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Consolidated Financial Results for the Year Ended February 29, 2024 [Japanese GAAP]

April 4, 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
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 Phone: +81-52-611-6322
 Scheduled date of Annual General Meeting of Shareholders: May 23, 2024
 Scheduled date of commencing dividend payments: May 24, 2024
 Scheduled date of filing annual securities report: May 24, 2024
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 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	%
Fiscal year ended February 29, 2024	69,216	18.1	14,814	16.5	15,452	18.3	9,465	9.2
February 28, 2023	58,572	2.9	12,711	(1.7)	13,060	(0.4)	8,666	3.4

(Note) Comprehensive income: Fiscal year ended February 29, 2024: ¥ 10,483 million [16.3 %]
 Fiscal year ended February 28, 2023: ¥ 9,012 million [(3.0) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended February 29, 2024	Yen 193.06	Yen -	% 12.0	% 14.8	% 21.4
February 28, 2023	174.21	-	11.3	13.0	21.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 29, 2024: ¥ - million
 Fiscal year ended February 28, 2023: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of February 29, 2024	Millions of yen 108,641	Millions of yen 89,434	% 74.1	Yen 1,652.35
February 28, 2023	100,145	84,426	76.3	1,549.15

(Reference) Equity: As of February 29, 2024: ¥ 80,607 million
 As of February 28, 2023: ¥ 76,494 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 the end of period
Fiscal year ended February 29, 2024	Millions of yen 13,792	Millions of yen (8,252)	Millions of yen (4,144)	Millions of yen 28,898
February 28, 2023	9,919	(8,300)	(8,031)	27,502

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
February 28, 2023	-	30.00	-	30.00	60.00	2,968	34.4	3.9
February 29, 2024	-	30.00	-	36.00	66.00	3,228	34.1	4.1
Fiscal year ending								
February 28, 2025 (Forecast)	-	33.00	-	33.00	66.00		37.0	

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)	86.09
Full year	65,600	(5.2)	14,000	(5.5)	14,100	(8.7)	8,700	(8.0)	178.33

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) 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 “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements, Changes in accounting policies” on page 15 of the Attached Material.

(3) Total number of issued shares (common shares)

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

February 29, 2024: 51,000,000 shares

February 28, 2023: 51,000,000 shares

2) Number of treasury shares at the end of the period:

February 29, 2024: 2,216,552 shares

February 28, 2023: 1,621,617 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 29, 2024: 49,024,530 shares

Fiscal Year ended February 28, 2023: 49,746,121 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 29, 2024	37,155	9.2	10,463	8.5	10,728	6.8	7,585	7.8
February 28, 2023	34,013	3.4	9,639	2.4	10,043	4.1	7,032	4.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended February 29, 2024	154.73		-	
February 28, 2023	141.37		-	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of February 29, 2024	77,130		68,458		88.7		1,403.31	
February 28, 2023	75,619		66,180		87.5		1,340.26	

(Reference) Equity: As of February 29, 2024: ¥ 68,458 million
As of February 28, 2023: ¥ 66,180 million

2. Non-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		Ordinary profit		Net income		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Six months ending August 31, 2024	19,800	7.7	5,600	2.4	3,880	1.9	79.53	
Full year	39,500	6.3	11,000	2.5	7,750	2.1	158.86	

* 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

The earnings forecasts above are based on information available as of the date of disclosure of this material. Actual business results may differ from forecast figures due to various factors occurring in the future. Regarding matters related to the earnings forecasts above, please refer to page 3 of the Attached Material.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

During the fiscal year under review, the Japanese economy saw a gradual recovery trend in social and economic activities largely because of the reclassification of the novel coronavirus disease (COVID-19) as a Class 5 infectious disease and improvements in income and employment situations. 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, 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 prices and the slow recovery of production in the semiconductor and other industries. However, with the selling prices of recycled fuels on a gradual rise, the Company expanded business by increasing its market share, especially among large factories.

