

Clean and Comfortable Environment for the Next Generation



“Future drawn by natural energy”

**SANIX**  
Integrated Report March 2024



# 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.

## 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

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.





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Picture on front cover

This is the award-winning artwork of the in-house competition "Painting Contest 2024" (targeting children of employees).

"Future drawn by natural energy"



**[Message]**  
I drew this picture to envision a beautiful and comfortable environment for SANIX. The surrounding flowers symbolize nature's beauty, while the central image represents a cozy setting.

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 May 2023, the Sanix Group unveiled its Medium-Term Management Plan (FY2024-FY2026). In response to current circumstances, we have adjusted the numerical targets for FY2025 and FY2026. This Integrated Report provides details of these revisions.

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: FY2023 (April 1, 2023-March 31, 2024)
- 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.

"energy with low environment impact"

### Energy Area

(B2B photovoltaic business and power retailing business)

### Residential Environment Area

(services for general households and B2B)

### Resource Circulation Area

(disposing of and recycling waste)

"a comfortable living environment to the next generation"

"recycling resources without abandoning"



### 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.



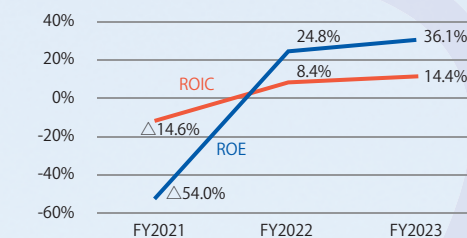
### Resource Circulation

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

## Sanix Group through numbers

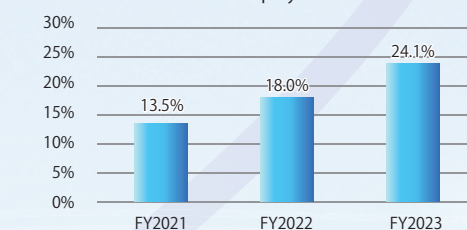
### Financial indicators

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

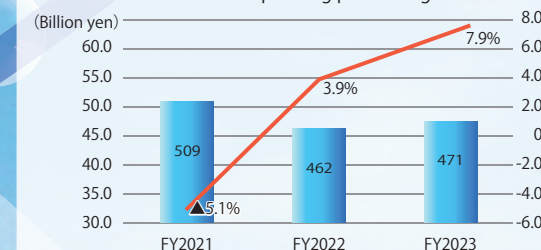


\*ROIC=Operating income after tax / (Shareholders' equity + Interest-bearing debt) x 100

### Equity ratio



### Sales / Operating profit margin



### Cumulative results of main businesses (as of March 31, 2024)



Number of houses with termite disinfection  
Approx. **835,000** 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. **39,000**



Number of solar power sales and installation (in-house installation only)  
Approx. **50,000**

Solar power sales output (including wholesale sales)  
Approx. **1,470,000** kW



Volume of waste plastic treatment  
Approx. **6,200,000** t

Amount of power generated by plastic fuel  
Approx. **5,300,000** MWh



Amount of waste liquid treatment  
Approx. **2,600,000** t

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

SUSTAINABLE DEVELOPMENT GOALS

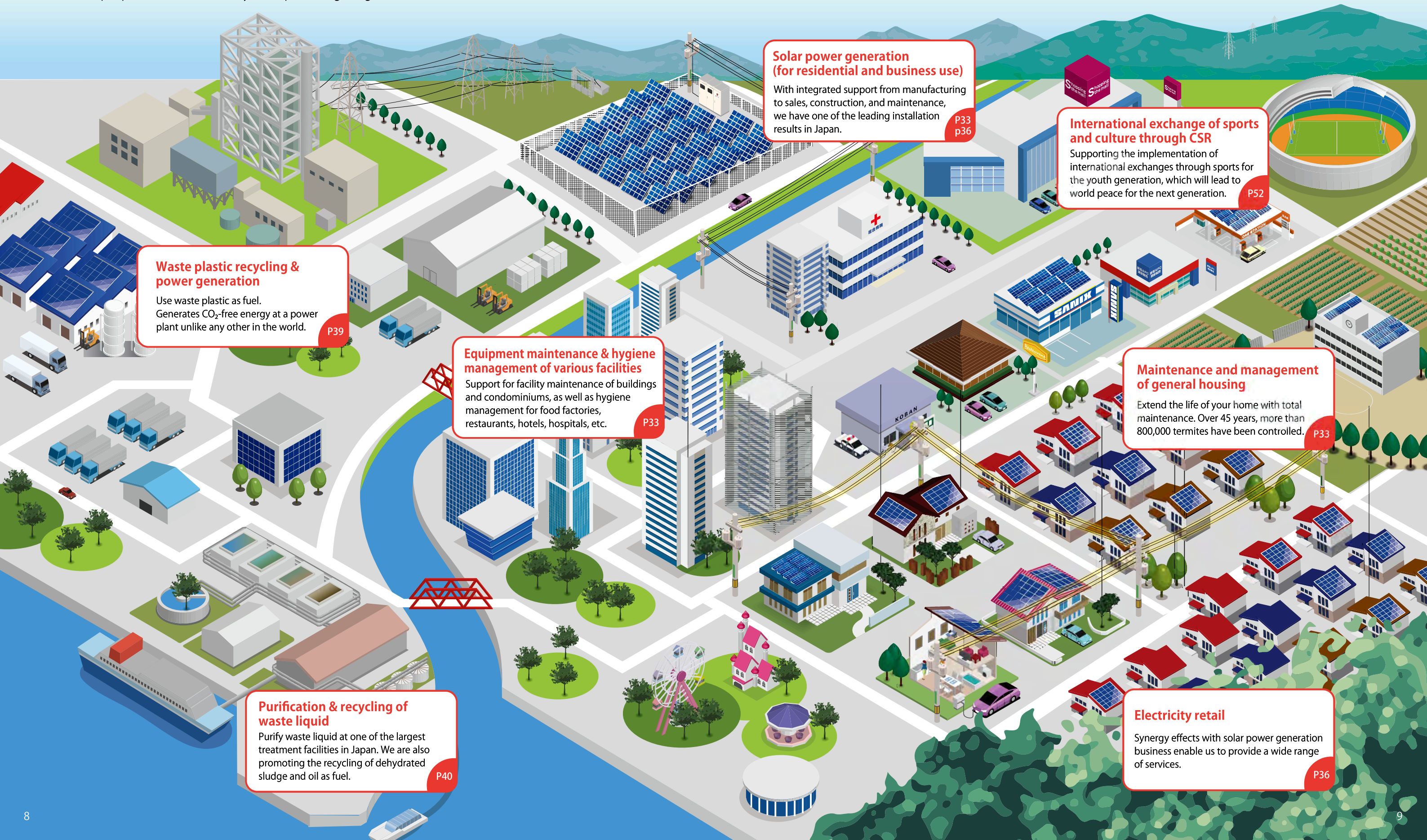




# Sanix Group through the picture

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 CO<sub>2</sub>-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

## 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

## 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

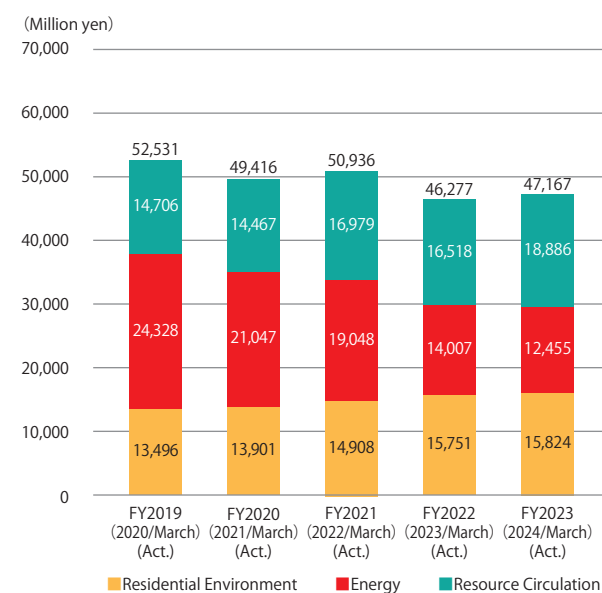


## Business of Sanix Group

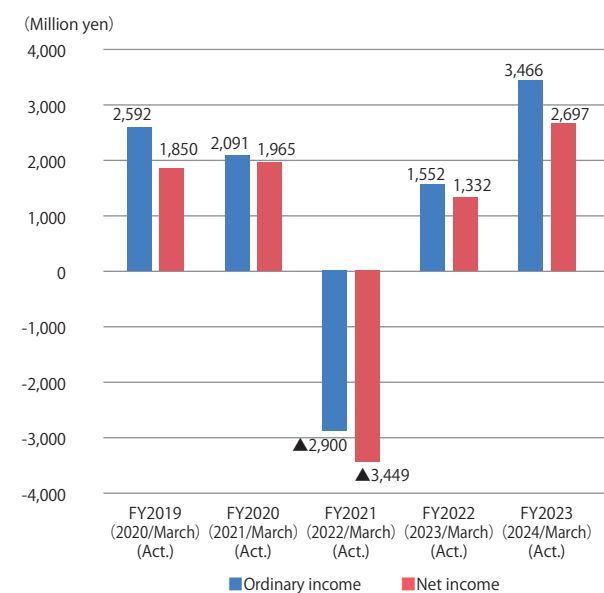
Today, addressing environmental issues is positioned as an important challenge on a global scale. As a company that has long been committed to creating an environment for future generations, the Sanix Group has been developing its business while striving for growth in order to contribute to the realization of a sustainable society.

In FY2023, while Japan's economy began to recover following the downgrading of COVID-19 to a Category 5 disease, the overall economic landscape remained uncertain due to global factors such as rising resource and energy prices and a weakening yen. The Sanix Group continues to contribute to society by addressing social issues through our business operations.

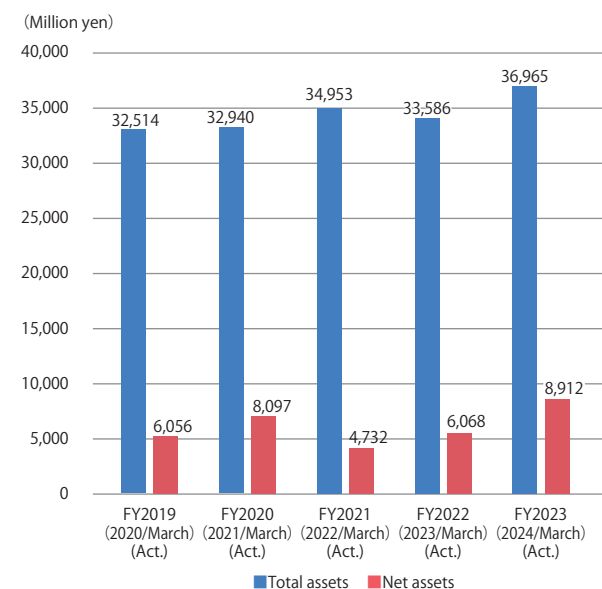
Sales by segment



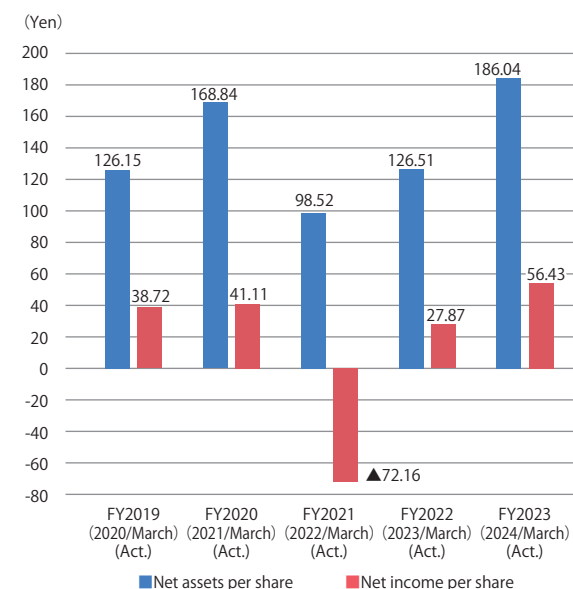
Ordinary income / Net income



Total assets / Net assets



Net assets per share / Net income per share



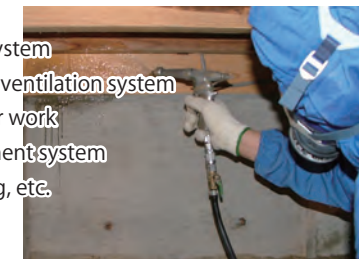
## Main Business

### 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
- Pests control, 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)

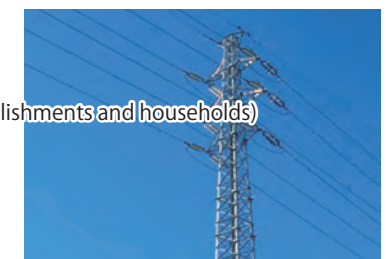
- Solar power generation system
- O&M (maintenance)
- Storage batteries, etc.



#### 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)

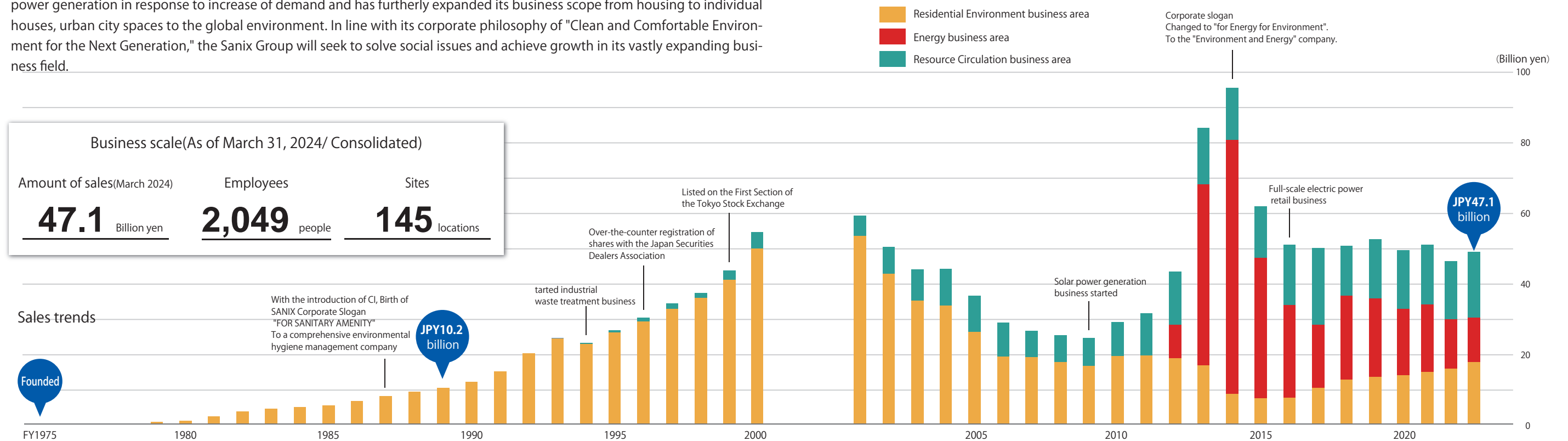
- Fuel conversion of waste plastic
- Resource recycling power generation system (power generation from waste plastic recycled fuel)
- Purification treatment of organic waste liquid
- Sales of integrated waste management system, etc.





# 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.  
Recycled Oil Bio got the prizes of "Kitakyushu Eco Premium" in 2021, "Fukuoka Prefecture Recycled Product," and "Director of Industrial Science and Technology Policy and Environment Bureau" in 2023.



