Code：4651

Financial Results Briefing For FY2020 3Q

SANIX INCORPORATED

February 15,2021

1.Financial Results for FY 2020 3Q Page.3

2.Forecasts for FY2020 Page.13

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: The spread of the COVID-19 and the government and local governments' handling of the coronavirus, trends in the Japanese economy, trends in the Feed-in Tariff scheme for renewable energy, trends in the handling of waste (particularly waste plastics), the competitive environment, technological innovations, regulations, laws and other factors that are not expected by the Company. 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 3Q

Consolidated Financial Results for FY2020 3Q

SANIX

(Millions of Yen)

	FY2019 3Q	FY2020 3Q				
	Results	**Results**	Y on Y	Difference	Plan	Diff. from Plan
Net Sales	37,893	**35,812**	94.5%	-2,080	36,626	-813
Gross Profit	13,260	**13,553**	102.2%	+ 293	13,621	-67
(Gross Profit Margin)	35.0%	37.8%			37.2%	
Operating Income	2,284	**2,381**	104.2%	+ 97	2,010	+ 370
(Operating Income Margin)	6.0%	6.6%			5.5%	
Ordinary Income	2,087	**2,224**	106.6%	+ 136	1,863	+ 360
(Ordinary Income Margin)	5.5%	6.2%			5.1%	
Profit attribute to owners of paretns	1,531	**1,915**	125.1%	+ 384	1,494	+ 421
(Net Income Margin)	4.0%	5.3%			4.1%	

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).

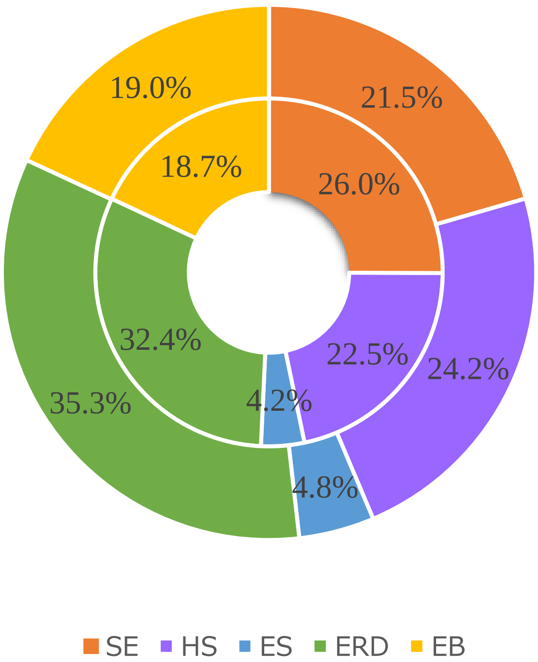
Profits rose year on year, reflecting a relative fall in repair expenses due to the periodic repair of the Tomakomai Power Plant in the previous fiscal year, in addition to net sales growth in the Environmental Resources Development (ERD) Division, which offset a profit decline in the SE Division. As 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).

Results of Net Sales and Income of each segment FY2020 3Q

(Millions of Yen)

	FY2019 3Q	FY2020 3Q		
	Results	Results	Y on Y	Plan
Net Sales	37,893	**35,812**	94.5%	36,626
SE Division	9,869	**7,706**	78.1%	8,671
HS Division	8,529	**8,658**	101.5%	8,666
ES Division	1,584	**1,712**	108.1%	1,696
ERD Division	12,294	**12,647**	102.9%	12,818
EB Division	7,103	**6,790**	95.6%	6,610
Adjustment of intersegment sales	(1,488)	**(1,702)**	-	(1,837)
Operating Income	2,284	**2,381**	104.2%	2,010
SE Division	741	**219**	29.6%	228
HS Division	1,633	**1,639**	100.4%	1,598
ES Division	155	**180**	115.8%	192
ERD Division	2,317	**2,998**	129.4%	2,856
EB Division	10	**28**	280.0%	(25)
Group	(2,574)	**(2,686)**	-	(2,840)

Breakdown of Sales



Inner chart：FY2019 3Q
Outer chart：FY2020 3Q

【Reference】Quarterly Segment Information(changes)

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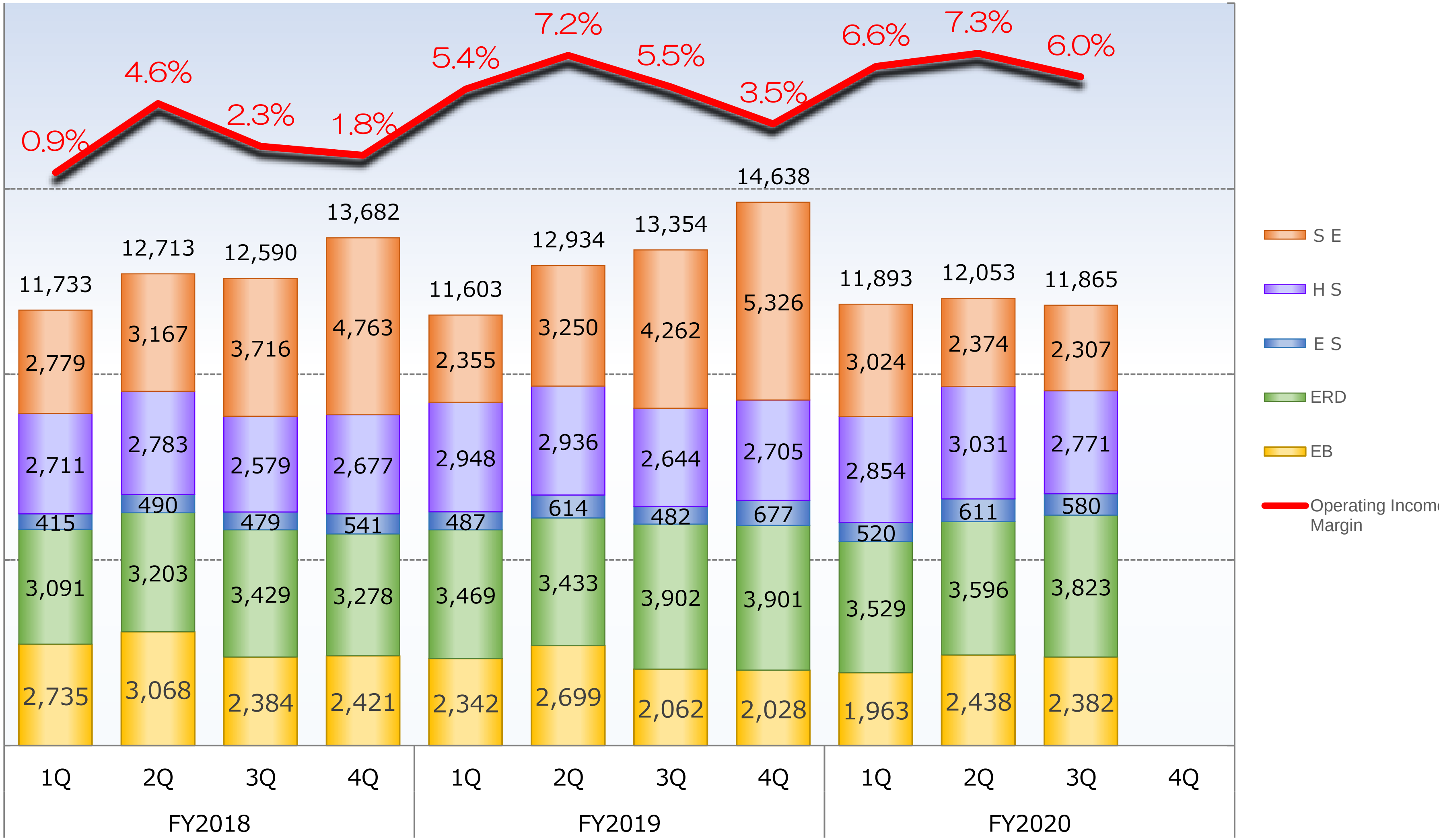
(Millions of Yen)



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

Segment Information for FY2020 3Q(SE Division)

(Millions of Yen)

	FY2019 3Q		FY2020 3Q				
	Results	Prop.	Results	Prop.	Y on Y	Plan	% for Plan
Net Sales	9,869		7,706		78.1%	8,671	
Direct Sales	9,581	97.1%	7,481	97.1%	78.1%	8,429	97.2%
Whole sales	186	1.9%	153	2.0%	82.7%	161	1.9%
Others	101	1.0%	71	0.9%	70.2%	80	0.9%
Costs of Sales	6,603	66.9%	5,250	68.1%	79.5%	6,037	69.6%
Material costs	3,872	39.2%	2,989	38.8%	77.2%	3,522	40.6%
Labor costs	539	5.5%	490	6.4%	91.0%	491	5.7%
Gross Profit	3,265	33.1%	2,456	31.9%	75.2%	2,633	30.4%
SG&A	2,523	25.6%	2,236	29.0%	88.6%	2,404	27.7%
Personnel expenses	1,357	13.8%	1,205	15.6%	88.8%	1,351	15.6%
Operating Income	741	7.5%	219	2.9%	29.6%	228	2.6%

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.

