

Financial Results Briefing for the 6 Months Ended September 30, 2024

SANIX INCORPORATED
November 14, 2024

1. Financial results	・・・P. 2
2. Business segments	・・・P. 10
① Residential environment Area(HS・ES・SE)	・・・P. 10
② Energy Area(PV・PPS)	・・・P. 15
③ Resource circulation Area(ERD)	・・・P. 20
3. Topics	・・・P. 27
4. FY2024 forecasts	・・・P. 33
5. Appendix	・・・P. 39

Financial results of FY2024 2Q (Apr. to Sep.)

Revenue and profits decreased YoY,
due to unit price of electricity sales in the power plant business of resource
circulation area decreased significantly.
But Progress is generally proceeding as planned.

(Million yen)	FY2023 2Q Results	FY2024 2Q Results	YoY		FY2024 1st half plan	Difference
Net sales	22,589	21,259	-1,330	- 5.9%	22,726	- 6.5%
Gross profit	8,548	7,761	-787	- 9.2%	7,848	- 1.1%
Operating profit	1,481	650	-830	- 56.1%	613	6.1%
Ordinary profit	1,343	499	-843	- 62.8%	483	3.5%
Net profit	1,126	270	-856	- 76.0%	366	- 26.4%

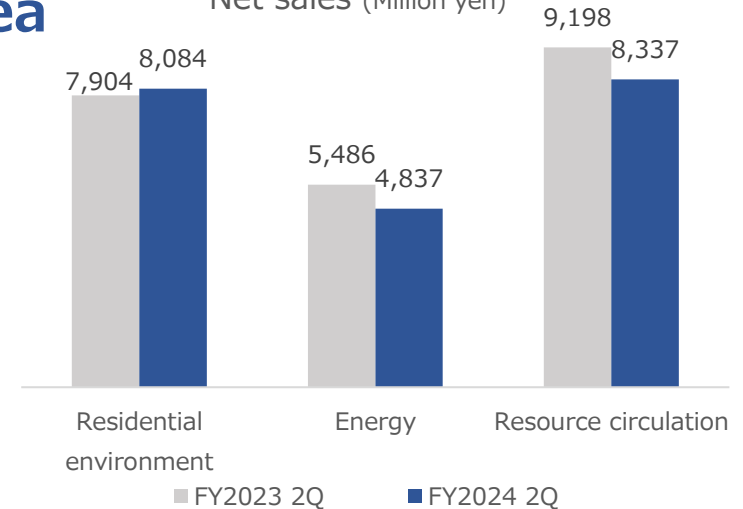
Financial results 2Q | Segments overviews

Residential environment Area

Maintenance service for detached houses, condominiums and other facilities

- HS(Home Sanitation) Division
- ES(Establishment Sanitation) Division
- SE(Solar Engineering) Division

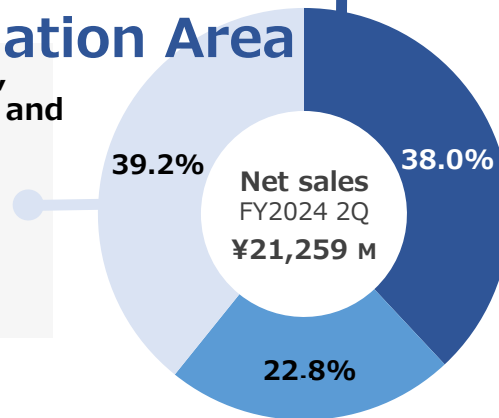
Net sales (Million yen)



Resource circulation Area

Recycling of waste plastics, Purification of waste liquid and production of recycled fuel

- Plastic fuel
- Waste liquid
- Power plant
- Landfill

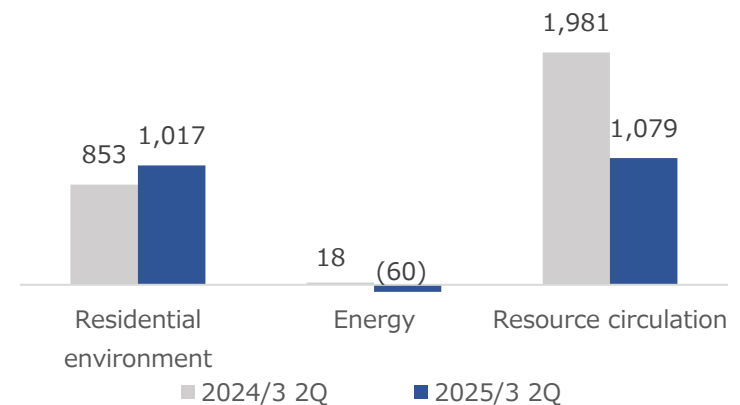


Energy Area

Sale, installation, and maintenance of photovoltaic generation systems for corporations

- PV(Photovoltaic) Division
- PPS(Power Producer and Supplier) Division

Operating profit (Million yen)

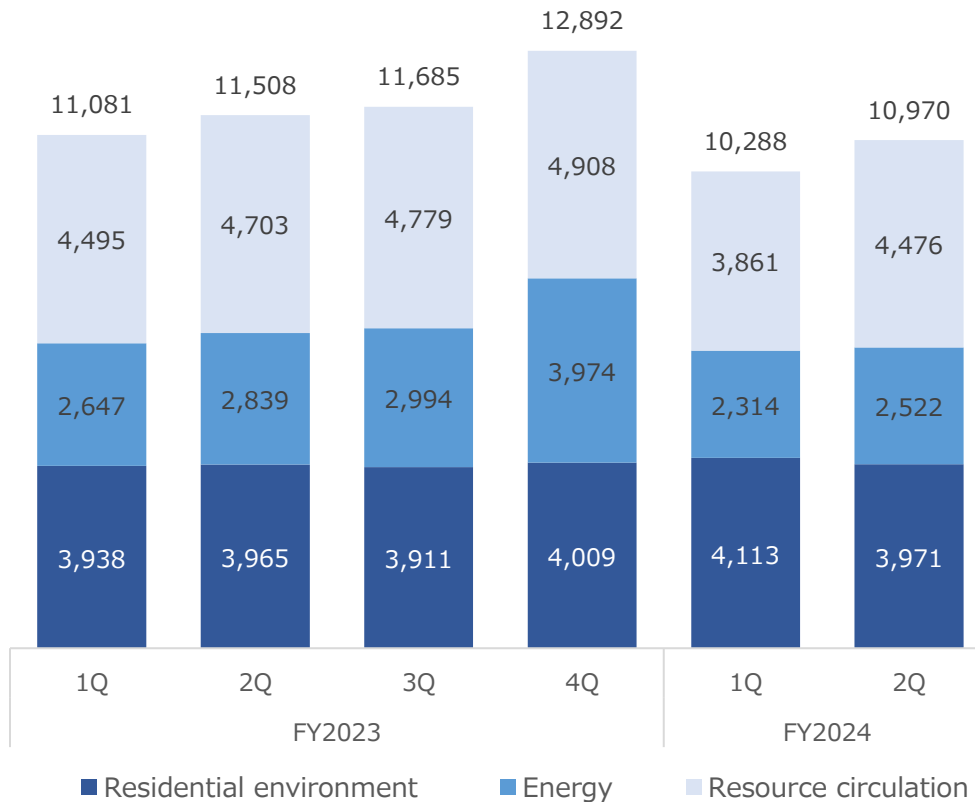


Financial results 2Q | Segments overviews

		YoY (2Q)	
Residential environment Area	Net sales Operating profit	¥ 8,084 M ¥ 1,017 M	2.30% 19.20%
			<ul style="list-style-type: none"> ✓ Sales and profit were generally firm ✓ Expansion of existing businesses utilizing sales power and customer base ✓ Expansion of customer base through expansion of partners, etc.
Energy Area	Net sales Operating profit	¥ 4,837 M ¥ (60) M	-11.80% - %
			<ul style="list-style-type: none"> ✓ Although orders have been steady, but the construction is being delayed due to the longer construction because of larger and more sophisticated projects. ✓ PPS division keeps profit
Resource circulation Area	Net sales Operating profit	¥ 8,337 M ¥ 1,079 M	-9.40% -45.50%
			<ul style="list-style-type: none"> ✓ Decrease in the unit price of electricity and shutdown boiler due to maintenance (FY20241Q) ✓ Plastic fuel, waste liquid treatment and landfill businesses remained strong
Group	Operating profit	¥ (1,385) M	- %
			<ul style="list-style-type: none"> ✓ Strengthening recruitment activities to secure human resources ✓ In-house maintenance for holding company transition

Financial results | Net sales (Quarterly trends)

(Million yen)



YoY (2Q)
-5.9%

Financial results | Net sales trend analysis

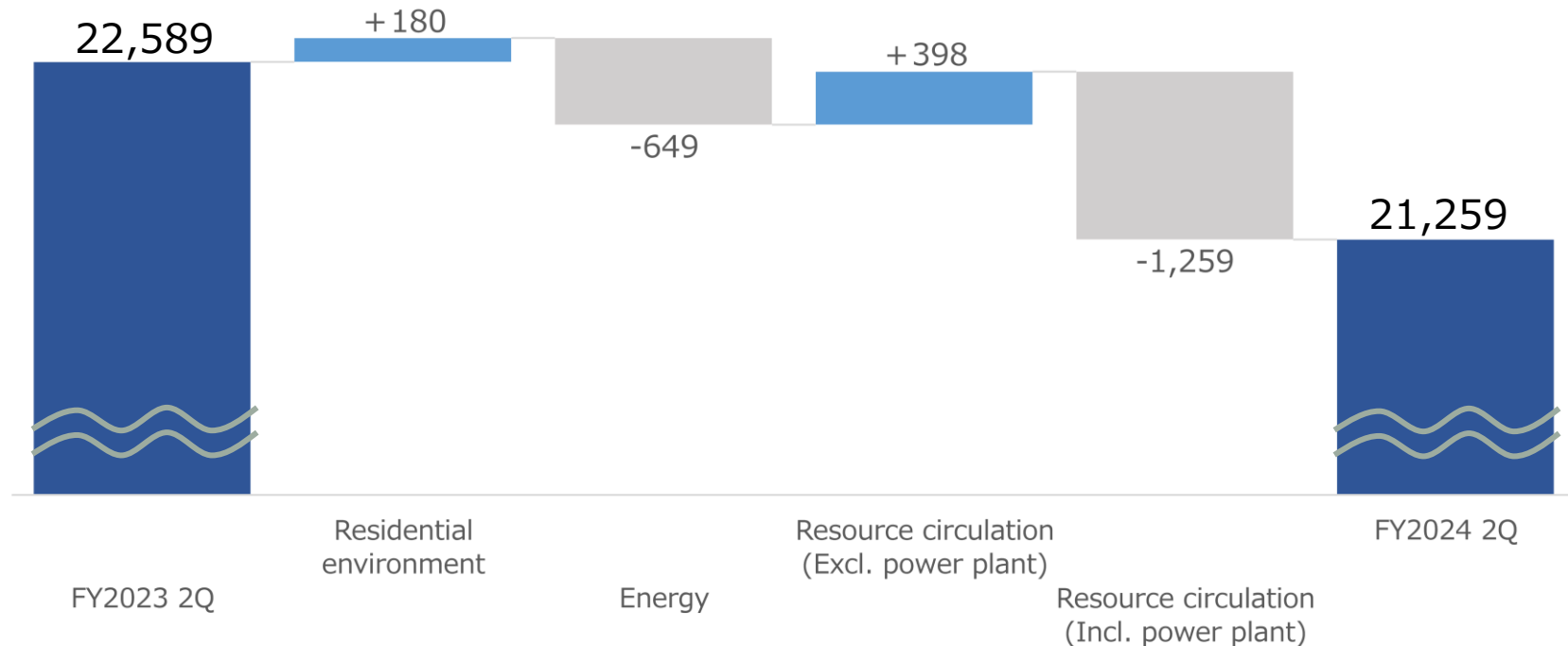
Net sales

YoY **-1,330** million yen

Excluding Net sales of power plant

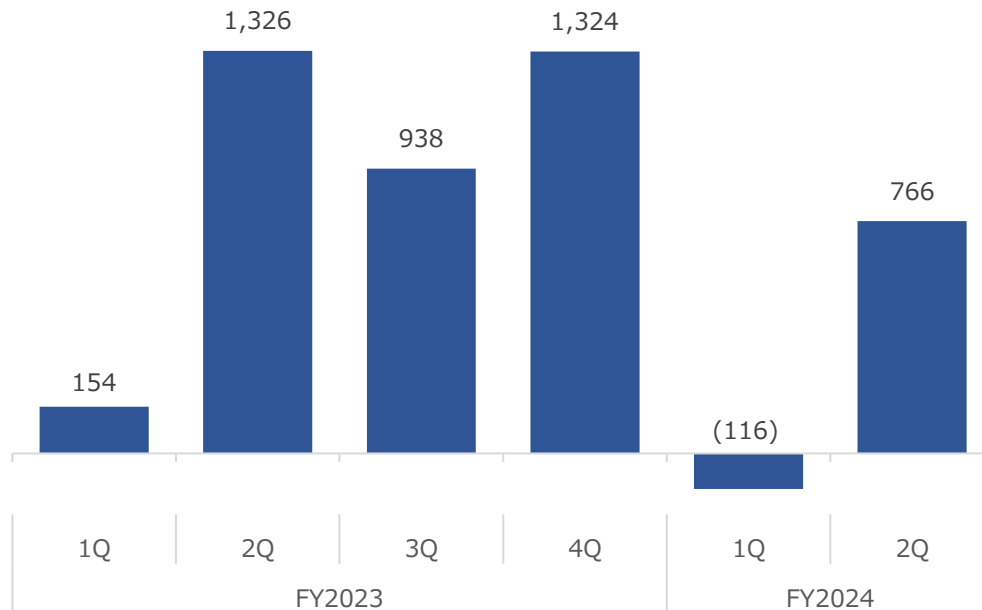
YoY **-70** million yen

(Million yen)



