

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 14, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)



Company name: Abalance Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 3856
 URL: <http://www.abalance.jp/en/>
 Representative: Ryoichi Kunimoto, President and Chief Operating Officer
 Inquiries: Kazuyasu Shibata, Director and General Manager of Corporate Management Division
 Telephone: +81-3-6810-3028
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(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	%
Three months ended June 30, 2025	36,251	—	3,642	—	4,179	—	1,172	—
September 30, 2024	21,655	(62.5)	1,333	(71.5)	375	(91.7)	(578)	—

Note: Comprehensive income For the three months ended June 30, 2025: ¥2,656 million [—%]
 For the three months ended June 30, 2024: ¥(3,661) million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	63.10	—
September 30, 2024	(32.50)	—

Note: Year-on-year changes are not shown because the comparison period differs from the previous first quarter (July 1, 2024 to September 30, 2024) as we changed the fiscal year-end to March 31 from June 30, beginning with the year ended March 31, 2025.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	156,916	44,238	18.4
March 31, 2025	145,802	43,338	16.6

Reference: Equity
 As of June 30, 2025: ¥28,804 million
 As of March 31, 2025: ¥24,180 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	0.00	—	3.00	3.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		—	—	—	—

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

2. The year-end dividend forecast for the fiscal year ending March 31, 2026 is to be determined.

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	95,000	—	6,000	—	6,000	—	3,000	—	168.53

Notes: 1. Revisions to the financial result forecast most recently announced: None

2. Year-on-year changes are not shown because the fiscal year ended March 31, 2025 is a nine-month period due to the transitional period for the accounting term change.

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) 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, 2025	19,033,193 shares
As of March 31, 2025	17,930,693 shares

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

As of June 30, 2025	130,176 shares
As of March 31, 2025	130,176 shares

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

Three months ended June 30, 2025	18,575,901 shares
Three months ended September 30, 2024	17,790,829 shares

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

- * Proper use of earnings forecasts and other special matters

The earnings forecasts and other forward-looking statements in the report are based on information currently available to the Company and certain assumptions that the Company determines reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results and other data may differ significantly from the forecasts depending on various factors. For the assumptions used as the basis for the forecasts and precautions on the use of the forecasts, please refer to “1. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments to this report.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Period under Review	2
(2) Overview of Financial Position for the Period under Review	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Quarterly Consolidated Financial Statements and Principal Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statements of Income	7
Three Months Ended September 30 / June 30	7
Quarterly Consolidated Statements of Comprehensive Income	8
Three Months Ended September 30/ June 30	8
(3) Notes to Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Notes in case of significant changes in shareholders' equity)	9
(Notes on changes in accounting policies)	9
(Notes on segment information, etc.)	10
(Notes to Quarterly Consolidated Balance Sheets)	11
(Notes to Quarterly Consolidated Statements of Cash Flows)	11
(Notes on significant subsequent events)	11

1. Overview of Operating Results, etc.

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

During the three months ended June 30, 2025, the Japanese economy demonstrated a trend of its recovery, against a backdrop of the resilience of consumer spending, an increase in capital investment, and other factors, supported by factors such as the improvement in the employment and income situation and an increase in inbound demand. However, the global economy remained uncertain, mainly due to concerns over the US tariff policy and ongoing geopolitical risks, such as the conflict in Ukraine and the situation in the Middle East.

In the renewable energy market in Japan, a target of reducing greenhouse gas emissions by 46% compared to 2013 levels by 2030 has been set based on the Japanese government's declaration of carbon neutrality in 2050. Internationally, there have been efforts to realize a carbon-free society, including climate change responses in accordance with the UN Framework Convention on Climate Change (COP29) held in 2024, and the renewable energy market is expected to grow in the medium to long term. Conversely, it is imperative to maintain a close observation of development regarding the US government's climate change response and the US Inflation Reduction Act (IRA).

In the Solar Panel Manufacturing Business, our core business, although demand is strong worldwide, in the US market, the US government made final affirmative determinations in imposing the antidumping and countervailing duties on four Southeast Asian countries, and other policy uncertainties continued, such as reciprocal tariffs. In response to this business environment, we have worked to secure sales to the US market to the maximum extent through negotiations with customers as well as to strengthen sales to Asia, including India. At the same time, to drive future earnings growth, we commenced production at our cell plant in Ethiopia in April this year as the first phase, and sales to customers are progressing smoothly. Additionally, driven by robust market demand, we are planning to commence the second phase of production by the second quarter of the fiscal year ending March 31, 2026. Since solar cells manufactured in Ethiopia offer the advantage of relatively low reciprocal tariffs when imported into the US, we will supply products to the new solar panel plant under construction in Texas, the US, and strengthen sales to external customers. Furthermore, we will establish a stable supply system for solar panel-related products in the US market and work to expand our solar panel manufacturing business within the country.

