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April 7, 2026

## Consolidated Financial Results for the Fiscal Year Ended February 28, 2026 (Under Japanese GAAP)



Company name: Daiseki Co., Ltd.

Listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Securities code: 9793

URL: <https://www.daiseki.co.jp/english/index.html>

Representative: Tetsuya Yamamoto, President and Representative Director

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Scheduled date of annual general meeting of shareholders: May 28, 2026

Scheduled date to commence dividend payments: May 29, 2026

Scheduled date to file annual securities report: May 27, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for analysts and institutional investors)

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

### 1. Consolidated financial results for the fiscal year ended February 28, 2026 (from March 1, 2025 to February 28, 2026)

#### (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	%
Fiscal year ended February 28, 2026	71,845	6.7	14,588	1.8	14,885	0.3	9,155	(1.6)
February 28, 2025	67,304	(2.7)	14,318	(3.3)	14,830	(4.0)	9,307	(1.6)

Note: Comprehensive income For the fiscal year ended February 28, 2026: ¥ 10,233 million [ (0.4) %]  
For the fiscal year ended February 28, 2025: ¥ 10,283 million [ (1.9) %]

	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 28, 2026	Yen 193.02	Yen -	% 11.0	% 13.6	% 20.3
February 28, 2025	193.37	-	11.2	13.3	21.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended February 28, 2026: ¥ - million

For the fiscal year ended February 28, 2025: ¥ - million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of February 28, 2026	Millions of yen 105,176	Millions of yen 83,403	% 77.7	Yen 1,728.78
February 28, 2025	113,635	93,850	74.2	1,753.99

Reference: Equity

As of February 28, 2026: ¥ 81,746 million

As of February 28, 2025: ¥ 84,326 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 end of period
Fiscal year ended February 28, 2026	Millions of yen 10,984	Millions of yen (4,071)	Millions of yen (18,733)	Millions of yen 18,301
February 28, 2025	13,825	(7,280)	(5,321)	30,122

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2025	-	33.00	-	39.00	72.00	3,459	37.2	4.2
Fiscal year ended February 28, 2026	-	36.00	-	40.00	76.00	3,593	39.3	4.3
Fiscal year ending February 28, 2027 (Forecast)	-	43.00	-	43.00	86.00		36.3	

## 3. Consolidated financial result forecasts for the fiscal year ending February 28, 2027 (from March 1, 2026 to February 28, 2027)

(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, 2026	37,177	2.9	8,322	11.6	8,451	10.7	5,558	17.9	117.54
Full year	74,200	3.2	16,800	15.1	17,000	14.2	11,200	22.3	236.85

### \* Notes

(1) Significant changes in the scope of consolidation during the period:

None

Newly included: - companies( )  
Excluded: - companies( )

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(Note) For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in accounting policies)” in “3. Consolidated Financial Statements and Principal Notes” on page 17 of the Attached Material.

(3) Number of issued shares (common shares)

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

As of February 28, 2026	48,000,000 shares
As of February 28, 2025	51,000,000 shares

(ii) Number of treasury shares at the end of the period

As of February 28, 2026	714,476 shares
As of February 28, 2025	2,923,061 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended February 28, 2026	47,428,791 shares
Fiscal Year ended February 28, 2025	48,129,007 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended February 28, 2026 (from March 1, 2025 to February 28, 2026)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 28, 2026	40,402	4.9	11,457	6.4	12,427	9.2	8,686	9.3
February 28, 2025	38,483	3.5	10,759	2.8	11,373	6.0	7,946	4.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2026	183.15	-
February 28, 2025	165.11	-

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2026	82,860	73,261	88.4	1,549.35
February 28, 2025	79,294	70,668	89.1	1,469.89

Reference: Equity

As of February 28, 2026: ¥ 73,261 million

As of February 28, 2025: ¥ 70,668 million

**2. Non-consolidated financial result forecasts for the fiscal year ending February 28, 2027 (from March 1, 2026 to February 28, 2027)**

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2026	21,296	5.5	6,560	4.3	4,520	0.1	95.58
Full year	42,500	5.1	12,700	2.1	8,700	0.1	183.98

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

\* 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 indicated a modest recovery trend, on the back of improvements in the employment and income environments and the effects of the government's economic policies. However, sluggish industrial production continued due to the impact of rising prices resulting from soaring raw material and labor costs, as well as an unstable international situation and the tariff impact caused by the U.S. trade policy.

