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May 15, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: SANIX INCORPORATED  
 Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange  
 Securities code: 4651  
 URL: [https://sanix.jp/lang\\_en/](https://sanix.jp/lang_en/)  
 Representative: Hiroshi Munemasa, President and Representative Director  
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 Scheduled date of annual general meeting of shareholders : June 29, 2023  
 Scheduled date to commence dividend payments : -  
 Scheduled date to file annual securities report : June 29, 2023  
 Preparation of supplementary material on financial results : Yes  
 Holding of financial results briefing : Yes (for Institutional investor)

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

### 1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31,2023	46,277	(9.1)	1,785	-	1,552	-	1,332	-
March 31,2022	50,936	3.1	(2,618)	-	(2,900)	-	(3,449)	-

Note: Comprehensive income For the fiscal year ended March 31,2023: ¥(1,341) million [-%]  
 For the fiscal year ended March 31,2022: ¥(3,360) million [-%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31,2023	27.87	-	24.8	4.5	3.9
March 31,2022	(72.16)	-	(54.0)	(8.5)	(5.1)

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31,2023: ¥- million  
 For the fiscal year ended March 31,2022: ¥- million

## (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
March 31,2023	33,586	6,068	18.0	126.51
March 31,2022	34,953	4,732	13.5	98.52

Reference: Equity

As of March 31,2023: ¥6,047 million

As of March 31,2022: ¥4,709 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31,2023	5,034	(1,056)	(3,307)	3,916
March 31,2022	(3,067)	(2,937)	4,447	3,243

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31,2022	Yen 0.00	Yen 0.00	Yen 0.00	Yen 0.00	Yen 0.00	Millions of yen -	% -	% -
Fiscal year ended March 31,2023	0.00	0.00	0.00	0.00	0.00	-	-	-
Fiscal year ending March 31,2024 (Forecast)	0.00	0.00	0.00	0.00	0.00		-	

## 3. Consolidated financial forecasts for the fiscal year ended March 31, 2023(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
First Half	23,873	5.4	1,452	94.6	1,336	118.5	1,035	133.8	21.65
Full Year	47,965	3.6	3,231	81.0	3,014	94.2	2,495	87.3	52.20

**\* 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) 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 3.Consolidated Financial Statements and Main Notes to the Statements (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies) on page 21 of the attachment.

(3) Number of issued shares (common shares)

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

As of March 31,2023	48,919,396 shares
As of March 31,2022	48,919,396 shares

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

As of March 31,2023	1,114,983 shares
As of March 31,2022	1,114,838 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31,2023	47,804,439 shares
Fiscal year ended March 31,2022	47,804,606 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31,2023 (from April 1,2022 to March 31,2023)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31,2023	40,582	(11.1)	453	-	581	-	453	-
March 31,2022	45,627	(1.9)	(3,338)	-	(3,048)	-	(3,374)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31,2023	9.49	-
March 31,2022	(70.58)	-

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31,2023	26,556	1,472	5.5	30.79
March 31,2022	27,835	989	3.6	20.71

Reference: Equity

As of March 31,2023: ¥1,472 million

As of March 31,2022: ¥989 million

\* Financial results reports are exempt from audit 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. Information of Business Results & Financial Position for the fiscal year ended March 31, 2023, (4) Information on the Future Outlook, Including the forecasts of Consolidated Business Results on page 7 of the Attachment

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## **1. Information of Business Results & Financial Position for the fiscal year ended March 31, 2023**

### **(1) Information on Consolidated Business Results**

During the fiscal year under review, the Japanese economy continued to face uncertainty about the future due to a steep rise in the prices of natural resources and energy caused by the prolonged war between Russia and Ukraine, an increase in prices triggered by the depreciation of the yen, and other factors despite a moderate recovery resulting from measures taken to control infectious diseases and the easing of restrictions on activities amid the lingering impact of COVID-19.

In this situation, SANIX INCORPORATED and its consolidated subsidiaries (hereinafter the "Group") continued their respective operations, while ensuring that COVID-19 preventive measures were taken and working to strengthen and expand the foundation for each business.

The Group implemented a reorganization on June 1, 2022 to ensure the growth of its businesses and facilitate growth through the pursuit of synergy between the businesses, while responding flexibly to the rapidly changing market environment with the goal of creating a comfortable environment for the next generation as stated in its corporate philosophy. Consequently, the classification of reportable segments changed in the first quarter. Details are provided in the section, (3) Notes regarding the Consolidated Financial Statements (Segment Information, etc.), under 2. Consolidated Financial Statements and the Primary Notes for the Fiscal Year Ended March 31, 2023.

Accordingly, in the year-on-year comparisons below, the figures for the same period of the previous year have been restated to reflect the new segment classification in the comparative analysis. However, the year-on-year comparison of the new Solar Engineering (SE) Division, operating the business of photovoltaic power generation systems for detached houses, and the Photovoltaic (PV) Division, operating the business of photovoltaic power generation systems for corporations, is omitted due to the practical difficulty of recalculating figures from the same period of the previous year.

