



# **SANIX INCORPORATED**

Summary of Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2021

[Japanese Standards]

The financial figures in this document are based on Japanese Accounting Standards and accompanying laws. Amounts are rounded off to 1 decimal place. This document is an English translation of the Japanese-language original.

## Consolidated Financial Statements for the Fiscal Year ended March 31, 2021

### SANIX INCORPORATED

Stock Listed: Tokyo Stock Exchange First Section, Fukuoka Stock Exchange  
 Code No; 4651  
 URL: <https://sanix.jp>  
 President and CEO: Hiroshi Munemasa  
 Contact: Kozo Inoue, Management Corporate Officer,  
 General Manager of Corporate Planning Division, Administration Division and  
 Management & Planning Division

### 1. Business Results – Operating results for the Fiscal Year ended March 31, 2021(April 1, 2020 to March 31, 2021)

#### (1) Consolidated Operating Results

(In Millions of Yen)

	Fiscal Year			
	From April 1 to March 31			
	FY2020	%change	FY2019	%change
Net Sales	49,416	(5.9%)	52,531	3.6%
Operating Income	2,325	(16.7%)	2,791	127.9%
Ordinary Income	2,091	(19.3%)	2,592	119.2%
Net Income	1,965	6.2%	1,850	670.7%
Net Income per Share (¥)	¥41.11	—	¥38.72	—
Net Income per Share, Diluted(¥)	—	—	—	—
Return on Equity	27.9	—	36.3	—
Ratio of Recurring Profit to Net Assets	6.4	—	8.2	—
Ratio of Operating Income to Net Sales	4.7	—	5.3	—
(Note) Comprehensive Income	2,040	—	1,863	—

#### (2) Consolidated Financial Position

(In Millions of Yen)

	Fiscal Year	
	As of March 31	
	FY2020	FY2019
Total Assets	32,940	32,514
Net Assets	8,097	6,056
Shareholders' Equity Ratio (%)	24.5%	18.5%
Net assets per share(¥)	¥168.84	¥126.15
(Reference) Equity Capital	8,071	6,030

### (3) Consolidated Financial Cash Flows

(In Millions of Yen)

	Fiscal Year	
	From April 1 to March 31	
	FY2020	FY2019
Cash Flows from Operating Activities.....	2,756	4,080
Cash Flows from Investing Activities.....	(2,564)	(2,154)
Cash Flows from Financing Activities .....	(743)	(1,110)
Cash and Equivalents ,End of Period .....	4,760	5,259

## 2. Dividends

	Quarterly Period				Annual	Total Dividend paid	Payout ratio (consolidated)	Dividends to Net Assets (consolidated)
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter				
(Dividends per Share)								
FY2019 ended March 31, 2020 .....	0.00	0.00	0.00	0.00	0.00	—	—	—
FY2020 ended March 31, 2021 .....	0.00	0.00	0.00	0.00	0.00	—	—	—
FY2021 ended March 31, 2022(Forecast) .....	0.00	0.00	0.00	0.00	0.00		—	

## 3. Forecasts for Consolidated Business Results (April 1, 2021 to March 31, 2022)

(In Millions of Yen)

	Fiscal Year
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	From April 1 to March 31			
	First Half	%change	Full Year	%change
Net Sales .....	23,608	2.0%	49,703	4.1%
Operating Income .....	773	(52.6%)	2,396	5.1%
Ordinary Income .....	652	(57.3%)	2,166	5.9%
Net Income .....	373	(72.8%)	1,540	(19.7%)
Net Income per Share (¥) .....	¥7.82		¥32.22	

\*Notes

Starting from the beginning of the fiscal year ending March 31, 2022, the Company has decided to adopt the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.), etc. Since the consolidated financial results forecasts reflect the adoption of such accounting standards, comparisons with the previous fiscal year or the same period of the previous fiscal year are presented based on the assumption that such accounting standards were applied in the fiscal year ended March 31, 2021.

\* Notes

(1) Changes in significant subsidiaries during the period

(Changes in scope of consolidations resulting from change in subsidiaries): None

Number of subsidiaries newly consolidated	—
Name of subsidiaries newly consolidated	—
Number of subsidiaries excluded from consolidation	—
Name of subsidiaries excluded from consolidation	—

(2) Changes in accounting policies and accounting estimates retrospective restatement

- i ) Changes in accounting policies based on revisions of accounting standard: None
- ii ) Changes in accounting policies other than ones based on revisions of accounting standard: None
- iii) Changes in accounting estimates: None
- iv) Retrospective restatement: None

(3) Number of issued and outstanding shares (common stock)

	(Shares)	
	End of term	
	FY 2020	FY 2019
Number of issued and outstanding shares ,end of period (including treasury stock)	48,919,396	48,919,396
Number of treasury stock at the end of period .....	1,114,693	1,114,443
Average number of shares during the period .....	47,804,857	47,805,137

