



# **SANIX INCORPORATED**

Summary of Consolidated Financial Statements  
For the Third Quarter Ended December 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 Third Quarter ended December 31, 2020

### SANIX INCORPORATED

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

## 1. Business Results – Operating results for the Third Quarter ended December 31, 2020 (April 1, 2020 to December 31, 2020)

### (1) Consolidated Operating Results

(In Millions of Yen)

	Third Quarter			
	From April 1 to December 31			
	FY2020	%change	FY2019	%change
Net Sales .....	35,812	(5.5%)	37,893	2.3%
Operating Income .....	2,381	4.2%	2,284	133.5%
Ordinary Income .....	2,224	6.6%	2,087	122.4%
Net Income .....	1,915	25.1%	1,531	692.7%
Net Income per Share (¥) .....	¥40.07	—	¥32.03	—
Net Income per Share, Diluted(¥) .....	—	—	—	—
(Note) Comprehensive Income .....	1,937	28.4%	1,508	976.3%

### (2) Consolidated Financial Position

(In Millions of Yen)

	As of December 31	As of March 31
	FY2020	FY2019
	Total Assets .....	32,689
Net Assets .....	7,994	6,056
Shareholders' Equity Ratio (%) .....	24.4%	18.5%
Net assets per share(¥) .....	¥166.67	¥126.15
(Reference) Equity Capital .....	7,967	6,030

## 2. Dividends

	End of Quarterly Period				Annual
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
	Quarter	Quarter	Quarter	Quarter	
(Dividends per Share)					
FY2019 ended March 31, 2020 (¥) .....	0.00	0.00	0.00	0.00	0.00
FY2020 ended March 31, 2021 (¥) .....	0.00	0.00	0.00		
FY2020 ended March 31, 2021(¥) (Forecast) .....			0.00	0.00	0.00

(Note) Revision from the most recently announced dividend forecast: None

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

(In Millions of Yen)

	Fiscal Year 2020	
	Full Year	%change
Net Sales.....	49,127	(6.5%)
Operating Income .....	1,840	(34.0%)
Ordinary Income.....	1,610	(37.9%)
Net Income .....	1,199	(35.2%)
Net Income per Share (¥).....	¥25.10	

(Note) Revision from the most recently announced forecast of consolidated business results: Exist

#### \* Notes

##### (1) Changes in significant subsidiaries during the period

(Change 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) Adoption of special quarterly accounting methods: None

##### (3) 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

##### (4) Number of Issued and Outstanding Shares (Common Stock)

	End of term	
	December 31, 2020	March 31, 2020
Number of issued and outstanding shares ,end of period (including treasury stock)	48,919,396	48,919,396
Number of treasury stock ,end of period.....	1,114,693	1,114,443
Average number of shares during the fiscal term.....	47,804,903	* 47,805,182

\* December 31, 2019

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

#### \* Note to ensure appropriate use of forecasts:

Forecasts in this document are based 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 5 of the Attachment.

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## 1. Qualitative Information for the Third Quarter ended December 31, 2020

### (1) Information of Consolidated Business Results

In the first nine months under review (April 1, 2020 to December 31, 2020), the Japanese economy remained in a difficult condition with the lingering effects of the COVID-19 pandemic and no prospects for its resolution, despite the observed signs of recovery reflecting factors, such as measures for resuming economic activities in stages.

In this social situation, SANIX INCORPORATED and its consolidated subsidiaries (hereinafter the “Group”) continued their respective operations, prioritizing prevention of the infection’s spread.