Looking at net sales, the Power Producer and Supplier (PPS) Division has stopped accepting new applications for power supply and demand contracts and shifted part of its retail contracts for electric power to distributor agreements to eliminate the risk of price volatility in electricity procurement. As a result, the Group's consolidated net sales for the consolidated fiscal year under review came to ¥46,277 million (down 9.1% year on year).

Although there was a serious impact of increased wholesale electricity market prices on the cost of purchasing electric power within the PPS Division in the previous fiscal year, as a result of the reduction of the risk of price volatility in market procurement, the Group's consolidated profit was recorded with operating income of ¥1,785 million

(operating loss of ¥2,618 million in the previous year), ordinary income of ¥1,552 million (ordinary loss of ¥2,900 million in the previous year), and profit attributable to owners of parent of ¥1,332 million (loss attributable to owners of parent of ¥3,449 million in the previous year).

Consolidated results of individual divisions for this fiscal year were as follows:

**a. HS (Home Sanitation) Division**

Home Sanitation (HS) Division has been working to expand the business through the opening of a new sales office while continuing to take thorough measures to prevent COVID-19 infections. However, temporary restrictions were imposed on face-to-face sales activities involving visits to detached houses due to the re-expansion of COVID-19 cases in July 2022 onward. As a result, net sales in this segment decreased to ¥11,449 million (down 7.8% year on year).

Operating income for the segment came to ¥1,337 million (down 43.9% year on year) due to an increase in personnel and other fixed expenses associated with addition of employees principally for new sales offices in addition to the decrease in sales.

**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 for the installation of the Company's main anti-rust product (brand name: Daelman Shock) decreased 6.8% year on year, and net sales for building water proofing repair work rose 54.5% year on year. Net sales for building water supply and drainage repairs also rose 12.6% year on year. As a result, net sales for the segment totaled ¥2,575 million (up 3.5% year on year).

Operating income for the segment came to ¥130 million (down 42.5% year on year) due to a rise in subcontracting construction costs in addition to an increase in personnel and other fixed expenses to strengthen the sales base.

**c. SE (Solar Engineering) Division**

**(division for sale of photovoltaic power for detached houses)**

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 and it has remained steady. As a result, net sales for the segment totaled ¥1,726 million.

The operating result was an operating loss of ¥47 million, largely due to expenses incurred for the launch of the new business division, although the Division became profitable in the second half of the year.

**d. PV(Photovoltaic) Division****(division for sale of photovoltaic power for corporations)**

Through the reorganization in June 2022, the PV Division was re-established as a unit selling photovoltaic power generation systems developed specifically for corporations. It focused on the construction of self-consumption type photovoltaic power generation systems and the maintenance of existing photovoltaic power generation systems. As a result, net sales for the segment totaled ¥8,625 million.

The operating result was operating income of ¥22 million due to a decrease in SG&A expenses resulting from the reallocation of personnel with the SE Division following the reorganization, despite higher prices of materials and supplies.

**e. PPS(Power Producer and Supplier) Division**

The PPS Division has been reducing its business since the second half of the previous fiscal year, considering that maintaining profit is difficult due to a significant rise in the cost of procurement chiefly caused by a surge in prices in the wholesale electric power market. Therefore, the Company stopped accepting new applications for power supply and demand contracts and shifted a part of its retail contracts for electric power to distributor agreements. As a result, net sales in this segment decreased to ¥5,381 million (down 45.3% year on year).

Operating income for the segment was secured mainly through the elimination of the risk of price fluctuations by shifting our power procurement to mainly direct procurement and the sale of surplus power procured through direct trading in the wholesale power trading market, where prices have been soaring. As a result, the Division posted operating income of ¥239 million (operating loss of ¥4,173 million in the previous year).

**f. ERD (Environmental Resources Development) Division**

In the ERD Division, plastic fuel sales decreased 7.0% year on year, waste water treatment decreased 0.7% year on year due to a decline in the acceptance volume of waste. Meanwhile, landfill sales rose 11.3% year on year due to an increase in treatment unit prices. In addition, power plant sales increased 4.5% year on year due to an increase in the contract price of Tomakomai power plant non-fossil certificates (without non-FIT renewable energy designation) in the non-fossil value trading market. As a result, net sales in this segment decreased to ¥16,518 million (down 2.9% year on year).

The Division posted operating income of ¥3,153 million (down 0.2% year on year).

## **(2) Information of Consolidated Financial Position**

### **Information on the status of Assets, of Liabilities, and of Net Assets**

Total assets as of the end of the fiscal year under review amounted to ¥33,586 million, a decrease of ¥1,367 million from the end of the previous consolidated fiscal year. Total liabilities stood at ¥27,518 million, a decrease of ¥2,703 million from the end of the previous consolidated fiscal year. Net assets totaled ¥6,068 million, a rise of ¥1,335 million from the end of the previous consolidated fiscal year. As a consequence, the shareholders' equity ratio stood at 18.0%.

#### **(The status of Assets)**

Current assets decreased ¥867 million compared to the end of the previous year, coming to ¥13,683 million (down 6.0% year on year). This was caused chiefly by rises in cash and deposits of ¥589 million, raw materials and supplies of ¥439 million and a decrease in accounts receivable – trade of ¥1,793 million.

