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# 3856

# Abalance

Company Name

**Abalance Corporation**

Listed On

**Tokyo Stock Exchange, Standard Market**

Established

**2000-04-17**

Head Office

**2-2-4 Higashishinagawa Shinagawa-Ku, Tokyo 140-0002**

Fiscal Year-End

**Mar**

Exchange Listing

**2007-09-19**

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# Executive summary

Abalance Corporation (TSE Standard: 3856) primarily manufactures and sells solar panels. It engages in the planning, development, sale, operation, and maintenance of solar power systems, as well as in the sale of electricity generated by proprietary solar power plants. As a holding company, Abalance oversees and controls group management, while subsidiaries handle business operations. In FY03/25 (a nine-month irregular fiscal period due to a change in fiscal year-end), the company recorded revenue of JPY72.4bn and operating profit of JPY3.6bn. Its operations are categorized into two reportable segments—Solar Panel Manufacturing (accounting for 88.9% of revenue and 82.3% of operating profit before adjustments and inclusion of Other businesses) and Green Energy (10.3% and 17.7%, respectively)—in addition to Other businesses.

The company was established in April 2000 as a developer and operator of knowledge management software. In November 2011, it made WWB Corporation (WWB), which planned, sold, and installed solar power systems, a wholly owned subsidiary through a share exchange. In December 2020, Vietnam Sunergy Joint Stock Company (VSUN), a Vietnamese solar panel manufacturer whose revenue at the time (FY06/21) was more than three times that of the company, became a consolidated subsidiary. The company held 69.2% of VSUN's voting rights as of end-June 2025. In October 2023, it established TOYO Co., LTD (NASDAQ: TOYO), a business holding company incorporated in the Cayman Islands, as the parent company of its solar cell production subsidiary. The company held 45.5% of TOYO's voting rights as of end-March 2025, and TOYO was listed on NASDAQ in July 2024. With the addition of panel and cell manufacturing companies to the group, the company has built a vertically integrated structure covering solar panel manufacturing, power plant development, operation, maintenance, reuse and recycling, and trading.

**Solar Panel Manufacturing business** is operated by VSUN and TOYO. VSUN was founded in June 2015 and is headquartered in Bac Giang Province, Northeast Vietnam. It operates four panel manufacturing plants in Vietnam with a total annual production capacity of 4GW. In April 2024, it also began operations at a new ingot and wafer plant with an annual capacity of 4GW. TOYO operates a 2GW cell manufacturing plant in Vietnam through its subsidiary TOYO SOLAR Company Limited (formerly Vietnam Sunergy Cell Company Limited). As of March 2025, the group's production capacity included 4GW for solar panels and 4GW for ingots and wafers at VSUN, and 2GW for solar cells at TOYO. In addition, TOYO began cell production in Ethiopia (2GW in April 2025 and 2GW in August 2025) and panel production in Texas, US (1GW in October 2025).

Since the 2010s, in response to the rapid growth and aggressive export expansion of China's solar panel industry, the US has introduced a series of tariff measures aimed at protecting its domestic industry. These measures have included anti-dumping (AD) duties, countervailing duties (CVD), and safeguard tariffs against Chinese products. To prevent circumvention via third countries, the US has also imposed tariffs on solar panels exported from Southeast Asian countries. In 2025, the Trump administration further raised tariffs on foreign imports. Although the company is one of the major solar panel manufacturers not backed by Chinese capital, it has nevertheless been affected by these trade measures.

VSUN and TOYO are rapidly rebuilding their global supply chains to address US tariff risk. In Vietnam, they procure raw materials from Europe, the US, and Asia and carry out integrated manufacturing, from ingot and wafer production through cell and panel manufacturing. Products from the Vietnam plants are supplied mainly to Asia and Europe through overseas branches and direct sales channels. In Ethiopia, the companies manufacture solar cells with annual capacity of 4GW. These cells are shipped to a panel plant in Texas (1GW), and are also sold to external customers in the US, Asia, and Europe.

**Green Energy business:** Mainly operated by subsidiaries WWB and Valors Corporation, the Green Energy segment comprises a recurring revenue business (accounting for 60% of segment revenue in FY03/25) and a one-time revenue business (40%). The recurring revenue business is based on a model through which the company continues to own the solar power plants it either develops or acquires, earning income from selling the generated electricity to power utilities. In the one-time revenue business, the company engages in solar power plant trades with renewable energy consumers, sells products associated with power generation facilities, and engages in direct sales or uses agents to provide end-to-end services for solar projects (such as planning, engineering, development/construction, operation and maintenance, reuse, and recycling) to companies and consumers. The company is also working to build an optimal portfolio of solar power plants and, by promoting the grid storage battery business—a market expected to grow significantly—plans to further strengthen the foundation of its recurring revenue business.

In September 2023, the company formulated a new medium-term management plan for FY06/24–FY06/26. However, in August 2024, the company withdrew the numerical targets of this plan due to significant changes in the market conditions that were initially assumed. Specifically, a global supply glut in the core overseas solar panel manufacturing business has led to a market downturn, while the US market has been impacted by the expiration of tariff exemptions for solar panel-related products from four Southeast Asian countries in June 2024. Despite these challenges, the company remains committed to building a competitive supply chain in the Solar Panel Manufacturing business, including the construction of a cell plant in Ethiopia and a panel plant in the US, and diversifying its sales areas, with a focus on expanding sales in Europe and Asia, such as India. By swiftly adapting to market conditions and policy changes in the global solar panel market, which is still expected to grow, the company aims to drive sustainable business growth.

The International Energy Agency (IEA) predicts that global electricity demand will expand, with renewables such as solar and wind power becoming mainstream sources. The IEA presents an outlook on installed capacity for each energy source based on three scenarios. In the most conservative scenario, it expects installed solar power capacity to grow from 2,164GW in 2024 to 8,067GW in 2035 and 10,415GW in 2045. This will lead to expanded demand for solar panels. However, in light of factors such as US–China trade frictions, there is a growing push to reevaluate supply chains. Shared Research understands that it is crucial for manufacturers to establish competitive supply systems for solar panels and components, such as solar cells, in strategically advantageous locations, including Southeast Asia, the US, and Africa.

## Earnings trends

In FY03/25 (nine months), the company reported revenue of JPY72.4bn, operating profit of JPY3.6bn, recurring profit of JPY3.7bn, and net income attributable to owners of the parent of JPY951mn. OPM was 5.0%. In the core Solar Panel Manufacturing business, global demand remained strong, but market conditions were soft due to a global oversupply of solar-related products. In the US market, uncertainty persisted around government tax policies. The company advanced new sales strategies targeting India and Taiwan, and made progress in preparing for the construction of new manufacturing facilities—a solar cell plant in Ethiopia and a panel plant in Texas, US. Despite incurring expenses related to these investments, the company remained profitable for FY03/25.

In January 2026, the company revised its FY03/26 forecast upward. The revised forecast calls for revenue of JPY128.0bn, operating profit of JPY11.5bn, recurring profit of JPY11.3bn, and net income attributable to owners of the parent of JPY4.7bn. The company expects revenue to exceed its previous forecast, driven by stronger-than-expected sales of panels and cells from Vietnam in the Solar Panel Manufacturing business. It also forecasts operating profit will surpass its previous target, fueled by expanded sales of cost-competitive cells mainly in the US and Asia, as its new plant in Ethiopia got off to a strong start. In light of these developments, the company raised its targets for recurring profit and net income attributable to owners of the parent. At end-April 2025, consolidated subsidiary Fuji Solar repurchased its own shares. As a result, the company's stake in VSUN increased from 44.4% at end-March 2025 to 69.2% at end-June 2025. Its FY03/26 reflects the impact of this transaction.

The company has set a goal to become a “core global company in renewable energy” by 2030, focusing on building a robust supply chain for solar panel manufacturing and leveraging the Green Energy business as growth engines to achieve sustainable growth and maximize corporate value. In September 2023, the company formulated a new medium-term management plan (FY06/24–FY06/26). However, in August 2024, the company withdrew the numerical targets of this plan due to significant changes in the market environment. The company intends to disclose new targets once they can be reasonably calculated.

## Strengths and weaknesses

Abalance's strengths, according to Shared Research (See the "Strengths and weaknesses" section for details)

- In the rapidly evolving solar panel industry, the company has established itself as one of the leading manufacturers with production bases outside China by swiftly and flexibly adapting its supply chain.
- With the addition of manufacturing functions for ingots, wafers, and cells, key upstream processes in solar panel production, the company has formed a global supply chain and established the Japan brand, providing end-to-end services in Japan that no other peers can match.
- VSUN is well recognized by third-party organizations and major purchasers for its sustainable procurement practices and solar panel quality, comparable with major manufacturers. It has also been certified as a Tier 1 supplier by Bloomberg NEF—a US-based rating agency that assesses factors such as bankability and financial stability—for six consecutive quarters from April–June 2024 through July–September 2025.

## Weaknesses

- Solar panels and cells, the group's main products, are susceptible to demand/supply and price fluctuations due to policy changes by various governments. To mitigate such policy-related risks, the group has begun producing cells in Ethiopia and plans to start panel production in the US.
- The Abalance group's solar panel and cell production scale is still small compared to major manufacturers. To address this, it is expanding production capacity across panels, cells, and ingots/wafers, while working to strengthen its global supply chain.
- The company needs to strengthen its financial soundness to sustain high investment levels. Its equity ratio improved to 16.6% in FY03/25, and it aims to continue enhancing this ratio through the accumulation of retained earnings.

# Key financial data

|                                                                                     | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24  | FY03/25<br>(nine months) | FY03/26          |
|-------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|--------------------------|------------------|
| Income statement (JPYmn)                                                            | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.    | Cons.                    | Company forecast |
| Revenue                                                                             | 4,540   | 6,495   | 7,301   | 5,985   | 6,678   | 26,901  | 92,122  | 215,284 | 208,972  | 72,417                   | 128,000          |
| YoY                                                                                 | 3.3%    | 43.1%   | 12.4%   | -18.0%  | 11.6%   | 302.8%  | 242.4%  | 133.7%  | -2.9%    | -                        | -                |
| Gross profit                                                                        | 1,108   | 1,489   | 2,178   | 1,873   | 1,762   | 4,788   | 9,613   | 29,621  | 44,573   | 12,177                   | -                |
| YoY                                                                                 | 2.5%    | 34.4%   | 46.3%   | -14.0%  | -5.9%   | 171.7%  | 100.8%  | 208.1%  | 50.5%    | -                        | -                |
| Gross profit margin                                                                 | 24.4%   | 22.9%   | 29.8%   | 31.3%   | 26.4%   | 17.8%   | 10.4%   | 13.8%   | 21.3%    | 16.8%                    | -                |
| Operating profit                                                                    | 397     | 115     | 927     | 608     | 362     | 1,361   | 1,605   | 12,804  | 23,349   | 3,602                    | 11,500           |
| YoY                                                                                 | -5.5%   | -71.0%  | 704.7%  | -34.4%  | -40.5%  | 276.4%  | 17.9%   | 697.8%  | 82.4%    | -                        | -                |
| Operating profit margin                                                             | 8.8%    | 1.8%    | 12.7%   | 10.2%   | 5.4%    | 5.1%    | 1.7%    | 5.9%    | 11.2%    | 5.0%                     | 9.0%             |
| EBITDA                                                                              | 431     | 169     | 1,050   | 882     | 627     | 2,081   | 3,209   | 15,096  | 28,165   | 8,828                    | -                |
| YoY                                                                                 | -7.9%   | -60.8%  | 521.0%  | -16.0%  | -29.0%  | 232.1%  | 54.2%   | 370.4%  | 86.6%    | -                        | -                |
| EBITDA margin                                                                       | 9.5%    | 2.6%    | 14.4%   | 14.7%   | 9.4%    | 7.7%    | 3.5%    | 7.0%    | 13.5%    | 12.2%                    | -                |
| Recurring profit                                                                    | 427     | 49      | 874     | 566     | 306     | 1,269   | 1,418   | 14,038  | 24,894   | 3,737                    | 11,300           |
| YoY                                                                                 | 25.8%   | -88.6%  | 1700.1% | -35.2%  | -46.0%  | 315.3%  | 11.7%   | 890.0%  | 77.3%    | -                        | -                |
| Recurring profit margin                                                             | 9.4%    | 0.7%    | 12.0%   | 9.5%    | 4.6%    | 4.7%    | 1.5%    | 6.5%    | 11.9%    | 5.2%                     | 8.8%             |
| Net income attributable to owners of the parent                                     | 231     | -176    | 757     | 316     | 211     | 537     | 806     | 4,965   | 9,530    | 951                      | 4,700            |
| YoY                                                                                 | 15.8%   | -       | -       | -58.2%  | -33.1%  | 154.2%  | 50.1%   | 516.0%  | 91.9%    | -                        | -                |
| Net margin                                                                          | 5.10%   | -2.7%   | 10.4%   | 5.3%    | 3.2%    | 2.0%    | 0.9%    | 2.3%    | 4.6%     | 1.3%                     | 3.7%             |
| Per-share data (JPY, stock split, adjusted for reverse stock split)                 |         |         |         |         |         |         |         |         |          |                          |                  |
| Shares issued (year-end; '000)                                                      | 5,041   | 5,190   | 5,190   | 5,190   | 5,196   | 5,334   | 5,567   | 17,465  | 17,928   | 17,931                   | -                |
| EPS                                                                                 | 15.31   | -       | 48.64   | 20.38   | 13.64   | 34.21   | 49.12   | 293.36  | 547.83   | 53.50                    | 249.36           |
| EPS (fully diluted)                                                                 | -       | -       | 48.48   | 20.38   | -       | 33.70   | 49.04   | 290.41  | 543.99   | -                        | -                |
| Dividend per share                                                                  | 3.67    | 3.67    | 5.67    | 5.67    | 5.67    | 5.67    | 6.00    | 8.00    | 8.00     | 3.00                     | -                |
| Book value per share                                                                | 80.65   | 68.42   | 113.54  | 127.15  | 134.99  | 251.62  | 353.33  | 726.88  | 1,337.80 | 1,358.44                 | -                |
| Balance sheet (JPYmn)                                                               |         |         |         |         |         |         |         |         |          |                          |                  |
| Total current assets                                                                | 2,420   | 4,692   | 5,227   | 6,078   | 8,553   | 22,537  | 57,450  | 100,049 | 89,197   | 89,038                   | -                |
| Cash and deposits                                                                   | 496     | 672     | 601     | 799     | 1,209   | 4,722   | 3,966   | 20,619  | 37,740   | 26,451                   | -                |
| Notes and accounts receivable                                                       | 473     | 335     | 335     | 393     | 303     | 1,312   | 6,156   | 2,011   | 3,558    | 5,434                    | -                |
| Merchandise and finished goods                                                      | 385     | 423     | 327     | 172     | 246     | 6,480   | 26,740  | 48,827  | 13,232   | 16,618                   | -                |
| Tangible fixed assets                                                               | 223     | 1,222   | 1,456   | 4,239   | 5,529   | 15,201  | 20,507  | 32,943  | 49,304   | 46,242                   | -                |
| Intangible assets                                                                   | 5       | 290     | 217     | 195     | 110     | 365     | 4,688   | 7,523   | 6,404    | 6,587                    | -                |
| Investments and other assets                                                        | 142     | 195     | 289     | 459     | 554     | 1,268   | 2,463   | 3,134   | 5,266    | 3,933                    | -                |
| Total assets                                                                        | 2,790   | 6,400   | 7,189   | 10,985  | 14,765  | 39,388  | 85,121  | 143,691 | 150,173  | 145,802                  | -                |
| Total current liabilities                                                           | 1,368   | 3,545   | 3,873   | 4,641   | 6,745   | 26,212  | 57,721  | 100,356 | 83,261   | 80,286                   | -                |
| Total fixed liabilities                                                             | 203     | 1,733   | 1,499   | 4,312   | 5,859   | 8,398   | 19,452  | 20,563  | 24,479   | 22,176                   | -                |
| Total liabilities                                                                   | 1,571   | 5,279   | 5,373   | 8,953   | 12,605  | 34,611  | 77,174  | 120,920 | 107,741  | 102,463                  | -                |
| Total net assets                                                                    | 1,219   | 1,121   | 1,816   | 2,032   | 2,159   | 4,777   | 7,947   | 22,771  | 42,432   | 43,338                   | -                |
| Shareholders' equity (excl. stock acquisition rights and non-controlling interests) | 1,219   | 1,077   | 1,767   | 1,969   | 2,093   | 4,006   | 5,873   | 12,596  | 23,800   | 24,182                   | -                |
| Cash flow statement (JPYmn)                                                         |         |         |         |         |         |         |         |         |          |                          |                  |
| Cash flows from operating activities                                                | 206     | -984    | 405     | -147    | -861    | -608    | -6,449  | 18,526  | 44,757   | -10,361                  | -                |
| Cash flows from investing activities                                                | -75     | -864    | -559    | -1,620  | -472    | -1,391  | -13,221 | -20,670 | -21,191  | -2,620                   | -                |
| Cash flows from financing activities                                                | -85     | 1,991   | -62     | 1,913   | 1,465   | 5,290   | 17,752  | 17,235  | -5,446   | 4,128                    | -                |
| Financial ratios                                                                    |         |         |         |         |         |         |         |         |          |                          |                  |
| ROA (RP-based)                                                                      | 16.0%   | 1.1%    | 12.9%   | 6.2%    | 2.4%    | 4.7%    | 2.3%    | 12.3%   | 16.9%    | -                        | -                |
| ROE                                                                                 | 20.5%   | -15.3%  | 53.2%   | 16.9%   | 10.4%   | 17.6%   | 16.3%   | 53.8%   | 52.4%    | -                        | -                |
| Equity ratio                                                                        | 43.7%   | 16.8%   | 24.6%   | 17.9%   | 14.2%   | 10.2%   | 6.9%    | 8.8%    | 15.8%    | 16.6%                    | -                |

Source: Shared Research based on company data

Notes: The company conducted a 100-for-1 stock split in FY06/14, and a 3-for-1 stock split in September 2022. Other changes in the number of shares outstanding are due to capital increases via third-party allotment and/or the exercise of share subscription rights.

EBITDA is obtained by adding depreciation and goodwill amortization to operating profit.

FY03/25 is a nine-month fiscal period due to the fiscal year-end change; therefore, YoY comparisons are not provided.

Any differences between figures in the table and those in company data are due to rounding.



# Recent updates

## TSE designates Abalance shares as Securities on Special Alert and imposes listing agreement violation penalty

2026-01-30

Abalance Corporation announced that the Tokyo Stock Exchange (TSE) has designated its shares as Securities on Special Alert and will impose a listing agreement violation penalty.

On January 30, 2026, the company received notice from the TSE that its shares will be designated as Securities on Special Alert effective January 31, 2026, and that a listing agreement violation penalty will be imposed. For further details and the reasons for the designation and penalty, refer to the Japan Exchange Group website (link [here](#)).

In response, Abalance and its group stated that they take seriously the investigation report issued by a third-party committee and the forthcoming report from the verification committee, and will work to enhance corporate governance and strengthen internal control systems.

## Abalance announces changes to the expected timeline for the Verification Committee's review, the date of the Extraordinary General Meeting of Shareholders, and related items

2026-01-21

Abalance Corporation announced changes to the expected timeline for the Verification Committee's review and to the date of its Extraordinary General Meeting of Shareholders, as well as related schedule adjustments.

### (Change) Change to the expected timeline for the Verification Committee's review

As stated in the release titled "Notice Regarding the Appointment of Members of the Verification Committee" dated January 8, 2026, the company had expected to receive and disclose a report containing the Verification Committee's review of the third-party committee's investigation report (the "report") around February 10, 2026. However, the Verification Committee—comprising external experts—informed the company that the review would likely take longer than initially expected, prompting it to revise the expected timeline.

#### Change to the expected review timeline

The company initially expected to receive and disclose the report around February 10, 2026. However, the company revised the timeline to around February 20, 2026, as informed by the Verification Committee.

#### Reason for the change

In verifying the facts within the scope of its review, the Verification Committee determined that sufficient time was required to interview relevant parties and compile the interview results for a rigorous and impartial review in preparing the report. Accordingly, the committee concluded that the initial schedule would be insufficient.

#### Outlook

The company expects the Verification Committee to examine the responsibility of each director and other relevant individuals and to provide recommendations on the composition of a new management team and the desired organizational structure. Based on these recommendations, it plans to seek shareholder approval of the new management structure at an Extraordinary General Meeting of Shareholders. In light of the revised schedule for receiving and disclosing the report, and as announced in the January 21, 2026 release, the company decided to hold the Extraordinary General Meeting of Shareholders on April 10, 2026. It intends to reflect the review results in determining a new management structure, with the aim of restoring trust and driving sustainable management.

### (Change) Decision on the date of the Extraordinary General Meeting of Shareholders

In the release titled "(Update on Disclosed Matter) Outlook for the Verification Committee and the Extraordinary General Meeting of Shareholders" dated December 26, 2025, Abalance announced its expected schedule for convening an



Extraordinary General Meeting of Shareholders. However, as stated in the January 21, 2026 release, the company now expects to receive the Verification Committee's review report around February 20, 2026. In light of this revision, it decided to change the date of the Extraordinary General Meeting of Shareholders as follows.

- Record date: February 6, 2026 (initially scheduled: January 23, 2026)
- Public notice date: January 23, 2026 (January 9, 2026)
- Date of the Extraordinary General Meeting of Shareholders: April 10, 2026 (March 6, 2026)

### **(Change) Change to the effective date of the resignation of an outside director who is a member of the Audit & Supervisory Committee**

#### **Outside director who is a member of the Audit & Supervisory Committee to resign**

- Name: Yuriko Nakatani
- Current title: Outside director and member of the Audit & Supervisory Committee
- Effective date of resignation: April 10, 2026

Following the director's resignation, the number of directors serving on the Audit & Supervisory Committee will fall below the minimum required under laws and internal regulations. Accordingly, the company intends to promptly disclose the appointment of a successor once determined.

### **(Change) Change to the effective date of the resignation of the representative director**

#### **Representative director to resign**

- Name: Junsei Ryu
- Current title: Chairman and CEO
- Effective date of resignation: April 10, 2026

The company plans to appoint a new representative director by resolution of the Board of Directors at a meeting to be held following the Extraordinary General Meeting of Shareholders scheduled for April 10, 2026.

## **Abalance announces revisions to full-year earnings forecast, recording of extraordinary gains and losses, and disclaimer of conclusion for the review of FY03/26 semiannual report**

2026-01-13

Abalance Corporation announced revisions to its full-year earnings forecast, the recording of extraordinary gains and losses, and a disclaimer of conclusion for the review of its FY03/26 semiannual report.

### **Revision to full-year earnings forecast**

The company revised its consolidated earnings forecast for FY03/26 (out May 15, 2025) as follows.

#### **Revised FY03/26 forecast**

- Revenue: JPY128.0bn (previous forecast: JPY95.0bn)
- Operating profit: JPY11.5bn (JPY6.0bn)
- Recurring profit: JPY11.3bn (JPY6.0bn)
- Net income attributable to owners of the parent: JPY4.7bn (JPY3.0bn)

#### **Reasons for revision**

Abalance expects revenue to exceed its previous forecast, driven by stronger-than-expected sales of panels and cells from Vietnam in the Solar Panel Manufacturing business. The company also projects operating profit will surpass its previous target, fueled by growing sales of cost-competitive cells mainly in the US and Asia, as its new plant in Ethiopia got off to a strong start. In light of these developments, the company raised its targets for recurring profit and net income attributable to owners of the parent. The revised forecast for net income attributable to owners of the parent reflects net income attributable to non-controlling interests.

## Recording of extraordinary gains and losses from sale of fixed assets by consolidated subsidiary

As stated in the release titled "Recording of Extraordinary Gains and Losses from Sale of Fixed Assets by Consolidated Subsidiary" dated July 15, 2025 (hereinafter, the "disclosure"), Abalance approved and completed the sale of a fixed asset held by its consolidated subsidiary, WWB Corporation, in Q2 FY03/26. The company subsequently revised and corrected the previously estimated amounts of extraordinary gains and losses for the period as outlined below. The revisions and corrections to extraordinary gains reflect factors other than those described in the release titled "Notice Regarding the Publication of the Investigation Report by the Third-Party Committee" dated December 17, 2025, while the revisions to extraordinary losses incorporate the findings of the third-party committee's investigation.

### Recording of extraordinary gains

In Q2 FY03/26, Abalance sold a fixed asset held by WWB, as stated in the disclosure. The sale price was revised to JPY8.3bn (initial estimate: JPY7.2bn), reflecting the addition of expected total income from maintenance and land leasing during the FIT period to the initially agreed price, following negotiations with the buyer. This change was unrelated to the findings of the third-party committee's investigation. Separately, the company previously calculated the gain on sale of fixed assets using the book value after the sale-and-leaseback transaction. However, based on advice from the audit firm that the gain should be calculated using the book value before the sale-and-leaseback transaction, the company revised its calculation. As a result, the book value of the fixed asset was revised to JPY4.0bn (initial estimate: JPY5.1bn). Reflecting these two changes, the company recorded a JPY4.3bn gain on sale of fixed assets (initial estimate: about JPY2.1bn).

### Recording of extraordinary losses

As stated in the disclosure, Abalance initially expected to record about a JPY700mn loss on cancellation of installment payables under extraordinary losses following the sale. However, after taking into account the issues identified in the third-party committee's investigation and reflecting the appropriate account items and figures, the company recorded an installment repayment fee of JPY45mn and an extraordinary loss of JPY596mn associated with the repayment of installment payables, bringing the total to JPY641mn.

### Impact on financial results

The company's "Consolidated Financial Results for the Six Months Ended December 31, 2025 (Under Japanese GAAP)" (out January 13, 2026) reflects the recording of extraordinary gains and losses.

## Disclaimer of conclusion for FY03/26 semiannual report review

The company received a review report from its independent auditor containing a disclaimer of conclusion regarding the interim consolidated financial statements in the FY03/26 semiannual report.

### Name of audit firm conducting review

Chubu Audit Corporation, LLC.

### Interim review report on interim consolidated financial statements (audit firm's conclusion)

"We conducted a review, pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, of the consolidated financial statements for the interim accounting period (April 1–September 30, 2025) of the fiscal year ending March 31, 2026 of Abalance Corporation, which are included in 'Business conditions,' namely the interim consolidated balance sheet, interim consolidated statements of income and comprehensive income, and interim consolidated statement of cash flows and notes. In our review, given the significance of the possible impact of the matters described in 'Basis for disclaimer of conclusion' on the interim consolidated financial statements, we do not express a conclusion as to whether we have identified, in all material respects, any matters that would cause us to believe that the interim consolidated financial statements do not fairly present the financial position of Abalance Corporation and its consolidated subsidiaries as of September 30, 2025, and the operating results and cash flows for the interim consolidated accounting period ended on that date."

### Company response

Abalance takes seriously the fact that the auditor issued a disclaimer of conclusion in the review report on the interim consolidated financial statements for FY03/26. As disclosed in the "Notice Regarding the Publication of the Investigation Report by the Third-Party Committee" (December 17, 2025) and the "Notice Regarding the Appointment of Members of the Verification Committee" (January 8, 2026), the company is considering measures to prevent recurrence. However, as the verification of the third-party committee's investigation report remained incomplete and recurrence prevention

measures had yet to be finalized, the auditor was unable to complete the required review procedures for the period, resulting in a disclaimer of conclusion on the interim consolidated financial statements in the FY03/26 semiannual report. As stated in the release titled "Notice Regarding the Appointment of Members of the Verification Committee" dated January 8, 2026, the company will fully cooperate with the Verification Committee's review, and based on the third-party committee's findings, promptly verify the events that formed the basis for the disclaimer of conclusion and work to resolve them.

## Abalance announces appointment of Verification Committee members

2026-01-08

Abalance Corporation announced the appointment of members to its Verification Committee.

In its press release titled "Notice Regarding the Establishment of a Verification Committee in Response to the Investigation Report by the Third-Party Committee" dated December 25, 2025, the company stated that it would establish a Verification Committee composed of external experts. At a Board of Directors meeting held on January 8, 2026, it resolved to appoint the members of the Verification Committee as outlined below. As stated in the release titled "Notice Regarding the Publication of the Investigation Report by the Third-Party Committee" dated December 17, 2025, the company respects the investigation findings, takes them seriously, and intends to formulate and implement measures to prevent recurrence in line with the recommendations. The Verification Committee plans to review the full text of the investigation report and provide an overall assessment. The main investigation items and covered period in the third-party committee's investigation report were as follows.

### (1) Investigations into the facts

1. Reinvestigation of the Audit & Supervisory Committee's investigation report dated March 13, 2024
2. Investigation into impairment related to the Taiwa Town solar power plant and the application documents
3. Investigation into related-party transactions

### (2) Investigation into whether similar incidents occurred

### (3) Calculation of the impact on the company's consolidated financial statements based on (1) and (2) above

### (4) Analysis of the causes of the facts described in (1) above and recommendations for recurrence prevention measures

### (5) Other matters deemed necessary by the committee

The third-party committee's investigation report adopted, as a premise, the accounting view that fraudulent misstatements in financial reporting may include cases of gross negligence as well as intentional misconduct. However, the report did not necessarily provide sufficient grounds to support this premise, and it is difficult to conclude that the relevant parties have accepted it. Against this backdrop, the company decided to establish a Verification Committee with the aim of comprehensively strengthening governance and compliance and implementing appropriate recurrence prevention measures for individual cases. Efforts to enhance governance and compliance will include a review of workflows, such as sales structure, product management, and domestic and overseas customer management, based on the company's current organizational structure.

The company also expects the Verification Committee to investigate the responsibility of each director and other relevant individuals, and to provide recommendations on the composition of a new management team and the desired organizational structure. Abalance has determined that establishing the Verification Committee is a necessary step to rebuild management and restore trust among stakeholders.

## Overview of the Verification Committee

### Committee structure

- Chair: Nobuo Gohara (representative attorney, Gohara Compliance and Law Office)
- Member: Yoshihito Oshita (attorney, Hayakawa, Ishida & Oshita)
- Member: Hisashi Fujii (certified public accountant and attorney, Link Partners Law Firm)

Note: None of the committee members has any conflicts of interest with the company.

## Background and reasons for selecting the members

Shigeto Yanase, an outside director and a member of the Audit & Supervisory Committee, directly approached Nobuo Gohara and requested that he serve as chair of the committee. Mr. Gohara, representative attorney of Gohara Compliance and Law Office, is widely known for his extensive experience in investigations conducted by third-party committees at other companies. Mr. Gohara subsequently introduced Yoshihito Oshita and Hisashi Fujii to the company, and the company appointed all three individuals as committee members. The company concluded that a Verification Committee composed of these three members would be capable of conducting a sufficient review of the investigation report issued by the third-party committee on December 17, 2025, from an objective and neutral standpoint.

## Purpose of establishing the committee

The company intends to have a third party verify the facts within the scope described below and use the findings to support its sustainable operations.

(1) Verification and overall assessment of the full text of the investigation report by the third-party committee disclosed on December 17, 2025

(2) Investigation into the responsibility of each director and other relevant individuals

(3) Recommendations on strengthening compliance and governance

(4) Recommendations on the composition of a new management team and the desired organizational structure to be disclosed at an Extraordinary General Meeting of Shareholders to be held at a later date

(5) Other work related to the above

## Establishment date of the committee

January 8, 2026

## Expected timeline for the review

The company expects to receive and disclose a report, including the results of the Verification Committee's review of the third-party committee's investigation report, around February 10, 2026.

