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February 14, 2022

Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Under Japanese GAAP)

Company name: SANIX INCORPORATED
 Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 4651
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 Scheduled date to file quarterly securities report: February 14, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for Institutional investor)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 2021 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2021	36,453	1.8	181	(92.4)	0	(100.0)	(306)	-
December 31, 2020	35,812	(5.5)	2,381	4.2	2,224	6.6	1,915	25.1

Note: Comprehensive income For the Nine months ended December 31, 2021:¥(259) million [-]
 For the Nine months ended December 31, 2020:¥ 1,937 million [28.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	(6.41)	-
December 31, 2020	40.07	-

Note: From the beginning of the first quarter of fiscal year ending March 31, 2022, the Company began adopting the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc. The figures for the second quarter of the fiscal year ending March 31, 2022 are the figures after the application of the relevant accounting standards.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	36,631	7,832	21.3	163.35
March 31, 2021	32,940	8,097	24.5	168.84

Reference: Equity

As of December 31, 2021: ¥7,808 million

As of March 31, 2021: ¥8,071 million

Note: From the beginning of the first quarter of fiscal year ending March 31, 2022, the Company began adopting the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc. The figures for the second quarter of the fiscal year ending March 31, 2022 are the figures after the application of the relevant accounting standards.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	0.00	0.00	0.00	0.00	0.00
Fiscal year ending March 31, 2022	0.00				
Fiscal year ending March 31, 2022 (Forecast)		0.00	0.00	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial forecasts for the fiscal year ended March 31, 2022(from April 1, 2021 to March 31, 2022)

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full Year	50,755	2.7	(2,229)	-	(2,435)	-	(2,803)	-	(58.64)

Note

1.Revision from the most recently announced forecast of consolidated business results: Yes

2.From the beginning of the first quarter of fiscal year ending March 31, 2022, the Company began adopting the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc.

The figures for the first quarter of the fiscal year ending March 31, 2022 are the figures after the application of the relevant accounting standards.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
Newly included: - companies (Company name)
Excluded: - companies (Company name)
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note :For details, please see 2. Quarterly Consolidated Financial Statements and Main Notes to the Statements (3) Notes on Consolidated Financial Statements (Changes in Accounting Policies) on page 12 of the attachment.

(4) Number of issued shares (common shares)

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

As of December 31,2021	48,919,396 shares
As of March 31,2021	48,919,396 shares

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

As of December 31,2021	1,114,838 shares
As of March 31,2021	1,114,693 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2021	47,804,620 shares
Six months ended December 31, 2020	47,804,903 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*** Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including results forecasts, included in this material are based on the information that the Company has obtained and certain assumptions that the Company considers reasonable. Actual results may differ significantly for a range of factors. The assumptions for the results forecasts and cautions in the use of the forecasts are described in 1. Qualitative Information for the Nine months ended December 31, 2021, (3) Information on the Future Outlook, Including the Forecasts of Consolidated Business Results on page 6 of the Attachment

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1. Qualitative Information for the Nine months ended December 31, 2021

(1) Information of Consolidated Business Results

In the first nine months under review (April 1, 2021 to December 31, 2021), the Japanese economy showed signs of recovery as the state of emergency declared due to the COVID-19 pandemic was ended in October 2021 and economic activity resumed. However, the outlook remains uncertain due to the impact of the global shortage of semiconductors in individual industries and the confirmation of a new highly infectious COVID-19 variant in Japan. In this situation, SANIX INCORPORATED and its consolidated subsidiaries (hereinafter the "Group") continued their respective operations, prioritizing prevention of the infection's spread.

In May 2021, the Group formulated the SANIX Long-Term Vision 2030 to clarify its direction toward 2030 and its goals to achieve a carbon-neutral society and a recycling-based economy. Under the corporate philosophy, "A Clean and comfortable environment for the next generation," we will continue our efforts to create a sustainable society.

