



Code : 4651

Financial Results Briefing For the Fiscal Year Ended March 31, 2023

SANIX INCORPORATED

May 15, 2023

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(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 “-”.

Financial Results for the Fiscal year Ended March 31, 2023

Results for Year on Year decrease in sales and increase in income

- **Net Sales** **¥46,277million**
(Y o Y 90.9%) (Plan ratio 99.4%)
- **Operating Income** **¥1,785million**
(Compared to FY2021 ¥+4,403million) (Plan ratio 116.8%)

Highlights of Financial Results of FY2022

	Year-on-year change	Change from the plan
Residential Environment Area	<ul style="list-style-type: none"> ➢ Face-to-face sales activities were temporarily restricted due to an increase in COVID-19 infections since July 2022. ➢ Net sales increased due to the newly launched SE Division. 	<ul style="list-style-type: none"> ➢ The productivity of the HS Division fell temporarily with the strengthening of the policy of focusing on new sales activities in view of medium- to long-term growth.
Energy Area	<ul style="list-style-type: none"> ➢ Operating Income increased due to a decrease in fixed costs in the PV Division as a result of the reorganization. ➢ PPS Division, the review of the business structure has reduced procurement risks and improved profitability (return to profitability). 	<ul style="list-style-type: none"> ➢ The PV Division started posting self-consumption solar power results, which required time for procedures, etc. and it began construction of non-FIT power source development. ➢ Profit of the PPS Division grew due to the cost of procuring electricity falling below assumptions.
Resource Circulation Area	<ul style="list-style-type: none"> ➢ Decrease of repair expenses related to power plant inspections. ➢ Increase in depreciation related to capital investment, etc. 	<ul style="list-style-type: none"> ➢ A rise in receiving unit prices at landfill.

(Millions of Yen)

	FY2021	FY2022		FY2021		FY2022 Plan	
	Results	Results	Plan	Difference	Y o Y	Difference	Plan ratio
Net Sales	50,936	46,277	46,568	- 4,659	90.9%	- 291	99.4%
Cost of Sales	38,842	30,068	30,533	- 8,774	77.4%	- 464	98.5%
Gross Profit (Gross Profit Margin)	12,093 23.7%	16,208 35.0%	16,035 34.4%	+ 4,114	134.0%	+ 173	101.1%
Selling, general and administrative expenses	14,711	14,423	14,507	- 288	98.0%	- 83	99.4%
Operating Income (Operating Income Margin)	(2,618) —	1,785 3.9%	1,528 3.3%	+ 4,403	—	+ 257	116.8%
Ordinary Income (Ordinary Income Margin)	(2,900) —	1,552 3.4%	1,271 2.7%	+ 4,453	—	+ 280	122.1%
Profit (loss) attributable to owners of parent (Net Income Margin)	(3,449) —	1,332 2.9%	1,065 2.3%	+ 4,781	—	+ 266	125.0%

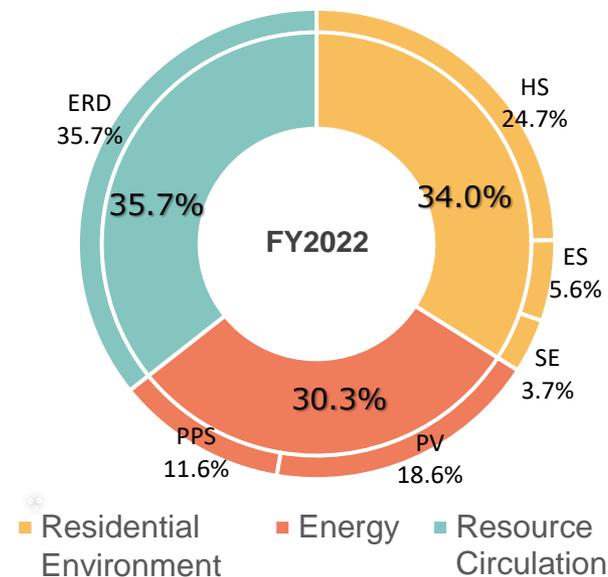
Net sales by segment of FY 2022



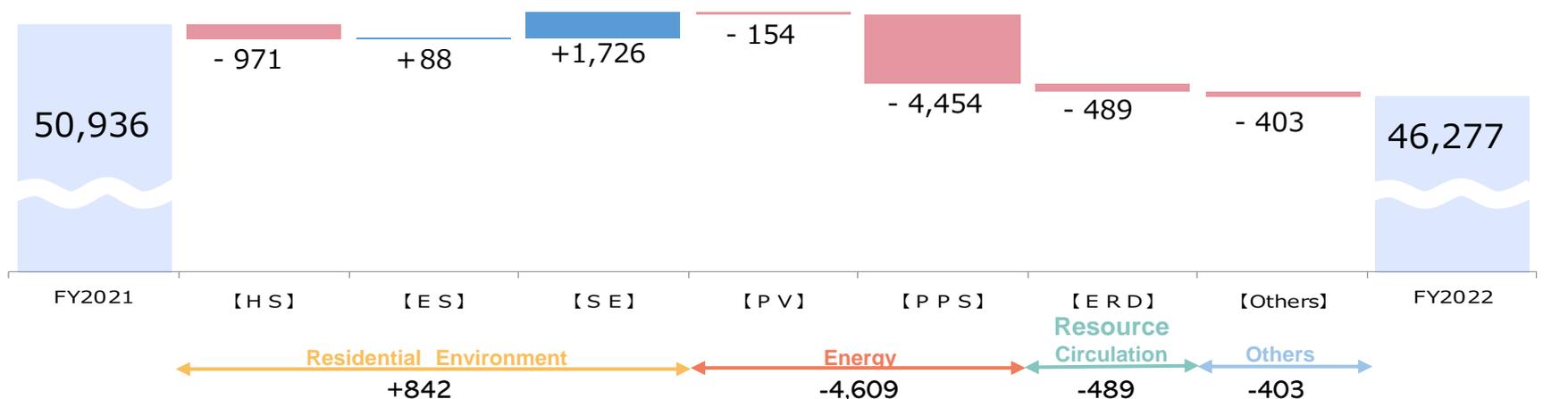
(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Residential Environment	15,751	+ 842	105.7%	- 548	96.6%
Energy	14,007	- 4,609	75.2%	+ 128	100.9%
Resource Circulation	16,518	- 489	97.1%	+ 129	100.8%
Others/Adjustment of intersegment sales	—	- 403	—	—	—
Total	46,277	- 4,659	90.9%	- 291	99.4%

