



Code : 4651

Financial Results Briefing For the Fiscal Year Ended March 31, 2022

SANIX INCORPORATED

May 17, 2022

1. Financial Result

P.4

2. Financial Results forecast

P.24

3. Topics

P.42

**4. Supplementary materials
(Segment Performance for FY2021)**

P.47

**5. Supplementary materials (Business Structure)
P.55**

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.

(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 Fiscal year Ended March 31, 2022

- **Net Sales ¥50,936million**
(Compared to FY2020 ¥+3,174million) (Compared to the plan ¥+181million)
- **Operating Income ¥-2,618million**
(Compared to FY2020 ¥-4,897million) (Compared to the plan ¥-388million)

Highlights of Financial Results of FY2021

		Year-on-year change	Change from the plan
Net Sales	【+】	<ul style="list-style-type: none"> • 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 waste liquid they accepted largely due to the recovery of the waste discharging factory'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. • Fuel cost adjustments and market prices increased in the EB Division's PPS business. 	<ul style="list-style-type: none"> • The ERD Division increased the amount of waste plastics accepted, the amount of waste liquid accepted, and the amount of final disposal due to strengthened sales activities aimed at increasing the volume accepted
	【-】	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • In the ES Division, there was a failure to achieve the plan for Daelman Shock (anti-rust equipment installation)
Operating Income	【+】	<ul style="list-style-type: none"> • The HS Divisions recorded an increase in profit due to higher sales. • Increase of profit in the ERD Division due to increases in the amount of waste plastics accepted and in the amount of waste liquid accepted 	<ul style="list-style-type: none"> • Increase of profit in the ERD Division due to increases in the amount of waste plastics accepted and in the amount of waste liquid accepted
	【-】	<ul style="list-style-type: none"> • 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 • 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). • In the SE Division, component costs rose due to supply shortages of some components, increased logistics costs, and foreign exchange rates. • The SE Division recorded a loss on valuation of inventories (cost of sales) due to changes in the components used and specifications resulting from the revision of the FIT system. 	<ul style="list-style-type: none"> • In the EB Division's PPS business, procurement costs increased due to tight power supply caused by the shutdown of thermal power plants following the earthquake off the coast of Fukushima Prefecture in March, as well as higher-than-expected market prices due to the increase of global energy prices due to the Russia-Ukraine conflict. • The SE Division recorded a loss on valuation of inventories (cost of sales) due to changes in the components used and specifications resulting from the revision of the FIT system.

Financial Results of FY2021



(Millions of Yen)

	FY2020	FY2021		FY2020		FY2021 Plan	
	Result	Result	Plan	Difference	Y o Y	Difference	Plan ratio
Net Sales	47,762	50,936	50,755	+ 3,174	106.6%	+ 181	100.4%
Cost of Sales	30,780	38,842	38,194	+ 8,062	126.2%	+ 648	101.7%
Gross Profit	16,981	12,093	12,560	-4,887	71.2%	-466	96.3%
(Gross Profit Margin)	35.6%	23.7%	24.7%				
Selling, general and administrative expenses	14,701	14,711	14,790	+ 10	100.1%	-78	99.5%
Operating Income	2,279	(2,618)	(2,229)	-4,897	—	-388	—
(Operating Income Margin)	4.8%	—	—				
Ordinary Income	2,045	(2,900)	(2,435)	-4,946	—	-465	—
(Ordinary Income Margin)	4.3%	—	—				
Profit (loss) attributable to owners of parent	1,918	(3,449)	(2,803)	-5,368	—	-646	—
(Net Income Margin)	4.0%	—	—				

*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.

In the SE Division and the EB Division, after considering the current business environment and future prospects, and examining the future recoverability, the Company recorded ¥226 million in impairment losses related to non-current assets owned as extraordinary losses.

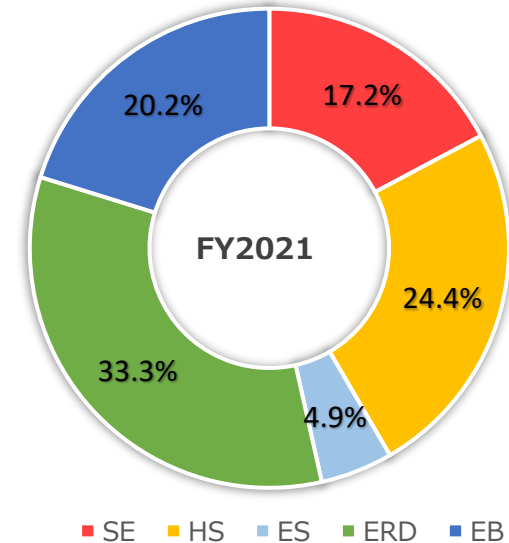
Net sales by segment of FY 2021



(Millions of Yen)

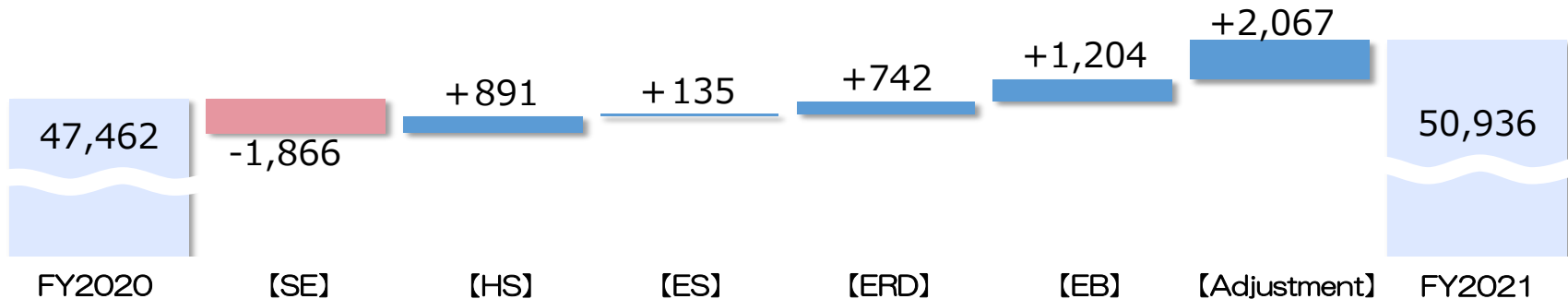
	FY2021	FY2020		FY2021 Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
SE Division	8,780	-1,866	82.5%	+ 187	102.2%
HS Division	12,421	+ 891	107.7%	-89	99.3%
ES Division	2,487	+ 135	105.8%	-269	90.2%
ERD Division	17,008	+ 742	104.6%	+ 314	101.9%
EB Division	10,296	+ 1,204	113.2%	+ 58	100.6%
Adjustment of intersegment sales	(56)	+ 2,067	—	-19	—
Total	50,936	+ 3,174	106.6%	+ 181	100.4%

Breakdown of sales



Sales increase / decrease compared to FY2020

[Millions of Yen]

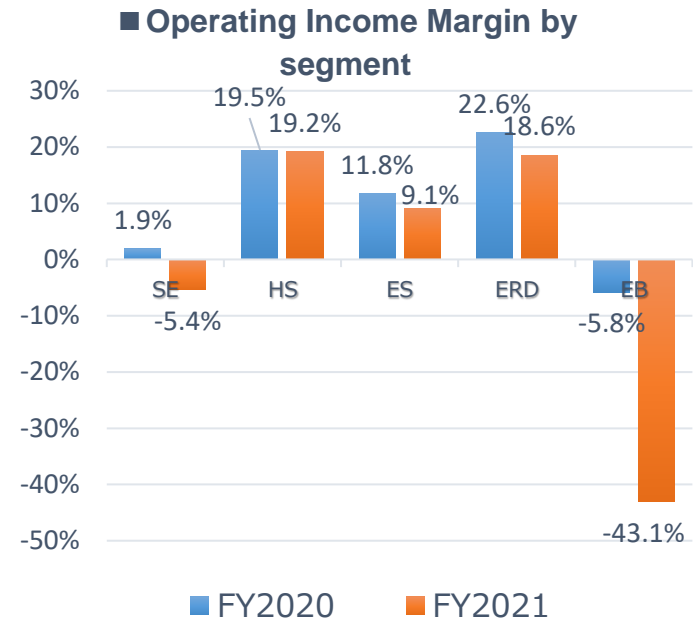


Operating Income by segment of FY2021

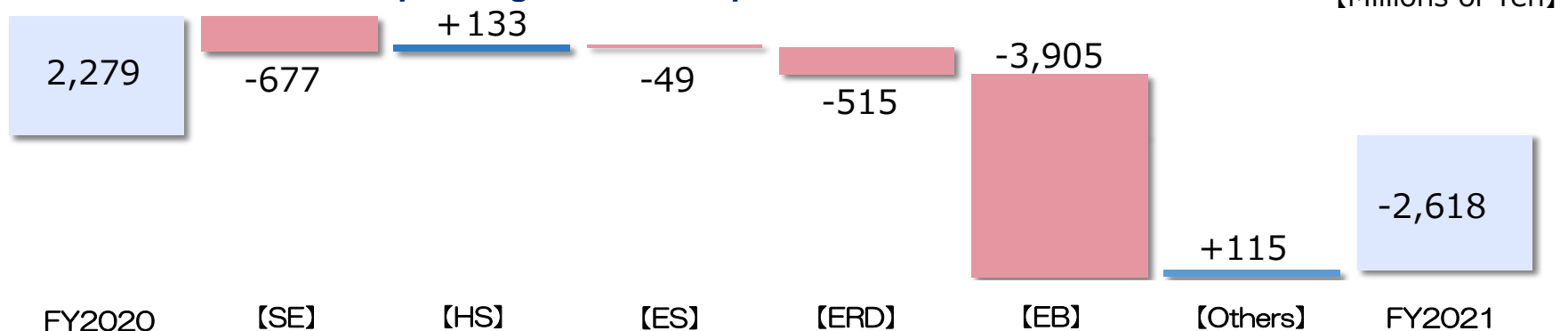


(Millions of Yen)

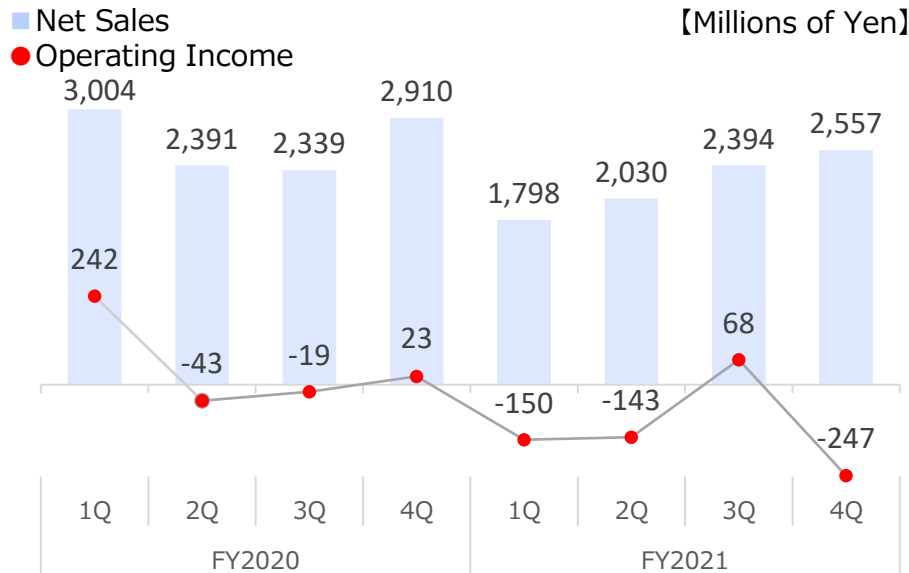
	FY2021	FY2020		FY2021 Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
SE Division	(473)	-677	—	-224	—
HS Division	2,382	+ 133	106.0%	-38	98.4%
ES Division	227	-49	82.2%	-86	72.5%
ERD Division	3,158	-515	86.0%	+ 96	103.1%
EB Division	(4,435)	-3,905	—	-134	—
Group	(3,477)	+ 115	—	-1	—
Total	(2,618)	-4,897	—	-388	—



■ Increase / decrease in operating income compared to FY2020



Operating Income by segment of FY2021(SE Division)



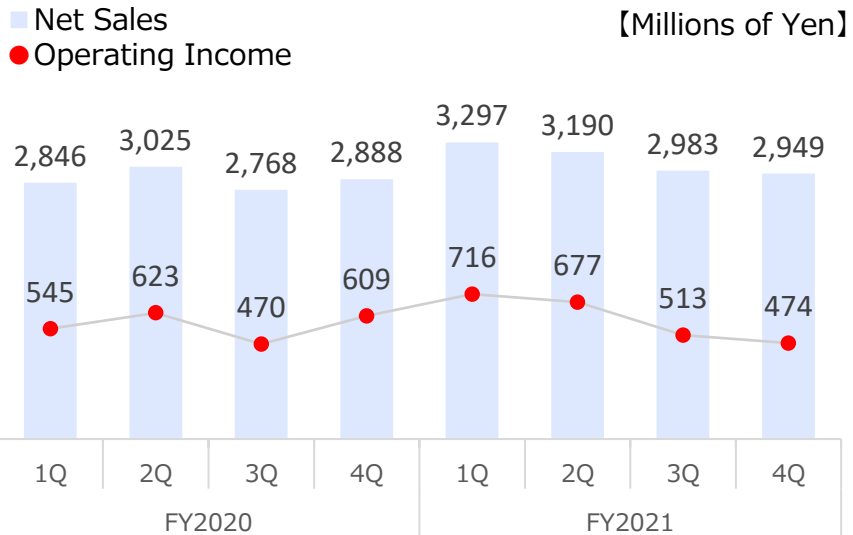
Main factors for the change	
■Net Sales -1,866 million yen	
【 + 】	<ul style="list-style-type: none"> · Increase in the number of installations in self-consumption and surplus projects · Increased maintenance sales at existing photovoltaic power
【 - 】	<ul style="list-style-type: none"> · A revision of 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.
■Operating Income -677 million yen	
【 + 】	<ul style="list-style-type: none"> · 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.
【 - 】	<ul style="list-style-type: none"> · Decrease due to lower sales · Supply shortages of some components, an increase in logistics costs and an increase in component costs due to foreign exchange rates · Recorded a loss on valuation of inventories (cost of sales) due to changes in the components used and specifications resulting from the revision of the FIT system.

