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## Consolidated Financial Results for the Nine Months Ended November 30, 2021 [Japanese GAAP]

January 05, 2022

Company name: Daiseki Eco. Solution Co., Ltd.

Stock exchange listing: Tokyo, Nagoya

Code number: 1712

URL: <https://www.daiseki-eco.co.jp/>

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Scheduled date of filing quarterly securities report: January 12, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended November 30, 2021 (March 01, 2021 to November 30, 2021)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended November 30, 2021	13,282	20.1	1,824	130.9	1,831	127.3	1,099	148.0
November 30, 2020	11,055	3.6	789	(21.7)	805	(24.4)	443	(28.8)

(Note) Comprehensive income:     Nine months ended November 30, 2021:     ¥           1,410 million     [   132.2%]  
   Nine months ended November 30, 2020:     ¥           607 million     [   (22.8)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
November 30, 2021	65.43	-
November 30, 2020	26.37	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
November 30, 2021	22,853	15,046	62.2
February 28, 2021	21,275	13,761	61.3

(Reference) Equity:     As of November 30, 2021:           ¥           14,216 million  
   As of February 28, 2021:           ¥           13,062 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2021	-	3.00	-	3.00	6.00
Fiscal year ending February 28, 2022	-	3.00	-		
Fiscal year ending February 28, 2022 (Forecast)				5.00	8.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2022 (March 01, 2021 to February 28, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	17,500	17.3	2,100	74.0	2,105	69.5	1,278	85.4	76.05

(Note) Revision to the financial results forecast announced most recently: No

\* Notes:

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2021  
(changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

November 30, 2021:	16,827,120 shares
February 28, 2021:	16,827,120 shares
  - 2) Total number of treasury shares at the end of the period:

November 30, 2021:	28,201 shares
February 28, 2021:	16,118 shares
  - 3) Average number of shares during the period:

Nine months ended November 30, 2021:	16,802,740 shares
Nine months ended November 30, 2020:	16,805,849 shares
- \* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.
- \* Proper use of earnings forecasts, and other special matters  
The earnings forecasts are based on information available as of the date of disclosure of this material. These statements are not guarantees of future performance, and actual results may differ materially from these forecasts due to a variety of reasons.

**Attached Material**

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## 1. Qualitative information on quarterly consolidated financial results

### (1) Explanation of operating results

During the nine months ended November 30, 2021, the Japanese economy saw more active capital expenditure and production activities undertaken by companies thanks to the easing of restrictions on activities due to progress in vaccination efforts against the novel coronavirus disease (COVID-19) in countries around the world, and there have been growing expectations for resumption and recovery of economic activities. However, there still remains uncertainty due to concerns over the resurgence of COVID-19 cases caused by a possible sixth wave of infections in the winter. The recovery of the global economy also remains unpredictable as a new variant of the virus has been confirmed.

In the construction industry, to which the Company group (the “Group”) belongs, construction investment by private companies has been showing signs of recovery as socioeconomic activities are returning to normal. Public investment also remains strong thanks to the execution of related budget, with orders received in the industry maintaining a certain level.

Against this backdrop, in the Group’s core business of Soil Investigation and Measures, we focused on winning orders for high-margin projects and consulting sales. Amid intensified low-price competition in metropolitan areas, the volume of orders received and unit prices of orders were strong, and large-scale infrastructure improvement and urban redevelopment projects contributed to business performance. In addition, the capacity utilization rate of the Yatomi Recycling Center was improved on a year-on-year basis. As a result, consolidated business results for the nine months ended November 30, 2021 were as follows: net sales of ¥13,282 million (up 20.1% year on year), operating profit of ¥1,824 million (up 130.9% year on year), ordinary profit of ¥1,831 million (up 127.3% year on year), and profit attributable to owners of parent of ¥1,099 million (up 148.0% year on year).

Operating results by segment are as follows.

#### Soil Investigation and Measures Business

As demand for soil treatment continued to recover, we focused on winning orders for high-margin projects and consulting sales. The construction projects ordered in Nagoya, Tokyo, and the Kansai area are proceeding toward completion and the large-scale infrastructure improvement project in the Chukyo area for the Gifu Recycling Center drove the business performance. As a result, net sales increased 22.4% year on year to ¥10,974 million, and operating profit increased 100.3% year on year to ¥1,794 million.

#### Gypsum Board Recycle Business

The volumes of waste gypsum board processed by Green Arrows Central Co., Ltd. and Green Arrows Kyushu Co., Ltd. both increased significantly year on year. Amid off-season demand from major customers for soil solidifiers, we strengthened sales activities in distributor sales and direct sales routes while also focusing on wide-area treatment from other prefectures. As a result, net sales increased 19.3% year on year to ¥1,630 million, and operating profit increased 58.1% year on year to ¥470 million.

#### Other

The PCB Consulting Business remained strong, and the Bio Diesel Fuel (BDF) Business saw a recovery in orders received from the restaurant industry, which had been suffering from sluggish performance due to the COVID-19 pandemic. As a result, net sales increased 1.3% year on year to ¥898 million, and operating profit decreased 0.0% year on year to ¥96 million.

### (2) Explanation of financial position

Total assets as of November 30, 2021 were ¥22,853 million, an increase of ¥1,577 million compared with the end of the previous fiscal year. This was primarily due to an increase in notes and accounts receivable - trade.

Liabilities as of November 30, 2021 were ¥7,807 million, an increase of ¥293 million compared with the end of the previous fiscal year. This was primarily due to a decrease in long-term borrowings and an increase in short-term borrowings.

