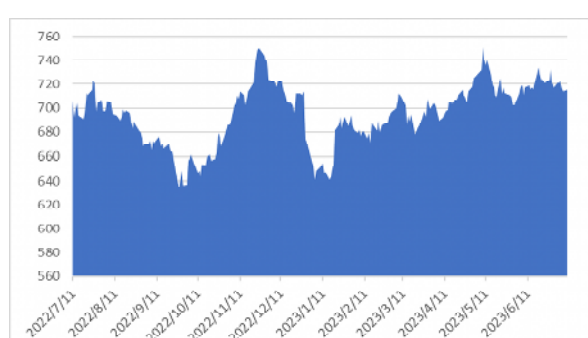


Daiki Axis Co., Ltd.

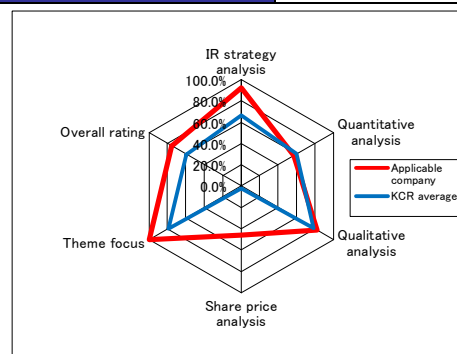
(TOKYO: 4245) Consolidated

Publisher: KCR Inc. Telephone number +81-6-6965-6100

Supervision analyst Yojiro Kindaichi

	Date of Announcement	Zip Code	Address		Telephone Number		
Basic Information	11-Jul-23	791-8022	1-9-1, Misawa, Matsuyama City, Ehime, Japan		+81-89-927-2222		
	[Established]	Jul-05	[Industry]	Industrials	[Fiscal Year End] Dec. 31		
	[Representative]	Hiroshi Ohgame	[Date of Birth]	26-May-60	[Officer Responsible for Disclosure] CFO Akihiro Horibuchi		
	[Complimentary Goods for Shareholders]	YES	3,300 YEN(estimate)		[Trading Unit (share)] 100 [Market Value (million yen)] 9,776		
	[Dividend Yield]	4.2 %	[Interim Dividends] YES				
	[Shareholder Yield]	0.9 %	[Up/Down Ratio (high price)] -49.1		[PER Estimate] 17.3		
Company Features	[Real Yield]	5.1 %	[Up/Down Ratio (low price)] 15.1		[PBR (x)] 1.04		
	Daiki Axis Co., Ltd., is an eco-creation and development company building social infrastructure centered on water-related businesses. The main sector is the environmental equipment-related business and the housing related business. The pillars of growth strategy is water supply and overseas infrastructure businesses in India and Indonesia, as well. Renewable Energy Segment spreads.						
Settlement of Accounts Information	Settlement Period	Net Sales (Growth Rate) (JPY 1 Million)	Ordinary Income (Growth Rate) (JPY 1 Million)		Earnings per Share (JPY)	Dividends per Share (JPY)	Ordinary Income Margin
	FY12/19	35,749	1,155		65.2	24.0	3.2%
	FY12/20	34,647 -3.1%	1,211 4.8%		39.6	24.0	3.5%
	FY12/21	37,824 9.2%	1,300 7.3%		47.1	24.0	3.4%
	FY12/22	39,478 4.4%	1,172 -9.8%		43.3	24.0	3.0%
	FY12/23* KCR	40,031 1.4%	921 -21.4%		37.0	30.0	2.3%
	FY12/24* KCR	42,032 5.0%	1,345 46.1%		62.7	30.0	3.2%
Investment Opinion	*KCR Estimate						
	Overall Rating						
	+2 BUY						
	★★★★						
	Target Share Price						
	968 YEN						
							
Source for figures : KCR, One-year chart (¥)							
Current Share Price					715 YEN		

KCR Inc. assigns an overall rating of +2 (BUY) to Daiki Axis Co., Ltd. (TOKYO: 4245) and announces its buy recommendation (which is given to a share whose price is expected to outperform the current one by 10% within a year). KCR Inc. made the overall rating decision considering that the company is rated 2.6% below the KCR average in quantitative analysis and 3.7% above average in qualitative analysis. The company's share price has been hovering 48.0% below the average price while the company's IR strategy is 26.3% above average. Meanwhile, the company's theme focus is 20.9% above average. Considering that the company's overall rating is 16.0% above average, KCR Inc. sets a target price of 968 yen.



	IR strategy analysis	Quantitative analysis	Qualitative analysis	Share price analysis	Theme focus	Overall rating
Applicable company	92.7%	57.4%	82.1%	46.0%	100.0%	75.2%
KCR average	66.4%	60.0%	78.4%	2.0%	79.1%	59.2%
Difference	26.3%	-2.6%	3.7%	48.0%	20.9%	16.0%

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11-Jul-23



Daiki Axis Co., Ltd.

[Stock Code] 4245 [Industry] Industrials [Market Division] TOKYO [Fiscal Year End] Dec. 31

[Share Price]

715 YEN

[Market Value]

9,776 million yen

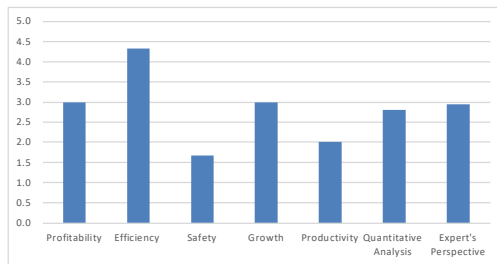
(TOKYO: 4245) Consolidated

Overall Rating

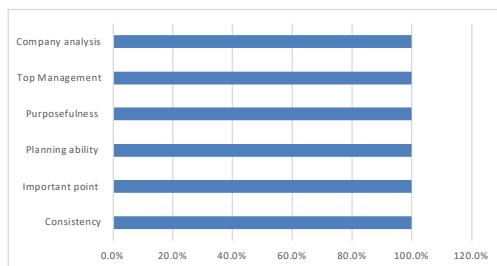
+2 BUY

Last Rating +2 BUY

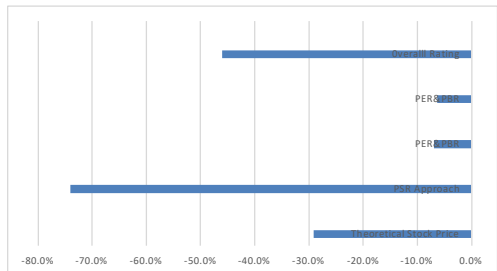
Reference Stock Price 965 YEN



Quantitative Analysis Rating



Strategy check



Share price rating

Quantitative Analysis Rating							Overall Rating		Chart & Theme focus			
Profitability	Efficiency	Safety	Growth	Productivity	Quantitative Analysis	Expert's Perspective	2.9	Evaluation Index	4 Index Overall Rating		Total Evaluation Index	
★★★	★★★★	★★	★★★	★★	★★★	★★★	Evaluation Index	100.0%				
3.0	4.3	1.7	3.0	2.0	2.8	2.9	57.4%					★★★★
Qualitative Analysis Rating												
Overall rating				82.1%	★★★★★							
Strategy rating				79.7%	★★★★★		Consistency	100.0%	★★★★★	Cost leadership strategy	70.8%	★★★★★
Threat of new entrants				86.3%	★★★★★		Important point	100.0%	★★★★★	Differentiation strategy	100.0%	★★★★★
Intensity of competitive rivalry				54.4%	★★★★★		Planning ability	100.0%	★★★★★	Concentration strategy	50.0%	★★★★★
Threat of substitute products or services				50.0%	★★★★★		Purposefulness	100.0%	★★★★★	Cost leadership strategy risk	60.0%	★★★★★
Bargaining power of customers				88.9%	★★★★★		Top Management	100.0%	★★★★★	Differentiation strategy risk	66.7%	★★★★★
Bargaining power of suppliers				85.7%	★★★★★		Company analysis	100.0%	★★★★★	Concentration strategy risk	83.3%	★★★★★

Share price rating		(Peer company estimate)		(Peer company estimate)		(JASDAQ estimate)					
Theoretical Stock Price	PSR Approach	PER&PBR		PER&PBR		PER&PBR		Overall Rating		IR Strategy Analysis	
★★★★★	★★★★★	★★★★★		★★★★★		★★★★★		★★★★★		★★★★★	Total Score
-29.2%	-74.0%	-6.9%		-6.4%		-46.0%				★★★★★	Evaluation Index
Reference Stock Prices (JPY)	35%zone 965	50%zone 1,073	100%zone 1,430	150%zone 1,788	200%zone 2,145						
Reference Market Value (JPY 1 Million)	20%zone 11,730.7	50%zone 14,663.3	100%zone 19,551.1	200%zone 29,326.7							

Comments

The KCR overall rating report summarizes the results of IR strategy, quantitative, qualitative and share price analyses, gives a total evaluation index percentage to companies by taking their overall scores, balance, share price charts and theme focus into consideration, and finally rates companies on a scale of 1 to 5. KCR Inc. sets target share prices of companies in an investment opinion report.

Viewpoint		Rating		Total Evaluation Index		Upside potential		Downside potential	
+1	Strong Buy	80%~100%		Upside potential is 20% or more within a year.		★★★★★			
+2	Buy	60%~80%		Upside potential is 10% or more within a year.		★★★★			
+3	Neutral	40%~60%		Upside potential is less than 10% or downside is less than 10% within a year.		★★★			
+4	Sell	20%~40%		Downside potential is 20% or more within a year.		★★			
+5	Strong Sell	~0%~20%		Downside potential is 11% or more within a year.		★			

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Daiki Axis Co., Ltd. (TOKYO: 4245) Consolidated



Q1 FY2023 Results: Daiki Axis Leverages Environmental Equipment Business for Revenue and Profit Growth, Enhanced Supply-Demand Dynamics via Second Warrant Cancellation, Sustained Focus on Overseas Operations and Renewable Energy Business.

