



April 5, 2023

To All Concerned Parties

Company: Daiseki Eco. Solution Co., Ltd.
 Representative: Hiroya Yamamoto, President and
 Representative Director
 (Securities code: 1712, Prime Market of the Tokyo Stock
 Exchange and Premier Market of the Nagoya Stock Exchange)
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Notice on the Status of Plan to Meet Continued Listing Criteria of the Prime Market and Decision to Apply for Selection for the Standard Market

On December 6, 2021, Daiseki Eco. Solution Co., Ltd. (“the Company”) announced its “Plan to Meet Continued Listing Criteria for New Market Segment” and has been working towards meeting the continued listing criteria of the Prime Market. Based on the Company’s status of compliance with the continued listing criteria of the Prime Market as of February 28, 2023, and after reviewing the plan for future compliance, the Board of Directors today approved an application to change the market segment selection from the current Prime Market to the Standard Market.

1. Status of Compliance with the Continued Listing Criteria of the Prime Market

The Company’s compliance with the continued listing criteria of the Prime Market as of February 28, 2023 is shown in the table below. As of the transition date of record of the new market segment (June 30, 2021), the Company met all criteria except for tradable share market capitalization and although there was a time after this when our trial calculations indicated it would exceed the standard for the continued listing criteria of the Prime Market with consideration to factors such as an increasing share price, as of February 28, 2023 the Company has still only met all criteria except for tradable share market capitalization.

		Number of Shareholders	Tradable Shares	Tradable Share Market Capitalization	Tradable Share Ratio
The Company’s compliance status and the change thereof	As of June 30, 2021	3,048	61,445 units	¥5.9 billion	36.5%
	As of February 28, 2023	3,916	69,492 units	¥6.2 billion	41.2%
Prime Market continued listing criteria		800 or more	20,000 units or more	¥10.0 billion or more	35.0% or more
Plan period described in original Plan				Fiscal Year Ending February 29, 2024	

* The Company’s compliance status is calculated based on the distribution of the Company’s share certificates, etc., which are known to the Tokyo Stock Exchange as of the date of record.

2. Implementation Status and Evaluation of Initiatives to Meet the Continued Listing Criteria of the Prime Market

In order to fulfill the continued listing criteria in the tradable share market capitalization, the Company has been working to increase the utilization rate of our recycling centers for soil treatment in Japan’s three major metropolitan areas by taking on large infrastructure improvement projects in the contaminated soil business. In addition, the Company has been promoting consulting sales to upstream clients by utilizing all available networks. Moreover, in the gypsum board business, the Company has increased processing capacity through capital investment in response to the expanding market. In terms of financial and capital measures, the Company has encouraged parties with cross ownership to sell their shares of the Company, promoted ROIC management, and increased dividends. However, large infrastructure improvement projects did not come in as planned, resulting in two downward revisions to the Company’s business performance last year (“Notice on Revision to Financial Results Forecast” dated June 30, 2022 and

October 3, 2022), and as of February 28, 2023, its tradable share market capitalization has not reached the continued listing criteria of the Prime Market.

3. Application for Selection of Standard Market Listing

The Company selected the Prime Market on December 6, 2021, and as part of its efforts to comply with the Prime Market, had been working to grow its business by undertaking large infrastructure improvement projects, with the contaminated soil business as the main pillar of its efforts. However, recently, in the course of adjusting operations for the said projects, the Company has decided to revise its Medium-term Business Plan (see attached), comprehensively taking into account factors such as it does not expect to receive orders for projects in the Tokyo metropolitan area in the foreseeable future.

Considering that if the Company continues to maintain its listing on the Prime Market without meeting a portion of the continued listing criteria there is a risk that it will fail to meet such criteria and be delisted after the end of the transitional measures period, the Company has decided that it is also important to select the Standard Market to ensure an environment in which our shareholders can hold and trade the Company's shares without anxiety and with greater peace of mind.

The Company will redefine its current priorities to focus its limited management resources on strengthening existing businesses, mergers and acquisitions, new business development, and the construction of new plants. The Company will apply for selection of the Standard Market this time, however aim to change the listing to the Prime Market again in around five years.

Standard Market Compliance Status

	Number of Shareholders	Tradable Shares	Tradable Share Market Capitalization	Tradable Share Ratio
Status of the Company (as of February 28, 2023)	3,916	69,492 units	¥6.2 billion	41.2%
Standard Market continued listing criteria	400	2,000 units	¥1.0 billion	25.0%

* Number of shareholders, tradable shares, tradable share market capitalization and tradable share ratio are calculated based on the Company's share distribution status, etc. which are known to the Tokyo Stock Exchange as of the date of record. In light of the fact the Company's average monthly trading volume, 15,102 units (Average monthly trading volume is calculated as the monthly average of the total trading volume for the six-month period from July to December 2022 divided by 6) and its net assets, as per the "Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 [Japanese GAAP]" announced today are 15.9 billion yen, the Company has deemed that it meets all of the continued listing criteria of the Standard Market.

The Company will continue with the prescribed procedures, including the submission of a market selection application, in accordance with the schedule set forth by Tokyo Stock Exchange, Inc.

In accordance with the Company's mission of "Being one of Japan's leading companies creating 'environmental revaluation structures,'" we will create new mechanisms to add new value to things that society no longer needs, and that have a negative environmental impact and continue pursuing initiatives to solve environmental issues.

Medium-term Business Plan

(Million JPY)

	FYE Feb 2023 (actual)		FYE Feb 2024 (projected)		FYE Feb 2025 (projected)		FYE Feb 2026 (projected)	
	Amount	Y/Y change (%)	Amount	Y/Y change (%)	Amount	Y/Y change (%)	Amount	Y/Y change (%)
Net sales	16,411	96.1	17,000	103.6	18,736	110.2	20,113	107.4
Gross profit	3,211	86.8	3,307	103.0	3,498	105.8	3,716	106.2
Operating profit	1,373	65.4	1,591	115.9	1,745	109.7	1,881	107.8
Ordinary profit	1,412	66.9	1,600	113.3	1,754	109.6	1,890	107.8
Profit attributable to owners of parent	724	57.9	891	123.1	989	111.0	1,111	112.3
R O E (%)	4.9		5.8		6.3		6.7	

The above performance forecasts are not included the effects of "Notice on Strategic Capital and Business Alliance with Sugimoto Trading Company Co., Ltd. and Making Sugimoto Trading Company Co., Ltd. a Consolidated Subsidiary (announced on March 31,2023)"
The impact of this matter on its business results for the fiscal year ending February 29, 2024,we plan to incorporate this into our earnings forecasts to be announced in the future.