

Clean and Comfortable Environment for the Next Generation



SANIX

INCORPORATED
Integrated Report March 2022

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Picture on front cover

This is the artwork that won the first prize in the "Painting Competition 2022," an in-house project. An "Ideal Future Environment" by the child of an employee.

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.

This fiscal year marks the final year of the SANIX Group's Medium-Term Management Plan 2019-2021. In this integrated report, we explain the management issues, specific measures, and results set forth in this medium-term management plan from both financial and non-financial perspectives.

For detailed information on products, services, business details, finance, etc., please check our website. (See p.78)

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: FY2021 (April 1, 2021-March 31, 2022)
- 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

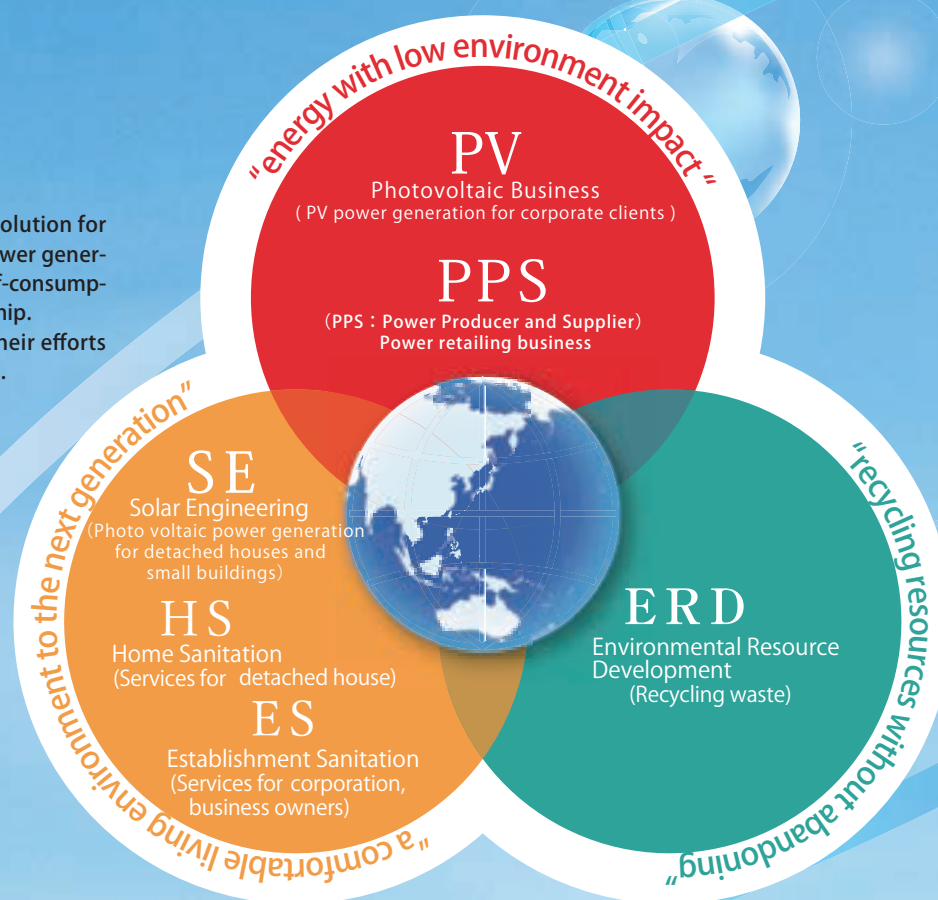
Clean and Comfortable Environment for the Next Generation. Sanix Group continues to take on the challenge.

Sanix Group Business Area (Reorganization June 2022)



Energy

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



Residential Environment

Support sanitary management and disaster countermeasures, centering on the maintenance of houses, buildings and condominiums.

Protecting homes and buildings that will be passed down from generation to generation.



Resource Circulation

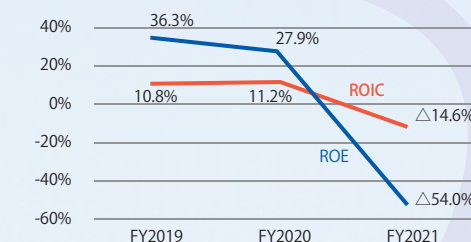
R&D and operation of recycling systems to recycle and reuse waste as energy resources.

Contribute to the realization of a recycling-oriented society.

Sanix Group through numbers

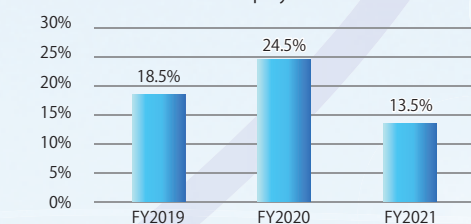
Financial indicators

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

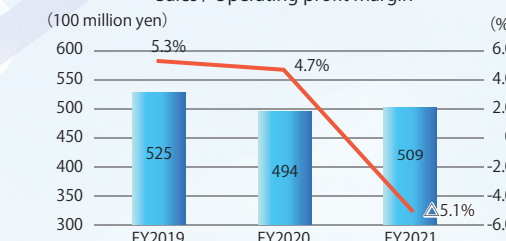


*ROIC=Operating income after tax / (Average shareholders' equity at beginning and end of period + Average interest-bearing debt at beginning and end of period) x 100

Equity ratio



Sales / Operating profit margin



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



Number of houses with termite disinfection
Approx. **820,000** 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. **37,000**



Number of solar power sales and installation (in-house installation only)
Approx. **48,000**
Solar power sales output (including wholesale sales)
Approx. **1,400,000** kW



Plastic processing volume
Approx. **5,600,000** t
Amount of power generated by plastic fuel
Approx. **4,800,000** MWh



Amount of waste liquid processed
Approx. **2,400,000** t

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

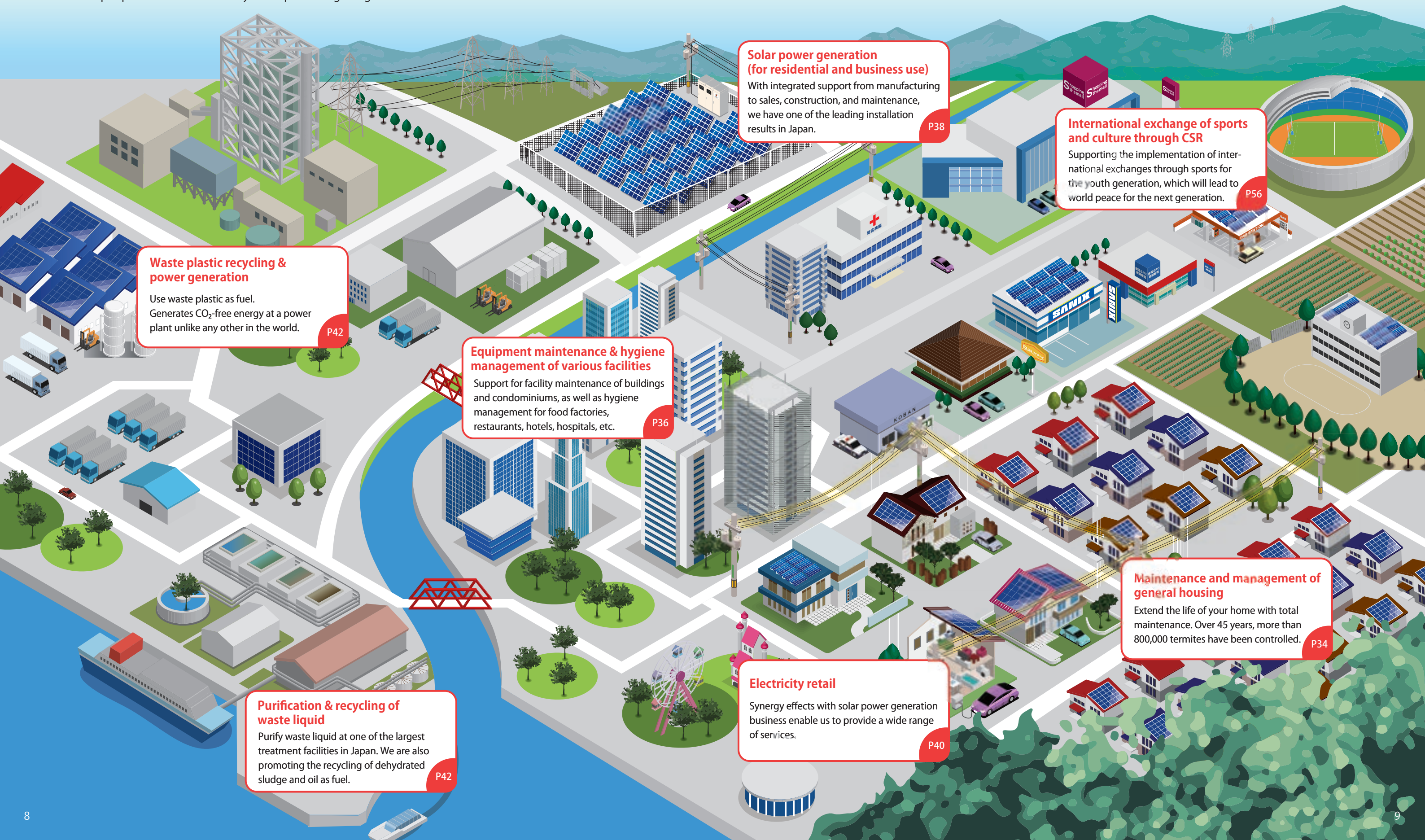


*On June 1, 2022, the company was reorganized (business areas remain unchanged).The figures on the following pages are based on the segments before the reorganization (until FY2021).

Sanix Group through the picture

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

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



Waste plastic recycling & power generation

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

P42

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.

P36

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.

P38

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.

P56

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.

P34

Electricity retail

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

P40

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.

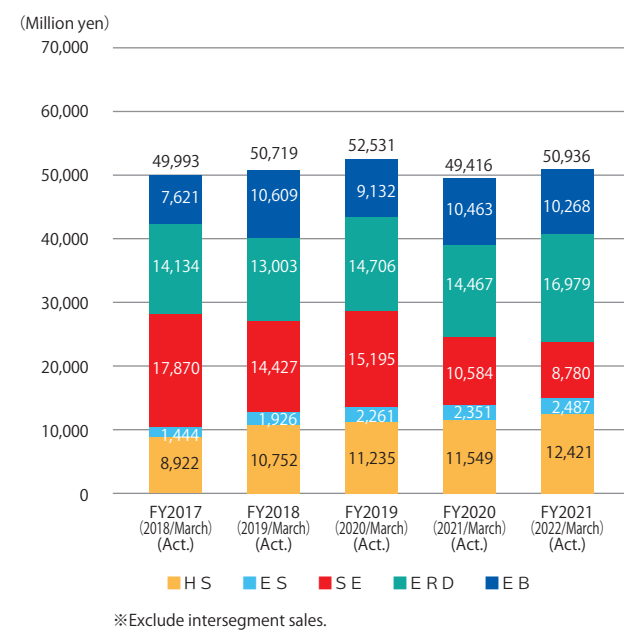
P42

Business of Sanix Group

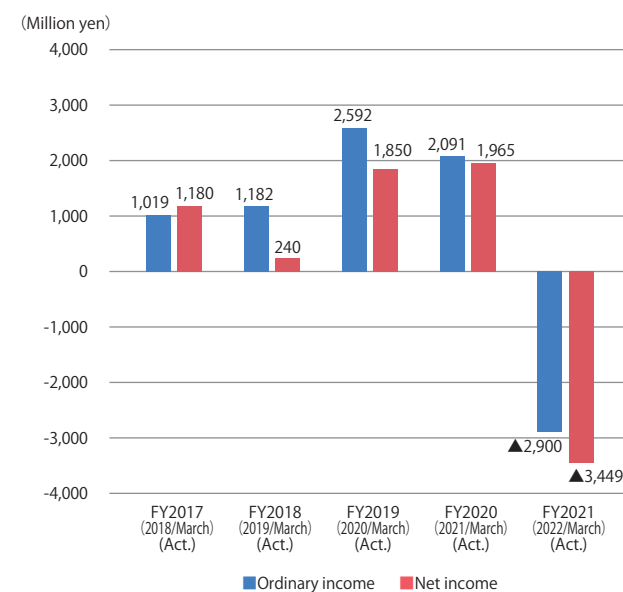
With the adoption of the SDGs at the UN Summit in September 2015 and the Paris Agreement in December 2015, tackling environmental issues has become a key issue on a global scale. Japan is no exception, with the 2018 update of the basic plans in the field of 'environment and energy', including the 2050 Carbon Neutral Declaration, and Environmental and the Energy Basic Plan.

For many years, the Sanix Group has been committed to growth as a company working to create an environment for the next generation and to contribute to the achievement of a sustainable society. However, in the fiscal year ended March 31, 2021, our new electric power business incurred a large loss due to the increased burden of power procurement costs caused by soaring global energy prices. In response, we are shifting to a business structure that minimizes market risk in this business and are aiming to create synergies with other businesses by strengthening functional aspects.

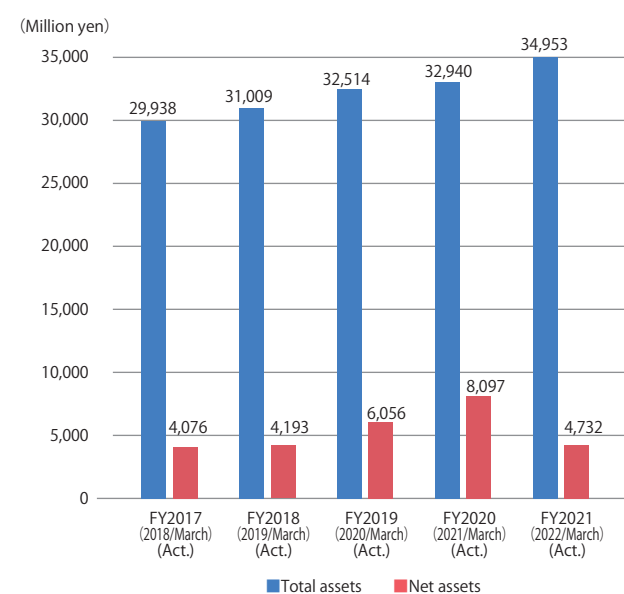
Sales by segment



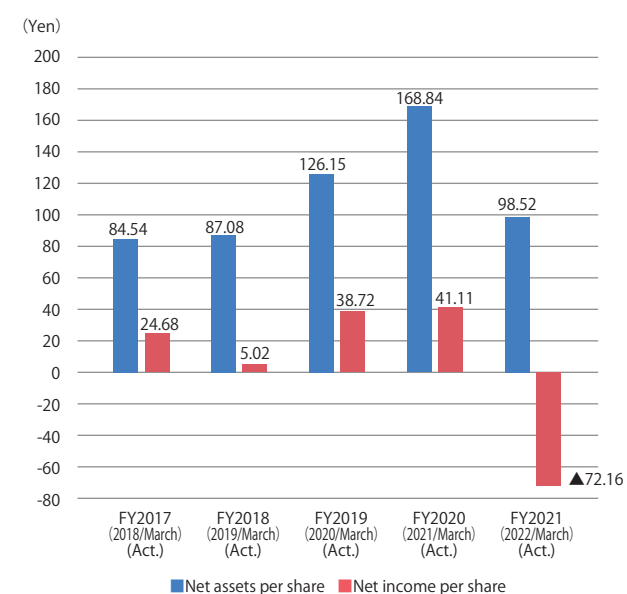
Ordinary income / Net income



Total assets / Net assets



Net assets per share / Net income per share



Main Business

Residential Environment area

HS
Home Sanitation (Here after HS)

11 SUSTAINABLE URBAN AND COMMUNITIES

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

ES
Establishment Sanitation (Here after ES)

6 CLEAN WATER AND SANITATION 11 SUSTAINABLE URBAN AND COMMUNITIES

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

Energy area

SE
Solar Engineering (Here after SE)

7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

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

EB
Energy Business (Here after EB)

7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

- Electricity retail (for business establishments and households)
- Construction of next-generation energy system (distributed energy system, etc.)

Resource Circulation area

ERD
Environmental Resources Development (Here after ERD)

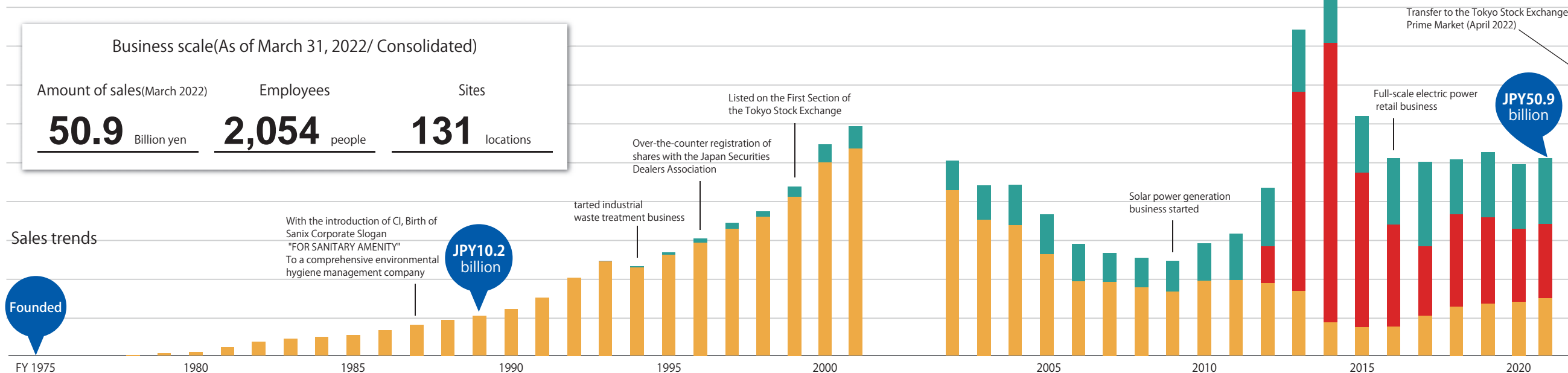
6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER

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

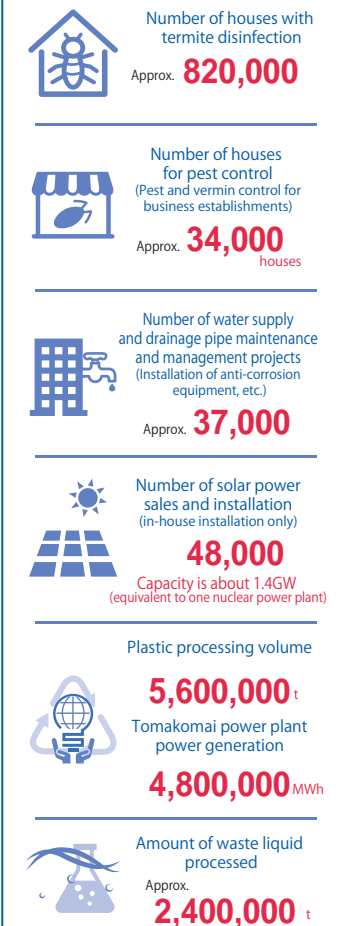
History of Sanix Group

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.

Sanix Group aims to be an industrial leader in environment and energy field to play a role in the development of a sustainable society.



Cumulative results (As of March 2022)



1975 Founded

1975
Sanyosanitation Inc.
The termite disinfection industry used to disinfect after its outbreak. We took the idea of "preventive medical approach", which stimulated potential demand in the market.



1978
Founded Sanyosanitation Inc.

1981
Separated the corporate environmental hygiene department from the termite department

1980~ Diversification from disinfection industry

1982
General training center and research institute opened (Fukuoka Prefecture)
We have been focusing on employee education for a long time, "This is a job that requires a high sense of mission and professionalism as it is a job that makes filthy and dirty places clean."

1987
SANIX INCORPORATED established
Changed the company name and restructured the business into a "total sanitation company" that creates a comfortable environment.



1989
Launched underfloor ventilation fan powered by solar cells

1990~ Industrial waste treatment business started to contribute global environment

1991
Opened an equipment manufacturing factory (Takeo City, Saga Prefecture)
Established our own factory to create products that meet customer needs.



1994
Entered the industrial waste treatment industry

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

1998
Takeo B factory for chemical manufacturing established
Operated by SUNAIM Inc., a wholly owned subsidiary.

1999
Started fuel conversion business for waste plastics
In the course of waste incineration, paid attention to the high calorie content of plastic combustion. Started a business to recycle plastic that has been simply incinerated or landfilled as fuel.



2000~ The energy recycling power generation business started

2000
Organic waste liquid treatment business started
Aiming at the ban on ocean dumping under the London Dumping Treaty.



2001
Thermal recycling operation Established SANIX ENERGY Inc.
Started construction of a thermal power plant using recycled fuel from waste plastic. Established a wholly owned subsidiary to become the operating company.
Specific scale electric power company registration
Eighth application nationwide in anticipation of entering the electric power business.

2003
Completion of SANIX ENERGY Tomakomai Power Plant
Power generation using fuel derived from waste plastic. After that, we cleared the issues one by one and accumulated know-how.



2009
Acquired Hokuhei Inc. and C & R Inc., which operates the final disposal site.
From fuel conversion of waste plastic to power generation and incineration ash for disposal. An integrated system within the group has been established.
Started solar power generation business
Toward the spread and expansion of solar power generation, "good product at lower price".

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

2010
Established HOKKAIDO SANIX KANKYO Inc.
The Tomakomai Factory (plastic fuel conversion) was separated as a subsidiary.

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



2014
Established SE Wings Inc. to retail electricity

2015
Registration Electric retailer registration

2016
Full-scale entry into the electric power retail business
Following the complete liberalization of the electricity retail business, the electricity retail business at Sanix Inc. began.

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

2018
Launched a recycled oil production business within the waste liquid purification and treatment business.
In 2021, Kitakyushu City selected the company as a "Kitakyushu Eco Premium" for products and services with low environmental impact.

