Code : 4651

Financial Results Briefing For the Six Months Ended September 30, 2023

SANIX INCORPORATED

November 14, 2023

Contents

（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 Six Months Ended September 30,2023

Financial Results of FY2023 2Q

decrease in sales, increase in profit year on year

✓ **Slight decrease in sales, but significant increase in profit**
✓ **Profit levels exceeded the plan**

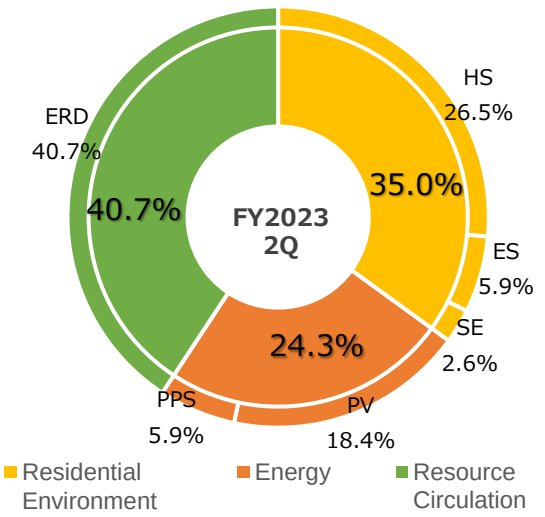
- Sales remained at the same level as the same period of the previous fiscal year, despite the impact of business restructuring in the PPS(Power Producer and Supplier) Division.
- Profits in all business segments exceeded those of the same period of the previous year, with a particular contribution from an increase in the unit contract price of electricity sold by the Tomakomai Power Plant.

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	22,649	**22,589**	23,873	99.7%	94.6%
Gross Profit	8,068	**8,548**	8,746	106.0%	97.7%
(Gross Profit Margin)	35.6%	**37.8%**	36.6%		
Operating Profit	746	**1,481**	1,452	198.5%	102.0%
(Operating Profit Margin)	3.3%	**6.6%**	6.1%		
Ordinary Profit	611	**1,343**	1,336	219.6%	100.5%
(Ordinary Profit Margin)	2.7%	**5.9%**	5.6%		
Profit (loss) attributable to owners of parent	442	**1,126**	1,035	254.4%	108.8%
(Net Profit Margin)	2.0%	**5.0%**	4.3%		

Net Sales of FY2023 2Q

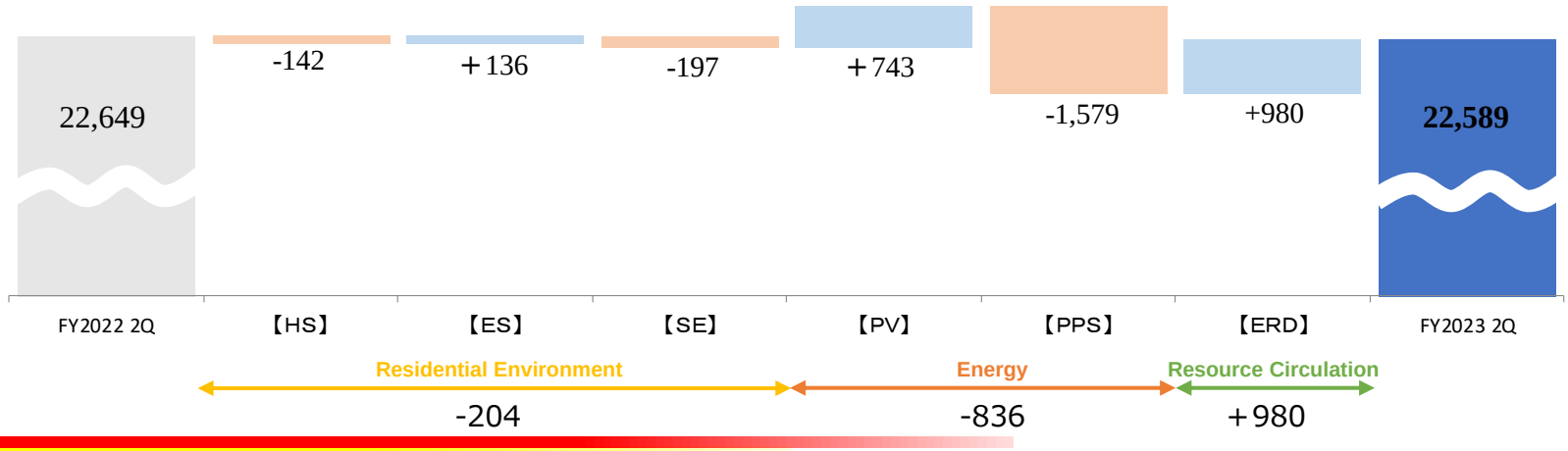
Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	22,649	**22,589**	23,873	99.7%	94.6%
Residential Environment	8,108	**7,904**	8,858	97.5%	89.2%
Energy	6,322	**5,486**	5,886	86.8%	93.2%
Resource Circulation	8,218	**9,198**	9,128	111.9%	100.8%

