



Code : 4651

# Financial Results Briefing For the Three Months Ended June 30, 2022

SANIX INCORPORATED

August 17, 2022

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## 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)

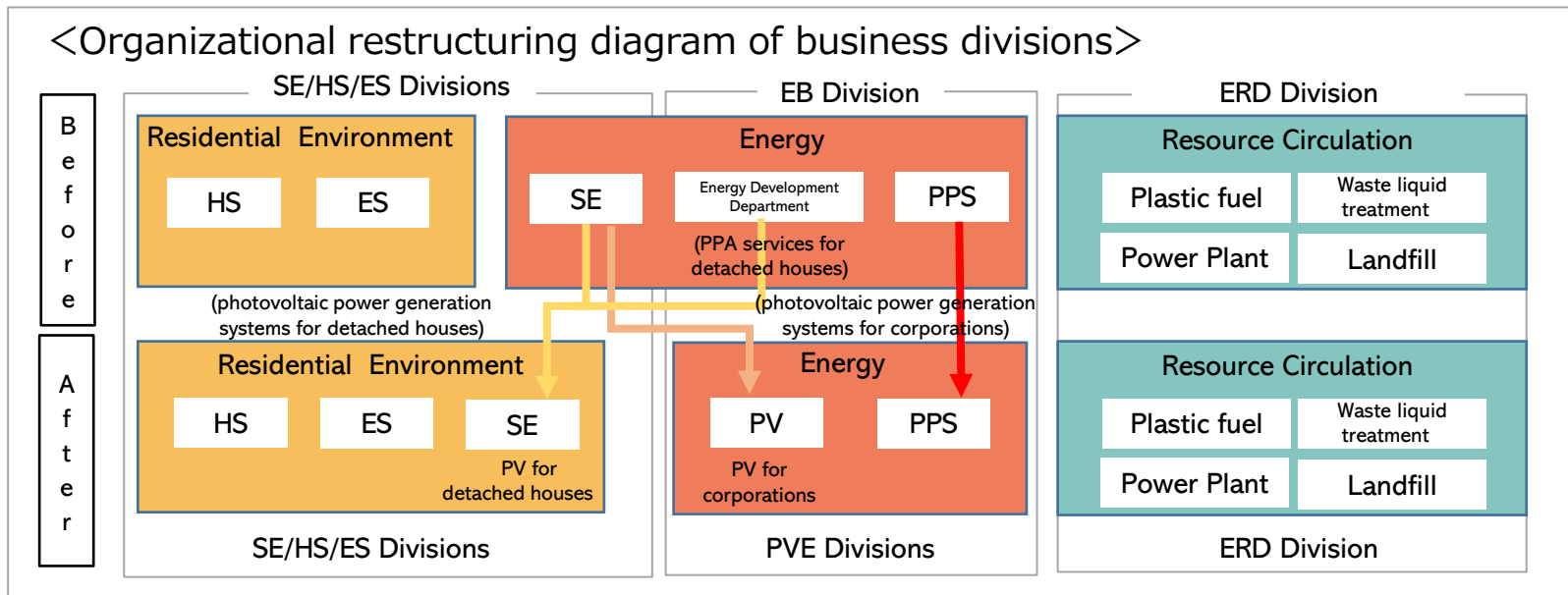
- Numbers are rounded off to the nearest whole number.
- “( )” in operating income, ordinary income and net income indicate operating loss, ordinary loss and net loss respectively.
- In case of negative or above 1,000%, margin is expressed by “-”.

Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023. Accordingly, the Company has made year-on-year comparisons and analyses after reclassifying the figures for the same period of the previous year according to the new segmentation. Due to the practical difficulty of reclassifying figures for the same period of the previous year, year-on-year comparisons have not been made for the (new) SE business segment in the business of photovoltaic power generation systems for detached houses. Therefore, comparisons in the PV business segment have been made with figures of the same period of the previous year for the (previous) SE business segment.

# Financial Results for the Three Months Ended June 30, 2022

## ■ Overview of the organizational change effective from June 1, 2022

The Company implemented an organizational change to ensure the growth of its businesses and facilitate growth through the pursuit of synergy between the businesses while simultaneously responding to rapidly changing market environments in a flexible way.



- To facilitate the reorganization, it divided the (previous) SE Business HQ which engaged in the installation and sale of photovoltaic power generation systems into the (new) SE Business HQ in charge of photovoltaic power generation systems for detached houses and the PV Business HQ (newly established) in charge of photovoltaic power generation systems for corporations.
- The Energy Development Department, which offered PPA services for detached houses in collaboration with other companies under the Energy Business HQ, was integrated into the (new) SE Business HQ which is in the business of photovoltaic power generation systems for detached houses.

**Segments have been reclassified in line with the organizational change made on June 1, 2022**

**Before segment change**

SE Division
HS Division
ES Division
ERD Division
EB Division



**After segment change**

Residential Environment Area	HS Division...Service business for detached house
	ES Division...Services business for corporation, business owners
	SE Division...Services business for Residential solar power generation system
Energy Area	PV Division...Services business for Industrial solar power generation system
	PPS Division...Services business for Electricity retail
Resource Circulation Area	ERD Division...Services business for Recycling waste

- **Net Sales**                    **¥ 11,346million**  
(Compared to FY2021 1Q ¥+312million) (Compared to the plan ¥-542million)
- **Operating Income**        **¥341million**  
(Compared to FY2021 1Q ¥+444million) (Compared to the plan ¥+244million)

## Highlights of Financial Results of FY2022 1Q

		Year-on-year change	Change from the plan
Net Sales	[ + ]	<ul style="list-style-type: none"> <li>• Increase of unit sales prices linked to surging energy prices in the PPS Division.</li> <li>• Increase of operation days and electricity output in reaction to the shutdown of the power plant for the implementation of statutory inspection in the previous fiscal year in the ERD Division.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of the number of projects for the prevention of termites resulting from the reinforcement of sales foundations in the HS Division.</li> </ul>
	[ - ]	<ul style="list-style-type: none"> <li>• Decrease of the sales volume due to the termination of supply to a large wholesale customer in the PPS Division.</li> <li>• Decrease of the acceptance volume of high priced waste in plastic fuel in the ERD Division.</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease of sales opportunities in the HS and ES Division.</li> <li>• Underachievement in work for surplus solar power projects in the SE Division.</li> <li>• Decrease of wholesale sales in markets in the PPS Division.</li> </ul>
Operating Income	[ + ]	<ul style="list-style-type: none"> <li>• <b>Decrease of repair expenses related to power plant inspections in the ERD Division.</b></li> <li>• Decrease of expenses mainly associated with the suspension of rugby club activities.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Improvement in marginal profit margins due to the lower-than-expected ratio of materials costs in the SE and PV Divisions.</b></li> <li>• Decrease of landfill costs, etc. in the ERD Division.</li> <li>• <b>Increase of gross profit due to lower-than-expected unit price for procurement in the PPS Division.</b></li> <li>• Decrease of expenses for co-sponsored events, etc.</li> </ul>
	[ - ]	<ul style="list-style-type: none"> <li>• Increase of personnel expenses due to active efforts to increase the number of staff members.</li> <li>• Increase of materials costs chiefly due to the impact of foreign exchange rates in the PV Division.</li> <li>• Increase of electricity procurement costs due to higher unit prices for procurement in the PPS Division.</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease of profit due to lower sales in the HS and ES Divisions.</li> </ul>

# Financial Results of FY2022 1Q



(Millions of Yen)

	FY2021 1Q	FY2022 1Q		FY2021 1Q		FY2022 1Q Plan	
	Results	Results	Plan	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	11,033	<b>11,346</b>	11,888	+312	102.8%	-542	95.4%
<b>Cost of Sales</b>	7,294	<b>7,266</b>	7,903	-28	99.6%	-637	91.9%
<b>Gross Profit</b>	3,738	<b>4,080</b>	3,984	+341	109.1%	+95	102.4%
(Gross Profit Margin)	33.9%	<b>36.0%</b>	33.5%				
<b>Selling, general and administrative expenses</b>	3,841	<b>3,738</b>	3,887	-103	97.3%	-149	96.2%
<b>Operating Income</b>	(102)	<b>341</b>	97	+444	-	+244	350.9%
(Operating Income Margin)	-	<b>3.0%</b>	0.8%				
<b>Ordinary Income</b>	(138)	<b>270</b>	34	+409	-	+236	779.2%
(Ordinary Income Margin)	-	<b>2.4%</b>	0.3%				
<b>Profit (loss) attributable to owners of parent</b>	(300)	<b>174</b>	(4)	+475	-	+179	-
(Net Income Margin)	-	<b>1.5%</b>	-				



# Corporate Philosophy

“Clean and Comfortable Environment for the Next Generation”



Response to climate change  
(realization of a decarbonised society)

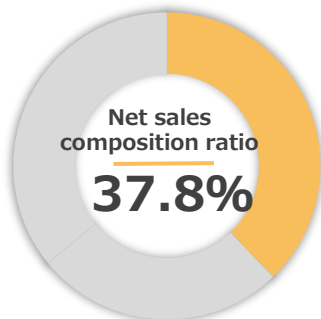


Coping with resource depletion  
(realization of a circular economy)



Toward a sustainable society

## Residential Environment Area



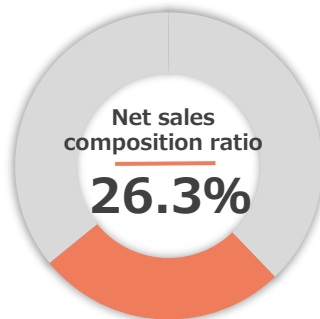
SE

ES

SE

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

## Energy Area

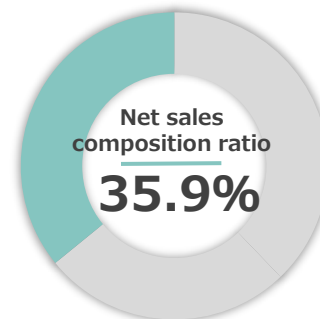


PV

PPS

make it common  
“Energy with low environmental impact”

## Resource Circulation Area



ERD

make it common  
“Recycling resources without abandoning them”

