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August 9, 2024

Consolidated Financial Results for the 3 Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: SANIX INCORPORATED
 Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 4651
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the 3 months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3 months ended								
June 30, 2024	10,288	(7.1)	(116)	-	(185)	-	(255)	-
June 30, 2023	11,081	(2.3)	154	(54.8)	73	(72.9)	63	(63.6)

Note: Comprehensive income for the 3 months ended June 30, 2024: ¥ (249) million [- %]
 for the 3 months ended June 30, 2023: ¥ 98 million [(54.7) %]

	Basic earnings per share	Diluted earnings per share
3 months ended	Yen	Yen
June 30, 2024	(5.34)	-
June 30, 2023	1.33	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	38,041	8,660	22.7	180.82
March 31, 2024	36,965	8,912	24.1	186.04

Reference: Equity
 as of June 30, 2024: ¥8,644 million
 as of March 31, 2024: ¥8,893 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	0.00	0.00	0.00	0.00	0.00
Fiscal year ended March 31, 2025	0.00				
Fiscal year ending March 31, 2025 (Forecast)		0.00	0.00	0.00	0.00

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

3. Consolidated financial forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First Half	22,726	0.6	613	(58.6)	483	(64.0)	366	(67.4)	10.10
Full Year	46,246	(2.0)	1,715	(54.2)	1,440	(58.4)	1,093	(59.4)	22.88

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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: - companies (Company name)

Excluded: - companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30,2024	48,919,396 shares
As of March 31,2024	48,919,396 shares

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

As of June 30,2024	1,115,281 shares
As of March 31,2024	1,115,213 shares

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

3 months ended June 30, 2024	47,804,149 shares
3 months ended June 30, 2023	47,804,413 shares

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including results forecasts, included in this material are based on the information that the Company has obtained and certain assumptions that the Company considers reasonable. Actual results may differ significantly for a range of factors. The assumptions for the results forecasts and cautions in the use of the forecasts are described in 1. Qualitative information for the 3 months ended June 30, 2024, (3) Information on the outlook, including the forecasts of consolidated business results on page 5 of the Attachment.

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1. Qualitative information for the 3 months ended June 30, 2024

(1) Information of consolidated business results

During the first quarter under review (April 1 to June 30, 2024), its corporate philosophy, "Clean and comfortable environment for the next generation," the Group facilitated the resolution of social issues through its businesses and continued to work to help establish a sustainable society in the residential environment, resource circulation and energy domains. As for the sales of the ERD division, due to the big drop in the electricity market price, we changed the position to retail electricity, which is more expensive than wholesale electricity, but it did not reach the level of the previous quarter. In addition, the regular maintenance and repair of the Tomakomai power plant was carried out from March to April 2023 in the first quarter of previous period, but from April to May 2024 in the current period. For this reason, the number of working and operation days decreased from the previous quarter and net sales (down 14.1% year-on-year). As a result, the group's consolidated net sales amounted to ¥10,288 million (down 7.1% year-on-year).

The Group's consolidated profit included operating loss of ¥116 million (operating profit of ¥154 million in the same period of the previous fiscal year), ordinary loss of ¥185 million (ordinary profit of ¥73 million in the same period of the previous fiscal year) and loss attributable to owners of parent of ¥255 million (profit attributable to owners of parent of ¥63 million in the same period of the previous fiscal year) due in part to decreased revenue by big drop in the electricity market price, and maintenance and repair expenses in conjunction with the Tomakomai power plant in April and May 2024.

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

<Residential Environment Area>

a. HS (Home Sanitation) Division

The HS Division continued to strengthen its sales policy with a focus on the development of new customers as in the previous year while also accelerating initiatives with an eye toward the enhancement of its customer foundation. As a result, net sales came to ¥3,182 million (up 5.1% year-on-year), "Underfloor / attic ventilation system" increased 1.6% year-on-year and "Foundation repair/ home reinforcement system" increased 0.2% year-on-year, although decrease of 1.9% in "Termite control construction" due to an increase in the number of contracts with new customers.

