



Code : 4651

# Financial Results Briefing For the Nine Months Ended December 31, 2021

SANIX INCORPORATED  
February 14, 2022

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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 Nine Months Ended December 31, 2021

- Net Sales ¥36,453million(Y o Y 105.4%)(Plan ratio100.8%)
- Operating Income ¥181million(Y o Y 7.7%)(Plan ratio16.3%)

## Highlights of Financial Results of FY2021 3Q

	Year-on-year change	Change from the plan
Net Sales	<p>【 + 】</p> <ul style="list-style-type: none"> <li>The number of newly acquired customers and business partners of the HS and ES Divisions steadily grew.</li> <li>The ERD Division was able to increase the volumes of waste plastics and organic waste liquid they accepted largely due to the recovery of the waste discharging factory's economic activities and strengthening of sales activities.</li> <li>The SE Division recorded an increase in the number of installations in self-consumption and surplus projects.</li> </ul>	<ul style="list-style-type: none"> <li>The number of newly acquired customers and business partners of the HS Divisions steadily grew.</li> <li>The ERD Division increased the amount of waste plastics accepted, the amount of organic waste liquid accepted, and the amount of final disposal due to strengthened sales activities aimed at increasing the volume accepted.</li> </ul>
	<p>【 - 】</p> <ul style="list-style-type: none"> <li>The SE Division experienced a significant fall in the number of installations in projects where the full amount of the power generated would be sold, such as photovoltaic power generation systems with land, which accounted for almost half of net sales in the same period of the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>In the ES Division, there was a failure to achieve the plan for Daelman Shock (anti-rust equipment installation)</li> <li>In the EB Division's energy business development, there was a failure to attain the planned number of installations of third party-owned photovoltaic power generation units.</li> </ul>
Operating Income	<p>【 + 】</p> <ul style="list-style-type: none"> <li>The HS Divisions recorded an increase in profit due to higher sales.</li> <li>Increase of profit in the ERD Division due to increases in the amount of waste plastics accepted and in the amount of organic waste liquid accepted</li> </ul>	<ul style="list-style-type: none"> <li>The profit of the HS Division increased due to higher sales</li> <li>Increase of profit in the ERD Division due to increases in the amount of waste plastics accepted and in the amount of organic waste liquid accepted</li> <li>Expenses were reduced through a range of initiatives including the facilitation of online recruitment and training activities and the cancellation of co-sponsored events</li> </ul>
	<p>【 - 】</p> <ul style="list-style-type: none"> <li>The profit of the SE Division decreased due to lower sales.</li> <li>Increase in procurement costs in the Energy Business Division's PPS business due to a prolonged period of soaring market prices and a decline in the negotiated procurement ratio</li> <li>The ERD Division's Tomakomai Power Plant lost profit and posted repair expenses, reflecting its suspension of operations due to a legally required inspection (total amount: approx. 750 million yen).</li> </ul>	<ul style="list-style-type: none"> <li>Increase in procurement costs in the EB Division's PPS business due to a prolonged period of soaring market prices</li> </ul>

# Financial Results of FY2021 3Q



(Millions of Yen)

	FY2020 3Q	FY2021 3Q		FY2020 3Q		FY2021 3Q Plan	
	Result	Result	Plan	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	34,601	<b>36,453</b>	36,157	+ 1,851	105.4%	+ 296	100.8%
<b>Cost of Sales</b>	21,179	<b>25,181</b>	23,887	+ 4,002	118.9%	+ 1,293	105.4%
<b>Gross Profit</b>	13,422	<b>11,271</b>	12,269	-2,150	84.0%	-997	91.9%
(Gross Profit Margin)	38.8%	<b>30.9%</b>	33.9%				
<b>Selling, general and administrative expenses</b>	11,081	<b>11,090</b>	11,154	+ 9	100.1%	-64	99.4%
<b>Operating Income</b>	2,341	<b>181</b>	1,114	-2,159	7.7%	-933	16.3%
(Operating Income Margin)	6.8%	<b>0.5%</b>	3.1%				
<b>Ordinary Income</b>	2,184	<b>0</b>	957	-2,184	0.0%	-957	0.0%
(Ordinary Income Margin)	6.3%	<b>0.0%</b>	2.6%				
<b>Profit (loss) attributable to owners of parent</b>	1,875	<b>(306)</b>	469	-2,181	—	-775	—
(Net Income Margin)	5.4%	—	1.3%				

\*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.

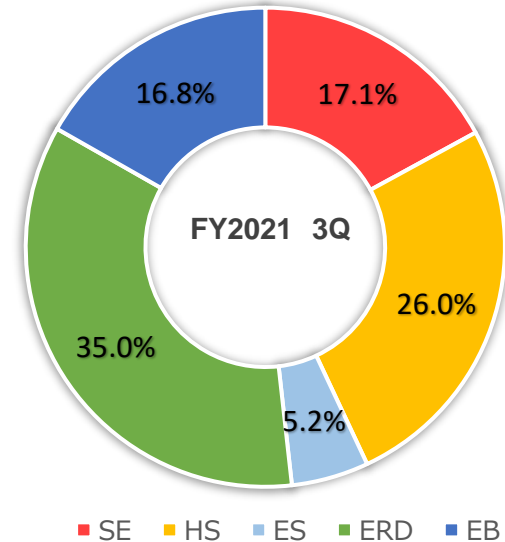
# Net sales by segment of FY 2021 3Q



(Millions of Yen)

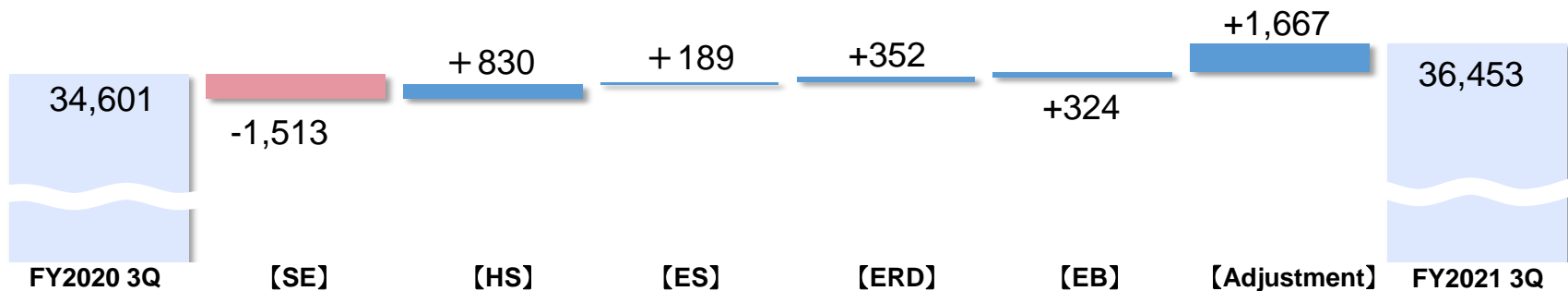
	FY2021 3Q	FY2020 3Q		FY2021 3Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
SE Division	6,223	-1,513	80.4%	+ 50	100.8%
HS Division	9,471	+ 830	109.6%	+ 38	100.4%
ES Division	1,902	+ 189	111.1%	-34	98.2%
ERD Division	12,770	+ 352	102.8%	+ 166	101.3%
EB Division	6,120	+ 324	105.6%	+ 83	101.4%
Adjustment of intersegment sales	(34)	+ 1,667	—	-8	—
<b>Total</b>	<b>36,453</b>	<b>+ 1,851</b>	<b>105.4%</b>	<b>+ 296</b>	<b>100.8%</b>

## Breakdown of sales



## Sales increase / decrease compared to FY2021 3Q

【Millions of Yen】



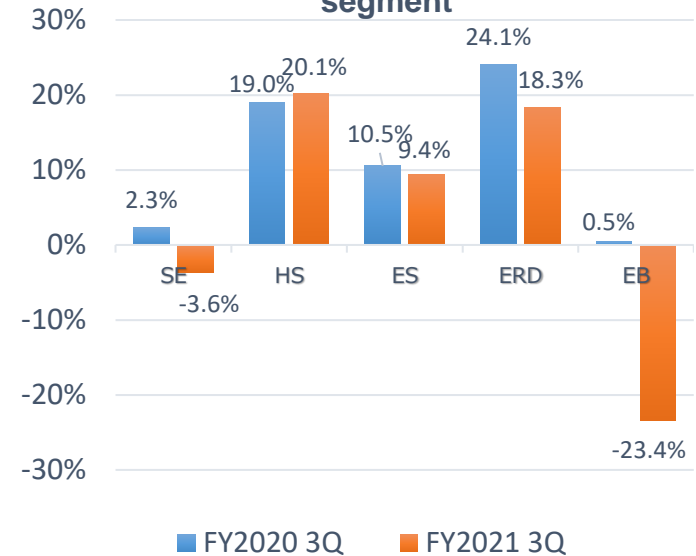
# Operating Income by segment of FY2021 3Q



(Millions of Yen)

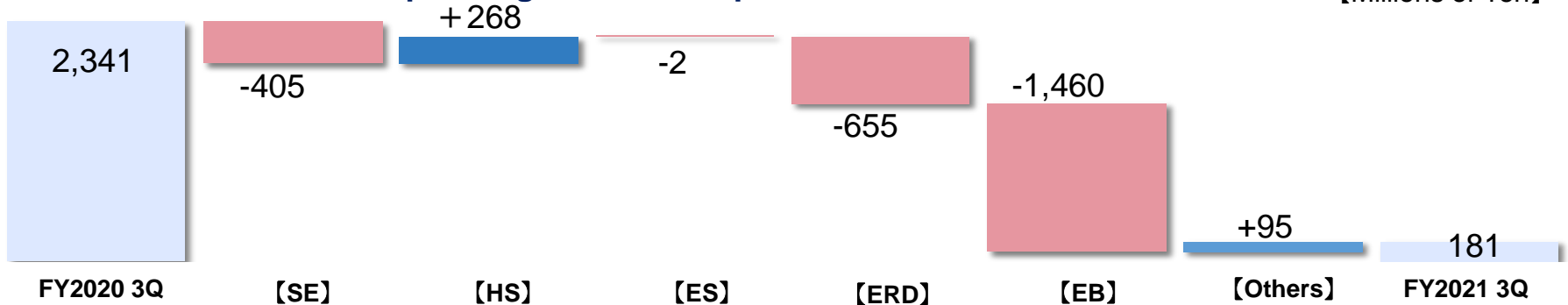
	FY20213Q	FY2020 3Q		FY2021 3Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
SE Division	(225)	-405	—	+ 59	—
HS Division	1,908	+ 268	116.4%	+ 30	101.6%
ES Division	178	-2	98.7%	-13	93.0%
ERD Division	2,342	-655	78.1%	+ 115	105.2%
EB Division	(1,432)	-1,460	—	-1,136	—
Group	(2,590)	+ 95	—	+ 12	—
Total	181	-2,159	7.7%	-933	16.3%

■ Operating Income Margin by segment

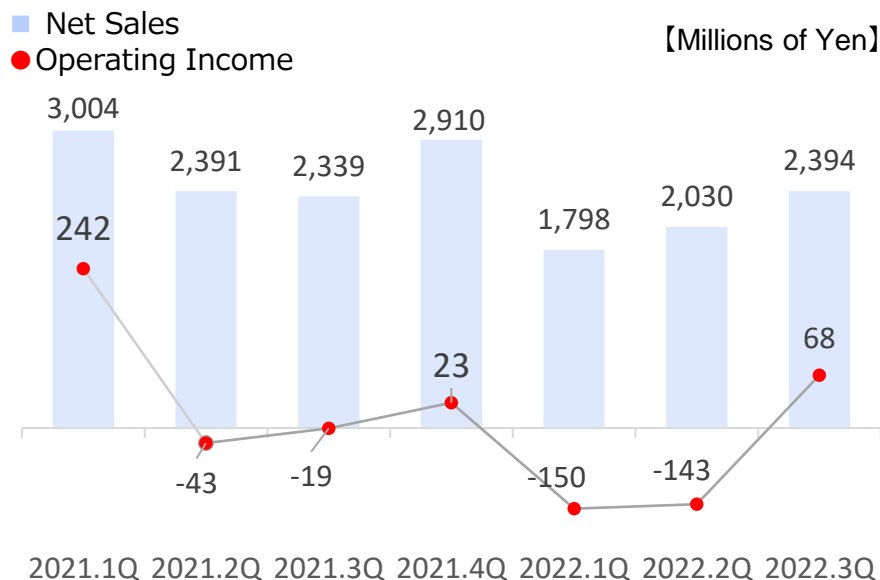


■ Increase / decrease in operating income compared to FY2020 3Q

【Millions of Yen】



# Results by segment of FY2021 3Q(SE Division)



Main factors for the change	
<b>■ Net Sales -1,513million yen</b>	
【+】	<ul style="list-style-type: none"> <li>• Increase in the number of installations in self-consumption and surplus projects</li> <li>• Increased maintenance sales at existing photovoltaic power plants</li> </ul>
【-】	<ul style="list-style-type: none"> <li>• A revision of the FIT system led to a decrease in the number of projects for selling the full amount of power generated, such as photovoltaic power generation systems with land.</li> </ul>
<b>■ Operating Income -405million yen</b>	
【+】	<ul style="list-style-type: none"> <li>• Reduction in personnel expenses due to a decrease in the number of staff members</li> <li>• Reduction in subcontracted processing expenses chiefly due to a decrease in land development expenses.</li> </ul>
【-】	<ul style="list-style-type: none"> <li>• Decrease due to lower sales</li> <li>• Material costs increased.</li> </ul>