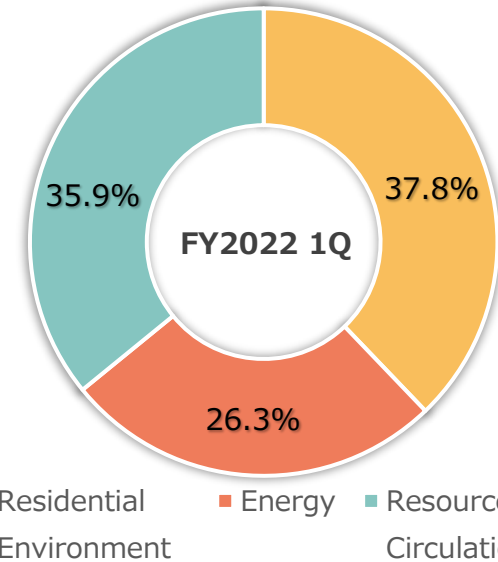
# Net sales by segment of FY 2022 1Q



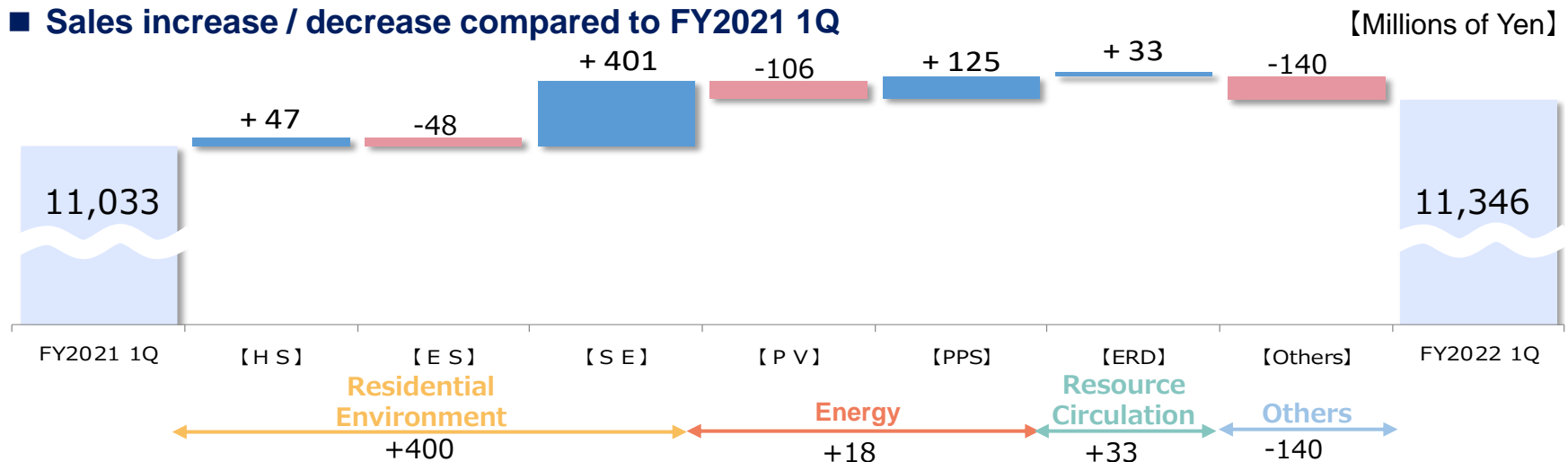
(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Residential Environment	4,293	+400	110.3%	-373	92.0%
Energy	2,981	+18	100.6%	-157	95.0%
Resource Circulation	4,071	+33	100.8%	-11	99.7%
Others/Adjustment of intersegment sales	0	-140	-	-	-
<b>Total</b>	<b>11,346</b>	<b>+312</b>	<b>102.8%</b>	<b>-542</b>	<b>95.4%</b>

## Breakdown of sales



## Sales increase / decrease compared to FY2021 1Q



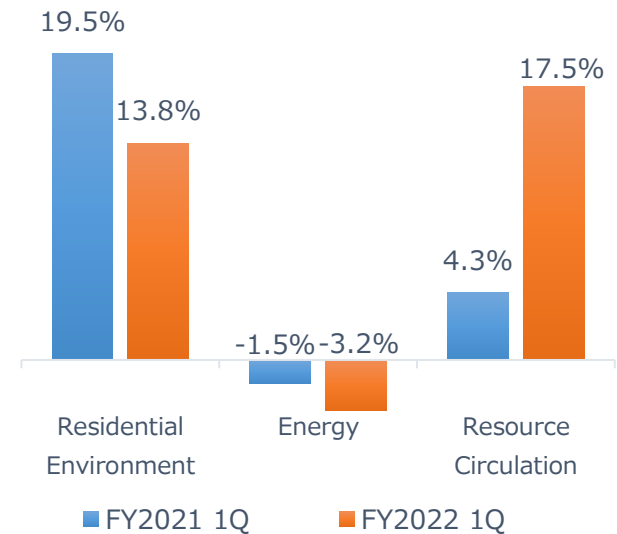
# Operating Income by segment of FY2022 1Q



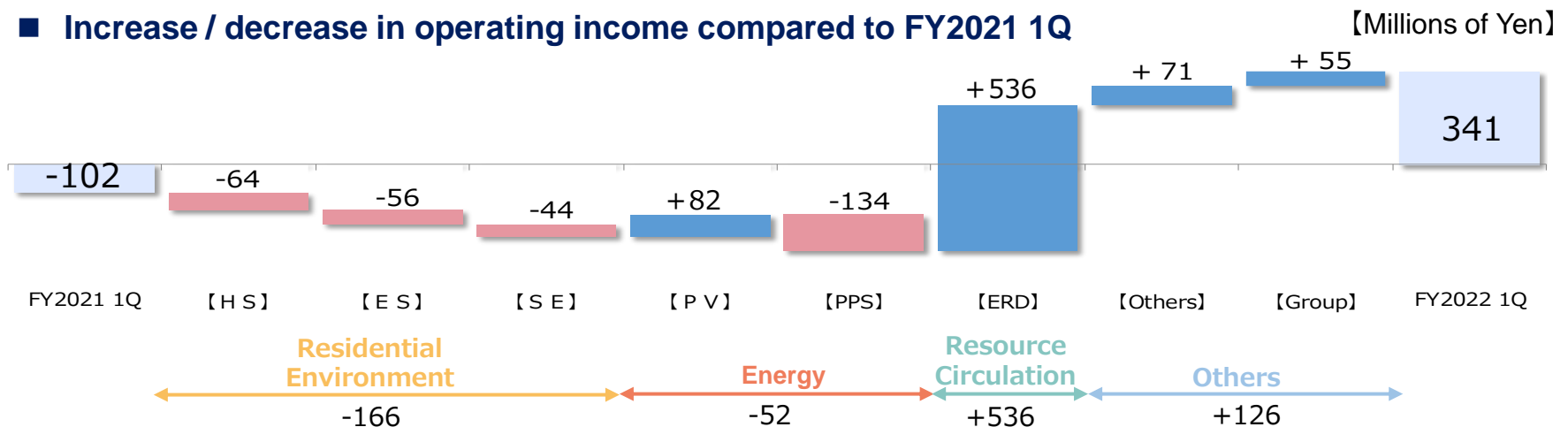
(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Residential Environment	593	-166	78.1%	-73	89.0%
Energy	(96)	-52	—	+124	—
Resource Circulation	710	+536	408.0%	+134	123.4%
Others	0	+71	—	—	—
Group	(866)	+55	—	+59	—
Total	341	+444	—	+244	350.9%

## Operating Income Margin by segment



## ■ Increase / decrease in operating income compared to FY2021 1Q



# Results by segment of FY2022 1Q (Residential Environment Area)



## ■ Residential Environment

Providing safe, secure and comfortable lifestyles by implementing appropriate maintenance for detached houses, apartment houses, and other buildings. It also contributes to the efficient use of resources by extending the life of buildings.

### HS Division (Home Sanitation)

Provides comprehensive maintenance services related to environmental sanitation for detached houses.

- Termite control system
- Underfloor / attic ventilation system
- Foundation repair
- House reinforcement system
- Home remodeling, etc.

### ES Division (Establishment Sanitation)

Provides comprehensive maintenance services related to environmental sanitation for corporations (buildings, condominiums, etc.).

- Maintenance measures for water supply and drainage facilities in buildings and condominiums
- Painting the exterior walls buildings and condominiums, waterproofing the roof
- Control of pests, etc.

### SE Division (Solar Engineering)

Provides comprehensive services including the manufacturing, sale, installation and maintenance of photovoltaic power generation systems for detached houses.

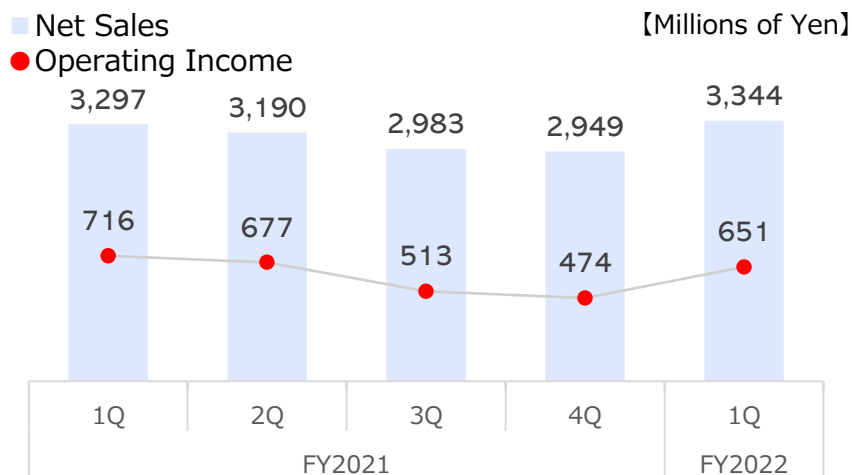
- Solar power generation system(residential)
- Storage batteries, V2H
- O&M(maintenance),etc.

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>4,293</b>	+400	110.3%	-373	92.0%
HS Division	<b>3,344</b>	+47	101.4%	-117	96.6%
ES Division	<b>547</b>	-48	91.9%	-80	87.1%
SE Division	<b>401</b>	+401	—	-175	69.5%
<b>Gross Profit</b>	<b>2,538</b>	+115	104.8%	-107	95.9%
<b>Operating Income</b>	<b>593</b>	-166	78.1%	-73	89.0%

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

# Results by segment of FY2022 1Q(HS Division)



## Main factors for change

### ■ Net Sales +47Million Yen

- 【+】
- Expansion of sales bases by increasing the headcount and opening new sales offices.
  - Increase in sales opportunities by strengthening the efforts of developing alliance partners.
- ⇒Increase of Termite control construction

### ■ Operating Income -64Million Yen

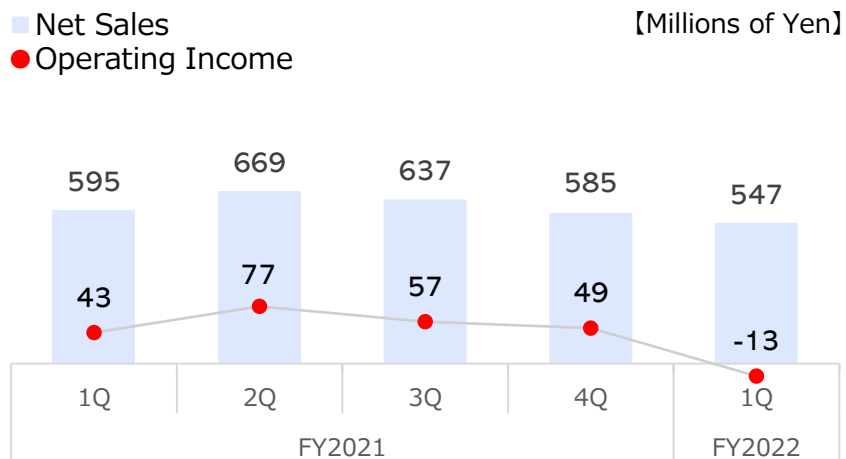
- 【-】
- Increase of personnel expenses due to active efforts to increase the number of staff members.
  - Increase in sales commissions due to higher sales.

## ■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>3,344</b>	+47	101.4%	-117	96.6%
Termite control construction	1,115	+66	106.3%	+34	103.2%
Under-floor/attic ventilation system	821	+26	103.3%	+0	100.1%
Foundation Repair/ Home Reinforcement System	486	-70	87.3%	-88	84.6%
Others	920	+25	102.8%	-63	93.5%
<b>Gross Profit</b>	<b>2,126</b>	+25	101.2%	-23	98.9%
<b>Operating Income</b>	<b>651</b>	-64	90.9%	-37	94.5%

# Results by segment of FY2022 1Q(ES Division)



## Main factors for change

### ■ Net Sales -48Million Yen

- 【+】・Expansion of sales bases by continuously increasing the headcount.
- 【-】・Decrease in orders from business partners due to the spread of COVID-19 infections.

