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November 14, 2024

## Consolidated Financial Results for the Three Months Ended September 30, 2024 (Under Japanese GAAP)



Company name: Abalance Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 3856  
 URL: <https://www.abalance.jp/en/>  
 Representative: Ryusuke Okada, Representative Director and President  
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 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (video streaming only)

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

### 1. Consolidated financial results for the three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	21,655	(62.5)	1,333	(71.5)	375	(91.7)	(578)	—
September 30, 2023	57,740	3.9	4,684	210.9	4,518	241.8	1,744	286.5

Note: Comprehensive income For the three months ended September 30, 2024: ¥(3,661) million [—%]  
 For the three months ended September 30, 2023: ¥4,106 million [262.8%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2024	(32.50)	—
September 30, 2023	100.67	99.46

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	125,727	38,855	17.5
June 30, 2024	150,173	42,432	15.8

Reference: Equity  
 As of September 30, 2024: ¥21,958 million  
 As of June 30, 2024: ¥23,800 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, 2024	—	3.00	—	5.00	8.00
Fiscal year ending June 30, 2025	—				
Fiscal year ending June 30, 2025 (Forecast)		—	—	—	—

Notes: 1. Revisions to the forecast of dividends most recently announced: None

2. The dividend forecast for the fiscal year ending June 30, 2025 is to be determined.

## 3. Consolidated financial result forecasts for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(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	80,000	(61.7)	10,000	(57.2)	10,000	(59.8)	6,000	(37.0)	344.89

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

**\* Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (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: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on changes in accounting policies)” on page 9 of the Attachments to this report.

(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, 2024	17,930,693 shares
As of June 30, 2024	17,927,693 shares

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

As of September 30, 2024	136,994 shares
As of June 30, 2024	136,994 shares

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

Three months ended September 30, 2024	17,790,829 shares
Three months ended September 30, 2023	17,330,853 shares

- \* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (mandatory)

- \* 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 “1. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments to this report.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Period under Review

During the three months ended September 30, 2024, the Japanese economy showed a moderate recovery supported by the improvement in the employment and income situation as well as inbound demand. Meanwhile, although the US economy remained strong mainly due to a recovery in consumer spending and capital investments, the future global economic outlook remains uncertain, with the weak Chinese economy, geopolitical risks such as the situation in the Middle East, and elevated energy and resource prices.

In the renewable energy market in Japan, a target of reducing greenhouse gas emissions by 46% compared to 2013 levels by 2030 has been set based on the Japanese government's declaration of carbon neutrality in 2050. Internationally, there have been efforts to realize a carbon-free society, including climate change responses in accordance with the UN Framework Convention on Climate Change (COP28) held in 2023 and the US Inflation Reduction Act (IRA), and the renewable energy market is expected to grow in the medium to long term.

However, in the Solar Panel Manufacturing Business, our core business, which is conducted mainly in Vietnam, the market environment has been sluggish due to the easing global supply and demand for solar products. In the US market, the tax exemption treatment for solar panel products of four Southeast Asian countries has ended, and the US government is also considering the application of anti-dumping and countervailing duties. This has made it difficult to export the products to the country. In addition, the Inflation Reduction Act enacted by the US government to protect and foster its domestic industry has led to an expansion of its domestic production capacity, which has resulted in sluggish export sales to the United States.

As a result of the above, for the three months ended September 30, 2024, Abalance Corporation (the "Company," together with its subsidiaries, the "Group") recorded net sales of 21,655 million yen (down 62.5% year on year), operating profit of 1,333 million yen (down 71.5% year on year), and ordinary profit of 375 million yen (down 91.7% year on year). For the three months ended September 30, 2024, the Group recorded foreign exchange losses of 776 million yen due to the appreciation of the yen, and loss on retirement of non-current assets of 269 million yen as an extraordinary loss at a subsidiary in Vietnam in its Solar Panel Manufacturing Business. As a result, loss attributable to owners of parent was 578 million yen (profit attributable to owners of parent of 1,744 million yen in the same period of the previous fiscal year).

