



Code : 4651

# Financial Results Briefing For the Three Months Ended June 30, 2021

SANIX INCORPORATED

August 17, 2021

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(Note)

- Numbers are rounded off to the nearest whole number.
- “( )” in operating income, ordinary income and net income indicate operating loss, ordinary loss and net loss respectively.
- In case of negative or above 1,000%, margin is expressed by “-”.
- 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.

# 1. Financial Results for the Three Months Ended June 30, 2021

## Highlights of Financial Results of FY2021 1Q

According to the plan basically

- **Net Sales**    ¥11,033million (YoY95.8%)    (Plan ratio99.2%)
- **Operating Income**    ¥(102) million  
 (Year-on-Year change¥(866)million 【Difference from the plan + ¥18million】)

		Year-on-year change	Change from the plan
Net Sales	【 + 】	<ul style="list-style-type: none"> <li>The number of newly acquired customers and business partners of the HS and ES Divisions steadily grew.</li> <li>The ERD Division was able to increase the volumes of waste plastics and organic waste liquid they accepted largely due to the recovery of the waste discharging plant's economic activities and strengthening of sales activities.</li> <li>The SE Division recorded an increase in the number of installations in self-consumption and surplus projects.</li> </ul>	<ul style="list-style-type: none"> <li>The number of newly acquired customers and business partners of the HS and ES Divisions steadily grew.</li> <li>The ERD Division accepted larger-than-projected amounts of waste plastics, organic waste liquid and landfill disposal, mainly reflecting the strengthening of sales activities with a view toward the expansion of the amount of accepted waste.</li> </ul>
	【 - 】	<ul style="list-style-type: none"> <li>The SE Division experienced a significant fall in the number of installations in projects where the full amount of the power generated would be sold, such as photovoltaic power generation systems with land, which accounted for almost half of net sales in the same period of the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>In the SE Division, there was a shortfall in the number of installations for self-consumption and surplus projects.</li> </ul>
Operating Income	【 + 】	<ul style="list-style-type: none"> <li>The HS and ES Divisions both recorded an increase in profit due to higher sales.</li> <li>The PPS business achieved an increase in profit due to a decrease in electricity procurement costs.</li> </ul>	<ul style="list-style-type: none"> <li>The profit of the HS Division increased due to higher sales</li> <li>Expenses were reduced through a range of initiatives including the facilitation of online recruitment and training activities and the cancellation of co-sponsored events.</li> </ul>
	【 - 】	<ul style="list-style-type: none"> <li>The profit of the SE Division decreased due to lower sales.</li> <li>The ERD Division's Tomakomai Power Plant lost profit and posted repair expenses, reflecting its suspension of operations due to a legally required inspection (total amount: approx. 750 million yen).</li> </ul>	<ul style="list-style-type: none"> <li>The profit of the SE Division decreased due to lower sales.</li> </ul>

# Financial Results of FY2021 1Q



(Millions of Yen)

	FY2020 1Q	FY2021 1Q		FY2020 1Q		FY2021 1Q Plan	
	Results	Results	Plan	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	11,522	<b>11,033</b>	11,125	-489	95.8%	-91	99.2%
<b>Cost of Sales</b>	7,065	<b>7,294</b>	7,445	+ 229	103.2%	-151	98.0%
<b>Gross Profit</b>	4,457	<b>3,738</b>	3,679	-718	83.9%	+ 59	101.6%
(Gross Profit Margin)	38.7%	<b>33.9%</b>	33.1%				
<b>Selling, general and administrative expenses</b>	3,693	<b>3,841</b>	3,799	+ 147	104.0%	+ 41	101.1%
<b>Operating Income</b>	764	<b>(102)</b>	(120)	-866	-	+ 18	-
(Operating Income Margin)	6.6%	-	-				
<b>Ordinary Income</b>	734	<b>(138)</b>	(181)	-872	-	+ 42	-
(Ordinary Income Margin)	6.4%	-	-				
<b>Profit (loss) attributable to owners of parent</b>	642	<b>(300)</b>	(319)	-943	-	+ 18	-
(Net Income Margin)	5.6%	-	-				

※Comparisons use figures calculated assuming the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.) etc., were applied in the fiscal year ended March 31, 2021.

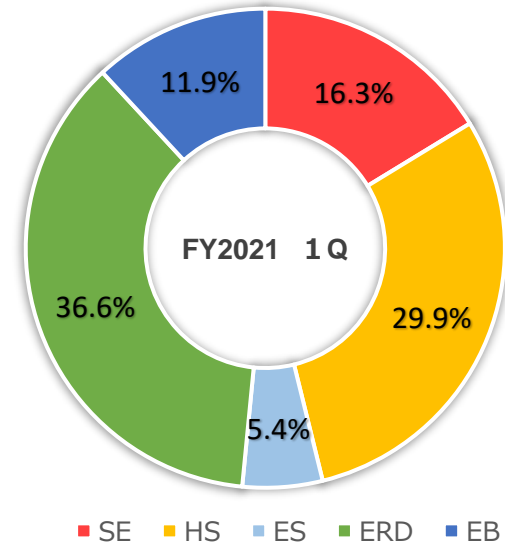
# Net sales by segment of FY 2021 1Q



(Millions of Yen)

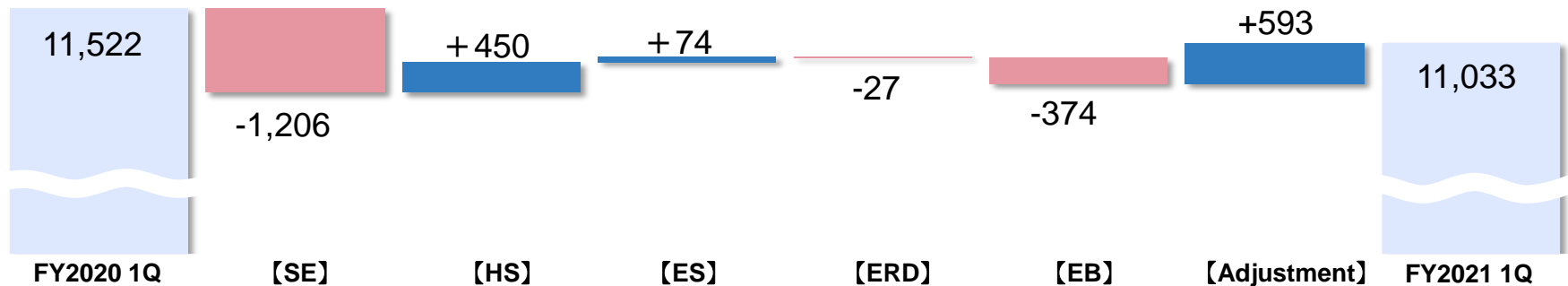
	FY2021 1Q	FY2020 1Q		FY2021 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
SE Division	1,798	-1,206	59.8%	-448	80.0%
HS Division	3,297	+ 450	115.8%	+ 276	109.1%
ES Division	595	+ 74	114.4%	-28	95.5%
ERD Division	4,037	-27	99.3%	+ 166	104.3%
EB Division	1,312	-374	77.8%	-58	95.7%
Adjustment of intersegment sales	(8)	+ 593	-	+ 0	-
<b>Total</b>	<b>11,033</b>	<b>-489</b>	<b>95.8%</b>	<b>-91</b>	<b>99.2%</b>

## Breakdown of sales



## Sales increase / decrease compared to FY2020 1Q

【Millions of Yen】



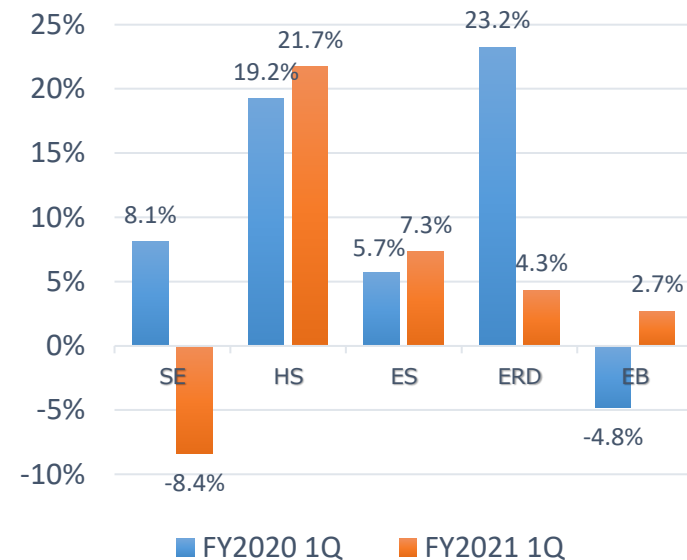
# Operating Income by segment of FY2021 1Q



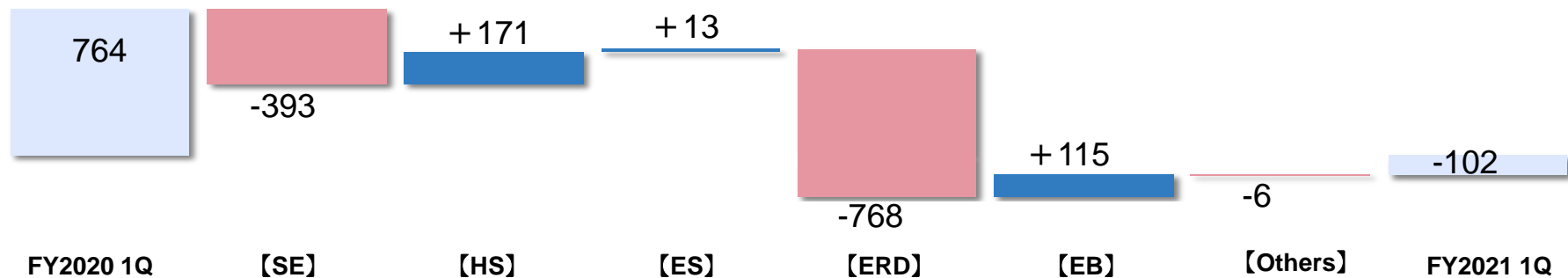
(Millions of Yen)

	FY2021 1Q	FY2020 1Q		FY2021 1Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
SE Division	(150)	-393	-	-161	-
HS Division	716	+ 171	131.5%	+ 73	111.5%
ES Division	43	+ 13	146.8%	-26	61.8%
ERD Division	174	-768	18.5%	-5	96.8%
EB Division	35	+ 115	-	+ 18	214.1%
Group	(921)	-6	-	+ 119	-
Total	(102)	-866	-	+ 18	-

■ Operating Income Margin by segment



■ Increase / decrease in operating income compared to FY2020 1Q

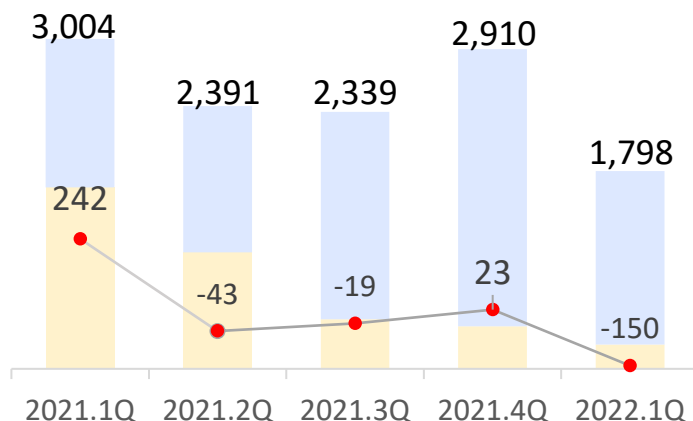


# Results by segment of FY2021 1Q(SE Division)



- Net Sales
- PV system with land
- Operating Income

(Millions of Yen)



Main factors for the change	
■ <u>Net Sales</u> -1,206 million yen	
[ + ]	<ul style="list-style-type: none"> <li>• Increase in the number of installations in self-consumption and surplus projects</li> <li>• Increased maintenance sales at existing photovoltaic power plants</li> </ul>
[ - ]	<ul style="list-style-type: none"> <li>• Decrease in the number of projects which will sell the full amount of power generated, such as photovoltaic power generation systems with land</li> </ul>
■ <u>Operating Income</u> -393million yen	
[ + ]	<ul style="list-style-type: none"> <li>• Reduction in personnel expenses due to a decrease in the number of staff members</li> <li>• Reduction in subcontracted processing expenses chiefly due to a decrease in land development expenses.</li> </ul>
[ - ]	<ul style="list-style-type: none"> <li>• Decrease due to lower sales</li> </ul>

