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On **June 30, 2020**, Daiseki Co., Ltd. announced earnings results for Q1 FY02/21 and revisions to its full-year forecast.

Cumulative (JPYmn)	FY02/19				FY02/20				FY02/21	FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	12,398	26,249	38,899	51,313	13,557	26,892	41,173	54,088	13,451	27.5%	49,000
YoY	-2.5%	5.3%	7.1%	4.3%	9.3%	2.4%	5.8%	5.4%	-0.8%		-9.4%
Gross profit	3,829	7,717	11,629	15,189	4,329	8,535	13,273	17,124	4,140	28.5%	14,550
YoY	2.3%	5.5%	7.9%	4.9%	13.1%	10.6%	14.1%	12.7%	-4.4%		-15.0%
GPM	30.9%	29.4%	29.9%	29.6%	31.9%	31.7%	32.2%	31.7%	30.8%		29.7%
SG&A expenses	1,485	3,012	4,561	6,082	1,561	3,063	4,668	6,259	1,577	26.0%	6,060
YoY	2.9%	5.6%	7.0%	6.6%	5.1%	1.7%	2.3%	2.9%	1.0%		-3.2%
SG&A ratio	12.0%	11.5%	11.7%	11.9%	11.5%	11.4%	11.3%	11.6%	11.7%		12.4%
Operating profit	2,343	4,704	7,067	9,107	2,767	5,471	8,605	10,865	2,562	30.2%	8,490
YoY	1.9%	5.4%	8.4%	3.8%	18.1%	16.3%	21.8%	19.3%	-7.4%		-21.9%
OPM	18.9%	17.9%	18.2%	17.7%	20.4%	20.3%	20.9%	20.1%	19.0%		17.3%
Recurring profit	2,356	4,743	7,159	9,199	2,812	5,554	8,726	11,025	2,682	31.0%	8,640
YoY	0.3%	4.2%	8.3%	3.2%	19.4%	17.1%	21.9%	19.8%	-4.6%		-21.6%
RPM	19.0%	18.1%	18.4%	17.9%	20.7%	20.7%	21.2%	20.4%	19.9%		17.6%
Net income	1,583	3,074	4,692	6,110	1,811	3,564	5,591	7,044	1,497	27.1%	5,520
YoY	2.3%	3.9%	7.8%	4.7%	14.4%	15.9%	19.2%	15.3%	-17.3%		-21.6%
Net margin	12.8%	11.7%	12.1%	11.9%	13.4%	13.3%	13.6%	13.0%	11.1%		11.3%

Quarterly (JPYmn)	FY02/19				FY02/20				FY02/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	12,398	13,851	12,650	12,414	13,557	13,335	14,281	12,915	13,451
YoY	-2.5%	13.6%	11.0%	-3.6%	9.3%	-3.7%	12.9%	4.0%	-0.8%
Gross profit	3,829	3,888	3,912	3,560	4,329	4,206	4,738	3,851	4,140
YoY	2.3%	8.9%	12.8%	-3.9%	13.1%	8.2%	21.1%	8.2%	-4.4%
GPM	30.9%	28.1%	30.9%	28.7%	31.9%	31.5%	33.2%	29.8%	30.8%
SG&A expenses	1,485	1,527	1,549	1,521	1,561	1,502	1,605	1,591	1,577
YoY	2.9%	8.5%	9.8%	5.3%	5.1%	-1.6%	3.6%	4.6%	1.0%
SG&A ratio	12.0%	11.0%	12.2%	12.3%	11.5%	11.3%	11.2%	12.3%	11.7%
Operating profit	2,343	2,361	2,363	2,040	2,767	2,704	3,134	2,260	2,562
YoY	1.9%	9.2%	14.9%	-9.7%	18.1%	14.5%	32.6%	10.8%	-7.4%
OPM	18.9%	17.0%	18.7%	16.4%	20.4%	20.3%	21.9%	17.5%	19.0%
Recurring profit	2,356	2,387	2,416	2,040	2,812	2,742	3,172	2,299	2,682
YoY	0.3%	8.2%	17.5%	-11.4%	19.4%	14.9%	31.3%	12.7%	-4.6%
RPM	19.0%	17.2%	19.1%	16.4%	20.7%	20.6%	22.2%	17.8%	19.9%
Net income	1,583	1,491	1,618	1,418	1,811	1,753	2,027	1,453	1,497
YoY	2.3%	5.6%	16.2%	-4.2%	14.4%	17.6%	25.3%	2.5%	-17.3%
Net margin	12.8%	10.8%	12.8%	11.4%	13.4%	13.1%	14.2%	11.3%	11.1%

