



**Daiki Axis Co., Ltd. (4245, First Section, Tokyo Stock Exchange)
Issues Operating Performance for the Three Months Ended March 31, 2018**

TOKYO—[Daiki Axis](#) (TOKYO: 4245) is pleased to announce its results for the three months ended March 31, 2018.

Summary of Results

The Company's main business strategy is to focus on ensuring future revenue and profits through several initiatives. First, in the environmental equipment segment, the Company is strengthening the management of its recurring-revenue energy service company (ESCO) businesses in the areas of maintenance and water utilities, and bolstering sales overseas. Second, in the household equipment-related business segment, Daiki Axis remains faithful to a style of sales that adheres faithfully to the Company's roots, while cultivating new customers. Third, the Company is strengthening development and sales in the renewable energy segment to help expand future demand and contribute to the realization of a recycling society.

During the first three months of the fiscal year ending December 31, 2018, the Company generated net sales of JPY9,722 million (up 3.3% YoY), operating income of JPY382 million (down 32.0% YoY) and ordinary income of JPY423 million (down 26.4% YoY). Profit attributable to owners of parent was JPY241 million (down 31.2% YoY). The substantial year-on-year drop in profit was essentially in line with the Company's forecast. During the quarter under review, the Company revised the reportable segments in which its business segments are categorized.

In the environmental equipment segment, sales of wastewater treatment systems were down significantly year on year due to the fact that the Company did not record any large overseas projects that compared to those conducted in China during the previous year, resulting in substantial decreases in overseas sales. Revenue in the recurring-revenue ESCO businesses in the areas of maintenance and water utilities was robust. Due to a decrease in domestic sales and an increase in construction costs such as a JPY15 million provision for loss on construction contracts, profitability was down year on year. As a result, segment sales were JPY4,832 million (down 8.5% YoY) and segment income (operating income) was JPY416 million (down 32.9% YoY).

In the household equipment-related business segment, the Company continued with marketing efforts targeting construction companies, producing steady year-on-year growth. Sales of retail products through DIY stores increased slightly, and construction of stores—recorded in sales this fiscal year—increased substantially. Due to the impact of low-margin projects, profit margins were down year on year. As a result, segment sales were JPY4,365 million (up 9.6% YoY) and segment profit (operating profit) was JPY164 million (down 1.1%).

In the renewable energy segment, the Company recorded no revenue in the solar power generation business in first quarter of the year ended December 31, 2017. In the year ending December 31, 2018, however, Daiki Axis will record income from solar power generation by a subsidiary. The Company plans to also begin recording this income on a non-consolidated basis in the second quarter. Sales of biodiesel fuel increased slightly year on year, and the Company recorded non-operating income of JPY11 million in the compact wind generation business. This income arose from grant money for collaborative academic, business and government operations. As a result, segment sales were JPY40 million (up 103.2% YoY) while the segment loss (operating loss) was JPY56 million (operating loss of JPY24 million in the same period of the previous year).

In other segments, the Company recorded no construction sales in its engineering business for the prior period but will do so for subsidiaries during the current period. The CleCla business posted a small increase. As a result, sales in other segments were JPY484 million (up 283.3% YoY) while segment profit (operating profit) was JPY62 million (up 206.5% YoY).

Daiki Axis Co., Ltd. (4245, First Section, TSE) “Summary of Consolidated Financial Results for the Three Months Ended March 31, 2018” is available here:

<http://www.daiki-axis.com/ir/info/index09.html>

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Release Inquiries

[Borderless IR Co., Ltd.](#)

Sixth Floor, Toyo Building 1-2-10 Nihonbashi, Chuo-ku, Tokyo 103-0027 JAPAN

TEL: +81-3-4588-6706

info@b-ir.co.jp

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