

Note: This document has been translated from the Japanese original disclosed on May 15, 2025, for reference purposes only. Please note that certain numerical figures were revised on May 23, 2025, and such revisions have been reflected in this translated document. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 15, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (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: June 28, 2025
 Scheduled date to commence dividend payments: June 30, 2025
 Scheduled date to file annual securities report: June 30, 2025
 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 March 31, 2025 (from July 1, 2024 to March 31, 2025)

(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 March 31, 2025 (9 months)	72,417	—	3,602	—	3,737	—	951	—
June 30, 2024 (12 months)	208,972	(2.9)	23,349	82.4	24,894	77.3	9,530	91.9

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥15 million [—%]
 For the fiscal year ended June 30, 2024: ¥21,645 million [65.9%]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	53.50	—	4.0	2.5	5.0
June 30, 2024	547.83	543.99	52.4	16.9	11.2

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥100 million
 For the fiscal year ended June 30, 2024: ¥94 million

Note: 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.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	145,802	43,338	16.6	1,358.44
June 30, 2024	150,173	42,432	15.8	1,337.80

Reference: Equity

As of March 31, 2025:

¥24,180 million

As of June 30, 2024:

¥23,800 million

(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
March 31, 2025	(10,361)	(2,620)	4,128	25,924
June 30, 2024	44,757	(21,191)	(5,446)	37,053

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2024	—	3.00	—	5.00	8.00	141	1.5	0.8
Fiscal year ended March 31, 2025	—	0.00	—	3.00	3.00	53	5.6	0.2
Fiscal year ending March 31, 2026 (Forecast)	—	—	—	—	—		—	

Note: The amount of dividend per share for the fiscal year ending March 31, 2026 has not yet been determined at this point.

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

Note: 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: Yes

Newly included: 2 companies— (Company name: TOYO SOLAR MANUFACTURING ONE MEMBER PLC and TOYO Solar Texas LLC)

Excluded: 2 companies— (Company name: Digital Sign Co., Ltd. and FORTHINK Co., Ltd.)

(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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Notes on changes in accounting policies)” on page 17 of the Attachments to this report.

(3) Number of issued shares (common shares)

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

As of March 31, 2025	17,930,693 shares
As of June 30, 2024	17,927,693 shares

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

As of March 31, 2025	130,176 shares
As of June 30, 2024	136,994 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	17,793,581 shares
Fiscal year ended June 30, 2024	17,396,808 shares

* 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 March 31, 2025

During the fiscal year ended March 31, 2025, the Japanese economy showed a moderate recovery supported by the improvement in the employment and income situation, partly due to the effects of various policy initiatives. Meanwhile, the future global economic outlook remains uncertain due to such factors as persistently high interest rates in Europe and the United States, US policy trends, concerns about the Chinese economic outlook, situations in the Middle East, and fluctuations in financial and capital markets. 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 (COP29) held in 2024 and the US Inflation Reduction Act (IRA), and the renewable energy market is expected to grow in the medium to long term.

In the Solar Panel Manufacturing Business, our core business, although demand is strong worldwide, the market environment has been weak due to an oversupply of solar products. In the US market, uncertainty remains over tax policies, as the US government has advanced the consideration of imposing anti-dumping and countervailing duties on four Southeast Asian countries. In response to this business environment, we have implemented new sales strategies in India and Taiwan. At the same time, to drive future earnings growth, we moved forward with the construction of a cell plant in Ethiopia and a panel plant in Texas, the United States. Despite the costs incurred from the prior investment in these new plants, we remained profitable for the fiscal year under review, even as the global solar panel market faced ongoing challenges.

During the fiscal year under review, we changed our fiscal year-end, resulting in an irregular nine-month period for the fiscal year ended March 31, 2025. As this accounting period differs from 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 fiscal year ended March 31, 2025, Abalance Corporation (the "Company," together with its subsidiaries, the "Group") recorded net sales of 72,417 million yen, operating profit of 3,602 million yen, ordinary profit of 3,737 million yen, and profit attributable to owners of parent of 951 million yen.

In the Solar Panel Manufacturing Business, Vietnam Sunergy Joint Stock Company ("VSUN") and TOYO Co., Ltd. ("TOYO") in Vietnam, are collaborating to engage in strengthening the global supply chain. TOYO owns ("TOYO SOLAR"), which manufactures the cells that 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 64,348 million yen and segment profit was 3,489 million yen.