Sanix Group Value Creation



Materiality
Value creation process

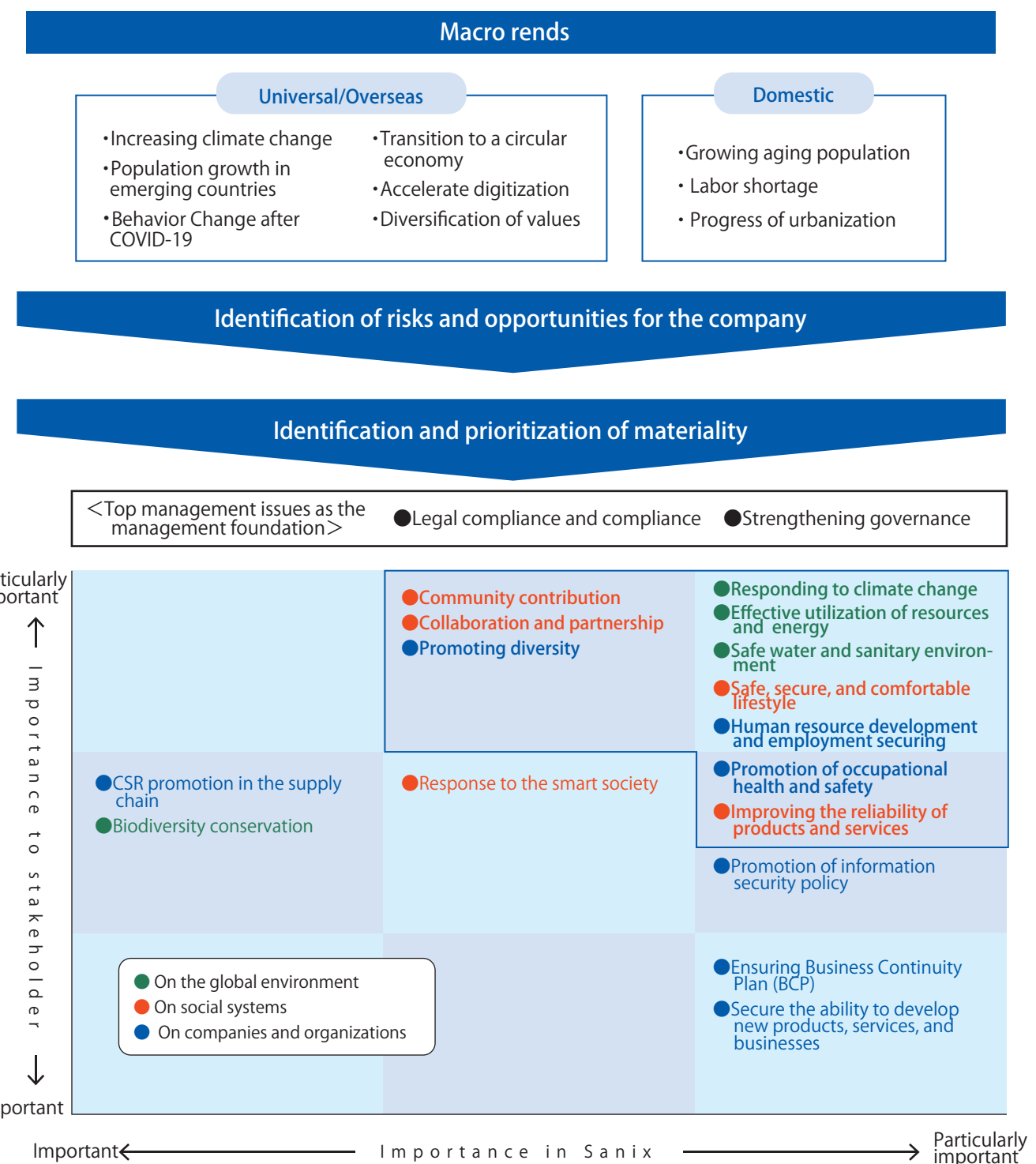
Materiality

■ Identification of materiality

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

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

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



Materiality of Sanix Group

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

Risks and Opportunities in Sanix Group by Materiality

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

Selection of focus business area

Residential Environment area

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



Energy area

Contributing to climate change response and efficient use of resources and energy through the installation and sale of solar power generation systems and the provision of energy with low environmental impact through thermal recycling of renewable energy and waste, etc.



Resource Circulation area

Contributing to efficient use of resources, securing clean water resources, and safe and secure lifestyles by properly disposing of industrial waste, recycling resources, and purifying water resources through waste liquid 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, 2022)

- Net assets: 4,732 million yen
- Total assets: 34,953 million yen
- ▶ Financial Data → See page 72

(2) Social capital (as of March 31, 2022)

- HS business: 4 HQs, 53 sites
- ES business: 12 sites
- SE business: 2 HQs, 37 sites
- Environmental resource development business: 18 sites
- Energy business: 5 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.34~

(4) Human Capital (as of March 31, 2022)

Number of employees (consolidated): 2,054 [Abundant number of qualified personnel]

- Termite control contractor: 232
- Type 1 • Type 2 electrician: 337
- Forklift driving technician : 310 etc.

(5) Natural capital (FY2021)

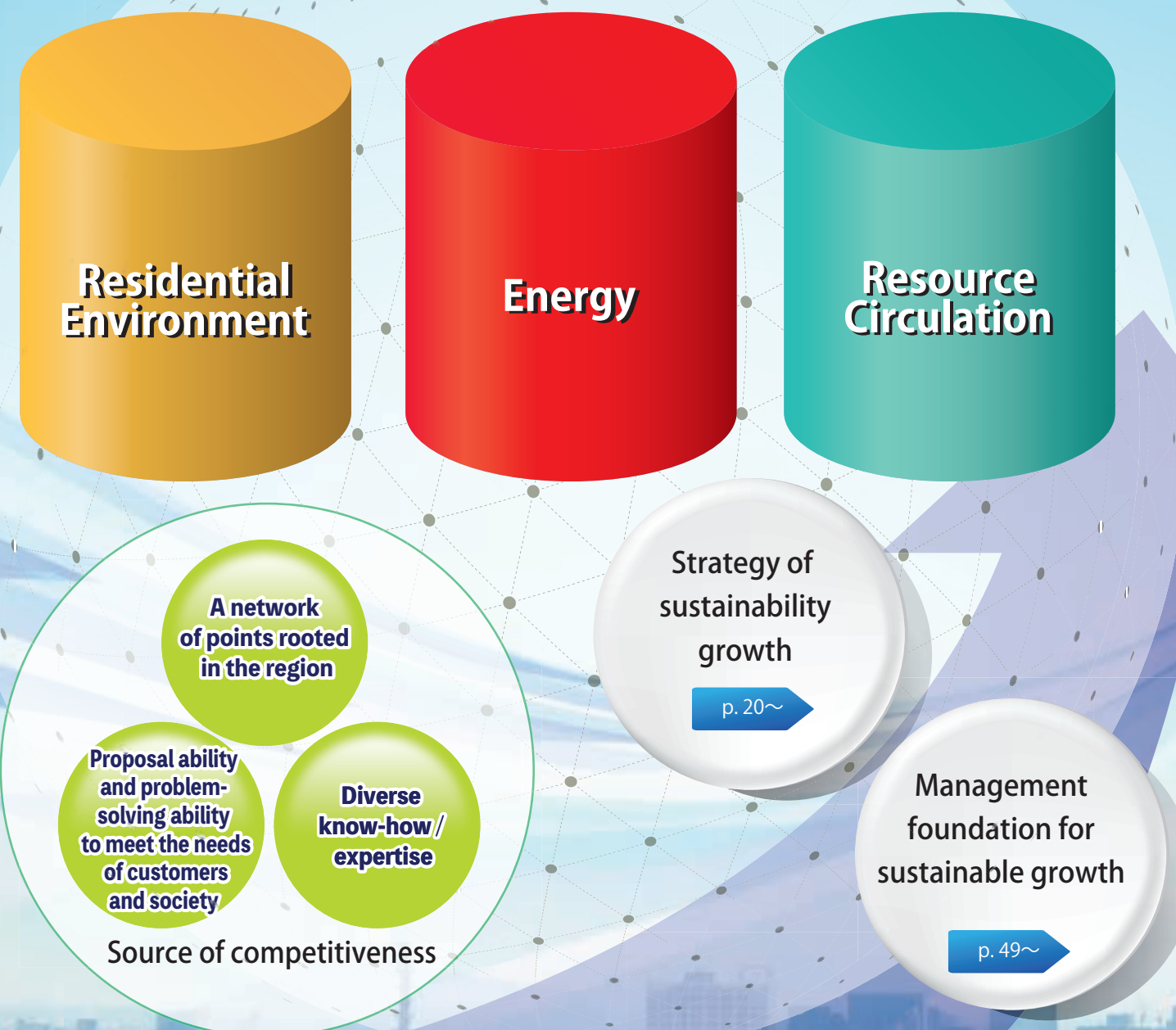
- Energy consumption: 377 thousand GJ
- Water consumption: 295 thousand tons
- ▶ Environmental data → See page 62

(6) Manufacturing capital (as of the end of March 2022)

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

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

Diverse Partnerships and Evolution and deepening of business area



Value

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



Make it common
"Energy with low environmental impact"



Make it common
"Recycling resources without abandoning"



"Clean and Comfortable Environment for the Next Generation"

Sanix Group Growth Strategy



Message from the President

Transition of management plan and medium-term management plan
Medium-Term Management Plan (FY2019-2021) Overview and Results
Value Creation Story

Topics: Participation in VPP Verification Project, now in its 6th year

Message from the President

“Clean and Comfortable Environment for the Next Generation.”

Sanix Group marks the 47th year of its funding. Based on our philosophy above we have broadened our business scope, from houses and urban spaces to global environment, until today. I would like to use this opportunity to describe significance of our business and the direction we aim for, together with our history and achievements.

Sanix Incorporated

Representative board of director, President

Hiroshi Munemasa



“Clean and Comfortable Environment for the Next Generation.”
Sanix Group's corporate philosophy is linked to the values of our society.

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

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

In addition, the global epidemic of CORVID19 caused major social changes, forcing a shift in values and structures in various fields.

The Group has also had the opportunity to recognize the necessity and importance of sanitation, our core business, once again.

Nowadays, “creating a sustainable society” become globally a common value which, we have been pursuing in our business for many years. Based on the corporate philosophy of “Clean and Comfortable Environment for

the Next Generation”, our group aims to create a society where it is common to pass on a comfortable living environment to the next generation, where it is common to use energy with low environmental impact, and where it is common to recycle resources without abandoning. The final year of the medium-term management plan covering the period from FY2019 to FY2021 has been completed.

In FY2021, the final year of the plan, the company was unable to foresee the sharp rise in energy prices, resulting in a significant loss in the new power generation business, but it is believed that the initiatives it has taken with an eye to the medium- to long-term have produced steady results. In line with our long-term vision (announced in May 2021), which is focused on the year 2030, we will contribute to the creation of a sustainable society in the fields of "housing environment," "energy," and "resource recycling" through our various businesses.

We are determined to contribute to the creation of a sustainable society in the fields of "Residential Environment," "Energy," and "Resource Circulation" through each of our businesses.

The year 2030 is the target year of the SDGs, and we are determined to contribute to the early realization of the society envisioned in the goals of the SDGs.

Medium-term management plan (2019-2021) and Long-term vision for 2030

The fiscal year 2021 marked the end of the fiscal year covered by the medium-term management plan. In our long-term vision for 2030, one of our targets is to double our revenue to 100 billion yen, and therefore, we have positioned the current medium-term management plan as "building a management foundation to support full-scale growth in the future". Therefore, in order to build a solid foundation capable of welcoming various challenges and changes to ensure sustainable growth, the following six management challenges have been identified and focused on strengthening and promoting initiatives.

- ①Expand existing businesses by leveraging sales force and customer network
- ②Strengthen development of new customers through alliances, including business partnerships.
- ③Develop business growth areas in the future through proactive marketing & resource in new businesses and services.
- ④Accelerate efficiency improvement through investment in facilities and systems.
- ⑤Reinforcing our team as experts to improve customer satisfaction by securing and training human resources
- ⑥Creating highly motivating work environment for the

employees

In FY2021, the final year of the current medium-term management plan period, a significant loss was recorded due to sharply rising fuel prices, which led to electricity procurement costs that were far higher than expected.

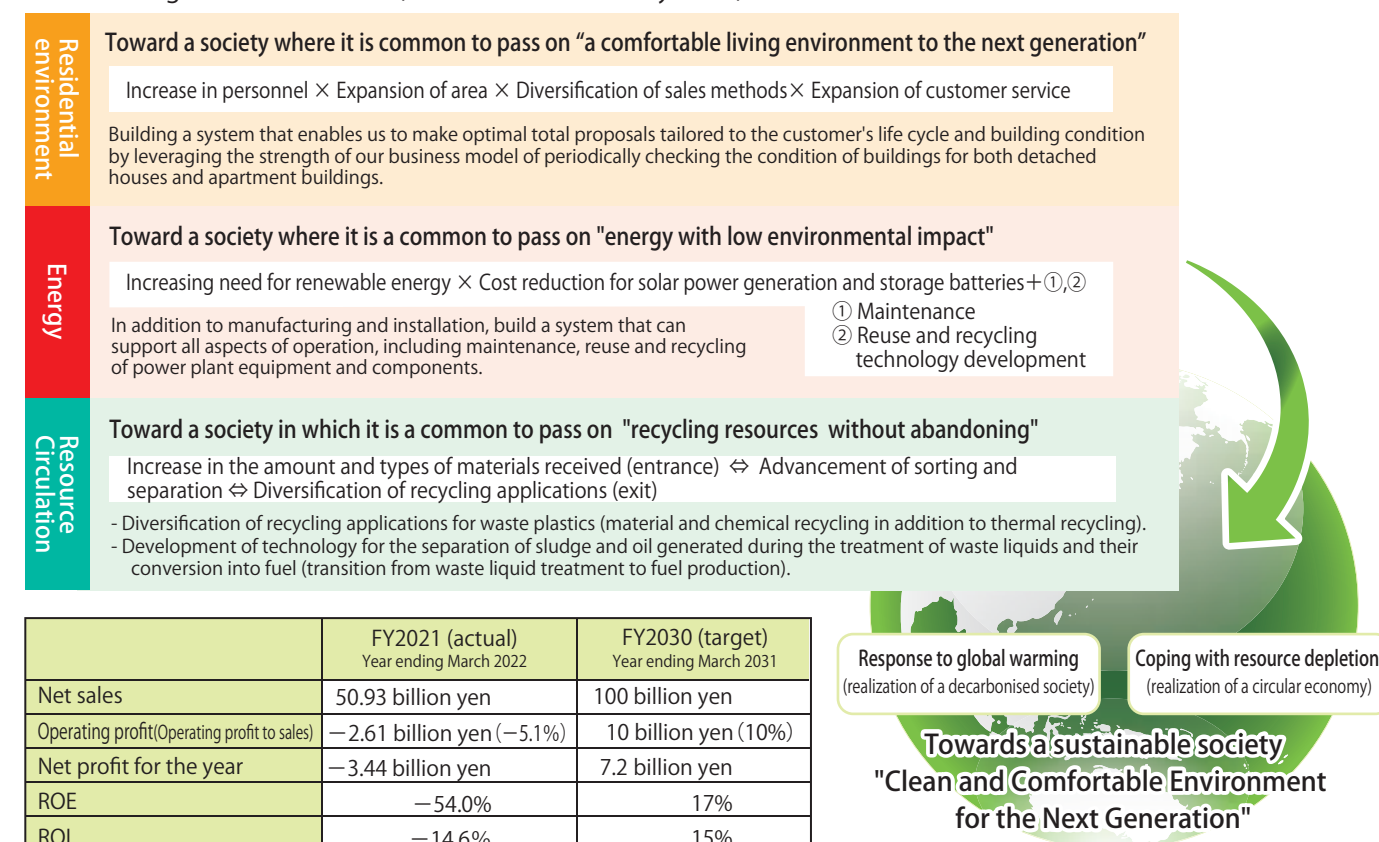
Consequently, we were unable to expand our financial platform to "build a management foundation to support full-scale growth in the future". In contrast, however, we succeeded in promoting priority initiatives, such as expanding existing businesses and strengthening alliances.

Furthermore, it is difficult to make medium-term forecasts due to the extremely unstable situation, such as the disruption of production and logistics triggered by the spread of CORVID19 infection, the invasion of Ukraine by Russia, rising energy prices, and also the trend of foreign exchange rates, etc.

Therefore, we have decided to postpone the announcement of our next medium-term management plan (FY2022-FY2024) and will announce it as soon as a reasonable vision and plan can be formulated.

"Opportunities" and "risks" always coexist in major changes. While we will control "risks" by responding flexibly to changes, we will also grasp "opportunities" to achieve sustainable growth.

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



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

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

The cornerstone of Sanix Group is Home Sanitation (HS) business, which specialized in termite disinfection and other services to residential customers. At the time of the company's founding, it was common for the industry to deal with termites only after they had occurred, but we were able to uncover latent demand by explaining the necessity of prevention, early detection and early countermeasures before things got worse, which led us establish our leadership position in the market.

Until today we conducted termite disinfection sense to 820,000 houses and expanded our services to measures against humidity and earthquakes, to serve comfortable and long-lasting houses.

The life-time of the house from construction tied demolition in Japan is around 40 years, which is significantly shorter than those in western countries (according to the Ministry of Land, Infrastructure, Transport and Tourism). Due to the fact that recently, however, peak-out of population in Japan, as well as awareness of importance for saving natural resources and reducing environmental impact. Long lasting houses with properly maintained become more important than rebuilt. The Basic Plan for Housing and Living Standards (updated in March 2021) also states the goal of "building a housing circulation system" in which the existing housing stock is traded across generations. The same concept applies to condominiums and other housing complexes.

In this business area, in accordance with the medium-term management plan, we have focused on marketing for new customers by increasing the number of sales forces enhancing employee education and strengthening alliances with business partners. We strengthened business alliance with many companies such as agricultural cooperatives, consumer cooperatives and mutual aid associations, real estate and construction industries, and retail businesses, through introduction of our residential services to their members and set up relationships with management companies for buildings and condominiums, etc. Currently, the number of our business partners has increased by 10 times in the last 6 years.

To provide a more community-based and customer-oriented service, we continue to actively increase the number of staff and open new sales offices. Currently, we have 53 sales offices for HS business, mainly in west part of Japan, and 12 sales offices for ES (Establishment Sanitation) business (as of March 31, 2022). We plan to expand our sales area nationwide, with 100 sales offices in

HS business and 25 sales offices in ES business, mainly in regional big cities.

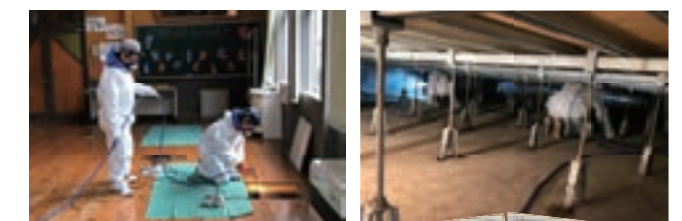
There are approximately 30 million detached wooden houses and more than 2 million apartment buildings in Japan (Ministry of Internal Affairs and Communications / 2018 Housing and Land Survey). However, we believe that housing needs will become more diverse due to increasing number of vacant houses as well as the declining birthrate, aging population and of people's lifestyle.

In addition to the maintenance and management of housing, Sanix Group will expand the scope of our services, by making timely proposal to our customer in accordance to their lifestyle, and their needs. We will contribute to create a society where high-quality housing stock is traded and passed on from generation to generation.

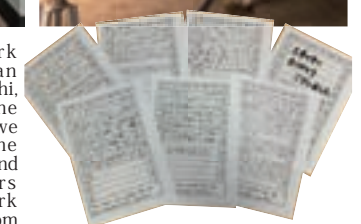
Hygiene management business is also one of the foundations of our business. Together with our maintenance service and management business of the living environment. The scope of this project is not limited to the residential environment, but extends to accommodations, commercial facilities, and manufacturing plants. In June 2020, the "Revised Food Sanitation Law" will be enforced, requiring all businesses that handle food products to adopt the concept of sanitation management methods called "HACCP" in principle. The level of hygiene required is increasing and is now considered to be a quality of service in itself.

The Sanix Group will respond to the demands of the times by providing support services for the introduction and operation of sanitation management in line with HACCP. The epidemic of CORVID19 infection has served as an opportunity to reconfirm the importance of "sanitation management."

Sanix Group has been involved in contingency planning service for natural disasters such as earthquakes and torrential rains, as well as outbreaks of viral diseases such as foot-and-mouth disease. We will continue to promote hygiene management business to meet the needs in society.



During the restoration work (January to March 2021) at an elementary school (Kokonoe-machi, Oita Prefecture) damaged by the torrential rainfall in July 2020, we were in charge of sterilizing the underfloor of the school building and gymnasium. Eight contractors involved in the restoration work received letters of appreciation from first- and second-year students and their teachers.



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

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

The energy-related business of Sanix Group was derived from the development of our environmental sanitation business. We are engaged in energy businesses with low environmental impact, one of which is solar power generation on a representative form of renewable energy.

Our history with solar modules goes back to 30 years ago. We introduced solar modules in 1989 as a power source for under-floor ventilation fans which is one of our products handled by HS business. At that time solar modules were not widely used yet. But until today, we have installed over 300,000 solar modules. Our track record of introducing solar modules to the world at an early stage led to the launch of our solar power generation business in 2009. In developing the Solar Power Generation business, we have placed the provision of "high-quality products at a competitive price" at the core of our business, based on the belief that "solar power will not become popular unless it is less expensive than the cost of electricity". Sanix Group was the first company that introduced foreign-made solar modules to the Japanese market. In 2010, we established a production site in China to manufacture solar modules, thereby establishing a total integrated system that covers from manufacturing, sales, design, installation to maintenance business. We have been striving to reduce costs and improve quality, while pursuing higher level of safety and convenience for our customers. Since the start of the business, we have sold and installed more than 48,000 residential and industrial systems, and our total sales capacity, including wholesale sales, exceeds 1.4GW

(1.4million kW), which is equivalent to one nuclear power plant (as of March 2022).

Renewable energy has been positioned as a main power source in the national policy. In order to achieve carbon neutrality by 2050, we need to further increase the share of renewable energy in the power supply mix. We believe that solar power generation is essential source in future society, thus, it needs to be widely used. Sanix Group also believes that the spread and expansion of solar power generation has just begun, and we will continue to play proactive role in the market and society.

With the increase in electricity prices and the decrease in the purchase price of electricity generated under the FIT scheme (Feed-in Tariff Scheme for Renewable Energy), it is time for solar power generation to shift to "use" rather than "sell", in other words, "self-consumption". Although, it has spread become of merit of selling electricity, it should spread without relying on favorable treatment by government.

We believe that it will the industry can become self-sustaining when it becomes the energy of choice for people without subsidies or preferential policies. At present, Sanix Group is promoting proposal activities of our solar power generation systems to shops, offices, factories and other business owners, in which electricity generated by solar power is consumed at their sites own.



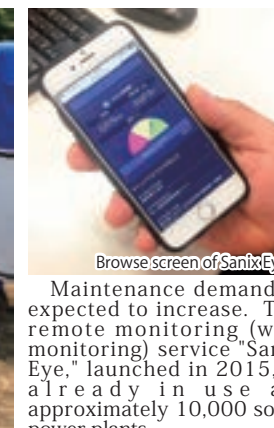
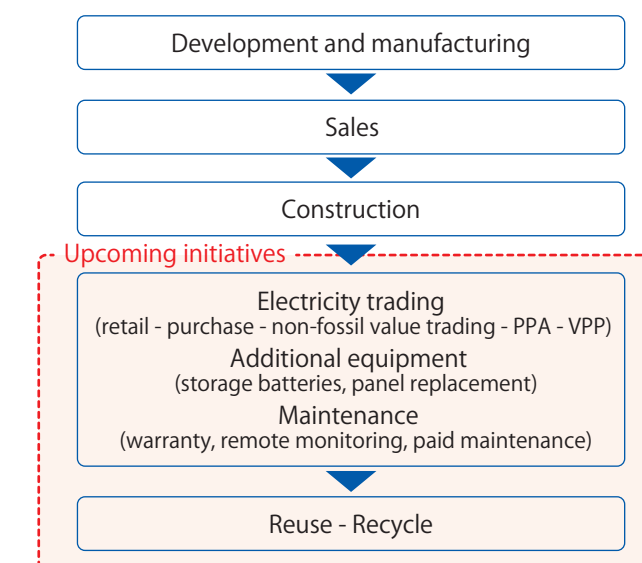
Taking advantage of its in-house capabilities from design to construction, the company is also promoting the introduction of solar power generation for its own facilities (left: Ota Plant = Plastics Resource Development Plant/right: General Training Center).As the introduction and ownership of solar power facilities and the methods of supplying electricity from them become increasingly diversified and sophisticated, we intend to utilize our own experience in the solar power generation business as a model case for self-consumption solar power generation.

