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August 14, 2024

## Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (Under Japanese GAAP)



Company name: Abalance Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 3856  
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 Scheduled date of ordinary general meeting of shareholders: September 26, 2024  
 Scheduled date to commence dividend payments: September 27, 2024  
 Scheduled date to file annual securities report: September 27, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (video streaming only)

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

### 1. Consolidated financial results for the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended June 30, 2024	208,972	(2.9)	23,349	82.4	24,894	77.3	9,530	91.9
June 30, 2023	215,284	133.7	12,804	697.3	14,038	889.6	4,965	515.4

Note: Comprehensive income For the fiscal year ended June 30, 2024: ¥21,645 million [65.9%]  
 For the fiscal year ended June 30, 2023: ¥13,050 million [465.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2024	547.83	543.99	52.4	16.9	11.2
June 30, 2023	293.36	290.41	53.8	12.3	5.9

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended June 30, 2024: ¥94 million  
 For the fiscal year ended June 30, 2023: ¥439 million

Note: Effective September 1, 2022, the Company conducted a three-for-one stock split with respect to its common stock. Basic earnings per share and diluted earnings per share were calculated assuming that the stock split had been conducted on July 1, 2022.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	150,173	42,432	15.8	1,337.80
June 30, 2023	143,691	22,771	8.8	726.88

Reference: Equity  
 As of June 30, 2024: ¥23,800 million  
 As of June 30, 2023: ¥12,595 million

Note: Effective September 1, 2022, the Company conducted a three-for-one stock split with respect to its common stock. Net assets per share were calculated assuming that the stock split had been conducted on July 1, 2022.

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2024	44,757	(21,191)	(5,446)	37,053
June 30, 2023	18,526	(20,670)	17,235	19,507

### 2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended June 30, 2023	Yen —	Yen 3.00	Yen —	Yen 5.00	Yen 8.00	Millions of yen 136	% 2.7	% 1.5
Fiscal year ended June 30, 2024	—	3.00	—	5.00	8.00	141	1.5	0.8
Fiscal year ending June 30, 2025 (Forecast)	—	—	—	—	—		—	

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

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	80,000	(61.7)	10,000	(57.2)	10,000	(59.8)	6,000	(37.0)	344.89

\* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: — (Company name)

Excluded: — (Company name)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	17,927,693 shares
As of June 30, 2023	17,465,033 shares

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

As of June 30, 2024	136,994 shares
As of June 30, 2023	136,940 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended June 30, 2024	17,396,808 shares
Fiscal year ended June 30, 2023	16,927,602 shares

Note: Effective September 1, 2022, the Company conducted a three-for-one stock split with respect to its common stock. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated assuming that the stock split had been conducted on July 1, 2022.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts and other special matters

The earnings forecasts and other forward-looking statements in the report are based on information currently available to the Company and certain assumptions that the Company determines reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results and other data may differ significantly from the forecasts depending on various factors. For the assumptions used as the basis for the forecasts and precautions on the use of the forecasts, please refer to “(4) Outlook for the Future” on page 4 of the Attachments to this report.

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## 1. Overview of Operating Results, etc.

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

Operating results for the fiscal year ended June 30, 2024

During the fiscal year ended June 30, 2024, the global economy showed signs of a gradual recovery, primarily in the United States. However, the future economic outlook remains uncertain, with the slowdown in the Chinese economy, elevated energy, resource and raw material prices worldwide, and geopolitical risks including the situation in the Middle East as well as Russia and Ukraine.

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

In such a business environment, the Group aims to achieve the 2030 Group Vision of becoming a "global core renewable energy company." With the Solar Panel Manufacturing Business and Green Energy Business as our growth drivers, we are striving to improve the Group's corporate value over the medium to long term.

As a result of the above, for the fiscal year ended June 30, 2024, Abalance Corporation (the "Company," together with its subsidiaries, the "Group") recorded net sales of 208,972 million yen (down 2.9% year on year), operating profit of 23,349 million yen (up 82.4% year on year), ordinary profit of 24,894 million yen (up 77.3% year on year), and profit attributable to owners of parent of 9,530 million yen (up 91.9% year on year).