Sales by product/Operating Income

(Millions of Yen)

	FY2021	FY2021		FY2021 Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	8,780	-1,866	82.5%	+ 187	102.2%
Sales and installation of PV system	8,447	-1,899	81.6%	+ 3	100.0%
Wholesale of PV system	261	+ 50	124.2%	+ 190	368.6%
Others	71	-17	80.4%	-6	91.4%
Gross Profit	1,941	-1,160	62.6%	-305	86.4%
Operating Income	(473)	-677	—	-224	—

Operating Income by segment of FY2021(HS Division)



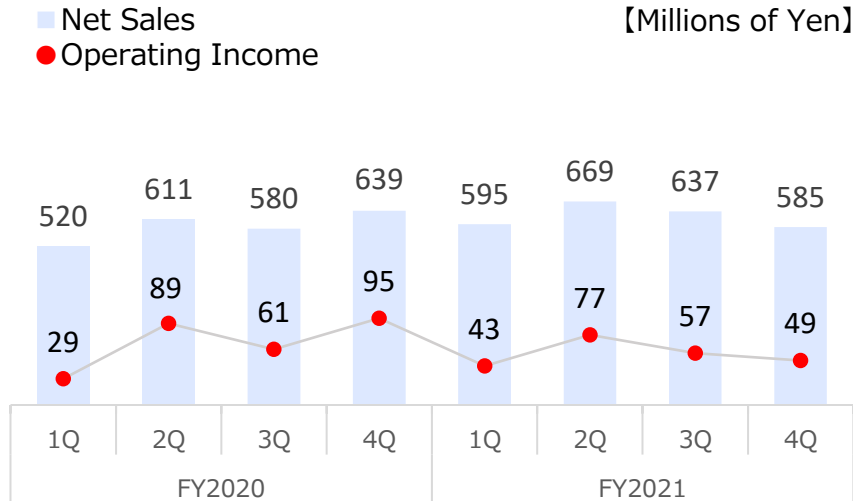
Main factors for change	
■ Net Sales	+891 million yen
【+】	<ul style="list-style-type: none"> · Increase in the number of works for preventing termite resulting from an increase in the number of newly contracted customers · Increase in foundation repair and housing reinforcement systems from the development of the customer base · Improvement in sales efficiency · Increase in orders from business partners
■ Operating Income	+133 million yen
【+】	· Increase in profit due to higher sales
【-】	<ul style="list-style-type: none"> · Increase in personnel expenses resulting from the active reinforcement of manpower · Increase in sales commissions due to higher net sales

Sales by product/Operating Income

(Millions of Yen)

	FY2021	FY2020		FY2021 Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	12,421	+ 891	107.7%	-89	99.3%
Termite control construction	3,641	+ 92	102.6%	-253	93.5%
Under-floor/attic ventilation system	3,141	+ 175	105.9%	-60	98.1%
Foundation Repair/Home Reinforcement System	2,054	+ 294	116.8%	+ 26	101.3%
Others	3,584	+ 327	110.1%	+ 198	105.8%
Gross Profit	7,667	+ 603	108.5%	+ 33	100.4%
Operating Income	2,382	+ 133	106.0%	-38	98.4%

Operating Income by segment of FY2021(ES Division)



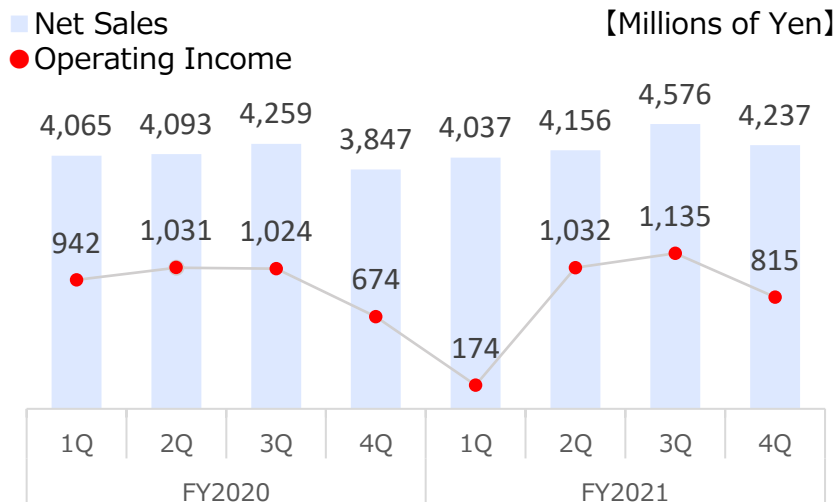
Main factors for change	
■ Net Sales	+135 million yen
【+】	<ul style="list-style-type: none"> • Growth in sales of Daelman Shock (anti-rust equipment), mainly reflecting an increase in the number of business partners and the expansion of sales areas • Increase in water supply and drainage repair resulting from the development of the customer base
■ Operating Income	-49 million yen
【+】	<ul style="list-style-type: none"> • Increase in profit due to higher sales
【-】	<ul style="list-style-type: none"> • Increase in personnel expenses resulting from the active reinforcement of manpower • Increase in sales commissions due to higher net sales

Sales by product/Operating Income

(Millions of Yen)

	FY2021	FY2020		FY2021 Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	2,487	+ 135	105.8%	-269	90.2%
Anti-rust equipment installation	1,221	+ 7	100.6%	-189	86.5%
Others	1,266	+ 128	111.3%	-79	94.1%
Gross Profit	1,328	+ 48	103.8%	-141	90.4%
Operating Income	227	-49	82.2%	-86	72.5%

Operating Income by segment of FY2021(ERD Division)



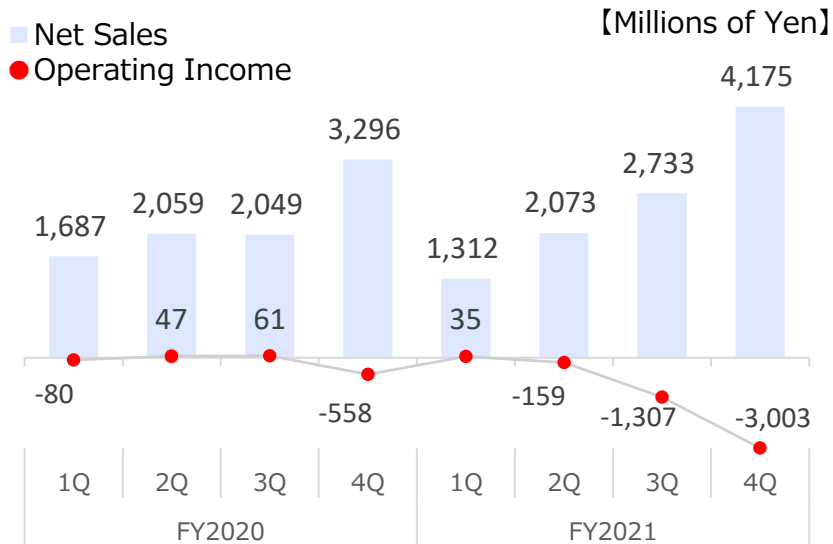
Main factors for the change	
■ Net Sales	+ 742 million yen
【+】	<ul style="list-style-type: none"> • Increase in the amount of waste plastics accepted • Increase in the amount of waste liquid accepted
【-】	<ul style="list-style-type: none"> • Decrease in the amount of power generated due to the suspension of operations during the legally required power plant inspection
■ Operating Income	- 515 million yen
【+】	<ul style="list-style-type: none"> • Increase in profit due to the increase of the amount of waste accepted
【-】	<ul style="list-style-type: none"> • 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

Sales by product/Operating Income

(Millions of Yen)

	FY2021	FY2020		FY2021 Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	17,008	+ 742	104.6%	+ 314	101.9%
Plastic fuel	10,574	+ 340	103.3%	+ 164	101.6%
Power Plant	2,986	-17	99.4%	-189	94.0%
Waste liquid treatment	2,073	+ 209	111.3%	+ 116	106.0%
Landfill	911	+ 197	127.7%	+ 198	127.8%
Others	461	+ 11	102.5%	+ 24	105.7%
Gross Profit	4,957	-474	91.3%	+ 114	102.4%
Operating Income	3,158	-515	86.0%	+ 96	103.1%

Operating Income by segment of FY2021(EB Division)



Main factors for the change	
■ Net Sales	+1,204 million yen
【+】	<ul style="list-style-type: none"> · Increase in the number of retail contracts resulting from the use of comparison websites, etc. (profit from electric power selling) · Increases in fuel cost adjustments and market prices
【-】	<ul style="list-style-type: none"> · Decrease in sales due to change in the scheme for electric power wholesale. (See the chart below)
■ Operating Income	-3,905 million yen
【-】	<ul style="list-style-type: none"> · Increase in procurement costs due to a prolonged period of soaring market prices and a decline in the negotiated procurement ratio

※Fuel cost adjustments are the automatic adjustment of electricity rates to swiftly reflect the price fluctuation of thermal fuels (crude oil, LNG, and coal) in electricity rates.

Sales by product/Operating Income

(Millions of Yen)

	FY2021	FY2020		FY2021 Plan	
	Result	Difference	Y o Y	Difference	Plan ratio
Net Sales	10,296	+ 1,204	113.2%	+ 58	100.6%
Sales of Electricity	9,836	+ 1,329	115.6%	+ 289	103.0%
Others	459	-125	78.5%	-230	66.6%
Gross Profit	(3,801)	-3,904	—	-167	—
Operating Income	(4,435)	-3,905	—	-134	—

(Reference)

Adjustment of intersegment sales	(56)	+ 2,067	—	-19	—
---	-------------	---------	---	-----	---

■ 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, as well as tight power supply due to the shutdown of thermal power plants following the earthquake off the coast of Fukushima Prefecture and soaring global energy prices due to the Russia-Ukraine crisis in March. 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

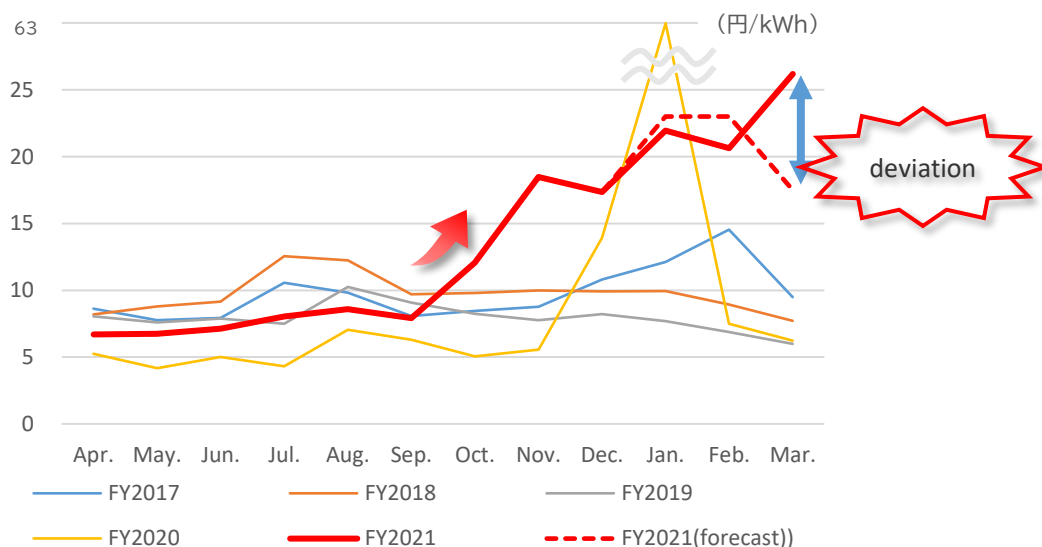
- In the revised plan dated January 28, 2022, the Company expected that supply and demand would stabilize and market prices would settle down towards March 2022. **But market prices have risen again due to tight power supply caused by the shutdown of thermal power plants due to the earthquake off the coast of Fukushima Prefecture as well as soaring global energy prices due to the Russia-Ukraine conflict in March.** As a result, power procurement costs were higher than expected.

■ Japan Electric Power Exchange (JEPX)

- Market prices on JEPX have increased since October 2021 and have remained high for a long period.
- The Company expected that supply and demand would stabilize and market prices would settle down towards March 2022. However, market prices have risen again due to tight power supply caused by the shutdown of thermal power plants due to the earthquake off the coast of Fukushima Prefecture as well as soaring global energy prices due to the Russia-Ukraine conflict in March.

■ Market Prices and Our Forecasts

FY2021	Price monthly average(Yen/kWh)
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	18.47
Dec. 2021	17.35
Jan. 2022 (forecast)/(Actual)	23.00/21.94
Feb. 2022 (forecast)/(Actual)	23.00/20.64
Mar. 2022 (forecast)/(Actual)	17.50/26.19



※ 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 conditions in January.

(Million of Yen)

	FY2020	FY2021	FY2020	
	As of March 31	As of March 31	Difference	Ratio
Current Assets	14,633	14,551	-81	99.4%
Non-Current Assets	18,306	20,401	+ 2,095	111.4%
Total Assets	32,940	34,953	+ 2,013	106.1%
Current Liabilities	16,861	21,718	+ 4,856	128.8%
Non-Current Liabilities	7,981	8,503	+ 522	106.5%
Total Liabilities	24,842	30,221	+ 5,378	121.7%
Total Net Assets	8,097	4,732	-3,364	58.4%
Total Liabilities and Assets	32,940	34,953	+ 2,013	106.1%

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

Current Assets : +345M
Non-Current Assets : +1,014M
Currents Liabilities : +1,405M

In FY2021, the Company borrowed from financial institutions to finance power procurement due to a significant increase in power procurement costs in the PPS business of the EB Division.

In addition, the recording of a substantial net loss has resulted in an increase in the above borrowings, a decline in the equity ratio, and an increase in the current liabilities ratio. So, the Company will strive to improve them while stabilizing cash flows.

Capital investment/Depreciation for the fiscal year ended March 31,2022



■ Capital investment/Depreciation

(Millions of Yen)

	FY2020	FY2021
	Full-Year	Full-Year
Capital Investment	3,083	2,776
Depreciation	1,097	1,509

■ Depreciation by segment

(Millions of Yen)

	FY2020	FY2021
	Full-Year	Full-Year
SE Divisin	116	26
HS Division	30	51
ES Division	8	3
ERD Division	2,248	2,410
EB Division	13	25
Headquarter	666	259
Total	3,083	2,776

Major capital investment

- Investment related to the disposal of plastic waste
: 1,184M
- Investment related to the final disposal site
: 685M
- Investment related to the power generation facilities
: 386M
- Investment related to the waste liquid treatment facilities
: 152M

Summary of Previous Medium-Term Management Plan (Basic Policy)



【 Basic Policy of Previous Medium-Term Management Plan 】

Strengthen and expand existing bases while trying new initiatives to gain a foothold for growth.

Issues

Progress and Results

Improving customer satisfaction

- Expand existing businesses by leveraging our strengths in sales and our customer network.
- Develop potential growth areas through active efforts for new businesses and services.
- Increase efforts to develop new customers through closer alliances including business tie-ups with companies.