Financial results | Operating profit (Quarterly trends)

(Million yen)



YoY
-56.1%

Financial results | Operating profit trend analysis

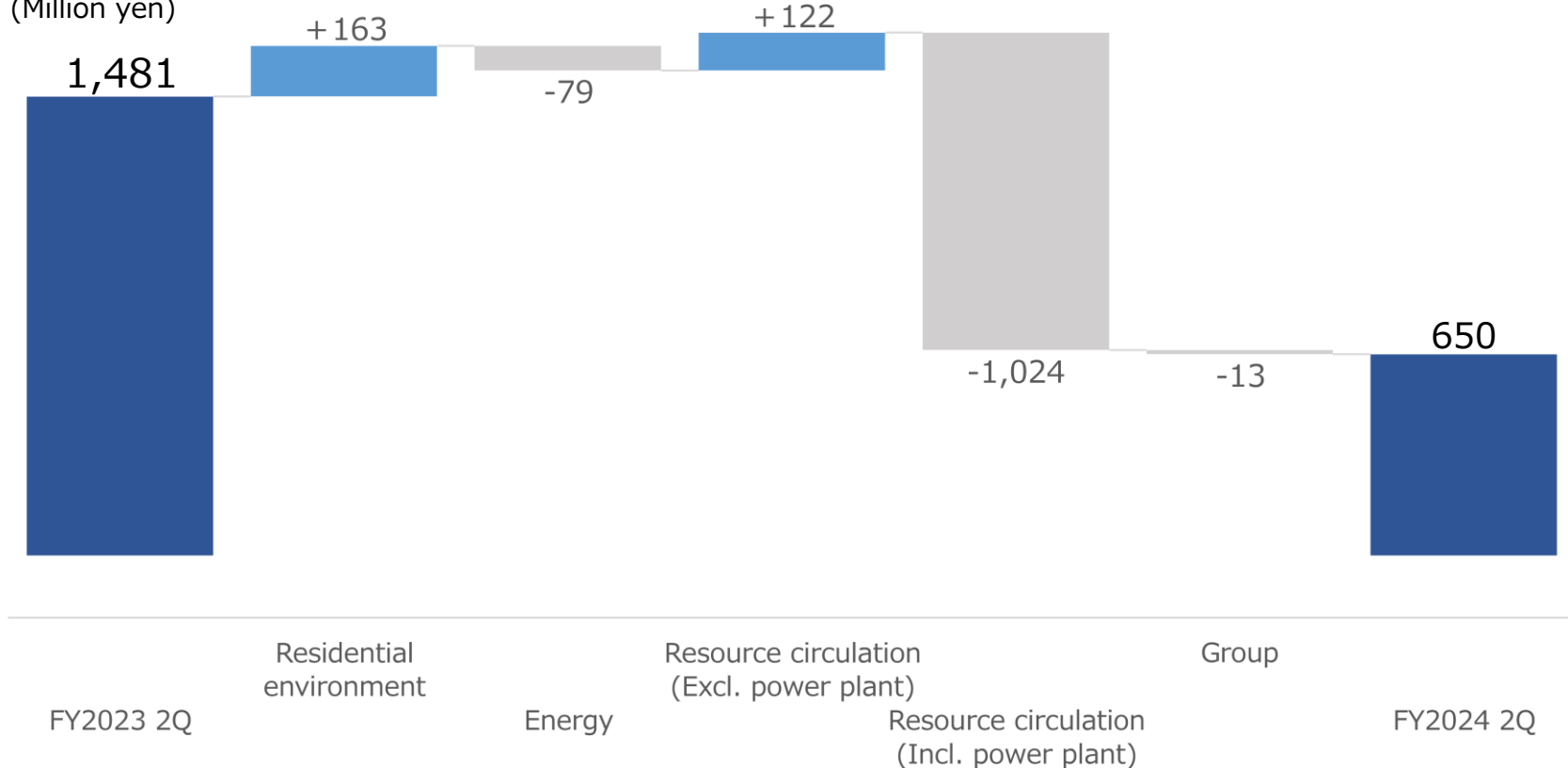
Operating profit

YoY(2Q) **-830** million yen

(Million yen)

Excluding Operating profit of power plant

YoY (2Q) **+193** million yen



1. Financial results	…P. 2
2. Business segments	…P. 10
① Residential environment Area (HS・ES・SE)	…P. 10
② Energy Area (PV・PPS)	…P. 15
③ Resource circulation Area (ERD)	…P. 20
3. Topics	…P. 27
4. FY2024 forecasts	…P. 33
5. Appendix	…P. 39



Residential environment Area

A comfortable living environment
to the next generation

- Maintenance for detached houses
- Maintenance for apartment complexes
- Residential solar power installation
- Hygiene management

We at SANIX promote a comprehensive maintenance service for detached houses, condominiums and other facilities, from the perspective of preventive medicine (the concept of prevention). In addition, by offering a broad range of services including photovoltaic power generation, renovation, and urban space sanitation, we create clean and comfortable living conditions that can be passed down from generation to generation.

HS Division

Our staff who are familiar with termite behavior take proper measures to prevent infestations and exterminate termites. By utilizing professional skills and expertise supported by a wealth of experience and an excellent track record, in addition to well-prepared after-sales services, we protect houses and eliminate house owners' concerns about termite damage.



Termite control construction



Under-floor/attic ventilation system

ES Division

We implement central control efficiently regarding the maintenance of water supply and drainage facilities. Using our mainstay anti-rust equipment and other devices, we keep rust from growing inside pipes and extend the usable life of pipes, while also solving problems by removing limescale and oil stains or limiting the ability of limescale and oil to attach to surfaces.



Inspection of the inside of the water supply and drainage pipes



Pest control

SE Division

We enable environmentally and budget-friendly lifestyles by promoting photovoltaic power generation equipment for detached houses. We also make proposals on the flexible use of electricity through the introduction of storage batteries amid the growing demand for self-consumption type photovoltaic power generation equipment.

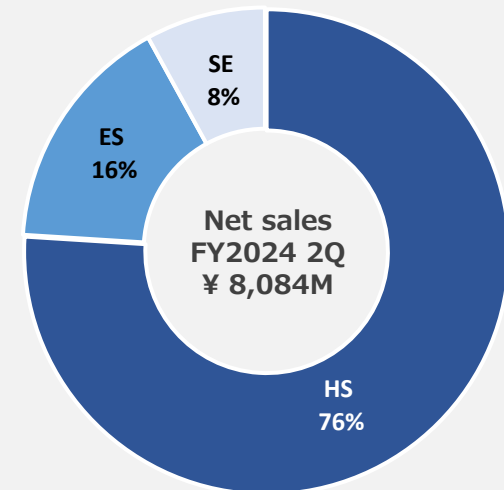


Residential solar power generation system



Storage batteries

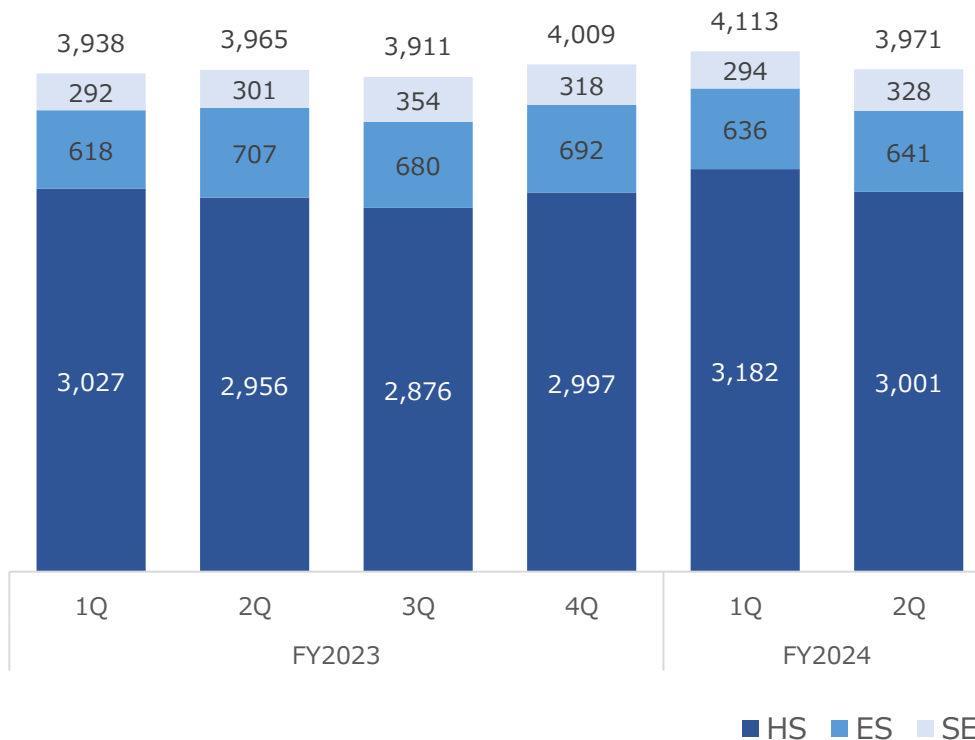
Residential environment Area Net sales composition



Residential environment Area | Net sales

Sales growth achieved through reinforced corporate sales structures and the expansion of existing businesses, leveraging strong sales capabilities and a solid customer base.

(Million yen)

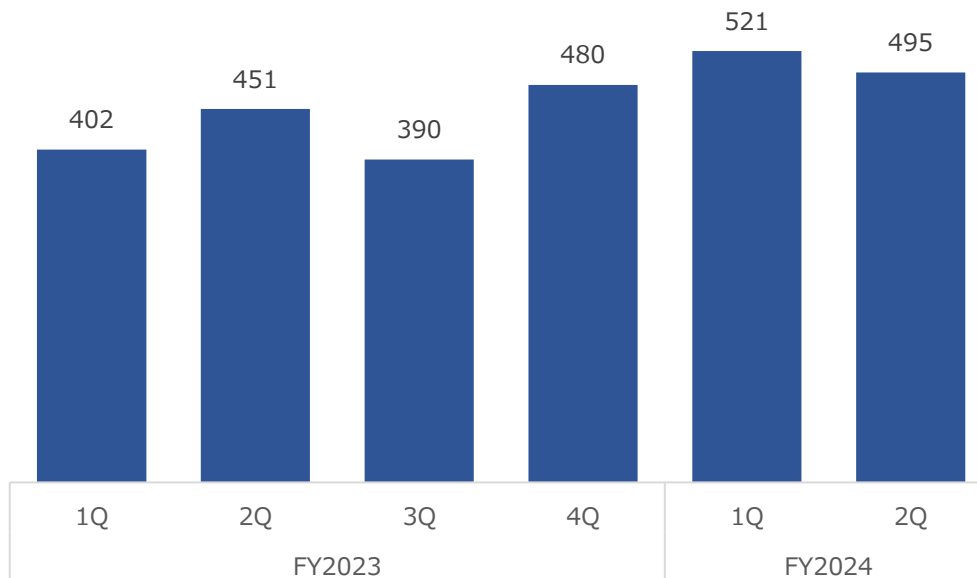


YoY (2Q cumulative)
+2.3%

Residential environment Area | Operating profit

Increased profit through maintaining a high marginal profit ratio and securing a stable revenue base.

