Code : 4651

Financial Results Briefing For the Six Months Ended September 30, 2021

SANIX INCORPORATED

November 15,2021

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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 Six Months Ended September 30,2021

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● **Net Sales ¥23,145 million（Y o Y100.0%）（Plan ratio98.0%）**
● **Operating Income ¥589million（Y o Y 36.2%）（Plan ratio76.2%）**

Highlights of Financial Results of FY2021 2Q

		Year-on-year change	Change from the plan
Net Sales	【＋】	• The number of newly acquired customers and business partners of the HS and ES Divisions steadily grew. • 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. • The SE Division recorded an increase in the number of installations in self-consumption and surplus projects.	• The number of newly acquired customers and business partners of the HS and ES Divisions steadily grew. • 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.
	【－】	• 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.	• In the SE Division, there was a shortfall in the development of new projects for self-consumption. • In the EB Division's energy business development, the planned number of installations of third-party-owned photovoltaic power generation models was not achieved given factors such as having to refrain from operational activities in the Tokyo Metropolitan Area due to COVID-19.
Operating Income	【＋】	• The HS and ES Divisions both recorded an increase in profit due to higher sales. • The increase in the volumes of organic waste liquid accepted led to an increase in profit.	• The profit of the HS Division increased due to higher sales • Expenses were reduced through a range of initiatives including the facilitation of online recruitment and training activities and the cancellation of co-sponsored events.
	【－】	• The profit of the SE Division decreased due to lower sales. • A rise in the market price of electric power in the EB Division's PPS business led to an increase in procurement costs. • 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).	• The profit of the SE Division decreased due to lower sales. • In the EB Division's PPS business, the dispersion of risks of a rise in the market price of electric power led to an increase in procurement costs. • In the EB Division's energy business development, profit decreased due to the failure to attain the planned number of installations of third party-owned photovoltaic power generation models.

Financial Results of FY2021 2Q

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(Millions of Yen)

	FY2020 2Q	FY2021 2Q		FY2020 2Q		FY2021 2Q Plan	
	Result	Result	Plan	Difference	Y o Y	Difference	Plan ratio
Net Sales	23,136	**23,145**	23,608	+ 8	100.0%	-463	98.0%
Cost of Sales	14,097	**15,005**	15,296	+ 907	106.4%	-291	98.1%
Gross Profit	9,038	**8,139**	8,311	-898	90.1%	-171	97.9%
(Gross Profit Margin)	39.1%	**35.2%**	35.2%				
Selling, general and administrative expenses	7,409	**7,550**	7,538	+ 141	101.9%	+ 12	100.2%
Operating Income	1,629	**589**	773	-1,039	36.2%	-183	76.2%
(Operating Income Margin)	7.0%	**2.5%**	3.3%				
Ordinary Income	1,527	**490**	652	-1,036	32.1%	-161	75.3%
(Ordinary Income Margin)	6.6%	**2.1%**	2.8%				
Profit (loss) attributable to owners of parent	1,375	**132**	373	-1,243	9.6%	-241	35.4%
(Net Income Margin)	5.9%	**0.6%**	1.6%				

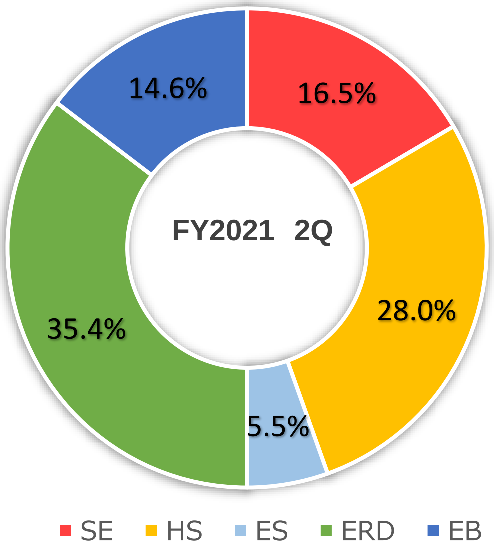
*Comparisons use figures calculated assuming the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.) etc., were applied in the fiscal year ended March 31, 2021.

Net sales by segment of FY 2021 2Q

(Millions of Yen)

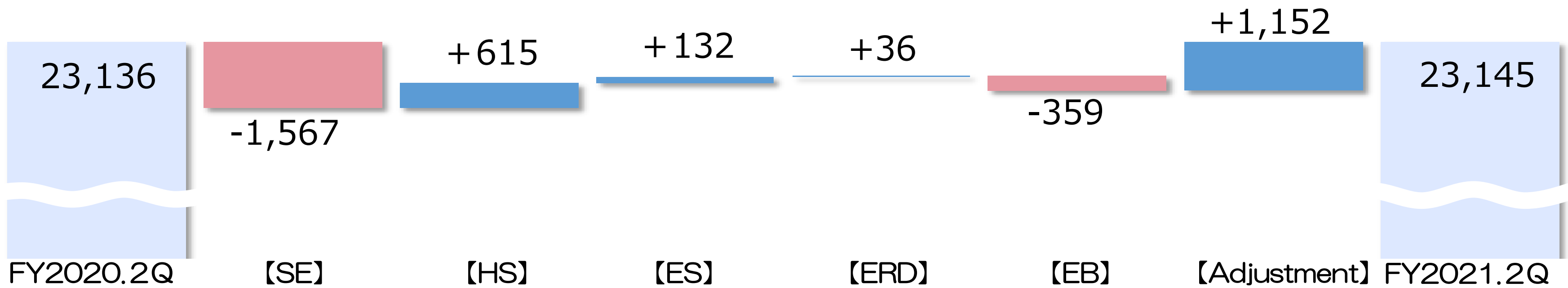
	FY2021 2Q	FY2020 2Q		FY2021 2Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
SE Dvision	3,828	-1,567	70.9%	-722	84.1%
HS Division	6,487	+ 615	110.5%	+ 266	104.3%
ES Division	1,264	+ 132	111.7%	-42	96.8%
ERD Division	8,194	+ 36	100.4%	+ 250	103.1%
EB Division	3,386	-359	90.4%	-215	94.0%
Adjustment of intersegment sales	(17)	+ 1,152	-	+ 0	-
Total	23,145	+ 8	100.0%	-463	98.0%

■Breakdown of sales



■Sales increase / decrease compared to FY2021 2Q

【Millions of Yen】

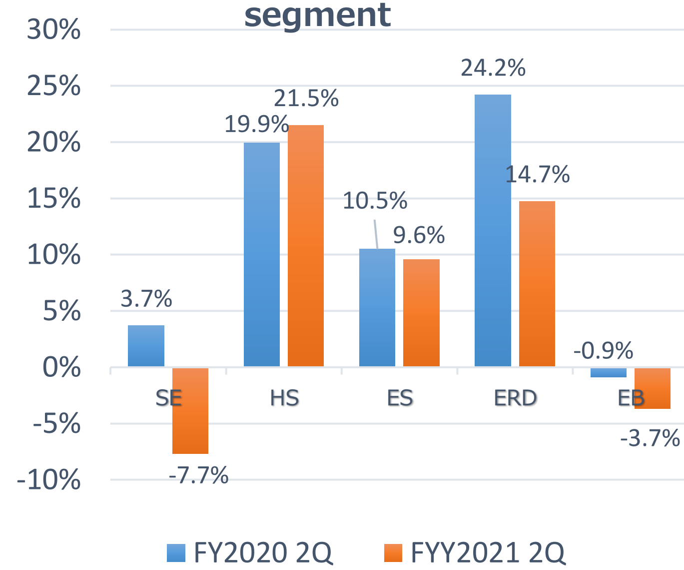


Operating Income by segment of FY2021 2Q

(Millions of Yen)

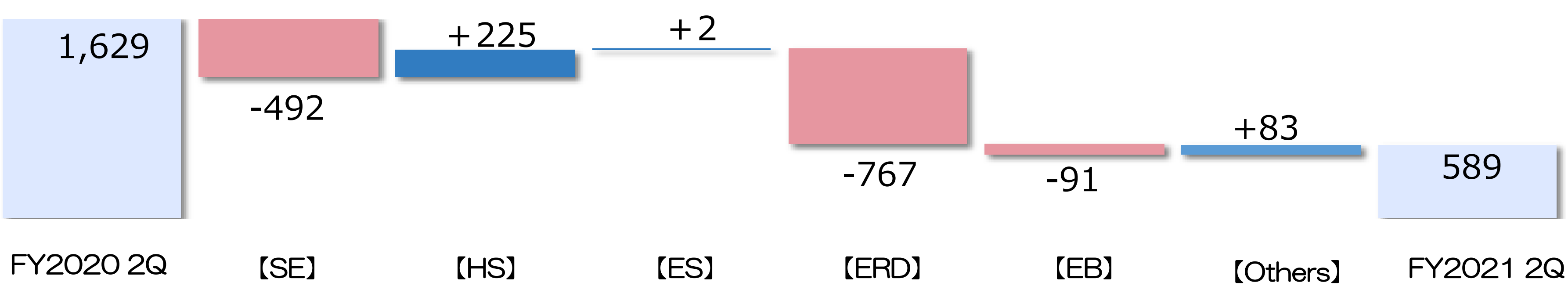
	FY2021 2Q	FY2020 2Q		FY2021 2Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
SE Dvision	(294)	-492	—	-377	—
HS Division	1,394	+ 225	119.3%	+ 54	104.0%
ES Division	121	+ 2	101.8%	-54	69.0%
ERD Division	1,207	-767	61.1%	+ 89	108.1%
EB Division	(124)	-91	—	-144	—
Group	(1,714)	+ 83	—	+ 248	—
Total	589	-1,039	36.2%	-183	76.2%

■Operating Income Margin by segment



■Increase / decrease in operating income compared to FY2020 2Q

【Millions of Yen】



Results by segment of FY2021 2Q(SE Division)

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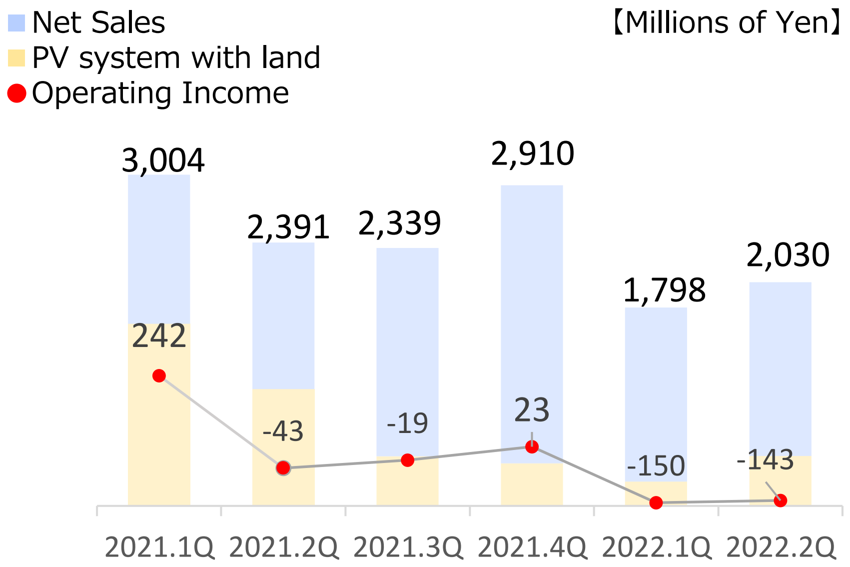

Main factors for the change

■Net Sales　-1,567 million yen

【+】 ・Increase in the number of installations in self-consumption and surplus projects
・Increased maintenance sales at existing photovoltaic power plants

【−】 ・A revision of the FIT system led to a decrease in the number of projects for selling the full amount of power

■Operating Income　-492 million yen

【+】 ・Reduction in personnel expenses due to a decrease in the number of staff members
・Reduction in subcontracted processing expenses chiefly due to a decrease in land development expenses.

【−】 ・Decrease due to lower sales
・Material costs increased.

