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## Consolidated Financial Results for the Three Months Ended May 31, 2023 [Japanese GAAP]

June 30, 2023

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: +81-52-611-6322  
 Scheduled date of filing quarterly securities report: July 12, 2023  
 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, 2023 (March 1, 2023 to May 31, 2023)

#### (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, 2023	17,874	29.9	3,935	25.1	4,040	23.0	2,431	9.8
May 31, 2022	13,750	(2.0)	3,144	0.6	3,282	4.3	2,213	10.4

(Note) Comprehensive income: Three months ended May 31, 2023: ¥ 2,636 million [ 11.5%]  
 Three months ended May 31, 2022: ¥ 2,364 million [ 7.8%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2023	49.30	-
May 31, 2022	43.98	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
May 31, 2023	104,294	84,455	73.1
February 28, 2023	100,145	84,426	76.3

(Reference) Equity: As of May 31, 2023: ¥ 76,317 million  
 As of February 28, 2023: ¥ 76,494 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, 2023	-	30.00	-	30.00	60.00
Fiscal year ending February 29, 2024	-				
Fiscal year ending February 29, 2024 (Forecast)		30.00	-	30.00	60.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% 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, 2023	32,200	13.5	6,650	6.4	6,750	4.0	4,300	(0.7)	87.49
Full year	62,000	5.8	13,100	3.0	13,200	1.0	8,400	(3.0)	170.91

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

### \* Notes:

- (1) Changes in significant subsidiaries during the three months ended May 31, 2023  
(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 7 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):

May 31, 2023: 51,000,000 shares

February 28, 2023: 51,000,000 shares

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

May 31, 2023: 1,887,197 shares

February 28, 2023: 1,621,617 shares

- 3) Average number of shares outstanding during the period:

Three months ended May 31, 2023: 49,317,324 shares

Three months ended May 31, 2022: 50,324,060 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, 2023, the Japanese economy saw a gradual recovery trend in social and economic activities, including improvements in personal consumption as well as employment and income conditions, due to the reclassification of the novel coronavirus disease (COVID-19) as a Class 5 infectious disease. However, the future economic trend remains uncertain due to 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 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 processing costs due to soaring raw materials and energy prices and production adjustments by customers. However, with a rise in crude oil prices, the selling prices of recycled fuels have been on a gradual rise, and the Company has expanded business by increasing its market share in all areas across Japan. 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.

In the soil remediation business of Daiseki Eco. Solution Co., Ltd., large-scale soil treatment deals in the Chukyo, Kanto, and Kansai areas, which were acquired by actively focusing on winning orders of high-added value deals and consulting sales activities, led to significant increases in both net sales and profits. In addition, the waste gypsum board business performed well.

In the lead recycling business of Daiseki MCR Co., Ltd., the domestic market for recycled lead remained firm, and the factory maintained nearly 100% capacity.

The washing business for large tanks in System Kikou Co., Ltd. continued to operate at nearly 100% capacity, but as a result of the delay in recording net sales due to the completion of construction, net sales and profits fell short of the plan for the three months ended May 31, 2023. However, the order situation is favorable, and the Company can expect to achieve the plan for the full year.