## ■ Net Sales by segment • Operating Income

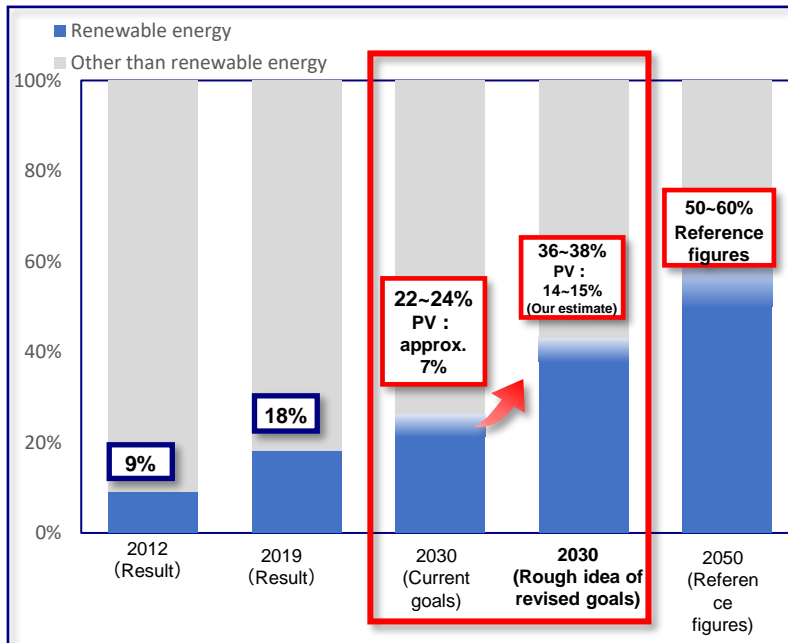
(Millions of Yen)

	FY2021 1Q	FY2020 1Q		FY2021 1Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>1,798</b>	-1,206	59.8%	-448	80.0%
Sales and installation of PV system	1,759	-1,177	59.9%	-401	81.4%
Wholesale of PV system	17	-24	41.6%	-42	28.8%
Others	21	-4	81.8%	-4	81.8%
<b>Gross Profit</b>	<b>499</b>	-489	50.5%	-188	72.6%
<b>Operating Income</b>	<b>(150)</b>	-393	-	-161	-



Progress is being made in the discussion for the formulation of a range of decarbonization policies with an eye toward realizing carbon neutrality by 2050.

■ Changes in and forecast for the percentage of energy that is from renewable sources (based on the amount of power generated)



Source: The Ministry of Economy, Trade and Industry's Overview of the basic energy plan (draft). The Company edited the graph for inclusion in this publication.

## Declaration of carbon neutrality

## Green Growth Strategy

### National policies

- Integrated innovation strategy for 2021
- Plan for the implementation of regulatory reforms
- Plan for the implementation of growth strategies and follow-up actions
- Basic policies for economic and fiscal management and reform programs (robust policies) for 2021
- Carbon neutrality by 2050 and a 46% reduction in greenhouse gas emissions by 2030

### Policies implemented by related ministries

#### Ministry of Agriculture, Forestry and Fisheries

- MeaDRI strategy for sustainable food systems (including agricultural solar sharing)
- Act for the Promotion of Renewable Energy in Rural Areas

#### Ministry of Land, Infrastructure, Transport and Tourism

- New housing plan
- The Green Challenge for land, infrastructure, transport and tourism (the creation of zero energy houses and buildings (ZEH and ZEB) and the introduction of renewable energy through infrastructure improvement)

#### Ministry of the Environment

- Overseas development through the joint crediting mechanism and formulation of the initiative for decarbonized infrastructure
- Implementation of measures according to regional decarbonization roadmaps
- Creation of a system for the establishment of renewable energy promotion zones
- Strengthening of measures helping local governments introduce renewable energy solutions to facilitate regional growth strategies

- Revised Act on Promotion of Global Warming Countermeasures

#### Ministry of Economy, Trade and Industry

- Green Growth Strategy
- Green Innovation Fund
- Creation of a renewable energy-oriented economy and society
- Sixth Basic Energy Plan
- Act on the Establishment of Resilient Energy Supply Systems (Act on Promotion of Renewable Energy & Electricity Business Act)

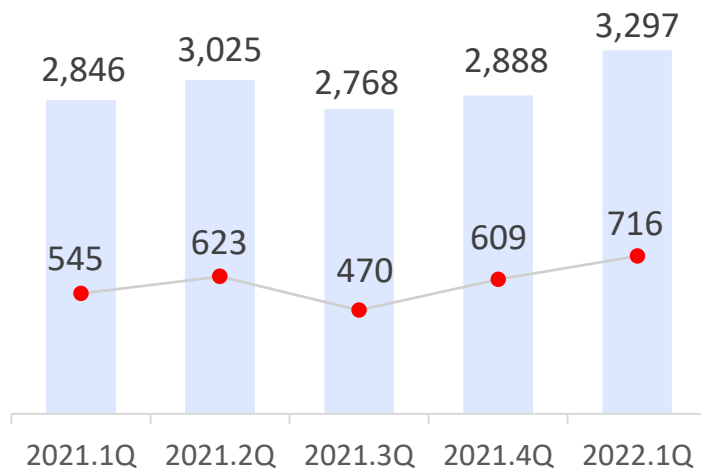
Following the declaration of carbon neutrality by 2050 and the commitment to a 46% reduction of greenhouse gas emissions by 2030, the involved government ministries have been discussing actions with a view toward the formulation of future policies. In the current environment there is growing interest in environmentally-conscious actions and increasing demand for renewable energy. No specific actions have been taken for the expansion and ubiquitization of renewable energy, or for the design of a subsidy system at this point in time. Even so, it is expected that there will be rapid progress in the introduction of renewable energy, going forward.

# Results by segment of FY2021 1Q(HS Division)



■ Net Sales  
● Operating Income

【Millions of Yen】



Main factors for change	
■ Net Sales	+450million yen
【 + 】	<ul style="list-style-type: none"> <li>· Increase in the number of works for preventing termite resulting from an increase in the number of newly contracted customers</li> <li>· Improvement in sales efficiency</li> </ul>
■ Operating Income	+171million yen
【 + 】	· Increase in profit due to higher sales
【 - 】	<ul style="list-style-type: none"> <li>· Increase in personnel expenses due to an increase in the number of staff members</li> <li>· Increase in sales commissions due to higher net sales</li> </ul>

## ■ Net Sales by segment・Operating

(Millions of Yen)

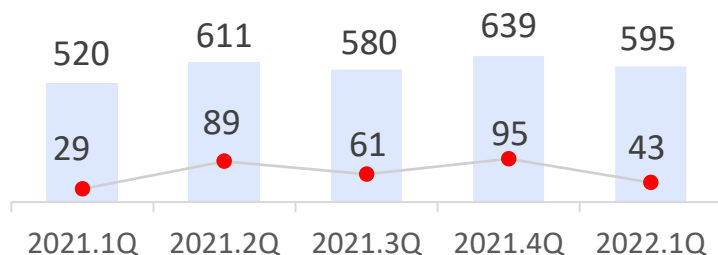
	FY2021 1Q	FY2020 1Q		FY2021 1Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>3,297</b>	+ 450	115.8%	+ 276	109.1%
Termite control construction	1,049	+ 103	110.9%	+ 192	122.5%
Under-floor/attic ventilation system	794	+ 69	109.5%	+ 30	104.0%
Foundation Repair/ Home Reinforcement System	557	+ 115	126.0%	+ 91	119.7%
Others	895	+ 162	122.2%	-39	95.8%
<b>Gross Profit</b>	<b>2,101</b>	+ 340	119.3%	+ 255	113.9%
<b>Operating Income</b>	<b>716</b>	+ 171	131.5%	+ 73	111.5%

# Results by segment of FY2021 1Q(ES Division)



【In Million of Yen】

- Net Sales
- Operating Income



Main factors for the change	
■ Net Sales	+74million yen
【+】	<ul style="list-style-type: none"> <li>・Growth in sales of Daelman Shock (anti-rust equipment), mainly reflecting an increase in the number of business partners and the expansion of sales areas</li> </ul>
■ Operating Income	+13million yen
【+】	<ul style="list-style-type: none"> <li>・Increase in profit due to higher sales</li> </ul>
【-】	<ul style="list-style-type: none"> <li>・ Increase in personnel expenses due to an increase in the number of staff members</li> <li>・ Increase in sales commissions due to higher net sales</li> </ul>

## ■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2021 1Q	FY2020 1Q		FY2021 1Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>595</b>	+ 74	114.4%	-28	95.5%
Anti-rust equipment installation	<b>313</b>	+ 70	128.8%	+ 0	100.2%
Other	<b>281</b>	+ 4	101.7%	-28	90.7%
<b>Gross Profit</b>	<b>321</b>	+ 46	116.9%	-6	98.1%
<b>Operating Income</b>	<b>43</b>	+ 13	146.8%	-26	61.8%

# Update on Store Openings and Changes in Number of Personnel by Division

## Changes in Number of Personnel by Division (consolidated)

Number of Personnel (consolidated)	FY2020 Result	FY2021 1Q Results	Change	FY2021 Plan
SE Division	344	336	-8	347
HS Division	747	788	+ 41	861
ES Division	136	149	+ 13	175
ERD Division	426	441	+ 15	467
EB Division	81	81	-	87
Headquarter	293	277	-16	311
<b>Total</b>	<b>2,027</b>	<b>2,072</b>	<b>+ 45</b>	<b>2,248</b>

## Number of sites (including subsidiary)

Division	Sites
SE Division	2headquarters 37sites
HS Division	4headquarters 50sites
ES Division	11sites
ERD Division	18sites
EB Division	5sites

※One power generation facility and one final disposal facility are included in the ERD Division.

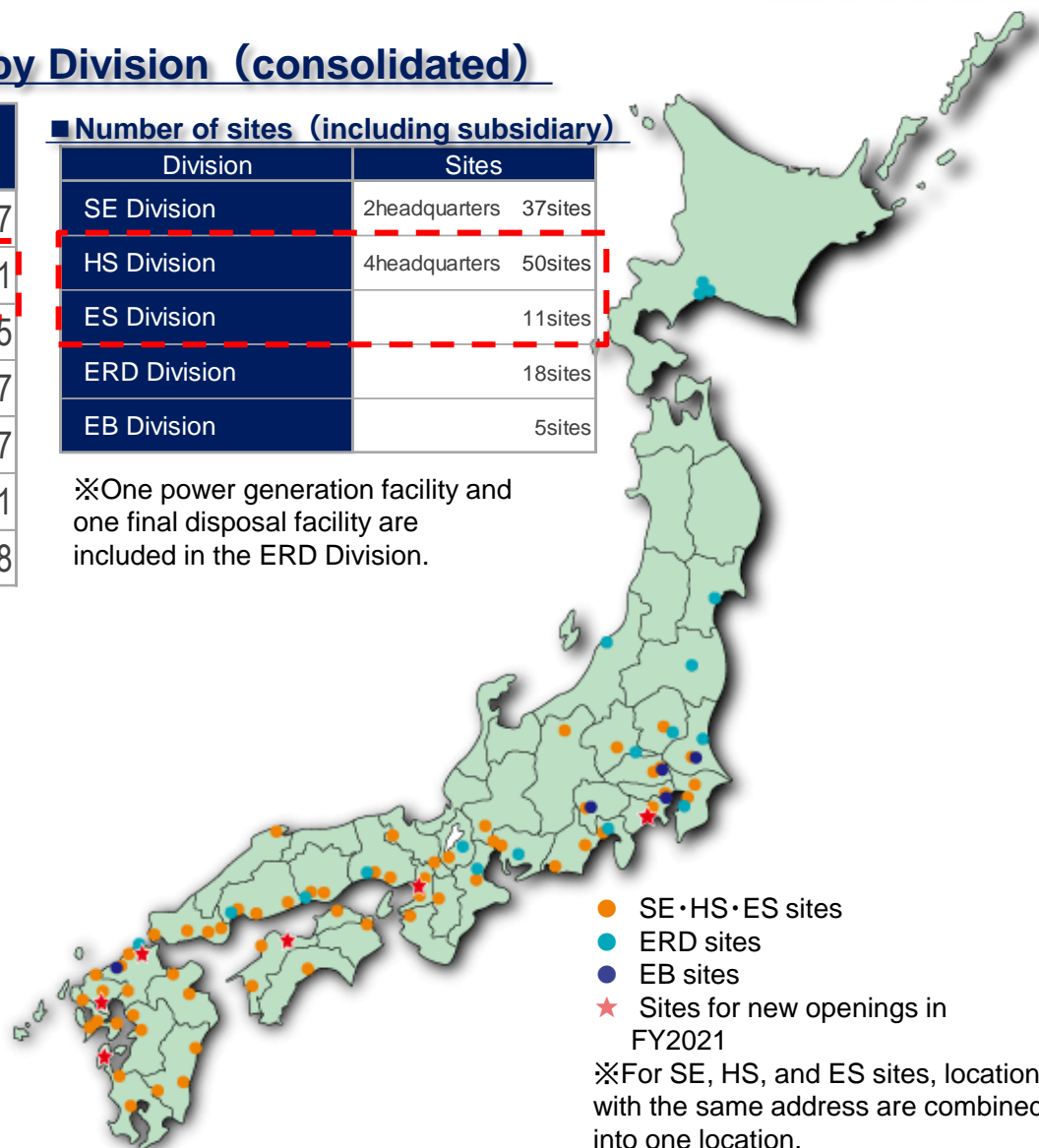
### Potential site opening (under consideration)

HS Division Kyushu area : 4 sites  
 Chyugoku Shikoku area : 2 sites  
 Kansai Chukyo area : 2 sites  
 Kanto area : 2 sites  
 Total : 10 sites

ES Division : 2 ~ 3 sites

### Site opening status

- May 2021 HS Amakusa site, HS Niihama site
- June 2021 ES KitaOsaka site, ES Kitakyushu site
- July 2021 ES Shinyokohama site
- September 2021 HS Takeo site (Plan)



- SE・HS・ES sites
- ERD sites
- EB sites
- ★ Sites for new openings in FY2021

※For SE, HS, and ES sites, locations with the same address are combined into one location.