Net Sales Composition



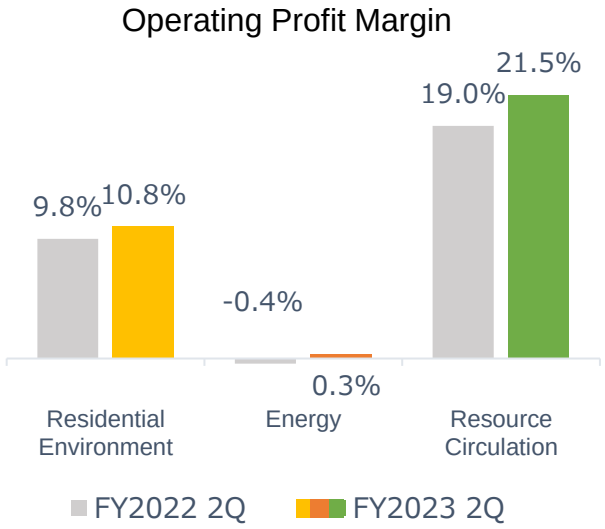
■ Year-on-Year Comparison

【millions of Yen】



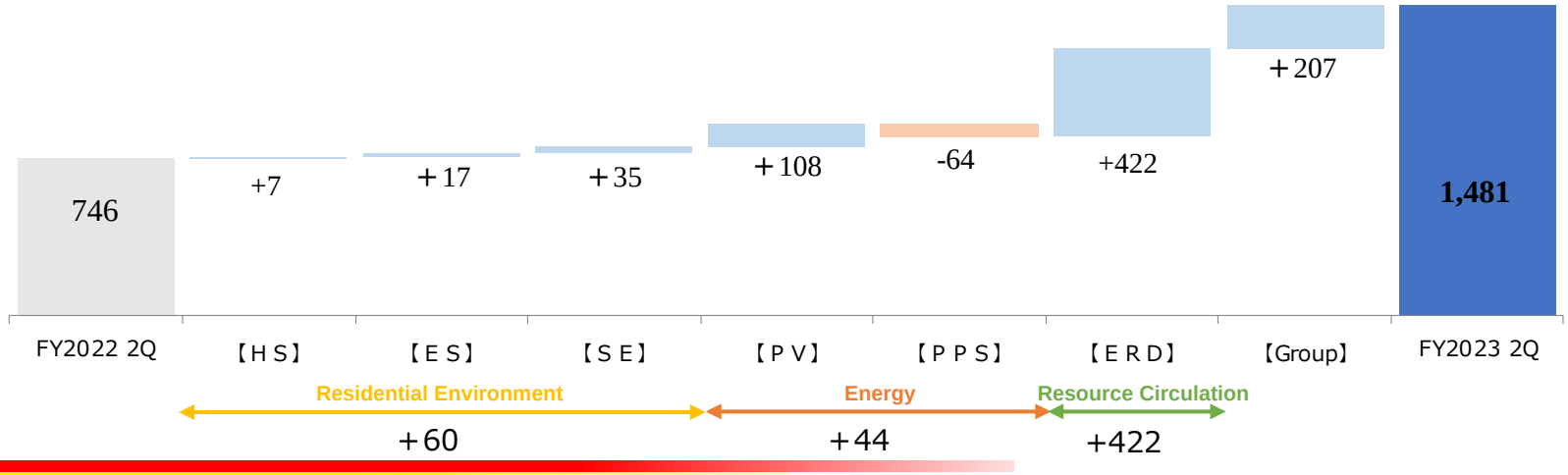
Operating Profit of FY2023 2Q

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Operating Profit	746	**1,481**	1,452	198.5%	102.0%
Residential Environment	792	**853**	1,365	107.6%	62.5%
Energy	(25)	**18**	(21)	—	—
Resource Circulation	1,558	**1,981**	1,551	127.1%	127.7%
Group	(1,579)	**(1,371)**	(1,442)	—	—



■ Year-on-Year Comparison

【millions of Yen】



【 Residential Environment Area 】

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

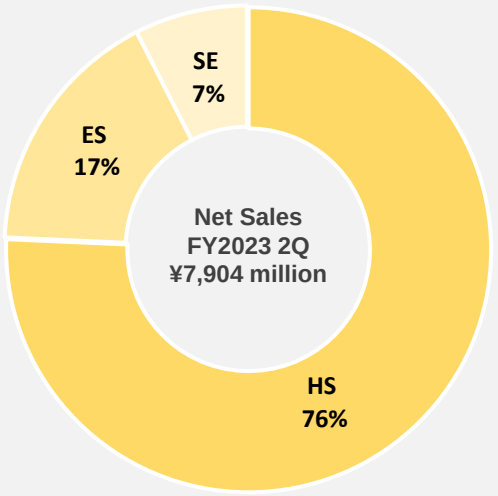
SE Division

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

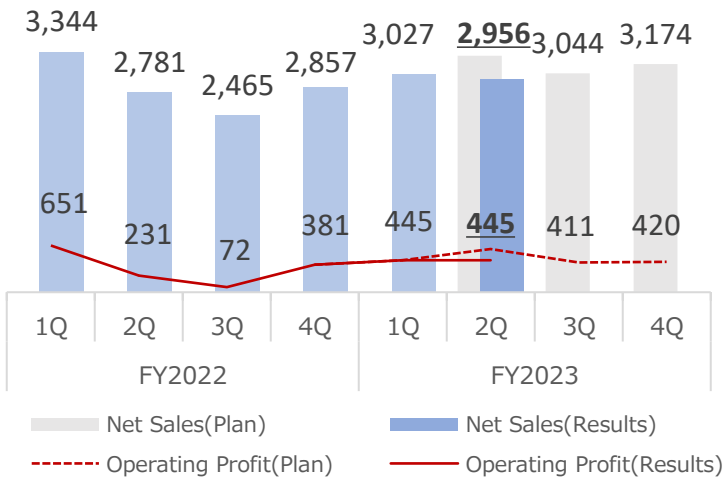


【 HS Division 】(Year-on-Year Comparison)

- **decrease in sales, increase in profit**
  Sales of termite control construction remained strong as the HS Division strengthened its sales policy with a focus on the development of new customers while also accelerating initiatives with an eye toward the enhancement of its customer foundation. Meanwhile, overall sales decreased due to lower sales mainly to existing customers.
  Notwithstanding the fall in sales, profit increased with a decline in subcontracting costs and a reduction of fixed costs such as SG&A expenses.

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	6,126	**5,983**	6,618	97.7%	90.4%
Termite control construction	2,099	**2,294**	2,258	109.3%	101.6%
Under-floor/ attic ventilation system	1,514	**1,497**	1,726	98.9%	86.8%
Foundation Repair/ Home Reinforcement System	858	**737**	973	85.9%	75.7%
Others	1,653	**1,453**	1,660	87.9%	87.6%
Gross Profit	3,753	**3,721**	4,131	99.2%	90.1%
Operating Profit	883	**891**	1,249	100.8%	71.3%

【 millions of Yen 】

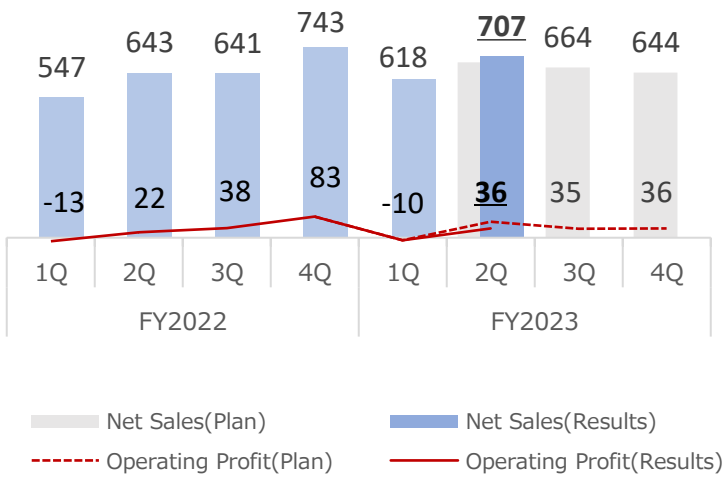


【 ES Division 】(Year-on-Year Comparison)

- **increases in sales and profit**
  Sales for the installation of the anti-rust equipment (product name: Daelman Shock), 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, resulting in increases in sales and profit.