Amid such an economic situation, in a mainstay business of the Company group (the "Group"), the industrial waste treatment business of the Company centered on industrial wastewater treatment achieved record highs in all figures of net sales, operating profit, ordinary profit, and net income, although results were slightly lower than planned at the beginning of the fiscal year, on account of the aggressive acquisition of wastewater from new and other customers as a raw material for recycled fuels to turn the amounts received to an increase, despite higher raw material and labor costs, and other factors.

In the soil remediation business of Daiseki Eco. Solution Co., Ltd., despite challenges such as soaring prices of construction materials resulting from heightening tension in the Middle East, rising labor costs, and the tight labor market associated with Japan's shrinking working population, sales rose due to the steady performance of large-scale, high value-added projects in the Kanto region that have been ongoing since the previous fiscal year and large-scale infrastructure building projects in the Chubu region, amid steady government investments in construction projects and the upward trend of construction investments in the private sector.

In the lead recycling business of Daiseki MCR Co., Ltd., the impact of market prices for lead, as well as factors such as rising raw materials costs, caused profit to fall below expectations, although factory production remained steady and sales reached a record high owing to large-scale repairs carried out in the previous fiscal year. System Kikou Co., Ltd.'s washing business for large tanks achieved record highs in both sales and profits as a result of the completion of highly profitable projects, acquisition of customer projects in cooperation with Daiseki Co., Ltd., and other factors.

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 by 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 fiscal year under review, net sales, operating profit, and ordinary profit were ¥71,845 million (up 6.7% year on year), ¥14,588 million (up 1.8% year on year), and ¥14,885 million (up 0.3% year on year), respectively, achieving record-high net sales. Profit attributable to owners of parent was ¥9,155 million (down 1.6% year on year) due to the impact of impairment losses related to the business acquisition.

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 decreased by ¥8,458 million compared with the end of the previous fiscal year, amounting to ¥105,176 million. The decrease was largely due to a decrease in cash and deposits of ¥12,017 million, while being offset by increases in notes and accounts receivable - trade, and contract assets of ¥2,240 million and property, plant and equipment of ¥1,696 million. Liabilities increased by ¥1,988 million compared with the end of the previous fiscal year, amounting to ¥21,773 million. The increase was largely due to increases in short-term borrowings of ¥1,330 million, provision for bonuses of ¥205 million, and provision for retirement benefits for directors (and other officers) of ¥270 million. Net assets decreased by ¥10,447 million compared with the end of the previous fiscal year, amounting to ¥83,403 million. The decrease was largely due to decreases in retained earnings of ¥6,030 million resulting from cancellation of treasury shares, etc. and capital surplus of ¥5,582 million resulting from purchase of additional shares of a consolidated subsidiary, etc.

### (3) Overview of Cash Flows for the Fiscal Year

During the fiscal year under review, cash and cash equivalents ("cash") amounted to ¥18,301 million as of the end of the fiscal year under review, a decrease of ¥11,820 million compared with the end of the previous fiscal

year. The decrease consists of ¥10,984 million provided by operating activities, ¥4,071 million used in investing activities, and ¥18,733 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 ¥10,984 million (down 20.5% year on year), as a result of realizing ¥14,587 million of profit before income taxes and ¥3,514 million of depreciation, partially offset by ¥4,613 million of income taxes paid, ¥2,395 million of increase in trade receivables, and ¥655 million of decrease in trade payables, among others.

#### Cash flows from investing activities

Net cash used in investing activities for the fiscal year under review totaled ¥4,071 million (down 44.0% year on year), as a result of realizing ¥6,008 million of purchase of property, plant and equipment, among others, partially offset by ¥1,212 million of proceeds from sale and redemption of short-term and long-term investment securities and ¥839 million of proceeds from sale of property, plant and equipment, among others.