■ Composition of Net Sales



■ Net Sales increase / decrease compared to FY2021

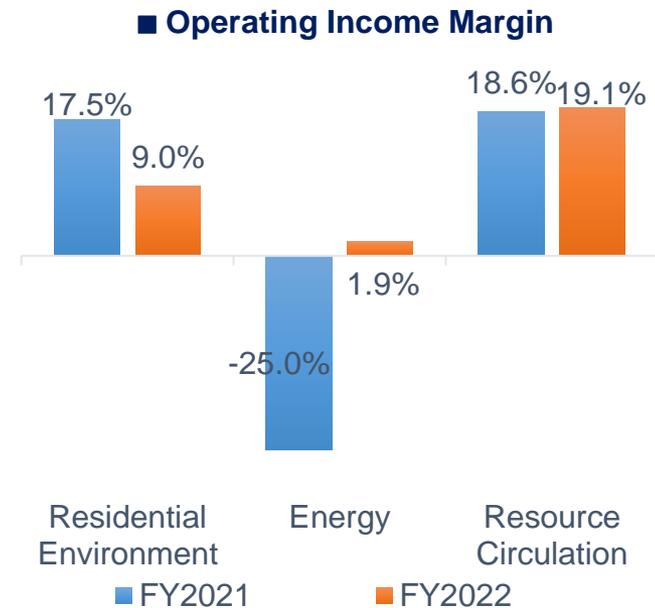


Operating Income by segment of FY2022

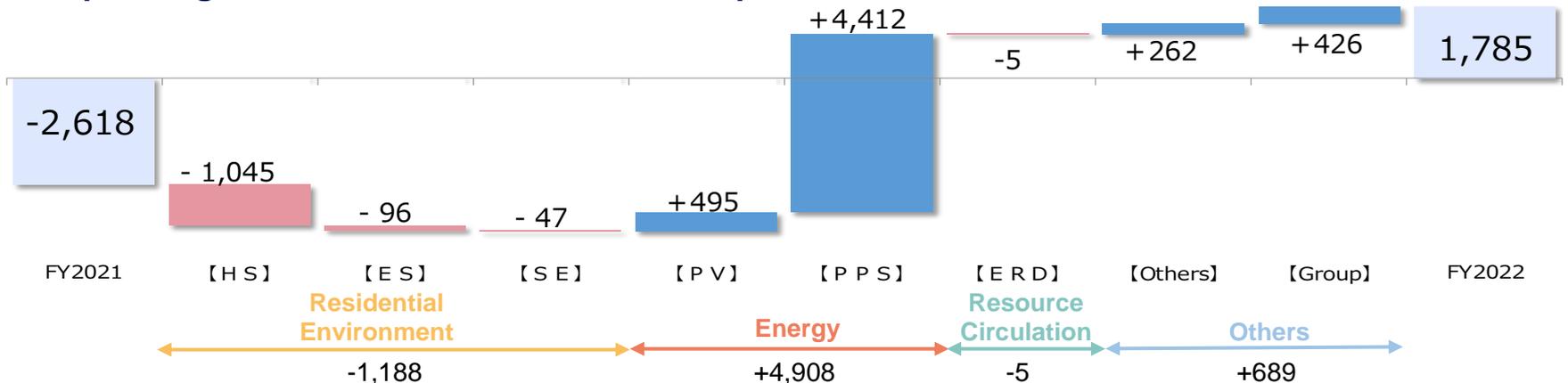


(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Residential Environment	1,421	- 1,188	54.4%	- 177	88.9%
Energy	261	+ 4,908	—	+ 242	—
Resource Circulation	3,153	- 5	99.8%	+ 199	106.8%
Others	—	+ 262	—	—	—
Group	(3,050)	+ 426	—	- 6	—
Total	1,785	+ 4,403	—	+ 257	116.8%



Operating Income increase / decrease compared to FY2021



Results by segment of FY2022 (Residential Environment Area)



■ Residential Environment

Providing safe, secure and comfortable lifestyles by implementing appropriate maintenance for detached houses, apartment houses, and other buildings. It also contributes to the efficient use of resources by extending the life of buildings.

HS Division (Home Sanitation)

Provides comprehensive maintenance services related to environmental sanitation for detached houses.

- Termite control system
- Underfloor / attic ventilation system
- Foundation repair
- House reinforcement system
- Home remodeling, etc.

ES Division (Establishment Sanitation)

Provides comprehensive maintenance services related to environmental sanitation for corporations (buildings, condominiums, etc.).

- Maintenance measures for water supply and drainage facilities in buildings and condominiums
- Painting the exterior walls buildings and condominiums, waterproofing the roof
- Control of pests, etc.

SE Division (Solar Engineering)

Provides comprehensive services including the manufacturing, sale, installation and maintenance of photovoltaic power generation systems for detached houses.

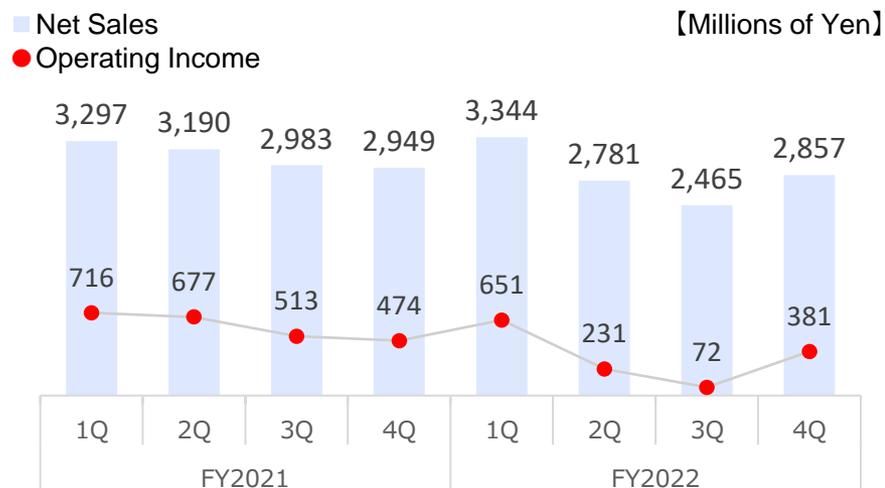
- Solar power generation system(residential)
- Storage batteries,V2H
- O&M(maintenance),etc.

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	15,751	+ 842	105.7%	- 548	96.6%
HS Division	11,449	- 971	92.2%	- 565	95.3%
ES Division	2,575	+ 88	103.5%	+ 124	105.1%
SE Division	1,726	+ 1,726	—	- 107	94.1%
Gross Profit	8,822	- 172	98.1%	- 289	96.8%
Operating Income	1,421	- 1,188	54.4%	- 177	88.9%

※V2H : Vehicle to Home
Installation and sales of V2H in cooperation with Mitsubishi Motors' sales companies, among other parties.

Results by segment of FY2022 (HS Division)



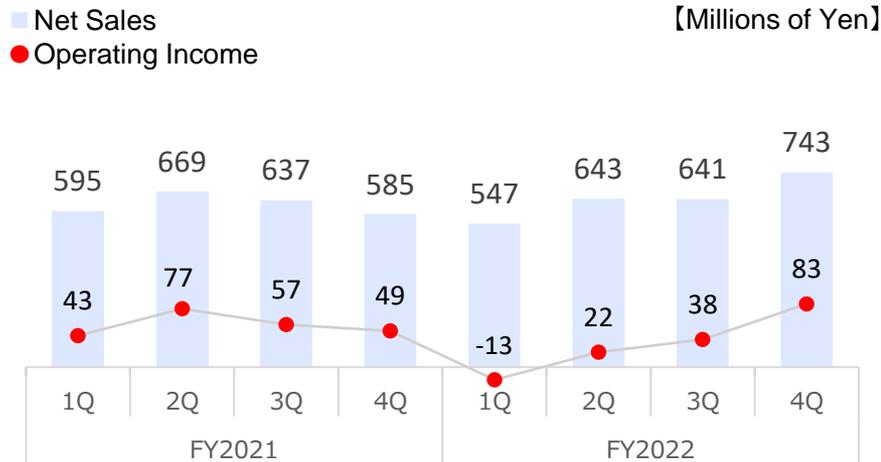
Main factors for change	
■ Net Sales – 971 Million Yen	
【+】	<ul style="list-style-type: none"> Expansion of sales bases by increasing the headcount and opening new sales offices. Orders (Termite control construction) increased due to the strengthening of new sales activities.
【-】	<ul style="list-style-type: none"> Face-to-face sales activities were restricted due to an increase in COVID-19 infections.
■ Operating Income – 1,045 Million Yen	
【-】	<ul style="list-style-type: none"> Increase of personnel expenses due to active efforts to increase the number of staff members. Decrease in profit due to lower net sales resulting from limited operating activities.

■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	11,449	- 971	92.2%	- 565	95.3%
Termite control construction	3,939	+ 298	108.2%	+ 106	102.8%
Under-floor/attic ventilation system	2,869	- 271	91.3%	- 124	95.8%
Foundation Repair/ Home Reinforcement System	1,692	- 361	82.4%	- 183	90.2%
Others	2,948	- 636	82.2%	- 363	89.0%
Gross Profit	6,870	- 796	89.6%	- 391	94.6%
Operating Income	1,337	- 1,045	56.1%	- 274	83.0%

Results by segment of FY2022 (ES Division)



Main factors for change

■ Net Sales +88Million Yen

- 【+】 ·Expansion of sales bases by continuously increasing the headcount.
- 【-】 ·Despite the impact of the COVID-19 pandemic, there has been a substantial recovery in recent months.

■ Operating Income - 96Million Yen

- 【-】 ·Costs due to higher sales involving outsourced work increased.
- Increase in personnel expenses due to the strengthening of the sales foundation.

■ Net Sales by segment · Operating Income

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	2,575	+ 88	103.5%	+ 124	105.1%
Anti-rust equipment installation	1,138	- 82	93.2%	+ 107	110.5%
Others	1,436	+ 170	113.5%	+ 16	101.2%
Gross Profit	1,344	+ 16	101.2%	+ 64	105.0%
Operating Income	130	- 96	57.5%	+ 43	150.5%

Results by segment of FY2022 (SE Division)



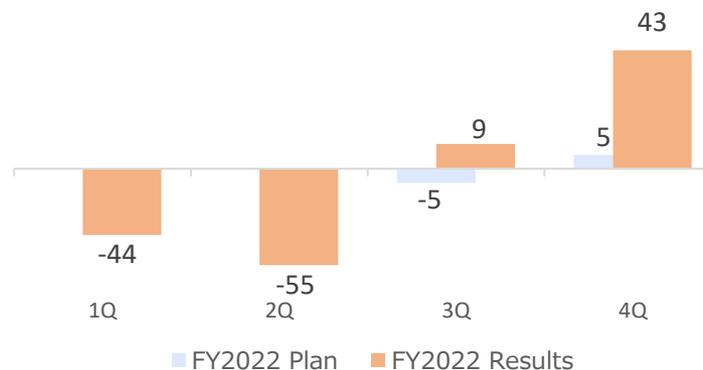
【Millions of Yen】

Net Sales



【Millions of Yen】

Operating Income



■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	1,726	—	—	- 107	94.1%
Gross Profit	607	—	—	+ 37	106.6%
Operating Income	(47)	—	—	+ 52	—

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023.