In the Solar Panel Manufacturing Business, Vietnam Sunergy Joint Stock Company ("VSUN") and Vietnam Sunergy Cell Company ("Cell Company"), in Vietnam, are collaborating to engage in strengthening the global supply chain, including in-house manufacturing of cells, wafers, and ingots, which are the upstream processes of solar panels.

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

The business results for each segment are as follows.

#### 1. Solar Panel Manufacturing Business

Net sales were 199,874 million yen (down 3.4% year on year), and segment profit was 23,876 million yen (up 88.0% year on year). Net sales decreased due to a decrease in orders, which was caused by a significant decline in sales prices due to the softening of global supply and demand for solar panels, as well as by the expiration (June 2024) of the import tariff exemption for solar panel products in the United States, our main sales destination. On the other hand, segment profit increased due to cost improvements resulting from the full-year operation of VSUN's fourth panel plant in Bac Ninh province, Vietnam, which began operations in October 2022, and from the effects of in-house cell manufacturing by Cell Company.

VSUN has adopted Japanese production and quality control systems and expanded its business foundations by manufacturing and selling solar panels for industrial and domestic use to the United States and Europe. It also started ingot and wafer manufacturing (April 2024, 4 GW/year), which is an upstream process of solar cell manufacturing, and is engaging in improving costs by manufacturing key materials in-house. Cell Company launched in-house manufacturing of a high-performance N-type TOPCon cells (Phase I, 4 GW/year) in October 2023. In addition, the Group is working on building a competitive supply chain, including stable procurement of polysilicon based on the contract with OCI (South Korea).

While the renewable energy market is expected to grow significantly in the medium to long term, the market environment is prone to significant change in accordance with policies of different countries and other factors. For this reason, the Group will continue to closely monitor industry and national policy trends, develop optimal sales strategies and flexible production systems for its Solar Panel Manufacturing Business, and further grow its

business.

## 2. Green Energy Business

Sales of products related to solar power plants and related facilities were 3,904 million yen, and sales of electricity and revenue from operation and maintenance (O&M), etc. were 4,423 million yen. As a result, net sales were 8,341 million yen (up 4.2% year on year) and segment profit was 532 million yen (down 50.5% year on year).

The Group, led by WWB Corporation and VALORS Corporation, sells products related to solar power generation facilities such as solar panels, PCS (power conditioners), and industrial and residential storage batteries, in addition to sales of solar power plants in a one-time revenue business model. At the same time, it is also pursuing a recurring revenue business model, in which the Company retains ownership of the power plants even after the completion of construction, as a way of securing stable revenue from sales of electricity.

In the one-time revenue business model, we aim to increase sales volume by establishing a sales system with mass retailers as a channel. In the recurring revenue business model, we aim to expand high-quality power generation projects by utilizing our in-house development capabilities. In addition, the Group has entered the grid-connected batteries business in the Hokkaido area, which will enable stable power supply in preparation for times of high electricity demand or during power outages.

Overseas, we have obtained approval for the PPA contract concluded by our Vietnamese subsidiary, WWB Thang Long Corporation (“WWBTLC”), and have begun construction of a solar power plant. WWBTLC is also conducting new business negotiations, primarily with Japanese companies, and is enhancing its business foundations.

## 3. IT Business

Net sales were 590 million yen (down 12.9% year on year), and segment profit was 40 million yen (down 14.5% year on year). With Digital Sign Co., Ltd. at the center, the Group promotes the provision of technological solutions that meet a wide range of needs, from consulting on business issues and DX support services for various industries to the development and maintenance of operational systems that take advantage of electronic authentication and security technologies. The Group also provides solutions with a high QCD balance, using packaged products such as “KnowledgeMarket®,” a product of Abit Corporation that achieves the improvement of labor productivity and reinforcement of organizational strength through the sharing of knowledge (information, knowledge, and experience) and the restructuring of business processes, “e-Digi DataSharing,” a product of FORTHINK Co., Ltd. that provides transaction document delivery and lifecycle management in response to Japan’s new invoice system and the Act concerning Preservation of Electronic Books, “e-Digi Sign,” a one-stop electronic contract service that assists in processes from the drafting of contracts to their execution and administration, and Microsoft 365.