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	1,190	**1,326**	1,292	111.4%	102.7%
Anti-rust equipment installation	456	**493**	630	108.0%	78.3%
Others	733	**833**	662	113.6%	125.9%
Gross Profit	593	**638**	726	107.7%	87.9%
Operating Profit	8	**26**	91	298.7%	28.5%

【 millions of Yen 】

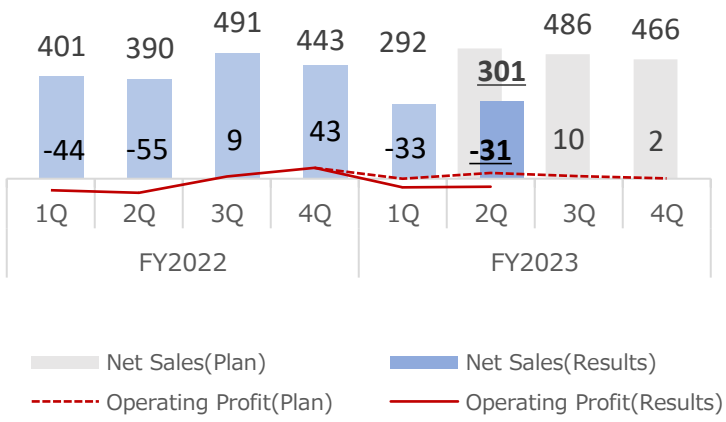


【 SE Division 】(Year-on-Year Comparison)

- **decrease in sales, increase in profit**
  Sales declined, reflecting a temporary decline in sales due to the allocation of staff to the development of business partners with a view toward the improvement of sales efficiency. However, deficit narrowed due to improved profitability.

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	791	**594**	948	75.0%	62.7%
Gross Profit	257	**160**	321	62.3%	50.0%
Operating Profit	(100)	**(64)**	24	—	—

【 millions of Yen 】



【 Energy Area 】

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

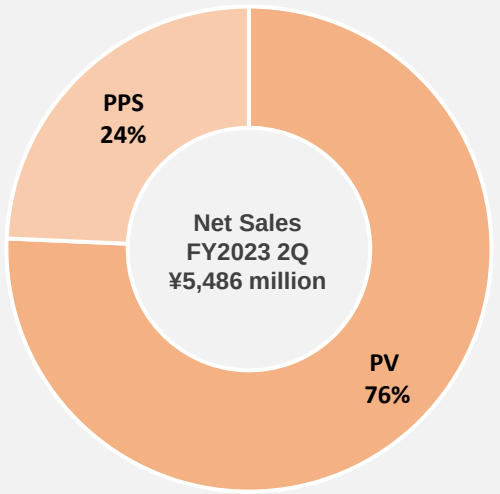
We provide a range of support services, including internet-based monitoring (remote monitoring) and legally required maintenance and inspections, to ensure that customers' photovoltaic power generation systems are securely operated.

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

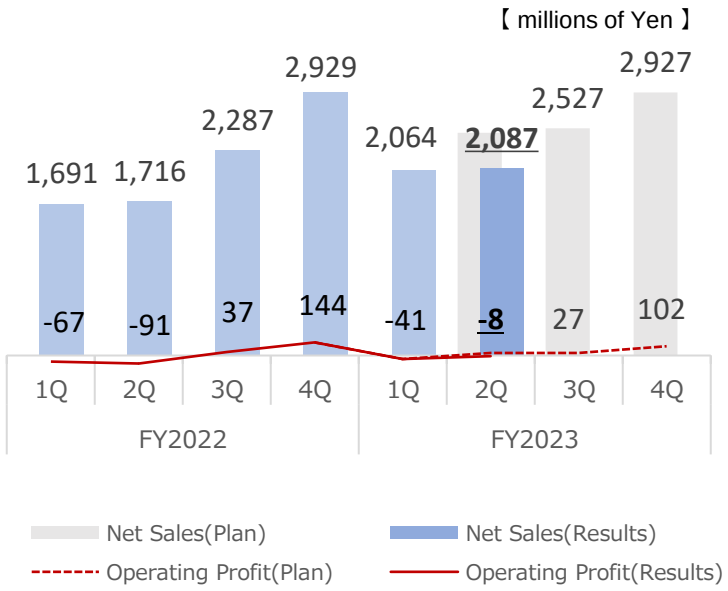
Energy Area
Net Sales Composition



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

- **increases in sales and profit**
  Sales increased due to actively accelerating the development of non-FIT power sources and the installation of corporate-use self-consumption type photovoltaic power generation plants as well as sales for maintenance services at existing photovoltaic power plants remaining solid. Meanwhile, although the impact of increased material costs chiefly due to the impact of foreign exchange rates continues, the deficit narrowed due to improved profitability.