Non-current assets decreased ¥499 million compared to the end of the previous year, coming to ¥19,902 million (down 2.4% year on year). Major factors include an increase in construction in progress of ¥226 million, while decreases in buildings and structures (net of depreciation) of ¥463 million, and lease and guarantee deposits of ¥224 million.

#### **(The status of Liabilities)**

Current liabilities decreased by ¥5,335 million compared to the end of the previous year to ¥16,382 million (down 24.6% year on year). The main factors were increases of ¥986 million in current portion of long-term loans payable, ¥616 million in accrued consumption taxes and account payable-other ¥331 million, despite decreases of ¥6,689 million in short-term loans payable and ¥945 million in notes and accounts payable-trade.

Non-current liabilities increased ¥2,632 million compared to the end of the previous year to ¥11,135 million (up 31.0% year on year). This was mainly attributable to decreases of ¥209 million in provision for disposal site closing expenses, ¥200 million in bonds payable, and an increase of ¥3,174 million in long-term loans payable.

#### **(The status of Net Assets)**

Net assets rose by ¥1,335 million compared to the end of the previous year and amounted to ¥6,068 million (up 28.2% year on year). Key contributors to the increase included the posting of profit attributable to owners of parent of ¥1,332 million.



### (3) Information of Consolidated Cash Flows

Cash and cash equivalents as of the end of the fiscal year under review increased by ¥673 million compared to the end of the previous year, amounting to ¥3,916 million.

The following is a summary of cash flows and major factors for the fiscal year under review.

#### (Net Cash Provided by Operating Activities)

Net cash provided by operating activities was ¥5,034 million (expenditure of ¥3,067 million in the previous year). The main factors for this were income before income taxes of ¥1,552 million and depreciation expenses of ¥1,889 million as non-cash expenditures and a decrease of ¥1,766 million in notes and accounts receivable-trade.

#### (Net Cash Provided by Investment Activities)

Net cash used in investing activities was ¥1,056 million (expenditure of ¥2,937 million in the previous year). This is mainly due to purchases of property, plant and equipment of ¥1,073 million.

#### (Net Cash Provided by Financing Activities)

Net cash used in financing activities was ¥3,307 million (proceeds of ¥4,447 million in the previous year). The main factors for this include a net decrease in short-term loans payable of ¥6,689 million, repayment of long-term loans payable of ¥892 million, and the repayment of installment payables of ¥639 million, despite proceeds from long-term loans payable of ¥5,053 million.

(Reference: The Cash Flow Indicators)

	Fiscal Year				
	FY2018	FY2019	FY2020	FY2021	FY2022
Shareholders' equity ratio	13.4%	18.5%	24.5%	13.5%	18.0%
Shareholders' equity ratio on a market price basis	37.5%	42.0%	47.5%	35.5%	40.9%
Interest-bearing liabilities ratio to cash flow	-	3.04	4.16	-	2.46
Interest coverage ratio	-	21.61	13.02	-	16.88

(Note) Shareholder's equity ratio: Shareholder's equity/Total assets

Share ratio on a market price basis: Total market value of stock/Total assets

Interest-bearing liabilities ratio to cash flow: Operating cash flow/Interest payment

Interest coverage ratio: Operating cash flow/Interest payment

1. The basis of the calculation for all values is consolidated financial data.
2. Market capitalization is calculated by multiplying the closing price of SANIX shares at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.

3. Operating cash flow refers to Cash Flows from Operating Activities according to the consolidated statement of cash flows. Interest-bearing liabilities are comprised of all liabilities on the consolidated balance sheet on which interest is payable. Interest expenditure refers to interest expenses paid according to the consolidated statement of cash flows.

#### **(4) Information on the Future Outlook, Including the forecasts of Consolidated Business Results**

Based on our corporate philosophy, "Clean and comfortable environment for the next generation," the Group will continue its efforts to establish a sustainable society through new innovation in the residential environment, resource circulation and energy domains, leveraging the experience it has accumulated in its businesses to date.

##### **(HS Division)**

The HS Division will strengthen its business foundations by facilitating the community-oriented development of further enhancing after-sales services for existing customers. It will then boost the number of personnel through recruitment and open new stores to increase the numbers of new contracts and customers.

##### **(ES Division)**

The ES Division will seek to cultivate partners such as management companies, introduce existing partners through close follow-ups, and increase opportunities for business discussions with real estate owners, while in parallel facilitating new store openings. By doing so, it will continue to expand sales channels for the mainstay anti-rust equipment installation product (brand name: Daelman Shock).

##### **(SE Division)**

The Division will work to expand the use of solar power generation systems and storage batteries for detached houses which are environmentally friendly, reduce electricity costs and can be used as power sources during a disaster. In addition, the Division will increase productivity and efficiency and facilitate the reduction of the cost of materials and components such as modules and power conditioners.