It is needless to say, the solar power business does not end with the installation. In order for renewable energy to function as a main source of power, each solar power plant dispersed throughout Japan needs to maintain sustainable operation as if they were "a single power plant".

Furthermore, as solar power generation becomes more commonplace in society, the disposal of equipment after end of its useful life, will become critical issue. In addition to reinforcing the appropriate maintenance service for installed power plants, Sanix Group has also started research and development into the reuse, recycling, and proper disposal of solar power generation, which become necessary in the near future.

Besides, since 2017, we have been participating in the Ministry of Economy, Trade and Industry's Virtual Power Plant* construction demonstration project. The main drawback of solar power is that the amount of electricity generated is dependent on the weather, which makes it impossible to adjust the power supply.

Expansion of total service for solar power generation



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.

Therefore, to realize virtual power plant helps to meet this drawback and gives momentum to the spread of solar power generation. We believe that transforming the unstable electricity produced by installed solar power into reliable and stable electricity that can support our daily lives become major step forward to realize decarbonized society. We will continue to work for implementation of Virtual Power Plants in our society.

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

On the other hand, in 2001, in the year of the establishment of SANIX ENERGY INCORPORATED, the Group that operates the Tomakomai Power Plant(See page 43), SANIX ENERGY became the 8th company in Japan registered as a "Power Producer and Supplier (PPS)", aiming for starting electricity retailing business in the future, and began wholesale of electricity they generate. Later, in 2015, we launched a full-scale electricity retailing business, offering a premium purchase service (the purchase price is a certain amount added to the FIT purchase price) for solar power generation to boost of solar power sales. In 2016, following the complete deregulation of electric power retailing, With the exception of Okinawa Electric Power Company's service area, we are ready to supply electric power to factories, offices, and households throughout Japan.

The SANIX Group's electricity retailing is characterized by its solar power generation facilities sold and installed in the solar power generation business, and its Tomakomai Power Plant, which was certified as a non-fossil power source in 2020, a source and supplier of CO2-free electricity.

Taking advantage of this feature, in April 2021 we added an environmental value option menu for electricity and began supplying CO2-free electricity. However, just as this was about to happen, a sharp rise in the market price of electricity led to an increase in electricity procurement costs, which resulted in a significant loss. In response, we shifted our business structure to minimize market risk.

In the electric power retailing business, we have decided to reduce the scale of the business and aim to create synergies with other businesses (e.g., solar power generation business) by strengthening the functional aspects of the business. The Group will strive to create an environment in which "energy with low environmental impact" is taken for granted from both the supply and demand sides, by creating a mechanism to deliver renewable energy to customers while expanding the use of renewable energy sources for the realization of a decarbonized society.

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

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

For our resource recycling business. "Resource recycling power generation is one of core business"(see page 43). 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.

The start of 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 86% of waste plastics is effectively used (Japan Plastic Recycling and Reuse Association) today (FY2020).

Approximately 4.13 million tons of industrial waste plastic is discharged annually, of which 2.53 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.

The problem of waste plastic is attracting attention worldwide, including marine pollution caused by waste plastic. As a solution to this problem, we will pursue further



contribution measures including the expansion of the Tomakomai Power Plant, the search for the next power plant, the development of fuel sales, and the development of plastic recycling methods other than thermal recycling.

In April 2022, the Company launched the "SANIX system," a centralized management system for disposal operations. The system was supervised based on the knowledge gained from our involvement in waste management and is equipped with functions necessary for customers. The system supports the proper and efficient execution of operations, from management of collection requests and disposal status to data usage and thorough compliance. In turn, visualization of waste-related operations will be effective in identifying and improving issues, such as cost optimization and promotion of environmental management. By providing this system, we intend to contribute to the construction of a sustainable society through the reduction of CO2 emissions by optimizing the frequency of collection and transportation and disposal methods, as well as the promotion of resource recycling through sorting.

In the field of resource recycling, we are also working on an organic liquid waste treatment business (Hibiki factory in, Kitakyushu City, Fukuoka Prefecture). Since 2000, we have been purifying more than 100,000 tons of sludge and waste beverages discharged from food factories by microbial treatment. Currently, our customer's locations are widespread to Kansai area and Kanto area.

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

traps* and marketing it as an alternative fuel to heavy oil.

In 2020, we will also begin a full-scale feasibility study on the conversion of waste sludge into fuel and are preparing to offer it to consumers as a fuel for biomass power generation. The conversion of waste liquids into fuel will also make it possible to expand the range of acceptable waste liquids, such as those containing large amounts of oil and sludge.

In November 2021, "Recycled Oil Bi-Oil" was selected as one of the "2021 Kitakyushu Eco Premiums. This is a program in which Kitakyushu City in Fukuoka Prefecture selects products and services that have a low environmental impact.

Since then, we have received numerous inquiries from

customers, and we intend to expand our facilities gradually.

We would like to position ourselves as a "fuel manufacturing plant" and "raw material plant" rather than just a waste treatment facility for both plastics and waste liquids.

Just as the human body has "arteries" and "veins," industrial activities would not be possible without the "venous industry," which purifies waste and returns it to nature.

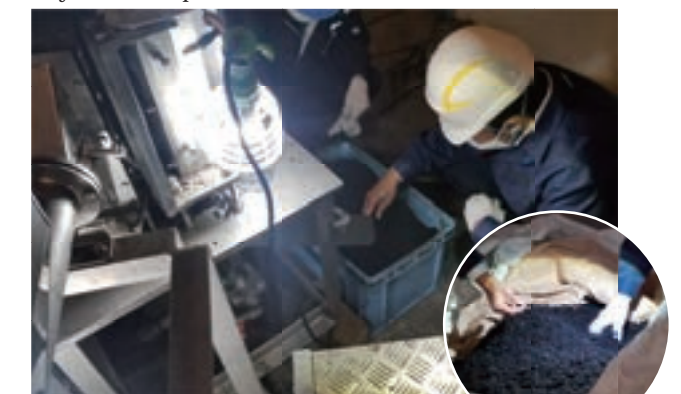
Both resource-recycling power generation and liquid waste treatment promote the recycling of resources, and at the same time contribute to the construction of a de-carbonized society.

*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," which is produced by separating oil content, was selected as a "Kitakyushu Eco-Premium in FY2021" as a product with low environmental impact. Kitakyushu exhibited and promoted its products in booths at environment-related exhibitions such as the "Resource Recycling Expo" (March 2022).



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

Human resource development to support our business

We believe that the quality of each individual engaged in this work is directly related to the quality of our services, so we have been focusing on employee education since the beginning of our company, based on our management philosophy that "work is education and education is management.

We established its own training center and a department for employee education in its seventh year of operation. Since then, we have consistently considered the development of human resources to form a group of experts with a sense of mission, motivation and a wealth of specialized knowledge as one of our challenges, and we have been working on human resource development by constantly renewing our training programs.

As it is difficult to conduct group training due to the pandemic of COVID-19, New methods, such as online-based training, are being introduced as we move forward. In addition, we believe that to provide good service that satisfies our customers, it is essential to have a work environment where employees can work energetically.

Therefore, in addition to employee training, we also strive to create a pleasant work environment.

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

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

Transition of management plan and Medium-term management plan

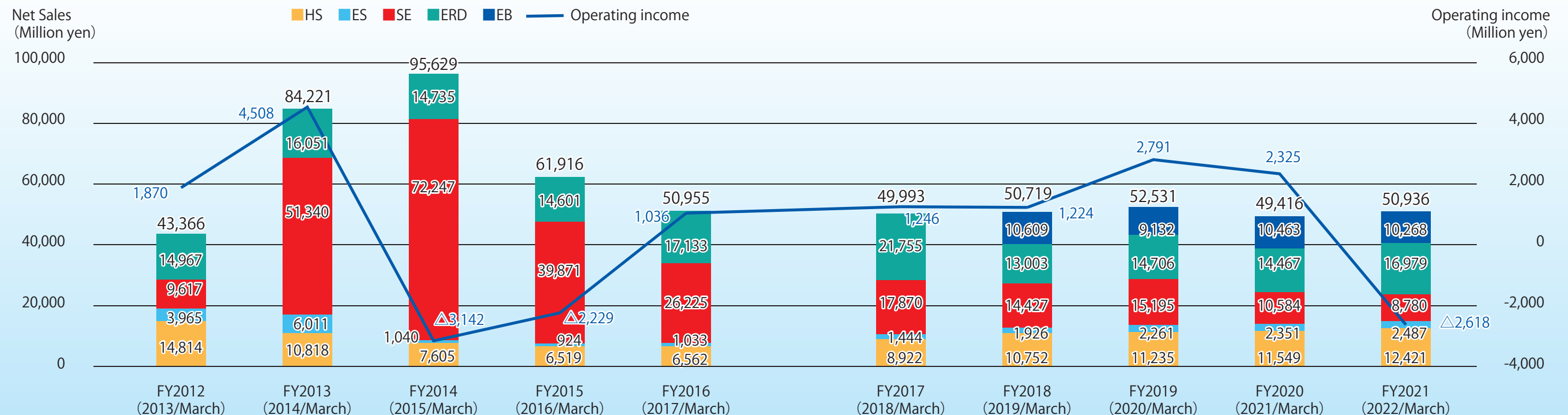
~FY2013

FY2014~FY2016

FY2016~FY2018

FY2019~FY2021

Changes in business performance and management plans



Commercialization of renewable energy rapid growth

With the introduction of the Feed-in-Tariff (FIT) law in July 2012, we launched a new business, the sales and installation of industrial solar power generation equipment (currently SE business).

We succeeded in launching this new business by leveraging our expertise in residential solar power generation system installation, our human resources and the price advantage of our own solar modules. In the year following the launch of the business (FY2013), it became a rapidly growing business accounting for 60% of the company's total sales.

Medium-term management plan "Sunshine Plan 2016" (FY2014-FY2016)

In May 2014, we formulated and announced the "Sunshine Plan 2016", a growth scenario that positions the solar power generation business, resource recycling power generation business and electricity retail / wholesale business as our core businesses, and conducts aggressive capital investment, recruitment, and research and development to ensure competitiveness.

However, in September 2014, just after we had implemented this medium-term management plan, the market environment surrounding the solar power generation business changed dramatically as electric power companies stopped response to new application for grid connection contracts for renewable energy all of sudden, there after FIT system was significantly revised. As a result, in February 2015, we withdrew our medium-term management plan and decided to restructure our business.

Medium-term management plan (FY2016-FY2018)

【Overview】

Medium-term management policy: "Transition to sustainable and stable management"

In the midst of rapid changes in the business environment, in consideration of the future market environment, we reviewed the cost structure and implemented a management system that can generate sustainable and stable profits.

- (1) Balanced redistribution of management resources between businesses
- (2) Strengthening the management foundation through rationalization
- (3) Strengthening the corporate governance system

【Looking back】

Based on the market environment in each business, we have established a system that enables us to make profits in each business by allocating personnel flexibly in a timely manner. In addition, while strengthening the management foundation through various rationalizations such as store consolidation, asset reduction, and cost reduction, we are also working to strengthen governance by increasing the number of outside directors.

Medium-Term Management Plan (FY2019-FY2021)

(Released on May 14, 2019)

To establish a platform for growth, we worked on our basic policy of taking on the challenge of new initiatives while strengthening and expanding existing foundations.

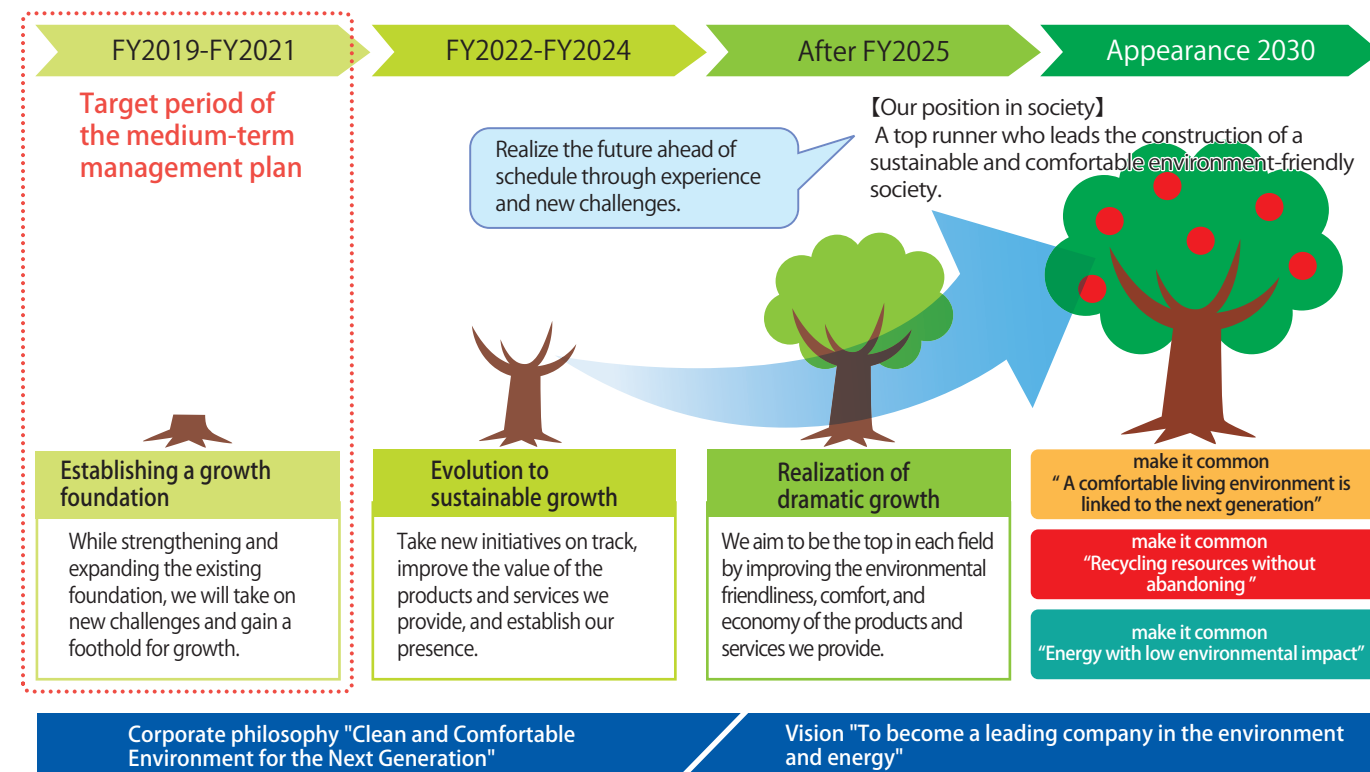
In the HS, ES, and Environmental Resource Development business divisions, we established stable earnings foundations. On the other hand, in the energy business sector, which was planned as a growth-driving business, business risks increased more than expected, making it difficult to ensure profitability.

We have revised our business structure to minimize the impact of market risks.

→For details, please refer to page 30.

Outline of medium-term management plan (FY2019-FY2021)

Positioning of roadmap and medium-term management plan for achieving our company's vision



Major issues in the medium-term management plan

Basic policy
Strengthen and expand existing foundations, and try new things to gain a foothold for future growth

Improving customer satisfaction

- Expansion of existing businesses by leveraging our strengths of sales force and customer network
- Development of future growth field by proactively engaging in new businesses and services

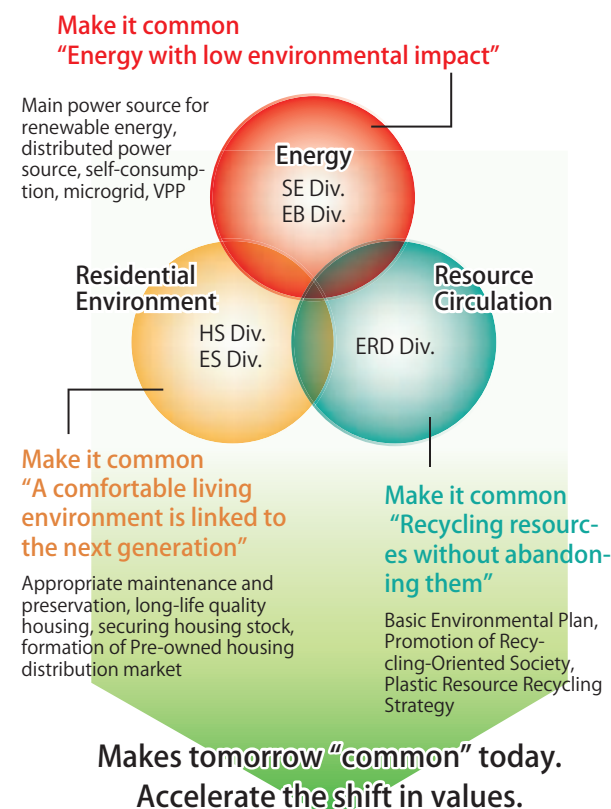
Rewarding • Improving work satisfaction

- Creating an environment where employees can work with high motivation
- Evolution to a group of specialists and training and securing of human resources to provide services that satisfy customers

Strengthening the management

- Promotion of labor saving and efficiency improvement for operations by investing in equipment and information technology

Relationship between social trends and our business domain

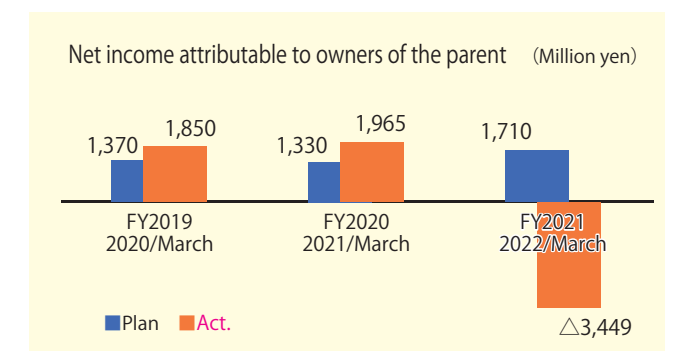
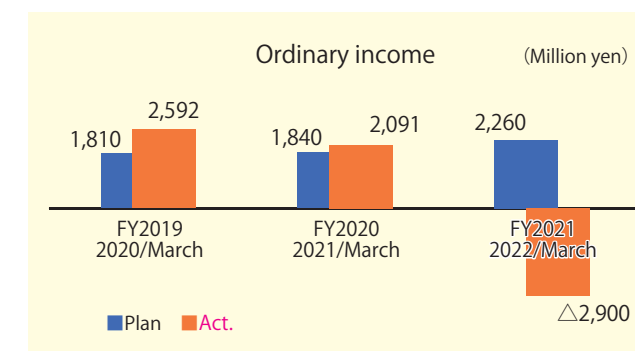
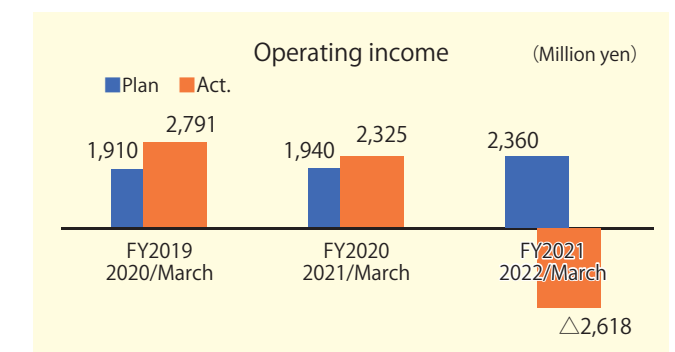
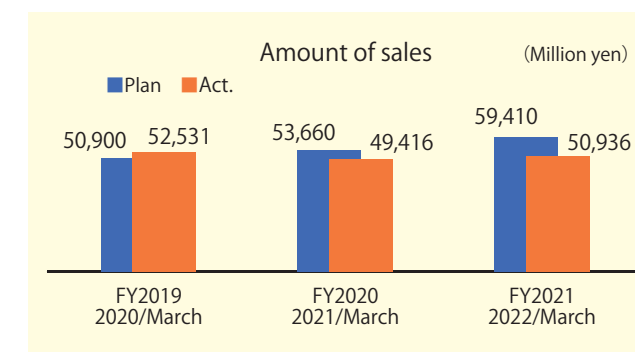


Results of the Medium-Term Management Plan (FY 2019-2021)

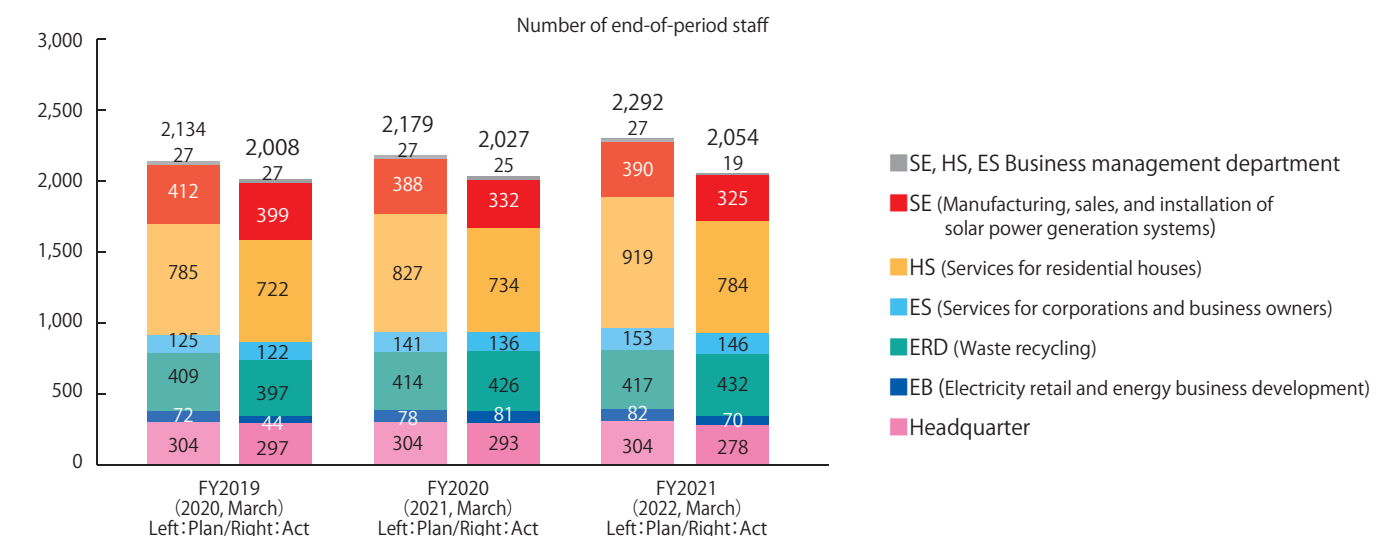
Plan and results

	medium-term management plan			Results (Arrows indicate plan ratio)		
	FY2019 2020/March	FY2020 2021/March	FY2021 2022/March	FY2019 2020/March	FY2020 2021/March	FY2021 2022/March
Amount of sales	50,900	53,660	59,410	52,531	49,416	50,936
Operating income	1,910	1,940	2,360	2,791	2,325	△2,618
Ordinary income	1,810	1,840	2,260	2,592	2,091	△2,900
Net income attributable to owners of the parent	1,370	1,330	1,710	1,850	1,965	△3,449

*The "Accounting Standard for Revenue Recognition" has been applied from the results of fiscal year 2021 (ended March 31, 2022).