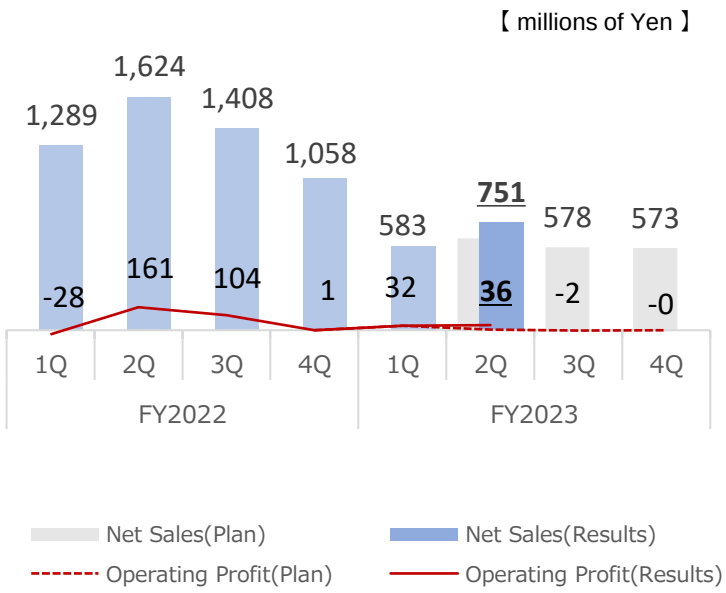
Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	3,408	**4,151**	4,664	121.8%	89.0%
Sales and installation of PV system	3,286	**4,089**	4,557	124.4%	89.7%
Wholesale of PV system	74	**14**	60	19.3%	24.0%
Others	47	**47**	47	99.6%	99.6%
Gross Profit	745	**909**	958	121.9%	94.9%
Operating Profit	(159)	**(50)**	(27)	—	—



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

- **decreases in sales and profit**
  Sales were approximately half of the same period of the previous fiscal year, reflecting the restructuring of the business that began in the previous fiscal year, resulting in decreases in sales and profit. However, profitability was secured by revamping the business structure to one that does not rely on market procurement.

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	2,914	**1,335**	1,221	45.8%	109.3%
Gross Profit	235	**127**	79	54.1%	159.6%
Operating Profit	133	**69**	5	51.8%	—



【 Resource Circulation Area 】

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 next generations of people.

Fuel conversion of waste plastic

We operate 15 factries (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 CO_2 and generating less incinerated ash, we can supply high value-added (non-fossil value) electricity with a low environmental load.

Tomakomai Power Plant

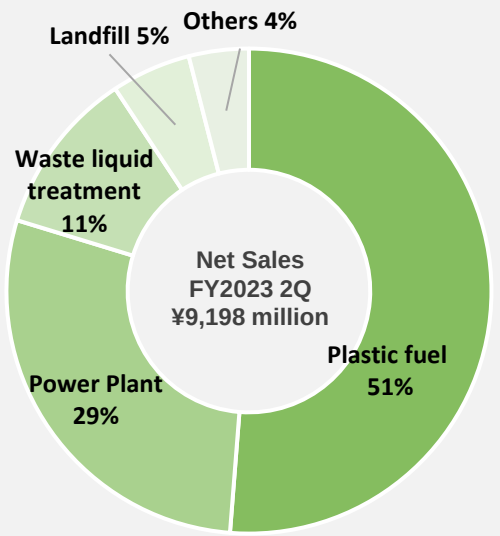
Final disposal site

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 plant

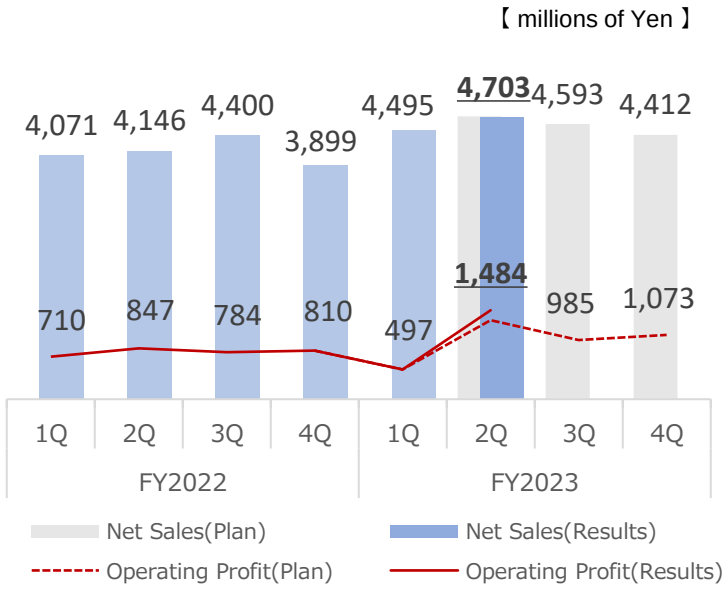
Resource Circulation Area
Net Sales Composition



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

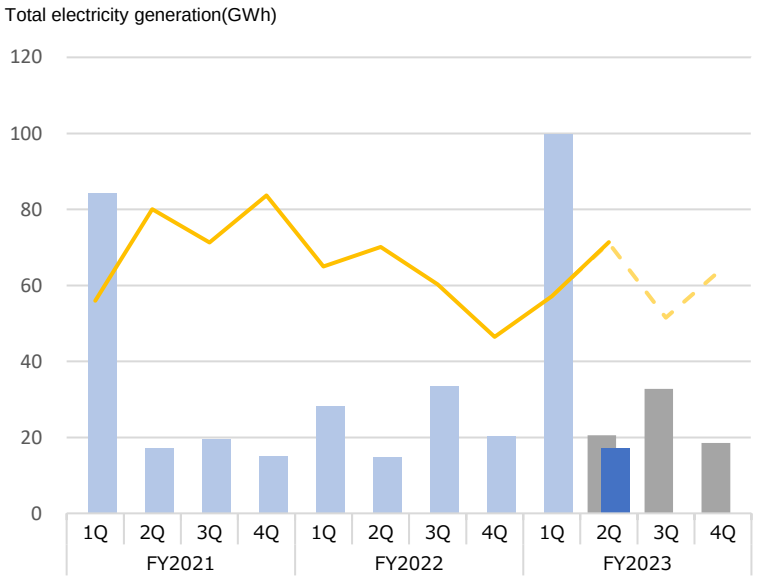
- **increases in sales and profit**
  Despite an increase in repair expenses at Tomakomai Power Plant due to legal inspections (from mid-March to end-April 2023), sales and profit levels increased due to an increase in the contract price of electricity sold, resulting in higher sales and profit.