## 4. Photocatalyst Business

Net sales were 41 million yen (up 0.6% year on year), and segment profit was 2 million yen (segment loss of 40 million yen in the same period of the previous fiscal year). We continued to propose mold removal and anti-mold construction to major supermarkets and hospitals, while overseas demand increased. This resulted in an increase in sales and a smaller loss. We also made progress as a “Living Environment Improvement Company” in the second half of the fiscal year, and have begun initiatives such as anti-fogging, anti-slip, heat-shielding glass (energy-saving), and high-end glass repair, with the aim of expanding the scope of our business. Going forward, this business will continue to focus on improving and stabilizing its revenue base, with a sales strategy that widely responds to a variety of needs at its core.

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

Assets, Liabilities and Net Assets

(Assets)

Current assets as of June 30, 2024 totaled 89,197 million yen, a decrease of 10,851 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 35,594 million yen in merchandise and finished goods, despite an increase of 17,120 million yen in cash and deposits. Non-current assets amounted to 60,975 million yen, an increase of 17,375 million yen from the end of the previous fiscal year. This was mainly due to

an increase of 16,361 million yen in property, plant and equipment.

As a result, total assets were 150,173 million yen, an increase of 6,482 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of June 30, 2024 totaled 83,261 million yen, a decrease of 17,094 million yen from the end of the previous fiscal year. This was mainly due to decreases of 6,277 million yen in short-term borrowings and 19,207 million yen in contract liabilities. Non-current liabilities amounted to 24,479 million yen, an increase of 3,915 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,877 million yen in long-term accounts payable - installment purchase.

As a result, total liabilities amounted to 107,741 million yen, a decrease of 13,179 million yen from the end of the previous fiscal year.

(Net Assets)

Total net assets as of June 30, 2024 amounted to 42,432 million yen, an increase of 19,661 million yen from the end of the previous fiscal year. This was mainly due to recordings of 9,530 million yen in profit attributable to owners of parent and 10,673 million yen in profit attributable to non-controlling interests.

As a result, the equity ratio was 15.8% (8.8% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (“cash”) as of June 30, 2024 increased by 17,546 million yen from the end of the previous fiscal year to 37,053 million yen.

The analysis of cash flows for the fiscal year ended June 30, 2024 is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 44,757 million yen (18,526 million yen provided in the previous fiscal year). The main factors for the increase/decrease were inflows of 24,278 million yen in profit before income taxes and 33,161 million yen due to acquisition of inventories, as opposed to outflows of 1,441 million yen in increase in trade receivables and 19,113 million yen in decrease in advances received.

(Cash flows from investing activities)

Net cash used in investing activities was 21,191 million yen (20,670 million yen used in the previous fiscal year). The main factors for the increase/decrease were outflows of 9,656 million yen in purchase of property, plant and equipment and 10,914 million yen in payments of deposit.

(Cash flows from financing activities)

Net cash used in financing activities was 5,446 million yen (17,235 million yen provided in the previous fiscal year). The main factors for the increase/decrease were an inflow of 65,378 million yen in short-term borrowings and an outflow of 72,327 million yen in repayments of short-term borrowings.

(4) Outlook for the Future

1. Outlook for the next fiscal year

As a result of compiling a budget centered on the Group’s main segments, the Solar Panel Manufacturing Business and the Green Energy Business, the consolidated financial result forecast for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025) is as follows: net sales of 80,000 million yen, operating profit of 10,000 million yen, ordinary profit of 10,000 million yen, and profit attributable to owners of parent of 6,000 million yen. The assumptions underlying the consolidated financial result forecast have been set based on trends in the external environment as well as conditions that are reasonably predictable under the current circumstances, as is described below.

