

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Consolidated Financial Results for the Three Months Ended May 31, 2025 [Japanese GAAP]

July 2, 2025

Company name: Daiseki Eco. Solution Co., Ltd.
 Listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Securities code: 1712
 URL: <https://www.daiseki-eco.co.jp/en/>
 Representative: Hiroya Yamamoto, President and Representative Director
 Inquiries: Toshiyuki Niwa, General Manager of Headquarters of Planning and Management
 Telephone: +81-52-819-5310
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended May 31, 2025 (March 1, 2025 to May 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	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, 2025	5,891	24.1	690	24.3	699	26.5	427	41.2
May 31, 2024	4,747	(28.5)	555	(37.7)	553	(37.4)	302	(44.6)

(Note) Comprehensive income: Three months ended May 31, 2025: ¥ 419 million [18.1%]
 Three months ended May 31, 2024: ¥ 355 million [(31.6)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2025	25.47	-
May 31, 2024	18.02	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of May 31, 2025	29,540	19,248	60.0
February 28, 2025	29,031	18,966	60.2

(Reference) Equity: As of May 31, 2025: ¥ 17,747 million
 As of February 28, 2025: ¥ 17,502 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, 2025	-	7.00	-	7.00	14.00
Fiscal year ending February 28, 2026	-				
Fiscal year ending February 28, 2026 (Forecast)		8.00	-	8.00	16.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2026 (March 1, 2025 to February 28, 2026)

(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 August 31, 2025	10,700	20.1	1,180	10.5	1,190	10.6	660	10.6	39.31
Full year	21,000	5.2	2,380	5.6	2,400	6.3	1,350	9.3	80.42

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

May 31, 2025: 16,827,120 shares

February 28, 2025: 16,827,120 shares

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

May 31, 2025: 40,561 shares

February 28, 2025: 40,561 shares

3) Average number of shares outstanding during the period:

Three months ended May 31, 2025: 16,786,559 shares

Three months ended May 31, 2024: 16,790,456 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The earnings forecasts are based on information available as of the date of disclosure of this material. These statements are not guarantees of future performance, and actual results may differ materially from these forecasts due to a variety of reasons.

Attached Material**Index**

1. Qualitative information on quarterly consolidated financial results.....	2
(1) Explanation of operating results	2
(2) Explanation of financial position	2
(3) Explanation of consolidated earnings forecasts and other forward-looking statements	2
2. Quarterly consolidated financial statements and significant notes thereto.....	3
(1) Quarterly consolidated balance sheets.....	3
(2) Quarterly consolidated statements of income and comprehensive income.....	5
Quarterly consolidated statements of income (for the three months)	5
Quarterly consolidated statements of comprehensive income (for the three months)	6
(3) Notes on the quarterly consolidated financial statements	7
Notes on premise of going concern	7
Notes on significant changes in the amount of shareholders' equity	7
Changes in accounting policies.....	7
Segment information, etc.....	8
Notes on the consolidated statements of cash flows	9

1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the three months ended May 31, 2025, the Japanese economy was in a recovery trend in corporate performance and the employment and income situations. Meanwhile, the overseas situation was in turmoil due to the Trump administration's tariff policy and the conflicts in the Middle East and Ukraine, and the outlook for the domestic and overseas economies remained uncertain.

In the construction industry, to which the Company group (the "Group") belongs, although there have been signs of recovery in private capital investment and public investment, concerns remain about stagnation in construction work due to overtime restrictions in the construction industry and labor shortages in line with the aging of the population.

Under these conditions, in our mainstay Soil Investigation and Measures Business, large-scale and high value-added projects in the Kanto and Kansai areas, which have been ongoing since the previous fiscal year, contributed significantly to the Group's performance.

As a result, the three months ended May 31, 2025 saw an increase in both sales and profits, with net sales of ¥5,891 million (up 24.1% year on year), operating profit of ¥690 million (up 24.3% year on year), ordinary profit of ¥699 million (up 26.5% year on year), and profit attributable to owners of parent of ¥427 million (up 41.2% year on year).

Operating results by segment are as follows.