Segment Information for FY2020 3Q(HS Division)

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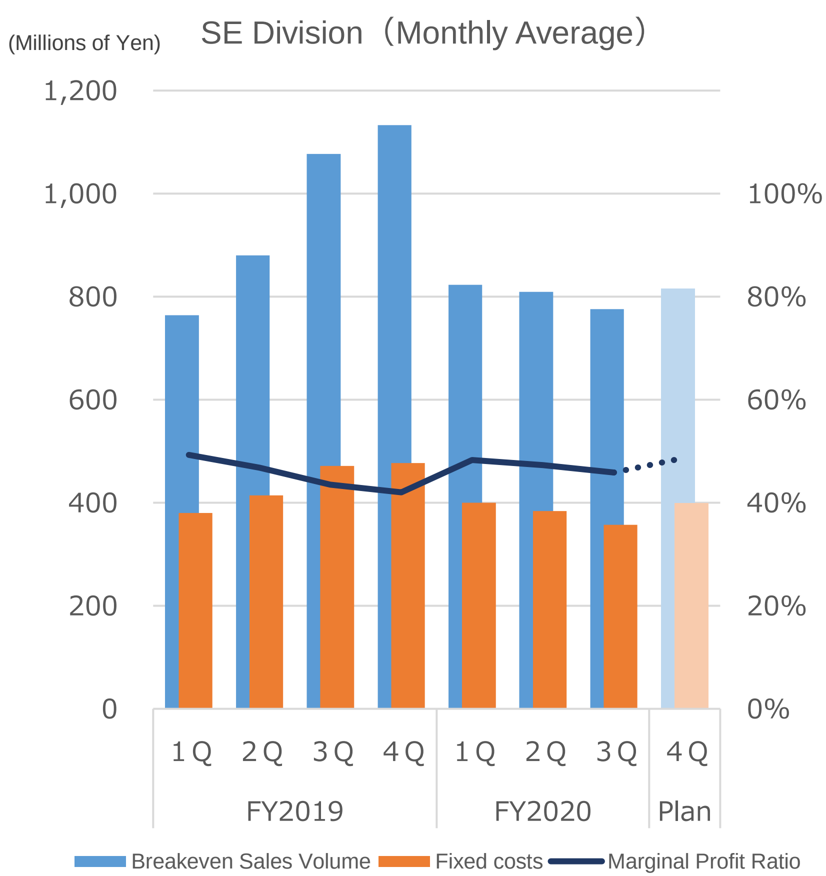
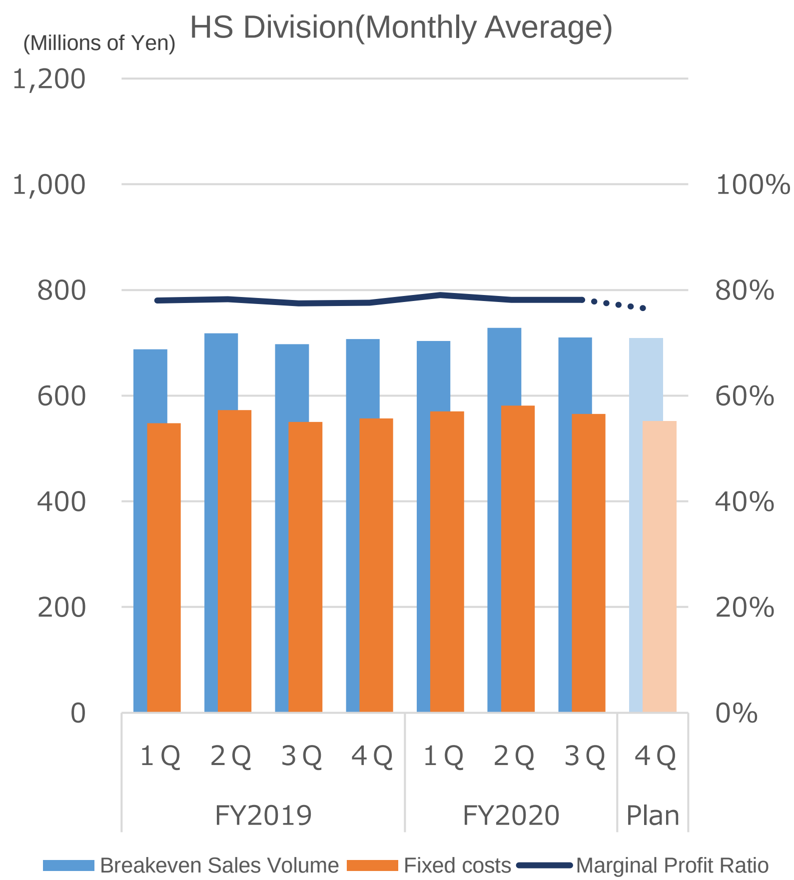
(Millions of Yen)

	FY2019 3Q		FY2020 3Q				
	Results	Prop.	Results	Prop.	Y on Y	Plan	% for Plan
Net Sales	8,529		8,658		101.5%	8,666	
Terminate Eradication Service	2,762	32.4%	2,756	31.8%	99.8%	2,823	32.6%
Under-Floor/Roof Ventilation Systems	1,843	21.6%	2,233	25.8%	121.2%	2,111	24.4%
Foundation Reparing/Home Reinforcement Systems	1,388	16.3%	1,273	14.7%	91.8%	1,379	15.9%
Others	2,535	29.7%	2,394	27.7%	94.4%	2,351	27.1%
Cost of Sales	3,373	39.6%	3,353	38.7%	94.4%	3,353	38.7%
Labor costs	1,194	14.0%	1,198	13.8%	100.4%	1,218	14.1%
Gross Profit	5,155	60.4%	5,304	61.3%	102.9%	5,313	61.3%
SG&A	3,522	41.3%	3,664	42.3%	104.0%	3,714	42.9%
Personnel expenses	2,169	25.4%	2,308	26.7%	106.4%	2,297	26.5%
Operating Income	1,633	19.2%	1,639	18.9%	100.4%	1,598	18.4%

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.

【Reference】Changes of Profitability





A revaluation loss on inventory of ¥644 million is posted as materials cost in SE Division in 4Q of the fiscal period ended March 2020 In the chart above, the effect of the revaluation loss is excluded.

Segment Information for FY2020 3Q(ES Division)

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(Millions of Yen)

	FY2019 3Q		FY2020 3Q				
	Results	Prop.	Results	Prop.	Y on Y	Plan	% for Plan
Net Sales	1,584		1,712		108.1%	1,696	
Cost of Sales	772	48.7%	789	46.1%	102.2%	767	45.2%
Labor costs	190	12.0%	191	11.2%	100.5%	186	11.0%
Gross Profit	812	51.3%	923	53.9%	113.6%	929	54.8%
SG&A	656	41.4%	742	43.4%	113.1%	736	43.4%
Personnel expenses	394	24.9%	440	25.7%	111.6%	435	25.7%
Operating Income	155	9.8%	180	10.5%	115.8%	192	11.4%

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.

※The Company established new stores in Shizuoka in January 2021.

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	FY2019 3Q		FY2020 3Q				
	Results	Prop.	Results	Prop.	Y on Y	Plan	% for Plan
Net Sales	12,294		12,647		102.9%	12,818	
Plastic Fuels	7,484	60.9%	7,897	62.4%	105.5%	7,869	61.4%
Power Stations	2,211	18.0%	2,334	18.5%	105.5%	2,572	20.1%
Oragnic Waste Water	1,473	12.0%	1,408	11.1%	95.6%	1,492	11.6%
Final Disposal	722	5.9%	584	4.6%	81.0%	470	3.7%
Others	402	3.3%	422	3.3%	105.0%	413	3.2%
Costs of Sales	8,569	69.7%	8,260	65.3%	96.4%	8,515	66.4%
Labor costs	1,338	10.9%	1,398	11.1%	104.5%	1,405	11.0%
Gross Profit	3,724	30.3%	4,387	34.7%	117.8%	4,303	33.6%
SG&A	1,407	11.4%	1,388	11.0%	98.7%	1,446	11.3%
Personnel expenses	784	6.4%	809	6.4%	103.3%	834	6.5%
Operating Income	2,317	18.8%	2,998	23.7%	129.4%	2,856	22.3%

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.

Segment Information for FY2020 3Q(EB Division)

(Millions of Yen)

	FY2019 3Q		FY2020 3Q				
	Results	Prop.	Results	Prop.	Y on Y	Plan	% for Plan
Net Sales	7,103		6,790		95.6%	6,610	
Cost of Sales	6,801	95.7%	6,307	92.9%	92.7%	6,168	93.3%
Material costs	6,508	91.6%	5,906	87.0%	90.8%	5,755	87.1%
Gross Profit	302	4.3%	482	7.1%	159.7%	442	6.7%
SG&A	291	4.1%	453	6.7%	155.5%	467	7.1%
Personnel expenses	159	2.2%	261	3.9%	164.4%	264	4.0%
Operating Income	10	0.1%	28	0.4%	280.0%	△ 25	–

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.Forecasts for FY2020

Consolidated Financial Forecast for FY2020

SANIX

(Millions of Yen)

	FY2019		FY2020			
	Results	Difference	February 12 Revised Plan	Diff.from Pre. Period	November 12 Revised Plan	Diff. from November 12 Revised Plan
Net Sales	52,531	+ 1,811	**49,127**	-3,403	49,738	-610
Gross Profit	17,556	+ 2,726	**16,685**	-671	17,626	-741
(Gross Profit Margin)	33.4%		34.4%		35.4%	
Operating Income	2,791	+ 1,566	**1,840**	-950	1,940	-99
(Operating Income Margin)	5.3%		3.7%		3.9%	
Ordinary Income	2,592	+ 1,409	**1,610**	-981	1,785	-174
(Ordinary Income Margin)	4.9%		3.3%		3.6%	
Profit attribute to owners of parents	1,850	+ 1,610	**1,199**	-651	1,345	-145
(Net Income Margin)	3.5%		2.4%		2.7%	

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.

Overview of Revised Full-year Forecasts (the revision plan as of November 12 and the revision plan as of February 12)