Source: Shared Research based on company data

By company		FY02/19				FY02/20				FY02/21	FY02/21	
Cumulative (JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Total sales (consolidated)		12,398	26,249	38,899	51,313	13,557	26,892	41,173	54,088	13,451	27.5%	49,000
YoY		-2.5%	5.3%	7.1%	4.3%	9.3%	2.4%	5.8%	5.4%	-0.8%		-9.4%
Daiseki Co. (parent)		7,918	16,044	24,347	32,127	8,661	17,020	25,629	33,545	8,193	27.3%	30,000
YoY		9.5%	11.1%	12.4%	11.6%	9.4%	6.1%	5.3%	4.4%	-5.4%		-10.6%
% of consolidated sales		63.9%	61.1%	62.6%	62.6%	63.9%	63.3%	62.2%	62.0%	60.9%		61.2%
Daiseki Eco. Solution		3,332	7,806	10,893	14,193	3,524	7,032	10,666	14,048	4,200	31.1%	13,500
YoY		-16.4%	4.6%	5.5%	-4.9%	5.8%	-9.9%	-2.1%	-1.0%	19.2%		-3.9%
% of consolidated sales		26.9%	29.7%	28.0%	27.7%	26.0%	26.1%	25.9%	26.0%	31.2%		27.6%
Hokuriku Daiseki		226	430	641	848	207	394	602	817	184	26.9%	684
YoY		15.9%	11.4%	9.4%	8.0%	-8.4%	-8.4%	-6.1%	-3.7%	-11.1%		-16.3%
% of consolidated sales		1.8%	1.6%	1.6%	1.7%	1.5%	1.5%	1.5%	1.5%	1.4%		1.4%
Daiseki MCR		741	1,519	2,184	2,848	726	1,462	2,244	2,987	651	26.7%	2,441
YoY		20.7%	20.2%	5.6%	0.1%	-2.0%	-3.8%	2.7%	4.9%	-10.3%		-18.3%
% of consolidated sales		6.0%	5.8%	5.6%	5.6%	5.4%	5.4%	5.5%	5.5%	4.8%		5.0%
System Kikou		406	916	1,527	2,229	689	1,450	2,831	3,723	538	15.7%	3,435
YoY		-54.3%	-47.0%	-31.3%	-15.2%	69.7%	58.3%	85.4%	67.0%	-21.9%		-7.7%
% of consolidated sales		3.3%	3.5%	3.9%	4.3%	5.1%	5.4%	6.9%	6.9%	4.0%		7.0%
Eliminations		-225	-467	-694	-933	-252	-467	-799	-1,035	-316		-1,060
Operating profit (consolidated)		2,343	4,704	7,067	9,107	2,767	5,471	8,605	10,865	2,562	30.2%	8,490
YoY		1.9%	5.4%	8.4%	3.8%	18.1%	16.3%	21.8%	19.3%	-7.4%		-21.9%
OPM		18.9%	17.9%	18.2%	17.7%	20.4%	20.3%	20.9%	20.1%	19.0%		17.3%
Daiseki Co. (parent)		2,126	4,291	6,521	8,294	2,304	4,647	7,021	8,896	2,218	30.9%	7,170
YoY		10.1%	13.5%	16.8%	15.7%	8.4%	8.3%	7.7%	7.3%	-3.7%		-19.4%
OPM		26.9%	26.7%	26.8%	25.8%	26.6%	27.3%	27.4%	26.5%	27.1%		23.9%
Daiseki Eco. Solution		273	597	728	898	324	641	1,010	1,237	329	33.9%	970
YoY		-20.8%	11.1%	5.0%	-33.0%	18.7%	7.4%	38.7%	37.8%	1.4%		-21.6%
OPM		8.2%	7.6%	6.7%	6.3%	9.2%	9.1%	9.5%	8.8%	7.8%		7.2%
Hokuriku Daiseki		19	38	50	68	20	38	56	73	18	31.6%	57
YoY		58.3%	52.0%	25.0%	41.7%	5.3%	-	12.0%	7.4%	-10.0%		-21.9%
OPM		8.4%	8.8%	7.8%	8.0%	9.7%	9.6%	9.3%	8.9%	9.8%		8.3%
Daiseki MCR		6	-116	-175	-205	28	11	119	188	22	68.8%	32
YoY		-84.2%	-	-	-	366.7%	-	-	-	-21.4%		-83.0%
OPM		0.8%	-7.6%	-8.0%	-7.2%	3.9%	0.8%	5.3%	6.3%	3.4%		1.3%
System Kikou		-64	-72	-11	114	106	165	447	531	-4	-	367
YoY		-	-	-	-47.7%	-	-	-	365.8%	-		-30.9%
OPM		-15.8%	-7.9%	-0.7%	5.1%	15.4%	11.4%	15.8%	14.3%	-0.7%		10.7%
Eliminations		-18	-33	-46	-62	-16	-33	-48	-62	-21		-106
By company		FY02/19				FY02/20				FY02/21	FY02/21	
Quarterly (JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Total sales (consolidated)		12,398	13,851	12,650	12,414	13,557	13,335	14,281	12,915	13,451		
YoY		-2.5%	13.6%	11.0%	-3.6%	9.3%	-3.7%	12.9%	4.0%	-0.8%		
Daiseki Co. (parent)		7,918	8,126	8,303	7,780	8,661	8,359	8,609	7,916	8,193		
YoY		9.5%	12.7%	14.9%	9.4%	9.4%	2.9%	3.7%	1.7%	-5.4%		
% of consolidated sales		63.9%	58.7%	65.6%	62.7%	63.9%	62.7%	60.3%	61.3%	60.9%		
Daiseki Eco. Solution		3,332	4,475	3,086	3,300	3,524	3,508	3,634	3,382	4,200		
YoY		-16.4%	28.5%	8.0%	-28.3%	5.8%	-21.6%	17.7%	2.5%	19.2%		
% of consolidated sales		26.9%	32.3%	24.4%	26.6%	26.0%	26.3%	25.4%	26.2%	31.2%		
Hokuriku Daiseki		226	204	211	207	207	187	208	215	184		
YoY		15.9%	6.8%	5.5%	4.0%	-8.4%	-8.3%	-1.4%	3.9%	-11.1%		
% of consolidated sales		1.8%	1.5%	1.7%	1.7%	1.5%	1.4%	1.5%	1.7%	1.4%		
Daiseki MCR		741	778	665	664	726	736	782	743	651		
YoY		20.7%	19.7%	-17.4%	-14.5%	-2.0%	-5.4%	17.6%	11.9%	-10.3%		
% of consolidated sales		6.0%	5.6%	5.3%	5.3%	5.4%	5.5%	5.5%	5.8%	4.8%		
System Kikou		406	510	611	702	689	761	1,381	892	538		
YoY		-54.3%	-39.2%	23.4%	73.3%	69.7%	49.2%	126.0%	27.1%	-21.9%		
% of consolidated sales		3.3%	3.7%	4.8%	5.7%	5.1%	5.7%	9.7%	6.9%	4.0%		
Eliminations		-225	-242	-227	-239	-252	-215	-332	-236	-316		
Operating profit (consolidated)		2,343	2,361	2,363	2,040	2,767	2,704	3,134	2,260	2,562		
YoY		1.9%	9.2%	14.9%	-9.7%	18.1%	14.5%	32.6%	10.8%	-7.4%		
OPM		18.9%	17.0%	18.7%	16.4%	20.4%	20.3%	21.9%	17.5%	19.0%		
Daiseki Co. (parent)		2,126	2,165	2,230	1,773	2,304	2,343	2,374	1,875	2,218		
YoY		10.1%	17.0%	24.0%	11.6%	8.4%	8.2%	6.5%	5.8%	-3.7%		
OPM		26.9%	26.6%	26.9%	22.8%	26.6%	28.0%	27.6%	23.7%	27.1%		
Daiseki Eco. Solution		273	324	131	170	324	317	368	227	329		
YoY		-20.8%	68.0%	-16.0%	-73.7%	18.7%	-2.1%	181.3%	33.8%	1.4%		
OPM		8.2%	7.2%	4.2%	5.1%	9.2%	9.0%	10.1%	6.7%	7.8%		
Hokuriku Daiseki		19	19	12	18	20	18	18	17	18		
YoY		58.3%	46.2%	-20.0%	125.0%	5.3%	-5.3%	50.0%	-5.6%	-10.0%		
OPM		8.4%	9.3%	5.7%	8.7%	9.7%	9.6%	8.7%	7.9%	9.8%		
Daiseki MCR		6	-122	-59	-30	28	-17	108	69	22		
YoY		-84.2%	-	-	-	366.7%	-	-	-	-21.4%		
OPM		0.8%	-15.7%	-8.9%	-4.5%	3.9%	-2.3%	13.8%	9.3%	3.4%		
System Kikou		-64	-8	61	125	106	59	282	84	-4		
YoY		-	-	-27.4%	-	-	-	362.3%	-32.8%	-		
OPM		-15.8%	-1.6%	10.0%	17.8%	15.4%	7.8%	20.4%	9.4%	-0.7%		
Eliminations		-18	-15	-13	-16	-16	-17	-15	-14	-21		