Looking at net sales, the Solar Engineering (SE) Division started selling photovoltaic systems for self-consumption in the current fiscal year following a feed-in tariff (FIT) system revision. However, the Division failed to absorb a decrease posted for the installation of photovoltaic systems with land attached, a business category where performance was strong in the previous fiscal year. As a result, net sales declined ¥2,162 million year on year. In addition, the spread of COVID-19 affected the respective business divisions, mainly in their sales to corporate customers, including the stagnation of those customers’ economic activities in general. Meanwhile, the pandemic’s impact on sales to individual customers was insignificant thanks to an increase in the number of customers introduced by partner companies and organizations whose number has been growing for several years, though self-restraint on sales activities produced effects. As a result, the Group’s consolidated net sales for the first nine months under review came to ¥35,812 million (down 5.5% year on year).

Profits rose year on year, reflecting a relative fall in repair expenses due to the periodic repair of the Tomakomai Power Plant in the previous fiscal year, in addition to net sales growth in the Environmental Resources Development (ERD) Division, which offset a profit decline in the SE Division. As a result, the Group posted operating income of ¥2,381 million (up 4.2% year on year), ordinary income of ¥2,224 million (up 6.6% year on year), and net income attributable to owners of the parent company of ¥1,915 million (up 25.1% year on year). Operating results by segment for the first three quarters under review are as follows.

#### a. SE (Solar Engineering) Division

In the SE Division, SANIX INCORPORATED (hereinafter the “Company”) began selling photovoltaic systems for self-consumption for developing a new market in the current fiscal year, anticipating a decline in the installation of photovoltaic systems with land attached, a business category where performance was strong in the previous fiscal year, following the revision of the FIT system. However, sales of those systems did not progress according to the Company’s plan due to factors including the effects of the COVID-19 pandemic. Under these circumstances, the Company focused on gaining small projects. Thanks to the strategy, the

number of installation cases in surplus projects grew 131.5% year on year. As a result, net sales in this segment decreased to ¥7,706 million (down 21.9% year on year).

Operating income for the segment amounted to ¥219 million (down 70.4% year on year) due to substantial effects caused by a sales decline, despite a fall in the ratio of materials expenses and a reduction in selling, general and administrative expenses.

#### **b. HS (Home Sanitation) Division**

In the Home Sanitation (HS) Division, the spread of COVID-19 significantly affected sales activities, including self-restraint on sales to new customers under a state of emergency declared in April 2020. Despite these conditions, the number of new customers acquired by the Division grew 18.1% year on year. Reasons for the increase included 39.9% year-on-year growth in the number of customers introduced by partner companies with which the Division has worked to strengthen alliances for some time. As a result, net sales for the segment totaled ¥8,658 million (up 1.5% year on year).

Operating income for the segment came to ¥1,639 million (up 0.4% year on year), reflecting rises in personnel and other expenses attributable to a staff expansion, which were less than the figures forecasted for the Division.

#### **c. ES (Establishment Sanitation) Division**

The Establishment Sanitation (ES) Division experienced severe conditions due to the spread of COVID-19, including self-restraint on sales activities to new customers and difficulties in contacting partners, such as building and condominium owners, and companies that manage those properties. Under these conditions, the Division cultivated new customers by expanding operating areas through initiatives, including staff expansion and the establishment of two new stores in the Kanto area. With increased net sales at new stores, net sales for the segment's key anti-rust equipment installation product (brand name: Daelman Shock), grew 14.6% year on year, despite severe results at older stores. Therefore, net sales in this segment decreased to ¥1,712 million (up 8.1% year on year).

Operating income for the segment amounted to ¥180 million (up 15.8% year on year) with the effects of the net sales increase offsetting rises in personnel and other expenses caused by a staff expansion.

#### **d. Environmental Resources Development (ERD) Division**

In the ERD Division, the volume of plastic waste accepted fell 7.1% year on year under the effects of the stagnation of economic activities in general caused by the COVID-19 pandemic. However, net sales for plastic fuel rose 5.5% year on year with the close inspection of accepted waste and the like. Net sales for power plants also grew 5.5% year on year, reflecting an increase in the volume of power generated. Meanwhile, net sales for final

disposal dropped 19.0% year on year in reaction to the acceptance of wastes from earthquake damages in the previous fiscal year. As a result, net sales in this segment decreased to ¥12,647 million (up 2.9% year on year).