Net sales were maintained at a certain level. Sales to the United States, our main sales destination, declined due to the termination of import duty exemptions for solar panel products (in June 2024), as well as uncertainty over the future of anti-dumping and countervailing duties, resulting in a decrease in orders received. However, sales strategies in India and Taiwan and for other new customers were successful. Meanwhile, operating profit decreased, primarily due to increased prior investment costs for the construction of new plants in Ethiopia and Texas, the United States, and inventory valuation losses at a cell plant in Vietnam. Due to a decline in the utilization rate of the Vietnam plant caused by sluggish sales to the United States, we are making efforts to improve earnings by lowering manufacturing costs, among other initiatives.

2. Green Energy Business

Sales of products related to solar power plants and related facilities were 2,965 million yen, and sales of electricity and revenue from operation and maintenance (O&M), etc. were 4,476 million yen. As a result, net sales were 7,441 million yen and segment profit was 752 million yen.

The Group, led by WWB Corporation (“WWB”) 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 pursuing 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 expanded by leveraging a sales system with major domestic mass retailers as a channel with the aim of increasing sales volume. 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. 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.

3. Other

Net sales amounted to 626 million yen, and segment loss was 10 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 Fiscal Year under Review

Assets, Liabilities and Net Assets

(Assets)

Current assets as of March 31, 2025 totaled 89,038 million yen, an decrease of 159 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,876 million yen in accounts receivable - trade, 3,385 million yen in merchandise and finished goods, and 6,569 million yen in advance payments to suppliers, despite decreases of 11,289 million yen in cash and deposits and 965 million yen in work in process. Non-current assets amounted to 56,763 million yen, a decrease of 4,212 million yen from the end of the previous fiscal year. This was mainly due to decreases of 3,061 million yen in property, plant and equipment and 1,147 million yen in investment securities.

As a result, total assets were 145,802 million yen, a decrease of 4,371 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of March 31, 2025 totaled 80,286 million yen, a decrease of 2,975 million yen from the end of the previous fiscal year. This was mainly due to decreases of 2,121 million yen in accounts payable - trade and 1,976 million yen in provision for import, export tax, despite an increase of 3,556 million yen in short-term borrowings. Non-current liabilities amounted to 22,176 million yen, a decrease of 2,302 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,322 million yen in long-term borrowings. As a result, total liabilities amounted to 102,463 million yen, a decrease of 5,277 million yen from the end of the previous fiscal year.

(Net Assets)

Total net assets as of March 31, 2025 amounted to 43,338 million yen, an increase of 905 million yen from the end of the previous fiscal year. This was mainly due to recordings of 951 million yen in profit attributable to owners of parent and 957 million yen in capital surplus.

As a result, the equity ratio was 16.6% (15.8% at the end of the previous fiscal year).

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

Cash and cash equivalents (hereinafter referred to as “cash”) as of March 31, 2025 decreased by 11,128 million yen from the end of the previous fiscal year to 25,924 million yen.

The analysis of cash flows for the fiscal year ended March 31, 2025 is as follows:

(Cash flows from operating activities)

Net cash used in operating activities was 10,361 million yen (44,757 million yen provided in the previous fiscal year). The main factors for the increase/decrease were outflows of 3,824 million yen in decrease in trade payables, 3,401 million yen in increase in inventories, 2,091 million yen in increase in advance payments to suppliers, and 1,976 million yen in decrease in provision for import, export tax.

(Cash flows from investing activities)

Net cash used in investing activities was 2,620 million yen (21,191 million yen used in the previous fiscal year). The main factors for the increase/decrease were outflows of 3,989 million yen in purchase of property, plant and equipment and 6,975 million yen in payments of deposit, and an inflow of 8,042 million yen in proceeds from collection of deposits paid.

(Cash flows from financing activities)

Net cash provided by financing activities was 4,128 million yen (5,446 million yen used in the previous fiscal year). The main factors for the increase/decrease were an inflow of 41,009 million yen in proceeds from short-term borrowings and an outflow of 35,850 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 March 31, 2026 (from April 1, 2025 to March 31, 2026) is as follows: net sales of 95,000 million yen, operating profit of 6,000 million yen, ordinary profit of 6,000 million yen, and profit attributable to owners of parent of 3,000 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, since 2023, the market environment for solar products has weakened due to oversupply. In the US market, our main sales destination, a final decision on the imposition of anti-dumping and countervailing duties was made by the US government in April 2025. This decision included Vietnam and is expected to impact VSUN and other companies. Furthermore, the US government has decided to impose an additional baseline tariff of 10% on virtually all imports from all countries, as well as reciprocal tariffs (suspended for 90 days from April 9) on certain countries, including Vietnam. Given the fluid nature of US tax policy and future international developments, it is difficult to make any assumptions at this time. In the United States, domestic investment has increased due to the Inflation Reduction Act (IRA) and other factors, but we are closely watching the impact of future energy policy trends on the Group's business.

