



**Daiki Axis Co., Ltd. (4245, First Section, Tokyo Stock Exchange)
Issues Operating Performance for the Six Months Ended June 30, 2018**

TOKYO—[Daiki Axis](#) (TOKYO: 4245) is pleased to announce its results for the six months ended June 30, 2018.

Summary of Results

Daiki Axis Co., Ltd.'s medium-term management plan, V-PLAN60, has three stages; HOP, STEP and JUMP. The fiscal year ending December 31, 2018 is the plan's JUMP year, and the Company is working to meet its numerical targets. 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 harks back 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 half of the fiscal year ending December 31, 2018, the Company recorded net sales of JPY17,429 million (up 4.8% YoY), operating income of JPY493 million (down 16.5% YoY) and ordinary income of JPY596 million (down 8.0% YoY). Profit attributable to owners of parent was JPY317 million (down 16.4% YoY). In terms of segment profit (operating profit), results for the household equipment-related business segment were in line with initial forecasts but the environmental equipment segment fell short, with overall performance below original expectations.

In the environmental equipment segment, sales of wastewater treatment systems were down somewhat year on year and fell short of forecasts. Although the Company completed large projects in China during the same period in the previous fiscal year, it did not record projects of a similar size during the period under review, and the posting of income on projects in Indonesia and Algeria was delayed to the third quarter or later. Furthermore, domestic sales results mirrored those of the previous fiscal year, but the Company moved industrial wastewater treatment projects related to electronic parts to the third quarter or later. Meanwhile, revenue in the recurring-revenue ESCO businesses in the areas of maintenance and water utilities were robust.

In terms of segment profit (operating profit), cost increases for domestic businesses such as JPY14 million in unprofitable construction and rising subcontract expenses held back performance, and profits fell short of those of the previous year. As a result, segment sales were JPY8,375 million (down 3.6%) and segment profit (operating profit) finished below initial forecasts, at JPY593 million (down 22.1%).

Performance in the household equipment-related business segment rose strongly compared to the same period in the previous fiscal year, as the Company conducted extensive customer acquisition. Sales of retail products through DIY stores fell somewhat year on year, while construction of stores—recorded in sales this fiscal year—increased substantially.

Although some low-margin projects affected segment profit (operating profit) in the first quarter, conditions improved in the second quarter, and the Company secured higher profit year on year. As a result, segment sales were JPY8,109 million (up 8.9% YoY), and segment profit (operating profit) was JPY308 million (up 14.7%), both in line with initial forecasts.

In the renewable energy segment, the Company began recording a subsidiary's sales from solar power generation in the second quarter, including this amount in solar power generation in the beginning of the fiscal year under review. The company began gradually selling this electricity during the second quarter. Results were somewhat below initial forecasts but rose substantially year on year. Sales of biodiesel fuel increased slightly compared to the same time during the previous fiscal year and, although it didn't produce results in sales, the compact wind generation business recorded non-operating income of JPY11 million. This income arose from grant money for collaborative academic, business and government operations.

Temporary connection, investigation and examination costs associated with beginning to sell electricity affected segment performance. As a result, segment sales were JPY93 million (up 10.2% YoY) and segment loss (operating loss) was JPY72 million (JPY28 million for the same period of the previous fiscal year), bringing results beneath initial projections.

In other segments, the Company began posting sales for its engineering business during the second quarter of the previous fiscal year and started recording subsidiaries' construction sales at the beginning of the current fiscal year. Meanwhile, the CleCla business posted a small increase in sales.

As a result, sales in other segments were JPY851 million (up 103.0% YoY) and segment profit

(operating profit) was JPY90 million (up 674.75% YoY), well surpassing initial forecasts.

[Daiki Axis Co., Ltd. \(4245, First Section, TSE\)](#) “Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018” is available here:
<http://www.daiki-axis.com/ir/info/index09.html>

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