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November 14, 2023

## Consolidated Financial Results for the Three Months Ended September 30, 2023 (Under Japanese GAAP)



Company name: Abalance Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 3856  
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 Scheduled date to file quarterly securities report: November 14, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended September 30, 2023 (from July 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
September 30, 2023	57,740	3.6	4,673	186.9	4,507	212.1	1,737	226.9
September 30, 2022	55,729	468.4	1,629	359.5	1,444	431.2	531	(37.8)

Note: Comprehensive income For the three months ended September 30, 2023: ¥4,099 million [238.3%]  
 For the three months ended September 30, 2022: ¥1,211 million [34.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
September 30, 2023	100.24	99.04
September 30, 2022	31.98	31.89

Note: Effective September 1, 2022, the Company conducted a three-for-one stock split with respect to its common stock. Basic earnings per share and diluted earnings per share were calculated assuming that the stock split had been conducted on July 1, 2022.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2023	160,583	27,007	9.2
June 30, 2023	144,087	23,310	9.1

Reference: Equity  
 As of September 30, 2023: ¥14,825 million  
 As of June 30, 2023: ¥13,135 million

## 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2023	—	3.00	—	5.00	8.00
Fiscal year ending June 30, 2024	—				
Fiscal year ending June 30, 2024 (Forecast)		—	—	—	—

Notes: 1. Revisions to the forecast of dividends most recently announced: None  
2. The dividend forecast for the fiscal year ending June 30, 2024 is to be determined.

## 3. Consolidated financial result forecasts for the fiscal year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Percentages indicate year-on-year changes.)

	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
Full year	251,800	15.8	15,800	16.5	15,800	6.8	7,000	28.6	413.53

Note: Revisions to the financial result forecast most recently announced: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: — (Company name)

Excluded: — (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	17,469,533 shares
As of June 30, 2023	17,465,033 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2023	136,995 shares
As of June 30, 2023	136,940 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2023	17,330,853 shares
Three months ended September 30, 2022	16,619,617 shares

Note: Effective September 1, 2022, the Company conducted a three-for-one stock split with respect to its common stock. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated assuming that the stock split had been conducted on July 1, 2022.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts and other special matters

The earnings forecasts and other forward-looking statements in the report are based on information currently available to the Company and certain assumptions that the Company determines reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results and other data may differ significantly from the forecasts depending on various factors. For the assumptions used as the basis for the forecasts and precautions on the use of the forecasts, please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 8 of the Attachments to this report.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

For the three months ended September 30, 2023, Abalance Corporation (the “Company,” together with its subsidiaries, the “Group”) recorded net sales of 57,740 million yen (up 3.6% year on year), operating profit of 4,673 million yen (up 186.9% year on year), ordinary profit of 4,507 million yen (up 212.1% year on year), and profit attributable to owners of parent of 1,737 million yen (up 226.9% year on year). Despite the uncertain external environment, in the solar panel manufacturing business operated by Vietnam Sunergy Joint Stock Company (“VSUN”) in Vietnam, panel sales to the United States remained strong, which drove the consolidated business results. In the green energy business, while continuing with the sale of solar power plants and related equipment (one-time revenue business model), we proceeded with promoting the ownership of solar power plants (recurring revenue business model). In ordinary profit and loss, foreign exchange gains have been generated due to overseas transactions conducted by VSUN. In other businesses, we are promoting the research and development of large-scale power storage systems that can store more than seven days of average daily power production for the same price as solar panels by 2024.

The business results by segment are as follows.

#### 1. Solar Panel Manufacturing Business

For the three months ended September 30, 2023, net sales amounted to 55,495 million yen (up 4.2% year on year), and segment profit was 4,390 million yen (up 273.5% year on year). VSUN has expanded its business by selling solar panels for industrial and domestic use to Europe and the United States, adopting Japanese production and quality control methods and systems. For the three months ended September 30, 2023, sales of solar panels to the United States 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.

VSUN has its own solar panel manufacturing plants in Bac Giang province and Bac Ninh province in Vietnam. The existence of a solar panel manufacturing function in the supply chain is a major strength of the Group. Against the backdrop of global demand for renewable energy, VSUN’s annual capacity for solar panel production has expanded to 5.0 GW (roughly equivalent to annual domestic installed capacity).

