



Code : 4651

Financial Results Briefing For FY2020

May 24,2021

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Disclaimer

This material contains certain forward-looking statements. Such forward-looking statements are not intended to provide guarantees of our future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, actual results in future earnings and operating results may materially differ from those contained in the forward-looking statements.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:

changes in economic changes of the Feed-in-Tariff (FIT) scheme for renewable energy and changes of the utility company's policy for installation of renewable energy, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.

In addition, this presentation is not intended to solicit investment to securities issued by us. We assume no responsibility for any losses and liabilities that may be incurred because of information contained in this material.

(Note) Numbers are rounded off to the nearest whole number.

"(") in operating income, ordinary income and net income indicate operating loss, ordinary loss and net loss respectively.

In case of negative or above 1,000%, margin is expressed by "-".

1. Financial Results for FY2020

Consolidated Financial Results for FY2020



(Millions of yen)

| | FY2019 | FY2020 | | | | |
|---|-----------------|------------------------|--------|-----------------|----------------|------------|
| | Results | Results | Y o Y | Plan | Diff.from Plan | Plan ratio |
| Net Sales | 52,531 | 49,416 | 94.1% | 49,127 | + 288 | 100.6% |
| Gross Profit (Gross Profit Margin) | 17,556 33.4% | 17,153 34.7% | 97.7% | 16,885 34.4% | + 268 | 101.6% |
| Operating Income (Operating Income Margin) | 2,791 5.3% | 2,325 4.7% | 83.3% | 1,840 3.7% | + 485 | 126.3% |
| Ordinary Income (Ordinary Income Margin) | 2,592 4.9% | 2,091 4.2% | 80.7% | 1,610 3.3% | + 481 | 129.9% |
| Profit attribute to owners of parents (Net Income Margin) | 1,850 3.5% | 1,965 4.0% | 106.2% | 1,199 2.4% | + 765 | 163.8% |

Net sales for the entire Group came to ¥49,416 million, a 0.6% increase compared with the plan. (down 5.9% year on year)

The Solar Engineering (SE) Division succeeded in increasing the number of systems installed by focusing on surplus solar power. As a result, sales exceeded the plan. The Home Sanitation (HS) Division recorded sales that surpassed the plan despite restrictions on sales activities due to the COVID-19 pandemic. This reflected the trust of customers, which the Division earned through the implementation of thorough infection prevention measures.

In the Establishment Sanitation (ES), Environmental Resources Development (ERD) and Energy Business (EB) Divisions, sales were slightly lower than the plan, but progress was made largely in line with the plan.

Operating income for the entire Group was ¥2,325 million (up 26.3% increase from the plan). (down 16.7% year on year)

In the SE Division, operating income fell short of the plan due to an increase in the ratio of materials expenses.

Operating income was higher than the plan in the HS Division because it maintained high profitability, aided by higher sales.

The ERD Division recorded a decrease in repair expenses because statutory inspection work expected to be carried out at the Tomakomai Power Plant in early March was postponed until April. Consequently, operating income exceeded the plan.

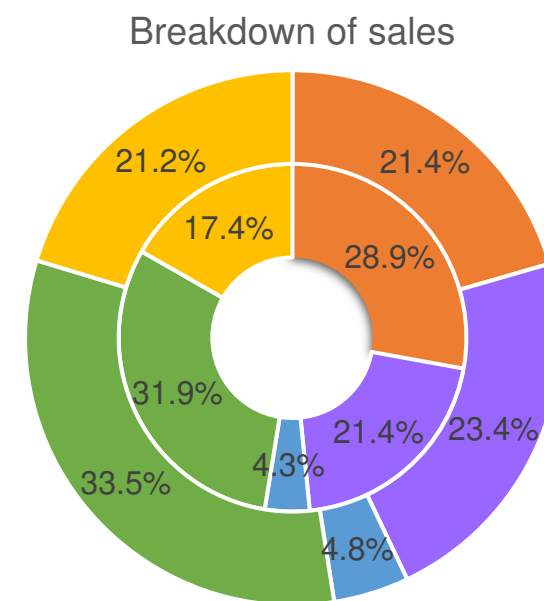
In the Energy Business Division, operating income was lower than the plan due to a surge in the procurement cost that took place when electricity demand grew sharply at the electricity wholesale market (JEPX) in January 2021.

Results of each segment for FY2020



(Millions of Yen)

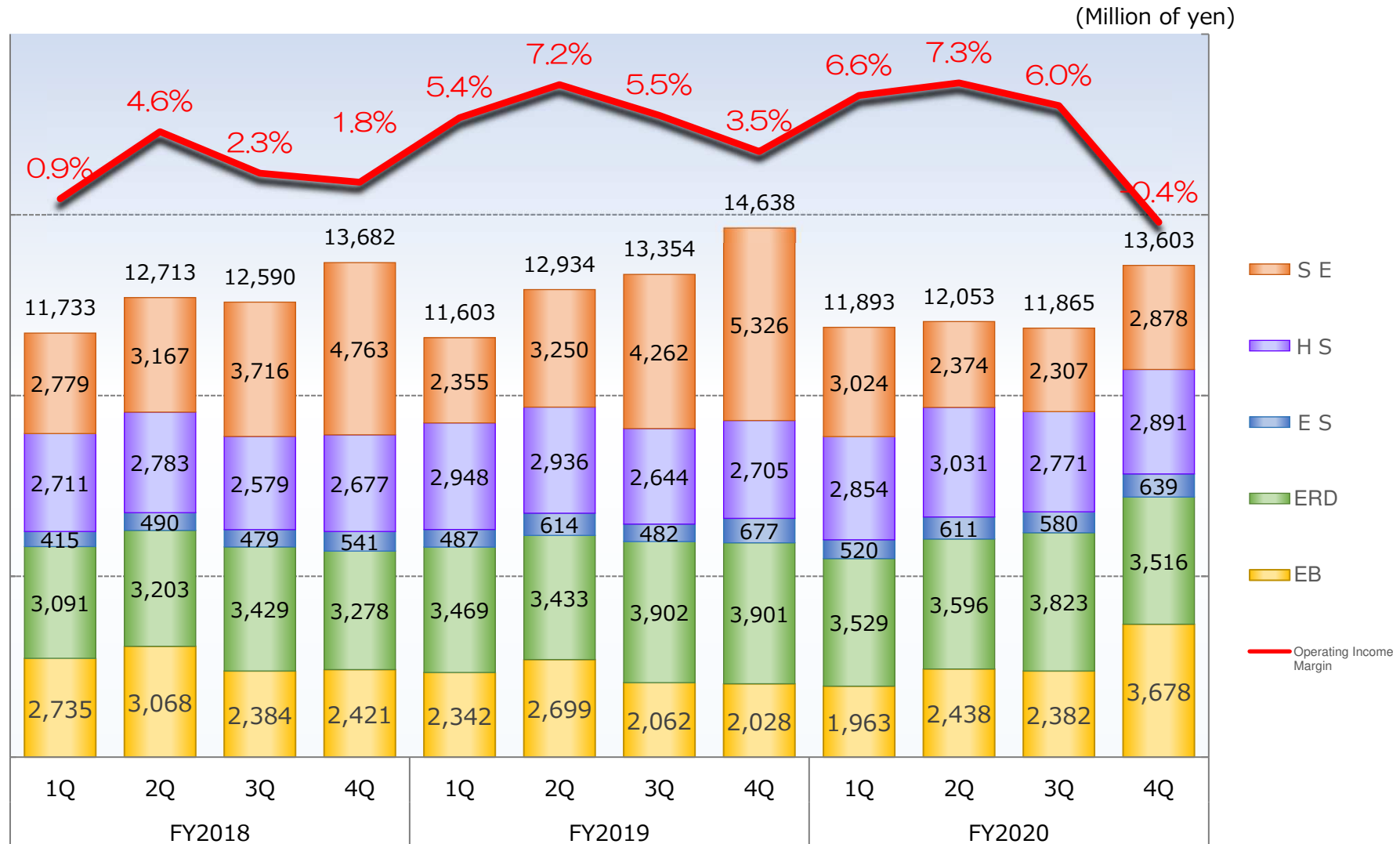
| | FY2019 | FY2020 | | | |
|----------------------------------|---------|----------------|--------|---------|------------|
| | Results | Results | Y o Y | Plan | Plan ratio |
| Net Sales | 52,531 | 49,416 | 94.1% | 49,127 | 100.6% |
| SE Division | 15,195 | 10,584 | 69.7% | 10,417 | 101.6% |
| HS Division | 11,235 | 11,549 | 102.8% | 11,354 | 101.7% |
| ES Division | 2,261 | 2,351 | 104.0% | 2,396 | 98.1% |
| ERD Divison | 16,759 | 16,578 | 98.9% | 16,659 | 99.5% |
| EB Division | 9,132 | 10,475 | 114.7% | 10,491 | 99.9% |
| Adjustment of intersegment sales | (2,053) | (2,123) | — | (2,190) | — |
| Operating Income | 2,791 | 2,325 | 83.3% | 1,840 | 126.3% |
| SE Division | 901 | 250 | 27.7% | 343 | 72.8% |
| HS Division | 2,061 | 2,248 | 109.1% | 2,042 | 110.1% |
| ES Division | 281 | 276 | 98.1% | 286 | 96.6% |
| ERD Divison | 3,483 | 3,673 | 105.5% | 3,242 | 113.3% |
| EB Division | (485) | (529) | — | (407) | — |
| Group | (3,452) | (3,593) | — | (3,665) | — |



SE HS ES ERD EB

Inner chart: FY2019
Outer chart: FY2020

Quarterly Segment Information (changes)



Intersegment adjustments for internal net sales are excluded from net sales for the ERD Div. and EB Div. respectively.

Segment Information for FY2020 (SE Division)

(Millions of Yen)

| | FY2019 | | FY2020 | | | | | |
|-------------------------|---------|-------|---------------|-------|-------|--------|------------|------------|
| | Results | Prop. | Results | Prop. | Yo Y | Plan | % for Plan | Plan ratio |
| Net Sales | 15,195 | | 10,584 | | 69.7% | 10,417 | | 101.6% |
| Direct Sales | 14,807 | 97.4% | 10,284 | 97.2% | 69.5% | 10,111 | 97.1% | 101.7% |
| Whole sales | 269 | 1.8% | 210 | 2.0% | 77.9% | 213 | 2.1% | 98.4% |
| Others | 117 | 0.8% | 89 | 0.8% | 75.9% | 92 | 0.9% | 96.8% |
| Costs of Sales | 10,886 | 71.6% | 7,435 | 70.2% | 68.3% | 7,064 | 67.8% | 105.2% |
| Material costs | 6,711 | 44.2% | 4,474 | 42.3% | 66.7% | 4,066 | 39.0% | 110.0% |
| Labor costs | 715 | 4.7% | 653 | 6.2% | 91.3% | 660 | 6.3% | 98.9% |
| Gross Profit | 4,308 | 28.4% | 3,148 | 29.8% | 73.1% | 3,352 | 32.2% | 93.9% |
| SG&A | 3,406 | 22.4% | 2,898 | 27.4% | 85.1% | 3,009 | 28.9% | 96.3% |
| Personnel expenses | 1,878 | 12.4% | 1,583 | 15.0% | 84.3% | 1,604 | 15.4% | 98.6% |
| Operating Income | 901 | 5.9% | 250 | 2.4% | 27.7% | 343 | 3.3% | 72.8% |

With the feed-in tariff (FIT) system revised to promote self-consumption, photovoltaic systems started to be sold. However, progress has not been made as planned partly due to the impact of the COVID-19 pandemic. On the hand, the number of installation cases in small surplus projects increased 148.1% year on year, and sales remained firm. As a result, net sales in this segment decreased to ¥10,584 million (down 30.3% year on year).