In light of the above environment, our Solar Panel Manufacturing Business will continue to diversify its sales destinations of panels manufactured by VSUN in Vietnam and cells produced by TOYO SOLAR to cover European and Asian markets, including India. TOYO has completed Phase 1 of the construction of its new cell plant in Hawassa City, Sidama Regional State, Federal Democratic Republic of Ethiopia. Backed by strong demand, TOYO has decided to expand production capacity and proceed with Phase 2, with production scheduled to begin during the second quarter of the fiscal year ending March 31, 2026. The cells produced at the plant will be supplied to a new solar panel plant under construction in Texas, the United States. We also plan to strengthen sales to external customers. Looking ahead, we will work to establish a stable supply system for solar panel products in the US market and expand the Solar Panel Manufacturing Business in the country. To fund these capital investments, we will consider using our own funds and borrowings from financial institutions.

(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 develop and construct non-FIT power plants, actively utilize M&A, and build an optimal portfolio to expand our revenue base.

In the one-time revenue business model that provides solar power-related services, we will collaborate with major mass retailers to expand sales of 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 business to help solve social issues, amid concerns about the future disposal of solar panels. 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. An energy storage plant in Ishikari is scheduled to begin operations in 2026. Hokkaido Sapporo Battery Energy Storage LLC, jointly established by WWB and eight other companies, aims to begin operations at the Hokkaido Sapporo Battery Energy Storage Plant in April 2027. Going forward, we will continue to pursue new energy storage plant projects in the grid-connected energy storage business.

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 March 31, 2026 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, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	37,740	26,451
Accounts receivable - trade	3,558	5,434
Merchandise and finished goods	13,232	16,618
Real estate for sale	1,350	1,597
Work in process	4,891	3,925
Raw materials and supplies	2,168	1,322
Advance payments to suppliers	3,007	9,577
Accounts receivable - other	1,420	1,974
Deposits paid	20,508	20,033
Other	1,364	2,250
Allowance for doubtful accounts	(46)	(147)
Total current assets	89,197	89,038
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,108	5,623
Accumulated depreciation	(528)	(715)
Buildings and structures, net	3,580	4,907
Machinery, equipment and vehicles	49,659	42,632
Accumulated depreciation	(11,096)	(11,734)
Machinery, equipment and vehicles, net	38,563	30,898
Land	2,542	2,524
Leased assets	13	13
Accumulated depreciation	(8)	(10)
Leased assets, net	5	3
Construction in progress	3,391	7,565
Other	1,882	1,069
Accumulated depreciation	(661)	(725)
Other, net	1,220	343
Total property, plant and equipment	49,304	46,242
Intangible assets		
Goodwill	4,874	3,899
Other	1,530	2,687
Total intangible assets	6,404	6,587
Investments and other assets		
Investment securities	2,582	1,434
Long-term loans receivable	10	10
Deferred tax assets	565	705
Other	2,487	2,026
Allowance for doubtful accounts	(379)	(242)
Total investments and other assets	5,266	3,933
Total non-current assets	60,975	56,763
Deferred assets		
Bond issuance costs	1	0
Total deferred assets	1	0
Total assets	150,173	145,802

(Millions of yen)