Daiki Axis Group is engaged in various businesses, including environmental equipment, household equipment, and renewable energy operations. The environmental equipment business is the main driver, focusing on the manufacturing, construction, sales and maintenance of various water treatment facilities, first and foremost being Johkasou systems. Products are categorized for applications such as domestic wastewater treatment, industrial wastewater treatment, and community wastewater treatment. The company offers optimal wastewater treatment facilities tailored to different water qualities, including those made of synthetic resin or concrete, and conducts design and construction tailored to the local environment for the treatment of sewage and domestic wastewater. The company expands its operations overseas, primarily in the Asian region, establishing a network of sales distributors and transitioning to local production in high-demand regions for agile and efficient responses. Maintenance services cover facilities sold and constructed by the group, as well as maintenance of equipment from other manufacturers. Dedicated departments ensure a 24-hour monitoring system and provide spot maintenance, establishing maintenance systems tailored to customer needs. By maintaining long-term customer relationships, the company utilizes information gained from maintenance to develop future products and support sales activities, providing total services related to various water treatment processes throughout its business operations. The household equipment business focuses on the sales of housing-related products and interior/exterior construction for educational facilities. The renewable energy business operates in the field of renewable energy and engages in power sales related to solar power generation and small-scale wind power generation, small-scale wind power generator-related operations, biodiesel fuel business, and hydrothermal treatment business. The company aims to expand its business with clean energy to reduce environmental impact while proposing high-value-added businesses in anticipation of post-FIT (Feed-in Tariff) era. Additionally in other business, it operates a household drinking water business, manufacturing and delivering bottled water, and handling water purifiers connected directly to water supply systems.

The business environment surrounding the Daiki Axis Group during the cumulative period of the first quarter of the fiscal year is characterized by the prolonged impact of the COVID-19 pandemic, including the high transportation costs, which are gradually recovering. However, the future economic outlook remains uncertain due to significant disruptions in the international situation, resulting in high energy prices and soaring raw material costs. In response to these circumstances, the company aims to enhance its corporate value by driving the medium-term management plan, "PROTECT x CHANGE," with the final fiscal year set as 2025. Specifically, within the environmental equipment business segment, the company focuses on expanding its overseas operations in countries such as India, the expansion of maintenance services and water ESCO (Energy Service Company) businesses as part of its recurring-revenue business strategy. In the household equipment business segment, the company aims to transition from stable businesses to growth businesses by exploring new environmentally friendly and highly livable products. In the renewable energy business segment, the company strives to achieve a circular economy, strengthen stable revenue generation, and explore high-value-added businesses and products in anticipation of the post-FIT era (Feed-in Tariff). Furthermore, across the entire company, efforts are being made to reinforce the organization for the realization of IT strategies and to leverage IT as a tool to improve productivity.

During the cumulative period of the first quarter, the consolidated net sales for the company amounted to 10,770 million yen (a decrease of 2.3% Year-on-Year). The gross profit was 2,193 million yen (an increase of 2.2% Year-on-Year), operating profit was 237 million yen (a decrease of 47.8% Year-on-Year), ordinary profit was 250 million yen (a decrease of 53.0% Year-on-Year), and net profit attributable to the parent company's shareholders for the quarter was 104 million yen (a decrease of 70.4% Year-on-Year). In the first quarter, the company incurred significant increases in selling, general, and administrative expenses due to investments in human capital, organizational infrastructure strengthening measures, investments in overseas operations, investments in growth areas through mergers and acquisitions (M&A), and a review of corporate governance. Furthermore, the company submitted an application for standard market listing on the Tokyo Stock Exchange (TSE) and has completed the acquisition and cancellation of the second tranche of new share subscription rights (with exercise price adjustment clauses and exercise permission clauses) through third-party allocation.

For the environmental equipment business, in the domestic market, the sales of Johkasou and wastewater treatment systems increased compared to the previous quarter due to a recovery in demand for facility investments, leading to a significant increase in repair project orders. In terms of overseas sales, there was an increase driven by the completion of large-scale industrial wastewater treatment facility projects in China and the solid performance of operations in India. However, there were no equivalent projects to the delivery of Johkasou systems to the JICA-supported project in Iraq during the same period of the previous year, resulting in an overall decrease in overseas sales. The maintenance sales, which are part of the company's recurring-revenue business, have been progressing well due to efforts to expand contracts. In the groundwater drinking water conversion business, the sales related to ESCO contracts, also a recurring-revenue business, increased due to new contracts. Sales of groundwater drinking water conversion systems without ESCO contracts also increased due to growing customer demand.

For the household equipment business, regarding the sales of construction-related companies, the impact of shipment restrictions on products due to overseas parts sourcing by manufacturers has been resolved. Sales, mainly of water-related products for construction-related companies, have increased due to the recovery in demand for facility investments in hotels, nursing homes, and other facilities. Sales have decreased in lighting renovation projects for hardware stores and projects related to educational facilities. The sales of retail products for hardware stores have increased compared to the same quarter of the previous year. In the housing equipment division, there were successful large-scale projects in exterior wall construction and refrigeration, air conditioning, and cooling equipment in installation. However, there were no store construction projects for the DCM Group, which operates hardware storefronts, which were included in the sales figures for the previous consolidated fiscal quarter. A large-scale project that applies cost recovery criteria for air conditioning equipment installation was ongoing at the end of the current quarterly consolidated accounting period. For this project, sales and costs are recognized as the same amount until completion, resulting in a decrease in segment profit margin.

For the renewable energy business, in the solar power generation business, the acquisition of Sanei Ecohome Co., Ltd. in October 2021 had a significant impact on the increase in sales in the previous quarterly consolidated period. Previously, the company not only engaged in electricity sales through the feed-in tariff (FIT) system but also sold power generation facilities. However, due to the recognition of sales for projects contracted before the acquisition, sales decreased compared to the same quarter of the previous year. In the small-scale wind power generation business, sales were recorded in the previous quarterly consolidated period for the "Low Carbon Technology Research Development and Demonstration Program" jointly participated by the company and three other companies under the Ministry of the Environment. As a result, sales decreased compared to the same quarter of the previous year. Currently, there are 18 operational sites for small-scale wind power generation utilizing FIT, and the company plans to have a total of 70 operational sites by 2025. In the biodiesel fuel-related business, the company focused on strengthening the sales of "B5 Diesel," which can be used as a substitute for regular diesel by blending 5% biodiesel fuel. The number of contracts has steadily increased, and sales have increased compared to the same period of the previous year. The hydrothermal treatment business is conducting research and development to establish new technologies.

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KCR-SHARE PRICE ANALYSIS REPORT

Daiki Axis Co., Ltd.

(TOKYO: 4245) Consolidated

Transaction Number 4245IR230711

Share Price
Overall Rating

Theoretical Stock Price	PSR Approach	PER&PBR	PER&PBR	★★★★★
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
(Peer company estimate)		(Peer company estimate)	(JASDAQ estimate)	

Valuation Results

Comparable Peer Company Analysis	677 YEN	5.6%	Current Share Price 11-Jul-23	715 YEN
Net Asset Approach (book value)	687 YEN	4.1%	Price Earnings Ratio	17.77 (X)
Earnings Return Method	931 YEN	-23.2%	Price Book-value Ratio	1.04 (X)
Price-to-Sales Ratio Approach	2,753 YEN	-74.0%	PER(JASDAQ estimate)	15.42 (X)
Discounted Cash Flow Method	- YEN	-	PER(Peer company estimate)	17.65 (X)
Theoretical Stock Price Average	1,009 YEN	-29.2%	PBR(JASDAQ estimate)	1.32 (X)
		KCR Average	PBR(Peer company estimate)	1.20 (X)
		2.00%	Stock Yield (estimate)	6.48 %
			Dividend Yield (JQ average estimate)	2.35 %

Rate of divergence

Precondition (JPY 1 Million)	FY12/20 Actual	FY12/21 Actual	FY12/22 Actual	FY12/23* KCR *KCR Estimate	FY12/24* KCR *KCR Estimate	FY12/25* KCR *KCR Estimate
Net Sales	34,647	37,824	39,478	40,031	42,032	44,134
Ordinary Income	1,211	1,300	1,172	921	1,345	1,456
Net Income	477	610	574	506	874	947
Operational Cash Flows	2,222	520	1,261	1,500	2,000	2,500
Investment Cash Flows	-1,047	-1,505	-1,548	-1,500	-1,500	-1,500

Daiki Axis Co., Ltd.

Three Similar and Competing Companies

Net Sales	40,000 (JPY 1 Million)	Estimate	KUBOTA CORPORATION	(TOKYO 6326) Consolidated
Ordinary Income	900 (JPY 1 Million)	Estimate	TSUKISHIMA HOLDINGS CO., LTD.	(TOKYO 6332) Consolidated
Net income	550 (JPY 1 Million)	Estimate	EPCO Co., Ltd.	(TOKYO 2311) Consolidated
Shareholders' Equity	9,393 (JPY 1 Million)	Current		
Number of Shares Issued	13,672,100 (thousand shares)	Current		
Share Price	715 YEN	Current		
Market Value	9,776 (JPY 1 Million)	Current		
Price to Sales Ratio	2.926 (JPY 1 Million)	Market Value (Peer company average)	832,912 (JPY 1 Million)	rate of divergence -98.8%
Earnings Per Share	40 YEN	Share Price/PSR (Peer company average)	0.94 (X)	-74.0%
Book-value Per Share	687 YEN	Calculated Price (※KCR Average-4.0%)	2,753 YEN	-74.0%
Share price/PSR	0.24 (X)	EPS x Peer company average	710 YEN	0.7%
PER	17.77 (X)	PBR x Peer company average	826 YEN	-13.4%
PBR	1.04 (X)	Calculated Price (※KCR Average7.7%)	768 YEN	-6.9%
Stock Yield	5.63%	EPS x JASDAQ average	620 YEN	15.3%
		PBR x JASDAQ average	907 YEN	-21.2%
		Calculated Price (※KCR Average40.0%)	764 YEN	-6.4%
		Total Average (※KCR Average-9.0%)	1,323 YEN	-46.0%

KUBOTA CORPORATION

A

TSUKISHIMA HOLDINGS CO., LTD.