Operating income for the segment stood at ¥250 million (down 72.3% year on year) due to substantial effects attributable to a sales decline, offsetting a fall in the ratio of materials expenses and a reduction in selling, general and administrative expenses.

Segment Information for FY2020 (HS Division)



(Millions of Yen)

| | FY2019 | | FY2020 | | | | | |
|---|---------|-------|---------------|-------|--------|--------|------------|------------|
| | Results | Prop. | Results | Prop. | Y o Y | Plan | % for Plan | Plan ratio |
| Net Sales | 11,235 | | 11,549 | | 102.8% | 11,354 | | 101.7% |
| Terminate Eradication Service | 3,547 | 31.6% | 3,568 | 30.9% | 100.6% | 3,598 | 31.7% | 99.2% |
| Under-Floor/Roof Ventilation Systems | 2,497 | 22.2% | 2,965 | 25.7% | 118.7% | 2,887 | 25.4% | 102.7% |
| Foundation Repairing/Home Reinforcement Systems | 1,881 | 16.7% | 1,759 | 15.2% | 93.5% | 1,766 | 15.6% | 99.6% |
| Others | 3,308 | 29.4% | 3,256 | 28.2% | 98.4% | 3,101 | 27.3% | 105.0% |
| Cost of Sales | 4,488 | 39.9% | 4,466 | 38.7% | 99.5% | 4,450 | 39.2% | 100.4% |
| Labor costs | 1,606 | 14.3% | 1,588 | 13.8% | 98.9% | 1,645 | 14.5% | 96.5% |
| Gross Profit | 6,746 | 60.1% | 7,083 | 61.3% | 105.0% | 6,903 | 60.8% | 102.6% |
| SG&A | 4,684 | 41.7% | 4,834 | 41.9% | 103.2% | 4,861 | 42.8% | 99.4% |
| Personnel expenses | 2,911 | 25.9% | 3,065 | 26.5% | 105.3% | 3,041 | 26.8% | 100.8% |
| Operating Income | 2,061 | 18.4% | 2,248 | 19.5% | 109.1% | 2,042 | 18.0% | 110.1% |

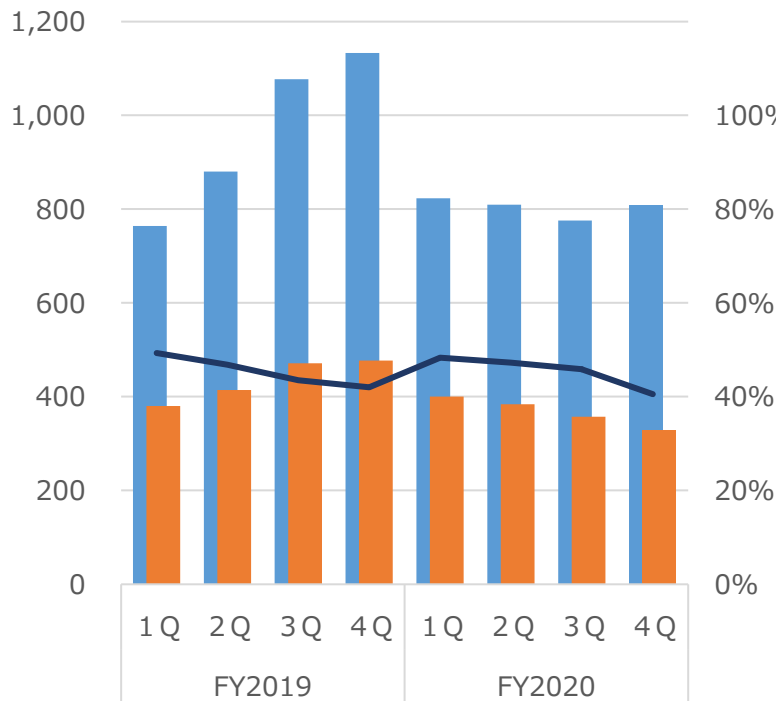
The HS Division strengthened its sales capabilities by increasing the number of staff and sales bases, despite self-restraint on sales to new customers during the two states of emergency called due to the COVID-19 pandemic. Thanks to these efforts and a steady increase in the number of projects it was referred to by partner companies, the number of new customers acquired rose 17.7% year on year. As a result, net sales in this segment increased to ¥11,549 million (up 2.8% year on year). Operating income for the segment amounted to ¥2,248 million (up 9.1% year on year), largely aided by an increase in profit due to higher sales, which offset cost increases chiefly due to rises in the number of personnel and the opening of new stores.

【Reference】

Changes of Profitability of SE/HS Division

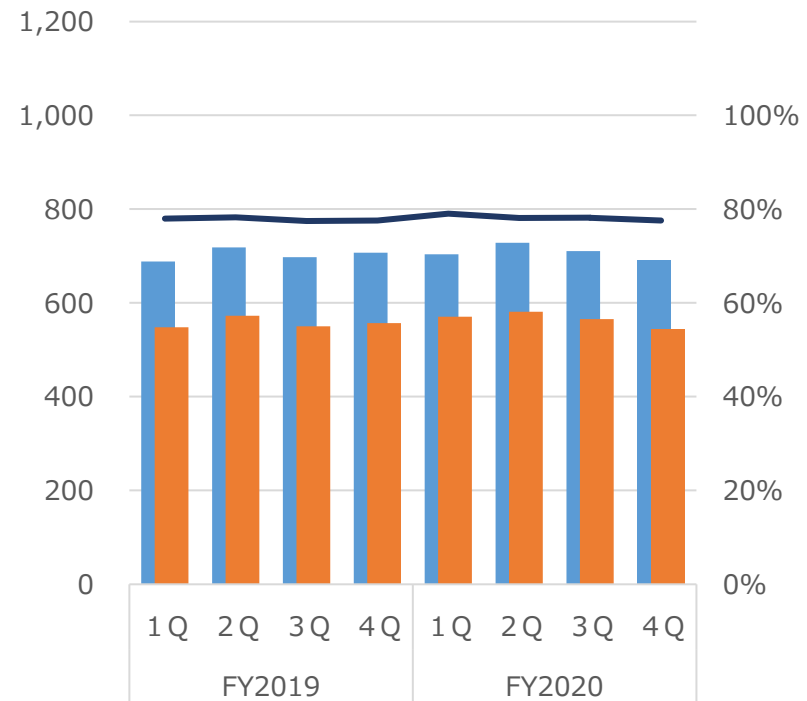


(Millions of Yen) SE Division(monthly average)



■ Break-even sales ■ Fixed cost
— Marginal profit margin

(Millions of Yen) HS Division(monthly average)



■ Break-even sales ■ Fixed cost
— Marginal profit margin

While ¥644 million was posted in 4Q of FY2019 in material costs among various costs as loss on valuation of inventories, their impacts are excluded from the calculation of the marginal profit ratio.

Segment Information for FY2020 (ES Division)



(Millions of Yen)

| | FY2019 | | FY2020 | | | | | |
|-------------------------|---------|-------|--------------|-------|--------|-------|------------|------------|
| | Results | Prop. | Results | Prop. | Y o Y | Plan | % for Plan | Plan Ratio |
| Net Sales | 2,261 | | 2,351 | | 104.0% | 2,396 | | 98.1% |
| Cost of Sales | 1,072 | 47.4% | 1,071 | 45.6% | 99.9% | 1,116 | 46.6% | 96.0% |
| Labor costs | 256 | 11.3% | 255 | 10.9% | 99.4% | 256 | 10.7% | 99.6% |
| Gross Profit | 1,188 | 52.6% | 1,279 | 54.4% | 107.6% | 1,279 | 53.4% | 100.0% |
| SG&A | 907 | 40.1% | 1,003 | 42.7% | 110.6% | 993 | 41.5% | 101.0% |
| Personnel expenses | 538 | 23.8% | 592 | 25.2% | 110.0% | 583 | 24.4% | 101.5% |
| Operating Income | 281 | 12.5% | 276 | 11.8% | 98.1% | 286 | 11.9% | 96.6% |

The ES Division experienced a severe operating environment due to the impact of the COVID-19 pandemic, including self-restraint on sales to new customers and difficulties in contacting partners such as property management companies. Even under these conditions, the Division cultivated new customers by increasing the number of personnel proactively and opening two new sales offices in the Kanto area, among other measures. In addition, the Division engaged in sales activities by taking thorough infection prevention measures and strengthened relationships with owners of buildings, condominiums and other properties. These efforts led to an 8.0% year-on-year increase in sales for the Company's mainstay anti-rust equipment installation product (brand name: Daelman Shock), and a 20.2% year-on-year rise in sales from repair of building water-woks. As a result, net sales for the segment totaled ¥2,351 million (up 4.0% year on year).

Operating income for the segment came to ¥276 million (down 1.9% year on year), with increases in personnel and other expenses caused by the opening of new stores and expansion of staff offsetting the effects of increased profit attributable to higher sales

Segment Information for FY2020 (ERD Division) **SANIX**

(Millions of Yen)

| | FY2019 | | FY2020 | | | | | |
|-------------------------|---------|-------|---------------|-------|--------|--------|------------|------------|
| | Results | Prop. | Results | Prop. | Y o Y | Plan | % for Plan | Plan Ratio |
| Net Sales | 16,759 | | 16,578 | | 98.9% | 16,659 | | 99.5% |
| Plastic Fuel | 10,111 | 60.3% | 10,330 | 62.3% | 102.2% | 10,350 | 62.1% | 99.8% |
| Power Stations | 3,023 | 18.0% | 3,110 | 18.8% | 102.9% | 3,155 | 18.9% | 98.6% |
| Organic Waste Water | 1,968 | 11.7% | 1,863 | 11.2% | 94.7% | 1,904 | 11.4% | 97.9% |
| Final Disposal | 1,122 | 6.7% | 713 | 4.3% | 63.5% | 697 | 4.2% | 102.2% |
| Others | 533 | 3.2% | 561 | 3.4% | 105.2% | 551 | 3.3% | 101.7% |
| Costs of Sales | 11,375 | 67.9% | 11,040 | 66.6% | 97.1% | 11,535 | 69.2% | 95.7% |
| Labor cotsts | 1,820 | 10.9% | 1,901 | 11.5% | 104.5% | 1,870 | 11.2% | 101.7% |
| Gross Profit | 5,384 | 32.1% | 5,538 | 33.4% | 102.9% | 5,123 | 30.8% | 108.1% |
| SG&A | 1,901 | 11.3% | 1,865 | 11.2% | 98.1% | 1,881 | 11.3% | 99.1% |
| Personnel expenses | 1,067 | 6.4% | 1,092 | 6.6% | 102.3% | 1,077 | 6.5% | 101.4% |
| Operating Income | 3,483 | 20.8% | 3,673 | 22.2% | 105.5% | 3,242 | 19.5% | 113.3% |

Looking at net sales for the ERD Division, sales for plastic fuel rose year on year thanks to continued efforts to improve renewable energy quality and emphasize profitability, which offset the effects from the overall economic slowdown caused by the spread of COVID-19. Sales for final disposal dropped 36.5% year on year, reflecting a decline in the accepted volume in reaction to the acceptance of waste from earthquake damage in the previous fiscal year. As a result, net sales in this segment decreased to ¥16,578 million (down 1.1% year on year).