VSUN has grown to become a Japanese-owned global solar panel manufacturer and is listed on the Tier 1 List (Bloomberg). We believe that this company is the leading Japanese solar panel manufacturer in terms of production capacity.

Vietnam Sunergy Cell Company Limited (“Cell Company”) (\*), a subsidiary of the Company, has been pursuing a cell plant construction project to switch from external procurement to its own production system for cells (N-type TOPCon), the main component of solar panels. The project as a whole has an annual production capacity of 8 GW at a cost of approximately US\$300 million (44.87 billion yen\*). Commissioning of the Phase 1 of the project which has an annual production capacity of 4 GW at a cost of approximately US\$180 million (26.92 billion yen\*) began in September 2023, and the plant was completed in late October. At the time of submission of this quarterly financial report, we understand that the facilities installed at this plant are the most advanced and largest installed by any N-type TOPCon manufacturing plant outside mainland China.

Through the capital investment for this project, we aim to stabilize parts procurement, vertically strengthen upstream supply chains, and respond flexibly to import regulations in each country. At the same time, we will also strive toward a gradual increase in profit margins by reducing costs through in-house production of key

components. After the cell plant commences operations, we anticipate an increase in net sales resulting from the sale of cells to external parties in the future. For Phase 2 of the project, we will carefully consider the execution of the investment, taking into account the future operational status of Phase 1 of the cell plant. (We will consider the ongoing disclosure of the status of Phase 2 when progress becomes apparent.)

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

To secure its competitive advantage in the US market in the future, VSUN is giving specific consideration to actions such as the selection of potential construction sites and the arrangement of construction funds to build a new solar panel plant in the United States. In relation to these actions, VSUN has entered into a long-term partnership agreement with Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), which will contribute to the facilitation of future plant construction and other business activities.

Following the signing of a memorandum of understanding (Business Combination Agreement) between Cell Company, a subsidiary of the Company, and BLUE WORLD ACQUISITION CORPORATION (NASDAQ Trading Symbol: BWAQ), a special purpose acquisition company (SPAC) listed on NASDAQ in the US, the Company's Board of Directors resolved for Cell Company to effectively aim for a NASDAQ listing ("the Transaction") at a meeting of the Board of Directors held on August 10, 2023. TOYO Co., Ltd. ("TOYO Co") is a special-purpose company established by our subsidiary, FUJI SOLAR Corporation for the purpose of the Transaction. TOYO Co serves as the parent company of Cell Company and aims to be listed on NASDAQ in the future. As of the time of submission of this quarterly financial report, 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.

VSUN was ranked 64th among more than 75,000 participating companies worldwide by EcoVadis (headquartered in France), the world's leading provider of supply-chain-based sustainability evaluation, and was awarded the Bronze Medal in FY2022, continuing from the previous rating. EcoVadis is a global independent organization that undertakes the comprehensive evaluation of the sustainability of the global supply chain in the four areas of the environment, labor and human rights, ethics, and sustainable procurement. Since its establishment in 2007, EcoVadis has built a track record of numerous evaluations through its information-sharing platform, which has over 75,000 registered companies in 160 countries and 200 industries. Because a supply chain that has received an evaluation by EcoVadis can be socially regarded as having no particular risks, it is used widely by purchasing divisions in Japan, as well as in the United States and Europe, for supplier contract risk management. We recognize VSUN's receipt of the Bronze Medal as proof of the high regard for its business performance and the due processes carried out in each step from planning and design of solar panels to procurement, manufacturing and product inspection. VSUN was also selected as a "Top Performer" by PV Evolution Labs (PVEL), a research institute for solar module reliability and performance testing, for the third consecutive year in the "2023 PV Module Reliability Scorecard," which articulates test results concerning module reliability.

## 2. Green Energy Business

For the three months ended September 30, 2023, solar power plant sales and component sales of 877 million yen, sales of electricity and revenue from operation and maintenance (O&M) of 1,132 million yen, and other revenues of 56 million yen were recorded, resulting in net sales of 2,066 million yen (down 10.5% year on year), and segment profit of 482 million yen (down 24.6% year on year). The Group, led by WWB Corporation and VALORS Corporation, sells products related to solar power generation facilities such as solar panels, PCS, and industrial and residential storage batteries, in addition to sales of solar power plants in a one-time revenue business model. At the same time, it is also pursuing a recurring revenue business model, in which the

Company retains ownership of the power plants even after the completion of construction, as a way of securing stable profits from sales of electricity. To accelerate this business model, we are actively promoting M&As with the aim of acquiring multiple solar power plants at once.