	As of June 30, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	12,252	10,131
Short-term borrowings	28,753	32,310
Current portion of long-term borrowings	2,853	1,506
Current portion of bonds payable	66	66
Lease liabilities	1	249
Income taxes payable	2,227	1,151
Contract liabilities	8,635	8,632
Accounts payable - other	988	522
Current portion of long-term accounts payable - installment purchase	793	773
Provision for bonuses	53	28
Provision for import, export tax	18,447	16,470
Buy-sell transaction liabilities	—	952
Other	8,186	7,490
Total current liabilities	83,261	80,286
Non-current liabilities		
Bonds payable	66	—
Long-term borrowings	12,703	10,381
Lease liabilities	513	1,466
Deferred tax liabilities	670	492
Retirement benefit liability	0	0
Long-term accounts payable - installment purchase	10,144	9,629
Long-term accounts payable - other	2	6
Other	378	199
Total non-current liabilities	24,479	22,176
Total liabilities	107,741	102,463
Net assets		
Shareholders' equity		
Share capital	2,518	2,521
Capital surplus	2,195	3,153
Retained earnings	17,800	18,683
Treasury shares	(144)	(91)
Total shareholders' equity	22,369	24,266
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37	25
Foreign currency translation adjustment	1,392	(110)
Total accumulated other comprehensive income	1,430	(85)
Share acquisition rights	305	264
Non-controlling interests	18,327	18,892
Total net assets	42,432	43,338
Total liabilities and net assets	150,173	145,802

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

(Millions of yen)

	For the fiscal year ended June 30, 2024	For the fiscal year ended March 31, 2025
Net sales	208,972	72,417
Cost of sales	164,398	60,240
Gross profit	44,573	12,177
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	120	92
Salaries, allowances and bonuses	3,700	2,219
Provision for bonuses	45	33
Commission expenses	12,527	959
Taxes and dues	1,811	637
Research and development expenses	289	48
Depreciation	137	232
Provision of allowance for doubtful accounts	164	4
Amortization of goodwill	401	1,134
Other	2,026	3,214
Total selling, general and administrative expenses	21,224	8,575
Operating profit	23,349	3,602
Non-operating income		
Interest income	960	285
Share of profit of entities accounted for using equity method	94	100
Foreign exchange gains	2,696	677
Reversal of allowance for doubtful accounts	—	11
Other	689	532
Total non-operating income	4,441	1,607
Non-operating expenses		
Interest expenses	2,050	1,185
Amortization of bond issuance costs	1	0
Provision of allowance for doubtful accounts	82	—
Other	762	286
Total non-operating expenses	2,896	1,472
Ordinary profit	24,894	3,737

(Millions of yen)

	For the fiscal year ended June 30, 2024	For the fiscal year ended March 31, 2025
Extraordinary income		
Reversal of provision for loss on litigation	21	–
Gain on sale of non-current assets	0	7
Gain on sale of investment securities	8	149
Gain on reversal of share acquisition rights	16	39
Total extraordinary income	47	195
Extraordinary losses		
Loss on sale of non-current assets	–	10
Loss on retirement of non-current assets	313	270
Impairment losses	139	–
Loss on sale of investment securities	–	43
Expense related to retrospective adjustment	60	–
Tax penalty	–	135
Other	149	–
Total extraordinary losses	662	460
Profit before income taxes	24,278	3,472
Income taxes - current	3,066	835
Income taxes - deferred	1,008	(347)
Total income taxes	4,075	488
Profit	20,203	2,984
Profit attributable to non-controlling interests	10,673	2,032
Profit attributable to owners of parent	9,530	951

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended June 30, 2024	For the fiscal year ended March 31, 2025
Profit	20,203	2,984
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(2)
Foreign currency translation adjustment	1,385	(3,113)
Share of other comprehensive income of entities accounted for using equity method	48	4
Total other comprehensive income	1,441	(3,110)
Comprehensive income	21,645	(126)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,181	(593)
Comprehensive income attributable to non-controlling interests	11,463	466

(3) Consolidated Statements of Changes in Equity

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)
Capital increase of consolidated subsidiaries					—
Surplus decrease by change of scope of consolidation					—
Changes in ownership interest in subsidiaries		50	(77)		(27)
Purchase of shares of consolidated subsidiaries		272			272
Sale of shares of consolidated subsidiaries					—
Parent company's stocks held by affiliated companies adopted equity method					—
Net changes in items other than shareholders' equity					—
Total changes during period	459	781	9,313	(0)	10,554
Balance at end of period	2,518	2,195	17,800	(144)	22,369

	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)
Capital increase of consolidated subsidiaries					—
Surplus decrease by change of scope of consolidation					—
Changes in ownership interest in subsidiaries					(27)
Purchase of shares of consolidated subsidiaries					272
Sale of shares of consolidated subsidiaries					—

Parent company's stocks held by affiliated companies adopted equity method					—
Net changes in items other than shareholders' equity	44	606	38	8,418	9,107
Total changes during period	44	606	38	8,418	19,661
Balance at end of period	37	1,392	305	18,327	42,432

