

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, 2022	-	28.00	-	32.00	60.00
Fiscal year ending February 28, 2023	-	30.00	-		
Fiscal year ending February 28, 2023 (Forecast)				30.00	60.00

Notes: 1. Revision to the forecast for dividends announced most recently: No

2. The Company conducted a 1.2-for-1 share split of its common shares on the effective date of September 1, 2021.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2023(March 01, 2022 to February 28, 2023)

(% 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	59,000	3.7	13,600	5.0	13,700	4.4	8,500	1.4	170.86

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended November 30, 2022

(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: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to quarterly consolidated financial statements, Changes in accounting policies” on page 8 of the Attached Material.

(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, 2022: 51,000,000 shares

February 28, 2022: 51,000,000 shares

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

November 30, 2022: 1,621,502 shares

February 28, 2022: 431,518 shares

3) Average number of shares outstanding during the period:

Nine months ended November 30, 2022: 49,866,459 shares

Nine months ended November 30, 2021: 51,233,426 shares

Note: The Company conducted a 1.2-for-1 share split of its common shares on September 1, 2021. Average number of shares outstanding during the period has been calculated on the premise that the share split was conducted at the beginning of the fiscal year ended February 28, 2022.

* 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 nine months ended November 30, 2022, the Japanese economy saw a recovery trend in social and economic activities largely because of the relaxation of novel coronavirus disease (COVID-19) movement restrictions. However, the future economic trend remains uncertain due to concerns about the resurgence of COVID-19; the soaring prices of energy resources including crude oil, and of raw materials caused by the prolonged situation in Ukraine and Russia; and the fluctuation of exchange such as the rapid depreciation of the yen; and other factors.

Amid such an economic situation, a mainstay business of the Company group (the “Group”), the industrial waste treatment business of the Company centered on industrial wastewater treatment was affected by increases in prices such as raw material and energy prices and a shortage of semi-conductor parts, forcing the customers to adjust production. However, with a rise in crude oil prices, the selling prices of recycled fuels have been on a gradual rise, and the improved profitability contributed to higher margins year on year.

In addition, the social reputation of the Company’s recycling-centered processing method and recycled fuel grew further as moves toward carbon neutrality gained momentum globally. As a result, the Company managed to increase both net sales and profits and achieved record-high net sales and profits.

In the soil remediation business of Daiseki Eco. Solution Co., Ltd., orders received are higher year on year in the overall construction industry as construction investment of private companies has been on a gradual recovery trend in the industry. However, the situation has remained unpredictable mainly due to the soaring prices of construction materials. Against this background, Daiseki Eco. Solution continuously focused on winning the orders of high-added value deals and consulting sales activities. While the waste gypsum board business showed steady performance with year-on-year increases of net sales and operating profit, the soil contamination survey and remediation business witnessed decreases in net sales and profits as net sales and profits of the large-scale infrastructure development-related deals were significantly lower than originally planned.

The lead recycling business in Daiseki MCR Co., Ltd. recorded increases in net sales and profits underpinned by considerable improvement in profitability thanks to higher lead selling prices caused by depreciation of the yen.

The washing business for large tanks in System Kikou Co., Ltd., showed steady performance thanks to the improvement of the situation with delay in receiving the order and completion of the construction in the first half of the fiscal year ending February 28, 2023.

In addition, the Group worked to prepare for business expansion for the next fiscal year and beyond, continuing to step up efforts to retain and train human resources while also investing to expand capacity.

As a result, for the nine months ended November 30, 2022, net sales, operating profit, ordinary profit, and profit attributable to owners of parent were ¥44,023 million (up 1.3% year on year), ¥9,825 million (down 2.7% year on year), ¥10,082 million (down 1.2% year on year), and ¥6,647 million (up 3.7% year on year), respectively.

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 November 30, 2022 increased by ¥58 million compared with the end of the previous fiscal year, amounting to ¥99,323 million. The increase was largely due to decreases in cash and deposits of ¥6,761 million and securities of ¥200 million, offset by increases in property, plant and equipment of ¥3,404 million, notes and accounts receivable - trade, and contract assets (notes and accounts receivable - trade at the end of the previous fiscal year) of ¥2,299 million, and investment securities of ¥1,326 million. Liabilities increased by ¥1,209 million compared with the end of the previous fiscal year, amounting to ¥17,030 million. The increase was largely due to increases in short-term borrowings of ¥1,920 million, electronically recorded obligations - operating of ¥337 million, and notes and accounts payable - trade of ¥268 million, respectively, offset by a decrease in income taxes payable of ¥1,390 million. Net assets decreased by ¥1,150 million compared with the end of the previous fiscal year, amounting to ¥82,292 million. The decrease was largely due to an increase in

retained earnings of ¥3,542 million by recording profit gains, etc., offset by a ¥4,854 million decrease due to an increase in treasury shares resulting from purchase of treasury shares.

