SANIX

Code : 4651

Financial Results Briefing For the Nine Months Ended December 31, 2023

SANIX INCORPORATED

February 14, 2024

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 Nine Months Ended December 31,2023

Financial Results of FY2023 3Q

decrease in sales, increase in profit year on year

✓ Slight decrease in sales, but significant increase in profit

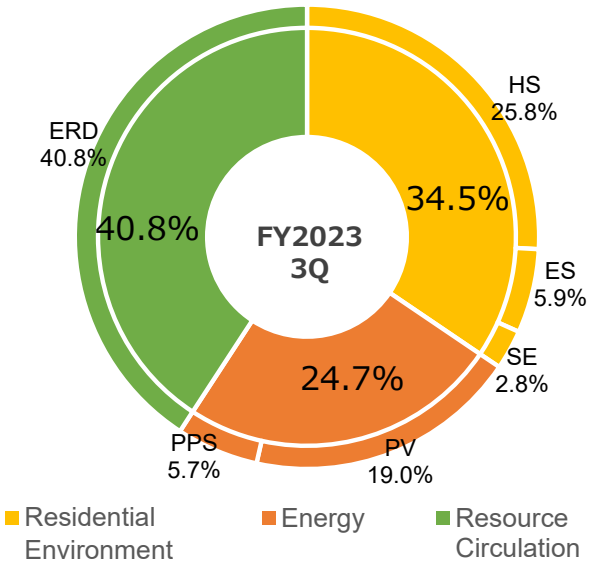
- Sales remained at the same level as the same period of the previous fiscal year, despite the impact (down 54.6% year on year) of business restructuring in the PPS(Power Producer and Supplier) Division.
- In terms of profit (operating profit), the Residential Environment Area and Resource Circulation Area recorded a year-on-year increase of approximately 36% respectively, which led to a year-on-year increase of 117.6% overall. This was attributable particularly to an increase in the unit price of the electricity sold by the Tomakomai power plant.

Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	34,345	**34,275**	35,767	99.8%	95.8%
Gross Profit	11,937	**12,999**	13,107	108.9%	99.2%
(Gross Profit Margin)	34.8%	**37.9%**	36.6%		
Operating Profit	1,111	**2,419**	2,257	217.6%	107.2%
(Operating Profit Margin)	3.2%	**7.1%**	6.3%		
Ordinary Profit	935	**2,242**	2,090	239.6%	107.3%
(Ordinary Profit Margin)	2.7%	**6.5%**	5.8%		
Profit (loss) attributable to owners of parent	649	**1,806**	1,589	278.2%	113.7%
(Net Profit Margin)	1.9%	**5.3%**	4.4%		

Net Sales of FY2023 3Q

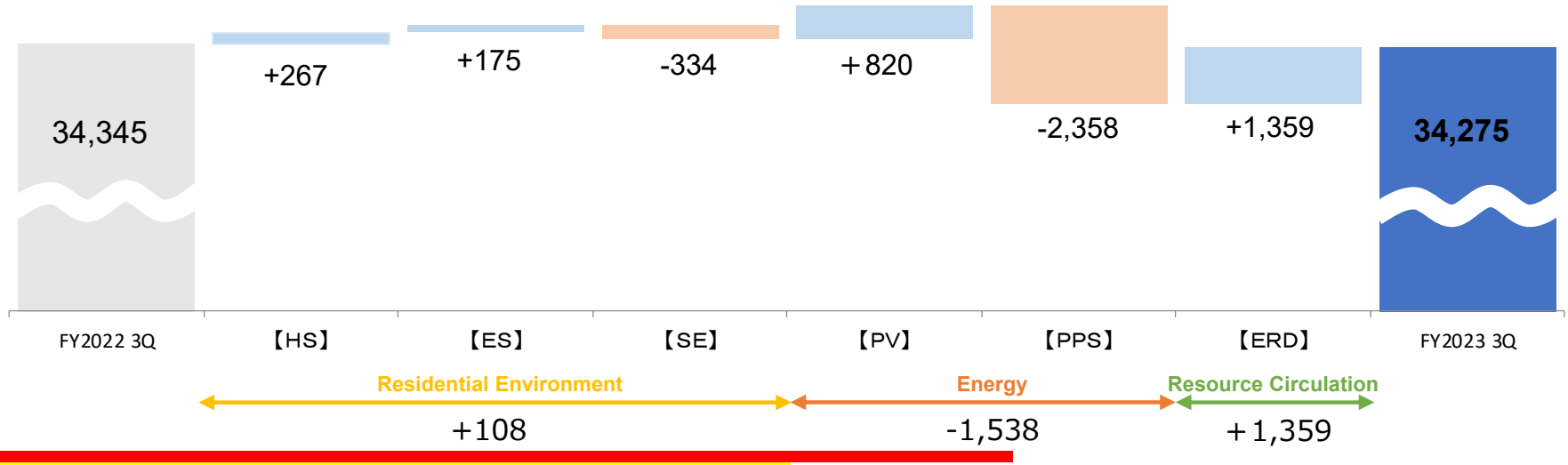
Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	34,345	**34,275**	35,767	99.8%	95.8%
Residential Environment	11,707	**11,815**	13,052	100.9%	90.5%
Energy	10,019	**8,481**	8,992	84.6%	94.3%
Resource Circulation	12,619	**13,978**	13,721	110.8%	101.9%