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 achieved record highs in both sales and profit.

In the soil remediation business of Daiseki Eco. Solution Co., Ltd., construction investment maintained an increasing trend as a whole thanks to recovery of private capital investment with an external environment heading toward recovery, as well as steady public construction investment. As a result of focus on orders of high-added value deals and consulting sales activities, large-scale soil treatment deals in various areas significantly contributed to performance. The steady performance of the waste gypsum board business also contributed, and so did the financial results of Sugimoto Trading Company Co., Ltd., which became a consolidated subsidiary of Daiseki Eco. Solution Co., Ltd. following the acquisition of all its shares as of April 5, 2023, and its subsidiary, Sugimoto Paper Industry Co., Ltd., from the second quarter of the fiscal year under review. As a result, Daiseki Eco. Solution Co., Ltd. achieved record highs in both sales and profit.

In the lead recycling business of Daiseki MCR Co., Ltd., both sales and profit significantly exceeded the plan due to the sustained high selling prices of lead caused by the depreciation of the yen.

In the washing business for large tanks in System Kikou Co., Ltd., the completion of the construction was delayed from the original plan due to the impact of poor weather and heavy rain, resulting in both sales and profit slightly lower than the plan.

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 fiscal year under review, net sales, operating profit, ordinary profit, and profit attributable to owners of parent were ¥69,216 million (up 18.1% year on year), ¥14,814 million (up 16.5% year on year), ¥15,452 million (up 18.3% year on year), and ¥9,465 million (up 9.2% year on year), respectively, securing an increase in both net sales and profits and achieving record-high sales and profits.

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

(2) Overview of Financial Position for the Fiscal Year

Assets, liabilities and net assets

Total assets of the Group increased by ¥8,495 million compared with the end of the previous fiscal year, amounting to ¥108,641 million. The increase was largely due to increases in property, plant and equipment of ¥2,774 million, notes and accounts receivable - trade, and contract assets of ¥1,776 million, cash and deposits of ¥1,311 million, long-term time deposits of ¥1,001 million, customer-related intangible assets of ¥886 million, and goodwill of ¥718 million, while being offset by a decrease in investment securities of ¥1,038 million. Liabilities increased by ¥3,487 million compared with the end of the previous fiscal year, amounting to ¥19,206 million. The increase was largely due to increases in long-term borrowings of ¥2,070 million, income taxes payable of ¥1,009 million, notes and accounts payable - trade of ¥814 million, and current portion of long-term borrowings of ¥351 million, while being offset by a decrease in short-term borrowings of ¥700 million. Net assets increased by ¥5,008 million compared with the end of the previous fiscal year, amounting to ¥89,434 million. The increase was largely due to increases in retained earnings of ¥6,511 million by recording profit

gains, etc., and non-controlling interests of ¥895 million, offset by a ¥2,391 million decrease due to purchase, etc. of treasury shares.

(3) Overview of Cash Flows for the Fiscal Year

During the fiscal year under review, cash and cash equivalents (“cash”) amounted to ¥28,898 million as of the end of the fiscal year under review, an increase of ¥1,396 million compared with the end of the previous fiscal year. The increase consists of ¥13,792 million provided by operating activities, ¥8,252 million used in investing activities, and ¥4,144 million used in financing activities.

The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities for the fiscal year under review totaled ¥13,792 million (up 39.0% year on year), as a result of realizing ¥15,201 million of profit before income taxes, ¥2,865 million of depreciation, etc., partially offset by ¥3,764 million of income taxes paid and ¥1,444 million of increase in trade receivables, among others.

Cash flows from investing activities

Net cash used in investing activities for the fiscal year under review totaled ¥8,252 million (down 0.5% year on year), as a result of realizing ¥6,153 million of purchase of property, plant and equipment, ¥2,201 million of purchase of shares of subsidiaries resulting in change in scope of consolidation, ¥1,256 million of payments into time deposits, partially offset by ¥1,023 million of proceeds from sale and redemption of short-term and long-term investment securities, among others.

