



# Financial Results Presentation for 1Q FY06/25

Abalance Corporation  
(TSE Standard: 3856)

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The background is a dark blue gradient with abstract financial data visualizations. On the left, a white line graph with three data points (orange centers) trends downwards. In the center, a vertical bar chart with blue bars is visible, with the number '289.33' appearing next to one of the bars. On the right, another line graph with blue data points and connecting lines is partially visible. The overall aesthetic is modern and professional, typical of a corporate presentation.

# Executive Summary

# Executive Summary

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- Both net sales and profits decreased year on year due to changes in the competitive environment in the US market
  - Sales decreased due to difficulties in exporting from Vietnam
- Restructuring of global strategy
  - Stable supply of cells by the subsidiary TOYO's plant construction in Ethiopia
  - Milestone in the business development of the subsidiary TOYO in the United States
  - Diversification of sales destinations from subsidiary in Vietnam (Strengthen sales in Europe and Asia, including India, while focusing on the US market)
- Enhancement of corporate governance system
  - Changes in the Board members
  - Establishment of Risk Compliance Committee, etc.

# Milestone in Expansion into the US Market

August 2023

NASDAQ listing plan announced

July 2024

TOYO Co., Ltd. listed on NASDAQ

July 2024

TOYO Holdings LLC established

August 2024

NASDAQ listing ceremony



**Establish a stable business foundation by building a supply system in the US market**



# Overview of Financial Results for 1Q FY06/25

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- ▶ Changes in the business environment in the US market
- ▶ Both net sales and profits decreased year on year

# Financial Results for 1Q FY06/25

- Net sales down 36.1 billion yen and operating profit down 3.4 billion yen, mainly due to a decrease in sales to the US market
- Ordinary profit down 4.1 billion yen (decreasing factor: foreign exchange losses 0.8 billion yen)
- Profit down 2.3 billion yen (decreasing factor: loss on retirement of non-current assets 0.3 billion yen )

