

Clean and Comfortable Environment for the Next Generation



"the future supported by everyone"

SANIX

Integrated Report March 2023

SANIX INCORPORATED

Clean and Comfortable Environment for the Next Generation.



Since its establishment in 1975, Sanix Group has been working to create a comfortable environment for living spaces such as houses, apartments, buildings, offices, and restaurants. In 1994, we entered the industrial waste treatment and recycling business and developed a business with a strong awareness of the importance of the vein industry.

We have expanded our business field to the global environment. Furthermore, we are focusing on energy businesses that have reached the end of the “environmental” approach, such as power generation business using recycled plastic fuel, sales and installation of solar power generation which is a representative of renewable energy, and electricity retail business.

In these days, as the construction of a sustainable society is being questioned on a global scale, efforts to deal with the global environment and energy are becoming increasingly important as essential issues. Based on the corporate philosophy of “Clean and Comfortable Environment for the Next Generation,” Sanix Group moves forward toward the early realization of a society in which passing on “a comfortable living environment to the next generation,” “energy with low environmental impact,” and “recycling resources instead of abandoning” are common values.

Mission

Corporate philosophy

Clean and Comfortable Environment
for the Next Generation.

Company motto

Sanix Group strives to provide
comprehensive solutions for
improvement and enhancement of
energy and environment to create
better relationship between people and
environment through humanistic
communication.

Vision

To become a leading company
in the environment and energy

Value

Management Philosophy

Work is education and education
is management

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Picture on front cover

This is the award-winning artwork of the in-house competition "Painting Contest 2023" (targeting children of employees).

“the future supported by everyone”



【Message】
I believe that if each one of us thinks and does what we can do little by little, we will have a wonderful future. I put this message on a soap bubble because I want to think about the environment, do what I can do, and tell others about it. May the future be filled with smiles. What my father does is cool!

Editorial policy

It is edited as an integrated report for the purpose of deepening the understanding of stakeholders about the business content of "Environment and Energy" that Sanix Group is working on and the process of realizing a comfortable environment for the next generation through this business.

In fiscal year 2022 (ending March 31, 2023), the Sanix group formulated a new medium-term management plan, but due to the uncertain outlook considering the recent global situation, we have decided to reconsider our medium-term business development and outlook for the year. In this integrated report, we also provide an overview of the medium-term management plan announced in May 2023, following this reconsideration.

For detailed information on products, services, business details, finance, etc., please check our website. (See p.74)

This report has been edited with reference to the "International Integrated Reporting Framework" of the International Integrated Reporting Council (IIRC) and the "Value Co-creation Guidance" formulated by the Ministry of Economy, Trade and Industry.

Report target period, etc.

- Target period: FY2022 (April 1, 2022-March 31, 2023)
- Target organizations: SANIX Inc. and domestic and overseas consolidated subsidiaries
- Accounting Standards: For the time being, Japanese standards will be applied. Regarding the application of International Financial Reporting Standards, we will take appropriate measures in consideration of various domestic and international situations.

Precautions regarding future prospects

Forward-looking statements, such as performance forecasts, contained in this integrated report are not intended to guarantee future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, due to various factors, the actual earnings and business results at a future point in time may differ significantly from the statements regarding the business forecast. This material is not intended to solicit investment in securities issued by the company. Please note that the company shall not be liable for any loss or debt incurred based on the information contained in this material.

About Sanix Group



- Sanix Group Business Area
- Sanix Group through numbers
- Sanix Group through the pictures
- Business of Sanix Group
- History of Sanix Group

Clean and Comfortable Environment for the Next Generation. Sanix Group continues to take on the challenge.

Sanix Group Business Area



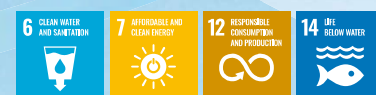
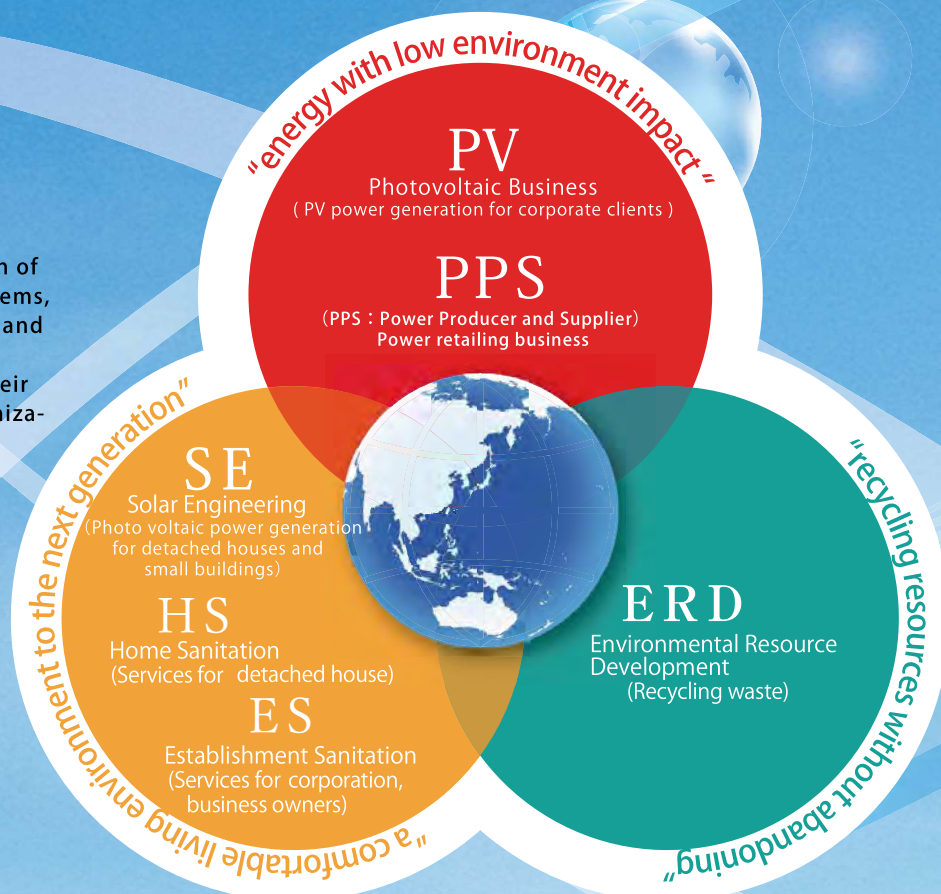
Energy

Offering the best possible solution for the introduction of solar power generation systems, including self-consumption and third-party ownership. Supporting businesses in their efforts to promote decarbonization.



Residential Environment

Support sanitary management and disaster countermeasures, centering on the maintenance of houses, buildings and condominiums. Protecting homes and buildings that will be passed down from generation to generation.



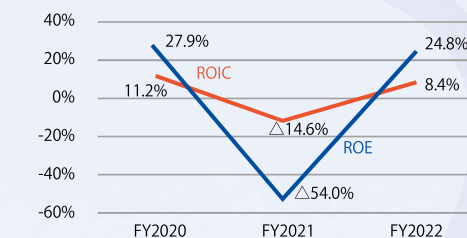
Resource Circulation

to recycle and reuse waste as energy resources. Contribute to the realization of a recycling-oriented society.

Sanix Group through numbers

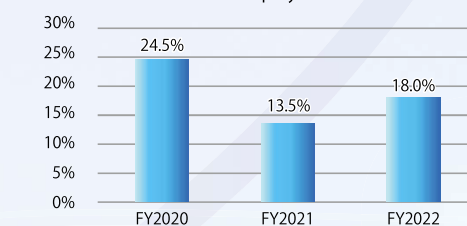
Financial indicators

Changes in Return on Equity (ROE) / Rate of Investment Interest (ROIC*)

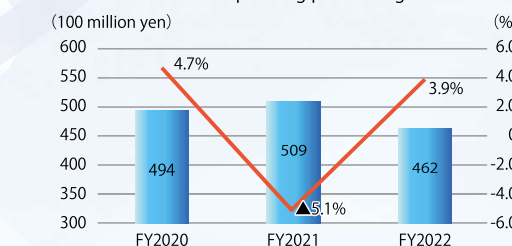


※ROIC=Operating income after tax / (Shareholders' equity + Interest-bearing debt) x 100

Equity ratio



Sales / Operating profit margin



Cumulative results of main businesses (as of March 31, 2022)



Number of houses with termite disinfection
Approx. **830,000** houses



Number of houses for pest control
(Pest and vermin control for business establishments)
Approx. **34,000** houses



Number of water supply and drainage pipe maintenance and management
(Installation of anti-corrosion equipment, etc.)
Approx. **38,000**



Number of solar power sales and installation (in-house installation only)
Approx. **49,000**

Solar power sales output
(including wholesale sales)
Approx. **1,440,000** kW



Plastic processing volume
Approx. **5,900,000** t

Amount of power generated by plastic fuel
Approx. **5,000,000** MWh



Amount of waste liquid processed
Approx. **2,500,000** t

Through our business, we will contribute to the achievement of the SDGs.



Sanix Group through the picture

Clean and Comfortable Environment for the Next Generation. A place where people live and gather, Sanix Group.

Through the work of "environment" and "energy", Sanix Group is working to create a society where people can live comfortably while protecting the global environment. It also links to the SDGs.



Waste plastic recycling & power generation

Use waste plastic as fuel.
Generates CO₂-free energy at a power plant unlike any other in the world.

P39

Equipment maintenance & hygiene management of various facilities

Support for facility maintenance of buildings and condominiums, as well as hygiene management for food factories, restaurants, hotels, hospitals, etc.

P33

Solar power generation (for residential and business use)

With integrated support from manufacturing to sales, construction, and maintenance, we have one of the leading installation results in Japan.

P33
p36

International exchange of sports and culture through CSR

Supporting the implementation of international exchanges through sports for the youth generation, which will lead to world peace for the next generation.

P52

Purification & recycling of waste liquid

Purify waste liquid at one of the largest treatment facilities in Japan. We are also promoting the recycling of dehydrated sludge and oil as fuel.

P40

Electricity retail

Synergy effects with solar power generation business enable us to provide a wide range of services.

P36

Maintenance and management of general housing

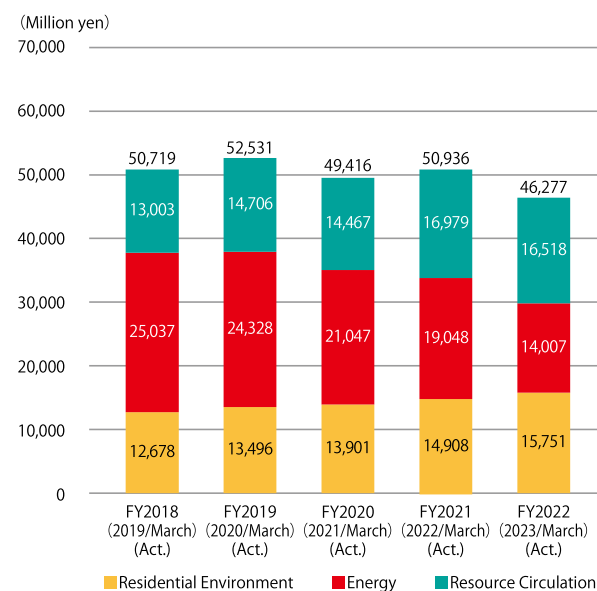
Extend the life of your home with total maintenance. Over 45 years, more than 800,000 termites have been controlled.

P33

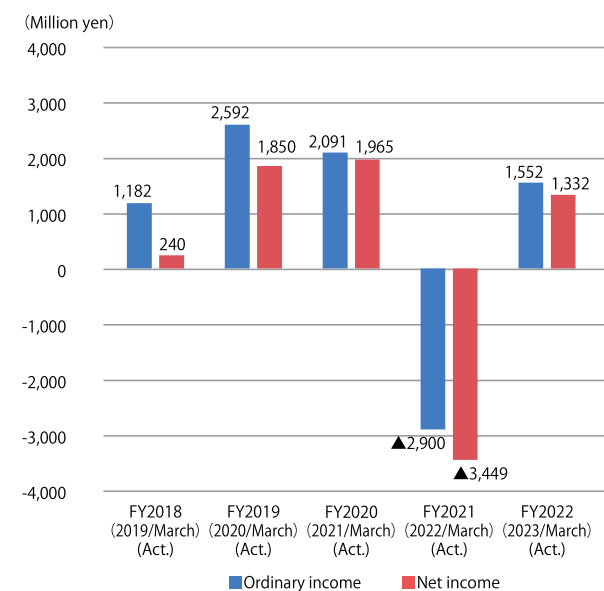
Business of Sanix Group

Today, addressing environmental issues is positioned as an important challenge on a global scale. As a company that has long been committed to creating an environment for future generations, the Sanix Group has been developing its business while striving for growth in order to contribute to the realization of a sustainable society. In FY2022, the outlook remained uncertain due to soaring resource and energy prices caused by the protracted situation in Russia and Ukraine, and price hikes resulting from the yen's ongoing depreciation. In June 2022, the Group reorganized its business divisions to strengthen and expand each business base and to respond flexibly to the rapidly changing market environment. Accelerate growth through the pursuit of inter-business synergies.

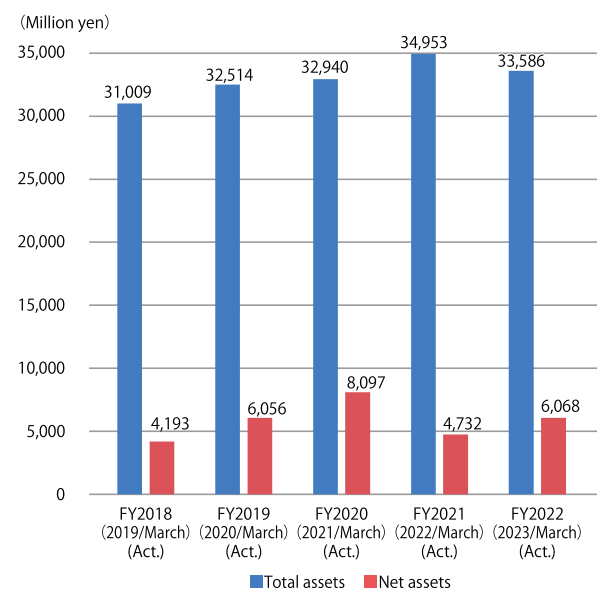
Sales by segment



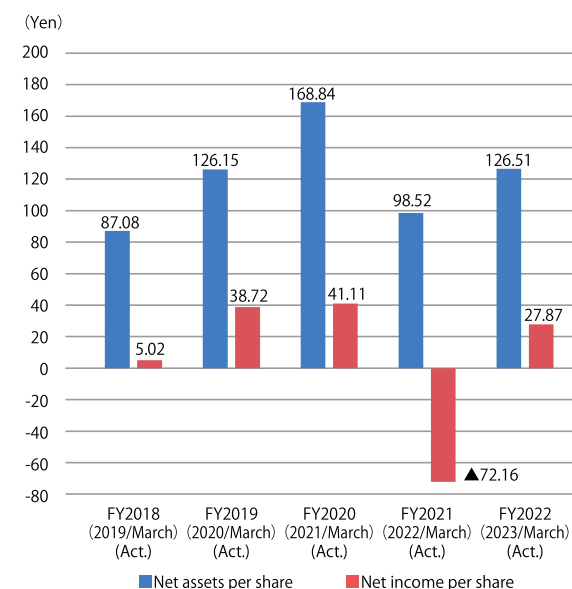
Ordinary income / Net income



Total assets / Net assets



Net assets per share / Net income per share



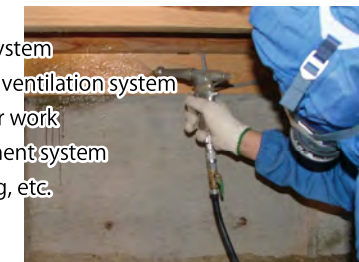
Main Business

Residential Environment area

HS Home Sanitation

Home sanitation business
(Services for detached houses)

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



ES Establishment Sanitation

Establishment sanitation business
(Services for corporations and business owners)

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



SE Solar Engineering

Solar engineering business
(Solar power generation for detached houses and small buildings)

- Solar power generation system
- Storage battery system, etc.



Energy area

PV Photovoltaic

Industrial PV business
(Industrial)

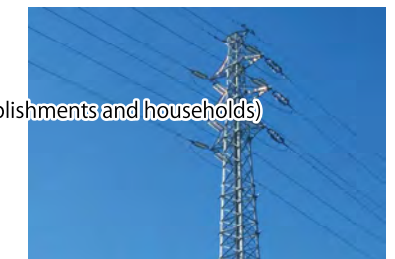
- Solar power generation system
- O&M (maintenance)
- Storage batteries, etc.



PPS Power Producer and Supplier

Power Producer and Supplier

- Electricity retail
(for business establishments and households)



Resource Circulation area

ERD Environmental Resources Development

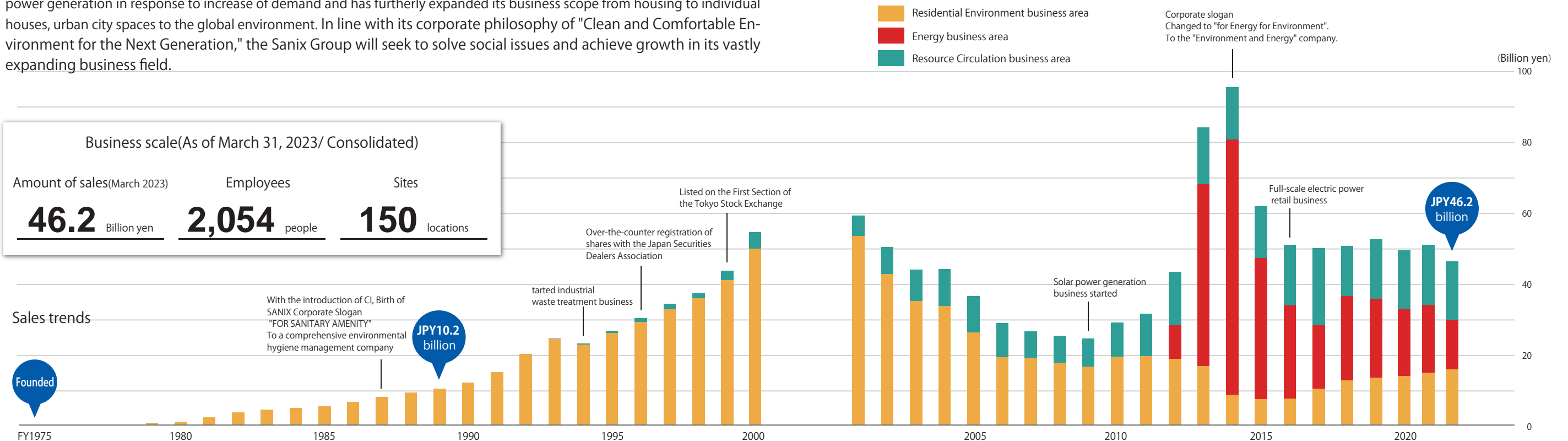
Environmental resource development business
(Waste recycling)

- Fuel conversion of waste plastic
- Resource recycling power generation system (power generation from waste plastic recycled fuel)
- Purification treatment of organic waste liquid
- Sales of integrated waste management system, etc.



History of Sanix Group

Sanix Group was founded by the late Shinichi Munemasa (former president), who experienced the environmental hygiene business in the USA, which was fully established as an industry, and was convinced of its necessity and future potential in Japan. Sanix Group started out as a termite control company and then expanded its business to industrial waste recycling and solar power generation in response to increase of demand and has furtherly expanded its business scope from housing to individual houses, urban city spaces to the global environment. In line with its corporate philosophy of "Clean and Comfortable Environment for the Next Generation," the Sanix Group will seek to solve social issues and achieve growth in its vastly expanding business field.



1975 Founded

1975

Sanyosanitation Inc.

The termite disinfection industry used to disinfect after its outbreak. We took the idea of "preventive medical approach", which stimulated potential demand in the market.



1978

Founded Sanyosanitation Inc.

1981

Separated the corporate environmental hygiene department from the termite department

1980~ Diversification from disinfection industry

1982

General training center and research institute opened (Fukuoka Prefecture)

We have been focusing on employee education for a long time, "This is a job that requires a high sense of mission and professionalism as it is a job that makes filthy and dirty places clean."

1987

SANIX INCORPORATED established
Changed the company name and restructured the business into a "total sanitation company" that creates a comfortable environment.



1989

Launched underfloor ventilation fan powered by solar cells

1990~ Industrial waste treatment business started to contribute global environment

1991

Opened an equipment manufacturing factory (Takeo City, Saga Prefecture)

Established our own factory to create products that meet customer needs.



1994

Entered the industrial waste treatment industry

Established a new processing plant in response to the needs of business partners. "In the future, the vein industry that purifies waste will become important."

1998

Takeo B factory for chemical manufacturing established
Operated by SUNAIM Inc., a wholly owned subsidiary.

1999

Started fuel conversion business for waste plastics

In the course of waste incineration, paid attention to the high calorie content of plastic combustion. Started a business to recycle plastic that has been simply incinerated or landfilled as fuel.



2000~ The energy recycling power generation business started

2000

Organic waste liquid treatment business started
Aiming at the ban on ocean dumping under the London Dumping Treaty.



2001

Thermal recycling operation
Established SANIX ENERGY Inc.

Started construction of a thermal power plant using recycled fuel from waste plastic. Established a wholly owned subsidiary to become the operating company.

Specific scale electric power company registration

Eighth application nationwide in anticipation of entering the electric power business.

2003

Completion of SANIX ENERGY Tomakomai Power Plant

Power generation using fuel derived from waste plastic. After that, we cleared the issues one by one and accumulated know-how.



2009

Acquired Hokuhei Inc. and C & R Inc., which operates the final disposal site.

From fuel conversion of waste plastic to power generation and incineration ash for disposal. An integrated system within the group has been established.

Started solar power generation business

Toward the spread and expansion of solar power generation, "good product at lower price".

2010~ Solar power generation business started to become an "environment•energy" company.

2010

Established HOKKAIDO SANIX KANKYO Inc.

The Tomakomai Factory (plastic fuel conversion) was separated as a subsidiary.

Established a solar panel manufacturing and sales subsidiary in Shanghai

SHANRI (SHANGHAI) ENERGY SCIENCE AND TECHNOLOGY CO.,LTD (100% owned subsidiary). Started in-house production of solar module and established an integrated system from manufacturing to sales, construction, and maintenance.



2014

Established SE Wings Inc. to retail electricity

2015

Registration Electric retailer registration

2016
Full-scale entry into the electric power retail business

Following the complete liberalization of the electricity retail business, the electricity retail business at Sanix Inc. began.

2017~

Participated in VPP construction demonstration project

Since 2017, participated in the Ministry of Economy, Trade and Industry's "Virtual Power Plant Construction Demonstration Project Utilizing Consumer Energy Resources" every year.

2018

Launched a recycled oil production business within the waste liquid purification and treatment business.

In 2021, Kitakyushu City selected the company as a "Kitakyushu Eco Premium" for products and services with low environmental impact.

Sanix Group Value Creation



Materiality
Value creation process

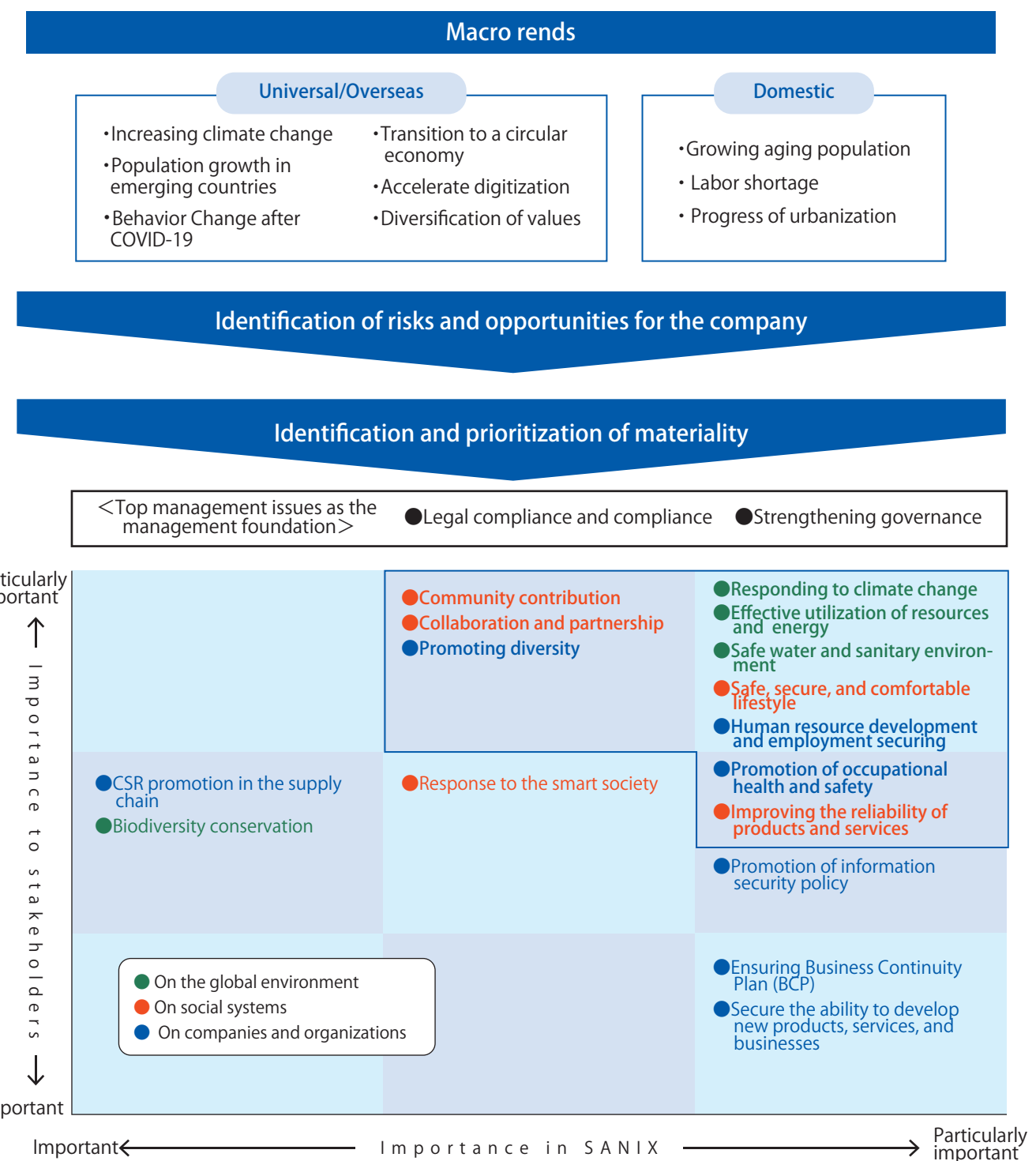
Materiality

■ Identification of materiality

With the identification of social issues through macro trend analysis as the starting point, we have identified important management issues (materiality) through analysis of risks and opportunities for our company. We will prioritize them while taking into account the degree of impact on corporate activities and utilize materiality in the formulation of medium-to long-term management strategies and individual business strategies.