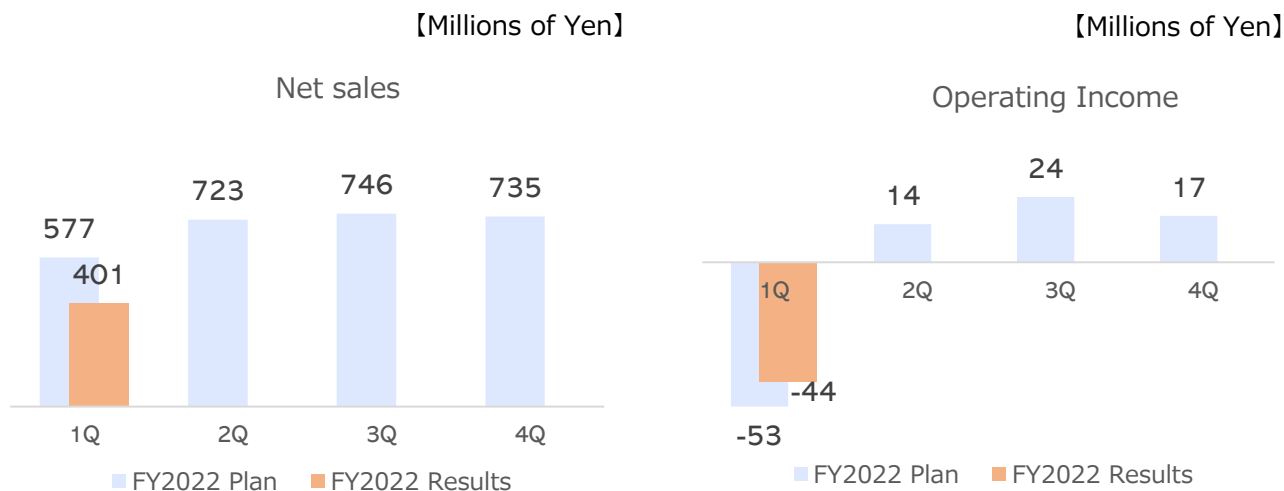
### ■ Operating Income -56Million Yen

- 【-】・Increase in expenses for subcontracted processing due to an increase in sales that involve outsourcing.
- ・Increase of personnel expenses due to active efforts to increase the number of staff members.
- ・Increase in fixed costs due to the opening of new sales offices.

## ■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>547</b>	-48	91.9%	-80	87.1%
Anti-rust equipment installation	<b>223</b>	-90	71.0%	-104	68.1%
Others	<b>324</b>	+42	115.2%	+23	107.9%
<b>Gross Profit</b>	<b>275</b>	-45	85.7%	-57	82.7%
<b>Operating Income</b>	<b>(13)</b>	-56	—	-44	—



## ■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>401</b>	—	—	-175	69.5%
<b>Gross Profit</b>	<b>136</b>	—	—	-26	84.0%
<b>Operating Income</b>	<b>(44)</b>	—	—	+8	—

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023.

Due to the practical difficulty of reclassifying figures for the same period of the previous year, year-on-year comparisons have not been made for the (new) SE business segment in the business of photovoltaic power generation systems for detached houses.

# Results by segment of FY2022 1Q (Energy Area)



## ■ Energy

Contribute to the efficient use of resources and energy through the installation and sale of photovoltaic power generation systems and power transaction.

### PV Division (Photovoltaics)

Provides comprehensive services including the manufacturing, sale, installation and maintenance of photovoltaic power generation systems for corporate users.

- Solar power generation system(industrial)(Self-consumption, PPA, FIT-system ,etc.)
- Storage batteries
- O&M(maintenance),etc.

### PPS Division (Power Producer and Supplier)

Provides a retail electricity service to offices and homes in the service areas of nine electric companies.

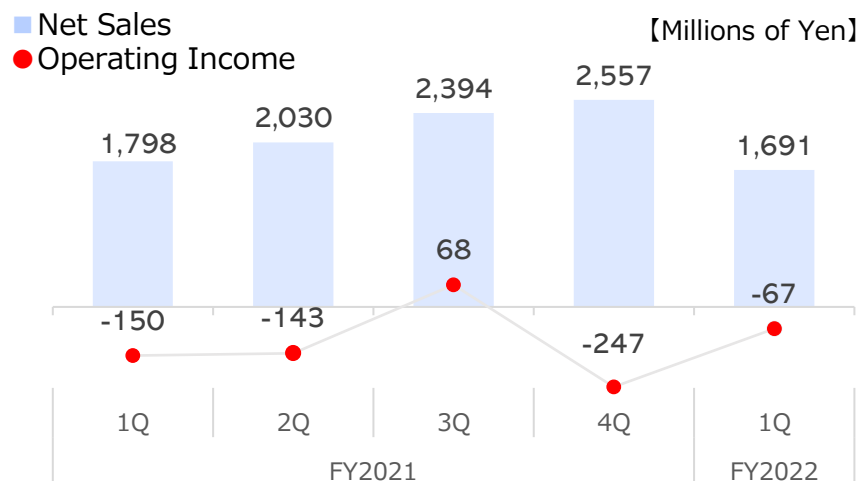
※The Company is not accepting applications for new supply and demand contracts at this time.

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>2,981</b>	+18	100.6%	-157	95.0%
PV Division	<b>1,691</b>	-106	94.1%	-3	99.8%
PPS Division	<b>1,289</b>	+125	110.8%	-154	89.3%
<b>Gross Profit</b>	<b>379</b>	-302	55.6%	+88	130.5%
<b>Operating Income</b>	<b>(96)</b>	-52	-	+124	-



# Results by segment of FY2022 1Q(PV Division)



## Main factors for change

### ■ Net Sales -106Million Yen

- 【+】 · Increase of the number of non-FIT power plants installed in collaboration with companies.
- Increase of sales for maintenance services at existing photovoltaic power plants
- 【-】 · Decrease of the number of installed projects in which the full amount of power generated is expected to be sold, such as those of photovoltaic power generation systems with land.

### ■ Operating Income +82Million Yen

- 【+】 · Decrease of personnel expenses chiefly due to the relocation of staff members.
- 【-】 · Increase of materials costs chiefly due to the impact of foreign exchange rates.

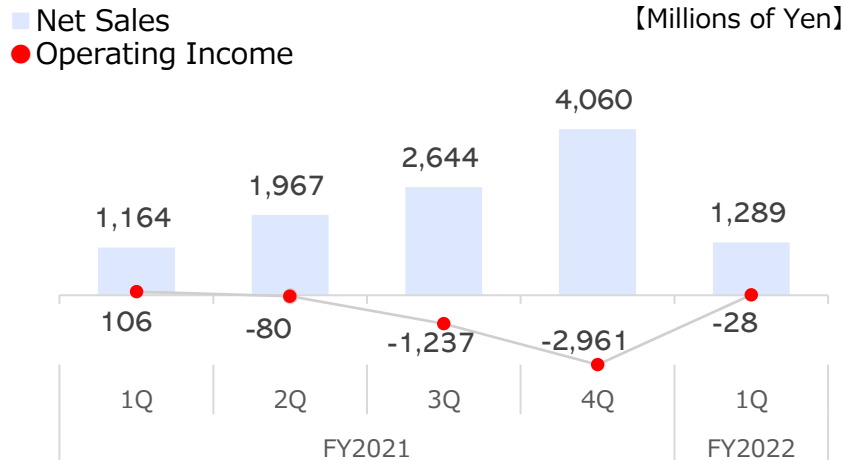
## ■ Net Sales by segment·Operating Income

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>1,691</b>	-106	94.1%	-3	99.8%
Sales and installation of PV system	<b>1,628</b>	-131	92.5%	-2	99.9%
Wholesale of PV system	<b>39</b>	+22	228.8%	-3	92.3%
Others	<b>23</b>	+2	109.9%	+2	110.6%
<b>Gross Profit</b>	<b>353</b>	-146	70.8%	+46	115.2%
<b>Operating Income</b>	<b>(67)</b>	+82	—	+73	—

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023. Comparisons in the PV business segment have been made with figures of the same period of the previous year for the (previous) SE business segment.

# Results by segment of FY2022 1Q(PPS Division)



## Main factors for change

### ■ Net Sales +125Million Yen

- 【+】 · Increase of unit sales prices linked to surging energy prices.
- 【-】 · Decrease of the sales volume due to the termination of supply to a large wholesale customer.

### ■ Operating Income -134Million Yen

- 【-】 · Increase of electricity procurement costs due to higher unit prices for procurement.

## ■ Net Sales by segment·Operating Income

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>1,289</b>	+125	110.8%	-154	89.3%
<b>Gross Profit</b>	<b>26</b>	-156	14.5%	+42	—
<b>Operating Income</b>	<b>(28)</b>	-134	—	+50	—

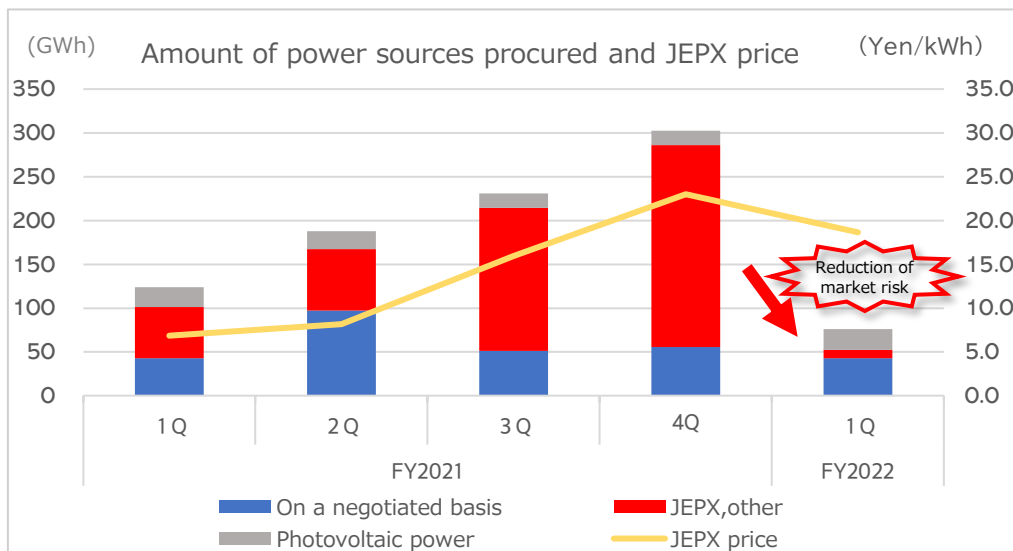
(Reference)

<b>Adjustment of intersegment sales</b>	<b>0</b>	+8	—	—	—
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## ■ PPS business policy of 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.

Although market prices continued to surge in October 2021 and thereafter, the Company was able to reduce the ratio of procurement from the market and lower market-related risks through the renewal of its portfolio. Consequently, it succeeded in transformation into a business structure that is not easily affected by market prices in the first quarter of the fiscal year ending March 31, 2023.



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.

### ■ Efforts

- 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

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.

# Results by segment of FY2022 1Q (Resource Circulation Area)



## ■ Resource Circulation

Contributing to efficient use of resources, securing clean water resources, and safe and secure lifestyles by properly disposing of industrial waste, recycling resources, and purifying water resources through waste liquid treatment.

