

# SANIX

Ticker : 4651

for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

## Consolidated Financial Summary For the FY2013 (Ended March 31,2014)

FY

MAY 15,2014

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#### 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.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:

changes in economic environment in Japan and abroad, business condition in Japanese manufacturing industry, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.

In addition, 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.

(Note) Numbers are rounded off to the nearest whole number.



**Consolidated  
Financial Results For FY2013  
(Ended March 31,2014)**

# Summary of FY2013(ended March 31,2014)

| Millions of Yen               | FY2013 | FY2013        |        |           |                           |
|-------------------------------|--------|---------------|--------|-----------|---------------------------|
|                               | Actual | Results       | YOY    | Forecasts | Difference from Forecasts |
| <b>Net Sales</b>              | 43,366 | <b>84,221</b> | 194.2% | 84,500    | 99.7%                     |
| <b>Gorss Profit</b>           | 13,370 | <b>21,421</b> | 160.2% | 22,417    | 95.6%                     |
| Ratio GrossProfit to NetSales | 30.8%  | 25.4%         |        | 26.5%     |                           |
| <b>Operating Income</b>       | 1,870  | <b>4,508</b>  | 241.0% | 6,300     | 71.6%                     |
| Operating Margin              | 4.3%   | 5.4%          |        | 7.5%      |                           |
| <b>Ordinary Income</b>        | 1,788  | <b>4,309</b>  | 240.9% | 6,000     | 71.8%                     |
| Ordinary Income Margin        | 4.1%   | 5.1%          |        | 7.1%      |                           |
| <b>Net Income</b>             | 1,575  | <b>2,964</b>  | 188.2% | 3,600     | 82.4%                     |
| Net Income Margin             | 3.6%   | 3.5%          |        | 4.3%      |                           |

**1) Net Sales** The Commercial Photovoltaics (PV) Division recorded substantial revenue growth in the current fiscal year with commercial solar power and wholesale solar power systems, contributing to sales. In contrast, the Home Sanitation (HS) Division recorded decreased revenue due to the large shift of its human resources to the commercial PV business. At the Establishment Sanitation (ES) Division, commercial solar power systems for buildings and condominiums recorded revenue growth. The Environmental Resources Development Division recorded revenue growth in plastic fuel, electricity sales at Tomakomai Power Plant, and organic waste processing. As a result, group-wide net sales increased by 94.2% to 84,221 million yen from the same period the previous year.

**2) Incomes** Commercial PV Division had substantially increased costs for a proactive expansion in sales, construction, and the logistic system to address the hike in demand, while commercial solar power systems recorded substantial revenue growth, resulting in increased profit. As a result, for the whole group, the operating income increased by 141.0% to 4,508 million yen, ordinary income was up 140.9% to 4,309 million yen, with net income increasing by 88.2% to 2,964 million yen from the same period the previous year.

# Statement of Net Sales and Income of each segment

**SANIX**  
FY2013

|                   | FY2012  | FY2013         |              |        |          |                |
|-------------------|---------|----------------|--------------|--------|----------|----------------|
| (millions of Yen) | Actual  | Results        | Proportion   | YOY    | Forecast | % to Forecasts |
| Sales             | 43,366  | <b>84,221</b>  |              | 194.2% | 84,500   | 99.7%          |
| CPS               | 9,617   | <b>51,340</b>  | 61.0%        | 533.8% | 52,047   | 98.6%          |
| HS                | 14,814  | <b>10,818</b>  | 12.8%        | 73.0%  | 10,665   | 101.4%         |
| ES                | 3,965   | <b>6,011</b>   | 7.1%         | 151.6% | 5,885    | 102.1%         |
| ERD               | 14,967  | <b>16,051</b>  | 19.1%        | 107.2% | 15,903   | 100.9%         |
| Gross Profit      | 13,370  | <b>21,421</b>  | 25.4%        | 160.2% | 22,417   | 95.6%          |
| SG&A              | 11,499  | <b>16,912</b>  | 20.1%        | 147.1% | 16,117   | 104.9%         |
| Operating Income  | 1,870   | <b>4,508</b>   | 5.4%         | 241.0% | 6,300    | 71.6%          |
| CPS               | 320     | <b>4,410</b>   | <u>8.6%</u>  | —      | 5,954    | 74.1%          |
| HS                | 1,775   | <b>1,141</b>   | <u>10.5%</u> | 64.3%  | 1,018    | 112.1%         |
| ES                | 139     | <b>190</b>     | <u>3.2%</u>  | 136.5% | 316      | 60.2%          |
| ERD               | 1,567   | <b>1,364</b>   | <u>8.5%</u>  | 87.1%  | 1,592    | 85.7%          |
| Group             | (1,932) | <b>(2,598)</b> |              | 134.5% | (2,580)  | 100.7%         |

(note)The underlined percentage indicate Operating Margin of each segment.

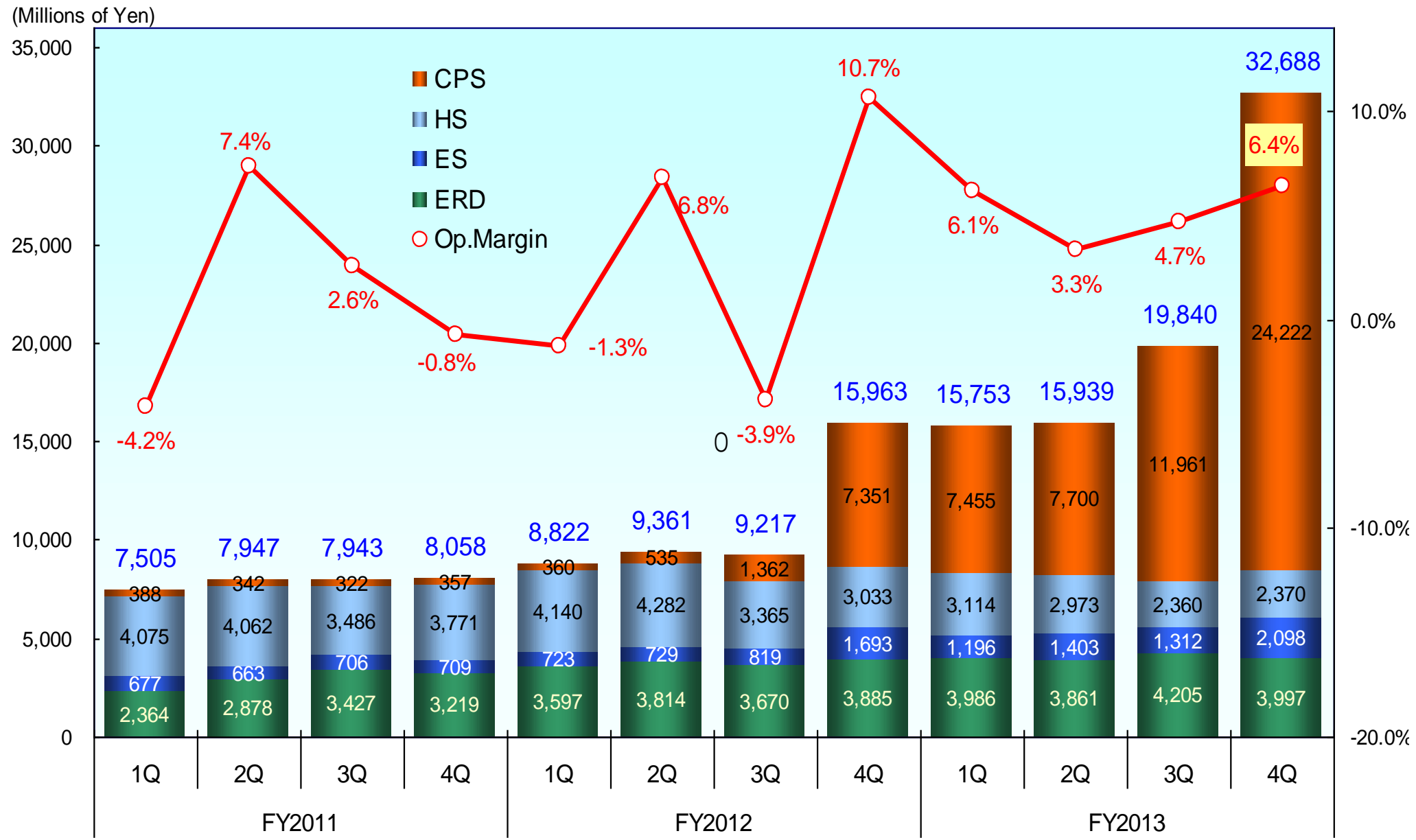
# Segment Information(quarterly)

