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May 14, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

Company name: Daiei Kankyo Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9336
 URL: <https://www.dinsgr.co.jp/english/>
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 Scheduled date of annual general meeting of shareholders: June 25, 2026
 Scheduled date to commence dividend payments: June 26, 2026
 Scheduled date to file annual securities report: June 26, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	87,855	9.6	22,189	3.0	22,427	4.4	15,845	10.3
March 31, 2025	80,178	9.8	21,548	9.3	21,484	4.3	14,364	5.7

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥16,119 million [7.6%]
 For the fiscal year ended March 31, 2025: ¥14,979 million [5.6%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2026	159.93	–	15.5	10.1	25.3
March 31, 2025	145.54	–	15.8	12.0	26.9

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥94 million

For the fiscal year ended March 31, 2025: ¥161 million

Note: Diluted earnings per share are not presented because there were no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	260,191	114,064	42.2	1,100.00
March 31, 2025	184,905	94,681	51.0	957.03

Reference: Equity

As of March 31, 2026: ¥109,832 million

As of March 31, 2025: ¥94,269 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	25,460	(65,108)	41,428	54,440
March 31, 2025	23,021	(18,956)	(3,543)	52,647

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	–	23.00	–	25.00	48.00	4,728	33.0	5.2
Fiscal year ended March 31, 2026	–	24.50	–	28.50	53.00	5,259	33.1	5.2
Fiscal year ending March 31, 2027 (Forecast)	–	27.50	–	27.50	55.00		33.5	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	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 September 30, 2026	46,300	15.8	11,300	26.5	10,700	18.3	7,100	16.8	71.11
Fiscal year ending March 31, 2027	93,900	6.9	24,300	9.5	23,100	3.0	16,400	3.5	164.25

* **Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added to the scope of consolidation: Sukarabesakure Co., Ltd.

Newly excluded from the scope of consolidation: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	99,892,900 shares
As of March 31, 2025	99,892,900 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	44,976 shares
As of March 31, 2025	1,390,723 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	99,077,066 shares
Fiscal year ended March 31, 2025	98,698,095 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	37,777	3.6	8,062	0.4	11,711	(2.2)	9,198	4.5
March 31, 2025	36,452	3.8	8,027	1.4	11,970	2.5	8,799	(2.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	92.84	—
March 31, 2025	89.16	—

Note: Diluted earnings per share are not presented because there were no potential shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	199,178	73,997	37.2	741.09
March 31, 2025	143,340	64,965	45.3	659.53

Reference: Equity

As of March 31, 2026: ¥73,997 million

As of March 31, 2025: ¥64,965 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future. Please refer to “1. Overview of operating results, etc., (4) Future prospects” on page 5 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on financial results and the contents of the financial results briefing)

The supplementary material on financial results is disclosed on TDnet and the Company’s website on the same day as the financial results reports.

Attached Material

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy faced increased downward risks including U.S. trade policies, strained Japan-China relations, and heightened tensions in the Middle East in addition to Japan's increasing long-term interest rates resulting from hikes in its benchmark interest rate and other factors. Under such circumstances, while labor shortages and rising costs of raw materials and logistics weighed on the economy, it remained in a moderate recovery trend, supported by capital investment driven by high expectations for the Japanese government's growth-oriented investments for the future under its responsible and proactive fiscal policy as well as strong corporate performance.

Under these circumstances, the Group has been focusing on continuously receiving orders for infrastructure development projects mainly in the Kansai area and advancing a waste plastic resource recycling system with partner companies and municipalities. In addition to continued efforts to expand waste volume received in the Kanto area being led by Kyodoh Doboku Co., Ltd., a consolidated subsidiary, a higher volume of waste received in the Kyushu area brought about by the acquisition of Sukarabesakure Co., Ltd. as a consolidated subsidiary in November 2025 contributed to our financial performance, resulting in net sales increasing compared to the previous fiscal year.

In terms of profit, while there was an increase in costs such as depreciation and labor costs, it still increased mainly due to a higher volume received at our final disposal sites. As a result, we achieved record highs in both net sales and operating profit.

For the above reason, our consolidated financial results for the fiscal year under review were as follows.

