



Borderless IR Co., Ltd. Announces Newsletter

May 15, 2019

Daiki Axis Co., Ltd. (4245, First Section, Tokyo Stock Exchange) Overview of Operating Performance for the First Three Months Ended March 31, 2019

TOKYO—[Daiki Axis \(TOKYO: 4245\)](#) is pleased to announce its results for the three months ended March 31, 2019.

Summary of Results

The Company has formulated a new medium-term management plan, “Make FOUNDATION Plan (Promote ESG),” for the fiscal years ending December 31, 2019 to 2021. The company started off the plan by transitioning to a company with an audit and supervisory committee and introducing an executive officer system. 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 bolstering sales overseas and strengthening the management of its recurring-revenue energy service company (ESCO) businesses in the areas of maintenance and water utilities. Second, Daiki Axis is transitioning toward growth businesses in the household equipment-related business segment. Third, in the renewable energy segment the company is working to realize a recycling society and striving to shore up stable revenue and profits.

During the first three months of the fiscal year ending December 31, 2019, the Company generated net sales of JPY9,750 million (up 0.3% YoY), operating income of JPY470 million (up 23.1% YoY), ordinary income of JPY513 million (up 21.4% YoY) and profit attributable to owners of parent of JPY302 million (up 25.3% YoY).

In the environmental equipment segment, sales of wastewater treatment systems were up year on year. Performance in Japan was affected by the posting of sales based on the percentage-of-completion-system for recognizing revenues on large-scale projects and the completion of five projects involving the sale of equipment in the water utilities business (excluding ESCO). Overseas sales rose as the Company made progress in cultivating distributors. Sales also grew year on year in the recurring-revenue energy service company (ESCO) businesses in the areas of maintenance and water utilities. Sales in the

environmental equipment segment accordingly amounted to JPY5,668 million (up 17.3% YoY), and segment income (operating income) was JPY556 million (up 33.7% YoY).

Sales and income were both down in the household equipment-related business segment. In construction-related sales, the Company saw few medium-sized or large projects, and sales of retail products through DIY stores were down due to lower sales to existing stores. Also, in the construction of residential machinery the company did not benefit from large-scale store construction as it had in the preceding fiscal year. Consequently, segment sales in the household equipment-related business segment came to JPY3,523million (down 19.3% YoY), and segment income (operating income) sales were JPY89 million (down 45.5% YoY).

In the renewable energy segment, sales of electricity from solar power generation rose significantly as the Company steadily commenced electricity sales. In addition, sales of biodiesel fuel were up year on year. The Company posted no sales results for the compact wind generation business. Consequently, segment sales came to JPY114 million (up 184.5% YoY), and segment income (operating income) was JPY22 million (a segment loss [operating loss] of JPY56 million in the same period of the previous year.)

In other segments, construction sales in the engineering business were down year on year in the first quarter. Sales were essentially flat year on year in the household water drinking business. As a result, segment sales were JPY443 million (down 8.6% YoY), and segment income (operating income) was JPY30 million (down 50.9% YoY).

[Daiki Axis Co., Ltd. \(4245, First Section, TSE\)](#) “Summary of Consolidated Financial Results for the Three Months Ended March 31, 2019” is available here:

[Summary of Consolidated Financial Results for the Three Months Ended March 31, 2019](#)

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