In the previous consolidated fiscal year, we made a change to our fiscal year-end, resulting in an irregular nine-month period for the fiscal year ended March 31, 2025. As the accounting period for the consolidated fiscal year under review differs from that of the previous consolidated fiscal year, year-on-year changes in amount or percentage are not included in the following explanation of operating results.

As a result of the above, for the three months ended June 30, 2025, Abalance Corporation (the "Company," together with its subsidiaries, the "Group") recorded net sales of 36,251 million yen, operating profit of 3,642 million yen, ordinary profit of 4,179 million yen owing to the recording of foreign exchange gains of 1,234 million yen, and profit attributable to owners of parent of 1,172 million yen.

In the Solar Panel Manufacturing Business, Vietnam Sunergy Joint Stock Company ("VSUN") in Vietnam and TOYO Co., Ltd. ("TOYO"), are collaborating to engage in strengthening the global supply chain. TOYO owns TOYO SOLAR COMPANY LIMITED ("TOYO SOLAR"), which manufactures the cells that are the upstream processes of solar panels.

In the Green Energy Business, while continuing with the sales of goods for 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

For the three months ended June 30, 2025, net sales were 33,943 million yen and segment profit was 3,749 million yen.

In the US market, the US government made determinations to impose antidumping and countervailing duties on solar panel-related products. However, a grace period (suspended for 90 days from April 9) was granted for the imposition of reciprocal duties on certain countries, including Vietnam. As a result, front-loaded demand from VSUN in Vietnam and TOYO SOLAR for US customers increased, and sales to Asian customers centered on India remained robust, enabling us to maintain sales at a certain level. Operating profit exceeded the plan, driven by robust sales, which offset increased costs related to upfront investments for the construction of new plants in Ethiopia and Texas, the US. The Group is strengthening its supply chain and competitiveness in this Business by implementing a three-area system in Vietnam, Ethiopia, and the US, taking into account geopolitical risks. Therefore, we expect the impact of import tariffs in the US to be limited in the future.

Please note that the operating performance of the new cell plant in Ethiopia, which began sales to customers in various countries, for the April-to-June period will be reflected in the period for the six months ended September 30, 2025, which will be three months later.

2. Green Energy Business

For the three months ended June 30, 2025, net sales were 2,052 million yen and segment profit was 129 million yen.

The Group, led by WWB Corporation and VALORS Corporation, sells components 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 promoting a recurring revenue business model, in which the Company continues to own and manage 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, sales remained robust by leveraging a sales system with major domestic mass retailers as a channel. In the recurring revenue business model, we are working to develop high-quality power generation projects utilizing our in-house development capabilities, developing and constructing power plants, and expanding our business foundation. In addition to actively utilizing developments and constructions of non-FIT power plants as well as mergers and acquisitions, we are working to build an optimal portfolio and expand our revenue base.

Furthermore, we are also actively promoting expansion overseas and developing our solar panel reuse business, mainly through PV Repower inc., as part of our efforts to address the problem of solar panel disposal, a future social issue of concern. In addition, the Group has entered the grid-connected batteries business in the Hokkaido area, which will enable stable power supply in preparation for times of adjustment of electricity supply and demand or during power outages. Going forward, we will work to acquire new projects for the grid-connected batteries business.

3. Other

For the three months ended June 30, 2025, net sales amounted to 256 million yen and segment loss was 21 million yen.

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.

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

Assets, Liabilities and Net Assets

(Assets)

Current assets as of June 30, 2025 totaled 91,232 million yen, an increase of 2,193 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,102 million yen in accounts receivable - trade. Non-current assets amounted to 65,684 million yen, an increase of 8,920 million yen from the end of the previous fiscal year. This was mainly due to an increase of 10,459 million yen in other property, plant and equipment.

As a result, total assets were 156,916 million yen, an increase of 11,114 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of June 30, 2025 totaled 85,874 million yen, an increase of 5,587 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,414 million yen in accounts payable - trade. Non-current liabilities amounted to 26,803 million yen, an increase of 4,626 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,484 million yen in lease liabilities.

As a result, total liabilities amounted to 112,677 million yen, an increase of 10,214 million yen from the end of the previous fiscal year.