Net sales of the Solar Engineering (SE) Division declined reflecting the effects of the Feed-in Tariff (FIT) System revision in photovoltaic systems. However, net sales for the Home Sanitation (HS) Division, the Establishment Sanitation (ES) Division, and the Environmental Resources Development (ERD) Division increased firmly year on year. As a result, the Group's consolidated net sales for the first nine months under review came to ¥36,453 million (up 1.8% year on year).

The Group's consolidated operating income decreased ¥181 million (down 92.4% year on year), consolidated ordinary income was ¥0 million (down 100.0% year on year), loss attributable to owners of parent was ¥306 million (compared to profit attributable to owners of parent of ¥1,915 million in the same period of the previous year), due to the effects of the decline in net sales for the SE Division, rising prices of materials, and repair expenses posted in connection with the legal inspections of Tomakomai power plant in the ERD Division as well as a higher-than-expected increase in electricity procurement costs due to a sharp rise in prices on the Japan Electric Power Exchange (JEPX) from October 2021 in the PPS (Power Producer and Supplier) business of the Energy Business Division.

The Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc. from the first quarter of the current fiscal year. Year-on-year increases (decreases) and percentage changes from the results for the first nine months of the previous fiscal year based on the previous accounting method are stated to explain consolidated business results. For details, please see 2. Quarterly Consolidated Financial Statements and the Primary Notes for the First Nine Months Ended December 31, 2021 (3) Notes regarding the Quarterly Consolidated Financial Statements (Changes in accounting policies).

Operating results by segment for the first three quarters under review are as follows.

a. SE (Solar Engineering) Division

In the SE Division, net sales for photovoltaic systems decreased 19.0% year on year because of many small projects, although the number of installations was on par with the previous fiscal year due to a focus on photovoltaic systems for surplus and private consumption, reflecting the effects of a smaller number of investment projects attributable to the FIT system revision. As a result, net sales in this segment decreased to ¥6,223 million (down 19.2% year on year).

The segment posted an operating loss of ¥225 million (operating income of ¥219 million posted in the same period of the previous fiscal year) chiefly due to the significant impact of the decrease in net sales and the increase in material prices.

b. HS (Home Sanitation) Division

The HS Division refrained from new sales visits in areas where a state of emergency had been declared and prioritized measures to prevent the spread of COVID-19. However, in other areas, sales activities were conducted as usual while taking thorough preventive measures. Termite extermination services increased 1.8% year on year, and the construction of underfloor/attic ventilation systems increased 8.5% year on year, and basic repair work and housing reinforcement construction increased 21.6% year on year. As a result, net sales for the segment totaled ¥9,471 million (up 9.4% year on year).

Operating income for the segment amounted to ¥1,908 million (up 16.4% year on year) due to an increase of net sales and improvements in the efficiency of installation offsetting increased personnel and other expenses caused by the expansion of the workforce.

c. ES (Establishment Sanitation) Division

The ES Division improved relationships with building and condominium owners and partner companies, including management companies, by expanding business through an active increase of personnel and the opening of a new sales office. Net sales for the installation of the Company's main anti-rust equipment (product name: Daelman Shock) increased 7.7% year on year, and net sales for water supply and drainage repairs rose 20.6% year on year. Net sales for building water proofing work also rose 18.8% year on year. As a result, net sales for the segment totaled ¥1,902 million (up 11.1% year on year).

Operating income for the segment amounted to ¥178 million (down 1.3% year on year) because of an increase in personnel and other expenses due to the expansion of the workforce offsetting the impact of the profit increase due to the net sales increase.

d. Environmental Resources Development (ERD) Division

In the ERD Division, net sales declined 9.0% year on year for power plants, owing to the suspension of the operation of SANIX ENERGY's Tomakomai power plant in April for biennial legal inspections. On the other hand, plastic fuel sales increased 2.2% year on year reflecting growth in the volume of waste accepted, organic waste water treatment rose 8.6% year on year, and final disposal increased 16.7% year on year. As a result, net sales in this segment increased to ¥12,770 million (up 1.0% year on year).