**(Reference) Business Result-Overview of non-consolidated Operating Results**  
**1. Business Results – Operating results for the Fiscal Year ended March 31, 2020**  
**(April 1, 2020 to March 31, 2021)**

(1) Non-Consolidated Operating Results

(In Millions of Yen)

	Fiscal Year			
	From April 1 to March 31			
	FY2020	%change	FY2019	%change
Net Sales .....	<b>46,518</b>	<b>(5.6%)</b>	49,288	3.1%
Operating Income .....	<b>1,088</b>	<b>(14.4%)</b>	1,271	147.7%
Ordinary Income .....	<b>1,304</b>	<b>(18.4%)</b>	1,598	119.3%
Net Income .....	<b>1,286</b>	<b>20.4%</b>	1,069	—
Net Income per Share (¥) .....	<b>¥26.92</b>	—	¥22.36	—
Net Income per Share, Diluted(¥) .....	—	—	—	—

(2) Non-Consolidated Financial Position

(In Millions of Yen)

	Fiscal Year	
	As of March 31	
	FY2020	FY2019
Total Assets .....	<b>25,441</b>	26,947
Net Assets .....	<b>4,386</b>	3,075
Shareholders' Equity Ratio (%) .....	<b>17.2%</b>	11.4%
Net assets per share(¥) .....	<b>¥91.75</b>	¥64.33
(Reference) Equity Capital .....	<b>4,386</b>	3,075

\* This summary of financial statements is exempt from audit procedure required by Financial instruments and Exchange Act.

\* Note to ensure appropriate use of forecasts:

Forecasts in this documents are based on assumptions, prospects and plans as of the date of this document. Actual results may differ significantly from these forecasts, due to various factors affecting the Company's business performance, such as change in economical conditions. For details of these assumptions, prospects and plans, and for notes appropriate use of forecasts for the business results, please see page 6 of the Attachment.

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## **1. Information on Business Results & Financial Position for the fiscal year ended March 31, 2021**

### **(1) Information on Consolidated Business Results**

During the consolidated fiscal year under review, although there were signs of recovery such as the implementation of measures for the gradual resumption of economic activity in Japan, the environment surrounding the Japanese economy remains severe as the COVID-19 pandemic continues to impact the economy and it's still unclear when the pandemic will end. In this situation, SANIX INCORPORATED and its consolidated subsidiaries (hereinafter the "Group") continued their respective operations, prioritizing prevention of the infection's spread.

Looking at net sales, the Solar Engineering (SE) Division began selling photovoltaic systems for self-consumption in the current fiscal year following the revision of the feed-in tariff (FIT). However, the division failed to absorb the decrease posted for the installation of photovoltaic systems with land attached, a business category where performance was strong in the previous fiscal year. As a result, net sales declined year on year. In addition, COVID-19 affected the respective business divisions, mainly in their sales to corporate customers, including the stagnation of those customers' economic activities in general. Meanwhile, while voluntary restrictions on sales activities for individual customers did impact sales, usual sales activities while taking thorough measures to prevent infection were resumed after the state of emergency was ended. We have been able to minimize the impact of the COVID-19 pandemic through sales activities addressing house maintenance needs during the pandemic. As a result, the Group's consolidated net sales for the consolidated fiscal year under review came to ¥49,416 million (down 5.9% year on year).

Profit decreased in the SE Division due to lower net sales. In the Energy Business (EB) Division, the supply and demand of electricity has tightened due to the constrained fuel supply for thermal power cause by the LNG shortage in Japan and an increase in power demand following an unusual prolonged cold snap in winter. Due to this, prices on the Japan Electric Power Exchange (JEPX) rapidly rose in January 2021. As a result, profit fell because the cost of procuring power increased beyond expectations. In the Environmental Resources Development Business Division, profit increased mainly due to the improvement of the profitability of waste plastic articles. As a result, the Group posted operating income of ¥2,325 million (down 16.7% year on year), ordinary income of ¥2,091 million (down 19.3% year on year), and net income belonging to the shareholders of the parent company of ¥1,965 million (up 6.2% year on year).

Consolidated results of individual divisions for this fiscal year were as follows:

**a. Solar Engineering (SE) Division**

In the SE Division, SANIX INCORPORATED (hereinafter the “Company”) began selling photovoltaic systems for self-consumption to develop a new market in the current fiscal year anticipating a decline in the installation of photovoltaic systems with land attached, a business category where performance was strong in the previous fiscal year, following the revision of the FIT system. However, sales fell due to the COVID-19 pandemic. As a result, sales of photovoltaic generation systems decreased 30.5% year on year, and net sales came to ¥10,584 million (down 30.3% year on year).

Operating income for the segment amounted to ¥250 million (down 72.3% year on year) due to the substantial effect of the sales decline, despite a fall in the materials expenses ratio and a reduction in selling, general and administrative expenses.