(a) Solar Panel Manufacturing Business

As part of efforts to combat climate change caused by global warming, the introduction of renewable energy sources will continue to accelerate in countries around the world, and the solar power market is expected to

grow in the medium to long term. However, as we entered 2024, the supply and demand balance of solar panels and raw materials softened, and a downward trend in prices has formed. This trend is expected to continue in the fiscal year ending June 30, 2025. In addition, the US government's policy of ending the tax exemption for solar panels and cells made in Southeast Asia (June 2024) is expected to have an impact on the panel business operations of VSUN and the cell business operations of Cell Company, both of which form the Group's Solar Panel Manufacturing Business. The United States imposes import tariffs on the four Southeast Asian countries based on Section 201 of the Trade Act, and the US government is still considering the application of anti-dumping and countervailing duties, making it difficult to export solar products to the country. Until now, the Group has mainly sold products from VSUN and Cell Company to the US market, but will now diversify its sales destinations to cover European and Asian markets, including India. In addition, Cell Company's parent company, TOYO Co., Ltd. ("TOYO"), was listed on the NASDAQ in the United States in July 2024. In the United States, domestic investment has increased due to the Inflation Reduction Act and other factors, and the "Made in USA" movement is growing. Going forward, TOYO will continue to monitor US market trends and policy trends, such as tax systems, while considering how to establish a supply chain system for solar panels and cells within the country.

#### (b) Green Energy Business

The Group is strengthening its recurring revenue business model by taking ownership of solar power plants and selling electricity to power companies. We will not only develop and construct power plants but also actively utilize M&A to expand our business foundations. In the one-time revenue business model that provides solar power-related services, we have teamed up with mass retailers to start a business selling solar power generation equipment and power storage equipment to their customers. We will also actively promote expansion overseas and continue to develop our solar panel reuse and recycling business as part of our efforts to solve social issues amid concerns about the future disposal of solar panels.

On September 22, 2023, the Group announced the Medium-Term Management Plan (2024-2026), which will run until the fiscal year ending June 30, 2026. However, given the significant changes in the business environment surrounding the Group, we have decided to withdraw the numerical targets. In the global solar panel market, which is expected to continue growing, the Group will grow its business by flexibly responding to changes in the market environment, such as market conditions and policies, while promoting the creation of a competitive supply chain for the Solar Panel Manufacturing Business and the diversification of sales areas. We will promptly disclose new numerical targets as soon as they become reasonably calculable.

#### 2. Outlook for dividends

The Group will continue to make investments for future growth and develop its businesses based on its management strategies, while also improving its financial position. Our basic policy for shareholder returns is to provide stable dividends. We will disclose interim and year-end dividends for the fiscal year ending June 30, 2025 in a timely manner, taking into consideration factors such as our business performance trends and financial position.

#### 2. Basic Approach on Selection of Accounting Standards

It is the Group's policy to take into consideration the comparability of consolidated financial statements across periods and between companies and to prepare consolidated financial statements in accordance with Japanese GAAP for the time being.

We will consider the adoption of IFRS in an appropriate manner in light of various domestic and international circumstances.



### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	20,619	37,740
Notes and accounts receivable - trade	2,011	3,558
Merchandise and finished goods	48,827	13,232
Real estate for sale	452	1,350
Work in process	4,335	4,891
Raw materials and supplies	6	2,168
Advance payments to suppliers	10,977	3,007
Accounts receivable - other	1,192	1,420
Deposits paid	10,025	20,508
Other	1,636	1,364
Allowance for doubtful accounts	(36)	(46)
Total current assets	100,049	89,197
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,143	4,108
Accumulated depreciation	(356)	(528)
Buildings and structures, net	786	3,580
Machinery, equipment and vehicles	27,463	49,659
Accumulated depreciation	(5,901)	(11,096)
Machinery, equipment and vehicles, net	21,562	38,563
Land	2,403	2,542
Leased assets	12	13
Accumulated depreciation	(6)	(8)
Leased assets, net	6	5
Construction in progress	7,823	3,391
Other	753	1,882
Accumulated depreciation	(391)	(661)
Other, net	361	1,220
Total property, plant and equipment	32,943	49,304
Intangible assets		
Goodwill	5,324	4,874
Other	2,199	1,530
Total intangible assets	7,523	6,404
Investments and other assets		
Investment securities	1,464	2,582
Long-term loans receivable	52	10
Deferred tax assets	1,055	565
Other	742	2,487
Allowance for doubtful accounts	(180)	(379)
Total investments and other assets	3,134	5,266
Total non-current assets	43,600	60,975
Deferred assets		
Business commencement expenses	9	-
Share issuance costs	30	-
Bond issuance costs	2	1
Total deferred assets	42	1
Total assets	143,691	150,173