## Future response

The company intends to fully cooperate with the Verification Committee's review and will promptly disclose any facts or other findings that become clear. It plans to reflect the review results in determining a new management structure, while also using the findings to restore trust and support sustainable management.

## Abalance announces changes in representative director and directors

2025-12-25

Abalance Corporation announced changes in its representative director and directors.

### Representative director and directors resigning

| Name              | New position | Current position                            |
|-------------------|--------------|---------------------------------------------|
| Ryoichi Kunimoto  | (Retired)    | Representative director, president, and COO |
| Motoharu Fujisawa | (Retired)    | Vice Chairman and director                  |

### Reason for the changes (resignations)

As disclosed in the announcement titled "Notice Regarding the Publication of the Investigation Report by the Third-Party Committee" dated December 17, 2025, the company has received the investigation report and is currently considering measures to prevent recurrence based on its findings. The report includes recommendations calling for the resignation

of members of management and the appointment of new members as part of these measures. In light of this, two directors expressed their intention to resign, and the company accepted their resignations.

### Effective dates of the changes (resignations)

Ryoichi Kunimoto is scheduled to resign at the Board of Directors meeting to be held on the day of the Extraordinary General Meeting of Shareholders to be held at a later date. Motoharu Fujisawa's resignation will be effective as of December 30, 2025.

### Other

According to the company, it plans to conduct a detailed review of the incident, including individual cases covered in the investigation report by the third-party committee, and to implement appropriate measures to prevent recurrence. To this end, it plans to establish a Verification Committee composed of external experts to examine the responsibility of each director and other relevant individuals in this matter and to make recommendations on an appropriate new management structure. The company will disclose the appointment of committee members and the establishment date of the Verification Committee once determined, and it also plans to disclose the investigation results after receiving the committee's report. Based on the committee's recommendations, it will decide on a new management structure through a resolution of the Board of Directors and subsequently hold an Extraordinary General Meeting of Shareholders to seek shareholder approval. It plans to announce the schedule and other details promptly once finalized.

### Future actions

The company states it takes the findings of the third-party committee's investigation seriously and plans to implement appropriate improvement measures by strengthening recurrence prevention initiatives and its governance framework, including a review of its future management structure. In formulating recurrence prevention measures, Director and Audit & Supervisory Committee Member Shigeto Yanase will lead the process by establishing an internal improvement team and incorporating input from external experts. The company plans to disclose specific details once they are determined.

## Abalance releases investigation report by third-party committee

2025-12-17

Abalance Corporation announced the release of an investigation report by a third-party committee.

As announced in the disclosures dated August 12, 2025 (Notice Regarding the Establishment of a Third-Party Committee) and September 2, 2025 (Notice Regarding the Appointment of Members to the Third-Party Committee), the company established a third-party committee (the "Committee") composed of external experts. The Committee conducted a reinvestigation of the report dated March 13, 2024, issued by the Audit and Supervisory Committee, as well as investigations into the impairment of Taiwa Town Solar Power LLC, the related application documents, and related-party transactions.

The company received a redacted version of the investigation report from the Committee, with certain information withheld to protect privacy, personal data, and confidential information. Based on this, the company has released the report to the public.

### Future actions

#### Filing of the 1H FY03/26 financial results and the 27th semi-annual report

As previously disclosed in the announcements dated November 12, 2025 (Notice Regarding Delay in Disclosure of FY03/26 Q2 Financial Results and Consideration of Extension of Filing Deadline for the 27th Semi-Annual Report) and November 14, 2025 (Notice of Approval for Extension of Filing Deadline for the 27th Semi-Annual Report), the company plans to submit the 1H FY03/26 financial results and the 27th semi-annual report by the extended deadline of January 13, 2026. However, the company will first examine the contents of the Committee's investigation report and subsequently announce the planned disclosure date of these documents.

#### Past annual securities reports and earnings summaries

The company plans to assess the contents of the Committee's investigation report before determining whether it is necessary to submit correction reports for past annual securities reports, internal control reports, quarterly reports, and semi-annual reports, as well as to revise previously disclosed earnings summaries. The company will make an announcement once a decision has been made.



## Recurrence prevention measures

The company takes the Committee's findings seriously and intends to formulate and implement recurrence prevention measures in line with the Committee's recommendations. The specific measures will be announced once they have been finalized.

## TOYO SOLAR CLEAN ENERGY COMPANY LIMITED to become specified subsidiary

2025-12-08

Abalance Inc. announced that at a Board of Directors meeting held today, it resolved to approve a capital injection of VND78.4bn (approximately JPY461mn) into TOYO SOLAR CLEAN ENERGY COMPANY LIMITED ("TOYO CLEAN"), a subsidiary under the umbrella of its consolidated subsidiary TOYO Co., Ltd. As a result of this transaction, TOYO CLEAN will be reclassified as a specified subsidiary of the company.

TOYO CLEAN is considering the manufacture and sale of solar panels in Vietnam. Details such as the production start schedule and production capacity will be disclosed once the plans are finalized.

### Production launch at the new US plant

The Abalance group is working to establish a global supply chain capable of flexibly responding to geopolitical risks by positioning solar panel production bases in Vietnam, Ethiopia, and the US—key regions for capturing medium- to long-term growth in the global solar power market. TOYO CLEAN, newly established in Vietnam, is expected to serve as a new production base to meet growing demand driven by the expansion of solar markets in Asia, Europe, and other regions. To ensure the successful execution of this plan, TOPTOYO INVESTMENT PTE. LTD., a subsidiary of TOYO, will provide full funding. As the total capital of TOYO CLEAN will exceed 10% of the company's capital, it will be reclassified as a specified subsidiary.

### Overview of TOYO SOLAR CLEAN ENERGY COMPANY LIMITED

- Name: TOYO SOLAR CLEAN ENERGY COMPANY LIMITED
- Location: Lot CN02, Cam Khe Industrial Park, Cam Khe Commune, Phu Tho Province, Vietnam
- Representative: Junsei Ryu (President & CEO)
- Business description: Manufacture and sale of solar panels
- Capital: VND78.4bn (approx. JPY461mn; after this investment)
- Date of establishment: December 5, 2025
- Scheduled date of reclassification: Around early March 2026
- Shareholder: 100% owned by TOPTOYO INVESTMENT PTE. LTD., a consolidated subsidiary of the company (42.23% indirectly held by the company)

### Outlook

Abalance expects the impact of this matter on its financial results to be minimal. The company stated it will promptly disclose any material information should the need arise.

## Abalance postpones disclosure of 1H FY03/26 results, announces interim dividend

2025-11-12

Abalance Corporation announced a delay in the disclosure of its 1H FY03/26 financial results, a potential application to extend the submission deadline for its 27th semiannual report, and its interim dividend.

### Delay in the disclosure of 1H FY03/26 financial results and consideration of application for extension of filing deadline for 27th period semi-annual securities report

At a Board of Directors meeting held on November 12, 2025, the company resolved to postpone the disclosure of its 1H FY03/26 financial results, which had been scheduled for November 14, and to consider applying for an extension of the submission deadline for its 27th semiannual report.

### Reasons for the delay in disclosure of financial results

As announced on August 12, 2025, in the release titled "Abalance establishes third-party committee," the company has been re-examining various past transactions under its current management structure. In addition, external organizations

raised concerns regarding items 1.(i), (ii), and (iii) below. In response, the company decided to establish a third-party committee and determined that a detailed investigation should be conducted.

As disclosed on September 2, 2025, in the notice titled "Abalance appoints members to third-party committee," the company is currently under investigation by an external independent committee regarding the matters outlined in points 1 through 5 below. As the investigation is still ongoing, the company expects to receive a report from the committee in due course. At this point, it is unclear whether the investigation will have any impact on its financial statements.

1. Investigation related to the following matters
  - (i) Reinvestigation of the Audit and Supervisory Committee's investigation report dated March 13, 2024
  - (ii) Investigation into impairment and application documents related to the Taiwa Town Solar Power LLC
  - (iii) Investigation into related party transactions
2. Investigation into the existence of similar incidents
3. Assessment of the impact of items 1 and 2 above on the company's consolidated financial statements
4. Identification of the root causes of the incidents described in item 1 and recommendations for recurrence prevention measures
5. Any other matters deemed necessary by the committee

Given these circumstances, the company has been informed by its audit firm that it would be difficult to issue a review report for the 1H financial statements. As a result, the company has decided to postpone the disclosure of its 1H FY03/26 financial results and is considering applying for an extension of the submission deadline for its 27th semiannual report.

#### **Scheduled date for the postponed financial results announcement**

The company plans to announce its postponed financial results on January 13, 2026. It is also considering applying for an extension of the submission deadline for the semiannual report.

#### **Impact on earnings**

According to the company, the impact of this matter on its FY03/26 results is uncertain at this time. However, it intends to promptly disclose any material information should the need arise.

#### **Interim dividend**

At the Board of Directors meeting held on November 12, 2025, the company resolved to pay an interim dividend of retained earnings with a record date of September 30, 2025.

#### **Details**

- Interim dividend per share: JPY3.00 (FY03/25: JPY0.00; previous forecast: undecided)
- Full-year dividend per share: Undecided (FY03/25: JPY3.00; previous forecast: undecided)

#### **Reasons**

The company's basic policy is to maintain stable dividends and actively return profits to shareholders while securing the internal reserves necessary for future business development and strengthening its management foundation. Although the 1H FY03/26 financial results announcement has been postponed, the company has decided to pay a dividend of JPY3 per share with a record date of September 30, 2025, in line with this policy.



# Trends and outlook

## Quarterly trends and results

| Earnings (quarterly)                            | FY06/24 |         |         |         | FY03/25 (nine months) |        |        | FY03/26 |        | FY03/26       |             |
|-------------------------------------------------|---------|---------|---------|---------|-----------------------|--------|--------|---------|--------|---------------|-------------|
| (cumulative) (JPYmn)                            | Q1      | Q1-Q2   | Q1-Q3   | Q1-Q4   | Q1                    | Q1-Q2  | Q1-Q3  | Q1      | Q1-Q2  | % of forecast | FY forecast |
| Revenue                                         | 57,740  | 108,543 | 155,626 | 208,972 | 21,655                | 45,613 | 72,417 | 36,251  | 58,662 | 45.8%         | 128,000     |
| YoY                                             | 3.9%    | -2.7%   | -4.3%   | -2.9%   | -62.5%                | -58.0% | -53.5% | -       | -      |               | -           |
| Cost of revenue                                 | 49,120  | 89,838  | 126,822 | 164,398 | 17,856                | 36,492 | 60,240 | 28,992  | 44,488 |               |             |
| YoY                                             | -3.5%   | -9.3%   | -11.4%  | -11.5%  | -63.6%                | -59.4% | -52.5% | -       | -      |               |             |
| Cost of revenue ratio                           | 85.1%   | 82.8%   | 81.5%   | 78.7%   | 82.5%                 | 80.0%  | 83.2%  | 80.0%   | 75.8%  |               |             |
| Gross profit                                    | 8,620   | 18,704  | 28,803  | 44,573  | 3,799                 | 9,120  | 12,177 | 7,258   | 14,174 |               |             |
| YoY                                             | 85.3%   | 50.2%   | 47.1%   | 50.5%   | -55.9%                | -51.2% | -57.7% | -       | -      |               |             |
| Gross profit margin                             | 14.9%   | 17.2%   | 18.5%   | 21.3%   | 17.5%                 | 20.0%  | 16.8%  | 20.0%   | 24.2%  |               |             |
| SG&A expenses                                   | 3,935   | 8,647   | 14,762  | 21,224  | 2,465                 | 5,959  | 8,575  | 3,616   | 7,899  |               |             |
| YoY                                             | 25.0%   | 14.6%   | 42.4%   | 26.2%   | -37.4%                | -31.1% | -41.9% | -       | -      |               |             |
| SG&A ratio                                      | 6.8%    | 8.0%    | 9.5%    | 10.2%   | 11.4%                 | 13.1%  | 11.8%  | 10.0%   | 13.5%  |               |             |
| Operating profit                                | 4,684   | 10,057  | 14,040  | 23,349  | 1,333                 | 3,161  | 3,602  | 3,642   | 6,274  | 54.6%         | 11,500      |
| YoY                                             | 211.0%  | 104.9%  | 52.4%   | 82.4%   | -71.5%                | -68.6% | -74.3% | -       | -      |               | -           |
| Operating profit margin                         | 8.1%    | 9.3%    | 9.0%    | 11.2%   | 6.2%                  | 6.9%   | 5.0%   | 10.0%   | 10.7%  |               | 9.0%        |
| Recurring profit                                | 4,518   | 10,507  | 14,482  | 24,894  | 375                   | 3,289  | 3,737  | 4,179   | 6,097  | 54.0%         | 11,300      |
| YoY                                             | 242.0%  | 87.6%   | 39.7%   | 77.3%   | -91.7%                | -68.7% | -74.2% | -       | -      |               | -           |
| Recurring profit margin                         | 7.8%    | 9.7%    | 9.3%    | 11.9%   | 1.7%                  | 7.2%   | 5.2%   | 11.5%   | 10.4%  |               | 8.8%        |
| Net income attributable to owners of the parent | 1,744   | 3,635   | 5,469   | 9,530   | -578                  | 348    | 951    | 1,172   | 2,807  | 59.7%         | 4,700       |
| YoY                                             | 286.7%  | 69.2%   | 45.3%   | 91.9%   | -                     | -90.4% | -82.6% | -       | -      |               | -           |
| Net margin                                      | 3.0%    | 3.3%    | 3.5%    | 4.6%    | -                     | 0.8%   | 1.3%   | 3.2%    | 4.8%   |               | 3.7%        |
| Earnings (quarterly)                            | FY06/24 |         |         |         | FY03/25 (nine months) |        |        | FY03/26 |        |               |             |
| (JPYmn)                                         | Q1      | Q2      | Q3      | Q4      | Q1                    | Q2     | Q3     | Q1      | Q2     |               |             |
| Revenue                                         | 57,740  | 50,803  | 47,083  | 53,346  | 21,655                | 23,958 | 26,804 | 36,251  | 22,411 |               |             |
| YoY                                             | 3.9%    | -9.3%   | -7.9%   | 1.4%    | -62.5%                | -52.8% | -43.1% | -       | -      |               |             |
| Cost of revenue                                 | 49,120  | 40,718  | 36,984  | 37,576  | 17,856                | 18,636 | 23,748 | 28,992  | 15,496 |               |             |
| YoY                                             | -3.5%   | -15.5%  | -16.0%  | -11.7%  | -63.6%                | -54.2% | -35.8% | -       | -      |               |             |
| Cost of revenue ratio                           | 85.1%   | 80.1%   | 78.6%   | 70.4%   | 82.5%                 | 77.8%  | 88.6%  | 80.0%   | 69.1%  |               |             |
| Gross profit                                    | 8,620   | 10,084  | 10,099  | 15,770  | 3,799                 | 5,321  | 3,057  | 7,258   | 6,916  |               |             |
| YoY                                             | 85.3%   | 29.2%   | 41.7%   | 57.1%   | -55.9%                | -47.2% | -69.7% | -       | -      |               |             |
| Gross profit margin                             | 14.9%   | 19.8%   | 21.4%   | 29.6%   | 17.5%                 | 22.2%  | 11.4%  | 20.0%   | 30.9%  |               |             |
| SG&A expenses                                   | 3,935   | 4,712   | 6,115   | 6,462   | 2,465                 | 3,494  | 2,616  | 3,616   | 4,283  |               |             |
| YoY                                             | 25.0%   | 7.1%    | 116.8%  | 0.2%    | -37.4%                | -25.8% | -57.2% | -       | -      |               |             |
| SG&A ratio                                      | 6.8%    | 9.3%    | 13.0%   | 12.1%   | 11.4%                 | 14.6%  | 9.8%   | 10.0%   | 19.1%  |               |             |
| Operating profit                                | 4,684   | 5,373   | 3,983   | 9,309   | 1,333                 | 1,828  | 441    | 3,642   | 2,632  |               |             |
| YoY                                             | 211.0%  | 57.9%   | -7.5%   | 159.2%  | -71.5%                | -66.0% | -88.9% | -       | -      |               |             |
| Operating profit margin                         | 8.1%    | 10.6%   | 8.5%    | 17.5%   | 6.2%                  | 7.6%   | 1.6%   | 10.0%   | 11.7%  |               |             |
| Recurring profit                                | 4,518   | 5,989   | 3,975   | 10,412  | 375                   | 2,914  | 448    | 4,179   | 1,918  |               |             |
| YoY                                             | 242.0%  | 39.9%   | -16.5%  | 183.4%  | -91.7%                | -51.3% | -88.7% | -       | -      |               |             |
| Recurring profit margin                         | 7.8%    | 11.8%   | 8.4%    | 19.5%   | 1.7%                  | 12.2%  | 1.7%   | 11.5%   | 8.6%   |               |             |
| Net income attributable to owners of the parent | 1,744   | 1,891   | 1,834   | 4,061   | -578                  | 926    | 603    | 1,172   | 1,635  |               |             |
| YoY                                             | 286.7%  | 11.4%   | 13.5%   | 238.1%  | -                     | -51.0% | -67.1% | -       | -      |               |             |
| Net margin                                      | 3.0%    | 3.7%    | 3.9%    | 7.6%    | -                     | 3.9%   | 2.2%   | 3.2%    | 7.3%   |               |             |

Source: Shared Research based on company data

Notes: FY03/25 is a nine-month fiscal period due to the fiscal year-end change. Accordingly, YoY comparisons for full-year FY03/25 are made against cumulative Q3 results for FY06/24.

Any differences between figures in the table and those in company data are due to rounding.

## Revenue by segment (cumulative)

| By segment (cumulative)<br>(JPYmn) | FY06/24       |                |                |                | FY03/25 (nine months) |               |               | FY03/26       |               |
|------------------------------------|---------------|----------------|----------------|----------------|-----------------------|---------------|---------------|---------------|---------------|
|                                    | Q1            | Q1-Q2          | Q1-Q3          | Q1-Q4          | Q1                    | Q1-Q2         | Q1-Q3         | Q1            | Q1-Q2         |
| <b>Revenue</b>                     | <b>57,740</b> | <b>108,543</b> | <b>155,626</b> | <b>208,972</b> | <b>21,655</b>         | <b>45,613</b> | <b>72,417</b> | <b>36,251</b> | <b>58,662</b> |
| YoY                                | 3.9%          | -2.7%          | -4.3%          | -2.9%          | -62.5%                | -58.0%        | -53.5%        | -             | -             |
| Solar Panel Manufacturing business | 55,495        | 104,259        | 148,651        | 199,874        | 19,700                | 40,954        | 64,348        | 33,943        | 53,645        |
| YoY                                | 4.2%          | -3.0%          | -4.8%          | -3.4%          | -64.5%                | -60.7%        | -56.7%        | -             | -             |
| % of revenue                       | 96.1%         | 96.1%          | 95.5%          | 95.6%          | 91.0%                 | 89.8%         | 88.9%         | 93.6%         | 91.4%         |
| Green Energy business              | 2,066         | 3,947          | 6,372          | 8,341          | 1,796                 | 4,191         | 7,442         | 2,052         | 4,697         |
| YoY                                | -2.8%         | 1.0%           | 2.3%           | 4.2%           | -13.1%                | 6.2%          | 16.8%         | -             | -             |
| % of revenue                       | 3.6%          | 3.6%           | 4.1%           | 4.0%           | 8.3%                  | 9.2%          | 10.3%         | 5.7%          | 8.0%          |
| IT business                        | 161           | 301            | 450            | 590            | -                     | -             | -             | -             | -             |
| YoY                                | 4.5%          | -8.2%          | -7.2%          | -12.9%         | -                     | -             | -             | -             | -             |
| % of revenue                       | 0.3%          | 0.3%           | 0.3%           | 0.3%           | -                     | -             | -             | -             | -             |
| Photocatalyst business             | 9             | 19             | 27             | 41             | -                     | -             | -             | -             | -             |
| YoY                                | -10.0%        | 5.6%           | -6.9%          | 2.5%           | -                     | -             | -             | -             | -             |
| % of revenue                       | 0.0%          | 0.0%           | 0.0%           | 0.0%           | -                     | -             | -             | -             | -             |
| <b>Reportable segments total</b>   | <b>57,733</b> | <b>108,527</b> | <b>155,502</b> | <b>208,847</b> | <b>21,497</b>         | <b>45,146</b> | <b>71,791</b> | <b>35,995</b> | <b>58,343</b> |
| YoY                                | 3.9%          | -2.8%          | -4.6%          | -3.1%          | -                     | -             | -             | -             | -             |
| % of revenue                       | 100.0%        | 100.0%         | 99.9%          | 99.9%          | 99.3%                 | 99.0%         | 99.1%         | 99.3%         | 99.5%         |
| Other businesses and adjustments   | 6             | 15             | 124            | 125            | 158                   | 467           | 626           | 256           | 319           |
| YoY                                | 20.0%         | -              | -              | -              | -                     | -             | -             | -             | -             |
| % of revenue                       | 0.0%          | 0.0%           | 0.1%           | 0.1%           | 0.7%                  | 1.0%          | 0.9%          | 0.7%          | 0.5%          |
| <b>Operating profit</b>            | <b>4,684</b>  | <b>10,057</b>  | <b>14,040</b>  | <b>23,349</b>  | <b>1,333</b>          | <b>3,161</b>  | <b>3,602</b>  | <b>3,642</b>  | <b>6,274</b>  |
| YoY                                | 211.0%        | 104.9%         | 52.4%          | 82.4%          | -71.5%                | -68.6%        | -74.3%        | -             | -             |
| Operating profit margin            | 8.1%          | 9.3%           | 9.0%           | 11.2%          | 6.2%                  | 6.9%          | 5.0%          | 10.0%         | 10.7%         |
| Solar Panel Manufacturing business | 4,390         | 10,062         | 13,978         | 23,876         | 1,306                 | 3,295         | 3,489         | 3,749         | 5,827         |
| YoY                                | 273.6%        | 118.2%         | 56.6%          | 88.0%          | -70.3%                | -67.3%        | -75.0%        | -             | -             |
| % of total                         | 93.7%         | 100.0%         | 99.6%          | 102.3%         | 98.0%                 | 104.2%        | 96.9%         | 102.9%        | 92.9%         |
| Segment profit margin              | 7.9%          | 9.7%           | 9.4%           | 11.9%          | 6.6%                  | 8.0%          | 5.4%          | 11.0%         | 10.9%         |
| Green Energy business              | 494           | 636            | 885            | 532            | 277                   | 291           | 752           | 129           | 864           |
| YoY                                | -4.6%         | -5.5%          | 0.5%           | -50.6%         | -43.9%                | -54.2%        | -15.0%        | -             | -             |
| % of total                         | 10.5%         | 6.3%           | 6.3%           | 2.3%           | 20.8%                 | 9.2%          | 20.9%         | 3.5%          | 13.8%         |
| Segment profit margin              | 23.9%         | 16.1%          | 13.9%          | 6.4%           | 15.4%                 | 6.9%          | 10.1%         | 6.3%          | 18.4%         |
| IT business                        | 21            | 20             | 27             | 40             | -                     | -             | -             | -             | -             |
| YoY                                | -             | 81.8%          | 58.8%          | -14.9%         | -                     | -             | -             | -             | -             |
| % of total                         | 0.4%          | 0.2%           | 0.2%           | 0.2%           | -                     | -             | -             | -             | -             |
| Segment profit margin              | 13.0%         | 6.6%           | 6.0%           | 6.8%           | -                     | -             | -             | -             | -             |
| Photocatalyst business             | -5            | -10            | 0              | 2              | -                     | -             | -             | -             | -             |
| YoY                                | -             | -              | -              | -              | -                     | -             | -             | -             | -             |
| % of total                         | -             | -              | -              | 0.0%           | -                     | -             | -             | -             | -             |
| Segment profit margin              | -             | -              | -              | 4.9%           | -                     | -             | -             | -             | -             |
| <b>Reportable segments total</b>   | <b>4,901</b>  | <b>10,708</b>  | <b>14,890</b>  | <b>24,450</b>  | <b>1,583</b>          | <b>3,586</b>  | <b>4,241</b>  | <b>3,879</b>  | <b>6,691</b>  |
| YoY                                | 190.9%        | 103.0%         | 52.0%          | 77.4%          | -                     | -             | -             | -             | -             |
| % of total                         | 104.6%        | 106.5%         | 106.1%         | 104.7%         | 118.8%                | 113.4%        | 117.7%        | 106.5%        | 106.6%        |
| Segment profit margin              | 8.5%          | 9.9%           | 9.6%           | 11.7%          | 7.4%                  | 7.9%          | 5.9%          | 10.8%         | 11.5%         |

Source: Shared Research based on company data

Notes: Any differences between figures in the table and those in company data are due to rounding.

From Q1 FY03/25, the reportable segments are reorganized from the four categories of Solar Panel Manufacturing, Green Energy, IT, and Photocatalyst businesses into two categories: Solar Panel Manufacturing and Green Energy businesses. The IT and Photocatalyst businesses are included under Other businesses.

FY03/25 is a nine-month period due to the change in fiscal year-end. Accordingly, YoY comparisons for full-year FY03/25 are made against cumulative Q3 results for FY06/24.

## Profit by segment (by quarter)

| By segment (by quarter)<br>(JPYmn) | FY06/24       |               |               |               | FY03/25 (nine months) |               |               | FY03/26       |               |
|------------------------------------|---------------|---------------|---------------|---------------|-----------------------|---------------|---------------|---------------|---------------|
|                                    | Q1            | Q2            | Q3            | Q4            | Q1                    | Q2            | Q3            | Q1            | Q2            |
| <b>Revenue</b>                     | <b>57,740</b> | <b>50,803</b> | <b>47,083</b> | <b>53,346</b> | <b>21,655</b>         | <b>23,958</b> | <b>26,804</b> | <b>36,251</b> | <b>22,411</b> |
| YoY                                | 3.9%          | -9.3%         | -7.9%         | 1.4%          | -62.5%                | -52.8%        | -43.1%        | -             | -             |
| Solar Panel Manufacturing business | 55,495        | 48,764        | 44,392        | 51,223        | 19,700                | 21,254        | 23,394        | 33,943        | 19,702        |
| YoY                                | 4.2%          | -10.0%        | -8.9%         | 1.2%          | -64.5%                | -56.4%        | -47.3%        | -             | -             |
| % of revenue                       | 96.1%         | 96.0%         | 94.3%         | 96.0%         | 91.0%                 | 88.7%         | 87.3%         | 93.6%         | 87.9%         |
| Green Energy business              | 2,066         | 1,881         | 2,425         | 1,969         | 1,796                 | 2,395         | 3,251         | 2,052         | 2,645         |
| YoY                                | -2.8%         | 5.6%          | 4.5%          | 11.0%         | -13.1%                | 27.3%         | 34.1%         | -             | -             |
| % of revenue                       | 3.6%          | 3.7%          | 5.2%          | 3.7%          | 8.3%                  | 10.0%         | 12.1%         | 5.7%          | 11.8%         |
| IT business                        | 161           | 140           | 149           | 140           | -                     | -             | -             | -             | -             |
| YoY                                | 4.5%          | -19.5%        | -5.1%         | -27.1%        | -                     | -             | -             | -             | -             |
| % of revenue                       | 0.3%          | 0.3%          | 0.3%          | 0.3%          | -                     | -             | -             | -             | -             |
| Photocatalyst business             | 9             | 10            | 8             | 14            | -                     | -             | -             | -             | -             |
| YoY                                | -10.0%        | 25.0%         | -27.3%        | 27.3%         | -                     | -             | -             | -             | -             |
| % of revenue                       | 0.0%          | 0.0%          | 0.0%          | 0.0%          | -                     | -             | -             | -             | -             |
| <b>Reportable segments total</b>   | <b>57,733</b> | <b>50,794</b> | <b>46,975</b> | <b>53,345</b> | <b>21,497</b>         | <b>23,649</b> | <b>26,645</b> | <b>35,995</b> | <b>22,348</b> |
| YoY                                | 3.9%          | -9.5%         | -8.3%         | 1.4%          | -                     | -             | -             | -             | -             |
| % of revenue                       | 100.0%        | 100.0%        | 99.8%         | 100.0%        | 99.3%                 | 98.7%         | 99.4%         | 99.3%         | 99.7%         |
| Other businesses and adjustments   | 6             | 9             | 109           | 1             | 158                   | 309           | 159           | 256           | 63            |
| YoY                                | 20.0%         | -             | -             | -             | -                     | 3333.3%       | 45.9%         | -             | -             |
| % of revenue                       | 0.0%          | 0.0%          | 0.2%          | 0.0%          | 0.7%                  | 1.3%          | 0.6%          | 0.7%          | 0.3%          |
| <b>Operating profit</b>            | <b>4,684</b>  | <b>5,373</b>  | <b>3,983</b>  | <b>9,309</b>  | <b>1,333</b>          | <b>1,828</b>  | <b>441</b>    | <b>3,642</b>  | <b>2,632</b>  |
| YoY                                | 211.0%        | 57.9%         | -7.5%         | 159.2%        | -71.5%                | -66.0%        | -88.9%        | -             | -             |
| Operating profit margin            | 8.1%          | 10.6%         | 8.5%          | 17.5%         | 6.2%                  | 7.6%          | 1.6%          | 10.0%         | 11.7%         |
| Solar Panel Manufacturing business | 4,390         | 5,672         | 3,916         | 9,898         | 1,306                 | 1,989         | 194           | 3,749         | 2,078         |
| YoY                                | 273.6%        | 65.0%         | -9.2%         | 162.3%        | -70.3%                | -64.9%        | -95.0%        | -             | -             |
| % of total                         | 93.7%         | 105.6%        | 98.3%         | 106.3%        | 98.0%                 | 108.8%        | 44.0%         | 102.9%        | 79.0%         |
| Segment profit margin              | 7.9%          | 11.6%         | 8.8%          | 19.3%         | 6.6%                  | 9.4%          | 0.8%          | 11.0%         | 10.5%         |
| Green Energy business              | 494           | 142           | 249           | -353          | 277                   | 14            | 461           | 129           | 735           |
| YoY                                | -4.6%         | -8.4%         | 19.7%         | -             | -43.9%                | -90.1%        | 85.1%         | -             | -             |
| % of total                         | 10.5%         | 2.6%          | 6.3%          | -             | 20.8%                 | 0.8%          | 104.5%        | 3.5%          | 27.9%         |
| Segment profit margin              | 23.9%         | 7.5%          | 10.3%         | -             | 15.4%                 | 0.6%          | 14.2%         | 6.3%          | 27.8%         |
| IT business                        | 21            | -1            | 7             | 13            | -                     | -             | -             | -             | -             |
| YoY                                | -             | -             | 16.7%         | -56.7%        | -                     | -             | -             | -             | -             |
| % of total                         | 0.4%          | -             | 0.2%          | 0.1%          | -                     | -             | -             | -             | -             |
| Segment profit margin              | 13.0%         | -             | 4.7%          | 9.3%          | -                     | -             | -             | -             | -             |
| Photocatalyst business             | -5            | -5            | 10            | 2             | -                     | -             | -             | -             | -             |
| YoY                                | -             | -             | -             | -             | -                     | -             | -             | -             | -             |
| % of total                         | -             | -             | 0.3%          | 0.0%          | -                     | -             | -             | -             | -             |
| Segment profit margin              | -             | -             | 125.0%        | 14.3%         | -                     | -             | -             | -             | -             |
| <b>Reportable segments total</b>   | <b>4,901</b>  | <b>5,807</b>  | <b>4,182</b>  | <b>9,560</b>  | <b>1,583</b>          | <b>2,003</b>  | <b>655</b>    | <b>3,879</b>  | <b>2,812</b>  |
| YoY                                | 190.9%        | 61.8%         | -7.5%         | 139.5%        | -                     | -             | -             | -             | -             |
| % of total                         | 104.6%        | 108.1%        | 105.0%        | 102.7%        | 118.8%                | 109.6%        | 148.5%        | 106.5%        | 106.8%        |
| Segment profit margin              | 8.5%          | 11.4%         | 8.9%          | 17.9%         | 7.4%                  | 8.5%          | 2.5%          | 10.8%         | 12.6%         |

Source: Shared Research based on company data

Notes: Any differences between figures in the table and those in company data are due to rounding.