Transition of human resources



Results of the Medium-Term Management Plan (FY2019-2021) ("Key Objective")

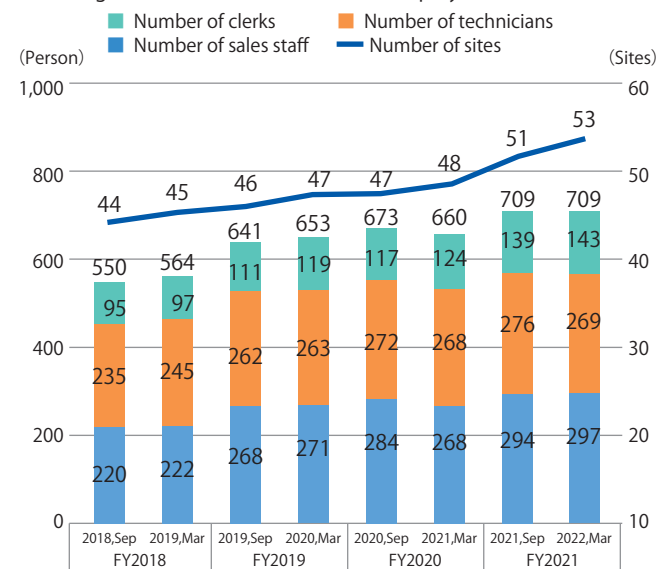
The Medium-Term Management Plan sets forth six management targets. The following is a report on the results of these tasks.

■ Progress on management targets

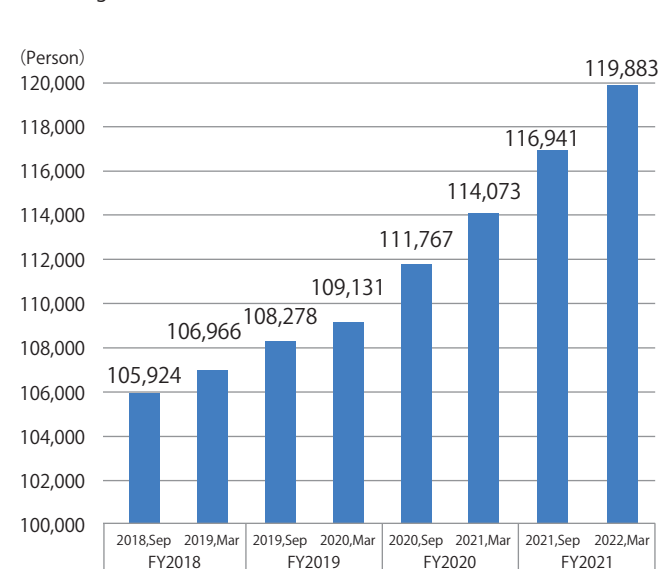
(1) Expand existing businesses by leveraging our strengths in sales and customer relationships Customer Satisfaction Improvement

The Company achieved progress in establishing a stable revenue base by securing human resources and opening new offices in existing businesses. In the HS business segment in particular, during the period of the current medium-term management plan, we have increased the number of sales offices by 8 and the number of staff by 145 to strengthen our sales force even further. The number of customers increased to 119,883 (+12,917) as of March 31, 2022 (compared to March 31, 2019). (compared to the end of March 2019).

■ Changes in the number of sites and employees in the HS division



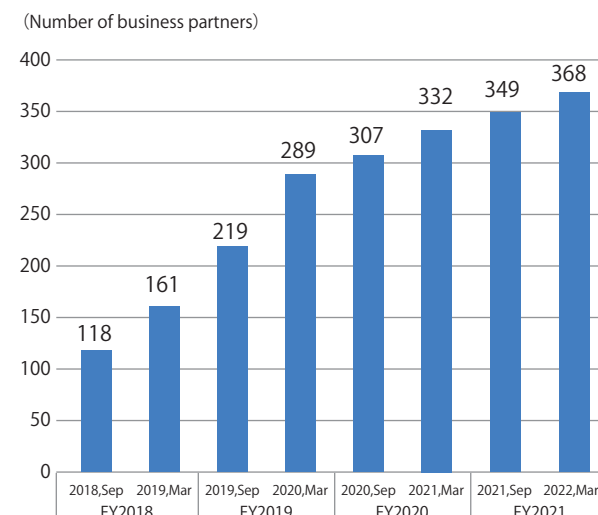
■ Changes in the number of customers in the HS division



(2) Strengthen the development of new destinations with closer alliances, including business alliances with corporations Customer Satisfaction Improvement

We have also actively pursued business partnerships with corporations to expand our contact with customers. As of March 2022, we have 368 business partners.

■ Changes in the number of partners



"Examples of business partners and details of business partnerships"

- ▶ Local government staff mutual aid association / mutual aid association
- ▶ Cooperatives of companies / organizations
- ▶ Company (as a welfare menu)
- ▶ Service company (as a customer service menu for moving companies, services for members, etc.)
- ▶ Real estate agent

Information on our services

- Housing service to start termite disinfection
- Services for businesses, including equipment maintenance measures for condominiums (diagnosis of water supply and drainage equipment) etc.

(3) Setup new businesses and services

Customer Satisfaction Improvement

We developed businesses that will lead to growth, such as a business for converting waste liquids into fuel and a centralized management system for disposal operations. However, with regard to energy-related businesses, we undertook efforts to create business models through alliances with other companies, such as a third-party ownership model for solar power generation (PPA)*, but the response was slower than anticipated.

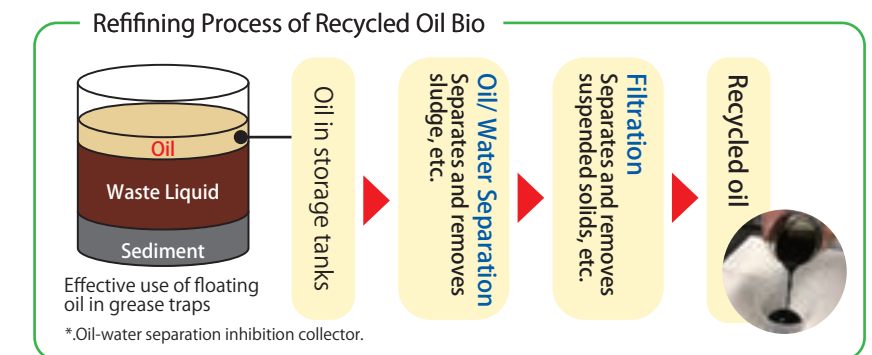
* Third-party owned model (PPA): A PPA operator installs a photovoltaic power generation system on the roof of a consumer's (third party) house and sells the self-consumed power consumption of the photovoltaic power generation.

■ Conversion of organic waste liquids into fuel

By separating and recovering only the oil content from liquid waste (industrial waste) generated by restaurants, we produce and sell recycled fuel (product name: recycled oil Bio) that can be used as an alternative to fossil fuels.

This is a carbon-neutral fuel with zero CO₂ emissions.

It can also be used as fuel for biomass power generation.

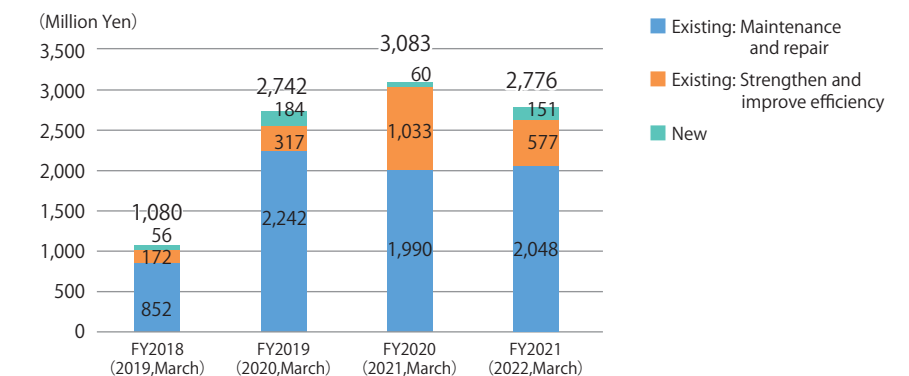


(4) Promotion of labor saving and efficiency improvement of equipment / system investment, etc.

Strengthening of management foundation

Investments under the current medium-term management plan include the upgrading of infrastructure to improve operational efficiency, such as the renewal of facilities and core systems in the environmental resources development business. We plan to invest for further growth in the future.

■ Changes in investment costs



(5) Evolution to a group of specialists and training / securing of human resources to enhance customer satisfaction

Improvement in motivation and job satisfaction

Management Philosophy: "work is education and education is management". In order to improve the quality of our services in response to changes in the social environment and the sophistication of our customers' needs, we are constantly developing our human resources.

➡ See page 50. While we have achieved results in securing human resources, we are only halfway through our efforts in human resource development, and we will continue to work on this as an ongoing issue.

(6) Creating an environment where employees can work with high motivation

Improvement in motivation and job satisfaction

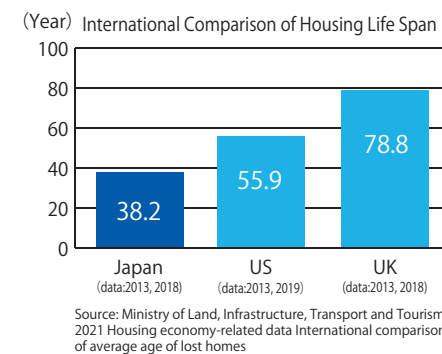
We have established a mentoring system to support new graduates and a retirement age selection system that allows employees to choose the retirement age that best suits their personal life plans. We are only halfway through our efforts to create a better work environment, and will continue to address this as an important issue in the future.

Value creation story in the Residential Environment segment (HS: Home Sanitation Business)

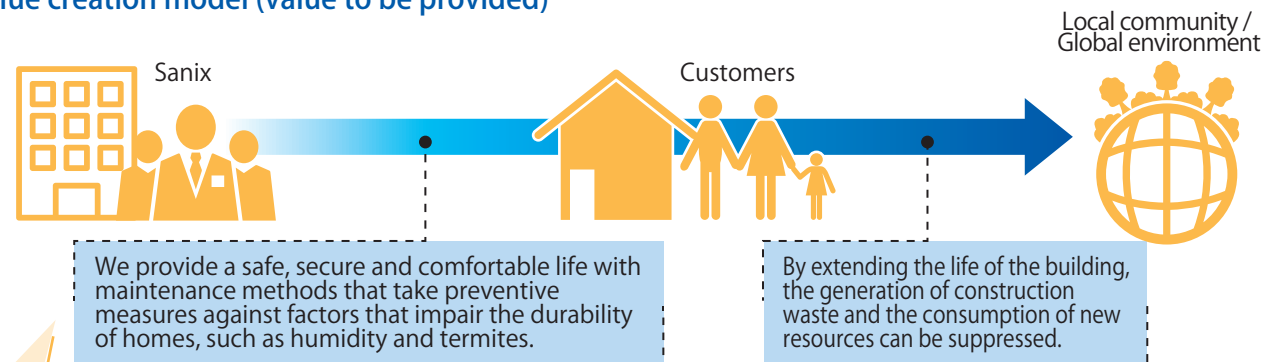


The lifespan of Japanese homes (the average number of years since demolished homes are built) is approximately 40 years, which is considerably shorter than in Europe and the United States. Wood decay and termite damage caused by moisture are one of the factors that shorten the life of a house.

We have been enlightening the necessity and importance of home maintenance from a preventive point of view from the beginning, when it was common to take measures after suffering damage. Housing seen assets recording as a value. Going forward, we will continue to strive to maintain the comfortable living of our customers and the asset value of their homes, we will continue to work on maintaining the comfort of our customers' lives and the asset value of their homes based on our track record and experience with over 800,000 homes constructed.



Value creation model (value to be provided)



Main products and services <Home Sanitation (HS) Business>

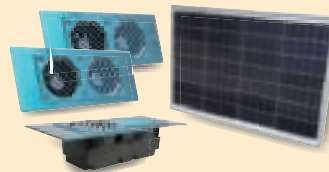
Termite control system

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



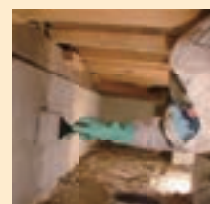
Underfloor / attic ventilation system

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



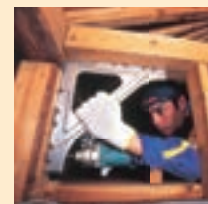
Foundation repair work

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



House reinforcement system

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



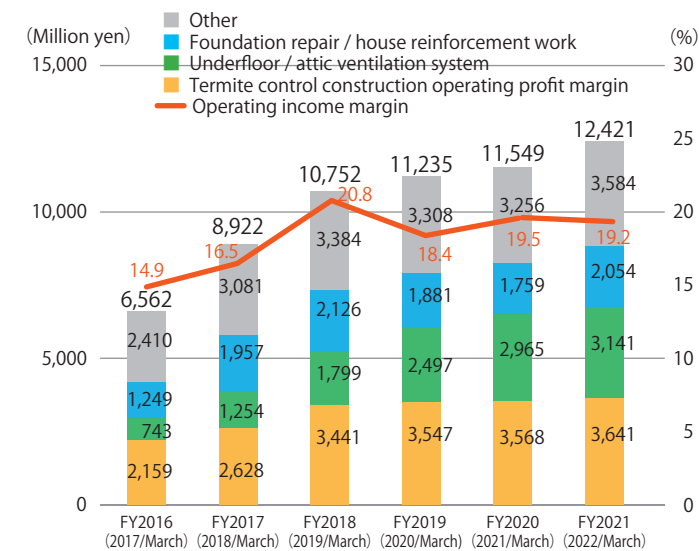
Home remodeling

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

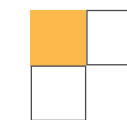
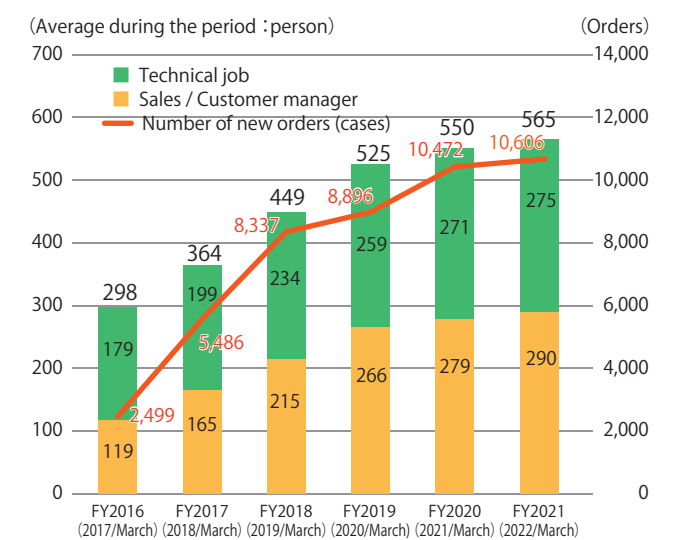
Act.

				Medium-term management plan				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018	
	Act.	Act.	Act.	Act.	Act.	Act.	Dif.(△)	Average growth(%)
Amount of sales	6,562	8,922	10,752	11,235	11,549	12,421	+1,668	+4.9%
Gross profit	3,285	4,947	6,371	6,746	7,083	7,667	+1,295	+6.4%
Gross margin	50.1%	55.4%	59.3%	60.1%	61.3%	61.7%		
Operating income	979	1,471	2,231	2,061	2,248	2,382	+150	+2.2%
Operating margin	14.9%	16.5%	20.8%	18.4%	19.5%	19.2%		

Sales / Operating income margin by product



Number of personnel / Number of new orders



Topic

New openings - 8 new offices in 3 years

The HS Division is aggressively opening new openings to enhance customer service and improve operating efficiency (productivity). From FY2019 to FY2021, we opened 8 new offices. We will strive to expand the number of customers while strengthening the foundation of our existing business.

New openings (April 2019 - March 2021)

Opened in April 2019	Karatsu Sales Office (Saga Prefecture)
Opened in February 2020	Omura Sales Office (Nagasaki Pref.)
Opened in January 2021	Iwakuni sales office (Yamaguchi prefecture)
Opened in May 2021	Amakusa sales office (Kumamoto)
Opened in May 2021	Niihama sales office (Ehime)
Opened in September 2021	Takeo sales office (Saga)
Opened in November 2021	Yawata sales office (Fukuoka)
Opened in December 2021	Fukuoka Nishi sales office (Fukuoka)

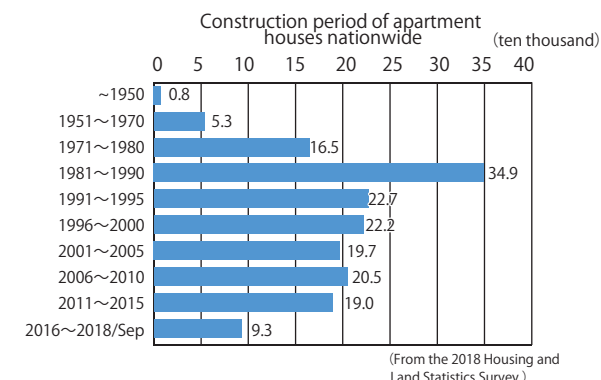


Value creation story in the Residential Environment segment (ES: Establishment Sanitation business)

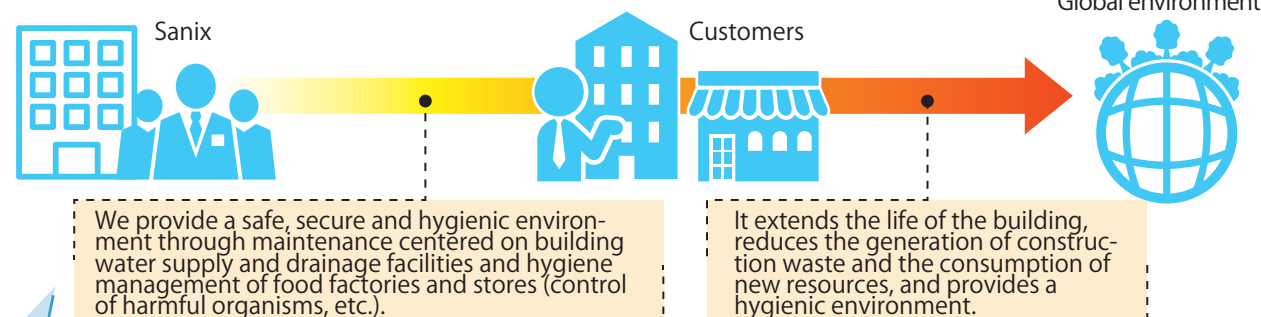


From buildings and condominiums to food factories, restaurants, hotels, hospitals, etc., it is a business division that handles a wide range of activities from hygiene management to equipment maintenance, not only for "living spaces" but also for spaces where people gather, work and live.

We will promote total sanitation from the viewpoint of preventive medicine (the idea of preventing harmful organisms) such as hygiene inspection / diagnosis, food poisoning countermeasures, water quality management, water supply and drainage pipe maintenance measures, and pest control.



Value creation model (value to be provided)



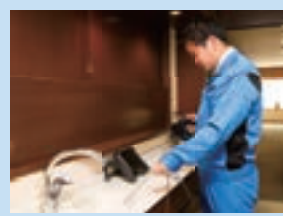
Main products and services <Establishment Sanitation (ES) Business>

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.



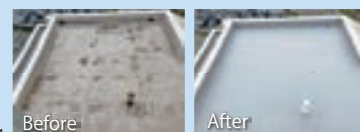
Negatively charged water generator



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

Maintenance of buildings and condominiums

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



Rooftop waterproofing

Control of pests

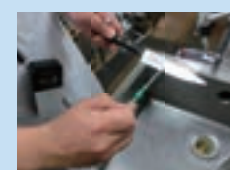


Pest control and removal

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.



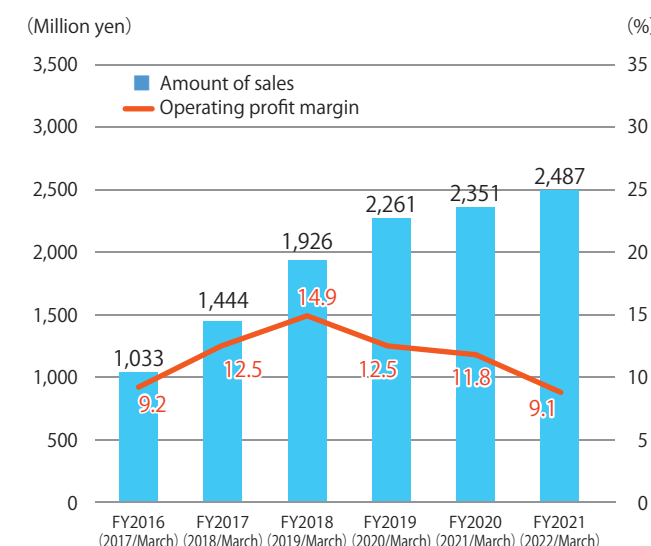
ATP wipe inspection (to confirm cleanliness)

Act.

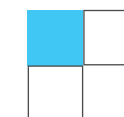
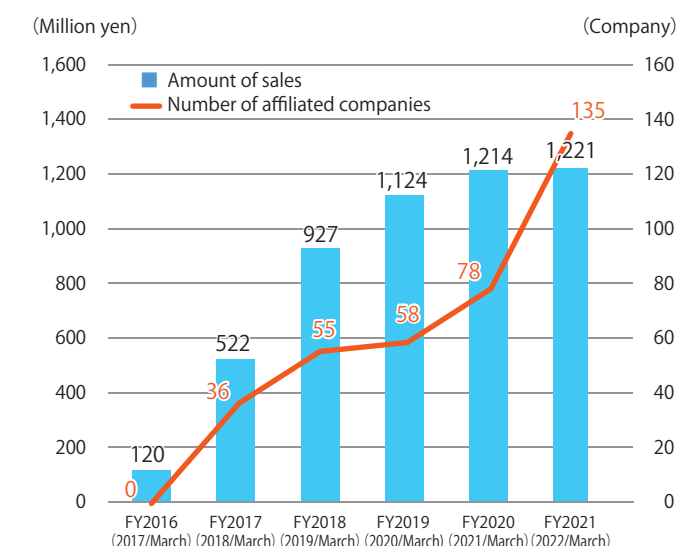
				Medium-term management plan				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018	
	Act.	Act.	Act.	Act.	Act.	Act.	Dif.(△)	Average growth(%)
Amount of sales	1,033	1,444	1,926	2,261	2,351	2,487	+560	+8.9%
Gross profit	410	689	993	1,188	1,279	1,328	+335	+10.2%
Gross margin	39.7%	47.7%	51.6%	52.6%	54.4%	53.4%		
Operating income	94	179	287	281	276	227	△59	△7.5%
Operating margin	9.2%	12.5%	14.9%	12.5%	11.8%	9.1%		

(Million yen)

Sales / Operating Profit Margin



Number of affiliated companies and sales of Daelman shock (rust preventive device)



Topic

Started full-scale support for hygiene management in accordance with HACCP, from introduction to operation.

HACCP is an international food sanitation management method that makes sanitation management "visible." In April 2021, our ES Division began full-scale support services for introducing sanitation management in line with HACCP. According to the revision of the Food Sanitation Law, sanitation management in accordance with HACCP will become mandatory for businesses that handle food products from June 1, 2021. Our service supports our clients (businesses handling food products) from a professional perspective to ensure that the creation and operation of hygiene management plans proceed smoothly. We conduct periodic hygiene inspections and operational status checks, as well as provide guidance and advice on how to make on-site improvements.

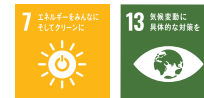


Sanitation planning support. We provide original forms tailored to your industry and strive to make the process as hassle-free as possible.