B

Net Sales	2,900,000 (JPY 1 Million)	Estimate	Net Sales	100,000 (JPY 1 Million)	Estimate
Ordinary Income	278,000 (JPY 1 Million)	Estimate	Ordinary Income	5,500 (JPY 1 Million)	Estimate
Net Income	186,000 (JPY 1 Million)	Estimate	Net Income	3,800 (JPY 1 Million)	Estimate
Shareholders' Equity	1,943,414 (JPY 1 Million)	Current	Shareholders' Equity	79,113 (JPY 1 Million)	Current
Number of Shares Issued	1,191,006,846 (thousand shares)	Current	Number of Shares Issued	45,625,800 (thousand shares)	Current
Share Price	2,044 YEN	Current	Share Price	1,260 YEN	Current
Market Value	2,434,418 (JPY 1 Million)	Current	Market Value	57,489 (JPY 1 Million)	Current
Price to Sales Ratio	2.435 (JPY 1 Million)		Price to Sales Ratio	2,192 (JPY 1 Million)	
Earnings Per Share	156 YEN		Earnings Per Share	83 YEN	
Book-value Per Share	1,632 YEN		Book-value Per Share	1,734 YEN	
Share price/PSR	0.84 (X)		Share Price/PSR	0.57 (X)	
PER	13.09 (X)		PER	15.13 (X)	
PBR	1.25 (X)		PBR	0.73 (X)	
Stock Yield	7.64%		Stock Yield	6.61%	

EPCO Co., Ltd.

C

Net Sales	4,848 (JPY 1 Million)	Estimate	The KCR share price analysis report rates how overvalued/undervalued the share price of the covered company is. The value is determined by calculating the average theoretical stock price using a comparable peer company analysis, a net asset approach, an earnings return method, a price-to-sales ratio approach, and a DCF method based on performance estimates by KCR. The value is also determined by a rate of divergence from the theoretical price, for which PER and PBR of the market and industry are taken into account. The more negative the rate is, the more undervalued the company's share is.		
Ordinary Income	204 (JPY 1 Million)	Estimate			
Net income	276 (JPY 1 Million)	Estimate			
Shareholders' Equity	4,197 (JPY 1 Million)	Current			
Number of Shares Issued	9,316,000 (thousand shares)	Current			
Share Price	733 YEN	Current			
Market Value	6,829 (JPY 1 Million)	Current			
Price to Sales Ratio	520 (JPY 1 Million)				
Earnings Per Share	30 YEN				
Book-value Per Share	451 YEN				
Share price/PSR	1.41 (X)				
PER	24.74 (X)		Comparable Peer Company Analysis		
PBR	1.63 (X)		Average	676.77	
Stock Yield	4.04%		Maximum	758.75	
			Minimum	614.74	

Share Price* EPS* BPS* Calculated Price

A	B	C	1,346	89.7	1,272	665
A	B	C	1,652	119.7	1,683	615
A	B	C	1,389	92.9	1,041	759
	B	C	997	56	1,092	668

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Viewpoint

★★★★★	Considerably Undervalued
★★★★	Undervalued
★★★	Standard
★★	Overvalued
★	Considerably Overvalued

Daiki Axis Co., Ltd.

(TOKYO: 4245) Consolidated

【Stock Code】 4245 【Industry】 Industrials 【Market Division】 TOKYO 【Fiscal Year End】 Dec. 31 【Representative】 Hiroshi Ohgame

【Company Features】

Daiki Axis Co., Ltd., is an eco-creation and development company building social infrastructure centered on water-related businesses. The main sector is the environmental equipment-related business and the housing related business. The pillars of growth strategy is water supply and overseas infrastructure businesses in India and Indonesia, as well. Renewable Energy Segment spreads.

Overall rating	82.1%	★★★★★	Consistency	100.0%	★★★★★	Cost leadership strategy	70.8%	★★★★
Strategy rating	79.7%	★★★★★	Important point	100.0%	★★★★★	Differentiation strategy	100.0%	★★★★★
Threat of new entrants	86.3%	★★★★★	Planning ability	100.0%	★★★★★	Concentration strategy	50.0%	★★★
Intensity of competitive rivalry	54.4%	★★★	Purposefulness	100.0%	★★★★★	Cost leadership strategy risk	60.0%	★★★★
Threat of substitute products or services	50.0%	★★★	Top Management	100.0%	★★★★★	Differentiation strategy risk	66.7%	★★★★
Bargaining power of customers	88.9%	★★★★★	Company analysis	100.0%	★★★★★	Concentration strategy risk	83.3%	★★★★★
Bargaining power of suppliers	85.7%	★★★★★						
■ Porter five forces analysis	determines the competitive intensity and therefore attractiveness of an industry			■ Strategic type analysis	determines a strategic model and judges its balance			
Industry environment analysis	76.6%	KCR Average	67.3%	Strategic model analysis	73.6%	KCR Average	80.6%	

Target Sector Automobile dealer industry			
Threat of New Entrants	Economies of scale	10	
	Product differentiation	10	
	Capital requirements	10	
	Switching costs of suppliers	10	
	Access to distribution channels	10	
	Cost advantages independent of scale	4	
	Governmental and legal barriers	10	
	Expected retaliation	5	
Subtotal 80	86%	69	
Intensity of competitive rivalry	Number of rival companies	10	
	Growth speed	5	
	Scales of fixed and stock costs	0	
	Differentiation	5	
	Customer retention	10	
	Expansion of supply capacity	5	
	Heterogeneous strategy	5	
	Fruit of strategic results	5	
Subtotal 90	54%	49	
Threat of substitute products or services	High profit company of Gulliver	5	
	Low-priced with same performance	5	
Subtotal 20	50%	10	
Bargaining power of customers (buyers)	Force down prices	10	
	Number of potential customers	10	
	Percentage of customer costs	0	
	Differentiation(buyer needs)	10	
	Buyer switching costs	10	
	Wealthiness	10	
	Backward integration possibility	10	
	Essentiality	10	
Subtotal 90	89%	80	
Bargaining power of suppliers	Oligopolization	10	
	Possibility of substitutes and products' changes	10	
	Importance of customers	10	
	Essentiality	0	
	Number of rival companies	10	
	Supplier switching costs	10	
	Possibility of forward integration	10	
Subtotal 70	86%	60	
Total 350	77%	268	

■ Strategy check	analyzes the strategic level from the following four viewpoints		
Management balance analysis	100.0%	KCR Average	92.2%

Consistency analysis	External and management environments	10	
	Corporate and business strategies	10	
	Management strategy and functions	10	
	Management functions	10	
	Short term and future	10	
Total 50	100%	50	

Important point analysis	Business domain, market & products	10	
	Dynamic business resources	10	
	Static business resources	10	
	Company's strength	10	
	Narrowing	10	
Total 50	100%	50	

Planning ability analysis	Goal achievement	10	
	Planning from long-term viewpoints	10	
	Short-term and long term planning	10	
	Downward revision	10	
	Planning flexibility	10	
Total 50	100%	50	

Purposefulness analysis	Strategic domain	10	
	Company policy, management philosophy & CSR	10	
	Stage of company purposes	10	
	Company aims and management strategies	10	
	Company aims and employees	10	
Total 50	100%	50	

Viewpoint

Strategic level		
Exceptionally strategic	80~100%	★★★★★
Considerably strategic	60~80%	★★★★
Strategic	40~60%	★★★
Strategically weak	20~40%	★★
Lacking Strategy	0~20%	★

Cost leadership strategy	Lowest price in the industry	5	
	Low-cost structure	5	
	Gross margin ratio	0	
	Capital investment	5	
	Process technology	10	
	Distribution costs	10	
	Financial power	5	
	Financing capability	5	
	System completeness	10	
	Cost control and system	10	
	Authority and responsibilities	10	
	Contingency fee system	10	
Total 120	71%	85	

Differentiation strategy	Product design	10	
	Brand image	10	
	Technology	10	
	Product features	10	
	Customer service	10	
	Distribution network	10	
	Marketing capabilities	10	
	R&D capabilities	10	
	Experience level	10	
	Imagination	10	
	Talent matching system	10	
Total 110	100%	110	

Concentration strategy	Investment in specific targets	5	
	Investment in specific products	5	
	Investment in specific areas	5	
	Investment in specific segments	5	
Total 40	50%	20	

■ Future inspection	analyzes risks for future threats		
Risk analysis	70.0%	KCR Average	66.1%

Cost leadership strategy risk	Innovation possibility by other companies	5	
	Price reduction by rivals	5	
	Product improvement	5	
	Marketing improvement	10	
	Cost inflation effects	5	
Total 50	60%	30	

Differentiation strategy risk	Other companies' brand-name products	5	
	Changes of customer needs	10	
	Imitation	5	
		5	
Total 30	67%	20	

Concentration strategy risk	End of cost advantages	5	
	End of specific needs	10	
	Subdivision of specific targets	10	
		5	
Total 30	83%	25	

■ Other qualitative factors	check other different factors from the strategies		
	100.0%	KCR Average	92.5%

Top management	Management stance	170	
Total 170	100%	170	

Company analysis	Head office, corporate culture	120	
Total 120	100%	120	

The KCR qualitative analysis report converts qualitative information to figures through a matrix analysis using 132 unique judgement scores assessed by KCR Inc. and rates competitiveness of a company based on Michael Porter's theory of competitive advantage. The more starts are given, the higher the competitiveness is. This analysis evaluates future outlook of a company, which does not appear in a quantitative analysis. This company was rated as follows: 67.3% in a industry environment analysis, 80.6% in a strategic model analysis, 66.1% in a risk analysis, 92.2% in a management balance analysis, and 92.5%, in a top management and other analyses with a total rating of 78.4%.