Operating income for the segment came to ¥2,998 million (up 29.4% year on year), mainly reflecting profitability improvement with the close inspection of accepted plastic waste and a relative decrease in repair expenses attributable to the periodic repairs of the Tomakomai Power Plant in the previous fiscal year.

#### **e. Energy Business Division**

In the Energy Business Division, the number of electric power retailing contracts increased 64.9%, supported by a substantial growth in low-voltage contracts. At the same time, the Company reduced the volume of power procured on a negotiated basis to reduce the surplus power it had sold in the electricity wholesale market (JEPX) to improve profitability. The operation caused the volume of power sold in the JEPX to decrease. As a result, net sales for the segment amounted to ¥6,790 million (down 4.4% year on year).

Operating income for the segment was ¥28 million (up 180.0% year on year), reflecting the improved profitability of the new electric power business achieved with a decrease in the volume of power procured on a negotiated basis, despite rises in personnel and other expenses due to a sales staff expansion for promoting a third party-owned photovoltaic power generation model for detached houses.

## **(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 ¥32,689 million, an increase of ¥174 million from the end of the previous fiscal year. The main cause of their increase was a growth in property, plant and equipment of ¥1,369 million, offsetting a decrease in notes and accounts receivable-trade of ¥553 million, a decline in raw materials and supplies of ¥512 million and a fall in cash and deposits of ¥220 million.

Total liabilities stood at ¥24,695 million, a decrease of ¥1,762 million from the end of the previous consolidated fiscal year. The decrease was primarily attributable to a reduction in short-term loans payable of ¥1,101 million and a fall in income taxes payable of ¥626 million.

Net assets totaled ¥7,994 million, a rise of ¥1,937 million from the end of the previous consolidated fiscal year. The key contributions to the increase included the posting of net income attributable to the owners of the parent company of ¥1,915 million.

Consequently, the capital-to-asset ratio came to 24.4% at the end of the first nine months under review, compared with 18.5% at the end of the previous fiscal year.

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

The Company revised its consolidated results forecasts for the fiscal year ending March 31, 2021 as follows as of February 12, 2021, considering the results for the first nine months under review and factors stated below.

Net sales for the Energy Business Division is expected to grow ¥1,224 million year on year, supported by weather factors in winter, and a rise in the volume of electricity sold and a steep market price increase attributable to factors such as an LNG shortage. Meanwhile, operating income for the segment is predicted to drop ¥433 million year on year and move into the negative range.

Net sales for the SE Division is set to decline ¥1,744 million year on year, reflecting slower-than-planned progress in photovoltaic systems for self-consumption, sales of which began this fiscal year under the effects of factors such as the spread of COVID-19.

As a result, consolidated net sales for the fiscal year ending March 31, 2021 are predicted to fall ¥610 million from the previous forecast.

The forecast of Consolidated Business Results for the full fiscal year ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(In Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share/¥
Previous Forecast (A)	49,738	1,940	1,785	1,345	¥28.14
Revised Forecast (B)	49,127	1,840	1,610	1,199	¥25.10
Changes (B-A)	-610	-99	-174	-145	—
Rate of Change (%)	(1.2)	(5.1)	(9.8)	(10.8)	—
Reference: Results for FY2019 (ended March 31, 2020)	52,531	2,791	2,592	1,850	¥38.72



