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November 11, 2025

Consolidated Financial Results for the Six Months Ended September 30, 2025 (Under Japanese GAAP)

Company name:	Daiei Kankyo Co., Ltd.	
Listing:	Tokyo Stock Exchange	
Securities code:	9336	
URL:	https://www.dinsgr.co.jp/english/	
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Scheduled date to file semi-annual securities report:	November 11, 2025	
Scheduled date to commence dividend payments:	December 8, 2025	
Preparation of supplementary material on financial results:	Yes	
Holding of financial results briefing:	Yes (for institutional investors and analysts)	

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

1. Consolidated financial results for the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative)

(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	%
Six months ended September 30, 2025	39,976	4.8	8,932	(12.1)	9,042	(11.1)	6,078	(8.4)
September 30, 2024	38,158	7.5	10,160	7.5	10,172	0.1	6,633	1.1

Note: Comprehensive income For the six months ended September 30, 2025: ¥5,948 million [(10.8)%]
For the six months ended September 30, 2024: ¥6,672 million [(1.0)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2025	61.70	—
September 30, 2024	67.08	—

Note: Diluted earnings per share are not presented because there were no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	201,703	98,920	48.5
March 31, 2025	184,905	94,681	51.0

Reference: Equity

As of September 30, 2025: ¥97,849 million
As of March 31, 2025: ¥94,269 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2025	Yen —	Yen 23.00	Yen —	Yen 25.00	Yen 48.00
Fiscal year ending March 31, 2026	—	24.50			
Fiscal year ending March 31, 2026 (Forecast)			—	24.50	49.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 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
Fiscal year ending March 31, 2026	83,900	4.6	21,800	1.2	21,600	0.5	14,400	0.2	146.19

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

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

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

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

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

(4) Number of issued shares (common shares)

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

As of September 30, 2025	99,892,900 shares
As of March 31, 2025	99,892,900 shares

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

As of September 30, 2025	1,361,371 shares
As of March 31, 2025	1,390,723 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2025	98,511,077 shares
Six months ended September 30, 2024	99,891,745 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future.

(How to obtain supplementary material on financial results)

The supplementary material on financial results is disclosed on TDnet and the Company's website on the same day.

Attached Material

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1. Qualitative information on semi-annual financial results

(1) Explanation of operating results

During the six months ended September 30, 2025, the Japanese economy continued to show a moderate upward trend. Despite being partially affected by U.S. trade policies as well as facing challenges including labor shortages and costs of raw materials and logistics remaining at high levels, increased construction demand driven by public investment and redevelopment, together with firm corporate earnings-supported capital investment, underpinned the economy.

Under these circumstances, the Group recorded higher revenue as a result of continued orders for infrastructure development projects mainly in the Kansai area, efforts to advance a resource recycling system in collaboration with partner companies and municipalities, and initiatives focused on expanding market share in the Kanto area. In terms of profit, despite a decline due to increased costs including depreciation, results progressed in line with the initial plan. The Group will continue working to reduce costs through insourcing.

For the above reasons, our consolidated financial results for the six months ended September 30, 2025 were as follows.

	(Millions of yen)			
	Six months ended September 30, 2024	Six months ended September 30, 2025	Increase or decrease	Percentage change (%)
Net sales	38,158	39,976	1,817	4.8%
Operating profit	10,160	8,932	(1,228)	(12.1%)
Operating profit margin (%)	26.6%	22.3%	(4.3pt)	—
Ordinary profit	10,172	9,042	(1,130)	(11.1%)
Profit attributable to owners of parent	6,633	6,078	(555)	(8.4%)
EBITDA	13,054	12,794	(260)	(2.0%)
EBITDA margin (%)	34.2%	32.0%	(2.2pt)	—

Notes: 1. EBITDA = operating profit + depreciation (excluding non-operating expenses) + amortization of goodwill
2. EBITDA margin = EBITDA / net sales

The financial results by segment are as follows.

Waste-related Business

	(Millions of yen)			
	Six months ended September 30, 2024	Six months ended September 30, 2025	Increase or decrease	Percentage change (%)
Net sales	36,836	38,812	1,975	5.4%
Segment profit	10,340	9,134	(1,206)	(11.7%)

In Waste management and recycling, the volume of waste received was 1,074 thousand tons (down 3.6% year on year). On the other hand, net sales increased due to higher average unit order prices, primarily driven by a higher volume of waste received in the Kanto area.

