

Financial Results Presentation for 2Q FY06/25

TSE Standard: 3856

February 14, 2025



TOYO's new panel plant in the US



TOYO's new cell plant in the Ethiopia

目次

01

Executive Summary

02

Overview of Q2 Consolidated Financial Results

03

Performance Forecast for FY06/25

04

Business Division Action Plans

05

Appendix



Executive Summary

Executive Summary

- Both net sales and profits decreased year on year mainly due to changes in the competitive environment in the US market
- Steady development of global strategy
 - Construction of a cell plant in Ethiopia (to be completed in March 2025)
 - Construction of a panel plant in the US (Phase 1 to be completed in March 2025)
 - Signed a contract to supply solar cells (150 million USD = approximately 22.5 billion JPY)
- Green Energy Business
 - Development of one-time revenue and recurring revenue business models in response to changes in the business environment
- Strengthening of governance system
 - Change in fiscal year-end: (Current) June 30 of each year (After change) March 31 of each year
 - Purposes:
 - Facilitate global business operations
 - Improve timeliness and transparency of management information



Recognition of Environment

Solar Power Market in the US

Market with growth potential

- ▶ New solar panel installations: Approx. 40 GW (2024)
- ▶ Electricity demand: Increasing
 <Background> AI growth, data centers, electric vehicles
- ▶ Solar power: Cost-competitive baseload power source
- ▶ Market price: Creation of attractive market prices thanks to tariff policy

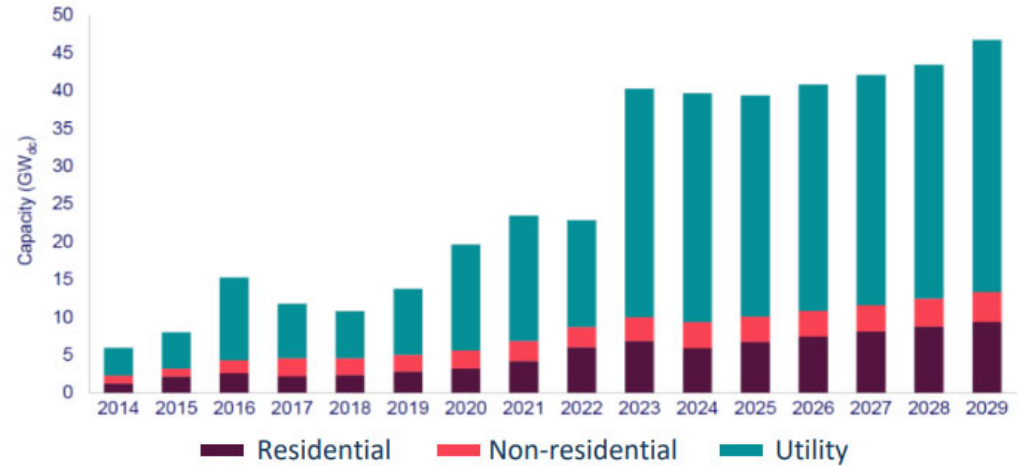
Domestic supply constraints

- ▶ Cell and wafer production falls short of demand
- ▶ Current cell production capacity is less than 10GW
- ▶ Chinese companies reluctant to further invest in the US in light of additional economic sanctions

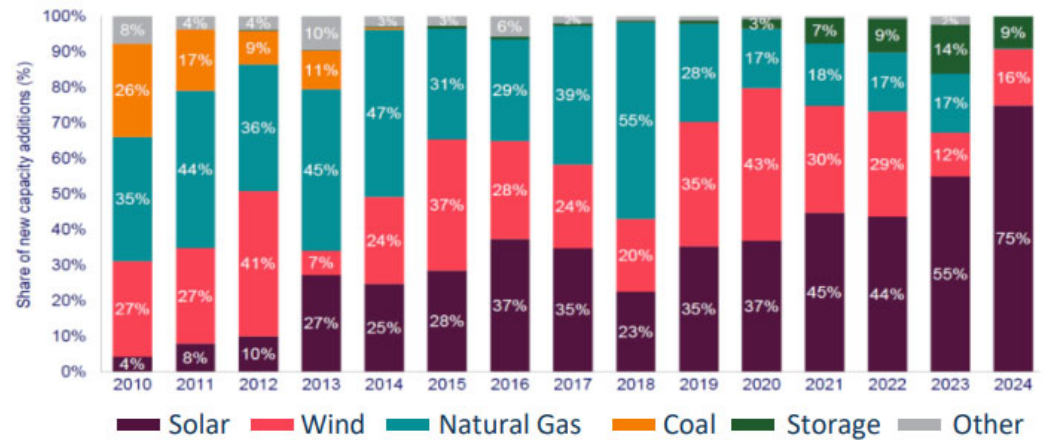
Inflation Reduction Act (IRA)