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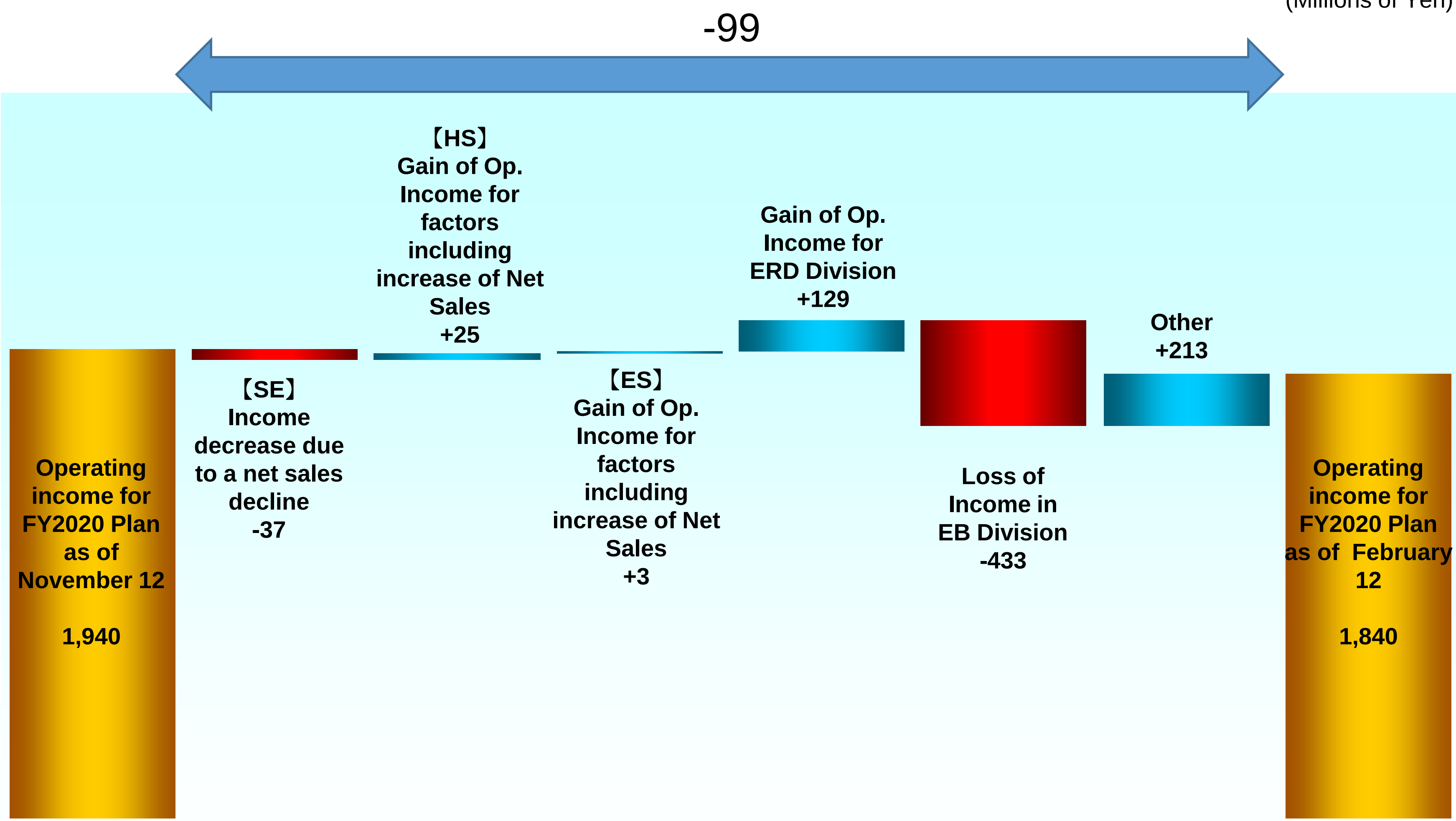
(Millions of Yen)



【Reference】Progress for FY2020

(Millions of Yen)

	FY2019	FY2020			
	Results	February 12 Revised Plan	Diff.from Pre. Period	November 12 Revised Plan	Diff. from November 12 Revised Plan
Net Sales	52,531	**49,127**	-3,403	49,738	-610
SE Division	15,195	**10,417**	-4,777	12,161	-1,744
HS Division	11,235	**11,354**	+ 119	11,474	-120
ES Division	2,261	**2,396**	+ 134	2,320	+ 76
ERD Division	16,759	**16,659**	-100	16,824	-165
EB Division	9,132	**10,491**	+ 1,359	9,266	+ 1,224
Adjustment of intersegment of sales	(2,053)	**(2,190)**	-137	(2,309)	+ 118
Operating Income	2,791	**1,840**	-950	1,940	-99
SE Division	901	**343**	-558	381	-37
HS Division	2,061	**2,042**	-19	2,017	+ 25
ES Division	281	**286**	+ 4	282	+ 3
ERD Division	3,483	**3,242**	-241	3,112	+ 129
EB Division	(485)	**(407)**	+ 77	26	-433
Group	(3,452)	**(3,665)**	-213	(3,879)	+ 213

Segment Forecast for FY2020(SE Division)

(Millions of Yen)

	FY2019	FY2020			
	Results	February 12 Revised Plan	Diff.from Pre. Period	November 12 Revised Plan	Diff. from November 12 Revised Plan
Net Sales	15,195	**10,417**	-4,777	12,161	-1,744
Direct Sales	14,807	**10,111**	-4,695	11,838	-1,726
Whole Sales	269	**213**	-56	221	-7
Others	117	**92**	-25	101	-9
Costs of Sales	10,886	**7,064**	-3,822	8,509	-1,444
Material costs	6,711	**4,066**	-2,644	4,999	-933
Labor Costs	715	**660**	-54	654	+ 6
Gross Profit	4,308	**3,352**	-955	3,652	-299
SG&A	3,406	**3,009**	-397	3,270	-261
Personeel expenses	1,878	**1,604**	-273	1,826	-221
Operating Income	901	**343**	-558	381	-37

Segment Forecast for FY2020(HS Division)

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(Millions of Yen)

	FY2019	FY2020			
	Results	February 12 Revised Plan	Diff.from Pre. Period	November 12 Revised Plan	Diff. from November 12 Revised Plan
Net Sales	11,235	**11,354**	+ 119	11,474	-120
Terminate Eradication System	3,547	**3,598**	+ 50	3,647	-49
Under-Floor/Roof Ventilation System	2,497	**2,887**	+ 390	2,797	+ 90
Foundation Repairing/Home Reinforcement	1,881	**1,766**	-114	1,896	-130
Others	3,308	**3,101**	-206	3,133	-31
Costs of Sales	4,488	**4,450**	-37	4,513	-62
Labor costs	1,606	**1,645**	+ 39	1,678	-32
Gross Profit	6,746	**6,903**	+ 156	6,961	-58
SG&A	4,684	**4,861**	+ 176	4,944	-83
Personnel expenses	2,911	**3,041**	+ 129	3,048	-7
Operating Income	2,061	**2,042**	-19	2,017	+ 25

Segment Forecast for FY2020(ES Division)

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(Millions of Yen)

	FY2019	FY2020			
	Results	February 12 Revised Plan	Diff.from Pre. Period	November 12 Revised Plan	Diff. from November 12 Revised Plan
Net Sales	2,261	**2,396**	+ 134	2,320	+ 76
Anti-rust equipment installation	1,124	**1,262**	+ 137	1,272	-10
Others	1,137	**1,133**	-3	1,047	+ 86
Cost of Sales	1,072	**1,116**	+ 43	1,045	+ 70
Labor costs	256	**256**	0	254	+ 2
Gross Profit	1,188	**1,279**	+ 90	1,274	+ 5
SG&A	907	**993**	+ 86	991	+ 1
Personnel expenses	538	**583**	+ 45	588	-5
Operating Income	281	**286**	+ 4	282	+ 3

Segment Forecast for FY2020(ERD Division)

(Millions of Yen)

	FY2019	FY2020			
	Results	**February 12 Revised Plan**	Diff.from Pre. Period	November 12 Revised Plan	Diff. from November 12 Revised Plan
Net Sales	16,759	**16,659**	-100	16,824	-165
Plastic fuels	10,111	**10,350**	+ 239	10,350	+ 0
Power Station	3,023	**3,155**	+ 131	3,359	-204
Oraganic Waste Water	1,968	**1,904**	-64	1,987	-83
Final Disposal	1,122	**697**	-424	583	+ 114
Others	533	**551**	+ 18	543	+ 8
Costs of Sales	11,375	**11,535**	+ 160	11,761	-420
Labor costs	1,820	**1,870**	+ 50	1,882	-12
Gross Profit	5,384	**5,123**	-260	5,063	+ 60
SG&A	1,901	**1,881**	-19	1,950	-69
Personnel expenses	1,067	**1,077**	+ 10	1,113	-36
Operating Income	3,483	**3,242**	-241	3,112	+ 129

Segment Forecast for FY2020(EB Division)

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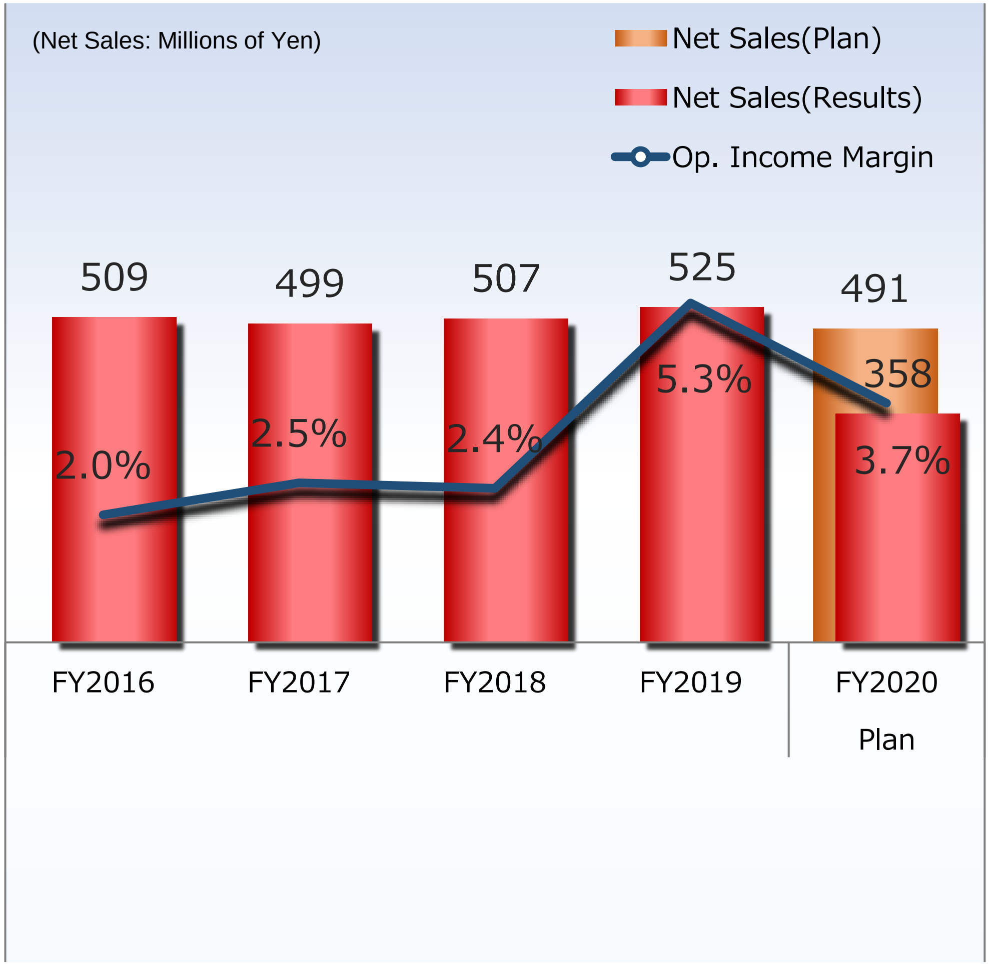
(Millions of Yen)