**b. Home Sanitation (HS) Division**

The HS Division refrained from new sales visits during the state of emergency. However, after the declaration of a state of emergency was released, we conducted usual sales activity while taking thorough preventive measures. Under such circumstance, despite a 6.5% decrease in foundation repairs/home reinforcement systems, termite eradication services increased 0.6% year on year and under-floor/roof ventilation systems increased 18.7% year on year. As a result, net sales in this segment increased to ¥11,549 million (up 2.8% year on year).

Operating income for the segment came to ¥2,248 million (up 9.1% year on year), reflecting increases in personnel and other expenses attributable to the expansion of the staff which were confined within the plan for the division.

**c. Establishment Sanitation (ES) Division**

The ES Division improved relationships with building and condominium owners and partner companies, including management companies, by expanding business through an active increase of personnel and the opening of a new sales office. Despite a 37.7% decrease year on year in the water proofing of buildings, anti-rust equipment installation of Daelman Shock, our main product increased 8.0% year on year and the repair of building water-woks increased 20.2% year on year. As a result, net sales for the segment totaled ¥2,351 million (up 4.0% year on year).

Operating income for the segment amounted to ¥276 million (down 1.9% year on year) because of an increase in personnel and other expenses due to a staff expansion that exceeded the increase of profit from the net sales increase.

**d. Environmental Resources Development (ERD) Division**

In the Environmental Resources Development Business Division, sales increased 2.2% year on year as we focused on the enhancement of the quality of renewable fuels and profitability despite a decrease in the volume of plastic fuel accepted due to the stagnation of economic activity during the COVID-19 pandemic. Meanwhile, sales from



organic waste water recycling decreased 5.3% year on year due to a decrease in the volume accepted and there was a 36.5% year-on-year reactionary decrease in sales from landfill disposal due to the acceptance of waste from an earthquake in the previous year. As a result, net sales in this segment amounted to ¥16,578 million (down 1.1% year on year).

Operating income stood at ¥3,673 million (up 5.5% year on year) due to the improvement of profitability through the careful examination of waste plastic.

#### **e. Energy Business (EB) Division**

Moreover, in addition to the retail increases due to the increased number of contracts for new electric power business, a third party-owned photovoltaic power generation model for detached houses that the Company is promoting in collaboration with other companies has started to be established as a new solar power generation business. Consequently, net sales in this segment increased 14.7% year on year, to ¥10,475 million.

The operating loss came to ¥529 million (an operating loss of ¥485 million in the previous year) reflecting power procurement costs that were higher than expected due to skyrocketing prices in the power wholesale market due to bad weather in the winter and the LNG shortage.

## **(2) Information on Consolidated Financial Position**

### **Information on the status of Assets, of Liabilities, and of Net Assets**

Total assets as of the end of the fiscal year under review amounted to ¥32,940 million, an increase of ¥425 million from the end of the previous consolidated fiscal year. Total liabilities stood at ¥24,842 million, a decrease of ¥1,615 million from the end of the previous consolidated fiscal year. Net assets totaled ¥8,097 million, a rise of ¥2,040 million from the end of the previous consolidated fiscal year. As a consequence, the shareholders equity ratio stood at 24.5% as of March 31, 2020.

#### **(The status of Assets)**

Current assets decreased ¥1,644 million compared to the end of the previous year, coming to ¥14,633 million (down 10.1% year on year). Main factors in this were decreases in cash and deposits of ¥662 million, raw materials and supplies of ¥444 million, work in process-construction of ¥269 million, and notes and accounts receivable-trade of ¥224 million.

Fixed assets increased ¥2,069 million compared to the end of the previous year, amounting to ¥18,306 million (up 12.7% year on year). Major factors include increases in machinery, equipment and vehicles of ¥931 million, construction in progress of ¥636 million, and intangible fixed assets of ¥323 million.

**(The status of Liabilities)**

Current Liabilities decreased by ¥4,714 million compared to the end of the previous year to ¥16,861 million (down 21.9% year on year). Major factors include decreases in short-term loans payable of ¥2,895 million, accounts payable of ¥774 million, and current portion of long-term loans payable of ¥698 million.

Non-current liabilities increased ¥3,099 million compared to the end of the previous year to ¥7,981 million (up 63.5% year on year). Major factors include increases in long-term loans payable of ¥2,154 million, lease obligations of ¥348 million, and liability related to retirement benefits of ¥131 million.

**(The status of Net Assets)**

Net assets rose by ¥2,040 million compared to the end of the previous year and amounted to ¥8,097 million (up 33.7% year on year). Key contributors to the increase included the posting of net income (loss) belonging to the shareholders of the parent company of ¥1,965 million.

### (3) Information on Consolidated Cash Flows

Cash and cash equivalents as of the end of the fiscal year under review decreased by ¥498 million compared to the end of the previous year, amounting to ¥4,760 million.