- ▶ Investment incentives for companies in the US
- ▶ Close watch on tariff and energy policy developments by the Republican administration

U.S. PV Installation Historical and Forecast by Segment: 2014 - 2029



New U.S. Electricity-Generation Capacity Additions: 2010 – Q1 2024



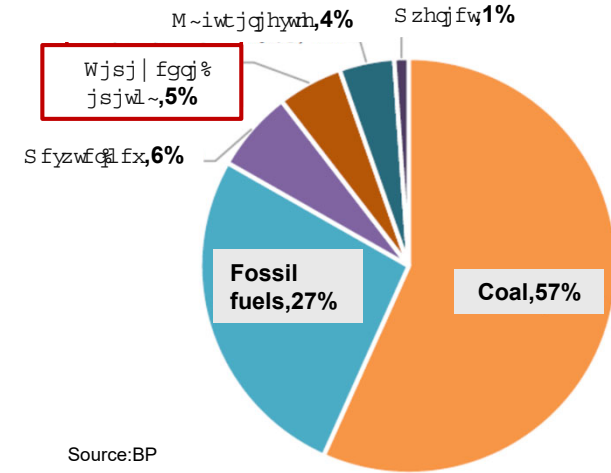
Source: Wood Mackenzie Solar Market Insight Report Q2 2024

Solar Power Market in India

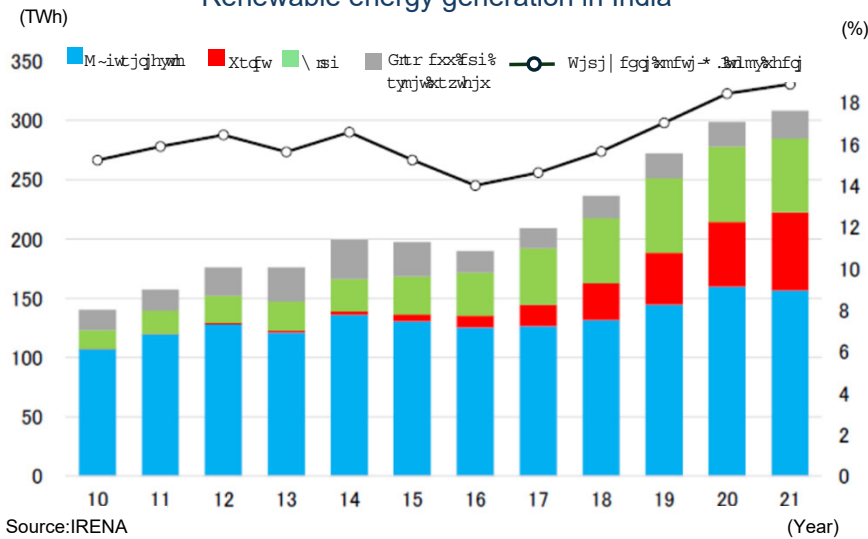
Increased demand for renewable energy

- ▶ Increased electricity demand due to population growth, urbanization, and industrialization
- ▶ From an energy security perspective, need for reducing fossil fuel imports and increasing the ratio of renewables to improve energy self-sufficiency
- ▶ Need for reducing the ratio of fossil fuel dependence as anti-environmental pollution measures
- ▶ Carbon neutrality pledge (Prime Minister Modi, COP26, 2021)
 - Ensure that 50% of the required energy comes from renewable sources by 2030
 - Achieve net zero by 2070