In Soil remediation, the volume of contaminated soil received was 143 thousand tons (up 6.0% year on year). Net sales increased due to new orders for soil remediation in addition to a focus on the acceptance of orders for difficult-to-process contaminated soil.

In Facility construction and administration, sales increased as a result of a greater number of orders for demolition work received by Kaisei Co., Ltd., which became a consolidated subsidiary in January 2025.

In terms of profit, the decrease was mainly due to higher depreciation cost as a result of the end of the offset effect caused by the re-estimation of asset retirement obligations for final disposal sites and an increase in the depreciation cost per unit, higher labor cost as a result of an increase in the number of employees and the improvement in the employment and income environments, and greater outsourcing costs resulting from growth in demolition work orders.

Other Businesses

	Six months ended September 30, 2024	Six months ended September 30, 2025	Increase or decrease	Percentage change (%)
Net sales	1,322	1,164	(157)	(11.9%)
Segment loss	(119)	(162)	(42)	—

Net sales decreased as a result of, in the Aluminum pellet business, purchase of aluminum cans, which are used as raw material, and sales being suspended for repair and maintenance of facilities last August. In terms of profit, it also declined for the same reason.

(2) Explanation of financial position

	As of March 31, 2025	As of September 30, 2025	Increase or decrease	Percentage change (%)
Assets	184,905	201,703	16,798	9.1%
Liabilities	90,223	102,782	12,559	13.9%
Net assets	94,681	98,920	4,239	4.5%
Equity-to-asset ratio (%)	51.0%	48.5%	(2.5pt)	—

Assets

Total assets as of September 30, 2025 were ¥201,703 million (up ¥16,798 million from the end of the previous fiscal year).

Current assets were ¥76,285 million (up ¥6,503 million from the end of the previous fiscal year). This was mainly due to a ¥9,020 million increase in cash and deposits despite a ¥2,254 million decrease in notes and accounts receivable - trade.

Non-current assets were ¥125,392 million (up ¥10,371 million from the end of the previous fiscal year). This was primarily due to increases of ¥8,007 million in property, plant and equipment and ¥1,222 million in intangible assets compared to the end of the previous fiscal year. The increase in property, plant and equipment was mainly due to increases of ¥4,984 million in construction in progress as a result of the acquisition of Hizen Kankyo Co., Ltd. as a consolidated subsidiary, ¥2,216 million in land as a result of the acquisition of Kyoto Eco Service Co., Ltd. as a consolidated subsidiary, and ¥1,292 million in buildings and structures for newly constructed facilities of consolidated subsidiaries: a crushing facility for Mie Chuo Kaihatsu Co., Ltd. and a contaminated soil treatment facility for Geo-Re Japan Inc. The increase in intangible assets was mainly due to an increase of ¥1,285 million in goodwill resulting from the acquisition of Hizen Kankyo Co., Ltd. and Kyoto Eco Service Co., Ltd. as consolidated subsidiaries.

Liabilities

Liabilities as of September 30, 2025 were ¥102,782 million (up ¥12,559 million from the end of the previous fiscal year).

Current liabilities were ¥30,441 million (up ¥1,327 million from the end of the previous fiscal year). This was mainly due to an increase of ¥1,647 million in the current portion of long-term borrowings.

Non-current liabilities were ¥72,341 million (up ¥11,232 million from the end of the previous fiscal year). This was mainly due to a ¥9,922 million increase in long-term borrowings and a ¥1,637 million increase in deferred tax liabilities, the latter of which resulted from the acquisition of Hizen Kankyo Co., Ltd. and Kyoto Eco Service Co., Ltd. as consolidated subsidiaries.

Net assets

Net assets as of September 30, 2025 were ¥98,920 million (up ¥4,239 million from the end of the previous fiscal year).

Shareholders' equity was ¥96,211 million (up ¥3,707 million from the end of the previous fiscal year). This was mainly due to an increase of ¥3,615 million in retained earnings as a result of the recording of profit attributable to owners of the parent.