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	FY12/20	FY12/21	FY12/22	FY12/23* KCR	FY12/24* KCR
Net Sales	34,647	37,824	39,478	40,031	42,032
Ordinary Income	1,211	1,300	1,172	921	1,345
Profit Margin	3.5%	3.4%	2.9%	2.3%	3.2%

* Thousand yen									Quantitative Analysis	2.8										2.7
Profitability	Efficiency	Safety	Growth	Productivity	Quantitative Analysis	Expert's Perspective	Total	Evaluation Index												
***	*****	**	***	**	***	***	***	57.4%												
3.0	4.3	1.7	3.0	2.0	2.8	2.9	2.9													


Profitability Analysis

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Category	Score
Profitability Analysis	3
Efficiency Analysis	4
Safety Analysis	2
Growth Potential Analysis	1
Productivity Analysis	2

6

KCR-EXPERT'S PERSPECTIVE ANALYSIS REPORT				Transaction Number 4245IR230711		This report details three expert evaluations. With 16 items from expert's perspectives, it analyzes whether or not a company's shares are undervalued and whether or not the company is worth investing for a medium-to-long term.					
Daiki Axis Co., Ltd.						(TOKYO: 4245) Consolidated		11-Jul-23		Total Score	
Fiscal Year End		Dec. 31		Zip Code		791-8022		Telephone Number		+81-89-927-2222	
Address		1-9-1, Misawa, Matsuyama City, Ehime, Japan						Representative		Hiroshi Ohgame	
KCR Average		12.8									
[Company Feature]		Daiki Axis Co., Ltd., is an eco-creation and development company building social infrastructure centered on water-related businesses. The main sector is the environmental equipment-related business and the housing related business. The pillars of growth strategy is water supply and overseas infrastructure businesses in India and Indonesia, as well. Renewable Energy Segment spreads.									

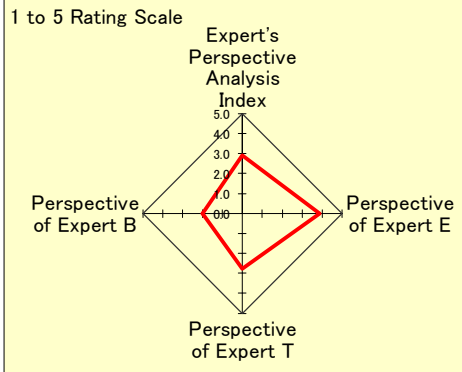
■ Main Basic Data ※ Estimate is basically a company plan. Asset is current.

Capital (JPY 1 Million)	Accumulated Profit (JPY 1 Million)	Current Share Price (YEN)	Shareholders' Equity (JPY 1 Million)	Number of Shares Issued (thousand shares)	BPS (YEN)	Operational Cash flows (JPY 1 Million)	Investment Cash flows (JPY 1 Million)
2,556	4,549	715	9,393	13,672.1	706	1,261	-1,548
Total Assets (JPY 1 Million)	Interest-Bearing Debt (JPY 1 Million)	Dividends Per Share (YEN)	Dividend Payout Ratio	Established	Highest Price within Five Years (YEN)	Lowest Price within Five Years (YEN)	Up/Down Ratio (High Price)(%)
36,488	17,709	30	72.5%	July-05	1,406	621	-49.1
*Net Sales (JPY 1 Million)	*Operating Income (JPY 1 Million)	*Ordinary Income (JPY 1 Million)	*Net Income (JPY 1 Million)	*EPS (YEN)	*ROE (Net Income)	*ROA (Ordinary Income)	Equity Ratio
40,000	800	900	550	41.37	5.9%	2.5%	25.7%

■ 16 Items from Expert's Perspectives

* Estimate

Accumulated Profit/Capital (x)	PBR (x)	*PER (x)	Dependence of Interest-Bearing Debt	Dividend Yield (%)	Number of Years since Established	Up/Down Ratio (Low Price)(%)	Free Cash Flows (JPY 1 Million)
1.8	1.0	17.3	48.5%	4.2	18	15.1	-287
1.0	3.0	2.0	1.0	5.0	5.0	5.0	0.0
Ordinary Income Margin	Industry	Simple Arithmetic Average (YEN)	Number of Shares Issued (thousand shares)	Market Value (JPY 1 Million)	Negative News	EPS	ROE
2.3%	Industrials	71.5	136,721	9,776	Decrease in sales increase in profit	Flat	5.9%
0.0	5.0	5.0	5.0	3.0	4.0	3.0	0.0

Expert's Perspectives	Score	Rating	KCR Average	Radars Chart	
Perspective of Expert E	3.9	★★★★★	2.9	<div>1 to 5 Rating Scale</div> 	
Perspective of Expert T	2.8	★★★★	3.1		
Perspective of Expert B	2.0	★★★	2.9		
Expert's Perspective Analysis Index	2.9	★★★★	3.2		

※Please note that there is no relation three masters that really exist.

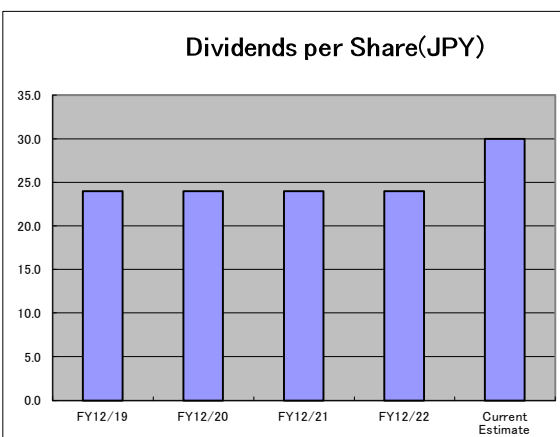
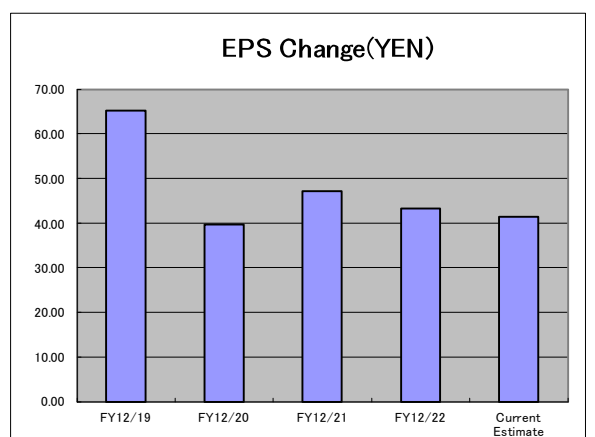
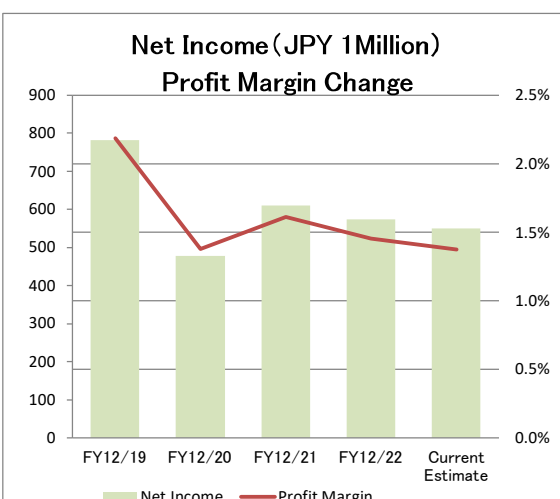
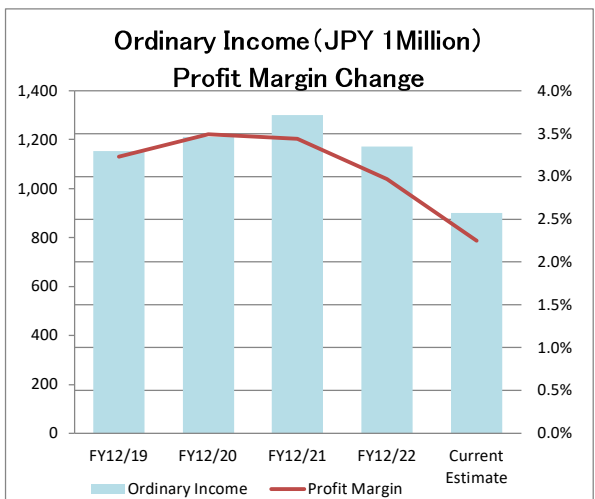
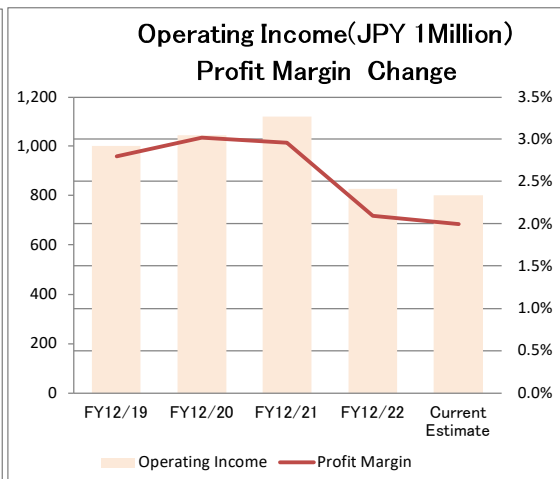
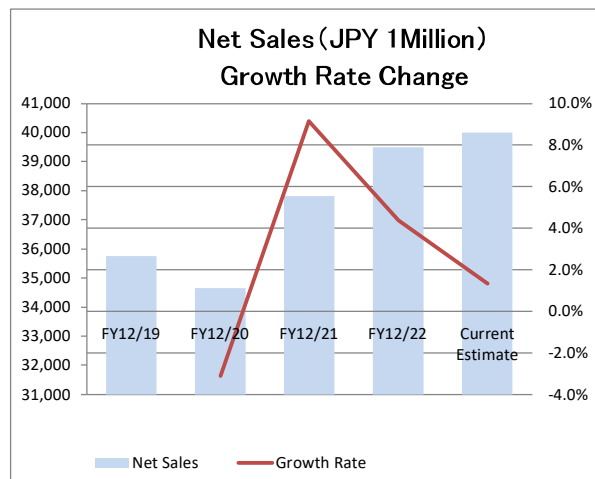
Rating	Score	Expert E	Expert T	Expert B
★★★★★	4.5~5.0	An investor who was once a company employee and later built assets of 3 billion yen through stock investments. This expert tends to place importance on low-price stock	An investor who built assets of 300 billion yen as an individual investor. This expert tends to place importance on medium-to-long term investment and receiving dividends.	An internationally well-known investor who earned 5 trillion yen through stock investment. This expert tends to place importance on value investing and revenue
★★★★	3.4~4.4			
★★★	2.5~3.4			
★★	1.5~2.4	Expert E	Expert T	Expert B
★	0~1~1.4			

