

Clean and Comfortable Environment for the Next Generation



SANIX

INCORPORATED
Integrated Report March 2021

Clean and Comfortable Environment for the Next Generation.

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

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

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

Mission

Corporate philosophy

Clean and Comfortable Environment for the Next Generation.

Company motto

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

Vision

To become a leading company in the environment and energy

Value

Management Philosophy

Work is education and education is management

Contents

About Sanix Group	5
Sanix Group Business Area	6
Sanix Group through numbers	7
Sanix Group through the picture	8
Business of Sanix Group	10
History of Sanix Group	12
Sanix Group Value Creation	14
Materiality	15
Value creation process	18
Sanix Group Growth Strategy	20
Message from the President	21
Transition of management plan and medium-term management plan	28
Outline of medium-term management plan (FY2019-2021)	30
Progress of medium-term management plan (FY2019-2021)	32
Value creation story in the Residential Environment segment	34
HS (Home Sanitation) Business	34
ES (Establishment Sanitation) Business	36
Value creation story in the Energy segment	
SE (Solar Engineering) Business	38
EB (Energy Business)	40
Value creation story in the Resource Circulation segment	42
ERD (Environmental Resource Development) Business	42
Topics: For realization of a decarbonized society and resource-recycling society	46
Management Foundation that supports sustainable growth	49
Sustainability in business activities	50
Sustainability about people (education)	52
Sustainability about people (employment)	54
Sustainability about people (occupational safety and health)	56
Sustainability about people (customer satisfaction)	58
Social contribution activities	60
Sustainability data	66
Management system	68
Corporate governance	70
Compliance • Risk management	72
Data Section	75
Financial data highlights	76
Share information	81
Company information	82

Editorial policy

It is edited as an integrated report for the purpose of deepening the understanding of stakeholders about the business content of "Environment and Energy" that Sanix Group is working on and the process of realizing a comfortable environment for the next generation through this business. In this year, Sanix Group has completed the second year of medium-term management plan 2019-2021.

This integrated report explains the management issues and specific measures to be achieved in the current medium-term management plan and its progress from both sides of financial and non-financial perspectives.

For detailed information on products, services, business details, finance, etc., please check our website. (See p.82) 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: FY2020 (April 1, 2020-March 31, 2021)
- 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

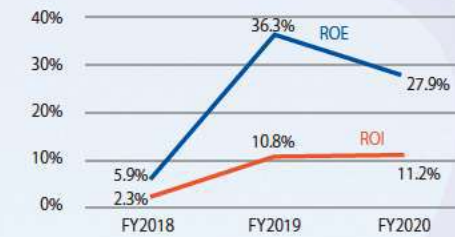
Clean and Comfortable Environment for the Next Generation.

Sanix Group continues to take on the challenge.

Sanix Group through numbers

Financial indicators

Changes in Return on Equity (ROE) / Return on Invested Capital(ROI)



*ROI = Operating Income after tax ÷ (Average shareholders' equity at beginning and end of period + Average interest-bearing debt at beginning and end of period) × 100

Equity ratio



Sales / Operating profit margin



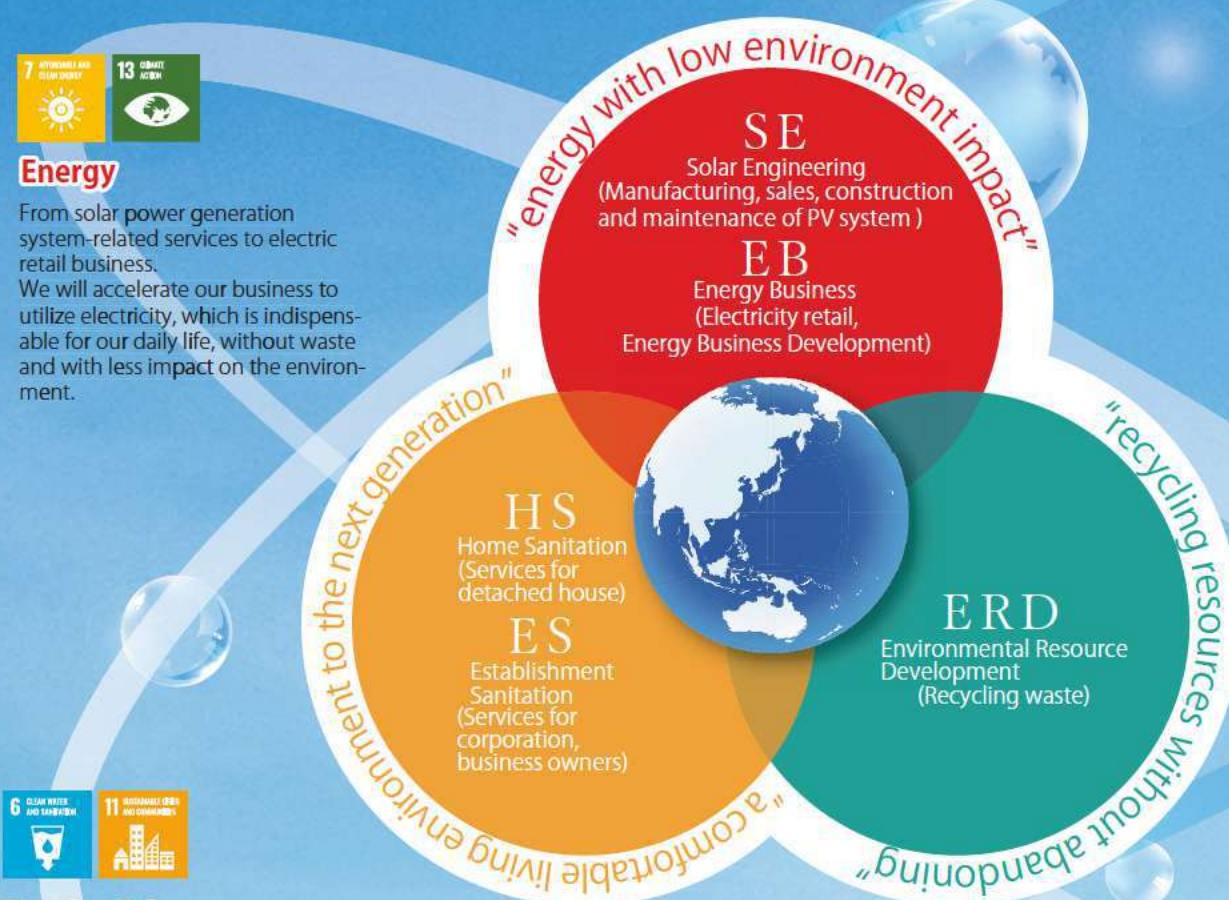
Cumulative results of main businesses (as of March 31, 2021)

- Number of houses with termite disinfection**
Approx. **810,000** 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. **36,000**
- Number of solar power sales and installation** (In-house installation only)
Approx. **46,000**
Solar power sales output (including wholesale sales)
Approx. **1,300,000** kW
- Plastic processing volume**
Approx. **5,400,000** t
Amount of power generated by plastic fuel
Approx. **4,500,000** MWh
- Amount of waste liquid processed**
Approx. **2,300,000** t

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



Sanix Group Business Area



Energy

From solar power generation system-related services to electric retail business. We will accelerate our business to utilize electricity, which is indispensable for our daily life, without waste and with less impact on the environment.

Residential Environment

Support sanitary management and disaster countermeasures, centering on the maintenance of houses, buildings and condominiums. Protecting residences that are inherited by generations and beyond.



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 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

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.

P60

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

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

Electricity retail & energy business development

Meet diversifying energy-related needs, from electricity retailing to the spread and promotion of distributed power sources.

P40

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

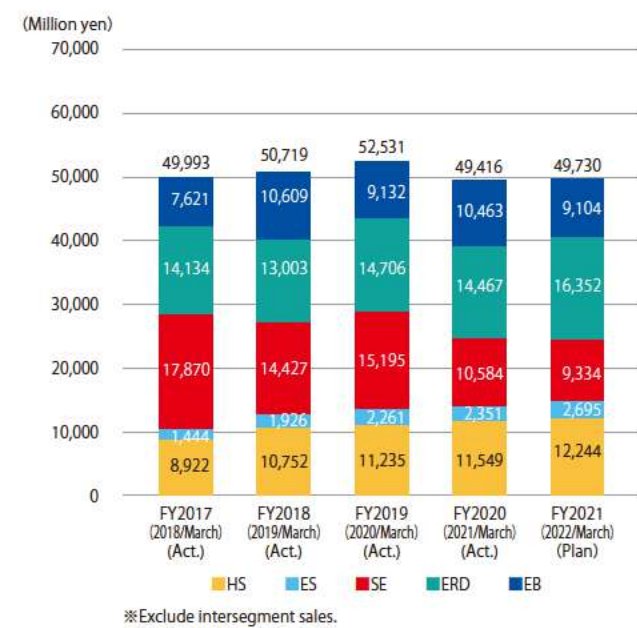
Business of Sanix Group

In line with its medium-term management plan (FY2019-FY2021), Sanix Group is working to strengthen and expand its foundations in existing fields such as the environmental sanitation business, solar power generation business, and environmental resource development (waste recycling) business, while taking on the challenge of new initiatives such as energy-related development business, in order to strengthen its foundations for further growth.

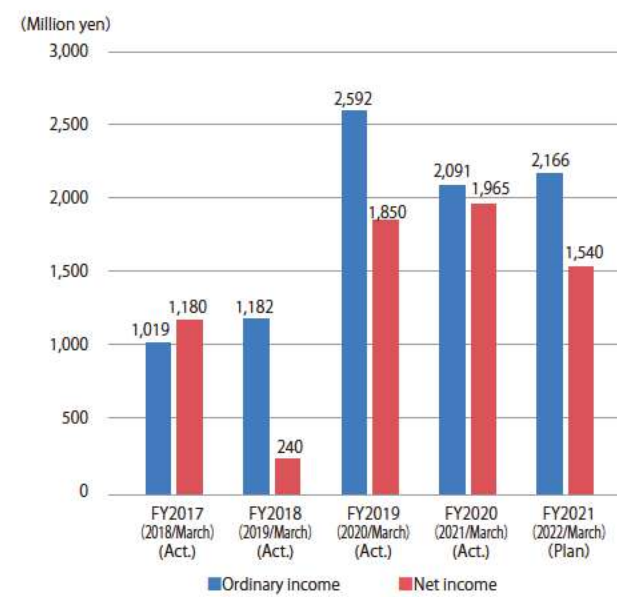
With the adoption of the SDGs at the UN Summit in September 2015 and the Paris Agreement in December 2015, tackling environmental issues has become a key issue on a global scale. Japan is no exception, with the 2018 update of the basic plans in the field of 'environment and energy', including the 2050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

To realize sustainable society, Sanix Group will continue to contribute as a leading company that has worked to create an environment for future generations.

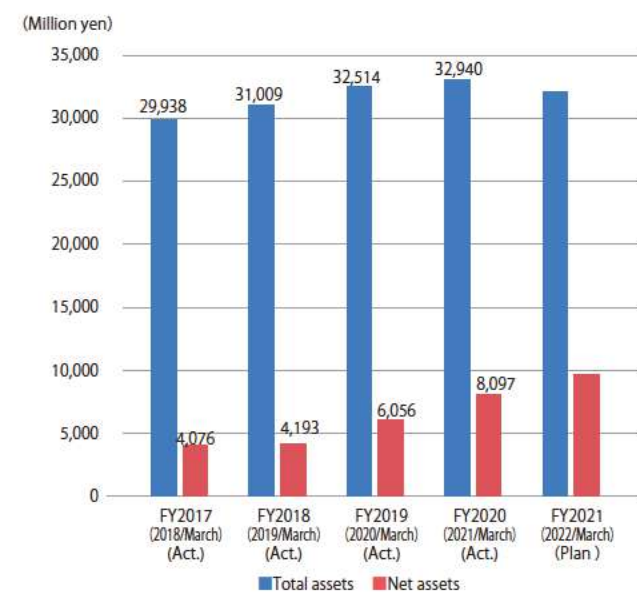
Sales by segment



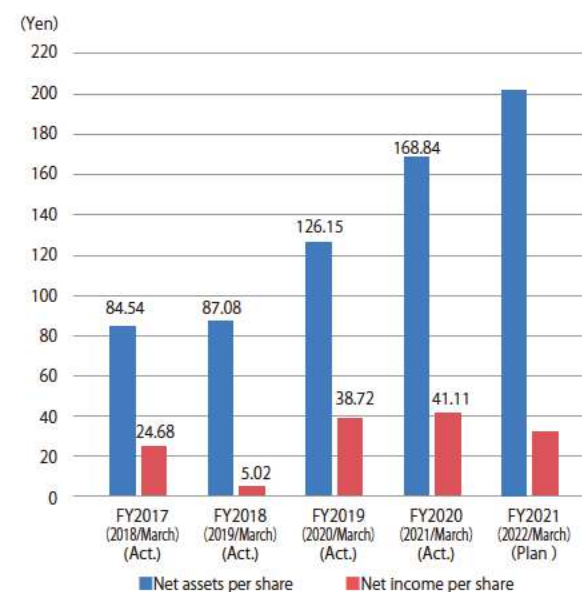
Ordinary income / Net income



Total assets / Net assets



Net assets per share / Net income per share



Main Business

Residential Environment area

HS
Home Sanitation (Here after HS)

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

ES
Establishment Sanitation (Here after ES)

- 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)

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

EB
Energy Business (Here after EB)

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

Resource Circulation area

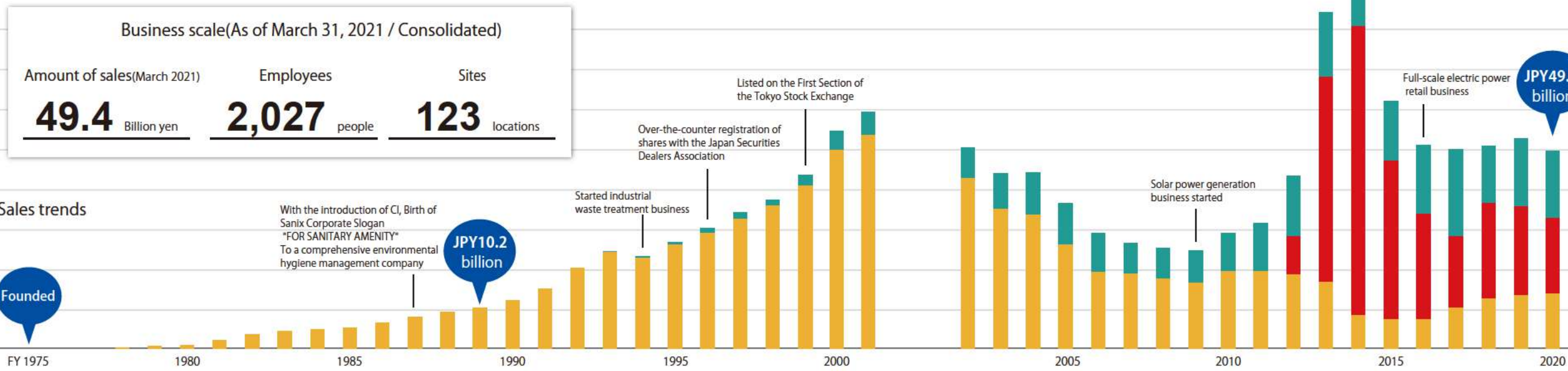
ERD
Environmental Resources Development (Here after ERD)

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

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 2021)

- Number of houses with termite disinfection**
Approx. **810,000** 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 projects (Installation of anti-corrosion equipment, etc.)**
Approx. **36,000**
- Number of solar power sales and installation (In-house installation only)**
Approx. **46,000**
Capacity is about 1.3GW (equivalent to one nuclear power plant)
- Plastic processing volume**
Approx. **5,400,000 t**
- Tomakomai power plant power generation**
Approx. **4,500,000 MWh**
- Amount of waste liquid processed**
Approx. **2,300,000 t**

History of business expansion

<p>1975 Founded</p> <p>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.</p>  <p>1978 Founded Sanyosanitation Inc.</p> <p>1981 Separated the corporate environmental hygiene department from the termite department</p>	<p>1980~ Diversification from disinfection industry</p> <p>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."</p> <p>1987 SANIX INCORPORATED established Changed the company name and restructured the business into a "total sanitation company" that creates a comfortable environment.</p>  <p>1989 Launched underfloor ventilation fan powered by solar cells</p>	<p>1990~ Industrial waste treatment business started to contribute global environment</p> <p>1991 Opened an equipment manufacturing factory (Takeo City, Saga Prefecture) Established our own factory to create products that meet customer needs.</p>  <p>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."</p>	<p>2000~ The energy recycling power generation business started</p> <p>2000 Organic waste liquid treatment business started Aiming at the ban on ocean dumping under the London Dumping Treaty.</p>  <p>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.</p> <p>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.</p>  <p>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.</p> <p>2010~ Solar power generation business started to become an "environment+energy" company.</p> <p>2010 Established HOKKAIDO SANIX KANKYO Inc. The Tomakomai Factory (plastic fuel conversion) was separated as a subsidiary.</p> <p>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.</p>  <p>2014 Established SE Wings Inc. to retail electricity</p> <p>2015 Registration Electric retailer registration</p> <p>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.</p> <p>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.</p> <p>2019 Partnership with Mitsubishi Motors Corporation for energy service sales Started selling "SANIX Denki DENDO DRIVE HOUSE Plan".</p>
--	---	--	--

Sanix Group Value Creation



Materiality
Value creation process

Materiality

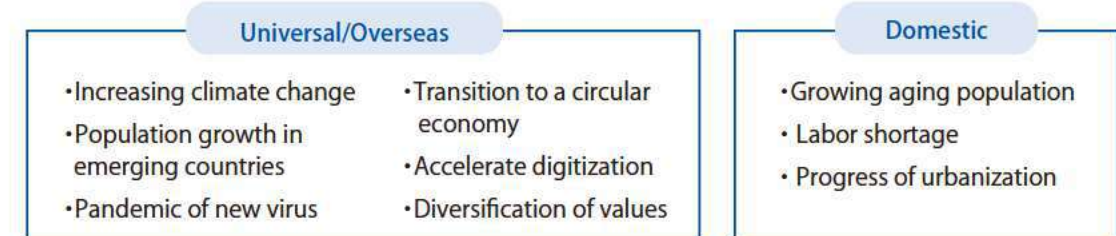
Identification of materiality

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.