## Changes Net Sales ,Gross Profit and Operating Income on each Segment

|                   |              | FY2013 Consolidated |           |               |           |               |           |               |           |
|-------------------|--------------|---------------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|
|                   |              | 1Q                  |           | 2Q            |           | 3Q            |           | 4Q            |           |
| (Millions of Yen) |              | Results             | %to sales | Results       | %to sales | Results       | %to sales | Results       | %to sales |
| CPS               | Sales        | <b>7,455</b>        |           | <b>7,700</b>  |           | <b>11,961</b> |           | <b>24,222</b> |           |
|                   | Gross Profit | <b>1,803</b>        | 24.2%     | <b>1,873</b>  | 24.3%     | <b>2,742</b>  | 22.9%     | <b>5,268</b>  | 21.7%     |
|                   | Op. Income   | <b>554</b>          | 7.4%      | <b>398</b>    | 5.2%      | <b>1,004</b>  | 8.4%      | <b>2,451</b>  | 10.1%     |
| HS                | Sales        | <b>3,114</b>        |           | <b>2,973</b>  |           | <b>2,360</b>  |           | <b>2,370</b>  |           |
|                   | Gross Profit | <b>1,548</b>        | 49.7%     | <b>1,522</b>  | 51.2%     | <b>877</b>    | 37.2%     | <b>896</b>    | 37.8%     |
|                   | Op. Income   | <b>601</b>          | 19.3%     | <b>567</b>    | 19.1%     | <b>(73)</b>   | —         | <b>45</b>     | 1.9%      |
| ES                | Sales        | <b>1,196</b>        |           | <b>1,403</b>  |           | <b>1,312</b>  |           | <b>2,098</b>  |           |
|                   | Gross Profit | <b>272</b>          | 22.8%     | <b>337</b>    | 24.0%     | <b>303</b>    | 23.1%     | <b>377</b>    | 18.0%     |
|                   | Op. Income   | <b>31</b>           | 2.6%      | <b>51</b>     | 3.7%      | <b>25</b>     | 1.9%      | <b>81</b>     | 3.9%      |
| ERD               | Sales        | <b>3,986</b>        |           | <b>3,861</b>  |           | <b>4,205</b>  |           | <b>3,997</b>  |           |
|                   | Gross Profit | <b>1,006</b>        | 25.3%     | <b>637</b>    | 16.5%     | <b>1,141</b>  | 27.1%     | <b>810</b>    | 20.3%     |
|                   | Op. Income   | <b>439</b>          | 11.0%     | <b>78</b>     | 2.0%      | <b>568</b>    | 13.5%     | <b>277</b>    | 6.9%      |
| GROUP             | Op. Income   | <b>(660)</b>        | —         | <b>(567)</b>  | —         | <b>(600)</b>  | —         | <b>(769)</b>  | —         |
| TOTAL             | Sales        | <b>15,753</b>       |           | <b>15,939</b> |           | <b>19,840</b> |           | <b>32,688</b> |           |
|                   | Gross Profit | <b>4,631</b>        | 29.4%     | <b>4,371</b>  | 27.4%     | <b>5,065</b>  | 25.5%     | <b>5,265</b>  | 16.1%     |
|                   | Op. Income   | <b>965</b>          | 6.1%      | <b>530</b>    | 3.3%      | <b>925</b>    | 4.7%      | <b>2,087</b>  | 6.4%      |

# Segment Information (changes)

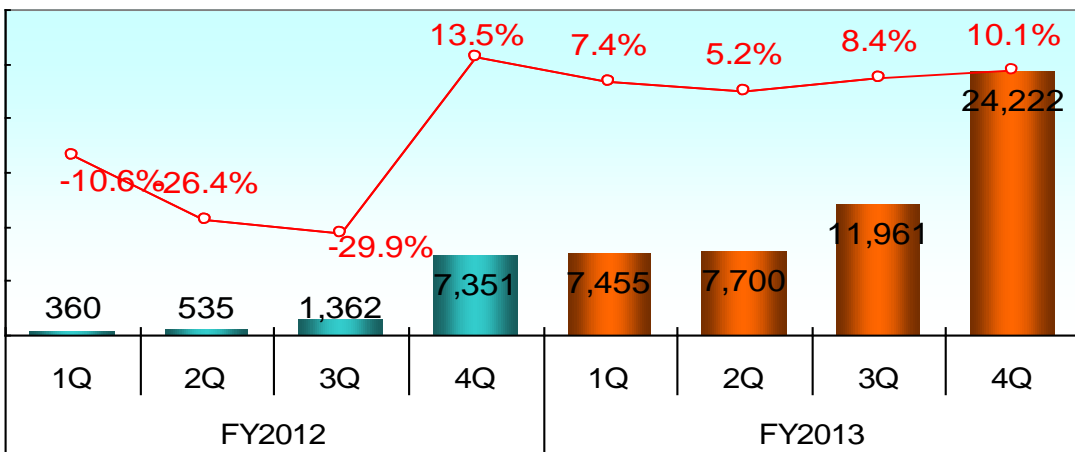
Changes Net Sales and Operating Income on each Segment



## CPS

Millions of Yen

|                            | FY2012 | FY2013        |        |            |               |
|----------------------------|--------|---------------|--------|------------|---------------|
|                            | Actual | Results       | YOY    | Forcaststs | %to Forecasts |
| Sales                      | 9,617  | <b>51,340</b> | 533.8% | 52,047     | 98.6%         |
| Commercial PV(West Japan)  | 6,073  | <b>42,099</b> | 693.2% | 42,940     | 98.0%         |
| Wholesale of PV components | 3,544  | <b>9,172</b>  | 258.8% | 9,038      | 101.5%        |
| Others                     | —      | <b>68</b>     | —      | 68         | 100.0%        |
| Gorss Profit               | 2,386  | <b>11,688</b> | 489.9% | 12,421     | 94.1%         |
| Gross Profit Margin        | 24.8%  | <b>22.8%</b>  | -2.0pt | 23.9%      | -1.1pt        |
| SG&A                       | 2,066  | <b>7,277</b>  | 352.0% | 6,467      | 112.5%        |
| advertising expence        | 829    | <b>1,737</b>  | 209.5% | 1,745      | 99.5%         |
| Oparating Income           | 320    | <b>4,410</b>  | —      | 5,954      | 74.1%         |
| Oparating Margin           | 3.3%   | <b>8.6%</b>   | 5.3pt  | 11.4%      | -2.8pt        |



The sales of commercial PV systems covering from sales and components sourcing to installation increased by 593.2% to 42,099MY from the same period the previous year, while wholesale of components increased by 158.8% to 9,172MY from the same period the previous year. As a result, the net sales of the division increased by 433.8% to 51,340MY from the same period the previous year.

Absorbing increased proactive costs, such as advertising expenses, labor costs with enhanced recruitment, and logistics costs, with substantial revenue growth effects, the operating income was 4,410 million yen compared with 320 million yen in the same period the previous year.



# Change of P/L on CPS division (1Q-4Q Compared)

**SANIX**  
FY2013

## Change of P/L on CPS division

| Millions of Yen  | FY2013       |           |              |           |               |           |               |           | Notes   |
|------------------|--------------|-----------|--------------|-----------|---------------|-----------|---------------|-----------|---|
|                  | 1Q           |           | 2Q           |           | 3Q            |           | 4Q            |           |   |
|                  | Results      | %to Sales | Results      | %to Sales | Results       | %to Sales | Results       | %to Sales |   |
| Net Sales        | <b>7,455</b> |           | <b>7,700</b> |           | <b>11,961</b> |           | <b>24,222</b> |           |   |
| Cost of Sales    | <b>5,652</b> | 75.8%     | <b>5,826</b> | 75.7%     | <b>9,219</b>  | 77.1%     | <b>18,954</b> | 78.3%     |   |
| Material         | <b>4,363</b> | 58.5%     | <b>4,399</b> | 57.1%     | <b>6,736</b>  | 56.3%     | <b>14,434</b> | 59.6%     | Due to increase of wholesale volume           |
| Labour           | <b>356</b>   | 4.8%      | <b>554</b>   | 7.2%      | <b>1,009</b>  | 8.4%      | <b>1,877</b>  | 7.7%      | higher cost performance for increase of sales |
| Subcontracted    | <b>611</b>   | 8.2%      | <b>527</b>   | 6.8%      | <b>765</b>    | 6.4%      | <b>1,421</b>  | 5.9%      | Due to increase of wholesale volume           |
| Others           | <b>320</b>   | 4.3%      | <b>345</b>   | 4.5%      | <b>707</b>    | 5.9%      | <b>1,222</b>  | 5.0%      |   |
| Gross Profit     | <b>1,803</b> | 24.2%     | <b>1,873</b> | 24.3%     | <b>2,742</b>  | 22.9%     | <b>5,268</b>  | 21.7%     |   |
| SG&A             | <b>1,248</b> | 16.7%     | <b>1,475</b> | 19.2%     | <b>1,737</b>  | 14.5%     | <b>2,816</b>  | 11.6%     |   |
| Personnel        | <b>431</b>   | 5.8%      | <b>551</b>   | 7.2%      | <b>644</b>    | 5.4%      | <b>1,074</b>  | 4.4%      | higher cost performance for increase of sales |
| Advertisement    | <b>594</b>   | 8.0%      | <b>406</b>   | 5.3%      | <b>357</b>    | 3.0%      | <b>379</b>    | 1.6%      |   |
| Others           | <b>222</b>   | 3.0%      | <b>517</b>   | 6.7%      | <b>735</b>    | 6.1%      | <b>1,361</b>  | 5.6%      | increase for business expansion               |
| Operating Income | <b>554</b>   | 7.4%      | <b>398</b>   | 5.2%      | <b>1,004</b>  | 8.4%      | <b>2,451</b>  | 10.1%     |   |

# Current Expense Status of CPS division

## Change in Marginal Profit Ratio at CPS Division(direct sales and installation)

A marginal profit ratio is shown as profit ratio which is subtracted variable cost such as material, expendables, outsourcing and transportation fee is used as a marginal profit Income ratio.

| (%)                   | 1Q   | 2Q   | 3Q   | 4Q   |
|-----------------------|------|------|------|------|
| Marginal profit ratio | 33.2 | 38.3 | 35.9 | 34.4 |

Marginal profit ratio shrunk due to increased of wholesale volume with high material cost.