Cash flows from financing activities

Net cash used in financing activities for the fiscal year under review totaled ¥4,144 million (down 48.4% year on year), as a result of realizing ¥2,953 million of dividends paid, ¥2,415 million of purchase of treasury shares, ¥719 million of repayments of long-term borrowings, and ¥700 million of net decrease in short-term borrowings, among others, partially offset by ¥2,900 million of proceeds from long-term borrowings.

Trends in indicators of cash flows for the Group are as follows:

Fiscal year ended	February 29, 2020	February 28, 2021	February 28, 2022	February 28, 2023	February 29, 2024
Equity-to-asset ratio (%)	76.0	77.2	76.5	76.3	74.1
Equity-to-asset ratio based on market value (%)	120.0	149.0	237.9	201.9	178.0
Interest-bearing debt to cash flow ratio (Years)	0.4	0.4	0.2	0.3	0.3
Interest coverage ratio (Times)	1,512.8	1,704.2	2,417.6	1,674.3	651.9

Equity-to-asset ratio: $\text{Equity} / \text{Total assets}$

Equity-to-asset ratio based on market value: $\text{Market capitalization} / \text{Total assets}$

Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} / \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} / \text{Interest payments}$

Note 1: All indicators are calculated using financial figures on a consolidated basis.

Note 2: Market capitalization is calculated on the basis of the number of issued shares excluding treasury shares.

Note 3: Cash flows from operating activities are used for cash flow.

Note 4: Interest-bearing debt covers all debt reported in the consolidated balance sheet for which interest is paid.

(4) Future Outlook

Although automotive production is expected to recover now that semiconductor shortages have eased, the future outlook will remain uncertain due to concerns about soaring prices of raw materials, the impact of the prolonged situation in Ukraine and Russia on the prices of energy resources, the fluctuation of exchange such as the rapid depreciation of the yen, a slowdown in personal consumption growth due to rising prices, deceleration of overseas economies, the impact of labor shortages, and other factors.

In addition, Daiseki Eco. Solution Co., Ltd. expects to see decreases in net sales and profits due to a negative rebound from major deals won in the previous fiscal year, while Daiseki MCR Co., Ltd. expects to see a decrease in profits due to large-scale repairs.

Under these circumstances, the Group will step up efforts to address climate change and human capital, while believing that the promotion of its business contributes to the environment, and will contribute to making the environment, society, and economy sustainable 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.

By factoring in the above circumstances, the Company forecasts, for the fiscal year ending February 28, 2025, net sales of ¥65,600 million (down 5.2% year on year), operating profit of ¥14,000 million (down 5.5% year on year), ordinary profit of ¥14,100 million (down 8.7% year on year), and profit attributable to owners of parent of ¥8,700 million (down 8.0% year on year).

2. Basic Concept regarding Selection of Accounting Standards

Consolidated financial statements are prepared in accordance with the Japanese generally accepted accounting principles (GAAP) as the Group operates its businesses mainly in Japan and engages neither in the development of international businesses nor overseas financing.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	27,850	29,162
Notes and accounts receivable - trade, and contract assets	9,254	11,030
Electronically recorded monetary claims - operating	1,214	1,220
Inventories	1,948	2,609
Other	521	708
Allowance for doubtful accounts	(7)	(8)
Total current assets	40,781	44,722
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,037	27,484
Accumulated depreciation	(11,388)	(12,801)
Buildings and structures, net	11,649	14,682
Machinery, equipment and vehicles	27,641	30,815
Accumulated depreciation	(22,424)	(24,024)
Machinery, equipment and vehicles, net	5,217	6,790
Land	24,780	25,233
Construction in progress	2,952	513
Other	1,829	2,066
Accumulated depreciation	(1,290)	(1,372)
Other, net	539	694
Total property, plant and equipment	45,139	47,913
Intangible assets		
Goodwill	190	909
Customer-related intangible assets	-	886
Other	315	397
Total intangible assets	506	2,193
Investments and other assets		
Investment securities	9,119	8,081
Long-term time deposits	2,500	3,501
Deferred tax assets	1,404	1,485
Other	696	743
Allowance for doubtful accounts	(2)	(1)
Total investments and other assets	13,717	13,811
Total non-current assets	59,363	63,918
Total assets	100,145	108,641