### ERD Division (Environmental Resources Development)

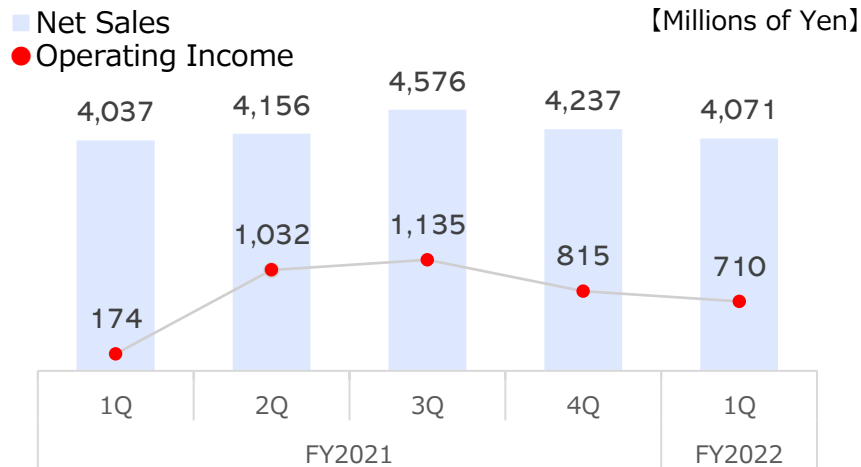
Engages in a resource recycling-type power generation business in which industrial waste plastics are converted into fuels, recycled and used for power generation and a resource recycling business in which waste liquids are purified, recycled and converted into fuels.

- Fuel conversion of waste plastic
- Resource recycling power generation system  
(power generation from waste plastic recycled fuel)
- Purification treatment and Fuel conversion of waste liquid
- Landfill, etc

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>4,071</b>	+33	100.8%	-11	99.7%
<b>Gross Profit</b>	<b>1,161</b>	+546	188.9%	+113	110.9%
<b>Operating Income</b>	<b>710</b>	+536	408.0%	+134	123.4%

# Results by segment of FY2022 1Q(ERD Division)



Main factors for change	
■ <b>Net Sales +33Million Yen</b>	
【+】	• Increase of operation days and electricity output in reaction to the shutdown of the power plant for the implementation of statutory inspection in the previous fiscal year.
【-】	• Decrease of the acceptance volume of high priced waste in plastic fuel.
■ <b>Operating Income +536Million Yen</b>	
【+】	• Decrease of repair expenses related to power plant inspections.
【-】	• Decrease of the acceptance volume of high priced waste in plastic fuel.
	• Increase in depreciation related to capital investment, etc.

## ■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022 1Q	FY2021 1Q		FY2022 1Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
<b>Net Sales</b>	<b>4,071</b>	+33	100.8%	-11	99.7%
Plastic fuel	2,438	-179	93.2%	-83	96.7%
Power Plant	753	+143	123.5%	+1	100.1%
Waste liquid treatment	511	+27	105.6%	-0	99.9%
Landfill	251	+45	121.9%	+46	122.9%
Others	117	-2	97.9%	+24	126.2%
<b>Gross Profit</b>	<b>1,161</b>	+546	188.9%	+113	110.9%
<b>Operating Income</b>	<b>710</b>	+536	408.0%	+134	123.4%

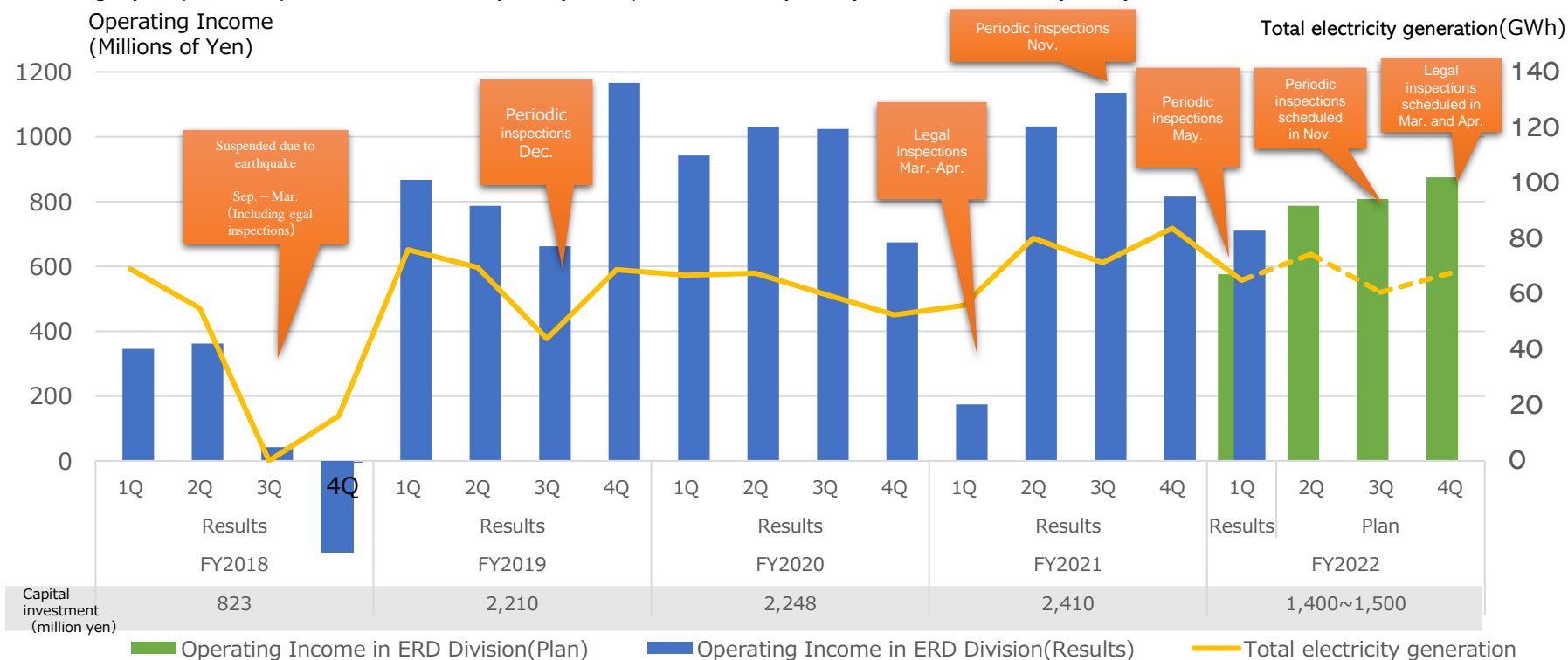
## ■ Operating income

- Operating profit increased 308.0% year on year in the first quarter of the fiscal year ending March 31, 2023 mainly due to a decline in expenses for the repair of power plants, despite a decrease in the volume of waste with relatively high unit prices accepted and an increase in the burden of depreciation costs chiefly due to capital investments.

## ■ Tomakomai Power Plant Inspection Schedule

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

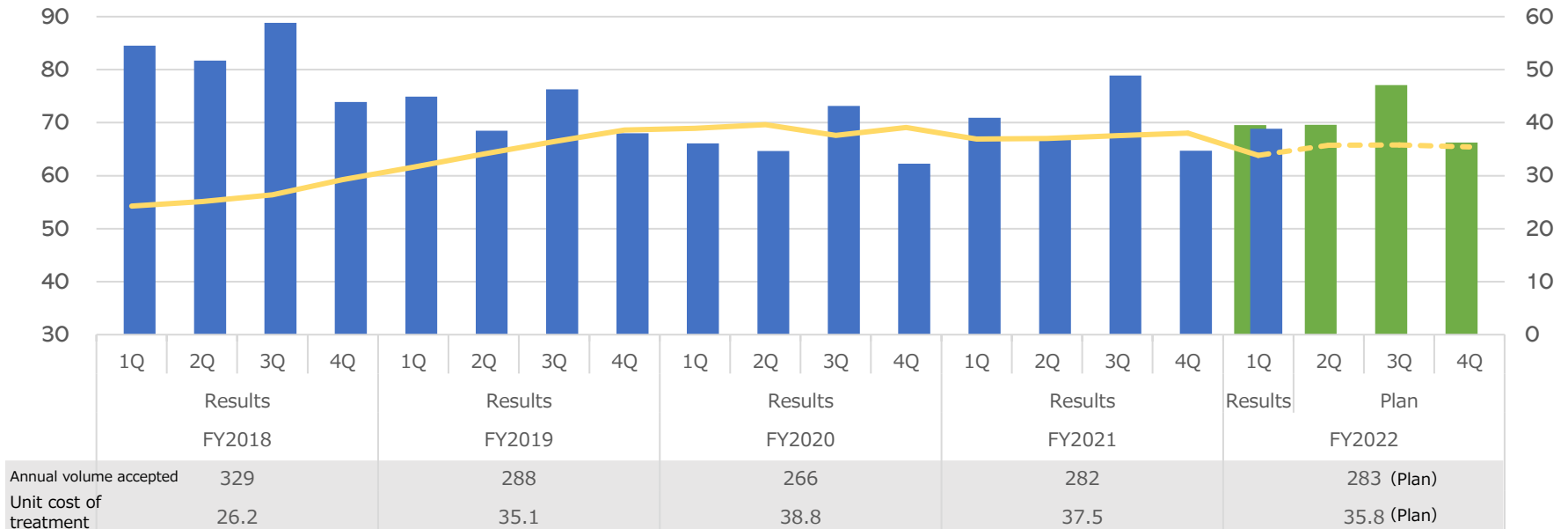
※Legally required inspections: Once every two years (turbines: every four years, boilers: every two years)



## ■ Acceptance of Waste Plastic

- Unit prices for disposal declined slightly in the first quarter of the fiscal year ending March 31, 2023, reflecting a decrease in the volume of waste with relatively high unit prices accepted at some of the Company's factories.
- While the volume of waste with high unit prices accepted declined, the Company strengthened its sales activities to maintain the volume of waste plastics accepted.
- 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.

Amount of waste plastics accepted(1,000t) Unit price of treatment (thousand yen/ton)



■ Plan for acceptance of waste plastics    
 ■ Track record of waste plastics    
 — Unit price of treatment

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

(Millionos of Yen)

	FY2021	FY2022	FY2021	
	As of March 31	As of June 30	Difference	Ratio
Current Assets	14,551	<b>14,363</b>	-188	98.7%
Non-Current Assets	20,401	<b>20,066</b>	-335	98.4%
<b>Total Assets</b>	<b>34,953</b>	<b>34,429</b>	-524	98.5%
Current Liabilities	21,718	<b>21,063</b>	-654	97.0%
Non-Current Liabilities	8,503	<b>8,421</b>	-81	99.0%
<b>Total Liabilities</b>	<b>30,221</b>	<b>29,485</b>	-736	97.6%
<b>Total Net Assets</b>	<b>4,732</b>	<b>4,944</b>	+212	104.5%
<b>Total Liabilities and Assets</b>	<b>34,953</b>	<b>34,429</b>	-524	98.5%

### <Assets>

This was caused chiefly by a rise in cash and deposits of ¥1,249 million and a decrease in notes and accounts receivable – trade of ¥1,891 million.

### <Liabilities>

This decrease was mainly due to a ¥581 million decrease in notes and accounts payable and a ¥341 million decrease in short-term borrowings.

The capital-to-asset ratio came to 14.3% at the end of the first quarter under review, compared with 13.5% at the end of the previous fiscal year.