In response to issues that we have positioned as particularly important, we have selected "Focused Business Domains" as areas in which Sanix Group's resources will be intensively invested (see p.17). The related segments will work together to resolve issues by leveraging their strengths and steadily implementing growth strategies to achieve sustainable growth.

Through our efforts on materiality, we will also contribute to the achievement of the "Sustainable Development Goals" adopted by the United Nations in 2015.



Materiality of Sanix Group

On the global environment	Important management issues to be addressed through Sanix Group's corporate activities and the provision of products and services in order to create a comfortable environment for the next generation
On social systems	Important management issues to be addressed through Sanix Group's corporate activities and the provision of products and services in order to realize a sustainable society
On companies and organizations	Important management issues to be addressed through Sanix Group's corporate activities and the provision of products and services in order to realize a sustainable society

Risks and Opportunities in Sanix Group by Materiality

	Materiality	Risks to Sanix Group	Opportunities for Sanix Group
Global Environment	Responding to climate change	Increased risk of natural disasters due to climate change Tightening of regulations in response to global warming	Expansion of needs that contribute to decarbonization Acceleration of technology development
	Resources and energy efficient use	Depletion of fossil and natural resources	Expansion of business and acceleration of technological development related to energy saving, resource saving, and resource recycling
	Safe water and sanitary environment	Increased health risks due to lack of safe water and sanitary environment	Expanding needs for hygienic environments, spaces, and water
Social Systems	Safe, secure and comfortable lifestyle	Destabilization of life due to intensifying natural disasters, etc.	Resilience improvement business
	Improving the reliability of products and services	Loss of public trust due to deterioration in quality, safety, and environmental performance, etc.	Improve customer satisfaction and expand business. building relationships of trust with business partners
	Community contributions	Impact on business activities due to loss of credibility	To build relationships of trust with communities and stabilize our business foundation through with local communities
	Collaboration and partnership	Rigidification of business domains, decrease of competitiveness	Creation of a variety of businesses that cannot be achieved by Sanix Group solely
Companies and Organizations	Human resource development and employment security	Labor shortage and outflow of human resources	Securing excellent talent. Continuation of smooth business activities
	Occupational health & safety promotion	Impact of physical and human damage on business Loss of social credibility and long working hours	Ensuring employee health and safety, improving productivity, and enhancing motivation
	Promotion of Diversity and Respect for Human Rights	Decreased competitiveness due to inability to meet diversifying needs and values	Securing excellent talent enhancing value creativity through diverse values

Selection of focus business area

Residential Environment area

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



Energy area

Contributing to the expansion of renewable energy through the sales and installation of PV power generation systems, addressing climate change and contributing to the efficient use of resources and energy.



Resource Circulation area

Contributing to the efficient use of resources, clean water, and safe and secure lifestyles by generating energy through proper treatment, recycling, and thermal recycling of industrial waste, and purifying water resources through wastewater treatment.



Building a robust management foundation

ESG (Environment, Social, Governance) Initiatives
Development of human resources, fostering of job satisfaction, employee health, etc.
Management philosophy: "Work is Education and Education is Management"

Value creation process

We will solve social issues by providing value to our customers and realize a sustainable society that can pass on a clean and comfortable environment to the next generation.

In our society

- Climate change
- Efficient use of resources and energy
- Safe water and sanitary environment
- Intensifying natural disasters

Global trends

- Transition to a decentralized society
- Progress of digitalization
- Paradigm shift (stuff to things, owner to share, closed to open)

Sanix Group aims to solve the social issues through unique products and services backed by our accumulated know-how, expertise, and network of regional offices. Furthermore, we aim to evolve and deepen our unique business model of creating common value for "Customers", "Society" and "Corporation" by proactively promoting collaboration with various partners that have unique strengths, knowledge, and know-how.

Input

(1) Financial capital (as of March 31, 2023)

- Net assets: 6,068 million yen
- Total assets: 33,586 million yen
- ▶ Financial Data → See page 68

(2) Social capital (as of March 31, 2023)

- HS business: 5 HQs, 63 sites
- ES business: 12 sites
- SE business: 2 HQs, 14 sites
- PV business: 35 sites
- PPS business: 1 sites
- Environmental resource development business: 18 sites

(3) Intellectual capital

Unique products and services created from the customer-first perspective by utilizing valuable information (customer feedback) that can be obtained from the many points of contact with customers. → see p.33~

(4) Human capital (as of March 31, 2023)

Number of employees (consolidated): 2,054
[Abundant number of qualified personnel]
Termite control contractor, First-class architect, real estate agent, construction management engineer, electrical engineer, electrical construction management engineer, energy manager, consumer affairs advisor, etc.

(5) Natural capital (FY2022)

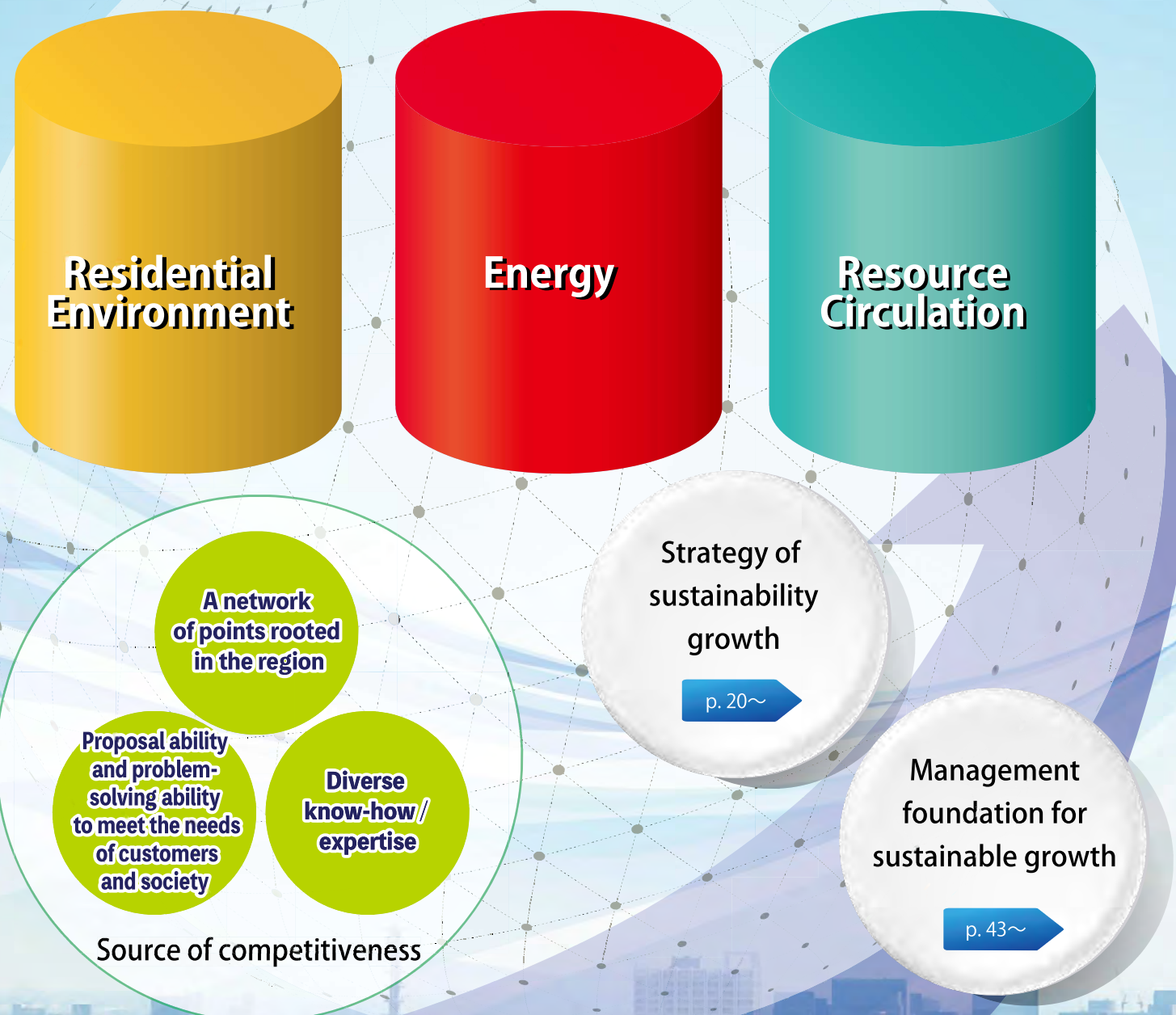
- Energy consumption: 334 thousand GJ
- Water consumption: 277 thousand tons
- ▶ Environmental data → See page 58

(6) Manufacturing capital (as of the end of March 2023)

- Takeo Factory Takeo Factory
- Takeo Factory No. 2
- Sunrise (Jiashan) Energy Technolog Co. (Overseas manufacturing base)

The original business model that creates shared value among "Customers", "Society" and "Corporations."

Diverse Partnerships and Evolution and deepening of business area



Value

Make it common
"A comfortable living environment to the next generation"



Make it common
"Energy with low environmental impact"



Make it common
"Recycling resources without abandoning"



"Clean and Comfortable Environment for the Next Generation"

Sanix Group Growth Strategy



Message from the President
Medium-Term Management Plan (FY2023-2025) Overview
Value Creation Story

Message from the President

“Clean and Comfortable Environment for the Next Generation.”

Since its establishment in 1975, the Sanix Group has pursued the creation of a comfortable environment while expanding its scope from housing to urban spaces and the global environment. Environmental initiatives are now an important global theme. Let us explain the significance of our business and the direction we are aiming to take, while sharing our past history and accomplishments.

SANIX INCORPORATED

President and Representative Director

Hiroshi Munemasa

“Clean and Comfortable Environment for the Next Generation.”

Sanix Group's corporate philosophy is linked to the values of our society.

In 1975, the Group started out in the sanitation business for general households, and has since expanded its business domain to include sanitation for businesses, industrial waste recycling, renewable energy, and various other businesses with the "environment" at its core.

Environmental issues such as global warming, environmental pollution, and resource depletion have now reached a stage where measures need to be taken on a global scale. This is clearly reflected in the SDGs adopted by the United Nations in September 2015, the Paris Agreement adopted at COP21 in December of the same year, and the Circular Economy Action Plan announced by the European Union (EU). In Japan, starting with the Carbon Neutral Declaration for the year 2050, various policies have been rapidly changing to meet the changing global trends.

In addition, the global epidemic of COVID-19 caused major social changes, forcing a shift in values and structures in various fields. The Group has also had the opportunity to recognize the necessity and importance of sanitation, our core business, once again.

Nowadays, “creating a sustainable society” become glob-

ally a common value which, we have been pursuing in our business for many years. Based on the corporate philosophy of “Clean and Comfortable Environment for the Next Generation”, our group aims to create a society where it is common to pass on a comfortable living environment to the next generation, where it is common to use energy with low environmental impact, and where it is common to recycle resources without abandoning.

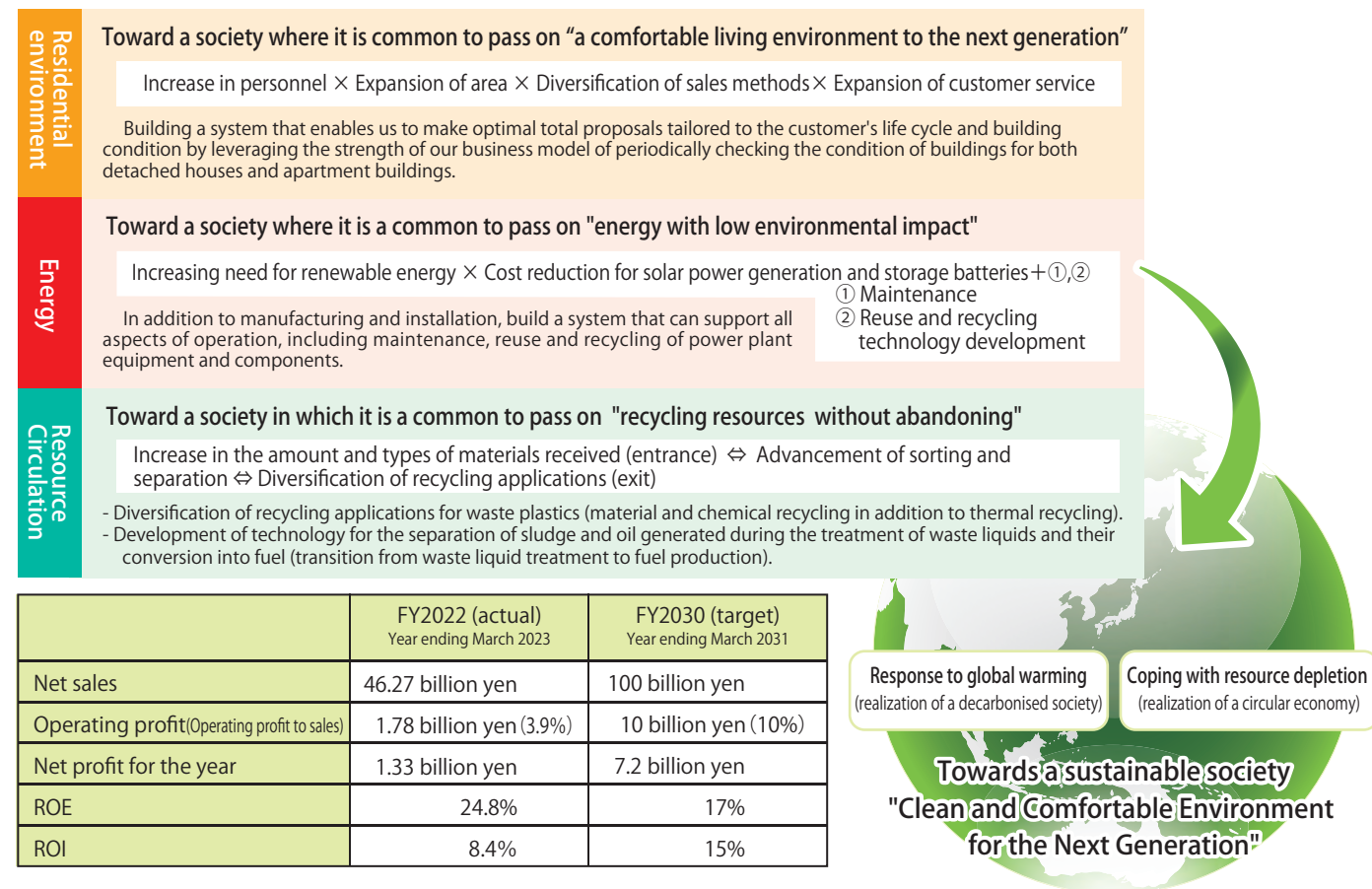
In line with our long-term vision (announced in May 2021), which is focused on the year 2030, we will contribute to the creation of a sustainable society in the fields of "housing environment," "energy," and "resource recycling" through our various businesses. We are determined to contribute to the creation of a sustainable society in the fields of "Residential Environment," "Energy," and "Resource Circulation" through each of our businesses. The year 2030 is the target year of the SDGs, and we are determined to contribute to the early realization of the society envisioned in the goals of the SDGs.

Medium-term management plan (2023-2025) and Long-term vision for 2030

In our long-term vision for 2030, one of our goals is to grow to 100 billion yen in sales. In addition, amid an uncertain business environment, including the recent sharp rise in resource and energy prices and the rising cost of living due to the yen's depreciation, we have formulated the "Medium-Term Management Plan (for the fiscal years ending March 31, 2024 through March 31, 2026)" (announced in May 2023) to lay the platform for achieving sustainable growth in our existing businesses. During the period of the plan, the Company will set strategic investment limits and invest in growth, using EBITDA

(operating income plus depreciation and amortization) generated by the entire business as a funding source. By accelerating future growth through these strategic investments, we intend to further expand the strategic investment framework and resume dividend payments to shareholders as soon as possible. Major changes always involve both "opportunities" and "risks. First, we will control "risks" by responding flexibly to changes, and at the same time, we will seize "opportunities" and lead the company to sustainable growth.

■SANIX Long-term Vision 2030 (announced on 24 May 2021)



■Medium-term management plan (FY2023-FY2025) (announced on 15 May 2023)

	FY2023 (Plan) (Year ending March 2024)	FY2024 (Plan) (Year ending March 2025)	FY2025 (Plan) (Year ending March 2026)
Net sales	48 billion yen	50 billion yen	53 billion yen
Operating profit(Operating profit to sales)	3.2 billion yen (6.7%)	3.2 billion yen (6.4%)	3.0 billion yen (5.8%)
EBITDA *	4.8 billion yen	4.9 billion yen	5.0 billion yen
ROE	35.0%	24.0%	16.0%
ROIC	14.0%	12.0%	10.0%
Equity Ratio	22.0%	27.0%	30.0%

* EBITDA : Operating profit + depreciation expense

From houses to buildings and condominiums: "Linking Comfortable Living Environments to the Next Generation".

Our ambition is to create a society where the concept of a long, comfortable and secure home is taken for granted and passed on to the next generation.

The cornerstone of Sanix Group is Home Sanitation (HS) business, which specialized in termite disinfection and other services to residential customers. At the time of the company's founding, it was common for the industry to deal with termites only after they had occurred, but we were able to uncover latent demand by explaining the necessity of prevention, early detection and early countermeasures before things got worse, which led us establish our leadership position in the market. Approximately 830,000 homes have been treated with termite disinfection. Expanded our services to measures against humidity and earthquakes, to serve comfortable and long-lasting houses.

In the ES (Establishment Sanitation) business, the company provided environmental sanitation services, such as water and other maintenance work for buildings and condominiums, and pest control for restaurants.

There are approximately 30 million detached wooden houses and more than 2 million apartment buildings in Japan (Ministry of Internal Affairs and Communications / 2018 Housing and Land Survey). However, we believe that housing needs will become more diverse due to increasing number of vacant houses as well as the declining birthrate, aging population and of people's lifestyle. In addition to the maintenance and management of housing, Sanix Group will expand the scope of our services, by making timely proposal to our customer in accordance to their lifestyle, and their needs.

In these residential environment areas, we are focusing on new customer development by strengthening alliances through workforce reinforcement, education, and business alliances. Through alliances with agricultural cooperatives,



consumers' cooperatives and mutual aid associations, real estate and construction companies, and retailers, the number of business alliances is steadily increasing, as we provide residential services to their members and strengthen relationships with building and condominium management companies and other partners.

Hygiene management business is also one of the foundations of our business. Together with our maintenance service and management business of the living environment. The scope of this project is not limited to the residential environment, but extends to accommodations, commercial facilities, and manufacturing plants.

In June 2020, the "Revised Food Sanitation Law" will be enforced, requiring all businesses that handle food products to adopt the concept of sanitation management methods called "HACCP" in principle. The level of hygiene required is increasing and is now considered to be a quality of service in itself. The Sanix Group also provides support services for the introduction and operation of sanitation management in accordance with HACCP. We will continue to promote hygiene management to meet the needs of society.



Realization of a decarbonized society from both the supply and demand sides of energy



generation business in 2009. In developing our solar power generation business, we have built an integrated system that handles everything from procurement to sales, design, installation, and maintenance, in order to reduce costs, improve quality, and provide customers with a sense of security and convenience.

While pursuing higher level of safety and convenience for our customers. Since the start of the business, we have sold and installed more than 49,000 residential and industrial systems, and our total sales capacity, including wholesale sales, exceeds 1.4GW (1.4million kW), which is equivalent to one nuclear power plant (as of March 2023).

Renewable energy is positioned as the main source of power in the national policy, and to achieve carbon neutrality by 2050, it is necessary to further increase the share of renewable energy in the power supply mix. The needs for the introduction of solar power generation are diversifying in terms of economic rationality, decarbonization, and resilience enhancement, and we believe that the expansion of solar power generation is only beginning to take off.

With the increase in electricity prices and the decrease in the purchase price of electricity generated under the FIT scheme (Feed-in Tariff Scheme for Renewable Energy), it is time for solar power generation to shift to "use" rather than "sell", in other words, "self-consumption". Although, it has spread become of merit of selling electricity, it should spread without relying on favorable treatment by government. We believe that it will the industry can become self-sustaining when it becomes the energy of choice for people without subsidies or preferential policies.

At present, Sanix Group is promoting proposal activities

Our ambition is to create a society in which "energy with low environmental impact" is chosen and used as a matter of course.

Our history with solar panels (photovoltaic modules) dates back to 1989, when we introduced small solar panels to power underfloor ventilation fans, one of the products handled by our HS Business Division. The solar panels have been installed in a cumulative total of approximately 340,000 homes, and our early success in introducing solar panels to the market led to the launch of our solar power



Taking advantage of its in-house capabilities from design to construction, the company is also promoting the introduction of solar power generation for its own facilities (photo: Ota Plant = Plastics Resource Development Plant). The company is also utilizing the solar power generation business as a model case of self-consumption photovoltaic power generation.

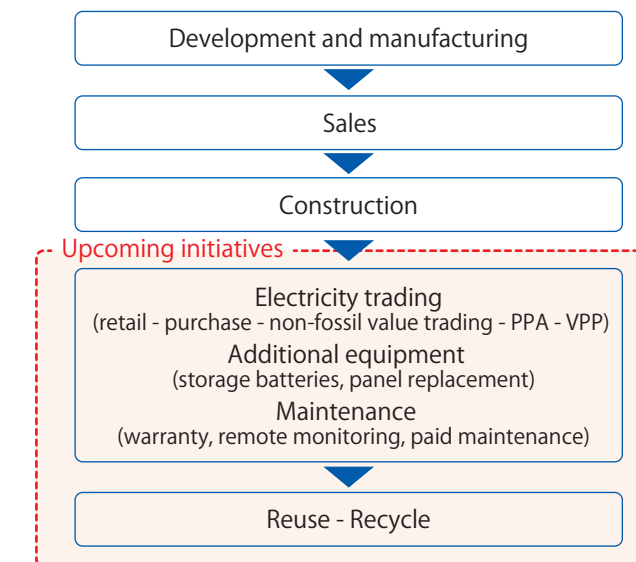


Drones have been introduced in 2018 and are used for surveying and aerial photography at construction sites and installation facilities. Approximately 100 employees are registered drone pilots with the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. Regular training and study sessions are held to ensure compliance with aviation laws.

of our solar power generation systems to shops, offices, factories and other business owners, in which electricity generated by solar power is consumed at their sites own.

In addition, Sanix Group aims to commercialize a solar panel reuse and recycling business. With the expiration of the FIT purchase period for solar power generation, a large amount of used solar panels are expected to be generated in the 2030s. Therefore, we will promote the verification of solar panel recycling technology by taking advantage of our accumulated knowledge of solar panels and our strength in having a nationwide industrial waste disposal network. In addition, Sanix Group will continue to develop new technologies for the recycling of solar panels. In addition, since 2017, the Group has been participating in a

Expansion of total service for solar power generation



demonstration project (by the Ministry of Economy, Trade and Industry) to establish a virtual power plant* using distributed resources (solar power generation, storage batteries, etc.). The main drawback of solar power is that the amount of electricity generated is dependent on the weather, which makes it impossible to adjust the power supply. Therefore, to realize virtual power plant helps to meet this drawback and gives momentum to the spread of solar power generation. We believe that transforming the unstable electricity produced by installed solar power into reliable and stable electricity that can support our daily lives become major step forward to realize decarbonized society. We will continue to work for implementation of Virtual Power Plants in our society.

*Virtual Power Plant (VPP): A system in which dispersed small-scale power generation and storage facilities, such as solar power generation, storage batteries, and electric vehicles installed at home and factory, are collectively controlled by information technology as if they were a single power plant (see pages 46).

Meanwhile, the Sanix Group is also engaged in the electric power retail business: in 2001, with the establishment of its subsidiary, SANIX ENERGY*, it registered as a Specified-Scale Electricity Utility. SANIX itself began supplying electricity in October 2015, and in 2016, following the complete deregulation of electricity retailing, began retailing electricity to households as well. Currently, we have a system in place to supply electricity to factories, offices, and households throughout Japan, excluding the service area of Okinawa Electric Power Co.

In FY2021, the soaring prices in the wholesale electricity trading market (JEPX) led to a significant increase in power procurement costs and a marked decline in profitability. In response, we have shifted to a business structure that minimizes market risk and ensures profitability. We have downsized the electric power retail business and focused on creating synergies with the solar power generation business by strengthening the functional aspects of the business. As a result, price fluctuation risk was eliminated in FY2022. In addition, we sold surplus electricity procured through relative trading on the wholesale power trading market, where prices are soaring, to secure profits.

The Group will strive to create an environment in which "energy with low environmental impact" is taken for granted from both the supply and demand sides, by creating a mechanism to deliver renewable energy to customers while expanding the use of renewable energy sources for the realization of a decarbonized society.

※SANIX ENERGY Inc. = Operates the SANIX ENERGY Tomakomai Power Plant, which provides power generation services in resource-recycling power generation (see page 39).

Transition to a circular economy and a decarbonized society, and to a "Non-Disposable" society.

Our ambition is to create a society that "recycling resources without abandoning" are common values. In recent years, the shift to circular economy has become a central issue for sustainable development, along with a decarbonized society. The circular economy is a concept that aims to realize resource circulation through recycling, reuse, reproduction, resource-saving product development, and sharing, rather than a unidirectional flow of procurement, production, consumption, and disposal. In the part the arterial industry had driven economic growth. Nowadays, the vine industry, which treats and recycles waste properly in the circle of circulation, holds more important position in our society.

For our resource recycling business, "Resource recycling power generation is one of core business"(see page 39). This unique business involves the recovery of end-of-life plastics, their conversion into fuel, and the generation of electricity from that fuel. And this resource recycling power generation is one of the main sources of power generation for our energy business mentioned above.

Our plastic recycling business was triggered by the fact that we caught the need for waste treatment while providing hygiene management for businesses. In 1994, the company entered the intermediate treatment of industrial waste. In the course of incineration*, we noticed the high calorie content of plastics, which led us to the fuel conversion business and a power station business to utilize them as fuel.

When we started the business in early 2000s, half of the waste plastic generated nationwide was simply incinerated or disposed of in landfills. Around 87% of waste plastics is

effectively used (Japan Plastic Recycling and Reuse Association) today (FY2021).