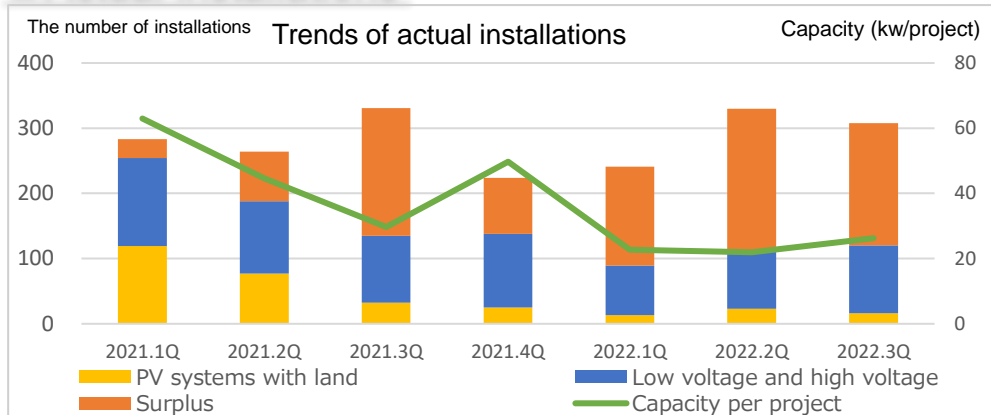
## ■ Net Sales by segment/Operating Income

(Millions of Yen)

	FY2021 3Q	FY2021 3Q		FY2021 3Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>6,223</b>	-1,513	80.4%	+ 50	100.8%
Sales and installation of PV system	<b>6,059</b>	-1,451	80.7%	-0	100.0%
Wholesale of PV system	<b>109</b>	-44	71.0%	+ 56	206.4%
Others	<b>54</b>	-16	76.8%	-5	90.8%
<b>Gross Profit</b>	<b>1,592</b>	-823	65.9%	-19	98.8%
<b>Operating Income</b>	<b>(225)</b>	-405	—	+ 59	—

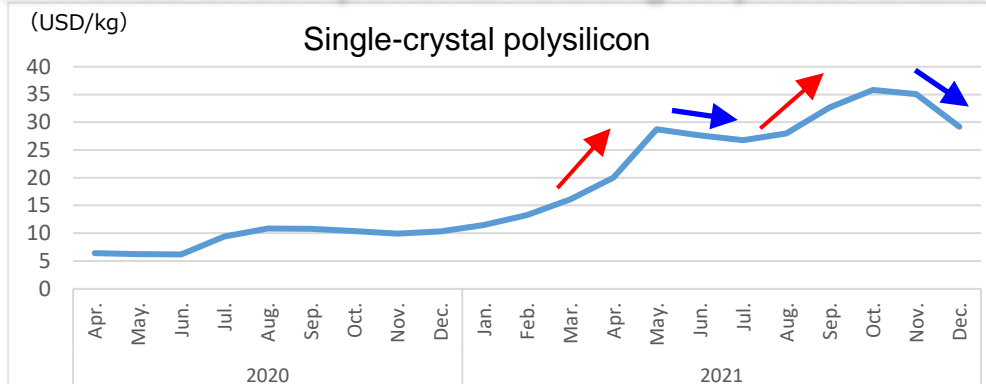


## Actual installations



Despite a fall in the number of projects for selling the full amount of the power generated, such as photovoltaic power generation systems with land reflecting the FIT system revision, the number of installations in self consumption and surplus projects is on the rise.

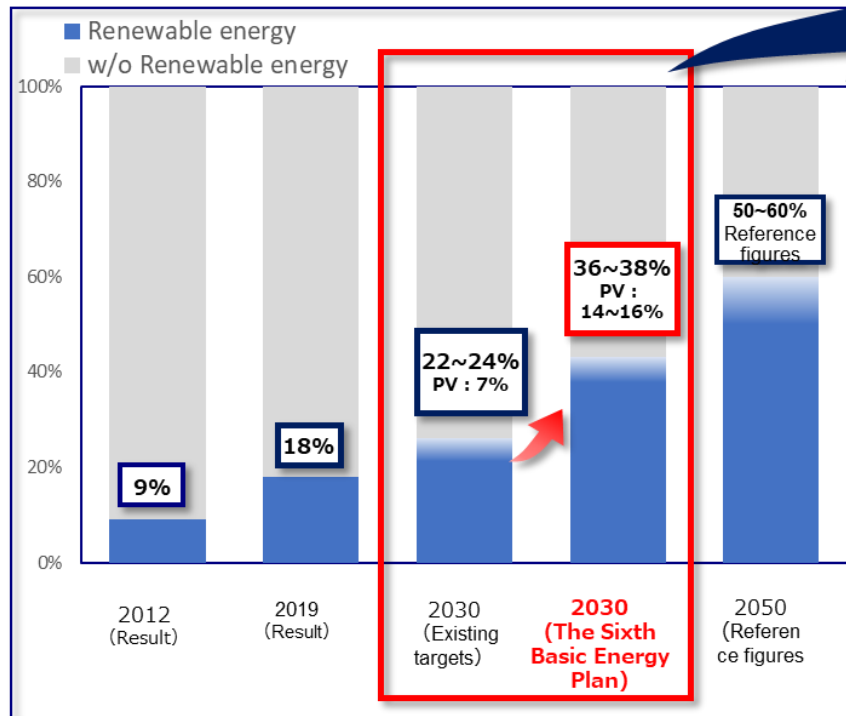
## Trends of components relating to photovoltaic power generation



Prices of polysilicon, the major raw material for solar cell modules, had been rising rapidly, but in addition to the easing of the impact of power restrictions, prices are also falling at present as supply is increasing due to the start of operations at new plants of major manufacturers. In China, investment to expand production capacity is becoming more active and is expected to double from the current capacity by the end of 2022.

# Trend toward expansion of domestic market of photovoltaic power generation

■ 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%

**PV 103.5~117.6GW**

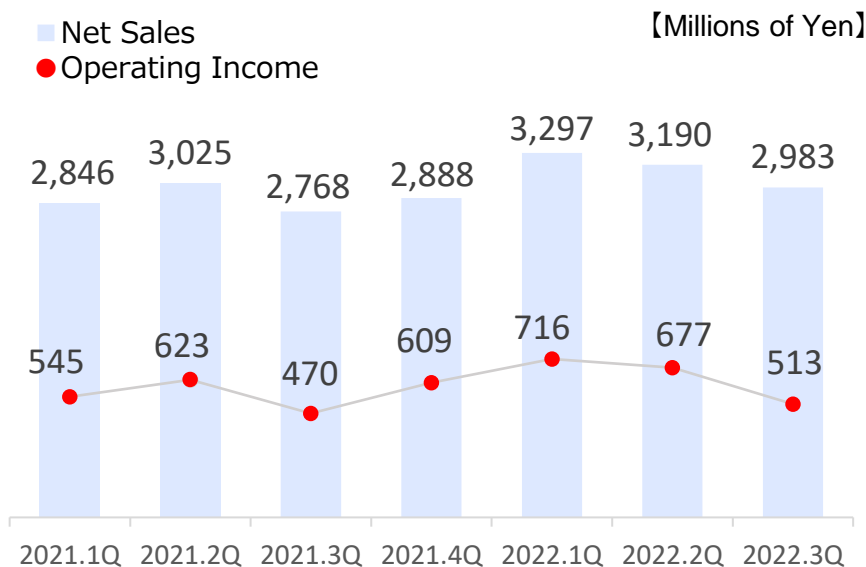
※The percentage should be 38% or greater once the utilization and implementation of the outcome of our ongoing research and development of renewable energy progress.

※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.

Introduction and expansion of renewable energy using the FIT System

- 【Toward FY2022】**
- Implementation of the Act for Establishing Energy Supply Resilience (FIP System)
  - Implementation of the Revised Act on Promotion of Global Warming Countermeasures
  - Strengthen policy responses to the introduction and expansion of renewable energy based on the Sixth Basic Energy Plan
  - Responsible ministries work to introduce and expand renewable energy
  - Introduction and deployment led by local governments
  - Penetration of the business model into the introduction and expansion of mainly PPA

# Results by segment of FY2021 3Q(HS Division)

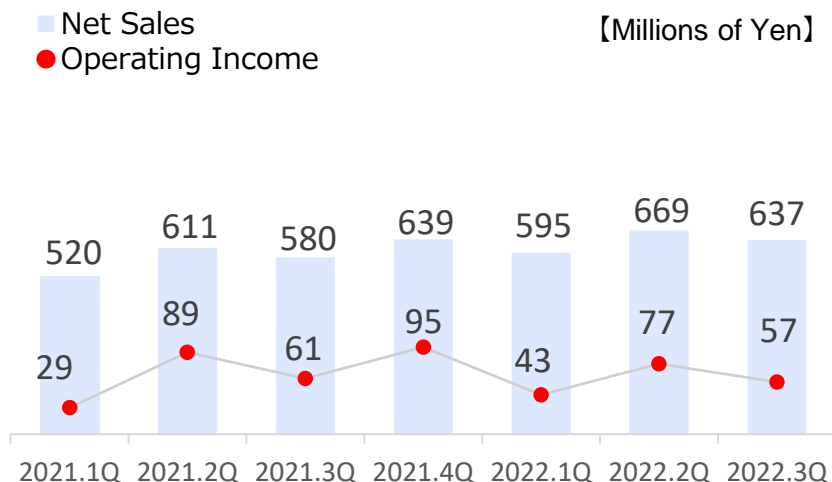


Main factors for change	
<b>■ Net Sales</b>	<b>+830million yen</b>
<b>【+】</b>	<ul style="list-style-type: none"> <li>· Increase in the number of works for preventing termite resulting from an increase in the number of newly contracted customers</li> <li>· Increase in foundation repair and housing reinforcement systems from the development of the customer base</li> <li>· Improvement in sales efficiency</li> <li>· Increase in orders from business partners</li> </ul>
<b>■ Operating Income</b>	<b>+268million yen</b>
<b>【+】</b>	· Increase in profit due to higher sales
<b>【-】</b>	<ul style="list-style-type: none"> <li>· Increase in personnel expenses resulting from the active reinforcement of manpower</li> <li>· Increase in sales commissions due to higher net sales</li> </ul>

## ■ Net Sales by segment/Operating Income

(Millions of Yen)

	FY2021 3Q	FY2020 3Q		FY2021 3Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>9,471</b>	+ 830	109.6%	+ 38	100.4%
Termite control construction	<b>2,804</b>	+ 65	102.4%	-65	97.7%
Under-floor/attic ventilation system	<b>2,422</b>	+ 188	108.5%	+ 0	100.0%
Foundation Repair/Home Reinforcement System	<b>1,549</b>	+ 275	121.6%	+ 51	103.4%
Others	<b>2,694</b>	+ 300	112.6%	+ 51	102.0%
<b>Gross Profit</b>	<b>5,929</b>	+ 642	112.1%	+ 92	101.6%
<b>Operating Income</b>	<b>1,908</b>	+ 268	116.4%	+ 30	101.6%