- Achieved a certain level of success in establishing a stable earnings base, such as securing human resources and opening new sites for existing businesses
- Gained a foothold for growth, such as the business to convert organic waste liquid into fuel and the waste management system. But the response to the energy-related market was slower than expected
- Expanded customer contacts and sales bases by actively pursuing business alliances

Improve satisfaction/job satisfaction.

- Evolve into a group of experts and develop and secure human resources to provide services that satisfy customers.
- Create a highly motivated work environment for employees.

- Achieved results in the securing of human resources, but efforts to develop human resources for a group of experts are still in progress and will continue to be an issue going forward
- Efforts to improve the work environment are still in progress and will continue going forward

Strengthening the management base

- Promote the reduction of labor and the increase of the efficiency of operations chiefly through investment in facilities and systems.

- Advanced infrastructure improvement to enhance operational efficiency by, for example, renovating facilities and upgrading core systems in the ERD Division

Summary of Previous Medium-Term Management Plan (Quantifiable Plans)



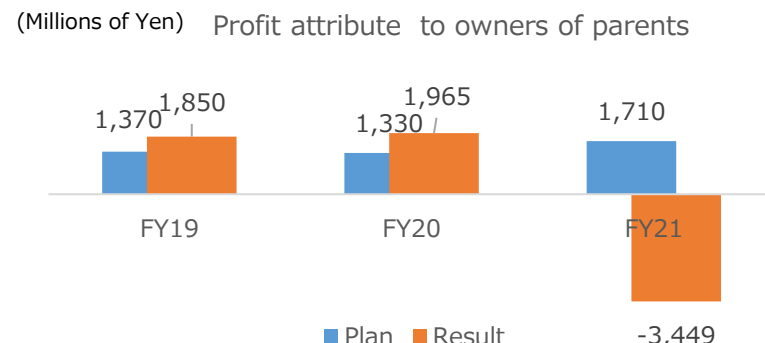
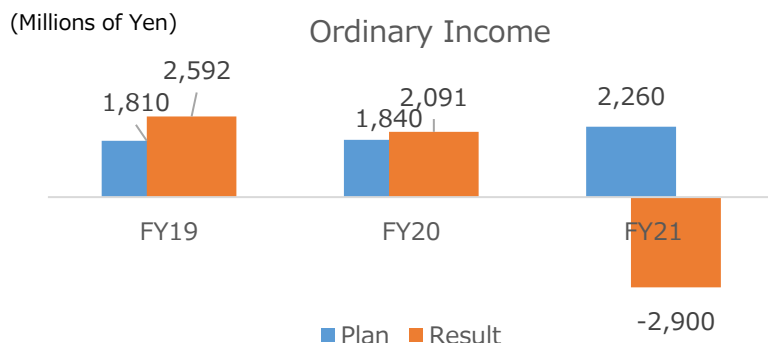
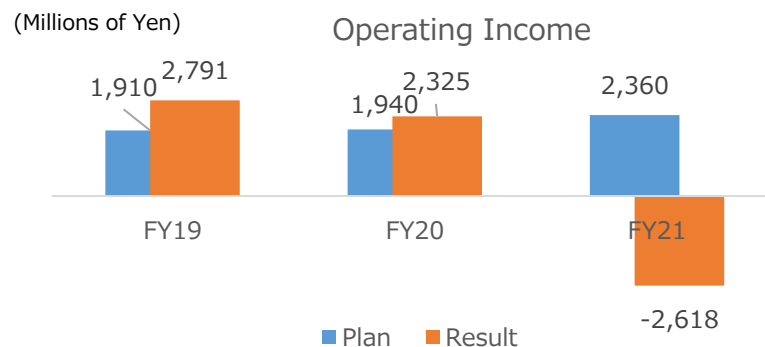
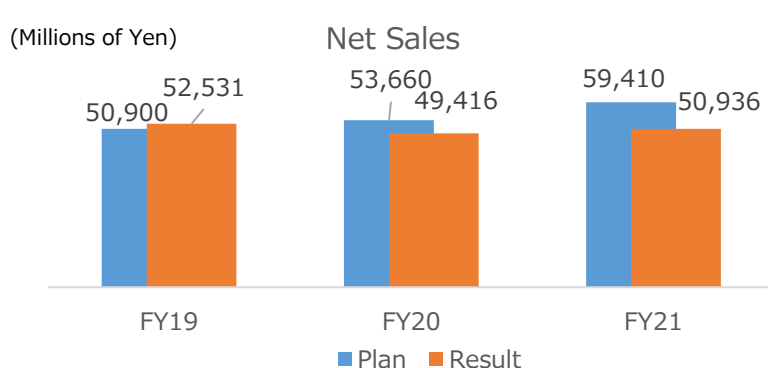
Group
Overall

■ Net Sales

- ▶ Despite constraints on new and face-to-face sales and other constraints during the COVID-19 pandemic, the Company was able to establish stable customer and earnings bases in the HS, ES, and ERD Divisions.
- ▶ Although the EB Division's PPS business was positioned as a growth driver, market risks increased and became apparent, which hindered the expansion of sales. As a result, sales did not reach the target.

■ Operating Income

- ▶ In the ERD Division, the profit target was exceeded due to the stable unit prices of waste plastic received. A rise in the market price in the EB Division's PPS business led to an increase in procurement costs
- ▶ In the SE Division, a deficit was recorded due to a delayed market response to the revision of the FIT system and a loss on valuation of inventories



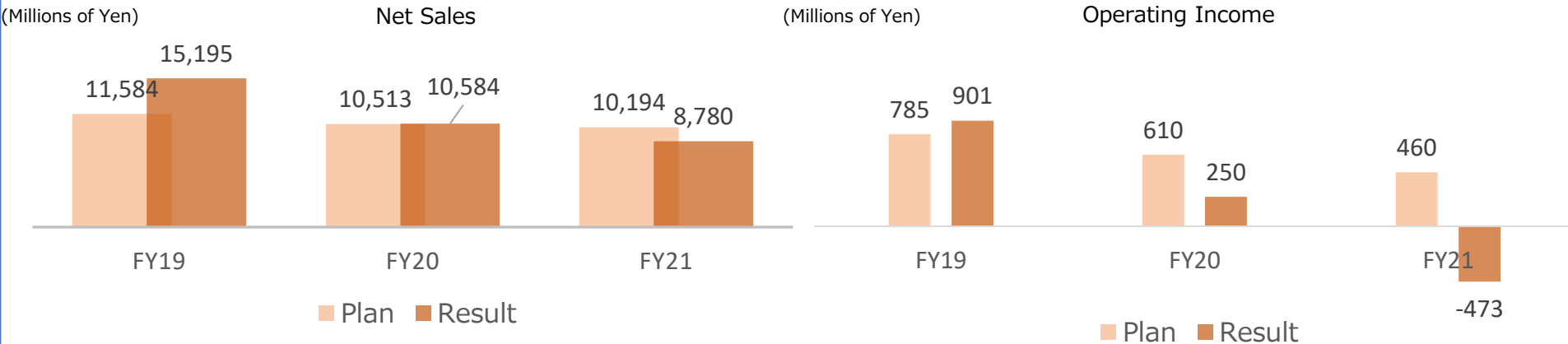
※ Starting from the fiscal year ended March 31, 2022, the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. has been applied.

Summary of Previous Medium-Term Management Plan 【SE division/HS division】



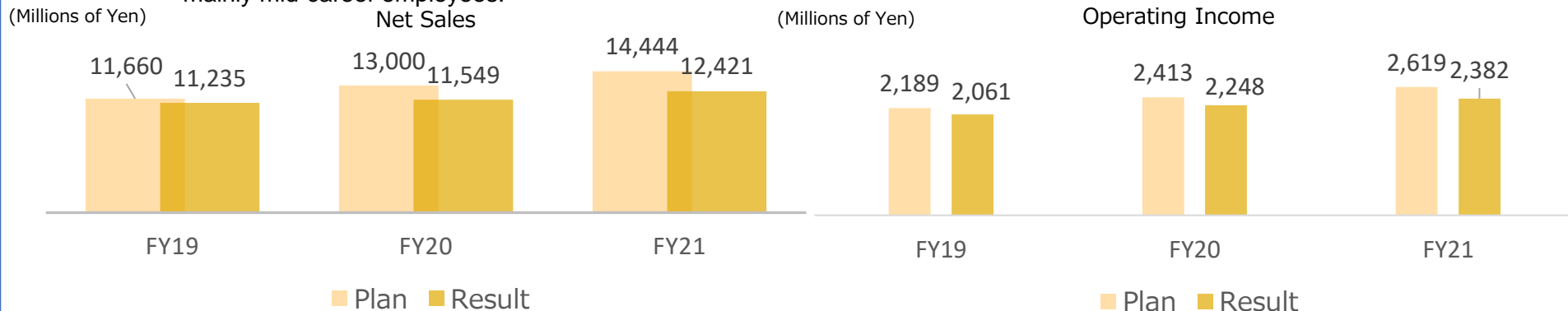
SE Business

- We were able to enhance the maintenance service for the replacement of equipment whose maintenance period had expired at the start of the FIT.
- It took time to develop new services and products in anticipation of the revision of the FIT system, such as PPA services for companies.



HS Business

- We were able to establish a stable customer network and earnings base despite the constraints placed on face-to-face sales during the COVID-19 pandemic.
- Due to the severe hiring environment, the Company could not make sufficient progress in its acquisition of human resources, mainly mid-career employees.

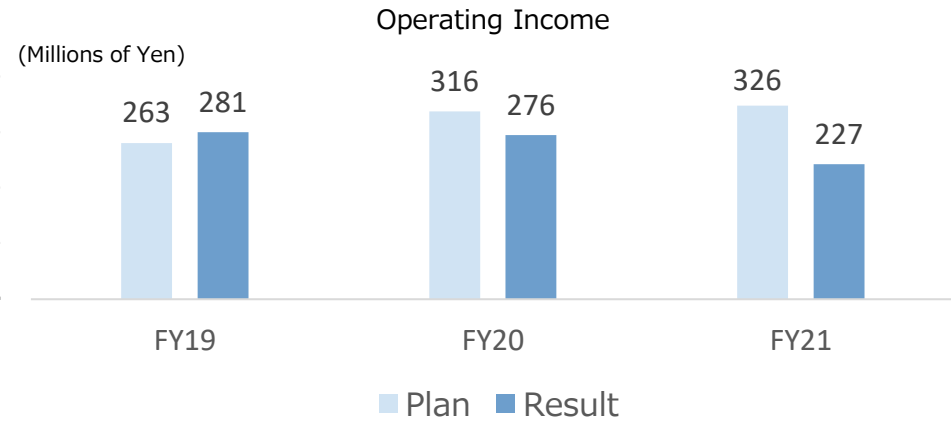
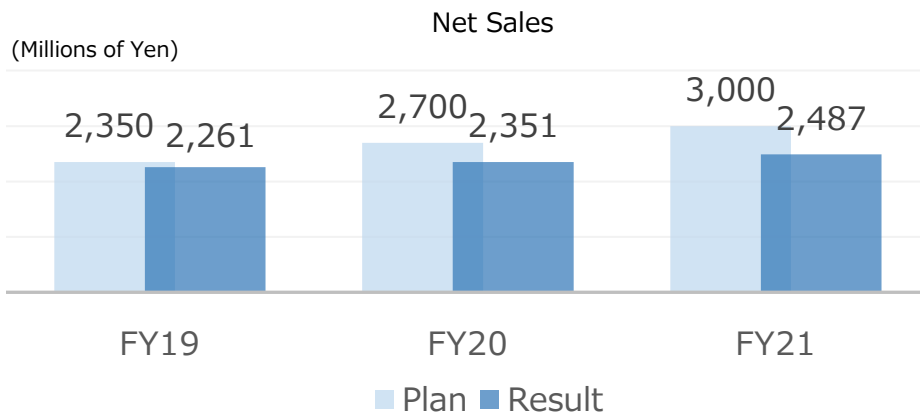


Summary of Previous Medium-Term Management Plan 【ES division/ERD division】



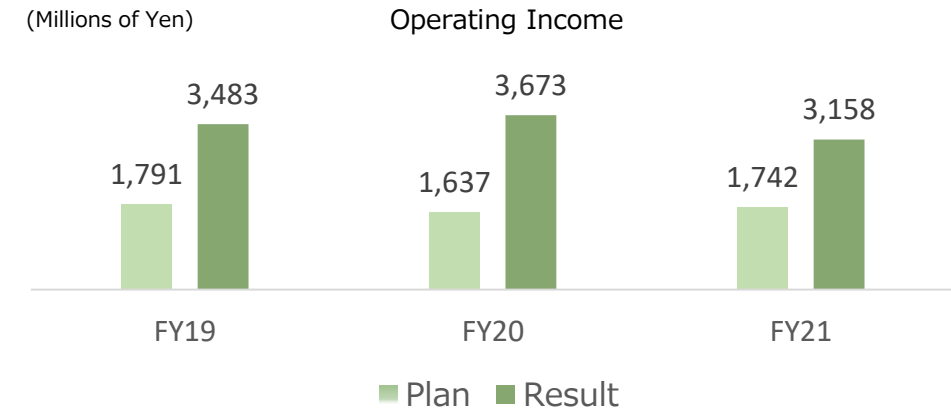
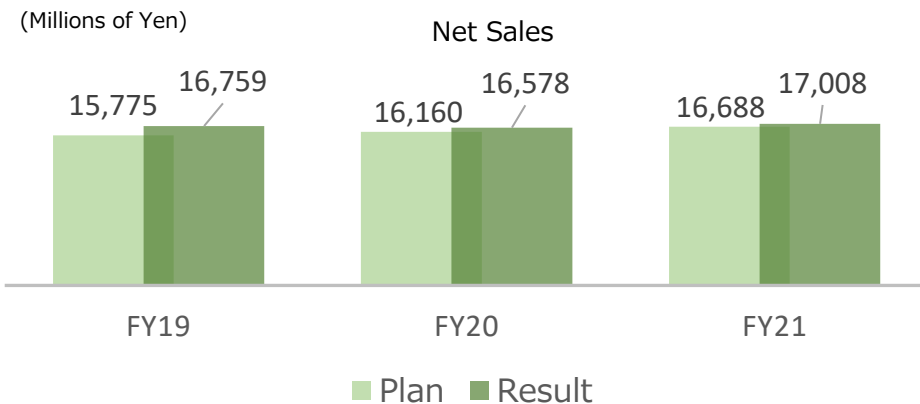
ES Business

- We were able to establish a stable earnings base despite the constraints on face-to-face sales during the COVID-19 pandemic.
- We were able to expand our customer network by steadily increasing personnel, sites and partners.



