



Code : 4651

Financial Results Briefing For the Three Months Ended June 30, 2023

SANIX INCORPORATED

August 9, 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

Sales and profits decreased year on year, but profitability surpassed the plan.

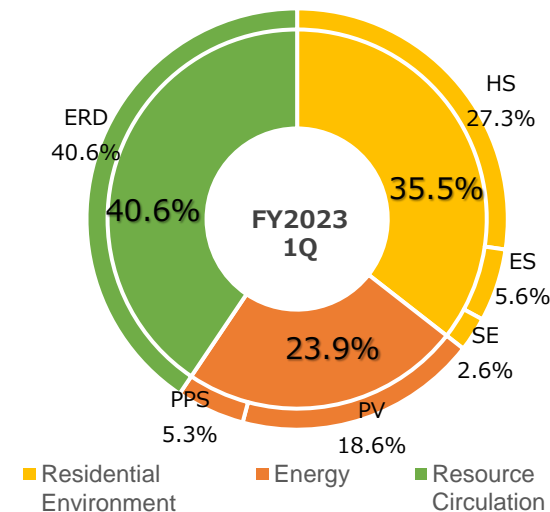
- In the PPS Division, Sales were approximately half of the previous year, reflecting the restructuring of the business that began in the previous year.
- In the ERD Division, sales and profitability rose, reflecting the April revision of the unit contract price of electricity sold by the Tomakomai power plant.
- A statutory inspection was carried out according to plan at the ERD Division's Tomakomai Power Plant.

Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	11,346	11,081	11,550	97.7%	95.9%
Gross Profit	4,080	3,757	3,785	92.1%	99.3%
(Gross Profit Margin)	36.0%	33.9%	32.8%		
Operating Profit	341	154	93	45.2%	165.6%
(Operating Profit Margin)	3.0%	1.4%	0.8%		
Ordinary Profit	270	73	38	27.1%	190.1%
(Ordinary Profit Margin)	2.4%	0.7%	0.3%		
Profit (loss) attributable to owners of parent	174	63	36	36.4%	172.7%
(Net Profit Margin)	1.5%	0.6%	0.3%		

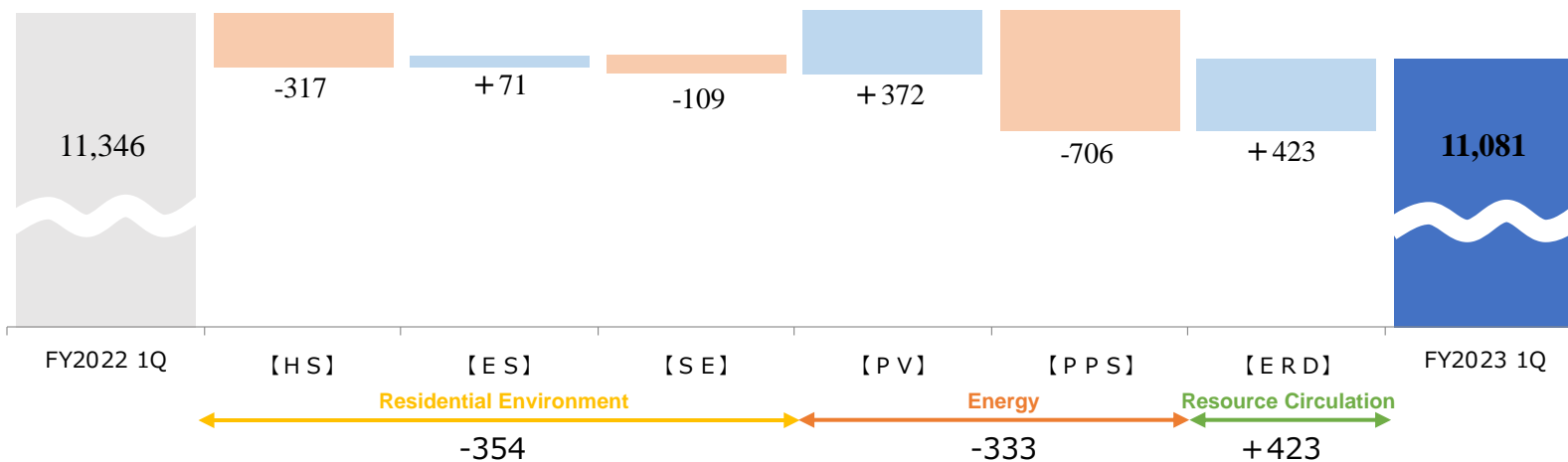
Net Sales of FY 2023 1Q

Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	11,346	11,081	11,550	97.7%	95.9%
Residential Environment	4,293	3,938	4,377	91.7%	90.0%
Energy	2,981	2,647	2,768	88.8%	95.6%
Resource Circulation	4,071	4,495	4,403	110.4%	102.1%