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,129	3,944
Electronically recorded obligations - operating	1,229	1,095
Short-term borrowings	2,200	1,500
Current portion of long-term borrowings	366	717
Income taxes payable	1,928	2,938
Provision for bonuses	517	544
Other	4,060	3,556
Total current liabilities	13,431	14,296
Non-current liabilities		
Bonds payable	-	12
Long-term borrowings	727	2,798
Provision for retirement benefits for directors (and other officers)	6	24
Retirement benefit liability	1,243	1,345
Deferred tax liabilities	-	294
Other	310	435
Total non-current liabilities	2,287	4,909
Total liabilities	15,719	19,206
Net assets		
Shareholders' equity		
Share capital	6,382	6,382
Capital surplus	7,072	7,071
Retained earnings	69,753	76,264
Treasury shares	(6,712)	(9,103)
Total shareholders' equity	76,496	80,615
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	9
Remeasurements of defined benefit plans	(5)	(17)
Total accumulated other comprehensive income	(1)	(8)
Non-controlling interests	7,931	8,827
Total net assets	84,426	89,434
Total liabilities and net assets	100,145	108,641

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Net sales	58,572	69,216
Cost of sales	38,975	46,537
Gross profit	19,597	22,679
Selling, general and administrative expenses		
Freight costs	768	810
Remuneration for directors (and other officers)	481	396
Salaries, allowances and bonuses	2,305	2,587
Provision for bonuses	194	192
Retirement benefit expenses	181	194
Provision for retirement benefits for directors (and other officers)	2	2
Welfare expenses	500	564
Rent expenses	195	240
Depreciation	107	113
Provision of allowance for doubtful accounts	1	2
Experimentation and research expenses	179	260
Other	1,968	2,499
Total selling, general and administrative expenses	6,886	7,864
Operating profit	12,711	14,814
Non-operating income		
Interest income	61	71
Dividend income	52	30
Insurance claim income	139	85
Rental income from land and buildings	2	21
Gain on investments in investment partnerships	26	-
Compensation income	1	488
Insurance return	44	1
Other	34	46
Total non-operating income	361	745
Non-operating expenses		
Interest expenses	5	18
Loss on cancellation of insurance policies	0	-
Commission for purchase of treasury shares	2	1
Loss on investments in investment partnerships	2	4
Compensation for damage	1	70
Other	1	12
Total non-operating expenses	12	107
Ordinary profit	13,060	15,452
Extraordinary income		
Gain on sale of non-current assets	31	49
Gain on sale of investment securities	17	19
Insurance claim income	2	-
Total extraordinary income	52	69

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Extraordinary losses		
Loss on sale of non-current assets	21	2
Loss on retirement of non-current assets	77	314
Loss on tax purpose reduction entry of non-current assets	2	-
Impairment losses	-	4
Total extraordinary losses	101	321
Profit before income taxes	13,011	15,201
Income taxes - current	3,833	4,708
Income taxes - deferred	(22)	(26)
Total income taxes	3,810	4,681
Profit	9,200	10,519
Profit attributable to non-controlling interests	533	1,054
Profit attributable to owners of parent	8,666	9,465

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Profit	9,200	10,519
Other comprehensive income		
Valuation difference on available-for-sale securities	(190)	(21)
Remeasurements of defined benefit plans, net of tax	2	(14)
Total other comprehensive income	(187)	(35)
Comprehensive income	9,012	10,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,499	9,458
Comprehensive income attributable to non-controlling interests	513	1,024