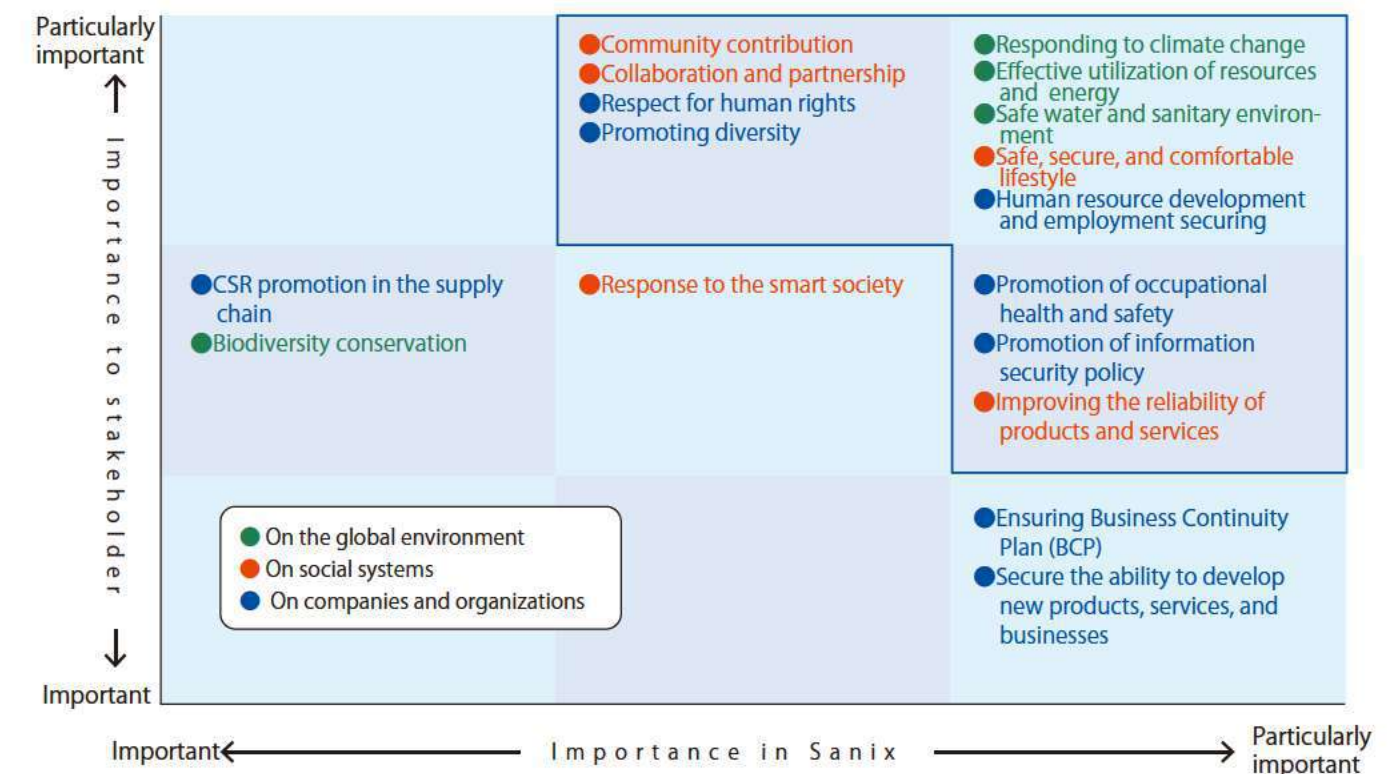
Macro trends



Identification of risks and opportunities for the company

Identification and prioritization of materiality

<Top management issues as the management foundation> ● Legal compliance and compliance ● Strengthening governance



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
	Resources and energy efficient use	Expansion of needs that contribute to decarbonization Acceleration of technology development
	Safe water and sanitary environment	Depletion of fossil and natural resources Increased health risks due to lack of safe water and sanitary environment
Social Systems	Safe, secure and comfortable lifestyle	Expanding needs for hygienic environments, spaces, and water
	Improving the reliability of products and services	Resilience improvement business
	Community contributions	Improve customer satisfaction and expand business. building relationships of trust with business partners
	Collaboration and partnership	To build relationships of trust with communities and stabilize our business foundation through with local communities
Companies and Organizations	Sharing respect for human rights	Creation of a variety of businesses that cannot be achieved by Sanix Group solely
	Human resource development and employment security	Establishment of appropriate supply chain management Ensuring Reliability with stakeholders
	Occupational health & safety promotion	Business delay or interruption due to human rights violations Outflow of human resources.
	Promoting diversity	Labor shortage and outflow of human resources Securing excellent talent. Continuation of smooth business activities
	Promotion of information security measures	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
	Decreased competitiveness due to inability to meet diversifying needs and values.	Securing excellent talent enhancing value creativity through diverse values
	Loss of social credibility due to information leaks, etc. Business interruption caused by cyber-attacks	Stabilization of business activities Ensuring stakeholder reliability

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 foundation that supports stable profits (As of Mar 2021)

- ROE : 27.9%
- ROI : 11.2%

② Local network rooted in the region (As of Mar 2021)

- HS business: 4 HQs, 48 sites
- ES business: 9 sites
- SE business: 2 HQs, 37 sites
- Environmental resource development business: 18 sites
- Energy business: 5 sites

③ Problem-solving ability to meet needs

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 Diverse human resources and expertise (As of Mar 2021)

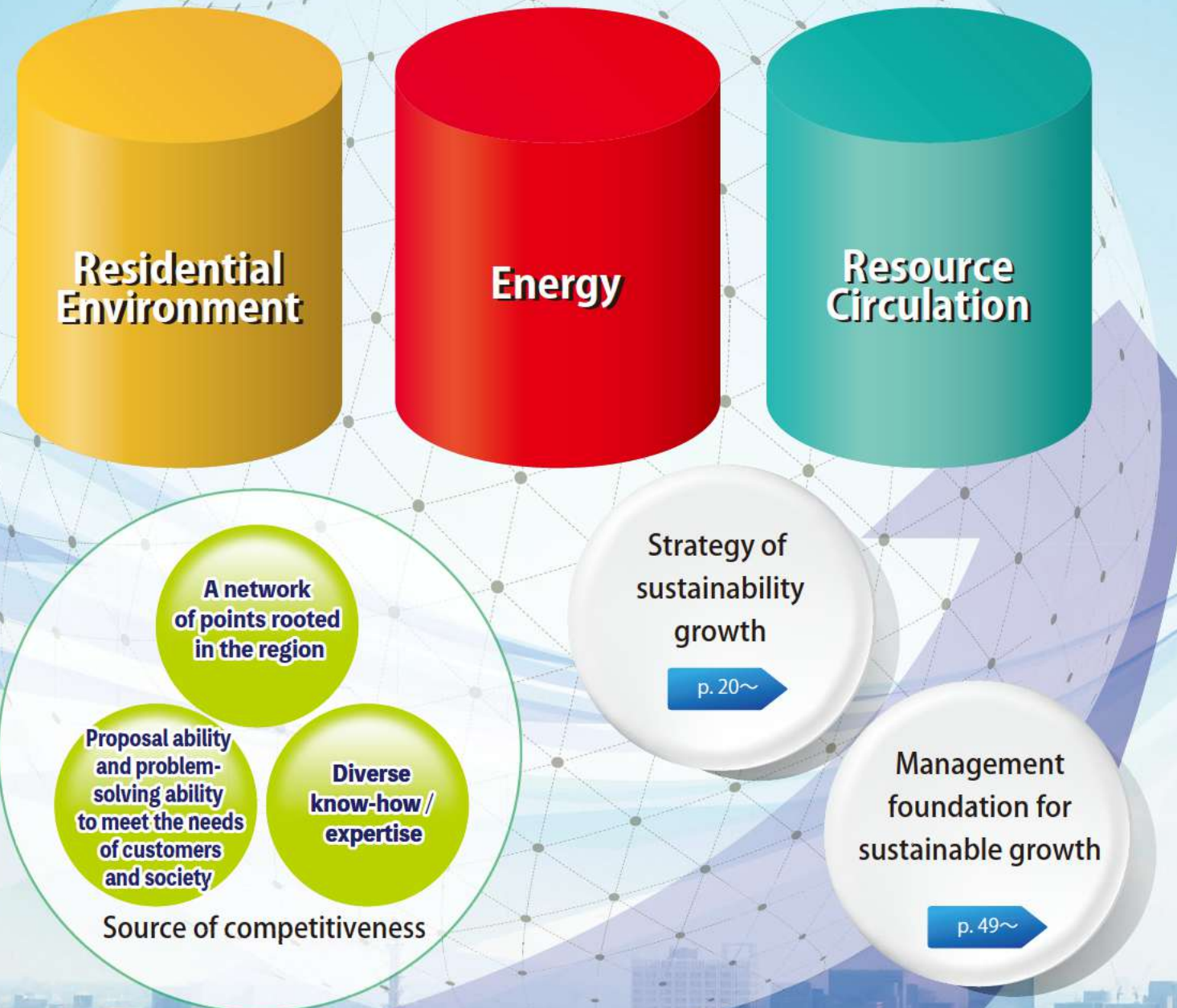
- Number of employees (consolidated): 2,027 [Abundant number of qualified personnel]
- Termite control contractor: 175
 - Type 1 • Type 2 electrician: 293
 - Forklift driving technician : 310 etc.

⑤ Natural environment (As of Mar 2021)

- Aiming to reduce the environmental burden on business operations and contributing to the global environment and local communities through business
- Solar power system installation: Cumulative total installation of about 46,000 (approximately 1.3GW)
 - Proper disposal of industrial waste
Waste plastic processing: Cumulative total of about 5.4 million tons
Waste liquid treatment: Cumulative total of about 2.3 million tons

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
Outline and progress of the medium-term management plan (FY2019-FY2021)

Value Creation Story

Topics:

For realization of a decarbonised society and a resource-recycling society

Message from the President



“Clean and Comfortable Environment for the Next Generation.”

Sanix Group marks the 46th year of its founding. 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.

Since its founding in 1975 as a sanitation management business for general households, Sanix Group has expanded its business areas related to environment such as sanitation management for enterprises, industrial waste recycling, renewable energy and as on.

46 years after its founding, environmental issues such as global warming, environmental pollution, and depletion of national resources have become the serious, problems the world needs to take for promote solution. SDGs adopted by the United Nations in September 2015, the Paris Agreement adopted at COP21 in December in same year, and the Circular Economy Action Plan announced by the European Union accumulates immediate attention in global basis various policies, such as the Basic Environmental Plan and the Basic Energy Plan, updated in 2018, 2050 Declaration on Carbon Neutrality, were released to reflect the major changes in global trends.

In addition, the epidemics of COVID-19 since last year has triggered major social changes, making a shift in social values and structures. It also gave us opportunity to recognize the necessity and importance of hygiene management, as our business from the very beginning.

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.

In April 2021, we entered the final year of our current medium-term management plan, from FY2019 to FY2021. In addition to achieving our business plan, we are making steady progress to execute corporate philosophy. We also announced our long-term vision for the year 2030 in May 2021. We will continuously work hard to create a sustainable society in the fields of "Residential Environment", "Energy," and "Resource Circulation" thought out our business units. Year 2030 is the target year of the SDGs. We will take steady steps for the early realization of the society envisioned therein.

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

In April 2021, we entered the final year of our mid-term management plan.

In our long-term vision for 2030, one of our target is to double our revenue to 100 billion yen, to response to the increasing demands. Therefore we have positioned this mid-term management plan as critical period to "build a management foundation to support full-scale growth in the future". In other words, we are building a solid foundation during the period, which allows us a variety of challenges and changes to achieve sustainable growth in the next phase.

Since 2012, Sanix Group has been concentrating on expansion of solar power business in response to increasing demand for solar power under the feed-in tariff system for renewable energy. Since 2016, however, we have shifted our priority to building a management foundation for sustainable and stable future growth, including a shift to earnings structure well balanced among our business portfolio in response to the downsizing of our business performance due to changes in the external environment surrounding the solar power generation business.

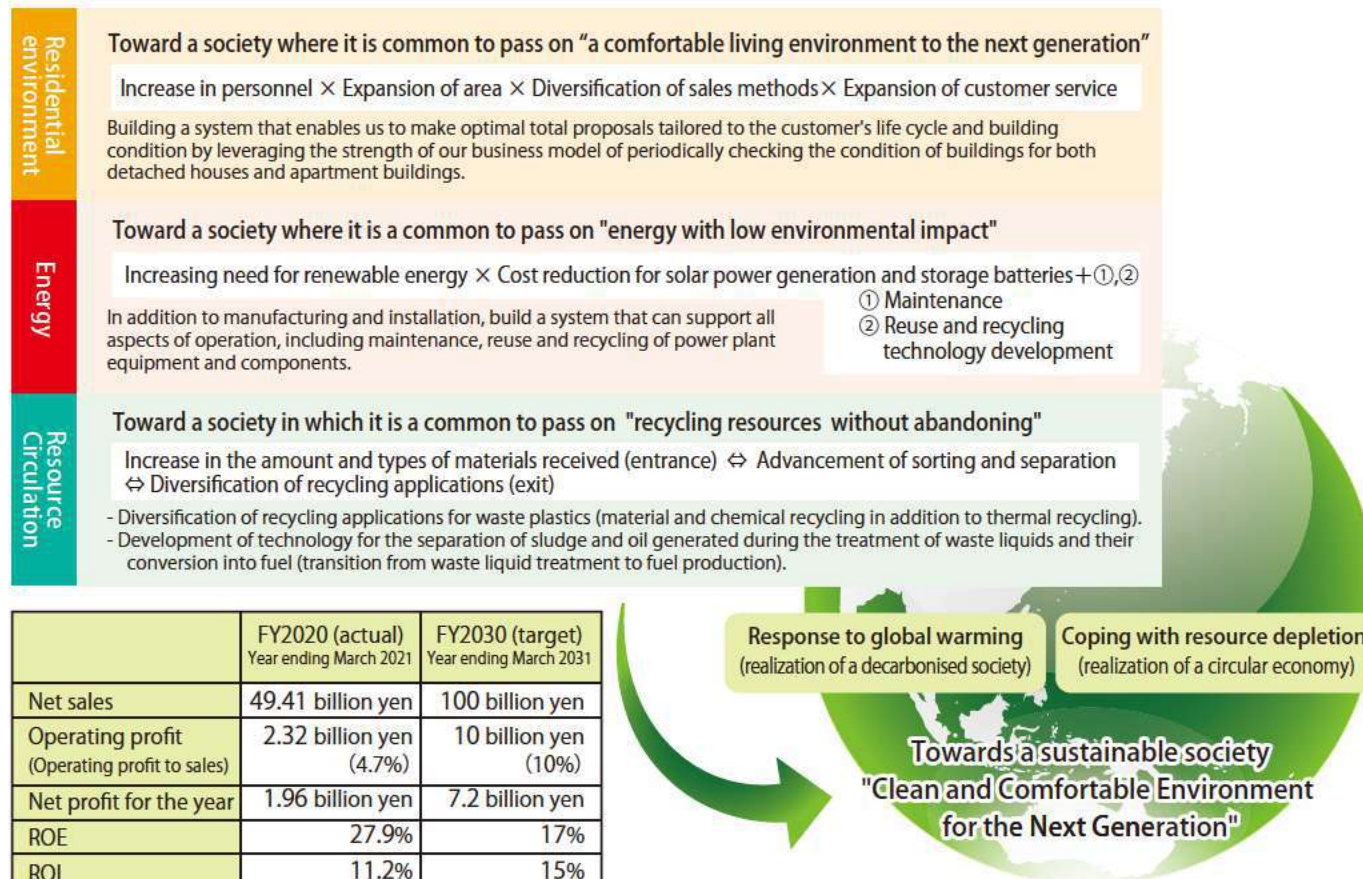
In the current mid-term management plan, we identified the following 6 managements issues and have been

strengthening and promoting focused initiatives to solidify our business foundation, while launching several new initiatives (see p. 32-33 for the progress of the mid-term management plan).

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

This year, as the final year of our medium-term management plan, we will further strengthen our business foundation and accelerate our initiatives for full-scale growth towards 2030.

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 810,000 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. In addition, the Basic Plan for Housing and Living (updated in March 2021) sets out the goal of building a "housing circulation system" in which existing housing stock is traded across generations. The same applies to housing complexes such as buildings and condominiums.

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 5 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 48 sales offices for HS business, mainly in west part of Japan, and 9 sales offices for ES (Establishment Sanitation) business (as of March 31, 2021). 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. Last year, the epidemic of COVID-19 caused a drastic change in our daily lives, which made us reaffirm the importance of our hygiene management business. 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.

The Food Sanitation Law was enforced in June 2020, which requires all food business owners to adopt the HACCP hygiene management system. As management level of hygiene required by society increases, it is considered as quality of service. Many businesses, such as restaurants and food factories are required to respond to social demands, we will respond to the demands by providing our know-how to customers.



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 the development of the solar power business, we have focused on providing "good products at lower prices" as our main 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 46,000 residential and industrial systems, and our total sales capacity, including wholesale sales, exceeds 1.3GW (1.3 million kW), which is equivalent to one nuclear power plant (as of March 2021).

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, 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.

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

* Virtual Power Plant (VPP): A system in which dispersed small-scale power generation and storage facilities, such as solar power generation, storage batteries, and electric vehicles installed at home and factory, are collectively controlled by information technology as if they were a single power plant (see pages 46-47).

Expansion of total service for solar power generation



On the other hand, in 2001, in the year of the establishment of SANIX ENERGY INCORPORATED, the Group that operates the Tomakomai Power Plant, 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, we began retailing electricity to households, and as of June 2021, we are developing our electricity retailing business from factories and offices to households throughout Japan, excluding the service area of Okinawa Electric Power Company. This is the electricity retailing business, which is another foundation of the energy business along with the solar power generation business.

The unique feature of Sanix Group's electricity retailing is that it has two sources of power generation and procurement: solar power generation facilities sold and constructed in the SE (Solar Engineering) business, and CO₂-free power from the Tomakomai Power Plant, which is certified as a non-fossil power source in 2020 (see page 48 for details). Taking advantage of this feature, we added the "Plus Zero" menu of environmental value options for electricity to our menu in April 2021 and started supplying CO₂-free electricity. This is in anticipation of growing demand for energy with a low environmental impact.

In April 2019, we also established the Energy Business Development Department and started developing a business that integrates solar power installation and energy supply, with a vision to collaborating with other companies. We are gradually increasing our sales offices, mainly in the Kanto area. One of the businesses we are currently promoting is an electricity retail service using a third-party ownership model for solar power* in collaboration with the Tokyo Electric Power Group and Mitsubishi Motors.

* This is an electricity sales contract using solar power generation. The user does not have the primary ownership of the equipment but purchases the electricity.

To achieve a decarbonized society, we will work to expand the use of renewable energy sources, and at the same time, create a system to deliver this energy to consumers, and we will build an environment where "energy with low environmental impact" is the norm from both the supply and demand sides.



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 instead of 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". 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 85% of waste plastics is effectively used (Japan Plastic Recycling and Reuse Association) today (FY2019).

Approximately 4.38 million tons of industrial waste plastic is discharged annually, of which 2.58 million tons, or 59%, 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 (see page 48).

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. Collecting large quantities of the same type of waste has possible to use as a raw material for other industries is an example. We will develop recycling methods and services by making use of the know-how on waste plastic collection and sorting we have accumulated over the last 20 years. At present, as for some materials there is no viable option but to dispose by final disposal (simple incineration or landfill) until today. We contrite to challenge these tasks to improve reuse rate to reduce the amount of final disposal as much as possible.

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.

We will expand the business not only mere treatment, but also fuel business with recycled oil and sludge from waste liquids as fuel. Regarding fuel business we have started a full-scale demonstration test for conversion of sludge into biomass fuel this year. We plan to start operation in 2030 for customer of biomass power generation, which is one of the renewable energies. This allows us to broaden the range of waste liquids we can accept, such as those with a high oil or sludge content. We believe that the main process of the factory will shift to production of fuel in the future.

As described above we continue working hard to evolve our

waste treatment today " manufacturing to fuel factory" and a "raw material factory" for both plastic and liquid waste. Just as the human body has "arteries" and "veins," "vine industry," which purifies waste and returns it to nature is

indispensable for business activities. We believe that both resource-recycling power generation and organic liquid waste treatment will make enormous contribution to recycling of resources and decarbonized society.

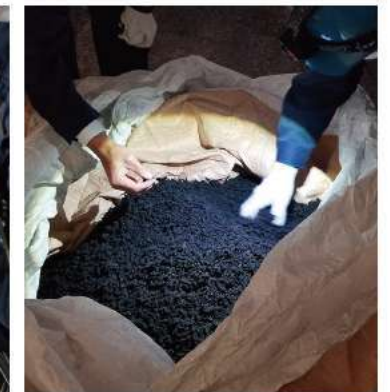
Transition from purification and treatment of organic wastewater to the production of recycled fuel.



Separate the oil content and produce recycled oil as an alternative fuel for petroleum (business started in FY2018).



Full-scale demonstration testing of the conversion of sludge generated in the purification treatment process into fuel started from October in 2020. The sludge left over from the dehydration of organic liquid waste will be desalinated and dried and turned into solid fuel to replace fossil fuels. The company aims to start production with annual capacity of 5,400 tons in FY2023.



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, we are currently exploring new methods such as online training.

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.

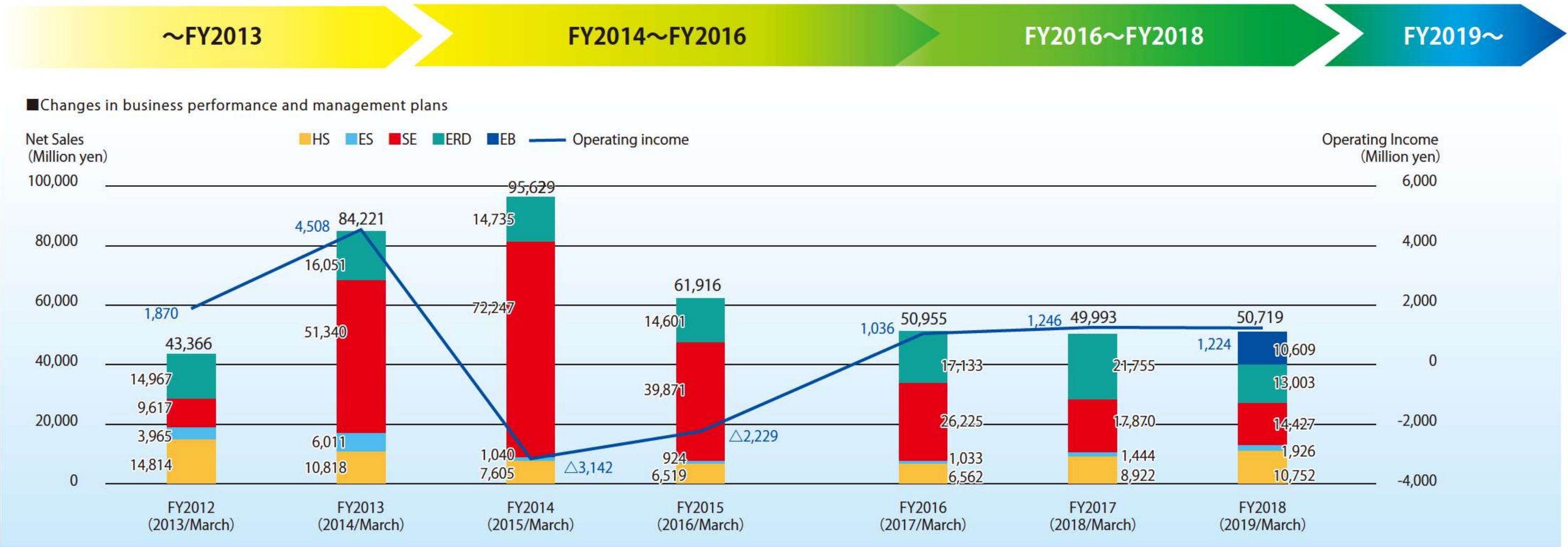
We will contribute to the creation of a comfortable environment for the next generation by striving for technological innovation and the development of high value-added services while placing importance on the safety, health, and compliance of our employees.