(Million yen)

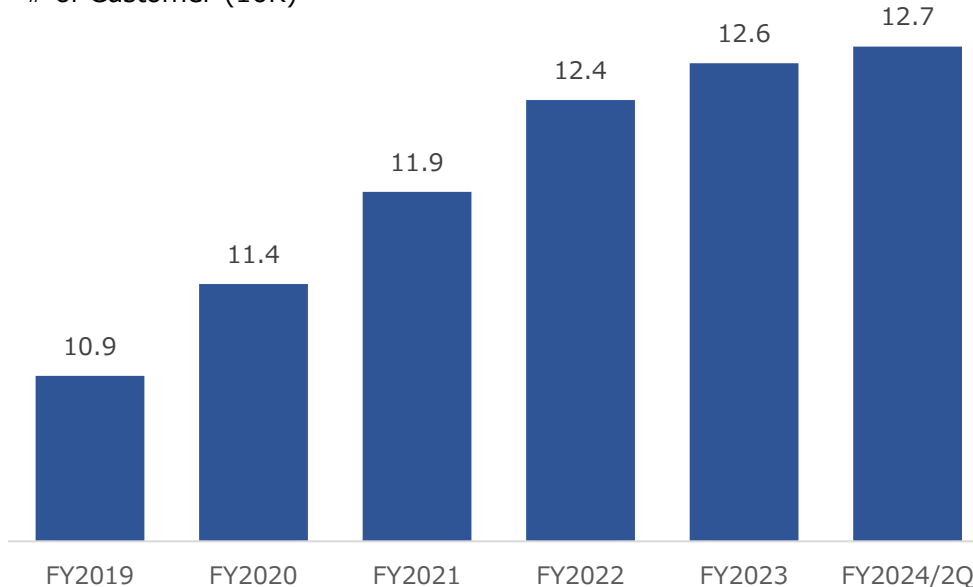


YoY (2Q cumulative)
+ 19.2%

Residential environment Area | Number of customers

Since the FY2019, the customer base has increased by approximately 20,000.

of Customer (10K)



**Strong
Customer base**
127,000
customers

(As of September 30, 2024)

※Customer count represents the number of clients with active guarantee contracts in the HS Division.

1. Financial results	・・・P. 2
2. Business segments	・・・P. 10
① Residential environment Area (HS・ES・SE)	・・・P. 10
② Energy Area (PV・PPS)	・・・P. 15
③ Resource circulation Area (ERD)	・・・P. 20
3. Topics	・・・P. 27
4. FY2024 forecasts	・・・P. 33
5. Appendix	・・・P. 39



Energy Area

Energy with low environmental impact

- Installation of PV power generation equipment for self-consumption for corporate clients
- Development of photovoltaic power generation for energy companies
- Maintenance for existing photovoltaic power equipment/plants
- Retail sales of electric power

We at SANIX seek to promote the widespread adoption and expansion of renewable energy while also supporting the promotion of environmental management, including the provision, introduction and maintenance of optimal photovoltaic generation systems, in response to customers' needs.

PV Division

We facilitate the effective use of the roofs of plants and other buildings. We support cost reduction efforts (electricity), disaster preparedness and environmental management through photovoltaic power generation with a focus on self-consumption type and third-party owned type photovoltaic power generation systems. We provide comprehensive services including planning, design and installation, as well as aftersales services.



Self-consumption type / PPA



Development of non-FIT power sources

【PPA(third-party owned type photovoltaic power generation systems)】

PPA operators install photovoltaic power generation systems on customers' roofs or other places on their premises and bear the cost of installation (the PPA operator owns, maintains and manages the system). According to this scheme, the PPA operator provides the electricity generated by the system to the customer for a fee.



O & M

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

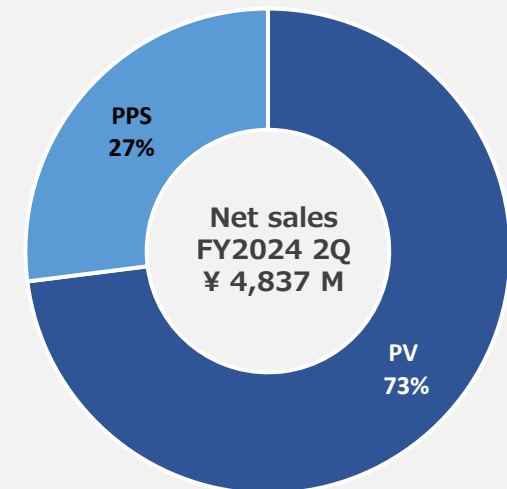
PPS Division

We were registered as the nation's eighth power producer and supplier (electricity retailing) in 2001 and registered with the Ministry of Economy, Trade and Industry as a retail electricity supplier in November 2015. The photovoltaic power generation business and electricity sales business are strongly connected to each other. The synergy between the two businesses enables us to offer a broad range of services.



Electricity retail

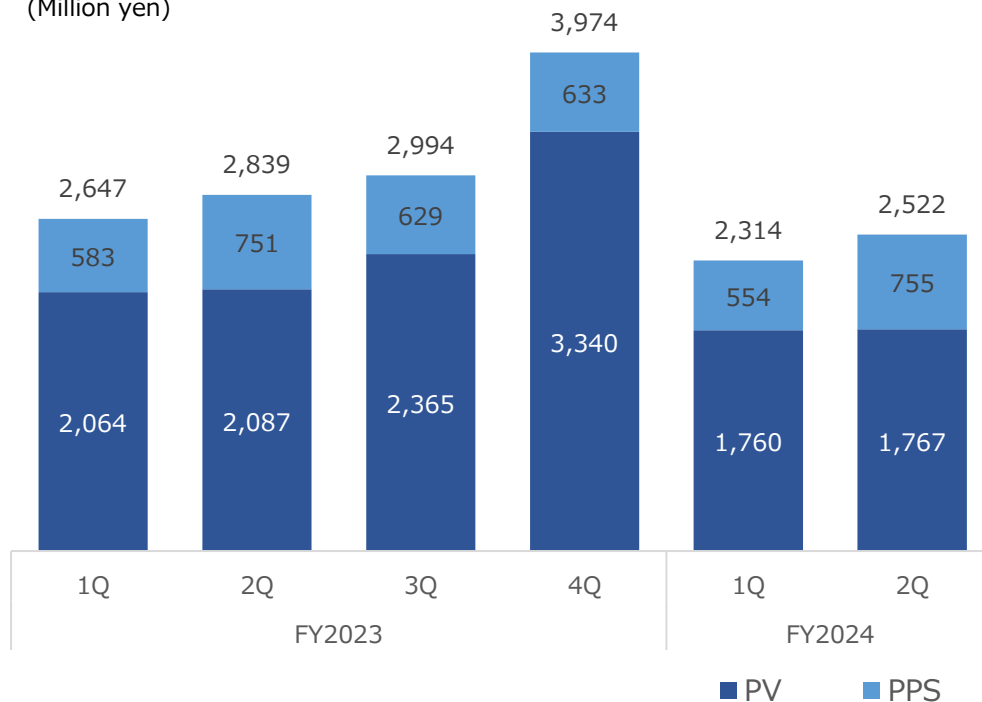
Energy Area Net sales composition



Energy Area | Net sales

Although orders are holding firm against a backdrop of full-scale efforts to realize a decarbonized society and soaring electricity costs, delays in grid interconnection with power companies and the increasing size and sophistication of solar power generation systems have resulted in a longer order-to-construction period and delays in the completion of construction projects.

(Million yen)

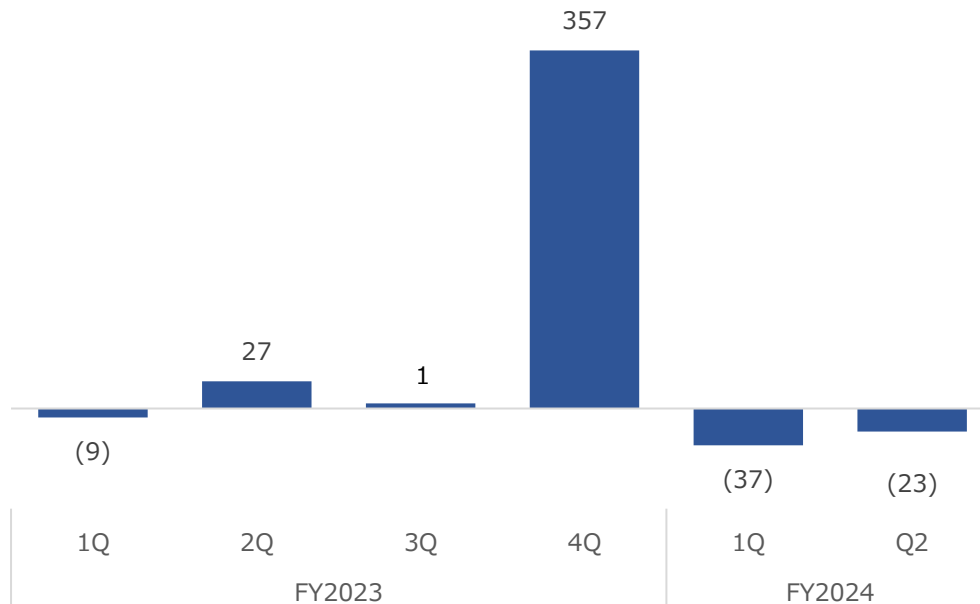


YoY (2Q cumulative)
-11.8%

Energy Area | Operating profit

Although gross profit margins have improved thanks to lower material costs and other factors, profits declined as fixed costs could not be absorbed because of delays in the completion of construction.

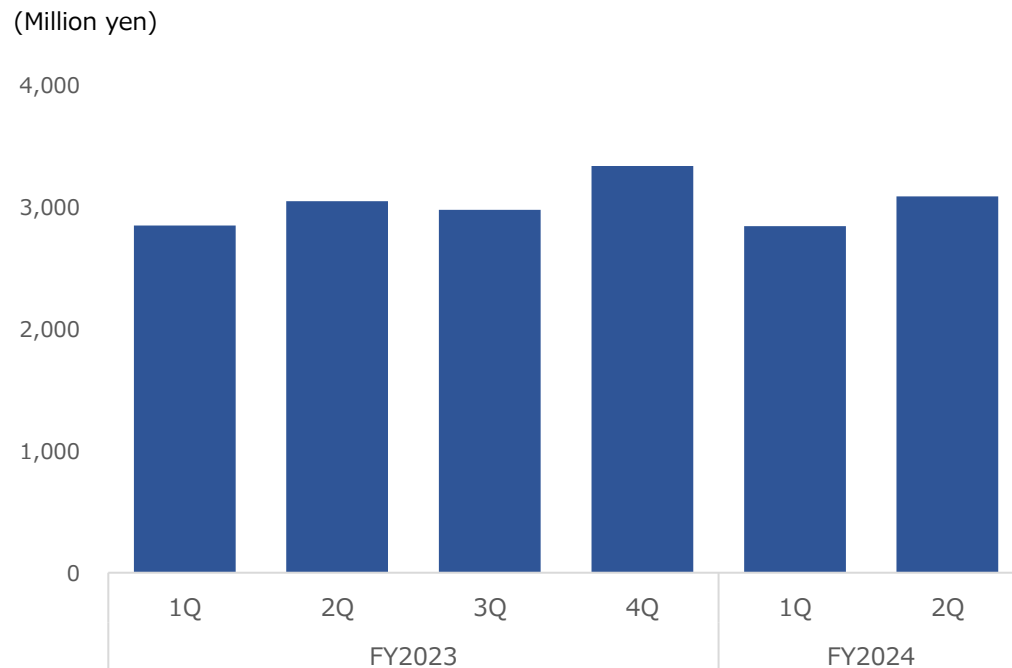
(Million yen)



YoY (2Q cumulative)
- ¥79 M

Energy Area | Contract status in PV Division

Net sales of received contract



※The order amount is the amount of money that the customer has agreed to in writing.

Against the backdrop of full-scale efforts to realize a decarbonized society and soaring electricity costs



Orders are holding firm



Expect to achieve the plan

1. Financial results	…P. 2
2. Business segments	…P. 10
① Residential environment Area (HS・ES・SE)	…P. 10
② Energy Area (PV・PPS)	…P. 15
③ Resource circulation Area (ERD)	…P. 20
3. Topics	…P. 27
4. FY2024 forecasts	…P. 33
5. Appendix	…P. 39



Resource circulation Area

- Recycling of waste plastics
- Power generation from waste plastic fuel

Recycling resources instead of abandoning

- Purification of waste liquid and production of recycled fuel
- Final disposal of industrial waste

We at SANIX contribute to the establishment of a recycling-oriented society through efforts including the conversion-to-fuel and recycling of industrial waste plastics and the purification and recycling of waste liquid discharged from food factories and other facilities for the betterment of the global environment for next generations of people.