Approximately 4.05 million tons of industrial waste plastic is discharged annually, of which 2.52 million tons, or 62%, is thermally recycled (energy recovery) in Japan. (see above). 300,000 tons of waste plastic are collected by us at 15 factories nationwide, and produce 200,000 tons of fuel of which 150,000 tons are used annually as fuel at the SANIX ENERGY Tomakomai Power Plant (our subsidizing), in Tomakomai City Hokkaido. The amount of electricity generated is equivalent to the electricity consumption of about 55,000 ordinary households, meaning that fossil fuels are not needed to generate this amount of electricity. In addition, this power plant has been certified as a non-fossil power source since FY2020, and we have begun trading the environmental value of non-fossil electricity.

In addition, in the sorting process of waste plastic fuel, we sort out those suitable for plastic materials, process them in cooperation with partner companies, turn them into plastic materials, and promote material recycling to make recycled products such as pallets, hangers, and bags from these materials. In the future, we plan to install equipment for material recycling, and we are also considering the possibility of building a system that allows us to convert plastic raw materials into recycled products in-house. This will enable us to respond more flexibly to our customers' requests to reduce their environmental impact, such as reducing CO₂ emissions and maximizing the effective use of resources. In April 2022, we launched the "SANIX system," a centralized management system for waste disposal operations. The system was designed with the knowledge gained from our involvement in waste management and is equipped with the functions required by our customers. The system supports the appropriate and efficient execution of operations, from the management of collection requests and disposal status to the use of data and thorough compliance. In addition, the visualization of waste-related operations will be effective in identifying and improving issues such as cost optimization and promotion of environmental management. By providing this system, we intend to contribute to the construction of a sustainable society by reducing CO₂ emissions through the optimization of collection and transportation frequencies and disposal methods, and by promoting resource recycling through sorting.

In the field of resource recycling, we are also working on an organic liquid waste treatment business (Hibiki factory in, Kitakyushu City, Fukuoka Prefecture). Since 2000, we have been purifying more than 100,000 tons of sludge and

* Industrial waste intermediate treatment (incineration) factory ...Kitakyushu factory. Transferred to the 3rd party in 2007.

waste beverages discharged from food factories by microbial treatment. Currently, our customer's locations are widespread to Kansai area and Kanto area.

In addition, this business is not limited to mere treatment, but also promotes the recycling of oil and sludge from liquid waste into fuel. In the future, we intend to shift to a plant where fuel production is the main process. In 2018, we started manufacturing "Recycled Oil Bio," recycled oil produced by separating and recovering oil from grease traps* and marketing it as an alternative fuel to heavy oil.

In 2020, we will also begin a full-scale feasibility study on the conversion of waste sludge into fuel and are preparing to offer it to consumers as a fuel for biomass power generation. The conversion of waste liquids into fuel will

also make it possible to expand the range of acceptable waste liquids, such as those containing large amounts of oil and sludge.

In November 2021, "Recycled Oil Bio" was selected as "Kitakyushu Eco-Premium for FY2021," and in March 2023, it was certified as the "15th Fukuoka Prefecture Recycled Product. We have received numerous inquiries from customers, and we intend to expand our facilities gradually.

Through these businesses, the Sanix Group will contribute to the creation of a resource-recycling and decarbonized society.

*Grease trap: A grease separator that separates and collects grease and food scraps contained in kitchen wastewater.

■The transition from liquid waste purification treatment to recycled fuel production.



Recycled Oil Bio" is a fuel substitute for heavy oil, made by separating only the oil content from liquid waste discharged from restaurants and food factories. As a product with low environmental impact, it has received official recognition, including the "2021 Kitakyushu Eco-Premium" and "15th Fukuoka Prefecture Recycled Product.



Conversion of sludge generated in the purification process into fuel, for which demonstration tests are being conducted. Sludge left over from the dehydration of organic wastewater is desalted, dried, and recycled as a solid fuel to replace fossil fuels.

Human resource development to support our business

We believe that the quality of each individual engaged in this work is directly related to the quality of our services, so we have been focusing on employee education since the beginning of our company, based on our management philosophy that "work is education and education is management. We established its own training center and a department for employee education in its seventh year of operation. Since then, we have consistently considered the development of human resources to form a group of experts with a sense of mission, motivation and a wealth of specialized knowledge as one of our challenges, and we have been working on human resource development by constantly renewing our training programs.

As it is difficult to conduct group training due to the pandemic of COVID-19, New methods, such as online-based training, are being introduced as we move forward.

In addition, we believe that to provide good service that satisfies our customers, it is essential to have a work environment where employees can work energetically. Therefore, in addition to employee training, we also strive to create a pleasant work environment.

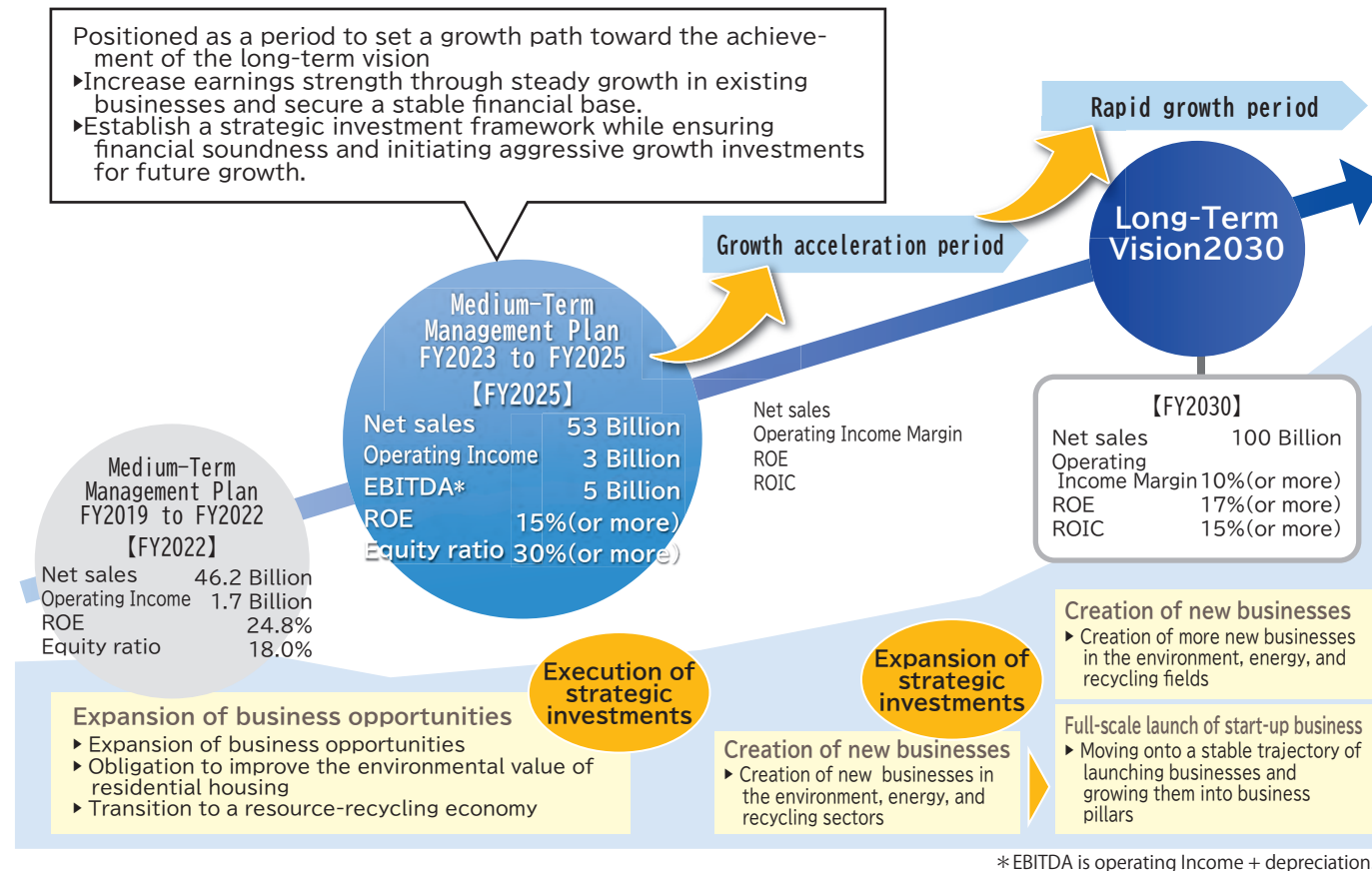
We will contribute to the creation of a comfortable environment for the next generation by striving for technological innovation and the development of high value-added services while placing importance on the safety, health, and compliance of our employees.



Outline of medium-term management plan (FY2023-FY2025)

Despite the uncertain business environment caused by soaring resource and energy prices and rising prices due to exchange rate fluctuations (yen depreciation), the Sanix group has formulated the "Medium-Term Management Plan (FY3/2024-FY3/2026)" as a period to lay the foundation for sustainable growth of existing businesses.

Sanix Long-Term Vision 2030 and Mid-Term Management Plan



Environmental Analysis and Identification of materiality

	Business environment	Material issues
Residential Environment area	<ul style="list-style-type: none"> ✓ Government policy on the revitalization of the existing housing market ✓ Government policy oriented toward improving the quality of housing stock from the perspective of decarbonization (e.g., mandatory installation of photovoltaic power equipment, popularization of ZEH homes, etc.) ✓ Growing awareness of, and need for, hygiene in housing during the COVID-19 pandemic ✓ Accelerate measures to address aging buildings and condominiums 	<ul style="list-style-type: none"> ✓ Establishment of a system for providing services that contribute to reducing the environmental burden and improving the environmental value of housing, such as energy conservation in housing ✓ Promotion of effective use of existing housing resources, such as the lengthening of the service life of houses, buildings, condominiums, etc., and remodeling
Energy area	<ul style="list-style-type: none"> ✓ Growing trend toward carbon neutrality in local communities and businesses ✓ Full-scale use of renewable energy in response to rising energy prices, tight power supply and demand, and growing environmental awareness 	<ul style="list-style-type: none"> ✓ Promotion of development of power sources capable of meeting renewable energy needs ✓ Establishment of photovoltaic power generation as a stable power source to become a sustainable social infrastructure
Resource Circulation Area	<ul style="list-style-type: none"> ✓ Growing global awareness of issues related to plastic waste ✓ Advocating the transition to a circular economy for society as a whole ✓ Stronger calls for companies to properly dispose of waste and promote recycling 	<ul style="list-style-type: none"> ✓ Development of new recycling methods ✓ Reviewing of the entire lifecycle of plastics and building a recycling system that contributes to the transition to a circular economy
Sanix Group	<ul style="list-style-type: none"> ✓ Sophistication of demands for corporate governance ✓ Stronger requirements for ESG indicators and nonfinancial information disclosure 	<ul style="list-style-type: none"> ✓ Strengthening of financial base ✓ Response to governance structure requirements ✓ Securing and development of human resources for planning and development in each area

Medium-Term Management Plan summary

2FY2025 forecasts		
Net sales	53	Billion
CAGR (2023→2026)	5%	
FY2022 Results	46.2	Billion

FY2025 forecasts		
Operating Income	3	Billion
CAGR (2023→2026)	20%	
FY2022 Results	1.7	Billion

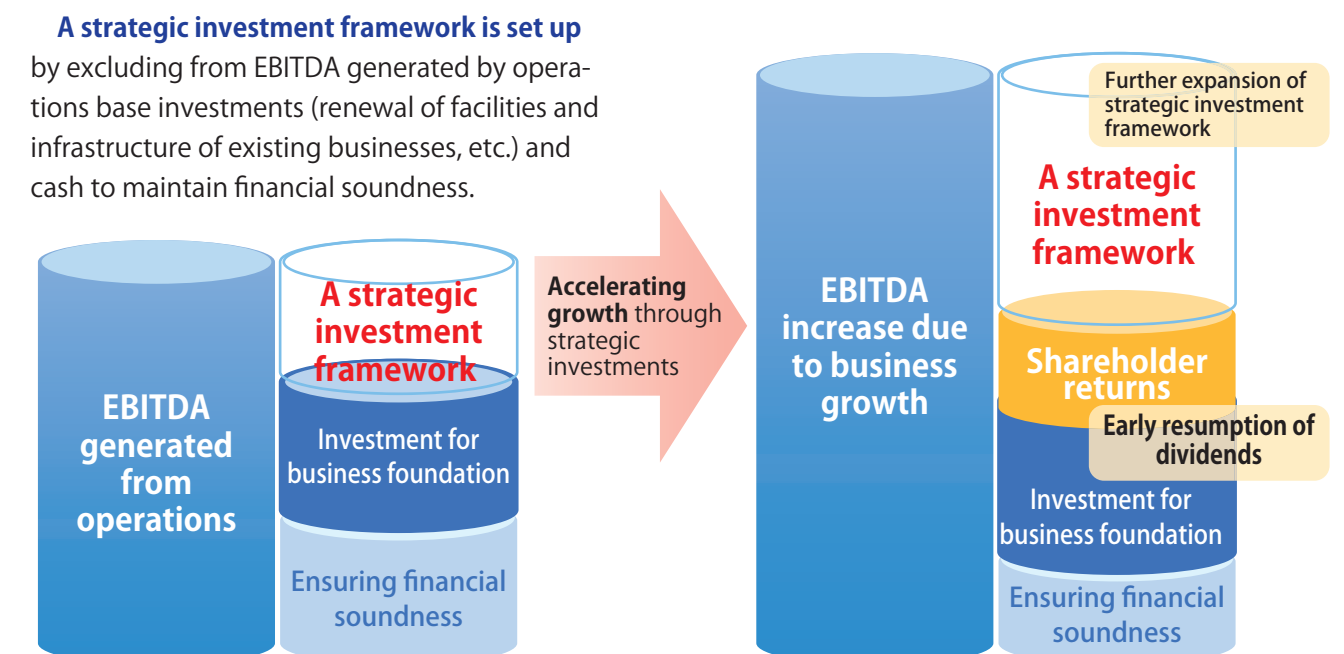
FY2025 forecasts		
EBITDA	5	Billion
CAGR (2023→2026)	11%	
FY2022 Results	3.6	Billion

FY2025 forecasts		
Equity ratio	30%	(or more)
	+1.2 Points	
FY2022 Results	18.0	%

1. Increase earnings strength through steady growth in existing businesses and secure a **stable financial base**.
2. Establish a strategic investment framework while ensuring financial soundness and **initiating aggressive growth investments** for future growth.
3. Pave the way for an **early resumption of dividend payments** by accumulating stable profits.

Strategic Investment Approach

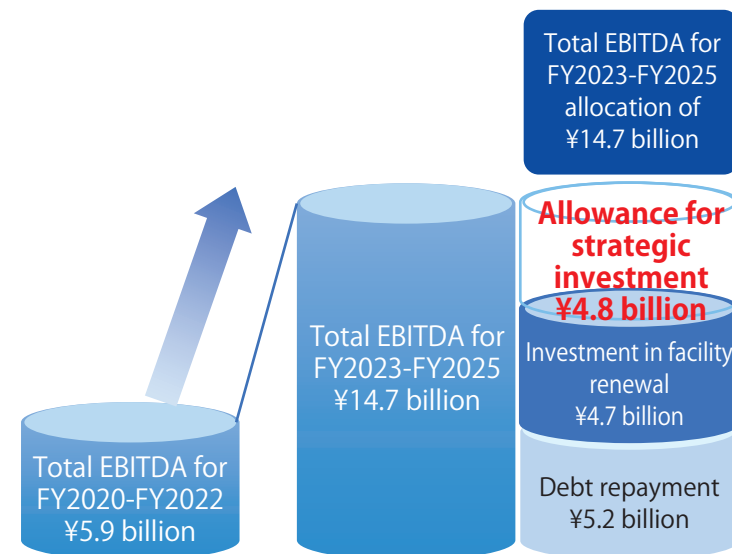
- **Set strategic investment frameworks** and invest in growth, using EBITDA generated by the entire business as a source of funds.
- Accelerate future growth through strategic investments, **further expand the strategic investment framework**, and **resume dividend payments as soon as possible**.



Medium-Term Management Plan (FY2023-2025) Overview

Resource Allocation

- The earning power of the entire business will increase during the plan period and three-year accumulated EBITDA is expected to be **14.7** billion yen.
- The portion excluding debt repayment and facility renewal are considered to be within the limit for **strategic investment** and funds are allocated for growth.



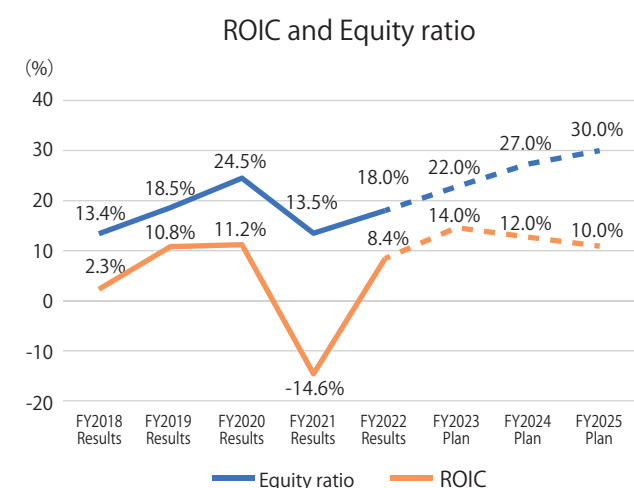
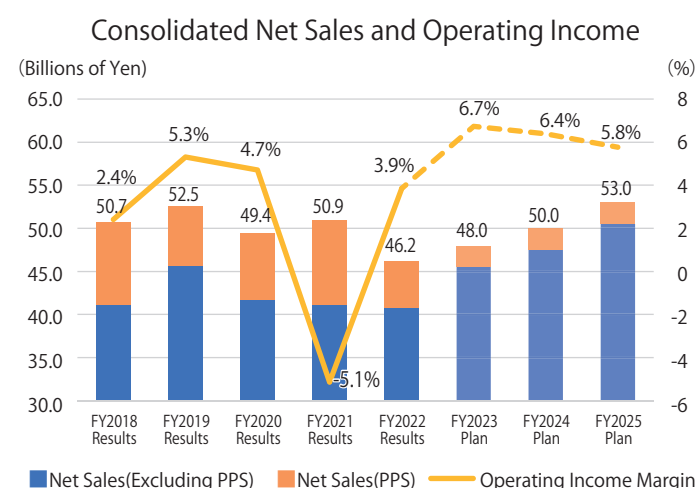
Set up a strategic investment framework of 4.8 billion yen over 3 years.

- Capital expenditures**(existing expansion, new)
- Entry into the material recycling business
 - Expansion and construction of waste-to-fuel facilities
 - Improvement of power generation performance at Tomakomai Power Plant
- R&D investment**
- Solar cell module recycling demonstration
- Investment in human capital**
- Securing of highly specialized human resources
 - Active recruitment and training of human resources
- M&A, alliances, etc.**
- Acceleration of growth (area and service expansion)
 - Synergy creation

Medium-Term Management Plan (Projections)

	FY2022 Results	FY2023 Plan	FY2024 Plan	FY2025 Plan
Net Sales	46.2	48.0	50.0	53.0
Operating Income	1.7	3.2	3.2	3.0
EBITDA*	3.6	4.8	4.9	5.0
ROE	24.8%	35.0%	24.0%	16.0%
ROIC	8.4%	14.0%	12.0%	10.0%
Equity ratio	18.0%	22.0%	27.0%	30.0%

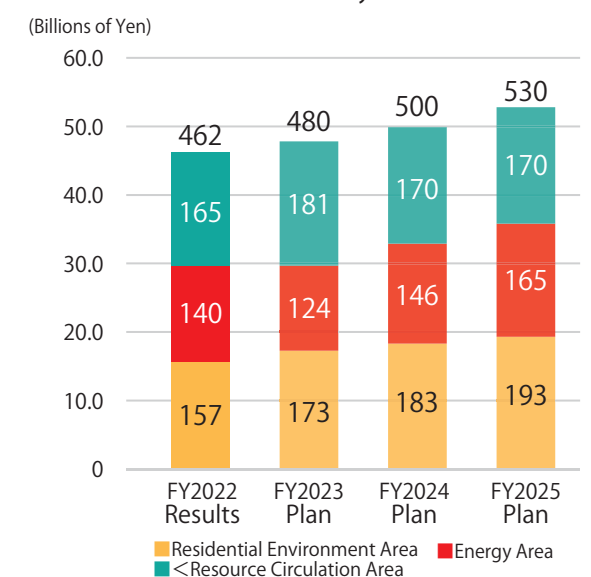
* EBITDA is operating income + depreciation.



Sales and Operating Income Plan by Business Domain

(Consolidated)	FY2022 Results	FY2023 Plan	FY2024 Plan	FY2025 Plan
Net Sales	46.2	48.0	50.0	53.0
Residential Environment	15.7	17.3	18.3	19.3
Energy	14.0	12.4	14.6	16.5
Resource Circulation	16.5	18.1	17.0	17.0
Operating Income	1.7	3.2	3.2	3.0
Residential Environment	1.4	2.2	2.3	2.5
Energy	0.2	0.1	0.4	0.9
Resource Circulation	3.1	3.6	2.9	2.1
Group	(3.0)	(2.7)	(2.6)	(2.5)

Consolidated Net Sales by Business Domain



Topic

Research and development of new business

~ 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.

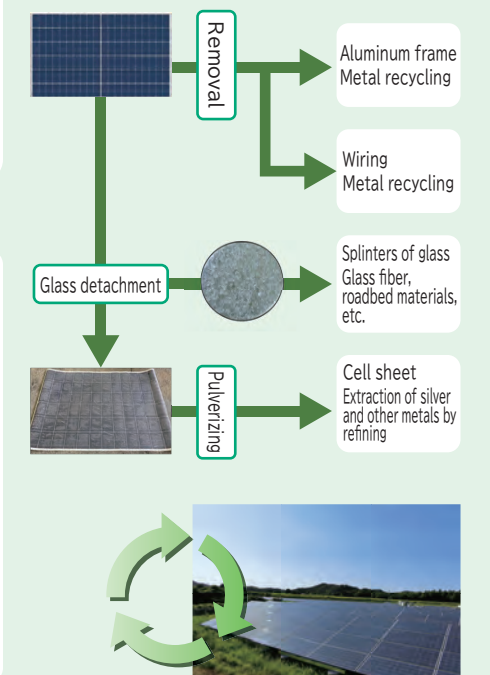
Panel disposal forecast in Japan

- In the 2030s,
- End of FIT period
 - Panel life
- Panel disposals are expected to increase sharply due to factors such as

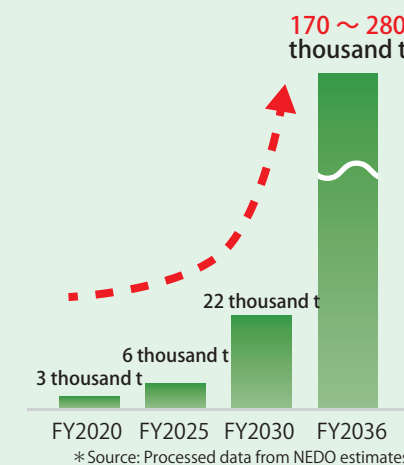
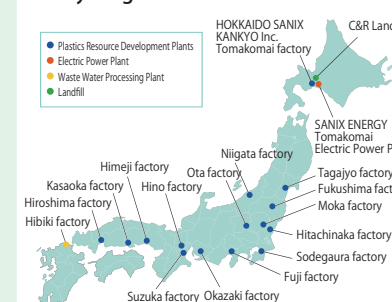
Huge amount of solar panel shipments accumulated in the photovoltaic power generation business

- Residential : Approx. 20,000
 - Business use: Approx. 29,000
 - Cumulative total 1.4 GW
 - Cumulative shipments of approximately 5 million panels
- as of March 31, 2023

Panel recycling image



Utilize our nationwide network of industrial waste treatment and recycling sites.



Value Creation Stories in the Residential Environment Area



From detached houses to buildings, condominiums, and urban spaces, we connect comfortable and hygienic living and the asset value of buildings to the next generation.

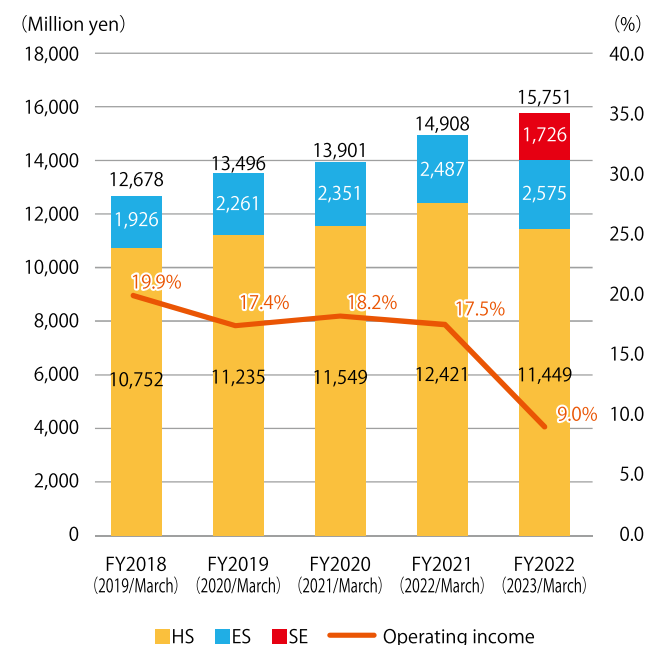
Factors that shorten the lifespan of important buildings lurk in unseen places, such as wood decay and termite damage in houses and deteriorated water supply and drainage pipes in buildings and condominiums. The Sanix Group promotes total maintenance from the viewpoint of "preventive medical care" (the concept of preventing the occurrence of problems before they occur). We also provide solar power generation, renovation, and sanitary management of urban spaces to realize comfortable and hygienic living that can be passed on from generation to generation.

