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February 14, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: SANIX INCORPORATED
 Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 4651
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 Scheduled date to file quarterly securities report: February 14, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for Institutional investor)

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

1. Consolidated financial results for the Nine months ended December 31, 2023(from April 1, 2023 to December 31, 2023)

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

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	34,275	(0.2)	2,419	117.6	2,242	139.6	1,806	178.2
December 31, 2022	34,345	(5.8)	1,111	514.0	935	-	649	-

Note: Comprehensive income For the Nine months ended December 31, 2023:¥1,861 million [185.1%]
 For the Nine months ended December 31, 2022:¥652 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2023	Yen 37.80	Yen -
December 31, 2022	13.58	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	35,167	7,929	22.5	165.46
March 31, 2023	33,586	6,068	18.0	126.51

Reference: Equity

As of December 31, 2023: ¥7,909 million
 As of March 31, 2023: ¥6,047 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	0.00	0.00	0.00	0.00	0.00
Fiscal year ending March 31, 2024	0.00	0.00	0.00		
Fiscal year ending March 31, 2024 (Forecast)				0.00	0.00

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

3. Consolidated financial forecasts for the fiscal year ended March 31, 2024(from April 1, 2023 to March 31, 2024)

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full Year	47,965	3.6	3,231	81.0	3,014	94.2	2,495	87.3	52.20

Note

1.Revision from the most recently announced forecast of consolidated business results: None

*** Notes**

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

Note :For details, please see 2. Quarterly Consolidated Financial Statements and Main Notes to the Statements (3) Notes on Consolidated Financial Statements (Changes in Accounting Policies) on page 10 of the attachment.

(4) Number of issued shares (common shares)

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

As of December 31,2023	48,919,396 shares
As of March 31,2023	48,919,396 shares

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

As of December 31,2023	1,115,133 shares
As of March 31,2023	1,114,983 shares

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

Nine months ended December 31, 2023	47,804,383 shares
Nine months ended December 31, 2022	47,804,447 shares

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

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

The forward-looking statements, including results forecasts, included in this material are based on the information that the Company has obtained and certain assumptions that the Company considers reasonable. Actual results may differ significantly for a range of factors. The assumptions for the results forecasts and cautions in the use of the forecasts are described in 1. Qualitative Information for the Nine months ended December 31, 2023, (3) Information on the Future Outlook, Including the Forecasts of Consolidated Business Results on page 4 of the Attachment

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1. Qualitative Information for the Nine months ended December 31, 2023

(1) Information of Consolidated Business Results

During the first nine months of the fiscal year under review (April 1 to December 31, 2023), the Japanese economy continued to recover moderately, partly reflecting a recovery in inbound tourism-related demand following the recategorization of COVID-19 as a class 5 infectious disease. However, the outlook still remained uncertain, largely reflecting surging resource and energy prices and rising raw materials prices linked to a weaker yen, under the unstable international situation. In this social environment, guided by its corporate philosophy, "A comfortable environment for the next generation," the Group facilitated the resolution of social issues through its businesses and continued to work to help establish a sustainable society in the residential environment, energy and resource circulation domains.

Additionally, the Group developed its Medium-Term Management Plan (FY2023 to FY2025). Based on this plan, it will begin to actively implement growth investments to enable future growth by establishing quotas for a strategic investment framework while simultaneously securing a stable financial base by enhancing its earning capacity through the steady growth of existing businesses. The Group aims to accelerate its future growth by strategically investing and continuing to expand its strategic investment framework. (Details are provided at our official website. https://sanix.jp/lang_en/e02/pdf/ir2023_5e-c.pdf) In terms of net sales, ERD Division sales increased (up 10.8% year on year) reflecting an increase in this year's electricity sales contract price in power generation sales. However, PPS(Power Producer and Supplier) Division sales decreased (down 54.6% year on year) due to the downsizing of the business to avoid risks linked to a rise in the cost of procuring electricity. As a result, the Group's consolidated net sales for the first nine months under review came to ¥34,275 million (down 0.2% year on year).

As for profits, in the ERD Division, profits improved due to an increase in the electricity sales contract price of the Tomakomai power plant. As a result, the Group's consolidated profit included operating profit of ¥2,419 million (up 117.6% year on year), ordinary profit of ¥2,242 million (up 139.6% year on year), and profit attributable to owners of parent of ¥1,806 million (up 178.2% year on year).