Net Sales Composition



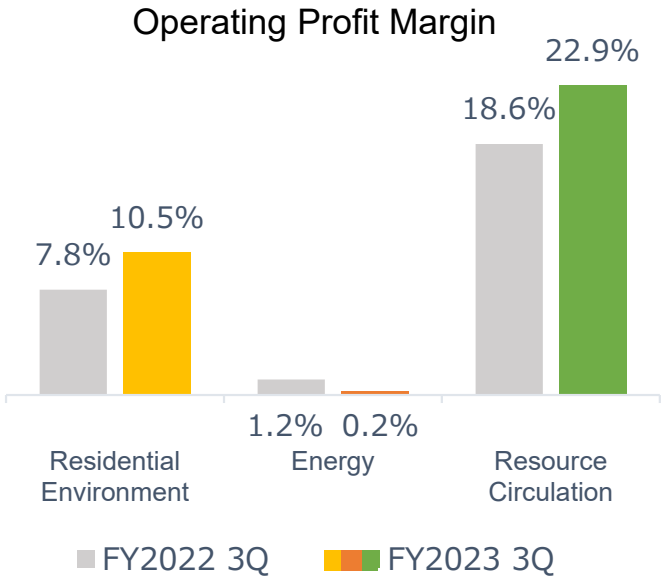
■ Year-on-Year Comparison

【millions of Yen】



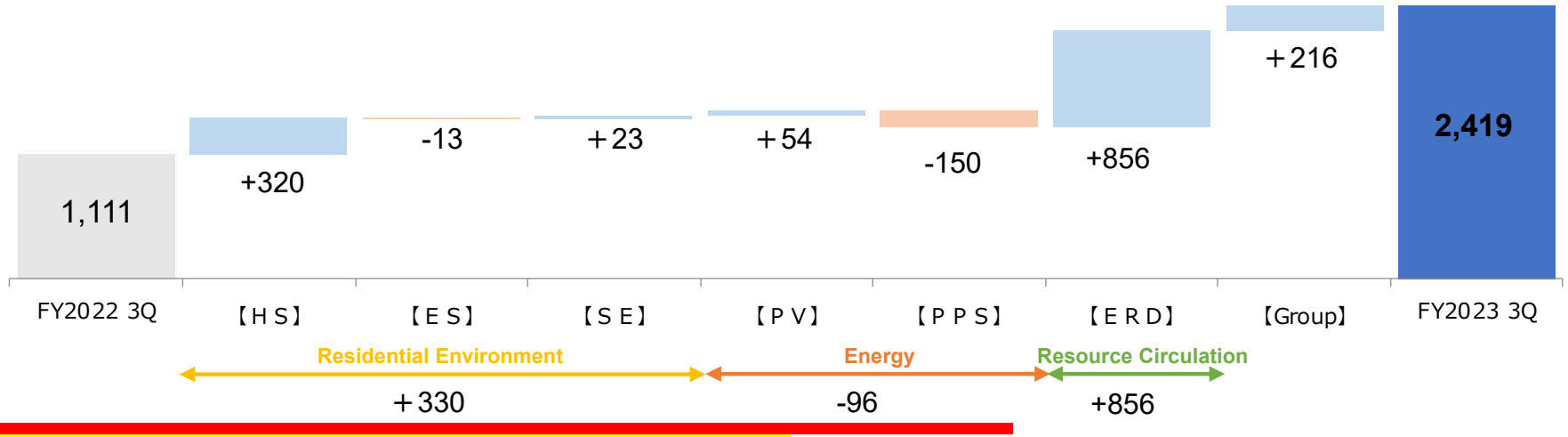
Operating Profit of FY2023 3Q

Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Operating Profit	1,111	**2,419**	2,257	217.6%	107.2%
Residential Environment	913	**1,243**	1,822	136.2%	68.2%
Energy	116	**19**	3	17.1%	577.0%
Resource Circulation	2,343	**3,200**	2,537	136.6%	126.1%
Unable to allocate	(2,260)	**(2,044)**	(2,106)	—	—



■ 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

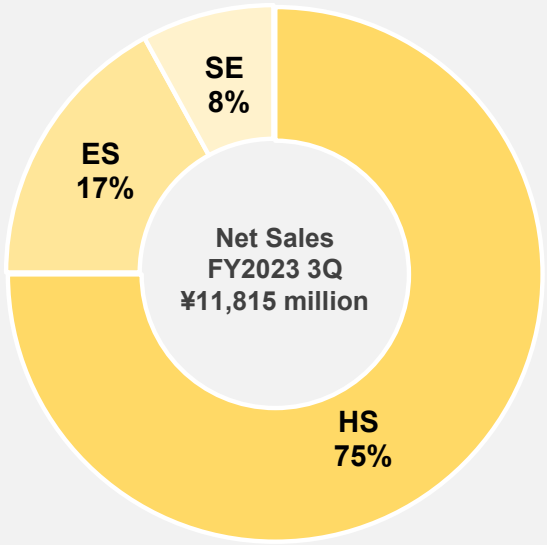
SE Division

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

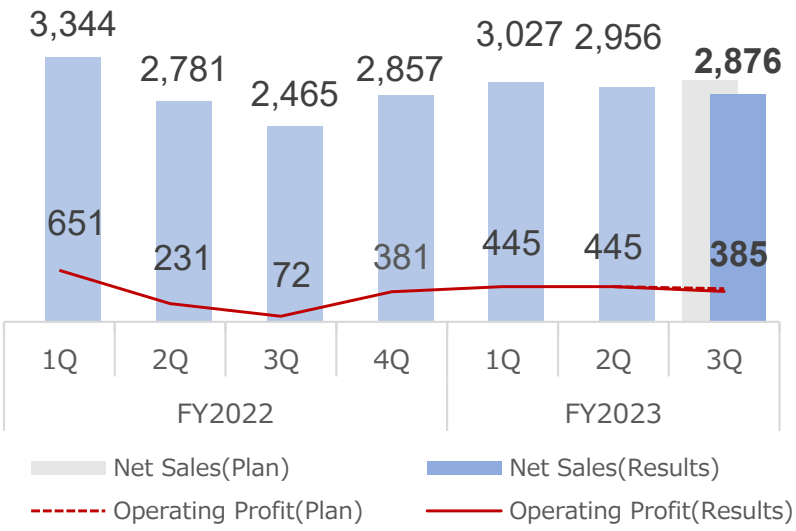


【 HS Division 】(Year-on-Year Comparison)

- **increases in sales and profit**
  Sales increased, reflecting the solid performance of termite control construction and under-floor/attic ventilation systems due to the strengthening of sales policies focused on the development of new customers and the acceleration of initiatives with an eye toward the enhancement of its customer foundation.
  Profit increased, reflecting not only higher sales but lower subcontracting costs and reduced fixed costs such as SG&A expenses.

Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	8,591	**8,859**	9,662	103.1%	91.7%
Termite control construction	2,991	**3,236**	3,224	108.2%	100.4%
Under-floor/ attic ventilation system	2,136	**2,246**	2,574	105.1%	87.3%
Foundation Repair/ Home Reinforcement System	1,211	**1,167**	1,456	96.3%	80.2%
Others	2,251	**2,209**	2,407	98.1%	91.7%
Gross Profit	5,151	**5,430**	5,933	105.4%	91.5%
Operating Profit	956	**1,277**	1,660	133.6%	76.9%

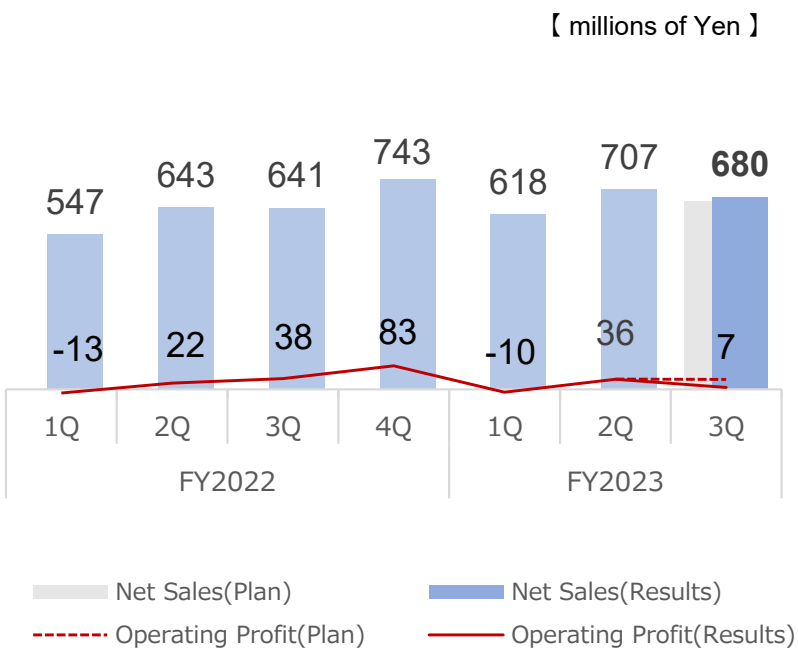
【 millions of Yen 】



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

- **increases in sales, decrease in profit**
  Sales increased, reflecting the solid performance of building water supply and drainage repair work due to the strengthening of relationships with business partner such as the owners of buildings and condominiums and property management companies. However, profit decreased due to product lines consisting of products with high cost ratios.

Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	1,832	**2,007**	1,956	109.6%	102.6%
Anti-rust equipment installation	790	**749**	920	94.8%	81.5%
Others	1,041	**1,257**	1,036	120.7%	121.4%
Gross Profit	954	**963**	1,084	100.9%	88.8%
Operating Profit	47	**34**	127	71.8%	26.8%

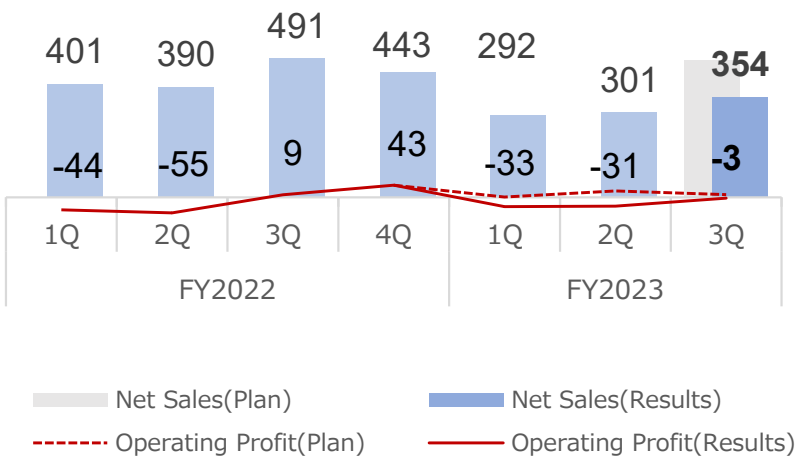


【 SE Division 】(Year-on-Year Comparison)

- **decrease in sales, increase in profit**
  Although sales of storage batteries and replacement of power conditioners for existing photovoltaic power generation systems increased, the sales level temporarily declined due to the allocation of personnel to the development of business partners. Meanwhile, the deficit narrowed due to improved profitability.

Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	1,283	**948**	1,434	73.9%	66.2%
Gross Profit	435	**257**	486	59.1%	52.8%
Operating Profit	(90)	**(67)**	34	—	—

【 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

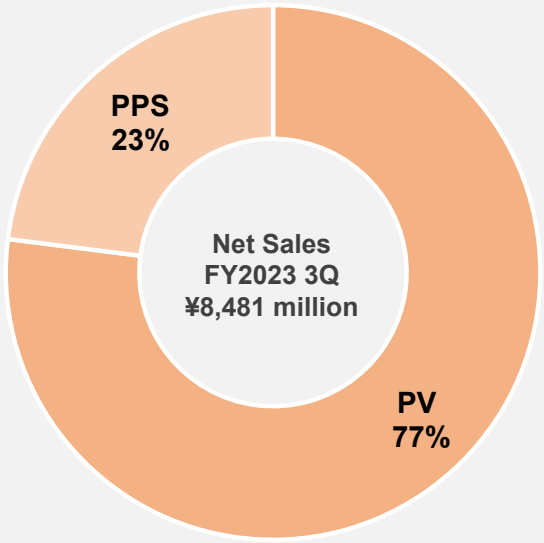
We provide a range of support services, including internet-based monitoring (remote monitoring) and legally required maintenance and inspections, to ensure that customers' photovoltaic power generation systems are securely operated.

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

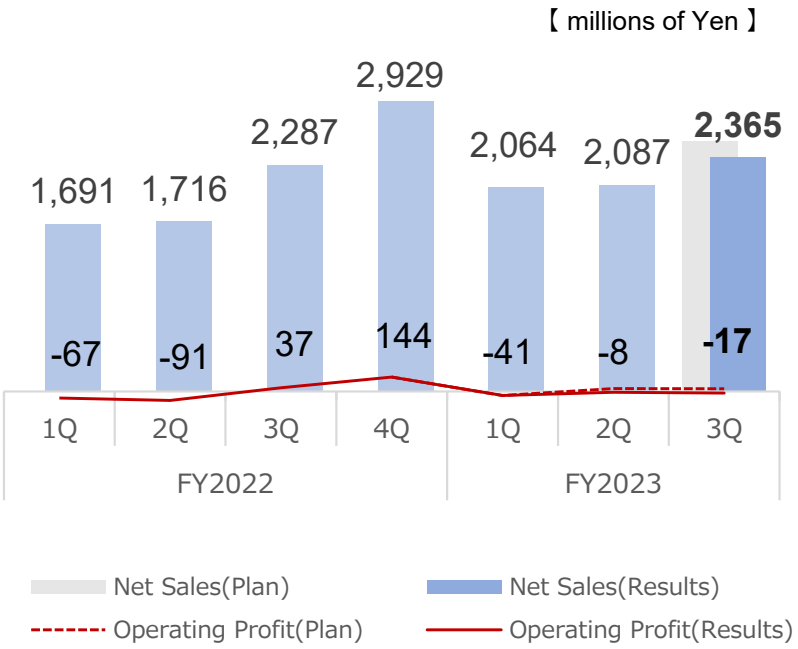
Energy Area
Net Sales Composition



【 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 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	5,696	**6,516**	7,192	114.4%	90.6%
Sales and installation of PV system	5,538	**6,416**	7,034	115.9%	91.2%
Wholesale of PV system	88	**30**	90	34.4%	34.0%
Others	69	**69**	67	100.6%	103.1%
Gross Profit	1,284	**1,444**	1,488	112.5%	97.1%
Operating Profit	(121)	**(67)**	0	—	—