	FY2019	FY2020			
	Results	**February 12 Revised Plan**	Diff.from Pre. Period	November 12 Revised Plan	Diff. from November 12 Revised Plan
Net Sales	9,132	**10,491**	+ 1,359	9,266	+ 1,224
Costs of Sales	9,203	**10,265**	+ 1,061	8,591	+ 1,674
Material Costs	8,795	**9,685**	+ 889	7,949	+ 1,735
Gross Profit	(71)	**225**	+ 297	675	-449
SG&A	413	**632**	+ 219	649	-16
Personnel expenses	228	**362**	+ 133	365	-3
Operating Income	(485)	**(407)**	+ 77	26	-433

Segment Forecasts for FY2020



Forecast for FY2020

Net Sales :¥49,127 million

Op. Income:¥1,840 million

Op. Income Margin :3.7%

Materials

Impact of COVID-19

Impact of COVID-19 in Q3

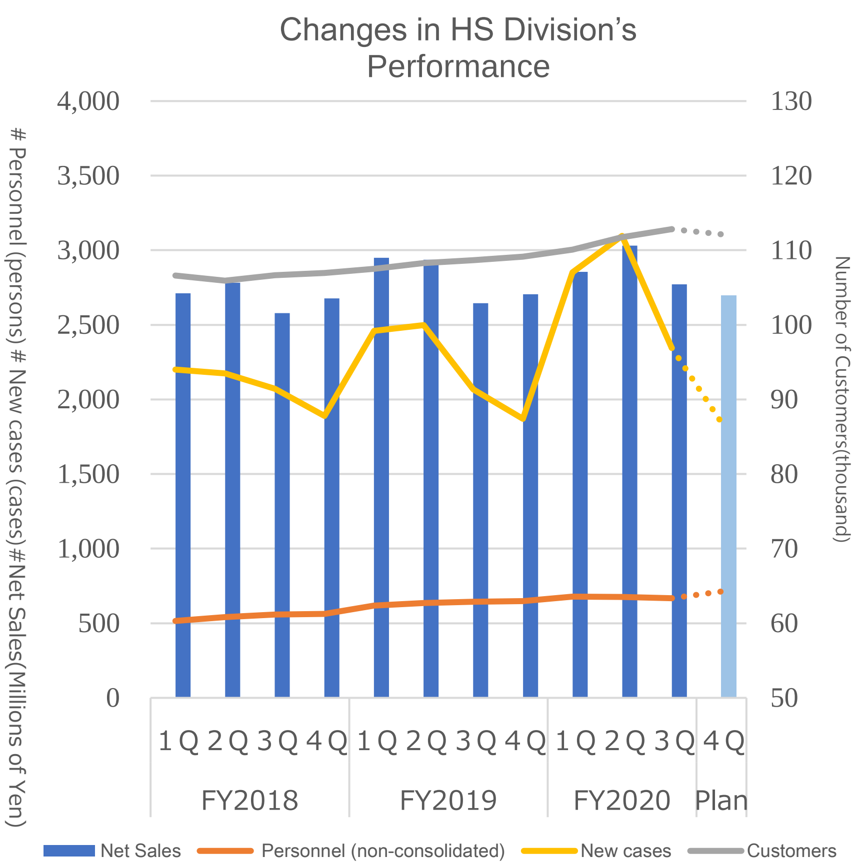
Sales in Q3 remained largely as planned, despite being affected by COVID-19.

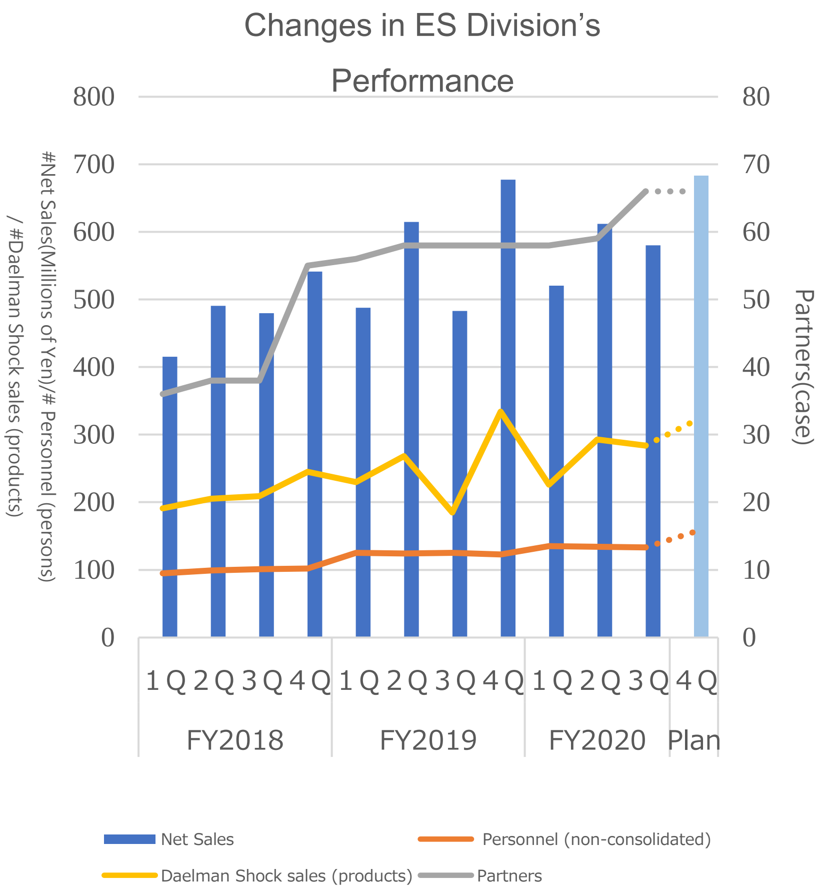
(Millions of Yen)

FY2020	1Q (Apr-Jun)	2Q (July-Sep)	3Q (Oct-Dec)	3Q Results	3Q Plan	4Q : Impact of COVID-19
Net Sales	**11,893**	**12,053**	**11,865**	**35,812**	**36,626**	Another declaration of a state of emergency in specified areas
SE Division	3,024	2,374	2,307	7,706	8,671	Sales activities for new customers were banned in areas where the state of emergency was declared. Visits were approved only in cases where approval had been obtained from customers in advance. Ordinary sales activities were continued in other areas with exhaustive measures for preventing infection.
HS Division	2,854	3,031	2,771	8,658	8,666	
ES Division	520	611	580	1,712	1,696	
ERD Division	4,131	4,164	4,351	12,647	12,818	In the ERD Division, the volume of waste accepted fell due also to the operation of certain waste-discharging plants and the stagnation of economic activities.
EB Division	1,963	2,438	2,387	6,790	6,610	In the EB Division, the volume of energy supplied also shrank with the stagnation of power suppliers' businesses.
Adjustment of intersegment of sales	(602)	(567)	(532)	(1,702)	(1,837)	※In all areas, business trips and movement to other prefectures were banned, excluding highly urgent trips for meeting customer requests.

Performance Progress of HS and ES Businesses

- In the fiscal year under review, the HS and ES Divisions are showing strong performance even amid the coronavirus pandemic.





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

SANIX

Factors behind the steep JEPX price increase

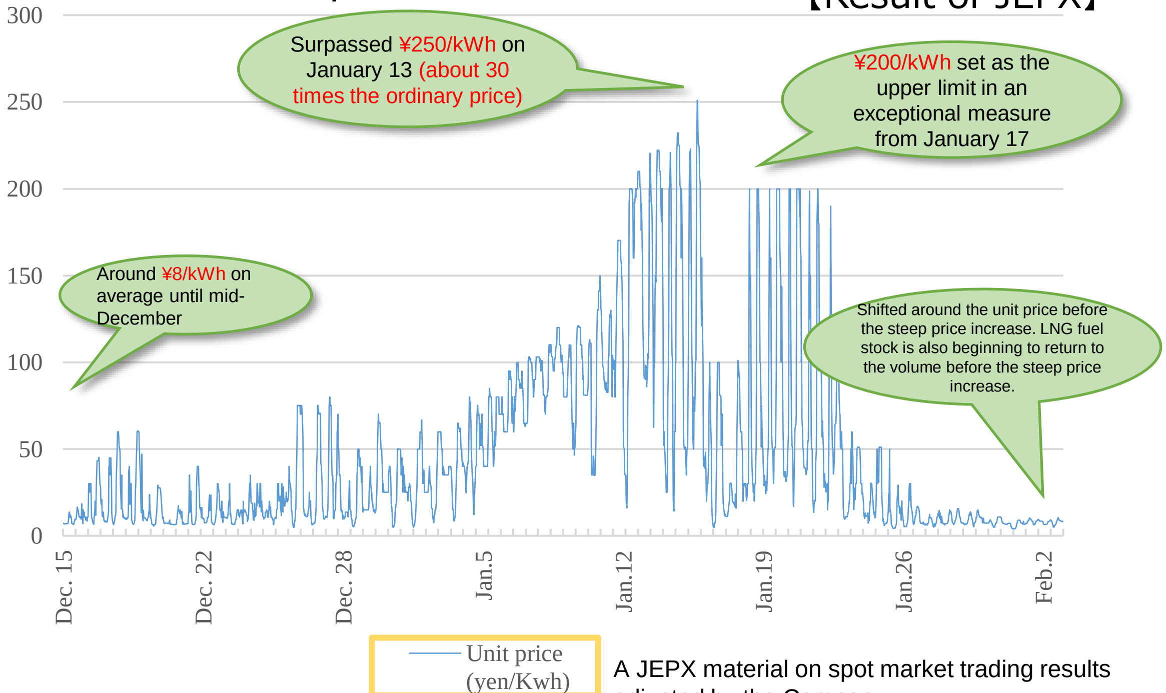
Demand for heating increased from the middle of December 2020 under the effects of a serious cold snap.
Additionally, fuel stock for LNG-based thermal power generation deceased and made sustainable supply capacity insufficient.