(3) Explanation of cash flows

	(Millions of yen)		
	Six months ended September 30, 2024	Six months ended September 30, 2025	Increase or decrease
Net cash provided by (used in) operating activities	12,290	10,397	(1,892)
Net cash provided by (used in) investing activities	(10,256)	(8,737)	1,518
Free cash flows	2,033	1,660	(373)
Net cash provided by (used in) financing activities	(13,884)	7,623	21,507

Note: Free cash flows = Cash flows from operating activities + Cash flows from investing activities

Cash flows from operating activities

The main inflow items were ¥9,263 million in profit before income taxes, ¥3,706 million in depreciation, and ¥2,273 million from a decrease (increase) in trade receivables.

The main outflow item was ¥3,171 million in income taxes paid.

Cash flows from investing activities

The main outflow items were ¥5,202 million for purchase of property, plant and equipment and ¥4,121 million for purchase of shares of subsidiaries resulting in a change in scope of consolidation.

Cash flows from financing activities

The main inflow item was ¥18,000 million from proceeds from long-term borrowings.

The main outflow items were ¥7,139 million for repayments of long-term borrowings and ¥2,454 million for dividends paid.

For the above reasons, cash and cash equivalents as of September 30, 2025 increased by ¥9,281 million compared with the end of the previous fiscal year to ¥61,929 million (¥52,647 million at the end of the previous fiscal year).

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

No revisions have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2026, released on May 14, 2025.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	51,481	60,501
Notes and accounts receivable - trade	13,451	11,196
Securities	1,884	1,888
Finished goods	80	113
Work in process	351	557
Raw materials and supplies	294	391
Other	2,239	1,637
Allowance for doubtful accounts	(1)	(1)
Total current assets	69,781	76,285
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	26,536	27,828
Machinery, equipment and vehicles, net	22,185	22,288
Final disposal sites, net	11,532	10,944
Land	19,972	22,188
Construction in progress	10,923	15,907
Other, net	2,291	2,291
Total property, plant and equipment	93,441	101,449
Intangible assets		
Goodwill	1,858	3,144
Other	558	494
Total intangible assets	2,416	3,638
Investments and other assets		
Investment securities	7,763	7,526
Deferred tax assets	807	1,188
Other	10,653	11,653
Allowance for doubtful accounts	(61)	(64)
Total investments and other assets	19,162	20,304
Total non-current assets	115,021	125,392
Deferred assets		
Share issuance costs	102	26
Total deferred assets	102	26
Total assets	184,905	201,703

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	3,673	3,314
Short-term borrowings	80	–
Current portion of bonds payable	950	775
Current portion of long-term borrowings	13,134	14,782
Income taxes payable	3,420	3,765
Provision for bonuses	1,145	1,486
Provision for demolition and removal	–	240
Asset retirement obligations	97	158
Other	6,612	5,919
Total current liabilities	29,114	30,441
Non-current liabilities		
Bonds payable	885	605
Long-term borrowings	51,441	61,363
Deferred tax liabilities	445	2,082
Retirement benefit liability	610	621
Asset retirement obligations	6,987	6,907
Other	739	760
Total non-current liabilities	61,108	72,341
Total liabilities	90,223	102,782
Net assets		
Shareholders' equity		
Share capital	5,907	5,907
Capital surplus	12,677	12,694
Retained earnings	77,384	81,000
Treasury shares	(3,465)	(3,389)
Total shareholders' equity	92,503	96,211
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,530	1,433
Remeasurements of defined benefit plans	234	204
Total accumulated other comprehensive income	1,765	1,637
Non-controlling interests	412	1,071
Total net assets	94,681	98,920
Total liabilities and net assets	184,905	201,703