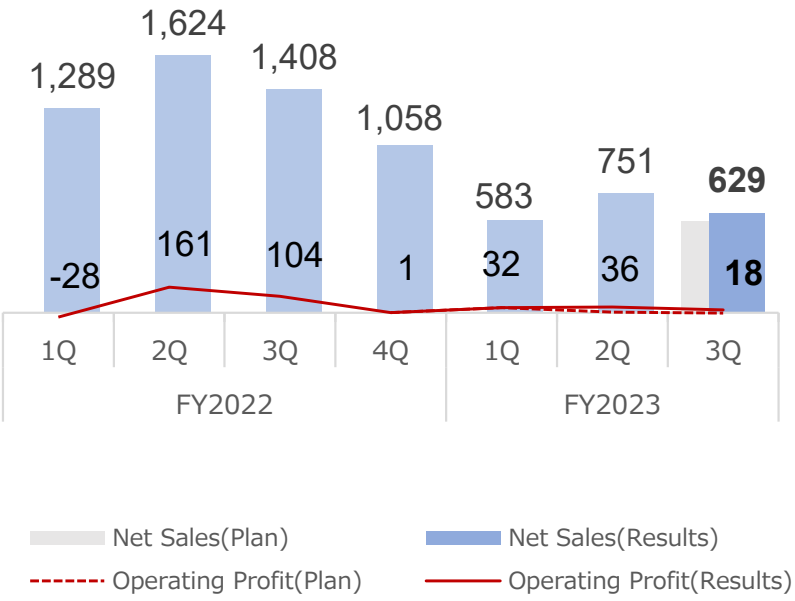
▶Due to the sharp growth of demand for electric wires for construction, procuring new electric wires for construction became difficult in Japan after November 2023, which caused a variety of construction projects to be delayed. Construction delays have also occurred in the Company's solar power generator installation work. (The situation is gradually improving.)

【 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 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	4,322	**1,964**	1,800	45.4%	109.1%
Gross Profit	378	**177**	114	46.9%	155.8%
Operating Profit	238	**87**	3	36.9%	—

【 millions of Yen 】



【 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 factories (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

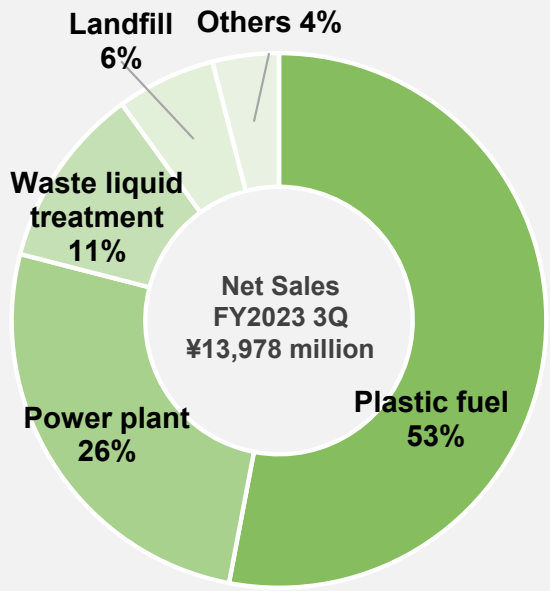
Final disposal site

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 plant

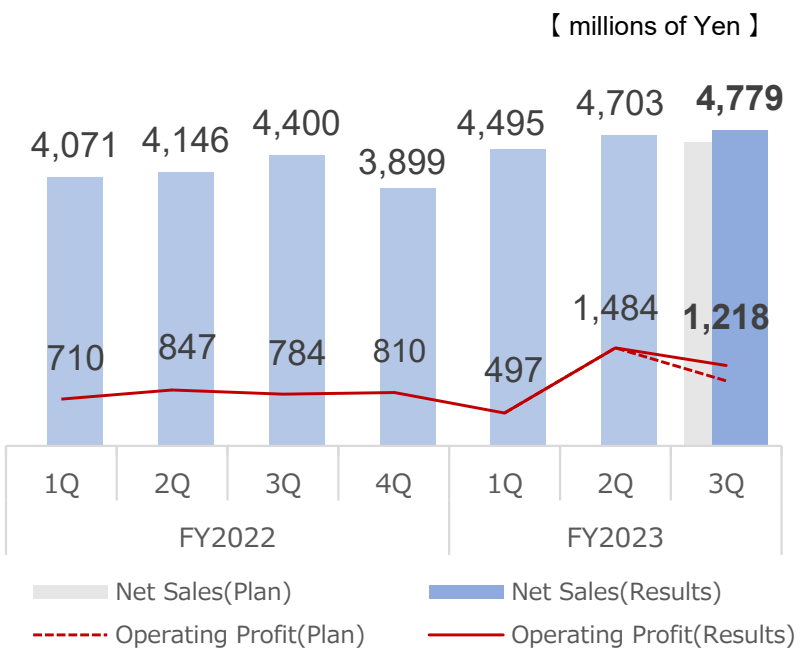
Resource Circulation Area
Net Sales Composition