Main factors for change	
■ Net Sales	+189 million yen
【+】	<ul style="list-style-type: none"> <li>• Growth in sales of Daelman Shock (anti-rust equipment), mainly reflecting an increase in the number of business partners and the expansion of sales areas</li> <li>• Increase in water supply and drainage repair resulting from the development of the customer base</li> </ul>
■ Operating Income	-2million yen
【+】	<ul style="list-style-type: none"> <li>• Increase in profit due to higher sales</li> </ul>
【-】	<ul style="list-style-type: none"> <li>• Increase in personnel expenses resulting from the active reinforcement of manpower</li> <li>• Increase in sales commissions due to higher net sales</li> </ul>

## ■ Net Sales by segment/Operating Income

(Millions of Yen)

	FY2021 3Q	FY2020 3Q		FY2021 3Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>1,902</b>	+ 189	111.1%	-34	98.2%
Anti-rust equipment installation	<b>942</b>	+ 66	107.7%	-54	94.5%
Others	<b>959</b>	+ 122	114.6%	+ 19	102.1%
<b>Gross Profit</b>	<b>1,010</b>	+ 87	109.5%	-32	96.8%
<b>Operating Income</b>	<b>178</b>	-2	98.7%	-13	93.0%

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



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

Number of personnel (consolidated)	FY2020 Result	At the end of Dec 2021 Result	Change	FY2021 Plan
SE Division	344	327	-17	347
HS Division	747	797	+ 50	861
ES Division	136	147	+ 11	175
ERD Division	426	438	+ 12	467
EB Division	81	74	-7	87
Headquarter	293	282	-11	311
<b>Total</b>	<b>2,027</b>	<b>2,065</b>	<b>+ 38</b>	<b>2,248</b>

## Number of sites (including subsidiary)

Division	Sites
SE Division	2headquarters 37sites
HS Division	4headquarters 53sites
ES Division	12sites
ERD Division	18sites
EB Division	5sites

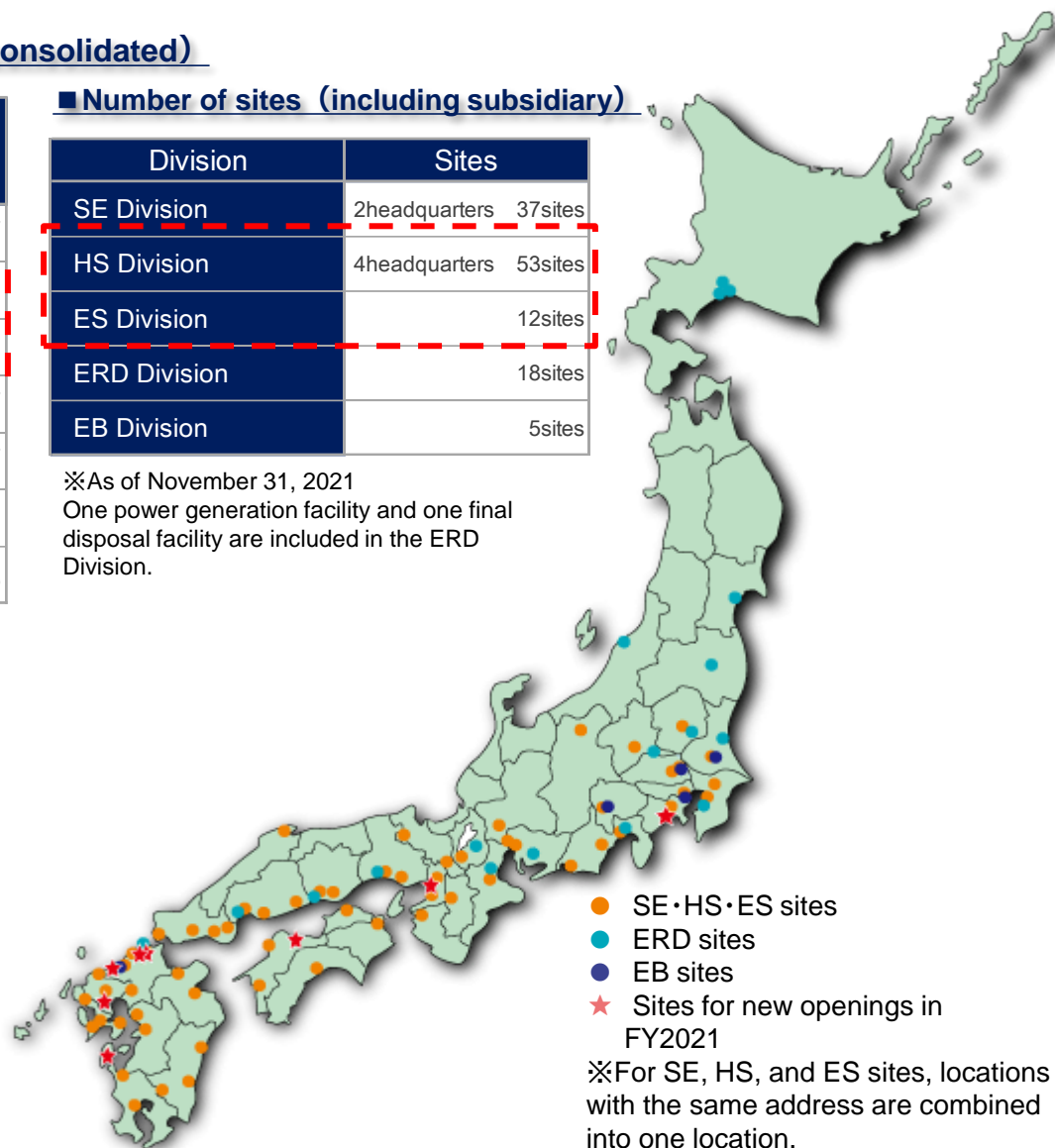
※As of November 31, 2021  
One power generation facility and one final disposal facility are included in the ERD Division.

### Site opening status(FY2021)

- 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

### Scheduled site opening from March 2023

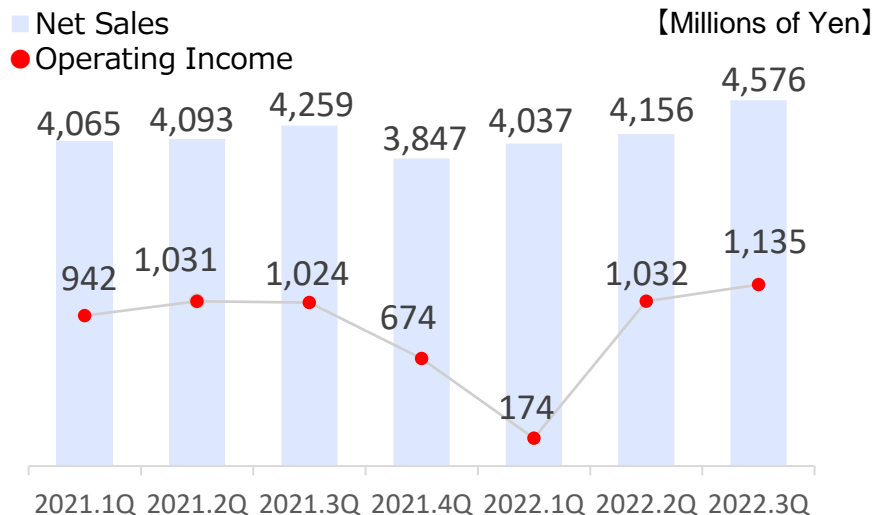
- April 2022 HS Makurazaki site



- 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 3Q(ERD Division)



Main factors for the change	
<b>■ Net Sales +352million yen</b>	
[+]	<ul style="list-style-type: none"> <li>• Increase in the amount of waste plastics accepted</li> <li>• Increase in the amount of organic waste liquid accepted</li> </ul>
[-]	<ul style="list-style-type: none"> <li>• Decrease in the amount of power generated due to the suspension of operations during the legally required power plant inspection</li> </ul>
<b>■ Operating Income -655million yen</b>	
[+]	<ul style="list-style-type: none"> <li>• Increase in profit due to the increase of the amount of waste accepted</li> </ul>
[-]	<ul style="list-style-type: none"> <li>• Loss of profit due to the suspension of operations during the legally required power plant inspection</li> <li>• Increase in repair expenses due to the legally required power plant inspection.</li> </ul>

## ■ Net Sales by segment/Operating Income

(Millions of Yen)

	FY2021 3Q	FY2020 3Q		FY2021 3Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>12,770</b>	+ 352	102.8%	+ 166	101.3%
Plastic fuel	<b>8,071</b>	+ 247	103.2%	+ 135	101.7%
Power Plant	<b>2,123</b>	-136	94.0%	-123	94.5%
Organic Waste liquid treatment	<b>1,529</b>	+ 120	108.6%	+ 28	101.9%
Landfill	<b>682</b>	+ 97	116.7%	+ 103	117.9%
Others	<b>363</b>	+ 22	106.7%	+ 21	106.4%
<b>Gross Profit</b>	<b>3,677</b>	-635	85.3%	+ 117	103.3%
<b>Operating Income</b>	<b>2,342</b>	-655	78.1%	+ 115	105.2%

## ■ 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 November 2021, the Company conducted its voluntary regular inspection, and has been able to secure stable operating income.

※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

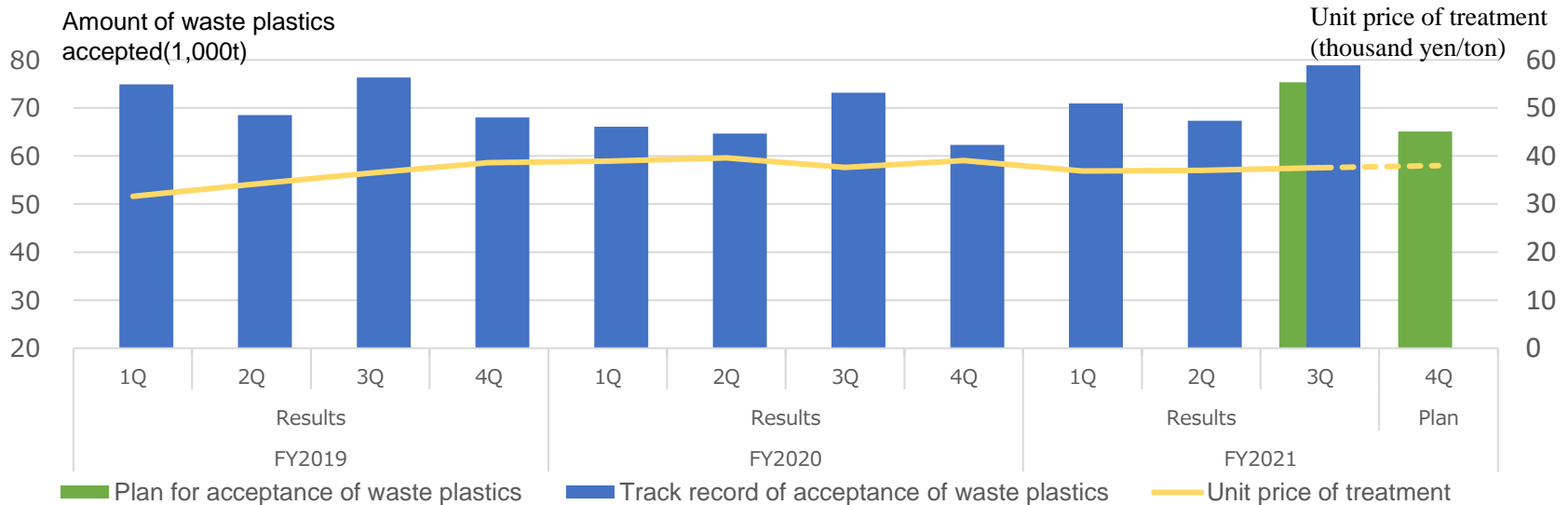


## ■ Volume of waste plastics accepted (YOY: 106.3%)

- 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 the OVID-19. In FY2021, the volume of waste plastics accepted rose 6.3% year on year because of factors such as the intensification of sales activities for increasing the volume accepted.