■Net Sales by segment/Operating Income

(Millions of Yen)

		FY2021 2Q	FY2021 2Q		FY2021 2Q Plan	
		Result	Difference	Y o Y	Difference	Plan ratio
Net Sales		3,828	-1,567	70.9%	-722	84.1%
	Sales and installation of PV system	3,753	-1,493	71.5%	-627	85.7%
	Wholesale of PV system	34	-63	35.3%	-85	29.1%
	Others	40	-10	78.8%	-9	80.6%
Gross Profit		1,011	-695	59.3%	-425	70.4%
Operating Income		(294)	-492	-	-377	-

Trend toward expansion of domestic market of photovoltaic power generation

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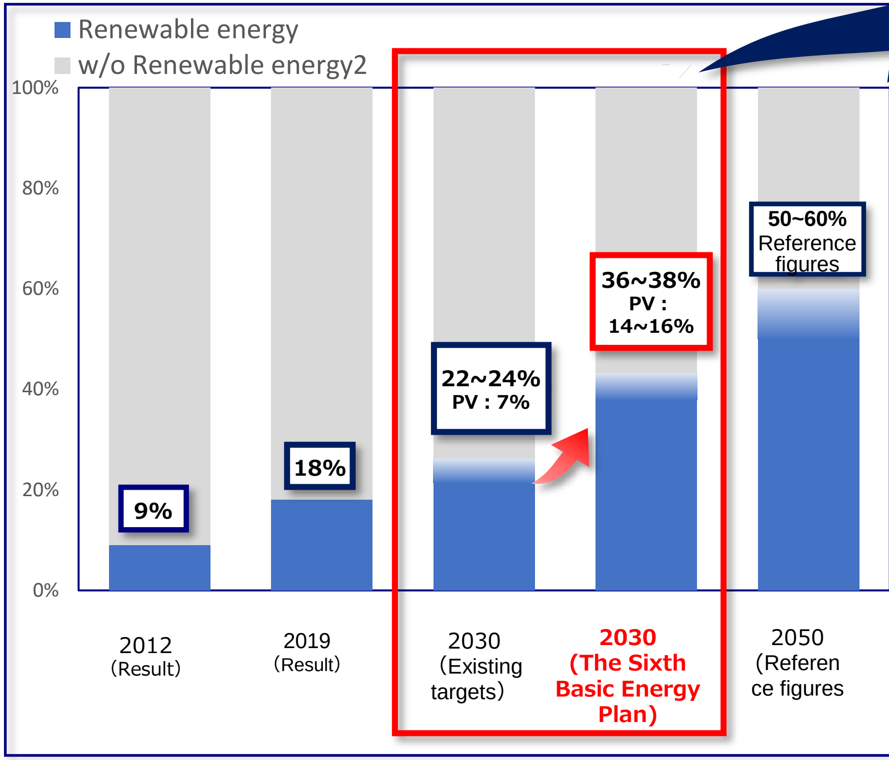
The Sixth Basic Energy Plan won cabinet approval for the achievement of carbon neutrality by 2050 (October 22, 2021).

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



Existing Target (2030)

Power-Supply Mix
Renewable energy
22~24%
Breakdown
PV 7.0%
Wind 1.7%
Geothermal 1.0~1.1%
Hydropower 8.8~9.2%
Biomass 3.7~4.6%

PV
64GW

The Sixth Basic Energy Plan (2030)

Power-Supply Mix
Renewable energy
36~38%※
Breakdown
PV 14~16%
Wind 5%
Geothermal 1%
Hydropower 11%
Biomass 5%

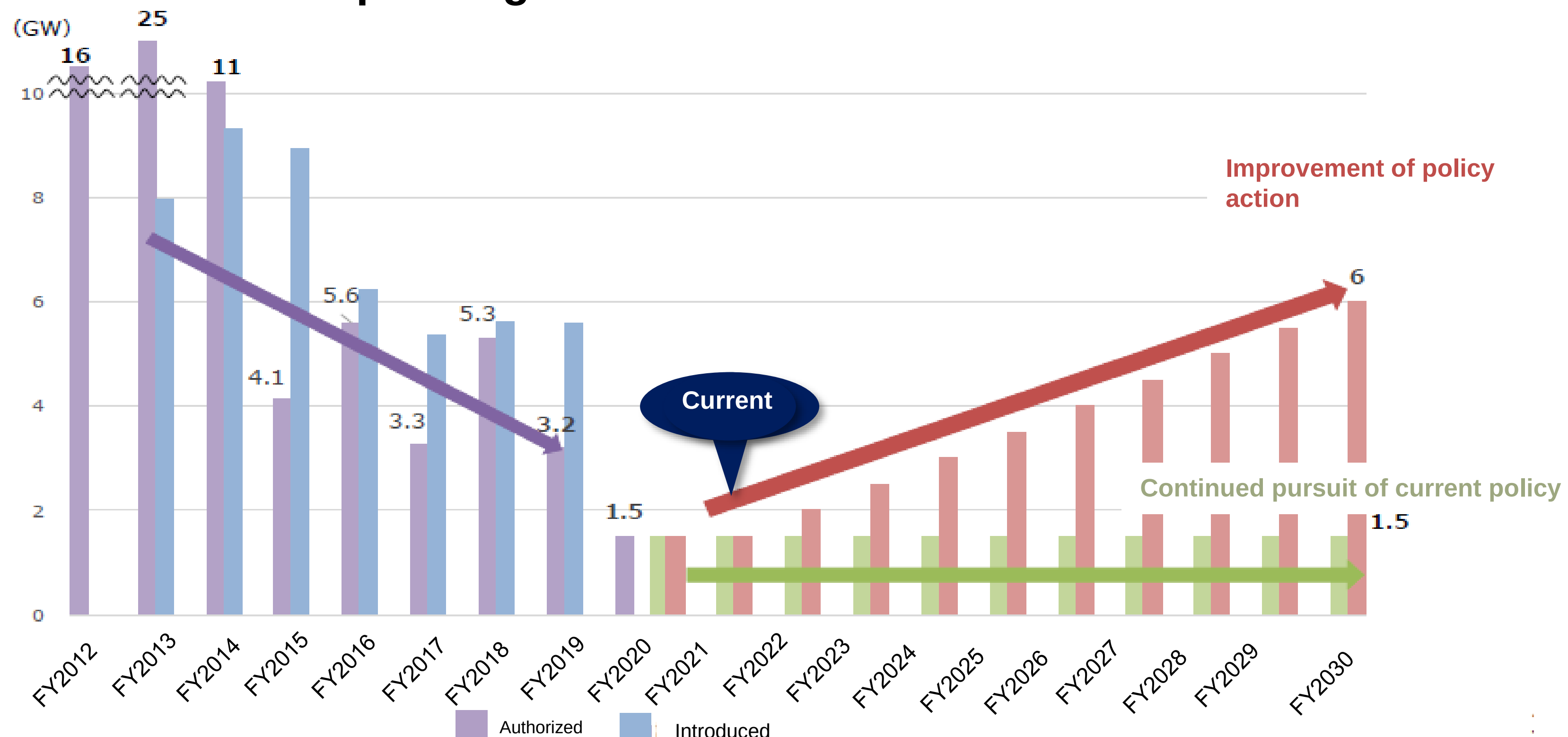
※The percentage should be 38% or greater once the utilization and implementation of the outcome of our ongoing research and development of renewable energy progress.

PV
103.5~117.6GW

※Source: The Ministry of Economy, Trade and Industry's Overview of the Basic Energy Plan. The Company edited the graph for inclusion in this publication.

Following the declaration of achievement of carbon neutrality by 2050 and a 46% reduction in GHG emissions by 2030, the Sixth Basic Energy Plan won cabinet approval on October 22, 2021. COP26 was held on October 31, 2021 and discussion is steadily progressing toward a decarbonized society.

Past record and future targets of the amounts of PV power generation authorized and introduced



※Source: The Ministry of Economy, Trade and Industry's projection of energy supply and demand in FY2030

People's interest in and needs for environmental commitment and renewable energy are growing. At this point, we have yet to design specific plans for spreading renewables and a subsidy system. But we anticipate that the introduction of renewable energy and the photovoltaic market will steadily expand.

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■Related ministries' policies toward decarbonized society

【Household】
・Utilize self-consumption photovoltaic power generation
・Spread ZEH

【Finance】
・Guiding the utilization of renewable energy at investment and loan destinations and preferential interest rates
・Expand investments and loans into the renewable energy business

【Industry of photovoltaic power generation】
・Reduce costs to establish economic efficiency
・Combine it with electricity storage and other related technologies
・Coexist with local communities
・Grow more competitive internationally to boost our overseas expansion

【Government】
・Responsible ministries work to introduce and expand renewable energy

・Ministry of Economy, Trade and Industry
Reinforce the power grid. Review the rules of grid operation. Utilize distributed energy resources. ,
Develop next-generation PV technologies.

・Ministry of the Environment
Support the introduction of renewable energy to local governments. Preferentially introduce public facilities and public property in accordance with plans implemented by the government. Support the introduction of self-consumption photovoltaic power generation to private companies.

・Ministry of Agriculture, Forestry and Fisheries
Expand agricultural solar sharing. Review farmland diversion rules.

・Ministry of Land, Infrastructure, Transport and Tourism
Promote ZEB/ZEH for housing structures. Use the spaces of infrastructure facilities to facilitate the introduction of ZEB/ZEH. Encourage regulatory reform
Support overseas expansion

【Private companies】
・Shift to renewable energy electricity
・Organizationally introduce self-consumption photovoltaic power generation
・Promote the shift to ZEB

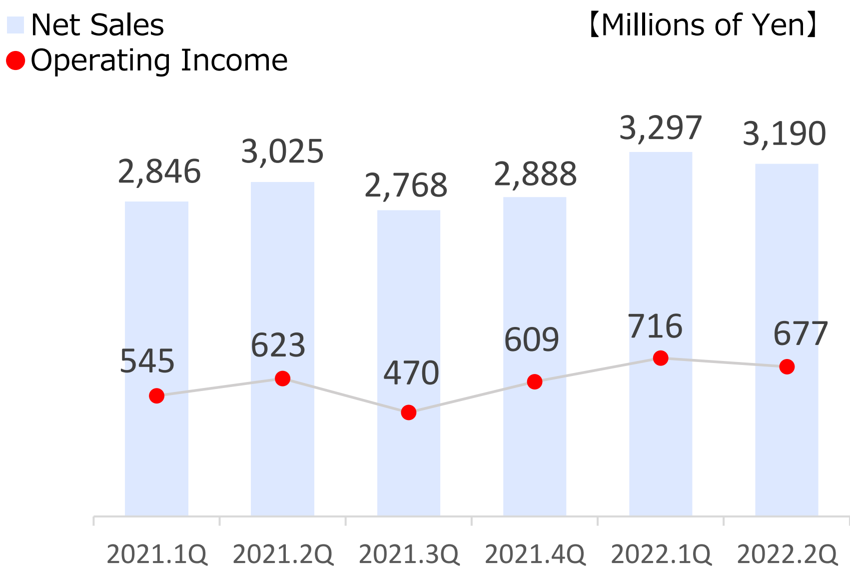
【Academia】
・Develop multifunctional solar cells
・Sophisticate and innovate the grid interconnection for photovoltaic power generation systems and other technical developments

【Local governments】
・Set numerical targets for the introduction of renewable energy
・Facilitate local production of renewable energy for local consumption
・Take the initiative in introducing photovoltaic power generation to public facilities and public property
・Use renewable energy to revitalize regional economy
・Achieve a zero carbon city

*Source: RTS Corporation's PV Power Generation Information - November Issue. The Company edited the document for inclusion in this publication.

Make photovoltaic power account for 14-16% (equivalent to about 150 billion kWh) of total energy by 2030

Results by segment of FY2021 2Q(HS Division)



Main factors for change

■Net Sales +615million yen

【+】
・Increase in the number of works for preventing termite resulting from an increase in the number of newly contracted customers
・Increase in foundation repair and housing reinforcement systems from the development of the customer base
・Improvement in sales efficiency
・Increase in orders from business partners

■Operating Income +225million yen

【+】
・Increase in profit due to higher sales

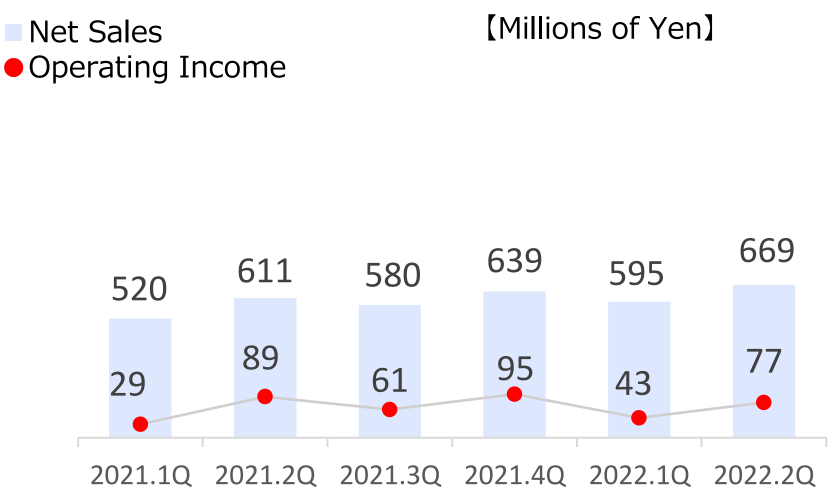
【−】
・Increase in personnel expenses resulting from the active reinforcement of manpower
・Increase in sales commissions due to higher net sales

■Net Sales by segment/Operating Income

(Millions of Yen)

	FY2021 2Q	FY2020 2Q		FY2021 2Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	6,487	+ 615	110.5%	+ 266	104.3%
Termite control construction	1,992	+ 75	103.9%	+ 210	111.8%
Under-floor/attic ventilation system	1,668	+ 147	109.7%	+ 76	104.8%
Foundation Repair/ Home Reinforcement System	1,045	+ 199	123.7%	+ 160	118.1%
Others	1,781	+ 192	112.1%	-180	90.8%
Gross Profit	4,138	+ 512	114.1%	+ 378	110.1%
Operating Income	1,394	+ 225	119.3%	+ 54	104.0%

Results by segment of FY2021 2Q(ES Division)



Main factors for change

■Net Sales +132million yen

【+】 ・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
・Increase in water supply and drainage repair resulting from the development of the customer base

■Operating Income +2million yen

【+】 ・Increase in profit due to higher sales

【－】 ・Increase in personnel expenses resulting from the active reinforcement of manpower
・Increase in sales commissions due to higher net sales

■Net Sales by segment/Operating Income

(Millions of Yen)