The consolidated results of the individual segment for the first nine months under review were as follows:

<Residential Environment Area>

a. HS (Home Sanitation) Division

The HS Division continued to strengthen its sales policy with a focus on the development of new customers as in the previous year while also accelerating initiatives with an eye toward the enhancement of its customer foundation. As a result, despite a 3.7% decrease in foundation repairs/home reinforcement systems, termite eradication services increased 8.2% year on year and under-floor/roof ventilation systems increased 5.1% year on year, which resulted in an increase of 3.1% year on year of net sales to ¥8,859 million.

Operating profit came to ¥1,277 million (up 33.6% year on year) due to a year-on-year increase in sales, as well as the effects of reduced subcontracting construction costs and fixed costs such as selling, general and administrative expenses.

b. ES (Establishment Sanitation) Division

The ES Division has been strengthening its relationships with owners of buildings and condominiums and affiliates such as property management companies. Net sales in this segment came to ¥2,007 million (up 9.6% year on year), reflecting a year-on-year increase of 43.8% in building water supply and drainage repair work, more than offsetting year-on-year decreases of 5.2% in the installation of the Company's main anti-rust product (brand name: Daelman Shock) and 3.2% in building waterproofing repair work.

Operating profit decreased 28.2% year on year to ¥34 million despite an increase in sales from the same

period of the previous fiscal year. This was due to product lines consisting of products with high cost ratios.

c. SE (Solar Engineering) Division

The SE Division, a business established in the previous fiscal year, focused on the sale of photovoltaic power generation systems developed specifically for detached houses, among other products. Although sales of storage batteries and replacement of power conditioners for existing photovoltaic power generation systems increased from the same period of the previous fiscal year, the sales level temporarily declined due to the allocation of personnel to the development of business partners. As a result, net sales in this segment decreased to ¥948 million (down 26.1% year on year).

Operating loss totaled ¥67 million (operating loss of ¥90 million in the same period of the previous fiscal year), reflecting efforts to improve profitability despite the decline in sales year on year.

<Energy Area>

d. PV(Photovoltaic) Division

The PV Division focused mainly on the sale and construction of self-consumption type photovoltaic power generation systems for corporate use, the provision of the PPA services to local governments and the sale of photovoltaic power generation systems with land, as well as replacement of devices and maintenance for existing photovoltaic power generation systems. As a result, net sales for the segment totaled ¥6,516 million (up 14.4% year on year).

Operating loss came to ¥67 million (operating loss of ¥121 million in the same period of the previous fiscal year) despite sales increasing year on year. This was partly attributable to the impact of increases in the prices of materials in particular.

e. PPS(Power Producer and Supplier) Division

The PPS Division has been reducing its business since last year, considering that maintaining profit is difficult due to a rise in the cost of electricity procurement. As a result, net sales in this segment decreased to ¥1,964 million (down 54.6% year on year).

Operating profit was ¥87 million (down 63.1% year on year). This is partly due to a decrease in sales resulting from business downsizing, in addition to a calming of the wholesale power market, although in the same period of the previous year we were able to earn a margin by selling surplus electricity procured through direct transactions in the wholesale power market, where the price was higher than the direct procurement price.

<Resource Circulation Area>

f. ERD (Environmental Resources Development) Division

In the ERD Division, plastic fuel sales decreased 1.8% year on year, organic waste water recycling rose 1.7% year on year, final disposal decreased 5.8% year on year due to a decline in the amount of waste brought in, and power plant sales climbed 56.4% year on year due to a rise in the unit contract price of electricity sold by the Tomakomai power plant. As a result, net sales in this segment increased to ¥13,978 million (up 10.8% year on year).

Operating profit for the segment amounted to ¥3,200 million (up 36.6% year on year), reflecting improved profitability due to the higher unit contract price of the electricity sold, offsetting the recording of repair expenses of legally required inspection of the Tomakomai power plant.

(2) Information of Consolidated Financial Position

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

Total assets at the end of the first nine months under review amounted to ¥35,167 million, an increase of ¥1,581 million from the end of the previous fiscal year. Total liabilities stood at ¥27,238 million, a decrease of 279 million from the end of the previous fiscal year. Net assets totaled ¥7,929 million, a rise of ¥1,861 million from the end of the previous consolidated fiscal year. As a result, the capital adequacy ratio was 22.5% (compared with 18.0% a year earlier).

(Assets)

Current assets totaled ¥14,612 million, a rise of ¥928 million from the end of the previous consolidated fiscal year. Main factors were increases in costs on uncompleted construction contracts of ¥480 million and ¥348 million in cash and deposits.

Non-current assets totaled ¥20,555 million, a rise of ¥652 million from the end of the previous consolidated fiscal year. Major factors included increases of ¥633 million in other (net) in property, plant and equipment and ¥403 million in machinery, equipment and vehicles (net) due to a rise in construction in progress, offsetting decrease of ¥147 million in buildings and structures (net) and ¥198 million yen in investments and other assets due to a decline in deferred tax assets.