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,412	12,252
Short-term borrowings	35,031	28,753
Current portion of long-term borrowings	3,070	2,853
Current portion of bonds payable	83	66
Lease liabilities	1	1
Income taxes payable	1,468	2,227
Contract liabilities	27,843	8,635
Accounts payable - other	439	988
Current portion of long-term accounts payable - installment purchase	460	793
Provision for bonuses	45	53
Provision for loss on litigation	21	–
Provision for import, export tax	7,556	18,447
Other	7,920	8,186
Total current liabilities	100,356	83,261
Non-current liabilities		
Bonds payable	166	66
Long-term borrowings	13,199	12,703
Lease liabilities	483	513
Deferred tax liabilities	159	670
Retirement benefit liability	0	0
Long-term accounts payable - installment purchase	6,267	10,144
Provision for product warranties	51	138
Long-term accounts payable - other	2	2
Other	234	240
Total non-current liabilities	20,563	24,479
Total liabilities	120,920	107,741
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,059	2,518
Capital surplus	1,413	2,195
Retained earnings	8,486	17,800
Treasury shares	(143)	(144)
Total shareholders' equity	11,815	22,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6)	37
Foreign currency translation adjustment	786	1,392
Total accumulated other comprehensive income	779	1,430
Share acquisition rights	266	305
Non-controlling interests	9,909	18,327
Total net assets	22,771	42,432
Total liabilities and net assets	143,691	150,173

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Net sales	215,284	208,972
Cost of sales	185,663	164,398
Gross profit	29,621	44,573
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	134	120
Salaries, allowances and bonuses	2,312	3,700
Provision for bonuses	29	45
Commission expenses	7,626	12,527
Taxes and dues	4,109	1,811
Research and development expenses	70	289
Depreciation	509	137
Provision of allowance for doubtful accounts	35	164
Bad debt expenses	138	–
Amortization of goodwill	375	401
Other	1,472	2,026
Total selling, general and administrative expenses	16,816	21,224
Operating profit	12,804	23,349
Non-operating income		
Interest income	386	960
Share of profit of entities accounted for using equity method	439	94
Foreign exchange gains	1,701	2,696
Insurance claim income	179	–
Other	246	689
Total non-operating income	2,953	4,441
Non-operating expenses		
Interest expenses	1,473	2,050
Amortization of bond issuance costs	0	1
Provision of allowance for doubtful accounts	–	82
Other	244	762
Total non-operating expenses	1,719	2,896
Ordinary profit	14,038	24,894

(Millions of yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
<b>Extraordinary income</b>		
Received settlement fee	0	–
Reversal of provision for loss on litigation	–	21
Litigation settlement	65	–
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	–	8
Gain on bargain purchase	6	–
Gain on adjustment of account payable	265	–
Gain on reversal of share acquisition rights	–	16
Total extraordinary income	339	47
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	97	313
Impairment losses	237	139
Loss on sale of investment securities	2	–
Provision for loss on litigation	21	–
Expense related to retrospective adjustment	–	60
Other	28	149
Total extraordinary losses	386	662
Profit before income taxes	13,990	24,278
Income taxes - current	2,462	3,066
Income taxes - deferred	(400)	1,008
Total income taxes	2,062	4,075
Profit	11,928	20,203
Profit attributable to non-controlling interests	6,962	10,673
Profit attributable to owners of parent	4,965	9,530