Effects of the steep JEPX price increase on the Company

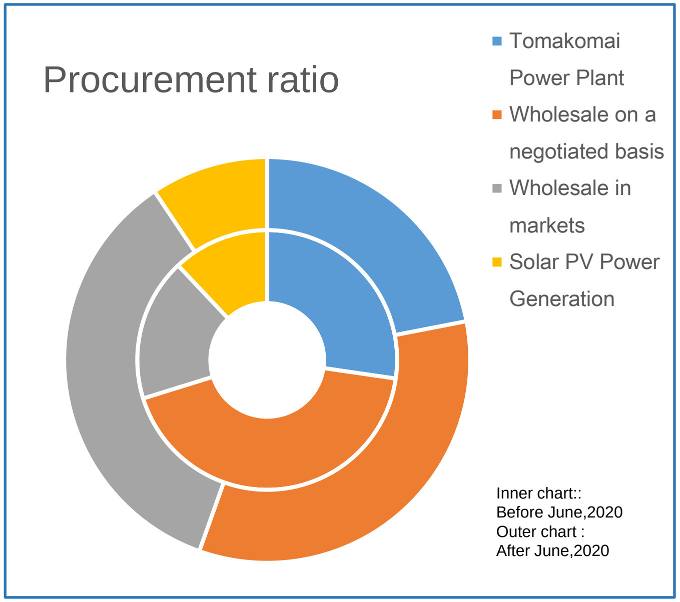
An increase in market procurement cost (effects on operating income estimated at ¥500 million to ¥600 million)

An increase in deposits

【Result of JEPX】



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



Acceptance of Waste Plastic

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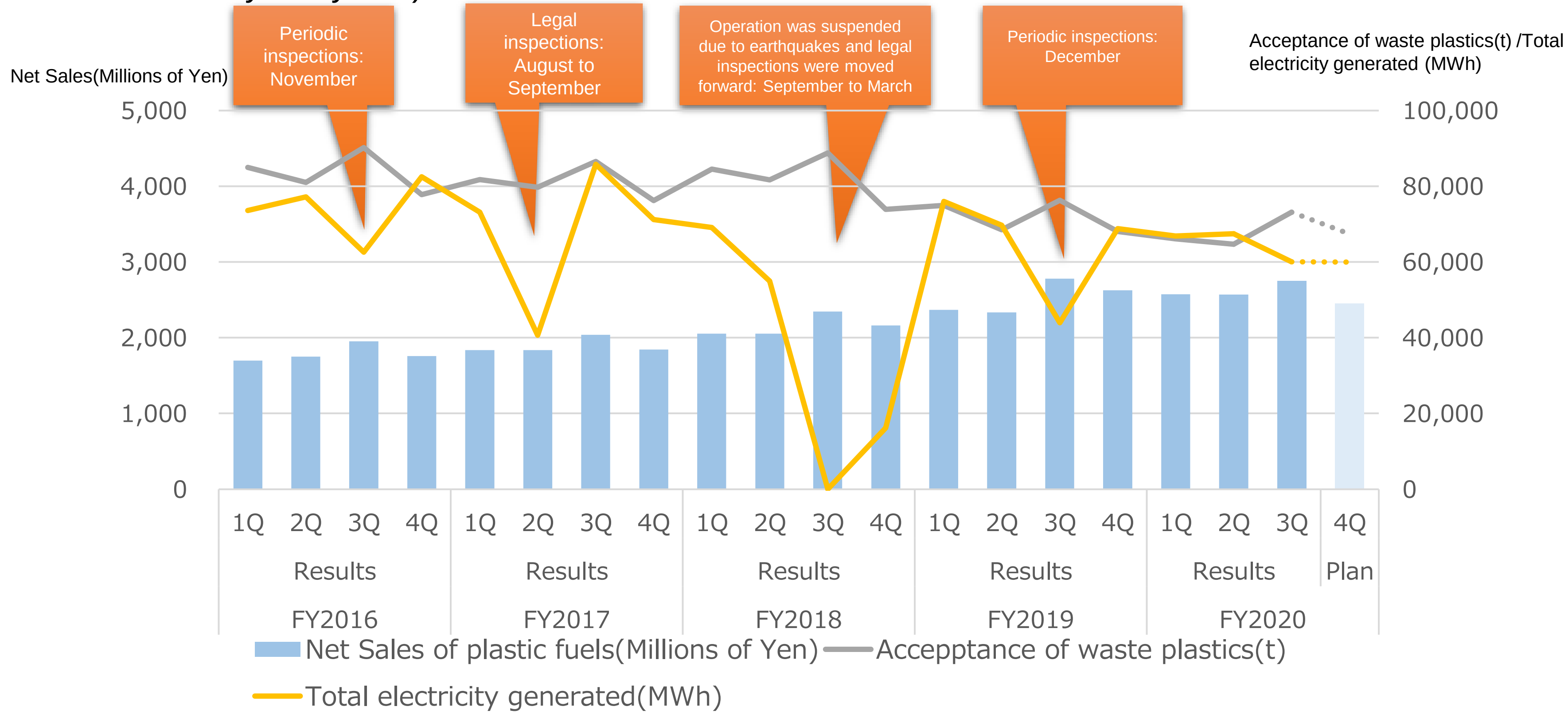
・The acceptance volume decreased because the operation of certain waste-discharging plants and their economic activities grew stagnant under the effects of measures for preventing COVID-19 infection, in addition to the close inspection of waste accepted in the period through the previous fiscal year. However, net sales and profits were maintained.

・The Tomakomai Power Plant is scheduled to implement a statutory inspection in March 2021.

- A statutory inspection is carried out once every two years (turbines: every four years, boilers: every two years).



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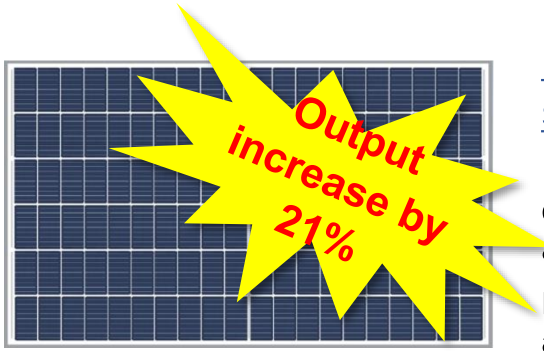
■Sales launch for a new high-efficiency solar cell module (in January 2021)

In the first nine months under review, the Company invested its funds in a plant and equipment at SHANRI (SHANGHAI) ENERGY SCIENCE AND TECHNOLOGY CO., LTD., its subsidiary in charge of manufacturing solar cell modules, to enable the company to produce a high-efficiency module. The Company started selling the high-efficiency module in January 2021 after acquiring certification based on an international standard for the quality and safety of solar cell modules (certification authority: TÜV Rheinland).

A photovoltaic system using the module can reduce the number of installed modules, compared with a solar power generation facility of the same scale designed with a conventional module, thanks to a substantial increase in generated power per unit. The module can lower cost through the reduction of peripheral components such as mounts and electric materials.

Existing product SRM305M-60N	
Nominal maximum output	305W
Module change efficiency	18.6%
Cell conversion efficiency	20.8%



New product SRM370M-60H	
Nominal maximum output	**370W**
Module change efficiency	**20.2%**
Cell conversion efficiency	**22.5%**

■Characteristics of the new solar cell module

A half-cut cell, made by dividing a high-efficiency, single-crystal cell in two, is adopted for the new module.

Resistance value and power loss within a cell are reduced as a result of an electric current decrease compared with the standard cell.

Module output is improved with the control of temperature rises due to resistance heat.

Output decrease due to the effects of shadows can be reduced with changes in the circuitry of bypass diodes and the cell.

Important Management Indicators

(Millions of Yen)

		FY2018 Results	FY2019 Results	FY2020 Plan
Total assets		31,009	32,514	32,200
Net assets		4,193	6,056	7,300
Capital-to-asset ratio		13.42%	18.55%	22.77%
Return on equity	ROE	5.85%	36.31%	20.12%
Return on total assets	ROA	3.88%	8.16%	5.51%
Return on invested capital	ROIC	2.31%	10.77%	7.96%
Free cash flow		(972)	1,926	251
Capital expenditure		1,080	2,742	2,000～2,500

Images of Long-Term SANIX Plans

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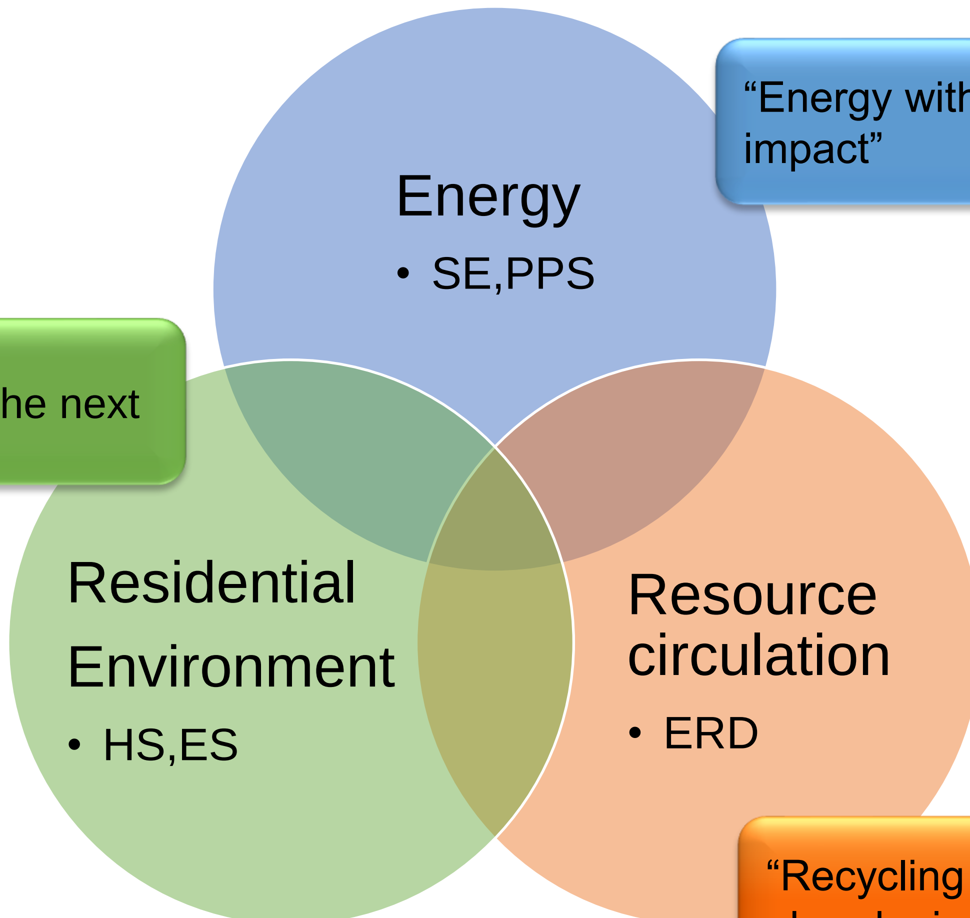
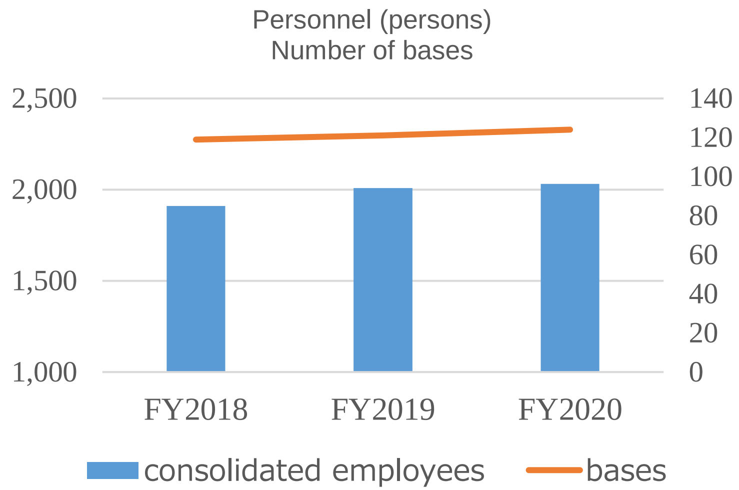
The company philosophy "a comfortable environment for the next generation"