Net Sales Composition



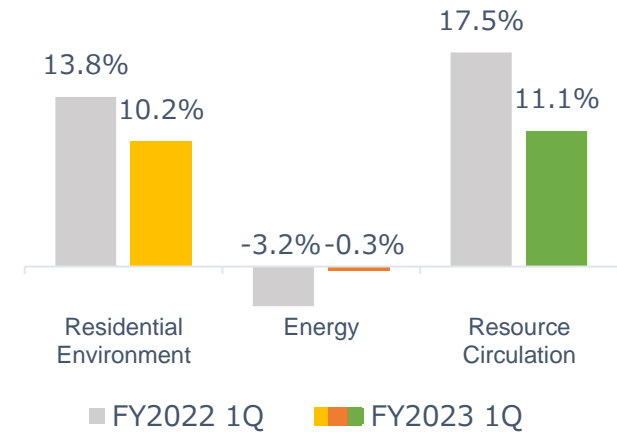
Year-on-Year Comparison



Operating Profit of FY2023 1Q

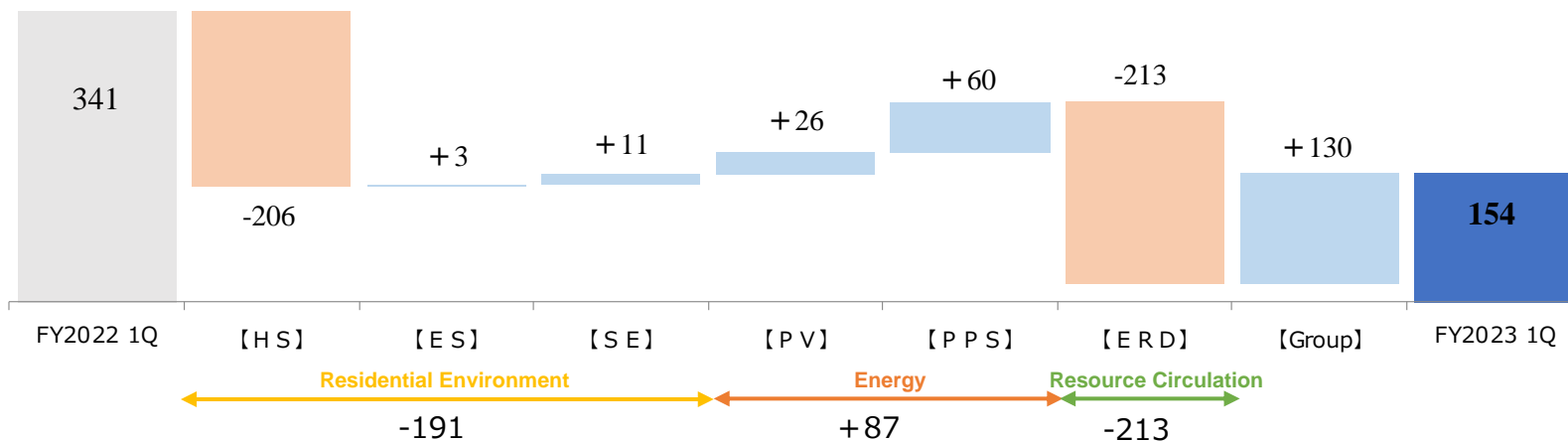
Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Operating Profit	341	154	93	45.2%	165.6%
Residential Environment	593	402	680	67.7%	59.1%
Energy	(96)	(9)	(55)	-	-
Resource Circulation	710	497	232	69.9%	213.6%
Group	(866)	(735)	(764)	-	-

Operating Profit Margin



■ Year-on-Year Comparison

[millions of Yen]





Residential Environment Area

A comfortable living environment to the next generation

- Maintenance for detached houses
- Maintenance for apartment complexes
- Residential solar power installation
- Hygiene management

We at Sanix promote a comprehensive maintenance service for detached houses, condominiums and other facilities, from the perspective of preventive medicine (the concept of prevention). In addition, by offering a broad range of services including photovoltaic power generation, renovation, and urban space sanitation, we create comfortable and clean living conditions that can be passed down from generation to generation.

HS Division

Our staff who are familiar with termite behavior take proper measures to prevent infestations and exterminate termites. By utilizing professional skills and expertise supported by a wealth of experience and an excellent track record, in addition to well-prepared after-sales services, we protect houses and eliminate house owners' concerns about termite damage.



Termite control construction



Under-floor/attic ventilation system

ES Division

We implement central control efficiently regarding the maintenance of water supply and drainage facilities. Using our mainstay anti-rust equipment and other devices, we keep rust from growing inside pipes and extend the usable life of pipes, while also solving problems by removing limescale and oil stains or limiting the ability of limescale and oil to attach to surfaces.



Endoscopic inspection of the inside of the water supply and drainage pipes



Pest control and removal

SE Division

We enable environmentally and budget-friendly lifestyles by promoting photovoltaic power generation equipment for detached houses. We also make proposals on the flexible use of electricity through the introduction of storage batteries amid the growing demand for self-consumption type photovoltaic power generation equipment.

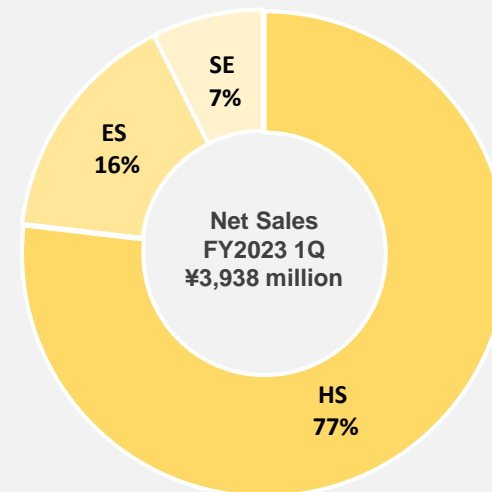


Residential solar power generation system



Storage batteries

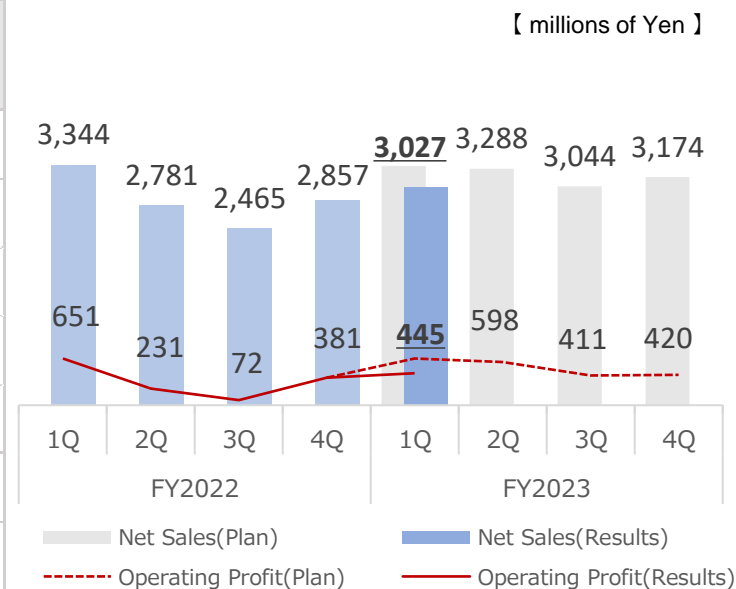
Residential Environment Area Net Sales Composition



【 HS Division 】 (Year-on-Year Comparison)

- Sales of termite control construction remained solid, reflecting an increase in the number of contracts with new customers due to the strengthening of new sales activities. On the other hand, sales declined for underfloor/attic ventilation system and foundation repair/home reinforcement system, whose target customers are existing customers.
- Profits decreased due to the impact of reduced sales, despite the reduction of SG&A expenses.

