



Code : 4651

Financial Results Briefing For the Six Months Ended September 30, 2022

SANIX INCORPORATED

November 16, 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.

1. Financial Results for the Six Months Ended September 30, 2022

■ 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** **¥22,649million**
 (Compared to FY2021 2Q ¥-495million) (Compared to the plan ¥-1,630million)
- **Operating Income** **¥746million**
 (Compared to FY2021 2Q ¥+156million) (Compared to the plan ¥-33million)

Highlights of Financial Results of FY2022 2Q

	Year-on-year change	Change from the plan
Residential Environment Area	<ul style="list-style-type: none"> • The seventh wave of COVID-19 infections restricted face-to-face sales activities. • Net sales increased due to the newly launched SE Division. 	<ul style="list-style-type: none"> • The seventh wave of COVID-19 infections restricted face-to-face sales activities.
Energy Area	<ul style="list-style-type: none"> • Net sales increased due to a decrease in fixed costs in the PV Division as a result of the reorganization. • Regarding the PPS business, the review of the business structure has reduced procurement risk and improved profitability (return to profitability). 	<ul style="list-style-type: none"> • In the PV Division, power companies' response time regarding the grid interconnection for photovoltaic power generation systems became longer*. ※Connecting power generation facilities to electric power companies' power grids • In the PPS business, unit sale prices increased due to surging energy prices.
Resource Circulation Area	<ul style="list-style-type: none"> • Decrease of repair expenses related to power plant inspections. • Increase in depreciation related to capital investment, etc. 	<ul style="list-style-type: none"> • Performance was strong.

Financial Results of FY2022 2Q



(Millions of Yen)

	FY2021 2Q	FY2022 2Q		FY2021 2Q		FY2022 2Q Plan	
	Results	Results	Plan	Difference	Y o Y	Difference	Plan ratio
Net Sales	23,145	22,649	24,279	- 495	97.9%	-1,630	93.3%
Cost of Sales	15,005	14,581	15,875	- 424	97.2%	-1,294	91.8%
Gross Profit (Gross Profit Margin)	8,139 35.2%	8,068 35.6%	8,404 34.6%	- 71	99.1%	-336	96.0%
Selling, general and administrative expenses	7,550	7,322	7,625	- 228	97.0%	-303	96.0%
Operating Income (Operating Income Margin)	589 2.5%	746 3.3%	779 3.2%	+ 156	126.6%	-33	95.8%
Ordinary Income (Ordinary Income Margin)	490 2.1%	611 2.7%	666 2.7%	+ 120	124.6%	-55	91.7%
Profit (loss) attributable to owners of parent (Net Income Margin)	132 0.6%	442 2.0%	562 2.3%	+ 310	335.0%	-119	78.7%

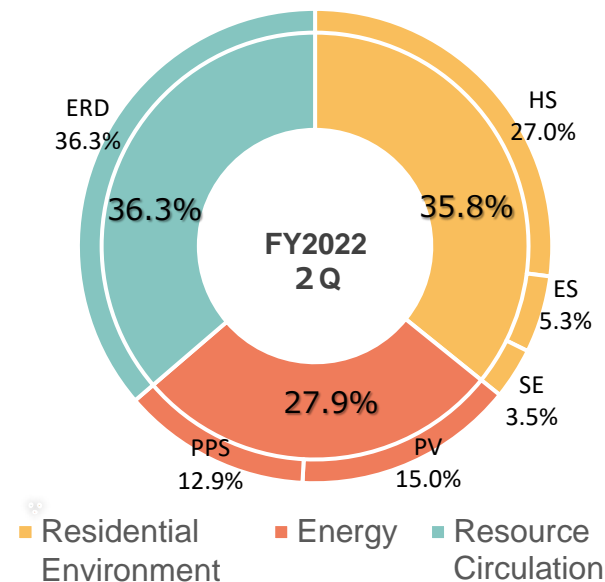
Net sales by segment of FY 2022 2Q



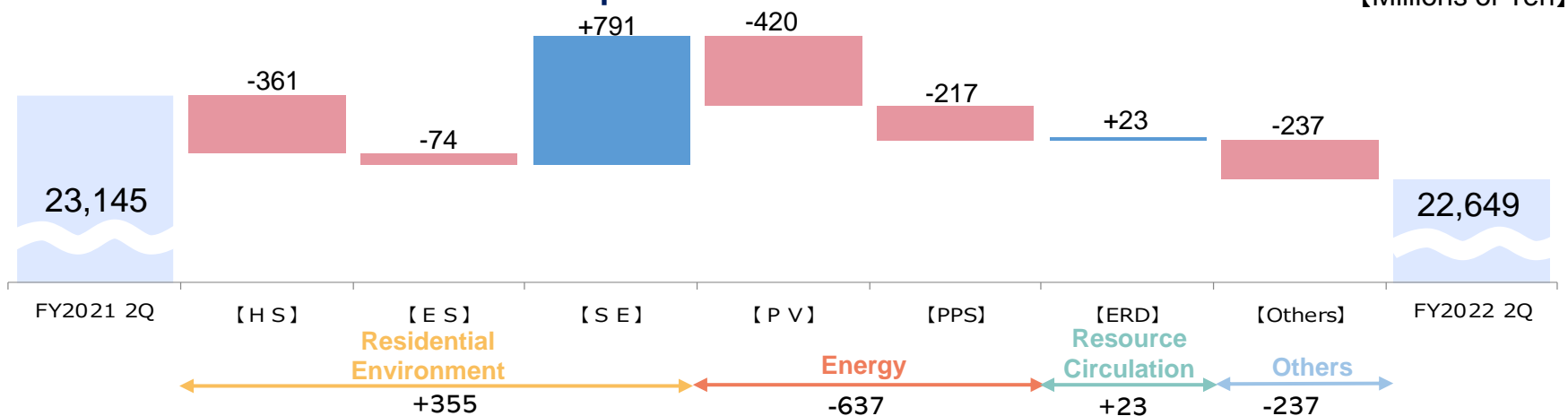
(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Residential Environment	8,108	+ 355	104.6%	- 1,307	86.1%
Energy	6,322	- 637	90.8%	- 341	94.9%
Resource Circulation	8,218	+ 23	100.3%	+ 19	100.2%
Others/Adjustment of intersegment sales	—	- 237	—	—	—
Total	22,649	- 495	97.9%	- 1,630	93.3%

■ Composition of Net Sales



■ Net Sales increase / decrease compared to FY2021 2Q



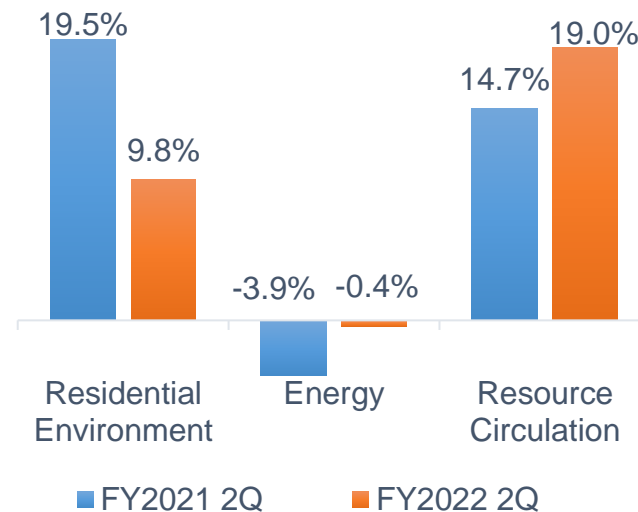
Operating Income by segment of FY2022 2Q



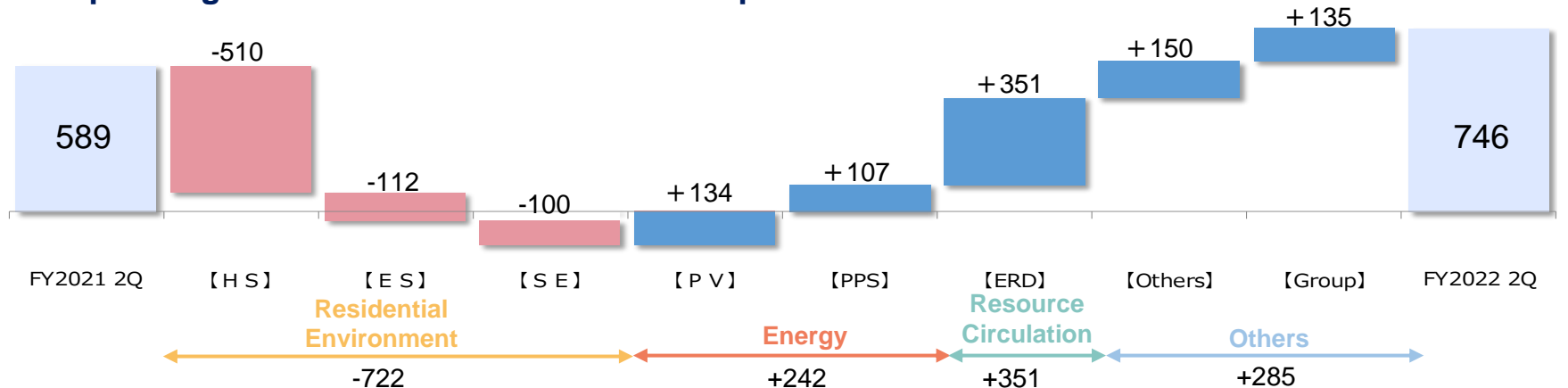
Operating Income Margin

(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Residential Environment	792	- 722	52.3%	- 540	59.4%
Energy	(25)	+ 242	—	+ 228	—
Resource Circulation	1,558	+ 351	129.1%	+ 195	114.3%
Others	—	+ 150	—	—	—
Group	(1,579)	+ 135	—	+ 84	—
Total	746	+ 156	126.6%	- 33	95.8%



Operating Income increase / decrease compared to FY2021 2Q



Results by segment of FY2022 2Q (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.