In the Solar Panel Manufacturing Business, the Group's earnings have been driven by Vietnam Sunergy Joint Stock Company ("VSUN") in Vietnam. Since the previous fiscal period, TOYO Co., Ltd. ("TOYO"), which owns Vietnam Sunergy Cell Company ("Cell Company"), has been manufacturing cells\*1, which are the upstream processes of solar panels, and VSUN has been conducting in-house manufacturing of wafers\*2 and ingots\*3 as well as manufacturing of modules, thereby strengthening the Group's global supply chain. TOYO was listed on the Nasdaq in the United States on July 2, 2024.

In the United States, domestic investment has increased due to the Inflation Reduction Act and other factors, and the "Made in USA" movement is growing. Currently, the Group continues to monitor US market trends and policy trends, such as tax systems, while considering how to establish a supply chain system for solar panels and cells within the country. In addition, the TOYO group is constructing a new cell plant in Hawassa City, Sidama Regional State, Federal Democratic Republic of Ethiopia. This will establish a stable system to supply cells from the country to a new panel plant to be constructed in the United States and other plants (the cell plant is scheduled to begin production in March 2025).

In the Green Energy Business, while continuing with the sale of solar power plants and related equipment (one-time revenue business model), we are working to strengthen our business foundations by promoting company ownership of solar power plants (recurring revenue business model).

#### (Notes)

\*1 A cell is the smallest unit that makes up a solar panel, also known as "solar cell element," and is an upstream process of a solar panel.

\*2 A wafer is a thinly sliced plate of ingot processed from the raw material of silicon, also called "silicon wafer" or "solar cell wafer", and is an upstream process of a cell.

\*3 An ingot is a piece of silicon, a raw material for solar cells, which is heated to melt, crystallized, and solidified, and is an upstream process of a wafer.

The business results for each segment are as follows.

### 1. Solar Panel Manufacturing Business

For the three months ended September 30, 2024, net sales were 19,700 million yen (down 64.5% year on year), and segment profit was 1,306 million yen (down 70.3% year on year).

Net sales and segment profit decreased due to the full impact of the expiration of the import tariff exemption treatment for solar panel products in the United States, our main sales destination. Sales to the United States from VSUN and Cell Company have been sluggish, affecting production operations at plants of VSUN and Cell Company. Therefore, the Group is currently working to diversify our sales destinations of solar panels and cells to cover European and Asian markets, including India, while continuing to focus on the US market.

While the renewable energy market is expected to grow significantly in the medium to long term, the market environment is prone to significant change in accordance with policies of different countries and other factors. Therefore, the Group is constructing a new manufacturing site in Ethiopia, and its production is scheduled to begin in March 2025. We are also preparing to establish a manufacturing site in the United States. We will continue to closely monitor industry and national policy trends, develop optimal sales strategies and flexible production systems for our Solar Panel Manufacturing Business, and further grow our business.

### 2. Green Energy Business

For the three months ended September 30, 2024, solar power plant sales and component sales were 607 million yen, and sales of electricity and revenue from operation and maintenance (O&M) were 1,189 million yen. As a result, net sales were 1,796 million yen (down 13.1% year on year), and segment profit was 277 million yen (down 43.8% 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 (power conditioners), 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 revenue from sales of electricity.

In the one-time revenue business model, we aim to increase sales volume by establishing a sales system with domestic mass retailers as a channel. In the recurring revenue business model, we are working on high-quality power generation projects utilizing our in-house development capabilities, developing and constructing power plants, and expanding our business foundation.

Furthermore, we are also actively promoting expansion overseas and developing our solar panel reuse business, mainly through PV Repower inc., as part of our efforts to solve social issues amid concerns about the future disposal of solar panels. In addition, the Group has entered the grid-connected batteries business in the Hokkaido area, which will enable stable power supply in preparation for times of adjustment of electricity supply and demand or during power outages.

### 3. Other

For the three months ended September 30, 2024, net sales amounted to 158 million yen (down 10.9% year on year), and segment loss was 28 million yen (segment loss of 8 million yen in the same period of the previous fiscal year).

The Other category is a business segment not included in the reportable segments, and includes the IT Business, Photocatalyst Business, and sales of construction machinery. The IT Business and Photocatalyst Business have been excluded from the reportable segments from the three months ended September 30, 2024.

## (2) Overview of Financial Position for the Period under Review

### Assets, Liabilities and Net Assets

#### (Assets)

Current assets as of September 30, 2024 totaled 69,331 million yen, a decrease of 19,865 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 18,013 million yen in cash and deposits, despite increases of 1,279 million yen in accounts receivable - trade and 678 million yen in work in process. Non-current assets amounted to 56,395 million yen, a decrease of 4,580 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 4,037 million yen in machinery, equipment and vehicles.