##### **(PV Division)**

In its business focused on photovoltaic power generation systems for corporations, the focus has shifted from sales of FIT systems to sales of self-consumption systems. The Division will work to expand its sales channels for self-consumption photovoltaic power generation systems that can help companies become carbon neutral, reduce electricity costs, etc., and strengthen our system for replacing equipment and the

after-sales maintenance of customers' photovoltaic power generation systems. In addition, the Division will increase productivity and efficiency and facilitate the reduction of parts and materials expenses.

**(PPS Division)**

The combination of soaring prices on the wholesale electricity market (JEPX) and global energy prices made it difficult to ensure the profitability of the retail electricity business, so we liquidated unprofitable contracts and downsized the 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.

**(ERD Division)**

The Division has been improving the quality of plastic fuels and operating its plant more efficiently. The Division will continue to strive to improve business performance by increasing acceptance volume while focusing on profitability. Through the facilitation of sales of a centralized waste management system (product name: Sanix System) at the source of emissions, which supports not only the waste treatment business but also cumbersome tasks such as contracts, management forms (manifest slips), and performance reporting to local governments, the Division will enable continuing business transactions. The Division will also aim to grow the water recycling business by facilitating the manufacturing of renewable energy while taking into consideration a role of the resource recycling business in society.

Furthermore, with the goal of commercializing the solar panel reuse/recycling business, also due to the expectation for the high volume of used solar panels in the 2030's when the solar FIT purchase period expires, the Group will proceed with the verification of solar panel recycling technologies leveraging the knowledge about solar panels it has accumulated and its strengths of its nationwide industrial waste disposal network.

Regarding the consolidated financial results forecast for the fiscal year ending March 31, 2024, although the PPS Division will be downsized, we expect an increase in both net sales and income due to base increases in other existing businesses.

Regarding its performance, the Group is expected to achieve net sales of ¥47,965 million (up 3.6% year on year), operating income of ¥3,231 million (up 81.0% year on year), ordinary income of ¥3,014 million (up 94.2% year on year), and profit attributable to owners of parent of ¥2,495 million (down 87.3% year on year).

(in Millions of Yen)

Consolidated financial forecast	FY2023	FY2022 (results)
Net Sales	47,965	46,277
Operating Income	3,231	1,785
Ordinary Income	3,014	1,552
Profit attributable to owners of parent	2,495	1,332

The above forecasts have been prepared based on information available as of the date of the announcement of the financial report. Actual results of operations may differ from forecasts due to many factors that may arise in the future.

In addition, amid the uncertain business environment which has been affected by soaring resource and energy prices and rising prices associated with the yen's depreciation, the Group has formulated the Medium-Term Business Plan (FY2023 to FY2025) as a period for laying the foundation for the achievement of the sustainable growth of its existing businesses.

For details, please refer to the Notice Concerning the Formulation of the Medium-Term Management Plan (FY 2023 to FY2025) released today (May 15, 2023).

#### Management Objectives in the Medium-Term Business Plan (FY2023 to FY2025)

(in Billions of Yen)

	(results) FY2022	Medium-Term Management Plan		
		FY2023	FY2024	FY2025
Net Sales	46.2	48.0	50.0	53.0
Operating Income	1.7	3.2	3.2	3.0
EBITDA	3.6	4.8	4.9	5.0
ROE	24.8%	35.0%	24.0%	16.0%
ROIC	8.4%	14.0%	12.0%	10.0%
Equity ratio	18.0%	22.0%	27.0%	30.0%

(Note) EBITDA = Operating income + Depreciation

## **2. Basic Position regarding the Choice of Accounting Standards**

The Group will use the Japanese standards for the time being. In addition, our policy is to take proper steps toward the adoption of the International Financial Reporting Standards while giving due consideration to the circumstances in Japan and other countries.

### 3. Consolidated Financial Statements and Main Notes to the Statements

#### (1) Consolidated Balance Sheets

	(In Millions of Yen)	
	As of March 31	
	FY2021	FY2022
<b>Assets:</b>		
Current Assets:		
Cash and deposits	3,914	4,504
Notes receivable	26	53
Accounts receivable	6,567	4,774
Merchandise and finished goods	81	163
Work in process-construction	201	134
Raw materials and supplies	2,462	2,901
Other	1,453	1,382
Allowance for doubtful accounts	(154)	(229)
Total current assets	14,451	13,683
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures, net	11,096	11,266
Less: Accumulated depreciation	(8,277)	(8,911)
Buildings and structures (net of depreciation)	2,818	2,355
Machinery, Equipment and vehicles, net	14,629	14,816
Less: Accumulated depreciation	(10,394)	(10,529)
Machinery, Equipment and vehicles (net of depreciation)	4,235	4,286
Land	8,314	8,209
Lease assets, net	1,581	1,657
Less: Accumulated depreciation	(780)	(846)
Lease Assets, net	800	810
Construction in progress	41	268
Other, net	888	868
Less: Accumulated depreciation	(717)	(697)
Other, net	170	170
Total Tangible fixed assets	16,382	16,100
Intangible fixed assets	701	595
Investments and other assets:		
Investment securities	103	141
Deferred tax assets	592	698
Lease and guarantee deposits	794	570
Other	2,383	2,219
Allowance for doubtful accounts	(555)	(424)
Total investments and other assets	3,318	3,206
Total fixed assets	20,401	19,902
<b>Total Assets</b>	<b>34,953</b>	<b>33,586</b>