Due to the practical difficulty of reclassifying figures for the same period of the previous year, year-on-year comparisons have not been made for the (new) SE business segment in the business of photovoltaic power generation systems for detached houses.

Results by segment of FY2022 (Energy Area)



■ Energy

Contribute to the efficient use of resources and energy through the installation and sale of photovoltaic power generation systems and power transaction.

PV Division (Photovoltaics)

Provides comprehensive services including the manufacturing, sale, installation and maintenance of photovoltaic power generation systems for corporate users.

- Solar power generation system(industrial)(Self-consumption, PPA, FIT-system ,etc.)
- Storage batteries
- O&M(maintenance),etc.

PPS Division (Power Producer and Supplier)

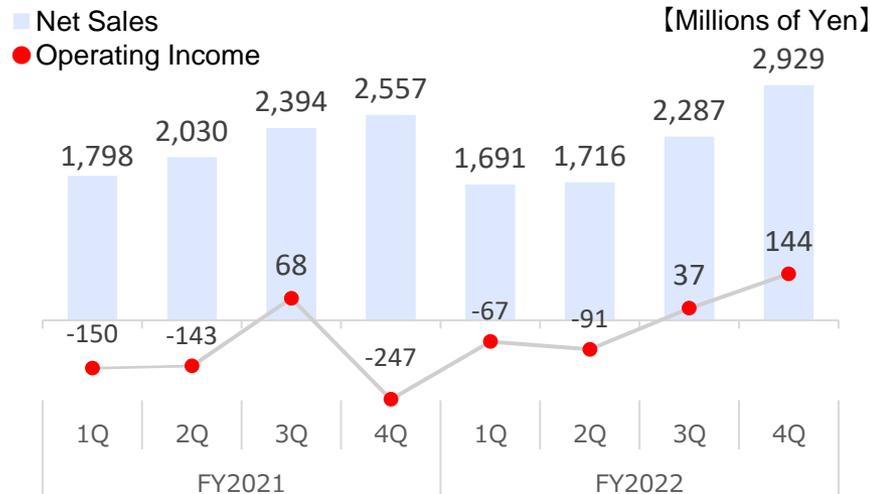
Provides a retail electricity service to offices and homes in the service areas of nine electric companies.

- Electricity retail
(Low-voltage and high-voltage)

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	14,007	- 4,609	75.2%	+ 128	100.9%
PV Division	8,625	- 154	98.2%	+ 583	107.3%
PPS Division	5,381	- 4,454	54.7%	- 454	92.2%
Gross Profit	2,348	+ 4,278	—	+ 260	112.5%
Operating Income	261	+ 4,908	—	+ 242	—

Results by segment of FY2022 (PV Division)



Main factors for change

■ Net Sales – 154 Million Yen

- 【+】
- Business results for non-FIT power source development for corporate self-consumption began to be posted.
 - Increase of sales for maintenance services at existing photovoltaic power plants.
- 【-】
- Excess solar power was transferred to the SE Division as a result of the reorganization.

■ Operating Income + 495 Million Yen

- 【+】
- Fixed costs decreased due to the reorganization.
- 【-】
- Increase of materials costs chiefly due to the impact of foreign exchange rates.

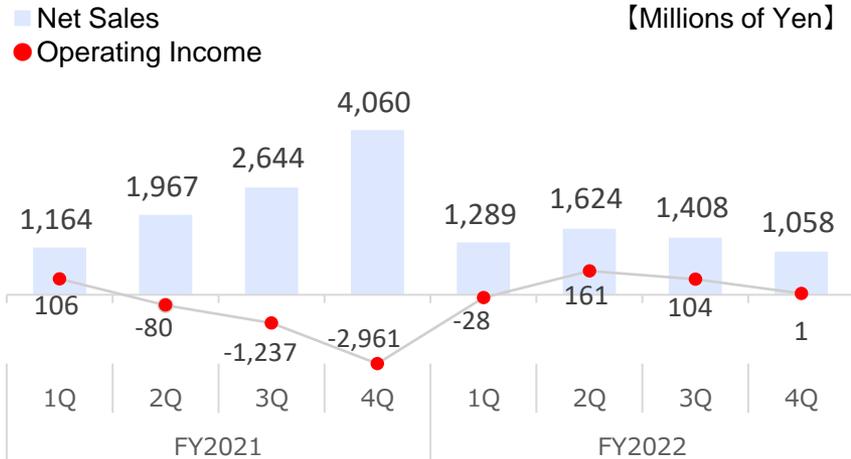
■ Net Sales by segment・Operating Income

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	8,625	- 154	98.2%	+ 583	107.3%
Sales and installation of PV system	8,389	- 58	99.3%	+ 562	107.2%
Wholesale of PV system	143	- 118	54.8%	+ 15	111.9%
Others	93	+ 21	129.6%	+ 5	106.5%
Gross Profit	1,928	- 13	99.3%	+ 180	110.3%
Operating Income	22	+ 495	—	+ 146	—

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023. Comparisons in the PV business segment have been made with figures of the same period of the previous year for the (previous) SE business segment.

Results by segment of FY2022 (PPS Division)



Main factors for change

■ Net Sales - 4,454 Million Yen

- 【+】 · Increase of unit sales prices linked to surging energy prices.
- 【-】 · Sales volume decreased due to change in business structure.

■ Operating Income +4,412 Million Yen

- 【+】 · Price volatility risk reduced and the profitability of electricity procurement improved by lowering the percentage of electricity procured from the market.
- Decrease of fixed costs chiefly due to the relocation of staff members.

■ Net Sales by segment · Operating Income

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	5,381	- 4,454	54.7%	- 454	92.2%
Gross Profit	419	+ 4,291	—	+ 79	123.4%
Operating Income	239	+ 4,412	—	+ 96	167.0%

(Reference)

Adjustment of intersegment sales	—	+ 56	—	—	—
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<Reference: JEPX (spot market) price trends>



Average change in the JEPX (spot market) unit prices (simple average of system prices (48 30-minute frames per day))

■ Resource Circulation

Contributing to efficient use of resources, securing clean water resources, and safe and secure lifestyles by properly disposing of industrial waste, recycling resources, and purifying water resources through waste liquid treatment.

ERD Division (Environmental Resources Development)

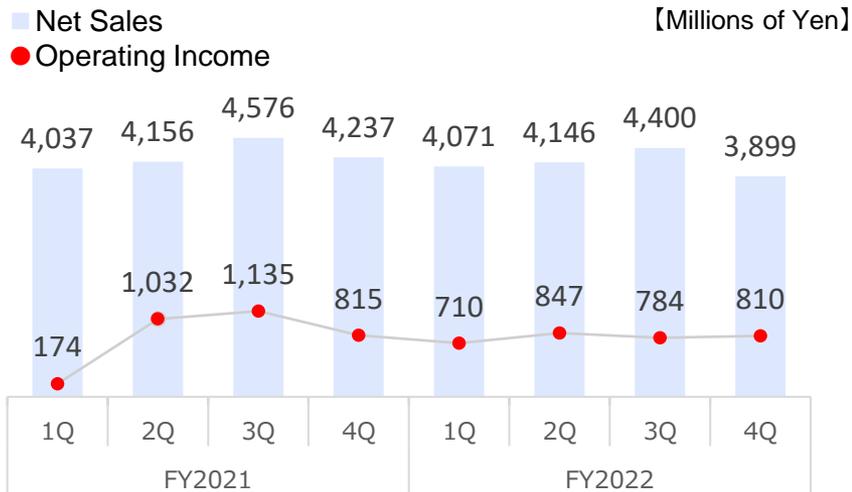
Engages in a resource recycling-type power generation business in which industrial waste plastics are converted into fuels, recycled and used for power generation and a resource recycling business in which waste liquids are purified, recycled and converted into fuels.

- Fuel conversion of waste plastic
- Resource recycling power generation system
(power generation from waste plastic recycled fuel)
- Purification treatment and Fuel conversion of waste liquid and Recycling
- Landfill, etc

(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	16,518	- 489	97.1%	+ 129	100.8%
Gross Profit	5,037	+ 79	101.6%	+ 202	104.2%
Operating Income	3,153	- 5	99.8%	+ 199	106.8%

Results by segment of FY2022 (ERD Division)



Main factors for change	
■ Net Sales – 489 Million Yen 【+】 • Tomakomai power plant's Non-Fossil Certificate contract price (without non-FIT renewable energy designation) increased in the non-fossil value trading market. • A rise in receiving unit prices at landfills. 【-】 • Decrease of the acceptance volume of high priced waste in plastic fuel.	
■ Operating Income – 5 Million Yen 【+】 • Decrease of repair expenses related to power plant inspections. 【-】 • Decrease of the acceptance volume of high priced waste in plastic fuel. • Increase in depreciation related to capital investment, etc.	