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, 2023, net sales, operating profit, ordinary profit, and profit attributable to owners of parent were ¥17,874 million (up 29.9% year on year), ¥3,935 million (up 25.1% year on year), ¥4,040 million (up 23.0% year on year), and ¥2,431 million (up 9.8% year on year), respectively, securing an increase in both net sales and profits and achieving record-high results 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, 2023 increased by ¥4,149 million compared with the end of the previous fiscal year, amounting to ¥104,294 million. The increase was largely due to increases in notes and accounts receivable - trade, and contract assets of ¥3,028 million, goodwill of ¥1,481 million, property, plant and equipment of ¥1,123 million, and long-term time deposits of ¥1,000 million, offset by a decrease in cash and deposits of ¥2,750 million. Liabilities increased by ¥4,120 million compared with the end of the previous fiscal year, amounting to ¥19,839 million. The increase was largely due to increases in long-term borrowings of ¥2,632 million, notes and accounts payable - trade of ¥1,080 million, and current portion of long-term borrowings of ¥364 million, respectively, offset by a decrease in short-term borrowings of ¥800 million. Net assets increased by ¥28 million compared with the end of the previous fiscal year, amounting to ¥84,455 million. The increase was largely due to increases in retained earnings of ¥950 million and non-controlling interests of ¥205 million by recording profit gains, etc., respectively, offset by a ¥1,057 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 April 5, 2023.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	27,850	25,100
Notes and accounts receivable - trade, and contract assets	9,254	12,283
Electronically recorded monetary claims - operating	1,214	1,138
Inventories	1,948	1,855
Other	521	813
Allowance for doubtful accounts	(7)	(9)
<b>Total current assets</b>	<b>40,781</b>	<b>41,179</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,649	11,749
Machinery, equipment and vehicles, net	5,217	5,160
Land	24,780	25,047
Construction in progress	2,952	3,786
Other, net	539	518
<b>Total property, plant and equipment</b>	<b>45,139</b>	<b>46,262</b>
Intangible assets		
Goodwill	190	1,672
Other	315	408
<b>Total intangible assets</b>	<b>506</b>	<b>2,080</b>
Investments and other assets		
Investment securities	9,119	8,953
Long-term time deposits	2,500	3,500
Deferred tax assets	1,404	1,627
Other	696	692
Allowance for doubtful accounts	(2)	(2)
<b>Total investments and other assets</b>	<b>13,717</b>	<b>14,771</b>
<b>Total non-current assets</b>	<b>59,363</b>	<b>63,114</b>
<b>Total assets</b>	<b>100,145</b>	<b>104,294</b>

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,129	4,209
Electronically recorded obligations - operating	1,229	1,218
Short-term borrowings	2,200	1,400
Current portion of long-term borrowings	366	730
Income taxes payable	1,928	1,465
Provision for bonuses	517	351
Other	4,060	5,452
Total current liabilities	13,431	14,828
Non-current liabilities		
Bonds payable	-	20
Long-term borrowings	727	3,360
Provision for retirement benefits for directors (and other officers)	6	37
Retirement benefit liability	1,243	1,272
Other	310	320
Total non-current liabilities	2,287	5,010
Total liabilities	15,719	19,839
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,382	6,382
Capital surplus	7,072	7,072
Retained earnings	69,753	70,703
Treasury shares	(6,712)	(7,770)
Total shareholders' equity	76,496	76,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	(68)
Remeasurements of defined benefit plans	(5)	(3)
Total accumulated other comprehensive income	(1)	(71)
Non-controlling interests	7,931	8,137
Total net assets	84,426	84,455
Total liabilities and net assets	100,145	104,294

**(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, 2022	For the three months ended May 31, 2023
Net sales	13,750	17,874
Cost of sales	8,956	11,946
Gross profit	4,794	5,927
Selling, general and administrative expenses	1,650	1,991
Operating profit	3,144	3,935
Non-operating income		
Interest income	13	18
Dividend income	4	0
Insurance claim income	117	0
Compensation income	-	82
Other	6	13
Total non-operating income	141	114
Non-operating expenses		
Interest expenses	1	3
Commission for purchase of treasury shares	1	0
Commission expenses	-	4
Other	0	0
Total non-operating expenses	3	10
Ordinary profit	3,282	4,040
Extraordinary income		
Gain on sale of non-current assets	4	17
Total extraordinary income	4	17
Extraordinary losses		
Loss on retirement of non-current assets	6	1
Impairment losses	-	4
Total extraordinary losses	6	5
Profit before income taxes	3,280	4,052
Income taxes - current	879	1,389
Income taxes - deferred	101	(85)
Total income taxes	980	1,304
Profit	2,300	2,748
Profit attributable to non-controlling interests	86	316
Profit attributable to owners of parent	2,213	2,431



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

(Millions of yen)

	For the three months ended May 31, 2022	For the three months ended May 31, 2023
Profit	2,300	2,748
Other comprehensive income		
Valuation difference on available-for-sale securities	61	(112)
Remeasurements of defined benefit plans, net of tax	2	1
Total other comprehensive income	63	(111)
Comprehensive income	2,364	2,636
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,226	2,362
Comprehensive income attributable to non-controlling interests	137	274

**(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' meeting held on April 24, 2023 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 265,500 shares of its common stock. As a result, treasury shares increased by ¥1,057 million in the three months ended May 31, 2023.

**Changes in accounting policies**

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") from the beginning of the first quarter of the fiscal year under review. The Company will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This has no impact on the quarterly consolidated financial statements.