(Liabilities)

Current liabilities stood at ¥16,767 million, an increase of ¥384 million from the end of the previous fiscal year. Primary factors included an increase of ¥1,027 million in accounts payable - other, which more than offset a decrease of ¥334 million in notes and accounts payable - trade.

Non-current liabilities totaled ¥10,471 million at the end of the period, a decrease of ¥664 million from the end of the previous fiscal year. Key factors were a decrease of ¥1,023 million in long-term borrowings, more than offsetting an increase of ¥300 million in corporate bonds.

(Net assets)

Net assets totaled ¥7,929 million, a rise of ¥1,861 million from the end of the previous consolidated fiscal year. The key contributions to the increase included the posting of profit attributable to owners of parent of ¥1,806 million.

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

Consolidated results forecasts for the fiscal year ending March 31,2024 remain unchanged from the consolidated results forecasts announced on May 15,2023.

2. Quarterly Consolidated Financial Statements and the Primary Notes for the Nine months ended December 31, 2023

(1) Quarterly Consolidated Balance Sheets

	(In Millions of Yen)	
	As of	As of
	March 31,2023	Dec. 31,2023
Assets :		
Current Assets :		
Cash and deposits	4,504	4,852
Notes and accounts receivable-trade	4,827	4,633
Merchandise and finished goods	163	175
Work in process-construction	134	615
Raw materials and supplies	2,901	2,975
Other	1,382	1,467
Allowance for doubtful accounts	(229)	(107)
Total Current Assets	13,683	14,612
Fixed Assets:		
Property, Plant and Equipment :		
Buildings and structures (net of depreciation)	2,355	2,207
Machinery, Equipment and Vehicles(net of depreciation)	4,286	4,689
Land	8,209	8,212
Other (net of depreciation)	1,250	1,883
Total Property, Plant and Equipment	16,100	16,992
Intangible Fixed Assets :	595	553
Investments and Other Assets :	3,206	3,008
Total Fixed Assets	19,902	20,555
Total Assets	33,586	35,167

	As of	As of
	March 31,2023	Dec.31,2023
Liabilities :		
Current Liabilities :		
Notes and accounts payable-trade	2,463	2,128
Electronically recorded obligations - operating	782	567
Short-term loans payable	3,462	3,576
Current portion of long-term loans payable	1,372	1,364
Current portion of bonds payable	200	300
Accounts payable	3,296	4,324
Accrued income taxes	350	272
Provision for bonuses	263	139
Allowance for resource-recycling expenses	11	25
Other	4,178	4,067
Total Current Liabilities	16,382	16,767
Non-Current Liabilities :		
Bonds payable	500	800
Long-term loans payable	5,472	4,448
Provision for directors' retirement benefits	4	4
Provision for disposal site closing expenses	523	560
Liability related to retirement benefits	2,104	2,179
Other	2,531	2,478

Total Non-Fixed Liabilities	11,135	10,471
Total Liabilities	27,518	27,238
Net Assets :		
Shareholders' Equity :		
Capital stock	14,041	14,041
Capital surplus	(6,666)	(4,859)
Treasury stock	(1,481)	(1,481)
Total Shareholders' Equity	5,893	7,700
Accumulated other comprehensive income :		
Valuation difference on available-for-sale securities	72	88
Foreign currency translation adjustment	106	126
Adjustment for retirement benefits (cumulative)	(24)	(6)
Total Accumulated other comprehensive income	154	209
Non-controlling Interests	20	19
Total Net Assets	6,068	7,929
Total Liabilities and Net Assets	33,586	35,167

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

	(In Millions of Yen)	
	Nine months	
	From April 1 to December 31	
	FY2022	FY2023
Net sales	34,345	34,275
Cost of sales	22,408	21,275
Gross profit	11,937	12,999
Selling, general and administrative expenses	10,825	10,579
Operating profit	1,111	2,419
Non-operating income		
Interest income	10	7
Dividends income	3	4
Land and house rent revenue	47	47
Other	88	48
Total non-operating income	149	107
Non-operating expenses :		
Interest expenses	228	191
Loss on retirement of fixed assets	55	61
Other	40	31
Total non-operating income	325	284
Ordinary profit	935	2,242
Income before income taxes and minority interests	935	2,242
Income taxes-current	174	332
Income taxes-deferred	114	104
Total income taxes	288	436
Profit or quarterly net loss	647	1,806
Profit (loss) attributable to non-controlling interests	(1)	(0)
Profit(loss) attributable to owners of parent	649	1,806