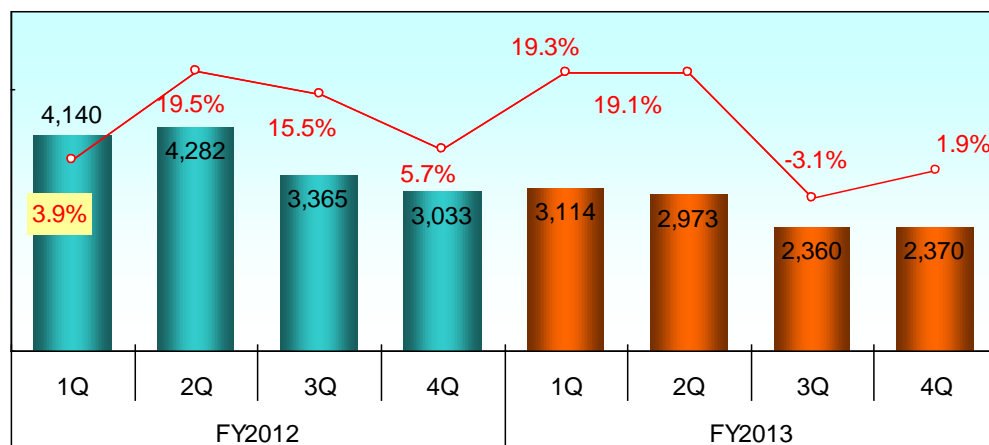
## Changes of Fixed cost ratio for business expansion of CPS

The table shown implies the share of each fixed cost(personnel) and others(payroll cost, rent cost, transportation cost and common expense ) in CPS division.

| (%)              | 1Q   | 2Q   | 3Q   | 4Q   |
|------------------|------|------|------|------|
| Personnel cost   | 12.4 | 16.6 | 14.8 | 13.1 |
| others           | 5.2  | 10.2 | 8.9  | 9.8  |
| Fixed cost total | 17.6 | 26.8 | 23.7 | 22.9 |

Although personnel cost was on line of forecasts, transport costs increased for rapid business expansion.

| HS<br>millions of Yen                | FY2012 | FY2013        |        |           |               |
|--------------------------------------|--------|---------------|--------|-----------|---------------|
|                                      | Actual | Results       | YOY    | Forecasts | %to Forecasts |
| Sales                                | 14,814 | <b>10,818</b> | 73.0%  | 10,665    | 101.4%        |
| PV system                            | 7,683  | <b>1,309</b>  | 17.0%  | 1,274     | 102.7%        |
| Termite Eradiction Service           | 2,690  | <b>3,264</b>  | 121.3% | 3,136     | 104.0%        |
| Under-Floor/-Roof Ventiration sysetm | 1,310  | <b>1,641</b>  | 125.2% | 1,602     | 102.4%        |
| Foundation repairing Treatment       | 831    | <b>930</b>    | 112.0% | 990       | 93.9%         |
| others                               | 2,298  | <b>3,672</b>  | 159.7% | 3,660     | 100.3%        |
| Gross Profit                         | 6,161  | <b>4,845</b>  | 78.6%  | 4,821     | 100.5%        |
| Gross Profit Margin                  | 41.6%  | <b>44.8%</b>  | 3.2pt  | 45.2%     | -0.4pt        |
| SG&A                                 | 4,385  | <b>3,703</b>  | 84.4%  | 3,803     | 97.3%         |
| Operating Income                     | 1,775  | <b>1,141</b>  | 64.3%  | 1,018     | 112.1%        |
| Operating Income Margin              | 12.0%  | <b>10.5%</b>  | -1.5pt | 9.5%      | 1.0pt         |



The sales of existing products, such as termite control, increased by 33.4% from the same period the previous year. In contrast, with a significant number of human resources shifted from the division to the Commercial PV Division, residential solar power systems decreased by 83.0% from the same period the previous year. As a result, the net sales of the division decreased by 27.0% to 10,818 million yen compared to the same period the previous year.

With the rising fixed cost ratio of selling and general administrative expenses to reduced sales, the operating income decreased by 35.7% to 1,141 million yen compared to the same period the previous year.

## ES

(Millions of Yen)

|                                      | FY2012 | FY2013       |        |           |               |
|--------------------------------------|--------|--------------|--------|-----------|---------------|
|                                      | Actual | Results      | YOY    | Forecasts | %to Forecasts |
| Sales                                | 3,965  | <b>6,011</b> | 151.6% | 5,885     | 102.1%        |
| PV system                            | 1,713  | <b>4,017</b> | 234.5% | 3,268     | 122.9%        |
| Termite Eradiction Service           | 600    | <b>476</b>   | 79.3%  | 1,222     | 39.0%         |
| Under-Floor/-Roof Ventiration sysetm | 762    | <b>807</b>   | 105.9% | 628       | 128.5%        |
| Foundation repairing Treatment       | 300    | <b>195</b>   | 65.0%  | 320       | 60.9%         |
| others                               | 588    | <b>514</b>   | 87.4%  | 445       | 115.5%        |
| Gross Profit                         | 1,083  | <b>1,291</b> | 119.2% | 1,374     | 94.0%         |
| Gross Profit Margin                  | 27.3%  | <b>21.5%</b> | -5.8pt | 23.3%     | -1.8pt        |
| SG&A                                 | 943    | <b>1,100</b> | 116.7% | 1,058     | 104.1%        |
| Operating Income                     | 139    | <b>190</b>   | 136.5% | 316       | 60.2%         |
| Operating Income Margin              | 3.5%   | <b>3.2%</b>  | -0.3pt | 5.4%      | -2.2pt        |



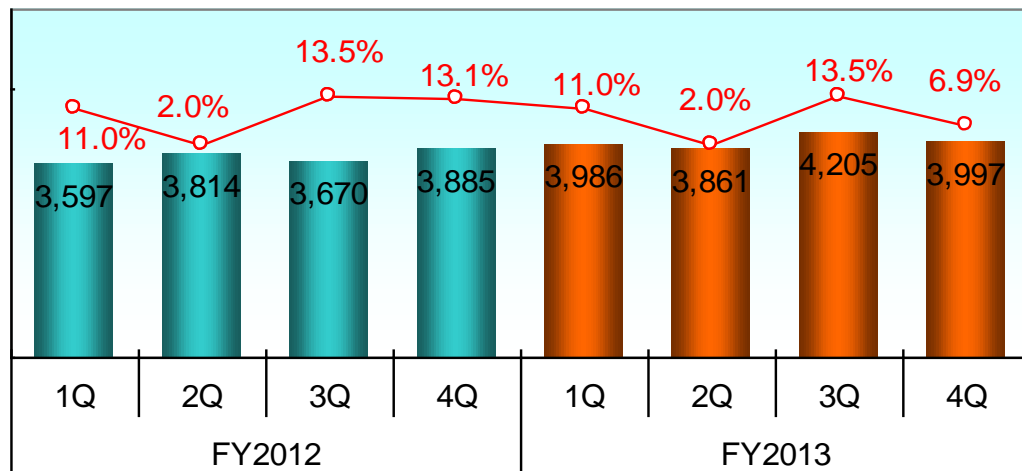
The sales from work on buildings and condominiums related to maintenance and management, decreased by 11.3% compared to the same period the previous year. The sales from the solar power systems that we started to sell in the Kanto region, increased by 133.9% compared to the same period the previous year. As a result, net sales increased by 51.6% to 6,011 million yen compared to the same period the previous year.

With the revenue growth effect, the operating income increased by 36.5% to 190 million yen compared to the same period the previous year.

## ERD

millions of Yen

|                             | FY2012 | FY2013        |        |           |               |
|-----------------------------|--------|---------------|--------|-----------|---------------|
|                             | Actual | Results       | YOY    | Forecasts | %to Forecasts |
| Sales                       | 14,967 | <b>16,051</b> | 107.2% | 15,903    | 100.9%        |
| Waste Plastic Recycled      | 8,665  | <b>9,103</b>  | 105.1% | 9,049     | 100.6%        |
| Power aGeneration           | 3,370  | <b>3,416</b>  | 101.4% | 3,411     | 100.1%        |
| Organic Waste Water Recycle | 1,602  | <b>1,768</b>  | 110.4% | 1,800     | 98.2%         |
| Final Disposal              | 607    | <b>628</b>    | 103.4% | 722       | 86.9%         |
| Others                      | 722    | <b>1,134</b>  | 157.0% | 919       | 123.4%        |
| Gross Income                | 3,739  | <b>3,596</b>  | 96.2%  | 3,801     | 94.6%         |
| Gross Profit Margin         | 25.0%  | <b>22.4%</b>  | -2.6pt | 23.9%     | -1.5pt        |
| SG&A                        | 2,171  | <b>2,232</b>  | 102.8% | 2,209     | 101.0%        |
| Operating Income rate       | 1,567  | <b>1,364</b>  | 87.1%  | 1,592     | 85.7%         |
| Operating Income Margin     | 10.5%  | <b>8.5%</b>   | -2.0pt | 10.0%     | -1.5pt        |



The sales from plastic fuel, with increased acceptance volume of waste plastic, increased by 5.1% compared to the same period the previous year. With stable operation of TOMAKOMAI Power Plant, the revenues from electricity sales increased by 1.4% compared to the same period the previous year. The sales from organic waste processing with increased acceptance volume increased by 10.4% compared to the same period the previous year. As a result, the net sales of the division increased by 7.2% to 16,051 million yen compared to the same period the previous year. The operating income decreased by 12.9% to 1,364 million yen compared to the same period the previous year.