Operating income for the segment amounted to ¥2,342 million (down 21.9% year on year) reflecting lower sales due to the legally required inspection of the Tomakomai power plant and the recording of repair expenses.

e. EB(Energy Business) Division

In the Energy Business Division, in the current year we shifted the Tomakomai power plant to direct wholesale sales to external customers, not through the PPS business. In addition, we changed to a method recognizing revenue on a net basis for some transactions associated with the adoption of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc. As a result, the PPS business was down 9.4% year on year. Additionally, the third party-owned photovoltaic power generation model for detached houses that the Company is promoting in collaboration with other companies decreased 17.6% year on year. As a result, net sales in this segment decreased to ¥6,120 million (down 9.9% year on year).

The segment posted an operating loss of ¥1,432 million (operating income of ¥28 million posted in the same period of the previous fiscal year), reflecting large cost increases due to a sharp rise in the unit cost of power procurement in the wholesale electricity trading market (JEPX) from October 2021 in the PPS business.

(2) Information of Consolidated Financial Position

a. Information on the status of Assets, of Liabilities, and of Net Assets

Total assets at the end of the first nine months under review amounted to ¥36,631 million, an increase of ¥3,691 million from the end of the previous fiscal year. This result chiefly reflected an increase in investment and other assets of ¥1,051 million due to a rise in long-term prepaid expenses caused by the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc., in addition to growth in machinery, equipment and vehicles of ¥1,402 million and an increase in buildings and structures of ¥1,348 million.

Total liabilities stood at ¥28,798 million, an increase of ¥3,955 million from the end of the previous fiscal year. This result was largely attributable to increases in accounts payable of ¥1,155 million, notes and accounts payable-trade of ¥679 million, and other current liabilities of ¥1,633 million due to a rise in contract liabilities and the like through the application of Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc.

Net assets totaled ¥7,832 million, a decrease of ¥264 million from the end of the previous consolidated fiscal year. The key factors contributing to the decrease included the posting of loss attributable to owners of parent of ¥306 million.

Consequently, the capital-to-asset ratio came to 21.3% at the end of the first nine months under review, compared with 24.5% at the end of the previous fiscal year.

(3) Information on the Future Outlook, Including the Forecasts of Consolidated Business Results

Regarding consolidated financial forecasts, market prices on the Japan Electric Power Exchange (JEPX) have increased more than we expected since November, and have remained at a high level, significantly deviating from our expectations in the recent past. In the Company's PPS business, a certain amount of the power we supply is procured from the JEPX, resulting in a large increase in the cost of sales.

Therefore, operating income, ordinary income, and profit attributable to owners of parent are expected to fall far short of the previous forecast. As a result, the Company revised its full-year consolidated financial forecasts on January 28, 2022. Please see the table below for more information.

The forecast of Consolidated Business Results for the full fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(In Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Basic earnings per share /¥
Previous Forecast (A)	50,318	1,827	1,621	819	¥17.15
Revised Forecast (B)	50,755	(2,229)	(2,435)	(2,803)	(¥58.64)
Changes (B-A)	436	(4,057)	(4,056)	(3,622)	—
Rate of Change (%)	0.9	—	—	—	—
Reference: Results for FY2020 (ended March 31,2021)	49,416	2,325	2,091	1,965	¥41.11

2. Quarterly Consolidated Financial Statements and the Primary Notes for the Nine months ended December 31, 2021

(1) Quarterly Consolidated Balance Sheets

	(In Millions of Yen)	
	As of	As of
	Mar. 31,2021	Dec. 31,2021
Assets :		
Current Assets :		
Cash and deposits	5,256	5,479
Notes and accounts receivable-trade	5,228	5,965
Merchandise and finished goods	36	44
Work in process-construction	63	113
Raw materials and supplies	2,910	2,775
Other	1,330	1,615
Allowance for doubtful accounts	(194)	(162)
Total Current Assets	<u>14,633</u>	<u>15,831</u>
Fixed Assets:		
Property, Plant and Equipment :		
Buildings and structures (net of depreciation)	1,624	2,973
Machinery, Equipment and Vehicles(net of depreciation)	3,002	4,404
Land	8,094	8,329
Other (net of depreciation)	2,600	1,076
Total Property, Plant and Equipment	<u>15,322</u>	<u>16,784</u>
Intangible Fixed Assets :	773	753
Investments and Other Assets :	2,210	3,262
Total Fixed Assets	<u>18,306</u>	<u>20,799</u>
Total Assets	<u>32,940</u>	<u>36,631</u>