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Daiki Axis Co., Ltd.

(TOKYO: 4245) Consolidated

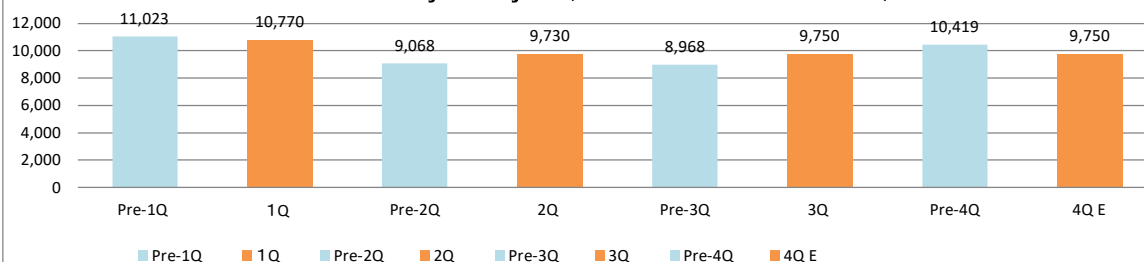
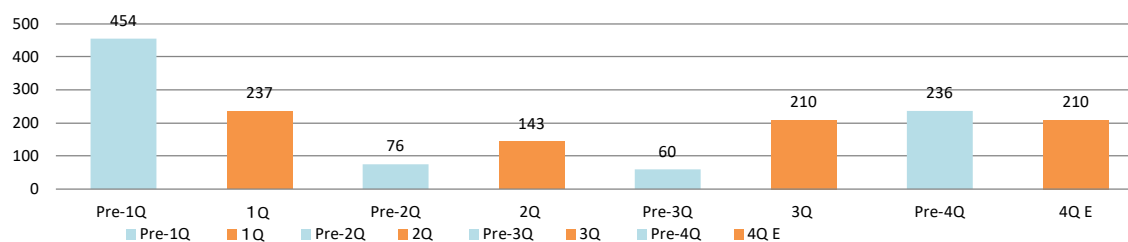
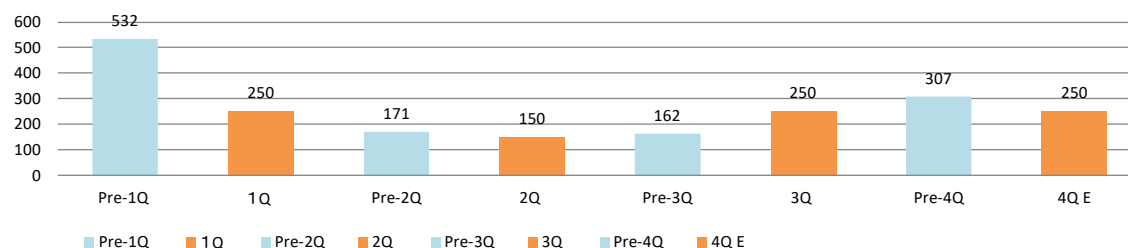
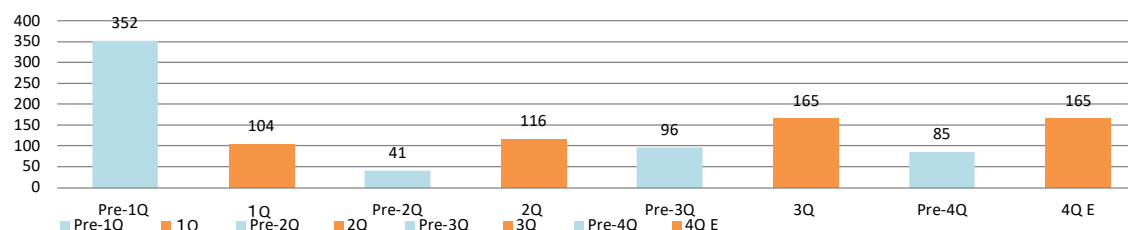
Elemental Analysis	Net Sales	Growth Rate	Operating Income	Profit Margin	Ordinary Income	Profit Margin	Net Income	Profit Margin	EPS	Dividends per Share
FY12/19	35,749		1,000	2.8%	1,155	3.2%	782	2.2%	65.20	24.0
FY12/20	34,647	-3.1%	1,045	3.0%	1,211	3.5%	477	1.4%	39.60	24.0
FY12/21	37,824	9.2%	1,119	3.0%	1,300	3.4%	610	1.6%	47.10	24.0
FY12/22	39,478	4.4%	826	2.1%	1,172	3.0%	574	1.5%	43.30	24.0
Current Estimate	40,000	1.3%	800	2.0%	900	2.3%	550	1.4%	41.37	30.0



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Quarterly Analysis	Net Sales	Growth Rate	Operating Income	Profit Margin	Ordinary Income	Profit Margin	Net Income	Profit Margin		
Pre-1Q	11,023	-2.3%	454	4.1%	532	4.8%	352	3.2%		
1Q	10,770	0.0%	237	2.2%	250	2.3%	104	1.0%		
Pre-2Q	9,068	7.3%	76	0.8%	171	1.9%	41	0.5%		
2Q	9,730	0.0%	143	1.5%	150	1.5%	116	1.2%		
Pre-3Q	8,968	8.7%	60	0.7%	162	1.8%	96	1.1%		
3Q	9,750	0.0%	210	2.2%	250	2.6%	165	1.7%		
Pre-4Q	10,419	-6.4%	236	2.3%	307	2.9%	85	0.8%		
4Q E	9,750	0.0%	210	2.2%	250	2.6%	165	1.7%		