Residential Environment Domain Results

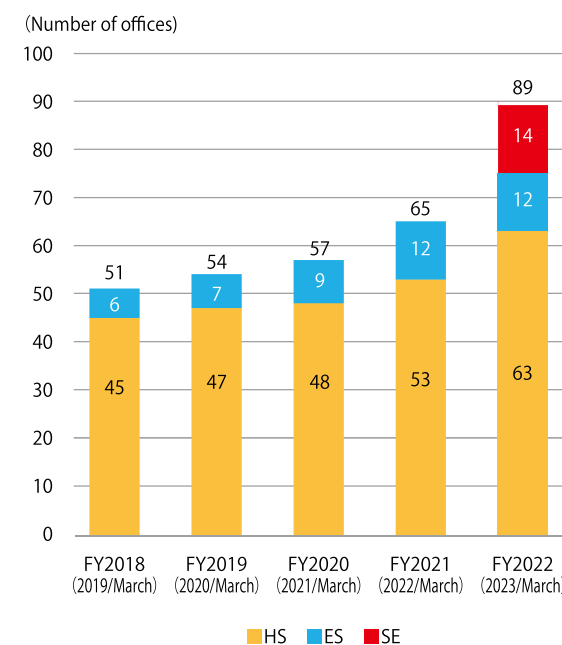
(Million yen)

	FY2018 (2019/March)	FY2019 (2020/March)	FY2020 (2021/March)	FY2021 (2022/March)	FY2022 (2023/March)
Net Sales	12,678	13,496	13,901	14,908	15,751
Gross profit	7,364	7,935	8,362	8,995	8,822
Gross margin	58.1%	58.8%	60.2%	60.3%	56.0%
Operating income	2,519	2,343	2,525	2,609	1,421
Operating margin	19.9%	17.4%	18.2%	17.5%	9.0%

Net Sales by Segment - Operating Income



Number of Sales Offices by Segment



Main products and services

Home Sanitation (HS) Business

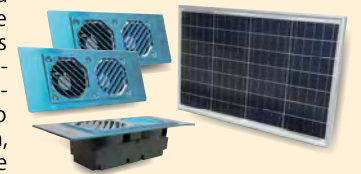
Termite control system

Our staff, who are well versed in the habits of termites, will take appropriate action from prevention to extermination. Our expertise, know-how and after-sales service will protect customer's home from termite damage.



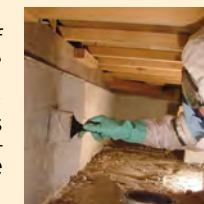
Underfloor / attic ventilation system

Solar-powered underfloor and ceiling fans remove moisture from underfloors and ceilings and create an airflow path. Diffusion fans and under-floor humidity control materials are also available to increase ventilation, improve comfort and increase the durability of housing.



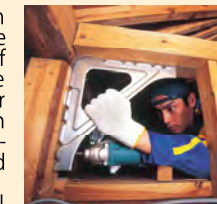
Foundation repair work

Aramid fiber sheet is attached to the surface of the foundation concrete with epoxy resin to form fiber reinforced plastic (FRP), which repairs cracks in the foundation and contributes to suppressing the progress of deterioration.



House reinforcement system

SANIX's unique system that improves the earthquake resistance and durability of houses by reinforcing the main joints under the floor and under the ceiling with hardware. We have shortened the construction period without performing large-scale exterior wall construction.



Home remodeling

We provide comfortable remodeling that suits your lifestyle and needs, from improving the surroundings of water and making it barrier-free, refreshing exterior walls, roofs, cloths, etc., and seismic repair work.

Establishment Sanitation (ES) Business

Maintenance measures for water supply and drainage equipment

Practicing efficient centralized management of water supply and drainage equipment maintenance. With our main product, "Negatively charged water generator," we aim to extend the life of pipes by suppressing the generation and advance of rust in the pipes, and to solve problems by removing scale and oil stains and suppressing adhesion.



Negatively charged water generator



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

Pest control



Pest control and removal

With advanced expertise, we control pests and animals such as cockroaches, mite, flies, mosquitoes, and rats, and prevent the invasion of harmful birds, and shut out harmful organisms that are the medium of pathogens.

Sanitation management support in accordance with HACCP

Businesses that handle food, such as restaurants and food factories, are obligated to manage sanitation in accordance with HACCP (Hygiene Administration Control Method). We provide support from the creation to operation of hygiene management plans from a professional perspective. We also provide periodic hygiene inspections and guidance for improvement based on the results.



ATP wipe inspection (to confirm cleanliness)

Maintenance of buildings and condominiums

Total management of water sanitation, waterproofing of rooftops, and painting, cleaning, and repair of exterior walls.

Rooftop waterproofing



Solar Engineering (SE) Business

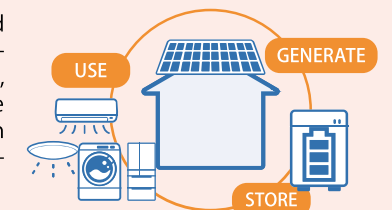
Residential solar power generation system

Aimed to popularize solar power generation, we will offer it at the lowest possible cost and realize a life that is friendly to both the environment and households.



Energy storage system

With the growing need for solar power generation for self-consumption, we propose the flexible use of electricity through the introduction of storage batteries.



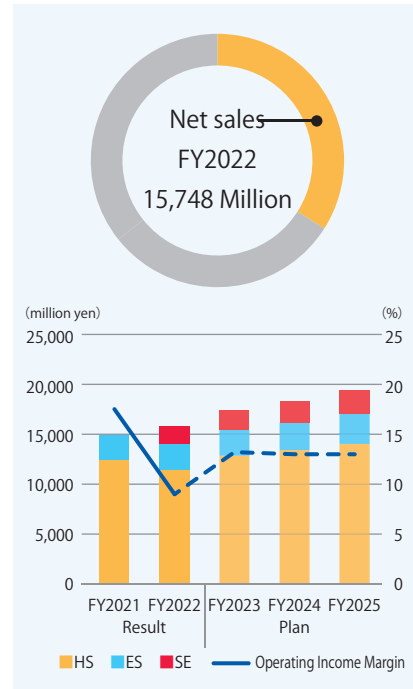


Value Creation Story (Growth Strategy) in the Residential Environment Area

Strengthen corporate sales (cultivation of business partners) system

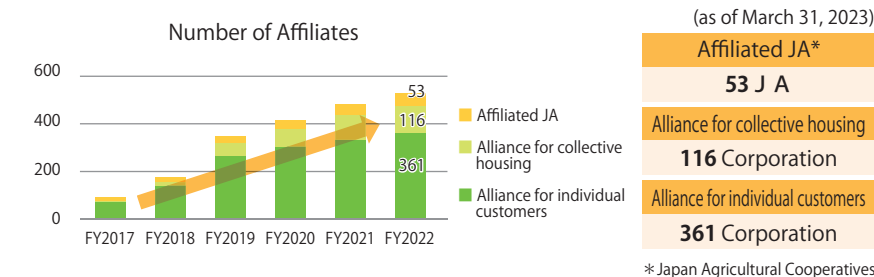
- Expand new customer channels and improve sales productivity through expansion of business partners.
- Increase sales capabilities and service quality through enhanced retention and development of human resources.

<Mid-term Management Plan by Segment>



	FY2022 Results	FY2023 Plan	FY2024 Plan	FY2025 Plan
Net Sales	15.7	17.3	18.3	19.3
HS	11.4	12.8	13.4	14.0
ES	2.5	2.6	2.8	3.0
SE	1.7	1.9	2.1	2.3
Operating Income	1.4	2.2	2.3	2.5

- Net sales are expected to rise 3.6 billion yen from FY2022, to 19.3 billion yen.
- Operating income is expected to be 2.5 billion yen, reflecting improved profitability thanks to the increased productivity, although personnel and other expenses will rise with the headcount increase.
- The headcount is expected to increase by approximately 170 to over 1,200 over the next three years.



<Our strengths and external environment>

<Our strengths>

- Stable revenue base based on ongoing business relationships with customers
- Human resources with both high sales capabilities and construction skills
- Sales network rooted in local communities

<External environment>

- Government policy that forms high-quality housing stock and emphasizes the use of housing stock, including home renovation and existing home distribution
- Expansion of demand for housing maintenance and hygienic environments generated by the COVID-19 pandemic
- Growing need for photovoltaic power generation for residential housing due to the steep rise in electricity fees and growing environmental awareness

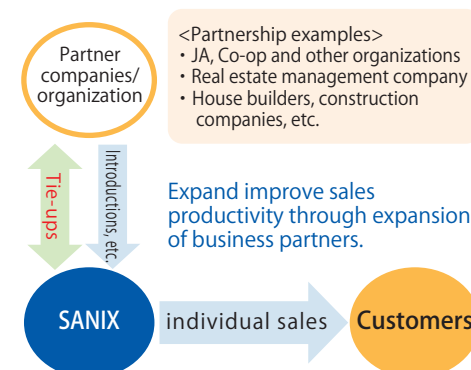
Housing Policy Trends

Total number of housing units: **approx. 62 million**, of which wooden single-family houses: **approx. 29 million** (including vacant houses)

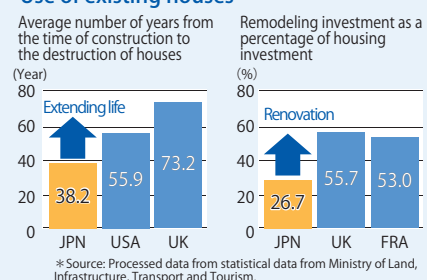
- With the number of new housing starts expected to shrink against the backdrop of a declining population and other factors, the Company has shifted to a policy of improving the quality of existing housing and **emphasizing the use of existing housing**.
- In addition, the policy is to promote energy conservation from the perspective of decarbonization.

Improvement of corporate marketing

In addition to strengthening the sales style of individual visits, **the corporate sales system will be expanded** to broaden the scope of sales and respond to diverse needs.



Use of existing houses



Promotion of decarbonization (Energy conservation)

- ▶ Photovoltaic power generation
 - ▶ Storage batteries
 - ▶ Improved thermal insulation performance (Windows, insulation, etc.)
- Market revitalization for both new and existing buildings given a trend toward mandatory construction and expansion of support (subsidy) programs, etc.

Customer Testimonials

In our ancestral HS business (service for detached houses), we have pest control for over 800,000 customers' homes since our establishment in 1975. During the five-year term of our termite disinfection warranty, we conduct regular inspections once a year to provide peace of mind. The following is a partial list of customer feedback regarding periodic inspections and termite disinfection (in no particular order). We are grateful for the support of our many customers and will continue to strive to provide services that satisfy them.



Good to see images of what is under the floor, something I never get to see myself.

I never see what is under the floor by myself, so it was good to be able to see the images on the spot so that I could understand it better. They also answered our questions in detail, which was helpful for our future reference.

Mr. I in Hiroshima (December 2022)

Satisfied with customer-oriented response and attitude

I am satisfied with the customer-oriented attitude and response regarding the replacement of the inspection. I was also satisfied with the pleasant workers' movements. Thank you to all the inspectors and replacement installers. Good luck with Sanix, of which we are even more proud!

Mr. H in Hyogo (October 2022)

Excellent work and courteous service.

As always, I appreciate the sincerity of the employees. I also like their courteous work. It has been more than 30 years since we started our relationship at the beginning of the Heisei era, and we look forward to a long-lasting business relationship with you in the future. Thank you very much for your help today.

Mr. H in Kagawa (January 2023)

Overwhelmed by the work ability.

I was overwhelmed by the work capacity of the actual section chief who did the work. Please convey my best regards!

Mr. T in Wakayama (November 2022)

Very satisfied with the inspection and the explanation!

Even though this year's inspection was delayed due to our circumstances, we received many polite phone calls. I was very satisfied with the inspection and explanation on the day of the inspection. I was not feeling well on my feet and legs, so they helped me clean up the mess. Thank you very much.

Mr. U in Osaka (December 2022)

Always pleasant and explanatory.

We only see them once a year on the inspection day, but they always explain everything pleasantly, so we decided to continue with them this time.

Mr. S in Fukuoka (December 2022)

A lifetime partner for consultation and peace of mind.

Look forward to working with you as a lifelong partner. Feel at ease because I can consult with you.

Mr. T in Yamaguchi (March 2023)

The explanation with photo images was easy to understand

The explanation of the work was detailed and easy to understand. The termite inspection was well done and I was satisfied. I look forward to working with you again in the future.

Mr. S in Kagoshima (January 2023)

Photo business cards with a face to give you a sense of security

Business cards with a picture of your face for peace of mind. I think it is polite and good.

Mr. W in Aichi (October 2022)

Considerably thorough investigation under the floor

The underfloor was investigated quite thoroughly and photos were taken very closely. The explanation was very detailed and easy to understand based on the floor plan.

Mr. N in Nagasaki (November 2022)

Friendly, easy to ask questions, and impressed with the manner

Courteous and prompt in responding to our questions. Friendly, easy to ask questions, and impressed with the manners of the staff, such as going through the living room without stepping on the carpet. I will consider signing a contract when the opportunity arises. Thank you very much.

Mr. O in Ehime (November 2022)

Value Creation Stories in the Energy Area



Proven technology and accumulated experience in manufacturing, procurement, sales, installation, and maintenance of photovoltaic power generation systems. Supporting the new energy age with a total service.

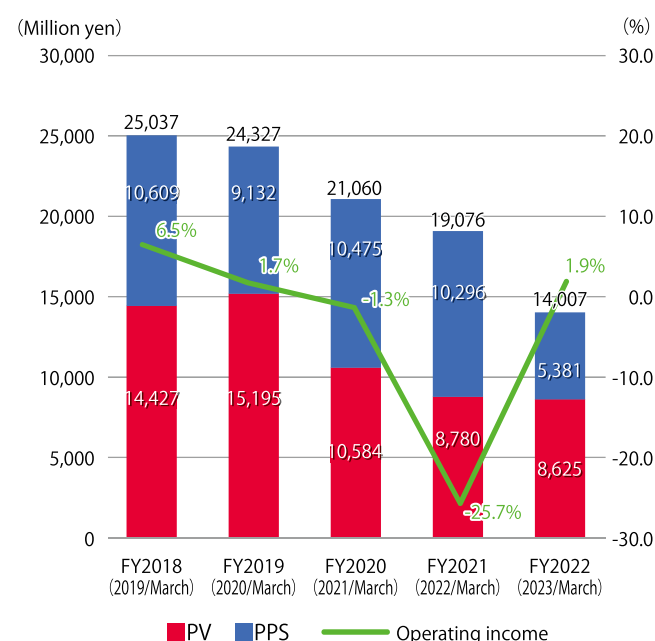
Decarbonization is now a common challenge for all humankind. In Japan, this trend has been accelerating since the 2050 Carbon Neutral Declaration.

We propose the most appropriate form of solar power generation systems to meet the needs of our customers. From installation to maintenance, we support the promotion of environmental management and the spread of renewable energy.

Energy Area Results

	FY2018 (2019/March)	FY2019 (2020/March)	FY2020 (2021/March)	FY2021 (2022/March)	FY2022 (2023/March)
Net sales	25,037	24,327	21,060	19,076	14,007
Gross profit	5,304	4,236	3,252	(1,859)	2,348
Gross margin	21.2%	17.4%	15.4%	(9.7%)	16.8%
Operating income	1,617	416	(279)	(4,908)	261
Operating margin	6.5%	1.7%	(1.3%)	(25.7%)	1.9%

Sales by Segment - Operating Income



Main products and services

PV (corporate photovoltaic) business

Solar power generation system

Promote effective use of factory roofs and building roofs. We support asset management, cost (electricity) reduction, disaster countermeasures and environmental management by solar power generation, centering on self-consumption type systems. We provide total support from proposals to design, construction and after-sales maintenance.



PPS (Power Producer and Supplier) Business

Electricity retail

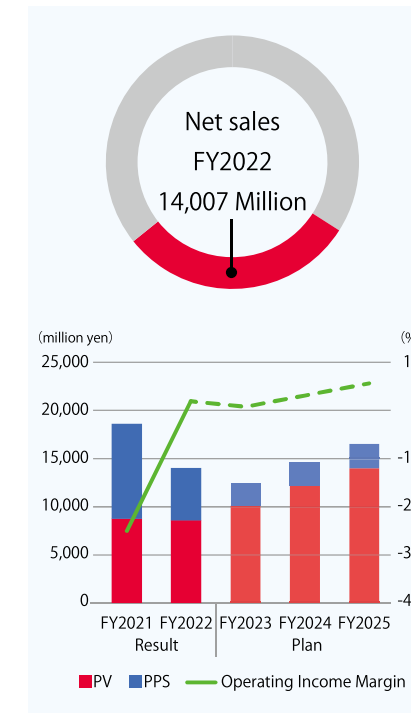
Registered as a Specified-Scale Electricity Utility (electricity retailer) in 2001, and registered as a registered retail electricity provider with the Ministry of Economy, Trade and Industry in 2015 (registration number: A0057). Solar power generation business and electricity sales have a high affinity, and the synergy effect enables us to provide a wide range of services.

Value Creation Story (Growth Strategy) in Energy Area

Full transition to non-FIT model

- Reinforcement and area expansion of the system for proposing photovoltaic power for self-consumption to companies and municipalities that are strengthening their decarbonization efforts.
- Promote the development of photovoltaic power plants as a renewable energy source for energy providers supplying renewable electricity.

<Medium-term Management Plan by Segment>



	FY2022 Results	FY2023 Plan	FY2024 Plan	FY2025 Plan
Net Sales	14.0	12.4	14.6	16.5
PV	8.6	10.1	12.2	14.0
PPS	5.3	2.3	2.4	2.5
Operating Income	0.2	0.1	0.4	0.9

- Net sales are expected to be 16.5 billion yen due to growth in the PV business on the back of growing decarbonization needs.
- The PPS business has completed business structure reform and has almost halved the sales scale.
- The operating profit margin will gradually improve, despite the significant impact of material cost hikes through FY2023.

Proactively installing solar power generation equipment for self-consumption at its own facilities in order to achieve a decarbonized society. (The following is a part of the list)



<Our strengths and external environment>

<Our strengths>

- Ability to provide seamless services from the development, manufacturing, sale, and construction of photovoltaic power generation systems to their maintenance.
- Ability to propose optimal self-consumption plans leveraging our knowledge of electricity.
- High-quality construction performed by many qualified engineers.
- Track record of approx. 29,000 solar power plant for business use construction projects.

<External environment>

- An increase in the impact of installing photovoltaic power generation equipment due to a steep rise in electricity expenses and a decrease in the cost of this equipment.
- Growing demand for renewable energy sources from electric utilities, etc., as demand for renewable energy sources rises.
- Corporate efforts to reduce GHG emissions and local activities to achieve zero-carbon cities are in full swing.

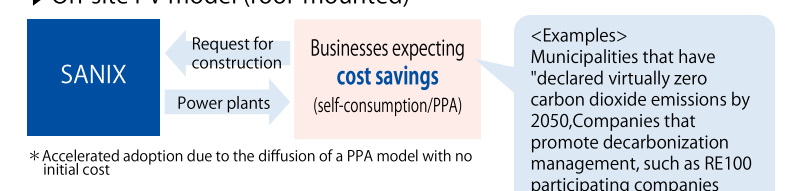
Conventional model based on FIT system

	System capacity	FIT-Price
FY2012	More than 10 kW	40Yen/kWh
FY2013	More than 10 kW	36Yen/kWh
¥		¥
FY2022	More than 10 kW and less than 50 kW	11Yen/kWh
	More than 50kW	10Yen/kWh
FY2023	More than 10 kW and less than 50 kW	10Yen/kWh
	More than 50kW	9.5Yen/kWh

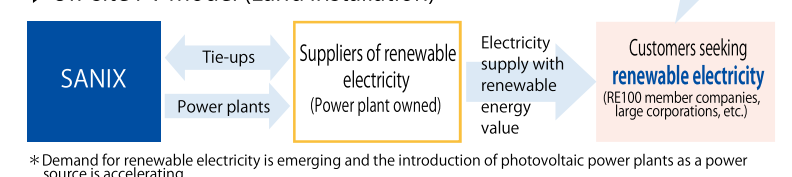
* Attractiveness of FIT declines significantly as unit purchase price declines

New dissemination model that does not rely on the FIT system

On-site PV model (roof-mounted)



Off-site PV model (Land installation)



Value Creation Stories in the Resource Circulation Area



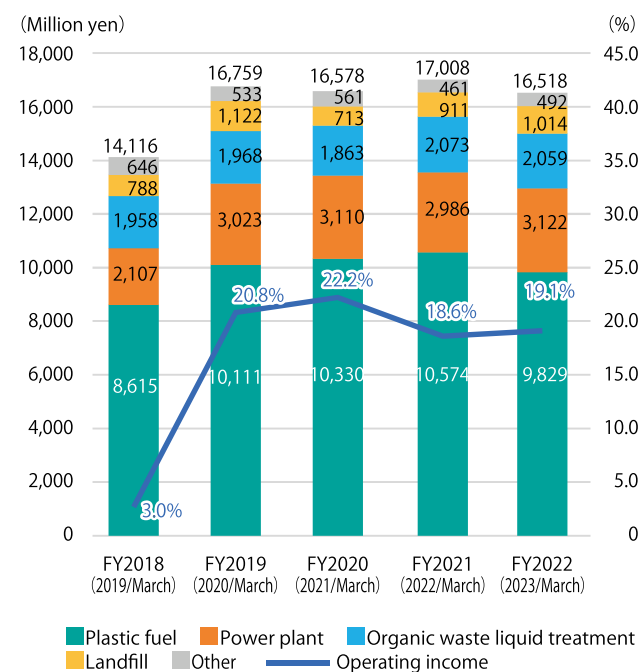
Aiming for harmony between the global environment and industrial development as a member of the “venous industry”.

Since the creation of a sustainable society has become a common social issue, the adequate disposal and recycling of industrial waste is an important theme. Our group contributes to the creation of a circulation-oriented society through businesses that consider the global environment for the next generation, such as the recycling of waste plastics into fuel and the purification and recycling of waste liquids discharged from food factories.

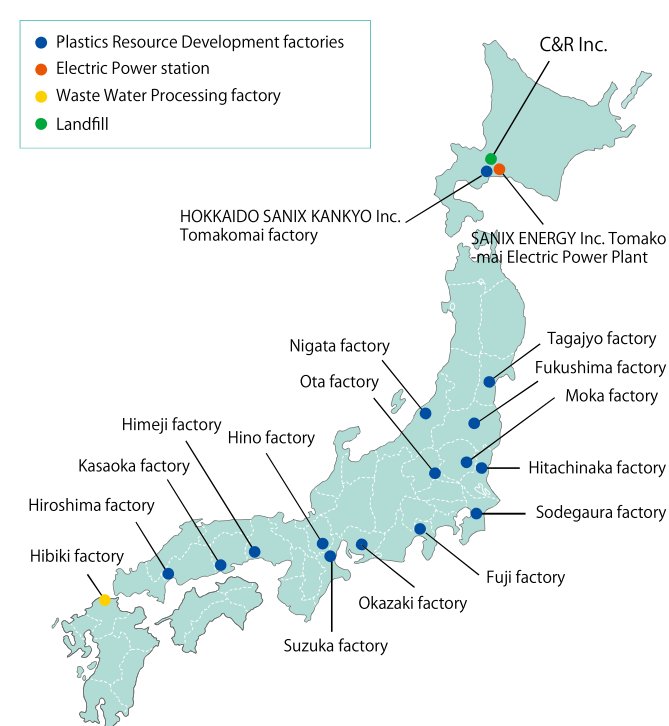
Resource Circulation Area Results

	FY2018 (2019/March)	FY2019 (2020/March)	FY2020 (2021/March)	FY2021 (2022/March)	FY2022 (2023/March)
Net sales	14,116	16,759	16,578	17,008	16,518
Gross profit	2,160	5,384	5,538	4,957	5,037
Gross margin	15.3%	32.1%	33.4%	29.2%	30.5%
Operating income	423	3,483	3,673	3,158	3,153
Operating margin	3.0%	20.8%	22.2%	18.6%	19.1%

Sales by Segment - Operating Income



Location of ERD factories and Facilities



Main products and services

Environmental Resource Development Business

Fuel conversion of waste plastic

We have 15 factories (plastic resource development factory) nationwide for the purpose of converting industrial waste plastics into fuel. By finely crushing a wide variety of waste plastics, we promote thermal recycling which is used as an alternative fuel for petroleum and coal.



Plastic resource development factory

Waste liquid treatment / recycling

We have a system in place to accept a large amount of organic waste water discharged from stores in the food service industry, food factories and other miscellaneous wastewater pits. We can remove 99% or more of high-concentration pollutants through a series of treatment processes. We are also promoting the recycling of oil and dehydrated sludge as fuel.



Hibiki Factory
(Organic waste liquid treatment factory)

Resource recycling power generation system

A "resource-recycling power generation system" that uses plastic processed and turned into fuel at a plastic resource development plant as energy for a power generation facility (see figure below). Compared to coal, this system has a higher calorific value, and has less CO₂ emissions and incinerated ash generation, thus has less environmental impact and can supply high-value-added electric energy. As a non-fossil power source, non-fossil certificates are also issued.



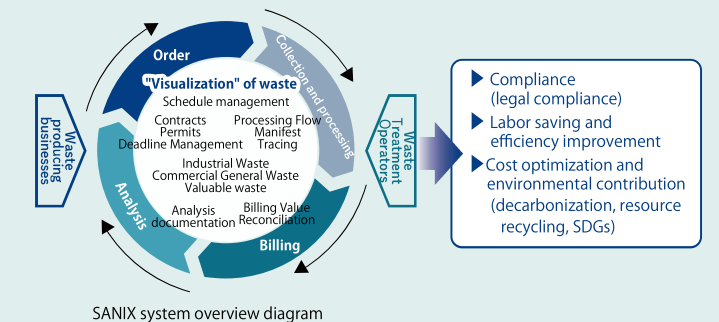
SANIX ENERGY Tomakomai Power Plant



Final disposal site (C & R Inc.)

Integrated Disposal Management System

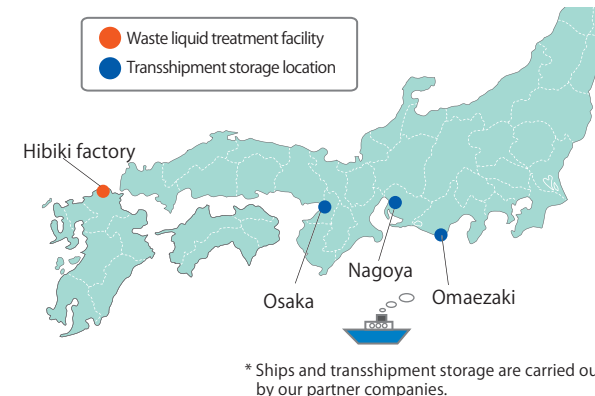
Supports adequate and efficient business operations by providing a system that "visualizes" disposal operations.



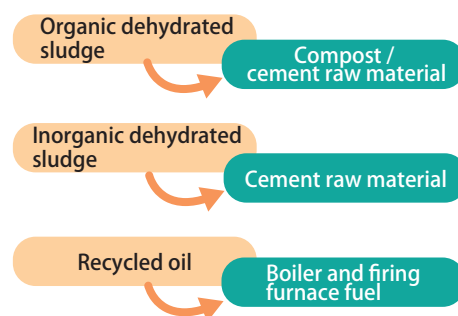
Waste liquid purification treatment by microorganisms, recycling of oil and sludge

Along with the recycling-oriented power generation business (conversion of plastics into fuel and power generation using this fuel), another resource recycling business is the purification and treatment of waste liquids.