(In Millions of Yen)

	As of March 31	
	FY2021	FY2022
<b>Liabilities:</b>		
Current Liabilities:		
Notes and accounts payable-trade	3,408	2,463
Electronically recorded obligations - operating	389	782
Short-term loans payable	10,151	3,462
Current portion of long-term loans payable	386	1,372
Current portion of bonds payable	200	200
Accounts payable	2,964	3,296
Accrued expenses	1,107	1,112
Lease obligations	510	530
Accrued income taxes	307	350
Accrued consumption taxes	137	753
Contract liabilities	1,705	1,587
Provision for bonus	273	263
Allowance for resource-recycling expenses	8	11
Other	166	194
Total current liabilities	21,718	16,382
Non-Current Liabilities:		
Bonds payable	700	500
Long-term loans payable	2,297	5,472
Lease obligations	1,022	841
Long-term lease deposited	45	45
Provision for directors' retirement benefits	4	4
Provision for disposal site closing expenses	732	523
Liability related to retirement benefits	1,963	2,104
Other	1,737	1,643
Total non-current liabilities	8,503	11,135
<b>Total Liabilities</b>	<b>30,221</b>	<b>27,518</b>
<b>Net Assets:</b>		
Shareholders' Equity:		
Capital stock	14,041	14,041
Capital surplus	1	-
Retained earnings	(7,995)	(6,666)
Treasury stock	(1,481)	(1,481)
Total shareholders' equity	4,566	5,893
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	43	72
Foreign currency translation adjustment	100	106
Adjustment for retirement benefits (cumulative)	(0)	(24)
Total Accumulated other comprehensive income	142	154
Non-controlling Interests	22	20
Total Net Assets	4,732	6,068
<b>Total Liabilities and Assets</b>	<b>34,953</b>	<b>33,586</b>

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

	(In Millions of Yen)	
	From April 1 to March 31	
	FY2021	FY2022
Net sales	50,936	<b>46,277</b>
Cost of Sales	38,842	<b>30,068</b>
Gross Profit	12,093	<b>16,208</b>
Selling, General and Administrative expenses		
Sales commission	696	<b>650</b>
Advertising expenses	353	<b>341</b>
Provision of allowance for doubtful accounts	(14)	<b>77</b>
Salaries and bonuses	7,406	<b>7,224</b>
Provision for bonuses	171	<b>183</b>
Retirement benefit expenses	195	<b>194</b>
Legal welfare expenses	1,053	<b>1,077</b>
Rent expenses	1,030	<b>1,060</b>
Depreciation	345	<b>368</b>
Other	3,474	<b>3,243</b>
Total selling, general and administrative expenses	14,711	<b>14,423</b>
Operating Income (Loss)	(2,618)	<b>1,785</b>
Non-Operating Income:		
Interest income	12	<b>13</b>
Dividends income	2	<b>3</b>
Land and house rent revenue	63	<b>63</b>
Subsidy income	7	<b>27</b>
Other	51	<b>76</b>
Total non-operating income	137	<b>185</b>
Non-Operating Expenses:		
Interest expenses	251	<b>299</b>
Commission expenses	25	<b>21</b>
Loss on retirement of non-current asset	75	<b>66</b>
Other	68	<b>30</b>
Total non-operating expenses	420	<b>418</b>
Ordinary Income (Loss)	(2,900)	<b>1,552</b>
Extraordinary losses		
Impairment losses	226	-
Total extraordinary losses	226	-
Income (Loss) Before Income Taxes and Minority Interests	(3,127)	<b>1,552</b>
Income Taxes-Current	246	<b>341</b>
Income Taxes-Deferred	78	<b>(119)</b>
Total Income Taxes	325	<b>222</b>
Net Income	(3,452)	<b>1,329</b>
Net Income (Loss) Belonging to the Non-Controlling Shareholders	(3)	<b>(2)</b>
Net income (Loss) Belonging to the Shareholders of the Parent Company	(3,449)	<b>1,332</b>

**(Consolidated Statements of Comprehensive Income)**

	(In Millions of Yen)	
	From April 1 to March 31	
	FY2021	FY2022
Income Before Minority Interests	<b>(3,452)</b>	<b>1,329</b>
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	<b>(11)</b>	<b>29</b>
Foreign currency translation adjustment	<b>99</b>	<b>6</b>
Retirement benefit adjustment	<b>5</b>	<b>(24)</b>
Total other comprehensive income	<b>92</b>	<b>11</b>
Comprehensive Net Income	<b>(3,360)</b>	<b>1,341</b>
Comprehensive Income Attributable to		
Comprehensive income (loss) belonging to the shareholders of the parent company	<b>(3,357)</b>	<b>1,343</b>
Comprehensive income (loss) belonging to non-controlling shareholders	<b>(3)</b>	<b>(2)</b>