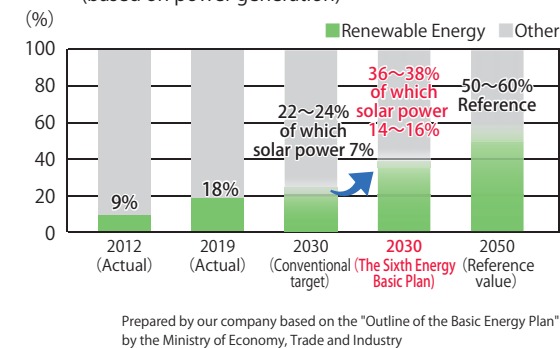
Sanitation inspection to check cleanliness. Quantify the sanitary conditions.

Value creation story in the Energy segment (SE: Solar Engineering Business)

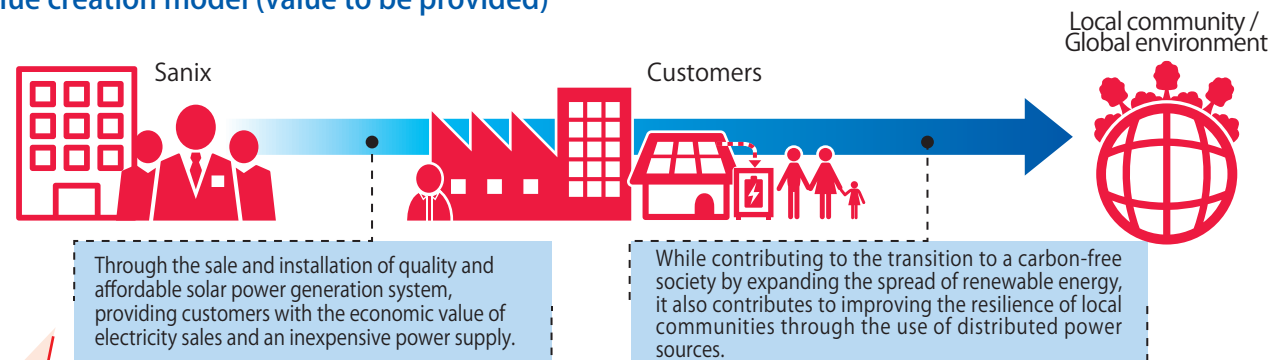


The spread and expansion of renewable energy is an important social issue. In order to make solar power generation more familiar energy source, we will work to expand the spread of renewable energy through distributed solar power generation suitable for Japan, which has a limited land area. The feature is a total service that Sanix Group consistently performs from manufacturing, sales, construction to maintenance. We will provide good products less expensive and faster and accelerate the spread of solar power generation. We will also focus on selling storage batteries, which are essential for the spread of solar power generation.

Trends and outlook of Japan's renewable energy ratio (based on power generation)



Value creation model (value to be provided)



Main products and services <Solar Engineering (SE) Business>

Industrial 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.



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.



O & M (maintenance)

Web monitoring, maintenance and inspection required by law. We support the safe operation of customer's solar power plant.



Power storage system

As the needs for power generation increase, we are proposing flexible uses of electricity through introduction of storage batteries.

Mega solar business

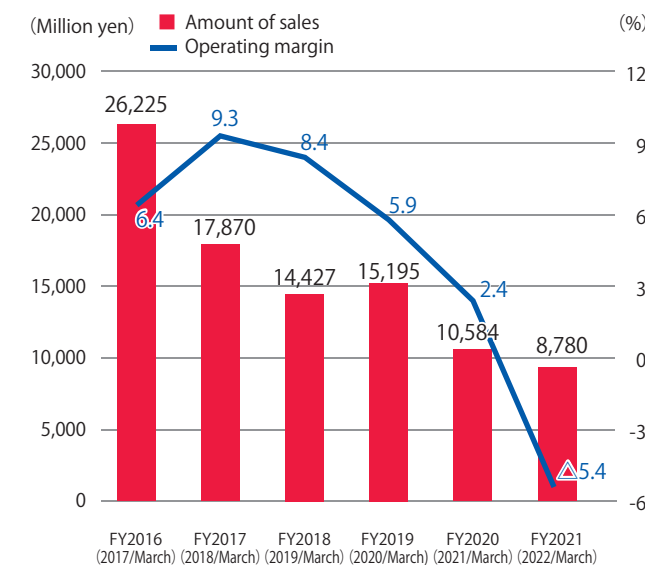
Mega solar through industry-academia-government mutual cooperation "SANIX Solar Park Munakata" (approx. 2 MW) (June 28, 2013-). We handle everything from design to construction and power generation business, also utilize that experience and data in the sales and construction activities of solar power generation. We also accept tours of schools.



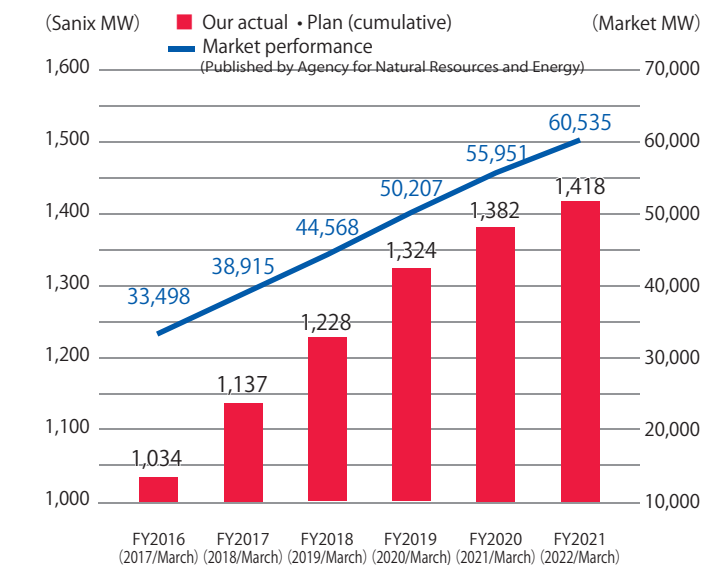
実績

	Medium-term management plan						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018
	Act.	Act.	Act.	Act.	Act.	Act.	Dif.(△)
Amount of sales	26,225	17,870	14,427	15,195	10,584	8,780	△5,647
Gross profit	7,423	5,562	4,687	4,308	3,148	1,941	△2,745
Gross margin	28.3%	31.1%	32.5%	28.4%	29.8%	22.1%	△15.3%
Operating income	1,669	1,668	1,204	901	250	△473	△1,678
Operating margin	6.4%	9.3%	8.4%	5.9%	2.4%	—	△173.2%

Sales / Operating margin



Solar power generation system introduction amount (cumulative)



Topic

Introducing self-consumption photovoltaic power generation at our own facilities - Toward the decarbonization of society

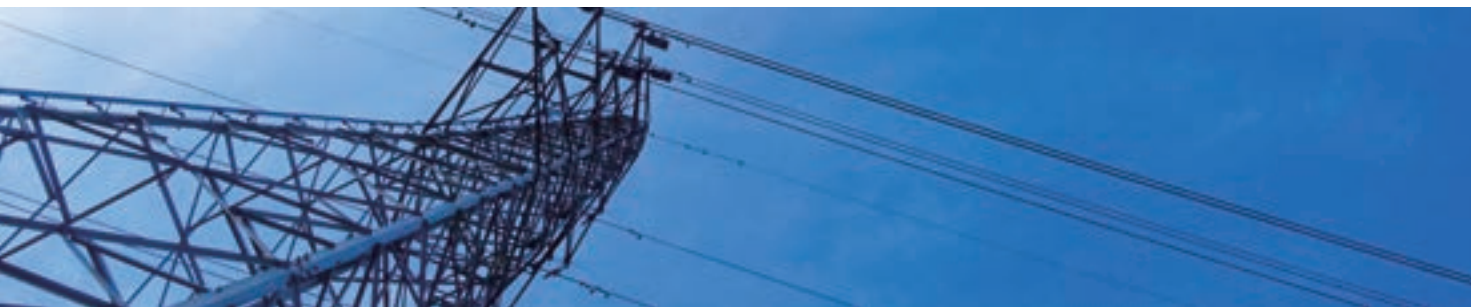
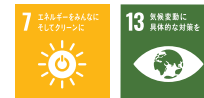
In fiscal year 2021, eight of our Resource Development Factories (factories that convert waste plastic into fuel) and our Training Center were equipped with photovoltaic power generation systems for their own consumption. In the photovoltaic power generation business, our strength lies in our integrated services ranging from manufacturing to sales, installation, and maintenance. The PV power generation systems at our facilities were also designed and installed by in-house design and construction.

FY2021 Cases of Introduction to Resource Development Factories () Dates in parentheses are operation start-up dates.



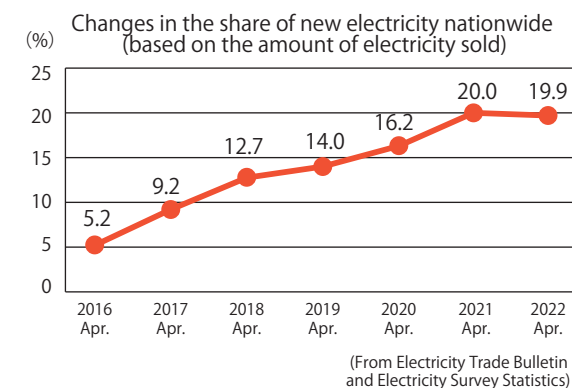
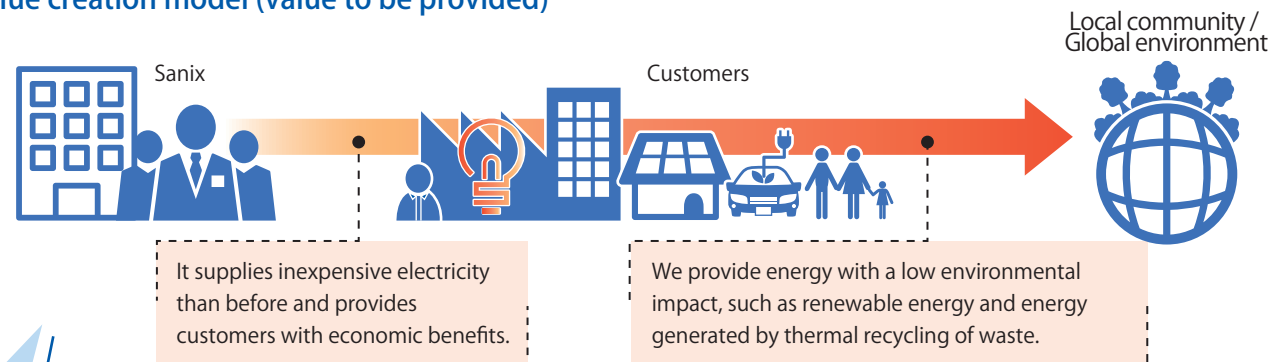
Effects of 8 factories (per year)
 ▲Self-consumption:
 Approx. 651,617 kWh
 ▼CO₂ emission reduction
 Approx. 341.8t-co₂
 Values based on our simulation

Value creation story in the Energy segment (EB: Energy Business)



Toward the creation of a new energy era and a decarbonized society, the way we deal with energy is diversifying, including energy conservation, energy creation, energy storage, and the choice of non-fossil energy sources. In addition, after the deregulation of electricity retailing in 2016, the "era of choosing an electric power company" has become firmly established. With a focus on the Power Producer and Supplier business (electric power retailing), we will respond to the diversifying needs of the times by leveraging our affinity with other businesses, including the solar power generation business.

Value creation model (value to be provided)



Main products and services <Energy Business (EB)>

Electricity retail

Its strength is that it has a "base power source" based on solar power generation sold and constructed in-house and recycled power generation operated by group companies. We are trying to reduce costs by adding other suppliers to these and combining them.

* Registered retail electric power company registration number: A0057

【Power supply configuration(source of power)】

Solar power generation (FIT electricity)

We purchase the power of the solar power plant (customer) constructed by our company.



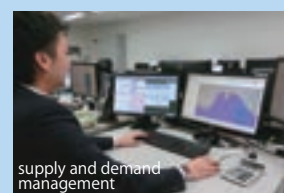
Own group power plant

The Tomakomai power plant operated by the subsidiary Sanix Energy Inc. is a thermal power plant that exclusively burns recycled plastic fuel.



JEPX and others

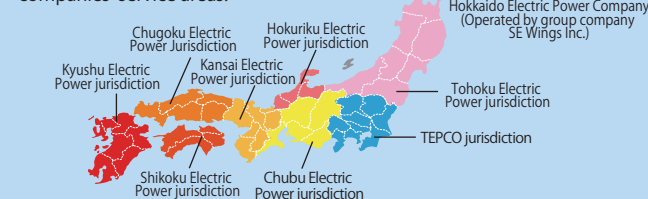
Japan Electric Power Exchange (JEPX). It is procured from JEPX, electric power companies (former general electric power companies) and affiliated power plants.



In order to provide electricity as reasonable as possible, our employees consistently carry out power procurement, supply and demand management, planning proposals, and sales activities.

【Power supply area】(as of May 31 2022)

Power supply is available in 9 power companies' service areas.



Energy business development

Aimed to build next-generation energy systems, such as "distributed energy systems" that utilize renewable energy for self-consumption and storage batteries. Also focusing on the spread of third-party solar power generation*.

*Third-party ownership: A business operator installs solar panels on the roof of a house to provide power supply services.

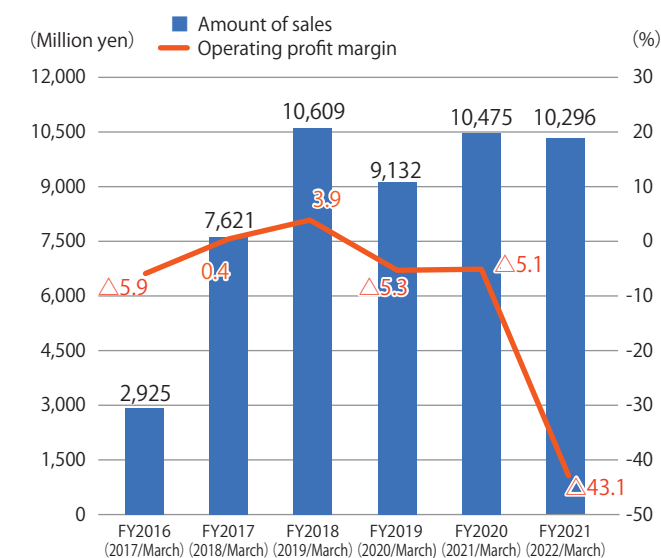
■ Act.

(Million yen)

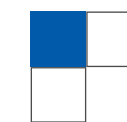
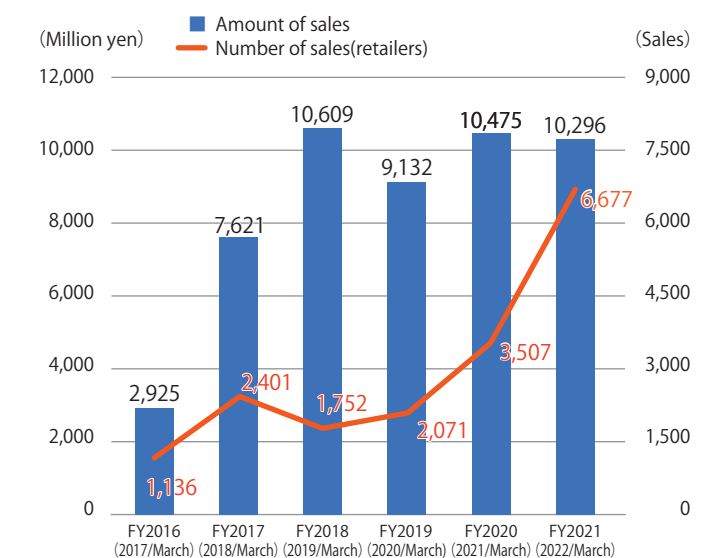
				Medium-term management plan				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018	
	Act.	Act.	Act.	Act.	Act.	Act.	Dif.(△)	Average growth(%)
Amount of sales	2,925	7,621	10,609	9,132	10,475	10,296	△313	△0.9%
Gross profit	84	208	616	△71	103	△3,801	△4,418	△283.3%
Gross margin	2.9%	2.7%	5.8%	—	1.0%	—	—	—
Operating income	△171	32	412	△485	△529	△4,435	△4,847	△320.7%
Operating margin	—	0.4%	3.9%	—	—	—	—	—

※Include intersegment sales

Sales / Operating Profit Margin



Sales/Number of sales(retailers)

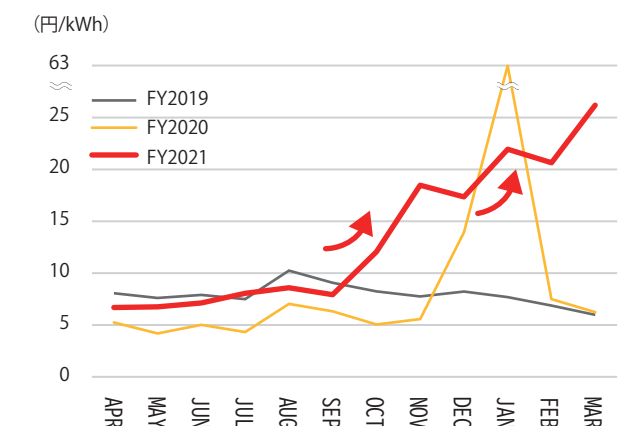


Topic

Shift in business structure in response to drastic changes in the market environment - from growth-oriented to functional enhancement

In the medium-term management plan (2019-2021), we positioned the PPS business (electric power retailing) as a growth business and have been working to expand earnings. However, in fiscal 2021, in addition to an increase in demand for electricity during the winter season, the impact of the Fukushima Prefecture earthquake (March 2022) caused a tightening of the power supply, and a global energy price hike due to the situation in Russia and Ukraine caused the market price of electricity to soar, resulting in a significant increase in power procurement costs. In response, we have shifted our business positioning and policies. We have shifted to a business structure that minimizes market risks, and instead of focusing on growth through sales expansion, we aim to create synergies with other businesses by strengthening functions.

JEPX (spot market) monthly average price per unit



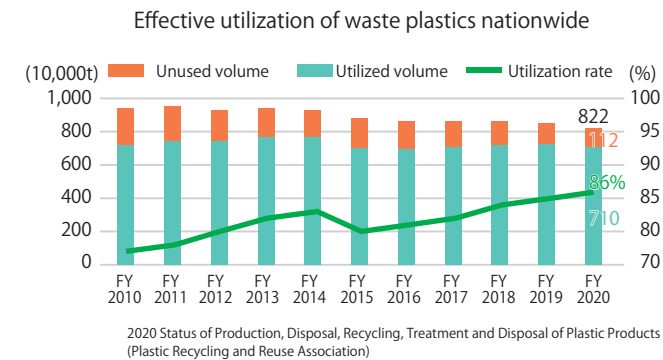
*Monthly average of JEPX (spot market) prices (monthly simple average of system prices (48 frames per day in 30-minute increments)).

Value Creation Story in the Resource Circulation segment (ERD: Environmental Resource Development Business)

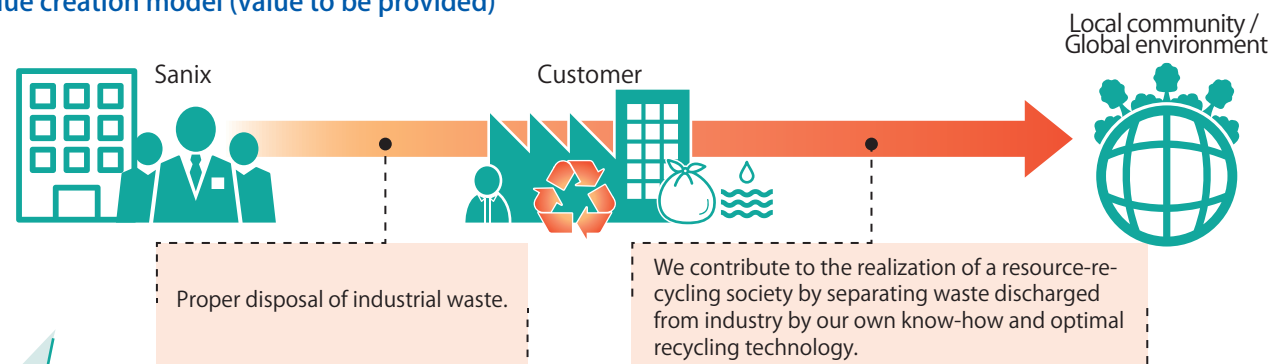
Now that environmental protection is required on a global scale, proper treatment and recycling of industrial waste is an important social issue.

Sanix Group will contribute to the realization of a recycling-oriented society through businesses for the next generation, such as recycling waste plastic into fuel and purifying organic waste liquid discharged from food factories etc.

We aimed to harmonize between the global environment and industrial development as a member of the "vein industry".



Value creation model (value to be provided)



Main products and services <ERD 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



Plastic fuel stockyard

Resource recycling power generation system

The plastic fueled at the plastic resource development factory is used as an energy source for power generation facilities. Compared to coal, it generates more heat with less CO₂ emission and incineration ash, so it supplies electricity with low environmental impact and high added value (see the next page).



SANIX ENERGY Tomakomai Power Plant



Final disposal site (C & R Inc.)

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)



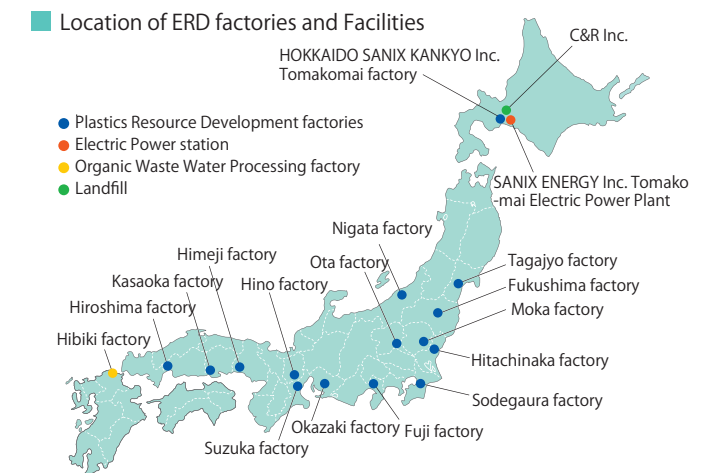
"Recycled energy" from waste plastic (resource recycling type power generation system)

While the disposal of industrial waste is becoming an important social issue, Sanix Group entered the industrial waste treatment business in 1994 in response to increasing social demands. In the course of its operations, the company has developed a "resource recycling power generation system", in which plastics previously simply incinerated or disposed are reused as energy.

At present, waste plastic from manufacturing factories and other facilities are converted into fuel at 15 plastic resources development factories throughout Japan and used as fuel for power generation at the SANIX ENERGY Tomakomai Power Plant (a subsidiary of HOKKAIDO SANIX KANKYO Inc. established in 2003), where it is recycled as energy.

From 2020, all non-fossil power sources are eligible to trade the non-fossil value of their electricity as certificates in the Non-Fossil Value Trading Market. As a result, the electricity generated by the Tomakomai Power Plant is now eligible for Non-FIT Non-Fossil Certificates, allowing the environmental value of non-fossil electricity itself to be traded, or to be traded in combination with electricity.

The Tomakomai Power Plant is the world's first Plastic-only thermal power generation and has overcome many challenges since its completion in 2003. Sanix Group contributes to the realization of a resource-recycling society through this business model.