The Hibiki Factory (Kitakyushu City, Fukuoka Prefecture, started operation in 2000) is the largest facility in Japan specializing in the treatment of liquid waste. It is capable of treating 1,300 m³/day of organic and inorganic liquid waste from food factories and other plants, and can accept large volumes of liquid waste by ship and use 4,800 m³ of storage tanks for short notice acceptance.



Recycling = resource recycling is the first priority, and process products are used



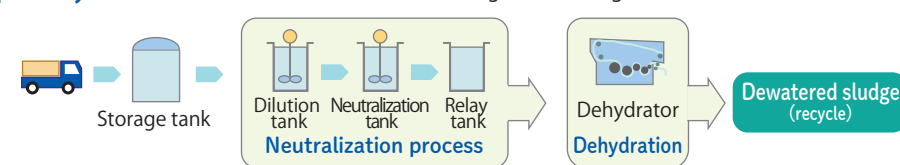
In addition to purification treatment, we promote the recycling and reuse of oil and sludge contained in liquid waste. This contributes not only to the effective use of resources, but also to the expansion of the amount of liquid waste received and the reduction of final disposal costs for sludge and other waste. Since 2018, we have been producing and selling recycled oil concentrated from the oil contained in kitchen waste liquids, etc. Our recycled oil (product name: "Recycled Oil Bio") was selected as a "Kitakyushu Eco-Premium in 2021" and certified as the "15th Fukuoka Prefecture Recycled Product. In addition, from FY2020, we have been conducting demonstration tests to commercialize the use of sludge left over after dehydration as fuel.



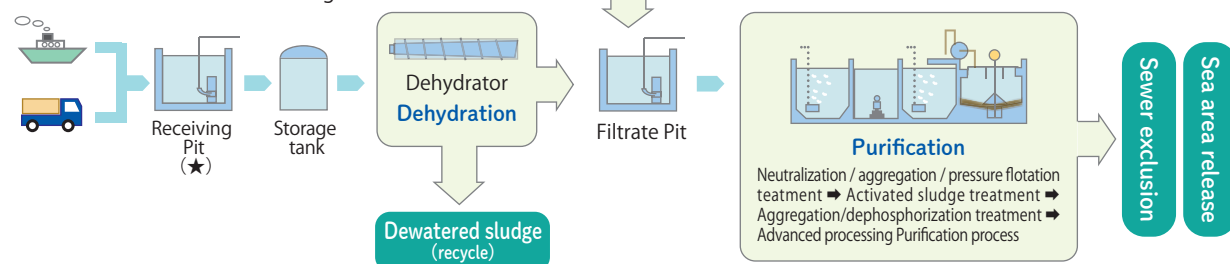
Fukuoka Prefecture Recycled Product Certification for "Recycled Oil Bio". Certified in March 2023 as meeting certain standards for environmental safety and quality performance.

Waste liquid purification treatment flow

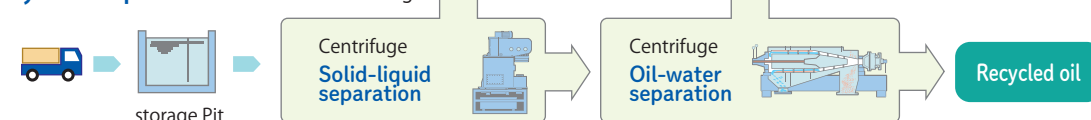
Specially controlled industrial waste (Strong acid / Strong alkali)



Industrial waste (Sludge, waste acid, waste alkali, animal and vegetable residues)



Recycled oil production (waste oil · sludge)



There are many types of waste liquid, and it contains various components. Before the processing process, we analyze the properties and perform reliable and appropriate processing.

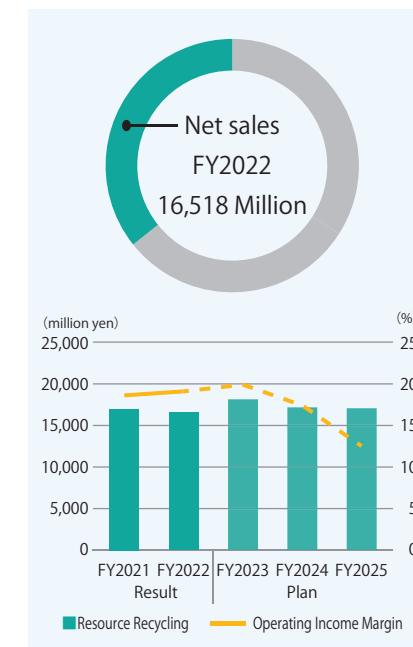


Value Creation Story (Growth Strategy) in Resource Circulation Area

Execute strategic investments to expand business areas and advance and diversify recycling technologies.

- Expand new customer channels and improve sales productivity through expansion of business partners.
- Increase sales capabilities and service quality through enhanced retention and development of human resources.

<Medium-term Management Plan by Segment>



	FY2022 Results	FY2023 Plan	FY2024 Plan	FY2025 Plan
Net Sales	16.5	18.1	17.0	17.0
Plastic fuel	10.3	10.4	10.7	10.9
Power Plant	3.1	4.8	3.4	3.0
Waste liquid treatment	2.0	2.1	2.3	2.5
Landfill	1.0	0.6	0.6	0.6
Operating Income	3.1	3.6	2.9	2.1

- Sales increase significantly in the first year due to an increase in the unit price of electricity sold at power plants, but in the second and third years, the number of operating days declined as full-scale renewal work begins.
- The volume of plastic processing orders is gradually increasing with new orders.
- In liquid waste treatment, expect to increase production of Recycled Oil Bio from the second year and start selling sludge fuel from the third year.
- In terms of overall operating income, the transition is affected by the unit price of electricity sold by power plants and operating conditions.

<Our strengths and external environment>

<Our strengths>

- Characteristic resource-recycling power generation model that uses only waste plastics as fuel (Non-fossil power source).
- A nationwide network of 15 intermediate waste plastic processing plants to collect waste plastics.
- High rate of conversion to fuel and recycling technologies backed by an established track record.

<External environment>

- Increasing demand for resource recycling throughout the supply chain, and expanding efforts to increase the recycling ratio, especially among large companies.
- Demand for the establishment of appropriate regional resource circulation systems.
- Demand for waste-derived recycled fuels is growing due to corporate GHG emissions reductions and soaring fossil fuel prices.

Trends in wastes and resource recycling policies

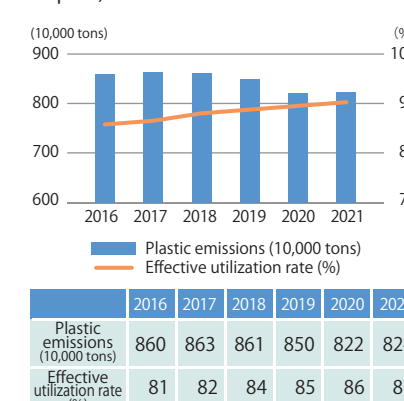
Policies toward a circular economy in which resources are circulated instead of discarded are strengthened. In particular, the recycling of plastic resources will be promoted.

- Establishing comprehensive strategy for plastic material recycling
- Law Concerning the Promotion of Resource Recycling of Plastics (New Plastics Law) comes into effect.
- ✓ **Effectively utilize used plastics through 100% reuse and recycling**, etc. by the year 2035
- ✓ **Double the use of recycled plastics** by the year 2030

Measures will be taken to promote plastic resource recycling efforts by all entities (from product design to treatment of discharged plastic), and waste generators will be required to actively reduce discharges and to work on recycling plastics.

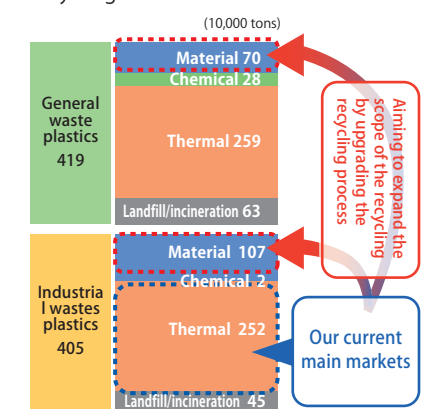
Waste plastic emission trends

Waste plastic emissions are gradually decreasing while the effective utilization rate is increasing (2020 - COVID 19 impact)



Starting material recycling initiatives

Aiming to respond to market needs and expand target areas by upgrading recycling



*There are cases where the breakdown total and total number do not match due to rounding.

*All figures are processed by our company based on the "Status of Production, Disposal, Recycling, Treatment and Disposal of Plastic Products in 2021" (Japan Plastic Recycling and Reuse Association).

Expansion of Business Areas

Waste plastic processing business: Start full-scale material recycling and expand the business domain.

Intangible aspects

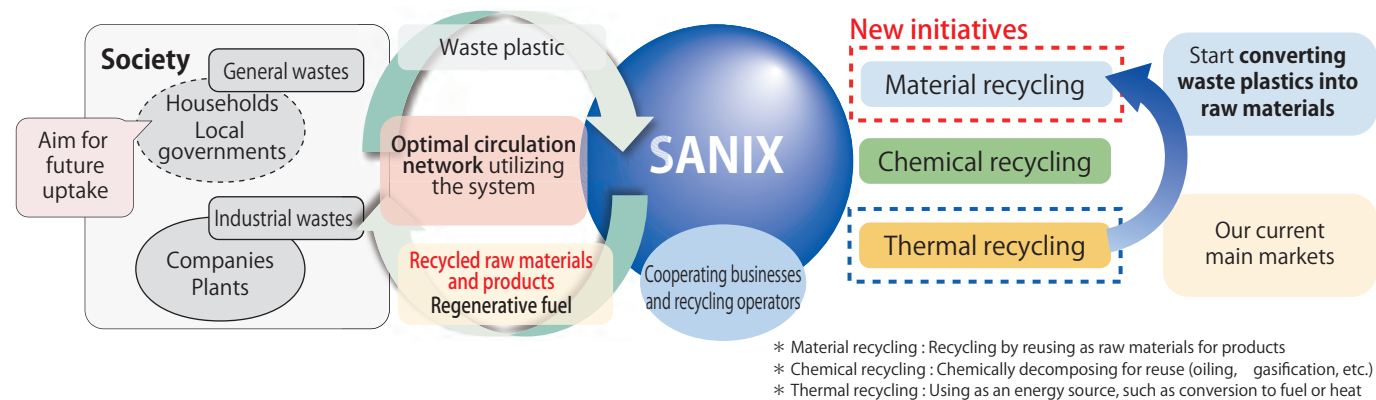
Establish a resource recycling network through a waste management system.

- Start sales of SANIX system for waste generators and SANIX system Pro for collection and transportation companies.
- By expanding and upgrading the system, build a waste recycling network in the future and improve the recycling rate of society as a whole.

Tangible aspects

Introduce material recycling facilities.

- Install new processing facilities for hard plastics and develop recycling into raw materials and recycled products based on collaboration with recycling companies, etc.
- Aim to incorporate waste plastics from municipalities for container and packaging recycling in the future.



Enhancement and Streamlining of Existing Facilities

Waste liquid treatment business
Doubling of recycled oil production line
+ conversion of sludge into fuel



Industrial waste as raw material



Recycled fuel (Recycled Oil Bio®)

- **Expand the production line for Recycled Oil Bio**, a recycled fuel derived from organic waste liquids that is delivered to the Hibiki Plant, which purifies and treats waste liquids.

✓ Inquiries for using an alternative fuel to fossil fuels are strong, so plan to double the number of production lines from the current one to two by the end of FY2023.

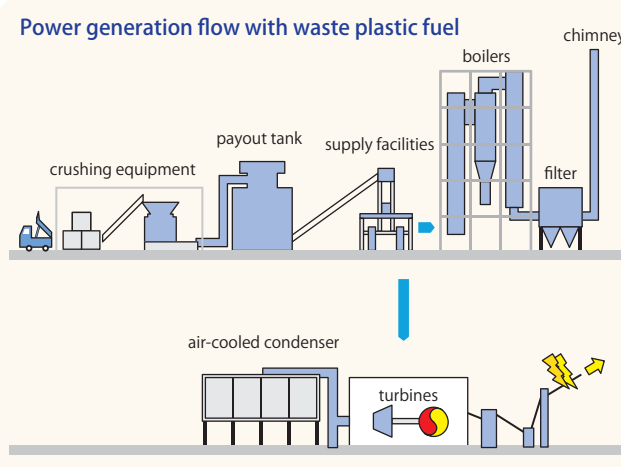
Production capacity **2,160t / year ▶ 4,320t / year**

- In addition, **a new line to convert sludge contained in organic liquid waste into solid fuel** is expected to start operation in FY2025.

✓ Reduce sludge disposal costs and generate new revenue from fuel sales.

* Recycled Oil Bio is a fuel made from recycled waste that has been recognized for its high environmental value and certified as a Kitakyushu Eco-Premium in 2021 and the 15th Fukuoka Prefecture Recycled Product.

Power generation business
Facility renewal
+ power generation capacity improvement



- Large-scale investments have been initiated to ensure stable operation and efficiency in the future, focusing on the main facilities of the Tomakomai Power Plant, which has been in operation for about 20 years since October 2003

✓ Boiler equipment: Replace piping inside the boiler sequentially over a period of about 5 years starting in the FY2024.

✓ Turbines & generators: Renew turbines and generators to be implemented in FY2025. Expect to improve **power generation capacity by about 8%** through optimal design.

Management foundation that supports sustainable growth



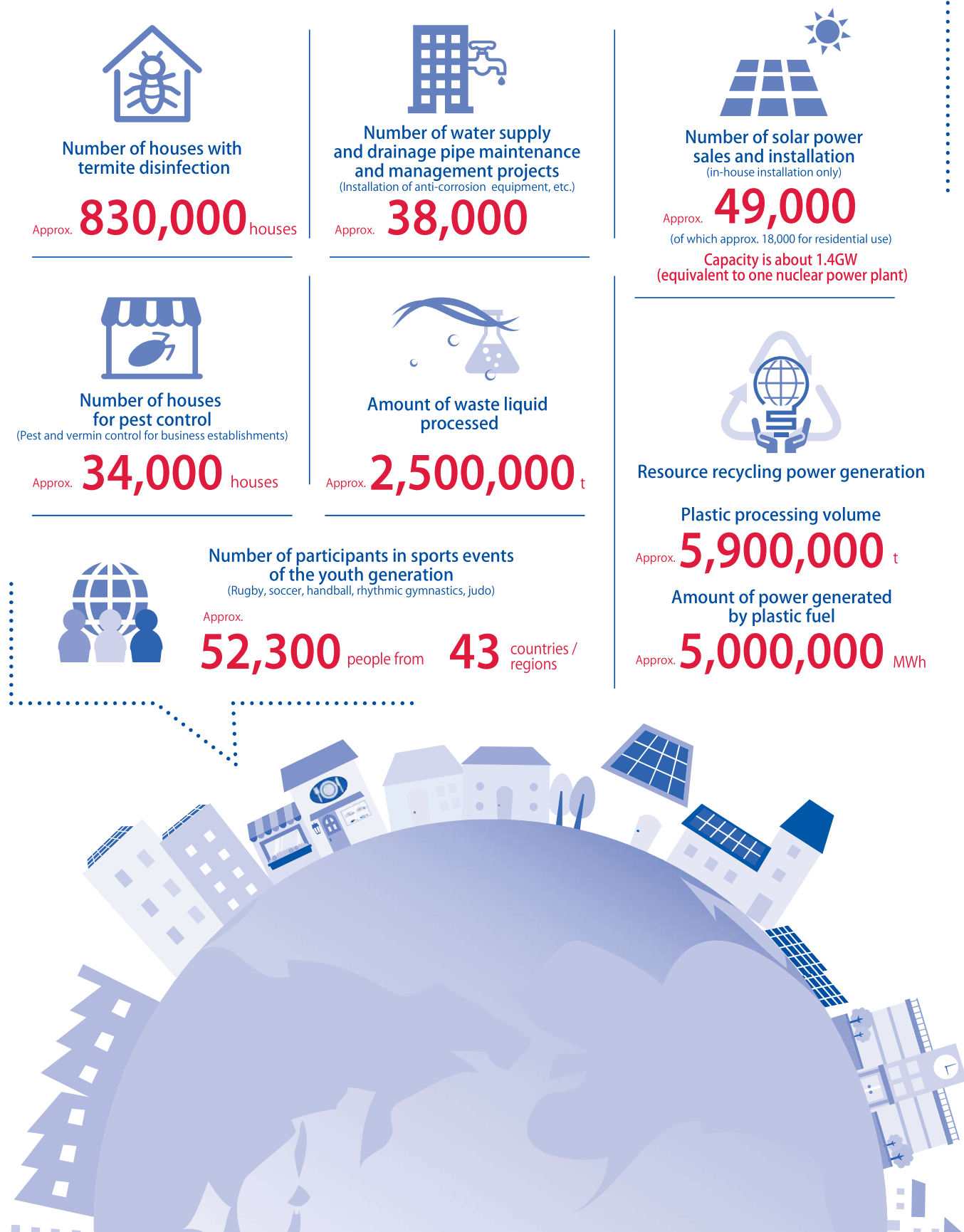
Sustainability in business activities
Sustainability about people
Social contribution activities
Sustainability data
Management system
Corporate governance
Compliance • Risk management

Sustainability in business activities

Sanix Group's value creation model is to solve social issues by providing value to customers through business activities. With this business model, we realize our corporate philosophy of "Clean and Comfortable Environment for the Next Generation."

■ At a glance

(As of March 2023)



■ Social Contribution Activities in Emergency Situations

In the event of a disaster or accident, as typified by a natural disaster, Sanix Group contribute to the community and society through activities that make the most of our know-how and expertise (the following are some examples).

1982/ July	Nagasaki flood damage	Quarantine and disinfection of garbage in flooded houses and garbage dumps
1993/ August	Kagoshima disastrous flood	Implementation of epidemic prevention and disinfection of houses and surrounding areas
1995/ January	Great Hanshin-Awaji Earthquake	Implementation of epidemic prevention and disinfection of evacuation centers, toilets, etc. (Photo ① below)
1997/ January	Nakhodka heavy oil spill incident	Processed about 10,000 tons of recovered heavy oil (Photo ② below)
2010	Foot-and-mouth disease epidemic	Implementation of disinfection of passing vehicles to prevent the spread of infection (Photo ③ below)
2011	Great East Japan Earthquake	Provided a solar power generation system to the Otsuchi-cho meeting place in the Morioka City disaster area support facility construction project (Photo ④ below)
2014 ~	Dengue domestic infection outbreak	In response to the domestic outbreak of dengue fever, mosquito control at outdoor concert venues has been implemented every year since 2016.
2017 ~	Fire ant domestic outbreak	Fire ant habitat survey conducted at a port distribution warehouse in Fukuoka, where fire ant confirmation information has been collected one after another since 2017
2017	Torrential rain in northern Kyushu	Implemented restoration support activities such as underfloor mud removal, cleaning, and disinfection of houses in the disaster area(Photo ⑤ below)
2020	COVID-19	Implementation of disinfection at facilities infected with the COVID-19 (Photo ⑥ below)
2020	Torrential rain in July 2020	During restoration work (January to March 2021) at an elementary school (Kokonoe-machi, Oita Prefecture) damaged by torrential rain, disinfection of the school building and gymnasium under the floor was conducted (see photo (6) below).
2021	Torrential rain in August 2021	Employees of our Takeo factory participated in disaster volunteer activities in Takeo City, Saga Prefecture.



At the time of the Great Hanshin Earthquake, we carried out epidemic prevention and disinfection of evacuation shelters in Nishinomiya City (1995).



A letter of appreciation was given by the Japan Coast Guard for the treatment of heavy oil caused by the Nakhodka heavy oil spill accident (1998).



Sterilized passing vehicles, etc. in Tsuno Town, Miyazaki Prefecture (2010).



Sponsored the disaster area support facility construction project in Morioka City, Iwate Prefecture, and provided photovoltaic to the meeting place in Otsuchi Town (2011).



In Toho Village, Fukuoka Prefecture, we provided restoration support such as underfloor mud removal and epidemic prevention disinfection of flooded houses (2017).



Conducted underfloor disinfection at an elementary school in Kokonoe-machi, Oita Prefecture, which suffered a torrential rain disaster (2021).

■ Letter of Appreciation from the Minister of the Environment

In September 2019, we received a letter of appreciation from the Minister of the Environment for our "longstanding commitment to hygiene management, recycling of industrial waste, renewable energy and the passing on of a comfortable environment to the next generations".



Sustainability about people (education)

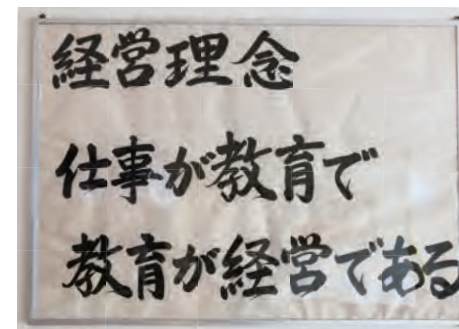
To realize "people are quality".

Management philosophy "Work is education and education is management"

Sanix Group has a management philosophy of "work is education and education is management". In our management strategy, we have positioned "human resource development" as one of our priority issues. From the beginning, we have devoted ourselves to employee education based on the idea that "a sense of mission and motivation for work and abundant specialized knowledge are indispensable".

This is because the services we provide are invisible, such as hygiene, waste recycling and energy, and the quality of our employees is directly linked to the quality of our services.

We have established a department specializing in education (Human Resources Development Department) and our own training center and are striving to "cultivate human resources who can provide satisfactory services to our customers and contribute to the creation of a comfortable environment for the next generation."



"SANIX Comprehensive Training Center" (Munakata City, Fukuoka Prefecture)



We have our own training facility, the Comprehensive Training Center. During the COVID-19 disaster, training is conducted in small groups with meticulous infection prevention measures and through online connections to various locations based at the center. A total of 1,560 employees received training over the three-year period from FY 2020 to FY 2022 (86 training sessions in total)*.

In addition, we also lend it to outsiders outside the training period, and it is also used as a training camp for local boys' rugby teams and as a facility for corporate training.

*Total number of participants in all training courses conducted in-house.

Internal training system chart

Type	Training Name	Subject Person					Strengthening skills		
		General Manager	Deputy General Manager, Manager	Next generation Leader (Deputy Chief to Subsection Chief)	Junior employees (2 to 3 year)	New employees	Technical Skills	Human beings Skills	Conceptual Skills
Workshop for each job ladder	Senior Manager training	○						○	○
	Manager training		○					○	○
	Factory Manager training		○					○	○
	Next-generation leaders training			○			○	○	
New employee training	New-employee Introduction training					○	○	○	
	New-graduates follow-up training				○	○	○	○	
Training by business	HS start-up training					○	○	○	
	HS practical training				○	○	○	○	
Establishing and nurturing	Mentor training (System)				○	○	○	○	
Others	Practical consultation (Follow-up interview)					○			
	Expertise by e-learning	○	○	○	○	○	○		



Introductory training for new employees that more than 200 people take annually. In order to become independent as a Sanix employee, we will not only permeate our philosophy and vision, but also improve our "basic skills for business person." A total of three follow-up training sessions are held for new graduates.



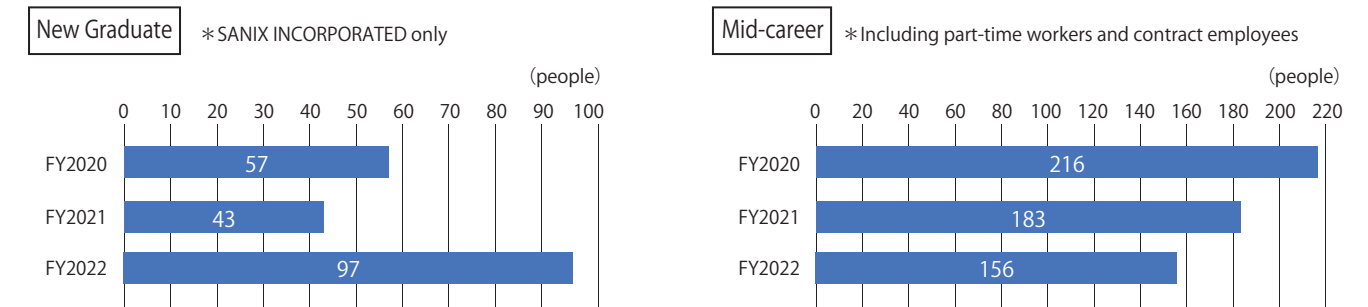
Training for managers to broaden their horizons as a manager. We also provide training for leaders to learn management knowledge at an early stage as an executive candidate.

Sustainability about people (employment)

Employment system to support a group of experts

All corporate activities are in human resources. Create human resources who will bear the future.

Hiring status (change in the number of employees)



Diverse employment support systems

► Support through a mentoring system

Each new graduate (mentee) is assigned a mentor (support person). The mentor is not a trainer, but a supportive person who will deal with the mentee's feelings and concerns. Smooth communication through regular support meetings and an auxiliary system for interaction with colleagues in the same.



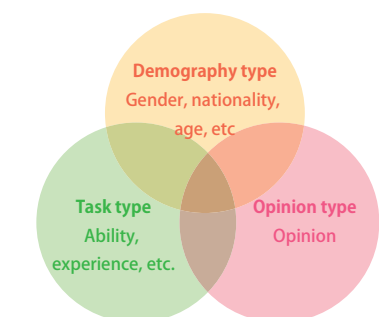
▼ Life Plan Formation through a Retirement

In the age of "100 years in life," we have introduced a mandatory retirement age of 60 or 65. We also flexibly respond to the formation of employees' careers and life plans by employing temporary employees between the ages of 60 and 65 and contract employees after age 65 for employment on and after retirement.

Promotion of diversity within the company

Diversity is essentially a trinity of demographic, task, and opinion types, but in general, only the demographic type tends to prevail.

Sanix Group will promote diversity while aiming for synergistic effects by combining the task type, which has an invisible nature, and the opinion type, which encourage the exchange of opinions across barriers, with the demographic type.



Welfare, etc.

Employee stock ownership

Employees contribute a fixed amount each month if desired, and SANIX Employee Shareholding Association purchases the company's shares. In addition to supporting the asset formation of employees, it also plays a role in fostering employees' awareness of management participation.

Recreation facility (Huis Ten Bosch)

Employees can stay at the accommodations in Huis Ten Bosch, the largest theme park in Kyushu, at a low price, including their family.