	FY2021 2Q	FY2020 2Q		FY2021 2Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	**1,264**	+ 132	111.7%	-42	96.8%
Anti-rust equipment installation	**648**	+ 79	114.1%	-28	95.8%
Others	**616**	+ 52	109.3%	-13	97.8%
Gross Profit	**682**	+ 71	111.7%	-16	97.6%
Operating Income	**121**	+ 2	101.8%	-54	69.0%

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

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■Changes in Number of Personnel by Division (consolidated)

Number of Personnel (consolidated)	FY2020 Result	FY2021 2Q Result	Change	FY2021 Plan
SE Division	344	329	-15	347
HS Division	747	797	+ 50	861
ES Division	136	154	+ 18	175
ERD Division	426	436	+ 10	467
EB Division	81	77	-4	87
Headquarter	293	288	-5	311
Total	2,027	2,081	+ 54	2,248

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

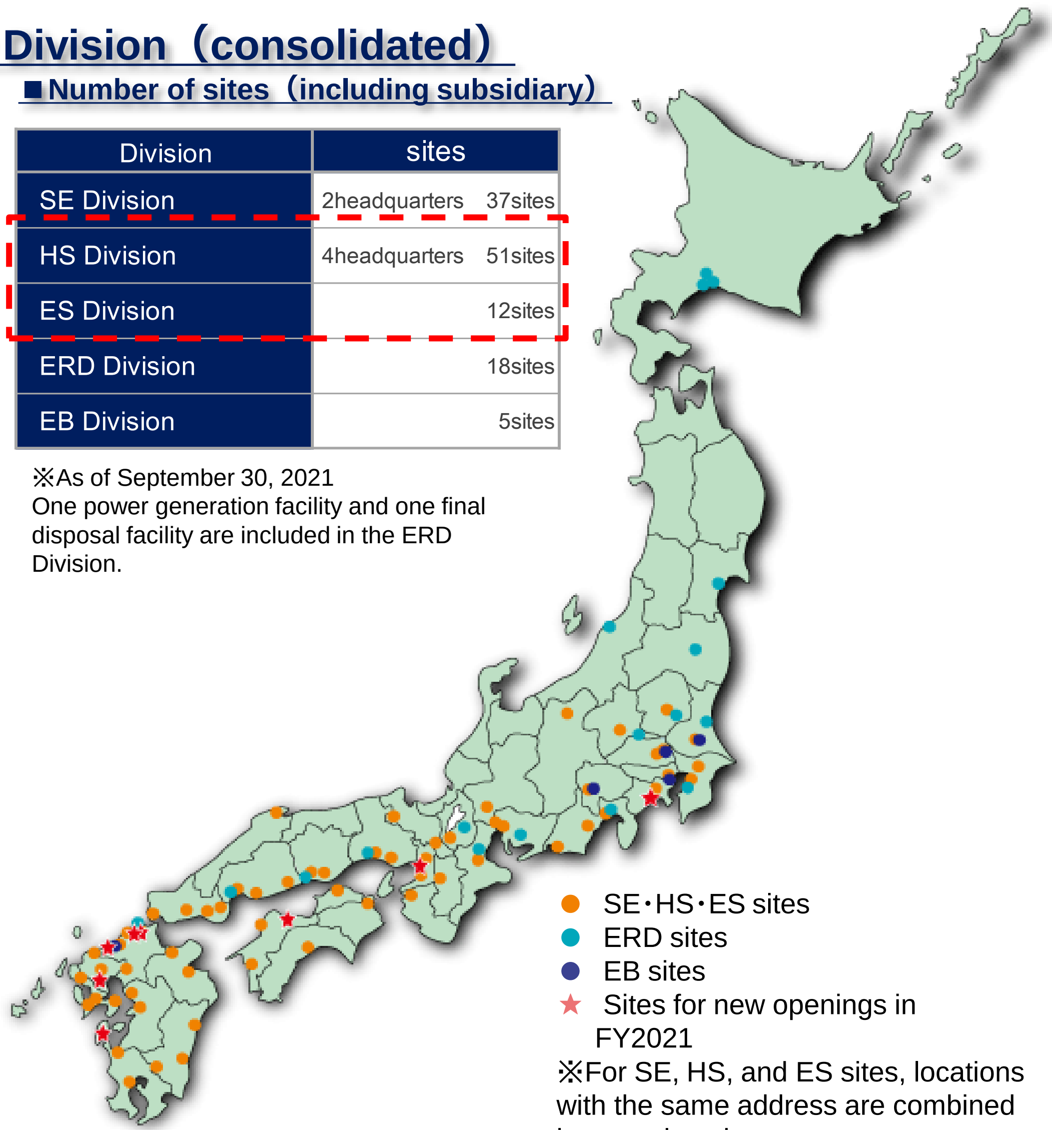
・May 2021 HS Amakusa site, HS Niihama site
・June 2021 ES KitaOsaka site, ES Kitakyushu site
・July 2021 ES Shinyokohama site
・September 2021 HS Takeo site
・November 2021 HS Yahata site
・December 2021 HS Fukuoka Nishi site(Plan)

*Included in potential site openings (plan)

■Number of sites (including subsidiary)

Division	sites
SE Division	2headquarters 37sites
HS Division	4headquarters 51sites
ES Division	12sites
ERD Division	18sites
EB Division	5sites

※As of September 30, 2021
One power generation facility and one final disposal facility are included in the ERD Division.



● 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.

Results by segment of FY2021 2Q(ERD Division)

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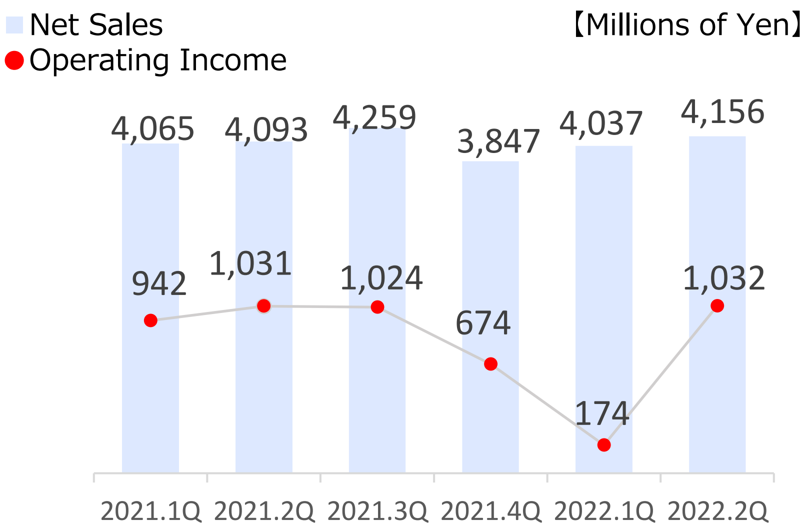


Main factors for the change
■Net Sales　+36million yen
【+】 ・Increase in the amount of waste plastics accepted ・Increase in the amount of organic waste liquid accepted
【−】 ・Decrease in the amount of power generated due to the suspension of operations during the legally required power plant inspection
■Operating Income -767million 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)

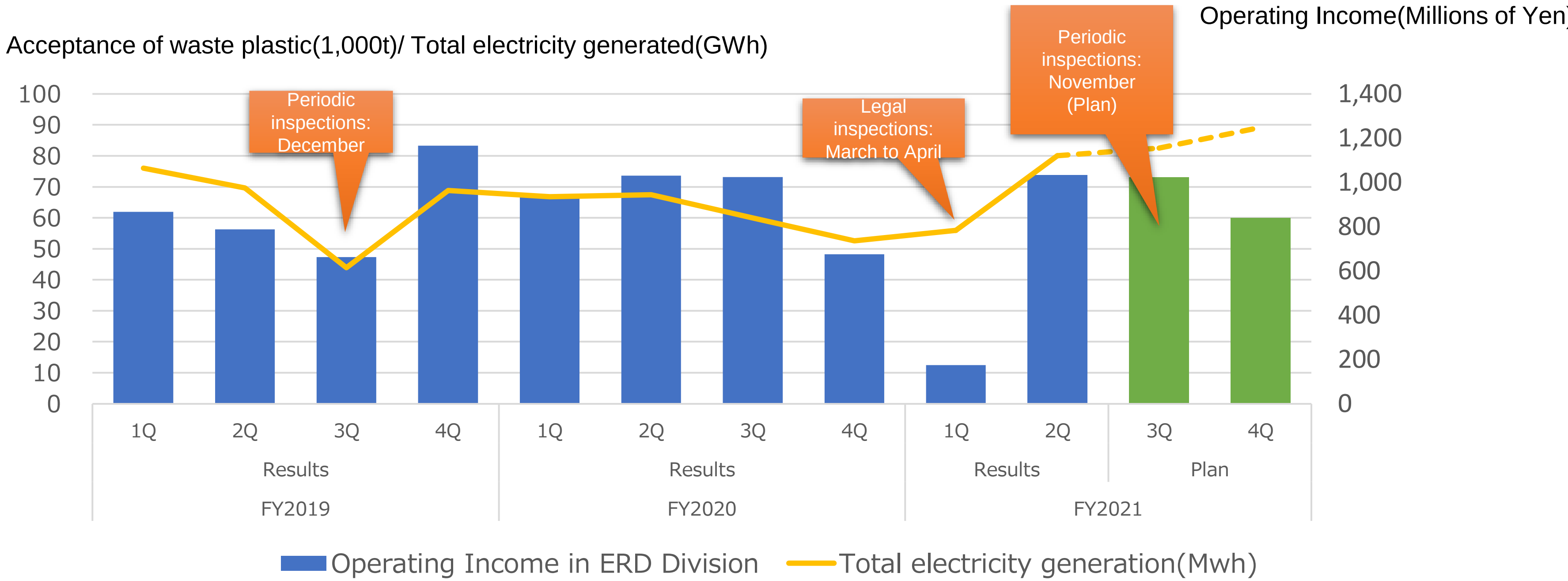
	FY2021 2Q	FY2020 2Q		FY2021 2Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	8,194	+ 36	100.4%	+ 250	103.1%
Plastic fuel	5,106	+ 8	100.2%	+ 63	101.3%
Power Plant	1,409	-116	92.4%	-59	96.0%
Organic Waste liquid treatment	1,010	+ 88	109.6%	+ 79	108.6%
Landfill	425	+ 41	110.8%	+ 111	135.4%
Others	241	+ 13	106.0%	+ 54	129.1%
Gross Profit	2,092	-751	73.6%	+ 92	104.6%
Operating Income	1,207	-767	61.1%	+ 89	108.1%

Changes in operating income for the ERD Division

■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.
- In this fiscal year, the power plant planned to undergo a regular inspection (leaving the plant non-operational for two or three weeks, which we do voluntarily) in November. But we will limit this to the minimum extent because the power plant has been generally operating stably, without any major trouble after the legally required inspection was conducted in April 2021.

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



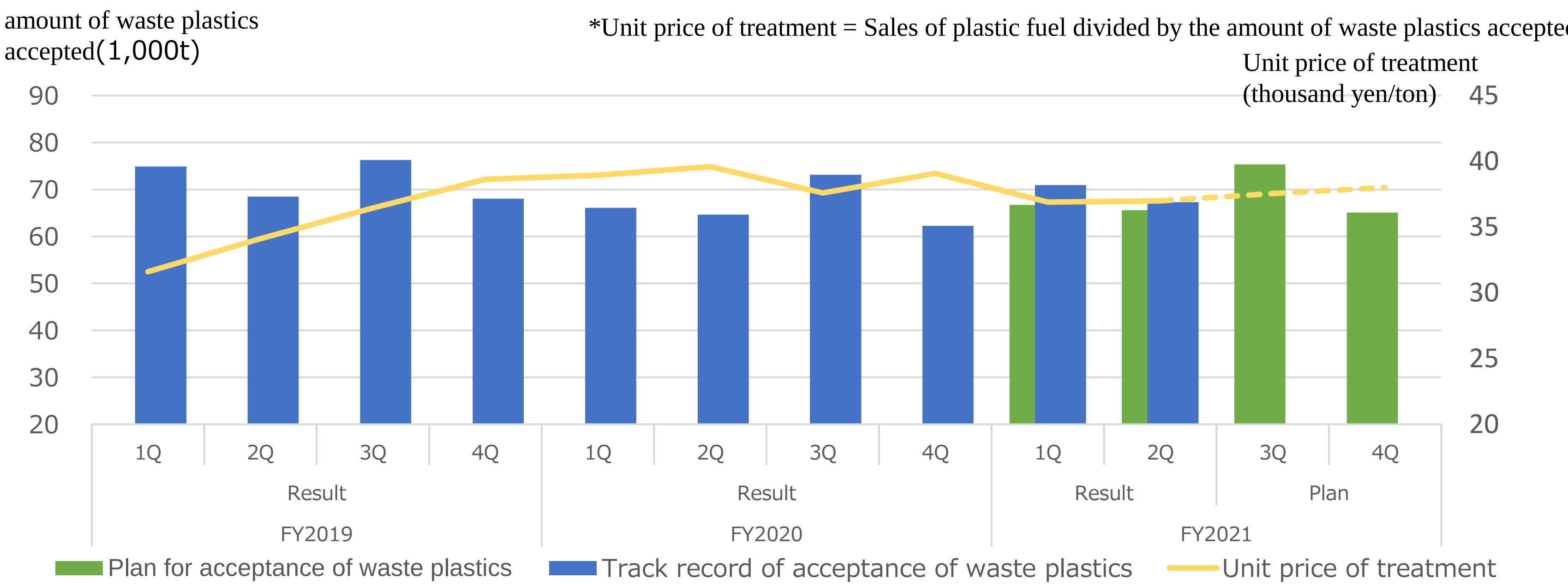
Transitions of the volume of waste plastics accepted and the unit price for their treatment

■Volume of waste plastics accepted (YOY: 105.5%)

- We have a plan to accept a greater volume of waste plastics in FY2021.
- The volume of waste plastics accepted dropped in FY2020 because of a greater focus on waste plastics' qualitative improvements for use as fuel after the impact of COVID-19. In FY2021, the volume of waste plastics accepted is increasing because of factors such as the intensification of sales activities for increasing the volume accepted.