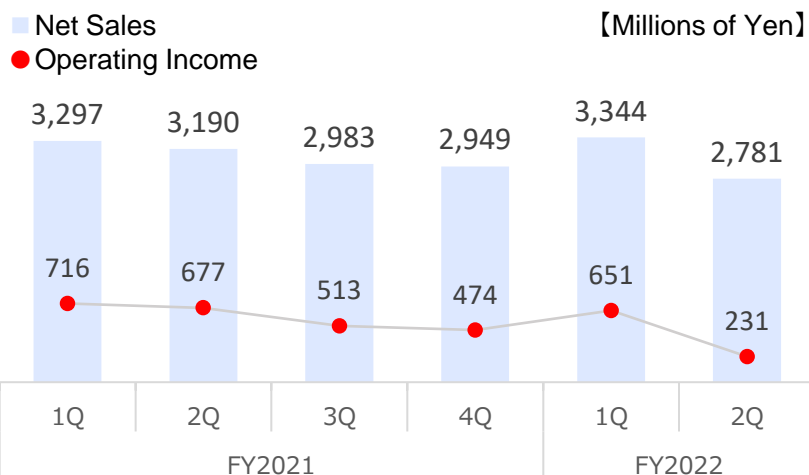
- Solar power generation system(residential)
- Storage batteries,V2H
- O&M(maintenance),etc.

(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	8,108	+355	104.6%	-1,307	86.1%
HS Division	6,126	-361	94.4%	-638	90.6%
ES Division	1,190	-74	94.1%	-159	88.2%
SE Division	791	+791	—	-509	60.8%
Gross Profit	4,604	-215	95.5%	-705	86.7%
Operating Income	792	-722	52.3%	-540	59.4%

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

Results by segment of FY2022 2Q(HS Division)



Main factors for change

■ Net Sales - 361 Million Yen

- 【+】
- Expansion of sales bases by increasing the headcount and opening new sales offices.
 - Orders (Termite control construction) increased due to the strengthening of new sales activities.
- 【-】
- The seventh wave of COVID-19 infections restricted face-to-face sales activities.

■ Operating Income -510 Million Yen

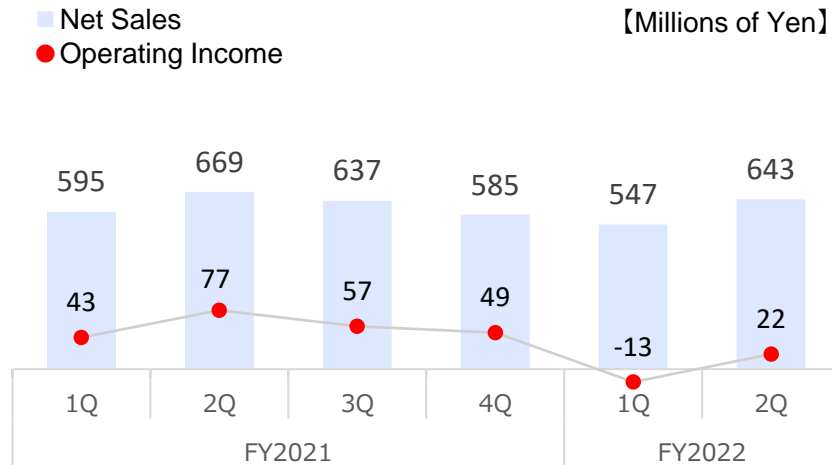
- 【-】
- Increase of personnel expenses due to active efforts to increase the number of staff members.
 - Sales commissions increased due to the strengthening of the development of business partners

■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	6,126	-361	94.4%	- 638	90.6%
Termite control construction	2,099	+ 107	105.4%	+ 55	102.7%
Under-floor/attic ventilation system	1,514	-154	90.8%	- 201	88.3%
Foundation Repair/ Home Reinforcement System	858	-186	82.1%	- 216	79.8%
Others	1,653	-128	92.8%	- 275	85.7%
Gross Profit	3,753	-385	90.7%	- 430	89.7%
Operating Income	883	-510	63.4%	- 379	70.0%

Results by segment of FY2022 2Q(ES Division)



Main factors for change

■ Net Sales - 74Million Yen

- 【+】・Expansion of sales bases by continuously increasing the headcount.
- 【-】・Decrease in orders due to the spread of COVID-19 infections.
- ・Delivery time for materials and equipment required for construction became longer.

■ Operating Income -112Million Yen

- 【-】・Costs due to higher sales involving outsourced work increased.
- ・Increase of personnel expenses due to active efforts to increase the number of staff members.

■ Net Sales by segment・Operating Income

(Millions of Yen)

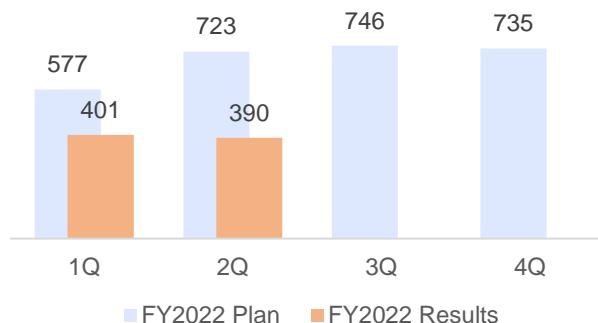
	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	1,190	-74	94.1%	- 159	88.2%
Anti-rust equipment installation	456	-191	70.5%	- 238	65.7%
Others	733	+ 116	119.0%	+ 78	112.0%
Gross Profit	593	-88	87.0%	- 130	82.0%
Operating Income	8	-112	7.3%	- 101	8.0%

Results by segment of FY2022 2Q(SE Division)



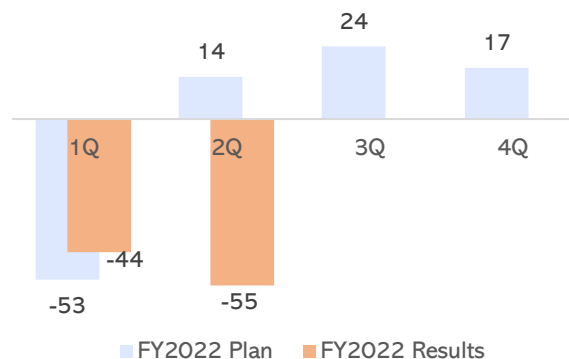
【Millions of Yen】

Net Sales



【Millions of Yen】

Operating Income



■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	791	—	—	- 509	60.8%
Gross Profit	257	—	—	- 144	64.1%
Operating Income	(100)	—	—	- 60	—

※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 2Q (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)

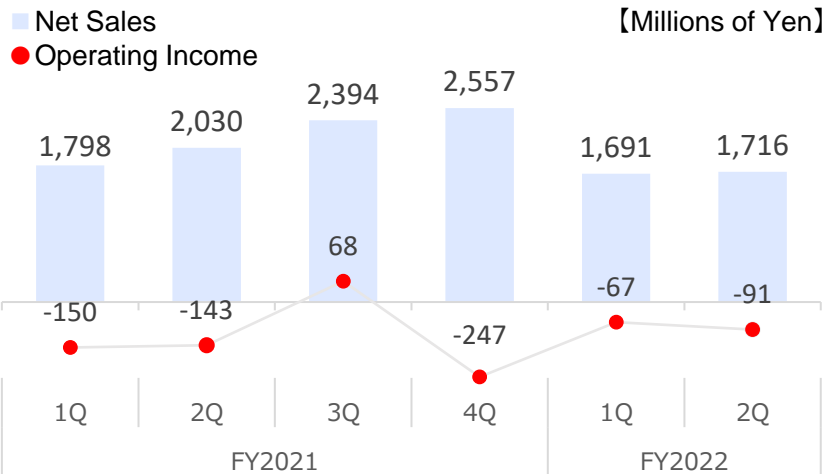
Provides a retail electricity service to offices and homes in the service areas of nine electric companies.

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

(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	6,322	-637	90.8%	-341	94.9%
PV Division	3,408	-420	89.0%	-435	88.7%
PPS Division	2,914	-217	93.1%	+93	103.3%
Gross Profit	981	-217	81.9%	+190	124.1%
Operating Income	(25)	+242	—	+228	—

Results by segment of FY2022 2Q(PV Division)



Main factors for change

■ Net Sales -420Million Yen

- 【+】
- Non-FIT power plants installation commenced in collaboration with companies.
 - Increase of sales for maintenance services at existing photovoltaic power plants.
- 【-】
- Excess solar power was transferred to the SE Division as a result of the reorganization.

■ Operating Income +134Million Yen

- 【+】
- Fixed costs decreased due to the reorganization.
- 【-】
- Increase of materials costs chiefly due to the impact of foreign exchange rates.

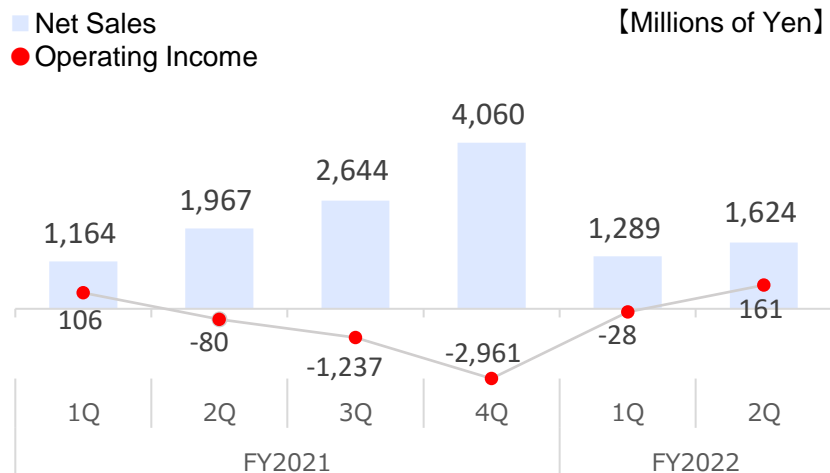
■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	3,408	- 420	89.0%	- 435	88.7%
Sales and installation of PV svstem	3,286	- 466	87.6%	- 434	88.3%
Wholesale of PV system	74	+ 39	213.3%	- 7	91.0%
Others	47	+ 6	117.2%	+ 7	118.0%
Gross Profit	745	- 265	73.7%	- 19	97.5%
Operating Income	(159)	+ 134	—	- 5	—

※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 2Q(PPS Division)



Main factors for change

■ Net Sales -217Million Yen

- 【+】 · Increase of unit sales prices linked to surging energy prices.
- 【-】 · Sales volume decreased due to change in business structure.

■ Operating Income +107Million Yen

- 【+】 · Price volatility risk reduced and the profitability of electricity procurement improved by lowering the percentage of electricity procured from the market.
- Decrease of fixed costs chiefly due to the relocation of staff members.
- 【-】 · Electricity procurement costs increased.