Qualification allowance

A total of 113 types of qualifications, including in-house qualifications and public qualifications, are covered, and qualification allowances are permanently provided to holders. Sanix Group will promote the acquisition of qualifications, new knowledge and skills for employees.

Welfare services

Join the industry's largest membership-based employee benefit service. In addition to benefits for leisure, shopping, childcare, nursing care, self-improvement, and many other occasions, we also offer unique services in cooperation with the Mutual Aid Association.

Company housing system

Sanix Group has a company housing system that subsidizes rent when employee are transferred according to company instructions (various requirements apply).



Sustainability about people(occupational safety and health)

Basic policy on occupational safety and health

Based on the belief that employee safety and mental and physical health are the cornerstones of business development, Sanix Group views safety and health initiatives as one of the most important foundations of its corporate activities. We strive to create a safe and comfortable working environment, and also actively work to prevent disasters and accidents.

1. Recognizing that safety is the cornerstone of business development, we aim to achieve zero occupational accidents.
2. Each employee works to ensure safety and build a robust safety system.
3. Develop human resources to support safety and strive to create a safety culture.

Safety management system to accelerate the creation of a safe and comfortable working environment

■ Safety management system organization

Sanix Group has established safety management regulation with the aim of enhancing safety activities, preventing occupational accidents, and improving occupational safety management. In accordance with this regulation, we have established a safety management system under the direct control of the representative director, which is headed by the general managers of each business division and administrative division. In addition, we are continually implementing improvements to enable the implementation of safety measures in accordance with business operations.



■ Liaison Meeting with Subcontracting Companies



A forum for discussions on occupational safety and health (in group form, visits to each subcontracting company, etc.) is established for subcontracting companies in the construction industry. In FY2021, For FY2022, either company visits or distribution of materials were conducted.

Targets and results for occupational accidents (FY2022)

【Basic Policy】

Considering the assurance of safety and health as one of the most important platforms of the corporate activities, and setting "Zero Hazard" as the ultimate goal, we aim to raise employees' awareness of safety and health through education, and to create a comfortable work environment through voluntary actions of employees and cooperation of the company.

【Top Priority Goals】

- Perform store safety patrols to achieve zero unacceptable risks.
- Provide appropriate and prompt response and support to employees with mental health problems.
- Recommend rechecks, etc., for employees who have been diagnosed as having medical concerns after undergoing health checkups.

【Top Priority Measures】

- Ensure that work is performed in accordance with work procedures, and revise procedures as necessary.
- Reduce unacceptable risks to acceptable risks. Residual risks are to be thoroughly addressed through the use of protective equipment.
- Raise the level of risk sensitivity through health and safety education and reduce (suppress) risk-taking. Continue harassment education to make workers reflect on their own actions and comments and bring problems inherent in the workplace to the forefront.
- The results of near-miss analyses will be horizontally disseminated throughout the company to ensure accident prevention, and the status of implementation will be monitored through store safety patrols.
- Employees who are found to be overworking due to long working hours will have an interview with an industrial physician (via the Internet). In addition, employees who are found to be overworking due to long working hours will be interviewed by an industrial physician (via the website).

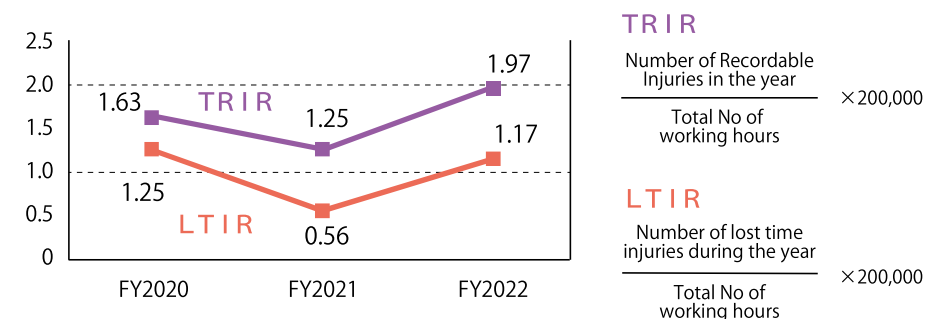
【Number of victims of serious occupational accidents】

FY2020	0
FY2021	0
FY2022	0

【Number of Fatalities caused by occupational accidents】

FY2020	0
FY2021	0
FY2022	0

【Trends in the Total Recordable Injury Rate (TRIR) and Lost Time Incident Rate (LTIR)】



Examples of safety and health management activities

■ Sharing and using near-miss Cases

Cases recorded from time to time at each office are submitted to the headquarters for analysis and sharing. High-risk cases are discussed at monthly meetings of health and safety managers to raise awareness of hazards and to determine countermeasures and rules.



Monthly publication of case studies of near-misses and improvement measures (example of ERD business division).

■ Publication of "Operation and Safety Bulletin" (ERD Business Division)

Each month, information on health and safety is provided to employees to improve their knowledge and awareness of safety issues.



■ Safety Convention (ERD Business Division)



Each factory held a safety convention under the theme of "Simulated Hazards and Increased Sensitivity to Hazards." Through VR educational materials and hands-on experience of accidents, the convention raised awareness of accident prevention by increasing sensitivity to hazards that lurk in the immediate surroundings.

Employee health initiatives

Because it is important for employees to work in healthy mental and physical conditions for sustainable organizational management, Sanix Group is actively working to prevent mental health problems.

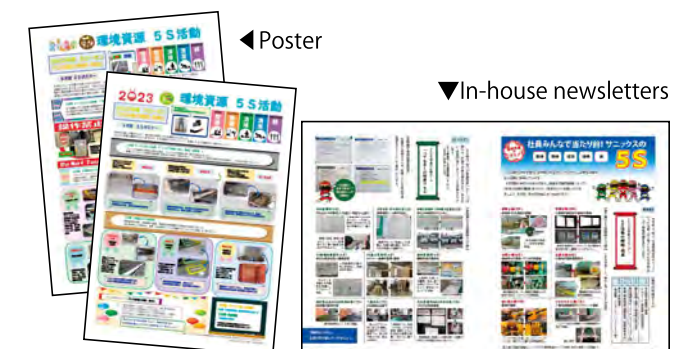
■ Mental healthcare initiative

December of each year, Sanix Group conducts statutory stress checks. The stress check helps to identify and care for mental health problems at an early stage by assessing one's own stress levels, and a system of counseling by doctors is also available. In FY2022, 17 were determined to be high stress.

■ 5S activities

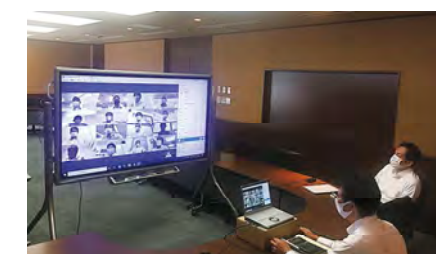
5S leaders appointed by each sites are at the center of the 5S (Seiri: Organization, Seiton: Tidiness, Seisou: Cleaning, Seiketsu: Cleanliness and Shitsuke: Discipline) efforts in line with the themes set each month.

Information on activities undertaken at each workplace is compiled at each business headquarters every month. Excellent activities and activities that can be used as a reference for other workplaces are introduced to all workplaces by means of 5S posters and other materials. Information is shared across the company to promote company-wide improvements.



■ Safety and health officer meeting (SE・HS・ES business division)

Selected safety and health officer in each site. Once a month, the Safety and health officers meeting is held in each region. Officer of the Safety and health guidance section in technology department from SE, HS and ES Business management division and officer of the safety and health section of the human resources department also participate in this meeting to share information.



Online meetings are the core, but group meetings are also held if necessary.

■ Preparation and posting of posters at care consultation desks

Stress factors are not limited to his / her job. There are variety of stress caused by poor physical conditions or by nursing care at home, etc.. To prevent employees confronting stress on their own due to difficulty in consulting with others in the company, we have partnered with outside professional organizations to provide a contact point that employees can use. Posters are posted in each site, to encourage the use of the consultation desk.



Sustainability about people(customer satisfaction)

Sustainability about people(customer satisfaction)

In November 2018, we established the "CS improvement working group" to understand and improve customer satisfaction and reflect it in continuous improvement activities.

<Examples of efforts to grasp customer satisfaction>

① Customer satisfaction questionnaire (postcard - web)

At the time of visit, the SE / HS / ES business division has introduced a postcard-style questionnaire (web response is also possible) that is handed to the customer and asked for an answer (collected on the spot or posted at a later date). This is a questionnaire that we carry out on a daily basis. We will compile the feedback and provide feedback to employees once a month (via notices and a web-based internal newsletter).In parallel, we will identify issues and take measures based on customer feedback in order to spiral up to improve customer satisfaction.



Gathering Customer Feedback



Even when collected on the spot, a blindfold sticker is used to facilitate honest responses (HS).

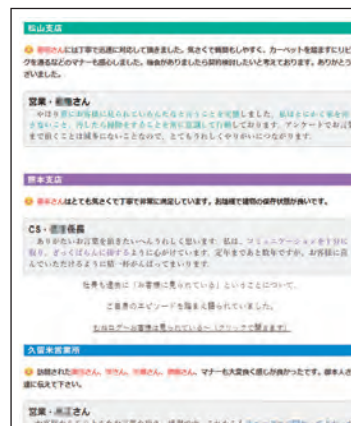


Answers are also available on the web.

Utilize to improve customer satisfaction



◀Based on the customer feedback obtained, issues are identified and measures are considered, and the PDCA cycle is implemented.

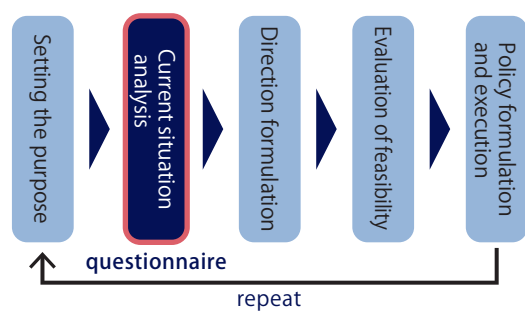


▲Feedback of customer feedback to employees via internal Web newsletters, etc. The feedback is shared throughout the company, along with the words of the employees in charge.

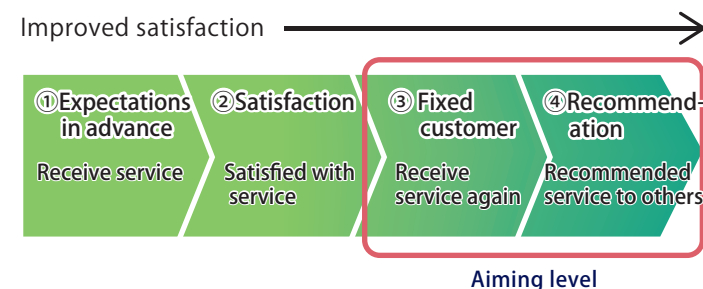
② Customer satisfaction improvement questionnaire

Since FY2018, we have been conducting an annual questionnaire survey for customers of detached houses. Approximately 5,500people are randomly selected from customers during the termite disinfection warranty period. (No duplication with previously sampled customers). Responses were collected and analyzed by mail and web. The answers obtained are analyzed and reflected in the subsequent work by formulating and implementing measures to solve the problems.

Customer satisfaction improvement process and survey



Target level of customer satisfaction

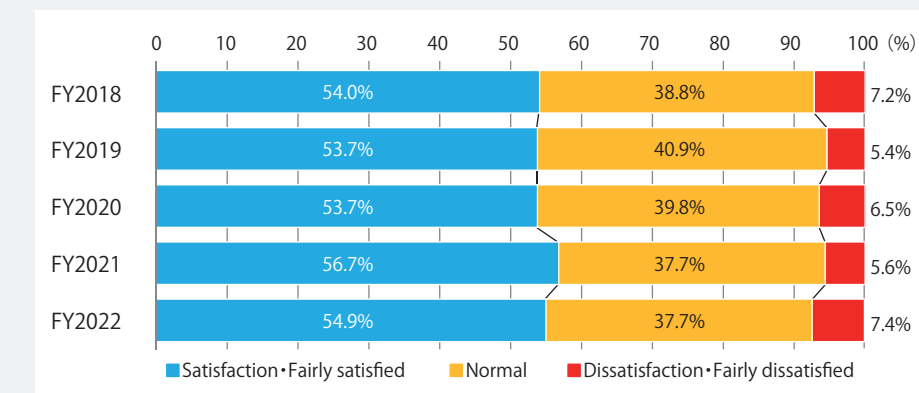


Implementation status of "Customer Satisfaction Improvement Questionnaire"

	Implementation	Number of distributions (person)	Number of valid answers (person)	Valid response rate	Overall satisfaction (average score out of 5)		
					Termite disinfection	Periodic inspection	Intention to repeat
FY2018	JAN/2019	5,373	1,223	22.8%	3.83	3.71	4.28
FY2019	JAN/2020	5,484	1,224	22.3%	3.84	3.71	4.25
FY2020	JAN/2021	5,608	911	16.2%	3.88	3.72	4.29
FY2021	JAN/2022	6,055	956	15.8%	3.91	3.78	4.31
FY2022	JAN/2023	5,850	730	12.5%	3.91	3.71	4.26

Based on the analysis of the past questionnaire results, we concluded that "satisfaction with periodic inspections" has a high correlation with "intention to repeat" and "intention to recommend," and we are implementing measures to improve the satisfaction with periodic inspections.

Trends in satisfaction with periodic inspections (overall)



More than half of the customers rated the service as "satisfactory" or "somewhat satisfactory," although this was lower than the highest rating in FY2021, which was the highest to date.

Average satisfaction score (on a 5-point scale) related to periodic inspections

Item	FY2018	FY2019	FY2020	FY2021	FY2022
General	3.71	3.71	3.72	3.78	3.71
Information Postcard	3.48	3.51	3.52	3.55	3.53
Appointments	3.52	3.54	3.59	3.59	3.59
Manner of visit	3.97	4.00	4.04	4.04	3.99
Inspection details	3.92	3.91	3.96	3.98	3.93
Report of Inspection Results	3.96	3.92	3.97	4.05	3.96

The analysis of the survey results showed that "inspection contents" and "inspection result reporting" have a high correlation with overall satisfaction with periodic inspections, and these were selected as key items to focus on.

Opinions about periodic inspections (free description) from responses to the 2022 questionnaire.

Level of satisfaction	Opinion (partial excerpt)
Compliment	<ul style="list-style-type: none">The explanation and level of safety was much better than any other place I've ever ordered from. I have already recommended them to my friends. The people who came were very hard working and very happy. I have a few houses for rent and I look forward to working with you again in the future.When the problem recurred, they came right away and took good care of it. I really appreciated the 5-year warranty.
Suggestions / Requests	<ul style="list-style-type: none">I thought it was a good idea to have a business card with a picture of the person's face on it. I have received and given business cards during my working years, and I really thought that having a photo was the best way to match a name with a face. However, as the years go by, one's appearance changes, so I think it is necessary to maintain the card by replacing the photo every 5 years.Please offer a discount for long-term subscribers. The person in charge is very good and I would like her to be in charge for a long time.
Criticism / scolding	<ul style="list-style-type: none">I wish you could explain a little more about the difference between before and after construction.Periodic inspections always come in different months, so it would be nice if you could predetermine the month of inspection.

Social contribution activities



Healthy development of youth through promotion of international sports and culture

Sanix Group holds international sports competitions and cultural events to provide opportunities for youth generation athletes for practice and international exchange experiences, which was created by the founder of Sanix Group at his own expense (the profit of the founder obtained at the time of the stock listing of the company).

During the period, we provide opportunities to communicate each other to deepen understanding of each other's culture while living together, even outside of competition. Foreign players who have been impressed by the politeness of Japanese players have begun to imitate actions such as alignment, greetings and bowing. A wonderful scene was when one team started singing "We are the world", players from other teams joined one after another to become a big chorus.

Number of participants in sports events of the youth generation
(Rugby, soccer, handball, rhythmic gymnastics, judo)

43 countries / regions
Approximately **52,300** people
(As of 2023.3)

The above competitions have been conducted as an accredited project of Sports for Tomorrow* since October 2015. In January 2022, we received a "Certificate of Appreciation from the Director-General of the Sports Agency" in recognition of the fact that we have conducted the largest number of accredited projects among our member organizations during our seven years of activities.



◀ Certificate of Appreciation was awarded online by then Director General of the Sports Affairs Agency, Mr. Murofushi. (January 26, 2022).

* Sports for Tomorrow (SFT) is a Japanese public-private partnership for international contribution through sports.

Global Arena Bulgarian Festival

Annual event held since 2001* * December 2001, then September.
【Host: SANIX Sports Foundation, Global Arena】



■ Purpose

Introduce the culture of Bulgaria and promote cross-cultural and international exchange between Japan and Bulgaria. The Kazanlak Folk Dance Ensemble, which comes to Japan, visits elementary and junior high schools and welfare facilities in various places in addition to events at the Global Arena.

SANIX World Rugby Youth Tournament

Held every year from late April to early May since 2000.
Girls (Rugby sevens) Annual event held since 2013.

【Host: Japan Rugby Football Union, SANIX Sports Foundation, Global Arena】



* Domestic competitions in 2022

■ Participant nations and regions
Australia, Canada, England, Fiji, France, Ireland, Italy, South Korea, New Zealand, Russia, Samoa, Scotland, South Africa, Taiwan, Tonga, Uruguay, Wales, Japan
(Total number of participants until 2022: 13,456)

SANIX Cup Int'l Youth Soccer Tournament

Annual event held at the end of March, since 2003
【Host: Kyushu Soccer Association, SANIX Sports Foundation】



■ Participant nations and regions
Australia, Bulgaria, China, England, France, India, Italy, Malaysia, Netherlands, New Zealand, Russia, South Korea, Taiwan, Thailand, USA, Uzbekistan, Vietnam, Japan
(Total number of participants until 2023: 8,000)

Since 2014, the "SANIX Cup High School Girls Soccer Tournament" (domestic tournament) has been held at the same time. (Cumulative total of participants: 1,802). In FY2022, the scope of participation will be expanded and the name of the competition changed.

SANIX Cup U-17 Int'l Handball Tournament

Annual event held at the end of October, since 2008
【Host: Kyushu Handball Association, SANIX Sports Foundation】



* Domestic competitions in 2022

■ Participant nations and regions
Canada, France, Germany, Hong Kong, South Korea, Netherlands, Taiwan, Thailand, Japan
(Total number of participants until 2022: 3,770)

The women's competition has been held since 2013.

SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament

Annual event held at the end of November, since 2003*
* Until 2012, domestic competition Domestic competitions in 2022
【Host: Fukuoka Gymnastics Association, SANIX Sports Foundation】



■ Participant nations and regions
Australia, Azerbaijan, Bulgaria, China, Kazakhstan, Lithuania, Malaysia, Russia, South Korea, Taiwan, Thailand, Japan
(Total number of participant until 2022: 11,641)

Since 2017, the "SANIX Open Rhythmic Gymnastics Team Championships," which is for a higher age group, is held in January, and the "SANIX CUP Men's Rhythmic Gymnastics Competition," which is for men, is held in February. (Total number of participants: 677 for SANIX Open and 488 for SANIX CUP Men)

SANIX Int'l Juvenile Judo Championship in Fukuoka

Annual event held in December, since 2003 * Domestic competitions in 2022
【Host: Kyushu Judo Federation, SANIX Sports Foundation, etc.】



■ Participant nations and regions
Australia, Beslan, Bulgaria, Chechen Republic, China, Germany, Hong Kong, Israel, Latvia, Mongolia, Netherlands, Palestine, Romania, Russia, Singapore, Slovenia, South Africa, South Korea, Sri Lanka, Taiwan, United Arab Emirates, USA, Japan (Total number of participants until 2022: 12,510)

Global Arena Bulgarian Festival

The late Shinichi Munemasa (founder of SANIX = former president) who visited Bulgaria during summer in 2001 was impressed by the culture and humanity of the country and organized the "Bulgaria Festival" in Japan every year since then.

He was appointed as Honorary Consul of the Republic of Bulgaria in Fukuoka on October 8, 2007, because of contribution to active cultural exchange between Japan and Bulgaria through this festival.

With the passing away of Shinichi Munemasa, Hiroshi Munemasa (current president of Sanix Group) succeeded it from January 16, 2019 until now.

* From the perspective of COVID-19 infection spread prevention, implementation of this program will be postponed in FY2020, and in FY2021, the program will be implemented on a reduced scale, without the Bulgarian participants coming to Japan.

From the 19th (September 2019) Global Arena Bulgaria Festival

■ Events by Kazanlak Folk Dance ensemble / International exchange

World festival



A world festival where you can experience street food, dance and music from around the world. The Kazanlak Folk Dance Ensemble come to Japan from the city of Kazanlak, Bulgaria, and live up with rhythmic music and light dance.

* Kazanlak Folk Dance Ensemble: Founded in 1947, this youth dance ensemble has the longest tradition in the country.

Performance



Performance at the facility in Munakata City (Fukuoka Prefecture), where the Global Arena is located. In addition, Munakata City has signed a partnership agreement with Kazanrak City in the wake of this festival.

School visit



This year, they went to schools in Fukuoka and Saga Prefectures. They also performed at a party at the Elderly Housing with Care in Munakata City.



In March 2019, Deputy Prime Minister and Foreign Minister of the Republic of Bulgaria awarded the Honorary Consul of the Republic of Bulgaria in Fukuoka (Sanix, Hiroshi Munemasa).

■ Citizen participation event



There are many opportunities to experience Bulgarian culture, such as cooking classes and gardening classes. The photo is a sketching party in which citizens run their brushes, modeled after a dancer in a folk costume.

■ Accommodation exchange



Local young people, in the global arena, we have established the opportunity to experience, such as if they were home stay in Bulgaria.



The Queen of Roses in Kazanrak, Bulgaria also visits Japan every year.

SANIX World Rugby Youth Tournament

The tournament has a long history, having been held since 2000. Nowadays, players who have participated in this tournament can be seen playing in the top-level leagues in Japan and abroad. The tournament is also characterized by the fact that high school students from around the world communicate with each other outside of competition, learn about each other's culture and customs, and deepen their understanding of each other. In FY2022, the tournament was successfully held for the first time in three years (with spectators) while being a domestic tournament, and live video streaming of all matches was also provided.

From 2019 Tournament *For the prevention of COVID-19 infection spread, this program implementation was postponed for FY2020. FY2021, FY2022 was the domestic competition.



In addition to regular games, we will hold exhibition matches between mixed teams with players who have few opportunities to participate, and exchange leaders from all over the world, saying "Give more players the experience of the world tournament." It is a tournament with elaborate taste.

Comments from participants

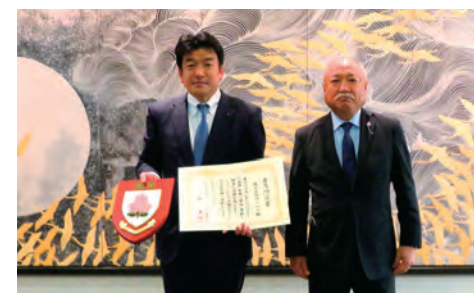
- ◆ "Very high level. It was a pleasure to play against such teams. We've got great experience." (Captain, Overseas boys' team)
- ◆ "The most impressive thing about playing against overseas teams was that the difference in size of the players. It's not what we can experience with the domestic players, so it was a good experience for us." (Captain, Japanese boys' team)
- ◆ By playing against overseas teams, I realized that half-hearted and weak tackles won't work for foreign athletes. They have such strong physiques." (Captain, Japanese girls' team)
- ◆ "There was a real buzz in our team whilst the exhibition game was being played. It was really cool to watch "one of our own" participate in an international mixed game." (Captain, Overseas boys' team)
- ◆ "The overseas players greeted us cheerfully before the opening ceremony, and we were able to deepen our friendship by playing together." (Captain, Overseas girls' team)
- ◆ "There were numerous occasions that led to us socializing with the other countries. For instance, in the evenings where we would all congregate in the main reception and café lounge. This was not only a socializing setting, but also a kit swapping event which was really cool." (Captain, Overseas boys' team)



A scene at the welcome party. Spontaneously, a large chorus of "We are the world".



Interaction outside the ground is also a valuable experience.



For contributions to the promotion and development of rugby Japan Rugby Football Union for contribution to the promotion and development of rugby (Photo at right is Shigetaka Morishige, Chairman of the Association at the time).

SANIX Cup Int'l Youth Soccer Tournament / SANIX Cup U17 Girls Soccer Tournament

*Name changed from *SANIX Cup High School Girls Soccer Tournament.

In 2022 (March 2023), the men's tournament was the first international tournament in four years, bringing together three teams from overseas (India, Korea, and Malaysia) and 13 strong teams from all over Japan. For the women's tournament (domestic), the scope of participation was expanded beyond the high school tournament to include club teams. As a result, the competition was heated and competitive. All games were streamed live so that as many people as possible could enjoy the tournament.

from 2019 Tournament *From the perspective of preventing the spread of COVID-19 infection, implementation was postponed for FY 2019. FY 2020 and FY 2021 conducted as domestic competitions.



Comments from participants

- ◆ It was my second time to participate, but the operation was on time and I was able to concentrate on the match. The merit of having accommodation and competition in the same facility was great, and I was able to manage the health of the athletes sufficiently. (Coach, Overseas team)

SANIX Cup U-17 Int'l Handball Tournament

This tournament is held with the aim of promoting and developing handball among the youth generation, improving their competitive skills, providing a venue for international cultural exchange, and nurturing young people with a global perspective. The tournament has traditionally been held as an international tournament, but in FY2022, following the previous year, it was held as a domestic tournament (with spectators). This year marked the 14th time for the men's tournament and the 9th time for the women's tournament, with eight men's teams and four women's teams from across Japan competing in a heated competition.

from 2019 Tournament *From the perspective of preventing the spread of COVID-19 infection, implementation was postponed for FY2020. FY2021 and FY 2022 conducted as domestic competitions.



Comments from participants

- ◆ The tournament was high level and well managed, allowing players to concentrate on the match. The Global Arena was a comfortable place to compete and stay, and the hospitality of the staff was excellent. I would like to participate again (Head coach, Overseas team)

Photo of the ★ mark is ©MasafumiONO

SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament

The purpose of this event is to promote rhythmic gymnastics among junior and child athletes, to provide an opportunity to present the results of daily practice, and to allow participating athletes to learn from each other in terms of technique and expression, as well as to promote international exchange. In FY2022, a total of 119 teams from all over Japan participated. As in the previous year, no overseas teams were able to come to Japan, but in the senior competition, two teams from Australia and Taiwan participated in a method where they were judged based on pre-recorded performance videos.