	(Millions of yen)			
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase or decrease	Percentage change (%)
Net sales	80,178	87,855	7,676	9.6%
Operating profit	21,548	22,189	640	3.0%
Operating profit margin (%)	26.9%	25.3%	(1.6pt)	–
Ordinary profit	21,484	22,427	942	4.4%
Profit attributable to owners of parent	14,364	15,845	1,481	10.3%
EBITDA	27,824	31,908	4,083	14.7%
EBITDA margin (%)	34.7%	36.3%	1.6pt	–

Notes: 1. EBITDA = operating profit + depreciation (excluding non-operating expenses) + amortization of goodwill

2. EBITDA margin = EBITDA / net sales

The financial results by segment are as follows.

Waste-related Business

	(Millions of yen)			
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase or decrease	Percentage change (%)
Net sales	77,487	85,248	7,761	10.0%
Segment profit	21,893	22,477	583	2.7%

In Waste management and recycling, the volume of waste received was 2,353 thousand tons (up 7.1% year on year). Net sales increased due to larger waste volumes received in the Kanto and Kyushu areas, the latter resulting from the acquisition of Sukarabesakure Co., Ltd. as a consolidated subsidiary.

In Soil remediation, the volume of contaminated soil received was 464 thousand tons (up 38.2% year on year). Net sales increased due to new orders being received in addition to focusing on the acceptance of difficult-to-process contaminated soil.

In Facility construction and administration, an increase in net sales was achieved mainly due to the contribution of orders received for demolition work by Kaisei Co., Ltd., which was made a consolidated subsidiary in January 2025.

In terms of profit, although there was an increase in costs—including depreciation due to the end of the offset effect caused by the re-estimation of asset retirement obligations for final disposal sites and an increase in the depreciation cost per unit, labor costs due to an increase in the number of employees and the improvement in the employment and income environments, outsourcing costs associated with demolition work, and waste transportation costs after intermediate treatment due to the increase in waste volume received in the Kanto area—segment profit still increased. This was driven by the increase in waste volume received in the Kanto area, as well as Sukarabesakure Co., Ltd., which became a consolidated subsidiary in November 2025, contributing to expanding the volume of waste received at final disposal sites in the Kyushu area.

Other Businesses

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase or decrease	Percentage change (%)
Net sales	2,691	2,606	(84)	(3.1%)
Segment loss	(225)	(208)	16	—

Net sales declined due to the production of aluminum pellets being suspended for repair and maintenance of facilities in August 2025 in the Aluminum pellet business.

In terms of profit, a segment loss was recorded for the second consecutive fiscal year due to the reasons mentioned above.

(2) Overview of financial position for the fiscal year under review

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026	Increase or decrease	Percentage change (%)
Assets	184,905	260,191	75,286	40.7%
Liabilities	90,223	146,127	55,903	62.0%
Net assets	94,681	114,064	19,382	20.5%
Equity-to-asset ratio (%)	51.0%	42.2%	(8.8pt)	—

Assets

Total assets as of March 31, 2026 were ¥260,191 million (up ¥75,286 million from the end of the previous fiscal year).

Current assets were ¥75,055 million (up ¥5,273 million from the end of the previous fiscal year). This was mainly due to an increase of ¥1,604 million in securities.

Non-current assets were ¥185,136 million (up ¥70,115 million from the end of the previous fiscal year). This was mainly due to increases of ¥28,330 million in property, plant and equipment, ¥35,091 million in intangible assets, and ¥6,693 million in investments and other assets.

The increase in property, plant and equipment was mainly due to an increase of ¥8,861 million in construction in progress due to the acquisitions of Sukarabesakure Co., Ltd. and Hizen Kankyo Co., Ltd. as consolidated subsidiaries and an increase of ¥9,020 million in final disposal sites due to the acquisition of Sukarabesakure Co., Ltd. and the commencement of services at the 2nd stage final disposal site constructed in Gobo Recycle Center of the Company. The following also contributed: machinery, equipment and vehicles increased by ¥4,059 million due to the start of operations of the plastic recycling facility constructed at the consolidated subsidiary DINS Kansai Co., Ltd. and the commencement of services at the 2nd stage final disposal site constructed in Gobo Recycle Center; buildings and structures increased by ¥3,710 million due to the commencement of services at the 2nd stage final disposal site constructed in Gobo Recycle Center and the construction of a new crushing facility at the consolidated subsidiary Mie Chuo Kaihatsu Co., Ltd. and of a new contaminated soil treatment facility at the consolidated subsidiary Geo-Re Japan Inc.; and land increased by ¥2,800 million due to the acquisition of Kyoto Eco Service Co., Ltd. as a consolidated subsidiary.

