

Notice Regarding Implementing voluntary retirement program and Elimination and consolidation of business sites

SANIX Incorporated (Ticker:4651,TSE/FSE, President & CEO: Shin-ichi Munemasa) announces Implementing voluntary retirement program and Elimination and consolidation of business sites .

1. Implementing voluntary retirement program

(1) Reason for implementing of voluntary retirement

The Company has been taking steps to improve its revenue structure in the Solar Engineering (SE) Division by strengthening operations in the Kanto, Kansai and Chubu districts, where the market potential is large, while also considering an appropriate workforce for the Kyushu and Shikoku districts and reducing overall fixed expenses. The Company is doing so to enable it to respond, in a timely and proper fashion, to the significant changes in the operating environments of the solar power generation business, attributable to such factors as the issue pertaining to connecting renewable energy to the utility grid. Under such situations, the Company considers it essential to step up its efforts to streamline its operations to adapt to the business environments surrounding the solar power generator business on a mid-term basis and to facilitate sustainable growth. Against a backdrop of such conditions, it has decided to solicit voluntary retirement to achieve workforce optimization in the SE Division.

(2) Overview of voluntary retirement program

Eligible employees: Technical and administrative staff in the SE Division

Number of program applicants sought: 600 (approximate)

Application period: May 14–29, 2015

Retirement date: June 22, 2015

Benefits for program participants: In addition to paying a special retirement allowance, the company will provide re-employment support through an outsourcing consulting firm

2. Consolidation of shops

(1) Reason for the consolidation

In the western Japan district, the SE Division operates 65 shops leveraging the network of shops managed by the Home Sanitation (HS) Division. However, as part of operational streamlining and from the perspective of cost reduction, the Company has decided to integrate or close some of the shops.

(2) Outline of the consolidation

The SE Division will close a total of 20 offices in the western Japan district -- 11 of the 24 offices in the Kyushu district, 3 of the 10 in the Chugoku district, 3 of the 9 in the Shikoku district, and 3 of the 16 in the Kansai district, which will be integrated into sites in the neighboring regions respectively. The consolidation will be completed by the end of June. As a result, the number of business sites operated by the SE Division in the western Japan district will be reduced from 65 (including six sites in the Chukyo district) to 45.

Of this 20 offices, the Company will terminate the rental contracts for 13, while 7 offices will continue operating as facilities for the HS Division without terminating the rental contracts.

3. Future outlook

The Company plans to post expenses arising temporarily in conjunction with the solicitation of voluntary retirement, such as extraordinary retirement benefits, as an extraordinary loss in the fiscal year ending

March 31, 2016. Assuming approximately 600 retirees, it expects to post approximately 300 million yen. Information will be shared about the concrete amount and impact on business performance as soon as they are finalized.

The Company also plans to post approximately 300 million yen as an extraordinary loss in the fiscal year ended March 31, 2015, which includes, among other cost, expenses that are incurred temporarily in conjunction with the consolidation of shops, as well as vehicle-related expenses arising from a decrease in the number of vehicles associated with the measures to be implemented this time. The impact of expenses associated with the consolidation of shops on consolidated results is reflected in the earnings forecasts for the fiscal year ended March 31, 2015, disclosed separately today in the "Notice Regarding Revision to Earnings Forecasts".

The Company expects that the measures it takes this time, such as the solicitation of voluntary retirement and the consolidation of shops, will generate cost saving effects after July 2015. The annualized cost reduction is expected to be approximately 2,600 million yen for the fiscal year ending March 31, 2016. The impact of the cost reduction on consolidated results will be reflected, together with the impact of expenses arising from the solicitation of voluntary retirement, in the earnings forecast of the fiscal year ending March 31, 2016, which will be announced in the financial summary to be released on May 13, 2015.

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