# Capital investment/Depreciation for the fiscal year ended Jun 30,2022



## ■ Capital investment/Depreciation

(Millions of Yen)

	FY2021	FY2022
	1Q Results	1Q Results
Capital investment	707	<b>448</b>
Depreciation	302	<b>427</b>

## ■ Depreciation by segment

(Millions of Yen)

	FY2021	FY2022
	1Q Results	1Q Results
HS Division	11	<b>15</b>
ES Division	2	<b>0</b>
SE Division	—	—
PV Division	0	—
PPS Division	2	—
ERD Division	616	<b>405</b>
Headquarter	72	<b>27</b>
Total	707	<b>448</b>

### Major capital investment

- Investment related to the recycling of waste liquid : ¥206Million Yen
- Investment related to the disposal of plastic waste : ¥192Million Yen

# Number of Personnel and sites by Division



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

	FY2021 As of March 31	FY2022 As of June 30	change	FY2022 Plan
HS Division	794	<b>855</b>	+61	922
ES Division	146	<b>167</b>	+21	166
SE Division	—	<b>115</b>	+115	139
PV Division	334	<b>251</b>	-83	245
PPS Division	28	<b>22</b>	-6	27
ERD Division	432	<b>445</b>	+13	483
Others	42	—	-42	—
Headquarter	278	<b>271</b>	-7	278
<b>Total</b>	<b>2,054</b>	<b>2,126</b>	<b>+72</b>	<b>2,260</b>

## ■ Number of sites (including subsidiary)

	FY2021 As of March 31	FY2022 As of June 30	Change
HS Division	53	60	+7
ES Division	12	12	—
SE Division	—	15	+15
PV Division	37	35	-2
PPS Division	1	1	—
ERD Division	18	18	—
Others	4	—	-4

- ※The abovementioned number of sites includes the double counting of sites operated by multiple divisions.
- ※One power generation facility and one final disposal facility are included in the ERD Division.

■ FY2022 Plan(HS/ES)  
 ・10~12Exhibition schedule

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023. Figures for the fiscal year ended March 31, 2022 have been presented after reclassifying figures for the previous fiscal year according to the new segmentation.

# Financial results forecast for FY2022

There is no change from the forecast announced on May 16, 2022.  
Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year.

- 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"> <li>• Strengthened sales and marketing through the continuous increase of the headcount and opening new sales offices in the HS and ES Divisions.</li> <li>• 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 and PV Divisions.</li> </ul>
	【 - 】	<ul style="list-style-type: none"> <li>• Decrease in the accepted volume of waste at high unit prices in the ERD Division.</li> <li>• Decrease in total electric power supply in the PPS Division.</li> </ul>
Operating Income	【 + 】	<ul style="list-style-type: none"> <li>• Increase in profit due to higher sales in the HS and ES Divisions.</li> <li>• Decrease in repair expenses related to power plant inspections in the ERD Division.</li> <li>• Increase in profit due to higher sales in the SE and PV Divisions.</li> <li>• Reduced deficit due to reorganization of the business structure in the PPS Division.</li> </ul>
	【 - 】	<ul style="list-style-type: none"> <li>• Increase in personnel expenses in the HS and ES Divisions.</li> <li>• Increase in depreciation related to capital investment, etc. in the ERD Division.</li> <li>• Increase of materials costs in the SE and PV Divisions.</li> </ul>

# 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
<b>Net Sales</b>	<b>24,279</b>	+1,134	<b>27,039</b>	-752	<b>51,319</b>	+382
<b>Gross Profit</b> (Gross Profit Margin)	<b>8,404</b> 34.6%	+264	<b>8,880</b> 32.8%	+4,926	<b>17,284</b> 33.7%	+5,190
<b>Operating Income</b> (Operating Income Margin)	<b>779</b> 3.2%	+190	<b>1,333</b> 4.9%	+4,540	<b>2,113</b> 4.1%	+4,731
<b>Ordinary Income</b> (Ordinary Income Margin)	<b>666</b> 2.7%	+175	<b>1,174</b> 4.3%	+4,566	<b>1,841</b> 3.6%	+4,742
<b>Profit (loss) attributable to owners of parent</b> (Net Income Margin)	<b>562</b> 2.3%	+430	<b>879</b> 3.3%	+4,461	<b>1,441</b> 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
<b>Net Sales</b>	<b>24,279</b>	+1,134	<b>27,039</b>	-752	<b>51,319</b>	+382
HS Division	<b>6,764</b>	+276	<b>6,290</b>	+357	<b>13,055</b>	+633
ES Division	<b>1,350</b>	+85	<b>1,400</b>	+177	<b>2,750</b>	+262
SE Division	<b>1,301</b>	+1,301	<b>1,482</b>	+1,482	<b>2,784</b>	+2,784
PV Division	<b>3,843</b>	+14	<b>7,114</b>	+2,162	<b>10,958</b>	+2,177
PPS Division	<b>2,821</b>	-310	<b>2,446</b>	-4,258	<b>5,267</b>	-4,568
ERD Division	<b>8,199</b>	+4	<b>8,305</b>	-508	<b>16,504</b>	-503
Others/Adjustment of inter-segment sales	<b>0</b>	-237	<b>0</b>	-165	<b>0</b>	-403
<b>Operating Income</b>	<b>779</b>	+190	<b>1,333</b>	+4,540	<b>2,113</b>	+4,731
HS Division	<b>1,263</b>	-131	<b>760</b>	-227	<b>2,024</b>	-358
ES Division	<b>109</b>	-11	<b>121</b>	+15	<b>231</b>	+4
SE Division	<b>(39)</b>	-39	<b>42</b>	+42	<b>3</b>	+3
PV Division	<b>(153)</b>	+140	<b>274</b>	+454	<b>121</b>	+594
PPS Division	<b>(99)</b>	-125	<b>(80)</b>	+4,118	<b>(180)</b>	+3,993
ERD Division	<b>1,363</b>	+156	<b>1,683</b>	-268	<b>3,046</b>	-111
Others	<b>0</b>	+150	<b>0</b>	+112	<b>0</b>	+262
Group	<b>(1,663)</b>	+50	<b>(1,469)</b>	+293	<b>(3,133)</b>	+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
<b>Net Sales</b>	<b>6,764</b>		+276	<b>6,290</b>		+357	<b>13,055</b>		+633
Termite control construction	<b>2,044</b>	30.2%	+51	<b>1,715</b>	27.3%	+66	<b>3,760</b>	28.8%	+118
Under-floor/attic ventilation system	<b>1,715</b>	25.4%	+47	<b>1,574</b>	25.0%	+102	<b>3,290</b>	25.2%	+149
Foundation Repair/ Home Reinforcement System	<b>1,075</b>	15.9%	+30	<b>1,055</b>	16.8%	+46	<b>2,130</b>	16.3%	+76
Others	<b>1,928</b>	28.5%	+147	<b>1,945</b>	30.9%	+142	<b>3,874</b>	29.7%	+289
<b>Cost of Sales</b>	<b>2,579</b>	38.1%	+230	<b>2,654</b>	42.2%	+249	<b>5,234</b>	40.1%	+480
Labor costs	<b>915</b>	13.5%	+86	<b>1,030</b>	16.4%	+198	<b>1,946</b>	14.9%	+284
<b>Gross Profit</b>	<b>4,184</b>	61.9%	+45	<b>3,636</b>	57.8%	+107	<b>7,820</b>	59.9%	+153
<b>SG &amp; A</b>	<b>2,921</b>	43.2%	+177	<b>2,875</b>	45.7%	+335	<b>5,796</b>	44.4%	+512
Personnel expenses	<b>1,857</b>	27.5%	+174	<b>1,881</b>	29.9%	+271	<b>3,738</b>	28.6%	+445
<b>Operating Income</b>	<b>1,263</b>	18.7%	-131	<b>760</b>	12.1%	-227	<b>2,024</b>	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
<b>Net Sales</b>	<b>1,350</b>		+85	<b>1,400</b>		+177	<b>2,750</b>		+262
Anti-rust equipment installation	<b>694</b>	51.5%	+46	<b>718</b>	51.3%	+145	<b>1,413</b>	51.4%	+192
Others	<b>655</b>	48.5%	+38	<b>681</b>	48.7%	+31	<b>1,336</b>	48.6%	+70
<b>Cost of Sales</b>	<b>626</b>	46.4%	+43	<b>655</b>	46.8%	+79	<b>1,281</b>	46.6%	+122
Labor costs	<b>155</b>	11.5%	+16	<b>157</b>	11.2%	+24	<b>312</b>	11.4%	+41
<b>Gross Profit</b>	<b>723</b>	53.6%	+41	<b>744</b>	53.2%	+98	<b>1,468</b>	53.4%	+139
<b>SG &amp; A</b>	<b>613</b>	45.5%	+52	<b>622</b>	44.5%	+82	<b>1,236</b>	45.0%	+135
Personnel expenses	<b>355</b>	26.3%	+26	<b>358</b>	25.6%	+47	<b>713</b>	25.9%	+74
<b>Operating Income</b>	<b>109</b>	8.1%	-11	<b>121</b>	8.7%	+15	<b>231</b>	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.



# 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
<b>Net Sales</b>	<b>1,301</b>		—	<b>1,482</b>		—	<b>2,784</b>		—
<b>Cost of sales</b>	<b>899</b>	69.1%	—	<b>990</b>	66.8%	—	<b>1,889</b>	67.9%	—
Material costs,etc	<b>503</b>	38.7%	—	<b>575</b>	38.8%	—	<b>1,078</b>	38.7%	—
Labor costs	<b>187</b>	14.4%	—	<b>188</b>	12.7%	—	<b>375</b>	13.5%	—
<b>Gross Profit</b>	<b>401</b>	30.9%	—	<b>492</b>	33.2%	—	<b>894</b>	32.1%	—
<b>SG&amp;A</b>	<b>441</b>	33.9%	—	<b>449</b>	30.3%	—	<b>891</b>	32.0%	—
Personel expenses	<b>226</b>	17.4%	—	<b>235</b>	15.9%	—	<b>462</b>	16.6%	—
<b>Operating Income</b>	<b>(39)</b>	—	—	<b>42</b>	2.9%	—	<b>3</b>	0.1%	—

The SE Division is in the process of facilitating sales with a focus on the general household market to ensure that photovoltaic power generation systems are installed on as many detached houses as possible. It is also focusing its efforts on sales of systems with storage batteries and maintenance services including the replacement of equipment.

# Segment Forecast for FY2022(PV 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
<b>Net Sales</b>	<b>3,843</b>		+14	<b>7,114</b>		+2,162	<b>10,958</b>		+2,177
Sales and installation of PV system	<b>3,721</b>	96.8%	-31	<b>7,005</b>	98.5%	+2,310	<b>10,726</b>	97.9%	+2,279
Wholesale of PV system	<b>81</b>	2.1%	+46	<b>78</b>	1.1%	-148	<b>159</b>	1.5%	-101
Others	<b>40</b>	1.0%	-0	<b>31</b>	0.4%	-0	<b>71</b>	0.7%	-0
<b>Cost of sales</b>	<b>3,078</b>	80.1%	+261	<b>5,779</b>	81.2%	+1,757	<b>8,858</b>	80.8%	+2,019
Material costs, etc	<b>1,991</b>	51.8%	+410	<b>4,039</b>	56.8%	+1,463	<b>6,031</b>	55.0%	+1,874
Labor costs	<b>321</b>	8.4%	-66	<b>316</b>	4.5%	-166	<b>637</b>	5.8%	-232
<b>Gross Profit</b>	<b>765</b>	19.9%	-246	<b>1,334</b>	18.8%	+404	<b>2,099</b>	19.2%	+158
<b>SG&amp;A</b>	<b>918</b>	23.9%	-386	<b>1,060</b>	14.9%	-49	<b>1,978</b>	18.1%	-436
Personnel expenses	<b>444</b>	11.6%	-208	<b>508</b>	7.2%	+2	<b>953</b>	8.7%	-205
<b>Operating Income</b>	<b>(153)</b>	—	+140	<b>274</b>	3.9%	+454	<b>121</b>	1.1%	+594

The PV 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 electricity generated through solar power attracting attention due to recent surges in energy prices, the Division will continue to advance the development of "self-consumption" photovoltaic systems for corporations while also responding to demand from power suppliers and users through, for example, collaboration with asset management companies.