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,382	7,070	64,192	(1,857)	75,787
Changes during period					
Dividends of surplus			(3,105)		(3,105)
Profit attributable to owners of parent			8,666		8,666
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Purchase of treasury shares				(4,900)	(4,900)
Disposal of treasury shares		1		45	47
Net changes in items other than shareholders' equity					
Total changes during period	-	2	5,560	(4,854)	708
Balance at end of period	6,382	7,072	69,753	(6,712)	76,496

	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	173	(7)	165	7,490	83,443
Changes during period					
Dividends of surplus					(3,105)
Profit attributable to owners of parent					8,666
Change in ownership interest of parent due to transactions with non-controlling interests					1
Purchase of treasury shares					(4,900)
Disposal of treasury shares					47
Net changes in items other than shareholders' equity	(169)	2	(167)	441	274
Total changes during period	(169)	2	(167)	441	982
Balance at end of period	3	(5)	(1)	7,931	84,426

For the fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,382	7,072	69,753	(6,712)	76,496
Changes during period					
Dividends of surplus			(2,953)		(2,953)
Profit attributable to owners of parent			9,465		9,465
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Purchase of treasury shares				(2,413)	(2,413)
Disposal of treasury shares		(0)		22	21
Net changes in items other than shareholders' equity					
Total changes during period	-	(1)	6,511	(2,391)	4,119
Balance at end of period	6,382	7,071	76,264	(9,103)	80,615

	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	3	(5)	(1)	7,931	84,426
Changes during period					
Dividends of surplus					(2,953)
Profit attributable to owners of parent					9,465
Change in ownership interest of parent due to transactions with non-controlling interests					(0)
Purchase of treasury shares					(2,413)
Disposal of treasury shares					21
Net changes in items other than shareholders' equity	6	(12)	(6)	895	889
Total changes during period	6	(12)	(6)	895	5,008
Balance at end of period	9	(17)	(8)	8,827	89,434

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	13,011	15,201
Depreciation	2,390	2,865
Amortization of goodwill	76	121
Amortization of customer relationship	-	50
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for bonuses	66	10
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(2)	(12)
Increase (decrease) in retirement benefit liability	76	57
Interest and dividend income	(113)	(102)
Interest expenses	5	18
Subsidy income	(13)	(4)
Compensation income	(1)	(488)
Loss (gain) on sale of non-current assets	(10)	(47)
Loss on retirement of non-current assets	77	314
Loss on tax purpose reduction entry of non-current assets	2	-
Impairment losses	-	4
Loss (gain) on sale of investment securities	(17)	(19)
Loss (gain) on investments in investment partnerships	(23)	4
Loss (gain) on cancellation of insurance policies	0	-
Decrease (increase) in trade receivables	(908)	(1,444)
Decrease (increase) in inventories	(41)	(661)
Increase (decrease) in trade payables	562	670
Increase (decrease) in accrued consumption taxes	(577)	513
Other, net	(341)	282
Subtotal	14,219	17,335
Interest and dividends received	139	129
Interest paid	(5)	(21)
Proceeds from compensation	1	113
Income taxes paid	(4,434)	(3,764)
Net cash provided by (used in) operating activities	9,919	13,792
Cash flows from investing activities		
Payments into time deposits	(1,239)	(1,256)
Proceeds from withdrawal of time deposits	126	472
Purchase of investment securities	(1,890)	(25)
Purchase of insurance funds	(7)	(6)
Proceeds from cancellation of insurance funds	231	-
Proceeds from sale and redemption of short-term and long-term investment securities	506	1,023
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,201)
Purchase of property, plant and equipment	(6,130)	(6,153)
Proceeds from sale of property, plant and equipment	62	66
Purchase of intangible assets	(39)	(115)
Subsidies received	13	4
Other, net	65	(61)
Net cash provided by (used in) investing activities	(8,300)	(8,252)

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	370	(700)
Proceeds from long-term borrowings	500	2,900
Repayments of long-term borrowings	(731)	(719)
Redemption of bonds	-	(8)
Dividends paid	(3,104)	(2,953)
Dividends paid to non-controlling interests	(95)	(96)
Purchase of treasury shares	(4,902)	(2,415)
Other, net	(67)	(151)
Net cash provided by (used in) financing activities	(8,031)	(4,144)
Net increase (decrease) in cash and cash equivalents	(6,412)	1,396
Cash and cash equivalents at beginning of period	33,914	27,502
Cash and cash equivalents at end of period	27,502	28,898

(5) Notes to Consolidated Financial Statements

Notes on premise of going concern

Not applicable.