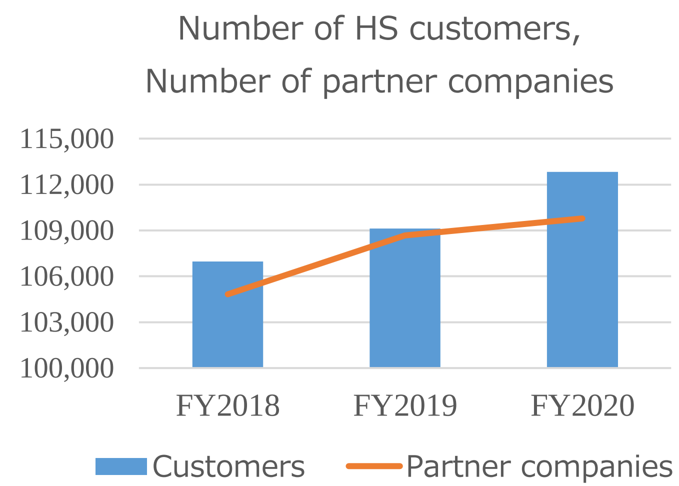
“Energy with low environment impact”

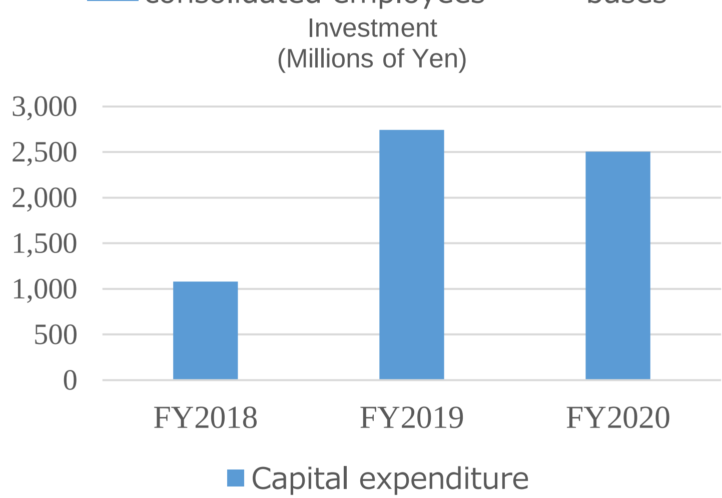
“A comfortable living environment linked to the next generation”

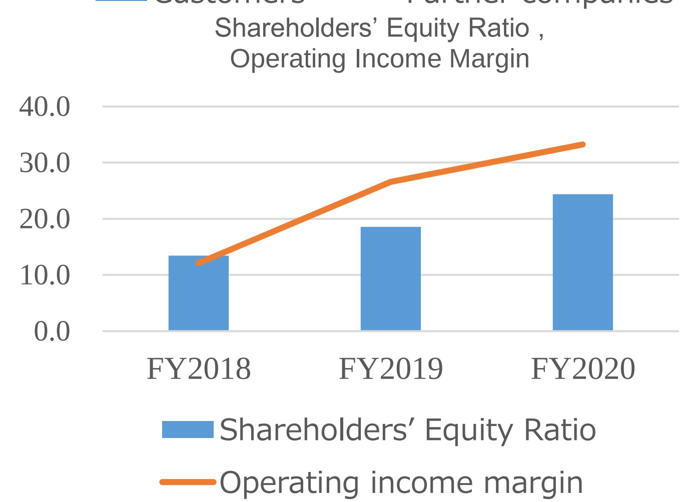


“Recycling resources without abandoning”









Figures for all indicators are as of the end of the first nine months of fiscal 2020

Foundation buildups are progressing steadily. A foothold for the next stage of growth is beginning to solidify.

Changes in Social Conditions and Corporate Philosophy

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Abnormal weather caused by global warming and transformation of climate change into a normal state

Resource exhaustion with the arrival of 10 billion people on earth living to the age of 100

Transition to a decarbonized society

Transition to a circular economy

Toward a sustainable society

"a comfortable environment for the next generation”

Energy

Residential Environment

Resource circulation

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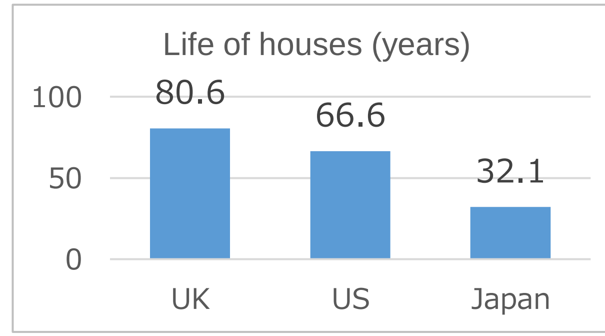
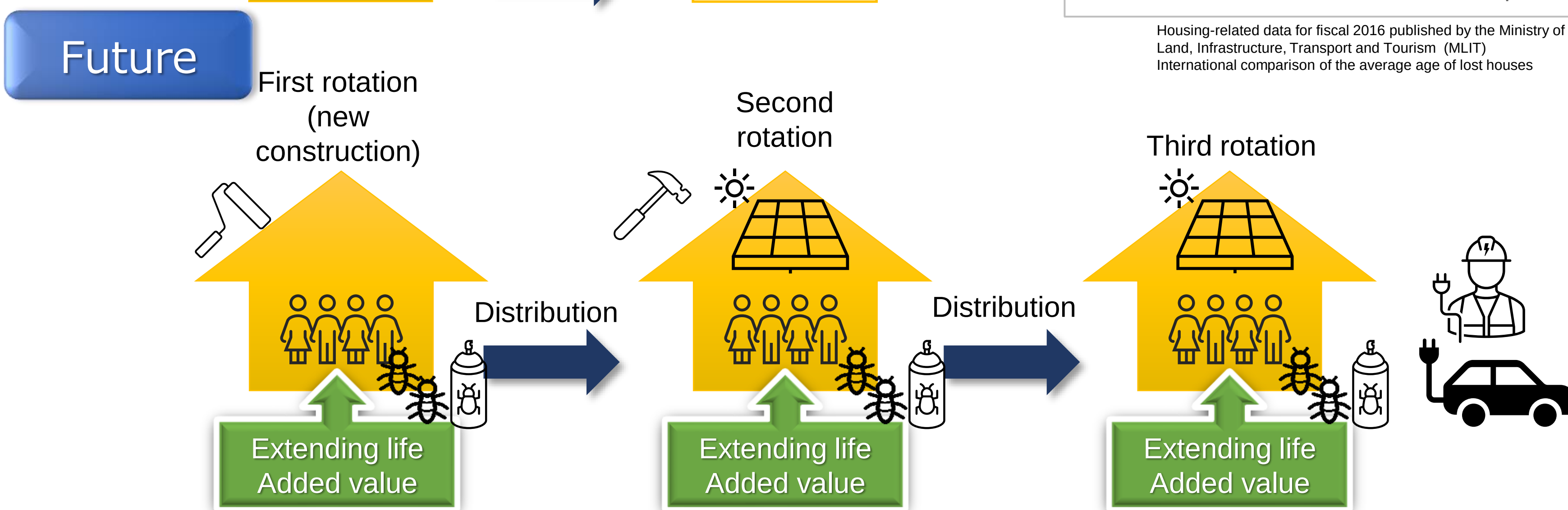
Extending the life of houses and developing a secondary market for previously owned homes have been viewed as issues for some time. New demand, such as energy-saving function enhancement, measures against COVID-19 and work style reforms will shape new markets from now on.



Housing-related data for fiscal 2016 published by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)
International comparison of the average age of lost houses



Residential Environment

The Company aims to build a high-quality housing stock that will be passed on for many generations by expanding renovations and other housing-related services to meet new and diverse housing needs, in addition to continuing a variety of maintenance services based on periodic inspections performed once each year with the breeding prevention and extermination of termites as the starting point.