#### Cash flows from financing activities

Net cash used in financing activities for the fiscal year under review totaled ¥18,733 million (up 252.0% year on year), as a result of realizing ¥13,006 million of purchase of shares of subsidiaries not resulting in change in scope of consolidation, ¥3,577 million of dividends paid, ¥2,950 million of purchase of treasury shares, and ¥975 million of repayments of long-term borrowings, among others, partially offset by ¥1,330 million of net increase in short-term borrowings and ¥700 million of proceeds from long-term borrowings.

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

Fiscal year ended	February 28, 2022	February 28, 2023	February 29, 2024	February 28, 2025	February 28, 2026
Equity-to-asset ratio (%)	76.5	76.3	74.1	74.2	77.7
Equity-to-asset ratio based on market value (%)	237.9	201.9	178.0	154.4	177.8
Interest-bearing debt to cash flow ratio (Years)	0.2	0.3	0.3	0.4	0.6
Interest coverage ratio (Times)	2,417.6	1,674.3	651.9	392.2	240.4

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 the economy is expected to be lifted by factors such as improvements in the employment and income situation and the government's economic measures, the future outlook will remain uncertain due mainly to concerns about the surge in raw materials and energy prices reflecting the global situation, continuously rising prices, and the impact of shifts in U.S. economic policies. In this environment, the Group aims to expand its business, especially through Daiseki Co., Ltd., by focusing on the growing environmental awareness in Japan.

Daiseki Eco. Solution Co., Ltd. predicts robust real-estate demand particularly in metropolitan areas and will thus focus its effort to win more deals for high value-added and large-scale projects.

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 by 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, 2027, net sales of ¥74,200 million (up 3.2% year on year), operating profit of ¥16,800 million (up 15.1% year on year), ordinary profit of ¥17,000 million (up 14.2% year on year), and profit attributable to owners of parent of ¥11,200 million (up 22.3% 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, 2025	As of February 28, 2026
<b>Assets</b>		
Current assets		
Cash and deposits	30,416	18,398
Notes and accounts receivable - trade, and contract assets	11,751	13,991
Electronically recorded monetary claims - operating	1,166	1,319
Securities	500	-
Inventories	2,138	2,277
Other	685	599
Allowance for doubtful accounts	(8)	(10)
Total current assets	46,650	36,576
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,230	30,960
Accumulated depreciation	(13,884)	(14,968)
Buildings and structures, net	14,345	15,991
Machinery, equipment and vehicles	32,017	33,495
Accumulated depreciation	(25,510)	(26,924)
Machinery, equipment and vehicles, net	6,507	6,571
Land	29,391	29,722
Construction in progress	1,350	890
Other	2,296	2,570
Accumulated depreciation	(1,487)	(1,646)
Other, net	808	924
Total property, plant and equipment	52,403	54,100
Intangible assets		
Goodwill	773	675
Customer-related intangible assets	819	752
Other	362	346
Total intangible assets	1,955	1,774
Investments and other assets		
Investment securities	7,169	7,063
Long-term time deposits	3,500	3,500
Deferred tax assets	1,402	1,508
Other	554	657
Allowance for doubtful accounts	(1)	(3)
Total investments and other assets	12,625	12,725
Total non-current assets	66,984	68,600
Total assets	113,635	105,176

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,048	3,180
Electronically recorded obligations - operating	1,013	1,226
Short-term borrowings	1,330	2,660
Current portion of long-term borrowings	928	901
Income taxes payable	2,494	2,784
Provision for bonuses	602	807
Other	3,576	4,427
Total current liabilities	13,993	15,987
Non-current liabilities		
Bonds payable	4	-
Long-term borrowings	3,772	3,524
Provision for retirement benefits for directors (and other officers)	27	297
Retirement benefit liability	1,286	1,333
Deferred tax liabilities	268	248
Other	432	381
Total non-current liabilities	5,791	5,785
Total liabilities	19,784	21,773
Net assets		
Shareholders' equity		
Share capital	6,382	6,382
Capital surplus	7,071	1,488
Retained earnings	82,193	76,162
Treasury shares	(11,456)	(2,761)
Total shareholders' equity	84,190	81,272
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52	479
Remeasurements of defined benefit plans	83	(5)
Total accumulated other comprehensive income	135	473
Non-controlling interests	9,523	1,657
Total net assets	93,850	83,403
Total liabilities and net assets	113,635	105,176