Source: Shared Research based on company data

## Q1 FY02/21 results (out June 30, 2020)

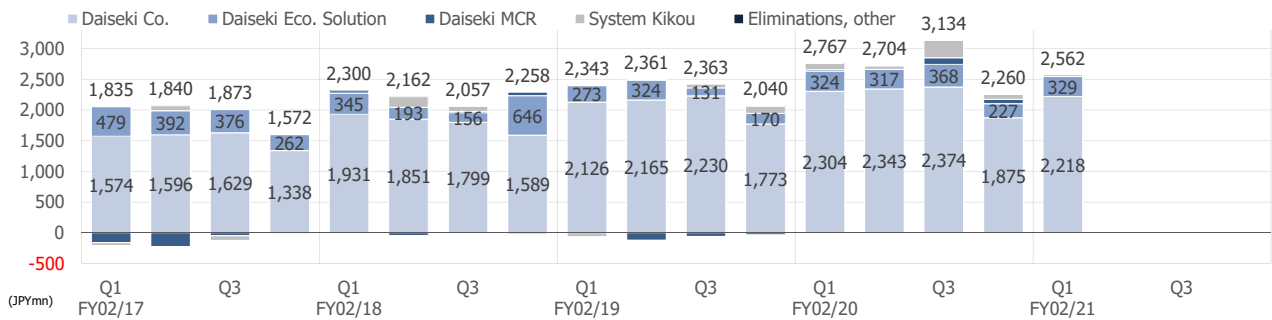
### Results overview

- ▷ In Q1 FY02/21, the company reported consolidated sales of JPY13.5bn (-0.8% YoY), operating profit of JPY2.6bn (-7.4% or -JPY205mn YoY), and net income of JPY1.5bn (-17.3% YoY). Industrial production dropped sharply in the wake of the COVID-19 pandemic, which resulted in declines in Daiseki's industrial waste processing volumes and selling prices for recycled goods. The outsized decline in net income reflects an extraordinary loss of JPY339mn booked in conjunction with the company's move to discontinue its directors' retirement benefits scheme.
- ▷ Daiseki made a downward revision to its initial FY02/21 forecast, which called for sales of JPY56.5bn and operating profit of JPY11.2bn. For FY02/21, the company now forecasts consolidated sales of JPY49.0bn (-9.4% YoY), operating profit of JPY8.5bn (-21.9% or -JPY2.4bn YoY), net income of JPY5.5bn (-21.6% YoY), and EPS of JPY129.0. Under its initial forecast, the company had assumed that efforts to contain the COVID-19 pandemic would start making steady progress from April 2020 and industrial production would thus hold steady around the level seen in March 2020. However, the spread of the pandemic around the world had a greater impact on economic activity than expected. Key assumptions underlying the revised forecast include a decline in the industrial production index to near 80.0 in Q2 followed by a slow recovery, an average exchange rate of JPY107/USD (versus initial assumption of JPY109/USD), and an average London Metal Exchange (LME) lead price of USD1,600/ton (versus USD1,750/ton). The company plans to pay an annual dividend of JPY56.0 per share (unchanged versus initial forecast).
- ▷ Daiseki Co. (parent): In Q1 FY02/21, the parent company reported sales of JPY8.2bn (-5.4% YoY) and operating profit of JPY2.2bn (-3.7% or -JPY86mn YoY). Production by domestic manufacturers dropped sharply following the Japanese government's state of emergency declaration in April, which resulted in a decline in industrial waste processing volumes. Daiseki saw especially large declines in waste processing orders from the automobile and steel industries. Earnings at the parent were further weighed down by the drop in selling prices for recycled fuel oil in the latter half of April following the decline in crude oil prices. The parent's revised forecast calls for full-year sales of JPY30.0bn (-10.6% YoY) and operating profit of JPY7.2bn (-19.4% or -JPY1.7bn YoY). The company assumes earnings bottom out and start turning up during Q2 (June–August). While anticipating a decline in domestic industrial production similar to that seen in the wake of the global financial crisis in 2008, the company does not expect to be hit as hard by the downturn in industrial production this time around thanks to its more diverse customer base.
- ▷ Daiseki Eco. Solution: In Q1 FY02/21, Daiseki Eco. Solution reported sales of JPY4.2bn (+19.2% YoY) and operating profit of JPY329mn (+1.4% or +JPY5mn YoY). Daiseki Eco. Solution saw some delays in construction projects as a result of the pandemic, but the impact on earnings was minimal. The modest rise in operating profit relative to the sharp jump in sales reflected the dropout of difficult-but-more-profitable soil decontamination projects the company had in Q1 FY02/20. Daiseki Eco. Solution's revised forecast calls for full-year sales of JPY13.5bn (-3.9% YoY) and operating profit of JPY970mn (-21.6% or -JPY267mn YoY). The downwardly revised forecast assumes a greater risk of delays or changes in construction projects as a result of the pandemic, and no contribution from profitable soil decontamination projects.
- ▷ Daiseki MCR: In Q1 FY02/21, Daiseki MCR reported sales of JPY651mn (-10.3% YoY) and operating profit of JPY22mn (-19.4% or -JPY6mn YoY). Despite a 5.9% YoY rise in sales volumes, sales in yen terms finished down, hurt by lower lead prices on the London Metal Exchange (LME) and the appreciation of the yen against the dollar. Profit margins also fell slightly. Daiseki MCR's revised forecast calls for full-year sales of JPY2.4bn (-18.3% YoY) and operating profit of JPY32mn (-83.0% or -JPY156mn YoY). The downwardly revised forecast assumes an average LME lead price of USD1,600/ton and an average exchange rate of JPY107/USD. The assumption of lower lead prices and the adverse swing in the yen/dollar exchange rate weigh heavily on the outlook for earnings. Note that in line with the downturn in lead prices, the company expects a gradual decline in

procurement prices for the used batteries that are recycled for their lead content, which will partially offset the deterioration in earnings.

- ▷ System Kikou: In Q1 FY02/21, System Kikou reported sales of JPY538mn (-21.9% YoY) and an operating loss of JPY4mn (versus operating profit of JPY106mn in Q1 FY02/20). A steady order flow notwithstanding, some construction project work was temporarily suspended and orders from some users were delayed due to the impact of the pandemic. System Kikou's revised forecast calls for full-year sales of JPY3.4bn (-7.7% YoY) and operating profit of JPY367mn (-30.9% or -JPY164mn YoY). Due to the temporary suspensions of construction project work and delays in orders from users, the company expects the timing of recording sales to be delayed overall, with recording of sales of some projects being pushed into FY02/22.