■Unit price of treatment of waste plastics

- The unit price relatively rose since we started focusing more on waste plastics' qualitative improvements for use as fuel in FY2019.
- In FY2021, we have been accepting more waste plastics while retaining their quality for use as fuel. The unit price of treatment has been maintained.



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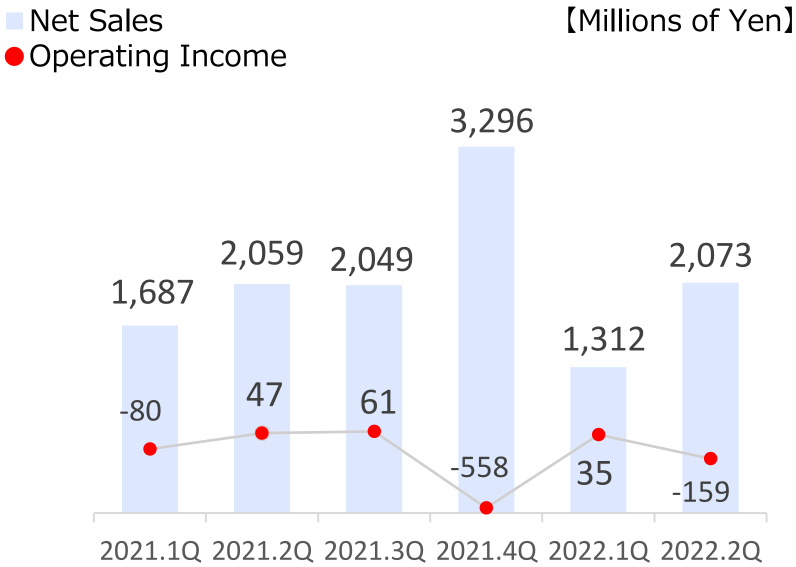


Main factors for the change
■Net Sales　-359million yen
【+】 ・Increase in the number of retail contracts resulting from the use of comparison websites, etc. (profit from electric power selling)
【-】 ・Decrease in sales due to change in the scheme for electric power wholesale. (See the chart below)
■Opearing Income　-91million yen
【-】 ・Increase in procurement costs resulting from a rise in the market price of electric power
・Increase in personnel expenses due to an increase in the number of staff members

■Net Sales by segment/Operating Income

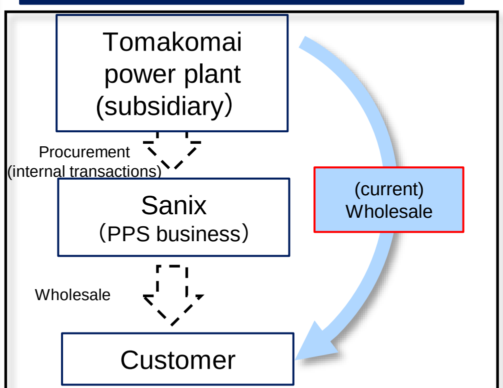
(Millions of Yen)

	FY2021 2Q	FY2020 2Q		FY2021 2Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	3,386	-359	90.4%	-215	94.0%
Sales of Electricity	3,131	-377	89.2%	+ 82	102.7%
Others	255	+ 18	107.7%	-297	46.1%
Gross Profit	215	-35	85.7%	-200	51.7%
Operating Income	(124)	-91	—	-144	—

(Reference)

Adjustment of intersegment sales	(17)	+ 1,152	—	+ 0	—

Flow of transactions for generated power (changes)



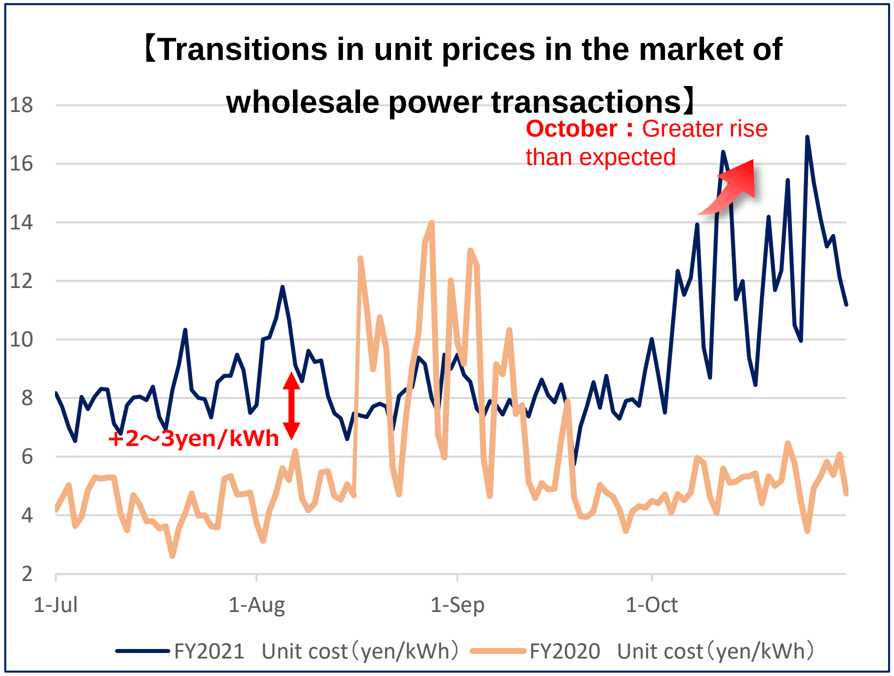
*Sanix (PPS business) engaged in the sale of electric power in the previous fiscal year

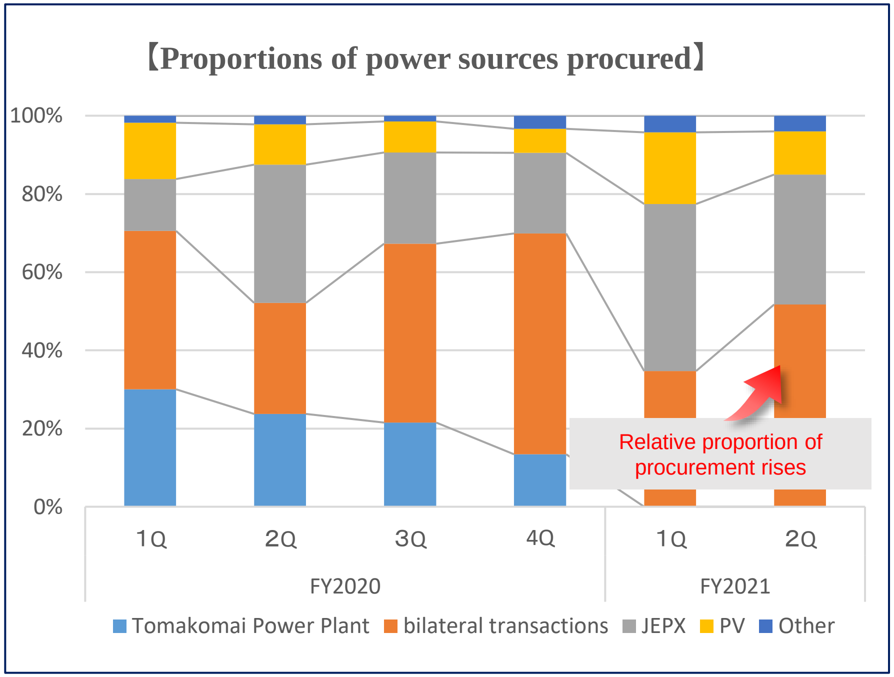
■Facts about the electricity wholesale market (JEPX)

- Following a surge in prices on JEPX between mid-December 2020 and late January 2021, we are increasing bilateral transactions for the first half of FY2021 in preparation for the demand season in summer.
- In FY2021, prices on JEPX ranged between +2 and 3 yen/kWh in comparison with the previous year given factor such as a rise in crude oil prices. From July to September, price fluctuations were smaller than expected.

⇒In comparison with the previous year, costs increased with prices on JEPX.

⇒In comparison with the plan, costs increased with the rise in bilateral transactions.





A JPEX material on the spot market index edited by the Company

*In the fiscal year ending March 31, 2022, the electric power generated by Tomakomai Power Plant is sold direct wholesale through our subsidiary SANIX ENERGY INCORPORATED.

Consolidated financial condition

(Millionos of Yen)

	FY2020	FY2021	FY2020	
	As of March 31	As of Sep. 30	Difference	Ratio
Current Assets	14,633	**14,260**	-372	97.5%
Non-Current Assets	18,306	**19,974**	+ 1,667	109.1%
Total Assets	32,940	**34,235**	+ 1,295	103.9%
Current Liablities	16,861	**17,424**	+ 562	103.3%
Non-Current Liabilities	7,981	**8,572**	+ 591	107.4%
Total Liabilities	24,842	**25,996**	+ 1,153	104.6%
Total Net Assets	8,097	**8,238**	+ 141	101.7%
Total Liablities and Assets	32,940	**34,235**	+ 1,295	103.9%

<Reference>
Increase / decrease due to the application of the Accounting Standard for Revenue Recognition

Current Assets	+ ¥ 345 M
Non-Current Assets	+ ¥ 1,115 M
Current Liabilities	+ ¥ 1,463 M
Assets	-¥4 M

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 half of fiscal year ending March 31 , 2022 was added to or deducted from retained earnings at the beginning of the first half of the current fiscal year, and the new accounting policy was applied from the balance at the beginning of the current fiscal year.

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■Capital investment/Depreciation

(Millions of Yen)

	FY2020 Full-Year	FY2021 2Q Result
Capital Investment	3,083	**1,324**
Depreciation	1,097	**630**

FY2021 Plan

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

■Depreciation by segment

(Millions of Yen)

	FY2020 Full-Year	FY2021 2Q Result
SE Division	116	**18**
HSDivision	30	**19**
ES Division	8	**3**
ERD Division	2,248	**1,154**
EB Division	13	**14**
Headquarter	666	**114**
Total	3,083	**1,324**

Major capital investment(2Q Result)

・Investment related to the Tomakomai Power plant :¥362M

・Investment related to the disposal of plastic waste :¥667M

・Investment related to the introduction of self consumption photovoltaic power generation systems at factories and other facilities :¥84M

・Investment related to the recycling of organic waste liquid :¥48M

・Investment related to core systems :¥85M

Financial results forecast for FY2021

Projection of full-year consolidated results for the fiscal year ending March 31, 2022

Concerning the projection of full-year consolidated results for the fiscal year ending March 31, 2022, our full-year plan has been revised in accordance with results of the consolidated cumulative second quarter.

- **Net Sales ¥50,318 million**

(Compared with the plan at the beginning of the fiscal year101.2%）

- **Operating Income　¥1,827million**

（Compared with the plan at the beginning of the fiscal year76.2%）

Highlights of the projection of full-year consolidated results for the fiscal year ending March 31, 2022

	Changes in the projection of full-year consolidated results
SE Division	-Considerable time has been spent before we see the effect of changing the sales strategy. But momentum toward decarbonization through the introduction of renewable energy is growing in society. -Instability is manifest in the procurement of components. Examples are a global shortage of semiconductors and rises in prices of raw materials relating to photovoltaic power generation, among other factors. -Our plan for the second half is revised on the basis of the above. -In the second half, we will pursue increases in self-consumption and surplus projects, while focusing on stimulating needs for corporate services of PPA, which we have just launched, and our maintenance business.
HS Division	-After new site openings and additions to its workforce, the division's preparedness for finding new customers and serving existing customers is increasing. Cooperation with business partners is strengthened and the number of customers is rising steadily. -The division's plan for the second half remains the same as the plan at the beginning of the fiscal year.
ES Division	-New site openings and additions to the workforce will expand our sales channels for the anti-rust equipment installation (brand name: Daelman Shock), the main product, by means of finding partners such as management companies, introducing existing partners through close follow-ups, and increasing opportunities for direct business discussions with real estate owners. -The plan for the second half will be revised with consideration of new site openings and additions to the workforce.
ERD Division	-In terms of sales of power plants, Tomakomai Power Plant generates more power through the minimization of a regular inspection scheduled in November. -For sales of power plants, the above is taken into consideration in revising the plan for the second half. -While maintaining the quality of waste plastic fuel, accept more waste plastics, organic wastewater and landfill disposal through measures such as strengthening sales activities with a view to accepting more waste. -The plan for the second half for the plastic fuel business and other businesses remains the same as the plan at the beginning of the fiscal year.
EB Division	-Revised the plan for the second half with consideration given to the global rise in energy prices and the instability of prices in the electric power market. -Revised the plan for the second half concerning third party-owned photovoltaic power generation models targeting detached houses, in which we cooperate with other companies, as the impact of COVID-19 in the first half, such as having to voluntarily refrain from face-to-face sales activities, caused a delay in our operations in the second half. -In the second half, continue to monitor the demand-supply balance in winter, prices in the market for electric power and proportions of procurement. Take flexible action accordingly.