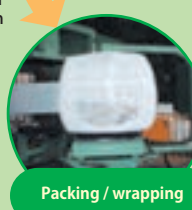


-From waste plastic collection / fuel conversion to power generation- Resource recycling power generation system



Check the collected waste plastic. Crush to 150 mm or less.

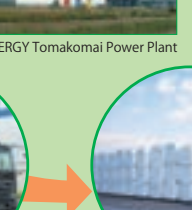
* With a thorough management system, we will separate those containing vinyl chloride, which generates dioxins, from those that are used as fuel.



The crushed plastic is compressed and packed for wrapping.



Plastic fuel is compressed and packed for wrapping.



It is sized to about 30 mm and used as fuel for power generation.

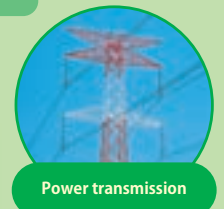
contribute to the realization of a resource-based society

Promote effective use of waste plastic

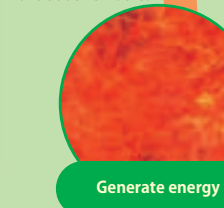
Control fossil fuel consumption

Contribute to a decarbonized society through CO₂-free electricity

Extend the remaining years of the final disposal site



1 kg of plastic fuel is the electricity that lights one light bulb (60W) for about 40 hours.

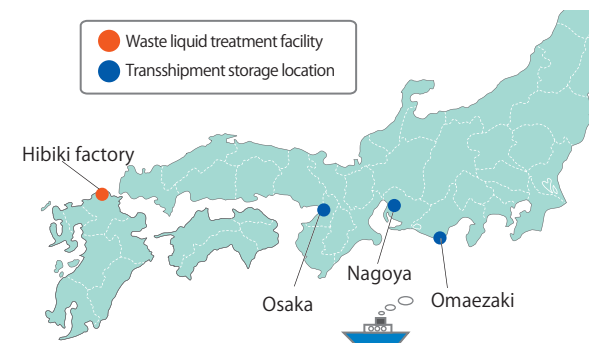


The steam turbine is rotated by the high-temperature and high-pressure steam generated by putting it into the boiler to generate electricity.

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

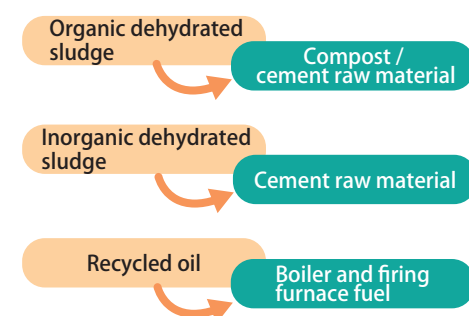
Along with the recycling-oriented power generation business (conversion of plastics into fuel and power generation using this fuel), another resource recycling business is the purification and treatment of waste liquids.

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



* Ships and transshipment storage are carried out by our partner companies.

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



In addition to purification treatment, we promote the recycling and reuse of oil and sludge contained in liquid waste. This contributes not only to the effective use of resources, but also to the expansion of the amount of liquid waste received and the reduction of final disposal costs for sludge and other waste. Since 2018, we have been producing and selling recycled oil concentrated from the oil contained in kitchen waste liquids, etc. Recycled oil (product name: "Recycled Oil Bio") was selected as "Kitakyushu Eco-Premium in 2021".

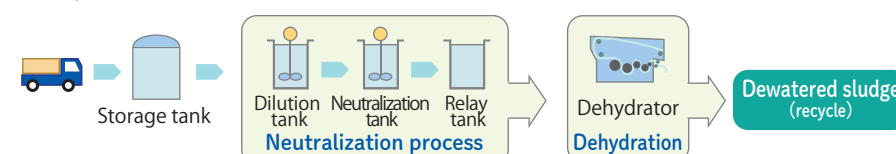
In addition, in FY2020, we are starting a demonstration test to convert sludge left over after dehydration into fuel.



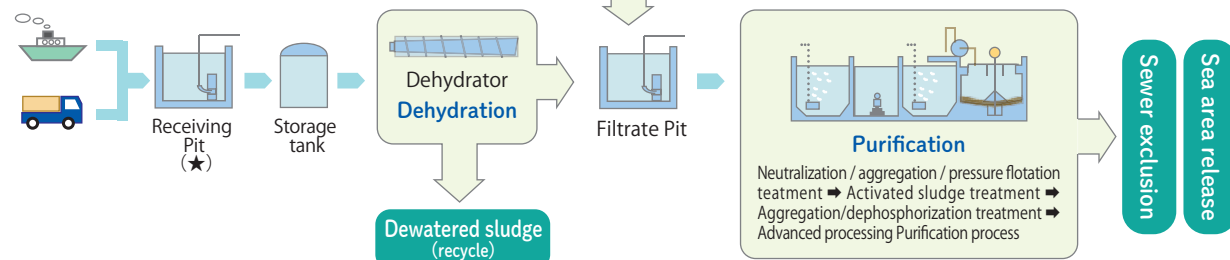
Kitakyushu City selects products and services with low environmental impact for the Kitakyushu Eco Premium. Recycled Oil Bio was especially highly evaluated and selected as one of the "Top Premiums". (November 18, 2021, Kitakyushu Mayor Kitahashi (left) and our president at the ceremony to present the certificate of selection).

Waste liquid purification treatment flow

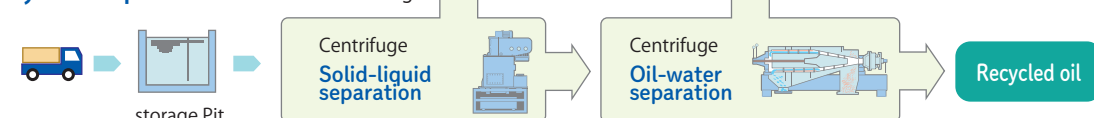
Specially controlled industrial waste (Strong acid / Strong alkali)



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



Recycled oil production (waste oil · sludge)



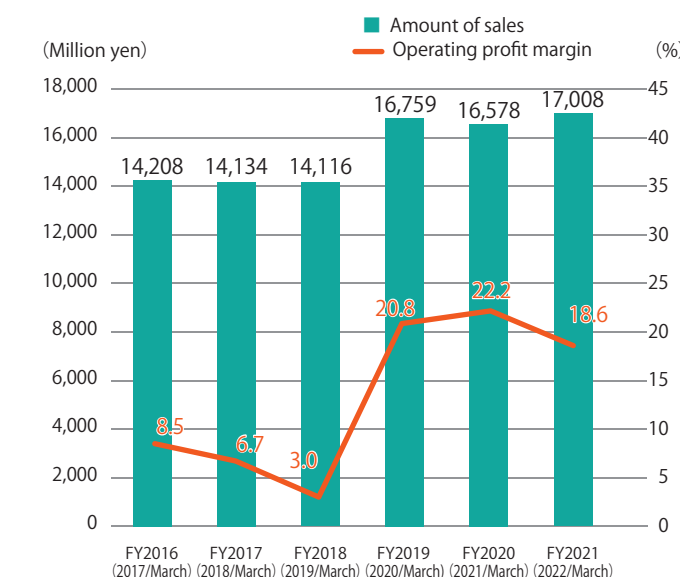
There are many types of waste liquid, and it contains various components. Before the processing process, we analyze the properties and perform reliable and appropriate processing.

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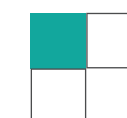
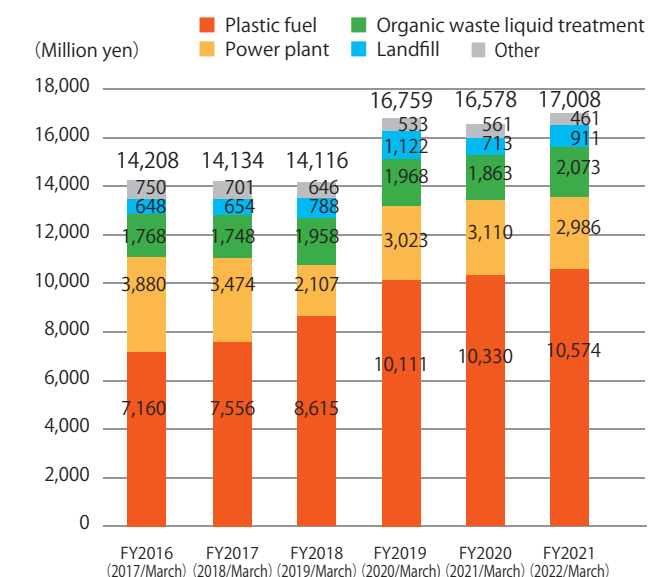
				Medium-term management plan				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018	
	Act.	Act.	Act.	Act.	Act.		Dif.(△)	Average growth(%)
Amount of sales	14,208	14,134	14,116	16,759	16,578	17,008	+2,891	+6.3%
Gross profit	2,939	2,637	2,160	5,384	5,538	4,957	+2,797	+31.9%
Gross margin	20.7%	18.7%	15.3%	32.1%	33.4%	29.2%		
Operating income	1,200	940	423	3,483	3,673	3,158	+2,734	+95.3%
Operating margin	8.5%	6.7%	3.0%	20.8%	22.2%	18.6%		

*Include intersegment sales

Sales / Operating Profit Margin



Sales by division



Topic

Started providing the "SANIX system" service, a centralized management system for disposal operations.

In April 2022, "SANIX system," a cloud-based system for centralized management of waste-related operations, was launched. The system was supervised based on the experience and results of the waste treatment at approximately 12,000 business sites per year and is equipped with the functions required by customers. SANIX system supports proper and efficient business execution and problem-solving, from the management of waste collection requests and disposal status to data usage and compliance.

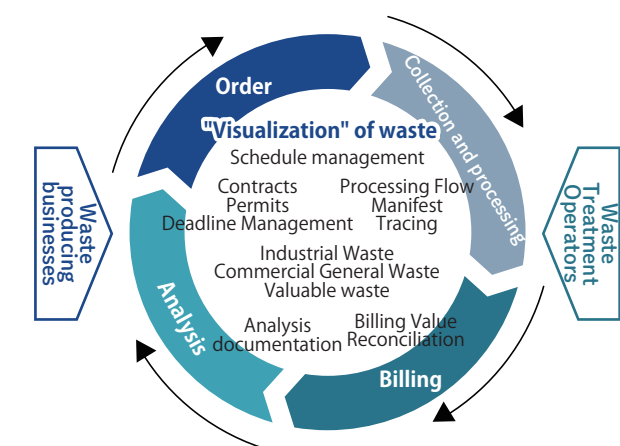
What the SANIX system can do

Strengthening of compliance
(Compliance with Waste Disposal and Public Cleansing Law)

Labor-saving and efficiency improvement in waste-related operations

Identification and improvement of issues through "visualization"
Cost optimization, CO2 reduction by optimizing the frequency of collection and transportation and disposal methods, promotion of recycling by sorting, etc.

【System Overview and Introduction Merits】



Connects waste generators and processors to manage the entire waste process

Topics: Participation in VPP demonstration project, now in its sixth year

As the trend toward decarbonization is gaining momentum on a global scale, the Sanix Group is promoting technological innovation and the creation of new services that will contribute to solving social issues. One such example is our participation in the Virtual Power Plant (VPP) Demonstration Project, a project subsidized by the Ministry of Economy, Trade and Industry (METI). The project has been implemented on a fiscal year basis since FY2016 and the Sanix Group has continued to participate in the project since FY2017. In FY2022, the sixth year of the project, the Sanix Group has been participating in the "FY2022 Demonstration Project for the Establishment of Next-generation Technologies Using Distributed Energy Resources such as Storage Batteries". VPP is a system that functions like a single power plant by using IOT technology to bundle and control photovoltaic power generation and storage batteries at factories and homes. This will solve the problems of the power supply system and enable the construction of an economical power system and the expansion of the introduction of renewable energies. The Sanix Group will continue to conduct demonstrations for the social implementation of VPP technology in order to promote the spread of renewable energy.

Zero-emi Challenge Company List Registration



In October 2021, the Sanix Group's VPP-related initiatives were registered on the "Zero Emissions Challenge List of Companies. The Zero Emissions Challenge is a project by the Ministry of Economy, Trade and Industry (METI), in collaboration with Nippon Keidanren and NEDO, to compile a list of companies that are taking on the challenge of innovating to achieve carbon neutrality by 2050, and to provide information that can be used by investors and others in Japan and abroad.

▼List of Zero-emi Challenge Companies (Ministry of Economy, Trade and Industry website)

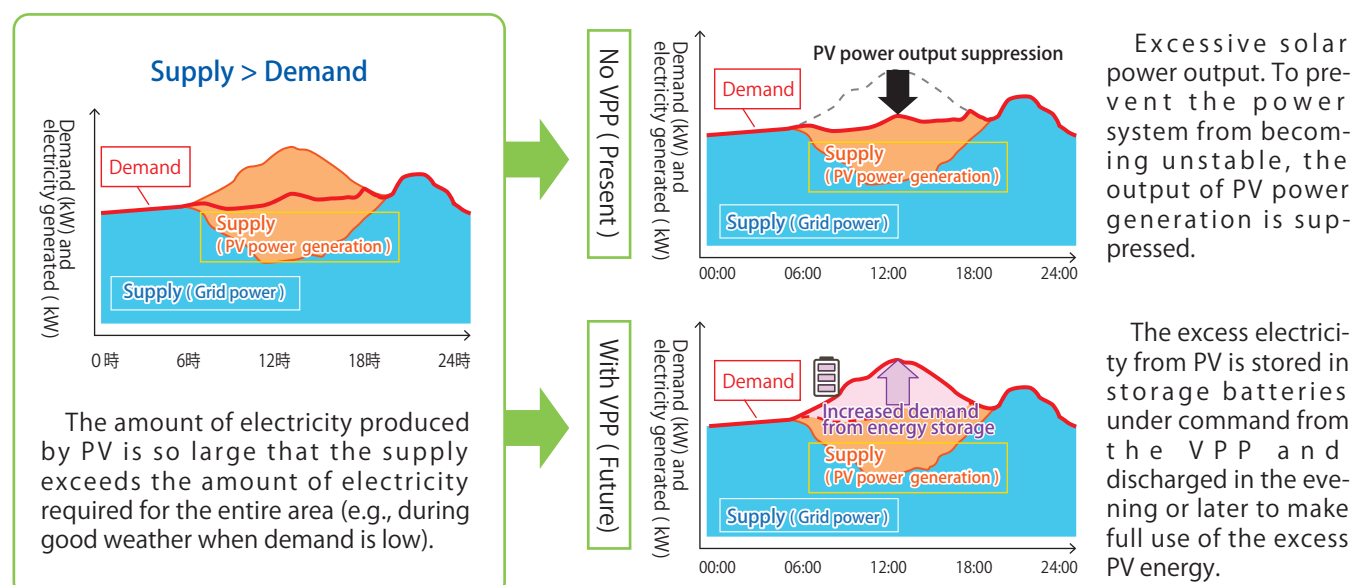
https://www.meti.go.jp/policy/energy_environment/global_warming/zero-emission_challenge/index_zeroemi.html



Through the implementation of VPPs, renewable energy can be utilized without waste.

One of the things that can be achieved with VPPs is the effective use of renewable energy. As the output of renewable energies such as solar and wind power fluctuates depending on the weather, when more facilities are installed, there will be periods when the amount of power generated exceeds the amount consumed, and it is necessary to control the output of solar and other power generation to maintain the supply-demand balance during these periods. If VPPs can generate demand during this time period, the output of solar power generation can be effectively utilized without having to control it. This will also encourage the spread and expansion of solar power generation.

■Image of supply-demand balance adjustment by VPP



Management foundation that supports sustainable growth



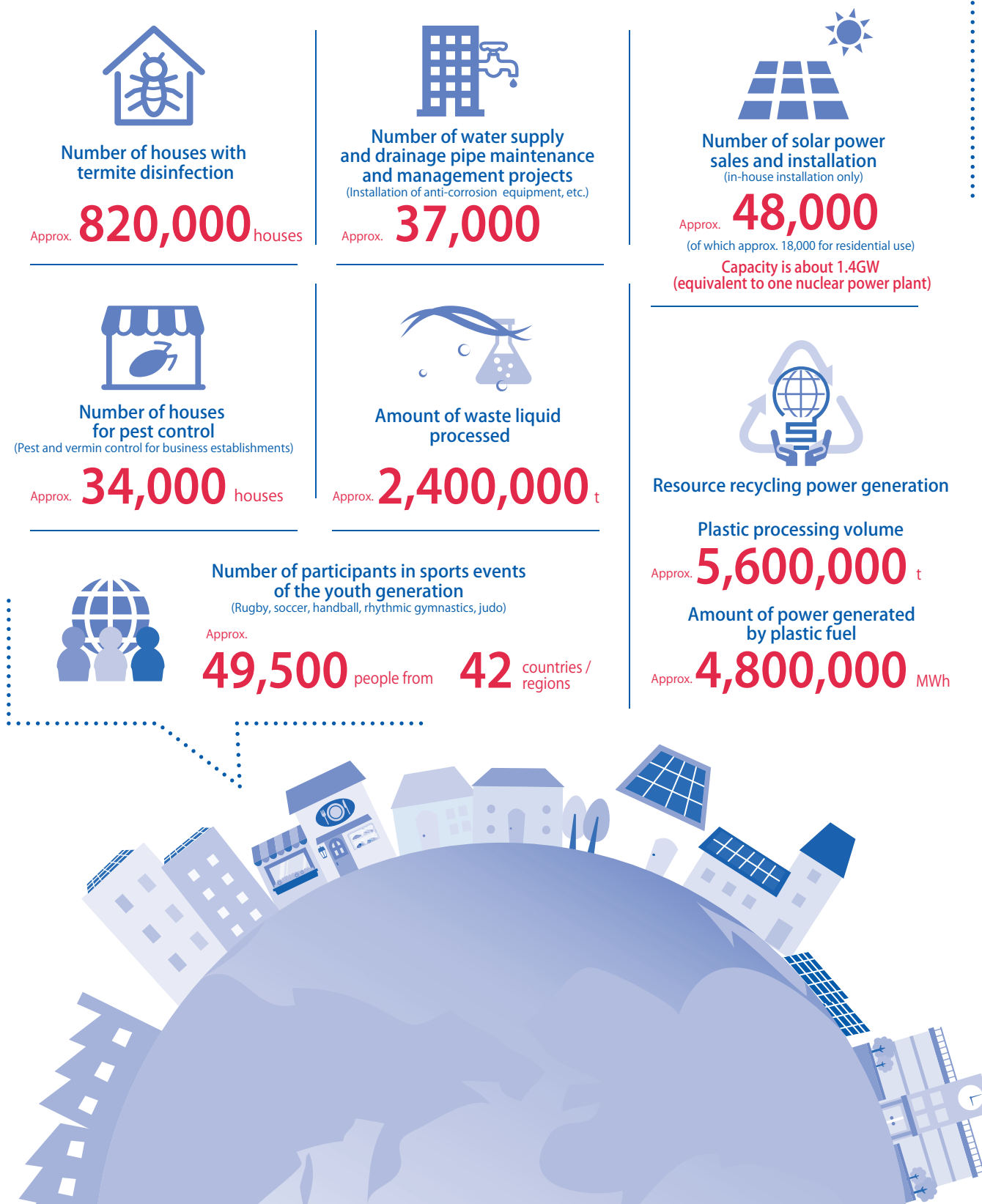
- Sustainability in business activities
- Sustainability about people
- Social contribution activities
- Sustainability data
- Management system
- Corporate governance
- Compliance • Risk management

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 2022)



■ 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	Heavy 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)



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).



Disinfecting facilities where COVID-19 infected people have appeared (2020).

■ 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".

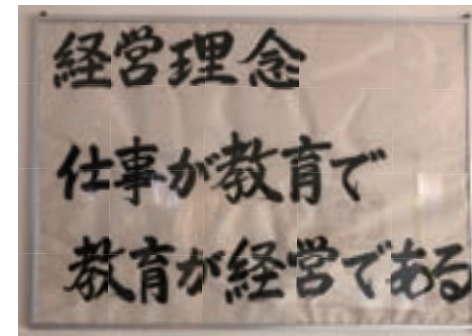
Management philosophy "Work is education and education is management"

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

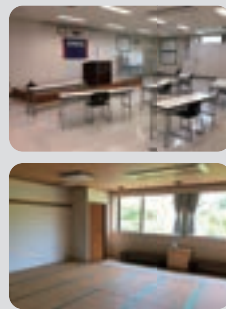
devoted ourselves to employee education based on the idea that "a sense of mission and motivation for work and abundant specialized knowledge are indispensable".

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 1,921 employees received training over the three-year period from FY 2019 to FY 2021 (105 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	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	○	○	○	○	○	○		



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.



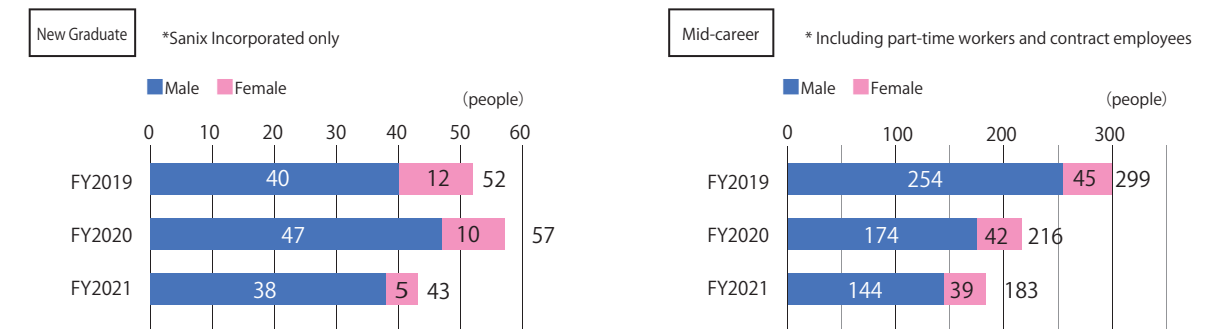
Introductory training for new employees that more than 250 people take annually. In order to become independent as a Sanix employee, we will not only permeate our philosophy and vision, but also improve our "basic skills for business person." A total of four follow-up training sessions are held for new graduates.

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.



(image)

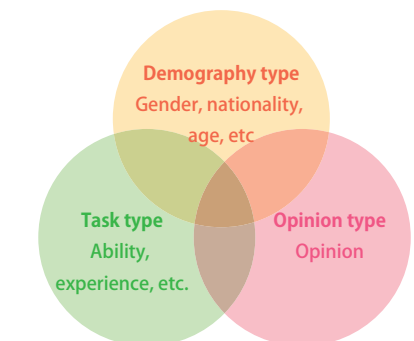
►Life Plan Formation through a Retirement Age Option System.

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 demography type.



Welfare, etc.

Employee stock ownership

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

Recreation facility (Huis Ten Bosch)

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

Qualification allowance

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

Welfare services

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

Company housing system

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



Sustainability about people(occupational safety and health)

Basic policy on occupational safety and health

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

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

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

■ Safety management system organization

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



■ Liaison Meeting with Subcontracting Companies



A forum for discussions on occupational safety and health (in group form, visits to each subcontracting company, etc.) is established for subcontracting companies in the construction industry. In FY2021, Sanix Group distributed materials in consideration of the effect of COVID-19.