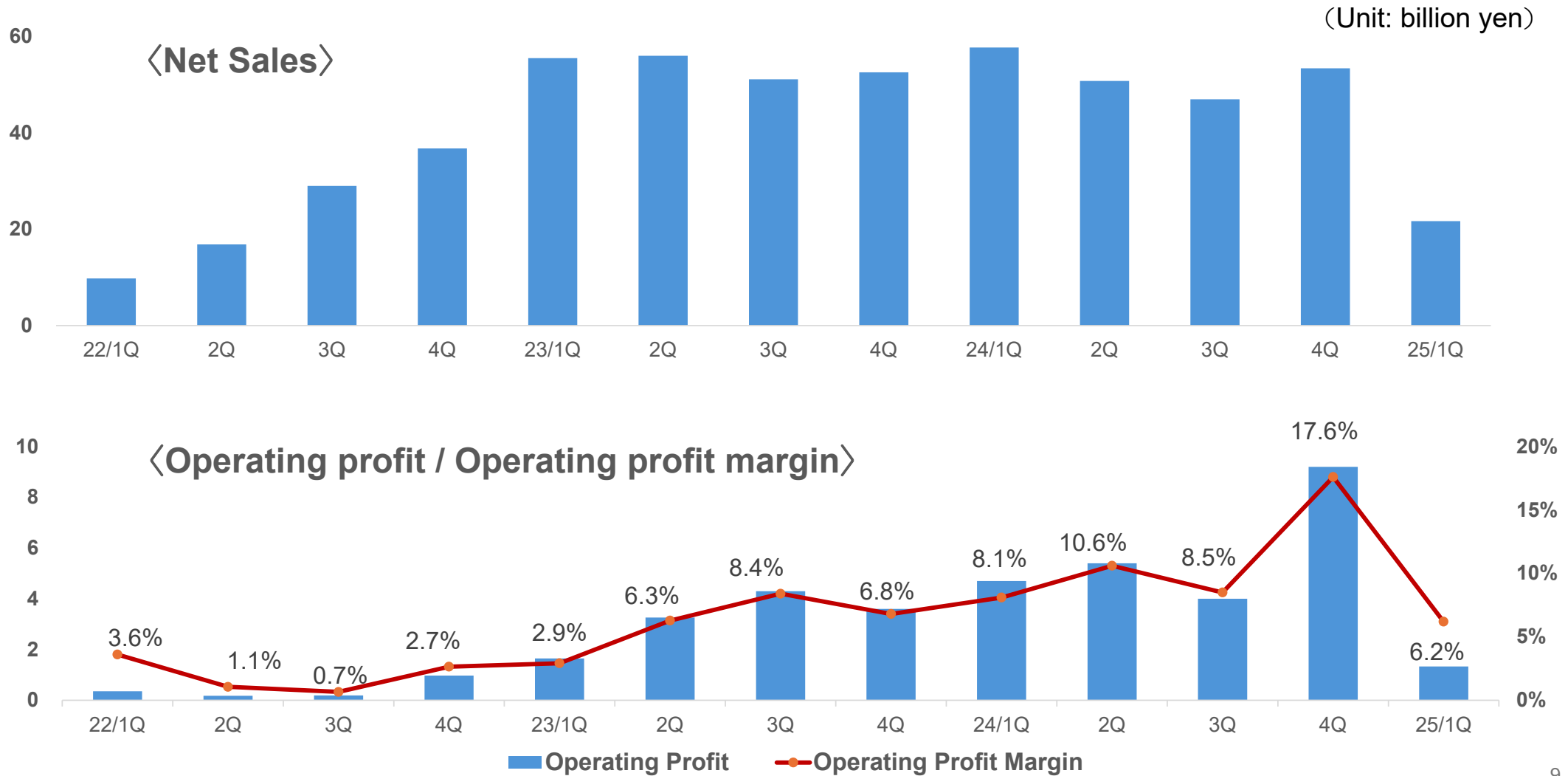
(Unit: billion yen)	FY06/24 1Q Actual	Composition (%)	FY06/25 1Q Actual	Composition (%)	Y/Y change	
					Amount	%
Net sales	57.7	100.0	21.7	100.0	(36.1)	(63)%
Operating profit	4.7	8.1	1.3	6.2	(3.4)	(72)%
Ordinary profit	4.5	7.8	0.4	1.7	(4.1)	(92)%
Profit attributable to owners of parent	1.7	3.0	(0.6)	-	(2.3)	-

# Financial Results for 1Q FY06/25 (By Segment)

(Unit: billion yen)	FY06/24 1Q Actual	FY06/25 1Q Actual	Y/Y change	
			Amount	%
Net sales	57.7	21.7	(36.1)	(63)%
Solar Panel Manufacturing Business	55.5	19.7	(35.8)	(65)%
Green Energy Business	2.1	1.8	(0.3)	(13)%
Other (Note)	0.2	0.2	(0.0)	(4)%
Segment Profit	4.7	1.3	(3.4)	(72)%
Solar Panel Manufacturing Business	4.4	1.3	(3.1)	(70)%
Green Energy Business	0.5	0.3	(0.2)	(44)%
Other (Note)	(0.2)	(0.3)	(0.1)	-

(Note) The Other category is a business segment not included in the reportable segments, and includes the IT Business, Photocatalyst Business, and sales of construction machinery, and corporate expenses.

# Quarterly Sales and Operating Profit





# Performance Forecast for FY06/25

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- ▶ Restructuring of global strategy
- ▶ Both net sales and profits will decrease year on year

# Performance Forecast for FY06/25

- Both net sales and profits will decrease year on year mainly due to drop in prices in global markets and a decrease in sales to the US market
- Promote diversification of sales destinations to cover European and Asian markets, including India, while focusing on the US market

