



SANIX INCORPORATED

Summary of Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2020

[Japanese Standards]

The financial figures in this document are based on Japanese Accounting Standards and accompanying laws. Amounts are rounded off to 1 decimal place. This document is an English translation of the Japanese-language original.

Consolidated Financial Statements for the Fiscal Year ended March 31,

SANIX INCORPORATED

Stock Listed: Tokyo Stock Exchange First Section, Fukuoka Stock Exchange
 Code No: 4651
 URL: <https://sanix.jp>
 President and CEO: Hiroshi Munemasa
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 General Manager of Corporate Planning Division, Administration Division and
 Management & Planning Division

1. Business Results – Operating results for the Fiscal Year ended March 31, 2020(April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

(In Millions of Yen)

	Fiscal Year			
	From April 1 to March 31			
	FY2019	%change	FY2018	%change
Net Sales	52,531	3.6%	50,719	1.5%
Operating Income	2,791	127.9%	1,224	(1.7%)
Ordinary Income	2,592	119.2%	1,182	16.0%
Net Income	1,850	670.7%	240	(79.6%)
Net Income per Share (¥)	¥38.72	—	¥5.02	—
Net Income per Share, Diluted(¥)	—	—	—	—
Return on Equity	36.3	—	5.9	—
Ratio of Recurring Profit to Net Assets	8.2	—	3.9	—
Ratio of Operating Income to Net Sales	5.3	—	2.4	—
(Note) Comprehensive Income	1,863	—	117	(90.4%)

(2) Consolidated Financial Position

(In Millions of Yen)

	Fiscal Year	
	As of March 31	
	FY2019	FY2018
Total Assets	32,514	31,009
Net Assets	6,056	4,193
Shareholders' Equity Ratio (%)	18.5%	13.4%
Net assets per share(¥)	¥126.15	¥87.08
(Reference) Equity Capital	6,030	4,162

(3) Consolidated Financial Cash Flows

(In Millions of Yen)

	Fiscal Year	
	From April 1 to March 31	
	FY2019	FY2018
Cash Flows from Operating Activities.....	4,080	(25)
Cash Flows from Investing Activities.....	(2,154)	(947)
Cash Flows from Financing Activities	(1,110)	392
Cash and Equivalents ,End of Period	5,259	4,497

2. Dividends

	Quarterly Period					Total Dividend paid	Payout ratio (consolidated)	Dividends to Net Assets (consolidated)
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Annual			
(Dividends per Share)								
FY2018 ended March 31, 2019	0.00	0.00	0.00	0.00	0.00	—	—	—
FY2019 ended March 31, 2020	0.00	0.00	0.00	0.00	0.00	—	—	—
FY2020 ended March 31, 2021(Forecast)	0.00	0.00	0.00	0.00	0.00		—	

3. Forecasts for Consolidated Business Results (April 1, 2020 to March 31, 2021)

Forecasts for the consolidated business results for the fiscal year ending March 31, 2021 have not yet been determined because it is difficult to rationally assess the impact that the COVID-19 outbreak will have on the Japanese economy and business results of the Company. The Company will announce them as soon as possible in the months ahead.

* Notes

(1) Changes in significant subsidiaries during the period

(Changes in scope of consolidations resulting from change in subsidiaries): None

Number of subsidiaries newly consolidated —

Name of subsidiaries newly consolidated —

Number of subsidiaries excluded from consolidation —

Name of subsidiaries excluded from consolidation —

(2) Changes in accounting policies and accounting estimates retrospective restatement

i) Changes in accounting policies based on revisions of accounting standard: None

ii) Changes in accounting policies other than ones based on revisions of accounting standard: None

iii) Changes in accounting estimates: None

iv) Retrospective restatement: None

(3) Number of issued and outstanding shares (common stock)

	(Shares)	
	End of term	
	FY 2019	FY 2018
Number of issued and outstanding shares ,end of period (including treasury stock)	48,919,396	48,919,396
Number of treasury stock at the end of period	1,114,443	1,114,173
Average number of shares during the period	47,805,137	47,805,411