# Segment Forecast for FY2022(PPS 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
<b>Net Sales</b>	<b>2,821</b>		-310	<b>2,446</b>		-4,258	<b>5,267</b>		-4,568
<b>Cost of Sales</b>	<b>2,795</b>	99.1%	-149	<b>2,402</b>	98.2%	-8,360	<b>5,198</b>	98.7%	-8,510
Labor costs	<b>2,795</b>	99.1%	-149	<b>2,402</b>	98.2%	-8,360	<b>5,198</b>	98.7%	-8,510
<b>Gross Profit</b>	<b>25</b>	0.9%	-160	<b>43</b>	1.8%	+4,102	<b>69</b>	1.3%	+3,941
<b>SG &amp; A</b>	<b>125</b>	4.5%	-35	<b>123</b>	5.1%	-16	<b>249</b>	4.7%	-51
Personnel expenses	<b>68</b>	2.4%	-13	<b>68</b>	2.8%	-2	<b>136</b>	2.6%	-15
<b>Operating Income</b>	<b>(99)</b>	—	-125	<b>(80)</b>	—	+4,118	<b>(180)</b>	—	+3,993

The PPS Division , 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.

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

		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)

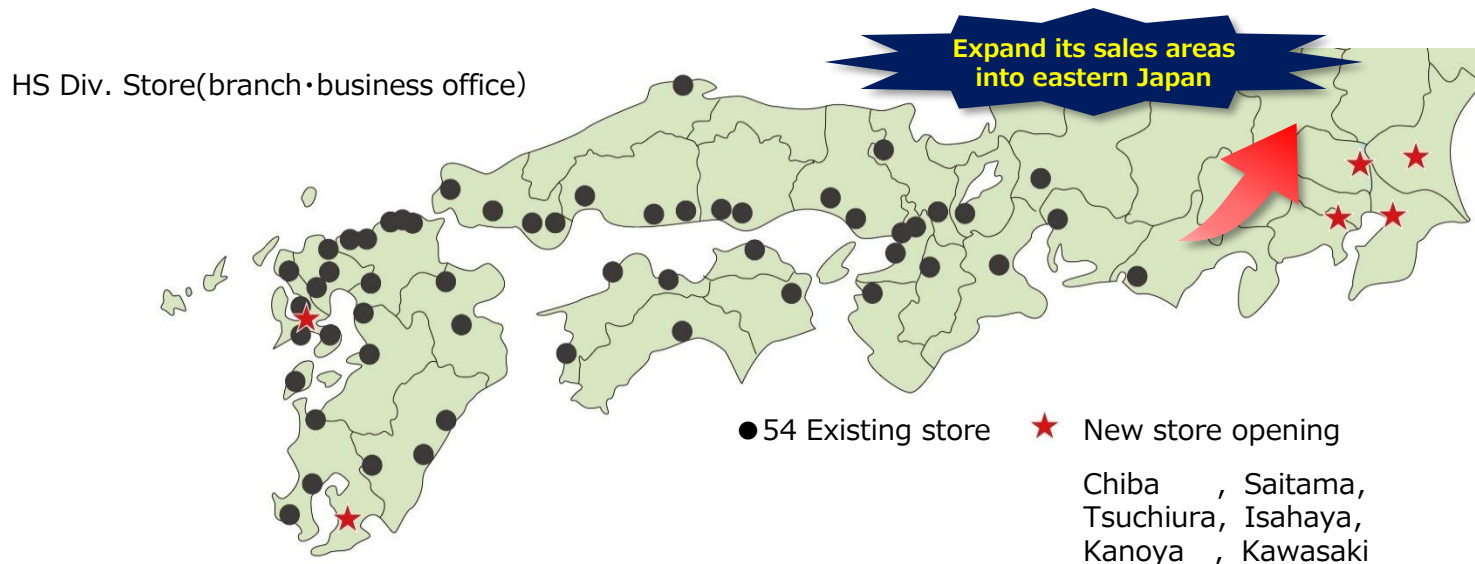
	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Plan
Capital investment	2,742	3,083	2,776	1,800~2,000
Depreciation	914	1,097	1,509	1,800

## Topics

## ■ HS Division

### Expand its sales areas into eastern Japan (June 1,2022)

The Company's HS Division opened four stores in the Kanto area to expand its sales areas into eastern Japan and two stores in the Kyushu area.



According to the SANIX Long-Term Vision 2030, the HD Division will double the number of stores by 2030 while at the same time increasing the number of staff members significantly. It will expand its sales areas, which have been concentrated in western Japan, to the whole nation including eastern Japan and by doing so enhance its services.

Press release of June 1,2022

<https://prtmes.jp/main/html/rd/p/000000068.000025581.html>

SANIX Long-Term Vision 2030

[https://sanix.jp/report/614/report\\_614\\_682.pdf](https://sanix.jp/report/614/report_614_682.pdf)

# Commencement of the validation project utilizing distributed energy resources.



## ■ Commencement of the validation project utilizing distributed energy resources.

On May 27, 2022, a consortium of 17 companies including the Company was selected to receive a "subsidy for a validation project to establish next generation technologies based on distributed energy resources such as storage batteries (validation project aimed to further increase the use of distributed energy resources among aggregation technology validation projects for applications such as renewable energy-based power generation)," a 2022 validation business project publicly offered by the Ministry of Economy, Trade and Industry through the Sustainable open Innovation Initiative, a general incorporate association. By utilizing distributed energy, the consortium has commenced the validation to create a resource aggregation business.

### **【Details of the validation project in FY2022】**

- Enhancement of the AC system and further improvement of the control system
- Enhancement of features to ensure that RA business operators can enter the market easily.
- Consideration of issues related to the market system and business models

AC・・・Aggregation coordinator

RA・・・Resource aggregator

distributed energy resources・・・Large and small storage batteries deployed for decentralization and energy resources for electric vehicles, in-house power generation, air conditioners, etc.

Press release of June 15,2022

<https://prtimes.jp/main/html/rd/p/000000069.000025581.html>

reference : Overview of the validation project that utilizes distributed energy resources.

<https://prtimes.jp/a/?f=d25581-20220613-eb13a418b7cc322b3b569d3f2e122202.pdf>

### **<Consortium member companies>**

#### **<Aggregation coordinator>**

- Tokyo Electric Power Company Holdings, Inc (managing underwriter)
- Goal connect Co., Ltd.

#### **<Demonstration partner company>**

- TEPCO Power Grid, Inc.
- TAKAOKA TOKO CO., LTD.
- Japan Weather Association
- Enestone Corporation
- SANIX INCORPORATED
- HONDA MOTOR CO.,LTD.

#### **<Resource aggregatorator>**

- NEC Corporation
- TEPCO Energy Partner, Inc.
- Global Engineering CO LTD.
- OSAKI ELECTRIC CO., LTD.
- KYOCERA Corporation
- Nippon Koei Co., Ltd.
- OKI Crosstech Co.,Ltd.
- Azbil Corporation
- EFFICIENT,Inc



# Supplementary materials

(Segment Performance of FY2022 1Q )

# Results by segment of FY2022 1Q (Residential Environment Area)



(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	3,892		<b>4,293</b>		110.3%	4,667	
HS Division	3,297	84.7%	<b>3,344</b>	77.9%	101.4%	3,461	74.2%
ES Division	595	15.3%	<b>547</b>	12.7%	91.9%	628	13.5%
SE Division	—	—	<b>401</b>	9.4%	—	577	12.4%
<b>Cost of sales</b>	1,470	37.8%	<b>1,755</b>	40.9%	119.4%	2,021	43.3%
Labor costs	495	12.7%	<b>560</b>	13.0%	113.1%	639	13.7%
<b>Gross Profit</b>	2,422	62.2%	<b>2,538</b>	59.1%	104.8%	2,645	56.7%
<b>SG &amp; A</b>	1,662	42.7%	<b>1,944</b>	45.3%	117.0%	1,978	42.4%
Personnel expenses	1,013	26.0%	<b>1,180</b>	27.5%	116.4%	1,209	25.9%
<b>Operating Income</b>	760	19.5%	<b>593</b>	13.8%	78.1%	667	14.3%

# Results by segment of FY2022 1Q(HS Division)



(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	3,297		<b>3,344</b>		101.4%	3,461	
Termite control construction	1,049	31.8%	<b>1,115</b>	33.4%	106.3%	1,080	31.2%
Under-floor/attic ventilation system	794	24.1%	<b>821</b>	24.6%	103.3%	820	23.7%
Foundation Repair/ Home Reinforcement System	557	16.9%	<b>486</b>	14.6%	87.3%	575	16.6%
Others	895	27.2%	<b>920</b>	27.5%	102.8%	984	28.4%
<b>Cost of Sales</b>	1,196	36.3%	<b>1,218</b>	36.4%	101.9%	1,312	37.9%
Labor costs	428	13.0%	<b>425</b>	12.7%	99.4%	468	13.5%
<b>Gross Profit</b>	2,101	63.7%	<b>2,126</b>	63.6%	101.2%	2,149	62.1%
<b>SG &amp; A</b>	1,384	42.0%	<b>1,474</b>	44.1%	106.5%	1,459	42.2%
Personnel expenses	848	25.7%	<b>909</b>	27.2%	107.2%	921	26.6%
<b>Operating Income</b>	716	21.7%	<b>651</b>	19.5%	90.9%	689	19.9%

# Results by segment of FY2022 1Q(ES Division)



(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	595		<b>547</b>		91.9%	628	
Anti-rust equipment installation	313	52.7%	<b>223</b>	40.8%	71.0%	327	52.2%
Others	281	47.3%	<b>324</b>	59.2%	115.2%	300	47.8%
<b>Cost of Sales</b>	274	46.0%	<b>271</b>	49.7%	99.1%	295	47.0%
Labor costs	67	11.3%	<b>70</b>	12.9%	105.2%	76	12.2%
<b>Gross Profit</b>	321	54.0%	<b>275</b>	50.3%	85.7%	333	53.0%
<b>SG &amp; A</b>	278	46.7%	<b>288</b>	52.7%	103.8%	301	48.0%
Personnel expenses	165	27.8%	<b>174</b>	31.9%	105.2%	176	28.0%
<b>Operating Income</b>	43	7.3%	<b>(13)</b>	—	—	31	5.0%

# Results by segment of FY2022 1Q(SE Division)



(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	—		<b>401</b>		—	577	
<b>Cost of sales</b>	—	—	<b>264</b>	66.0%	—	414	71.8%
Material costs,etc	—	—	<b>137</b>	34.2%	—	222	38.5%
Labor costs	—	—	<b>63</b>	15.9%	—	94	16.4%
<b>Gross Profit</b>	—	—	<b>136</b>	34.0%	—	162	28.2%
<b>SG &amp; A</b>	—	—	<b>181</b>	45.2%	—	216	37.5%
Personnel expenses	—	—	<b>96</b>	24.1%	—	111	19.3%
<b>Operating Income</b>	—	—	<b>(44)</b>	—	—	(53)	—

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023.