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 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 consolidated financial statements.

Segment information, etc.

Segment information

Fiscal years ended February 28, 2023 and February 29, 2024

This information has been omitted as the Group consists of a single business segment, the environment-related business.

Information associated with reportable segments

Fiscal years ended February 28, 2023 and February 29, 2024

1. Information for each product or service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

2. Information for each region

(1) Net sales

This information has been omitted as net sales to external customers in Japan account for more than 90% of net sales recorded in the consolidated statement of income.

(2) Property, plant and equipment

Not applicable as the Company does not have property, plant, and equipment located in countries and regions other than Japan.

3. Information for each of main customers

This information has been omitted as there is no specific customer to which net sales, among those to external customers, account for 10% of net sales in consolidated statement of income.

Disclosure of impairment loss on non-current assets for each reportable segment

Fiscal year ended February 28, 2023

Not applicable.

Fiscal year ended February 29, 2024

This information has been omitted as the Group consists of a single business segment, the environment-related business.

Amortization and unamortized balance of goodwill for each reportable segment

Fiscal years ended February 28, 2023 and February 29, 2024

This information has been omitted as the Group consists of a single business segment, the environment-related business.

Information about gain on bargain purchase for each reportable segment

Fiscal years ended February 28, 2023 and February 29, 2024

Not applicable.

Per share information

(Yen)

Fiscal year ended February 28, 2023		Fiscal year ended February 29, 2024	
Net assets per share	1,549.15	Net assets per share	1,652.35
Basic earnings per share	174.21	Basic earnings per share	193.06

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

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

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit attributable to owners of parent (Millions of yen)	8,666	9,465
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	8,666	9,465
Average number of common shares outstanding during the period (Shares)	49,746,121	49,024,530

Significant events after reporting period

(Introduction of a restricted stock incentive plan)

The Company resolved at the Board of Directors' meeting held on April 4, 2024, to introduce an employee stock incentive plan (the "Plan") under which the Group's employees (the "Eligible Employees") are granted restricted stock through the Daiseki Employee Shareholding Association (the "Association").

1. Purpose of introducing the Plan

The purpose of the Plan is not only to help employees build asset by offering the Eligible Employees, through the Association, an opportunity to acquire the Company's common shares as restricted stock, which will be issued or disposed of by the Company, but also to make them more aware of the Group's performance and share prices and motivate them to enhance the corporate value through deeper value sharing with shareholders.

2. Outline of the Plan

The Company or its subsidiaries will provide monetary claims, as a special incentive for granting restricted stock (the "Special Incentive"), to Eligible Employees who are qualified to join the Association, on condition that they consent to the Plan. These Eligible Employees will contribute their Special Incentives to the Association, and then the Association will make an in-kind investment of these Special Incentives in the Company. The Company will issue or dispose of its common shares as restricted stock for the Eligible Employees through the Association.

The Plan will use the Restricted Stock Incentive Plan for Employee Shareholding Associations (RS Incentive Plan for ESA) offered by Nomura Securities Co., Ltd. To celebrate the achievement of ¥10

billion in non-consolidated operating profit, the Company has decided to grant its common shares to its employee as a special incentive.

3. Outline of the grant of the Company's shares through the introduction of the Plan

- (1) Number of shares to be disposed of: 80,000 shares (planned)
- (2) Total value of disposition: ¥287 million (planned)
- (3) Disposition date: Undecided