(Reference) Business Result-Overview of non-consolidated Operating Results

**1. Business Results – Operating results for the Fiscal Year ended March 31, 2020
(April 1, 2019 to March 31, 2020)**

(1) Non-Consolidated Operating Results

	(In Millions of Yen)			
	Fiscal Year			
	From April 1 to March 31			
	FY2019	%change	FY2018	%change
Net Sales	49,288	3.1%	47,825	6.5%
Operating Income	1,271	147.7%	513	413.3%
Ordinary Income	1,598	119.3%	729	71.4%
Net Income	1,069	—	(62)	—
Net Income per Share (¥)	¥22.36	—	(¥1.30)	—
Net Income per Share, Diluted(¥)	—	—	—	—

(2) Non-Consolidated Financial Position

	(In Millions of Yen)	
	Fiscal Year	
	As of March 31	
	FY2019	FY2018
Total Assets	26,947	25,649
Net Assets	3,075	2,035
Shareholders' Equity Ratio (%)	11.4%	7.9%
Net assets per share(¥)	¥64.33	¥42.59
(Reference) Equity Capital	3,075	2,035

* This summary of financial statements is exempt from audit procedure required by Financial instruments and Exchange Act.

* Note to ensure appropriate use of forecasts:

on assumptions, prospects and plans as of the date of this document. Actual results may differ significantly from these forecasts, due to various factors affecting the Company's business performance, such as change in economical conditions. For details of these assumptions, prospects and plans, and for notes appropriate use of forecasts for the business results, please see page 6 of the Attachment.

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1. Information on Business Results & Financial Position for the fiscal year ended March 31, 2020

(1) Information on Consolidated Business Results

In the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020), the Japanese economy moderately recovered with corporate earnings remaining high and consumer spending on an upward trend. Toward the end of the fiscal year under review, however, the situation became extremely severe due to increased uncertainty, including the rapid deterioration of the economy due to the effects of COVID-19 and a sharp fall in crude oil prices.

Under these circumstances, the Group aimed to achieve further growth by developing new businesses and services, while prioritizing the establishment of a stable profit structure based on existing businesses under the Medium-Term Management Plan (FY2019 to FY2021).

As for net sales in the fiscal year under review, sales increased in the Solar Engineering (SE), Home Sanitation (HS), Establishment Sanitation (ES) and Environmental Resources Development (ERD) Divisions, and net sales of the entire Group stood at ¥52,531 million (up 3.6% year on year).

Profit increased significantly as a reaction to the adverse effects of the Hokkaido Eastern Iburi earthquake that occurred in the previous fiscal year in the ERD Division.

As a result, for the entire Group, operating income came to ¥2,791 million (up 127.9% year on year), and ordinary income amounted to ¥2,592 million (up 119.2% year on year). Net income attributable to the owners of the parent company stood at ¥1,850 million (up 670.7% year on year), showing a significant rise as a result of posting expenses for restoring the facilities due the aforementioned earthquake as extraordinary losses of ¥472 million in the previous fiscal year.

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

a. Solar Engineering (SE) Division

In the SE Division, the solar electric power market, which had continued contracting, bottomed out and turned upward from the previous fiscal year. The Company also reviewed sales prices in response to lower FIT prices and promoted new sales approaches, such as sales of solar electric power systems with land for investors who do not own land. As a result, sales of solar electric power systems increased 8.4% year on year, and net sales came to ¥15,195 million (up 5.3% year on year).

Operating income increased due to higher sales and a fall in the cost of materials, but the Division decided to record inventories for power conditioners that were manufactured in house and posted ¥644 million as a loss on valuation of inventories. This was because the Division revised the sales forecast and took the collectability of receivables into account following the abolishment of sales of all electricity of 10kW or

more and less than 50kW and its shift from surplus electricity sales to sales for self-consumption in the FIT system from FY2020. As a result, the Division posted operating income of ¥901 million (down 25.1% year on year).

b. Home Sanitation (HS) Division

The HS Division strengthened the sales and construction systems for the Division to be able to carefully craft proposals for the maintenance of ordinary houses by increasing personnel through recruitment and newly establishing two sales bases (Karatsu Sales Office and Omura Sales Office). As a result, termite extermination increased 3.1% year on year, and underfloor/ceiling ventilation systems rose 38.8% year on year, resulting in the division's sales of ¥11,235 million (up 4.5% year on year).