	(In Millions of Yen)	
	As of	As of
	Mar. 31,2021	Dec. 31,2021
Liabilities :		
Current Liabilities :		
Notes and accounts payable-trade	4,037	4,717
Short-term loans payable	6,630	6,157
Current portion of long-term loans payable	230	362
Current portion of bonds payable	-	200
Accounts payable	2,696	3,851
Accrued income taxes	152	187
Provision for bonuses	256	134
Allowance for resource-recycling expenses	9	15
Other	2,849	4,483
Total Current Liabilities	16,861	20,109
Non-Current Liabilities :		
Bonds payable	500	800
Long-term loans payable	2,417	2,394
Provision for directors' retirement benefits	9	4
Provision for disposal site closing expenses	675	705
Liability related to retirement benefits	1,859	1,930
Other	2,519	2,854
Total Non-Current Liabilities	7,981	8,689
Total Liabilities	24,842	28,798
Net Assets :		
Shareholders' Equity :		
Capital stock	14,041	14,041
Capital surplus	1	1
Retained earnings	(4,541)	(4,852)
Treasury stock	(1,481)	(1,481)
Total Shareholders' Equity	8,020	7,709
Accumulated other comprehensive income :		
Valuation difference on available-for-sale securities	55	44
Foreign currency translation adjustment	1	56
Adjustment for retirement benefits (cumulative)	(5)	(1)
Total Accumulated other comprehensive income	50	98
Non-controlling Interests	25	23
Total Net Assets	8,097	7,832
Total Liabilities and Assets	32,940	36,631

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

	(In Millions of Yen)	
	Nine months	
	From April 1 to December 31	
	FY2020	FY2021
Net sales	35,812	36,453
Cost of sales	22,258	25,181
Gross profit	13,553	11,271
Selling, general and administrative expenses	11,172	11,090
Operating income	2,381	181
Non-operating income :		
Interest income	12	10
Dividends income	2	2
Land and house rent revenue	47	47
Other	51	45
Total non-operating income	113	106
Non-operating expenses :		
Interest expenses	155	177
Other	113	109
Total non-operating expenses	269	287
Ordinary income (loss)	2,224	0
Income (loss) before income taxes and minority interests	2,224	0
Income taxes-current	159	222
Income taxes-deferred	150	85
Total income taxes	309	308
Net Income (loss)	1,915	(307)
Net income (loss) belonging to the non-controlling shareholders	0	(1)
Net income(loss) belonging to the shareholders of the parent	1,915	(306)

(Quarterly Consolidated Statements of Comprehensive Income)

	(In Millions of Yen)	
	Nine months	
	From April 1 to December 31	
	FY2020	FY2021
Net Income	1,915	(307)
Other comprehensive income :		
Valuation difference on available-for-sale securities	13	(10)
Foreign currency translation adjustment	34	54
Retirement benefit adjustment	(25)	4
Total other comprehensive income	21	48
Comprehensive net income	1,937	(259)
(Breakdown)		
Comprehensive income belonging to the shareholders of the parent company	1,937	(258)
Comprehensive income belonging to non-controlling shareholders	0	(1)

**(3) Notes regarding the Quarterly Consolidated Financial Statements
(Notes on matters related to going concern assumption)**

: None

(Notes to Remarkable Changes in the amount of Shareholders' Equity)

: None

(Changes in accounting policies)

(Adoption of the Accounting Standard for Revenue Recognition)

From the beginning of the first quarter of the fiscal year ending March 31, 2022, the Company began adopting the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Accounting Standard"), etc. The Company has decided to recognize revenue at the amount it expects to receive in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

Major changes due to the adoption of the Revenue Recognition Accounting Standard are as follows:

1. Revenue Recognition from the Satisfaction of Performance Obligations

For some warranted parts of solar photovoltaic generation systems sales, revenue was previously recognized, including revenue from system sales, at the completion of installation. However, we have changed to a method recognizing revenue over the warranty period.