Some of the entries to the in-house "Sanix Working Mothers and Fathers Painting Contest" (May 2021).

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

Transition of management plan and Medium-term management plan



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.

Current medium-term management plan (FY2019-FY2021)

Our ongoing medium-term management plan (announced on 14 May 2019) focuses on establishing a platform for growth in following years.

As society's values in relation to the environment and energy change dramatically and more attention is paid to our business, we will take on new initiatives while strengthening and expanding our existing business foundation.

→For more information, see page30.

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

■ Social situation surrounding our company ※ The contents are as of the announcement of the medium-term management plan (May 2019).

The business environment has changed significantly and will continue to change.

<p><Residence environment></p> <ul style="list-style-type: none"> Progress of environmental improvement for long-term utilization of housing Increasing housing resilience needs due to intensifying natural disasters Revitalization of the residence distribution market to reduce excess residence stock 	<p><Energy></p> <ul style="list-style-type: none"> Large number of FIT contract termination for residential solar power generation (2019/11-) Lower FIT purchase price, expanding the range of bids Accelerate alliances between companies including electric power companies Increasing interest in renewable energy such as RE100 etc 	<p><Resource recycling></p> <ul style="list-style-type: none"> Retention of waste plastic in Japan due to overseas acceptance regulations Proper disposal of waste triggered by problems such as ocean dumping Increasing value of waste fuel derived from waste plastic as CO₂-free fuel Permeation of values of circular economy and carbon-free society 	<p><Management • General></p> <ul style="list-style-type: none"> The declining birthrate and aging population are causing a serious shortage of workers, and the momentum for reviewing the working environment is increasing. Concerns about increased costs for personnel costs, distribution costs, and other expenses Increasing Japan's international role as a "advanced problem-solving country"
---	--	--	---

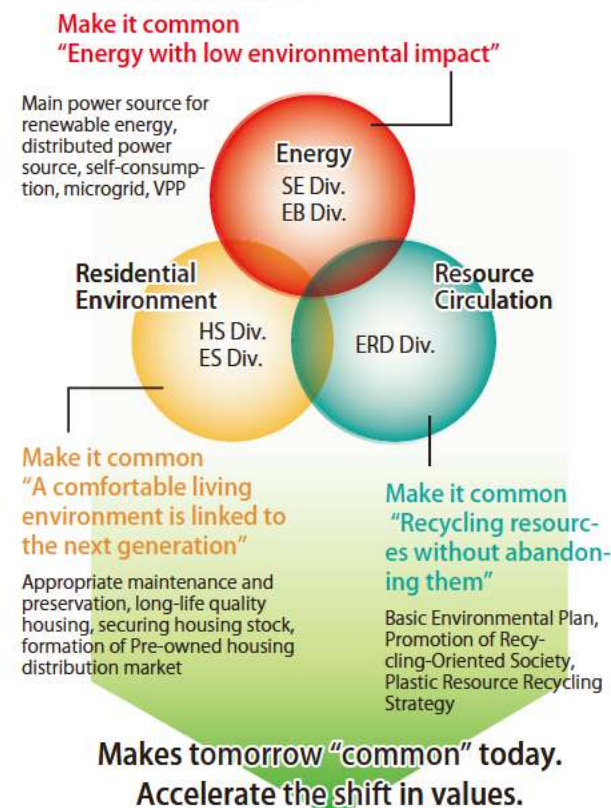
The underlying change is "Value change".
Our business area draw full attention of society.

Major issues in the medium-term management plan

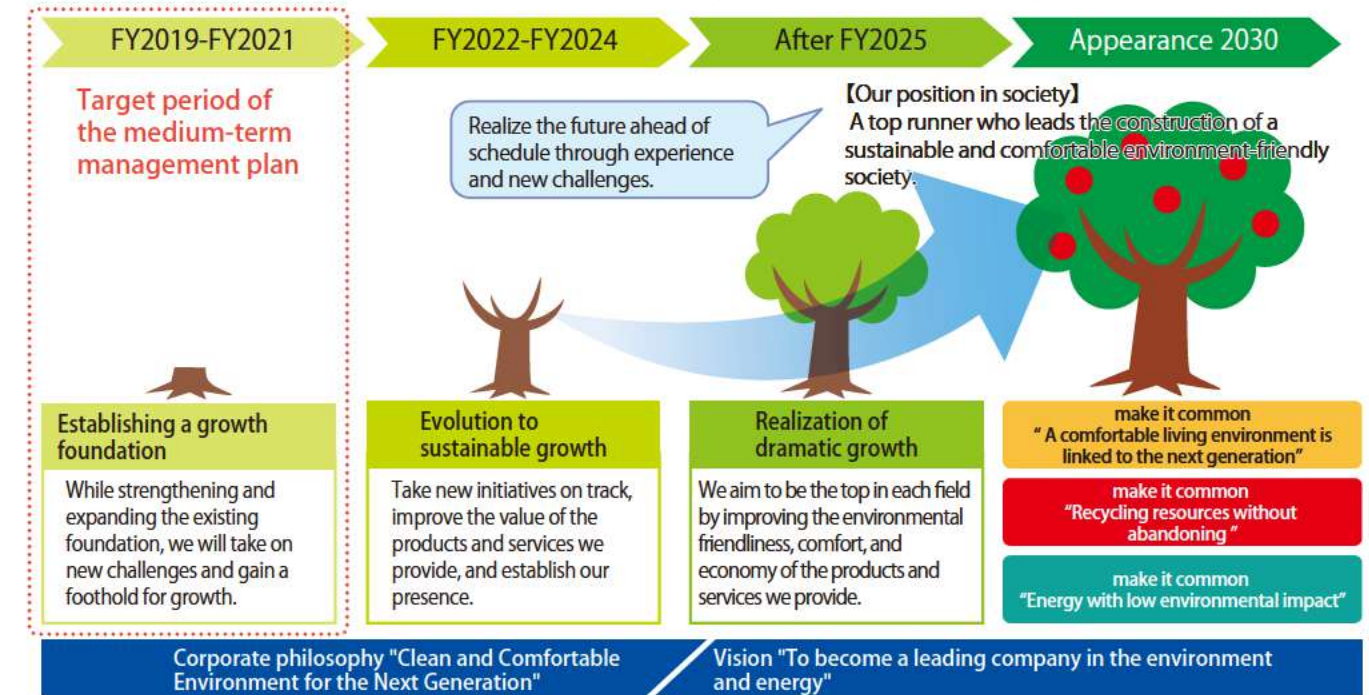
Basic policy
Strengthen and expand existing foundations, and try new things to gain a foothold for future growth

<p>Improving customer satisfaction</p> <ul style="list-style-type: none"> 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
<p>Rewarding • Improving work satisfaction</p> <ul style="list-style-type: none"> 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
<p>Strengthening the management</p> <ul style="list-style-type: none"> Promotion of labor saving and efficiency improvement for operations by investing in equipment and information technology

Relationship between social trends and our business domain



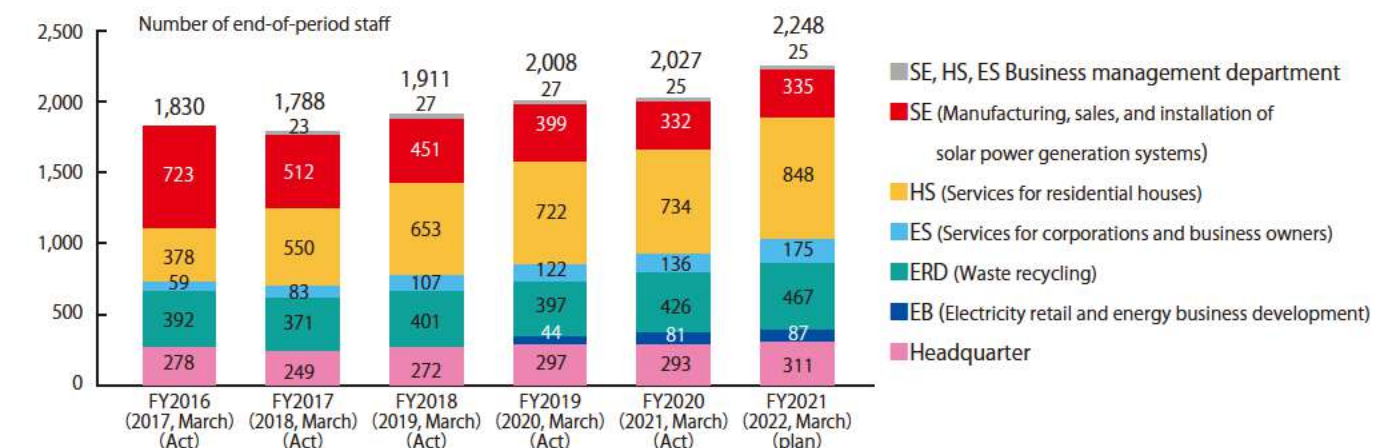
Positioning of roadmap and medium-term management plan for achieving our company's vision



Performance target (consolidated) | Aim for further growth by developing new businesses and services while giving priority to building a stable profit structure based on existing businesses.

	Medium-term management plan						VS FY2018	
	FY2017 2018/March	FY2018 2019/March	FY2019 2020/March	FY2020 2021/March	FY2021 2022/March	Dif. (Δ)	Average Growth(%)	
	Act.	Act.	Act.	Act.	Plan			
Amount of sales	49,993	50,719	52,531	49,416	49,730	△989	△0.7%	
Gross profit (Gross profit margin on sales)	14,044 28.1%	14,830 29.2%	17,556 33.4%	17,153 34.7%	17,432 35.1%	+2,601	+5.5%	
Operating income (Operating income margin on sales)	1,246 2.5%	1,224 2.4%	2,791 5.3%	2,325 4.7%	2,396 4.8%	+1,171	+25.1%	
Ordinary income (Ordinary rate of return on sales)	1,019 2.0%	1,182 2.3%	2,592 4.9%	2,091 4.2%	2,166 4.4%	+983	+22.4%	
Net income attributable to owners of the parent (Net income margin)	1,180 2.4%	240 0.5%	1,850 3.5%	1,965 4.0%	1,540 3.1%	+1,299	+85.8%	

Manpower planning | Increase sales by increasing the number of employees mainly in the HS / ES business division.



Progress of the medium-term management plan (FY2019-FY2021)

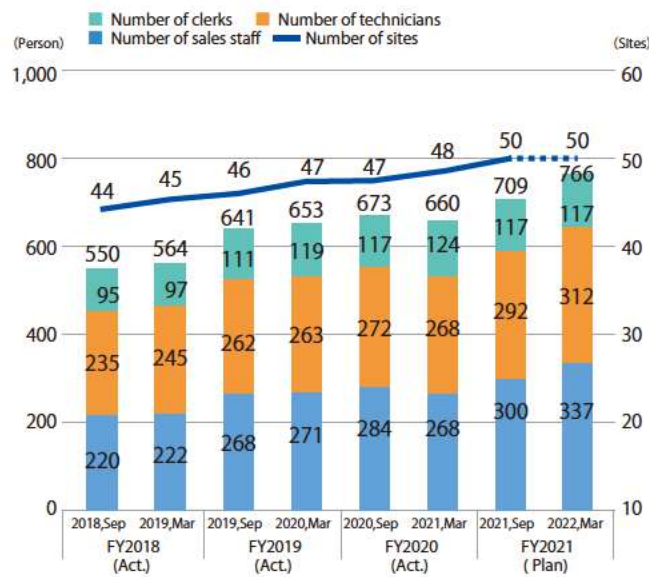
The medium-term management plan sets out six management issues. We would like to report on the progress made on these issues.

Progress on management targets

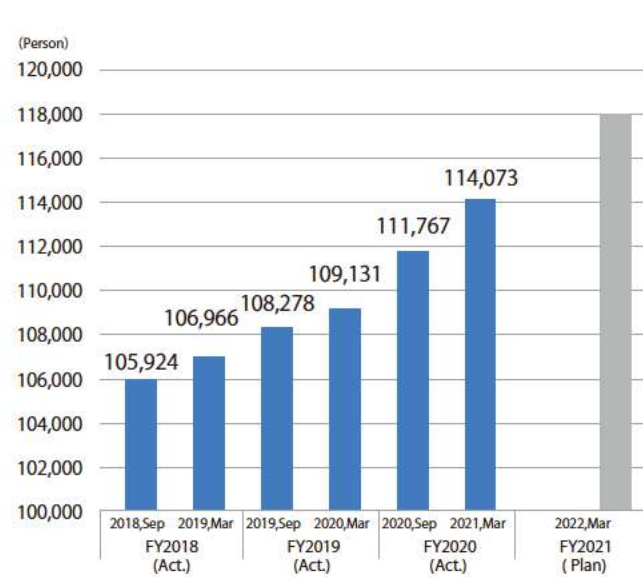
① Business expansion utilizing our strengths of sales force and customer network

In the HS business, during the period of this medium-term management plan, we have increased the number of sales offices to 3 and the number of employees by 96 to further strengthen our sales force. The number of customers as of Mar 2021 has increased to 114,073 (+7,107). (in comparison to Mar 2019)

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



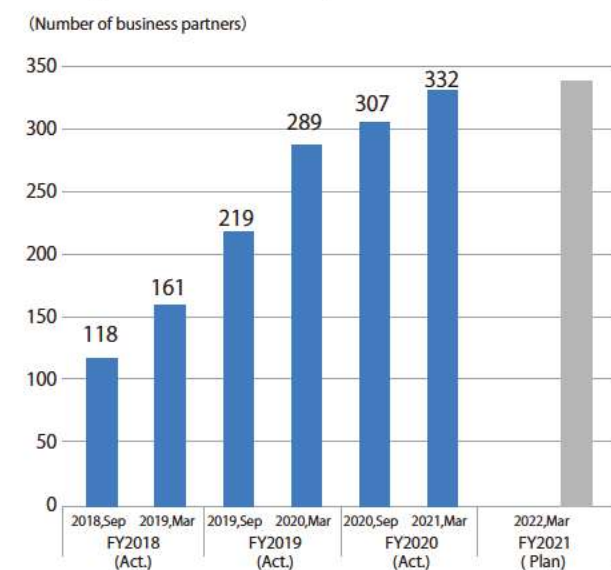
Changes in the number of customers in the HS division



② Strengthen the development of new destinations with closer alliances, including business alliances with corporations

We have also actively pursued business partnerships with corporations to expand our contact with customers. As of March 2021, we have 332 business partners.

Changes in the number of partners



"Examples of business partners and details 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)

Sanix Group is also focusing on strengthening relationships with condominium management company partners.

③ Setup new businesses and services

We have set up an energy business division and are working to create a business model in partnership with other companies, such as a third-party ownership model (PPA) * for solar power generation. Prior to the government's "2050 Carbon Neutral Declaration" (October 2020), we are developing new businesses and services related to energy with a low environmental impact toward the realization of a carbon-free society.



In 2019, we become a sales partner of solar power generation third-party model service.



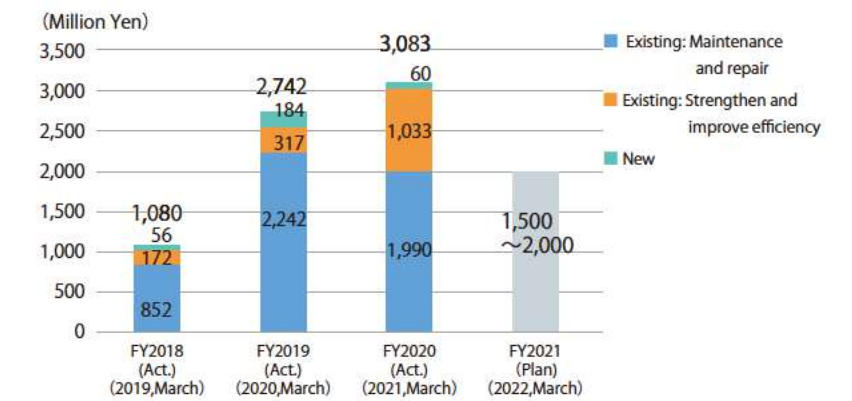
In 2019, in partnership with Mitsubishi Motors Corporation, we will start selling electricity supply and demand services exclusively for the company's "DENDO DRIVE HOUSE".

* 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.

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

Main purpose of the investment in the medium-term management plan is to improve the efficiency of existing equipment and increase investment, as well as to save labor by updating the core system. We plan to invest for further growth.

Changes in investment costs



⑤ Evolution to a group of specialists and training / securing of human resources to enhance customer 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 52.

⑥ Creating an environment where employees can work with high motivation

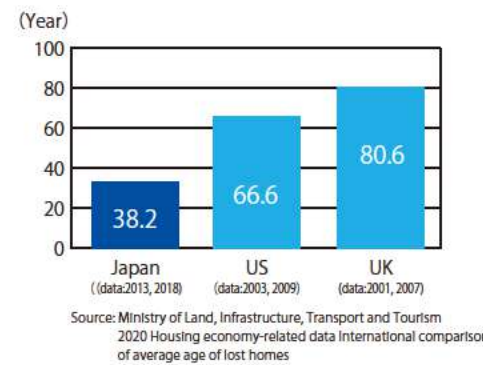
In order to improve the underlying "employee satisfaction" in order to increase customer satisfaction, we carry out employee satisfaction surveys and use them to understand and analyze the current situation in order to take for improvement. In addition, in order to enable diverse human resources to play an active role, we will improve the working environment for employees, such as a mentor system to support new graduates, active mid-career recruitment activities, and a retirement age selection system that allows you to select the retirement age according to your personal life plan. ⇒ see page 54

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

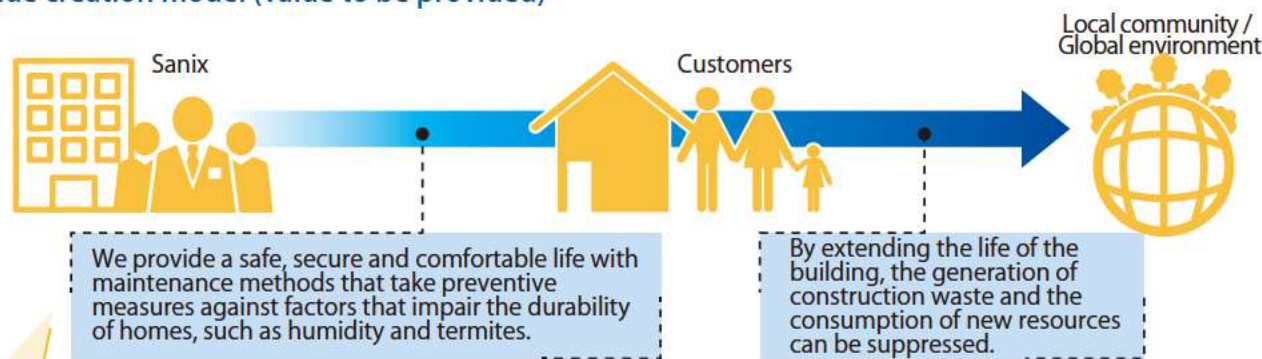


The lifespan of Japanese homes (the average number of years since demolished homes are built) is approximately 40 years, which is considerably shorter than in Europe and the United States. Wood decay and termite damage caused by moisture are one of the factors that shorten the life of a house.

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.



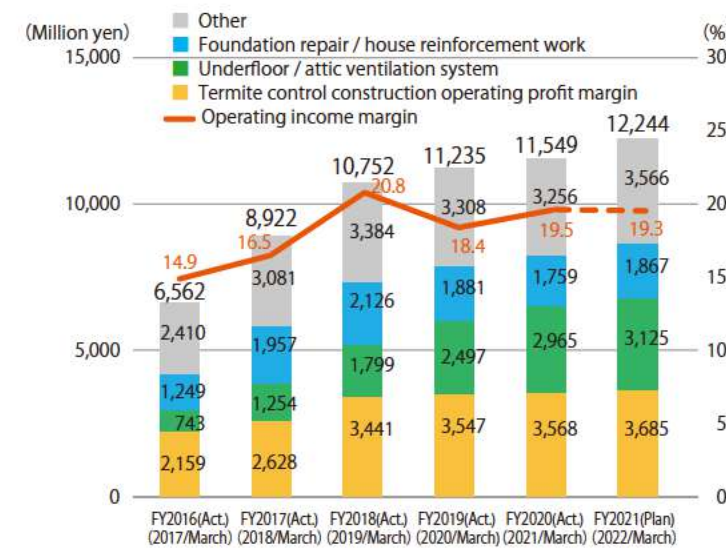
Home remodeling

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.

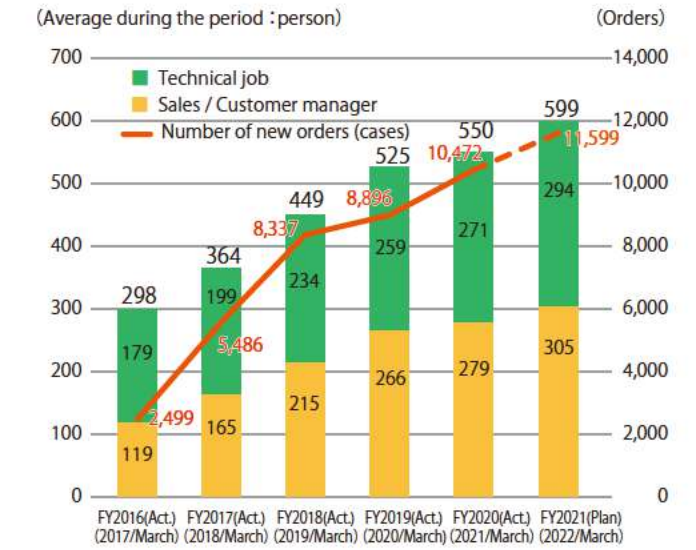
Plan / Act.