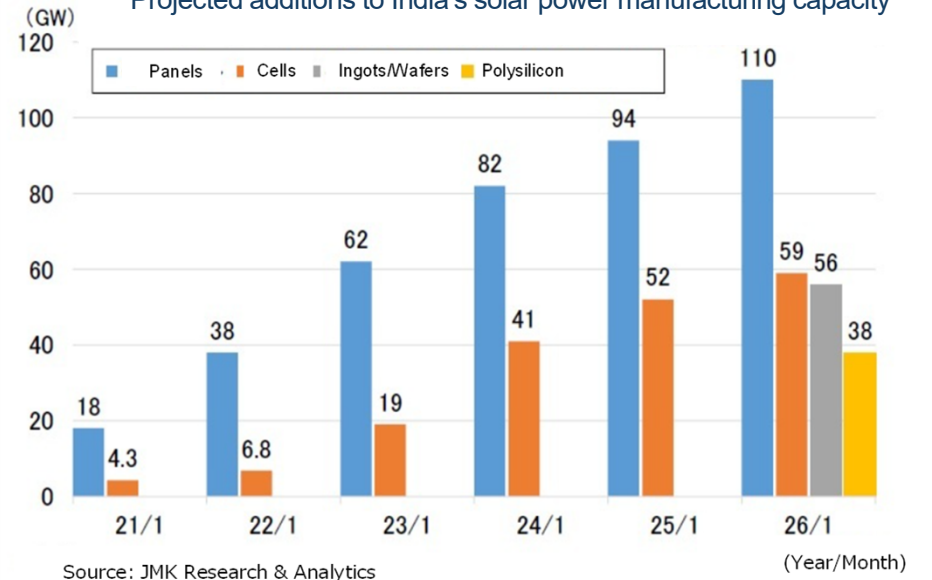
India's primary energy consumption (2021)



Renewable energy generation in India



Projected additions to India's solar power manufacturing capacity





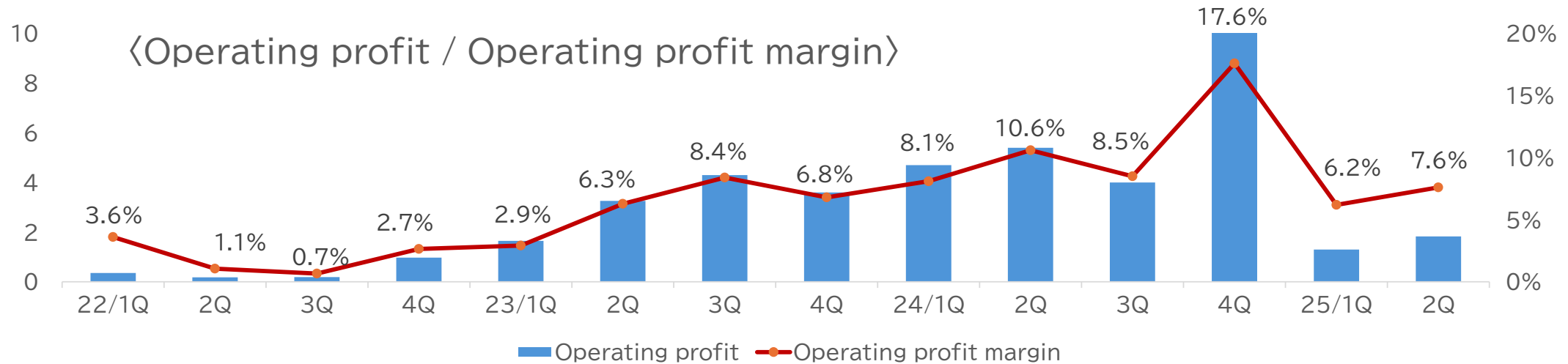
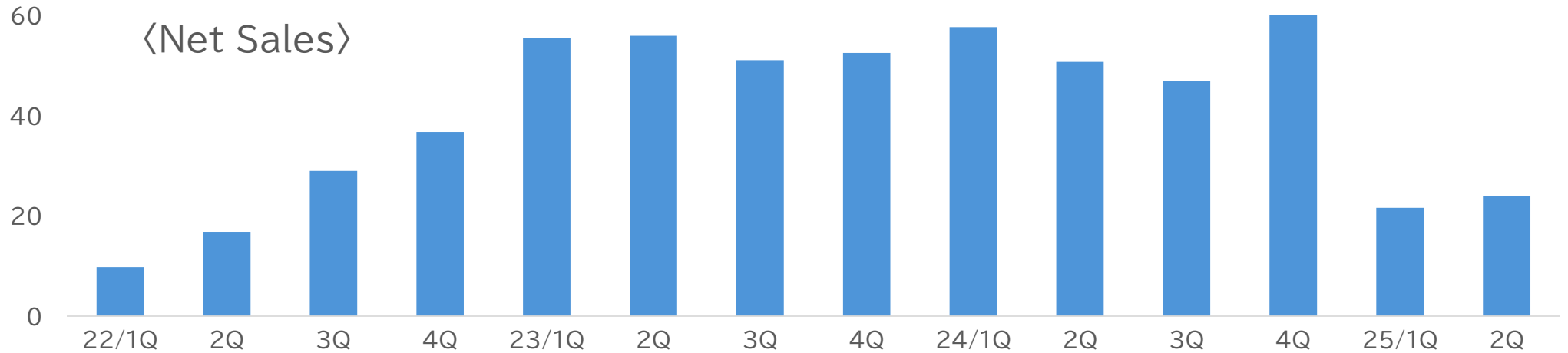
Overview of Financial Results for 2Q FY06/25