Operating income increased 5.5% year on year, to ¥3,673 million, reflecting an improvement in profitability in plastic fuel and reductions in disposal expenses in organic waste water recycling and other expenses. In addition, with statutory inspection work scheduled for March postponed until April, repair expenses decreased accordingly.

Segment Information for FY2020 (EB Division)



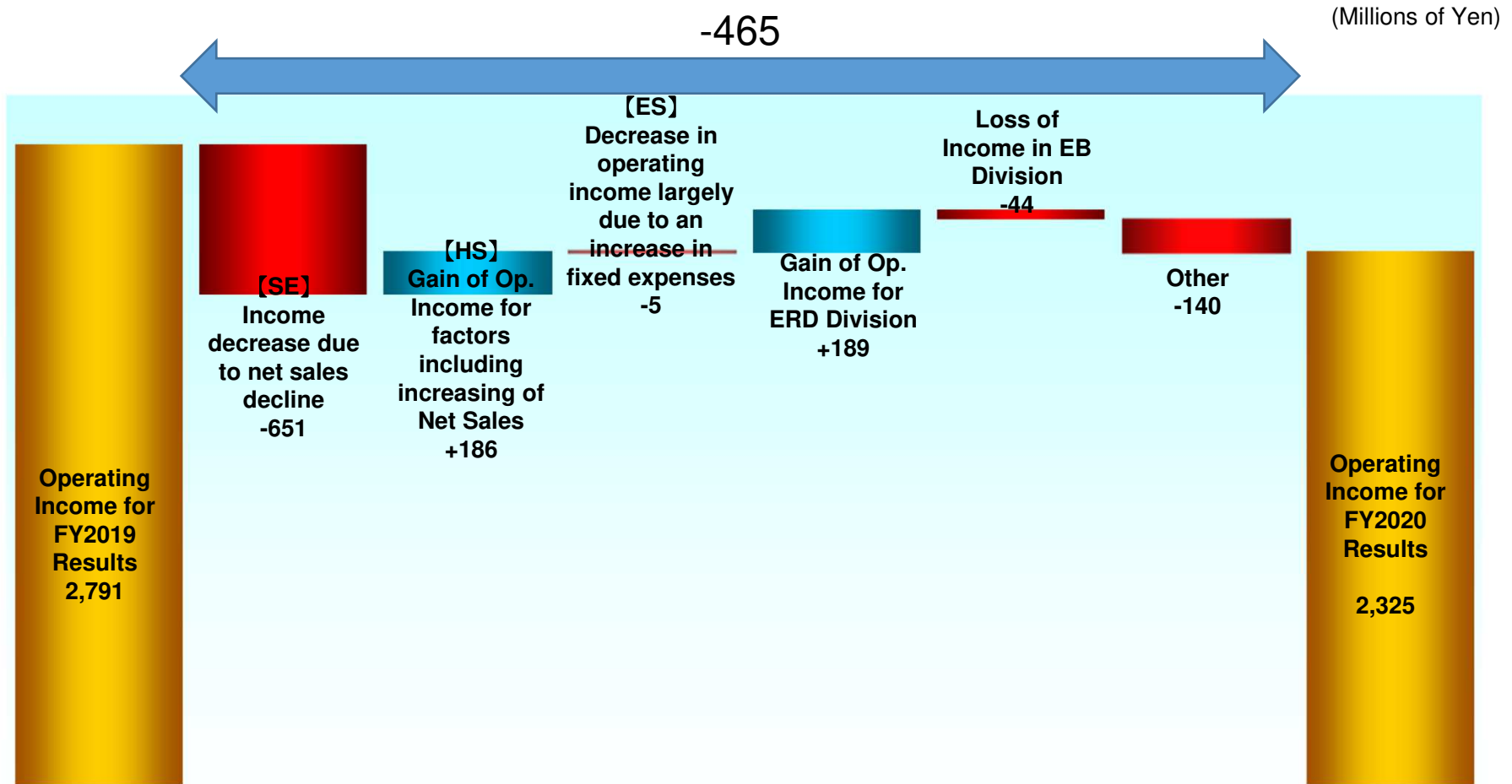
(Millions of Yen)

| | FY2019 | | FY2020 | | | | | |
|-------------------------|---------|--------|---------------|-------|--------|--------|------------|------------|
| | Results | Prop. | Results | Prop. | Y o Y | Plan | % for Plan | Plan ratio |
| Net Sales | 9,132 | | 10,475 | | 114.7% | 10,491 | | 99.9% |
| Cost of Sales | 9,203 | 100.8% | 10,372 | 99.0% | 112.7% | 10,265 | 97.9% | 101.0% |
| Material costs | 8,795 | 96.3% | 9,801 | 93.6% | 111.4% | 9,685 | 92.3% | 101.2% |
| Gross Profit | (71) | — | 103 | 1.0% | — | 225 | 2.1% | 45.9% |
| SG&A | 413 | 4.5% | 632 | 6.0% | 153.1% | 632 | 6.0% | 100.0% |
| Personnel expenses | 228 | 2.5% | 361 | 3.5% | 158.2% | 362 | 3.5% | 99.9% |
| Operating Income | (485) | — | (529) | — | — | (407) | — | — |

In the new electric power business, in addition to a 84.7% year-on-year rise in the number of retail contracts, sales increased due to increased electricity supply attributable to a greater wholesale amount of electricity provided to retail electricity providers. Moreover, a third party-owned photovoltaic power generation model for detached houses that the Company is promoting in collaboration with other companies has begun to be established as a third party-owned photovoltaic power generation model. Against this background, net sales in this segment increased 14.7% year on year, to ¥10,475 million.

Looking at operating profit, the Company was forced to temporarily procure electricity at a unit price exceeding ¥200 per kWh, reflecting a surge in electricity market prices due to sharp growth in demand in the electricity wholesale market caused by harsh winter weather and liquefied natural gas shortages in January 21. Given this greater-than-expected increase in electricity procurement costs, the Division posted an operating loss of ¥529 million (compared with an operating loss of ¥485 million in the previous year).

【Reference】 Factors in increase or decrease of Op. Income



2. Forecast for FY2021

■ The Accounting Standards for Revenue Recognition became effective from April 2021.

- Accounting Standards for Revenue Recognition (ASBJ Statement No. 29)
- Implementation guidance for the Accounting Standards for Revenue Recognition (ASBJ Guidance No. 30)

■ Major effects on the Company's profit and expenditure

- Deduction for transactions as agent
- Deduction for points provided
- Deduction for a renewable energy surcharge
- Change in revenue recognition periods in some compensation services
- Change in revenue recognition standards pertaining to contracts for retail sales of electricity

| | (Before application) | (After application) (Millions of Yen) | |
|---|------------------------|---------------------------------------|------------|
| | FY2019 | FY2020 | |
| | Full year Results | Full Year Approximate | Difference |
| Net Sales | 49,416 | 47,762 | -1,654 |
| Gross Profits (Gross Profit Margin) | 17,153 34.7% | 16,981 35.6% | -172 |
| Operating Income (Operating Income Margin) | 2,325 4.7% | 2,279 4.8% | -46 |
| Ordinary Income (Ordinary Income Margin) | 2,091 4.2% | 2,045 4.3% | -46 |
| Profit attribute to owners of parents (Net Income Margin) | 1,965 4.0% | 1,918 4.0% | -46 |

Starting from the beginning of the fiscal year ending March 31, 2022, the Company has decided to adopt the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29.), etc. Since the consolidated financial results forecasts reflect the adoption of such accounting standards, comparisons with the previous fiscal year or the same period of the previous fiscal year are presented based on the assumption that such accounting standards were applied in the fiscal year ended March 31, 2021.

Changes due to the application of the Revenue Recognition Standards

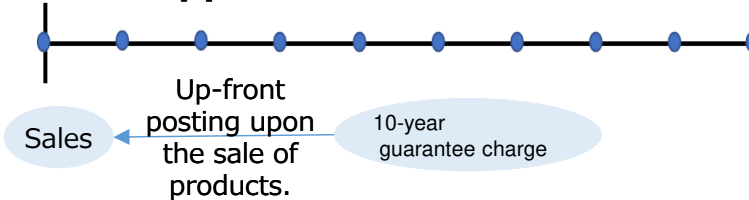


Major effects on the Company (Conceptual images)

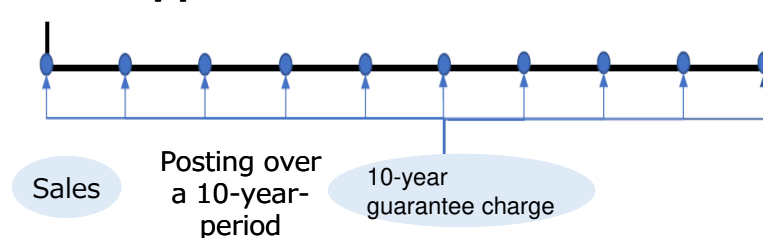
| | (Before application of the standards) | (After application) | (Million of yen) |
|-----------|---------------------------------------|---------------------|------------------|
| | FY2020 Results | FY2020 Approximate | Amount of impact |
| Net Sales | 49,416 | 47,762 | -1,654 |

Major changes (compensation services)

Before application of the standards



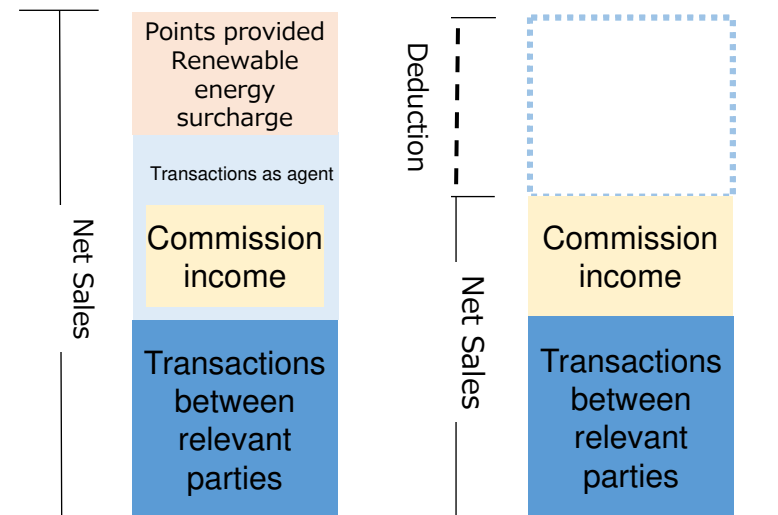
After application



Compensation for damages from natural disasters, lost profits and output control

An amount equivalent to a guarantee charge is posted as sales over 10 years.