Cash flows and reasons for changes in cash flows during the period are described below.

#### (Net Cash Provided by Operating Activities)

Net cash provided by operating activities was ¥2,756 million (proceeds of ¥4,080 million in the previous year). Main factors were income before income taxes of ¥2,091 million and depreciation expenses of ¥1,097 million as non-cash expenditures.

#### (Net Cash Provided by Investment Activities)

Net cash used in investing activities was ¥2,564 million (expenditure of ¥2,154 million in the previous year). This is mainly due to purchases of tangible fixed assets of ¥2,247 million.

#### (Net Cash Provided by Financing Activities)

Net cash used in financing activities was ¥743 million (expenditure of ¥1,110 million in the previous year). This was chiefly caused by a net decrease in short-term loans payable of ¥2,895 million, despite proceeds of ¥2,420 million from long-term loans payable.

(Reference: The Cash Flow Indicators)

	Fiscal Year				
	FY2016	FY2017	FY2018	FY2019	FY2020
Shareholders' equity ratio	8.9%	13.5%	13.4%	18.5%	24.5%
Shareholders' equity ratio on a market price basis	28.9%	43.8%	37.5%	42.0%	47.5%
Interest-bearing liabilities ratio to cash flow	8.77	5.85	-	3.04	4.16
Interest coverage ratio	6.76	10.81	-	21.61	13.02

(Note) Shareholder's equity ratio: Shareholder's equity/Total assets

Share ratio on a market price basis: Total market value of stock/Total assets

Interest-bearing liabilities ratio to cash flow: Operating cash flow/Interest payment

Interest coverage ratio: Operating cash flow/Interest payment

1. The basis of the calculation for all values is consolidated financial data.
2. Market capitalization is calculated by multiplying the closing price of SANIX shares at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.
3. Operating cash flow refers to Cash Flows from Operating Activities according to the consolidated statement of cash flows. Interest-bearing liabilities are comprised of all liabilities on the consolidated balance sheet on which interest is payable. Interest expenditure refers to interest expenses paid according to the consolidated statement of cash flows.

#### **(4) Outlook for the next fiscal year**

The Group has been striving to achieve sustainable growth through the reinforcement and expansion of its existing business base while kickstarting new initiatives and maintaining sustainable and stable management during the Medium-Term Management Plan (FY2019-FY2021).

Regarding the outlook for the future, the COVID-19 pandemic is expected to continue impacting business. Even in these circumstances, the Group will continue to work to create a sustainable society based on its corporate philosophy of “A comfortable environment for the next generation” by innovating and leveraging its business experience in living environments, the resource cycle and the energy sector while taking all measures to prevent COVID-19 infections.

The SE Division has changed the concepts behind products and the content of proposals and has shifted its business activities since FY2020 when a FIT system based on on-site consumption was designed. The Group will continue to advance the development of on-site consumption photovoltaic systems for corporations and sales of the systems for home-use with storage batteries. In the medium to long term, the Group assumes that the self-consumption photovoltaic generation market will expand and become more common in society, and that it can reduce the environmental footprint and electricity bills as a supply of power that emits zero CO<sub>2</sub> zero emissions.

The HS Division will strive to reinforce its business base, increase its personnel through hiring, open sales offices and increase the number of new customers and the total number of customers by further enhancing community-based new business development and after-sales systems for existing customers.

The ES Division will seek to cultivate partners such as management companies, introduce existing partners through close follow-ups, and increase opportunities for business negotiations with real estate owners, while in parallel facilitating new store openings. By doing so, it will continue to expand sales channels for the mainstay anti-rust equipment installation product (brand name: Daelman Shock).

The ERD Division has been facilitating the improvement of the quality of plastic fuel and the efficient operation of plants. The Group will continue to strive to improve business performance by increasing acceptance volume while focusing on profitability. In addition, the Group will aim for growth while recognizing its role in a society focused on circular resource businesses by facilitating the manufacturing of renewable fuels from organic waste water recycling as well. Regarding the business environment, there has been an increase in awareness of environment pollution issues derived from waste plastics leading to the government's formulation of a Plastic Resources Recycling Strategy in May 2019. The environment-related market is expected to expand in the future as well. The Group will operate its business with an understanding that the

business of appropriately processing and recycling waste plastics, a business the Group has been active in to date, is a business that is very much needed by society.

The energy business division will strive to increase the number of retail power contracts in the new electric power business, and stabilize profitability by securing stable power suppliers. The division will also promote the development of energy-related businesses in collaboration with other companies' services and will use them as a foothold to create a new business model.

As for the forecast of consolidated financial results for the next fiscal year (ending March 31, 2022), the Group's business performance is expected to achieve net sales of ¥49,730 million (up 4.1% year on year), operating income of ¥2,396 million (up 5.1% year on year), ordinary income of ¥2,166 million (up 5.9% year on year), and net income belonging to the shareholders of the parent company of ¥1,540 million (down 19.7% year on year).