Further, as PPA<sup>\*1</sup> operators, WWB Corporation and VALORS Corporation are actively making proposals for non-FIT projects to companies, organizations, and local governments with positive approaches to decarbonization. They are promoting various businesses, such as the EPC business for private consumption projects, solar sharing,<sup>\*2</sup> and the solar carport business. In addition to revenue earned from sales of electricity from mega solar power plants such as Kakuda Solar Power Plant (Miyagi Prefecture), and Taiwa Town and Ohira Village Solar Power Plants (Miyagi Prefecture), revenues from sales of electricity from a solar power plant located in Ibaraki Prefecture acquired through M&A are also contributing to income. O&M revenue has become a stable source of income, and in addition to WWB's achievements, VALORS Engineering Corporation continues to promote this business with various services, including ground wiring that is effective for lightning protection, installation of security cameras in facilities, and establishment of RPA system-based systems for detecting abnormalities. Further, as companies become more active in decarbonization-oriented management, such as setting decarbonization targets (SBT,<sup>\*3</sup> RE100), and local governments become more motivated to introduce renewable energy, we are working to strengthen our ability to plan and propose solutions for decarbonization, and to actively promote applications for non-FIT and solar sharing projects.

We collaborate with leading domestic power generation operators, construction companies, and heavy electrical system manufacturers in the installation and operation of grid-connected batteries to implement design, procurement, construction, testing adjustments, and supply-demand operations through power market trading systems as new businesses. By offering the ability to adjust to power supply-demand fluctuations, the introduction of grid-connected batteries has social significance, such as enhancing the efficient use and spread of renewable energy in Japan. For the promotion of this business, on April 20, 2023, we received a grant approval from the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry for the "2022 Amendment: Subsidy for the Expansion of Renewable Energy and Distributed Energy Resource Introduction Support Projects (Grid-Connected Battery System & Water Electrolysis Equipment Introduction Support Businesses)." On August 10, 2023, Abalance, along with its consolidated subsidiary WWB Corporation and a major trading group company, signed a Memorandum of Understanding on the Joint Development of Solar Power Generation Business Using the Offsite Corporate PPA Model. In accordance with this agreement to proceed with the study of the project for the realization of a decarbonized society, we will develop the business, leveraging the respective strengths of the three parties.

In the overseas business, we participate in the business through joint ventures with local companies and general trading companies to meet the strong demand for electricity in Asian countries such as Vietnam, Cambodia, and Taiwan. WWB has also engaged in the EPC business for a private consumption project for Da Nang Mikazuki Japanese Resorts & Spa, a resort complex operated by the Hotel Mikazuki Group, with a capacity equivalent to approximately 1 MW (estimated annual power consumption: 1,530.78 MWh), and has been supplying electricity since the grand opening of the resort. With the installation of solar panels manufactured by VSUN to this facility, we are promoting this project on the assumption that it will supply approximately 35% of the electricity used by the resort's hotel and spa facilities.

### 3. IT Business

For the three months ended September 30, 2023, net sales amounted to 161 million yen (up 4.7% year on year), and segment profit was 21 million yen (up 1,120.2% year on year). As DX investment by companies, 5G services, and cloud-based SaaS attract attention in the IT market, new business opportunities have been created, such as analyzing big data collected through the penetration of IoT to improve operational efficiency and

prediction accuracy, for the more efficient operation of simple tasks and making proposals for human workers. In this market environment, Group company, Abit Corporation, has implemented various initiatives, including the launch of its own product, KnowledgeMarket<sup>®</sup>, with the aim of improving labor productivity through sharing of knowledge (information, knowledge, experience) and restructuring of business processes, DX support services using Microsoft 365 as a Microsoft partner, and other efficiency and labor-saving services using RPA products.