# Sanix Group Value Creation



Materiality  
Value creation process

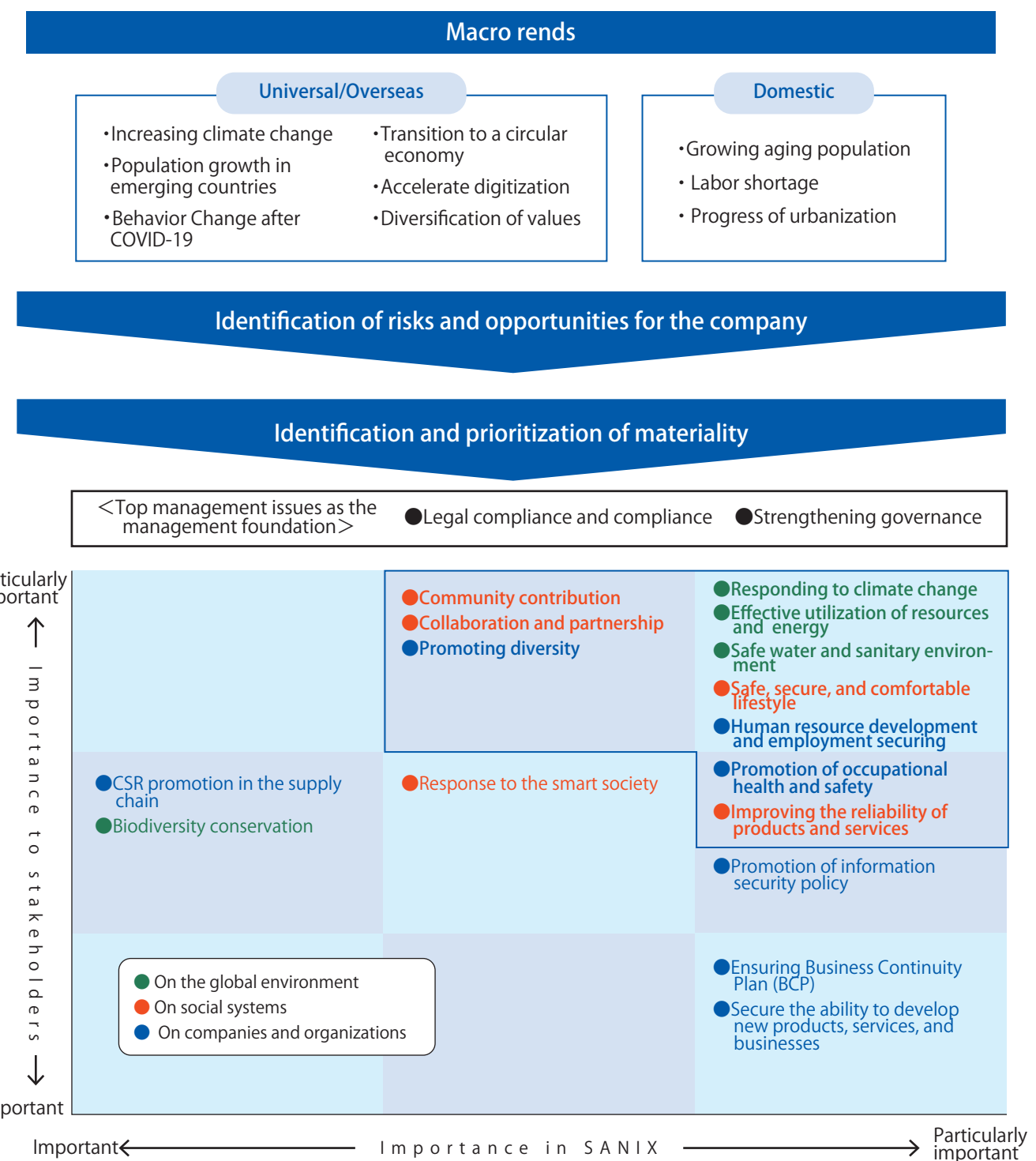
## Materiality

### ■ 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, 2024)

- Net assets: 8,912 million yen
- Total assets: 36,965 million yen
- Financial Data ➡ See page 68

### (2) Social capital (as of March 31, 2024)

- HS business: 5 HQs, 62 sites
- ES business: 12 sites
- SE business: 2 HQs, 14 sites
- PV business: 30 sites
- PPS business: 1 site
- Environmental resource development business: 19 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, 2024)

Number of employees (consolidated): 2,049  
[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 (FY2023)

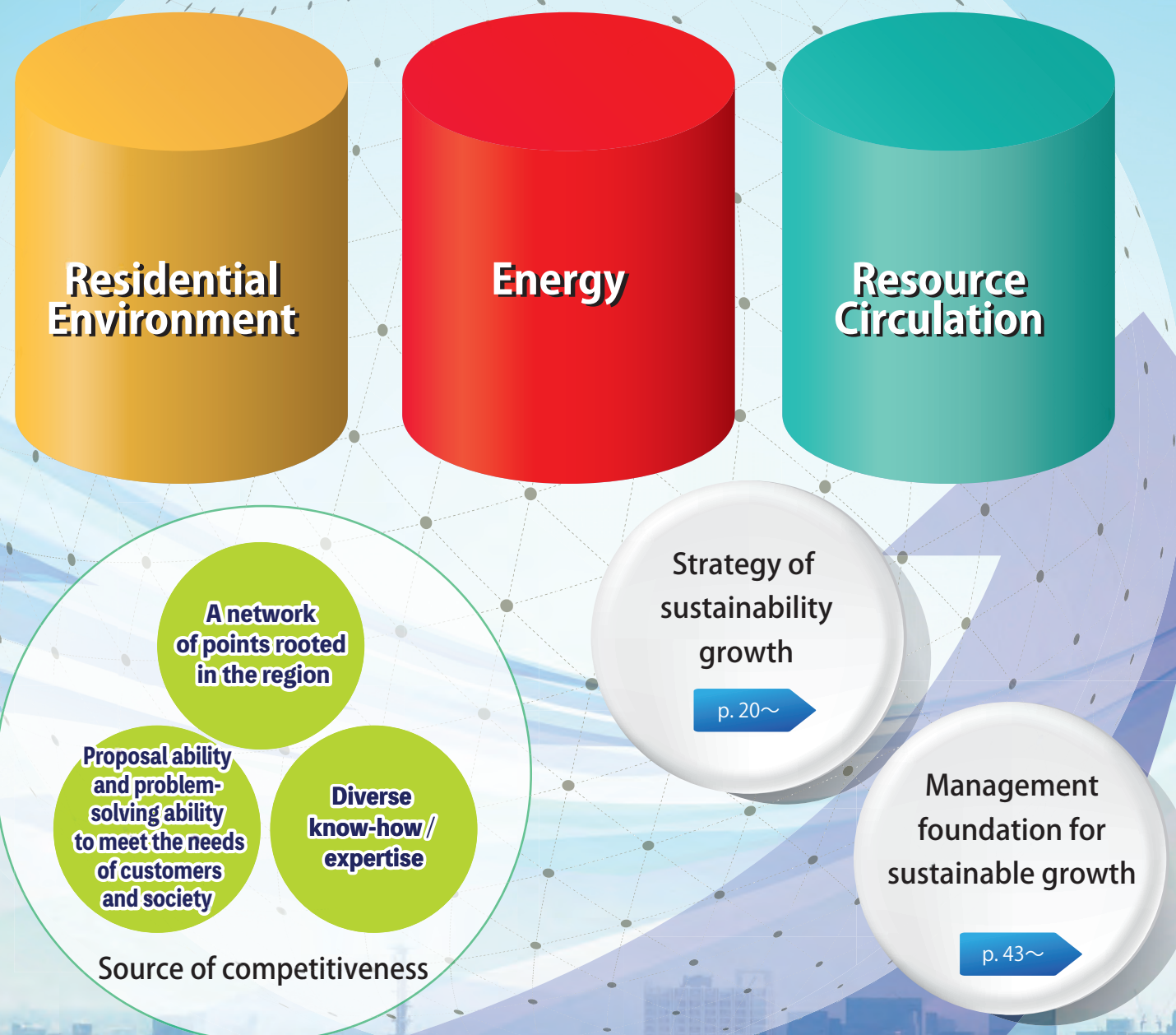
- Energy consumption  
Non-fossil: 4,663,000 GJ Fossil: 228,000 GJ
- Environmental data ➡ See page 58

### (6) Manufacturing capital (as of the end of March 2024)

- Logistics Center 1
- Logistics Center 2
- SHNRI (JIASHAN) ENERGY SCIENCE AND TECHNOLOGY Co., LTD (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

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” The Sanix Group moves to a holding company structure in 2025

Founded in 1975 as a pest control company, the Sanix Group has since expanded its operations to meet diverse global needs. Guided by our corporate philosophy of “Clean and Comfortable Environment for the Next Generation,” we focus on three key business areas: residential environment, energy, and resource circulation.

Environmental issues such as global warming, environmental pollution, and resource depletion have reached a stage where measures need to be taken on a global scale, and “creation of a sustainable society” has now become a world common understanding. This is clearly reflected in the SDGs adopted by the United Nations, the Paris Agreement adopted at COP21, and the Circular Economy Action Plan announced by the European Union. In Japan, starting with the Carbon Neutral Declaration for the year 2050, various policies have been rapidly shifting to those based on establishment of a sustainable society. This trend reminds us of importance of our values that we have pursued for a long time, and of necessity of our business promotion.

The Sanix Group aims to create a society soon where it is

common to 1. pass on a comfortable living environment to the next generation, 2. use energy with low environmental impact, 3. circulate resources without disposing of. To accelerate it, we have decided the shift to a holding company structure and prepare for it.

First, SANIX ENGINEERING INC., B to B photovoltaic businesses, and SANIX HOME BUILD SERVICE INC., specialized in construction business, have started to operate in July 2024. Then, businesses in the residential environment and resource circulation areas will demerge in April 2025 to complete the shift to a holding company structure. We strive to grow through optimal operation for each business based on speedy business decisions.

The Sanix Group will restart as a holding company structure in April 2025. Year 2025 is also our 50th anniversary. The Sanix Group together moves forward steadily, contributing to creating a sustainable society.



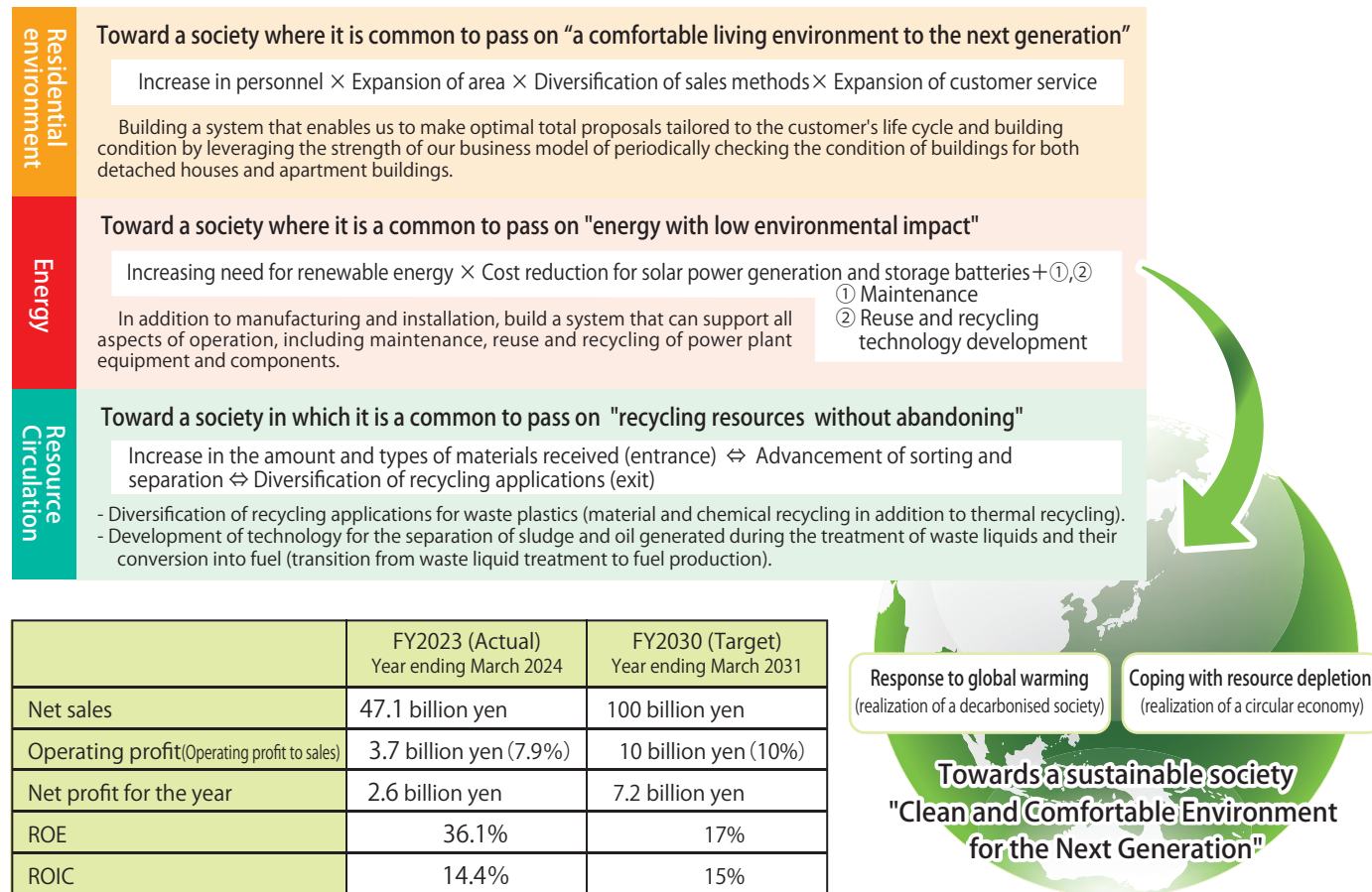
## Medium-term management plan (2023-2025) and Long-term vision for 2030

Our long-term vision for 2030 includes achieving 100 billion yen in sales. Additionally, we have developed and are executing our Medium-Term Management Plan (FY2024-2026).

In May 2024, we adjusted the numerical targets of our Medium-Term Management Plan due to a decline in current market prices compared to our projected energy costs, which had anticipated a sustained increase. In the uncertain social situation, we intend to grow sustainably and improve corporate value in the medium to long-term, responding flexibly to changes and grasping opportunities.

During the period of the plan, the Company 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.

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



### ■ Medium-term management plan (FY2023-FY2025) (announced on 15 May 2023, revised on 15 May 2024)

	FY2023 (Year ending March 2024)		FY2024 (Plan) (Year ending March 2025)	FY2025 (Plan) (Year ending March 2026)
	Plan	Actual		
Net sales	48 billion yen	47.1 billion yen	46.2 billion yen	51.5 billion yen
Operating profit(Operating profit to sales)	3.2 billion yen	3.7 billion yen	1.7 billion yen	2.8 billion yen
EBITDA*	4.8 billion yen	5.3 billion yen	3.5 billion yen	4.9 billion yen
ROE	35.0%	36.1%	11.6%	17.0%
ROIC	14.0%	14.4%	6.4%	10.0%
Equity Ratio	22.0%	24.1%	25.4%	29.0%

\* 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.

### Maintenance of "Building=Life-Assets-Resources"

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 / 2023 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. We provide residential services and strengthen partnerships with building and condominium management companies, as well as agricultural cooperatives, consumers' cooperatives, mutual aid associations, real estate and construction companies, and retailers. This growing network of alliances is driving our business growth.

### Hygiene Management

In addition to residential environment maintenance, we provide hygiene management services for a diverse range of clients, including accommodations, commercial facilities, restaurants, and manufacturing plants. Since the revision of the Food Sanitation Law in June 2020, businesses handling food products are now required to adopt HACCP principles.

As hygiene standards have become a key factor in service quality, the Sanix Group offers HACCP-based hygiene management consultation and support services. We remain committed to advancing hygiene management practices to meet evolving societal needs.





## Realization of a decarbonized society using energy with low environmental impact

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

### History of photovoltaic business

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 productions handled by our Service Division for detached houses. Our early success in introducing solar panels to the market led to the launch of our solar power 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 50,000 residential and industrial systems, and our total sales capacity, including wholesale sales, exceeds 1.4.GW (1.4million kW), which is equivalent to one nuclear power plant(as of March 2024).

In July 2024, our B2B Photovoltaic Business Division spun off as SANIX ENGINEERING INC., a wholly-owned subsidiary. This new company is focused on B2B photovoltaic solutions, aiming to capitalize on growing social demand and adapt swiftly to changing market conditions.

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. While the Feed-in Tariff (FIT) scheme, introduced in 2012, accelerated the adoption of solar power generation, the industry is now shifting towards self-consumption rather than solely selling electricity. We believe that it is not until it becomes the energy of choice for people without subsidiaries or preferential policies that it becomes a self-sustaining industry. 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.

The Sanix Group is promoting optimal proposals such as Sell-Consumption that they use electricity generated by solar power in their shops and factories, Third party Ownership (TPO) that they buy electricity generated by solar power at the equipment owned by other companies installed in their own facilities, and systems linked with fuel cells and electric vehicles to meet users' needs and situations of electricity consumption in order to spread solar 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.



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.

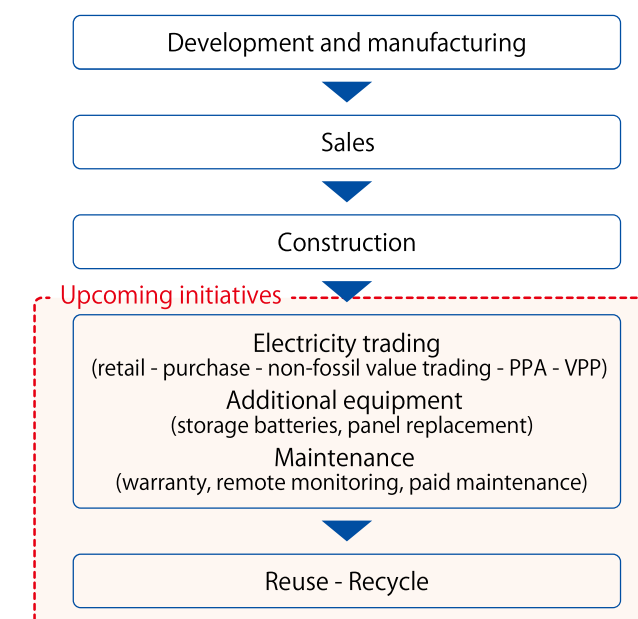
### From solar panel recycle to VPP demonstrations, looking at the future of solar power generation

Furthermore, we aim to commercialize the reuse and recycling of solar panels. Leveraging our accumulated knowledge of solar panels and our strong nationwide network for industrial waste disposal, we are currently verifying solar panel recycling technologies. With the expiration of the feed-in tariff (FIT) system for solar power generation, a large amount of used solar panels are expected to be generated in the 2030s. In order to expand the widespread use of solar power as a sustainable source of energy, we will conduct demonstrations to realize the commercialization of reuse and recycling.

In addition, our group participated in a demonstration project (Ministry of Economy, Trade and Industry) from fiscal year 2017 to 2023 that utilized distributed resources (solar power generation, storage batteries, etc.). Solar power generation faces the challenge of fluctuating output depending on weather conditions, making it difficult to adjust power supply. This demonstration project aims to create a system that enables both continuous introduction of renewable energy and stabilization of the power system at low cost by utilizing distributed energy resources as a virtual power plant\*. We believe that transforming solar power into a stable power source will be a major step towards a decarbonized society. We will utilize this experience in our future endeavors.

\*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.

### Expansion of total service for solar power generation



### Power retailing business

The Sanix Group also engages in the power retail business. In 2001, the Sanix Group established SANIX ENERGY INC.\*, a registered Specified-Scale Electricity Utility. Since then, we have expanded our electricity retail business, beginning with commercial and industrial customers in 2015 and expanding to households in 2016 following full deregulation. 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.