As the Group is to apply the Accounting Standard for Revenue Recognition, etc. (Corporate Accounting Standard No. 29) beginning with the fiscal year ending March 31, 2022, this accounting standard was applied in calculating the consolidated financial forecast. The percent change from the previous year is calculated based on the assumption that the accounting standards had been applied in the fiscal year ended March 31, 2021.

The above forecasts have been prepared based on information available as of the date of the announcement of the financial report. Actual results of operations may differ from forecasts do to many factors that may arise in the future. (Company's measures to prevent the spread of infectious diseases by the coronavirus)

With respect to measures to address COVID-19, the Group will make efforts to continue its business in consideration of the situation that changes daily while prioritizing the safety of customers, business partners, community residents and employees and their families, preventing infections and any further spread. (Details of the Company's measures are posted on its website)

## **2. Basic Position regarding the Choice of Accounting Standards**

The Group will use the Japanese standards for the time being. In addition, our policy is to take proper steps toward the adoption of the International Financial Reporting Standards while giving due consideration to the circumstances in Japan and other countries.

### 3. Consolidated Financial Statements and Main Notes to the Statements

#### (1) Consolidated Balance Sheets

	(In Millions of Yen)	
	As of March 31	
	FY2019	FY2020
<b>Assets :</b>		
Current Assets :		
Cash and deposits	5,919	5,256
Notes and accounts receivable-trade	5,453	5,228
Merchandise and finished goods	56	36
Work in process-construction	333	63
Raw materials and supplies	3,354	2,910
Other	1,362	1,330
Allowance for doubtful accounts	(202)	(194)
Total current assets	<u>16,277</u>	<u>14,633</u>
Fixed Assets:		
Tangible fixed assets :		
Buildings and structures, net	9,531	9,622
Less: Accumulated depreciation	(7,799)	(7,997)
Buildings and structures (net of depreciation)	<u>1,732</u>	<u>1,624</u>
Machinery, Equipment and vehicles, net	12,682	13,243
Less: Accumulated depreciation	(10,611)	(10,241)
Machinery, Equipment and vehicles (net of depreciation)	<u>2,071</u>	<u>3,002</u>
Land	8,053	8,094
Lease assets, net	1,346	1,513
Less: Accumulated depreciation	(563)	(635)
Lease Assets, net	<u>782</u>	<u>877</u>
Construction in progress	923	1,559
Other, net	983	970
Less: Accumulated depreciation	(807)	(807)
Other, net	<u>176</u>	<u>163</u>
Total Tangible fixed assets	13,739	15,322
Intangible fixed assets	450	773
Investments and other assets :		
Investment securities	86	120
Deferred tax assets	614	666
Lease and guarantee deposits	580	611
Other	1,348	1,373
Allowance for doubtful accounts	(582)	(560)
Total investments and other assets	<u>2,047</u>	<u>2,210</u>
Total fixed assets	<u>16,237</u>	<u>18,306</u>
<b>Total Assets</b>	<u>32,514</u>	<u>32,940</u>

(In Millions of Yen)		
As of March 31		
	FY2019	FY2020
<b>Liabilities :</b>		
Current Liabilities :		
Notes and accounts payable-trade	3,716	4,037
Short-term loans payable	9,525	6,630
Current portion of long-term loans payable	928	230
Accounts payable	3,471	2,696
Accrued expenses	1,156	1,121
Lease obligations	322	476
Accrued income taxes	687	152
Accrued consumption taxes	615	602
Provision for bonus	256	256
Allowance for resource-recycling expenses	5	5
Other	892	648
Total current liabilities	21,576	16,861
Non-Current Liabilities :		
Bonds payable	500	500
Long-term loans payable	262	2,417
Lease obligations	859	1,208
Long-term lease deposited	45	45
Provision for directors' retirement benefits	9	9
Provision for disposal site closing expenses	637	675
Liability related to retirement benefits	1,727	1,859
Other	838	1,265
Total non-current liabilities	4,881	7,981
<b>Total Liabilities</b>	<b>26,458</b>	<b>24,842</b>
<b>Net Assets :</b>		
Shareholders' Equity :		
Capital stock	14,041	14,041
Capital surplus	1	1
Retained earnings	(6,506)	(4,541)
Treasury stock	(1,481)	(1,481)
Total shareholders' equity	6,055	8,020
Valuation and translation adjustments :		
Valuation difference on available-for-sale securities	31	55
Foreign currency translation adjustment	(90)	1
Adjustment for retirement benefits (cumulative)	34	(5)
Total valuation and translation adjustments	(25)	50
Non-controlling Interests	26	25
Total Net Assets	6,056	8,097
<b>Total Liabilities and Assets</b>	<b>32,514</b>	<b>32,940</b>