Operating profit increased 18.3% year-on-year to ¥526 million because of reducing fixed costs such as sales and general administrative expenses in addition to the increase in sales from the same period of the previous year.

b. ES (Establishment Sanitation) Division

The ES Division has been strengthening its relationships with owners of buildings and condominiums and affiliates such as property management companies. While net sales for “Anti-rust equipment installation (product name: Daelman Shock)” increased 5.9% year-on-year, “Waterproofing and renovation of buildings” increased 6.1% year-on-year, and net sales for “Water supply and drainage repairs” rose 1.5% year-on-year. As a result, net sales for the segment totaled ¥636 million (up 2.9% year-on-year).

Operating loss stood at ¥13 million (operating loss of ¥10 million in the same period of the previous year) because of reducing fixed costs such as sales and general administrative expenses in addition to the increase in revenue from the same period last year.

c. SE (Solar Engineering) Division

The SE Division focused on the sale of photovoltaic power generation systems developed specifically for detached houses. As a result, net sales in this segment came to ¥294 million (up 0.5% year-on-year).

Operating loss totaled ¥18 million (operating loss of ¥33 million in the same period of the previous fiscal year), reflecting efforts to improve profitability.

<Energy Area>**d. PV (Photovoltaic) Division**

The PV Division focused mainly on the sale and construction of self-consumption type photovoltaic power generation systems for corporate use, the provision of the PPA services to local governments and the sale of photovoltaic power generation systems with land, as well as replacement of devices and maintenance for existing photovoltaic power generation systems. In the first quarter of this fiscal year, net sales came to ¥1,760 million (down 14.7% year-on-year) due to delays in the connect with each electric power companies, in addition, longer duration from order receiving to construction due to increased size and added value, etc.

Operating loss came to ¥76 million (operating loss of ¥41 million in the same period of the previous fiscal year) due to a decrease in revenue from the same period last year, although the gross margin has improved because a decrease in material costs.

e. PPS (Power Producer and Supplier) Division

The PPS Division has been reducing its business since last year, considering that maintaining profit is difficult due to a rise in the cost of electricity procurement. As a result, net sales in this segment decreased to ¥554 million (down 5.0% year-on-year).

Operating profit stood at ¥39 million (up 19.9% year-on-year), reflecting improved profitability

although decrease revenue.

<Resource Circulation Area>

f. ERD (Environmental Resources Development) Division

In the ERD Division, “Plastic fuel” sales increased 6.3% year-on-year, sales for “Waste liquid treatment” increased 9.5% year-on-year, and “Landfill” sales increased 16.5% year-on-year. On the other hand, However, due to the big drop in the electricity market price at Tomakomai Power plant, we changed the position to retail electricity, which is more expensive than wholesale electricity, but it did not reach level of the previous quarter. In addition, the regular maintenance and repair of the Tomakomai power plant was carried out from March to April 2023 in the first quarter of previous period, but from April to May 2024 in the current period. For this reason, the number of working and operation days decreased by 69.1% year-on-year. As a result, net sales in this segment increased to ¥3,861 million (down 14.1% year-on-year).

Operating profit for the segment amounted to ¥149 million (down 69.8% year-on-year) due to the recording of repair expenses of legally required inspection of the Tomakomai power plant.

(2) Information of consolidated financial position

Total assets at the end of the consolidated accounting period in the first quarter amounted to ¥38,041 million, increased ¥1,076 million from the FY2023(end of the previous consolidated fiscal year). The total liabilities amounted to ¥29,381 million, increased ¥1,327 million from FY2023. Net assets totaled ¥8,660 million, decreased ¥251 million from FY2023. As a result, the capital adequacy ratio stood 22.7% (24.1% at the end of the FY2023).

(Assets)

Current assets at the end of the first quarter under review amounted to ¥16,137 million, decrease of ¥74 million from FY2023. This was caused chiefly by a rise in accounts receivable increased the amount of “other current assets” by 1,031 million, but the amount of accounts receivable decreased by ¥1,231 million.

Fixed assets were ¥21,904 million, increased ¥1,150 million from FY2023. The major factors include increases of ¥1,139 million in “machinery, equipment and vehicles (net)”.

(Liabilities)

Current liabilities at the end of the first quarter under review amounted to ¥18,399 million, increase of ¥389 million from FY2023. The primary factors for the increase of ¥1,030 million in “accounts payable”, which more than offset a decrease of ¥231 million in “notes and accounts payable – trade” and decrease ¥545 million in “income taxes payable”.