(Unit: billion yen)	FY06/24 Actual	Composition (%)	FY06/25 Forecast	Composition (%)	Y/Y change	
					Amount	%
Net sales	209.0	100.0	80.0	100.0	(129.0)	(62)%
Solar Panel Manufacturing Business	199.9	95.6	70.0	87.5	(129.9)	(65)%
Green Energy Business	9.1	4.4	10.0	12.5	0.9	10%
Operating profit	23.3	11.1	10.0	12.5	(13.3)	(57)%
Ordinary profit	24.9	11.9	10.0	12.5	(14.9)	(60)%
Profit attributable to owners of parent	9.5	4.5	6.0	7.5	(3.5)	(37)%



# Improving Corporate Value by Realizing Growth Strategy

- ▶ Establishment of a tripolar global supply chain system
- ▶ Start of cell production in Ethiopia
- ▶ Establishment of a stable business foundation for Green Energy Business

# Global Growth Strategy for Solar Panel Manufacturing Business

Promote growth strategy by building global supply chain

## Establishment of a tripolar (Asia, America, and Africa) supply system

Area	Asia (VSUN)	America (TOYO)	Africa (TOYO)
Current business	Panels, ingots, wafers (Vietnam)	Cells (Vietnam)*	Cells (Ethiopia)
*Manufactured by Vietnam Cell Company Limited			
Growth strategy	Diversify sales destinations (Europe, India, etc.)	Build a US supply base (produce panels and cells)	Build a stable supply system (export to the U.S., etc.)
Risk factors	Protectionist policies in the United States	US-China trade conflicts Trade/customs policies	Geopolitical risks (Middle East/Ukraine)

# 〈New〉 Ethiopia Project

## Summary

- **Location** : Federal Democratic Republic of Ethiopia
- **Production Capacity** : Solar cell 2GW (year)
- **Planned investment amount** : approximately 9.0 billion yen (production facilities)
- **Land • Building** : Lease agreement
- **Scheduled completion** : Around March 2025 (start of production)



## Additional Information

### ■ Reason for Selecting Ethiopia

Ethiopia was chosen as the optimal investment destination after a comprehensive evaluation of its investment policies, infrastructure development, and tax system.

Note: The Ethiopian factory operates with 100% hydropower, providing clean energy.

### ■ Lease Contract Duration

The lease term is 10 years. The contracting party is the Industrial Parks Development Corporation.

### ■ Sales Scale and Customers

With full production of solar cells, annual sales are estimated at 135 million USD (approximately 20 billion JPY).

The primary customers will be the planned U.S. panel factory, with additional sales expected in Europe and Asia.

### ■ Relation to U.S. Customs Policies

Exports to the U.S. are not subject to countervailing duties or anti-dumping tariffs, based on current assessments.

# Green Energy Business

Improve business value by establishing a stable business foundation

## Development of growth strategy in response to the growth stage of the solar power market in Japan

### Maintain (one-time revenue)

- Maintaining existing business foundation
- Product sales of solar power generation facilities
- Building a sales system using mass retailers' channels

### Enhance (recurring revenue)

- Company ownership of solar power plants
- Expanding business foundation through business alliances and M&As
- Profitability assessment for assets held

### Growth (new businesses)

- Securing new source of earnings through venturing into new business areas
- Grid-connected batteries business
- Solar panel reuse and recycling business

Domestic solar power market is moving into a gradual growth stage, and the competitive environment is changing

# Strengthening of Governance System

■ **Details: Establishment of advisory committees to the Board of Directors**

■ **Purpose: To strengthen risk management and promotion of compliance**

	Risk Compliance Committee	Internal Control Committee
Purpose	To strengthen risk management system	To realize reliable financial reporting
Role	<ul style="list-style-type: none"> <li>Identify issues and consider response measures</li> <li>Promote compliance education</li> </ul>	<ul style="list-style-type: none"> <li>Verify effectiveness and efficiency of operations</li> <li>Promote compliance with laws and regulations pertaining to business operation</li> </ul>
Composition	Chairperson: Independent Outside Director	Chairperson: Executive Officer of the Company
	Members of each Committee are appointed by the Board of Directors	
Date of establishment	October 28, 2024 (Monday)	

■ **Specialized subcommittees of the Management Meeting: Establishment of Finance Committee and Investment Committee**