Intangible assets increased mainly due to an increase of ¥35,189 million in goodwill resulting from the acquisition of Sukarabesakure Co., Ltd. as a consolidated subsidiary.

Investments and other assets increased mainly due to an increase of ¥6,150 million in investment securities as a result of the acquisition of a portion of the shares of KANAME KOGYO CO., LTD. to make it an affiliate accounted for by the equity method.

Liabilities

Liabilities as of March 31, 2026 were ¥146,127 million (up ¥55,903 million from the end of the previous fiscal year).

Current liabilities were ¥34,784 million (up ¥5,669 million from the end of the previous fiscal year). The main reason was that the current portion of long-term borrowings and income taxes payable increased by ¥5,063 million and ¥1,236 million, respectively.

Non-current liabilities were ¥111,343 million (up ¥50,234 million from the end of the previous fiscal year). This was mainly due to increases of ¥45,022 million in long-term borrowings to finance the acquisition of Sukarabesakure Co., Ltd. as a consolidated subsidiary and of ¥4,913 million in deferred tax liabilities associated with the acquisition.

Net assets

Net assets as of March 31, 2026 were ¥114,064 million (up ¥19,382 million from the end of the previous fiscal year).

Shareholders' equity was ¥108,135 million (up ¥15,631 million from the end of the previous fiscal year). This was mainly due to an increase of ¥10,968 million in retained earnings as a result of the recording of profit attributable to owners of the parent despite dividends being paid. Moreover, due to the acquisition of a portion of the shares of KANAME KOGYO CO., LTD. to make it an affiliate accounted for by the equity method, treasury shares and capital surplus showed a ¥3,304 million decrease and a ¥1,358 million increase, respectively.

(3) Overview of cash flows for the fiscal year under review

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase or decrease
Net cash provided by (used in) operating activities	23,021	25,460	2,439
Net cash provided by (used in) investing activities	(18,956)	(65,108)	(46,151)
Free cash flows	4,065	(39,647)	(43,712)
Net cash provided by (used in) financing activities	(3,543)	41,428	44,972

Note: Free cash flows = Cash flows from operating activities + Cash flows from investing activities

Cash and cash equivalents at the end of the fiscal year under review increased by ¥1,792 million year on year to ¥54,440 million (up 3.4% year on year).

The status of each cash flow category and the factors that influenced them in the fiscal year under review are as follows:

Cash flows from operating activities

In the fiscal year under review, net cash provided by operating activities was ¥25,460 million (net cash provided of ¥23,021 million in the previous fiscal year). This was primarily the result of profit before income taxes of ¥23,208 million and depreciation of ¥8,808 million, despite ¥6,818 million in income taxes paid.

Cash flows from investing activities

In the fiscal year under review, net cash used in investing activities was ¥65,108 million (net cash used of ¥18,956 million in the previous fiscal year). This was mainly driven by ¥45,743 million for the purchase of shares of subsidiaries resulting in a change in scope of consolidation, ¥17,261 million for the purchase of property, plant and equipment, and ¥3,604 million for the purchase of shares of affiliates accounted for by the equity method, despite proceeds of ¥2,159 million from the sale and redemption of investment securities.

Cash flows from financing activities

In the fiscal year under review, net cash provided by financing activities was ¥41,428 million (net cash used of ¥3,543 million in the previous fiscal year). This was mainly due to proceeds from long-term borrowings of ¥63,800 million, partially offset by repayments of long-term borrowings of ¥15,845 million and dividends paid of ¥4,875 million.

(4) Future prospects

Regarding future prospects, although the outlook remains uncertain due to trends in U.S. trade policies, strained Japan-China relations, and heightened tensions in the Middle East, we expect the business environment to stay firm due to further capital investment stimulated by the Japanese government's growth-oriented investments for the future under its responsible and proactive fiscal policy as well as personal consumption driven by the improvement in the employment and income environments.

Under these circumstances, we are committed to realizing the Group's management vision of "Enhancing business continuity and evolving as a company with the power to create better environments," while cherishing our founding principle, "The Future Comes from Trust." As a company that plays a vital role in essential social infrastructure that must never cease to operate through waste management and recycling, we will further deepen our relationship with local communities, which is our greatest strength, and strive to maximize both social values, such as "realization of carbon neutrality," "realization of a circular economy," and "reduction of waste management costs," and the Group's values, including "trust from society" and "sustainable growth."