■ Net Sales by segment • Operating Income

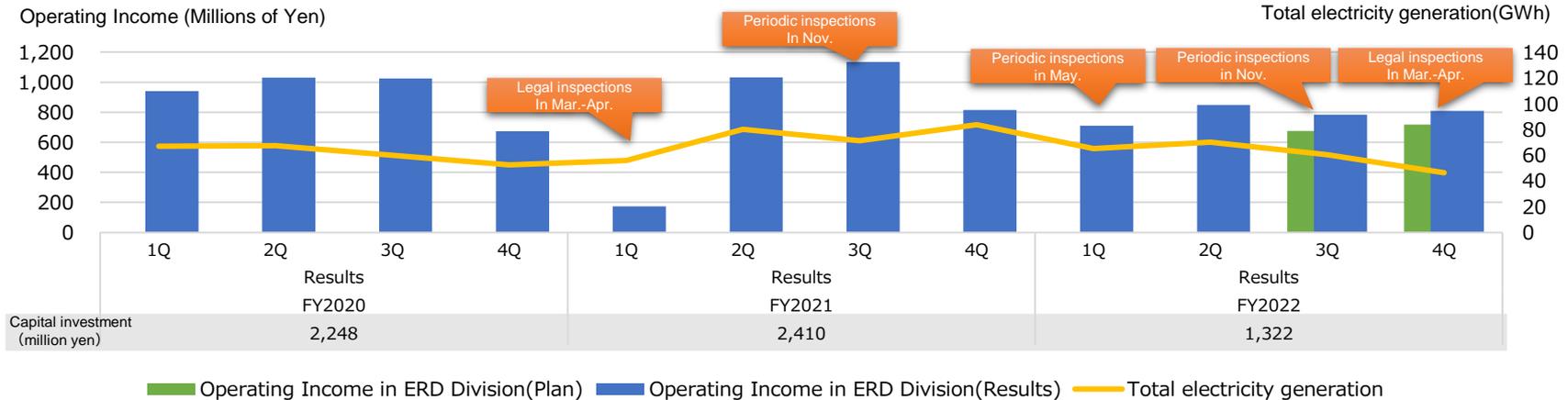
(Millions of Yen)

	FY2022	FY2021		FY2022 Plan	
	Results	Difference	Y o Y	Difference	Plan ratio
Net Sales	16,518	- 489	97.1%	+ 129	100.8%
Plastic fuel	9,829	- 745	93.0%	- 149	98.5%
Power Plant	3,122	+ 135	104.5%	+ 82	102.7%
Waste liquid treatment	2,059	- 14	99.3%	- 26	98.7%
Landfill	1,014	+ 103	111.3%	+ 172	120.5%
Others	492	+ 30	106.6%	+ 51	111.6%
Gross Profit	5,037	+ 79	101.6%	+ 202	104.2%
Operating Income	3,153	- 5	99.8%	+ 199	106.8%

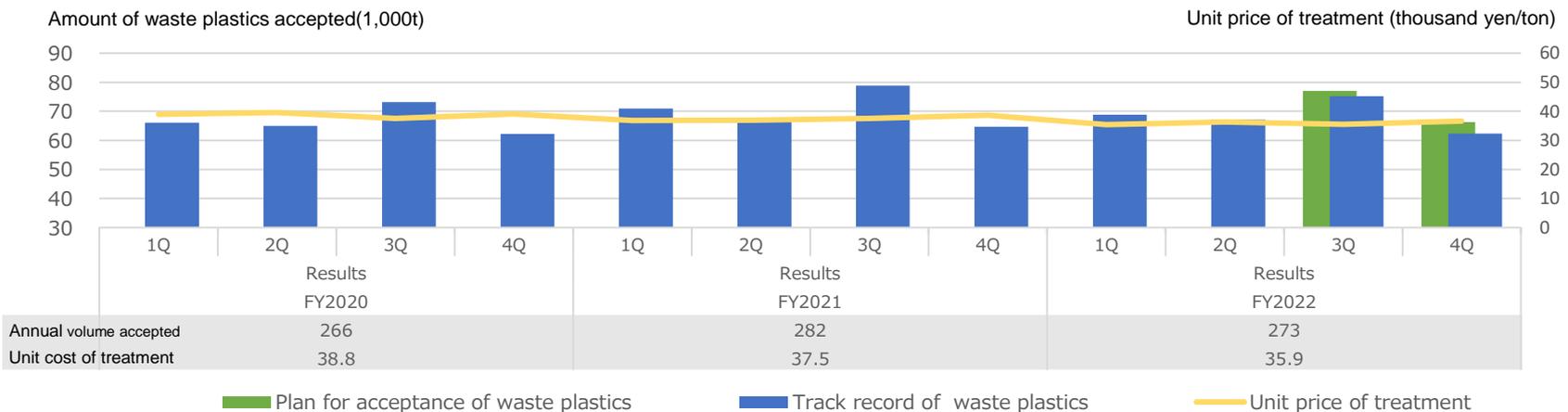
■ Tomakomai power plant operating status

- FY2022 statutory inspection: Mid-March to April 2023

※Legally required inspections: Once every two years (turbines: every four years, boilers: every two years)



■ Acceptance of waste plastic



*Unit price of treatment = Sales of plastic fuel divided by the amount of waste plastics accepted

(Millions of Yen)

	FY2021	FY2022	FY2021	
	As of Mar. 31	As of Mar. 31	Difference	Ratio
Current Assets	14,551	13,683	- 867	94.0%
Non-Current Assets	20,401	19,902	- 499	97.6%
Total Assets	34,953	33,586	- 1,367	96.1%
Current Liabilities	21,718	16,382	- 5,335	75.4%
Non-Current Liabilities	8,503	11,135	+ 2,632	131.0%
Total Liabilities	30,221	27,518	- 2,703	91.1%
Total Net Assets	4,732	6,068	+ 1,335	128.2%
Total Liabilities and Assets	34,953	33,586	- 1,367	96.1%

<Total assets>

Regarding current assets, cash and deposits and raw materials and supplies increased by ¥589 million and ¥439 million, respectively, while notes and accounts receivable - trade decreased by ¥1,793 million.

As for fixed assets, construction in progress rose ¥226 million, buildings and structures (net of depreciation) declined ¥463 million, and lease and guarantee deposits decreased ¥224 million.

<Total liabilities>

As for current liabilities, current portion of long-term loans payable increased ¥986 million, accrued consumption taxes increased ¥616 million, and accounts payable increased ¥331 million yen, while short-term loans payable decreased ¥6,689 million and notes and accounts payable-trade decreased ¥552 million.

As for non-current liabilities, provision for disposal site closing expenses and bonds payable declined by ¥209 million and ¥200 million, respectively, while long-term loans payable rose by ¥3,174 million.

The current ratio was 83.5% in FY2022, a 16.5 percentage point improvement from 67.0% in FY2021.

Equity-to-asset ratio improved 4.5 percentage points from 13.5% in FY2021 to 18.0% in FY2022.

Capital investment/Depreciation for the fiscal year ended March 31, 2023



■ Capital investment/Depreciation

(Millions of Yen)

	FY2021	FY2022
	Results	Results
Capital investment	2,776	1,566
Depreciation	1,509	1,889

■ Depreciation by segment

(Millions of Yen)

	FY2021	FY2022
	Results	Results
HS Division	51	49
ES Division	3	0
SE Division	—	1
PV Division	26	61
PPS Division	9	2
ERD Division	2,410	1,322
Others	15	—
Headquarter	259	129
Total	2,776	1,566

Major capital investment

- Investment related to the disposal of plastic waste : 864Million Yen
- Investment related to the recycling of waste liquid : 297Million Yen
- Investment related to the Tomakomai Power plant : 144Million Yen

■ Changes in Number of Personnel by Division (consolidated)

	FY2021 As of Mar. 31	FY2022 As of Mar. 31	change
HS Division	794	853	+59
ES Division	146	160	+14
SE Division	—	81	+81
PV Division	334	254	- 80
PPS Division	28	15	- 13
ERD Division	432	444	+12
Others	42	—	- 42
Headquarter	278	247	- 31
Total	2,054	2,054	+0

■ Number of sites (including subsidiary)

	FY2021 As of Mar. 31	FY2022 As of Mar. 31	Change
HS Division	53	63	+10
ES Division	12	12	—
SE Division	—	14	+14
PV Division	37	35	- 2
PPS Division	1	1	—
ERD Division	18	18	—
Others	4	—	- 4

※The abovementioned number of sites includes the double counting of sites operated by multiple divisions.

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

※Due to an organizational change, the Company has decided to reclassify its business segments effective from the fiscal year ending March 31, 2023. Figures for the fiscal year ended March 31, 2022 have been presented after reclassifying figures for the previous fiscal year according to the new segmentation.

		FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Return on equity	ROE	5.9%	36.3%	27.9%	—	24.8%
Return on assets	ROA	3.9%	8.2%	6.4%	—	4.5%
Equity ratio		13.4%	18.5%	24.5%	13.5%	18.0%
Return on invested Capital	ROIC	2.3%	10.8%	11.2%	—	8.4%

(Millions of Yen)

	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Capital investment	2,742	3,083	2,776	1,566
Depreciation	914	1,097	1,509	1,889

Financial results forecast for FY2023

Forecast for Year on Year Increases in Net Sales and Income

- **Net Sales** **¥47,965million (Y o Y 103.6%)**
- **Operating Income** **¥3,231million (Y o Y 181.0%)**

Key points of revision of the consolidated financial outlook for the fiscal year ending March 31, 2024

	Key points
Residential Environment Area	<ul style="list-style-type: none"> ➤ Strengthen corporate sales structure and hire and train personnel to expand business partners. ➤ COVID-19 restrictions on face-to-face sales activities have been almost eliminated.
Energy Area	<ul style="list-style-type: none"> ➤ Full-scale development of business models that do not depend on FIT, such as self-consumption type solar power for corporations and municipalities, and development of solar power sources in the PV Division. ➤ In the PPS Division, complete business restructuring. (sales scale is about half of the previous year's level)
Resource Circulation Area	<ul style="list-style-type: none"> ➤ Increase in the unit price of electricity sold by Tomakomai power plant. ➤ Outage of Tomakomai power plant due to legal inspections and increased repair expenses.

(Millions of Yen)

	FY2023					
	First Half		Second Half		Full-Year	
	Plan	Diff. from FY2022	Plan	Diff. from FY2022	Plan	Diff. from FY2022
Net Sales	23,873	+ 1,223	24,092	+ 464	47,965	+ 1,688
Gross Profit (Gross Profit Margin)	8,746 36.6%	+ 677	8,922 37.0%	+ 781	17,668 36.8%	+ 1,459
Operating Income (Operating Income Margin)	1,452 6.1%	+ 706	1,778 7.4%	+ 739	3,231 6.7%	+ 1,446
Ordinary Income (Ordinary Income Margin)	1,336 5.6%	+ 724	1,678 7.0%	+ 737	3,014 6.3%	+ 1,462
Profit (loss) attributable to owners of parent (Net Income Margin)	1,035 4.3%	+ 592	1,460 6.1%	+ 570	2,495 5.2%	+ 1,163

Financial results forecast for FY2023 by segment



(Millions of Yen)

	FY2023					
	First Half		Second Half		Full-Year	
	Plan	Diff. from FY2022	Plan	Diff. from FY2022	Plan	Diff. from FY2022
Net Sales	23,873	+ 1,223	24,092	+ 464	47,965	+ 1,688
Residential Environment	8,858	+ 750	8,479	+ 835	17,337	+ 1,586
Energy	5,886	- 436	6,607	- 1,077	12,493	- 1,513
Resource Circulation	9,128	+ 909	9,005	+ 705	18,134	+ 1,615
Adjustment of intersegment sales	—	—	—	—	—	—
Operating Income	1,452	+ 706	1,778	+ 739	3,231	+ 1,446
Residential Environment	1,365	+ 572	916	+ 287	2,281	+ 860
Energy	(21)	+ 4	126	- 160	104	- 156
Resource Circulation	1,551	- 7	2,059	+ 465	3,611	+ 457
Group	(1,442)	+ 136	(1,323)	+ 147	(2,766)	+ 284

Segment Forecast for FY2023 (Residential Environment Area)



(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Sales proportion	Diff. from FY2022	Plan	Sales proportion	Diff. from FY2022	Plan	Sales proportion	Diff. from FY2022
Net Sales	8,858		+ 750	8,479		+ 835	17,337		+ 1,586
HS Division	6,618	74.7%	+ 492	6,219	73.3%	+ 895	12,837	74.0%	+ 1,387
ES Division	1,292	14.6%	+ 101	1,308	15.4%	- 76	2,600	15.0%	+ 24
PV Division	948	10.7%	+ 156	952	11.2%	+ 17	1,900	11.0%	+ 173
Cost of sales	3,678	41.5%	+ 175	3,804	44.9%	+ 378	7,482	43.2%	+ 553
Material costs	1,369	15.5%	+ 253	1,357	16.0%	+ 125	2,726	15.7%	+ 379
Labor costs	1,227	13.9%	+ 81	1,312	15.5%	+ 127	2,540	14.7%	+ 208
Gross Profit	5,179	58.5%	+ 575	4,674	55.1%	+ 457	9,854	56.8%	+ 1,032
SG & A	3,814	43.1%	+ 2	3,758	44.3%	+ 169	7,573	43.7%	+ 171
Personnel expenses	2,388	27.0%	+ 67	2,378	28.0%	+ 144	4,766	27.5%	+ 212
Operating Income	1,365	15.4%	+ 572	916	10.8%	+ 287	2,281	13.2%	+ 860

- The HS Division will expand new customer channels by reinforcing its corporate sales structure to enable JA and other business partners to expand, in addition to developing new customers with close ties to the community. In addition to increasing the number of employees through hiring, the Division will also focus on human resource development by providing a range of training programs suited to the employee's proficiency to enhance productivity.
- The ES Division will expand sales channels for the installation of its main anti-rust product (brand name: Daelman Shock) by actively increasing contacts with real estate owners through the development of partnerships with management companies, close follow-up with existing partners, and the use of exhibitions and other events.
- The SE Division aims to expand sales of photovoltaic power generation systems and storage batteries in response to the policy push for decarbonization and energy conservation for detached houses and the need to reduce electricity rates and improve resilience (disaster response). At the same time, the Division will facilitate alliances with house builders and construction companies to strengthen its sales structure.

Segment Forecast for FY2023 (Energy Area)



(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Sales proportion	Diff. from FY2022	Plan	Sales proportion	Diff. from FY2022	Plan	Sales proportion	Diff. from FY2022
Net Sales	5,886		- 436	6,607		- 1,077	12,493		- 1,513
PV Division	4,664	79.2%	+ 1,256	5,455	82.6%	+ 237	10,119	81.0%	+ 1,494
PPS Division	1,221	20.8%	- 1,692	1,152	17.4%	- 1,314	2,373	19.0%	- 3,007
Cost of sales	4,848	82.4%	- 493	5,395	81.7%	- 921	10,244	82.0%	- 1,414
Material costs	3,476	59.1%	- 727	3,869	58.6%	- 1,059	7,346	58.8%	- 1,786
Labor costs	356	6.0%	- 14	379	5.7%	+ 23	735	5.9%	+ 9
Gross Profit	1,037	17.6%	+ 56	1,211	18.3%	- 155	2,249	18.0%	- 98
SG & A	1,059	18.0%	+ 52	1,085	16.4%	+ 5	2,144	17.2%	+ 57
Personnel expenses	519	8.8%	+ 14	537	8.1%	+ 12	1,056	8.5%	+ 26
Operating Income	(21)	—	+ 4	126	1.9%	- 160	104	0.8%	- 156

- The PV Division has fully shifted to a non-FIT model, proposing solar power for self-consumption to corporations and municipalities, developing renewable energy (solar) power sources based on partnerships with energy companies, and facilitating after-sales maintenance at existing solar power plants. In addition, the Division will strive to reduce costs overall to strengthen competitiveness and increase profitability.
- The PPS Division is expected to complete its business restructuring to minimize business risks which it has been working on since the end of FY2022, and is expected to become about half the size of the previous year's business. After ensuring profitability, the Division aims to advance the management of electricity supply and demand, with a view to building an electricity supply model to expand the use of photovoltaic power generation in the future.

■ Contributing to the realization of a local carbon-free society

The Company has been selected as an operator for the installation of photovoltaic power generation equipment in public facilities, as a part of the local government's efforts to become carbon neutral by 2050.

Sanix

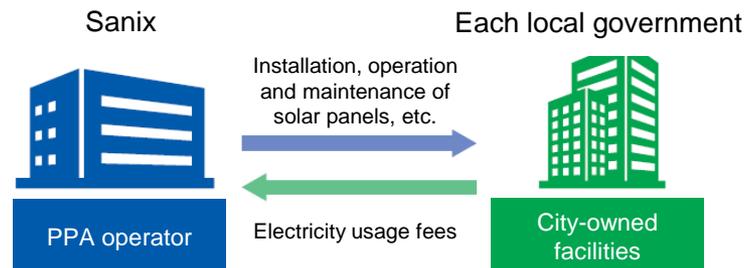
- We will lease land, etc. within facilities and install, operate and manage photovoltaic power generation equipment.
- Installation, operation, and management expenses are covered by the electricity fees paid by the municipalities.

Each local government

- Each local government will provide land, etc. within facilities, and the electricity generated will be used at the facility.
- Each local government will pay Sanix for the amount of electricity they use.