ERD Business

- Achieved both net sales and operating income targets. Operating income in particular grew significantly.
- The appropriate control of the amount of waste accepted enabled us to build a stable earnings base and improve profitability.
- Gained a foothold for growth, including the business to convert organic waste liquid into fuel and the waste management system.

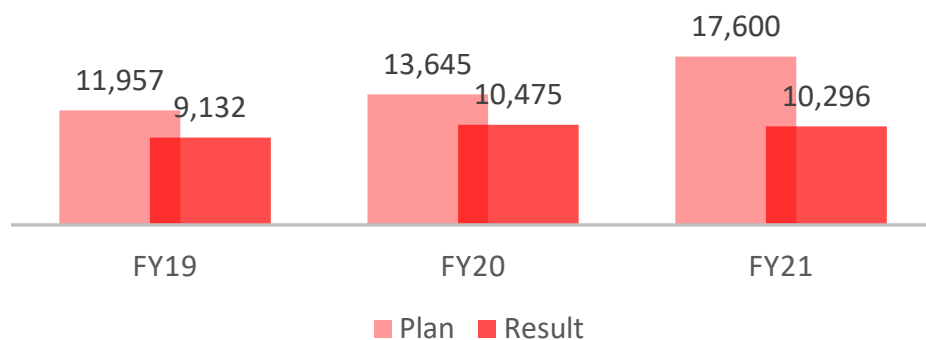


EB
Business

■ Although we developed a plan for a business that would drive growth, the business risks became greater than expected, resulting in the recording of a loss.

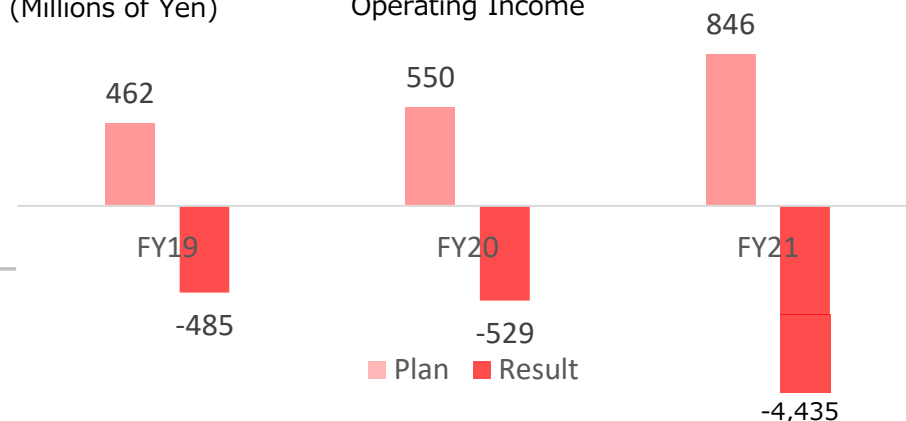
(Millions of Yen)

Net Sales



(Millions of Yen)

Operating Income

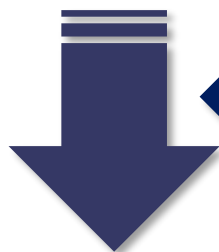


<Improvement measures>

- **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 Minimize market procurement by adjusting supply to the scale of negotiated procurement
 - ② Suspension of the acceptance of new supply and demand contracts
 - ③ Shift a part of contracts for retail sales to agency contracts
 - ④ Terminate supply upon the expiration of the contract with the negotiated wholesale supplier

The announcement of the new medium-term management plan has been postponed due to the uncertain outlook in light of the recent global situation.

■ SANIX Long-Term Vision 2030
(Developed in May 2021)



■ Medium-Term Management Plan
(FY2022–FY2024)

impact

Postpone

Uncertain and Unpredictable

- Prolonged COVID-19 pandemic
- Global rise in energy prices
- Shortage of semiconductors
- Global situation (Russia-Ukraine conflict)
- Foreign exchange (Impact of the weakening yen)

■ Schedule

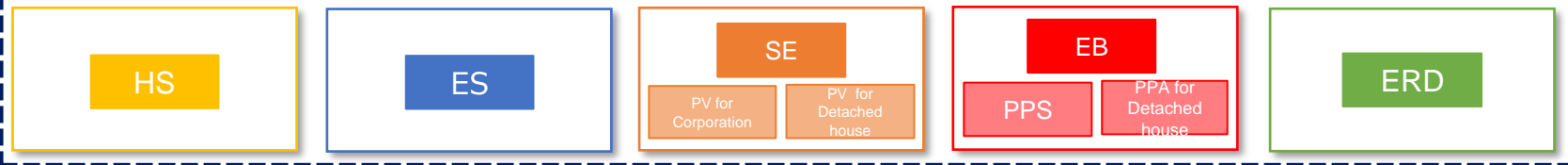
The medium-term management plan (FY2022-FY2024) will be announced as soon as appropriate and reasonable financial results forecasts are confirmed and the plan is formulated.

Financial results forecast for FY2022

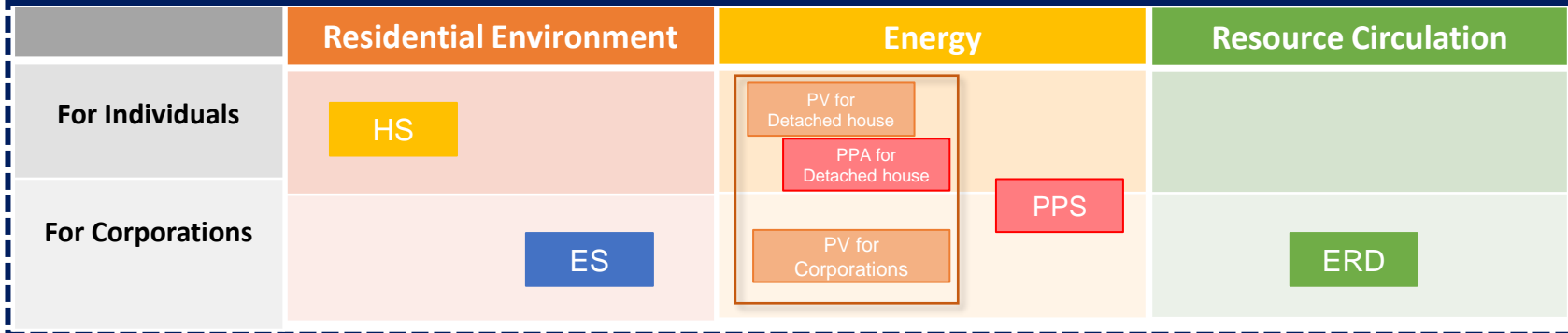
■ Review of Organizational Structure

In the EB Division's energy business development business, the detached PPA business which has been implemented on a trial basis is now getting up and running. In addition, the revision of the FIT system has led to diverse and sophisticated sales and management methods. In these circumstances, we integrated the detached PV business which was previously conducted in the SE Division and the detached PPA business. We are now reviewing our organizational structure to enable us to respond more flexibly to the market environment, with an eye on both the individual and corporate markets.

Current business / division



Future Direction of Business Segmentation



● **Net Sales ¥51,319million**

(Compared to FY2021 +¥382million)

● **Operating Income ¥2,113million**

(Compared to FY2021 +¥4,731million)

Key points of the consolidated financial outlook for the fiscal year ending March 31, 2023

		Compared with FY2021
Net Sales	【+】	<ul style="list-style-type: none"> Strengthened sales and marketing through the continuous increase of the headcount and opening new sales offices in the HS and ES Divisions Increase in the construction of non-FIT power plants due to rising demand for renewable energy, and a rise in maintenance sales for existing solar power plants in the SE Division
	【-】	<ul style="list-style-type: none"> Decrease in the accepted volume of waste at high unit prices in the ERD Division Decrease in total electric power supply in the EB Division
Operating Income	【+】	<ul style="list-style-type: none"> Increase in profit due to higher sales in the HS and ES Divisions Decrease in repair expenses related to power plant inspections in the ERD Division Increase in profit due to higher sales in the SE Division Reduced deficit due to reorganization of the business structure in the EB Division
	【-】	<ul style="list-style-type: none"> Increase in personnel expenses in the HS and ES Divisions Increase in depreciation related to capital investment, etc. in the ERD Division Increase of materials costs in the SE Division

Financial results forecast for FY2022



(Millions of Yen)

	FY2022					
	First Half		Second Half		Full-Year	
	Plan	Diff. from FY2021	Plan	Diff. from FY2021	Plan	Diff. from FY2021
Net Sales	24,279	+ 1,134	27,039	-752	51,319	+ 382
Gross Profit (Gross Profit Margin)	8,404 34.6%	+ 264	8,880 32.8%	+ 4,926	17,284 33.7%	+ 5,190
Operating Income (Operating Income Margin)	779 3.2%	+ 190	1,333 4.9%	+ 4,540	2,113 4.1%	+ 4,731
Ordinary Income (Ordinary Income Margin)	666 2.7%	+ 175	1,174 4.3%	+ 4,566	1,841 3.6%	+ 4,742
Profit (loss) attributable to owners of parent (Net Income Margin)	562 2.3%	+ 430	879 3.3%	+ 4,461	1,441 2.8%	+ 4,891

Financial results forecast for FY2022 by segment



(Millions of Yen)

	FY2022					
	First Half		Second Half		Full-Year	
	Plan	Diff. from FY2021	Plan	Diff. from FY2021	Plan	Diff. from FY2021
Net Sales	24,279	+ 1,134	27,039	-752	51,319	+ 382
H S Division	6,764	+ 276	6,290	+ 357	13,055	+ 633
E S Division	1,350	+ 85	1,400	+ 177	2,750	+ 262
ERD Division	8,199	+ 4	8,305	-508	16,504	-503
S E Division	5,144	+ 1,061	8,597	+ 3,440	13,742	+ 4,501
EB Division	2,821	-310	2,446	-4,258	5,267	-4,568
Adjustment of inter-segment sales	0	+ 17	0	+ 39	0	+ 56
Operating Income	779	+ 190	1,333	+ 4,540	2,113	+ 4,731
H S Division	1,263	-131	760	-227	2,024	-358
E S Division	109	-11	121	+ 15	231	+ 4
ERD Division	1,363	+ 156	1,683	-268	3,046	-111
S E Division	(193)	+ 250	317	+ 608	124	+ 859
EB Division	(99)	-125	(80)	+ 4,118	(180)	+ 3,993
Group	(1,663)	+ 50	(1,469)	+ 293	(3,133)	+ 343

Segment Forecast for FY2022(HS Division)



(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021
Net Sales □	6,764		+ 276	6,290		+ 357	13,055		+ 633
Termite control construction	2,044	30.2%	+ 51	1,715	27.3%	+ 66	3,760	28.8%	+ 118
Under-floor/attic ventilation system	1,715	25.4%	+ 47	1,574	25.0%	+ 102	3,290	25.2%	+ 149
Foundation Repair/ Home Reinforcement System	1,075	15.9%	+ 30	1,055	16.8%	+ 46	2,130	16.3%	+ 76
Others	1,928	28.5%	+ 147	1,945	30.9%	+ 142	3,874	29.7%	+ 289
Costs of Sale	2,579	38.1%	+ 230	2,654	42.2%	+ 249	5,234	40.1%	+ 480
Labor costs	915	13.5%	+ 86	1,030	16.4%	+ 198	1,946	14.9%	+ 284
Gross Profit	4,184	61.9%	+ 45	3,636	57.8%	+ 107	7,820	59.9%	+ 153
SG & A	2,921	43.2%	+ 177	2,875	45.7%	+ 335	5,796	44.4%	+ 512
Personnel expenses	1,857	27.5%	+ 174	1,881	29.9%	+ 271	3,738	28.6%	+ 445
Operating Income	1,263	18.7%	-131	760	12.1%	-227	2,024	15.5%	-358

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

Segment Forecast for FY2022(ES Division)



(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021
Net Sales	1,350		+ 85	1,400		+ 177	2,750		+ 262
Anti-rust equipment	694	51.5%	+ 46	718	51.3%	+ 145	1,413	51.4%	+ 192
Other	655	48.5%	+ 38	681	48.7%	+ 31	1,336	48.6%	+ 70
Cost of Sales	626	46.4%	+ 43	655	46.8%	+ 79	1,281	46.6%	+ 122
Labor costs	155	11.5%	+ 16	157	11.2%	+ 24	312	11.4%	+ 41
Gross Profit	723	53.6%	+ 41	744	53.2%	+ 98	1,468	53.4%	+ 139
SG & A	613	45.5%	+ 52	622	44.5%	+ 82	1,236	45.0%	+ 135
Personnel expenses	355	26.3%	+ 26	358	25.6%	+ 47	713	25.9%	+ 74
Operating Income	109	8.1%	-11	121	8.7%	+ 15	231	8.4%	+ 4

The ES Division will expand sales channels for the anti-rust equipment installation (brand name: Daelman Shock), its main product, by cultivating partners such as management companies, introducing existing partners through close follow-ups, and increasing opportunities for business talks with real estate owners.