Fuel conversion of waste plastic

We operate 15 factories (plastic resource development plants) nationwide to convert industrial waste plastics to fuel. Waste plastics, whose sizes and shapes are different, are finely ground and recycled as fuel that replace oil and coal. We began full-scale material recycling efforts.



Plastic resource development factory



Plastic fuel

Power generation system with recycling resource

We use plastics converted to fuel at the plastic resource development plants as an energy source for power generation facilities. As these plastics generate a greater amount of heat than coal while emitting less CO2 and generating less incinerated ash, we can supply high value-added (non-fossil value) electricity with a low environmental load.



Tomakomai power plant



Final disposal site

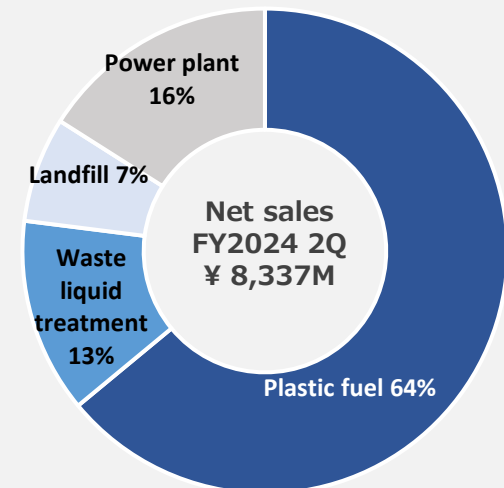
Waste liquid treatment / recycling

We have a system in place for accepting large amounts of organic waste liquid and other waste materials discharged by businesses in the foodservice industry, food factories, a range of drainage pits and other facilities. Through a series of processing measures, the system has the ability to eliminate more than 99% of highly concentrated pollutants. In addition, we promote the conversion-to-fuel and recycling of oil content and dehydrated sludge.



Waste liquid treatment plant

Resource circulation Area Net sales composition

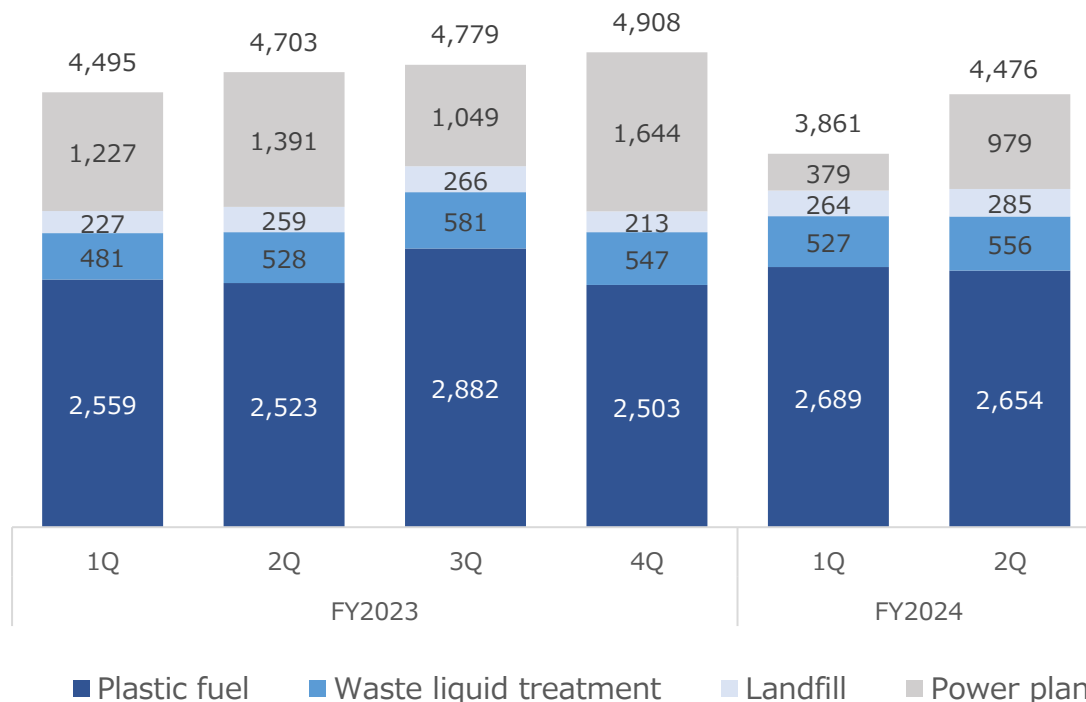


Resource circulation Area | Net sales

Net sales decreased due to a significant drop in the electricity sales price in the power plant business.

However, plastic fuel, waste liquid treatment, and landfill businesses showed growth.

(Million yen)



YoY (2Q cumulative)
-9.4%

YoY (2Q cumulative)
Excluding net sales of
power plant

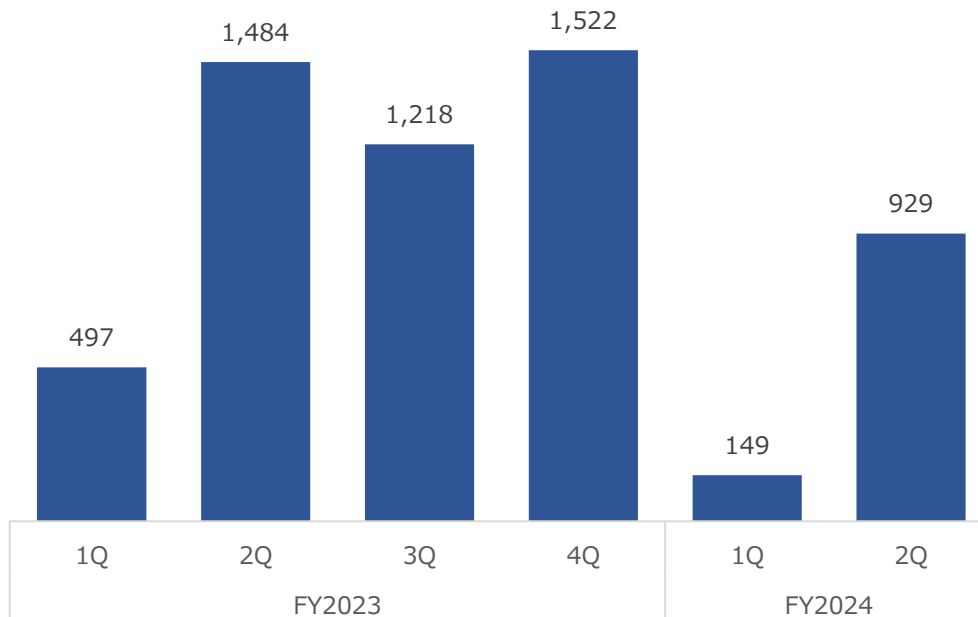
+6.1%

Resource circulation Area | Operating profit

Profit decreased due to a significant decline in the unit price of electricity sold in the power plant business.

However, plastic fuel, waste liquid treatment, and landfill businesses, excluding the power plant business, have remained strong.

(Million yen)

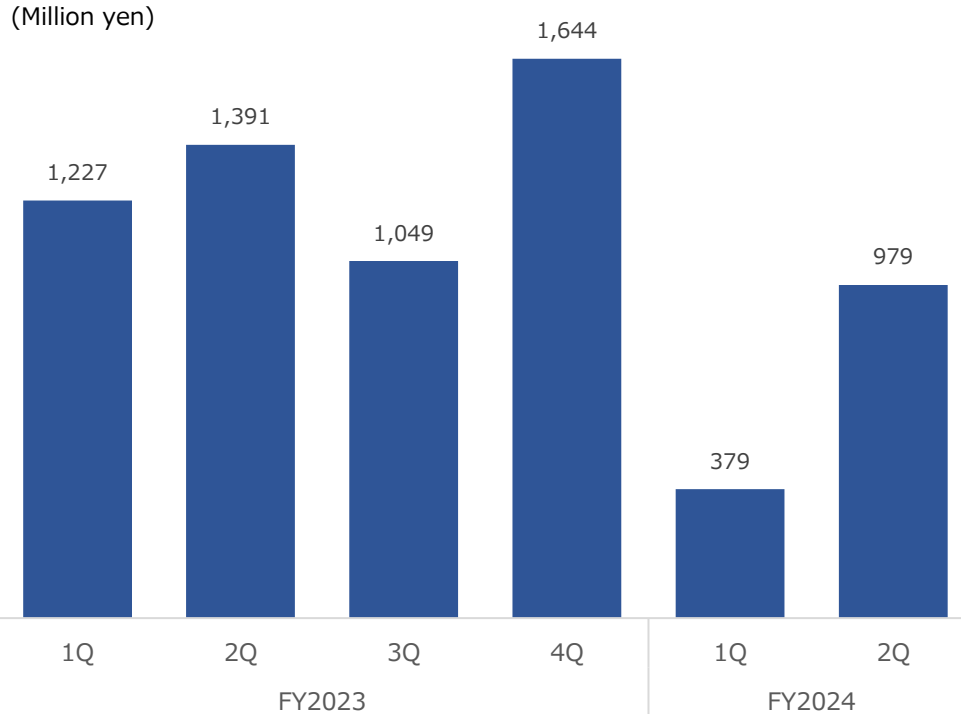


YoY (2Q cumulative)
-45.5%

YoY (2Q cumulative)
Excluding net sales of
power plant
+6.9%

Resource circulation Area | Power plant net sales

Net sales decreased due to lower the unit price of electricity and shutdown boiler due to maintenance(FY2024 1Q)



YoY (2Q cumulative)
-48.1%

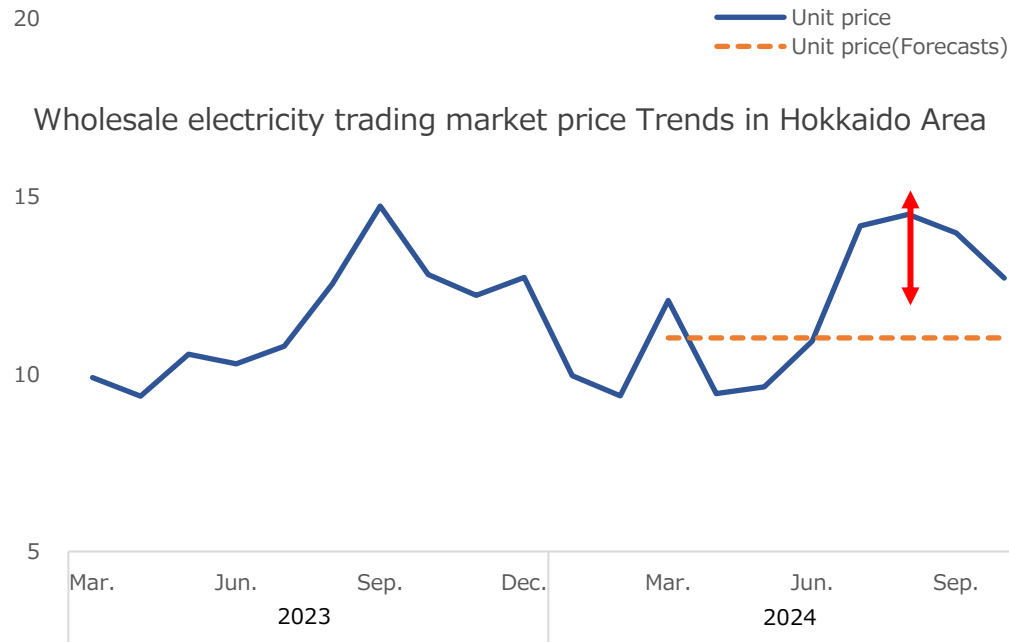
Boiler maintenance
(took about 2 months)

Boiler maintenance on a large scale,
toward future stable operation

Resource circulation Area | Trend in electricity price of power plant

Since July 2024, the price in the wholesale electricity trading market has increased (improved)

(¥ / kWh)