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

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
Net sales	67,304	71,845
Cost of sales	44,856	47,757
Gross profit	22,447	24,087
Selling, general and administrative expenses		
Freight costs	962	1,069
Remuneration for directors (and other officers)	420	421
Salaries, allowances and bonuses	2,748	2,914
Provision for bonuses	232	305
Retirement benefit expenses	193	149
Provision for retirement benefits for directors (and other officers)	3	276
Welfare expenses	614	645
Rent expenses	275	283
Depreciation	142	195
Provision of allowance for doubtful accounts	(0)	5
Experimentation and research expenses	181	183
Other	2,354	3,047
Total selling, general and administrative expenses	8,129	9,499
Operating profit	14,318	14,588
Non-operating income		
Interest income	82	108
Dividend income	28	33
Insurance claim income	40	69
Rental income from land and buildings	29	29
Compensation income	29	44
Subsidy income	297	16
Insurance return	19	-
Other	46	82
Total non-operating income	573	384
Non-operating expenses		
Interest expenses	32	44
Commission for purchase of treasury shares	1	2
Loss on investments in investment partnerships	10	6
Compensation for damage	6	13
Loss on extinguishment share-based compensation expenses	4	17
Other	5	3
Total non-operating expenses	61	87
Ordinary profit	14,830	14,885
Extraordinary income		
Gain on sale of non-current assets	34	59
Total extraordinary income	34	59

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
Extraordinary losses		
Loss on sale of non-current assets	2	24
Loss on retirement of non-current assets	81	163
Loss on tax purpose reduction entry of non-current assets	19	-
Impairment losses	83	168
Loss on sale of membership	1	-
Total extraordinary losses	188	356
Profit before income taxes	14,676	14,587
Income taxes - current	4,614	4,911
Income taxes - deferred	(28)	(217)
Total income taxes	4,585	4,694
Profit	10,090	9,893
Profit attributable to non-controlling interests	783	738
Profit attributable to owners of parent	9,307	9,155

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
Profit	10,090	9,893
Other comprehensive income		
Valuation difference on available-for-sale securities	84	423
Remeasurements of defined benefit plans, net of tax	108	(83)
Total other comprehensive income	192	340
Comprehensive income	10,283	10,233
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,451	9,504
Comprehensive income attributable to non-controlling interests	832	729

**(3) Consolidated Statements of Changes in Equity**

For the fiscal year ended February 28, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,382	7,071	76,264	(9,103)	80,615
Changes during period					
Dividends of surplus			(3,340)		(3,340)
Profit attributable to owners of parent			9,307		9,307
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Purchase of treasury shares				(2,724)	(2,724)
Disposal of treasury shares		(0)	(37)	371	332
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	5,928	(2,353)	3,575
Balance at end of period	6,382	7,071	82,193	(11,456)	84,190

	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	9	(17)	(8)	8,827	89,434
Changes during period					
Dividends of surplus					(3,340)
Profit attributable to owners of parent					9,307
Change in ownership interest of parent due to transactions with non-controlling interests					0
Purchase of treasury shares					(2,724)
Disposal of treasury shares					332
Net changes in items other than shareholders' equity	43	100	144	696	840
Total changes during period	43	100	144	696	4,415
Balance at end of period	52	83	135	9,523	93,850

For the fiscal year ended February 28, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,382	7,071	82,193	(11,456)	84,190
Changes during period					
Dividends of surplus			(3,577)		(3,577)
Profit attributable to owners of parent			9,155		9,155
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Purchase of shares of consolidated subsidiaries		(5,582)			(5,582)
Purchase of treasury shares				(2,948)	(2,948)
Disposal of treasury shares		(2)		38	35
Cancellation of treasury shares		(11,605)		11,605	-
Transfer from retained earnings to capital surplus		11,608	(11,608)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(5,582)	(6,030)	8,695	(2,917)
Balance at end of period	6,382	1,488	76,162	(2,761)	81,272