Changes in personnel and store openings by division

■ Changes in Number of Personnel by Division (consolidated)

Number of personnel (Consolidated)	31-Mar-21	31-Mar-22	31-Mar-23 Plan	Change
HS Division	747	794	922	+ 128
ES Division	136	146	166	+ 20
ERD Division	426	432	483	+ 51
SE Division	344	334	384	50
EB Division	81	70	27	-43
Headquarter	293	279	278	-1
Total	2,027	2,055	2,260	+ 205

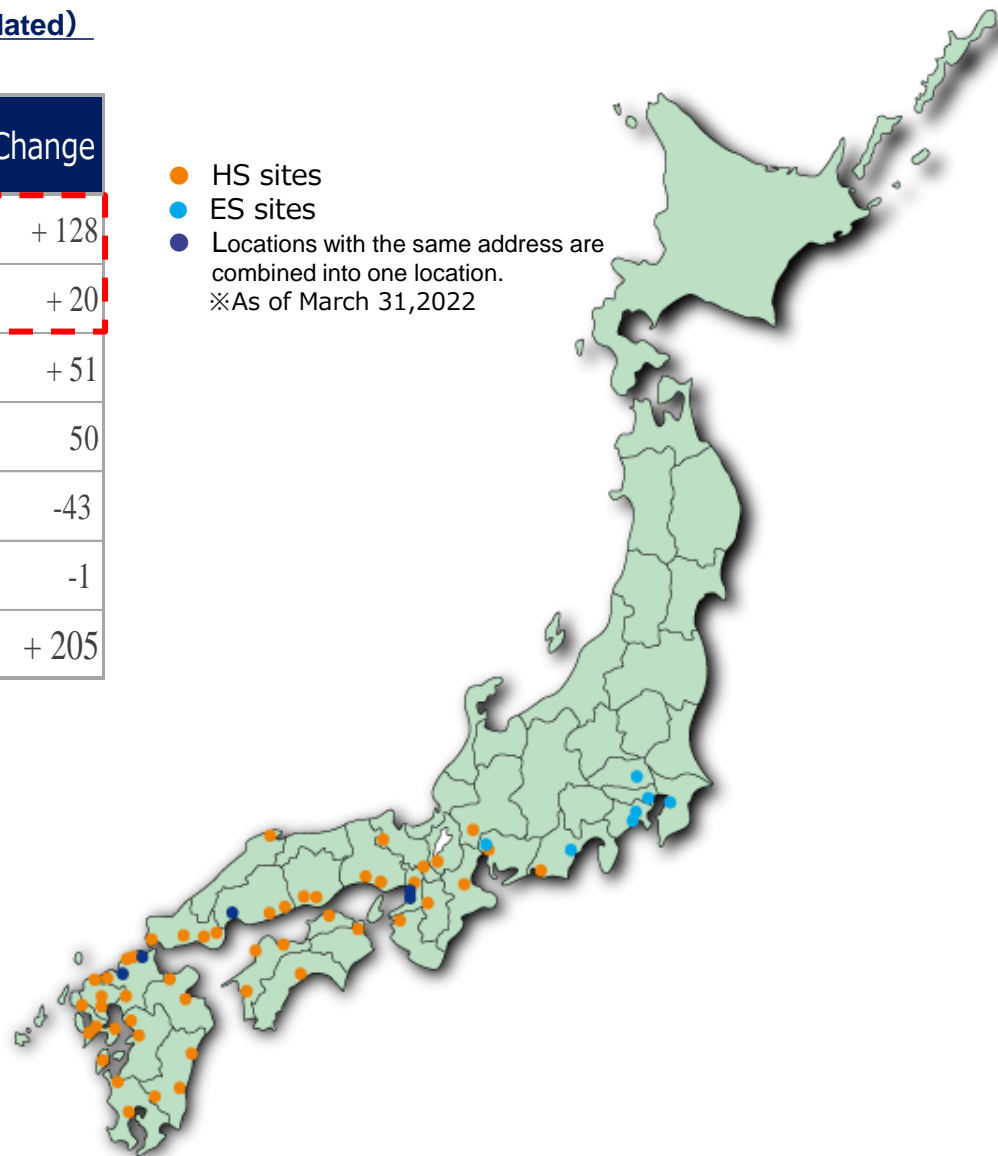
■ Number of sites

Sites	31-Mar-21	31-Mar-22	Change
HS Division	4 headquarters 48 sites	4 headquarters 53 sites	+ 5
ES Division	9 sites	12 sites	+ 3

■ Plan for FY2022

- Open 10~12 more store in new sites

- HS sites
- ES sites
- Locations with the same address are combined into one location.
- ※As of March 31,2022



Segment Forecast for FY2022(ERD Division)



(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021
Net Sales	8,199		+ 4	8,305		-508	16,504		-503
Plastic fuel	5,010	61.1%	-96	5,103	61.4%	-364	10,113	61.3%	-461
Power Plant	1,573	19.2%	+ 163	1,592	19.2%	+ 15	3,166	19.2%	+ 179
Waste liquid treatment	1,040	12.7%	+ 29	1,048	12.6%	-14	2,088	12.7%	+ 15
Landfill	385	4.7%	-40	353	4.3%	-131	739	4.5%	-172
Others	189	2.3%	-51	207	2.5%	-13	397	2.4%	-64
Cost of Sales	5,895	71.9%	-206	5,676	68.4%	-271	11,572	70.1%	-477
Labor costs	969	11.8%	+ 27	1,004	12.1%	+ 32	1,973	12.0%	+ 59
Gross Profit	2,303	28.1%	+ 211	2,628	31.6%	-237	4,932	29.9%	-25
SG & A	940	11.5%	+ 55	945	11.4%	+ 30	1,885	11.4%	+ 86
Personnel expenses	585	7.1%	+ 29	593	7.1%	+ 25	1,178	7.1%	+ 54
Operating Income	1,363	16.6%	+ 156	1,683	20.3%	-268	3,046	18.5%	-111

The ERD Division has been facilitating the improvement of the quality of plastic fuel and the efficient operation of factories. The Division will continue to strive to improve business performance by increasing acceptance volume while focusing on profitability. We will start selling a new management system for waste at sources (product name: SANIX system), which will support not only the waste treatment business but also cumbersome tasks such as contracts, management forms (manifest slips), and performance reports to local governments, leading to continuing business transactions.

■ Operating income

- In FY2022, the burden of repair expenses decreased as a reaction to the statutory inspection of the Tomakomai Power Plant in the previous period, while profits declined reflecting a decrease in the accepted waste with relatively high unit prices and an increase in depreciation due to capital investment and other factors.

■ Tomakomai Power Plant Inspection Schedule

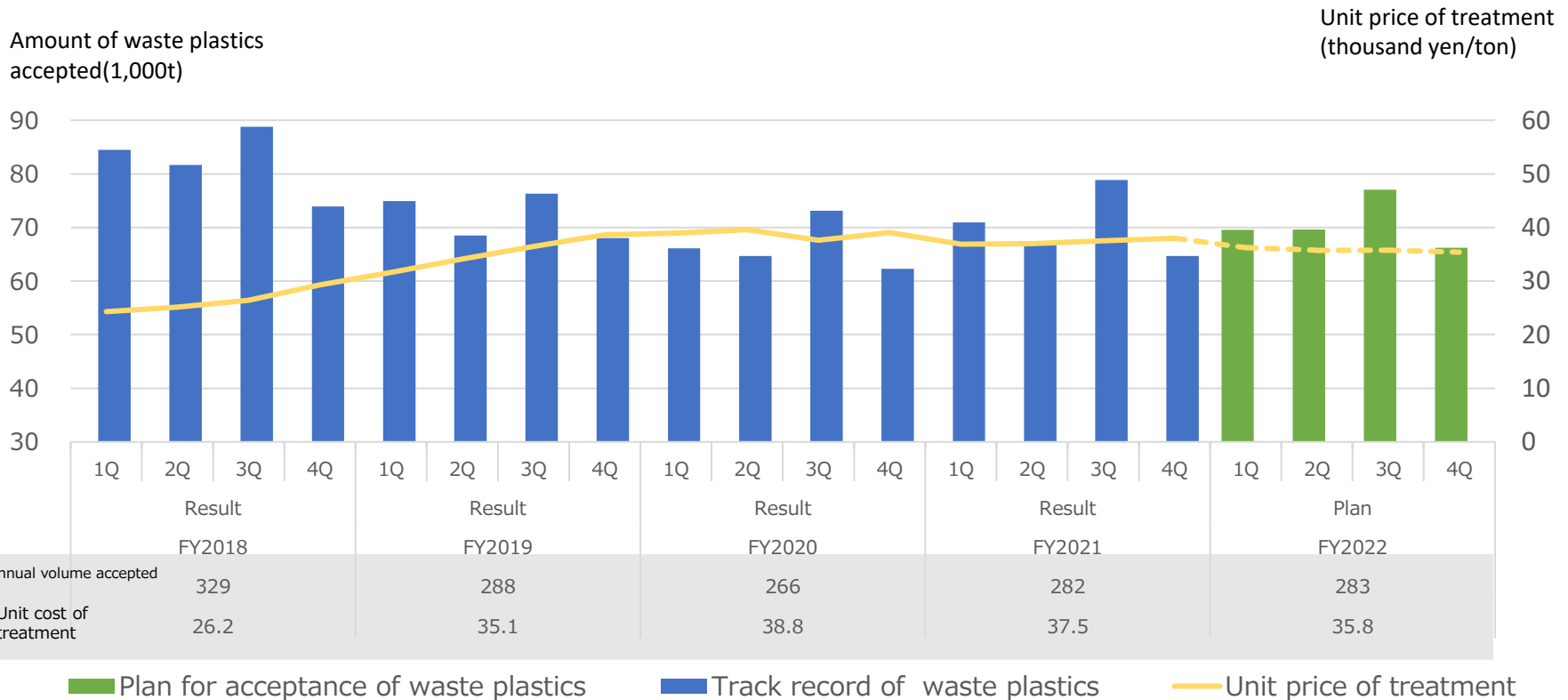
- FY2022 statutory inspection: Mid-March to mid-April 2023 (scheduled)

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



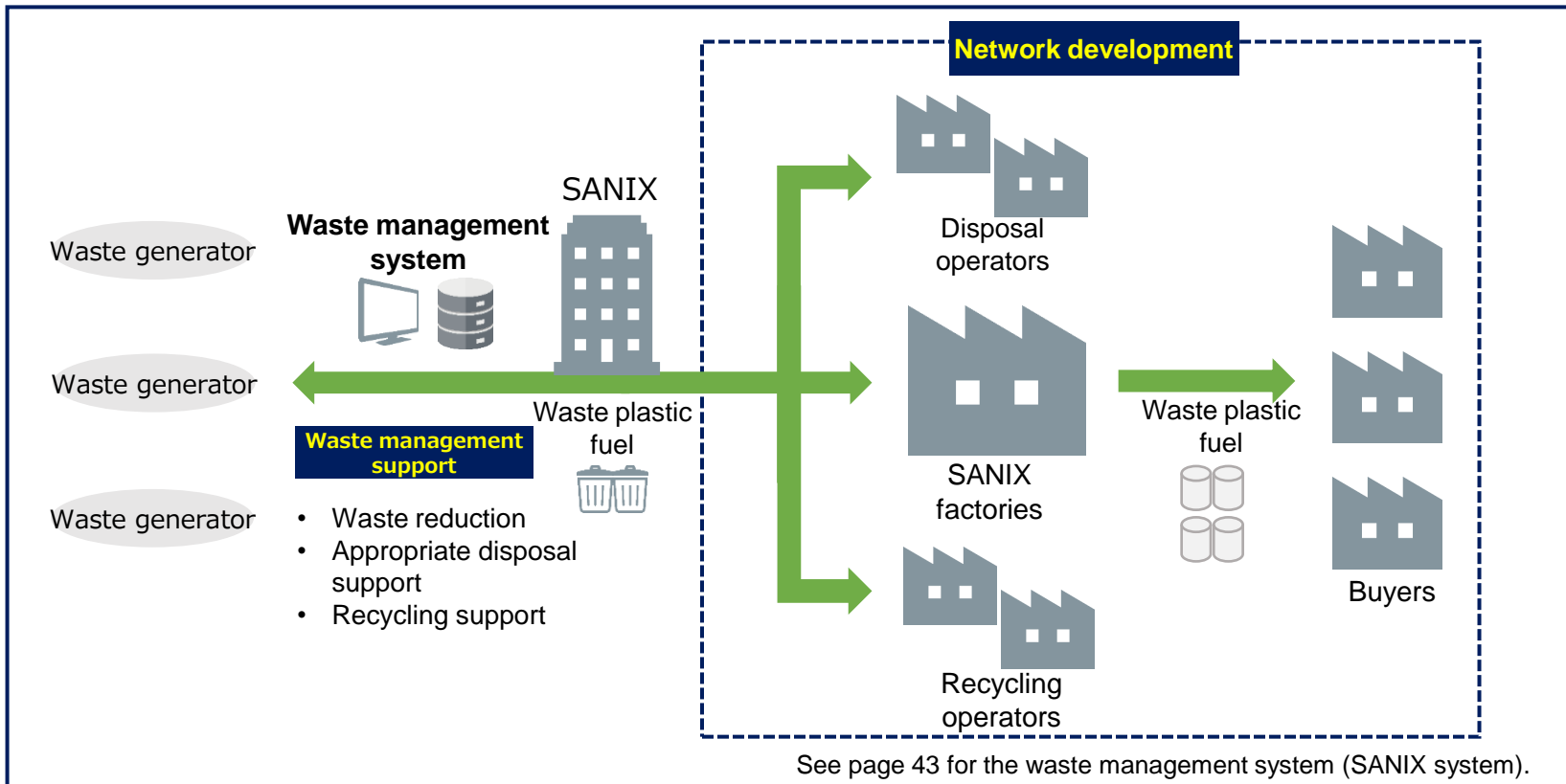
■ Acceptance of Waste Plastic

- In FY2022, we expect to receive less waste with relatively high unit prices at some of our factories. So, we will strengthen our relationships with suppliers and increase the volume of waste received by enhancing sales activities and introducing a waste management system (SANIX system) to help our customers with waste management.



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

- We sell a waste management system (SANIX system) that enables companies to centrally manage their waste-related operations.
- We provide support for proper disposal, reduction and recycling of industrial waste to customers who have installed the system.
- We aim to build a network for disposing and recycling industrial waste.



Segment Forecast for FY2022(SE Division)



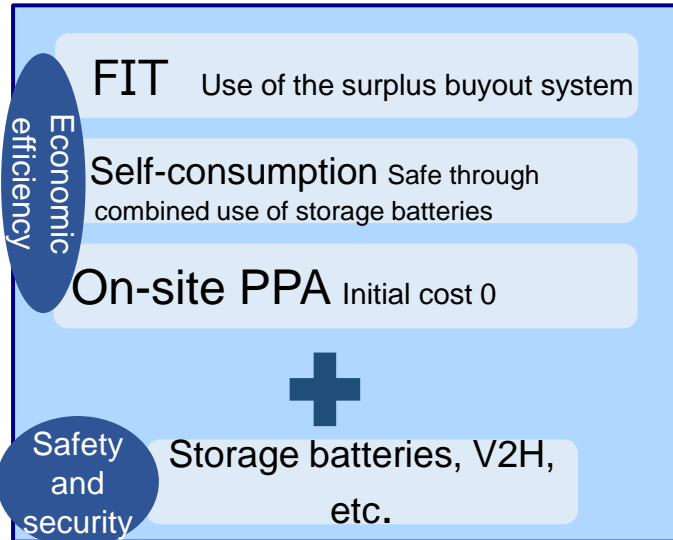
(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021
Net Sales	5,144		+ 1,061	8,597		+ 3,440	13,742		+ 4,501
PV for Detached houses	1,301	25.3%	+ 1,046	1,482	17.2%	+ 1,278	2,784	20.3%	+ 2,324
Pv for Corporations	3,803	73.9%	+ 15	7,083	82.4%	+ 2,162	10,886	79.2%	+ 2,177
Other	40	0.8%	-0	31	0.4%	-0	71	0.5%	-0
Costs of sales	3,977	77.3%	+ 934	6,769	78.7%	+ 2,586	10,747	78.2%	+ 3,520
Material costs,etc	2,494	48.5%	+ 804	4,614	53.7%	+ 1,951	7,109	51.7%	+ 2,756
Labor costs	508	9.9%	+ 83	505	5.9%	-15	1,013	7.4%	+ 68
Gross Profit	1,166	22.7%	+ 126	1,827	21.3%	+ 854	2,994	21.8%	+ 981
SG&A	1,360	26.4%	-123	1,509	17.6%	+ 245	2,870	20.9%	+ 121
Personnel costs	670	13.0%	-102	744	8.7%	+ 136	1,415	10.3%	+ 34
Operating Income	(193)	—	+ 250	317	3.7%	+ 608	124	0.9%	+ 859

The SE Division has changed the concepts behind products and the content of proposals and has shifted its business activities since FY2020 when a FIT system based on self-consumption was designed. With the recent surge in energy prices, solar power generation is attracting attention. The Division will continue to advance the development of "self-consumption" photovoltaic systems for corporations and promote sales of the systems for home use with storage batteries. Over the medium to long term, the Division assumes that markets for photovoltaic power generation systems for self-consumption, which reduce burdens on the environment through the emission of zero CO₂ while lowering electricity bills, and the low initial investment PPA model (third-party owned), etc. will expand and spread across society.