Operating income stood at ¥2,061 million (down 7.6% year on year) due to a rise in costs such as personnel expenses caused by the addition of personnel to expand our operations despite higher sales.

c. Establishment Sanitation (ES) Division

The ES Division enhanced relationships with the owners of buildings and condominiums and partner companies, including management companies, by increasing personnel through recruitment and newly establishing a sales base (Saitama Office). As a result, sales of anti-rust equipment installation (brand name: Daelman Shock), our main product, increased 21.3% year on year, and sales of building waterproof paint repair increased 55.3% year on year, resulting in the division's sales of ¥2,261 million (up 17.4% year on year).

Operating income declined to ¥281 million (down 1.9% year on year) due to a rise in costs such as personnel expenses caused by the addition of personnel to expand the operations size despite higher sales.

d. Environmental Resources Development (ERD) Division

Plastic fuel sales increased 17.4% year on year because the Division emphasized an improvement in the profitability and quality of plastic fuels, although the acceptance volume of waste plastics decreased due to the careful examination of accepted articles. At the Tomakomai Power Plant, power plant sales increased 43.5% year on year as a reaction to six months of suspended operation in the third and fourth quarters of the previous fiscal year (September 2018 to March 2019) caused by the Hokkaido Eastern Iburi earthquake. Final disposal also rose 42.4% year on year. As a result, net sales amounted to ¥16,759 million (up 18.7% year on year).

Operating income increased to ¥3,483 million (up 721.7% year on year) thanks to a rise in the number of operation days at the Tomakomai Power Plant and higher sales of the final disposal business, in addition to an improvement in the profitability and quality of plastic fuels due to the careful examination of waste plastics and accepted articles in the organic wastewater recycling.

e. Energy Business (EB) Division

In the Energy Business Division, net sales declined due to a fall in retail sales caused by the declining number of high pressure contracts in the Power Producer and Supplier (PPS) business and a fall in the wholesale unit price caused by declining transaction prices in the wholesale market (JEPX). On the other hand, the Division started business that combined solar power generation and electricity retailing as a set in partnership with other companies, but this was insufficient to offset the sales decline. As a result, net sales stood at ¥9,132 million (down 13.9% year on year).

The Division posted an operating loss of ¥485 million (compared with operating income of ¥412 million in the previous fiscal year) due to lower net sales and the impact of the falling profit ratio resulted from the rising wholesale ratio.

(2) Information on 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 ¥32,514 million, an increase of ¥1,505 million from the end of the previous consolidated fiscal year.

Total liabilities stood at ¥26,458 million, a decrease of ¥357 million from the end of the previous consolidated fiscal year. Net assets totaled ¥6,056 million, a rise of ¥1,862 million from the end of the previous consolidated fiscal year. As a consequence, the shareholders equity ratio stood at 18.5% as of March 31, 2020.

(The status of Assets)

Current assets decreased ¥336 million, or 2.0%, year on year and stood at ¥16,277 million, which was caused chiefly by a decrease in merchandise and finished goods of ¥963 million, despite an increase in cash and deposits of ¥681 million.

Fixed assets increased ¥1,841 million, or 12.8%, year on year and came to ¥16,237 million, which was caused chiefly by increases in construction in progress of ¥763 million and machinery, equipment and vehicles of ¥716 million.

(The status of Liabilities)

Current liabilities decreased ¥1,953 million, or 8.3%, year on year and stood at ¥21,576 million, which was attributable largely to a decrease in short-term loans payable of ¥2,772 million, while current portion of long-term loans payable increased ¥784 million.