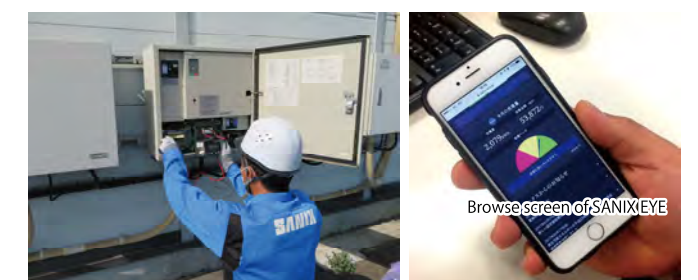
In FY2021, the soaring prices in the wholesale electricity trading market (JEPX) led to a significant increase in power procurement costs and a marked decline in profitability. In response, we have shifted to a business structure that minimizes market risk and ensures profitability. We have seen steady performance of the business since 2022.

The Sanix Group strives to create an environment in which energy with low environmental impact is common by creating a mechanism to deliver renewable energy to customers while expanding the use of renewable energy sources.

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



Maintenance demand is expected to increase. The remote monitoring (web monitoring) service "SANIX EYE" launched in 2015, is already in use at approximately 10,000 solar power plants.



Browse screen of SANIX EYE





## Transition to a circular economy and a decarbonized society, and to “circulate resources without disposing of” 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. In the past 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.

### Plastic recycling and resource-circulated power generation

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 (FY2022).

Approximately 3.99 million tons of industrial waste plastic is discharged annually, of which 2.42 million tons, or 61%, 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. We are considering the possibility of building a system that allows us to convert plastic raw materials into recycled products in-house in the future. This will enable us to respond more flexibly to our customers' (waste producing companies) requests to reduce their environmental impact, such as reducing CO<sub>2</sub> emissions and maximizing the effective use of resources.

### Centralized management system for waste disposal operation

In April 2022, we launched a cloud-based centralized waste management system designed to meet the needs of waste-producing companies. Leveraging our expertise in waste management, this system streamlines operations from request management to disposal status tracking and data analysis, ensuring efficient and compliant waste handling. The system also provides valuable insights through data visualization, enabling cost optimization and environmental improvement. In May 2024, we added a CO<sub>2</sub> emissions tracking feature, and we continue to enhance the system with regular updates.

In May 2023, we expanded our offerings with a management system for waste collection and transport companies, followed by a system for intermediate waste treatment companies in May 2024. These systems, now collectively known as the “Ichigen kun” series together with “Kankyo Ace Ichigen kun”, “Shuun Ace Ichigen kun”, and “Sanpai Ace Ichigen kun”, are designed to streamline operations and promote resource circulation. By increasing user adoption and establishing a waste-recycling network in the future, we aim to accelerate the transition to a sustainable, circular economy.

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

### Liquid waste purification and Fuel recycling

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 waste beverages discharged from food factories by microbial treatment. Currently, our customer's locations are widespread to Kinki and Tokai areas.

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 began producing “Recycled Oil Bio,” a recycled oil extracted from grease trap\* sludge. This innovative solution not only provides an alternative to heavy oil but also enables the recycling of waste liquids with high oil and sludge content.

“Recycled Oil Bio” has garnered significant recognition, including the Kitakushu Eco-Premium for FY2021 in November 2021, the 15th Fukuoka Prefecture Recycled Product Award in March 2023, and the Director of Industrial Science and Technology Policy and Environment Bureau Prize in October 2023. In response to strong customer demand, we have doubled our production capacity.

We are also exploring the potential of recycling sludge from organic wastewater into a solid fuel, offering a sustainable alternative to fossil fuels.

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. Meeting the customers' needs, we doubled the production lines in March 2024, which resulted in a production capacity of 4,320tons per year.



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 developments support our business

Believing that employee development is key to delivering high-quality services, we have prioritized employee education since our inception. Guided by our philosophy of “work as education and education as management,” we established a dedicated training center and department in our seventh year of operation. We continue to invest in our employees' growth, aiming to cultivate a team of skilled and motivated professionals.

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.

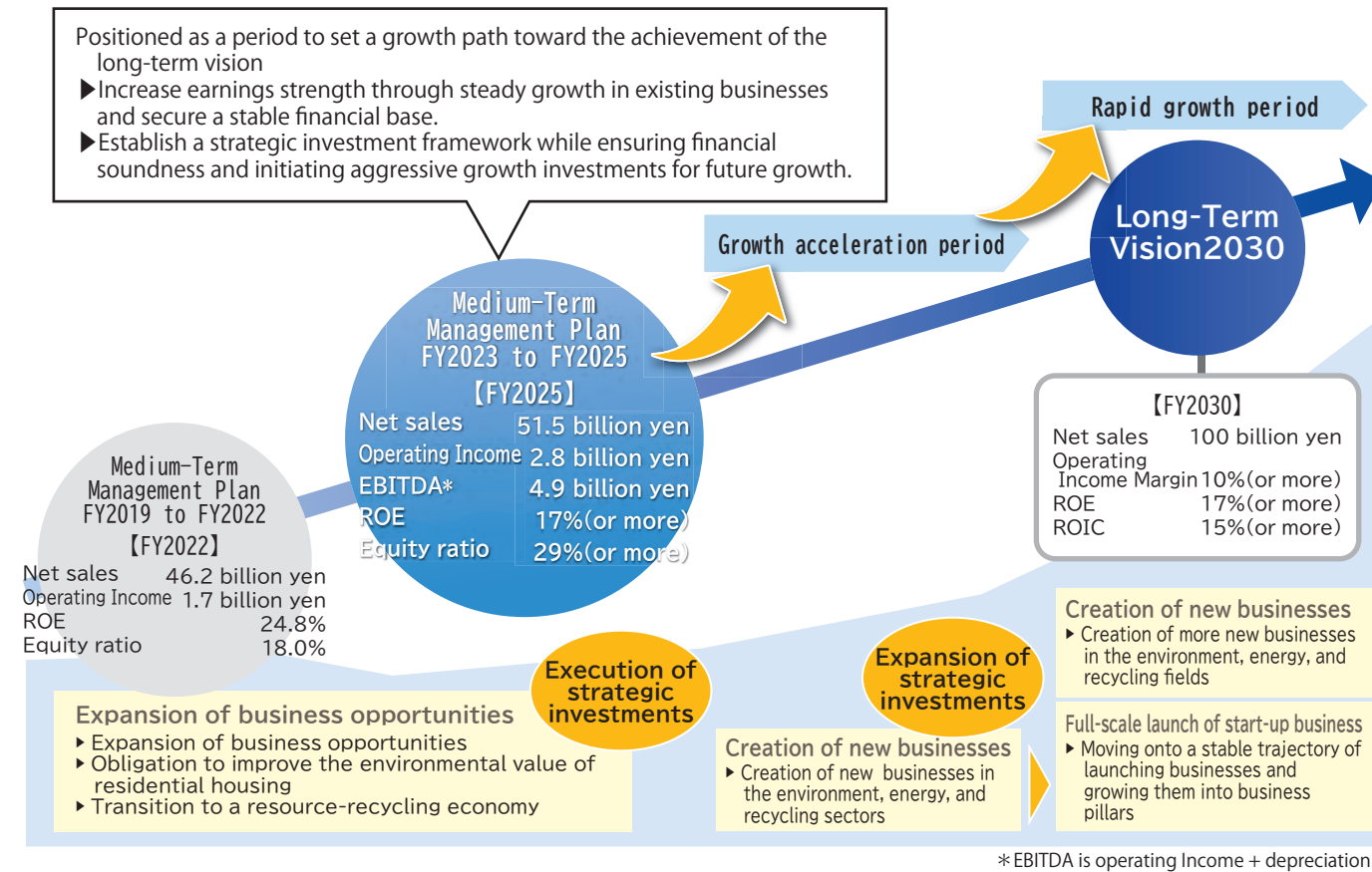
We will contribute to the creation of a comfortable environment for the next generation by striving for technological innovation and the development of high value-added services while placing importance on the safety, health, and compliance of our employees.



## 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 (FY2023-FY2025)" as a period to lay the foundation for sustainable growth of existing businesses. Note that we revised the numerical targets of FY2024 and FY2025 of the Plan according to the current situation.

### Sanix Long-Term Vision 2030 and Mid-Term Management Plan (revised and published on May 15, 2024)

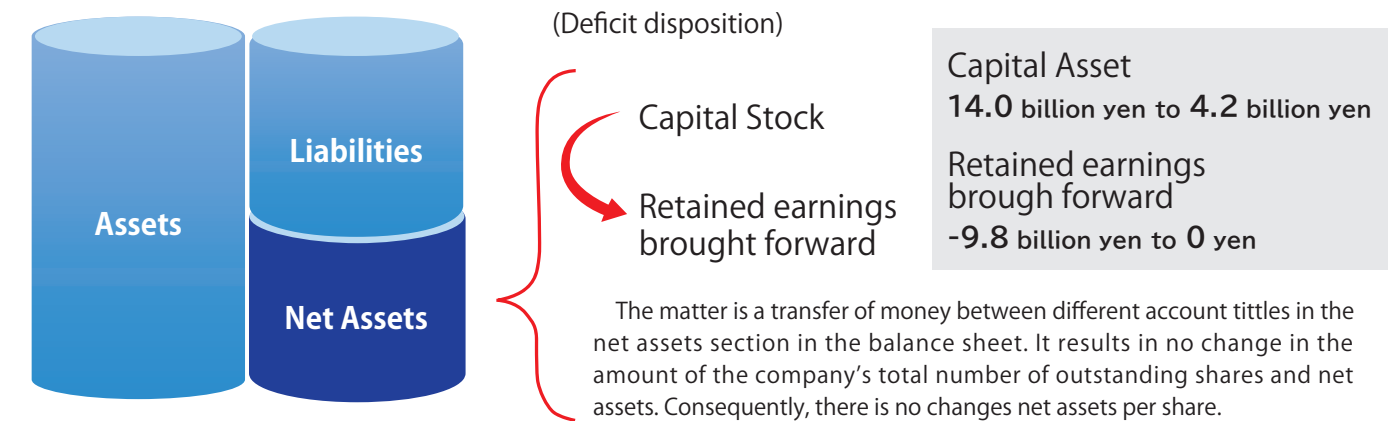


### Environmental Analysis and Identification of materiality

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

### Capital Policy: Liquidation of deficit

The Company got the approval on the reduction of capital stock and appropriation of surplus at the 46th Annual General Meeting of Shareholders held on June 27, 2024, and therefore liquidated the deficit by transferring the necessary amount for deficit disposition) to retained earnings brought forward on September 2, 2024.

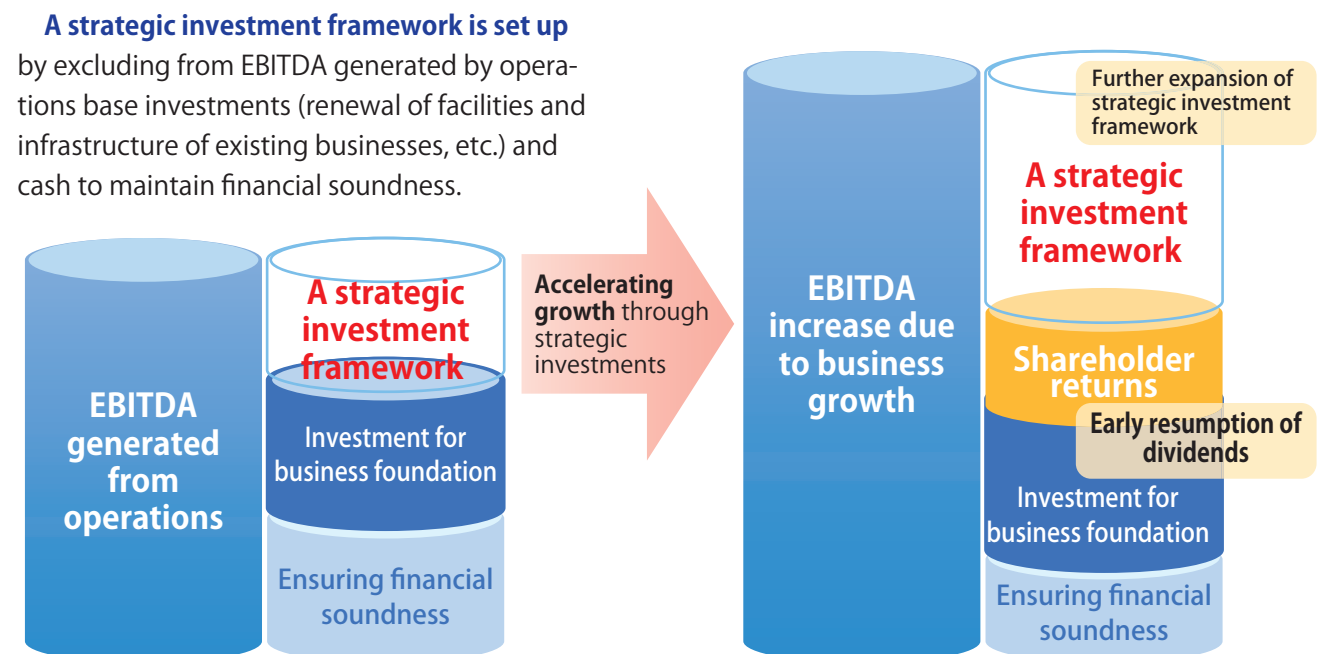


**Improve financial soundness and ensure flexibility and mobility of capital policy in the future**

**Secure stable profits and resume dividend payments as soon as possible**

### 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**.

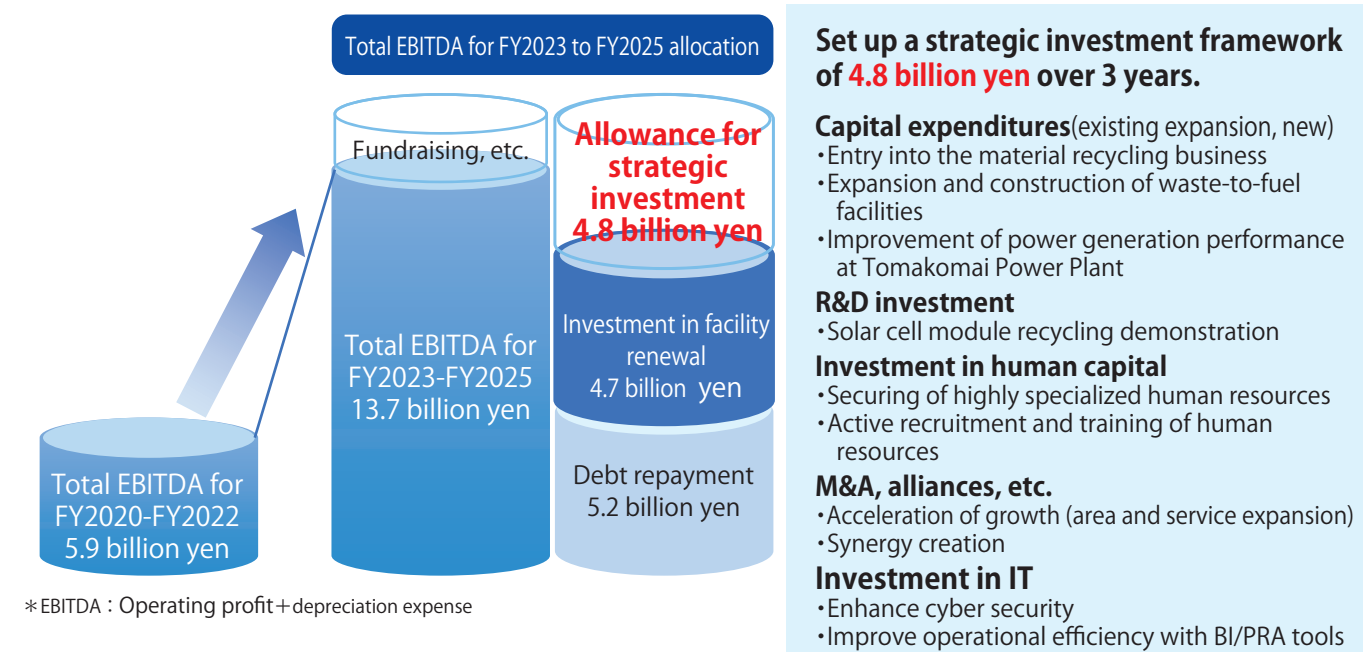




## Medium-Term Management Plan (FY2023-2025) Overview

### Resource Allocation

- The earning power of the entire business will increase during the plan period and three-year accumulated EBITDA is expected to be **13.7** 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.

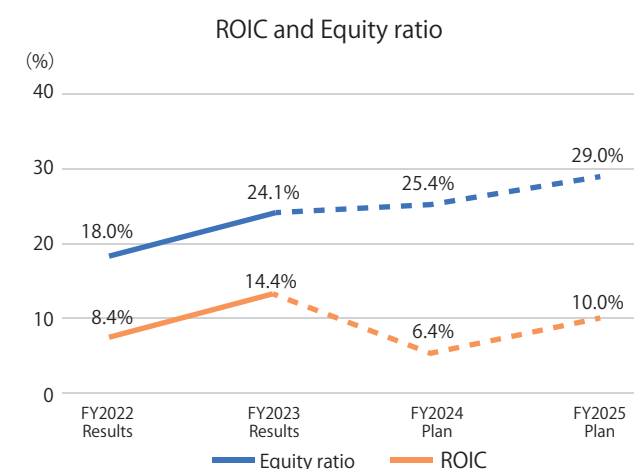
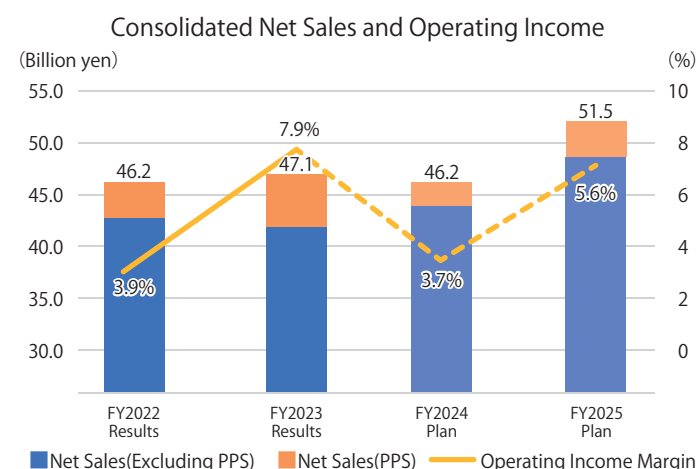


### Medium-Term Management Plan (Projections)

We revised the numerical targets of FY2024 and FY 2025 of the Plan according to the current situation.