**Quarterly operating profit by subsidiary**



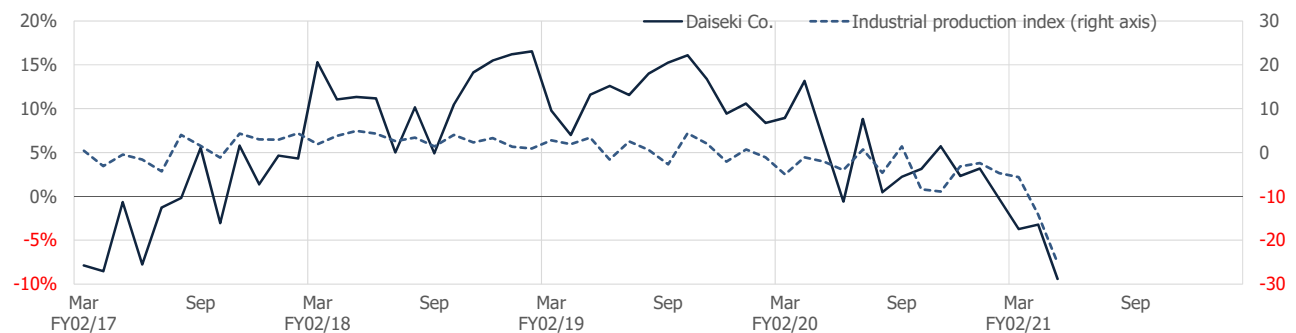
Source: Shared Research based on company data

**Daiseiki Co. (parent)**

Daiseiki Co. (parent) Quarterly (JPYmn)	FY02/19				FY02/20				FY02/21	FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	7,918	8,126	8,303	7,780	8,661	8,359	8,609	7,916	8,193	27.3%	30,000
YoY	9.5%	12.7%	14.9%	9.4%	9.4%	2.9%	3.7%	1.7%	-5.4%		-10.6%
Gross profit	3,077	3,145	3,200	2,743	3,303	3,331	3,425	2,924	3,266	29.0%	11,260
YoY	7.7%	14.6%	17.5%	10.8%	7.3%	5.9%	7.0%	6.6%	-1.1%		-13.3%
GPM	38.9%	38.7%	38.5%	35.3%	38.1%	39.8%	39.8%	36.9%	39.9%		37.5%
Operating profit	2,126	2,165	2,230	1,773	2,304	2,343	2,374	1,875	2,218	30.9%	7,170
YoY	10.1%	17.0%	24.0%	11.6%	8.4%	8.2%	6.5%	5.8%	-3.7%		-19.4%
OPM	26.9%	26.6%	26.9%	22.8%	26.6%	28.0%	27.6%	23.7%	27.1%		23.9%
Recurring profit	2,175	2,191	2,293	1,783	2,351	2,374	2,422	1,916	2,271	31.2%	7,280
YoY	9.6%	16.9%	23.3%	10.1%	8.1%	8.4%	5.6%	7.5%	-3.4%		-19.7%
RPM	27.5%	27.0%	27.6%	22.9%	27.1%	28.4%	28.1%	24.2%	27.7%		24.3%
Net income	1,560	1,514	1,592	1,316	1,633	1,633	1,664	1,318	1,342	27.6%	4,860
YoY	10.3%	17.2%	20.8%	12.7%	4.7%	7.9%	4.5%	0.2%	-17.8%		-22.2%
Net margin	19.7%	18.6%	19.2%	16.9%	18.9%	19.5%	19.3%	16.6%	16.4%		16.2%

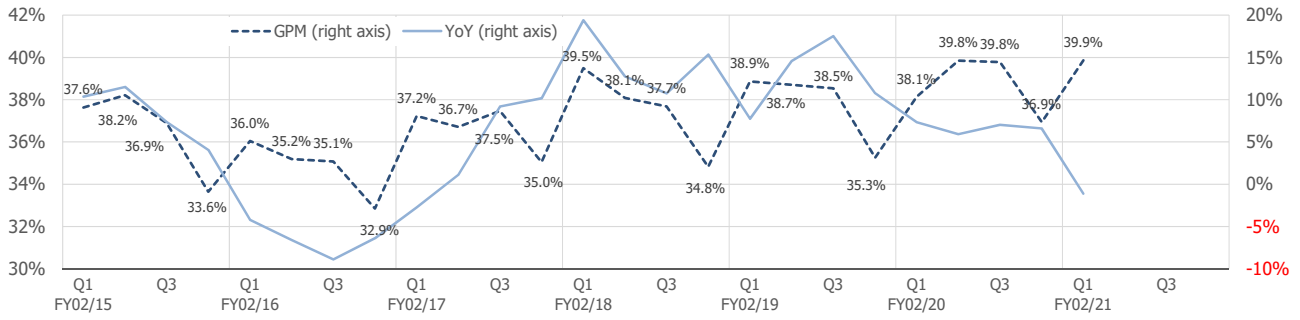
Source: Shared Research based on company data

**Index of industrial production and Daiseiki parent sales**



Source: Shared Research based on company data

Daiseiki Co. (parent) gross profit margin and gross profit YoY



Source: Shared Research based on company data

Sales by location Quarterly (JPYmn)	FY02/19				FY02/20				FY02/21	FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Daiseiki Co. (parent)	7,918	8,126	8,302	7,780	8,661	8,359	8,609	7,916	8,193	27.3%	30,000
YoY	9.5%	12.7%	14.9%	9.4%	9.4%	2.9%	3.7%	1.7%	-5.4%		-10.6%
Nagoya	2,302	2,381	2,382	2,222	2,383	2,336	2,434	2,323	2,302	30.8%	7,472
YoY	-2.1%	4.5%	9.3%	4.5%	3.5%	-1.9%	2.2%	4.5%	-3.4%		-21.1%
% of Daiseiki Co. (parent)	29.1%	29.3%	28.7%	28.6%	27.5%	27.9%	28.3%	29.3%	28.1%		24.9%
Hokuriku	960	986	1,008	890	1,075	1,104	1,058	963	1,105	27.5%	4,025
YoY	21.1%	18.8%	14.5%	11.7%	12.0%	12.0%	5.0%	8.2%	2.8%		-4.2%
% of Daiseiki Co. (parent)	12.1%	12.1%	12.1%	11.4%	12.4%	13.2%	12.3%	12.2%	13.5%		13.4%
Kansai	1,348	1,453	1,443	1,301	1,473	1,427	1,366	1,101	1,353	26.2%	5,164
YoY	14.2%	17.7%	16.9%	3.3%	9.3%	-1.8%	-5.3%	-15.4%	-8.1%		-3.8%
% of Daiseiki Co. (parent)	17.0%	17.9%	17.4%	16.7%	17.0%	17.1%	15.9%	13.9%	16.5%		17.2%
Kyushu	1,440	1,375	1,358	1,393	1,550	1,429	1,576	1,634	1,603	26.4%	6,073
YoY	18.3%	14.0%	12.9%	15.2%	7.6%	3.9%	16.1%	17.3%	3.4%		-1.9%
% of Daiseiki Co. (parent)	18.2%	16.9%	16.4%	17.9%	17.9%	17.1%	18.3%	20.6%	19.6%		20.2%
Kanto	1,650	1,657	1,827	1,690	1,791	1,729	1,802	1,583	1,549	25.3%	6,124
YoY	11.4%	18.2%	22.6%	10.5%	8.5%	4.3%	-1.4%	-6.3%	-13.5%		-11.3%
% of Daiseiki Co. (parent)	20.8%	20.4%	22.0%	21.7%	20.7%	20.7%	20.9%	20.0%	18.9%		20.4%
Chiba	215	272	282	281	386	331	368	308	277	24.3%	1,138
YoY	3.9%	7.1%	18.5%	49.5%	79.5%	21.7%	30.5%	9.6%	-28.2%		-18.3%
% of Daiseiki Co. (parent)	2.7%	3.3%	3.4%	3.6%	4.5%	4.0%	4.3%	3.9%	3.4%		3.8%