(Quarterly Consolidated Statements of Comprehensive Income)

(In Millions of Yen)

	Nine months	
	From April 1 to December 31	
	FY2022	FY2023
Quarterly profit	647	1,806
Other comprehensive income :		
Valuation difference on available-for-sale securities	14	16
Foreign currency translation adjustment	(10)	20
Retirement benefit adjustment	0	18
Total other comprehensive income	5	54
Quarterly comprehensive net income	652	1,861
(Breakdown)		
Comprehensive income attributable to owners of parent	654	1,861
Comprehensive income attributable to non-controlling interests	(1)	(0)

(3) Notes regarding the Quarterly Consolidated Financial Statements**(Notes to the Assumption of a Going Concern)**

: None

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

: None

(Segment Information, etc.)**I . Nine months ended December 31,2022 (From April 1, 2022 to December 31, 2022)****1. Information concerning the Amount of Net Sales and Operating Income (loss) by Segment**

(In Millions of Yen)

	Segments							Elimination or Group (note 1)	Consolidated (note 2)
	HS	ES	SE	PV	PPS	ERD	Total		
Net Sales:									
Sales to customers	8,591	1,832	1,283	5,696	4,322	12,619	34,345	-	34,345
Internal sales among segments and transfer accounts	-	-	-	-	-	-	-	-	-
Total	8,591	1,832	1,283	5,696	4,322	12,619	34,345	-	34,345
Operating profit(loss)	956	47	(90)	(121)	238	2,343	3,372	(2,260)	1,111

(note 1)

Negative ¥2,260 million for adjustments of Operating income (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

(note 2)

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

II . Nine months ended December 31,2023 (From April 1, 2023 to December 31, 2023)**1. Information concerning the Amount of Net Sales and Operating Income (loss) by Segment**

(In Millions of Yen)

	Segments							Elimination or Group (note 1)	Consolidated (note 2)
	HS	ES	SE	PV	PPS	ERD	Total		
Net Sales:									
Sales to customers	8,859	2,007	948	6,516	1,964	13,978	34,275	-	34,275
Internal sales among segments and transfer accounts	-	-	-	-	-	-	-	-	-
Total	8,859	2,007	948	6,516	1,964	13,978	34,275	-	34,275
Operating profit(loss)	1,277	34	(67)	(67)	87	3,200	4,463	(2,044)	2,419

(note 1)

Negative ¥2,044 million for adjustments of Operating income (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

(note 2)

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

3. Others

(1) Consolidated Net Sales by Division

(In Million of Yen)

Item	Unit	From April 1 to December 31				Comparison	
		FY2022		FY2023			
		QTY	Amount	QTY	Amount	QTY	Amount
		Termite control construction	**1,000 tsubo	454	2,991	522	3,236
Under-floor/attic ventilation system	—	—	2,136	—	2,246	—	109
Foundation Repair/ Home Reinforcement System	House	2,815	1,211	2,614	1,167	(201)	(44)
Others	—	—	2,251	—	2,209	—	(42)
Home Sanitation Division Total	—	—	8,591	—	8,859	—	267
Anti-rust equipment installation	Piece	687	790	684	749	(3)	(40)
Water supply and drainage repair	—	—	526	—	756	—	230
Waterproofing and renovation of buildings	—	—	234	—	226	—	(7)
Others	—	—	280	—	273	—	(6)
Establishment Sanitation Division Total	—	—	1,832	—	2,007	—	175
Sales and installation of PV system	—	—	1,283	—	948	—	(334)
Solar Engineering Division Total	—	—	1,283	—	948	—	(334)
Sales and installation of PV system	—	—	5,538	—	6,416	—	878
Wholesale of PV system	—	—	88	—	30	—	(58)
Others	—	—	69	—	69	—	0
Phtovoltaic Division Total	—	—	5,696	—	6,516	—	820
Sales of Electricity	—	—	4,322	—	1,964	—	(2,358)
Power Producer and Supplier Division Total	—	—	4,322	—	1,964	—	(2,358)
Plastic fuel	t	211,172	7,547	212,383	7,411	1,210	(135)
Power Plant	—	—	2,344	—	3,688	—	1,323
Waste liquid treatment	t	76,058	1,564	76,884	1,591	825	27
Landfill	—	—	799	—	753	—	(46)
Others	—	—	362	—	553	—	190
Environmental Resources Development Division Total	—	—	12,619	—	13,978	—	1,359
Others	—	—	—	—	—	—	—
Adjustment of intersegment sales	—	—	—	—	—	—	—
Total Net Sales	—	—	34,345	—	34,275	—	(70)

Note

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

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