Consolidated subsidiary, Digital Sign Co., Ltd., released “e-Digi Sign,” a one-stop electronic contract solution while promoting system development utilizing data security technology, which is one of that company’s strengths, and corporate digitalization/DX support. “e-Digi Sign” is designed to solve various issues related to contract work, such as dependence on paper and stamp fees, by performing contract tasks online, from contract writing to execution and administration. Along with the operation of various services, such as placement services for various professional human resources, Information Asset Management Magazine, an owned media to raise awareness of data security, and the operation of “Joho-Ichiba,” an EC site focusing on security-related products, we will continue to promote the development and provision of various solutions through the creation of matching with business needs.

#### 4. Photocatalyst Business

For the three months ended September 30, 2023, net sales amounted to 9 million yen (down 5.5% year on year) and segment loss was 5 million yen (segment loss of 9 million yen in the previous year). In the Photocatalyst Business, where products are valued for their visibility, merchantability and quality, WWB Corporation, Japan Photocatalyst Center Corporation, and Meiji Machine Co., Ltd. formed a business alliance in November 2022. With the conclusion of this agreement, we engaged in creating synergies that enable both groups to demonstrate their strengths, expanding joint sales, and making high-value-added proposals to all customers involved in food and sanitation. However, time will be needed to make this business profitable, and business performance has been sluggish recently, as the COVID-19 pandemic has subsided, among other factors.

#### Notes

- \*1 PPA is a system in which a solar power company establishes a solar power plant and supplies electricity generated through a Power Purchase Agreement (PPA) with customers who wish to purchase electricity from renewable energy sources with the intention of decarbonizing their energy use.
- \*2 Solar sharing, which is also known as agriphotovoltaics, is an initiative to share solar power with agricultural production and power generation by erecting supports and installing solar power generation facilities in the space above farmland.
- \*3 Science Based Targets (SBTs) are greenhouse gas emissions reduction targets for companies in line with the Paris Agreement goals.

#### (Medium-Term Management Plan)

The three-year period of the “Abalance Group Medium-Term Management Plan (2024–2026)” is positioned as a period of acceleration to achieve the 2030 Group Vision of becoming a global core renewable energy company by 2030. With the Solar Panel Manufacturing Business and Green Energy Business as growth engines, we will strive to achieve sustainable growth and maximize the corporate value of the Group.

To realize the enhancement of corporate value over the medium to long term, we will practice corporate management with an awareness of ROIC and cost of capital and aim to achieve our fiscal year targets for operating profit, which we uphold as a KPI. From the perspective of sound corporate growth, we will strive to increase equity for a better equity ratio.



(Enhancement and strengthening of information disclosure in English)

In the belief that information disclosed and provided to our shareholders and prospective institutional investors overseas will serve as a foundation for constructive dialogue with those shareholders and investors, we are working on the disclosure and provision of IR information in English to a reasonable extent for the enhancement of disclosure. By disclosing investor relations materials for the fiscal year ended June 30, 2023 and the Medium-Term Management Plan (2024–2026) in English,<sup>\*4</sup> we are promoting constructive dialogue with shareholders and investors.

\*4 FY06/23 Performance Highlights and Future Outlook (August 2023)  
Abalance Group Medium-Term Management Plan (2024–2026)

(Recent initiatives on social and environmental issues)

The Group is committed to achieving the Sustainable Development Goals (SDGs), focusing mainly on Goal 7 (Affordable and Clean Energy), Goal 11 (Sustainable Cities and Communities), and Goal 13 (Climate Action), through the supply of safe and secure clean energy. In the Photocatalyst Business and other businesses, we are also actively working to achieve Goal 3 (Good Health and Well-Being). Our major initiatives on social and environmental issues are as follows:

- Contribution to the reduction of greenhouse gas emissions through the execution of the solar panel manufacturing business by VSUN and the Green Energy Business by WWB Corporation and VALORS Corporation
- Collaboration with leading domestic power generation operators, construction companies, and heavy electrical system manufacturers in the installation and operation of grid-connected batteries. Implementing design, procurement, construction, testing adjustments, and supply-demand operations through power market trading systems
- Release of “RAKUDEN-KUN,” a foldable lightweight portable battery, in response to damages and power outages in various regions caused by typhoons (developed in-house by WWB Corporation. Units were donated to Hitoyoshi City, Kumamoto Prefecture, Ebino City and Kobayashi City, Miyazaki Prefecture, Kakuda City and Ohira Village, Miyagi Prefecture, among others)
- Development of a storage system for hydrogen energy expected to contribute to next-generation energy (Birdy Fuel Cells LLC)
- Launch of the recycling and re-use business to help solve solar panel disposal issues and for the effective use of resources (PV Repower inc.)
- Supply of free replacement parts and technical support for large concrete pump vehicles manufactured by SANY Heavy Industry Co., Ltd., for which Abalance cooperated in donation at the time of the Fukushima Daiichi nuclear accident. In recent years, we have continued to supply and maintain construction machinery overseas even during the pandemic to contribute to the establishment of infrastructure in Japanese ODA projects to Southeast Asia (WWB Corporation / Construction Machinery Business).
- Contribution to leading initiatives for decarbonization in port areas by supplying EV port cargo-handling machinery (WWB Corporation / Construction Machinery Business)
- Conclusion of a contract for sustainability linked loans with a spread that varies depending on how much the borrower meets Sustainability Performance Targets (SPTs). This initiative is a joint effort with a financial institution to create ESG-related structured loans, such as private placement SDGs bonds and private placement CSR bonds. These instruments donate a portion of the issuance amount to local schools, medical institutions and environmental protection organizations, among others.
- In-house development of Maxar<sup>®</sup> EneZone, a greenhouse that generates electricity and is effective in sterilizing and repelling insects with photocatalyst coating. In the Photocatalyst Business, a business alliance with Meiji Machine Co., Ltd. has been formed to contribute to safe and secure farming and food. (WWB Corporation, Japan Photocatalyst Center Corporation)

- In cooperation with local financial institutions, VSUN donated charity funds to rebuild and open elementary schools in poverty-stricken areas in Vietnam, as a contribution to public welfare.
- Establishment of sound safety management systems to actively respect international labor and human rights standards, to protect the dignity and safety of employees and defend their rights
- Appointment of an SDGs expert as outside director (published many research papers and involved in many education and training programs)
- Declaration of endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB)
- Membership in SDGs-related organizations: JAPAN SDGs Action Platform (Ministry of Foreign Affairs), Public-Private Partnership Platform for Local SDGs (Cabinet Office), supporting member of Japan Climate Leaders' Partnership (JCLP), special supporting member of Carbon Accounting Adviser Institute.
- Provision of SDGs training to students of junior and senior high schools in Nagano and Kanagawa Prefectures and students of private junior high schools in Tokyo as an awareness-raising activity. Assistance and technical support for social and environmental activity events (Peace On Earth and Earth Day, among others)

(2) Explanation of Financial Position  
Assets, Liabilities and Net Assets

(Assets)

Current assets as of September 30, 2023 totaled 102,547 million yen, an increase of 2,165 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,652 million yen in cash and deposits and an increase of 6,223 million yen in notes and accounts receivable - trade, despite a decrease of 9,311 million yen in merchandise and finished goods and a decrease of 5,763 million yen in advance payments to suppliers. Non-current assets amounted to 57,962 million yen, an increase of 14,298 million yen from the end of the previous fiscal year. This was mainly due to an increase of 13,929 million yen in construction in progress.

As a result, total assets were 160,583 million yen, an increase of 16,495 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2023 totaled 108,448 million yen, an increase of 8,235 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,906 million yen in accounts payable - trade and an increase of 4,569 million yen in short-term borrowings, despite a decrease of 856 million yen in contract liabilities. Non-current liabilities amounted to 25,127 million yen, an increase of 4,563 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,396 million yen in long-term accounts payable - installment purchase.

As a result, total liabilities amounted to 133,575 million yen, an increase of 12,799 million yen from the end of the previous fiscal year.

(Net Assets)

Total net assets as of September 30, 2023 amounted to 27,007 million yen, an increase of 3,696 million yen from the end of the previous fiscal year. This was mainly due to 1,737 million yen in profit attributable to owners of parent.