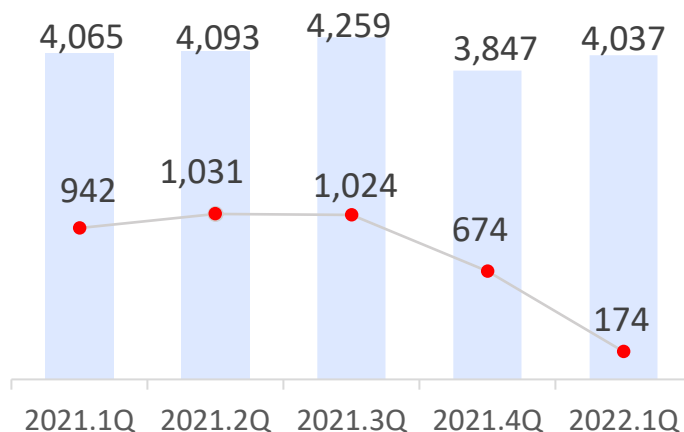
\*Included in potential site openings (plan)

# Results by segment of FY2021 1Q(ERD Division)



■ Net Sales  
● Operating Income

(Millions of Yen)



## Main factors for the change

### ■ Net Sales -27million yen

- [ + ] • Increase in the amount of waste plastics accepted  
• Increase in the amount of organic waste liquid accepted
- [ - ] • Decrease in the amount of power generated due to the suspension of operations during the legally required power plant inspection

### ■ Operating Income -768million yen

- [ + ] • Increase in profit due to the increase of the amount of waste accepted
- [ - ] • Loss of profit due to the suspension of operations during the legally required power plant inspection  
• Increase in repair expenses due to the legally required power plant inspection.

## ■ Net Sales by segment • Operating Income

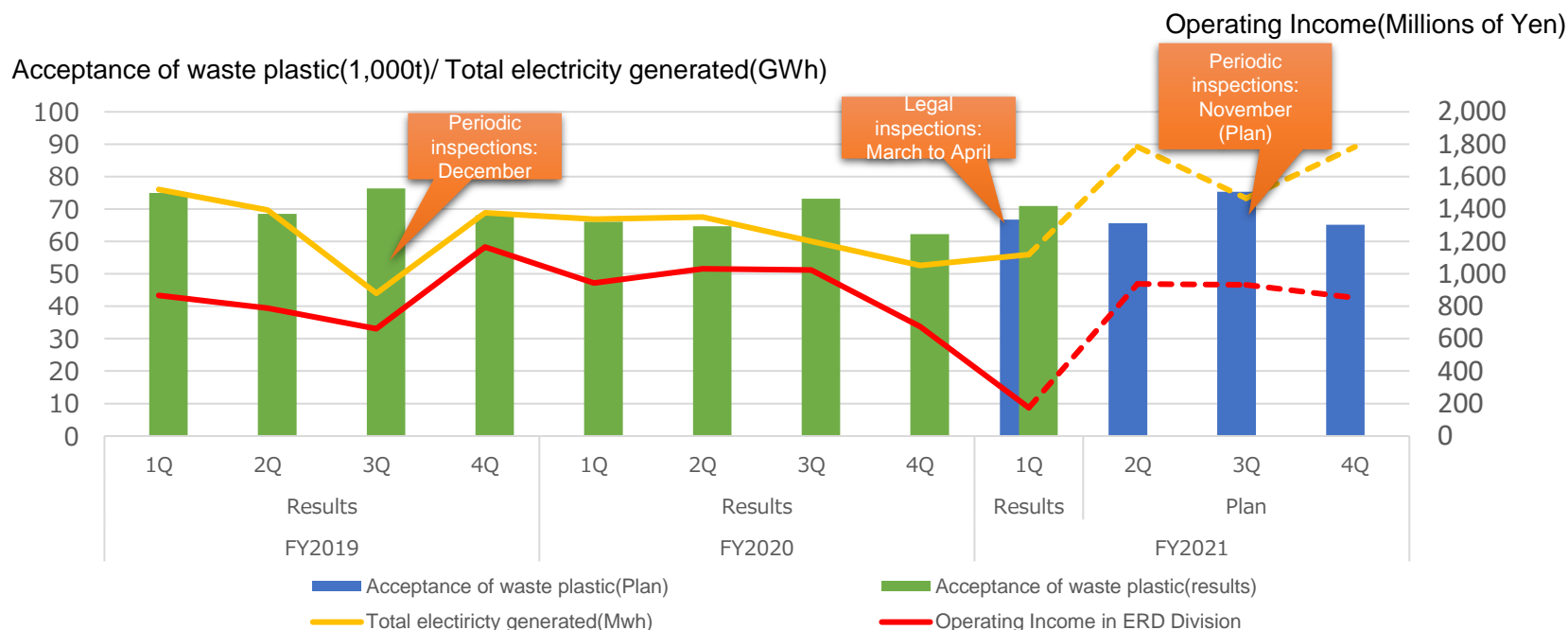
(Millions of Yen)

	FY2021 1Q	FY2020 1Q		FY2021 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>4,037</b>	-27	99.3%	+ 166	104.3%
Plastic fuel	2,617	+ 65	102.6%	+ 63	102.5%
Power Plant	610	-154	79.8%	+ 10	101.7%
Organic Waste liquid treatment	484	+ 36	108.2%	+ 26	105.7%
Landfill	205	+ 19	110.4%	+ 40	124.8%
Others	120	+ 4	104.2%	+ 26	127.9%
<b>Gross Profit</b>	<b>614</b>	-763	44.6%	-6	99.0%
<b>Operating Income</b>	<b>174</b>	-768	18.5%	-5	96.8%

## ■ Implementation of a legally required inspection at the Tomakomai Power Plant (from late March until the end of April)

- A legally required inspection was conducted at the Tomakomai Power Plant from late March until the end of April in 2021. Income from sales of electricity declined during the inspection period and 705 million yen was posted as repair expenses (including 679 million yen for repair expenses related to the legally required inspection) in the first quarter under review. As a result, operating income decreased.
- Regular inspections are also scheduled in November in the current fiscal year, during which operations will be suspended for two to three weeks

※Legally required inspections: Once every two years (turbines: every four years, boilers: every two years)

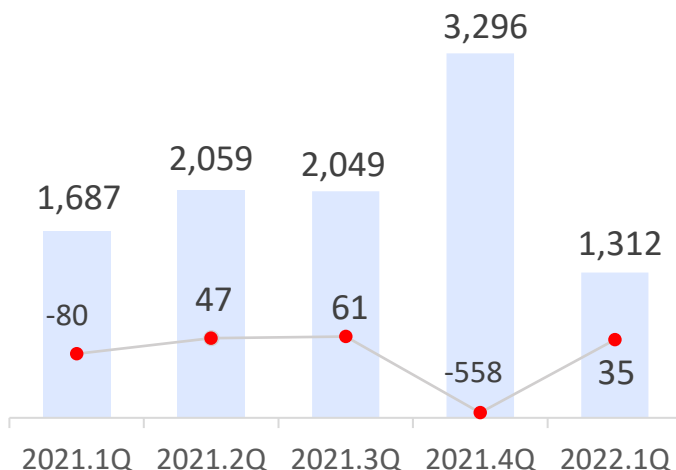


# Results by segment of FY2021 1Q(EB Division)



■ Net Sales  
● Operating Income

【Millions of Yen】



Main factors for the change	
■ Net Sales	-374million yen
【 + 】	<ul style="list-style-type: none"> <li>· Increase in the number of contracts for retail sales (income from sales of electricity)</li> <li>· Increase in sales due to an increase in the number of installations (other sales)</li> </ul>
【 - 】	<ul style="list-style-type: none"> <li>· Decrease in sales due to change in the scheme for electric power wholesale. (See the chart below)</li> </ul>
■ Operating Income	+115million yen
【 + 】	<ul style="list-style-type: none"> <li>· Reduction in procurement costs as a result of a</li> </ul>
【 - 】	<ul style="list-style-type: none"> <li>· Increase in sales commissions due to the use of comparison websites.</li> <li>· Increase in personnel expenses due to an increase in the number of staff members</li> </ul>

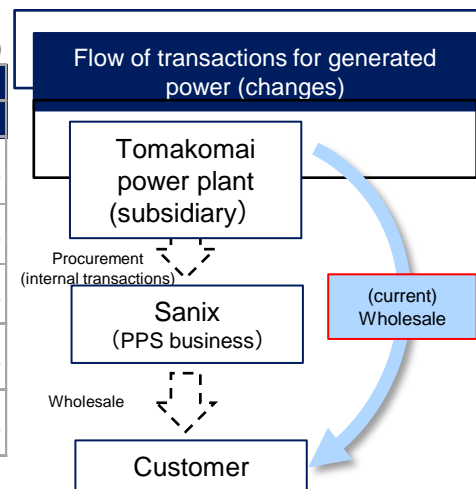
## ■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2021 1Q	FY2020 1Q		FY2021 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>1,312</b>	-374	77.8%	-58	95.7%
Sales of Electricity	1,164	-409	74.0%	+ 23	102.1%
Others	148	+ 35	130.9%	-81	64.4%
<b>Gross Profit</b>	<b>201</b>	+ 147	373.3%	+ 4	102.0%
<b>Operating Income</b>	<b>35</b>	+ 115	—	+ 18	214.1%

(Reference)

<b>Adjustment of intersegment sales</b>	<b>(8)</b>	+ 593	—	+ 0	—
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\*Sanix (PPS business) engaged in the sale of electric power in the previous fiscal year

(Millionos of Yen)

	FY2020	FY2021	FY2020	
	As of March 31	As of June 30	Difference	Ratio
Current Assets	14,633	<b>14,244</b>	-388	97.3%
Non-Current Assets	18,306	<b>19,809</b>	+ 1,502	108.2%
<b>Total Assets</b>	<b>32,940</b>	<b>34,054</b>	<b>+ 1,114</b>	<b>103.4%</b>
Current Liabilities	16,861	<b>18,006</b>	+ 1,144	106.8%
Non-Current Liabilities	7,981	<b>8,240</b>	+ 259	103.2%
<b>Total Liabilities</b>	<b>24,842</b>	<b>26,247</b>	<b>+ 1,404</b>	<b>105.7%</b>
<b>Total Net Assets</b>	<b>8,097</b>	<b>7,807</b>	<b>-289</b>	<b>96.4%</b>
<b>Total Liabilities and Assets</b>	<b>32,940</b>	<b>34,054</b>	<b>+ 1,114</b>	<b>103.4%</b>

<Reference> Increase / decrease due to the application of the Accounting Standard for Revenue Recoanition	
Current Assets	:¥+ 345 M
Non-Current Assets	:¥+ 1,115 M
Current Liabilities	:¥+ 1,463 M
Assets	:¥-4M

Regarding the application of the Accounting Standard for Revenue Recognition, etc., the cumulative effect of the retroactive application of the new accounting policy to the results prior to the beginning of the first quarter of fiscal year ending March 31 , 2022 was added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policy was applied from the balance at the beginning of the current fiscal year.