Major changes(transaction as agent)



Transactions through agents

Transactions in which the Company has no discretionary power to set prices and bears no inventory risk are treated as transactions through agents and only commissions are posted as sales

Results of each segment for FY2020 [Comparisons after the application of the Revenue Recognition Standards]



| | Before application of the standards | After application | | |
|-------------------------------------|--|----------------------------|-------------------------|------------|
| | | (Millions of Yen) | | |
| | FY2020 | FY2020 | | |
| | Results(Conventional) | Results(After application) | To conventional results | Difference |
| Net Sales | 49,416 | 47,762 | 96.7% | -1,654 |
| SE Division | 10,584 | 10,646 | 100.6% | + 62 |
| HS Division | 11,549 | 11,530 | 99.8% | -19 |
| ES Division | 2,351 | 2,351 | 100.0% | + 0 |
| ERD Division | 16,578 | 16,265 | 98.1% | -313 |
| EB Division | 10,475 | 9,091 | 86.8% | -1,384 |
| Adjustment of intersegment of sales | (2,123) | (2,123) | — | + 0 |
| Operating Income | 2,325 | 2,279 | 98.0% | -46 |
| SE Division | 250 | 203 | 81.5% | -46 |
| HS Division | 2,248 | 2,248 | 100.0% | + 0 |
| ES Division | 276 | 276 | 100.0% | + 0 |
| ERD Division | 3,673 | 3,673 | 100.0% | + 0 |
| EB Division | (529) | (529) | 100.0% | + 0 |
| Group | (3,593) | (3,593) | — | + 0 |

Consolidated Financial Forecast for FY2021



(Millions of Yen)

| | FY2021 | | | | | | Third year of the Medium-Term Management Plan |
|---|-----------------------|------------|-----------------------|------------|------------------------|------------|---|
| | First Half | | Second Half | | Full year | | |
| | Plan | Difference | Plan | Difference | Plan | Difference | |
| Net Sales | 23,608 | + 472 | 26,122 | + 1,496 | 49,730 | + 1,968 | 59,410 |
| Gross Profit (Gross Profit Margin) | 8,311 35.2% | -726 | 9,120 34.9% | + 1,177 | 17,432 35.1% | + 450 | 19,500 32.8% |
| Operating Income (Operating Income Margin) | 773 3.3% | -856 | 1,623 6.2% | + 973 | 2,396 4.8% | + 117 | 2,360 4.0% |
| Ordinary Income (Ordinary Income Margin) | 652 2.8% | -875 | 1,514 5.8% | + 996 | 2,166 4.4% | + 121 | 2,260 3.8% |
| Profit attribute to owners of parents (Net Income Margin) | 373 1.6% | -1,001 | 1,166 4.5% | + 623 | 1,540 3.1% | -378 | 1,710 2.9% |

*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

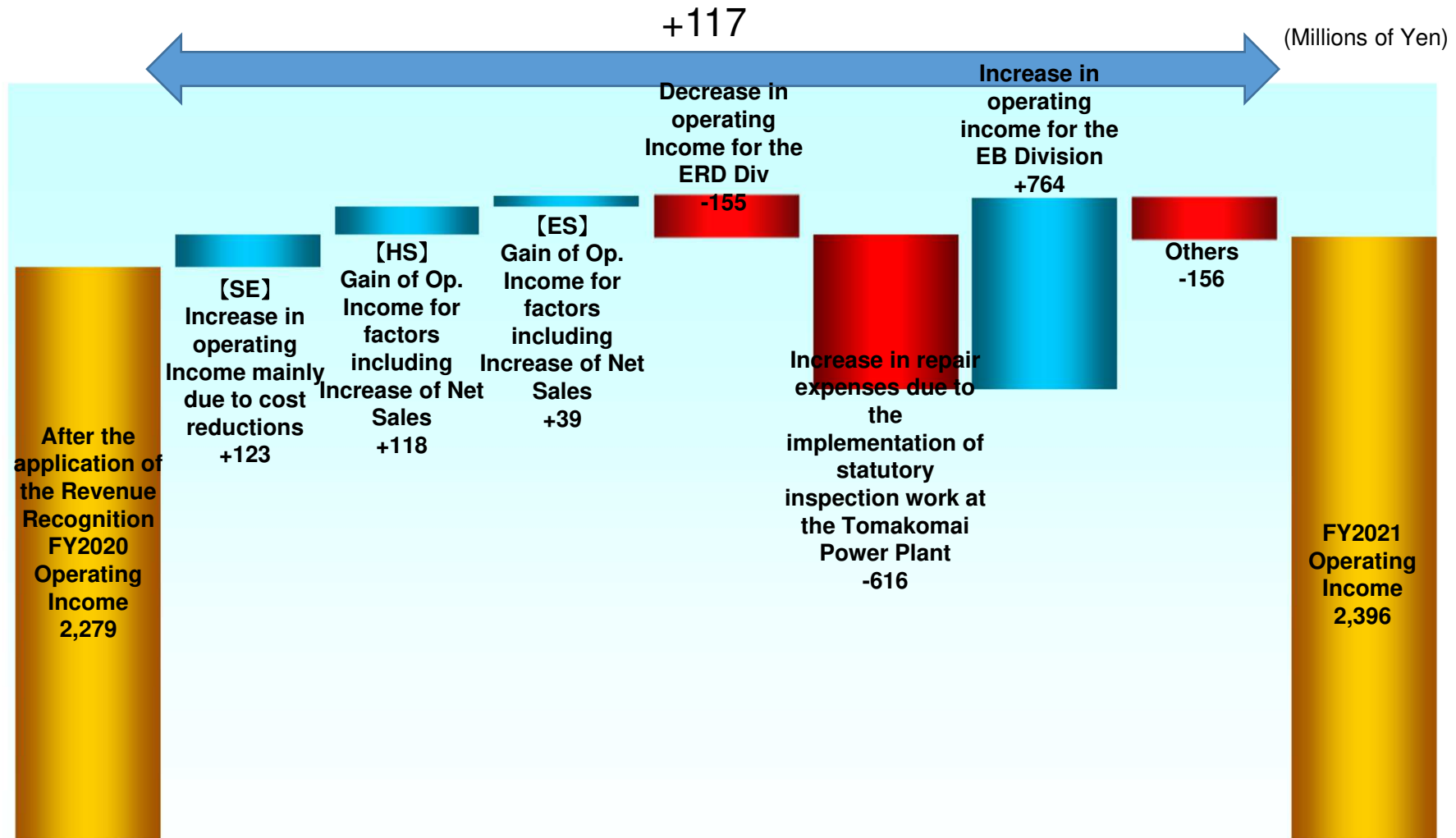
Group-wide sales are expected to increase 4.1% YoY to 49,730 million

- The SE Division will promote sales with a focus on small photovoltaic power generation systems for self-consumption. Even so, it expects a decline in overall sales.
- The HS and ES Divisions will strengthen their sales capabilities and enhance customer services by continuously increasing the number of staff and operation facilities, and through these efforts, anticipate an increase in sales.
- Sales for the EB Division are expected to fall due to a decline in the number of negotiation-based wholesale transactions.

Operating income for the overall Group is expected to rise 5.1% year on year, to ¥2,396 million.

- In the SE Division, operating income is expected to increase mainly due to declines in material expenses and outsourcing expenses.
- The HS Division anticipates an increase in operating income by taking advantage of higher sales and maintaining high profitability.
- Operating income for the ERD Division is expected to fall, reflecting a rise in repair expenses due to statutory inspection work that will be implemented at the Tomakomai Power Plant.
- In the EB Division, operating income is expected to increase year on year in reaction to a fall in income caused by a temporary surge in the procurement cost in the previous year.

【Reference】 Factors in increase or decrease of Op. Income



*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

Segment Forecasts for FY2020



(Millions of Yen)

| | FY2020 | FY2021 | | |
|-----------------------------------|--------------------|----------------|--------|----------------|
| | Whole year results | Plan | Y o Y | To Pre. Period |
| Net Sales | 47,762 | 49,730 | 104.1% | + 1,968 |
| SE Division | 10,646 | 9,334 | 87.7% | -1,312 |
| HS Division | 11,530 | 12,244 | 106.2% | + 714 |
| ES Division | 2,351 | 2,695 | 114.6% | + 343 |
| ERD Division | 16,265 | 16,352 | 100.5% | + 86 |
| Energy Division | 9,091 | 9,140 | 100.5% | + 48 |
| Adjustment of inter-segment sales | (2,123) | (36) | — | + 2,087 |
| Operating Income | 2,279 | 2,396 | 105.1% | + 117 |
| SE Division | 203 | 326 | 160.5% | + 123 |
| HS Division | 2,248 | 2,366 | 105.2% | + 118 |
| ES Division | 276 | 316 | 114.4% | + 39 |
| ERD Division | 3,673 | 2,901 | 79.0% | -772 |
| Energy Division | (529) | 234 | — | + 764 |
| Group | (3,593) | (3,749) | — | -156 |

*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

Segment Forecast for FY2020(SE Division)



(Millions of Yen)

| | First Half | | | Second Half | | | Whole year | | |
|-------------------------|--------------|-------|----------------|--------------|-------|----------------|--------------|-------|----------------|
| | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period |
| Net Sales | 4,550 | | -845 | 4,783 | | -467 | 9,334 | | -1,312 |
| Direct Sales | 4,380 | 96.3% | -865 | 4,625 | 96.7% | -475 | 9,005 | 96.5% | -1,341 |
| Whole Sales | 120 | 2.6% | + 21 | 120 | 2.5% | + 8 | 240 | 2.6% | + 29 |
| Others | 50 | 1.1% | -1 | 38 | 0.8% | + 0 | 88 | 0.9% | -1 |
| Costs of Sales | 3,114 | 68.4% | -574 | 3,202 | 66.9% | -653 | 6,316 | 67.7% | -1,227 |
| Material costs | 1,874 | 41.2% | -229 | 1,932 | 40.4% | -437 | 3,806 | 40.8% | -667 |
| Labor costs | 331 | 7.3% | + 2 | 331 | 6.9% | + 6 | 662 | 7.1% | + 8 |
| Gross Profit | 1,436 | 31.6% | -270 | 1,581 | 33.1% | + 185 | 3,018 | 32.3% | -84 |
| SG&A | 1,353 | 29.7% | -155 | 1,337 | 28.0% | -52 | 2,691 | 28.8% | -207 |
| Personnel expenses | 720 | 15.8% | -114 | 707 | 14.8% | -40 | 1,428 | 15.3% | -154 |
| Operating Income | 83 | 1.8% | -115 | 243 | 5.1% | + 238 | 326 | 3.5% | + 123 |

*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

For the current fiscal year, the SE Division will promote sales of storage battery-installed systems for home use while simultaneously continuing to sell surplus photovoltaic power, and by doing so, will contribute to the broader application of renewable energy. Sales will decrease because the Division will focus on selling surplus photovoltaic power whose unit price is low. Even so, it will work on offsetting a decline in profit attributable to lower sales by reducing a range of costs including material expenses.