As a result, the equity ratio was 9.2% (9.1% at the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated financial results forecast for the fiscal year ending June 30, 2024 is unchanged from the figures in the “Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (Under Japanese GAAP)” announced on August 18, 2023. As announced on September 22, 2023, we have formulated the “Abalance Group Medium-Term Management Plan (2024–2026)” for the three years from the fiscal year ending June 30, 2024 to the fiscal year ending June 30, 2026.

2. Quarterly Consolidated Financial Statements and Principal Notes  
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,619	26,272
Notes and accounts receivable - trade	2,011	8,234
Real estate for sale	452	430
Merchandise and finished goods	48,827	39,516
Raw materials and supplies	6	6
Work in process	4,680	4,980
Advance payments to suppliers	10,977	5,214
Other	12,841	17,921
Allowance for doubtful accounts	(36)	(30)
Total current assets	100,381	102,547
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	28,311	29,926
Accumulated depreciation	(5,933)	(6,794)
Machinery, equipment and vehicles, net	22,378	23,132
Land	2,403	2,420
Construction in progress	7,383	21,313
Other	1,154	804
Total property, plant and equipment	33,319	47,670
Intangible assets		
Goodwill	5,324	5,228
Other	2,199	2,150
Total intangible assets	7,523	7,378
Investments and other assets		
Other	3,001	3,100
Allowance for doubtful accounts	(180)	(186)
Total investments and other assets	2,820	2,913
Total non-current assets	43,663	57,962
Deferred assets	42	74
Total assets	144,087	160,583

(Millions of yen)

	As of June 30, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,412	19,318
Short-term borrowings	35,031	39,600
Current portion of long-term borrowings	3,070	1,857
Current portion of bonds payable	83	83
Income taxes payable	1,468	1,686
Contract liabilities	27,843	26,987
Current portion of long-term accounts payable- installment purchase	460	744
Provision for bonuses	45	32
Provision for loss on litigation	21	–
Other	15,775	18,137
Total current liabilities	100,212	108,448
Non-current liabilities		
Bonds payable	166	99
Long-term borrowings	13,199	13,475
Long-term accounts payable - installment purchase	6,267	10,663
Provision for product warranties	51	50
Retirement benefit liability	0	0
Other	879	837
Total non-current liabilities	20,563	25,127
Total liabilities	120,776	133,575
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,059	2,063
Capital surplus	1,413	1,467
Retained earnings	9,026	10,598
Treasury shares	(143)	(144)
Total shareholders' equity	12,355	13,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(3)
Foreign currency translation adjustment	786	843
Total accumulated other comprehensive income	779	839
Share acquisition rights	266	271
Non-controlling interests	9,909	11,911
Total net assets	23,310	27,007
Total liabilities and net assets	144,087	160,583

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended September 30

(Millions of yen)

	For the three months ended September 30, 2022	For the three months ended September 30, 2023
Net sales	55,729	57,740
Cost of sales	50,953	49,131
Gross profit	4,776	8,608
Selling, general and administrative expenses	3,147	3,935
Operating profit	1,629	4,673
Non-operating income		
Interest income	65	179
Dividend income	0	0
Share of profit of entities accounted for using equity method	13	–
Foreign exchange gains	23	276
Other	42	77
Total non-operating income	145	534
Non-operating expenses		
Interest expenses	263	537
Share of loss of entities accounted for using equity method	–	45
Other	66	117
Total non-operating expenses	329	700
Ordinary profit	1,444	4,507
Extraordinary income		
Gain on sale of investment securities	–	8
Reversal of provision for loss on litigation	–	21
Gain on reversal of share acquisition rights	3	–
Total extraordinary income	3	30
Profit before income taxes	1,447	4,537
Income taxes - current	330	404
Income taxes - deferred	127	161
Total income taxes	457	565
Profit	989	3,971
Profit attributable to non-controlling interests	457	2,234
Profit attributable to owners of parent	531	1,737

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended September 30

(Millions of yen)

	For the three months ended September 30, 2022	For the three months ended September 30, 2023
Profit	989	3,971
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	222	120
Share of other comprehensive income of entities accounted for using equity method	–	8
Total other comprehensive income	222	127
Comprehensive income	1,211	4,099
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	667	1,797
Comprehensive income attributable to non-controlling interests	544	2,301

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

Not applicable.

(Changes in accounting estimates)

Not applicable.