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

	(In Millions of Yen)	
	From April 1 to March 31	
	FY2019	FY2020
<b>Net sales</b>	52,531	<b>49,416</b>
Cost of Sales	34,974	<b>32,263</b>
Gross Profit	17,556	<b>17,153</b>
Selling, General and Administrative expenses		
Sales commission	619	<b>642</b>
Advertising expenses	325	<b>276</b>
Provision of allowance for doubtful accounts	(62)	<b>30</b>
Salaries and bonuses	7,723	<b>7,810</b>
Provision for bonuses	163	<b>163</b>
Retirement benefit expenses	242	<b>171</b>
Legal welfare expenses	1,010	<b>1,082</b>
Rent expenses	927	<b>1,007</b>
Depreciation	189	<b>294</b>
Others	3,626	<b>3,348</b>
Total selling, general and administrative expenses	14,765	<b>14,827</b>
Operating Income (Loss)	2,791	<b>2,325</b>
Non-Operating Income :		
Interest income	17	<b>15</b>
Dividends income	2	<b>2</b>
Land and house rent revenue	63	<b>63</b>
Subsidy income	32	<b>65</b>
Other	48	<b>47</b>
Total non-operating income	164	<b>195</b>
Non-Operating Expenses :		
Interest expenses	208	<b>208</b>
Commission expenses	92	<b>44</b>
Loss on retirement of non-current asset	37	<b>77</b>
Other	25	<b>98</b>
Total non-operating expenses	363	<b>429</b>
Ordinary Income (Loss)	2,592	<b>2,091</b>
Income (Loss) Before Income Taxes and Minority Interests	2,592	<b>2,091</b>
Income Taxes-Current	734	<b>189</b>
Income Taxes-Deferred	11	<b>(62)</b>
Total Income Taxes	746	<b>127</b>
Net Income	1,846	<b>1,964</b>
Net Income (Loss) Belonging to the Non-Controlling Shareholders	(4)	<b>(0)</b>
Net income (Loss) Belonging to the Shareholders of the Parent Company	1,850	<b>1,965</b>

**(Consolidated Statements of Comprehensive Income)**

	(In Millions of Yen)	
	From April 1 to March 31	
	FY2019	FY2020
Income Before Minority Interests	1,846	<b>1,964</b>
Other Comprehensive Income :		
Valuation difference on available-for-sale securities	(29)	<b>23</b>
Foreign currency translation adjustment	(73)	<b>91</b>
Retirement benefit adjustment	120	<b>(39)</b>
Total other comprehensive income	16	<b>75</b>
Comprehensive Net Income	1,863	<b>2,040</b>
Comprehensive Income Attributable to		
Comprehensive income (loss) belonging to the shareholders of the parent company	1,867	<b>2,041</b>
Comprehensive income (loss) belonging to non-controlling shareholders	(4)	<b>(0)</b>

**(3) Consolidated Statements of Changes in Net Assets****The previous consolidated fiscal year (April 1, 2019 to March 31, 2020)**

(In Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	14,041	1	(8,357)	(1,481)	4,204
Changes of items during the period					
Net income belonging to the shareholders of the parent company			1,850		1,850
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,850	(0)	1,850
Balance at the end of current period	14,041	1	(6,506)	(1,481)	6,055

(In Millions of Yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	60	(17)	(85)	(42)	31	4,193
Changes of items during the period						
Net income belonging to the shareholders of the parent company						1,850
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(29)	(73)	120	16	(4)	12
Total changes of items during the period	(29)	(73)	120	16	(4)	1,862
Balance at the end of current period	31	(90)	34	(25)	26	6,056

**The consolidated fiscal year (April 1, 2020 to March 31, 2021)**

(In Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	14,041	1	(6,506)	(1,481)	6,055
Changes of items during the period					
Net income belonging to the shareholders of the parent company			1,965		1,965
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,965	(0)	1,965
Balance at the end of current period	14,041	1	(4,541)	(1,481)	8,020

(In Millions of Yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	31	(90)	34	(25)	26	6,056
Changes of items during the period						
Net income belonging to the shareholders of the parent company						1,965
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	23	91	(39)	75	(0)	75
Total changes of items during the period	23	91	(39)	75	(0)	2,040
Balance at the end of current period	55	1	(5)	50	25	8,097

**(4) Consolidated Statements of Cash Flows**

(In Millions of Yen)