From Q1 FY03/25, the reportable segments are reorganized from the four categories of Solar Panel Manufacturing, Green Energy, IT, and Photocatalyst businesses into two categories: Solar Panel Manufacturing and Green Energy businesses. The IT and Photocatalyst businesses are included under Other businesses.

## 1H FY03/26 results

The company changed its fiscal year-end from June to March, effective FY03/25. As a result, FY03/25 was a nine-month fiscal period (July 1, 2024 to March 31, 2025). Accordingly, there are no YoY comparisons for 1H FY03/26 results.

- Revenue: JPY58.7bn (45.8% of full-year company forecast)
- Operating profit: JPY6.3bn (54.6%)
- OPM: 10.7%
- Recurring profit: JPY6.1bn (54.0%)
- Net income attributable to owners of the parent: JPY2.8bn (59.7%)

In 1H FY03/26, Abalance reported revenue of JPY58.7bn, operating profit of JPY6.3bn, recurring profit of JPY6.1bn, and net income attributable to owners of the parent of JPY2.8bn. The company recorded JPY1.7bn in foreign exchange gains due to a weaker yen, while the sale of a domestic solar power plant generated a JPY4.3bn gain on sale of fixed assets. In the Solar Panel Manufacturing business, the company booked a JPY1.4bn reversal of provisions for export tariffs. As a result, extraordinary gains totaled JPY5.9bn. Total income taxes came to JPY2.8bn, reflecting deferred income taxes of JPY456mn.

Global demand remained strong in the group's core Solar Panel Manufacturing business. However, in the US market, the US government imposed AD and CVD on four Southeast Asian countries and additionally levied reciprocal tariffs of 20% on Vietnam and 10% on Ethiopia. In response, with a view to driving earnings growth, the company launched cell production at its Ethiopia plant in April 2025, with Phase 1 capacity of 2GW. In August 2025, it commenced Phase 2 cell production (2GW), expanding capacity and increasing sales to customers.

Solar cells made in Ethiopia offer the advantage of a relatively low reciprocal tariff rate when imported into the US, and the company expects to expand product supply to its newly constructed solar panel plant in Texas, as well as sales to external customers. Production of solar panels at the new US plant began in October 2025, with Phase 1 capacity of 1GW. As these products qualify for US government tax incentives, the company anticipates demand from major US solar power developers. The group aims to establish a stable supply system for solar panel-related products in the US market, thereby expanding its Solar Panel Manufacturing business in the US.

## Response to improper accounting treatment and governance structure

On March 14, 2024, following the discovery of improper accounting treatment at WWB, a consolidated subsidiary, related to transactions involving paid provision, the company corrected its prior-year annual securities reports (Q1 FY06/22–Q1 FY06/24). Subsequently, questions arose regarding the background and causes of the improper accounting that necessitated these corrections, prompting the company to establish a third-party committee of external experts on September 2, 2025. According to the committee's investigation report released on December 17, 2025, cases of improper accounting continued to be identified even after April 2025, despite the company having announced measures to strengthen its governance framework. The report concluded that the company's governance issues remain unresolved, noting that "given the reality that issues persist despite the organization's top leadership emphasizing governance, a fundamental overhaul is essential and urgent."

Based on the third-party committee's report, the company announced the resignation of three directors. Representative Director, President, and COO Kunimoto and Vice Chairperson and Director Fujisawa resigned effective December 30, 2025, and Representative Director, Chairperson, and CEO Ryu is scheduled to resign effective April 10, 2026. In addition, Outside Director and Audit & Supervisory Committee Member Nakaya has also expressed her intention to resign (scheduled to resign on April 10, 2026). As a result, the company has no COO as of January 2026.

On January 8, 2026, the company established a verification committee of external experts to review the third-party committee's report, with its findings scheduled to be released around February 20, 2026. After receiving the verification committee's assessment of individual responsibility for directors and other parties, as well as its recommendations regarding a new management structure, the company plans to appoint a new management team at an extraordinary general meeting of shareholders scheduled for April 10, 2026.

## Results in key reportable segments

### Solar Panel Manufacturing business

- Revenue: JPY53.6bn
- Segment profit: JPY5.8bn
- Segment profit margin: 10.9%

In 1H FY03/26, Solar Panel Manufacturing business generated revenue of JPY53.6bn and segment profit of JPY5.8bn, exceeding initial expectations. In the US market, the US government imposed reciprocal tariffs on solar panel-related products manufactured in Vietnam and Ethiopia, in addition to AD and CVD on products made in Vietnam. However, special demand ahead of the tariffs in Q1 drove earnings growth. Strong demand for cells produced at the company's Ethiopia plant (production launched in April 2025) also contributed, as sales began in the US and Asian markets. From Q2 onward, the company strengthened sales of products manufactured at VSUN and TOYO SOLAR's Vietnam plants to Asian customers, mainly in India.

In Q2 (three months), revenue came to JPY19.7bn (-42.0% QoQ). In Q1, special demand emerged in the US ahead of the introduction of AD and CVD, driving increased shipments of solar cells from Vietnam to the US. However, this demand subsided in Q2. Meanwhile, solar cell production at the Ethiopia plant commenced and contributed to revenue. The plant began Phase 1 production (2GW) in April and Phase 2 production (2GW) in August, with production and shipments for both phases beginning as scheduled. Demand in the US remained strong for Ethiopia-made solar cells, as tariffs are lower than those applied to Vietnam-made cells. The company addressed this demand by selling Vietnam-made cells to markets outside the US (such as Asia and Europe), while supplying Ethiopia-made cells to the US. As the company

consolidates the Ethiopia plant's results with a three-month lag, the Phase 2 production (2GW) that began in August will be reflected in earnings from Q3 onward.

In 1H, segment profit exceeded expectations, reflecting higher-than-expected revenue and the cost competitiveness of Ethiopia-made solar cells, which are subject to lower US tariffs. By quarter, segment profit totaled JPY3.7bn in Q1, driven by special demand in the US. In Q2, segment profit declined to JPY2.1bn as revenue fell QoQ due to constraints on shipments of Vietnam-made products to the US. Meanwhile, the segment profit margin declined only 0.5pp QoQ to 10.5% from 11.0% in Q1. While costs for the Ethiopia plant were incurred ahead of revenue in Q1, profitability improved after Phase 1 production began as scheduled in April.

### US tariff measures

The US market, a key sales region for the company, has been subject to multiple tariff measures on solar panel-related products. In 2018, under the Trump administration, the US imposed safeguard measures restricting solar power product imports. In 2022, the Biden administration extended these measures for another four years. However, due to strong domestic demand for solar panels, the US implemented a two-year tariff exemption starting in June 2022, allowing duty-free imports from four Southeast Asian countries (Cambodia, Malaysia, Thailand, and Vietnam). This exemption ended in June 2024 to support domestic industry development and prevent circumvention of tariffs on Chinese products. As a result, these four countries became subject to an investigation in May 2024 to determine whether to impose anti-dumping and countervailing duties. After preliminary decisions in October and November 2024, the final decision was made in April 2025. Ultimately, the tariff rates imposed on VSUN were set at 79.92% for AD and 124.57% for CVD, effective from June 24, 2025.

In April 2025, the US announced plans to impose a 46% reciprocal tariff on imports from Vietnam. Following negotiations between the two countries, a 90-day grace period was granted. In July, the two sides reached an agreement, under which President Trump announced that beginning in August 2025, a 20% tariff would be applied to exports from Vietnam to the US and a 40% tariff would be imposed on goods transshipped through third countries.

As both of the above tariff measures had not yet taken effect during Q1, there was rush demand for solar panels and cells. It should also be noted that Ethiopia is not subject to country-specific tariffs and has been subject only to the baseline 10% tariff since April 2025.

In the US, the One Big Beautiful Bill Act (OBBB Act) was passed by the House of Representatives on May 22, 2025, by the Senate on July 2, and enacted on July 4. While the OBBB Act is a large-scale tax and spending package, it also significantly reduces or abolishes many of the tax credits for renewable energy investment that had been introduced under the Biden administration's Inflation Reduction Act (IRA). Although the Senate's amended version included some partial revisions, Shared Research views the legislation as a potential turning point in policies promoting renewable energy. Under the OBBB Act, tax credits remain available in principle for clean energy production from solar and wind projects that begin operation by 2027, indicating that short-term impacts should be limited. The company reported no change in demand in Q2.

### The company's strategy

While the renewable energy market is expected to see significant growth over the medium to long term, market conditions tend to fluctuate due to policy changes in various countries, as noted above. To address this, the company is taking measures in both sales and manufacturing. On the sales front, it is shifting its focus from a US-centered sales strategy to expanding panel and cell sales in Europe and India. On the manufacturing front, the company established a new solar cell plant in Ethiopia and began production with total capacity of 4GW (2GW from April and an additional 2GW from August). It also built a panel plant in Texas and commenced panel production (1GW) in October 2025. According to the company, demand is strong for cells produced in Ethiopia, as they are free from Chinese capital involvement and only minimally affected by tariffs. Meanwhile, for cells and panels produced in Vietnam, where export profitability to North America has deteriorated due to tariffs, the company is shifting its focus to strengthening sales in Asian markets such as India.

### Green Energy business

- Revenue: JPY4.7bn
- Segment profit: JPY864mn
- Segment profit margin: 18.4%

In 1H FY03/26, the Green Energy business recorded revenue of JPY4.7bn and segment profit of JPY864mn. Led mainly by consolidated subsidiaries WWB and Valors, this business comprises a one-time revenue model involving the sale of solar power plants and components for solar power systems, including panels, power conditioners (PCS), and industrial and residential storage batteries. In addition, under its recurring revenue model, the company continues to own and operate solar power plants after completion, generating income from electricity sales as well as operation and maintenance services.

In 1H, the company reported revenue of JPY2.7bn in its one-time revenue business and JPY1.9bn in its recurring revenue business. As FY03/25 was a nine-month period, a simple comparison with the corresponding prior-year period is not possible. However, compared with the combined total of Q4 FY06/24 (April–June 2024) and Q1 FY03/25 (July–September 2024), revenue from the one-time revenue business grew 125.1%, while revenue from the recurring revenue business fell 25.0%. In the one-time revenue business, sales of solar power plants and sales through major domestic mass retailers were strong. The company attributed the higher segment profit in Q2 to sales of highly profitable solar power plants, but does not expect similar contributions from Q3 onward.

In the recurring revenue business, the company worked on cultivating quality solar power projects by leveraging its in-house development capabilities, while developing and constructing power plants to expand its business base. It is also actively pursuing development and construction of non-FIT power plants and M&A, while striving to build an optimal portfolio to further strengthen its earnings base. In Hokkaido, the company has entered the grid storage battery business to support stable power supply for demand adjustment and in case of power outages. It plans to secure additional projects in the grid storage battery business.

## Equity ratio

At end-September 2025, the equity ratio rose to 21.9%, up from 16.6% at end-FY03/25. To ensure financial soundness, the company plans to strengthen its equity further by increasing retained earnings, focusing on the Solar Panel Manufacturing and Green Energy businesses.

# Full-year company forecast

## Full-year company forecast

|                                                 | FY06/24    |            |            | FY03/25 (nine months) |            |            | FY03/26    |             |             |
|-------------------------------------------------|------------|------------|------------|-----------------------|------------|------------|------------|-------------|-------------|
| (JPYmn)                                         | 1H results | 2H results | FY results | 1H results            | 2H results | FY results | 1H results | 2H forecast | FY forecast |
| Revenue                                         | 108,543    | 100,429    | 208,972    | 45,613                | 26,804     | 72,417     | 58,662     | 69,338      | 128,000     |
| YoY                                             | -2.7%      | -3.2%      | -2.9%      | -58.0%                | -          | -          | -          | -           | -           |
| Operating profit                                | 10,057     | 13,292     | 23,349     | 3,161                 | 441        | 3,602      | 6,274      | 5,226       | 11,500      |
| YoY                                             | 104.9%     | 68.3%      | 82.4%      | -68.6%                | -          | -          | -          | -           | -           |
| Operating profit margin                         | 9.3%       | 13.2%      | 11.2%      | 6.9%                  | 1.6%       | 5.0%       | 10.7%      | 7.5%        | 9.0%        |
| Recurring profit                                | 10,507     | 14,387     | 24,894     | 3,289                 | 448        | 3,737      | 6,097      | 5,203       | 11,300      |
| YoY                                             | 87.6%      | 70.5%      | 77.3%      | -68.7%                | -          | -          | -          | -           | -           |
| Recurring profit margin                         | 9.7%       | 14.3%      | 11.9%      | 7.2%                  | 1.7%       | 5.2%       | 10.4%      | 7.5%        | 8.8%        |
| Net income attributable to owners of the parent | 3,635      | 5,895      | 9,530      | 348                   | 603        | 951        | 2,807      | 1,893       | 4,700       |
| YoY                                             | 69.2%      | 109.3%     | 91.9%      | -90.4%                | -          | -          | -          | -           | -           |
| Net margin                                      | 3.3%       | 5.9%       | 4.6%       | 0.8%                  | 2.2%       | 1.3%       | 4.8%       | 2.7%        | 3.7%        |

Source: Shared Research based on company data

Notes: FY03/25 will be a nine-month fiscal period due to the fiscal year-end change. As a result, YoY comparisons for 2H and full-year results are not available.

Any differences between figures in the table and those in company data are due to rounding.

## FY03/26 company forecast

- Revenue: JPY128.0bn (previous forecast: JPY95.0bn)
- Operating profit: JPY11.5bn (JPY6.0bn)
- OPM: 9.0% (6.3%)
- Recurring profit: JPY11.3bn (JPY6.0bn)
- Net income attributable to owners of the parent: JPY4.7bn (JPY3.0bn)

In January 2026, the company revised its FY03/26 forecast upward. The revised forecast calls for revenue of JPY128.0bn, operating profit of JPY11.5bn, recurring profit of JPY11.3bn, and net income attributable to owners of the



parent of JPY4.7bn. The company expects revenue to exceed its previous forecast, driven by stronger-than-expected sales of panels and cells from Vietnam in the Solar Panel Manufacturing business. It also forecasts operating profit will surpass its previous target, fueled by expanded sales of cost-competitive cells mainly in the US and Asia, as its new plant in Ethiopia got off to a strong start. In light of these developments, the company raised its targets for recurring profit and net income attributable to owners of the parent. At end-April 2025, consolidated subsidiary Fuji Solar repurchased its own shares. As a result, the company's stake in VSUN increased from 44.4% at end-March 2025 to 69.2% at end-June 2025. Its FY03/26 forecast reflects the impact of this transaction.

The company is working to advance future growth investments and business development in line with its management strategy, while also aiming to strengthen its financial position. With regard to shareholder returns, it maintains a basic policy of paying stable dividends. The year-end dividend for FY03/26 has not yet been determined. The company plans to announce them once it has assessed its earnings performance and financial condition. Although the dividend forecast for FY03/25 was also initially undecided, the company ultimately declared an annual dividend of JPY3 per share.

## Solar Panel Manufacturing business

- Revenue: JPY118.0bn (previous forecast: JPY85.0bn)

The company believes that global efforts to address climate change will continue to accelerate the adoption of renewable energy worldwide. As a result, it expects the solar power generation market to grow steadily over the medium to long term. However, since the year before last, an oversupply of solar-related products has weakened market conditions. In the US market—the company's primary sales destination—the US government issued its final decision in April 2025 to impose AD and CVD on imports from Vietnam, which is expected to affect VSUN. In addition, the US government has introduced a baseline tariff of 10% on virtually all imported goods from all countries, and has also decided to impose reciprocal tariffs on selected countries, including Vietnam (with enforcement temporarily suspended for 90 days starting April 9, 2025). Given the ongoing volatility in the international environment, there remains considerable uncertainty surrounding US tax and trade policy. In the US, investment had been accelerating under the Inflation Reduction Act (IRA) and other measures, but with the enactment of the OBBB Act, the situation is changing. The company is closely monitoring how future energy policy developments may affect its group businesses.

The Abalance group intends to continue to diversify sales channels for VSUN's solar panels manufactured in Vietnam and TOYO SOLAR's cells, with a focus on expanding into Europe and Asian markets. In Ethiopia, TOYO built a solar cell plant and commenced Phase 1 production (2GW) in April 2025, followed by Phase 2 production (2GW) in August 2025. Shipments from Phase 1 will be consolidated in the company's earnings from Q2, while shipments from Phase 2 will be reflected from Q3 onward. Cells produced at the Ethiopia plant will be shipped to the panel plant in Texas, which commenced production in October 2025, and will also be sold to external customers in the US. The company plans to finance capital investments primarily through a combination of internal funds and loans from financial institutions.

The company expects revenue in the Solar Panel Manufacturing business to reach JPY118.0bn in FY03/26. It plans to drive revenue growth by increasing shipment volumes through expanded sales channels and by launching production at its US panel plant, which will help reinvigorate sales in the US market. The company does not disclose segment profit, but Shared Research estimates that most of the company's operating profit of JPY11.5bn will come from the Solar Panel Manufacturing business. Earnings from the Ethiopian cell plant and US panel plant will be reflected in consolidated results with a three-month lag, while earnings from the Vietnam operations will be included without delay. As a result, it expects the revenue and profit contribution from the new facilities in Ethiopia and the US to become more apparent in 2H FY03/26. The company also expects the utilization rates of the plants to increase gradually, as it will take time to optimize operations.

## Green Energy business

The Abalance group is strengthening its recurring revenue business by retaining ownership of solar power plants and selling electricity to power companies. In addition to actively developing and constructing non-FIT power plants, the group is also pursuing M&A opportunities to expand its earnings base and working to build an optimal asset portfolio to enhance profitability. In its one-time revenue business, which involves providing solar power-related services, the group is expanding sales of solar and storage systems through partnerships with major domestic retail chains targeting their customer bases. The group is also accelerating overseas expansion and taking proactive steps to address the anticipated future issue of solar panel disposal. As part of its commitment to solving social issues, it continues to promote solar panel reuse initiatives. Furthermore, the group has entered the grid storage battery business in Hokkaido to help ensure stable electricity supply in response to demand fluctuations and potential power outages. Its grid-scale storage facility in Ishikari is scheduled to begin operations in 2026. In addition, Hokkaido Sapporo Battery Energy Storage LLC—established jointly



with nine companies, including WWB—plans to launch operations at the Hokkaido Sapporo Battery Energy Storage Plant in April 2027. The group aims to secure additional projects as it expands its presence in the grid storage business as a recurring-revenue model.

The company announced its entry into the grid storage business in April 2023. The growing adoption of renewable energy—particularly solar power, which has inherently variable output—has heightened the importance of storage batteries for stabilizing electricity supply. More recently, advances in battery technology have reduced installation costs, making the grid storage business a high-potential field with strong prospects for future market growth.

# Medium-term management plan

## Medium-term management plan

In September 2023, the company announced its medium-term management plan (2024–26), with FY06/26 as the final year. However, in August 2024, the company withdrew its numerical targets due to significant changes in its business environment. The company remains committed to growing its business in the global solar panel market, which is expected to continue expanding. To achieve this, it plans to respond swiftly to market and policy changes, build a competitive supply chain in its Solar Panel Manufacturing business, and diversify its sales areas. The company intends to disclose new numerical targets once they can be reasonably calculated.

### Medium-term management plan numerical targets announced in September 2023 (withdrawn in August 2024)

#### Medium-term management plan (announced in September 2023 and withdrawn in August 2024)

|                                                 | FY06/23 |         | FY06/24 (Company forecast) |     |            |            | FY06/25 (Company forecast) |       |            |            | FY06/26 (Company forecast) |       |            |            | CAGR  |
|-------------------------------------------------|---------|---------|----------------------------|-----|------------|------------|----------------------------|-------|------------|------------|----------------------------|-------|------------|------------|-------|
| (JPYmn)                                         | Results |         |                            | YoY | YoY change | % of total | YoY                        |       | YoY change | % of total | YoY                        |       | YoY change | % of total |       |
| Revenue                                         | 215,284 | 251,800 | 17.0%                      |     | 36,516     | 100.0%     | 301,800                    | 19.9% | 50,000     | 100.0%     | 355,800                    | 17.9% | 54,000     | 100.0%     | 18.2% |
| Solar Panel Manufacturing business              | 206,811 | 239,000 | 15.6%                      |     | 32,189     | 94.9%      | 287,000                    | 20.1% | 48,000     | 95.1%      | 338,000                    | 17.8% | 51,000     | 95.0%      | 17.8% |
| Domestic business (one-time revenue)            | 5,270   | 7,800   | 48.0%                      |     | 2,530      | 3.1%       | 8,800                      | 12.8% | 1,000      | 2.9%       | 9,800                      | 11.4% | 1,000      | 2.8%       | 23.0% |
| Domestic business (recurring revenue)           | 3,200   | 5,000   | 56.3%                      |     | 1,800      | 2.0%       | 6,000                      | 20.0% | 1,000      | 2.0%       | 8,000                      | 33.3% | 2,000      | 2.2%       | 35.7% |
| Operating profit                                | 12,804  | 15,800  | 23.4%                      |     | 2,996      | 6.3%       | 25,800                     | 63.3% | 10,000     | 8.5%       | 30,800                     | 19.4% | 5,000      | 8.7%       | 34.0% |
| Recurring profit                                | 14,038  | 15,800  | 12.6%                      |     | 1,762      | 6.3%       | 25,800                     | 63.3% | 10,000     | 8.5%       | 30,800                     | 19.4% | 5,000      | 8.7%       | 29.9% |
| Net income attributable to owners of the parent | 4,965   | 7,000   | 41.0%                      |     | 2,035      | 2.8%       | -                          | -     | -          | -          | -                          | -     | -          | -          | -     |
| Equity ratio                                    | 8.8%    |         |                            |     |            |            |                            |       |            |            | 20.0%                      |       |            |            |       |

Source: Shared Research based on company data.

Notes: The domestic business (one-time revenue) includes revenue from power plant sales and goods (such as panels and batteries) by domestic group companies, as well as sales in the IT and Photocatalyst businesses. The domestic business (recurring revenue) includes revenue from electricity sales in the Green Energy business and stable revenue from operation and maintenance (O&M), and other revenue streams that form the source of cash flow.

The unit price of solar panels is at risk of falling below the planned value if there is a global decline in panel prices, which would cause a drop in sales prices.

The fourth solar panel plant is expected to gradually improve its utilization rate in line with the progress of in-house production of cells, which are key components.

As for the impact of additional tariff measures on solar power generation products (cells and panels) in the US, the company has not factored it in at this point in time as it is difficult to foresee sufficiently.

# Business

## Business overview

The Abalance group comprises the parent company Abalance, consolidated subsidiaries, and affiliates. As a holding company, Abalance oversees and controls group management, while subsidiaries handle business operations. Key consolidated subsidiaries as of end-June 2024 are as follows. In the Solar Panel Manufacturing business, the group includes Vietnam Sunergy Joint Stock Company (VSUN), which primarily produces solar panels, and TOYO (NASDAQ-listed), which owns Cell Company (now TOYO SOLAR Company Limited) as a subsidiary for solar cell production, along with TOYO's affiliates. In the Green Energy business, the group includes WWB Corporation, Valors Corporation, and several solar power generation project companies.

### Main consolidated subsidiaries (end-March 2025)

| Name                                                     | Paid-in capital/capital contributions | Primary business                   | % of voting rights/stake (%) |
|----------------------------------------------------------|---------------------------------------|------------------------------------|------------------------------|
| 1 Vietnam Sunergy Joint Stock Company                    | VND608,600mn                          | Solar Panel Manufacturing business | *44.37                       |
| 2 TOYO Co., Ltd                                          | USD6,010,000                          | Solar Panel Manufacturing business | 45.45                        |
| 3 TOYO SOLAR Co., Ltd                                    | VND1,162,300mn                        | Solar Panel Manufacturing business | 45.45                        |
| 4 TOPTOYO INVSTMENT PTE.LTD.                             | USD10,000                             | Solar Panel Manufacturing business | 45.45                        |
| 5 TOYO China Co., LTD                                    | JPY10mn                               | Solar Panel Manufacturing business | 45.45                        |
| 6 TOYO AMERICA LLC                                       | USD10,000                             | Solar Panel Manufacturing business | 45.45                        |
| 7 TOYO SOLAR MANUFACTURING ONE MEMBER PLC                | USD30,230,000                         | Solar Panel Manufacturing business | 45.45                        |
| 8 TOYO Solar Texas LLC                                   | USD2,957,000                          | Solar Panel Manufacturing business | 34.09                        |
| 9 Fuji Solar Co., Ltd.                                   | JPY1mn                                | Solar Panel Manufacturing business | 51.00                        |
| 10 WWB Corporation                                       | JPY100mn                              | Green Energy business              | 100.00                       |
| 11 Valors Corporation                                    | JPY100mn                              | Green Energy business              | 99.95                        |
| 12 Companio Solar Co., Ltd.                              | JPY1mn                                | Green Energy business              | 99.95                        |
| 13 Japan Mirai Energy Co., Ltd                           | JPY30mn                               | Green Energy business              | 100.00                       |
| 14 J.MIRAI Co., Ltd.                                     | JPY3mn                                | Green Energy business              | 100.00                       |
| 15 WWB Solar 03 LLC                                      | JPY100mn                              | Green Energy business              | 100.00                       |
| 16 Flex Holdings Co., Ltd.                               | JPY30mn                               | Green Energy business              | 100.00                       |
| 17 PV Repower inc.                                       | JPY10mn                               | Green Energy business              | 51.00                        |
| 18 Kakuda Electric Fuel Development Silent Partnership   |                                       | - Green Energy business            | 100.00                       |
| 19 Ohira Village Solar Power Plant Anonymous Partnership |                                       | - Green Energy business            | 100.00                       |

Source: Shared Research based on company data

\*Abalance's ownership interest in VSUN was 69.2% as of end-June 2025.

The company's reportable segments are categorized into two main business areas: Green Energy and Solar Panel Manufacturing. Additionally, under Other businesses, the company operates IT, photocatalyst, and activities involving the purchase, sale, and rental of construction machinery.

- Solar Panel Manufacturing business: In addition to manufacturing and selling solar panels, the company engages in the production and sale of upstream components, including cells, wafers, and ingots.

- **Green Energy business:** The company engages in the sale of solar power plants and related equipment and goods (one-time revenue business) and electricity sales from company-owned solar power plants (recurring revenue business).

Abalance's mainstay businesses are Solar Panel Manufacturing and Green Energy, each accounting for 88.9% and 10.3% of consolidated revenue in FY03/25, respectively. Solar Panel Manufacturing made up 82.3% of operating profit before adjustments and inclusion of Other businesses, while Green Energy accounted for 17.7%. Segment profit margins stood at 5.4% for Solar Panel Manufacturing and 10.1% for Green Energy.

### Revenue and segment profit compositions by reportable segment

| (JPYmn)                            | FY03/25 (nine months) |            |                |            |                       |
|------------------------------------|-----------------------|------------|----------------|------------|-----------------------|
|                                    | Revenue               |            | Segment profit |            | Segment profit margin |
|                                    |                       | % of total |                | % of total |                       |
| Reportable segment                 |                       |            |                |            |                       |
| Solar Panel Manufacturing business | 64,348                | 88.9%      | 3,489          | 82.3%      | 5.4%                  |
| Green Energy business              | 7,442                 | 10.3%      | 752            | 17.7%      | 10.1%                 |
| Reportable segments total          | 71,791                | 99.1%      | 4,241          | 100.0%     | 5.9%                  |
| Other                              | 638                   | 0.88%      | -10            |            | -                     |
| Adjustments                        | -12                   | 0.0%       | -629           |            | -                     |
| Total                              | 72,417                | 100.0%     | 3,602          |            | 5.0%                  |

Source: Shared Research based on company data

## Business overview by reportable segment

### Solar Panel Manufacturing business (88.9% of consolidated revenue in FY03/25)

Major subsidiaries VSUN and TOYO manufacture and sell solar panels. VSUN procures raw materials from Europe, the US, and Asia, manufactures solar panels at its plants in Vietnam, and sells them overseas, mainly to the US, Europe and Asia directly or through overseas branches with sales branch functions.

While the top positions in the global solar panel manufacturer rankings are dominated by Chinese companies, VSUN maintains the largest production volume among the Japanese players.

#### Overview

**Solar Panel Manufacturing business** is operated by VSUN and TOYO. VSUN was founded in June 2015 and is headquartered in Bac Giang Province, Northeast Vietnam. It operates four panel manufacturing plants in Vietnam with a total annual production capacity of 4GW. In April 2024, it also began operations at a new ingot and wafer plant with an annual capacity of 4GW. TOYO operates a 2GW cell manufacturing plant in Vietnam through its subsidiary TOYO SOLAR Company Limited (formerly Vietnam Sunergy Cell Company Limited). As of March 2025, the group's production capacity included 4GW for solar panels and 4GW for ingots and wafers at VSUN, and 2GW for solar cells at TOYO. In addition, TOYO began cell production in Ethiopia (2GW in April 2025 and 2GW in August 2025) and panel production in Texas, US (1GW in October 2025).

#### Production capacity

VSUN has plants in Vietnam (in the Bac Giang and Bac Ninh Provinces) dedicated to the manufacture of solar panels. At end-FY03/25, annual production capacity expanded to a total of 4GW with the July 2021 commencement of operations at the third plant (annual production capacity of 1GW; capital expenditure of USD12mn) and the fourth plant (2.4GW; approximately USD30mn) in January 2023. Furthermore, a new wafer and ingot production plant with an annual capacity of 4GW began operations in April 2024.

TOYO SOLAR produces solar cells, a key component in solar panel manufacturing. In October 2023, it completed a cell plant with an annual production capacity of 4GW, with a total investment of approximately JPY27.0bn. TOYO SOLAR had considered a Phase 2 expansion (an additional 4GW), but in August 2024, it suspended the plan in light of changing market conditions, particularly in the US solar panel market. Instead, it shifted 2GW of the planned capacity from the Vietnam plant to a newly built facility in Ethiopia. The Ethiopian plant, with a Phase 1 capacity of 2GW (approx. JPY9.0bn in investment), was completed in March 2025 and began operations in April. TOYO SOLAR estimates full-capacity revenue (based on a certain utilization rate) at USD135mn. It launched Phase 2 expansion (an additional 2GW; approx. JPY7.0bn) in August 2025.

TOYO SOLAR selected Ethiopia as its new solar cell production base in response to increasing tariff-related issues in exporting panels and cells from Vietnam to the US. According to the company, Ethiopia offers several advantages, including well-developed infrastructure such as electricity, low labor costs, and no risk of anti-dumping or countervailing duties being imposed on exports to the US. As of January 2026, orders for Ethiopia-made cells—largely unaffected by tariff measures—remained strong. The company exports these cells primarily to its panel plant in the US, while also selling them externally.