**(3) Consolidated Statements of Changes in Net Assets****The previous consolidated fiscal year (April 1, 2021 to March 31, 2022)**

(In Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	14,041	1	(4,541)	(1,481)	8,020
Cumulative effects of changes in accounting policies			(4)		(4)
Restated balance	14,041	1	(4,545)	(1,481)	8,016
Changes of items during the period					
Net loss belonging to the shareholders of the parent company			(3,449)		(3,449)
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					
Transfer from retained earnings to capital surplus					
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	(3,449)	(0)	(3,449)
Balance at the end of current period	14,041	1	(7,995)	(1,481)	4,566

(In Millions of Yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	55	1	(5)	50	25	8,097
Cumulative effects of changes in accounting policies						(4)
Restated balance	55	1	(5)	50	25	8,092
Changes of items during the period						
Net loss belonging to the shareholders of the parent company						(3,449)
Purchase of treasury stock						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						
Transfer from retained earnings to capital surplus						
Net changes of items other than shareholders' equity	(11)	99	5	92	(3)	89
Total changes of items during the period	(11)	99	5	92	(3)	(3,360)
Balance at the end of current period	43	100	(0)	142	22	4,732

**The consolidated fiscal year (April 1, 2022 to March 31, 2023)**

(In Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	14,041	1	(7,995)	(1,481)	4,566
Changes of items during the period					
Net loss belonging to the shareholders of the parent company			1,332		1,332
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(5)			(5)
Transfer from retained earnings to capital surplus		3	(3)		-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(1)	1,329	(0)	1,327
Balance at the end of current period	14,041	-	(6,666)	(1,481)	5,893

(In Millions of Yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available for sale securities	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	43	100	(0)	142	22	4,732
Changes of items during the period						
Net loss belonging to the shareholders of the parent company						1332
Purchase of treasury stock						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(5)
Transfer from retained earnings to capital surplus						-
Net changes of items other than shareholders' equity	29	6	(24)	11	(2)	8
Total changes of items during the period	29	6	(24)	11	(2)	1,335
Balance at the end of current period	72	106	(24)	154	20	6,068

**(4) Consolidated Statements of Cash Flows**

(In Millions of Yen)

	April 1 to March 31	
	FY2021	FY2022
<b>Net Cash Provided by (used in) Operating Activities :</b>		
Income before income taxes and minority interests	(3,127)	1,552
Depreciation and amortization	1,509	1,889
Impairment losses	226	-
Increase (Decrease) in provision for retirement benefits for directors	(5)	-
Increase (Decrease) in provision for bonuses	17	(10)
Increase (Decrease) in allowance for disposal site closing expenses	57	(209)
Increase (Decrease) in liabilities in retirement	109	117
Increase (Decrease) in allowance for doubtful accounts	(44)	(57)
Interest and dividends income	(14)	(17)
Interest expenses	251	299
Decrease (Increase) in notes and accounts receivable-trade	(1,332)	1,766
Decrease (Increase) in inventories	301	(452)
Decrease (Increase) in other current assets	(88)	150
Increase (Decrease) in notes and accounts payable-trade	(390)	(558)
Increase (Decrease) in accounts payable – other	138	209
Increase (Decrease) in consumption tax refund receivable	(465)	616
Increase (Decrease) in other current liabilities	71	(96)
Other	30	444
Subtotal	(2,756)	5,645
Interest and dividends income received	14	15
Interest expenses paid	(243)	(298)
Income taxes paid	(172)	(374)
Income taxes refund	90	46
Net cash provided by operating activities	(3,067)	5,034
<b>Net Cash Provided by (used in) Investment Activities:</b>		
Payments into time deposits	(851)	(998)
Proceeds from withdrawal of time deposits	747	1,089
Purchase of tangible fixed assets	(2,494)	(1,073)
Proceeds from sales of tangible fixed assets	20	7
Purchase of intangible assets	(140)	(62)
Other	(217)	(18)
Net cash provided by investing activities	(2,937)	(1,056)

	April 1 to March 31	
	FY2021	FY2022
<b>Net Cash Provided by (used in) Financing Activities:</b>		
Increase (Decrease) in short-term loans payable	3,521	(6,689)
Proceeds from long-term loans payable	297	5,053
Repayments of long-term loans payable	(261)	(892)
Proceeds from issuance of bonds	1,000	-
Redemption of bonds	(600)	(200)
Proceeds from sale and leaseback transactions	185	66
Repayments of finance lease liabilities	(476)	(504)
Proceeds from sale and installment back	1,227	524
Repayments of installment payables	(420)	(639)
Other	(25)	(26)
Net cash provided by financing activities	4,447	(3,307)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	39	3
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,517)	673
<b>Balance of Cash and Equivalents at beginning of period</b>	4,760	3,243
<b>Balance of Cash and Equivalents at end of period</b>	3,243	3,916

**(5) Notes to the Consolidated Financial Statements****(Notes to Assumption of Going Concern)**

: None

**(Changes in accounting policies)**

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has decided to adopt the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Implementation Guidance") from the beginning of the fiscal year under review and apply the new accounting policy stipulated in the Fair Value Measurement Implementation Guidance according to the provisional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. The adoption of the implementation guidance has no impact on the consolidated financial statements.