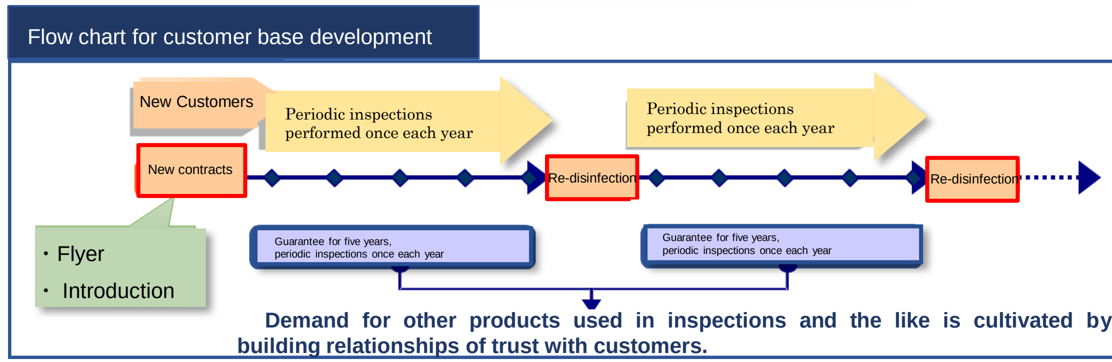
<Termite Eradication Service>

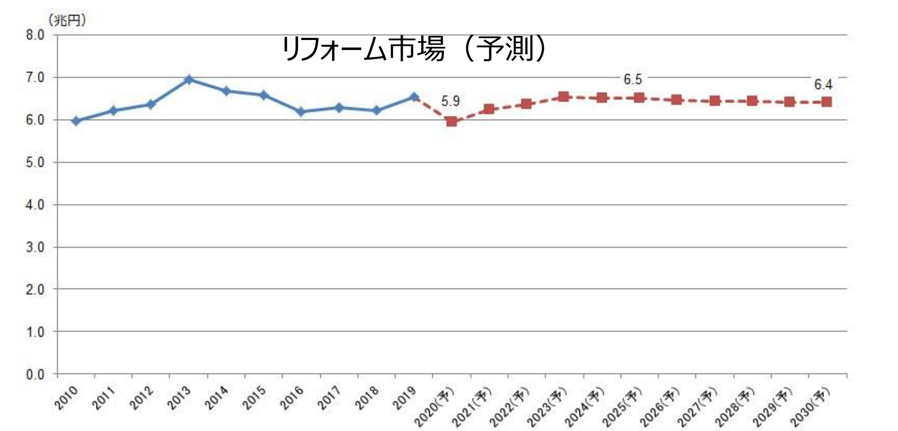
<Home Reinforcement System>

<Foundation Repairing>

<Checks on water pipes and drainpipes>

Flow chart for customer base development



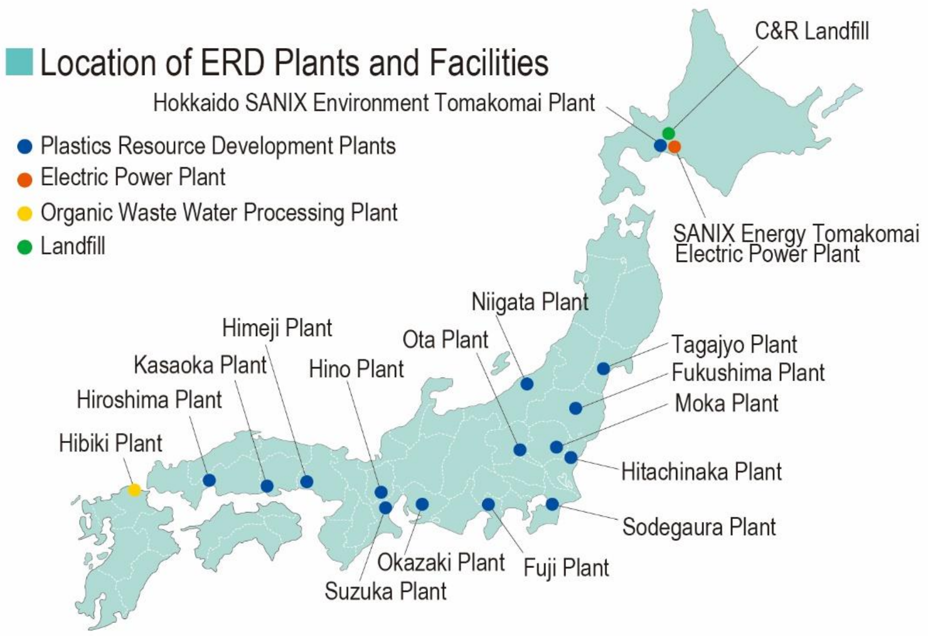


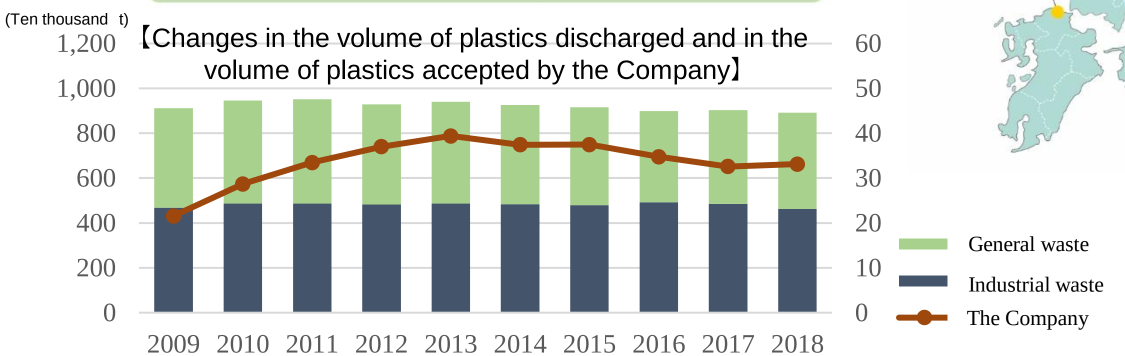
Source: Data released by Yano Research Institute Ltd.

Note 3: Estimates by Yano Research Institute Ltd. based on Statistics on Building Starts published by the MLIT, the Family Income and Expenditure Survey released by the Ministry of Internal Affairs and Communications (MIC), the Basic Resident Registration prepared by the MIC, the Household Projection for Japan announced by the National Institute of Population and Social Security Research, and the Trial Calculation on Medium- and Long-Term Economic and Fiscal Policy performed by the Council on Economic and Fiscal Policy of the Cabinet Office

Note 4: Forecasts from 2020

The Company has raised the precision of thermal recycling that uses waste plastics as fuel for thermal power generation. The Company will maintain and strengthen thermal recycling as an effective method for recycling waste plastics. At the same time, the Company will develop other recycling routes in a bid to accept a greater variety of plastics.





Source: An Introduction to Plastic Recycling published by the Plastic Waste Management Institute

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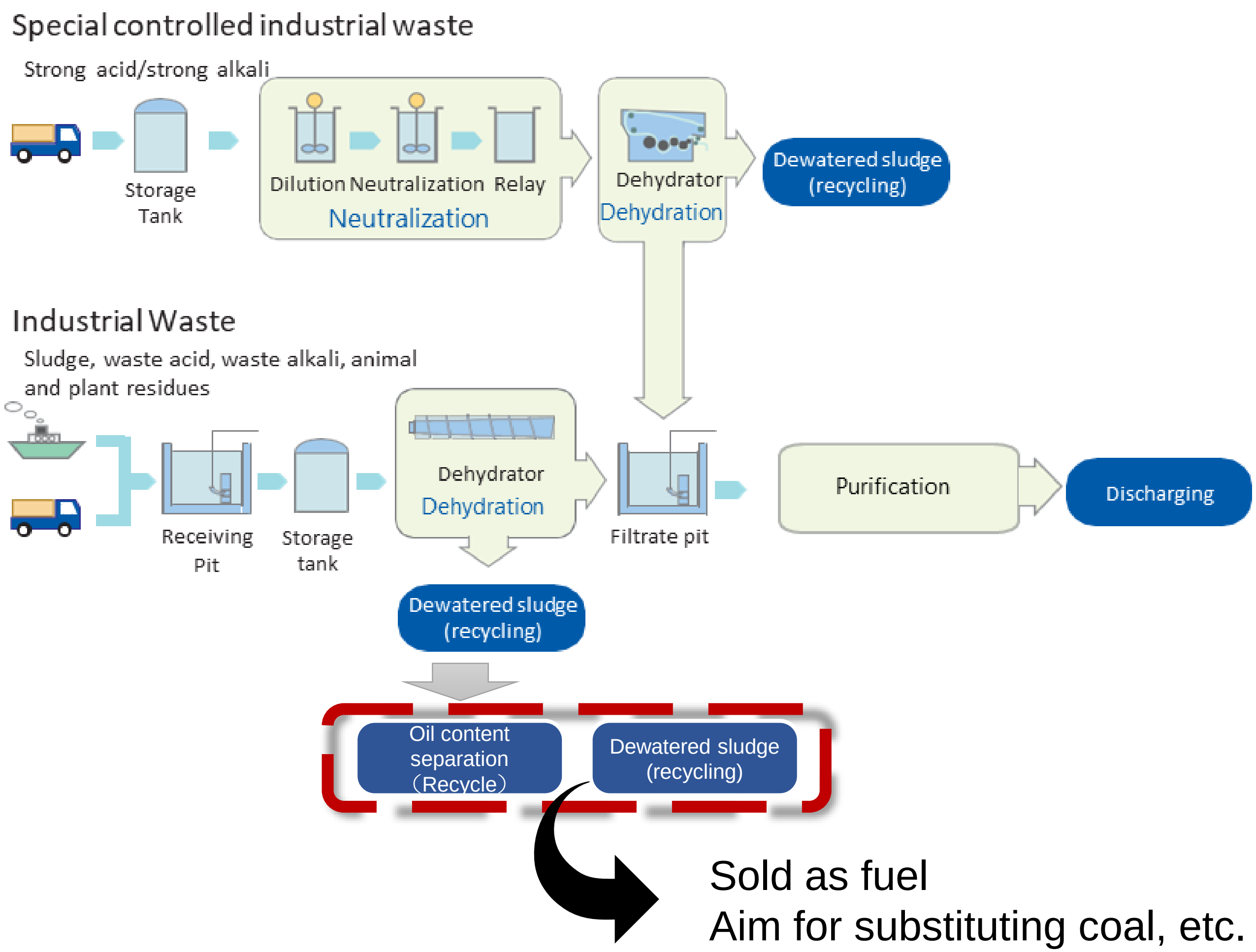
The Company is examining the practical application of methods for recycling and reusing oil content and sludge that emerge through the process for treating waste fluids. The Company began selling some of the recycled oil content and sludge as fuel. The Company aims to gradually expand sales by establishing systems for recycling those materials and converting them into fuel.