As a result, total assets were 125,727 million yen, a decrease of 24,446 million yen from the end of the previous fiscal year.

#### (Liabilities)

Current liabilities as of September 30, 2024 totaled 63,804 million yen, a decrease of 19,457 million yen from the end of the previous fiscal year. This was mainly due to decreases of 3,052 million yen in accounts payable - trade, 10,364 million yen in short-term borrowings, and 4,176 million yen in contract liabilities. Non-current liabilities amounted to 23,067 million yen, a decrease of 1,412 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,664 million yen in long-term borrowings.

As a result, total liabilities amounted to 86,871 million yen, a decrease of 20,869 million yen from the end of the previous fiscal year.

#### (Net Assets)

Total net assets as of September 30, 2024 amounted to 38,855 million yen, a decrease of 3,577 million yen from the end of the previous fiscal year. This was mainly due to decreases of 1,364 million yen in foreign currency translation adjustment and 1,719 million yen in non-controlling interests.

As a result, the equity ratio was 17.5% (15.8% 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, 2025 is unchanged from the figures in the “Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (Under Japanese GAAP)” announced on August 14, 2024.

The Group announced that it would withdraw the numerical targets of its Medium-Term Management Plan on August 14, 2024. We will promptly disclose a new Medium-Term Management Plan as soon as they become reasonably calculable.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	37,740	19,727
Accounts receivable - trade	3,558	4,838
Real estate for sale	1,350	1,908
Merchandise and finished goods	13,232	12,713
Raw materials and supplies	2,168	591
Work in process	4,891	5,570
Advance payments to suppliers	3,007	3,626
Accounts receivable - other	1,420	1,509
Deposits paid	20,508	17,677
Other	1,364	1,269
Allowance for doubtful accounts	(46)	(102)
Total current assets	89,197	69,331
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	49,659	45,622
Accumulated depreciation	(11,096)	(10,515)
Machinery, equipment and vehicles, net	38,563	35,107
Land	2,542	2,543
Construction in progress	3,391	3,059
Other	4,806	4,476
Total property, plant and equipment	49,304	45,186
Intangible assets		
Goodwill	4,874	4,780
Other	1,530	2,974
Total intangible assets	6,404	7,754
Investments and other assets		
Investment securities	2,582	1,599
Long-term loans receivable	10	10
Deferred tax assets	565	396
Other	2,487	1,733
Allowance for doubtful accounts	(379)	(286)
Total investments and other assets	5,266	3,453
Total non-current assets	60,975	56,395
Deferred assets	1	0
<b>Total assets</b>	<b>150,173</b>	<b>125,727</b>



(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	12,252	9,200
Short-term borrowings	28,753	18,388
Current portion of long-term borrowings	2,853	2,608
Accounts payable - other	988	1,532
Current portion of bonds payable	66	66
Income taxes payable	2,227	2,558
Contract liabilities	8,635	4,459
Current portion of long-term accounts payable - installment purchase	793	762
Provision for bonuses	53	31
Lease liabilities	1	96
Provision for import, export tax	18,447	16,446
Other	8,186	7,653
Total current liabilities	83,261	63,804
Non-current liabilities		
Bonds payable	66	33
Long-term borrowings	12,703	11,039
Long-term accounts payable - installment purchase	10,144	9,987
Provision for product warranties	138	11
Retirement benefit liability	0	0
Lease liabilities	513	1,191
Long-term accounts payable - other	2	2
Deferred tax liabilities	670	576
Other	240	225
Total non-current liabilities	24,479	23,067
Total liabilities	107,741	86,871
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,518	2,521
Capital surplus	2,195	2,389
Retained earnings	17,800	17,132
Treasury shares	(144)	(144)
Total shareholders' equity	22,369	21,899
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37	30
Foreign currency translation adjustment	1,392	28
Total accumulated other comprehensive income	1,430	59
Share acquisition rights	305	288
Non-controlling interests	18,327	16,607
Total net assets	42,432	38,855
Total liabilities and net assets	150,173	125,727