■ Net Sales by segment · Operating Income

(Millions of Yen)

	FY2022 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	2,914	-217	93.1%	+ 93	103.3%
Gross Profit	235	+ 48	126.0%	+ 209	911.2%
Operating Income	133	+ 107	517.3%	+ 233	—

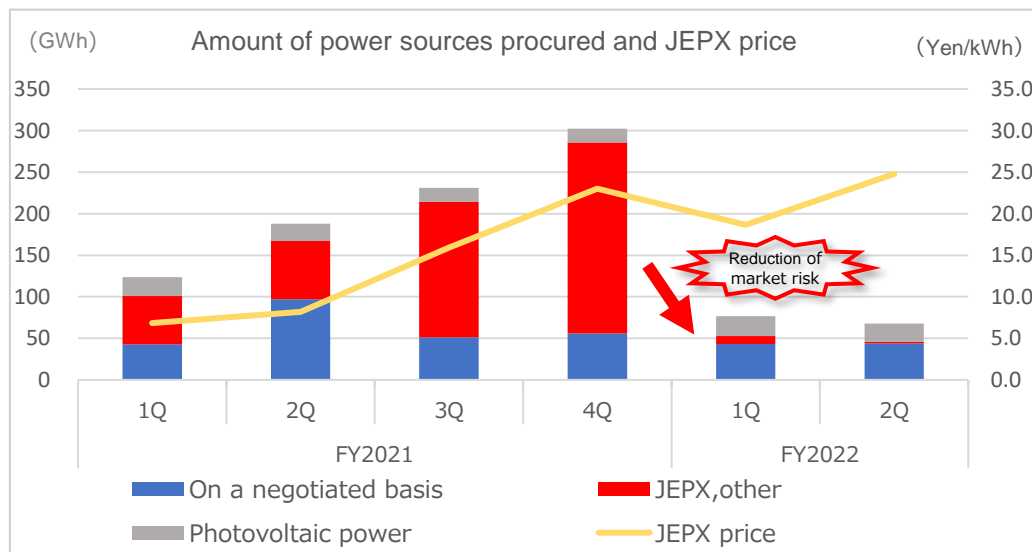
(Reference)

Adjustment of intersegment sales	—	+ 17	—	—	—
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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 have continued to surge since October 2021, the Company was able to reduce the ratio of procurement from the market and lower the risk of price volatility in electricity procurement through the renewal of its portfolio. Consequently, **it succeeded in transformation into a business structure that is not easily affected by market prices.**



■ 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 for power supply lies with the retail electricity provider.

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.

Results by segment of FY2022 2Q (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)

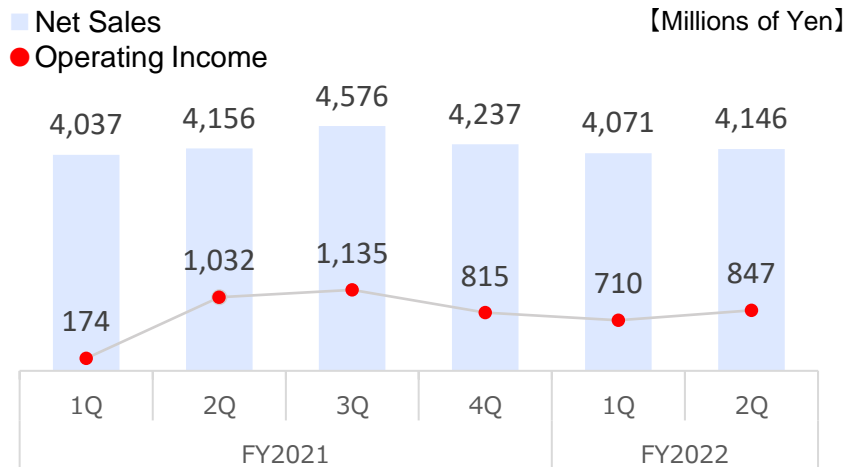
Engages in a resource recycling-type power generation business in which industrial waste plastics are converted into fuels, recycled and used for power generation and a resource recycling business in which waste liquids are purified, recycled and converted into fuels.

- 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 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	8,218	+23	100.3%	+19	100.2%
Gross Profit	2,482	+389	118.6%	+178	107.7%
Operating Income	1,558	+351	129.1%	+195	114.3%

Results by segment of FY2022 2Q(ERD Division)



Main factors for change	
■ <u>Net Sales +23Million Yen</u>	
【+】	• Increase of operation days and unit sales price of the power plant. • Increase in the volume of materials received for Landfill
【-】	• Decrease of the acceptance volume of high priced waste in plastic fuel.
■ <u>Operating Income +351Million Yen</u>	
【+】	• 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 2Q	FY2021 2Q		FY2022 2Q Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	8,218	+ 23	100.3%	+ 19	100.2%
Plastic fuel	4,875	- 230	95.5%	- 134	97.3%
Power Plant	1,574	+ 164	111.7%	+ 0	100.1%
Waste liquid treatment	1,037	+ 27	102.7%	- 2	99.8%
Landfill	488	+ 62	114.7%	+ 102	126.7%
Others	241	+ 0	100.2%	+ 52	127.4%
Gross Profit	2,482	+ 389	118.6%	+ 178	107.7%
Operating Income	1,558	+ 351	129.1%	+ 195	114.3%

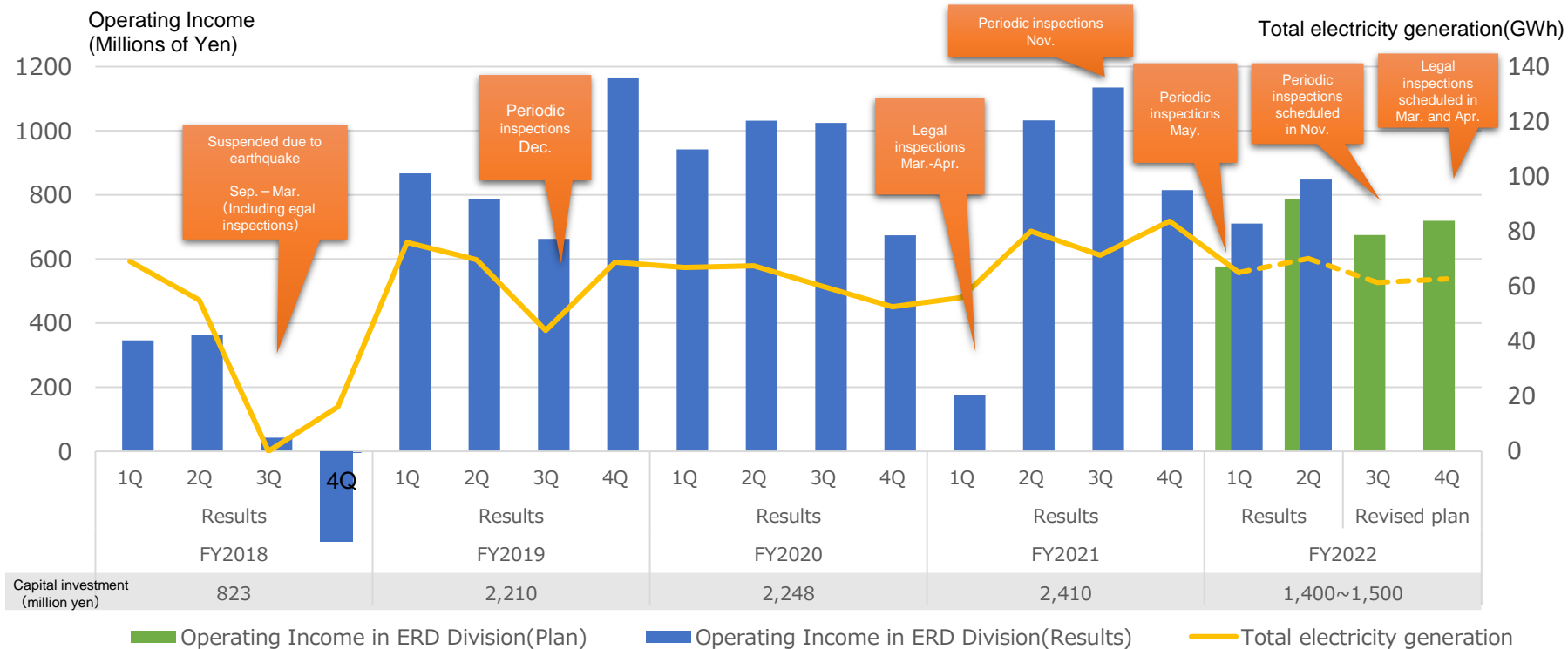
Operating income

- Operating profit increased 29.1% year on year in the second 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)

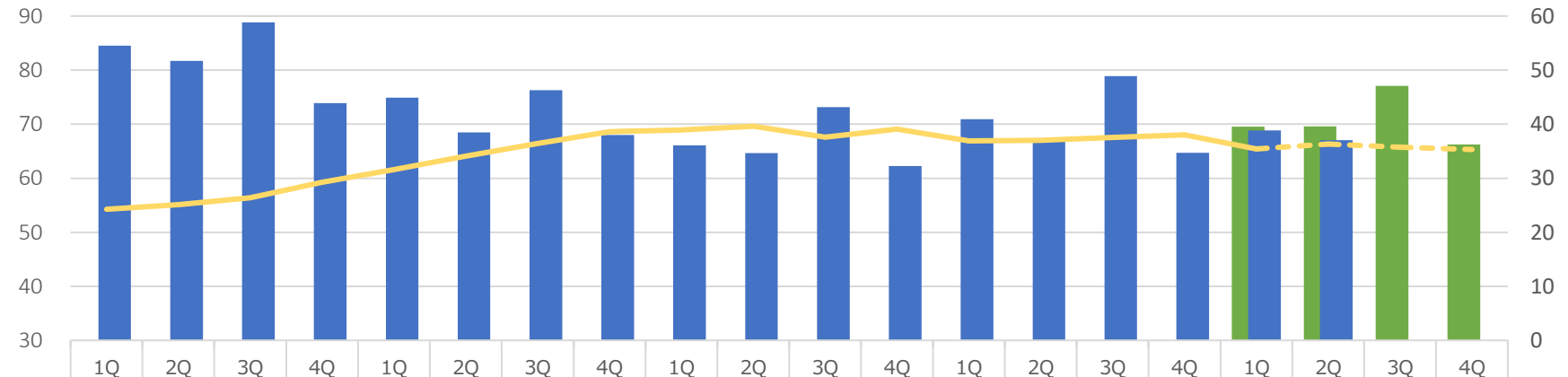
※Legally required inspections: Once every two years (turbines: every four years, boilers: every two years)



■ Acceptance of Waste Plastic

- Unit prices for disposal declined slightly in the second 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. (Refer to page 38)

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



	Results FY2018				Results FY2019				Results FY2020				Results FY2021				Results FY2022			
Annual volume accepted	329				288				266				282				283 (Revised plan)			
Unit cost of treatment	26.2				35.1				38.8				37.5				35.8 (Revised plan)			

■ 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 Sep. 30	Difference	Ratio
Current Assets	14,551	14,301	- 250	98.3%
Non-Current Assets	20,401	19,907	- 494	97.6%
Total Assets	34,953	34,208	- 745	97.9%
Current Liabilities	21,718	16,755	- 4,962	77.1%
Non-Current Liabilities	8,503	12,238	+ 3,735	143.9%
Total Liabilities	30,221	28,994	- 1,227	95.9%
Total Net Assets	4,732	5,214	+ 482	110.2%
Total Liabilities and Assets	34,953	34,208	- 745	97.9%

<Assets>

This was caused chiefly by a rise in cash and deposits of ¥1,615 million and a decrease in notes and accounts receivable – trade of ¥2,310 million.