	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	52	83	135	9,523	93,850
Changes during period					
Dividends of surplus					(3,577)
Profit attributable to owners of parent					9,155
Change in ownership interest of parent due to transactions with non-controlling interests					0
Purchase of shares of consolidated subsidiaries					(5,582)
Purchase of treasury shares					(2,948)
Disposal of treasury shares					35
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	427	(89)	337	(7,866)	(7,529)
Total changes during period	427	(89)	337	(7,866)	(10,447)
Balance at end of period	479	(5)	473	1,657	83,403

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,676	14,587
Depreciation	3,345	3,514
Amortization of goodwill	136	98
Amortization of customer relationship	66	66
Increase (decrease) in allowance for doubtful accounts	(0)	4
Increase (decrease) in provision for bonuses	57	205
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	270
Increase (decrease) in retirement benefit liability	96	(89)
Interest and dividend income	(111)	(141)
Interest expenses	32	44
Loss on extinguishment share-based compensation expenses	4	17
Subsidy income	(297)	(16)
Compensation income	(29)	(44)
Loss (gain) on sale of non-current assets	(32)	(34)
Loss (gain) on sale of membership	1	-
Loss on retirement of non-current assets	81	163
Loss on tax purpose reduction entry of non-current assets	19	-
Impairment losses	83	168
Loss (gain) on investments in investment partnerships	10	6
Decrease (increase) in trade receivables	(666)	(2,395)
Decrease (increase) in inventories	471	(133)
Increase (decrease) in trade payables	23	(655)
Increase (decrease) in accrued consumption taxes	289	(505)
Other, net	505	339
Subtotal	18,767	15,469
Interest and dividends received	129	129
Interest paid	(35)	(45)
Proceeds from compensation	29	44
Income taxes paid	(5,065)	(4,613)
Net cash provided by (used in) operating activities	13,825	10,984
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,192)	(127)
Proceeds from withdrawal of time deposits	1,164	324
Purchase of investment securities	(202)	(8)
Purchase of insurance funds	(4)	(4)
Proceeds from cancellation of insurance funds	243	-
Proceeds from sale and redemption of short-term and long-term investment securities	700	1,212
Purchase of property, plant and equipment	(8,248)	(6,008)
Proceeds from sale of property, plant and equipment	46	839
Purchase of intangible assets	(6)	(24)
Subsidies received	292	16
Payments for acquisition of businesses	-	(269)
Other, net	(72)	(20)
Net cash provided by (used in) investing activities	(7,280)	(4,071)

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(170)	1,330
Proceeds from long-term borrowings	2,100	700
Repayments of long-term borrowings	(914)	(975)
Redemption of bonds	(8)	(8)
Dividends paid	(3,339)	(3,577)
Dividends paid to non-controlling interests	(130)	(137)
Proceeds from disposal of treasury shares	0	0
Purchase of treasury shares	(2,725)	(2,950)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(13,006)
Other, net	(133)	(108)
Net cash provided by (used in) financing activities	(5,321)	(18,733)
Net increase (decrease) in cash and cash equivalents	1,224	(11,820)
Cash and cash equivalents at beginning of period	28,898	30,122
Cash and cash equivalents at end of period	30,122	18,301

**(5) Notes to Consolidated Financial Statements****Notes on premise of going concern**

Not applicable.

**Changes in accounting policies**

(Application of Accounting Standard for Current Income Taxes)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. has been applied since the beginning of the fiscal year under review.

Revisions concerning the categories in which current income taxes should be recorded (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 had no impact on the consolidated financial statements for the fiscal year under review.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the fiscal year under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the previous fiscal year.

**Business combination, etc.**

(Transaction under common control, etc.)