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

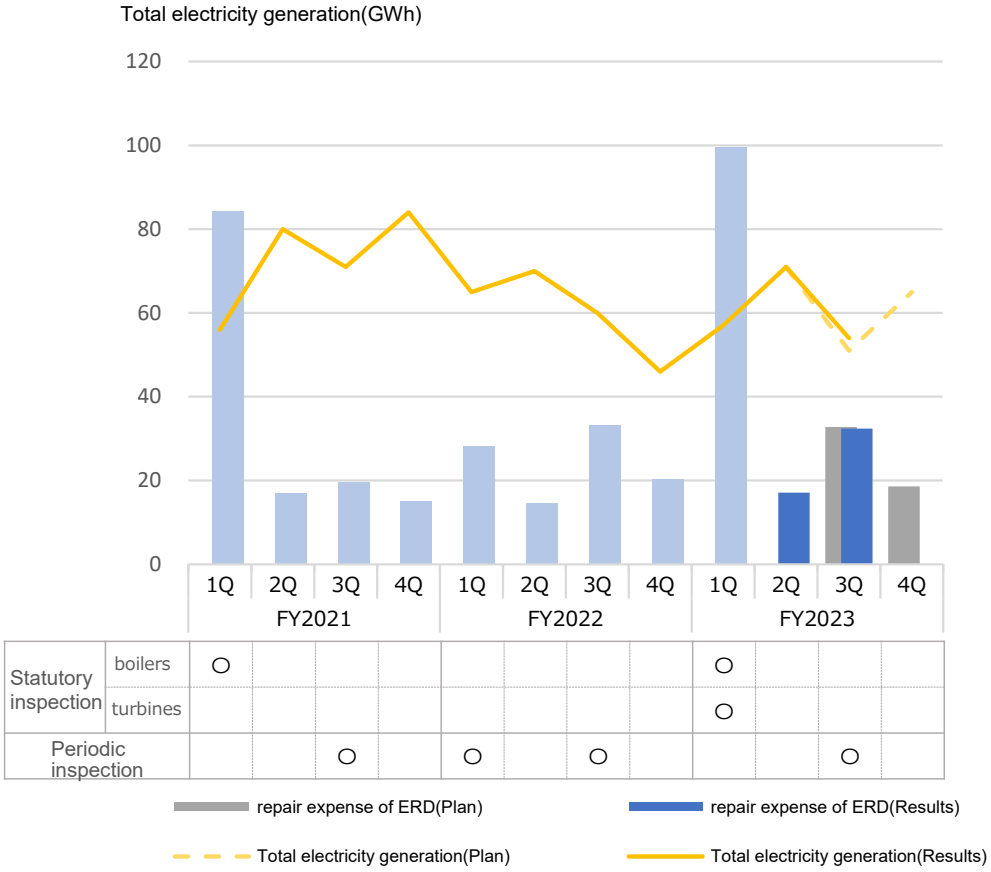
- **increases in sales and profit**
  Despite an increase in repair expenses at Tomakomai Power Plant due to legal inspections (from mid-March to end-April 2023), sales and profit levels increased due to an increase in the contract price of electricity sold, resulting in profitability.

Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**	FY2023 3Q Plan	Y o Y	Plan ratio
Net Sales	12,619	**13,978**	13,721	110.8%	101.9%
Plastic fuel	7,547	**7,411**	7,683	98.2%	96.5%
Power Plant	2,344	**3,668**	3,543	156.4%	103.5%
Waste liquid treatment	1,564	**1,591**	1,574	101.7%	101.1%
Landfill	799	**753**	539	94.2%	139.7%
Others	362	**553**	381	152.7%	145.1%
Gross Profit	3,733	**4,725**	3,999	126.6%	118.2%
Operating Profit	2,343	**3,200**	2,537	136.6%	126.1%

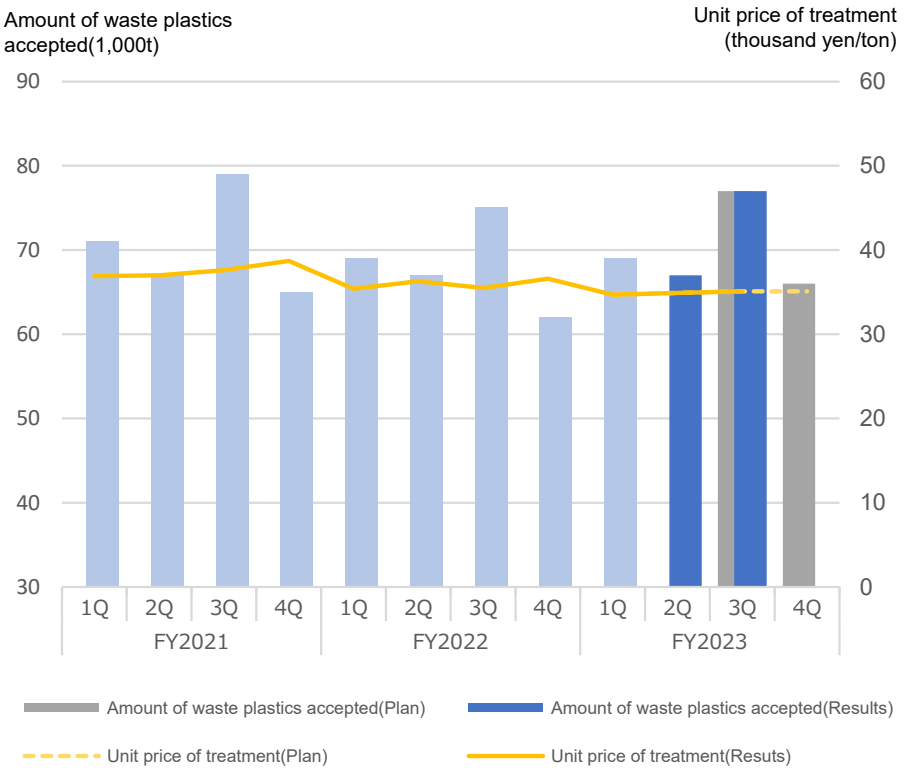


Various transitions in the ERD Division

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)

Consolidated financial condition

The equity ratio improved 4.5 percentage points to 22.5%.

Millionos of Yen	As of March 31,2023	**As of Dec. 31,2023**	Difference	Ratio
Current Assets	13,683	**14,612**	+ 928	106.8%
Non-Current Assets	19,902	**20,555**	+ 652	103.3%
Total Assets	33,586	**35,167**	+ 1,581	104.7%
Current Liabilities	16,382	**16,767**	+ 384	102.3%
Non-Current Liabilities	11,135	**10,471**	- 664	94.0%
Total Liabilities	27,518	**27,238**	- 279	99.0%
Total Net Assets	6,068	**7,929**	+ 1,861	130.7%
Total Liabilities and Assets	33,586	**35,167**	+ 1,581	104.7%

Capital investment / Depreciation

Millions of Yen	FY2022 3Q Results	**FY2023 3Q Results**
Residential Environment	50	**15**
Energy	59	**128**
Resource Circulation	887	**1,798**
Headquarter	56	**149**
Capital investment	1,053	**2,090**
Depreciation	1,318	**1,214**

【 Major capital investment 】

- Investment related to the disposal facilities of plastic waste

  613 Million Yen
- Investment related to the Landfill

  592 Million Yen
- Investment related to the Tomakomai power plant

  432 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 Dec. 31, 2023 sites**	**As of Dec. 31, 2023 personnel**	personnel difference
HS Division	63	853	**63**	**862**	＋9
ES Division	12	160	**12**	**167**	＋7
SE Division	14	81	**14**	**77**	-4
PV Division	35	254	**30**	**259**	＋5
PPS Division	1	15	**1**	**13**	-2
ERD Division	18	444	**19**	**460**	＋16
Headquarter	—	247	—	**234**	-13
Total	—	**2,054**	—	**2,072**	**＋18**

※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

Restructuring of the Sanix Group's businesses

～Toward the realization of greater growth and profitability～

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Residential Environment Area

Taking over only the businesses of the HS Division, ES Division and SE Division which require a construction license.