	Medium-term management plan							(Million yen)	
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018		
	Act.	Act.	Act.	Act.	Act.	Plan	Dif.(Δ)	Average growth(%)	
Amount of sales	6,562	8,922	10,752	11,235	11,549	12,244	+1,491	+4.4%	
Gross profit	3,285	4,947	6,371	6,746	7,083	7,254	+883	+4.4%	
Gross margin	50.1%	55.4%	59.3%	60.1%	61.3%	59.3%	—	—	
Operating income	979	1,471	2,231	2,061	2,248	2,366	+134	+2.0%	
Operating margin	14.9%	16.5%	20.8%	18.4%	19.5%	19.3%	—	—	

Sales / Operating income margin by product



Number of personnel / Number of new orders



Aiming for a house that can live for 100 years



Director, Managing Executive Officer, General Manager of HS Business Division, **Kazuyuki Tabata**

The HS business is the origin of Sanix, which we have been working on since our founding. This business was temporarily shrinking due to the shift to the solar power generation solution business, but we have been focusing again since 2016.

Under the theme of increasing the number of customers in the medium-term management plan, we are working to increase the number of new customers through reinforced sales force sales and strengthen the relationship of trust with existing customers to improve the reorder rate. In terms of specific measures, we are strengthening our sales force by recruiting and developing human resources, providing meticulous maintenance to existing customers, and working hard to expand the number of partner companies and organizations to expand and diversify customer's contact points. The number of alliance partners

increased by approximately 10 times compared to FY2016.

There are approximately 30 million wooden detached houses in Japan. In the housing market as well, values have shifted from "flow" to "stock", and instead of rebuilding, house-owners tend to conduct proper maintenance and maintain them as long-lasting houses.

On the other hand, as seen in the problem of vacant houses due to the declining birthrate and aging population, for example, new issues are spreading in the housing-related business, and we believe there is a market demand. We aim to be a company who can make best proposals for our customers' lifestyles and condition of their homes by leveraging our business model of periodical home condition checking.

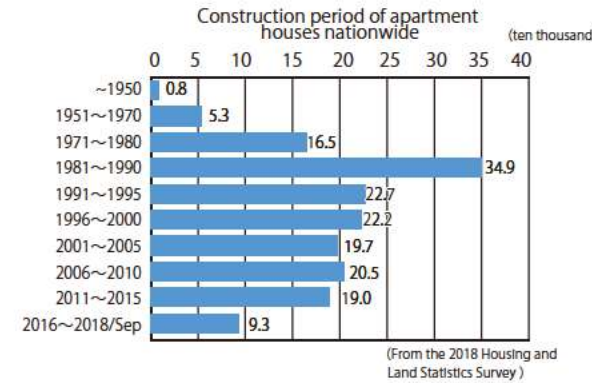
The number of our sales offices has increased to 50 sites, mainly in western Japan (As of May 31 2021). We expand the number of customers while consolidating the foundation of our existing business, such as termite control construction, through a detailed follow-up system closely linked to the area, and at the same time, as a contact point for housing-related services, we develop a system for providing services and a cooperative system, in order to enter promising markets in the future.

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.



Water pipe inspection with fiber-scope



Negatively charged water generator

Maintenance of buildings and condominiums

We manage a comfortable environment in total, such as hygiene management from water tanks to water pipes and faucets, waterproofing on the roof, painting, cleaning and repair of outer walls.



Rooftop waterproofing

Control of pests



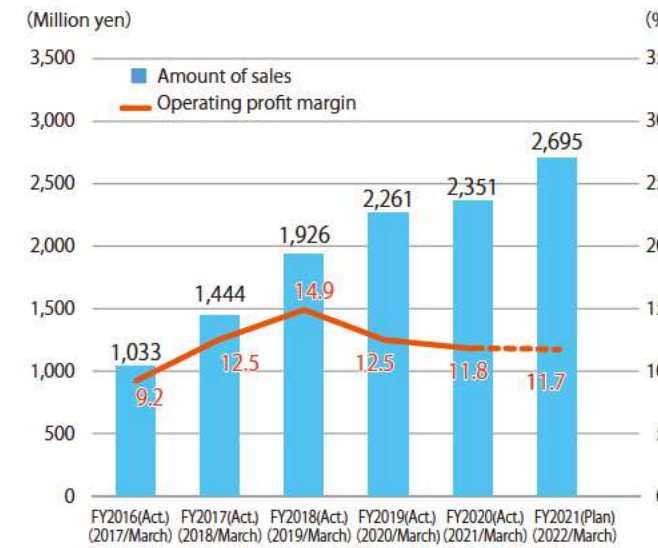
Pest control and removal

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. We also provide support and advice based on the hygiene management method "HACCP" required by food business operators.

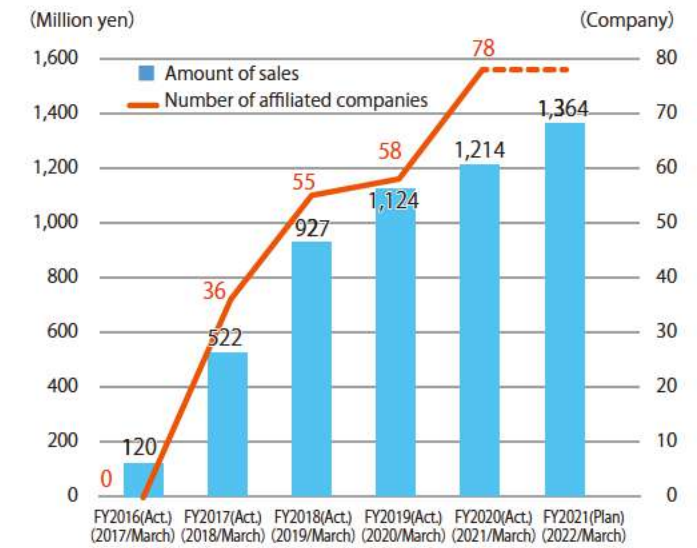
Plan / Act.

	Medium-term management plan							(Million yen)	
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018		
	Act.	Act.	Act.	Act.	Act.	Plan	Dif.(Δ)	Average growth(%)	
Amount of sales	1,033	1,444	1,926	2,261	2,351	2,695	+769	+11.8%	
Gross profit	410	689	993	1,188	1,279	1,421	+428	+12.7%	
Gross margin	39.7%	47.7%	51.6%	52.6%	54.4%	52.7%	—	—	
Operating income	94	179	287	281	276	316	+29	+3.3%	
Operating margin	9.2%	12.5%	14.9%	12.5%	11.8%	11.7%	—	—	

Sales / Operating Profit Margin



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



Protect the comfort and hygienic the space where people work and live



Managing Executive Officer, General Manager of ES Business Division
Yuji Kusano

The ES Division is engaged in hygiene management for corporates. The main activities are maintenance of water supply and drainage pipe facilities in buildings and condominiums, and pest control measures for food factories and restaurants.

In the maintenance of facilities for water supply and drainage pipes, we are expanding the number of customers, mainly through the sale and installation of rust prevention equipment (brand name " Daelman Shock "). In order to expand our customers' contact points, we have increased the number of business partners, including condominium owners, real estate and management companies. Both the number of referrals and the number of sales during the Daelman Shock have also increased to 10 times above the FY2016.

Water supply and drainage pipes in buildings and con-

miniums are usually not visible because they are located in the walls, under the floor or in the ceiling. As they deteriorate over time, major work such as replacing the pipes may become necessary. In order to prevent problems caused by such deterioration, we conduct surveys of the inside of pipes using endoscopes and propose maintenance and management measures in accordance with the current situation. On a global scale, reducing the number of repairs and rebuilding will contribute to reducing the consumption of new resources, and we will continue to work on conservation measures to improve value of building as assets.

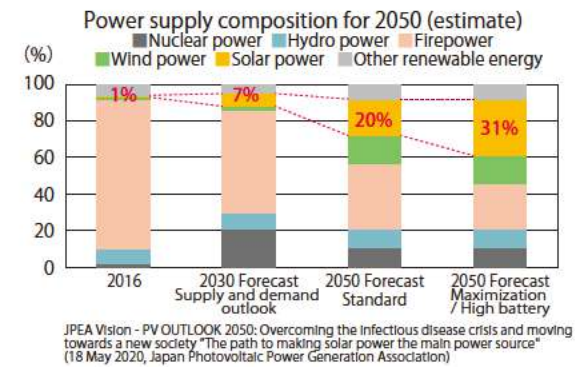
About the pest control, the revision of the Food Sanitation Law has made it mandatory for all food sanitation companies to adopt the hygiene management method called HACCP from June 2021. We intend to provide our know-how to restaurants, food factories, and many other businesses that are required to respond to the needs of the times.

In FY2020, we are also responding to requests for disinfection of relevant facilities due to the outbreak of the COVID-19. We will provide hygiene management with reliable technology and expertise.

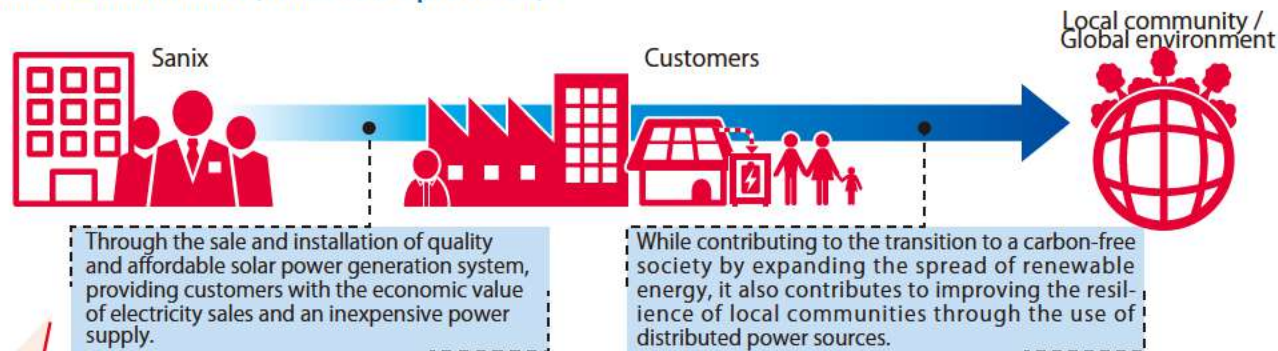
Value creation story in the Energy segment (SE: Solar Engineering Business)



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.



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.

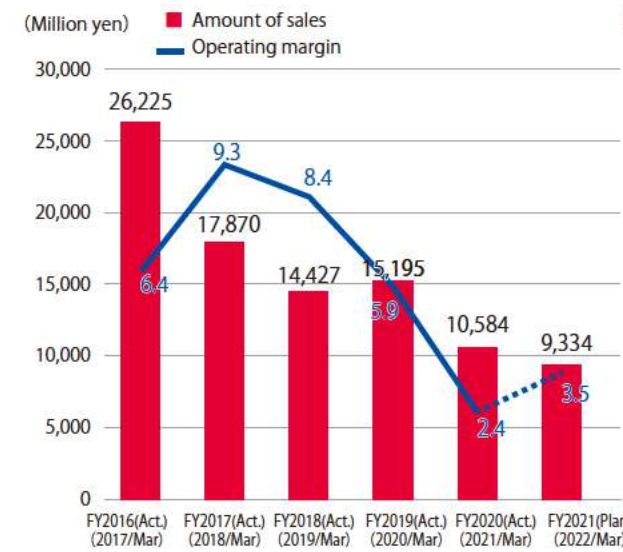
Mega solar business

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.

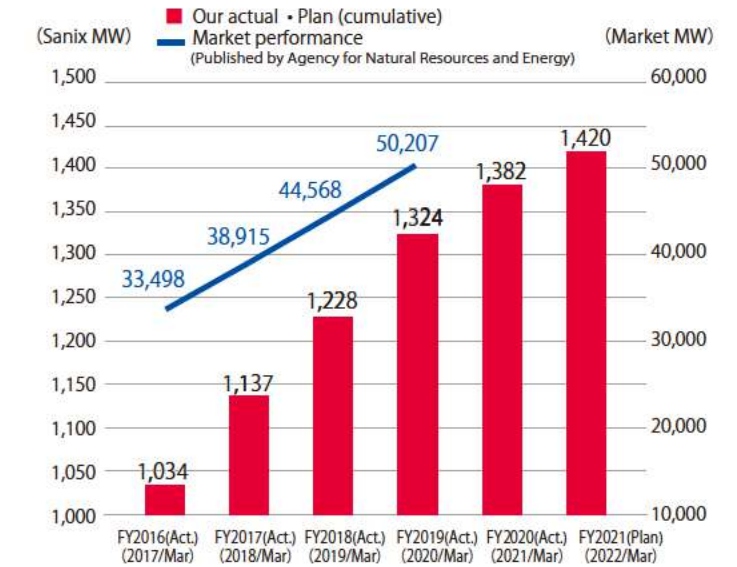
Plan • Act

	Medium-term management plan							(Million yen)	
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018		
	Act.	Act.	Act.	Act.	Act.	Plan	Dif.(%)	Average growth(%)	
Amount of sales	26,225	17,870	14,427	15,195	10,584	9,334	△5,093	△13.5%	
Gross profit	7,423	5,562	4,687	4,308	3,148	3,018	△1,669	△13.7%	
Gross margin	28.3%	31.1%	32.5%	28.4%	29.8%	32.3%	—	—	
Operating income	1,669	1,668	1,204	901	250	326	△877	△35.3%	
Operating margin	6.4%	9.3%	8.4%	5.9%	2.4%	3.5%	—	—	

Sales / Operating margin



Solar power generation system introduction amount (cumulative)



Sanix solar power generation on the roof of Japan toward the realization of a "decarbonized society"



In Japan, solar power generation has been popular with the support of the Feed-in Tariff (FIT) system for renewable energy. However, in recent days, the purchase price of the electricity is less expensive than "selling" thus "using" electricity generated by solar is becoming more economically valuable solution to the user. This means we are facing to the turning point from "Revenues from the sale of electricity" to "Self-Consumption" as an introduction motivation, but we believe that "this is the true state of solar power solution."

To date, we have cultivated customer needs in response to changes in the FIT system, including reviewing sales prices, selling bundles of business sites and solar power solution, and expanding our maintenance menu. From FY2020, we have been making proposals to customers with a focus on "self-consumption of solar power generation solution,"

which consumes electricity generated by solar power in stores and factories. In the future, we intend to more focus on the spread of "storage batteries" for more flexible self-consumption of solar power solution.

Since 2017, we have participated in Demonstration Project for the Construction of a Virtual Power Plant* conducted by METI. Realizing a virtual power plant solves the challenge of solar power generation solution, in which the power supply cannot be adjusted due to the weather. We will conduct demonstrations that will lead to social implementation in order to give momentum to the spread of solar power generation solution.

Over 10 years have passed since we began full-scale sales and installation of solar power generation. The environment surrounding solar power generation solution has changed, but its necessity remains unchanged. Rather, we believe that solar power generation solution, which can be addressed at the individual and business levels, will become more important as a representative of renewable energy in order to realize a "carbon-free society." By providing multiple products and services, we will continue our activities to popularize solar power generation solution while meeting customer needs.

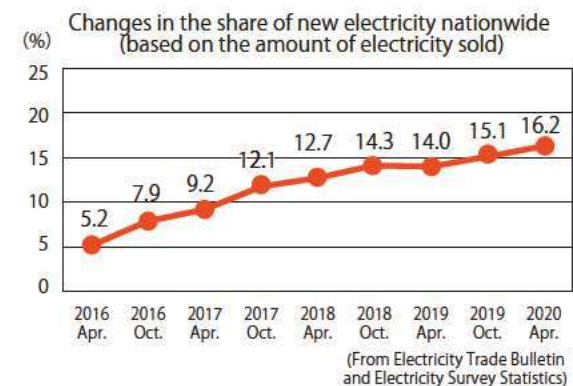
*Virtual Power Plant... See page 46.

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

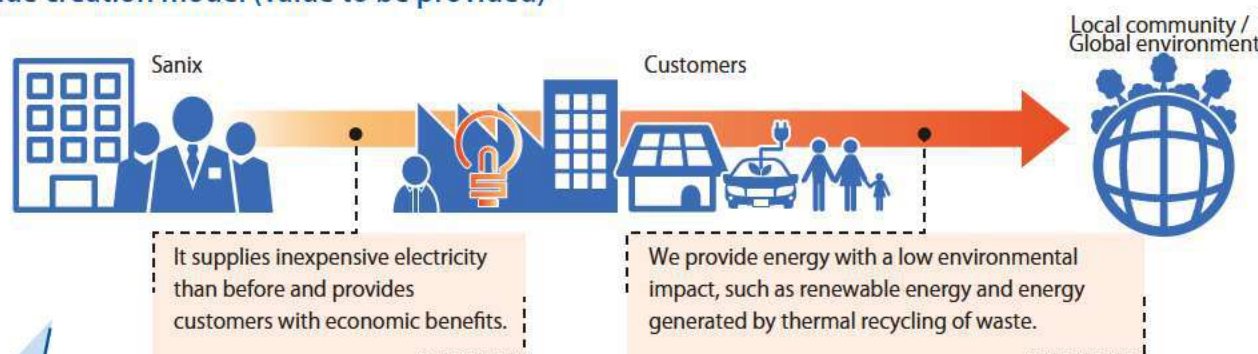


With the aim of achieving a decarbonised society, the way we deal with energy (energy saving, energy creation and energy storage) is becoming increasingly diverse. Following the deregulation of electricity retailing in 2016, the time has come to "choose your electricity supplier". Our main focus is on electricity retailing and energy-related business development.

Based on our accumulated experience and technology, we will continue to respond to the demand of an increasingly diverse age.



Value creation model (value to be provided)



Main products and services <Energy Business (EB)>

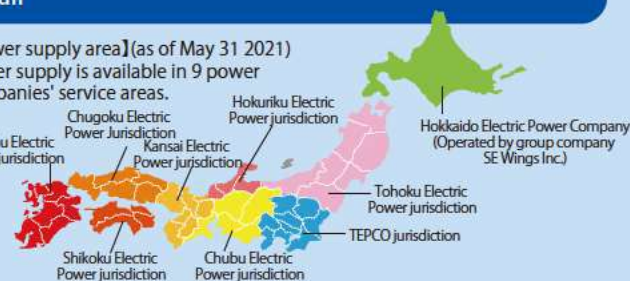
Electricity retail

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.



supply and demand management
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 2021)
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.



【Power supply configuration(source of power)】

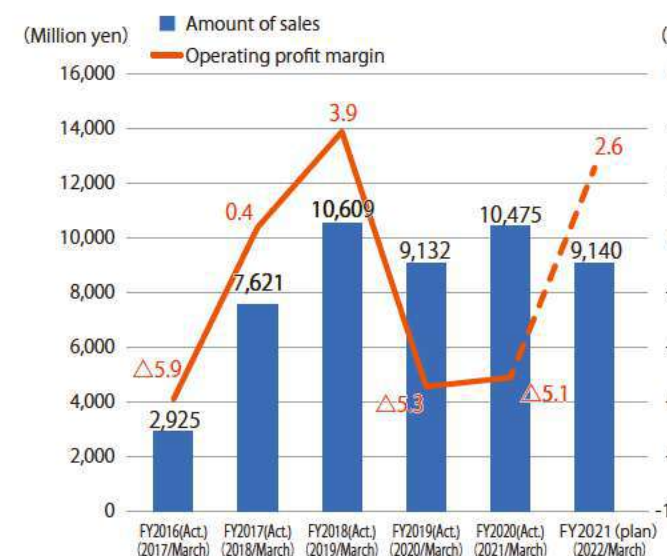
- Solar power generation (FIT electricity)**
We purchase the power of the solar power plant (customer) constructed by our company.
- Own group power plant**
The Tomakomai power plant operated by the subsidiary Sanix Energy Inc. is a thermal power plant that exclusively burns recycled plastic fuel.
- JEPX and others**
We are a member of the Japan Electric Power Exchange (JEPX). It is procured from JEPX, electric power companies (former general electric power companies) and affiliated power plants.

Plan · Act.