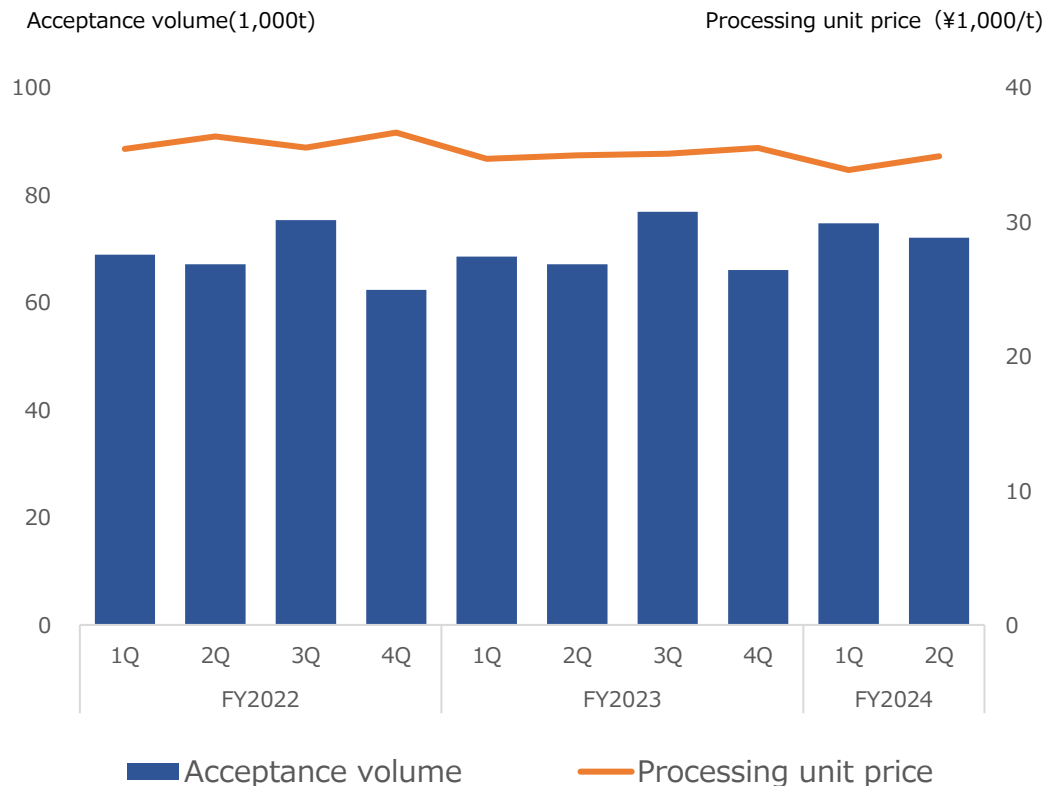
Sales side on power plant business

Market prices have risen since July. The selling price of the bid has increased, also, we secured new customers.

※We process the spot market index data of the wholesale electricity trading market (JEPX, Japan Electric Power Exchange). As important market data related to our electricity procurement, we list the monthly average price/unit price changes of JEPX prices. The market unit price forecast for JEPX is based on the figures calculated by our company in light of the price forecast service and trends in fuel prices such as LNG.

Resource circulation Area | Acceptance status of waste plastics

Increase in intake volume due to the expansion of available items and enhancement of equipment.



※Processing unit price = Net sales of plastic fuel business / Acceptance volume

YoY (2Q cumulative)

Acceptance volume
+8.2%

Processing unit price
-1.3%

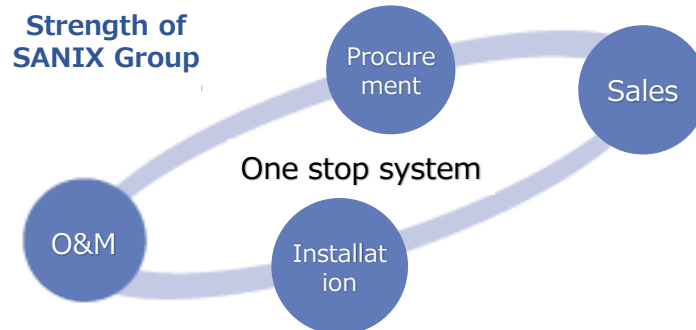
1. Financial results	…P. 2
2. Business segments	…P. 10
① Residential environment Area (HS・ES・SE)	…P. 10
② Energy Area (PV・PPS)	…P. 15
③ Resource circulation Area (ERD)	…P. 20
3. Topics	…P. 27
4. FY2024 forecasts	…P. 33
5. Appendix	…P. 39

Energy Area | Initiatives for Continued Business Expansion

Aiming to introduce and expand photovoltaic power generation systems

The SANIX Group encourages the efficient use of industrial roofing and building rooftops and supports reductions in cost (electricity bills) with photovoltaic power generation, primarily self-consumption photovoltaic systems owned by a third-party, as well as anti-disaster measures and environmental management in pursuit of business expansion.

Strength of
SANIX Group



One stop system

Three facilities owned by Kumamoto prefecture

We were selected as the company planned to operate the business of introducing renewable energy to prefecture-owned facilities with a zero initial investment model, a program for introducing photovoltaic power generation systems to three facilities owned by Kumamoto prefecture.



Kumamoto Prefecture Environment Center, a candidate facility for the introduction of a photovoltaic power generation system, etc. The photo is provided by Environment-oriented Prefecture Promotion Section, Environmental Bureau, Environmental Life Department, Kumamoto Prefecture.

- ◆ Candidate facilities for the introduction of a photovoltaic power generation system, etc. (to be introduced as a model under a third party's possession)
- (1) Uki City Hall : Estimated installed capacity 68.5 kW
- (2) Kodomo Sogo Ryoiku Center : Estimated installed capacity 157.4 kW
- (3) Environment Center : Estimated installed capacity 31.3 kW

Press release
(Sep. 12, 2024)



Boat Race Naruto in Naruto City, Tokushima

We have been selected as a candidate outsourcing company for the installation of a photovoltaic power generation system and related works at Boat Race Naruto, located in Naruto City, Tokushima.



Boat Race Naruto, a candidate facility for the introduction of a photovoltaic power generation system, etc. The photo is provided by Boat Race Section, Enterprise Bureau, Naruto City government.

- ◆ Candidate facilities for the introduction of a photovoltaic power generation system, etc. (to be introduced as a self-consumption model)
- (1) Boat Race Naruto :
Estimated installed capacity 343.07 kW + Storage battery

Press release
(Oct. 18, 2024)



Resource Circulation Area | Efforts for Continued Expansion of Business Foundation

Strengthening sales of 'Kankyo Ace Ichigen kun'

① Trial

Making 'Kankyo Ace Ichigen kun' available **for free for 2 years**

Invitation period: Oct. 1, 2024 – Sep. 30, 2025

※Free availability period :

2 years from the day the system operation starts

Initial cost and
maintenance cost

Free



Usage fees

Free for 2 years



'Kankyo Ace Ichigen kun' is a system to support all kinds of waste management operations performed by waste generators (see page 48 for details)

② Gain more recognition

Advertise 'Kankyo Ace Ichigen kun' on TV programs and other media

TV program

Eejanaika Biz

(An information program mainly targeting business professionals)

Station : TOKYO MX (broadcast area: Tokyo)

Video ▶

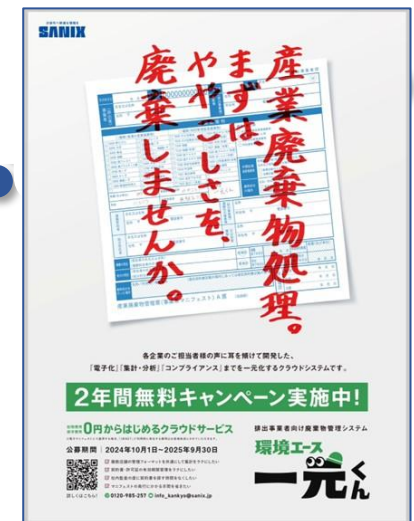


Newspaper AD

Nihon Keizai Shimbun
(national newspaper)

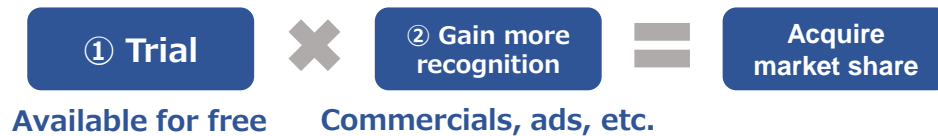
The ad was run on
Nov. 12, 2024

In addition, we will air TV commercials, publish newspaper ads, and upload videos and online advertisements.



Resource Circulation Area | Efforts for Continued Expansion of Business Foundation

We aim to achieve **40,000 orders** for
'Kankyo Ace Ichigen kun' by the end of FY2025.



Expanding the operating base

Increased profit of
'Kankyo Ace Ichigen kun'



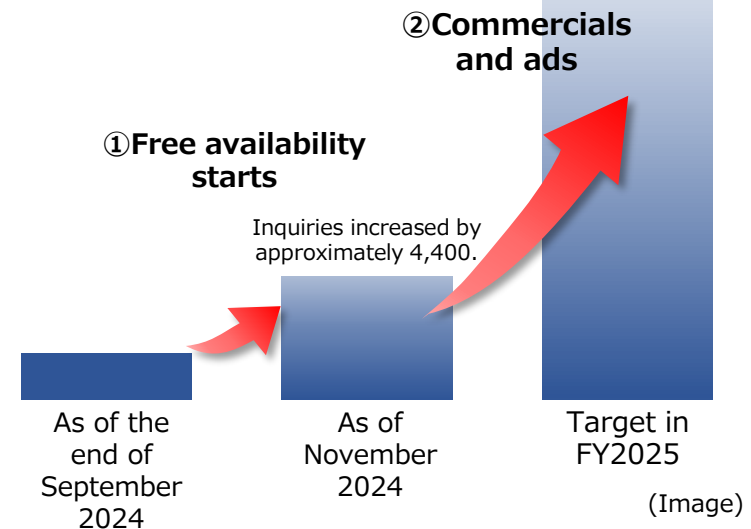
Increased acceptance
of new waste

Offer services with higher added value in the price competition in order not to lose customers

Free availability period will be terminated in the second half of FY2027 and this will begin to contribute to increasing our business performance.

Kankyo Ace Ichigen kun (sales target)

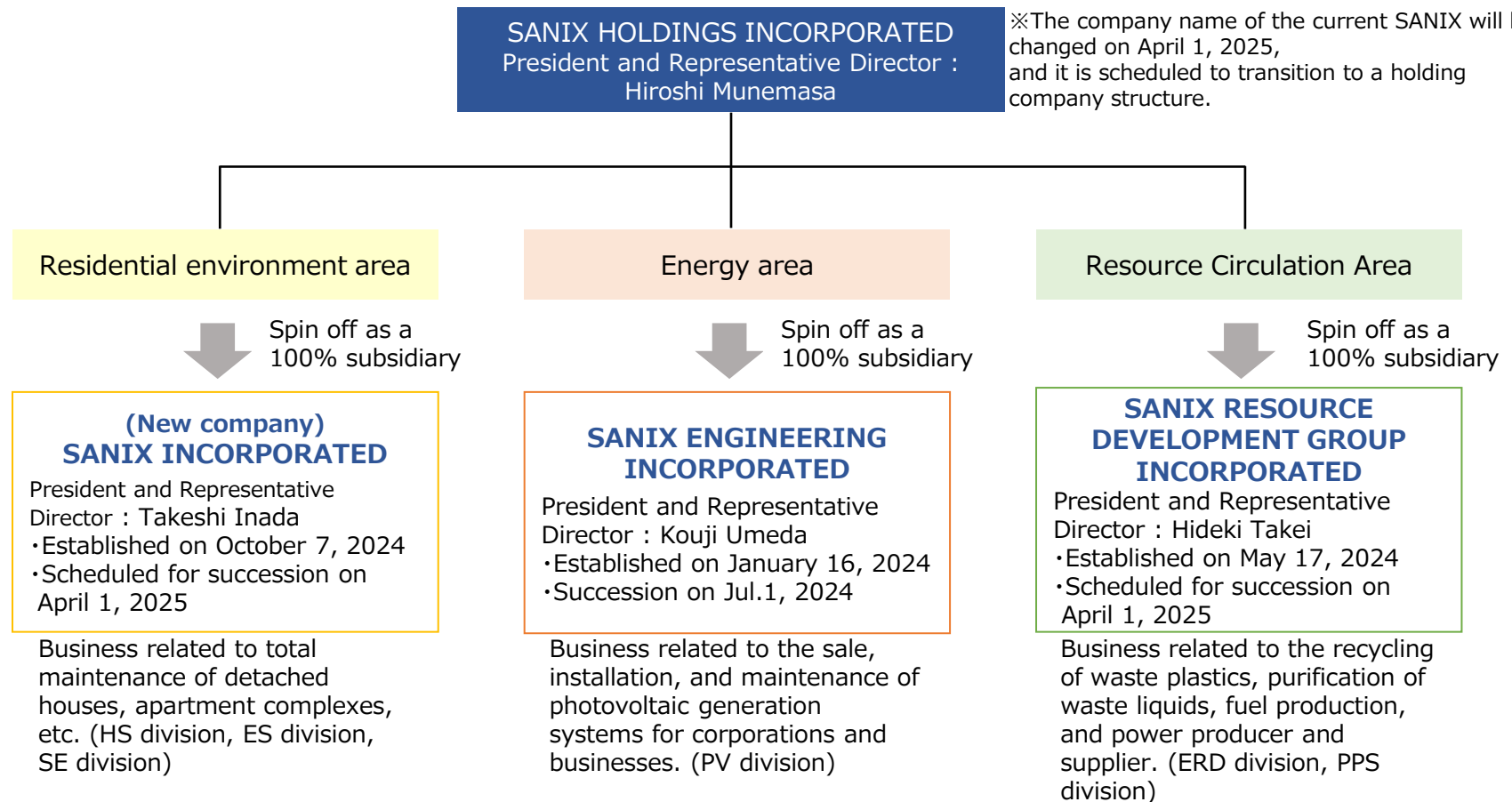
More than
40,000 orders



Transition to a Holdings Structure (Progress Status)

Making good progress towards the April 1, 2025 transition.