* For the prevention of COVID-19 infection spread, this program implementation was postponed for FY2020. FY 2021 and FY 2022 conducted as domestic competitions.



Comments from participants

- ◆ For young athletes, participating in competitions overseas is very important for learning and improving their skills. At SANIX Cup, they live together, so they can learn about culture (Australia team coach).

SANIX Open Rhythmic Gymnastics Team Championship

* From the perspective of preventing the spread of COVID-19 infection, implementation was postponed for FY2020, FY2021 conducted as domestic competitions.

This is a tournament for seniors (second grade and above) who have developed the "SANIX Cup Int'l Rhythmic Gymnastics Group Championship" (above) for the junior generation.

In 2022, the competition was held internationally for the first time in three years. A total of 29 teams (6 from overseas, 22 from Japan, and 1 mixed team from Fukuoka and Bulgaria) competed with their spectacular performances.

Comments from participants

- ◆ It was inspiring for the children to be able to play in a wonderful environment. Next year, I want to improve our level and participate in the match. (Korean team coach)



SANIX Cup Men's Rhythmic Gymnastics Championship

* From the perspective of preventing the spread of COVID-19 infection, implementation was postponed for FY2020 and FY2021.

The competition is open to students from kindergarten through the third grade of high school, and in FY2022, a new "Mixed Division" was added for female competitors. In 2022, a new "Mixed Division" was added for girls. 78 athletes from 7 groups in Japan competed in the skills competition.

Comments from participants

- ◆ Since there are few competitions for men's rhythmic gymnastics, I am grateful for having many athletes participate in such a wonderful environment. (Participating team coach)



SANIX Int'l Juvenile Judo Championship in Fukuoka

* From the viewpoint of preventing the spread of COVID-19 infection, implementation was postponed for FY2020. FY2021 and FY2022 conducted as domestic competitions.

The purpose of this tournament is to promote and develop junior high school judo and to improve their competitiveness. The event started as a men's competition, and since the 10th event, a women's competition has also been held. Some Olympic and World Championship gold medalists have been born from the participants of this tournament. In FY2022, the tournament was held as a domestic competition, as in the previous year. Fifty-eight men's teams and 42 women's teams from all over Japan participated.



Comments from participants

- ◆ It was great to be in an environment where a competition with over 800 athletes is held regularly. I hope it will continue and I would like to participate again. (Mongolian team coach)

Participation in education

Sanix Group has focused on education since our founding because we believe that the quality of our employees is directly linked to the quality of the service we provide to our customers (see page 52). Sanix Group also provides in-house human resources to the outside, as well as the knowledge and know-how to talent development through our wealth of experience in employee education.

Sports and health guidance by the rugby - Established as an educational course in elementary school-



Teaching tag rugby in physical education classes.



Teaching tag rugby in physical education classes.



Sanix Rugby Academy (Rugby School)



Sanix Rugby Academy (Rugby School)

In May 2022, we suspended the Munakata Sanix Blues rugby team but opened the Sanix Rugby Academy in September 2022. We will continue to contribute to the community through rugby, utilizing our 28 years of experience, human resources, and facilities.

In addition to continuing the tag rugby instruction in physical education classes at elementary schools and visiting rugby classes for kindergarten and nursery school children that we have conducted with the SANIX Sports Promotion Foundation (established as a foundation in 1997)*, we have started a rugby academy for elementary and junior high school students. We will do our utmost to support children.

* From FY2020 onward, the scale of the program has been scaled back from the perspective of preventing the spread of COVID-19 infectious diseases.

Tag rugby instruction in elementary school

15 school, 1,015 people (FY2021)
15 school, 976 people (FY2022)

Kindergarten /nursery school rugby visit classroom

4 school, 176 people (FY2021)
8 school, 180 people (FY2022)

Local residents rugby experience / health class

4 locations, 57 people (FY2021)
4 locations, 67 people (FY2022)

SANIX Rugby Academy Activities

Rugby School for Elementary and Junior High School Students

"We also call this school "Sanix Rugby Academy".



Support for elementary and junior high school students who "want to play more Rugby. Classes for 5th and 6th graders and junior high school students are offered twice a week (weekday evenings). (As of March 2023/expanded to three times

Collaborative activities with government



In cooperation with Munakata City, Fukuoka Prefecture, which promotes itself as "Rugby Town Munakata," the "Girls' Rugby School for Elementary School Students" is being held (for girls in grades 3 to 6). The school is designed to convey the fun of rugby.

Adult casual rugby classes



In February 2022, the "Adult NIWAKA Rugby Class" for adults was held (once a month x 7 sessions). About 30 men and women in their 20s to 60s participated in each class.

Dispatch of employees to educational institutions, etc.

▶ Dispatch of Interview Committee Members for the Fukuoka Prefecture Teacher Recruitment Examination

Sanix Group dispatches personnel from its Human Resources Department to serve as interviewers for the Fukuoka Prefecture Teacher Recruitment Examination, which has been introduced to produce teachers with "human charm that children admire, a broad and deep love for children, and a strong sense of mission as a teacher". This is a result of a match between the local government's desire to adopt a broad perspective and our desire to contribute to the local community by utilizing our know-how outside the company.



Photo shoot for "Job Lens"

▶ Dispatch of employees to elementary school international exchange classes.

An on-line exchange class was held between an elementary school in Munakata City, in Fukuoka Prefecture, and a Bulgarian judo player. The Sanix sent an employee who is familiar with the country as a guest coach / coordinator as well as served as an interpreter to connect the children with Bulgaria.

* In the wake of the Bulgarian Festival, Munakata City is actively interacting with Bulgaria (see page 61). In 2017, Fukuoka Prefecture, Munakata City, Sanix Sports Promotion Foundation, and Bulgarian Judo Association signed an alliance as an Olympic campsite. The city accepts pre-camps for the country's judo team and promotes interaction with the citizens.

Sustainability data

Environment



Environmental contribution through business

	Unit	FY2020	FY2021	FY2022
Amount of waste plastic processed	(1000t)	266	282	273
Power generation using waste resources ^{*1)}	(GWh)	247	291	242
Solar panel	Number of installations	(Installation)	1,590	1,531
	Installation capacity	(MW)	59	36
Amount of contracted waste liquid purification treatment	(1000t)	96	102	100

* 1) The amount of power generated from plastic that has undergone intermediate treatment at our plastic recycling factory is listed.

Environmental load in business

	Unit	FY2020	FY2021	FY2022
Energy consumption ^{*2)}	(1000GJ)	356	377	334
Greenhouse Gas Emissions	Scope1 ^{*3)}	(t・CO ₂)	9,545	10,933
	Scope2 ^{*4)}	(t・CO ₂)	15,250	14,309
Water consumption ^{*5)}	(1000t)	323	295	277

* 2) The above figures are based on the figures reported by the sites of the Sanix Group that are subject to the greenhouse gas emissions calculation, reporting and publication system.

* 3) The figures are calculated based on CO₂ emissions from the use of company-owned vehicles in addition to the CO₂ emissions subject to the greenhouse gas emissions calculation, reporting and publication system.

* 4) Indicates CO₂ emissions from electricity, calculated using emission factors by electric utility. From this year, the CO₂ emissions are adjusted to include CO₂ emissions from previous years.

* 5) Most of the water consumption is industrial water used by the waste water treatment factory and Tomakomai Power Plant.

Social



Employment / Employee (SANIX non-consolidated)

		Unit	FY2020	FY2021	FY2022
Employment / personnel	Employees	Total	(people)	1,844	1,869
		Men/Women	(people)	1,555/289	1,559/310
	New employees	Total	(people)	273	226
		New graduate / Mid-career	(people)	57/216	43/183
	Employment of people with disabilities	Number / Ratio	(people/%)	32/2.4	31/2.3
	Foreign employees ^{*6)}	Number of people	(people)	30	24
	Rehiring retirees ^{*7)}	Number of people	(people)	124	132
	Average age	(age)		43.6	42.9
	Average years of service	(years)		9.2	9.9
				10.1	
Labor / vacation	Total actual working hours		(hours/people)	2,366	2,345
	Paid holidays		(days/people)	11.7	9.7
	No of days acquired		(%)	63.4	56.9
		Total	(people)	17	15
	Acquisition rate	Men/Women	(people)	3/14	2/13
Labor Health and safety	TRIR(Total Recordable Incident Rate) ^{*8)}			1.63	1.25
	LTIR(Lost Time Incident Rate) ^{*9)}			1.25	0.56
	Disaster fatalities		(people)	0	0
	Annual training participants (total) ^{*10)}		(people)	523	442
Human resources development				595	

* 6) Refers to those who have foreign nationality as of the end of March.

* 7) The cumulative total as of the end of March is shown.

* 8) Frequency of total occupational accidents, including non-stop accidents per 200,000 total working hours.

* 9) Frequency of lost time accidents per 200,000 total working hours.

* 10) Training refers to employee training, including self-improvement, and training by business division, sponsored by the Human Resources Development Department of the Company.

Social



Community / Social contribution

			FY2020	FY2021	FY2022
Implementation status of on-site lessons	Human resources development department	(Number of visits)	2	1	0
		(Number of people)	26	190	0
	Rugby club, etc. *11)	(Number of visits)	20	27	23
		(Number of people)	1,107	1,501	1,156
SANIX Rugby Academy*12)		(Number of events)	—	—	55
		(Number of participants)	—	—	67
Global Arena Bulgarian Festival event status		(Number of visits)	—*13)	3,720*13)	2,426*13)
Implementation status of SANIX presents event		(Number of teams)	20*13)	217*13)	317*13)
		(Number of participants)	500*13)	1,888*13)	2,830*13)
SANIX World Rugby Youth Invitational Tournament		(Number of teams)	—*13)	—*13)	20*13)
		(Number of participants)	—*13)	—*13)	456*13)
SANIX Cup Int'l Youth Soccer Tournament SANIX Cup High School Girls' Football Tournament		(Number of teams)	20*13)	24*13)	28
		(Number of participants)	500*13)	582*13)	700
SANIX Cup U-17 Int'l Handball Tournament		(Number of teams)	—*13)	12*13)	12*13)
		(Number of participants)	—*13)	185*13)	185*13)
SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament		(Number of teams)	—*13)	122*13)	121*13)
		(Number of participants)	—*13)	740*13)	790*13)
SANIX Int'l Juvenile Judo Championship Fukuoka		(Number of teams)	—*13)	56*13)	100*13)
		(Number of participants)	—*13)	309*13)	501*13)
SANIX CUP Men's Rhythmic Gymnastics Competition		(Number of teams)	—*13)	—*13)	7
		(Number of participants)	—*13)	—*13)	78
SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament		(Number of teams)	—*13)	3*13)	29
		(Number of participants)	—*13)	72*13)	120

* 11) Includes tag rugby classes at nursery schools, kindergartens, and elementary schools, and rugby experience and health classes for local residents.

* 12) Rugby school for elementary to junior high school students opened in September 2022.

* 13) From March 2020 to December 2022, from the viewpoint of preventing the spread of new coronavirus infection (COVID-19), the event was postponed or scaled down (e.g., held as a domestic tournament).

* 14) From FY2022, the scope of participation has been expanded to include club teams, and the name of the tournament has changed to the "Sanix Cup U17 Girls Soccer Tournament".

Governance



		FY2020	FY2021	FY2022
Number of director	In-house	(people)	11	11
	Outside	(people)	5	5
	Total	(people)	16	15
Ratio of outside directors		(%)	31.3	31.3
Term of office of director		(years)	1	1
Board of directors	Number of events held	(times)	14	16
Audit and Supervisory Committee	Number of events held	(times)	8	13
Compliance Committee	Number of events held	(times)	0	0
	Number of members	(people)	15	15
Internal Control Committee	Number of events held	(times)	8	11
	Number of members	(people)	14	14

Management system

(As of June 29, 2023)

Director



President and Representative Director
Hiroshi Munemasa (Date of birth: Jul. 17, 1975)

Jan. 2003 Joined the Company
Jun. 2007 Director in charge of Special Missions, Executive Office
Jun. 2013 Director, Vice President and Executive Officer
Jan. 2017 President and Representative Director, to present
Jan. 2017 President and Representative Director, Bion Inc, to present
Feb. 2017 Representative Director, Sanix Sports Promotion Foundation, to present
Sep. 2017 Chairman and Representative Director of Munemasa Shuzo.co.Ltd, to present
Apr. 2020 Chairman and Representative Director, Sanix Energy Inc, to present
Jul. 2020 Chairman and Representative Director of SE Wings, Inc, to present
Jun. 2022 Director, Kaneko Foundation, to present



Director, Executive Vice President
Takeshi Inada (Date of birth: Mar. 4, 1979)

Aug. 1998 Joined the Company
Apr. 2009 General Manager, HS Business Division, Kansai Region Headquarters
Jun. 2013 Managing Executive Officer, General Manager of Kansai Regional Headquarter, HS Business Div.
Apr. 2014 Managing Executive Officer, General Manager of Kansai Regional Headquarter, West Japan SE Business Headquarter, General Manager of Kansai Regional Headquarter, HS Business Headquarters
Dec. 2016 Managing Executive Officer, Deputy General Manager of East Japan Regional SE Business Headquarter
Apr. 2017 Managing Executive Officer, General Manager of SE, HS and ES Business Headquarter
Jun. 2017 Director, Managing Executive Officer, General Manager of SE, HS, and ES Business Headquarter
June 2023 Director, Executive Vice President, General Manager of SE-HS-ES Business Headquarters, to present



Director, Managing Executive Officer
Michimasa Masuda (Date of birth: Aug. 16, 1977)

Apr. 2001 Joined the Company
July 2010 General Manager of Accounting Dept.
Jun. 2012 Director, General Manager of Accounting Dept.
Jun. 2015 Director, Managing Executive Officer, General Manager of Accounting Dept. and in charge of IT Promotion
Aug. 2018 President and Representative Director, Sanix Solar Electric Co., to present
Nov. 2019 Director, Managing Executive Officer, Deputy General Manager of Administration Division and General Manager of Energy Business Development Department, Energy Business Division
Jun. 2022 Director, Managing Executive Officer, General Manager of Corporate Division and General Manager of Administration Division, to present



Director, Managing Executive Officer
Kenji Kaneko (Date of birth: Oct. 2, 1951)

Apr. 1970 Joined The Nishi-Nippon Sogo Bank, Limited (currently The Nishi-Nippon City Bank, Limited)
Jun. 2008 Managing Director of the Company, in charge of Business Strategy
Oct. 2008 Managing Director, in charge of Business Strategy and General Manager of Environmental Resources Development Business Headquarter
Jun. 2010 Managing Director, General Manager of Special Sales Dept. (currently Corporate Sales Dept.), HS Business Div.
Apr. 2017 Director, Managing Executive Officer, Deputy General Manager of SE, HS and ES Business Headquarter and General Manager of Special Sales Dept. (currently Corporate Sales Dept.), to present



Director, Managing Executive Officer
Kazuyuki Tabata (Date of birth: Apr. 5, 1973)

Nov. 2000 Joined the Company
Oct. 2015 Head of Shikoku Regional Headquarters, West Japan SE Division and Head of Shikoku Regional Headquarters, HS Division
Jan. 2016 General Manager of Sales Promotion Department, HS Business Division
May. 2016 Managing Executive Officer, General Manager of HS Business Division
Jun. 2017 Director, Managing Executive Officer, General Manager of HS Business Division
Jun. 2022 Director, Managing Executive Officer, Deputy General Manager of SE-HS-ES Business Headquarters, General Manager of SE Business Division and General Manager of HS Business Division, to present



Director, Managing Executive Officer
Hideki Takei (Date of birth: Jul. 21, 1970)

1Aug. 1999 Joined the Company
Dec. 2009 General Manager, Administration Department, Environmental Resources Development Division
Apr. 2016 Executive Officer, General Manager of Environmental Resources Development Business Headquarters and General Manager of Administration Dept.
Jun. 2016 Managing Executive Officer, General Manager of Environment Resources Development Business Headquarters
Oct. 2017 Director, Managing Executive Officer, General Manager of Environmental Resources Development Business Headquarters
Apr. 2022 Director, Managing Executive Officer, General Manager of Environmental Resources Development Business Division and General Manager of Resources Recycling Business Division, to present



Director, Executive Officer
Motoi Inoue (Date of birth: Jan. 1, 1967)

Apr. 1989 Joined The Nishi-Nippon Bank Ltd (currently The Nishi-Nippon City Bank, Limited)
Apr. 2020 Branch Manager of Nishi-Shinmachi Branch and Fukuoka Nishi Block Manager of the same bank
Apr. 2022 Joined the Company, General Manager of Head Office
Jun. 2022 Director, Executive Officer, General Manager of Sales Promotion Department, Corporate Sales Division, SE-HS-ES Business Headquarters, to present



Director
Tetsuo Takaki (Date of birth: Jul. 15, 1950)

Apr. 1974 Joined Obayashi Corporation
Sep. 1979 Joined Takaki Corporation, Director
Aug. 2003 Joined Joe Corporation Takaki, Director
Jul. 2006 Joined the Company
Jan. 2012 Transferred to Sanix Engineering, Director
Nov. 2017 Transferred to Sanix Incorporated. Engineering Dept. Adviser
Jun. 2020 Director, in charge of construction operations, to present

Director (Audit Committee Member)



Director (Audit Committee Member)
Kozo Inoue (Date of birth: Apr. 23, 1956)

Apr. 1979 Joined Sanwa Bank, Ltd (currently MUFG, Ltd) Aug. 1995 Joined the Company
Jun. 1999 Director
Apr. 2000 Managing Director, General Manager of Corporate Planning Dept.
Jun. 2004 Managing Director, General Manager of Administration Headquater. and General Manager of Corporate Planning Dept.
Aug. 2018 Director, Managing Executive Officer, General Manager of Planning Headquater, General Manager of Administration Headquater and General Manager of Corporate Planning Dept.
June 2023 Director (Full-time Audit & Supervisory Board Member), to present



Outside Director(Audit Committee Member)
Isamu Kondo (Date of birth: Jul. 7, 1955)

May. 1980 Joined Nas Stainless (currently Nasluck Co., Ltd.)
Mar. 1986 Joined Munemasa Syuzo Co., Ltd
Mar. 1999 Representative Director and Senior Managing Director of Munemasa Syuzo Co., Ltd
Jul. 1999 President and Representative Director, GLOBAL ARENA Ltd, to present
Aug. 2010 Corporate Auditor, Munemasa Syuzo Co., Ltd , to present
Jun. 2014 Outside Director
Jun. 2019 Outside Director of the Company (Audit Committee Member) , to present



Outside Director (Audit Committee Member)
Naoki Kaneko (Date of birth: May. 8, 1967)

Jun. 2001 President and Representative Director of TOYOTA Rentalease Fukuoka Co.,Ltd., to present
May. 2005 President and Representative Director of Fukuoka Showa Taxi, to present
Jun. 2006 Representative Director and President of Fukuoka Toyota Corporation, to present
Sep. 2009 Representative Director and President of SEED Holdings, Inc., to present
Feb. 2010 Representative Director and President of Showa Group Marketing , to present
May. 2010 Representative Director and President of TOYOTA L&F FUKUOKA, to present
Jun. 2010 Outside Director, Kyushu Asahi Broadcasting Co., Ltd., to present
Jun. 2013 Chairman and Representative Director, TOYOTA COROLLA FUKUOKA Co.,Ltd., to present
Jun. 2014 Chairman and Representative Director, Showa Bus Co., Ltd., to present
Jun. 2015 Outside Director
Jun. 2019 Outside Director of the Company (Audit Committee Member) , to present
Oct. 2019 Representative Director and Chairman of FUKUOKA TOYOPE, to present
Apr. 2020 Representative Director and Chairman of the Board, Toyota Mobility Service Fukuoka Corporation, to present
Feb. 2022 Chairman, Japan Automobile Dealers Association , to present



Outside Director (Audit Committee Member)
Yasufumi Kubota (Date of birth: Feb. 5, 1946)

Apr. 1968 Entered the Legal Training and Research Institute of the Supreme Court
Mar. 1970 Completed Legal Training and Research Institute of the Supreme Court
Apr. 1970 Registered as an attorney (admitted to Tokyo Bar Association), entered Akefune Law Office
Apr. 1980 Established Kasumigaseki Sogo Law Office Partner, Kasumigaseki Sogo Law Office, to present
Mar. 2013 Corporate Auditor, Royal Holdings Co., Ltd
Mar. 2016 Outside Director (Member of the Audit Committee), Royal Holdings Co.
Jun. 2016 Outside Director
Jun. 2019 Outside Director of the Company (Audit Committee Member), to present



Outside Director (Audit Committee Member)
Genichiro Yasui (Date of birth: Aug. 17, 1941)

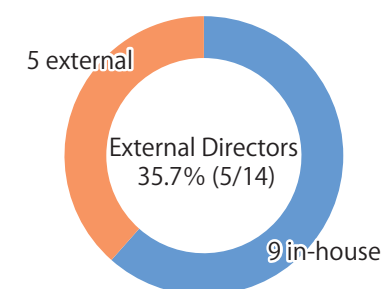
Jul. 1967 Joined Yamada Shoji (currently RIX CORPORATION)
Jan. 1975 Director and General Manager of Accounting Dept., Yamada Shoji
Mar. 1976 President and Representative Director, Yamada Shoji
Jun. 1997 Outside Auditor of the Company
Jun. 2000 Chairman and Representative Director, RIX CORPORATION
Aug. 2004 Director and Chairman of the Board, RIX CORPORATION
Jun. 2008 Director and Advisor of RIX CORPORATION
Jun. 2012 Advisor, RIX CORPORATION
Jun. 2019 Outside Director of the Company (Audit Committee Member) , to present



Outside Director (Audit Committee Member)
Sadahito Baba (Date of birth: Apr. 3, 1954)

Apr. 1978 Joined Toyota Motor Co., Ltd (currently Toyota Motor Corporation)
Feb. 1992 Transferred to Toyota Motor Kyushu Inc.
Jan. 1998 General Manager of Production Planning Office, Production Control Dept.
Apr. 2001 General Manager of Production Control Dept.
Apr. 2003 General Manager of Business Administration Dept.
Jun. 2003 Director
Jun. 2007 Managing Director
Jun. 2011 Senior Managing Director
Jun. 2014 Representative Director, Executive Vice President
Jan. 2021 Executive Advisor
Jun. 2021 Outside Director (Member of the Audit Committee), RIX Corporation, to present
Jun. 2021 Outside Director of the Company (Audit Committee Member), to present

Structure of the Board of Directors



Corporate governance

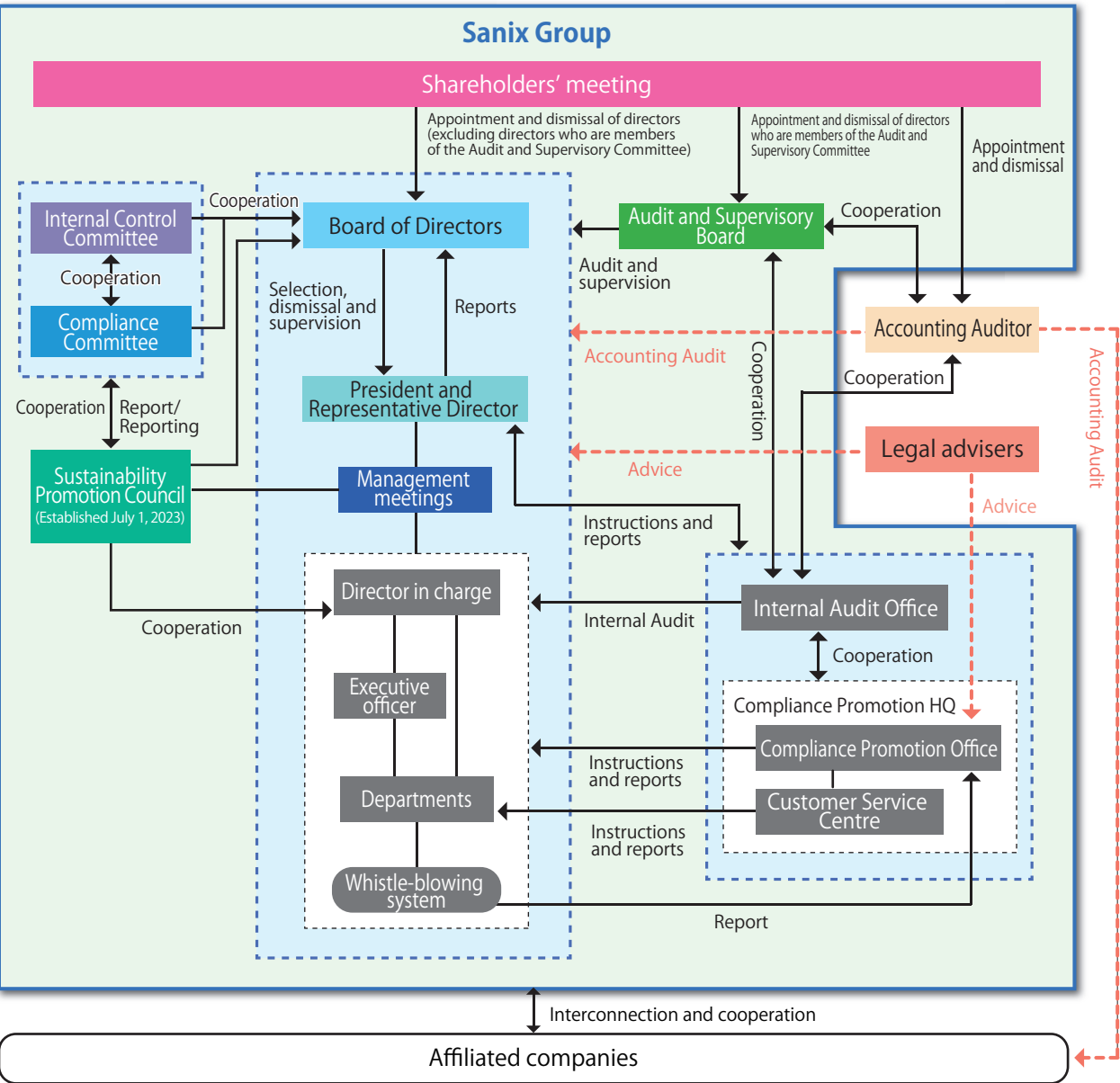
With the recognition that corporate governance is a serious issue that calls for socially responsible management in line with corporate ethics, Sanix Group build a corporate governance system based on a long-term perspective, while striving to establish a system that functions well in terms of decision-making efficiency, management supervision, management fairness and transparency, and compliance, in order to maximize corporate value and conduct shareholder-oriented management.