Purchase of additional shares of a subsidiary

## 1. Outline of transaction

- (1) Trade name and overview of business area of a company subject to business combination  
Trade name: Daiseki Eco. Solution Co., Ltd.  
Business area: Contaminated soil surveys, processing, and purification
- (2) Date of business combination  
Purchase of shares through tender offer: November 21, 2025  
(Deemed purchase date: November 30, 2025)  
Purchase of shares through a demand for a cash-out: December 23, 2025  
(Deemed purchase date: December 1, 2025)
- (3) Legal form of business combination  
Purchase of shares with cash consideration
- (4) Name of company after business combination  
No change
- (5) Other matters related to outline of transaction  
Ownership ratio of share certificates, etc. before business combination: 53.87%  
Ownership ratio of share certificates, etc. after purchase of shares through tender offer: 95.70%  
Ownership ratio of share certificates, etc. after purchase of shares through a demand for a cash-out: 100.00%

## 2. Outline of accounting treatment implemented

The transaction has been treated as a transaction with non-controlling interests under a transaction under common control, etc. in accordance with the “Accounting Standard for Business Combinations” and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”

3. Matters related to purchase of additional shares of a subsidiary
  - Cost of purchase and breakdown of consideration for purchase by type
  - Consideration for purchase (including accounts payable): ¥14,071 million by cash
  - Cost of purchase: ¥14,071 million
4. Matters related to a change in ownership interest of the Company due to a transaction with non-controlling interests
  - (1) Main factor for a change in capital surplus
    - Purchase of additional shares of a subsidiary
  - (2) Amount of capital surplus reduced as a result of a transaction with non-controlling interests
    - ¥5,582 million

## (Business acquisition)

1. Outline of business acquisition
  - (1) Trade name of the counterparty and overview of the acquired business
    - Trade name: SyncMOF Inc.
    - Acquired business: MOF business
  - (2) Primary reason for the business acquisition
    - The Company, which has been working on ammonia recovery and recycling using MOFs, intends to expand beyond its liquid-based business into the gas-based business to cover overall gas-related areas, including carbon dioxide and hydrogen.
  - (3) Date of business acquisition
    - January 30, 2026
  - (4) Legal form of business acquisition
    - Business acquisition with cash consideration
2. Period of performance of the acquired business included in the consolidated financial statements
  - From January 30, 2026 to February 28, 2026
3. Cost of purchase of the acquired business and breakdown of consideration for purchase by type
  - Consideration for purchase: ¥269 million by cash
  - Cost of purchase: ¥269 million
4. Details and amounts of major acquisition-related costs
  - Advisory fees and other related costs: ¥16 million
5. Amount of goodwill accrued, reason for accrual, amortization method, and amortization period
  - (1) Amount of goodwill accrued
    - ¥143 million
  - (2) Reasons for accrual
    - Goodwill accrued as the cost of purchase exceeded the net amount allocated to the assets acquired.
  - (3) Amortization method and period
    - The full amount of goodwill was recognized as an impairment loss at the time of accrual.
6. Amounts of assets received on the date of the business combination and major breakdown thereof
  - Current assets: ¥59 million
  - Non-current assets: ¥66 million
  - Total assets: ¥125 million
7. Estimated amount and calculation method of the impact on the consolidated statements of income for the fiscal year under review assuming that the business combination was completed on the first day of the fiscal year

This information is omitted due to lack of materiality.

**Segment information, etc.**

*Segment information*

Fiscal years ended February 28, 2025 and February 28, 2026

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, 2025 and February 28, 2026

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 years ended February 28, 2025 and February 28, 2026

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, 2025 and February 28, 2026

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, 2025 and February 28, 2026

Not applicable.

**Per share information**

(Yen)

Fiscal year ended February 28, 2025		Fiscal year ended February 28, 2026	
Net assets per share	1,753.99	Net assets per share	1,728.78
Basic earnings per share	193.37	Basic earnings per share	193.02

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, 2025	Fiscal year ended February 28, 2026
Profit attributable to owners of parent (Millions of yen)	9,307	9,155
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	9,307	9,155
Average number of common shares outstanding during the period (Shares)	48,129,007	47,428,791

**Significant events after reporting period**

Not applicable.