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## Consolidated Financial Results for the Three Months Ended May 31, 2024 [Japanese GAAP]

July 1, 2024

Company name: Daiseki Co., Ltd.  
 Stock exchange listing: Tokyo, Nagoya  
 Code number: 9793  
 URL: <https://www.daiseki.co.jp/english/index.html>  
 Representative: Tetsuya Yamamoto, President and Representative Director  
 Contact: Hideki Katase, Managing Executive Officer, General Manager of Headquarters of Planning and Management  
 Phone: +81-52-728-1155  
 Scheduled date of filing quarterly securities report: July 12, 2024  
 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 Three Months Ended May 31, 2024 (March 1, 2024 to May 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
May 31, 2024	16,703	(6.5)	3,906	(0.7)	4,220	4.4	2,687	10.5
May 31, 2023	17,874	29.9	3,935	25.1	4,040	23.0	2,431	9.8

(Note) Comprehensive income: Three months ended May 31, 2024: ¥ 2,850 million [ 8.1%]  
 Three months ended May 31, 2023: ¥ 2,636 million [ 11.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2024	55.55	-
May 31, 2023	49.30	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
May 31, 2024	107,606	87,719	73.2
February 29, 2024	108,641	89,434	74.1

(Reference) Equity: As of May 31, 2024: ¥ 78,783 million  
 As of February 29, 2024: ¥ 80,607 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 29, 2024	-	30.00	-	36.00	66.00
Fiscal year ending February 28, 2025	-				
Fiscal year ending February 28, 2025 (Forecast)		33.00	-	33.00	66.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2024	32,700	(8.5)	6,700	(13.5)	6,800	(14.1)	4,200	(12.1)	87.15
Full year	65,600	(5.2)	14,000	(5.5)	14,100	(8.7)	8,700	(8.0)	180.88

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

### \* Notes:

(1) Changes in significant subsidiaries during the three months ended May 31, 2024  
(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(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):

May 31, 2024: 51,000,000 shares

February 29, 2024: 51,000,000 shares

2) Total number of treasury shares at the end of the period:

May 31, 2024: 3,016,465 shares

February 29, 2024: 2,216,552 shares

3) Average number of shares outstanding during the period:

Three months ended May 31, 2024: 48,384,757 shares

Three months ended May 31, 2023: 49,317,324 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 forecast figures stated above reflect projections determined based on the information currently available and may contain uncertain factors in large part. Actual business results, etc. may differ from the above forecast figures due to changes in earnings results, among others.

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## 1. Qualitative Information on Quarterly Consolidated Financial Results

### (1) Explanation of Operating Results

During the three months ended May 31, 2024, the Japanese economy saw a gradual recovery trend in social and economic activities due to the containment of COVID-19 and a pick-up in inbound demand and other factors. However, the future economic trend remained uncertain due to the soaring prices of energy resources including crude oil, and of raw materials caused by changes in political situation; the impact of global monetary tightening; the impact of rising prices; and other factors.

Amid such an economic situation, in a mainstay business of the Company group (the “Group”), the industrial waste treatment business of the Company centered on industrial wastewater treatment, despite weakness in the industrial production index, the volume of wastewater collected grew thanks to increased market share from the previous fiscal year due to the acquisition of new transactions with factories, while shipments of recycled fuels were also strong.

In the soil remediation business of Daiseki Eco. Solution Co., Ltd., the Company continued to actively engage in consulting sales activities in order to expand orders of high-added value deals. However, both net sales and profits significantly declined due to the completion of large-scale soil treatment deals won in the previous year. Furthermore, in the resource recycling business, the volume of gypsum board received was steady, and the volume of used paper and general waste disposal was also strong.

In the lead recycling business of Daiseki MCR Co., Ltd., both sales and profit exceeded the plan largely due to the sustained high prices of lead caused by the depreciation of the yen and the firm domestic market for recycled lead.

The washing business for large tanks in System Kikou Co., Ltd. continued to operate at nearly 100% capacity, but the recording of net sales fell short of the plan as a result of the delay in recording net sales upon completion of construction.

The Group has aimed for a company that is well-liked by local communities by conducting management that emphasizes our purpose of becoming “an environment-creating company contributing to society through the environment and making the best use of limited resources” as an environment-creating company, continuing to step up efforts to retain and train human resources while also investing to expand capacity.

As a result, for the three months ended May 31, 2024, net sales, operating profit, ordinary profit, and profit attributable to owners of parent were ¥16,703 million (down 6.5% year on year), ¥3,906 million (down 0.7% year on year), ¥4,220 million (up 4.4% year on year), and ¥2,687 million (up 10.5% year on year), respectively. Ordinary profit and profit attributable to owners of parent were record-highs for the first quarter.

As the Group consists of a single business segment, the environment-related business, the information by segment is omitted.