To operate in the US market, the company determined a domestic manufacturing presence would be essential. TOYO, the parent company of TOYO SOLAR, built a solar panel plant in Texas. In October 2025, the company launched Phase 1 production (1GW; investment of approximately JPY4.5bn). Initially, it expected to add 1.5GW (about JPY9.0bn) by end-2025 to bring total production capacity to 2.5GW. However, it has since put the investment decision for Phase 2 on hold while gauging demand in the US.

## Production capacity trends and plan

| Annual production capacity (GW) | End-June 2023 | End-June 2024 | End-March 2025 | End-March 2026 plan |
|---------------------------------|---------------|---------------|----------------|---------------------|
| Panels                          | 5.0           | 4.0           | 4.0            | 6.5                 |
| Vietnam                         | 5.0           | 4.0           | 4.0            | 4.0                 |
| The US                          | -             | -             | -              | 1.0                 |
| Cells                           | -             | 4.0           | 2.0            | 6.0                 |
| Vietnam                         | -             | 4.0           | 2.0            | 2.0                 |
| Ethiopia                        | -             | -             | -              | 4.0                 |
| Ingots and wafers (Vietnam)     | -             | 4.0           | 4.0            | 4.0                 |
| Total                           | 5.0           | 12.0          | 10.0           | 16.5                |

Source: Shared Research based on company data

Electrical power is measured in terms of watts: one gigawatt (GW) equals one thousand megawatts (MW), which equals one million kilowatts (kW), or one billion watts (W). A typical reactor at a nuclear power plant can produce around one gigawatt of electricity, enough to power roughly 300,000 homes. Kilowatt hour (kWh) refers to the measure of energy equivalent to the expenditure of one kilowatt (1kW=1,000W) for one hour.

## Production plants



Source: Company materials

Note: Panel factory in Vietnam (left); cell plant in Ethiopia (right)

## Solar panel manufacturing processes

The main manufacturing processes for solar panels begin with the creation of a silicon block called ingot. The ingot is then sliced to make silicon wafers, which are subsequently formed into solar cells. Multiple solar cells are then assembled to make solar panels (also referred to as solar modules). In Solar Panel Manufacturing business of the Abalance group, in addition to solar panel production, which is the final step in the process, a cell plant began operations in October 2023, and a wafer plant started in April 2024.

## VSUN's solar panels

Although VSUN's production scale is still small compared to major manufacturers, it is top among Japanese manufacturers, gaining recognition from third-party organizations not only for the quality, reliability, and functionality of its solar panels, but also in terms of its procurement standards. It has also cleared the strict quality standards of major purchasers such as French petroleum company TotalEnergies SE (NYSE: TTE; Euronext: TTE) and French energy and gas company Engie SA (Euronext: ENGI).

From 2021 to 2025, VSUN was selected as a Top Performer in the PV Module Reliability Scorecard (released by US-based PV Evolution Labs [PVEL]) for three consecutive years. Also, in an assessment conducted by EcoVadis—a global rating agency based in France that assesses companies' sustainable sourcing including their action toward human rights issues, VSUN was awarded a Bronze Medal for the second consecutive year since 2021.

The PV Module Reliability Scorecard is a report released since 2012 by US-based independent organization PV Evolution Labs (PVEL), which tests the reliability and performance of solar panels. The report outlines the results of tests conducted by PVEL annually under its product certification program, based on which the brands producing solar panels of superior reliability and durability are certified as Top Performers. (<https://modulescorecard.pvel.com/top-performers/>).

EcoVadis is a global third-party organization that comprehensively evaluates the CSR activities and sustainability of companies with global supply chains in the four areas of the environment, labor and human rights, ethics, and sustainable procurement. Supply chains rated above a certain level in this assessment are socially recognized as being free of particular risks, and in recent years the results of the assessment have been widely used in the United States, Europe, and Japan.

Abalance has been disclosing the key financial information on VSUN (a specified subsidiary) in its annual securities report since FY06/21. In FY03/25 (nine months), VSUN accounted for 76.6% of consolidated revenue. For the same period, VSUN reported revenue of JPY55.4bn, recurring profit of JPY5.0bn, and an RPM of 9.1%.

According to TOYO's financial results for FY12/24, following its NASDAQ listing in July 2024, it posted revenue of USD177mn (+183.7% YoY). Of this, USD127mn came from sales to affiliated companies (+106.9% YoY), and USD50mn came from sales to third parties (up from USD1mn in FY12/23). Operating profit declined 26.1% YoY to USD9mn. Meanwhile, net income rose significantly, boosted by non-operating income associated with a decrease in the fair value of earn-out shares—contingent equity to be paid based on future performance—issued in connection with its SPAC listing.



## VSUN earnings trends

| Vietnam Sunergy Joint Stock Company | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)                             | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Parent  | Parent                   |
| <b>Revenue</b>                      |         |         |         |         |         | 21,013  | 67,429  | 206,811 | 78,240  | 55,436                   |
| YoY                                 | -       | -       | -       | -       | -       | -       | 220.9%  | 206.7%  | -       | -                        |
| % of consolidated revenue           | -       | -       | -       | -       | -       | 78.1%   | 73.2%   | 96.1%   | 37.4%   | 76.6%                    |
| <b>Recurring profit</b>             |         |         |         |         |         | 785     | 1,307   | 13,879  | 9,616   | 5,025                    |
| YoY                                 | -       | -       | -       | -       | -       | -       | 66.5%   | 961.9%  | -       | -                        |
| Recurring profit margin             | -       | -       | -       | -       | -       | 3.7%    | 1.9%    | 6.7%    | 12.3%   | 9.1%                     |
| % of consolidated recurring revenue | -       | -       | -       | -       | -       | 61.9%   | 92.2%   | 98.9%   | 38.6%   | 134.5%                   |
| <b>Net income</b>                   |         |         |         |         |         | 718     | 1,213   | 12,208  | 7,873   | 4,699                    |
| YoY                                 | -       | -       | -       | -       | -       | -       | 68.9%   | 906.4%  | -       | -                        |
| Net margin                          | -       | -       | -       | -       | -       | 3.4%    | 1.8%    | 5.9%    | 10.1%   | 8.5%                     |
| % of consolidated net income        | -       | -       | -       | -       | -       | 77.1%   | 77.9%   | 102.3%  | 39.0%   | 157.5%                   |
| <b>Net assets</b>                   |         |         |         |         |         | 2,762   | 5,222   | 18,217  | 28,513  | 35,646                   |
| YoY                                 | -       | -       | -       | -       | -       | -       | 89.1%   | 248.9%  | -       | -                        |
| % of consolidated net assets        | -       | -       | -       | -       | -       | 57.8%   | 65.7%   | 80.0%   | 67.2%   | 82.3%                    |
| <b>Total assets</b>                 |         |         |         |         |         | 16,894  | 44,967  | 104,666 | 85,975  | 97,555                   |
| YoY                                 | -       | -       | -       | -       | -       | -       | 166.2%  | 132.8%  | -       | -                        |
| % of consolidated total assets      | -       | -       | -       | -       | -       | 42.9%   | 52.8%   | 72.8%   | 57.3%   | 66.9%                    |
| Equity ratio                        | -       | -       | -       | -       | -       | 16.3%   | 11.6%   | 17.4%   | 33.2%   | 36.5%                    |
| ROE (Net income)                    | -       | -       | -       | -       | -       | 26.0%   | 23.2%   | 67.0%   | 27.6%   | 13.2%                    |
| ROA (Net income)                    | -       | -       | -       | -       | -       | 4.3%    | 2.7%    | 11.7%   | 9.2%    | 4.8%                     |

Source: Shared Research based on company data

## TOYO earnings trends

| TOYO                                                   | FY12/23     | FY12/24      |
|--------------------------------------------------------|-------------|--------------|
| (USDmn)                                                | Cons.       | Cons.        |
| <b>Revenue</b>                                         | <b>62.4</b> | <b>177.0</b> |
| YoY                                                    |             | 183.7%       |
| Affiliated companies                                   | 61.5        | 127.3        |
| YoY                                                    |             | 106.9%       |
| Third parties                                          | 0.9         | 49.7         |
| YoY                                                    |             | -            |
| <b>Operating profit</b>                                | <b>12.0</b> | <b>8.9</b>   |
| YoY                                                    |             | -26.1%       |
| Operating profit margin                                | 19.2%       | 5.0%         |
| <b>Net income attributable to owners of the parent</b> | <b>9.9</b>  | <b>40.6</b>  |
| YoY                                                    |             | 310.7%       |
| Net margin                                             | 15.9%       | 23.0%        |
| Total assets                                           | 238.3       | 239.8        |
| Liabilities                                            | 181.4       | 180.4        |
| Net assets                                             | 56.9        | 59.4         |
| Equity ratio                                           | 23.9%       | 24.7%        |
| Net D/E ratio                                          | -0.1        | 1.0          |
| ROE (Net income)                                       |             | 69.9%        |
| ROA (Net income)                                       |             | 17.0%        |

Source: Shared Research based on company data

## Green Energy business (10.3% of consolidated revenue in FY03/25)

In this business, the company trades solar power plants, sells solar panels and related products, owns power plants, and also engages in the development, construction, operation, and maintenance work associated with solar plants. WWB, Valors, and other consolidated subsidiaries and equity-method affiliates are charged with the actual business operations. The Green Energy segment further breaks down into the one-time revenue business and the recurring revenue business, each accounting for 39.8% and 60.1% of segment revenue in FY03/25, respectively.

## Recurring revenue business

In this business, the company uses the solar power plants under its ownership to generate electricity, which it sells to power utilities. The company either develops these facilities on its own or acquires them from other parties through M&A. The electricity being sold mainly falls under the feed-in tariff (FIT) scheme (see below for details). In addition, the company has entered the grid storage battery business in Hokkaido to support stable power supply for demand adjustment and in case of power outages. It plans to secure additional projects in the grid storage battery business.

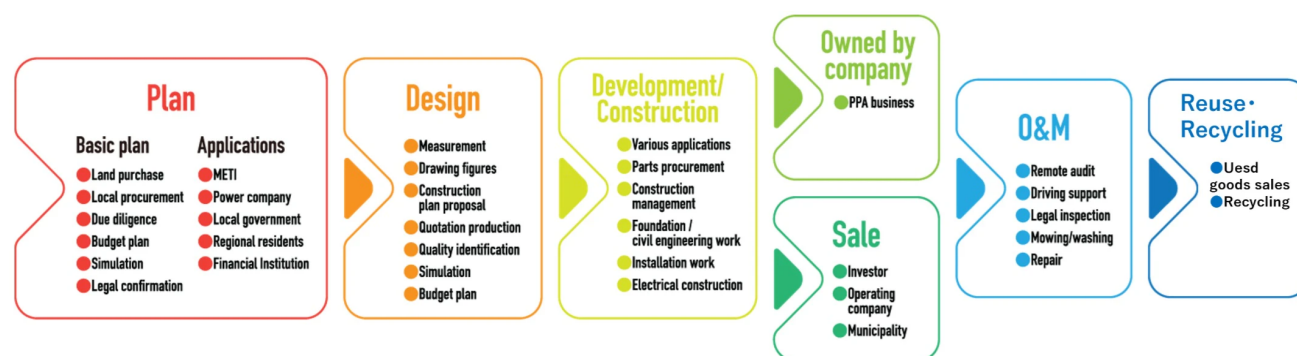
## Solar power plants in operation

The company has so far focused on the ownership of power plants that utilized the FIT scheme, but will also focus efforts on feed-in premium (FIP) schemes, self-consumption, and other non-FIT projects.

## One-time revenue business

In this business, the company trades a wide range of power generation facilities (home-use, industrial, pre-used, and other) and sells goods associated with power generation equipment. It also offers end-to-end solar energy solutions to companies and households through direct sales, agents, and other channels.

## End-to-end services



Source: Shared Research based on company data

## Customers

Customers in the Green Energy recurring revenue business are the buyers of electricity generated by the company's power plants. For power plants operating under the FIT scheme, they are power utilities. In the one-time revenue business, investors are the primary counterparts in power plant trades. Companies and consumers are the customers for solar panel products, which the company sells directly and through distributors.

VSUN sells industrial and home-use solar panels to Solar Panel Manufacturing customers mainly in the US, Europe, and Asia.

## Sales channels

Sales in the Green Energy recurring revenue business is mainly handled by WWB. In the one-time revenue business, the company engages in power plant trades, sells power generation facility-related products, and provides end-to-end solutions from power plant planning to operation and maintenance, mainly through direct sales using the distributors/agents of WWB and Valors.

In the Solar Panel Manufacturing business, the company sells industrial and residential solar panels and cells to the US, Europe, India, Taiwan, and other regions, either directly through VSUN and TOYO or via overseas branches. The group has overseas branches in the US, Germany, and China.

# Earnings structure

## Revenue

In the Green Energy recurring revenue business, the company generates revenue from its solar power plants operating under the FIT scheme. Here, revenue is a function of power generation income per kWh and the volume of electricity sold. The company does not disclose the amount of electricity it sells. The one-time revenue business comprises mainly total product sales related to solar power generation in the Green Energy business.



Revenue in the Solar Panel Manufacturing business is a function of the unit price of solar panels and the sales volume, but the company does not disclose figures such as its solar panel shipment volume.

## Revenue trends

By reportable segment, in FY06/16, Construction Machinery Sales accounted for 11.2% of revenue, IT business 2.0%, and Green Energy business (Solar Power Generation business until FY06/17) 86.8%. In FY06/21, the Solar Panel Manufacturing and Photocatalyst businesses—formerly under Other businesses—were reclassified and added as a new reportable segment in line with the conversion of VSUN to a consolidated subsidiary, resulting in four reportable segments. However, starting in FY03/25, the company streamlined its reportable segments to two: Solar Panel Manufacturing and Green Energy.

## Revenue by segment

| Revenue by segment                    | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)                               | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| Solar Panel Manufacturing business    |         |         |         |         |         | 21,013  | 81,775  | 206,811 | 199,874 | 64,348                   |
| YoY                                   | -       | -       | -       | -       | -       | -       | 289.2%  | 152.9%  | -3.4%   | -                        |
| % of revenue                          | -       | -       | -       | -       | -       | 78.1%   | 88.8%   | 96.1%   | 95.6%   | 88.9%                    |
| Green Energy business                 | 3,940   | 5,636   | 6,513   | 5,178   | 6,248   | 5,311   | 9,921   | 8,002   | 8,341   | 7,442                    |
| YoY                                   | 14.0%   | 43.0%   | 15.6%   | -20.5%  | 20.7%   | -15.0%  | 86.8%   | -19.3%  | 4.2%    | -                        |
| % of revenue                          | 86.8%   | 86.8%   | 89.2%   | 86.5%   | 93.6%   | 19.7%   | 10.8%   | 3.7%    | 4.0%    | 10.3%                    |
| IT business                           | 90      | 101     | 81      | 172     | 58      | 61      | 292     | 677     | 590     |                          |
| YoY                                   | -41.3%  | 12.3%   | -19.5%  | 111.7%  | -66.3%  | 5.2%    | 378.7%  | 131.8%  | -12.9%  | -                        |
| % of revenue                          | 2.0%    | 1.6%    | 1.1%    | 2.9%    | 0.9%    | 0.2%    | 0.3%    | 0.3%    | 0.3%    | -                        |
| Photocatalyst business                |         |         |         |         | 112     | 177     | 80      | 40      | 41      |                          |
| YoY                                   | -       | -       | -       | -       | -       | 58.0%   | -54.8%  | -50.0%  | 2.5%    | -                        |
| % of revenue                          | -       | -       | -       | -       | 1.7%    | 0.7%    | 0.1%    | 0.0%    | 0.0%    | -                        |
| Construction Machinery Sales business | 510     | 758     | 706     | 596     |         |         |         |         |         |                          |
| YoY                                   | -35.3%  | 48.7%   | -6.9%   | -15.6%  | -       | -       | -       | -       | -       | -                        |
| % of revenue                          | 11.2%   | 11.7%   | 9.7%    | 10.0%   | -       | -       | -       | -       | -       | -                        |
| Reportable segments total             | 4,540   | 6,495   | 7,301   | 5,946   | 6,565   | 26,563  | 92,070  | 215,531 | 208,847 | 71,791                   |
| YoY                                   | 3.3%    | 43.1%   | 12.4%   | -18.6%  | 10.4%   | 304.6%  | 246.6%  | 134.1%  | -3.1%   | -                        |
| % of revenue                          | 100.0%  | 100.0%  | 100.0%  | 99.4%   | 98.3%   | 98.7%   | 99.9%   | 100.1%  | 99.9%   | 99.1%                    |
| Other businesses and adjustments      | 0       | 0       | 0       | 39      | 257     | 339     | 52      | -246    | 125     | 626                      |
| YoY                                   | -       | -       | -       | -       | 561.2%  | 31.9%   | -84.7%  | -       | -       | -                        |
| % of revenue                          | -       | -       | -       | 0.6%    | 3.8%    | 1.3%    | 0.1%    | -       | 0.1%    | 0.9%                     |
| Total                                 | 4,540   | 6,495   | 7,301   | 5,985   | 6,678   | 26,901  | 92,122  | 215,284 | 208,972 | 72,417                   |
| YoY                                   | 3.3%    | 43.1%   | 12.4%   | -18.0%  | 11.6%   | 302.8%  | 242.4%  | 133.7%  | -2.9%   | -                        |

Source: Shared Research based on company data

Note: The Green Energy business was referred to as the Solar Power Generation business through FY06/17; same hereinafter  
Any differences between figures in the table and those in company data are due to rounding

## Revenue by region

### Revenue by region

| Revenue composition by region | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25 (nine months) |
|-------------------------------|---------|---------|---------|---------|-----------------------|
| (JPYmn)                       | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                 |
| North America                 | 2,643   | 68,185  | 186,684 | 143,783 | 35,235                |
| YoY                           | -       | -       | 173.8%  | -23.0%  | -                     |
| % of total                    | 9.8%    | 74.0%   | 86.7%   | 68.8%   | 48.7%                 |
| The US                        | -       | -       | 186,549 | 136,044 | -                     |
| YoY                           | -       | -       | -       | -27.1%  | -                     |
| % of total                    | -       | -       | 86.7%   | 65.1%   | -                     |
| Japan                         | 5,533   | 10,792  | 8,605   | 9,089   | 8,068                 |
| YoY                           | -       | 95.0%   | -20.3%  | 5.6%    | -                     |
| % of total                    | 20.6%   | 11.7%   | 4.0%    | 4.3%    | 11.1%                 |
| Europe                        | 1,943   | 3,719   | 10,527  | 8,621   | 726                   |
| YoY                           | -       | 91.4%   | 183.1%  | -18.1%  | -                     |
| % of total                    | 7.2%    | 4.0%    | 4.9%    | 4.1%    | 1.0%                  |
| Asia                          | 16,781  | 1,526   | 1,051   | 47,079  | 28,139                |
| YoY                           | -       | -90.9%  | -31.1%  | 4379.4% | -                     |
| % of total                    | 62.4%   | 1.7%    | 0.5%    | 22.5%   | 38.9%                 |
| Other                         | 0       | 7,898   | 8,416   | 397     | 246                   |
| YoY                           | -       | -       | 6.6%    | -95.3%  | -                     |
| % of total                    | -       | 8.6%    | 3.9%    | 0.2%    | 0.3%                  |
| Of which South America        | 0       | 7,772   | 8,416   | 17      | -                     |
| YoY                           | -       | -       | 8.3%    | -99.8%  | -                     |
| % of total                    | -       | 8.4%    | 3.9%    | 0.0%    | -                     |
| Total                         | 26,901  | 92,122  | 215,284 | 208,972 | 72,417                |
| YoY                           | -       | 242.4%  | 133.7%  | -2.9%   | -                     |

Source: Shared Research based on company data

In FY03/25, the revenue breakdown by region was as follows: North America accounted for 48.7%, Asia (including India) for 38.9%, Japan for 11.1%, Europe for 1.0%, and other regions for 0.3%. Revenue from the US expanded between FY06/21 and FY06/23, but its share has declined since FY06/24 due to shifts in US energy policies under the Biden administration and heightened efforts to reassess supply chains amid rising geopolitical risks. Meanwhile, the company has been strengthening sales from Vietnam to India, driving an increase in the revenue share of Asia. While continuing to prioritize the US market, the company is working to rebuild its global supply chain by expanding sales of solar panel-related products to other markets such as Europe and India.

### US tariff measures for solar power-related imports from Southeast Asia

**In June 2022**, President Biden declared a state of emergency regarding the shortage of solar cells and panels, and issued a presidential proclamation instructing the Secretary of Commerce to take appropriate measures. These included tariff exemptions for imports of solar power-related products from Cambodia, Malaysia, Thailand, and Vietnam for a maximum period of 24 months ("Declaration of Emergency and Authorization for Temporary Extensions of Time and Duty-Free Importation of Solar Cells and Modules from Southeast Asia").

The proclamation spoke of the solar panel bottleneck emerging in the US. The majority of solar modules installed in the US are imported, and in 2020, three-quarters of these imports came from Southeast Asia. That said, due to increasing demand for solar power generation driven by the climate change, carbon neutrality efforts, and rising energy prices, the current level of panel imports no longer satisfies the growing demand in the US.

**In August 2023**, the US Department of Commerce issued its final decision that several solar product manufacturers with Chinese origins were circumventing the Anti-Dumping Duties (AD) and Countervailing Duties (CVD) placed on Chinese solar products (cells and modules) by routing their products through four Southeast Asian countries (Cambodia, Malaysia, Thailand, Vietnam) before exporting them to the US (if conditions are met, the products are not subject to tax until June 2024). VSUN is neither recognized as a circumventing nor as a non-circumventing company, and under US related laws and regulations, if evidence is found that products are completed or assembled in a third country with the intention to evade AD or CVD, the US Department of Commerce may conduct an investigation.

**In May 2024**, the Biden administration announced that the US's tariff exemption measures for four Southeast Asian countries, introduced in June 2022, will end as scheduled on June 6, 2024. From that date onward, imports from these four countries, determined to be circumventing AD and CVD imposed on Chinese imports, will be subject to AD and CVD investigations. The US Department of Commerce will continue to monitor imports to ensure that the US market does not become saturated due to Chinese companies that have increased their production capacities in Southeast Asia to avoid these duties.

**In November 2024**, the US Department of Commerce issued a preliminary decision on November 27 to impose AD on solar cells manufactured in four Southeast Asian countries—Cambodia, Malaysia, Thailand, and Vietnam. Since May 2024, the US government had been conducting an investigation to determine whether to impose AD and CVD on solar cells from these countries. With the preliminary decision, AD collection will begin on the same day as its publication in the Federal Register. The US Department of State has scheduled the final decision for mid-April 2025. Meanwhile, for CVD, a preliminary decision was already announced on October 1, and collection began on October 4.

**In April 2025**, the US Department of Commerce issued its final decision to impose AD and CVD on solar cells produced in four Southeast Asian countries. For Vietnam, the general AD and CVD rates were set at 271.28% and 124.57%, respectively. However, AD rates vary by company, and a separate rate of 77.12% was applied to products from VSUN. Both the AD and CVD took effect on June 24, 2025.

**In April 2025**, the US government announced that, effective April 5, a baseline tariff of 10% would be imposed on virtually all imported goods from all countries and regions (i.e., existing tariffs plus 10%). Furthermore, starting April 9, it said that it planned to implement a "reciprocal tariff" on 57 countries listed in a presidential executive order—including Japan and Vietnam, but excluding Ethiopia—by raising tariffs beyond the baseline to designated rates. After a 90-day suspension period through July 9, negotiations were held between the US and the affected countries. As a result, tariff rates were set at 15% for Japan and 20% for Vietnam (with AD and CVD applied separately), effective August 7. For China, the reciprocal tariff rate was set at 34% (with the additional 24% on top of the 10% baseline suspended for 90 days), and the US also imposed a 20% fentanyl-related tariff, resulting in an effective tariff rate of 30%.

**In November 2025**, following continued negotiations with China, the US government extended the grace period for the 24% portion of the reciprocal tariff (which had been suspended for 90 days in August) through November 2026, and reduced the fentanyl-related tariff to 10%. As a result, a 20% tariff applies to imports from China into the US, with AD and CVD applied separately.

## Cost of revenue

The company had kept its cost of revenue ratio below 80% through FY06/20, before VSUN was made a consolidated subsidiary. From FY06/21, however, the ratio consistently exceeded 80%. In FY06/24, the ratio dipped below 80% again, thanks to the company's progress in in-house production of solar cells, ingots, and wafers. However, in FY03/25, the ratio once again climbed above 80%, primarily due to a sharp decline in solar panel prices and lower factory utilization rates. Shared Research understands that cost of revenue includes the cost of solar panels and the cost of sales for solar power-

related products within the Green Energy business. To ensure stable procurement, the company has been shifting from sourcing materials from Europe, the US, and Asia to in-house production of cells, ingots, and wafers.

| Income statement    | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)             | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| Revenue             | 4,540   | 6,495   | 7,301   | 5,985   | 6,678   | 26,901  | 92,122  | 215,284 | 208,972 | 72,417                   |
| YoY                 | 3.3%    | 43.1%   | 12.4%   | -18.0%  | 11.6%   | 302.8%  | 242.4%  | 133.7%  | -2.9%   | -                        |
| Cost of revenue     | 3,432   | 5,006   | 5,123   | 4,112   | 4,916   | 22,112  | 82,508  | 185,663 | 164,398 | 60,240                   |
| YoY                 | 3.5%    | 45.9%   | 2.3%    | -19.7%  | 19.6%   | 349.8%  | 273.1%  | 125.0%  | -11.5%  | -                        |
| Cost ratio          | 75.6%   | 77.1%   | 70.2%   | 68.7%   | 73.6%   | 82.2%   | 89.6%   | 86.2%   | 78.7%   | 83.2%                    |
| Gross profit        | 1,108   | 1,489   | 2,178   | 1,873   | 1,762   | 4,788   | 9,613   | 29,621  | 44,573  | 12,177                   |
| YoY                 | 2.5%    | 34.4%   | 46.3%   | -14.0%  | -5.9%   | 171.7%  | 100.8%  | 208.1%  | 50.5%   | -                        |
| Gross profit margin | 24.4%   | 22.9%   | 29.8%   | 31.3%   | 26.4%   | 17.8%   | 10.4%   | 13.8%   | 21.3%   | 16.8%                    |

Source: Shared Research based on company data

Any differences between figures in the table and those in company data are due to rounding

## SG&A expenses

The SG&A expense ratio hovered around 20% from FY06/17 through FY06/20, but declined to 12.7% in FY06/21, and has remained between 8–10% since FY06/22. In FY03/25 (a nine-month fiscal period), the largest SG&A component was salaries, allowances, and bonuses, which accounted for 3.1% of revenue, up from the previous period. By contrast, container freight and commission expenses made up 1.3% of revenue, showing a decline in their relative weight. Other SG&A expenses accounted for a sizable 5.4%, mainly due to taxes and dues, including export duties imposed on solar panels shipped by VSUN.

| SG&A expenses                    | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)                          | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| SG&A expenses                    | 710     | 1,374   | 1,251   | 1,265   | 1,400   | 3,427   | 8,007   | 16,816  | 21,224  | 8,575                    |
| YoY                              | 7.6%    | 93.3%   | -8.9%   | 1.1%    | 10.7%   | 144.7%  | 133.6%  | 110.0%  | 26.2%   | -                        |
| SG&A ratio                       | 15.6%   | 21.1%   | 17.1%   | 21.1%   | 21.0%   | 12.7%   | 8.7%    | 7.8%    | 10.2%   | 11.8%                    |
| Commission expenses              | 129     | 327     | 221     | 256     | 229     | 492     | 1,640   | 7,626   | 12,527  | 959                      |
| YoY                              | 25.5%   | 153.7%  | -32.4%  | 15.7%   | -10.5%  | 114.7%  | 233.3%  | 365.0%  | 64.3%   | -                        |
| % of revenue                     | 2.8%    | 5.0%    | 3.0%    | 4.3%    | 3.4%    | 1.8%    | 1.8%    | 3.5%    | 6.0%    | 1.3%                     |
| Salaries, allowances and bonuses | 221     | 303     | 367     | 361     | 400     | 678     | 865     | 2,312   | 3,700   | 2,219                    |
| YoY                              | 5.4%    | 37.3%   | 21.2%   | -1.8%   | 10.8%   | 69.6%   | 27.6%   | 167.3%  | 60.0%   | -                        |
| % of revenue                     | 4.9%    | 4.7%    | 5.0%    | 6.0%    | 6.0%    | 2.5%    | 0.9%    | 1.1%    | 1.8%    | 3.1%                     |
| Depreciation                     | 4       | 21      | 26      | 32      | 25      | 28      | 350     | 509     | 137     | 232                      |
| YoY                              | -26.9%  | 474.6%  | 20.4%   | 24.8%   | -20.8%  | 11.0%   | -       | 45.4%   | -73.1%  | -                        |
| % of revenue                     | 0.1%    | 0.3%    | 0.3%    | 0.5%    | 0.4%    | 0.1%    | 0.4%    | 0.2%    | 0.1%    | 0.3%                     |
| Amortization of goodwill         | 17      | 34      | 101     | 107     | 77      | 12      | 147     | 375     | 401     | 1,134                    |
| YoY                              | 0.0%    | 94.4%   | 200.0%  | 5.7%    | -27.9%  | -84.5%  | -       | 155.1%  | 6.9%    | -                        |
| % of revenue                     | 0.4%    | 0.5%    | 1.4%    | 1.8%    | 1.2%    | 0.0%    | 0.2%    | 0.2%    | 0.2%    | 1.6%                     |
| Directors' compensations         | 91      | 96      | 113     | 118     | 133     | 109     | 115     | 134     | 120     | 92                       |
| YoY                              | 8.0%    | 6.1%    | 17.9%   | 4.2%    | 12.9%   | -18.3%  | 5.5%    | 16.5%   | -10.4%  | -                        |
| % of revenue                     | 2.0%    | 1.5%    | 1.6%    | 2.0%    | 2.0%    | 0.4%    | 0.1%    | 0.1%    | 0.1%    | 0.1%                     |
| R&D expenses                     | -       | 12      | 0       | -       | -       | -       | 74      | 70      | 289     | 48                       |
| YoY                              | -       | -       | -98.0%  | -       | -       | -       | -       | -5.4%   | 312.9%  | -                        |
| % of revenue                     | -       | 0.2%    | 0.0%    | -       | -       | -       | 0.1%    | 0.0%    | 0.1%    | 0.1%                     |
| Provision for doubtful accounts  | 12      | 182     | 13      | -54     | 12      | 18      | 8       | 35      | 164     | 4                        |
| YoY                              | -       | 1422.5% | -93.1%  | -       | -       | 44.3%   | -55.6%  | 337.5%  | 368.6%  | -                        |
| % of revenue                     | 0.3%    | 2.8%    | 0.2%    | -       | 0.2%    | 0.1%    | 0.0%    | 0.0%    | 0.1%    | 0.0%                     |
| Other                            | 237     | 398     | 410     | 446     | 523     | 2,090   | 4,808   | 5,755   | 3,886   | 3,887                    |
| YoY                              | 11.9%   | 67.9%   | 3.0%    | 8.8%    | 17.4%   | 299.4%  | 130.0%  | 19.7%   | -32.5%  | -                        |
| % of revenue                     | 5.2%    | 6.1%    | 5.6%    | 7.4%    | 7.8%    | 7.8%    | 5.2%    | 2.7%    | 1.9%    | 5.4%                     |