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**	FY2023 2Q Plan	Y o Y	Plan ratio
Net Sales	8,218	**9,198**	9,128	111.9%	100.8%
Plastic fuel	4,875	**4,719**	4,979	96.8%	94.8%
Power Plant	1,574	**2,618**	2,495	166.3%	104.9%
Waste liquid treatment	1,037	**1,009**	1,043	97.3%	96.8%
Landfill	488	**486**	360	99.7%	135.2%
Others	241	**364**	249	150.6%	146.0%
Gross Profit	2,482	**2,990**	2,528	120.5%	118.3%
Operating Profit	1,558	**1,981**	1,551	127.1%	127.7%



Various transitions in the ERD Division

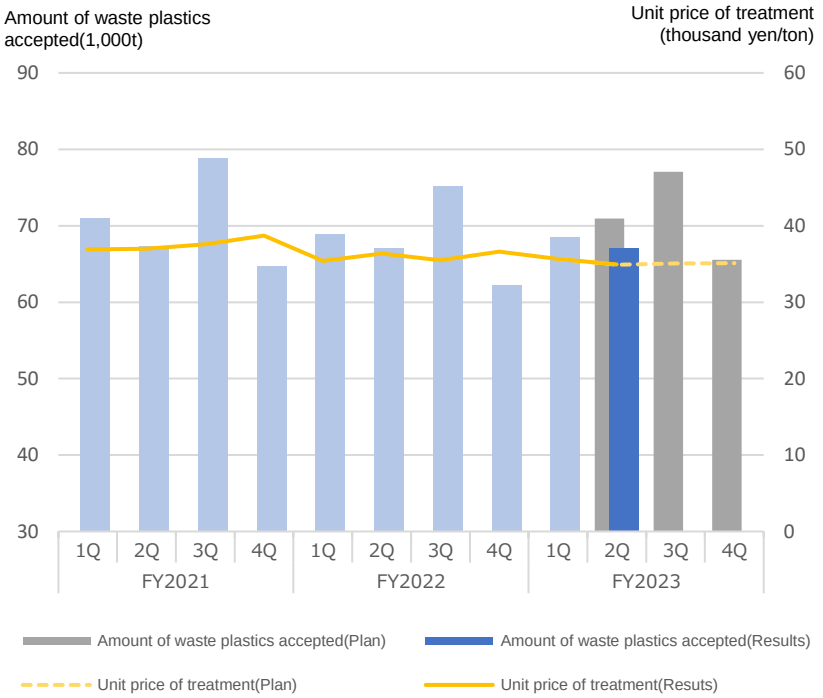
Tomakomai power plant operating status



		FY2021				FY2022				FY2023			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Statutory inspection	boilers	○								○			
	turbines									○			
Periodic inspection				○		○		○				○	

repair expense of ERD(Plan)
repair expense of ERD(Results)
Total electricity generation(Plan)
Total electricity generation(Results)

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)

Consolidated financial condition

The equity ratio improved 2.6 percentage points to 20.6%.

Millionos of Yen	As of March 31,2023	**As of Sep. 30,2023**	Difference	Ratio
Current Assets	13,683	**14,404**	+ 720	105.3%
Non-Current Assets	19,902	**20,847**	+ 945	104.8%
Total Assets	33,586	**35,252**	+ 1,665	105.0%
Current Liablities	16,382	**17,491**	+ 1,109	106.8%
Non-Current Liabilities	11,135	**10,493**	- 642	94.2%
Total Liabilities	27,518	**27,985**	+ 467	101.7%
Total Net Assets	6,068	**7,266**	+ 1,198	119.7%
Total Liablities and Assets	33,586	**35,252**	+ 1,665	105.0%

Capital investment / Depreciation

Millions of Yen	FY2022 2Q Results	**FY2023 2Q Results**
Residential Environment	33	**6**
Energy	59	**113**
Resource Circulation	633	**1,583**
Headquarter	47	**137**
Capital investment	773	**1,841**
Depreciation	880	**806**

【 Major capital investment 】

- Investment related to the Landfill
  592 Million Yen
- Investment related to the disposal of plastic waste
  530 Million Yen
- Investment related to the Tomakomai Power plant
  350 Million Yen

Number of Personnel and sites by Division

(number of)	As of March 31, 2023 sites	As of March 31, 2023 personnel	**As of Sep. 30, 2023 sites**	**As of Sep. 30, 2023 personnel**	personnel difference
HS Division	63	853	**63**	**861**	＋8
ES Division	12	160	**12**	**171**	＋11
SE Division	14	81	**14**	**79**	-2
PV Division	35	254	**30**	**263**	＋9
PPS Division	1	15	**1**	**13**	-2
ERD Division	18	444	**19**	**460**	＋16
Headquarter	—	247	**—**	**229**	-18
Total	**—**	**2,054**	**—**	**2,076**	**＋22**

※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.

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 Profit

- **Net Sales ¥47,965million (Y o Y 103.6%)**
- **Operating Profit ¥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	➢ 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	➢ 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	➢ 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.

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	2,400
Depreciation	1,097	1,509	1,889	1,800

Topics

Awarded from Director-General, Industrial Science,Technology and Environment Policy Bureau,METI

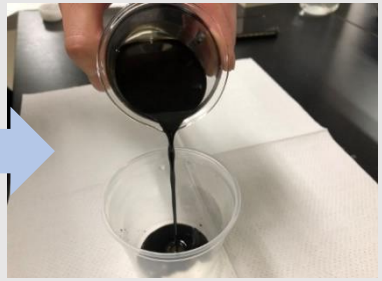
■ Received the METI Industrial Science and Technology Policy and Environment Bureau Director-General's Award for the technological development and commercialization of "Recycled Oil Bio®."

SANIX awarded from the METI Industrial Science ,Technology and Environment Policy Bureau Director-General's Award at the 2023 Awards for Resource Recycling Technology and Systems for the "Development of Environmentally Friendly Heavy Oil Alternative Fuel Recycled from Industrial Waste."

▶ Recycled Oil Bio®

It is recycled fuel that can be used as an alternative to fossil fuels by removing trash and sludge from industrial waste such as waste water and sludge generated by restaurant chains, and separating and recovering only the oil content. It is a carbon-neutral fuel made from oil derived from plants. By utilizing unused resources, it both reduces and recycles the industrial waste generated by cities, making the waste into a product that can contribute to environmental conservation toward the achievement of a decarbonized society. Since the amount of heat generated by the fuel is close to heavy oil, it is being sold as an alternative fuel to heavy oil, and the Company will expand its business with a view toward increased sales in the future.

