



**Abalance  
Group**

**To Green Energy  
and the Future  
Beyond**

**Fiscal Year Ended June 30, 2022**  
**Financial Results Overview**

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**Abalance Corporation**  
**October , 2022**

# 1. Abalance Group Overview



Company name	Abalance Corporation (Code No.: 3856, The Standard Market of the Tokyo Stock Exchange) HC (Group's business supervision, management, etc.)
Foundation date	April 17, 2000
Main businesses	Green energy business, solar panel manufacturing business, construction machinery business, IT business, healthcare-related business (photocatalyst)
Main subsidiaries	WWB, VALORS, VSUN, Abit, Japan Photocatalyst Center
Main affiliate	Meiji Machine Co., Ltd. (Code No.: 6334, The Standard Market of the Tokyo Stock Exchange)
Head office address	Tennozu First Tower 5F, 2-2-4 Higashishinagawa, Shinagawa-ku, Tokyo
President and Representative Director	Yasuaki Mitsuyuki
Number of employees	Consolidated: 1,008, Non-consolidated: 23 (as of June 2022)
Consolidated results, etc.	Consolidated net sales: ¥92.43 billion, ordinary profit: ¥1.51 billion (FY06/2022) Consolidated total assets: ¥85.18 billion

## 2. Summary of Consolidated Results [FY06/2022]

- Far outstripped the Group's previous record
- Consolidated net sales: Over 3.4-time increase year-on-year. Both profits and sales increased despite the COVID-19 pandemic and Ukraine crisis.

**Solar panel manufacturing business**

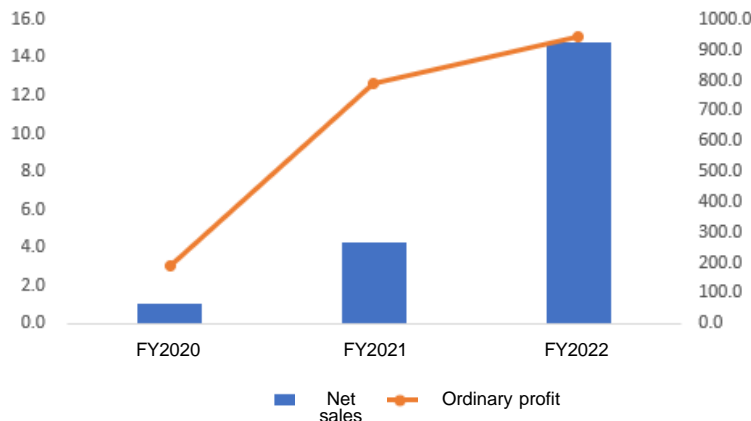
- Sales of solar panels to Europe with significant increases in profits and sales

**Green energy business**

- Both the flow-type (power plant sales, etc.) and stock-type (in-house ownership) saw growth.

(100 millions of yen)	FY2020	FY2021	FY2022	YoY change rate	YoY difference
Net sales	66.7	269.0	924.3	+243%	+655.3
Operating profit	3.6	13.6	16.9	+24%	+3.3
Ordinary profit	3.0	12.6	15.1	+19%	+2.4
Profit attributable to owners of parent	2.1	5.3	8.6	+61%	+3.3

Group's net sales and profit



- VSUN's solar panel manufacturing business is consolidated starting in 2Q of FY2021
  - 👉 Group results expanded considerably
- Profit-wise, higher component and transport costs under the COVID-19 pandemic
  - 👉 Streamlining of production, price pass-on and other responses

## 2-1. Solar Panel Manufacturing Business (VSUN)

- Orders from Europe and the US increased despite lockdown in Vietnam and Ukraine crisis.
- Soaring costs for components and transport → Profit will recover in the 2<sup>nd</sup> half of the fiscal year. ∴ Streamlining of production/ passing on additional costs

- ✓ Annual production capacity: 2.6GW [**Largest of Japanese companies**]
- ✓ Response to increased orders → Planning to increase production with a new plant

### Segment information

(100 millions of yen)	FY2021	FY2022	YoY change rate	YoY difference
Net sales	210.1	817.7	+289%	+607.6
Segment profit	7.3	12.3	+69%	+5.0

(100 millions of yen)	1Q	2Q	3Q	4Q	Full-year
Net sales	73.9	153.2	268.5	322.0	817.7
Segment profit	(0.2)	2.5	2.0	8.0	12.3
Profit margin	—	1.6%	0.8%	2.5%	1.5%



## 2-2. IPO of VSUN

- ✓ Aiming for an early listing on “UPCoM” in Vietnam immediately after passing the screening for the public company system registration.
- ✓ After the listing, considering possible listing on the Hanoi Stock Exchange and IPOs, including those on securities markets in other countries.