Wholly owned subsidiary

SANIX Home Build Service Co., Ltd.

Establishment and succession on July 1, 2024 (plan)

- Business specializing in construction work that requires a construction license (repair of condominiums, large-scale renovation work, etc.)
- Improvement of business efficiency and productivity
- Enhancement of the sales system and optimization of the installation management system with a view toward the expansion of business

Release: February 14, 2024
https://sanix.jp/report/694/report.pdf

Energy Area

Taking over the businesses of the PV Division (mainly sales and installation of solar power generation systems for enterprises.

Wholly owned subsidiary

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SANIX Engineering Co., Ltd.

Establishment on January 16, 2024 / succession on July 1, 2024 (plan)

- Business specializing in the sale, installation and maintenance of solar power generation systems for enterprises.
- Responding to the changes in the business environment through flexible management decision making.
- Strengthening the sales system and increasing the popularity of solar power generation systems with a view toward the expansion of business.

Release: January 31,2024
https://sanix.jp/report/694/report_694_827.pdf

Resource Circulation Area

Efforts to realize a local decarbonized society

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

We were selected as a company with preferred negotiation rights for the business of installing photovoltaic power generation equipment and other equipment for the Zama municipal general welfare center (PPA* business), which is a part of the Zama's municipal government's efforts to achieve net zero CO2 emissions by FY2050. This is the third project that we were selected for, following the installation of solar power generation equipment at two facilities owned by the city in March 2023.

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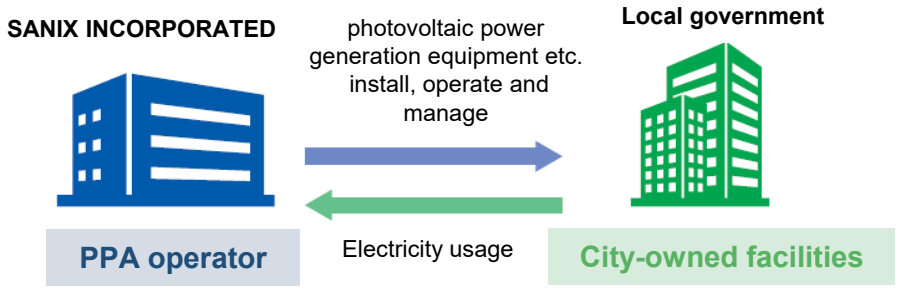
- We will lease roofs, etc. within facilities and install, operate and manage photovoltaic power generation equipment.
- Installation, operation, and management expenses are covered by the electricity fees paid by Zama City.

Zama City

- The center will provide its facility, including its roofs, and the electricity generated there will be used at the center.
- Zama City will pay Sanix for the amount of electricity they use.

<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 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 December 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: February 9, 2024
https://prtimes.jp/main/html/rd/p/000000107.000025581.html

■ Progress of the investment-for-growth initiative in the medium-term management plan

▶ Waste water business: Expansion of the recycled fuel production line.

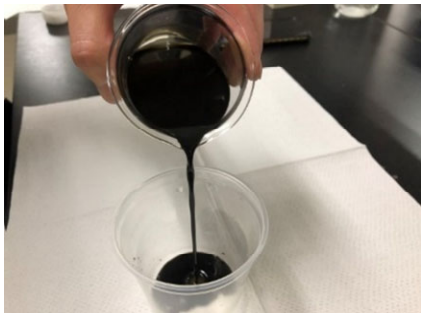
The number of「Recycled Oil Bio」fuel production lines will be increased from one to two. **The expansion will be completed within the current fiscal year.**

「Recycled Oil Bio」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.

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®." !

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

Industrial waste as raw material

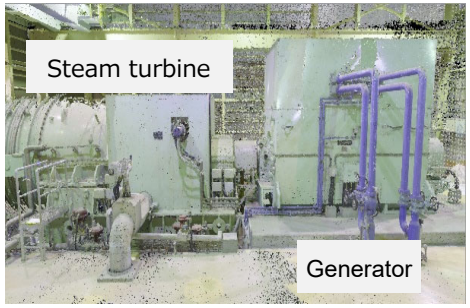


Recycled fuel (Recycled Oil Bio)

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

▶ Power generation business: Renovation of turbines and generators

Turbines and generators will be modified and replaced in the fiscal year ending March 31, 2026 to ensure the incorporation of designs that are suitable for the characteristics of the waste plastic fuel currently in use.

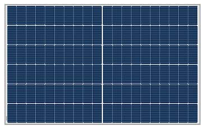


Power generation output ▶expect an average improvement of about 8%

▶ Start demonstration recycling of used photovoltaic panels

Assuming that a large amount of used solar panels will be generated in the 2030s, establish a technology verification line with the aim of commercializing a solar panel reuse and recycling business by leveraging our knowledge of solar panels and our strength in industrial waste disposal networks.

Panel recycling image



Removal

Aluminum frame
Metal recycling

Wiring
Metal recycling

Glass detachment

Splinters of glass
Glass fiber, roadbed materials, etc.

