



(Abalance Group) Consolidated results for the fiscal year ending June 2021, and Medium- to long-term Strategy

**August 2021
Abalance Corporation
Securities code: 3856 (Second Section
of the Tokyo Stock Exchange)**

(FY06/2021) Group Consolidated Financial Results Overview



■ **VSUN newly consolidated after 2Q, significant contribution to business performance**

■ **In-house ownership is steadily progressing (⇒ promotion of stock-type model)**

- Year-on-year sales: + 302.8% increase, ordinary income: + 315.6% increase
- Since May 2021, despite the impact of the Vietnam Coronavirus (COVID-19), the impact on 4Q sales and profits will be minimized (efficiency, group support, etc.)
- Revised earnings forecast after VSUN consolidation (simultaneous announcement of financial results)

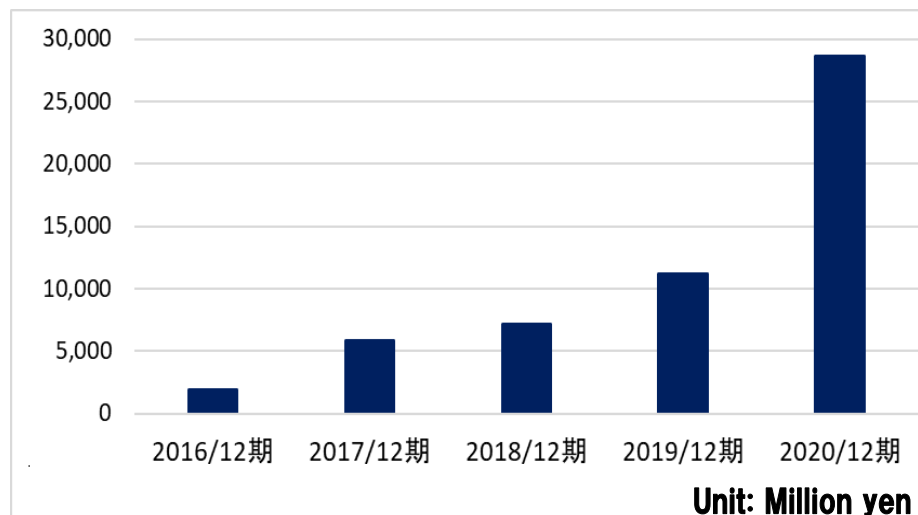
Unit: million yen

June 30	FY2020	FY2021			
	Results	Results	Year-over-year basis	Fiscal year plan amounts	Progress rate
Sales	6,678	26,901	302.8%	23,500	114.5%
Operating income	361	1,361	276.5%	1,110	122.6%
Ordinary income	305	1,269	315.6%	1,080	117.5%
Net income attributable to owners of the parent	211	537	154.4%	430	124.9%

(*)The published budget figures after the upward revision are listed.

- Consolidated sales from the 2nd quarter: 21 billion yen, Segment profit :7.3 billion yen
 - Expansion of sales to Europe, growth to the US and Asia in recent years
 - Next fiscal year, consolidated imports will be possible throughout the year
- Considering IPO in Vietnam
 - Negotiations with local authorities and securities companies for assuming an early listing
- Our group is the largest Japanese solar panel manufacturer
 - World Module Manufacturer Ranking 16th place(Based on Bloomberg tabulation)

▼VSUN Annual Sales Transaction



Power Grid Interconnection For the Current Period (Example)

【Current term】 Transition period to stock type (owned by the company)

【From next term】 With the start of power sales of mega solar, we will gradually move to the realization stage

<Power grid interconnection>

➤ Kakuda Solar Power Plant : March 2021, Fukushima Onami : June 2021

	Kakuda City Solar Power Plant	Fukushima Onami Solar Power Plant
Business entity	GK Kakuda Electric Fuel Development (WWB Investment project)	WWB Co., Ltd.
location	Kakuda City, Miyagi Prefecture	Fukushima City, Fukushima Prefecture
Power generation scale (DC)	18.3MW	5.1MW
Operation start date	March 2021	June 2021
FIT	36yen	36yen
Annual electricity sales revenue	750 million yen	220 million yen
Carbon dioxide reduction	11,800t	3,540t



WWB: development,
Valors:Construction management

(*) Average development period : About 1.5 to 2 years after the start of construction

< Examples of Recent development >

Power Plant	Annual electricity sales revenue
Kakuda City Solar	Contribution for the full period next term, 750 million yen
Fukushima Onami Solar	Contribution for the full period next term, 220 million yen
Hanabatake Solar	Operation starts in November 2021, 150 million yen
Kawaguchi-ko Solar	Operation starts in July 2021, 60 million yen

< Examples of projects under development >

Kobe Solar (Acquisition by MA)	Operation starts in September 2021, 75 million yen
Kuranami Solar	Operation starts in November 2021, 48 million yen
Naganime Solar	Operation starts in November 2021, 170 million yen
Daiwa/Oohira Solar	Operation starts in December 2021, 530 million yen