# Capital investment/Depreciation for the three months ended June 30,2021



## ■ Capital investment・Depreciation

(Millions of Yen)

	FY2020	FY2021
	Full-Year	1Q Result
Capital investment	3,083	707
Depreciation	1,097	302

### FY2021 Plan

Depreciation : Approx.¥1,500~2,000 M  
Capital investment : ¥1,300 M

## ■ Depreciation by segment

(Millions of Yen)

	FY2020	FY2021
	Full-Year	1Q Result
SE Division	116	0
HS Division	30	11
ES Division	8	2
ERD Division	2,248	616
EB Division	13	2
Headquarter	666	72
<b>Total</b>	<b>3,083</b>	<b>707</b>

### Major capital investment(1Q Results)

- Investment related to the Tomakomai Power plant  
¥356M
- Investment related to the disposal of plastic waste  
¥188M
- Investment related to the introduction of self consumption photovoltaic power generation systems at factories and other facilities  
¥68M
- Investment related to the recycling of organic waste liquid  
¥11M
- Investment related to core systems  
¥52M

# Financial results forecast for FY2021

There is no change from the forecast announced on May 17, 2021

(Millions of Yen)

	FY2020	FY2021 Plan			Change from FY2020	
	Results	Full-Year	First Half	Seond Half	Difference	Y o Y
<b>Net Sales</b>	47,762	<b>49,730</b>	23,608	26,122	+ 1,968	104.1%
<b>Cost of Sales</b>	30,780	<b>32,298</b>	15,296	17,001	+ 1,517	104.9%
<b>Gross Profit</b>	16,981	<b>17,432</b>	8,311	9,120	+ 450	102.7%
(Gross Profit Margin)	35.6%	<b>35.1%</b>	35.2%	34.9%		
<b>Selling, General and Administrative Expenses</b>	14,701	<b>15,035</b>	7,538	7,497	+ 333	102.3%
<b>Operating Income</b>	2,279	<b>2,396</b>	773	1,623	+ 117	105.1%
(Operating Income Margin)	4.8%	<b>4.8%</b>	3.3%	6.2%		
<b>Ordinary Income</b>	2,045	<b>2,166</b>	652	1,514	+ 121	105.9%
(Ordinary Income Margin)	4.3%	<b>4.4%</b>	2.8%	5.8%		
<b>Profit attributable to owners of parent</b>	1,918	<b>1,540</b>	373	1,166	-378	80.3%
(Net Income Margin)	4.0%	<b>3.1%</b>	1.6%	4.5%		

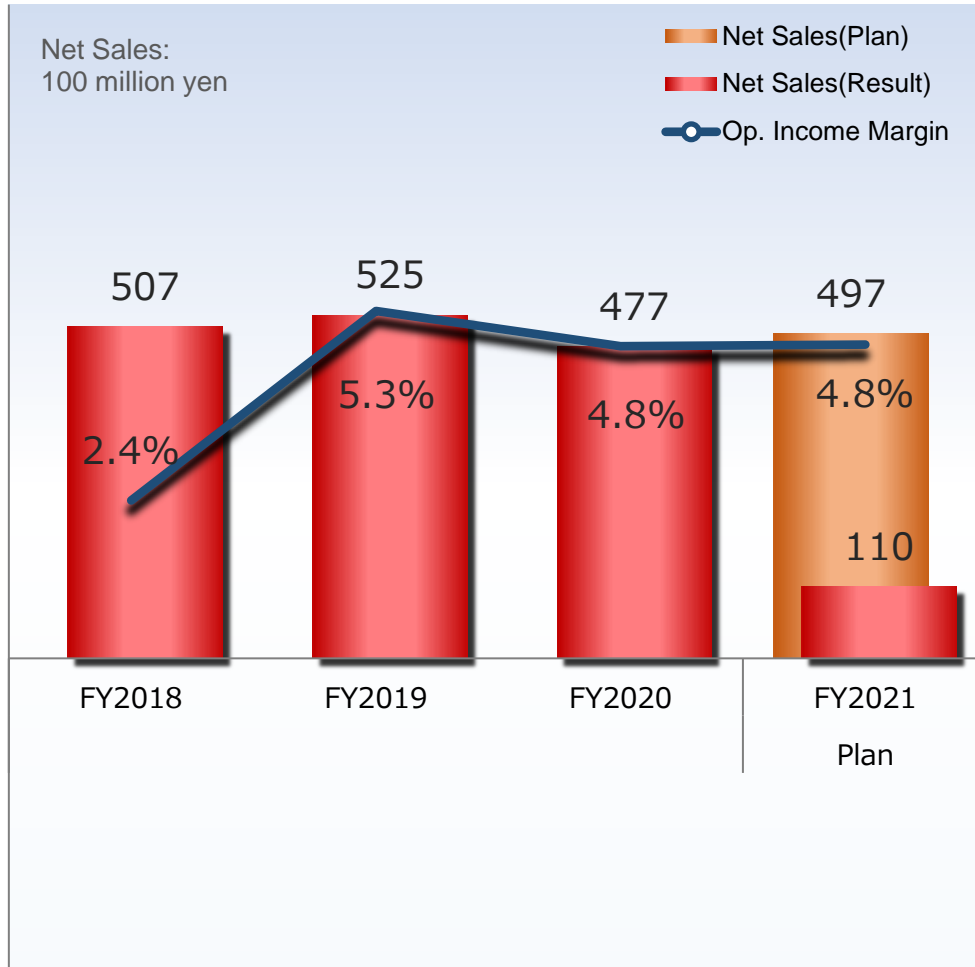
\*Comparisons use figures calculated assuming the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.) etc., were applied in the fiscal year ended March 31, 2021.

# Financial results forecast for FY2021 by segment



(Millions of Yen)

	FY2020	FY2021 Plan			Change from FY2020	
	Results	Full-Year	First Half	Seond Half	Difference	Y o Y
<b>Net Sales</b>	47,762	<b>49,730</b>	23,608	26,122	+ 1,968	104.1%
SE Division	10,646	<b>9,334</b>	4,550	4,783	-1,312	87.7%
HS Division	11,530	<b>12,244</b>	6,221	6,022	+ 714	106.2%
ES Division	2,351	<b>2,695</b>	1,306	1,388	+ 343	114.6%
ERD Divison	16,265	<b>16,352</b>	7,944	8,407	+ 86	100.5%
EB Division	9,091	<b>9,140</b>	3,602	5,537	+ 48	100.5%
Adjustment of intersegment sales	(2,123)	<b>(36)</b>	(18)	(18)	+ 2,087	-
<b>Operating Income</b>	2,279	<b>2,396</b>	773	1,623	+ 117	105.1%
SE Division	203	<b>326</b>	83	243	+ 123	160.5%
HS Division	2,248	<b>2,366</b>	1,340	1,026	+ 118	105.2%
ES Division	276	<b>316</b>	175	140	+ 39	114.4%
ERD Divison	3,673	<b>2,901</b>	1,117	1,784	-772	79.0%
EB Division	(529)	<b>234</b>	20	214	+ 764	-
Group	(3,593)	<b>(3,749)</b>	(1,963)	(1,785)	-156	-



## Forecast for FY2021

**Net Sales: ¥49,730 million**

**Op. Income: ¥2,396 million**

**Op. Income Margin: 4.8%**

Comparisons use figures calculated assuming the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.) etc., were applied in the fiscal year ended March 31, 2021.

## Topics

## ■ Integrated Report

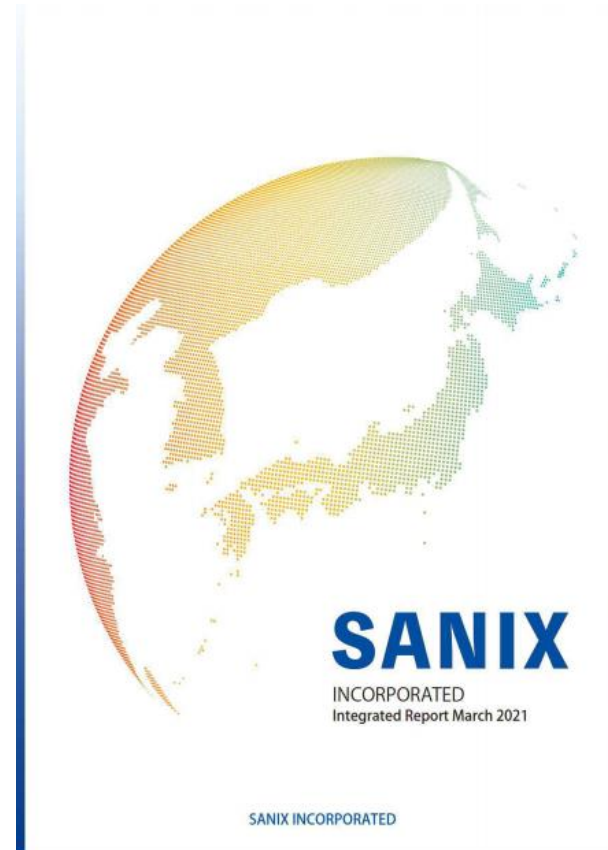
The company publishes this document to provide a comprehensive report on the businesses that the Group operates in the housing environment, energy and resource recycling areas, and the steps it takes to realize its corporate philosophy, “Clean and comfortable environment for the next generation” through the operation of its businesses, to enable people to deepen their understanding of the Group.

### ■ Main contents

- Message from President
- Sanix Group Value Creation
- Sanix Group Growth Strategy
- Management Foundation that supports sustainable growth



Download URL (Integrated Report March 2021)  
[http://sanix.jp/ir/pdf/report/integrated\\_report202103.pdf](http://sanix.jp/ir/pdf/report/integrated_report202103.pdf)



(Release of June 30,2021)

## ■ C2X(Carbon to X) ~Converting CO<sub>2</sub> to give it new value~

- Nine companies including SANIX participated in an initiative for the collaborative creation of the C2X open platform for innovation, with an eye toward the realization of a recycling-conscious, decarbonized and sustainable society in the renewable energy-oriented era.

### ■ Purpose of C2X

- Efforts will be made to ensure the functionality of C2X as an organization focused on the creation of businesses through cross-industrial tie-ups and collaborations between companies. The project will leverage this functionality to create a secure, safe, comfortable and decarbonized society that is recycling-based and uses renewable energy.

### ■ Participating companies

- Sanix Incorporated, Smart City Planning Co., Ltd., Xnesis Inc., TAKUMA CO., LTD., Retech Flow, TOMOE SHOKAI Co., LTD., DAIEI THA, NEC Capital Solutions Limited, Waseda University

### ■ Projects undertaken individually under the C2X initiative

- Projects undertaken under the C2X initiative include the consideration, establishment and validation of aquaculture utilizing CO<sub>2</sub> dissolving equipment, next-generation incineration plants, and next-generation waste recycling. In addition, other projects will be planned and achieved as necessary in line with the increase of the number of participating companies.

SANIX will undertake the role of considering the feasibility of the carbon recycling business from the perspective of a provider of environment-related services such as waste recycling and decarbonization-related businesses.

(Press release of June 10,2021)



## ■ Commencement of sales of Plus Zero (Flat) electricity, an new option featuring environmental value

- In addition to the existing options featuring environmental value, the EB Division (PPS business) commenced sales of a new option featuring environmental value on June 25,2021 to address the needs of companies that seek to reduce CO<sub>2</sub> emissions (companies involved in voluntary programs such as Eco Action 21).

Existing option	Charge(including tax)	Outline
Plus Zero(RE100)	¥1.76/kWh	Initiatives aimed at treating electricity as effectively renewable energy by supplying it in combination with renewable energy based non-fossil fuel
Plus Zero(CO <sub>2</sub> Free)	¥1.43/kWh	Initiatives aimed at realizing zero CO <sub>2</sub> emission by supplying it in combination with non-fossil fuel certificates, credits, etc.

\*Non-fossil fuel certificate with tracking: non-fossil fuel certificate including additional information such as the type of electricity and location of power generation plants.

New Option*1	Charge(including tax)*2	Adjusted CO <sub>2</sub> emission coefficient
Plus Zero(Flat100)	¥1.10/kWh	0.100kg-CO <sub>2</sub> /kWh
Plus Zero(Flat200)	¥0.83/kWh	0.200kg-CO <sub>2</sub> /kWh

\*1Upon applying for our option menu, customers must enter into an electric power contract with the Company.  
 \*2Fees for options are calculated using the pay-as-you-go fee + (amount of power consumed x the above fee per kWh)

(Press release of June 25,2021)

## ■ Commencement of sales of portable storage batteries

- The SE Division commenced sales of portable storage batteries that can be utilized during a disaster or power outage, and portable solar panels that can be stored.
- The Company will respond to the increased demand for the creation of a decarbonized society while also contributing to the enhancement of resilient electric power infrastructure.

