

March 30, 2022

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**Announcement of Financial Results Briefing for the Second Quarter
of the Fiscal Year Ending June 30, 2022 (Video with English support)**

We have decided to disclose our financial results briefing for the second quarter of the fiscal year ending June 30, 2022 to the public via video streaming with English-language support, placing the highest priority on preventing the spread of COVID-19 and ensuring safety.

We strive to disclose information in a timely and fair manner, and hope you will take this opportunity to deepen your understanding of our group's business and initiatives.

Release Date	Tuesday, March 30, 2022 at 5 p.m.
Release Method	Public access through video streaming with English-language support
Presenter	Yasuaki Mitsuyuki, Representative Director and President
Contents of Briefing	<p>Abalance Group “Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending June 30, 2022” and Future Outlook</p> <ul style="list-style-type: none">• Summary of Consolidated Financial Results (2Q of FY06/2022)• Solar Panel Manufacturing Business (VSUN)• Green Energy Business (WWB Corporation, Valors Inc., etc.)• Further Promotion of Company Ownership of Solar Power Plants• Tender Offer and Conclusion of Capital and Business Alliance Agreement• Medium-Term Management Plan: 3-Year Budget Projections• Strengthening Measures to Improve Corporate Value• Return to Shareholders

URL : <https://irtv.jp/channel/5848>

If you have any questions regarding this briefing on financial results (video streaming), please click on the “Inquiries” button, and select “Regarding business performance, financial statements, and IR” from a pulldown menu on our website. Our staff will reply to your inquiries shortly.



Abalance Group

**”Financial Results for the Second Quarter
(Interim) of the Fiscal Year Ending June 30,
2022” and Future Outlook**

March 2022

Abalance Corporation

Securities Code: 3856

(Second Section of the Tokyo Stock Exchange)

Summary of Consolidated Financial Results (2Q of FY06/2022)



- **Net sales: ¥26.65 billion, operating profit: ¥532 million, ordinary profit ¥340 million, profit attributable to owners of parent: ¥803 million**
 ⇒ Solar panel manufacturing and green energy businesses lead the consolidated performance
- **Net sales: Increased significantly by ¥15.08 billion YoY (+130%)**
- **Profits: Decreased except profit attributable to owners of parent**
 ⇒ VSUN: Panel manufacturing and sales to Europe and the United States increased significantly
 In terms of profits, component and marine transport costs soared under the COVID-19 pandemic (however 2Q was in a recovery trend)
 ⇒ In the green energy business, both sales and profits increased, and M&A was actively implemented
 ⇒ ¥1.02 billion collected as settlement relating to construction contract agreement of the previous fiscal year (recorded as extraordinary income in 1Q)

*Percentage in parentheses represents year-on-year changes.

Upward revision of full-year performance forecast (as of January 31, 2022)

Consolidated net sales: ¥38.5 billion (previous forecast: ¥35.0 billion), stage profit is unchanged considering conservatively the impact from the COVID-19 pandemic.

(Millions of yen)

	(1) 2Q/FY2021 Cumulative total	(2) 2Q/FY2022 Cumulative total	(3) Difference (= (2) - (1))	Rate of change (= (3)/(1))	* (4) Full-year budget	Progress rate (= (2)/(4))
Net sales	11,573	26,655	+15,082	+130%	38,500	69%
Operating profit	845	532	(313)	(37%)	1,400	38%
Ordinary profit	881	340	(541)	(61%)	1,430	24%
Profit attributable to owners of parent	348	803	+455	+131%	858	94%

* (4) Full-year budget presents values after upward revision.

Solar Panel Manufacturing Business(VSUN)



- Net sales: ¥22.72 billion (+159%), Segment profit: ¥223 million ((59%))
 - 2Q Sales grew significantly (1Q: ¥7.4 billion, 2Q: ¥15.3 billion) with strong orders
 - Segment surplus was secured despite soaring costs of manufacturing components and marine transport
 - Soaring peaked out and profits are expected to recover from 3Q/FY2022
- VSUN plant production and operational status has recovered to normal operation.
 - Measures to adjust supply chain were successful leading to normal operation
 - Also managed to minimize impact from Chinese New Year and Vietnam's Tet (New Year)

*Percentage in parentheses represents year-on-year changes.

Financing

[Funds procured] USD 5 million (December 2021)

[Use of funds] Procured short-term working capital from a domestic bank (Hong Kong Branch)

Committed to support financing from domestic banks as a Group for VSUN's growth.

(Millions of yen)

	(1) 2Q/FY2021 Cumulative total	(2) 2Q/FY2022 Cumulative total	(3) Difference (= (2) - (1))	Rate of change (= (3)/(1))	(4) Full-year budget	Progress rate (= (2)/(4))
Net sales	8,760	22,723	+13,963	+159%	28,500	80%
Segment profit	545	223	(322)	(59%)	1,000	22%

* (4) Full-year budget presents values after upward revision of consolidated performance as of January 31, 2022.

* Segment profit presents values before company-wide expenses not allocated to each reportable segment are deducted.