- Net sales decreased by 62.9 billion yen year on year to 45.6 billion yen due to changes in the solar panel market environment, including tariff policy in the US
- Operating profit decreased by 6.9 billion yen year on year to 3.2 billion yen
- A Vietnam subsidiary posted extraordinary losses (405 million yen: 270 million yen loss on retirement of non-current assets and 135 million yen on tax penalty)

(Unit: billion yen)	FY06/24 Interim			FY06/25 Interim			Y/Y change
	1Q	2Q	Cumulative	1Q	2Q	Cumulative	
Net sales	57.7	50.8	108.5	21.7	24.0	45.6	(62.9)
Operating profit	4.7	5.4	10.1	1.3	1.8	3.2	(6.9)
Ordinary profit	4.5	6.0	10.5	0.4	2.9	3.3	(7.2)
Profit attributable to owners of parent	1.7	1.9	3.6	(0.6)	0.9	0.3	(3.3)
Operating profit margin	8.1%	10.6%	9.3%	6.2%	7.6%	6.9%	(2.4)%

Quarterly Sales and Operating Profit

(Unit: billion yen)



Shareholder Returns

■ **Policy:** We will provide stable and continuous dividends while expanding and effectively utilizing retained earnings, thus improving corporate competitiveness and shareholder value.

■ **FY06/25(Interim dividends):** Omission of the dividend.

(Unit: yen)	FY06/20	FY06/21	FY06/22	FY06/23	FY06/24	FY06/25
Interim dividends	7	7	8	3	3	0
Year-end dividends	10	10	10	5	5	TBD
Annual dividends	17	17	18	8	8	TBD

※The figures for FY06/23 onwards indicate the dividends per share after a three-for-one stock split.