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	38,158	39,976
Cost of sales	21,137	23,198
Gross profit	17,021	16,778
Selling, general and administrative expenses	6,860	7,846
Operating profit	10,160	8,932
Non-operating income		
Interest income	78	129
Dividend income	35	52
Share of profit of entities accounted for using equity method	55	10
Rental income	162	160
Proceeds from sale of goods	94	98
Other	106	255
Total non-operating income	532	706
Non-operating expenses		
Interest expenses	144	272
Amortization of share issuance costs	76	76
Rental expenses	168	157
Cost of sale of goods	83	85
Other	48	5
Total non-operating expenses	520	596
Ordinary profit	10,172	9,042
Extraordinary income		
Gain on sale of non-current assets	13	12
Gain on receipt of donated non-current assets	52	–
Gain on sale of investment securities	–	492
Gain on step acquisitions	37	–
Subsidy income	–	139
Total extraordinary income	103	644
Extraordinary losses		
Loss on sale of non-current assets	1	1
Loss on retirement of non-current assets	9	44
Loss on tax purpose reduction entry of non-current assets	–	137
Provision for demolition and removal	–	240
Total extraordinary losses	11	423
Profit before income taxes	10,265	9,263
Income taxes - current	3,534	3,576
Income taxes - deferred	104	(389)
Total income taxes	3,638	3,187
Profit	6,626	6,076
Loss attributable to non-controlling interests	(7)	(1)
Profit attributable to owners of parent	6,633	6,078

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit	6,626	6,076
Other comprehensive income		
Valuation difference on available-for-sale securities	35	(97)
Remeasurements of defined benefit plans, net of tax	10	(30)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	45	(127)
Comprehensive income	6,672	5,948
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,679	5,950
Comprehensive income attributable to non-controlling interests	(7)	(1)

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	10,265	9,263
Depreciation	2,850	3,706
Amortization of goodwill	211	312
Share-based payment expenses	73	83
Share of loss (profit) of entities accounted for using equity method	(55)	(10)
Loss (gain) on step acquisitions	(37)	–
Increase (decrease) in allowance for doubtful accounts	(26)	2
Increase (decrease) in retirement benefit liability	32	(33)
Increase (decrease) in provision for bonuses	357	339
Increase (decrease) in provision for demolition and removal	–	240
Interest and dividend income	(113)	(181)
Interest expenses	144	272
Foreign exchange losses (gains)	18	(95)
Loss (gain) on valuation of currency swaps	23	–
Loss (gain) on sale of non-current assets	(12)	(11)
Subsidy income	–	(139)
Loss on retirement of non-current assets	9	44
Loss on tax purpose reduction entry of non-current assets	–	137
Loss (gain) on sale of investment securities	–	(492)
Decrease (increase) in trade receivables	677	2,273
Increase (decrease) in trade payables	(543)	(363)
Increase (decrease) in accounts payable - other	(181)	(403)
Other, net	2,648	(1,239)
Subtotal	16,339	13,704
Interest and dividends received	103	153
Interest paid	(142)	(288)
Income taxes paid	(4,011)	(3,171)
Net cash provided by (used in) operating activities	12,290	10,397
Cash flows from investing activities		
Purchase of investment securities	(63)	(2)
Proceeds from sale and redemption of investment securities	7	875
Purchase of property, plant and equipment	(6,999)	(5,202)
Proceeds from sale of property, plant and equipment	12	59
Payments for asset retirement obligations	(63)	(48)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,684)	(4,121)
Subsidies received	–	139
Decrease (increase) in deposits pledged as collateral	100	–
Other, net	(565)	(437)
Net cash provided by (used in) investing activities	(10,256)	(8,737)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	5
Repayments of short-term borrowings	–	(261)
Proceeds from long-term borrowings	–	18,000
Repayments of long-term borrowings	(7,177)	(7,139)
Redemption of bonds	(505)	(455)
Purchase of treasury shares	(1,862)	(0)
Dividends paid	(4,160)	(2,454)
Other, net	(179)	(71)

Net cash provided by (used in) financing activities	(13,884)	7,623
Effect of exchange rate change on cash and cash equivalents	0	(2)
Net increase (decrease) in cash and cash equivalents	(11,849)	9,281
Cash and cash equivalents at beginning of period	52,124	52,647
Cash and cash equivalents at end of period	40,275	61,929

(4) Notes to semi-annual consolidated financial statements

Notes on going concern assumption

Not applicable.

Notes when there are significant changes in amounts of shareholders' equity

Not applicable.

Notes to additional information

(Business combination through acquisition)

Daiei Kankyo Co., Ltd. resolved to acquire a portion of the shares of Sukarabesakure Co., Ltd. and make the company a consolidated subsidiary at the Board of Directors meeting held on August 26, 2025. The share transfer is expected to be completed in the third quarter of the fiscal year ending March 31, 2026, subject to approval by the relevant authorities in accordance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and other laws and regulations.