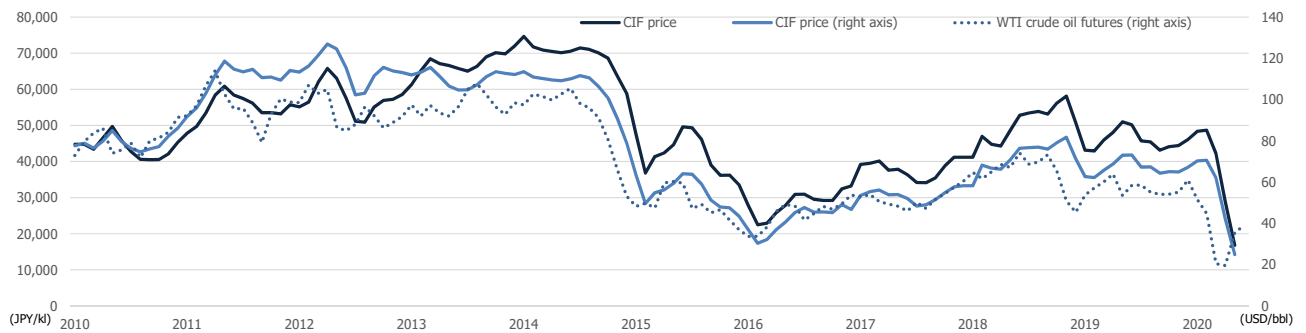
Source: Shared Research based on company data

Industrial production index and Daiseiki Co. (parent) sales (excluding sales to DES)



Source: Shared Research based on Ministry of Economy, Trade and Industry data

Crude Oil CIF price trends

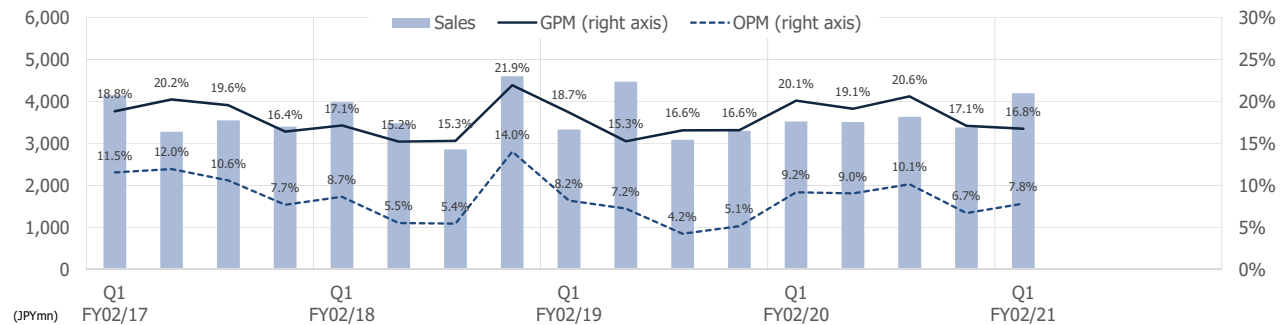


Daiseki Eco. Solution (DES)

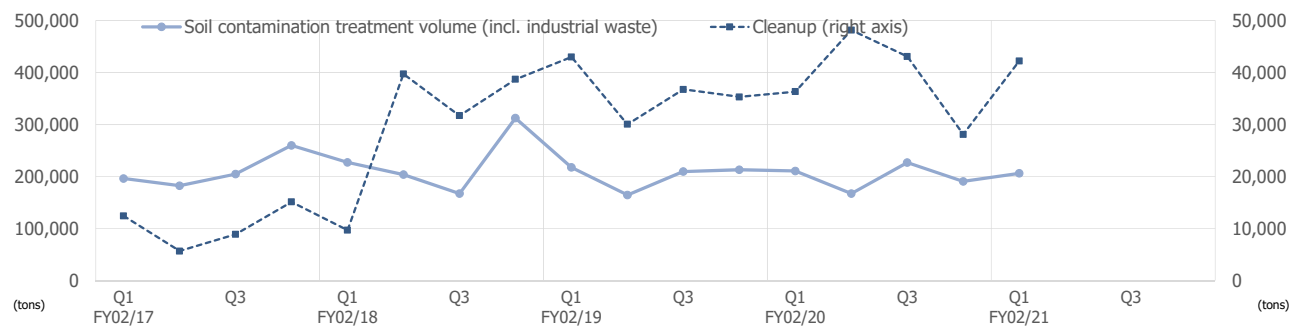
Daiseki Eco. Solution Quarterly (JPYmn)	FY02/19				FY02/20				FY02/21	FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	3,332	4,475	3,086	3,300	3,524	3,508	3,634	3,382	4,200	31.1%	13,500
YoY	-16.4%	28.5%	8.0%	-28.3%	5.8%	-21.6%	17.7%	2.5%	19.2%		-3.9%
Gross profit	623	683	512	548	708	671	749	578	704	30.1%	2,336
YoY	-8.7%	28.9%	16.9%	-45.8%	13.6%	-1.7%	46.4%	5.6%	-0.5%		-13.7%
GPM	18.7%	15.3%	16.6%	16.6%	20.1%	19.1%	20.6%	17.1%	16.8%		17.3%
Operating profit	273	324	131	170	324	317	368	227	329	33.9%	970
YoY	-20.8%	68.0%	-16.0%	-73.7%	18.7%	-2.1%	181.3%	33.8%	1.4%		-21.6%
OPM	8.2%	7.2%	4.2%	5.1%	9.2%	9.0%	10.1%	6.7%	7.8%		7.2%
Recurring profit	263	327	150	164	349	328	389	230	351	35.1%	1,000
YoY	-27.7%	52.8%	17.2%	-75.2%	32.7%	0.3%	159.3%	40.2%	0.6%		-22.8%
RPM	7.9%	7.3%	4.9%	5.0%	9.9%	9.4%	10.7%	6.8%	8.4%		7.4%
Net income	164	196	77	127	212	188	222	56	203	35.9%	566
YoY	-34.7%	56.8%	32.8%	-75.1%	29.3%	-4.1%	188.3%	-55.9%	-4.2%		-16.5%
Net margin	4.9%	4.4%	2.5%	3.8%	6.0%	5.4%	6.1%	1.7%	4.8%		4.2%