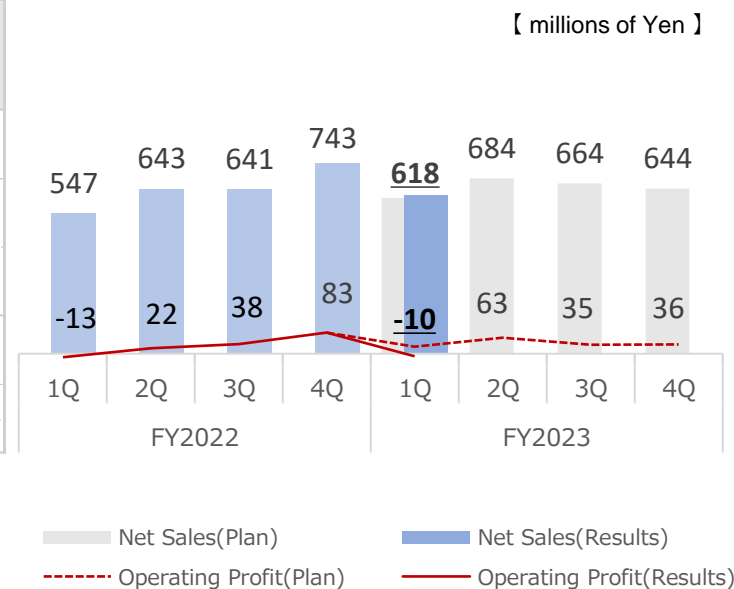
Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	3,344	3,027	3,329	90.5%	90.9%
Termite control construction	1,115	1,208	1,154	108.3%	104.7%
Under-floor/attic ventilation system	821	712	832	86.7%	85.5%
Foundation Repair/Home Reinforcement System	486	405	492	83.3%	82.3%
Others	920	701	850	76.2%	82.5%
Gross Profit	2,126	1,889	2,101	88.9%	89.9%
Operating Profit	651	445	651	68.3%	68.4%



【 ES Division 】 (Year-on-Year Comparison)

- Sales for water supply and drainage repairs and waterproofing and renovation of buildings increased due to active sales as well as the strengthening of relationships with partners.
- Despite higher sales, operating profit remained at the level of the previous year due to an increase in sales for work that required subcontracting.

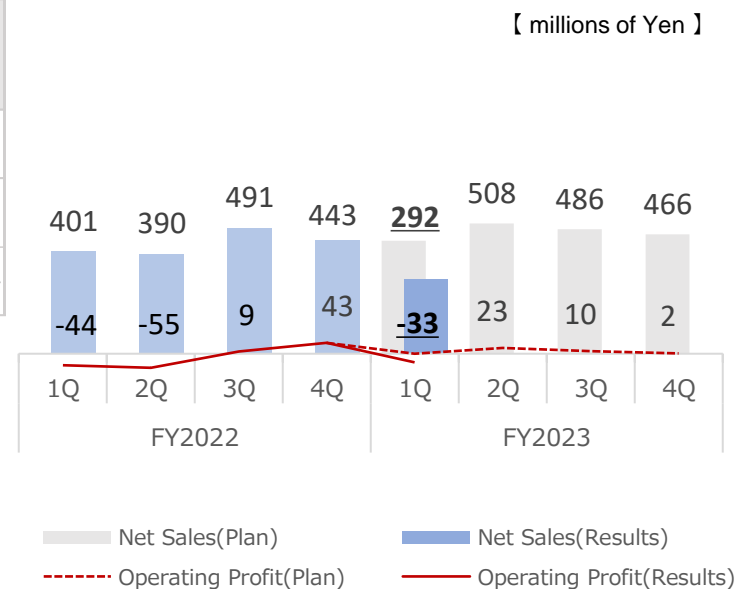
Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	547	618	608	113.1%	101.8%
Anti-rust equipment installation	223	218	290	98.0%	75.4%
Others	324	400	318	123.4%	125.8%
Gross Profit	275	290	341	105.6%	85.2%
Operating Profit	(13)	(10)	28	-	-



【 SE Division 】 (Year-on-Year Comparison)

- Launched the business in the pervious fiscal year and focused on sales of photovoltaic power generation systems and storage batteries developed specifically for detached houses.
- Sales temporarily declined, reflecting the allocation of staff to the development of business partners with a view toward the improvement of sales efficiency.

Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	401	292	440	72.9%	66.5%
Gross Profit	136	79	146	58.2%	54.4%
Operating Profit	(44)	(33)	1	-	-





Energy Area

Energy with low environmental impact

- Installation of photovoltaic power generation equipment for self-consumption for corporate clients
- Development for photovoltaic power generation for energy companies
- Maintenance of existing photovoltaic power equipment/plants
- Retail sales of electric power

We at Sanix seek to promote the widespread adoption and expansion of renewable energy while also supporting the promotion of environmental management, including the provision, introduction and maintenance of optimal photovoltaic generation systems, in response to customers' needs.

PV Division

We facilitate the effective use of the roofs of plants and other buildings. We support cost reduction efforts (electricity), disaster preparedness and environmental management through photovoltaic power generation with a focus on self-consumption type and third-party owned type photovoltaic power generation systems. We provide comprehensive services including planning, design and installation, as well as aftersales services.



Self-consumption type / PPA



Development of non-FIT power sources

PPA(third-party owned type photovoltaic power generation systems) PPA operators install photovoltaic power generation systems on customers' roofs or other places on their premises and bear the cost of installation (the PPA operator owns, maintains and manages the system). According to this scheme, the PPA operator provides the electricity generated by the system to the customer for a fee.



O & M(maintenance)

We provide a range of support services, including internet-based monitoring (remote monitoring) and legally required maintenance and inspections, to ensure that customers' photovoltaic power generation systems are securely operated.

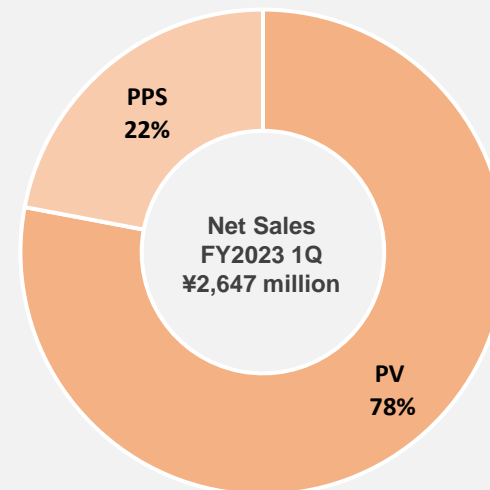
PPS Division

We were registered as the nation's eighth power producer and supplier (electricity retailing) in 2001 and registered with the Ministry of Economy, Trade and Industry as an retail electricity supplier at November 2015. The photovoltaic power generation business and electricity sales business are strongly connected to each other. The synergy between the two businesses enables us to offer a broad range of services.