Non-current liabilities increased ¥1,596 million, or 48.6%, year on year and arrived at ¥4,881 million, which was attributable chiefly to increases in bonds of ¥500 million, lease obligations of ¥238 million and liability related to retirement benefits of ¥85 million.

(The status of Net Assets)

Net assets rose ¥1,862 million, or 44.4%, year on year and came to ¥6,056 million, which was caused mainly by the posting of profit attributable to owners of parent of ¥1,850 million.

(3) Information on Consolidated Cash Flows

Cash and cash equivalents (hereinafter called “funds”) as of the end of the fiscal year under review was ¥5,259 million, an increase of ¥761 million from the end of the previous year.

Cash flows and reasons for changes in cash flows during the period are described below.

(Net Cash Provided by Operating Activities)

Net cash provided by operating activities was ¥4,080 million (expenditure of ¥25 million in the previous year), which was mainly caused by the posting of income before income taxes and minority interests of ¥2,592 million, a decrease in inventories of ¥930 million and the posting of depreciation and amortization of ¥914 million as a non-cash expenditure.

(Net Cash Provided by Investment Activities)

Net cash used in investing activities was ¥2,154 million (expenditure of ¥947 million in the previous year), which was largely caused by an expenditure of ¥1,956 million due to the purchase of property, plant and equipment.

(Net Cash Provided by Financing Activities)

Net cash used in financing activities was ¥1,110 million (proceeds of ¥392 million in the previous year), which was chiefly caused by a net decrease in short-term loans payable of ¥2,772 million, despite proceeds of ¥1,072 million due to long-term loans payable and ¥500 million due to the issuance of bonds.

(Reference: The Cash Flow Indicators)

	Fiscal Year				
	FY2015	FY2016	FY2017	FY2018	FY2019
Shareholders' equity ratio	8.3%	8.9%	13.5%	13.4%	18.5%
Shareholders' equity ratio on a market price basis	32.9%	28.9%	43.8%	37.5%	42.0%
Interest-bearing liabilities ratio to cash flow	-	8.77	5.85	-	3.04
Interest coverage ratio	-	6.76	10.81	-	21.61

(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) Outlook for the next fiscal year

Forecasts for consolidated business results for the fiscal year ending March 31, 2021 have not yet been determined because it is difficult to rationally assess the impact that the COVID-19 outbreak will have on the Japanese economy and business results of the Company. The Company will announce them as soon as possible in the months ahead.

Even under such circumstances, the Group will continue to work on the creation of a sustainable society based on its corporate philosophy of “A comfortable environment for the next generation” through new challenges by taking advantage of past business experience in the living environment, the resource cycle and the energy domains.

The SE Division has been expanding the solar power electricity business with electricity generated by solar power as an investment product based on the FIT system under the assumption that all the electricity would be purchased. However, because the FIT system has become an institutional design based on self-consumption in the fiscal year under review, the Division expects that its product concept and its proposals will undergo significant changes. For this reason, the Division expects that, in the first half of the fiscal year ending March 31, 2021, its sales activities to be centered on the construction and sales of solar electric power systems with land to which FIT has already been applied by the fiscal year ended March 31, 2020 and that are currently under review or have already been accredited. Yet the Division anticipates that the second half will be a transitional period when it will try to gradually increase self-consumption projects.

However, the Division is unable to fully implement sales activities from the standpoint of preventing the spread of COVID-19, and risks such as a decline in companies' motivation for capital investment and the tightened screening of financial institutions in lending to customers are expected. Nevertheless, the Division thinks that self-consumption-type solar power generation, which will be able to reduce environmental burdens and electricity costs, will become widespread over the medium to long term.

The HS Division has been aiming to provide customers with finely tuned services by enhancing its sales and construction systems through the active recruitment of human resources and in-depth education for their cultivation. However, given that the Division took the form of door-to-door sales in which sales personnel visit customers' houses,

the Division recognizes that this business will be the most affected by the recent spread of COVID-19. The Division will respond flexibly in its business activities in light of the situation where COVID-19 is spreading and that the central and local government request the voluntary suspension of business, etc.