* Since consolidation of VSUN started from 2Q/FY2021, values presented under "(1) 2Q/FY2021 Cumulative total" are for a period of three months (from September 2020 to December 2020).

- Net sales: ¥3.61 billion (+45%), segment profit: ¥619 million (+23%)
 - [Flow-type] Solar power plant sales and product sales business grew (+25%)
 - [Stock-type] Electricity sales revenue and O&M revenue increased substantially through company ownership (+137%)
- Electricity sales revenue for the fiscal year under review is expected to exceed ¥2.0 billion, segment profit is making favorable progress.
 - Promotion of company ownership of power plants progressing smoothly with secured stable earnings
- Actively conducted M&A for power plants to be company-owned and to strengthen procurement

Target company	Target business	Initial full-year revenue
Campanio Solar Co., Ltd.	Acquisition of solar power plant	Approx. ¥160 million
JSP Co., Ltd., JSE Co., Ltd.	Acquisition of solar power plant	Approx. ¥120 million
Japan Life Support Co., Ltd.	Interconnected low-voltage power plants, works in process, personnel resources, etc.	Approx. ¥1,700 million

*Initial full-year revenue is based on calendar year sales.

(Millions of yen)

	(1) 2Q/FY2021 Cumulative total	(2) 2Q/FY2022 Cumulative total	(3) Difference (= (2) - (1))	Rate of change (= (3)/(1))	(4) Full-year budget	Progress rate (= (2)/(4))
Power plant sales/ product sales, etc.	2,064	2,581	+517	+25%	6,800	38%
Electricity sales revenue/O&M	437	1,036	+599	+137%	2,200	47%
Total net sales	2,502	3,618	+1,116	+45%	9,000	40%
Segment profit	501	619	+118	+23%	680	91%

*Segment profit presents values before company-wide expenses not allocated to each reportable segment are deducted.

- Examples of Group-developed power plants are as follows.
- Committed to resume overseas investment at a suitable timing under the COVID-19 pandemic.

Examples of power plant development and acquisition

Hanabatake Solar Power Plant(* 1)	Full operation in January 2022, electricity sales revenue: approx. ¥170 million expected
Nagamine Solar Power Plant	Successively interconnected as from November 2021, electricity sales revenue: approx. ¥170 million expected
Kawaguchi-ko Solar Power Plant	Interconnected July 2021, electricity sales revenue: approx. ¥60 million expected
Fukushima City Oonami Solar Power Plant	Interconnected June 2021, electricity sales revenue: approx. ¥220 million expected
Kakuda City Solar Power Plant	Interconnected March 2021, electricity sales revenue: approx. ¥750 million expected
Wind power projects (onshore/small-sized)	Interconnected, initial investment project, electricity sales revenue: approx. ¥50 million expected

(*1) Hanabatake Solar Power Plant is under full operation with the interconnection of Block V.

Examples of power plants under development (*2)

Taiwa-cho and Oohiramura Solar Power Plant	Planned to be interconnected as from December 2022 (under development), electricity sales revenue: approx. ¥530 million expected
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(*2) (M&A projects) Kobe City Solar Power Plant, Kuranami Solar Power Plant, and Naka City Solar Power Plant are in progress.

- Announcement was made on the commencement of tender offer of the shares of Meiji Machine Co., Ltd. (Securities Code: 6334) and conclusion of a capital and business alliance agreement with the Company (as of February 21, 2022)
- Tender offer period initially announced: From February 22, 2022 to March 23, 2022 (20 business days)
- Purpose, etc. of tender offer:
 - To recognize as an equity-method affiliate and further develop a capital and business tie-up
 - To set 4,554,700 shares (39.99%) as upper limit of shares to be purchased
 - To have Meiji Machine Co., Ltd. maintain its listing

■ Assumed synergies

(a) Strengthening of sales of solar sharing system (farming-type solar power generation system)	<ul style="list-style-type: none"> ● Combined development of package proposals and sales, etc. relating to the sixth industrialization (where agriculture, forestry and fisheries will further increase the original value of agricultural products and other products, thereby improving the income of agriculture, forestry and fisheries) and solar sharing system (farming-type solar power generation system) ● Realization of regional revitalization brought about by expansion of business with companies that emphasize environmental protection, strong competitiveness among agricultural workers, and improved productivity
(b) Sales expansion of machinery and equipment targeting the whole of Southeast Asia	<ul style="list-style-type: none"> ● Expansion of market from mainly Japan to the whole of Southeast Asia through the use of customer bases ● Strengthening of machinery maintenance system and ability to propose new sales/resales
(c) Operation of safe and hygienic hog and poultry farms through the use of photocatalysts	<ul style="list-style-type: none"> ● Increase in sales of photocatalyst products by making use of business foundation developed with milling- and feed-related companies, tracing back potential demand to take measures preventing infectious diseases and addressing neighbors and thus solve customers' problems