(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, 2023	For the three months ended September 30, 2024
Net sales	57,740	21,655
Cost of sales	49,120	17,856
Gross profit	8,620	3,799
Selling, general and administrative expenses	3,935	2,465
Operating profit	4,684	1,333
Non-operating income		
Interest income	179	110
Dividend income	0	—
Foreign exchange gains	276	—
Other	77	211
Total non-operating income	534	322
Non-operating expenses		
Interest expenses	537	365
Foreign exchange losses	—	776
Share of loss of entities accounted for using equity method	45	58
Other	117	79
Total non-operating expenses	700	1,280
Ordinary profit	4,518	375
Extraordinary income		
Gain on sale of non-current assets	—	4
Gain on sale of investment securities	8	—
Reversal of provision for loss on litigation	21	—
Gain on reversal of share acquisition rights	—	14
Total extraordinary income	30	19
Extraordinary losses		
Loss on retirement of non-current assets	—	269
Total extraordinary losses	—	269
Profit before income taxes	4,548	125
Income taxes - current	404	658
Income taxes - deferred	165	53
Total income taxes	569	712
Profit (loss)	3,979	(586)
Profit (loss) attributable to non-controlling interests	2,234	(8)
Profit (loss) attributable to owners of parent	1,744	(578)

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended September 30

(Millions of yen)

	For the three months ended September 30, 2023	For the three months ended September 30, 2024
Profit (loss)	3,979	(586)
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(4)
Foreign currency translation adjustment	120	(3,066)
Share of other comprehensive income of entities accounted for using equity method	8	(3)
Total other comprehensive income	127	(3,074)
Comprehensive income	4,106	(3,661)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,804	(1,949)
Comprehensive income attributable to non-controlling interests	2,301	(1,711)

### (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.

(Notes on changes in accounting policies)

(Adoption of the Accounting Standard for Current Income Taxes, etc.)

The Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "2022 Revised Accounting Standard"), etc. from the beginning of the three months ended September 30, 2024.

Revisions to the accounting classification of income taxes, etc. (taxation on other comprehensive income) are in accordance with the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment provided for in the proviso to Paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "2022 Revised Guidance"). This has no impact on the quarterly consolidated financial statements.

Regarding the revisions related to the re-examination of the treatment in consolidated financial statements in cases where gains or losses arising from the sale of shares of subsidiaries, etc. among consolidated companies are deferred for tax purposes, the 2022 Revised Guidance has been applied from the beginning of the three months ended September 30, 2024. The change in accounting policies has been applied retrospectively, and the quarterly consolidated financial statements for the quarterly periods of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. The change in accounting policies has no impact on the quarterly consolidated financial statements for the quarterly periods of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Adoption of the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The Group has applied the "Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (The Practical Solution No. 46, March 22, 2024) from the beginning of the three months ended September 30, 2024. Since Paragraph 7 of the said Practical Solution has been applied, current taxes related to the Global Minimum Tax Rules have not been recorded in the consolidated financial statements for the three months ended September 30, 2024.

(Notes on segment information, etc.)

(Segment information)

I Three months ended September 30, 2023 (from July 1, 2023 to September 30, 2023)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 3)	Total	Adjustments (Note 1)	Amounts recorded in quarterly consolidated statements of income (Note 2)
	Solar Panel Manufacturing Business	Green Energy Business	Total				
Net sales							
Net sales to outside customers	55,495	2,066	57,562	177	57,740	—	57,740
Intersegment sales or transfers	—	—	—	—	—	—	—
Total	55,495	2,066	57,562	177	57,740	—	57,740
Segment profit (loss)	4,390	494	4,884	(8)	4,875	(191)	4,684

Notes: 1. The (191) million yen of segment profit (loss) adjustment consists of corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of expenses incurred in the administrative division.

2. Segment profit (loss) is consistent with operating profit stated in the quarterly consolidated statements of income.

3. The “Other” category refers to the IT Business, the Photocatalyst Business, the domestic and international sales and rental of construction machinery, and the development of a storage system for hydrogen energy, which are not included in the reportable segments.

II Three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 3)	Total	Adjustments (Note 1)	Amounts recorded in quarterly consolidated statements of income (Note 2)
	Solar Panel Manufacturing Business	Green Energy Business	Total				
Net sales							
Net sales to outside customers	19,700	1,796	21,497	158	21,655	—	21,655
Intersegment sales or transfers	—	—	—	0	0	(0)	—
Total	19,700	1,796	21,497	158	21,655	(0)	21,655
Segment profit (loss)	1,306	277	1,583	(28)	1,555	(221)	1,333

Notes: 1. The (221) million yen of segment profit (loss) adjustment consists of corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of expenses incurred in the administrative division.