<Liabilities>

The main factors were a decrease of ¥5,640 million in short-term borrowings, despite increases of ¥3,856 million in long-term borrowings and ¥1,002 million in current portion of long-term borrowings, due to the refinancing of short-term borrowings into long-term borrowings

The current ratio improved 18.4 percentage points to 85.4% in the second quarter of the fiscal year ending March 31, 2023, from 67.0% at the end of the previous fiscal year.

The equity ratio improved 1.7 percentage points from 13.5% at the end of the previous fiscal year to 15.2% in the second quarter of the fiscal year ending March 31, 2023.

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



■ Capital investment/Depreciation

(Millions of Yen)

	FY2021	FY2022
	2Q Results	2Q Results
Capital investme	1,324	773
Depreciation	630	880

■ Depreciation by segment

(Millions of Yen)

	FY2021	FY2022
	2Q Results	2Q Results
HS Division	19	31
ES Division	3	0
SE Division	—	1
PV Division	18	57
PPS Division	6	1
ERD Division	1,154	633
Others	8	—
Headquarter	114	47
Total	1,324	773

Major capital investment

- Investment related to the disposal of plastic waste : ¥404Million Yen
- Investment related to the recycling of waste liquid : ¥221Million Yen

Number of Personnel and sites by Division



■ Changes in Number of Personnel by Division (consolidated)

	FY2021 As of March 31	FY2022 As of Sep. 30	change
HS Division	794	853	+ 59
ES Division	146	163	+ 17
SE Division	—	111	+ 111
PV Division	334	250	-84
PPS Division	28	19	-9
ERD Division	432	441	+ 9
Others	42	—	- 42
Headquarter	278	262	- 16
Total	2,054	2,099	+ 45

※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.

■ Number of sites (including subsidiary)

	FY2021 As of March 31	FY2022 As of Sep. 30	Change
HS Division	53	61	+ 8
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

Financial results forecast for FY2022

The projection of full-year consolidated results for the fiscal year ending March 31, 2023 has been revised in accordance with results of the consolidated cumulative second quarter.

- **Net Sales** **¥46,568million**
 (Compared to FY2021 ¥-4,368million) (Compared to the Initial plan ¥-4,751million)
- **Operating Income** **¥1,528million**
 (Compared to FY2021 ¥+4,146million) (Compared to the Initial plan ¥-584million)

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

	Major revisions
Residential Environment Area	<ul style="list-style-type: none"> • Net sales are expected to fall short of the previous forecast in light of the divergence from the plan in the first half, but the profit level is expected to be maintained due to cost reduction efforts, etc.
Energy Area	<ul style="list-style-type: none"> • In the PV Division, revisions were made because the recognition of sales has been pushed back due to the longer response period for grid interconnection and the longer delivery time for electrical components due to global supply chain disruptions. • In the PPS business, revisions were made due to the expected improvement of profit due to higher unit sale prices that are the result of soaring energy prices.
Resource Circulation Area	<ul style="list-style-type: none"> • Revisions were made due to an expected increase of repair costs related to inspections for the stable operation of power plants.

The projection of full-year consolidated results for the fiscal year ending March 31, 2023 has been revised in accordance with results of the consolidated cumulative second quarter.

(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	50,936	24,279	22,649	- 1,630	27,039	23,918	- 3,120	51,319	46,568	- 4,751
Cost of Sales	38,842	15,875	14,581	- 1,294	18,159	15,951	- 2,207	34,034	30,533	- 3,501
Gross Profit	12,093	8,404	8,068	- 336	8,880	7,966	- 913	17,284	16,035	- 1,249
(Gross Profit Margin)	23.7%	34.6%	35.6%		32.8%	33.3%		33.7%	34.4%	
Selling, general and administrative expenses	14,711	7,625	7,322	- 303	7,546	7,185	- 361	15,171	14,507	- 664
Operating Income	(2,618)	779	746	- 33	1,333	781	- 551	2,113	1,528	- 584
(Operating Income Margin)	—	3.2%	3.3%		4.9%	3.3%		4.1%	3.3%	
Ordinary Income	(2,900)	666	611	- 55	1,174	660	- 514	1,841	1,271	- 569
(Ordinary Income Margin)	—	2.7%	2.7%		4.3%	2.8%		3.6%	2.7%	
Profit (loss) attributable to owners	(3,449)	562	442	- 119	879	623	- 256	1,441	1,065	- 376
(Net Income Margin)	—	2.3%	2.0%		3.3%	2.6%		2.8%	2.3%	

Financial results forecast for FY2022 by segment



(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	50,936	24,279	22,649	- 1,630	27,039	23,918	- 3,120	51,319	46,568	- 4,751
HS Division	12,421	6,764	6,126	- 638	6,290	5,889	- 401	13,055	12,015	- 1,039
ES Division	2,487	1,350	1,190	- 159	1,400	1,260	- 139	2,750	2,450	- 299
SE Division	—	1,301	791	- 509	1,482	1,042	- 440	2,784	1,834	- 949
PV Division	8,780	3,843	3,408	- 435	7,114	4,634	- 2,480	10,958	8,042	- 2,915
PPS Division	9,836	2,821	2,914	+ 93	2,446	2,921	+ 475	5,267	5,836	+ 568
ERD Division	17,008	8,199	8,218	+ 19	8,305	8,170	- 134	16,504	16,389	- 115
Others/Adjustment of inter-segment sales	403	—	—	—	—	—	—	—	—	—
Operating Income	(2,618)	779	746	- 33	1,333	781	- 551	2,113	1,528	- 584
HS Division	2,382	1,263	883	- 379	760	728	- 32	2,024	1,612	- 411
ES Division	227	109	8	- 101	121	78	- 43	231	86	- 144
SE Division	—	(39)	(100)	- 60	42	(0)	- 42	3	(100)	- 103
PV Division	(473)	(153)	(159)	- 5	274	34	- 240	121	(124)	- 245
PPS Division	(4,173)	(99)	133	+ 233	(80)	9	+ 89	(180)	143	+ 323
ERD Division	3,158	1,363	1,558	+ 195	1,683	1,395	- 288	3,046	2,953	- 92
Others	(262)	—	—	—	—	—	—	—	—	—
Group	(3,477)	(1,663)	(1,579)	+ 84	(1,469)	(1,464)	+ 5	(3,133)	(3,043)	+ 90

Segment Forecast for FY2022(HS Division)



(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	12,421	6,764	6,126	- 638	6,290	5,889	- 401	13,055	12,015	- 1,039
Termite control construction	3,641	2,044	2,099	+ 55	1,715	1,733	+ 18	3,760	3,833	+ 73
Under-floor/attic ventilation system	3,141	1,715	1,514	- 201	1,574	1,478	- 95	3,290	2,993	- 297
Foundation Repair/ Home Reinforcement System	2,054	1,075	858	- 216	1,055	1,018	- 36	2,130	1,876	- 253
Others	3,584	1,928	1,653	- 275	1,945	1,658	- 286	3,874	3,311	- 562
Cost of Sales	4,754	2,579	2,372	- 207	2,654	2,380	- 274	5,234	4,753	- 481
Labor costs	1,662	915	871	- 44	1,030	994	- 36	1,946	1,865	- 80
Gross Profit	7,667	4,184	3,753	- 430	3,636	3,508	- 127	7,820	7,262	- 558
SG & A	5,284	2,921	2,869	- 51	2,875	2,780	- 94	5,796	5,650	- 146
Personnel expenses	3,292	1,857	1,776	- 80	1,881	1,781	- 99	3,738	3,558	- 180
Operating Income	2,382	1,263	883	- 379	760	728	- 32	2,024	1,612	- 411

For the second half of the fiscal year, we have decided to focus on new sales activities to enhance our customer base in light of the divergence from the plan in the first half of the fiscal year. As a result, projects for the prevention of termites for new customers are expected to increase, while sales productivity for existing customers is expected to temporarily decrease.

Segment Forecast for FY2022(ES Division)



(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	2,487	1,350	1,190	- 159	1,400	1,260	- 139	2,750	2,450	- 299
Anti-rust equipment installation	1,221	694	456	- 238	718	573	- 145	1,413	1,030	- 383
Others	1,266	655	733	+ 78	681	686	+ 5	1,336	1,419	+ 83
Cost of Sales	1,159	626	596	- 29	655	573	- 81	1,281	1,170	- 111
Labor costs	271	155	140	- 14	157	141	- 16	312	281	- 31
Gross Profit	1,328	723	593	- 130	744	686	- 57	1,468	1,280	- 188
SG & A	1,101	613	584	- 29	622	608	- 14	1,236	1,193	- 43
Personnel expenses	639	355	347	- 7	358	355	- 2	713	702	- 10
Operating Income	227	109	8	- 101	121	78	- 43	231	86	- 144

Regarding the plan for the second half, while we intend to aggressively facilitate initiatives to expand our customer contacts, including business partners and owners, we expect to fall short of our previous forecast due to the unstable supply situation regarding materials and equipment, such as water supply pumps, that has been caused by global supply chain disruptions.