Over the medium to long term, the Division assumes that markets for photovoltaic power generation systems for self-consumption, which reduce the environmental load through zero CO2 emissions while lowering electricity bills, will expand and spread across society.

Segment Forecast for FY2020(HS Division)



(Millions of Yen)

| | First Half | | | Second Half | | | Whole year | | |
|--|--------------|-------|----------------|--------------|-------|----------------|---------------|-------|----------------|
| | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period |
| Net Sales | 6,221 | | + 349 | 6,022 | | + 364 | 12,244 | | + 714 |
| Terminate Eradication Service | 1,782 | 28.6% | -134 | 1,902 | 31.6% | + 271 | 3,685 | 30.1% | + 136 |
| Under-floor/Roof Ventillation System | 1,592 | 25.6% | + 71 | 1,532 | 25.4% | + 88 | 3,125 | 25.5% | + 159 |
| Foundation Repairing/Home Reinforcement System | 885 | 14.2% | + 39 | 982 | 16.3% | + 68 | 1,867 | 15.3% | + 108 |
| Others | 1,961 | 31.5% | + 372 | 1,604 | 26.6% | -63 | 3,566 | 29.1% | + 309 |
| Cost of Sales | 2,461 | 39.6% | + 215 | 2,527 | 42.0% | + 306 | 4,989 | 40.7% | + 522 |
| Labor costs | 870 | 14.0% | + 73 | 906 | 15.0% | + 115 | 1,776 | 14.5% | + 188 |
| Gross Profit | 3,759 | 60.4% | + 133 | 3,495 | 58.0% | + 57 | 7,254 | 59.3% | + 191 |
| SG&A | 2,419 | 38.9% | -37 | 2,468 | 41.0% | + 111 | 4,888 | 39.9% | + 73 |
| Personnel expenses | 1,443 | 23.2% | -115 | 1,510 | 25.1% | + 4 | 2,954 | 24.1% | -111 |
| Operating Income | 1,340 | 21.5% | + 171 | 1,026 | 17.0% | -53 | 2,366 | 19.3% | + 118 |

*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

The HS Division will strengthen its business foundations by facilitating the community-oriented development of new customers and 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. Two new sales offices will be opened in May 2021 (Niihama and Amakusa).

Segment Forecast for FY2020(ES Division)



(Millions of Yen)

| | First Half | | | Second Half | | | Whole Year | | |
|----------------------------------|--------------|-------|----------------|--------------|-------|----------------|--------------|-------|----------------|
| | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period |
| Net Sales | 1,306 | | + 174 | 1,388 | | + 169 | 2,695 | | + 343 |
| Anti-rust Equipment Installation | 676 | 51.8% | + 108 | 687 | 49.5% | + 41 | 1,364 | 50.6% | + 149 |
| Others | 630 | 48.2% | + 65 | 701 | 50.5% | + 128 | 1,331 | 49.4% | + 194 |
| Cost of Sales | 607 | 46.5% | + 85 | 666 | 48.0% | + 116 | 1,274 | 47.3% | + 202 |
| Labor costs | 142 | 10.9% | + 15 | 148 | 10.7% | + 19 | 291 | 10.8% | + 35 |
| Gross Profit | 698 | 53.5% | + 88 | 722 | 52.0% | + 53 | 1,421 | 52.7% | + 141 |
| SG&A | 523 | 40.1% | + 32 | 581 | 41.9% | + 70 | 1,105 | 41.0% | + 102 |
| Personnel expenses | 301 | 23.1% | + 8 | 346 | 24.9% | + 48 | 648 | 24.1% | + 56 |
| Operating Income | 175 | 13.4% | + 56 | 140 | 10.1% | -16 | 316 | 11.7% | + 39 |

*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

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). For the fiscal year ending March 31, 2022, the Division plans to open two stores (Kitaosaka and Shinyokohama) and seeks to continuously increase the number of staff and operation facilities.

Meanwhile, effective June 1, 2021, restaurants and food product factories are required to implement hygiene management according to the HACCP principle, following the revision of the Food Sanitation Act. Taking this into account, the Division started to provide the necessary services in earnest to help them introduce relevant management.

Segment Forecast for FY2020(ERD Division)



(Millions of Yen)

| | First Half | | | Second Half | | | Whole Year | | |
|-------------------------|--------------|-------|----------------|--------------|-------|----------------|---------------|-------|----------------|
| | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period |
| Net Sales | 7,944 | | -213 | 8,407 | | + 300 | 16,352 | | + 86 |
| Plastic Fuels | 5,043 | 63.5% | -55 | 5,303 | 63.1% | + 167 | 10,346 | 63.3% | + 112 |
| Power Station | 1,468 | 18.5% | -57 | 1,675 | 19.9% | + 197 | 3,144 | 19.2% | + 140 |
| Organic Waste Water | 931 | 11.7% | + 9 | 946 | 11.3% | + 4 | 1,877 | 11.5% | + 13 |
| Final Disposal | 314 | 4.0% | -69 | 287 | 3.4% | -42 | 601 | 3.7% | -111 |
| Others | 187 | 2.4% | -40 | 195 | 2.3% | -26 | 382 | 2.3% | -67 |
| Costs of Sales | 5,944 | 74.8% | + 629 | 5,729 | 68.2% | + 210 | 11,674 | 71.4% | + 840 |
| Labor costs | 946 | 11.9% | + 27 | 956 | 11.4% | -27 | 1,902 | 11.6% | + 0 |
| Gross Profit | 2,000 | 25.2% | -843 | 2,677 | 31.8% | + 89 | 4,677 | 28.6% | -754 |
| SG&A | 882 | 11.1% | + 13 | 893 | 10.6% | + 4 | 1,776 | 10.9% | + 17 |
| Personnel expenses | 537 | 6.8% | -1 | 542 | 6.4% | -11 | 1,079 | 6.6% | -13 |
| Operating Income | 1,117 | 14.1% | -857 | 1,784 | 21.2% | + 84 | 2,901 | 17.7% | -772 |

*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

The ERD Division will increase the volume of plastic waste accepted while also keeping an eye on profitability, with the premise of maintaining the quality of plastic fuel. In addition it will work on performance improvements through the generation of electricity with high environmental added value at the Tomakomai Power Plant and sales thereof. The Division will also aim to grow the organic waste water recycling business by facilitating the manufacturing of renewable energy while taking into consideration a role of the resource recycling business in society.

Operating income will decrease year on year, reflecting the suspension of operations at the Tomakomai Power Plant in April due to statutory inspection work, as well as the posting of periodic repair expenses.

Segment Forecast for FY2020(EB Division)



(Millions of Yen)

| | First Half | | | Second Half | | | Whole Year | | |
|-------------------------|--------------|-------|---------------|--------------|-------|----------------|--------------|-------|----------------|
| | Plan | Prop. | to Pre.Period | Plan | Prop. | to Pre. Period | Plan | Prop. | to Pre. Period |
| Net Sales | 3,602 | | -143 | 5,537 | | + 192 | 9,140 | | + 48 |
| Cost of Sales | 3,186 | 88.4% | -309 | 4,893 | 88.4% | -598 | 8,080 | 88.4% | -908 |
| Material costs | 2,967 | 82.4% | -419 | 4,532 | 81.8% | -800 | 7,499 | 82.0% | -1,219 |
| Gross Profit | 416 | 11.6% | + 165 | 643 | 11.6% | + 791 | 1,060 | 11.6% | + 956 |
| SG&A | 395 | 11.0% | + 111 | 429 | 7.8% | + 80 | 825 | 9.0% | + 192 |
| Personnel expenses | 209 | 5.8% | + 46 | 213 | 3.9% | + 14 | 422 | 4.6% | + 61 |
| Operating Income | 20 | 0.6% | + 53 | 214 | 3.9% | + 710 | 234 | 2.6% | + 764 |

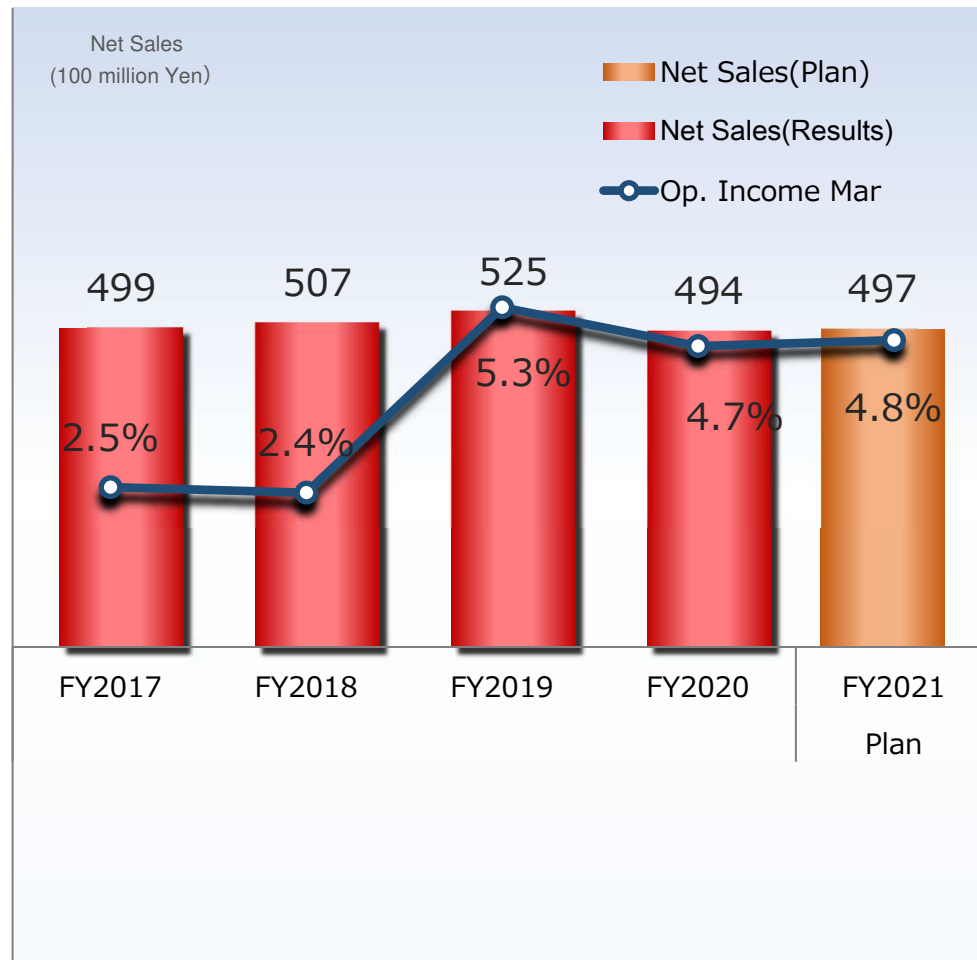
*Comparisons are made with the results of the fiscal year ended March 31, 2021 (after application of the Revenue Recognition Standards)

With respect to the new power supply business, the EB Division will increase the number of contracts for retail sales of electricity through facilitation of collaboration with other companies and the strengthening of sales activities, while at the same time stabilizing profitability by securing sources from which it can reliably procure electricity. The Division started to sell “the Plus Zero electricity”, an optional menu featuring high environmental value, in April 2021 with a view to realizing 100% renewable energy and zero CO2 emissions. Through these initiatives, it will respond to new business needs with an eye toward creating a carbon-free society.