# Reasons of Operating income unachieved

## Difference of Net sales and Operating Income

Net sales reached 99.7% to the forecasts.

Millions of Yen

| FY2013 |            | Result        | Forecasts     | %to<br>Forecasts | Difference<br>to |
|--------|------------|---------------|---------------|------------------|------------------|
| TOTAL  | Net Sales  | <b>84,221</b> | <b>84,500</b> | 99.7%            | <b>- 278</b>     |
|        | Cost Price | <b>62,800</b> | <b>62,083</b> | 101.2%           | <b>+ 717</b>     |
|        | SG&A       | <b>16,912</b> | <b>16,117</b> | 104.9%           | <b>+ 795</b>     |
|        | Op. Income | <b>4,508</b>  | <b>6,300</b>  | 71.6%            | <b>- 1,791</b>   |

## Main reason of decrease of operating income

1 Short of 966 million yen of the CPS sales on 4Q

It cause decrease of 193 million yen for operating income,  
as 20% gross profit margin on 4Q.

(millions of yen)  
**193**

2 Rise in material cost

For increase of wholesale volume of 1600million on 4Q,  
as high cost margin, and some bad effect of weak yen.

**694**

3 Increase of SG&A

1) CPS increase of domestic transport costs on feb. and mar.

**286**

increase of L/C fee

**24**

2) ERD high operating cost for increase of plastic volume

**105**

3) Group moving of reserch center

**42**

Loan loss reserve

**320**

others

**126**

total

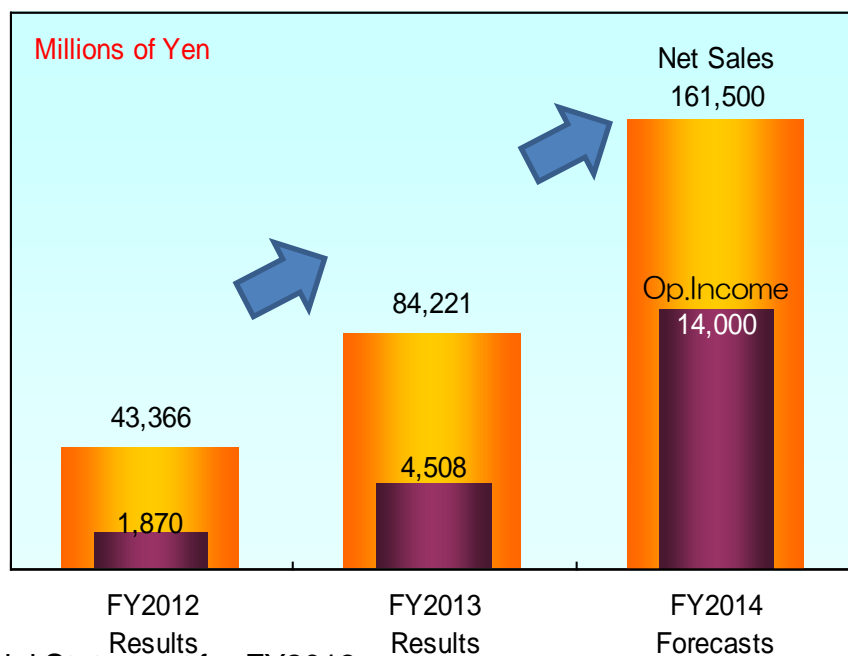
**1,790**



**Consolidated  
Forecasts For FY2014  
(Ending March 31,2015)**

# Forecasts for FY2014(ending March 31,2015)

|                                 | FY2013<br>Results | FY2014<br>Forecasts | YOY           | YOY<br>Difference |
|---------------------------------|-------------------|---------------------|---------------|-------------------|
| Net Sales                       | 84,221            | <b>161,500</b>      | <b>191.8%</b> | <b>+ 77,278</b>   |
| Gross profit                    | 21,421            | <b>38,600</b>       | <b>180.2%</b> | <b>+ 17,178</b>   |
| Ratio Gross Profit to net sales | 25.4%             | 23.9%               |               |                   |
| Operating Income                | 4,508             | <b>14,000</b>       | <b>310.5%</b> | <b>+ 9,491</b>    |
| operating income margin         | 5.4%              | 8.7%                |               |                   |
| Ordinary Income                 | 4,309             | <b>13,800</b>       | <b>320.2%</b> | <b>+ 9,490</b>    |
| Ordinary Income margin          | 5.1%              | 8.5%                |               |                   |
| Net Income                      | 2,964             | <b>8,830</b>        | <b>297.8%</b> | <b>+ 5,865</b>    |
| net income margin               | 3.5%              | 5.5%                |               |                   |

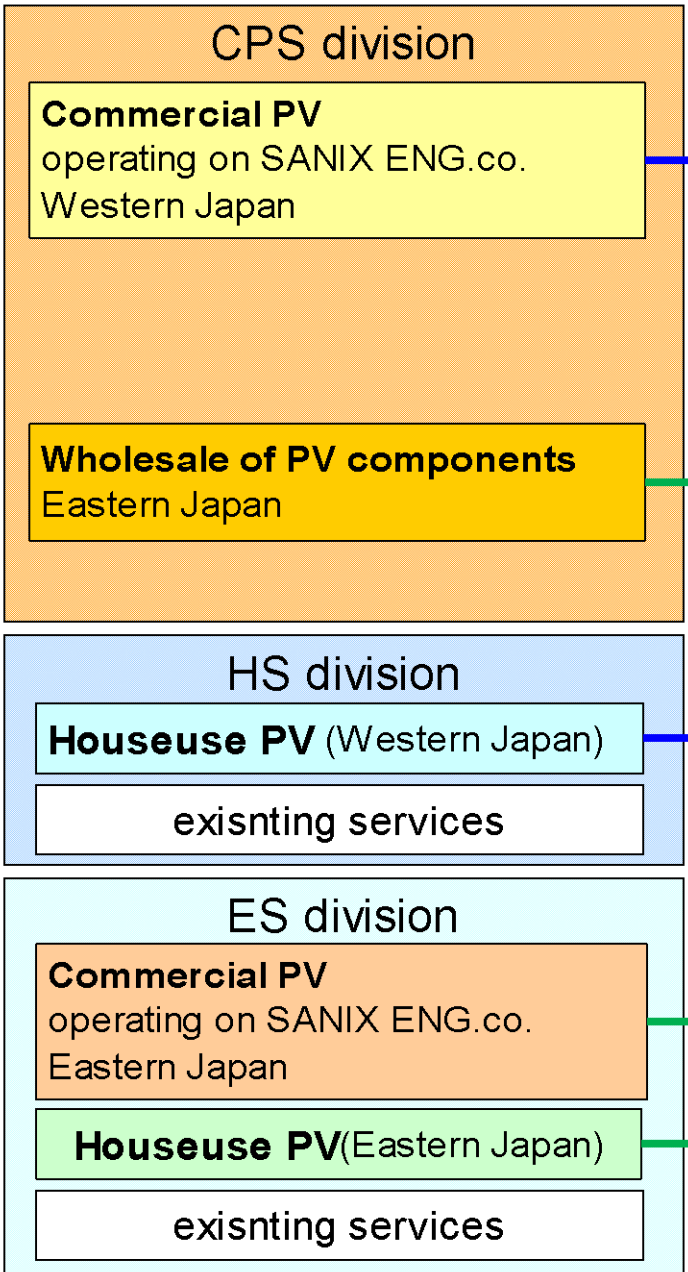


With increase in the number of orders received for installation in the SE division and an increase in installation capacity by an increase in the number of personnel, the consolidated financial outlook for the FY2014 of our whole group, we expect net sales to increase 91.8% to 161,500 million yen, the operating income to increase 210.5% to 14,000 million yen, the ordinary income to increase 220.2% to 13,800 million yen, and the net profit to increase 197.8% to 8,830 million yen, compared to FY2013.