2. Segment profit (loss) is consistent with operating profit stated in the quarterly consolidated statements of income.

3. The “Other” category refers to the IT Business, the Photocatalyst Business, the domestic and international sales and rental of construction machinery, and the development of a storage system for hydrogen energy, which are not included in the reportable segments.

2. Matters pertaining to changes in reportable segments, etc.

Until the previous consolidated fiscal year, the Group had four reportable segments: “Solar Panel Manufacturing Business,” “Green Energy Business,” “IT Business,” and “Photocatalyst Business.” Effective from the three months ended September 30, 2024, the Group has reviewed its performance management classification and has accordingly reclassified the reportable segments into two segments: “Solar Panel Manufacturing Business” and “Green Energy Business.” The “IT Business” and “Photocatalyst Business”

have been included in the “Other” category.

Segment information for the three months ended September 30, 2023 has been prepared based on the reportable segment classification after the change.

(Notes to Quarterly Consolidated Balance Sheets)

(Contingent liability)

The Company’s consolidated subsidiary Vietnam Sunergy Joint Stock Company and its subsidiaries (the “VSUN Group”) have recorded estimated amounts related to export duties, etc. on sales, and treated them as deductible expenses for local income tax purpose. However, the VSUN Group had not been examined by the tax authorities until September 2024, and such export duties, etc. on sales may not be considered deductible for tax purpose in the calculation of income taxes, etc.

The VSUN Group has not recognized income taxes, etc. related to such export duties, etc. on sales; however, there are uncertainties for such income taxes, etc. as they depend on the results of future examination by local tax authorities. Accordingly, it is difficult to reasonably estimate the likelihood of occurrence and the amount of additional income taxes in the future at this time.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the three months ended September 30, 2024 have not been prepared. Depreciation (including amortization for intangible assets excluding goodwill) and amortization of goodwill for the three months ended September 30 are as follows.

	For the three months ended September 30, 2023	For the three months ended September 30, 2024
Depreciation	565 million yen	2,368 million yen
Amortization of goodwill	99	94

(Notes on significant subsequent events)

(Significant capital investment)

At the meeting of the Board of Directors held on October 15, 2024, the Company resolved to construct a new plant.

1. Purpose of the capital investment

The Company will construct a new plant in order to build a new production site for the establishment of a global supply chain system for solar panels and cells in its Solar Panel Manufacturing Business.

2. Details of the capital investment

(1) Location: Hawassa City, Sidama Regional State, Federal Democratic Republic of Ethiopia

(2) Use: Plant and production facilities

(3) Planned investment amount: 60 million US dollars (approximately 9.0 billion yen)

3. Timetable for introduction of the facilities

(1) Start of construction: November 2024

(2) Scheduled completion: Around March 2025 (start of production)

4. Significant impact of the facilities on sales and production activities, etc.

The impact of this capital investment on financial results for the fiscal year ending June 30, 2025 is expected to be minimal.

## Independent Auditor's Report on Review of Interim Consolidated Financial Statements

November 14, 2024

To the Board of Directors of Abalance Corporation

Chubu Audit Corporation, LLC

Nagoya City, Aichi Prefecture

Designated Limited  
Liability Partner  
Engagement  
Partner

Certified  
Public  
Accountant

Masahito Horie

Designated Limited  
Liability Partner  
Engagement  
Partner

Certified  
Public  
Accountant

Tomohiro Waseda

### Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of Abalance Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the quarterly consolidated balance sheet as at September 30, 2024, the quarterly consolidated statements of income and comprehensive income for the three-month period ended September 30, 2024, and the notes to the quarterly consolidated financial statements, included in the “Attachments” of the quarterly consolidated financial results.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (“the Standard”) (applying the omissions prescribed in Article 4, Paragraph 2 of the Standard) and accounting principles for quarterly financial statements generally accepted in Japan.