Corporate governance system to ensure sound management and efficient decision-making

Sanix Group has adopted a company-with-audit-committee structure in the belief that it will contribute to the further enhancement of corporate value. By establishing the Audit and Supervisory Board, the majority of whose members are outside directors, and by granting directors who are Audit Committee members the right to vote at meetings of the Board of Directors, we aim to enhance the supervisory function of the Board of Directors, further strengthen corporate governance, and increase the fairness and transparency of management. In addition, by allowing the Board of Directors to delegate decisions on business execution to a wide range of directors, we aim to separate business execution from supervision and improve the efficiency of decision-making.

Corporate Governance Schematic Diagram (as of Jul 1, 2023)

By resolution of the Board of Directors meeting held on June 29, 2023, the "Sustainability Promotion Council" was established as of July 1, 2023. The Company's corporate governance structure after the establishment of the Sustainability Promotion Council is as follows.



Role of the Board of Directors

The Board of Directors shall make appropriate decisions on important matters (management plans and strategies) in a lawful and prompt manner and supervise the execution of duties by Directors (excluding those who are members of the Audit Committee) and Executive Officers in cooperation with the Audit Committee, in order to contribute to the sustainable growth of Sanix Group and the enhancement of corporate value over the medium to long term.

Internal Control Committee

- The Internal Control Committee shall promote the development and operation of internal controls and compile the results of evaluation of their effectiveness.
- The Internal Control Committee shall review the internal and external risk factors surrounding the business of Sanix Group and report to the Board of Directors.
- In order to achieve appropriate financial reporting, the Committee shall work closely with the Audit and Supervisory Board and exchange opinions in a timely and appropriate manner to enhance the effectiveness of internal controls.
- The Committee shall be chaired by the Representative Director and consist of the General Manager of each business division, the General Manager of the Administration Division, the General Manager of the General Affairs Division, the General Manager of the Legal Division, the General Manager of the Accounting Division and others. The secretariat is located in the Corporate Planning Department and is responsible for its operation.

Audit System (Three-way Audit)

The Audit and Supervisory Board members will audit and supervise the directors' performance of their duties by sharing with the Audit and Supervisory Board various information collected by attending the Management Committee and other important meetings. In addition, the Audit and Supervisory Board plans to closely exchange opinions with the accounting auditor and will work closely with internal audit and internal control related departments by adding the Audit and Supervisory Board to their reporting lines to ensure timely and appropriate auditing and supervision.

The Internal Audit Office, which reports directly to the President, is responsible for auditing the operations of each division and office, and audits compliance with company regulations and overall business operations for appropriateness, effectiveness and legality.

Activities and attendance of outside directors (FY2022)

	Attendance		Main activities (summary of duties performed with respect to expected role)
	Upper Section: Board Meeting	Lower Section: Supervisory Committee	
Isamu Kondo	15/16	93.8%	Based on his management experience as a representative director of a company, he provides valuable advice on management from a medium- to long-term perspective, as well as valuable advice on the functions and discussions of the Board of Directors, thereby fulfilling a supervisory function over management from an objective position that is free from the management team engaged in business execution.
	13/14	92.9%	
Naoki Kaneko	14/16	87.5%	Based on his management experience as a representative director of a company, he provides valuable advice on management from a medium- to long-term perspective, as well as valuable advice on the functions and discussions of the Board of Directors, thereby fulfilling a supervisory function over management from an objective position that is free from the management team engaged in business execution.
	10/14	71.4%	
Yasufumi Kubota	15/16	93.8%	Based on his experience and insight as a legal expert, he provides valuable advice, especially for strengthening management in general and governance in particular, and fulfills a supervisory function over management from an objective position free from the management team that executes the business.
	13/14	92.9%	
Genichiro Yasui	15/16	93.8%	Based on his management experience as a representative director of a company, he provides valuable advice on management from a medium- to long-term perspective, as well as valuable advice on the functions and discussions of the Board of Directors, thereby fulfilling a supervisory function over management from an objective position that is free from the management team engaged in business execution.
	13/14	92.9%	
Sadahito Baba	16/16	100.0%	Based on his management experience as a representative director of a company, he provides valuable advice on management from a medium- to long-term perspective, as well as valuable advice on the functions and discussions of the Board of Directors, thereby fulfilling a supervisory function over management from an objective position that is free from the management team engaged in business execution.
	14/14	100.0%	

Compliance Committee

For the purpose of ensuring proper business operations, a "Compliance Committee" has been established, chaired by the President and Representative Director and vice-chaired by the General Manager of the Compliance Promotion Headquarters. (See next page for details).

Compliance • Risk management

Sanix Group is engaged in business activities that contribute to the realization of a sustainable society and considers compliance to be the foundation of robust corporate management. In order to raise the awareness of compliance throughout the organization, we include compliance-related lectures in the training curriculum for new employees, and have established the Voluntary Code of Conduct, which is stricter than the laws and regulations related to the business activities of each division.

Compliance system

Compliance Committee

The Compliance Committee is chaired by the representative director, vice-chaired by the general manager of the Legal Department and composed of the general managers of each business division and other appointed members. Since FY2006, the committee has met 77 times (as of March 2023). The Committee also collaborates with the Board of Directors and the Internal Control Committee as necessary.

Compliance Committee members (as of March 2023)

Chairman: Representative Director
Vice Chairman: General Manager, Compliance Promotion Headquarters
Committee members: General Manager, SE-HS-ES Business Management Division; General Manager, PVE Business Management Division; General Manager, Corporate Division; General Manager, SE Business Division; General Manager, HS Business Division; General Manager, ES Business Division; General Manager, Environmental Resources Development Division, Appointment committee

Information security

Personal data protection

Since its establishment, Sanix Group has been dealing with a large number of individual customers. For this reason, we consider it our social responsibility to properly manage personal information. We have therefore established a Personal Information Protection Policy separate from our Information Security Policy, which is thoroughly communicated to all executives, employees and related parties.

Personal data management system

Personal data shall be collected within the scope of the business conducted by the Group, for clearly defined purposes, and by lawful and fair means to the extent necessary to achieve those purposes. The personal data subject to management shall be all personal information processed in the company. As part of our personal information management system, we have appointed a Personal Information Protection General Manager who has responsibility and authority for the implementation and operation of the Personal Information Protection Policy. Under his/her direction, a personal information handling manager has been appointed in each business unit and a personal information protection supervisor has been appointed in each division and department to ensure comprehensive management of personal information. Regular audits are carried out by the Audit Manager (impartial and objective person), who is authorized to conduct and report on audits, to assess operational risks and oversee the operation of the business.

Employee education on information security

Sanix Group believes that it is essential to provide continuous training to all employees on information security and the handling of personal information. We provide training and education at the start of employment, as well as regular e-learning sessions after employment. In addition, we make efforts to establish the content of education by linking the "results of the confirmation test on the importance and necessity" of information security with the granting of access rights to internal systems.

At the same time, we prepare and implement appropriate training programs for each subject and purpose of information security measures, which are becoming increasingly important.

Email training as an information security measure

Regular e-mail drills are conducted for all employees to ascertain the current state of awareness of virus e-mails (targeted attack e-mails) and to increase each employee's awareness and response capabilities.

<Email Training Outline>

A test e-mail (containing URLs) that resembles an attack e-mail is sent without notice, and the user's subsequent behavior (e.g., clicking on URLs) is checked. The results will be disclosed at a later date, and awareness and education on matters requiring attention will be provided.

Notification System

Internal Reporting System

We have established an internal reporting system with the aim of contributing to the early detection and correction of illegal activities and strengthening compliance management. This reporting system can be used not only by employees of Sanix Group but also by their family members and subcontractors in the construction industry. In FY2022, we received 7 reports from domestic and overseas Group companies, all of which were resolved through the appropriate procedures. None of these cases affected the financial statements.



We have also set up a consultation service on the web for our construction subcontractors.

Specific compliance initiatives in sales activities

Voluntary Code of Conduct

In order to provide high quality services in compliance, each business unit has established its own set of voluntary standards of conduct, which are shared within the business unit. The voluntary code of conduct is revised as necessary in response to changes in social conditions, such as amendments to relevant laws and regulations.

Compliance promotion council



The Compliance promotion council meets monthly at each site. In addition to the Act on Specified Commercial Transactions, which is closely related to our business activities, all employees share their opinions on themes such as voluntary standards of conduct and improving customer satisfaction, in order to improve and establish an awareness of compliance.

Direct Sales Staff Training



▲Door-to-door sales representative education instructor certificate

In the HS Division, which is engaged in direct sales, the head of all sales branches and all sales and customer management staff have been registered for JDSA-approved training by the Japan Direct Selling Association. (As of April 30, 2023, 238 employees have obtained this certification.) In addition, as of March 31, 2023, 22 "door-to-door sales staff education instructors" have been assigned to the company as a measure to enhance and strengthen the registration system, to ensure thorough education related to the registration system and to maintain the education level.

<What is JDSA accredited training and registration?>

The purpose of this system is to educate and improve the quality of sales staff. After completing the education curriculum set by the Japan Direct Selling Association and passing its examination, the salesperson is registered and issued with a "JDSA Certified Education Registration Certificate".

JDSA Accredited Education Registered Education Curriculum

Training Items	Curriculum	Type of Course	Remarks
Specialty	History of the Company - Role (70 min.) General Architecture (140 min.)	Each participant must take the entire curriculum via "e-Learning" within a certain period of time, and then take and pass the assessment test.	We use textbooks prepared by us and audited by the Japan Door-to-Door Sales Association.
	Termite (70 min. x 2) Foundation repair (70 min.)		
	Ventilation (70 min. x 2) Heat shielding and insulation (70 min.) Insulation (70 min.)		
Standards	What to expect from door-to-door salesperson / Laws and regulations to be observed / The main points of the relevant reports	Specified Commercial Transactions Law, Installment Sales Law, etc. (360 minutes)	Group training.



Part of the voluntary code of conduct for household services is published on our website.

■ Suppliers (building a sustainable value chain)

■ For stable procurement

In order to mitigate procurement risks in the event of a disaster, accident or tight supply-demand situation, and to maintain stable procurement, Sanix Group takes into account the unique risks and characteristics of each country and region and implements the following measures:

- (1) Management of safety stock quantities set for each item
- (2) Promotion of multi-supplier system
- (3) Consideration of alternative products
- (4) Identifying distribution routes

■ BCP (Business Continuity Planning)

In the event of an earthquake, windstorm, flood, or other natural disaster, fire, or other emergency, the Sanix group has established a Business Continuity Plan to ensure the safety of employees and their families, minimize damage to business assets, continue operations, or achieve early recovery in order to maintain the trust of customers, suppliers, and other stakeholders and to ensure the company's survival.

〈Sanix Group's basic policy in the event of a disaster〉

- (1) Place the highest priority on ensuring the lives and safety of employees and their families.
- (2) Minimize damage to the business and restore operations as soon as possible.
- (3) Act in a manner such that the relationship of trust with our customers comes first.
- (4) Fulfill the social responsibilities required of the Sanix Group.

We regularly implement various initiatives to raise employees' awareness of disaster prevention and strengthen emergency preparedness.

<Examples of initiatives>

- Safety confirmation application training for employees
- Inventory of stockpiles in case of disaster
- Confirmation and updating of evacuation sites, emergency contact numbers, and evacuation routes at each business location
- Survey of employees' awareness of disaster prevention

■ Handling of Serious Accidents Involving Products, etc.

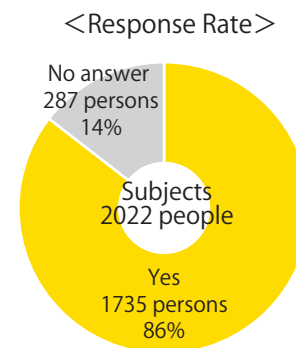
We have established "Rules for Handling Major Accidents Involving Products and Other Major Accidents" to deal with serious accidents that may occur due to products (including those manufactured by other manufacturers) and installation services that we have sold or provided to our customers*.

*General consumers as defined by the Consumer Products Safety Act.

〈Basic Policy for Responding to Major Accidents Involving Products, etc〉

- (1) We shall make it our basic policy to "put the customer first" and strive to respond in good faith to serious accidents involving products and other products.
- (2) If a serious product-related accident is caused by another party, we will handle the facts properly and will not be complicit in or cooperate with such other party's concealment of the accident, misrepresentation, or any other wrongful act that could lead to such concealment or misrepresentation.
- (3) Even if there is no bodily injury to our customers or third parties, we will act with an awareness of the risk that such an accident may occur in the future.

As part of Disaster Prevention Week activities, a disaster prevention test was conducted using a safety confirmation application (August 30-September 5, 2022). The response rate was over 80%, and the average percentage of correct answers (average of all 5 questions) was approximately 60%.



Data section



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Financial data highlights

(Million yen)

Fiscal Year	FY2013	FY2014	FY2015	FY2016	FY2017
Net sales	84,221	95,629	61,916	50,955	49,993
Operating profit	4,508	△3,142	△2,229	1,036	1,246
EBITDA ^{*1)}	5,045	△2,598	△3,151	1,633	1,939
Net profit attributable to owners of the parent	2,964	△4,966	△4,604	416	1,180
Depreciation and amortization	547	887	918	688	709
Capital expenditure	2,014	1,825	455	599	594
Cash flows from operating activities	4,933	△1,794	△5,403	1,668	2,184
Cash flows from investing activities	△3,271	△1,181	1,062	△409	171
Cash flows from financing activities	2,433	647	1,288	1,437	△2,156

(Million yen)

At the end of the period					
Total assets	55,316	49,120	31,248	31,645	29,938
Tangible fixed assets	14,181	15,099	12,417	12,278	11,926
Interest-bearing debt	10,415	11,186	12,874	14,634	12,780
Net assets	11,827	7,331	2,629	2,845	4,076

(yen)

Per share information					
Net profit per share	62.13	△103.98	△96.32	8.70	24.68
Net assets per share	247.17	152.74	54.34	58.86	84.54
Dividend per share	0.00	0.00	0.00	0.00	0.00

Financial ratios

Return on equity (ROE) ^{*2)}	28.8%	△52.0%	△93.0%	15.4%	34.4%
Return on assets (ROA) ^{*3)}	10.2%	△6.6%	△4.9%	2.9%	3.3%
Return on invested capital (ROIC) ^{*4)}	14.0%	△23.1%	△15.7%	3.4%	8.6%
Shareholders' equity ratio (%)	21.3%	14.9%	8.3%	8.9%	13.5%
Number of employees (average for the period)	2,435	4,092	2,850	1,952	1,777

*Notes

1) EBITDA: Earnings before taxation + interest paid + depreciation expense

2) Return on equity (ROE): Net income attributable to shareholders of the Company / Average shareholders' equity at the beginning and end of the period x 100

3) Return on assets (ROA): Ordinary income / Average total assets at the beginning and end of the fiscal year x 100

4) Return on Invested capital (ROIC) : Operating income after tax ÷ (Average shareholders' equity at beginning and end of period + Average interest-bearing debt at beginning and end of period) × 100

(Million yen)

Fiscal Year	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	50,719	52,531	49,416	50,936	46,277
Operating profit	1,224	2,791	2,325	△2,618	1,785
EBITDA ^{*1)}	1,735	3,714	3,397	△1,365	3,741
Net profit attributable to owners of the parent	240	1,850	1,965	△3,449	1,332
Depreciation and amortization	808	914	1,097	1,509	1,889
Capital expenditure	1,080	2,742	3,038	2,776	1,566
Cash flows from operating activities	△25	4,080	2,756	△3,067	5,034
Cash flows from investing activities	△947	△2,154	△2,564	△2,937	△1,056
Cash flows from financing activities	392	△1,110	△743	4,447	△3,307

(Million yen)

At the end of the period					
Total assets	31,009	32,514	32,940	34,953	33,586
Tangible fixed assets	12,057	13,739	15,322	16,382	16,100
Interest-bearing debt	13,474	12,397	11,462	15,268	12,379
Net assets	4,193	6,056	8,097	4,732	6,068

(yen)

Per share information					
Net profit per share	5.02	38.72	41.11	△72.16	27.87
Net assets per share	87.08	126.15	168.84	98.52	126.51
Dividend per share	0.00	0.00	0.00	0.00	0.00

Financial ratios

Return on equity (ROE) ^{*2)}	5.8%	36.3%	27.9%	△54.0%	24.8%
Return on assets (ROA) ^{*3)}	3.9%	8.2%	6.4%	△8.5%	4.5%
Return on invested capital (ROIC) ^{*4)}	2.3%	10.8%	11.2%	△14.6%	8.4%
Shareholders' equity ratio (%)	13.4%	18.5%	24.5%	13.5%	18.0%
Number of employees (average for the period)	1,876	2,005	2,052	2,073	2,099

Financial data highlights

【Consolidated balance sheet】

(Million yen)

Assets	FY2021	FY2022
Cash and deposits	3,914	4,504
Notes and accounts receivable	6,593	4,827
Inventories	2,745	3,199
Other assets	1,453	1,382
Allowance for doubtful accounts	△154	△229
Total current assets	14,551	13,683
Buildings and structures (net)	2,818	2,355
Machinery, equipment and vehicles (net)	4,235	4,286
Land	8,314	8,209
Lease assets (net)	800	810
Construction in progress	41	268
Other (net)	170	170
Total tangible fixed assets	16,382	16,100
Total intangible fixed assets	701	595
Total investments and other assets	3,318	3,206
Total fixed assets	20,401	19,902
Total assets	34,953	33,586
Liabilities		
Notes and accounts payable-trade	3,408	2,463
Electronically Recorded Debts	389	782
Short-term loans payable	10,151	3,462
Current portion of long-term debt	386	1,372
Account payable	2,964	3,296
Other liabilities	4,417	5,004
Total current liabilities	21,718	16,382
Bonds payable	700	500
Long-term debt	2,297	5,472
Provision for disposal site closing expenses	732	523
Liability related to retirement benefits	1,963	2,104
Other liabilities	2,810	2,535
Total long-term liabilities	8,503	11,135
Total liabilities	30,221	27,518
Total net assets		
Capital stock	14,041	14,041
Capital surplus	1	—
Retained earnings	△7,995	△6,666
Treasury stock	△1,481	△1,481
Total shareholders' equity	4,566	5,893
Valuation and translation adjustments	142	154
Minority interests	22	20
Total net assets	4,732	6,068
Total liabilities and net assets	34,953	33,586

【Consolidated income statement】

(Million yen)

	FY2021	FY2022
Net sales	50,936	46,277
Cost of sales	38,842	30,068
Gross profit	12,093	16,208
Selling, general and administrative expenses	14,711	14,423
Operating profit	△2,618	1,785
Non-operating income	137	185
Non-operating Expenses	420	418
Ordinary income	△2,900	1,552
Extraordinary income	—	—
Extraordinary losses	226	—
Income before income taxes and minority interests	△3,127	1,552
Income taxes	246	341
Income tax adjustments	78	△119
Net income	△3,452	1,329
Minority interests	△3	△2
Net profit for the year attributable to owners of the parent	△3,449	1,332

【Consolidated statement of comprehensive income】

(Million yen)

	FY2021	FY2022
Net profit for the year	△3,452	1,329
Other comprehensive income		
Unrealized gains on available-for-sale securities	△11	29
Foreign currency translation adjustments	99	6
Adjustment for retirement benefits	5	△24
Total other comprehensive income	92	11
Comprehensive income	△3,360	1,341
Comprehensive income attributable to owners of the parent	△3,357	1,343
Comprehensive income relating to non-controlling interests	△3	△2

【Selling, general and administrative expenses】

(Million yen)

	FY2021	FY2022
Sales Commissions	696	650
Advertising expenses	353	341
Allowance for doubtful accounts	△14	77
Personnel expenses	8,826	8,680
Rental expenses	1,030	1,060
Depreciation and amortization	345	368
Other	3,474	3,243
Total SG&A expenses	14,711	14,423

Financial data highlights

【Consolidated statement of cash flows】

(Million yen)

	FY2021	FY2022
Cash flows from operating activities		
Income before income taxes and minority interests	△3,127	1,552
Depreciation and amortization	1,509	1,889
Impairment losses	226	—
Increase (△=decrease) in provision for directors' retirement benefits	△5	—
Increase (△=decrease) in provision for bonuses	17	△10
Increase (△=decrease) in provision for disposal site closing expenses	57	△209
Increase (△=decrease) in liabilities for retirement benefits	109	117
Increase (△=decrease) in allowance for doubtful accounts	△44	△57
Interest and dividend income received	△14	△17
Interest paid	251	299
Decrease (△=increase) in trade receivables	△1,332	1,766
Decrease (△=increase) in inventories	301	△452
Decrease (△=increase) in other current assets	△88	150
Increase (△=decrease) in trade payables	△390	△558
Increase (△=decrease) in accrued liabilities	138	209
Increase (△=decrease) in accrued consumption tax, etc.	△465	616
Increase (△=decrease) in other current liabilities	71	△96
Other	30	444
Sub-total	△2,756	5,645
Interest and dividends received	14	15
Interest paid	△243	△298
Income taxes paid	△172	△374
Refund of income taxes	90	46
Cash flows from operating activities	△3,067	5,034
Cash flows from investing activities		
Payments into time deposits	△851	△998
Proceeds from withdrawal of time deposits	747	1,089
Payments for acquisition of tangible fixed assets	△2,494	△1,073
Proceeds from sale of property, plant and equipment	20	7
Payments for acquisition of intangible fixed assets	△140	△62
Cash flows from other activities	△217	△18
Cash flows from investing activities	△2,937	△1,056
Cash flows from financing activities		
Increase (△=decrease) in short-term borrowings	3,521	△6,689
Proceeds from long-term borrowings	297	5,053
Repayment of long-term borrowings	△261	△892
Proceeds from issue of bonds	1,000	—
Redemption of bonds	△600	△200
Proceeds from sale and leaseback	185	66
Repayments of finance lease obligations	△476	△504
Proceeds from sale and installment back	1,227	524
Payments of installment obligations	△420	△639
Other	△25	△26
Cash flows from financing activities	4,447	△3,307
Effect of exchange rate changes on cash and cash equivalents	39	3
Net increase (△=decrease) in cash and cash equivalents	△1,517	673
Cash and cash equivalents at beginning of year	4,760	3,243
Cash and cash equivalents at end of year	3,243	3,916

Share information (as of end Mar 2023)

Status of shares

Total number of shares authorized	163,500,000 shares
Total number of shares issued	48,919,396 shares
Total number of shareholders	13,398 person

Major shareholders (top 10)

	Name or title	Number of shares owned (1000 shares)	Ratio of shares held to the total number of shares issued (excluding treasury shares) (%)
1	Bion Corporation	8,716	18.23%
2	Hiroshi Munemasa	6,454	13.50%
3	HIKARI TSUSHIN,INC	3,582	7.49%
4	The Master Trust Bank of Japan, Ltd (Trust Account)	3,183	6.65%
5	The SANIX Mutual Benefit Association, Inc.	1,700	3.55%
6	SANIX Employees' Shareholding Association	1,222	2.55%
7	SBI SECURITIES Co.,Ltd.	774	1.61%
8	UH Partners 2 Inc.	724	1.51%
9	MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co.)	689	1.44%
10	THE NISHI-NIPPON CITY BANK, LTD	536	1.12%

Share distribution status

■ By shareholding (in thousands of shares)

Individuals and others	22,376 (46.87%)
Other legal entities	16,509 (34.58%)
Financial Institutions	4,513 (9.45%)
Foreign companies, etc.	2,326 (4.87%)
Financial Instruments Dealers	2,078 (4.35%)

■ By shareholding (in thousands of shares)

1 unit or more	1,316 (2.76%)
5 units or more	977 (2.05%)
10 units or more	4,576 (9.59%)
50 units or more	2,214 (4.64%)
100 units or more	4,263 (8.93%)
500 units or more	1,807 (3.79%)
1,000 units or more	5,034 (10.54%)
5,000 units or more	27,584 (57.78%)


※Excludes treasury stock (1,114,983 shares) and odd-lot shares.

Shareholder memo

Fiscal year	April 1st-March 31st of the following year
Record date for dividends of surplus	31st March 30th June 30th September 31st December
Ordinary General Meeting of Shareholders	June every year
Listed stock exchange	Tokyo Stock Exchange Standard Market (Transitioned from Prime on October 20, 2023) Fukuoka Stock Exchange
Method of Public Notice	Electronic public notice Public notice URL https://sanix.jp (However, in the event of an accident that cannot be announced electronically or any other unavoidable reason, the announcement will be made to the Nihon Keizai Shimbun.)

Company information (As of March 31, 2023)

About Us

Trade name	SANIX INCORPORATED	
Headquarters	2-1-23,Hakata-eki Higashi,Hakata-ku,Fukuoka 812-0013,Japan	
Established	September 1978	
Capital	14,041.83 million yen	
Number of employees	2,054people (Consolidated)	
Number of bases, main bases		
HS division	5 HQs, 63 sites	
ES division	12 sites	
SE division	2 HQs, 14 sites	
PV division	35 sites	
PPS division	1 sites	
ERD division	18 factories *Includes power plants and final disposal facilities of Group companies	

Group Companies

Company Name	Related business	Main business contents	Voting rights ownership ratio
SUNAIM INCORPORATED	H S・P V	Manufacture and sale of pharmaceuticals and other products, and vehicle leasing and rental	100.0%
SANIX ENERGY INCORPORATED	E R D	Power generation using plastics as recycled fuel	100.0%
SANIX SOFTWARE DESIGN INCORPORATED	H S・P V	Contracted development of various information systems, provision of various solution systems and temporary staffing	100.0%
SANIX TAIYOUKOU DENKI INCORPORATED	P P S	Electricity retail business for households	100.0%
SANIX SOLUTION INCORPORATED	E R D	Waste treatment consultant and sales of fuel additives, etc.	67.5%
SHANRI (SHANGHAI) ENERGY SCIENCE AND TECHNOLOGY CO.,LTD	P V・S E	Production, sales, import and export of photovoltaic modules and related components	100.0%
C & R INCORPORATED	E R D	Final disposal and recycling of industrial waste, oil tank cleaning, etc.	100% (100%)
HOKKAIDO SANIX KANKYO INCORPORATED	E R D	Industrial waste disposal business and related businesses	100% (100%)
SE WINGS INCORPORATED	E R D	Power purchase, retail and other power-related businesses	100% (100%)
SHANRI (JIASHAN) ENERGY SCIENCE AND TECHNOLOGY CO.,LTD	P V・S E	Production and sales of photovoltaic modules	100% (100%)

* The figures in parentheses in the percentage of voting rights held indicate the percentage of indirect ownership.

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SANIX company information
https://sanix.jp/lang_en/

Financial Summary
https://sanix.jp/lang_en/financial.html