Source: Shared Research based on company data

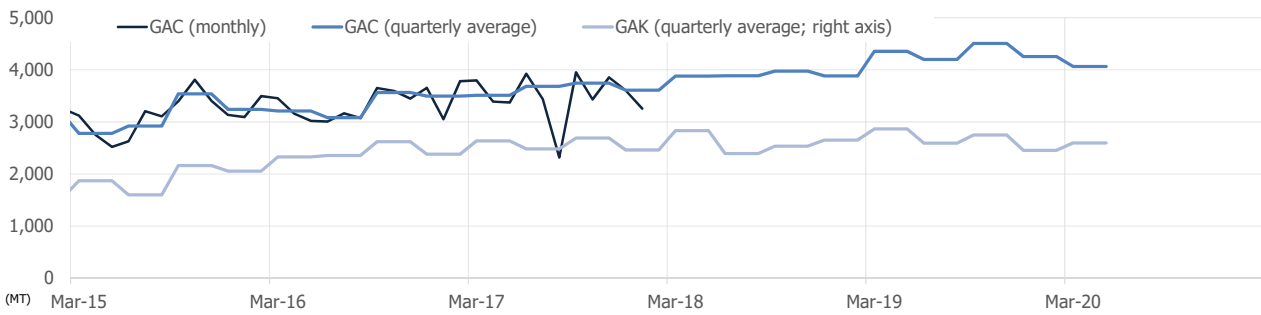
Sales, GPM, and OPM



Soil contamination treatment volume

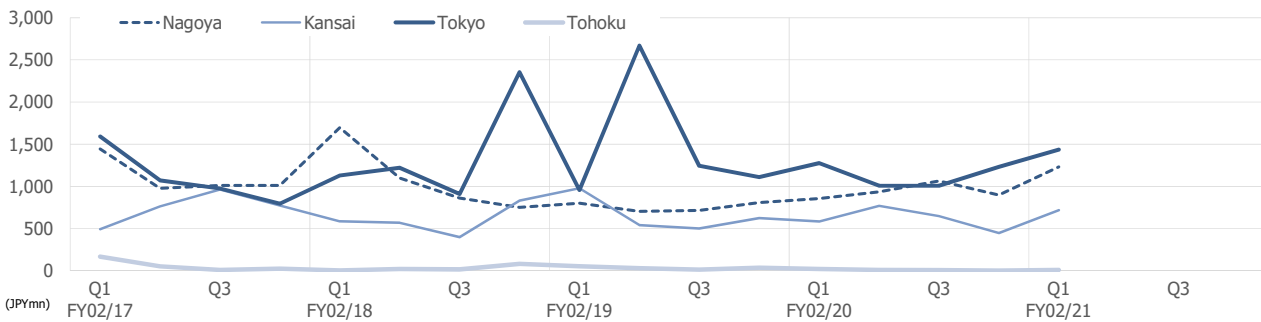


Green Arrows Central (GAC), Green Arrows Kyushu (GAK) plasterboard collection volumes



Source: Shared Research based on company data

Soil contamination treatment sales by region



Source: Shared Research based on company data

Sales by division	FY02/19				FY02/20				FY02/21	FY02/21	
Quarterly (JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Daiseki Eco. Solution	3,332	4,475	3,086	3,300	3,524	3,508	3,634	3,382	4,200	31.1%	13,500
YoY	-16.4%	28.5%	7.9%	-28.3%	5.8%	-21.6%	17.8%	2.5%	19.2%		-3.9%
Nagoya	800	704	715	808	856	937	1,064	899	1,233	30.4%	4,052
YoY	-52.8%	-35.9%	-17.0%	7.4%	7.0%	33.1%	48.8%	11.3%	44.0%		7.9%
% of Daiseki Eco. Solution	24.0%	15.7%	23.2%	24.5%	24.3%	26.7%	29.3%	26.6%	29.4%		30.0%
Tokyo	957	2,669	1,244	1,109	1,276	1,007	1,008	1,231	1,435	33.0%	4,342
YoY	-15.3%	118.8%	36.7%	-52.9%	33.3%	-62.3%	-19.0%	11.0%	12.5%		-4.0%
% of Daiseki Eco. Solution	28.7%	59.6%	40.3%	33.6%	36.2%	28.7%	27.7%	36.4%	34.2%		32.2%
Kansai	977	542	501	625	585	769	647	448	718	30.7%	2,342
YoY	66.7%	-4.9%	25.6%	-24.8%	-40.1%	41.9%	29.1%	-28.3%	22.7%		-4.4%
% of Daiseki Eco. Solution	29.3%	12.1%	16.2%	18.9%	16.6%	21.9%	17.8%	13.2%	17.1%		17.3%
Tohoku	53	32	15	36	20	9	8	2	11	10.1%	109
YoY	1,225.0%	60.0%	-6.3%	-56.1%	-62.3%	-71.9%	-46.7%	-94.4%	-45.0%		179.5%
% of Daiseki Eco. Solution	1.6%	0.7%	0.5%	1.1%	0.6%	0.3%	0.2%	0.1%	0.3%		0.8%
Other	151	152	240	345	297	300	412	337	318	46.4%	685
YoY	-29.3%	-28.3%	-14.2%	65.1%	96.7%	97.4%	71.7%	-2.3%	7.1%		-49.1%
% of Daiseki Eco. Solution	4.5%	3.4%	7.8%	10.5%	8.4%	8.6%	11.3%	10.0%	7.6%		5.1%
Green Arrows Central	253	247	247	254	353	343	337	344	346	24.2%	1,429
YoY	11.9%	5.6%	-2.8%	3.7%	39.5%	38.9%	36.4%	35.4%	-2.0%		3.8%
% of Daiseki Eco. Solution	7.6%	5.5%	8.0%	7.7%	10.0%	9.8%	9.3%	10.2%	8.2%		10.6%
Green Arrows Kyushu	140	127	124	122	134	142	158	121	138	25.6%	540
YoY	9.4%	-0.8%	-10.1%	-3.9%	-4.3%	11.8%	27.4%	-0.8%	3.0%		-2.7%
% of Daiseki Eco. Solution	4.2%	2.8%	4.0%	3.7%	3.8%	4.0%	4.3%	3.6%	3.3%		4.0%