Non-current liabilities totaled ¥10,981 million at the end of the period, increased ¥938 million from the end of the FY2023. The key factor was the increase in “long-term outstanding payments”, resulting in an increase of ¥879 million in “other fixed liabilities”.

(Net assets)

Net assets totaled ¥8,660 million, down ¥251 million from the end of the FY2023. The main reason is that it recorded a quarterly net loss of ¥255 million attributable to owners of parent.

(3) Information on the outlook, including the forecasts of consolidated business results

Consolidated results forecasts for the fiscal year ending March 31, 2025, there is no change in the consolidated results forecasts announced on May 15, 2024.

2. Quarterly consolidated financial statements and the primary notes for the 3 months ended June 30, 2024

(1) Quarterly consolidated balance sheets

	(In Millions of Yen)	
	As of	As of
	March 31, 2024	June 30, 2024
Assets		
Current assets		
Cash and deposits	6,397	6,456
Notes and accounts receivable - trade	5,371	4,139
Electronically recorded monetary claims	65	18
Merchandise and finished goods	185	151
Costs on construction contracts in progress	420	501
Raw materials and supplies	2,575	2,621
Other	1,301	2,332
Allowance for doubtful accounts	(105)	(84)
Total current assets	16,211	16,137
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,145	2,096
Machinery, equipment and vehicles, net	4,718	5,857
Land	8,248	8,726
Other, net	2,120	1,788
Total property, plant and equipment	17,232	18,468
Intangible assets	484	443
Investments and other assets	3,036	2,992
Total non-current assets	20,753	21,904
Total assets	36,965	38,041

(In Millions of Yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,968	1,736
Electronically recorded obligations	486	573
Short-term loans payable	4,015	4,291
Current portion of long-term loans payable	1,364	1,404
Current portion of bonds payable	300	300
Accounts payable	4,503	5,533
Income taxes payable	655	110
Provision for bonuses	283	429
Allowance for resource-recycling expenses	13	13
Other	4,418	4,004
Total current liabilities	18,010	18,399
Non-current liabilities		
Bonds payable	700	650
Long-term borrowings	4,107	4,174
Allowance for retirement benefits for directors	4	4
Allowance for disposal site closing expenses	577	591
Retirement benefit liability	2,217	2,245
Other	2,436	3,315
Total non-current liabilities	10,042	10,981
Total liabilities	28,053	29,381
Net assets		
Shareholders' equity		
Capital stock	(3,968)	(4,223)
Retained earnings	(1,481)	(1,481)
Treasury shares	8,591	8,336
Total shareholders' equity		
Accumulated other comprehensive income		
Valuation difference on available for sale securities	137	94
Foreign currency translation adjustment	163	212
Remeasurements of defined benefit plans	0	0
Total other comprehensive income	302	308
Non-controlling Interests	18	16
Total net assets	8,912	8,660
Total liabilities and net assets	36,965	38,041

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)

	(In Millions of Yen)	
	3 months	
	From April 1 to June 30	
	FY2023	FY2024
Net sales	11,081	10,288
Cost of sales	7,323	6,762
Gross profit	3,757	3,526
Selling, general and administrative expenses	3,603	3,642
Operating profit (loss)	154	(116)
Non-operating profit		
Interest income	4	2
Dividends income	2	2
Rental income from land and buildings	15	10
Profit on sale of non-current assets	0	13
Other	15	15
Total non-operating profit	38	44
Non-operating expenses		
Interest expenses	64	62
Loss on retirement of non-current asset	42	7
Foreign exchange gain	6	37
Other	6	6
Total non-operating expenses	119	113
Ordinary profit (loss)	73	(185)
Profit (loss) before income taxes	73	(185)
Income taxes-current	42	49
Income taxes-deferred	(32)	20
Total income taxes	9	70
Profit (loss)	63	(255)
Profit (loss) attributable to non-controlling interests	(0)	(0)
Profit (loss) attributable to owners of parent	63	(255)

(Quarterly consolidated statements of comprehensive Income)

(In Millions of Yen)

	3 months	
	From April 1 to June 30	
	FY2023	FY2024
Profit (loss)	63	(255)
Other comprehensive income		
Valuation difference on available-for-sale securities	8	(42)
Foreign currency translation adjustment	20	49
Retirement benefit adjustment	6	(0)
Total other comprehensive income	35	5
Comprehensive net income	98	(249)
Comprehensive net income attributable to		
Comprehensive income attributable to owners of parent	98	(249)
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Notes regarding the quarterly consolidated financial statements

(Notes to segment information, etc.)