Renewable Energy Market Situation

- ◆ Global and medium- to long-term trend toward renewable energy is expected to accelerate and continue
- ◆ A big tailwind for the green energy business and solar panel manufacturing business

—As an example of basic policies and measures in each country—

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|--------------|--|
| World market | <ul style="list-style-type: none">■ EU :Declaration of carbon neutrality in each country
1 trillion yen for the public and private sectors for the next 10 years■ USA :Return to the Paris Agreement, Shift to renewable energy■ China:2060 Carbon Neutral Declaration |
|--------------|--|

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| Domestic market | <ul style="list-style-type: none">■ Carbon Neutral Declaration for 2050■ Reduce greenhouse gas emissions by 46% compared to FY2013 by 2030■ Establishment of Revised Global Warming Countermeasures Promotion Law<ul style="list-style-type: none">➢ Regarding carbon neutrality, "realization by 50 years" is clearly stated in the article➢ Expansion of introduction of solar and wind power by setting a renewable energy promotion area■ 6th Energy Basic Plan (Under revision)<ul style="list-style-type: none">➢ Review of power source composition in 2030 (Raised to 36-38%)➢ Strengthen the introduction of maximum renewable energy to make it the main power source |
|-----------------|--|

Performance Forecast For Next Year



⇒ Green energy business and solar panel manufacturing business lead group consolidated results

⇒ M&A to renewable energy related companies, policy to actively utilize

【Sales】 Expected to increase sales significantly (⇒ increase by more than 30%)

【Stage profit】 Expected to increase profits by absorbing upfront investment in new businesses

- Promotion of own ownership, revenue from selling electricity to the stage of initial realization
- Acceleration of overseas investment, which had been temporarily stagnant due to the local Coronavirus (COVID-19)
- Combined investment in new businesses in the future
- Collection of construction settlement money related to power plant contract contract (1.02 billion yen), etc.

Unit: million yen

	FY06/2022 Forecast	FY06/2021 Actual	Rate of change(%)
Sales	35,000	26,901	130.1%
Operating income	1,400	1,361	102.9%
Ordinary income	1,430	1,269	112.6%
Net income attributable to owners of the parent	858	537	159.6%
Earnings per share	161.69yen	102.63yen	—

(VSUN) Increased Production Capacity

- Factory 3 Capital investment: Approximately 1.3 billion yen, start operation in July 2021
- VSUN production capacity: Increased to 2.6GW
 - ⇒ Mainly started manufacturing cutting-edge 500 + W, 600 + W series panels for Japan, Europe and the United States (power generation of 500W or more, 600W or more with one panel)



Next Term, New Contribution Mega Solar (Example)

Electricity sales revenue will be in the range of 2 billion yen from the next fiscal year onward

【Current status】 In-house owned transition period

【From next term】 Move to the realization stage sequentially

- Kakuda PJ: March 2021 interconnection
- Fukushima-Onami PJ: June 2021 interconnection
- Due to interconnection during the period, PL intake for the current period is limited ⇒ Next year will contribute throughout the year

- ❑ Wind power plant development, non-FIT business model, self-consumption solar power generation (including storage battery installation), and ESCO business that provides various energy-saving services, etc.

- ❑ BIRDY FUELCELLS LLC
Established as a global innovation company for the purpose of intermittent renewable energy leveling, and made investments aimed at developing energy storage technology expected as new energy in the future.

- ❑ PV Repower Co., Ltd.
The policy is to start a new business related to the reuse and recycling of solar panels, and to promote future business expansion by controlling the disposal of solar panels and making effective use of them.

(New) Formulation of Medium-Term Management Plan



- From the perspective of improving corporate value, we plan to announce the outline of the "(New) Medium-Term Management Plan" by incorporating strategies and policies that anticipate future changes in the business environment and business environment (during October 2021).
- We believe that aiming for the prime market will lead to an increase in corporate value and will respond systematically.

For shareholders, investors, and other related parties
Thank you for your understanding.

- Basic policy: **Stable dividend continues**
Considering the balance between "return of profits" and "retained earnings to secure growth funds"
- FY06/2021 (interim): 7yen, (Y/E): 10yen

【Dividend record】

	Profit attributable to owners of parent (million yen)	Interim dividend	Year-end dividend	Total	Dividend payout ratio
FY06 / 2021	537	7yen	10yen	17yen	16.6%
FY06 / 2020	211	7yen	10yen	17yen	41.6%
FY06 / 2019	316	7yen	10yen	17yen	27.8%

Disclaimer

- This document has been prepared by the Company to provide an understanding of the current status of Abalance Corporation.
- The information included in this document is based on our findings and information available at the time of preparation of this document.
- We are not obligated to update this material in the event of new information or events in the future.