## ■ Unit price of treatment of waste plastics

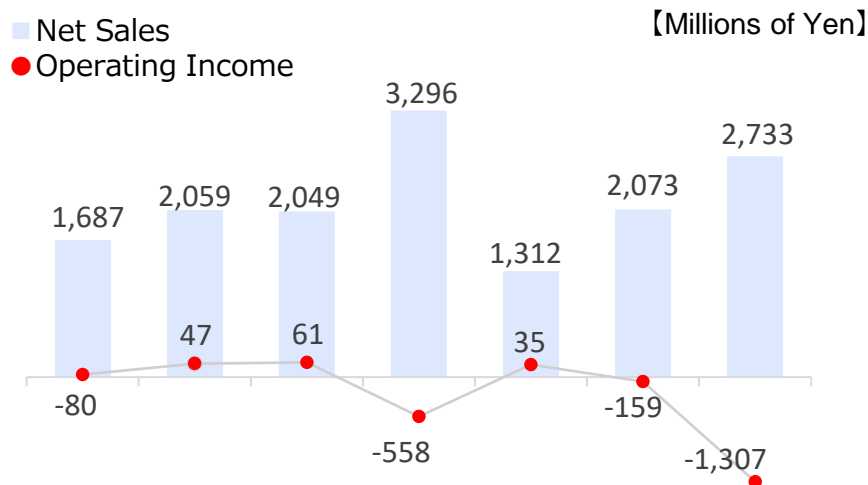
- The unit price relatively rose since we started focusing more on waste plastics' qualitative improvements for use as fuel in FY2019.
- In FY2021, we have been accepting more waste plastics while retaining their quality for use as fuel. The unit price of treatment has been maintained.



\*Unit price of treatment = Sales of plastic fuel divided by the amount of waste plastics accepted



# Results by segment of FY2021 3Q(EB Division)



2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q

Main factors for the change	
<b>■ Net Sales +324million yen</b>	
【+】	· 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)
<b>■ Operating Income -1,460million yen</b>	
【-】	· Increase in procurement costs due to a prolonged period of soaring market prices and a decline in the negotiated procurement ratio
	· Increase in personnel expenses due to an increase in the number of staff members

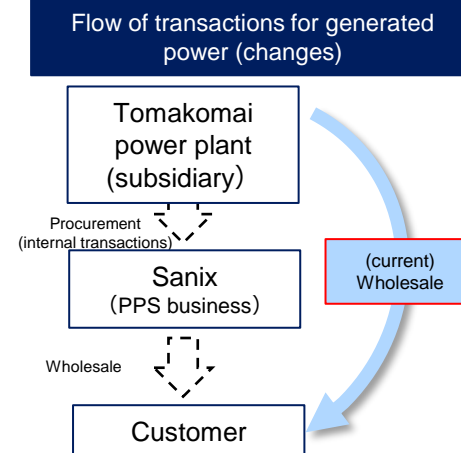
## ■ Net Sales by segment/Operating Income

(Millions of Yen)

	FY2021 3Q	FY2020 3Q		FY2021 3Q Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>6,120</b>	+ 324	105.6%	+ 83	101.4%
Sales of Electricity	5,776	+ 398	107.4%	+ 174	103.1%
Others	344	-73	82.4%	-90	79.1%
<b>Gross Profit</b>	<b>(938)</b>	-1,421	—	-1,155	—
<b>Operating Income</b>	<b>(1,432)</b>	-1,460	—	-1,136	—

(Reference)

<b>Adjustment of intersegment sales</b>	<b>(34)</b>	+ 1,667	—	-8	—
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\*Sanix (PPS business) engaged in the sale of electric power in the previous fiscal year

(Million of Yen)

	FY2020	FY2021	FY2020	
	As of March 31	As of Dec. 31	Difference	Ratio
Current Assets	14,633	<b>15,831</b>	+ 1,198	108.2%
Non-Current Assets	18,306	<b>20,799</b>	+ 2,492	113.6%
<b>Total Assets</b>	<b>32,940</b>	<b>36,631</b>	+ 3,691	111.2%
Current Liabilities	16,861	<b>20,109</b>	+ 3,247	119.3%
Non-Current Liabilities	7,981	<b>8,689</b>	+ 707	108.9%
<b>Total Liabilities</b>	<b>24,842</b>	<b>28,798</b>	+ 3,955	115.9%
<b>Total Net Assets</b>	<b>8,097</b>	<b>7,832</b>	-264	96.7%
<b>Total Liabilities and Assets</b>	<b>32,940</b>	<b>36,631</b>	+ 3,691	111.2%

<Reference> Increase / decrease due to the application of the Accounting Standard for Revenue Recognition	
Current Assets	+ 353M
Non-Current Assets	+ 1,046M
Currents Liabilities	+ 1,412M

# Capital investment/Depreciation for the nine months ended December 31,2021



## ■ Capital investment/Depreciation

(Millions of Yen)

	FY2020	FY2021
	Full-Year	3Q Result
Capital Investment	3,083	<b>2,521</b>
Depreciation	1,097	<b>1,002</b>

## ■ Depreciation by segment

(Millions of Yen)

	FY2020	FY2021
	Full-Year	3Q Result
SE Divisin	116	<b>18</b>
HS Division	30	<b>43</b>
ES Division	8	<b>3</b>
ERD Division	2,248	<b>2,212</b>
EB Division	13	<b>25</b>
Headquarter	666	<b>218</b>
Total	3,083	<b>2,521</b>

### Major capital investment(3Q Result)

- Investment related to the Tomakomai Power plant :¥384M
- Investment related to the disposal of plastic waste :¥911M
- Investment related to the introduction of self consumption photovoltaic power generation systems at factories and other facilities :¥124M
- Investment related to the landfill :¥685M
- Investment related to core systems :¥118M

# Financial results forecast for FY2021

Concerning the projection of full-year consolidated results for the fiscal year ending March 31, 2022, revisions have been made in accordance with results of the consolidated cumulative third quarter on January 28, 2022.

(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Revised plan(11/12)	Revised plan(1/28)	Difference	Difference	Y o Y
<b>Net Sales</b>	47,762	50,318	<b>50,755</b>	+ 436	+ 2,993	106.3%
<b>Cost of Sales</b>	30,780	33,688	<b>38,194</b>	+ 4,505	+ 7,413	124.1%
<b>Gross Profit</b>	16,981	16,629	<b>12,560</b>	-4,069	-4,420	74.0%
(Gross Profit Margin)	35.6%	33.0%	<b>24.7%</b>			
<b>Selling, general and administrative expenses</b>	14,701	14,802	<b>14,790</b>	-12	+ 88	100.6%
<b>Operating Income</b>	2,279	1,827	<b>(2,229)</b>	-4,057	-4,509	—
(Operating Income Margin)	4.8%	3.6%	—			
<b>Ordinary Income</b>	2,045	1,621	<b>(2,435)</b>	-4,056	-4,480	—
(Ordinary Income Margin)	4.3%	3.2%	—			
<b>Profit (loss) attributable to owners</b>	1,918	819	<b>(2,803)</b>	-3,622	-4,721	—
(Net Income Margin)	4.0%	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	Revised plan(11/12)	Revised plan(1/28)	Difference	Difference	Y o Y
<b>Net Sales</b>	47,762	50,318	<b>50,755</b>	+ 436	+ 2,993	106.3%
SE Division	10,646	8,593	<b>8,593</b>	+ 0	-2,053	80.7%
HS Division	11,530	12,510	<b>12,510</b>	+ 0	+ 980	108.5%
ES Division	2,351	2,756	<b>2,756</b>	+ 0	+ 405	117.2%
ERD Division	16,265	16,693	<b>16,693</b>	+ 0	+ 427	102.6%
EB Division	9,091	9,799	<b>10,237</b>	+ 437	+ 1,145	112.6%
Adjustment of inter-segment sales	(2,123)	(35)	<b>(36)</b>	-1	+ 2,087	—
<b>Operating Income</b>	2,279	1,827	<b>(2,229)</b>	-4,057	-4,509	—
SE Division	203	(248)	<b>(248)</b>	+ 0	-452	—
HS Division	2,248	2,420	<b>2,420</b>	+ 0	+ 172	107.7%
ES Division	276	313	<b>313</b>	+ 0	+ 36	113.3%
ERD Division	3,673	3,062	<b>3,062</b>	+ 0	-611	83.4%
EB Division	(529)	(244)	<b>(4,301)</b>	-4,057	-3,771	—
Group	(3,593)	(3,476)	<b>(3,476)</b>	+ 0	+ 116	—

# Segment Forecast for FY2021(SE Division)



(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Revised plan(11/12)	Revised plan(1/28)	Difference	Difference	Y o Y
<b>Net Sales</b> □	10,646	8,593	<b>8,593</b>	+ 0	-2,053	80.7%
Sales and installation of PV system	10,346	8,443	<b>8,443</b>	+ 0	-1,903	81.6%
Wholesale of PV system	210	70	<b>70</b>	+ 0	-139	33.7%
Others	89	78	<b>78</b>	+ 0	-10	87.9%
<b>Costs of Sales</b>	7,544	6,345	<b>6,345</b>	+ 0	-1,198	84.1%
Material costs	4,474	3,577	<b>3,577</b>	+ 0	-896	80.0%
Labor costs	653	912	<b>912</b>	+ 0	+ 258	139.6%
<b>Gross Profit</b>	3,102	2,247	<b>2,247</b>	+ 0	-855	72.4%
<b>SG&amp;A</b>	2,898	2,496	<b>2,496</b>	+ 0	-402	86.1%
Personnel expenses	1,583	1,197	<b>1,197</b>	+ 0	-385	75.6%
<b>Operating Income</b>	203	(248)	<b>(248)</b>	+ 0	-452	—

There is no change in our full-year plan announced on November 12, 2021.

# Segment Forecast for FY2021(HS Division)



(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Revised plan(11/12)	Revised plan(1/28)	Difference	Difference	Y o Y
<b>Net Sales</b> □	11,530	12,510	<b>12,510</b>	+ 0	+ 980	108.5%
Termite control construction	3,548	3,895	<b>3,895</b>	+ 0	+ 346	109.8%
Under-floor/attic ventilation system	2,965	3,201	<b>3,201</b>	+ 0	+ 236	108.0%
Foundation Repair/ Home Reinforcement	1,759	2,027	<b>2,027</b>	+ 0	+ 268	115.2%
Others	3,256	3,386	<b>3,386</b>	+ 0	+ 129	104.0%
<b>Costs of Sale</b>	4,466	4,876	<b>4,876</b>	+ 0	+ 410	109.2%
<b>Labor costs</b>	1,588	1,735	<b>1,735</b>	+ 0	+ 147	109.3%
<b>Gross Profit</b>	7,063	7,633	<b>7,633</b>	+ 0	+ 570	108.1%
<b>SG &amp; A</b>	4,814	5,212	<b>5,212</b>	+ 0	+ 398	108.3%
<b>Personnel expenses</b>	3,065	3,193	<b>3,193</b>	+ 0	+ 127	104.2%
<b>Operating Income</b>	2,248	2,420	<b>2,420</b>	+ 0	+ 172	107.7%

There is no change in our full-year plan announced on November 12, 2021.



# Segment Forecast for FY2021(ES Division)



(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Revised plan(11/12)	Revised plan(1/28)	Difference	Difference	Y o Y
<b>Net Sales</b>	2,351	2,756	<b>2,756</b>	+ 0	+ 405	117.2%
Anti-rust equipment installation	1,214	1,411	<b>1,411</b>	+ 0	+ 197	116.2%
Other	1,137	1,345	<b>1,345</b>	+ 0	+ 208	118.3%
<b>Cost of Sales</b>	1,071	1,287	<b>1,287</b>	+ 0	+ 215	120.1%
Labor costs	255	287	<b>287</b>	+ 0	+ 32	112.6%
<b>Gross Profit</b>	1,279	1,469	<b>1,469</b>	+ 0	+ 189	114.8%
<b>SG &amp; A</b>	1,003	1,156	<b>1,156</b>	+ 0	+ 153	115.3%
Personnel expenses	592	664	<b>664</b>	+ 0	+ 72	112.2%
<b>Operating Income</b>	276	313	<b>313</b>	+ 0	+ 36	113.3%

There is no change in our full-year plan announced on November 12, 2021.

# Segment Forecast for FY2021(ERD Division)



(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Revised plan(11/12)	Revised plan(1/28)	Difference	Difference	Y o Y
<b>Net Sales</b>	16,265	16,693	<b>16,693</b>	+ 0	+ 427	102.6%
Plastic fuel	10,233	10,410	<b>10,410</b>	+ 0	+ 176	101.7%
Power Plant	3,004	3,176	<b>3,176</b>	+ 0	+ 172	105.7%
Organic Waste liquid treatment	1,863	1,956	<b>1,956</b>	+ 0	+ 93	105.0%
Landfill	713	712	<b>712</b>	+ 0	+ 0	99.9%
Others	450	437	<b>437</b>	+ 0	-13	97.0%
<b>Cost of Sales</b>	10,833	11,849	<b>11,849</b>	+ 0	+ 1,016	109.4%
Labor costs	1,901	1,899	<b>1,899</b>	+ 0	-2	99.9%
<b>Gross Profit</b>	5,432	4,843	<b>4,843</b>	+ 0	-588	89.2%
<b>SG &amp; A</b>	1,758	1,781	<b>1,781</b>	+ 0	+ 22	101.3%
Personnel expenses	1,092	1,098	<b>1,098</b>	+ 0	+ 6	100.6%
<b>Operating Income</b>	3,673	3,062	<b>3,062</b>	+ 0	-611	83.4%

There is no change in our full-year plan announced on November 12, 2021.