Electricity retail

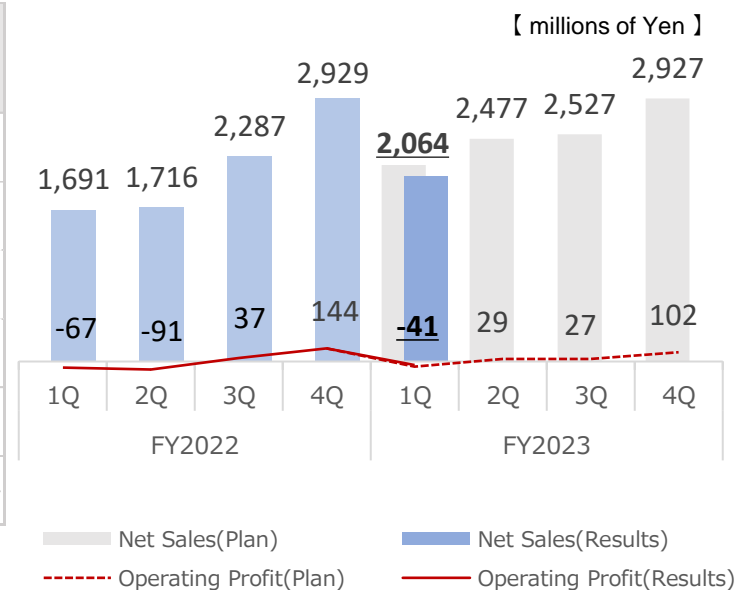
Energy Area Net Sales Composition



【 PV Division 】 (Year-on-Year Comparison)

- Actively accelerated the development of non-FIT power sources and the installation of corporate-use self-consumption type photovoltaic power generation plants.
- Sales for maintenance services at existing photovoltaic power plants remained solid.
- Increase of materials costs chiefly due to the impact of foreign exchange rates.

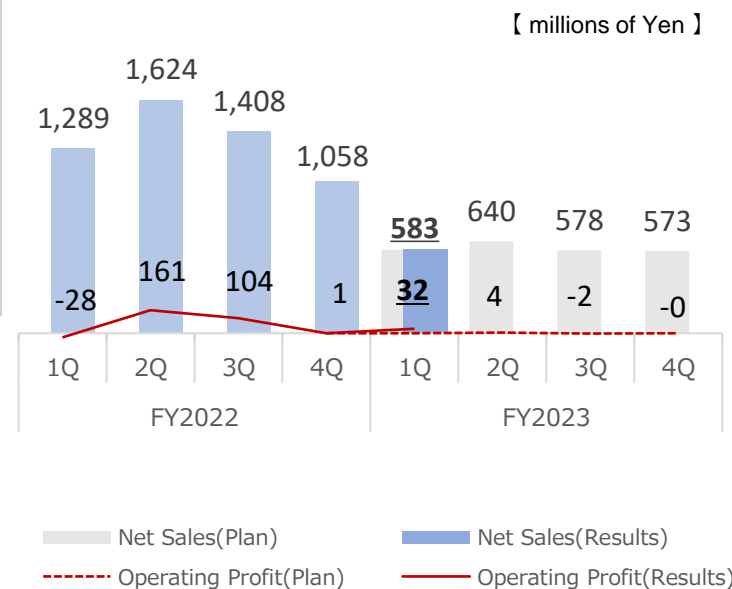
Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	1,691	2,064	2,187	122.0%	94.4%
Sales and installation of PV system	1,628	2,034	2,133	124.9%	95.3%
Wholesale of PV system	39	7	30	18.2%	24.0%
Others	23	22	23	95.8%	95.8%
Gross Profit	353	437	436	123.8%	100.2%
Operating Profit	(67)	(41)	(57)	-	-



【 PPS Division 】 (Year-on-Year Comparison)

- Sales were approximately half of the previous year, reflecting the restructuring of the business that began in the previous year.
- Profitability improved due to the restructuring of the business with the goal of ending reliance on procurement from the market.

Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	1,289	583	581	45.2%	100.3%
Gross Profit	26	62	38	235.6%	162.9%
Operating Profit	(28)	32	1	-	-





Resource Circulation Area

Recycling resources instead of abandoning

- Recycling of waste plastics
- Power generation from waste plastic fuel
- Purification of waste liquid and production of recycled fuel
- Final disposal of industrial waste

We at Sanix contribute to the establishment of a recycling-oriented society through efforts including the conversion-to-fuel and recycling of industrial waste plastics and the purification and recycling of waste water discharged from food factories and other facilities for the betterment of the global environment for future generations of people.

Fuel conversion of waste plastic

We operate 15 plants (plastic resource development plants) nationwide to convert industrial waste plastics to fuel. Waste plastics, whose sizes and shapes are different, are finely ground and recycled as fuel that replace oil and coal. We began full-scale material recycling efforts.



Plastic resource development factory



Plastic fuel

Resource recycling power generation system

We use plastics converted to fuel at the plastic resource development plants as an energy source for power generation facilities. As these plastics generate a greater amount of heat than coal while emitting less CO2 and generating less incinerated ash, we can supply high value-added (non-fossil value) electricity with a low environmental load.



Tomakomai Power Plant



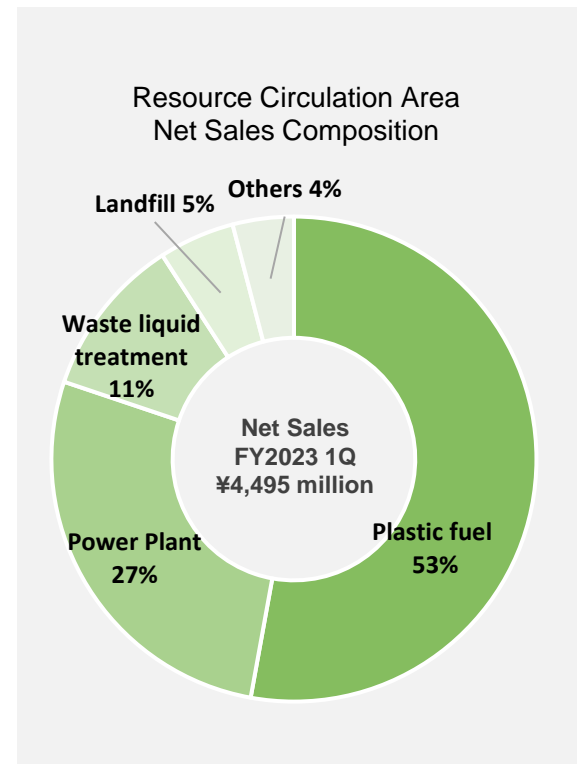
Final disposal site

Waste liquid treatment / recycling

We have a system in place for accepting large amounts of organic waste water and other waste materials discharged by businesses in the foodservice industry, food factories, a range of drainage pits and other facilities. Through a series of processing measures, the system has the ability to eliminate more than 99% of highly concentrated pollutants. In addition, we promote the conversion-to-fuel and recycling of oil content and dehydrated sludge.