Against the backdrop of rising electricity prices, low-cost photovoltaic power generation systems and the wide use of PPA services, the introduction of photovoltaic power generation is in full swing, driven by the need for economic rationality, decarbonization and resilience enhancement.

PV service for housing (less than 10 kW)

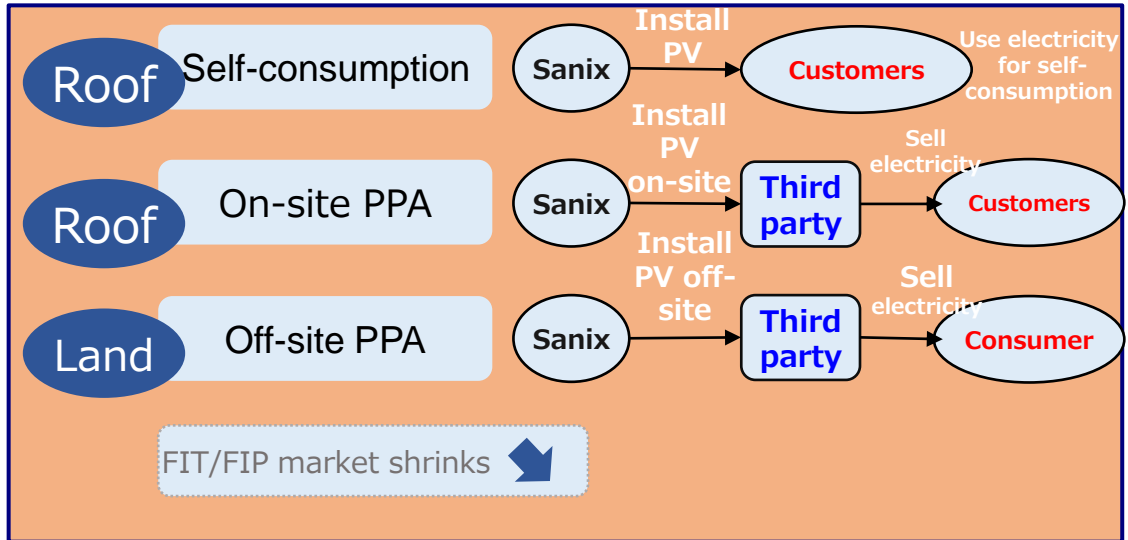


- Newly built houses: Promote ZEH
- Existing houses: Support renovation for energy conservation

The PV market for residential and small buildings is expected to grow steadily against the backdrop of accelerated introduction of PV service due to the above factors.

Build a new organization dedicated to the residential PV market, aiming to actively develop the market.

PV service for companies and municipalities (10 kW or more)

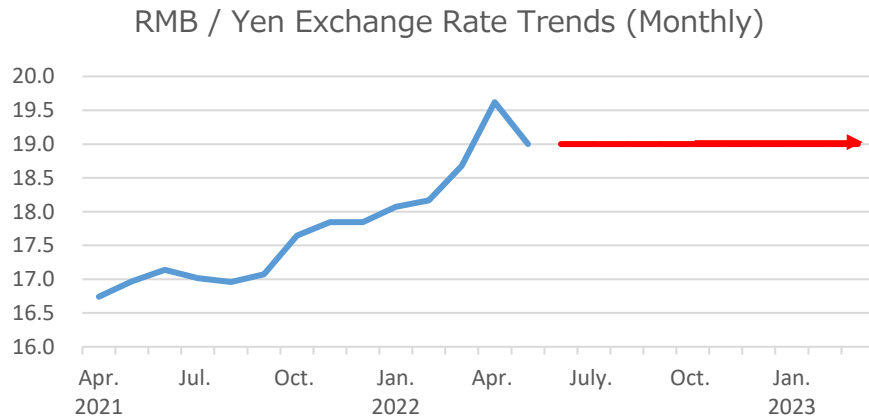
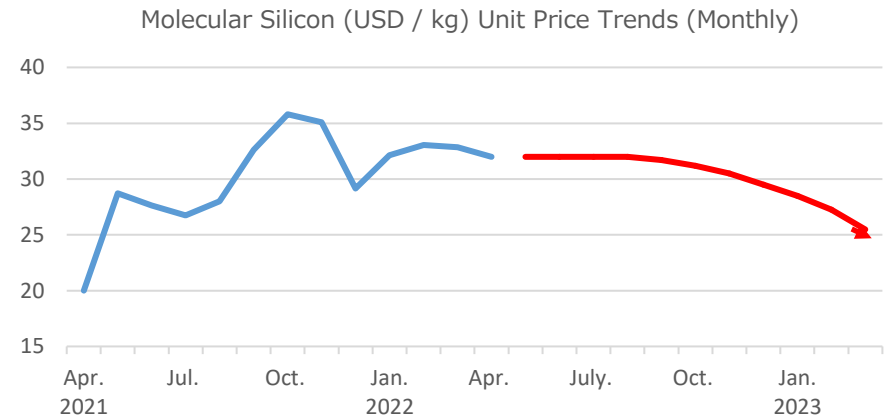
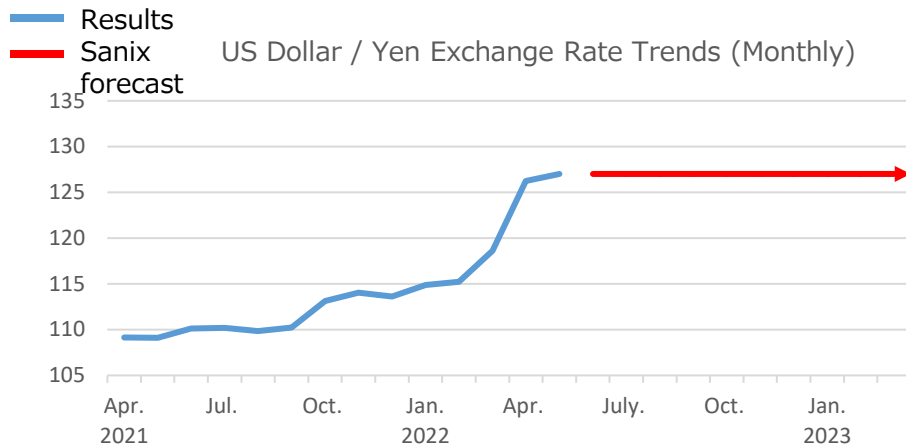


Decarbonization initiatives are in full swing, especially within companies and local governments. The market, which differs from that under the FIT system, is expected to grow significantly as methods of installing and owning photovoltaic power generation facilities and methods of supplying generated electricity become more diverse and sophisticated.

Organize a cooperative system for the development of a range of services, starting sales in earnest this fiscal year. Expand the services offered through continued collaboration with other companies and the utilization of our own PPS business.

■ Forecast of the Cost of Photovoltaic Power Generation

- In FY2022, demand for photovoltaic power generation is expected to grow significantly, driven by full-scale decarbonization efforts and soaring electricity costs. On the other hand, we expect the severe situation to continue throughout the year, due to cost increases caused by the weak yen, uncertainty regarding the supply of some components, notably semiconductors, and the disruption of logistics which have been impacted by COVID-19.



- Regarding the costs of photovoltaic power generation-related components, the prices of polysilicon, the main raw material for solar cell modules, remain high due to growing global demand. In China, a major polysilicon producer, aggressive investments to increase production capacity are ongoing, so costs are expected to start falling around the second half of FY2022.
- On the other hand, a high percentage of photovoltaic power generation-related components other than solar cell modules are also imported from overseas. Therefore, overall material procurement costs are expected to rise due to foreign exchange rates.

Segment Forecast for FY2022(EB Division)



(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021	Plan	Prop.	Diff. from FY2021
Net Sales	2,821		-310	2,446		-4,258	5,267		-4,568
Sales of electricity	2,821	100.0%	-310	2,446	100.0%	-4,258	5,267	100.0%	-4,568
Costs of Sales	2,795	99.1%	-149	2,402	98.2%	-8,360	5,198	98.7%	-8,510
Material costs	2,795	99.1%	-149	2,402	98.2%	-8,360	5,198	98.7%	-8,510
Gross Profit	25	0.9%	-160	43	1.8%	+ 4,102	69	1.3%	+ 3,941
SG&A	125	4.5%	-35	123	5.1%	-16	249	4.7%	-51
Personel expenses	68	2.4%	-13	68	2.8%	-2	136	2.6%	-15
Operating Income	(99)	—	-125	(80)	—	+ 4,118	(180)	—	+ 3,993

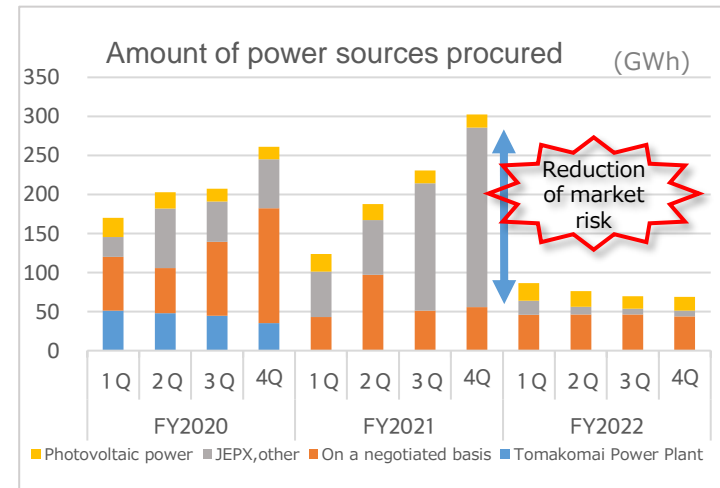
In the EB Division's PPS business, energy prices are expected to remain high for a while due to soaring prices in the wholesale electric power market (JEPX) and Russia's invasion of Ukraine. Therefore, we decided to scale down our electric power retail business because we had determined that it would be difficult to ensure profitability in this business. However, we will continue to provide electricity supply and demand management services in anticipation of the commercialization of renewable energy introduction models such as self-consumption and PPA in the sales of photovoltaic power generation system, and energy management such as VPP.

FY2021

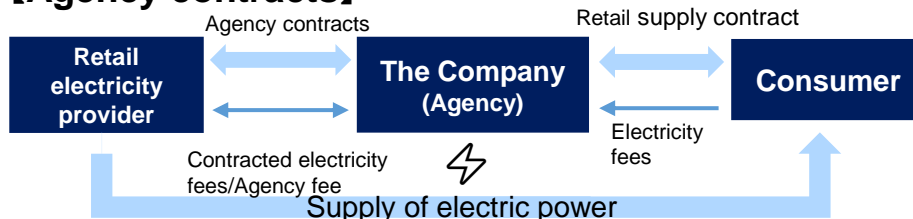
- Positioned as a growth business that will become a pillar of the business and expand revenue
- Take flexible measures such as raising the ratio of negotiated procurement in preparation for demand season.

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 Suspension of the acceptance of new supply and demand contracts
 - ③ Shift a part of contracts for retail sales to agency contracts
 - ④ Terminate supply upon the expiration of the contract with the negotiated wholesale supplier



【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.

		FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Plan
Return on equity	ROE	5.85%	36.31%	27.87%	—	26.70%
Return on total assets	ROA	3.88%	8.16%	6.39%	—	5.30%
Equity ratio		13.42%	18.55%	24.50%	13.47%	17.70%
Return on invested Capital	ROIC	2.31%	10.77%	11.19%	—	9.20%

(Millions of Yen)

	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Plan
Capital investment	2,742	3,083	2,776	1,800~2,000
Depreciation	914	1,097	1,509	1,800

Topics

■ Suspension of Rugby Club Activities

Our rugby team, Munakata Sanix Blues, was founded in 1994 and has been a member of Japan's top rugby league since 2003, enhancing the corporate brand and contributing to the local community, especially in Munakata, Fukuoka Prefecture, where the team is based. Based on these contributions, we have made our utmost efforts to continue the team. However, as a result of a comprehensive assessment of our current business environment, we have decided to step back from strengthening and continuing the team under the same structure as before, and have resolved to suspend the rugby club's activities as of the end of the current season (the end of May 2022).

As for our social contribution activities, we have been promoting the sound raising of young people through sports and cultural activities in a variety of ways, and we will continue these activities going forward.

*Resolution of the Board of Directors on March 30, 2022



■ Launch of Waste Management System Sales

- We began selling the SANIX system, a waste management system that enables companies to centrally manage their waste-related operations, on April 1, 2022.

The SANIX system is:

A system that visualizes all aspects of waste, including collection and treatment flow, volume, and recycling rate, to achieve appropriate and efficient business operations.

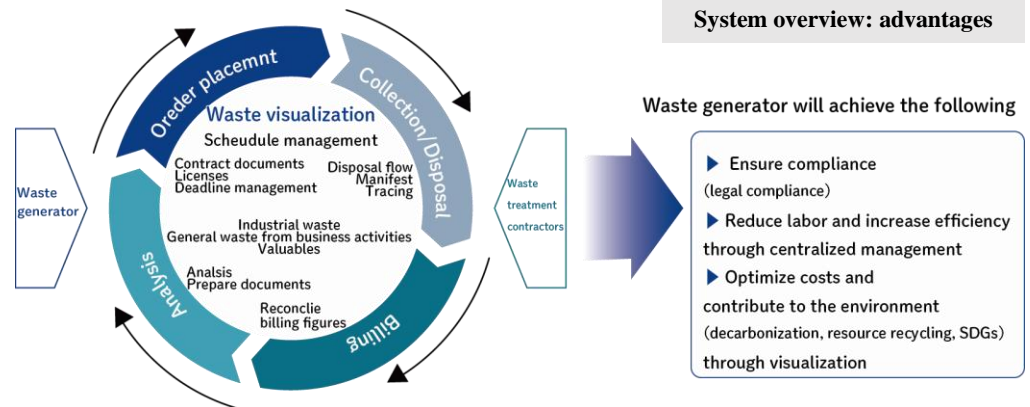
Key functions

- Manage contract and permit expiration dates (notify via the alert function before expiration dates)
- Track waste and manage disposal schedules
- Manifest search — Linked to JWNET (electronic manifest system)
- Automatic aggregation of results submitted to the government
- Analysis (monthly discharge, comparisons by discharge site, etc.)