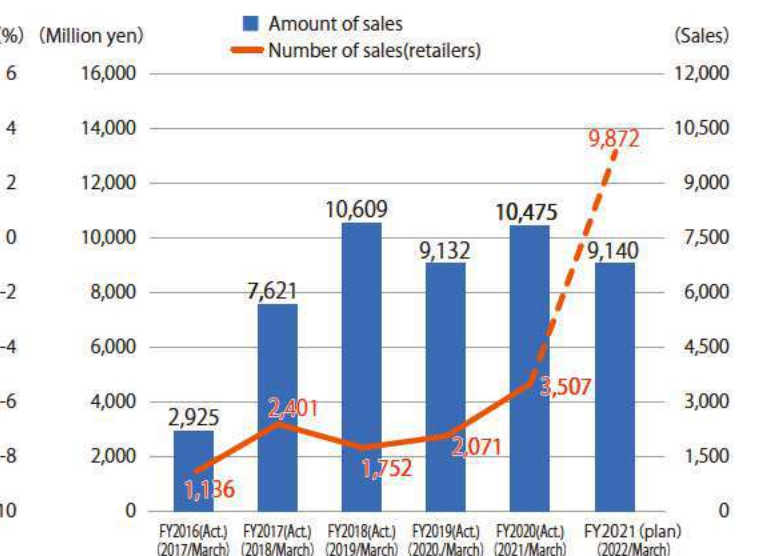
	(Million yen)							
				Medium-term management plan				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018	
Act.	Act.	Act.	Act.	Act.	Plan	Dif.(Δ)	Average Growth(%)	
Amount of sales	2,925	7,621	10,609	9,132	10,475	9,140	Δ1,469	Δ4.8%
Gross profit	84	208	616	Δ71	103	1,060	+443	+19.8%
Gross margin	2.9%	2.7%	5.8%	—	1.0%	11.6%	—	—
Operating income	Δ171	32	412	Δ485	Δ529	234	Δ177	Δ17.1%
Operating margin	—	0.4%	3.9%	—	—	2.6%	—	—

※Include intersegment sales

Sales / Operating Profit Margin



Sales/Number of sales(retailers)



Aiming for diversified development of energy-related business



Director, Senior Managing Executive Officer, General Manager, Energy Business Division
Koji Umeda

The global energy landscape is changing dramatically, and the energy business is now playing a very important role in society. The Energy Business Division is responsible for developing and promoting a wide range of energy-related businesses.

One of the businesses is the electricity retail business. We are actively expanding the scale of stable power sources such as SANIX ENERGY Tomakomai Power Plant. In April 2021, we launched "Plus Zero," a menu of environmental value options that can be combined with electricity plans. By combining electricity with non-fossil certificates and other initiatives, we can effectively offer the plan meeting the needs of consumer such as one that is considered

renewable energy and one that is considered CO₂-free. We will respond to the growing demand to realize a decarbonized society. In 2019, we launched an energy management business in response to the diversifying ways in which society deals with energy, including energy conservation, energy creation and energy storage.

We will use our expertise in solar power generation and resource-recycling power generation to develop and commercialize next generation energy systems that use renewable energy in combination with self-consumption models and storage batteries. In the past two years, we have been working to promote the spread of "distributed energy systems" in cooperation with general electric power companies and major automobile manufacturers.

We started out in the environmental hygiene business and have since developed our energy business as an extension of that. By developing new business models in collaboration with other companies and divisions of the Group, we will continue to actively develop our energy-related business from a more user side perspective and meet the diversifying demand of our customers.

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)



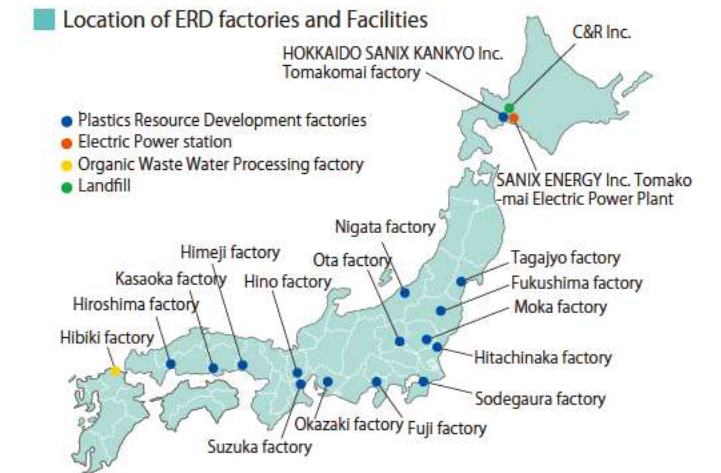
"Recycled energy" from waste plastic (resource recycling type power generation system)

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.



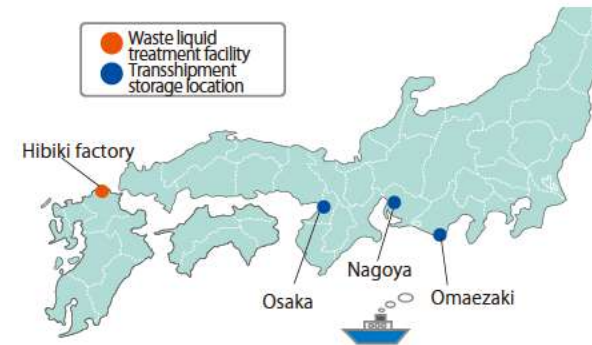
-From waste plastic collection / fuel conversion to power generation- Resource recycling power generation system



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

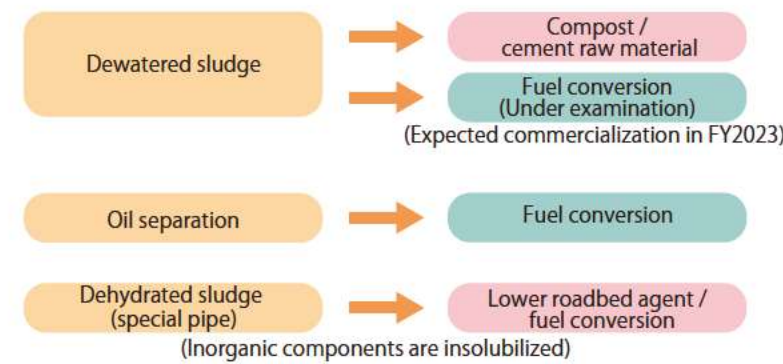
Along with the recycling-oriented power generation business (conversion of plastics into fuel and power generation using this fuel), another resource recycling business is the purification and treatment of waste liquids.

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.

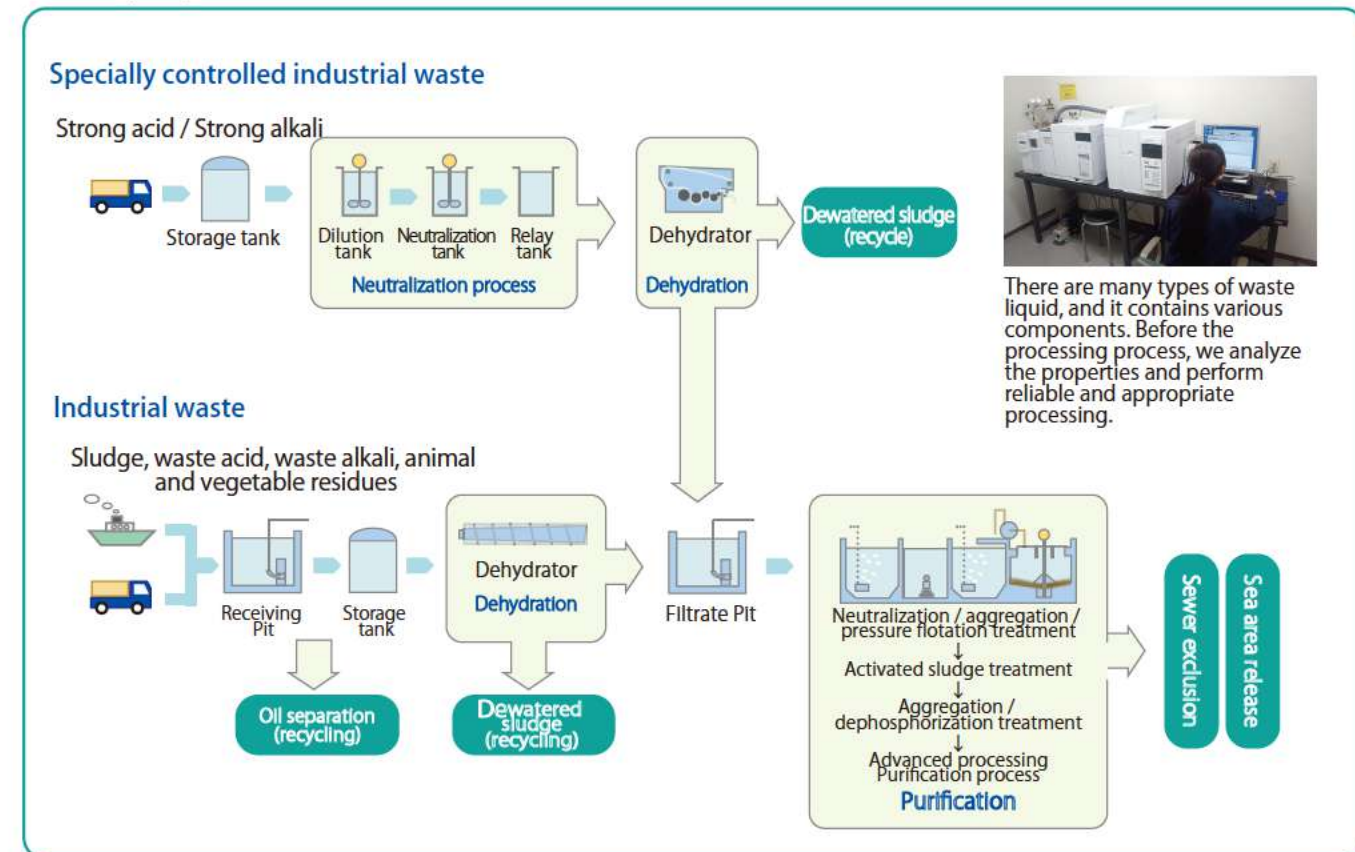
Recycling = resource recycling is the first priority, and process products are used



In addition to purification treatment, we recycle and reuse the oil and sludge contained in waste water. This contributes not only to the effective use of resources, but also to the expansion of the waste liquid received and the reduction of the final disposal costs of sludge.

Since 2018, we have been producing and selling recycled oil that concentrates the oil content from kitchen waste liquids. In addition, from FY2020, we started a test for the conversion of sludge remaining after dehydration treatment into fuel in our pilot plant to start operations in FY2023.

Waste liquid purification treatment flow



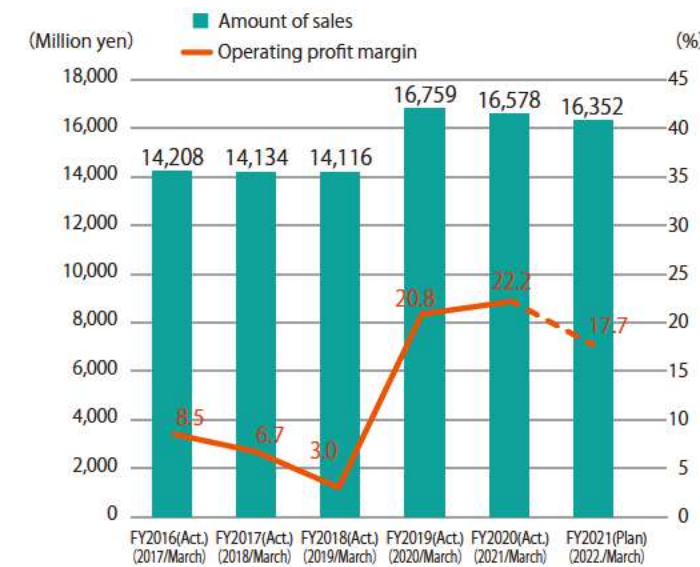
There are many types of waste liquid, and it contains various components. Before the processing process, we analyze the properties and perform reliable and appropriate processing.

Plan • Act.

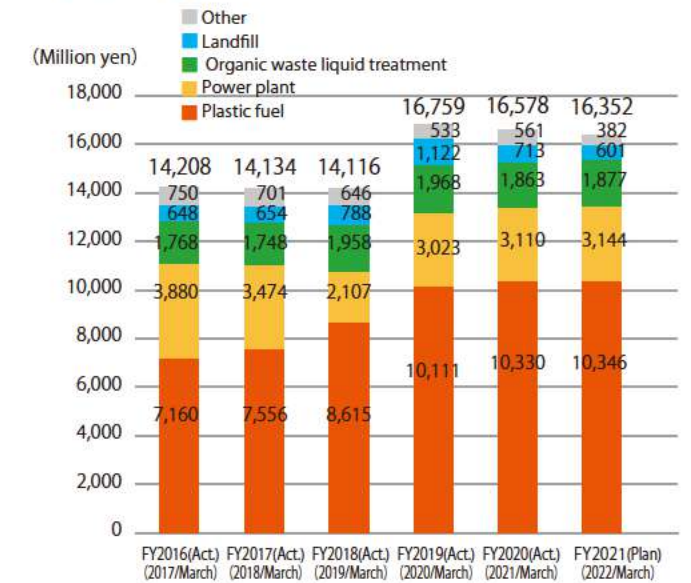
	Medium-term management plan							(Million yen)	
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	VS FY2018		
	Act.	Act.	Act.	Act.	Act.	Plan	Dif.(Δ)	Average Growth(%)	
Amount of sales	14,208	14,134	14,116	16,759	16,578	16,352	+2,235	+5.0%	
Gross profit	2,939	2,637	2,160	5,384	5,538	4,677	+2,516	+29.4%	
Gross margin	20.7%	18.7%	15.3%	32.1%	33.4%	28.6%	—	—	
Operating income	1,200	940	423	3,483	3,673	2,901	+2,477	+89.9%	
Operating margin	8.5%	6.7%	3.0%	20.8%	22.2%	17.7%	—	—	

※Include intersegment sales

Sales / Operating Profit Margin



Sales by division



Beyond the establishment of a "Resource recycling power generation system" business model that is unique in the world



Director, Managing Executive Officer, General Manager of Environmental Resources Development Business Division
Hideki Takei

The Environmental Resources Development Division is developing two main areas: Fuelization of waste plastic and power generation using the fuel (A Zero-Waste Sustainable Power Generation business) and purification of organic waste fluids. Approximately 20 years have passed since the start of all of these business.

In the resource recycling power generation business, we had faced a variety of challenges thanks to unprecedented efforts, we have accumulated the know-how to solve them. In the meantime, the waste plastic processing market is reaching saturation point after a long season of overheating. Once again, in order to take advantage of the strengths of the resource recycling scheme, we have shifted to measures that place the utmost importance on the quality

of plastic fuel to be well balanced between quality, quantity and the number of units processed.

Now that COVID-19 disaster has brought the waste plastic treatment market back into overheating of the market, the choice is no longer a question. With the policy "fuel quality first" in mind, we will continue to work with both the Sanix Resources Development Plant and the SANIX ENERGY Tomakomai Power Plant.

On the other hand, the liquid waste treatment business also continues to make steady progress. Commercial & industrial organic waste liquid purification business continue making steady progress. Last year, we introduced a fuel plant for sludge as a by-product of waste liquid purification. We will continue to strive for stable and solid operations.

Safe operation is naturally the foundation of our business. We intend to continue contributing to the reduction of waste volume and the effective use of resources while carrying out research and practical application of new initiatives based on the principle of creating a workplace that puts safety first.

Topics: For realization of a decarbonized society and a resource-recycling society

The escalation and emergence of the climate change issue has led to a global move towards decarbonisation. The Japanese government has also declared its intention to reduce greenhouse gas emissions to zero by 2050, i.e. to become carbon neutral by 2050, and to achieve a decarbonised society. In order to achieve this, we must not only conserve energy, but also make social changes to maximize the proportion of non-fossil power sources, mainly renewable energy, as soon as possible.

Environmental issues are becoming more serious, not only because of climate change, but also because of the increasing demand for resources, energy and food caused by global population increase and economic growth, and the consequent increase in the amount of waste, including marine plastic waste. The linear economic model of mass-production, mass-consumption and mass-disposal is no longer viable for the global economy as a whole, and there is a growing demand to move towards a more circular economic model.

Sanix Group is committed to accelerating the creation of technological innovations and new services that can contribute to solve these social issues, and to realize its philosophy of "Clean and Comfortable Environment for the Next Generation" through the implementation of these innovations in society.

Introducing case studies ①

Participation in Virtual Power Plant (VPP) Demonstration Project

Japan's electric power system has basically adopted supply to demand. However, in the wake of the tight supply and demand of electricity following the Great East Japan Earthquake. In addition to strengthening energy conservation the importance of energy management that considers the balance between supply and demand of electricity is strongly recognized.

After the earthquake, the introduction of renewable energy such as solar power generation and wind power generation has increased. As a result, introduction of distributed energy resources accelerated at the consumer side, such as cogeneration including solar power generation and household fuel cells, storage batteries, electric vehicles, and negawatts (electricity that is saved).

The decentralized energy resources introduced in Japan have become widespread. The system will function as if it were a single power plant, making it possible to adjust the balance between supply and demand of electricity.

This system is called a Virtual Power Plant (VPP). We believe that VPP technology will play an important role in promoting the introduction of renewable energy in order to realize a decarbonized society.

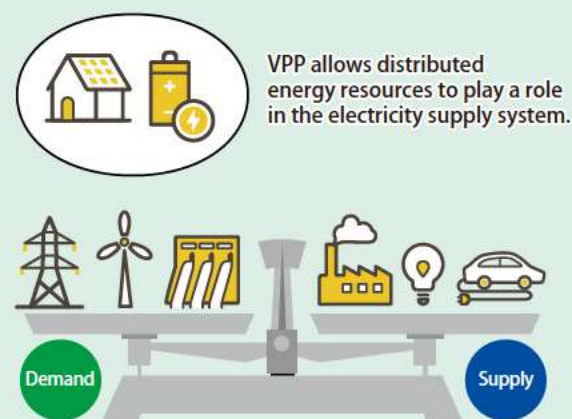
The VPP technology is the first step toward solving some of the problems faced by the electricity supply system by making up for the weakness of solar power generation in which it is affected by weather, thus the supply cannot be controlled. Since FY2017, we have been participating as a resource aggregator in a project subsidized by the Ministry of Economy, Trade and Industry (METI), the "Demonstration Project for Establishing a Virtual Power Plant Utilizing Customer-Side Energy Resources. In FY2020, we are collaborating with TEPCO Holdings Corporation, Kyushu Electric Power Company, and SB Energy Corporation in this demonstration project.

Characteristics of electricity~Balance of supply and demand~

Because electricity cannot be stored, it is necessary to maintain a balance between supply and demand at all times. If this balance is lost, the frequency, which can be considered the quality of electricity, will fluctuate, which may lead to accidents such as blackouts.

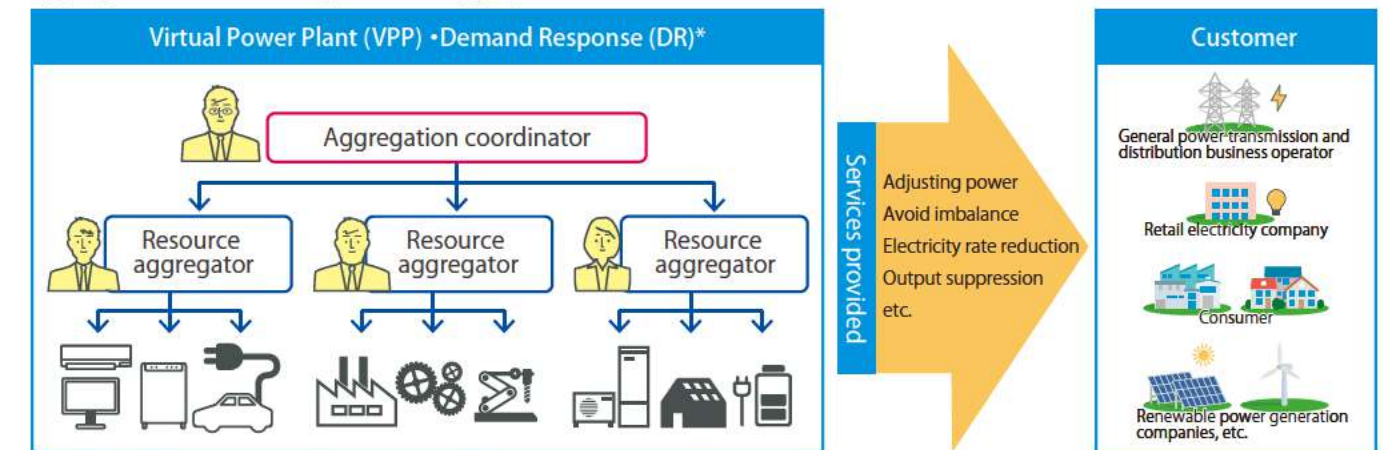
For this reason, it is important to supply electricity according to demand and to respond to instantaneous changes in supply and demand.

The role of maintaining this balance has until now been carried out mainly by the operation of large generators. VPP is expected to make it possible to utilize distributed energy sources.

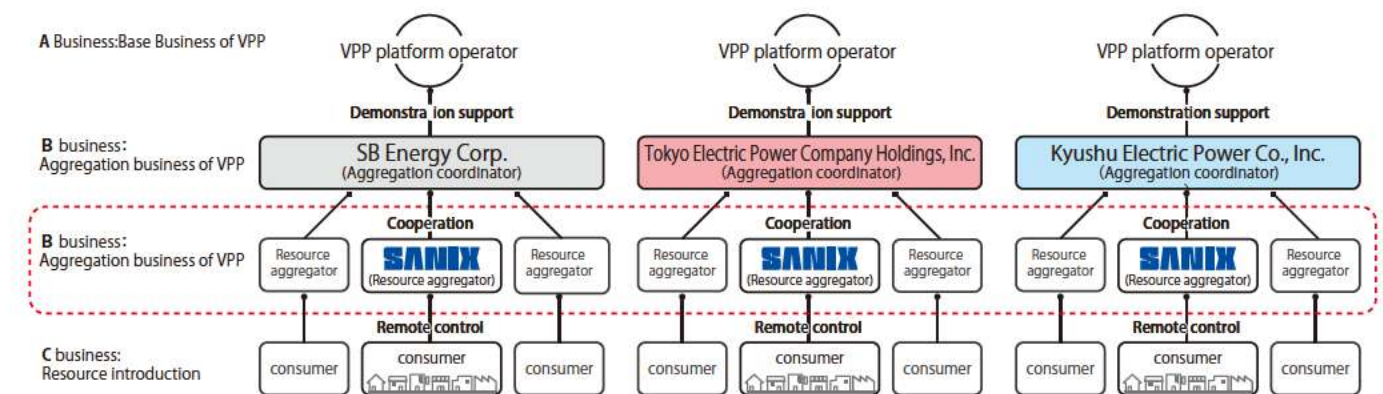


Overall image of the Sanix VPP construction verification project FY2020.