In light of the above, for the next fiscal year ending March 31, 2027, we currently forecast consolidated net sales of ¥93,900 million, operating profit of ¥24,300 million, profit attributable to owners of the parent of ¥16,400 million, and EBITDA (operating profit + depreciation (excluding non-operating expenses) + amortization of goodwill) of ¥37,100 million for the full year.

2. Basic policy on the selection of accounting standard

The Group currently operates mainly in Japan, and will apply the Japanese accounting standards for the time being. In terms of the application of the IFRS (International Financial Reporting Standards), it is the Company's policy to respond appropriately taking into consideration various domestic and international circumstances.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	51,481	52,298
Notes receivable - trade	498	366
Accounts receivable - trade	12,953	13,896
Securities	1,884	3,488
Finished goods	80	217
Work in process	351	491
Raw materials and supplies	294	705
Other	2,239	3,606
Allowance for doubtful accounts	(1)	(14)
Total current assets	69,781	75,055
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,385	57,275
Accumulated depreciation	(24,848)	(27,028)
Buildings and structures, net	26,536	30,246
Machinery, equipment and vehicles	87,821	95,904
Accumulated depreciation	(65,635)	(69,659)
Machinery, equipment and vehicles, net	22,185	26,245
Final disposal sites	34,087	46,021
Accumulated depreciation	(22,554)	(25,468)
Final disposal sites, net	11,532	20,552
Land	19,972	22,773
Construction in progress	10,923	19,784
Other	5,278	5,506
Accumulated depreciation	(2,986)	(3,337)
Other, net	2,291	2,169
Total property, plant and equipment	93,441	121,771
Intangible assets		
Goodwill	1,858	37,047
Other	558	460
Total intangible assets	2,416	37,508
Investments and other assets		
Investment securities	7,763	13,913
Retirement benefit asset	-	276
Deferred tax assets	807	1,236
Other	10,653	11,063
Allowance for doubtful accounts	(61)	(634)
Total investments and other assets	19,162	25,856
Total non-current assets	115,021	185,136
Deferred assets		
Share issuance costs	102	-
Total deferred assets	102	-
Total assets	184,905	260,191

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	3,673	4,117
Short-term borrowings	80	80
Current portion of bonds payable	950	510
Current portion of long-term borrowings	13,134	18,198
Income taxes payable	3,420	4,657
Provision for bonuses	1,145	1,243
Asset retirement obligations	97	305
Provision for demolition and removal	–	240
Other	6,612	5,431
Total current liabilities	29,114	34,784
Non-current liabilities		
Bonds payable	885	375
Long-term borrowings	51,441	96,463
Deferred tax liabilities	445	5,358
Retirement benefit liability	610	502
Asset retirement obligations	6,987	7,480
Other	739	1,162
Total non-current liabilities	61,108	111,343
Total liabilities	90,223	146,127
Net assets		
Shareholders' equity		
Share capital	5,907	5,907
Capital surplus	12,677	14,035
Retained earnings	77,384	88,353
Treasury shares	(3,465)	(161)
Total shareholders' equity	92,503	108,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,530	1,246
Remeasurements of defined benefit plans	234	451
Total accumulated other comprehensive income	1,765	1,697
Non-controlling interests	412	4,232
Total net assets	94,681	114,064
Total liabilities and net assets	184,905	260,191