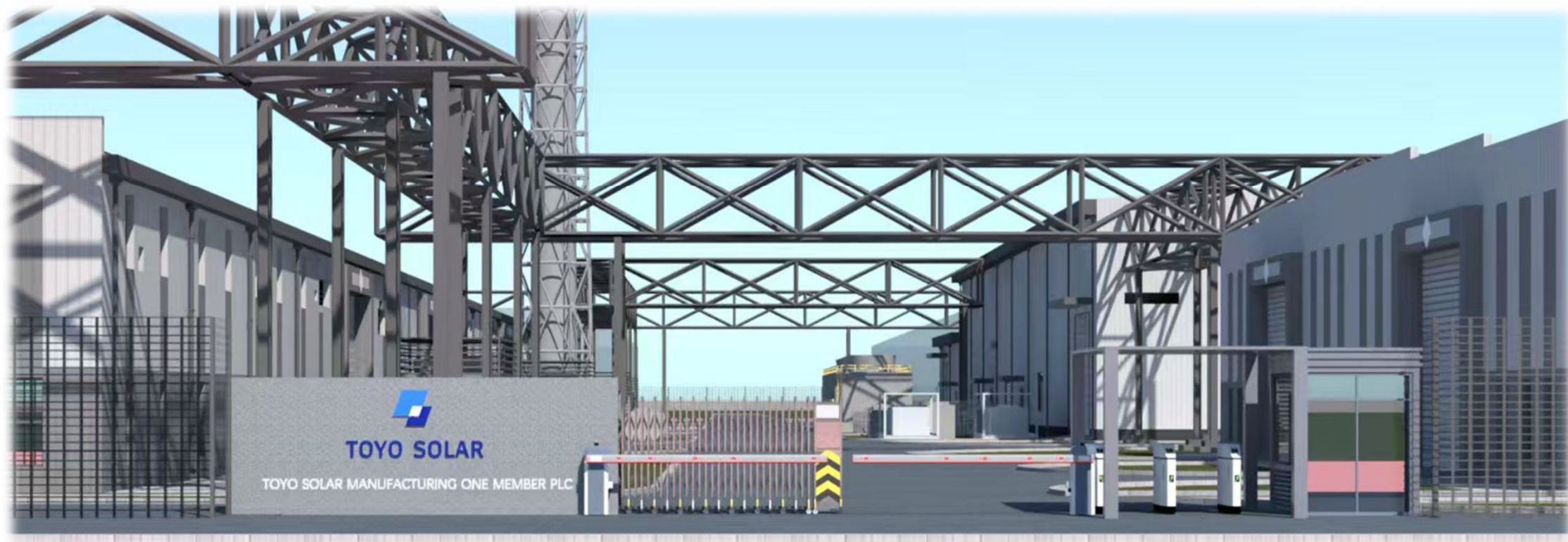


Performance Forecast for FY06/25

- The business environment for the Solar Panel Manufacturing Business will remain harsh due to sluggish market conditions caused by easing global supply and demand as well as uncertainty about the future of tariff policies in the US market.
- Strategic investments to build a stable global supply system (construction of plants in Ethiopia and the US: to be completed in March 2025)

(Unit: billion yen)	FY06/24 (Actual)	FY06/25 (Forecast)	FY03/25 Forecast *		
			Forecast	2Q (Cumulative)	Progress
Net sales	209.0	80.0	60.0	45.6	76%
Solar Panel Manufacturing Business	199.9	70.0	54.0	41.0	76%
Green Energy Business	9.1	10.0	6.0	4.7	78%
Operating profit	23.3	10.0	5.1	3.2	62%
Ordinary profit	24.9	10.0	5.1	3.3	64%
Profit attributable to owners of parent	9.5	6.0	1.0	0.3	35%

* Subject to approval of the "Partial Amendments to the Articles of Incorporation" to change the accounting period (fiscal year-end) at the Extraordinary General Meeting of Shareholders to be held on February 21, 2025.



Business Division Action Plans

Global Growth Strategy for Solar Panel Manufacturing Business

Promote growth strategy by building global supply chain

Building a competitive supply chain with a three-area structure

Area	Asia (VSUN)	America (TOYO)	Africa (TOYO)
Current business	Panels, ingots, wafers (Vietnam)	Cells (Vietnam) Panels (America)	Cells (Ethiopia)
Growth strategy	Diversify sales destinations (Europe, India, etc.)	Build a US supply base (produce panels and cells)	Build a stable supply system (export to the U.S., etc.)
Progress Status	Awarded "EcoVadis Bronze Medal" for Four Consecutive Years	March 2025 Completion of panel plant (Capacity:2.5GW)	March 2025 Completion of cell plant (Capacity:2GW)