Industrial waste as raw material



Recycled fuel (Recycled Oil Bio)

▶ Recycled Oil Bio® currently has three official recognitions

Kitakyushu Eco Premium

Kitakyushu Eco Premium supports the Sustainable Development Goals (SDGs)

©Teitan,City of Kitakyushu

Recycled Products from Fukuoka Prefecture

2023
Resource Recycling Technology and Systems
the METI Industrial Science and Technology Policy and Environment Bureau Director-General's Award

Development of environmentally friendly heavy fuel oil recycled from industrial waste

SANIX INCORPORATED

▶ Doubling of production lines in FY2023

In the fiscal year ending March 31, 2024, we plan to increase the number of production lines for recycled fuel "Recycled Oil Bio" from one to two.

Production capacity **2,160t / year ▶ 4,320t / year**

Award Summar
https://prtimes.jp/main/html/rd/p/000000105.000025581.html

release： November 23, 2023
https://prtimes.jp/main/html/rd/p/000000105.000025581.html

Expansion of sales channels through the use of exhibitions

2023 NEW Environmental Exhibition

Decarbonization Management EXPO

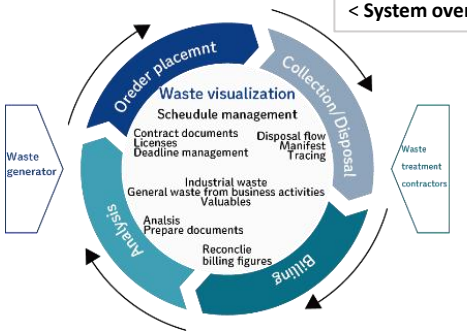
As we enter the era of decarbonization, the array of methods and information on decarbonization management for businesses and municipalities is expanding, and we introduce and propose services related to photovoltaic power generation as a solution for decarbonization management.

The Company introduces and proposes a wide range of services for Recycled Oil Bio, resource recycling power generation, material recycling and environmental resources, mainly through SANIX system and SANIX system Pro, which digitally and centrally manage waste-related operations.

▶ SANIX system

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

< System overview >



Environmental resources	Exhibit schedule
2023 NEW Environmental Exhibition	May 24-26, 2023
Renewable Energy Industrial Fair in FUKUSHIMA	October 12-13, 2023
BUSINESS MATCH TOHOKU 2023	November 8, 2023
MESSE NAGOYA 2023	November 8-10, 2023
FOODTECH JAPAN	December 6-8, 2023
GUNMA Environmental Festival	December 9, 2023
SAINOKUNI Business Arena 2024	January 24-25, 2024
SDGs/ESG Support EXPO Spring	February 20-22, 2024
2024 NEW Environmental Exhibition	May 22-24, 2024

Photovoltaic power	Exhibit schedule
Decarbonization Management EXPO【spring】	March 15-17, 2023
Decarbonization Management EXPO(in Kansai)	November 15-17, 2023

■ Solar power generation equipment installed at Yoshinoya Tokyo Factory

The Company contracted to install a solar power generation system on the roof of Yoshinoya Tokyo Factory, a manufacturing facility operated by Yoshinoya Co., Ltd. (head office: Chuo-ku, Tokyo; President: Yasutaka Kawamura). The factory has been in operation with full self-consumption since September.

「Yoshinoya Co., Ltd.」 Solar power generation equipment

< System total capacity ：399. 6kW>

Our photovoltaic power generation business is strong in the provision of integrated services from procurement 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.

▶ installation

※ As of the end of September 2023

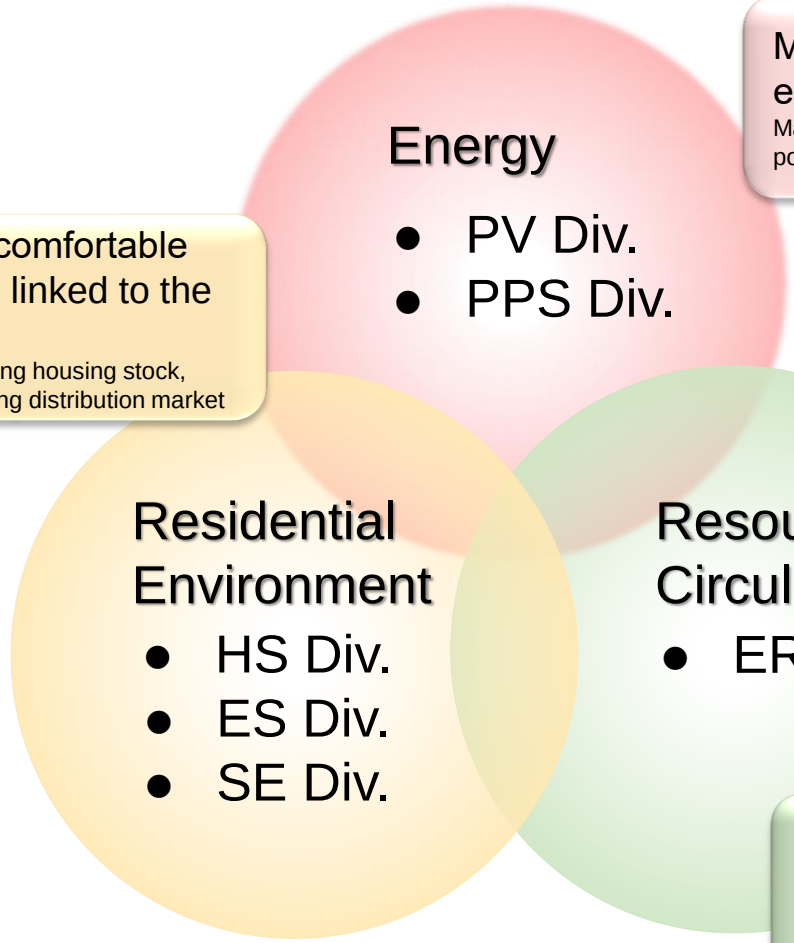
Number of industrial solar power sales and installation	Number of residential solar power sales and installation	Number of remote monitoring equipment
Approx. **29,000**	Approx. **20,000**	Approx. **11,000**

Release: October 26, 2023
https://prtimes.jp/main/html/rd/p/000000103.000025581.html

Supplementary materials （Business structure）

Our Philosophy and business domain

Corporate Philosophy
“Clean and comfortable environment for the next generation”



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

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

Termite control construction
- Guarantee for 5 years,
- Periodic inspections once each year

Providing services and products to respond to the range of needs associated with housing.