# Segment Forecast for FY2021(EB Division)



(Millions of Yen)

	FY2020	FY2021			Comparison with FY2020	
	Result	Revised plan(11/12)	Revised plan(1/28)	Difference	Difference	Y o Y
<b>Net Sales</b>	9,091	9,799	<b>10,237</b>	+ 437	+ 1,145	112.6%
Sales of Electricity	8,506	9,109	<b>9,547</b>	+ 437	+ 1,040	112.2%
Others	585	690	<b>690</b>	+ 0	+ 105	118.0%
<b>Cost of Sales</b>	8,988	9,364	<b>13,871</b>	+ 4,507	+ 4,883	154.3%
Material costs	8,719	9,079	<b>13,586</b>	+ 4,507	+ 4,867	155.8%
<b>Gross Profit</b>	103	435	<b>(3,633)</b>	-4,069	-3,737	—
<b>SG &amp; A</b>	632	679	<b>667</b>	-12	+ 34	105.4%
Personnel expenses	361	399	<b>391</b>	-7	+ 30	108.3%
<b>Operating Income</b>	(529)	(244)	<b>(4,301)</b>	-4,057	-3,771	—

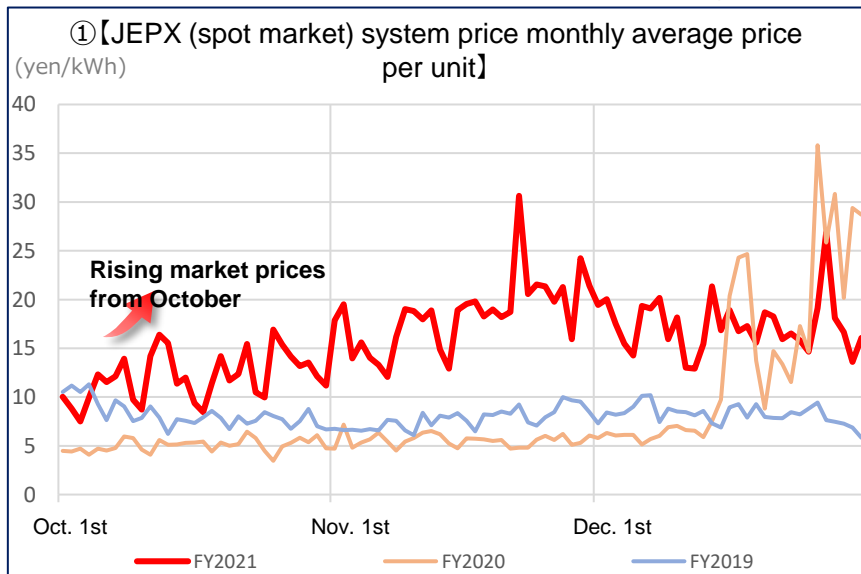
## ■ Deficit factors

### ① Soaring market prices on the Japan Electric Power Exchange

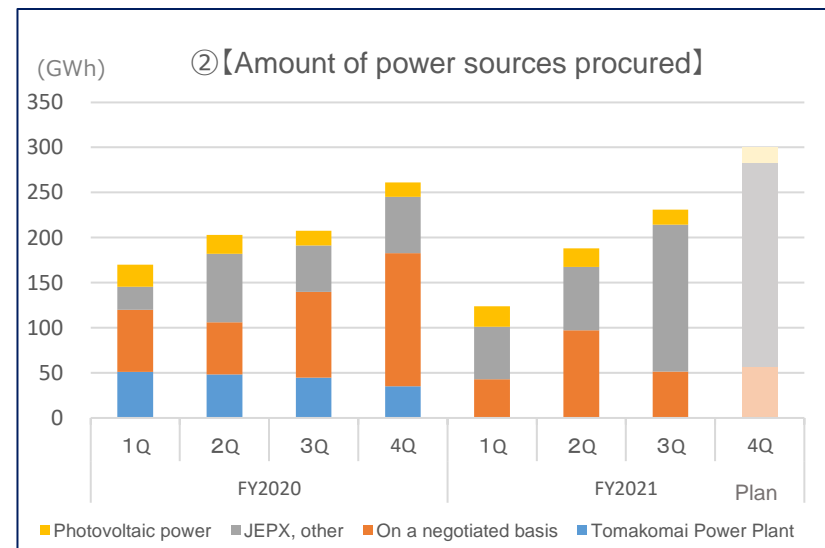
- In the third quarter under review, the market prices on the Japan Electric Power Exchange (hereinafter "JEPX") rose more than the Company had expected from November onward and remained at a high level for a long period of time, resulting in an increase in the procurement prices for electricity purchases.

### ② Change in power sources procured by the Company (Increase in percentage of market procurement)

- As other companies also procured electricity on a negotiated basis in preparation for the demand season, there was a shortage of negotiated power sources, and the price of negotiated power sources increased due to the sharp rise in market prices, resulting in unmet conditions, etc. Consequently, the percentage of market procurement has increased due to our being forced to procure from JEPX.



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.

## ■ Difference from the previous period

- In FY2020, fuel stock for LNG-based thermal power generation decreased, resulting in a lack of a sustainable supply capacity. In addition, market prices on the JEPX soared (over 200 yen/kWh at one point) from mid-December 2020 to late January 2021 due to increased heating demand caused by an intense cold snap. Since we had secured the negotiated procurement volume in advance, we were able to limit procurement from the JEPX to a certain level and reduce the impact of the price increases.
- On the other hand, in FY2021, although there was no shortage of LNG fuel stock in Japan, the market price has remained high for the long period of time from October 2021 to the present due to concerns about power shortages caused by the low level of the electricity supply reserve ratio. In addition, as other companies also procured electricity on a negotiated basis in preparation for the demand season, there was a shortage of negotiated power sources, and the price also rose. As a result, procurement on a negotiated basis became sluggish and the ratio of procurement from the JEPX has increased.

## ■ Difference from the plan

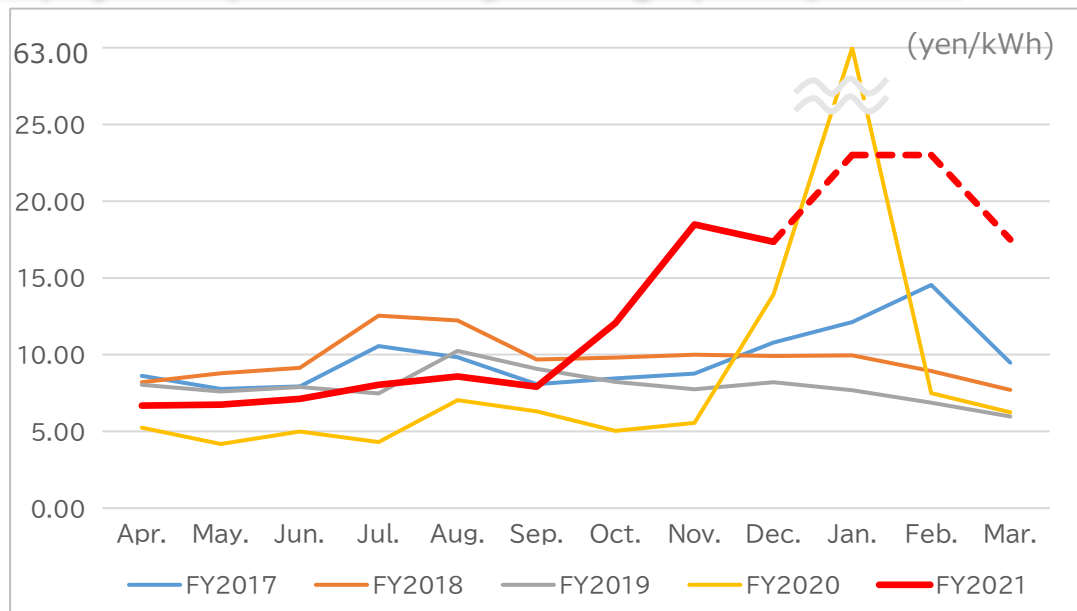
- On November 12, 2021, we revised financial results forecast for FY2021 based on the wholesale power price forecasting service following a rise in the market price of electric power on the JEPX in October 2021. As the market price on the JEPX continued to rise beyond our expectations from November and remained at a high level for a long period of time, electricity procurement costs increased in the third quarter under review, deviating significantly from our plan.
- Even in the fourth quarter of the fiscal year ending March 31, 2022, the market price on the JEPX also remained high. In addition, since the Company relies on the JEPX for a certain amount of its power supply, it expects a large increase in power procurement costs and has revised its full-year financial results forecast.

## ■ Market Price Forecast on the Japan Electric Power Exchange

- The market price on the JEPX has been rising since October and has remained high since January.
- We expect that the JEPX (spot market) market price will be around 23.0 yen/kWh in January, 23.0 yen/kWh in February, and 17.5 yen/kWh in March.

## ■ Trends in the JEPX (spot market) system price monthly average price per unit

FY2021	the JEPX (spot market) system price monthly average
Apr. 2021	6.69
May. 2021	6.74
Jun. 2021	7.12
Jul. 2021	8.05
Aug. 2021	8.58
Sep. 2021	7.91
Oct. 2021	12.06
Nov. 2021	18.48
Dec. 2021	17.35
Jan 2022(forecast/actual)	23.00/21.94
Feb. 2022 ( forecast )	23.00
Mar. 2022 ( forecast )	17.50



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

The above table shows the monthly average price per unit trend of the JEPX (spot market) prices (simple monthly average of system prices (48 frames per day in 30-minute units)), which is important market data related to our electricity procurement.

The market price forecast for the JEPX is based on our own projections in light of recent conditions.

## FY2021

- Positioned as a growth business that will become a pillar of the business and expand revenue
- Take flexible measures such as raising the ratio of negotiated procurement in preparation for demand season.

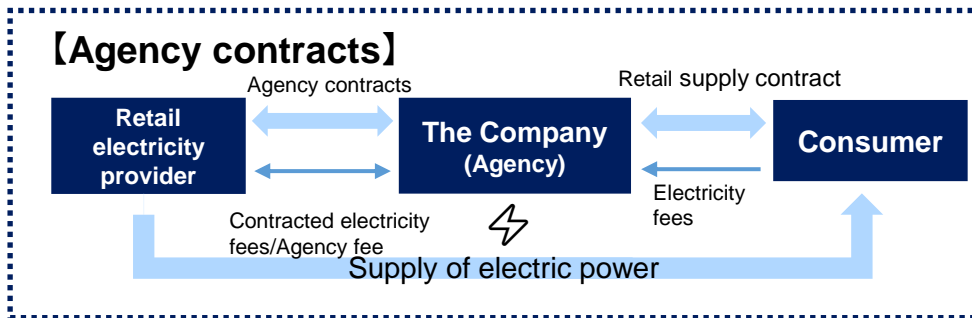
A prolonged spike in the JEPX market prices  
Lack of procurement of negotiated power sources in winter



- ① Suspension of the acceptance of new supply and demand contracts
- ② Negotiation on revision of unit prices, etc. of supply contractors
- ③ Request that retail customers cooperate in electricity conservation