In addition, regarding retail sales of electricity, revenue was previously recognized based on the meter reading date (a method of recognizing revenue based on the amount of usage confirmed by meter readings conducted on days other than the end of each month). However, we have changed to a method estimating and recording the revenue generated from the date of meter reading conducted in the closing month to the closing date, in accordance with Paragraph 103-2 of the "Application Guidance on Revenue Recognition Accounting Standard" (ASBJ Guidance No. 30, March 26, 2021).

2. Recognition of Revenue from Proxy Transactions

For transactions in which the Group's role in the sale to the customer is that of an agent, the Group previously recognized the total amount of the consideration received from the customer as revenue. However, the Group has changed to a method of recognizing revenue on a net basis deducting the amount paid to third parties from the total amount of the consideration.

We apply the Revenue Recognition Accounting Standard, etc. in accordance with the transitional treatment prescribed in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of retroactively applying the new accounting policy 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 has been applied from the beginning balance of the current fiscal year. However, we have applied the method prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard and have not retrospectively applied the new accounting policy to contracts in which almost all of the revenue amount was recognized in

accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year.

As a result, net sales for the first nine months under review (April 1, 2021 to December 31, 2021) declined ¥1,043 million, cost of sales decreased ¥1,047 million, selling, general and administrative expenses declined ¥8 million. Operating income, ordinary income and income before income taxes and minority interests each increased ¥11 million. Retained earnings at the beginning of the current fiscal year decreased ¥4 million.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made to the prior year's consolidated financial statements to conform to the new presentation. In accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on revenues from contracts with customers for the first quarter of the previous fiscal year have not been broken down.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. from the first quarter of the current fiscal year. Accordingly, the Company decided to apply into the future new accounting policies prescribed in the Accounting Standard for Fair Value Measurement, etc., in accordance with transitional treatment prescribed in Paragraph 19 of the said Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the new accounting policies has no effect on quarterly consolidated financial statements.

(Segment Information, etc.)**I Nine months ended December 2020 (From April 1, 2020 to December 31, 2020)****Information concerning the Amount of Net Sales and Operating Income (loss) by Segment**

(In Millions of Yen)

	Segments						Elimination or Group (note 1)	Consolidated (note 2)
	SE	HS	ES	ERD	EB	Total		
Sales:								
Sales to customers	7,706	8,658	1,712	10,950	6,785	35,812	-	35,812
Internal sales among segments and transfer accounts	-	-	-	1,696	5	1,702	(1,702)	-
Total	7,706	8,658	1,712	12,647	6,790	37,514	(1,702)	35,812
Operating income (loss)	219	1,639	180	2,998	28	5,067	(2,686)	2,381

(note 1)

Negative ¥2,686 million for adjustments of Operating income (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

(note 2)

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

II Nine months ended December 2021 (From April 1, 2021 to December 31, 2021)
Information concerning the Amount of Net Sales and Operating Income (loss) by
Segment