- ◆ Otawara, Tochigi <https://prtimes.jp/main/html/rd/p/000000089.000025581.html>
- ◆ Zama, Kanagawa <https://prtimes.jp/main/html/rd/p/000000087.000025581.html>
- ◆ Tomakomai, Hokkaido <https://prtimes.jp/main/html/rd/p/000000091.000025581.html>
- ◆ Fukuoka, Fukuoka <https://prtimes.jp/main/html/rd/p/000000084.000025581.html>
- ◆ Makurazaki, Kagoshima <https://prtimes.jp/main/html/rd/p/000000093.000025581.html>

<Business scheme>



※PPA(Power Purchase Agreement)
A scheme for a PPA operator to install, operate and maintain photovoltaic power generation equipment on premises owned by consumers and supply and sell the electricity generated

Our photovoltaic power generation business is strong in the provision of integrated services from manufacturing to sales, installation and maintenance. We will continue to contribute to the realization of a decarbonized society leveraging the expertise we have accumulated through our experience in sales and the installation of photovoltaic power generation systems.

Number of industrial solar power sales and installation

Approx. **29,000**

Number of residential solar power sales and installation

Approx. **20,000**

Remote monitoring equipment

Approx. **10,000**

※As of March,2023

Segment Forecast for FY2023 (Resource Circulation Area)



(Millions of Yen)

	First Half			Second Half			Full-Year		
	Plan	Sales proportion	Diff. from FY2022	Plan	Sales proportion	Diff. from FY2022	Plan	Sales proportion	Diff. from FY2022
Net Sales	9,128		+ 909	9,005		+ 705	18,134		+ 1,615
Plastic fuel	4,979	54.6%	+ 104	5,005	55.6%	+ 52	9,985	55.1%	+ 156
Power Plant	2,495	27.3%	+ 921	2,341	26.0%	+ 793	4,837	26.7%	+ 1,714
Waste liquid treatment	1,043	11.4%	+ 5	1,077	12.0%	+ 55	2,120	11.7%	+ 61
Landfill	360	3.9%	- 128	328	3.6%	- 197	688	3.8%	- 325
Others	249	2.7%	+ 7	252	2.8%	+ 1	501	2.8%	+ 8
Cost of Sales	6,600	72.3%	+ 863	5,969	66.3%	+ 225	12,570	69.3%	+ 1,089
Labor costs	1,010	11.1%	+ 78	1,020	11.3%	+ 48	2,030	11.2%	+ 126
Gross Profit	2,528	27.7%	+ 46	3,035	33.7%	+ 479	5,563	30.7%	+ 525
SG & A	977	10.7%	+ 53	975	10.8%	+ 14	1,952	10.8%	+ 68
Personnel expenses	604	6.6%	+ 49	603	6.7%	+ 18	1,207	6.7%	+ 67
Operating Income	1,551	17.0%	- 7	2,059	22.9%	+ 465	3,611	19.9%	+ 457

- In the ERD Division, power plant sales are expected to increase significantly due to a rise in the unit price of electricity sold by the Tomakomai power plant. In plastic fuel sales and waste liquid treatment sales, the Division will work on obtaining consistent transactions, utilizing the waste management system, etc., and through the steady expansion of the volume of acceptance by cultivating new customers while having detailed follow-up for existing customers as the business foundation. The Division will also broaden the range of waste materials suitable for acceptance by entering into material recycling.
- In terms of expenses, statutory inspections of Tomakomai power plant's boilers and turbines will occur this year, and maintenance costs are expected to rise significantly due to the fact that the plant has been in operation for 20 years.

Launching Sales of Waste Management System for Collection and Transportation Companies

SANIX

■ Launch of SANIX system Pro for collection and transportation business companies (May 1, 2023)

Following the sale of the SANIX system waste management system which enables waste management companies to centralize their management of waste-related operations, the Company began selling the SANIX system Pro waste management system for collection and transportation companies on May 1, 2023.

SANIX system Pro

A dedicated system that supports proper and efficient everyday operations by digitalizing collection and transportation operations such as contracts, reception, dispatching, collection and transportation, vehicle management, and various types of recordkeeping related to general waste.

Key functions

- Digital storage management and the sharing of customer information, contracts and permits
- Management of acceptance information
- Collection route and schedule management to prevent problems (in real time)
- Management of collection status and collection reports (in real time)
- Vehicle management support (notifications sent using an alert function) for oil changes, vehicle inspection dates, etc.
- Management of daily inspection records, management and analysis of a range of results, reports, etc.

SANIX system

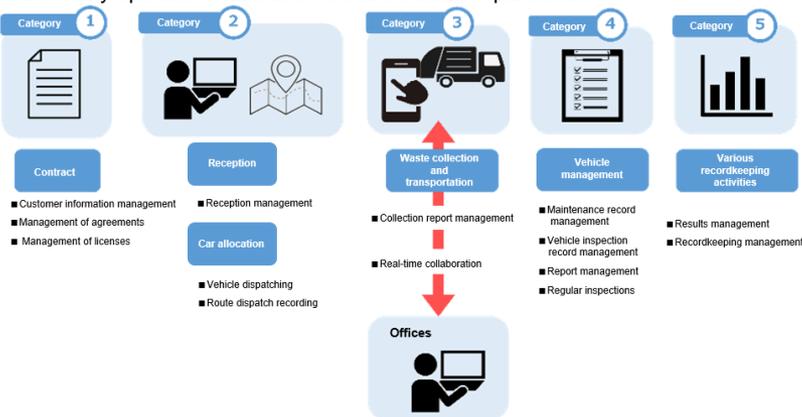
A system that visualizes all aspects of waste, including collection and treatment flow, volume, and recycling rate, to achieve appropriate and efficient business operations.

Key functions

- Manage contract and permit expiration dates (notify via the alert function before expiration dates)
- Track waste and manage disposal schedules
- Manifest search — Linked to JWNET (electronic manifest system)
- Automatic aggregation of results submitted to the government
- Analysis (monthly discharge, comparisons by discharge site, etc.)

【Overall flow of SANIX system Pro】

Establish stress-free information sharing and a flow of information by digitalizing the registration and management of various pieces of information and many operations for customers and business partners.



Advantages of introduction

- (1) Compliance
- (2) Labor reduction and increase of the efficiency of disposal, collection and transportation operations
- (3) Optimized costs and contribution to the environment through visualization*

*Contribution to the environment: Reduction of CO2 emissions by optimizing the frequency of collection and transportation and waste disposal methods, the promotion of recycling through waste separation, etc.

Press release dated April 24, 2023

<https://prtimes.jp/main/html/rd/p/00000097.000025581.html>

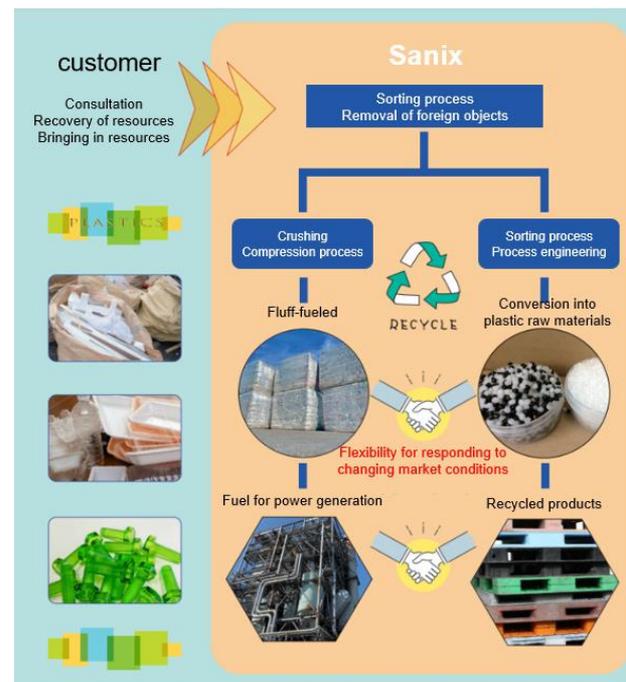
■ Efforts to diversify applications for waste plastics

In FY2023, we began full-scale material recycling efforts in which used plastics are to be reused as raw materials for plastic products. In the process of sorting waste plastics, we sort the suitable plastic materials, process them in cooperation with partner companies, convert them into plastic materials, and recycle them as recycled products such as pallets, hangers, bags, etc.

For more than 20 years, we have been engaged in thermal recycling (heat recovery) at 15 resource development plants nationwide, where waste plastic from manufacturing plants is collected, processed, and converted into fuel, which is then used to generate power at the Sanix Energy Tomakomai power plant.



【Diversification of waste plastic applications】



In the future, we are also looking into the possibility of establishing a system for converting plastic materials into raw materials and producing recycled products in-house. This will allow us to respond more flexibly to the requests of customers who are conscious of reducing their environmental load, including the reduction of CO2 emissions and the maximization of the effective use of resources. The Company will continue to contribute to the realization of a decarbonized and resource-recycling society.