※The company name of the current SANIX will be changed on April 1, 2025, and it is scheduled to transition to a holding company structure.



**The loss carried forward was eliminated on
September 2, 2024 (consolidated: deficit disposition)**

**While improving financial soundness,
we will ensure the flexibility and mobility of capital policy.**



**Strengthen our management base in the current
medium term management plan and achieve our
full-year plan in the pursuit of an early
resumption of dividends**

1. Financial results	…P. 2
2. Business segments	…P. 10
① Residential environment Area (HS・ES・SE)	…P. 10
② Energy Area (PV・PPS)	…P. 15
③ Resource circulation Area (ERD)	…P. 20
3. Topics	…P. 27
4. FY2024 forecasts	…P. 33
5. Appendix	…P. 39

No change since May 15, 2024

FY2024 Forecasts

● Net sales ¥46,246M (YoY 98.0%)

● Operating profit ¥1,715M (YoY 45.8%)

(Reprint)

(Million yen)	1st half year		2nd half year		Full-year	
	Plan	YoY	Plan	YoY	Plan	YoY
Net sales	22,726	+ 137	23,519	- 1,058	46,246	- 921
Gross profit	7,848	- 700	8,153	- 1,400	16,001	- 2,100
(Gross profit margin)	34.5%		34.7%		34.6%	
Operating profit	613	- 868	1,102	- 1,159	1,715	- 2,028
(Operating profit margin)	2.7%		4.7%		3.7%	
Ordinary profit	483	- 860	957	- 1,165	1,440	- 2,025
(Ordinary profit margin)	2.1%		4.1%		3.1%	
Profit(loss) attributable to owners of parent	366	- 759	727	- 843	1,093	- 1,603
(Net profit margin)	1.6%		3.1%		2.4%	

FY2024 Forecasts | Segments

● Major factors

- Residential environment is expected to increase sales and profits due to leveraging the sales force and customer base
- Resource circulation is expected to decrease sales and profits due to significant decline in the unit price of electricity sold in the Tomakomai power plant

	1st half year		2nd half year		Full-year	
	Plan	YoY	Plan	YoY	Plan	YoY
(Million yen)						
Net sales	22,726	+ 137	23,519	- 1,058	46,246	- 921
Residential environment	8,977	+ 1,073	8,726	+ 805	17,704	+ 1,879
Energy	6,115	+ 629	6,204	- 764	12,320	- 134
Resource circulation	7,633	- 1,565	8,587	- 1,099	16,221	- 2,665
Operating profit	613	- 868	1,102	- 1,159	1,715	- 2,028
Residential environment	1,336	+ 483	1,043	+ 171	2,379	+ 655
Energy	174	+ 155	78	- 279	252	- 124
Resource circulation	566	- 1,414	1,297	- 1,443	1,863	- 2,858
Group	(1,464)	- 92	(1,316)	+ 391	(2,780)	+ 299

FY2024 Forecasts | Residential environment Area

● YoY : Increase in sales and profits

- Expand the continuous follow-up system for existing customers and to increase the number of customers by strengthening the corporate sales system.
- A Broad range of service, from termite control to residential environmental needs. (such as residential PPA and storage batteries)
- For multi-family housing, broaden the focus from Anti-rust equipment (product name: Daelman Shock) to include maintenance measures for water supply and drainage systems.

(Million yen)	1st half year			2nd half year			Full-year		
	Plan	Sales ratio	YoY	Plan	Sales ratio	YoY	Plan	Sales ratio	YoY
Net sales	8,977		+ 1,073	8,726		+ 805	17,704		+ 1,879
HS Division	6,816	75.9%	+ 832	6,502	74.5%	+ 628	13,318	75.2%	+ 1,461
ES Division	1,366	15.2%	+ 39	1,433	16.4%	+ 59	2,800	15.8%	+ 99
SE Division	795	8.9%	+ 200	791	9.1%	+ 117	1,586	9.0%	+ 318
Cost of sales	3,941	43.9%	+ 559	4,066	46.6%	+ 492	8,008	45.2%	+ 1,051
Material costs	1,378	15.4%	+ 250	1,402	16.1%	+ 215	2,781	15.7%	+ 465
Labor costs	1,320	14.7%	+ 78	1,388	15.9%	+ 158	2,708	15.3%	+ 237
Gross profit	5,035	56.1%	+ 514	4,660	53.4%	+ 313	9,695	54.8%	+ 828
SG&A	3,699	41.2%	+ 30	3,617	41.4%	+ 141	7,316	41.3%	+ 172
Labor costs	2,332	26.0%	+ 92	2,333	26.7%	+ 137	4,665	26.4%	+ 230
Operating profit	1,336	14.9%	+ 483	1,043	12.0%	+ 171	2,379	13.4%	+ 655

FY2024 Forecasts | Energy Area

● YoY : Decrease in sales and profits

- In the PV systems, efforts will be made to expand the sales channels for 'self-consumption' solar power generation systems, while also strengthening the system for equipment replacement and after-sales maintenance for existing solar power plant.
- Promote the sale of electricity by utilizing the added value of non-fossil value electricity from the Tomakomai power plant.

(Million yen)	1st half year			2nd half year			Full-year		
	Plan	Sales ratio	YoY	Plan	Sales ratio	YoY	Plan	Sales ratio	YoY
Net sales	6,115		+ 629	6,204		- 764	12,320		- 134
PV Division	4,898	80.1%	+ 746	4,986	80.4%	- 720	9,884	80.2%	+ 26
PPS Division	1,217	19.9%	- 117	1,218	19.6%	- 44	2,436	19.8%	- 161
Cost of sales	4,917	80.4%	+ 468	5,072	81.7%	- 483	9,989	81.1%	- 15
Material costs	3,427	56.0%	+ 246	3,498	56.4%	- 420	6,925	56.2%	- 173
Labor costs	316	5.2%	+ 17	316	5.1%	+ 12	633	5.1%	+ 29
Gross profit	1,198	19.6%	+ 161	1,132	18.3%	- 280	2,330	18.9%	- 119
SG&A	1,024	16.7%	+ 5	1,054	17.0%	- 1	2,078	16.9%	+ 4
Labor costs	539	8.8%	- 7	572	9.2%	+ 1	1,112	9.0%	- 6
Operating profit	174	2.8%	+ 155	78	1.3%	- 279	252	2.1%	- 124

FY2024 Forecasts | Resource circulation Area

● YoY : Decrease in sales and profits

- In the plastic business, expand the intake capacity and sales channels through capital investment.
- Encourage the development of 'material recycling' for the reuse of plastic raw materials.
- Expand the functionality of the disposal operations management system to enable the calculation of emission volumes required for sustainability reporting, in addition to support for contracts, manifests, and performance reporting to local governments.
- In waste liquid treatment, expand the production of 'Recycled Oil Bio', an alternative fuel to heavy oil, and promote the conversion of sludge generated from waste liquid treatment into recycled fuel.

(Million yen)	1st half year			2nd half year			Full-year		
	Plan	Sales ratio	YoY	Plan	Sales ratio	YoY	Plan	Sales ratio	YoY
Net sales	7,633		- 1,565	8,587		- 1,099	16,221		- 2,665
Plastic fuel	5,049	66.2%	- 33	5,213	60.7%	- 171	10,263	63.3%	- 204
Power plant	1,053	13.8%	- 1,565	1,850	21.5%	- 844	2,903	17.9%	- 2,409
Waste liquid treatment	1,136	14.9%	+ 126	1,198	14.0%	+ 69	2,335	14.4%	+ 196
Landfill	393	5.1%	- 93	325	3.8%	- 154	718	4.4%	- 248
Cost of sales	6,018	78.8%	- 190	6,227	72.5%	+ 333	12,246	75.5%	+ 143
Labor costs	995	13.0%	+ 45	1,004	11.7%	+ 4	1,999	12.3%	+ 50
Gross profit	1,614	21.2%	- 1,375	2,360	27.5%	- 1,433	3,974	24.5%	- 2,809
SG&A	1,048	13.7%	+ 39	1,063	12.4%	+ 9	2,111	13.0%	+ 48
Labor costs	637	8.3%	+ 36	640	7.5%	+ 5	1,278	7.9%	+ 42
Operating profit	566	7.4%	- 1,414	1,297	15.1%	- 1,443	1,863	11.5%	- 2,858

1. Financial results	・・・P. 2
2. Business segments	・・・P. 10
① Residential environment Area (HS・ES・SE)	・・・P. 10
② Energy Area (PV・PPS)	・・・P. 15
③ Resource circulation Area (ERD)	・・・P. 20
3. Topics	・・・P. 27
4. FY2024 forecasts	・・・P. 33
5. Appendix	・・・P. 39

Financial results FY2024 2Q

(Million yen)	FY2023 2Q Results	FY2024 2Q Results	YoY		FY2024 1st half plan	Plan ratio
Net sales	22,589	21,259	-1,330	-5.9%	22,726	-6.5%
Gross profit (Gross profit margin)	8,548 37.8%	7,761 36.5%	-787	-9.2%	7,848 34.5%	-1.1%
Operating profit (Operating profit margin)	1,481 6.6%	650 3.1%	-830	-56.1%	613 2.7%	6.1%
Ordinary profit (Ordinary profit margin)	1,343 5.9%	499 2.4%	-843	-62.8%	483 2.1%	3.5%
Profit attributable to owners (Net profit margin)	1,126 5.0%	270 1.3%	-856	-76.0%	366 1.6%	-26.4%

Segment results FY2024 2Q

(Million yen)	FY2023 2Q Results	FY2024 2Q Results	YoY		FY2024 1st half plan	Plan ratio
Net sales	22,589	21,259	-1,330	-5.9%	22,726	-6.5%
Residential environment	7,904	8,084	+ 180	+ 2.3%	8,977	-9.9%
Energy	5,486	4,837	-649	-11.8%	6,115	-20.9%
Resource circulation	9,198	8,337	-861	-9.4%	7,633	9.2%
Operating profit	1,481	650	-830	-56.1%	613	6.1%
Residential environment	853	1,017	+ 163	+ 19.2%	1,336	-23.9%
Energy	18	(60)	-79	—	174	—
Resource circulation	1,981	1,079	-901	-45.5%	566	90.5%
Group	(1,371)	(1,385)	-13	—	(1,464)	—

Residential environment Area results

(Million yen)	FY2023 2Q Results	FY2024 2Q Results	YoY		FY2024 1st half plan	Plan ratio
Net sales	7,904	8,084	+ 180	+ 2.3%	8,977	-9.9%
HS Division	5,983	6,184	+ 200	+ 3.4%	6,816	-9.3%
ES Division	1,326	1,277	-48	-3.7%	1,366	-6.5%
SE Division	594	622	+ 28	+ 4.8%	795	-21.7%
Cost of sales	3,382	3,522	+ 140	+ 4.1%	3,941	-10.6%
Material costs	1,128	1,123	-5	-0.5%	1,378	-18.5%
Labor costs	1,242	1,231	-11	-0.9%	1,320	-6.8%
Gross profit	4,521	4,561	+ 39	+ 0.9%	5,035	-9.4%
SG&A	3,668	3,544	-123	-3.4%	3,699	-4.2%
Labor costs	2,239	2,178	-61	-2.7%	2,332	-6.6%
Operating profit	853	1,017	+ 163	+ 19.2%	1,336	-23.9%

Energy Area results

(Million yen)	FY2023 2Q Results	FY2024 2Q Results	YoY		FY2024 1st half plan	Plan ratio
Net sales	5,486	4,837	-649	-11.8%	6,115	-20.9%
PV Division	4,151	3,527	-623	-15.0%	4,898	-28.0%
PPS Division	1,335	1,309	-25	-1.9%	1,217	7.5%
Cost of sales	4,449	3,779	-669	-15.1%	4,917	-23.1%
Material costs	3,180	2,584	-595	-18.7%	3,427	-24.6%
Labor costs	299	305	+ 5	+ 2.0%	316	-3.6%
Gross profit	1,037	1,057	+ 20	+ 2.0%	1,198	-11.7%
SG&A	1,018	1,118	+ 100	+ 9.8%	1,024	9.2%
Labor costs	547	609	+ 62	+ 11.4%	539	13.1%
Operating profit	18	(60)	-79	—	174	—