Aggregators, etc. and energy resource aggregation business

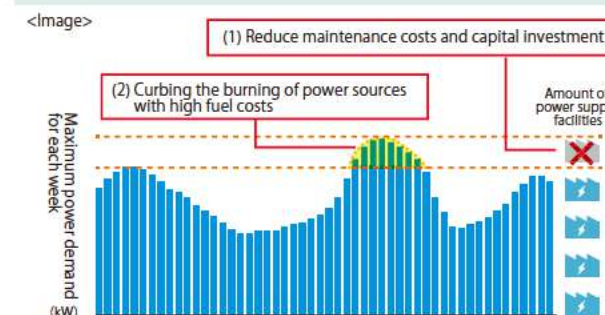


*Demand Response (DR): A mechanism that stabilizes the overall balance of electricity supply and demand by controlling the amount of electricity used by consumers.



Benefits of realizing VPP

Building an Economical Power System ~Reduce the cost of power generation~

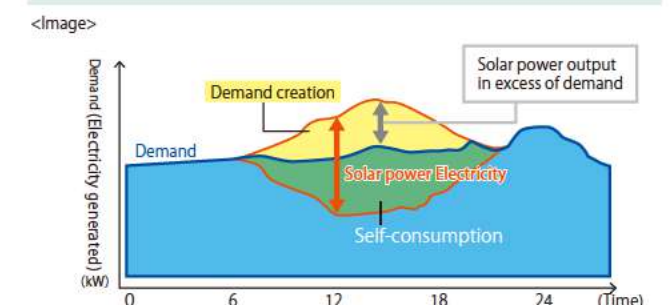


By reducing the amount of demand during peak hours or moving it to another time zone with VPP / DR, it is possible to level the load of electricity demand.

The peak hours of electricity supply and demand are only a short time throughout a year. However, power generation facilities are maintained and managed to meet this peak demand. Therefore, if the demand for electricity during peak hours can be suppressed, the maintenance cost of power generation equipment and capital investment can be suppressed. In addition, during peak hours, there are many cases where the required demand is met by increasing the number of power sources with high fuel costs. By suppressing peak demand, it is also possible to suppress the increase in the power supply. These measures will reduce power generation costs, leading to more economical energy use.

※ VPP is expected to have various effects such as cost reduction for grid stabilization, CO₂ reduction, and improvement of energy self-sufficiency rate (reduction of fossil fuel dependence).

Expanding the introduction of renewable energy ~We will use renewable energy without waste~



Renewable energies such as solar power and wind power fluctuate the output of power generation depending on the amount of solar radiation and the strength of the wind, so it is necessary to adjust the output of other power sources to absorb these fluctuations and match the supply and demand. For this reason, the introduction of renewable energy power generation equipment is progressing. For example, there are times during the day when the amount of power generated exceeds the amount of demand. In such a case, it is necessary to maintain the balance between supply and demand by suppressing renewable energy by so-called output control, but if demand can be created by VPP / DR, it is possible to effectively utilize the generated power. Specifically, by controlling energy resources on the consumer side such as storage batteries and creating demand that exceeds the initial plan, it is possible to maintain a balance between supply and demand. These measures are expected to contribute to the introduction of more renewable energy.

Topics: For realization of a decarbonized society and a resource recycling society

Introducing case studies ②

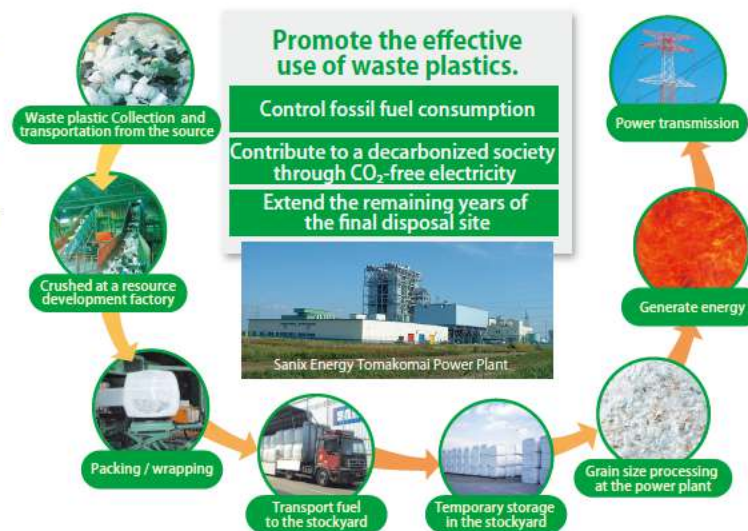
Resource recycling power generation system certified as "Non-Fossil Power Source"

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 social demands. In the course of its operations, the company has developed a "resource recycling power generation" system, in which plastics that were previously simply incinerated or disposed in landfill are reused as energy. At present, waste plastic from manufacturing plants and other facilities are converted into fuel at 15 plastic resources development factories throughout Japan and area used as fuel for power generation at the SANIX ENERGY Tomakomai Power Plant (a subsidiary of HOKKAIDO SANIX KANKYO Inc., completed in 2003), where it is recycled as energy.

From FY2020, Non-FIT Certificates for Non-FIT power sources are eligible for trading, and as a result, "Non-FIT Non-Fossil Certificates" have been issued for the electricity generated by SANIX ENERGY Tomakomai Power Plant. Recycled fuel made from waste plastic has a higher calorific value than coal, and when used as a fuel for power generation, it produces less CO₂ emissions and less incinerated ash, thus creating an energy source with a lower environmental impact.

With this resource-recycling power generation system, the Sanix Group will not only create non-fossil value, but also accelerate to the realization of a resource-recycling society.

Resource recycling power generation system



Management foundation that supports sustainable growth

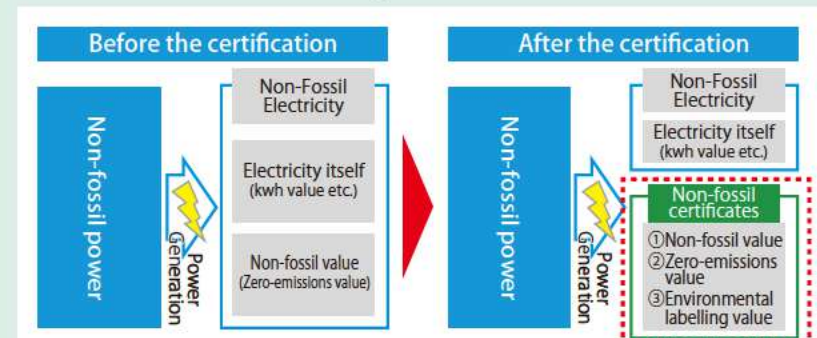


What are "Non-Fossil Certificates and Non-Fossil Value Trading Markets?"

Under the Act on the Improvement of Energy Supply Structure, which aims to expand the use of non-fossil energy sources in order to ensure a stable energy supply and reduce environmental impact, retail electricity providers are required to increase the ratio of non-fossil power sources in the electricity they supply to 44% or more by 2030. To facilitate to meet this goal, a non-fossil value trading market was established in May 2018 to certify and trade the "non-fossil value" of electricity generated from non-fossil sources.

The non-fossil value trading market started with the trading of non-fossil certificates for FIT power sources from FY2020, Non-FIT Certificates for non-FIT power sources are eligible for trading, and as a result, "Non-FIT Non-Fossil Certificates" have been issued for the electricity generated by SANIX ENERGY Tomakomai Power Plant. These certificates will be traded on the Non-Fossil Value Trading Market or through relative transactions.

How the non-fossil value trading market works



Ref: Agency for Natural Resources and Energy "About the Non-Fossil Value Trading Market"

- (1) Non-fossil value: The value that can be recorded as non-fossil power source when calculating the ratio of non-fossil power source under the Act on Sophisticated Energy Supply.
- (ii) Zero emission value: The value that a retail electricity supplier can subtract from its actual carbon dioxide emissions when calculating its adjusted emission factor, the amount of CO₂ emissions calculated by multiplying the amount of electricity procured from non-fossil certificates by the "national average factor".
- (3) Environmental Indication Value: The right of a retail electricity supplier to indicate and claim its added value to consumers.

Non-fossil power supply

	Renewable energy designation		No renewable energy designation
	FIT Power Source	Non-FIT renewable energy sources	Non-FIT non-fossil sources
Example	Solar, wind, small hydro, biomass, geothermal, etc.	Large hydro, etc.	Nuclear power, waste plastics, etc

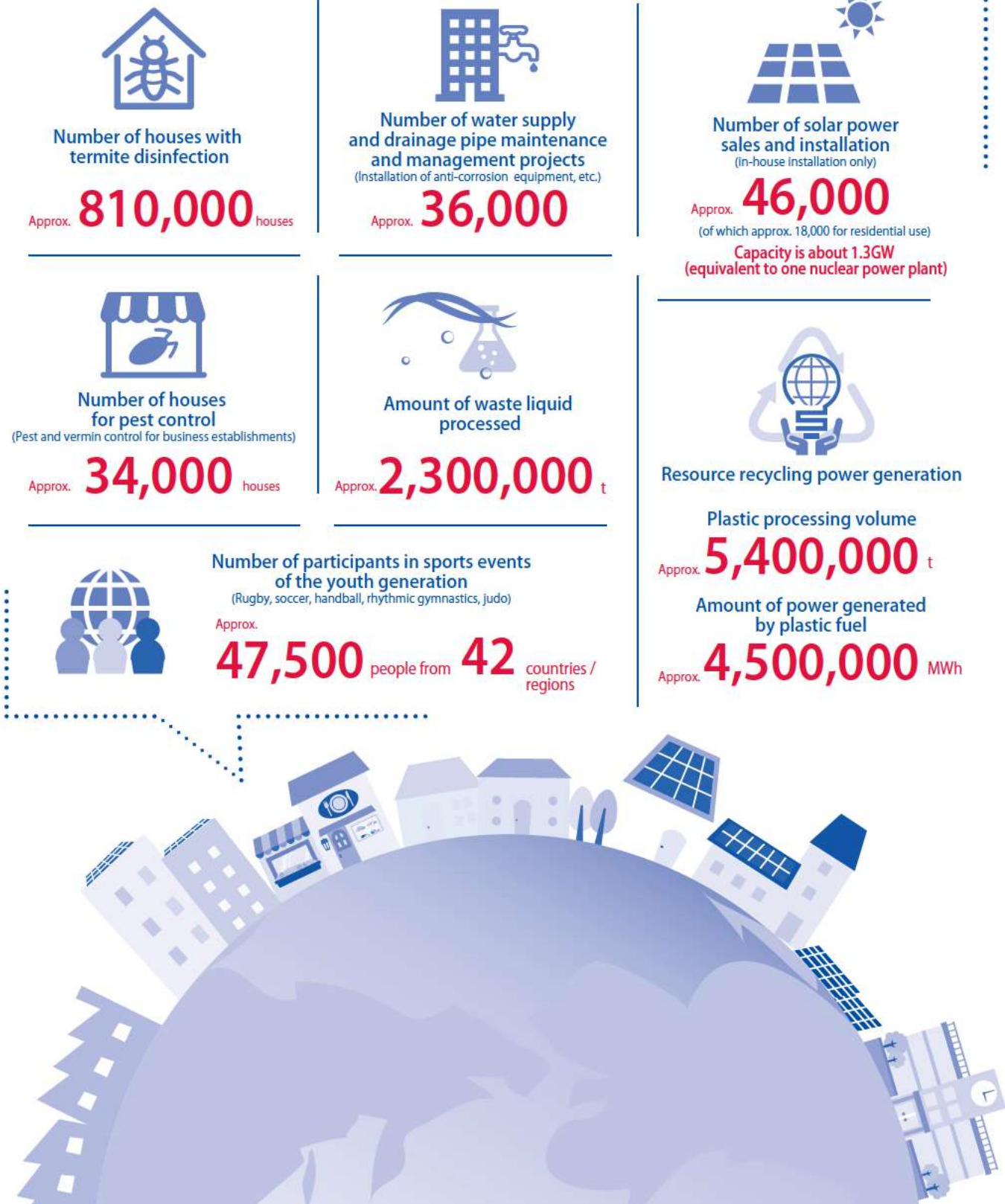
- Sustainability in business activities
- Sustainability about people
- Social contribution activities
- Sustainability data
- Management system
- Corporate governance
- Compliance • Risk management

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 2021)



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 Nishinomiyama 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)

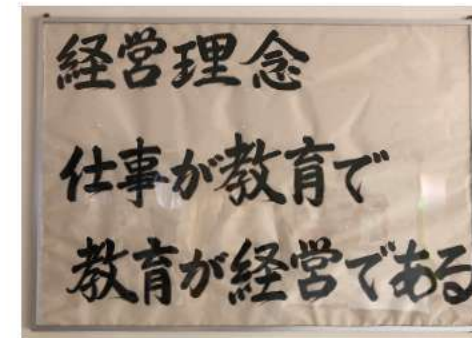
To realize "people are quality".

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."



Work is education and education is management

Develop management personnel through step-by-step capacity development

~ Development of ability development method ~

Ability development begins with the development of a "mind", not just skill improvement. As a feature, we have incorporated a program aimed at fostering minds into all training. Mind is not only the driving force of actions such as will and motivation, but also includes how to perceive things, how to see and feel, understanding oneself, physical and mental health. We are developing training to bring out the potential of each individual by working firmly on that driving force and raising awareness of the given role.

Improvement of organizational management ability / Creation of new business / Strengthening · Expansion of existing business / Achievement of management plan / Realization of philosophy · vision



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

A total of 107 training sessions (total of 2,297 participants) have been conducted at the in-house training facility "Comprehensive Training Center" from FY2018 to FY2020*.
*Cumulative number of participants in all training conducted in-house.

There are 6 lecture rooms, including a lecture room that can accommodate 100 people. In addition, there are large and small meeting rooms and 16 Japanese-style accommodations. We also take meticulous preventive measures such as ventilation and installation of barrier shields to prevent the spread of new coronavirus infection. 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.

A wide variety of training systems ~Establishment of skills required for each layer~

Training is divided into four types: for new employees, by position class, division, and retention / training. We are strategically implementing strengthening skills that focus on each position class, company history and business by replacing them with the Katz model (a framework that considers the ratio of "abilities required according to position").



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."

<Training by position class>

Sanix Group is focusing on developing leaders, and we are supporting next-generation leader candidates.

<Introduction training for new employees>

We conduct introductory training for all new employees and follow-up training for new graduates four times in total.

A variety of elaborate training curriculums

The training requires a match between theory and substance, and incorporates a curriculum that uses various methods



Mountaineering training to experience Sanix Mind in collaboration

"If you don't throw it out in the middle (don't give up, don't throw it out, go through), you can reach the top and feel the sense of accomplishment." Sanix Group are incorporating mountaineering into our training with the aim of projecting bond-building on mountaineering and collaborating with everyone to pass on the sense of community as an organization.

* Since 2020, alternative programs have been implemented due to the influence of the COVID19.



Invited Mr. Fujii, National Team Director of the Japanese Rugby National Team, as a lecturer for management training

In the manager training, Sanix Group invited Yuichiro Fujii (currently the chairman of the Japan National Rugby Union Strengthening Committee), the former director of our rugby club. He gives a lecture on how to create an organization from the perspective of the team's ideals, significance of existence, managers, and individual roles of players. His approach, which was in charge of the team in the top league in Japan, has a great influence on the manager who is in charge of "how to move the Sanix business itself."



Introduced team building by in-house rugby team

We are building a team with our own rugby team. Through health promotion programs by rugby team medical trainers and simulated rugby experiences (games using tag rugby and rugby balls, etc.), participants learn the importance of health management and organizational theory in working.



Expanding understanding and penetration of SDGs through company-wide education

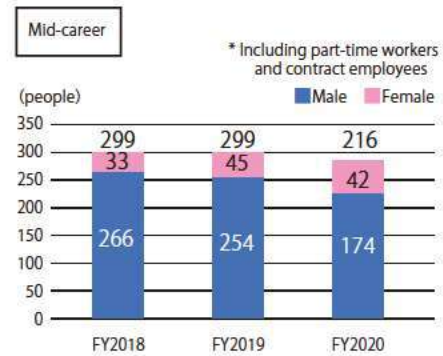
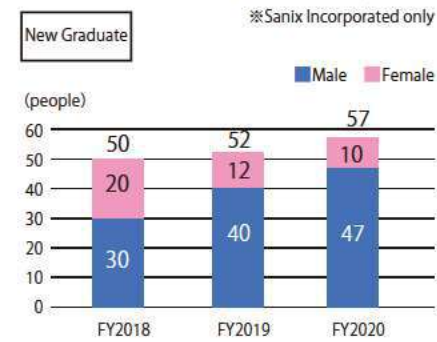
Since all of our business is directly linked to the achievement of the SDGs, we believe that it is necessary for all employees to understand its importance and to be aware that they are the embodiment of it. In the introductory training for new employees, we give a lecture on SDGs with the theme of embodying Sanix's philosophy and vision.

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)



Employment support system

New Graduate 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.

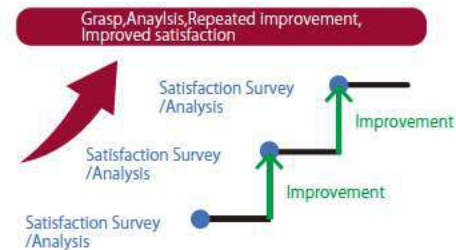
Mid-career Retirement age option for life plan



We have hired a wide range of mid-career workers, ranging in age from teens to 50s. "In this age of 100 years of life", we have adopted a retirement age system (60 or 65 years old). In addition, we flexibly respond to the career and life plan development of our employees by renewing their contracts every year after 60 or applying for employment as a non-regular employee after the age of 65.

Employee Satisfaction Survey

Sanix Group conducts employee satisfaction surveys to improve the underlying "employee satisfaction" in order to increase customer satisfaction. In the survey, Sanix Group categorized into 6 indicators such as "motivation to work" and "human relations" and conducted a satisfaction survey for regular employees. By quantifying indicators that are qualitative and difficult to see, Sanix Group grasps and analyze the current situation and take measures for improvement. As an example, Sanix Group is implementing improvement activities by a working group to build a mechanism for acquiring knowledge and skills in manager training and to solve the problem, in response to the problem that "individuals are causing a bias in the amount of work".



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.

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.

Company housing system

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

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.

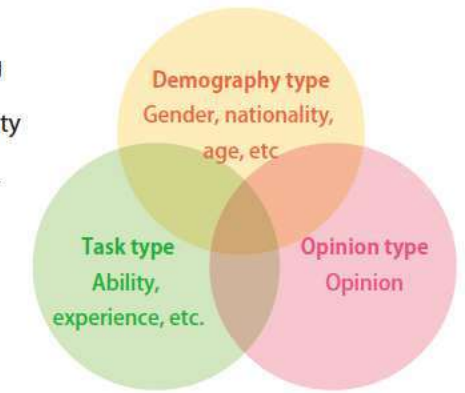
Welfare services (Benefit Station)

Join the industry's largest membership benefits service. Employees can receive benefits in various situations such as leisure, gourmet, and shopping. It also offer our own services in collaboration with the Sanix Mutual Benefit Association.



Promotion of diversity within the company

"Diversity" refers to management that seeks to increase productivity by accepting diversity such as age, personality, and values, regardless of gender or race, and making extensive use of human resources. Originally, diversity is essentially a trinity of demography type, task type, and opinion type, but in general, only demography type precedes, and Sanix Group thinks that there is a difference in interpretation.



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.

Pick up people!



D T O

Information Technology system department
Manager

Kiyotaka Koshio
(Joined mid-career in 2012)

So far, I have experienced the fields involved in the planning, development, and operation of information systems. At Sanix, after working in the Internal Audit Office, I am currently working in my current position.

Two years ago, I turned 60 and extended my retirement age to 65 due to the retirement age extension option system. As society and companies are becoming DX (digital transformation), my current goal is not only to promote our own DX, but also to pass on my knowledge and know-how, mainly to young people who will lead the next generation. Ultimately, my mission is to create people who are capable of driving project management and setting up new systems on their own.

Number of employees rehired due to extension of retirement age: 124 (as of March 31, 2021)



D T O

Planning and Development Department
Deputy Chief

Ling Ling
(New graduate joined in 2013)

I was born in China, and came to Japan in 2009, and after graduate school, I am still here. Planning and Development Department upgrades products and develops new products. I also use my language skills to negotiate with business partners, create materials to use, secure materials, and reduce costs.