The ES Division has been expanding sales channels for the anti-rust equipment installation (brand name: Daelman Shock), its main product, by cultivating partners such as management companies, introducing existing partners through close follow-ups, and increasing opportunities for direct business talks with real estate owners. The voluntary suspension of business by management companies reflecting the current spread of COVID-19 has impacts such as the fall in requests from customers, the revision of repair plans and the inspection time of buildings and condominiums.

The ERD Division has been promoting an improvement in the quality of plastic fuels and the efficient operation of plants by fully enforcing a close examination of accepted articles. The Division will continue to increase profitability by maintaining a close examination of accepted articles and will aim for growth while recognizing the role played by the resource cyclic-type business in society. As a business operator that manages waste, the Company will continue its business even under the situation where COVID-19 is spreading, but recognizes that the Company will be affected if industrial activities in Japan are diminished significantly.

The energy business division will promote a business alliance to increase the number of retail contracts and work to stabilize profitability by reviewing the business structure. The division will also promote the development of energy-related businesses in collaboration with other companies' services and will use them as a foothold to create a new business model.

(Company's measures to prevent the spread of infectious diseases by the coronavirus)

With respect to measures to address COVID-19, the Group will make efforts to continue its business in consideration of the situation that changes daily while prioritizing the safety of customers, business partners, community residents and employees and their families, preventing infections and any further spread.

(Details of the Company's measures are posted on its website)

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	
	FY2018	FY2019
Assets :		
Current Assets :		
Cash and deposits	5,238	5,919
Notes and accounts receivable-trade	6,010	5,453
Merchandise and finished goods	1,019	56
Work in process-construction	122	333
Raw materials and supplies	3,546	3,354
Other	975	1,362
Allowance for doubtful accounts	(299)	(202)
Total current assets	16,613	16,277
Fixed Assets:		
Tangible fixed assets :		
Buildings and structures, net	9,439	9,531
Less: Accumulated depreciation	(7,537)	(7,799)
Buildings and structures (net of depreciation)	1,901	1,732
Machinery, Equipment and vehicles, net	11,955	12,682
Less: Accumulated depreciation	(10,600)	(10,611)
Machinery, Equipment and vehicles (net of depreciation)	1,355	2,071
Land	7,811	8,053
Lease assets, net	1,143	1,346
Less: Accumulated depreciation	(513)	(563)
Lease Assets, net	630	782
Construction in progress	159	923
Other, net	1,013	983
Less: Accumulated depreciation	(814)	(807)
Other, net	199	176
Total Tangible fixed assets	12,057	13,739
Intangible fixed assets	262	450
Investments and other assets :		
Investment securities	129	86
Deferred tax assets	612	614
Lease and guarantee deposits	609	580
Other	1,301	1,348
Allowance for doubtful accounts	(578)	(582)
Total investments and other assets	2,074	2,047
Total fixed assets	14,395	16,237
Total Assets	31,009	32,514

(In Millions of Yen)		
As of March 31		
	FY2018	FY2019
Liabilities :		
Current Liabilities :		
Notes and accounts payable-trade	4,188	3,716
Short-term loans payable	12,297	9,525
Current portion of long-term loans payable	143	928
Accounts payable	3,930	3,471
Accrued expenses	1,098	1,156
Lease obligations	246	322
Accrued income taxes	462	687
Accrued consumption taxes	368	615
Provision for bonus	4	256
Allowance for resource-recycling expenses	12	5
Other	780	892
Total current liabilities	23,529	21,576
Non-Current Liabilities :		
Bonds payable	-	500
Long-term loans payable	210	262
Lease obligations	575	859
Long-term lease deposited	45	45
Provision for directors' retirement benefits	9	9
Provision for disposal site closing expenses	603	637
Liability related to retirement benefits	1,642	1,727
Other	198	838
Total non-current liabilities	3,285	4,881
Total Liabilities	26,815	26,458
Net Assets :		
Shareholders' Equity :		
Capital stock	14,041	14,041
Capital surplus	1	1
Retained earnings	(8,357)	(6,506)
Treasury stock	(1,481)	(1,481)
Total shareholders' equity	4,204	6,055
Valuation and translation adjustments :		
Valuation difference on available-for-sale securities	60	31
Foreign currency translation adjustment	(17)	(90)
Adjustment for retirement benefits (cumulative)	(85)	34
Total valuation and translation adjustments	(42)	(25)
Non-controlling Interests	31	26
Total Net Assets	4,193	6,056
Total Liabilities and Assets	31,009	32,514