Source: Shared Research based on company data

Soil treatment volume	FY02/19				FY02/20				FY02/21
Quarterly (tons)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Soil treatment	217,403	164,307	209,494	213,115	210,425	167,006	226,649	190,619	206,267
YoY	-4.2%	-19.3%	25.3%	-31.8%	-3.2%	1.6%	8.2%	-10.6%	-2.0%
Cleanup	42,997	30,046	36,749	35,296	36,329	48,156	43,083	28,104	42,223
YoY	344.4%	-24.3%	16.0%	-8.8%	-15.5%	60.3%	17.2%	-20.4%	16.2%

Source: Shared Research based on company data

Plasterboard collection volume	FY02/19				FY02/20				FY02/21
Quarterly (tons)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total collection volume	20,121	18,829	19,522	19,594	21,655	20,364	21,750	20,120	19,974
YoY	9.2%	1.8%	1.2%	7.6%	7.6%	8.2%	11.4%	2.7%	-7.8%
Green Arrows Central	11,635	11,656	11,920	11,640	13,063	12,592	13,512	12,762	12,189
YoY	10.6%	5.6%	6.1%	7.5%	12.3%	8.0%	13.4%	9.6%	-6.7%
Green Arrows Kyushu	8,486	7,173	7,602	7,954	8,592	7,772	8,238	7,358	7,785
YoY	7.5%	-3.7%	-5.8%	7.7%	1.2%	8.4%	8.4%	-7.5%	-9.4%

Source: Shared Research based on company data

**Daiseki MCR**

Daiseki MCR Quarterly (JPYmn)	FY02/19				FY02/20				FY02/21	FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	741	778	665	664	726	736	782	743	651	26.7%	2,441
YoY	20.7%	19.7%	-17.4%	-14.5%	-2.0%	-5.4%	17.6%	11.9%	-10.3%		-18.3%
Gross profit	63	-63	-2	23	85	22	159	117	68	29.8%	228
YoY	-35.7%	-	-	-79.5%	34.9%	-	-	408.7%	-20.0%		-40.5%
GPM	8.5%	-8.1%	-0.3%	3.5%	11.7%	3.0%	20.3%	15.7%	10.4%		9.3%
Operating profit	6	-122	-59	-30	28	-17	108	69	22	68.8%	32
YoY	-84.2%	-	-	-	366.7%	-	-	-	-21.4%		-83.0%
OPM	0.8%	-15.7%	-8.9%	-4.5%	3.9%	-2.3%	13.8%	9.3%	3.4%		1.3%
Recurring profit	10	-120	-56	-35	29	-16	108	70	98	90.7%	108
YoY	-74.4%	-	-	-	190.0%	-	-	-	237.9%		-43.5%
RPM	1.3%	-15.4%	-8.4%	-5.3%	4.0%	-2.2%	13.8%	9.4%	15.1%		4.4%
Net income	13	-115	-57	-35	21	-10	84	61	71	87.7%	81
YoY	-66.7%	-	-	-	61.5%	-	-	-	238.1%		-48.1%
Net margin	1.8%	-14.8%	-8.6%	-5.3%	2.9%	-1.4%	10.7%	8.2%	10.9%		3.3%

Source: Shared Research based on company data

**Lead price trends**



Source: Shared Research based on Bloomberg and Mizuho Bank data

**System Kikou**

System Kikou Quarterly (JPYmn)	FY02/19				FY02/20				FY02/21	FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	406	510	611	702	689	761	1,381	892	538	15.7%	3,435
YoY	-54.3%	-39.2%	23.4%	73.3%	69.7%	49.2%	126.0%	27.1%	-21.9%		-7.7%
Gross profit	3	66	160	197	179	127	348	168	65	10.1%	646
YoY	-94.4%	-72.0%	1.9%	251.8%	5,866.7%	92.4%	117.5%	-14.7%	-63.7%		-21.4%
GPM	0.7%	12.9%	26.2%	28.1%	26.0%	16.7%	25.2%	18.8%	12.1%		18.8%
Operating profit	-64	-8	61	125	106	59	282	84	-4	-	367
YoY	-	-	-27.4%	-	-	-	362.3%	-32.8%	-		-30.9%
OPM	-15.8%	-1.6%	10.0%	17.8%	15.4%	7.8%	20.4%	9.4%	-0.7%		10.7%
Recurring profit	-64	-9	61	126	108	59	281	84	-3	-	368
YoY	-	-	-26.5%	-	-	-	360.7%	-33.3%	-		-30.8%
RPM	-15.8%	-1.8%	10.0%	17.9%	15.7%	7.8%	20.3%	9.4%	-0.6%		10.7%
Net income	-43	-6	77	74	74	37	194	50	11	4.2%	262
YoY	-	-	45.3%	-	-	-	151.9%	-32.4%	-85.1%		-26.2%
Net margin	-10.6%	-1.2%	12.6%	10.5%	10.7%	4.9%	14.0%	5.6%	2.0%		7.6%

Source: Shared Research based on company data



## FY02/21 company forecast

Consolidated (JPYmn)	FY02/20			FY02/21			FY02/21 Initial Est.		
	1H	2H	FY	1H Est.	0H Est.	FY Est.	1H Est.	2H Est.	FY Est.
<b>Sales</b>	<b>26,892</b>	<b>27,196</b>	<b>54,088</b>	<b>25,450</b>	<b>23,550</b>	<b>49,000</b>	<b>27,990</b>	<b>28,510</b>	<b>56,500</b>
YoY	2.4%	8.5%	5.4%	-5.4%	-13.4%	-9.4%	4.1%	4.8%	4.5%
Gross profit	8,535	8,589	17,124	7,580	6,970	14,550	8,670	8,830	17,500
YoY	10.6%	14.9%	12.7%	-11.2%	-18.8%	-15.0%	1.6%	2.8%	2.2%
GPM	31.7%	31.6%	31.7%	29.8%	29.6%	29.7%	31.0%	31.0%	31.0%
<b>Operating profit</b>	<b>5,471</b>	<b>5,394</b>	<b>10,865</b>	<b>4,470</b>	<b>4,020</b>	<b>8,490</b>	<b>5,530</b>	<b>5,670</b>	<b>11,200</b>
YoY	16.3%	22.5%	19.3%	-18.3%	-25.5%	-21.9%	1.1%	5.1%	3.1%
OPM	20.3%	19.8%	20.1%	17.6%	17.1%	17.3%	19.8%	19.9%	19.8%
<b>Recurring profit</b>	<b>5,554</b>	<b>5,471</b>	<b>11,025</b>	<b>4,590</b>	<b>4,050</b>	<b>8,640</b>	<b>5,600</b>	<b>5,700</b>	<b>11,300</b>
YoY	17.1%	22.8%	19.8%	-17.4%	-26.0%	-21.6%	0.8%	4.2%	2.5%
RPM	20.7%	20.1%	20.4%	18.0%	17.2%	17.6%	20.0%	20.0%	20.0%
<b>Net income</b>	<b>3,564</b>	<b>3,480</b>	<b>7,044</b>	<b>2,770</b>	<b>2,750</b>	<b>5,520</b>	<b>3,400</b>	<b>3,850</b>	<b>7,250</b>
YoY	15.9%	14.6%	15.3%	-22.3%	-21.0%	-21.6%	-4.6%	10.6%	2.9%
Net margin	13.3%	12.8%	13.0%	10.9%	11.7%	11.3%	12.1%	13.5%	12.8%

