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March 14, 2024

## Consolidated Financial Results for the Six Months Ended December 31, 2023 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange  
 Securities code: 3856  
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 Scheduled date to file quarterly securities report: March 14, 2024  
 Scheduled date to commence dividend payments: March 29, 2024  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the six months ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

#### (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	%
Six months ended								
December 31, 2023	108,543	(2.7)	10,057	104.9	10,507	87.6	3,635	69.2
December 31, 2022	111,553	323.5	4,908	—	5,602	—	2,148	190.5

Note: Comprehensive income For the six months ended December 31, 2023: ¥7,734 million [77.3%]  
 For the six months ended December 31, 2022: ¥4,362 million [335.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
December 31, 2023	209.75	207.68
December 31, 2022	129.27	128.60

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.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2023	148,993	30,022	10.6
June 30, 2023	143,691	22,771	8.8

Reference: Equity  
 As of December 31, 2023: ¥15,856 million  
 As of June 30, 2023: ¥12,595 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 June 30, 2023	—	3.00	—	5.00	8.00
Fiscal year ending June 30, 2024	—	3.00			
Fiscal year ending June 30, 2024 (Forecast)			—	—	—

Notes: 1. Revisions to the forecast of dividends most recently announced: Yes

2. The year-end dividend forecast for the fiscal year ending June 30, 2024 is to be determined.

## 3. Consolidated financial result forecasts for the fiscal year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

(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	251,800	17.0	15,800	23.4	15,800	12.5	7,000	41.0	413.53

Note: Revisions to the financial result forecast most recently announced: None

\* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: — (Company name)

Excluded: — (Company name)

(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 December 31, 2023	17,475,333 shares
As of June 30, 2023	17,465,033 shares

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

As of December 31, 2023	82,522 shares
As of June 30, 2023	82,474 shares

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

Six months ended December 31, 2023	17,332,772 shares
Six months ended December 31, 2022	16,621,917 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.

\* Quarterly financial results reports are exempt from quarterly review 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 “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 6 of the Attachments to this report.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the six months ended December 31, 2023, the Japanese economy showed a moderate recovery against the backdrop of a pickup in consumer spending and an improvement in the employment situation. Nevertheless, the future economic outlook remains uncertain due to concerns about soaring resource and raw material prices, inflation caused by the weakening yen, ongoing monetary tightening policies worldwide, low economic recovery in China, and the impacts of geopolitical risks in Ukraine and the Middle East.

Regarding the business environment 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, further progress is expected in efforts to build a carbon-free society, through climate change responses in accordance with the 28th Conference of the Parties to the UN Framework Convention on Climate Change (COP 28) held last year, the US Inflation Reduction Act (IRA), and other responses.

In such a business environment, the Group has positioned the "Abalance Group Medium-Term Management Plan (2024–2026)" as a period of acceleration 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 engines, we are striving to improve the Group's corporate value over the medium to long term.

As a result of the above, for the six months ended December 31, 2023, Abalance Corporation (the "Company," together with its subsidiaries, the "Group") recorded net sales of 108,543 million yen (down 2.7% year on year), operating profit of 10,057 million yen (up 104.9% year on year), ordinary profit of 10,507 million yen (up 87.6% year on year), and profit attributable to owners of parent of 3,635 million yen (up 69.2% year on year).

Amid the uncertain external environment, in the solar panel manufacturing business operated by Vietnam Sunergy Joint Stock Company ("VSUN") in Vietnam, strengthening of the supply chain and robust panel sales to the United States contributed to the consolidated business results.

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 enhance our business foundations by promoting company ownership of solar power plants (recurring revenue business model).

The business results by segment are as follows.

#### 1. Solar Panel Manufacturing Business

For the six months ended December 31, 2023, net sales amounted to 104,259 million yen (down 3.0% year on year), and segment profit was 10,062 million yen (up 118.2% year on year).