Under-floor /attic ventilation system
Measures to prevent moisture from invading houses

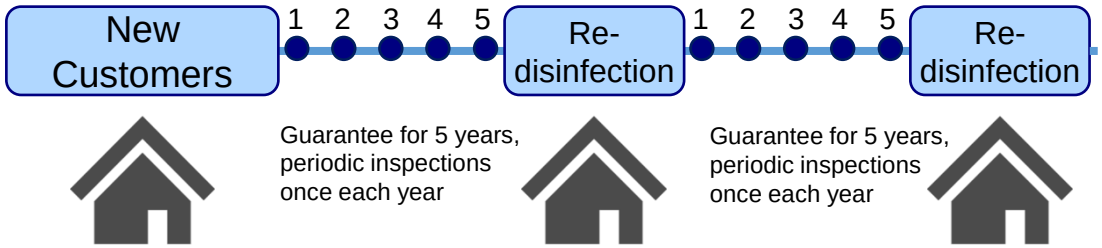
Foundation Repair
Repair of foundation cracks
Measures to reduce new cracks

Home Reinforcement System
Systems for enhancing the seismic resistance and durability of houses

Others
Products for the improvement of living environments including renovations

Flow chart for customer base development

New Customers → Establishment of a customer base



Visits, fliers and referrals

Development and response to new demand through the establishment of trust relationships with customers

Business structure of the ES 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.

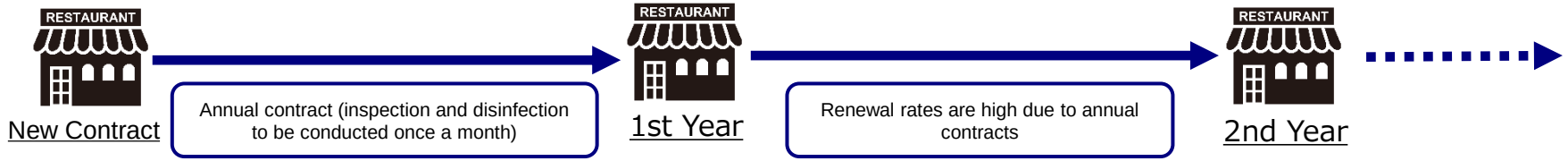
Others

Measures to prevent environmental pollution, etc.

SANIX/PCO services

Pest and vermin control service ,HACCP

→ Restaurants, Hotels, Food factories ,etc.



Business structure of the SE and PV Division

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

Development and manufacturing	Sales	Constructs	O&M(Maintenance)
・Factory owned by the Company (solar panels and ancillary devices) ・Development of bases	・Simulation based on on-site surveys ・Various procedures ・Bundled sales of storage batteries	・Detailed design ・Installation work ・Electrical work	・Remote monitoring, and others, List of paid maintenance services ・Warranty systems

SE Division for housing (less than 10 kW)

- Newly built houses: Promote ZEH
- Existinghouses : 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)

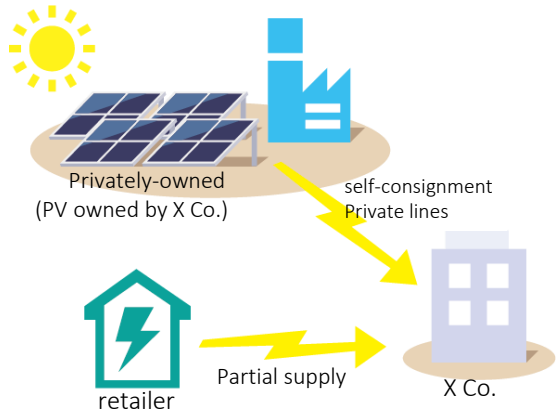
Decarbonization initiatives are in full swing, especially within companies and local governments. The market, which differs from that under the FIT system, is expected to grow significantly as methods of installing and owning photovoltaic power generation facilities and methods of supplying generated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

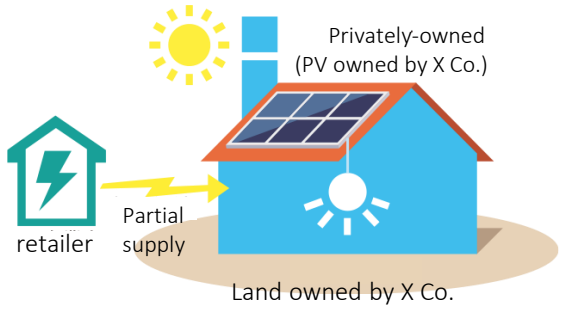
Organize a cooperative system for the development of a range of services, starting sales in earnest this fiscal year. Expand the services offered through continued collaboration with other companies and the utilization of our own PPS business.

Diversification and enhancement of methods for installing and owning photovoltaic power generation facilities and those for supplying generated electricity.

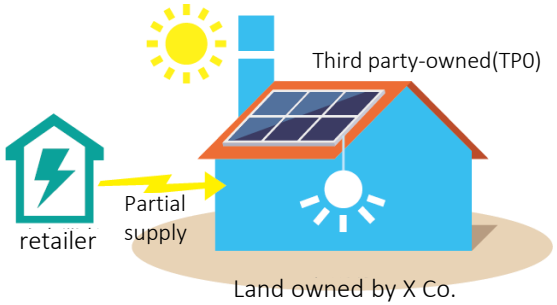
Against the backdrop of rising electricity prices, low-cost photovoltaic power generation systems and the wide use of PPA services, the introduction of photovoltaic power generation is in full swing, driven by the need for economic rationality, decarbonization and resilience enhancement.