1. Outline of business combination

(1) Name and business of the target company

Name of the target company Sukarabesakure Co., Ltd.

Business Final disposal of industrial waste and contaminated soil

(2) Main reasons for business combination

In addition to providing one-stop services ranging from waste collection and transportation to intermediate treatment, recycling, and final disposal, the Daiei Kankyo Group has developed a wide-ranging value chain related to building a better environment, including soil remediation as well as facility construction and administration, and is promoting proactive ESG measures that lead to solving social issues amid the global trend toward a decarbonized society and a circular economy.

The target company was founded in 1994 and is engaged in the final disposal business for industrial waste and contaminated soil in Kitakyushu City, Fukuoka Prefecture. The controlled final disposal site owned by the company has a permitted capacity of approximately 8,810,000m³ and is equipped with a dedicated berth within the facility, making it possible to efficiently receive waste from a wide area by utilizing marine transportation. By making the company a consolidated subsidiary, it will contribute to increasing our planned annual landfill volume and remaining capacity of final disposal sites, both of which are growth measures in our Medium-Term Management Plan, D-Plan 2028. In addition, our joint venture company is currently developing construction plans for energy recovery and other facilities through public-private partnerships (PPP) in the Kyushu area. We believe that by making the company a consolidated subsidiary, we will be able to build a system for waste management and resource recycling and generate synergies leading to the expansion of our market share.

In addition to the planned new construction and expansion of controlled final disposal sites, the Daiei Kankyo Group will continue to broaden our controlled final disposal business into new areas, thereby contributing to the formation of a sustainable recycling-oriented society, and strive for further business growth as a provider of social infrastructure.

(3) Date of business combination

November 2025 (scheduled)

(4) Statutory form of business combination

Share acquisition for cash consideration

(5) Name of company after business combination

Unchanged

(6) Percentage of voting rights to be acquired

80%

(7) Main grounds for determining the target company

Share acquisition for cash consideration by Daiei Kankyo Co., Ltd.

2. Acquisition cost and breakdown by type of consideration

Consideration paid	Cash	44,000 million yen
Acquisition cost		44,000

3. Details and amount of major acquisition-related expenses

Not yet determined.

4. Amount of goodwill, reason for its recognition, and the method and period of amortization
Not yet determined.
5. Amount of assets to be acquired and liabilities to be assumed on the date of business combination, and major breakdown thereof
Not yet determined.

Notes to segment information, etc.

I For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information regarding net sales and profit or loss by reportable segment

	Reportable segment	Other Businesses (Note 1)	Total	Adjustment (Note 3)	(Millions of yen) Amount recorded in the semi-annual consolidated statement of income (Note 4)
	Waste-related Business				
Net sales					
Net sales to external customers	36,836	1,322	38,158	–	38,158
Intersegment net sales or transfers	32	31	63	(63)	–
Total	36,868	1,353	38,222	(63)	38,158
Segment profit (loss)	10,340	(119)	10,220	(59)	10,160

Notes:

1. The Other Businesses category is a business segment that is not included in the reportable segment, and represents the Valuable Resource Recycling Business and Sports Promotion Business.
2. Expenses related to the administration department and other head office expenses that are not attributed to reportable segments are allocated to each business segment on a reasonable allocation basis.
3. The adjustment in segment profit (loss) consists of consolidation adjustments between segments.
4. Segment profit (loss) has been reconciled with operating profit in the semi-annual consolidated statement of income.

2. Impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

In the Waste-related Business segment, goodwill has arisen from the acquisition of shares to make a number of companies consolidated subsidiaries. The main portion of goodwill that has arisen was 1,244 million yen due to the acquisition of Eiwa Recycle Co., Ltd. as a consolidated subsidiary.

(Significant gain on bargain purchase)

Not applicable.