VSUN has adopted Japanese production and quality control methods and systems and expanded its business foundations by selling solar panels for industrial and domestic use to Europe and the United States. Although sales of solar panels to long-term customers of good standing remained strong, net sales decreased year on year due to a fall in market prices of solar panels caused by global over-supply. Meanwhile, in October 2023, construction was completed of a cell plant to create an in-house production system for cells (N-type TOPCon), the main component of solar panels, with the aim of stabilizing the supply chain and improving profit margins. Segment profit increased year on year due to the promotion of a shift to mass production at the plant, reductions in cost prices, and increased efficiency of the production system and operations. Going forward, the Group has plans to sell cells to external parties and will continue its efforts to improve its business competitiveness by maintaining stable transactions with good customers and improving the efficiency of its business operations.

#### 2. Green Energy Business

For the six months ended December 31, 2023, solar power plant sales and component sales of 1,810 million yen and sales of electricity and revenue from operation and maintenance (O&M) of 2,136 million yen were recorded, resulting in net sales of 3,947 million yen (up 1.0% year on year), and segment profit of 636 million

yen (down 5.6% 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, 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. To accelerate this business model, we are actively promoting M&As with the aim of acquiring multiple solar power plants at once. 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.

### 3. IT Business

For the six months ended December 31, 2023, net sales amounted to 301 million yen (down 8.1% year on year), and segment profit was 20 million yen (up 88.4% 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 our strengths, such as electronic authentication and security technologies.

The Group is also promoting the provision of solutions with a high QCD balance, using packaged products such as “KnowledgeMarket<sup>®</sup>”, a product of Abit Corporation that achieves the improvement of labor productivity 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

For the six months ended December 31, 2023, net sales amounted to 19 million yen (up 4.2% year on year) and segment loss was 10 million yen (segment loss of 23 million yen in the same period of the previous year).

In the Photocatalyst Business, where products are valued for their visibility, product characteristics, and quality, WWB Corporation, Japan Photocatalyst Center Corporation, and Meiji Machine Co., Ltd. formed a business alliance. With the conclusion of this agreement, we engaged in creating synergies that enable each company to demonstrate its strengths, expanding joint sales, and making high-value-added proposals to all customers involved in food and sanitation. As a result, we have achieved sales of blocKIN to ZEN-NOH (JA) Group companies through Meiji Machine Co., Ltd. In addition, we are working to diversify the business, such as the recent establishment of a photocatalyst business that undertakes mold removal and prevention work for major supermarkets. We will continue to build our business foundations and stabilize profits.

(Enhancement and strengthening of information disclosure in English)

In the belief that management information disclosed to our stakeholders, including shareholders and investors overseas, will serve as a foundation for constructive dialogue with those stakeholders, we are working on the disclosure of IR information in English to a reasonable extent for the enhancement of disclosure.

(Recent initiatives on social and environmental issues)

In the belief that, in order for a company to grow over the long term, the fulfillment of its social responsibilities to all stakeholders will lead to the enhancement of corporate value, the Group has established a system of transparent and sound corporate governance.

The Group is also working to realize a sustainable society (SDGs) through the implementation of ESG management that aims to realize a sustainable, enriched society.

Our major initiatives on social and environmental issues are as follows:

<CO2/ global warming prevention>

- Reduction of greenhouse gas emissions through the promotion of the Green Energy Business

- Development of a storage system for hydrogen energy, the next-generation energy
- Launch of the recycling and re-use business to address solar panel disposal issues
- Contribution to initiatives for decarbonization by supplying EV port cargo-handling machinery

<Support for Southeast Asia and disaster-affected areas>

- Donation of large concrete pump vehicles (Dai Kirin) at the time of the Fukushima Daiichi nuclear accident
- Development and donation of “RAKUDEN KUN,” a foldable lightweight portable battery to support disaster-affected areas
- Donation of charity funds to rebuild and open elementary schools in poverty-stricken areas in Vietnam

<.Photocatalyst Business>

- Development of Maxar® EneZone, a greenhouse that generates electricity and is effective in sterilizing and repelling insects

<Green energy education>

- Provision of SDGs training to students of junior and senior high schools
- Assistance and technical support for social and environmental activity events

<Other>

- Appointment of an SDGs expert as outside director
- Declaration of endorsement of the Task Force on Climate-related Financial Disclosures (TCFD)
- Activities through membership in SDGs-related organizations

## (2) Explanation of Financial Position

### (i) Assets, Liabilities and Net Assets

#### (Assets)

Current assets as of December 31, 2023 totaled 92,584 million yen, a decrease of 7,464 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 15,881 million yen in merchandise and finished goods, despite an increase of 8,044 million yen in cash and deposits.