Targets and results for occupational accidents (FY2021)

【Basic Policy】

Ensuring safety and health is one of the most important foundations of our corporate activities, and Sanix Group considers zero danger to be our ultimate target. Through education, we strive to raise employee awareness of safety and health and create a comfortable workplace environment through the voluntary actions of employees and the cooperation of companies.

【Top Priority Goals】

- Achieve zero accidents (no one is injured) and zero illnesses (no one is made ill).
- Provide appropriate and prompt responses and support to employees with mental health problems.
- Achieve a stress check rate of 80% or higher.

【Top Priority Measures】

- Prevent the three major disasters in the construction industry ("fall and crash accidents," "accidents involving construction machinery and cranes," and "collapse accidents") and accidents caused by facilities, equipment, machinery, etc., by ensuring that workers follow work procedures.
- To raise the level of risk sensitivity and reduce the risk of daring to take risks through active implementation of safety and health education.
- The results of "Hiyari-Hatto" (near-miss) analyses will be horizontally disseminated throughout the company to ensure the prevention of accidents.
- Employees who are found to be overworking due to long working hours will have an interview with an industrial physician (via website). In addition, the company will actively encourage employees to take steps toward improvement by maintaining close contact with the industrial doctor for those who have health checkup findings.

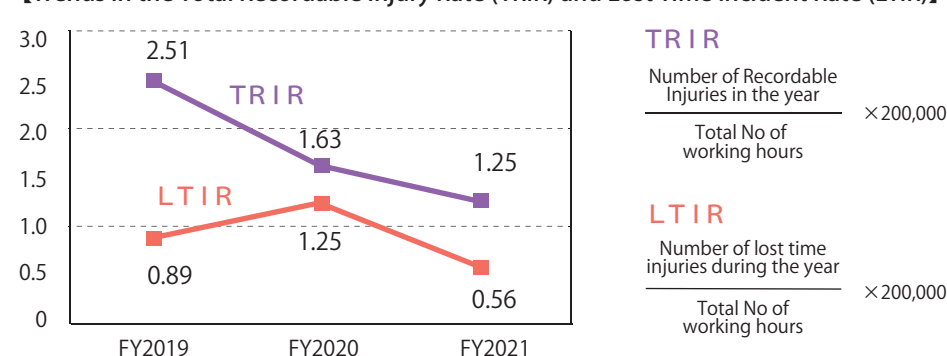
【Number of victims of serious occupational accidents】

FY2019	0
FY2020	0
FY2021	0

【Number of Fatalities caused by occupational accidents】

FY2019	0
FY2020	0
FY2021	0

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



Examples of safety and health management activities

■ Sharing and using near-miss Cases

In fiscal year 2021, important cases with explanations of hazardous points and precautions were distributed monthly on the company's website. 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 6 to 8 case studies every month via a web-based internal newsletter across divisional boundaries.

■ Safety conference (Environmental resource development business division)



In FY 2021, a safety convention was held at each factory under the theme of "Preventing Contact with Heavy Machinery, etc. and Re-enforcing Awareness of Past Serious Accidents." Participants learned how to prevent unsafe behavior and contact accidents through pre-startup inspections, hazardous behavior training, experiencing a contact accident, and reenacting a past serious accident.

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 FY2021, it was judged that there were no people with 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.

【SE・HS・ES Business Division】 【Environmental resource development business division】



■ 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.



To prevent the spread of COVID-19, Sanix Group has held this meeting online.

■ 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. Sanix Group has partnered with a specialized external organization to provide a contact point that employees can use in order to prevent the stress they face because it is difficult to consult with people in the company. Posters are posted in each site, to encourage the use of the consultation desk.



Sustainability about people(customer satisfaction)

Measures to improve customer satisfaction(customer satisfaction survey)

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.



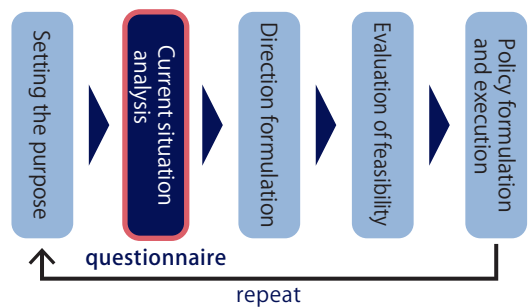
▲Customer feedback is fed back to employees through a web-based internal newsletter and shared throughout the company.

(2) Customer satisfaction improvement questionnaire

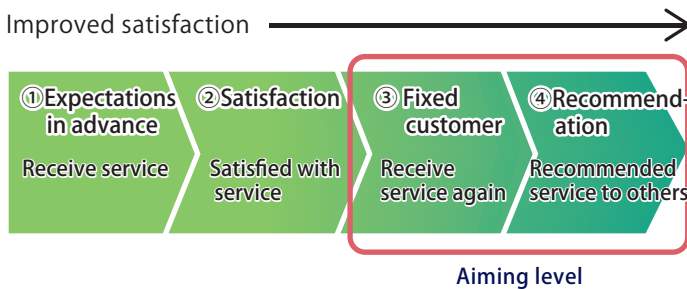
Since FY2018, we have been conducting an annual questionnaire survey for customers of detached houses. Approximately 6,000 people are randomly selected from customers during the termite disinfection warranty period. We collect and analyze responses by mail and online. The answers obtained are analyzed and reflected in the subsequent work by formulating and implementing measures to solve the problems.

*The results of the questionnaire are introduced on the right page.

Customer satisfaction improvement process and survey



Target level of customer satisfaction



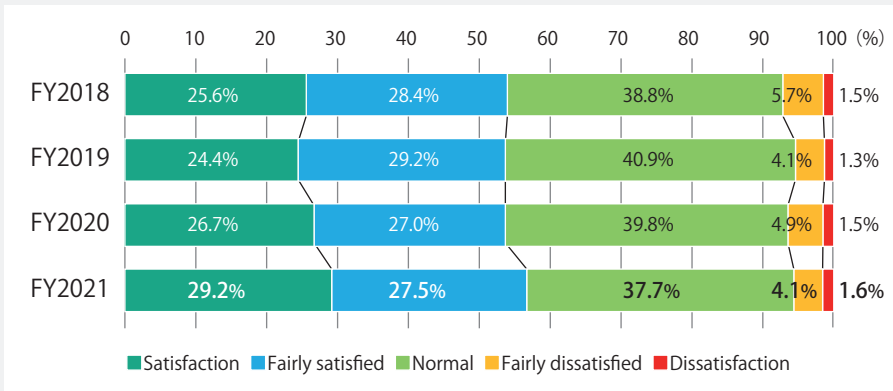
Implementation status of "Customer Satisfaction Improvement Questionnaire"

※ Arrows indicate year-on-year changes.

	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名	22.8%	3.83	3.71	4.28
FY2019	JAN/2020	5,484	1,224名	22.3%	3.84↗	3.71→	4.25↘
FY2020	JAN/2021	5,608	911名	16.2%	3.88↗	3.72↗	4.29↗
FY2021	JAN/2022	6,055	956名	15.8%	3.91↗	3.78↗	4.31↗

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

Trends in satisfaction with periodic inspections (overall)



The satisfaction rate (average score on a 5-point scale) was the highest ever, with 56.7% of the respondents rating themselves as "satisfied" or "somewhat satisfied".

*Fractions are rounded to the nearest whole number, so totals may not add up to 100%.

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

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

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

Opinions about periodic inspections (free description) from responses to the 2021 questionnaire.

Level of satisfaction	Opinion (partial excerpt)
Satisfaction	• It was easy to understand and good because we were shown pictures of the underfloor in order from the entrance and had them explained to us in detail. • Covid19 measures and explanations of the construction work were polite and easy to understand, and the subsequent response was also good. • When we asked for installation work, the head office confirmed the status of the person in charge, which gave us reassurance.
Fairly satisfied	• Visiting days and working hours were discussed and decided appropriately. The change of clothes from employee uniform to work clothes was also appropriate. Explanations after inspections and construction work, and explanations of documents were simple and easy to understand.
Normal	• Courteous, helpful, polite and easy to understand. • Describe the underfloor inspection status for each floor plan. For example, are there any areas that cannot be inspected? Are there any areas of concern? etc.
Fairly dissatisfied	• More information on areas that are difficult to check during inspections would be appreciated.
Dissatisfaction	• I haven't heard anything since the postcard arrived. It makes no sense that we have no choice but to call them from our end!

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.

* From the perspective of COVID-19 infection spread prevention, this program will not be implemented or conducted as a national competition from FY2020 to FY2021.



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

42 countries / regions
Approximately **49,500** people
(As of 2022.3)

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



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

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

Global Arena Bulgarian Festival

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



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

SANIX Cup Int'l Youth Soccer Tournament

Annual event held at the end of March, since 2003
※Domestic competitions in 2021-2022
[Host: Kyushu Soccer Association, SANIX Sports Foundation]



■ Participant nations and regions
Australia, Bulgaria, China, England, France, Malaysia, Netherlands, Italy, South Korea, New Zealand, Russia, Taiwan, Thailand, Vietnam, Uzbekistan, America, Japan
(Total number of participants until 2022: 7,600)

Since 2014, the "Sanix Cup High School Girls Soccer Tournament" (domestic tournament) has been held at the same time. (Cumulative total of participants: 1,502)

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
Azerbaijan, Bulgaria, Kazakhstan, South Korea, Lithuania, Russia, Taiwan, Thailand, Australia, Malaysia, China, Japan (Total number of participant until 2021: 10,890 people)

Since 2017, the "SANIX Open Rhythmic Gymnastics Team Championships," which is for a higher age group, is held in January, and the "SANIXCUP Men's Rhythmic Gymnastics Competition," which is for men, is held in February. (Total number of participants: 557 for SANIX Open and 410 for SANIXCUP Men)

Photo of the ★ mark is ©MasafumiONO

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, Taiwan, England, Fiji, France, Ireland, Italy, South Korea, New Zealand, Russia, Samoa, Scotland, South Africa, Tonga, Uruguay, Wales, Japan
(Total number of participants until 2021: 13,000)

SANIX Cup U-17 Int'l Handball Tournament

Annual event held at the end of October, since 2008
※Domestic competitions in 2021
[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 2021: 3,585 people)
The women's competition has been held since 2013.

SANIX Int'l Juvenile Judo Championship in Fukuoka

Annual event held in December, since 2003
※Domestic competitions in 2021
[Host: Kyushu Judo Federation, SANIX Sports Foundation, etc.]



■ Participant nations and regions
Australia, Beslan, Bulgaria, Chechen Republic, China, Germany, Hong Kong, Israel, South Korea, Latvia, Mongolia, Netherlands, Palestine, Romania, Russia, Singapore, Slovenia, South Africa, Sri Lanka, Taiwan, United Arab Emirates, USA, Japan (Total number of participants until 2021: 12,009)

Global Arena Bulgarian Festival

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

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

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

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

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

■ Events by Kazanlak Folk Dance ensemble / International exchange

World festival



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

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

Performance



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

School visit



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



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

■ Citizen participation event



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

■ Accommodation exchange



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



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

SANIX World Rugby Youth Tournament

This is the oldest international sports exchange tournament for the youth generation that we sponsor. This tournament, which has been held since 2000, reached the milestone of the 20th tournament in 2019, when the "Rugby World Cup 2019 Japan Tournament" was held. A total of 13,000 people participated in this tournament until the present day. Among them, 145 players became national teams and 26 players participated in the Rugby World Cup 2019 Japan Tournament. Players who participated in this tournament can also be seen playing an active part in major leagues in Japan and overseas.

from 2019 Tournament ※For the prevention of COVID-19 infection spread, this program will not be implemented in FY2020 and FY2021.



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

Comments from participants

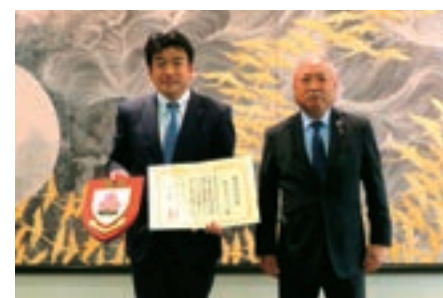
- ◆ "Very high level. It was a pleasure to play against such teams. We've got great experience." (Captain, Overseas boys' team)
- ◆ "The most impressive thing about playing against overseas teams was that the difference in size of the players. It's not what we can experience with the domestic players,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



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



Interaction outside the ground is also a valuable experience.



For contributions to the promotion and development of rugby Japan Rugby Football Union for contribution to the promotion and development of rugby (On the right is Mr. Takashi Morishige, Chairman of the Japan Rugby Football Union).

SANIX Cup Int'l Youth Soccer Tournament

The champion is decided in the qualifying league and the final tournament by 16 teams of 3 overseas teams and 13 domestic teams. International matches with a single team in the youth age are a valuable experience and open up their potential as a player. In addition to games, welcome parties and sightseeing (overseas teams) are included to learn about culture. We also offer clinics for kids and collaborative events with e-sports.

from 2019 Tournament

※From the perspective of preventing the spread of COVID-19 infection, implementation will be postponed for FY 2019, and FY 2020 and FY 2021 will be conducted as domestic competitions.



Comments from participants

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

SANIX Cup U-17 Int'l Handball Tournament

We invited teams from South Korea, Hong Kong, Taiwan and Germany, and held a tournament with 16 teams including domestic men's and women's teams. Athletes can communicate, interact with each other's culture, and deepen their understanding not only in competition but also in their daily lives.

In addition to the competitions, the event also includes exchange games between overseas teams, exchange meetings between participating team players, exchange meetings with participating team leaders and tournament officials, and sightseeing.

from 2019 Tournament

※From the perspective of preventing the spread of COVID-19 infection, implementation will be postponed for FY 2020, and FY 2021 will be conducted as domestic competitions.



Comments from participants

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

Photo of the ★ mark is ©MasafumiONO

SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament

The purpose is to popularize junior rhythmic gymnastics and give them opportunities to demonstrate their daily efforts to learn techniques and expressiveness and to promote international exchange. In addition to the competition, Sanix Group also provide events to communicate among participating players by having fun at dance event and present exchange. Social gatherings for referees and coaches were also organized to provide a place for leaders to exchange information. Furthermore, the Bulgarian Levsky Rhythmic Gymnastics Club, who came to Japan for this tournament, visited the elementary school to perform performances, participated in exchange events such as rhythmic gymnastics experience and Japanese culture experience, and interact with the local community.



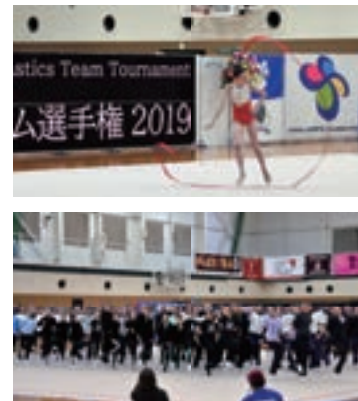
Comments from participants

◆ 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

*From the perspective of preventing the spread of COVID-19 infection, the program will not be implemented in FY2020, and in FY2021, it will be implemented on a reduced scale by domestic athletes only.

This is a tournament for seniors (second grade and above) who have developed the "SANIX Cup Int'l Rhythmic Gymnastics Group Championship" (above) for the junior generation. As a new goal for junior tournament participants, Sanix Group aims to promote the spread of rhythmic gymnastics and to provide world-class rhythmic gymnastics experiences and opportunities for international exchange. The Bulgarian Levski Rhythmic Gymnastics Club also performs at local elementary schools and holds athlete exchange events.



Comments from participants

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

SANIX Cup Men's Rhythmic Gymnastics Championship

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

This is a tournament for male athletes (high school students and younger) in Japan. Sanix Group will contribute to the spread of men's rhythmic gymnastics, which originated in Japan, and the improvement of competitiveness.



Comments from participants

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

SANIX Int'l Juvenile Judo Championship in Fukuoka

*From the viewpoint of preventing the spread of COVID-19 infection, implementation will be postponed for FY2020, and FY2021 as a domestic competition.

The purpose of this tournament is to promote and develop junior high school judo and to improve their competitiveness. Sanix Group aims to foster the healthy development of athletes who can play an active role in international competitions and the youth who will lead the next generation, and to develop human resources who can contribute to the international community. In addition to competitions, we also hold technical clinics inviting world-class athletes, training camps centered on overseas teams, and training sessions.

Another feature is the development/self-development of young people with a global perspective via cultural and international exchanges through attractions and communal living.



Comments from participants

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

Participation in education

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

On-site training by the Human Resources Development Department -From junior high school, high school and university classes to corporate seminars-



Focusing on employee education we have set up a training center for a long time and have been researching and renewing our own employee education program.

In particular, the training on "courtesy, greetings, etiquette, and communication" is recognized and evaluated as a social value by local communities and educational institutions, and we provide on-site lectures to junior high schools, high schools, community colleges, Fire Prevention Bureau, etc.

In recent years, the department has also provided lectures on SDGs and coaching as external lecturers for university lectures and management seminars. The department is enlightening that we are required to take actions with the SDGs in mind, from daily life to corporate activities.

Sports and health guidance by the rugby club (MUNAKATA SANIX BLUES) -Established as an educational course in elementary school-

Greeting activities by rugby team at elementary and junior high schools (33 schools in FY2021).



Community clean-up activities by the rugby team (24 times in FY2021).



Teaching tag rugby in physical education classes.



Rugby school by Sanix Rugby Academy.



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

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

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

Tag rugby instruction in elementary school

15 school, 952 people(FY2020)
15 school, 1,015 people(FY2021)

Kindergarten /nursery school rugby visit classroom

4 school, 105 people(FY2020)
4 school, 176 people(FY2021)

Local residents rugby experience / health class

1 locations, 50 people(FY2020)
2 locations, 190 people(FY2021)

Dispatch of in-house personnel to educational sites

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

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



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

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

Sustainability data



Environment

■ Environmental contribution through business

	Unit	FY2019	FY2020	FY2021
Amount of waste plastic processed	(1000t)	288	266	282
Power generation using waste resources*1)	(GWh)	258	247	291
Solar panel	Number of installations	1,636	1,590	1,531
	Installation capacity	(MW)	96	36
Amount of contracted waste liquid purification treatment	(1000t)	107	96	102

*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	FY2019	FY2020	FY2021
Energy consumption*2)		(1000GJ)	366	356	377
Greenhouse Gas Emissions	Scope1*3)	(t・CO2)	10,448	9,545	10,398
	Scope2*4)	(t・CO2)	17,570	15,250	14,309
Water consumption*5)		(1000t)	311	323	295

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

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

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

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



Social

■ Employment / Employee (Sanix non-consolidated)

			Unit	FY2019	FY2020	FY2021
Employment / personnel	Employees	Total	(people)	1,796	1,844	1,869
		Men/Women	(people)	1,535／261	1,555／289	1,559／310
	New employees	Total	(people)	351	273	226
		New graduate / Mid-career	(people)	52／299	57／216	43／183
	Employment of people with disabilities	Number / Ratio	(people/%)	29／2.2	32／2.4	31／2.3
	Foreign employees*6	Number of people	(people)	31	30	24
	Rehiring retirees*7)	Number of people	(people)	100	124	132
	Average age		(age)	42.5	43.6	42.9
	Average years of service		(years)	9.3	9.2	9.9
Labor / vacation	Total actual working hours		(hours/people)	2,399	2,366	2,345
	Paid holidays		(days/people)	9.2	11.7	9.7
			(%)	53.6	63.4	56.9
	No of days acquired		(people)	17	17	15
	Acquisition rate		(people)	1	1	1
Labor Health and safety	TRIR(Total Recordable Incident Rate) *8)			2.51	1.63	1.25
	LTIR(Lost Time Incident Rate) *9)			0.89	1.25	0.56
	Disaster fatalities		(people)	0	0	0
Human resources development	Annual training participants (total) *10)		(people)	956	523	442

*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

			FY2019	FY2020	FY2021
Implementation status of on-site lessons	Human resources development department	(Number of visits)	2	2	1
		(Number of people)	390	26	190
	Rugby club, etc. *11)	(Number of visits)	52	20	27
		(Number of people)	2,895	1,107	1,501
Global Arena Bulgarian Festival event status*12)		(Number of visits)	12,508	—	3,720
Implementation status of Sanix presents event*13)		(Number of teams)	334	20	217
		(Number of participants)	2,757	500	1,888
SANIX World Rugby Youth Invitational Tournament		(Number of teams)	24	—	—
		(Number of participants)	576	—	—
SANIX Cup Int'l Youth Soccer Tournament SANIX Cup High School Girls' Football Tournament		(Number of teams)	—	20*13)	24*13)
		(Number of participants)	—	500*13)	582*13)
SANIX Cup U-17 Int'l Handball Tournament		(Number of teams)	16	—	12*13)
		(Number of participants)	320	—	185*13)
SANIX Cup Int'l Junior Rythmic Gymnastics Group Tournament		(Number of teams)	113	—	122*13)
		(Number of participants)	755	—	740*13)
SANIX Int'l Juvenile Judo Championship Fukuoka		(Number of teams)	138	—	56*13)
		(Number of participants)	890	—	309*13)
SANIX CUP Men's Rhythmic Gymnastics Competition		(Number of teams)	19	—	—
		(Number of participants)	114	—	—
SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament		(Number of teams)	24	—	3*13)
		(Number of participants)	102	—	72*13)

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

*12) Since March 2020, the implementation has been postponed or the scale has been reduced to prevent the spread of the COVID-19.

*13) From the perspective of COVID-19 infection spread prevention, this event is conducted as a domestic competition.



Governance

			FY2019	FY2020	FY2021
Number of director	In-house	(people)	11	11	11
	Outside	(people)	5	5	5
	Total	(people)	16	16	16
Ratio of outside directors		(%)	31	31	31
Term of office of director		(years)	1	1	1
Board of directors	Number of events held	(times)	16	14	16
Board of Corporate Auditors*14)	Number of events held	(times)	3	—	—
Audit and Supervisory Committee*14)	Number of events held	(times)	7	8	13
Compliance Committee	Number of events held	(times)	2	0	0
	Number of members	(people)	15	15	15
Internal Control Committee	Number of events held	(times)	5	8	11
	Number of members	(people)	14	14	14

*14) Based on the resolution of the 41st Ordinary General Meeting of Shareholders held on June 27, 2019, the company transferred to a company with an audit and supervisory committee on the same date.