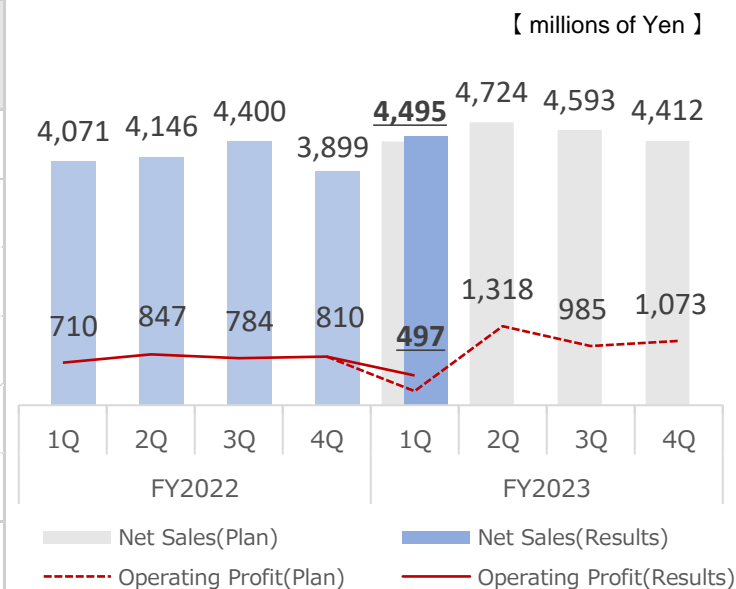
waste liquid treatment factory



【 ERD Division 】 (Year-on-Year Comparison)

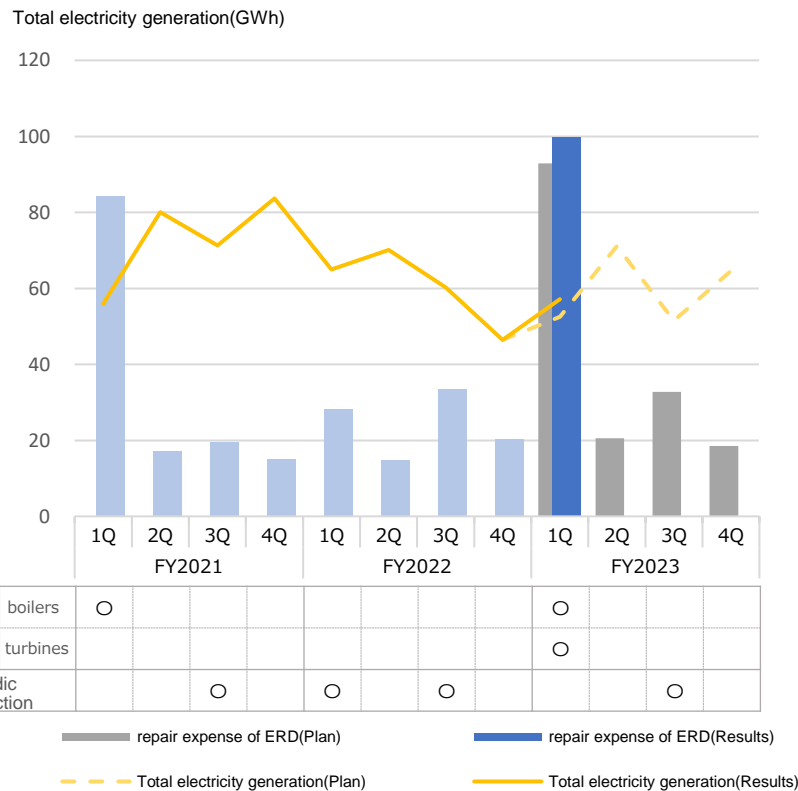
- Sales and profitability rose, reflecting the April revision of the unit contract price of electricity sold by the Tomakomai power plant.
- A statutory inspection was carried out according to plan at Tomakomai Power Plant. (Mid-March to April 2023)

Millions of Yen	FY2022 1Q Results	FY2023 1Q Results	FY2023 1Q Plan	Y o Y	Plan ratio
Net Sales	4,071	4,495	4,403	110.4%	102.1%
Plastic fuel	2,438	2,376	2,502	97.5%	95.0%
Power Plant	753	1,227	1,076	162.9%	114.1%
Waste liquid treatment	511	481	516	94.2%	93.1%
Landfill	251	227	183	90.5%	123.6%
Others	117	183	124	155.5%	147.1%
Gross Profit	1,161	998	721	85.9%	138.3%
Operating Profit	710	497	232	69.9%	213.6%

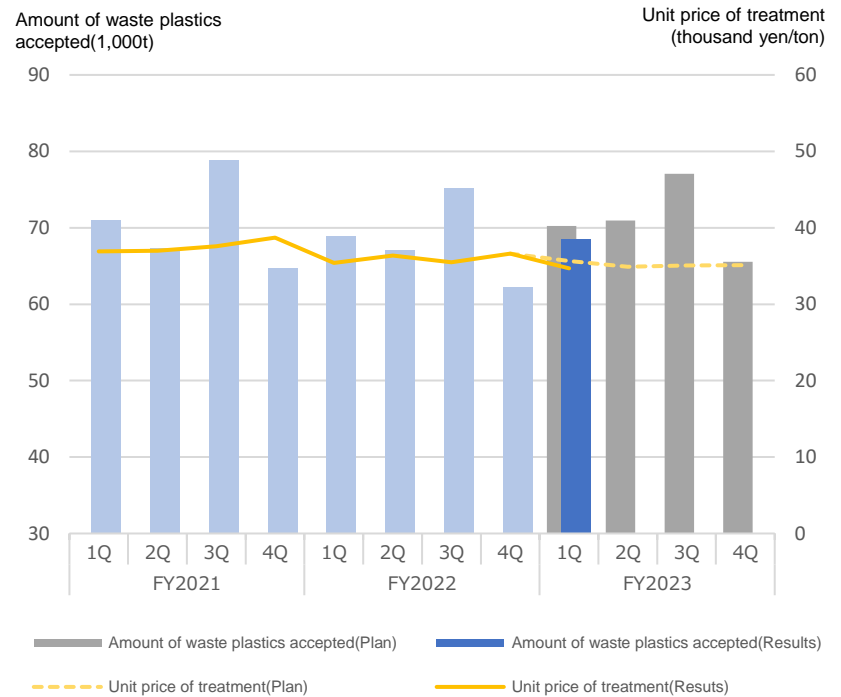


Various transitions in the ERD Division

Tomakomai power plant operating status



Acceptance of waste plastic



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

- FY2023 statutory inspection: Mid-March to April 2023
- ※Legally required inspections: Once every two years (turbines: every four years, boilers: every two years)

The equity ratio improved 0.3 percentage points to 18.3%.