## 2. Quarterly Consolidated Financial Statements and the Primary Notes for the Third Quarter ended December 31, 2020

### (1) Quarterly Consolidated Balance Sheets

	(In Millions of Yen)	
	As of Mar. 31	As of Dec. 31
	FY2019	FY2020
Assets :		
Current Assets :		
Cash and deposits	5,919	5,699
Notes and accounts receivable-trade	5,453	4,899
Merchandise and finished goods	56	39
Work in process-construction	333	307
Raw materials and supplies	3,354	2,842
Other	1,362	1,288
Allowance for doubtful accounts	(202)	(212)
Total Current Assets	16,277	14,864
Fixed Assets:		
Property, Plant and Equipment :		
Buildings and structures (net of depreciation)	1,732	1,676
Machinery, Equipment and Vehicles(net of depreciation)	2,071	2,660
Land	8,053	8,091
Other (net of depreciation)	1,882	2,680
Total Property, Plant and Equipment	13,739	15,109
Intangible Fixed Assets	450	745
Investments and Other Assets :	2,047	1,969
Total Fixed Assets	16,237	17,824
Total Assets	32,514	32,689

	(In Millions of Yen)	
	As of Mar. 31	As of Dec. 31
	FY2019	FY2020
Liabilities :		
Current Liabilities :		
Notes and accounts payable-trade	3,716	3,234
Short-term loans payable	9,525	8,423
Current portion of long-term loans payable	928	906
Accounts payable	3,471	3,110
Accrued income taxes	687	61
Provision for bonuses	256	125
Allowance for resource-recycling expenses	5	11
Other	2,986	3,361
Total Current Liabilities	21,576	19,236
Non-Current Liabilities :		
Bonds	500	500
Long-term loans payable	262	274
Provision for directors' retirement benefits	9	9
Provision for disposal site closing expenses	637	667
Liability related to retirement benefits	1,727	1,825
Other	1,744	2,181
Total Non-Current Liabilities	4,881	5,458
Total Liabilities	26,458	24,695
Net Assets :		
Shareholders' Equity :		
Capital stock	14,041	14,041
Capital surplus	1	1
Retained earnings	(6,506)	(4,590)
Treasury stock	(1,481)	(1,481)
Total Shareholders' Equity	6,055	7,971
Accumulated other comprehensive income :		
Valuation difference on available-for-sale securities	31	44
Foreign currency translation adjustment	(90)	(56)
Adjustment for retirement benefits (cumulative)	34	8
Total Accumulated other comprehensive income	(25)	(3)
Non-controlling Interests	26	26
Total Net Assets	6,056	7,994
Total Liabilities and Assets	32,514	32,689

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**(Quarterly Consolidated Statements of Income)**  
**(for Third Quarter of the fiscal year ending March 31, 2021)**

	(In Millions of Yen)	
	Third Quarter	
	From April 1 to December 31	
	FY2019	FY2020
Net sales	37,893	<b>35,812</b>
Cost of sales	24,632	<b>22,258</b>
Gross profit	13,260	<b>13,553</b>
Selling, general and administrative expenses	10,976	<b>11,172</b>
Operating income	2,284	<b>2,381</b>
Non-operating income :		
Interest income	13	<b>12</b>
Dividends income	2	<b>2</b>
Land and house rent revenue	47	<b>47</b>
Subsidy income	8	<b>10</b>
Other	34	<b>40</b>
Total non-operating income	105	<b>113</b>
Non-operating expenses :		
Interest expenses	153	<b>155</b>
Commission paid	90	<b>1</b>
Foreign exchange losses	4	<b>7</b>
Impairment losses on fixed assets	35	<b>63</b>
Other	17	<b>41</b>
Total non-operating expenses	302	<b>269</b>
Ordinary income	2,087	<b>2,224</b>
Income before income taxes and minority interests	2,087	<b>2,224</b>
Income taxes-current	477	<b>159</b>
Income taxes-deferred	83	<b>150</b>
Total income taxes	560	<b>309</b>
Net Income (loss)	1,526	<b>1,915</b>
Net Income (loss) belonging to the non-controlling shareholders	(4)	<b>0</b>
Net income (loss) belonging to the shareholders of the parent company	1,531	<b>1,915</b>

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(for Third Quarter of the fiscal year ending March 31, 2021)**