Resource circulation Area results

(Million yen)	FY2023 2Q Results	FY2024 2Q Results	YoY		FY2024 1st half plan	Plan ratio
Net sales	9,198	8,337	-861	-9.4%	7,633	9.2%
Plastic fuel	5,083	5,344	+ 260	+ 5.1%	5,049	5.8%
Power plant	2,618	1,359	-1,259	-48.1%	1,053	29.0%
Waste liquid treatment	1,009	1,083	+ 73	+ 7.3%	1,136	-4.6%
Landfill	486	550	+ 63	+ 13.1%	393	40.1%
Cost of sales	6,208	6,194	-13	-0.2%	6,018	2.9%
Labor costs	949	1,002	+ 52	+ 5.5%	995	0.7%
Gross profit	2,990	2,142	-847	-28.3%	1,614	32.7%
SG&A	1,008	1,063	+ 54	+ 5.4%	1,048	1.4%
Labor costs	600	623	+ 22	+ 3.8%	637	-2.2%
Operating profit	1,981	1,079	-901	-45.5%	566	90.5%

Financial status

(Million yen)	As of	As of	HoH	
	Mar.31, 2024	Sep.30, 2024	Difference	Ratio
Current assets	16,211	13,802	-2,408	-14.9%
Non-current assets	20,753	22,427	+ 1,673	+ 8.1%
Total assets	36,965	36,230	-735	-2.0%
Current liabilities	18,010	16,748	-1,261	-7.0%
Non-current liabilities	10,042	10,368	+ 325	+ 3.2%
Total liabilities	28,053	27,117	-936	-3.3%
Total net assets	8,912	9,113	+ 201	+ 2.3%
Total liabilities and net sales	36,965	36,230	-735	-2.0%
Equity ratio	24.1%	25.1%		

Capital investment and depreciation expenses

(Million yen)	FY2023 2Q Results	FY2024 2Q Results
Residential environment	6	13
Energy	113	82
Resource circulation	1,583	2,168
Headquarters	137	20
Capital investment	1,841	2,285
Depreciation	806	824

【Major capital investment】

【Resource circulation Area】

- in Tomakomai power plant : ¥1,606M
- in disposal facilities of waste plastic resources development factory : ¥382M
- in waste liquid treatment : ¥135M

【 Energy Area 】

- in PPA for municipalities : ¥38M

Number of sites and employees

	As of Mar.31, 2024		As of Sep.30, 2024		Employees difference
	Sites	Employees	Sites	Employees	
HS Division	62	864	62	871	+7
ES Division	12	162	11	158	-4
SE Division	14	75	14	72	-3
PV Division	30	245	27	265	+20
PPS Division	1	13	1	14	+1
ERD Division	19	455	19	472	+17
Headquarters	—	235	—	233	-2
Total	—	2,049	—	2,085	+36

※ The above number of locations includes instances of the same location

※ The ERD division includes one power plant and one final disposal site.

Major management indices

		FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Plan
Return on equity	ROE	27.9%	—	24.8%	36.1%	11.6%
Return on assets	ROA	6.4%	—	4.5%	9.8%	3.8%
Equity ratio		24.5%	13.5%	18.0%	24.1%	25.4%
Return on invested capital	ROIC	11.2%	—	8.4%	14.4%	6.4%
	(Million yen)					
Capital investment		3,083	2,776	1,566	2,743	3,900
Depreciation		1,097	1,509	1,889	1,654	1,700

Introducing the 'Ichigen kun' Series

About the 'Ichigen kun' Series

This is a system for supporting all practices of waste management operations.



Details of the service ▶



Helps the waste generator to:

- ① Comply with laws;
- ② Reduce labor and increase efficiency through centralized management; and
- ③ Optimize costs and contribute to the environment (decarbonization, resource recycling, SDGs) through visualization.

Waste management systems for Waste generators.

< Available for free >

▶ A system that visualizes all aspects of waste, including collection and treatment flow, volume, and recycling rate, to achieve appropriate and efficient business operations
Launched on April 1, 2022

Other lineups

For collection and transportation contractors
Launched on May 1, 2023



Details of the service ▶



New

For intermediate waste disposers

Launched on May 15, 2024



Details of the service ▶



A Story behind the start of the 'Ichigen kun' Series

In modern society, waste management is an important issue for protecting the global environment. As urbanization and industrialization advance, waste keeps increasing in volume. The impact of waste treatment on the environment is becoming severer. In this context, the waste industry has many challenges to address, such as compliance, Act on Waste Management and Public Cleaning, illegal dumping, dependence on specific individuals, paperless operations and reduction of clerical burdens. The wish to solve the problems in the waste industry led to the launch of the 'Ichigen kun' Series.

Challenges in the waste industry

- ① High dependence on specific personnel
- ② Increase in administration cost and work hours
- ③ Other challenges relating to compliance with laws, etc.

As a solution...

The 'Ichigen kun' Series starts!



▼ Detailed story behind the start of the series



Expansion of Business Opportunities | Exhibiting at Many Fairs

Exhibition information

2024

Besides those shown below,
we exhibit at many fairs and similar venues.

1H

- NEW Environmental Exhibition 2024 (May 22 - 24)
- Solution EXPO (Jul 3 - 5)
- FABEX CHUBU(Jul 24 - 25)
- KUSATSU Environment Festa (Aug 25)
- INTERNATIONAL INDUSTRIAL FAIR (Sep 5 - 6)

Oct.

- REIF FUKUSHIMA (Oct 17 - Nov 18)
- FABEX KANSAI (Oct 16 - Nov 18)

Nov.

- Hitachinaka Industrial Fair (Nov 2 - 3)
- FOODMESSE (Nov 6 - 8)
- FOOD STYLE Kyushu (11/13-11/14)
- BUSINESS MATCH TOHOKU (Nov 14)
- Gunma Environmental Festival (Nov 16)
- Tsu Environment Festa 2024 (Nov 23)
- Sainokuni Business Arena 2024 (Nov 22 -23)

We exhibit at many environment-related fairs and showcase initiatives such as recycling waste plastics into fuel and purification of waste liquid generated from food plants, etc.

In October and after, we advertise the two-year free availability of 'Kankyo Ace Ichigen kun'.



Supplementary material

Corporate philosophy

“Clean and comfortable environment for the next generation”

Energy

- PV Division
- PPS Division

Make it common “Energy with low environmental impact”

Main power source for renewable energy, distributed power source, self-consumption, microgrid, VPP.

Residential environment

- HS Division
- ES Division
- SE Division

Make it common “Comfortable living environment is linked to the next generation”

Long-life quality housing, securing housing stock, formulation of Pre-owned housing distribution market

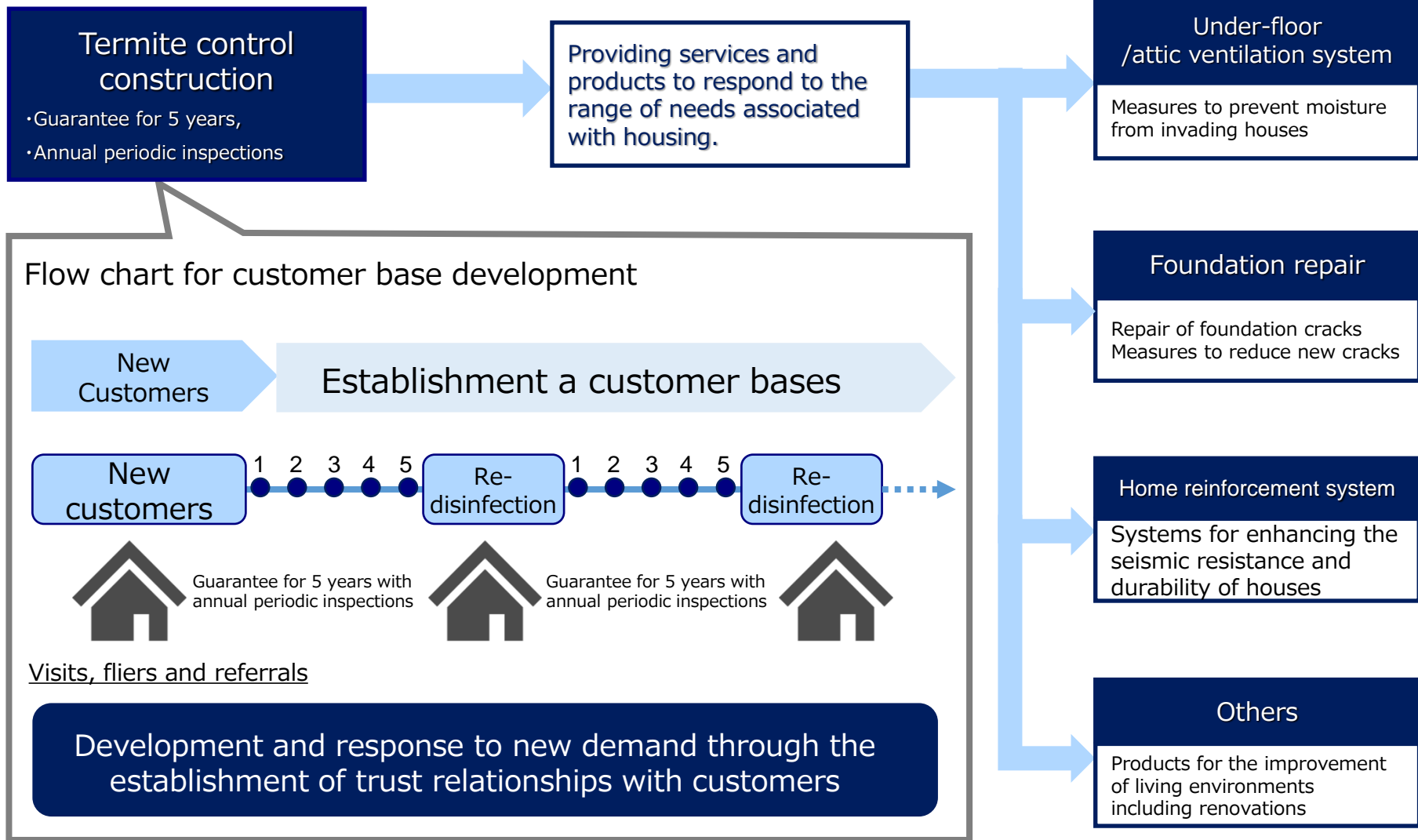
Resource circulation

- ERD Division

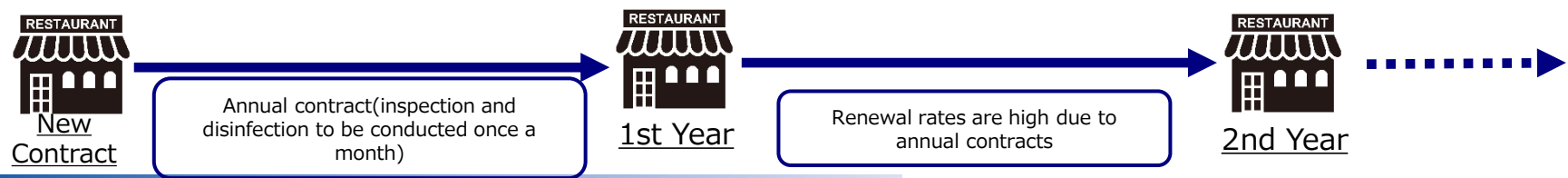
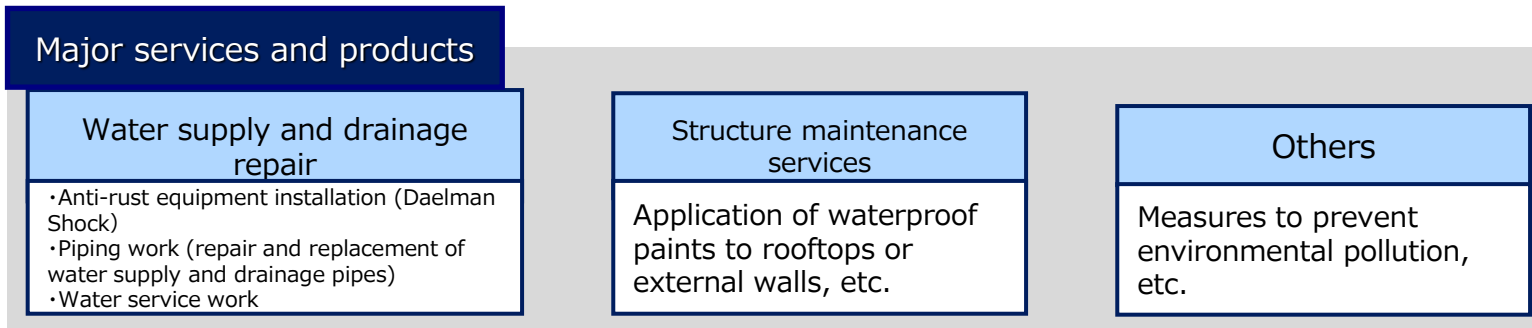
Make it common “Recycling resources without abandoning them”