Millionos of Yen	As of March 31,2023	As of June 30,2023	Difference	Ratio
Current Assets	13,683	12,850	- 833	93.9%
Non-Current Assets	19,902	20,791	+ 888	104.5%
Total Assets	33,586	33,642	+ 55	100.2%
Current Liabilities	16,382	16,509	+ 126	100.8%
Non-Current Liabilities	11,135	10,966	- 169	98.5%
Total Liabilities	27,518	27,475	- 42	99.8%
Total Net Assets	6,068	6,166	+ 98	101.6%
Total Liabilities and Assets	33,586	33,642	+ 55	100.2%

【 Major capital investment 】

- Investment related to the Tomakomai Power plant : 326 Million Yen
- Investment related to the disposal of plastic waste : 201 Million Yen
- Investment related to the recycling of waste liquid : 54 Million Yen

Millions of Yen	FY2022 1Q Results	FY2023 1Q Results
Residential Environment	15	5
Energy	—	59
Resource Circulation	405	584
Headquarter	27	62
Capital investment	448	711
Depreciation	427	390

Number of Personnel and sites by Division

(number of)	As of March 31, 2023		As of June 30, 2023		personnel difference
	sites	personnel	sites	personnel	
HS Division	63	853	63	863	+ 10
ES Division	12	160	12	169	+ 9
SE Division	14	81	14	83	+ 2
PV Division	35	254	30	268	+ 14
PPS Division	1	15	1	12	- 3
ERD Division	18	444	18	462	+ 18
Headquarter	—	247	—	244	- 3
Total	—	2,054	—	2,101	+ 47

- ※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.

Financial results forecast for FY2023

※Consolidated results forecasts for the fiscal year ending March 31, 2024 remain unchanged from the consolidated results forecasts announced on May 15, 2023.

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.

Financial results forecast for FY2023



Millions of Yen	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 Profit (Operating Profit Margin)	1,452 6.1%	+ 706	1,778 7.4%	+ 739	3,231 6.7%	+ 1,446
Ordinary Profit (Ordinary Profit 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 Profit 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	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
Operating Profit	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】



- 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.

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 Profit	1,365	15.4%	+ 572	916	10.8%	+ 287	2,281	13.2%	+ 860

Segment Forecast for FY2023

【Energy Area】



- 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.

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 Profit	(21)	—	+ 4	126	1.9%	- 160	104	0.8%	- 156

Segment Forecast for FY2023 【Resource Circulation Area】



- 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.

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 Profit	1,551	17.0%	- 7	2,059	22.9%	+ 465	3,611	19.9%	+ 457

Important Management Indicators

		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

Stock Exchange Market Application for Standard Market

Status of our meeting the criteria for continued listing on the prime market

criteria	Market	Prime market	Status of the SANIX	Status of conformity
Number of shareholders		800 personnel	11,869 personnel	◎
Number of tradable shares		20,000 unit	278,430 unit	◎
Tradable share Market capitalization		10.0 Billion yen	6.8 Billion yen	×
Tradable share ratio		35.0%	56.9%	◎
Daily average trading value		0.02 Billion yen	0.05 Billion yen	◎
Net assets		excess assets	6.0 Billion yen	◎

- As of March 31, 2023, we did not meet just one of the criteria for maintaining our stock listing on the Prime Market, the market capitalization of tradable shares.



- We developed a plan to meet the criteria for maintaining our listing and disclosed it on June 29, 2023.

Reason for selecting the Standard Market

The market capitalization of tradable shares reflects factors that cannot be addressed through our initiatives alone. While it is important that we secure an environment in which shareholders continue to hold and trade our shares, we can contribute to the sustainable growth and enhancement of the Company's corporate value by intensively allocating management resources to facilitate the implementation of new growth strategies from medium- and long-term perspectives, instead of taking action from short-term perspectives just to satisfy the criteria for keeping our stock listed on the Prime Market. Based on this assessment, we have decided to apply to be listed on the Standard Market.

- Progress toward meeting the criteria for maintaining listing on the Standard Market

criteria	Market	Standard Market	Status of the SANIX	Status of conformity
Number of shareholders		400 personnel	11,869 personnel	◎
Number of tradable shares		2,000 unit	278,430 unit	◎
Tradable share Market capitalization		1.0 Billion yen	6.8 Billion yen	◎
Tradable share ratio		25.0%	56.9%	◎
Monthly average trading value		10 unit	67,853 unit	◎
Net assets		excess assets	6.0 Billion yen	◎

We will continue working to maintain high-level governance and to proactively disclose information. In addition, we will steadily implement the Medium-term Management Plan (FY2023 to FY2025), while also striving to **grow sustainably** and **improve corporate value** with an eye toward leaping toward the achievement of the SANIX Long-Term Vision 2030.

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.