Non-current assets amounted to 56,345 million yen, an increase of 12,744 million yen from the end of the previous fiscal year. This was mainly due to an increase of 12,034 million yen in machinery, equipment and vehicles.

As a result, total assets were 148,993 million yen, an increase of 5,301 million yen from the end of the previous fiscal year.

#### (Liabilities)

Current liabilities as of December 31, 2023 totaled 94,184 million yen, a decrease of 6,172 million yen from the end of the previous fiscal year. This was mainly due to decreases of 3,234 million yen in accounts payable - trade and 3,797 million yen in short-term borrowings. Non-current liabilities amounted to 24,786 million yen, an increase of 4,222 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,295 million yen in long-term accounts payable - installment purchase.

As a result, total liabilities amounted to 118,970 million yen, a decrease of 1,949 million yen from the end of the previous fiscal year.

#### (Net Assets)

Total net assets as of December 31, 2023 amounted to 30,022 million yen, an increase of 7,251 million yen from the end of the previous fiscal year. This was mainly due to 3,635 million yen in profit attributable to owners of parent.

As a result, the equity ratio was 10.6% (8.8% at the end of the previous fiscal year).

### (ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the period under review increased by 8,557 million yen from the end of the previous fiscal year to 28,064 million yen.

The analysis of cash flows for the six months under review is as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities was 16,727 million yen (net cash provided of 13,127 million yen for the same period of the previous fiscal year). The main factors were, in addition to the recording of profit before income taxes of 10,456 million yen and depreciation of 1,602 million yen, working capital items such as increases in cash of 7,239 million yen due to a decrease in advance payments to suppliers and 13,938 million yen due to a decrease in inventories, offset by decreases in cash of 2,983 million yen due to an increase in trade receivables and 2,525 million yen due to a decrease in trade payables. In addition, cash decreased by 1,064 million yen due to interest paid and 419 million yen due to income taxes paid.

#### (Cash flows from investing activities)

Net cash used in investment activities was 8,667 million yen (net cash used of 7,337 million yen for the same period of the previous year). The main factors were 3,311 million yen in the purchase of property, plant and equipment in connection with the development and ownership of solar power plants and capital investments at VSUN and others, and 6,014 million yen in payments of deposit.

#### (Cash flows from financing activities)

Net cash provided by financing activities was 2,437 million yen (net cash provided of 9,550 million yen for the same period of the previous fiscal year). The main factors were proceeds from short-term borrowings of 42,476 million yen and proceeds from long-term borrowings of 1,746 million yen, offsetting repayments of short-term borrowings of 41,675 million yen and repayments of long-term borrowings of 4,035 million yen.



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

The consolidated financial results forecast for the fiscal year ending June 30, 2024 is unchanged from the figures in the “Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (Under Japanese GAAP)” announced on August 18, 2023. As announced on September 22, 2023, we have formulated the “Abalance Group Medium-Term Management Plan (2024–2026)” for the three years from the fiscal year ending June 30, 2024 to the fiscal year ending June 30, 2026.

2. Quarterly Consolidated Financial Statements and Principal Notes  
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,619	28,664
Notes and accounts receivable - trade	2,011	4,738
Real estate for sale	452	498
Merchandise and finished goods	48,827	32,946
Raw materials and supplies	6	7
Work in process	4,335	4,422
Advance payments to suppliers	10,977	3,399
Other	12,854	17,937
Allowance for doubtful accounts	(36)	(30)
Total current assets	100,049	92,584
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	27,463	40,915
Accumulated depreciation	(5,901)	(7,318)
Machinery, equipment and vehicles, net	21,562	33,596
Land	2,403	2,460
Construction in progress	7,823	7,582
Other	1,154	2,141
Total property, plant and equipment	32,943	45,780
Intangible assets		
Goodwill	5,324	5,179
Other	2,199	2,061
Total intangible assets	7,523	7,240
Investments and other assets		
Other	3,314	3,509
Allowance for doubtful accounts	(180)	(186)
Total investments and other assets	3,134	3,323
Total non-current assets	43,600	56,345
Deferred assets	42	63
Total assets	143,691	148,993

(Millions of yen)