〈New〉Texas Project

■ Company Name : TOYO Solar Texas LLC

■ Location : Texas, USA

■ Business : Mfg. & Sales of Solar Panels

■ New Plant ; Texas Project

〈Phase1〉

Scheduled completion: March 2025

Production Capacity: 1GW

Planned investment amount: approx. 4.5 billion yen

〈Phase2〉

Scheduled completion: end of 2025

Production Capacity: 1.5GW

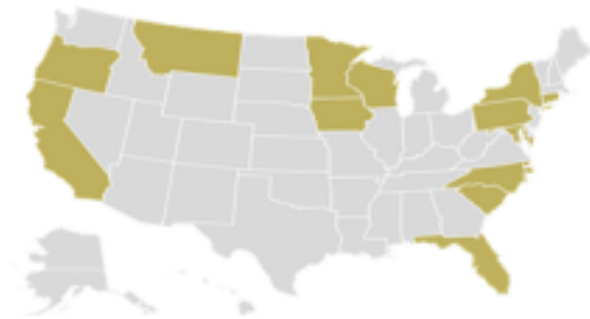
Planned investment amount: approx. 9.0 billion yen

※ Target Production Capacity in 2029 : 6.5GW

■ Land・Building: Lease agreement

〈VSUN's expansion in the US〉

U.S. Customer Locations



- ▶ 3.2GW for Solar Power Plants(2023)
- ▶ ~8 GW PV modules installed in the US cumulatively
- ▶ Equal to ~6 million homes powered by VSUN's modules annually
- ▶ Equal to ~19 million tons of carbon emission saved cumulatively

Excerpt from TOYO's
Investor Deck(December 2024)

TOYO's Global Manufacturing Footprint



* scheduled for completion in March 2025
** scheduled for completion in March 2025

Excerpt from TOYO's Investor Deck (December 2024)

Domestic Growth Strategy for Green Energy Business

Improve business value by establishing a sustainable business foundation

Development business in response to the changing growth stage of the solar power market in Japan

Maintain (one-time revenue)

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

Enhance (recurring revenue)

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

Growth (new businesses)

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

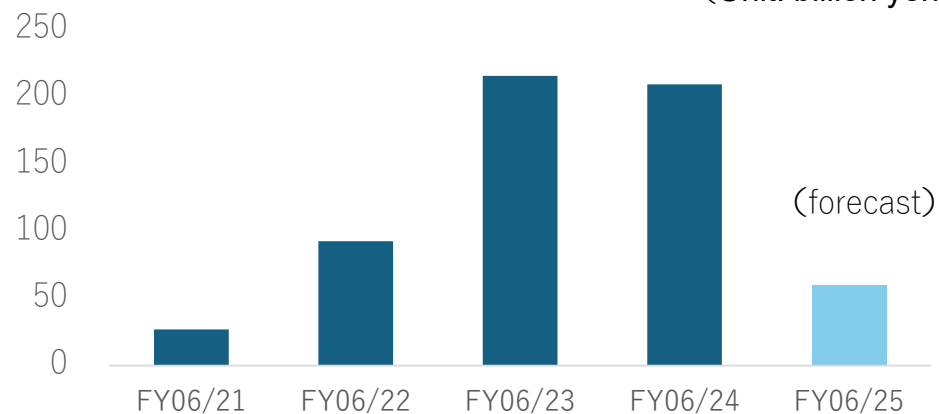
Domestic solar power market is moving into a gradual growth stage, and the competitive environment is changing



Appendix

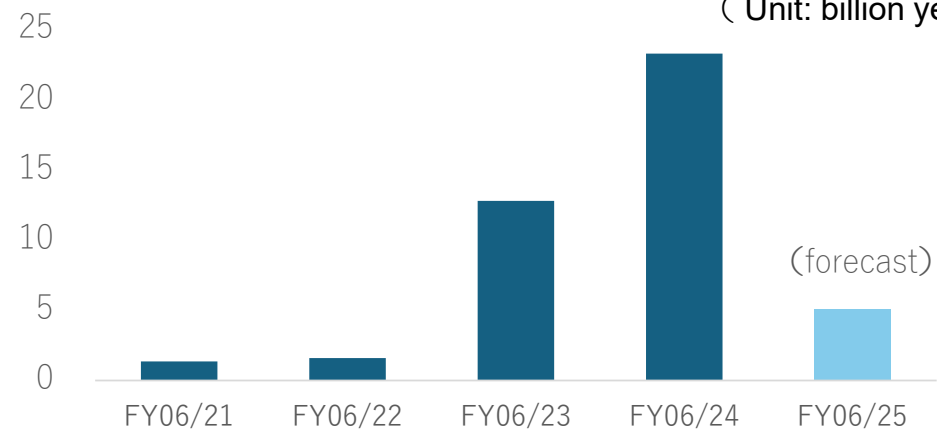
Net sales (Consolidated)