Due to the practical difficulty of reclassifying figures for the same period of the previous year, year-on-year comparisons have not been made for the (new) SE business segment in the business of photovoltaic power generation systems for detached houses.

# Results by segment of FY2022 1Q (Energy Area)

# SANIX

(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	2,962		<b>2,981</b>		100.6%	3,138	
PV Division	1,798	60.7%	<b>1,691</b>	56.7%	94.1%	1,694	54.0%
PPS Division	1,164	39.3%	<b>1,289</b>	43.3%	110.8%	1,443	46.0%
<b>Cost of Sales</b>	2,279	77.0%	<b>2,601</b>	87.3%	114.1%	2,847	90.7%
Labor costs	149	5.1%	<b>194</b>	6.5%	129.7%	162	5.2%
<b>Gross Profit</b>	682	23.0%	<b>379</b>	12.7%	55.6%	291	9.3%
<b>SG &amp; A</b>	726	24.5%	<b>476</b>	16.0%	65.5%	511	16.3%
Personnel expenses	410	13.9%	<b>255</b>	8.6%	62.1%	251	8.0%
<b>Operating Income</b>	(44)	—	<b>(96)</b>	—	—	(220)	—

# Results by segment of FY2022 1Q(PV Division)



(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	1,798		<b>1,691</b>		94.1%	1,694	
Sales and installation of PV system	1,759	97.8%	<b>1,628</b>	96.3%	92.5%	1,630	96.2%
Wholesale of PV system	17	1.0%	<b>39</b>	2.3%	228.8%	42	2.5%
Others	21	1.2%	<b>23</b>	1.4%	109.9%	21	1.3%
<b>Cost of sales</b>	1,298	72.2%	<b>1,337</b>	79.1%	103.0%	1,387	81.9%
Material costs,etc	765	42.6%	<b>753</b>	44.6%	98.5%	860	50.8%
Labor costs	149	8.3%	<b>194</b>	11.5%	129.7%	162	9.6%
<b>Gross Profit</b>	499	27.8%	<b>353</b>	20.9%	70.8%	306	18.1%
<b>SG &amp; A</b>	650	36.2%	<b>421</b>	24.9%	64.8%	448	26.5%
Personnel expenses	368	20.5%	<b>224</b>	13.3%	60.8%	217	12.8%
<b>Operating Income</b>	(150)	—	<b>(67)</b>	—	—	(141)	—

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023.

Comparisons in the PV business segment have been made with figures of the same period of the previous year for the (previous) SE business segment.

# Results by segment of FY2022 1Q(PPS Division)



(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	1,164		<b>1,289</b>		110.8%	1,443	
<b>Cost of Sales</b>	981	84.3%	<b>1,263</b>	97.9%	128.8%	1,459	101.1%
Labor costs	981	84.3%	<b>1,263</b>	97.9%	128.7%	1,459	101.1%
<b>Gross Profit</b>	183	15.7%	<b>26</b>	2.1%	14.5%	(15)	—
<b>SG &amp; A</b>	76	6.6%	<b>54</b>	4.3%	71.4%	62	4.3%
Personnel expenses	42	3.6%	<b>30</b>	2.4%	73.4%	34	2.4%
<b>Operating Income</b>	106	9.1%	<b>(28)</b>	—	—	(78)	—



# Results by segment of FY2022 1Q (Resource Circulation Area)



(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	4,037		<b>4,071</b>		100.8%	4,082	
<b>Cost of Sales</b>	3,422	84.8%	<b>2,909</b>	71.5%	85.0%	3,034	74.3%
Labor costs	475	11.8%	<b>468</b>	11.5%	98.5%	483	11.9%
<b>Gross Profit</b>	614	15.2%	<b>1,161</b>	28.5%	188.9%	1,048	25.7%
<b>SG &amp; A</b>	440	10.9%	<b>451</b>	11.1%	102.3%	471	11.6%
Personnel expenses	277	6.9%	<b>278</b>	6.8%	100.6%	292	7.2%
<b>Operating Income</b>	174	4.3%	<b>710</b>	17.5%	408.0%	576	14.1%

# Results by segment of FY2022 1Q(ERD Division)

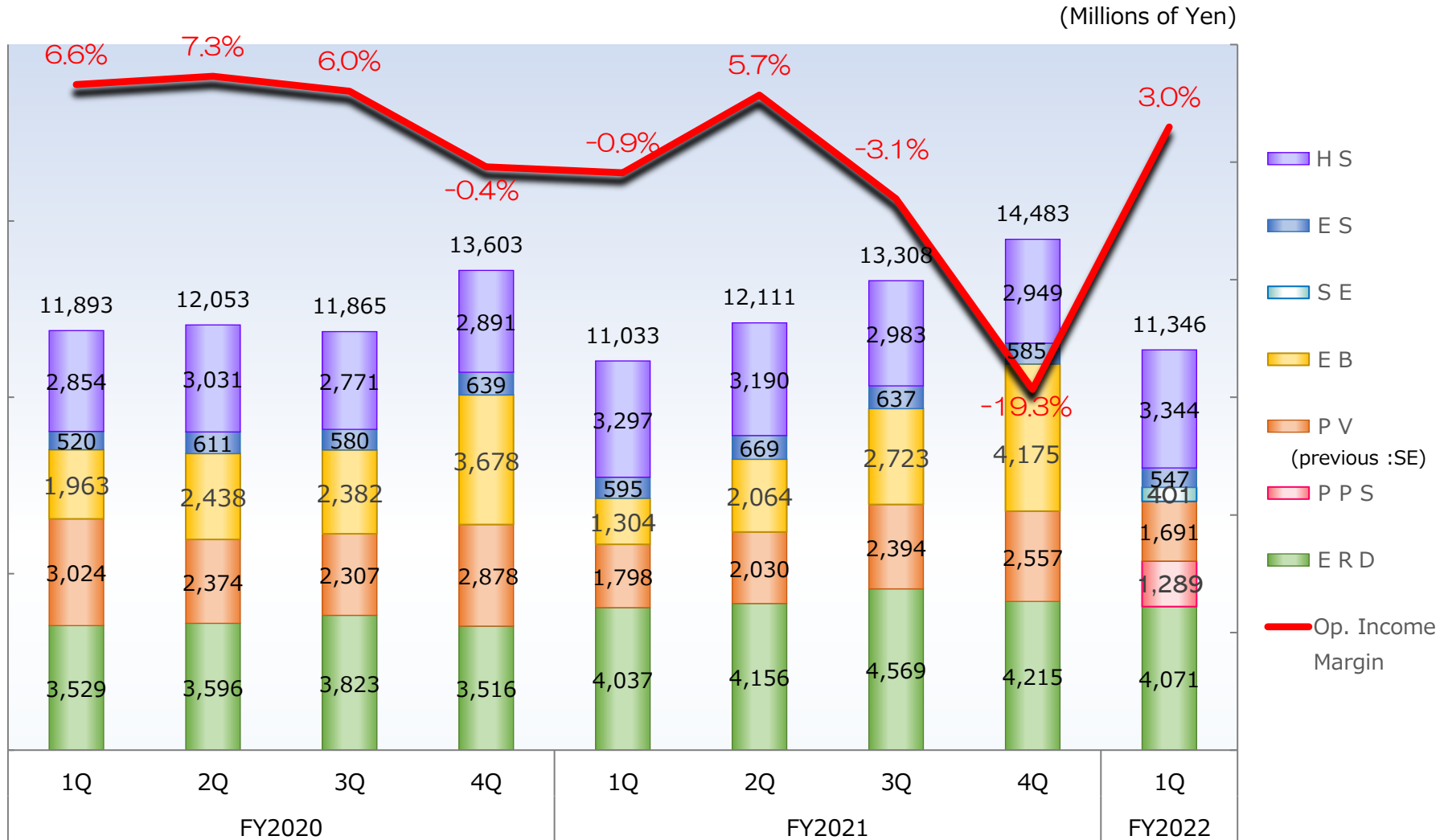


(Millions of Yen)

	FY2021 1Q		FY2022 1Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
<b>Net Sales</b>	4,037		<b>4,071</b>		100.8%	4,082	
Plastic fuel	2,617	64.8%	<b>2,438</b>	59.9%	93.2%	2,521	61.7%
Power Plant	610	15.1%	<b>753</b>	18.5%	123.5%	752	18.4%
Waste liquid treatment	484	12.0%	<b>511</b>	12.6%	105.6%	511	12.5%
Landfill	205	5.1%	<b>251</b>	6.2%	121.9%	204	5.0%
Others	120	3.0%	<b>117</b>	2.9%	97.9%	93	2.3%
<b>Cost of Sales</b>	3,422	84.8%	<b>2,909</b>	71.5%	85.0%	3,034	74.3%
Labor costs	475	11.8%	<b>468</b>	11.5%	98.5%	483	11.9%
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<b>Operating Income</b>	174	4.3%	<b>710</b>	17.5%	408.0%	576	14.1%

# 【Reference】

## Quarterly Segment Information (Changes in net sales)



- Intersegment adjustments for internal net sales are excluded from net sales for the ERD and EB Divisions.
- Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023.

# Supplementary materials (Business structure)

## Corporate Philosophy

“Clean and comfortable environment for the next generation”

### Energy

- PV Div.
- PPS 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.
- SE Div.