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

(In Millions of Yen)

	From April 1 to March 31	
	FY2018	FY2019
Net sales	50,719	52,531
Cost of Sales	35,889	34,974
Gross Profit	14,830	17,556
Selling, General and Administrative expenses		
Sales commission	509	619
Advertising expenses	369	325
Provision of allowance for doubtful accounts	(38)	(62)
Salaries and bonuses	7,093	7,723
Provision for bonuses	0	163
Retirement benefit expenses	172	242
Legal welfare expenses	869	1,010
Rent expenses	931	927
Depreciation	150	189
Others	3,547	3,626
Total selling, general and administrative expenses	13,605	14,765
Operating Income (Loss)	1,224	2,791
Non-Operating Income :		
Interest income	11	17
Dividends income	2	2
Land and house rent revenue	64	63
Subsidy income	10	32
Compensation received	70	-
Other	49	48
Total non-operating income	209	164
Non-Operating Expenses :		
Interest expenses	216	208
Other	35	155
Total non-operating expenses	251	363
Ordinary Income (Loss)	1,182	2,592
Extra Ordinary Loss :		
Loss on disaster	472	-
Total extra ordinary loss	472	-
Income (Loss) Before Income Taxes and Minority Interests	710	2,592
Income Taxes-Current	498	734
Income Taxes-Deferred	(24)	11
Total Income Taxes	473	746
Net Income	236	1,846
Net Income (Loss) Belonging to the Non-Controlling Shareholders	(3)	(4)
Net income (Loss) Belonging to the Shareholders of the Parent Company	240	1,850

(Consolidated Statements of Comprehensive Income)

(In Millions of Yen)

	From April 1 to March 31	
	FY2018	FY2019
Income Before Minority Interests	236	1,846
Other Comprehensive Income :		
Valuation difference on available-for-sale securities	(15)	(29)
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(20)	(73)
Retirement benefit adjustment	(83)	120
Total other comprehensive income	(118)	16
Comprehensive Net Income	117	1,863
Comprehensive Income Attributable to		
Comprehensive income (loss) belonging to the shareholders of the parent company	121	1,867
Comprehensive income (loss) belonging to non-controlling shareholders	(3)	(4)

(3) Consolidated Statements of Changes in Net Assets**The previous consolidated fiscal year (April 1, 2018 to March 31, 2019)**

(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	(8,597)	(1,481)	3,964
Changes of items during the period					
Net income belonging to the shareholders of the parent company			240		240
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	240	(0)	240
Balance at the end of current period	14,041	1	(8,357)	(1,481)	4,204

(In Millions of Yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	76	(0)	3	(2)	76	35	4,076
Changes of items during the period							
Net income belonging to the shareholders of the parent company							240
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	(15)	0	(20)	(83)	(118)	(4)	(122)
Total changes of items during the period	(15)	0	(20)	(83)	(118)	(4)	117
Balance at the end of current period	60	-	(17)	(85)	(42)	31	4,193

The consolidated fiscal year (April 1, 2019 to March 31, 2020)

(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	(8,357)	(1,481)	4,204
Changes of items during the period					
Net income belonging to the shareholders of the parent company			1,850		1,850
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,850	(0)	1,850
Balance at the end of current period	14,041	1	(6,506)	(1,481)	6,055

(In Millions of Yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	60	-	(17)	(85)	(42)	31	4,193
Changes of items during the period							
Net income belonging to the shareholders of the parent company							1,850
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	(29)	-	(73)	120	16	(4)	12
Total changes of items during the period	(29)	-	(73)	120	16	(4)	1,862
Balance at the end of current period	31	-	(90)	34	(25)	26	6,056