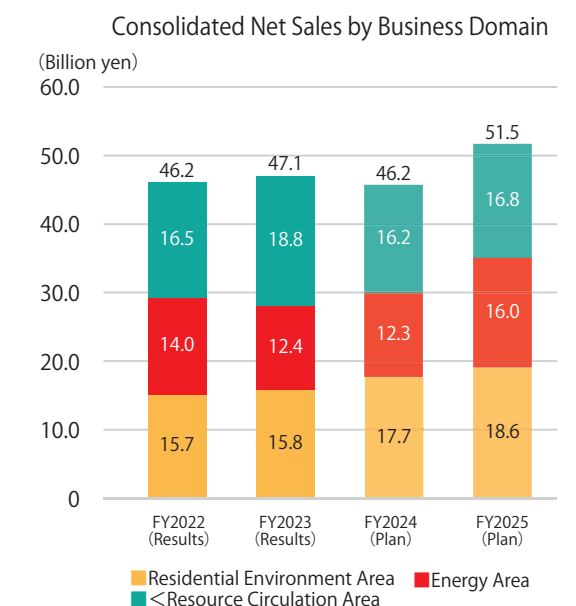
	FY2022 Results	FY2023			FY2024 Plan	FY2025 Plan
		Plan	Results	Difference		
Net Sales	46,277	47,965	47,167	△797	46,246	51,500
Operating Income	1,785	3,231	3,744	+512	1,715	2,800
EBITDA*	3,674	4,800	5,398	+598	3,500	4,900
ROE	24.6%	35.0%	36.1%	+1.1	11.6%	17.0%
ROIC	8.4%	14.0%	14.4%	+0.4	6.4%	10.0%
Equity ratio	18.0%	22.0%	24.1%	+2.1	25.4%	29.0%

\* EBITDA : Operating profit + depreciation expense



### Sales and Operating Income Plan by Business Domain

	FY2022 Results	FY2023 Results	FY2024 Plan	FY2025 Plan
Net Sales	46,277	47,167	46,246	51,500
Residential Environment	15,751	15,824	17,704	18,600
Energy	14,007	12,455	12,320	16,000
Resource Circulation	16,518	18,886	16,221	16,800
Operating Income	1,785	3,744	1,715	2,800
Residential Environment	1,421	1,724	2,379	2,500
Energy	261	377	252	1,000
Resource Circulation	3,153	4,722	1,863	1,800
Group	△3,050	△3,079	△2,780	△2,500



### 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.

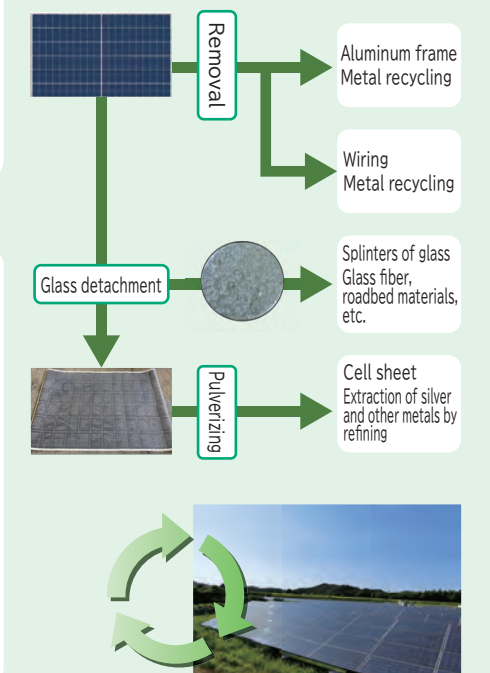
#### Panel disposal forecast in Japan

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

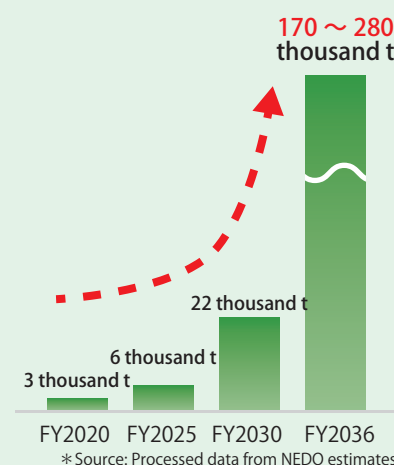
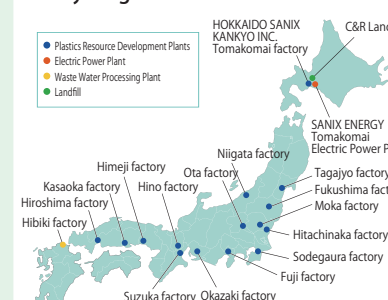
#### Huge amount of solar panel shipments accumulated in the photovoltaic power generation business

- 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, 2024

#### 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.

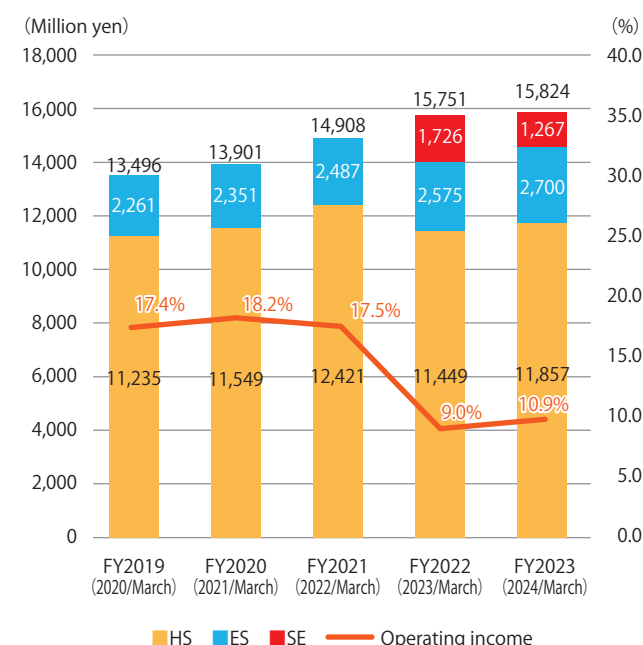
The Sanix Group promotes total maintenance from the viewpoint of "preventive medical care" (the concept of preventing the occurrence of problems before they occur). We also provide solar power generation, renovation, and sanitary management of urban spaces to realize comfortable and hygienic living that can be passed on from generation to generation.

### Residential Environment Domain Results

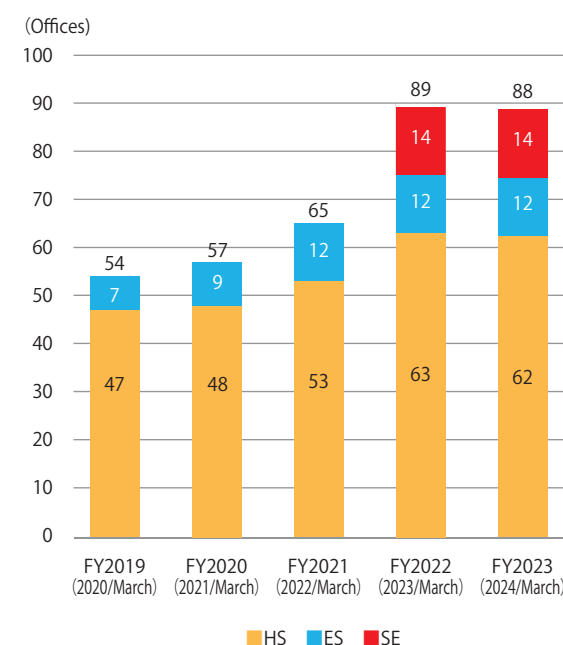
(Million yen)

	FY2019 (2020/March)	FY2020 (2021/March)	FY2021 (2022/March)	FY2022 (2023/March)	FY2023 (2024/March)
Net Sales	13,496	13,901	14,908	15,751	15,824
Gross profit	7,935	8,362	8,995	8,822	8,867
Gross margin	58.8%	60.2%	60.3%	56.0%	56.0%
Operating income	2,343	2,525	2,609	1,421	1,724
Operating margin	17.4%	18.2%	17.5%	9.0%	10.9%

### Net Sales by Segment - Operating Income



### Number of Sales Offices by Segment



## Main products and services

### Home Sanitation (HS) Business

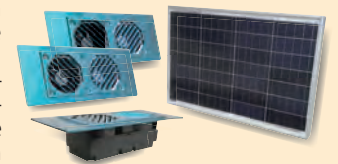
#### Termite control system

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. Fans with grid power are also available.



#### Foundation repair work

Aramid fiber sheet is attached to the surface of the foundation concrete with 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

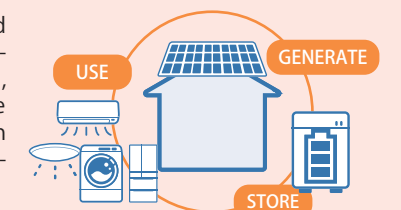
#### Residential solar power generation system

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.





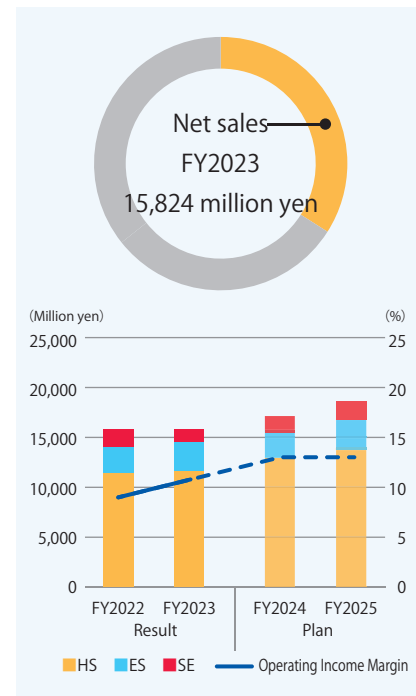


## Value Creation Story (Growth Strategy) in the Residential Environment Area

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.

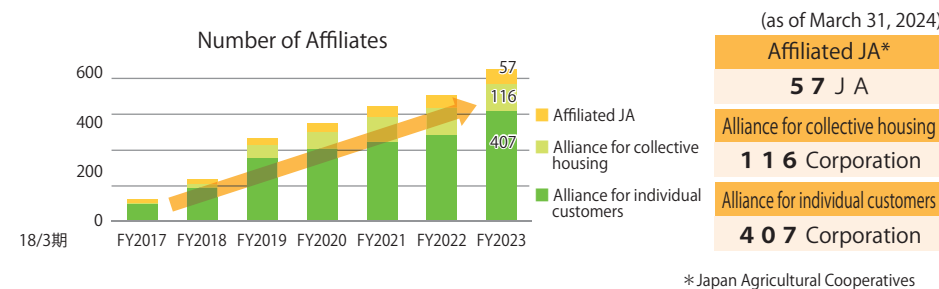
<Mid-term Management Plan by Segment>



(Million yen)

	FY2022 Results	FY2023 Results	FY2024 Plan	FY2025 Plan
Net Sales	15,751	15,824	17,704	18,600
HS	11,449	11,857	13,318	14,000
ES	2,575	2,700	2,800	3,000
SE	1,726	1,267	1,586	1,600
Operating Income	1,421	1,724	2,379	2,500

- Net sales are expected to rise 2.8 billion yen from FY2022, to 18.6 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>

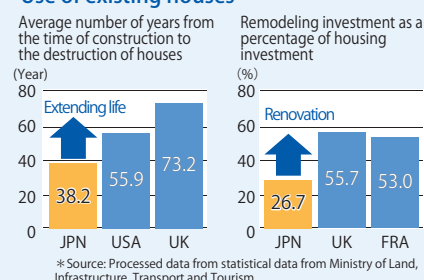
- Government policy that forms high-quality housing stock and emphasizes the use of housing stock, including home renovation and existing home distribution
- Expansion of demand for housing maintenance and hygienic environments generated by the COVID-19 pandemic
- Growing need for photovoltaic power 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. 65 million**, of which wooden single-family houses: **approx. 30 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.

### 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.

## 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.



## 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.



### Clearly understood the condition of my house with the pictures

You took pictures carefully to every corner of my house and explained the condition of the house. I appreciated it. Above all, your explanation about the pictures were very clear. It was good for me to know well about the condition of my house.

U in Yamaguchi (June 2024)

### Relieved to detect water leak

I am relieved that today's inspection identified the water leak under the floor. Thank you for thoroughly checking every corner.

T in Kagoshima (March 2024)

### Fully satisfied with manners and explanation

I recognized again fabulousness of SANIX. I was fully satisfied with your manner and explanation on the report. Thank you for your continued service.

K in Nagasaki (February 2024)

### Impressed with sincere efforts

I am consistently impressed by the dedication and sincerity of your team. Thank you for fostering a positive work environment that allows your employees to thrive.

H in Okayama (January 2024)

### Ask SANIX for the termite control

They carefully checked the underfloor of my house, and even picked up garbage. They gave me enough time to discuss what to do then with my family without strongly recommending me to sign a contract after checking. I could not sign the contract soon but would ask SANIX for the termite control. Thank you very much for your service.

T in Fukuoka (January 2024)

### Heartful services to the next generation

I've been truly impressed by the kindness of every SANIX employee I've encountered. I hope SANIX continues providing compassionate service to future generations. Thank you.

S in Gifu (October 2023)

### Recommend SANIX to those who cannot select a provider

I was not sure about asking anyone for the termite control even though I was suffered from termites, worrying whether I would be deceived by a malicious provider. But I can recommend SANIX to those who have same worries. I am secure in knowing that SANIX will come back for the 5-year inspection. I am for SANIX from now on, too. Thank you.

T in Miyazaki (December 2023)

### Satisfied with check and explanation

I was impressed by the thorough inspection and clear explanation of the underfloor conditions.

O in Shiga (December 2023)

### 100% relief

I was very relieved by the clear explanations provided both during and after the inspection. I'm completely satisfied with SANIX's service and will definitely turn to you for future needs. Thank you.

Y in Ibaraki (April 2024)

### Education reached to everyone

Thank you for your service. I felt that education reached to everyone who came for the work. Their greetings and responses were nice. I hope them to do their best. I look forward to seeing if I would live comfortably.

T in Kagawa (September 2023)

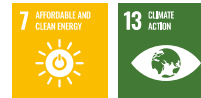
### Easy explanation

Thank you for the clear explanation of the underfloor conditions and the potential risks of termite infestation. I appreciate your thorough inspection, especially during the hot weather. Thank you for scheduling the one-year follow-up inspection in advance.

U in Hiroshima (August 2023)



## Value Creation Stories in the Energy Area



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

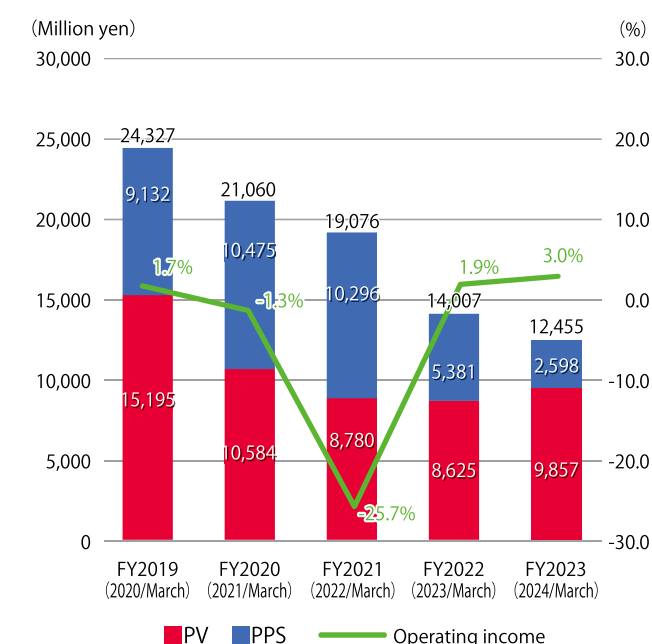
Decarbonization is now a common challenge for all humankind. In Japan, this trend has been accelerating since the 2050 Carbon Neutral Declaration.