### <Products (use cases)>



- Indoors for use as an emergency power source during a power outage
- For use as a power source at an evacuation centers or temporary housing
- For operations in places with no electrical outlets
- In spaces temporarily created for DIY works or telework

(Press release of May 25,2021)

(Press release of July 13,2021)

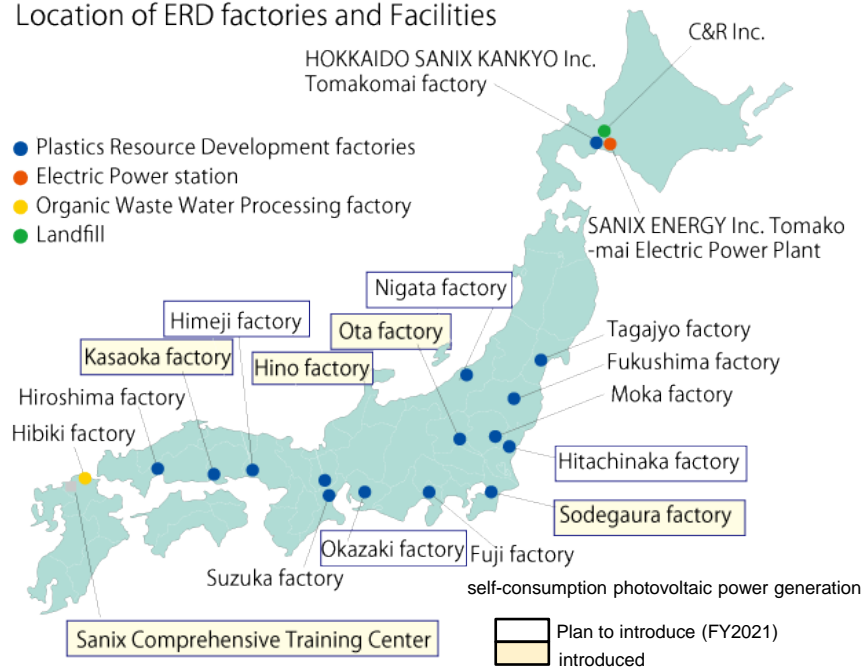
## Introduction of self-consumption photovoltaic power generation equipment (annual CO<sub>2</sub> emissions reduction: approx. 201 tons)

- The Company's photovoltaic power generation business provides a comprehensive service including the manufacturing, installation and maintenance of photovoltaic equipment. The equipment installed at our facilities using our own solar panels were designed and installed in-house. In addition, these facilities will provide valuable data for a range of businesses including the photovoltaic power generation business to create an example of photovoltaic power generation for self-consumption, with a view toward the popularization of renewable energy.

### <Overview of the facilities>

<p style="text-align: center;">&lt;Kasaoka Factory&gt;</p> <ul style="list-style-type: none"> <li>■ System capacity : 80.32kW</li> <li>■ Power expected to be generated annually : 69,524kWh</li> <li>■ Effect of CO<sub>2</sub> emission reductions : Approx.36t</li> </ul>	<p style="text-align: center;">&lt;Hino Factory&gt;</p> <ul style="list-style-type: none"> <li>■ System capacity : 74.40kW</li> <li>■ Power expected to be generated annually : 60,324kWh</li> <li>■ Effect of CO<sub>2</sub> emission reductions : Approx.32t</li> </ul>
<p style="text-align: center;">&lt;Sanix Comprehensive Training Center&gt;</p> <ul style="list-style-type: none"> <li>■ System capacity : 117.16kW</li> <li>■ Power expected to be generated annually : 76,230kWh</li> <li>■ Effect of CO<sub>2</sub> emission reductions : Approx.40t</li> </ul>	<p style="text-align: center;">&lt;Ota Factory&gt;</p> <ul style="list-style-type: none"> <li>■ System capacity : 125.62kW</li> <li>■ Power expected to be generated annually : 111,268kWh</li> <li>■ Effect of CO<sub>2</sub> emission reductions : Approx.58t</li> </ul>
<p style="text-align: center;">&lt;Sodegaura Factory&gt;</p> <ul style="list-style-type: none"> <li>■ System capacity : 75.31kW</li> <li>■ Power expected to be generated annually : 67,488kWh</li> <li>■ Effect of CO<sub>2</sub> emission reductions : Approx.35t</li> </ul>	<p style="text-align: center;">&lt;Total&gt;</p> <ul style="list-style-type: none"> <li>■ System capacity : 472.81kW</li> <li>■ Power expected to be generated annually : 384,834kWh</li> <li>■ Effect of CO<sub>2</sub> emission reductions : Approx.201t</li> </ul>

### Location of ERD factories and Facilities



Kasaoka factory (Press release of May 12, 2021)  
 Hino Factory (Press release of June 2, 2021)  
 Sanix Comprehensive Training Center (Press release of June 18, 2021)  
 Ota Factory・Sodegaura factory (Press release of July 15, 2021)

## ■ Participation in the validation business to further utilize distributed energy resources.

- In this validation business, the Company will verify mechanisms for establishing reserve capacity to stabilize power systems, something that has been carried out by thermal power plants to date. These mechanism can leverage consumers' storage batteries by appropriately charging and discharging them following utility company requests for the adjustment of supply and demand in the power system.

### <Validation>

Validation period	From June 9, 2021 to February 17, 2022
Consortium leader	ENERES Co.,Ltd.
Resource aggregator	ENERES Co.,Ltd.,KDDI CORPORATION,TOHO GAS Co., Ltd.,Nanwa energy,Smart tech,Shizen Energy Inc.,Sassor Inc.,NTT SMILE ENERGY,OSAKA GAS CO., LTD.,JGC HOLDINGS CORPORATION, EFFICIENT.
Validation collaborator	MITSUBISHI HEAVY INDUSTRIES ENGINE&TURBOCHARGER,REXEV Inc.,KYOCERA Corporatino, Loop Inc, Sanix Incorporated

- Through these initiatives, the Company will enhance the compatibility of renewable energy sources and power systems, and provide the world with specific solutions with an eye toward making renewable energy the main power source.

(Press release of July 26,2021)

## Business outline

## Corporate Philosophy

“Clean and comfortable environment for the next generation”

### Energy

- S E Div.
- E B Div.

Make it common “Energy with low environmental impact”

Main power source for renewable energy, distributed power source, self-consumption, microgrid, VPP

Make it common “A comfortable living environment is linked to the next generation”

Long-life quality housing, securing housing stock, formulation of Pre-owned housing distribution market

### Residential Environment

- HS Div.
- ES Div.

### Resource circulation

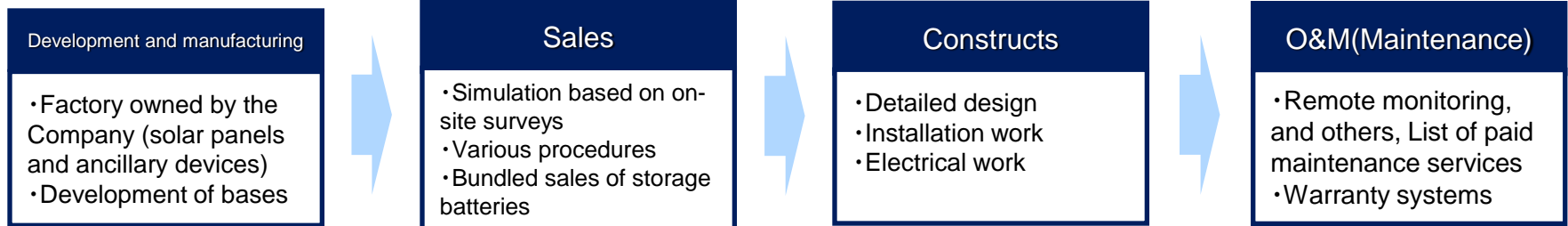
- ERD Div.

Make it common “Recycling resources without abandoning them

Basic Environmental Plan, Promotion of Recycling-Oriented Society, Plastic Resource Recycling Strategy

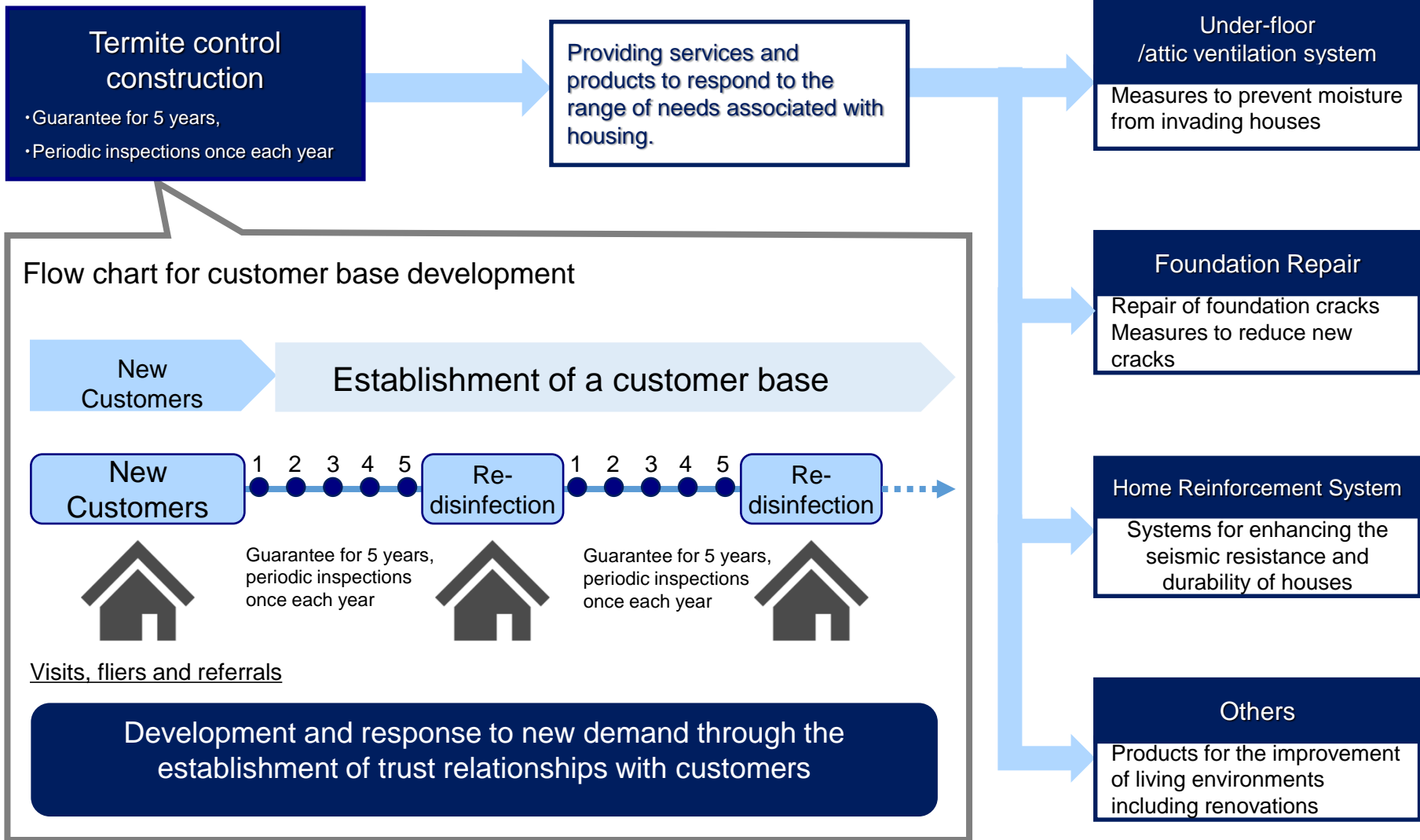
## Business structure of the SE Division

Provision of a total service including manufacturing, sales, installation and maintenance.



The Company will build systems to support in every operational aspect, including maintenance, the reuse and recycling of power plant facilities and components in addition to conventionally managed manufacturing and installation.

## Business structure of the HS Division





## Business structure of the ES Division



## Major services and products

### Water supply and drainage repair

- Anti-rust equipment installation (Daelman Shock)
- Piping work (repair and replacement of water supply and drainage pipes)
- Water service work

### Structure maintenance services

Building rooftops  
Application of waterproof paints to external walls, etc.

### Others

Measures to prevent environmental pollution, etc.

## SANIX/PCO services

Pest and vermin control service ,HACCP

Restaurants, Hotels, Food factories ,etc.