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Profit	11,928	20,203
Other comprehensive income		
Valuation difference on available-for-sale securities	2	6
Foreign currency translation adjustment	1,117	1,385
Share of other comprehensive income of entities accounted for using equity method	3	48
Total other comprehensive income	1,122	1,441
Comprehensive income	13,050	21,645
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,370	10,181
Comprehensive income attributable to non-controlling interests	7,679	11,463

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,243	647	3,629	(22)	5,497
Changes during period					
Issuance of new shares	699	699			1,399
Issuance of new shares - exercise of share acquisition rights	116	116			232
Dividends of surplus			(105)		(105)
Profit attributable to owners of parent			4,965		4,965
Purchase of treasury shares				(1)	(1)
Surplus decrease by change of scope of consolidation			(3)		(3)
Changes in ownership interest in subsidiaries		(50)			(50)
Parent company's stocks held by affiliated companies adopted equity method				(119)	(119)
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					-
Total changes during period	816	766	4,857	(121)	6,318
Balance at end of period	2,059	1,413	8,486	(143)	11,815

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment			
Balance at beginning of period	(1)	375	135	1,939	7,947
Changes during period					
Issuance of new shares					1,399
Issuance of new shares - exercise of share acquisition rights					232
Dividends of surplus					(105)
Profit attributable to owners of parent					4,965
Purchase of treasury shares					(1)
Surplus decrease by change of scope of consolidation					(3)
Changes in ownership interest in subsidiaries					(50)
Parent company's stocks held by affiliated companies adopted equity method					(119)
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity	(5)	410	131	7,969	8,505
Total changes during period	(5)	410	131	7,969	14,824
Balance at end of period	(6)	786	266	9,909	22,771

Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,059	1,413	8,486	(143)	11,815
Changes during period					
Issuance of new shares	431	431			862
Issuance of new shares - exercise of share acquisition rights	27	27			55
Dividends of surplus			(139)		(139)
Profit attributable to owners of parent			9,530		9,530
Purchase of treasury shares				(0)	(0)
Surplus decrease by change of scope of consolidation					-
Changes in ownership interest in subsidiaries		50	(77)		(27)
Parent company's stocks held by affiliated companies adopted equity method					-
Purchase of shares of consolidated subsidiaries		272			272
Net changes in items other than shareholders' equity					-
Total changes during period	459	781	9,314	(0)	10,554
Balance at end of period	2,518	2,195	17,800	(144)	22,370

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment			
Balance at beginning of period	(6)	786	266	9,909	22,771
Changes during period					
Issuance of new shares					862
Issuance of new shares - exercise of share acquisition rights					55
Dividends of surplus					(139)
Profit attributable to owners of parent					9,530
Purchase of treasury shares					(0)
Surplus decrease by change of scope of consolidation					-
Changes in ownership interest in subsidiaries					(27)
Parent company's stocks held by affiliated companies adopted equity method					-
Purchase of shares of consolidated subsidiaries					272
Net changes in items other than shareholders' equity	44	606	38	8,418	9,107
Total changes during period	44	606	38	8,418	19,662
Balance at end of period	37	1,392	305	18,327	42,433