Segment Forecast for FY2022(SE Division)



(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	—	1,301	791	- 509	1,482	1,042	- 440	2,784	1,834	- 949
Cost of sales	—	899	534	- 365	990	730	- 259	1,889	1,264	- 625
Material costs,etc	—	503	284	- 218	575	510	- 64	1,078	795	- 282
Labor costs	—	187	134	- 53	188	128	- 59	375	263	- 112
Gross Profit	—	401	257	- 144	492	311	- 180	894	569	- 324
SG&A	—	441	357	- 83	449	312	- 137	891	669	- 221
Personel expenses	—	226	196	- 30	235	174	- 60	462	371	- 90
Operating Income	—	(39)	(100)	- 60	42	(0)	- 42	3	(100)	- 103

As a result of the reorganization in June 2022, the SE Division was launched as a new business division focusing on the sale of photovoltaic power generation systems developed specifically for detached houses. For the second half of the fiscal year, we will facilitate sales activities focusing on storage batteries in addition to photovoltaic power generation systems in view of the application deadline for electricity interconnection contracts for FY2022, but we expect to fall short of the previous forecast in light of the difference from the plan in the first half.

Segment Forecast for FY2022(PV Division)

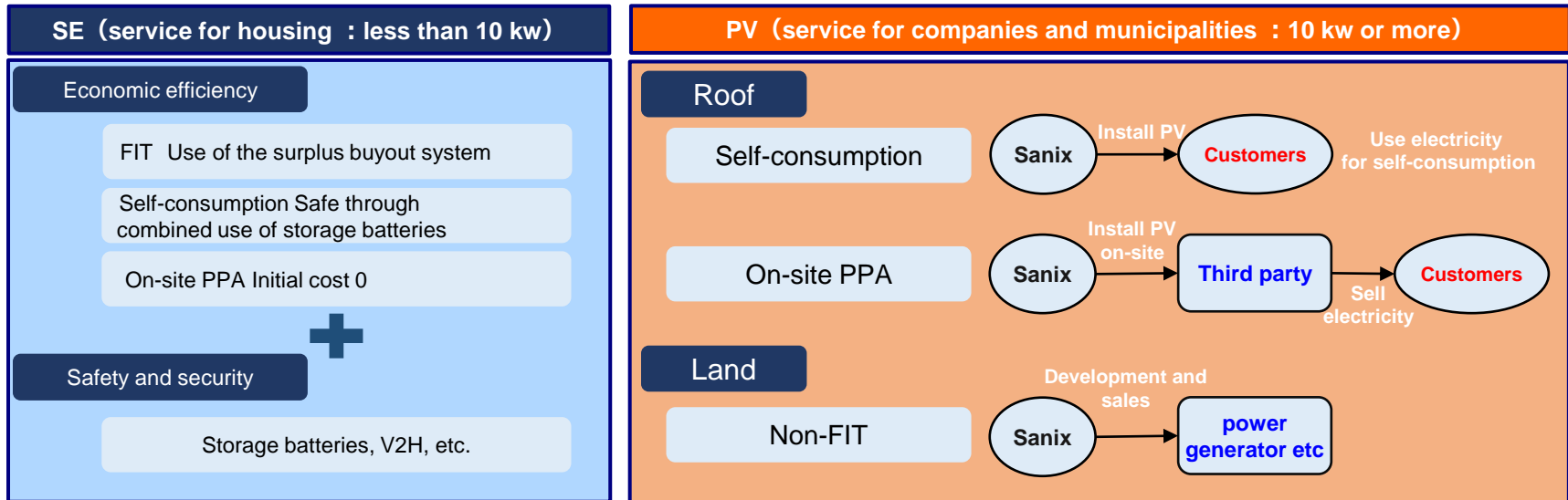


(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	8,780	3,843	3,408	- 435	7,114	4,634	- 2,480	10,958	8,042	- 2,915
Sales and installation of PV system	8,447	3,721	3,286	- 434	7,005	4,540	- 2,464	10,726	7,827	- 2,899
Wholesale of PV system	261	81	74	- 7	78	53	- 24	159	127	- 31
Others	71	40	47	+ 7	31	40	+ 8	71	87	+ 15
Cost of sales	6,838	3,078	2,662	- 416	5,779	3,632	- 2,147	8,858	6,294	- 2,563
Material costs, etc	4,157	1,991	1,536	- 454	4,039	2,286	- 1,752	6,031	3,823	- 2,207
Labor costs	870	321	370	+ 49	316	366	+ 49	637	736	+ 98
Gross Profit	1,941	765	745	- 19	1,334	1,002	- 332	2,099	1,748	- 351
SG&A	2,415	918	905	- 13	1,060	967	- 92	1,978	1,872	- 106
Personnel expenses	1,158	444	450	+ 5	508	478	- 29	953	928	- 24
Operating Income	(473)	(153)	(159)	- 5	274	34	- 240	121	(124)	- 245

Due to the growing social momentum toward decarbonization through the introduction of renewable energy and the soaring electricity prices, an increasing number of companies are looking to install solar power generation systems. However, in addition to the extended response time that several power companies have for the grid interconnection of solar power generation systems, the timing of the recognition of sales has been pushed back due to long delivery times for electrical components caused by disruptions in the global supply chain. In light of the above factors, the plan for the second half is lower than the previous forecast.

Demand for solar power generation will grow significantly, driven by the full-scale efforts for decarbonization and the soaring cost of electricity.



■ Progress and Outlook

Inquiries and orders received for the Six months ended September 30, 2022 will exceed our forecast. (Refer to page 37)



- The extended response time of electric power companies regarding the grid interconnection of solar power generation systems.
- The longer delivery time for electrical components due to global supply chain disruptions.

Inquiries and orders received for the fiscal year ending March 31, 2023 will exceed our forecast. On the other hand, due to the extended response time of electric power companies regarding the grid interconnection of solar power generation systems, some projects that were scheduled to be booked in the current fiscal year are now expected to be booked in the next fiscal year.

Segment Forecast for FY2022(PPS Division)



(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	9,836	2,821	2,914	+ 93	2,446	2,921	+ 475	5,267	5,836	+ 568
Cost of Sales	13,708	2,795	2,679	- 116	2,402	2,817	+ 414	5,198	5,496	+ 298
Labor costs	13,708	2,795	2,679	- 116	2,402	2,816	+ 414	5,198	5,496	+ 297
Gross Profit	(3,872)	25	235	+ 209	43	104	+ 61	69	339	+ 270
SG & A	301	125	101	- 23	123	95	- 28	249	196	- 52
Personnel expenses	152	68	55	- 12	68	52	- 15	136	107	- 28
Operating Income	(4,173)	(99)	133	+ 233	(80)	9	+ 89	(180)	143	+ 323

The second half plan is expected to exceed the previous forecast due to the expected improvement of profit from higher unit sales prices resulting from soaring energy prices, as well as efforts to reduce fixed costs.

Segment Forecast for FY2022(ERD Division)



(Millions of Yen)

	FY2021	FY2022								
	Full-Year	First Half			Second Half			Full-Year		
	Results	Initial Plan	Results	Difference	Initial Plan	Revised plan	Difference	Initial Plan	Revised plan	Difference
Net Sales	17,008	8,199	8,218	+ 19	8,305	8,170	- 134	16,504	16,389	- 115
Plastic fuel	10,574	5,010	4,875	- 134	5,103	5,103	+ 0	10,113	9,979	- 134
Power Plant	2,986	1,573	1,574	+ 0	1,592	1,466	- 126	3,166	3,040	- 125
Waste liquid treatment	2,073	1,040	1,037	- 2	1,048	1,048	+ 0	2,088	2,086	- 2
Landfill	911	385	488	+ 102	353	353	+ 0	739	841	+ 102
Others	461	189	241	+ 52	207	199	- 7	397	441	+ 44
Cost of Sales	12,050	5,895	5,736	- 159	5,676	5,817	+ 141	11,572	11,554	- 18
Labor costs	1,913	969	931	- 37	1,004	1,026	+ 22	1,973	1,958	- 15
Gross Profit	4,957	2,303	2,482	+ 178	2,628	2,353	- 275	4,932	4,835	- 97
SG & A	1,799	940	923	- 16	945	957	+ 12	1,885	1,881	- 4
Personnel expenses	1,124	585	554	- 30	593	603	+ 10	1,178	1,158	- 19
Operating Income	3,158	1,363	1,558	+ 195	1,683	1,395	- 288	3,046	2,953	- 92

The second half plan is expected to be lower than the previous forecast due to an increase in repair costs related to inspections to ensure the stable operation of power plants and a decrease in the number of operating days and amount of electricity generated by power plants.

		FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Revised plan
Return on equity	ROE	5.85%	36.31%	27.87%	—	17.90%
Return on total assets	ROA	3.88%	8.16%	6.39%	—	3.70%
Equity ratio		13.42%	18.55%	24.50%	13.47%	17.20%
Return on invested Capital	ROIC	2.31%	10.77%	11.19%	—	6.90%

(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

■ Participated in the largest decarbonization management expo in Western Japan (Nov. 16-Nov. 18)

The Decarbonization Expo is a specialized exhibition where all kinds of decarbonization solutions such as zero-carbon consulting, GHG emissions visualization, corporate PPA, energy-saving solutions, etc. are exhibited and visited by executives, corporate planning, ESG and sustainability departments of companies aiming for decarbonization management.

~SANIX~

As we enter the era of decarbonization, the array of methods and information on decarbonization management for businesses and municipalities is expanding, and we propose photovoltaic power generation systems as a solution for decarbonization management.