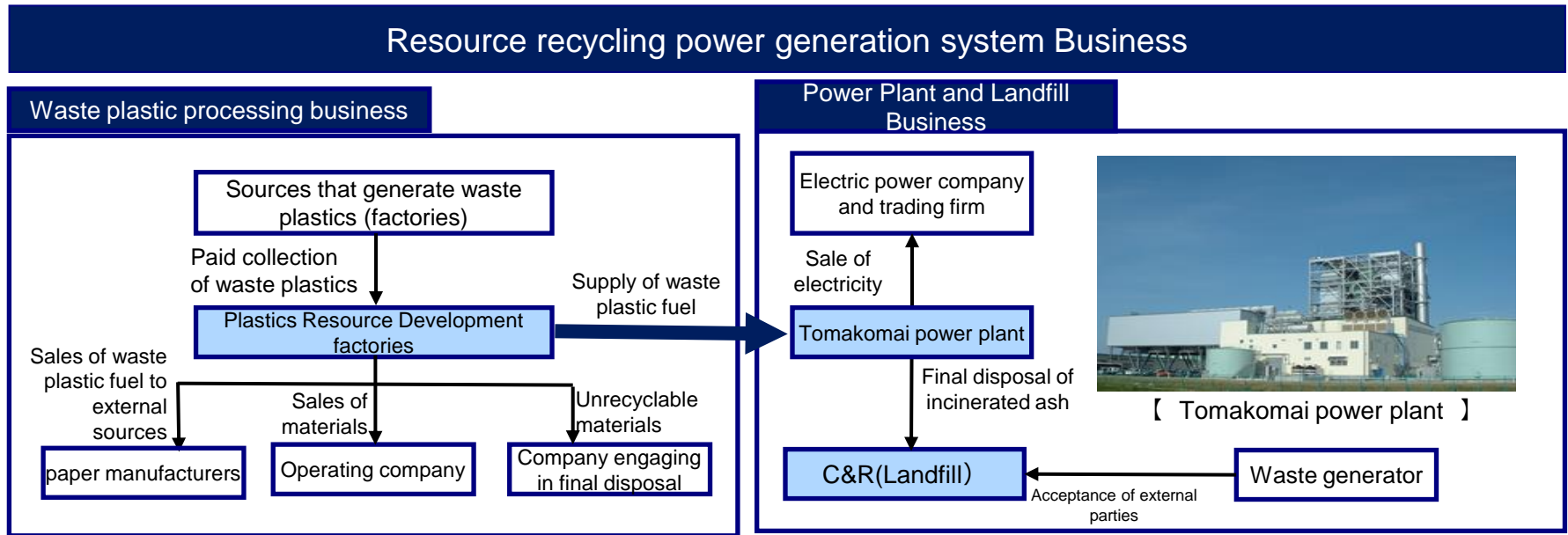
Annual contract (inspection and disinfection to be conducted once a month)



Renewal rates are high due to annual contracts

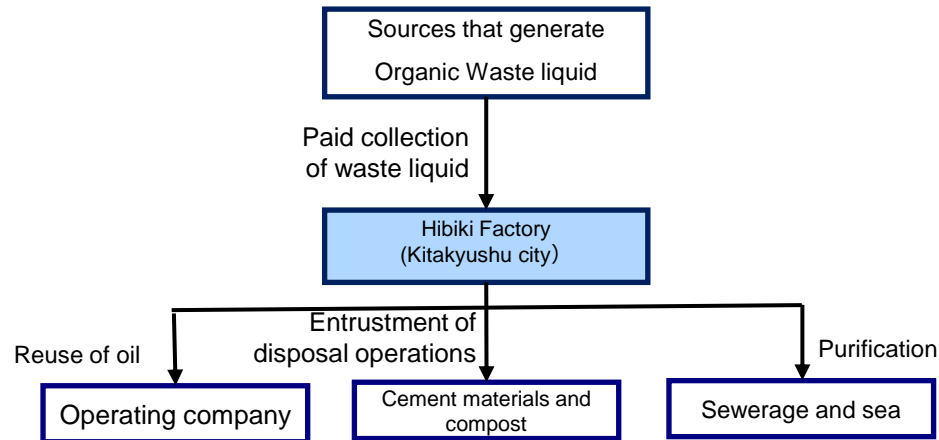


## Business structure of the ERD Division



- Fifteen plastic resource development factories located across the nation engage in the collection of waste plastics generated at companies' manufacturing plants, with fees for disposal.
- Collected waste plastics are processed into waste plastic fuel and supplied to the Tomakomai Power Plant.
- Power is generated using the waste plastic fuel at the Tomakomai Power Plant and sold to electric power companies and trading firms.
- In addition to the power plant, waste plastic fuel is sold externally to paper manufacturers, or for use as a raw material.
- The incinerated ash generated by the Tomakomai Plant goes through the final disposal process at C&R (a Tomakomai-based company that operates landfill sites)

## Organic Waste liquid treatment



【 Hibiki Factory 】

※The Hibiki factory is the largest facility in Japan specializing in the treatment of liquid waste.

- Organic waste liquid generated by food and beverage factories is collected with fees for disposal
- Collected organic waste liquid is purified using microbe-based treatment at the Hibiki Plant (Kitakyushu City)
- After purification, the treated water is reused as recycled waste liquid, or discharged into sewers or the sea after confirmation that it satisfies discharge standards.
- Dehydrated sludge generated in the treatment process is reused as or converted into cement materials or compost

## Business structure of the EB Division

### PPS (Electricity retail)

- Power can be supplied to offices and homes in the service areas of nine electric power companies.
- Efforts are made to respond to new demand through the sale of high environmental value added power(RE100%, zero CO<sub>2</sub> emissions, etc.).

### Procurement of electricity

Procurement on a negotiation basis

Photovoltaic power generation (FIT-based electricity)

In-house power plant

JEPX, etc.

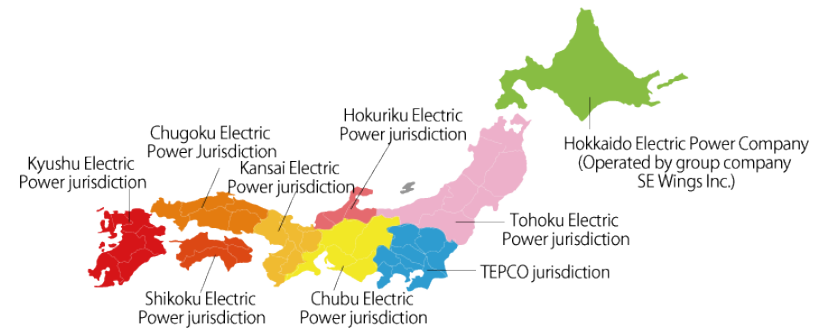
### Sales of electricity

Retail (low voltage and high voltage)

Wholesale on a negotiated basis

JEPX

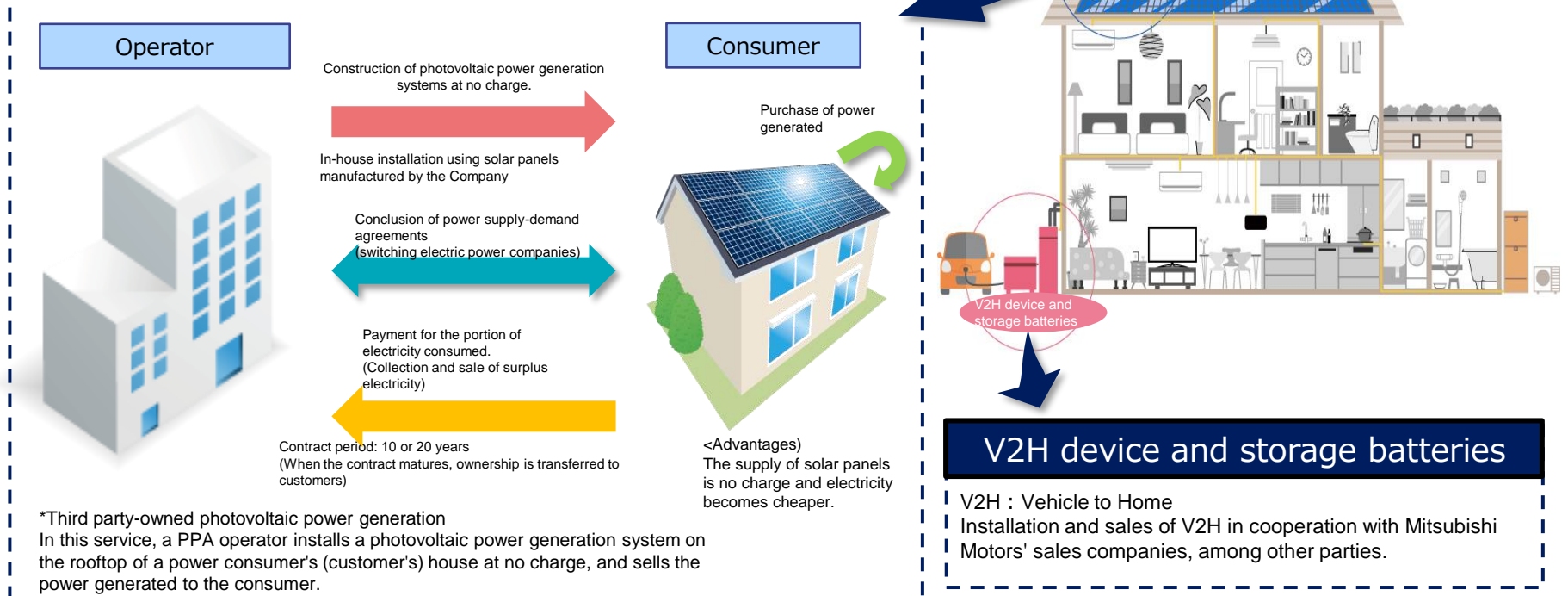
### <Power supply area>



## Energy Business Development

- In its development of the energy business, the Company undertakes a business in collaboration with other companies including TEPCO group companies to 1) popularize a power supply service in which third party-owned photovoltaic power generation systems are used (a third party-owned power generation model), 2) install photovoltaic power generation systems and 3) sell equipment for the generation or storage of energy such as storage batteries and V2H devices, with an eye on the establishment of next-generation energy systems mainly featuring a decentralized energy system leveraging the self-consumption of renewable energy and storage batteries.

### Third party-owned photovoltaic power generation systems (PPA)



# Supplementary materials (Results overview)

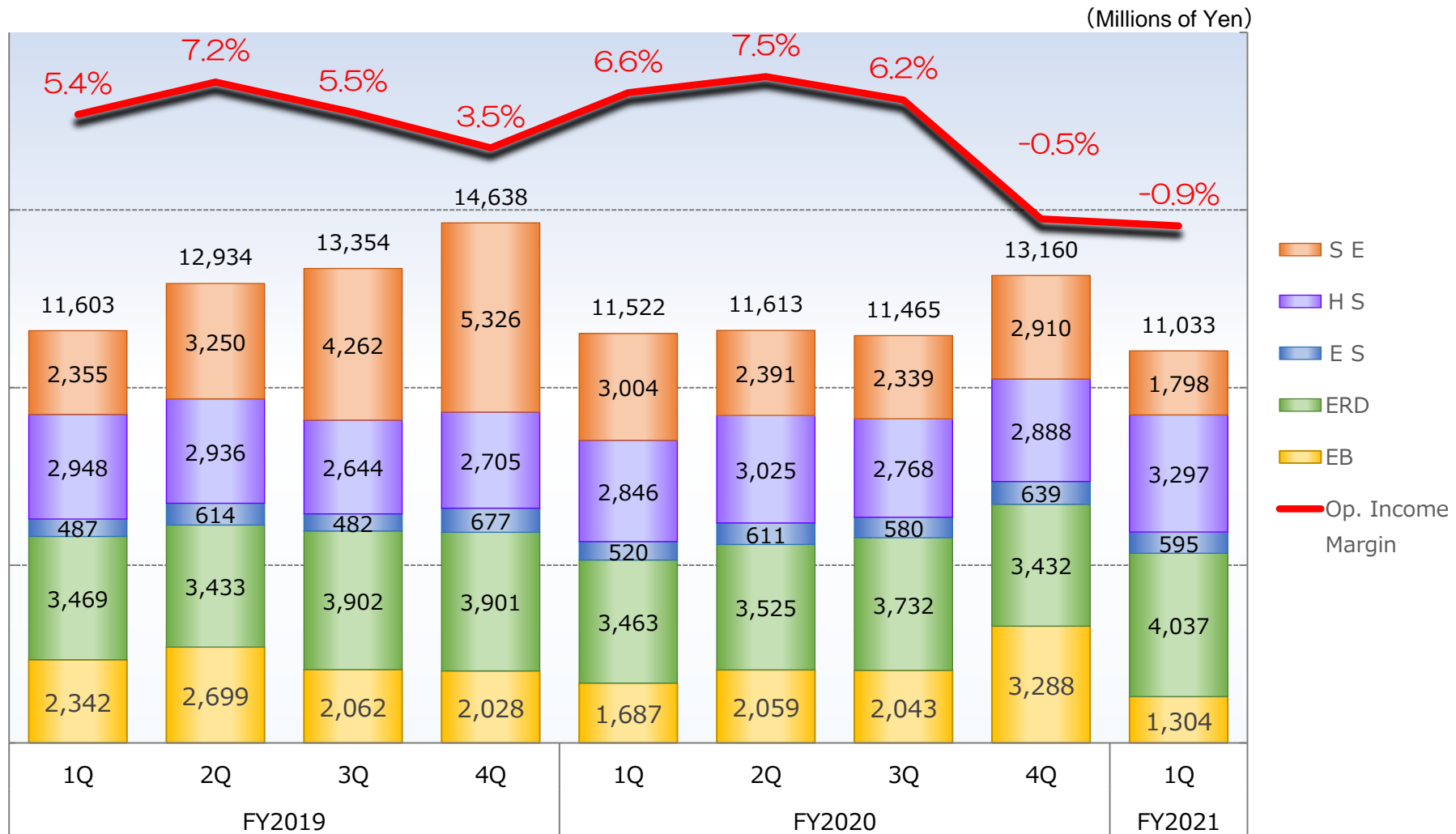
(Millions of Yen)

	FY2020 1Q	FY2021 1Q				
	Results	Results	Y o Y	Difference from FY2020 1Q	Plan	Difference from Plan
<b>Net Sales</b>	11,522	<b>11,033</b>	95.8%	-489	11,125	-91
<b>Gross Profit</b> (Gross profit margin)	4,457 38.7%	<b>3,738</b> 33.9%	83.9%	-718	3,679	+ 59
<b>Operating Income</b> (Operating Income margin)	764 6.6%	<b>(102)</b> —	—	-866	(120)	+ 18
<b>Ordinary Income</b> (Ordinary Income margin)	734 6.4%	<b>(138)</b> —	—	-872	(181)	+ 42
<b>Profit attribute to owners of parents</b> (Net Income Margin)	642 5.6%	<b>(300)</b> —	—	-943	(319)	+ 18

\*Comparisons use figures calculated assuming the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.) etc., were applied in the fiscal year ended March 31, 2021.