(4) Consolidated Statements of Cash Flows

(In Millions of Yen)

	April 1 to March 31	
	FY2018	FY2019
Net Cash Provided by (used in) Operating Activities :		
Income before income taxes and minority interests	710	2,592
Depreciation and amortization	808	914
Amortization of goodwill	65	-
Increase (Decrease) in provision for bonuses	0	251
Increase (Decrease) in allowance for disposal site closing expenses	30	34
Increase (Decrease) in allowance for resource-recycling expenses	(15)	(7)
Increase (Decrease) in liabilities in retirement	94	205
Increase (Decrease) in allowance for doubtful accounts	(284)	(92)
Interest and dividends income	(13)	(20)
Interest expenses	216	208
Decrease(Increase) in notes and accounts receivable-trade	(525)	557
Decrease(Increase) in inventories	(173)	930
Decrease(Increase) in other current assets	(72)	(203)
Increase (Decrease) in notes and accounts payable-trade	(877)	(417)
Increase (Decrease) in accounts payable – other	833	(751)
Increase (Decrease) in consumption tax refund receivable	(41)	210
Increase (Decrease) in other current liabilities	(62)	277
Other	(78)	180
Subtotal	615	4,871
Interest and dividends income received	13	20
Interest expenses paid	(233)	(188)
Income taxes paid	(457)	(632)
Income taxes refund	35	10
Net cash provided by operating activities	(25)	4,080
Net Cash Provided by (used in) Investment Activities :		
Payments into time deposits	(676)	(625)
Proceeds from withdrawal of time deposits	324	658
Purchase of tangible fixed assets	(577)	(1,956)
Proceeds from sales of tangible fixed assets	3	9
Purchase of intangible assets	(7)	(236)
Other	(13)	(4)
Net cash provided by investing activities	(947)	(2,154)
Net Cash Provided by (used in) Financing Activities :		
Increase (Decrease) in short-term loans payable	612	(2,772)
Proceeds from long-term loans payable	20	1,072
Repayments of long-term loans payable	(131)	(235)
Proceeds from issuance of bonds	-	500
Repayments of finance lease obligations	(187)	(235)
Other	79	561
Net cash provided by financing activities	392	(1,110)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5)	(54)
Net Increase (Decrease) in Cash and Cash Equivalents	(585)	761

Balance of Cash and Equivalents at beginning of period	<u>5,083</u>	<u>4,497</u>
Balance of Cash and Equivalents at end of period	<u>4,497</u>	<u>5,259</u>

(5) Notes to the Consolidated Financial Statements

(Notes to Assumption of Going Concern)

: None

(Segment Information, etc.)

【Overview of reportable segments】

The reportable segments of the Group are its constituents for which separate financial information is available and the Board of Directors regularly examines to determine the distribution of management resources and evaluate performance. (Segment Information, etc.)

SE Division

The segment sells and constructs industrial and residential solar electric power systems. The Company also wholesales solar electric power systems and equipment.

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.

ERD Division

The Company sells plastic fuels to SANIX ENERGY INCORPORATED, a consolidated subsidiary. The subsidiary operates the electricity sales 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 Incorporated conducts the PPS business by purchasing electricity from SANIX ENERGY INCORPORATED.

EB Division

The segment conducts the PPS business for corporations and general households. It also engages in the sale and construction work of the third party ownership (TPO) model of solar power generation for general households.

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

The accounting method of the reported business segments is the same as that stated in "Significant Items Regarding Preparation of Consolidated Financial Statements."

Profits in the reportable segments are based on operating income. Intersegment sales or transfers are determined by reference to current market values.