Daiseiki Co. (parent) (JPYmn)	FY02/20			FY02/21			FY02/21 Initial Est.		
	1H	2H	FY	1H Est.	0H Est.	FY Est.	1H Est.	2H Est.	FY Est.
<b>Sales</b>	<b>17,020</b>	<b>16,525</b>	<b>33,545</b>	<b>15,470</b>	<b>14,530</b>	<b>30,000</b>	<b>17,530</b>	<b>17,470</b>	<b>35,000</b>
YoY	6.1%	2.7%	4.4%	-9.1%	-12.1%	-10.6%	3.0%	5.7%	4.3%
Gross profit	6,634	6,349	12,983	5,920	5,340	11,260	6,790	6,600	13,390
YoY	6.6%	6.8%	6.7%	-10.8%	-15.9%	-13.3%	2.4%	4.0%	3.1%
GPM	39.0%	38.4%	38.7%	38.3%	36.8%	37.5%	38.7%	37.8%	38.3%
<b>Operating profit</b>	<b>4,647</b>	<b>4,249</b>	<b>8,896</b>	<b>3,840</b>	<b>3,330</b>	<b>7,170</b>	<b>4,650</b>	<b>4,440</b>	<b>9,090</b>
YoY	8.3%	6.1%	7.3%	-17.4%	-21.6%	-19.4%	0.1%	4.5%	2.2%
OPM	27.3%	25.7%	26.5%	24.8%	22.9%	23.9%	26.5%	25.4%	26.0%

Daiseiki Eco. Solution (JPYmn)	FY02/20			FY02/21			FY02/21 Initial Est.		
	1H	2H	FY	1H Est.	0H Est.	FY Est.	1H Est.	2H Est.	FY Est.
<b>Sales</b>	<b>7,032</b>	<b>7,016</b>	<b>14,048</b>	<b>7,504</b>	<b>5,996</b>	<b>13,500</b>	<b>7,444</b>	<b>7,556</b>	<b>15,000</b>
YoY	-9.9%	9.9%	-1.0%	6.7%	-14.5%	-3.9%	5.9%	7.7%	6.8%
Gross profit	1,379	1,327	2,706	1,302	1,034	2,336	1,372	1,424	2,796
YoY	5.6%	25.3%	14.4%	-5.6%	-22.1%	-13.7%	-0.5%	7.3%	3.3%
GPM	19.6%	18.9%	19.3%	17.4%	17.2%	17.3%	18.4%	18.8%	18.6%
<b>Operating profit</b>	<b>641</b>	<b>596</b>	<b>1,237</b>	<b>579</b>	<b>391</b>	<b>970</b>	<b>659</b>	<b>712</b>	<b>1,371</b>
YoY	7.4%	98.0%	37.8%	-9.7%	-34.3%	-21.6%	2.7%	19.6%	10.8%
OPM	9.1%	8.5%	8.8%	7.7%	6.5%	7.2%	8.9%	9.4%	9.1%

Daiseiki MCR (JPYmn)	FY02/20			FY02/21			FY02/21 Initial Est.		
	1H	2H	FY	1H Est.	0H Est.	FY Est.	1H Est.	2H Est.	FY Est.
<b>Sales</b>	<b>1,462</b>	<b>1,525</b>	<b>2,987</b>	<b>1,222</b>	<b>1,219</b>	<b>2,441</b>	<b>1,350</b>	<b>1,500</b>	<b>2,850</b>
YoY	-3.8%	14.7%	4.9%	-16.4%	-20.1%	-18.3%	-7.7%	-1.6%	-4.6%
Gross profit	107	276	383	16	212	228	90	260	350
YoY	-	1,214.3%	1,723.8%	-85.0%	-23.2%	-40.5%	-15.9%	-5.8%	-8.6%
GPM	7.3%	18.1%	12.8%	1.3%	17.4%	9.3%	6.7%	17.3%	12.3%
<b>Operating profit</b>	<b>11</b>	<b>177</b>	<b>188</b>	<b>-70</b>	<b>102</b>	<b>32</b>	<b>20</b>	<b>150</b>	<b>170</b>
YoY	-	-	-	-	-42.4%	-83.0%	81.8%	-15.3%	-9.6%
OPM	0.8%	11.6%	6.3%	-5.7%	8.4%	1.3%	1.5%	10.0%	6.0%

System Kikou (JPYmn)	FY02/20			FY02/21			FY02/21 Initial Est.		
	1H	2H	FY	1H Est.	0H Est.	FY Est.	1H Est.	2H Est.	FY Est.
<b>Sales</b>	<b>1,450</b>	<b>2,273</b>	<b>3,723</b>	<b>1,486</b>	<b>1,949</b>	<b>3,435</b>	<b>1,742</b>	<b>2,078</b>	<b>3,820</b>
YoY	58.3%	73.1%	67.0%	2.5%	-14.3%	-7.7%	20.1%	-8.6%	2.6%
Gross profit	306	516	822	281	365	646	348	508	856
YoY	343.5%	44.5%	93.0%	-8.2%	-29.3%	-21.4%	13.7%	-1.6%	4.1%
GPM	21.1%	22.7%	22.1%	18.9%	18.7%	18.8%	20.0%	24.4%	22.4%
<b>Operating profit</b>	<b>165</b>	<b>366</b>	<b>531</b>	<b>142</b>	<b>225</b>	<b>367</b>	<b>207</b>	<b>367</b>	<b>574</b>
YoY	-	96.8%	365.8%	-13.9%	-38.5%	-30.9%	25.5%	0.3%	8.1%
OPM	11.4%	16.1%	14.3%	9.6%	11.5%	10.7%	11.9%	17.7%	15.0%

Source: Shared Research based on company data

Note: Company estimates for 2H FY02/20 are (calculated as) the difference between full-year estimates and 1H estimates.

This note is the most recent addition to the [full report](#).

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