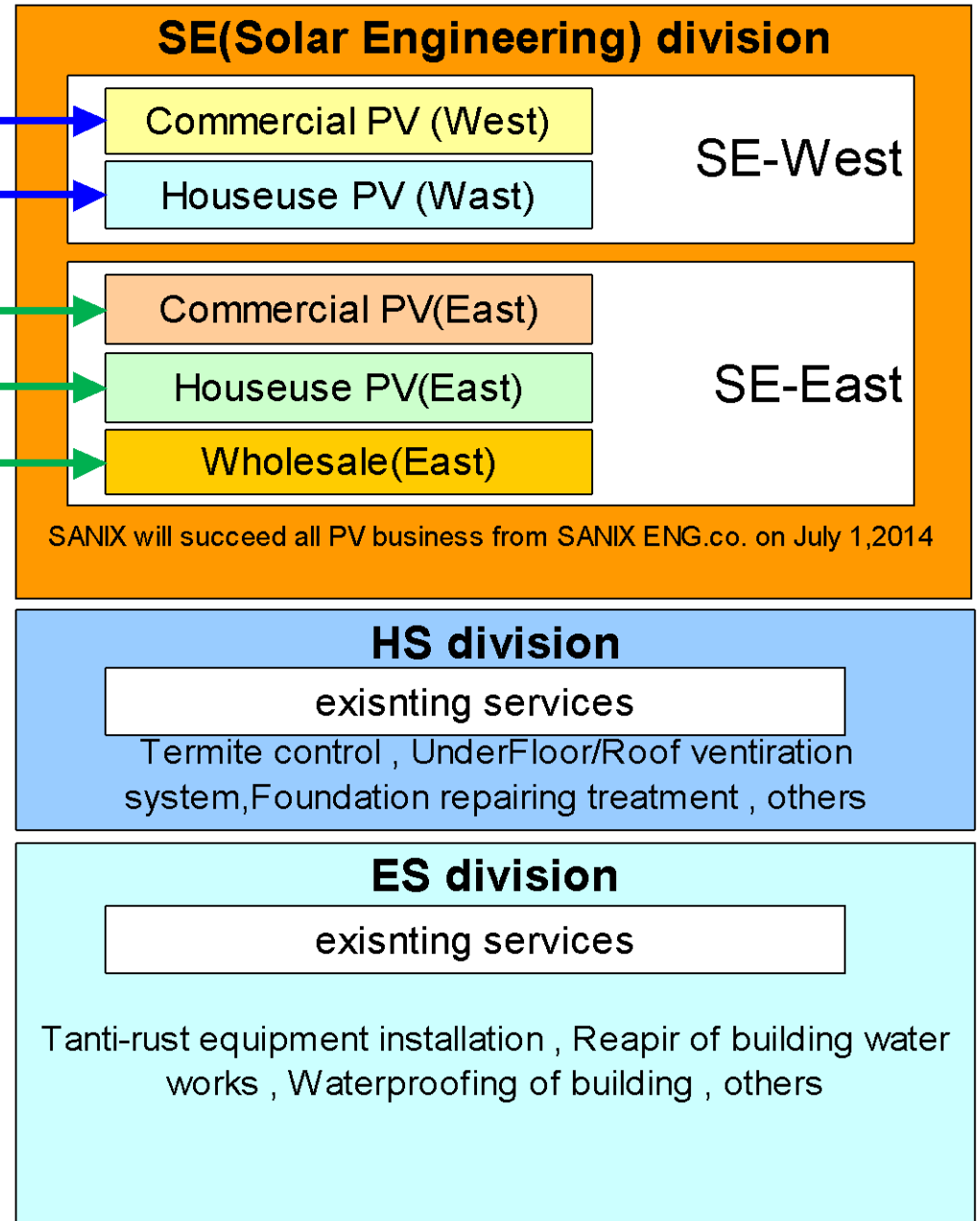


# Change of disclose segments

FY2013



Disclose segment from FY2014



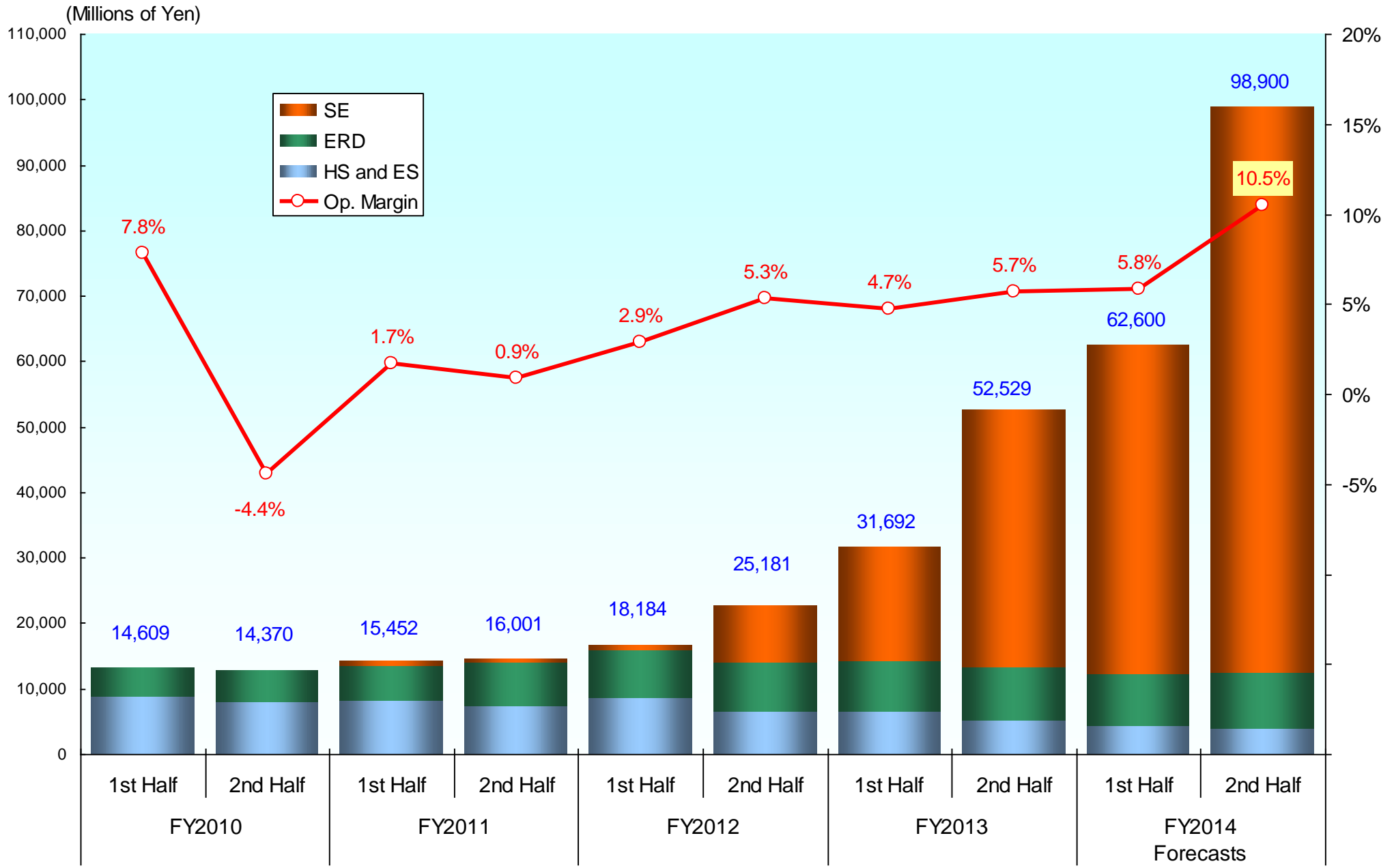
# Segment Forecast for FY2014

## Forecasts of Sales and Income of each segments

| (Millions of Yen) | FY2014        |            |        |                |            |        |
|-------------------|---------------|------------|--------|----------------|------------|--------|
|                   | 1st HALF      |            |        | FULL YEAR      |            |        |
|                   | Forecast      | Proportion | YOY    | Forecast       | Proportion | YOY    |
| Net Sales         | <b>62,600</b> |            | 197.5% | <b>161,500</b> |            | 191.8% |
| SE                | <b>50,477</b> | 80.6%      | 289.7% | <b>136,912</b> | 84.8%      | 241.6% |
| ERD               | <b>7,790</b>  | 12.4%      | 99.3%  | <b>16,410</b>  | 10.2%      | 102.2% |
| HS and ES         | <b>4,333</b>  | 6.9%       | 67.5%  | <b>8,178</b>   | 5.1%       | 71.3%  |
| Gross Profit      | <b>14,600</b> | 23.3%      | 162.2% | <b>38,600</b>  | 23.9%      | 180.2% |
| SG&A              | <b>11,000</b> | 17.6%      | 146.5% | <b>24,600</b>  | 15.2%      | 145.5% |
| Operating Income  | <b>3,600</b>  | 5.8%       | 240.7% | <b>14,000</b>  | 8.7%       | 310.5% |
| Ordinary Income   | <b>3,500</b>  | 5.6%       | 242.5% | <b>13,800</b>  | 8.5%       | 320.2% |
| Net Income        | <b>2,240</b>  | 3.6%       | 212.9% | <b>8,830</b>   | 5.5%       | 297.8% |