The EB Division will also accelerate the development of energy-related businesses in collaboration with services provided by other companies and build new business models and foundations.

In terms of operating profitability, a significant improvement is expected in reaction to the deterioration due to a surge in the market price that occurred in the previous year.

Forecast for FY2021



Forecast for FY2021

Net Sales: ¥49,730 million

Op. Income: ¥2,396 million

Op. Income Mar: 4.8%

Materials

Update on Store Openings and Changes in Number of Personnel by Division



■ Changes in Number of Personnel by Division (consolidated)

| Number of Personnel (consolidated) | FY2021 (Plan) | Change |
|---|---------------|--------|
| Total | 2,248 | +221 |
| SE·HS·ES business management department | 25 | +0 |
| SE Division | 335 | +3 |
| HS Division | 848 | +114 |
| ES Division | 175 | +39 |
| ERD Division | 467 | +41 |
| EB Division | 87 | +6 |
| Headquarter | 331 | +18 |

■ Update on site Openings

FY2020(Results)

- May 2020 ES Chiba site
- January 2021 HS Iwakuni site、ES Shizuoka site

FY2021(Plan)

- May 2021 HS Amakusa site、HS Niihama site 【Opened】
- June 2021 ES Kitaosaka site
- July 2021 ES Shinyokohama site

■ Updated site openings

| Division | sites |
|--------------|-----------------------|
| SE Division | 2Headquarters 37sites |
| HS Division | 4Headquarters 48sites |
| ES Division | 9sites |
| ERD Division | 18sites |
| EB Division | 5sites |

Potential site Opening (under consideration)

HS Division Kyushu area: 4 sites
 Chyugoku Shikoku area : 2 sites
 Kansai Chukyo area : 2 sites
 Kanto area : 2 sites
 Total :10 sites

ES Division : 2 ~3sites

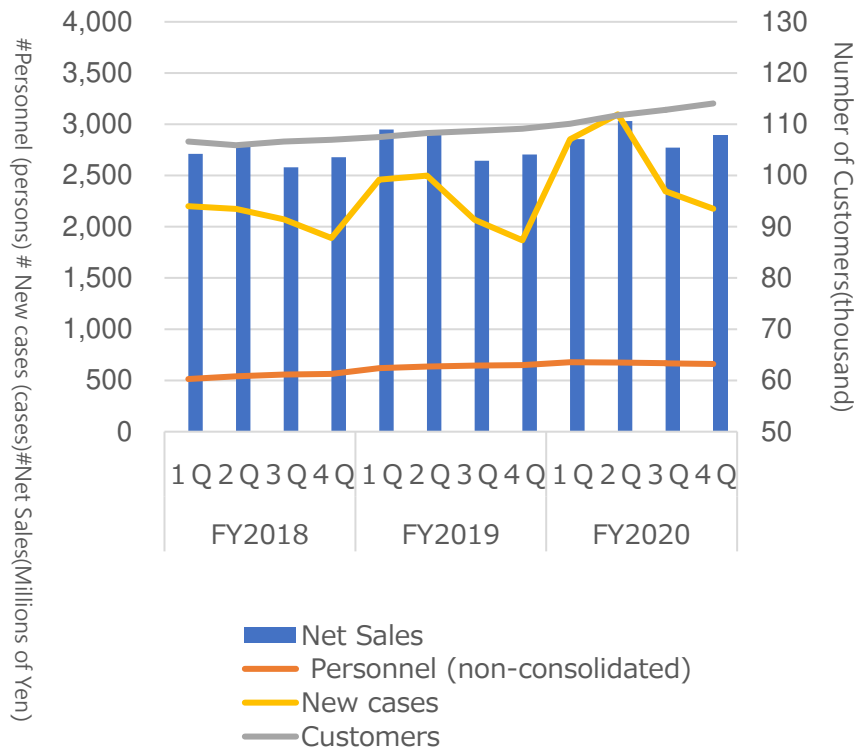
※As of March 31, 2021

※One power generation facility and one final disposal facility are included in the ERD Division.

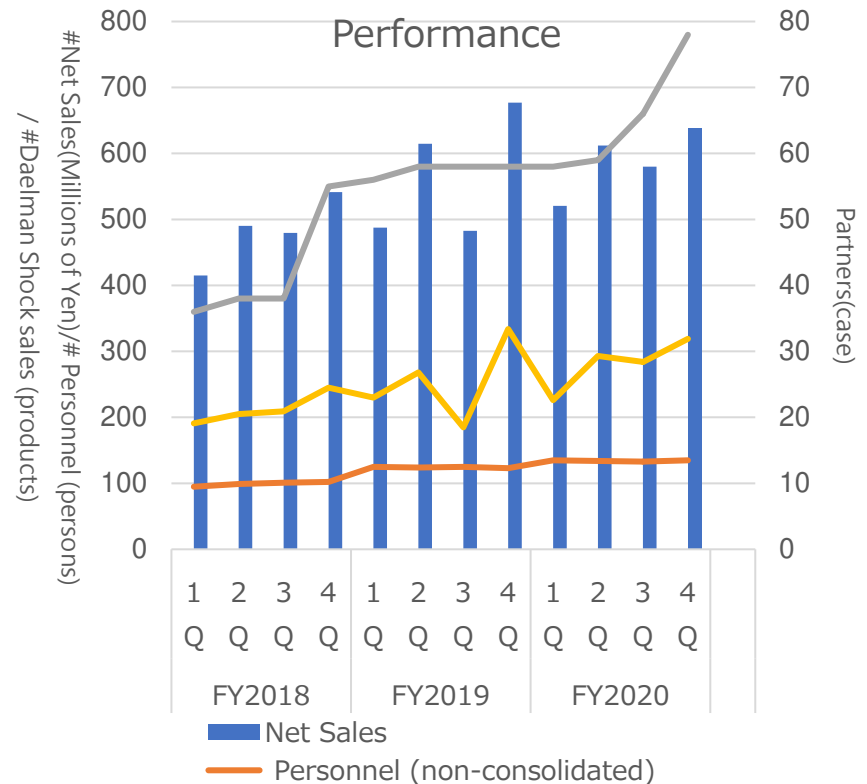
■ Performance Progress of HS and ES Businesses

- In the fiscal year, the HS and ES Divisions showed strong performance even amid the coronavirus pandemic.

Changes in HS Division's Performance



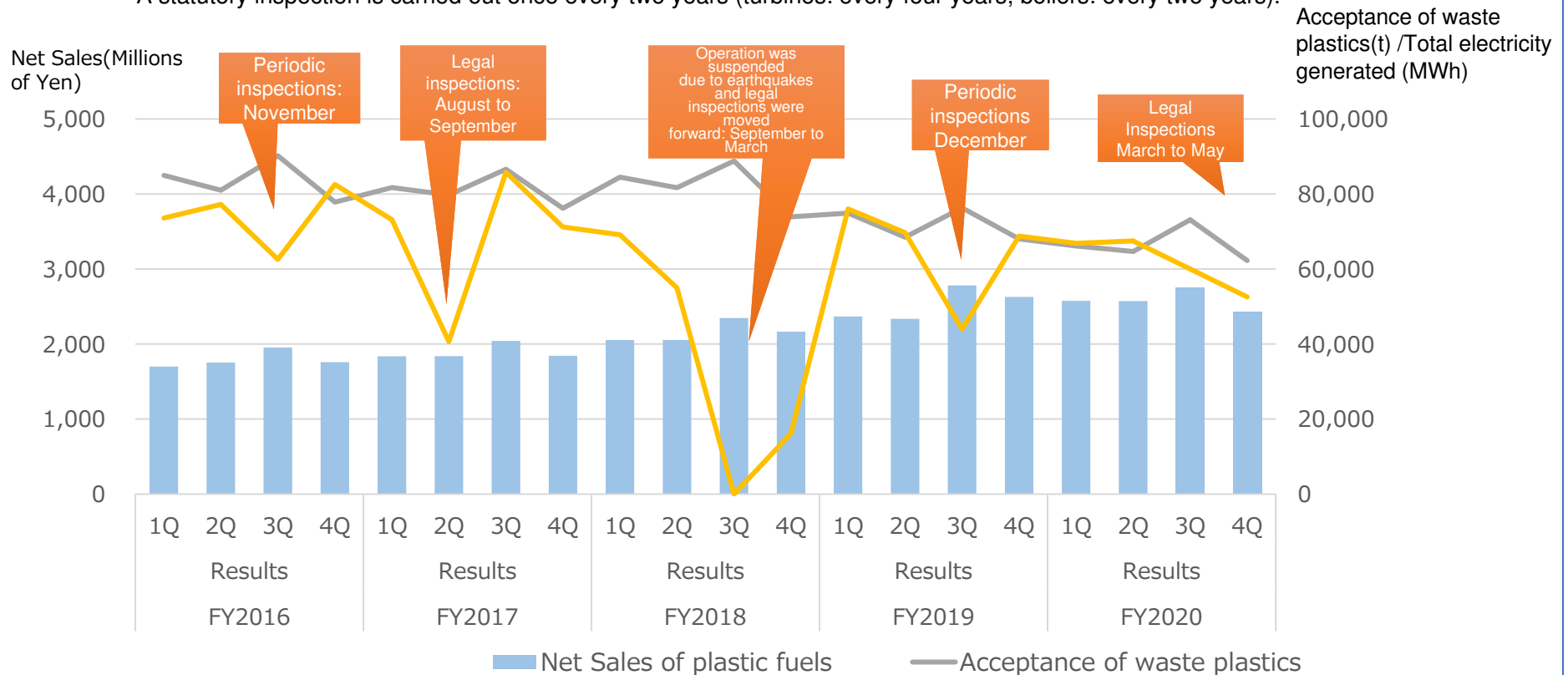
Changes in ES Division's Performance



Recognized that our company's business is necessary in the world, while operating amid the coronavirus pandemic.

■ Acceptance of Waste Plastic

- The acceptance volume decreased in the fiscal year ended March 31, 2021 because the operation of certain waste-discharging plants and their economic activities slowed due to the impact of measures to combat COVID-19, as well as the close inspection of waste that had been already accepted. However, net sales and profits were maintained.
- Statutory inspections will be implemented at the Tomakomai Power Plant during the period from late March until the beginning of May in 2021.
 - A statutory inspection is carried out once every two years (turbines: every four years, boilers: every two years).