Global rise in energy prices

■Steep rise in energy prices (coal, crude oil, natural gas) worldwide

- As we recover from the global spread of COVID-19, a rapid increase in demand and restrictions on supply are causing a significant demand-supply imbalance. In 2021, the energy price index consisting of crude oil and natural gas **doubled or even tripled year on year**.
- The index is expected to drop in 2022. It looks like the current price level is close to the peak of the price increase.

■Shortage of electric power and restrictions on its use in China

- Partly due to the above facts, China is currently facing a serious shortage of electric power. The shortage of power supply has a profound impact on all industries,and is directly triggered by a steep rise in demand for electric power, a shortage of coal and intensified control of the electricity double-control policy that includes restrictions on power supply imposed by central and local governments.

Price changes of energy resources	Unit	2020.Jul.-Sep.	2020.Oct.-Dec.	2021.Jan.-Mar.	2021.Apr.-Jun.	**2021.Jul.-Sep.**	YoY	2021.Jul.	2021.Oct.	**2021.Sep.**
Coal (Australia)	$ /Mt	52.1	68.6	89.5	109.7	**169.1**	324.6%	152.0	169.6	**185.7**
Coal (South Africa)	$ /Mt	57.2	71.9	86.8	100.5	**135.4**	236.7%	122.3	137.9	**146.1**
Crude oil (average)	$ /bbl	42.0	43.6	59.3	67.1	**71.7**	170.7%	73.3	68.9	**72.8**
Crude oil (Brent)	$ /bbl	42.7	44.5	60.6	68.6	**73.0**	171.0%	74.4	70.0	**74.6**
Crude oil (Dubai)	$ /bbl	42.5	43.8	59.5	66.4	**71.4**	168.0%	73.0	68.9	**72.2**
Crude oil (WTI)	$ /bbl	40.9	42.6	57.8	66.1	**70.6**	172.6%	72.5	67.7	**71.6**
Natural gas (index)	2010=100	42.3	59.6	78.6	83.2	**140.8**	332.9%	112.5	129.8	**180.0**
Natural gas (Europe)	$ /mm btu	2.87	5.19	6.52	8.79	**16.93**	589.9%	12.51	15.43	**22.84**
Natural gas (U.S.)	$ /mm btu	1.99	2.49	3.42	2.91	**4.32**	217.1%	3.79	4.05	**5.11**
LNG (Japan)	$ /mm btu	6.67	6.90	8.93	8.94	**11.67**	175.0%	10.36	10.80	**13.87**

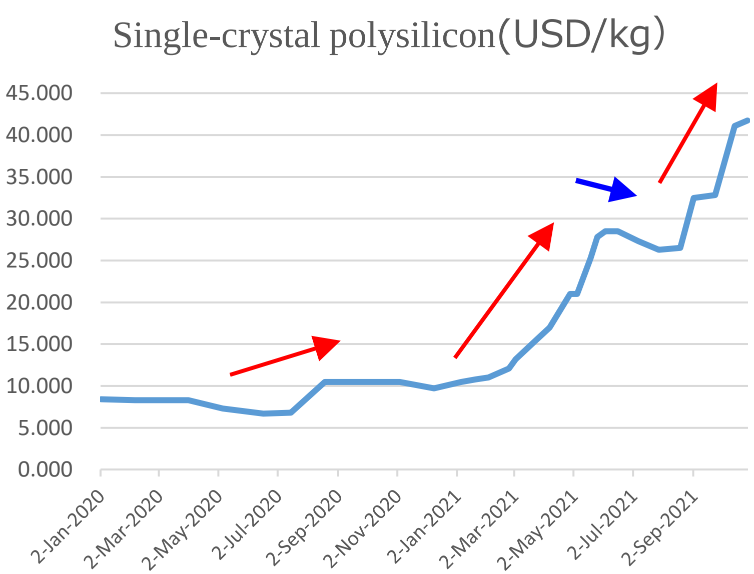
※A World Bank Report "Commodity Markets Outlook" October 2021 edited by the Company

Trend in cost prices of components relating to photovoltaic power generation

SANIX

■Rise in cost prices of components relating to photovoltaic power generation

- Prices fluctuate widely in each of the raw materials relating to photovoltaic power generation equipment, against the backdrop of the demand-supply imbalance and a rise in energy cost induced by the global spread of COVID-19.



Variation of prices of metallic resources	Unit	2020.7-9	2020.10-12	2021.1-3	2021.4-6	2021.7-9	Y o Y
Aluminum	$ /mt	1,708	1,919	2,091	2,400	**2,645**	154.9%
Copper	$ /mt	6,525	7,185	8,477	9,706	**9,382**	143.8%
Iron ore	$ /dmt	117.8	133.2	167.2	200.7	**166.9**	141.7%
Lead	$ /mt	1,876	1,904	2,014	2,128	**2,333**	124.4%
Nickel	$ /mt	14,266	15,957	17,618	17,359	**19,122**	134.0%
Tin	$ /mt	17,690	18,810	25,099	31,026	**34,644**	195.8%
Zinc	$ /mt	2,343	2,631	2,747	2,916	**2,990**	127.6%

Variation of prices of metallic resources	Unit	2021.7	2021.8	2021.9	Previous month difference
Aluminum	$ /mt	2,498	2,603	**2,835**	232
Copper	$ /mt	9,451	9,370	**9,325**	-45
Iron ore	$ /dmt	214.1	162.2	**124.5**	-38
Lead	$ /mt	2,338	2,414	**2,248**	-166
Nickel	$ /mt	18,819	19,141	**19,377**	236
Tin	$ /mt	34,020	35,024	**34,887**	-137
Zinc	$ /mt	2,948	2,988	**3,036**	48

Prices of metallic resources are dropping

※A World Bank Report "Commodity Markets Outlook" October 2021 edited by the Company

Prices of polysilicon, the major raw material for solar cell modules, are rising rapidly. Prices of raw materials are becoming volatile. For example, prices of iron, aluminum, copper and other metallic resources that influence prices of bases and electric materials also rose (currently they are dropping).
Worse, the global shortage of semiconductors has given rise to a partial restriction on the supply of power conditioners, although it has had little impact on our company.

Financial results forecast for FY2021

SANIX

Concerning the projection of full-year consolidated results for the fiscal year ending March 31, 2022, our full-year plan has been revised in accordance with results of the consolidated cumulative second quarter.

(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Initial Plan	Revised plan	Difference	Difference	Y o Y
Net Sales	47,762	49,730	**50,318**	+ 588	+ 2,556	105.4%
Cost of Sales	30,780	32,298	**33,688**	+ 1,390	+ 2,908	109.4%
Gross Profit	16,981	17,432	**16,629**	-802	-351	97.9%
(Gross Profit Margin)	35.6%	35.1%	**33.0%**			
Selling, general and administrative expenses	14,701	15,035	**14,802**	-232	+ 100	100.7%
Operating Income	2,279	2,396	**1,827**	-569	-452	80.2%
(Operating Income Margin)	4.8%	4.8%	**3.6%**			
Ordinary Income	2,045	2,166	**1,621**	-545	-423	79.3%
(Ordinary Income Margin)	4.3%	4.4%	**3.2%**			
Profit (loss) attributable to owners	1,918	1,540	**819**	-720	-1,099	42.7%
(Net Income Margin)	4.0%	3.1%	**1.6%**			

*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.

Financial results forecast for FY2021 by segment

(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Initial Plan	Revised plan	Difference	Difference	Y o Y
Net Sales	47,762	49,730	**50,318**	+ 588	+ 2,556	105.4%
SE Division	10,646	9,334	**8,593**	-740	-2,053	80.7%
HS Division	11,530	12,244	**12,510**	+ 266	+ 980	108.5%
ES Division	2,351	2,695	**2,756**	+ 61	+ 405	117.2%
ERD Division	16,265	16,352	**16,693**	+ 341	+ 427	102.6%
EB Division	9,091	9,140	**9,799**	+ 659	+ 707	107.8%
Adjustment of inter-segment sales	(2,123)	(36)	**(35)**	+ 0	+ 2,088	—
Operating Income	2,279	2,396	**1,827**	-569	-452	80.2%
SE Division	203	326	**(248)**	-575	-452	—
HS Division	2,248	2,366	**2,420**	+ 54	+ 172	107.7%
ES Division	276	316	**313**	-2	+ 36	113.3%
ERD Division	3,673	2,901	**3,062**	+ 160	-611	83.4%
EB Division	(529)	234	**(244)**	-478	+ 285	—
Group	(3,593)	(3,749)	**(3,476)**	+ 272	+ 116	—

Segment Forecast for FY2021(SE Division)

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(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Initial Plan	Revised plan	Difference	Difference	Y o Y
Net Sales□	10,646	9,334	**8,593**	-740	-2,053	80.7%
Sales and installation of PV system	10,346	9,005	**8,443**	-562	-1,903	81.6%
Wholesale of PV system	210	240	**70**	-169	-139	33.7%
Others	89	88	**78**	-9	-10	87.9%
Costs of Sales	7,544	6,316	**6,345**	+ 29	-1,198	84.1%
Material costs	4,474	3,806	**3,577**	-229	-896	80.0%
Labor costs	653	662	**912**	+ 249	+ 258	139.6%
Gross Profit	3,102	3,018	**2,247**	-770	-855	72.4%
SG&A	2,898	2,691	**2,496**	-195	-402	86.1%
Personnel expenses	1,583	1,428	**1,197**	-230	-385	75.6%
Operating Income	203	326	**(248)**	-575	-452	-

After a recent revision, the FIT system has shifted from selling the full amount of power generated to the encouragement of self-consumption. For this reason, the SE Division is shifting its sales strategy to self-consumption. The momentum toward decarbonization through the introduction of renewable energy is rising in society as the relevant ministries hold repeated talks on making decarbonization policies. However, there is a considerable time lag before the effect of changing our sales strategy is evident. A global shortage of semiconductors and rises in prices of raw materials relating to photovoltaic power generation, among other facts, have brought instability to the procurement of components. Based on the above, our plan for the second half has been revised.
In the second half, we will seek to increase self-consumption and surplus projects and also focus on stimulating needs for the corporate services of PPA, which we have just started, and for our maintenance business.

Segment Forecast for FY2021(HS Division)

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(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Initial Plan	Revised plan	Difference	Difference	Y o Y
Net Sales□	11,530	12,244	12,510	+ 266	+ 980	108.5%
Termite control construction	3,548	3,685	3,895	+ 210	+ 346	109.8%
Under-floor/attic ventilation system	2,965	3,125	3,201	+ 76	+ 236	108.0%
Foundation Repair/ Home Reinforcement	1,759	1,867	2,027	+ 160	+ 268	115.2%
Others	3,256	3,566	3,386	-180	+ 129	104.0%
Costs of Sale	4,466	4,989	4,876	-112	+ 410	109.2%
Labor costs	1,588	1,776	1,735	-41	+ 147	109.3%
Gross Profit	7,063	7,254	7,633	+ 378	+ 570	108.1%
SG & A	4,814	4,888	5,212	+ 324	+ 398	108.3%
Personnel expenses	3,065	2,954	3,193	+ 239	+ 127	104.2%
Operating Income	2,248	2,366	2,420	+ 54	+ 172	107.7%

The HS Division has continued with the same strategy over the past few years. After new site openings and additions to its workforce, the division's preparedness for finding new customers and serving existing customers is increasing. Cooperation with business partners has been strengthened and the number of customers is increasing. The division's plan for the second half remains the same as the plan at the beginning of the fiscal year.
In the second half, the division will continue to expand its workforce and strengthen business partnerships in an effort to gain more customers.

Segment Forecast for FY2021(ES Division)

SANIX

(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Initial Plan	Revised plan	Difference	Difference	Y o Y
Net Sales	2,351	2,695	**2,756**	+ 61	+ 405	117.2%
Anti-rust equipment installation	1,214	1,364	**1,411**	+ 47	+ 197	116.2%
Other	1,137	1,331	**1,345**	+ 14	+ 208	118.3%
Cost of Sales	1,071	1,274	**1,287**	+ 13	+ 215	120.1%
Labor costs	255	291	**287**	-3	+ 32	112.6%
Gross Profit	1,279	1,421	**1,469**	+ 48	+ 189	114.8%
SG & A	1,003	1,105	**1,156**	+ 50	+ 153	115.3%
Personnel expenses	592	648	**664**	+ 15	+ 72	112.2%
Operating Income	276	316	**313**	-2	+ 36	113.3%

After new site openings and additions to its workforce, the ES Division will find partners such as management companies, introduce existing partners through close follow-ups, and increase opportunities for direct business discussions with real estate owners in an effort to expand sales channels for anti-rust equipment installation (brand name: Daelman Shock), its main product.
The plan for the second half has been revised with consideration to new site openings and additions to the workforce.
In the second half, the division will continue to expand its workforce and strengthen business partnerships to expand its sales channels.