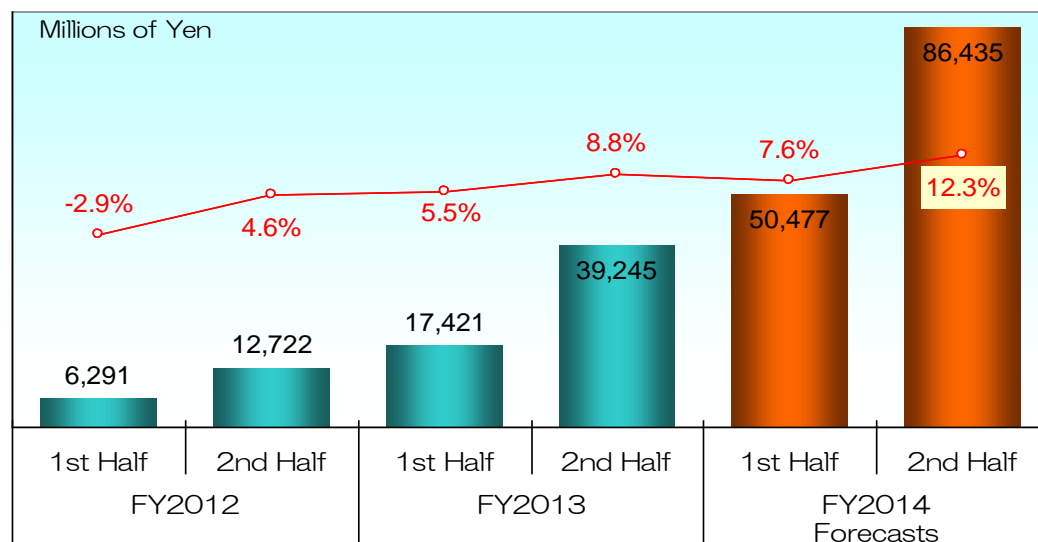
# (Reference) Segments Performance

Net Sales and operating margin by each segment (Results and Forecasts)



# Segments Forecasts (SE division)

| SE                            | FY2013  |            | FY2014         |            |        |
|-------------------------------|---------|------------|----------------|------------|--------|
|                               | Results | Proportion | Forecasts      | Proportion | YOY    |
| millions of Yen               |         |            |                |            |        |
| Net Sales                     | 56,667  |            | <b>136,912</b> |            | 241.6% |
| Direct Sales on Western Japan | 43,408  | 78.0%      | <b>116,820</b> | 85.3%      | 269.1% |
| Direct Sales on Eastern Japan | 4,017   | 7.1%       | <b>16,792</b>  | 12.3%      | 418.0% |
| Wholesale                     | 9,172   | 14.8%      | <b>3,207</b>   | 2.3%       | 35.0%  |
| Others                        | 68      | 0.1%       | <b>92</b>      | 0.1%       | 135.3% |
| Gross Profit                  | 11,688  | —          | <b>31,870</b>  | 23.3%      | 272.7% |
| SG&A                          | 7,277   | —          | <b>17,402</b>  | 12.7%      | 239.1% |
| advertisement cost            | 1,738   | —          | <b>2,660</b>   | 1.9%       | 153.1% |
| Operating Income              | 4,410   | —          | <b>14,468</b>  | 10.6%      | 328.0% |



As of April 1, the CPS division established the SE-West section at our main area in western Japan, as well as the SE-East section in eastern Japan to establish a direct sales and installation, striving to expand operations further. In addition, to improve profitability, we will endeavor to reduce the cost of components through self-manufacture of inverters, as well as improving installation.

## Change in Marginal Profit Ratio at CPS Division(direct sales/installation)

A marginal profit ratio is shown as profit ratio which is subtracted variable cost such as material, expendables, outsourcing and transportation fee is used as a marginal profit Income ratio.

| (%)                   | FY2013 | FY2014 |      |      |      |      |
|-----------------------|--------|--------|------|------|------|------|
|                       | FY     | 1Q     | 2Q   | 3Q   | 4Q   | FY   |
| marginal profit ratio | 35.2   | 35.2   | 36.5 | 36.4 | 35.9 | 36.0 |

## Changes of Fixed cost ratio for business expansion of CPS

The table shown implies the share of each fixed cost(personnel) and others(payroll cost, rent cost, transportation cost and common expense ) in CPS division.

| (%)              | FY2013 | FY2014 |      |      |      |      |
|------------------|--------|--------|------|------|------|------|
|                  | FY     | 1Q     | 2Q   | 3Q   | 4Q   | FY   |
| Personnel cost   | 14.0   | 17.1   | 15.6 | 15.6 | 13.7 | 15.2 |
| Others           | 8.9    | 10.8   | 7.5  | 7.0  | 6.5  | 7.5  |
| Fixed cost total | 22.9   | 27.8   | 25.0 | 23.7 | 20.8 | 23.5 |