# APPENDIX

# Changes in the Environment for Solar Panel Manufacturing Business

Reinforce competitiveness through global strategy restructuring

## 〈US customs policies〉

- Anti-dumping duties
- Countervailing duties
- Section 201 of the Trade Act

Creating difficulties for export to the United States from four Southeast Asian countries

## 〈US industrial policies〉

- Republican administration
- Enactment of the Inflation Reduction Act
- Expansion of domestic production capacity

Decrease in dependency on imports

## 〈Global supply-demand environment〉

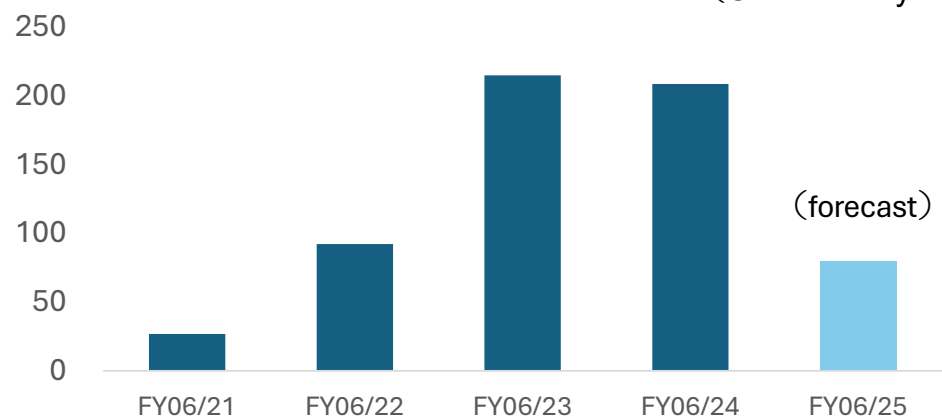
- Capacity expansion of the Chinese companies
- Easing of global supply and demand
- Drop in prices of materials and products

Deterioration in solar panel companies' earnings

With the global trend toward a carbon-free society, the solar power generation business is expected to grow

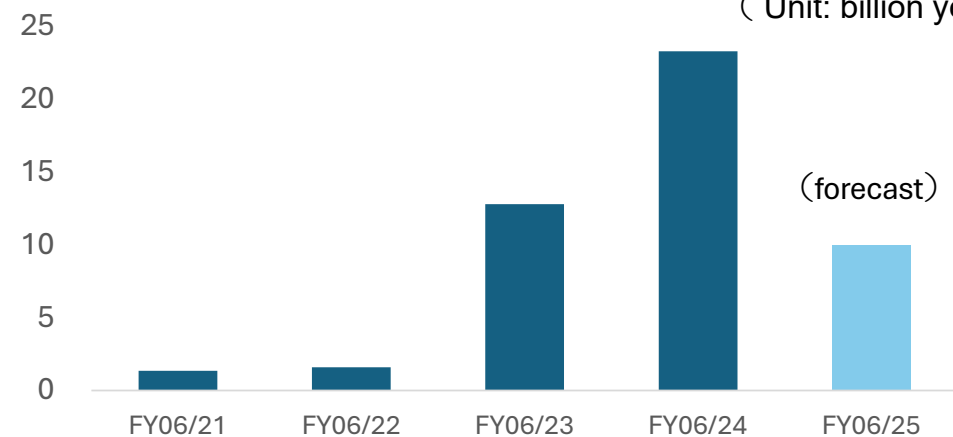
## Net sales (Consolidated)

(Unit: billion yen)