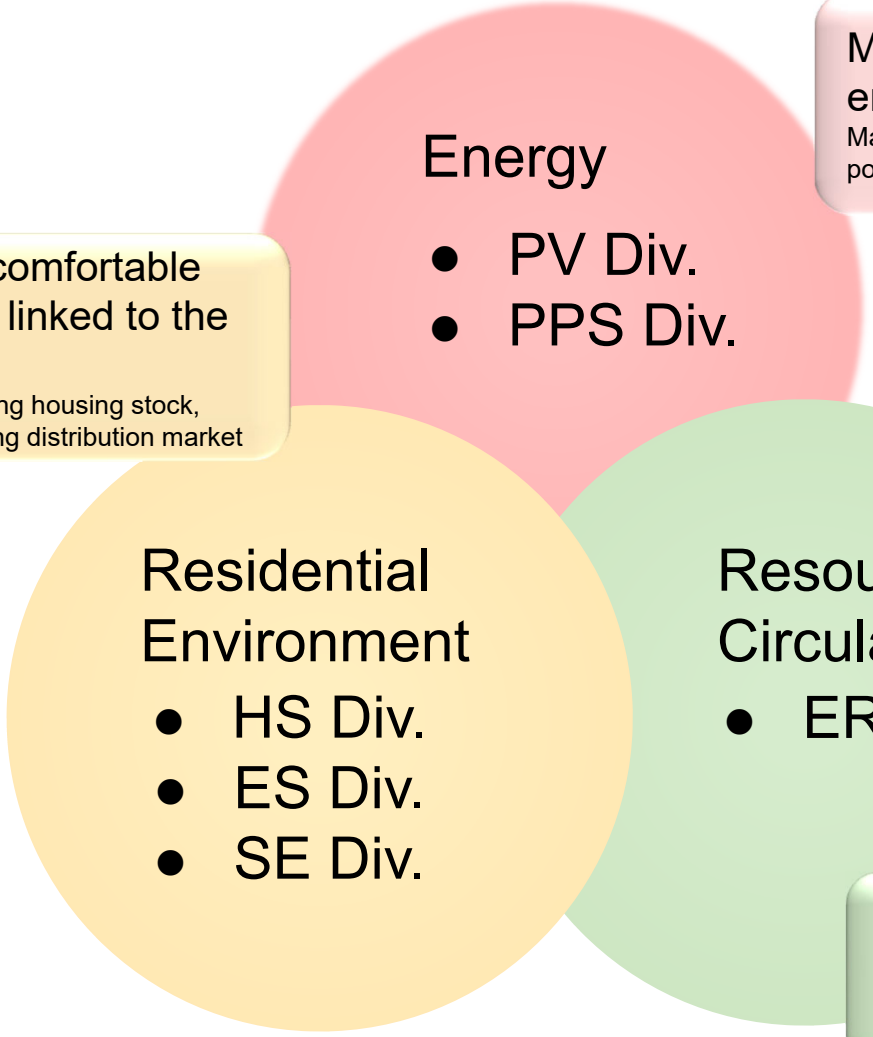
Pulverizing

Cell sheet
Extraction of silver and other metals by refining

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

New Customers — 1 2 3 4 5 — Re-disinfection — 1 2 3 4 5 — Re-disinfection

Guarantee for 5 years, periodic inspections once each year

Guarantee for 5 years, periodic inspections once each year

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.

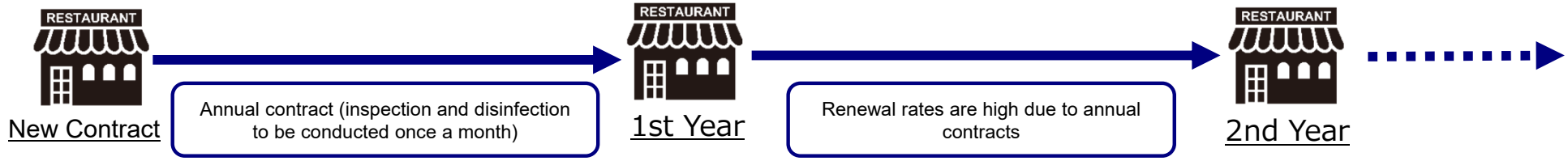
Others

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.

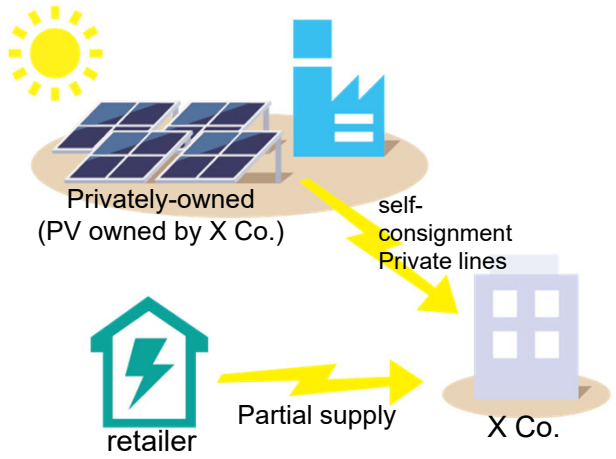
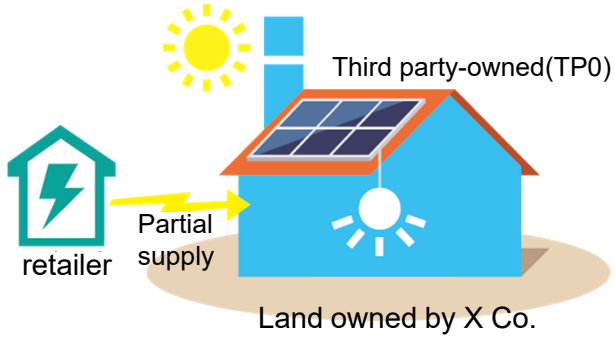
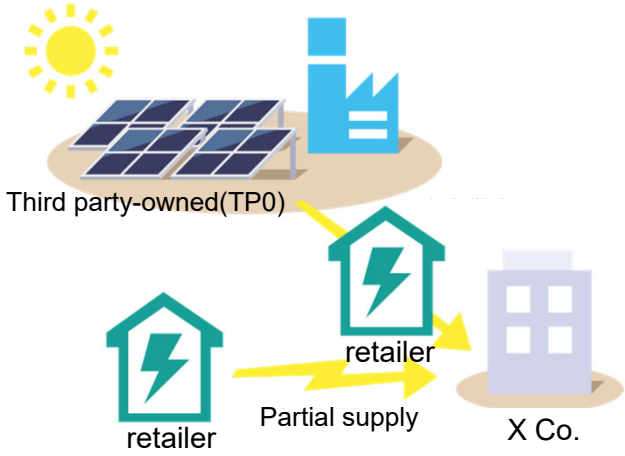
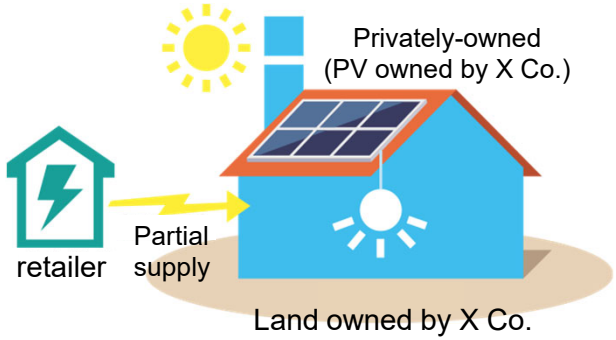
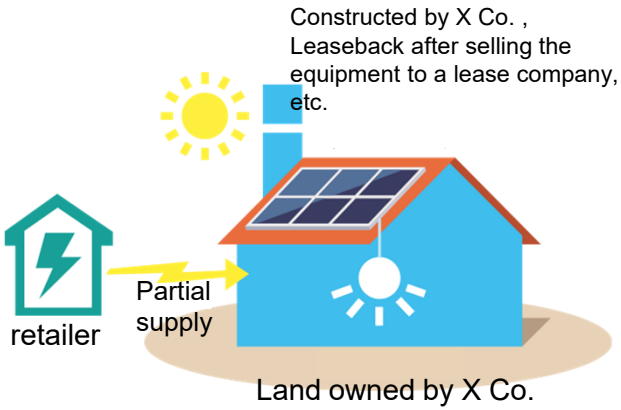
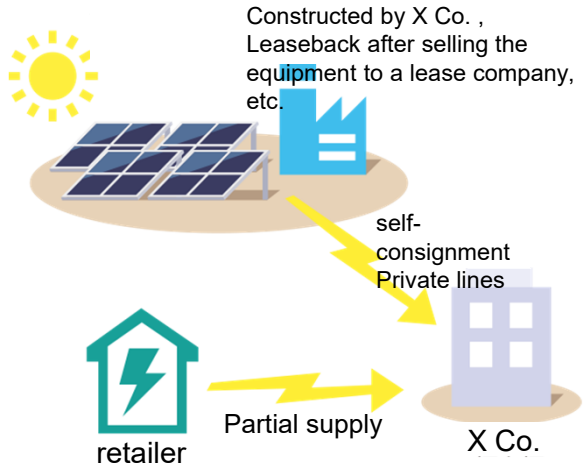
PV service for companies and municipalities (10 kW or more)