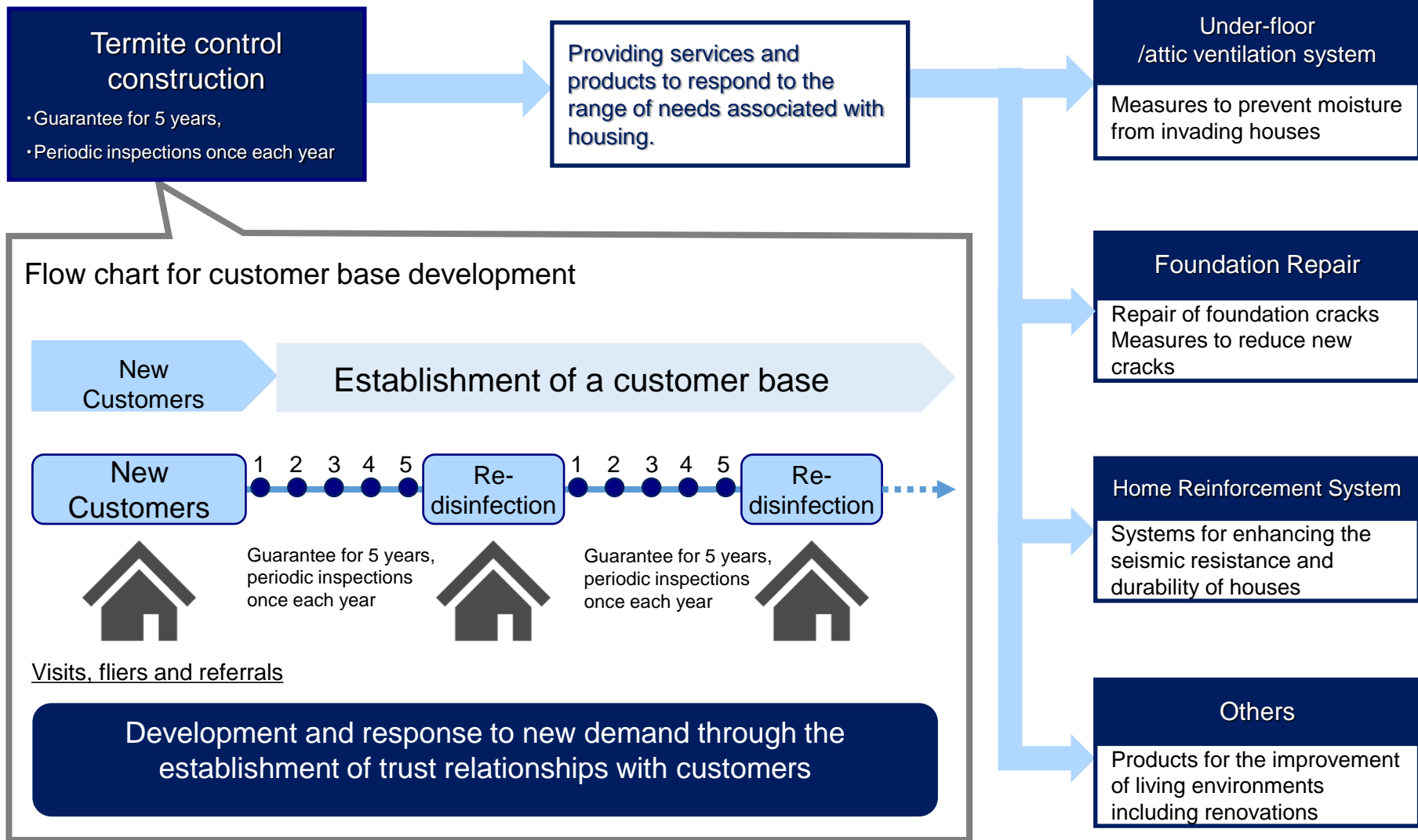
Resource Circulation

- ERD Div.

Make it common “Recycling resources without abandoning them”

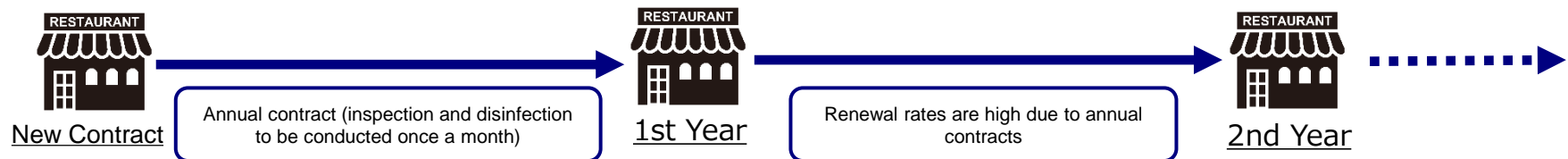
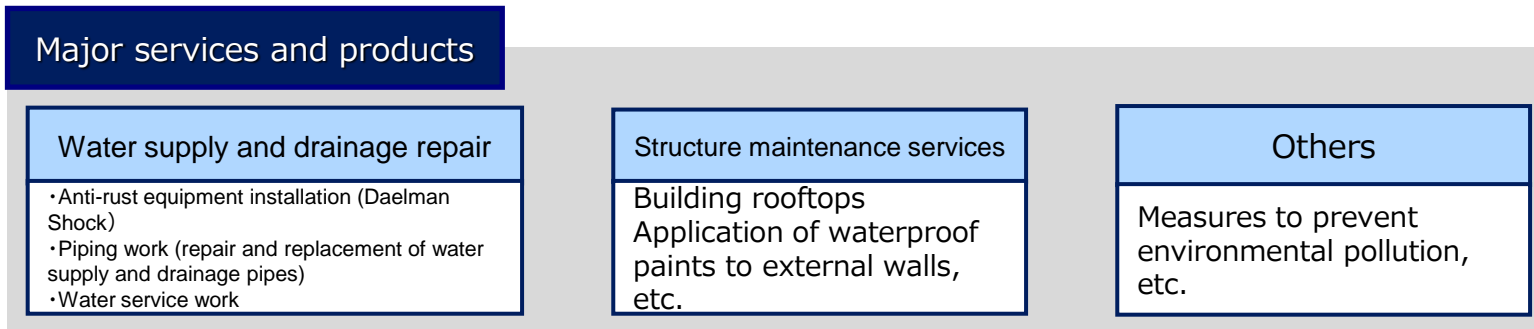
Basic Environmental Plan, Promotion of Recycling-Oriented Society, Plastic Resource Recycling Strategy

Business structure of the HS Division



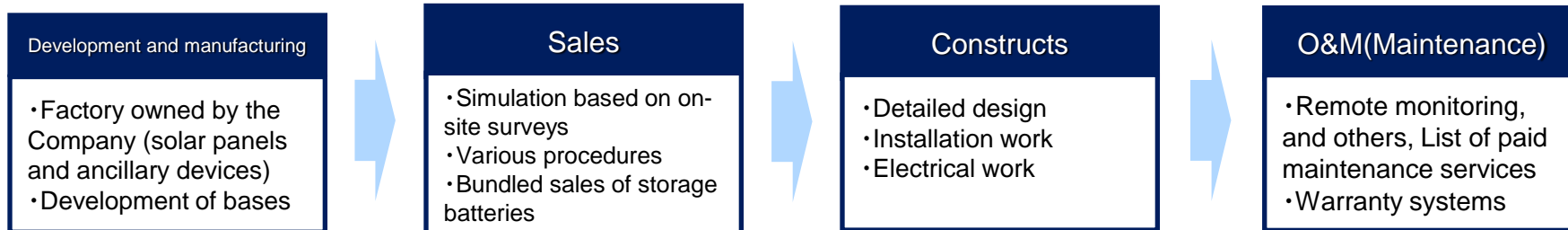
Business structure of the ES Division

Business structure of the ES Division



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.