Sold as fuel
Aim for substituting coal, etc.

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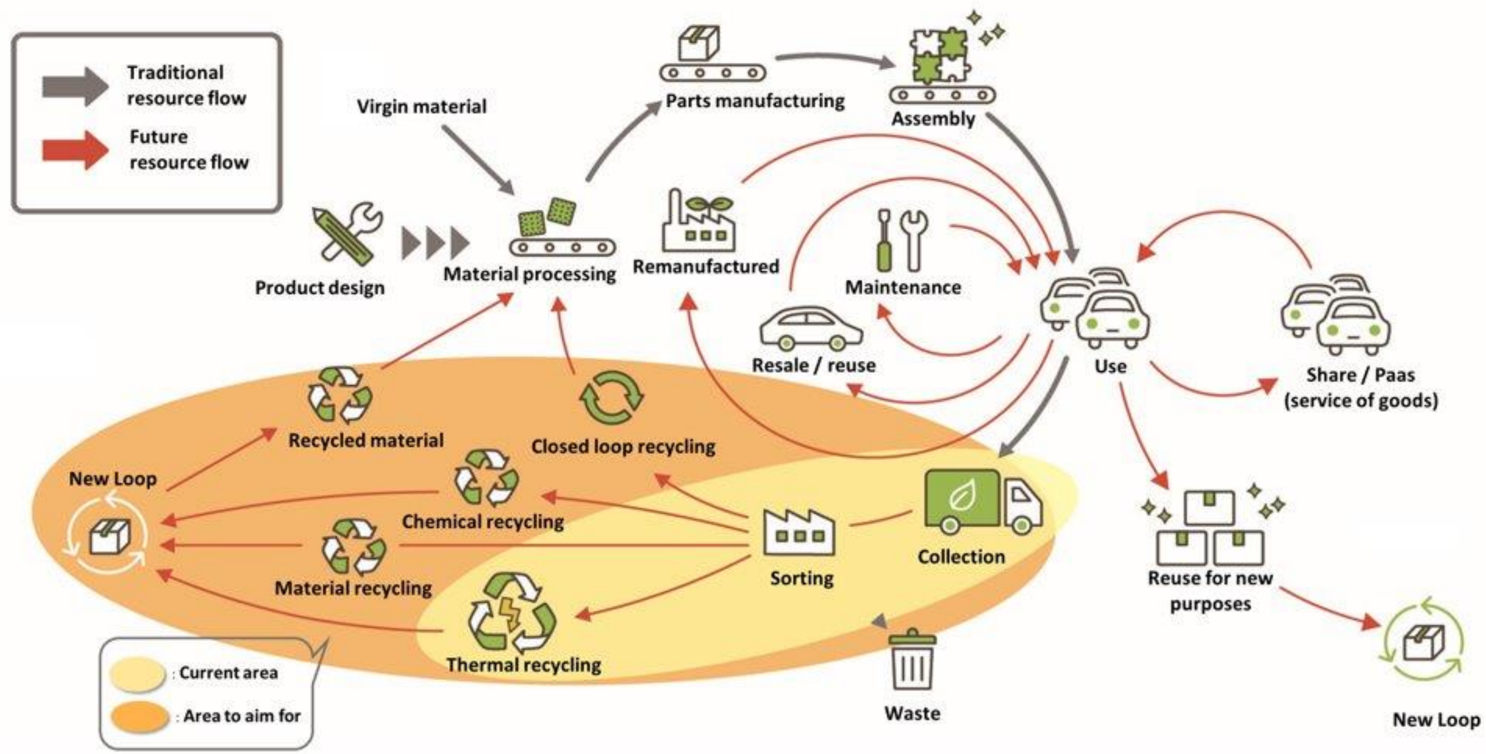
The Company will assume the role of the starting point for a circular economy in addition to thermal recycling amid rising interest in waste disposal, applying its knowledge about collection and sorting.



Material prepared by the Company based on materials submitted to the second meeting of the Circular Economy and Resource Circulation for Plastics Finance Study Group held on June 24, 2020

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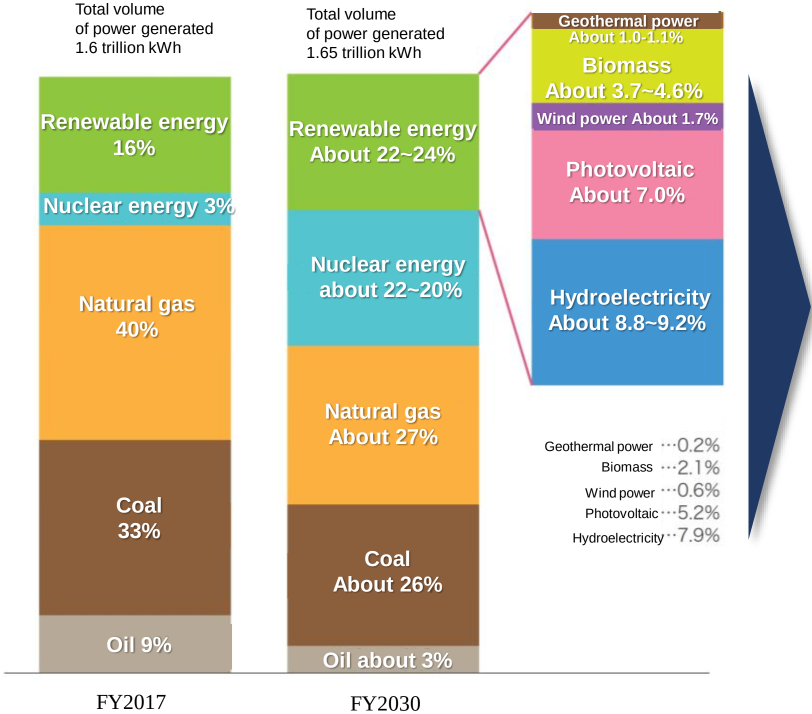
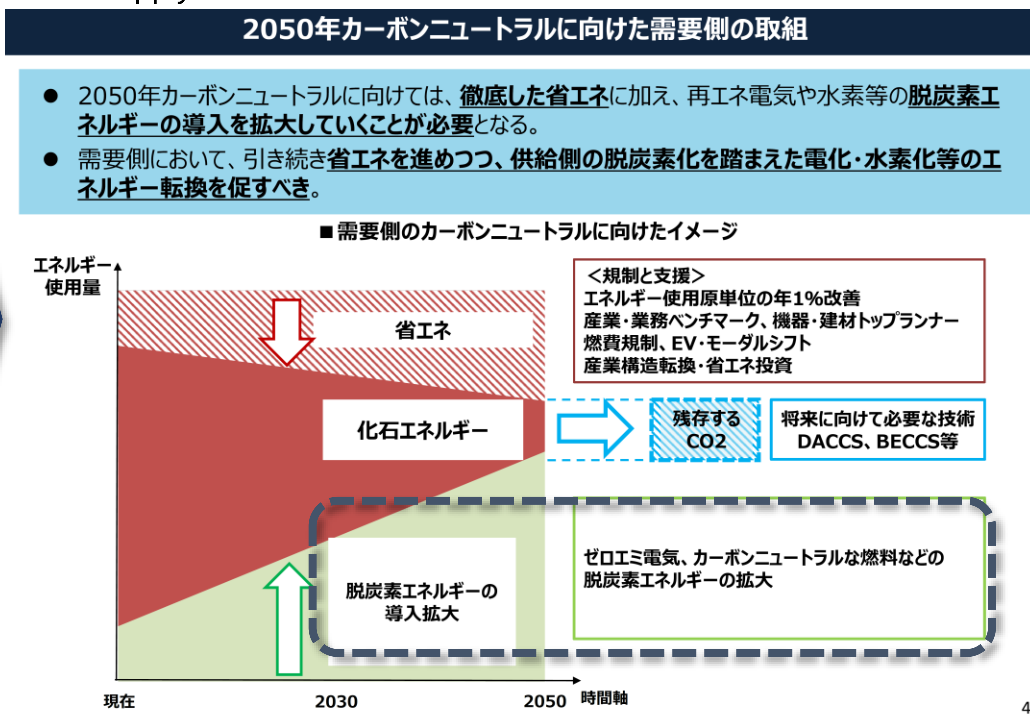
The Japanese government declared carbon neutrality as its target for 2050. Private enterprises aiming for virtual zero CO_2 emissions are growing. Demand for renewable energy including sunlight will increase as a result.

Power-Supply Mix



Source: Japan's Energy (2019 Edition) published by the Agency for Natural Resources and Energy

The government is considering the renewable energy rate of 50% to 60% in 2050 as a reference value for the power-supply mix.



Source: The 36th meeting of Basic Policy Subcommittee of the Advisory Committee on Natural Resources and Energy held on January 27, 2021

The Company will build systems that are able to support photovoltaic systems in all administrative areas, including maintenance, the proper disposal of power plant facilities whose roles ended, and the recycling of components, not to mention their manufacturing and installation, to continue photovoltaic generation as a permanent source of energy.

Development and manufacturing

Sales

Constructed by

Facility operation

Recycling and disposal

Facility addition (storage cells)

・Electricity purchase, Retail
・VPP

Electricity trading

Maintenance

・Warranty systems
・Remote surveillance
List of paid maintenance services

Direction for Long-term Strategies Aimed at Realizing Corporate Philosophy

SANIX

The Company aims to expand its operations to businesses around existing ones and others where synergy can be expected, in addition to achieving the growth of existing businesses that serve as foundations.

Field	Businesses	Direction
Residential Environment	•Terminate Eradication System •Under-Floor/Roof Ventilation System •Foundation Repairing/Home Reinforcement •Anti-rust equipment installation	• Provision of comfort in living spaces • Support for the maintenance of entire houses by expanding service coverage from invisible areas to visible sections
Resource circulation	•Conversion of waste plastics into fuel •Organic Waste Water •Thermal power generation using waste plastic-based fuel •Final Disposal	• Stable operation and expansion of thermal recycling • Commercialization of the processing of waste fluid-derived fuel • Application of technologies for increasing the recycling rate (to operations such as collection and sorting)
Energy	•Construction of photovoltaic systems •Electricity retailing	• Development of an integrated system for the expansion of photovoltaic facilities, their maintenance and disposal • Spread and promotion of the use of energy whose environmental loads are low

The Company will expand its businesses, including alliances and cooperation, in addition to business launches and development using independently owned resources.