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	80,178	87,855
Cost of sales	45,249	49,900
Gross profit	34,929	37,954
Selling, general and administrative expenses	13,381	15,765
Operating profit	21,548	22,189
Non-operating income		
Interest income	157	247
Dividend income	78	96
Share of profit of entities accounted for using equity method	161	94
Foreign exchange gains	–	399
Rental income	306	308
Proceeds from sale of goods	178	181
Other	209	346
Total non-operating income	1,091	1,675
Non-operating expenses		
Interest expenses	337	781
Amortization of share issuance costs	152	102
Rental expenses	346	317
Cost of sale of goods	157	158
Other	161	77
Total non-operating expenses	1,155	1,436
Ordinary profit	21,484	22,427
Extraordinary income		
Gain on sale of non-current assets	38	32
Gain on receipt of donated non-current assets	52	214
Gain on sale of investment securities	–	1,268
Gain on step acquisitions	37	–
Subsidy income	50	1,318
Total extraordinary income	178	2,834
Extraordinary losses		
Loss on sale of non-current assets	2	18
Loss on retirement of non-current assets	56	153
Loss on tax purpose reduction entry of non-current assets	50	1,316
Impairment losses	–	310
Loss on step acquisitions	–	13
Provision for demolition and removal	–	240
Total extraordinary losses	109	2,052
Profit before income taxes	21,554	23,208
Income taxes - current	6,518	7,679
Income taxes - deferred	594	(657)
Total income taxes	7,113	7,021
Profit	14,440	16,187
Profit attributable to non-controlling interests	76	341
Profit attributable to owners of parent	14,364	15,845

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	14,440	16,187
Other comprehensive income		
Valuation difference on available-for-sale securities	383	(284)
Remeasurements of defined benefit plans, net of tax	155	216
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	539	(68)
Comprehensive income	14,979	16,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,903	15,777
Comprehensive income attributable to non-controlling interests	76	341

(3) Consolidated statement of changes in equity

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,907	12,651	69,451	(1,678)	86,331
Changes during period					
Dividends of surplus			(6,430)		(6,430)
Profit attributable to owners of parent			14,364		14,364
Purchase of treasury shares				(1,862)	(1,862)
Disposal of treasury shares		5		74	80
Change in treasury shares arising from change in equity in entities accounted for using equity method					-
Change in ownership interest of parent due to transactions with non-controlling interests		21			21
Net changes in items other than shareholders' equity					
Total changes during period	-	26	7,933	(1,787)	6,172
Balance at end of period	5,907	12,677	77,384	(3,465)	92,503

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,146	79	1,226	451	88,008
Changes during period					
Dividends of surplus					(6,430)
Profit attributable to owners of parent					14,364
Purchase of treasury shares					(1,862)
Disposal of treasury shares					80
Change in treasury shares arising from change in equity in entities accounted for using equity method					-
Change in ownership interest of parent due to transactions with non-controlling interests					21
Net changes in items other than shareholders' equity	383	155	539	(38)	500
Total changes during period	383	155	539	(38)	6,673
Balance at end of period	1,530	234	1,765	412	94,681

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,907	12,677	77,384	(3,465)	92,503
Changes during period					
Dividends of surplus			(4,876)		(4,876)
Profit attributable to owners of parent			15,845		15,845
Purchase of treasury shares				(148)	(148)
Disposal of treasury shares		1,358		3,464	4,822
Change in treasury shares arising from change in equity in entities accounted for using equity method				(10)	(10)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					
Total changes during period	–	1,358	10,968	3,304	15,631
Balance at end of period	5,907	14,035	88,353	(161)	108,135

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,530	234	1,765	412	94,681
Changes during period					
Dividends of surplus					(4,876)
Profit attributable to owners of parent					15,845
Purchase of treasury shares					(148)
Disposal of treasury shares					4,822
Change in treasury shares arising from change in equity in entities accounted for using equity method					(10)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity	(284)	216	(68)	3,819	3,751
Total changes during period	(284)	216	(68)	3,819	19,382
Balance at end of period	1,246	451	1,697	4,232	114,064