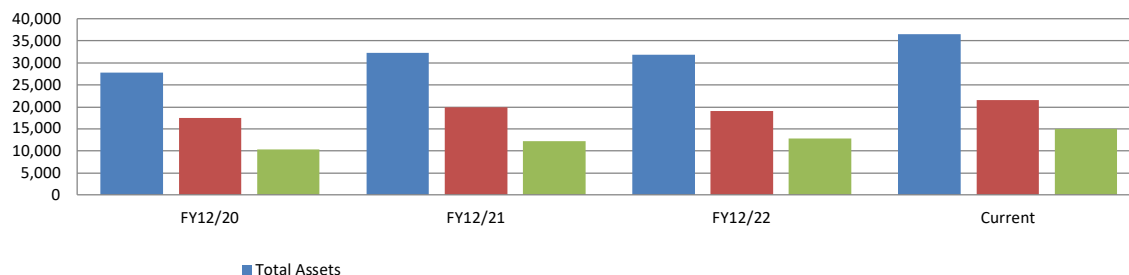
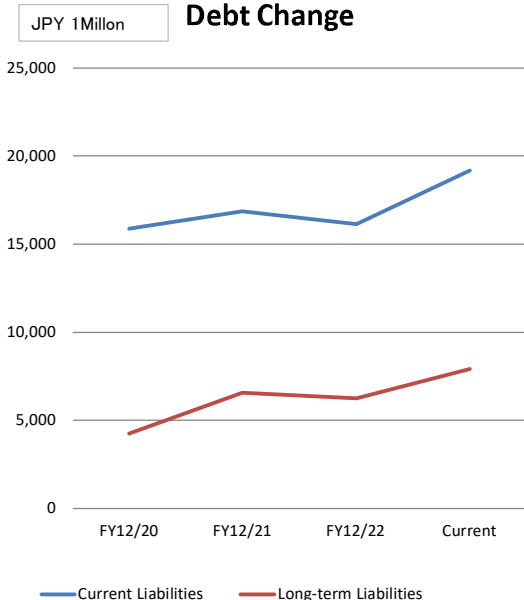
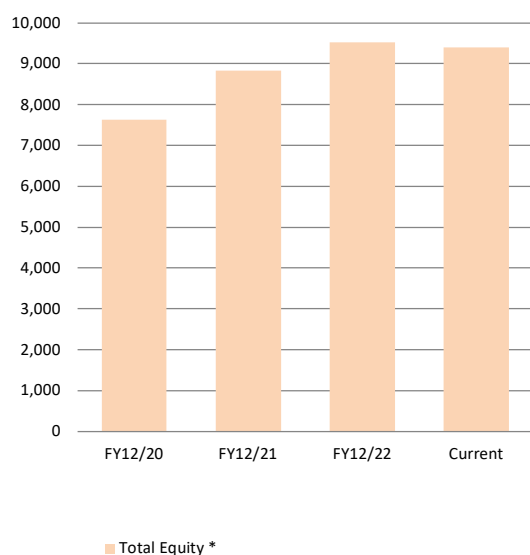
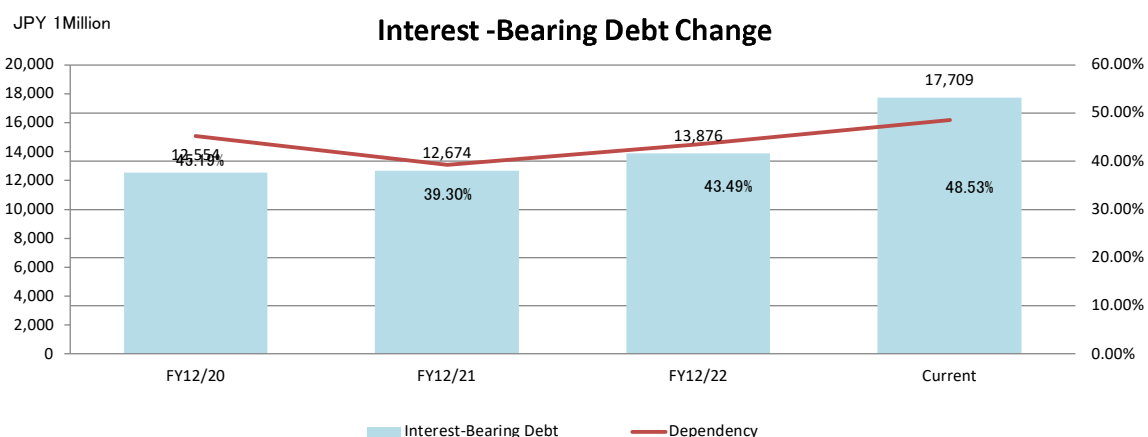
Quarterly Analysis (Net Sales JPY 1Million)

Quarterly Analysis (Operating Income JPY 1Million)

Quarterly Analysis (Ordinary Income JPY 1Million)

Quarterly Analysis (Net Income JPY 1Million)


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Asset Analysis	Total Assets	Current Assets	Total Non-Current Assets	Current Liabilities	Long-term	Total Equity *	Interest-Bearing Debt	Dependency	Number of Employees
FY12/20	27,778	17,448	10,330	15,878	4,265	7,630	12,554	45.19%	794
FY12/21	32,252	19,981	12,270	16,839	6,572	8,837	12,674	39.30%	868
FY12/22	31,905	19,038	12,867	16,134	6,248	9,520	13,876	43.49%	923
Current	36,488	21,472	15,016	19,189	7,904	9,393	17,709	48.53%	923

*Total net assets – Minority interests

Asset Change (JPY 1 Million)

Debt Change

Total Equity Change

Interest -Bearing Debt Change


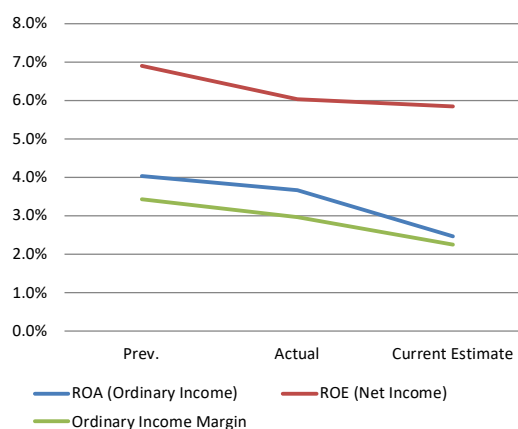
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Financing Index Analysis			
Profitability Analysis			
ROA (Ordinary Income)	Prev. 4.0%	Actual 3.7%	Current Estimate 2.5%
ROE (Net Income)	Prev. 6.9%	Actual 6.0%	Current Estimate 5.9%
Ordinary Income Margin	Prev. 3.4%	Actual 3.0%	Current Estimate 2.3%
Efficiency Analysis			
Total Asset Turnover	Prev. 1.2	Actual 1.2	Current Estimate 1.1
Current Asset Turnover	Prev. 1.9	Actual 2.1	Current Estimate 1.9
Total Non-Current Asset Turnover	Prev. 3.1	Actual 3.1	Current Estimate 2.7
Safety Analysis			
Current Ratio	Prev. 118.7%	Actual 118.0%	Current Estimate 111.9%
Debt Ratio	Prev. 264.9%	Actual 235.1%	Current Estimate 288.4%
Equity Ratio	Prev. 27.4%	Actual 29.8%	Current Estimate 25.7%
Growth Potential Analysis			
Growth Rate	Prev. 9.2%	Actual 4.4%	Current Estimate 1.3%
Ordinary Income Growth Rate	Prev. 7.3%	Actual -9.8%	Current Estimate -23.2%
Equity Growth Rate	Prev. 15.8%	Actual 7.7%	Current Estimate -
Productivity Analysis			
Sales per Employee *	Prev. 43,576	Actual 42,771	Current Estimate 43,337
Ordinary Income per Employee *	Prev. 1,498	Actual 1,270	Current Estimate 975
Net Income per Employee *	Prev. 703	Actual 622	Current Estimate 596

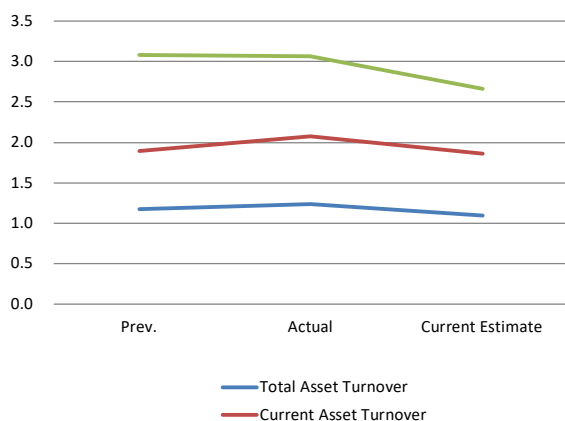
*Thousand yen

※The assets are calculated, using the most recent value.

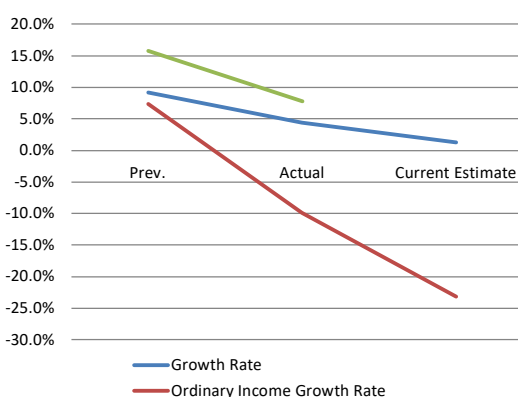
Profitability Change



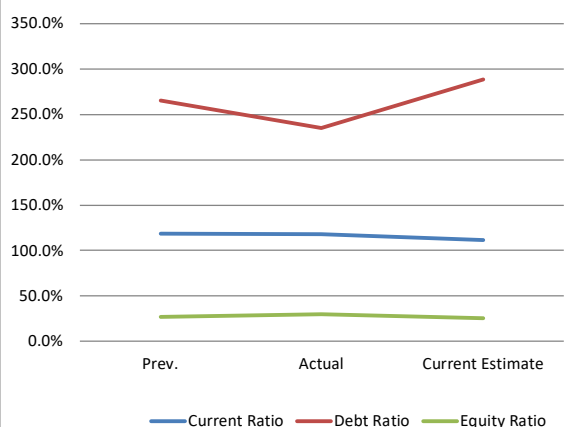
Efficiency Change



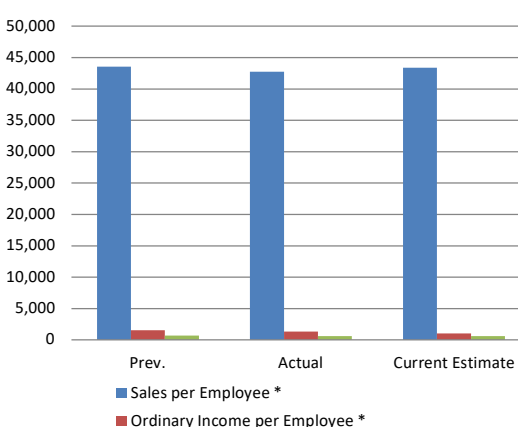
Growth Potential Change



Safety Change



Productivity Change



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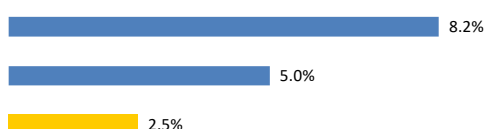
(TOKYO: 4245) Consolidated