Source: Shared Research based on company data

Any differences between figures in the table and those in company data are due to rounding

## Operating profit

Operating profit in FY06/24 reached a record high, driven primarily by the operation of the cell factory, a key component in the Solar Panel Manufacturing business. This enabled in-house cell production, reducing production costs, stabilizing component procurement, and enhancing the company's ability to respond to import regulations in various countries. In contrast, operating profit in FY03/25 declined sharply as the solar panel market was disrupted by US tariff measures. The company responded by expanding sales channels from the US to Europe, India, and Taiwan, and implemented cost-

cutting measures. Meanwhile, the Green Energy business generated stable profit, enabling the company to remain in the black on a consolidated basis.

| Segment profit                        | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)                               | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| Solar Panel Manufacturing business    |         |         |         |         |         | 731     | 1,238   | 12,701  | 23,876  | 3,489                    |
| YoY                                   | -       | -       | -       | -       | -       | -       | 69.4%   | 925.9%  | 88.0%   | -                        |
| % of total                            | -       | -       | -       | -       | -       | 40.9%   | 52.9%   | 92.1%   | 97.6%   | 82.3%                    |
| Green Energy business                 | 625     | 529     | 1,297   | 932     | 817     | 1,005   | 1,112   | 1,076   | 532     | 752                      |
| YoY                                   | 16.0%   | -15.5%  | 145.4%  | -28.2%  | -12.3%  | 23.0%   | 10.6%   | -3.2%   | -50.6%  | -                        |
| % of total                            | 99.7%   | 100.9%  | 105.5%  | 93.4%   | 112.4%  | 56.3%   | 47.5%   | 7.8%    | 2.2%    | 17.7%                    |
| IT business                           | 4       | 26      | 8       | 63      | -41     | 16      | 7       | 47      | 40      | -                        |
| YoY                                   | -85.7%  | 538.0%  | -68.6%  | 658.5%  | -       | -       | -56.3%  | 571.4%  | -14.9%  | -                        |
| % of total                            | 0.7%    | 5.0%    | 0.7%    | 6.3%    | -5.6%   | 0.9%    | 0.3%    | 0.3%    | 0.2%    | -                        |
| Photocatalyst business                |         |         |         |         |         | 32      | -17     | -40     | 2       | -                        |
| YoY                                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -                        |
| % of total                            | -       | -       | -       | -       | -       | 1.8%    | -0.7%   | -0.3%   | 0.0%    | -                        |
| Construction Machinery Sales business | -2      | -31     | -76     | 3       | -50     |         |         |         |         |                          |
| YoY                                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -                        |
| % of total                            | -0.3%   | -5.9%   | -6.1%   | 0.3%    | -6.8%   | -       | -       | -       | -       | -                        |
| Reportable segments total             | 627     | 524     | 1,230   | 997     | 727     | 1,786   | 2,341   | 13,785  | 24,452  | 4,241                    |
| YoY                                   | 3.7%    | -16.5%  | 134.7%  | -18.9%  | -27.1%  | 145.7%  | 31.1%   | 488.9%  | 77.4%   | -                        |
| % of total                            | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%                   |
| Other                                 | 0       | 0       | 0       | -20     | -6      | -54     | -45     | -120    | -300    | -10                      |
| YoY                                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -                        |
| % of total                            | -       | -       | -       | -       | -       | -       | -       | -       | -       | -                        |
| Adjustments                           | -230    | -409    | -303    | -369    | -359    | -370    | -689    | -860    | -802    | -629                     |
| YoY                                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -                        |
| % of total                            | -       | -       | -       | -       | -       | -       | -       | -       | -       | -                        |
| Total                                 | 397     | 115     | 927     | 608     | 362     | 1,361   | 1,605   | 12,804  | 23,349  | 3,602                    |
| YoY                                   | -5.5%   | -71.0%  | 704.7%  | -34.4%  | -40.5%  | 276.4%  | 17.9%   | 697.8%  | 82.4%   | -                        |

Source: Shared Research based on company data

Any differences between figures in the table and those in company data are due to rounding

## OPM

Much like consolidated revenue and operating profit, OPM reached a record 12.7% in FY06/18, but has since trended lower. In FY06/21, OPM declined to 5.1% due to the impact of VSUN becoming a consolidated subsidiary, then to 1.7% in FY06/22 due to raw material price hikes and other factors. In FY06/23, it rose to 5.9% due to the easing of raw material price hikes and price pass-throughs. In FY06/24, strong sales of solar panels by VSUN, along with the progress in in-house production of cells and wafers, significantly boosted profit margins. However, in FY03/25, US tariff measures triggered supply-demand disruptions in the solar panel market, leading to falling sales prices and lower factory utilization rates. As a result, OPM declined to 5.0%.

| Segment profit margin                 | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (%)                                   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| Solar Panel Manufacturing business    | -       | -       | -       | -       | -       | 3.5%    | 1.5%    | 6.1%    | 11.9%   | 5.4%                     |
| Green Energy business                 | 15.9%   | 9.4%    | 19.9%   | 18.0%   | 13.1%   | 18.9%   | 11.2%   | 13.4%   | 6.4%    | 10.1%                    |
| IT business                           | 4.6%    | 26.0%   | 10.2%   | 36.4%   | -       | 26.2%   | 2.4%    | 6.9%    | 6.8%    | -                        |
| Photocatalyst business                | -       | -       | -       | -       | -       | 18.1%   | -       | -       | 4.9%    | -                        |
| Construction Machinery Sales business | -       | -       | -       | 0.4%    | -       | -       | -       | -       | -       | -                        |
| Reportable segments total             | 13.8%   | 8.1%    | 16.8%   | 16.8%   | 11.1%   | 6.7%    | 2.5%    | 6.4%    | 11.7%   | 5.9%                     |
| Total                                 | 8.8%    | 1.8%    | 12.7%   | 10.2%   | 5.4%    | 5.1%    | 1.7%    | 5.9%    | 11.2%   | 5.0%                     |

Source: Shared Research based on company data

Any differences between figures in the table and those in company data are due to rounding

## Capital expenditures

Purchases of solar power plants and equipment for solar panel manufacturing have been the main reasons behind changes in capital expenditures. In FY06/21, capital expenditures rose to 23.4% of consolidated revenue due to such purchases, but since FY06/23 they have declined significantly and have remained at around 5%.

| Capital expenditures       | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)                    | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| Total capital expenditures | 60      | 434     | 408     | 2,096   | 1,408   | 6,290   | 4,406   | 13,258  | 9,629   | 4,142                    |
| % of revenue               | 1.3%    | 6.7%    | 5.6%    | 35.0%   | 21.1%   | 23.4%   | 4.8%    | 6.2%    | 4.6%    | 5.7%                     |

Source: Shared Research based on company data

Any differences between figures in the table and those in company data are due to rounding

## Earning potential

In FY06/24, ROE and ROA rose YoY to 52.4% and 16.9%, respectively. ROE slightly declined YoY, while ROA grew. The average period in inventory fell from 4.3 months in FY06/21 to 2.7 months in FY06/24. The average accounts receivable turnover period was one month or less for all fiscal years, while the average accounts payable turnover period declined from 1.6 months in FY06/21 to 1.0 months in FY06/24. As a result, the cash conversion cycle also declined from 3.0 months to 1.8 months. The company is working to optimize its overall supply chain, spanning from order receipt to production and shipping, to maintain and enhance profitability.

| Profit margins                                                 | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|----------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)                                                        | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| Revenue                                                        | 4,540   | 6,495   | 7,301   | 5,985   | 6,678   | 26,901  | 92,122  | 215,284 | 208,972 | 72,417                   |
| Cost of revenue                                                | 3,432   | 5,006   | 5,123   | 4,112   | 4,916   | 22,112  | 82,508  | 185,663 | 164,398 | 60,240                   |
| Gross profit                                                   | 1,108   | 1,489   | 2,178   | 1,873   | 1,762   | 4,788   | 9,613   | 29,621  | 44,573  | 12,177                   |
| Operating profit                                               | 397     | 115     | 927     | 608     | 362     | 1,361   | 1,605   | 12,804  | 23,349  | 3,602                    |
| YoY                                                            | -5.5%   | -71.0%  | 704.7%  | -34.4%  | -40.5%  | 276.4%  | 17.9%   | 697.8%  | 82.4%   | -                        |
| Operating profit margin                                        | 8.8%    | 1.8%    | 12.7%   | 10.2%   | 5.4%    | 5.1%    | 1.7%    | 5.9%    | 11.2%   | 5.0%                     |
| Net income attributable to owners of the parent                | 231     | -176    | 757     | 316     | 211     | 537     | 806     | 4,965   | 9,530   | 951                      |
| YoY                                                            | 15.8%   | -       | -       | -58.2%  | -33.1%  | 154.2%  | 50.1%   | 516.0%  | 91.9%   | -                        |
| Net margin                                                     | 5.1%    | -       | 10.4%   | 5.3%    | 3.2%    | 2.0%    | 0.9%    | 2.3%    | 4.6%    | 1.3%                     |
| Inventories                                                    | 1,051   | 3,061   | 3,987   | 3,804   | 5,000   | 10,947  | 30,552  | 53,168  | 20,291  | 21,865                   |
| YoY                                                            | 75.3%   | 191.3%  | 30.2%   | -4.6%   | 31.4%   | 118.9%  | 179.1%  | 74.0%   | -61.8%  | -                        |
| % of total assets                                              | 37.7%   | 47.8%   | 55.5%   | 34.6%   | 33.9%   | 27.8%   | 35.9%   | 37.0%   | 13.5%   | 15.0%                    |
| Accounts receivable                                            | 473     | 335     | 335     | 393     | 303     | 1,312   | 6,156   | 2,011   | 3,558   | 5,434                    |
| YoY                                                            | -9.9%   | -29.2%  | 0.2%    | 17.2%   | -22.8%  | 332.5%  | 369.2%  | -67.3%  | 76.9%   | -                        |
| % of total assets                                              | 16.9%   | 5.2%    | 4.7%    | 3.6%    | 2.1%    | 3.3%    | 7.2%    | 1.4%    | 2.4%    | 3.7%                     |
| Accounts payable                                               | 529     | 331     | 411     | 533     | 991     | 5,058   | 14,595  | 16,412  | 12,252  | 10,131                   |
| YoY                                                            | 21.3%   | -37.3%  | 23.9%   | 29.8%   | 86.0%   | 410.4%  | 188.6%  | 12.4%   | -25.3%  | -                        |
| % of total assets                                              | 18.9%   | 5.2%    | 5.7%    | 4.8%    | 6.7%    | 12.8%   | 17.1%   | 11.4%   | 8.2%    | 6.9%                     |
| Shareholders' equity                                           | 1,219   | 1,077   | 1,767   | 1,969   | 2,093   | 4,006   | 5,873   | 12,596  | 23,800  | 24,182                   |
| YoY                                                            | 17.4%   | -11.6%  | 64.0%   | 11.4%   | 6.3%    | 91.4%   | 46.6%   | 114.5%  | 88.9%   | -                        |
| % of total assets                                              | 43.7%   | 16.8%   | 24.6%   | 17.9%   | 14.2%   | 10.2%   | 6.9%    | 8.8%    | 15.8%   | 16.6%                    |
| Total assets                                                   | 2,790   | 6,400   | 7,189   | 10,985  | 14,765  | 39,388  | 85,121  | 143,691 | 150,173 | 145,802                  |
| YoY                                                            | 10.2%   | 129.4%  | 12.3%   | 52.8%   | 34.4%   | 166.8%  | 116.1%  | 68.8%   | 4.5%    | -                        |
| % of total assets                                              | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%                   |
| Cash flows from operating activities                           | 206     | -984    | 405     | -147    | -861    | -608    | -6,449  | 18,526  | 44,757  | -10,361                  |
| Cash flows from investing activities                           | -75     | -864    | -559    | -1,620  | -472    | -1,391  | -13,221 | -20,670 | -21,191 | -2,620                   |
| FCF                                                            | 131     | -1,848  | -155    | -1,766  | -1,333  | -1,999  | -19,670 | -2,144  | 23,566  | -12,981                  |
| Cash flows from financing activities                           | -85     | 1,991   | -62     | 1,913   | 1,465   | 5,290   | 17,752  | 17,235  | -5,446  | 4,128                    |
| ROA (RP-based)                                                 | 16.0%   | 1.1%    | 12.9%   | 6.2%    | 2.4%    | 4.7%    | 2.3%    | 12.3%   | 16.9%   | -                        |
| ROE                                                            | 20.5%   | -15.3%  | 53.2%   | 16.9%   | 10.4%   | 17.6%   | 16.3%   | 53.8%   | 52.4%   | -                        |
| Tangible fixed asset turnover (excl. construction in progress) | 22.0    | 9.0     | 5.5     | 2.7     | 2.1     | 3.1     | 5.6     | 9.8     | 5.9     | -                        |
| Total asset turnover                                           | 1.7     | 1.4     | 1.1     | 0.7     | 0.5     | 1.0     | 1.5     | 1.9     | 1.4     | -                        |
| Inventory turnover                                             | 4.2     | 2.4     | 1.5     | 1.1     | 1.1     | 2.8     | 4.0     | 4.4     | 4.5     | -                        |
| Average period in inventory (months) ①                         | 2.9     | 4.9     | 8.3     | 11.4    | 10.7    | 4.3     | 3.0     | 2.7     | 2.7     | -                        |
| Accounts receivable turnover period (months) ②                 | 1.3     | 0.7     | 0.6     | 0.7     | 0.6     | 0.4     | 0.5     | 0.2     | 0.2     | -                        |
| Accounts payable turnover period (months) ③                    | 1.7     | 1.0     | 0.9     | 1.4     | 1.9     | 1.6     | 1.4     | 1.0     | 1.0     | -                        |
| Cash conversion cycle (months) ①+②-③                           | 2.5     | 4.6     | 7.9     | 10.7    | 9.5     | 3.0     | 2.1     | 1.9     | 1.8     | -                        |

Source: Shared Research based on company data

Any differences between figures in the table and those in company data are due to rounding

## Financial standing

In FY03/25, shareholders' equity (excluding subscription rights and noncontrolling interests) increased to JPY24.2bn due to capital increases and accumulated profits. The equity ratio was 16.6%, up from 15.8% in FY06/24. To ensure financial soundness, the company plans to continue strengthening its equity by accumulating retained earnings through the growth of its Solar Panel Manufacturing and Green Energy businesses.

| Financial ratios     | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)              | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| Shareholders' equity | 1,219   | 1,077   | 1,767   | 1,969   | 2,093   | 4,006   | 5,873   | 12,596  | 23,800  | 24,182                   |
| Equity ratio         | 43.7%   | 16.8%   | 24.6%   | 17.9%   | 14.2%   | 10.2%   | 6.9%    | 8.8%    | 15.8%   | 16.6%                    |

Source: Shared Research based on company data

Any differences between figures in the table and those in company data are due to rounding

# Market and value chain

Here, we will primarily focus on the solar panel market, where the mainstay businesses of the Abalance group belong. While there are no official statistics indicating the global market size for solar panels alone, the International Energy Agency (IEA) gives an estimate of the overall solar power generation market in its "Trends in Photovoltaic Applications" report. In Japan, Yano Research Institute Ltd. publishes forecasts on the amount of solar power generation installed in Japan.

## Solar power generation market

According to the IEA, total revenue generated in the global solar power sector, including revenue from silicon, wafers, cells, and panels, reached USD430bn in 2024 (approximately JPY65tn based on average exchange rate of JPY150/USD), up 7.5% YoY. This figure was calculated, taking into account the solar panel (PV) annual installations, cumulative installations, and average cost of installation. Neither the base figures of the calculations, such as volume and per-unit value, nor data on future outlook are disclosed in the IEA report.

Total revenue generated in the global solar power sector grew at a CAGR of 26.1% over the past five years, with slower growth recorded in 2024. Since the IEA does not disclose the details of its calculations, we attempted to estimate the value of PV per GW by simply dividing the total revenue by the PV annual installation data (in GW) in the IEA report. The Shared Research estimate (referred to as "reference value" in the table below) showed that from 2019, total revenue in the solar power sector grew due to an increase in the amount of PV installations, which more than compensated for the decline in unit value per GW. Notably, from 2022 onward, unit value declines exceeded 10%, with volume growth acting as the primary driver of revenue expansion.

### Total revenue generated by the global solar power generation market

|                              | 2015   | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    | Five-year<br>CAGR | 10-year<br>CAGR |
|------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|-----------------|
| Total revenue (USDmn)        | 80,000 | 110,000 | 110,000 | 132,000 | 135,000 | 160,000 | 190,000 | 230,000 | 400,000 | 430,000 |                   |                 |
| YoY                          | -2.4%  | 37.5%   | 0.0%    | 20.0%   | 2.3%    | 18.5%   | 18.8%   | 21.1%   | 73.9%   | 7.5%    | 26.1%             | 18.0%           |
| (Reference value)            |        |         |         |         |         |         |         |         |         |         |                   |                 |
| PV annual installations (GW) | 51     | 77      | 103     | 105     | 113     | 146     | 174     | 236     | 465     | 601     |                   |                 |
| YoY                          | 25.9%  | 52.1%   | 34.0%   | 1.7%    | 7.9%    | 28.9%   | 19.2%   | 36.0%   | 97.0%   | 29.2%   | 39.7%             | 31.1%           |
| Unit value (per GW, USDmn)   | 1,584  | 1,432   | 1,069   | 1,262   | 1,196   | 1,100   | 1,095   | 975     | 860     | 715     |                   |                 |
| YoY                          | -22.5% | -9.6%   | -25.4%  | 18.0%   | -5.2%   | -8.0%   | -0.4%   | -11.0%  | -11.7%  | -16.8%  | -9.8%             | -10.0%          |

Source: Shared Research based on data from the respective years' "Trends in Photovoltaic Applications" report published by the International Energy Agency



# Global electricity demand and supply; output capacity

## Outlook on global electricity demand and supply

The IEA's World Energy Outlook 2025 report (the WEO) predicts that global energy systems will be transformed over the next decade as power supply systems are reshaped by the rise of solar, wind, electric vehicles, heat pumps, and other clean energy technologies. Global electricity demand will increase in all scenarios due to population growth, rising incomes, and increasing end-use electrification. By 2055, electricity demand is expected to grow 182% from 2024 levels in the current policies scenario (CPS), 210% in the stated policies scenario (STEPS), and 334% in the net zero emissions by 2050 scenario (NZE). Additional demand will be met primarily by renewable energy, nuclear power, fossil fuels with CCUS, hydrogen, and ammonia, all of which will account for a higher share of electricity supply in each scenario.

### WEO presents outlook in three scenarios

The WEO report presents three scenarios, providing a framework to explore the effects of various policy choices, investment trends, and technological developments on the projections. Assumptions for each of the scenarios are as follows.

\* The **current policies scenario (CPS)** is the most conservative scenario and reflects only policies and regulations currently in force

\* The **stated policies scenario (STEPS)** incorporates strategies that countries have already announced, but does not assume full achievement of aspirational targets

\* The **net zero emissions by 2050 scenario (NZE)** assumes policy measures and technology developments required to limit the increase in global average temperature to 1.5°C and achieve net-zero CO<sub>2</sub> emissions by 2050

## Outlook on installed electricity capacity

The WEO also provides an outlook on installed electricity capacity by source. In all scenarios, installed capacity of solar and wind power is expected to expand the most. Under the CPS, solar power capacity is expected to grow from 2,164GW in 2024 to 8,067GW in 2035, 10,415GW in 2045, and 13,804GW in 2055. The STEPS and NZE scenarios require even larger growth in installed capacity.

## Outlook on global installed capacity by power source

| Outlook on installed capacity by power source (GW) | Results |        | CPS    |        |        | STEPS  |        |        | NZE    |        |        |
|----------------------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                                    | 2023    | 2024   | 2035   | 2045   | 2055   | 2035   | 2045   | 2055   | 2035   | 2045   | 2055   |
| Total                                              | 9,441   | 10,249 | 20,045 | 23,691 | 28,941 | 21,144 | 25,591 | 31,738 | 26,552 | 34,596 | 44,511 |
| Versus 2024                                        | -       | -      | 96%    | 131%   | 182%   | 106%   | 150%   | 210%   | 159%   | 238%   | 334%   |
| Renewable energy                                   | 4,249   | 4,935  | 12,652 | 15,665 | 20,023 | 13,680 | 17,528 | 22,940 | 19,601 | 27,003 | 35,983 |
| Solar                                              | 1,625   | 2,164  | 8,067  | 10,415 | 13,804 | 8,855  | 11,922 | 16,209 | 12,499 | 17,847 | 24,201 |
| Wind                                               | 1,016   | 1,131  | 2,552  | 2,995  | 3,561  | 2,763  | 3,290  | 3,985  | 4,494  | 6,030  | 8,001  |
| Hydroelectric                                      | 1,410   | 1,437  | 1,730  | 1,891  | 2,174  | 1,746  | 1,924  | 2,236  | 2,037  | 2,317  | 2,616  |
| Biomass and other sources                          | 175     | 181    | 247    | 274    | 327    | 258    | 299    | 345    | 413    | 522    | 674    |
| Nuclear                                            | 415     | 420    | 563    | 638    | 728    | 574    | 663    | 784    | 714    | 892    | 1,079  |
| Hydrogen and Ammonia                               | -       | -      | 16     | 25     | 28     | 16     | 26     | 30     | 258    | 344    | 420    |
| Fossil fuels (using CCUS)                          | 0       | 0      | 4      | 10     | 12     | 5      | 12     | 14     | 138    | 210    | 242    |
| Fossil fuels                                       | 4,669   | 4,708  | 5,383  | 5,409  | 5,380  | 5,205  | 5,025  | 4,580  | 2,948  | 2,020  | 1,066  |
| Storage battery                                    | 89      | 166    | 1,414  | 1,934  | 2,760  | 1,652  | 2,327  | 3,380  | 2,885  | 4,120  | 5,716  |

Source: Shared Research based on "World Energy Outlook 2025" report released by the International Energy Agency

Based on the projections for solar and wind installed capacity, Shared Research estimates the required annual additions in installed capacity as follows. Under the CPS, the required addition per year comes to 537GW through 2035, 393GW through 2045, and 375GW through 2055. Since annual additions in installed capacity totaled 539GW in 2024, the most conservative CPS scenario indicates that 2024-level supply capacity would meet demand through 2055. In contrast, under the NZE, required annual additions through 2035 are 940GW, which means supply capacity must increase to 1.7x the 2024 level.

## Outlook on installed capacity for solar and wind power

| Outlook on installed capacity for solar and wind power | Results |       | CPS   |        |        | STEPS |        |        | NZE    |        |        |
|--------------------------------------------------------|---------|-------|-------|--------|--------|-------|--------|--------|--------|--------|--------|
| (GW)                                                   | 2023    | 2024  | 2035  | 2045   | 2055   | 2035  | 2045   | 2055   | 2035   | 2045   | 2055   |
| Solar                                                  | 1,625   | 2,164 | 8,067 | 10,415 | 13,804 | 8,855 | 11,922 | 16,209 | 12,499 | 17,847 | 24,201 |
| Projected annual growth of installed capacity          | -       | 539   | 537   | 393    | 375    | 608   | 465    | 453    | 940    | 747    | 711    |
| Wind                                                   | 1,016   | 1,131 | 2,552 | 2,995  | 3,561  | 2,763 | 3,290  | 3,985  | 4,494  | 6,030  | 8,001  |
| Projected annual growth of installed capacity          | -       | 115   | 129   | 89     | 78     | 148   | 103    | 92     | 306    | 233    | 222    |

Source: Shared Research based on "World Energy Outlook 2025" report released by the International Energy Agency

The "Renewables 2025" report by the IEA provides historical data on solar power capacity by country and region. In 2024, the global installed solar power capacity was 2,161GW, with China having the largest share at 1,005GW, followed by the US at 220GW, India at 126GW, and Japan at 120GW. According to "Renewables 2025," global installed capacity posted a CAGR of 26.7% from 2020 to 2024. The forecast for installed capacity from 2025 to 2030 calls for a CAGR of 17.6%, which is lower than in 2020–2024 but still indicates strong growth. Among regions with large installed capacity, China, Europe, and the US are expected to post CAGRs of 20.7%, 13.3%, and 11.8%, respectively. Strong growth is also expected in India, Brazil, and Turkey. Conversely, Japan's growth is projected at a more modest CAGR of 4.8%.

Shared Research believes that regulations and industrial policies implemented by governments worldwide aiming to achieve carbon-neutral societies by 2050 are sustaining this high growth rate. According to the IEA, achieving net zero emissions by 2050 will require a total of 11,000GW of renewable energy capacity by 2030, including solar power. However, the IEA's 2030 forecast (main case) predicts a combined capacity of around 9,500GW, including 5,706GW from solar power and other renewables, indicating that the growth pace, even if sustained, will not reach 11,000GW by 2030.

## Outlook on installed capacity by country and region

| (GW)        | 2020    | 2021    | 2022    | 2023    | 2024    | 2025     | 2026     | 2027     | 2028     | 2029     | 2030     | 20 - 24     | 25 - 30       | 20 - 24         | 25 - 30           |
|-------------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|-------------|---------------|-----------------|-------------------|
|             | Results | Results | Results | Results | Results | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Actual CAGR | Forecast CAGR | Actual increase | Forecast increase |
| Global      | 811     | 977     | 1,199   | 1,623   | 2,161   | 2,746    | 3,286    | 3,844    | 4,417    | 5,034    | 5,706    | 26.7%       | 17.6%         | 1,499           | 3,546             |
| China       | 279     | 340     | 434     | 681     | 1,005   | 1,367    | 1,679    | 1,996    | 2,335    | 2,704    | 3,113    | 34.8%       | 20.7%         | 780             | 2,108             |
| (Europe)    | 175     | 207     | 250     | 322     | 395     | 465      | 535      | 607      | 681      | 758      | 836      | 21.0%       | 13.3%         | 243             | 442               |
| US          | 95      | 119     | 138     | 170     | 220     | 264      | 302      | 341      | 367      | 396      | 428      | 23.8%       | 11.8%         | 144             | 209               |
| India       | 51      | 64      | 83      | 95      | 126     | 165      | 207      | 252      | 299      | 348      | 400      | 22.2%       | 21.2%         | 80              | 274               |
| Japan       | 88      | 97      | 106     | 114     | 120     | 126      | 132      | 138      | 144      | 152      | 159      | 9.6%        | 4.8%          | 44              | 39                |
| Germany     | 54      | 60      | 68      | 83      | 100     | 117      | 134      | 154      | 173      | 193      | 212      | 15.3%       | 13.4%         | 51              | 113               |
| Brazil      | 9       | 15      | 27      | 42      | 58      | 72       | 86       | 99       | 108      | 117      | 125      | 63.4%       | 13.5%         | 53              | 66                |
| Spain       | 12      | 16      | 25      | 35      | 45      | 54       | 61       | 67       | 72       | 78       | 86       | 35.2%       | 11.4%         | 35              | 41                |
| Australia   | 22      | 26      | 31      | 35      | 40      | 45       | 49       | 54       | 60       | 65       | 70       | 19.0%       | 9.8%          | 23              | 30                |
| Italy       | 22      | 23      | 25      | 30      | 37      | 43       | 48       | 54       | 60       | 67       | 75       | 12.0%       | 12.6%         | 16              | 38                |
| South Korea | 17      | 21      | 24      | 28      | 31      | 34       | 37       | 40       | 43       | 46       | 50       | 19.5%       | 8.0%          | 18              | 18                |
| Netherlands | 12      | 16      | 20      | 24      | 28      | 32       | 35       | 39       | 42       | 44       | 47       | 29.3%       | 9.1%          | 20              | 19                |
| France      | 12      | 15      | 17      | 20      | 25      | 31       | 37       | 43       | 49       | 53       | 57       | 18.5%       | 14.6%         | 14              | 32                |
| Turkey      | 8       | 10      | 12      | 19      | 24      | 29       | 35       | 41       | 47       | 54       | 61       | 27.3%       | 16.6%         | 17              | 37                |
| Vietnam     | 19      | 20      | 20      | 21      | 21      | 22       | 24       | 26       | 30       | 34       | 39       | 24.9%       | 10.6%         | 14              | 18                |
| Poland      | 4       | 7       | 12      | 17      | 21      | 24       | 28       | 31       | 35       | 39       | 43       | 68.9%       | 13.2%         | 19              | 23                |
| Other       | 108     | 131     | 160     | 210     | 260     | 322      | 392      | 471      | 555      | 645      | 741      | 23.8%       | 19.1%         | 170             | 482               |

Source: "Renewables 2025" report released by the International Energy Agency

Note: Estimates are based on the main scenario

## Solar panel production capacity, production, and prices

The IEA forecasts continued growth in solar power installed capacity alongside robust growth in solar panel production capacity. In 2024, production capacity increased 27.4% YoY to 1,405GW, and the five-year CAGR came to 45.0%. In contrast, actual production in 2024 rose 18.6% YoY to 726GW. Capacity utilization in 2024 (production volume/production capacity) came to 51.7%.

## Solar panel production and production capacity

| (GW)                                  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | Five-year CAGR | 10-year CAGR |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------------|--------------|
| Production capacity (a)               | 94    | 105   | 155   | 184   | 219   | 327   | 483   | 717   | 1,103 | 1,405 |                |              |
| YoY                                   | 39.3% | 11.9% | 47.7% | 18.7% | 19.2% | 49.0% | 47.8% | 48.4% | 53.9% | 27.4% | 45.0%          | 35.5%        |
| Production volume (b)                 | 63    | 78    | 105   | 116   | 140   | 179   | 242   | 379   | 612   | 726   |                |              |
| YoY                                   | 36.3% | 24.6% | 34.7% | 10.3% | 21.0% | 27.9% | 35.0% | 56.2% | 61.7% | 18.6% | 38.9%          | 31.8%        |
| Capacity utilization rate (%) (b)÷(a) | 66.9% | 74.4% | 67.9% | 63.1% | 64.0% | 54.9% | 50.2% | 52.8% | 55.5% | 51.7% |                |              |

Source: Shared Research based on data from the "Trends in Photovoltaic Applications 2025" report by the International Energy Agency

The global prices of solar panels (modules) have been declining as the market expanded. In 2015, the module price was approximately USD0.55 per watt, but by December 2024, it had dropped to USD0.10 per watt. Although the downward trend paused in 2025, prices have remained at historically low levels. Prices temporarily rose in 2021 and 2022 amid surging demand spurred by aggressive green policies in Europe and the US during the COVID-19 pandemic. However, the long-term trend over the past decade has been a steady decline. In 2023 and 2024, prices fell sharply as a result of capital investments in China. Since the beginning of 2025, prices appear to have stabilized. The prices of materials used in modules, such as cells, wafers, and polysilicon, have shown similar price fluctuations, with greater volatility observed further upstream in the supply chain.