Advantages of introduction (for waste generators)

1. Compliance
2. Reduced labor and increased efficiency in disposal operations
3. Optimized costs and contribution to the environment through visualization

※Contribution to the environment: Reduction of CO₂ emissions by optimizing the frequency of collection and transportation and waste disposal methods, the promotion of recycling through waste separation, etc.



(Release of April 25, 2022)

■ Installation in a Large Commercial Facility, Mitsui Shopping Park LaLaport Fukuoka

The Company installed a solar power generation system on the roof of Mitsui Shopping Park LaLaport Fukuoka, a large commercial facility promoted by Mitsui Fudosan Co., Ltd., Kyushu Electric Power Company, Incorporated, and Nishi-Nippon Railroad Co., Ltd.

The Company is also responsible for providing real-time data on the amount of electricity generated and conducting inspections when abnormalities are detected through the use of a remote monitoring system.

Installation of Solar Power Generation System as of March 31, 2022

No. of installations: Approx. 48,000

(In-house installations only)

Capacity: Approx. 1,400 MW

(including wholesale)

Solar Power Generation System in Mitsui Shopping Park LaLaport Fukuoka (part of the system)



System total capacity:
148.00 kW

(Release of April 25, 2022)

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

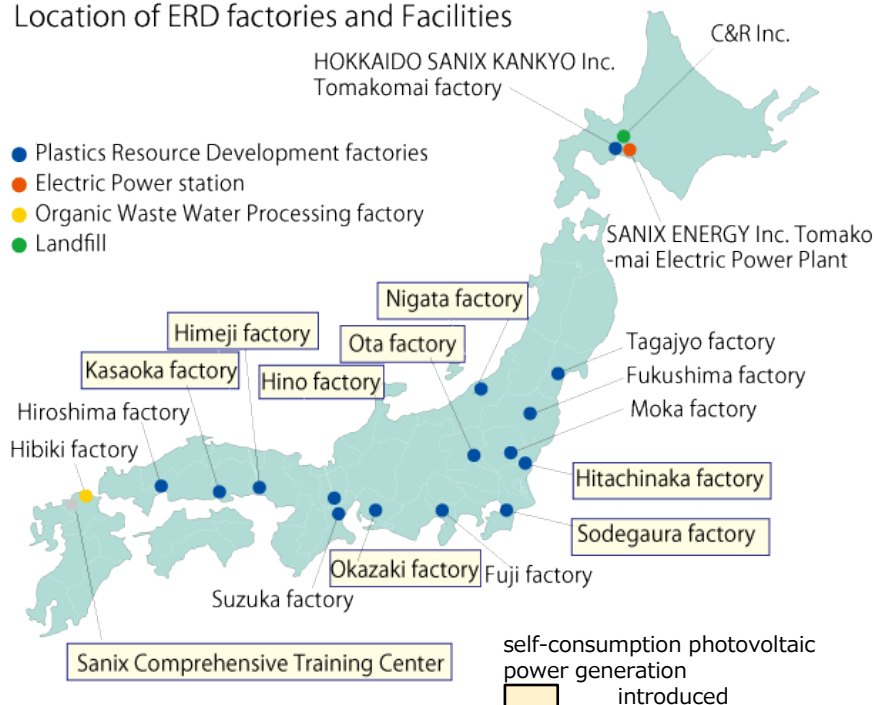
Company (9 sites) (Total volume of annual reduction of CO₂ emissions from these facilities: approx. 381 tons)

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

<Overview of the facilities>

<p><Himeji factory></p> <ul style="list-style-type: none"> ■ System capacity : 74.59kW ■ Annual self-consumption : 59,264kWh ■ Annual CO₂ emission : Approx.31t reduction 	<p><Okazaki factory></p> <ul style="list-style-type: none"> ■ System capacity : 99.84kW ■ Annual self-consumption : 77,688kWh ■ Annual CO₂ emission : Approx.41t reduction
<p><Hitatinaka factory></p> <ul style="list-style-type: none"> ■ System capacity : 60.00kW ■ Annual self-consumption : 49,009kWh ■ Annual CO₂ emission : Approx.26t reduction 	<p><Kasaoka factory></p> <ul style="list-style-type: none"> ■ System capacity : 80.32kW ■ Annual self-consumption : 69,524kWh ■ Annual CO₂ emission : Approx.36t reduction
<p><Ota factory></p> <ul style="list-style-type: none"> ■ System capacity : 125.62kW ■ Annual self-consumption : 111,268kWh ■ Annual CO₂ emission : Approx.58t reduction 	<p><Hino factory></p> <ul style="list-style-type: none"> ■ System capacity : 74.40kW ■ Annual self-consumption : 60,324kWh ■ Annual CO₂ emission : Approx.32t reduction
<p><Sodegaura factory></p> <ul style="list-style-type: none"> ■ System capacity : 75.31kW ■ Annual self-consumption : 67,488kWh ■ Annual CO₂ emission : Approx.35t reduction 	<p><Niigata factory></p> <ul style="list-style-type: none"> ■ System capacity : 231.00kW ■ Annual self-consumption : 157,052kWh ■ Annual CO₂ emission : Approx.82t reduction
<p><Sanix Comprehensive Training Center></p> <ul style="list-style-type: none"> ■ System capacity : 117.16kW ■ Annual self-consumption : 76,230kWh ■ Annual CO₂ emission : Approx.40t reduction 	<p><Total></p> <ul style="list-style-type: none"> ■ System capacity : 938.24kW ■ Annual self-consumption : 727,847kWh ■ Annual CO₂ emission : Approx.381t reduction

Location of ERD factories and Facilities



Supplementary materials

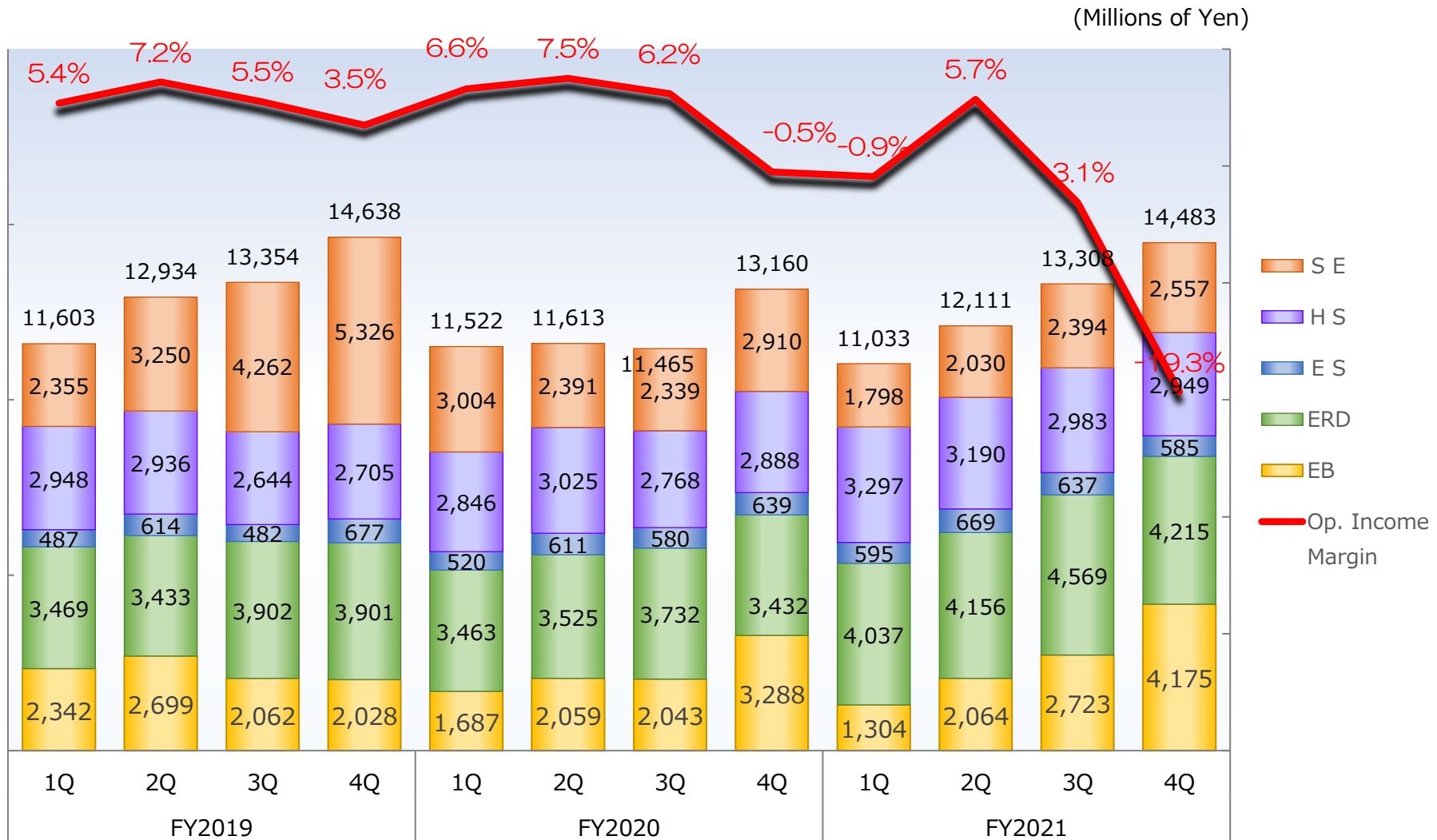
(Segment Performance for FY2021)

(Millions of Yen)

	FY2020	FY2021				
	Result	Result	Y o Y	Difference from FY2020	Plan	Difference from Plan
Net Sales	47,762	50,936	106.6%	+ 3,174	50,755	+ 181
Gross Profit (Gross profit margin)	16,981 35.6%	12,093 23.7%	71.2%	-4,887	12,560 24.7%	-466
Operating Income (Operating Income margin)	2,279 4.8%	(2,618) —	—	-4,897	(2,229) —	-388
Ordinary Income (Ordinary Income margin)	2,045 4.3%	(2,900) —	—	-4,946	(2,435) —	-465
Profit attribute to owners of parents (Net Income Margin)	1,918 4.0%	(3,449) —	—	-5,368	(2,803) —	-646

*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(SE Division)



(Millions of Yen)

	FY2020		FY2021				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	10,646		8,780		82.5%	8,593	
Sales and installation of PV system	10,346	97.2%	8,447	96.2%	81.6%	8,443	98.3%
Wholesale of PV system	210	2.0%	261	3.0%	124.2%	70	0.8%
Others	89	0.8%	71	0.8%	80.4%	78	0.9%
Cost of sales	7,544	70.9%	6,838	77.9%	90.6%	6,345	73.8%
Material costs	4,474	42.0%	4,157	47.3%	92.9%	3,577	41.6%
Labor cost	653	6.1%	870	9.9%	133.2%	912	10.6%
Gross Profit	3,102	29.1%	1,941	22.1%	62.6%	2,247	26.2%
SG & A	2,898	27.2%	2,415	27.5%	83.3%	2,496	29.0%
Personnel expenses	1,583	14.9%	1,158	13.2%	73.2%	1,197	13.9%
Operating Income	203	1.9%	(473)	—	—	(248)	—

Segment Forecast for FY2021 (HS Division)



(Millions of Yen)

	FY2020		FY2021				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	11,530		12,421		107.7%	12,510	
Termite control construction	3,548	30.8%	3,641	29.3%	102.6%	3,895	31.1%
Under-floor/attic ventilation system	2,965	25.7%	3,141	25.3%	105.9%	3,201	25.6%
Foundation Repair/Home Reinforcement System	1,759	15.3%	2,054	16.5%	116.8%	2,027	16.2%
Others	3,256	28.2%	3,584	28.9%	110.1%	3,386	27.1%
Cost of Sales	4,466	38.7%	4,754	38.3%	106.4%	4,876	39.0%
Labor costs	1,588	13.8%	1,662	13.4%	104.7%	1,735	13.9%
Gross Profit	7,063	61.3%	7,667	61.7%	108.5%	7,633	61.0%
SG & A	4,814	41.8%	5,284	42.5%	109.8%	5,212	41.7%
Personnel expenses	3,065	26.6%	3,292	26.5%	107.4%	3,193	25.5%
Operating Income	2,248	19.5%	2,382	19.2%	106.0%	2,420	19.3%

Segment Forecast for FY2021 (ES Division)



(Millions of Yen)

	FY2020		FY2021				
	Result	Sales proportion	Result	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	2,351		2,487		105.8%	2,756	
Anti-rust equipment installation	1,214	51.6%	1,221	49.1%	100.6%	1,411	51.2%
Others	1,137	48.4%	1,266	50.9%	111.3%	1,345	48.8%
Cost of Sales	1,071	45.6%	1,159	46.6%	108.1%	1,287	46.7%
Labor costs	255	10.9%	271	10.9%	106.5%	287	10.4%
Gross Profit	1,279	54.4%	1,328	53.4%	103.8%	1,469	53.3%
SG & A	1,003	42.7%	1,101	44.3%	109.8%	1,156	41.9%
Personnel expenses	592	25.2%	639	25.7%	107.9%	664	24.1%
Operating Income	276	11.8%	227	9.1%	82.2%	313	11.4%

Segment Forecast for FY2021 (ERD Division)



(Millions of Yen)

	FY2020		FY2021				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
Net Sales	16,265		17,008		104.6%	16,693	
Plastic fuel	10,233	62.9%	10,574	62.2%	103.3%	10,410	62.4%
Power Plant	3,004	18.5%	2,986	17.6%	99.4%	3,176	19.0%
Waste liquid treatment	1,863	11.5%	2,073	12.2%	111.3%	1,956	11.7%
Landfill	713	4.4%	911	5.4%	127.7%	712	4.3%
Others	450	2.8%	461	2.7%	102.5%	437	2.6%
Cost of Sales	10,833	66.6%	12,050	70.8%	111.2%	11,849	71.0%
Labor costs	1,901	11.7%	1,913	11.3%	100.6%	1,899	11.4%
Gross Profit	5,432	33.4%	4,957	29.2%	91.3%	4,843	29.0%
SG & A	1,758	10.8%	1,799	10.6%	102.3%	1,781	10.7%
Personnel expenses	1,092	6.7%	1,124	6.6%	102.9%	1,098	6.6%
Operating Income	3,673	22.6%	3,158	18.6%	86.0%	3,062	18.3%

Segment Forecast for FY2021 (EB Division)



(Millions of Yen)

	FY2020		FY2021				
	Result	Sales proportion	Result	Sales proportion	YoY	Plan	Sales proportion
Net Sales	9,091		10,296		113.2%	10,237	
Sales of Electricity	8,506	93.6%	9,836	95.5%	115.6%	9,547	93.3%
Others	585	6.4%	459	4.5%	78.5%	690	6.7%
Costs of Sales	8,988	98.9%	14,097	136.9%	156.8%	13,871	135.5%
Material costs	8,719	95.9%	13,903	135.0%	159.5%	13,586	132.7%
Gross Profit	103	1.1%	(3,801)	—	—	(3,633)	—
SG & A	632	7.0%	634	6.2%	100.2%	667	6.5%
Personnel expenses	361	4.0%	374	3.6%	103.6%	391	3.8%
Operating Income	(529)	—	(4,435)	—	—	(4,301)	—

Supplementary materials (Business structure)

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.