(Net Assets)

Total net assets as of June 30, 2025 amounted to 44,238 million yen, an increase of 900 million yen from the end of the previous fiscal year. This was mainly due to recording of 1,172 million yen in profit attributable to owners of parent.

As a result, the equity ratio was 18.4% (16.6% at the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated financial results forecast for the fiscal year ending March 31, 2026 is unchanged from the figures in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)” announced on May 15, 2025.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	26,451	33,488
Accounts receivable - trade	5,434	8,537
Real estate for sale	1,597	1,765
Merchandise and finished goods	16,618	10,583
Raw materials and supplies	1,322	5,461
Work in process	3,925	2,923
Advance payments to suppliers	9,577	3,390
Accounts receivable - other	1,974	2,474
Deposits paid	20,033	17,931
Other	2,250	4,823
Allowance for doubtful accounts	(147)	(147)
Total current assets	89,038	91,232
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	42,632	48,138
Accumulated depreciation	(11,734)	(13,822)
Machinery, equipment and vehicles, net	30,898	34,316
Land	2,524	3,146
Construction in progress	7,565	4,393
Other	5,254	15,714
Total property, plant and equipment	46,242	57,570
Intangible assets		
Goodwill	3,899	3,819
Other	2,687	239
Total intangible assets	6,587	4,058
Investments and other assets		
Investment securities	1,434	1,436
Long-term loans receivable	10	10
Deferred tax assets	705	890
Other	2,026	1,959
Allowance for doubtful accounts	(242)	(242)
Total investments and other assets	3,933	4,055
Total non-current assets	56,763	65,684
Deferred assets	0	0
Total assets	145,802	156,916

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	10,131	14,546
Short-term borrowings	32,310	29,459
Current portion of long-term borrowings	1,506	3,202
Accounts payable - other	522	359
Current portion of bonds payable	66	66
Income taxes payable	1,151	1,341
Contract liabilities	8,632	8,592
Current portion of long-term accounts payable - installment purchase	773	776
Provision for bonuses	28	23
Lease liabilities	249	623
Provision for import, export tax	16,470	15,738
Other	8,443	11,144
Total current liabilities	80,286	85,874
Non-current liabilities		
Long-term borrowings	10,381	9,766
Long-term accounts payable - installment purchase	9,629	9,492
Retirement benefit liability	0	0
Lease liabilities	1,466	6,951
Long-term accounts payable - other	6	6
Deferred tax liabilities	492	319
Other	199	266
Total non-current liabilities	22,176	26,803
Total liabilities	102,463	112,677
Net assets		
Shareholders' equity		
Share capital	2,521	2,766
Capital surplus	3,153	6,999
Retained earnings	18,683	19,855
Treasury shares	(91)	(91)
Total shareholders' equity	24,266	29,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25	16
Foreign currency translation adjustment	(110)	(741)
Total accumulated other comprehensive income	(85)	(725)
Share acquisition rights	264	267
Non-controlling interests	18,892	15,166
Total net assets	43,338	44,238
Total liabilities and net assets	145,802	156,916

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended September 30 / June 30

(Millions of yen)

	For the three months ended September 30, 2024	For the three months ended June 30, 2025
Net sales	21,655	36,251
Cost of sales	17,856	28,992
Gross profit	3,799	7,258
Selling, general and administrative expenses	2,465	3,616
Operating profit	1,333	3,642
Non-operating income		
Interest income	110	64
Share of profit of entities accounted for using equity method	—	18
Foreign exchange gains	—	1,234
Other	211	831
Total non-operating income	322	2,149
Non-operating expenses		
Interest expenses	365	1,414
Foreign exchange losses	776	—
Share of loss of entities accounted for using equity method	58	—
Other	79	197
Total non-operating expenses	1,280	1,612
Ordinary profit	375	4,179
Extraordinary income		
Gain on sale of non-current assets	4	7
Gain on reversal of share acquisition rights	14	2
Total extraordinary income	19	9
Extraordinary losses		
Loss on sale of non-current assets	—	1
Loss on retirement of non-current assets	269	0
Other	—	33
Total extraordinary losses	269	35
Profit before income taxes	125	4,153
Income taxes	712	860
Profit (loss)	(586)	3,292
Profit (loss) attributable to non-controlling interests	(8)	2,120
Profit (loss) attributable to owners of parent	(578)	1,172

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended September 30 / June 30

(Millions of yen)

	For the three months ended September 30, 2024	For the three months ended June 30, 2025
Profit (loss)	(586)	3,292
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(9)
Foreign currency translation adjustment	(3,066)	(630)
Share of other comprehensive income of entities accounted for using equity method	(3)	3
Total other comprehensive income	(3,074)	(636)
Comprehensive income	(3,661)	2,656
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,949)	1,855
Comprehensive income attributable to non-controlling interests	(1,711)	800

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on changes in accounting policies)

Not applicable.