**(Additional information)**

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some of its consolidated subsidiaries in Japan made a shift from the consolidated taxation system to the group tax sharing system in the fiscal year under review. Consequently, with respect to accounting processing and disclosures for income tax, local corporate income tax and tax effect accounting, the Company started to apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force No. 42 issued August 12, 2021, hereinafter "PITF No. 42"). In addition, based on Paragraph 32-(1) of PITF No. 42, the Company considers that there will be no impact of changes in its accounting policy resulting from the application of PITF No. 42.

**(Segment information)****I . Overview of reportable segments**

The Group's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the company's Board of Directors to decide how to allocate resources and assess performance.

**HS Division**

The segment performs construction related to environmental sanitation for general households, specifically termite extermination, basic repair work and the construction of underfloor and ceiling ventilation systems.

**ES Division**

The segment performs construction related to environmental sanitation for companies, specifically the maintenance and construction of water supply and drainage facilities of buildings and condominiums.

**SE Division**

The Division sells and installs photovoltaic power generation systems and storage batteries for detached houses.

**PV Division**

The Division sells and installs photovoltaic power generation systems and other systems for corporations. The Company also wholesales photovoltaic power generation systems and equipment.

**PPS Division**

The Division is engaged in the retail sale of electric power to households and corporations.

**ERD Division**

The Company processes waste plastics collected as industrial waste and sells plastic fuels to SANIX ENERGY INCORPORATED, a consolidated subsidiary. The subsidiary operates the power generation business by using plastic fuels purchased from the Company and its consolidated subsidiary Hokkaido SANIX Environment Incorporated, and incinerated ashes generated by SANIX ENERGY INCORPORATED are disposed of by C&R Landfill Incorporated, a consolidated

subsidiary. SE Wings Inc. is purchasing electricity from SANIX ENERGY INCORPORATED and sell to consumers.

In addition, it accepts and processes organic waste water from the foodservice industry and food factories.

Starting the current fiscal year, the Group has undergone a reorganization with the aim of facilitating growth by pursuing synergy between businesses. As a result, the reportable segments are as follows: the HS Division, ES Division, SE Division, PV Division, PPS Division, and ERD Division.

The segment information for the previous fiscal year presented in this report has been prepared based on the reportable segment for the fiscal year under review.

However, it is practically difficult to prepare a report for the photovoltaic power generation system business for detached houses that was included in the former SE Division by dating back the necessary financial information and including it in the new SE Division. Therefore, it is included in the PV Division.

## II. Calculation method of net sales, profits, losses, assets, liabilities and other items by reporting segment

The accounting method of reported business segments complies with the accounting policy adopted for preparing consolidated financial statements.

Profits in the reportable segments are based on operating income.

Intersegment sales and transfers are determined by reference to current market values.

### III.Information concerning the Amount of Net Sales and Operating Income (loss) by segment

i) FY2021 (From April 1, 2021 to March 31, 2022)

(In Millions of Yen)

	Segments							Others	Total	Eliminati on or Group (note 2)	Consolidated (note 3)
	HS	ES	SE	PV	PPS	ERD	Total				
Sales:											
Sales to customers	12,421	2,487	—	8,780	9,808	16,979	50,477	459	50,936	—	50,936
Internal sales among segments and transfer accounts	—	—	—	—	27	28	56	—	56	(56)	—
Total	12,421	2,487	—	8,780	9,836	17,008	50,533	459	50,993	(56)	50,936
Operating income(loss)	2,382	227	—	(473)	(4,173)	3,158	1,121	(262)	859	(3,477)	(2,618)
Assets	2,595	343	—	5,364	3,103	17,686	29,094	45	29,140	5,813	34,953
Others:											
Depreciation	44	3	—	63	1	1,098	1,210	1	1,212	297	1,509
Impairment losses	—	—	—	186	35	—	221	4	226	—	226
Increase in property, plant and equipment and intangible assets	51	3	—	26	24	2,410	2,516	0	2,517	259	2,776

(note1) The “Other” segment is a retail business selling photovoltaic power generation and electric power as a set to detached houses through alliances with other companies.

(note2) Negative ¥3,477 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.

(note3) An adjustment of segment assets is the Company assets of ¥5,813 million that are not allocated to the reportable segments and consist mainly of surplus funds for investment (cash and deposits), long-term invested funds (investment securities) and assets related to administrative divisions.

(note4) Operating income (loss) is adjusted to operating loss of consolidated statements of income.