Tokyo Decarbonization Expo
in March 2022
~Exhibit~



【11/16 (水) より3日間】西日本最大
カーボンニュートラルの展示会、大阪で開催！
第2回 関西 脱炭素経営 EXPO
会期：2022年11月16日(水)～18日(金)10時～17時 会場：インテックス大阪

●同時開催展
関西 スマートエネルギー Week
関西 PV EXPO 2022
※同時開催 太陽光発電展
関西 二次電池展
※同時開催 バンテリー大展
関西 バイオマス展
※同時開催 燃料・発電システム、燃料貯蔵庫 e-cx 展
関西 スマートグリッド EXPO
※同時開催 電力システム、スマートグリッド 展

From the Decarbonization Expo press release
https://lp.rxjapan.jp/content/dam/sitebuilder/rxjp/rx-japan/doc/22/sew_k22_release2.pdf

■ Japan's largest cross-sector exchange exhibition (Nov. 16-Nov. 18)

The Messe Nagoya Cross-Sector Exchange Exhibition is a festival of cross-sector exchange that started in 2006 as a project to carry on the philosophy of the Aichi Expo (environment, science and technology, international exchange). It is one of the largest business exhibitions in Japan, inviting exhibitors from a wide range of fields and regions, transcending industry and business categories and it's goals are the expansion of business transactions, the dissemination of information and the facilitation of cross-sector exchange between exhibitors and visitors.

~SANIX~

SANIX system will support and propose optimal and efficient solutions for the execution of business and problem solving, from the management of waste collection requests and disposal status to data usage and compliance for the realization of cost optimization and environmental contribution (decarbonization, environmental recycling, the SDGs) through visualization, as well as the proper management of industrial waste, which has become increasingly important in recent years.

SANIX system「DX platform connecting emitting companies and processors」

SDGsは廃棄物から始まる

見える化で「難しい」を「簡単」に (システムの特徴)

可視化 処理フロー/処理実績/排出量 すべての状況と数値を見える化

省カ化 廃棄物の種類を問わず 多様な廃棄物業務を一元化

安全/安心 廃棄物に準拠しているから、もちろんコンプライアンスも強化

SDGs/脱炭素への課題抽出 廃棄物業務を一元管理/効率化

すべての廃棄物データを 数値化/分析 コンプライアンスの遵守/強化

企業価値の上昇が見込める 採用力を強化できる

ビジネスチャンス増加 コスト面の課題も見えてくる

混ざりあえ! Fusion! 新たな商機

17th 日本最大級 異業種交流展示会

メッセナゴヤ2022

リアル開催 ポートメッセなごや 11/16※▶18 10:00▶17:00

オンライン開催 メッセナゴヤWEBサイト内 11/1▶30

◆主催:メッセナゴヤ実行委員会(主催:長岡誠、佐倉智志、名古屋商工会議所)
 ◆後援:中部経済産業局、中部財団法人地球産業文化財団
 ◆協力:中部経済新聞社、中日新聞社

From the Messe Nagoya press release
https://www.messenagoya.jp/pdf/press_release2022.pdf

Supplementary materials

(Segment Performance of FY2022 2Q)

Results by segment of FY2022 2Q

(Millions of Yen)

	FY2021 2Q	FY2022 2Q					
	Results	Results	Difference	Y o Y	Plan	Difference	Plan ratio
Net Sales	23,145	22,649	- 495	97.9%	24,279	- 1,630	93.3%
HS Division	6,487	6,126	- 361	94.4%	6,764	- 638	90.6%
ES Division	1,264	1,190	- 74	94.1%	1,350	- 159	88.2%
SE Division	—	791	+ 791	—	1,301	- 509	60.8%
PV Division	3,828	3,408	- 420	89.0%	3,843	- 435	88.7%
PPS Division	3,131	2,914	- 217	93.1%	2,821	+ 93	103.3%
ERD Division	8,194	8,218	+ 23	100.3%	8,199	+ 19	100.2%
Others/Adjustment of inter-segment sales	237	—	- 237	—	—	—	—
Operating Income	589	746	+ 156	126.6%	779	- 33	95.8%
HS Division	1,394	883	- 510	63.4%	1,263	- 379	70.0%
ES Division	121	8	- 112	7.3%	109	- 101	8.0%
SE Division	—	(100)	- 100	—	(39)	- 60	—
PV Division	(294)	(159)	+ 134	—	(153)	- 5	—
PPS Division	25	133	+ 107	517.3%	(99)	+ 233	—
ERD Division	1,207	1,558	+ 351	129.1%	1,363	+ 195	114.3%
Others	(150)	—	+ 150	—	—	—	—
Group	(1,714)	(1,579)	+ 135	—	(1,663)	+ 84	—

Results by segment of FY2022 2Q (Residential Environment Area)

(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	7,752		8,108		104.6%	9,415	
HS Division	6,487	83.7%	6,126	75.6%	94.4%	6,764	71.8%
ES Division	1,264	16.3%	1,190	14.7%	94.1%	1,350	14.3%
SE Division	—	—	791	9.8%	—	1,301	13.8%
Cost of sales	2,931	37.8%	3,503	43.2%	119.5%	4,105	43.6%
Labor costs	968	12.5%	1,146	14.1%	118.4%	1,258	13.4%
Gross Profit	4,820	62.2%	4,604	56.8%	95.5%	5,310	56.4%
SG & A	3,305	42.6%	3,812	47.0%	115.3%	3,976	42.2%
Personnel expenses	2,011	25.9%	2,320	28.6%	115.3%	2,438	25.9%
Operating Income	1,515	19.5%	792	9.8%	52.3%	1,333	14.2%

Results by segment of FY2022 2Q(HS Division)



(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	6,487		6,126		94.4%	6,764	
Termite control construction	1,992	30.7%	2,099	34.3%	105.4%	2,044	30.2%
Under-floor/attic ventilation system	1,668	25.7%	1,514	24.7%	90.8%	1,715	25.4%
Foundation Repair/ Home Reinforcement System	1,045	16.1%	858	14.0%	82.1%	1,075	15.9%
Others	1,781	27.5%	1,653	27.0%	92.8%	1,928	28.5%
Cost of Sales	2,349	36.2%	2,372	38.7%	101.0%	2,579	38.1%
Labor costs	829	12.8%	871	14.2%	105.1%	915	13.5%
Gross Profit	4,138	63.8%	3,753	61.3%	90.7%	4,184	61.9%
SG & A	2,744	42.3%	2,869	46.8%	104.6%	2,921	43.2%
Personnel expenses	1,682	25.9%	1,776	29.0%	105.6%	1,857	27.5%
Operating Income	1,394	21.5%	883	14.4%	63.4%	1,263	18.7%

Results by segment of FY2022 2Q(ES Division)



(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	1,264		1,190		94.1%	1,350	
Anti-rust equipment installation	648	51.2%	456	38.4%	70.5%	694	51.5%
Others	616	48.8%	733	61.6%	119.0%	655	48.5%
Cost of Sales	582	46.1%	596	50.1%	102.4%	626	46.4%
Labor costs	138	11.0%	140	11.8%	101.3%	155	11.5%
Gross Profit	682	53.9%	593	49.9%	87.0%	723	53.6%
SG & A	560	44.4%	584	49.1%	104.2%	613	45.5%
Personnel expenses	328	26.0%	347	29.2%	105.8%	355	26.3%
Operating Income	121	9.6%	8	0.7%	7.3%	109	8.1%

Results by segment of FY2022 2Q(SE Division)



(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	—		791		—	1,301	
Cost of sales	—	—	534	67.5%	—	899	69.1%
Material costs, etc	—	—	284	36.0%	—	503	38.7%
Labor costs	—	—	134	17.0%	—	187	14.4%
Gross Profit	—	—	257	32.5%	—	401	30.9%
SG & A	—	—	357	45.2%	—	441	33.9%
Personnel expenses	—	—	196	24.8%	—	226	17.4%
Operating Income	—	—	(100)	—	—	(39)	—

※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 2Q (Energy Area)

SANIX

(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	6,960		6,322		90.8%	6,664	
PV Division	3,828	55.0%	3,408	53.9%	89.0%	3,843	57.7%
PPS Division	3,131	45.0%	2,914	46.1%	93.1%	2,821	42.3%
Cost of Sales	5,761	82.8%	5,341	84.5%	92.7%	5,873	88.1%
Labor costs	387	5.6%	370	5.9%	95.5%	321	4.8%
Gross Profit	1,198	17.2%	981	15.5%	81.9%	790	11.9%
SG & A	1,466	21.1%	1,006	15.9%	68.6%	1,044	15.7%
Personnel expenses	733	10.5%	505	8.0%	68.9%	512	7.7%
Operating Income	(268)	—	(25)	—	—	(253)	—

Results by segment of FY2022 2Q(PV Division)



(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	3,828		3,408		89.0%	3,843	
Sales and installation of PV system	3,753	98.0%	3,286	96.4%	87.6%	3,721	96.8%
Wholesale of PV system	34	0.9%	74	2.2%	213.3%	81	2.1%
Others	40	1.1%	47	1.4%	117.2%	40	1.0%
Cost of sales	2,816	73.6%	2,662	78.1%	94.5%	3,078	80.1%
Material costs,etc	1,580	41.3%	1,536	45.1%	97.2%	1,991	51.8%
Labor costs	387	10.1%	370	10.9%	95.5%	321	8.4%
Gross Profit	1,011	26.4%	745	21.9%	73.7%	765	19.9%
SG & A	1,305	34.1%	905	26.6%	69.3%	918	23.9%
Personnel expenses	652	17.0%	450	13.2%	69.0%	444	11.6%
Operating Income	(294)	—	(159)	—	—	(153)	—

※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 2Q(PPS Division)



(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	3,131		2,914		93.1%	2,821	
Cost of Sales	2,944	94.0%	2,679	91.9%	91.0%	2,795	99.1%
Labor costs	2,944	94.0%	2,679	91.9%	91.0%	2,795	99.1%
Gross Profit	186	6.0%	235	8.1%	126.0%	25	0.9%
SG & A	160	5.1%	101	3.5%	63.2%	125	4.5%
Personnel expenses	81	2.6%	55	1.9%	68.3%	68	2.4%
Operating Income	25	0.8%	133	4.6%	517.3%	(99)	—

Results by segment of FY2022 2Q (Resource Circulation Area)



(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	8,194		8,218		100.3%	8,199	
Cost of Sales	6,102	74.5%	5,736	69.8%	94.0%	5,895	71.9%
Labor costs	942	11.5%	931	11.3%	98.9%	969	11.8%
Gross Profit	2,092	25.5%	2,482	30.2%	118.6%	2,303	28.1%
SG & A	885	10.8%	923	11.2%	104.3%	940	11.5%
Personnel expenses	556	6.8%	554	6.8%	99.8%	585	7.1%
Operating Income	1,207	14.7%	1,558	19.0%	129.1%	1,363	16.6%

Results by segment of FY2022 2Q(ERD Division)