Management system

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

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



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

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



Director, Managing Executive Officer
Takeshi Inada (Date of birth: Mar. 4, 1979)

Aug. 1998 Joined the Company
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 (to present)



Director, Managing Executive Officer
Koichi Mizukawa (Date of birth: Jul. 15, 1973)

Apr. 1996 Joined the Company
Apr. 2014 Executive Officer, General Manager of Administration Dept., West Japan Regional SE Business Div.
Oct. 2016 Executive Officer, Deputy General Manager of West Japan Regional SE Business Div. and General Manager of Administration Dept.
Apr. 2017 Managing Executive Officer, Deputy General Manager of SE, HS and ES Business Headquarters and General Manager of SE Business Div.
Jun. 2017 Director, Managing Executive Officer, Deputy General Manager of SE, HS, ES Business Headquarters and General Manager of SE Business Div.
Jun. 2022 Director, Managing Executive Officer, General Manager of PVE Business Management Division, General Manager of PV Business Division and General Manager of New Power Business Division, to present



Director, Executive Officer
Motoi Inoue (DOB Jan. 1, 1967)

Apr. 1989 Joined The Nishi-Nippon Bank, Ltd.(The Nishi-Nippon City Bank, Ltd.)
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
June 2022 General Manager of Sales Promotion Department, Corporate Sales Division, SE-HS-ES Business Headquarters
Jun. 2022 Director, Executive Officer, General Manager of Sales Promotion Department, Corporate Sales Division, SE-HS-ES Business Headquarters, to present



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

Apr. 2001 Joined the Company
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.
Nov. 2019 Director, Managing Executive Officer, Deputy General Manager of Administration Headquarter and General Manager of Energy Business Development Div.
Jun. 2022 Director, Managing Executive Officer, General Manager of Corporate Division and General Manager of Administration Division, 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 Div.
Jun. 2017 Director, Managing Executive Officer, General Manager of HS Business Div.
Jun. 2022 Director, Deputy General Manager of SE-HS-ES Business Headquarters, General Manager of SE Business Headquarters and General Manager of HS Business Headquarters, to present



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

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

Director (Audit and Supervisory Committee Member)



Director (Audit Committee Member)
Koichi Ueno (Date of birth: Jul. 31, 1970)

Nov. 1994 Joined Utsunomiya Judicial Scrivener Office
Aug. 1997 Joined Namco Corporation (currently BANDAI NAMCO Entertainment Inc.)
May. 2014 Joined the Company
Dec. 2016 Deputy General Manager of Legal Dept.
Apr. 2020 General Manager of Legal Dept.
Jun. 2021 Director (full-time Audit & Supervisory Board Member), (to present)



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



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

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



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

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



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.
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; (to present)
Feb. 2022 Chairman, Japan Automobile Dealers Association, to present



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 (to present)
Jun. 2021 Outside Director of the Company (Audit Committee Member), to present
Jun. 2021 Outside Director (Member of the Audit Committee), RIX Corporation (to present)

(As of June 29, 2022)

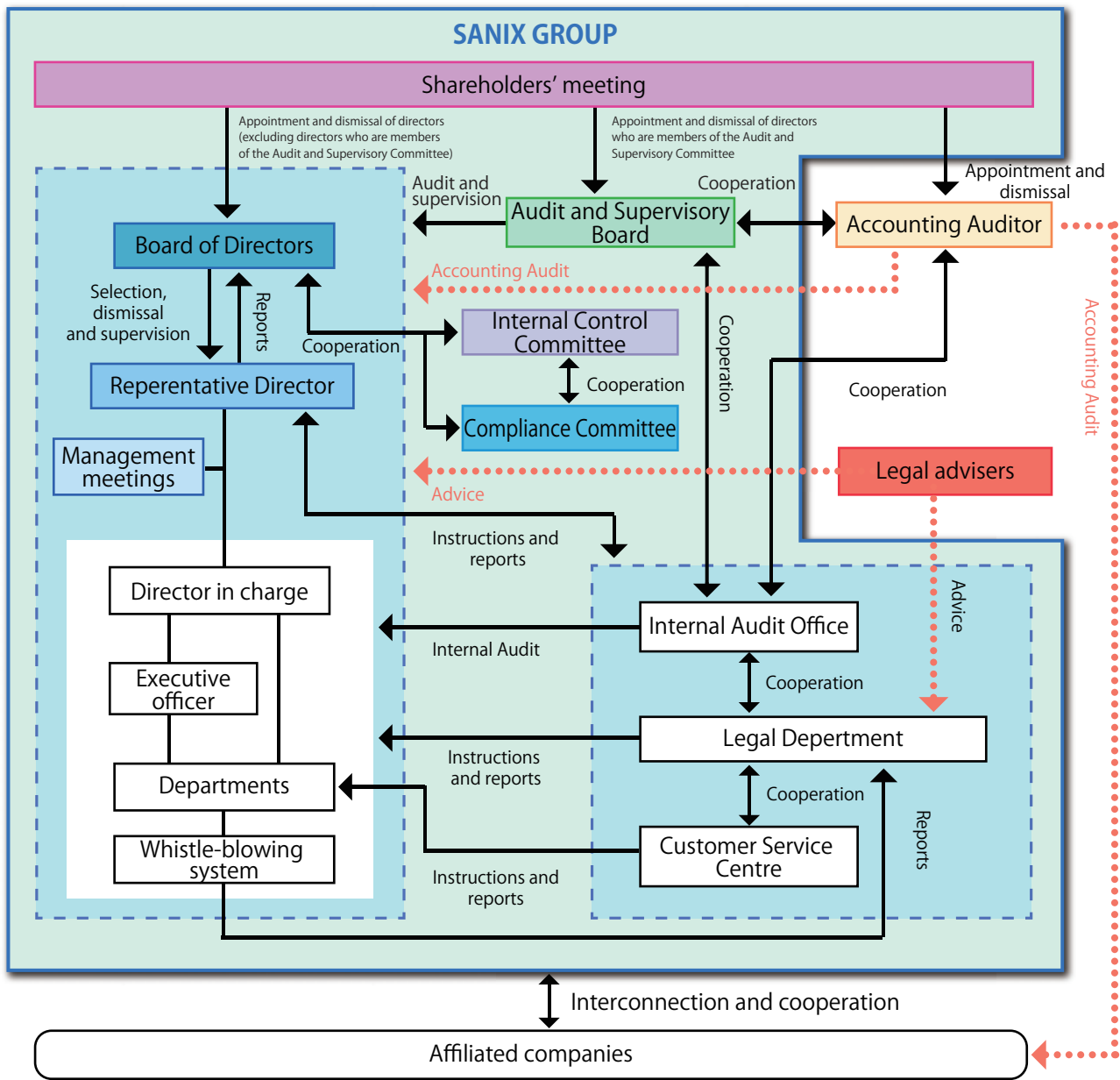
Corporate governance

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

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

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

Corporate Governance Schematic Diagram (as of March 31, 2022)



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.

Role of the Audit Committee

The Audit Committee shall audit and supervise the performance of the duties of the directors, determine the content of proposals for the appointment, dismissal and non-reappointment of the Independent Auditor, exercise its authority in relation to audit remuneration, and perform such other duties as may be prescribed by law and the Audit Committee Rules.

Internal Control Committee

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

Audit System (Three-way Audit)

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

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

Activities and attendance of outside directors (FY2021)

	Attendance		Main activities (summary of duties performed with respect to expected role)
	Upper Section: Board Meeting	Lower Section: Supervisory Committee	
samu 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.
	13/13	100.0%	
Naoki Kaneko	15/16	93.8%	Based on his management experience as a representative director of a company, he provides valuable advice on management from a medium- to long-term perspective, as well as valuable advice on the functions and discussions of the Board of Directors, thereby fulfilling a supervisory function over management from an objective position that is free from the management team engaged in business execution.
	9/13	69.2%	
Yasufumi Kubota	16/16	100.0%	Based on his experience and insight as a legal expert, he provides valuable advice, especially for strengthening management in general and governance in particular, and fulfills a supervisory function over management from an objective position free from the management team that executes the business.
	13/13	100.0%	
Genichiro Yasui	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.
	13/13	100.0%	
Sadahito Baba	13/13*	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.
	10/10*	100.0%	

*Number of meetings held after the appointment of the outside directors.

Compliance Committee

The Compliance Committee, chaired by the Representative Director and vice-chaired by the General Manager of the Legal Department, has been established to ensure the proper conduct of business operations(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 2022). The Committee also collaborates with the Board of Directors and the Internal Control Committee as necessary.

Compliance Committee members (as of March 2022)

Chairman	Representative Director	Vice Chairman	GM of Legal Department
GM of SE Division	GM of HS Division		
GM of ES Division	GM of ERD Division		
GM of Organic Waste Liquid Treatment Division			
GM of New Electric Power Division			
Appointment committee			

* GM = General manager

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 FY2021, we received 4 reports from domestic and overseas Group companies, all of which were resolved through the appropriate procedures. None of these cases affected the financial statements.



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

Information security

Personal data protection

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

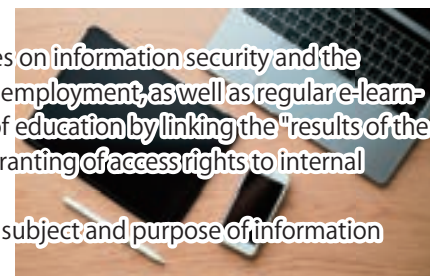
Personal data management system

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

Employee education on information security

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

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



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

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.



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

Compliance promotion council



(This photo was taken before the Covid19 disaster)

he Compliance promotion council meets monthly at each site.

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

Direct Sales Staff Training



▲Door-to-door sales representative education instructor certificate

In the HS Division, which is engaged in direct sales, the head of all sales branches and all sales and customer management staff have been registered for JDSA-approved training by the Japan Direct Selling Association. (As of April 30, 2022, 255 employees have obtained this certification.) In addition, as of March 31, 2022, 23 "door-to-door sales staff education instructors" have been assigned to the company as a measure to enhance and strengthen the registration system, to ensure thorough education related to the registration system and to maintain the education level.

<What is JDSA accredited training and registration?>

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

JDSA Accredited Education Registered Education Curriculum

Training Items		Curriculum	Type of Course	Remarks
Specialty	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 min.)	Group training.	

■BCP (Business Continuity Planning)

The Sanix Group has established a Business Continuity Plan to ensure the safety of employees and their families in the event of natural disasters such as earthquakes, windstorms, floods, and fires, as well as to minimize damage to business assets and ensure the continuation or early recovery of business operations, thereby maintaining the trust of stakeholders, ensuring the company's survival, and ultimately contributing to social and economic development.

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

In April 2020, we established an internal task force for new coronavirus countermeasures, and are taking measures against new coronavirus.

From the BCP disaster drill at Takeo Factory (manufacturing and logistics facility) (2021.12.7)



Assuming flooding caused by torrential rainfall in a linear rain zone, the program included not only evacuation but also the movement of supplies in the event of a disaster.

■Handling of Serious Accidents Involving Products, etc.

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

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

Basic Policy for Responding to Major Accidents Involving Products, etc.

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

From the simulation training on how to deal with a major accident involving products, etc. (March 9, 2022)



Simulation training is conducted to ensure a prompt and accurate initial response to incidents.

Simulation of a fire that broke out at a customer's home, with the assumption that the fire department received information that a fire was seen in the vicinity of PV power generation peripheral equipment. After receiving the first report, we simulated a series of steps, including reporting and communicating with related departments, instructing safety measures, and convening an emergency meeting. The issues identified as a result were immediately reflected in the improvement plan.

Data section



Financial data highlights
Share information
Company information

Financial data highlights

(Million yen)

【 Fiscal Year 】	FY2012	FY2013	FY2014	FY2015	FY2016
Net sales	43,366	84,221	95,629	61,916	50,955
Operating profit	1,870	4,508	△3,142	△2,229	1,036
EBITDA ^{*1)}	2,462	5,045	△2,598	△3,151	1,633
Net profit attributable to owners of the parent	1,575	2,964	△4,966	△4,604	416
Depreciation and amortization	386	547	887	918	688
Capital expenditure	1,102	2,014	1,825	455	599
Cash flows from operating activities	2,184	4,933	△1,794	△5,403	1,668
Cash flows from investing activities	△222	△3,271	△1,181	1,062	△409
Cash flows from financing activities	230	2,433	647	1,288	1,437
【 At the end of the period 】					
Total assets	29,196	55,316	49,120	31,248	31,645
Tangible fixed assets	12,326	14,181	15,099	12,417	12,278
Interest-bearing debt	7,467	10,415	11,186	12,874	14,634
Net assets	8,837	11,827	7,331	2,629	2,845
【 Per share information 】					
Net profit per share	33.01	62.13	△103.98	△96.32	8.70
Net assets per share	184.62	247.17	152.74	54.34	58.86
Dividend per share	0.00	0.00	0.00	0.00	0.00
【 Financial ratios 】					
Return on equity (ROE) ^{*2)}	19.8%	28.8%	△52.0%	△93.0%	15.4%
Return on assets (ROA) ^{*3)}	7.1%	10.2%	△6.6%	△4.9%	2.9%
Return on invested capital (ROIC) ^{*4)}	9.5%	14.0%	△23.1%	△15.7%	3.4%
Shareholders' equity ratio (%)	30.2%	21.3%	14.9%	8.3%	8.9%
Number of employees (average for the period)	1,697	2,435	4,092	2,850	1,952

*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 】	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	49,993	50,719	52,531	49,416	50,936
Operating profit	1,246	1,224	2,791	2,325	△2,618
EBITDA ^{*1)}	1,939	1,735	3,714	3,397	△1,365
Net profit attributable to owners of the parent	1,180	240	1,850	1,965	△3,449
Depreciation and amortization	709	808	914	1,097	1,509
Capital expenditure	594	1,080	2,742	3,038	2,776
Cash flows from operating activities	2,184	△25	4,080	2,756	△3,067
Cash flows from investing activities	171	△947	△2,154	△2,564	△2,937
Cash flows from financing activities	△2,156	392	△1,110	△743	4,447
【 At the end of the period 】					
Total assets	29,938	31,009	32,514	32,940	34,953
Tangible fixed assets	11,926	12,057	13,739	15,322	16,382
Interest-bearing debt	12,780	13,474	12,397	11,462	15,268
Net assets	4,076	4,193	6,056	8,097	4,732
【 Per share information 】					
Net profit per share	24.68	5.02	38.72	41.11	△72.16
Net assets per share	84.54	87.08	126.15	168.84	98.52
Dividend per share	0.00	0.00	0.00	0.00	0.00
【 Financial ratios 】					
Return on equity (ROE) ^{*2)}	34.4%	5.8%	36.3%	27.9%	△54.0%
Return on assets (ROA) ^{*3)}	3.3%	3.9%	8.2%	6.4%	△8.5%
Return on invested capital (ROIC) ^{*4)}	8.6%	2.3%	10.8%	11.2%	△14.6%
Shareholders' equity ratio (%)	13.5%	13.4%	18.5%	24.5%	13.5%
Number of employees (average for the period)	1,777	1,876	2,005	2,052	2,073

Financial data highlights

【Consolidated Balance Sheet】

(Million yen)

	FY2020	FY2021
Assets		
Cash and deposits	5,526	3,914
Notes and accounts receivable	5,228	6,593
Inventories	3,010	2,745
Other assets	1,136	1,298
Total current assets	14,633	14,551
Buildings and structures (net)	1,624	2,818
Machinery, equipment and vehicles (net)	3,002	4,235
Land	8,094	8,314
Lease assets (net)	877	800
Construction in progress	1,559	41
Other (net)	163	170
Total tangible fixed assets	15,322	16,382
Total intangible fixed assets	773	701
Total investments and other assets	2,210	3,318
Total fixed assets	18,306	20,401
Total assets	32,940	34,953
Liabilities		
Notes and accounts payable-trade	4,037	3,798
Short-term loans payable	6,630	10,151
Current portion of long-term debt	230	386
Lease obligations	476	510
Other liabilities	5,487	6,871
Total current liabilities	16,861	21,718
Bonds payable	500	700
Long-term debt	2,417	2,297
Lease obligations	1,208	1,022
Other liabilities	3,855	4,483
Total long-term liabilities	7,981	8,503
Total liabilities	24,842	30,221
Total net assets		
Capital stock	14,041	14,041
Capital surplus	1	1
Retained earnings	△4,541	△7,995
Treasury stock	△1,481	△1,481
Total shareholders' equity	8,020	4,566
Valuation and translation adjustments	50	142
Minority interests	25	22
Total net assets	8,097	4,732
Total liabilities and net assets	32,940	34,953

【Consolidated income statement】

(Million yen)

	FY2020	FY2021
Net sales	49,416	50,936
Cost of sales	32,263	38,842
Gross profit	17,153	12,093
Selling, general and administrative expenses	14,827	14,711
Operating profit	2,325	△2,618
Non-operating income	195	137
Non-operating Expenses	429	420
Ordinary income	2,091	△2,900
Extraordinary income	0	0
Extraordinary losses	0	226
Income before income taxes and minority interests	2,091	△3,127
Income taxes	189	246
Income tax adjustments	△62	78
Net income	1,964	△3,452
Minority interests	△0	△3
Net profit for the year attributable to owners of the parent	1,965	△3,449

【Consolidated statement of comprehensive income】

(Million yen)

	FY2020	FY2021
Net profit for the year	1,964	△3,452
Other comprehensive income		
Unrealized gains on available-for-sale securities	23	△11
Foreign currency translation adjustments	91	99
Adjustment for retirement benefits	△39	5
Total other comprehensive income	75	92
Comprehensive income	2,040	△3,360
Comprehensive income attributable to owners of the parent	2,041	△3,357
Comprehensive income relating to non-controlling interests	△0	△3

【Selling, general and administrative expenses】

(Million yen)

	FY2020	FY2021
Advertising expenses	276	353
Allowance for doubtful accounts	30	△14
Personnel expenses	9,228	8,826
Rental expenses	1,007	1,030
Depreciation and amortization	294	345
Communication and transport costs	665	669
Vehicle expenses	343	367
Other	2,980	3,135
Total SG&A expenses	14,827	14,711

Financial data highlights

【Consolidated statement of cash flows】

(Million yen)

	FY2020	FY2021
Cash flows from operating activities		
Income before income taxes and minority interests	2,091	△3,127
Depreciation and amortization	1,097	1,509
Extraordinary losses	—	226
Increase (△=decrease) in liabilities for retirement benefits	91	109
Interest and dividend income received	△18	△14
Interest paid	208	251
Decrease (△=increase) in trade receivables	225	△1,332
Decrease (△=increase) in inventories	752	301
Decrease (△=increase) in other current assets	73	△88
Increase (△=decrease) in trade payables	251	△390
Increase (△=decrease) in accrued liabilities	△898	138
Other	△231	△339
Sub-total	3,643	△2,756
Interest and dividends received	17	14
Interest paid	△211	△243
Income taxes paid	△708	△172
Refund of income taxes	15	90
Cash flows from operating activities	2,756	△3,067
Cash flows from investing activities		
Payments into time deposits	△702	△851
Proceeds from withdrawal of time deposits	909	747
Payments for acquisition of tangible fixed assets	△2,247	△2,494
Proceeds from sale of property, plant and equipment	8	20
Payments for acquisition of intangible fixed assets	△471	△140
Cash flows from other activities	△62	△217
Cash flows from investing activities	△2,564	△2,937
Cash flows from financing activities		
Increase (△=decrease) in short-term borrowings	△2,895	3,521
Proceeds from long-term borrowings	2,420	297
Repayment of long-term borrowings	△963	△261
Proceeds from issue of bonds	—	1,000
Redemption of bonds	—	△600
Repayments of finance lease obligations	△338	△476
Other	1,032	967
Cash flows from financing activities	△743	4,447
Effect of exchange rate changes on cash and cash equivalents	52	39
Net increase (△=decrease) in cash and cash equivalents	△498	△1,517
Cash and cash equivalents at beginning of year	5,259	4,760
Cash and cash equivalents at end of year	4,760	3,243

Share information (as of end Mar 2022)

Status of shares

Total number of shares authorized	163,500,000 shares
Total number of shares issued	48,919,396 shares
Total number of shareholders	14,868 person

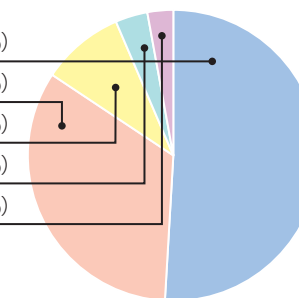
Major shareholders (top 10)

	Name or title	Number of shares owned (1000 shares)	Ratio of shares held to the total number of shares issued (excluding treasury shares) (%)
1	Bion Corporation	8,716	18.23%
2	Hiroshi Munemasa	6,454	13.50%
3	HIKARI TSUSHIN,INC	3,582	7.49%
4	The Master Trust Bank of Japan, Ltd (Trust Account)	3,184	6.66%
5	The Sanix Mutual Benefit Association, Inc.	1,700	3.55%
6	Sanix Employees' Shareholding Association	1,125	2.35%
7	UH Partners 2 Inc.	756	1.58%
8	THE NISHI-NIPPON CITY BANK, LTD	536	1.12%
9	KOREA SECURITIES DEPOSITORY-EBEST (Standing representative: Citibank, N.A., Tokyo Branch, Direct Custody - Clearing Business Department, Jun Ishikawa)	498	1.04%
10	Munemasa Shuzo Co.,Ltd.	320	0.66%

Share distribution status

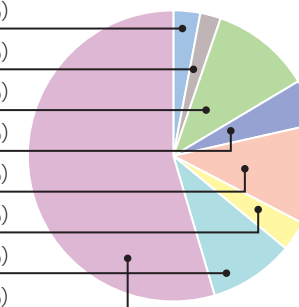
■ By shareholding (in thousands of shares)

Individuals and others	24,308	(50.92%)
Other legal entities	15,951	(33.41%)
Financial Institutions	4,393	(9.20%)
Foreign companies, etc.	1,712	(3.58%)
Financial Instruments Dealers	1,369	(2.86%)



■ By shareholding (in thousands of shares)

1 unit or more	1,425	(2.98%)
5 units or more	1,093	(2.29%)
10 units or more	5,327	(11.16%)
50 units or more	2,410	(5.05%)
100 units or more	5,328	(11.16%)
500 units or more	1,580	(3.31%)
1,000 units or more	4,512	(9.45%)
5,000 units or more	26,056	(54.58%)



※自己名義株式(1,114,800株)及び単元未満株式を除いて集計しています。

Shareholder memo

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

Company information (As of March 31, 2022)

About Us

Trade name	SANIX INCORPORATED
Headquarters	2-1-23,Hakata-eki Higashi,Hakata-ku,Fukuoka 812-0013,Japan
Established	September 1978
Capital	14,041.83 million yen
Number of employees	2,054people (Consolidated)
Number of bases, main bases	
HS division	4 HQs, 53 sites
ES division	12 sites
SE division	2 HQs, 37 sites
ERD division	18 factories
EB division	5 sites



Group Companies

Company Name	Related business	Main business contents	Voting rights ownership ratio
SUNAIM INCORPORATED	HS•SE	Mainly manufactures and sells termite control chemicals	100.0%
SHANRI (SHANGHAI) ENERGY SCIENCE AND TECHNOLOGY CO.,LTD	SE	Mainly sales and import / export of solar cell modules and related parts	100.0%
SHANRI (JIASHAN) ENERGY SCIENCE AND TECHNOLOGY CO.,LTD	SE	Mainly production of solar cell modules and related parts	100.0% (100.0%)
HOKKAIDO SANIX KANKYO INCORPORATED	ERD	Mainly waste plastic fuel processing for Sanix Energy Tomakomai power plant	98.9% (98.9%)
SANIX ENERGY INCORPORATED	ERD	Mainly, our power generation business using crushed plastic as fuel	98.9%
SANIX SOLUTION INCORPORATED	ERD	Consulting on waste treatment and sales of chemicals	67.5%
C & R INCORPORATED	ERD	Final disposal and recycling of industrial waste, cleaning of oil tanks, etc.	98.9% (98.9%)
SE WINGS INCORPORATED	ERD	Purchase of electricity generated by SANIX ENERGY INCORPORATED• Retail business	98.9% (98.9%)
SANIX TAIYOUKOU DENKI INCORPORATED	EB	Sales business that combines our electricity retail business and residential solar power generation system	100.0%
SANIX SOFTWARE DESIGN INCORPORATED	HS•SE	Mainly software development and computer sales	100.0%

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

Visit our WEB site

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

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

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

Sanix Group network spread nationwide

We have a detailed follow-up system with more than 100 networks nationwide.

HS : 4 HQs, 53 sites
 ES : 12 sites
 SE : 2 HQs, 37 sites
 ERD : 18 factories ※ Includes 1 power plant, 1 final disposal site
 EB : 5 sites

(As of March 31, 2022)