	As of June 30, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,412	13,177
Short-term borrowings	35,031	31,234
Current portion of long-term borrowings	3,070	2,027
Accrued expenses	13,903	15,937
Current portion of bonds payable	83	83
Income taxes payable	1,468	2,323
Contract liabilities	27,843	25,694
Current portion of long-term accounts payable- installment purchase	460	748
Provision for bonuses	45	6
Provision for loss on litigation	21	–
Other	2,015	2,950
Total current liabilities	100,356	94,184
Non-current liabilities		
Bonds payable	166	99
Long-term borrowings	13,199	13,336
Long-term accounts payable - installment purchase	6,267	10,562
Provision for product warranties	51	51
Retirement benefit liability	0	0
Other	879	736
Total non-current liabilities	20,563	24,786
Total liabilities	120,920	118,970
Net assets		
Shareholders' equity		
Share capital	2,059	2,073
Capital surplus	1,413	1,740
Retained earnings	8,486	11,957
Treasury shares	(143)	(144)
Total shareholders' equity	11,815	15,627
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(3)
Foreign currency translation adjustment	786	232
Total accumulated other comprehensive income	779	228
Share acquisition rights	266	260
Non-controlling interests	9,909	13,905
Total net assets	22,771	30,022
Total liabilities and net assets	143,691	148,993

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six Months Ended December 31

(Millions of yen)

	For the six months ended December 31, 2022	For the six months ended December 31, 2023
Net sales	111,553	108,543
Cost of sales	99,097	89,838
Gross profit	12,455	18,704
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	67	59
Salaries, allowances and bonuses	1,101	1,935
Commission expenses	2,615	4,311
Taxes and dues	2,532	675
Depreciation	225	30
Amortization of goodwill	172	200
Other	832	1,435
Total selling, general and administrative expenses	7,546	8,647
Operating profit	4,908	10,057
Non-operating income		
Interest income	188	418
Dividend income	–	0
Share of profit of entities accounted for using equity method	365	–
Foreign exchange gains	729	1,031
Insurance claim income	6	–
Other	111	301
Total non-operating income	1,400	1,751
Non-operating expenses		
Interest expenses	609	940
Share of loss of entities accounted for using equity method	–	65
Other	97	295
Total non-operating expenses	707	1,301
Ordinary profit	5,602	10,507
Extraordinary income		
Gain on sale of non-current assets	–	0
Gain on sale of investment securities	–	8
Reversal of provision for loss on litigation	–	21
Gain on reversal of share acquisition rights	4	7
Total extraordinary income	4	37
Extraordinary losses		
Impairment losses	19	28
Loss on retirement of non-current assets	98	–
Expense related to retrospective adjustment	–	60
Other	3	–
Total extraordinary losses	121	88
Profit before income taxes	5,484	10,456
Income taxes - current	1,070	1,178
Income taxes - deferred	(311)	245
Total income taxes	758	1,423
Profit	4,726	9,032
Profit attributable to non-controlling interests	2,577	5,397
Profit attributable to owners of parent	2,148	3,635

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended December 31

(Millions of yen)

	For the six months ended December 31, 2022	For the six months ended December 31, 2023
Profit	4,726	9,032
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	1
Foreign currency translation adjustment	(381)	(1,311)
Share of other comprehensive income of entities accounted for using equity method	18	12
Total other comprehensive income	(363)	(1,298)
Comprehensive income	4,362	7,734
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,035	3,084
Comprehensive income attributable to non-controlling interests	2,327	4,650