# Plan of PV business operation system

## Operating sites and number of sales and engineering staff

● SE-West 65sites

Sales : 286  
Engineering staff : 1,440

▼ as end of 2014 march

Sales : 690  
Engineers : 2,800

as end of 2015 march

● SE-East 6siets

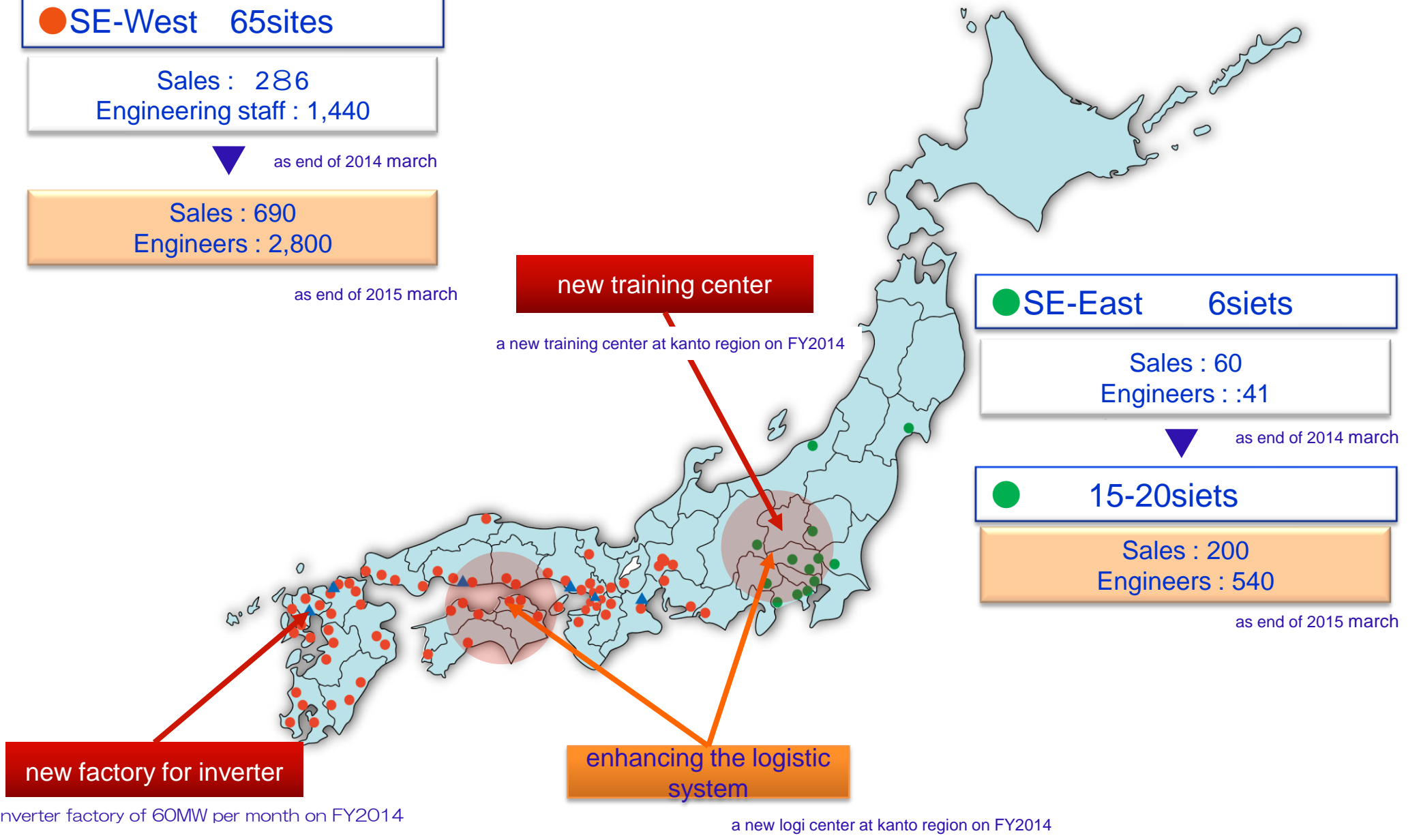
Sales : 60  
Engineers : :41

▼ as end of 2014 march

● 15-20siets

Sales : 200  
Engineers : 540

as end of 2015 march



Inverter factory of 60MW per month on FY2014

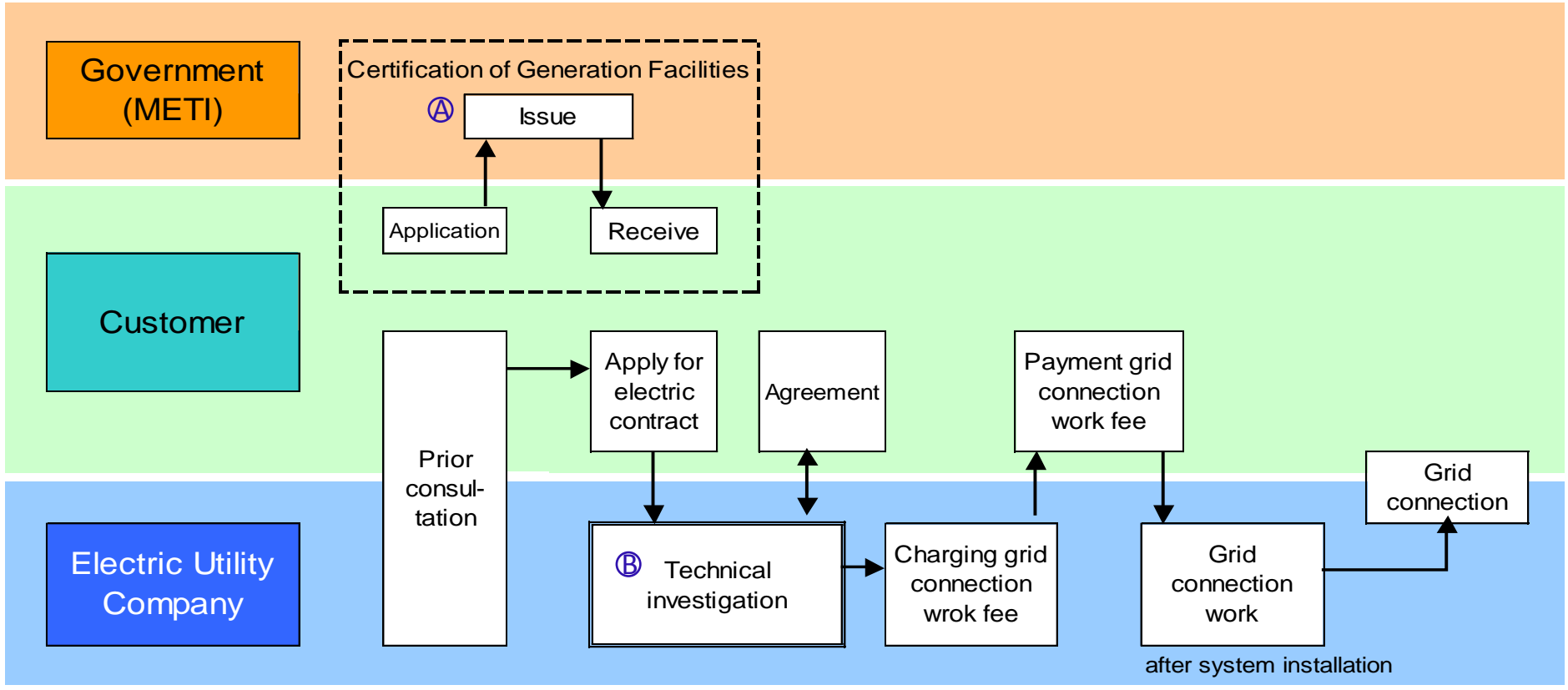
a new logi center at kanto region on FY2014

# (Reference) Changes of some business environment

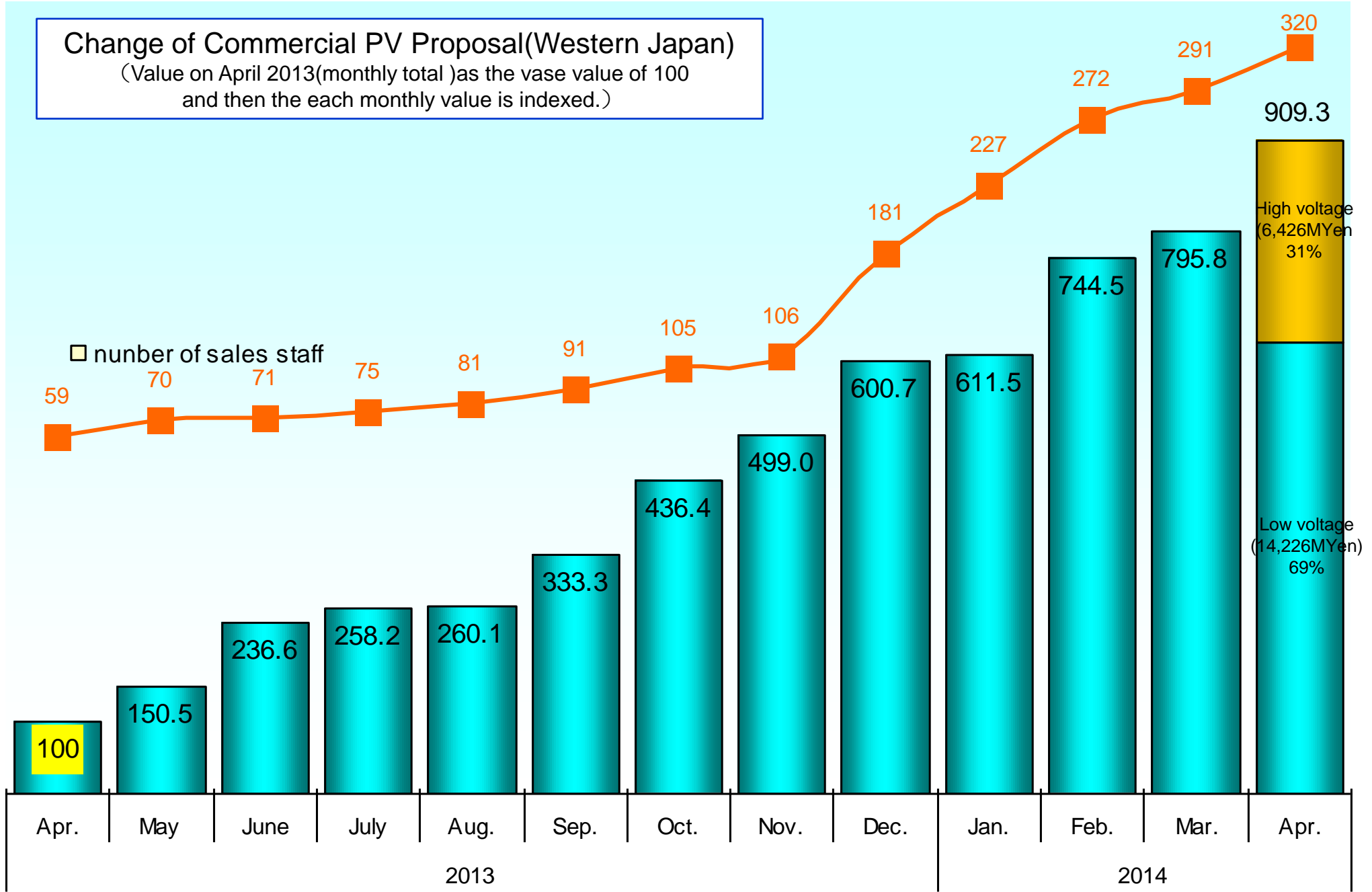
## Changes of FIT system operation

- change of tariff      40yen on FY2012      36yen on FY2013      32yen on FY2014  
(tax not include)
- change of operation of certification of METI
  - 1) New lapse standard for non-acquisition of land or equipments(over 50kW , 6-months)
  - 2) Prohibition of intentional low voltage division
  - 3) New presentation documents regulation for plural land ownership

## Steps to grid connection for Commercial PV system



# (Reference) Change of Commercial PV Proposal

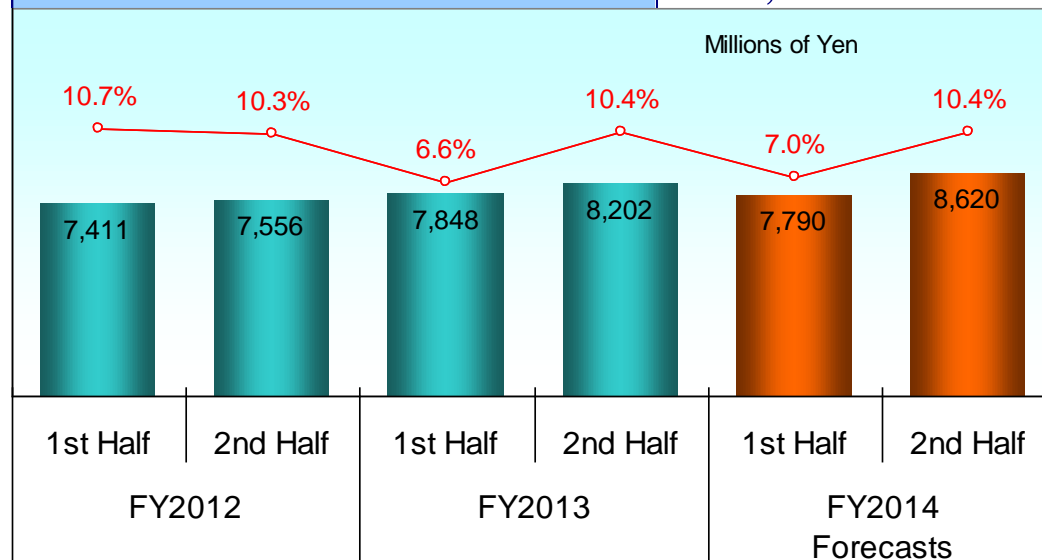


"Proposal" means SANIX accept the application letter for 'Certification of Generation Facilities for PV' to government (METI) from our customers.