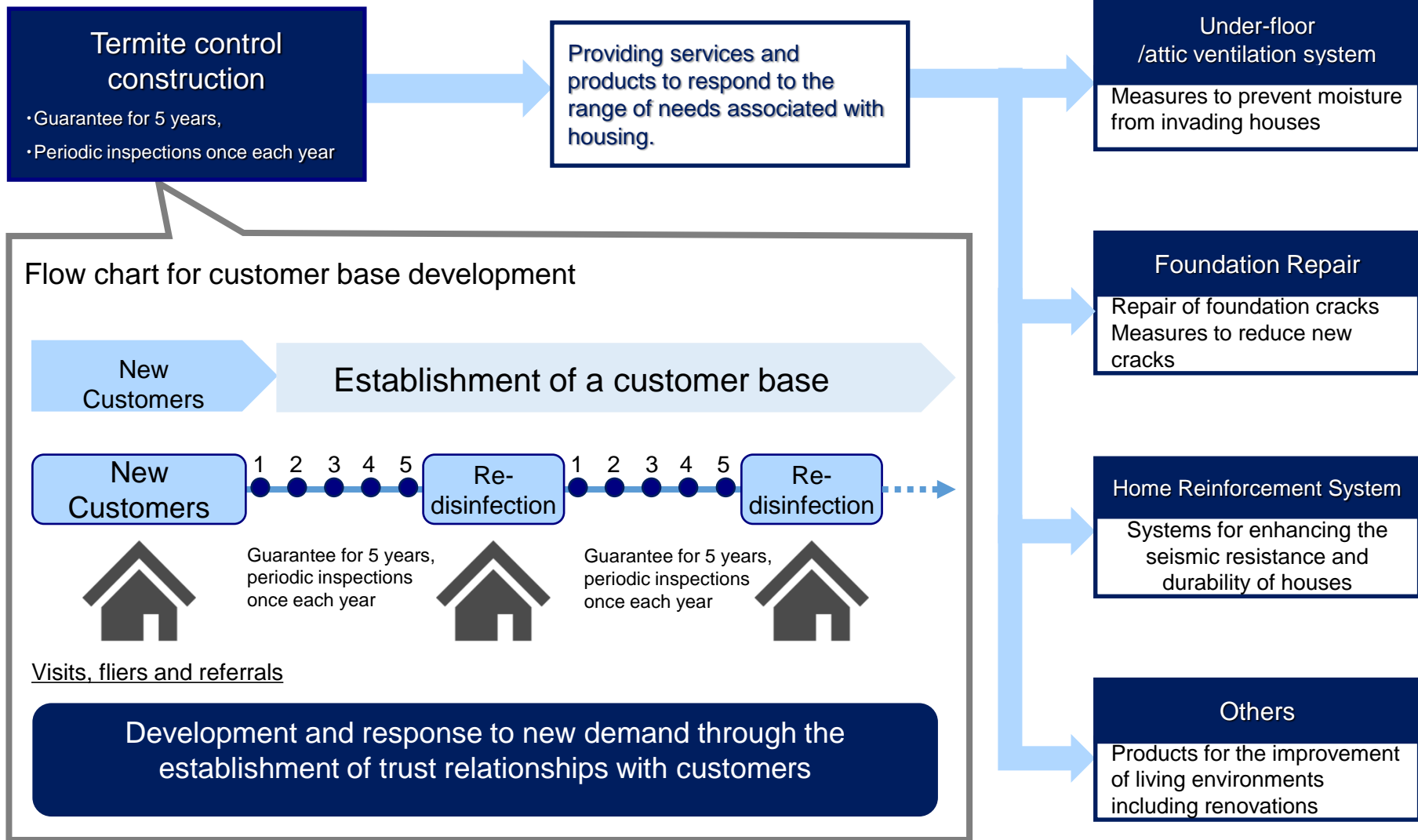
Resource circulation

- 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 HS Division



Business structure of the ES Division



Major services and products

Water supply and drainage repair

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

Structure maintenance services

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

Others

Measures to prevent environmental pollution, etc.

SANIX/PCO services

Pest and vermin control service ,HACCP

Restaurants, Hotels, Food factories ,etc.



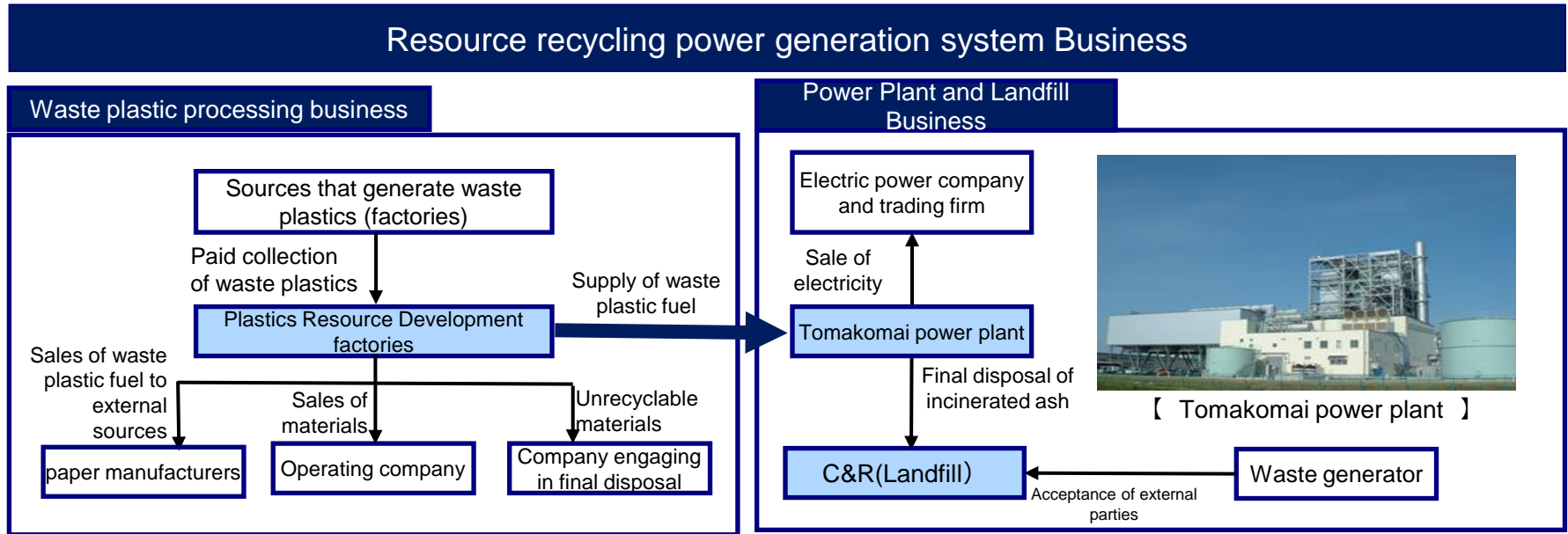
Annual contract (inspection and disinfection to be conducted once a month)



Renewal rates are high due to annual contracts

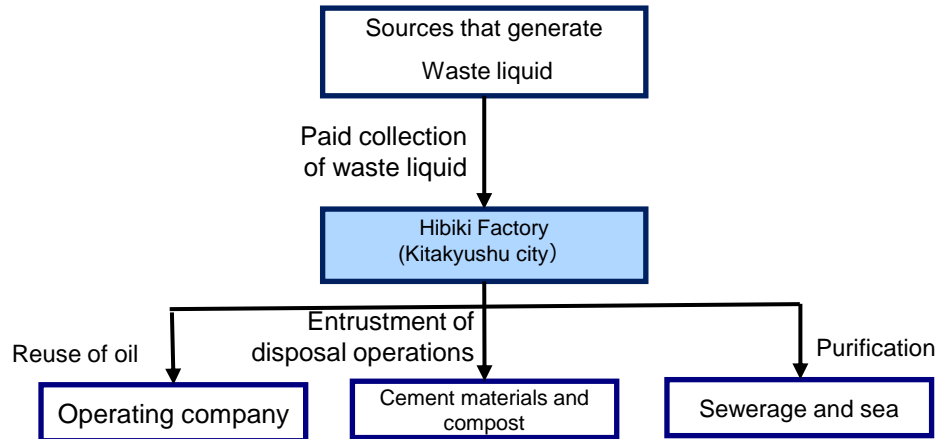


Business structure of the ERD Division



- Fifteen plastic resource development factories located across the nation engage in the collection of waste plastics generated at companies' manufacturing 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)

Waste liquid treatment



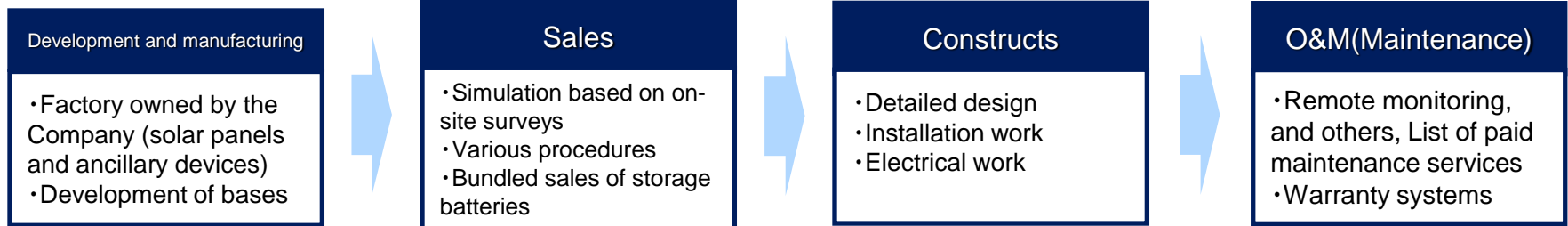
【 Hibiki Factory 】

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

- Waste liquid generated by food and beverage factories is collected with fees for disposal
- Collected 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

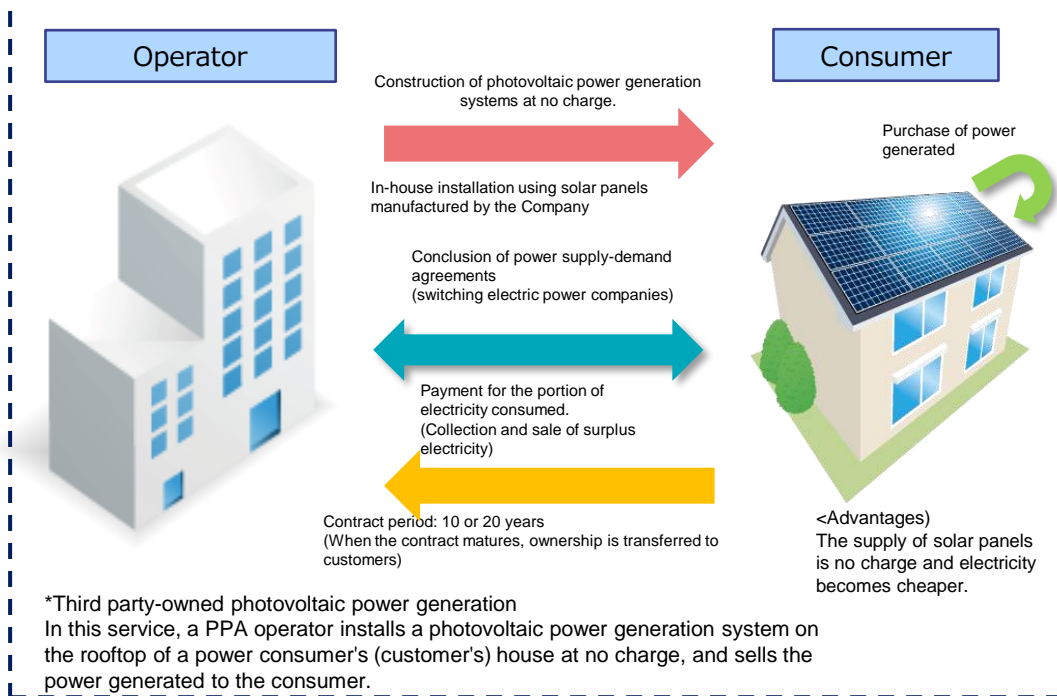
Business structure of the SE Division

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.

Third party-owned photovoltaic power generation systems (PPA)



■ **On-site PPA :** An operator installs a solar generation facilities at the location of the electric consumer and supply electricity to electric consumer too. The operator expenses, owns, operates, and maintains the power generation facility.

■ **Off-site PPA :** An operator installs a solar power generation facilities outside the site of a power demand site and supply electricity to the electric user through a retail electricity company.

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 CO₂ emissions, etc.).

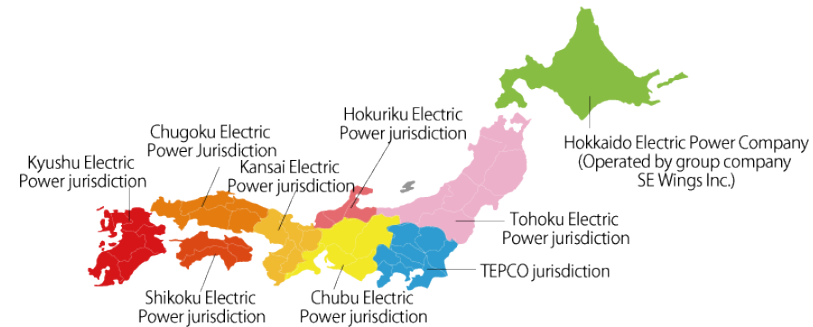
Procurement of electricity

Procurement on a negotiation basis

Photovoltaic power generation (FIT-based electricity)

JEPX, etc.

<Power supply area>



Sales of electricity

Retail (low voltage and high voltage)

Wholesale on a negotiated basis

JEPX