Basic Environmental Plan, Promotion of Recycling-Oriented Society, Plastic Resource Recycling Strategy

Business structure of the HS Division

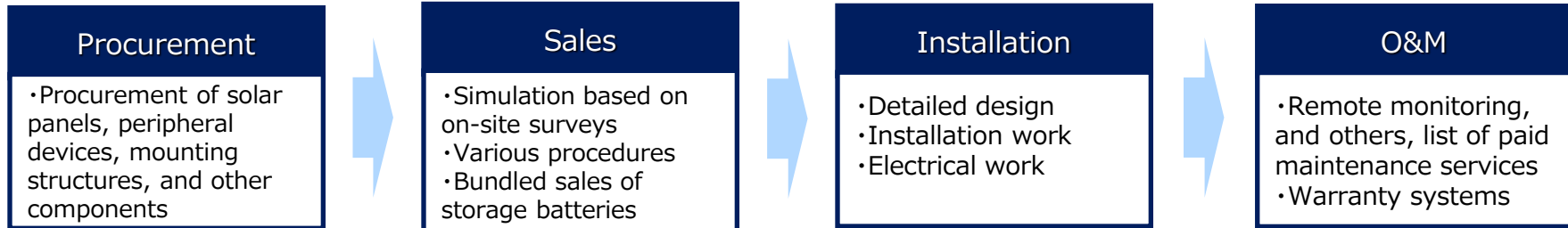


Business structure of the ES Division



Business structure of the SE and PV Division

Provision of a total service including manufacturing, sales, installation and maintenance.



SE Division for housing (less than 10 kW)

- Newly built houses: Promote ZEH
- Existing houses : Support renovation for energy conservation

The PV market for residential and small buildings is expected to grow steadily against the backdrop of accelerated introduction of PV service due to the above factors.

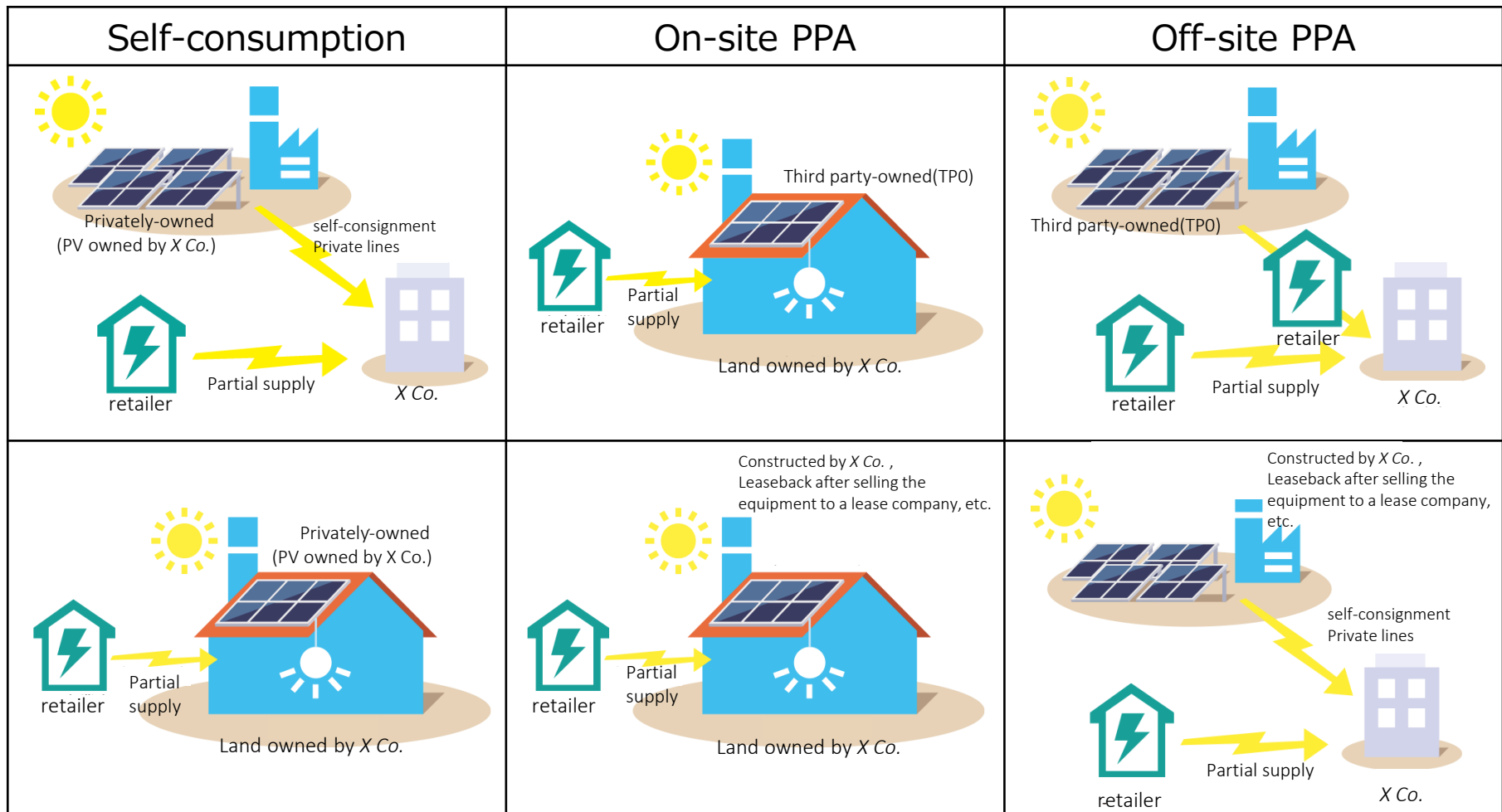
Build a new organization dedicated to the residential PV market, aiming to actively develop the market.

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

Decarbonization initiatives are in full swing, especially within companies and local governments. The market, which differs from that under the FIT system, is expected to grow significantly as methods of installing and owning photovoltaic power generation facilities and methods of supplying generated electricity become more diverse and sophisticated.

Organize a cooperative system for the development of a range of services, starting sales in earnest this fiscal year. Expand the services offered through continued collaboration with other companies and the utilization of our own PPS business.

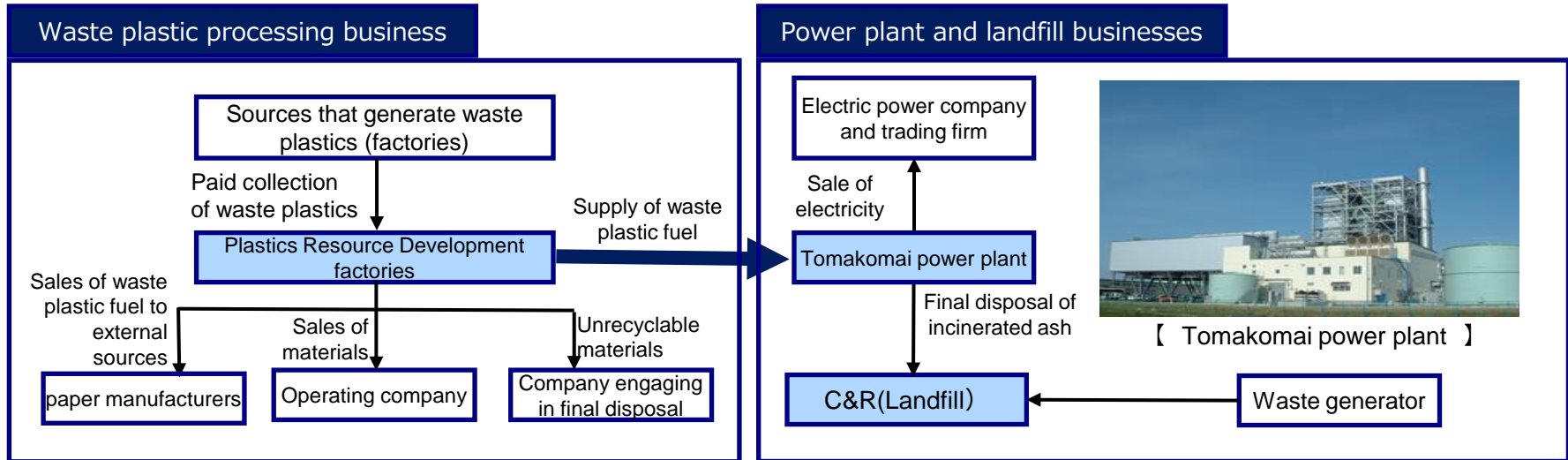
The introduction of solar power is accelerating, driven by rising electricity costs, decreasing costs of solar power systems, and the growing adoption of PPA services, in response to needs for economic efficiency, carbon neutrality, and enhanced resilience.



Source: "Toward the popularization of power generation businesses" page of the Japan Photovoltaic Energy Association's website. Edited by the Company.

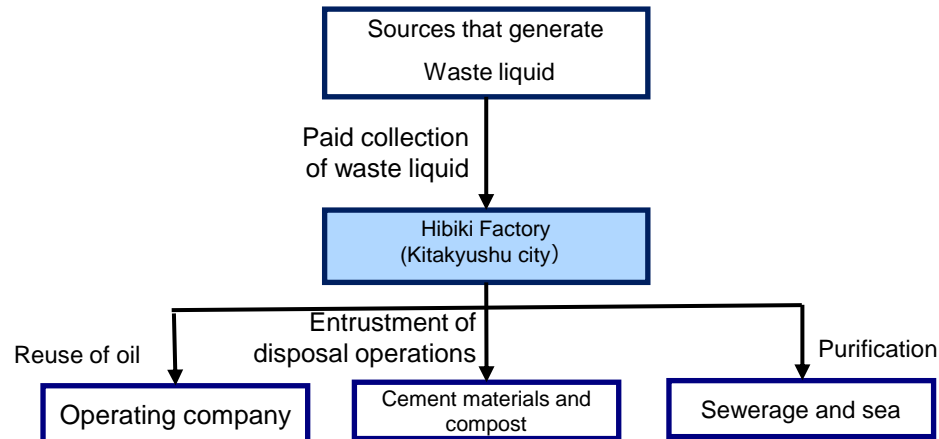
Business structure of Environmental Resource Development

Resource recycling power generation system business



- 15 plastic resources development factories located across the nation engage in the collection of waste plastics generated at companies' manufacturing factories, with fees for disposal.
- Collected waste plastics are processed into waste plastic fuel and supplied to the Tomakomai power plant.
- Power is generated using the waste plastic fuel at the Tomakomai power plant and sold to electric power companies and trading firms.
- In addition to the power plant, waste plastic fuel is sold externally to paper manufacturers, or for use as a raw material.
- The incinerated ash generated by the Tomakomai power plant goes through the final disposal process at C&R (a Tomakomai-based company that operates landfill sites)

Waste liquid treatment



【 Hibiki factory 】

※The Hibiki factory is the largest facility in Japan specializing about treatment of liquid waste.

- Waste liquid generated by food and beverage factories is collected with fees for disposal
- Collected waste liquid is purified using microbe-based treatment ,etc. at the Hibiki factory (Kitakyushu City)
- After purification, the treated water is reused as recycled waste liquid, or discharged into sewers or the sea after confirmation that it satisfies discharge standards.
- Dehydrated sludge generated in the treatment process is reused as or converted into cement materials or compost.

【Disclaimer】

- This material contains certain forward-looking statements. Such forward-looking statements are not intended to provide guarantees of our future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, actual results in future earnings and operating results may materially differ from those contained in the forward-looking statements.
- Several factors beyond the Company's forecast, including the status of the COVID-19 pandemic and the response of the government and local governments, economic trends in Japan, trends in the feed-in tariff for renewable energy, trends related to the handling of waste (especially waste plastics), the competitive environment with other vendors, technological innovation, as well as the legal and regulatory environment.
- This presentation is not intended to solicit investment to securities issued by us. We assume no responsibility for any losses and liabilities that may be incurred because of information contained in this material.

【Notice】

- Numbers are rounded off to the nearest whole number.
- The "()" notation of operating profit, ordinary profit, and net profit for the current period represents operating loss, ordinary loss, and net loss for the current period, respectively.
- In case of negative or more than 1000%, margin is marked " - ".

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SANIX