Soil Investigation and Measures Business

High value-added projects, including the large-scale contaminated soil disposal and construction projects in the Kanto area and the large-scale factory waste removal consulting projects in the Kansai area, continued to progress from the previous fiscal year. As a result, the Soil Investigation and Measures Business recorded net sales of ¥4,414 million (up 30.6% year on year) and operating profit of ¥622 million (up 28.8% year on year), marking an increase in both sales and profits.

Resource Recycling Business

Sales and profits of the PCB Consulting Business were favorable as there was a rush of demand for disposal by the end of March 2027. Sales and profits of Green Arrows Central Co., Ltd., Green Arrows Kyushu Co., Ltd., and Sugimoto Trading Company Co., Ltd., which are consolidated subsidiaries, were stable, due to the solid shipping and processing volumes of waste for recycling. As a result, the Resource Recycling Business also marked an increase in both sales and profits, recording net sales of ¥1,545 million (up 8.8% year on year) and operating profit of ¥300 million (up 8.0% year on year).

(2) Explanation of financial position

Total assets as of May 31, 2025 were ¥29,540 million, an increase of ¥508 million compared with the end of the previous fiscal year. This was primarily due to an increase in notes and accounts receivable - trade, and contract assets, and a decrease in inventories.

Liabilities as of May 31, 2025 were ¥10,292 million, an increase of ¥227 million compared with the end of the previous fiscal year. This was primarily due to an increase in short-term borrowings, and decreases in notes and accounts payable - trade and long-term borrowings.

Net assets as of May 31, 2025 were ¥19,248 million, an increase of ¥281 million compared with the end of the previous fiscal year. This was primarily due to an increase in retained earnings.

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

The consolidated earnings forecasts for the fiscal year ending February 28, 2026 remain unchanged from the figures announced in the Consolidated Financial Results dated April 8, 2025.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2025	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	1,413	1,377
Notes and accounts receivable - trade, and contract assets	5,394	6,178
Inventories	480	356
Other	195	206
Allowance for doubtful accounts	(7)	(8)
Total current assets	7,476	8,110
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,776	5,715
Land	10,681	10,681
Construction in progress	509	561
Other, net	1,621	1,552
Total property, plant and equipment	18,588	18,511
Intangible assets		
Goodwill	735	720
Customer-related intangible assets	819	802
Other	94	87
Total intangible assets	1,648	1,610
Investments and other assets		
Other	1,317	1,308
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,317	1,307
Total non-current assets	21,554	21,429
Total assets	29,031	29,540

(Millions of yen)

	As of February 28, 2025	As of May 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,791	1,646
Short-term borrowings	1,330	1,770
Current portion of long-term borrowings	1,043	991
Current portion of bonds payable	8	8
Lease liabilities	92	91
Accounts payable - other	291	319
Income taxes payable	208	294
Provision for bonuses	167	264
Other	386	417
Total current liabilities	5,318	5,802
Non-current liabilities		
Bonds payable	4	4
Long-term borrowings	4,002	3,753
Lease liabilities	257	243
Provision for retirement benefits for directors (and other officers)	15	15
Retirement benefit liability	169	176
Other	297	297
Total non-current liabilities	4,746	4,489
Total liabilities	10,064	10,292
Net assets		
Shareholders' equity		
Share capital	2,287	2,287
Capital surplus	2,089	2,089
Retained earnings	12,872	13,183
Treasury shares	(40)	(40)
Total shareholders' equity	17,209	17,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	281	219
Remeasurements of defined benefit plans	11	8
Total accumulated other comprehensive income	293	228
Non-controlling interests	1,464	1,500
Total net assets	18,966	19,248
Total liabilities and net assets	29,031	29,540