I am completely familiar with Japanese culture, and I rarely feel the language and cultural barriers that arise from differences in nationality. I am having a good time every day with the support of my boss and colleagues who are willing to express their opinions and accept me warmly. In the future, I would like to propose products that I have devised, obtain approval, and even develop them.

Number of foreign nationals enrolled: 30 (as of March 31, 2021)



D T O

Legal department
Section Manager

Hayakawa Manabu
(New graduate joined in 1983)

I have been working for Sanix for 37 years as a first-year new graduate. When I was 3 years old, I suffered from polio and my leg muscles were partially disabled. However, by treating everyone in the company as the same person, I can work with almost no awareness of being a person with a disability. The important thing is to clarify what you can and cannot do. By doing so, it is our good point that people around us understand and accept it.

I will soon turn 60, but I have also decided to extend my retirement age to 65. If I still have something to contribute to the company, I would like to continue to do my job positively.

Legal number of employees with disabilities: 32 (as of March 31, 2021)



D O

Rugby Club
(Munakata Sanix Blues)

Kern Hesketh
(Joined the team in 2010)

※Born in New Zealand

Rugby is a sport that world's cultural exchange is involved, so I believe the key to demonstrate teamwork is to respect each other's culture and accept the situation around you. By practicing and demonstrating not only teamwork, but also hard work and discipline in every aspect, I would like to be a player whom young players like to become. I will strive to create a team that develop career in rugby, support the family, share the importance of hard work, is always positive and energetic and do your best in every play, no matter how hard it is.



D T O

Engineering Department
Manager

Reiji Ogata
(Joined mid-career in 1999)

Currently, I am in charge of developing solar power installation methods and system construction. Sanix Group are promoting the acquisition of employee qualifications for Type 2 electricians required for power generation construction. In the future, Sanix group will also promote the acquisition of Type 1 electrician qualifications. Sanix's strength lies in its "one-stop system," which is a system that undertakes sales, construction, and maintenance, and after-sales follow-up, so that Sanix Group can fulfill our responsibilities to our customers. As a company, Sanix Group will fully back up the active acquisition of related qualifications so that not only construction but also inspection and diagnosis can be carried out accurately with technical capabilities.

Electrician qualification holder Type 1: 64 Type 2: 229 (as of March 31, 2021)

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 FY2020, Sanix Group distributed materials in consideration of the effect of COVID-19.

Targets and results for occupational accidents (FY2020)

【Annual Targets】

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.

【Basic Policy】

- Enhance safety and health education
- Ensuring mental and physical health by eliminating long working hours
- Do not leave chronic fatigue

【Target】

- Occupational accidents are regarded as problems of the entire company, and information on the causes of certain occupational accidents and measures to prevent recurrence shall be utilized to eliminate similar accidents. As a result, reduce the number of lost time (four days or more) associated with occupational accidents by 10% or more from the previous fiscal year.
- Employees engaged in dangerous or harmful work shall be given safety and health education in advance. Sanix Group is also developing education to encourage employee autonomy and increase sensitivity to risks.
- Understand the relationship among long working hours, occupational accidents and health problems. For those with accumulated fatigue, increase the interview rate with doctors by more than 10% compared to the previous fiscal year, and pay attention to their own health.

【Number of victims of serious occupational accidents】

FY2018	0
FY2019	0
FY2020	0

【Number of Fatalities caused by occupational accidents】

FY2018	0
FY2019	0
FY2020	0

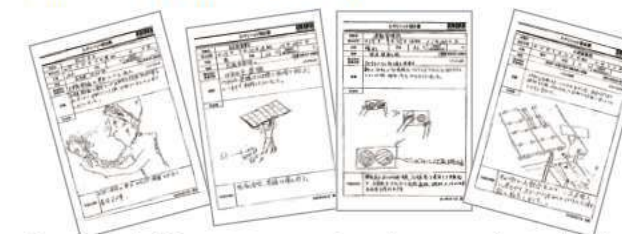
【Trends in the Total Recordable Injury Rate (TRIR) and Lost Time Incident Rate (LTIR)】



Examples of safety and health management activities

■ Sharing and using near-miss Cases

【SE・HS・ES business division】



Cases recorded from time to time by each site are submitted to the Headquarter. 160 cases gathered in FY2020. A collection of near-miss cases is compiled and distributed at the Safety and Health Officer Meeting in March.

【Environmental resource development business division】



Cases recorded as needed at each sites are submitted to headquarter once a month. Examples of high-risk cases are discussed at the safety and health meeting held at the site every month, and countermeasures and rules are determined, and equipment-wide safety measures are implemented.

■ 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.

Unique initiatives by each site are introduced to all sights in the 5S poster, and information is widely used. In addition, on-site cross-checks inspections are conducted at each site.

【SE・HS・ES Business Division】



【Environmental resource development business division】



■ Safety conference

(Environmental resource development business division)



In FY2020, a safety convention held at each factory under the theme of prevention of accidents caused by heavy machinery, forklifts, and vehicles. An external lecturer was invited, and all participants enhanced their knowledge and awareness through hands-on lectures such as inspections of forklifts and heavy machinery, operation, experience of blind spots, and impact tests.

■ Safety and health officer meeting

(SE・HS・ES business division)



To prevent the spread of COVID-19, Sanix Group has held this meeting online since July 2020. (Photograph: August 3, 2020)

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.

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 FY2020, it was judged that there were no people with high stress.

■ 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.



A blindfold sticker is used to make it easier to answer honestly even when collecting on the spot (questionnaire of the HS business division).



We provide feedback to our employees once a month (in the bulletin board and online in-house newsletter).



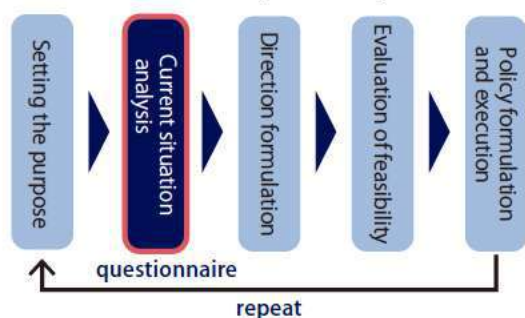
Answers are also available on the web.

② Customer satisfaction improvement questionnaire

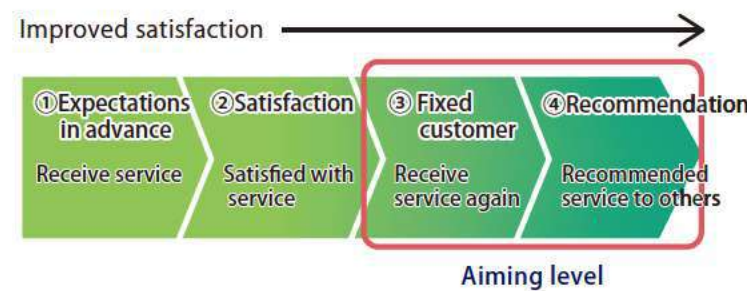
Since FY2018, we have been conducting an annual questionnaire survey for customers of detached houses. Approximately 5,500 people are randomly selected from customers during the termite disinfection warranty period. We collect and analyze responses by mail and online. The answers obtained are analyzed 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

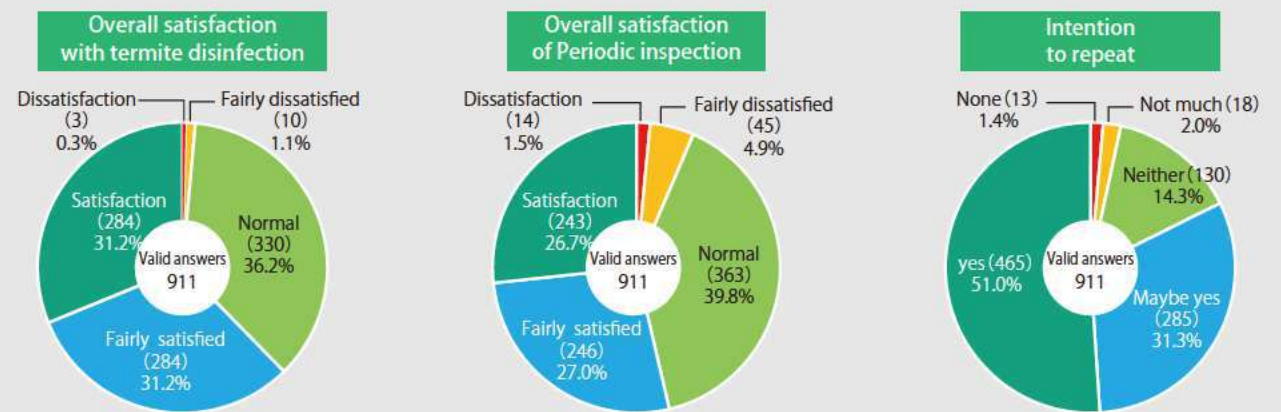


Implementation status of "Customer Satisfaction Improvement Questionnaire"

	Implementation	Number of distributions (person)	Number of valid answers (person)	Valid response rate	Overall satisfaction (average score out of 5)		
					termite disinfection	Periodic inspection	Intention to repeat
FY2018	JAN/2019	5,373	1,223	22.8%	3.83	3.71	4.28
FY2019	JAN/2020	5,484	1,224	22.3%	3.84 ↗	3.71 →	4.25 ↘
FY2020	JAN/2021	5,608	911	16.2%	3.88 ↗	3.72 ↗	4.29 ↗

※ Arrows indicate year-on-year changes.

FY2020 questionnaire results (partial excerpt) Number of respondents in parentheses



Opinions on regular inspections

Level of satisfaction	Opinion (partial excerpt)
Satisfaction	<ul style="list-style-type: none"> Generally, the construction is completed at the beginning, but Sanix always has a regular inspection every year. Thank you very much. Employees are always easy to understand and provide guidance on regular inspections, etiquette during visits, and reports after inspections. Thank you to all Sanix employees.
Fairly Satisfaction	<ul style="list-style-type: none"> Employees have a sense of cleanliness, and the explanations are easy to understand. I would be grateful if you could leave the appointment over the phone on the answering machine.
Normal	<ul style="list-style-type: none"> There is not enough explanation for what you want to focus on during construction. I received a postcard for an employee visit, but I was surprised that the appointment over the phone was too close to me, "How about tomorrow?"
Fairly Dissatisfaction	<ul style="list-style-type: none"> Inspection time varies depending on the person in charge.
Dissatisfaction	<ul style="list-style-type: none"> Sometimes the person in charge did not come at the appointed time.

Major initiatives that reflect the results of questionnaire

By analyzing the results of the questionnaire, "satisfaction with regular inspections" was determined. ① Intention to re-order (I want to ask Sanix again) ② Conclude that there is a high correlation with the recommendation intention (want to proceed to an acquaintance). We have implemented measures to improve the satisfaction level of regular inspections.

▶ Renewed the "Customer Satisfaction Questionnaire Postcard" (left page) to collect information in order to consider specific measures for "inspection details" and "inspection result report".

▶ Implement measures that reflect the opinions of customers obtained from questionnaire postcards, etc.

(Example comment)
 "It's nice that you look around the house, but I wish you'd say something before you do it."
 "The handwriting on the report is hard to read."
 "I'm glad I could express my feelings through this survey."

- Digitization of documents
- Introduction of a system to listen to customers' opinions:
- Assignment of full-time staff for "thank you calls*" for contracts
- Establishing a consultation service for customers with external specialized organizations.

*In addition to thanking the customer for signing the contract, this call is used to collect potential opinions and requests and to clear up any unclear points before the service is provided.

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.



Since October 2015, these five competitions have been implemented as sports for tomorrow certified projects.

* SPORT FOR TOMORROW (SFT): Japanese government is aiming for a better future in the world, sharing significance of sports, and promoting the Olympic and Paralympic movements to people of all ages.

Global Arena Bulgarian Festival

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



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

SANIX World Rugby Youth Tournament

Held every year from late April to early May since 2000.
Girls (Rugby sevens) Annual event held since 2013.
[Host: Japan Rugby Football Union, SANIX Sports Foundation, Global Arena]



■ Participant nations and regions
Australia, Canada, Taiwan, England, Fiji, France, Ireland, Italy, South Korea, New Zealand, Russia, Samoa, Scotland, South Africa, Tonga, Uruguay, Wales, Japan
(Total number of participants until 2019: 13,000)

SANIX Cup Int'l Youth Soccer Tournament

Annual event held at the end of March, since 2003
*March 2021 is a domestic tournament
[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 2021: 7,300)

SANIX Cup U-17 Int'l Handball Tournament

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



■ Participant nations and regions
Canada, France, Germany, Hong Kong, South Korea, Netherlands, Taiwan, Thailand, Japan
(Total number of participants until 2019: 3,400 people)

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 2019: 10,150 people)

SANIX Int'l Juvenile Judo Championship in Fukuoka

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



■ Participant nations and regions
Australia, Beslan, Bulgaria, Chechen Republic, China, Germany, Hong Kong, Israel, 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 2019: 11,700)

* In 2020, the implementation of all of them was postponed to prevent the spread of COVID-19.

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.



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).

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 Kazanlak 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.

■ 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 Kazanlak, 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.

SANIX World Rugby Youth Tournament 2019



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 (from 2019 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 held a clinic for kids and a collaboration event with e-sports.



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 (from 2019 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 competition, exchange games between overseas teams, exchange meetings between participating team players, exchange meetings with participating team leaders and tournament officials, and sightseeing were also held.



Comments from participants

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

SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament (from 2019 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 2019 Tournament)

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 rhythmic gymnastics club that came to Japan also performed at a local elementary school and held an exchange event for the athletes.



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 2020 Tournament)

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 2019)

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-



Sanix Group has a rugby club "MUNAKATA SANIX BLUES" (founded in 1994). Our rugby club, together with the Sanix Sports Promotion Foundation (established as a foundation in 1997), which also has Sanix as its parent organization, has been teaching tag rugby in physical education classes, mainly at elementary schools in Munakata City, Fukuoka Prefecture, since 2002.

In addition, mainly in Munakata City, we hold rugby visit classes for kindergarten and nursery school children, as well as rugby experience classes for local residents, and health classes.

*In FY2020, the scale was reduced to prevent the spread of COVID-19.

Tag rugby instruction in elementary school

16 school, 1,260 people(FY2019)
15 school, 952 people(FY2020)

Kindergarten /nursery school rugby visit classroom

14 school, 669 people(FY2019)
4 school, 105 people(FY2020)

Local residents rugby experience / health class

22 locations, 966 people(FY2019)
1 locations, 50 people(FY2020)

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	FY2018	FY2019	FY2020
Amount of waste plastic processed	(1000t)	329	288	266
Power generation using waste resources*1)	(GWh)	140	258	247
Solar panel	Number of installations	1,832	1,636	1,590
	Installation capacity	(MW)	91	96
Amount of contracted waste liquid purification treatment	(1000t)	110	107	96

*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	FY2018	FY2019	FY2020	
Energy usage*2)	(1000GJ)	413	366	302	
Greenhouse gas emissions	Scope1*3)	(t-CO ₂)	10,238	10,448	9,545
	Scope2*4)	(t-CO ₂)	17,375	17,349	15,414
Water intake (excluding groundwater)*5)	(1000t)	277	311	323	

*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.

*5) Most of the water consumption is industrial water used by the waste water treatment factory and Tomakomai Power Plant. In FY2018, this power plant was shut down due to the Hokkaido Eastern Iburi Earthquake (September 2018 to March 2019).



Social

■ Employment / Employee (Sanix non-consolidated)

		Unit	FY2018	FY2019	FY2020	
Employment / personnel	Employees	Total	(people)	1,683	1,796	1,844
		Men/Women	(people)	1,446/237	1,535/261	1,555/289
	New employees	Total	(people)	349	351	273
		New graduate / Mid-career	(people)	50/299	52/299	57/216
	Employment of people with disabilities	Number / Ratio	(people/%)	29/2.4	29/2.2	32/2.4
	Foreign employees*6)	Number of people	(people)	28	31	30
	Rehiring retirees*7)	Number of people	(people)	84	100	124
Labor / vacation	Average age	(age)	42.8	42.5	43.6	
	Average years of service	(years)	9.8	9.3	9.2	
	Total actual working hours	(hours/people)	2,454	2,399	2,366	
		(days/people)	5.3	9.2	11.7	
	Paid holidays	(%)	30.5	53.6	63.4	
Labor Health and safety	No of days acquired	(people)	24	17	17	
	Acquisition rate	(people)	0	1	1	
	TRIR(Total Recordable Incident Rate)*8)		1.97	2.51	1.63	
	LTIR(Lost Time Incident Rate)*9)		0.72	0.89	1.25	
Human resources development	Disaster fatalities	(people)	0	0	0	
	Annual training participants (total)*10)	(people)	818	956	523	

*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

		FY2018	FY2019	FY2020	
Implementation status of on-site lessons	Human resources development department	(Number of visits)	1	2	2
		(Number of people)	90	390	26
	Rugby club, etc. *11)	(Number of visits)	36	52	20
		(Number of people)	2,104	2,895	1,107
Global Arena Bulgarian Festival event status*12)	(Number of visits)	14,878	12,508	—	
Implementation status of Sanix presents event*13)	(Number of teams)	371	334	20	
	(Number of participants)	3,322	2,757	500	
SANIX World Rugby Youth Invitational Tournament	(Number of teams)	24	24	—	
	(Number of participants)	576	576	—	
SANIX Cup Int'l Youth Soccer Tournament SANIX Cup High School Girls' Football Tournament	(Number of teams)	24	—	20*13)	
	(Number of participants)	552	—	500*13)	
SANIX Cup U-17 Int'l Handball Tournament	(Number of teams)	16	16	—	
	(Number of participants)	320	320	—	
SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament	(Number of teams)	115	113	—	
	(Number of participants)	721	755	—	
SANIX Int'l Juvenile Judo Championship Fukuoka	(Number of teams)	149	138	—	
	(Number of participants)	916	890	—	
SANIX CUP Men's Rhythmic Gymnastics Competition	(Number of teams)	18	19	—	
	(Number of participants)	107	114	—	
SANIX Cup Int'l Junior Rhythmic Gymnastics Group Tournament	(Number of teams)	25	24	—	
	(Number of participants)	130	102	—	

*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) The Youth Soccer Tournament in March 2021 is held as a domestic tournament from the viewpoint of preventing the spread of COVID-19.