	(In Millions of Yen)	
	Third Quarter	
	From April 1 to December 31	
	FY2019	FY2020
Net Income (loss)	1,526	<b>1,915</b>
Other comprehensive income :		
Valuation difference on available-for-sale securities	(10)	<b>13</b>
Foreign currency translation adjustment	(50)	<b>34</b>
Adjustment for retirement benefit adjustment	42	<b>(25)</b>
Total other comprehensive income	(18)	<b>21</b>
Comprehensive net income	1,508	<b>1,937</b>
(Breakdown)		
Comprehensive income belonging to the shareholders of the parent company	1,513	<b>1,937</b>
Comprehensive income belonging to non-controlling shareholders	(4)	<b>0</b>

**(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 The previous third Quarter (From April 1, 2019 to December 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	9,869	8,529	1,584	10,805	7,103	37,893	-	37,893
Internal sales								
Among segments and transfer accounts	-	-	-	1,488	-	1,488	(1,488)	-
Total	9,869	8,529	1,584	12,294	7,103	39,381	(1,488)	37,893
Operating income (loss)	741	1,633	155	2,317	10	4,858	(2,574)	2,284

(note 1)

Negative ¥2,574 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 (loss) is adjusted to operating loss of quarterly consolidated statements of income.

**II The Third Quarter (From April 1, 2020 to December 31, 2020)****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	7,706	8,658	1,712	10,950	6,785	35,812	-	35,812
Internal sales								
Among segments and transfer accounts	-	-	-	1,696	5	1,702	(1,702)	-
Total	7,706	8,658	1,712	12,647	6,790	37,514	(1,702)	35,812
Operating income (loss)	219	1,639	180	2,998	28	5,067	(2,686)	2,381

(note 1)

Negative ¥2,686 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 (loss) is adjusted to operating loss of quarterly consolidated statements of income.

### 3. Others

#### Consolidated Net Sales by Division

	(In Millions of Yen)		
	From April 1 to December 31		Changes
	FY2019	FY2020	
Commercial PV system	9,581	<b>7,481</b>	(2,100)
Wholesale of PV components	186	<b>153</b>	(32)
Others	101	<b>71</b>	(30)
<b>Solar Engineering Division Total</b>	<b>9,869</b>	<b>7,706</b>	<b>(2,162)</b>
Termite Eradication Service	2,762	<b>2,756</b>	(5)
Under-Floor/Roof Ventilation System	1,843	<b>2,233</b>	390
Foundation Repairing/Home Reinforcement System	1,388	<b>1,273</b>	(114)
Others	2,535	<b>2,394</b>	(141)
<b>Home Sanitation Division Total</b>	<b>8,529</b>	<b>8,658</b>	128
Anti-rust equipment installation	763	<b>875</b>	111
Repair of building water-works	329	<b>426</b>	97
Water proofing of building	213	<b>127</b>	(85)
Others	278	<b>282</b>	4
<b>Establishment Sanitation Division Total</b>	<b>1,584</b>	<b>1,712</b>	127
Plastic fuel	7,484	<b>7,897</b>	412
Power Stations	2,211	<b>2,334</b>	122
Industrial waste (Organic Waste Water Recycle)	1,473	<b>1,408</b>	(64)
Final disposal	722	<b>584</b>	(137)
Others	402	<b>422</b>	20
<b>Environmental Resources Development Division Total :</b>	<b>12,294</b>	<b>12,647</b>	353
Electricity sales	7,032	<b>6,372</b>	(659)
Others	71	<b>417</b>	346
<b>Energy Business Division Total:</b>	<b>7,103</b>	<b>6,790</b>	(313)
<b>Adjustment of inter-segment sales</b>	<b>(1,488)</b>	<b>(1,702)</b>	(213)
<b>Total Net Sales</b>	<b>37,893</b>	<b>35,812</b>	<b>(2,080)</b>