## ii) FY2022 (From April 1, 2022 to March 31, 2023)

(In Millions of Yen)

	Segments							Others	Total	Eliminati on or Group (note 2)	Consolidated (note 3)
	HS	ES	SE	PV	PPS	ERD	Total				
Sales:											
Sales to customers	11,449	2,575	1,726	8,625	5,381	16,518	46,277	—	46,277	—	46,277
Internal sales among segments and transfer accounts	—	—	—	—	—	—	—	—	—	—	—
Total	11,449	2,575	1,726	8,625	5,381	16,518	46,277	—	46,277	—	46,277
Operating income(loss)	1,337	130	(47)	22	239	3,153	4,835	—	4,835	(3,050)	1,785
Assets	2,645	464	669	5,040	887	17,809	27,516	—	27,516	6,069	33,586
Others:											
Depreciation	45	2	0	36	0	1,494	1,580	—	1,580	308	1,889
Increase in property, plant and equipment and intangible assets	49	0	1	61	2	1,322	1,436	—	1,436	129	1,566

(note1) Negative ¥3,050 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.

(note2) An adjustment of segment assets is the Company assets of ¥6,069 million that are not allocated to the reportable segments and consist mainly of surplus funds for investment (cash and deposits), long-term invested funds (investment securities) and assets related to administrative divisions.

(note3) Operating income (loss) is adjusted to operating loss of consolidated statements of income.

## (Per-share information)

	FY2021 (Apr.1, 2021 to Mar.31, 2022)	FY2022 (Apr.1, 2022 to Mar.31, 2023)
Net assets per share	¥98.52	¥126.51
Net Income per Share, Diluted	(¥72.16)	¥27.87

(note1) The diluted earnings per share for the fiscal year under review is not stated because there are no residual shares. The diluted earnings per share for the previous fiscal year is not stated because it is net loss per share and there are no residual shares.

(note2) The calculation basis of net assets per share is as follows.

	FY2021 (Apr.1, 2021 to Mar.31, 2022)	FY2022 (Apr.1, 2022 to Mar.31, 2023)
Total amount in net assets (¥ million)	4,732	6,068
Amounts deducted from the total amount in net assets (¥ million)	22	20
Non-controlling interests (¥ million)	(22)	(20)
Net assets at the end of period on common shares (¥ million)	4,709	6,047
Number of common shares at the end of period used in calculation of net assets per share (shares)	47,804,558	47,804,413

(note3) The calculation basis of net income per share is as follows.

	FY2021 (Apr.1, 2021 to Mar.31, 2022)	FY2022 (Apr.1, 2022 to Mar.31, 2023)
Net Income per Share, Diluted (¥ million)	(3,449)	1,332
The calculation basis of net income per share is as follows (¥ million)	—	—
Profit attributable to owners of parent on common shares (¥ million)	(3,449)	1,332
Average number of common shares during the fiscal year (shares)	47,804,606	47,804,439

## (Significant subsequent events)

None

#### 4. Supplemental Information

##### Consolidated Net Sales by Division

(In Million of Yen)

Item	Unit	From April 1 to March 31				Comparison	
		FY2021		FY2022			
		QTY	Amount	QTY	Amount	QTY	Amount
Termite control construction	*1,000 tsubo	589	3,641	607	3,939	17	298
Under-floor/attic ventilation system	—	—	3,141	—	2,869	—	-271
Foundation Repair/ Home Reinforcement System	House	4,957	2,054	3,943	1,692	(1,014)	-361
Others	—	—	3,584	—	2,948	—	-636
<b>Home Sanitation Division Total</b>	—	—	12,421	—	11,449	—	-971
Anti-rust equipment installation	Piece	1,171	1,221	997	1,138	(174)	-82
Water supply and drainage repair	—	—	659	—	742	—	83
Waterproofing and renovation of buildings	—	—	207	—	320	—	113
Others	—	—	398	—	373	—	-25
<b>Establishment Sanitation Division Total</b>	—	—	2,487	—	2,575	—	88
Sales and installation of PV system	—	—	—	—	1,726	—	—
<b>Solar Engineering Division Total</b>	—	—	—	—	1,726	—	—
Sales and installation of PV system	—	—	8,447	—	8,389	—	—
Wholesale of PV system	—	—	261	—	143	—	—
Others	—	—	71	—	93	—	—
<b>Phtovoltaic Division Total</b>	—	—	8,780	—	8,625	—	—
Sales of Electricity	—	—	9,836	—	5,381	—	-4,454
<b>Power Producer and Supplier Division Total</b>	—	—	9,836	—	5,381	—	-4,454
Plastic fuel	t	281,801	10,574	273,475	9,829	(8,326)	-745
Power Plant	—	—	2,986	—	3,122	—	135
Waste liquid treatment	t	102,210	2,073	99,656	2,059	(2,554)	-14
Landfill	—	—	911	—	1,014	—	103
Others	—	—	461	—	492	—	30
<b>Environmental Resources Development Division Total</b>	—	—	17,008	—	16,518	—	-489
Others	—	—	459	—	—	—	-459
Adjustment of intersegment sales	—	—	(56)	—	—	—	56
<b>Total Net Sales</b>	—	—	50,936	—	46,277	—	-4,659

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

(Note 2) 1,000 tsubo is approximately 3,305.785 m<sup>2</sup>.

(Note 3) The Group reclassified its reportable segments in the second quarter under review, and year-on-year comparisons of the SE Division and the PV Division are omitted due to the practical difficulty of recalculating figures for the same period of the previous year.