Press release dated May 8, 2023

<https://prtimes.jp/main/html/rd/p/000000098.000025581.html>

		FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Plan
Return on equity	ROE	36.3%	27.9%	—	24.8%	35.0%
Return on assets	ROA	8.2%	6.4%	—	4.5%	9.0%
Equity ratio		18.5%	24.5%	13.5%	18.0%	22.0%
Return on invested Capital	ROIC	10.8%	11.2%	—	8.4%	14.0%

(Millions of Yen)

	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Plan
Capital investment	3,083	2,776	1,566	2,200~2,400
Depreciation	1,097	1,509	1,889	1,800

Supplementary materials (Business structure)

Corporate Philosophy

“Clean and comfortable environment for the next generation”

Energy

- PV Div.
- PPS Div.

Make it common “Energy with low environmental impact”

Main power source for renewable energy, distributed power source, self-consumption, microgrid, VPP

Make it common “A comfortable living environment is linked to the next generation”

Long-life quality housing, securing housing stock, formulation of Pre-owned housing distribution market

Residential Environment

- HS Div.
- ES Div.
- SE Div.

Resource Circulation

- ERD Div.

Make it common “Recycling resources without abandoning them”

Basic Environmental Plan, Promotion of Recycling-Oriented Society, Plastic Resource Recycling Strategy

■ Segments have been reclassified in line with the organizational change made on June 1, 2022

Before segment change

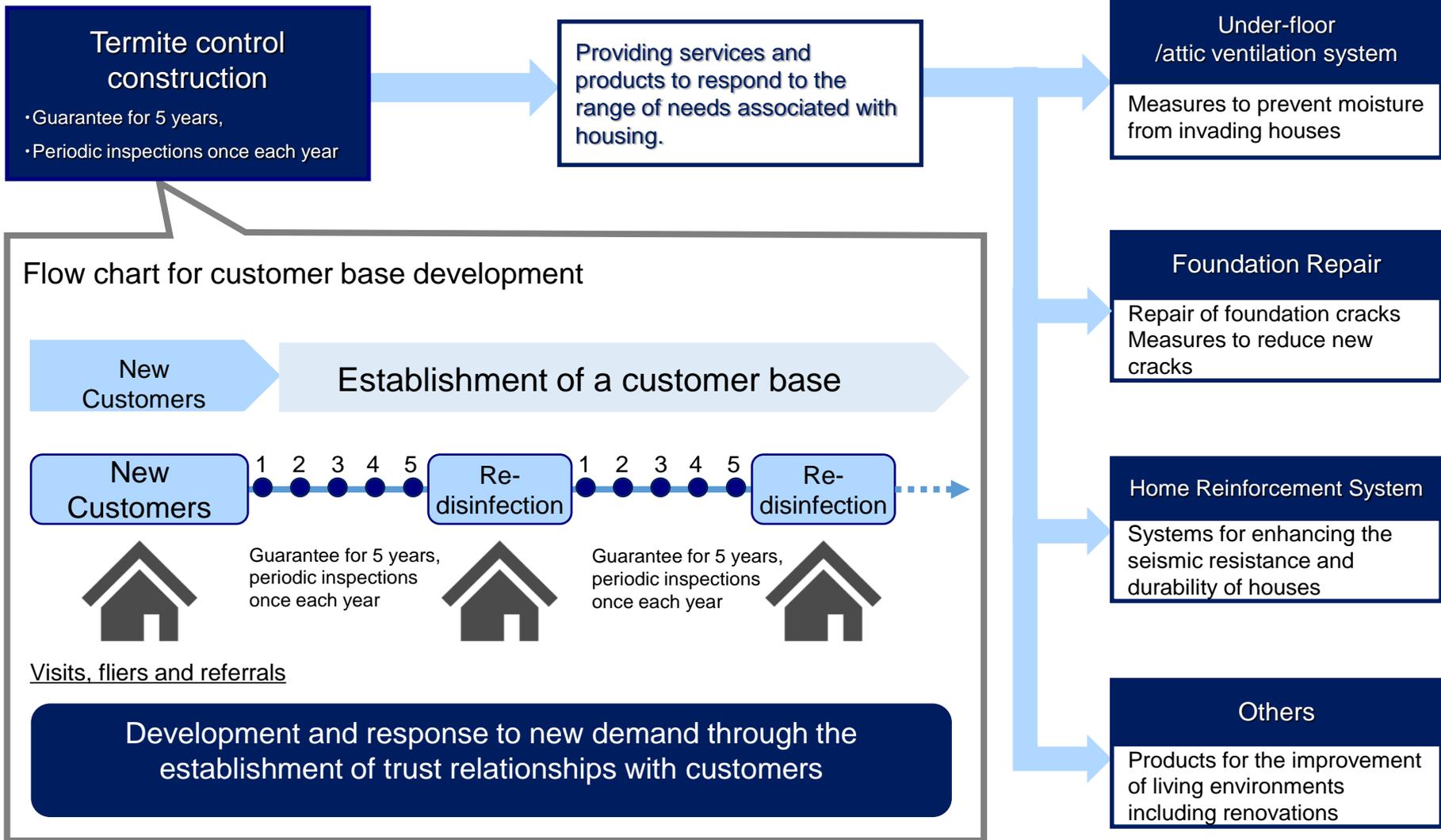
SE Division
HS Division
ES Division
ERD Division
EB Division



After segment change

Residential Environment Area	HS Division ••• Service business for detached house
	ES Division ••• Services business for corporation, business owners
	SE Division ••• Services business for Residential solar power generation system
Energy Area	PV Division ••• Services business for Industrial solar power generation system
	PPS Division ••• Services business for Electricity retail
Resource Circulation Area	ERD Division ••• Services business for Recycling waste

Business structure of the HS Division



Business structure of the ES Division



Major services and products

Water supply and drainage repair

- Anti-rust equipment installation (Daelman Shock)
- Piping work (repair and replacement of water supply and drainage pipes)
- Water service work

Structure maintenance services

- Building rooftops
- Application of waterproof paints to external walls, etc.

Others

- Measures to prevent environmental pollution, etc.

SANIX/PCO services

Pest and vermin control service ,HACCP

Restaurants, Hotels, Food factories ,etc.



Annual contract (inspection and disinfection to be conducted once a month)

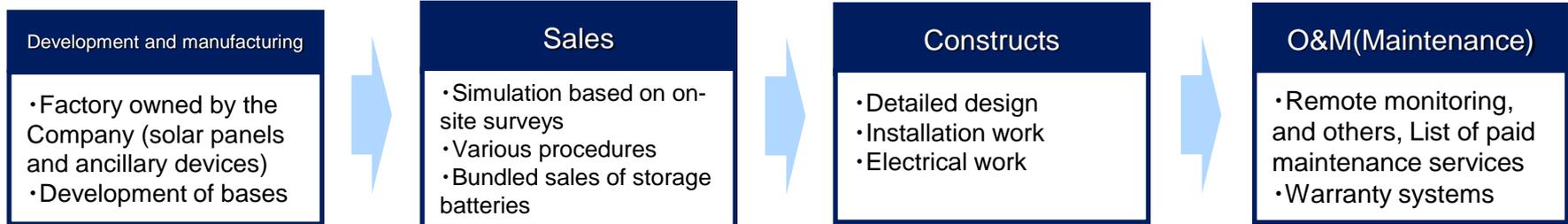


Renewal rates are high due to annual contracts



Business structure of the SE and PV Division

Provision of a total service including manufacturing, sales, installation and maintenance.



SE Division for housing (less than 10 kW)

- Newly built houses: Promote ZEH
- Existing houses : Support renovation for energy conservation

The PV market for residential and small buildings is expected to grow steadily against the backdrop of accelerated introduction of PV service due to the above factors.