Governance

		FY2018	FY2019	FY2020	
Number of director	In-house	(people)	10	11	11
	Outside	(people)	3	5	5
	Total	(people)	13	16	16
Ratio of outside directors	(%)	23	31	31	
Term of office of director	(years)	1	1	1	
Board of directors	Number of events held	(times)	16	16	14
Board of Corporate Auditors*14)	Number of events held	(times)	13	3	—
Audit and Supervisory Committee*14)	Number of events held	(times)	—	7	8
Compliance Committee	Number of events held	(times)	2	2	0
	Number of members	(people)	16	15	15
Internal Control Committee	Number of events held	(times)	6	5	8
	Number of members	(people)	13	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

(As of June 29, 2021)

Director



President and Representative Director
Hiroshi Munemasa
(Date of birth: Jul. 17, 1975)
Number of shares held: 6,496,544 shares

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)



Director, Senior Managing Executive Officer
Koji Umeda
(Date of birth: Oct. 28, 1965)
Number of shares held: 45,283 shares

Mar. 1984 Joined the Company
Nov. 1994 Director, General Manager of Kansai Regional Headquarter, HS Business Div.
Apr. 2001 Director, General Manager of Environmental Resources Development Business Headquarter
Jun. 2002 Managing Director, General Manager of Environmental Resources Development Business Headquarter, General Manager of Plastics Business Div. and General Manager of Sales Dept.
Apr. 2018 Director, Senior Managing Executive Officer, in charge of General Management and General Manager of Development & Production Headquarter
Jun. 2020 Director, Senior Managing Executive Officer, in charge of General Management, General Manager of Energy Business Headquarter and General Manager of New Power Business Div. (to present)



Director, Managing Executive Officer
Koza Inoue
(Date of birth: Apr. 23, 1956)
Number of shares held: 17,299 shares

Apr. 1979 Joined Sanwa Bank, Ltd (currently MUFG, Ltd)
Aug. 1995 Joined the Company
Jun. 1999 Director
Apr. 2000 Managing Director, General Manager of Corporate Planning Dept.
Jun. 2004 Managing Director, General Manager of Administration Headquarter. and General Manager of Corporate Planning Dept.
Aug. 2018 Director, Managing Executive Officer, General Manager of Planning Headquarter, General Manager of Administration Headquarter and General Manager of Corporate Planning Dept.
Jun. 2021 Director, Managing Executive Officer, General Manager of Administration Headquarter (to present)



Director, Managing Executive Officer
Takeshi Inada
(Date of birth: Mar. 4, 1979)
Number of shares held: 5,233 shares

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)
Number of shares held: 8,234 shares

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. (to present)



Director, Managing Executive Officer
Kenji Kaneko
(Date of birth: Oct. 2, 1951)
Number of shares held: 34,715 shares

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
Michimasa Masuda
(Date of birth: Aug. 16, 1977)
Number of shares held: 39,757 shares

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
Nov. 2019 Director, Managing Executive Officer, Deputy General Manager of Administration Headquarter and General Manager of Energy Business Development Div.
Jun. 2021 Director, Managing Executive Officer, General Manager of Energy Business Development Div. (to present)



Director, Managing Executive Officer
Kazuyuki Tabata
(Date of birth: Apr. 5, 1973)
Number of shares held: 5,212 shares

Nov. 2000 Joined the Company
May. 2016 Managing Executive Officer, General Manager of HS Business Div.
Jun. 2017 Director, Managing Executive Officer, General Manager of HS Business Div. (to present)



Director, Managing Executive Officer
Hideki Takei
(Date of birth: Jul. 21, 1970)
Number of shares held: 9,033 shares

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. 2021 Director, Managing Executive Officer, General Manager of Environmental Resources Development Business Headquarters and General Manager of Organic Waste Liquid Business Div. (to present)



Director
Tetsuo Takaki
(Date of birth: Jul. 15, 1950)
Number of shares held: 1,587 shares

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)



Koichi Ueno
(Date of birth: Jul. 31, 1970)
Number of shares held: 0 shares

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)



Isamu Kondo
(Date of birth: Jul. 7, 1955)
Number of shares held: 35,936 shares

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 Director of the Company
Jun. 2019 Director (Audit & Supervisory Board Member) of the Company, (to present)



Naoki Kaneko
(Date of birth: May. 8, 1967)
Number of shares held: 0 shares

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 Director of the Company
Jun. 2019 Director of the Company (Audit & Supervisory Board 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)



Yasufumi Kubota
(Date of birth: Feb. 5, 1946)
Number of shares held: 2,858 shares

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 Director of Royal Holdings Co., Ltd (Audit Committee Member)
*Retired in Mar. 2020
Jun. 2016 Director of the Company
Jun. 2019 Director of the Company (Audit & Supervisory Board Member), (to present)



Genichiro Yasui
(Date of birth: Aug. 17, 1941)
Number of shares held: 10,000 shares

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 Corporate 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
*Retired in Oct. 2015
Jun. 2019 Director of the Company (Audit & Supervisory Board Member), (to present)



Sadahito Baba
(Date of birth: Apr. 3, 1954)
Number of shares held: 0 shares

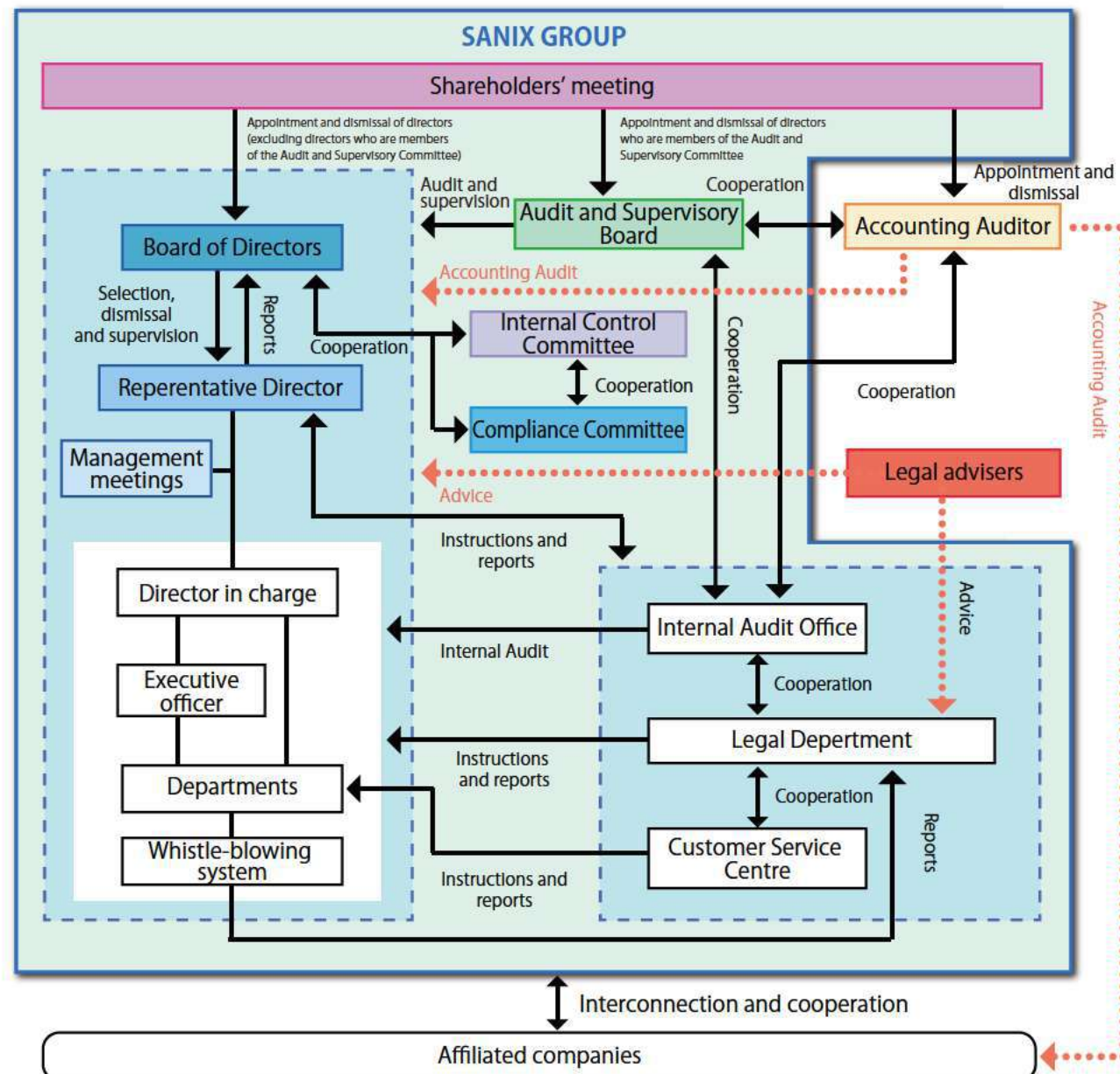
Apr. 1978 Joined Toyota Motor Co., Ltd (currently Toyota Motor Corporation)
Feb. 1992 Transferred to Toyota Motor Kyushu Inc.
Jan. 1998 General Manager of Production Planning Office, Production Control Dept.
Apr. 2001 General Manager of Production Control Dept.
Apr. 2003 General Manager of Business Administration 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 Director (Audit & Supervisory Board Member) of the Company, (to present)

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.



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 Representative Director and consist of the General Manager of each business division, the General Manager of the Administration Division, the General Manager of the General Affairs Division, the General Manager of the Legal Division, the General Manager of the Accounting Division and others. The secretariat is located in the Corporate Planning Department and is responsible for its operation.

Audit System (Three-way Audit)

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

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

Activities and attendance of outside directors

	Attendance		Reason for appointment
	Upper Section: Board Meeting	Lower Section: Supervisory Committee	
Isamu Kondo	14/14	100.0%	He has a wealth of experience, achievements and insight as a representative director of a business corporation, and we hope that he will apply this experience and achievements to strengthen the auditing and supervisory functions of the Group.
	8/8	100.0%	
Naoki Kaneko	12/14	85.7%	He has a high level of insight into corporate management based on his extensive experience as a representative director of several business corporations, and we expect him to use this experience and achievements to strengthen the auditing and supervisory functions of the Group.
	8/8	100.0%	
Yasufumi Kubota	14/14	100.0%	He has a wealth of experience, achievements and insight as an attorney-at-law in all aspects of law, including corporate legal affairs, and we expect him to use this experience and achievements to strengthen the auditing and supervisory functions of the Group.
	8/8	100.0%	
Genichiro Yasui	12/14	85.7%	He has been engaged in corporate management for many years, and has expertise and a high level of insight in the accounting and finance departments. He is expected to use his experience and achievements to strengthen the auditing and supervisory functions of the Group.
	6/8	75.0%	
Hiroaki Matsuoka	11/14	78.6%	He has a wealth of experience and a wide range of insight in corporate management, including serving as a representative director of a major local company, and we expect him to use this experience and achievements to strengthen the auditing and supervisory functions of the Group.
	6/8	75.0%	

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 page 72).

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 2021). The Committee also collaborates with the Board of Directors and the Internal Control Committee as necessary.



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 FY2020, we received 9 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 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.

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.

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.

Compliance promotion council



The Compliance promotion council meets monthly at each site.

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



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

Direct Sales Staff Training



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.

In addition, to ensure that sales staff are well educated in relation to the registration system and to maintain the level of education, we have appointed 18 sales staff education instructors within the company (as of March 2021).

<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 registration education curriculum

	Training Items	Duration	Training methods and materials
Standards	What to expect from door-to-door salesperson	6 hours + Exam (30 questions)	Group training and e-learning are provided by the company. We use textbooks prepared by us and audited by the Japan Door-to-Door Sales Association.
	Laws and regulations to be observed		
	The main points of the relevant reports		
Specialty	Professional training (product knowledge etc.) required for our industry	10 hours + exam (20 questions)	
	The history of the company and its role in society		

Active participation in local government initiatives

Sanix Group actively participates in business seminars and training courses held by Yasu City in Shiga Prefecture, and become the third company that was registered in under the city's direct sales registration system. Yasu city is the first city government that adopted such registration system.

Countermeasures against COVID-19

As part of the BCP, Sanix Group is committed to combating COVID-19. In April 2020, Sanix Group set up a task force in the company. Sanix Group takes measures to ensure the safety of our customers, business partners, local communities, employees and their families to prevent infections and spread prevention.



Strive to help our customers understand our group efforts



Formulated "Basic Action Guidelines" for our group employees

Technical training to our engineer for COVID-19 disinfection works

In response to the needs for disinfection service from the customer, Sanix Group disinfected the facilities where the infected person came out. To meet the need, we have been carrying out technical training on disinfection of the COVID-19 to our engineers for human power enhance in the HS and ES divisions.



Online lecture on knowledge of COVID-19, how to put on and take off protective clothing, disinfection procedure, etc. (May 2020)

Infection prevention measures in in-house training

Sanix Group carries out in-house training under thorough infection prevention measures. Sanix Group responds by changing the form of training according to the alert level of the COVID-19.



Keep distance. A barrier shield is installed in front of the speakers

Decentralization of employee training. Instead of the group training at a site (training center), Sanix Group has set up several bases in the areas close to the employees and distributed them to each area to provide training (included on-line training).

Online training at home. Depending on infection status, Sanix Group has switched to on-line training at home and has developed a program that can be carried out on-line by lending tablets, and wifi terminals.

Data section



Financial data highlights
Share information
Company information

Financial data highlights

(Million yen)

【 Fiscal Year 】	FY2011	FY2012	FY2013	FY2014	FY2015
Net sales	31,454	43,366	84,221	95,629	61,916
Operating profit	409	1,870	4,508	△3,142	△2,229
EBITDA*1)	883	2,462	5,045	△2,598	△3,151
Net profit attributable to owners of the parent	13	1,575	2,964	△4,966	△4,604
Depreciation and amortization	371	386	547	887	918
Capital expenditure	308	1,102	2,014	1,825	455
Cash flows from operating activities	1,260	2,184	4,933	△1,794	△5,403
Cash flows from investing activities	△151	△222	△3,271	△1,181	1,062
Cash flows from financing activities	△881	230	2,433	647	1,288
【 At the end of the period 】					
Total assets	21,286	29,196	55,316	49,120	31,248
Tangible fixed assets	11,723	12,326	14,181	15,099	12,417
Interest-bearing debt	7,008	7,467	10,415	11,186	12,874
Net assets	7,134	8,837	11,827	7,331	2,629
【 Per share information 】					
Net profit per share	0.29	33.01	62.13	△103.98	△96.32
Net assets per share	148.95	184.62	247.17	152.74	54.34
Dividend per share	0.00	0.00	0.00	0.00	0.00
【 Financial ratios 】					
Return on equity (ROE)*2)	0.2%	19.8%	28.8%	△52.0%	△93.0%
Return on assets (ROA)*3)	1.7%	7.1%	10.2%	△6.6%	△4.9%
Return on invested capital (ROIC)*4)	0.1%	9.5%	14.0%	△23.1%	△15.7%
Shareholders' equity ratio (%)	33.4%	30.2%	21.3%	14.9%	8.3%
Number of employees (average for the period)	1,698	1,697	2,435	4,092	2,850

*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 】	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	50,955	49,993	50,719	52,531	49,416
Operating profit	1,036	1,246	1,224	2,791	2,325
EBITDA*1)	1,633	1,939	1,735	3,714	3,397
Net profit attributable to owners of the parent	416	1,180	240	1,850	1,965
Depreciation and amortization	688	709	808	914	1,097
Capital expenditure	599	594	1,080	2,742	3,038
Cash flows from operating activities	1,668	2,184	△25	4,080	2,756
Cash flows from investing activities	△409	171	△947	△2,154	△2,564
Cash flows from financing activities	1,437	△2,156	392	△1,110	△743
【 At the end of the period 】					
Total assets	31,645	29,938	31,009	32,514	32,940
Tangible fixed assets	12,278	11,926	12,057	13,739	15,322
Interest-bearing debt	14,634	12,780	13,474	12,397	11,462
Net assets	2,845	4,076	4,193	6,056	8,097
【 Per share information 】					
Net profit per share	8.70	24.68	5.02	38.72	41.11
Net assets per share	58.86	84.54	87.08	126.15	168.84
Dividend per share	0.00	0.00	0.00	0.00	0.00
【 Financial ratios 】					
Return on equity (ROE)*2)	15.4%	34.4%	5.8%	36.3%	27.9%
Return on assets (ROA)*3)	2.9%	3.3%	3.9%	8.2%	6.4%
Return on invested capital (ROIC)*4)	3.4%	8.6%	2.3%	10.8%	11.2%
Shareholders' equity ratio (%)	8.9%	13.5%	13.4%	18.5%	24.5%
Number of employees (average for the period)	1,952	1,777	1,876	2,005	2,052

Financial data highlights

【Consolidated Balance Sheet】

(Million yen)

	FY2019	FY2020
Assets		
Cash and deposits	5,919	5,526
Notes and accounts receivable	5,453	5,228
Inventories	3,745	3,010
Other assets	1,159	1,136
Total current assets	16,277	14,633
Buildings and structures (net)	1,732	1,624
Machinery, equipment and vehicles (net)	2,071	3,002
Land	8,053	8,094
Lease assets (net)	782	877
Construction in progress	923	1,559
Other (net)	176	163
Total tangible fixed assets	13,739	15,322
Total intangible fixed assets	450	773
Total investments and other assets	2,047	2,210
Total fixed assets	16,237	18,306
Total assets	32,514	32,940
Liabilities		
Notes and accounts payable-trade	3,716	4,037
Short-term loans payable	9,525	6,630
Current portion of long-term debt	928	230
Lease obligations	322	476
Other liabilities	7,084	5,487
Total current liabilities	21,576	16,861
Bonds payable	500	500
Long-term debt	262	2,417
Lease obligations	859	1,208
Other liabilities	3,259	3,855
Total long-term liabilities	4,881	7,981
Total liabilities	26,458	24,842
Total net assets		
Capital stock	14,041	14,041
Capital surplus	1	1
Retained earnings	△6,506	△4,541
Treasury stock	△1,481	△1,481
Total shareholders' equity	6,055	8,020
Valuation and translation adjustments	△25	50
Minority interests	26	25
Total net assets	6,056	8,097
Total liabilities and net assets	32,514	32,940

【 Consolidated income statement 】

(Million yen)

	FY2019	FY2020
Net sales	52,531	49,416
Cost of sales	34,974	32,263
Gross profit	17,556	17,153
Selling, general and administrative expenses	14,765	14,827
Operating profit	2,791	2,325
Non-operating income	164	195
Non-operating Expenses	363	429
Ordinary income	2,592	2,091
Income before income taxes and minority interests	2,592	2,091
Income taxes	734	189
Income tax adjustments	11	△62
Net income	1,846	1,964
Minority interests	△4	△0
Net profit for the year attributable to owners of the parent	1,850	1,965

【 Consolidated statement of comprehensive income 】

(Million yen)

	FY2019	FY2020
Net profit for the year	1,846	1,964
Other comprehensive income		
Unrealized gains on available-for-sale securities	△29	23
Foreign currency translation adjustments	△73	91
Adjustment for retirement benefits	120	△39
Total other comprehensive income	16	75
Comprehensive income	1,863	2,040
Comprehensive income attributable to owners of the parent	1,867	2,041
Comprehensive income relating to non-controlling interests	△4	△0

【 Selling, general and administrative expenses】

(Million yen)

	FY2019	FY2020
Advertising expenses	325	276
Allowance for doubtful accounts	△62	30
Personnel expenses	9,140	9,228
Rental expenses	927	1,007
Depreciation and amortization	189	294
Communication and transport costs	796	665
Vehicle expenses	326	343
Other	3,122	2,980
Total SG&A expenses	14,765	14,827

Financial data highlights

【 Consolidated statement of cash flows 】

(Million yen)

	FY2019	FY2020
Cash flows from operating activities		
Income before income taxes and minority interests	2,592	2,091
Depreciation and amortization	914	1,097
Increase (△=decrease) in liabilities for retirement benefits	205	91
Interest and dividend income received	△20	△18
Interest paid	208	208
Decrease (△=increase) in trade receivables	557	225
Decrease (△=increase) in inventories	930	752
Decrease (△=increase) in other current assets	△203	73
Increase (△=decrease) in trade payables	△417	251
Increase (△=decrease) in accrued liabilities	△751	△898
Other	855	△231
Sub-total	4,871	3,643
Interest and dividends received	20	17
Interest paid	△188	△211
Income taxes paid	△632	△708
Refund of income taxes	10	15
Cash flows from operating activities	4,080	2,756
Cash flows from investing activities		
Payments into time deposits	△625	△702
Proceeds from withdrawal of time deposits	658	909
Payments for acquisition of tangible fixed assets	△1,956	△2,247
Proceeds from sale of property, plant and equipment	9	8
Payments for acquisition of intangible fixed assets	△236	△471
Cash flows from other activities	△4	△62
Cash flows from investing activities	△2,154	△2,564
Cash flows from financing activities		
Increase (△=decrease) in short-term borrowings	△2,772	△2,895
Proceeds from long-term borrowings	1,072	2,420
Repayment of long-term borrowings	△235	△963
Proceeds from issue of bonds	500	—
Repayments of finance lease obligations	△235	△338
Other	561	1,032
Cash flows from financing activities	△1,110	△743
Effect of exchange rate changes on cash and cash equivalents	△54	52
Net increase (△=decrease) in cash and cash equivalents	761	△498
Cash and cash equivalents at beginning of year	4,497	5,259
Cash and cash equivalents at end of year	5,259	4,760

Share information

(as of end Mar 2021)

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	15,107 person

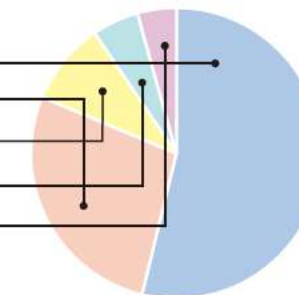
Major shareholders (top 10)

	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	The Sanix Mutual Benefit Association, Inc.	1,700	3.55%
4	HIKARI TSUSHIN, INC	1,619	3.38%
5	The Master Trust Bank of Japan, Ltd (Trust Account)	1,253	2.62%
6	SBI SECURITIES Co.,Ltd.	1,082	2.26%
7	Sanix Employees' Shareholding Association	1,040	2.17%
8	THE NISHI-NIPPON CITY BANK, LTD	536	1.12%
9	KOREA SECURITIES DEPOSITORY-EBEST (Standing proxy: Jun Ishikawa, General Manager, Securities Division, Tokyo Branch, Citibank, N.A.)	498	1.04%
10	Japan Custody Bank (Trust Account)	465	0.97%

Share distribution status

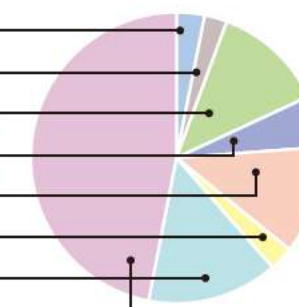
■ By shareholding (in thousands of shares)

Individuals and others	25,685	(53.80%)
Other legal entities	13,138	(27.52%)
Financial Institutions	4,378	(9.17%)
Financial Instruments Dealers	2,477	(5.19%)
Foreign companies, etc.	2,059	(4.31%)



■ By shareholding (in thousands of shares)

1 unit or more	1,498	(3.13%)
5 units or more	1,203	(2.52%)
10 units or more	5,934	(12.43%)
50 units or more	2,730	(5.71%)
100 units or more	5,742	(12.02%)
500 units or more	1,278	(2.67%)
1,000 units or more	6,949	(14.55%)
5,000 units or more	22,402	(46.92%)



※Excludes treasury stock (1,114,600 shares) and odd-lot shares.

Shareholder memo

Fiscal year	April 1st-March 31st of the following year
Record date for dividends of surplus	31st March 30th June 30th September 31st December

Ordinary General Meeting of Shareholders June every year

Listed stock exchange Tokyo Stock Exchange First Section
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, 2021)

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	2,027 people (Consolidated)
Number of bases, main bases	
HS division	4 HQs, 48 sites
ES division	9 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, 48 sites
- ES : 9 sites
- SE : 2 HQs, 37 sites
- ERD : 18 factories ※ Includes 1 power plant, 1 final disposal site
- EB : 5 sites

(As of March 31, 2021)