(Unit: billion yen)



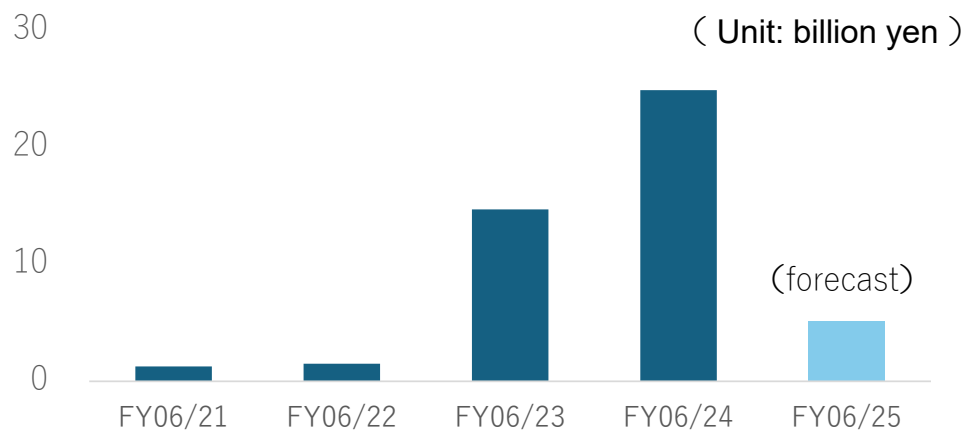
Operating profit (Consolidated)

(Unit: billion yen)



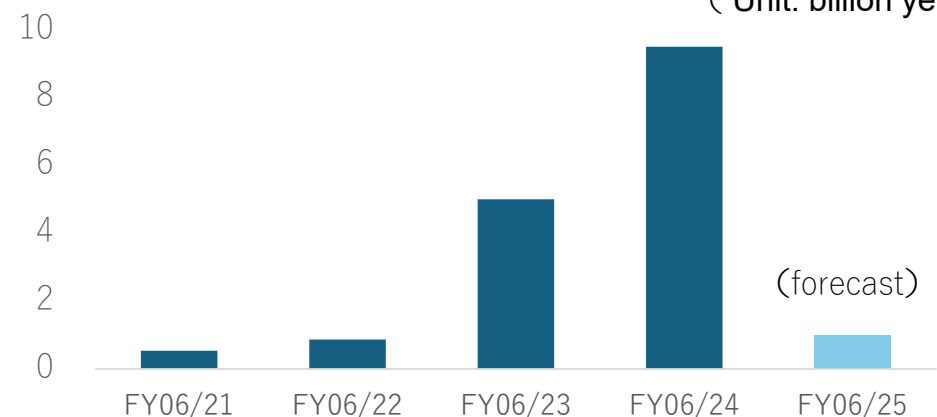
Ordinary profit (Consolidated)

(Unit: billion yen)



Profit attributable to owners of parent

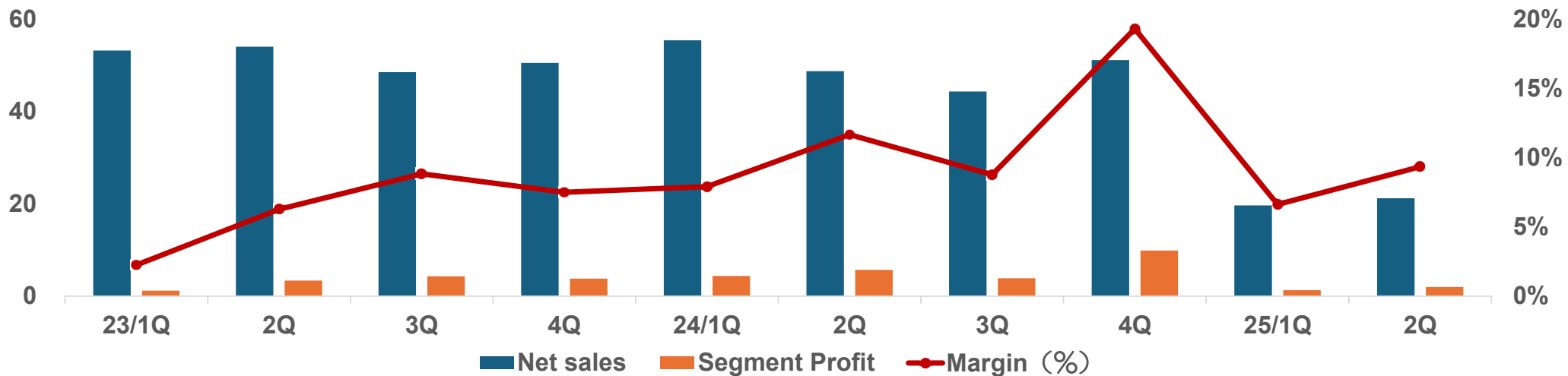
(Unit: billion yen)