	April 1 to March 31	
	FY2019	FY2020
<b>Net Cash Provided by (used in) Operating Activities :</b>		
Income before income taxes and minority interests	2,592	2,091
Depreciation and amortization	914	1,097
Increase (Decrease) in provision for bonuses	251	(0)
Increase (Decrease) in allowance for disposal site closing expenses	34	37
Increase (Decrease) in allowance for resource-recycling expenses	(7)	3
Increase (Decrease) in liabilities in retirement	205	91
Increase (Decrease) in allowance for doubtful accounts	(92)	(30)
Interest and dividends income	(20)	(18)
Interest expenses	208	208
Decrease(Increase) in notes and accounts receivable-trade	557	225
Decrease(Increase) in inventories	930	752
Decrease(Increase) in other current assets	(203)	73
Increase (Decrease) in notes and accounts payable-trade	(417)	251
Increase (Decrease) in accounts payable – other	(751)	(898)
Increase (Decrease) in consumption tax refund receivable	210	(13)
Increase (Decrease) in other current liabilities	277	(368)
Other	180	139
Subtotal	4,871	3,643
Interest and dividends income received	20	17
Interest expenses paid	(188)	(211)
Income taxes paid	(632)	(708)
Income taxes refund	10	15
Net cash provided by operating activities	4,080	2,756
<b>Net Cash Provided by (used in) Investment Activities :</b>		
Payments into time deposits	(625)	(702)
Proceeds from withdrawal of time deposits	658	909
Purchase of tangible fixed assets	(1,956)	(2,247)
Proceeds from sales of tangible fixed assets	9	8
Purchase of intangible assets	(236)	(471)
Other	(4)	(62)
Net cash provided by investing activities	(2,154)	(2,564)
<b>Net Cash Provided by (used in) Financing Activities :</b>		
Increase (Decrease) in short-term loans payable	(2,772)	(2,895)
Proceeds from long-term loans payable	1,072	2,420
Repayments of long-term loans payable	(235)	(963)
Proceeds from issuance of bonds	500	-
Repayments of finance lease obligations	(235)	(338)
Other	561	1,032
Net cash provided by financing activities	(1,110)	(743)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	(54)	52
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	761	(498)
<b>Balance of Cash and Equivalents at beginning of period</b>	4,497	5,259
<b>Balance of Cash and Equivalents at end of period</b>	5,259	4,760

## **(5) Notes to the Consolidated Financial Statements**

### **(Notes to Assumption of Going Concern)**

: None

### **(Segment Information, etc.)**

#### **【Overview of reportable segments】**

The reportable segments of the Group are its constituents for which separate financial information is available and the Board of Directors regularly examines to determine the distribution of management resources and evaluate performance. (Segment Information, etc.)

#### SE Division

The segment sells and constructs industrial and residential solar electric power systems. The Company also wholesales solar electric power systems and equipment.

#### HS Division

The segment performs construction related to environmental sanitation for general households, specifically termite extermination, basic repair work and the construction of underfloor and ceiling ventilation systems.

#### ES Division

The segment performs construction related to environmental sanitation for companies, specifically the maintenance and construction of water supply and drainage facilities of buildings and condominiums.

#### ERD Division

The Company processes waste plastics collected as industrial waste and sells plastic fuels to SANIX ENERGY INCORPORATED, a consolidated subsidiary.

The subsidiary operates the electricity sales business by using plastic fuels purchased from the Company and its consolidated subsidiary Hokkaido SANIX Environment Incorporated, and incinerated ashes generated by SANIX ENERGY INCORPORATED are disposed of by C&R Landfill Incorporated, a consolidated subsidiary. SE Wings Inc. is purchasing electricity from SANIX ENERGY INCORPORATED and sell to consumers.

In addition, it accepts and processes organic waste water from the foodservice industry and food factories.

#### EB Division

The segment conducts the PPS business for corporations and general households.

It also engages in the sale and construction work of the third party ownership (TPO) model of solar power generation for general households.

## 2. Calculation method of net sales, profits, losses, assets, liabilities and other items by reporting segment

The accounting method of the reported business segments is the same as that stated in "Significant Items Regarding Preparation of Consolidated Financial Statements."

Profits in the reportable segments are based on operating income. Intersegment sales or transfers are determined by reference to current market values.

### I The previous Fiscal Year (From April 1, 2019 to March 31, 2020)

#### i) Information concerning the Amount of Net Sales and Operating Income (loss) by segment

(In Millions of Yen)

	Segments						Elimination or Group (note 1)	Consolidated (note 2)
	SE	HS	ES	ERD	Energy	Total		
Sales:								
Sales to customers	15,195	11,235	2,261	14,706	9,132	52,531	-	52,531
Internal sales								
Among segments and transfer accounts	-	-	-	2,053	-	2,053	(2,053)	-
Total	15,195	11,235	2,261	16,759	9,132	54,584	(2,053)	52,531
Operating income (loss)	901	2,061	281	3,483	(485)	6,243	(3,452)	2,791
Segment assets	6,759	2,185	576	14,449	1,535	25,506	7,008	32,514
Others								
Depreciation	78	47	4	653	3	786	127	914
Increase in property, plant and equipment and intangible assets	88	36	2	2,210	6	2,345	396	2,742

(note 1)

Negative ¥3,452 million for adjustments of Operating income (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

(note 2) An adjustment of segment assets is the Company assets of ¥7,008 million that are not allocated to the reportable segments and consist mainly of surplus funds for investment (cash and deposits), long-term invested funds (investment securities) and assets related to administrative divisions.