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

	FY2019 (2020/March)	FY2020 (2021/March)	FY2021 (2022/March)	FY2022 (2023/March)	FY2023 (2024/March)
Net sales	24,327	21,060	19,076	14,007	12,455
Gross profit	4,236	3,252	△1,859	2,348	2,450
Gross margin	17.4%	15.4%	△9.7%	16.8%	19.7%
Operating income	416	△279	△4,908	261	377
Operating margin	1.7%	△1.3%	△25.7%	1.9%	3.0%

### 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.

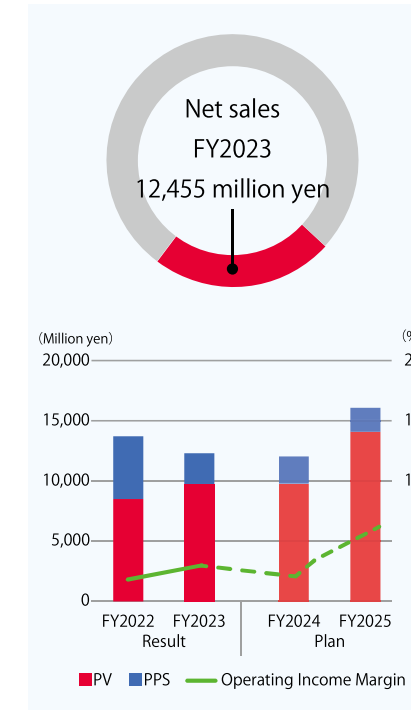


## Value Creation Story (Growth Strategy) in Energy Area

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 Results	FY2024 Plan	FY2025 Plan
Net Sales	14,007	12,455	12,320	16,000
PV	8,625	9,857	9,884	14,000
PPS	5,381	2,598	2,436	2,000
Operating Income	261	377	252	1,000

- Net sales are expected to be 16 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 to many customers 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 procurement, sales, 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.

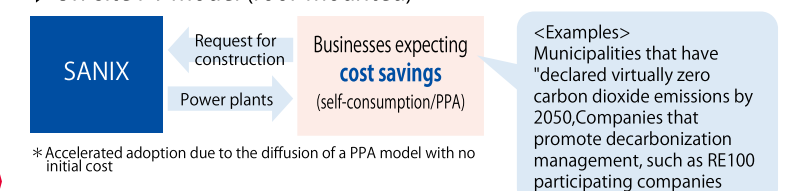
#### Conventional model based on FIT system

	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
FY2024	More than 10 kW and less than 50 kW	10Yen/kWh
	More than 50kW	9.2Yen/kWh

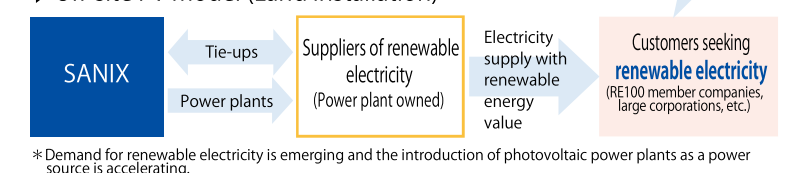
\* Attractiveness of FIT declines significantly as unit purchase price declines.

#### New dissemination model that does not rely on the FIT system

##### On-site PV model (roof-mounted)



##### Off-site PV model (Land installation)



\* Demand for renewable electricity is emerging and the introduction of photovoltaic power plants as a power source is accelerating.



## 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.

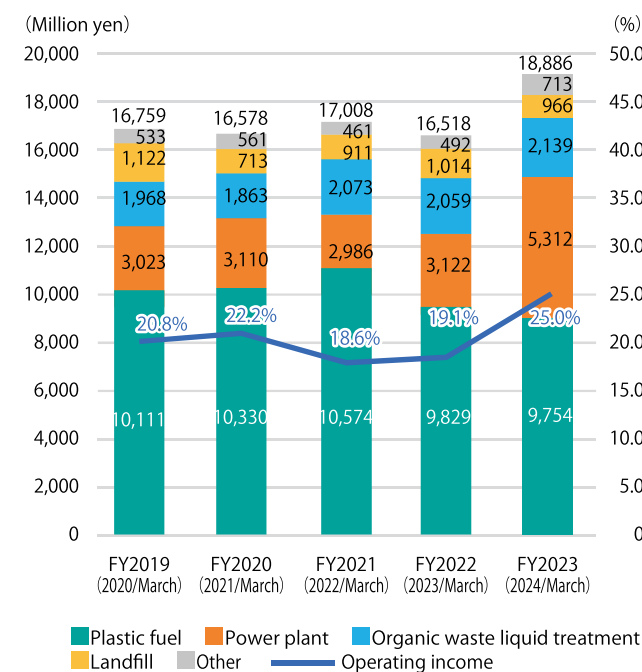
Our group contributes to the creation of a circulation-oriented society through businesses that consider the global environment for the next generation, such as the recycling of waste plastics into fuel and the purification

### Resource Circulation Area Results

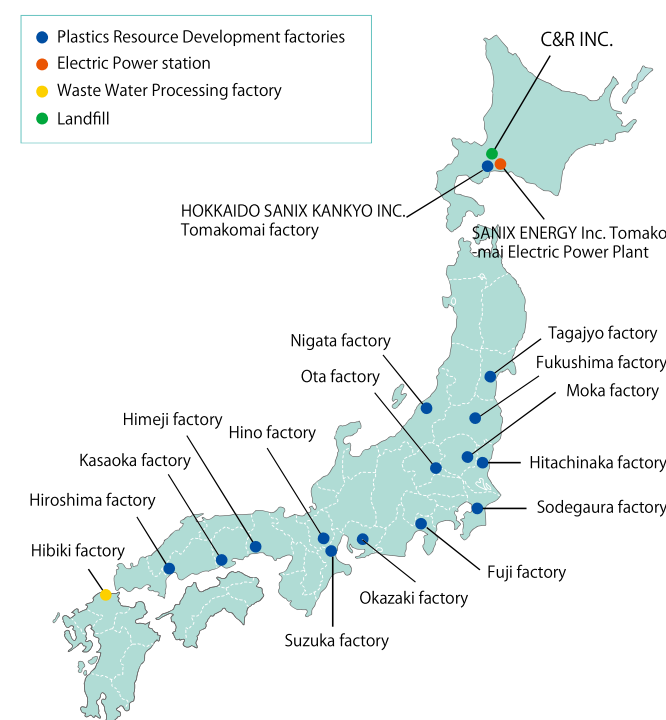
(Million yen)

	FY2019 (2020/March)	FY2020 (2021/March)	FY2021 (2022/March)	FY2022 (2023/March)	FY2023 (2024/March)
Net sales	16,759	16,578	17,008	16,518	18,886
Gross profit	5,384	5,538	4,957	5,037	6,784
Gross margin	32.1%	33.4%	29.2%	30.5%	35.9%
Operating income	3,483	3,673	3,158	3,153	4,722
Operating margin	20.8%	22.2%	18.6%	19.1%	25.0%

### 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 CO<sub>2</sub> 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.



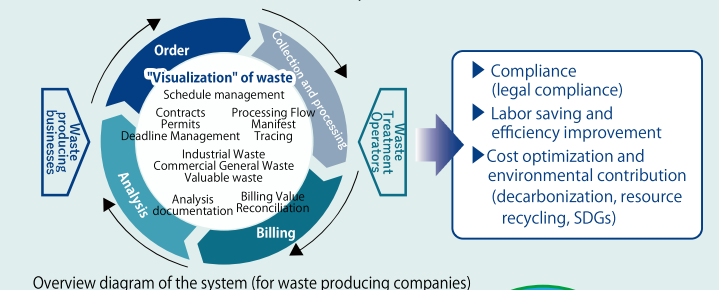
SANIX ENERGY Tomakomai Power Plant



Final disposal site (C & R INC.)

#### Integrated Disposal Management System

Supports adequate and efficient business operations by providing a system that "visualized" disposal operations. We have the lineup of the 3 systems for waste producing companies, for waste collection and transport companies, and for intermediate waste treatment companies.

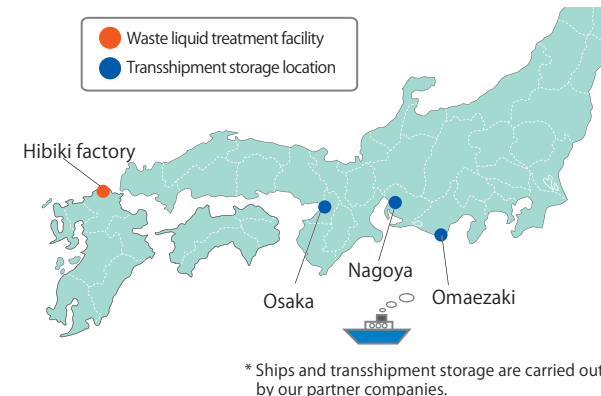




## Waste liquid purification treatment by microorganisms, recycling of oil and sludge

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 m<sup>3</sup>/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 m<sup>3</sup> of storage tanks for short notice acceptance.



## Expand production line of fuel made from waste "Recycled Oil Bio"

To accelerate the realization of resource-circulated society, the recycled fuel "Recycled Oil Bio" is produced and commercialized.

As the needs augment, we have doubled the production line (March 2024).

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

### ▶ Recycled Oil Bio

Is a renewable fuel substitute for fossil fuel, made by separating only the oil content from industrial waste like liquid waste and sludge generated from chain restaurants. Recycled Oil Bio is a fuel to contribute to the realization of the carbon neutral resulted from the use of plant and animal origin materials and is also a product to realize both "industrial waste reduction" and "recycling".



### ▶ Obtained three official certifications

The company obtained as "Director of Industrial Science and Technology Policy and Environment Bureau Prize" in Resource Circulation, Technology, and System Recognition 2023 (October 2023).

Besides it, it is recognized as "Kitakyushu Eco-Premium" and "15th Fukuoka Prefecture Recycled Product" for its environmental high value.



Ceremony of Resource Circulation, Technology, and System Recognition 2023 (October 20, 2023)   
 Hiroshi Munemasa (Company President: left), Mr. Kobayashi (Deputy Director-General Minister's Secretariat, Ministry of Economy, Trade and Industry: right)

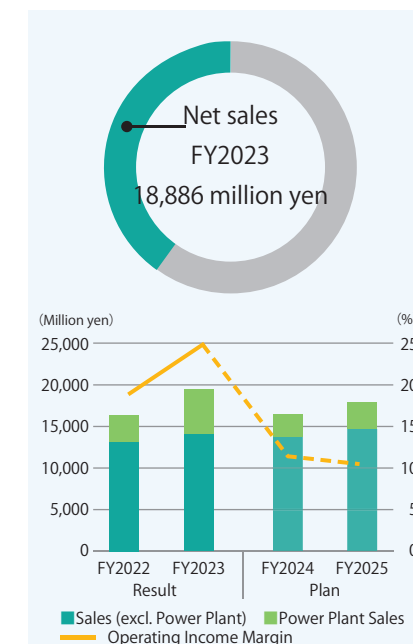


## Value Creation Story (Growth Strategy) in Resource Circulation Area

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

- Start of material recycling in waste plastic treatment and investment for fuel conversion projects in waste liquid treatment.
- Continuation of planned equipment renewal investments to establish a sustainable business foundation.

<Medium-term Management Plan by Segment>



	FY2022 Results	FY2023 Results	FY2024 Plan	FY2025 Plan
Net Sales	16,518	18,886	16,221	16,800
Plastic Fuel	10,321	10,468	10,263	10,480
Power Plant	3,122	5,312	2,903	3,130
Waste Liquid Treatment	2,059	2,139	2,335	2,490
Landfill	1,014	966	718	710
Operating Income	3,153	4,722	1,863	1,800

- 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, sales are estimated 16.8 billion yen in March 2026 due to a decrease in operating days caused by the full-scale renewal work.
- 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

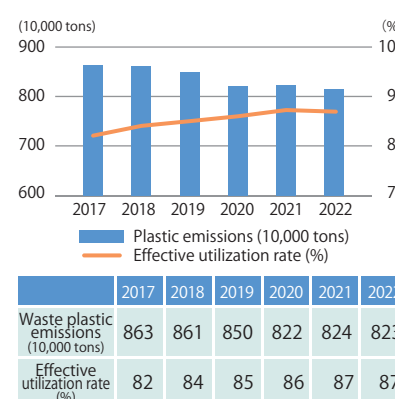
Policies toward a circular economy in which resources are circulated instead of discarded are strengthened. In particular, the recycling of plastic resources will be promoted.

- 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.

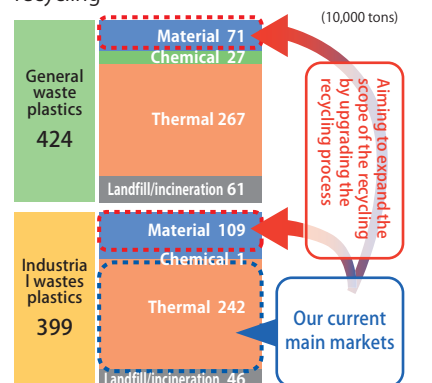
## Waste plastic emission trends

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 2022" (Japan Plastic Recycling and Reuse Association).



## Launch of centralized waste management system for waste disposal operation "Ichigen kun" series

The company launched a new product targeted intermediate waste treatment companies as the "Ichigen kun" series, adding the new product to the "centralized management system" launched in FY2022.

The system functions in every scene to realize labor-saving, to improve efficiency in various operations, and to moderate costs, to contribute to the environment through visualization. With users' good reputation, we will make efforts to increase the number of users.

 <p>For waste producing companies <b>Kankyo Ace Ichigen kun</b>, renamed from SANIX system</p>	<p>● To realize appropriate and efficient operations by visualizing all of waste operations such as the flow from waste collection to treatment, waste amount, and recycling ratio Launched on April 1, 2022 (former SANIX system)</p>	<p>The systems are introduced in various companies such as manufacturers, service companies, and so on.</p>
 <p>For waste collection and transport companies <b>Shuun Ace Ichigen kun</b>, renamed from SANIX system pro</p>	<p>● To realize appropriate and efficient operations by visualizing operations in waste collection and transport such as contracts, receiving, allocation of cars, collection and transport, car management, and various counting Launched on May 1, 2023 (former SANIX system pro)</p>	
 <p>For intermediate waste treatment companies <b>Sanpai Ace Ichigen kun</b></p>	<p>● To realize appropriate and efficient operations by digitalizing operations in intermediate waste treatment such as preparation of estimation, manifests, cash management Launched on May 15, 2024</p>	<p>※some of introduced companies</p>

Kankyo Ace Ichigen kun and Shuun Ace Ichigen kun were named based on ideas internally gathered to refresh brands for the centralized management system for waste disposal operation. This is a part of initiatives to active internal communication by respecting employees' opinions.

## Business chance expansion: aggressive participation in exhibitions

To realize a sustainable society is now a global common challenge. It is, thus, a critical theme to appropriately treat and recycle industrial waste. The Sanix Group aggressively participates in environmental exhibitions to present our initiatives such as fuel recycling of waste plastics and purifying of discharged water from food factories. The Group contributes to a realization of a decarbonized and resource-circulated society through businesses together with collaborators who share the same goal.

### Information on participation

2023	
March	● Decarbonized Management EXPO [Spring]
May	● 2023 NEW Environment Exhibition
October	● Fukushima Renewable Energy Industry Fair
November	● Business Matching Tohoku 2023, Messe Nagoya 2023
	● Decarbonized Management EXPO (Kansai)
December	● Food Tech Japan
2024	● Gunma Environment Festival
January	● Sai No Kuni Business Area 2024
February	● Support SDGs・ESG EXPO Spring
May	● 2024 NEW Environment Exhibition



The 4th Decarbonized Management EXPO [Spring] (March)



2023 NEW Environment Exhibition (May)



2023 Messe Nagoya 2023 (November)



The 4th Food Tech Japan Tokyo (December)

## 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

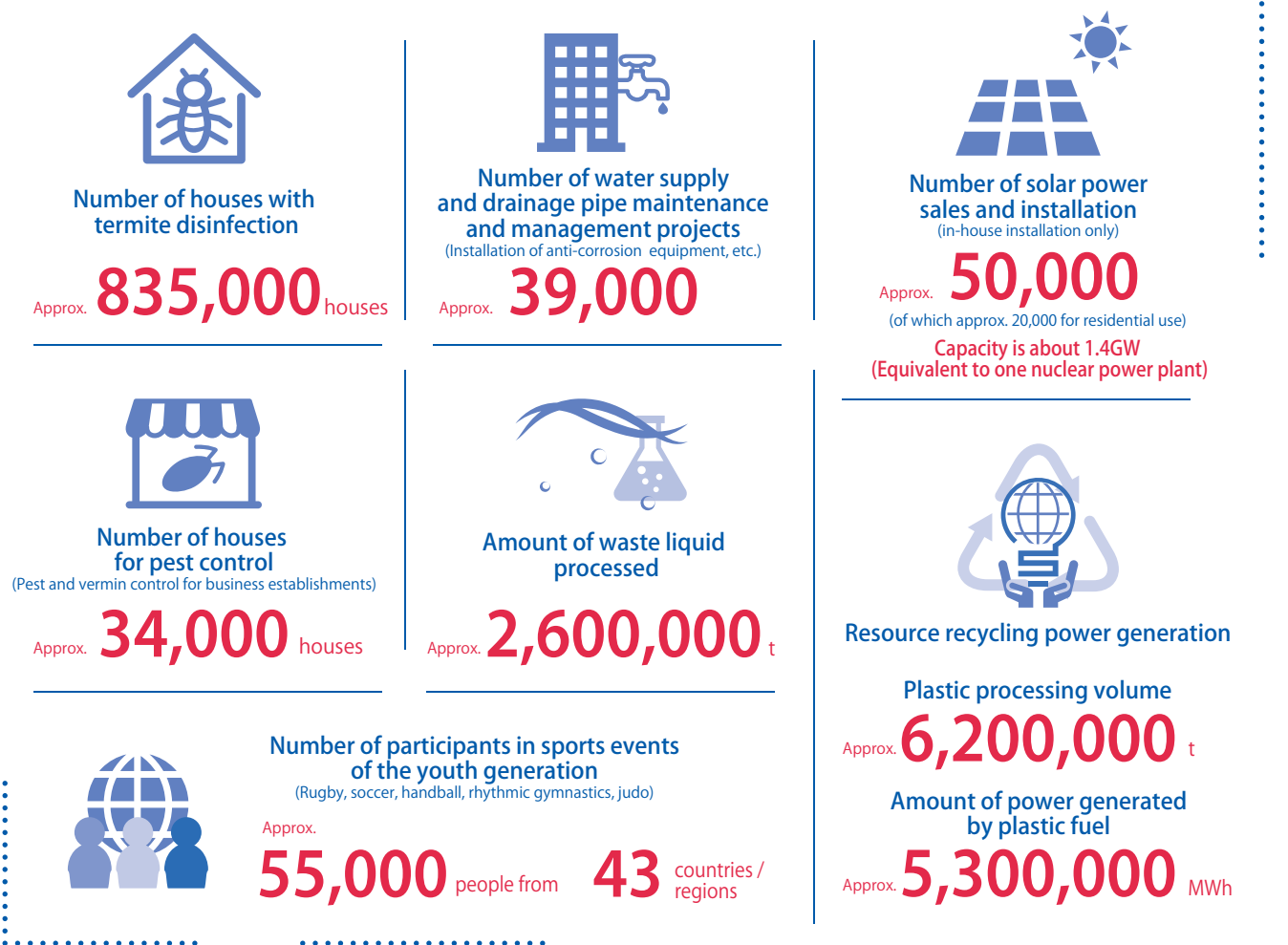


## Sustainability in business activities

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 Mar 2024)



### 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).



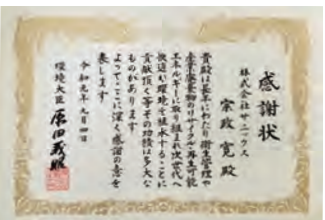
In Toho Village, Fukuoka Prefecture, we provided restoration support such as underfloor mud removal and epidemic prevention disinfection of flooded houses (2017).