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.

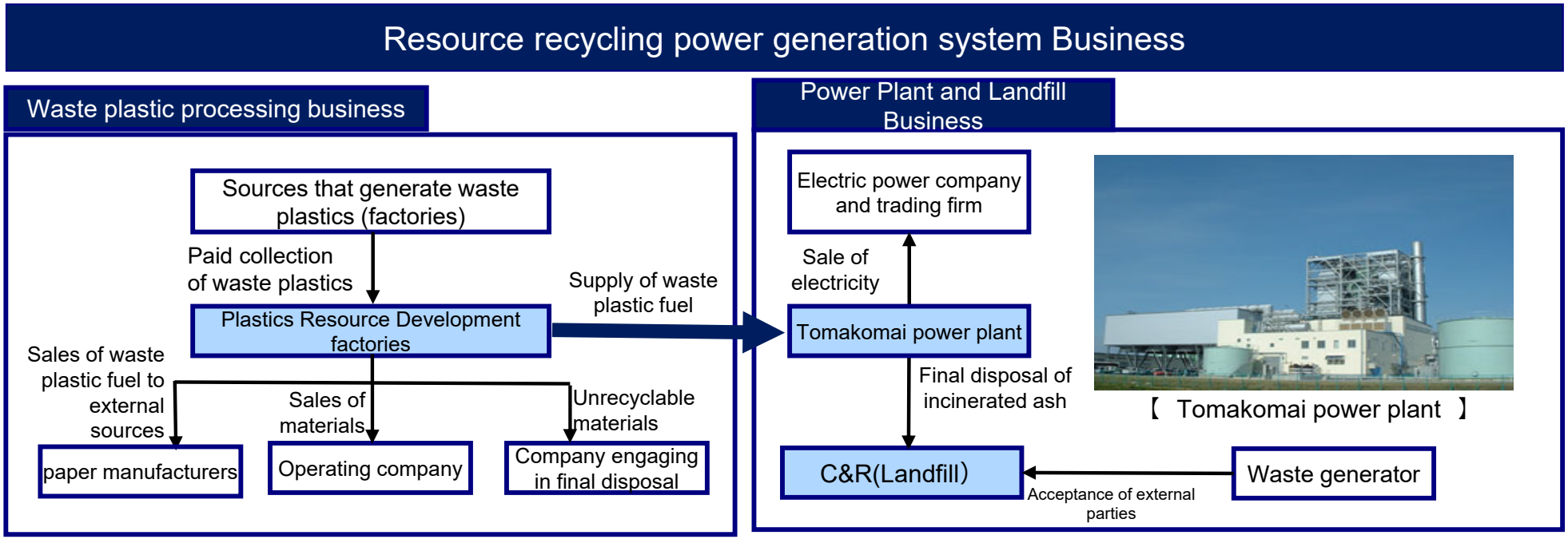
Against the backdrop of rising electricity prices, low-cost photovoltaic power generation systems and the wide use of PPA services, the introduction of photovoltaic power generation is in full swing, driven by the need for economic rationality, decarbonization and resilience enhancement.

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)

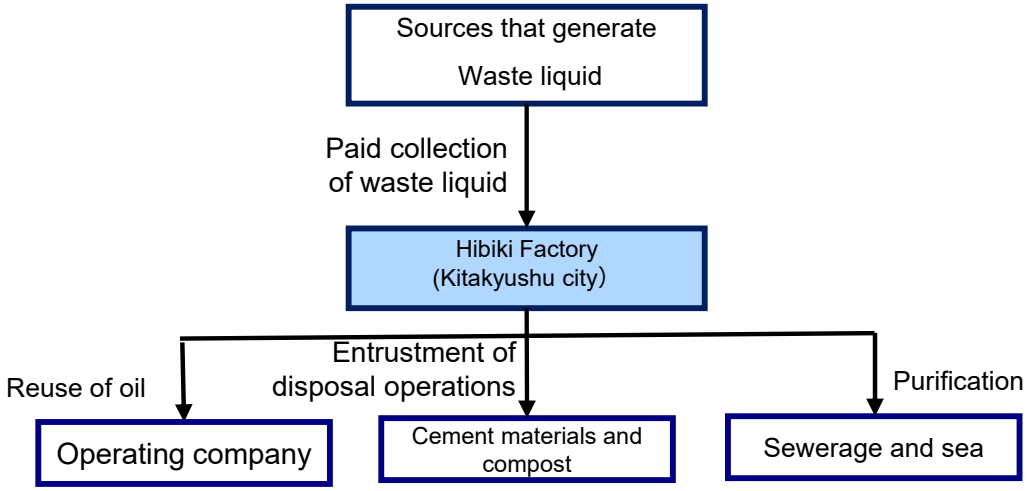
Business structure of the ERD Division



- 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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