## Solar panel prices

| (USD)                                | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022  | 2023   | 2024   | 2025   |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|
| Polycrystalline silicon (per kg)     | 12.83  | 14.6   | 16.65  | 9.02   | 7.74   | 9.66   | 35.82  | 39.9  | 14.4   | 12.1   | 12.0   |
| YoY                                  | -34.1% | 13.8%  | 14.0%  | -45.8% | -14.2% | 24.8%  | 270.8% | 11.4% | -63.9% | -16.0% | -0.8%  |
| Wafer (monocrystalline) (per wafer)  | 0.89   | 0.79   | 0.72   | 0.38   | 0.39   | 0.42   | 0.68   | 1.06  | 0.34   | 0.17   | 0.18   |
| YoY                                  | -23.3% | -11.2% | -8.9%  | -47.2% | 2.6%   | 7.7%   | 61.9%  | 55.9% | -67.9% | -50.0% | 5.9%   |
| Solar cell (monocrystalline) (per W) | 0.33   | 0.22   | 0.21   | 0.13   | 0.12   | 0.12   | 0.15   | 0.18  | 0.06   | 0.04   | 0.04   |
| YoY                                  | 3.1%   | -33.3% | -4.5%  | -38.1% | -7.7%  | 0.0%   | 25.0%  | 20.0% | -66.7% | -33.3% | 0.0%   |
| Module (monocrystalline) (per W)     | 0.55   | 0.39   | 0.35   | 0.23   | 0.25   | 0.21   | 0.26   | 0.27  | 0.14   | 0.10   | 0.09   |
| YoY                                  | -9.8%  | -29.1% | -10.3% | -34.3% | 8.7%   | -16.0% | 23.8%  | 3.8%  | -48.1% | -28.6% | -10.0% |

Source: Shared Research based on PVeye Market Data

Note: Figures reflect data as of December each year.

## Costs of power generation facilities

The WEO estimates unit costs for power generation facilities. According to the WEO, unit installed costs for solar power in the US in 2024 are USD1,060/kW, tying with gas-fired power as the lowest-cost power source in terms of installed costs. By 2035, installed costs for gas-fired power are expected to rise, while those for solar power are projected to decline to USD680/kW. Meanwhile, the levelized cost of electricity—taking into account capacity utilization, fuel costs, and maintenance costs—is estimated at USD55/MWh for solar power in 2024, making it the third-lowest-cost source after onshore wind and gas-fired power. By 2035, solar power is expected to become the lowest-cost power source.

|               | Total installed costs (USD/kW) |       |                | Facility utilization rate (%) |      |                | Levelized cost of electricity (USD/kWh) |       |                |
|---------------|--------------------------------|-------|----------------|-------------------------------|------|----------------|-----------------------------------------|-------|----------------|
|               | 2010                           | 2023  | Rate of change | 2010                          | 2023 | Rate of change | 2010                                    | 2023  | Rate of change |
| Biomass       | 3,010                          | 2,730 | -9%            | 72                            | 72   | 0%             | 0.084                                   | 0.072 | -14%           |
| Geothermal    | 3,011                          | 4,589 | 52%            | 87                            | 82   | -6%            | 0.054                                   | 0.071 | 31%            |
| Hydroelectric | 1,459                          | 2,806 | 92%            | 44                            | 53   | 20%            | 0.043                                   | 0.057 | 33%            |
| Solar         | 5,310                          | 758   | -86%           | 14                            | 16   | 14%            | 0.460                                   | 0.044 | -90%           |
| CSP           | 10,453                         | 6,589 | -37%           | 30                            | 55   | 83%            | 0.393                                   | 0.117 | -70%           |
| Onshore wind  | 2,272                          | 1,160 | -49%           | 27                            | 36   | 33%            | 0.111                                   | 0.033 | -70%           |
| Offshore wind | 5,409                          | 2,800 | -48%           | 38                            | 41   | 8%             | 0.203                                   | 0.075 | -63%           |

Source: Shared Research based on the "World Energy Outlook 2025" report issued by the International Energy Agency

Note: In the case of the US

Trends over the past five years and the past decade both indicate a decline in total installed costs and levelized cost of electricity, year on year.

|                                         | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021  | 2022  | 2023   | 2024   | Five-year CAGR | 10-year CAGR |
|-----------------------------------------|--------|--------|--------|--------|--------|--------|-------|-------|--------|--------|----------------|--------------|
| Total installed costs (USD/kW)          | 2,140  | 1,958  | 1,683  | 1,438  | 1,188  | 1,044  | 973   | 930   | 776    | 691    |                |              |
| YoY                                     | -24.9% | -8.5%  | -14.0% | -14.6% | -17.4% | -12.1% | -6.8% | -4.4% | -16.6% | -11.0% | -10.3%         | -13.2%       |
| Facility utilization rate (%)           | 16.5%  | 16.8%  | 17.5%  | 17.9%  | 17.5%  | 16.1%  | 17.2% | 16.9% | 16.2%  | 17.4%  |                |              |
| Levelized cost of electricity (USD/kWh) | 0.135  | 0.118  | 0.093  | 0.079  | 0.069  | 0.061  | 0.055 | 0.051 | 0.043  | 0.042  |                |              |
| YoY                                     | -26.2% | -12.6% | -21.2% | -15.1% | -12.7% | -11.6% | -9.8% | -7.3% | -15.7% | -2.3%  | -9.5%          | -13.7%       |

Source: Shared Research based on the "Renewable Power Generation Costs in 2024" report issued by the International Renewable Energy Agency

## Solar panel supply chain

The manufacturing processes of a solar panel constitute the production of polycrystalline silicon, ingots, wafers, solar cells, and modules (panels). By country, China leads in production capacity for each of these materials. According to the IEA, China's share in 2024 was 93.2% for polycrystalline silicon, 96.5% for wafers, 90.1% for solar cells, and 86.5% for modules. Although production capacity in the US and India has expanded in response to demand growth and tariff measures arising from US-China trade tensions, China continues to account for more than 80% of capacity at every stage of the manufacturing process.

### Solar panel production capacity by country and region

| Solar panel production capacity | Polycrystalline silicon |       |       | Wafer |       |       | Solar cell |       |       | Module |       |       |
|---------------------------------|-------------------------|-------|-------|-------|-------|-------|------------|-------|-------|--------|-------|-------|
|                                 | 2022                    | 2023  | 2024  | 2022  | 2023  | 2024  | 2022       | 2023  | 2024  | 2022   | 2023  | 2024  |
| China                           | 85.0%                   | 92.0% | 93.2% | 97.0% | 98.0% | 96.5% | 84.0%      | 91.8% | 90.1% | 77.8%  | 84.6% | 86.5% |
| Europe                          | 6.0%                    | 4.0%  | 3.1%  |       |       |       | 0.2%       |       | 0.2%  | 0.6%   |       | 0.2%  |
| US                              | 4.0%                    | 2.0%  | 1.6%  |       |       |       | 0.7%       | 0.8%  | 0.6%  | 1.9%   | 2.2%  | 3.2%  |
| Malaysia                        | 3.0%                    | 2.0%  | 1.4%  |       |       | 0.5%  | 4.9%       | 2.3%  | 2.5%  | 2.8%   | 2.1%  | 1.0%  |
| Vietnam                         |                         |       |       | 2.0%  | 2.0%  | 2.3%  | 4.8%       | 1.7%  | 2.1%  | 6.4%   | 3.4%  | 2.5%  |
| Thailand                        |                         |       |       |       |       | 0.4%  | 2.2%       | 0.6%  | 2.0%  | 1.2%   | 2.3%  | 1.5%  |
| South Korea                     |                         |       |       |       |       |       | 1.0%       | 1.6%  | 0.6%  | 1.9%   |       | 0.5%  |
| India                           |                         |       |       |       |       |       | 0.6%       | 0.5%  | 0.7%  | 1.9%   | 2.7%  | 3.3%  |
| Other                           | 2.0%                    | 0.0%  | 0.8%  | 1.0%  | 1.0%  | 0.3%  | 1.6%       | 0.7%  | 0.9%  | 5.5%   | 2.6%  | 1.3%  |

Source: International Energy Agency "Trends in Photovoltaic Applications 2025"

## Solar power generation market in Japan

According to the WEO, solar power generation capacity installed in Japan totaled 6.6GW in FY2024. This marked a decline for the second consecutive year, driven mainly by the commercial sector, reflecting the shrinking adoption of solar power systems under the Feed-in Tariff (FIT) scheme, and declining electricity purchase prices. The WEO expects the domestic market to bottom out in 2025 and then recover, with annual installed capacity reaching 7.8GW in 2030.

| (GW)                             | 2020    | 2021    | 2022    | 2023    | 2024    | 2025       | 2026       | 2027       | 2028       | 2029       | 2030       | CAGR6y  |
|----------------------------------|---------|---------|---------|---------|---------|------------|------------|------------|------------|------------|------------|---------|
|                                  | Results | Results | Results | Results | Results | Projection | Projection | Projection | Projection | Projection | Projection | 25 - 30 |
| Solar power generation installed | 12.0    | 8.5     | 9.1     | 7.9     | 6.6     | 5.6        | 5.9        | 6.0        | 6.5        | 7.4        | 7.8        |         |
| YoY                              | 30.4%   | -29.2%  | 7.1%    | -13.2%  | -16.5%  | -15.2%     | 5.4%       | 1.7%       | 8.3%       | 13.8%      | 5.4%       | 2.8%    |

Source: Shared Research based on International Energy Agency "World Energy Outlook 2025"

# Competition

According to the IEA's "Trends in Photovoltaic Applications 2025," module production capacity in 2024 was 1,405GW/year, up from 1,103GW/year in 2023. However, the actual production volume was 726GW/year (612GW/year in 2023), resulting in a utilization rate of 52% (56% in 2023). The top manufacturers by shipment volume were JinkoSolar Holding Co., Ltd. (NYSE: JKS) with 89.8GW and a market share of 12.4%, followed by JA Solar Technologies Co., Ltd. (Shenzhen: 002459) with 72.1GW (9.9%), LONGi Green Energy Technology Co., Ltd. (Shanghai: 601012) with 70.2GW (9.7%), Trina Solar Co., Ltd. (Shanghai: 688599) with 66.0GW (9.1%), and Tongwei Co., Ltd. (Shanghai: 600438) with 50.0GW (6.9%). All of the top five companies are Chinese. Large manufacturers headquartered outside China include Canada's Canadian Solar Inc. (NASDAQ: CSIQ) and South Korea's Hanwha Q CELLS Co., Ltd. (NASDAQ: HQCL), which is based in Germany. However, these companies also have manufacturing plants in China. Vietnam has four to five solar panel manufacturers, with VSUN being one of the leading companies in terms of scale.

VSUN has expanded its annual solar panel production capacity to 4GW. Although the company does not disclose its annual sales volume, assuming full production, its market share would be approximately 0.6% of the global market, positioning it as one of the major manufacturers. Its main competitors include the aforementioned companies, but here, we consider JinkoSolar (China), Canadian Solar (Canada), and First Solar, Inc. (US; NASDAQ: FSLR) as VSUN's peer companies, primarily because they are comparable in terms of accounting standards.

## JinkoSolar Holding Co., Ltd. (NYSE: JKS)

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JinkoSolar, established in 2006 and headquartered in the Shangrao economic development zone (Jiangxi, China), is a solar product manufacturer ranking third globally by annual production capacity for solar panels. JinkoSolar initially focused on the production of wafers, but eventually began manufacturing panels. Since 2016, it has ranked among the top global panel manufacturers by cumulative shipment volume. JinkoSolar manufactures wafers, solar cells, and panels. At end-2024, its annual production capacity stood at 120GW for wafers, 95GW for solar cells, and 130GW for panels. JinkoSolar has 12 production bases in China, Vietnam, Malaysia, and a global sales network. It listed on NYSE in 2010, and in FY12/24, revenue was USD12.6bn, EBITDA was USD585mn, and net income attributable to owners of the parent was USD8mn. The employee count was 33,800.

## Canadian Solar Inc. (NASDAQ: CSIQ)

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Canadian Solar, established in 2001 and headquartered in British Columbia (Canada), ranks among the world's largest solar power project operators/solar product manufacturers. In addition to having a vertically integrated manufacturing system for solar cells, it also engineers, develops, and manufactures other products for solar power generation and energy storage. Canadian Solar operates globally, with particular focus on North America, South America, and Europe. At end-2024, its annual production capacity stood at 36GW for ingots, 31GW for wafers, 48GW for solar cells, and 60GW for solar modules. Production bases are located in China and Southeast Asia. It listed on NASDAQ in 2006, and in FY12/24, revenue was USD6.0bn, EBITDA was USD456mn, and net income attributable to owners of the parent was USD36mn. The employee count stood at 17,100.

## First Solar, Inc. (NASDAQ: FSLR)

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First Solar, established in 1999 and headquartered in Arizona, is a solar technology company. It manufactures and sells high-performance and low-carbon products. These include solar panels made of cadmium telluride-coated glass, which were developed in First Solar's US-based R&D lab applying its thin-film technology. The company seeks to manage the entire product lifecycle from procurement of raw materials to the recycling of used panels. At end-2024, its annual solar panel production capacity stood at 21GW. By creating production bases in the US, Malaysia, Vietnam, and India, First Solar has built a production system that does not rely on China's silicon supply chain. It listed on NASDAQ in 2006, and in FY12/24, revenue was USD4.2bn, EBITDA was USD1.8bn, and net income attributable to owners of the parent was USD1.3bn. The employee count was 8,100.

## Production system and sales by region

Among the four companies, JinkoSolar boasts the largest annual production capacity at 345GW. Canadian Solar's production capacity is about half this figure, at 176W, while First Solar's production capacity, at 21GW, is smaller compared to these two companies but exceeds VSUN's 10GW. All three other companies have increased their capacities from 2023 to 2024. JinkoSolar and Canadian Solar have built a vertically integrated production system from the upstream to downstream processes of manufacturing. The Abalance group handled only downstream panel production until FY06/23, but began cell production at a plant completed in late October 2023, and started ingot and wafer production in April 2024. While JinkoSolar and Canadian Solar have many factories in China, the VSUN group has located its panel, cell, and wafer plants outside of China, creating a supply chain that does not solely rely on China. First Solar produces solar panels using CdTe technology, which does not rely on Chinese components, and has established a supply chain outside of China, primarily in the US.

In terms of revenue by region, both Canadian Solar and JinkoSolar generate revenue globally, while 93% of First Solar's revenue comes from the US alone. In FY06/23, the company primarily focused on the US and European markets. However, with the US tariff exemption ending in June 2024, the US revenue share declined while revenue from Asia, including India, rose.

## Annual production capacity and revenue by region

|                                 | Abalance |         | Canadian Solar |         | First Solar |         | JinkoSolar |         |
|---------------------------------|----------|---------|----------------|---------|-------------|---------|------------|---------|
| Head office                     | Japan    |         | Canada         |         | US          |         | China      |         |
| Established                     | 2000     |         | 2001           |         | 1999        |         | 2001       |         |
| Fiscal year                     | FY06/24  | FY03/25 | FY12/23        | FY12/24 | FY12/23     | FY12/24 | FY12/23    | FY12/24 |
| Annual production capacity (GW) |          |         |                |         |             |         |            |         |
| Ingot                           |          |         | 20.4           | 36.0    |             |         |            |         |
| Wafer                           | 4.0      | 4.0     | 21.0           | 31.0    |             |         | 85.0       | 120.0   |
| Solar cell                      | 4.0      | 2.0     | 50.0           | 48.4    |             |         | 90.0       | 95.0    |
| Panel/Module                    | 4.0      | 4.0     | 57.0           | 60.2    | 16.6        | 21.0    | 110.0      | 130.0   |
| Total                           | 12.0     | 10.0    | 148.4          | 175.6   | 16.6        | 21.0    | 285.0      | 345.0   |
| Number of employees             | 1,684    | 1,713   | 18,423         | 17,113  | 6,700       | 8,100   | 57,397     | 33,830  |
| Revenue composition by region   |          |         |                |         |             |         |            |         |
| Americas                        | 68.8%    | 48.7%   | 34.4%          | 51.8%   |             |         | 8.8%       | 24.4%   |
| US                              | 65.1%    |         | 19.5%          | 46.3%   | 96.1%       | 92.8%   |            |         |
| Europe                          | 4.1%     | 1.0%    | 24.6%          | 18.2%   |             |         | 18.3%      | 14.8%   |
| France                          |          |         | 0.3%           |         | 2.1%        | 0.8%    |            |         |
| China                           |          |         | 28.3%          | 20.4%   |             |         | 38.3%      | 33.8%   |
| Asia (excl. China)              | 26.9%    | 50.0%   | 12.8%          | 9.7%    |             |         | 16.4%      | 1.9%    |
| Japan                           | 4.3%     | 11.1%   | 7.8%           | 2.5%    |             |         |            |         |
| India                           |          |         | 1.2%           | 0.8%    | 0.3%        | 4.8%    |            |         |

Source: Shared Research based on company data

Notes: Abalance annual production capacity figures include those of VSUN and TOYO SOLAR (cell production [2GW] began at the Ethiopia plant in April 2025).

The number of employees and revenue by region are Abalance figures.

## Profits and financial standing

In FY06/24, the company's ROE was 52.4% (down slightly from 53.8% in FY06/23), while ROA increased to 6.5% (from 4.3%). While fiscal year differences make direct comparisons difficult, the company's ROE outpaced those of its three main competitors in FY12/23. Its net margin was also the second highest after First Solar. Although FY03/25 was a nine-month irregular accounting period, the company's net margin still ranked second among the four companies when compared against FY12/24 figures. Canadian Solar and JinkoSolar remained in the black but recorded net margins below 1%, reflecting deteriorating solar panel market conditions and the impact of US tariff measures that hampered exports to the US. In contrast, First Solar, which operates primarily in the US, reported an improved net margin YoY.

| (JPYmn)               | Abalance |         | Canadian Solar |         | First Solar |         | JinkoSolar |           |
|-----------------------|----------|---------|----------------|---------|-------------|---------|------------|-----------|
| Fiscal year           | FY06/24  | FY03/25 | FY12/23        | FY12/24 | FY12/23     | FY12/24 | FY12/23    | FY12/24   |
| Accounting standard   | JPGAAP   | JPGAAP  | USGAAP         | USGAAP  | USGAAP      | USGAAP  | USGAAP     | USGAAP    |
| Revenue               | 208,972  | 72,417  | 1,087,454      | 942,044 | 473,996     | 661,145 | 2,387,479  | 1,986,608 |
| YoY                   | -2.9%    | -       | 8.9%           | -13.4%  | 35.3%       | 39.5%   | 48.2%      | -16.8%    |
| Cost of revenue       | 164,398  | 60,240  | 904,634        | 784,971 | 288,220     | 369,125 | 2,004,294  | 1,770,953 |
| YoY                   | -11.5%   | -       | 9.0%           | -13.2%  | -15.4%      | 28.1%   | 45.9%      | -11.6%    |
| Cost of revenue ratio | 78.7%    | 83.2%   | 83.2%          | 83.3%   | 60.8%       | 55.8%   | 84.0%      | 89.1%     |
| Gross profit          | 44,573   | 12,177  | 182,820        | 157,073 | 185,776     | 292,019 | 383,185    | 215,655   |
| YoY                   | 50.5%    | -       | 8.3%           | -14.1%  | 1889.0%     | 57.2%   | 61.0%      | -43.7%    |
| GPM                   | 21.3%    | 16.8%   | 16.8%          | 16.7%   | 39.2%       | 44.2%   | 16.0%      | 10.9%     |
| SG&A expenses         | 21,224   | 8,575   | 118,072        | 161,801 | 64,316      | 73,019  | 260,618    | 289,383   |
| YoY                   | 26.2%    | -       | -2.6%          | 37.0%   | 37.2%       | 13.5%   | 13.5%      | 11.0%     |
| SG&A ratio            | 10.2%    | 11.8%   | 10.9%          | 17.2%   | 13.6%       | 11.0%   | 10.9%      | 14.6%     |
| Net income            | 9,530    | 951     | 39,162         | 5,666   | 118,660     | 203,083 | 69,353     | 1,239     |
| YoY                   | 91.9%    | -       | 22.1%          | -85.5%  | -2109.5%    | 71.1%   | 476.6%     | -98.2%    |
| Net margin            | 4.6%     | 1.3%    | 3.6%           | 0.6%    | 25.0%       | 30.7%   | 2.9%       | 0.1%      |
| ROE (Net income)      | 52.4%    | -       | 12.2%          | 1.3%    | 13.3%       | 17.6%   | 13.7%      | 0.2%      |
| ROA (Net income)      | 6.5%     | -       | 2.6%           | 0.3%    | 8.9%        | 11.5%   | 2.8%       | 0.0%      |

Source: Shared Research based on company data

Notes: Financial statements for the three companies (Canadian Solar, First Solar, and JinkoSolar) are denominated in USD and converted into JPY using the exchange rate as of December 31 (end-December 2023: JPY142.8; end-December 2024: JPY157.2)

ROE and ROA are based on comparable net income for accounting purposes



| (JPYmn)              | Abalance |         | Canadian Solar |           | First Solar |           | JinkoSolar |           |
|----------------------|----------|---------|----------------|-----------|-------------|-----------|------------|-----------|
| Fiscal year          | FY06/24  | FY03/25 | FY12/23        | FY12/24   | FY12/23     | FY12/24   | FY12/23    | FY12/24   |
| Accounting standard  | JPGAAP   | JPGAAP  | USGAAP         | USGAAP    | USGAAP      | USGAAP    | USGAAP     | USGAAP    |
| Total assets         | 150,173  | 145,802 | 1,699,071      | 2,123,745 | 1,480,452   | 1,905,707 | 2,732,554  | 2,689,120 |
| Shareholders' equity | 23,800   | 24,182  | 365,537        | 442,540   | 955,171     | 1,253,916 | 674,613    | 705,963   |
| YoY                  | 88.9%    | 1.6%    | 40.8%          | 21.1%     | 22.4%       | 31.3%     | 113.0%     | 4.6%      |
| Equity ratio         | 15.8%    | 16.6%   | 21.5%          | 20.8%     | 64.5%       | 65.8%     | 24.7%      | 26.3%     |
| Operating cash flows | 44,757   | -10,361 | 97,784         | 139,155   | 86,021      | 191,445   | 278,143    | 362,849   |
| Investing cash flows | -21,191  | -2,620  | -238,728       | -308,428  | -67,529     | -245,721  | -304,970   | -62,495   |
| Financing cash flows | -5,446   | 4,128   | -159,464       | -173,868  | -198,073    | -239,869  | 173,831    | -134,980  |

Source: Shared Research based on company data

Note: Financial statements for the three companies (Canadian Solar, First Solar, and JinkoSolar) are denominated in USD and converted into JPY using the exchange rate as of December 31 (end-December 2023: JPY142.8; end-December 2024: JPY157.2)

# Strengths and weaknesses

## Strengths

**In the rapidly evolving solar panel industry, the company has established itself as one of the leading manufacturers with production bases outside China by swiftly and flexibly adapting its supply chain.**

Abalance made a full-scale entry into the solar panel manufacturing industry by acquiring VSUN in December 2020. The company explains that it made a foray into Vietnam because of its inexpensive, hard-working labor force and relatively stable political system. Shared Research believes the company sought to capitalize on demand for solar panels free from US import restrictions and tariffs amid prolonged US-China trade frictions. After becoming a consolidated subsidiary, VSUN has expanded its solar panel production capacity, making it the top-selling Japanese brand and company in the market.

Since acquiring VSUN, the company has rapidly strengthened its solar panel manufacturing supply chain by expanding its panel plant (VSUN) in FY06/23 and launching a cell plant (TOYO SOLAR) and an ingot and wafer plant (VSUN) in FY06/24. While the US ramped up its policy stance against China, it also implemented tariff exemption measures for imports from Southeast Asia, which contributed to significant earnings growth for the company. However, following the expiration of these exemptions in June 2024 and the subsequent imposition of new tariffs on imports from Southeast Asia, earnings declined in FY03/25. In response, the company swiftly pivoted its sales strategy away from the US and decided to shift cell production to Ethiopia and establish a new panel plant in the US. Both facilities began operations in FY03/26. Shared Research believes the company's ability to make swift decisions and execute them under changing external conditions is a key strength.

According to the IEA, in terms of solar panel production by country, China led in 2021 with 74.6%, followed by Vietnam with 6.8%, Malaysia with 3.7%, South Korea with 3.3%, and the United States with 2.7% of overall production. VSUN's main competitors are major solar panel manufacturers operating worldwide, mostly large Chinese companies. Only a few non-Chinese companies, such as First Solar in the US, operate at a comparable scale and manufacture solar panels outside of China—similar to VSUN. In this context, the Abalance group has carved out a unique position as a major solar panel manufacturer with production bases outside China by flexibly and swiftly adjusting its supply chain in response to the rapidly evolving industry amid escalating US-China trade tensions.

**With the addition of manufacturing functions for ingots, wafers, and cells, key upstream processes in solar panel production, the company has formed a global supply chain and established the Japan brand, providing end-to-end services in Japan that no other peers can match.**

The Abalance group conducts solar power plant trades, sells goods associated with solar power generation, and offers a full range of services from the planning phase of solar power projects to engineering, development, and construction of the facility, operation and maintenance, and even reusing and recycling. Receiving a contract that spans the entire lifecycle of a facility allows the company to provide seamless, speedy, and efficient services. The company also offers customers support in areas such as contracts with power utilities, confirmation of laws and regulations with the local government, explanation to local residents, and paperwork necessary to obtain loans from financial institutions. In addition, recurring revenue businesses generate stable cash flow via income from electricity sales revenue.

Abalance made VSUN a consolidated subsidiary in December 2020, bringing the manufacture of Japan brand solar panels in-house, forming a global supply chain and enabling the company to provide end-to-end services that no other domestic companies can match. By late October 2023, the cell plant of TOYO SOLAR began operations, and in April 2024, the ingot and wafer plant of VSUN became operational, further strengthening Abalance's overarching services. In FY03/26, the company brought new plants online—a cell plant in Ethiopia and a panel plant in the US—demonstrating its proactive efforts to strengthen its supply chain.

**VSUN is well recognized by third-party organizations and major purchasers for its sustainable procurement practices and solar panel quality, comparable with major manufacturers. It has also been certified as a Tier 1 supplier by Bloomberg NEF—a US-based rating agency that assesses factors such as bankability and financial stability—for six consecutive quarters from April–June 2024 through July–September 2025.**

Chinese companies dominate the top positions in the global solar panel manufacturer rankings by annual production volume. Meanwhile, VSUN ranks around 30th with an annual production capacity of 4GW. According to a Shared Research estimate, roughly 60% of world's production capacity is shared by some 15 companies, while numerous small and medium-sized manufacturers make up the remaining 40%.

VSUN has gained the recognition of third-party organizations and major buyers not only for the reliable quality and performance of its products, but also for its procurement practices. It has also been certified as a Tier 1 supplier by Bloomberg NEF—a US-based rating agency that assesses factors such as bankability and financial stability—for six consecutive quarters from April–June 2024 through July–September 2025. VSUN has been recognized as a Top Performer in the PV Module Reliability Scorecard (released by US-based PV Evolution Labs [PVEL]) since 2021, becoming one of the few manufacturers to receive this accolade. Further, in an assessment conducted by EcoVadis, a global rating agency based in France that assesses companies' sustainable procurement practices (including their responses to human rights violations in China), VSUN has received the Bronze Medal since 2021.

## Weaknesses

**Solar panels and cells, the group's main products, are susceptible to demand/supply and price fluctuations due to policy changes by various governments. To mitigate such policy-related risks, the group has begun producing cells in Ethiopia and plans to start panel production in the US.**

Solar panels play a crucial role in the transition to a decarbonized society. While governments around the world provide incentives for early adoption of solar power generation, they also tend to impose tariffs on imported goods to protect their economies. The US, a key market for the Abalance group, has set a goal to achieve net-zero greenhouse gas emissions by 2050. This objective necessitates a substantial number of solar panels, creating robust demand. However, solar panel production predominantly takes place in China, which has led to trade tensions between the US and China.

The US has intensified its protectionist stance on products related to solar panels, implementing strict tariffs such as AD, CVD, and safeguard measures on imports from China. Nonetheless, to meet its robust domestic demand, the US temporarily lifted tariffs on imports from four Southeast Asian countries, including Vietnam, for two years from June 2022 (ended in June 2024). With the Inflation Reduction Act (IRA) enhancing domestic production capacity, the US government ended the tariff exemption in June 2024 as planned, and subsequently imposed AD and CVD on imports from four Southeast Asian countries.

In light of these developments, VSUN has avoided shipments to the US since June 2024 and has strengthened sales efforts in Europe and Asia. In FY03/25, the effects of its expanded sales channels began to materialize. On the production front, the company began cell manufacturing in Ethiopia and panel manufacturing in the US during FY03/26 as part of its strategy to reduce policy-related risks.

**The Abalance group's solar panel and cell production scale is still small compared to major manufacturers. To address this, it is expanding production capacity across panels, cells, and ingots/wafers, while working to strengthen its global supply chain.**

The Abalance group's main competitors are large solar panel manufacturers, primarily based in China. Among them, LONGi Green Energy Technology and JinkoSolar each boast an annual panel production capacity of 120GW. In

comparison, VSUN's annual panel production capacity stands at just 4GW—about 5% of that of the major players. These top-tier manufacturers are involved in the upstream processes as well, manufacturing wafers and cells alongside solar panels. Likewise, the Abalance group is expanding its global supply chain to include in-house production of cells, wafers, and ingots. By FY03/25, VSUN's total production capacity reached 12GW, including a 2GW cell plant that began operations in Ethiopia in April 2025. This remains modest compared to the combined upstream and downstream capacities of JinkoSolar (345GW) and Canadian Solar (176GW). First Solar, a US-based manufacturer operating outside China, has a capacity of 21GW.

**The company needs to strengthen its financial soundness to sustain high investment levels. Its equity ratio improved to 16.6% in FY03/25, and it aims to continue enhancing this ratio through the accumulation of retained earnings.**

The company has steadily expanded its production capacity, establishing factories with annual capacities of 4GW each for solar panels, wafers and ingots, and 2GW for solar cells. It plans to build a 4GW cell factory in Ethiopia (JPY16.0bn investment) and a 2.5GW panel factory in the US (JPY13.5bn investment), continuing its high level of capital investment. VSUN has been financing investments to date with loans it secured from a major domestic financial institution in Vietnam. To maintain bank loans amid ongoing high levels of investment, the group as a whole must maintain financial soundness.

Although the company has conducted capital increases, investments have been mostly funded by bank borrowings, resulting in expanded interest-bearing debt and the equity ratio falling to 6.9% at end-FY06/22. Through capital increases and profit accumulation, the equity ratio improved to 15.8% by end-FY06/24 and further to 16.6% by end-FY03/25. Additionally, in July 2024, the company listed TOYO, the parent of TOYO SOLAR, on NASDAQ, raising approximately USD6.0mn. Despite these improvements, with continued high levels of investment, further strengthening of financial stability is necessary.

The company intends to primarily fund future investment plans through internal reserves and borrowings from financial institutions. It also aims to strengthen its equity base by accumulating retained earnings, supported by the continued growth of its Solar Panel Manufacturing and Green Energy businesses.