Net assets as of November 30, 2021 were ¥15,046 million, an increase of ¥1,284 million compared with the end of the previous fiscal year. This was primarily due to an increase in retained earnings.

**(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

The consolidated earnings forecasts for the fiscal year ending February 28, 2022 remain unchanged from the figures announced in “Notice Regarding Revisions to Earnings Forecasts and Cash Dividend Forecasts” on September 17, 2021 (in Japanese only).

**2. Quarterly consolidated financial statements and significant notes thereto****(1) Quarterly consolidated balance sheet**

(Million yen)

	As of February 28,2021	As of November 30,2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,031	732
Notes and accounts receivable - trade	2,475	4,104
Inventories	680	352
Other	68	391
Allowance for doubtful accounts	(3)	(6)
Total current assets	4,252	5,575
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,192	6,146
Land	8,044	8,038
Construction in progress	123	153
Other, net	1,808	1,867
Total property, plant and equipment	16,168	16,205
Intangible assets	19	22
Investments and other assets		
Other	836	1,051
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	835	1,050
Total non-current assets	17,023	17,278
Total assets	21,275	22,853
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,158	1,089
Short-term borrowings	980	1,990
Current portion of long-term borrowings	1,542	1,534
Lease obligations	54	54
Accounts payable - other	211	405
Income taxes payable	273	462
Provision for bonuses	90	24
Other	435	506
Total current liabilities	4,746	6,066
Non-current liabilities		
Long-term borrowings	2,505	1,479
Lease obligations	143	135
Retirement benefit liability	114	122
Other	3	2
Total non-current liabilities	2,767	1,740
Total liabilities	7,513	7,807

(Million yen)

	As of February 28,2021	As of November 30,2021
Net assets		
Shareholders' equity		
Share capital	2,287	2,287
Capital surplus	2,086	2,087
Retained earnings	8,552	9,551
Treasury shares	(11)	(25)
Total shareholders' equity	12,914	13,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	154	313
Remeasurements of defined benefit plans	(6)	1
Total accumulated other comprehensive income	148	314
Non-controlling interests	699	830
Total net assets	13,761	15,046
Total liabilities and net assets	21,275	22,853



**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income****Quarterly consolidated statement of income (cumulative)**

(Million yen)

	For the nine months ended November 30,2020	For the nine months ended November 30,2021
Net sales	11,055	13,282
Cost of sales	9,194	10,269
Gross profit	1,860	3,013
Selling, general and administrative expenses	1,070	1,188
Operating profit	789	1,824
Non-operating income		
Interest income	0	0
Dividend income	4	6
Gain on investments in capital	7	-
Subsidy income	7	2
Other	4	4
Total non-operating income	23	13
Non-operating expenses		
Interest expenses	7	6
Other	0	0
Total non-operating expenses	8	7
Ordinary profit	805	1,831
Extraordinary income		
Gain on sales of non-current assets	5	13
Total extraordinary income	5	13
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	10	1
Impairment loss	-	18
Total extraordinary losses	10	20
Profit before income taxes	800	1,823
Income taxes - current	340	655
Income taxes - deferred	(75)	(75)
Total income taxes	264	580
Profit	536	1,243
Profit attributable to non-controlling interests	92	143
Profit attributable to owners of parent	443	1,099

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Million yen)

	For the nine months ended November 30,2020	For the nine months ended November 30,2021
Profit	536	1,243
Other comprehensive income		
Valuation difference on available-for-sale securities	71	159
Remeasurements of defined benefit plans, net of tax	(0)	7
Total other comprehensive income	71	166
Comprehensive income	607	1,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	514	1,266
Comprehensive income attributable to non-controlling interests	92	143

**(3) Notes on the quarterly consolidated financial statements****Notes on premise of going concern**

Not applicable.

**Notes on significant changes in the amount of shareholders' equity**

Not applicable.

**Segment information, etc.**Segment information

## I. Nine months ended November 30, 2020

Information on the amounts of net sales, profit or loss for each reportable segment

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Soil Investigation and Measures Business	Gypsum Board Recycle Business	Subtotal				
Net sales							
Sales to external customers	8,965	1,359	10,324	730	11,055	–	11,055
Intersegment sales or transfers	–	7	7	156	163	(163)	–
Total	8,965	1,366	10,331	886	11,218	(163)	11,055
Segment profit	896	297	1,193	96	1,290	(500)	789

- Notes: 1. The “Other” category is a business segment not included in the reportable segments. It includes Environmental Analysis Business, BDF Business and PCB Consulting-related Business, etc.
2. The negative ¥500 million adjustment for segment profit consists of ¥16 million for elimination of intersegment transactions and negative ¥516 million for corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of general and administrative expenses not attributable to any reportable segment.
3. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

## II. Nine months ended November 30, 2021

## Information on the amounts of net sales, profit or loss for each reportable segment

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Soil Investigation and Measures Business	Gypsum Board Recycle Business	Subtotal				
Net sales							
Sales to external customers	10,971	1,621	12,592	690	13,282	–	13,282
Intersegment sales or transfers	3	8	12	208	220	(220)	–
Total	10,974	1,630	12,604	898	13,502	(220)	13,282
Segment profit	1,794	470	2,265	96	2,362	(537)	1,824

- Notes: 1. The “Other” category is a business segment not included in the reportable segments. It includes Environmental Analysis Business, BDF Business and PCB Consulting-related Business, etc.
2. The negative ¥537 million adjustment for segment profit consists of ¥15 million for elimination of intersegment transactions and negative ¥553 million for corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of general and administrative expenses not attributable to any reportable segment.
3. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.