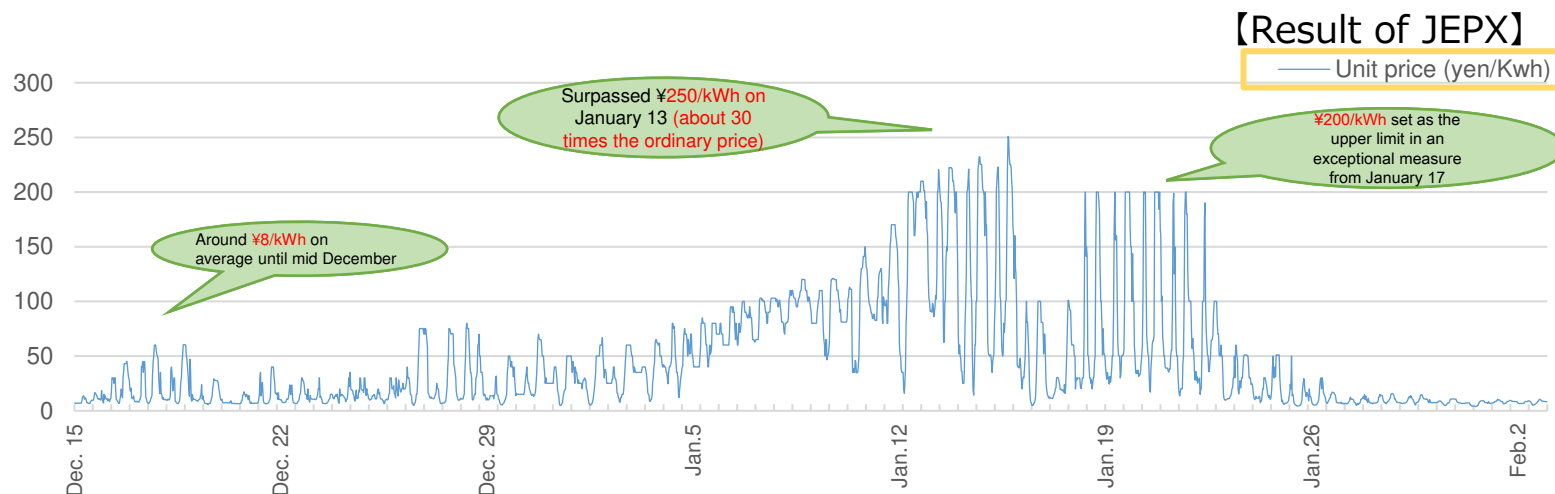


■ Factors behind the steep JEPX price increase (20 times as high as those in ordinary times)

- Market procurement costs increased due to a surge in prices on JEPX during the period from the middle of December in 2020 until late January in 2021.
- Taking seasonal factors into consideration, efforts were made to increase the percentage of negotiation-based procurement in advance. However, there was a negative impact of approximately 700 million yen on operating income partly due to an unexpectedly significant rise in electricity demand.

■ Effects of the steep JEPX price increase on the Company

- Demand for heating increased from the middle of December 2020 due to the effects of a major cold snap.
- Fuel stock for LNG-based thermal power generation decreased, making the sustainable supply capacity of sufficient electricity difficult.



A JEPX material on spot market trading results adjusted by the Company

Plan to introduce photovoltaic power generation for 100% self-consumption



(Press release of March 12, 2021)

■ Introduction of photovoltaic power generation for 100% self-consumption at eight plastics plants owned by the Company.

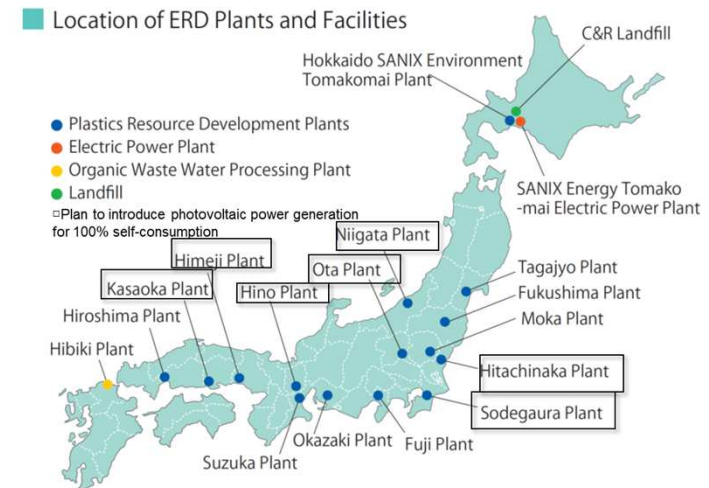
- The Company plans to introduce photovoltaic power generation for 100% self-consumption at its eight plastics plants by the end of fiscal 2021, thereby taking full advantage of comprehensive engagement in manufacturing, sales, installation and maintenance. In addition, the Company is considering introduction at remaining plants in which the necessary facilities can be installed, as well as other facilities it owns.
- It will use photovoltaic power modules manufactured in house, design / install facilities in house, and use data obtained at those facilities for the photovoltaic power generation business to create an example of photovoltaic power generation for self-consumption, with a view toward the popularization of renewable energy.

Overview of the facilities of 8 plants (plan)

- System capacity: Total output: 825.3kw (Average output of each factory: 103.2kw)
- Power expected to be generated annually: Total output: 750.000kw (covers 656,000kWh, which is approximately 7% of power consumed annually)
- Effect of CO2 emission reductions: Reduction of CO2 by 344 tons annually



Conceptual image of solar panels installed



Manufacturing of Biomass Fuels from Sludge [Demonstration experiment started]



(Press release of March 19, 2021)

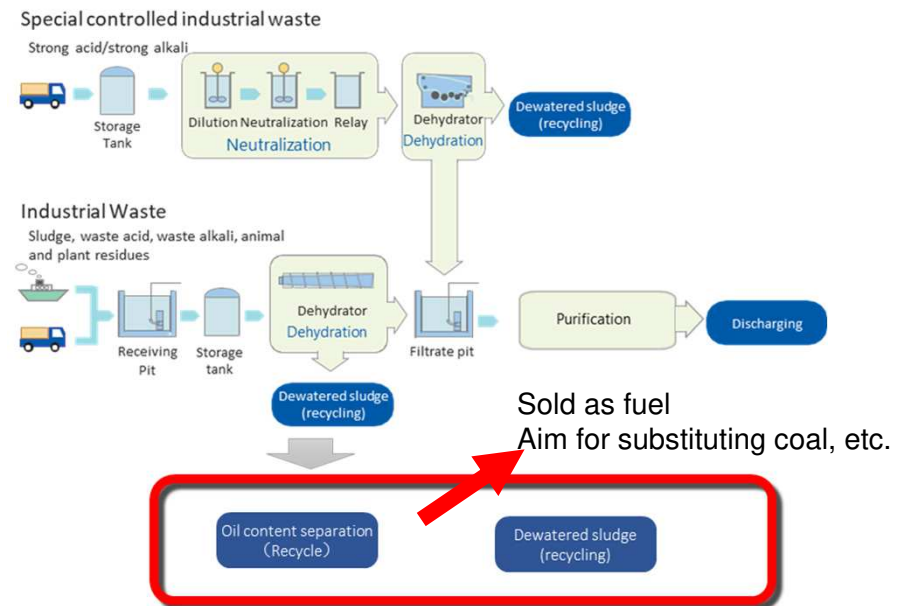
■ Commenced a demonstration experiment involving the manufacture of biomass fuels from sludge

- Commenced a full-scale demonstration experiment of creating fuels from sludge generated through the purification process of industrial waste (organic waste water) to facilitate resource recycling in the organic waste water recycle business (Hibiki Plant).
- Will launch the business in fiscal 2023 with the aim of manufacturing 5,400 tons of fuels annually.
- If the fuels (5,400 tons) are used as replacements for coal, CO2 emissions will be reduced by up to 11,060 tons per year (equivalent to emissions from approximately 6,420 households per year), contributing to the creation of a resource recycling and carbon-free society.
- The Company manufactures reclaimed oil by condensing oil included in, for example, kitchen wastewater generated at restaurants. It launched this business in 2018 and has been selling these reclaimed oil products for use as replacements for fossil fuels.



Hibiki Plant (Waste water recycle facility)

One of the largest facilities in Japan in the category of a facility that dedicated to the recycling of waste water
Intermediate treatment undertaken for 2.3 million tons of liquids
(As of March 2021)



Commencement of Sales of “Plus Zero Electricity” in the Power Producer and Supplier Business



(Press release of April 9, 2021)

■ Commencement of sales of “Plus Zero electricity”, an optional menu featuring high environmental value.

- The Energy Business Division (the businesses of which include the retail sale of electricity) started to sell “Plus Zero electricity”, an optional menu with a high environmental value featuring 100% renewable energy and zero CO2 emissions, with an eye toward the creation of a carbon-free society. (April 21, 2021)

| Optional menu | Plus Zero(RE100) | Plus Zero(CO2 Free) |
|---------------|--|---|
| Outline | Initiatives aimed at treating electricity as effectively renewable energy by supplying it in combination with renewable energy-based non-fossil fuel | Initiatives aimed at realizing zero CO2 emissions by supplying it in combination with non-fossil fuel certificates, credits, etc. |
| Charge | 1.76yen/kWh | 1.43yen/kWh |

*Non-fossil fuel certificate with tracking: non-fossil fuel certificate including additional information such as the type of electricity and location of power generation plants.

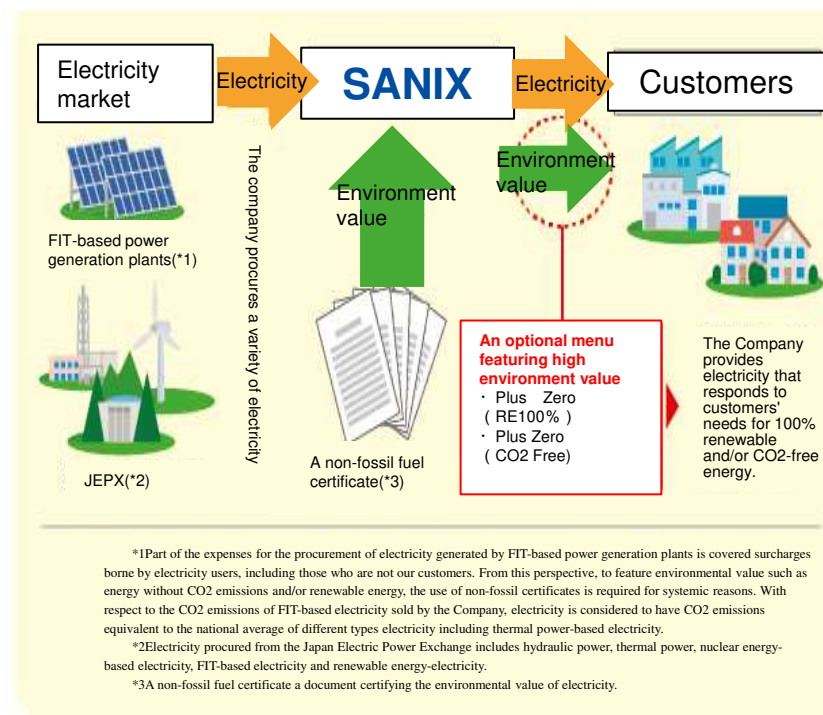
Scope of applicability for the calculation of greenhouse gas emissions
○:The volume of procurement may be reported.

| | SBT | CDP | RE100 | On-tai-ho Law |
|---------------------|-----|-----|-------|---------------|
| Plus Zero(RE100%) | ○ | ○ | ○ | ○ |
| Plus Zero(CO2 Free) | ○ | ○ | × | ○ |

SBT : Corporate targets for greenhouse gas emission reductions in line with levels set forth according to the Paris Agreement
CDP : International NGO whose purpose is to provide investors with corporate environmental information.
RE100 : International business initiatives being implemented to facilitate corporate use of 100% natural energy
On-tai-ho Act: Act on Global warming counter measures

Outline for an optional menu featuring high environmental value

“Plus Zero electricity” is an optional menu created to include environmental value in electricity by using non-fossil fuel certificates.