II For the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

1. Information regarding net sales and profit or loss by reportable segment

	Reportable segment	Other Businesses (Note 1)	Total	Adjustment (Note 3)	(Millions of yen) Amount recorded in the semi-annual consolidated statement of income (Note 4)
	Waste-related Business				
Net sales					
Net sales to external customers	38,812	1,164	39,976	–	39,976
Intersegment net sales or transfers	47	104	152	(152)	–
Total	38,859	1,269	40,129	(152)	39,976
Segment profit (loss)	9,134	(162)	8,972	(39)	8,932

Notes:

1. The Other Businesses category is a business segment that is not included in the reportable segment, and represents the Valuable Resource Recycling Business and Sports Promotion Business.
2. Expenses related to the administration department and other head office expenses that are not attributed to reportable segments are allocated to each business segment on a reasonable allocation basis.
3. The adjustment in segment profit (loss) consists of consolidation adjustments between segments.
4. Segment profit (loss) has been reconciled with operating profit in the semi-annual consolidated statement of income.

2. Impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

In the Waste-related Business segment, three companies—including Hizen Kankyo Co., Ltd.—were made consolidated subsidiaries through share acquisition. The amount of goodwill due to this matter is 1,597 million yen in total.

(Significant gain on bargain purchase)

Not applicable.

Notes to subsequent events

(Disposal of treasury stock through third-party allotment (contribution in kind) and the acquisition of a portion of the shares of KANAME KOGYO CO., LTD. to make it an affiliate accounted for by the equity method)

Daiei Kankyo Co., Ltd. resolved to dispose of treasury stock through a third-party allotment (hereinafter referred to as the “Third-Party Allotment”) to The SFP Value Realization Master Fund Ltd. (hereinafter referred to as the “Disposal Recipient”) and to acquire a portion of the shares of KANAME KOGYO CO., LTD. (hereinafter referred to as “KANAME KOGYO”), listed on the Standard Market of the Tokyo Stock Exchange, to make it an affiliate accounted for by the equity method at the Board of Directors meeting held on October 14, 2025. The payment has been completed on October 30, 2025.

1. Overview of the disposal of treasury stock through the Third-Party Allotment

(1) Payment date	October 30, 2025
(2) Type and number of shares disposed of	1,361,000 shares of treasury stock (common stock)
(3) Disposal price	3,615 yen per share
(4) Total value of disposal	4,920 million yen
(5) Method of disposal	Conducted through a third-party allotment. The assets contributed in kind were 2,589,482 shares of the common stock of KANAME KOGYO held by the Disposal Recipient.
(6) Disposal recipient	The SFP Value Realization Master Fund Ltd.

The Disposal Recipient has concluded a discretionary investment contract with Symphony Financial Partners (Singapore) Pte. Ltd.

(7) Other

As of October 14, 2025, it was resolved that the Company would acquire the 1,793,718 shares of KANAME KOGYO stock, out of the 4,383,200 shares held by the Disposal Recipient and others (excluding the 2,589,482 shares used as contribution-in-kind assets for the Third-Party Allotment), through a direct transaction for cash consideration at the Board of Directors meeting on the same day. We also concluded a share transfer agreement with the Disposal Recipient and others. The payment was completed on October 30, 2025.

The total value of the disposal, calculated from the actual closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on October 29, 2025, the business day immediately preceding the date of the Third-Party Allotment, was 4,729 million yen.

2. Purpose and reason for disposal

In addition to providing one-stop services ranging from waste collection and transportation to intermediate treatment, recycling, and final disposal, the Daiei Kankyo Group has developed a wide-ranging value chain related to building a better environment, including soil remediation as well as facility construction and administration. Amid the global trend toward decarbonization and a circular economy, we have identified five material issues. To address these issues, we are promoting the maximization of social value and the value of the Group as a company responsible for social infrastructure. In Japan, a decrease in waste generation is expected due to the declining population. We believe that unless the domestic waste management business shifts from the current system, where industrial waste is handled by private companies and general waste by municipalities, to a system where private companies manage both comprehensively, it will be difficult to simultaneously achieve a circular economy, carbon neutrality by 2050, and waste management cost reductions.

Under these circumstances, we believe that the acquisition of a portion of the shares of KANAME KOGYO, which operates primarily in Tokyo, the largest population center in the country, and has established strong relationships with municipalities, to make it an affiliate accounted for by the equity method, will significantly contribute to transforming the waste management business in Japan.