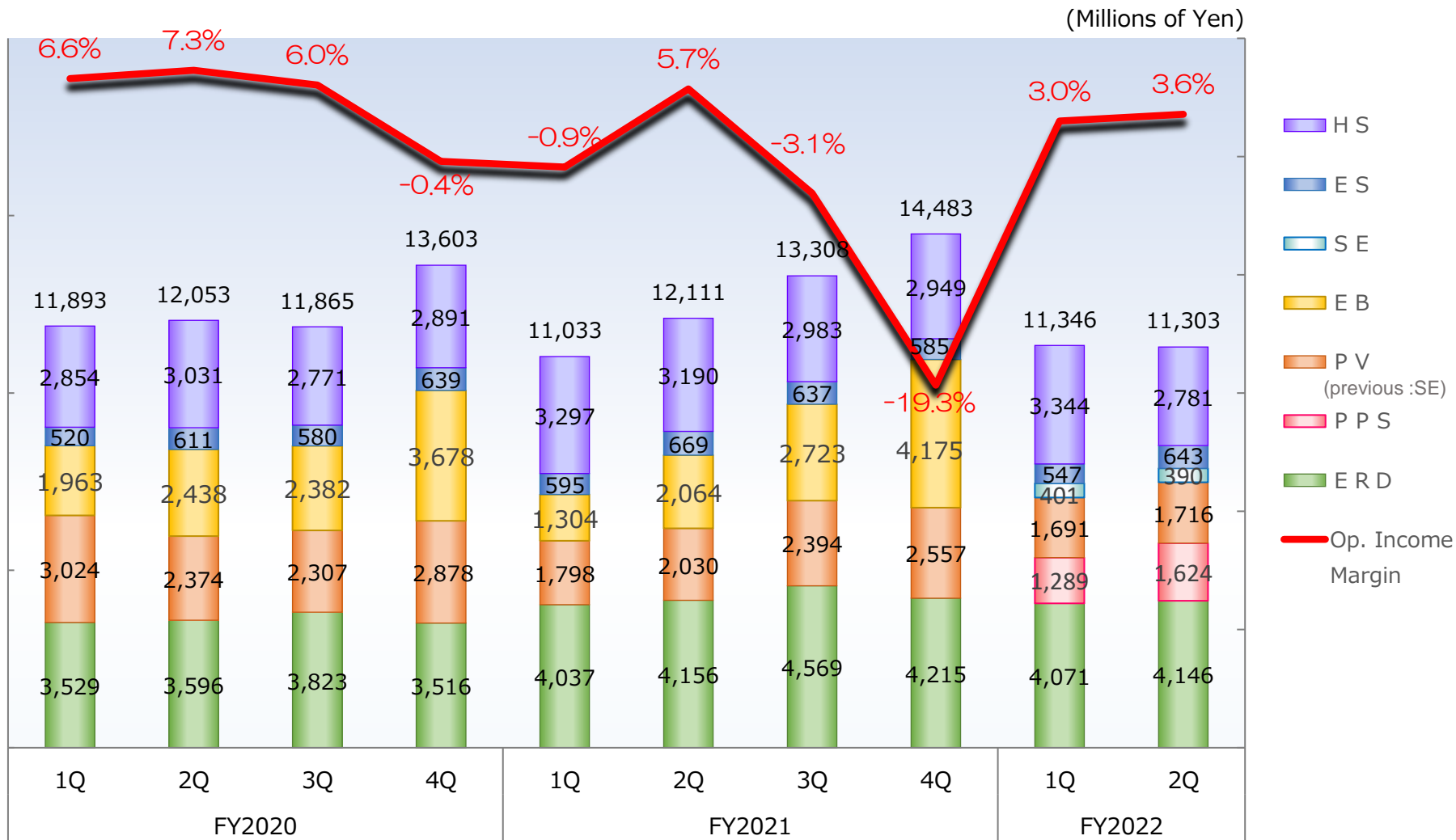


(Millions of Yen)

	FY2021 2Q		FY2022 2Q				
	Results	Sales proportion	Results	Sales proportion	Y o Y	Plan	Sales proportion
Net Sales	8,194		8,218		100.3%	8,199	
Plastic fuel	5,106	62.3%	4,875	59.3%	95.5%	5,010	61.1%
Power Plant	1,409	17.2%	1,574	19.2%	111.7%	1,573	19.2%
Waste liquid treatment	1,010	12.3%	1,037	12.6%	102.7%	1,040	12.7%
Landfill	425	5.2%	488	5.9%	114.7%	385	4.7%
Others	241	2.9%	241	2.9%	100.2%	189	2.3%
Cost of Sales	6,102	74.5%	5,736	69.8%	94.0%	5,895	71.9%
Labor costs	942	11.5%	931	11.3%	98.9%	969	11.8%
Gross Profit	2,092	25.5%	2,482	30.2%	118.6%	2,303	28.1%
SG & A	885	10.8%	923	11.2%	104.3%	940	11.5%
Personnel expenses	556	6.8%	554	6.8%	99.8%	585	7.1%
Operating Income	1,207	14.7%	1,558	19.0%	129.1%	1,363	16.6%

【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.

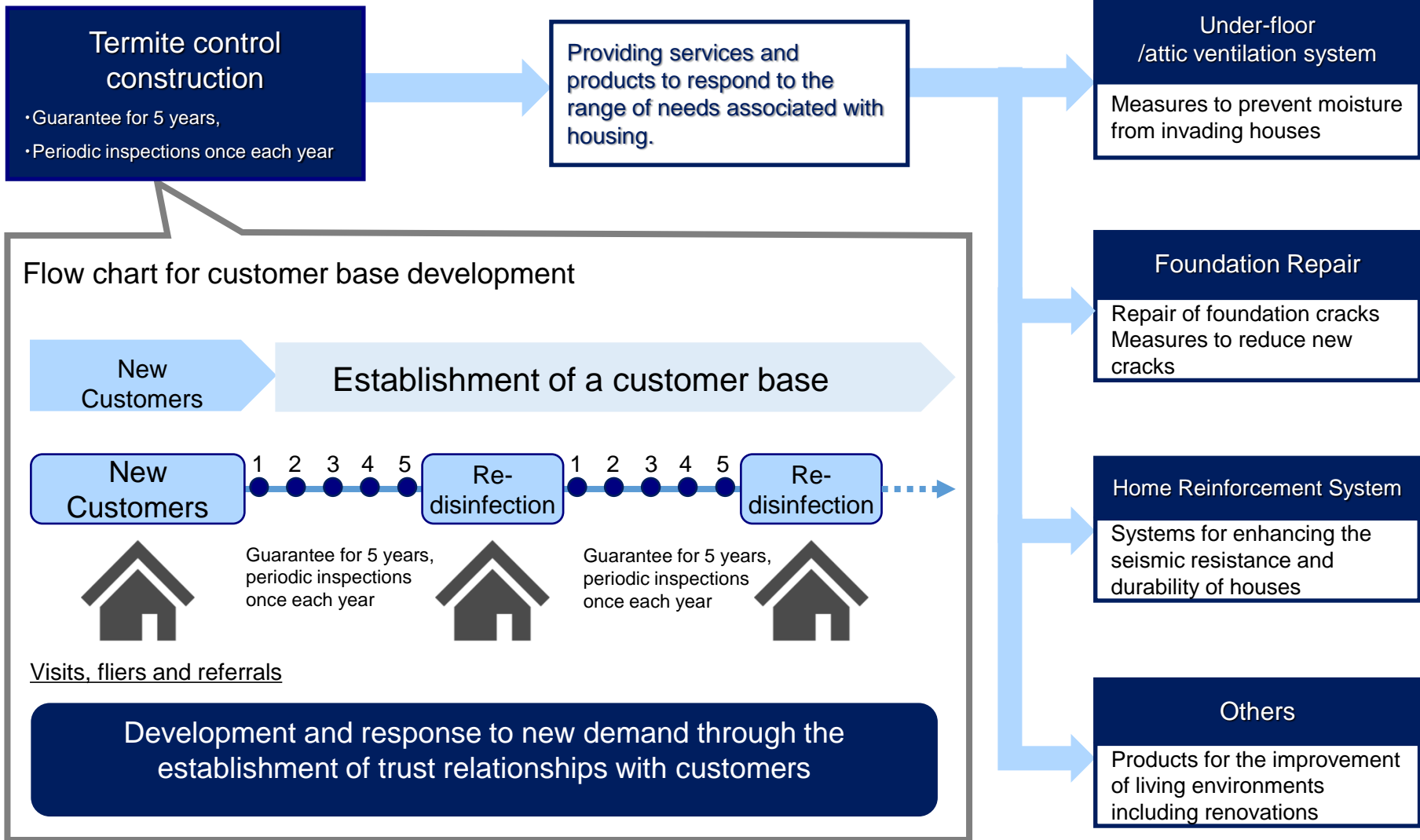
Resource Circulation

- ERD Div.