Profitability Analysis	Current Estimate	Similar and Competing Company Average	Reference Data (Other Service Industries)*	Three Similar and Competing Companies	
ROA (Ordinary Income)	2.5%	5.0%	8.2%	KUBOTA CORPORATION	(TOKYO 6326) Consolidated
ROE (Net Income)	5.9%	10.5%	7.5%	TSUKISHIMA HOLDINGS CO., LTD.	(TOKYO 6332) Consolidated
Ordinary Income Margin	2.3%	7.9%	6.4%	EPCO Co., Ltd.	(TOKYO 2311) Consolidated

*Market average in Japan

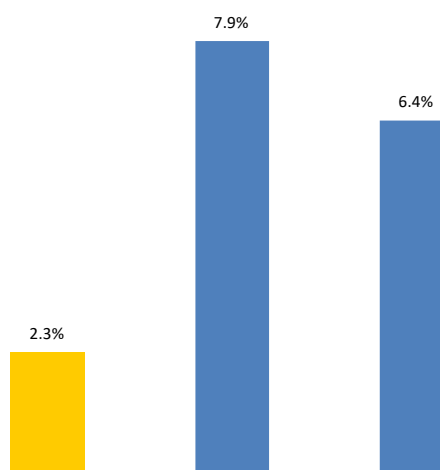
ROA (Ordinary Income)

- Current Estimate
- Similar and Competing Company Average
- Reference Data (Other Service Industries)*



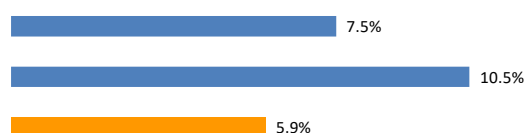
Ordinary Income Margin

- Current Estimate
- Similar and Competing Company Average
- Reference Data (Other Service Industries)*



ROE (Net Income)

- Current Estimate
- Similar and Competing Company Average
- Reference Data (Other Service Industries)*

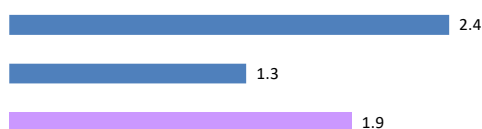


Efficiency Analysis

	Current Estimate	Similar and Competing Company Average	Reference Data (Other Service Industries)*
Total Asset Turnover	1.1	0.6	1.3
Current Asset Turnover	1.9	1.3	2.4
Total Non-Current Asset Turnover	2.7	1.3	2.7

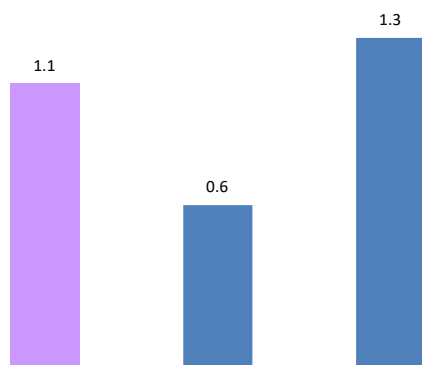
Current Asset Turnover

- Current Estimate
- Similar and Competing Company Average
- Reference Data (Other Service Industries)*



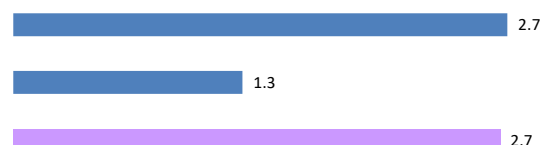
Total Asset Turnover

- Current Estimate
- Similar and Competing Company Average
- Reference Data (Other Service Industries)*



Total Non-Current Asset Turnover

- Current Estimate
- Similar and Competing Company Average
- Reference Data (Other Service Industries)*



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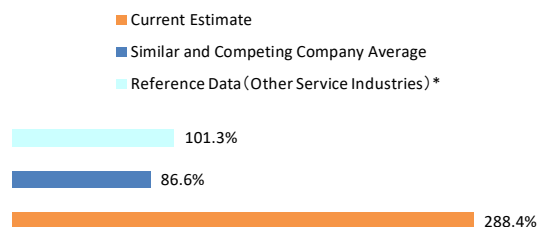
Daiki Axis Co., Ltd.

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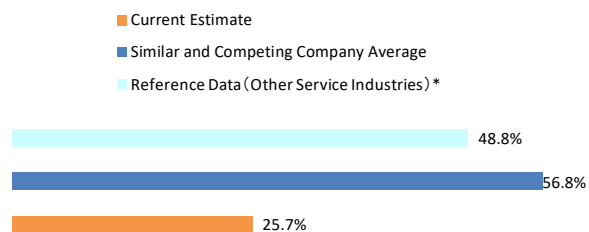
Safety Analysis	Current Estimate	Similar and Competing Company	Reference Data (Other Service)
Current Ratio	111.9%	262.8%	148.6%
Debt Ratio	288.4%	86.6%	101.3%
Equity Ratio	25.7%	56.8%	48.8%

*Market average in Japan

Debt Ratio

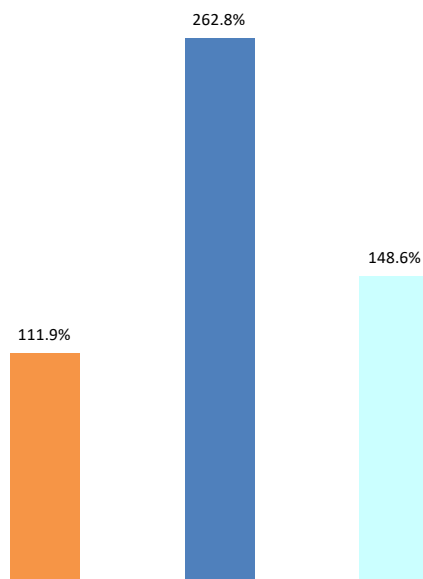


Equity Ratio



Current Ratio

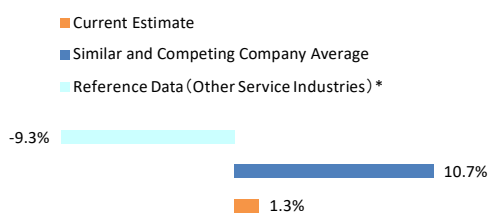
Current Estimate
Similar and Competing Company Average
Reference Data (Other Service Industries) *



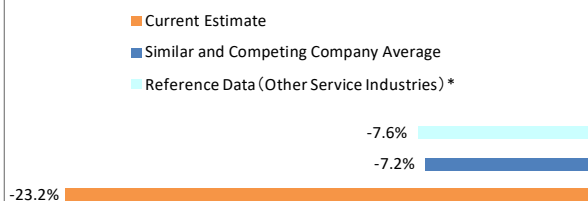
Growth Potential Analysis	Current Estimate	Similar and Competing Company Average	Reference Data (Other Service Industries)
Growth Rate	1.3%	10.7%	-9.3%
Ordinary Income Growth Rate	-23.2%	-7.2%	-7.6%
Equity Growth Rate	7.7%	14.2%	7.8%

※Preview

Growth Rate

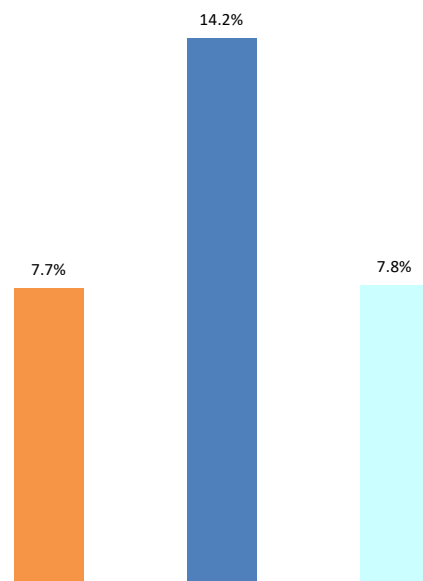


Ordinary Income Growth Rate



Equity Growth Rate

Similar and Competing Company Average
Reference Data (Other Service Industries) *



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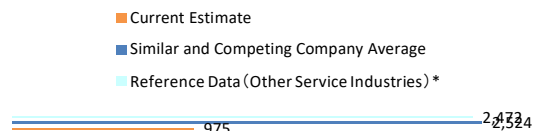
Daiki Axis Co., Ltd.

(TOKYO: 4245) Consolidated

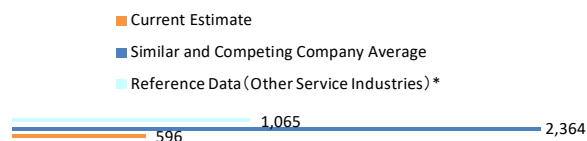
Productivity Analysis	Current Estimate	Similar and Competing Company	Reference Data (Other Service)
Sales per Employee *	43,337	31,375	38,433
Ordinary Income per Employee *	975	2,524	2,472
Net Income per Employee *	596	2,364	1,065

*Market average in Japan

Ordinary Income per Employee *

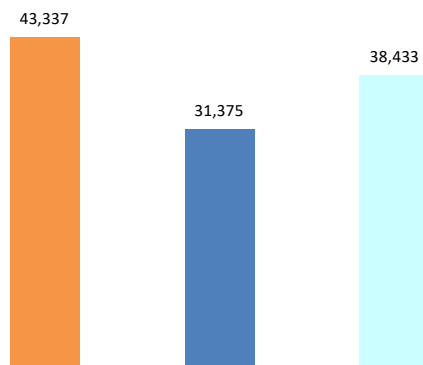


Net Income per Employee *



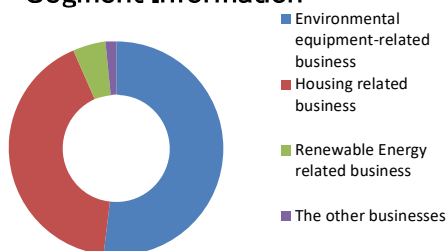
Sales per Employee *

■ Current Estimate
■ Similar and Competing Company Average
■ Reference Data (Other Service Industries) *