### (2) Explanation of Financial Position

Total assets as of May 31, 2024 decreased by ¥1,034 million compared with the end of the previous fiscal year, amounting to ¥107,606 million. The decrease was largely due to decreases in cash and deposits of ¥2,212 million, notes and accounts receivable - trade, and contract assets of ¥1,091 million, and investment securities of ¥263 million, while being offset by an increase in property, plant and equipment of ¥2,540 million. Liabilities increased by ¥680 million compared with the end of the previous fiscal year, amounting to ¥19,886 million. The increase was largely due to increases in long-term borrowings of ¥1,658 million, current portion of long-term borrowings of ¥261 million, and short-term borrowings of ¥200 million, while being offset by a decrease in income taxes payable of ¥1,523 million. Net assets decreased by ¥1,715 million compared with the end of the previous fiscal year, amounting to ¥87,719 million. The decrease was largely due to a ¥2,723 million decrease caused by an increase in treasury shares resulting from purchase of treasury shares, offset by increases in retained earnings of ¥931 million by recording profit gains, etc., and non-controlling interests of ¥108 million.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Statements

No revisions have been made to the consolidated financial results forecast announced on April 4, 2024.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	29,162	26,949
Notes and accounts receivable - trade, and contract assets	11,030	9,938
Electronically recorded monetary claims - operating	1,220	1,070
Securities	-	400
Inventories	2,609	2,488
Other	708	582
Allowance for doubtful accounts	(8)	(4)
Total current assets	44,722	41,426
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,682	14,656
Machinery, equipment and vehicles, net	6,790	6,861
Land	25,233	27,698
Construction in progress	513	542
Other, net	694	695
Total property, plant and equipment	47,913	50,454
Intangible assets		
Goodwill	909	875
Customer-related intangible assets	886	869
Other	397	387
Total intangible assets	2,193	2,132
Investments and other assets		
Investment securities	8,081	7,818
Long-term time deposits	3,501	3,502
Deferred tax assets	1,485	1,524
Other	743	749
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	13,811	13,593
Total non-current assets	63,918	66,179
Total assets	108,641	107,606

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,944	3,462
Electronically recorded obligations - operating	1,095	1,026
Short-term borrowings	1,500	1,700
Current portion of long-term borrowings	717	978
Income taxes payable	2,938	1,414
Provision for bonuses	544	369
Other	3,556	4,381
Total current liabilities	14,296	13,333
Non-current liabilities		
Bonds payable	12	12
Long-term borrowings	2,798	4,456
Provision for retirement benefits for directors (and other officers)	24	24
Retirement benefit liability	1,345	1,359
Deferred tax liabilities	294	287
Other	435	412
Total non-current liabilities	4,909	6,553
Total liabilities	19,206	19,886
Net assets		
Shareholders' equity		
Share capital	6,382	6,382
Capital surplus	7,071	7,071
Retained earnings	76,264	77,196
Treasury shares	(9,103)	(11,826)
Total shareholders' equity	80,615	78,823
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	(27)
Remeasurements of defined benefit plans	(17)	(12)
Total accumulated other comprehensive income	(8)	(40)
Non-controlling interests	8,827	8,936
Total net assets	89,434	87,719
Total liabilities and net assets	108,641	107,606

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**Quarterly Consolidated Statements of Income (For the three months)**

(Millions of yen)

	For the three months ended May 31, 2023	For the three months ended May 31, 2024
Net sales	17,874	16,703
Cost of sales	11,946	10,840
Gross profit	5,927	5,862
Selling, general and administrative expenses	1,991	1,956
Operating profit	3,935	3,906
Non-operating income		
Interest income	18	17
Dividend income	0	0
Insurance claim income	0	1
Compensation income	82	5
Subsidy income	0	287
Other	13	14
Total non-operating income	114	326
Non-operating expenses		
Interest expenses	3	7
Commission for purchase of treasury shares	0	1
Commission expenses	4	-
Other	0	3
Total non-operating expenses	10	12
Ordinary profit	4,040	4,220
Extraordinary income		
Gain on sale of non-current assets	17	2
Total extraordinary income	17	2
Extraordinary losses		
Loss on retirement of non-current assets	1	9
Loss on tax purpose reduction entry of non-current assets	-	19
Impairment losses	4	-
Total extraordinary losses	5	28
Profit before income taxes	4,052	4,194
Income taxes - current	1,389	1,339
Income taxes - deferred	(85)	(30)
Total income taxes	1,304	1,308
Profit	2,748	2,886
Profit attributable to non-controlling interests	316	198
Profit attributable to owners of parent	2,431	2,687

**Quarterly Consolidated Statements of Comprehensive Income (For the three months)**

(Millions of yen)

	For the three months ended May 31, 2023	For the three months ended May 31, 2024
Profit	2,748	2,886
Other comprehensive income		
Valuation difference on available-for-sale securities	(112)	(40)
Remeasurements of defined benefit plans, net of tax	1	4
Total other comprehensive income	(111)	(35)
Comprehensive income	2,636	2,850
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,362	2,655
Comprehensive income attributable to non-controlling interests	274	195



**(3) Notes to Quarterly Consolidated Financial Statements**

**Notes on premise of going concern**

Not applicable.

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

(Purchase of treasury shares)

The Company resolved a matter regarding repurchase of its own shares at the Board of Directors' meetings held on April 4, 2024 and April 22, 2024 in accordance with the provisions of Article 156 of the Companies Act as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act, and acquired 800,000 shares of its common stock. As a result, treasury shares increased by ¥2,723 million in the three months ended May 31, 2024.