※ FY03/25 is planned as a nine-month fiscal period from July 1, 2024, to March 31, 2025.

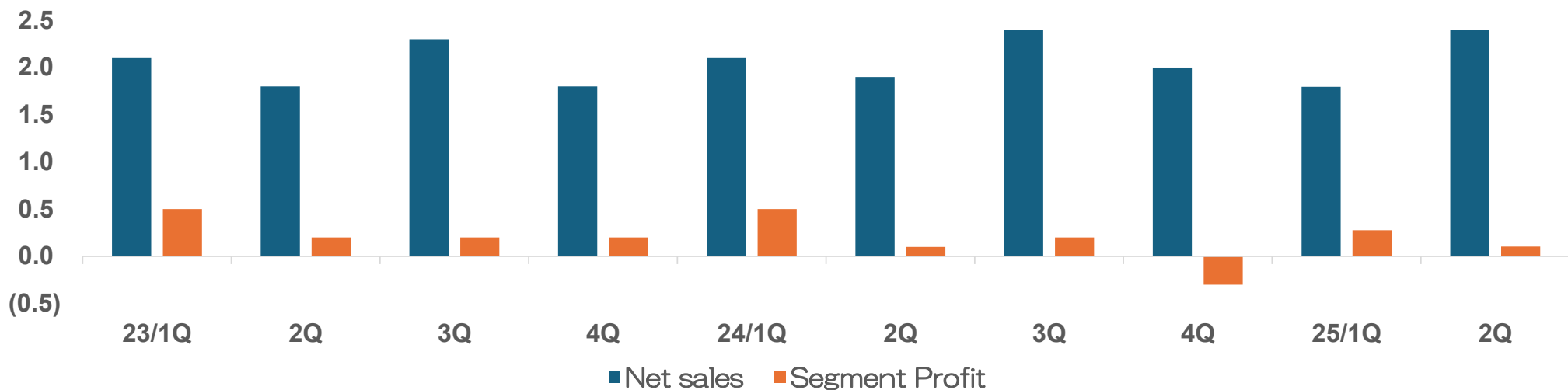
(Unit: billion yen)

Solar Panel Manufacturing Business



(Unit: billion yen)

Green Energy Business



Abalance Group Summary

Trade Name	Abalance Corporation
Address	Tennozu First Tower 16F 2-2-4 Higashishinagawa, Shinagawa-ku, Tokyo
Establishment	April 17, 2000
Capital	2,518 million yen
President & Representative Director	Okada Ryusuke
Stock Listing	Tokyo Stock Exchange (Standard Market: 3856)
Employees	Consolidated: 1,171; Non-consolidated: 35 (as of Decemnrber. 31, 2024)
Primary consolidated subsidiaries	Japan: WWB, VALORS, Abit Overseas: VSUN, TOYO Co.,LTD(TOYO)
Equity-method affiliate	Meiji Machine Co., Ltd. (TSE Standard: 6334)

Disclaimer

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



 **Abalance**

The logo for Abalance features a stylized black and yellow icon on the left, resembling a mountain peak or a stylized letter 'A' with three yellow diagonal lines. To the right of the icon, the word "Abalance" is written in a bold, black, sans-serif font.