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)

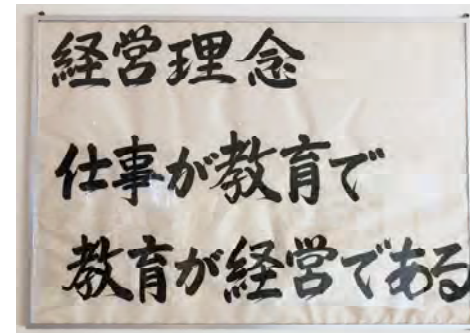
To realize "people are quality".

### 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 1,845 employees received training over the three-year period from FY 2021 to FY 2023 (114 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.



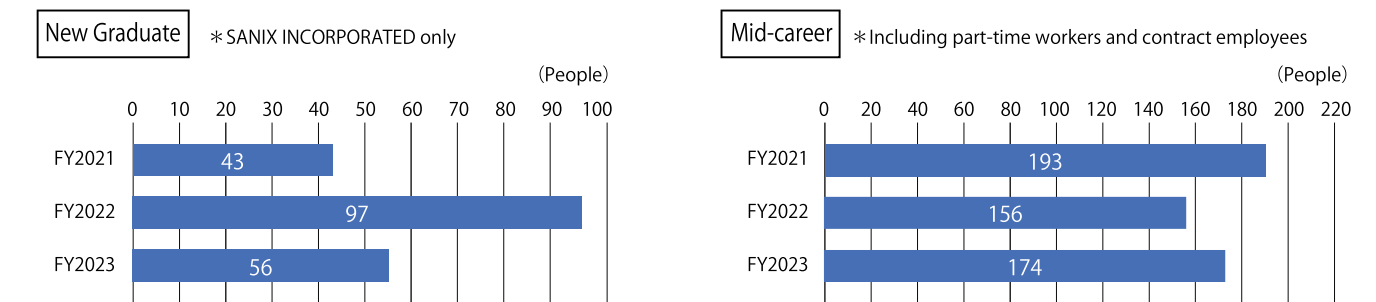
Training for managers to broaden their horizons as a manager. We also provide training for leaders to learn management knowledge at an early stage as an executive candidate.

## 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.



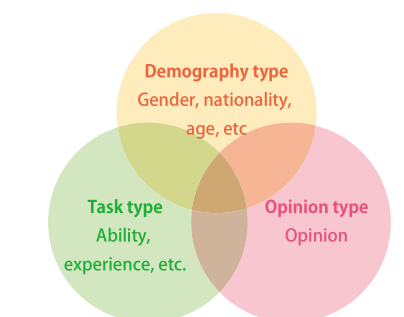
#### ▼ Life Plan Formation through a Retirement

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

The company permanently provides qualification allowance to holders who have in-house qualifications and/or public qualifications the company specifies. 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

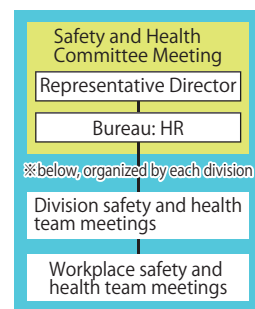
Based on the belief that employee safety and mental and physical health are the cornerstones of business development, Sanix Group views safety and health initiatives as one of the most important foundations of its corporate activities. We strive to create a safe and comfortable working environment, and 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. For FY2022, either company visits or distribution of materials were conducted.

## Targets and results for occupational accidents (FY2023)

### [Basic Policy]

Prioritizing employee safety and health, we are committed to creating a safer and healthier work environment. Our ultimate goal is to achieve "Zero Hazard" through comprehensive safety and health management, employee education, and collaborative efforts.

### [Top Priority Goals]

- 1.Zero fatality due to labor accidents
- 2.Zero shutdowns exceeding 4 days due to work-related accidents
- 3.Zero overtime over 80 hours to avert health problems due to overwork

### [Top Priority Measures]

- Reduce high-risk incidents (leading to shutdowns) to low-risk incidents (not leading to shutdowns). Residual risks will be continuously monitored and mitigated
- Educate all employees (to avoid any harassment and to foster a resilient work environment)
- Appoint a safe and health promoter at workplace to implement a comprehensive occupational safety and health management
- Improve the risk sensitivity and reduce(control) the willingness to risk takes by education on safety and health
- Record minor incidents of SANIX by all employees, analyze and share them across the company
- Implement internal education to safe and health drivers who take on responsibilities to hire and manage people
- Speed up collection of physical and mental problems by safety and health drivers and make efforts to find and resolve problems through training courses on harassments
- Eliminate overtime over 60 hours. In any case of over 60 hours, employees who worked over 60 hours and are recognized overtime work need an online interview with an industrial physician. And HQs increase the number of subcontracting companies to reduce workload if necessary
- Employees who get physician's comments on bad health conditions take necessary measures and participate in initiatives to improve work environment for a better health
- Promote measures against health damages (chemical substances, asbestos, powder dusts (including selection of protective equipment and education)

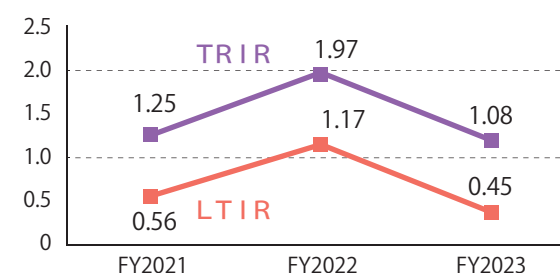
### [Number of victims of serious occupational accidents]

FY2021	0
FY2022	0
FY2023	0

### [Number of Fatalities caused by occupational accidents]

FY2021	0
FY2022	0
FY2023	0

### [Trends in the Total Recordable Injury Rate (TRIR) and Lost Time Incident Rate (LTIR)]



### TRIR

Number of Recordable Injuries in the year  
Total No of working hours

### LTIR

Number of lost time injuries during the year  
Total No of working hours

## 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.



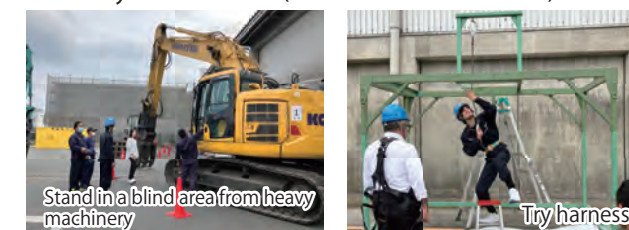
Share collected cases and improvement measures across the division monthly

### ■ 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 conducted safety conventions (picture: Fuji factory), implementing various initiatives to enhance safety awareness and prevent accidents. These initiatives included fall prevention measures, safety training for elderly workers, and heavy machinery safety lectures. Additionally, physical fitness assessments were conducted to promote overall well-being. The participants have enhanced their knowledge and awareness of accident and disaster prevention.

## 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 FY2023, 10 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.



### ▼In-house newsletters



### ■ 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).

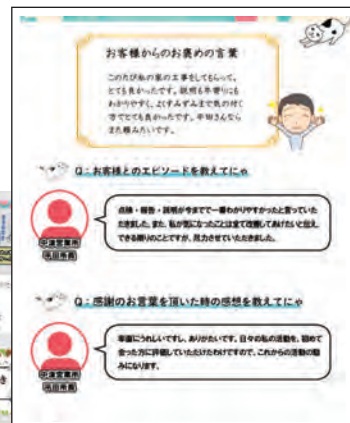


Answers are also available on the web.

#### Utilize to improve customer satisfaction



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

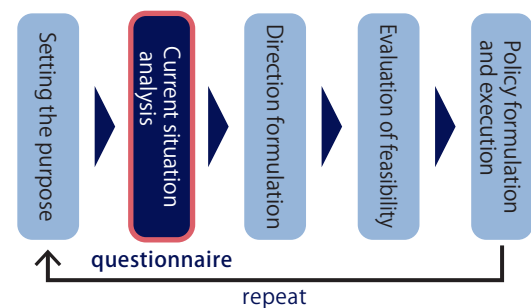


▲Feedback of customer feedback to employees via internal Web newsletters, etc. The feedback is shared throughout the company, along with the words of the employees in charge.

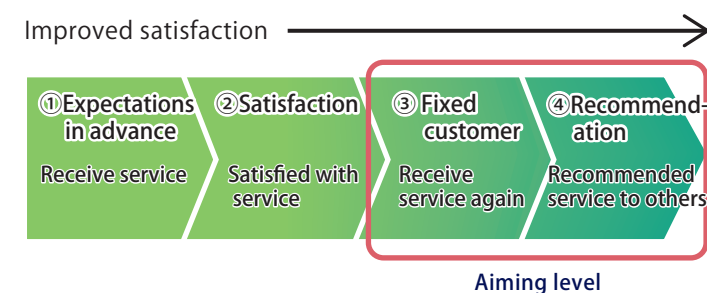
##### ② Customer satisfaction improvement questionnaire

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

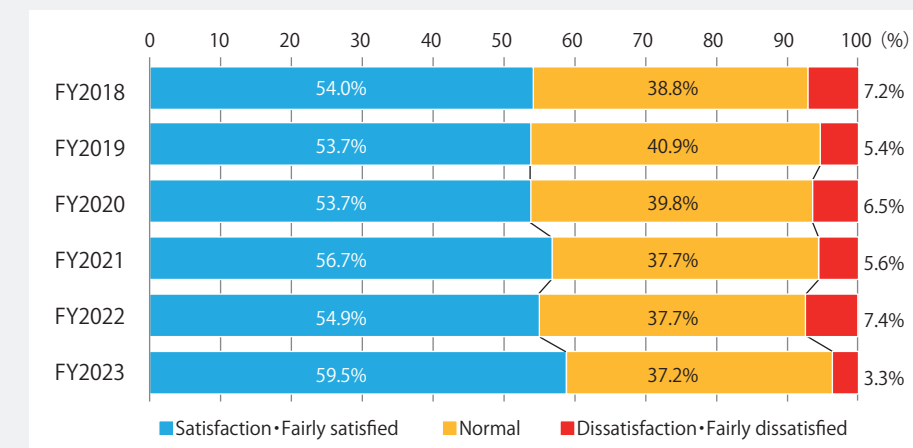


#### Implementation status of "Customer Satisfaction Improvement Questionnaire"

	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
FY2023	JAN/2024	5,484	1,169	21.3%	3.98	3.86	4.32

To improve customer satisfaction survey response rates, we targeted customers who had recent inspections (within six months) in FY2023. This approach, in contrast to our previous method of surveying customers without a specific timeframe, yielded our highest satisfaction ratings across all questions.

#### Trends in (overall) satisfaction with periodic inspections



Our analysis of the survey results indicates a strong correlation between customer satisfaction with regular inspections and their intent to use our services again or recommend us to others.

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

Item	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
General	3.71	3.71	3.72	3.78	3.71	3.86
Information Postcard	3.48	3.51	3.52	3.55	3.53	3.64
Appointments	3.52	3.54	3.59	3.59	3.59	3.71
Manner of visit	3.97	4.00	4.04	4.04	3.99	4.10
Inspection details	3.92	3.91	3.96	3.98	3.93	4.06
Report of Inspection Results	3.96	3.92	3.97	4.05	3.96	4.09

#### Opinions about periodic inspections (free description) from responses to the 2023 questionnaire.

Level of satisfaction	Opinion (partial excerpt)
Compliment	<ul style="list-style-type: none"><li>It was very helpful to let me know about points of the house to pay attention to that you found during the regular inspection of termites (something wrong in the water pipe, for example). All the points are appropriate. Therefore, I think the company is reliable. Thank you always.</li><li>Thank you as always because your staff is careful and polite, and they work hard in underfloor tough places.</li></ul>
Requests	<ul style="list-style-type: none"><li>You repaired cracks on the foundation, but please come back for inspection before and/or after the regular one in case an earthquake that could produce cracks on the repaired points and/or the foundation occurs. If you provide such services, your reliability will go up.</li><li>I would ask the company to disclose as much information on safety and risks of disinfectant as possible to users.</li></ul>
Criticism / scolding	<ul style="list-style-type: none"><li>I want you to inform me of infection timing earlier</li><li>Infection staff changes every year. It is OK not to have the same person. Typical words to explain infection results are not different depending on the person but I feel difference in fullness of their explanations on topics other than the termite disinfection such as cracks on the foundation.</li></ul>



## 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 **55,000** people  
(as of end of March 2024)

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】



■ 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 2023: 13,912)

#### 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 2024: 8,369)

\* Since 2014, the domestic tournament for girls has been held. (Cumulative total of participants: 2,176)

#### 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】



■ Participant nations and regions  
Canada, France, Germany, Hong Kong, South Korea, Netherlands, Taiwan, Thailand, Japan  
(Total number of participants until 2023: 4,027)

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

【Host: Fukuoka Gymnastics Association, SANIX Sports Foundation】



■ Participant nations and regions  
Australia, Azerbaijan, Bulgaria, China, Hong Kong, Kazakhstan, Lithuania, Malaysia, Russia, South Korea, Taiwan, Thailand, Japan  
(Total number of participant until 2023: 12,144)

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: 804 for SANIX Open and 606 for SANIX CUP Men)

#### SANIX Int'l Juvenile Judo Championship in Fukuoka

Annual event held in December, since 2003

【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 2023: 13,035)

#### 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.

Despite the postponement and implementation on a reduced scale due to COVID-19, the Festival was held on a usual scale for the first time in four years.

#### 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, Nursery, and Retirement Home Visit



They visit elementary and junior high schools to play with students every year. They also visited retirement homes to deepen exchanges with local residents.



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).

##### ■ Participate in an event



Kazanlak Folk Dance ensemble joined and performed events held during their stay in Japan. Picture shows China Festival in Fukuoka City.

##### ■ Accommodation exchange



With local dance team members



With local university dance club members

We have prepared the opportunity for local young people to experience a kind of home stay in Bulgaria through cultural exchanges with Kazanlak Folk Dance ensemble members in Global Area.

We had this opportunity twice during the Festival in 2023.



## 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 FY2023, the tournament was successfully and internationally held for the first time in four years in spite of reduced number of participating teams due to COVID-19 (Boys: 12 teams (overseas:6, domestic:6), 4 teams fewer than usual, Girls: 8 teams (overseas:3, domestic:5))

### From 2023 Tournament



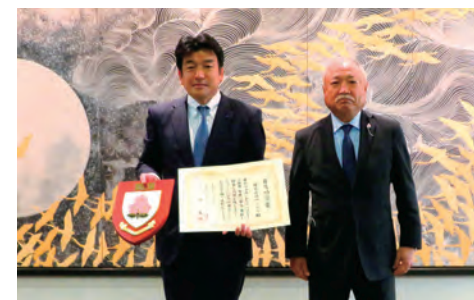
The annual Welcome Party was cancelled, but players deepened cultural exchanges each other, instead. Live video streaming of all matches was also broadcasted to the world.

### 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)
- ◆ "I was impressed by performance of Japanese teams. They played very well, especially in set plays and defense. But we were surely superior in plays when the formation was not organized (Coach, 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)



Champion team. Boys (left picture): Hamilton Boys' High School (New Zealand), Girls (right picture): King's Christian College (Australia)



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

In March 2024, the Tournament was held as an international tournament with 16 teams, 4 overseas and 12 domestic teams, which was the first time after downgrading the legal status of the novel coronavirus to "Class 5". In addition, we increased the number of teams and extended the period to implement the usual domestic tournament for girls with 16 teams for 4 days. All the matches of the boys and matches in the upper rounds of the girls were live streamed.

### from 2024 Tournament



### Comments from participants

- ◆ 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. In FY2023, the tournament was held as an international one for the first time in four years despite a small scale, by inviting one boys' team from Hong Kong, while influence of COVID-19 remained. The number of participating teams increased to 8 not only for boys but also for girls to enhance value of the tournament for girls. The players highlighted their cultures and team-colors in the get-together session. The session was raging a lot.

### from 2023 Tournament



### 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)



## 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 FY2023, four teams from overseas—Bulgaria, Hong Kong, and Chinese Taipei—along with 80 teams from within Japan participated, bringing together over 500 athletes who showcased the results of their regular training. There was also an exchange between Bulgaria's Levski Rhythmic Gymnastics Club and local elementary schools and organizations in Fukuoka. This event also promotes cultural exchange with the local community.