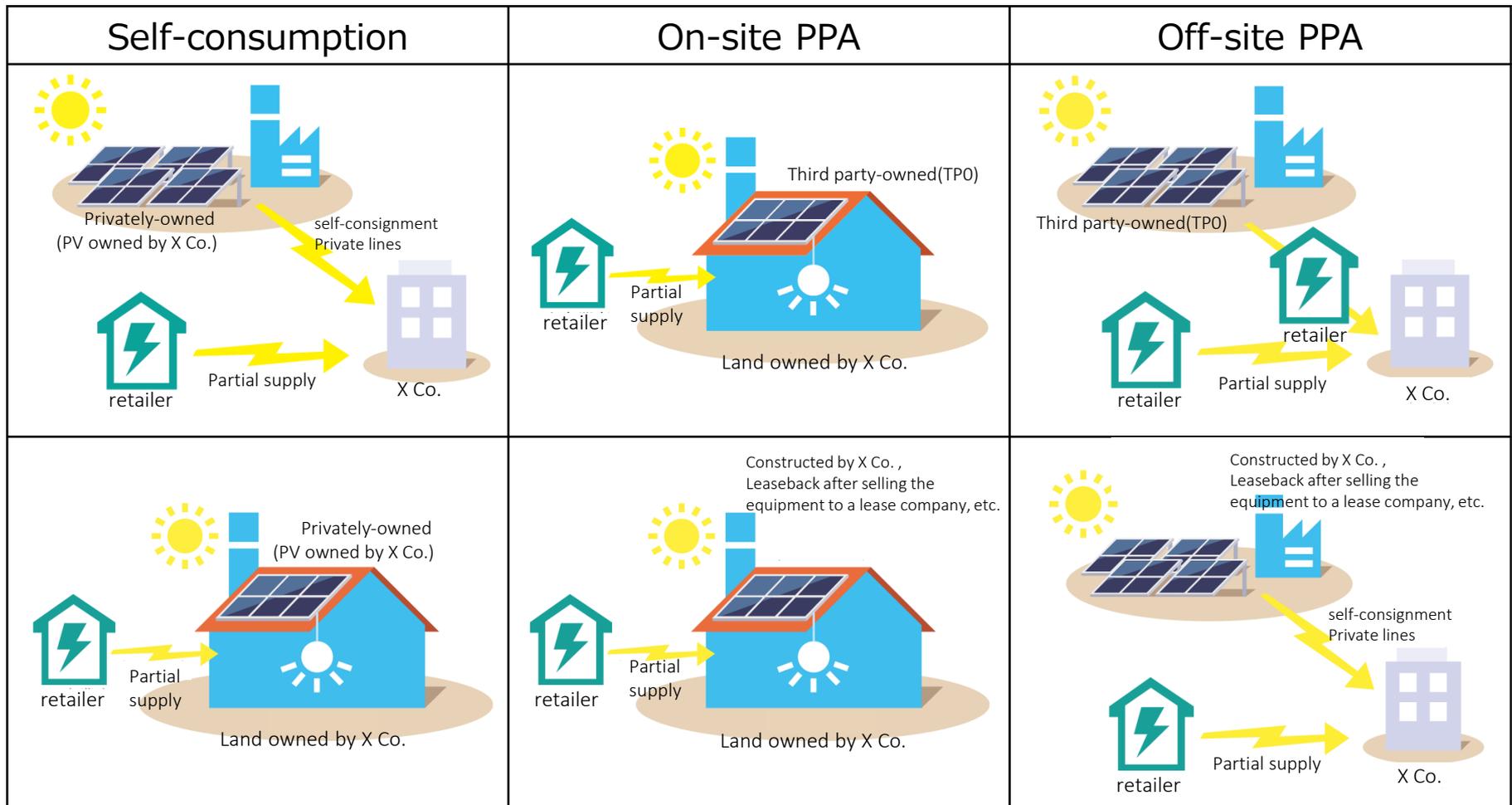
Build a new organization dedicated to the residential PV market, aiming to actively develop the market.

PV service for companies and municipalities (10 kW or more)

Decarbonization initiatives are in full swing, especially within companies and local governments. The market, which differs from that under the FIT system, is expected to grow significantly as methods of installing and owning photovoltaic power generation facilities and methods of supplying generated electricity become more diverse and sophisticated.

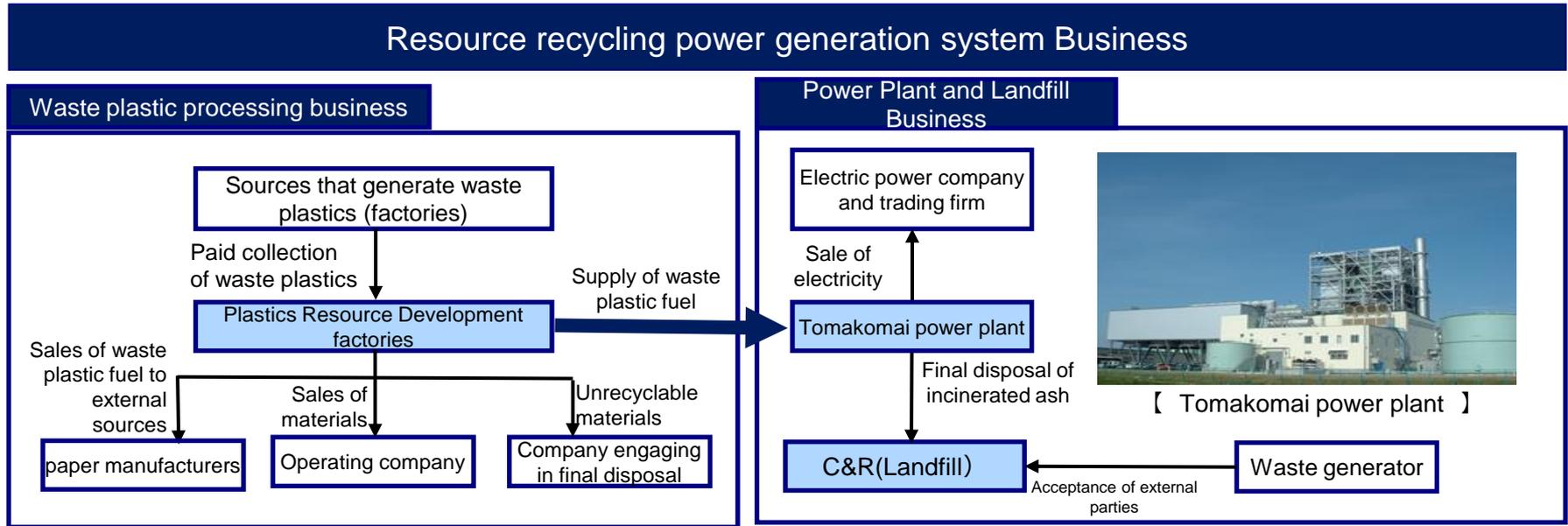
Organize a cooperative system for the development of a range of services, starting sales in earnest this fiscal year. Expand the services offered through continued collaboration with other companies and the utilization of our own PPS business.

Against the backdrop of rising electricity prices, low-cost photovoltaic power generation systems and the wide use of PPA services, the introduction of photovoltaic power generation is in full swing, driven by the need for economic rationality, decarbonization and resilience enhancement.



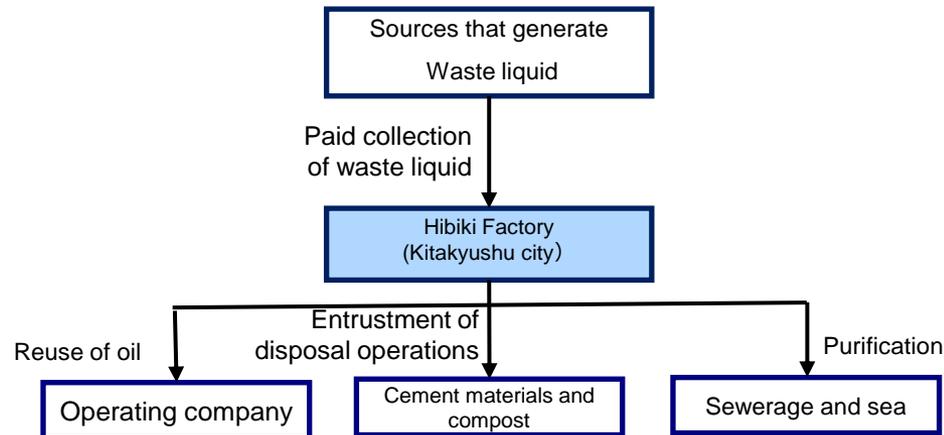
Source: he "Toward the popularization of power generation businesses" page of the Japan Photovoltaic Energy Association's website. Edited by the Company.

Business structure of the ERD Division



- Fifteen plastic resource development factories located across the nation engage in the collection of waste plastics generated at companies' manufacturing factories, with fees for disposal.
- Collected waste plastics are processed into waste plastic fuel and supplied to the Tomakomai Power Plant.
- Power is generated using the waste plastic fuel at the Tomakomai Power Plant and sold to electric power companies and trading firms.
- In addition to the power plant, waste plastic fuel is sold externally to paper manufacturers, or for use as a raw material.
- The incinerated ash generated by the Tomakomai Plant goes through the final disposal process at C&R (a Tomakomai-based company that operates landfill sites)

Waste liquid treatment



【 Hibiki Factory 】

※The Hibiki factory is the largest facility in Japan specializing in the treatment of liquid waste.

- Waste liquid generated by food and beverage factories is collected with fees for disposal
- Collected waste liquid is purified using microbe-based treatment ,etc. at the Hibiki factory (Kitakyushu City)
- After purification, the treated water is reused as recycled waste liquid, or discharged into sewers or the sea after confirmation that it satisfies discharge standards.
- Dehydrated sludge generated in the treatment process is reused as or converted into cement materials or compost

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.

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