(note 3)

Operating income (loss) is adjusted to operating loss of quarterly consolidated statements of income.

## II The Fiscal Year (From April 1, 2020 to March 31, 2021)

## ii) Information concerning the Amount of Net Sales and Operating Income (loss) by Segment

(In Millions of Yen)

	Segments						Elimination or Group (note 1)	Consolidated (note 2)
	SE	HS	ES	ERD	Energy	Total		
Sales:								
Sales to customers	10,584	11,549	2,351	14,467	10,463	49,416	-	49,416
Internal sales Among segments and transfer accounts	-	-	-	2,111	12	2,111	(2,123)	-
Total	10,584	11,549	2,351	16,578	10,475	51,540	(2,123)	49,416
Operating income (loss)	250	2,248	276	3,673	(529)	5,919	(3,593)	2,325
Segment assets	5,450	2,641	348	16,292	1,947	26,680	6,259	32,940
Others	86	42	2	736	5	873	223	1,097
Depreciation Increase in property, plant and equipment and intangible assets	116	30	8	2,248	13	2,417	666	3,083

(note 1)

Negative ¥3,593 million for adjustments of Operating income (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

(note2) An adjustment of segment assets is the Company assets of ¥6,259 million that are not allocated to the reportable segments and consist mainly of surplus funds for investment (cash and deposits), long-term invested funds (investment securities) and assets related to administrative divisions.

(note 3)

Operating income (loss) is adjusted to operating loss of quarterly consolidated statements of income.



## (Per-share information)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Net assets per share(¥)	¥126.15	¥168.84
Net Income per Share, Diluted(¥)	¥38.72	¥41.11

1. Fully diluted net income per share is not stated because there are no dilutive shares.

2. The calculation basis of net assets per share is as follows.

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Total amount in net assets	6,056	8,097
Amounts deducted from the total amount in net assets	26	25
Non-controlling interests	(26)	(25)
Net assets at the end of period on common shares	6,030	8,071
Number of common shares at the end of period used in calculation of net assets per share	47,804,953	47,804,703

3. The calculation basis of net income per share is as follows.

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Net Income per Share, Diluted(¥)	1,850	1,965
The calculation basis of net income per share is as follows	—	—
Profit attributable to owners of parent on common shares	1,850	1,965
Average number of common shares during the fiscal year (shares)	47,805,137	47,804,857

## (Significant subsequent events)

None

#### 4. Supplemental Information

##### Consolidated Net Sales by Division

(In Millions of Yen)

By item	By period	From April 1 to March 31		Changes
		FY2019	FY2020	
Commercial PV System		14,807	<b>10,284</b>	(4,522)
Wholesales of PV Components		269	<b>210</b>	(59)
Others		117	<b>89</b>	(28)
<b>Solar Engineering Total</b>		<b>15,195</b>	<b>10,584</b>	<b>(4,610)</b>
Termite Eradication Service		3,547	<b>3,568</b>	20
Under-Roof / Roof Ventilation System		2,497	<b>2,965</b>	467
Foundation Repairing/Home Reinforcement System		1,881	<b>1,759</b>	(121)
Others		3,308	<b>3,256</b>	(51)
<b>Home Sanitation Division Total</b>		<b>11,235</b>	<b>11,549</b>	<b>314</b>
Anti-rust Equipment Installation		1,124	<b>1,214</b>	89
Repair of Building Water-woks		469	<b>564</b>	94
Water Proofing of Building		292	<b>182</b>	(110)
Others		374	<b>390</b>	15
<b>Establishment Sanitation Division Total</b>		<b>2,261</b>	<b>2,351</b>	<b>89</b>
Plastic Fuel		10,111	<b>10,330</b>	218
Generation of Electricity		3,023	<b>3,110</b>	86
Industrial Waste (Organic Waste Water Recycle)		1,968	<b>1,863</b>	(105)
Final Disposal		1,122	<b>713</b>	(409)
Others		533	<b>561</b>	27
<b>Environmental Resources Development Division Total :</b>		<b>16,759</b>	<b>16,578</b>	<b>(181)</b>
Electricity Sales		8,954	<b>9,890</b>	936
Others		177	<b>585</b>	407
<b>Energy Business Division Total:</b>		<b>9,132</b>	<b>10,475</b>	<b>1,343</b>
<b>Adjustment of inter-segment sales</b>		<b>(2,053)</b>	<b>(2,123)</b>	<b>(70)</b>
<b>Total Net Sales</b>		<b>52,531</b>	<b>49,416</b>	<b>(3,114)</b>