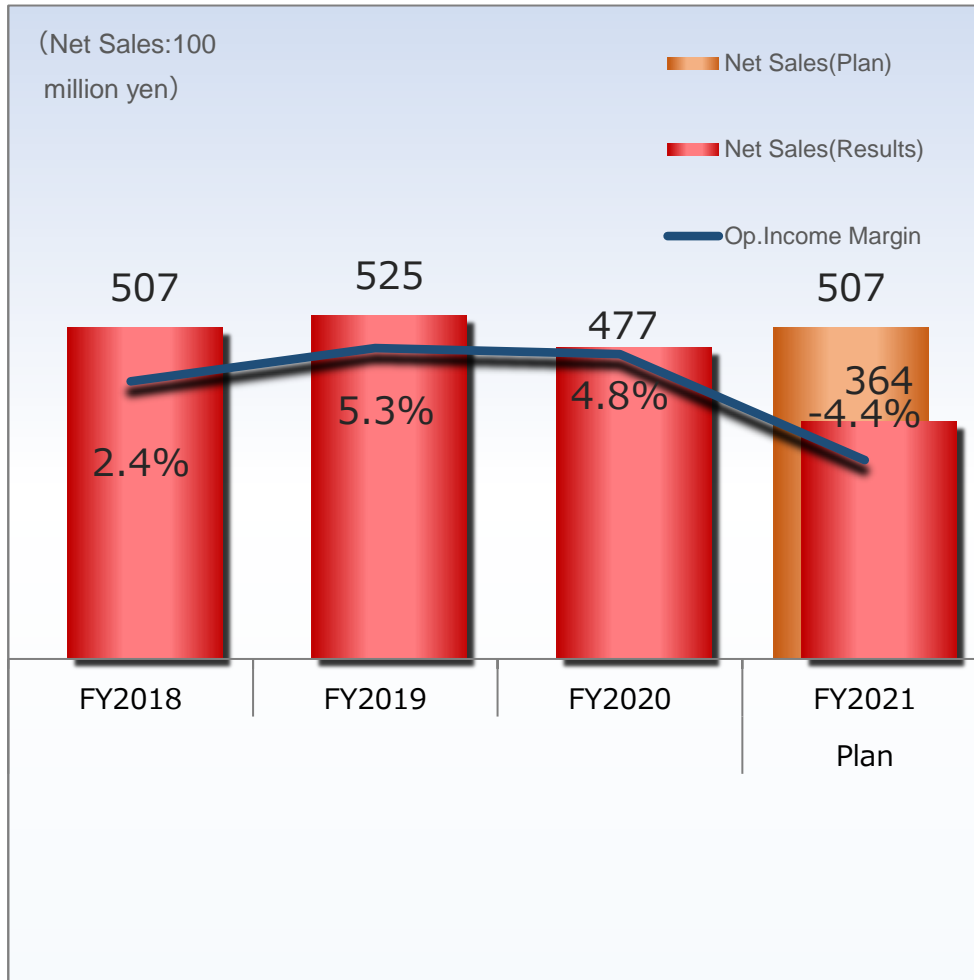
## FY2022

- **Shift to a business structure that minimizes market risks**
  - **Rather than focusing on growth through sales expansion, aim to create synergy with other businesses by strengthening functional aspects**
- ① Adjust supply to match the scale of negotiated procurement and minimize market procurement.
  - ② Consider shifting part of contracts for retail sales to agency contracts



### \*Agency contracts

A type in which the intermediary agency concludes an intermediary contract with a retail electricity provider and sells the electricity procured by the retail electricity provider to consumers. The responsibility for power supply lies with the retail electricity provider.



## Forecast for FY2021

Net Sales:¥ 50,755 million

Op. Income:¥-2,229million

Op. Income Margin:-4.4%

\*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.



		FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Revised Plan (Nov.12 2021)	FY2021 Revised Plan (Jan. 28 2022)
Return on equity	ROE	5.85%	36.31%	27.87%	10.00%	—
Return on total assets	ROA	3.88%	8.16%	6.39%	5.00%	—
Equity ratio		13.42%	18.55%	24.50%	26.00%	13.50%
Return on invested Capital	ROIC	2.31%	10.77%	11.19%	5.00%	—

## Topics

## ■ New market segments

- Transition to the new market scheduled for April 4, 2022
  - Confirmation of compliance with the listing maintenance standards of the Prime Market
    - ⇒ Prime Market selected by resolution of the Board of Directors at the meeting held on December 27, 2021



The above has been created by the Company based on the website of the Tokyo Stock Exchange.

### Strengthen governance structure for the transition to the Prime Market

(Japanese only)

Corporate Governance Report (December 27,2021) : <https://sanix.jp/ir/pdf/cg/cg20211227.pdf>  
Basic Policy on Corporate Governance (Revised December 27, 2021) : <https://sanix.jp/ir/pdf/cg/governance.pdf>  
Results of the selection of new market segments by listed companies on the Tokyo Stock Exchange : <https://www.jpx.co.jp/equities/market-restructure/results/index.html>

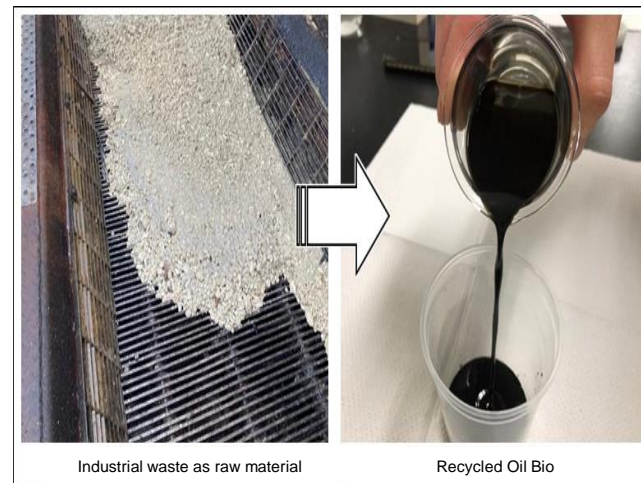
(Release of December 27,2021)

## ■ Recycled Oil Bio Fuel Selected as Kitakyushu Eco Premium

- Recycled Oil Bio, a recycled fuel derived from industrial waste (organic liquid waste) that is manufactured and sold at the Hibiki factory, was selected to be one of the Ichioshi Eco-Premiums as a product with a particularly high evaluation among the Kitakyushu Eco Premiums.

## ■ What is Recycled Oil Bio?

- It is recycled fuel that can be used as an alternative to fossil fuels by removing trash and sludge from industrial waste such as waste water and sludge generated by restaurant chains, and separating and recovering only the oil content.
- It is a carbon-neutral fuel made from oil derived from vegetables and animals. By utilizing unused resources, it both reduces and recycles the industrial waste generated by cities, making the waste into a product that can contribute to environmental conservation toward the achievement of a decarbonized society.



Since the amount of heat generated by the fuel is close to heavy oil, it is being sold as an alternative fuel to heavy oil, and the Company is aiming to expand its business with a view toward increased sales in the future.

(Release of November 19,2021)

## ■ Obtained a new permit for the disposal of industrial waste oil.

- New equipment was installed at a total cost of 190 million yen in conjunction with the acquisition of a new permit for waste oil in the industrial waste disposal business at the Hibiki factory. This makes it possible to accept oily waste liquids discharged from oil and fat manufacturing industries and restaurants.

## ■ Types of industrial waste that can be handled at the Hibiki factory

Method of treatment	Type
Pulverization	Waste plastics
Neutralization	Waste acid
	Waste alkali
Dehydration	Sludge
	Animal and vegetable residues
Oil/water separation	Waste oil

- The Hibiki factory already produces and sells Recycled Oil Bio, a recycled fuel made by separating and recovering the oil generated in the waste liquid treatment process, with the goal of creating carbon-neutral fuels using previously unused resources. The addition of waste oil will enable the factory to focus more on fuel production in the future.
- Going forward, the Company will further expand the range of waste it collects and work on developing technology to convert the sludge and oil generated in the treatment process into fuel, so that fuel production can become a pillar of its business.

(Release of December 9, 2021)

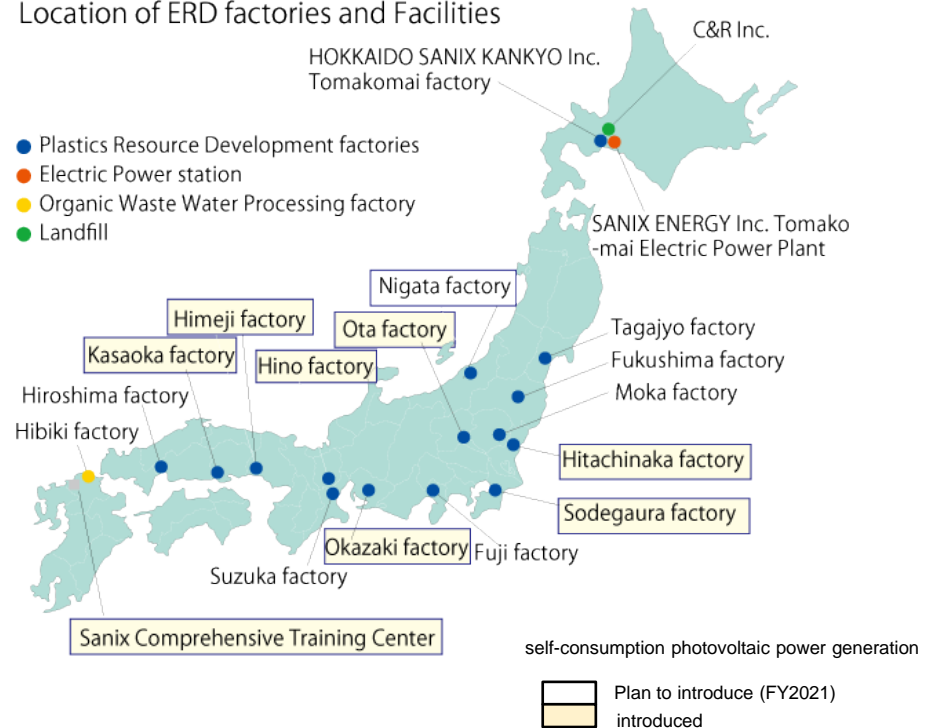
## ■ Introduction of self consumption-type photovoltaic power generation facilities at the

### Company (8 sites) (Total volume of annual reduction of CO<sub>2</sub> 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 <sub>2</sub> emission : Approx.299t	
<Himeji factory>		< Okazaki factory >	
■System capacity : 74.59kW		■System capacity : 99.84kW	
■Power expected to be generated annually : 59,264kWh		■Power expected to be generated annually : 77,688kWh	
■Effect of CO <sub>2</sub> emission : Approx.31t		■Effect of CO <sub>2</sub> emission : Approx.41t	
<Hitachinaka factory>		< Kasaoka factory >	
■System capacity : 60.00kW		■System capacity : 80.32kW	
■Power expected to be generated annually : 49,009kWh		■Power expected to be generated annually : 69,524kWh	
■Effect of CO <sub>2</sub> emission : Approx.26t		■Effect of CO <sub>2</sub> emission : Approx.36t	
<Sanix		< Hino factory >	
■System capacity : 117.16kW		■System capacity : 74.40kW	
■Power expected to be generated annually : 76,230kWh		■Power expected to be generated annually : 60,324kWh	
■Effect of CO <sub>2</sub> emission : Approx.40t		■Effect of CO <sub>2</sub> emission : Approx.32t	
< Sodegaura factory >		< Ota factory >	
■System capacity : 75.31kW		■System capacity : 125.62kW	
■Power expected to be generated annually : 67,488kWh		■Power expected to be generated annually : 111,268kWh	
■Effect of CO <sub>2</sub> emission : Approx.35t		■Effect of CO <sub>2</sub> emission : Approx.58t	

Location of ERD factories and Facilities



# Business outline

## Corporate Philosophy

“Clean and comfortable environment for the next generation”

### Energy

- S E Div.
- E B Div.

Make it common “Energy with low environmental impact”

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

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

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

### Residential Environment

- HS Div.
- ES Div.

### Resource circulation

- ERD Div.