(Notes on segment information, etc.)

(Segment information)

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

1. Net sales and profit/loss by reportable segment

(Millions of yen)

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

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

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

3. The “Other” category is a business segment not included in the reportable segments, and includes the IT Business, the Photocatalyst Business, and sales of construction machinery.

II Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 3)	Total	Adjustments (Note 1)	Amounts recorded in quarterly consolidated statements of income (Note 2)
	Solar Panel Manufacturing Business	Green Energy Business	Total				
Net sales							
Net sales to outside customers	33,943	2,052	35,995	256	36,251	—	36,251
Intersegment sales or transfers	—	—	—	—	—	—	—
Total	33,943	2,052	35,995	256	36,251	—	36,251
Segment profit (loss)	3,749	129	3,879	(21)	3,857	(214)	3,642

Notes: 1. The (214) million yen of segment profit (loss) adjustment consists of corporate expenses not allocated to any reportable segment, which mostly consist of expenses incurred in the administrative division.

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

3. The “Other” category is a business segment not included in the reportable segments, and includes the IT Business, the Photocatalyst Business, and sales of construction machinery.

(Notes to Quarterly Consolidated Balance Sheets)

(Contingent liabilities)

(i) Non-deductible expenses for tax purpose related to export duties, etc.

The Company's consolidated subsidiary Vietnam Sunergy Joint Stock Company and its subsidiaries have recorded estimated amounts related to export duties, etc. on sales, and treated them as deductible expenses for local income tax purpose. Therefore, such export duties, etc. on sales may not be considered deductible for tax purpose in the calculation of income taxes, etc., depending on the results of future examination by local tax authorities. However, we recognize that it is difficult to reasonably estimate the likelihood of occurrence and the amount of additional income taxes in the future at this time.

(ii) Litigation-related compensation, etc.

In December 2024, the Company and its seven consolidated subsidiaries received a lawsuit filed by a solar panel manufacturer and were served with a complaint by the United States District Court for the Northern District of California. Subsequently, the Company was excluded from the parties to the lawsuit, and eight of its consolidated subsidiaries are currently parties to the lawsuit.

At present, it is difficult to reasonably predict the impact this will have on the future performance of the Company.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2025 have not been prepared. Depreciation (including amortization for intangible assets excluding goodwill) and amortization of goodwill for the three months ended September 30, 2024 and the three months ended June 30, 2025 are as follows.

	For the three months ended September 30, 2024	For the three months ended June 30, 2025
Depreciation	2,368 million yen	1,368 million yen
Amortization of goodwill	94	80

(Notes on significant subsequent events)

(Transfer of non-current assets in a consolidated subsidiary)

At the Company's Board of Directors meeting held on July 15, 2025, the Company resolved to transfer a non-current asset held by WWB Corporation (WWB), the Company's consolidated subsidiary (the "Transfer"), and executed the Transfer on the same day.

(1) Reasons for the Transfer

Regarding the development in the Green Energy Business, WWB is focusing on expanding its self-owned power generation equipment, primarily solar power generation equipment. WWB will continue to strengthen its recurring revenue business through various business models, including not only the electricity sales business under the FIT scheme but also non-FIT, the power purchase agreement (PPA), and on-site/off-site. Going forward, we will actively expand our business into the grid-connected batteries business field and work to establish an optimal business portfolio. As part of this business strategy, we have decided to transfer the solar power plant in Miyagi Prefecture, which has already been developed. This transfer will continuously strengthen our portfolio of solar power plants (self-owned) business and grid-connected batteries business, which we are planning to expand, to establish a solid revenue base.

(2) Overview of the transferee

Although the transferee is a domestic business entity, disclosure of further details will be refrained from due to confidentiality obligations. There are no significant capital, personnel, or business relationships to note between the transferee and the Company, and the transferee does not qualify as a related party of the Company.

(3) Transferred asset

(i) Type of the transferred asset	Solar power plant located in Miyagi Prefecture
(ii) Previous use of the transferred asset	Non-current asset

The Transfer price will not be disclosed due to confidentiality obligations.

(4) Timing of the Transfer

July 15, 2025