Obtaining funds for growth

# VSUN

Innovative & Smart  
Enhancing brand image



Attracting excellent human resources



Hanoi Stock Exchange (HNX)

OTC registration (UPCoM)



Public Company

Joint Stock Company

Limited Liability Company

## 2-3. Green Energy Business (WWB, VALORS)

- [Flow-type] Sales of solar power plants, etc.: Strengthening of secondary projects
  - [Stock-type] Income from selling electricity in company-owned power plants: Functioning as a stable source of income
- ✓ Actively conducted M&As for in-house ownership of solar power plants and strengthened procurement
  - ✓ Income from selling electricity, which was scanty around four years ago, rose to ¥2.65 billion, combined with that from O&M

(100 millions of yen)	FY2021	FY2022	YoY change rate	YoY difference
Sales of power plants and products, etc.	39.3	75.8	+92%	+36.5
Income form electricity sales and O&M	13.7	26.5	+92%	+12.7
Total net sales	53.1	102.3	+92%	+49.2
Segment profit	10.0	12.0	+19%	+1.9

### [Development cases in recent years]



**Kakuda City Solar Power Plant**  
(Kakuda City, Miyagi Pref.), developed and constructed by WWB Corporation



**VALORS inc.'s project**  
**Kunisaki Solar Power Plant**  
(Kunisaki City, Oita Pref.)



**WWB Corporation's overseas project**  
**Dai Dung An Ha Factory roof top**  
(Thang Long Power) Unnamed Road,  
Bình Chánh, Vietnam

### 3. Performance Forecasts for FY2023 (Announced in Aug. 2022)

Solar panel  
manufacturing  
business

Green energy  
business

- Orders are strong, but uncertainty still remains over when the global supply chain will return to normal
- Further streamlining of the production system and price pass-on to customers against soaring component costs and shipping freight
- Continuously working on the flow-type business to secure our top line.
- Promoting M&A activities as well as development in order to accelerate the in-house ownership of power plants



(100 millions of yen)	FY2021 (ACTL)	FY2022 (ACTL)	FY2023 (PROJ)	YoY change rate	YoY difference
Net sales	269.0	924.3	1,100.0	+19%	+175.6
Overseas sales (= VSUN)	210.1	817.7	1,000.0	+22%	+182.2
Domestic flow-type	45.0	80.0	67.0	—	(13.0)
Domestic stock-type	13.7	26.5	33.0	+24%	+6.4
Operating profit	13.6	16.9	29.0	+70%	+12.0
Ordinary profit	12.6	15.1	28.1	+86%	+13.0
Profit attributable to owners of parent	5.3	8.6	12.8	+47%	+4.1

## 4. Medium-Term Management Plan (Announced in Oct. 2021)

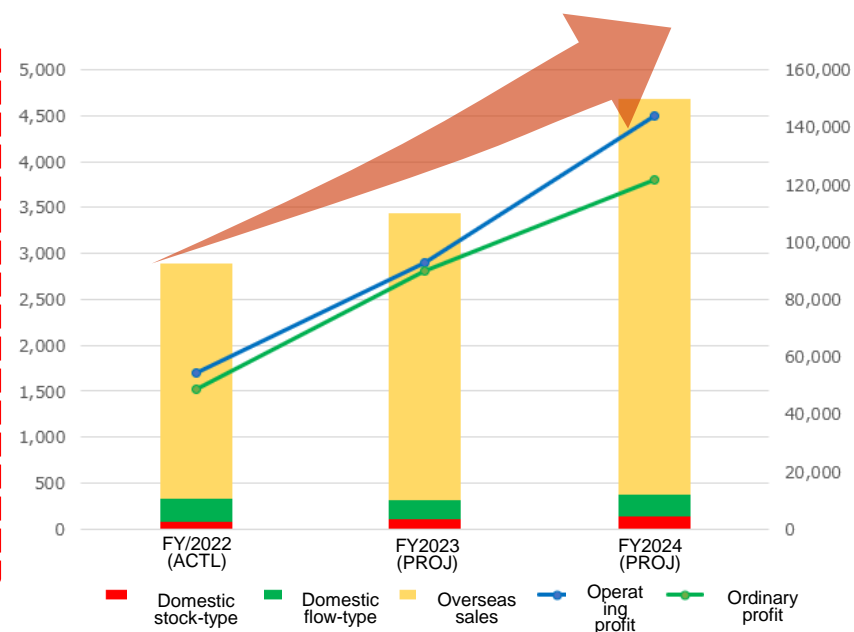


- An upward revision of sales and profit targets for FY2024 (in Sep. 2022)
- No fundamental changes in the outline of the growth strategy and main initiatives