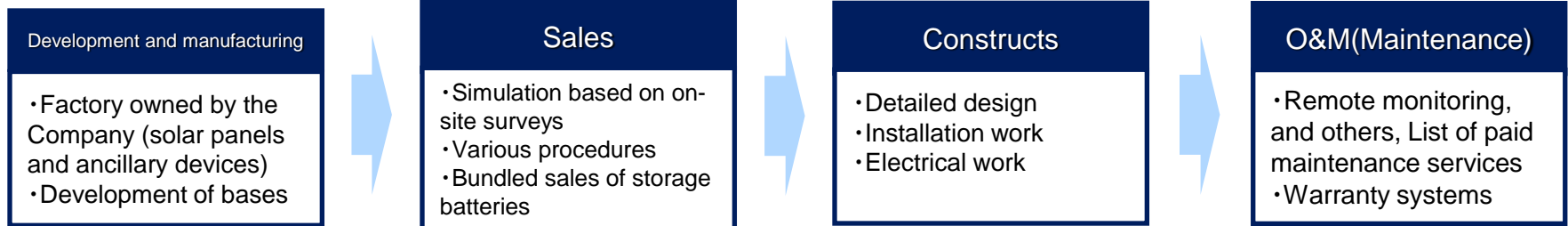
Make it common “Recycling resources without abandoning them

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



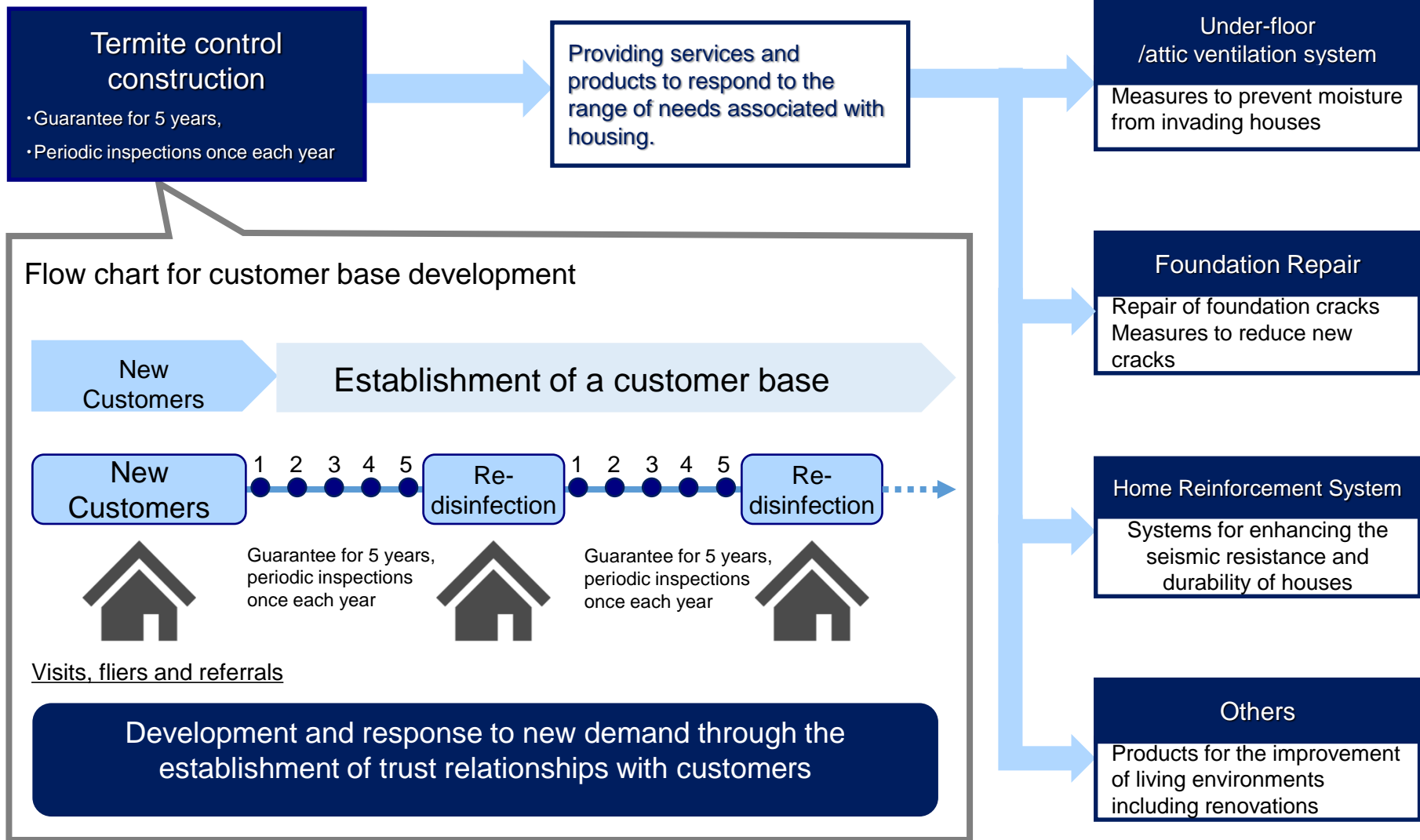
## Business structure of the SE Division

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



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

## Business structure of the HS Division



## Business structure of the ES Division



## Major services and products

### Water supply and drainage repair

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

### Structure maintenance services

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

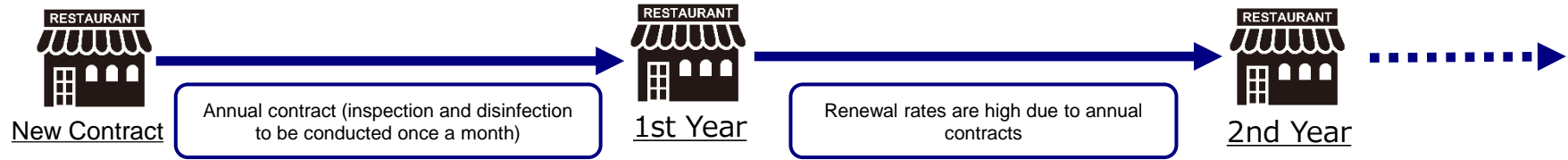
### Others

Measures to prevent environmental pollution, etc.

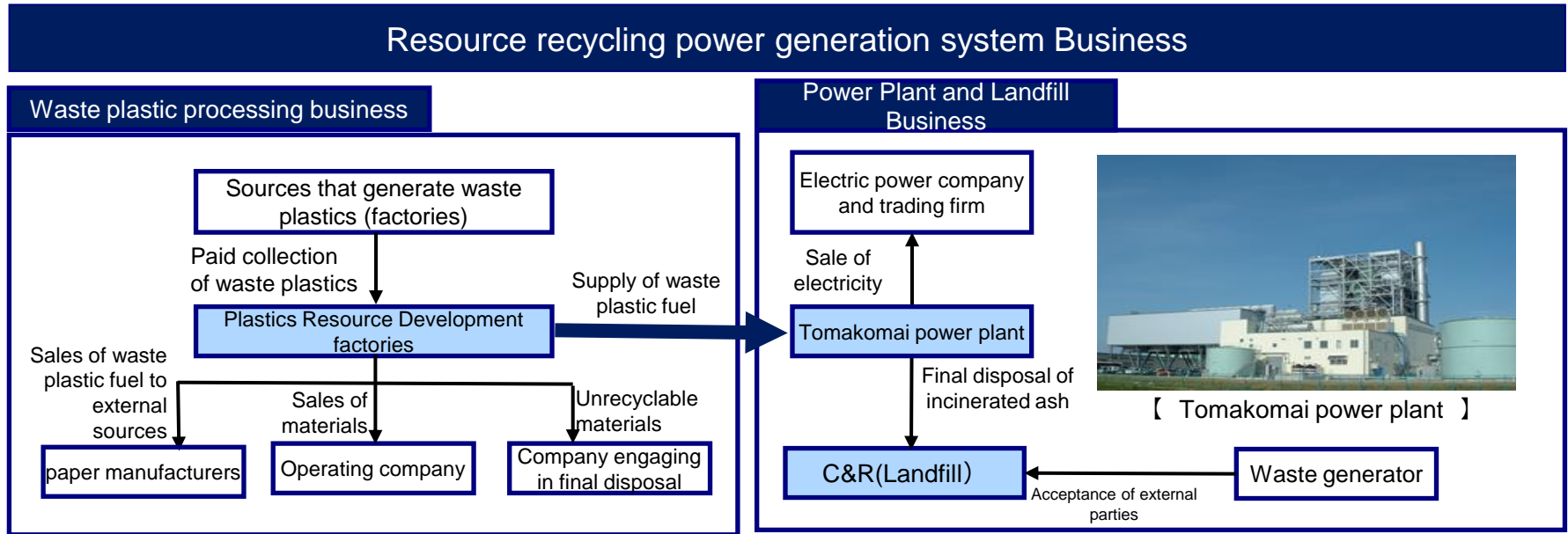
## SANIX/PCO services

Pest and vermin control service ,HACCP

Restaurants, Hotels, Food factories ,etc.

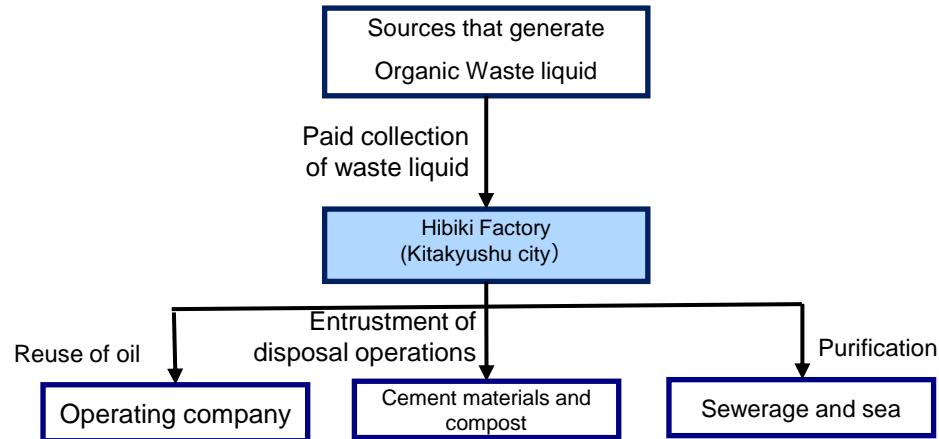


## Business structure of the ERD Division



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

## Organic Waste liquid treatment



【 Hibiki Factory 】

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

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

## Business structure of the EB Division

### PPS (Electricity retail)

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

### Procurement of electricity

Procurement on a negotiation basis

Photovoltaic power generation (FIT-based electricity)

In-house power plant

JEPX, etc.

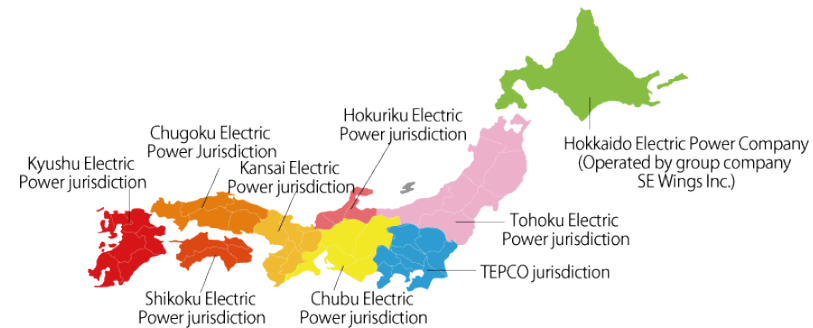
### Sales of electricity

Retail (low voltage and high voltage)