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

No revisions have been made to the consolidated earnings forecasts announced on June 30, 2022.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	34,149	27,387
Notes and accounts receivable - trade	8,488	-
Notes and accounts receivable - trade, and contract assets	-	10,788
Electronically recorded monetary claims - operating	1,072	1,105
Securities	300	99
Inventories	1,906	1,790
Other	545	750
Allowance for doubtful accounts	(6)	(8)
Total current assets	46,457	41,914
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,482	10,423
Machinery, equipment and vehicles, net	4,016	4,132
Land	24,292	24,800
Construction in progress	1,608	4,392
Other, net	469	523
Total property, plant and equipment	40,868	44,272
Intangible assets		
Goodwill	267	210
Other	295	317
Total intangible assets	562	527
Investments and other assets		
Investment securities	7,765	9,091
Long-term time deposits	1,500	1,500
Deferred tax assets	1,299	1,316
Other	813	702
Allowance for doubtful accounts	(1)	(2)
Total investments and other assets	11,375	12,608
Total non-current assets	52,807	57,409
Total assets	99,264	99,323

(Million yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,004	3,273
Electronically recorded obligations - operating	792	1,129
Short-term borrowings	830	2,750
Current portion of long-term borrowings	706	428
Income taxes payable	2,544	1,154
Provision for bonuses	450	192
Other	3,973	5,706
Total current liabilities	12,302	14,635
Non-current liabilities		
Long-term borrowings	1,618	801
Provision for retirement benefits for directors (and other officers)	8	10
Retirement benefit liability	1,171	1,243
Other	720	340
Total non-current liabilities	3,518	2,395
Total liabilities	15,821	17,030
Net assets		
Shareholders' equity		
Share capital	6,382	6,382
Capital surplus	7,070	7,073
Retained earnings	64,192	67,734
Treasury shares	(1,857)	(6,712)
Total shareholders' equity	75,787	74,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	173	41
Remeasurements of defined benefit plans	(7)	(1)
Total accumulated other comprehensive income	165	39
Non-controlling interests	7,490	7,774
Total net assets	83,443	82,292
Total liabilities and net assets	99,264	99,323

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

(Million yen)

	For the nine months ended November 30, 2021	For the nine months ended November 30, 2022
Net sales	43,420	44,023
Cost of sales	28,584	29,047
Gross profit	14,835	14,975
Selling, general and administrative expenses	4,732	5,149
Operating profit	10,103	9,825
Non-operating income		
Interest income	45	46
Dividend income	11	24
Insurance claim income	3	128
Other	48	65
Total non-operating income	109	264
Non-operating expenses		
Interest expenses	3	4
Loss on cancellation of insurance policies	0	-
Commission for purchase of treasury shares	1	2
Other	1	2
Total non-operating expenses	6	8
Ordinary profit	10,206	10,082
Extraordinary income		
Gain on sale of non-current assets	25	24
Gain on sale of investment securities	-	17
Total extraordinary income	25	42
Extraordinary losses		
Loss on sale of non-current assets	-	1
Loss on retirement of non-current assets	38	25
Impairment losses	18	-
Total extraordinary losses	57	26
Profit before income taxes	10,174	10,097
Income taxes - current	3,296	3,037
Income taxes - deferred	(182)	43
Total income taxes	3,114	3,080
Profit	7,060	7,017
Profit attributable to non-controlling interests	651	369
Profit attributable to owners of parent	6,409	6,647

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended November 30, 2021	For the nine months ended November 30, 2022
Profit	7,060	7,017
Other comprehensive income		
Valuation difference on available-for-sale securities	147	(145)
Remeasurements of defined benefit plans, net of tax	2	6
Total other comprehensive income	149	(138)
Comprehensive income	7,210	6,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,483	6,521
Comprehensive income attributable to non-controlling interests	726	356

(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 18, 2022, July 19, 2022, and October 11, 2022 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 1,200,000 shares of its common stock. As a result, treasury shares increased by ¥4,896 million in the nine months ended November 30, 2022.

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards from the beginning of the first quarter of the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Please note that the alternative treatment provided in Paragraph 98 of "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, and in the case of domestic sales of merchandise and finished goods where there is a normal period of time from shipment to the transfer of control of the merchandise and finished goods to a customer, revenue is recognized at the time of shipment.

The main changes made by the application of the Revenue Recognition Standard are as follows.

As for revenue related to agent transactions, the Company previously recognized revenue on a gross basis. However, as a result of judgment of the roles in providing a good or service to a customer (principal or agent), the Company recognizes revenue on a net basis.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the first quarter of the fiscal year under review, with the new accounting policies applied from the beginning balance.

The resulting impact on the net sales and cost of sales for the nine months ended November 30, 2022 is immaterial. There is also no impact on the gross profit, operating profit, ordinary profit, and profit before income taxes. The application had no impact on the balance of retained earnings at the beginning of the fiscal year under review as well.

Furthermore, "notes and accounts receivable - trade," which was presented under "current assets" in the consolidated balance sheet for the previous fiscal year, has been included under "notes and accounts receivable - trade, and contract assets" from the first quarter of the fiscal year under review.

However, in accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method.

(Application of Accounting Standard for Fair Value Measurement and other standards)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") and other standards from the beginning of the first quarter of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial

Instruments” (ASBJ Statement No. 10, July 4, 2019). This has no impact on the quarterly consolidated financial statements.