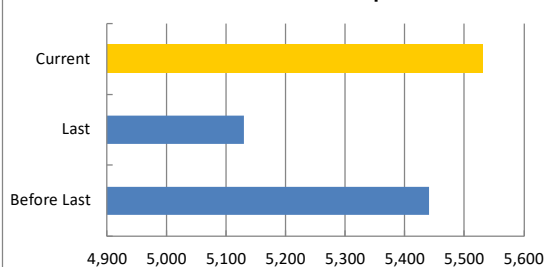
Segment Information	FY12/22
Environmental equipment-related business	51.9%
Housing related business	41.6%
Renewable Energy related business	4.9%
The other businesses	1.6%
Total	100.0%

Segment Information

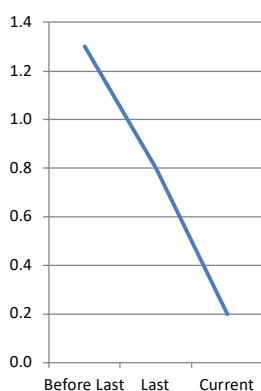


	Ratio of Shareholding				
	(%)	(%)	(%)	(%)	(people)
	Overseas	Investment Trust	Floating Stocks	Settled Stocks	Stockholders
Before Last	1.3	3.2	24.5	59.6	5,440
Last	0.8	3.6	20.7	61.5	5,130
Current	0.2	3.0	28.4	57.3	5,530

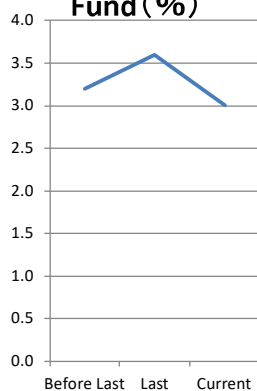
Stockholders (People)



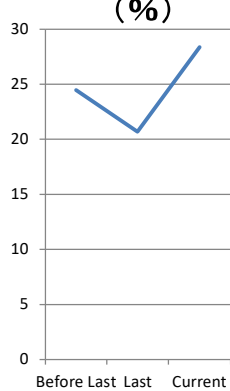
Overseas (%)



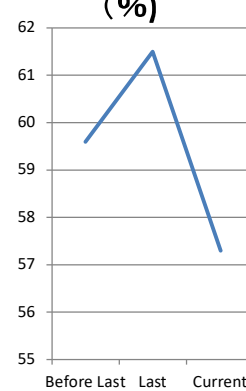
Investment Fund (%)



Floating Stocks (%)



Settled Stocks (%)



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Daiki Axis Co., Ltd.

(TOKYO: 4245) Consolidated

IR Overall Rating

【Stock Code】 4245 【Industry】 Industrials 【Market Division】 TOKYO 【Fiscal Year End】 Dec. 31 【Zip Code】 791-8022 【Telephone Number】 +81-89-927-2222

★★★★★

【Address】 1-9-1, Misawa, Matsuyama City, Ehime, Japan

【Established】 Jul-05

【Representative】 Hiroshi Ohgame

【Contact】 CFO Akihiro Horibuchi

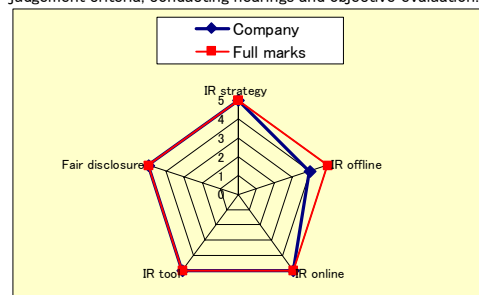
【Company Features】

【Share Price】 715 yen

Daiki Axis Co., Ltd., is an eco-creation and development company building social infrastructure centered on water-related businesses. The main sector is the environmental equipment-related business and the housing related business. The pillars of growth strategy is water supply and overseas infrastructure businesses in India and Indonesia, as well. Renewable Energy Segment spreads.

Investor Relations Strategy Analysis	Reference Data	Point	Daiki Axis Co., Ltd.
1. IR activities (10 points)	89.3%	10	10
2. IR system (10 points)			
IR Dedicated department		10	8
General affairs department	24.0%	4	
Planning department	23.0%	8	
Public relations department	17.0%	3	
Finance department		5	
Accounting department		3	
President's office		6	
The others		2	
3. Management philosophy and operating style (50 points)			
Does top management perform IR activities?	83.6%	50	50
YES		10	10
Activities			
Top management participates in briefing sessions for investors	81.8%	10	10
Top management gives individual interviews to analysts	67.6%	30	30
4. IR communication (80 points)		80	60
Financial settlement briefings	77.7%	10	10
Individual interviews	32.6%	10	10
Overseas briefing sessions	15.9%	10	0
For whom the above activities are conducted?			
Analysts and institutional investors	37.7%	10	10
Individual investors	13.4%	10	10
Is disclosure made fairly?	Priority point	20	20
IR roadshows	50.0%	10	0
5. IR tools (20 points)		30	30
Stockholder communication materials	89.6%	10	10
English materials (annual reports etc.)	42.8%	20	20
6. IR website (100 points)		100	100
Is there a web page that clearly states IR?	97.5%	10	10
Top message	79.4%	10	10
Annual securities reports	45.9%	10	10
Statement of accounts	42.0%	10	10
Monthly reports, mid-term plan & handouts etc.	41.5%	10	10
IR calendar	36.2%	10	10
IR videos	28.5%	10	10
E-mail magazines about IR	23.8%	10	10
FAQ	19.5%	10	10
English IR web page	14.6%	10	10
7. IR effect measurement (10 points)			0
Conducting	84.3%	10	10
8. IR annual expenses (10 points)			0
More than 5 million yen	24.0%	10	10
Total		300	278

※In carrying out this analysis, KCR Inc. places importance on fair disclosure and uses its unique judgement criteria, conducting hearings and objective evaluation.



	KCR Average	203.7	Viewpoint
General rating	92.7%	66.4%	Very good 270~ ★★★★★
IR strategy	96.0%	63.9%	Good 230~ ★★★★★
IR offline	75.0%	66.9%	Standard 180~ ★★★
IR online	100.0%	67.8%	Below Standard 130~ ★★
IR tool	100.0%	45.5%	Inferior 80~ ★
Fair disclosure	100.0%	64.7%	Problematic 0~ -

The KCR IR analysis report analyzes and evaluates IR activities of the company covered from 5 viewpoints: IR offline, IR online, IR tool, IR website and IR strategy. KCR Inc. rates the company's IR activities, believing that strategic IR activities have big effects on its stock performance.

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STOCKS

'+1 Strong Buy' recommendation indicates that upside potential is 20% or more within a year.

'+2 Buy' recommendation indicates that upside potential is 10% or more within a year.

'+3 Neutral' recommendation indicates that upside potential is less than 10% or downside potential is less than 10% within a year.

'+4 Sell' recommendation indicates that downside potential is 10% or more within a year.

'+5 Strong Sell' recommendation indicates that downside potential is 20% or more within a year.

Rating change (Changed) = KCR alters its rating and target share prices due to changes in account settlement, market conditions, economic environment, etc.

Rating of 'Suspended' (Suspended) = KCR suspends its rating and target share prices temporarily due to laws and ordinances, and company rules.

'Not rated' or 'No rating' = Companies that are labelled as 'Not rated' or shown as 'No rating' are not covered by regular KCR research.

★★★★★ = 'Strong Buy' recommendation

★★★★ = 'Buy' recommendation

★★★ = 'Neutral' recommendation

★★ = 'Sell' recommendation

★ = 'Strong Sell' recommendation

SECTORS

'Bullish' rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation.

Neutral rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation.

'Bearish' rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

Viewpoint

※The term of validity: 1 year

Rating	Total evaluation index		
+1 Strong Buy	80%~100%~	Upside potential is 20% or more within a year.	★★★★★
+2 Buy	60%~80%	Upside potential is 10% or more within a year.	★★★★
+3 Neutral	40%~60%	Upside potential is less than 10% or downside is less than 10% within a year	★★★
+4 Sell	20%~40%	DownsideUpside potential is 20% or more within a year	★★
+5 Strong Sell	~0%~20%	DownsideUpside potential is 11% or more within a year	★

KCR's Target Prices

Individual stocks are rated according to a potential room for a stock price to rise or fall to a target price defined as “(target price – current price)/current price” due to certain discretion of the management. In many cases, a target price becomes equal to fair investment value calculated as potential valuation 12 months out, that is, calculated by the combination of the discounted cash flow (DCF) method and other valuation techniques.

When an analyst mentions a target price of a company in a report, the target price is based on the analyst's earnings forecast of the company. An actual stock price may not reach the target price due to the performance of the company and risk factors such as a market and an economic environment related to the company.

The target prices and ratings are those as of issue dates of reports of the companies. Therefore, the target prices and ratings are not necessarily those of issue date of this report. Please see the latest reports.

No target price or rating is presented for stocks not included in the KCR's continuous follow coverage.

Note that a reference target price in a report is different from a target price that an analyst expects.

Analysts' Testimony

The analysts whose names are on the cover guarantee that all the views in the report accurately reflect the analysts' views on all the stocks and all the companies that issued the stocks in the report. Furthermore, the analysts whose names are on the cover guarantee that their rewards are never affected at any time by their recommendations and views presented directly or indirectly in the report, and there is no relationship with any consulting projects that KCR group businesses handled.

Disclosure on Conflict of Interes

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