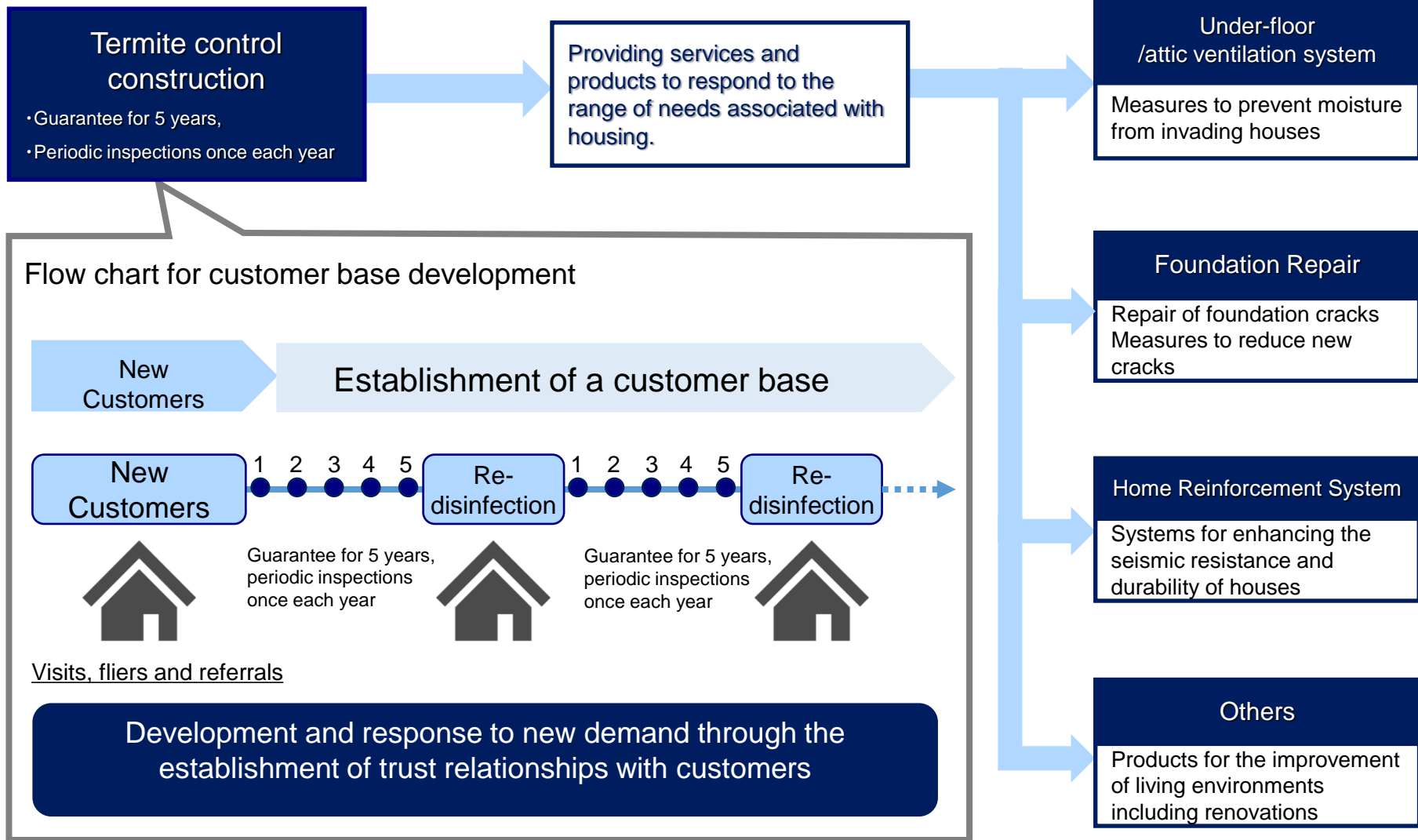
### Resource Circulation

- 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)

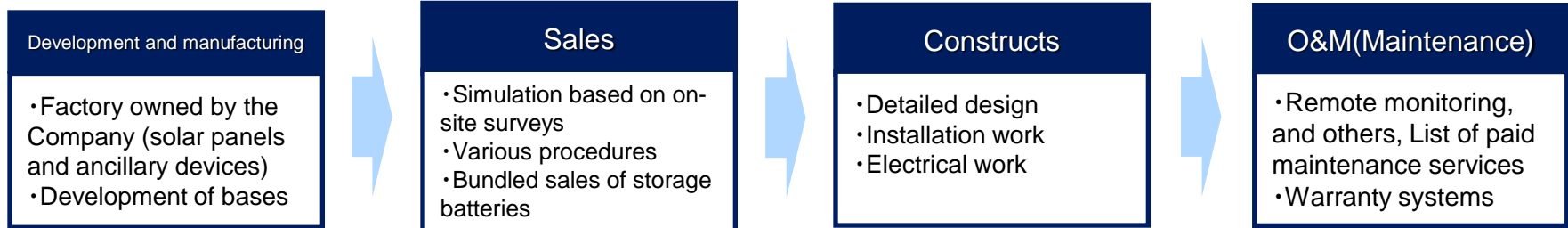


Renewal rates are high due to annual contracts



## Business structure of the SE and PV Division

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



### SE Division 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.

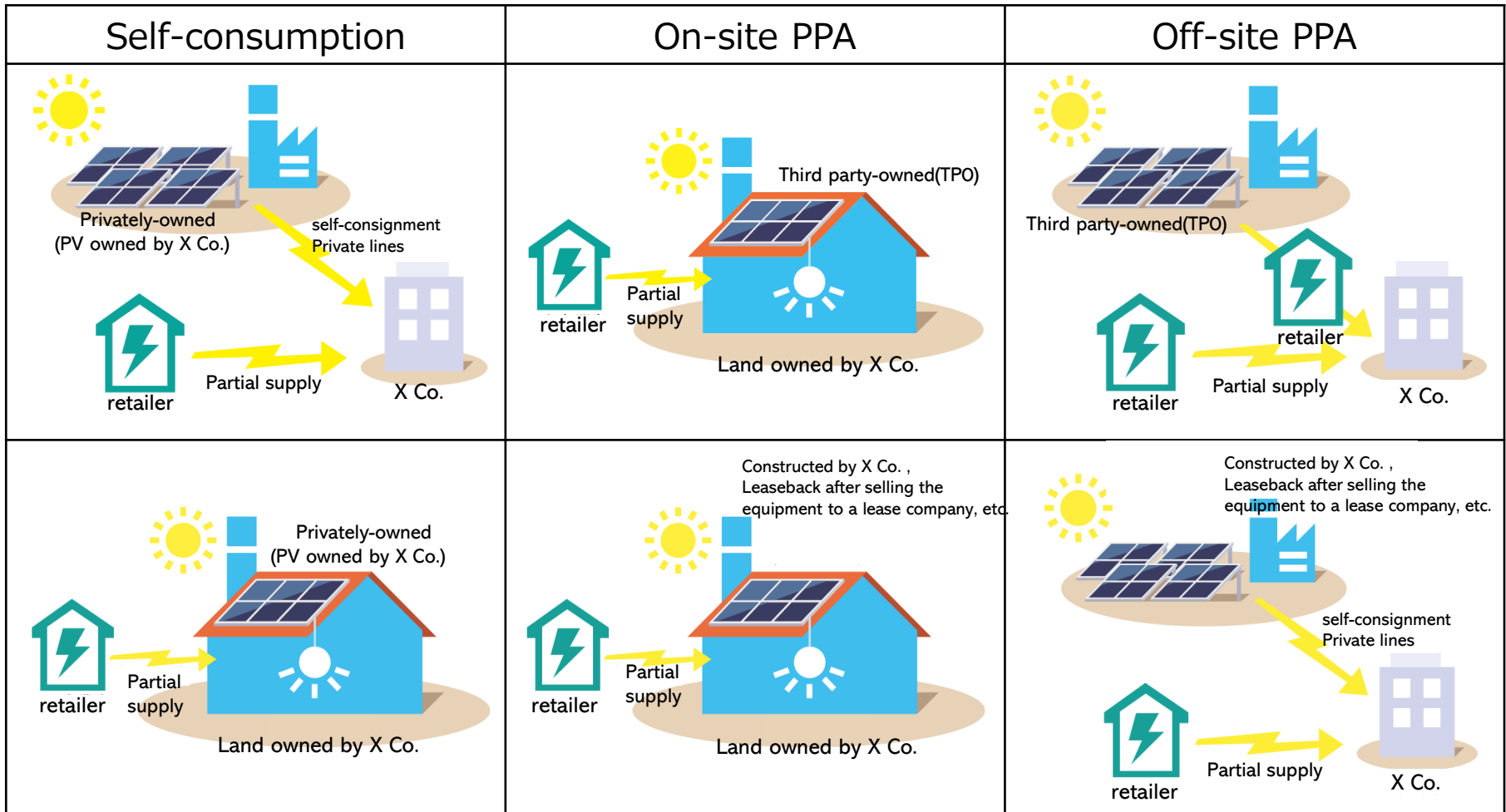
### PV service for companies and municipalities (10 kW or more)

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.

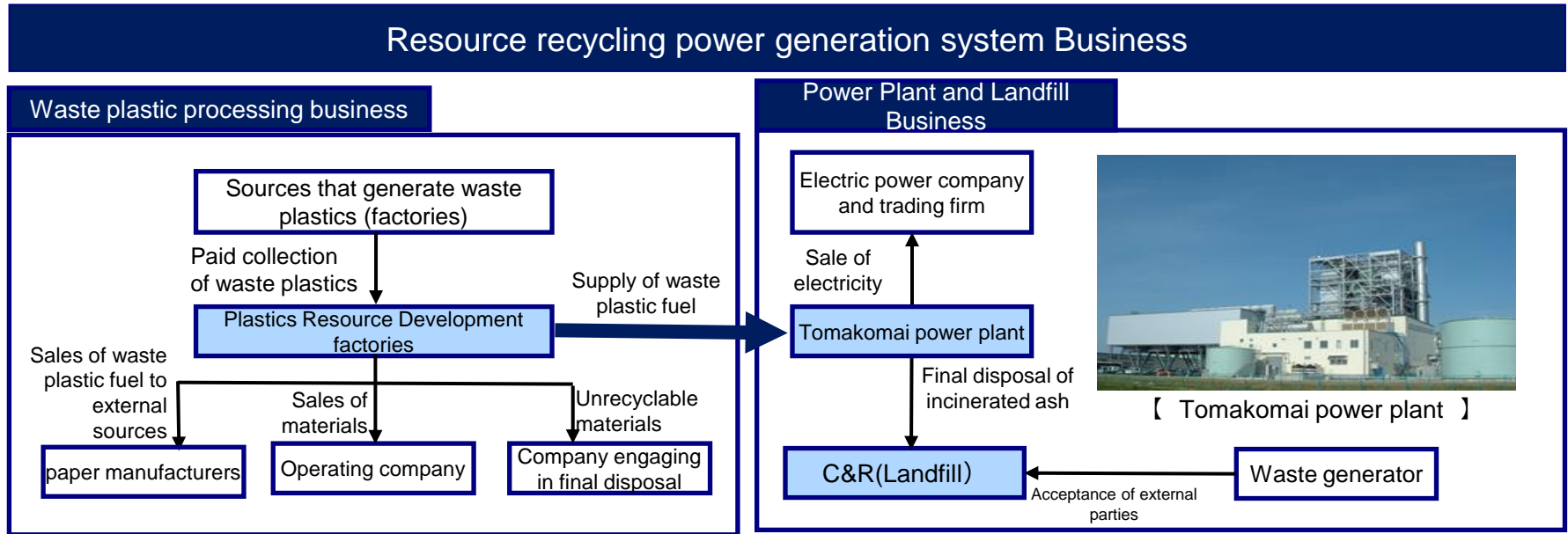


Against the backdrop of rising electricity prices, low-cost photovoltaic power generation systems and the wide use of PPA services, the introduction of photovoltaic power generation is in full swing, driven by the need for economic rationality, decarbonization and resilience enhancement.



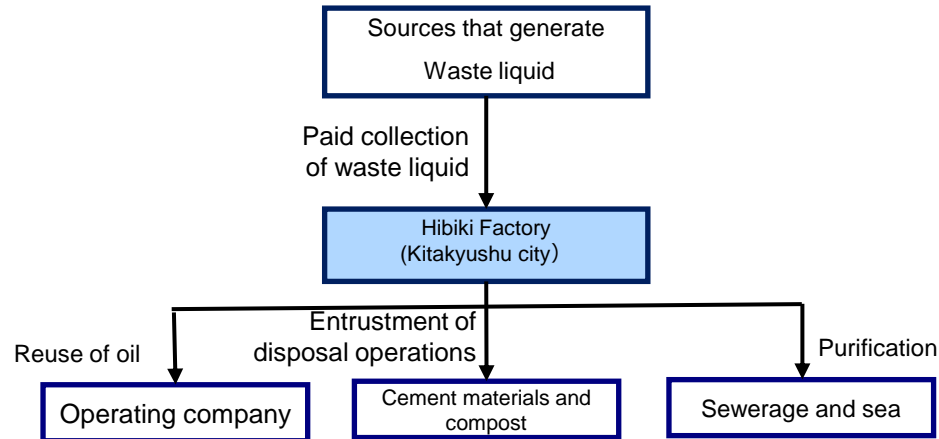
Source: he "Toward the popularization of power generation businesses" page of the Japan Photovoltaic Energy Association's website. Edited by the Company.

## 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