Fiscal year ended March 31, 2025 (from July 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,518	2,195	17,800	(144)	22,369
Changes during period					
Issuance of new shares					—
Issuance of new shares - exercise of share acquisition rights	2	2			5
Dividends of surplus			(142)		(142)
Profit attributable to owners of parent			951		951
Purchase of treasury shares					—
Capital increase of consolidated subsidiaries		834			834
Surplus decrease by change of scope of consolidation			74		74
Changes in ownership interest in subsidiaries					—
Purchase of shares of consolidated subsidiaries					—
Sale of shares of consolidated subsidiaries		119			119
Parent company's stocks held by affiliated companies adopted equity method				52	52
Net changes in items other than shareholders' equity					—
Total changes during period	2	957	883	52	1,896
Balance at end of period	2,521	3,153	18,683	(91)	24,266

	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	37	1,392	305	18,327	42,432
Changes during period					
Issuance of new shares					—
Issuance of new shares - exercise of share acquisition rights					5
Dividends of surplus					(142)
Profit attributable to owners of parent					951
Purchase of treasury shares					—
Capital increase of consolidated subsidiaries					834
Surplus decrease by change of scope of consolidation					74
Changes in ownership interest in subsidiaries					—
Purchase of shares of consolidated subsidiaries					—
Sale of shares of consolidated subsidiaries					119

Parent company's stocks held by affiliated companies adopted equity method					52
Net changes in items other than shareholders' equity	(12)	(1,503)	(40)	565	(990)
Total changes during period	(12)	(1,503)	(40)	565	905
Balance at end of period	25	(110)	264	18,892	43,338

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended June 30, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	24,278	3,472
Depreciation	4,677	5,226
Impairment losses	139	—
Amortization of goodwill	401	1,134
Increase (decrease) in allowance for doubtful accounts	208	(30)
Increase (decrease) in provision for bonuses	7	1
Interest and dividend income	(979)	(286)
Provision for import, export tax	10,890	(1,976)
Increase (decrease) in provision for product warranties	87	(130)
Increase (decrease) in provision for loss on litigation	(21)	—
Interest expenses	2,050	1,185
Share of loss (profit) of entities accounted for using equity method	(94)	(100)
Foreign exchange losses (gains)	758	(677)
Loss (gain) on sale of non-current assets	(0)	3
Loss on retirement of non-current assets	313	270
Gain on reversal of share acquisition rights	(16)	(39)
Tax penalty	—	135
Decrease (increase) in trade receivables	(1,441)	(635)
Decrease (increase) in inventories	33,161	(3,401)
Decrease (increase) in real estate for sale	(898)	840
Increase (decrease) in trade payables	(4,498)	(3,824)
Increase (decrease) in advances received	(19,113)	(483)
Decrease (increase) in advance payments to suppliers	7,755	(2,091)
Increase (decrease) in other liabilities	(492)	—
Other, net	(7,856)	(6,374)
Subtotal	49,317	(7,783)
Interest and dividends received	464	233
Interest paid	(2,033)	(1,079)
Income taxes paid	(3,419)	(1,596)
Income taxes refund	428	—
Tax Penalty Pay	—	(135)
Net cash provided by (used in) operating activities	44,757	(10,361)

(Millions of yen)