	Segments						Elimination or Group (note1)	Consolidated (note 2)
	SE	HS	ES	ERD	EB	Total		
Sales								
Sales and installation of PV system	6,059	-	-	-	-	6,059	-	6,059
Wholesale of PV system	109	-	-	-	-	109	-	109
Termite control construction	-	2,804	-	-	-	2,804	-	2,804
Under-floor/attic ventilation system	-	2,422	-	-	-	2,422	-	2,422
Foundation Repair/ Home Reinforcement System	-	1,549	-	-	-	1,549	-	1,549
Anti-rust equipment installation	-	-	942	-	-	942	-	942
Water supply and drainage repair	-	-	514	-	-	514	-	514
Waterproofing and renovation of buildings	-	-	151	-	-	151	-	151
Plastic fuel	-	-	-	8,071	-	8,071	-	8,071
Power Plant	-	-	-	2,116	-	2,116	-	2,116
Organic Waste liquid treatment	-	-	-	1,529	-	1,529	-	1,529
Landfill	-	-	-	682	-	682	-	682
Sales of Electricity	-	-	-	-	5,748	5,748	-	5,748
Others	54	2,694	293	363	344	3,750	-	3,750
Revenue from contracts with customers	6,223	9,471	1,902	12,764	6,092	36,453	-	36,453
Sales to customers	6,223	9,471	1,902	12,764	6,092	36,453	-	36,453
Internal sales among segments and transfer accounts	-	-	-	6	27	34	(34)	-
Total	6,223	9,471	1,902	12,770	6,120	36,487	(34)	36,453
Operating income (loss)	(225)	1,908	178	2,342	(1,432)	2,771	(2,590)	181

(note 1)

Negative ¥2,590 million for adjustments of Operating income (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

(note 2)

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

2.Information on changes in reportable segments

As described in (Changes in Accounting Policies), starting from the beginning of the first quarter of fiscal year ending March 31, 2022, the Company began adopting the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29. March 31, 2020), etc. The Company has changed its accounting method for revenue recognition.

Net sales in the SE Division increased by ¥113 million, net sales in HS Division, ERD Division, and EB Division decreased by ¥8 million, ¥ 164 million, and ¥984 million respectively for the first quarter under review due to the change, compared with those under the previous accounting method. The impact on segment income or loss is immaterial.

3. Others

Consolidated Net Sales by Division

(In Million of Yen)

Item	Unit	From April 1 to December 31				Comparison	
		FY2020		FY2021		QTY	Amount
		QTY	Amount	QTY	Amount		
Sales and installation of PV system	kW	40,310	7,481	22,724	6,059	-17,585	-1,422
Wholesale of PV system	—	—	153	—	109	—	-44
Others	—	—	71	—	54	—	-16
Solar Engineering Division Total	—	—	7,706	—	6,223	—	-1,483
Termite control construction	*1,000 tsubo	444	2,756	450	2,804	5	48
Under-floor/attic ventilation system	—	—	2,233	—	2,422	—	188
Foundation Repair/ Home Reinforcement System	House	3,108	1,273	3,744	1,549	636	275
Others	—	—	2,394	—	2,694	—	300
Home Sanitation Division Total	—	—	8,658	—	9,471	—	813
Anti-rust equipment installation	Piece	803	875	915	942	112	66
Water supply and drainage repair	—	—	426	—	514	—	87
Waterproofing and renovation of buildings	—	—	127	—	151	—	24
Others	—	—	282	—	293	—	10
Establishment Sanitation Division Total	—	—	1,712	—	1,902	—	189
Plastic fuel	t	204,194	7,897	217,118	8,071	12,923	174
Power Plant	—	—	2,334	—	2,123	—	-210
Organic Waste liquid treatment	t	73,118	1,408	76,506	1,529	3,388	120
Landfill	—	—	584	—	682	—	97
Others	—	—	422	—	363	—	-58
Environmental Resources Development Division Total	—	—	12,647	—	12,770	—	123
Sales of Electricity	—	—	6,372	—	5,776	—	-596
Others	—	—	417	—	344	—	-73
Energy Business Division	—	—	6,790	—	6,120	—	-669
Adjustment of intersegment sales	—	—	(1,702)	—	(34)	—	1,667
Total Net Sales	—	—	35,812	—	36,453	—	640

Note

1. Descriptions are omitted for items that are handled in such a wide range that it is difficult to grasp their quantity.

2. 1,000 tsubo is approximately 3,305.785 m².

3. From the beginning of the first quarter of fiscal year ending March 31, 2022, the Company began adopting the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. The figures for the first quarter of the fiscal year ending March 31, 2022 are the figures after the application of the relevant accounting standards.