# Segments Forecasts (ERD division)

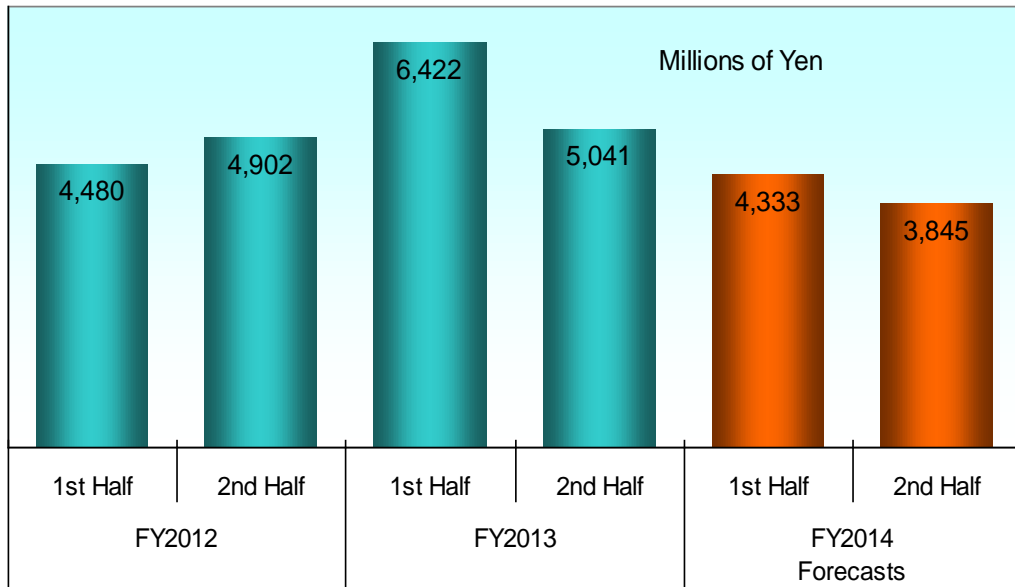
| ERD<br>Millions of Yen       | FY2013  |            | FY2014        |            |        |                |
|------------------------------|---------|------------|---------------|------------|--------|----------------|
|                              | Results | Proportion | Forecasts     | Proportion | YOY    | YOY difference |
| Net Sales                    | 16,051  |            | <b>16,410</b> |            | 102.2% | + 358          |
| Waste Plastic Recycled       | 9,103   | 56.7%      | <b>10,042</b> | 61.2%      | 110.3% | + 938          |
| Power Generation             | 3,416   | 21.3%      | <b>3,497</b>  | 21.3%      | 102.4% | + 80           |
| Organic Waste Water Recycled | 1,768   | 11.0%      | <b>1,845</b>  | 11.2%      | 104.3% | + 76           |
| Final Disposal               | 628     | 3.9%       | <b>563</b>    | 3.4%       | 89.6%  | - 65           |
| Others                       | 1,134   | 7.1%       | <b>463</b>    | 2.8%       | 40.8%  | - 671          |
| Gross Profit                 | 3,596   | 22.4%      | <b>3,417</b>  | 20.8%      | 95.0%  | - 179          |
| SG&A                         | 2,232   | 13.9%      | <b>1,977</b>  | 12.0%      | 88.7%  | - 255          |
| Operating Income             | 1,364   | 8.5%       | <b>1,440</b>  | 8.8%       | 105.5% | + 75           |



The ERD Division will continually work to enhance the quality of plastic fuel to raise the efficiency of the power generation of TOMAKOMAI Power Plant. The revenues from plastic fuel are expected to remain steady, while the revenues from electricity sales are expected to increase, projecting increased sales for the division.

# Segments Forecasts (HS and ES division)

| HS ES            | FY2013  |            | FY2014       |            |       |                |
|------------------|---------|------------|--------------|------------|-------|----------------|
|                  | Results | Proportion | Forecasts    | Proportion | YOY   | YOY difference |
| millions of Yen  |         |            |              |            |       |                |
| Net Sales        | 11,464  |            | <b>8,178</b> |            | 71.3% | - 3,286        |
| HS division      | 9,519   | 83.0%      | <b>7,427</b> | 90.8%      | 78.0% | - 2,092        |
| ES division      | 1,944   | 17.0%      | <b>751</b>   | 9.2%       | 38.6% | - 1,193        |
| Gross Profit     | —       | —          | <b>3,313</b> | 40.5%      | —     | —              |
| SG&A             | —       | —          | <b>1,933</b> | 23.6%      | —     | —              |
| Operating Income | —       | —          | <b>1,380</b> | 16.9%      | —     | —              |

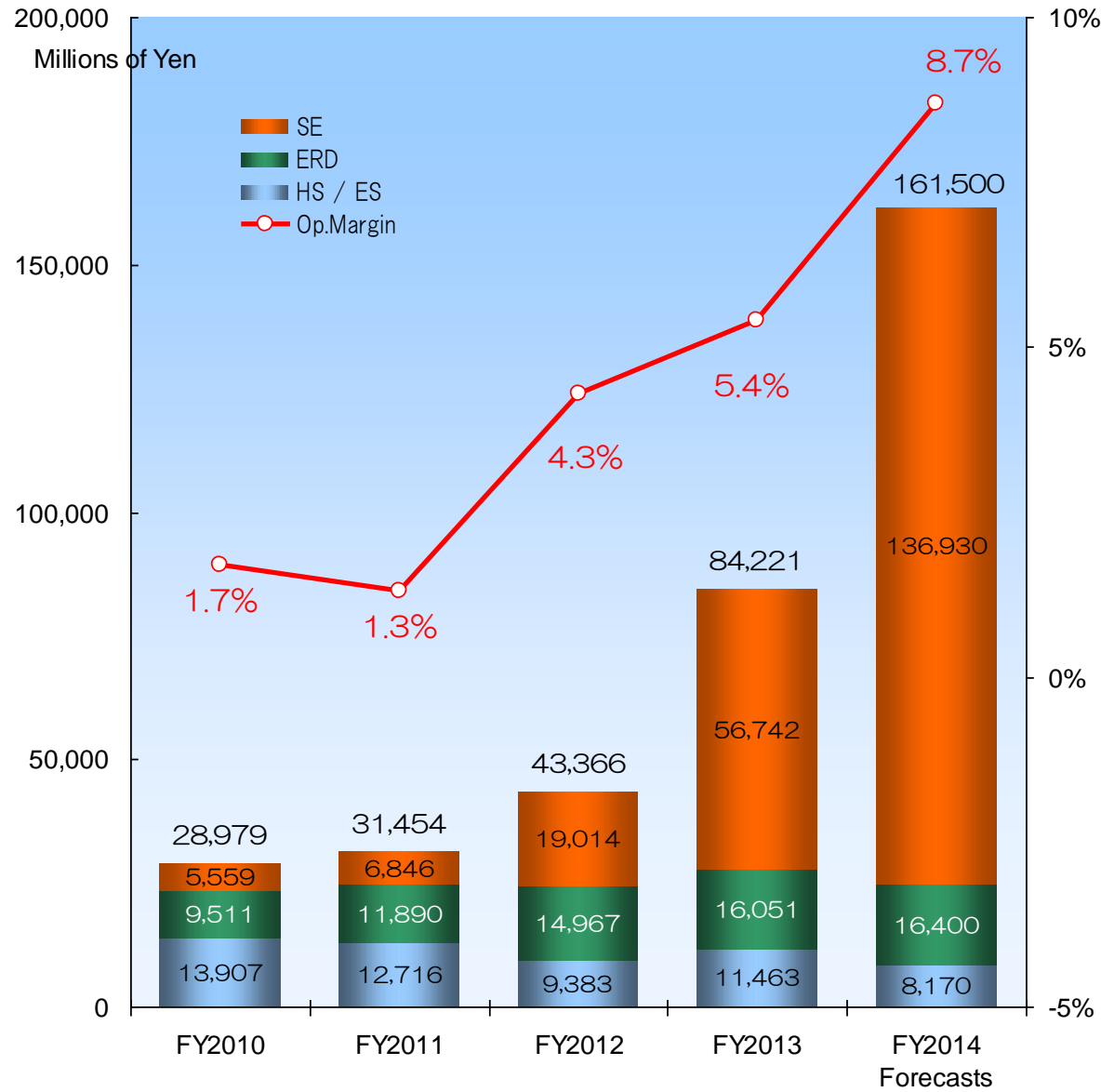


The HS Division mainly engages in maintenance for existing customers of our residential services, such as termite control and sub-floor ventilation systems. However, the division will record decreased sales due to the operational transfer of the residential solar power system to the West Japan SE Division from the following period.

The ES Division sales will be substantially decreased, due to the operational transfer of the solar power systems to the East Japan SE Division as of April 1. The division will engage in maireasong buildings and condominiums.

# Whole Group Forecasts for FY2014

## Net Sales and Operating Margin Ratio



**Forecasts for FY2014**  
(ending March 31, 2015)

**Net Sales : 161,500MY**

**Operating Income : 14,000MY**

**Operating Margin : 8.7%**

Forecast the record high net sales and income , Net sales 161,500MY Operating income will be 14,000MY