*1Part of the expenses for the procurement of electricity generated by FIT-based power generation plants is covered surcharges borne by electricity users, including those who are not our customers. From this perspective, to feature environmental value such as energy without CO2 emissions and/or renewable energy, the use of non-fossil certificates is required for systemic reasons. With respect to the CO2 emissions of FIT-based electricity sold by the Company, electricity is considered to have CO2 emissions equivalent to the national average of different types electricity including thermal power-based electricity.

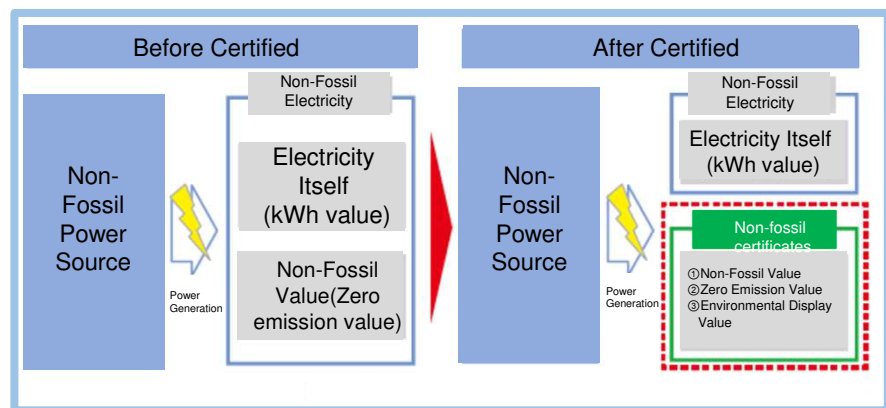
*2Electricity procured from the Japan Electric Power Exchange includes hydraulic power, thermal power, nuclear energy-based electricity, FIT-based electricity and renewable energy-electricity.

*3A non-fossil fuel certificate a document certifying the environmental value of electricity.

(Press release of April 16, 2021)

■ Commencement of sale of Non-FIT Non-Fossil Certificates

- Sanix Energy Tomakomai Power Plant, which was certified as a non-FIT and non-fossil fuel power source by the government in January 2020, started to sell non-FIT no-fossil certificates for electricity generated in fiscal 2020 and beyond.
- CO2 emissions of electricity are treated as zero by submitting a no-FIT non-fossil certificate. Approximately 94,000 tons of CO2 can be offset by submitting a non-fossil fuel certificate on the expected sale of approximately 200GWh per year.



■ Types of Non-Fossil Power

| | Designated as Renewable Energy | | Not Designated as Renewable Energy |
|------|--|---------------------------------------|--------------------------------------|
| | FIT Power Source | Non-FIT Renewable Energy Power Source | Non-FIT, Non-Fossil Power Source |
| e.g. | Solar power, wind power, small hydropower, biomass and geothermal power etc. | Large hydropower etc. | Nuclear power and waste plastic etc. |

Sanix energy is a non-FIT, non-fossil power source

~Business model of Recycle recycling power generation system~



(As of March 2021)

Acceptance volume of waste plastics: Approx. 5.4 million tons(Cumulative total)

Total volume of power generated: Approx. 4,500 Gwh(Cumulative total)
(equivalent to electricity consumed by 1.5 million general households per year)

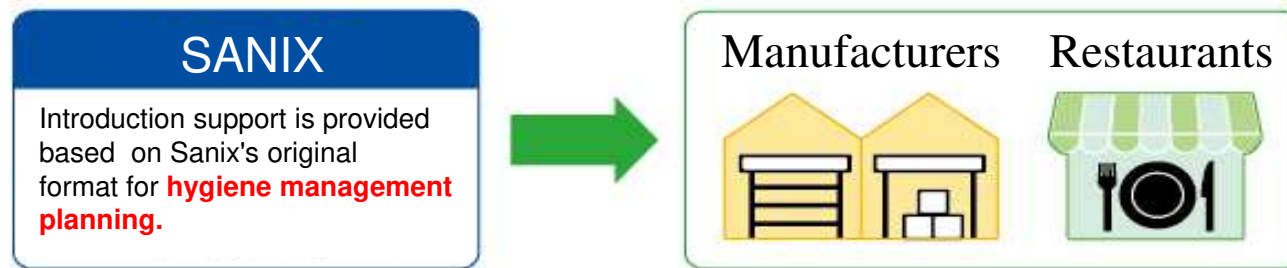
(Press release of April 16, 2021)

■ Obligation to implement hygiene management according to the HACCP standards

- Starting from June 1, 2021, operators handling food products are obligated to implement hygiene management according to the HACCP standards due to the revision of the Food Sanitation Act, and are required to prepare detailed hygiene management plans and undertake the continuous implementation of such plans.

■ Commencement of HACCP Introduction Support Service

- The ES Division started to provide support services in earnest to make sure restaurants and food product factories food can introduce HACCP-compliant management.
- In the HACCP introduction support service, the Company supports the introduction and implementation of HACCP-compliant hygiene management based on its original format for hygiene management planning mainly in Kyushu, as well as in some districts in the Chugoku and Shikoku areas and Kansai region. Hygiene inspection services are provided periodically after the completion of introduction.



*HACCP refers to a method of hygiene management aimed at preventing food poisoning and providing safe food products by visualizing hygiene management implemented by factories and restaurants. It clarifies, analyzes and manages operation process pertaining to product contamination due to dangerous substances (microbes, foreign substances, etc.) and by doing so, reduces relevant risks.

Report of the Implementation of Japan's First Installation Work Method

SANIX

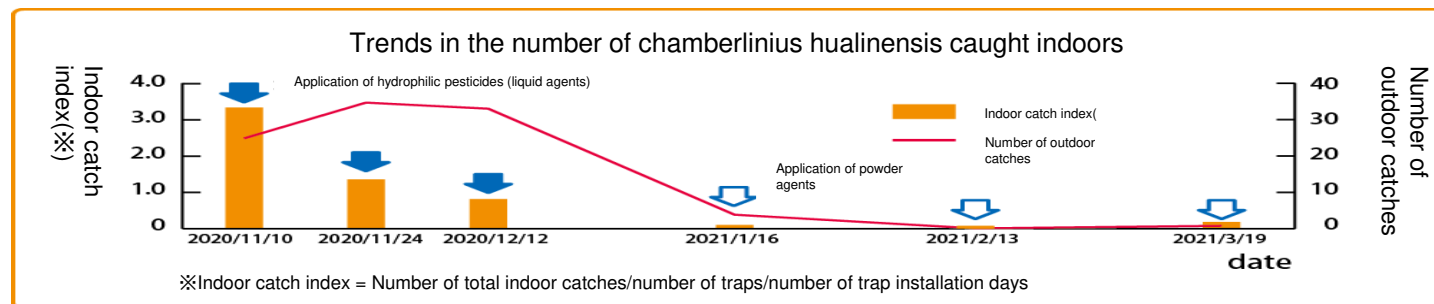
(Press release of April 19, 2021)

■ Countermeasure to exterminate unpleasant chamberlinius hualienensis pests

- The Company verified that the countermeasure (an installation work method) it applied for the first time in Japan for the prevention of intrusion and extermination of unpleasant chamberlinius hualienensis pests as an empirical study was effective and provided a report at a meeting of Japan Society of Medical Entomology and Zoology.

■ Details of the empirical study

- The Company commenced the empirical study in June 2020 to address the issue of chamberlinius hualienensis outbreaks in Kagoshima Prefecture, etc. The study is ongoing.
- After testing a number of countermeasures including using different pesticides, the Company verified that the intrusion of the pests could be prevented by using liquid pesticides as necessary, in addition to powder pesticides that had been used traditionally (both powder and liquid pesticides are carbamate pesticides that can be used in residential areas).
- In this installation, it confirmed effectiveness by using a hydrophilic carbamate agent (third party product) for the first time in Japan. Through this method, the number of the pests caught indoors decreased almost 50% and 80% in two weeks and one month, respectively, during the season in which the number of those surviving outdoors did not show any decline. The number of indoor catches subsequently remained low.



The ES Division provides countermeasure implementation services against different types of pests and varmints according to the Integrated Pest Management (IPM) system to ensure safety. It will continue to contribute to creating a comfortable and healthy environment by providing safer and securer installation work and improving technical capabilities.

■ Capital investment amount

(Millions of Yen)

| Classification | | FY2019 | FY2020 |
|-----------------------|----------|---------|---------|
| | | Results | Results |
| SE Division | Land | - | - |
| | Building | 88 | 116 |
| HS Division | Land | - | - |
| | Building | 36 | 30 |
| ES Division | Land | - | - |
| | Building | 2 | 8 |
| ERD Division | Land | 238 | 0 |
| | Building | 1,972 | 2,248 |
| EB Division | Land | - | - |
| | Building | 6 | 13 |
| Head office Division | Land | 4 | 2 |
| | Building | 392 | 663 |
| Subtotal in breakdown | Land | 242 | 2 |
| | Building | 2,500 | 3,081 |
| Total | | 2,742 | 3,083 |

Major capital investments are as follows.

(FY2019)

- Equipment for core business ¥276 million
- Organic wastewater recycling plant ¥257 million
- Solar electric power systems ¥115 million
(Tagajo Plant)

(FY2020)

- Equipment for core business ¥351 million
- Machinery and equipment related
to recycling of organic waste water ¥281 million
- Machinery and equipment related
to recycling of industrial waste ¥947 million

■ Capital expenditure Plan

- Capital expenditure A total of ¥1.5 billion to ¥2.0 billion is planned
 - ERD Division
 - Equipment replacement at plants
 - Expansion and renewal of organic waste water recycling facilities
 - Increasing landfill sites (to be operated in December 2021) etc.
 - Investment in systems

■ Repair plan for the Tomakomai Power Plant

- Late March to early May in 2021: Implementation of statutory inspection work
- November in 2021: Periodical inspections are scheduled to be implemented.

■ Changes in depreciation

(Millions of Yen)

| | FY2018 Results | FY2019 Results | FY2020 Results | FY2021 Plan |
|--------------|----------------|----------------|----------------|-------------|
| Depreciation | 808 | 914 | 1,097 | 1,300 |

Important Management Indicators



| | | FY2018 Results | FY2019 Results | FY2020 Results | FY2021 Plan |
|------------------------|------|-------------------|-------------------|-------------------|----------------|
| Return on equity | ROE | 5.85% | 36.31% | 27.87% | 17.50% |
| Return on total assets | ROA | 3.88% | 8.16% | 6.39% | 6.70% |
| Equity ratio | | 13.42% | 18.55% | 24.50% | 30.00% |
| Free cash flow | ROIC | 2.31% | 10.77% | 11.19% | 9.00% |