■ Future Policy

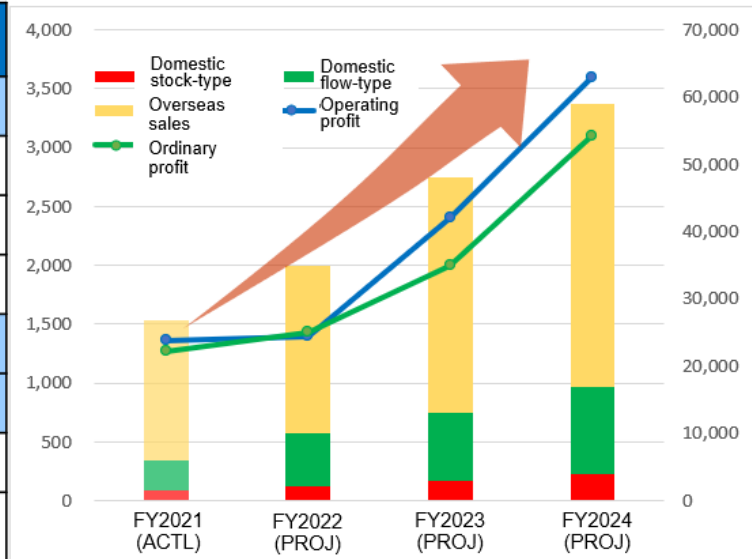
We recognize that it is important to maintain the unique corporate culture and management autonomy of Meiji Machine Co., Ltd., and therefore intend to develop a close partnership while maintaining its listing and respecting its present independent management as a listed company. Going forward, we, as a Group, will seek to increase the medium- to long-term corporate value and stock value.

Medium-Term Management Plan: 3-Year Budget Projections

- **Achieve consolidated net sales of ¥59 billion for the fiscal year ending June 30, 2024, more than double the record in the fiscal year ended June 30, 2021**
- **Double operating profit and ordinary profit with VSUN as a growth engine**
- Stimulate growth through concentrated investments in the renewable energy field
 → VSUN Production Capacity: 3.6GW; Domestic Investments: ¥45 billion (to realize 150MW power generation capacity owned by the Group)

[Medium-Term Management Plan: Budget Projections (FY2022-FY2024)]
(Millions of yen)

	FY2021 (ACTL)	FY2022 (PROJ)	FY2023 (PROJ)	FY2024 (PROJ)
Net sales	26,901	38,500	48,000	59,000
Overseas (= VSUN)	21,013	28,500	35,000	42,000
Domestic flow-type (*1)	4,401	7,800	9,700	12,600
Domestic stock-type (*2)	1,487	2,200	3,300	4,400
Operating profit	1,361	1,400	2,400	3,600
Ordinary profit	1,269	1,430	2,000	3,100
Equity ratio	10.2%	→		20.0%
Return to shareholders	Provide stable dividends balancing between "returning profits" and "securing funds for growth"			



(*1) Sales of power plants and products (panels, storage batteries, etc.), reuse/recycling and energy saving businesses, etc. conducted by domestic group companies are included.
 (*2) This refers to income from selling electricity generated at solar and wind power plants, stable earnings from O&M (Operation and Maintenance), and income-generating businesses which are the source of cash flows.
 (*3) The above FY2023 (PROJ) shows the figures after upward revision.
 (KPI) Based on ROIC, ROA will be at least 3%, as we are currently shifting to a stock-type business model and will also implement a new business during this medium-term plan period.

- ◆ Going forward, in line with the medium-term management plan(FY2022-2024), the following items will be positioned as strengthening measures. The measures will be conscious of the need to improve corporate value while performance will be enhanced with operating profit as the core.
- ◆ By implementing these measures, we will improve the medium- to long-term corporate value so as to secure funds for future growth. We sincerely ask for the kind understanding of our shareholders.

Strengthening Measures to Improve Corporate Value

1. Securing of various financing methods
2. Formation and development of strategic partnerships
3. Re-designation to the Prime Market and realization of VSUN public offering (UPCoM OTC market)
4. Implementation of M&A focusing on renewable energy field
5. Strengthening of IR with the intention of being included in the portfolio of institutional investors (including overseas investors)
6. Increase in information disclosure conscious of ESG rating scores
7. Initiatives toward acquiring analyst coverage
8. Systematic improvement of capital adequacy ratio (financial soundness)

Official announcement of interim dividend (as of February 14, 2022)

To express our gratitude to our shareholders for support under the COVID-19 pandemic, the interim dividend will be ¥8 per share (ordinary dividend of ¥7 and special dividend of ¥1)

Year-end dividend

The year-end dividend is yet to be decided. While matters such as future business performance and financial condition will be considered, we are committed to continuously enhancing shareholders' return.

Details of dividends

	Amount determined	Latest dividend forecast (officially announced on August 16, 2021)	Previous fiscal year results (2Q of FY06/2021)
Record date	December 31, 2021	Same as left	December 31, 2020
Dividend per share	¥8 (Ordinary dividend: ¥7) (Special dividend: ¥1)	Undetermined	¥7
Total dividend amount	¥44 million	—	¥37 million
Effective date	March 15, 2022	—	March 16, 2021
Source of dividend	Retained earnings	—	Retained earnings

- 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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