# Financial statements

## Income statement

| Income statement                                       | FY06/16 | FY06/17 | FY06/18 | FY06/19 | FY06/20 | FY06/21 | FY06/22 | FY06/23 | FY06/24 | FY03/25<br>(nine months) |
|--------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| (JPYmn)                                                | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.   | Cons.                    |
| <b>Revenue</b>                                         | 4,540   | 6,495   | 7,301   | 5,985   | 6,678   | 26,901  | 92,122  | 215,284 | 208,972 | 72,417                   |
| YoY                                                    | 3.3%    | 43.1%   | 12.4%   | -18.0%  | 11.6%   | 302.8%  | 242.4%  | 133.7%  | -2.9%   | -                        |
| <b>Cost of revenue</b>                                 | 3,432   | 5,006   | 5,123   | 4,112   | 4,916   | 22,112  | 82,508  | 185,663 | 164,398 | 60,240                   |
| YoY                                                    | 3.5%    | 45.9%   | 2.3%    | -19.7%  | 19.6%   | 349.8%  | 273.1%  | 125.0%  | -11.5%  | -                        |
| Cost ratio                                             | 75.6%   | 77.1%   | 70.2%   | 68.7%   | 73.6%   | 82.2%   | 89.6%   | 86.2%   | 78.7%   | 83.2%                    |
| <b>Gross profit</b>                                    | 1,108   | 1,489   | 2,178   | 1,873   | 1,762   | 4,788   | 9,613   | 29,621  | 44,573  | 12,177                   |
| YoY                                                    | 2.5%    | 34.4%   | 46.3%   | -14.0%  | -5.9%   | 171.7%  | 100.8%  | 208.1%  | 50.5%   | -                        |
| Gross profit margin                                    | 24.4%   | 22.9%   | 29.8%   | 31.3%   | 26.4%   | 17.8%   | 10.4%   | 13.8%   | 21.3%   | 16.8%                    |
| <b>SG&amp;A expenses</b>                               | 710     | 1,374   | 1,251   | 1,265   | 1,400   | 3,427   | 8,007   | 16,816  | 21,224  | 8,575                    |
| YoY                                                    | 7.6%    | 93.3%   | -8.9%   | 1.1%    | 10.7%   | 144.7%  | 133.6%  | 110.0%  | 26.2%   | -                        |
| SG&A ratio                                             | 15.6%   | 21.1%   | 17.1%   | 21.1%   | 21.0%   | 12.7%   | 8.7%    | 7.8%    | 10.2%   | 11.8%                    |
| <b>Operating profit</b>                                | 397     | 115     | 927     | 608     | 362     | 1,361   | 1,605   | 12,804  | 23,349  | 3,602                    |
| YoY                                                    | -5.5%   | -71.0%  | 704.7%  | -34.4%  | -40.5%  | 276.4%  | 17.9%   | 697.8%  | 82.4%   | -                        |
| Operating profit margin                                | 8.8%    | 1.8%    | 12.7%   | 10.2%   | 5.4%    | 5.1%    | 1.7%    | 5.9%    | 11.2%   | 5.0%                     |
| <b>Non-operating income/expenses</b>                   | 29      | -67     | -52     | -42     | -56     | -92     | -187    | 1,234   | 1,545   | 135                      |
| Non-operating income                                   | 47      | 39      | 34      | 64      | 112     | 376     | 769     | 2,953   | 4,441   | 1,607                    |
| Non-operating expenses                                 | 17      | 106     | 86      | 106     | 169     | 468     | 956     | 1,719   | 2,896   | 1,472                    |
| <b>Recurring profit</b>                                | 427     | 49      | 874     | 566     | 306     | 1,269   | 1,418   | 14,038  | 24,894  | 3,737                    |
| YoY                                                    | 25.8%   | -88.6%  | 1700.1% | -35.2%  | -46.0%  | 315.3%  | 11.7%   | 890.0%  | 77.3%   | -                        |
| Recurring profit margin                                | 9.4%    | 0.7%    | 12.0%   | 9.5%    | 4.6%    | 4.7%    | 1.5%    | 6.5%    | 11.9%   | 5.2%                     |
| <b>Extraordinary gains/losses</b>                      | -39     | 1       | 42      | 15      | -1      | -15     | 750     | -47     | -615    | -265                     |
| Extraordinary gains                                    | 3       | 1       | 74      | 15      | 12      | 1       | 1,022   | 339     | 47      | 195                      |
| Extraordinary losses                                   | 41      |         | 32      | 0       | 12      | 16      | 272     | 386     | 662     | 460                      |
| <b>Net income</b>                                      | 228     | -164    | 761     | 327     | 217     | 931     | 1,557   | 11,928  | 20,203  | 2,984                    |
| YoY                                                    | 14.3%   | -       | -       | -57.0%  | -33.7%  | 330.0%  | 67.2%   | 666.1%  | 69.4%   | -                        |
| Net margin                                             | 5.0%    | -       | 10.4%   | 5.5%    | 3.2%    | 3.5%    | 1.7%    | 5.5%    | 9.7%    | 4.1%                     |
| <b>Net income attributable to owners of the parent</b> | 231     | -176    | 757     | 316     | 211     | 537     | 806     | 4,965   | 9,530   | 951                      |
| YoY                                                    | 15.8%   | -       | -       | -58.2%  | -33.1%  | 154.2%  | 50.1%   | 516.0%  | 91.9%   | -                        |
| Net margin                                             | 5.1%    | -       | 10.4%   | 5.3%    | 3.2%    | 2.0%    | 0.9%    | 2.3%    | 4.6%    | 1.3%                     |

Source: Shared Research based on company data

Note: Any differences between figures in the table and those in company data are due to rounding

- ▶ The company adopted the Accounting Standard for Revenue Recognition from the beginning of FY06/22. Accordingly, it recognizes revenue at the transfer of promised goods and services to its customers, in an amount reflecting the consideration to which it expects to be entitled in exchange for those goods or services.
- ▶ The company adopted the Accounting Standard for Fair Value Measurement from the beginning of FY06/22. It says there is no impact of this change on its financial statements.
- ▶ FY03/25 was an irregular nine-month fiscal period due to a change in the fiscal year-end from June to March.

## Balance sheet

| Balance sheet                   | FY06/16      | FY06/17      | FY06/18      | FY06/19      | FY06/20      | FY06/21       | FY06/22       | FY06/23        | FY06/24       | FY03/25<br>(nine months) |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|---------------|--------------------------|
| (JPYmn)                         | Cons.        | Cons.        | Cons.        | Cons.        | Cons.        | Cons.         | Cons.         | Cons.          | Cons.         | Cons.                    |
| Cash and deposits               | 496          | 672          | 601          | 799          | 1,209        | 4,722         | 3,966         | 20,619         | 37,740        | 26,451                   |
| Notes and accounts receivable   | 473          | 335          | 335          | 393          | 303          | 1,312         | 6,156         | 2,011          | 3,558         | 5,434                    |
| Merchandise and finished goods  | 385          | 423          | 327          | 172          | 246          | 6,480         | 26,740        | 48,827         | 13,232        | 16,618                   |
| Real estate for sale            | 118          | 73           | 44           | 414          | 1,536        | 365           | 768           | 452            | 1,350         | 1,597                    |
| Work in process                 | 666          | 2,637        | 3,659        | 3,631        | 4,751        | 4,462         | 3,804         | 4,335          | 4,891         | 3,925                    |
| Allowance for doubtful accounts | -22          | -204         | -219         | -1           | 0            | -1            | -109          | -36            | -46           | -147                     |
| <b>Total current assets</b>     | <b>2,420</b> | <b>4,692</b> | <b>5,227</b> | <b>6,078</b> | <b>8,553</b> | <b>22,537</b> | <b>57,450</b> | <b>100,049</b> | <b>89,197</b> | <b>89,038</b>            |
| YoY                             | 15.6%        | 93.9%        | 11.4%        | 16.3%        | 40.7%        | 163.5%        | 154.9%        | 74.1%          | -10.8%        | -0.2%                    |
| % of assets                     | 86.7%        | 73.3%        | 72.7%        | 55.3%        | 57.9%        | 57.2%         | 67.5%         | 69.6%          | 59.4%         | 61.1%                    |

|                                               |              |              |              |               |               |               |               |                |                |                |
|-----------------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Buildings and structures                      | 11           | 29           | 39           | 116           | 116           | 427           | 569           | 1,143          | 4,108          | 5,623          |
| Accumulated depreciation                      | -8           | -14          | -20          | -53           | -59           | -120          | -191          | -356           | -528           | -715           |
| Buildings and structures (net)                | 4            | 15           | 19           | 62            | 58            | 306           | 378           | 786            | 3,580          | 4,907          |
| Machinery, equipment, and vehicles            | 51           | 848          | 970          | 2,172         | 2,649         | 13,626        | 19,431        | 27,463         | 49,659         | 42,632         |
| Accumulated depreciation                      | -31          | -154         | -250         | -369          | -528          | -1,492        | -3,080        | -5,901         | -11,096        | -11,734        |
| Machinery, equipment, and vehicles (net)      | 19           | 694          | 720          | 1,803         | 2,122         | 12,133        | 16,351        | 21,562         | 38,563         | 30,898         |
| Land                                          | 148          | 472          | 707          | 1,033         | 1,133         | 1,332         | 1,791         | 2,403          | 2,542          | 2,524          |
| Construction in progress                      |              |              |              | 1,330         | 2,211         | 1,331         | 1,757         | 7,823          | 3,391          | 7,565          |
| Total tangible fixed assets                   | <b>223</b>   | <b>1,222</b> | <b>1,456</b> | <b>4,239</b>  | <b>5,529</b>  | <b>15,201</b> | <b>20,507</b> | <b>32,943</b>  | <b>49,304</b>  | <b>46,242</b>  |
| YoY                                           | 17.7%        | 448.6%       | 19.1%        | 191.0%        | 30.4%         | 174.9%        | 34.9%         | 60.6%          | 49.7%          | -6.2%          |
| % of assets                                   | 8.0%         | 19.1%        | 20.3%        | 38.6%         | 37.4%         | 38.6%         | 24.1%         | 22.9%          | 32.8%          | 31.7%          |
| Total intangible assets                       | <b>5</b>     | <b>290</b>   | <b>217</b>   | <b>195</b>    | <b>110</b>    | <b>365</b>    | <b>4,688</b>  | <b>7,523</b>   | <b>6,404</b>   | <b>6,587</b>   |
| YoY                                           | -91.3%       | 5361.3%      | -25.3%       | -9.9%         | -43.7%        | 231.8%        | 1184.4%       | 60.5%          | -14.9%         | 2.9%           |
| % of assets                                   | 0.2%         | 4.5%         | 3.0%         | 1.8%          | 0.7%          | 0.9%          | 5.5%          | 5.2%           | 4.3%           | 4.5%           |
| Investments and other assets                  | <b>142</b>   | <b>195</b>   | <b>289</b>   | <b>459</b>    | <b>554</b>    | <b>1,268</b>  | <b>2,463</b>  | <b>3,134</b>   | <b>5,266</b>   | <b>3,933</b>   |
| YoY                                           | -24.0%       | 36.6%        | 48.4%        | 59.1%         | 20.6%         | 128.9%        | 94.2%         | 27.2%          | 68.0%          | -25.3%         |
| % of assets                                   | 5.1%         | 3.0%         | 4.0%         | 4.2%          | 3.8%          | 3.2%          | 2.9%          | 2.2%           | 3.5%           | 2.7%           |
| Total fixed assets                            | <b>371</b>   | <b>1,707</b> | <b>1,962</b> | <b>4,893</b>  | <b>6,193</b>  | <b>16,835</b> | <b>27,659</b> | <b>43,600</b>  | <b>60,975</b>  | <b>56,763</b>  |
| YoY                                           | -15.4%       | 360.7%       | 14.9%        | 149.4%        | 26.6%         | 171.8%        | 64.3%         | 57.6%          | 39.9%          | -6.9%          |
| % of assets                                   | 13.3%        | 26.7%        | 27.3%        | 44.5%         | 41.9%         | 42.7%         | 32.5%         | 30.3%          | 40.6%          | 38.9%          |
| Total deferred assets                         |              |              |              | 14            | 17            | 16            | 10            | 42             | 1              | 0              |
| Total assets                                  | <b>2,790</b> | <b>6,400</b> | <b>7,189</b> | <b>10,985</b> | <b>14,765</b> | <b>39,388</b> | <b>85,121</b> | <b>143,691</b> | <b>150,173</b> | <b>145,802</b> |
| YoY                                           | 10.2%        | 129.4%       | 12.3%        | 52.8%         | 34.4%         | 166.8%        | 116.1%        | 68.8%          | 4.5%           | -2.9%          |
| Liabilities                                   |              |              |              |               |               |               |               |                |                |                |
| Accounts payable                              | 529          | 331          | 411          | 533           | 991           | 5,058         | 14,595        | 16,412         | 12,252         | 10,131         |
| Short-term borrowings                         | 410          | 1,027        | 1,270        | 1,147         | 699           | 6,499         | 18,356        | 35,031         | 28,753         | 32,310         |
| Current portion of long-term borrowings       | 51           | 697          | 800          | 967           | 1,071         | 869           | 1,266         | 3,070          | 2,853          | 1,506          |
| Contract liabilities                          |              |              |              |               |               |               | 16,255        | 27,843         | 8,635          | 8,632          |
| Current portion of long-term accounts payable |              |              |              | 75            | 1,582         | 2,384         | 464           | 460            | 793            | 773            |
| Total current liabilities                     | <b>1,368</b> | <b>3,545</b> | <b>3,873</b> | <b>4,641</b>  | <b>6,745</b>  | <b>26,212</b> | <b>57,721</b> | <b>100,356</b> | <b>83,261</b>  | <b>80,286</b>  |
| Bonds                                         |              |              |              | 100           | 36            | 116           | 50            | 166            | 66             | 0              |
| Long-term borrowings                          | 92           | 1,467        | 1,139        | 1,679         | 3,594         | 6,105         | 12,032        | 13,199         | 12,703         | 10,381         |
| Lease obligations                             | 32           | 25           | 13           | 8             | 0             | 79            | 10            | 483            | 513            | 1,466          |
| Long-term accounts payable                    |              |              |              | 1,342         | 1,966         | 1,828         | 7,028         | 6,267          | 10,144         | 9,629          |
| Total fixed liabilities                       | <b>203</b>   | <b>1,733</b> | <b>1,499</b> | <b>4,312</b>  | <b>5,859</b>  | <b>8,398</b>  | <b>19,452</b> | <b>20,563</b>  | <b>24,479</b>  | <b>22,176</b>  |
| Total liabilities                             | <b>1,571</b> | <b>5,279</b> | <b>5,373</b> | <b>8,953</b>  | <b>12,605</b> | <b>34,611</b> | <b>77,174</b> | <b>120,920</b> | <b>107,741</b> | <b>102,463</b> |
| YoY                                           | 5.6%         | 236.0%       | 1.8%         | 66.6%         | 40.8%         | 174.6%        | 123.0%        | 56.7%          | -10.9%         | -4.9%          |
| % of assets                                   | 56.3%        | 82.5%        | 74.7%        | 81.5%         | 85.4%         | 87.9%         | 90.7%         | 84.2%          | 71.7%          | 70.3%          |
| Net assets                                    |              |              |              |               |               |               |               |                |                |                |
| Shareholders' equity                          |              |              |              |               |               |               |               |                |                |                |
| Capital stock                                 | 656          | 701          | 701          | 701           | 702           | 825           | 1,243         | 2,059          | 2,518          | 2,521          |
| Capital surplus                               |              | 45           | 45           | 45            | 47            | 229           | 647           | 1,413          | 2,195          | 3,153          |
| Retained earnings                             | 564          | 333          | 1,022        | 1,245         | 1,368         | 2,919         | 3,629         | 8,486          | 17,800         | 18,683         |
| Treasury stock                                | 0            | -1           | -1           | -21           | -21           | -21           | -22           | -143           | -144           | -91            |
| Total shareholders' equity                    | <b>1,219</b> | <b>1,077</b> | <b>1,767</b> | <b>1,969</b>  | <b>2,096</b>  | <b>3,953</b>  | <b>5,497</b>  | <b>11,815</b>  | <b>22,369</b>  | <b>24,266</b>  |
| Share subscription rights                     |              |              | 2            | 5             | 3             | 13            | 135           | 266            | 305            | 264            |
| Non-controlling interests                     |              | 43           | 47           | 58            | 63            | 758           | 1,939         | 9,909          | 18,327         | 18,892         |
| Total net assets                              | <b>1,219</b> | <b>1,121</b> | <b>1,816</b> | <b>2,032</b>  | <b>2,159</b>  | <b>4,777</b>  | <b>7,947</b>  | <b>22,771</b>  | <b>42,432</b>  | <b>43,338</b>  |
| YoY                                           | 16.9%        | -8.1%        | 62.0%        | 11.9%         | 6.2%          | 121.3%        | 66.4%         | 186.5%         | 86.3%          | 2.1%           |
| % of assets                                   | 43.7%        | 17.5%        | 25.3%        | 18.5%         | 14.6%         | 12.1%         | 9.3%          | 15.8%          | 28.3%          | 29.7%          |

Source: Shared Research based on company data

# Cash flow statement

| Cash flow statement                                               | FY06/16     | FY06/17       | FY06/18     | FY06/19       | FY06/20       | FY06/21       | FY06/22        | FY06/23        | FY06/24        | FY03/25<br>(nine months) |
|-------------------------------------------------------------------|-------------|---------------|-------------|---------------|---------------|---------------|----------------|----------------|----------------|--------------------------|
| (JPYmn)                                                           | Cons.       | Cons.         | Cons.       | Cons.         | Cons.         | Cons.         | Cons.          | Cons.          | Cons.          | Cons.                    |
| Pre-tax profit                                                    | 388         | 84            | 917         | 581           | 304           | 1,255         | 2,168          | 13,990         | 24,278         | 3,472                    |
| Depreciation                                                      | 34          | 54            | 123         | 167           | 188           | 708           | 1,457          | 1,917          | 4,677          | 5,226                    |
| Amortization of goodwill                                          | 17          |               | 101         | 107           | 77            | 12            | 147            | 375            | 139            |                          |
| Impairment losses                                                 | 35          |               | 28          |               |               |               |                | 237            | 401            | 1,134                    |
| Interest expenses                                                 | 11          | 18            | 44          | 85            | 111           | 317           | 740            | 1,473          | 2,050          | 1,185                    |
| Equity in earnings of affiliates ( )                              | 0           | 13            | 8           | -2            | -27           | -19           | -26            | -425           | -94            | -100                     |
| Foreign exchange gains and losses ( )                             | 1           | 0             | -5          | 0             | 2             | -139          | 49             | -1,601         | 758            | -677                     |
| Change in trade receivables                                       | 52          | 138           | -1          | -214          | 113           | -2,419        | -11,424        | 4,294          | -1,441         | -635                     |
| Change in inventories ( )                                         | -451        | 221           | -927        | -956          | -1,270        | -3,399        | -16,745        | -20,712        | 33,161         | -3,401                   |
| Change in trade payables                                          | 93          | -732          | 79          | 120           | 378           | 3,569         | 19,793         | 1,058          | -4,498         | -3,824                   |
| Change in advances received                                       | 62          | -583          | -16         | 671           | 63            | -197          | -1,238         | 10,176         | -19,113        | -483                     |
| Other                                                             |             |               | 320         | 283           | 664           | -174          | 292            | 7,283          | -7,856         | -6,374                   |
| Subtotal                                                          | 323         | -837          | 641         | 391           | -647          | -240          | -4,810         | 20,867         | 49,317         | -7,783                   |
| Interest and dividends income received                            | 1           | 1             | 0           | 1             | 0             | 29            | 117            | 102            | 464            | 233                      |
| Interests paid                                                    | -12         | -17           | -44         | -85           | -114          | -298          | -754           | -1,508         | -2,033         | -1,079                   |
| Income taxes paid                                                 | -106        | -131          | -265        | -453          | -101          | -160          | -1,002         | -1,062         | -3,419         | -1,596                   |
| <b>Cash flows from operating activities (1)</b>                   | <b>206</b>  | <b>-984</b>   | <b>405</b>  | <b>-147</b>   | <b>-861</b>   | <b>-608</b>   | <b>-6,449</b>  | <b>18,526</b>  | <b>44,757</b>  | <b>-10,361</b>           |
| Payments into time deposits                                       | -119        | -26           | -141        | -92           | -401          | -114          | -331           | -285           | -99            | -69                      |
| Proceeds from withdrawal of time deposits                         | 75          | 23            |             | 41            | 140           | 113           | 96             | 139            | 587            | 166                      |
| Purchase of tangible fixed assets                                 | -55         | -428          | -377        | -1,473        | -117          | -2,732        | -6,036         | -12,400        | -9,656         | -3,989                   |
| Purchase of intangible assets                                     | -5          | -14           | -31         | -7            | -11           | -10           | -12            | -2,198         | -1,157         | -153                     |
| Deposits paid                                                     |             |               |             |               |               |               | -787           | -5,539         | -10,914        | -6,975                   |
| Purchase of subsidiaries' shares affecting scope of consolidation |             | -405          |             | -21           |               |               | -3,992         | -1,450         | -99            |                          |
| Loan advances                                                     | -105        | -12           | -44         | -154          |               | -431          | -980           | -124           | -2             |                          |
| Proceeds from collection of loans receivable                      | 131         | 12            | 43          | 38            |               | 10            | 27             | 113            | 13             | 0                        |
| Other                                                             | -1          |               |             | -7            | -9            | -3            | -63            | -17            | 29             | 41                       |
| <b>Cash flows from investing activities (2)</b>                   | <b>-75</b>  | <b>-864</b>   | <b>-559</b> | <b>-1,620</b> | <b>-472</b>   | <b>-1,391</b> | <b>-13,221</b> | <b>-20,670</b> | <b>-21,191</b> | <b>-2,620</b>            |
| <b>Free cash flow (1+2)</b>                                       | <b>131</b>  | <b>-1,848</b> | <b>-155</b> | <b>-1,766</b> | <b>-1,333</b> | <b>-1,999</b> | <b>-19,670</b> | <b>-2,144</b>  | <b>23,566</b>  | <b>-12,981</b>           |
| Repayments of installment payables                                |             |               |             | -62           | -403          | -189          | -328           | -765           | -793           | -534                     |
| Proceeds from short-term borrowings                               | 1,244       | 1,508         | 1,713       | 2,033         | 1,979         | 13,812        | 46,519         | 70,923         | 65,378         | 41,009                   |
| Repayments of short-term borrowings                               | -1,028      | -891          | -1,471      | -1,792        | -2,130        | -10,823       | -36,222        | -55,275        | -72,327        | -35,850                  |
| Proceeds from long-term borrowings                                | 70          | 1,600         | 671         | 1,289         | 3,546         | 3,625         | 7,623          | 5,544          | 2,455          | 1,071                    |
| Repayments of long-term borrowings                                | -317        | -235          | -896        | -1,019        | -1,399        | -1,438        | -3,920         | -4,686         | -4,990         | -2,171                   |
| Proceeds from issuance of shares                                  |             | 90            |             |               |               | 224           | 775            | 1,399          | 862            |                          |
| Other                                                             |             |               |             |               |               |               |                |                |                | 60                       |
| Dividends paid                                                    | -50         | -55           | -67         | -86           | -87           | -89           | -98            | -117           | -138           | -88                      |
| <b>Cash flows from financing activities</b>                       | <b>-85</b>  | <b>1,991</b>  | <b>-62</b>  | <b>1,913</b>  | <b>1,465</b>  | <b>5,290</b>  | <b>17,752</b>  | <b>17,235</b>  | <b>-5,446</b>  | <b>4,128</b>             |
| Depreciation and amortization (A)                                 | 34          | 54            | 123         | 274           | 265           | 720           | 1,604          | 2,292          | 4,816          | 5,226                    |
| Purchase of tangible fixed assets and intangible assets (B)       | -60         | -442          | -408        | -1,480        | -128          | -2,742        | -6,048         | -14,598        | -10,813        | -4,142                   |
| Change in working capital (C)                                     | 307         | 2,069         | 847         | -246          | 648           | 2,889         | 14,912         | 16,654         | -27,170        | 5,571                    |
| <b>Simple FCF (NI + A + B - C)</b>                                | <b>-101</b> | <b>-2,633</b> | <b>-374</b> | <b>-644</b>   | <b>-300</b>   | <b>-4,374</b> | <b>-18,550</b> | <b>-23,995</b> | <b>30,703</b>  | <b>-3,536</b>            |

Source: Shared Research based on company data

Note: Only main accounting items are listed



# News and topics

## TOYO to commence panel production at new US plant

2025-10-15

Abalance Inc. announced that consolidated subsidiary TOYO Co., Ltd. obtained an occupancy and operational permit from the City of Houston, Texas, on October 13, 2025, for its new solar panel plant in Houston (the "new US plant"), and that the subsidiary will commence full-scale mass production.

### Production launch at the new US plant

In addition to its main operations base in Vietnam, TOYO began production at its new solar cell plant in Ethiopia in early April as part of efforts to establish a global supply chain for solar panels and cells, and has since expanded sales to markets worldwide. Meanwhile, at the new US plant, prototype production had already begun. With the recent acquisition of an occupancy and operational permit from the City of Houston, Texas, TOYO now plans to launch mass production and accelerate sales to customers in the US market.

### Establishment of global supply chain

TOYO targets an annual production capacity of 1GW for high-efficiency solar panels at its new US plant. It states solar panels manufactured during the prototype phase at the facility have received positive evaluations from US customers. TOYO aims to scale up production at the plant. As the panels qualify for tax incentives under the US government policy, TOYO expects strong demand from large-scale solar project developers in the country. By establishing production bases in Vietnam, Ethiopia, and the US, TOYO intends to strengthen its global supply chain for solar panels and cells and respond to the growing global demand for renewable energy.

## Abalance appoints members to third-party committee

2025-09-02

Abalance Corporation announced the appointment of members to its third-party committee.

The company's Board of Directors resolved to establish a third-party committee after determining the need to investigate past supply transactions involving compensation, revise the relevant annual securities report, and review other related transactions. As disclosed in the August 12, 2025 release titled "Abalance establishes third-party committee," the company announced the formation of a committee comprising external experts. At the Board meeting held on September 2, 2025, the company appointed the following committee members.

### Committee members

- Chairperson: Junko Motozawa (Attorney, Motozawa Law Office)
- Member: Yoshikazu Tanaka (Attorney, Kataoka & Kobayashi LPC)
- Member: Kenzo Oguro (Certified Public Accountant, Yamato Partners Co., Ltd.)

### Selection process and rationale for committee members

The company's legal department was introduced to Attorney Junko Motozawa as a candidate for committee chair through a personal connection between her and an attorney the department had previously engaged. Following this introduction, Attorney Motozawa invited Attorney Yoshikazu Tanaka and CPA Kenzo Oguro—both of whom she had previously worked with on other investigation committees—to join the committee. The reason for selecting these individuals is that all three have extensive experience serving on investigation committees and have no conflicts of interest with the company, allowing them to conduct the investigation from an objective and neutral standpoint. The formation of this third-party committee complies with the Japan Federation of Bar Associations' Guidelines on Third-Party Committees in Corporate Misconduct Cases.

### Purpose of establishing the committee

The purpose of establishing the committee is to have an external third party investigate the facts concerning the matters outlined below, in order to support the company's sustainable business operations going forward.

1. Investigation into the following matters

- Reinvestigation of the Audit and Supervisory Committee's investigation report dated March 13, 2024
  - Investigation into impairment and application documents related to Taiwa Town Solar Power LLC
  - Investigation into related party transactions
2. Investigation into the existence of similar cases
  3. Assessment of the impact of 1. and 2. on the company's consolidated financial statements and other disclosures
  4. Identification of the causes behind the issues described in item 1 and recommendations for recurrence prevention
  5. Other matters deemed necessary by the committee

#### **Date of committee establishment**

September 2, 2025

#### **Expected duration of the investigation**

Abalance expects the investigation to take approximately four months, although this may vary depending on various circumstances.

#### **Next steps**

Abalance intends to fully cooperate with the third-party committee and move forward with the investigation in a timely manner. The company plans to promptly disclose any facts that come to light. It also aims to apply the findings of the investigation to support sustainable management under its new leadership structure.

## **Abalance establishes third-party committee**

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2025-08-12

Abalance Corporation announced the establishment of a third-party committee.

The company's Board of Directors resolved to establish a third-party committee after determining the need to investigate its previous supply transactions with compensation, amend the related annual securities report, and review other transactions.

#### **Reason for the establishment of the third-party committee**

At the 26th Annual General Meeting of Shareholders held on June 28, 2025, the company appointed five directors (excluding those who serve as Audit and Supervisory Committee members), including three newly appointed directors. The purpose was to strengthen its ability to address management challenges by appointing internal personnel who are highly familiar with the group's businesses and possess extensive experience and expertise. Under this new management structure, the company has been reviewing various past transactions. In addition, following observations from an external organization, it determined that a third-party committee should be established to conduct a detailed investigation into the matters listed below.

#### **Details of the third-party committee**

- Purpose of establishment: The new management team has determined that a rigorous investigation by an external third party is essential for the company's sustainable business operations.
- Committee members: To be determined
- Date of establishment: To be determined

#### **Scope of investigation by the third-party committee**

- Reinvestigation of the Audit and Supervisory Committee's investigation report dated March 13, 2024
- Investigation into impairment and application documents related to the Taiwa Town Solar Power LLC
- Investigation into related party transactions

#### **Outlook**

Except the potential impairment related to the Taiwa Solar Power LLC noted above, the items subject to this investigation are not expected to impact business results. If, based on the findings of the third-party committee, it is determined that impairment is necessary and a revision to earnings is required, the company plans to announce this promptly. The investigation report will also be disclosed promptly upon receipt by the company.

## Abalance to record extraordinary gain and loss from sale of fixed asset by consolidated subsidiary

2025-07-15

Abalance Corporation announced it will record both an extraordinary gain and an extraordinary loss in connection with the sale of a fixed asset by a consolidated subsidiary.

The company has decided to sell a fixed asset held by consolidated subsidiary WWB Corporation. As a result of the sale, the company expects to record an extraordinary gain (gain on sale of fixed assets) as well as an extraordinary loss (loss on cancellation of long-term installment payables).

### Sale of fixed asset and expected recognition of extraordinary gain

#### Reason for the sale of fixed asset

WWB is focusing on expanding its in-house power generation facilities, primarily solar power generation facilities, as part of its Green Energy business. In addition to electricity sales under the FIT scheme, the subsidiary plans to continue strengthening its recurring revenue business through various formats, including non-FIT, PPA, and both on-site and off-site models. Looking ahead, WWB also intends to actively expand into the grid-connected storage battery sector, aiming to build an optimal business portfolio. As part of this strategy, it has decided to sell a completed solar power plant located in Miyagi Prefecture. Through this transfer, WWB aims to further strengthen its portfolio of solar power assets and grid storage battery operations, reinforcing its stable earnings base.

#### Details of the transferred asset

- Asset: Solar power plant located in Miyagi Prefecture
- Gain on transfer: Approximately JPY2.1bn (transfer price and transferee undisclosed)
- Transfer date: July 15, 2025

### Reason for recognition of extraordinary loss

As a result of the transfer, the related long-term installment payables will be terminated before maturity. Consequently, the company expects to record a penalty associated with the early termination—amounting to approximately JPY700mn—as an extraordinary loss (loss on cancellation of installment payables).

### Outlook

The company expects to record an extraordinary gain of approximately JPY2.1bn from the sale of fixed assets in Q2 FY03/26 (July 1 to September 30, 2025). This impact has already been reflected in the full-year earnings forecast for FY03/26 announced on May 15, and the company believes the effect on its overall business performance will be minor.

## Abalance announces five directors (who will not concurrently serve as Audit and Supervisory Committee members) were appointed during the 26th Annual General Meeting of Shareholders

2025-06-30

Abalance Corporation announced five directors (who will not concurrently serve as Audit and Supervisory Committee members) were appointed during the 26th Annual General Meeting of Shareholders held on June 28, 2025.