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	13,990	24,278
Depreciation	1,917	4,677
Impairment losses	237	139
Amortization of goodwill	375	401
Increase (decrease) in allowance for doubtful accounts	(109)	208
Increase (decrease) in provision for bonuses	0	7
Interest and dividend income	(395)	(979)
Provision for import, export tax	6,863	10,890
Warranty provisions	51	87
Increase (decrease) in provision for loss on litigation	21	(21)
Interest expenses	1,473	2,050
Share of loss (profit) of entities accounted for using equity method	(425)	(94)
Foreign exchange losses (gains)	(1,601)	758
Loss (gain) on sale of non-current assets	(0)	(0)
Loss on retirement of non-current assets	97	313
Loss (gain) on sale of investment securities	2	–
Gain on reversal of share acquisition rights	–	(16)
Gain on adjustment of account payable	(265)	–
Decrease (increase) in trade receivables	4,294	(1,441)
Decrease (increase) in inventories	(20,712)	33,161
Decrease (increase) in real estate for sale	–	(898)
Increase (decrease) in trade payables	1,058	(4,498)
Increase (decrease) in advances received	10,176	(19,113)
Decrease (increase) in advance payments to suppliers	–	7,755
Decrease (increase) in other assets	(3,466)	–
Increase (decrease) in other liabilities	–	(848)
Other, net	7,283	(7,500)
Subtotal	20,867	49,317
Interest and dividends received	102	464
Interest paid	(1,508)	(2,033)
Income taxes paid	(1,062)	(3,419)
Income taxes refund	61	428
Settlement received	65	–
Net cash provided by (used in) operating activities	18,526	44,757
Cash flows from investing activities		
Payments into time deposits	(285)	(99)
Proceeds from withdrawal of time deposits	139	587
Purchase of property, plant and equipment	(12,400)	(9,656)
Proceeds from sale of property, plant and equipment	0	16
Purchase of intangible assets	(2,198)	(1,157)
Purchase of investment securities	(55)	(184)
Proceeds from sale of investment securities	47	–
Payments of deposit	(5,539)	(10,914)
Proceeds from collection of deposits paid	1,083	362
Purchase of shares of subsidiaries and associates	(5)	–
Proceeds from sale of shares of subsidiaries and associates	–	26



(Millions of yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,450)	(99)
Loan advances	(124)	(2)
Proceeds from collection of loans receivable	113	13
Payments of leasehold deposits	(1)	(114)
Proceeds from refund of leasehold deposits	23	0
Other, net	(17)	29
Net cash provided by (used in) investing activities	(20,670)	(21,191)
Cash flows from financing activities		
Repayments of installment payables	(765)	(793)
Proceeds from sales and installment back transaction	–	5,004
Proceeds from short-term borrowings	70,923	65,378
Repayments of short-term borrowings	(55,275)	(72,327)
Proceeds from long-term borrowings	5,544	2,455
Repayments of long-term borrowings	(4,686)	(4,990)
Proceeds from issuance of bonds	200	–
Redemption of bonds	(66)	(117)
Repayments of lease liabilities	(161)	(120)
Proceeds from share issuance to non-controlling shareholders	955	365
Repayments to non-controlling shareholders	(750)	(327)
Proceeds from issuance of shares	1,399	862
Proceeds from issuance of shares resulting from exercise of share acquisition rights	162	36
Purchase of treasury shares	(1)	(0)
Proceeds from issuance of share acquisition rights	–	19
Dividends paid	(117)	(138)
Dividends paid to non-controlling interests	–	(600)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(91)
Net increase decrease of restricted cash	(125)	(62)
Net cash provided by (used in) financing activities	17,235	(5,446)
Effect of exchange rate change on cash and cash equivalents	1,284	(572)
Net increase (decrease) in cash and cash equivalents	16,375	17,546
Cash and cash equivalents at beginning of period	3,125	19,507
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	5	–
Cash and cash equivalents at end of period	19,507	37,053

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

The Group's reportable segments are the constituent units of the Group for which separate financial information is available and which the Board of Directors regularly reviews in order to decide on the allocation of management resources and evaluate business performance. The Group is composed of segments based on business type, with the following reportable segments: "Solar Panel Manufacturing Business," "Green Energy Business," "IT Business," and "Photocatalyst Business."

The "Solar Panel Manufacturing Business" manufactures and sells solar panels.

The "Green Energy Business" sells solar power generation systems and other related products.

The "IT Business" sells software licenses, builds systems, and provides other related services.

The "Photocatalyst Business" manufactures and sells titanium coating agents and products that use them.

2. Method for calculating net sales, profit/loss, assets, liabilities, and other items by reportable segment

The accounting methods for the reported business segments are generally the same as those described in "Significant matters that serve as the basis for preparing consolidated financial statements."