### 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

The event aims to promote rhythmic gymnastics and serve as a new goal for junior competition participants, while also providing opportunities for international exchange and exposure to global techniques. In FY2023, the event welcomed approximately 130 participants, including six teams from four countries—Bulgaria, Australia, Hong Kong, and South Korea—and 21 teams from within Japan.

### 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

The competition is open to students from kindergarten through the third grade of high school. Starting in 2023, a "Mixed Division" was newly established for juniors, expanding performance opportunities for female athletes in group events. Eleven teams, comprising approximately 120 participants, competed in showcasing their skills.

### 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

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 FY2023, a total of 525 participants, comprising 12 teams from overseas and 95 teams from within Japan, took part in the event.



### Comments from participants

- ◆ I feel it is wonderful to be in an environment where it is normal for a tournament with so many participants to be held. I definitely hope it continues in the future, 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 46). 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)

Since its inception in September 2022, the "Sanix Rugby Academy" has entered its second year. Leveraging the experience, personnel, and facilities developed through the activities of the rugby team "Munakata Sanix Blues" (which suspended activities in May 2022), the academy continues to contribute to the community through rugby in collaboration with the SANIX SPORTS FOUNDATION, established as a foundation in 1997.

The academy provides full support to children through various initiatives, such as tag rugby instruction in elementary school physical education classes, rugby visit classes for kindergarten and nursery school children, and rugby schools for elementary and junior high school students. Additionally, the academy dispatches coaches to various rugby-related events and workshops and offers rugby classes for adults, welcoming those with no prior experience.

#### Tag rugby instruction in elementary school

15 schools, 976 people(FY2022)  
15 schools, 929 people(FY2023)

#### Kindergarten /nursery school rugby visit classroom

8 schools, 180 people(FY2022)  
9 schools, 265 people(FY2023)

#### Local residents rugby experience / health class

4 locations, 67 people(FY2022)  
6 locations, 159 people(FY2023)

### SANIX Rugby Academy Activities

#### Rugby School for Elementary and Junior High School Students



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

We offer classes for 5th and 6th-grade elementary students and junior high school students three times a week (on weekday evenings). The instruction provided by our experienced coaches is well-received, and the number of students has tripled in the year and a half since the classes began.

#### Coaching at Various Events



The coaching team is active in a wide range of areas, including the Japan National Team Discovery Program, international friendship commemorative events, and university rugby player workshops.

The photo is from the commemorative event program for the 50th anniversary of Japan-ASEAN friendship and cooperation, "JENESYS Japan-ASEAN Sports (Rugby) × SDGs Exchange" (February 20-22, 2024).

#### Adult casual rugby classes



Since February 2022, we have been offering "Rugby Classes for Adults." In November 2023, we also held a special edition themed "Recreating Plays Seen at the Rugby World Cup 2023."

### Dispatch of internal employees to educational institutions, etc.

- ▶ Dispatch of lecturers for career education in elementary and junior high schools.

Currently, "career education" is being promoted in schools to cultivate in children the skills they need to become socially and professionally independent and live fulfilling lives.

At our company, we assist with career education by dispatching employees as instructors for various outreach classes, such as the "Dream Classes" by the Fukuoka Career Education Research Association and outreach classes by the Job Lens Executive Committee.





## Sustainability data

### Environment



#### ■ Environmental contribution through business

	Unit	FY2021	FY2022	FY2023
Amount of waste plastic processed	(1000t)	282	273	278
Power generation using waste resources <sup>*1)</sup>	(GWh)	291	242	262
Solar panel	Number of installations	1,531	952	692
	Installation capacity	(MW)	36	31
Amount of contracted waste liquid purification treatment	(1000t)	102	100	103

\* 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	FY2021	FY2022	FY2023
Energy consumption <sup>*2)</sup>	Non-fossil	(1000GJ)	—	4,663
	Fossil	(1000GJ)	377	228
Greenhouse Gas Emissions	Scope1 <sup>*3)</sup>	(t・CO <sub>2</sub> )	10,933	9,623
	Scope2 <sup>*4)</sup>	(t・CO <sub>2</sub> )	14,309	11,610
Water consumption <sup>*5)</sup>	(1000t)	295	277	253

\*2) The reported figures pertain to our company group's locations subject to the Greenhouse Gas Emissions Calculation, Reporting, and Public Disclosure System (hereinafter referred to as the SHK System). With the amendment of the Energy Conservation Act, the use of non-fossil energy has been included in the reporting requirements starting from the fiscal year 2023. The majority of the non-fossil energy usage is due to self-consumption at the SANIX ENERGY Tomakomai Power Plant. It should be noted that the fossil energy usage figures for fiscal years 2021 and 2022 include electricity usage from non-fossil plans.

\*3) The figures are calculated by adding the adjusted emissions figures determined under the SHK System, along with figures from company-owned vehicle usage and relevant figures within our company group.

\*4) The figures are calculated by adding the adjusted emissions figures determined under the SHK System, along with relevant figures within our company group.

### Social



#### ■ Employment / Employee (SANIX non-consolidated)

			FY2021	FY2022	FY2023
Employment / personnel	Employees	Total	1,869	1,868	1,871
		Men/Women	1,559/310	1,556/312	1,561/310
	New employees	Total	226	253	230
		New graduate / Mid-career	43/183	97/156	56/174
	Employment of people with disabilities	People/%	31/2.3	31/2.4	30/2.2
	Foreign employees <sup>*6)</sup>		24	11	12
	Rehiring retirees <sup>*7)</sup>		132	144	157
	Average age		42.9	43.9	43.6
	Average years of service		9.9	10.1	10.7
	Total actual working hours		2,345	2,283	2,302
Labor / vacation	Paid holidays	Days	9.7	12.4	10.7
		%	56.9	68.6	64.4
	No of days acquired	Total	15	25	23
		Men/Women	2/13	6/19	11/12
	Acquisition rate		1	3	1
Labor Health and safety	TRIR(Total Recordable Incident Rate) <sup>*8)</sup>		1.25	1.97	1.08
	LTIR(Lost Time Incident Rate) <sup>*9)</sup>		0.56	1.17	0.45
	Disaster fatalities		0	0	0
Human resources development	Annual training participants (total) <sup>*10)</sup>		442	595	701

\*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

			FY2021	FY2022	FY2023
Implementation status of on-site lessons	Human resources development department	(Visits)	1	0	0
		(People)	190	0	0
	Rugby club, etc. * <sup>(11)</sup>	(Visits)	27	23	45
		(People)	1,501	1,156	4,626
SANIX Rugby Academy* <sup>(12)</sup>		(Events)	—	55	31
		(Participants)	—	67	140
Global Arena Bulgarian Festival event status		(Visits)	3,720* <sup>(13)</sup>	2,426* <sup>(13)</sup>	5,048* <sup>(13)</sup>
Implementation status of SANIX presents event		(Teams)	217* <sup>(13)</sup>	317* <sup>(13)</sup>	297* <sup>(13)</sup>
		(Participants)	1,888* <sup>(13)</sup>	2,830* <sup>(13)</sup>	2,729* <sup>(13)</sup>
SANIX World Rugby Youth Invitational Tournament		(Teams)	—* <sup>(13)</sup>	20* <sup>(13)</sup>	20* <sup>(13)</sup>
		(Participants)	—* <sup>(13)</sup>	456* <sup>(13)</sup>	456* <sup>(13)</sup>
SANIX Cup Int'l Youth Soccer Tournament SANIX Cup High School Girls' Football Tournament		(Teams)	24* <sup>(13)</sup>	28	32
		(Participants)	582* <sup>(13)</sup>	700	743
SANIX Cup U-17 Int'l Handball Tournament		(Teams)	12* <sup>(13)</sup>	12* <sup>(13)</sup>	16* <sup>(13)</sup>
		(Participants)	185* <sup>(13)</sup>	185* <sup>(13)</sup>	257* <sup>(13)</sup>
SANIX Cup Int'l Junior Rythmic Gymnastics Group Tournament		(Teams)	122* <sup>(13)</sup>	121* <sup>(13)</sup>	84* <sup>(13)</sup>
		(Participants)	740* <sup>(13)</sup>	790* <sup>(13)</sup>	503* <sup>(13)</sup>
SANIX Int'l Juvenile Judo Championship Fukuoka		(Teams)	56* <sup>(13)</sup>	100* <sup>(13)</sup>	107* <sup>(13)</sup>
		(Participants)	309* <sup>(13)</sup>	501* <sup>(13)</sup>	525* <sup>(13)</sup>
SANIX CUP Men's Rhythmic Gymnastics Competition		(Teams)	—* <sup>(13)</sup>	7	11
		(Participants)	—* <sup>(13)</sup>	78	118
SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament		(Teams)	3* <sup>(13)</sup>	29	27
		(Participants)	72* <sup>(13)</sup>	120	127

\* 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



		FY2021	FY2022	FY2023
Number of director	In-house	11	10	10
	Outside	5	5	5
	Total	16	15	15
% of outside directors		31	33	33
Term of office of director		1	1	1
Board of directors	Events	16	16	16
Audit Committee	Events	13	14	14
Compliance Committee	Events	0	0	7
	Members	15	15	27
Internal Control Committee	Events	11	10	12
	Members	14	13	12



## Management system

(As of June 27, 2024)

### 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  
Apr. 2024 Director, Executive Vice President, General Manager of SE, HS, and ES Business Headquarters, and Head of the Preparatory Office for the Establishment of the Residential Environment Business Company, 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  
Jul. 2023 Director, Managing Executive Officer, Head of the Corporate Planning Headquarters, 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)

1 Aug. 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  
Apr. 2024 Director, Managing Executive Officer, Head of the Environmental Resources Development Business Division, General Manager of the Resource Recycling Department, and Head of the Preparatory Office for the Establishment of the Resource Circulation Business Company, to present



Director and Managing 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  
Jun. 2024 Director, Managing Executive Officer, General Manager of the Corporate Sales Department of SE, HS, and ES Business Headquarters, to present

### Director (Audit Committee Member)



Director (Audit Committee Member)  
**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.)  
Jun. 2024 Director and Full-time Audit and Supervisory 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 TOYOPET, to present  
Apr. 2020 Representative Director and Chairman of the Board, Toyota Mobility Service Fukuoka Corporation  
Feb. 2022 Chairman, Japan Automobile Dealers Association, to present  
Sep. 2023 Chairman of the Board, TOYOTA Rental & Leasing Hakata Co., Ltd., 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)  
**Sadahito Baba** (Date of birth: Apr. 3, 1954)

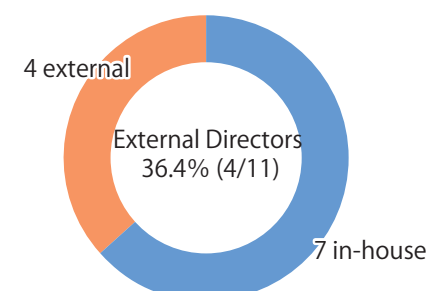
Apr. 1978 Joined Toyota Motor Co., Ltd (currently Toyota Motor Corporation)  
Feb. 1992 Transferred to Toyota Motor Kyushu Inc.  
Jan. 1998 General Manager of Production Planning Office, Production Control Dept.  
Apr. 2001 General Manager of Production Control Dept.  
Apr. 2003 General Manager of Business 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



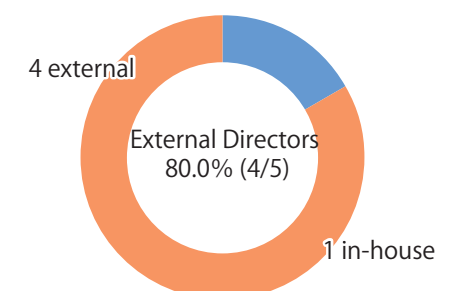
Outside Director (Audit Committee Member)  
**Hiroyuki Ooe** (Date of birth: Jun. 17, 1956)

April 1979: Joined Daiiei Inc.  
April 1994: Director and General Manager of Human Resources, Captain Cook Co., Ltd.  
June 1998: General Manager of Human Resources, Nakago Co., Ltd.  
April 2000: General Manager of Human Resources, Daiiei West Japan Co., Ltd.  
October 2001: Joined Fuso Chemical Co., Ltd.  
April 2006: Director and Head of the Administration Division, Fuso Chemical Co., Ltd.  
April 2007: Director and General Manager of the Life Science Division, Fuso Chemical Co., Ltd.  
April 2009: Director and General Manager of the Electronic Materials Division, Fuso Chemical Co., Ltd.  
December 2016: Joined P.C.A. Corporation  
October 2017: Head of the Administration Division, P.C.A. Corporation  
July 2021: Advisor, P.C.A. Corporation, to present  
June 2024: Outside Director of the Company (Audit Committee Member), to present

### Structure of the Board of Directors



### Structure of the Audit Committee





Corporate governance

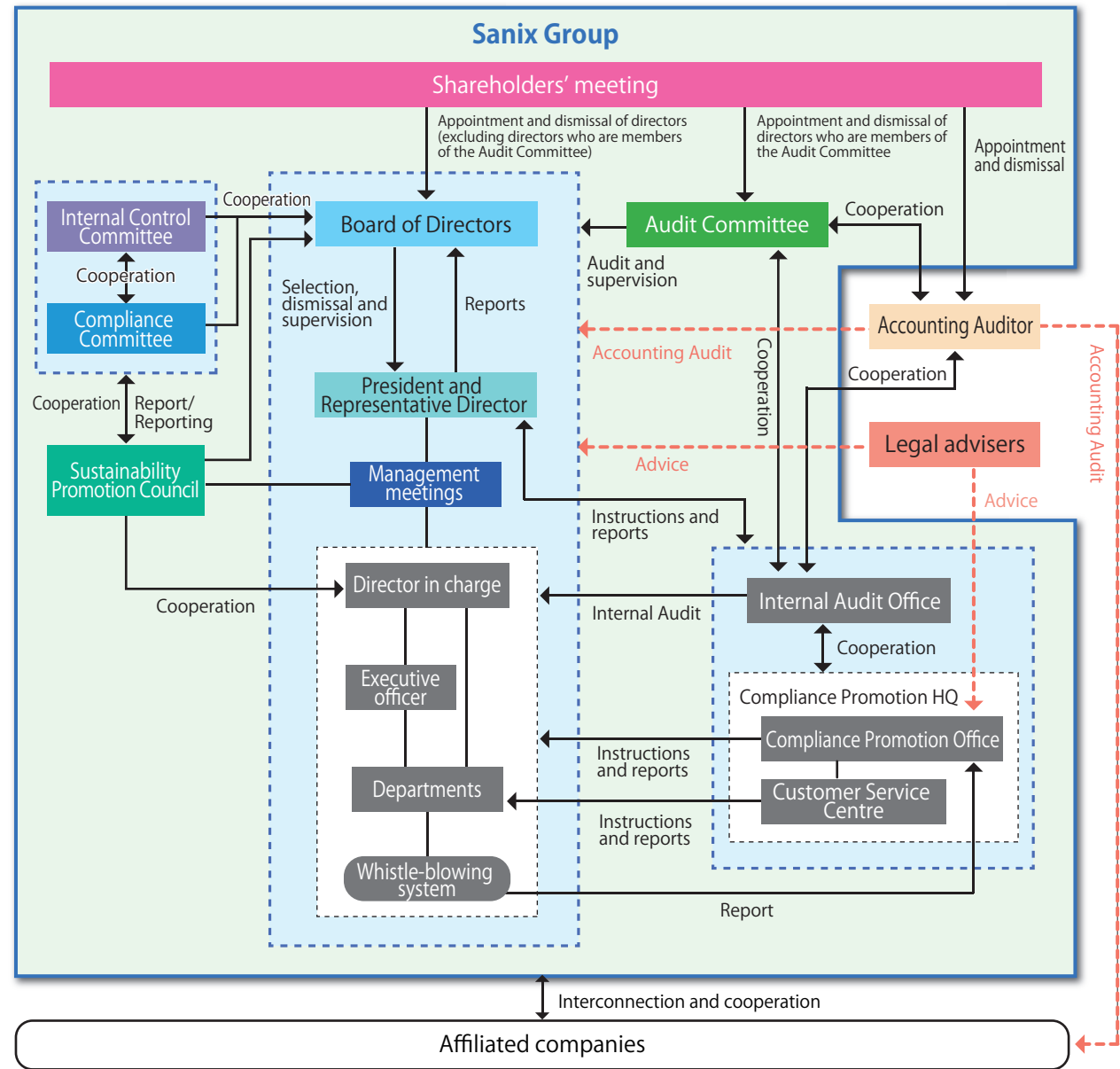
With the recognition that corporate governance is a serious issue that calls for socially responsible management in line with corporate ethics, Sanix Group build a corporate governance system based on a long-term perspective, while striving to establish a system that functions well in terms of decision-making 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 Committee, 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 March 31, 2024)

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 Committee 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 Committee members will audit and supervise the directors' performance of their duties by sharing with the Audit Committee various information collected by attending the Management Committee and other important meetings. In addition, the Audit Committee 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 Committee 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 (FY2023)

	Attendance		Main activities (summary of duties performed with respect to expected role)
	Upper Section: Board Meeting	Lower Section: Supervisory Committee	
Isamu Kondo	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%	
Naoki Kaneko	12/16	75.0%	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.
	8/14	57.1%	
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.
	14/14	100.0%	
Genichiro Yasui	13/16	81.3%	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.
	12/14	85.7%	
Sadahito Baba	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.
	12/14	85.7%	

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 2024)

Chairman: Representative Director  
Vice Chairman: General Manager, Compliance Promotion Headquarters  
Committee members: General Manager of SE-HS-ES Business Headquarters, General Manager of PVE Business Headquarters, General Manager of Administration Division, Heads of Legal Division, Quality and Product Management Division, General Managers of SE Business Headquarters, HS Business Headquarters, ES Business Headquarters, Environmental Resources Development Headquarters, and a selection committee appointed by the committee chair

### Information security

#### Protecting Personal Information

The Sanix Group has a long history of serving numerous individual customers. As a result, we consider it our social responsibility to handle personal information with utmost care. In addition to our "Information Security Policy," we have established a dedicated "Personal Information Protection Policy" to ensure that all executives, employees, and related parties understand and comply with our commitment to privacy.