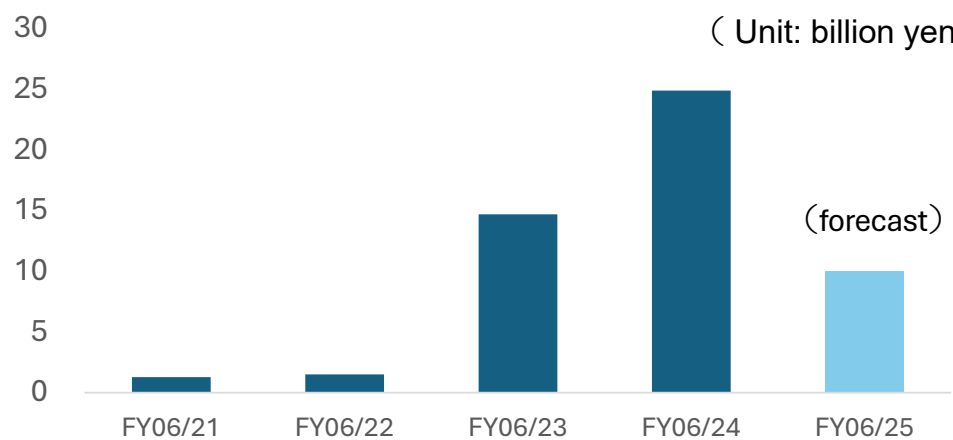
## Operating profit (Consolidated)

(Unit: billion yen)



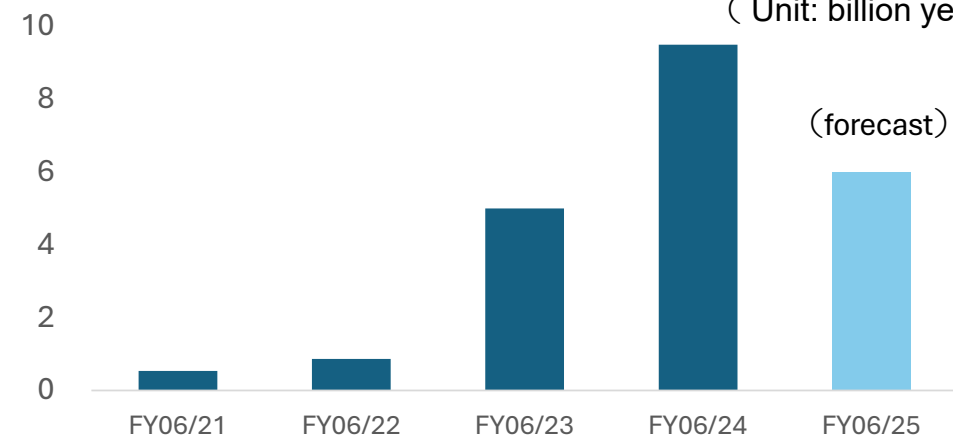
## Ordinary profit (Consolidated)

(Unit: billion yen)



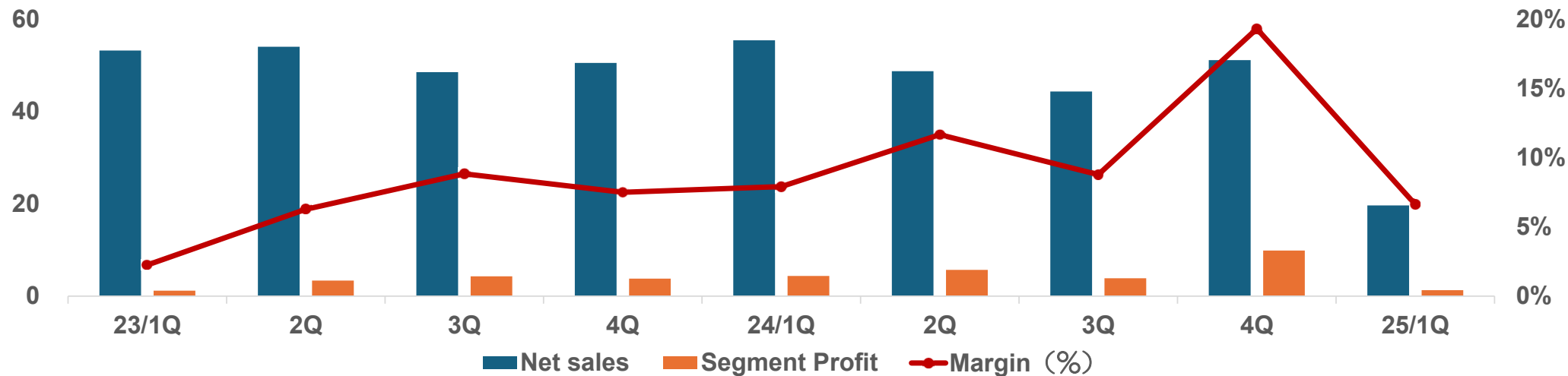
## Profit attributable to owners of parent