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended December 31, 2022	For the six months ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,484	10,456
Depreciation	948	1,602
Impairment losses	–	28
Amortization of goodwill	172	200
Increase (decrease) in allowance for doubtful accounts	(141)	–
Increase (decrease) in provision for bonuses	(35)	(39)
Interest and dividend income	(188)	(418)
Interest expenses	609	940
Share of loss (profit) of entities accounted for using equity method	(365)	65
Foreign exchange losses (gains)	(512)	2,500
Loss (gain) on sale of non-current assets	–	(0)
Gain on reversal of share acquisition rights	(4)	(7)
Loss on retirement of non-current assets	98	–
Decrease (increase) in trade receivables	4,557	(2,983)
Decrease (increase) in inventories	(16,055)	13,938
Increase (decrease) in provision for loss on litigation	–	(21)
Increase (decrease) in trade payables	(2,167)	(2,525)
Increase (decrease) in contract liabilities	20,596	(868)
Decrease (increase) in advance payments to suppliers	(1,857)	7,239
Other, net	2,985	(12,114)
Subtotal	14,124	17,990
Interest and dividends received	28	220
Interest paid	(624)	(1,064)
Income taxes refund (paid)	(401)	(419)
Net cash provided by (used in) operating activities	13,127	16,727
<b>Cash flows from investing activities</b>		
Payments into time deposits	(142)	(48)
Proceeds from withdrawal of time deposits	85	588
Purchase of property, plant and equipment	(4,181)	(3,311)
Proceeds from sale of property, plant and equipment	–	16
Purchase of intangible assets	(1,100)	–
Purchase of investment securities	(0)	(75)
Loan advances	(124)	(1)
Proceeds from collection of loans receivable	99	0
Payments of deposit	(2,349)	(6,014)
Proceeds from collection of deposits paid	539	361
Proceeds from sale of shares of subsidiaries and associates	–	26
Payments of leasehold and guarantee deposits	(0)	(97)
Proceeds from refund of leasehold and guarantee deposits	19	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(182)	(99)
Other, net	(0)	(13)
Net cash provided by (used in) investing activities	(7,337)	(8,667)

(Millions of yen)

	For the six months ended December 31, 2022	For the six months ended December 31, 2023
Cash flows from financing activities		
Repayments of installment payables	(538)	(421)
Proceeds from short-term borrowings	33,380	42,476
Repayments of short-term borrowings	(24,456)	(41,675)
Proceeds from long-term borrowings	3,010	1,746
Repayments of long-term borrowings	(2,731)	(4,035)
Redemption of bonds	(33)	(67)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	27	19
Proceeds from share issuance to non-controlling shareholders	955	–
Repayments to non-controlling shareholders	–	(327)
Proceeds from sales and installment back transaction	–	5,004
Repayments of lease liabilities	(7)	(78)
Dividends paid	(54)	(85)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(91)
Net increase decrease of restricted cash	–	(26)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	9,550	2,437
Effect of exchange rate change on cash and cash equivalents	58	(1,940)
Net increase (decrease) in cash and cash equivalents	15,398	8,557
Cash and cash equivalents at beginning of period	3,125	19,507
Cash and cash equivalents at end of period	18,524	28,064

#### (4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

The Company acquired additional shares of Vietnam Sunergy Joint Stock Company, a consolidated subsidiary, effective on November 22, 2023. As a result, capital surplus increased by 262 million yen during the six months under review, and capital surplus as of December 31, 2023 was 1,740 million yen.

(Changes in accounting policies)

Not applicable.

(Changes in accounting estimates)

Not applicable.

(Business combinations)

Business combination through acquisition

At a meeting of the Board of Directors held on October 18, 2023, the Company resolved that its consolidated subsidiary, WWB Corporation, would acquire all shares of Sunshineties Co., Ltd. and make it a subsidiary, and the acquisition of shares was completed on the same day.

(1) Overview of business combination

(i) Name and business of the acquired enterprise

Name: Sunshineties Co., Ltd.

Business: Solar power generation business and other businesses related to renewable energy

(ii) Main reasons for the business combination

For the purpose of further pursuit of a recurring revenue business model by having WWB Corporation acquire solar power plants owned by the acquired enterprise at once.

(iii) Date of business combination

October 20, 2023

(iv) Legal form of business combination

Share acquisition

(v) Name after business combination

No change

(vi) Percentage of voting rights acquired

100%

(2) Period of performance of the acquired enterprise included in the quarterly consolidated statements of income pertaining to the six months under review

From October 1, 2023 to December 31, 2023

(3) Consideration for the acquisition of the acquired enterprise

138 million yen

(4) Details and amounts of acquisition-related expenses

Brokerage commission, etc.: 21 million yen

(5) Amount, cause, amortization method, and amortization amount of the goodwill generated

Amount of goodwill: 78 million yen

Cause of generation: Expected excess profitability

Amortization method and amortization period: 13 years of equal amortization

(Significant subsequent events)

Not applicable.