We collect personal information only for specific, clearly defined purposes related to our business operations. The collection and use of personal information are carried out lawfully and fairly and are limited to what is necessary to fulfill these purposes. All personal information processed within the Sanix Group is subject to this policy.

#### Physical Countermeasures such as Utilization of Data Centers and Paperless Initiatives

From a Business Continuity Planning (BCP\*) perspective, we have migrated various servers critical to our core business operations to an external data center. To mitigate the risks associated with ransomware attacks, we also conduct regular offline data backups. Furthermore, in compliance with the revised Law on Book and Record Keeping through Electronic Methods, enacted in January 2024, we are actively promoting paperless initiatives.

\*While our BCP is primarily designed to address large-scale disasters or infectious diseases, our group has expanded its scope to include IT-focused measures such as the rapid recovery of systems and networks in the event of cyberattacks.

#### Proactive Cybersecurity Measures Based on Vulnerability Assessments

We have proactively conducted vulnerability assessments of our attack surface\*, engaging external experts to ensure that our group's information infrastructure and network are free from critical vulnerabilities. Additionally, we maintain robust monitoring systems to detect and block unauthorized access attempts around the clock. In response to the enhanced regulations of the revised Personal Information Protection Act, enacted in April 2024, we are implementing additional cybersecurity measures to safeguard against threats like web skimming.

\*The total area of an organization's network that is exposed to potential attacks.

#### Robust Management System and Comprehensive Employee Training for Data Privacy

We have established a robust management system for personal information, appointing a dedicated Personal Information Protection Manager to oversee the implementation and operation of our Personal Information Protection Policy. Each business division and office has designated individuals responsible for personal information handling, ensuring comprehensive coverage.

To address the evolving threat landscape of cyberattacks, we have implemented a comprehensive employee training program. All employees, regardless of their role, receive ongoing online training to enhance their understanding of information security best practices.



### 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 FY2023, we received 11 reports from domestic and overseas Group companies, all of which were resolved through the appropriate procedures. Importantly, none of the contents had any material impact on 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



We hold monthly compliance committees at each sales branch of our BtoC business division. 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.



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

#### 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 (241 employees have obtained this certification as of March 31, 2024). In addition, as of March 31, 2024, 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.

#### <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	The history of the company and its role in society / Professional training (product knowledge etc.) required for our industry	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.)		
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.	



## ■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
- Employee awareness raising-activities through the company intranet

### 【Safety Confirmation App Training】

This training program is designed to ensure that all employees can quickly respond to mass safety confirmation notifications sent out by the BCP headquarters during an emergency. In FY2023, we conducted four training sessions, scheduling notifications at various times, including weekends and peak work hours, to simulate real-world disaster scenarios. The goal is to verify that employees can efficiently report their safety status regardless of when a disaster strikes.

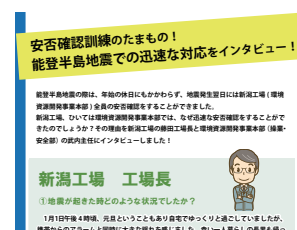
### <Training results>

Date	Time	Target Number	afety Confirmation Rate (%)	
			within the day	by the next day
Thu, Jun 15, 2023	9:00	1,983	84.2%	97.3%
Mon(holiday), Sep 18, 2023	10:00	1,978	51.4%	82.2%
Wed, Dec 20, 2023	14:00	1,971	57.4%	72.9%
Sun, Feb 18, 2024	10:00	1,973	50.8%	63.8%

### 【Examples of awareness-raising activities through the company intranet】



To support our employees affected by the recent Noto Peninsula earthquake, we share their experiences and reaffirm our commitment to ensuring their safety in future disasters.



## ■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\*.

### 〈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.

## Data section



Financial data highlights  
Share information  
Company information



## Financial data highlights

(Million yen)

Fiscal Year	FY2014	FY2015	FY2016	FY2017	FY2018
Net sales	95,629	61,916	50,955	49,993	50,719
Operating profit	<span style="color: red;">△3,142</span>	<span style="color: red;">△2,229</span>	1,036	1,246	1,224
EBITDA <sup>*1)</sup>	<span style="color: red;">△2,598</span>	<span style="color: red;">△3,151</span>	1,633	1,939	1,735
Net profit attributable to owners of the parent	<span style="color: red;">△4,966</span>	<span style="color: red;">△4,604</span>	416	1,180	240
Depreciation and amortization	887	918	688	709	808
Capital expenditure	1,825	455	599	594	1,080
Cash flows from operating activities	<span style="color: red;">△1,794</span>	<span style="color: red;">△5,403</span>	1,668	2,184	<span style="color: red;">△25</span>
Cash flows from investing activities	<span style="color: red;">△1,181</span>	1,062	<span style="color: red;">△409</span>	171	<span style="color: red;">△947</span>
Cash flows from financing activities	647	1,288	1,437	<span style="color: red;">△2,156</span>	392

(Million yen)

At the end of the period					
Total assets	49,120	31,248	31,645	29,938	31,009
Tangible fixed assets	15,099	12,417	12,278	11,926	12,057
Interest-bearing debt	11,186	12,874	14,634	12,780	13,474
Net assets	7,331	2,629	2,845	4,076	4,193

Per share information					(yen)
Net profit per share	<span style="color: red;">△103.98</span>	<span style="color: red;">△96.32</span>	8.70	24.68	5.02
Net assets per share	152.74	54.34	58.86	84.54	87.08
Dividend per share	0.00	0.00	0.00	0.00	0.00

Financial ratios					
Return on equity (ROE) <sup>*2)</sup>	<span style="color: red;">△52.0%</span>	<span style="color: red;">△93.0%</span>	15.4%	34.4%	5.8%
Return on assets (ROA) <sup>*3)</sup>	<span style="color: red;">△6.6%</span>	<span style="color: red;">△4.9%</span>	2.9%	3.3%	3.9%
Return on invested capital (ROIC) <sup>*4)</sup>	<span style="color: red;">△23.1%</span>	<span style="color: red;">△15.7%</span>	3.4%	8.6%	2.3%
Shareholders' equity ratio (%)	14.9%	8.3%	8.9%	13.5%	13.4%
Number of employees (average for the period)	4,092	2,850	1,952	1,777	1,876

\*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	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	52,531	49,416	50,936	46,277	47,167
Operating profit	2,791	2,325	<span style="color: red;">△2,618</span>	1,785	3,744
EBITDA <sup>*1)</sup>	3,714	3,397	<span style="color: red;">△1,365</span>	3,741	5,398
Net profit attributable to owners of the parent	1,850	1,965	<span style="color: red;">△3,449</span>	1,332	2,697
Depreciation and amortization	914	1,097	1,509	1,889	1,654
Capital expenditure	2,742	3,038	2,776	1,566	2,743
Cash flows from operating activities	4,080	2,756	<span style="color: red;">△3,067</span>	5,034	4,821
Cash flows from investing activities	<span style="color: red;">△2,154</span>	<span style="color: red;">△2,564</span>	<span style="color: red;">△2,937</span>	<span style="color: red;">△1,056</span>	<span style="color: red;">△1,800</span>
Cash flows from financing activities	<span style="color: red;">△1,110</span>	<span style="color: red;">△743</span>	4,447	<span style="color: red;">△3,307</span>	<span style="color: red;">△678</span>

(Million yen)

At the end of the period					
Total assets	32,514	32,940	34,953	33,586	36,965
Tangible fixed assets	13,739	15,322	16,382	16,100	17,232
Interest-bearing debt	12,397	11,462	15,268	12,379	11,719
Net assets	6,056	8,097	4,732	6,068	8,912

Per share information					(yen)
Net profit per share	38.72	41.11	<span style="color: red;">△72.16</span>	27.87	56.43
Net assets per share	126.15	168.84	98.52	126.51	186.04
Dividend per share	0.00	0.00	0.00	0.00	0.00

Financial ratios					
Return on equity (ROE) <sup>*2)</sup>	36.3%	27.9%	<span style="color: red;">△54.0%</span>	24.8%	36.1%
Return on assets (ROA) <sup>*3)</sup>	8.2%	6.4%	<span style="color: red;">△8.5%</span>	4.5%	9.8%
Return on invested capital (ROIC) <sup>*4)</sup>	10.8%	11.2%	<span style="color: red;">△14.6%</span>	8.4%	14.4%
Shareholders' equity ratio (%)	18.5%	24.5%	13.5%	18.0%	24.1%
Number of employees (average for the period)	2,005	2,052	2,073	2,099	2,081



## Financial data highlights

### 【Consolidated balance sheet】

(Million yen)

Assets	FY2022	FY2023
Cash and deposits	4,504	6,397
Notes and accounts receivable	4,827	5,436
Inventories	3,199	3,181
Other assets	1,382	1,301
Allowance for doubtful accounts	△229	△105
Total current assets	13,683	16,211
Buildings and structures (net)	2,355	2,145
Machinery, equipment and vehicles (net)	4,286	4,718
Land	8,209	8,248
Lease assets (net)	810	847
Construction in progress	268	1,115
Other (net)	170	157
Total tangible fixed assets	16,100	17,232
Total intangible fixed assets	595	484
Total investments and other assets	3,206	3,036
Total fixed assets	19,902	20,753
Total assets	33,586	36,965
<b>Liabilities</b>		
Notes and accounts payable-trade	2,463	1,968
Electronically Recorded Debts	782	486
Short-term loans payable	3,462	4,015
Current portion of long-term debt	1,372	1,364
Account payable	3,296	4,503
Other liabilities	5,004	5,671
Total current liabilities	16,382	18,010
Bonds payable	500	700
Long-term debt	5,472	4,107
Provision for disposal site closing expenses	523	577
Liability related to retirement benefits	2,104	2,217
Other liabilities	2,535	2,440
Total long-term liabilities	11,135	10,042
Total liabilities	27,518	28,053
<b>Total net assets</b>		
Capital stock	14,041	14,041
Retained earnings	△6,666	△3,968
Treasury stock	△1,481	△1,481
Total shareholders' equity	5,893	8,591
Valuation and translation adjustments	154	302
Minority interests	20	18
Total net assets	6,068	8,912
Total liabilities and net assets	33,586	36,965

### 【Consolidated income statement】

(Million yen)

	FY2022	FY2023
Net sales	46,277	47,167
Cost of sales	30,068	29,064
Gross profit	16,208	18,102
Selling, general and administrative expenses	14,423	14,358
Operating profit	1,785	3,744
Non-operating income	185	142
Non-operating Expenses	418	420
Ordinary income	1,552	3,466
Extraordinary income	—	—
Extraordinary losses	—	19
Income before income taxes and minority interests	1,552	3,446
Income taxes	341	634
Income tax adjustments	△119	116
Net income	1,329	750
Net income attributable to non-controlling interests	△2	△1
Net profit for the year attributable to owners of the parent	1,332	2,697

### 【Consolidated statement of comprehensive income】

(Million yen)

	FY2022	FY2023
Net profit for the year	1,329	2,695
Other comprehensive income		
Unrealized gains on available-for-sale securities	29	65
Foreign currency translation adjustments	6	57
Adjustment for retirement benefits	△24	25
Total other comprehensive income	11	148
Comprehensive income	1,341	2,844
Comprehensive income attributable to owners of the parent	1,343	2,845
Comprehensive income relating to non-controlling interests	△2	△1

### 【Selling, general and administrative expenses】

(Million yen)

	FY2022	FY2023
Sales Commissions	650	612
Advertising expenses	341	408
Allowance for doubtful accounts	77	△44
Personnel expenses	8,680	8,359
Rental expenses	1,060	1,063
Depreciation and amortization	368	376
Other	3,243	3,582
Total SG&A expenses	14,423	14,358



## Financial data highlights

### 【Consolidated statement of cash flows】

(Million yen)

	FY2022	FY2023
Cash flows from operating activities		
Income before income taxes and minority interests	1,552	3,446
Depreciation and amortization	1,889	1,654
Impairment losses	—	19
Increase (△=decrease) in provision for bonuses	△10	19
Increase (△=decrease) in provision for disposal site closing expenses	△209	54
Increase (△=decrease) in liabilities for retirement benefits	117	138
Increase (△=decrease) in allowance for doubtful accounts	△57	△123
Interest and dividend income received	△17	△13
Interest paid	299	252
Decrease (△=increase) in trade receivables	1,766	△608
Decrease (△=increase) in inventories	△452	33
Decrease (△=increase) in other current assets	150	△71
Increase (△=decrease) in trade payables	△558	△804
Increase (△=decrease) in accrued liabilities	209	971
Increase (△=decrease) in accrued consumption tax, etc.	616	△230
Increase (△=decrease) in other current liabilities	△96	288
Other	444	297
Sub-total	5,645	5,324
Interest and dividends received	15	32
Interest paid	△298	△249
Income taxes paid	△374	△376
Refund of income taxes	46	91
Cash flows from operating activities	5,034	4,821
Cash flows from investing activities		
Payments into time deposits	△998	△352
Proceeds from withdrawal of time deposits	1,089	824
Payments for acquisition of tangible fixed assets	△1,073	△2,091
Proceeds from sale of property, plant and equipment	7	13
Payments for acquisition of intangible fixed assets	△62	△135
Cash flows from other activities	△18	△57
Cash flows from investing activities	△1,056	△1,800
Cash flows from financing activities		
Increase (△=decrease) in short-term borrowings	△6,689	553
Proceeds from long-term borrowings	5,053	—
Repayment of long-term borrowings	△892	△1,372
Proceeds from issue of bonds	—	500
Redemption of bonds	△200	△200
Proceeds from sale and leaseback	66	41
Repayments of finance lease obligations	△504	△540
Proceeds from sale and installment back	524	1,140
Payments of installment obligations	△639	△775
Other	△26	△23
Cash flows from financing activities	△3,307	△678
Effect of exchange rate changes on cash and cash equivalents	3	10
Net increase (△=decrease) in cash and cash equivalents	673	2,352
Cash and cash equivalents at beginning of year	3,243	3,916
Cash and cash equivalents at end of year	3,916	6,269

## Share information

(as of end Mar. 2024)

※as of end Jun. 2024, only for shareholder memorandum

### Status of shares

Total number of shares authorized	163,500,000
Total number of shares issued	48,919,396
Total number of shareholders	11,528

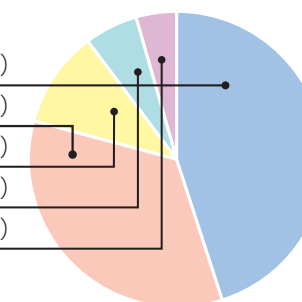
### Major shareholders (top 10)

	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	The Master Trust Bank of Japan, Ltd (Trust Account)	3,703	7.74%
4	HIKARI TSUSHIN,INC	3,582	7.49%
5	The SANIX Mutual Benefit Association, Inc.	1,700	3.55%
6	UH Partners 2 Inc.	1,473	3.08%
7	SANIX Employees' Shareholding Association	1,220	2.55%
8	SBI SECURITIES Co.,Ltd.	906	1.89%
9	Custody Bank of Japan, Ltd. (Trust Account)	600	1.25%
10	THE NISHI-NIPPON CITY BANK, LTD	536	1.12%

### Share distribution status

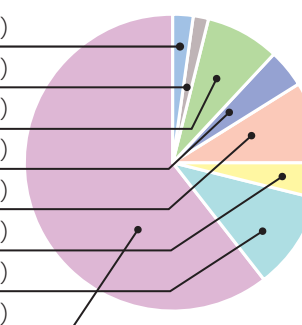
■ By shareholding (in thousands of shares)

Individuals and others	20,931	(46.06%)
Other legal entities	16,775	(35.14%)
Financial Institutions	5,183	(10.86%)
Foreign companies, etc.	2,761	(5.78%)
Financial Instruments Dealers	2,152	(4.51%)



■ By shareholding (in thousands of shares)

1 unit or more	1,168	(2.45%)
5 units or more	822	(1.72%)
10 units or more	3,823	(8.01%)
50 units or more	1,976	(4.14%)
100 units or more	4,258	(8.92%)
500 units or more	1,827	(3.83%)
1,000 units or more	5,008	(10.49%)
5,000 units or more	28,893	(60.52%)



※Excludes treasury stock (1,115,213 shares) and odd-lot shares.

### Shareholder memo (as of end Jun. 2024)


Fiscal year	April 1st-March 31st of the following year
Record date for dividends of surplus	31st March 30th September
Ordinary General Meeting of Shareholders	June every year
Listed stock exchange	Tokyo Stock Exchange Standard Market Fukuoka Stock Exchange
Method of Public Notice	Electronic public notice Public notice URL <a href="https://sanix.jp">https://sanix.jp</a> (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, 2024)

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	2,049 (Consolidated)	
Number of bases, main bases		
HS division	5 HQs, 62 sites	
ES division	12 sites	
SE division	2 HQs, 14 sites	
PV division	30 sites	
PPS division	1 sites	
ERD division	19 factories *Including power plant and final disposal facilities of Group companies	

Group Companies

(As of July 1, 2024)

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.	77.5%
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%)
SANIX ENGINEERING INCORPORATED	P V	Sales and installation of solar power generation systems for businesses and corporations	100.0%
SANIX HOME BUID SERVICE INCORPORATED	S E • H S • E S	Businesses undertaking construction work that requires a construction business license	100.0%

Visit our WEB site

For more information about us, please visit our WEB site.

SANIX company information  
[https://sanix.jp/lang\\_en/](https://sanix.jp/lang_en/)

Financial Summary  
[https://sanix.jp/lang\\_en/financial.html](https://sanix.jp/lang_en/financial.html)