### Basis for Conclusion

We conducted our review in accordance with the interim review standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Review of the Quarterly Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

### Matters to be Emphasized

As stated in “2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes to Quarterly Consolidated Balance Sheets) (Contingent liability),” the Company’s consolidated subsidiary Vietnam Sunergy Joint Stock Company and its subsidiaries (the “VSUN Group”) have recorded estimated amounts related to export duties, etc. on sales, and treated them as deductible expenses for local income tax purpose. However, the VSUN Group had not been examined by the tax authorities until September 2024, and such estimated amounts of export duties, etc. on sales may not be considered deductible for tax purpose in the calculation of income taxes, etc.

The VSUN Group has not recognized income taxes, etc. related to such export duties, etc. on sales; however, there are uncertainties for such income taxes, etc. as they depend on the results of future examination by local tax authorities. Accordingly, it is difficult to reasonably estimate the likelihood of occurrence and the amount of additional income taxes in the future at this time.

This matter does not have any impact on our opinions.

#### Other Matters

The Company's quarterly consolidated financial statements for the first quarter of the fiscal year ended June 30, 2024 and consolidated financial statements for the fiscal year ended June 30, 2024 were reviewed and audited by the predecessor auditors, respectively. The predecessor auditors expressed an unqualified conclusion on the quarterly consolidated financial statements on March 14, 2024, and an unqualified opinion on the consolidated financial statements on September 26, 2024.

#### Responsibilities of Management and the Audit & Supervisory Committee for the Quarterly Consolidated Financial Statements

The responsibility of management is to prepare and properly present the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4, Paragraph 2 of the Standard) and accounting principles for quarterly consolidated financial statements generally accepted in Japan. This includes designing, implementing and maintaining internal controls that management deems necessary in order to prepare and properly present the quarterly consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the quarterly consolidated financial statements based on the premise of a going concern, and for disclosing matters related to going concern if required based on Article 4, Paragraph 1 of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4, Paragraph 2 of the Standard) and accounting principles for quarterly consolidated financial statements generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties related to designing, implementing and maintaining the Group's financial reporting process.

#### Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in our review report based on the review we have performed.

In accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review process, and perform the following.

- Make inquiries primarily of management and persons responsible for financial and accounting matters, and perform analytical and other review procedures. Interim review procedures are substantially less in scope than audits of annual financial statements conducted in accordance with auditing standards generally accepted in Japan.
- If it is determined that there is material uncertainty regarding events or circumstances that would raise substantial doubts about factors relating to the premise of a going concern, conclude, based on the evidence obtained, whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4, Paragraph 2 of the Standard) and accounting principles for quarterly financial statements generally



accepted in Japan. Moreover, if we conclude that there is material uncertainty regarding the premise of a going concern, we are required to draw attention to the related disclosures in the quarterly consolidated financial statements in our review report, or to express a qualified or adverse conclusion on the quarterly consolidated financial statements if such disclosures in the quarterly consolidated financial statements regarding material uncertainty are not adequate. Our conclusion is based on the evidence obtained up to the date of our report on the review of quarterly consolidated financial statements, but future events or circumstances may prevent the Group from continuing as a going concern.

- Evaluate whether anything has come to our attention that causes us to believe that the presentation and disclosures in the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4, Paragraph 2 of the Standard) and accounting principle for quarterly financial statements generally accepted in Japan.
- Obtain evidence regarding financial information of the Company and its consolidated subsidiaries that forms the basis for expressing conclusions about the quarterly consolidated financial statements. We are responsible for directing, supervising, and reviewing the documentation of the review of the quarterly consolidated financial statements. We are solely responsible for our review conclusions.

We report to the Audit & Supervisory Committee on the planned scope and timing of the review and any significant findings that we identify during our review.

We report to the Audit & Supervisory Committee regarding our compliance with provisions related to professional ethics in Japan regarding independence, as well as on any matters that are reasonably considered to affect our independence, and where applicable, details of any measures taken to eliminate threats, or any safeguards adopted to reduce threats to an acceptable level.

#### Conflicts of Interest

There are no special interests between the audit corporation or its engagement partners and the Company or its consolidated subsidiaries that should be disclosed in accordance with the provisions of the Certified Public Accountants Act of Japan.

End

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Notes: 1. The original of the above report on the review of the quarterly consolidated financial statements is kept separately by the Company (the company reporting the quarterly consolidated financial results).  
2. The associated XBRL data and HTML data are not included in the scope of the review of the quarterly consolidated financial statements.