III The previous Fiscal Year (From April 1, 2018 to March 31, 2019)

i) 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)
	SE	HS	ES	ERD	Energy	Total		
Sales:								
Sales to customers	14,427	10,752	1,926	13,003	10,609	50,719	-	50,719
Internal sales Among segments and transfer accounts	-	-	-	1,113	-	1,113	(1,113)	-
Total	14,427	10,752	1,926	14,116	10,609	51,832	(1,113)	50,719
Operating income (loss)	1,204	2,231	287	423	412	4,560	(3,335)	1,224
Segment assets	8,873	1,861	594	11,930	1,554	24,813	6,195	31,009
Others								
Depreciation	103	54	6	561	2	723	80	808
Amortization of goodwill	—	—	—	65	—	65	—	65
Increase in property, plant and equipment and intangible assets	10	46	5	821	1	886	194	1,080

(note 1)

Negative ¥3,335 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) An adjustment of segment assets is the Company assets of ¥6,195 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.

(note 3)

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

III The Fiscal Year (From April 1, 2019 to March 31, 2020)

ii) 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)
	SE	HS	ES	ERD	Energy	Total		
Sales:								
Sales to customers	15,195	11,235	2,261	14,706	9,132	52,531	-	52,531
Internal sales Among segments and transfer accounts	-	-	-	2,053	-	2,053	(2,053)	-
Total	15,195	11,235	2,261	16,759	9,132	54,584	(2,053)	52,531
Operating income (loss)	901	2,061	281	3,483	(485)	6,243	(3,452)	2,791
Segment assets	6,759	2,185	576	14,449	1,535	25,506	7,008	32,514
Others								
Depreciation	78	47	4	653	3	786	127	914
Amortization of goodwill	—	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	88	36	2	2,210	6	2,345	396	2,742

(note 1)

Negative ¥2,053 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 ¥7,008 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.

(note 3)

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

(Per-share information)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net assets per share(¥)	¥87.08	¥126.15
Net Income per Share, Diluted(¥)	¥5.02	¥38.72

1. Fully diluted net income per share is not stated because there are no dilutive shares.

2. The calculation basis of net assets per share is as follows.

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Total amount in net assets	4,193	6,056
Amounts deducted from the total amount in net assets	31	26
Non-controlling interests	(31)	(26)
Net assets at the end of period on common shares	4,162	6,030
Number of common shares at the end of period used in calculation of net assets per share	47,805,223	47,804,953

3. The calculation basis of net income per share is as follows.

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net Income per Share, Diluted(¥)	240	1,850
The calculation basis of net income per share is as follows	—	—
Profit attributable to owners of parent on common shares	240	1,850
Average number of common shares during the fiscal year (shares)	47,805,411	47,805,137

(Significant subsequent events)

None

4. Supplemental Information

Consolidated Net Sales by Division

By item	By period	(In Millions of Yen)		Changes
		From April 1 to March 31		
		FY2018	FY2019	
Commercial PV System		13,661	14,807	1,146
Wholesales of PV Components		578	269	(308)
Others		188	117	(70)
Solar Engineering Total		14,427	15,195	767
Termite Eradication Service		3,441	3,547	106
Under-Roof / Roof Ventilation System		1,779	2,497	698
Foundation Repairing/Home Reinforcement System		2,126	1,881	(245)
Others		3,384	3,308	(76)
Home Sanitation Division Total		10,752	11,235	482
Anti-rust Equipment Installation		927	1,124	197
Repair of Building Water-woks		447	469	22
Water Proofing of Building		188	292	104
Others		362	374	11
Establishment Sanitation Division Total		1,926	2,261	335
Plastic Fuel		8,615	10,111	1,496
Generation of Electricity		2,107	3,023	916
Industrial Waste (Organic Waste Water Recycle)		1,958	1,968	10
Final Disposal		788	1,122	334
Others		646	533	(113)
Environmental Resources Development Division Total :		14,116	16,759	2,643
Electricity Sales		10,609	8,954	(1,655)
Others		-	177	177
Energy Business Division Total:		10,609	9,132	(1,477)
Adjustment of inter-segment sales		(1,113)	(2,053)	(939)
Total Net Sales		50,719	52,531	1,811

(note) We have omitted description on the information that is too multifarious to see the exact volume of item.