Wholesale on a negotiated basis

JEPX

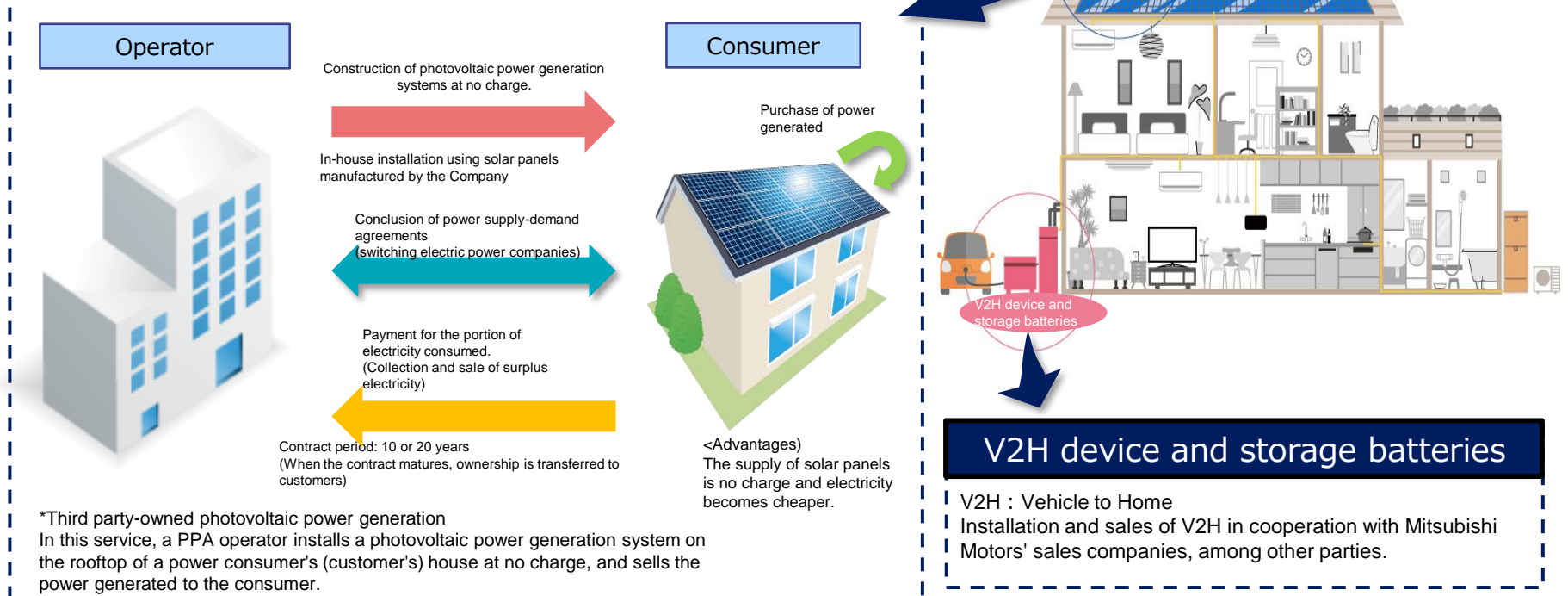
### <Power supply area>



## Energy Business Development

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

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



# Supplementary materials ( Results overview )



# Financial Results of FY2021 3Q



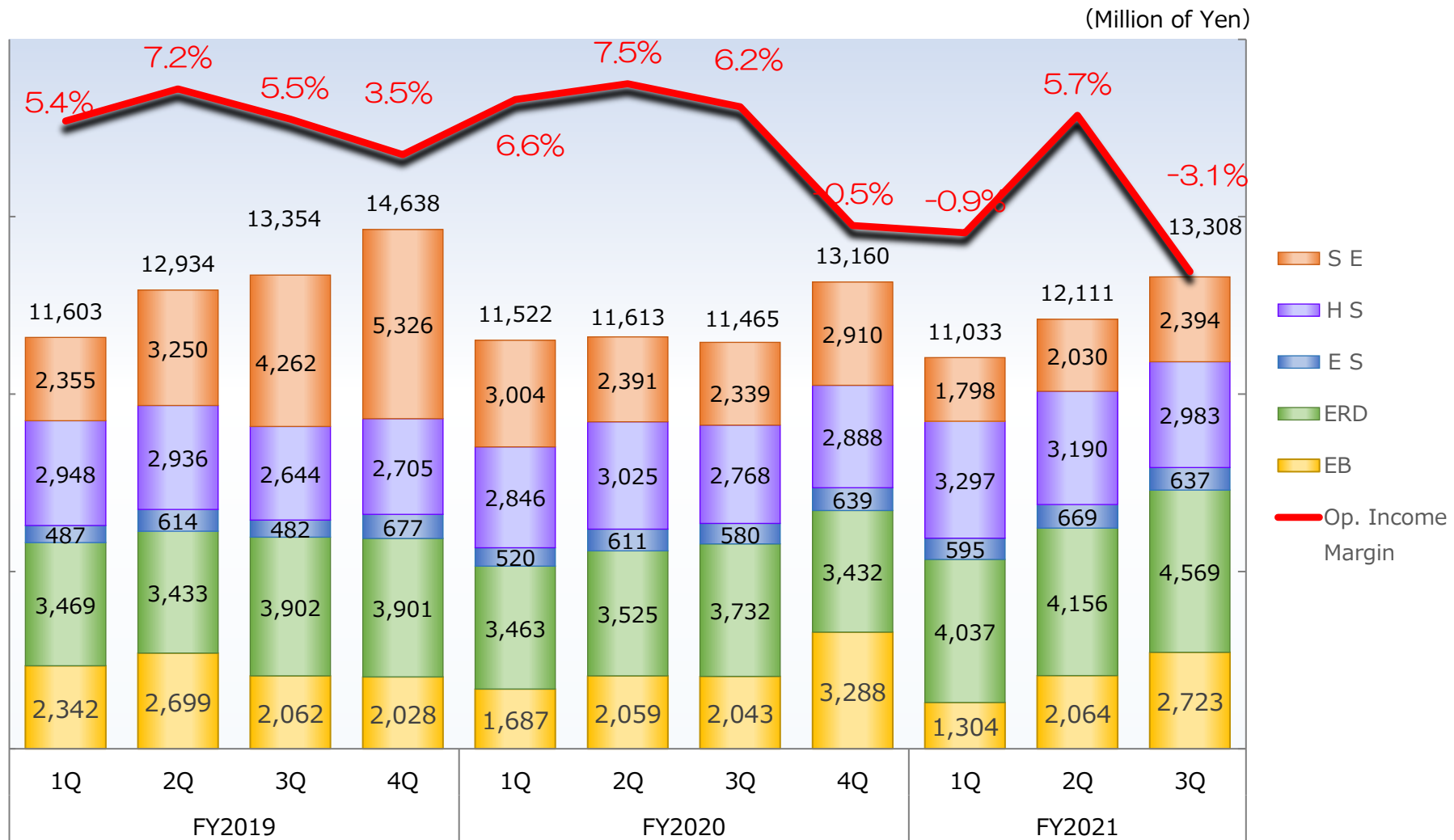
(Millions of Yen)

	FY2020 3Q	FY2021 3Q				
	Result	Result	Y o Y	Difference from FY2020 3Q	Plan	Difference from Plan
<b>Net Sales</b>	34,601	<b>36,453</b>	105.4%	+ 1,851	36,157	+ 296
<b>Gross Profit</b> ( Gross profit margin )	13,422 38.8%	<b>11,271</b> 30.9%	84.0%	-2,150	12,269 33.9%	-997
<b>Operating Income</b> ( Operating Income margin )	2,341 6.8%	<b>181</b> 0.5%	7.7%	-2,159	1,114 3.1%	-933
<b>Ordinary Income</b> ( Ordinary Income margin )	2,184 6.3%	<b>0</b> 0.0%	0.0%	-2,184	957 2.6%	-957
<b>Profit attribute to owners of parents</b> (Net Income Margin)	1,875 5.4%	<b>(306)</b> —	—	-2,181	469 1.3%	-775

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

# 【Reference】

## Quarterly Segment Information (changes)



• Intersegment adjustments for internal net sales are excluded from net sales for the ERD Div. and EB Div. respectively.

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

# Segment Forecast for FY2021 3Q(SE Division)



(Millions of Yen)

	FY2020 3Q		FY2021 3Q				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
<b>Net Sales</b>	7,736		<b>6,223</b>		80.4%	6,172	
Sales and installation of PV system	7,511	97.1%	<b>6,059</b>	97.4%	80.7%	6,059	98.2%
Wholesale of PV system	153	2.0%	<b>109</b>	1.8%	71.0%	52	0.9%
Others	71	0.9%	<b>54</b>	0.9%	76.8%	60	1.0%
<b>Cost of sales</b>	5,320	68.8%	<b>4,630</b>	74.4%	87.0%	4,560	73.9%
Material costs	2,989	38.6%	<b>2,667</b>	42.9%	89.2%	2,547	41.3%
Labor cost	490	6.3%	<b>641</b>	10.3%	130.8%	649	10.5%
<b>Gross Profit</b>	2,416	31.2%	<b>1,592</b>	25.6%	65.9%	1,612	26.1%
<b>SG &amp; A</b>	2,236	28.9%	<b>1,818</b>	29.2%	81.3%	1,897	30.7%
Personnel expenses	1,205	15.6%	<b>876</b>	14.1%	72.7%	924	15.0%
<b>Operating Income</b>	179	2.3%	<b>(225)</b>	—	—	(284)	—

# Segment Forecast for FY2021 3Q(HS Division)



(Millions of Yen)

	FY2020 3Q		FY2021 3Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	8,641		<b>9,471</b>		109.6%	9,433	
Termite control construction	2,739	31.7%	<b>2,804</b>	29.6%	102.4%	2,870	30.4%
Under-floor/attic ventilation system	2,233	25.9%	<b>2,422</b>	25.6%	108.5%	2,421	25.7%
Foundation Repair/Home Reinforcement System	1,273	14.7%	<b>1,549</b>	16.4%	121.6%	1,498	15.9%
Others	2,394	27.7%	<b>2,694</b>	28.5%	112.6%	2,643	28.0%
<b>Cost of Sales</b>	3,353	38.8%	<b>3,542</b>	37.4%	105.6%	3,596	38.1%
Labor costs	1,198	13.9%	<b>1,232</b>	13.0%	102.8%	1,282	13.6%
<b>Gross Profit</b>	5,287	61.2%	<b>5,929</b>	62.6%	112.1%	5,836	61.9%
<b>SG &amp; A</b>	3,647	42.2%	<b>4,020</b>	42.5%	110.2%	3,958	42.0%
Personnel expenses	2,308	26.7%	<b>2,479</b>	26.2%	107.4%	2,424	25.7%
<b>Operating Income</b>	1,639	19.0%	<b>1,908</b>	20.1%	116.4%	1,878	19.9%

# Segment Forecast for FY2021 3Q(ES Division)



(Millions of Yen)

	FY2020 3Q		FY2021 3Q				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	1,712		<b>1,902</b>		111.1%	1,936	
Anti-rust equipment installation	875	51.1%	<b>942</b>	49.5%	107.7%	996	51.5%
Others	837	48.9%	<b>959</b>	50.5%	114.6%	939	48.5%
<b>Cost of Sales</b>	789	46.1%	<b>891</b>	46.9%	112.9%	892	46.1%
Labor costs	191	11.2%	<b>206</b>	10.9%	108.1%	212	11.0%
<b>Gross Profit</b>	923	53.9%	<b>1,010</b>	53.1%	109.5%	1,043	53.9%
<b>SG &amp; A</b>	742	43.4%	<b>832</b>	43.8%	112.1%	852	44.0%
Personnel expenses	440	25.7%	<b>482</b>	25.3%	109.4%	494	25.5%
<b>Operating Income</b>	180	10.5%	<b>178</b>	9.4%	98.7%	191	9.9%

# Segment Forecast for FY2021 3Q(ERD Division)



(Millions of Yen)

	FY2020 3Q		FY2021 3Q				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
<b>Net Sales</b>	12,418		<b>12,770</b>		102.8%	12,604	
Plastic fuel	7,824	63.0%	<b>8,071</b>	63.2%	103.2%	7,935	63.0%
Power Plant	2,260	18.2%	<b>2,123</b>	16.6%	94.0%	2,247	17.8%
Organic Waste liquid treatment	1,408	11.3%	<b>1,529</b>	12.0%	108.6%	1,500	11.9%
Landfill	584	4.7%	<b>682</b>	5.3%	116.7%	578	4.6%
Others	340	2.7%	<b>363</b>	2.8%	106.7%	341	2.7%
<b>Cost of Sales</b>	8,105	65.3%	<b>9,093</b>	71.2%	112.2%	9,044	71.8%
Labor costs	1,398	11.3%	<b>1,411</b>	11.1%	100.9%	1,421	11.3%
<b>Gross Profit</b>	4,313	34.7%	<b>3,677</b>	28.8%	85.3%	3,559	28.2%
<b>SG &amp; A</b>	1,314	10.6%	<b>1,334</b>	10.5%	101.5%	1,332	10.6%
Personnel expenses	809	6.5%	<b>827</b>	6.5%	102.2%	827	6.6%
<b>Operating Income</b>	2,998	24.1%	<b>2,342</b>	18.3%	78.1%	2,226	17.7%

# Segment Forecast for FY2021 3Q(EB Division)



(Millions of Yen)

	FY2020 3Q		FY2021 3Q				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
<b>Net Sales</b>	5,795		<b>6,120</b>		105.6%	6,036	
Sales of Electricity	5,377	92.8%	<b>5,776</b>	94.4%	107.4%	5,601	92.8%
Others	417	7.2%	<b>344</b>	5.6%	82.4%	434	7.2%
<b>Costs of Sales</b>	5,312	91.7%	<b>7,059</b>	115.3%	132.9%	5,820	96.4%
Material costs	5,120	88.3%	<b>6,898</b>	112.7%	134.7%	5,629	93.3%
<b>Gross Profit</b>	482	8.3%	<b>(938)</b>	—	—	216	3.6%
<b>SG &amp; A</b>	453	7.8%	<b>493</b>	8.1%	108.6%	511	8.5%
Personnel expenses	261	4.5%	<b>290</b>	4.7%	110.9%	300	5.0%
<b>Operating Income</b>	28	0.5%	<b>(1,432)</b>	—	—	(295)	—

## 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.