	For the fiscal year ended June 30, 2024	For the fiscal year ended March 31, 2025
Cash flows from investing activities		
Payments into time deposits	(99)	(69)
Proceeds from withdrawal of time deposits	587	166
Purchase of property, plant and equipment	(9,656)	(3,989)
Proceeds from sale of property, plant and equipment	16	70
Purchase of intangible assets	(1,157)	(153)
Purchase of investment securities	(184)	(117)
Proceeds from sale of investment securities	—	28
Payments of deposit	(10,914)	(6,975)
Proceeds from collection of deposits paid	362	8,042
Purchase of shares of subsidiaries and associates	—	(3)
Proceeds from sale of shares of subsidiaries and associates	26	170
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(99)	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	153
Loan advances	(2)	—
Proceeds from collection of loans receivable	13	0
Payments of leasehold deposits	(114)	(2)
Proceeds from refund of leasehold deposits	0	16
Other, net	29	41
Net cash provided by (used in) investing activities	(21,191)	(2,620)
Cash flows from financing activities		
Repayments of installment payables	(793)	(534)
Proceeds from sales and installment back transaction	5,004	—
Proceeds from short-term borrowings	65,378	41,009
Repayments of short-term borrowings	(72,327)	(35,850)
Proceeds from long-term borrowings	2,455	1,071
Repayments of long-term borrowings	(4,990)	(2,171)
Redemption of bonds	(117)	(66)
Repayments of lease liabilities	(120)	(329)
Proceeds from share issuance to non-controlling shareholders	365	970
Repayments to non-controlling shareholders	(327)	—
Dividends paid to non-controlling interests	(600)	(7)
Proceeds from issuance of shares	862	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	36	3
Purchase of treasury shares	(0)	—
Proceeds from issuance of share acquisition rights	19	—
Dividends paid	(138)	(88)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(91)	—
Net decrease (increase) of restricted cash	(62)	61
Other, net	—	60
Net cash provided by (used in) financing activities	(5,446)	4,128
Effect of exchange rate change on cash and cash equivalents	(572)	(2,405)
Net increase (decrease) in cash and cash equivalents	17,546	(11,259)
Cash and cash equivalents at beginning of period	19,507	37,053
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	130
Cash and cash equivalents at end of period	37,053	25,924

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

TOYO Company Limited, a consolidated subsidiary of the Company, was listed on NASDAQ on July 2, 2024. As a result, for the fiscal year ended March 31, 2025, capital surplus increased by 834 million yen, and capital surplus as of March 31, 2025 was 3,153 million yen.

(Notes on changes in accounting policies)

(Adoption of the Accounting Standard for Current Income Taxes, etc.)

The Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "2022 Revised Accounting Standard"), etc. from the beginning of the fiscal year ended March 31, 2025.

Revisions to the accounting classification of income taxes, etc. (taxation on other comprehensive income) are in accordance with the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment provided for in the proviso to Paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "2022 Revised Guidance"). The change in accounting policies has no impact on the consolidated financial statements.

Regarding the revisions related to the re-examination of the treatment in consolidated financial statements in cases where gains or losses arising from the sale of shares of subsidiaries, etc. among consolidated companies are deferred for tax purposes, the 2022 Revised Guidance has been applied from the beginning of the fiscal year ended March 31, 2025. The change in accounting policies has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. The change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Adoption of the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The Group has applied the "Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (The Practical Solution No. 46, March 22, 2024) from the beginning of the fiscal year ended March 31, 2025. Since Paragraph 7 of the said Practical Solution has been applied, current taxes related to the Global Minimum Tax Rules have not been recorded in the consolidated financial statements for the fiscal year ended March 31, 2025.

(Additional Information)

(Change of the consolidated closing date)

Following a resolution passed at the Extraordinary General Meeting of Shareholders held on February 21, 2025, the Group has changed its fiscal year-end from June 30 to March 31. As a result, the consolidated fiscal year under review (fiscal year ended March 31, 2025), which is a transitional period for the accounting term change, covers the nine-month period from July 1, 2024 to March 31, 2025. Consolidated subsidiaries and affiliated companies whose fiscal year ends in March continue to be consolidated based on the 12-month period from April 1, 2024, to March 31, 2025.

(Consolidated Balance Sheets)

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

The Company's consolidated subsidiary Vietnam Sunergy Joint Stock Company and its subsidiaries (the "VSUN Group") have recorded estimated amounts related to export duties, etc. on sales, and treated them as deductible expenses for local income tax purpose. However, the VSUN Group had not been examined by the tax authorities until December 2024, and such export duties, etc. on sales may not be considered deductible for tax purpose in the calculation of income taxes, etc.

The VSUN Group has not recognized income taxes, etc. related to such export duties, etc. on sales; however, there are uncertainties for such income taxes, etc. as they depend on the results of future examination by local tax authorities. Accordingly, it is difficult to reasonably estimate the likelihood of occurrence and the amount of additional income taxes in the future at this time.

(Litigation-related compensation, etc.)

In December 2024, the Company and its seven consolidated subsidiaries received a lawsuit filed by solar panel manufacturers and were served with a complaint by the United States District Court for the Northern District of California. As of May 15, 2025, the Company has been excluded from the parties to the lawsuit, and eight of its 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 on 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. Until the previous fiscal year, the Group had four reportable segments: "Solar Panel Manufacturing Business," "Green Energy Business," "IT Business," and "Photocatalyst Business." Effective from the fiscal year under review, the Group has reviewed its performance management classification and has accordingly reclassified the reportable segments into two segments: "Solar Panel Manufacturing Business" and "Green Energy Business." The "IT Business" and "Photocatalyst Business" have been included in the "Other" category.