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	21,554	23,208
Depreciation	6,174	8,808
Impairment losses	–	310
Amortization of goodwill	447	1,228
Share-based payment expenses	156	168
Share of loss (profit) of entities accounted for using equity method	(161)	(94)
Loss (gain) on step acquisitions	(37)	13
Increase (decrease) in allowance for doubtful accounts	(8)	(12)
Increase or decrease in retirement benefit assets and liabilities	34	(85)
Increase (decrease) in provision for bonuses	129	93
Increase (decrease) in provision for demolition and removal	–	240
Interest and dividend income	(235)	(344)
Interest expenses	337	781
Foreign exchange losses (gains)	116	(399)
Loss (gain) on sale of investment securities	–	(1,268)
Loss (gain) on sale of non-current assets	(35)	(14)
Subsidy income	–	(1,318)
Loss on retirement of non-current assets	56	153
Loss on tax purpose reduction entry of non-current assets	–	1,316
Decrease (increase) in trade receivables	(1,949)	123
Increase (decrease) in trade payables	(3)	266
Increase (decrease) in accounts payable - other	(424)	(855)
Other, net	4,408	534
Subtotal	30,560	32,856
Interest and dividends received	176	284
Interest paid	(351)	(861)
Income taxes paid	(7,364)	(6,818)
Net cash provided by (used in) operating activities	23,021	25,460
Cash flows from investing activities		
Purchase of investment securities	(65)	(5)
Proceeds from sale and redemption of investment securities	14	2,159
Purchase of property, plant and equipment	(16,227)	(17,261)
Proceeds from sale of property, plant and equipment	84	108
Payments for asset retirement obligations	(127)	(451)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,112)	(45,743)
Purchase of shares of affiliates accounted for using equity method	–	(3,604)
Subsidies received	1,086	282
Decrease (increase) in deposits pledged as collateral	100	–
Other, net	(707)	(592)
Net cash provided by (used in) investing activities	(18,956)	(65,108)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	5
Repayments of short-term borrowings	–	(420)
Proceeds from long-term borrowings	19,500	63,800
Repayments of long-term borrowings	(13,522)	(15,845)
Redemption of bonds	(960)	(950)

Purchase of treasury shares	(1,862)	(148)
Dividends paid	(6,428)	(4,875)
Other, net	(270)	(135)
Net cash provided by (used in) financing activities	(3,543)	41,428
Effect of exchange rate change on cash and cash equivalents	1	12
Net increase (decrease) in cash and cash equivalents	523	1,792
Cash and cash equivalents at beginning of period	52,124	52,647
Cash and cash equivalents at end of period	52,647	54,440

(5) Notes to consolidated financial statements

Notes on going concern assumption

Not applicable.

Notes to business combinations

(Business combination through share acquisition)

Daiei Kankyo Co., Ltd. resolved to acquire a portion of the shares of Sukarabesakure Co., Ltd. and make the company a consolidated subsidiary at the Board of Directors meeting held on August 26, 2025. The share transfer had been subject to approval by the relevant authorities in accordance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and other laws and regulations, and it was completed during the third quarter of the fiscal year ended March 31, 2026. Therefore, the company was made our consolidated subsidiary on November 26, 2025.

1. Outline of business combination

(1) Name and business of the acquired company

Name of the acquired company Sukarabesakure Co., Ltd.

Business Final disposal of industrial waste and contaminated soil

(2) Main reasons for the business combination

In addition to providing one-stop services ranging from waste collection and transportation to intermediate treatment, recycling, and final disposal, the Daiei Kankyo Group has developed a wide-ranging value chain related to building a better environment, including soil remediation as well as facility construction and administration, and is promoting proactive ESG measures that lead to solving social issues amid the global trend toward a decarbonized society and a circular economy.

The acquired company was founded in 1994 and is engaged in the final disposal business for industrial waste and contaminated soil in Kitakyushu City, Fukuoka Prefecture. The controlled final disposal sites owned by the company have a permitted capacity of approximately 8,810,000 m³ and are equipped with a dedicated berth within the facility, making it possible to efficiently receive waste from a wide area by utilizing marine transportation. By making the company a consolidated subsidiary, it will contribute to increasing our planned annual landfill volume and remaining capacity of final disposal sites, both of which are growth measures in our Medium-Term Management Plan, D-Plan 2028. In addition, our joint venture company is currently developing construction plans for energy recovery and other facilities through public-private partnerships (PPP) in the Kyushu area. We believe that by making the company a consolidated subsidiary, we will be able to build a comprehensive system for waste management and resource recycling in the area and generate synergies, leading to the expansion of our market share.

In addition to the planned new construction and expansion of controlled final disposal sites, the Daiei Kankyo Group will continue to broaden our controlled final disposal business into new areas, thereby contributing to the formation of a sustainable recycling-oriented society, and strive for further business growth as a provider of social infrastructure.

(3) Date of the business combination

November 26, 2025 (Deemed acquisition date: November 30, 2025)

(4) Legal form of the business combination

Share acquisition for cash consideration

(5) Name of the entity after the business combination

Unchanged

(6) Percentage share of voting rights acquired

80%

(7) Primary rationale and background for determining the acquirer for accounting purposes

Share acquisition for cash consideration by Daiei Kankyo Co., Ltd.