# [Reference]

## Quarterly Segment Information (changes)



• Intersegment adjustments for internal net sales are excluded from net sales for the ERD Div. and EB Div. respectively.  
 • Comparisons use figures calculated assuming the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.) etc., were applied in the fiscal year ended March 31, 2021.



# Results by segment of FY2021 1Q(SE Division)



(Millions of Yen)

	FY2020 1Q		FY2021 1Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	3,004		1,798		59.8%	2,247	
Sales and installation of PV system	2,936	97.7%	1,759	97.8%	59.9%	2,160	96.2%
Wholesale of PV system	41	1.4%	17	1.0%	41.6%	60	2.7%
Others	26	0.9%	21	1.2%	81.8%	26	1.2%
<b>Cost of sales</b>	2,015	67.1%	1,298	72.2%	64.4%	1,559	69.4%
Material costs	1,140	38.0%	765	42.6%	67.1%	934	41.6%
Labor cost	166	5.6%	149	8.3%	89.9%	165	7.4%
<b>Gross Profit</b>	989	32.9%	499	27.8%	50.5%	687	30.6%
<b>SG &amp; A</b>	746	24.9%	650	36.2%	87.0%	677	30.1%
Personnel expenses	437	14.6%	368	20.5%	84.3%	361	16.1%
<b>Operating Income</b>	242	8.1%	(150)	-	-	10	0.5%

# Results by segment of FY2021 1Q(HS Division)



(Millions of Yen)

	FY2020 1Q		FY2021 1Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	<b>2,846</b>		<b>3,297</b>		115.8%	<b>3,021</b>	
Termite control construction	945	33.2%	1,049	31.8%	110.9%	856	28.3%
Under-floor/attic ventilation system	725	25.5%	794	24.1%	109.5%	764	25.3%
Foundation Repair/Home Reinforcement System	442	15.5%	557	16.9%	126.0%	465	15.4%
Others	733	25.8%	895	27.2%	122.2%	934	30.9%
<b>Cost of Sales</b>	<b>1,086</b>	<b>38.2%</b>	<b>1,196</b>	<b>36.3%</b>	110.1%	<b>1,176</b>	<b>38.9%</b>
Labor costs	397	14.0%	428	13.0%	107.6%	422	14.0%
<b>Gross Profit</b>	<b>1,760</b>	<b>61.8%</b>	<b>2,101</b>	<b>63.7%</b>	119.3%	<b>1,845</b>	<b>61.1%</b>
<b>SG &amp; A</b>	<b>1,215</b>	<b>42.7%</b>	<b>1,384</b>	<b>42.0%</b>	113.9%	<b>1,202</b>	<b>39.8%</b>
Personnel expenses	774	27.2%	848	25.7%	109.5%	713	23.6%
<b>Operating Income</b>	<b>545</b>	<b>19.2%</b>	<b>716</b>	<b>21.7%</b>	131.5%	<b>642</b>	<b>21.3%</b>

# Results by segment of FY2021 1Q(ES Division)



(Millions of Yen)

	FY2020 1Q		FY2021 1Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	520		595		114.4%	623	
Anti-rust equipment installation	243	46.8%	313	52.7%	128.8%	313	50.3%
Others	276	53.2%	281	47.3%	101.7%	310	49.7%
<b>Cost of Sales</b>	245	47.2%	274	46.0%	111.6%	296	47.5%
Labor costs	61	11.8%	67	11.3%	109.0%	70	11.3%
<b>Gross Profit</b>	274	52.8%	321	54.0%	116.9%	327	52.5%
<b>SG &amp; A</b>	245	47.1%	278	46.7%	113.3%	257	41.3%
Personnel expenses	147	28.4%	165	27.8%	112.1%	148	23.8%
<b>Operating Income</b>	29	5.7%	43	7.3%	146.8%	69	11.2%

# Results by segment of FY2021 1Q(ERD Division)



(Millions of Yen)

	FY2020 1Q		FY2021 1Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	4,065		<b>4,037</b>		99.3%	<b>3,870</b>	
Plastic fuel	2,551	62.8%	<b>2,617</b>	64.8%	102.6%	2,553	66.0%
Power Plant	764	18.8%	<b>610</b>	15.1%	79.8%	600	15.5%
Organic Waste liquid treatment	447	11.0%	<b>484</b>	12.0%	108.2%	458	11.8%
Landfill	186	4.6%	<b>205</b>	5.1%	110.4%	165	4.3%
Others	115	2.8%	<b>120</b>	3.0%	104.2%	94	2.4%
<b>Cost of Sales</b>	2,686	66.1%	<b>3,422</b>	84.8%	127.4%	<b>3,249</b>	84.0%
Labor costs	455	11.2%	<b>475</b>	11.8%	104.4%	471	12.2%
<b>Gross Profit</b>	1,378	33.9%	<b>614</b>	15.2%	44.6%	<b>621</b>	16.0%
<b>SG &amp; A</b>	435	10.7%	<b>440</b>	10.9%	101.1%	<b>441</b>	11.4%
Personnel expenses	271	6.7%	<b>277</b>	6.9%	102.2%	268	6.9%
<b>Operating Income</b>	942	23.2%	<b>174</b>	4.3%	18.5%	<b>179</b>	4.6%

# Results by segment of FY2021 1Q(EB Division)



(Millions of Yen)

	FY2020 1Q		FY2021 1Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	1,687		<b>1,312</b>		77.8%	1,371	
Sales of Electricity	1,573	93.3%	<b>1,164</b>	88.7%	74.0%	1,140	83.2%
Others	113	6.7%	<b>148</b>	11.3%	130.9%	230	16.8%
<b>Costs of Sales</b>	1,633	96.8%	<b>1,111</b>	84.6%	68.0%	1,173	85.6%
Material costs	1,581	93.8%	<b>1,043</b>	79.5%	66.0%	1,074	78.4%
<b>Gross Profit</b>	54	3.2%	<b>201</b>	15.4%	373.3%	197	14.4%
<b>SG &amp; A</b>	134	8.0%	<b>166</b>	12.7%	123.7%	181	13.2%
Personnel expenses	78	4.6%	<b>103</b>	7.9%	132.2%	104	7.6%
<b>Operating Income</b>	(80)	—	<b>35</b>	2.7%	—	16	1.2%

# Supplementary materials (Full-year forecast)

## ■ The Accounting Standards for Revenue Recognition became effective from April 2021.

- Accounting Standards for Revenue Recognition (ASBJ Statement No. 29)
- Implementation guidance for the Accounting Standards for Revenue Recognition (ASBJ Guidance No. 30)

### ■ Major effects on the Company's profit and expenditure

- Deduction for transactions as agent
- Deduction for points provided
- Deduction for a renewable energy surcharge
- Change in revenue recognition periods in some compensation services
- Change in revenue recognition standards pertaining to contracts for retail sales of electricity

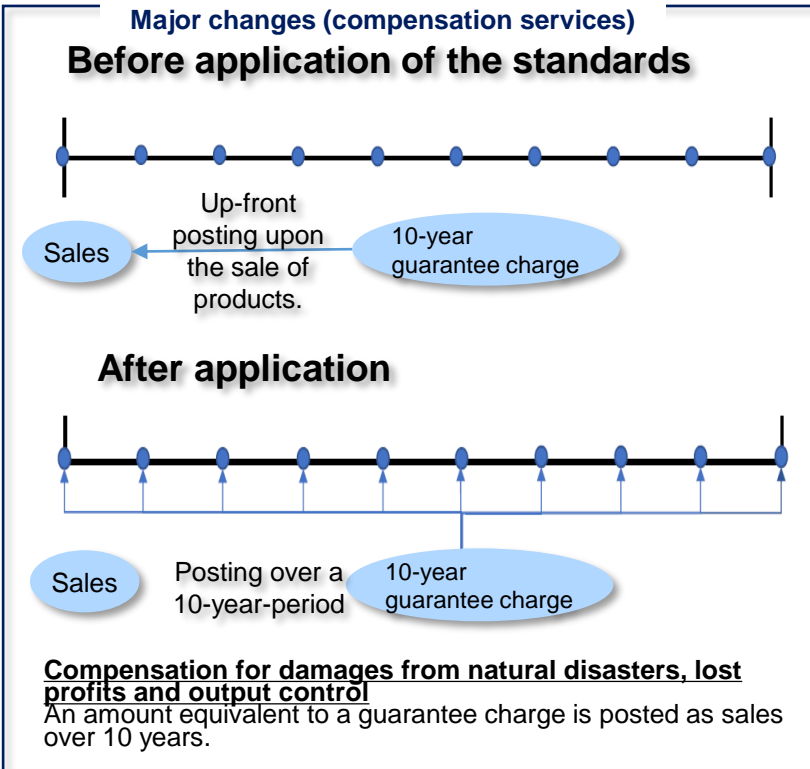
	(Before application of the standards)	(After application) (Millions of Yen)	
	FY2020	FY2020	
	Full-Year Results	Approximate	Difference
<b>Net Sales</b>	<b>49,416</b>	<b>47,762</b>	-1,654
<b>Gross Profits</b> (Gross Profit Margin)	<b>17,153</b> 34.7%	<b>16,981</b> 35.6%	-172
<b>Operating Income</b> (Operating Income Margin)	<b>2,325</b> 4.7%	<b>2,279</b> 4.8%	-46
<b>Ordinary Income</b> (Ordinary Income Margin)	<b>2,091</b> 4.2%	<b>2,045</b> 4.3%	-46
<b>Profit attribute to owners of parents</b> (Net Income Margin)	<b>1,965</b> 4.0%	<b>1,918</b> 4.0%	-46

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.

