signifies Cell Company's plan to list its shares on NASDAQ. The listing of Cell Company's shares on NASDAQ via the merger is contingent upon approval of the merger by SPAC shareholders, this matter has been progressing smoothly toward listing in February 2024 at the latest.

\* Cell Company, which operates the cell plant, will soon change its trade name to TOYO SOLAR.

### Anticipated Structure



## ▼ Green Energy Business Priority Initiatives

We will further promote one-stop solution proposals through the following priority initiatives, mainly by our subsidiaries, WWB Corporation and VALORS Corporation.

Source of stable earnings

- Promotion of recurring revenue business (company-held solar power plants)
- Acquisition of windfarms and other power plants

Execution of M&A

- M&A (business acceleration) for renewable energy-related companies)
- Awareness of cost of capital as a hurdle rate

Business tie-ups and partnerships

- Business alliances and strategic partnerships with major companies, general trading companies, etc.
- Aggressive pursuit of joint ventures (JVs) for domestic and overseas projects

New businesses

- Promotion of private consumption projects (non-FIT, nonfirm) and solar sharing as a PPA operator
- Full-scale entry into storage battery business

R&D, etc.

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

## ▼ Promotion of recurring revenue business model (Green Energy Business)

- Promoting the ownership of power plants (shift to recurring revenue)  
We own approximately 110 power plants in Japan and overseas, with power generation capacity over 140MW (including projects under development and planned for acquisition).
- **CO2 emission reductions** from the Green Energy Business amount to **approximately 2 million tons**.  
(equivalent to the annual power consumption of approximately 770,000 average households)

### Recent Cases①

#### Shimonoseki City Toyoura Solar Power Plant

Item	Details
■ Power generation scale	(AC) 3.5MW / (DC) 4.8MW
■ Annual energy output	5,971MWh
■ first-year electricity sales revenue	Approximately 110 million yen (calendar year forecast)

### Recent Cases②

#### Taiwa Town and Ohira Village Solar Power Plant

Item	Details
■ Power generation scale	(AC) 16.8MW / (DC) 21.6MW
■ Annual energy output	22,431MWh
■ first-year electricity sales revenue	Approximately 470 million yen (calendar year forecast)

## ▼ Recent Business Tie-Ups

(Green Energy Business)

To accelerate our growth strategy, we will further accelerate alliances with leading domestic and overseas players in areas such as energy storage.

Nov. 2022  
Meiji Machine

Formed a business alliance with our subsidiaries WWB and Japan Photocatalyst Center

June. 2023  
Yamada Trading

Yamada Trading has expanded the sale of photovoltaic storage batteries to a target market with potential demand, while our subsidiary WWB has secured a sales channel for residential storage batteries to a specific customer segment.

Aug. 2023  
Mitsui & Co. Plant  
Systems(MPS)

Mitsui & Co. Plant Systems will work on decarbonization solutions using solar power plants, including Offsite Corporate PPA, while the Mitsui & Co. group will develop ammonia and hydrogen cofiring.

# Disclaimer

- The future outlook and estimated figures presented in this material are based on information available to our company at the time of its creation, as well as facts we recognized and results from our subsequent analyses, evaluations and calculations.
- While we have considered past confirmed facts and other recognized data, we have also used certain assumptions and premises necessary for this material's preparation and future outlook, including those we have calculated independently.
- Statements about future projections inherently carry risks and uncertainties. Given the potential shifts in business operations, domestic and global economic trends, securities markets, and other changing circumstances, our actual performance, results, and outcomes may differ from the projections and outlooks provided herein. We do not guarantee that these future projections or outlooks will materialize.
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