Segment information for the fiscal year ended June 30, 2024 has been prepared based on the reportable segment classification after the change.

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

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

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, 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	Total				
Net sales							
Net sales to outside customers	199,874	8,327	208,201	770	208,972	—	208,972
Intersegment sales or transfers	—	14	14	0	15	(15)	—
Total	199,874	8,341	208,216	771	208,987	(15)	208,972
Segment profit (loss)	23,876	532	24,409	(257)	24,152	(802)	23,349
Segment asset	113,040	34,955	147,996	590	148,586	1,587	150,173
Other items							
Depreciation	3,218	1,432	4,651	8	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 IT Business and the Photocatalyst Business.

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

Fiscal year ended March 31, 2025 (from July 1, 2024 to March 31, 2025)

(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	Total				
Net sales							
Net sales to outside customers	64,348	7,441	71,790	626	72,417	—	72,417
Intersegment sales or transfers	—	0	0	12	12	(12)	—
Total	64,348	7,442	71,790	638	72,430	(12)	72,417
Segment profit (loss)	3,489	752	4,241	(10)	4,231	(629)	3,602
Segment asset	112,651	32,892	145,544	120	145,664	137	145,802
Other items							
Depreciation	4,105	1,098	5,203	9	5,213	12	5,226
Amortization of goodwill	159	974	1,134	—	1,134	—	1,134

Notes: 1. The “Other” category is a business segment not included in the reportable segments, and includes the IT Business and the Photocatalyst Business.

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

(Notes on per share information)

	Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)	Fiscal year ended March 31, 2025 (from July 1, 2024 to March 31, 2025)
Net assets per share	1,377.80 yen	1,358.44 yen
Basic earnings per share	547.83 yen	53.50 yen
Diluted earnings per share	543.99 yen	—

Note: Diluted earnings per share for the fiscal year ended March 31, 2025 are not presented as there were no dilutive shares.

	Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)	Fiscal year ended March 31, 2025 (from July 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	9,530	951
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	9,530	951
Average number of shares outstanding during the period (shares)	17,396,808	17,793,581
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (million yen)	—	—
Increase in number of common shares (shares)	122,791	—
(Stock acquisition rights (shares))	(122,791)	—
Outline of potentially dilutive shares which were not included in the calculation of “diluted earnings per share” because they do not have dilutive effect	—	Stock Options(21st Series) 74,796 shares Stock Options(23st Series) 128,000 shares Stock Options(24st Series) 68,000 shares Stock Options(25st Series) 180,000 shares

(Notes on significant subsequent events)

(Issuance of new shares through third-party allotment)

At the meeting of the Board of Directors held on April 10, 2025, the Company resolved to issue new shares through a third-party allotment to the following scheduled allottees: Junsei Ryu, a Director of the Company; CORE COMPETENCE CORPORATION CO., LTD; and DL Green Investments LPF. Payment for the newly issued shares was completed on April 28, 2025. As Junsei Ryu, a Director of the Company and one of the scheduled allottees, has a special interest in this matter, he abstained from voting on the resolution at the Board of Directors meeting regarding this share issuance.

1. Junsei Ryu and CORE COMPETENCE CORPORATION CO., LTD

(1)	Payment date	April 28, 2025
(2)	Number of new shares to be issued	408,700 shares of common stock
(3)	Issue price	465.00 yen per share
(4)	Amount of funds to be raised	190,045,500 yen
(5)	Method of offering/allotment (Allottees)	Third-party allotment Junsei Ryu: 322,600 shares CORE COMPETENCE CORPORATION CO., LTD: 86,100 shares
(6)	Other	Each of the aforementioned items shall be subject to the effectiveness of the registration under the Financial Instruments and Exchange Act.

2. DL Green Investments LPF

(1)	Payment date	April 28, 2025
(2)	Number of new shares to be issued	693,800 shares of common stock
(3)	Issue price	432.45 yen per share
(4)	Amount of funds to be raised	300,033,810 yen
(5)	Method of offering/allotment (Allottees)	Third-party allotment DL Green Investments LPF: 693,800 shares
(6)	Other	Each of the aforementioned items shall be subject to the effectiveness of the registration under the Financial Instruments and Exchange Act.