(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, 2024	For the three months ended May 31, 2025
Net sales	4,747	5,891
Cost of sales	3,638	4,602
Gross profit	1,109	1,289
Selling, general and administrative expenses	553	599
Operating profit	555	690
Non-operating income		
Interest income	0	5
Rental income from real estate	5	5
Sales of scrap iron income	0	7
Other	2	1
Total non-operating income	9	20
Non-operating expenses		
Interest expenses	7	9
Other	3	0
Total non-operating expenses	11	10
Ordinary profit	553	699
Extraordinary income		
Gain on sale of non-current assets	-	3
Subsidy income	19	-
Total extraordinary income	19	3
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Loss on tax purpose reduction entry of non-current assets	19	-
Total extraordinary losses	23	0
Profit before income taxes	549	703
Income taxes - current	178	278
Income taxes - deferred	9	(59)
Total income taxes	187	218
Profit	361	485
Profit attributable to non-controlling interests	58	57
Profit attributable to owners of parent	302	427

Quarterly consolidated statements of comprehensive income (for the three months)

(Millions of yen)

	For the three months ended May 31, 2024	For the three months ended May 31, 2025
Profit	361	485
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(62)
Remeasurements of defined benefit plans, net of tax	1	(2)
Total other comprehensive income	(6)	(65)
Comprehensive income	355	419
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	296	362
Comprehensive income attributable to non-controlling interests	58	57

(3) Notes on the quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes, etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter "Revised Accounting Standard 2022"), etc. from the beginning of the first quarter of the fiscal year ending February 28, 2026.

Revisions concerning the categories for recording income taxes (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies has no effect on the quarterly consolidated financial statements.

With regard to revisions related to the review of the treatment of gains or losses on sales of subsidiaries' shares, etc. among consolidated companies in the consolidated financial statements when they are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter of the fiscal year ending February 28, 2026. The change in accounting policies has been applied retrospectively and the retrospective application is reflected in the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year. The change in the accounting policies has no effect on the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year.

Segment information, etc.Segment information**I. For the three months ended May 31, 2024**

Information on the amounts of net sales, profit or loss for each reportable segment and revenue breakdown information

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount in the quarterly consolidated statement of income (Note 2)
	Soil Investigation and Measures Business	Resource Recycling Business	Total		
Net sales					
Chukyo	992	664	1,656	—	1,656
Kanto	1,639	1	1,640	—	1,640
Kansai	746	521	1,268	—	1,268
Kyushu	—	181	181	—	181
Revenue from contracts with customers	3,378	1,368	4,747	—	4,747
Sales to external customers	3,378	1,368	4,747	—	4,747
Intersegment sales or transfers	1	51	53	(53)	—
Total	3,380	1,420	4,800	(53)	4,747
Segment profit	482	278	760	(205)	555

Notes: 1. The negative ¥205 million adjustment for segment profit consists of ¥12 million for elimination of intersegment transactions and negative ¥218 million for corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of general and administrative expenses not attributable to any reportable segment.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

II. For the three months ended May 31, 2025

Information on the amounts of net sales, profit or loss for each reportable segment and revenue breakdown information

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount in the quarterly consolidated statement of income (Note 2)
	Soil Investigation and Measures Business	Resource Recycling Business	Total		
Net sales					
Chukyo	1,481	721	2,202	—	2,202
Kanto	1,452	0	1,452	—	1,452
Kansai	1,476	561	2,038	—	2,038
Kyushu	—	198	198	—	198
Revenue from contracts with customers	4,410	1,481	5,891	—	5,891
Sales to external customers	4,410	1,481	5,891	—	5,891
Intersegment sales or transfers	4	63	67	(67)	—
Total	4,414	1,545	5,959	(67)	5,891
Segment profit	622	300	922	(232)	690

Notes: 1. The negative ¥232 million adjustment for segment profit consists of ¥11 million for elimination of intersegment transactions and negative ¥244 million for corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of general and administrative expenses not attributable to any reportable segment.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

Notes on the consolidated statements of cash flows

Quarterly consolidated statements of cash flows for the three months ended May 31, 2025 are not prepared. Depreciation (including amortization of intangible assets excluding goodwill and investments and other assets) and amortization of goodwill for the three months ended May 31, 2025 are as follows.

(Millions of yen)

	For the three months ended May 31, 2024	For the three months ended May 31, 2025
Depreciation and amortization	277	260
Amortization of goodwill	15	15