(Unit: billion yen)



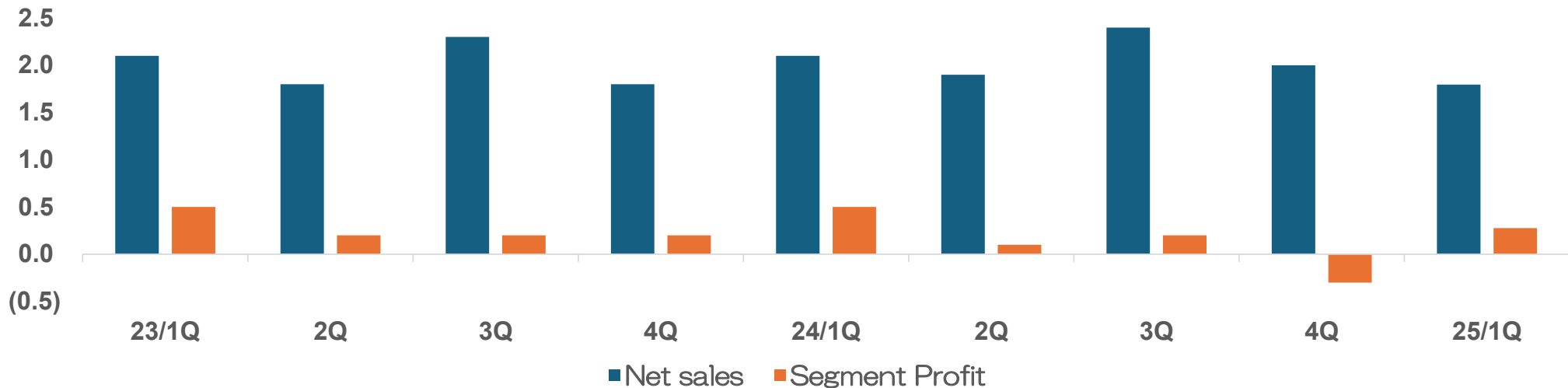
(Unit: billion yen)

### Solar Panel Manufacturing Business



( Unit: billion yen )

### Green Energy Business



# Abalance Group Summary

Trade Name	Abalance Corporation
Address	Tennozu First Tower 16F 2-2-4 Higashishinagawa, Shinagawa-ku, Tokyo
Establishment	April 17, 2000
Capital	2,518 million yen
President & Representative Director	Okada Ryusuke
Stock Listing	Tokyo Stock Exchange (Standard Market: 3856)
Employees	Consolidated: 1,684; Non-consolidated: 38 (as of June. 30, 2024)
Primary consolidated subsidiaries	Japan: WWB, VALORS, Abit Overseas : VSUN、 TOYO Co.,LTD
Equity-method affiliate	Meiji Machine Co., Ltd. (TSE Standard: 6334)



# Disclaimer

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- The future outlook and estimated figures presented in this material are based on information available to our company at the time of its creation, as well as facts we recognized and results from our subsequent analyses, evaluations and calculations.
- While we have considered past confirmed facts and other recognized data, we have also used certain assumptions and premises necessary for this material's preparation and future outlook, including those we have calculated independently.
- Statements about future projections inherently carry risks and uncertainties. Given the potential shifts in business operations, domestic and global economic trends, securities markets, and other changing circumstances, our actual performance, results, and outcomes may differ from the projections and outlooks provided herein. We do not guarantee that these future projections or outlooks will materialize.
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# Excellent Creative Company



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