Make it common “Recycling resources without abandoning them”

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

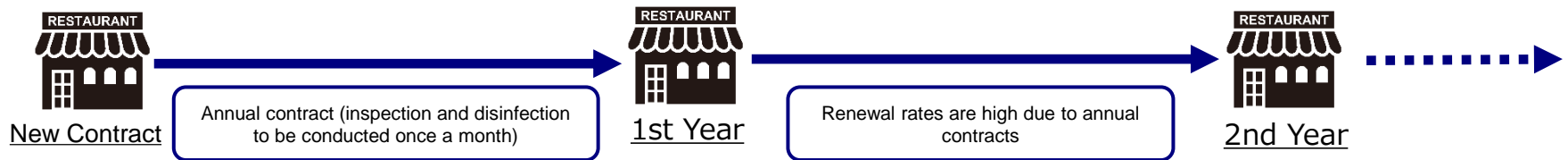
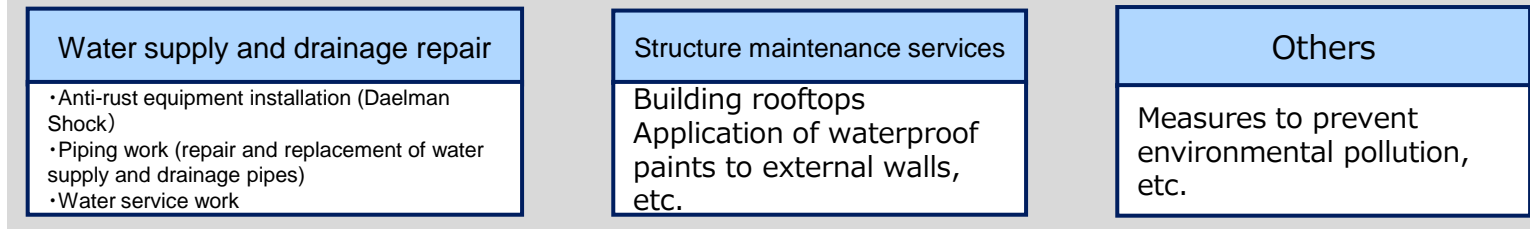
Business structure of the HS Division



Business structure of the ES Division

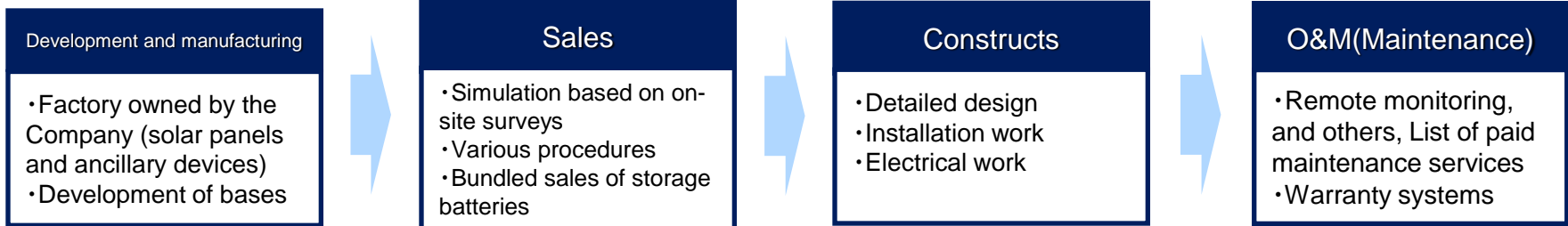


Major services and products



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.

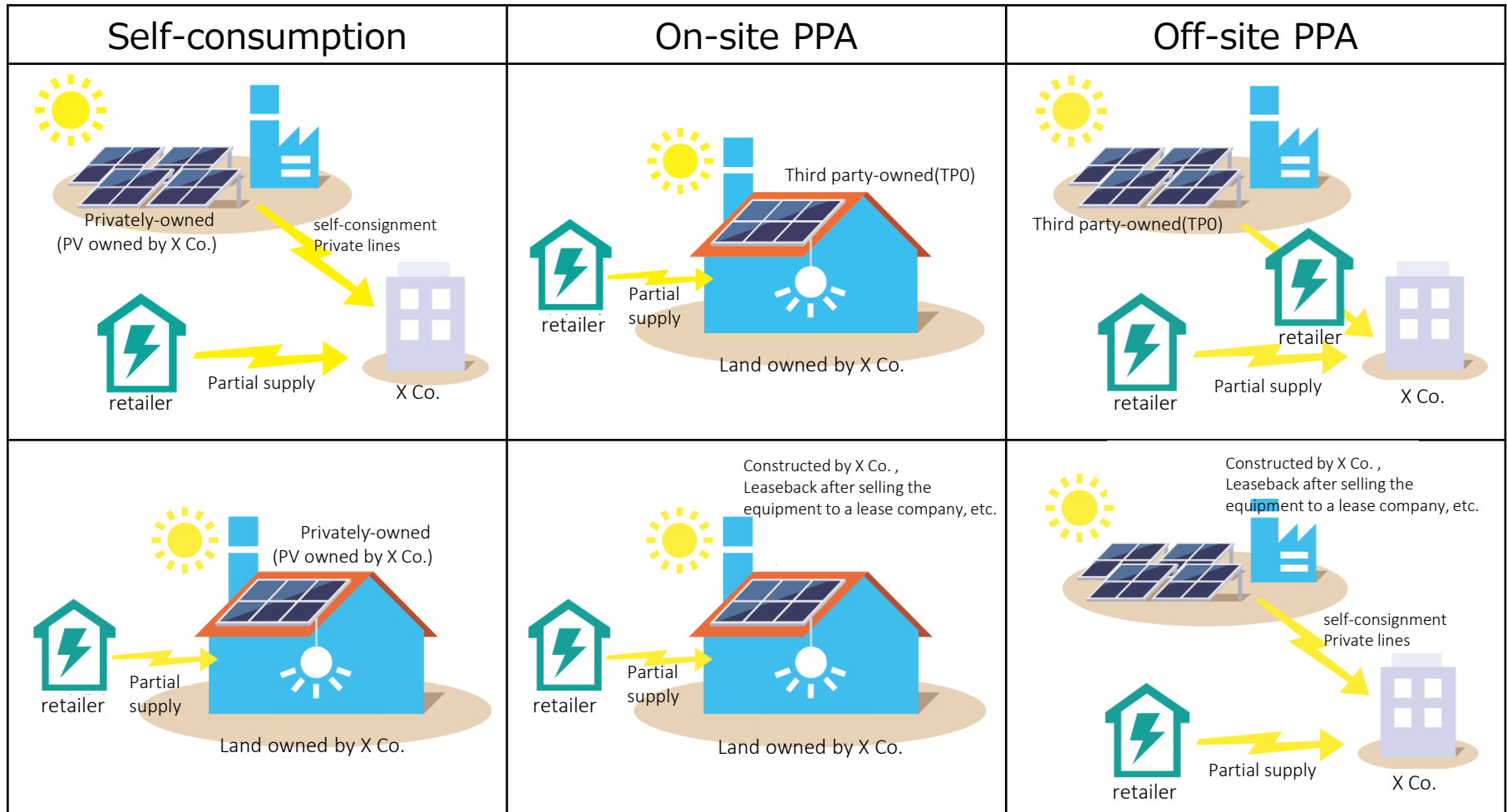
Build a new organization dedicated to the residential PV market, aiming to actively develop the market.

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.

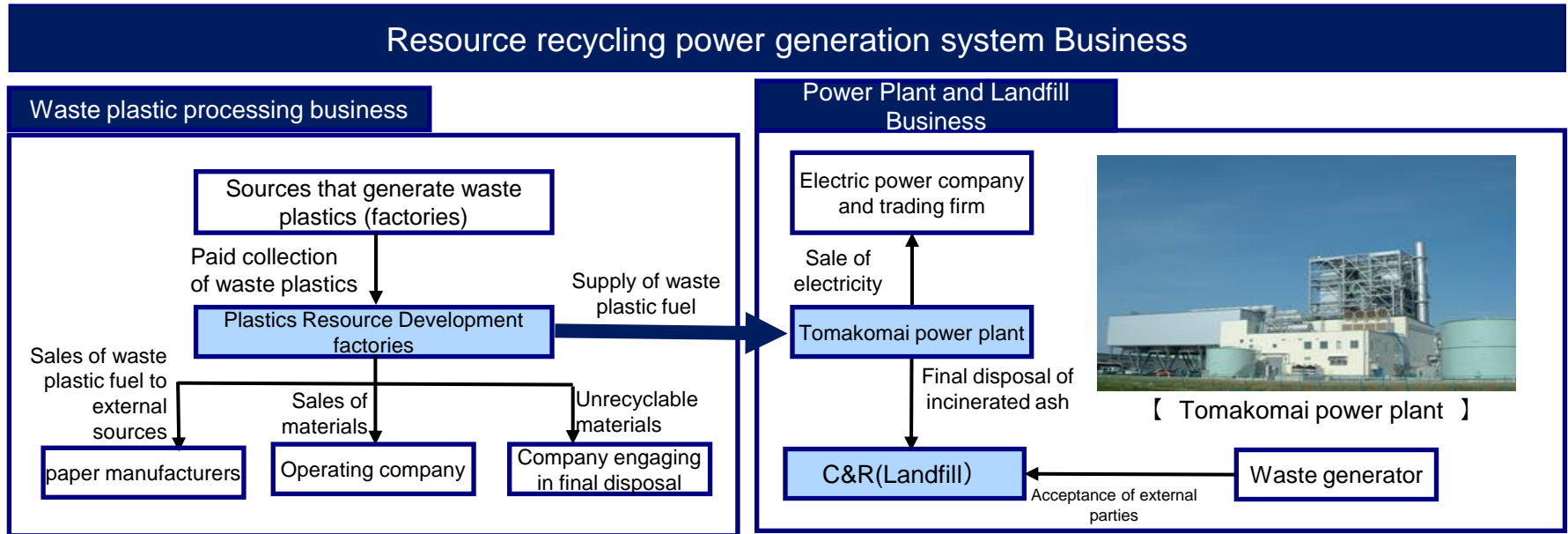
Organize a cooperative system for the development of a range of services, starting sales in earnest this fiscal year. Expand the services offered through continued collaboration with other companies and the utilization of our own PPS business.

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.



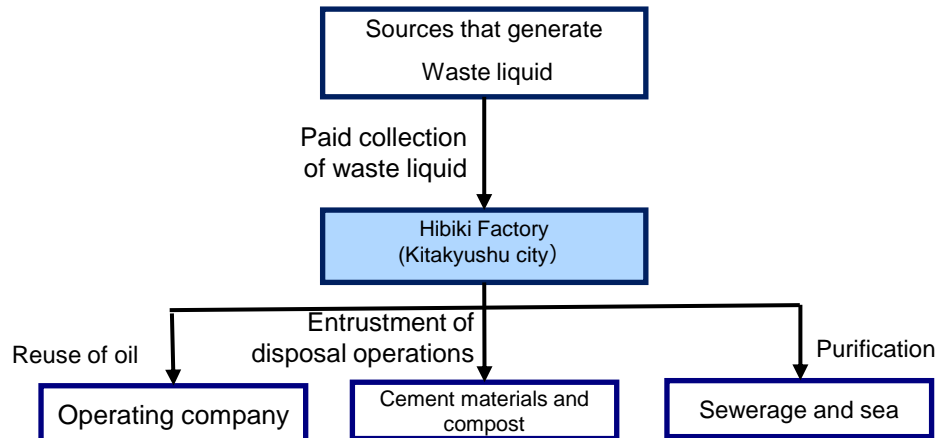
Source: he "Toward the popularization of power generation businesses" page of the Japan Photovoltaic Energy Association's website. Edited by the Company.

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