Segment Forecast for FY2021(ERD Division)

(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Initial Plan	Revised plan	Difference	Difference	Y o Y
Net Sales	16,265	16,352	**16,693**	+ 341	+ 427	102.6%
Plastic fuel	10,233	10,346	**10,410**	+ 63	+ 176	101.7%
Power Plant	3,004	3,144	**3,176**	+ 32	+ 172	105.7%
Organic Waste liquid treatment	1,863	1,877	**1,956**	+ 79	+ 93	105.0%
Landfill	713	601	**712**	+ 111	0	99.9%
Others	450	382	**437**	+ 54	-13	97.0%
Cost of Sales	10,833	11,674	**11,849**	+ 175	+ 1,016	109.4%
Labor costs	1,901	1,902	**1,899**	-2	-2	99.9%
Gross Profit	5,432	4,677	**4,843**	+ 166	-588	89.2%
SG & A	1,758	1,776	**1,781**	+ 5	+ 22	101.3%
Personnel expenses	1,092	1,079	**1,098**	+ 19	+ 6	100.6%
Operating Income	3,673	2,901	**3,062**	+ 160	-611	83.4%

While maintaining the quality of waste plastic fuel, the ERD Division intends to accept more waste plastics, organic waste water and landfill disposal through measures such as strengthening sales activities with a view to accepting more waste. The plan for the second half has been revised in terms of sales of power plants with consideration to regular inspections of Tomakomai Power Plant and the volume of power generation, among other factors. For other plastic fuel businesses and others, the plan for the second half remains the same as that at the beginning of the fiscal year.
In the second half, the division will work to maintain the quality of our plastic fuel and also strengthen its sales activities with a view to accepting more waste plastics.

Segment Forecast for FY2021(EB Division)

SANIX

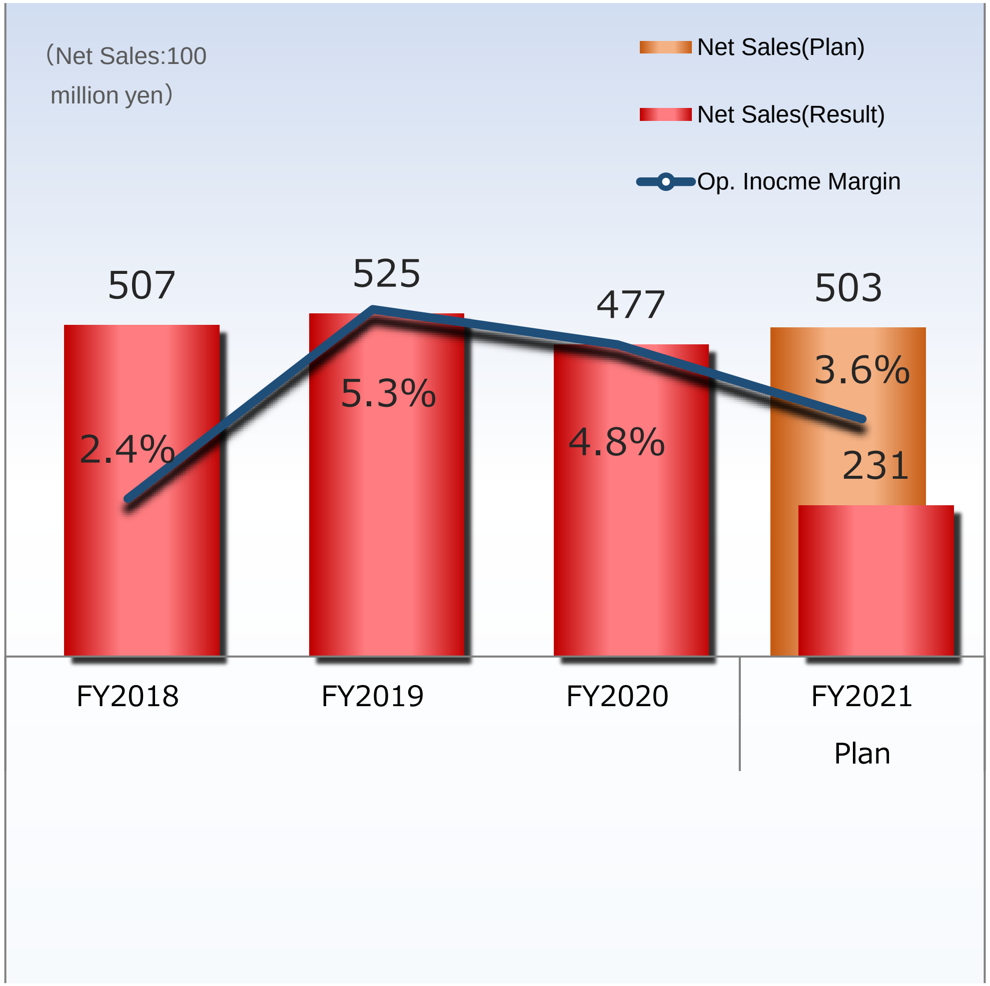
(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Initial Plan	Revised plan	Difference	Difference	Y o Y
Net Sales	9,091	9,140	**9,799**	+ 659	+ 707	107.8%
Sales of Electricity	8,506	7,484	**9,109**	+ 1,625	+ 602	107.1%
Others	585	1,656	**690**	-965	+ 105	118.0%
Cost of Sales	8,988	8,080	**9,364**	+ 1,283	+ 375	104.2%
Material costs	8,719	7,499	**9,079**	+ 1,580	+ 360	104.1%
Gross Profit	103	1,060	**435**	-624	+ 332	420.8%
SG & A	632	825	**679**	-145	+ 46	107.4%
Personnel expenses	361	422	**399**	-23	+ 37	110.4%
Operating Income	(529)	234	**(244)**	-478	+ 285	—

After the price increases in the market of electric power in the previous year, the EB Division will focus more on prices and proportions of procurement in the market for electric power and will optimize the proportions of procurement in the second half in pursuit of an increase in revenue. However, power market prices began rising in early October more than initially envisioned. Further price jumps are expected and will push up power procurement cost in the period through winter. The division has revised the plan for the second half concerning the third party-owned photovoltaic power generation models targeting detached houses, in which we cooperate with other companies, as the impact of COVID-19 in the first half such as having to voluntarily refrain from face-to-face sales activities resulted in a delay in our operations in the second half.
In the second half plan, the division will continue monitoring the demand-supply balance in winter, prices in the market of electric power and proportions of procurement and will take flexible action accordingly.

Forecast for FY2021

SANIX



Forecast for FY2021

Net Sales:¥50,318 million

Op. Income:¥1,827 million

Op. Income Margin:3.6%

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.

Important Management Indicators

		FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Initial Plan	FY2021 Revised Plan
Return on equity	ROE	5.85%	36.31%	27.87%	17.50%	10.00%
Return on total assets	ROA	3.88%	8.16%	6.39%	6.70%	5.00%
Equity ratio		13.42%	18.55%	24.50%	30.00%	26.00%
Return on invested Capital	ROIC	2.31%	10.77%	11.19%	9.00%	5.00%

Topics

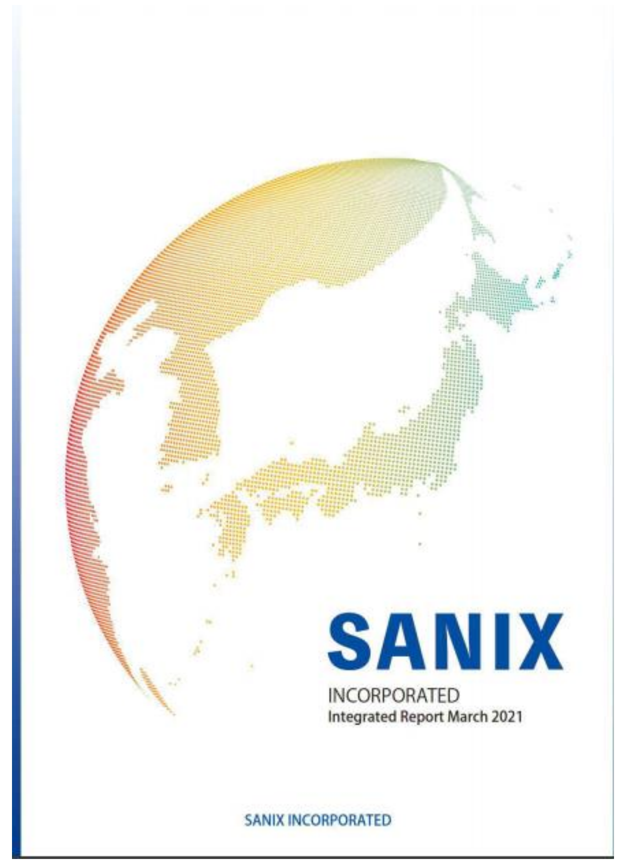
Publishment of integrated report

■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



(Release of June 30,2021)

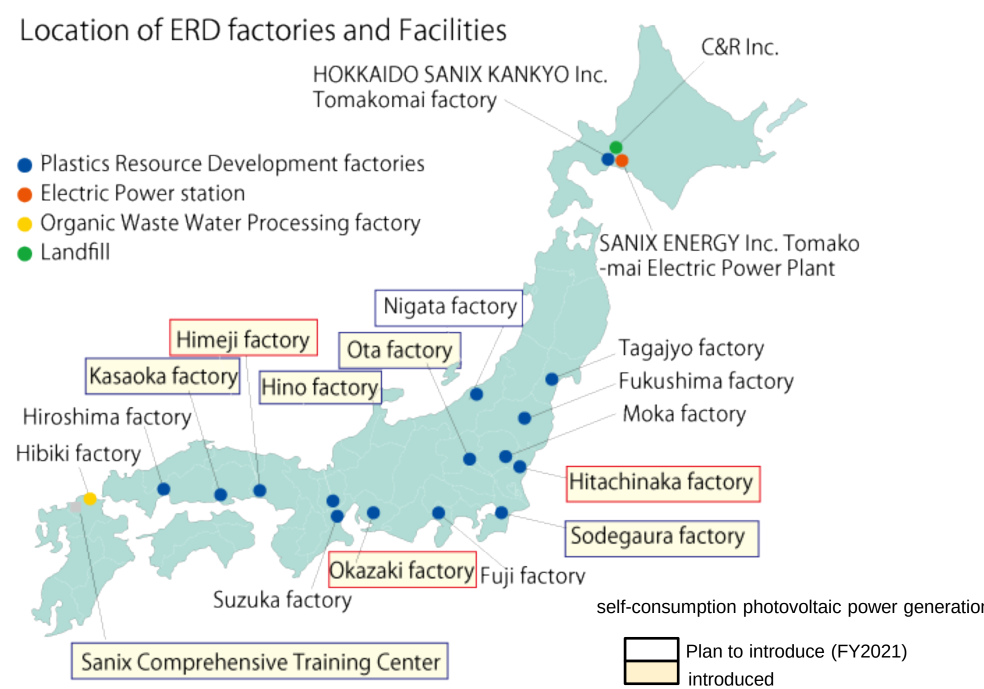
■Introduction of self-consumption photovoltaic power generation equipment

(Himeji factory, Okazaki factory, and Hitachinaka factory)

(Total volume of annual reduction of CO_2 emissions from these facilities: approx. 299 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>	< Total > ■System capacity : 707.24kW ■Power expected to be generated annually : 570,795kWh ■Effect of CO_2 emission : Approx.299t
<Himeji factory> ■System capacity : 74.59kW ■Power expected to be generated annually : 59,264kWh ■Effect of CO_2 emission : Approx.31t	< Okazaki factory > ■System capacity : 99.84kW ■Power expected to be generated annually : 77,688kWh ■Effect of CO_2 emission : Approx.41t
<Hitachinaka factory> ■System capacity : 60.00kW ■Power expected to be generated annually : 49,009kWh ■Effect of CO_2 emission : Approx.26t	< Kasaoka factory > ■System capacity : 80.32kW ■Power expected to be generated annually : 69,524kWh ■Effect of CO_2 emission : Approx.36t
<Sanix ■System capacity : 117.16kW ■Power expected to be generated annually : 76,230kWh ■Effect of CO_2 emission : Approx.40t	< Hino factory > ■System capacity : 74.40kW ■Power expected to be generated annually : 60,324kWh ■Effect of CO_2 emission : Approx.32t
< Sodegaura factory > ■System capacity : 75.31kW ■Power expected to be generated annually : 67,488kWh ■Effect of CO_2 emission : Approx.35t	< Ota factory > ■System capacity : 125.62kW ■Power expected to be generated annually : 111,268kWh ■Effect of CO_2 emission : Approx.58t



Hitachinaka factory (Press release of August 30, 2021)
Okazaki factory (Press release of September 17,2021)
Himeji factory (Press release of November 9,2021)

SANIX

■SANIX included in the list of companies taking on Zero Emissions Challenge

- SANIX is included in the list of companies taking on the Zero Emissions Challenge, part of the project organized by the Ministry of Economy, Trade and Industry in collaboration with the Ministry of Agriculture, Forestry and Fisheries, Keidanren (Japan Business Federation) and New Energy and Industrial Technology Development Organization to make a list of companies that are innovating their way towards a decarbonized society (hereinafter “the list of Zero Emissions Challenge companies”) and publish the list domestically and internationally.

ZERO EMISSIONS CHALLENGE 2021

The list of Zero Emissions Challenge companies was published for use by financial institutions and information utilization agencies for purposes such as facilitating judgments on investments and loans and the development of indexes and other financial instruments, to accelerate the development of their innovative technologies for zero emissions (an initiative for completely preventing humans’ social and production activities from generating waste, thereby building a recycling-oriented society).