Reportable segment profits are based on operating profit.

Intersegment sales and transfers are based on prevailing market prices.

3. Net sales, profit/loss, assets, liabilities, and other items by reportable segment  
Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Millions of yen)

	Reportable segment					Other (Note 1)	Total	Adjustments	Amounts recorded in consolidated financial statements (Note 2)
	Solar Panel Manufacturing Business	Green Energy Business	IT Business	Photocatalyst Business	Total				
Net sales									
Net sales to outside customers	206,568	8,000	600	40	215,209	75	215,284	—	215,284
Intersegment sales or transfers	242	1	77	—	321	—	321	(321)	—
Total	206,811	8,002	677	40	215,531	75	215,606	(321)	215,284
Segment profit (loss)	12,701	1,076	47	(40)	13,785	(120)	13,665	(860)	12,804
Segment asset	105,195	35,844	275	39	141,353	415	141,769	1,922	143,691
Other items									
Depreciation	833	1,054	12	5	1,906	0	1,907	9	1,917
Amortization of goodwill	—	352	20	3	375	0	375	—	375

Notes: 1. The “Other” category is a business segment not included in the reportable segments, and includes the domestic and international sales and rental of construction machinery.

2. Segment profit (loss) is adjusted with the operating profit stated in the consolidated financial statements.

Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Millions of yen)

	Reportable segment					Other (Note 1)	Total	Adjustments	Amounts recorded in consolidated financial statements (Note 2)
	Solar Panel Manufacturing Business	Green Energy Business	IT Business	Photocatalyst Business	Total				
Net sales									
Net sales to outside customers	199,874	8,327	589	41	208,831	140	208,972	—	208,972
Intersegment sales or transfers	—	14	0	0	15	—	15	(15)	—
Total	199,874	8,341	590	41	208,847	140	208,987	(15)	208,972
Segment profit (loss)	23,876	532	40	2	24,452	(300)	24,152	(802)	23,349
Segment asset	113,040	34,955	256	83	148,336	250	148,586	1,587	150,173
Other items									
Depreciation	3,218	1,432	8	0	4,660	—	4,660	17	4,677
Amortization of goodwill	—	400	—	—	400	0	401	—	401

Notes: 1. The “Other” category is a business segment not included in the reportable segments, and includes the domestic and international sales and rental of construction machinery.

2. Segment profit (loss) is adjusted with the operating profit stated in the consolidated financial statements.

(Per share information)

	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)
Net assets per share	726.88 yen	1,337.80 yen
Basic earnings per share	293.36 yen	547.83 yen
Diluted earnings per share	290.41 yen	543.99 yen

Notes: 1. Effective September 1, 2022, the Company conducted a three-for-one stock split with respect to its common stock. Net assets per share, basic earnings per share and diluted earnings per share were calculated assuming that the stock split had been conducted on July 1, 2022.

2. The basis for calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	4,965	9,530
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	4,965	9,530
Average number of shares outstanding during the period (shares)	16,927,602	17,396,808
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (million yen)	—	—
Increase in number of common shares (shares)	171,664	122,791
(Stock acquisition rights (shares))	(171,664)	(122,791)
Outline of dilutive shares which were not included in the calculation of “diluted earnings per share” because they do not have dilutive effect	—	

(Significant subsequent events)

(Issuance of new shares following listing of consolidated subsidiary)

TOYO Co., Ltd. a consolidated subsidiary of the Company, was listed on the NASDAQ Capital Market on July 2, 2024. In connection with its listing, TOYO Co has raised funds through the issuance of new shares.

<New listing overview>

- (1) Listing date : July 2, 2024
- (2) Number of issued shares : 46,096,044 shares
- (3) Purpose : fundraising
- (4) Public offering price : 10.00 US dollars per share
- (5) Total amount of public offering : 6,035,193.4 US dollars (approx. 971 million yen\*)

\* The conversion rate to Japanese yen is 1 US dollar = 160.90 yen.