I. 3 months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Information on net sales and operating profit (loss)

(In Millions of Yen)

	Segments							Elimination or Group (Note 1)	Consolidated (Note 2)
	HS	ES	SE	PV	PPS	ERD	Total		
Net sales:									
Sales to customers	3,027	618	292	2,064	583	4,495	11,081	—	11,081
Internal sales among segments and transfer accounts	—	—	—	—	—	—	—	—	—
Total	3,027	618	292	2,064	583	4,495	11,081	—	11,081
Operating profit (loss)	445	(10)	(33)	(41)	32	497	890	(735)	154

(Note) 1. Negative ¥735 million for adjustments of operating profit (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

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

2. Information on impairment losses or goodwill of fixed assets for each reporting segment

: None

II. 3 months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

1. Information on net sales and operating profit (loss)

(In Millions of Yen)

	Segments							Elimination or Group (Note 1)	Consolidated (Note 2)
	HS	ES	SE	PV	PPS	ERD	Total		
Net sales:									
Sales to customers	3,182	636	294	1,760	554	3,861	10,288	—	10,288
Internal sales among segments and transfer accounts	—	—	—	—	—	—	—	—	—
Total	3,182	636	294	1,760	554	3,861	10,288	—	10,288
Operating profit (loss)	526	13	(18)	(76)	39	149	634	(750)	(116)

(Note) 1. Negative ¥750 million for adjustments of operating profit (loss) represents corporate expenses not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

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

2. Information on impairment losses or goodwill of fixed assets for each reporting segment

: None

(Notes to remarkable changes in the amount of shareholders' equity)

: None

(Notes on matters related to going concern assumption)

: None

(Notes to cash flow on quarterly consolidated financial statements)

: Did not prepare a quarterly consolidated cash flow statement in this period. but depreciation (including depreciation expenses for non-current assets) changed as follows

(In Millions of Yen)

	April 1 to June 30	
	FY2023	FY2024
Depreciation	391	395

3. Others

(1) Consolidated net sales by division

(In Million of Yen)

Item	Unit	From April 1 to June 30				Comparison	
		FY2023		FY2024			
		QTY	Amount	QTY	Amount	QTY	Amount
Termite control construction	*1,000 tsubo	190	1,208	197	1,184	7	-23
Under-floor/attic ventilation system	—	-	712	-	723	-	11
Foundation Repair/ Home Reinforcement System	House	918	405	882	406	-36	0
Others	—	-	701	-	867	-	166
Home Sanitation Division Total	—	-	3,027	-	3,182	-	155
Anti-rust equipment installation	Piece	180	218	218	231	38	12
Water supply and drainage repair	—	-	238	-	242	-	3
Waterproofing and renovation of buildings	—	-	67	-	71	-	4
Others	—	-	93	-	90	-	-3
Establishment Sanitation Division Total	—	-	618	-	636	-	17
Sales and installation of PV system	—	-	292	-	294	-	1
Solar Engineering Division Total	—	-	292	-	294	-	1
Sales and installation of PV system	—	-	2,034	-	1,723	-	-310
Wholesale of PV system	—	-	7	-	2	-	-4
Others	—	-	22	-	34	-	11
Phtovoltaic Division Total	—	-	2,064	-	1,760	-	-303
Sales of Electricity	—	-	583	-	554	-	-29
Power Producer and Supplier Division Total	—	-	583	-	554	-	-29
Plastic fuel	t	68,522	2,376	74,691	2,527	6,168	150
Power Plant	—	-	1,227	-	379	-	-847
Waste liquid treatment	t	23,310	481	23,929	527	618	45
Landfill	—	-	227	-	264	-	37
Others	—	-	183	-	162	-	-20
Environmental Resources Development Division Total	—	-	4,495	-	3,861	-	-634
Others	—	-	-	-	-	-	-
Adjustment of intersegment sales	—	-	-	-	-	-	-
Total Net Sales	—	-	11,081	-	10,288	-	-792

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

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