<SANIX is involved in the following project>

蓄電池等の分散型エネルギーリソースを活用した次世代技術構築実証事業 令和3年度予算額 45.2億円（新規）

資源エネルギー庁
省エネルギー・新エネルギー部
（1）省エネルギー課
新エネルギーシステム課
03-3501-9726
（2）新エネルギーシステム課
03-3580-2492

事業の内容

事業目的・概要

- 蓄電池等の分散型エネルギーリソース（DER）は、需給ひっ迫時の一般送配電事業者によるディマンドリスポンスへの活用等の実績が出てきており、今後は平時も含め、更なる活用機会の拡大が期待されています。また、FIP制度の導入等を踏まえ、太陽光発電等の再生可能エネルギー（再エネ）の更なる活用に向けた取組拡大や技術向上が必要です。
- そこで、再エネ電気を最大限活用するため、卸電力市場価格に合わせ、電動車の充電時間をコントロールする等の実証を行います。また、多数の再エネやDERを束ね（アグリゲーション）、正確に制御する技術等の実証を行います。
- これらの取組を通じ、DERを活用した効率的な電力システムの構築と、再エネの普及拡大に貢献します。

成果目標

- 本事業は3年間の事業であり、令和3年度は、料金メニューの開発や電動車充電シフトに向けた実証対象拡大、再エネと蓄電池等のDERを組み合わせた需給バランス制御技術の構築等を行います。

条件（対象者、対象行為、補助率等）

国 → 補助 → 民間団体等 → 補助（定額、1/2以内、1/3以内） → 民間事業者等

事業イメージ

（1）ダイナミックプライシングによる電動車の充電シフト実証

- 再エネ電気の供給量に応じた卸電力市場価格に連動して電動車の充電タイミングをシフトする取組を拡大します。
- 小売電気事業者と電動車ユーザーに経済性のある電動車利用支援アプリと小売電気料金メニューの開発を進めます。

（2）再エネ発電等のアグリゲーション技術実証

- FIP制度の導入等により、更に変動性の高まる太陽光等の再エネと蓄電池等のDERを組み合わせ、需給バランス確保のための発電量予測やリソース制御に必要となる技術の実証を行います。
- DERの更なる活用に向け、今後の市場展開を見据え、蓄電池やエネファーム等からの逆潮流・周波数調整機能やIoT技術等も活用した制御技術の実証を行います。

See the website of the Agency for Natural Resources and Energy, the Ministry of Economy, Trade and Industry.

(Release of October 5,2021)

■Contributing to reuse of tree logs

C&R Incorporated (Tomakomai, Hokkaido), a company of the SANIX Group, cosponsored the 44th National Arboriculture Festival held in Hokkaido on October 9 and 10. The company offers a technology to recycle tree logs into wood chips, which makes it possible to divert the chips from tree logs generated from venue construction to use as a subbase material for venues' boardwalks and others.

The National Arboriculture Festival has been held each year since 1977 with the aim of raising public awareness about the importance of continuously protecting and growing forests and fostering their attachment to forests. Each year, members of the Imperial Family visit the forest to attend events such as tree maintenance. In this year, Prince Akishino and his wife joined the festival online.

・Mobile woodchipper possessed by C&R The machine can be taken to where tree logs are generated, and chips them on the spot.
・Chips are usually sold to ranch owners, paper-manufacturing companies and other buyers.

(Release of October 12, 2021)

Business outline

Our Philosophy and business domain

SANIX

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

Residential Environment

- HS Div.
- ES Div.

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

Resource circulation

- ERD Div.

Make it common "Recycling resources without abandoning them
Basic Environmental Plan, Promotion of Recycling-Oriented Society, Plastic Resource Recycling Strategy

SANIX

Business structure of the SE Division

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

Development and manufacturing	Sales	Constructs	O&M(Maintenance)
・Factory owned by the Company (solar panels and ancillary devices) ・Development of bases	・Simulation based on on-site surveys ・Various procedures ・Bundled sales of storage batteries	・Detailed design ・Installation work ・Electrical work	・Remote monitoring, and others, List of paid maintenance services ・Warranty systems

Conventionally

Feed-in tariff system

Flow-type business

Now and in the future

Photovoltaic power generation for self-consumption

For housing

Factories, offices, etc.

Flow-type business

Maintenance,etc.

Stock-type business

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

Termite control construction

- Guarantee for 5 years,
- Periodic inspections once each year

Providing services and products to respond to the range of needs associated with housing.

Under-floor /attic ventilation system

Measures to prevent moisture from invading houses

Foundation Repair

Repair of foundation cracks
Measures to reduce new cracks

Home Reinforcement System

Systems for enhancing the seismic resistance and durability of houses

Others

Products for the improvement of living environments including renovations

Flow chart for customer base development

New Customers → Establishment of a customer base

New Customers → 1 2 3 4 5 → Re-disinfection → 1 2 3 4 5 → Re-disinfection →

Guarantee for 5 years, periodic inspections once each year

Guarantee for 5 years, periodic inspections once each year

Visits, fliers and referrals

Development and response to new demand through the establishment of trust relationships with customers

SANIX

Business structure of the ES Division

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Sales →

Real estate management company

Conducting sales through real estate management companies

← Introduction

Sales →

End-user

Owners of condominiums, rental apartments, offices, etc.

Service

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.

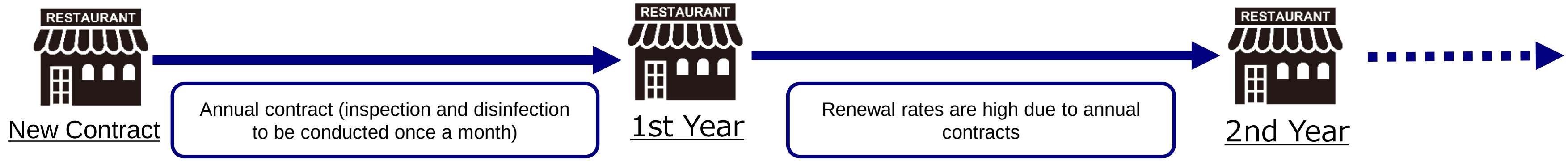
Others

Measures to prevent environmental pollution, etc.

SANIX/PCO services

Pest and vermin control service ,HACCP

→ Restaurants, Hotels, Food factories ,etc.



Business structure of the ERD Division (i)

Business structure of the ERD Division

Resource recycling power generation system Business

Waste plastic processing business

Sources that generate waste plastics (factories)

Paid collection of waste plastics

Plastics Resource Development factories

Supply of waste plastic fuel

Sales of waste plastic fuel to external sources

Sales of materials

Unrecyclable materials

paper manufacturers

Operating company

Company engaging in final disposal

Power Plant and Landfill Business

Electric power company and trading firm

Sale of electricity

Tomakomai power plant

Final disposal of incinerated ash

C&R(Landfill)

Acceptance of external parties

Waste generator

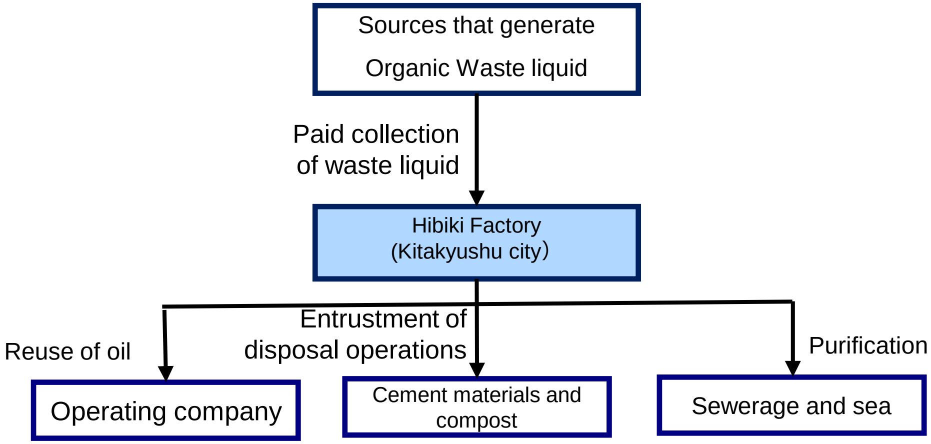
【 Tomakomai power plant 】

- 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)

Business structure of the ERD Division (ii)

SANIX

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 (i)

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_2 emissions, etc.).

Procurement of electricity

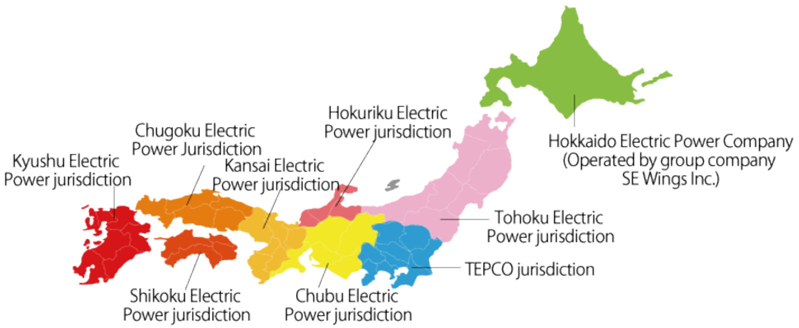
- Procurement on a negotiation basis
- Photovoltaic power generation (FIT-based electricity)
- In-house power plant
- JEPX, etc.

S A N I X

Sales of electricity

- Retail (low voltage and high voltage)
- Wholesale on a negotiated basis
- JEPX

＜Power supply area＞



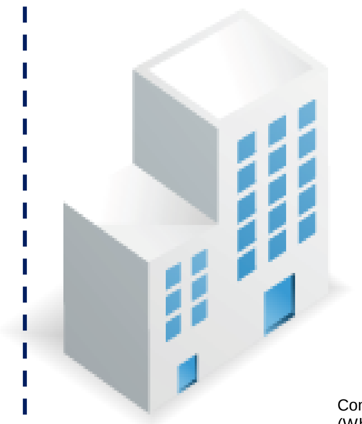
Business structure of the EB Division (ii)

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)

Operator



Construction of photovoltaic power generation systems at no charge.

In-house installation using solar panels manufactured by the Company

Conclusion of power supply-demand agreements (switching electric power companies)

Payment for the portion of electricity consumed. (Collection and sale of surplus electricity)

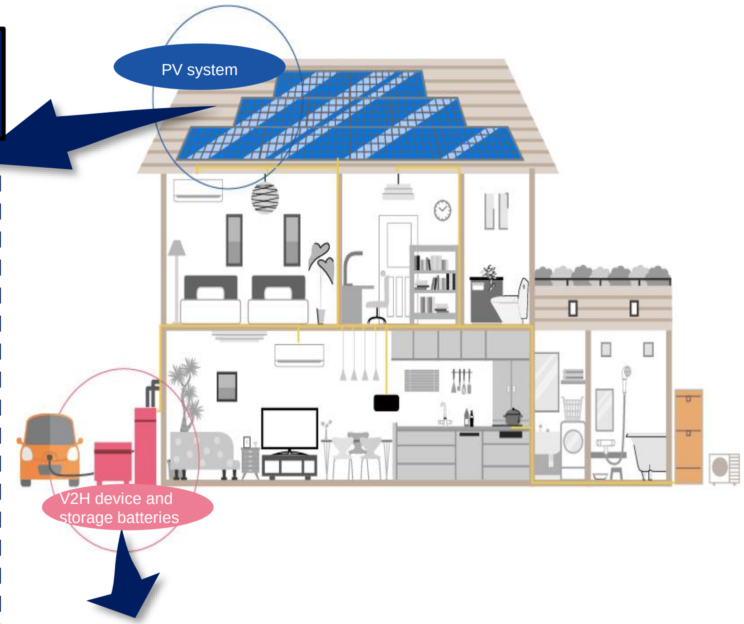
Contract period: 10 or 20 years (When the contract matures, ownership is transferred to customers)

Consumer

Purchase of power generated

<Advantages)
The supply of solar panels is no charge and electricity becomes cheaper.

*Third party-owned photovoltaic power generation
In this service, a PPA operator installs a photovoltaic power generation system on the rooftop of a power consumer's (customer's) house at no charge, and sells the power generated to the consumer.



V2H device and storage batteries

V2H：Vehicle to Home
Installation and sales of V2H in cooperation with Mitsubishi Motors' sales companies, among other parties.