2. Reporting period during which the acquired company's operating results were consolidated into the financial statements

From December 1, 2025, to March 31, 2026

3. Acquisition cost and breakdown by type of consideration

Consideration paid	Cash	44,000 million yen
Acquisition cost		44,000

4. Nature and amount of significant acquisition-related costs
Advisory and other expenses: 8 million yen
5. Amount of goodwill recognized, reasons for recognition, and method and period of amortization
 - (1) Amount of goodwill recognized
33,700 million yen
Regarding the amount of goodwill, while the amounts were provisionally calculated as of the end of the third quarter of the fiscal year ended March 31, 2026, the allocation of the acquisition cost was completed as of the end of the fiscal year under review.
As a result, the amount of goodwill has been finalized at 33,700 million yen, an increase of 3,660 million yen from the provisional amount of 30,040 million yen.
 - (2) Reasons for recognition
Goodwill was recognized primarily based on excess earnings power expected to arise from business development in the future.
 - (3) Method and period of amortization
On a straight-line basis over 20 years

6. Breakdown of amounts recognized for assets acquired and liabilities assumed as of the business combination date

Current assets	5,546 million yen
Non-current assets	14,233 million yen
Total assets	<u>19,780 million yen</u>
Current liabilities	467 million yen
Non-current liabilities	6,195 million yen
Total liabilities	<u>6,663 million yen</u>

7. Breakdown of amounts allocated to intangible assets (excluding goodwill) and their amortization method

Category	Amounts	Amortization method
Construction permit-related assets	11,077 million yen	On a waste landfill capacity basis

Note: The construction permit-related assets are associated with construction permits for the final disposal sites owned by the acquired company, and are recorded as final disposal sites and construction in progress under assets on the consolidated balance sheet. Although the amounts were provisionally calculated as of the end of the third quarter of the fiscal year ended March 31, 2026, the allocation of the acquisition cost was completed as of the end of the fiscal year under review. As a result, the amounts have been finalized at 11,077 million yen, a decrease of 7,044 million yen from the provisional amount of 18,121 million yen.

8. Estimated amount of impact on the consolidated statements of income for the fiscal year under review, assuming the business combination had been completed on the start date of the fiscal year ended March 31, 2026, and method of calculating the estimated amount

Net sales	3,924 million yen
Operating profit	1,110 million yen
Ordinary profit	1,121 million yen
Profit before income taxes	1,121 million yen
Profit attributable to owners of parent	335 million yen
Basic earnings per share	3.38 yen

(Method of calculating the estimated amount)

The estimated amount of the impact is the difference between the net sales and profit/loss information calculated assuming that the business combination was completed at the beginning of the fiscal year, and the net sales and profit/loss information in the acquirer's consolidated statements of income.

This note has not been audited.

Notes to segment information, etc.

1. Overview of the reportable segment

The Group's reportable segments are components of the Group for which separate financial statements are available and are subject to periodic evaluation by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Group's reportable segment is "Waste-related Business."

The "Waste-related Business" segment includes the provision of one-stop services spanning waste collection and transportation, intermediate treatment, recycling, and final disposal, as well as total solutions for contaminated soil, from survey to remediation. It also encompasses a wide range of environment-related businesses, including community forestry management centered on company-owned forests.

2. Method for calculating amounts of net sales, profit or loss, assets, and other items by reportable segment

Accounting methods for reportable business segments are in accordance with the accounting policies adopted to prepare the consolidated financial statements.

Profit by reportable segment is based on operating profit. Intersegment sales are based on third-party transaction prices.

3. Information concerning amounts of net sales, profit or loss, assets, and other items by reportable segment

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment	Other Businesses (Note 1)	Total	Adjustment (Note 3)	Amount recorded in the consolidated financial statements (Note 4)
	Waste-related Business				
Net sales					
Net sales to external customers	77,487	2,691	80,178	–	80,178
Intersegment net sales or transfers	70	91	162	(162)	–
Total	77,558	2,782	80,341	(162)	80,178
Segment profit (loss)	21,893	(225)	21,667	(119)	21,548
Segment assets	132,160	1,358	133,519	51,385	184,905
Others					
Depreciation	5,800	28	5,828	346	6,174
Goodwill amortization	447	–	447	–	447
Investments in equity method affiliates	1,246	–	1,246	–	1,246
Increase in property, plant and equipment, and intangible assets	14,840	56	14,896	610	15,507