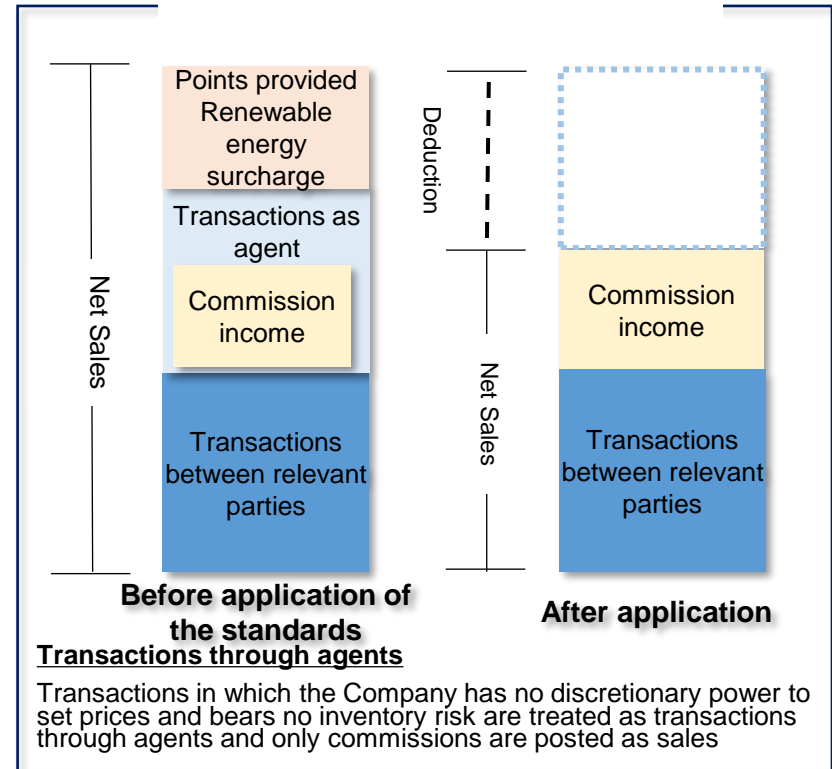
## Major effects on the Company (Conceptual images)

(Before application of the standards) (After application) (Million of yen)

	FY2020 Results	FY2020 Approximate	Amount of Impact
Net Sales	49,416	47,762	-1,654



### Major changes(transaction as agent)





# Results of each segment for FY2020

[Comparisons after the application of the Revenue Recognition Standards]



Before application  
of the standards

After application

(Millions of Yen)

	FY2020	FY2020		
	Results	Results(After application)	To conventional results	Difference
<b>Net Sales</b>	49,416	<b>47,762</b>	96.7%	-1,654
SE Division	10,584	<b>10,646</b>	100.6%	+ 62
HS Division	11,549	<b>11,530</b>	99.8%	-19
ES Division	2,351	<b>2,351</b>	100.0%	0
ERD Division	16,578	<b>16,265</b>	98.1%	-313
EB Division	10,475	<b>9,091</b>	86.8%	-1,384
Adjustment of intersegment of sales	(2,123)	<b>(2,123)</b>	-	+ 0
<b>Operating Income</b>	2,325	<b>2,279</b>	98.0%	-46
SE Division	250	<b>203</b>	81.5%	-46
HS Division	2,248	<b>2,248</b>	100.0%	+ 0
ES Division	276	<b>276</b>	100.0%	+ 0
ERD Division	3,673	<b>3,673</b>	100.0%	+ 0
EB Division	(529)	<b>(529)</b>	100.0%	+ 0
Group	(3,593)	<b>(3,593)</b>	-	+ 0

There is no change from the forecast announced on May 17, 2021

(Millions of Yen)

	FY2021						Third year of the Medium-Term Management Plan
	First Half		Second Half		Full Year		
	Plan	Difference	Plan	Difference	Plan	Difference	
<b>Net Sales</b>	<b>23,608</b>	<b>+ 472</b>	<b>26,122</b>	<b>+ 1,496</b>	<b>49,730</b>	<b>+ 1,968</b>	<b>59,410</b>
<b>Gross Profit</b> (Gross Profit Margin)	<b>8,311</b> 35.2%	<b>-726</b>	<b>9,120</b> 34.9%	<b>+ 1,177</b>	<b>17,432</b> 35.1%	<b>+ 450</b>	<b>19,500</b> 32.8%
<b>Operating Income</b> (Operating Income Margin)	<b>773</b> 3.3%	<b>-856</b>	<b>1,623</b> 6.2%	<b>+ 973</b>	<b>2,396</b> 4.8%	<b>+ 117</b>	<b>2,360</b> 4.0%
<b>Ordinary Income</b> (Ordinary Income Margin)	<b>652</b> 2.8%	<b>-875</b>	<b>1,514</b> 5.8%	<b>+ 996</b>	<b>2,166</b> 4.4%	<b>+ 121</b>	<b>2,260</b> 3.8%
<b>Profit attributable to owners of parent</b> (Net Income Margin)	<b>373</b> 1.6%	<b>-1,001</b>	<b>1,166</b> 4.5%	<b>+ 623</b>	<b>1,540</b> 3.1%	<b>-378</b>	<b>1,710</b> 2.9%

\*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

# Segment Forecast for FY2021(SE Division)



(Millions of Yen)

	First Half			Second Half			Full Year		
	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference
<b>Net Sales</b>	<b>4,550</b>		-845	<b>4,783</b>		-467	<b>9,334</b>		-1,312
Sales and installation of PV system	4,380	96.3%	-865	4,625	96.7%	-475	9,005	96.5%	-1,341
Wholesale of PV system	120	2.6%	+ 21	120	2.5%	+ 8	240	2.6%	+ 29
Others	50	1.1%	-1	38	0.8%	+ 0	88	0.9%	-1
<b>Costs of Sales</b>	<b>3,114</b>	68.4%	-574	<b>3,202</b>	66.9%	-653	<b>6,316</b>	67.7%	-1,227
Material costs	1,874	41.2%	-229	1,932	40.4%	-437	3,806	40.8%	-667
Labor costs	331	7.3%	+ 2	331	6.9%	+ 6	662	7.1%	+ 8
<b>Gross Profit</b>	<b>1,436</b>	31.6%	-270	<b>1,581</b>	33.1%	+ 185	<b>3,018</b>	32.3%	-84
<b>SG&amp;A</b>	<b>1,353</b>	29.7%	-155	<b>1,337</b>	28.0%	-52	<b>2,691</b>	28.8%	-207
Personnel expenses	720	15.8%	-114	707	14.8%	-40	1,428	15.3%	-154
<b>Operating Income</b>	<b>83</b>	1.8%	-115	<b>243</b>	5.1%	+ 238	<b>326</b>	3.5%	+ 123

# Segment Forecast for FY2021(HS Division)



(Millions of Yen)

	First Half			Seocnd Half			Full Year		
	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference
<b>Net Sales</b>	<b>6,221</b>		+ 349	<b>6,022</b>		+ 364	<b>12,244</b>		+ 714
Termite control construction	<b>1,782</b>	28.6%	-134	<b>1,902</b>	31.6%	+ 271	<b>3,685</b>	30.1%	+ 136
Under-floor/attic ventilation system	<b>1,592</b>	25.6%	+ 71	<b>1,532</b>	25.4%	+ 88	<b>3,125</b>	25.5%	+ 159
Foundation Repair/ Home Reinforcement System	<b>885</b>	14.2%	+ 39	<b>982</b>	16.3%	+ 68	<b>1,867</b>	15.3%	+ 108
Others	<b>1,961</b>	31.5%	+ 372	<b>1,604</b>	26.6%	-63	<b>3,566</b>	29.1%	+ 309
<b>Costs of Sale</b>	<b>2,461</b>	39.6%	+ 215	<b>2,527</b>	42.0%	+ 306	<b>4,989</b>	40.7%	+ 522
<b>Labor costs</b>	<b>870</b>	14.0%	+ 73	<b>906</b>	15.0%	+ 115	<b>1,776</b>	14.5%	+ 188
<b>Gross Profit</b>	<b>3,759</b>	60.4%	+ 133	<b>3,495</b>	58.0%	+ 57	<b>7,254</b>	59.3%	+ 191
<b>SG &amp; A</b>	<b>2,419</b>	38.9%	-37	<b>2,468</b>	41.0%	+ 111	<b>4,888</b>	39.9%	+ 73
<b>Personnel expenses</b>	<b>1,443</b>	23.2%	-115	<b>1,510</b>	25.1%	+ 4	<b>2,954</b>	24.1%	-111
<b>Operating Income</b>	<b>1,340</b>	21.5%	+ 171	<b>1,026</b>	17.0%	-53	<b>2,366</b>	19.3%	+ 118

# Segment Forecast for FY2021(ES Division)



(Millions of Yen)

	First Half			Second Half			Full Year		
	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference
<b>Net Sales</b>	<b>1,306</b>		+ 174	<b>1,388</b>		+ 169	<b>2,695</b>		+ 343
Anti-rust equipment installation	<b>676</b>	51.8%	+ 108	<b>687</b>	49.5%	+ 41	<b>1,364</b>	50.6%	+ 149
Others	<b>630</b>	48.2%	+ 65	<b>701</b>	50.5%	+ 128	<b>1,331</b>	49.4%	+ 194
<b>Cost of Sales</b>	<b>607</b>	46.5%	+ 85	<b>666</b>	48.0%	+ 116	<b>1,274</b>	47.3%	+ 202
Labor costs	<b>142</b>	10.9%	+ 15	<b>148</b>	10.7%	+ 19	<b>291</b>	10.8%	+ 35
<b>Gross Profit</b>	<b>698</b>	53.5%	+ 88	<b>722</b>	52.0%	+ 53	<b>1,421</b>	52.7%	+ 141
<b>SG &amp; A</b>	<b>523</b>	40.1%	+ 32	<b>581</b>	41.9%	+ 70	<b>1,105</b>	41.0%	+ 102
Personnel expenses	<b>301</b>	23.1%	+ 8	<b>346</b>	24.9%	+ 48	<b>648</b>	24.1%	+ 56
<b>Operating Income</b>	<b>175</b>	13.4%	+ 56	<b>140</b>	10.1%	-16	<b>316</b>	11.7%	+ 39

# Segment Forecast for FY2021(ERD Division)



(Millions of Yen)

	First Half			Second Half			Full Year		
	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference
<b>Net Sales</b>	<b>7,944</b>		-213	<b>8,407</b>		+ 300	<b>16,352</b>		+ 86
Plastic fuel	<b>5,043</b>	63.5%	-55	<b>5,303</b>	63.1%	+ 167	<b>10,346</b>	63.3%	+ 112
Power Plant	<b>1,468</b>	18.5%	-57	<b>1,675</b>	19.9%	+ 197	<b>3,144</b>	19.2%	+ 140
Organic Waste liquid treatment	<b>931</b>	11.7%	9	<b>946</b>	11.3%	+ 4	<b>1,877</b>	11.5%	+ 13
Landfill	<b>314</b>	4.0%	-69	<b>287</b>	3.4%	-42	<b>601</b>	3.7%	-111
Others	<b>187</b>	2.4%	-40	<b>195</b>	2.3%	-26	<b>382</b>	2.3%	-67
<b>Cost of Sales</b>	<b>5,944</b>	74.8%	+ 629	<b>5,729</b>	68.2%	+ 210	<b>11,674</b>	71.4%	+ 840
Labor costs	<b>946</b>	11.9%	+ 27	<b>956</b>	11.4%	-27	<b>1,902</b>	11.6%	+ 0
<b>Gross Profit</b>	<b>2,000</b>	25.2%	-843	<b>2,677</b>	31.8%	+ 89	<b>4,677</b>	28.6%	-754
<b>SG &amp; A</b>	<b>882</b>	11.1%	+ 13	<b>893</b>	10.6%	+ 4	<b>1,776</b>	10.9%	+ 17
Personnel expenses	<b>537</b>	6.8%	-1	<b>542</b>	6.4%	-11	<b>1,079</b>	6.6%	-13
<b>Operating Income</b>	<b>1,117</b>	14.1%	-857	<b>1,784</b>	21.2%	+ 84	<b>2,901</b>	17.7%	-772

# Segment Forecast for FY2021(EB Division)



(Millions of Yen)

	First Half			Second Half			Full Year		
	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference	Plan	Sales proportion	Difference
<b>Net Sales</b>	<b>3,602</b>		-143	<b>5,537</b>		+ 192	<b>9,140</b>		+ 48
Sales of Electricity	<b>3,049</b>	84.6%	-460	<b>4,434</b>	80.1%	-562	<b>7,484</b>	81.9%	-1,022
Others	<b>553</b>	15.4%	+ 316	<b>1,103</b>	19.9%	+ 754	<b>1,656</b>	18.1%	+ 1,070
<b>Cost of Sales</b>	<b>3,186</b>	88.4%	-309	<b>4,893</b>	88.4%	-598	<b>8,080</b>	88.4%	-908
Material costs	<b>2,967</b>	82.4%	-419	<b>4,532</b>	81.8%	-800	<b>7,499</b>	82.0%	-1,219
<b>Gross Profit</b>	<b>416</b>	11.6%	+ 165	<b>643</b>	11.6%	+ 791	<b>1,060</b>	11.6%	+ 956
<b>SG &amp; A</b>	<b>395</b>	11.0%	+ 111	<b>429</b>	7.8%	+ 80	<b>825</b>	9.0%	+ 192
Personnel expenses	<b>209</b>	5.8%	+ 46	<b>213</b>	3.9%	+ 14	<b>422</b>	4.6%	+ 61
<b>Operating Income</b>	<b>20</b>	0.6%	+ 53	<b>214</b>	3.9%	+ 710	<b>234</b>	2.6%	+ 764

## Disclaimer

This material contains certain forward-looking statements. Such forward-looking statements are not intended to provide guarantees of our future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, actual results in future earnings and operating results may materially differ from those contained in the forward-looking statements.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:

changes in economic changes of the Feed-in-Tariff (FIT) scheme for renewable energy and changes of the utility company's policy for installation of renewable energy, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.

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