Supplementary materials
（Results overview）

Financial Results of FY2021 2Q

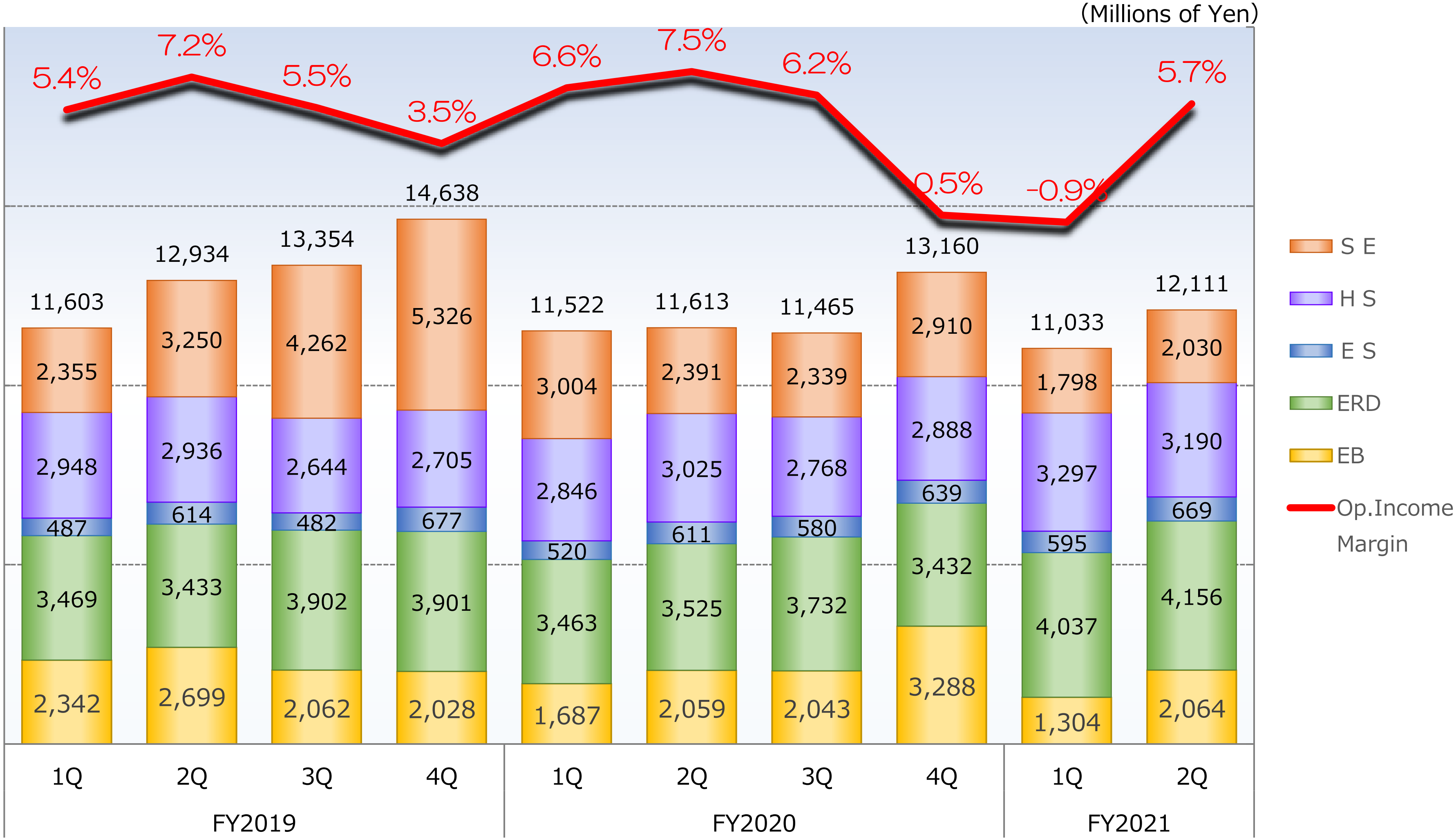
(Millions of Yen)

	FY2020 2Q	FY2021 2Q				
	Result	Result	Y o Y	Difference from FY2020 2Q	Plan	Difference from Plan
Net Sales	23,136	**23,145**	100.0%	+ 8	23,608	-463
Gross Profit	9,038	**8,139**	90.1%	-898	8,311	-171
(Gross profit margin)	39.1%	35.2%			35.2%	
Operating Income	1,629	**589**	36.2%	-1,039	773	-183
(Operating Income margin)	7.0%	2.5%			3.3%	
Ordinary Income	1,527	**490**	32.1%	-1,036	652	-161
(Ordinary Income margin)	6.6%	2.1%			2.8%	
Profit attribute to owners of parents	1,375	**132**	9.6%	-1,243	373	-241
(Net Income Margin)	5.9%	0.6%			1.6%	

*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.

【Reference】
Quarterly Segment Information (changes)

SANIX



・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.

Segment Forecast for FY2021 2Q(SE Division)

SANIX

(Millions of Yen)

	FY2020 2Q		FY2021 2Q				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
Net Sales	5,396		**3,828**		70.9%	4,550	
Sales and installation of PV system	5,246	97.2%	**3,753**	98.0%	71.5%	4,380	96.3%
Wholesale of PV system	98	1.8%	**34**	0.9%	35.3%	120	2.6%
Others	51	1.0%	**40**	1.1%	78.8%	50	1.1%
Cost of sales	3,689	68.4%	**2,816**	73.6%	76.4%	3,114	68.4%
Material costs	2,104	39.0%	**1,580**	41.3%	75.1%	1,874	41.2%
Labor cost	328	6.1%	**387**	10.1%	117.8%	331	7.3%
Gross Profit	1,707	31.6%	**1,011**	26.4%	59.3%	1,436	31.6%
SG & A	1,508	28.0%	**1,305**	34.1%	86.6%	1,353	29.7%
Personnel expenses	835	15.5%	**652**	17.0%	78.1%	720	15.8%
Operating Income	198	3.7%	**(294)**	—	—	83	1.8%

Segment Forecast for FY2021 2Q(HS Division)

SANIX

(Millions of Yen)

	FY2020 2Q		FY2021 2Q				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
Net Sales	5,872		**6,487**		110.5%	6,221	
Termite control construction	1,917	32.6%	**1,992**	30.7%	103.9%	1,782	28.6%
Under-floor/attic ventilation system	1,520	25.9%	**1,668**	25.7%	109.7%	1,592	25.6%
Foundation Repair/Home Reinforcement System	845	14.4%	**1,045**	16.1%	123.7%	885	14.2%
Others	1,588	27.1%	**1,781**	27.5%	112.1%	1,961	31.5%
Cost of Sales	2,245	38.2%	**2,349**	36.2%	104.6%	2,461	39.6%
Labor costs	797	13.6%	**829**	12.8%	104.0%	870	14.0%
Gross Profit	3,626	61.8%	**4,138**	63.8%	114.1%	3,759	60.4%
SG & A	2,457	41.8%	**2,744**	42.3%	111.7%	2,419	38.9%
Personnel expenses	1,559	26.5%	**1,682**	25.9%	107.9%	1,443	23.2%
Operating Income	1,168	19.9%	**1,394**	21.5%	119.3%	1,340	21.5%

Segment Forecast for FY2021 2Q(ES Division)

(Millions of Yen)

	FY2020 2Q		FY2021 2Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	1,132		**1,264**		111.7%	1,306	
Anti-rust equipment installation	568	50.2%	**648**	51.2%	114.1%	676	51.8%
Others	564	49.8%	**616**	48.8%	109.3%	630	48.2%
Cost of Sales	522	46.1%	**582**	46.1%	111.6%	607	46.5%
Labor costs	126	11.2%	**138**	11.0%	109.6%	142	10.9%
Gross Profit	610	53.9%	**682**	53.9%	111.7%	698	53.5%
SG & A	491	43.4%	**560**	44.4%	114.1%	523	40.1%
Personnel expenses	293	25.9%	**328**	26.0%	111.9%	301	23.1%
Operating Income	118	10.5%	**121**	9.6%	101.8%	175	13.4%

Segment Forecast for FY2021 2Q(ERD Division)

SANIX

(Millions of Yen)

	FY2020 2Q		FY2021 2Q				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
Net Sales	8,158		**8,194**		100.4%	7,944	
Plastic fuel	5,098	62.5%	**5,106**	62.3%	100.2%	5,043	63.5%
Power Plant	1,526	18.7%	**1,409**	17.2%	92.4%	1,468	18.5%
Organic Waste liquid treatment	921	11.3%	**1,010**	12.3%	109.6%	931	11.7%
Landfill	384	4.7%	**425**	5.2%	110.8%	314	4.0%
Others	227	2.8%	**241**	2.9%	106.0%	187	2.4%
Cost of Sales	5,314	65.1%	**6,102**	74.5%	114.8%	5,944	74.8%
Labor costs	918	11.3%	**942**	11.5%	102.6%	946	11.9%
Gross Profit	2,843	34.9%	**2,092**	25.5%	73.6%	2,000	25.2%
SG & A	869	10.7%	**885**	10.8%	101.8%	882	11.1%
Personnel expenses	538	6.6%	**556**	6.8%	103.2%	537	6.8%
Operating Income	1,974	24.2%	**1,207**	14.7%	61.1%	1,117	14.1%

Segment Forecast for FY2021 2Q(EB Division)

(Millions of Yen)

	FY2020 2Q		FY2021 2Q				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
Net Sales	3,746		**3,386**		90.4%	3,602	
Sales of Electricity	3,509	93.7%	**3,131**	92.5%	89.2%	3,049	84.6%
Others	236	6.3%	**255**	7.5%	107.7%	553	15.4%
Costs of Sales	3,495	93.3%	**3,171**	93.6%	90.7%	3,186	88.4%
Material costs	3,386	90.4%	**3,053**	90.2%	90.1%	2,967	82.4%
Gross Profit	250	6.7%	**215**	6.4%	85.7%	416	11.6%
SG & A	283	7.6%	**339**	10.0%	119.6%	395	11.0%
Personnel expenses	162	4.3%	**202**	6.0%	124.0%	209	5.8%
Operating Income	(33)	—	**(124)**	—	—	20	0.6%

Supplementary materials
（Revenue Recognition Standard）

■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	Full-Year	
	Results	Approximate	Difference
Net Sales	49,416	47,762	-1,654
Gross Profits	17,153	16,981	-172
(Gross Profit Margin)	34.7%	35.6%	
Operating Income	2,325	2,279	-46
(Operating Income Margin)	4.7%	4.8%	
Ordinary Income	2,091	2,045	-46
(Ordinary Income Margin)	4.2%	4.3%	
Profit attribute to owners of parents	1,965	1,918	-46
(Net Income Marign)	4.0%	4.0%	

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.

SANIX

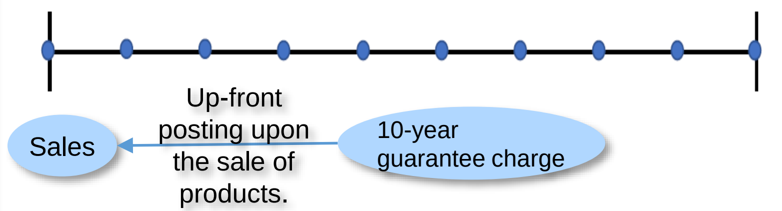
■ Major effects on the Company (Conceptual images)

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

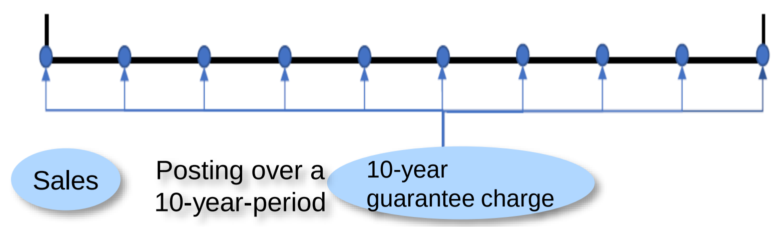
	FY2020 Results	FY2020 Approximate	Amount of Impact
Net Sales	49,416	47,762	-1,654

Major changes (compensation services)

Before application of the standards

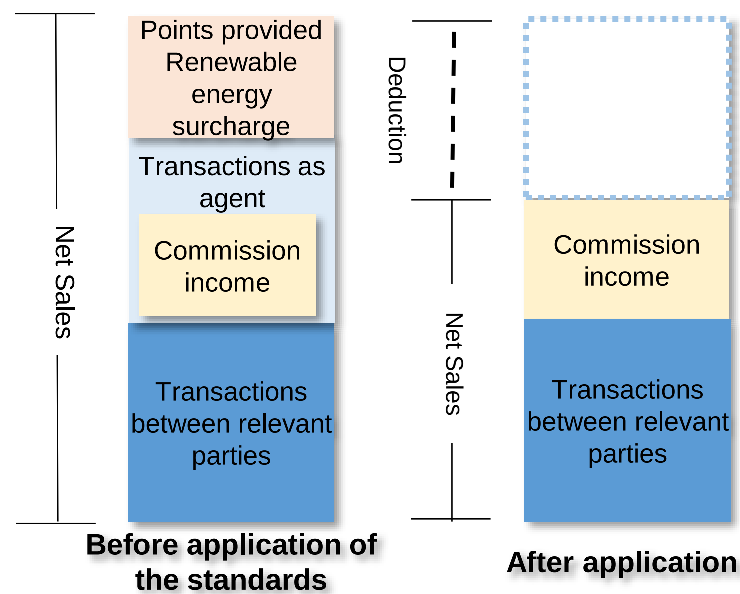


After application



<u>Compensation for damages from natural disasters, lost profits and output control</u>
An amount equivalent to a guarantee charge is posted as sales over 10 years.

Major changes(transaction as agent)



<u>Transactions through agents</u>
Transactions in which the Company has no discretionary power to set prices and bears no inventory risk are treated as transactions through agents and only commissions are posted as sales

Results of each segment for FY2020
【Comparisons after the application of the Revenue Recognition Standards】

SANIX

Before application of the standards | After application | (Millions of Yen)

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

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.

In addition, this presentation is not intended to solicit investment to securities issued by us. We assume no responsibility for any losses and liabilities that may be incurred because of information contained in this material.