- Notes: 1. The Other Businesses category is a business segment that is not included in the reportable segment, and represents the Valuable Resource Recycling Business and Sports Promotion Business.
2. Expenses related to the administration department and other head office expenses that are not attributed to reportable segments are allocated to each business segment on a reasonable allocation basis.
3. Details of adjustments are as follows:
- (1) The adjustment to segment profit (loss) consists of consolidation adjustments between segments.
 - (2) The adjustment in segment assets mainly consists of surplus funds under management (cash and deposits and securities), investment securities, the commercial facility “ROKKO i PARK,” and assets related to administrative operations of the Company.
 - (3) The adjustment for depreciation represents depreciation of assets related to the commercial facility “ROKKO i PARK.”
 - (4) The adjustment for increase in property, plant and equipment and intangible assets is mainly for facilities associated with the commercial facility “ROKKO i PARK.”
4. Segment profit (loss) has been reconciled with operating profit in the consolidated statement of income.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment	Other Businesses (Note 1)	Total	Adjustment (Note 3)	Amount recorded in the consolidated financial statements (Note 4)
	Waste-related Business				
Net sales					
Net sales to external customers	85,248	2,606	87,855	–	87,855
Intersegment net sales or transfers	93	204	297	(297)	–
Total	85,341	2,811	88,153	(297)	87,855
Segment profit (loss)	22,477	(208)	22,268	(79)	22,189
Segment assets	220,727	1,303	222,030	38,161	260,191
Others					
Depreciation	8,455	35	8,491	317	8,808
Goodwill amortization	1,228	–	1,228	–	1,228
Investments in equity method affiliates	8,333	–	8,333	–	8,333
Increase in property, plant and equipment, and intangible assets	75,361	42	75,403	166	75,569

- Notes: 1. The Other Businesses category is a business segment that is not included in the reportable segment, and represents the Valuable Resource Recycling Business and Sports Promotion Business.
2. Expenses related to the administration department and other head office expenses that are not attributed to reportable segments are allocated to each business segment on a reasonable allocation basis.
3. Details of adjustments are as follows:
- (1) The adjustment to segment profit (loss) consists of consolidation adjustments between segments.
 - (2) The adjustment in segment assets mainly consists of surplus funds under management (cash and deposits and securities), investment securities, the commercial facility “ROKKO i PARK,” and assets related to administrative operations of the Company.
 - (3) The adjustment for depreciation represents depreciation of assets related to the commercial facility “ROKKO i PARK.”
 - (4) The adjustment for increase in property, plant and equipment and intangible assets is mainly for facilities associated with the commercial facility “ROKKO i PARK.”
4. Segment profit (loss) has been reconciled with operating profit in the consolidated statement of income.

【Related information】

Information concerning impairment losses on non-current assets or goodwill, etc. by reportable segment
Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Significant impairment losses on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

In the Waste-related Business segment, goodwill arose from the acquisition of shares to make a number of companies consolidated subsidiaries. Of note was goodwill of 1,244 million yen due to the acquisition of Eiwa Recycle Co., Ltd. as a consolidated subsidiary.

(Significant gain on bargain purchase)

Not applicable.

Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Significant impairment losses on non-current assets)

Impairment losses of 230 million yen in the Waste-related Business segment and of 79 million yen in the Other Businesses segment were recorded.

(Significant changes in amount of goodwill)

In the Waste-related Business segment, goodwill arose from the acquisition of shares to make six companies, including Sukarabesakure Co., Ltd. and Hizen Kankyo Co., Ltd., consolidated subsidiaries.

Of note was goodwill of 33,700 million yen due to the acquisition of Sukarabesakure Co., Ltd. as a consolidated subsidiary.

The above amount reflects adjustments after the finalization of the accounting treatment.

(Significant gain on bargain purchase)

Not applicable.

Per share information

(Yen)

	For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)
Equity per share	957.03	1,100.00
Basic earnings per share	145.54	159.93

Notes: 1. Diluted earnings per share are not presented because there were no potential shares.

2. The basis for calculating basic earnings per share is as follows:

(Millions of yen)

	For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent	14,364	15,845
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent concerning common shares	14,364	15,845
Average number of outstanding common shares during the period (shares)	98,698,095	99,077,066

Notes to subsequent events

Not applicable.