The newly appointed directors are as follows:

| Name              | Title                                                                     |
|-------------------|---------------------------------------------------------------------------|
| Junsei Ryu        | (current) Chairman and CEO                                                |
| Ryoichi Kunimoto  | (newly appointed) President and COO                                       |
| Motoharu Fujisawa | (current) Vice chairman of the Board                                      |
| Kazuyasu Shibata  | (newly appointed) Director in charge of corporate administration division |
| Koichi Hashimoto  | (newly appointed) Director in charge of the finance and legal Division    |

Following approval at the June 2025 General Meeting of Shareholders, the company has transitioned to a two-person representative director structure, appointing Mr. Junsei Ryu and Mr. Ryoichi Kunimoto as co-representative directors. In February 2024, the company disclosed that revenue and cost of revenue had been incorrectly recorded in relation to a subsidiary's transactions involving paid provisions, based on the Accounting Standard for Revenue Recognition. Additionally, in May 2024, a former executive officer was arrested for insider trading. In response to these developments, the company has been working to strengthen its governance framework starting from FY06/24. In September 2024, the company appointed Mr. Ryusuke Okada—an external candidate—president and representative director. It also established a Risk and Compliance Committee, chaired by an independent outside director, and reinforced the functions of its Internal Control Committee, chaired by an executive officer. Both committees serve as advisory bodies to the Board of Directors and are intended to enhance risk management and compliance. Furthermore, the company created two new specialist subcommittees within the Management Council: the Finance Committee and the Investment Committee.

Following the governance reforms implemented since September 2024, the company plans to adopt a co-CEO structure with two internal personnel serving as representative directors starting in June 2025. In addition, two members from the corporate administration division will be appointed as directors to further strengthen the governance framework in pursuit of enhanced corporate value. Shared Research understands while the company has achieved rapid growth by leveraging its venture spirit since its founding, the development of its governance framework had not fully kept pace with its expanding business scale. Following the reforms initiated in September 2024, the company is now transitioning toward a structure that balances growth potential with organizational strength.

## (Update on disclosure) Lawsuit filed against Abalance Corporation and its seven subsidiaries

2025-05-13

Abalance Corporation has announced an update on the progress of a previously disclosed legal case involving the company and its seven subsidiaries.

On December 19, 2024, Abalance disclosed a lawsuit had been filed against the company and its seven subsidiaries. On May 7, 2025 (U.S. time), the company announced it had received a notice from the United States District Court for the Northern District of California regarding an update to the case. According to the notice, the plaintiffs—solar panel manufacturers SHANGHAI JINKO GREEN ENERGY ENTERPRISE MANAGEMENT CO., LTD. and ZHEJIANG JINKO SOLAR CO., LTD.—amended their complaint to remove Abalance Corporation and its subsidiary FUJI SOLAR Co., Ltd. ("FUJI") as defendants while adding two other company subsidiaries: TOYO SOLAR TEXAS LLC ("TOYO TEXAS") and TOYOSOLAR MANUFACTURING ONE MEMBER PRIVATE LIMITED COMPANY ("TOYO PRIVATE"). As a result, Abalance Corporation and FUJI are no longer parties to the lawsuit, and the number of subsidiaries named as defendants has increased to eight, including VSUN.

### Reason for the removal and addition of parties in the lawsuit

Abalance Corporation and FUJI were removed from the lawsuit because the plaintiffs determined their actions did not constitute patent infringement. Conversely, the plaintiffs decided to newly add two other subsidiaries—TOYO TEXAS and TOYO PRIVATE—as defendants in the amended complaint.

### Outlook

The Abalance group stated it will continue to respect intellectual property rights while carefully reviewing the plaintiffs' claims and demands. Through its appointed US legal counsel, the group intends to assert the legitimacy of its position through ongoing litigation. The company also noted assessing the potential impact of the lawsuit on its consolidated financial results is prohibitively difficult at present and stated it will promptly disclose any material developments should they arise.

## Abalance announces planned changes to president and directors

2025-04-28

Abalance Corporation announced planned changes to its president and directors.

At a Board of Directors meeting held on April 28, 2025, the company resolved to propose changes to its president and directors as outlined below. These changes are scheduled to be formally approved at the Annual General Meeting of Shareholders to be held on June 28, 2025 and at a subsequent meeting of the Board of Directors.

## Changes in representative directors

| Name             | New position   | Current position                                                     |
|------------------|----------------|----------------------------------------------------------------------|
| Ryusuke Okada    | Senior advisor | President                                                            |
| Junsei Ryu       | CEO            | Director, senior advisor                                             |
| Ryoichi Kunimoto | COO            | Executive officer, general manager of group business strategy office |

## Changes in directors

| Name              | New position                                            | Current position                                                                |
|-------------------|---------------------------------------------------------|---------------------------------------------------------------------------------|
| Motoharu Fujisawa | Vice chairman of the Board                              | Senior managing director                                                        |
| Kazuyasu Shibata  | Director in charge of corporate administration division | General manager of the accounting department, corporate administration division |
| Koichi Hashimoto  | Director in charge of the finance and legal Division    | General manager of the finance department, corporate administration division    |

## Subsidiary TOYO Co., Ltd. begins production at its new solar cell plant

2025-04-23

Abalance Corporation announced subsidiary TOYO Co., Ltd. began production at its solar cell plant in Ethiopia in April 2025.

### Commencement of production at TOYO's new solar cell plant in Ethiopia

In addition to its main production base in Vietnam, TOYO has established a new solar cell plant in the Federal Democratic Republic of Ethiopia as part of its efforts to build a global supply chain for solar panels and cells. Production began in early April 2025. As an initial shipment, TOYO plans to supply over 80MW of solar cells to customers by end-April. This marks the completion of the first phase of construction for the Ethiopia plant, which is expected to have an annual production capacity of 2GW.

### Future production framework

Following the initial shipment, TOYO plans to ramp up production at its new plant, with full-scale operations expected by June 2025. It projects monthly production capacity to reach 150–200MW. As disclosed in the company's announcement on March 25, 2025, titled "Subsidiary TOYO Co., Ltd. begins Phase 2 construction of solar cell plant in Ethiopia," the subsidiary has already begun preparations for Phase 2 construction (with an annual production capacity of 2GW), in anticipation of strong external demand and future needs at TOYO's new solar panel plant currently under construction in Houston, Texas. Once both phases are complete, the plant's total annual production capacity will reach 4GW. TOYO aims to strengthen its global supply chain for solar panels and cells to meet growing global demand for renewable energy.

## Company to issue new shares through third-party allotment

2025-04-10

Abalance Corporation announced a new share issuance through a third-party allotment.

The company's Board of Directors resolved today to issue new shares through a third-party allotment to Director Junsei Ryu, Core Competence Corporation, and DL Green Investments LPF. As Ryu has a special interest in the transaction, he did not participate in the resolution.

## Overview

### Junsei Ryu and Core Competence Corporation

- Payment date: April 28, 2025
- Number of new shares to be issued: 408,700 common shares
- Issue price: JPY465.00 per share
- Total proceeds: JPY190mn
- Method of offering/allotment: Third-party allotment—322,600 shares to Ryu Junsei and 86,100 shares to Core Competence Corporation

## DL Green Investments LPF

- Payment date: April 28, 2025
- Number of new shares to be issued: 693,800 common shares
- Issue price: JPY432.45 per share
- Total proceeds: JPY300mn
- Method of offering/allotment: Third-party allotment—693,800 shares to DL Green Investments LPF

## Purpose and rationale

The Abalance group is steadily expanding its business foundation to become a leading global player in renewable energy. It is driving growth through Vietnam Sunergy Joint Stock Company, a consolidated subsidiary manufacturing solar panels in Vietnam, and TOYO Co., Ltd., a NASDAQ-listed company in the US. In Japan, the group is shifting to a recurring revenue business model, prioritizing stable earnings by increasing ownership of solar power plants. It is also actively pursuing acquisitions of such facilities through M&A to accelerate this shift.

The group aims to enhance its corporate value over the medium to long term by increasing in-house ownership of solar power plants to 1GW by 2030. Building these facilities requires significant capital—ranging from hundreds of millions to several billions of yen per project. The group currently funds these developments through long-term loans from financial institutions and internal capital. It plans to use the proceeds from this share issuance to supplement those funding needs and accelerate solar plant construction. The company sees this financing as necessary to strengthen its financial base and support long-term growth.

## Overview of the financing

### Method

Through the third-party allotment, Abalance expects to immediately raise funds via a new share issuance. While considering existing shareholders' interests, the company evaluated several financing options to secure the capital needed for solar power plant construction. It concluded that the third-party allotment offered the most effective solution.

## Amount of proceeds, intended use, and expected timing of disbursement

### Proceeds

- Total proceeds: JPY490mn
- Estimated issuance costs: JPY10mn
- Estimated net proceeds: JPY480mn

### Specific use of proceeds

- Use: Construction of solar power plants in the Kyushu region
- Amount to be allocated: JPY480mn
- Expected disbursement period: May 2025–April 2026



## Major shareholders and ownership ratios

| Pre-offering (as of March 31, 2025)             |                 | Post-offering                      |                 |
|-------------------------------------------------|-----------------|------------------------------------|-----------------|
| Shareholder name                                | Ownership ratio | Shareholder name                   | Ownership ratio |
| Ryu Junsei                                      | 24.43%          | Ryu Junsei                         | 24.71%          |
| Iizuka Future Design Co., Ltd.                  | 3.61%           | DL Green Investments LPF           | 3.66%           |
| Yutaka Hino                                     | 2.75%           | Iizuka Future Design Co., Ltd.     | 3.40%           |
| BNYM AS AGT/CLTS NON TREATY JASDEC              | 2.38%           | Yutaka Hino                        | 2.59%           |
| Hiroshi Yamashita                               | 2.13%           | BNYM AS AGT/CLTS NON TREATY JASDEC | 2.24%           |
| Isao Tsukamoto                                  | 2.07%           | Hiroshi Yamashita                  | 2.01%           |
| Rakuten Securities, Inc.                        | 1.67%           | Isao Tsukamoto                     | 1.95%           |
| SBI Securities Co., Ltd.                        | 1.51%           | Rakuten Securities, Inc.           | 1.57%           |
| Yoshie Iizuka                                   | 1.00%           | SBI Securities Co., Ltd.           | 1.42%           |
| BANK JULIUS BAER AND CO. LTD. SINGAPORE CLIENTS | 0.85%           | Yoshie Iizuka                      | 0.94%           |
| Total                                           | 42.40%          | Total                              | 44.50%          |

Note: Post-offering ownership ratios are based on the total number of shares outstanding as of March 31, 2025 (excluding treasury shares), plus the 1,102,500 new shares to be issued.

## Outlook

The company expects this third-party allotment to have only a minor impact on the group's consolidated financial results.

## Abalance to increase stake in VSUN following consolidated subsidiary's share buyback

2025-04-03

Abalance Corporation announced an increase in its equity interest in Vietnam Sunergy Joint Stock Company (VSUN) following a resolution by one of its consolidated subsidiaries to repurchase its own shares.

The company's consolidated subsidiary, Fuji Solar Co., Ltd., which has a stake in VSUN, has resolved to acquire its own shares. As a result, the company's equity interest in VSUN will increase.

### Reason for the share buyback by Fuji Solar

Consolidated subsidiary Fuji Solar decided to buy back its own shares in response to an offer from certain shareholders. Fuji Solar plans to complete the buyback by end-April 2025, with the total acquisition price estimated at approximately JPY1.0bn.

### Change in the company's equity interest in VSUN

VSUN is accounted for as a consolidated subsidiary based on control, as Abalance indirectly holds a 44.4% stake through its subsidiary Fuji Solar. Fuji Solar's share buyback is expected to raise Abalance's equity interest in VSUN by 14.4pp, bringing it to 58.8%.

## Outlook

Since the transaction will take place in FY03/26, it will not affect the company's consolidated earnings for FY03/25. Abalance expects this higher ownership to affect net income attributable to owners of the parent and plans to reflect the impact in its consolidated earnings forecast for FY03/26.

## Subsidiary TOYO Co., Ltd. begins Phase 2 construction of solar cell plant in Ethiopia

2025-03-25

Abalance Corporation announced that subsidiary TOYO Co., Ltd. will begin Phase 2 construction of its solar cell plant in Ethiopia.

## Reason for Phase 2 construction of solar cell plant

The Abalance group, led by TOYO, is working to establish a global supply chain for solar panels and cells, with plans to complete a panel plant in Texas, US, and a cell plant in Ethiopia. Amid the global shift toward a decarbonized society, Abalance expects continued growth in demand within the solar power market.

In light of these market conditions, and as announced in the October 15, 2024 release titled "Construction of new plant by subsidiary TOYO Co., Ltd.," TOYO has decided to move forward with the Phase 2 construction of the solar cell production facility in Ethiopia, adding an additional 2GW of production capacity to the initial Phase 1 facility (2GW capacity, scheduled for completion in March). Through this expansion, TOYO aims to establish a stable cell supply system to support its new panel plant in Texas as well as customers in Europe and Asia. Abalance believes this initiative will contribute to the medium- to long-term growth of its Solar Panel Manufacturing business.

## Overview of Phase 2 construction of solar cell plant

- Company name: TOYO SOLAR MANUFACTURING ONE MEMBER PLC
- Location: Hawassa, Sidama Region, Federal Democratic Republic of Ethiopia
- Land area: 28,000sqm
- Investment amount: USD46.8mn (approximately JPY7.0bn; land and buildings will be leased, and the investment covers manufacturing and auxiliary equipment)
- Funding: Under consideration, including self-financing, bank loans, and other direct financing methods
- Business operations: Manufacturing and sales of solar cells
- Production capacity: 4GW (including 2GW from Phase 1)
- Number of employees: Approximately 880
- Construction start: Scheduled for April 2025
- Completion: Expected between July and September 2025 (Q2 FY03/26)

## Outlook

The company expects this matter to have a minimal impact on its earnings for FY03/25.

## Dividend from surplus

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2025-03-24

Abalance Corporation announced a dividend from surplus.

At a Board of Directors meeting held on March 24, 2025, the company resolved to pay a dividend from surplus with a record date of March 31, 2025.

## Details

- Record date: March 31, 2025
- Dividend per share: JPY3.00
- Total dividend amount: JPY53mn
- Effective date: June 30, 2025
- Dividend source: Retained earnings

The company changed its fiscal year-end to March, starting from FY03/25. For FY06/24, the company paid an annual dividend of JPY8.00 per share, comprising an interim dividend of JPY3.00 and a year-end dividend of JPY5.00.

## Reasons

The company's basic policy is to maintain stable dividends and actively return profits to shareholders, while securing the internal reserves necessary for future business development and strengthening its management foundation. As noted in the news release titled "Cancellation of interim dividend" dated February 14, 2025, the year-end dividend for FY03/25 had been left undecided. However, in line with the company's policy of paying stable dividends, it has decided to pay a year-end dividend of JPY3.00 per share.

# Revisions to full-year earnings forecast due to fiscal year-end change, cancellation of interim dividend, and absorption-type merger of consolidated subsidiary

2025-02-14

Abalance Corporation announced revisions to its full-year earnings forecast due to a change in its fiscal year-end, the cancellation of its interim dividend, and the absorption-type merger of a consolidated subsidiary.

## Full-year earnings forecast due to fiscal year-end change

The company revised its full-year earnings forecast for FY06/25, as its accounting period will be shortened to nine months following a fiscal year-end change, subject to the approval of "Partial Amendments to the Articles of Incorporation" at the extraordinary general meeting of shareholders scheduled for February 21, 2025.

### Revised earnings forecast (nine-month period from July 1, 2024 to March 31, 2025; previous forecast based on a 12-month period)

- Revenue: JPY60.0bn (previous forecast: JPY80.0bn)
- Operating profit: JPY5.1bn (previous forecast: JPY10.0bn)
- Recurring profit: JPY5.1bn (previous forecast: JPY10.0bn)
- Net income attributable to owners of the parent: JPY1.0bn (previous forecast: JPY6.0bn)

### Reasons for revision

The company plans to change its fiscal year-end from June 30 to March 31, subject to the approval of "Partial Amendments to the Articles of Incorporation" at the extraordinary general meeting of shareholders scheduled for February 21, 2025. As a result, the current fiscal year will be an irregular nine-month period from July 1, 2024 to March 31, 2025, serving as a transition period for the fiscal year-end change. Accordingly, the company revised its earnings forecast previously disclosed on August 14, 2024.

## Cancellation of interim dividend payment

### Dividends

- Interim dividend per share: JPY0 (previous forecast: undecided; previous fiscal year actual: JPY3)

The year-end dividend remains undecided.

### Reasons

The company's core policy is to maintain stable dividends and proactive shareholder returns while securing internal reserves necessary for future business expansion and financial strength. Amid a growing global renewable energy market, the company group is focused on enhancing corporate value, with its solar panel business as the key growth driver. However, profit declined YoY, affected by weaker market conditions due to an easing of global supply-demand pressures in solar-related products, as well as uncertainty over the US tariff policies in its key market and strategic investments for global expansion.

After carefully reviewing the business environment surrounding the group, the company has decided not to pay an interim dividend for this fiscal year. Regarding the year-end dividend, the company will make a decision based on its stable dividend policy while closely monitoring future earnings trends.

## Absorption-type merger with consolidated subsidiary

### Purpose of merger

The company's consolidated subsidiary, Abit Corporation, operates an IT business, providing software license sales, system development, and related services. To streamline the group's organizational structure and optimize the allocation of management resources, the company has decided to merge Abit into itself through an absorption-type merger.

### Overview

- Effective date of the merger: March 31, 2025 (planned)
- Merger method: Absorption-type merger, with the company as the surviving entity and Abit to be dissolved

## Outlook

As the merger is with a wholly owned subsidiary, its impact on the company's financial performance will be minimal.

# Other information

## History

| <History>      |                                                                                                                                                      |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 2000     | Established Real Communications Co., Ltd.                                                                                                            |
| August 2000    | Moved head office to Chiyoda-ku, Tokyo                                                                                                               |
| February 2001  | Changed company name to Realcom Co., Ltd.                                                                                                            |
| February 2005  | Moved head office to Taito-ku, Tokyo                                                                                                                 |
| February 2006  | Established US subsidiary Realcom Technology, Inc. for sales and support services in the US and planning and development of next-generation products |
| September 2007 | Listed on the Mothers Market of the Tokyo Stock Exchange (TSE)                                                                                       |
| March 2008     | Established US subsidiary Realcom U.S., Inc.                                                                                                         |
| November 2011  | Made WWB Corporation a wholly owned subsidiary via stock exchange                                                                                    |
| September 2012 | Moved head office to Shinagawa-ku, Tokyo                                                                                                             |
| March 2017     | WWB Corporation established an SPC (WW LLC) and made Valors Corporation a subsidiary                                                                 |
| March 2017     | Changed company name to Abalance Corporation                                                                                                         |
| February 2018  | WWB Corporation established Fuji Solar Co., Ltd.                                                                                                     |
| November 2018  | Switched listing from the Mothers Market to the Second Section of TSE                                                                                |
| October 2019   | Established Abit Corporation through an incorporation-type split of the IT division                                                                  |
| December 2020  | Made Vietnam Sunergy Joint Stock Company (VSUN) a subsidiary                                                                                         |
| June 2021      | WWB Corporation established Birdy Fuel Cells LLC                                                                                                     |
| October 2021   | WWB Corporation made Campanio Solar Co., Ltd. a subsidiary via second-tier subsidiary, Valors Corporation                                            |
| October 2021   | WWB Corporation made Japan Solar Power Co., Ltd. a subsidiary                                                                                        |
| November 2021  | WWB Corporation succeeded the industrial-use solar power generation business from Japan Life Support Co., Ltd.                                       |
| March 2022     | Abit Corporation made Digital Sign Co., Ltd. a subsidiary                                                                                            |
| March 2022     | WWB Corporation made Japan Mirai Energy Co., Ltd. and J. Mirai Co., Ltd. subsidiaries via second-tier subsidiary, WWB Solar 03 LLC                   |
| March 2022     | Made Meiji Machine Co., Ltd. an equity-method affiliate                                                                                              |
| April 2022     | Following the market reclassification by TSE, the company's shares were listed on the Standard Market.                                               |
| October 2022   | WWB made WWB Thang Long Corporation a subsidiary                                                                                                     |
| November 2022  | VSUN established Vietnam Sunergy Cell Company Limited (Cell Company)                                                                                 |
| January 2023   | WWB made Flex Holdings Co., Ltd. a subsidiary                                                                                                        |
| October 2023   | Fuji Solar established TOYO Company Limited (TOYO)                                                                                                   |
| June 2023      | WWB made Taiwa Town Solar Power LLC and Ohira Village Solar Power LLC subsidiaries                                                                   |
| October 2023   | WWB made Sunshineties Co., Ltd. a subsidiary                                                                                                         |
| January 2024   | Joined the Japan Business Federation (Keidanren)                                                                                                     |
| January 2024   | Subsidiary TOYO made TOYO SOLAR its own subsidiary through the transfer of shares from VSUN                                                          |
| February 2024  | VSUN established Vietnam Sunergy Wafer Company Limited.                                                                                              |
| July 2024      | TOYO listed its shares on the NASDAQ Capital Market in the US                                                                                        |
| October 2024   | Subsidiary TOYO established TOYO SOLAR MANUFACTURING ONE MEMBER PLC.                                                                                 |
| November 2024  | Subsidiary TOYO made TOYO Solar Texas LLC PLC (current name) its subsidiary                                                                          |
| November 2024  | Subsidiary Abit Corporation sold all of its shares in Digital Sign Co., Ltd.                                                                         |
| February 2025  | Changed fiscal year-end to March (effective from FY2024)                                                                                             |
| March 2025     | Abalance absorbed its subsidiary, Abit Corporation, through a merger                                                                                 |
| March 2025     | Subsidiary Valors Corporation absorbed its subsidiary, Valors Engineering Corporation, through a merger                                              |

Source: Shared Research based on company data

## Major shareholders

Mr. Junsei Ryu has been Abalance's major shareholder since the company made WWB Corporation a wholly owned subsidiary through a share exchange conducted in November 2011. The company has no business ties with the other individual and corporate shareholders shown below.

## As of end-September 2025

| Shareholder name                                                 | Shares held (year-end;<br>'000) | Shareholding ratio |
|------------------------------------------------------------------|---------------------------------|--------------------|
| Ryu Junsei                                                       | 4,683                           | 24.71%             |
| Iizuka Future Design Co., Ltd.                                   | 645                             | 3.40%              |
| Rakuten Securities, Inc.                                         | 494                             | 2.61%              |
| Yutaka Hino                                                      | 490                             | 2.59%              |
| BNYM AS AGT/CLTS NON TREATY JASDEC                               | 427                             | 2.25%              |
| Hiroshi Yamashita                                                | 420                             | 2.22%              |
| STATE STREET BANKAND TRUST COMPANY 505223                        | 261                             | 1.38%              |
| STATE STREET BANKAND TRUST CLIENT OMNIBUS ACCOUNT OMO2<br>505002 | 250                             | 1.32%              |
| Matsui Securities Co., Ltd.                                      | 233                             | 1.23%              |
| Yoshie Iizuka                                                    | 179                             | 0.94%              |
| Total                                                            | 8,081                           | 42.64%             |

Source: Shared Research based on company data

## Dividend policy

Abalance's basic policy is to accomplish stable dividend payments and actively return profits to shareholders in accordance with the state of its finances, while maintaining the necessary internal reserves to develop future businesses and strengthen the company's financial position. The company has paid dividends twice a year, consisting of an interim dividend and a year-end dividend, through FY06/24.

## Corporate governance

### Governance structure as of June 2025

Following approval at the June 2025 General Meeting of Shareholders, the company transitioned to a two-person representative director structure, appointing Mr. Junsei Ryu and Mr. Ryoichi Kunimoto. In February 2024, the company disclosed that revenue and cost of revenue had been incorrectly recorded in relation to a subsidiary's transactions involving paid provisions, based on the Accounting Standard for Revenue Recognition. Additionally, in May 2024, a former executive officer was arrested for insider trading. In response to these developments, the company has been working to strengthen its governance framework starting from FY06/24. In September 2024, the company appointed Mr. Ryusuke Okada—an external candidate—as president and representative director. It also established a Risk and Compliance Committee, chaired by an independent outside director, and reinforced the functions of its Internal Control Committee, chaired by an executive officer. Both committees serve as advisory bodies to the Board of Directors and are intended to enhance risk management and compliance. Furthermore, the company created two new specialist subcommittees within the Management Council: the Finance Committee and the Investment Committee.

Following the governance reforms implemented since September 2024, the company plans to adopt a co-CEO structure with two internal personnel serving as representative directors starting in June 2025. In addition, two members from the corporate administration division will be appointed as directors to further strengthen the governance framework in pursuit of enhanced corporate value. Shared Research understands while the company has achieved rapid growth by leveraging its venture spirit since its founding, the development of its governance framework had not fully kept pace with its expanding business scale.

### Response to improper accounting treatment and governance structure

On March 14, 2024, following the discovery of improper accounting treatment at WWB, a consolidated subsidiary, related to transactions involving paid provision, the company corrected its prior-year annual securities reports (Q1 FY06/22–Q1 FY06/24). Subsequently, questions arose regarding the background and causes of the improper accounting that necessitated these corrections, prompting the company to establish a third-party committee of external experts on September 2, 2025. According to the committee's investigation report released on December 17, 2025, cases of improper accounting continued to be identified even after April 2025, despite the company having announced measures to strengthen its governance framework. The report concluded that the company's governance issues remain unresolved, noting that "given the reality that issues persist despite the organization's top leadership emphasizing governance, a fundamental overhaul is essential and urgent."



Based on the third-party committee's report, the company announced the resignation of three directors. Representative Director, President, and COO Kunimoto and Vice Chairperson and Director Fujisawa resigned effective December 30, 2025, and Representative Director, Chairperson, and CEO Ryu is scheduled to resign effective April 10, 2026. In addition, Outside Director and Audit & Supervisory Committee Member Nakaya has also expressed her intention to resign (scheduled to resign on April 10, 2026). As a result, the company had no COO as of January 2026.

On January 8, 2026, the company established a verification committee of external experts to review the third-party committee's report, with its findings scheduled to be released around February 20, 2026. After receiving the verification committee's assessment of individual responsibility for directors and other parties, as well as its recommendations regarding a new management structure, the company plans to appoint a new management team at an extraordinary general meeting of shareholders scheduled for April 10, 2026.

## Top management

### Junsei Ryu (born in October 1971)

| Date           | History                                                                             |
|----------------|-------------------------------------------------------------------------------------|
| June 2006      | Established WWB Corporation and assumed representative director                     |
| November 2011  | Representative director of Abalance Corporation                                     |
| September 2016 | Director of Abalance                                                                |
| April 20218    | Chairperson of VIETNAM SUNERGY JOINT STOCK COMPANY (current)                        |
| July 2024      | Chairperson of TOYO Co., Ltd (current)                                              |
| May 2025       | Representative director, chairperson, and CEO of WWB (current)                      |
| June 2025      | Representative director, chairperson, and CEO of Abalance (current)                 |
| July 2025      | Representative director, chairperson, and CEO of Valors (current)                   |
| April 2026     | Scheduled to step down as representative director, chairperson, and CEO of Abalance |

Source: Shared Research based on company data

### Ryoichi Kunimoto (born in July 1968)

| Date           | History                                                                           |
|----------------|-----------------------------------------------------------------------------------|
| April 1991     | Joined Tomen Corporation (currently Toyota Tsusho Corporation)                    |
| May 2003       | Director of Net-2Com Corporation                                                  |
| October 2008   | Executive officer, Ya-Man Ltd                                                     |
| July 2014      | Executive officer, Testsujin Inc. (currently Tetsujin Holdings Inc.)              |
| December 2018  | Deputy general manager of corporate division, Abalance Corporation                |
| January 2022   | Executive officer, Fuji Solar Co., Ltd. (current)                                 |
| September 2024 | Executive officer and general manager of group business strategy office, Abalance |
| June 2025      | Representative director, president, and COO of Abalance                           |
| July 2025      | Representative director of WWB (current)                                          |
| July 2025      | Representative director of Valors (current)                                       |
| December 2025  | Stepped down as representative director, president, and COO of Abalance           |

Source: Shared Research based on company data

## Corporate governance

|                                                                        |                                                                                                             |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>Form of organization and capital structure</b>                      |                                                                                                             |
| Form of organization                                                   | Company with Audit & Supervisory Committee                                                                  |
| Controlling shareholder (excluding parent company)                     | -                                                                                                           |
| Parent company                                                         | None                                                                                                        |
| <b>Directors and Audit &amp; Supervisory Committee</b>                 |                                                                                                             |
| Number of directors under Articles of Incorporation                    | 14                                                                                                          |
| Number of directors                                                    | 8                                                                                                           |
| Directors' term of office under Articles of Incorporation              | One year                                                                                                    |
| Chairperson of the Board of Directors                                  | President                                                                                                   |
| Number of outside directors                                            | 3                                                                                                           |
| Number of independent outside directors                                | 3                                                                                                           |
| Number of auditors under Articles of Incorporation                     | -                                                                                                           |
| Number of members of Audit & Supervisory Committee                     | 3                                                                                                           |
| Number of outside directors (Audit & Supervisory Committee)            | 3                                                                                                           |
| Number of independent outside members of Audit & Supervisory Committee | -                                                                                                           |
| <b>Other</b>                                                           |                                                                                                             |
| Participation in electronic voting platform                            | None                                                                                                        |
| Providing convocation notice in English                                | None                                                                                                        |
| Implementation of measures regarding director incentives               | Stock option                                                                                                |
| Eligible for stock option                                              | Inside directors, Outside directors, Employees, Directors of subsidiaries, Employees of subsidiaries, Other |
| Disclosure of directors' compensation                                  | No individual compensation disclosed                                                                        |
| Policy to determine amount and calculation method of remuneration      | Y                                                                                                           |
| Corporate takeover defenses                                            | None                                                                                                        |

Source: Shared Research based on company data

Note: As of June 2025

## Company philosophy

The Abalance group has adopted the corporate philosophy of "Best Values," aiming to improve and enhance societal life through value creation by focusing on the provision of advanced products, businesses, and services. The group is committed to contributing to the sustainable development of society. It has also established its vision of becoming an "Excellent Creative Company." Details are as follows.

### Corporate philosophy "Best Values"

- We will continue to contribute to the sustainable development of society by striving to improve social life through value creation focusing on the provision of advanced products, operations, and services.
- Based on the vision of becoming an "Excellent Creative Company" by providing value, we will continue to improve and maximize employee happiness, win-win relationships with our clients and society, and corporate and shareholder value.
- Abalance Group will continue to grow driven by value creation, love, and excitement.

### Vision "Excellent Creative Company"

- We will continue to contribute to a truly bright society by creating peace, safety, and optimal green energy, as well as light that illuminates people's eyes and hearts.
- We will provide information technology and services that enhance productivity, which is safer, more convenient, and more advanced.
- We will provide construction machinery that is safer, more rational, more economical, and more productive.
- We will aim to be a global corporate group that always anticipates social changes and contributes widely to society, and pursues optimal management strategies.

## Sustainability


The Abalance group is dedicated to balancing social and economic value by advancing the businesses of its group companies that contribute to the supply of renewable energy. Through these initiatives, the group aims to reduce greenhouse gas emissions, a key driver of global warming, while enhancing the medium- to long-term value of its group companies. Under its 2030 group vision, Abalance aspires to become a "core global company in renewable energy," leveraging its Solar Panel Manufacturing and Green Energy businesses as growth engines to achieve sustainable growth and maximize corporate value.

## About Shared Research Inc.


We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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