

October 31, 2014

Sanix's Response and Impact for the Suspension of Connection Application Replies for Renewable Energy Power Generating Facilities

Sanix announces its response and impact on its sales and installation business of commercial solar power systems as per below based on announcements by Kyushu Electric Power Co., Inc. and other electric power companies that they will suspend responding to applications for grid connections from renewable energy-based power generating facilities.

1. Impact on Sanix

Sanix has focused its management resources on the business area of commercial solar power systems and is primarily engaged in solar power sales and installation businesses in a wide-ranging area from Northern Kanto to the west, having started developing a direct sales and installation network in the East Japan district, centered on the Kanto region, as well the current fiscal year.

Regarding the decision by electric power companies to suspend their response to applications for connections this time around, Kyushu Electric Power, for example, has halted responding to new and existing applications starting on September 25, and in the case of Shikoku Electric Power Co., Inc., it started suspending its response to new applications on October 1. As a result, with some exceptions, it is not possible to undertake construction of solar power facilities within the areas served by Kyushu Electric Power and Shikoku Electric Power.

Sanix will not be affected by Hokkaido Electric Power Co., Inc., Tohoku Electric Power Co., Inc. and Okinawa Electric Power Co., Inc., which have also announced that they would suspend their response like Kyushu Electric Power and others, because the Company does not conduct business in the service areas of these power companies.

Sanix primarily works on low-voltage solar power system (at least 10kW and below 50kW), which can be installed in about one week, and the Company had expected to complete the installation of a portion of orders that were placed starting in October and realize these as sales during the current fiscal year because the time involved from when the customer places an order to completion of installation is relatively short. However, Sanix has determined that new orders that it was expecting to receive in the second half of the fiscal year will not be posted as sales before the end of this fiscal year amid the inability to see when the response to new applications will resume in the areas served by the two electric power companies.

Meanwhile, Kyushu Electric Power announced on October 21 that it will resume replying to applications for low-voltage facilities (excluding subdivision projects) that were submitted through September 24. As a result of this decision, the Company can anticipate posting sales this fiscal year of a portion of projects that had already completed their connectivity application with Kyushu Electric Power by September 24.

2.Sanix's Response

The Company has been responding as follows, given such conditions.

1) Following Kyushu Electric Power's announcement on September 24 to suspend its response, the Company diverted its salespeople in the Kyushu and Shikoku regions to other districts and started to reinforce its sales activities in those areas. Amid such conditions and following Kyushu Electric Power's announcement that it would lift its suspension on responding for a portion of existing applications, Sanix reduced the number of personnel that had been diverted to other districts to follow up on existing applications and has been pushing forward with reinforcing sales of residential solar power (at or below 10kW) that are not subject to the suspension reply.

2) Regarding areas outside of the Kyushu and Shikoku districts, Sanix is concentrating on sales of small-scale low-voltage projects, such as roof installations, for which grid connections are easy compared with other commercial solar power facilities and take a relatively short period in terms of the time spent from application submission for a connection contract all the way to completed installation.

3) The Company is responding flexibly in terms of transferring engineers located in the Kyushu district to other areas based on construction conditions.

3.Future Outlook

For the earnings forecast for the fiscal year ending on March 31, 2015, please refer to "Revision of Earnings Forecast for the Fiscal Year Ending March 31, 2015" that was separately disclosed today. This forecast takes into account the value of earnings impacted as well as the projected amount resulting from the Company's response to the measures taken by these electric power companies.

For more information, please contact to;
Kozo INOUE, Director, Managing Corporate Officer
General Manager of Management & Planning Division