<Background> Sales target for the final year achieved in the first year of the Medium-Term Management Plan with VSUN business growth  
Trend of decarbonization to be prolonged due to increase in global demand for renewable energy

Medium-Term Management Plan [FY2022 to 2024] (Millions of yen)

	FY2022	FY2023	FY2024	
	(ACTL)	(PROJ)	Initially projected	Upwardly revised
<b>Net sales</b>	<b>92,435</b>	<b>110,000</b>	<b>59,000</b>	<b>150,000</b>
Overseas sales (=VSUN)	81,775	100,000	42,000	138,000
Domestic flow-type	8,009	6,700	12,600	7,600
Domestic stock-type	2,651	3,300	4,400	4,400
<b>Operating profit</b>	<b>1,697</b>	<b>2,900</b>	<b>3,600</b>	<b>4,500</b>
<b>Ordinary profit</b>	<b>1,510</b>	<b>2,810</b>	<b>3,100</b>	<b>3,800</b>
Return to shareholders	Provide stable dividends balancing between “returning profits” and “securing funds for growth, with return based on capital gains			





## 4-1. Strengthening Measures to Enhance the Group's Corporate Value



Promotion of main businesses	Solar panel manufacturing business	<ul style="list-style-type: none"><li>● Achieve sustainable growth by growing further and improving profit margins</li><li>● Plan to make capital expenditures (for the Fourth Plant, etc.) with expanded production</li><li>● Complete registration under the public company system for the future IPO on “UPCoM” in Vietnam</li></ul>
	Green energy business	<ul style="list-style-type: none"><li>● Promote on-site consumption projects (non-FIT, non-firm)</li><li>● Promote solar sharing proposals</li><li>● Conduct M&amp;As primarily in the renewable energy field</li><li>● Develop hydrogen products and promote the related business</li><li>● Promote alliances and strategic partnerships with leading companies and general trading companies</li></ul>
Business management	Management and finance	<ul style="list-style-type: none"><li>➤ Secure various funding sources</li><li>➤ Systematically improve equity ratio</li><li>➤ Transition to the Prime Market of the Tokyo Stock Exchange</li></ul>
	IR	<ul style="list-style-type: none"><li>➤ Information disclosure in English to foreign investors</li><li>➤ Improve our system for ESG rating scores (TCFD-based)</li></ul>

## 5. ROE / Equity Ratio

- Equity ratio: 7.0%
- Return on equity (ROE) remains at a high level of 17.4%



### <Reference>

👉 The ratio of net domestic assets to the total domestic assets (excluding those of VSUN) minus the borrowings corresponding to our domestic power plant investment projects, is 30.4%



Aim to improve equity ratio from the perspective of financial soundness

- ✓ Accumulate internal reserves in line with business growth
- ✓ Diversify funding sources with special attention to dilution

## 6. Return to Shareholders


[Year-end dividends]

- We resolved that year-end dividend will be ¥10 per share to provide stable dividends
- Our basic policies for year-end dividends are to continue to pay stable dividends while securing internal reserves necessary to develop businesses going forward and strengthen the financial base of the Group; and to proactively return profits to shareholders taking into consideration our financial condition.

[Reference: Actual amount of interim dividend (record date: December 2021)]

- As an expression of our gratitude for our shareholders' support during the pandemic, our interim dividend was:  
¥7 of ordinary dividend + ¥1 of special dividend  
= ¥8 of interim dividend per share

We will return earnings to our shareholders based on capital gains, with our corporate growth, management efforts, and performance evaluations from capital markets.

 We will therefore implement the aforementioned “Strengthening Measures to Enhance the Group’s Corporate Value”.

- The information contained in this document has been prepared based on economic and social conditions and certain assumptions deemed reasonable by the Group, and is subject to change without notice due to changes in the business environment and other factors.
  - Any forward looking statements provided in this document are based on the Group's current prospects, forecasts and certain assumptions that involve risks, and they include uncertainties that could cause actual results to differ materially from those expressed in the forward looking statements. The achievement of the plan and other descriptions is not guaranteed in any way.
  - These risks and uncertainties include, but are not limited to, general industry and market conditions, as well as international and domestic economic conditions including fluctuations in interest rates and exchange rates.
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