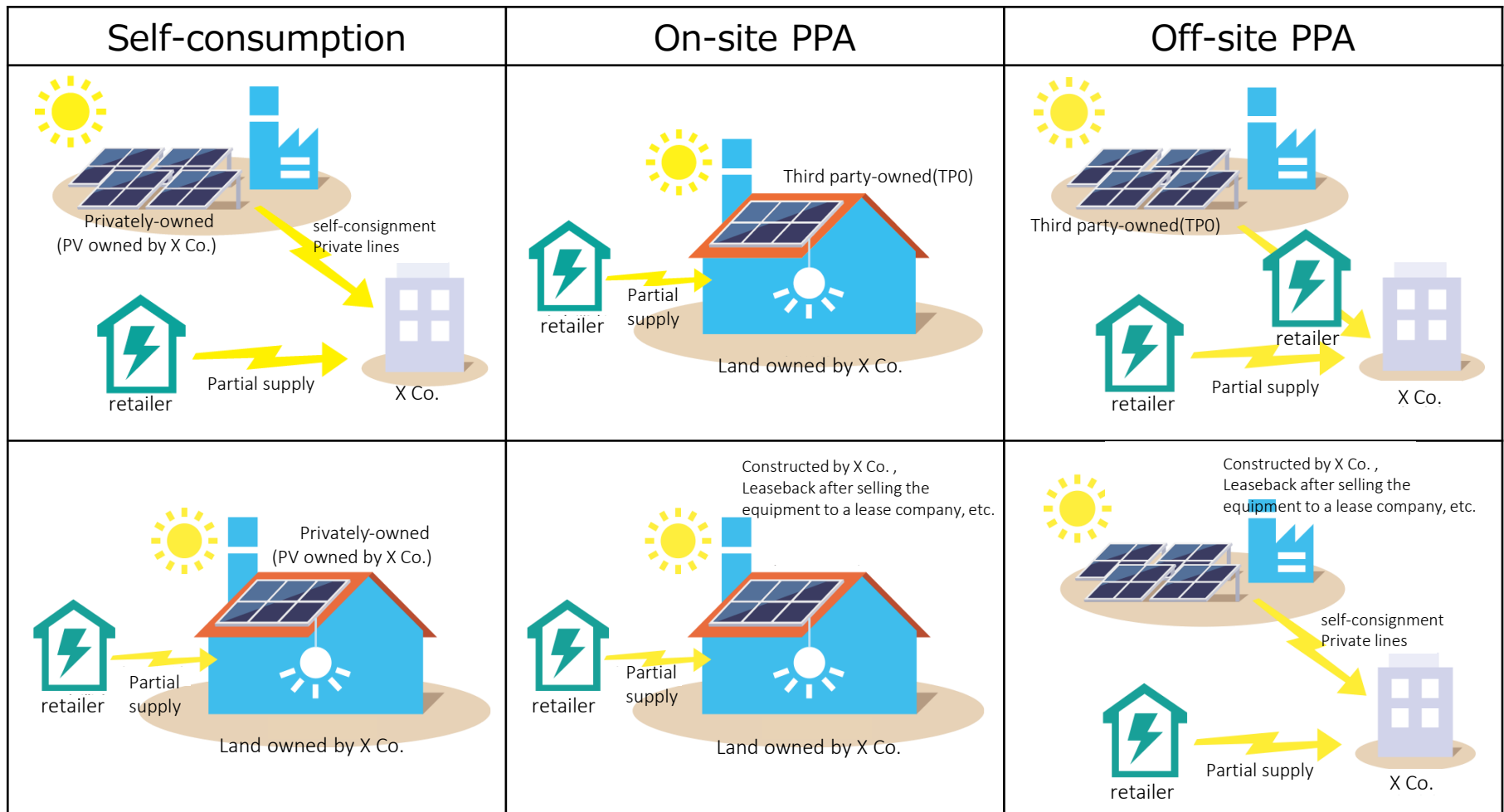
Build a new organization dedicated to the residential PV market, aiming to actively develop the market.

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.

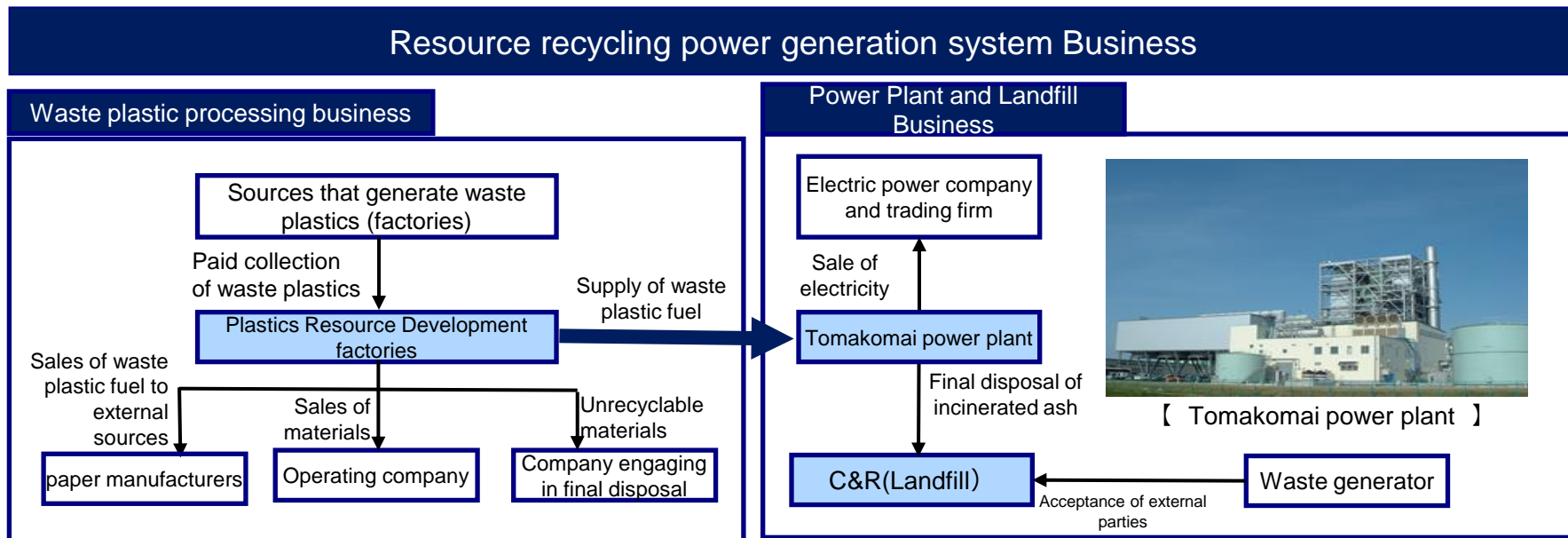
Organize a cooperative system for the development of a range of services, starting sales in earnest this fiscal year. Expand the services offered through continued collaboration with other companies and the utilization of our own PPS business.

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.



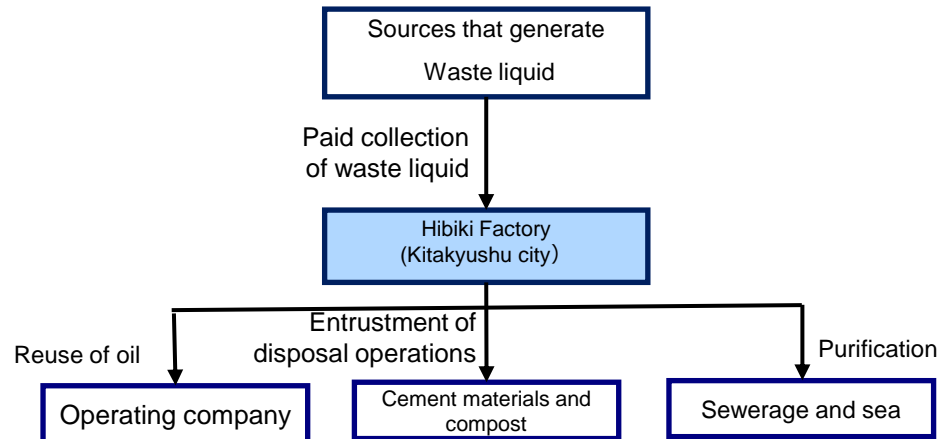
Source: he "Toward the popularization of power generation businesses" page of the Japan Photovoltaic Energy Association's website. Edited by the Company.

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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