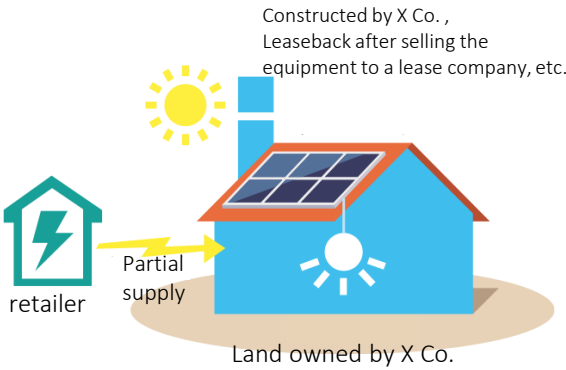
Self-consumption



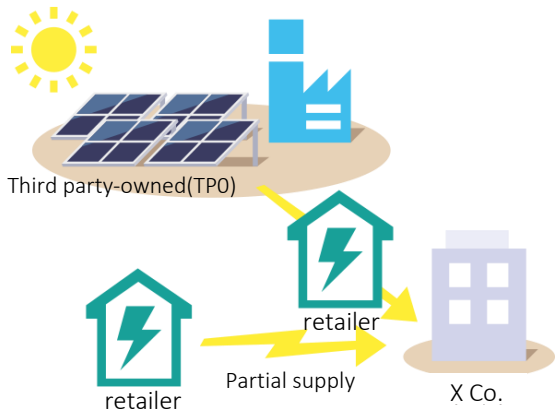


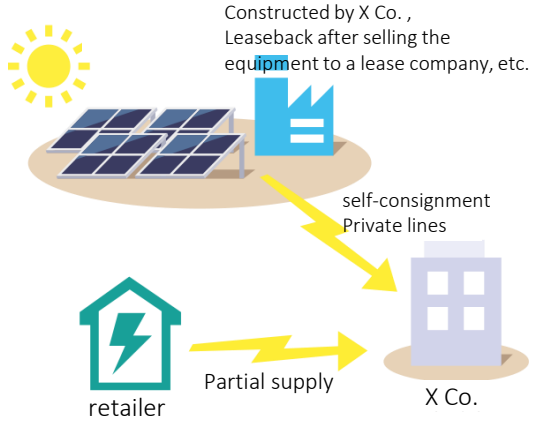
On-site PPA





Off-site PPA

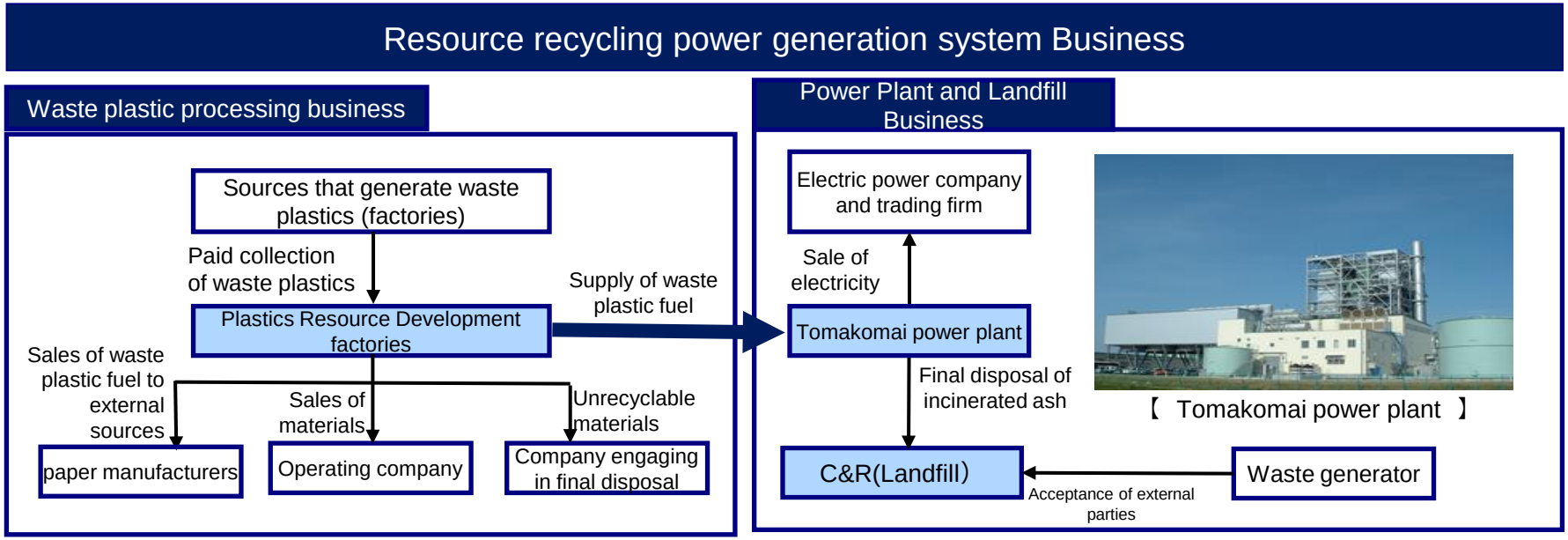




Source: he "Toward the popularization of power generation businesses" page of the Japan Photovoltaic Energy Association's website. Edited by the Company.

Business structure of the ERD Division (i)

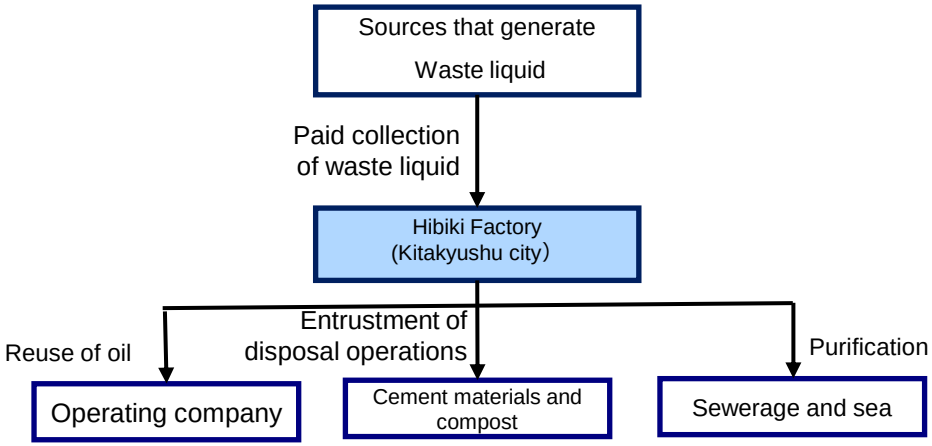
Business structure of the ERD Division



- 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)

Business structure of the ERD Division (ii)

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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